



# Investor presentation

Securing the digital transformation and helping  
build a safer world - **one app at a time**

Philippe Courtot, Chairman and CEO  
Melissa Fisher, CFO

October 30<sup>th</sup>, 2018

# Safe harbor

This presentation includes forward-looking statements within the meaning of the federal securities laws. Forward-looking statements generally relate to future events or our future financial or operating performance. Forward-looking statements in this presentation include, but are not limited to, the following list:

- our business and financial performance and expectations for future periods, including the rate of growth of our business and market share gains;
- our ability to sell additional solutions to our customer base and the strength of demand for those solutions;
- our plans regarding the development of our technology and its expected timing;
- our expectations regarding the capabilities of our platform and solutions;
- the anticipated needs of our customers;
- our strategy, the scalability of our strategy, our ability to execute our strategy and our expectations regarding our market position;
- the expansion of our platform and our delivery of new solutions;
- the expansion of our partnerships and the related benefits of those partnerships; and
- our ability to effectively manage our costs

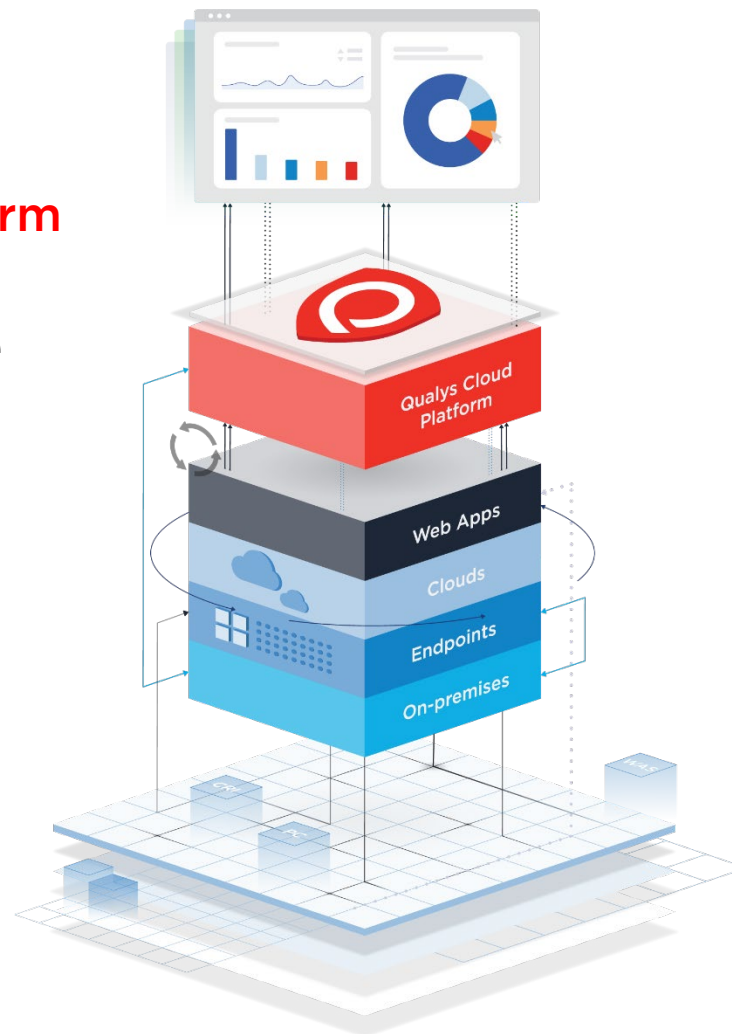
Our expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks include those set forth in our filings with the Securities and Exchange Commission, including our latest Form 10-Q and 10-K. The forward-looking statements in this presentation are based on information available to us as of today, and we disclaim any obligation to update any forward-looking statements, except as required by law.

We also remind you that this presentation will include a discussion of GAAP and non-GAAP financial measures. The non-GAAP financial measures are not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP. The GAAP financial measures, and a reconciliation of the non-GAAP financial measures discussed in this presentation to the most directly comparable GAAP financial measures are included in the appendix of this presentation.

# Market and Investment Opportunity

## The Power of the Qualys Cloud Platform

One stack to consolidate traditional enterprise security/compliance solutions and secure the digital transformation



# Investment highlights

Uniquely positioned to capitalize on stack consolidation and move to the cloud

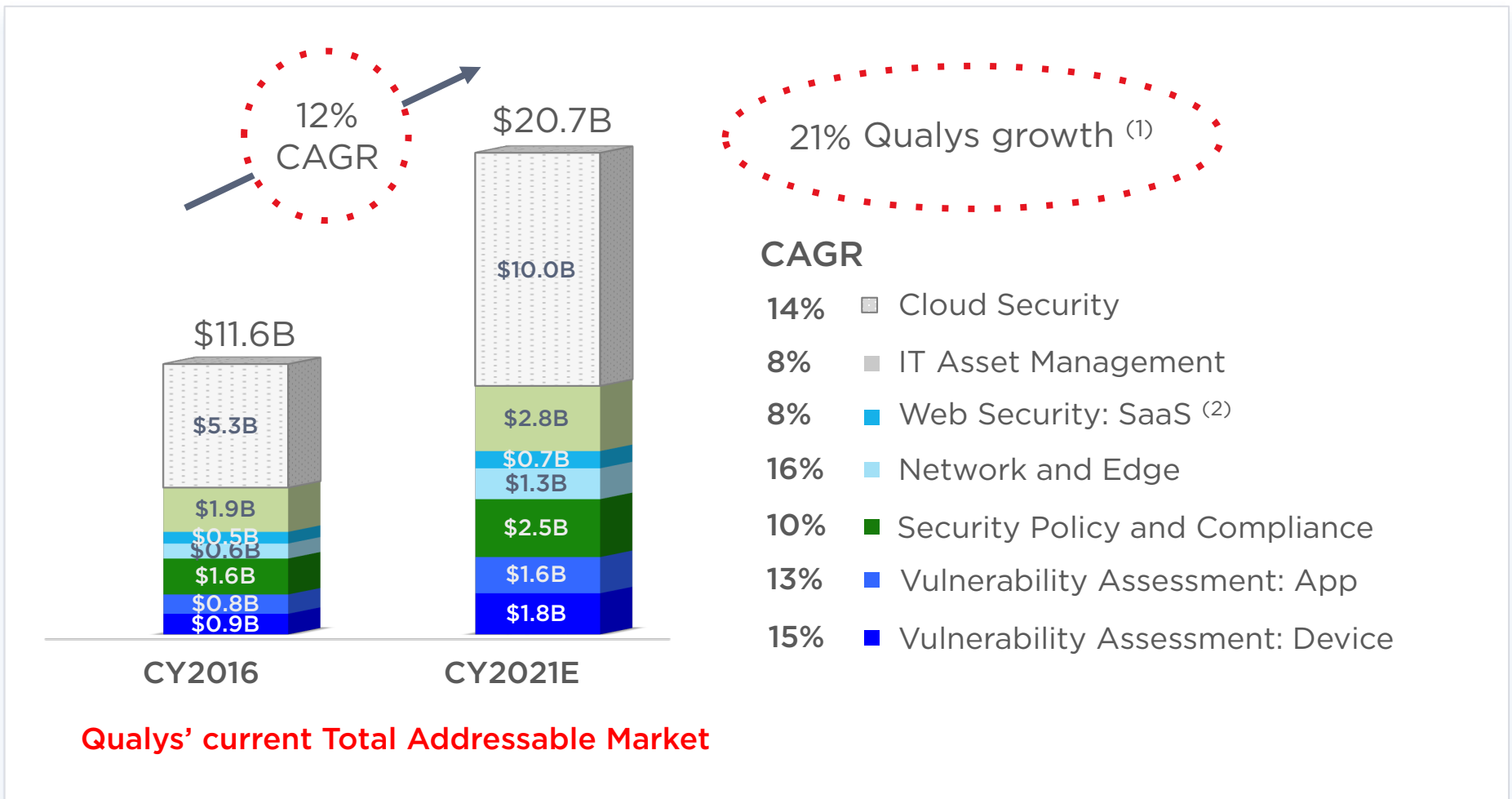
Scalable business model and industry-leading profitability

Multiple levers of recurring revenue growth

Industry-leading Cloud Security and Compliance Platform

# Large expanding market opportunity

Qualys Cloud Platform the vehicle for TAM expansion



(1) Midpoint of 2018 Revenue Guidance

(2) 2015 to 2020E period

Source: IDC

# Blue chip global customer base

74% of the Forbes Global 50, 46% of Global 500, and 25% of Global 2000 standardized on Qualys

-  9 of the top 10 in Software
-  8 of the top 10 in Consumer Discretionary
-  8 of the top 10 in Consumer Staples
-  8 of the top 10 in Major Banks
-  8 of the top 10 in Technology
-  8 of the top 10 in Telecommunications
-  7 of the top 10 in Healthcare
-  6 of the top 10 in Industrial & Materials
-  5 of the top 10 in Insurance

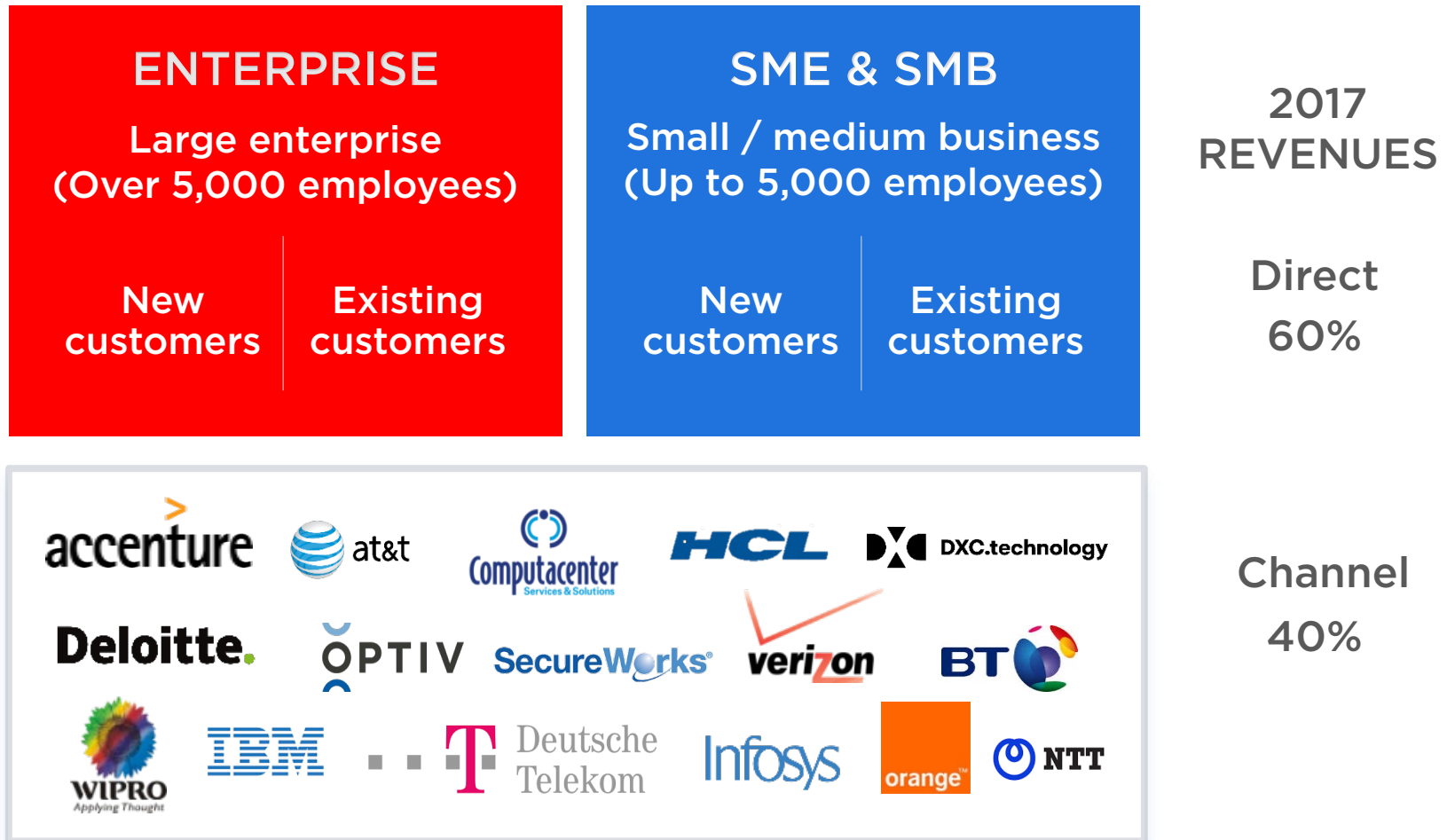
Note: Based on Forbes Global 2000 Classification

10,300+ Customers



# Scalable go-to-market model

Market segmentation & key strategic partners



# Attractive value proposition for partners

High-margin recurring revenue with no capex

MSSPs  
telcos

Outsourcing  
providers

VAS  
resellers

Consultants





# Strong global presence

**10,300+**  
Customers

**130+**  
Countries

**7**  
Shared Platforms

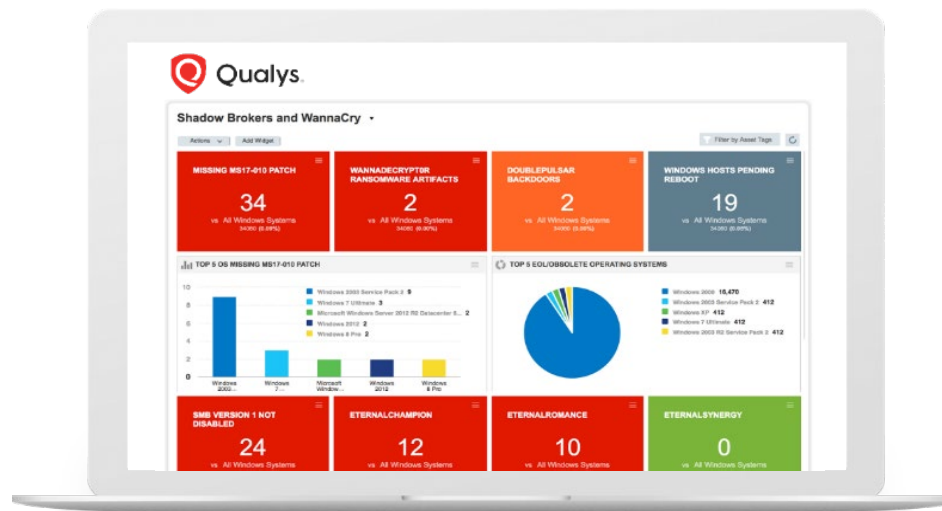
**72**  
Private Clouds

**47**  
Locations



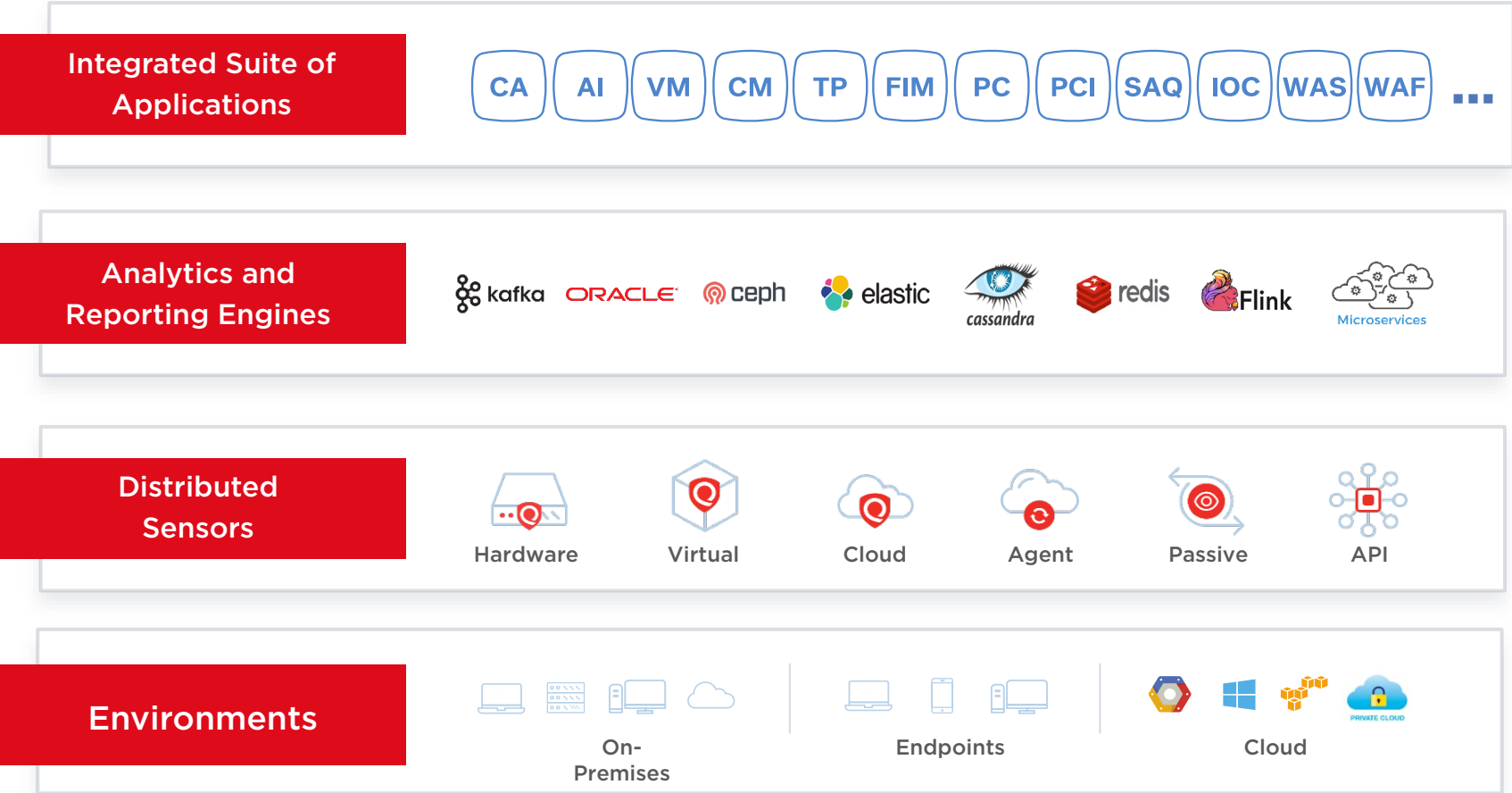
● Qualys locations

# Qualys Cloud Platform and Roadmap



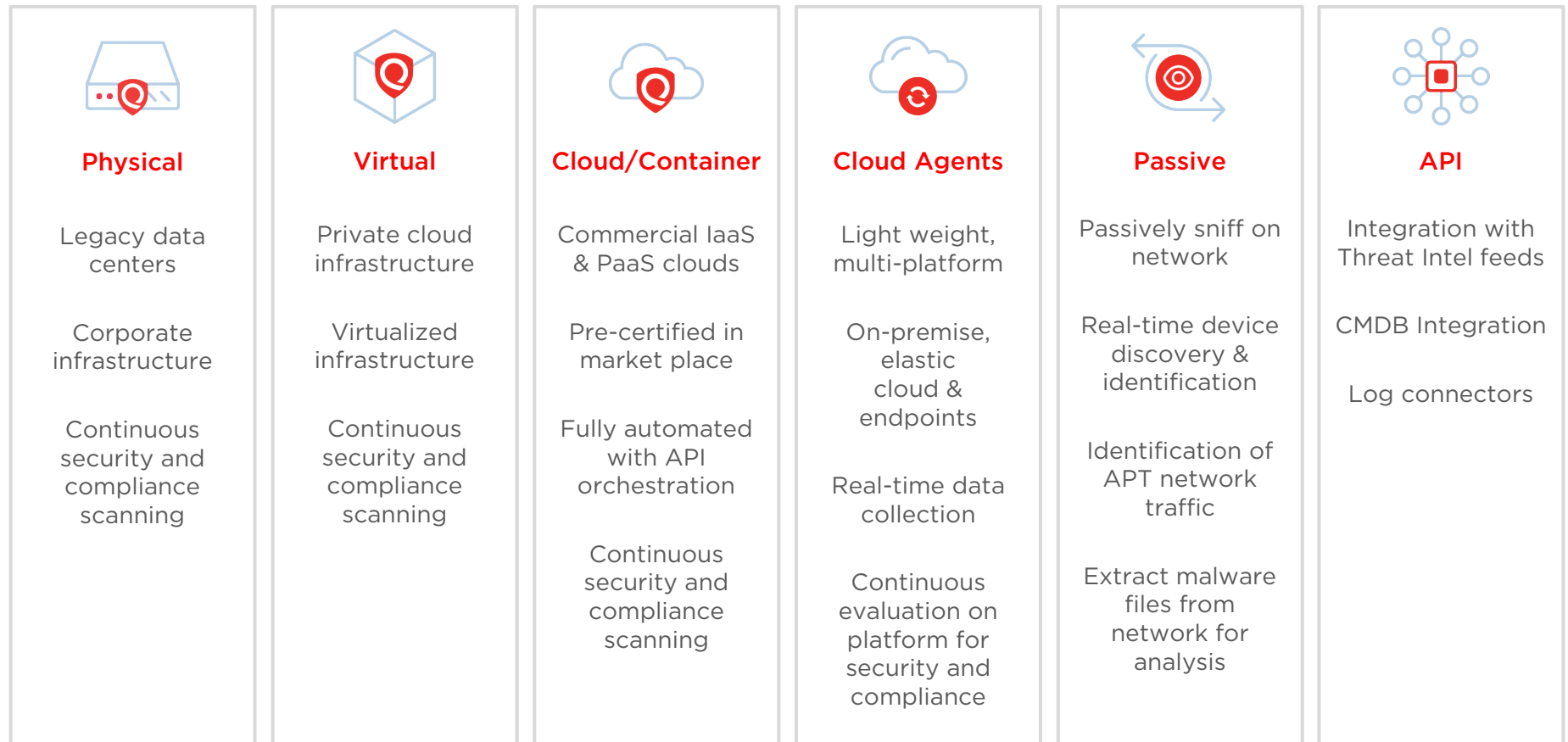
# Qualys Cloud Platform

Unified approach to detection,  
prevention & response



# Global visibility across environments enables superior security

Scalable, self-updating & centrally managed



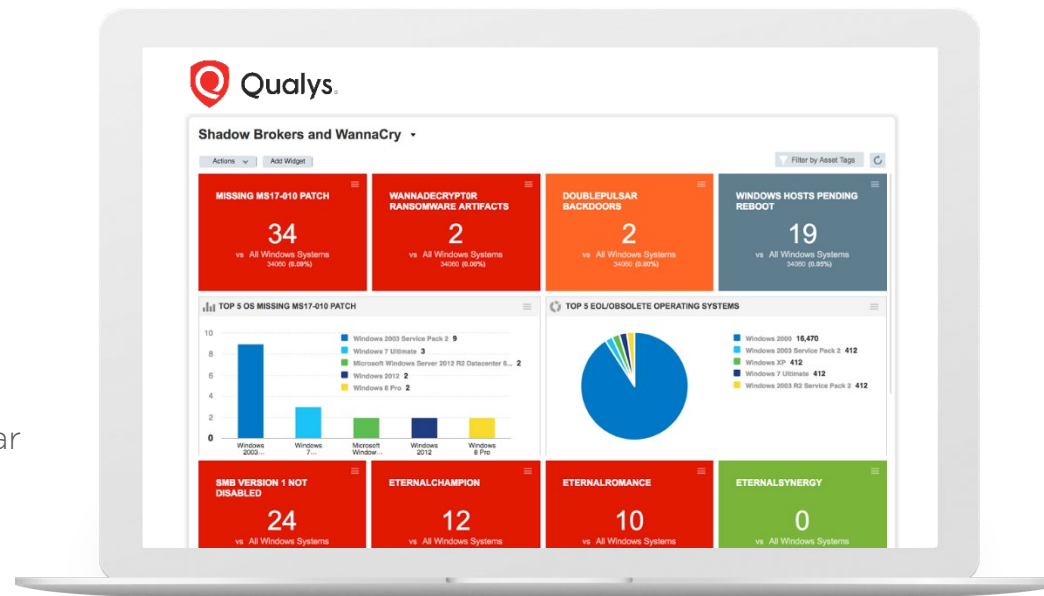
**Agentless + Agent Based + Passive**

# Qualys Cloud Platform produces results in one place anytime, anywhere

Via dynamic and customizable dashboards and centrally managed, self-updating, integrated Cloud Apps in a single-pane-of-glass UIs (AssetView, CloudView, CertView...)

1+ trillion  
Security Events

3+ billion  
IP Scans/Audits a Year

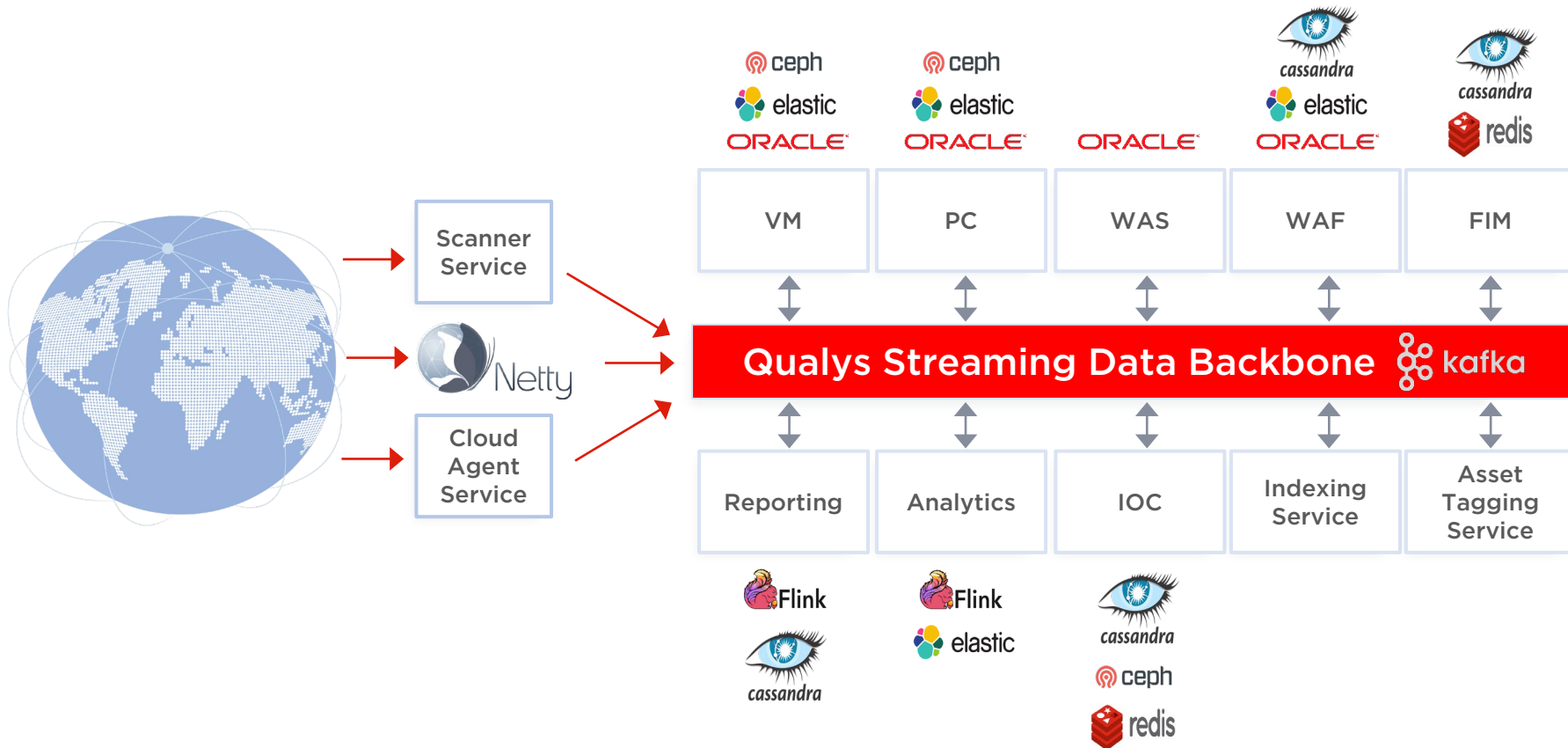


250+ billion  
Data Points Indexed on  
Elasticsearch Clusters

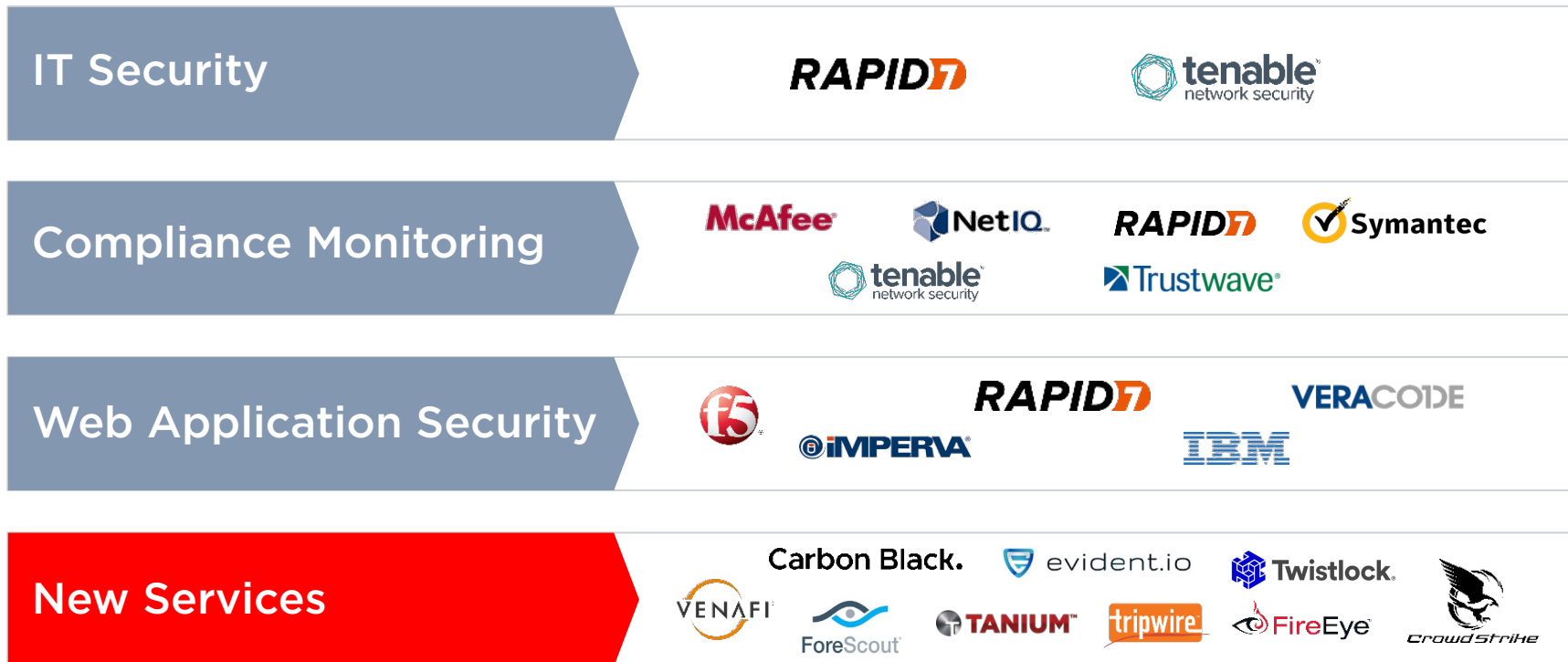
99.99966%  
Six Sigma Scanning  
Accuracy

# Robust pure cloud platform serves as a scalable distribution channel

Scalable, Micro-services, DevOps



# Qualys Cloud Platform enables vendor and stack consolidation



# Increasing number of Apps delivered through the Qualys Cloud Platform

## ASSET MANAGEMENT

**AI** **Asset Inventory**  
Maintain full, instant visibility of all your global IT assets

**SYN** **CMDB Sync**  
Synchronize asset information from Qualys into ServiceNow CMDB

**CI** **Cloud Inventory**  
Inventory of all your cloud assets across AWS, Azure, GCP and others

**CRI** **Certificate Inventory**  
Inventory of TLS/SSL digital certificates on a global scale

## IT SECURITY

**VM** **Vulnerability Management**  
Continuously detect and protect against attacks, anytime, anywhere

**TP** **Threat Protection**  
Pinpoint your most critical threats and prioritize patching

**CM** **Continuous Monitoring**  
Alerts you in real time about network irregularities

**IOC** **Indication of Compromise**  
Continuously monitor endpoints to detect suspicious activity

**CS** **Container Security**  
Discover, track, and continuously protect containers

**CRA** **Certificate Assessment**  
Assess all your digital certificates for TLS/SSL vulnerabilities

## COMPLIANCE MONITORING

**PC** **Policy Compliance**  
Assess security configurations of IT systems throughout your network

**PCI** **PCI Compliance**  
Automate, simplify and attain PCI compliance quickly

**FIM** **File Integrity Monitoring**  
Log and track file changes across global IT systems

**SCA** **Security Configuration Assessment**  
Automate configuration assessment of global IT assets

**CSA** **Cloud Security Assessment**  
Get full visibility and control across all public cloud instances

**SAQ** **Security Assessment Questionnaire**  
Minimize the risk of doing business with vendors and other third parties

## WEB APPLICATION SECURITY

**WAS** **Web Application Scanning**  
Secure web applications with end-to-end protection

**WAF** **Web Application Firewall**  
Block attacks and virtually patch web application vulnerabilities



# Additional apps to come

## Q4 2018

### Patch Management

Cross platform unified patch management to respond quickly to critical vulnerabilities

### Passive Network Discovery

Discover and classify all live devices in your network in real-time

### Global IT Asset Inventory

Discover all IT assets within hybrid environments

## H1 2019

### Secure Access Control

Respond to threats automatically by controlling access to critical resources

### Certificate Management

Automated renewing and management of digital certificates

### Cloud Security Management

Remediation and management of cloud vulnerabilities

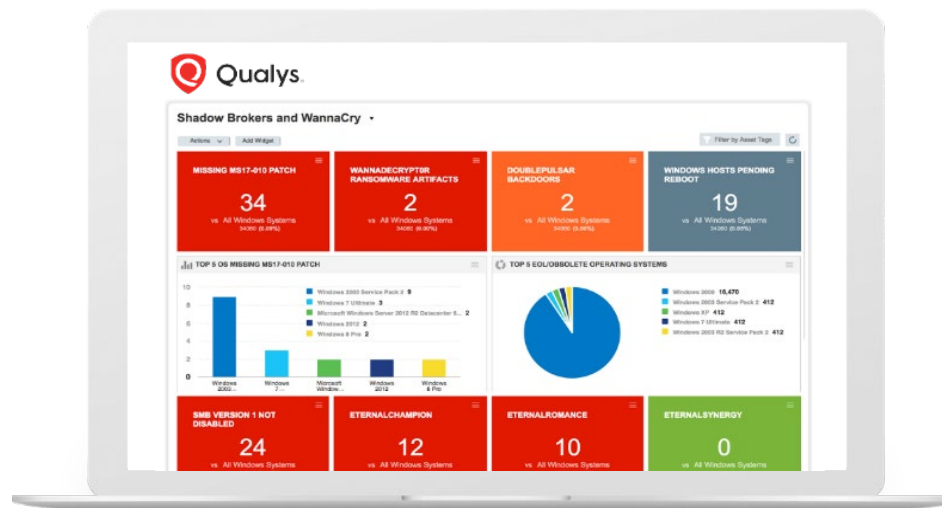
### Secure Enterprise Mobility

Continuous visibility, security and compliance of enterprise mobile devices

### Run-Time Container Security

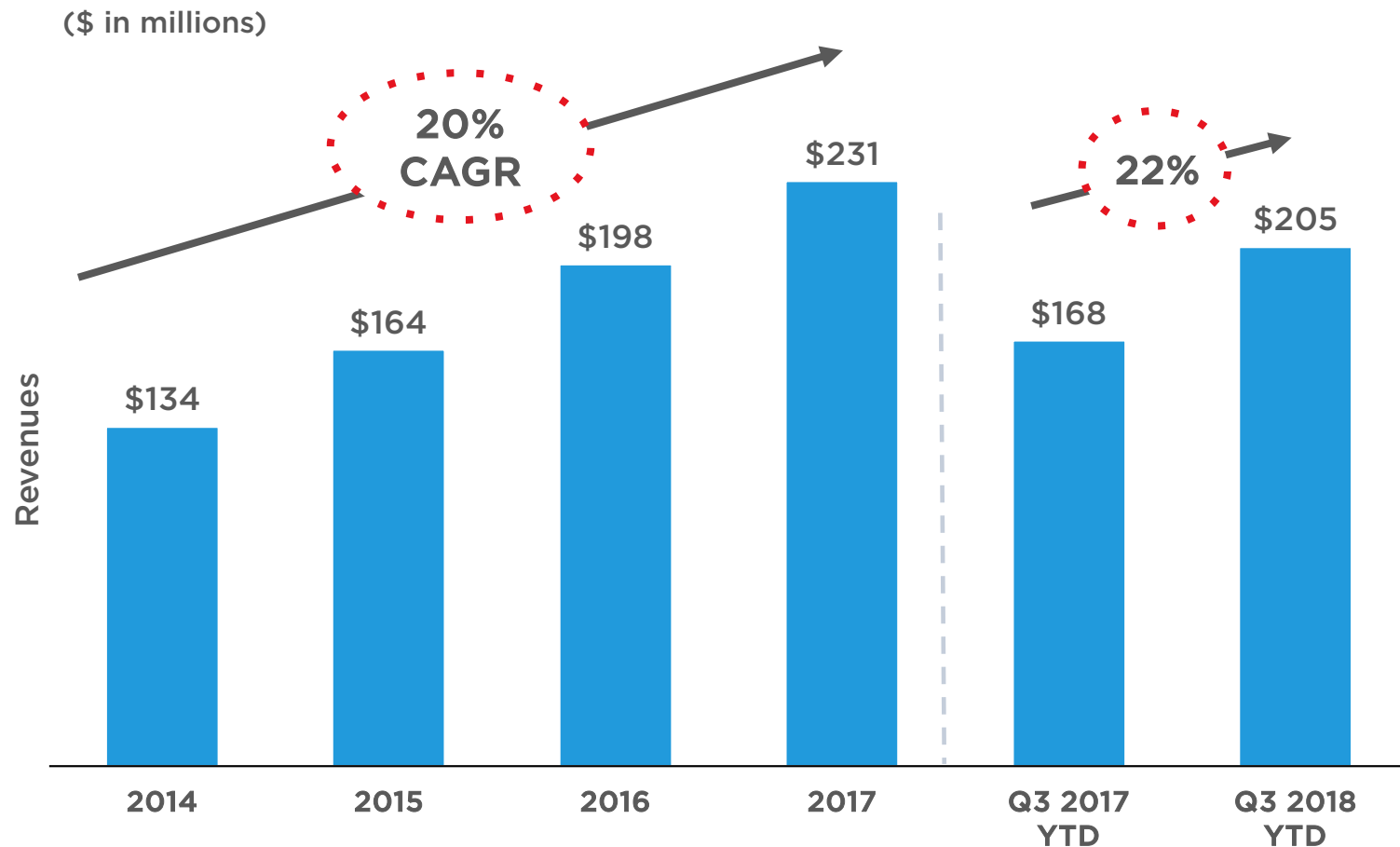
Runtime defense and automated policy enforcement to protect against breaches and anomalies

# Scalable Business Model

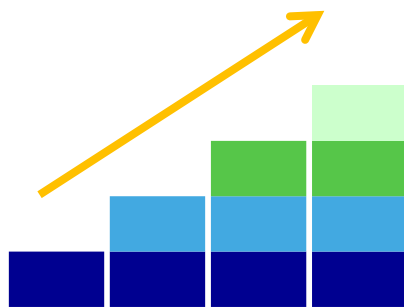


# Strong and consistent organic revenue growth

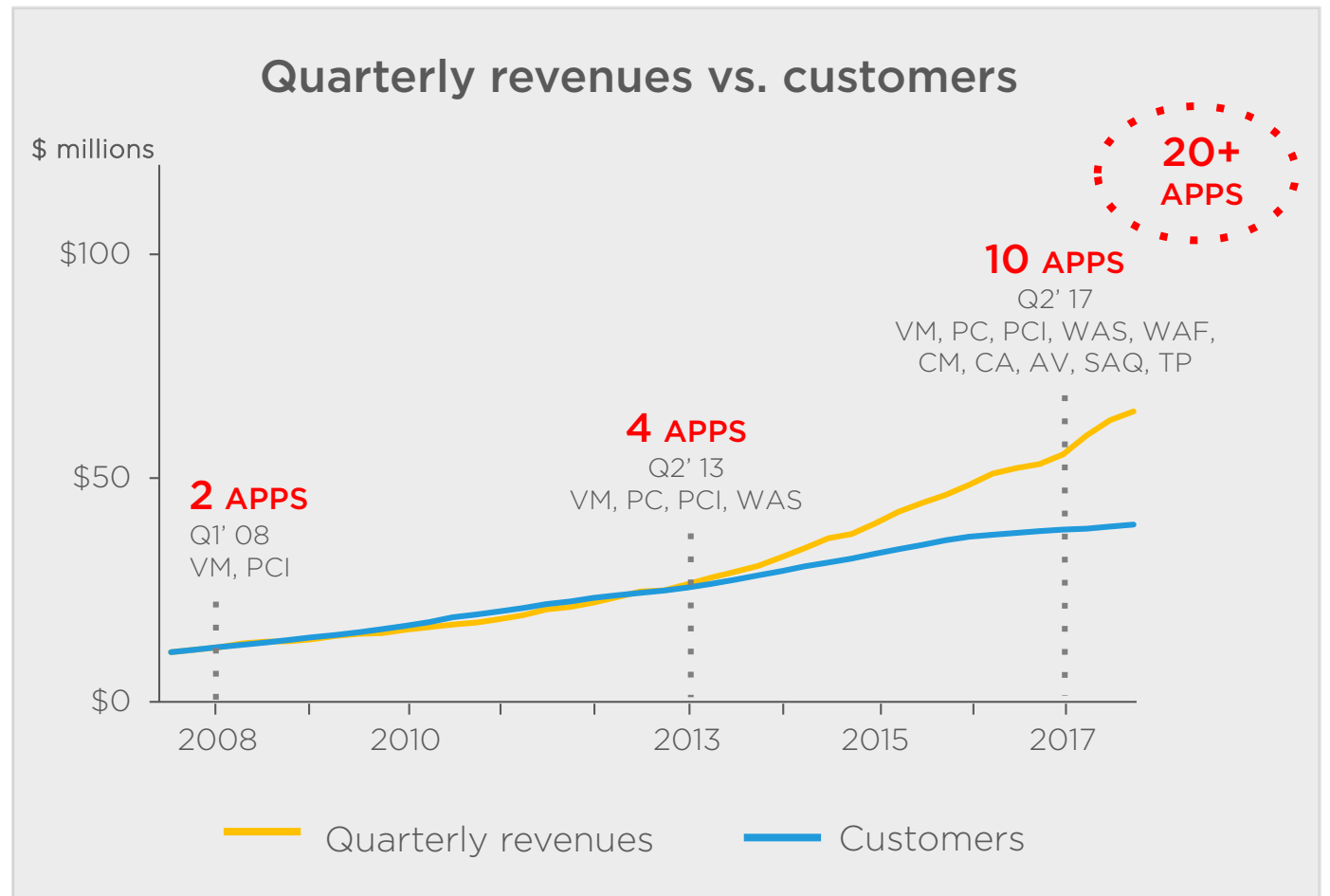
Outperforming market and gaining share



# Adoption of new solutions (APPS) fuels growth and profitability

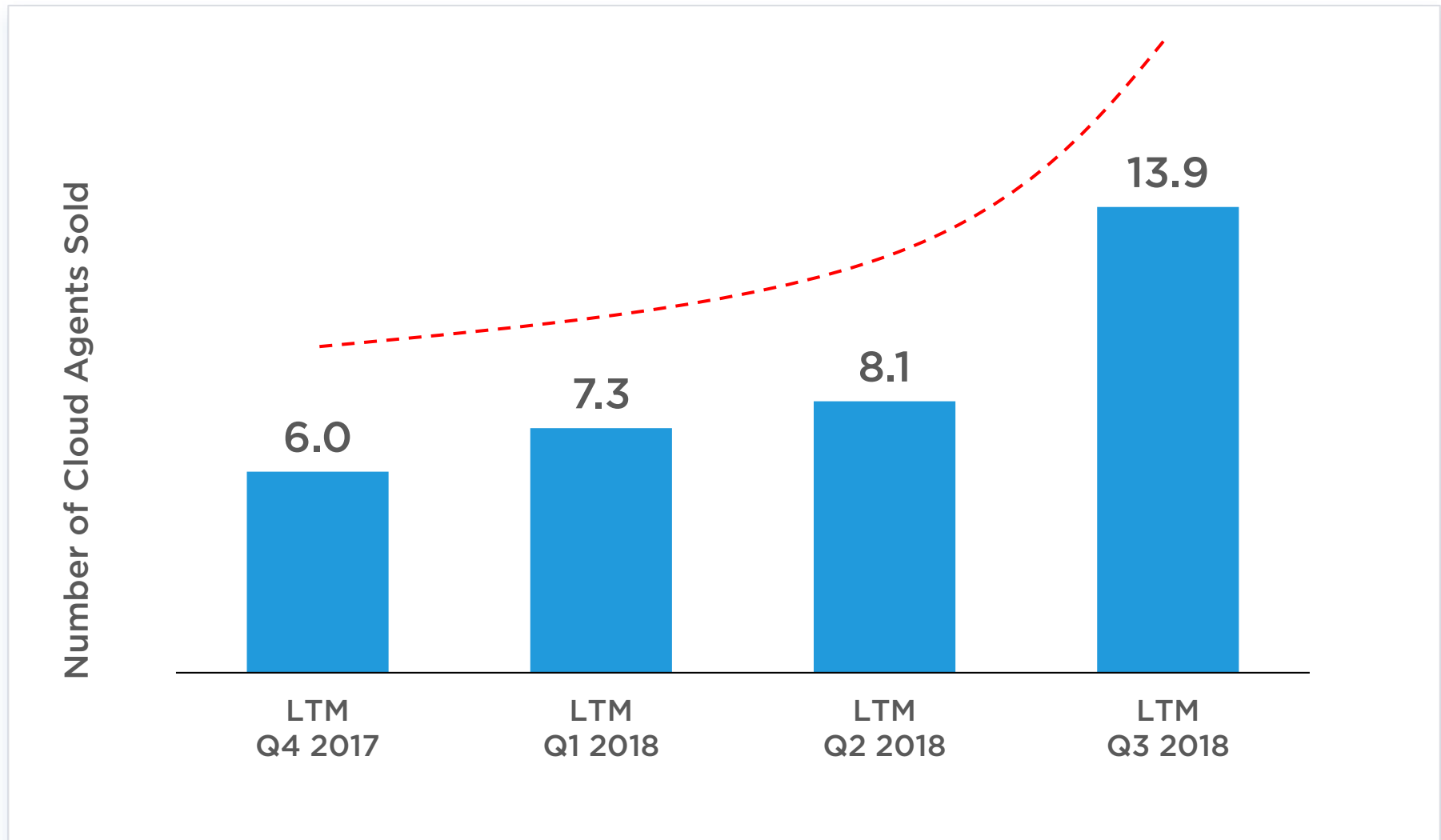


- Initial solution
- Expansion
- Additional solutions
- Future products



# Increasing Cloud Agent Adoption

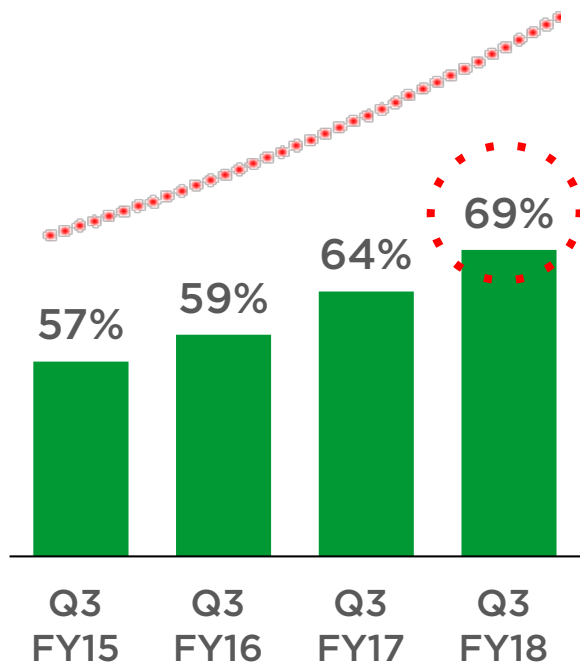
(Units in millions)



# Platform adoption accelerating

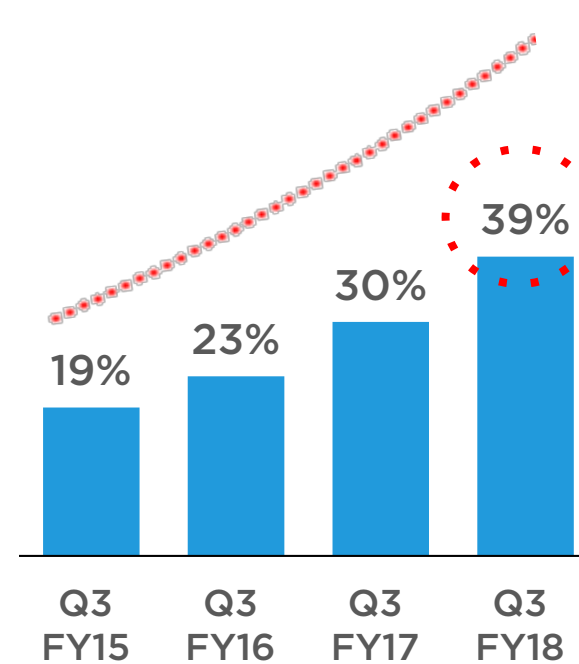
% of Enterprise customers with 2+ solutions

69%



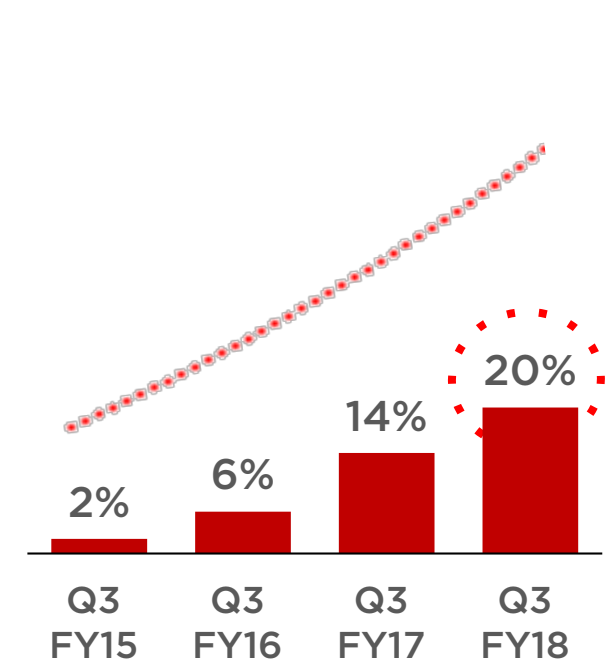
% of Enterprise customers with 3+ solutions

39%



% of Enterprise customers with 4+ solutions

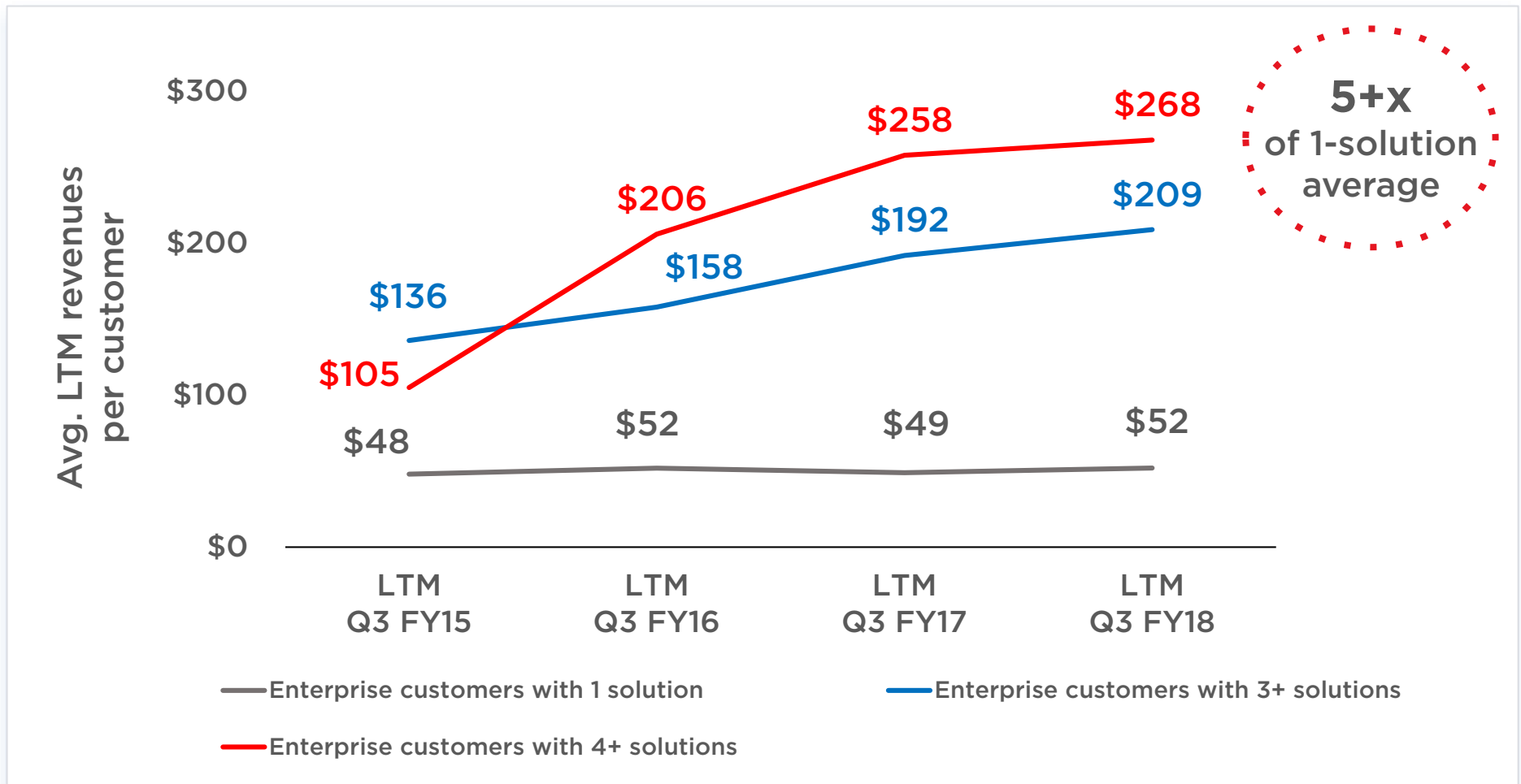
20%



# Multiplier effect

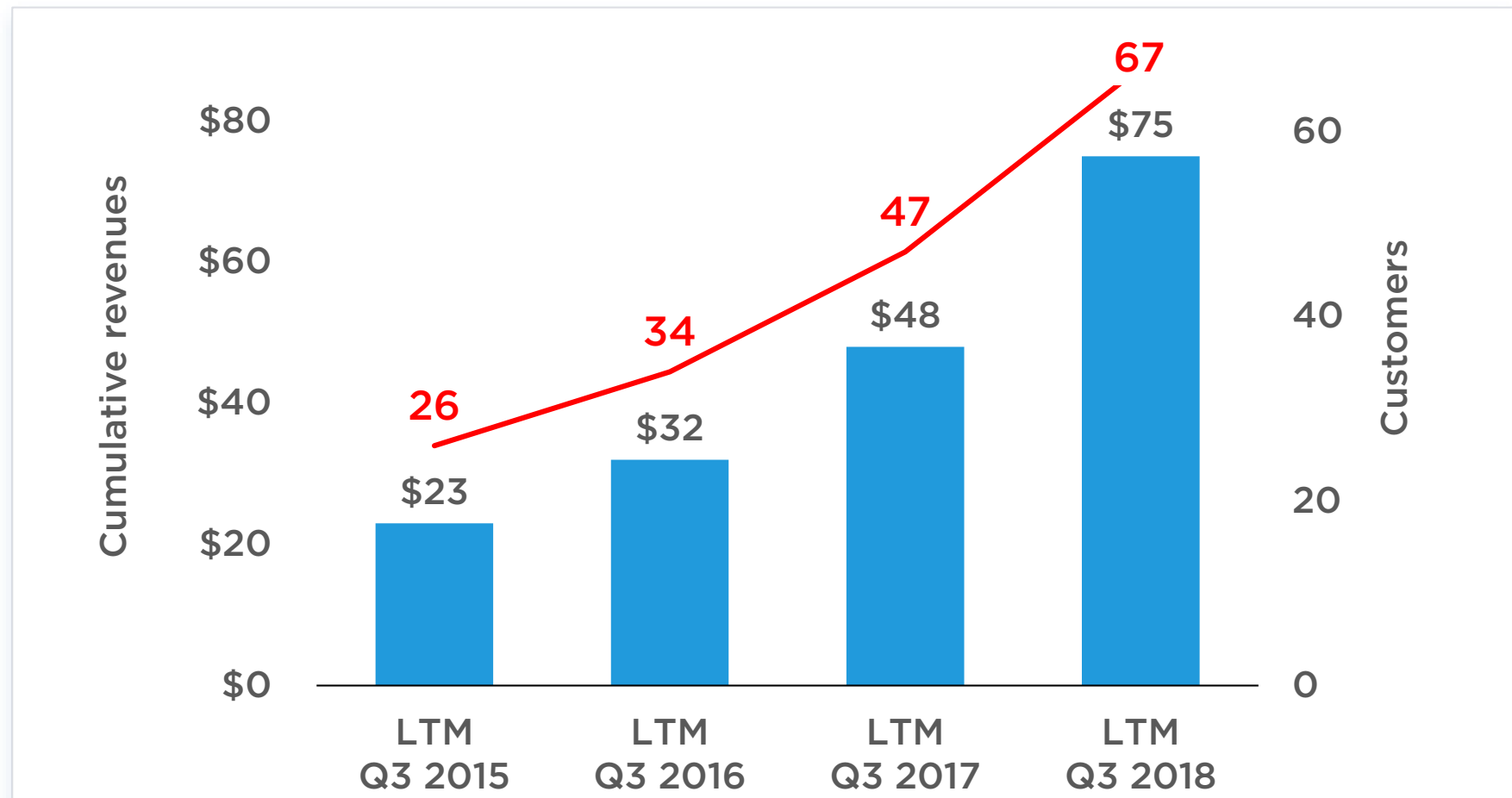
Enterprise customers with 4+ solutions spend over 5x that of 1-solution customers

(\$ in thousands)



# Our largest customers spend an average of LTM \$1M+ with Qualys

(\$ in millions)

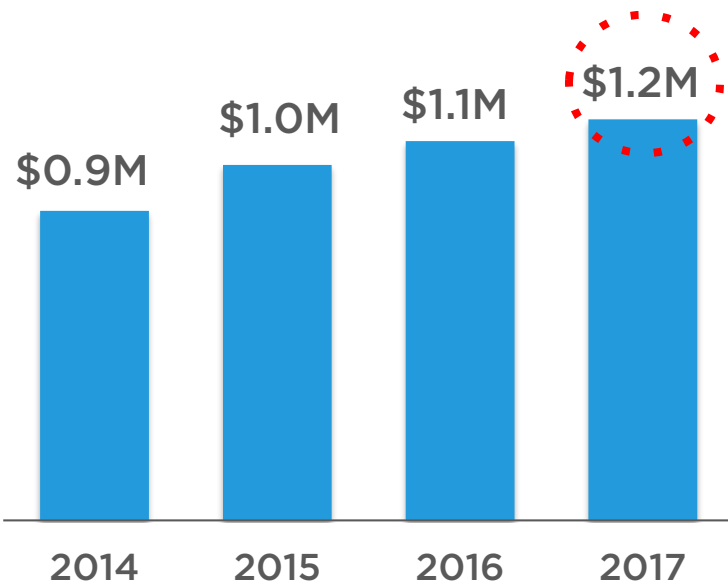


Note: Customer count is defined as customers with greater than \$500K in annual revenue



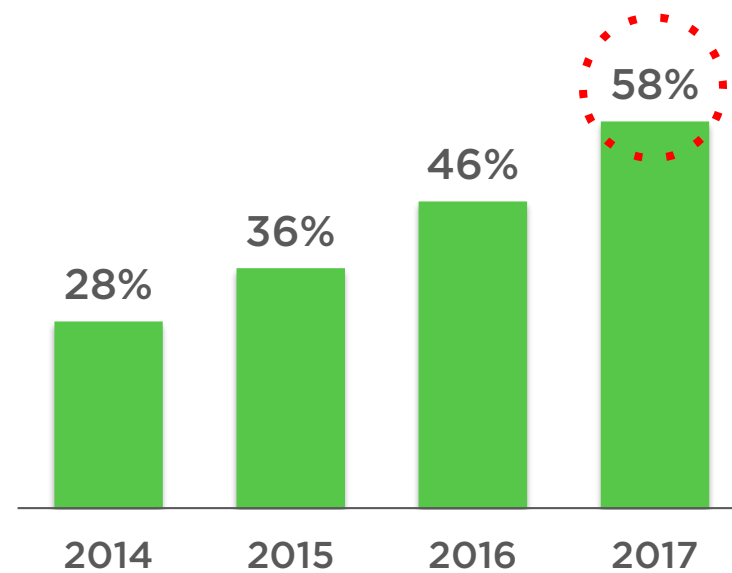
# Platform enables scalable operational model

Revenue per S&M headcount



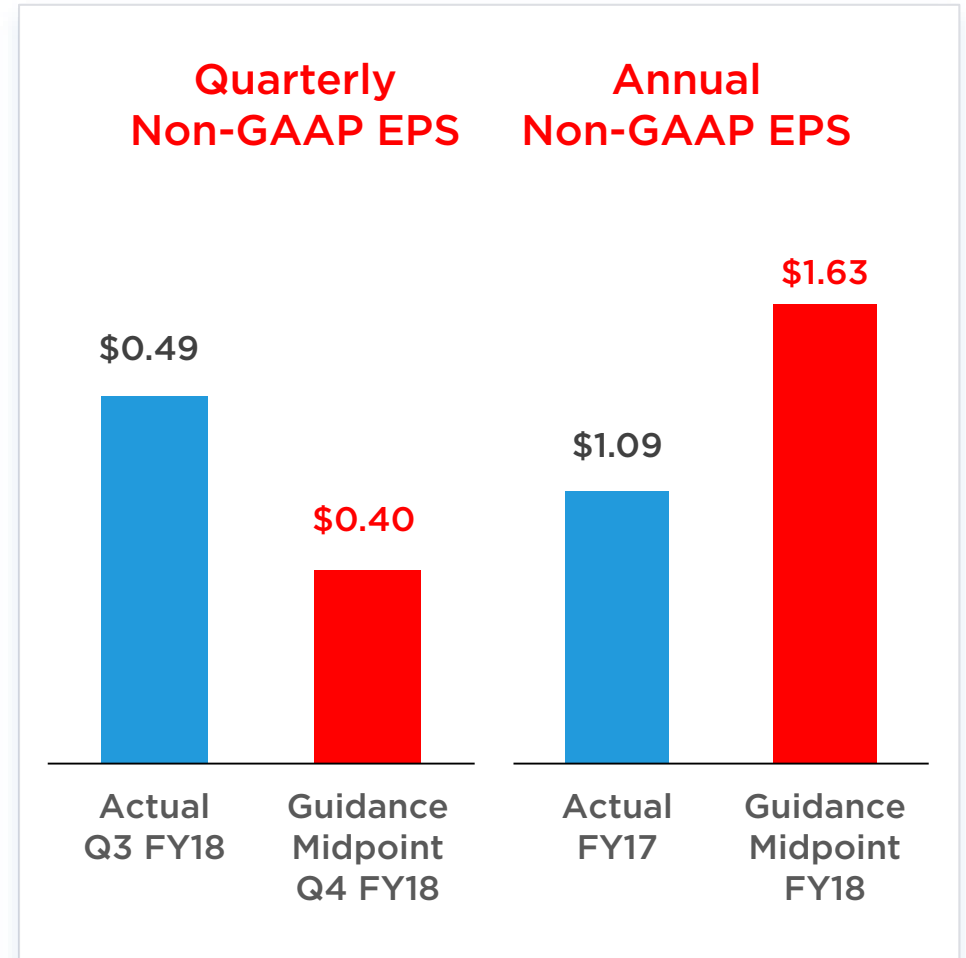
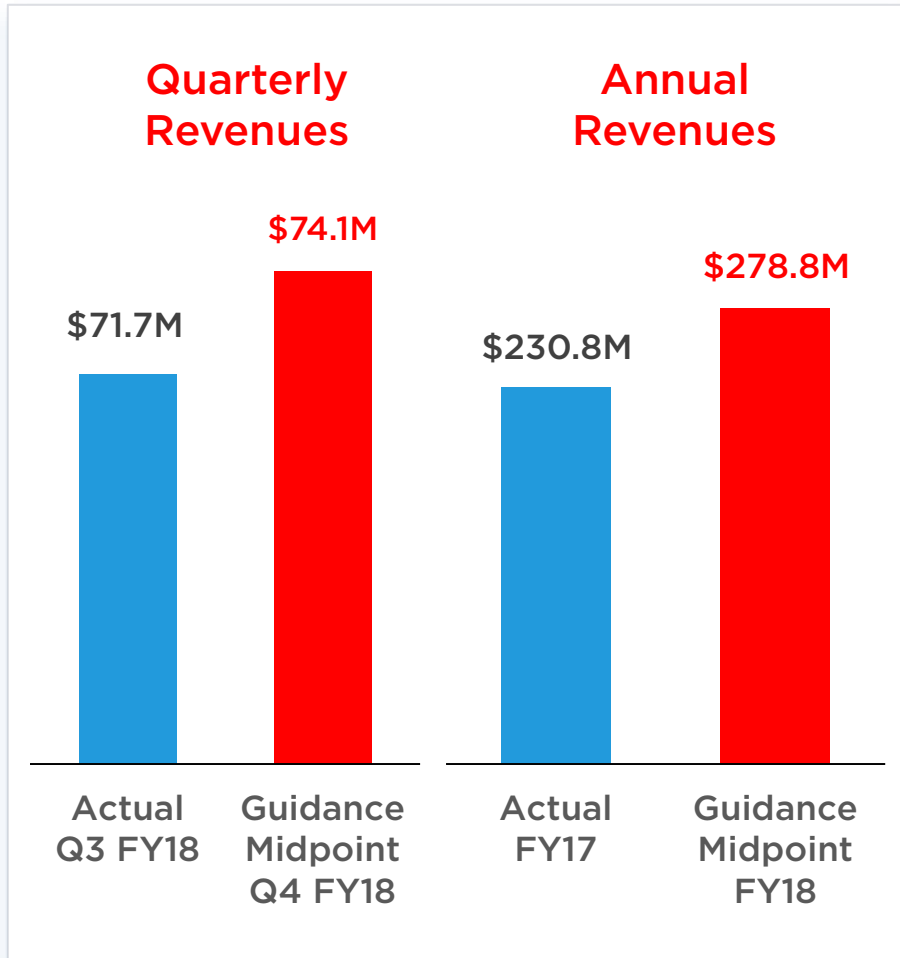
High sales leverage

% of Customer Support, Operations, and R&D headcount in India



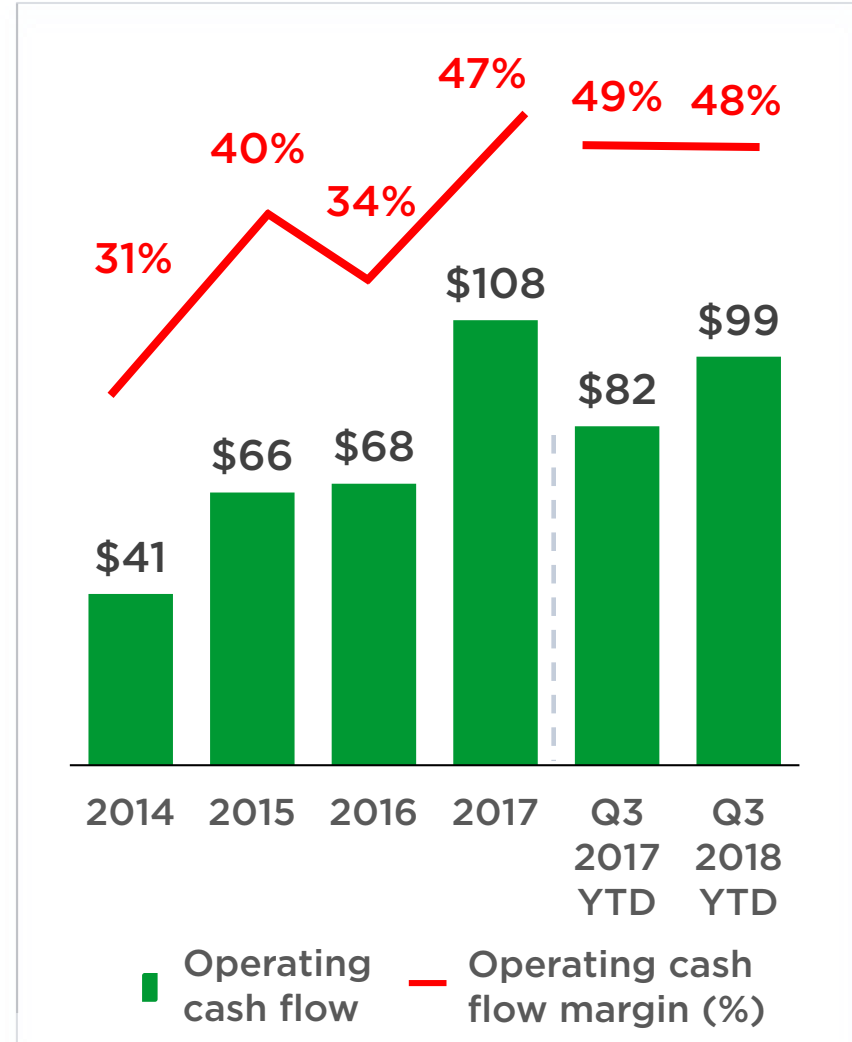
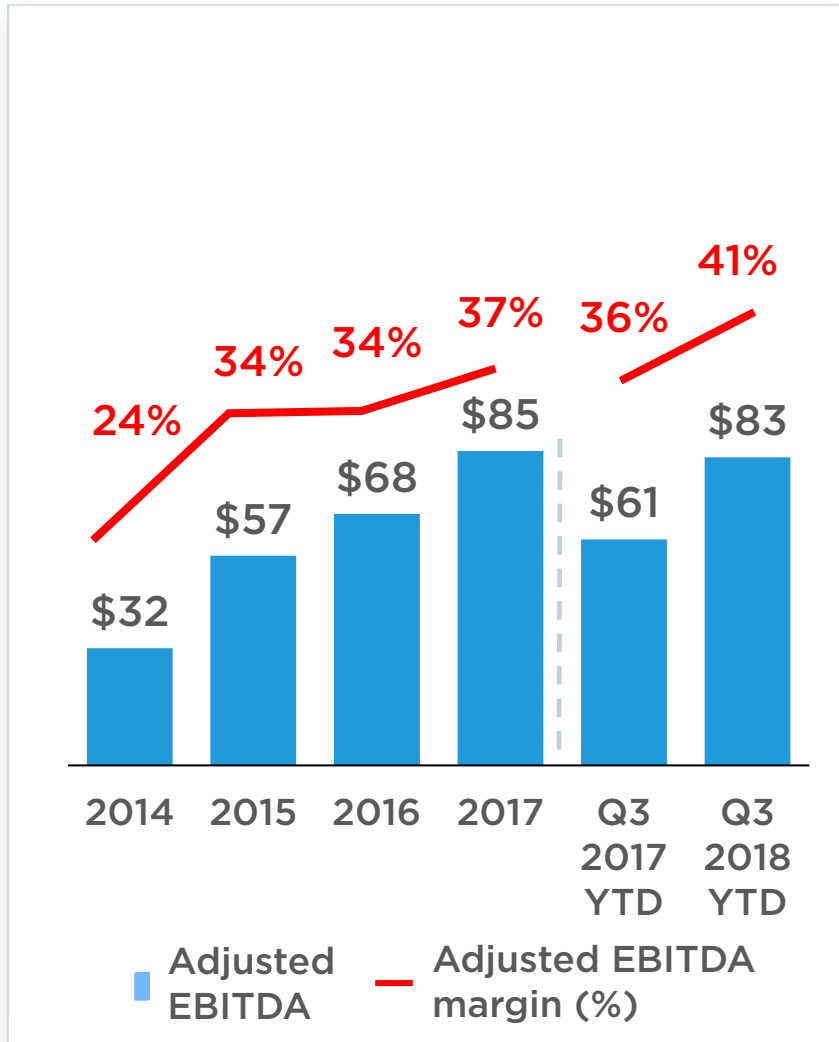
Leveraging low cost geos

# 2018 Revenue and Non-GAAP EPS Growth

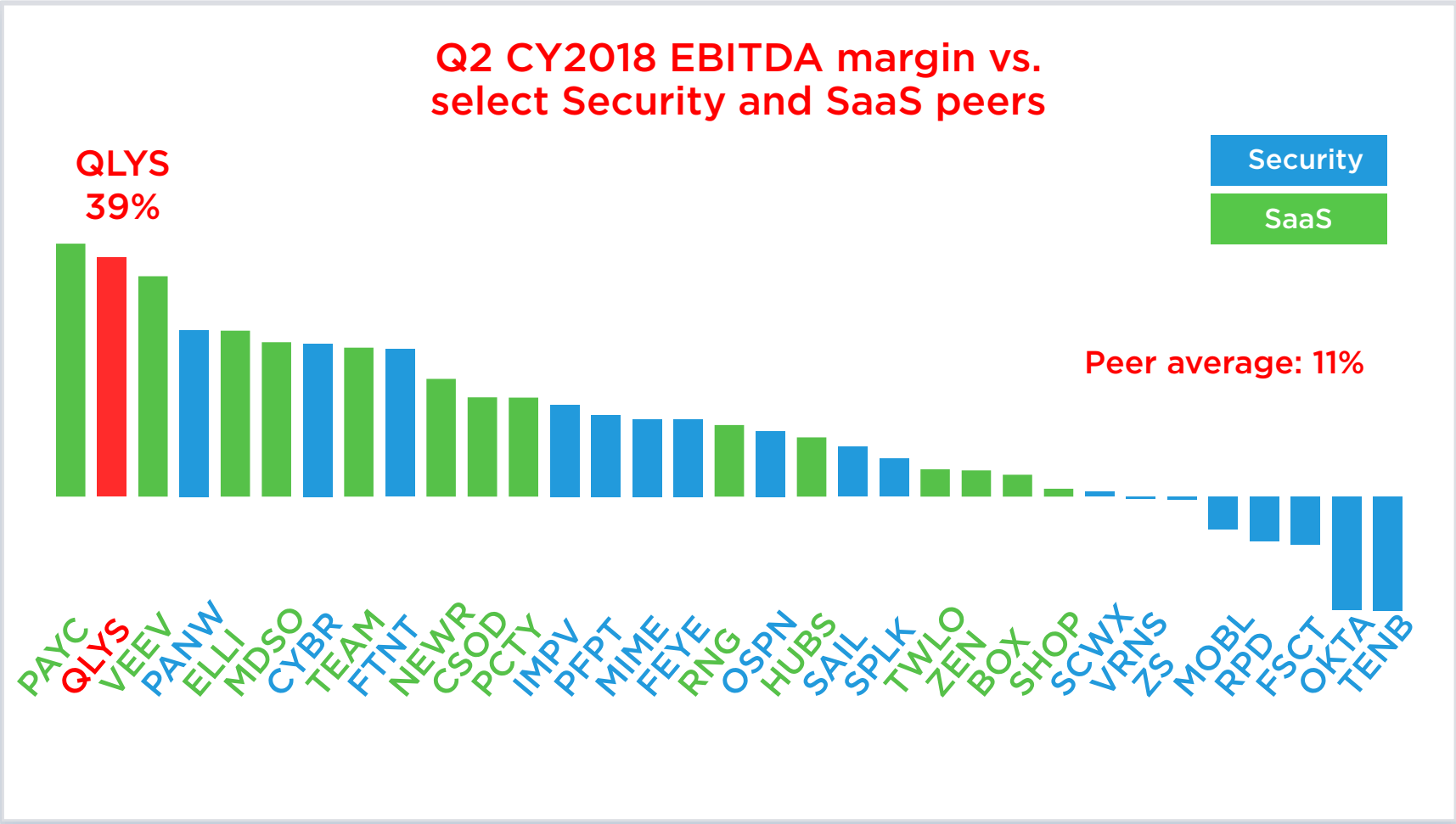


# Increasing adjusted EBITDA & operating cash flow

(\$ in millions)

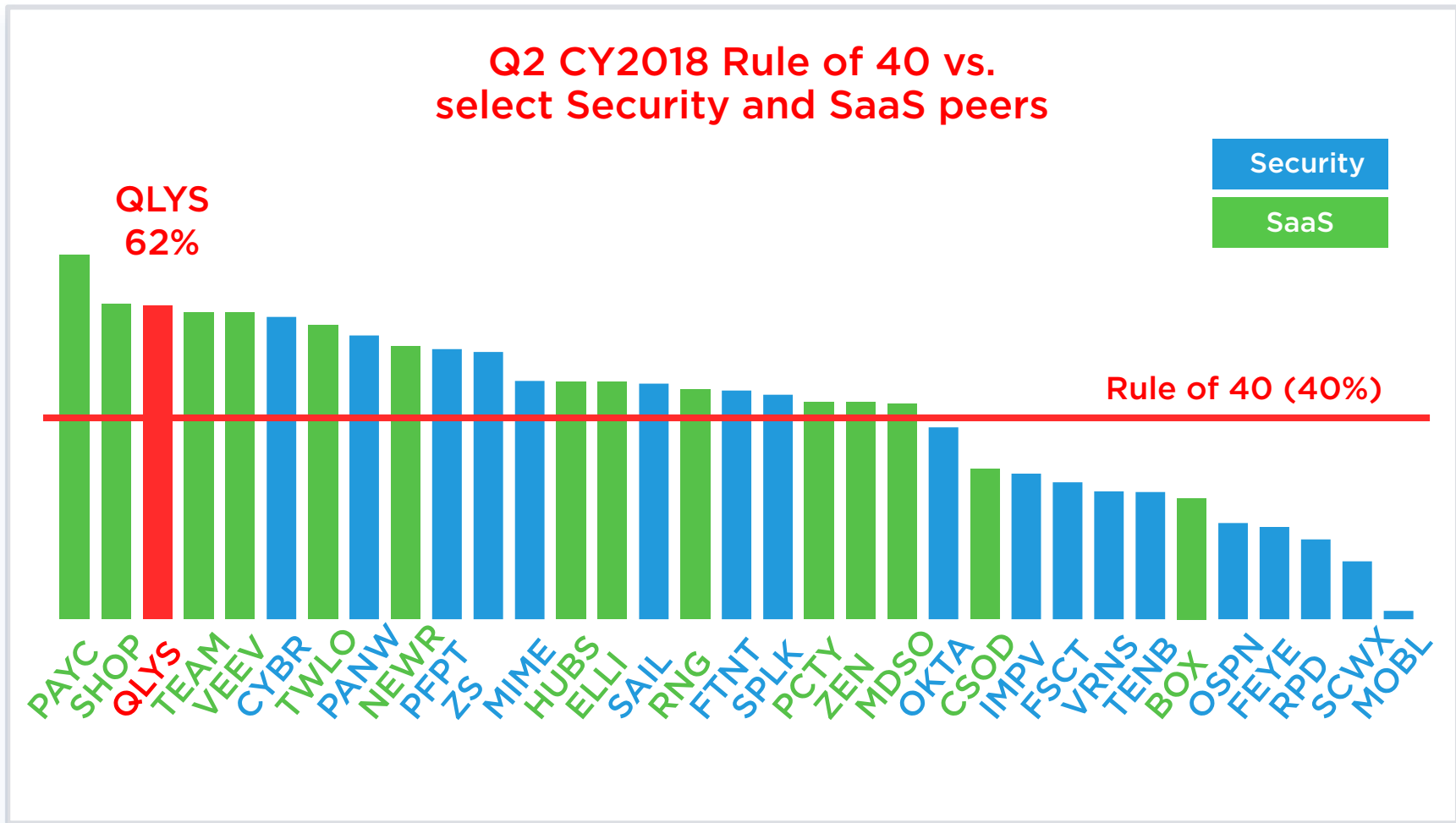


# Industry-leading margins



Source: JPMorgan

# Industry-leading Performance



Source: JPMorgan

# Unique advantages of the Qualys Cloud Platform



## No hardware to buy or manage

Nothing to install or manage, and all services are accessible in the cloud via web interface. Qualys operates and maintains everything.



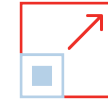
## Lower operating costs

With everything in the cloud, there are no capital expenditures, no extra human resources needed, and no infrastructure or software to buy and maintain.



## Easy to deploy and maintain

Easily perform assessments on geographically distributed and segmented networks at the perimeter, behind the firewall, on dynamic cloud environments and endpoints.



## Unprecedented scaling

Qualys Cloud Platform is a scalable, end-to-end solution for all aspects of IT security. Once deployed, seamlessly add new coverage, users and services as you need them.



## Always Up-to-date

Qualys has the largest knowledge base of vulnerability signatures in the industry and performs over 3 billion IP scans per year. All security updates are made in real time.



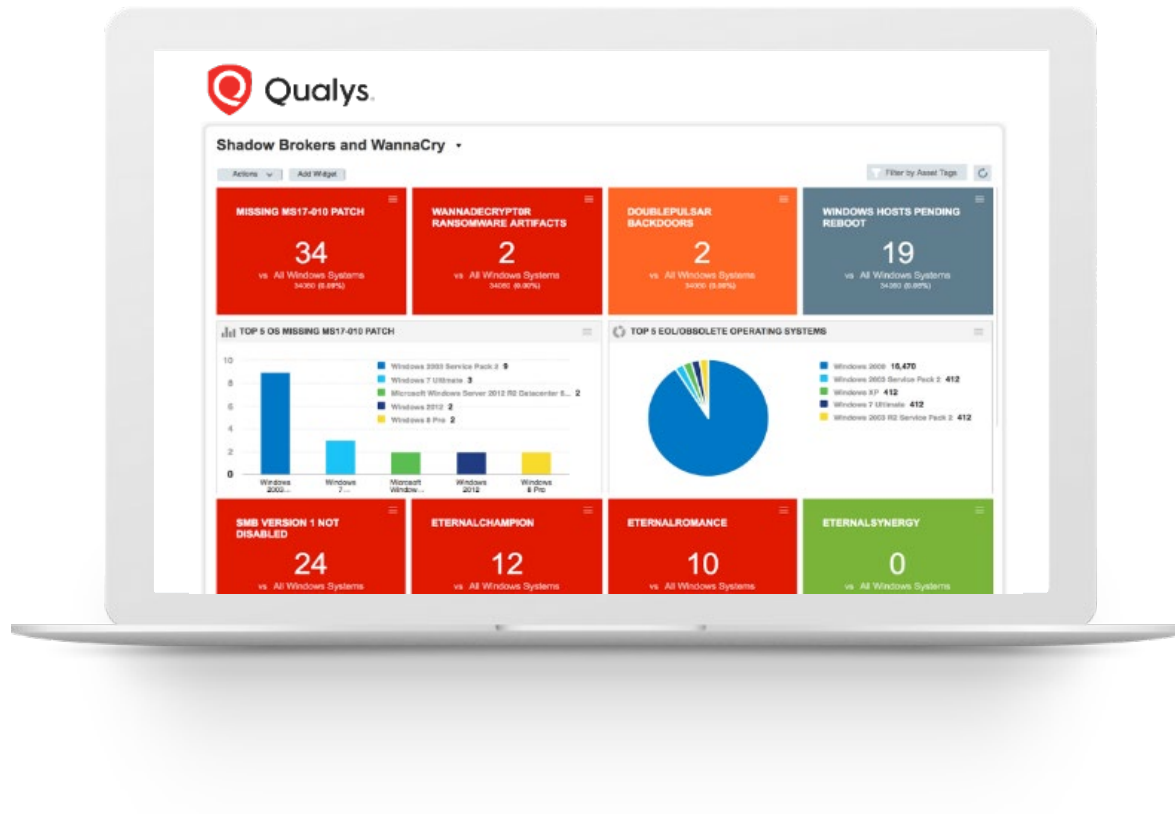
## Data stored securely

Vulnerability data is securely stored and processed in an n-tiered architecture of load-balanced servers. Our encrypted databases are physically and logically secure.

## Available as a Public or on-premises Private Cloud

- Full server rack** For governments, enterprises, and MSSPs
- Virtual rack** For governments, enterprises, and MSSPs
- Standalone appliance** For small businesses
- FedRAMP authorized**

# Appendix



# Reconciliation of Adjusted EBITDA

(\$ in millions)

	2014	2015	2016	2017	Q3 2017 YTD	Q3 2018 YTD
Net income	\$30.2	\$15.9	\$19.2	\$40.4	\$37.6	\$42.9
Depreciation and amortization of property and equipment	11.5	14.0	16.6	19.8	14.7	18.9
Amortization of intangible assets	0.4	0.4	0.4	0.8	0.4	2.4
Interest expense	0.0	0.0	0.0	0.0	0.0	0.1
Provision for (benefit from) income taxes	(21.6)	8.7	11.2	(1.1)	(8.6)	(2.3)
Stock-based compensation	10.5	17.5	20.1	27.0	18.5	22.7
Other (income) expense, net	0.6	0.3	(0.3)	(2.1)	(1.5)	(3.4)
Acquisition-related expense	---	---	---	0.1	---	1.9
One-time tax related expense	---	---	0.7	---	---	---
<b>Adjusted EBITDA</b>	<b>\$31.7</b>	<b>\$56.7</b>	<b>\$68.0</b>	<b>\$84.9</b>	<b>\$61.1</b>	<b>\$83.2</b>



# Reconciliation of Non-GAAP Net Income

(\$ in millions, except per diluted share metric)

	2017	Q3 2018
GAAP Net income	\$40.4	\$23.5
Stock-based compensation	27.0	6.8
Intangible asset amortization (1)	0.5	0.8
Acquisition-related expense (2)	0.1	0.0
Tax adjustment	(24.5)	(10.4)
<b>Non-GAAP Net income</b>	<b>\$43.5</b>	<b>\$20.7</b>
<b>Non-GAAP Net income per diluted share</b>	<b>\$1.09</b>	<b>\$0.49</b>

(1) Includes amortization of intangible assets from acquisitions of Nevis Networks, NetWatcher and 1Mobility.

(2) Relates to compensation expense from the acquisition of NetWatcher.