



**QUALYS<sup>®</sup>**

# Investor Presentation

Philippe Courtot, Chairman and CEO

Melissa Fisher, CFO

# 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;
- our ability to effectively manage our costs; and
- our expectations for existing and new MSSPs, which are multi-year contracts at fixed prices.

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 is included in the appendix of this presentation.



# Investment Highlights

Leading SaaS Security and  
Compliance Solutions Cloud Platform

Uniquely Positioned to Capitalize on the  
Move to the Cloud *and* Stack Consolidation

Multiple Levers of Recurring  
Revenue Growth

Industry-Leading Profitability



# Qualys Cloud Platform

Provides continuous view of global IT assets  
and their security & compliance posture

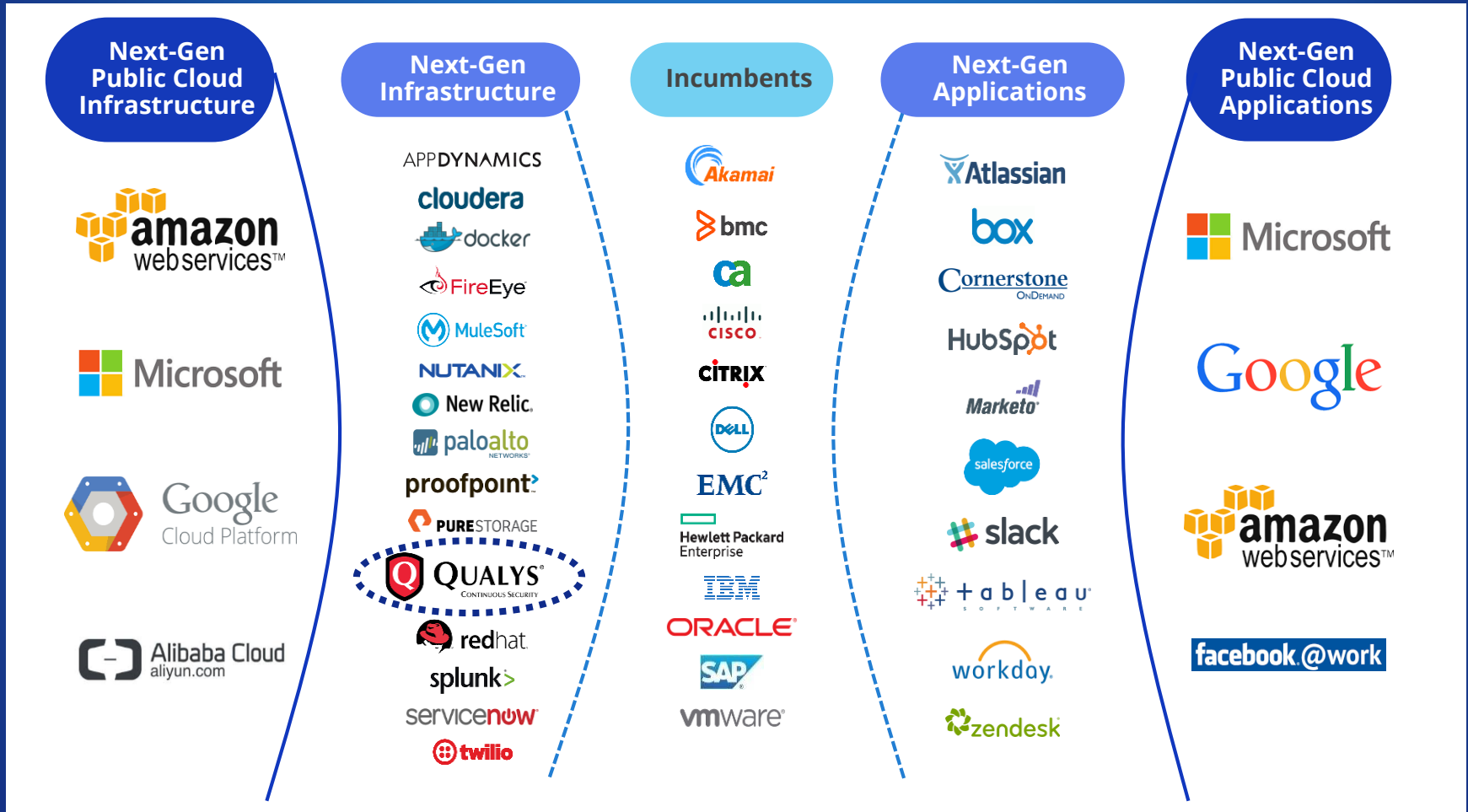
Consolidates multiple enterprise  
security & compliance  
solutions and more to come...

ALL centrally managed,  
self updating and natively  
sharing information

Drastically reducing  
infrastructure, operational  
and maintenance costs



# Qualys: The Next-Gen Security Platform



\* Source: Morgan Stanley



# True Extensible Cloud Platform

Consolidates multiple on-premise solutions



3B  
Scans

100B  
Detections

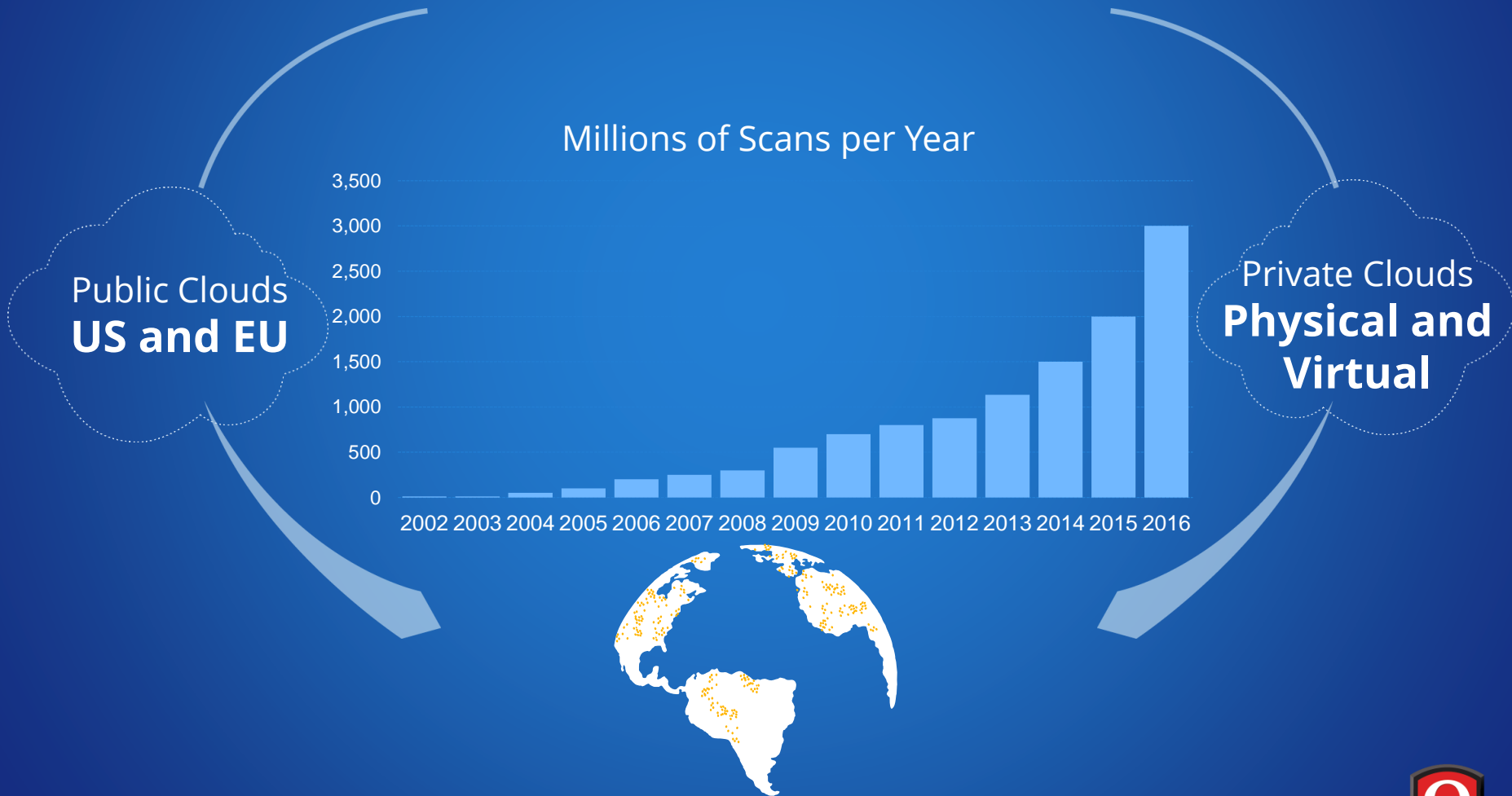
1T  
Security  
Datapoints  
Annually





# Global Infrastructure

Currently processing 3 billion scans  
and indexing over 25 billion security data points



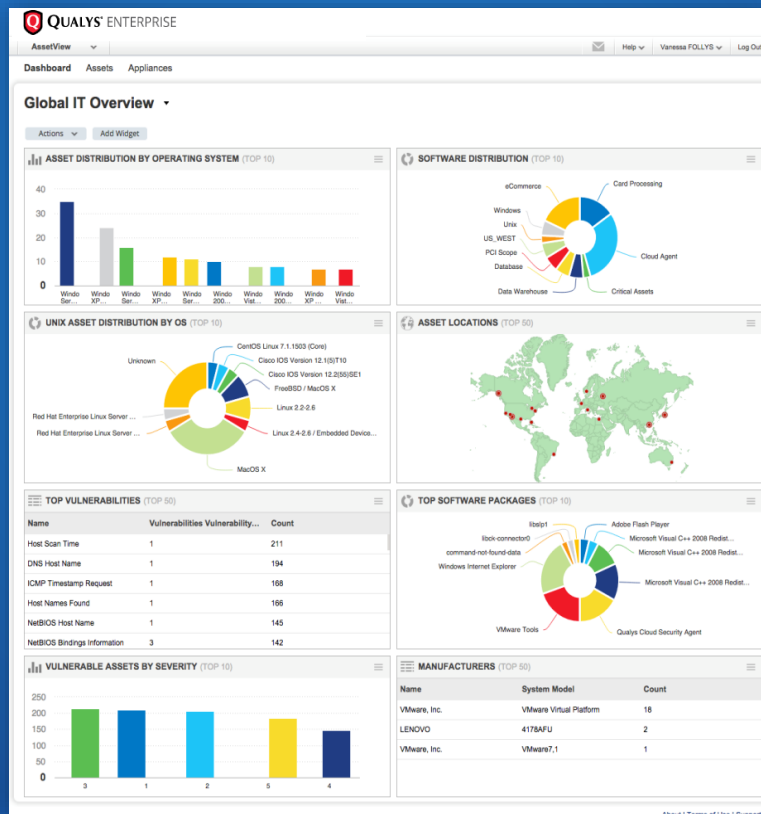
# AssetView brings 2s visibility across millions of IT assets

Provides customizable, dynamic dashboards

Instant query across millions of IT assets

Unified assets' view

Dynamic and customizable dashboards



Vulnerability Risk Analysis dashboard

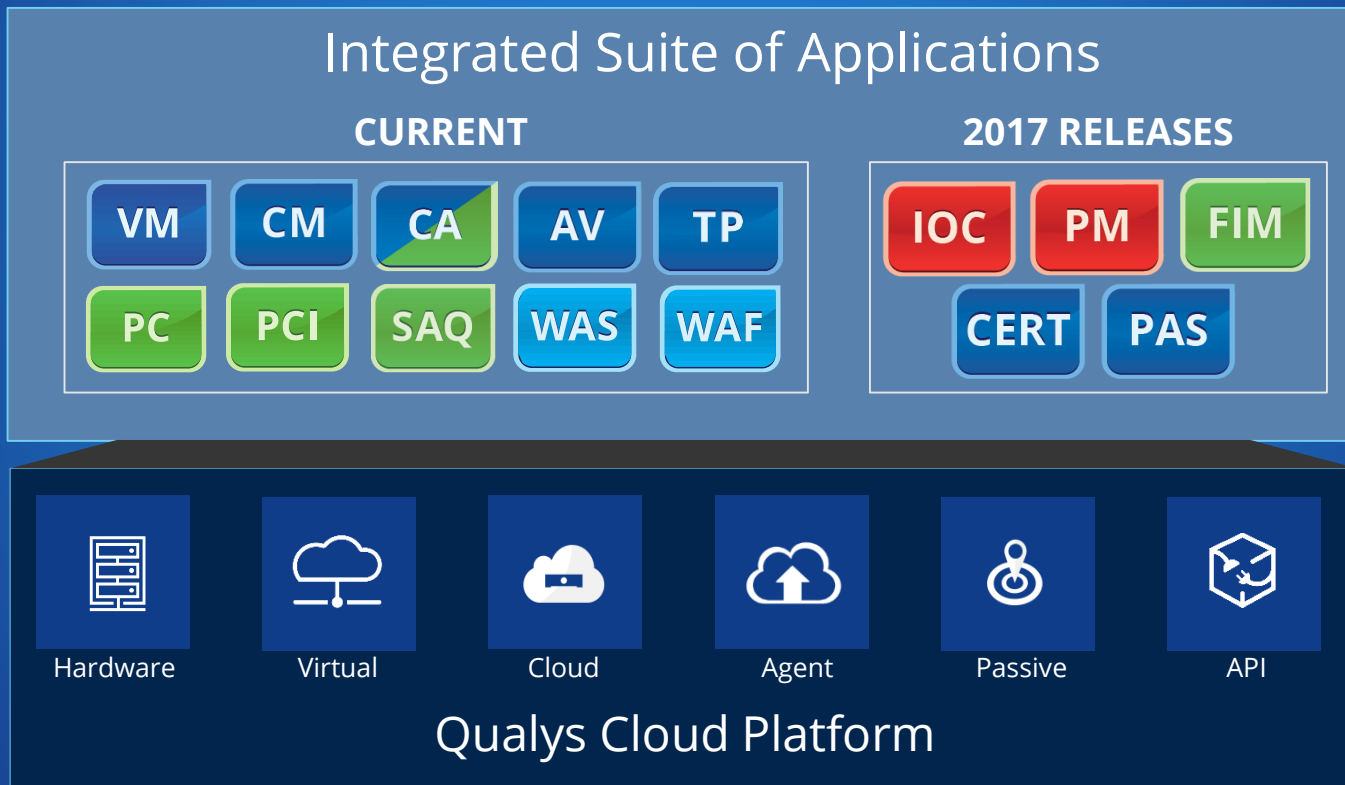
Synchronization with Splunk, ServiceNow & others





# More new solutions coming

New solutions will increase TAM  
and potential share of wallet



# Organic platform enables vendor and stack consolidation

Vulnerability Management		
Policy Compliance	 	 
Web Application Security	 	  

New services to come

New Services	 				
--------------	--	---	---	---	---



# Blue Chip Global Customers Base

70% of the Forbes Global 50 and 25% of the Forbes Global 2000 standardized on Qualys

9,300+ Customers

9 of top 10 in Major Banks

9 of top 10 in Software

8 of top 10 in Consumer Discretionary

8 of top 10 in Consumer Staples

8 of top 10 in Technology

7 of top 10 in Telecommunications

6 of top 10 in Healthcare

5 of top 10 in Energy & Utilities

5 of top 10 in Industrial & Materials

5 of top 10 in Insurance



Based on Forbes Global 2000 Classification



# Qualys Global Presence

Expanding our sales capacity

Customers	Countries	Data Centers	Private Clouds	Locations
<b>9,300+</b>	<b>137</b>	<b>5</b>	<b>30</b>	<b>27</b>

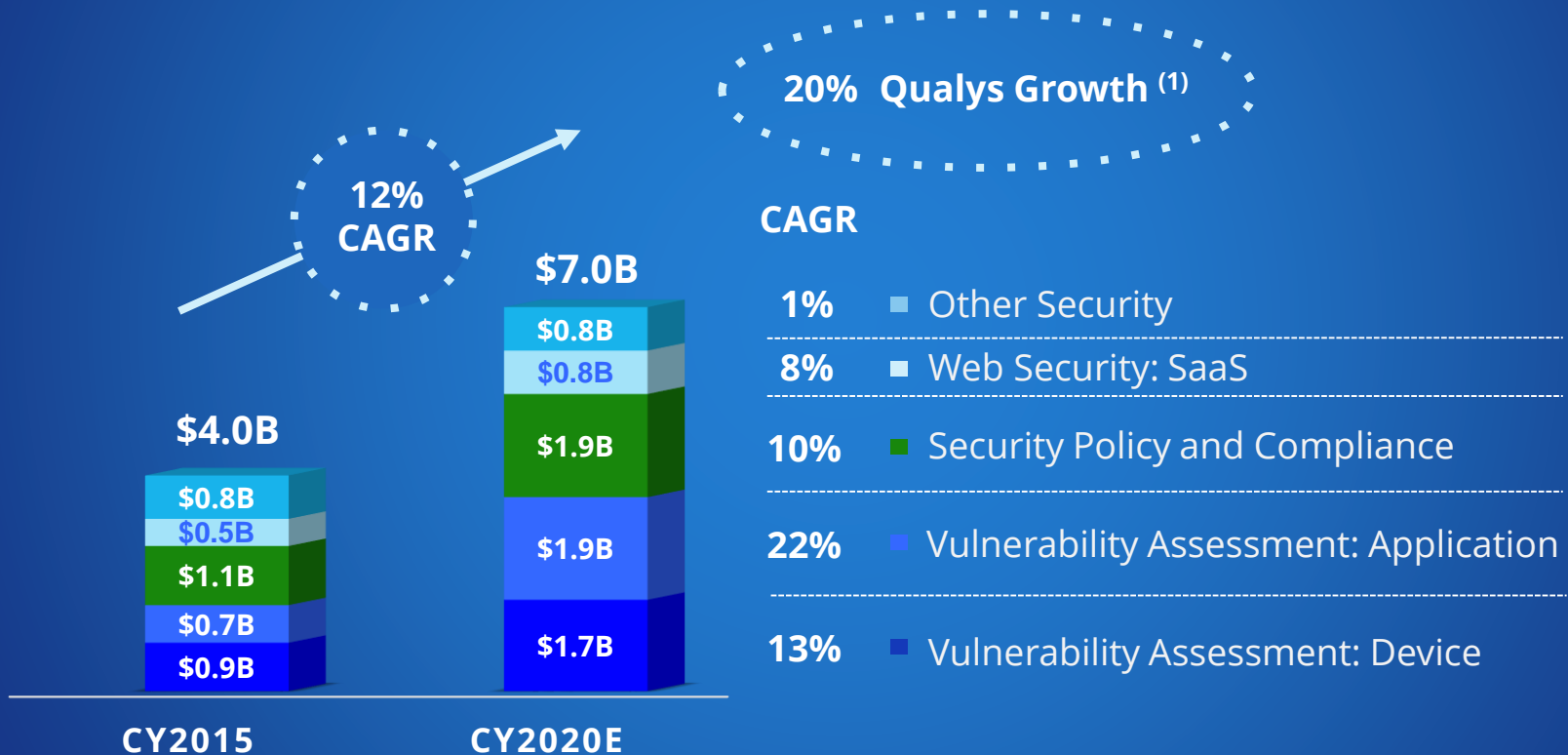


Note: Marked are Qualys locations.



# Large Market Opportunity

Qualys has taken the #1 market-share position over IBM and HP in the \$1.6-billion-dollar Vulnerability Assessment Market



## Qualys' Current Total Addressable Market

<sup>(1)</sup> FY15 Revenue to FY16 Revenue Growth

Source: IDC



# Platform enables cost-effective service to all customer segments



## **ENTERPRISE**

Enterprise Suite

**5,000+**  
Employees

## **SME**

Express Suite

**250 – 5,000**  
Employees

## **SMB**

Express Lite Suite

**Below 250**  
Employees

## **Consultants**

Consultant Suite

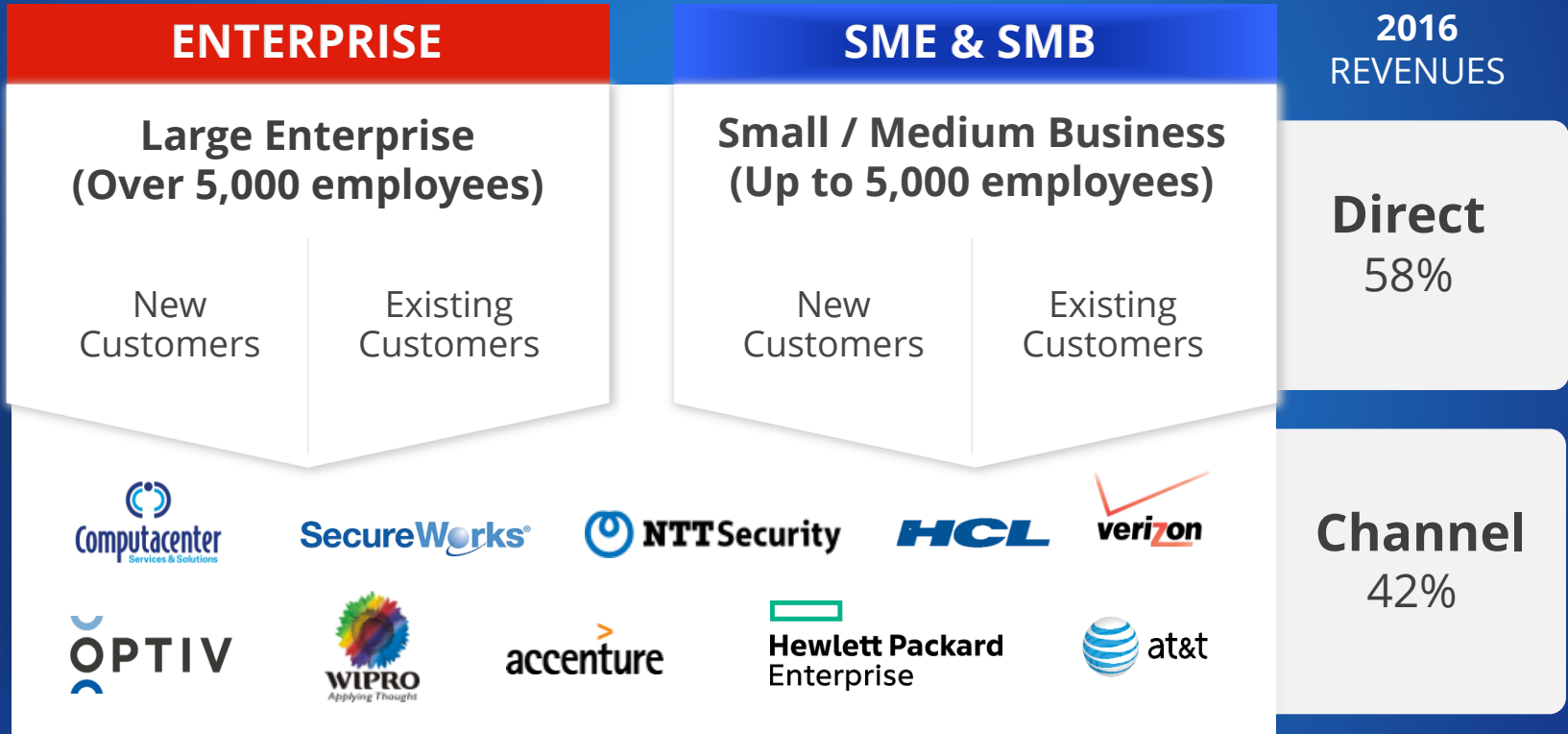
**Consultant**  
Groups





# Scalable Go-to-Market Model

## Market Segmentation & Key Strategic Partners



# Attractive High-Margin Recurring Revenue with No Capex for Partners

MSSPs  
Telcos

Outsourcing  
Providers

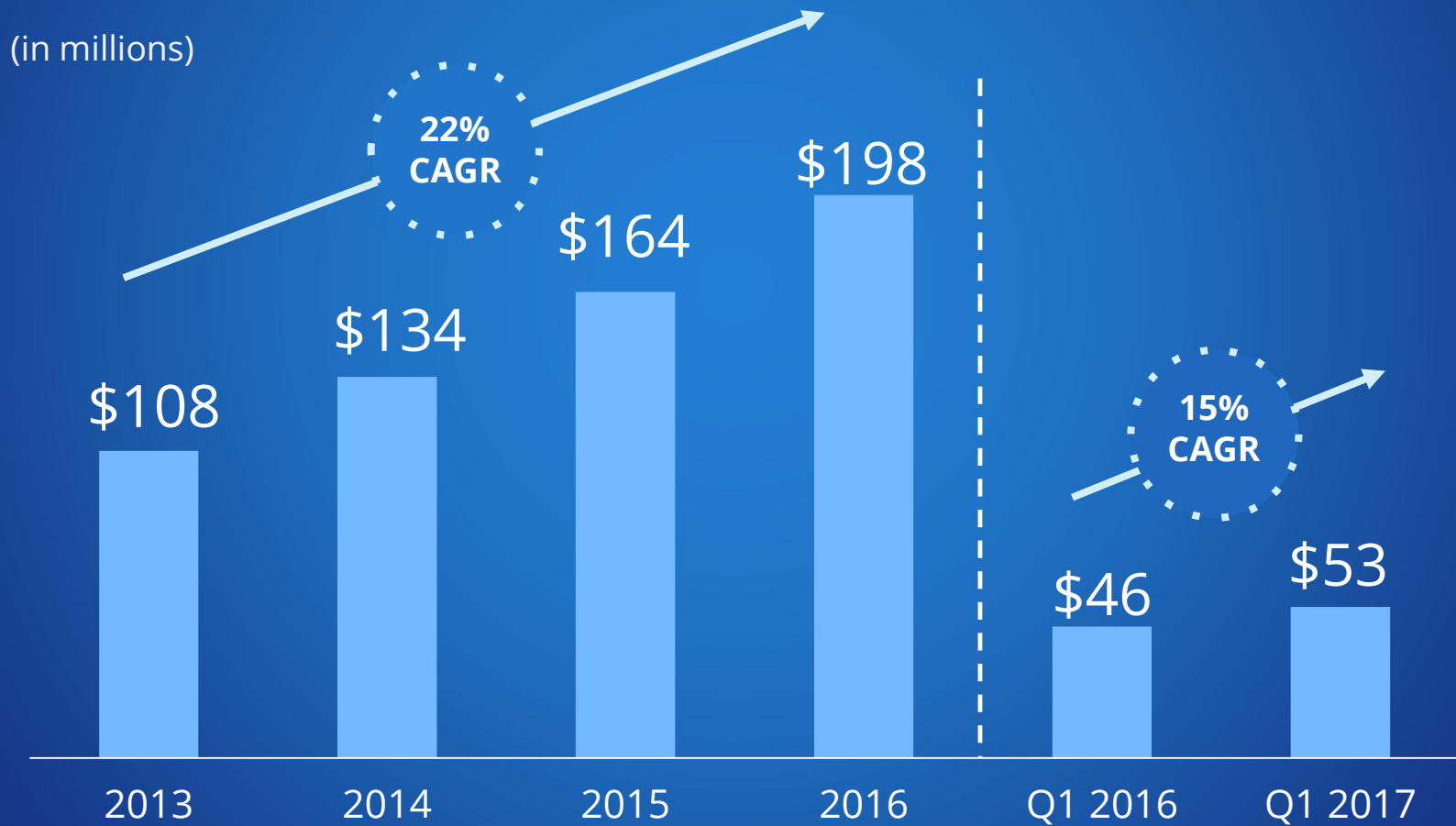
VAS  
Resellers

Consultant  
Auditors



# Strong and Consistent Organic Revenue Growth

Outperforming market and gaining share



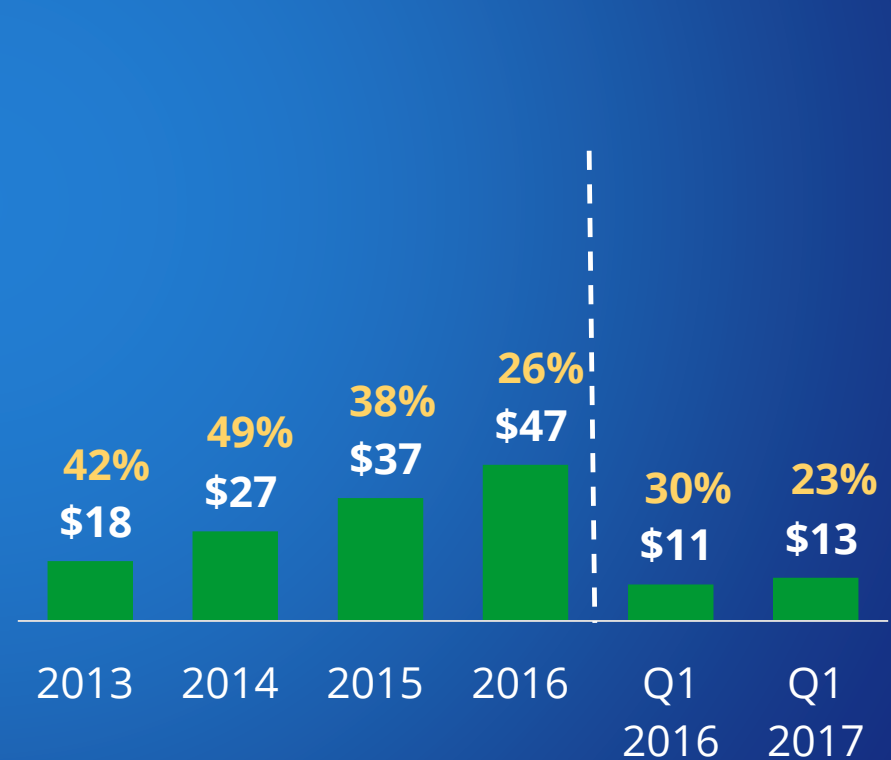
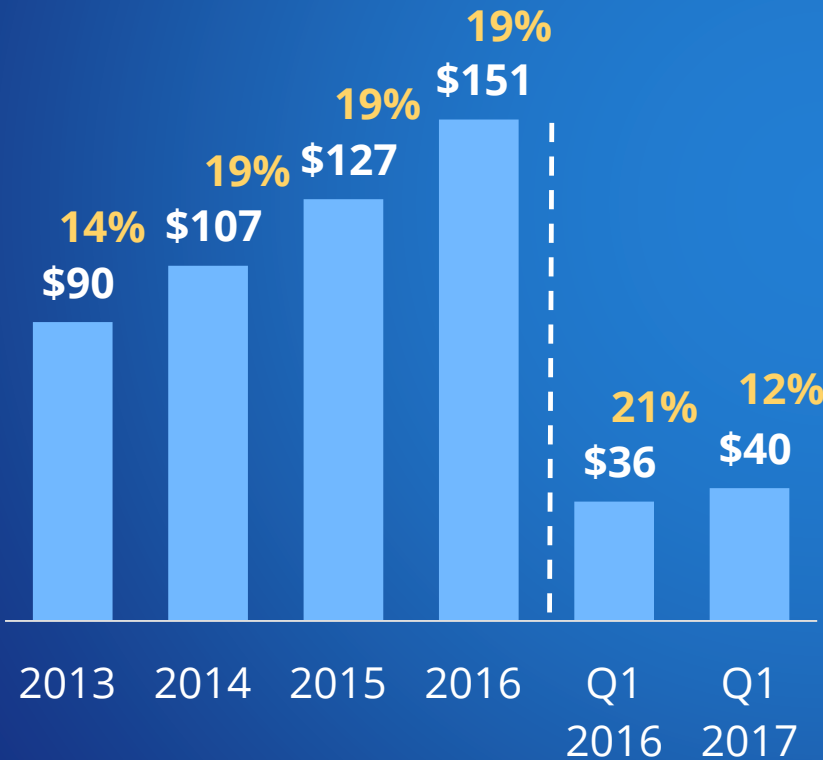
# Strong Growth in VM and Other Security Solutions

## VM Solutions\*

## Other Security Solutions\*

■ Revenues

— % Year-over-Year Revenue Growth

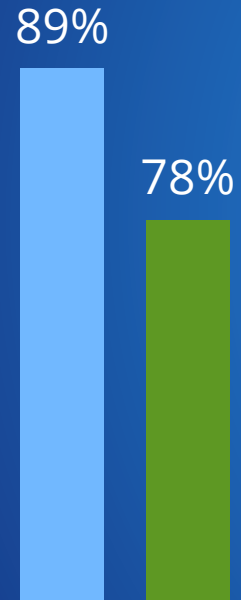


\*VM Solutions include VM, PCP, CM, CA for VM, AV, and TP; Other Security Solutions include PC, PCI, CA for PC, SAQ, WAS and WAF; scanners and pro-rata credits allocated based on revenues



# Strong Customer Retention Drives Land and Expand

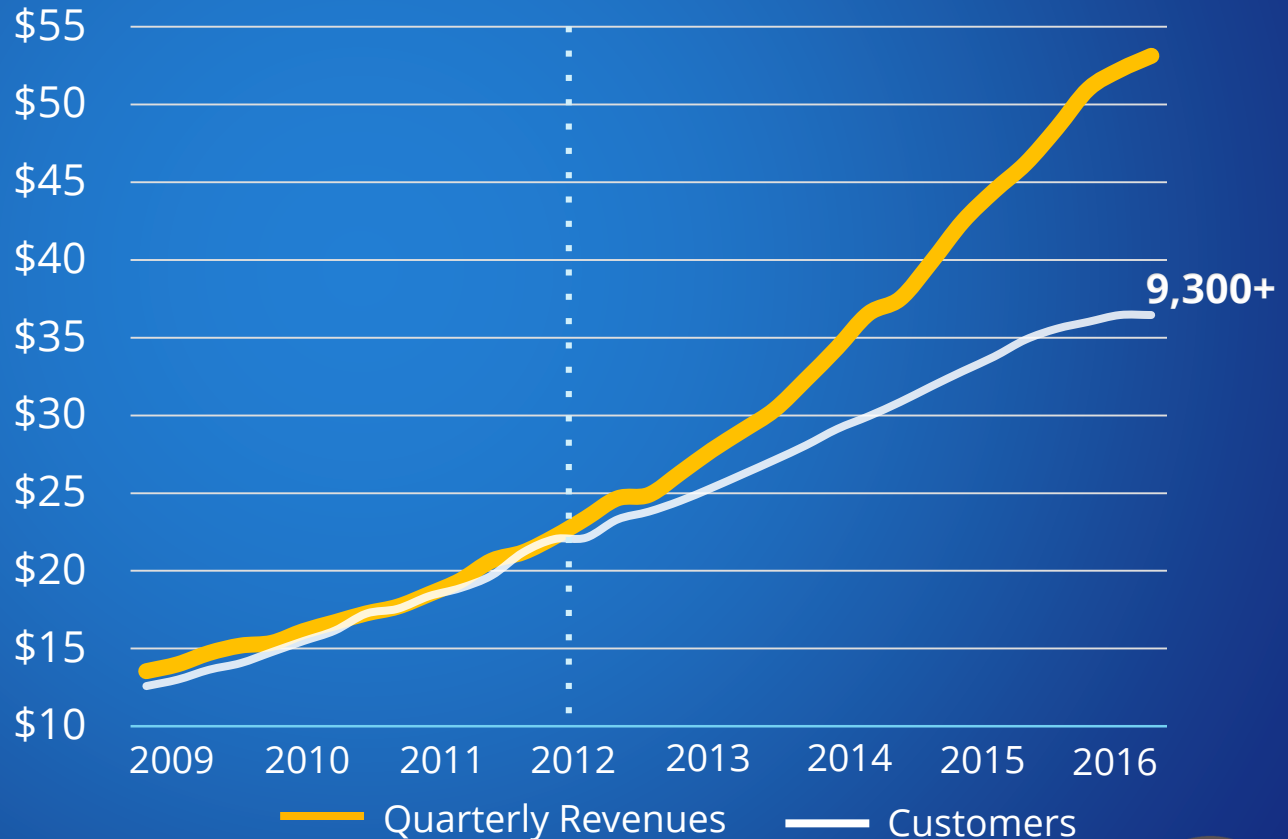
## 2016 Customer Retention



- Enterprise
- SME & SMB

## Quarterly Revenues vs. Customers

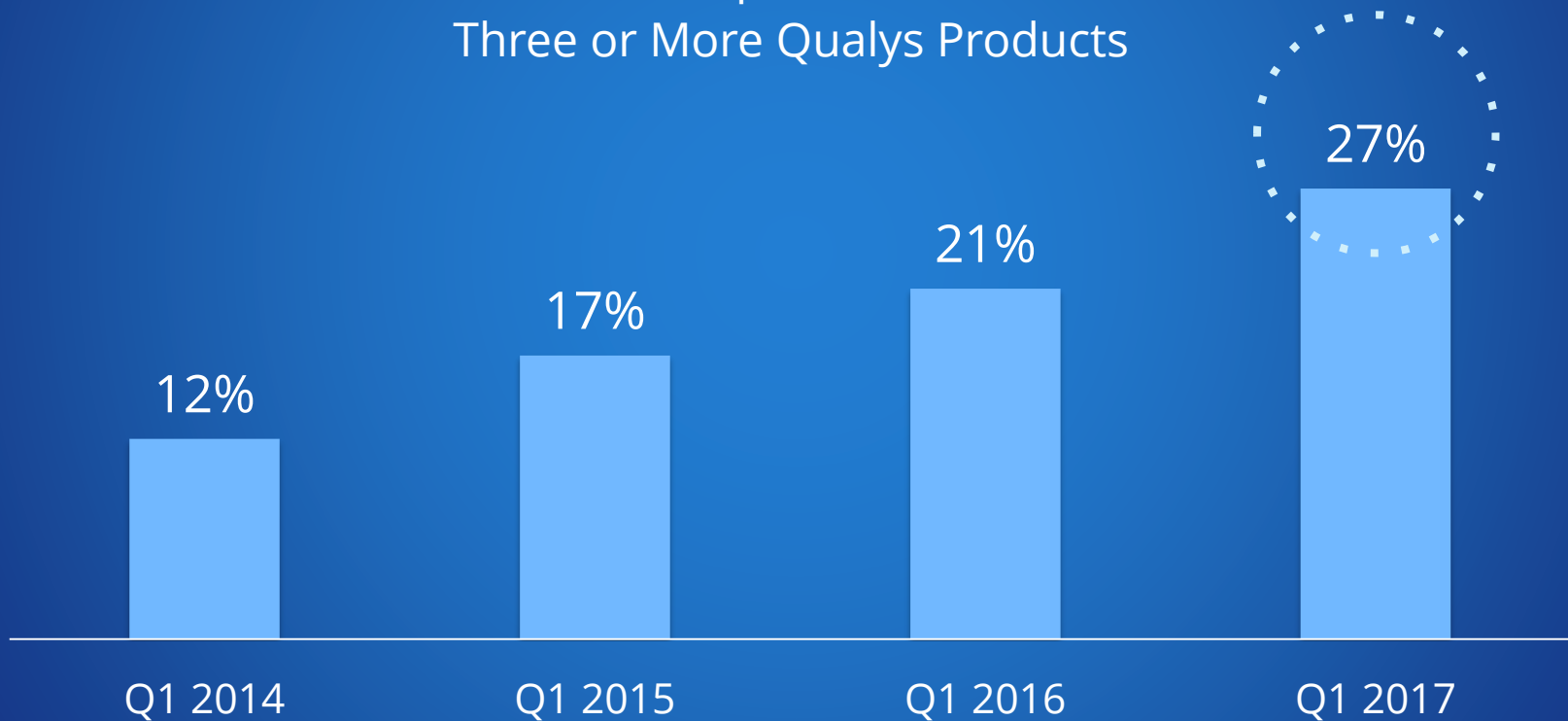
(in millions)



# Platform Adoption Accelerating

% of Enterprise customers with 3+ Qualys products has more than doubled in the last 3 years

Percent of Enterprise Customers with Three or More Qualys Products



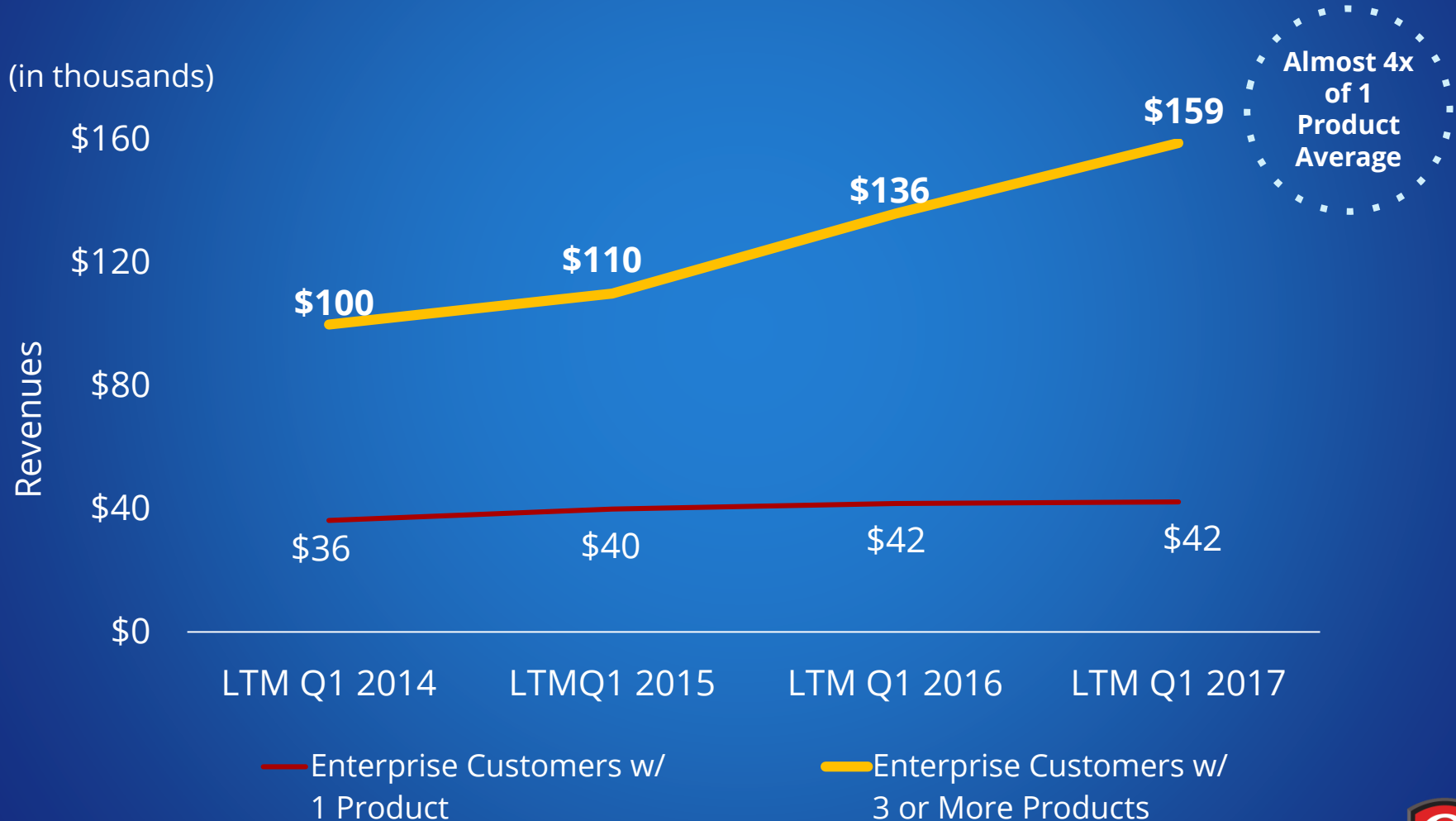
Note: PCI excluded in the product count for Enterprise customers because it's bundled with Vulnerability Management



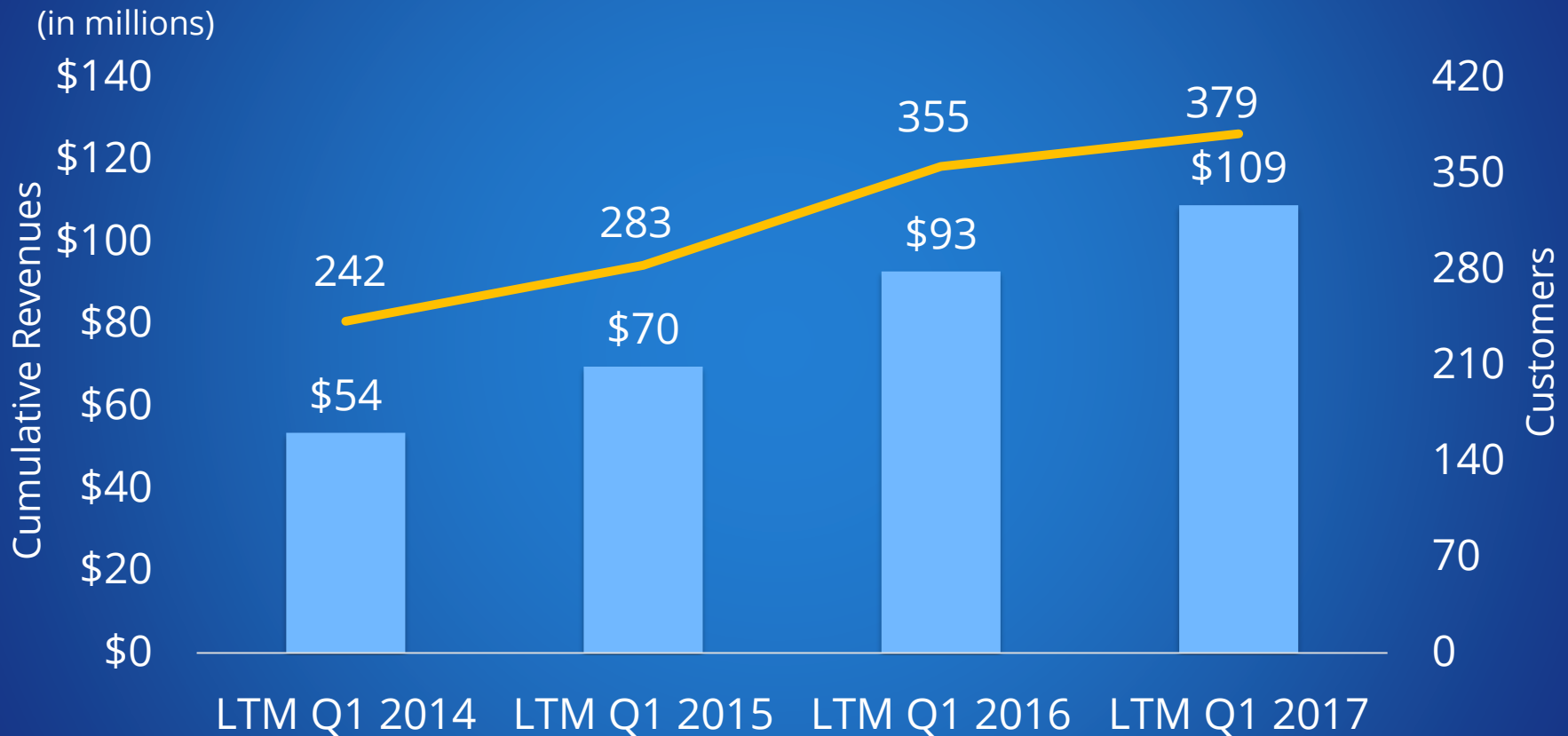


# Multiplier Effect

Enterprise customers with 3+ products spend almost 4x 1-Product Customers



# Increasing Number of Customers with Average Spend >\$100K

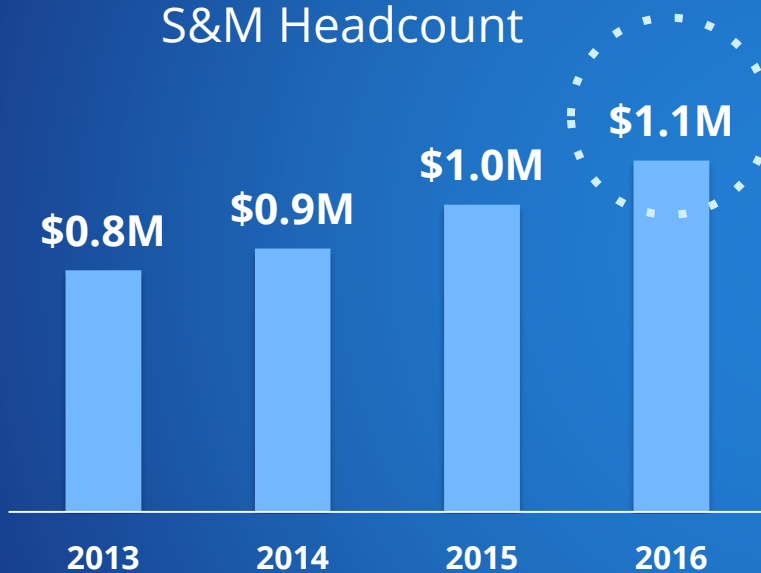


Note: Customer Count is defined as customers with greater than \$100K average spend in the given period



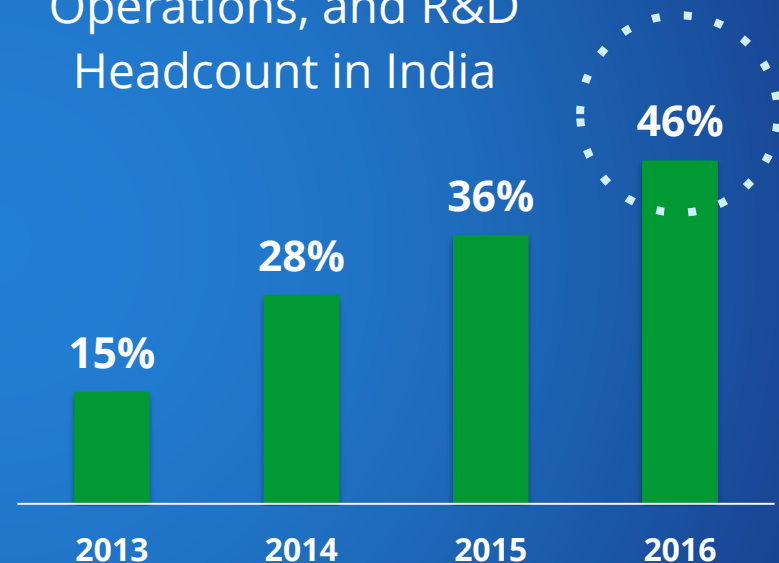
# Platform Enables Scalable Operational Model

Revenue per S&M Headcount



High Sales Leverage

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

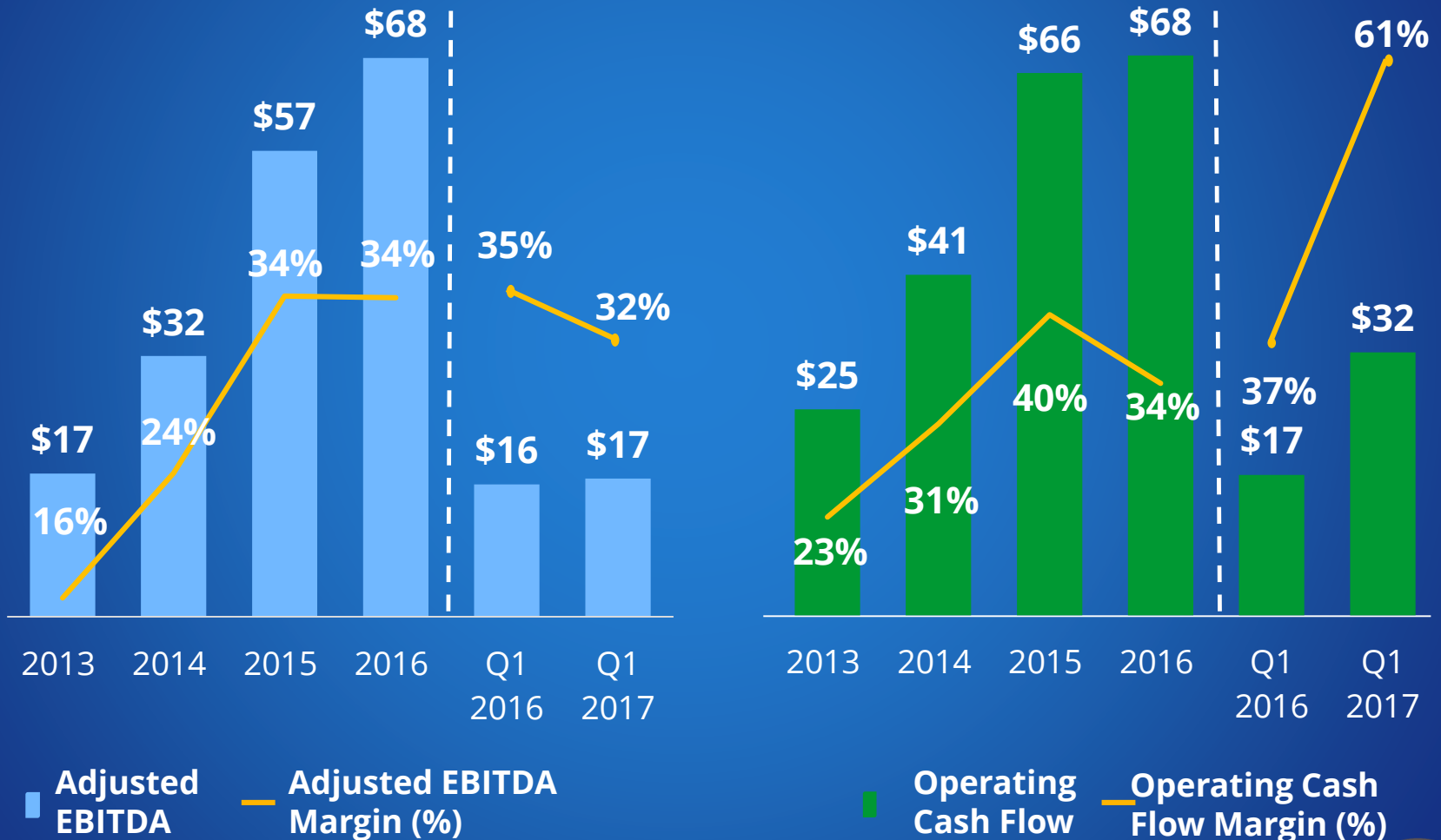


Leveraging Low Cost Geos

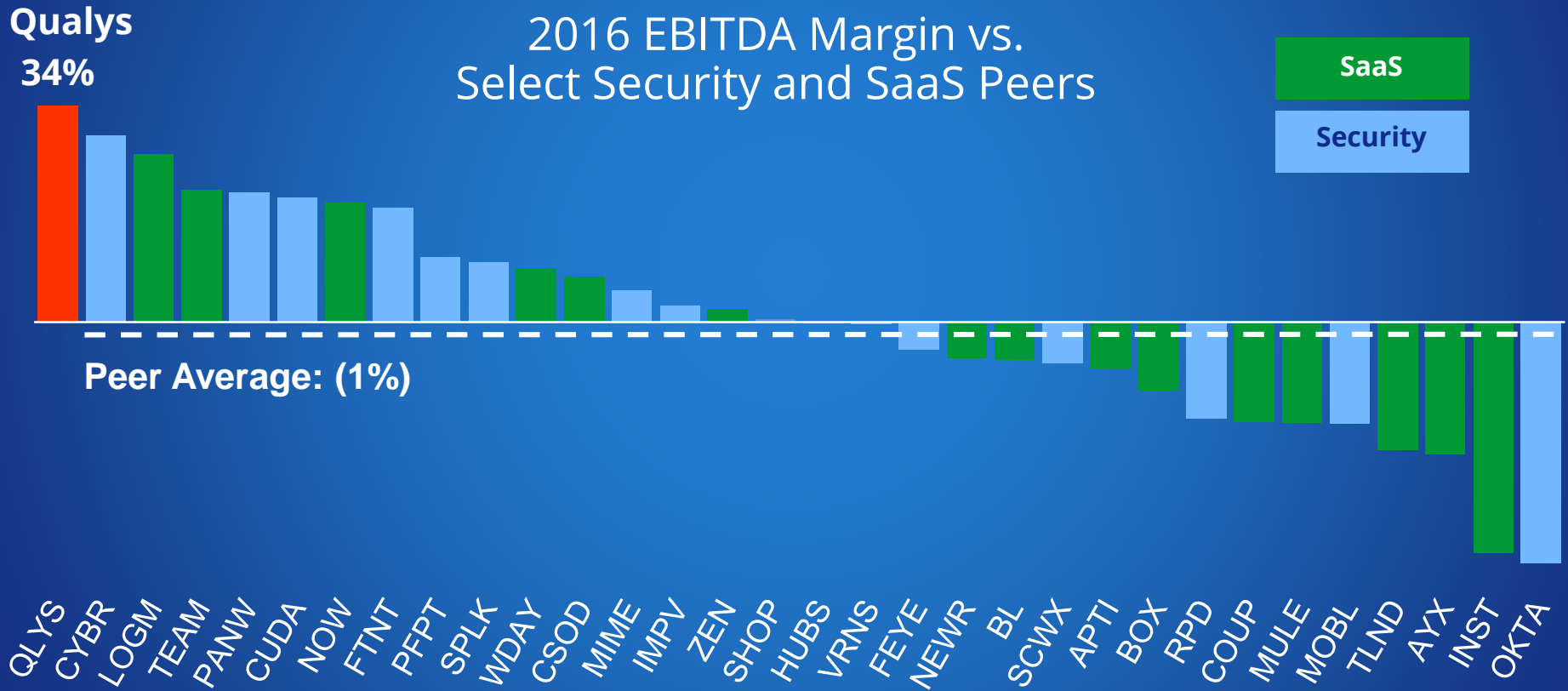


# Increasing Adjusted EBITDA & Operating Cash Flow

(in millions)



# Industry-Leading Margins and Scalable Business Model



\* Source: JPMorgan



# Revenue Guidance Range

(in thousands)

	Q2 FY17		FY 2017	
Revenue Guidance Range	\$54,300	\$55,100	\$225,000	\$228,000
<b>Y/Y Revenue Growth under US GAAP</b>	<b>12.0%</b>	<b>13.7%</b>	<b>13.7%</b>	<b>15.2%</b>
Plus: Estimated Impact of MSSP Contract Signed in Feb 2016	2.0%	2.1%	1.5%	1.6%
Plus: Estimated Foreign Exchange Impact	1.5%	1.5%	1.4%	1.5%
<b>Estimated Normalized Revenue Growth</b>	<b>15.6%</b>	<b>17.3%</b>	<b>16.7%</b>	<b>18.2%</b>





# Summary

Leading SaaS security and compliance solutions cloud platform

Uniquely positioned to leverage the adoption of cloud technology and stack consolidation

Multiple drivers of recurring revenue growth

Scalable profitable business model with industry-leading margins



# Appendix



# Qualys Integrated Cloud Suite

**VM** Vulnerability Management

**PCI** PCI Compliance

**WAS** Web Application Scanning

**CM** Continuous Monitoring

**PC** Policy Compliance

**WAF** Web Application Firewall

**AV** AssetView

**SAQ** Security Assessment Questionnaire

**CERT** Certification: SSL Scanning

**TP** ThreatPROTECT

**FIM** File Integrity Monitoring

**PAS** Passive Scanning

**CA** Cloud Agent

**IOC** Indication of Compromise

**PM** Patch Management



# Reconciliation of Adjusted EBITDA

(in thousands)	2016	2015	2014	2013	Q1 '17	Q1 '16
Net Income	19,224	15,865	30,244	1,541	21,930	4,783
Other (income) expenses, net	(322)	286	634	268	(453)	(168)
Provision for (benefit from) income taxes	11,205	8,655	(21,631)	500	(13,821)	2,982
Depreciation and amortization of property and equipment	16,621	13,974	11,504	9,195	4,727	3,724
Amortization of intangible assets	373	386	393	417	93	110
Stock based compensation	20,149	17,494	10,549	5,506	4,332	4,697
One-time tax related expense	716	---	---	---	---	---
Adjusted EBITDA	67,966	56,660	31,693	17,427	16,808	16,128

