



**QUALYS<sup>®</sup>**

# Investor Presentation

Melissa Fisher, CFO

New York City, December 8<sup>th</sup>, 2016

# 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;
- trends related to the diversification of our revenue base;
- 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. 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 Move to Cloud *and* Stack Consolidation

Multiple Levers of Recurring  
Revenue Growth

Industry-Leading Profitability



# Qualys Cloud Platform

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

Consolidates 10 enterprise  
security & compliance  
solutions and more to come...

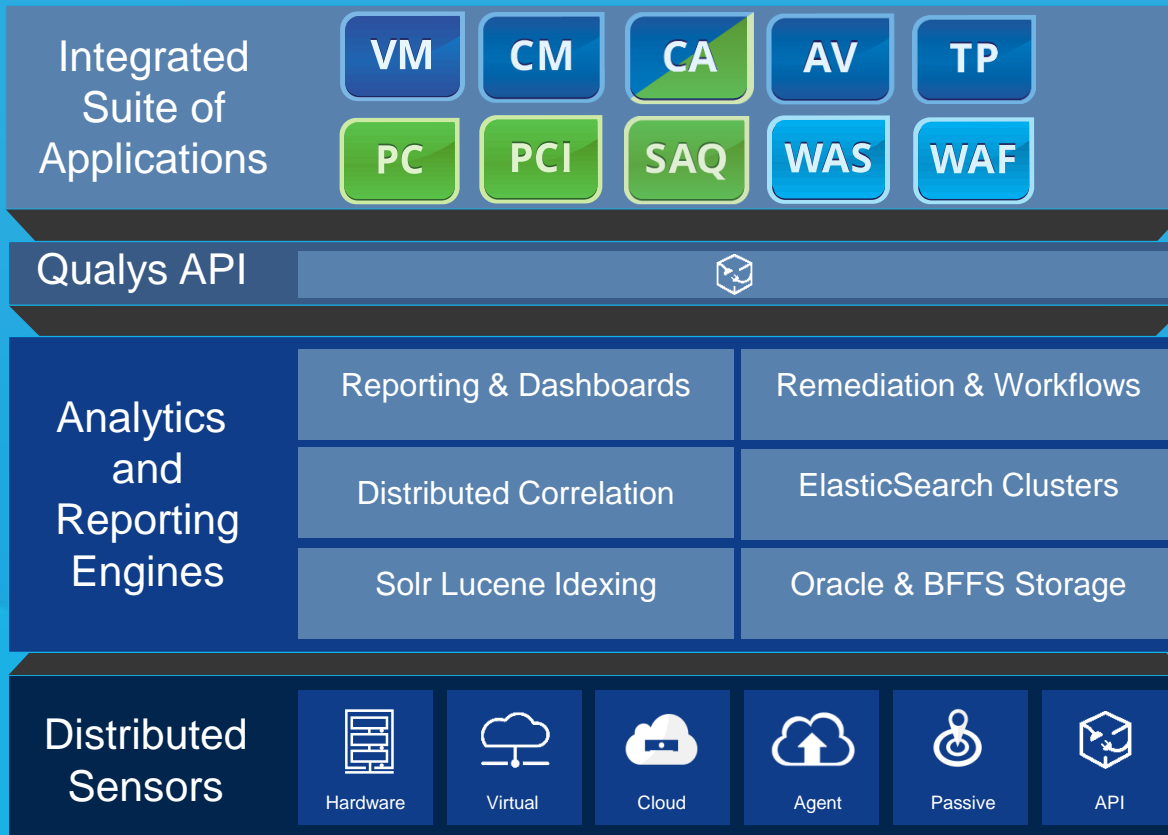
ALL centrally managed,  
self updating and natively  
sharing information

Drastically reducing  
infrastructure, operational  
and maintenance costs



# True Extensible Cloud Platform

Consolidates 10+ on-premise Solutions



**3B**  
Scans

**100B**  
Detections

**1T**  
Security  
Datapoints  
Annually

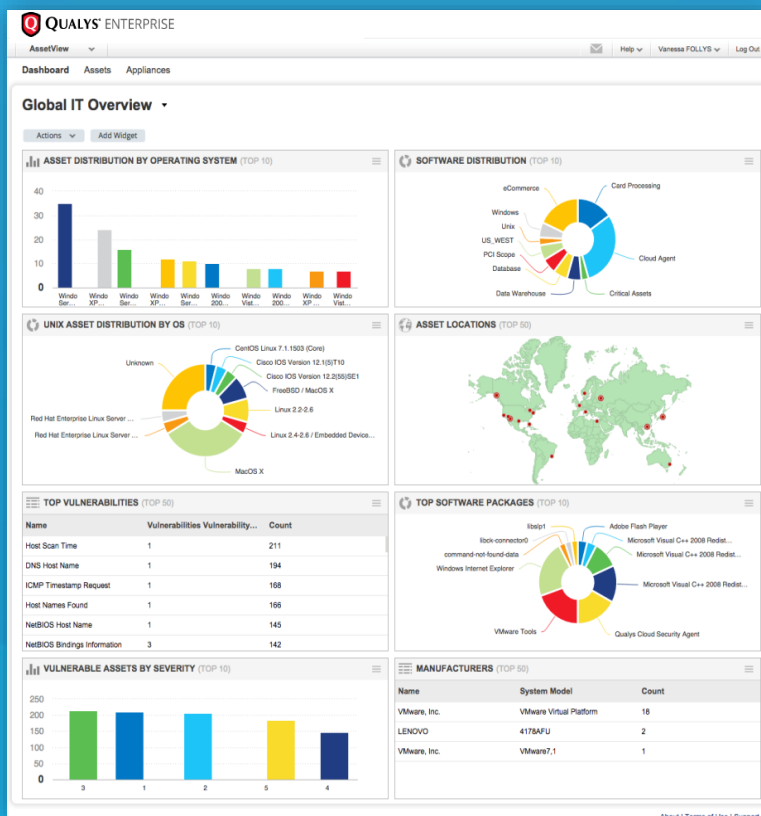


# AssetView Brings 2s Visibility Across Millions of IT Assets Provides Customizable, Dynamic Dashboards

Instant query  
across million  
of IT assets

Unified  
assets' view

Dynamic and  
customizable  
dashboards



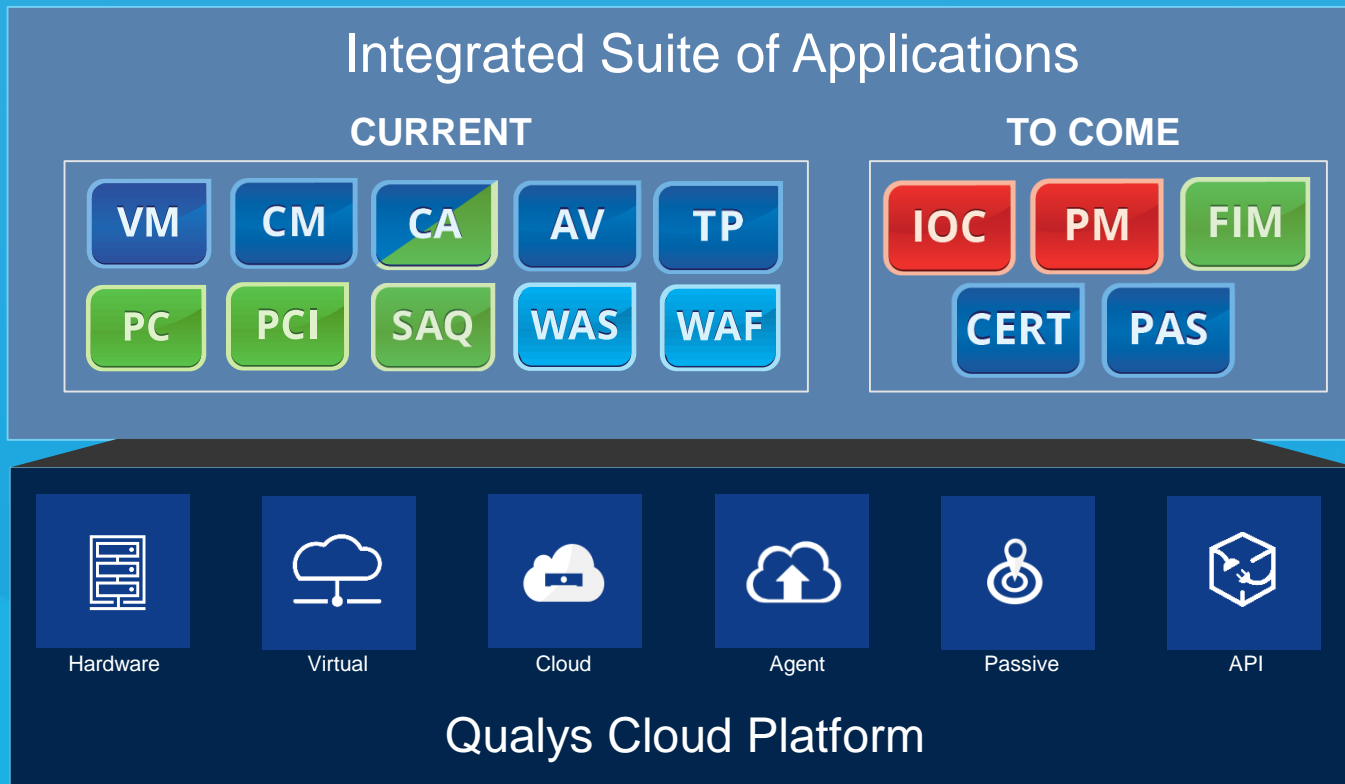
Vulnerability  
Risk Analysis  
dashboard

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



## New Services to Come





# Blue Chip Global Customers Base

60% of the Forbes Global 100 and 24% of the Forbes Global 2000

## 9,200+ Customers

8 of top 10 in Software

8 of top 10 in Technology

8 of top 10 in Biotechnology

8 of top 10 in Retail

7 of top 10 in Banking

7 of top 10 in Media

6 of top 10 in Telecommunications

6 of top 10 in Chemical

6 of top 10 in Car Manufacturing

5 of top 10 in Business Services



Based on Forbes Global 2000 Classification



# Qualys Global Presence

Expanding our Sales Capacity

Customers	Countries	Data Centers	Private Clouds	Locations
<b>9,200+</b>	<b>137</b>	<b>5*</b>	<b>30</b>	<b>27</b>

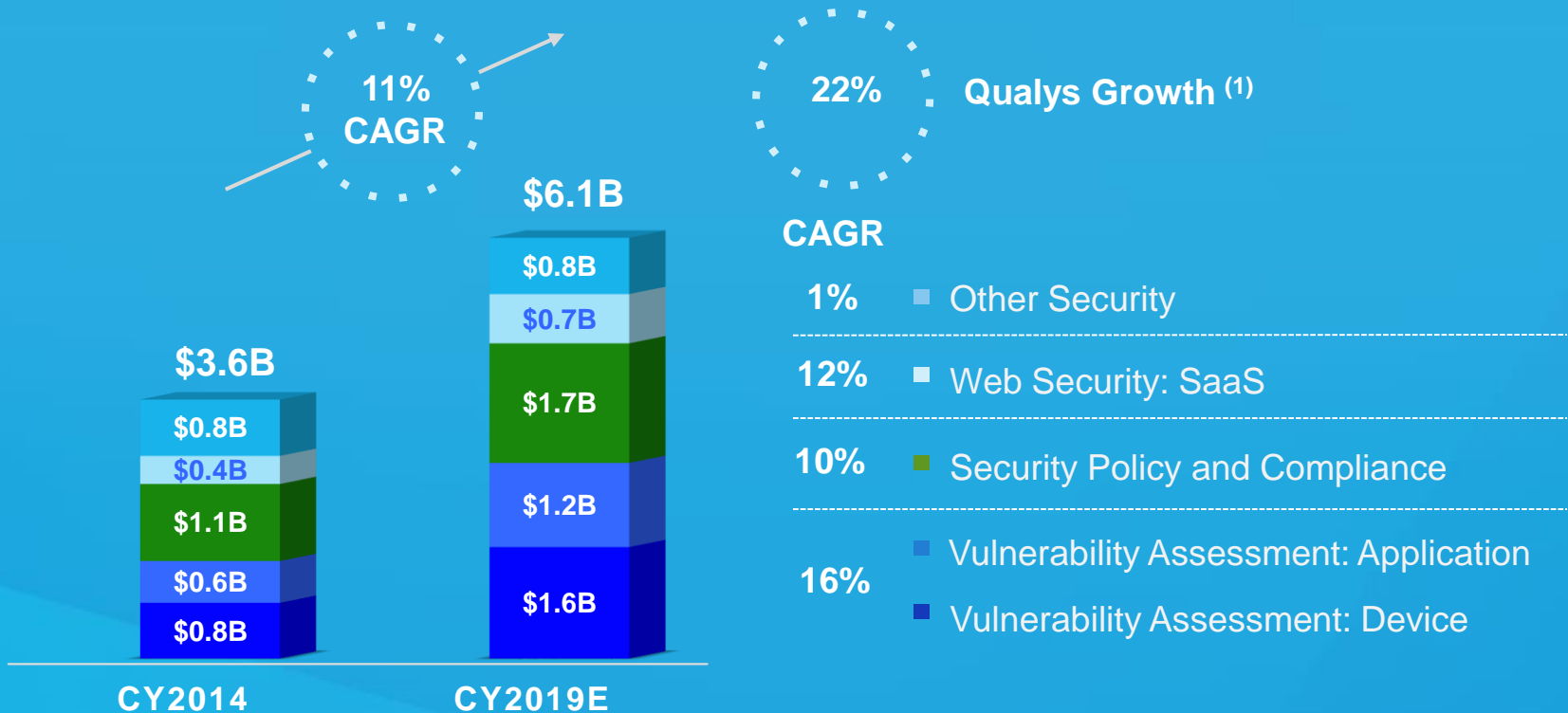


\* Data centers include the one upcoming in India  
Note: Marked are Qualys locations.



# Large Market Opportunity

Qualys is gaining share



## Qualys's Current Total Addressable Market

(1) Q3 FY15 YTD Revenue to Q3 FY16 YTD 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**

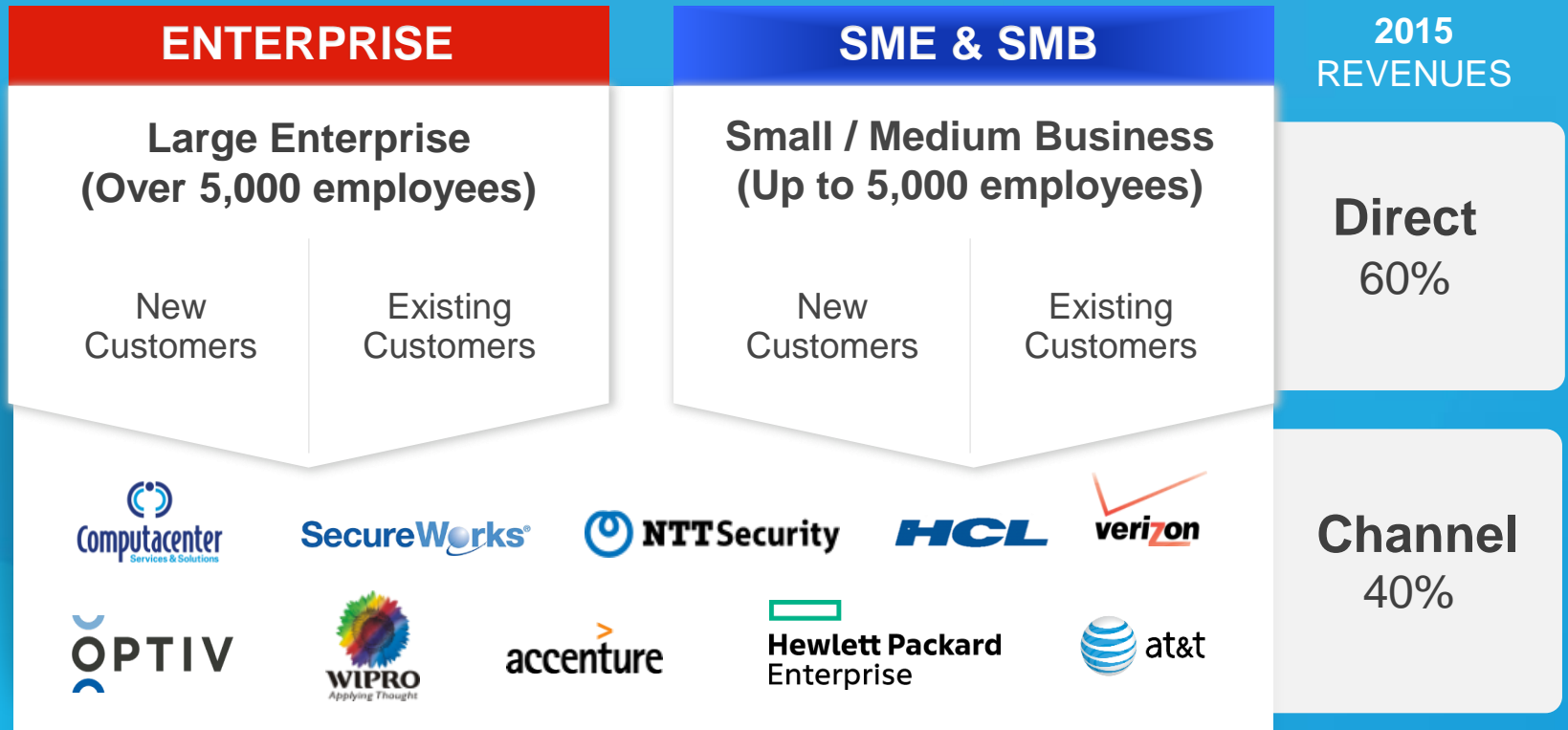
Consultant Suite

**Consultant**  
Groups



# Scalable Go-to-Market Model

## Market Segmentation & Key Strategic Partners



# High-Margin Recurring Revenue with No Capex

## Highly Attractive to Partners

MSSPs  
Telcos

Outsourcing  
Providers

VAS  
Resellers

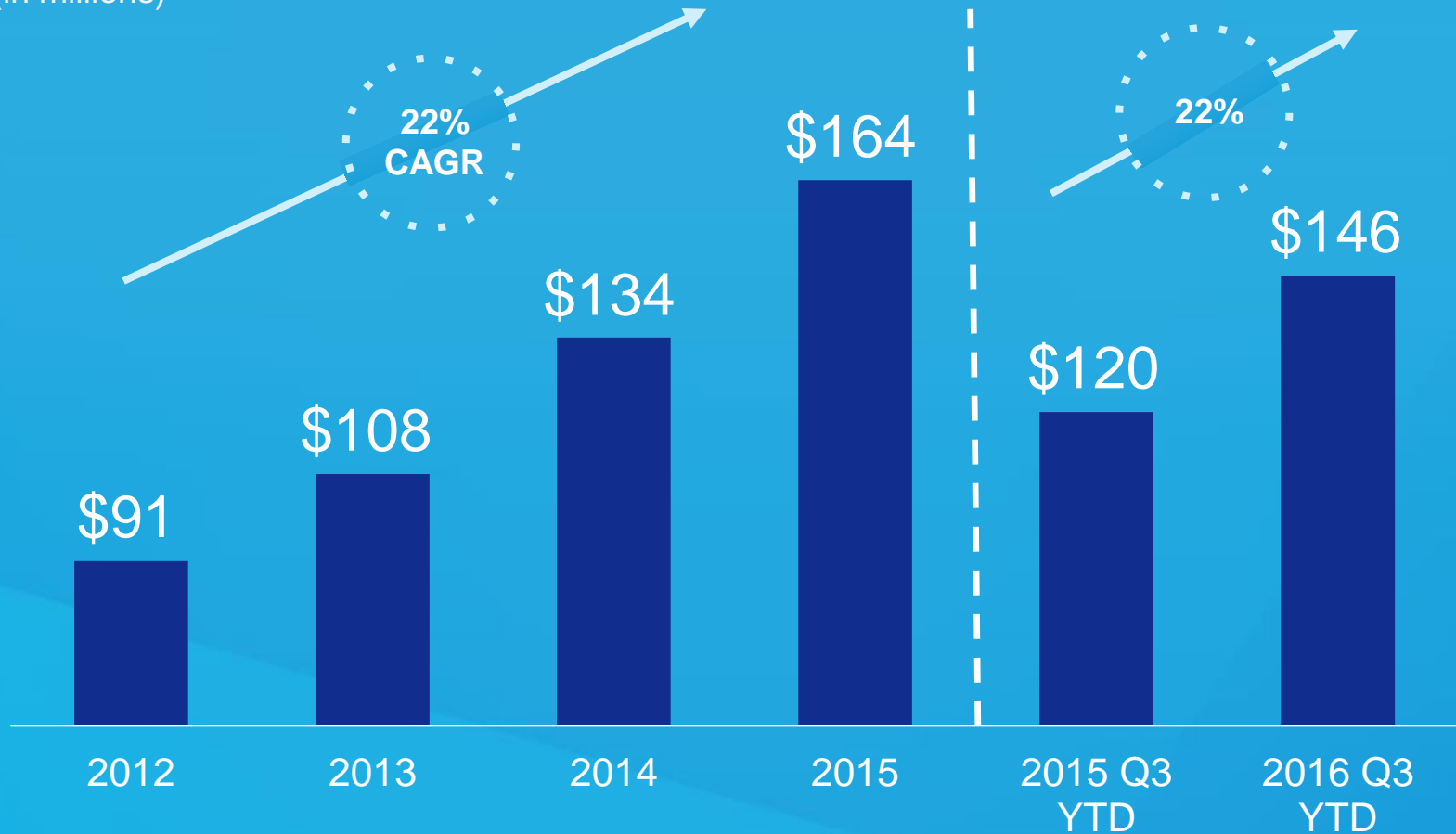
Consultant  
Auditors



# Strong Organic Revenue Growth

Outperforming market and gaining share

(in millions)

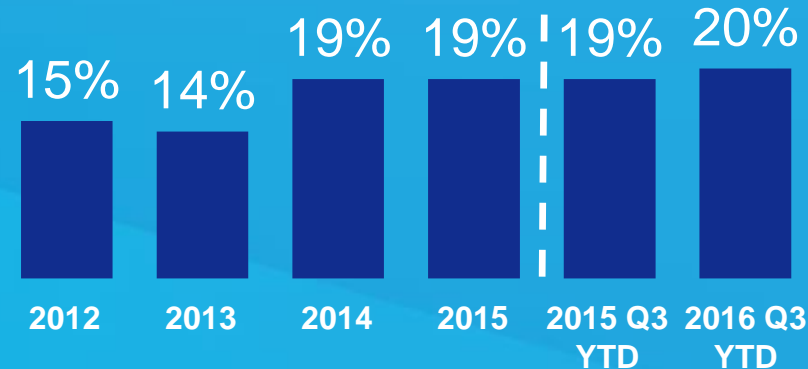


# Qualys Solutions Continue to Grow 20%+

## New VM-related solutions contributing to VM growth

### % Year-over-Year Revenue Growth

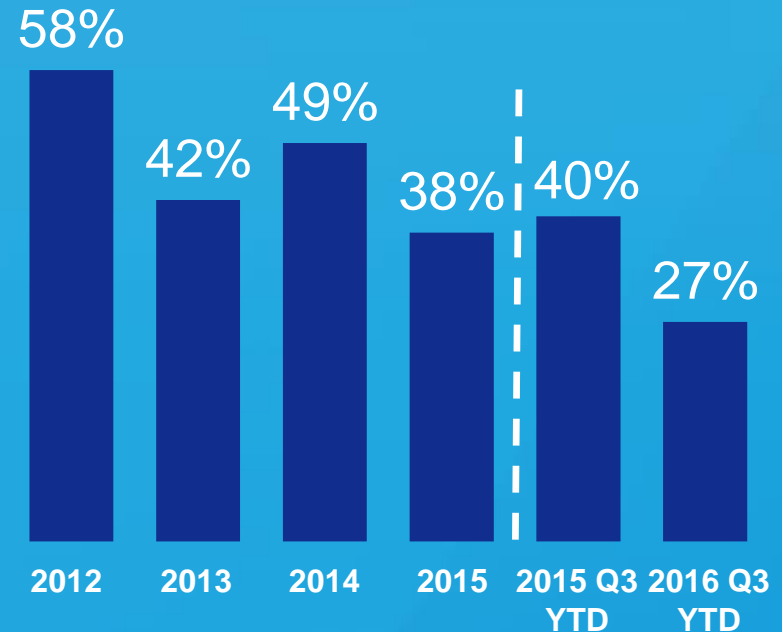
#### VM Solutions\*



% share of total revenues

2012	86%	2013	83%	2014	80%	2015	77%	2015 Q3 YTD	77%	2016 Q3 YTD	76%
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#### Other Security Solutions\*



2012	14%	2013	17%	2014	20%	2015	23%	2015 Q3 YTD	23%	2016 Q3 YTD	24%
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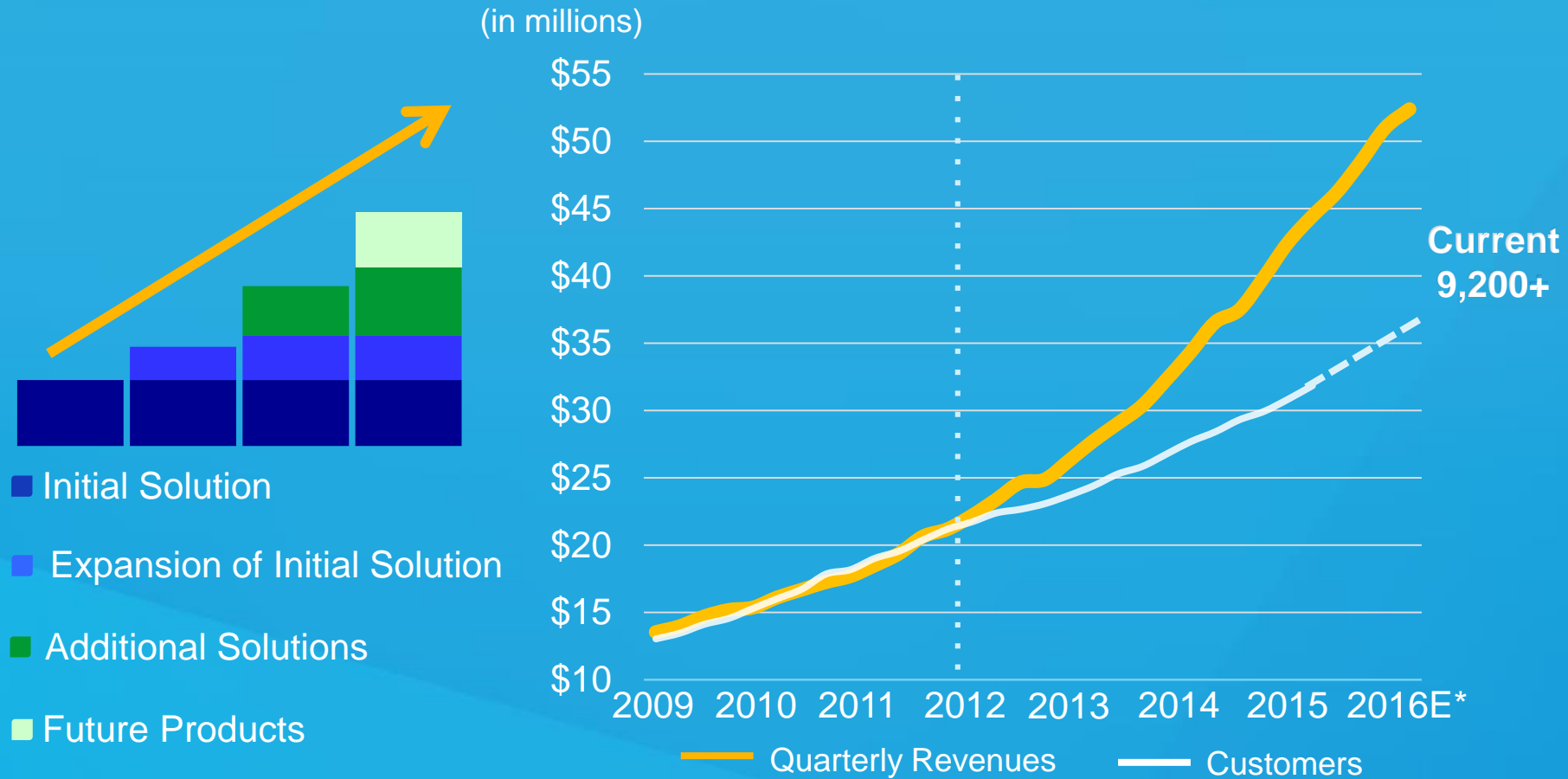
\*VM Solutions include VM, PCP, CM, CA for VM, AV, and TP; Other Security Solutions include PC, PCI, CA for PC, SAQ, WAS and WAF; scanners and pro-rata credits allocated based on revenues





# Powerful Land and Expand Model

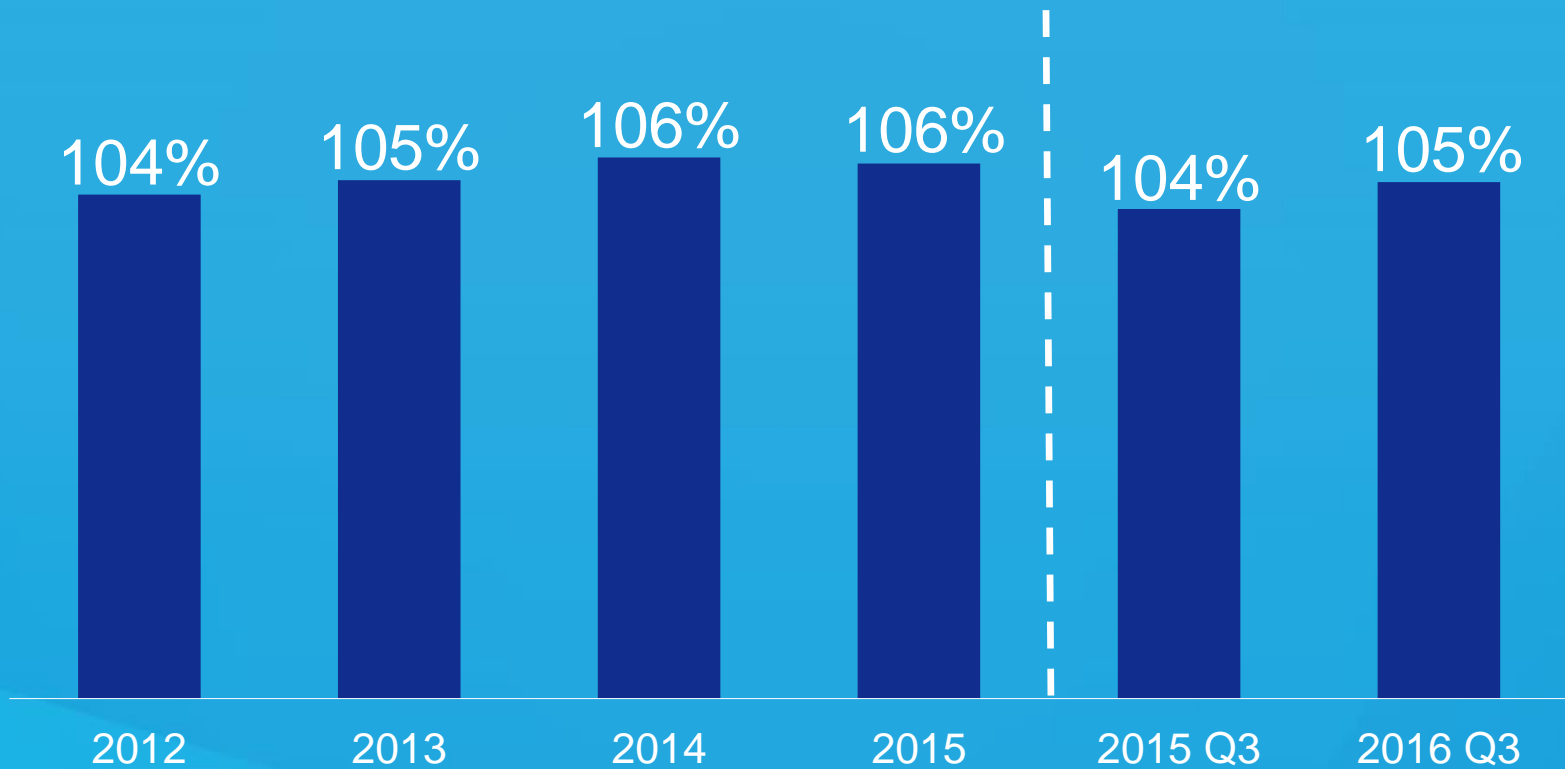
## Quarterly Revenues vs. Customers



Note: 2016E reflects mid-point of revenue guidance



# Strong Net Dollar Expansion Rates

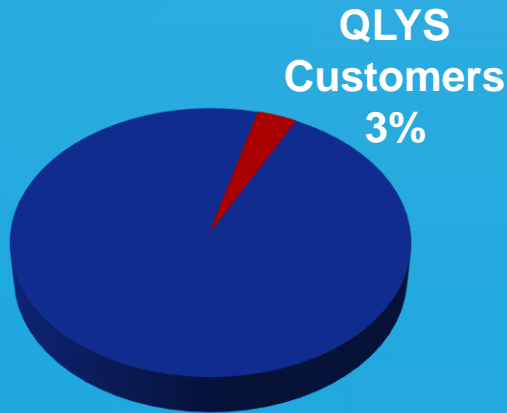


Note: Net dollar expansion rate is calculated by dividing implied monthly recurring revenues at the end of the respective period of customers who were also customers at the end of the one year ago period by the implied monthly recurring revenues, for that same customer base, at the end of the one year ago period. We define implied monthly recurring revenues as the total amount of recurring revenues contractually committed to, under each of our customer contracts over the entire term of the agreement, divided by the number of months in the term of the agreement. 2016 Q3 net dollar expansion rate excludes all deals from the MSSP with whom we signed a new arrangement in February 2016



# Significant Opportunity Remains to Grow Customer Base

Qualys Only 3% of  
Global Enterprise Market



Global Enterprise Company Count  
37K

Qualys Only 1% of  
Global SMB & SME Market



Global SMB & SME Company Count  
1.4M

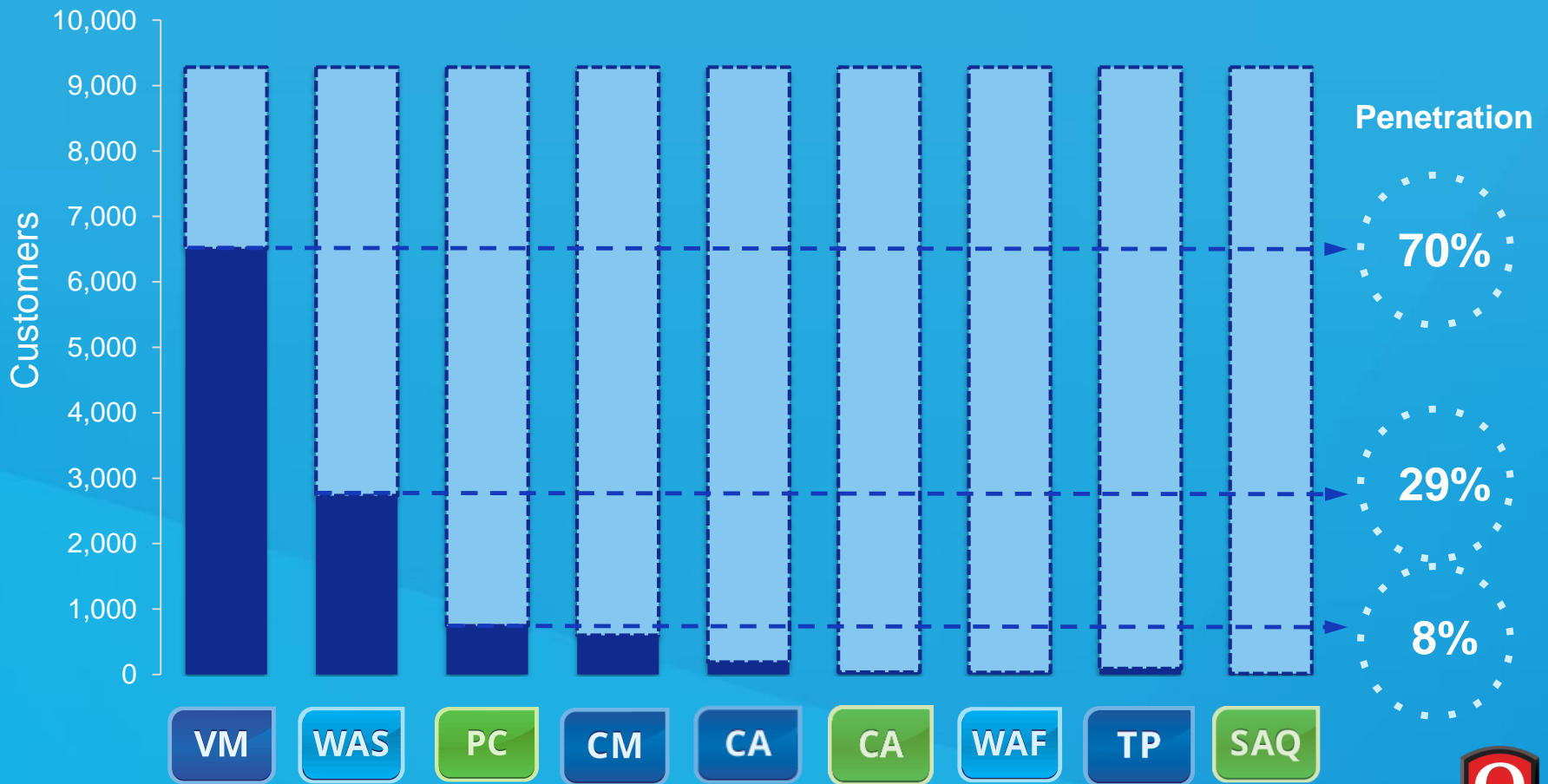
Note: Global Enterprise Company Count includes companies with more than 5,000 employees or more than \$1B in LTM revenues; Global SMB & SME Company Count includes companies with less than 5,000 employees and more than \$1M but less than \$1B LTM revenues

Source: Capital IQ



# Significant Opportunity Remains for Upsell in the Installed Base

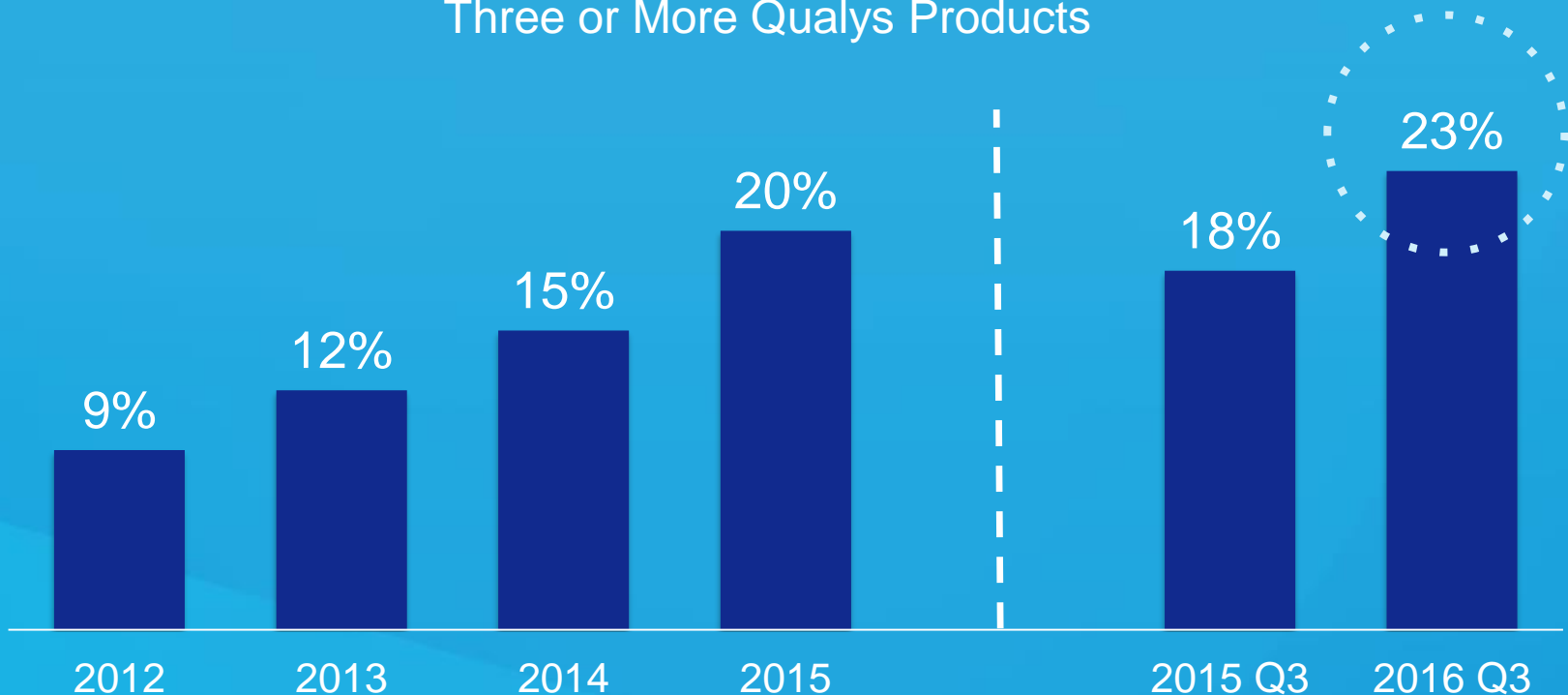
Customers with subscription to respective Qualys products as of Q3 2016



# Platform Adoption Increasing

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

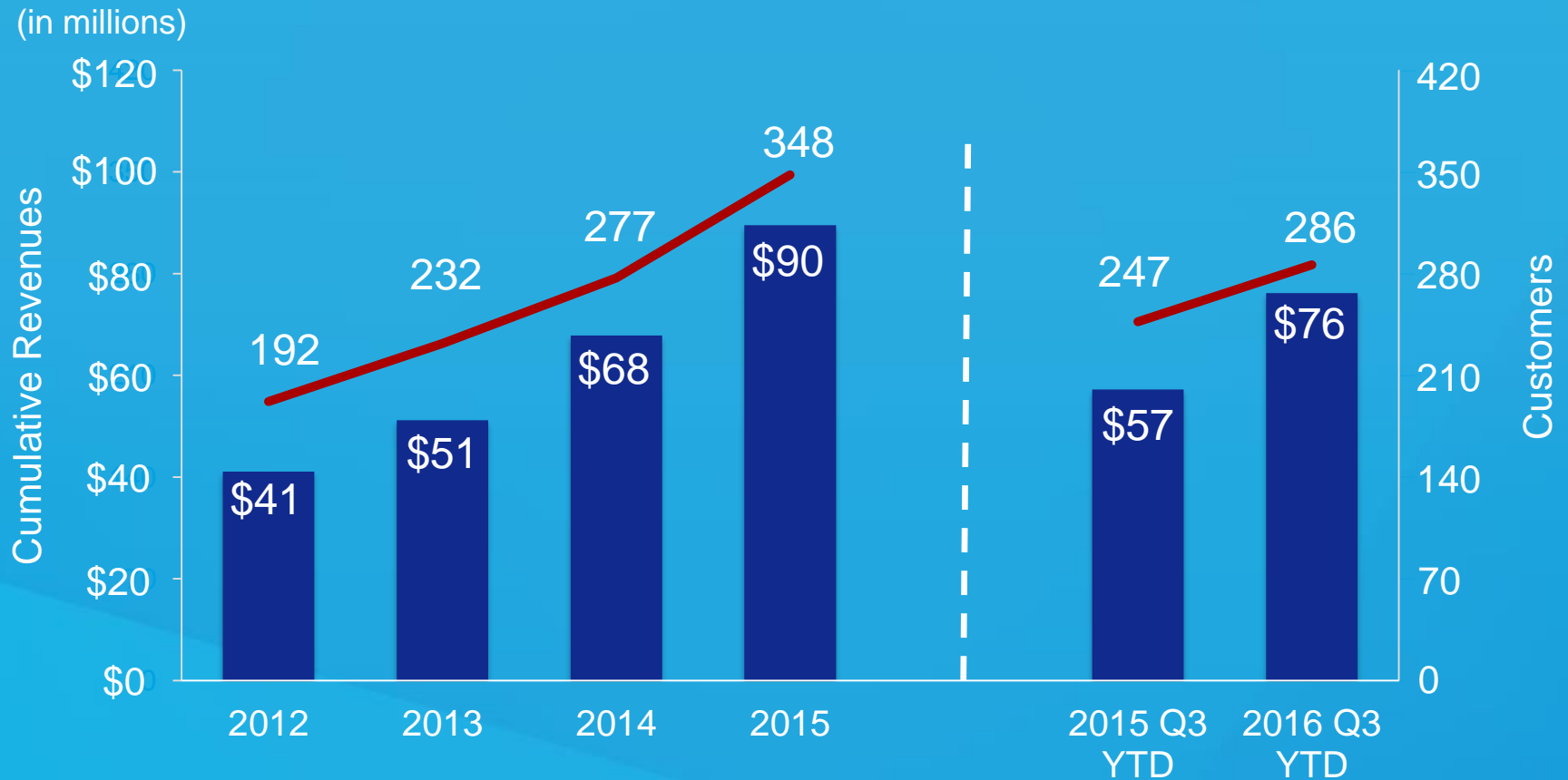
Percent of Enterprise Customers with Three or More Qualys Products



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



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

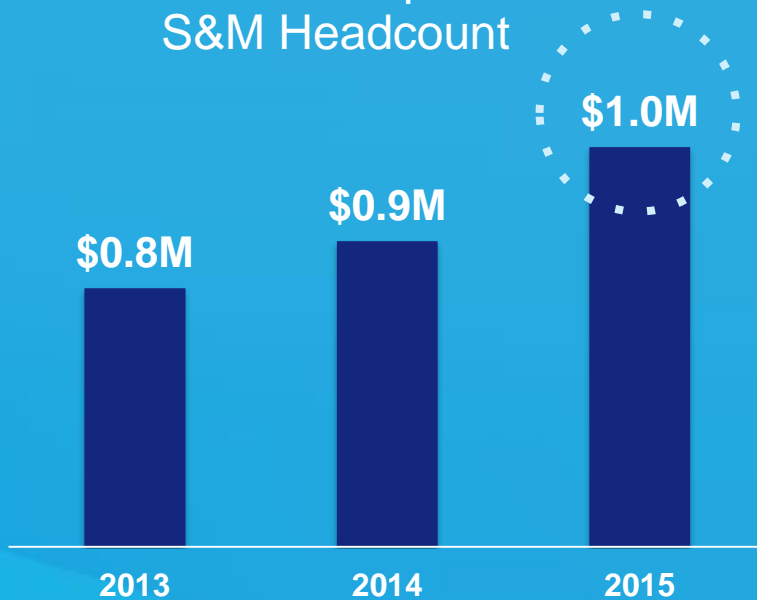


Note: Customer Count is defined as customers with greater than \$100K average spend in the given period



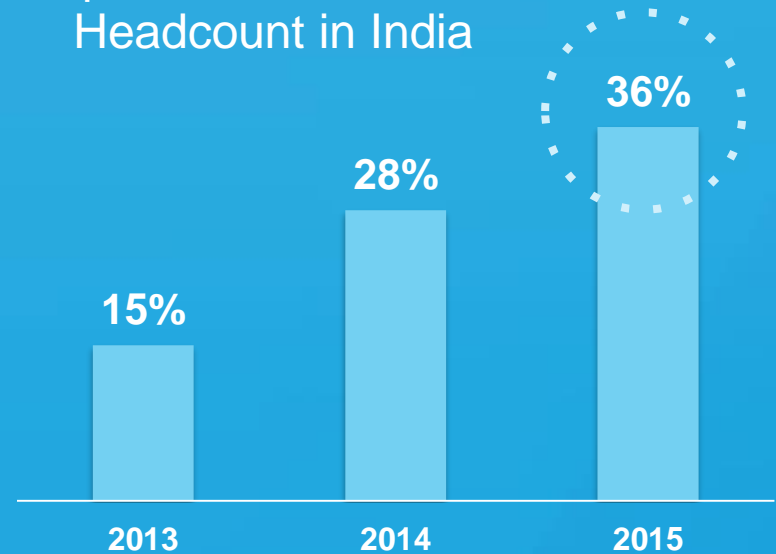
# Platform Enables Scalable Operational Model

Revenue per S&M Headcount



High Sales Leverage

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

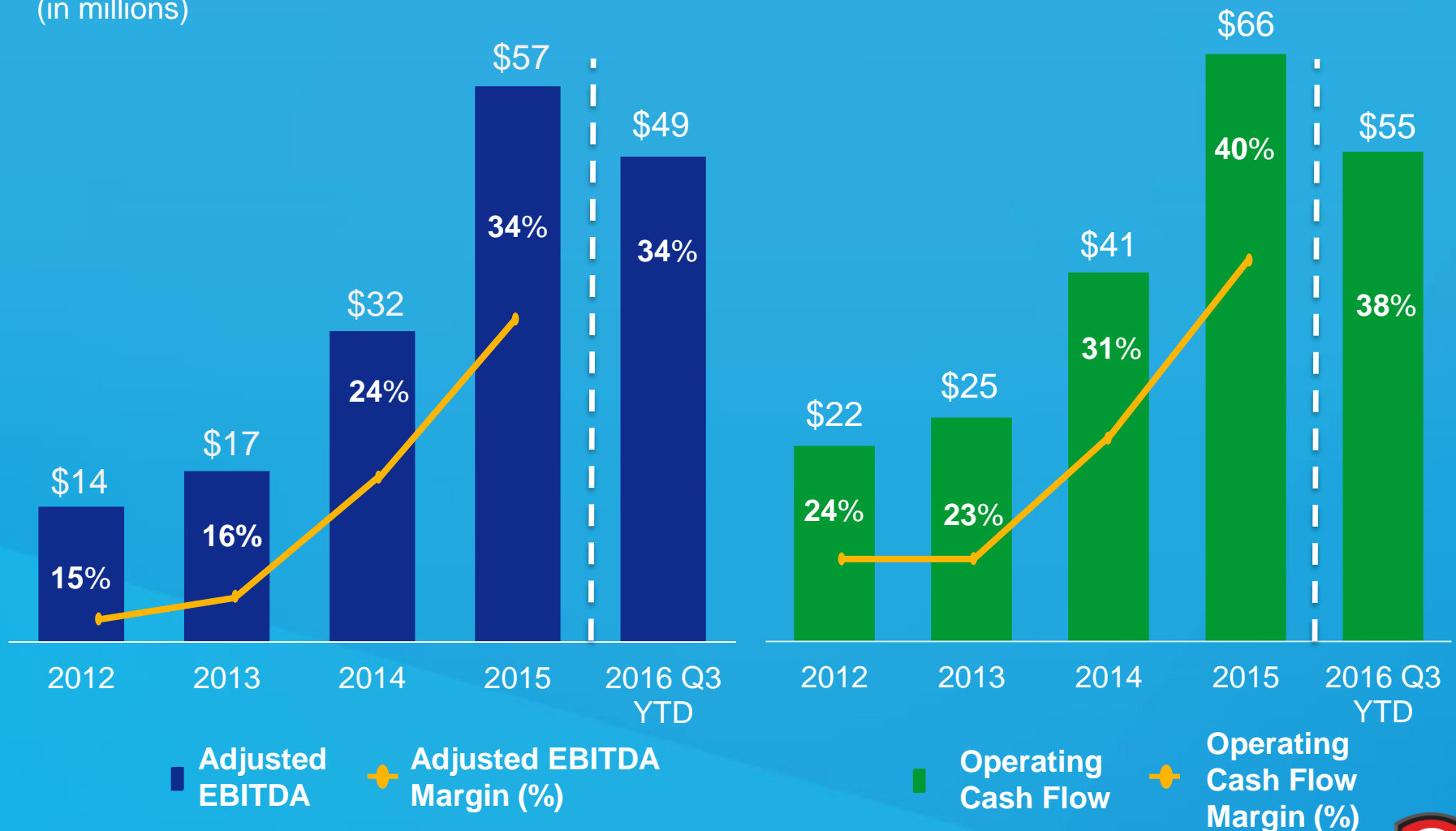


Leveraging Low Cost Geos



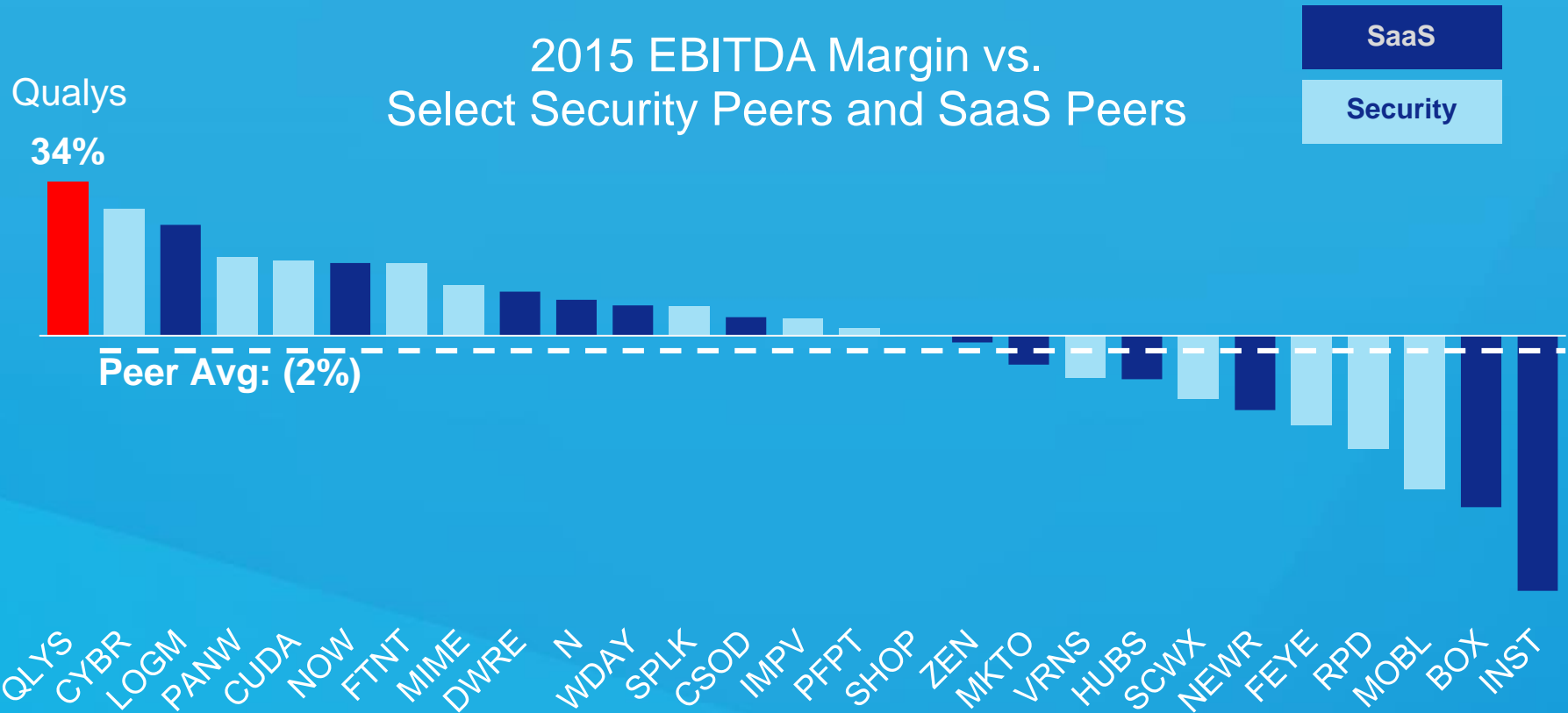
# Increasing Adjusted EBITDA & Operating Cash Flow

(in millions)





# Industry-Leading Margins and Scalable Business Model



\* Source: JPMorgan



# 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





**QUALYS<sup>®</sup>**

**Thank You**  
mfisher@qualys.com



# 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)	9M 2016	2015	2014	2013	2012	Q1 '16	Q2 '16	Q3 '16
Net Income	13,317	15,865	30,244	1,541	2,221	4,783	3,538	4,996
Other (income) expenses, net	(438)	286	634	268	425	(168)	(40)	(230)
Provision for (benefit from) income taxes	8,417	8,655	(21,631)	500	358	2,982	2,214	3,221
Depreciation and amortization of property and equipment	12,035	13,974	11,504	9,195	6,895	3,724	3,885	4,426
Amortization of intangible assets	329	386	393	417	446	110	109	110
Stock based compensation	15,122	17,494	10,549	5,506	3,452	4,697	5,322	5,103
One-time tax related expense	716	---	---	---	---	---	716	---
Adjusted EBITDA	49,498	56,660	31,693	17,427	13,797	16,128	15,744	17,626

