

Sophos Group plc

Q1 FY18 Trading Update

27 July 2017

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Safe Harbour

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Q1 FY18 Financial Highlights

Nick Bray, CFO

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Q1 FY18 Financial Highlights

- Billings and cash generation ahead of expectations
 - Q1 billings up 19% constant currency, despite challenging prior year comparable
 - Standout performance from enduser security, up by more than 30%
 - High single-digit growth in network security, expect stronger second half with launch of XG Firewall v.17
- Constant currency revenue up 14%
 - Subscription revenue increased by 20%
- Strong performance across all regions
 - Americas up more than 25% at constant currency, and mid-teens growth in EMEA and APJ
- Strong cash generation, with unlevered free cash flow of \$30 million

Business Update

Kris Hagerman, CEO

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Q1 FY18 Business Update and Outlook

- Demand environment remained strong in the quarter
 - Continued significant interest in our next-gen endpoint anti-ransomware solutions
 - Recent high-profile ransomware attacks (WannaCry, Petya) further raised awareness
 - Continued momentum in key growth drivers: Intercept X anti-ransomware solution and Sophos Central cloud-management platform
- Continued strong pace of innovation across all products
 - CryptoGuard technology now in Server Protection
 - Version 17 of XG Firewall scheduled for release in H2
 - Integration of Invincea machine-learning technology on track for H2 launch
- Sophos continued to attract independent industry recognition for the strength of its technology and vision
 - Sophos XG Firewall rated amongst the highest performing products by NSS Labs
 - Sophos named as a Leader in the 2017 Gartner Magic Quadrant for UTM for 6th year in a row
- Summary:
 - A strong start to the year, ahead of our expectations
 - Reaffirm outlook for the full year

Q&A

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