



Investor Presentation

Needham Virtual Technology & Media Conference

May 2020



SAFE HARBOR

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INVESTMENT HIGHLIGHTS



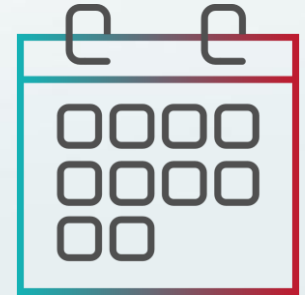
MAJOR MARKET
OPPORTUNITY



LEADING
DATA CENTER
CYBERSECURITY
PORTFOLIO



STRONG MARKET
FOOTPRINT



SUCCESSFUL
TRANSITION TO
SUBSCRIPTION



OUR MARKET

APPLICATIONS AND DATA CHANGING LOCATIONS

BALANCE SHIFTING
TO PUBLIC CLOUDS



2^{IN}5

are using multiple
cloud environments

3+

Public cloud environments
for large organizations

- ✓ Heterogeneous environment with many entry points which is hard to secure
- ✓ Workloads move in different directions creating attack opportunities
- ✓ Public cloud standardized environments make navigation easy for hackers

Source: Radware 2020 Global Application & Network Security Report

APPLICATION INFRASTRUCTURE IS SHIFTING

FROM MONOLITHIC
TO MICRO SERVICES



60%

of organizations run
Microservices/Containers/ Serverless

- ✓ Multiple elements with no physical location to place security infrastructure
- ✓ Intense machine-to-machine communication adds exposure

Source: Radware 2019 State of Web Application Security Report



GROWING TAMs

DDoS PROTECTION

MARKET SIZE:

\$1.5B

CAGR: **18%**

ADC

MARKET SIZE:

\$2.9B

CAGR: **8% Total**
-6% Appliance
19% Virtual

WAF

MARKET SIZE:

\$900M

CAGR: **10%**

BOT RISK MANAGEMENT

MARKET SIZE:

\$300M

CAGR: **25%**

**Market size as of 2019, CAGR to 2022*

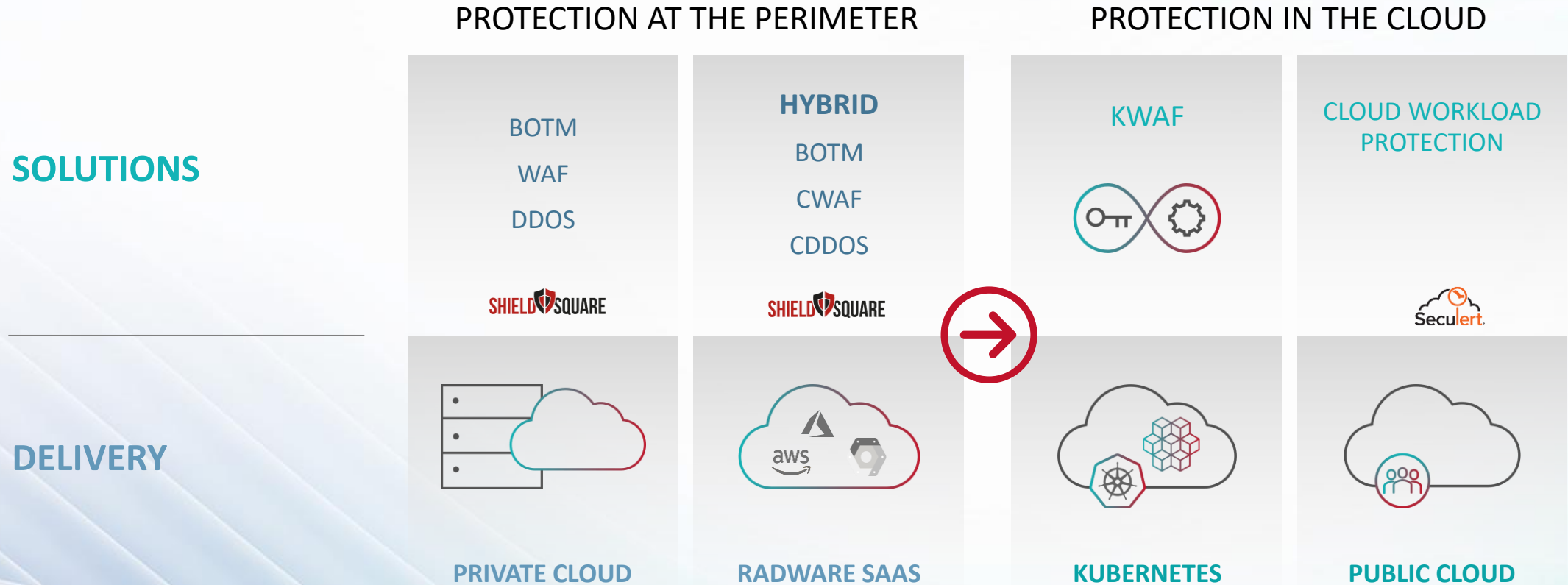
Sources: IDC Worldwide Application Delivery Controller Forecast, Dec-18; IDC: Worldwide DDoS Prevention Products and Services Forecast, Jull-18; Gartner: Information Security and Risk Management, Dec-18; F&S: Global Bot Risk Management (BRM) Market Analysis, Jan-18;



OUR PORTFOLIO



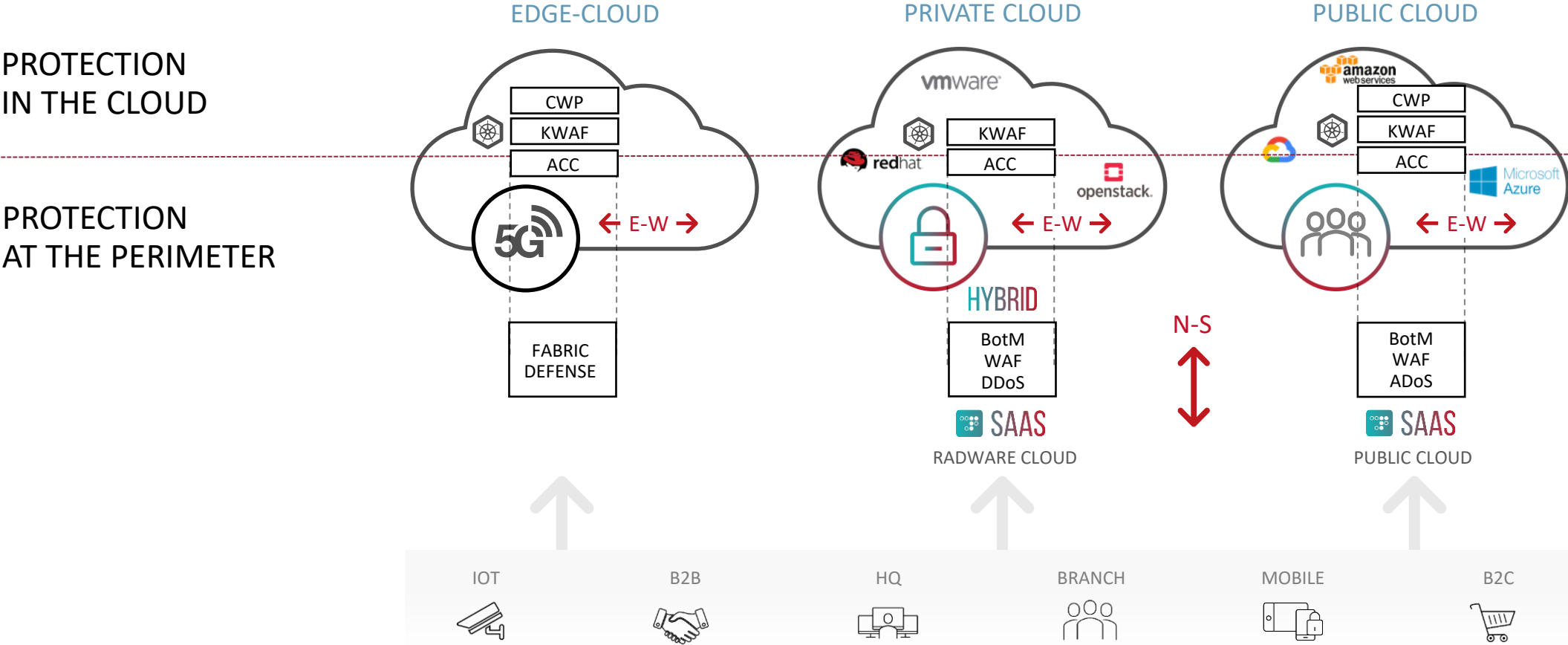
EXPANDING OUR SOLUTIONS FOR GROWTH



- ✓ Expanding the traditional portfolio from on premise to cloud security services
- ✓ Expanding from external threats protection to internal application protection



COMPREHENSIVE INTEGRATED SECURITY PORTFOLIO



- ✓ Portfolio relevancy for 3 different environments
- ✓ Each environment protected from the outside and for the inside



WHY RARWARE - SOLUTIONS

WE HAVE THE BROADEST AND DEEPEST
DATA CENTER & APPLICATION SECURITY
FOR PRIVATE, HYBRID & PUBLIC CLOUD



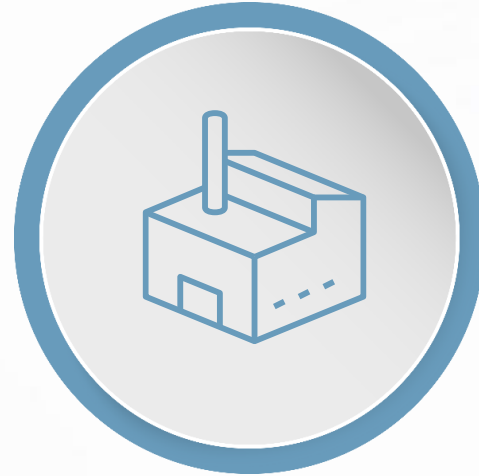
OUR GO-TO-MARKET

GO TO MARKET PRIORITIES FOR 2020 AND BEYOND



SALES ORGANIZATION

- ✓ We have the right sales structure to support and **focus on growth**
- ✓ **Continue hiring** sales talent
- ✓ Investing in people – Training, Onboarding



MARKET ACCESS

- ✓ Investing in partnerships: **Cisco, OEMS, GSIs**
- ✓ Bringing innovative technology & solutions to the market: **BotManager, CWP, 5G, Public Cloud**



CUSTOMERS

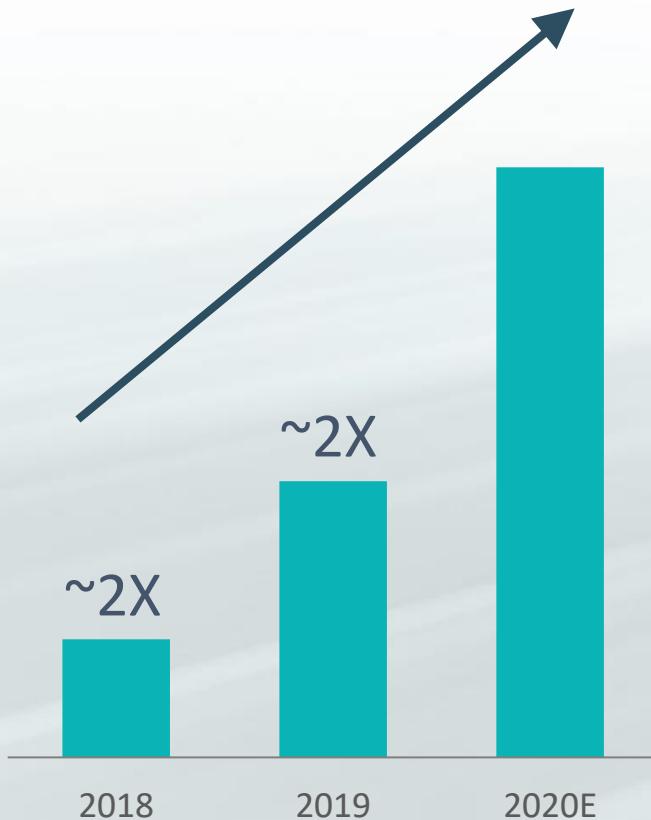
- ✓ Focus on delivering **world class customer experience**
- ✓ Introducing our customers - existing & new - to the extensive Radware portfolio
- ✓ Investment in **major account coverage**



CISCO

BOOKINGS VIA CISCO

"Tens of \$M annually"



- ✓ Increasing number of **global opportunities in CRM**
- ✓ Participation in multiple Cisco “sales plays”
- ✓ Participation in **strategic Cisco projects**
- ✓ All Radware **regions are active** – driven by Cisco senior management
- ✓ Expand our offering
- ✓ **ON TRACK TO REACH TARGET SET IN EARLY 2018**

“Don’t miss this opportunity to win big and deliver best in class security offerings to your customers”

Internal email by **John Maynard, Vice President**, Global Security Sales at Cisco

GSI - GO TO MARKET

INDIRECT SALES
WIDER
MARKET COVERAGE

LEVERAGE
THE OUTSOURCE TREND

FASTER
& CHEAPER GROWTH

MORE
SCALABLE
& PREDICTABLE BUSINESS

GSI EXAMPLES:



- ✓ Opportunity to support Global System Integrator as they engage deeper in security
- ✓ Opportunity to support Global System Integrator comprehensive offering vs. cloud offerings



OUR CUSTOMERS

12,500

Customers

30%

of 2019 cloud business comes from new logos

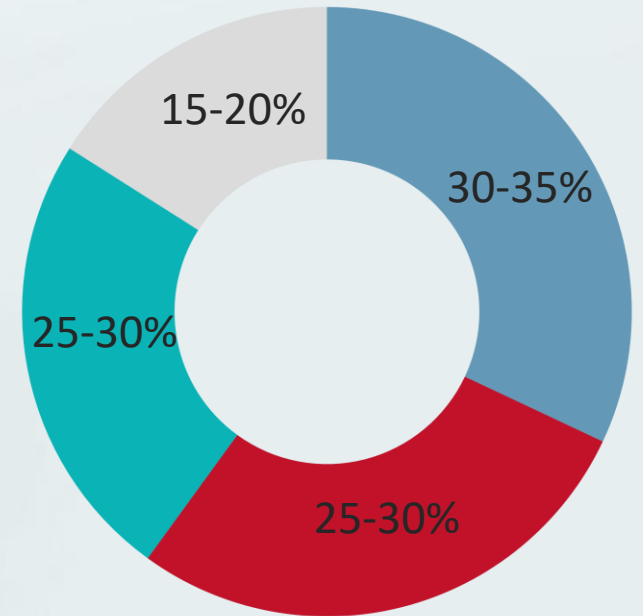
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Deals of >\$1M in 2019

450

Cloud Customers

- Service Providers
- Banking, Finance & Government
- Technology, e-commerce and gaming
- Other





WHY RADWARE - MARKET ACCESS

WE CAN ACCESS ANY GLOBAL 2000
CUSTOMER THROUGH STRATEGIC PARTNERS
AND GSIs AND WIN >\$1M OF BUSINESS




SUMMARY: OUR STRATEGY





FINANCIALS



FINANCIAL PROFILE – Q1 20 HIGHLIGHTS



\$60

REVENUES



14%

TOTAL DEFERRED REVENUE
GROWTH TO **\$181M**



\$21M

OPERATING CASH FLOW

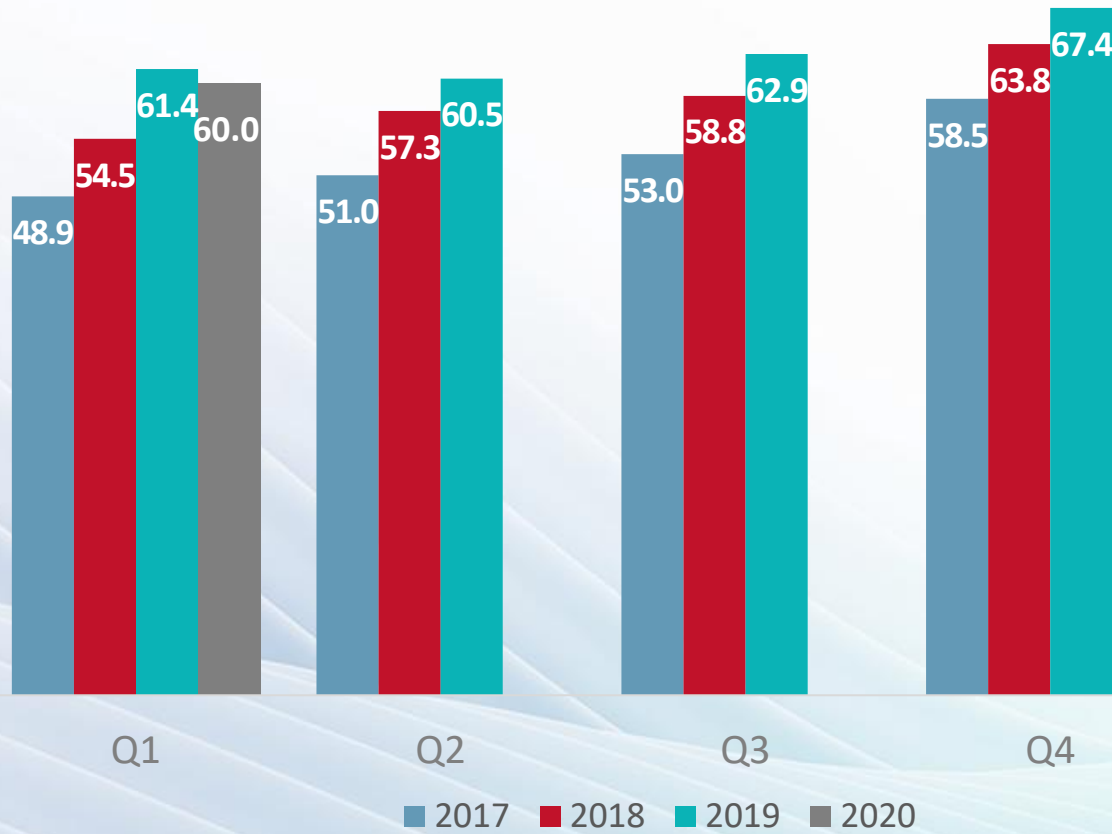
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- ✓ COVID-19 affecting mostly APAC in Q1, rest of world late in quarter
 - ✓ Some delivery disruptions due to airport lockdowns
 - ✓ Internal operations impact contained, hiring for long term continues

✓ **CONSISTENT EXECUTION IN LINE WITH LONG TERM STRATEGY**

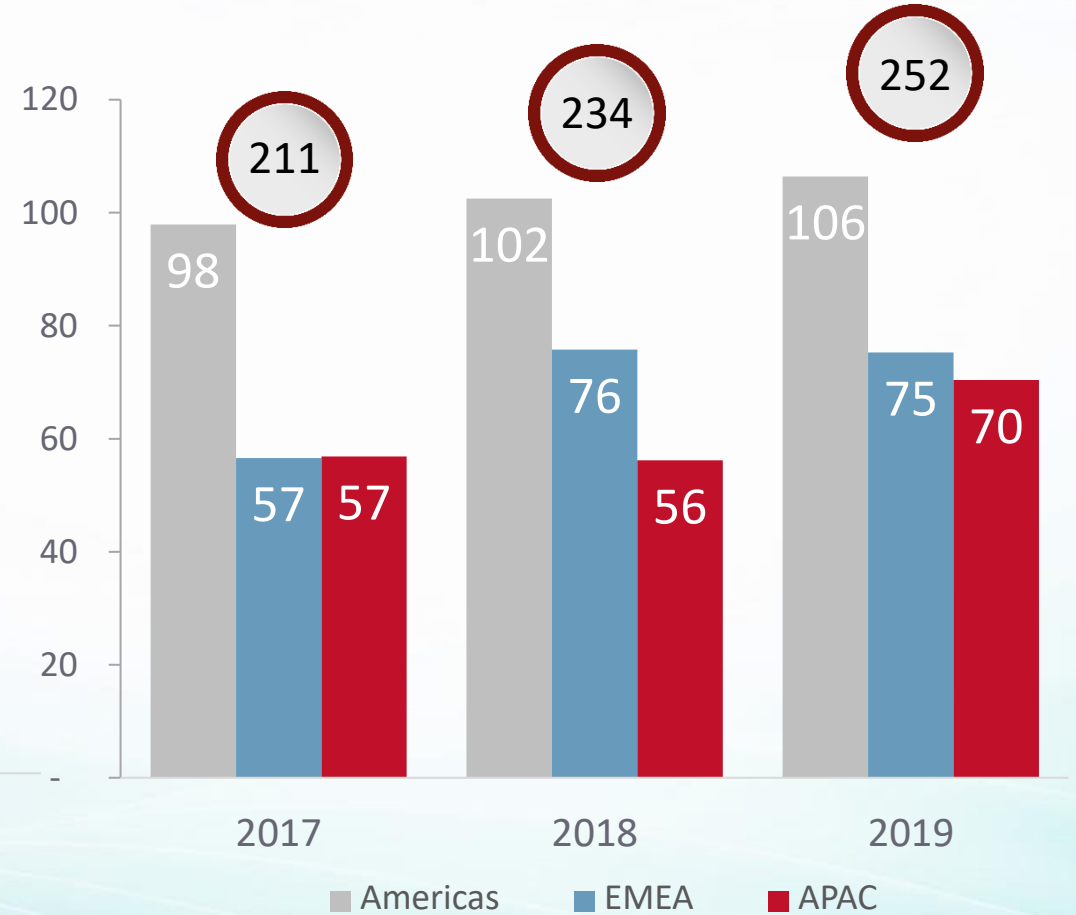


REVENUE TRENDS

QUARTERLY REVENUE (\$M)



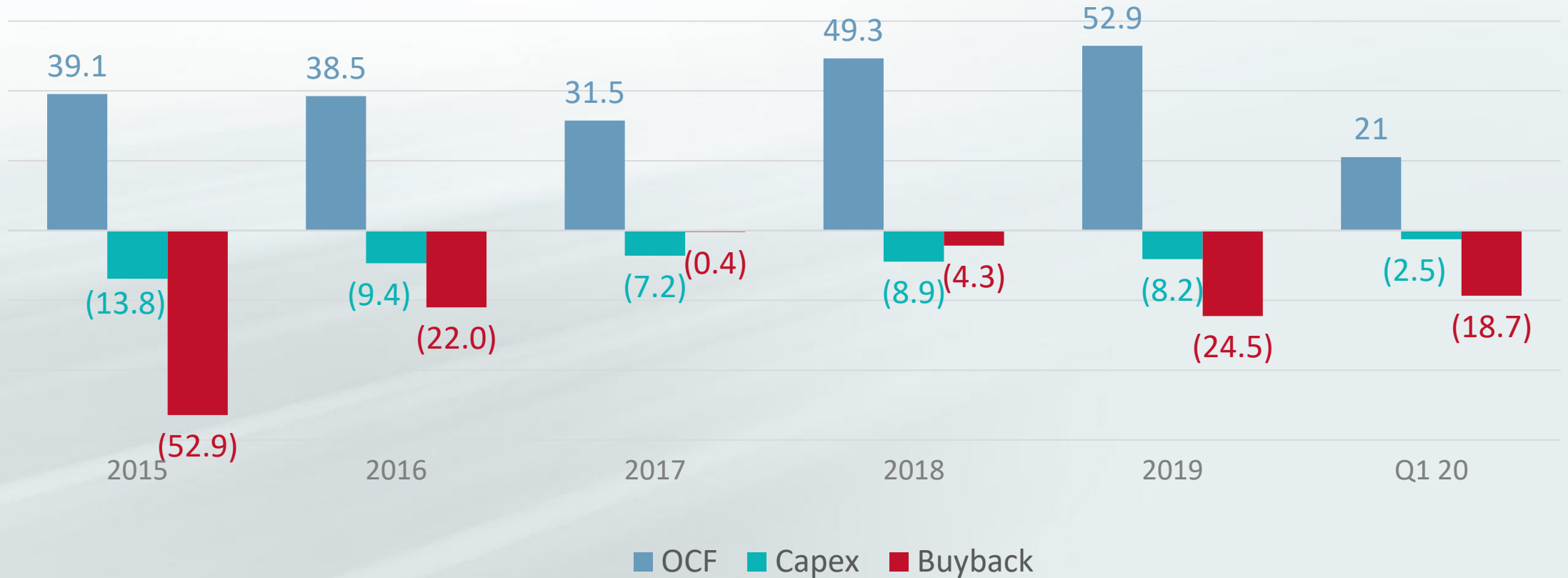
REVENUE BY REGION (\$M)





CONTINUOUS STRONG CASH GENERATION (\$M)

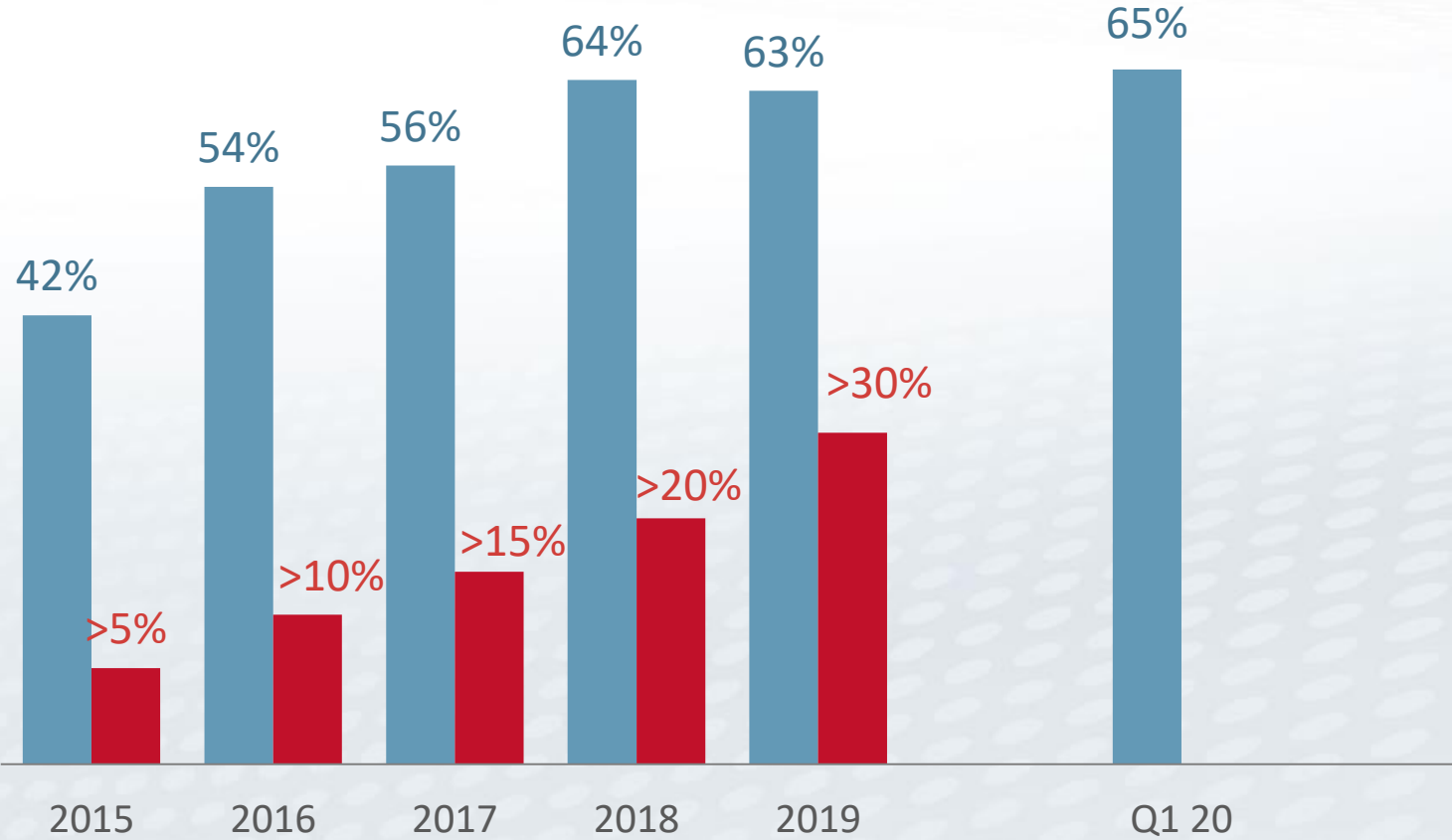
IN PAST 5 YEARS, RETURNED 47% OF OCF TO SHAREHOLDERS AND INVESTED 31% IN CAPEX AND ACQUISITIONS





RECURRING REVENUE DRIVEN BY SUBSCRIPTIONS

SUBSCRIPTIONS ARE THE MAIN GROWTH DRIVER



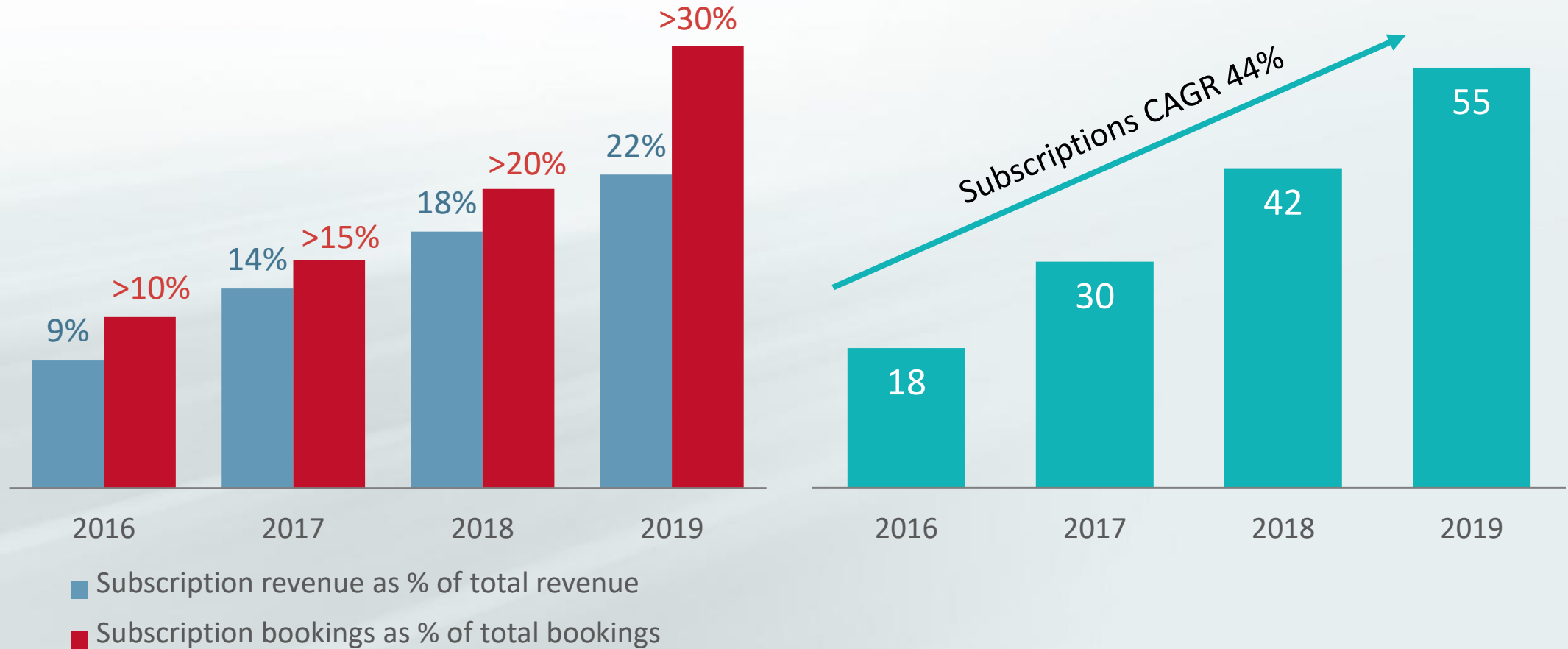
RADWARE'S RECURRING REVENUE INCLUDE SUPPORT, CLOUD SERVICES AND PRODUCT SUBSCRIPTION

■ Recurring revenue as % of total revenue ■ Subscription bookings as % of total bookings



SUCCESSFUL TRANSITION TO SUBSCRIPTIONS

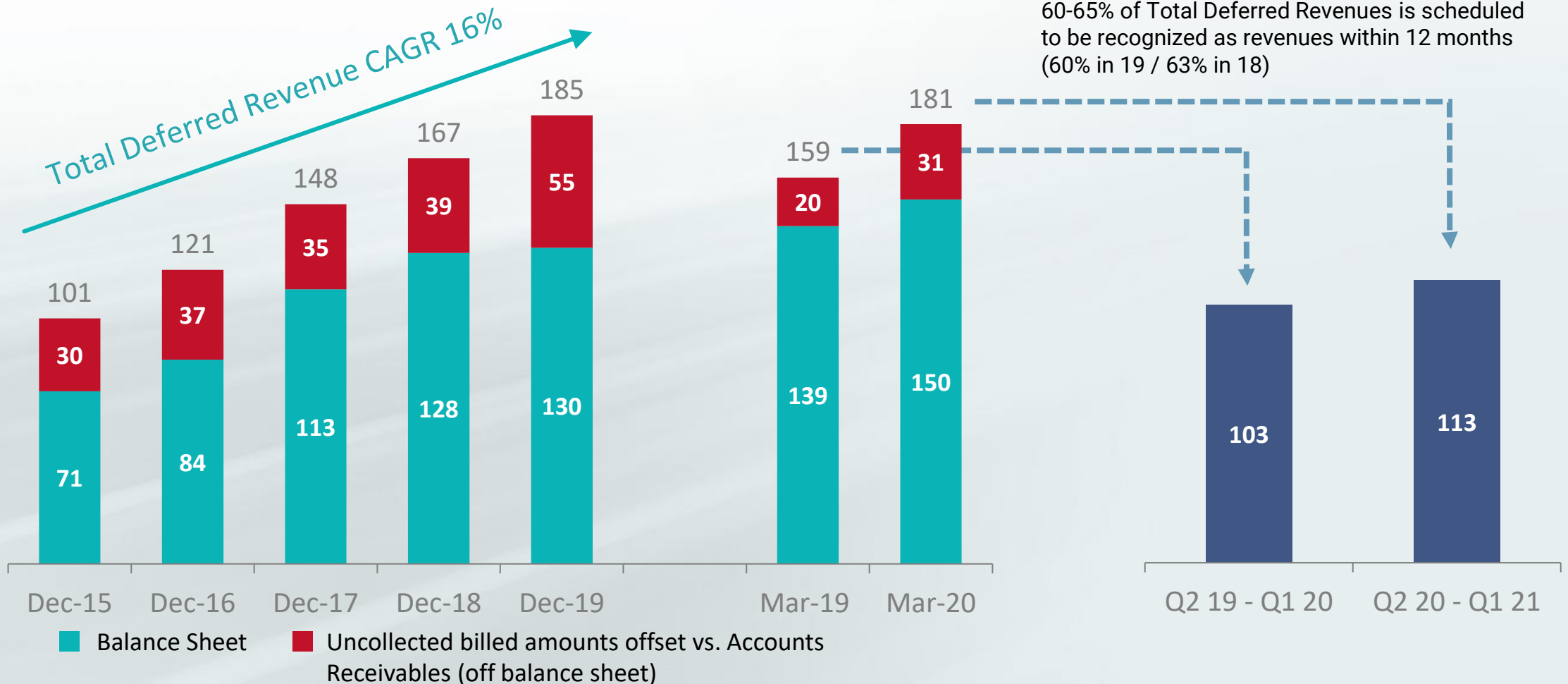
SUBSCRIPTION REVENUE (\$M)





SHIFT TO SUBSCRIPTIONS ON TRACK TO SECURE PERFORMANCE

TOTAL DEFERRED REVENUE A KEY INDICATOR OF FUTURE GROWTH





WHY RADWARE - FINANCIALS

WE HAVE A STRONG BALANCE SHEET, A FLEXIBLE COST STRUCTURE, AND A HIGH PROPORTION OF RECURRING REVENUE.

WELL-PREPARED FOR ANY SHORT-TERM SCENARIO, AND CAN AFFORD CONTINUE INVESTING FOR THE LONG-TERM.



THANK YOU!