INVESTOR DAY 2018
6 March 2018
PARTNERSHIPS EXTEND REACH

Adam Bosnian
EVP Business Development
Continual Innovation Drives Leadership

Privileged Account Security a Critical Layer

Large Market Opportunity

Proven Land & Expand Strategy

Powerful Business Model
SECURITY IS A TEAM GAME
THE C³ ALLIANCE IMPACT

- C³ Alliance Program Investment
- Specific Integration(s)
- Partner Involved In Validation → Selling
- Partner Brings Net New Opportunity → Deal
A CLOSER LOOK – SPOTLIGHT ALLIANCES

FSCT  
ForeScout

OKTA  
Okta

RHT  
Red Hat
FSCT

RHT

redhat

ForeScout

OKTA
Business Operations

IT Operations

IT / Security

Identity

DevOps

Cloud
Business Operations
Cloud
DevOps
THANK YOU
LARGE MARKET OPPORTUNITY

Marianne Budnik
Chief Marketing Officer
Privileged Security a Critical Layer

Continual Innovation Drives Leadership

Large Market Opportunity

Proven Land & Expand Strategy

Powerful Business Model
CROWN JEWELS
Sensitive Infrastructure, Assets, and Data

- DevOps
- Cloud Security
- IIOT / OT Security
- SIEM and Threat Intelligence
- Network Security
- Endpoint Security
- Data Security
- Identity Security
Gartner estimates total addressable market

Market Size and Compound Annual Growth Rate

**Figure 1.** Spending on Privileged Access Management, Worldwide, 2016-2020

TODAY’S GLOBAL OPPORTUNITY

$44 Billion
TODAY’S GLOBAL OPPORTUNITY

Size of Organization ($Rev)

$1B

$100M
TODAY’S GLOBAL OPPORTUNITY

Size of Organization ($Rev)

- $1B
- $100M

# Organizations*

- 16K
- 28K

*Based on Data.com information and CyberArk estimates.
**Based on actual CyberArk customer spend segmented by industry and size.
TODAY’S GLOBAL OPPORTUNITY

Size of Organization ($Rev)

$1B

16K
17%

$100M

28K
5%

*Based on Data.com information and CyberArk estimates.

**Based on actual CyberArk customer spend segmented by industry and size.
TODAY’S GLOBAL OPPORTUNITY

Size of Organization ($Rev)

- $1B: 16K organizations, 17% customer footprint
- $100M: 28K organizations, 5% customer footprint

Total opportunity: $44 Billion

*Based on Data.com information and CyberArk estimates.
**Based on actual CyberArk customer spend segmented by industry and size.
**TODAY’S GLOBAL OPPORTUNITY**

Size of Organization ($Rev)

- $1B
- $100M

<table>
<thead>
<tr>
<th># Organizations*</th>
<th>Customer Footprint**</th>
<th>TAM $ Penetration</th>
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</thead>
<tbody>
<tr>
<td>16K</td>
<td>17%</td>
<td>3%</td>
</tr>
<tr>
<td>28K</td>
<td>5%</td>
<td>2%</td>
</tr>
</tbody>
</table>

*Based on Data.com information and CyberArk estimates.
**Based on actual CyberArk customer spend segmented by industry and size.
BUSINESS DRIVERS

RISK

Data Breach
Loss of critical information
Network takeover

Operational disruption
Reputation
Direct financial damage

COMPLIANCE / AUDIT

GDPR
Sarbanes Oxley
PCI

NERC / CIP
HIPPA
SWIFT
GO-TO-MARKET STRATEGY
GLOBAL ALIGNMENT TO CAPTURE OPPORTUNITY

ONE GLOBAL UMBRELLA
of the companies involved in the largest recent breaches turned to CyberArk

Source: CyberArk analysis and IDG’s "Biggest breaches of the 21st Century", published 1.28.18
LEADING WITH RISK BASED APPROACH

ATTACK

LEARN

LABS
RED TEAM
POST-BREACH
SERVICES

PRODUCT DEVELOPMENT

SALES

CYBER HYGIENE

PAS
EXPANDING REACH

2014
2015
2016
2017

202 46%
294 28%
377 30%
491

Sales Organization
Product Management, Marketing & Sales Support
CYBERARK CHANNEL MOMENTUM

CHANNEL BUSINESS

CAGR 46%

2014 2017

TRAINED ENGINEERS

CAGR 43%

2014 2017

Logos of various companies are shown alongside the graphical representation.
ADVISORY FIRMS DRIVING BUSINESS

INFLUENCED DEALS

32% Growth

More than 300 Professionals at Advisory Firms Trained and Focused on CyberArk

2016

2017
EXPANSION TRACKS

Expand Initial Scope

Cross Sell
Applications | End Points | Data Center | Critical Assets

Cloud
DevOps

New Products
Customer Challenge:
CISO mandated protecting privileged accounts as a priority enterprise wide in 2016

Purchase Driver:

Partners:
KPMG and C³

Solution:
• 2012: Enterprise Password Vault, Privileged Session Manager, OPM for Unix
• 2014: Additional Enterprise Password Vault Licenses
• 2016: Expansion with Application Identity Manager; Additional Enterprise Password Vault licenses
• 2017: Additional Enterprise Password Vault licenses; Expansion of Application Identity Manager for Mainframe
• Future: DevOps
Customer Challenge:
Critical Infrastructure protection
- Complex environment
- Improve Processes and control around privileged account security and mitigate risk

Purchase Driver:
Security first approach versus compliance
North American Electric Reliability Corporation (NERC) and SCADA

Solution:
- 2013: Enterprise Password Vault and Privileged Session Manager
- 2015: Privilege Session Manager for SCADA and additional Enterprise Password Vault licenses; Expansion with Endpoint Privilege Manager for desktops
- 2016: Expansion with OPM for Unix
- 2017: Expansion with SSH Key Manager, Additional Licenses of Enterprise Password Vault and Privileged Session Manager

LTV: 5.4x
THANK YOU
POWERFUL BUSINESS MODEL

Josh Siegel
Chief Financial Officer
Privileged Account Security a Critical Layer
Continual Innovation Drives Leadership
Large Market Opportunity
Proven Land & Expand Strategy
Powerful Business Model
POWERFUL BUSINESS MODEL

SUSTAINABLE REVENUE GROWTH

- Land New Customers
- Expand Existing Customers
- Diversified Business
- Unique Combination of Growth, Profitability & Cash Flow
STRONG REVENUE GROWTH

41% CAGR Total

<table>
<thead>
<tr>
<th>Year</th>
<th>Maintenance</th>
<th>Professional Services</th>
<th>License</th>
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<td>2012</td>
<td>$16</td>
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<td>2013</td>
<td>$22</td>
<td>$39</td>
<td>$5</td>
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<tr>
<td>2014</td>
<td>$33</td>
<td>$61</td>
<td>$9</td>
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<tr>
<td>2015</td>
<td>$48</td>
<td>$100</td>
<td>$13</td>
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<tr>
<td>2016</td>
<td>$69</td>
<td>$132</td>
<td>$16</td>
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<tr>
<td>2017</td>
<td>$93</td>
<td>$217</td>
<td>$21</td>
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</tbody>
</table>

CYBERARK
MIX OF ADD ON AND NEW BUSINESS DRIVES GROWTH

2014: 42% Add On Business, 58% New Business
2015: 48% Add On Business, 52% New Business
2016: 59% Add On Business, 41% New Business
2017: 60% Add On Business, 40% New Business
CUSTOMERS MAKE STRATEGIC INVESTMENTS IN CYBERARK

100K Deals

- 2014: 269
- 2015: 440
- 2016: 519
- 2017: 659

500K Deals

- 2014: 30
- 2015: 57
- 2016: 53
- 2017: 92

AMERICAS | EMEA | APJ
GEOGRAPHIC EXPANSION KEY DRIVER

CONSISTENTLY DIVERSE GEOGRAPHICALLY

GEOGRAPHIES

FY2016

GEOGRAPHIES

FY2017

32%

62%

7%

62%

Americas

EMEA

APJ
INCREASINGLY DIVERSIFIED ACROSS VERTICALS

ALL ORGANIZATIONS NEED TO PROTECT PRIVILEGED ACCOUNTS

VERTICALS FY2016

VERTICALS FY2017
PRODUCT DIVERSIFICATION

INNOVATION ACCELERATES PRODUCT DIVERSIFICATION

PRODUCT FY2015

- CORE Privileged Security: 88%
- Endpoint Privilege Manager*: 6%
- Application Identity Manager / Conjur: 3%
- OPM for UNIX: 10%
- Other: 3%

PRODUCT FY2017

- CORE Privileged Security: 77%
- Endpoint Privilege Manager*: 10%
- Application Identity Manager / Conjur: 10%
- OPM for UNIX: 10%
- Other: 3%
LAND AND EXPAND MODEL BUILDS PREDICTABILITY

Customer cohorts by bookings

1 Includes both license and maintenance & professional services
TREMENDOUS EXPANSION OPPORTUNITY

- More mature 8 year cohort increased 1.4x initial buy in 2017
- Expansion of base 6.7x over 8 years
- Expansion of base of ~5.5x over 7 years
- Expansion of base of ~4.2x over 6 years
- Estimated 2/3 from product and 1/3 from recurring support and services revenue
TOP 25 GLOBAL CUSTOMERS

INNOVATION DRIVES CUSTOMER EXPANSION

*LTV calculation excludes financial services signed in Q4 of 2017
PROFITABLE WHILE INVESTING FOR GROWTH

Non-GAAP Operating Income\(^1\) and Margins ($mm)

\begin{tabular}{|c|c|c|c|c|}
\hline
Year & Non-GAAP Operating Income & Margin \%
\hline
2014 & $22 & 21\% \hline
2015 & $44 & 27\% \hline
2016 & $58 & 27\% \hline
2017 & $52 & 20\% \hline
\end{tabular}

\(^1\) See appendix for Non-GAAP reconciliation.
HISTORY OF STRONG CASH FLOW

Operating Cash Flow and Margins ($mm)

<table>
<thead>
<tr>
<th>Year</th>
<th>Margins</th>
<th>Cash Flow</th>
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<tbody>
<tr>
<td>2014</td>
<td>23%</td>
<td>$23</td>
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<tr>
<td>2015</td>
<td>37%</td>
<td>$59</td>
</tr>
<tr>
<td>2016</td>
<td>26%</td>
<td>$56</td>
</tr>
<tr>
<td>2017</td>
<td>31%</td>
<td>$81</td>
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</tbody>
</table>
Ongoing investments in business
- Massive market opportunity
- Powerful land and expand strategy

Strategic M&A
- Funded by cash flow
- Viewfinity/Cybertinel
  - Contributed more than 10% of business within 2 years
- Conjur
  - Driving AIM/DevOps deals
  - Healthy pipeline

STRONG BALANCE SHEET DRIVEN BY CASH FLOW FROM OPERATIONS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$177</td>
<td>$238</td>
<td>$295</td>
<td>$330</td>
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<tr>
<td>Proceeds</td>
<td>$88</td>
<td>$53</td>
<td>$56</td>
<td>$81</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>$23</td>
<td>$53.7</td>
<td>$56</td>
<td>$81</td>
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<tr>
<td>Acquisitions</td>
<td>$56</td>
<td>$81</td>
<td>$81</td>
<td>$81</td>
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</table>

($mm)
DEFERRED REVENUE GROWTH

($mm)

2014: $32
2015: $54
2016: $74
2017: $105

Maintenance & PS (recurring)
Saas / Subscription (recurring)
Perpetual
Balancing Growth and Profitability
### GROWTH WITH RESPONSIBLE INVESTMENT

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>Annual Revenue Growth</td>
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<td>56%</td>
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</tr>
<tr>
<td>Gross Margin</td>
<td>86%</td>
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**OPERATING EXPENSES:**

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<tbody>
<tr>
<td>R&amp;D</td>
<td>16%</td>
<td>14%</td>
<td>12%</td>
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</tr>
<tr>
<td>S&amp;M</td>
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## BALANCING GROWTH AND PROFITABILITY: MEDIUM-TERM

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<tr>
<th></th>
<th>2013</th>
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<th>2015</th>
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<th>2017</th>
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<td>40%</td>
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<td>17-21%</td>
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*2013-2017 data provided for reference purposes.*
## LONG-TERM TARGET

### OPERATING EXPENSES:

<table>
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<th></th>
<th>2013</th>
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<th>2015</th>
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<td>20%</td>
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### Annual Revenue Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
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<td>56%</td>
<td>35%</td>
<td>21%</td>
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### Gross Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>86%</td>
<td>86%</td>
<td>86%</td>
<td>87%</td>
<td>87%</td>
</tr>
</tbody>
</table>

### Long Term Target

- **Medium Term Plan**: ~20%
- **2018 Guidance**: 19 - 21%
- **Long term Target**: Maturity <15%

**Increasing SaaS Revenue Mix**: 82-86%

**Sales Efficiency & Channel Reach**: 33-37%

**Guidance**: 19 - 21%

**Non-GAAP Operating Income**: 17-21%

**~18%**: 27-31%
THANK YOU
Privileged Security a Critical Layer
Continual Innovation Drives Leadership
Large Market Opportunity
Strong Land & Expand Strategy
Powerful Business Model
EXECUTIVE QUESTION & ANSWER SESSION
QUESTION AND ANSWER SESSION

• Udi Mokady, Founder & CEO
• Roy Adar, SVP Product Management
• Adam Bosnian, EVP Global Business Development
• Marianne Budnik, CMO
• Ron Zoran, CRO
• Josh Siegel, CFO
THANK YOU
APPENDIX
GAAP TO NON-GAAP RECONCILIATION

(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GAAP OPERATING INCOME TO NON-GAAP OPERATING INCOME:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Operating Income</td>
<td>$20,454</td>
<td>$33,222</td>
<td>$35,956</td>
<td>$20,326</td>
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<tr>
<td>Public offering related expenses</td>
<td>-</td>
<td>1,568</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>1,573</td>
<td>7,049</td>
<td>17,535</td>
<td>25,237</td>
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<tr>
<td>Acquisition related costs &amp; amortization of acquired intangibles</td>
<td>-</td>
<td>1,802</td>
<td>4,523</td>
<td>5,945</td>
</tr>
<tr>
<td>Facility exit costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>342</td>
</tr>
<tr>
<td><strong>Non-GAAP operating income</strong></td>
<td><strong>$22,027</strong></td>
<td><strong>$43,641</strong></td>
<td><strong>$58,014</strong></td>
<td><strong>$51,850</strong></td>
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<table>
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<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td><strong>GAAP NET INCOME TO NON-GAAP NET INCOME:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>$9,954</td>
<td>$25,794</td>
<td>$28,124</td>
<td>$16,015</td>
</tr>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>342</td>
</tr>
<tr>
<td>Warrant adjustment</td>
<td>4,309</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Non-GAAP tax adjustments</td>
<td>-</td>
<td>(951)</td>
<td>(4,937)</td>
<td>(5,644)</td>
</tr>
<tr>
<td><strong>Non-GAAP net income</strong></td>
<td><strong>$15,836</strong></td>
<td><strong>$35,262</strong></td>
<td><strong>$45,245</strong></td>
<td><strong>$41,895</strong></td>
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