

# Investor Presentation and KPIs

Fourth Quarter FY'20

splunk<sup>®</sup> > turn data into doing<sup>™</sup>

# Forward-Looking Statements

This presentation may contain forward-looking statements regarding future events or the expected financial performance of our company including statements about our future growth and related targets, including revenue, operating cash flow and total annual recurring revenue. These statements reflect management's current expectations, estimates and assumptions based on the information currently available to us. These forward-looking statements are not guarantees of future performance and involve significant risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from results, performance or achievements expressed or implied by the forward-looking statements contained in this presentation.

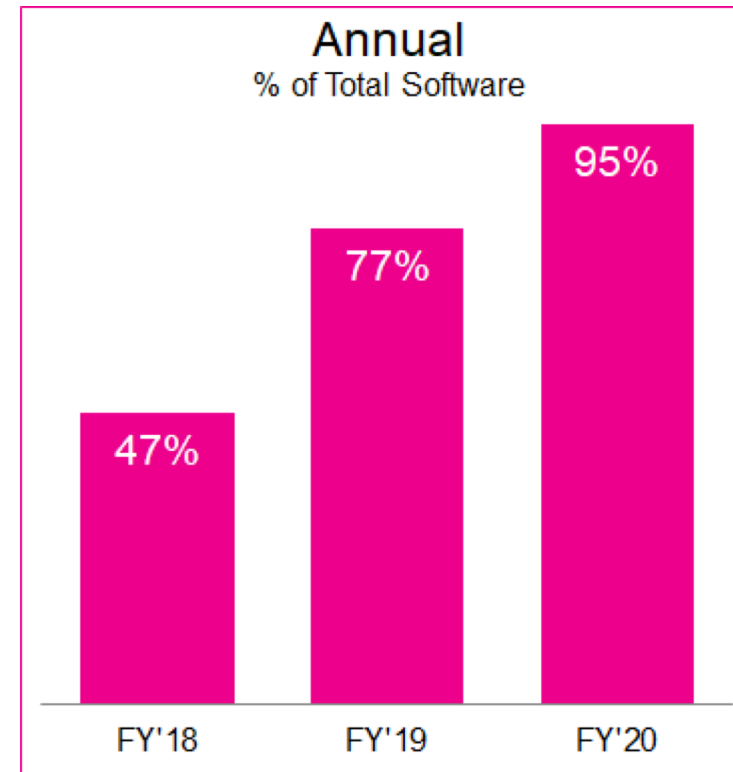
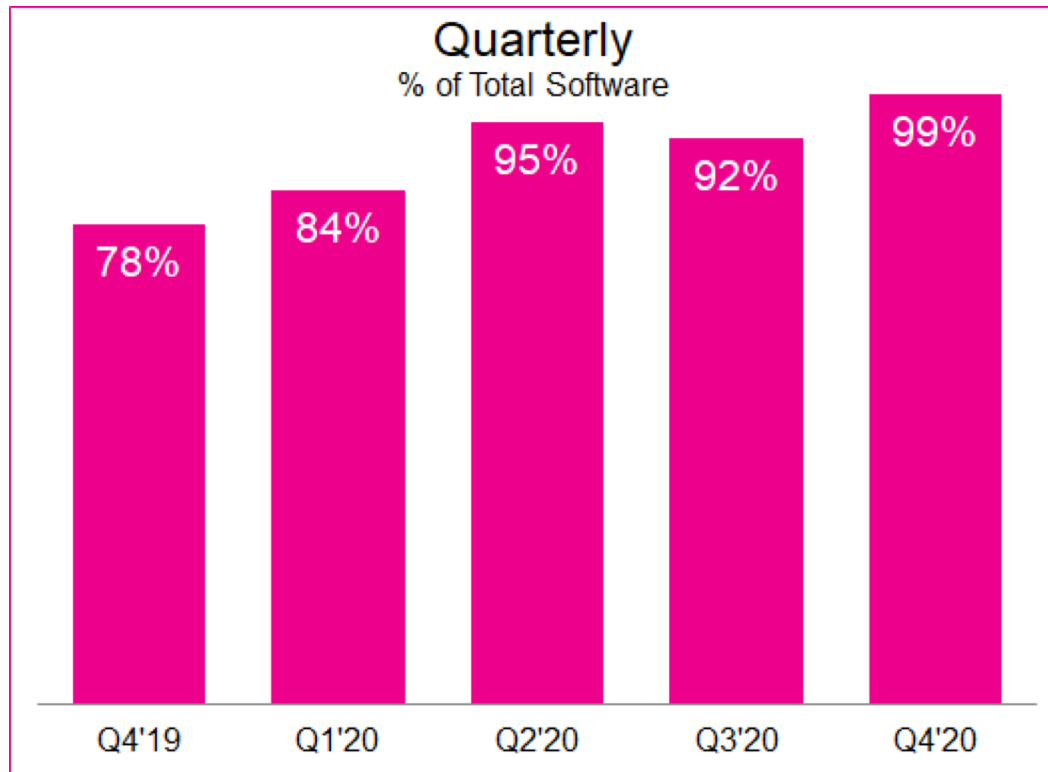
A discussion of factors that may affect future results is contained in our most recent SEC Form 10-K and Form 10-Q filings available at [www.sec.gov](http://www.sec.gov), including descriptions of the risk factors that may impact us and the forward-looking statements made in this presentation. The forward-looking statements made in this presentation are made as of as of March 4, 2020. If this presentation is reviewed after March 4, 2020, even if made available by us, on our website or otherwise, it may not contain current or accurate information. We disclaim any obligation to update or revise any forward-looking statement based on new information, future events or otherwise, except as required by applicable law.

# Non-GAAP Financial Measures

This presentation contains the following non-GAAP financial measures: gross profit, gross margin, research and development expense, sales and marketing expense, general and administrative expense, operating income (loss), operating margin, free cash flow, current remaining performance obligation (“RPO”) bookings and total RPO bookings (collectively the “non-GAAP financial measures”). These non-GAAP financial measures are presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. These non-GAAP financial measures have limitations as analytical tools, and they should not be considered in isolation or as a substitute for analysis of other GAAP financial measures. A reconciliation of these measures to the most directly comparable GAAP measures is included at the end of this presentation.

# Transition to Renewable Model

## Contribution From Renewable Software

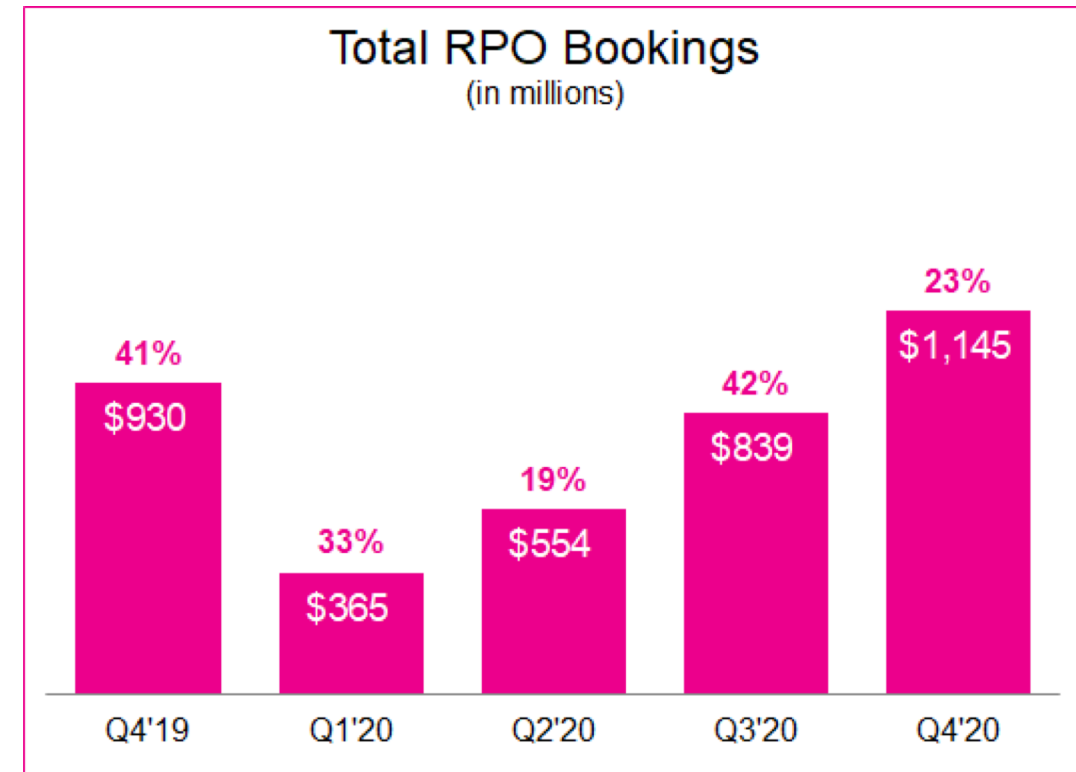
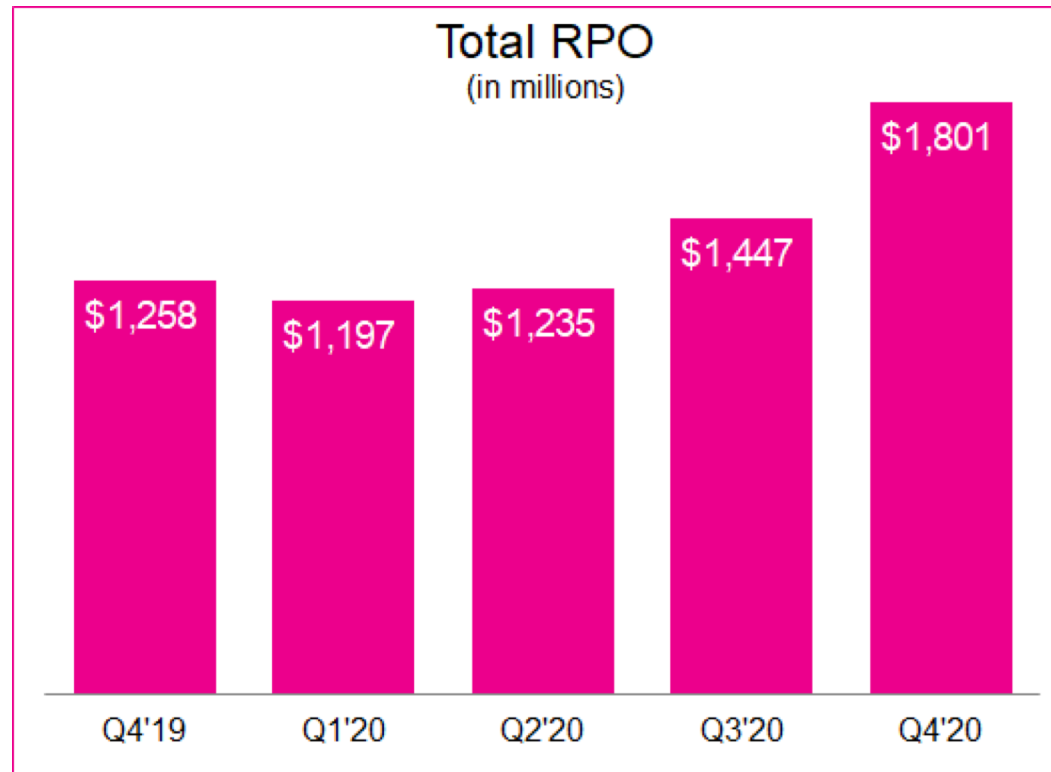


Renewable Software = Cloud TCV plus Term License TCV



# Bookings Strength

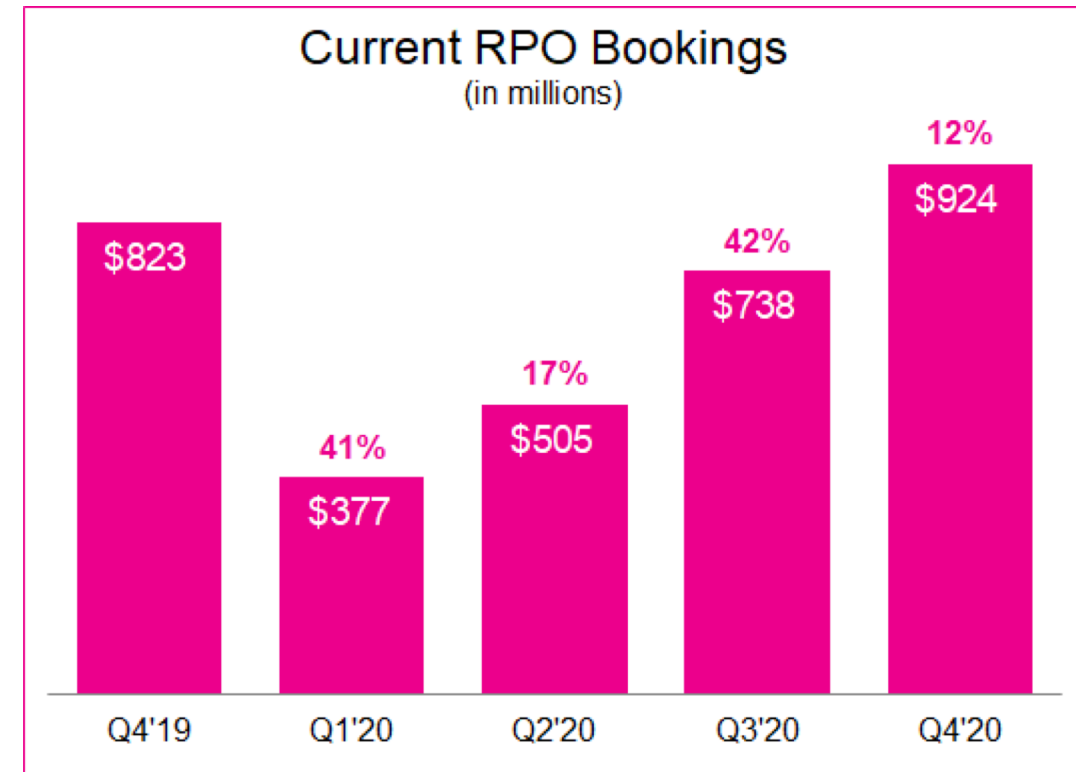
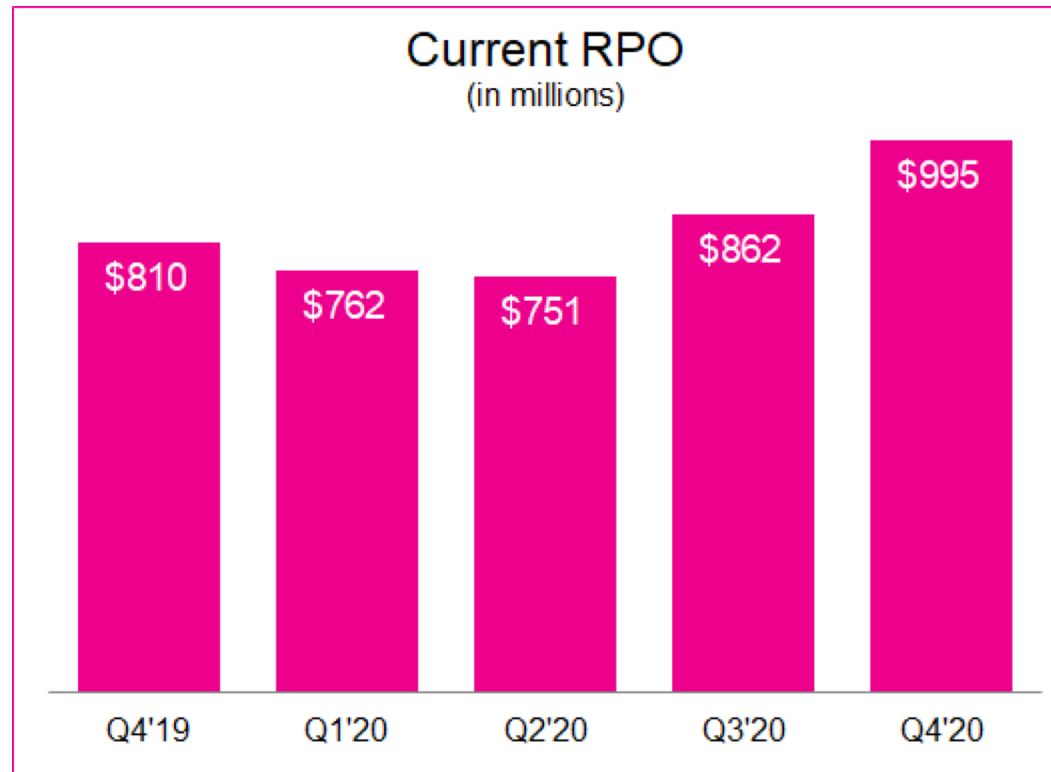
## Total Remaining Performance Obligation



RPO Bookings = Total Revenue plus change in RPO

# Bookings Strength

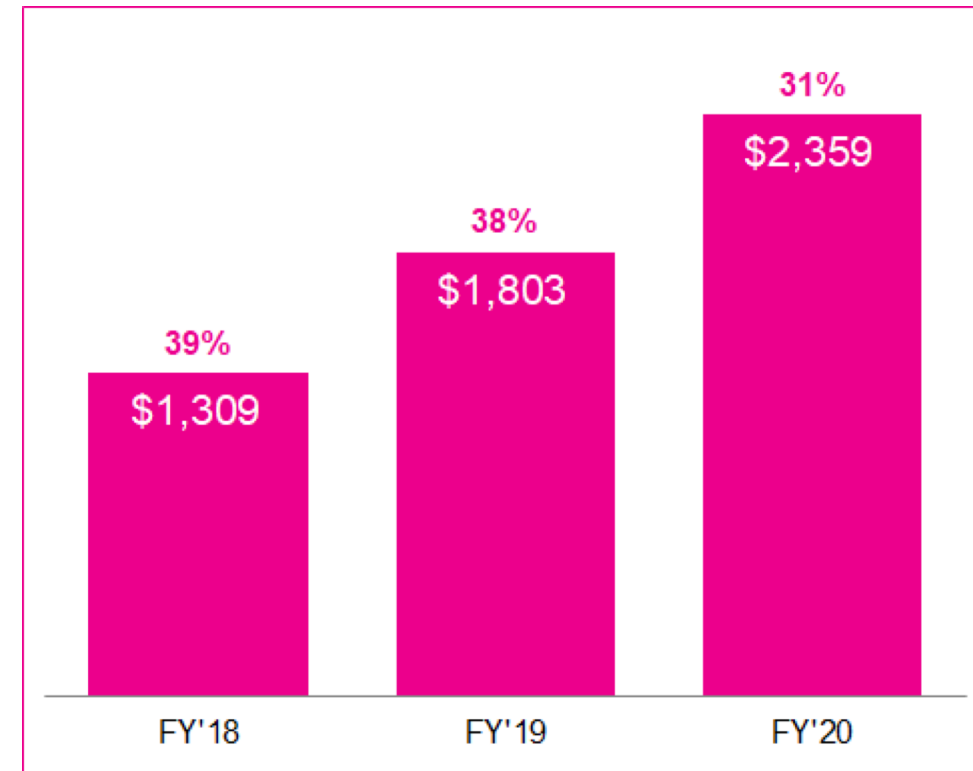
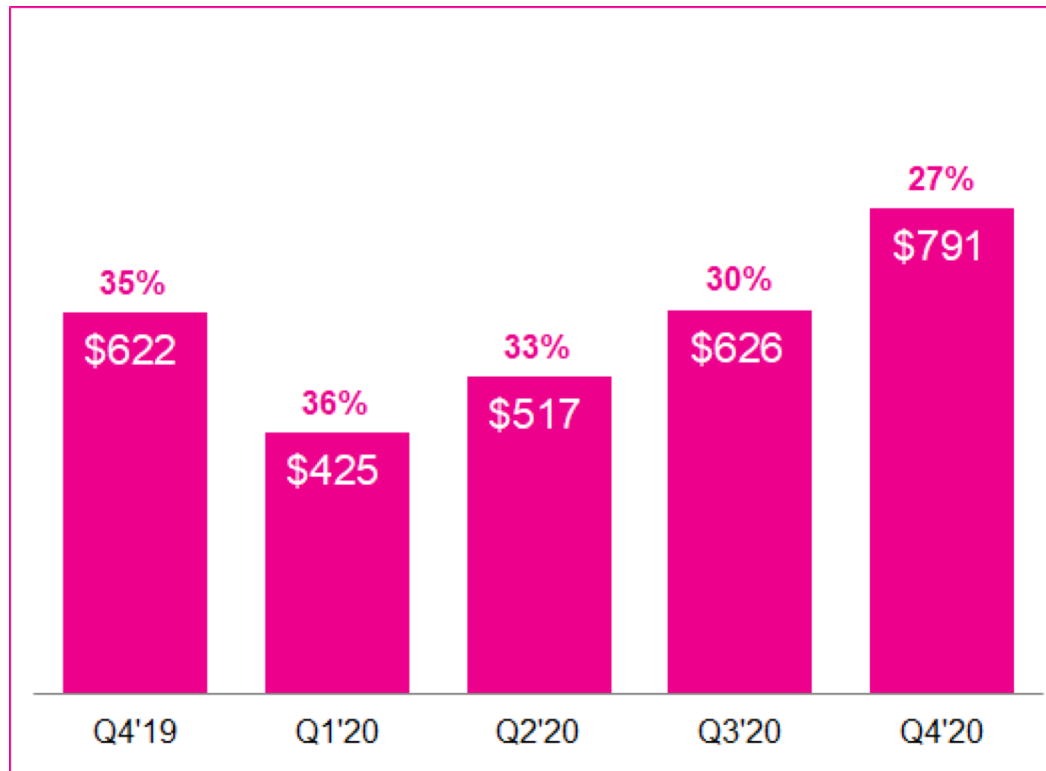
## Current Remaining Performance Obligation



Current RPO Bookings = Total Revenue plus change in Current RPO

# Top Line Momentum

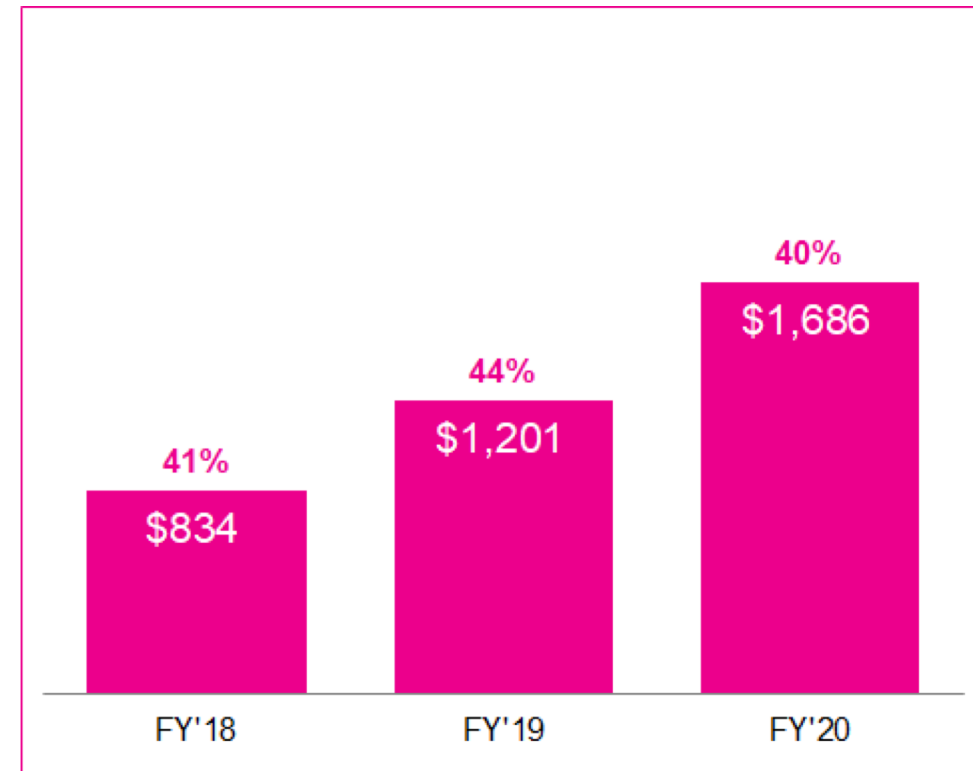
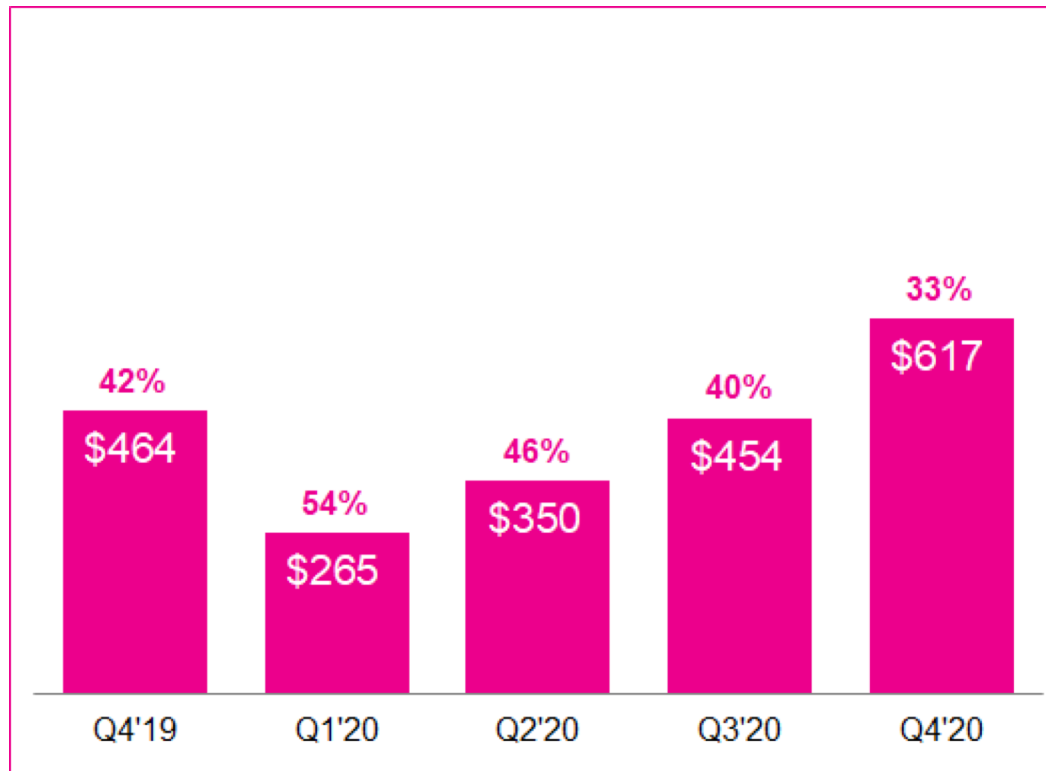
Total Revenue (in millions)



Software Revenue = Cloud Revenue plus License Revenue

# Top Line Momentum

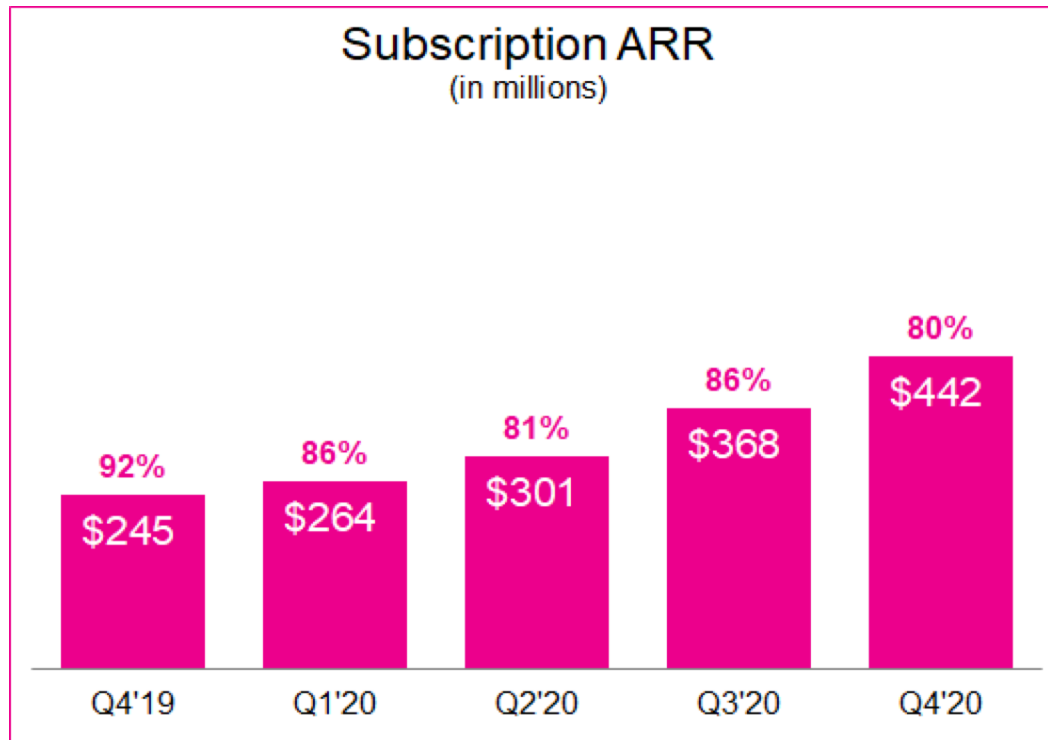
Software Revenue (in millions)



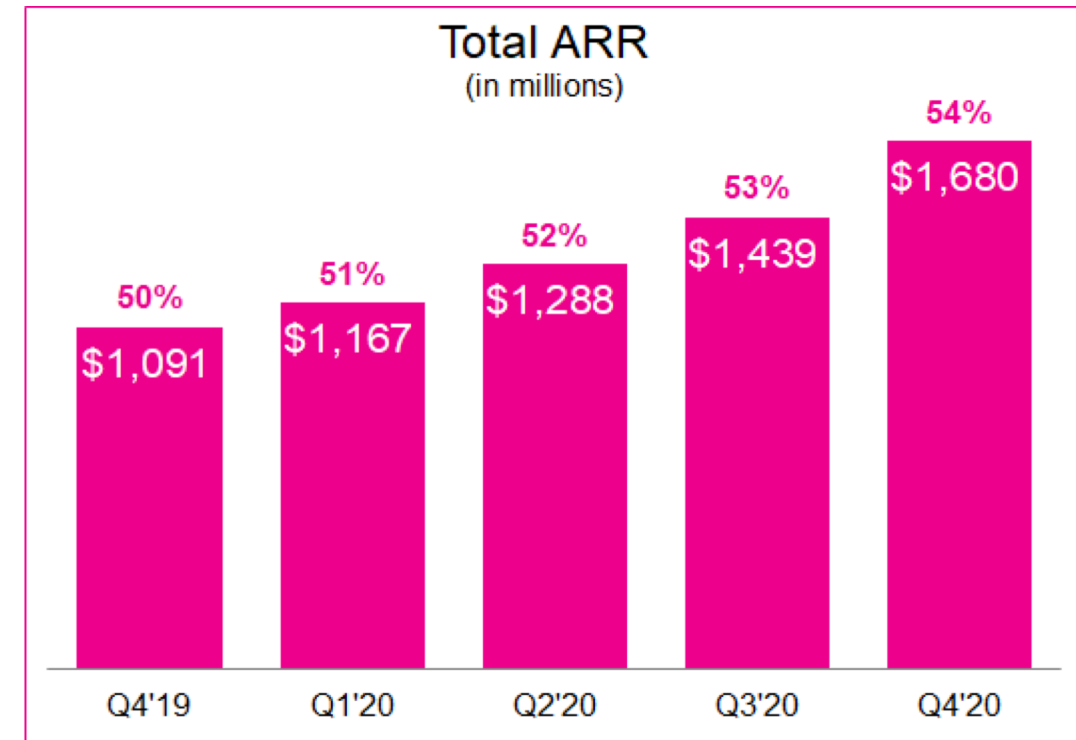
Software Revenue = Cloud Revenue plus License Revenue

# Durable Growth

## Annual Recurring Revenue

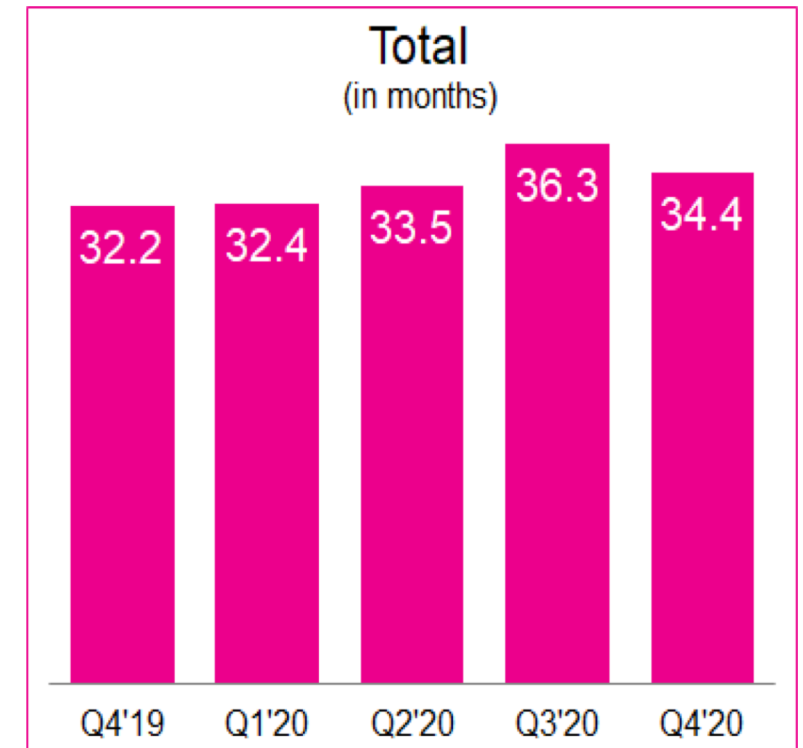
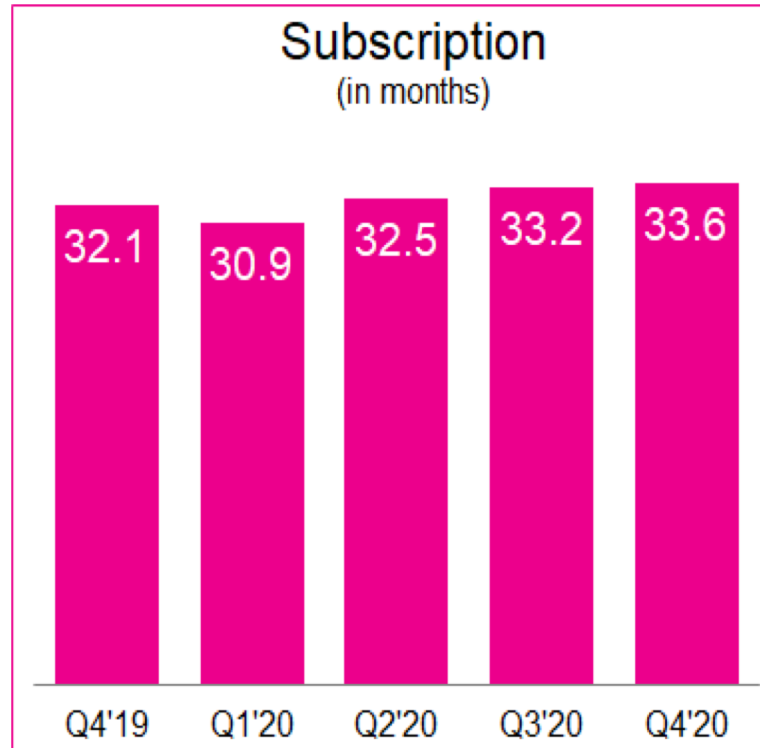
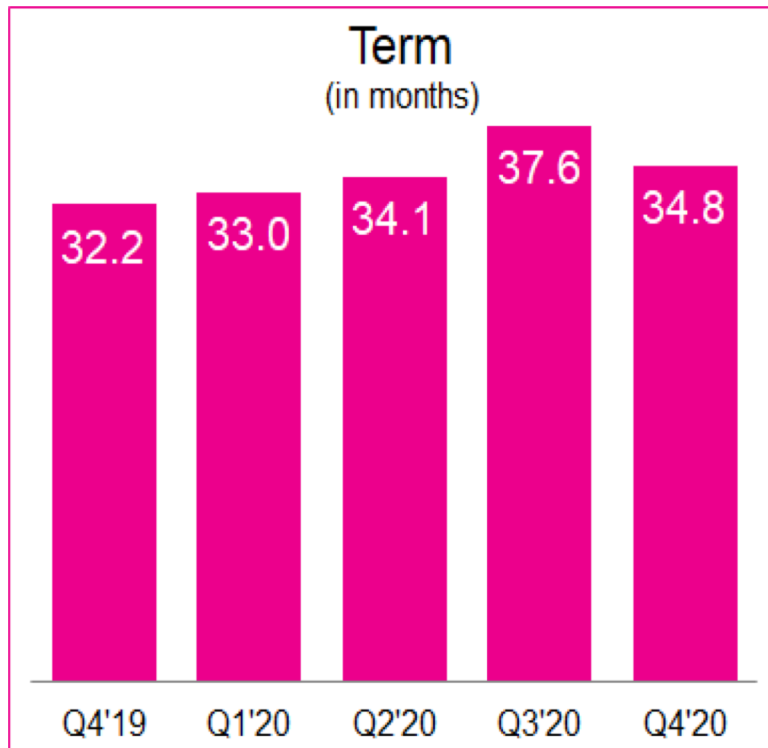


Subscription Annual Recurring Revenue ("ARR") represents the annualized revenue run-rate of active subscription contracts at the end of a reporting period. Subscription contracts are annualized by dividing the total contract value by the number of days in the contract term and then multiplying by 365.



Total Annual Recurring Revenue ("ARR") represents the annualized revenue run-rate of active subscription, term license, and maintenance contracts at the end of a reporting period. Contracts are annualized by dividing the total contract value by the number of days in the contract term and then multiplying by 365.

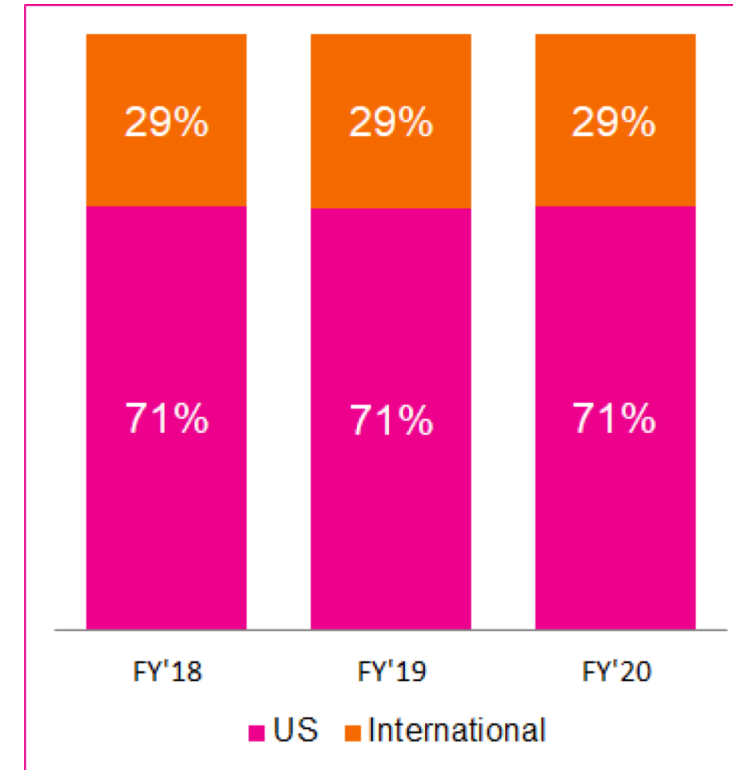
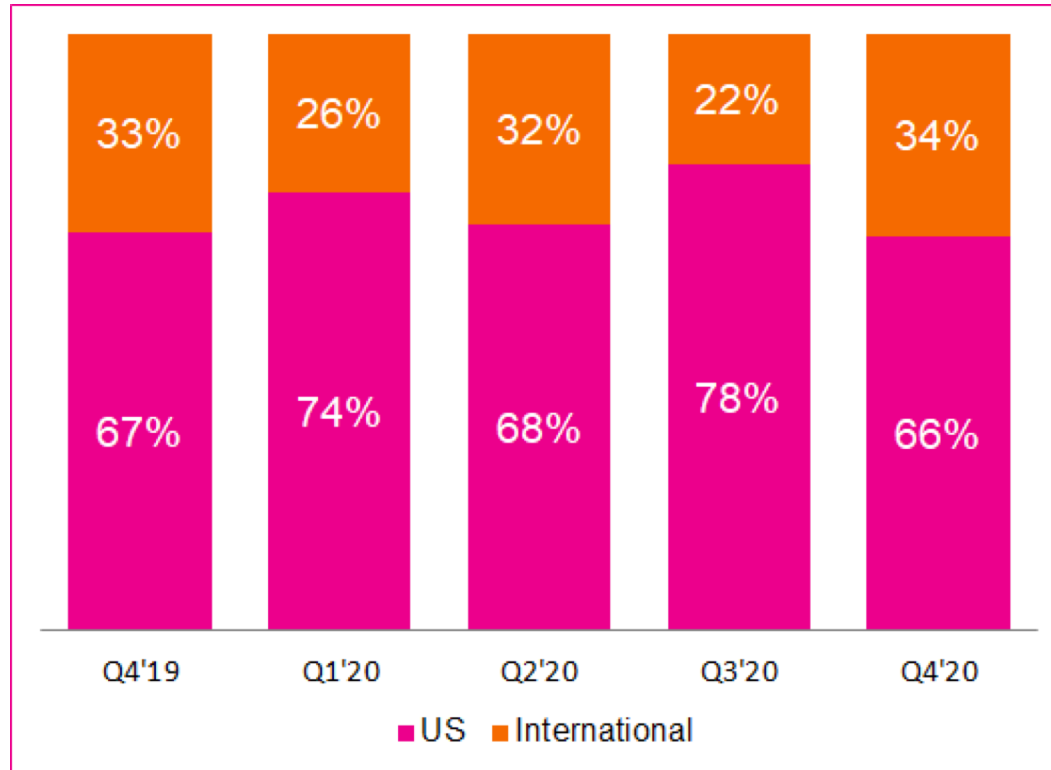
# Average Contract Duration





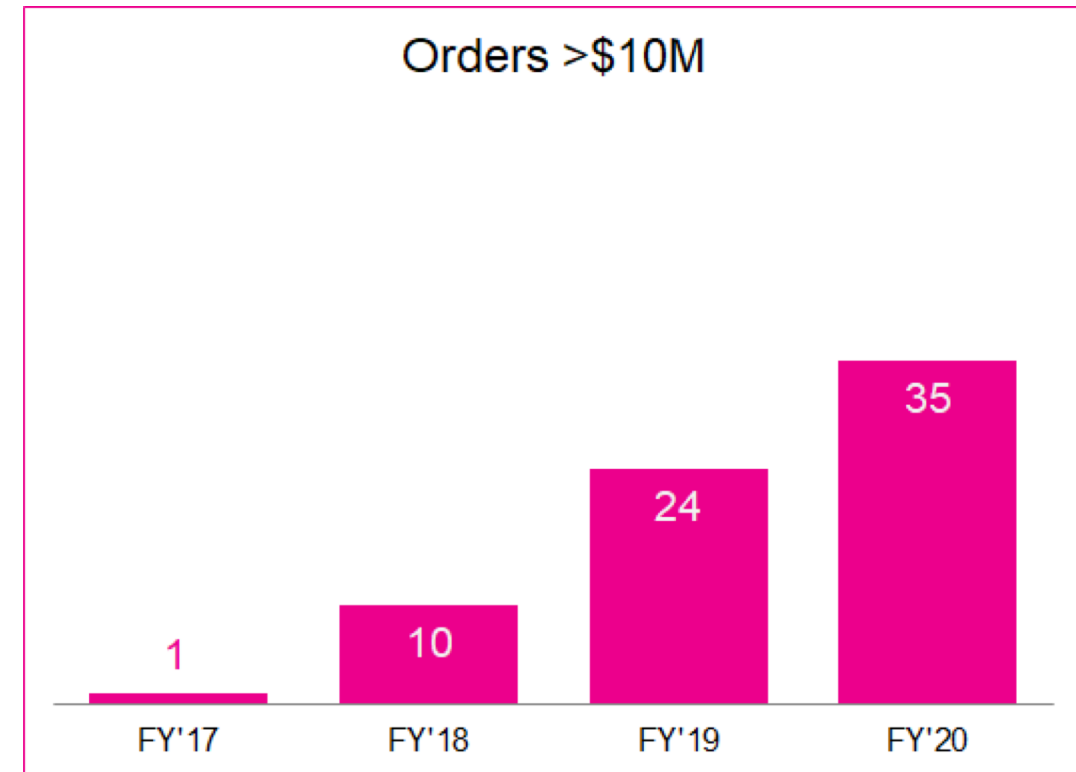
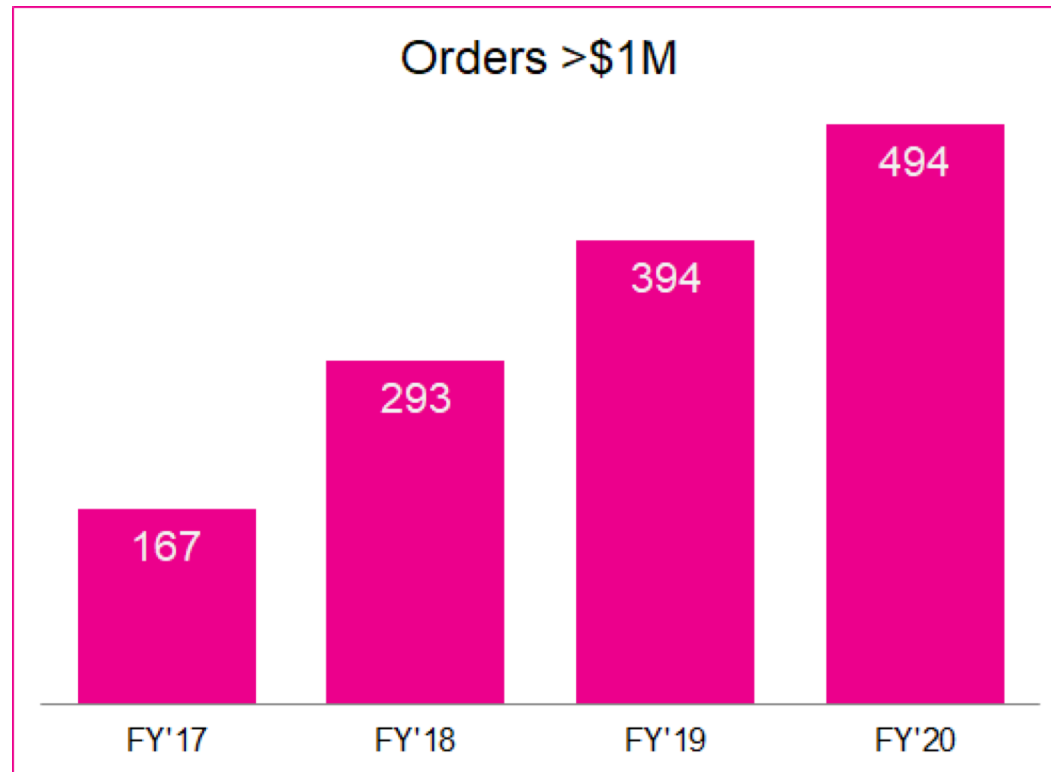
# Global Expansion

## Revenue Contribution by Geography



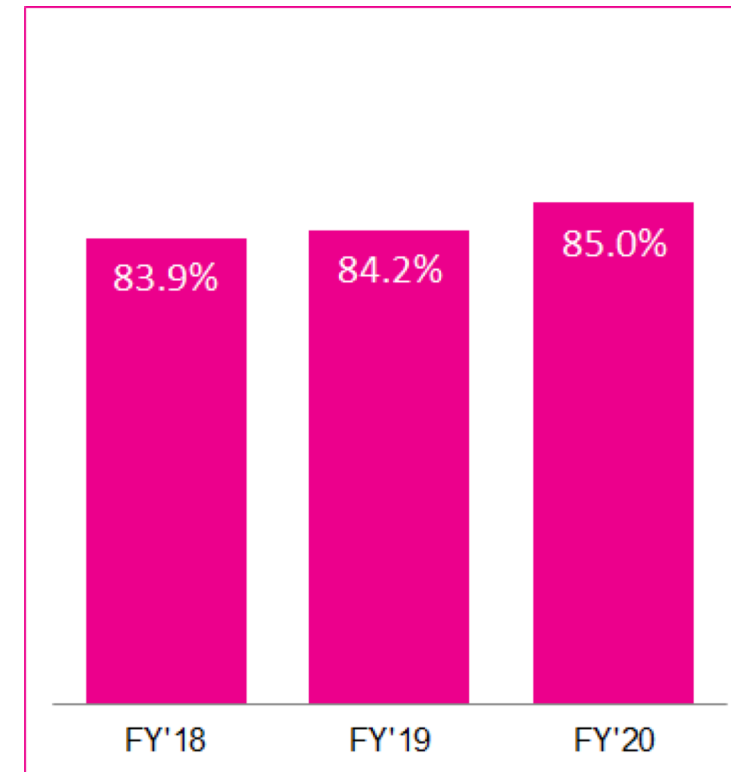
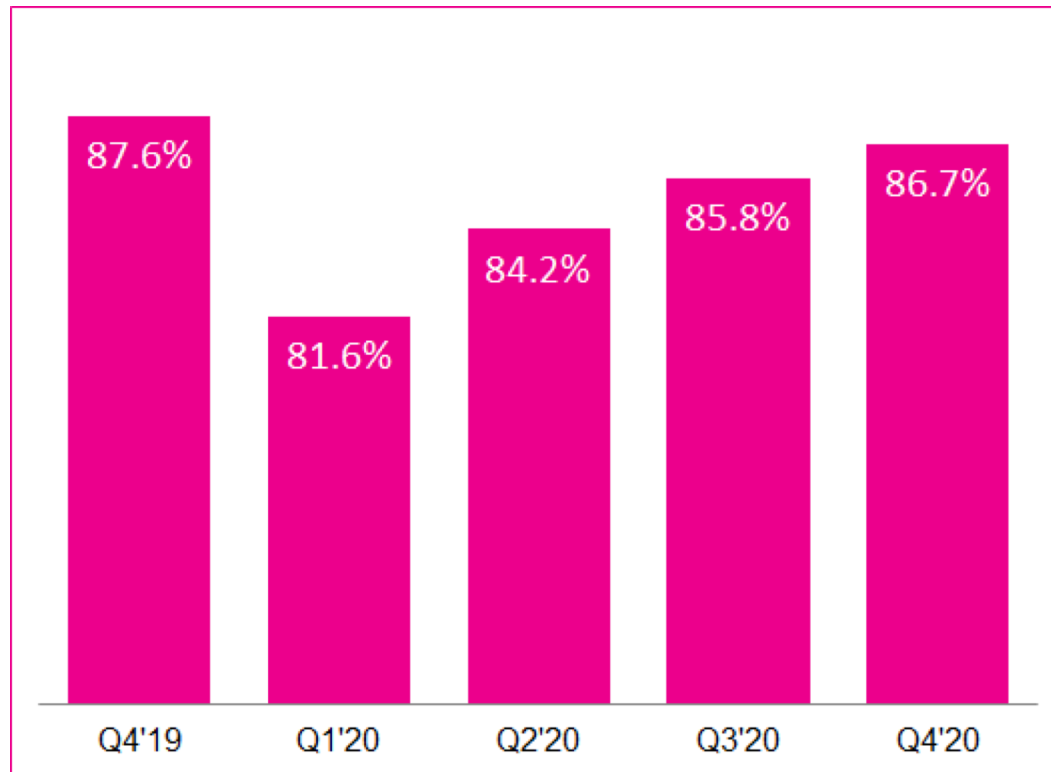
# Delivering High Value to Our Customers

## Number of Orders



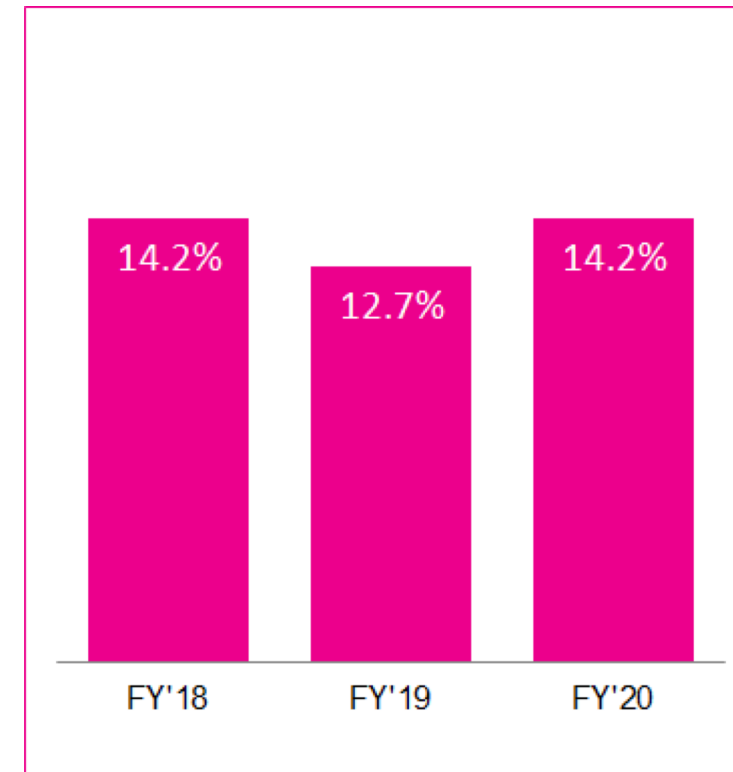
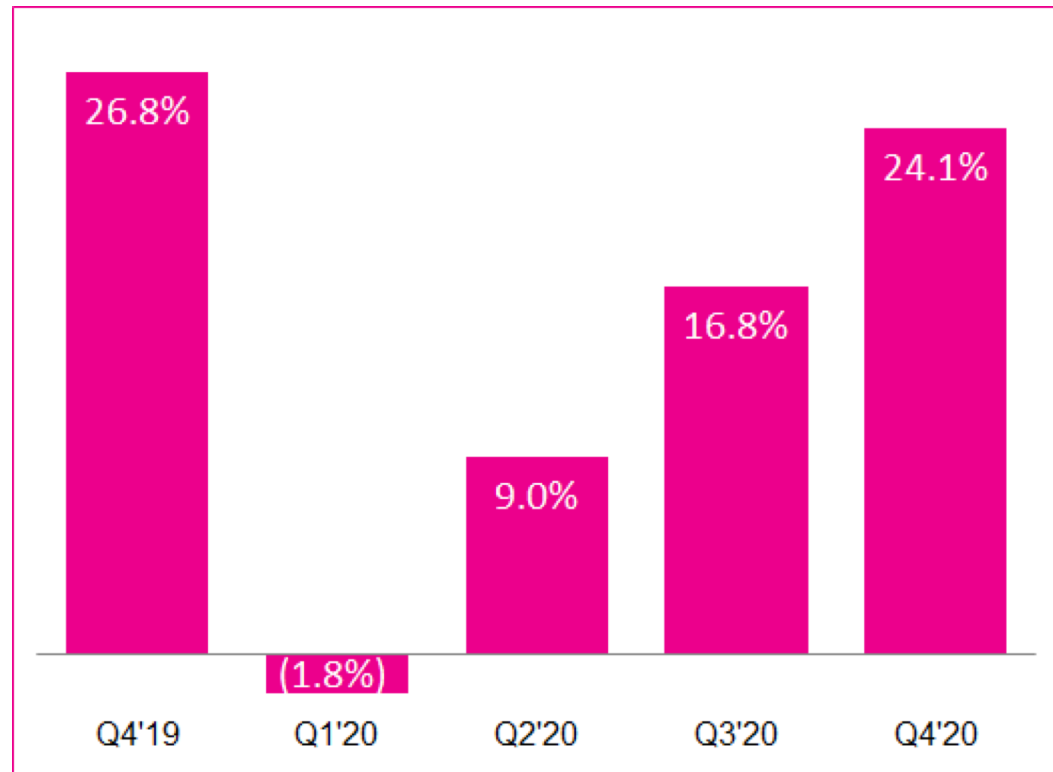
# Improving Margins With Scale

## Gross Margin (Non-GAAP)

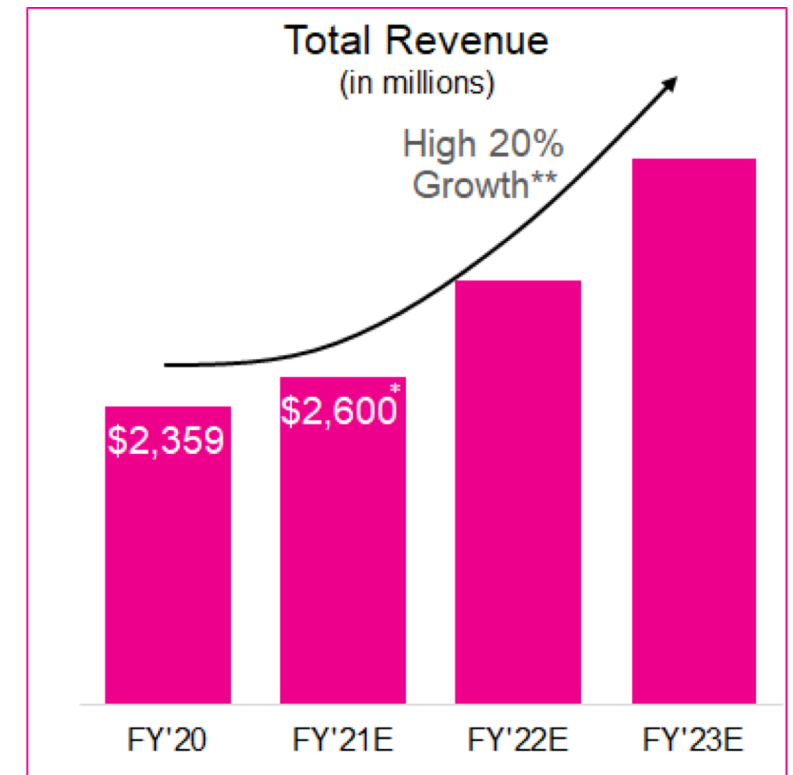
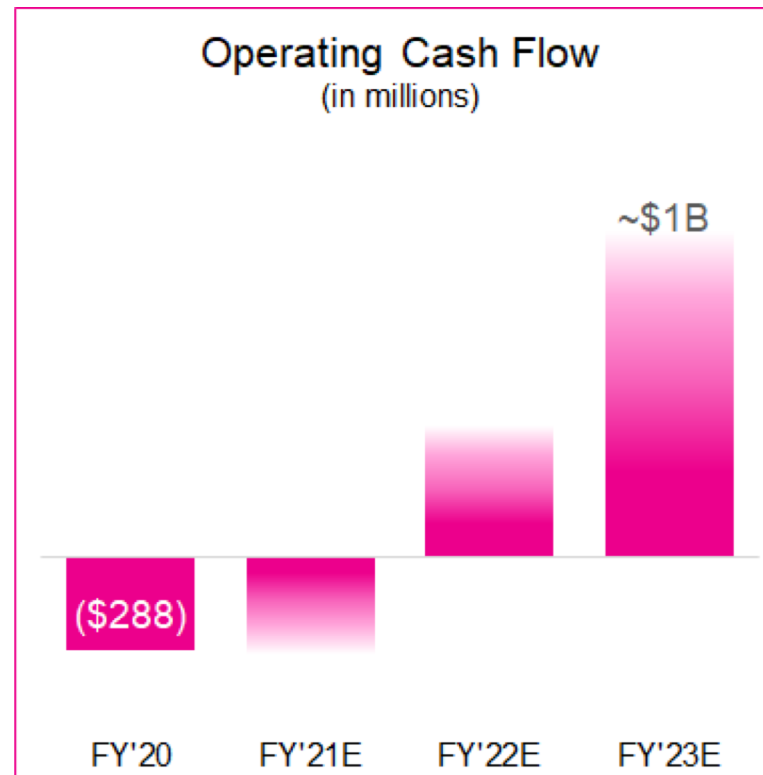
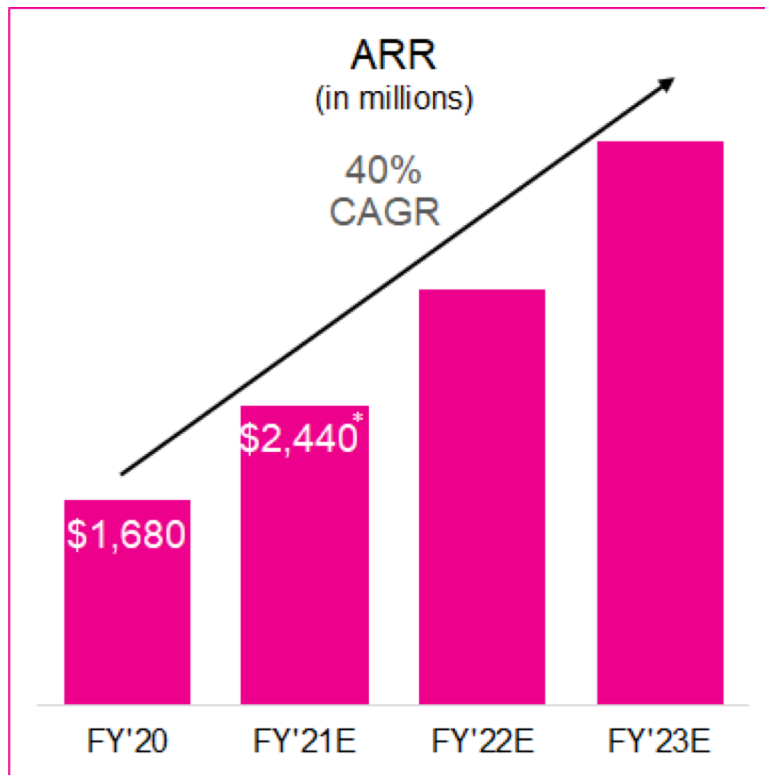


# Operating Leverage With Scale

## Operating Margin (Non-GAAP)



# Sustainable High Growth Through Transition



\* Based on guidance provided on March 4, 2020

\*\* Growth rate for FY22 and FY23

# GAAP to Non-GAAP Reconciliation

Fourth Quarter FY'20



# GAAP to Non-GAAP Reconciliation

	Q4'19		Q1'20		Q2'20		Q3'20		Q4'20	
	\$ '000s	% of Rev	\$ '000s	% of Rev	\$ '000s	% of Rev	\$ '000s	% of Rev	\$ '000s	% of Rev
<b>GAAP gross profit</b>	\$528,352	85%	\$329,027	77%	\$418,250	81%	\$518,517	83%	\$663,344	84%
Effect of non-GAAP pro-forma expenses <sup>(1)</sup>	16,853	3%	17,596	5%	16,815	3%	18,594	3%	22,990	3%
<b>Non-GAAP gross profit</b>	<b>\$545,205</b>	<b>88%</b>	<b>\$346,623</b>	<b>82%</b>	<b>\$435,065</b>	<b>84%</b>	<b>\$537,111</b>	<b>86%</b>	<b>\$686,334</b>	<b>87%</b>
<b>GAAP R&amp;D expense</b>	\$131,151	21%	\$129,290	30%	\$134,110	26%	\$158,887	25%	\$197,513	25%
Effect of non-GAAP pro-forma expenses <sup>(1)</sup>	(42,396)	-7%	(43,694)	-10%	(41,642)	-8%	(45,887)	-7%	(62,929)	-8%
<b>Non-GAAP R&amp;D expense</b>	<b>\$88,755</b>	<b>14%</b>	<b>\$85,596</b>	<b>20%</b>	<b>\$92,468</b>	<b>18%</b>	<b>\$113,000</b>	<b>18%</b>	<b>\$134,584</b>	<b>17%</b>
<b>GAAP S&amp;M expense</b>	\$303,861	49%	\$278,961	66%	\$298,773	58%	\$319,023	51%	\$367,116	46%
Effect of non-GAAP pro-forma expenses <sup>(1)</sup>	(57,831)	-9%	(54,358)	-13%	(51,413)	-10%	(54,048)	-9%	(72,489)	-9%
<b>Non-GAAP S&amp;M expense</b>	<b>\$246,030</b>	<b>40%</b>	<b>\$224,603</b>	<b>53%</b>	<b>\$247,360</b>	<b>48%</b>	<b>\$264,975</b>	<b>42%</b>	<b>\$294,627</b>	<b>37%</b>
<b>GAAP G&amp;A expense</b>	\$69,183	11%	\$65,762	15%	\$72,264	14%	\$88,092	14%	\$106,484	13%
Effect of non-GAAP pro-forma expenses <sup>(1)</sup>	(25,182)	-4%	(21,546)	-5%	(23,578)	-5%	(34,490)	-5%	(40,215)	-5%
<b>Non-GAAP G&amp;A expense</b>	<b>\$44,001</b>	<b>7%</b>	<b>\$44,216</b>	<b>10%</b>	<b>\$48,686</b>	<b>9%</b>	<b>\$53,602</b>	<b>9%</b>	<b>\$66,269</b>	<b>8%</b>
<b>GAAP operating income (loss)</b>	\$24,157	4%	(\$144,986)	-34%	(\$86,897)	-17%	(\$47,485)	-8%	(\$7,769)	-1%
Effect of non-GAAP pro-forma expenses <sup>(1)</sup>	142,262	23%	137,194	32%	133,448	26%	153,019	25%	198,623	25%
<b>Non-GAAP operating income (loss)</b>	<b>\$166,419</b>	<b>27%</b>	<b>(\$7,792)</b>	<b>-2%</b>	<b>\$46,551</b>	<b>9%</b>	<b>\$105,534</b>	<b>17%</b>	<b>\$190,854</b>	<b>24%</b>

	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20
	'000s				
Net cash provided by (used in) operating activities	\$127,368	\$35,029	(\$128,971)	(\$134,863)	(\$58,831)
Less purchases of property and equipment	(7,983)	(14,900)	(11,534)	(27,090)	(47,595)
<b>Free cash flow (Non-GAAP)</b>	<b>\$119,385</b>	<b>\$20,129</b>	<b>(\$140,505)</b>	<b>(\$161,953)</b>	<b>(\$106,426)</b>

	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20
	'000s				
Total revenues	\$622,085	\$424,850	\$516,558	\$626,336	\$791,182
Change in current RPO	200,579	(47,811)	(11,239)	111,478	132,971
<b>Current RPO Bookings (Non-GAAP)</b>	<b>\$822,664</b>	<b>\$377,039</b>	<b>\$505,319</b>	<b>\$737,814</b>	<b>\$924,153</b>
Change in non-current RPO	107,519	(12,450)	48,668	101,025	220,360
<b>Total RPO Bookings (Non-GAAP)</b>	<b>\$930,183</b>	<b>\$364,589</b>	<b>\$553,987</b>	<b>\$838,839</b>	<b>\$1,144,513</b>

	FY 2018		FY 2019		FY 2020	
	\$ '000s	% of Rev	\$ '000s	% of Rev	\$ '000s	% of Rev
<b>GAAP gross profit</b>	\$1,052,723	80%	\$1,458,334	81%	\$1,929,138	82%
Effect of non-GAAP pro-forma expenses <sup>(1)</sup>	45,942	4%	59,655	3%	75,994	3%
<b>Non-GAAP gross profit</b>	<b>\$1,098,665</b>	<b>84%</b>	<b>\$1,517,989</b>	<b>84%</b>	<b>\$2,005,132</b>	<b>85%</b>
<b>GAAP R&amp;D expense</b>	\$301,114	23%	\$441,969	25%	\$619,800	26%
Effect of non-GAAP pro-forma expenses <sup>(1)</sup>	(108,245)	-8%	(140,327)	-8%	(194,152)	-8%
<b>Non-GAAP R&amp;D expense</b>	<b>\$192,869</b>	<b>15%</b>	<b>\$301,642</b>	<b>17%</b>	<b>\$425,648</b>	<b>18%</b>
<b>GAAP S&amp;M expense</b>	\$777,876	59%	\$1,029,950	57%	\$1,263,873	54%
Effect of non-GAAP pro-forma expenses <sup>(1)</sup>	(161,588)	-12%	(195,551)	-11%	(232,308)	-10%
<b>Non-GAAP S&amp;M expense</b>	<b>\$616,288</b>	<b>47%</b>	<b>\$834,399</b>	<b>46%</b>	<b>\$1,031,565</b>	<b>44%</b>
<b>GAAP G&amp;A expense</b>	\$159,143	12%	\$237,588	13%	\$332,602	14%
Effect of non-GAAP pro-forma expenses <sup>(1)</sup>	(55,717)	-4%	(84,077)	-4%	(119,829)	-5%
<b>Non-GAAP G&amp;A expense</b>	<b>\$103,426</b>	<b>8%</b>	<b>\$153,511</b>	<b>9%</b>	<b>\$212,773</b>	<b>9%</b>
<b>GAAP operating income (loss)</b>	(\$185,410)	-14%	(\$251,173)	-14%	(\$287,137)	-12%
Effect of non-GAAP pro-forma expenses <sup>(1)</sup>	371,492	28%	479,610	27%	622,283	26%
<b>Non-GAAP operating income (loss)</b>	<b>\$186,082</b>	<b>14%</b>	<b>\$228,437</b>	<b>13%</b>	<b>\$335,146</b>	<b>14%</b>

	FY 2018	FY 2019	FY 2020
	'000s		
Net cash provided by (used in) operating activities	\$262,904	\$296,454	(\$287,636)
Less purchases of property and equipment	(20,503)	(23,160)	(101,119)
<b>Free cash flow (Non-GAAP)</b>	<b>\$242,401</b>	<b>\$273,294</b>	<b>(\$388,755)</b>

(1) Non-GAAP financial measures exclude all or a combination of the following: expenses related to stock-based compensation and related employer payroll tax, amortization of acquired intangible assets, adjustments related to a financing lease obligation, acquisition-related adjustments, including the partial release of the valuation allowance due to acquisitions, adjustments related to restructuring charges and facility exits, capitalized software development costs and a legal settlement charge.