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Investor Presentation

June 2019

SAFE HARBOR

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Next Generation Cybersecurity Company That Protects People, Data, and Brands From Advanced Threats and Compliance Risks

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Proofpoint Overview

SaaS cybersecurity platform focused on people-centric security

Compelling business model with >95% recurring revenues and strong free cash flow generation

Product expansion fuels growth, market share gains and a $1B+ upsell opportunity
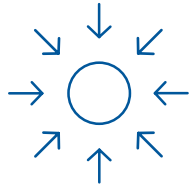
Large and growing $13B+ total addressable market (TAM)

$717M FY2018 REVENUE
(28% organic increase Y/Y)*

22% FY2018 FCF Margin
(A 50 score under Rule of 40 construct)*

Exceptional Execution Track Record

6,100+ Enterprise Customers
(including over 50% of Fortune 1000)

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Strong Secular Drivers Fueling Growth Opportunity

Dynamic Threat Landscape

Malware and non-malware attacks

Move to the Cloud

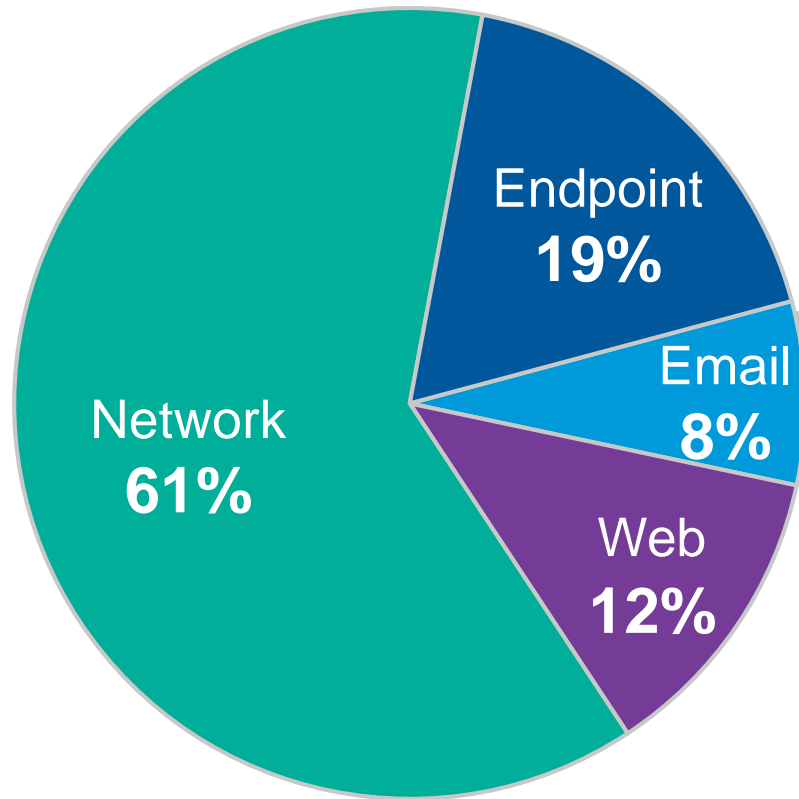Strong growth of Office 365, G Suite and other SaaS applications

Email is #1 Threat Vector*
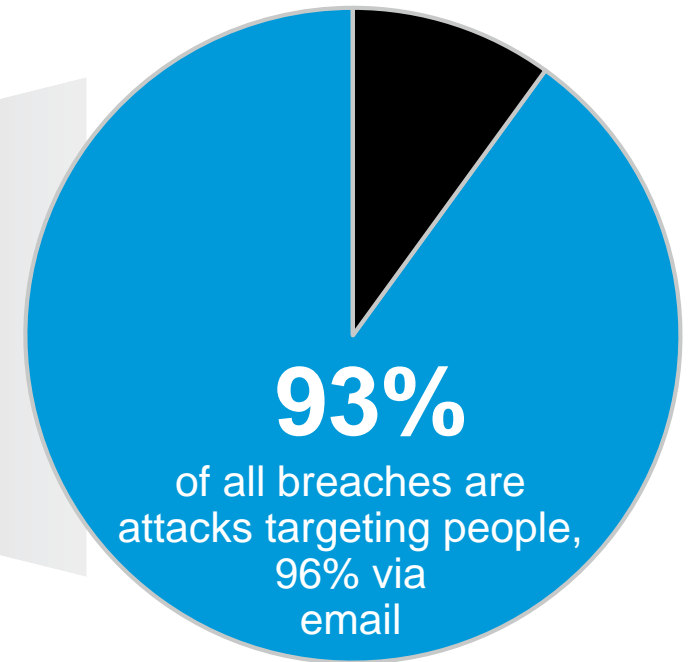
90%+ advanced threats propagated via email

Source: 2018 Verizon DBIR

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Defenders Don't Focus on People, but Attackers Do

IT Security Spending

- Endpoint **19%**
- Email **8%**
- Network **61%**
- Web **12%**

Source: Gartner Information Security, Worldwide 2016 – 2022, 1Q 2018 update (2018 forecast)

Attack Vectors

93% of all breaches are attacks targeting people, 96% via email

Source: 2018 Verizon DBIR

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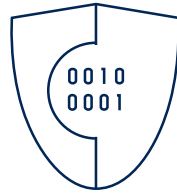
Attacks Increasingly Target People, Not Infrastructure

Threats Use Social Engineering, Not Vulnerabilities

99%+

Rely on user to run malicious code

300%+

Increase in corporate credential phishing (Q2 to Q3 2018)

Shift to Cloud Creates New Threat Vectors, Data Exposure

Account takeover of cloud apps is a growing problem

60% Organizations on O365 or G Suite exposed to IMAP-based targeted attacks

44% Attacker success rate in breaching targeted organizations

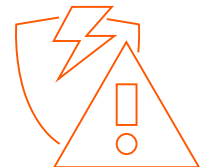## Email Fraud is a Board-level Issue

$12.5B+

direct losses worldwide (Oct 2013 – May 2018)

78,617

incidents worldwide

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People-Centric Security and Compliance
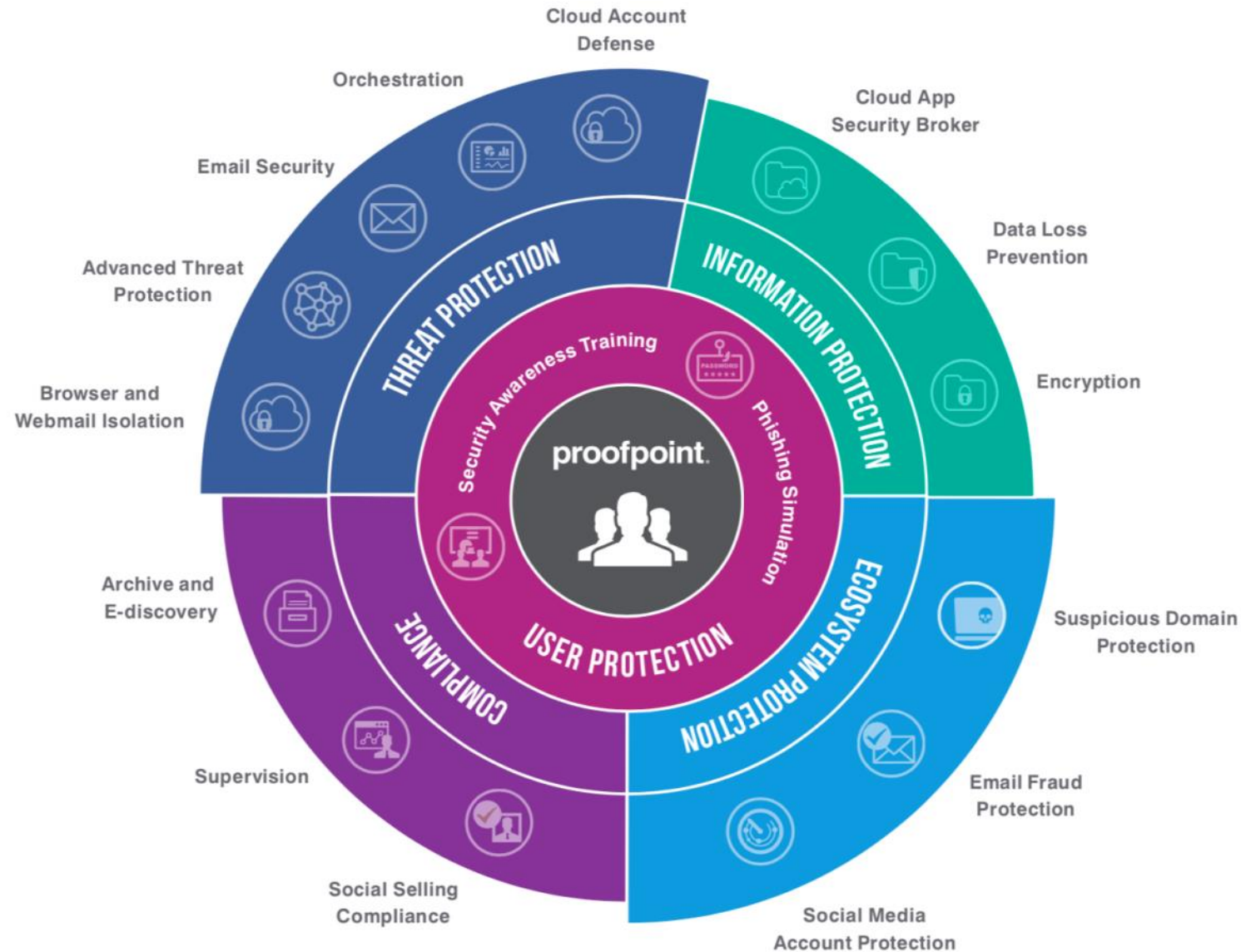
Why Customers Choose Proofpoint

Leadership position in email security which is the #1 threat vector

Overall product efficacy and real-time threat intelligence

Delivered globally as SaaS service

Broad portfolio of industry leading solutions across email, social and cloud vectors

Continued investment in innovation and active M&A strategy

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Blue Chip Customers with Significant Growth

Diversified customer based with significant headroom for growth

F-1000 Penetration

53%
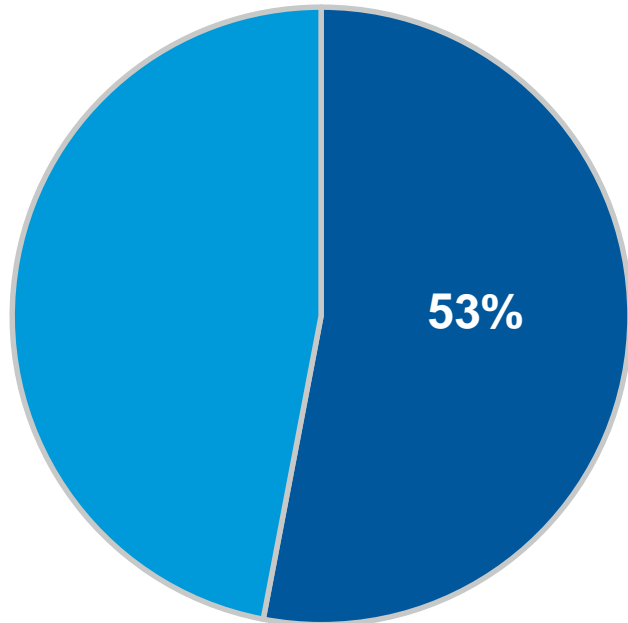
U.S. vs. International Revenue

19% Int'l.

81% U.S.

Global 2000

24%

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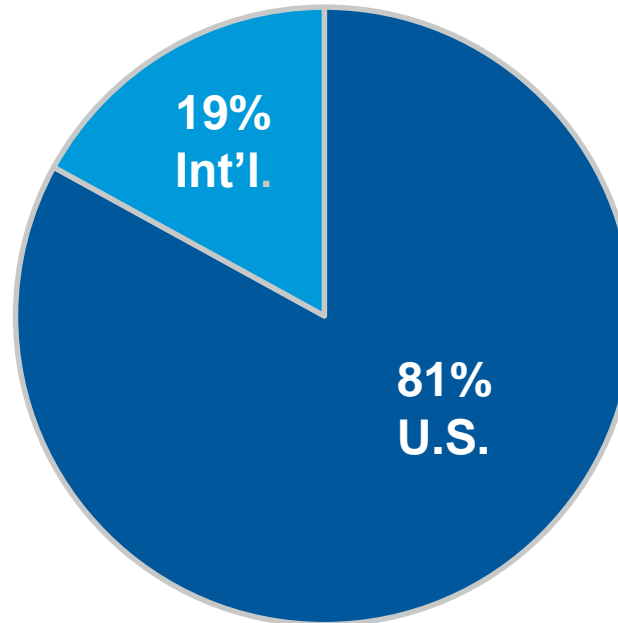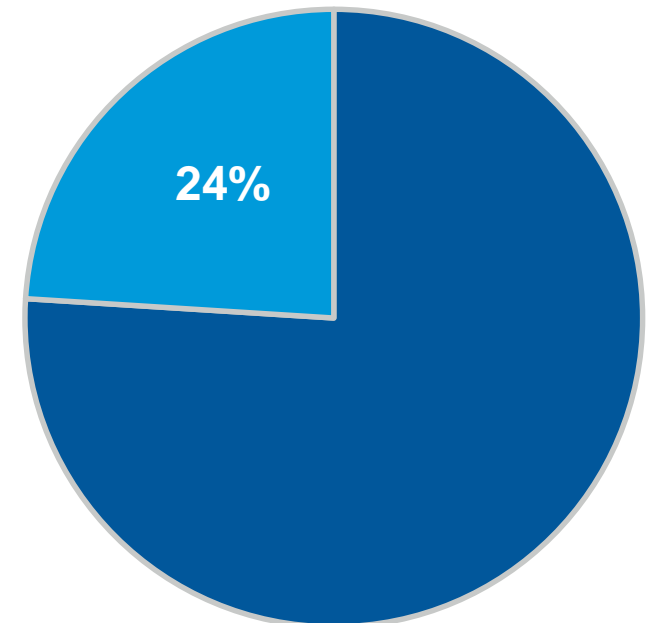
Focus on Channel and Ecosystem Partners

Growth Strategy

Grow product suite through R&D and M&A

Expand reach through channel and ecosystem

Exploit international opportunity

Drive sales of emerging products

Broaden customer base
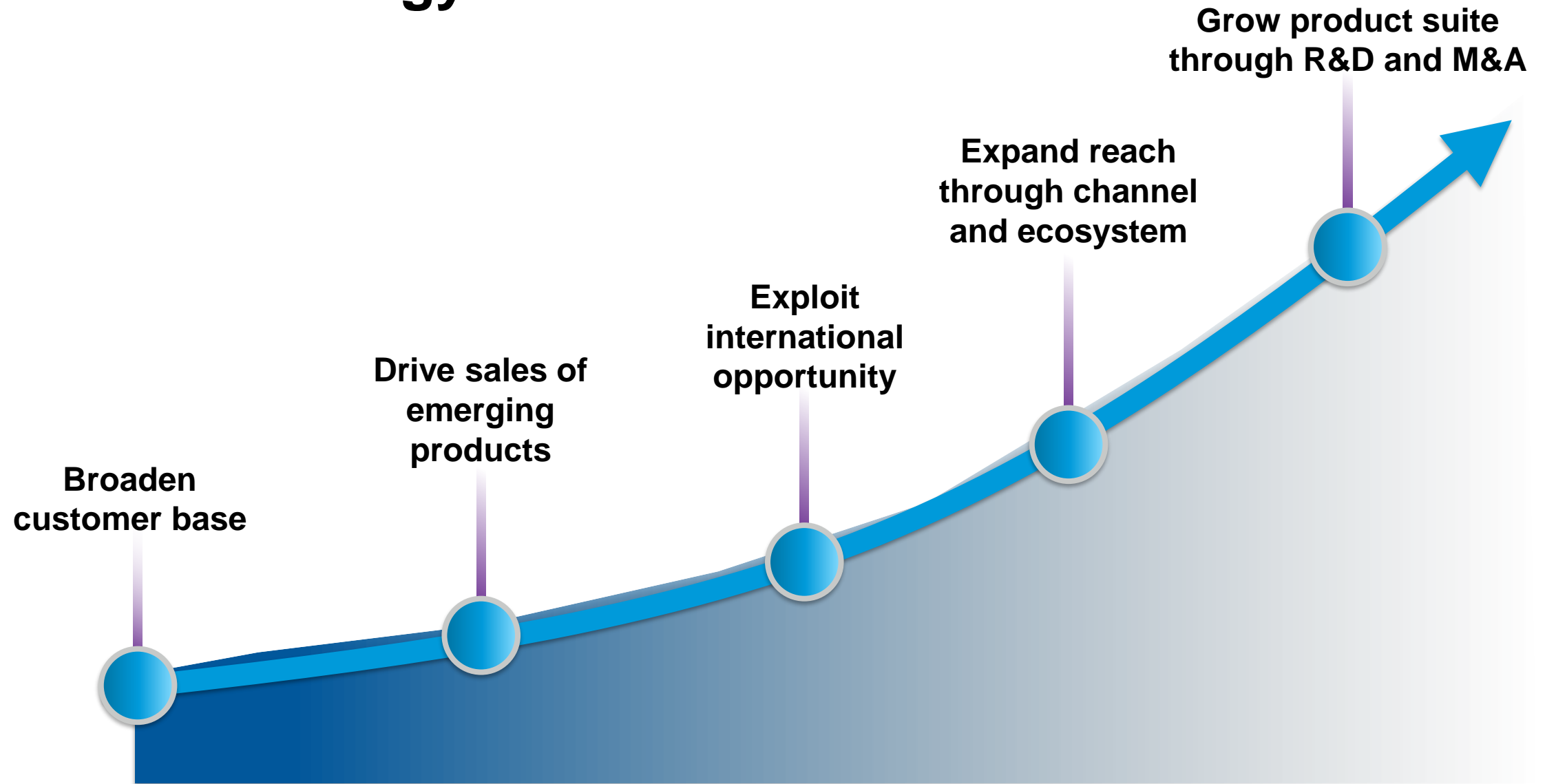
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Product Expansion Fuels Proofpoint's Growth

$13+ Billion
2020 Market Opportunity

$6.0B+

Browser Isolation, Digital Risk, CASB and Phishing Simulation

Email Fraud Defense

Threat Response

Advanced Threat: $1.8B

Info Protection & Privacy: $1.3B

Archiving: $2.0B

Email Protection: $2.1B

Email Protection: $2.1B

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Proofpoint Acquisitions (2008 – 2018)

Welcome Meta Networks!

- Announced Definitive Agreement to Acquire Meta Networks for $111 million in cash and $9 million in stock and options on May 6th, 2019

- Based in Israel and an innovator in Zero Trust Network Access (ZTNA)

- Proofpoint intends to integrate Meta's ZTNA technology with CASB and Browser Isolation offerings and people-centric cybersecurity strategy
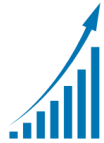
- Strong technical team joining Proofpoint and expanding our presence in Israel

- Service will enable enterprises to make it simpler to precisely control employee and contractor access to on-premises, cloud and consumer applications and resources

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Meta Networks

Financial Highlights

Compelling SaaS Revenue Growth with Increasing Free Cash Flow at Scale

Blue Chip Customer Base and Increasing Penetration into the Largest Enterprises

Attractive Opportunity to Expand Market Share Internationally

Broad Product Portfolio and Strong Attach Rate Leads to $1Bn+ Upsell Opportunity

High Levels of Customer Satisfaction with Renewal Rates Above 90%

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Compelling SaaS Revenue Growth

Revenue ($MM) and Annual Revenue Growth (%)

98%+ Subscription (FY2018)

CAGR
35%

Year	Revenue
2012	$106
2013	$138
2014	$196
2015	$265
2016	$378
2017	$520
2018	$717
2019E*	$876

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2016, 2017, 2018 and 2019E revenue reflects the Company's adoption of ASC606 effective January 1, 2018. Prior years are reported under ASC-605. 2019E represents midpoint of guidance range as provided on Form 8K on April 25, 2019.
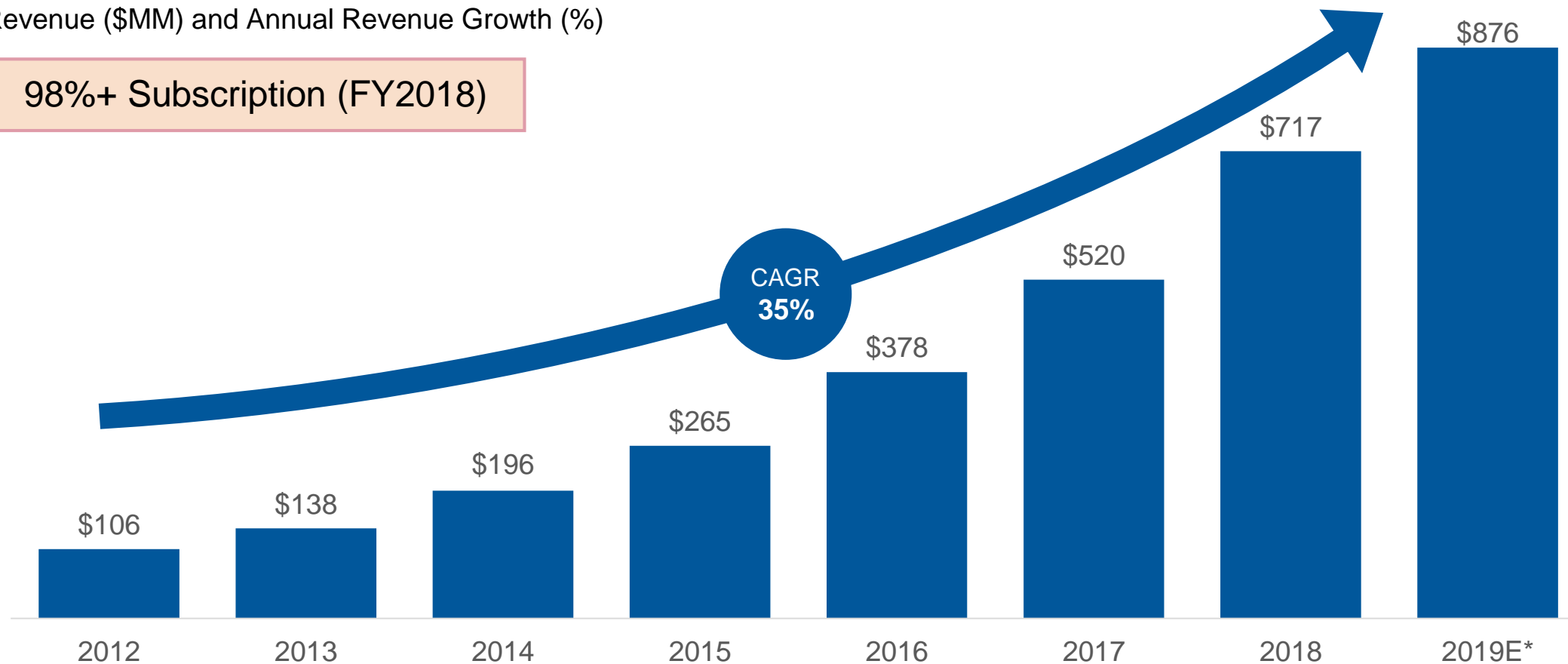
Generating Substantial Cash Flow

Operating and Free Cash Flow ($MM)

Legend:
- ■ Cash Flow from Operations
- ■ Free Cash Flow

Year	Cash Flow from Operations	Free Cash Flow
2012	$7	$1
2013	$13	$5
2014	$23	$8
2015	$47	$21
2016	$94	$60
2017	$154	$107
2018	$185	$155
2019E*	$240	$202

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Free Cash Flow is a non-GAAP financial measure. See reconciliation in appendix. Free Cash Flow defined as cashflow from operations less capex. 2019E represents the midpoint of Free Cash Flow guidance range, and assumed approximately $38 million in Capex, as provided on Form 8K on April 25, 2019.
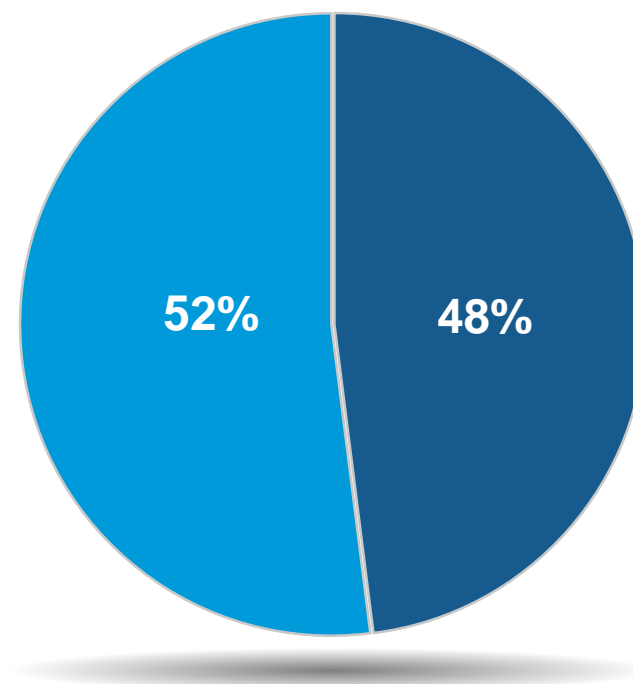
Demonstrated Ability to Sell Deeper Into Existing Customer Base

At Time of 2012 IPO
(~2,400 Customers)

2%

98%
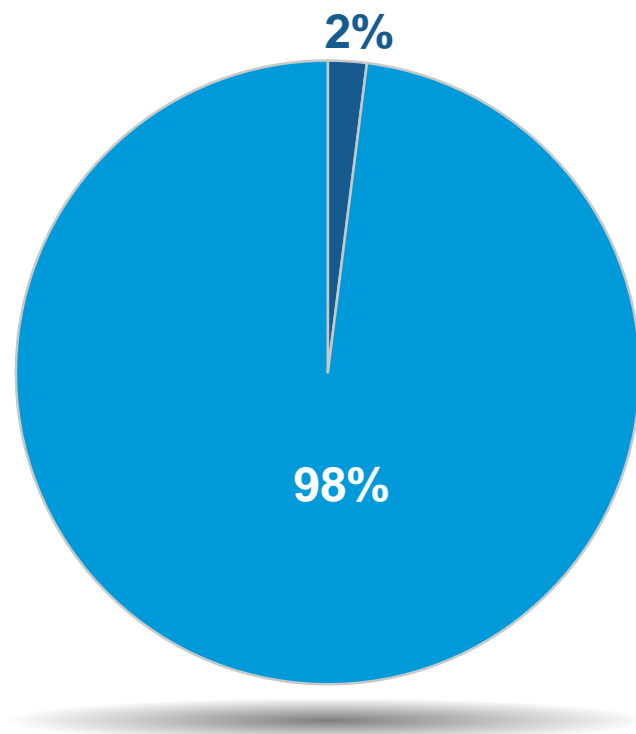
Q4 2018
(~6,100 Enterprise Customers*)

52% 48%

■ 1 or 2 products

■ 3 or more products

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Compelling Opportunity to Fill in Whitespace

>$1 Billion
opportunity to sell deeper into

existing customer base of ~6,100 enterprise customers

52% have **one or two** products   **48%** have **three or more** products

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>$700M
ARR Under Contract

>$1.0B
ARR Still Available

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Emerging Products – Driving $5Bn+ Opportunity

> 30% of new annual recurring revenue added in Q4 2018 and 20% of total ARR under contract*

Security Awareness Training

Internal Mail Defense

Threat Response

Social & Digital Risk

Meta Networks
Meta Networks (ZTNA)

Threat Intelligence

Email Fraud Defense

Cloud App Security Broker

Browser Isolation

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Investment Highlights

Market leadership in SaaS security with $13B+ market opportunity
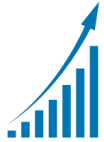
> 95% recurring revenue with strong free cash flow generation

Large & growing blue-chip customer base with strong expansion opportunities

Favorable competitive environment and > 90% retention rate

Exceptional execution track record and proven management team

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Non-GAAP Reconciliation (Free Cash Flow)

Reconciliation of GAAP Cash Flows from Operations to Free Cash Flows

(in millions)

(unaudited)

	2013	2014	2015	2016	2017	2018	2019E**
GAAP cash flows provided by operating activities	$ 12.6	$ 22.6	$ 46.5	$ 94.2	$ 153.7	$184.7	$238.0 - $242.0
Less:							
Purchases of property and equipment	$ (7.6)	$ (15.0)	$ (25.8)	$ (34.4)	$ (47.0)	$ (29.5)	$ (38.0)
Non-GAAP free cash flows	$ 5.0	$ 7.6	$ 20.7	$ 59.8	$ 106.7	$155.2	$200.0 - $204.0
GAAP revenue*	$ 137.9	$ 195.6	$ 265.4	$ 378.3	$ 519.7	$717.0	$874.0 - $878.0
Free Cash Flows as percentage of revenue	4%	4%	8%	16%	21%	22%	23%

*2016, 2017, 2018 and 2019E revenue reflects the company's adoption of ASC-606

** Reflects 2019 guidance as provided on form 8K on April 25, 2019

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Source Data for Market Size Estimates

Sources:

1. IDC: Worldwide IT Security Products Forecast, 2017-2020: Comprehensive Security Products Forecast Review (March 2017)

2. IDC: Worldwide Archiving Software Forecast, 2017-2021: Generating Growth Through Higher-Value Engagements (May)

3. Gartner: Forecast: Information Security, Worldwide, 2015-2021, 1Q17 Update (Q1 2017)

4. Markets and Markets: Email Encryption Market by Deployment Type – Global Forecast to 2020 (November 2015)

5. IDC: Worldwide Specialized Threat Analysis and Protection Forecast, 2016-2020: Enterprises Modernize Security Infrastructure (Dec 2016)

6. IDC: Worldwide Mobile Enterprise Security Software Forecast, 2016-2020 (May 2016)

7. IDC: Worldwide Threat Intelligence Security Services Forecast, 2016-2020: Strength in Numbers (March 2016)

8. IDC: Worldwide Security and Vulnerability Management Forecast, 2016-2020: Enterprises Continue Focus on Security Operations (December 2016)

9. Management Estimate of Social and Digital Risk – $500 million (September 2017)

10. Management Estimate for Email Authentication – over $500 million (September 2017)

11. Gartner: Forecast Snapshot: Magic Quadrant for Security Awareness Computer-Based Training (November 2018)

12. Gartner: Magic Quadrant for Enterprise Information Archiving (December 2018)

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