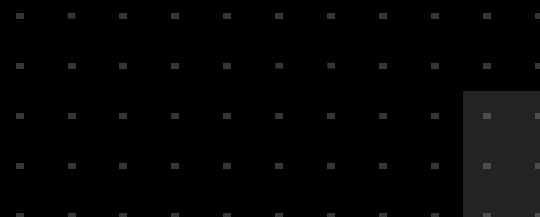




**FORTINET**

# 2024 Analyst Day

November 18, 2024



# Safe Harbor Statement

Information, statements and projections contained in these presentation slides and related conference call concerning Fortinet's business outlook, the fourth quarter and full year 2024 guidance, mid-term financial targets, and future prospects and expectations are forward-looking statements that involve risks and uncertainties. These forward-looking statements include statements regarding any indications related to future growth and market share gains, our strategy going forward, and guidance and expectations around future financial results, including guidance and expectations for the fourth quarter and full year 2024, and any statements regarding our market opportunity and market size, and business momentum. Although we attempt to be accurate in making forward-looking statements, it is possible that future circumstances might differ from the assumptions on which such statements are based such that actual results are materially different from our forward-looking statements in these presentation slides. Important factors that could cause results to differ materially from the statements herein include the following: general economic risks, including those caused by economic challenges, a possible economic downturn or recession and the effects of inflation or stagflation, rising interest rates or reduced information technology spending; supply chain challenges; negative impacts from the ongoing war in Ukraine and its related macroeconomic effects and our decision to reduce operations in Russia, as well as the Israel-Hamas war; competitiveness in the security market; the dynamic nature of the security market and its products and services; specific economic risks worldwide and in different geographies, and among different customer segments; uncertainty regarding demand and increased business and renewals from existing customers; sales execution risks, including risks in connection with the timing and completion of large strategic deals; uncertainties around continued success in sales growth and market share gains; uncertainties in market opportunities and the market size; actual or perceived vulnerabilities in our supply chain, products or services, and any actual or perceived breach of our network or our customers' networks; longer sales cycles, particularly for larger enterprise, service providers, government and other large organization customers; the effectiveness of our salesforce and failure to convert sales pipeline into final sales; risks associated with successful implementation of multiple integrated software products and other product functionality risks; risks associated with integrating acquisitions and changes in circumstances and plans associated therewith, including, among other risks, changes in plans related to product and services integrations, product and services plans and sales strategies; sales and marketing execution risks; execution risks around new product development and introductions and innovation; litigation and disputes and the potential cost, distraction and damage to sales and reputation caused thereby or by other factors; cybersecurity threats, breaches and other disruptions; market acceptance of new products and services; the ability to attract and retain personnel; changes in strategy; risks associated with management of growth; lengthy sales and implementation cycles, particularly in larger organizations; technological changes that make our products and services less competitive; risks associated with the adoption of, and demand for, our products and services in general and by specific customer segments, including those caused by competition and pricing pressure; excess product inventory for any reason, including those caused by the effects of increased inflation and interest rates in certain geographies and the war in Ukraine and the Israel-Hamas war; risks associated with business disruption caused by natural disasters and health emergencies such as earthquakes, fires, power outages, typhoons, floods, health epidemics and viruses, and by manmade events such as civil unrest, labor disruption, international trade disputes, international conflicts such as the war in Ukraine and the Israel-Hamas war or tensions between China and Taiwan, terrorism, wars, and critical infrastructure attacks; tariffs, trade disputes and other trade barriers, and negative impact on sales based on geo-political dynamics and disputes and protectionist policies, including the impact of any future shutdowns of the U.S. government and the transition in administrations; and the other risk factors set forth from time to time in our most recent Annual Report on Form 10-K, our most recent Quarterly Report on Form 10-Q and our other filings with the Securities and Exchange Commission ("SEC"), copies of which are available free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov) or upon request from our investor relations department. All forward-looking statements herein reflect our opinions only as of the date of these presentation slides, and we undertake no obligation, and expressly disclaim any obligation, to update forward-looking statements herein in light of new information or future events.



# Today's Agenda

10:15 AM	Welcome	Aaron Ovdia, Senior Director, Investor Relations
10:20 AM	Foundations for Growth: Leading. Long-Term. Loyalty.	Ken Xie, Founder, Chairman, and CEO
10:45 AM	Market Opportunity, Technology Trends, Customer Journey, and Technology Vision	John Maddison, CMO Robert May, EVP Technology and Product Management
11:20 AM	Go-To-Market Strategy	John Whittle, COO; Matthew Pley, EVP, America Sales Joe Sarno, EVP, Int'l Sales; Pedro Paixao, SVP Sales Trevor Pagliara, SVP, Sales
11:50 AM	Break – 10 Minutes	
12:00 PM	Mid-Term Model	Keith Jensen, CFO Christiane Ohlgart, CAO
12:20 PM – 1:00 PM	Executive Q&A	





# Foundations for Growth: Leading. Long-Term. Loyalty.

Ken Xie – Founder, Chairman of the Board and Chief Executive Officer



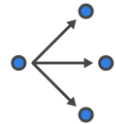
# Leading Network & Security Convergence

## Leading

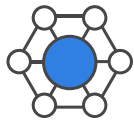
Networking and Security  
Convergence



Network  
Firewall



SD-WAN



SASE



OT Security

Secure networking larger  
than networking by 2026

## Long-term

Technology and Infrastructure  
Investments



Fortinet  
Silicon



Fortinet  
Cloud



Converged OS



AI

Billions of \$ investment in ASIC  
\$1B+ investment in infrastructure to  
support data centers and other operations

## Loyalty

to Customers, Shareholders,  
Partners and Employees



Customers



Shareholders



Partners



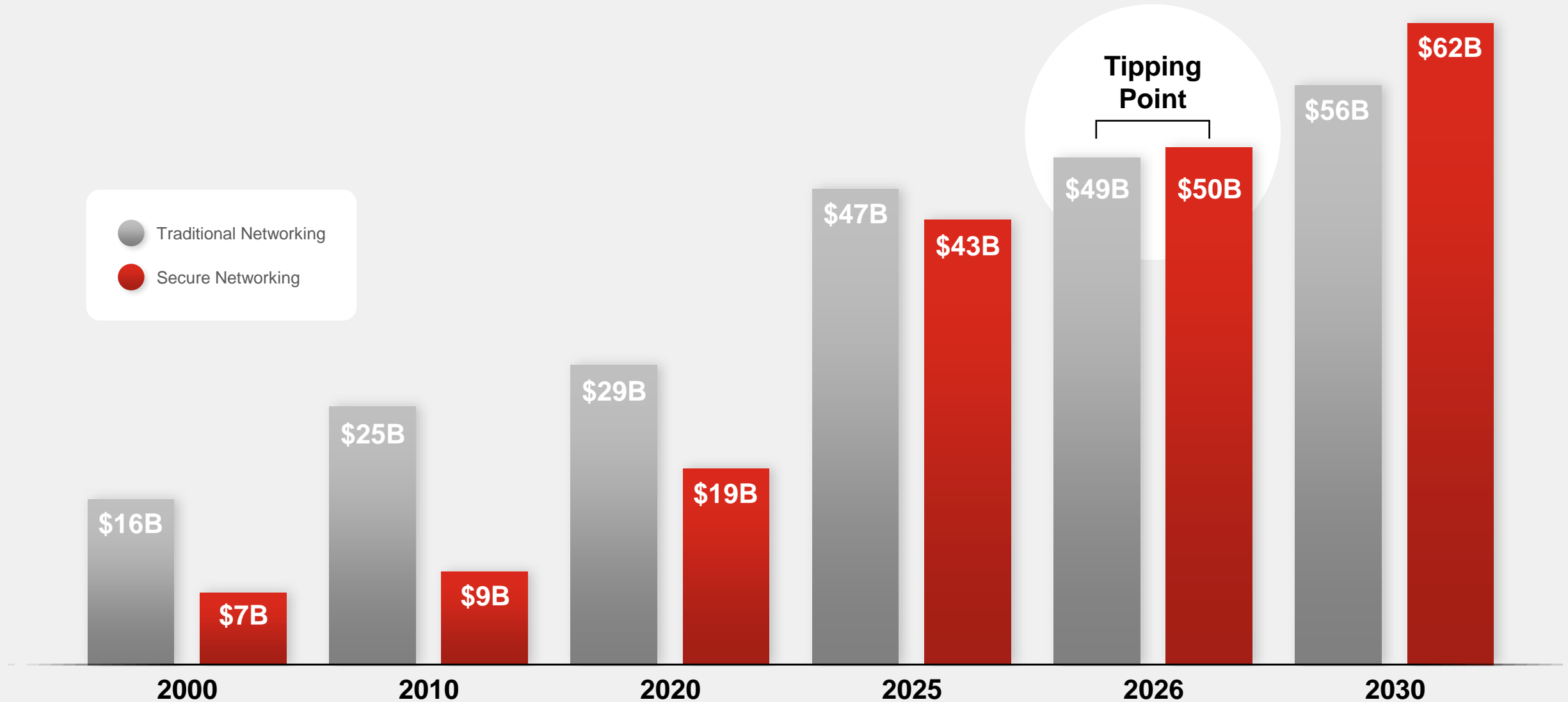
Employees

800,000+ Lifetime Customers  
100,000 Partners  
14,000 Employees



# The Convergence of Networking & Security: A Strategic Evolution

The secure networking market will exceed traditional networking by 2026

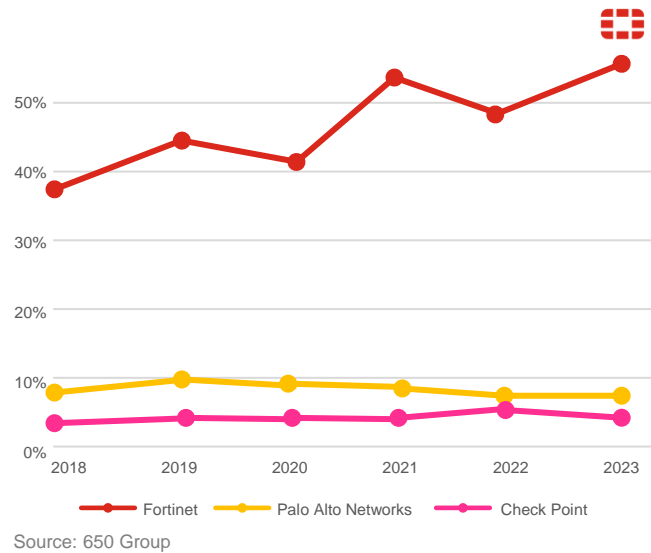


# Unmatched Leadership in Network Firewall Security

Unprecedented performance, unrivaled security

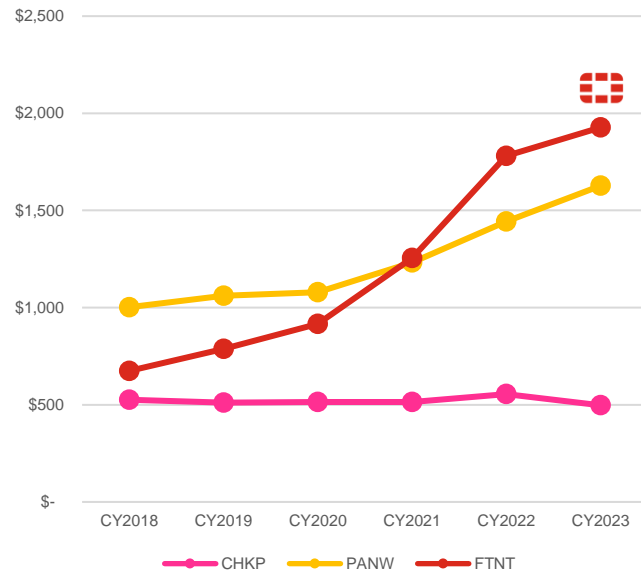
## Firewall Units Shipped

### Leader



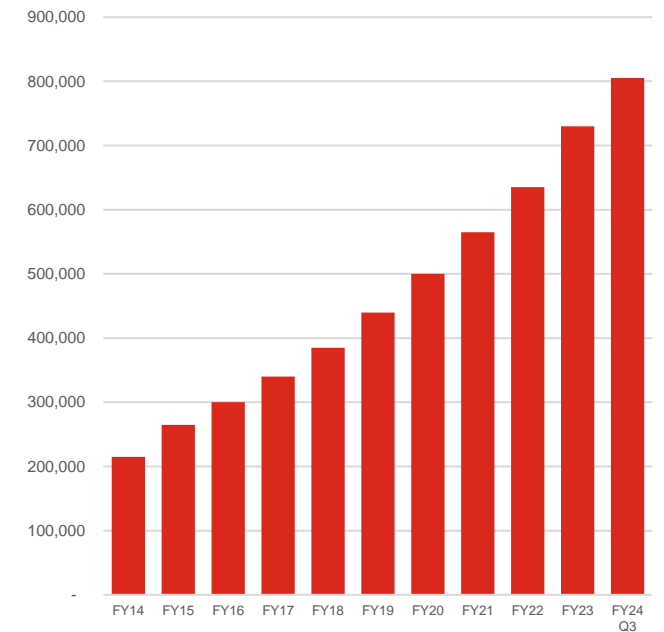
## Product Revenue

### Growth YoY



## Most Customers

### 800,000+ Lifetime



# Leading with the Only Internally Developed ASIC-powered SD-WAN

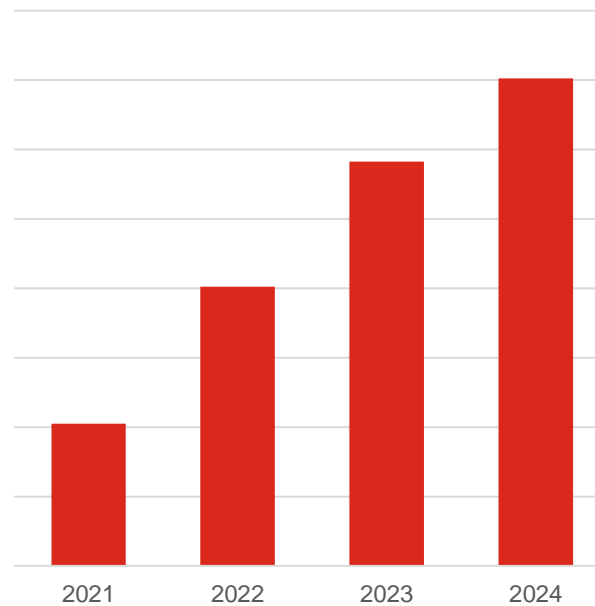
## Unprecedented Leadership

### Highest in execution



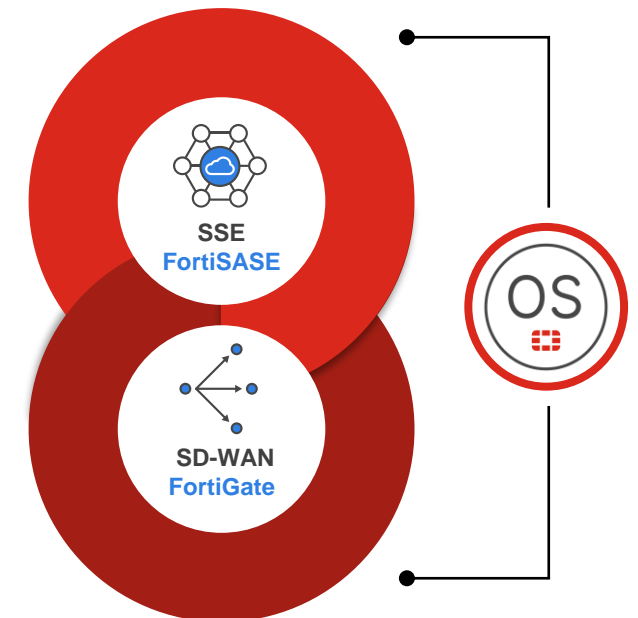
## SD-WAN Leadership

### 14,400 SD-WAN customers added in last 4 years



## Native SASE Integration

### Powered by FortiOS



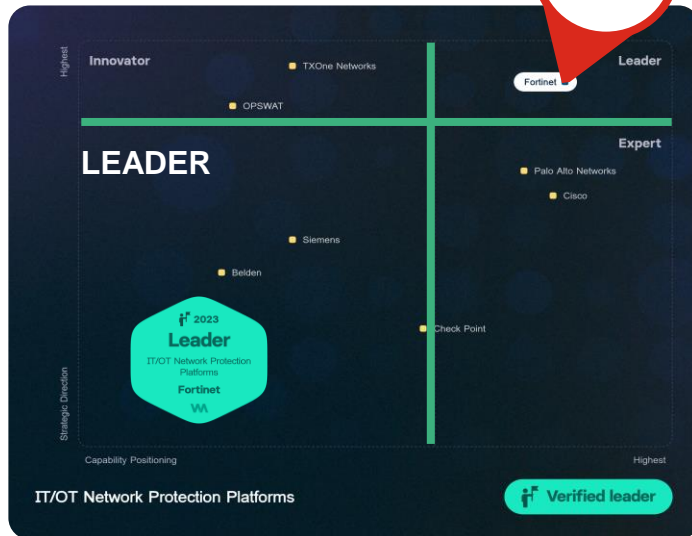


# Leading the Future of Operational Technology Security

Fortinet is the only Operational Technology Leader in the Westlands Advisory Report

## Westlands Advisory

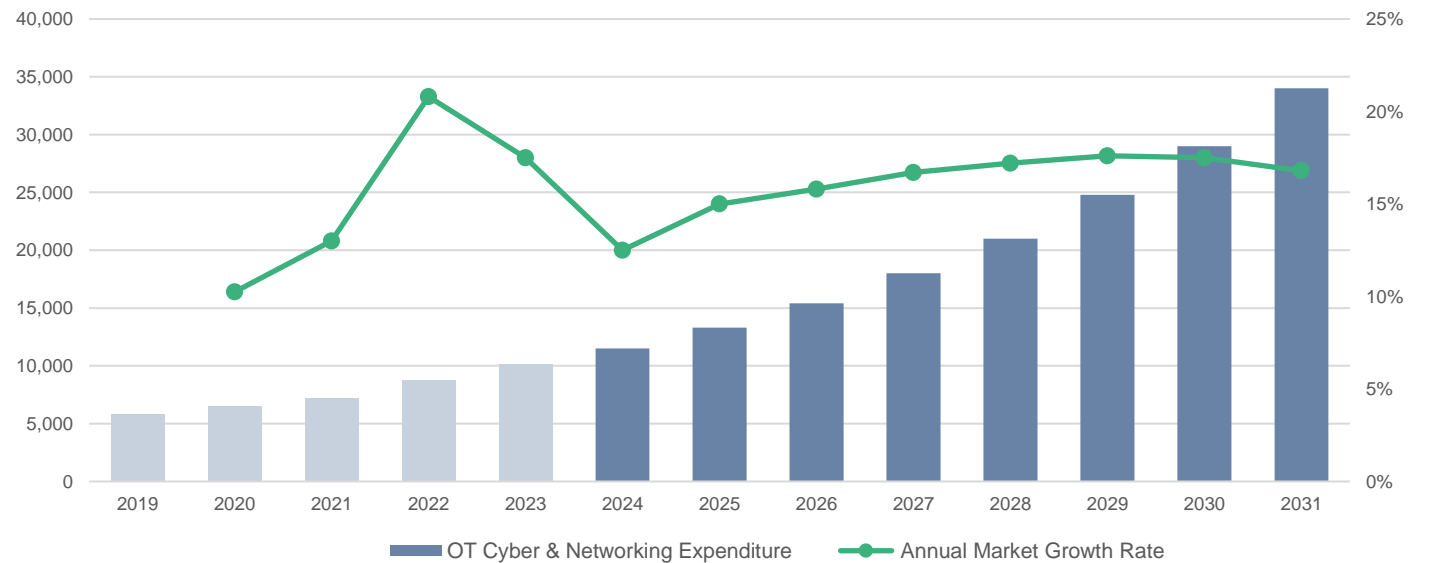
### Navigator Leader



## Growing Business

### YoY Revenue Growth Exceeds Market

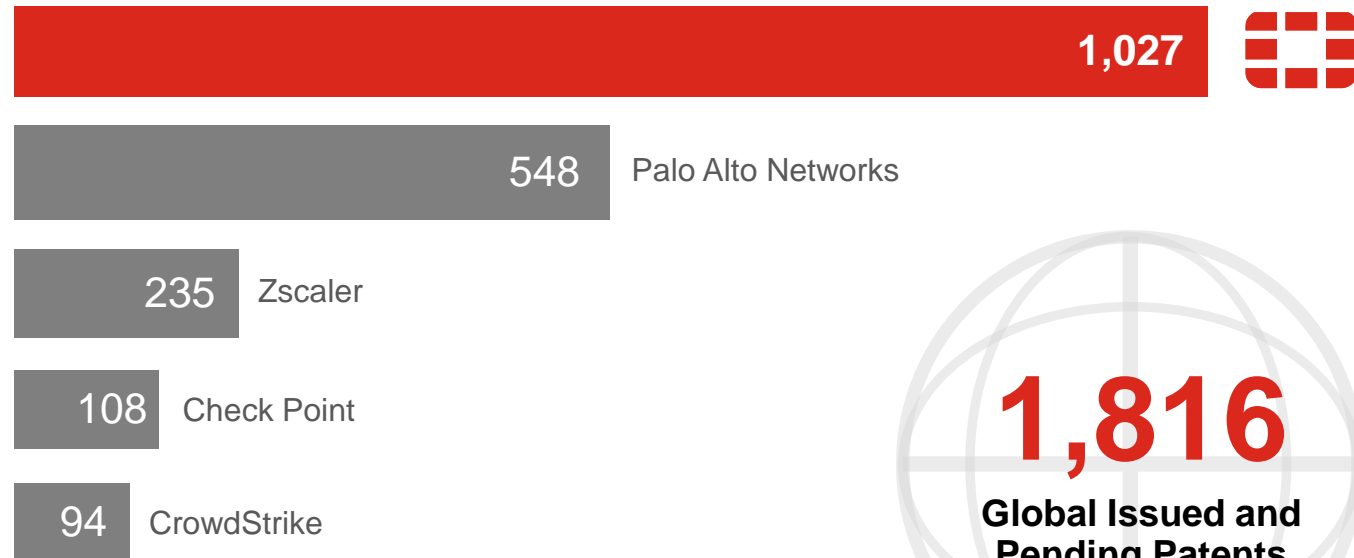
OT Cyber & Networking Expenditure 2019-2031



# Leading Innovator with Large Investment in Innovation

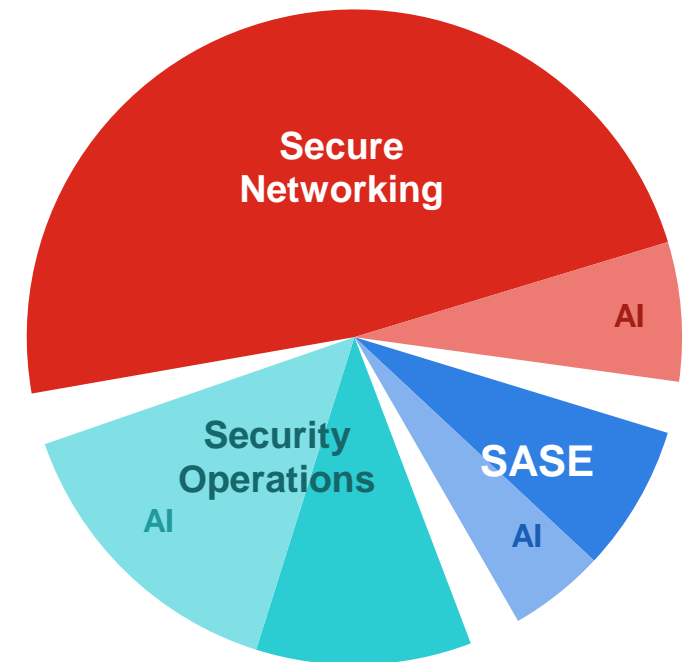
500+ Issued and Pending AI Patents with 2x more total patents than comparable cybersecurity companies

## US Patents



Source: U.S. Patent Office, as of September 30, 2024

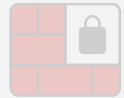
## Innovation Across Pillars



# Leading Network & Security Convergence

## Leading

Networking and Security  
Convergence



Network Firewall



SASE

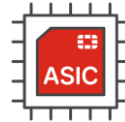


OT Security

Secure networking larger  
than networking by 2026

## Long-term

Technology and Infrastructure  
Investments



Fortinet  
Silicon



Fortinet  
Cloud



Converged OS



AI

Billions of \$ investment in ASIC  
\$1B+ investment in infrastructure to support  
data centers and other operations

## Loyalty

to Customers, Shareholders,  
Partners and Employees



Customers



Shareholders



Partners



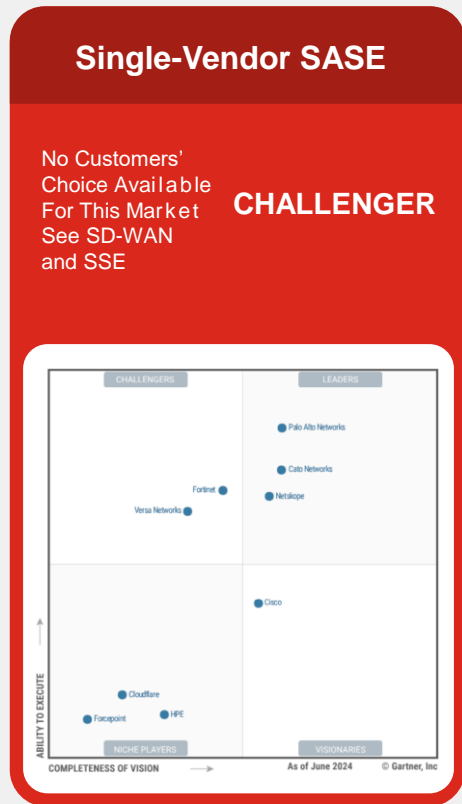
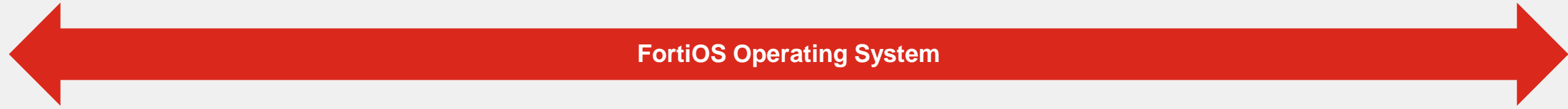
Employees

800,000+ Lifetime Customers  
100,000 Partners  
14,000 Employees



# The Most Integrated Operating System

Single OS with leadership in five network security Gartner Magic Quadrants



Gartner® Magic Quadrant™ for Network Firewalls – Published 19 December 2022 – Rajpreet Kaur, Adam Hills, Thomas Lintemuth

Gartner® Magic Quadrant™ for SD- WAN – Published 27 September 2023 – Jonathan Forest, Naresh Singh, Andrew Lerner, Karen Brown

Gartner® Magic Quadrant™ for Enterprise Wired and Wireless LAN Infrastructure – Published 06 March 2024 – Tim Zimmerman, Christian Canales, Nauman Raja, Mike Leibovitz

Gartner, Magic Quadrant™ for Single-Vendor SASE, Andrew Lerner, Jonathan Forest, Neil MacDonald, Charlie Winckless, 3 July 2024.

Gartner® Magic Quadrant™ for Security Service Edge – Published 15 April 2024 – Charlie Winckless, Thomas Lintemuth, Dale Koepfen



# The Only Purpose-built Proprietary ASIC

FortiASIC accelerates FortiOS functions – supports 2x more applications than the previous generation

## Content Processor 9



Offload resource intensive processing and drive content inspection to accelerate security functions

## Network Processor 7

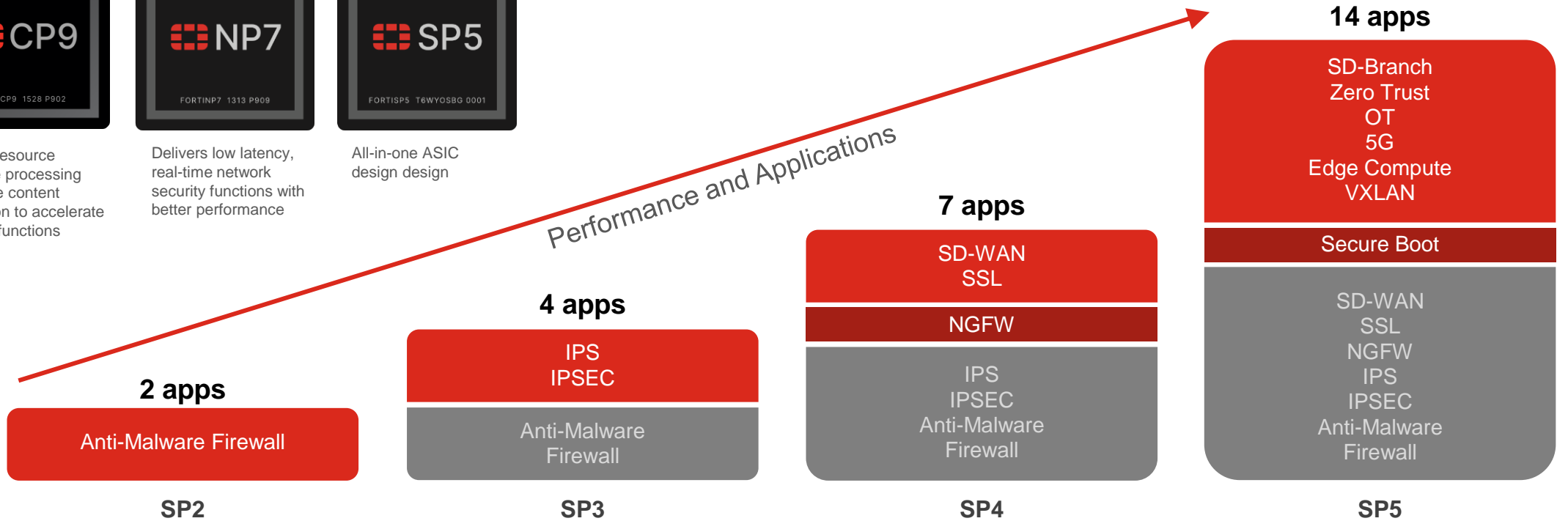


Delivers low latency, real-time network security functions with better performance

## Security Processor 5



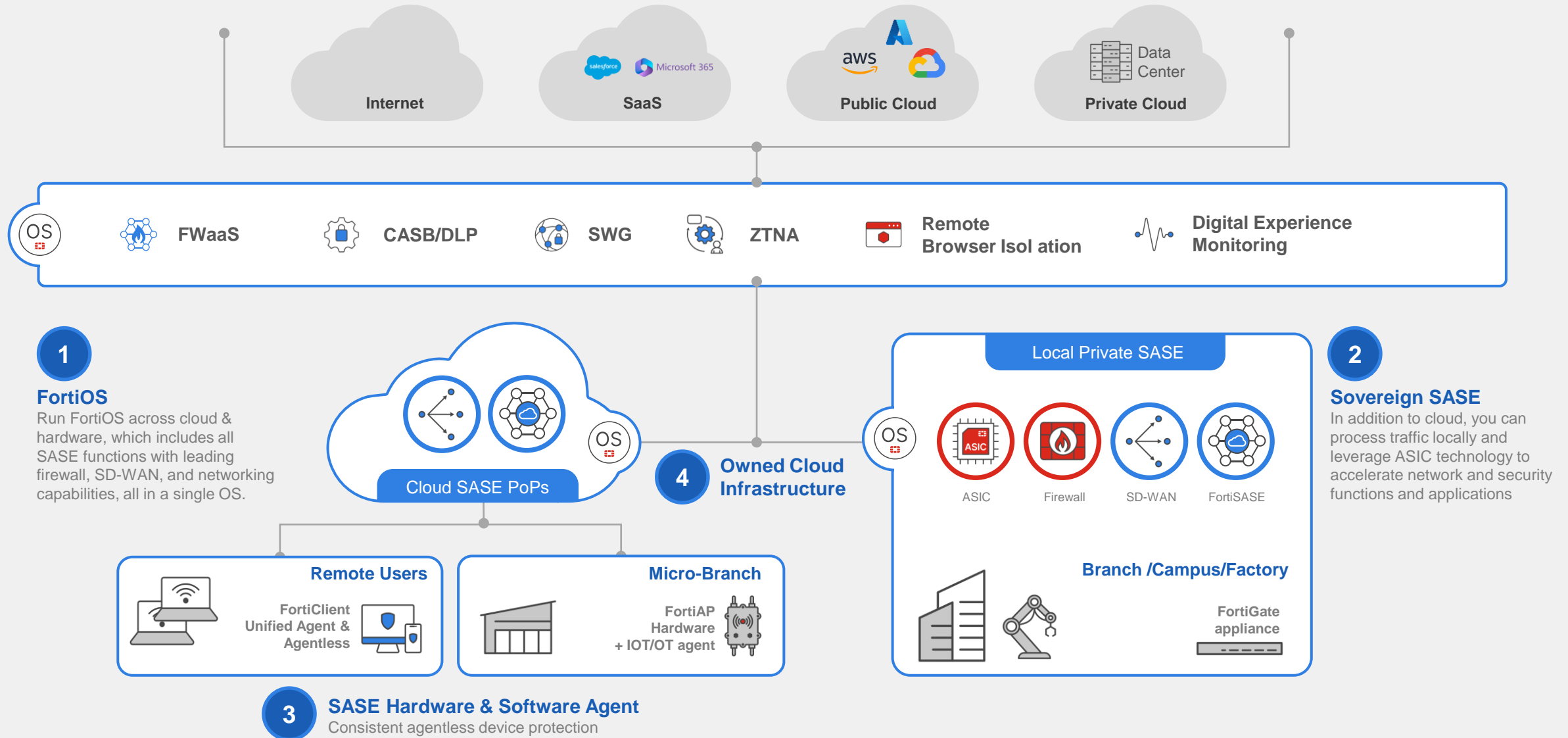
All-in-one ASIC design design



With more new applications added in each FortiOS release



# Investing in SASE for Unmatched Flexibility & Performance



# Investing in Owned Global Infrastructure

Only one to deliver global reach providing flexible connectivity and cost savings



3.3M+ Owned  
1.0M+ Leased  
4.3M+ Total sq ft



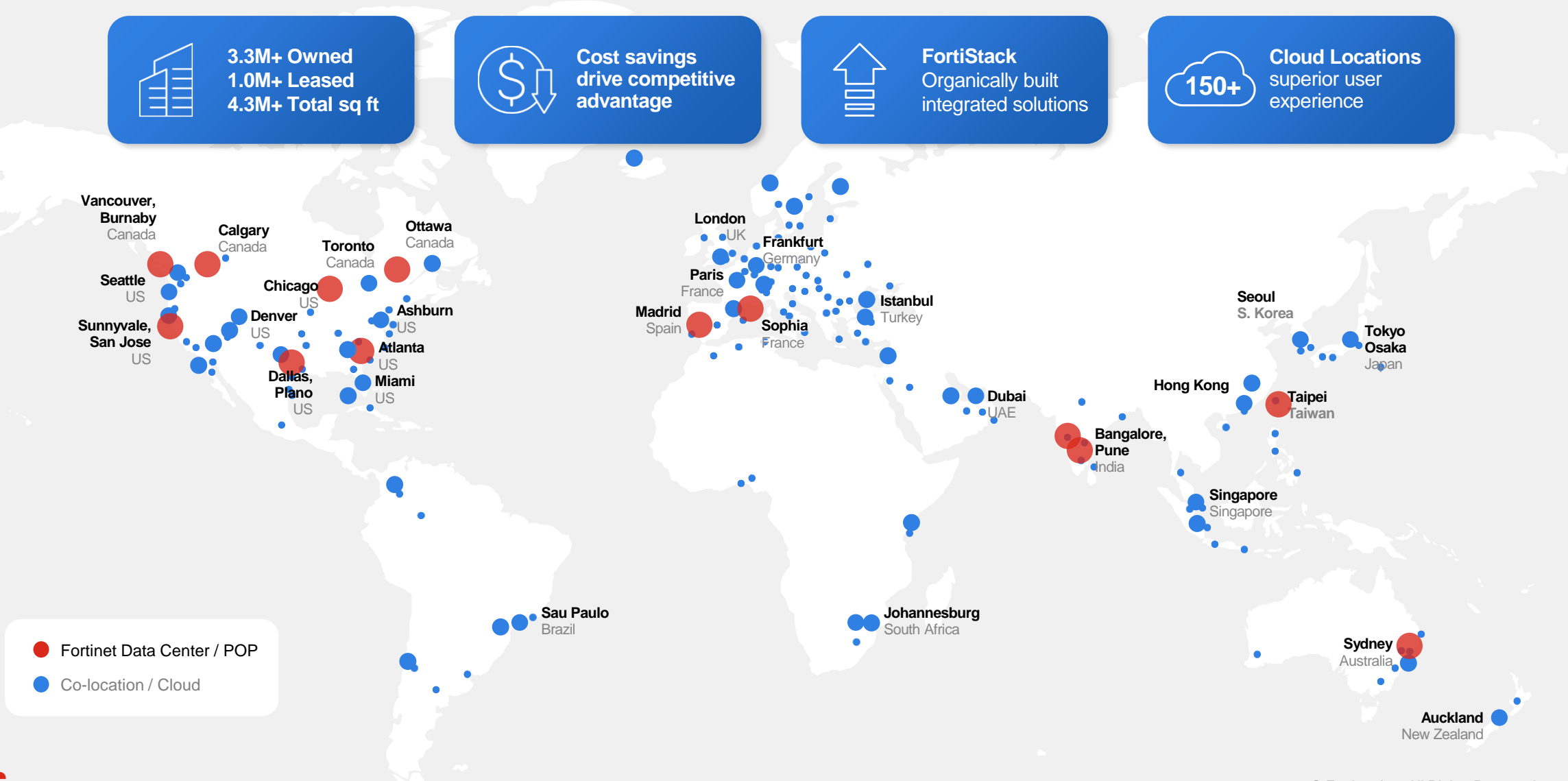
Cost savings  
drive competitive  
advantage



FortiStack  
Organically built  
integrated solutions



Cloud Locations  
superior user  
experience



# Positioning for Future Growth Through Strategic Investment

## AI

AI driving security and automation

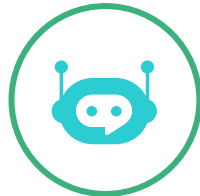


### Big Data AI

Process and analyze trillions of events using AI/ML

### Contextual Gen AI

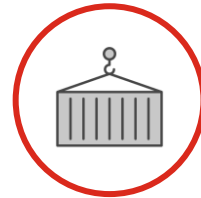
Generative AI to improve product optimization



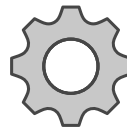
### Network Operations AI

Self-healing networks end-to-end

## Edge Computing and OT Security



### Container OS



Rapid **deployment** and consistent security across edge locations



Containerized microservices enable fast, localized data **processing** at the edge

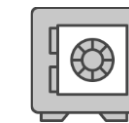
## Quantum Security

Quantum-Secure Future



### Quantum Key Distribution

- ETSI integration
- Proven 100G throughput QKD integrations with Toshiba and IDQuantique



### Quantum Safe Encryption

- NIST algorithms
- CRYSTALS Kyber



# Leading Network & Security Convergence

## Leading

Networking and Security  
Convergence



Network  
Firewall



SD-WAN



SASE



OT Security

Secure networking larger  
than networking by 2026

## Long-term

Technology and Infrastructure  
Investments



Fortinet  
Silicon



Fortinet  
Cloud



Converged OS



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Billions of \$ investment in ASIC  
\$1B+ investment in infrastructure to  
support data centers and other operations

## Loyalty

to Customers, Shareholders,  
Partners and Employees



Customers



Shareholders



Partners



Employees

800,000+ Lifetime Customers  
100,000 Partners  
14,000 Employees



# Fostering Customer Loyalty Through Exceptional Service

Building trust and lasting relationships for sustainable growth

## CSAT



**9.2/10**

**Customer satisfaction**

## Retention



**112%**

**NRR**

114% Large Enterprise

## Community Platform



**62,000+**  
Discussions



**130,000+**  
Community Members

**400%+**

**Increase in Community Platform usage**

Year over Year



# Strengthening Loyalty with the Largest Cybersecurity Training Offering

NSE Certification Program

Training and Education

Security Awareness and Training Service

**1,695,800+**  
Certifications



**763**  
Academic Partners



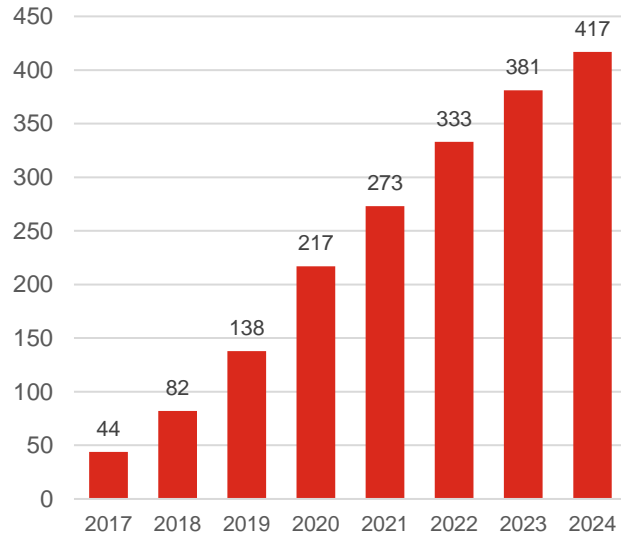
**50**  
Education Outreach and Veterans Program Partners



# Channel Loyalty to Drive Success & Shared Value

## Technology Alliance and Ecosystem

Technology Alliance Growth



## Channel Loyalty and Commitment to 113,000+ Global Partners

87%

Global Partners engaged with us for 5+ years

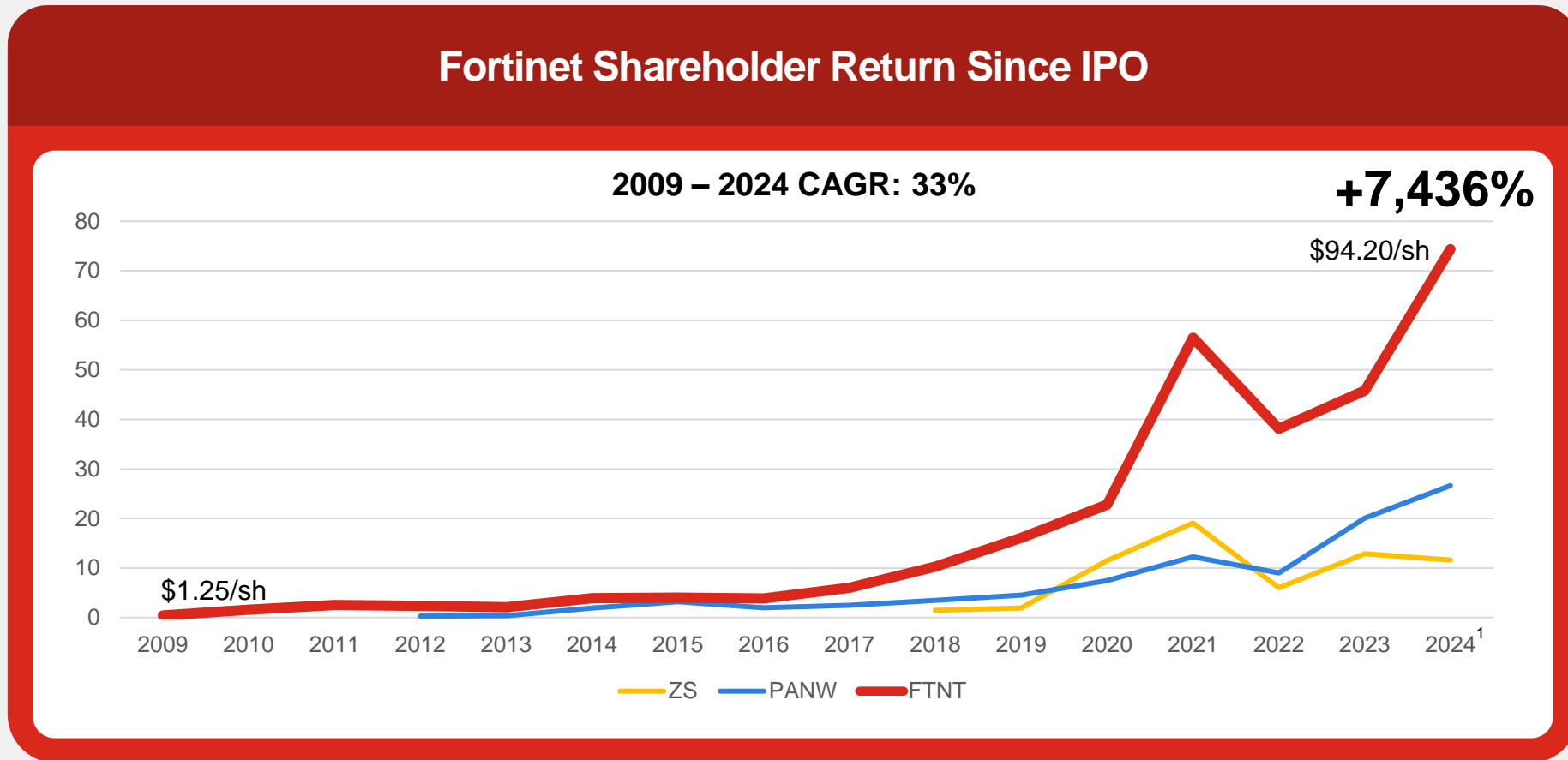
81%

Global Enterprise Partners have sold all 3 pillars\*  
*(increase from 75% in 2023)*



# Investor Loyalty – FTNT up Over 7,400% Since 2009 IPO

Shareholder value is a primary directive of the company



# 35% Increase in Earnings Per Share Due to Share Repurchases

Returned \$6.4 billion to shareholders via share repurchases

## Robust Share Buyback Program



**\$6.4B**

cash returned to shareholders



**266M**

shares repurchased



**35%**

increase in EPS due to repurchases

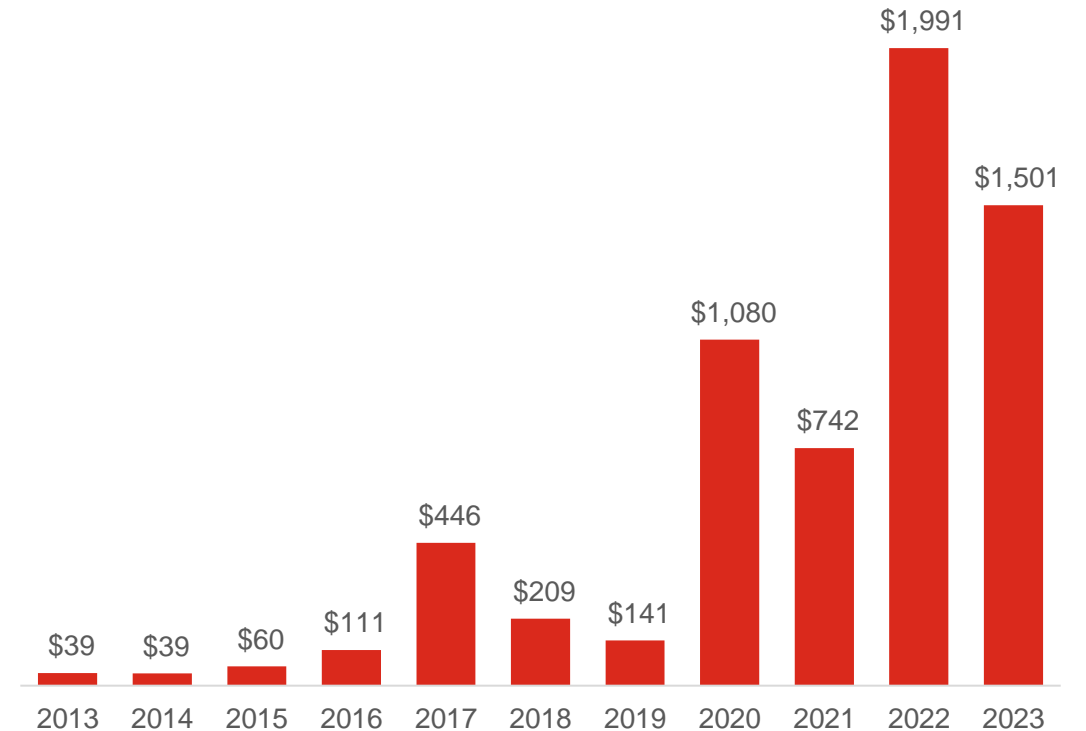


**\$2B**

buyback authorization remaining

## Cash Paid for Stock Repurchases

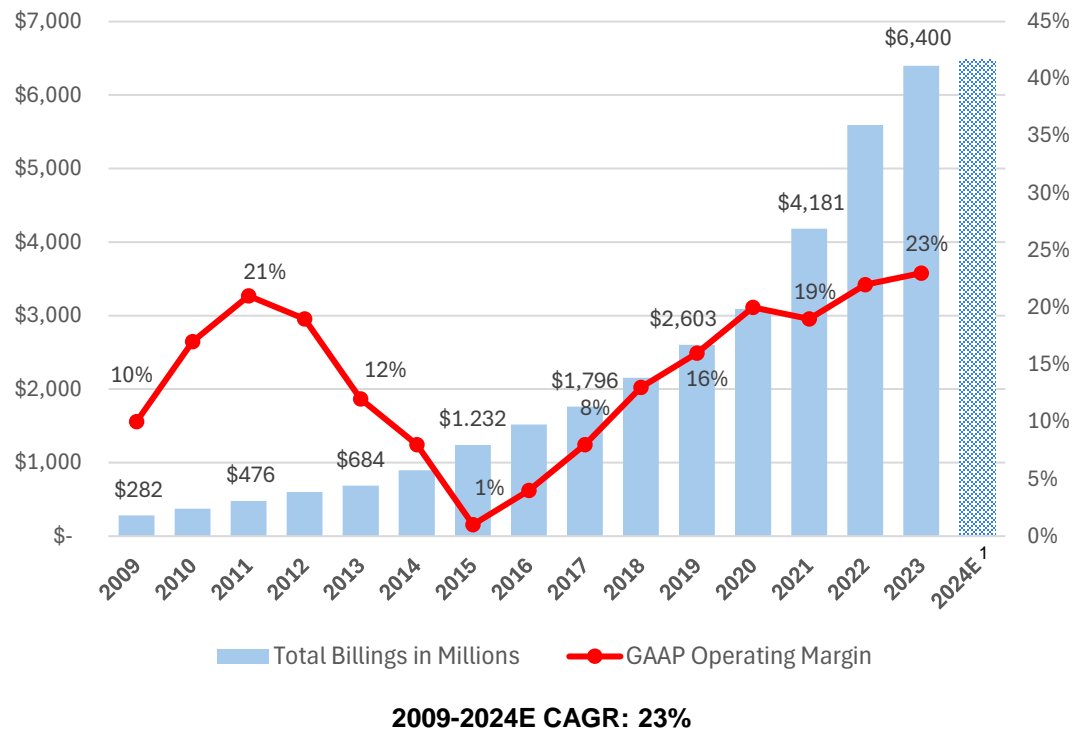
\$ In millions



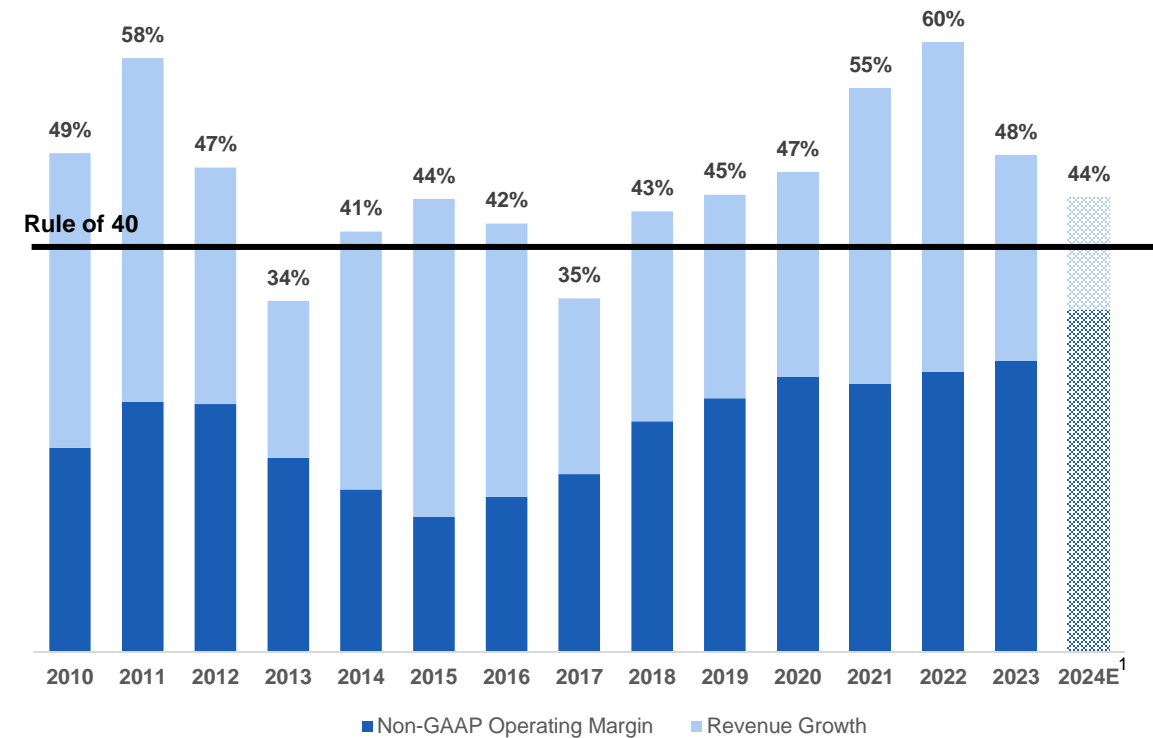
# Investor Loyalty

Shareholder value is a primary directive of the company

## GAAP Profitable Every Year Since IPO



## Fortinet Rule of 40 – Consistent Management of Growth and Profits



Note: Fortinet defines the Rule of 40 as GAAP revenue Y/Y growth plus Non-GAAP Operating Margin. See Appendix for reconciliation of the non-GAAP financial measures to the most comparable GAAP financial measures. Fortinet's IPO was on November 18, 2009.



# Fortinet Long Term Investments

## Leading

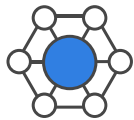
Networking and Security  
Convergence



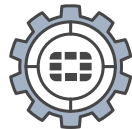
Network  
Firewall



SD-WAN



SASE

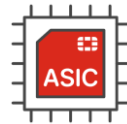


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Silicon



Fortinet  
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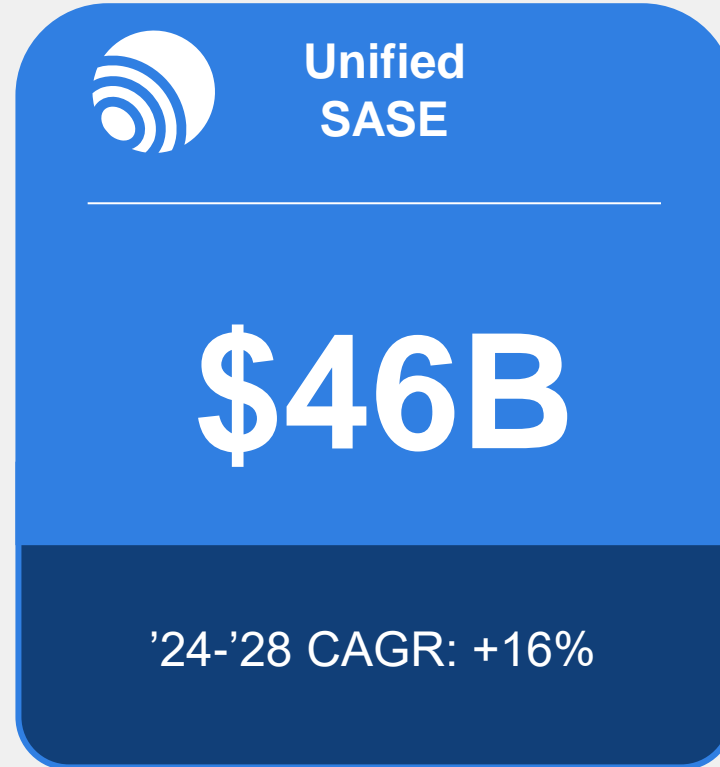
# Market Opportunity, Technology Trends, and Customer Journey

John Maddison – Chief Marketing Officer



# A Large & Growing Total Addressable Market

Worldwide TAM growing from \$183B in 2024 to \$284B in 2028, a +12% CAGR



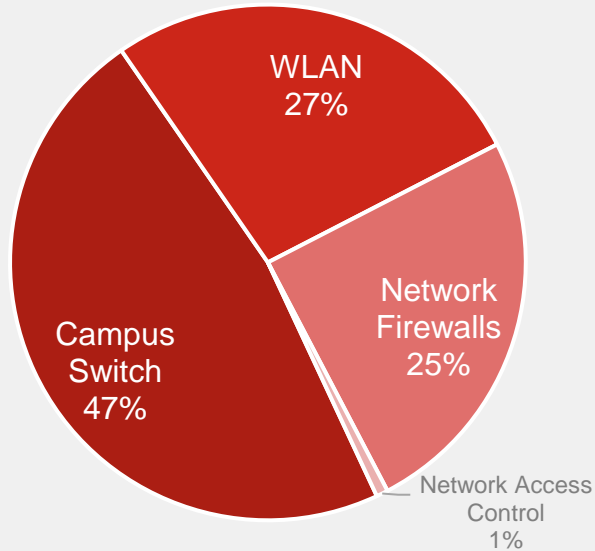
*Added CNAPP TAM of \$17B – Lacework acquisition  
Added DLP TAM of \$2.9B – NextDLP acquisition*



# Market Subsegments & Major Trends

Resiliency is a major focus for all customers

## Secure Networking

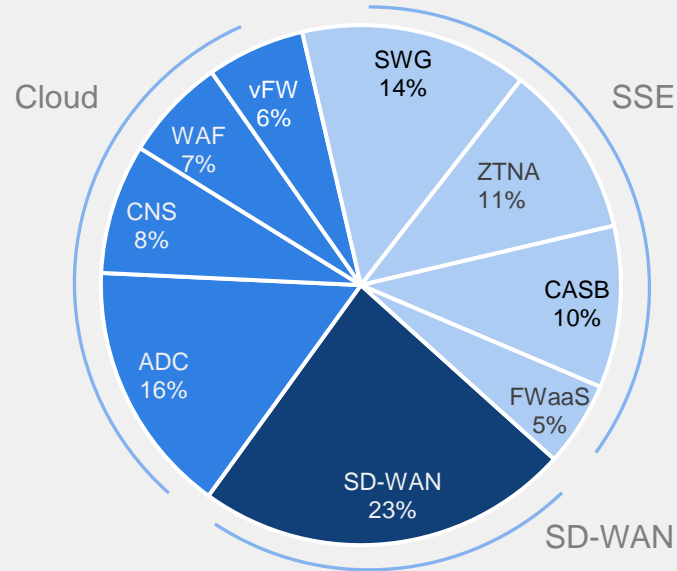


Convergence of Networking and Security

Cyber Physical Security

AI Network Operations

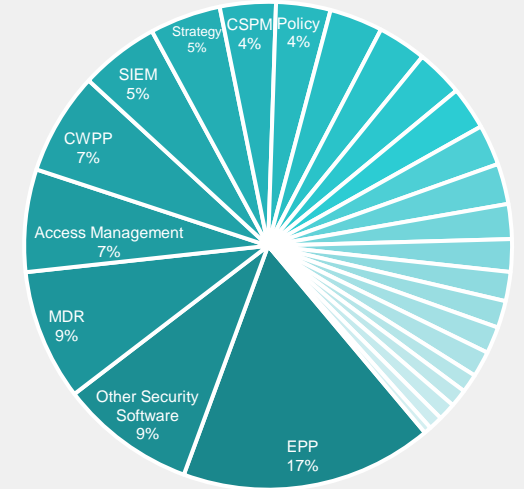
## Unified SASE



Single Vendor SASE

Hybrid Multi-Cloud

## AI-Driven Security Operations



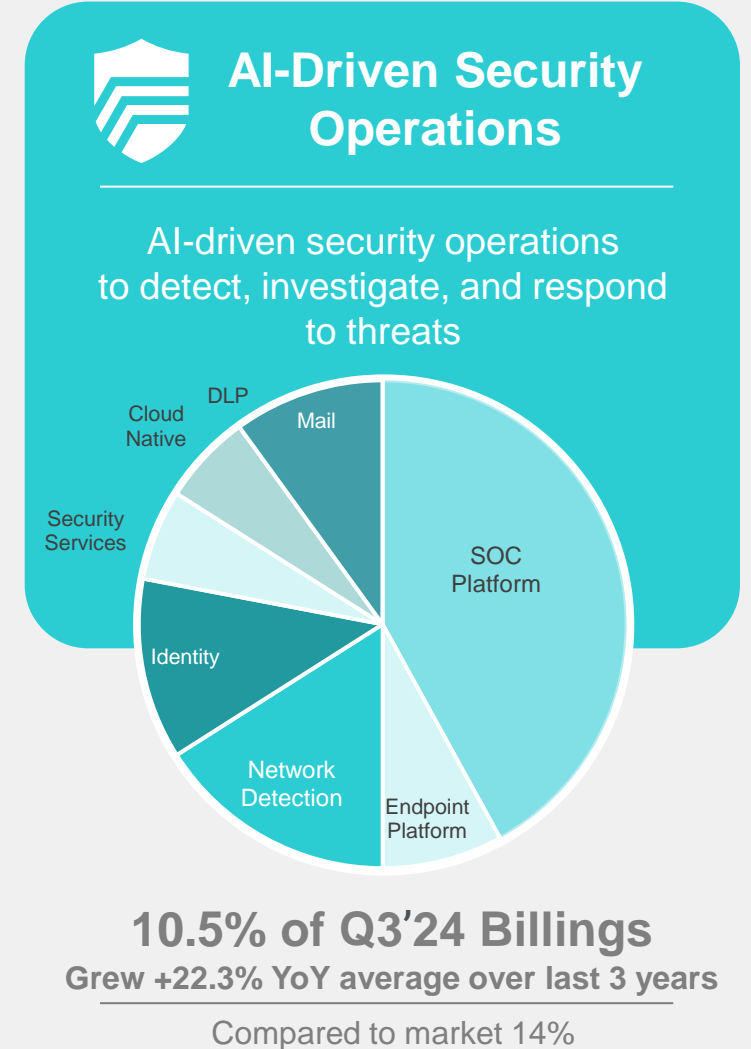
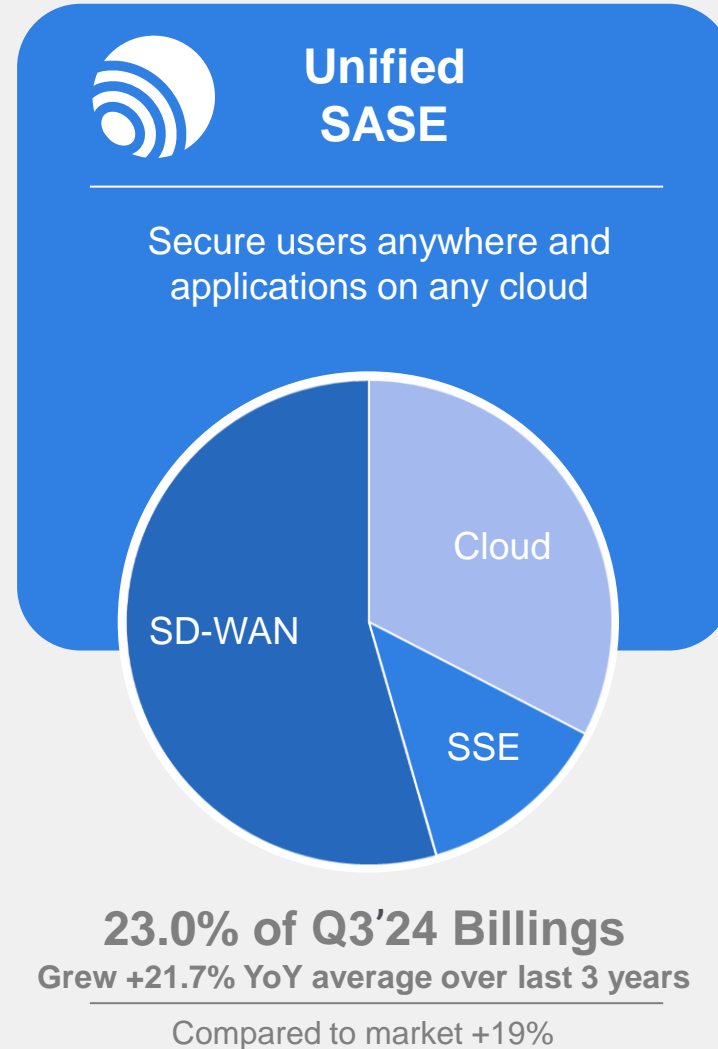
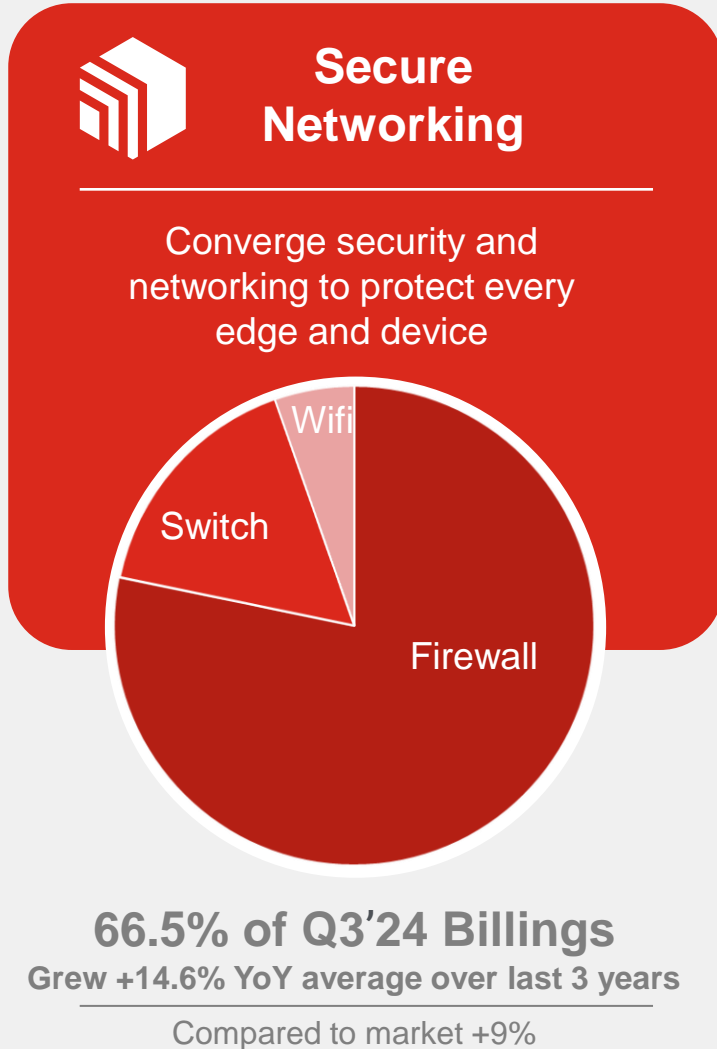
Platforms or Consolidation

Gen AI will Automate Security Operations

AI Powered Threat Intelligence



# Each Fortinet Business Growing Faster Than The Market



# Accelerating Secure Networking Market Leadership



## Analyst Recognition

**Gartner**

**Gartner**

Leader in Magic Quadrant for Network Firewalls

**Gartner**

Leader in Magic Quadrant for Enterprise Wired and Wireless LAN

**650 GROUP**  
MARKET INTELLIGENCE RESEARCH

**50%+**

Firewall Unit Market Share

## Business Growth\*

**700,000+**

New Edge Firewalls shipped last 12 months

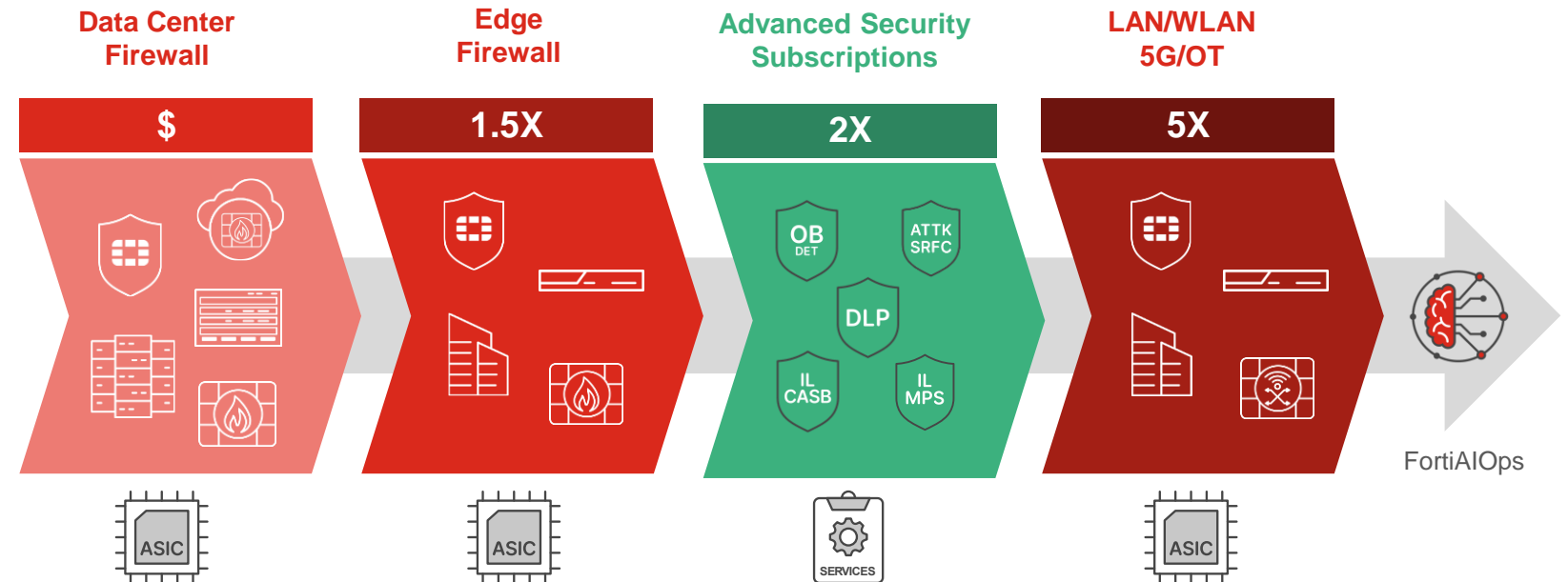
**11,000+**

New secure LAN/W LAN customers YoY

**3,000+**

New OT Security customers last 12 months

## Typical Customer Journey



Based on an Enterprise customer with 2 data Centers, Multi-Cloud and SaaS Applications and 100 Branch Locations and 5,000 Users

# Triple Digit SASE Growth with Large Increasing Pipeline



## Analyst Recognition

<b>Gartner</b> Challenger in Single Vendor SASE & SSE Magic Quadrants	<b>Gartner</b> Leader in SD-WAN Magic Quadrant
<b>FORRESTER</b> A Leader in Zero Trust Edge WAVE	Gartner Peer Insights Customers' Choice 2024 Voice of Customer for SD-WAN & SSE
<b>GIGAOM</b> A Leader in Cloud Workload Security Radar	<b>kuppingercoie ANALYSTS</b> A Leader in Leadership Compass for CNAPP

## Business Growth\*

**40,000+**

SD-WAN installed base

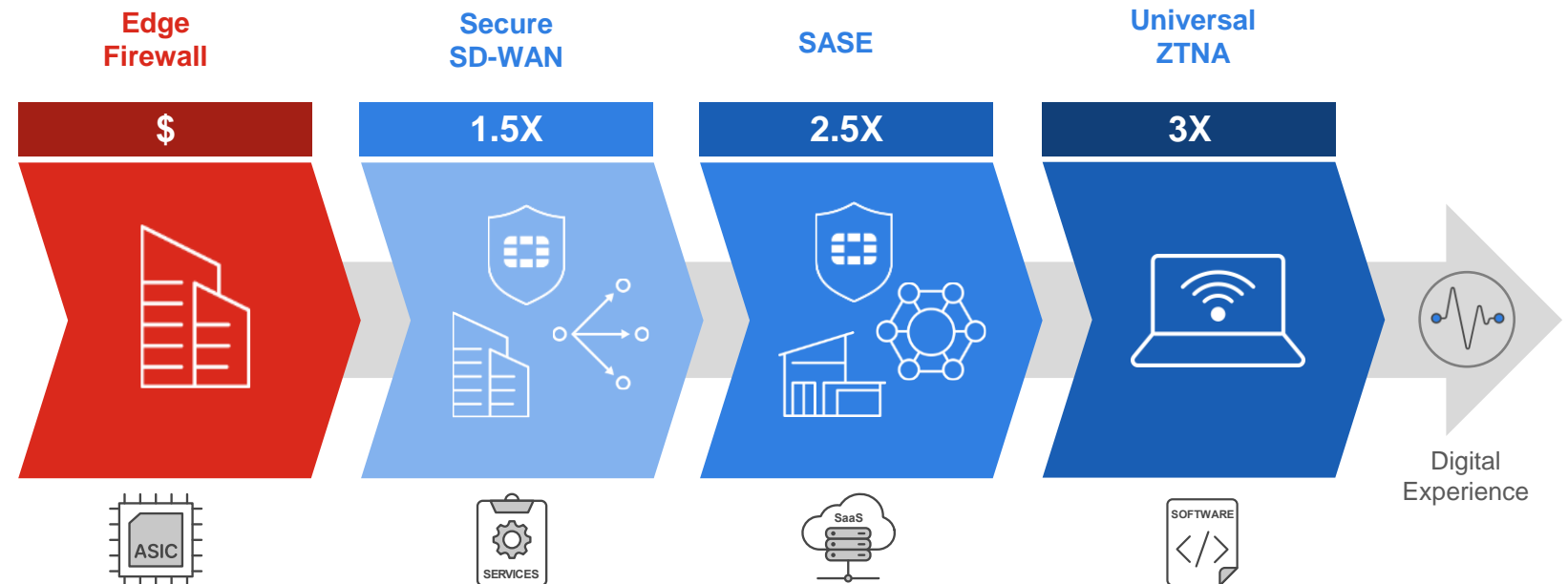
**300%**

Y/Y growth for SSE deals

**100%**

SSE Pipeline increase to nine figures in 2024

## Typical Customer Journey



# Most Comprehensive Security Operations Portfolio



## Analyst Recognition



## Business Growth\*

**34,000+**

FortiAnalyzer customers

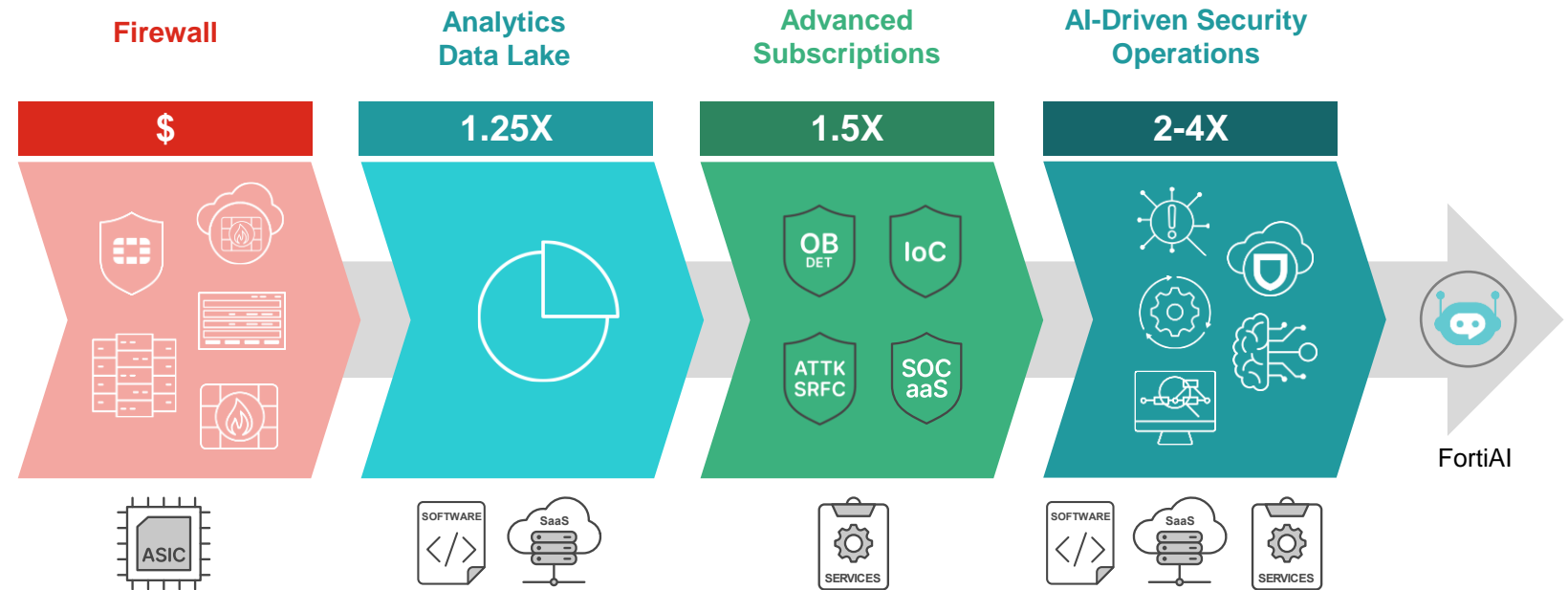
**144%**

3-year billings CAGR for SOCaaS

**7+**

FortiAI enabled products

## Typical Customer Journey





# Technology Vision

Robert May – EVP, Technology and Product Management





# Technology Investments for the Long Term



## FortiOS



Unified OS across on-prem, public cloud and SaaS, from small office to global enterprise.

## FortiASIC



Hardware acceleration delivers fastest NGFW on the planet, plus power savings & ESG initiatives.



## FortiCloud



Data center investment plus a global hybrid IaaS platform powering 50+ SaaS services.



## FortiGuard



Threat research & intelligence delivering real-time protection, detection & response across entire ecosystem.

## FortiAI



AI-guided, scalable & automated SecOps platform to optimize productivity and streamline all aspects of NOC & SOC operations.



# Unified Adoption Strategy for Enterprises

50+ Products ↔ 3 Work Streams across Fortinet operations

## Infrastructure & Networking

- 14,000 Users
- 120+ Offices
- 100+ Countries

### Global IT

Manage all aspects of office networks, plus all remote user security and remote access.



**NGFW**  
ASIC



**LAN**  
Switch  
Wireless  
NAC



**SD-WAN**  
Branch  
DC  
Cloud



**ZTNA**  
Private Apps  
SaaS Apps



**SASE**  
Retail &  
Wholesale



**DEM**  
SASE Agent  
ZTNA Agent



**AI-Ops**  
Wireless  
Switch  
SD-WAN

## Global SaaS Operations

- 8 Fortinet DC
- 17 Colo (Equinix, DLR)
- GCP, AWS, Azure, OCI

### Cloud Ops

Operating as a Private Cloud Service Provider (P-CSP) to deliver a private IaaS platform for 24x7 certified SaaS delivery.



**Hosted**  
Cloud Native



**Public**  
EDR, NDR,  
Lacework



**Private**  
FMG Cloud  
FAZ Cloud



**Hybrid**  
SASE  
FortiClient



**PaaS**  
FGaaS  
FMGaaS



**Managed**  
SOCaaS  
MDR  
MFG



**LLM**  
Secure LLM  
as-a-Service

## Security Operations

- 14,000 Users
- GDPR, ISO, SOC2
- Rigorous Supply Chain

### InfoSec

Advanced SecOps process covering all attack vectors with continual evolution.



**Data Lake**  
Analyzer



**Endpoint**  
Vuln, EPP,  
EDR



**Network**  
NDR  
Sandbox



**Cloud**  
CNAPP



**Data**  
DLP  
DSPM  
AI-SPM



**AI**  
AI-SPM




**Readiness**  
Recon  
Red Team  
IR



# Proven Advantage of Single OS

**Single OS Advantage**

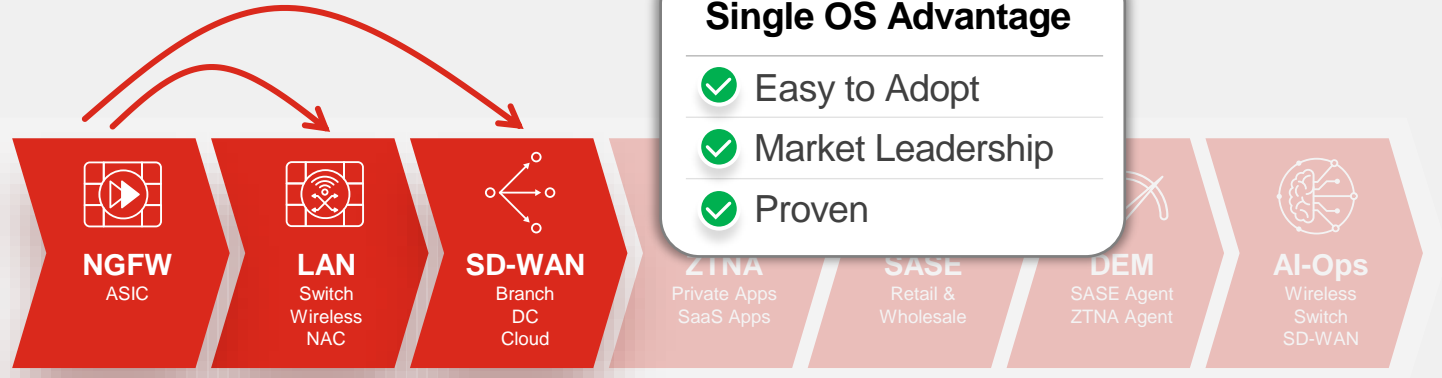
- ✓ Easy to Adopt
- ✓ Market Leadership
- ✓ Proven



## Infrastructure & Networking

- 14,000 Users
- 120+ Offices
- 100+ Countries

**Global MIS**  
 Manage all aspects of office networks, plus all remote user security and remote access.





## Global SaaS Operations

- 8 Fortinet DC
- 17 Colo (Equinix, DLR)
- GCP, AWS, Azure, OCI

**Cloud Ops**  
 Operating as a Private Cloud Service Provider (P-CSP) to deliver a private IaaS platform for 24x7 certified SaaS delivery.

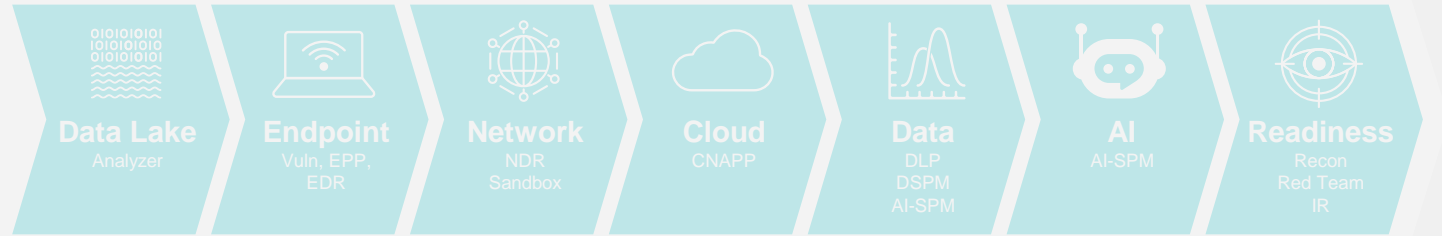




## Security Operations

- 14,000 Users
- GDPR, ISO, SOC2
- Rigorous Supply Chain

**InfoSec / CISO**  
 Advanced SecOps process covering all attack vectors with continual evolution.



# Single OS for SASE

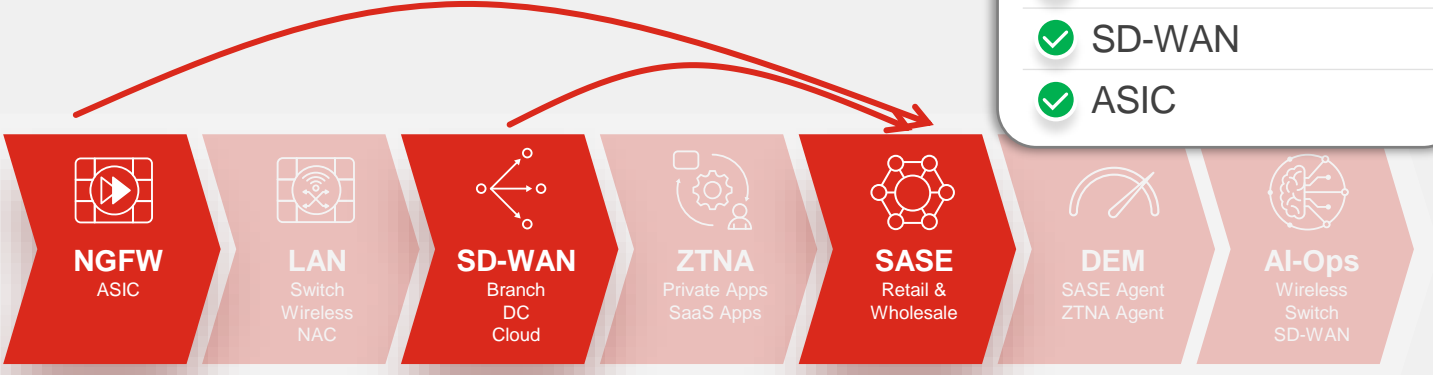
**FortiSASE Advantage**

- ✓ Single OS
- ✓ SD-WAN
- ✓ ASIC

**Infrastructure & Networking**

- 14,000 Users
- 120+ Offices
- 100+ Countries

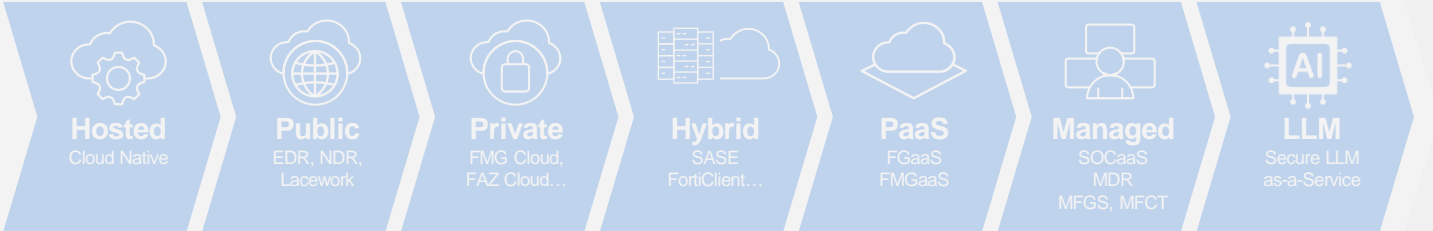
**Global MIS**  
 Manage all aspects of office networks, plus all remote user security and remote access.



**Global SaaS Operations**

- 8 Fortinet DC
- 17 Colo (Equinix, DLR)
- GCP, AWS, Azure, OCI

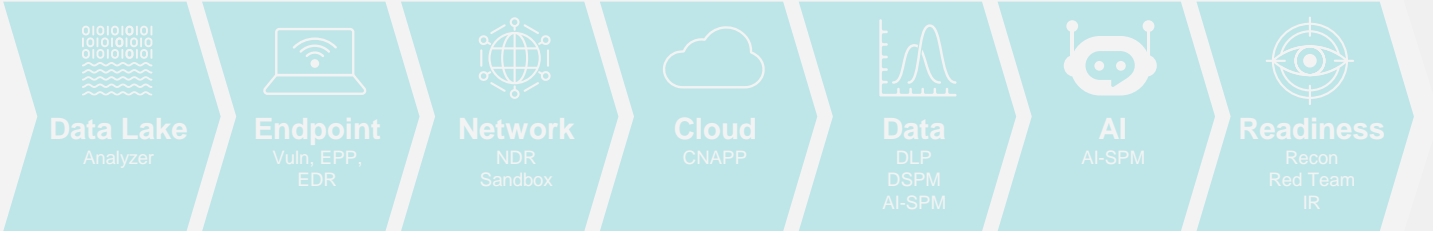
**Cloud Ops**  
 Operating as a Private Cloud Service Provider (P-CSP) to deliver a private IaaS platform for 24x7 certified SaaS delivery.



**Security Operations**

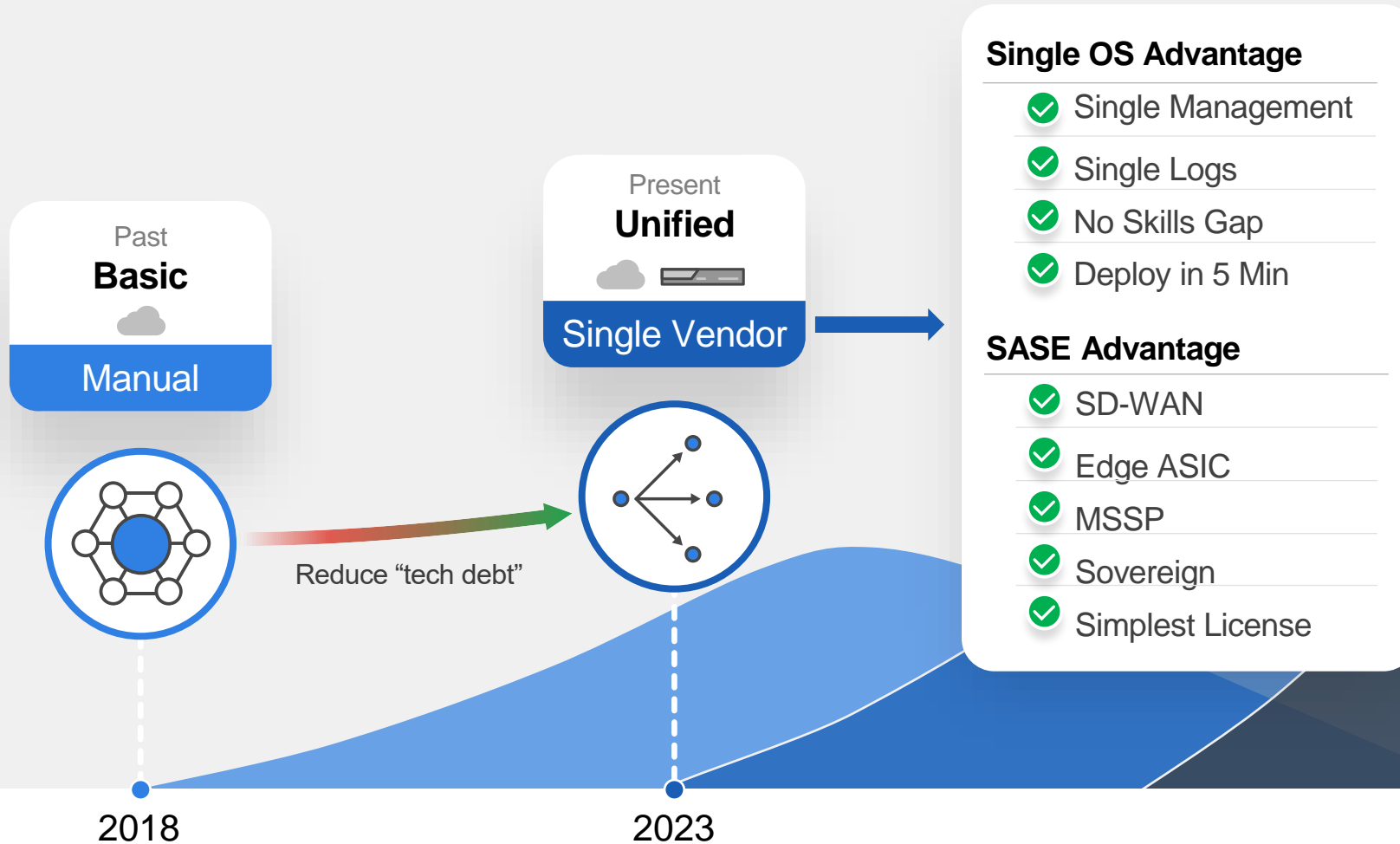
- 14,000 Users
- GDPR, ISO, SOC2
- Rigorous Supply Chain

**InfoSec / CISO**  
 Advanced SecOps process covering all attack vectors with continual evolution.



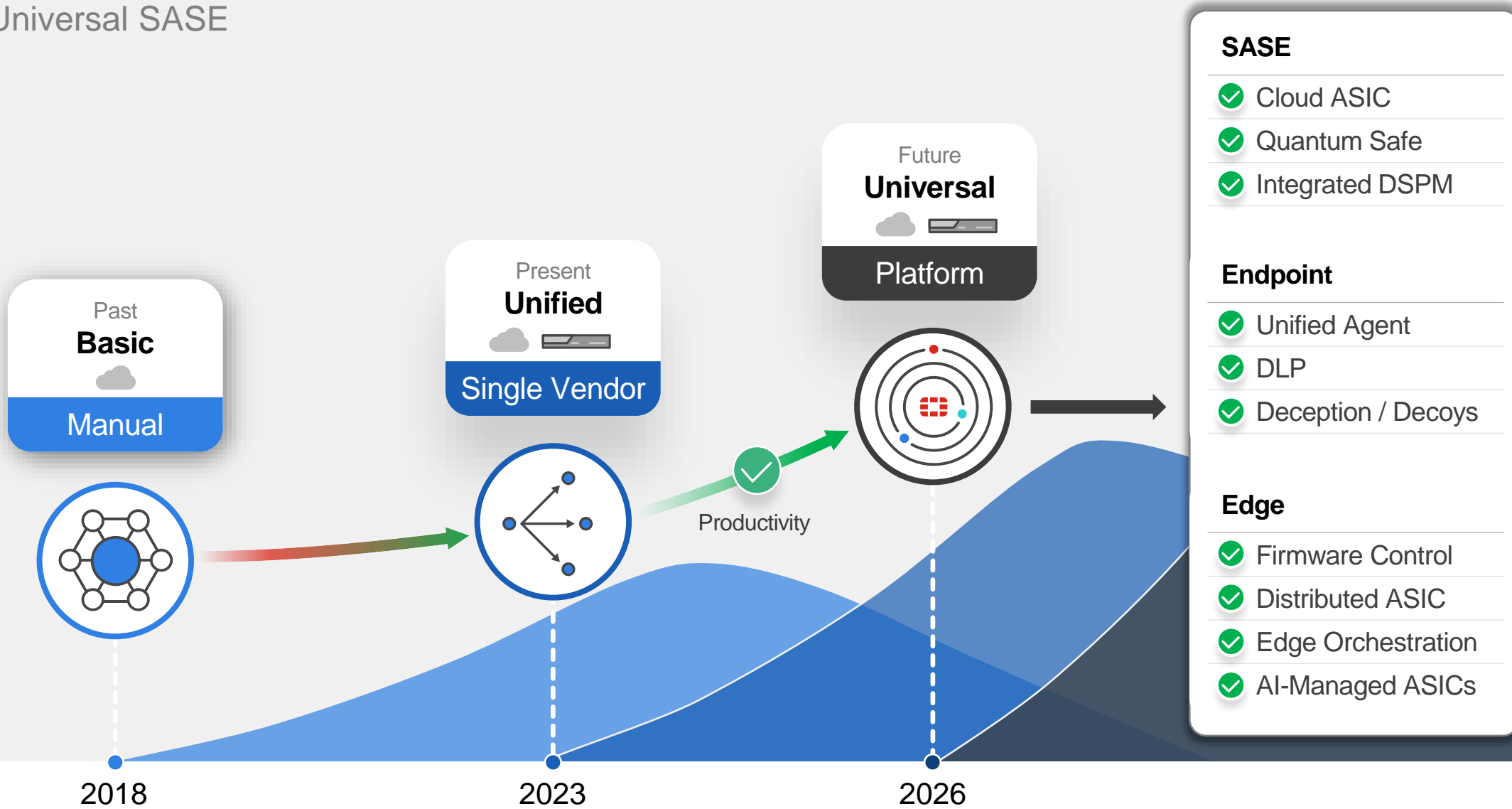
# SASE Evolution

Single Vendor SASE



# SASE Evolution

Universal SASE



# AI Data Center Advantage

## Customer OS Journey



# Investing in Owned Global Infrastructure

Only one to deliver global reach providing flexible connectivity and cost savings.



4.3M Total Sq Ft  
3.3M Owned  
1.0M Leased



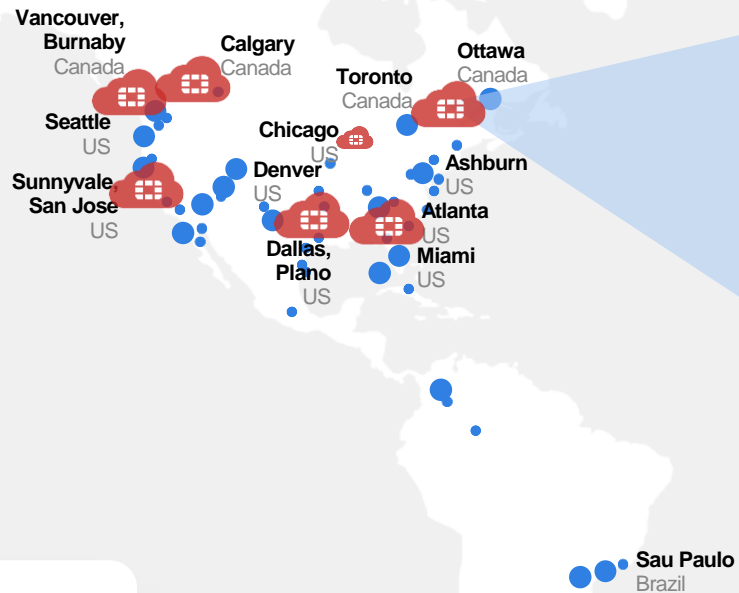
Cost Savings  
Drive Competitive  
Advantage



FortiStack  
Organically built  
private CSP

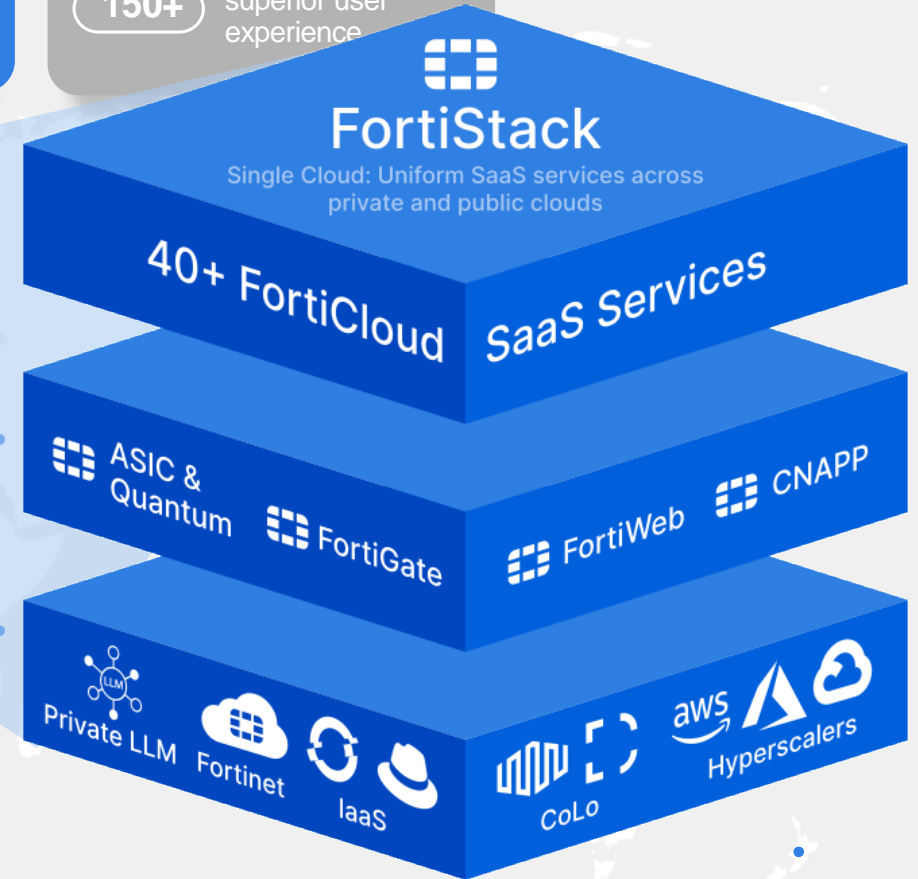


Cloud Locations  
superior user  
experience



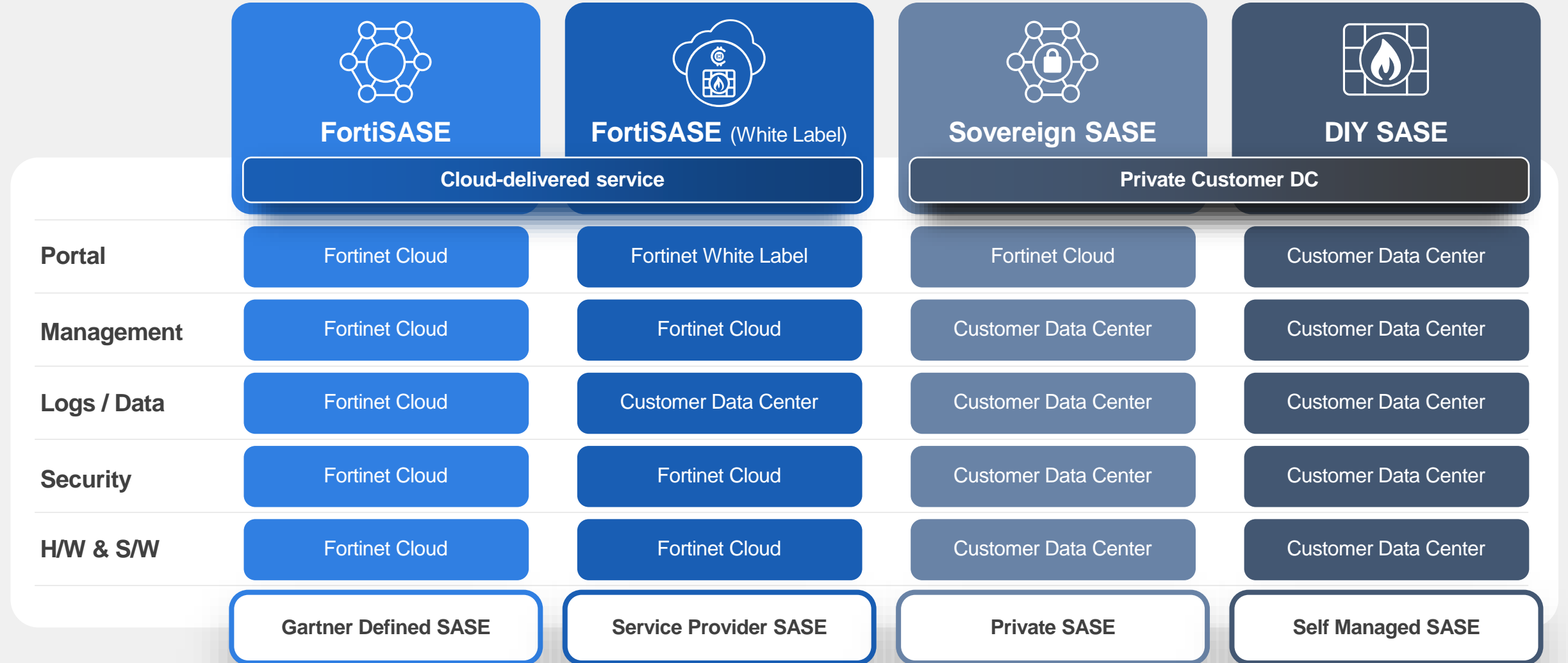
Fortinet Data Center / POP

Co-location / Cloud  
Equinix, DLR, GCP, AWS, Azure, OCI





# Flexible SASE Deployments



# SecOps Consolidation with Unified Data Lake

Customer OS Journey

**Infrastructure & Networking**

- 14,000 Users
- 120+ Offices
- 100+ Countries

## Global MIS

Manage all aspects of office networks, plus all remote user security and remote access.

**Global SaaS Operations**

- 8 Fortinet DC
- 17 Colo (Equinix, DLR)
- GCP, AWS, Azure, OCI

## Cloud Ops

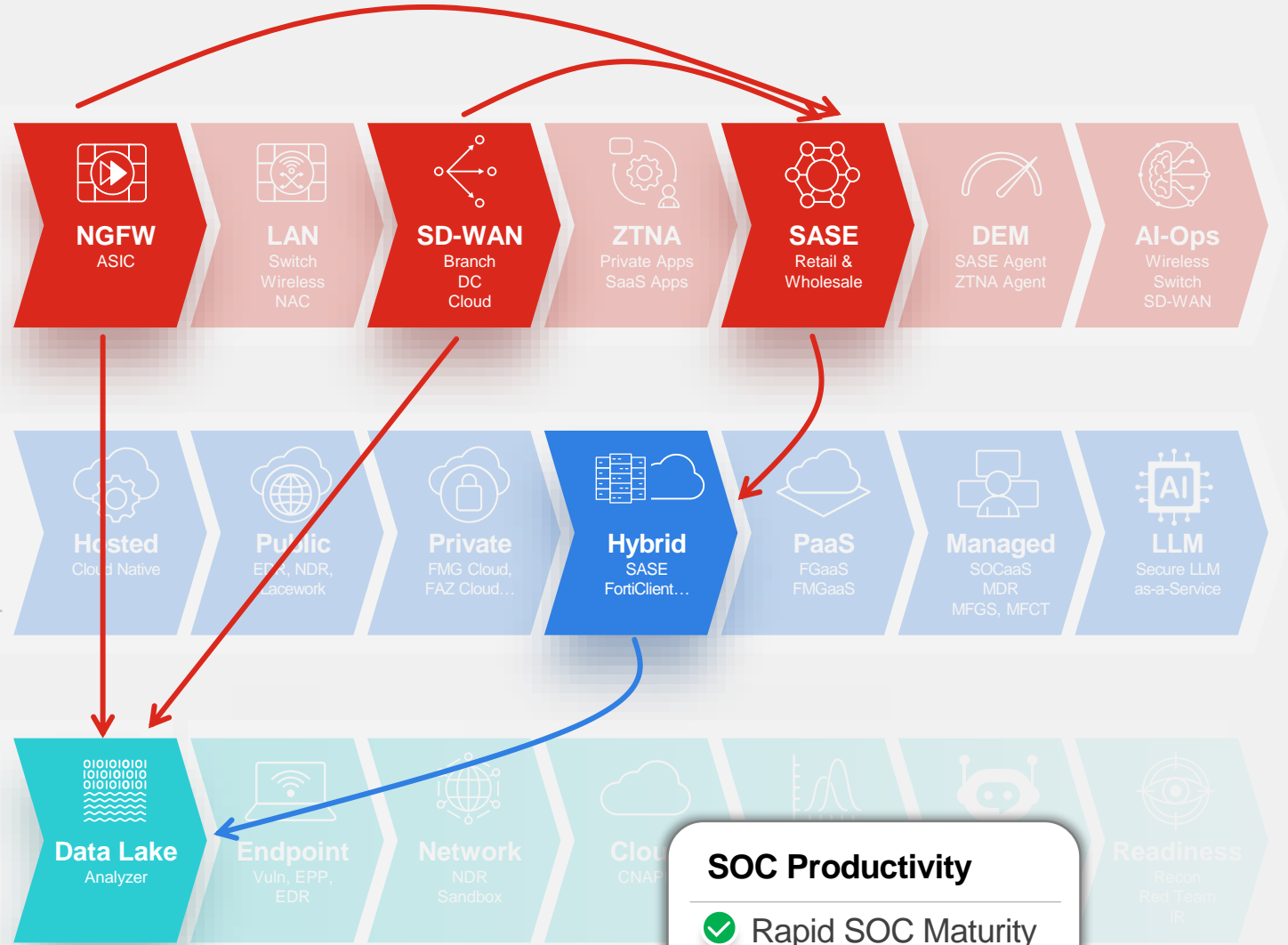
Operating as a Private Cloud Service Provider (P-CSP) to deliver a private IaaS platform for 24x7 certified SaaS delivery.

**Security Operations**

- 14,000 Users
- GDPR, ISO, SOC2
- Rigorous Supply Chain

## Data Lake Advantage

- ✓ Included by Default
- ✓ SIEM + SOAR + XDR
- ✓ Fabric Expansion



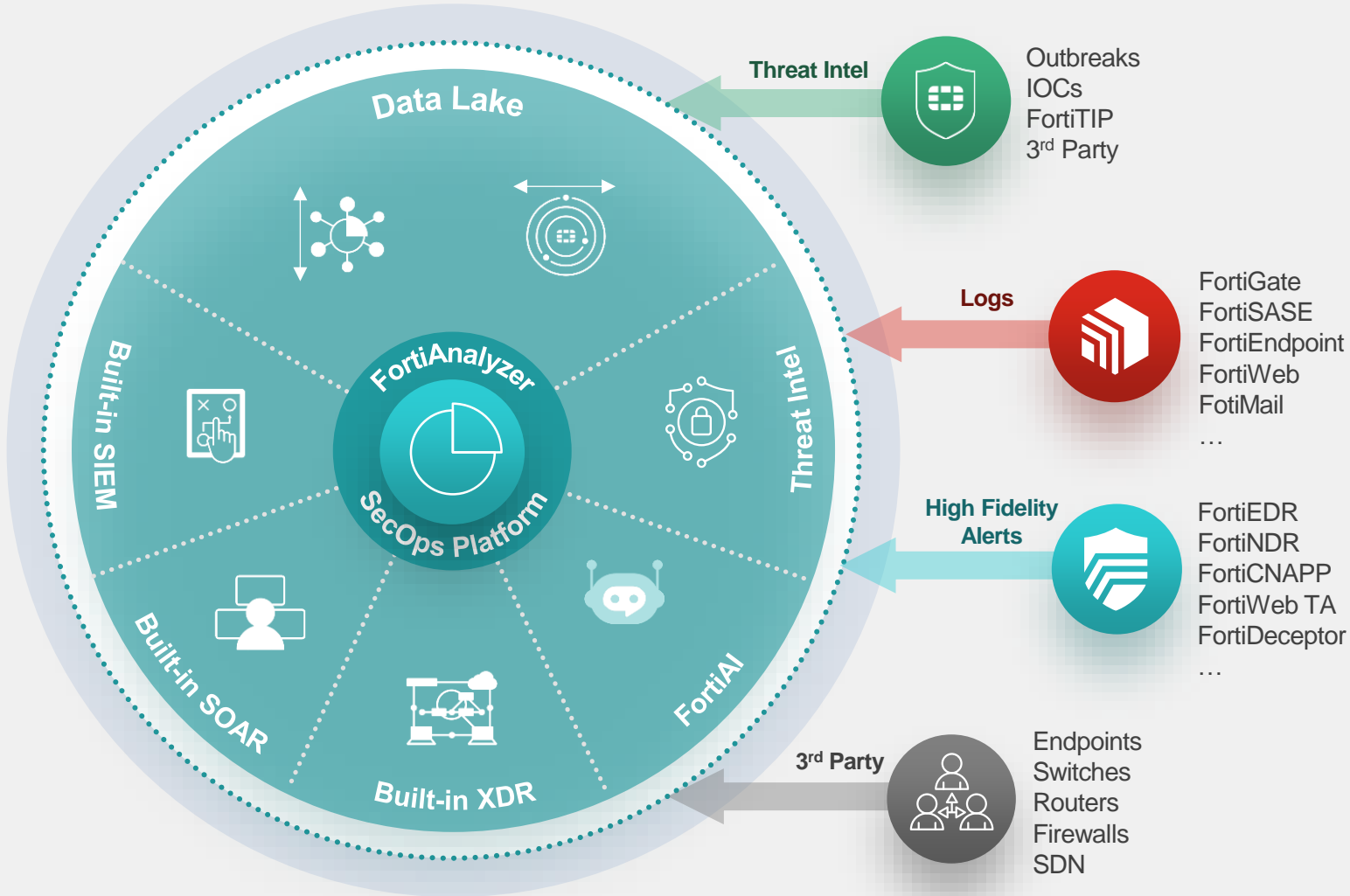
## SOC Productivity

- ✓ Rapid SOC Maturity
- ✓ End-to-end GenAI
- ✓ Easy to Expand



# Unified Data Lake

AI-Powered SecOps Platform



## AI

Technology & Infrastructure Investments

FortiAI

Big Data

AIOps

LLMs

**Traditional SOC** → Tools sprawl  
Limited resources + shortage  
DevOps maintenance

↓

**Security Fabric** → Built-in Connectors  
Reduced tools knowledge  
Fortinet-maintained DevOps

↓

**FortiAI** → End-to-end SOC triage & action  
**Significant productivity gains**  
Broad & endless use cases

**\$2B+**

investment in  
**ASIC**

**\$1B+**

investment in infrastructure  
to support data centers and  
other operations



# Extensive Products Portfolio



## Secure Networking

FortiGate  
FortiManager  
FortiSwitch  
FortiAP  
FortiExtender  
FortiNAC  
FortiDDoS  
+MORE



## Unified SASE

FortiGate (*SD-WAN*)  
FortiSASE (*SSE*)  
FortiClient (*ZTNA*)  
FortiMonitor (*DEM*)  
FortiGate VM  
FortiGate CNF  
FortiWeb (*WAF*)  
FortiProxy (*SWG*)  
+MORE



## AI-Driven Security Operations

FortiAnalyzer  
FortiCNAPP  
FortiDLP  
FortiSIEM  
FortiEDR  
FortiSOAR  
FortiNDR  
FortiMail  
FortiRecon  
FortiGuard SOCaaS  
+MORE





# Go-To-Market Strategy

John Whittle, COO

Matthew Pley, EVP, America Sales

Joe Sarno, EVP, International Sales

Trevor Pagliara, SVP, Sales

Pedro Paixao, SVP, Sales



# Go-to-Market Panel



**John Whittle**  
COO  
MODERATOR



**Joe Sarno**  
EVP, International  
Sales



**Matthew Pley**  
EVP, America Sales



**Trevor Pagliara**  
SVP, Sales



**Pedro Paixao**  
SVP, Sales





### Secure Networking

# \$75B

'24-'28 CAGR: +7%



### Unified SASE

# \$46B

'24-'28 CAGR: +16%



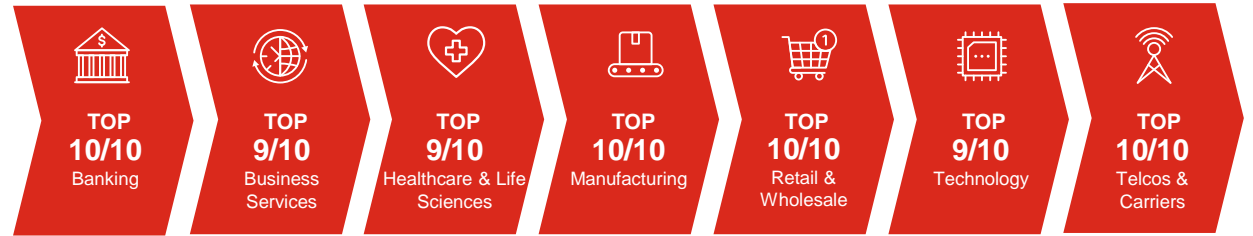
### AI-Driven Security Operations

# \$163B

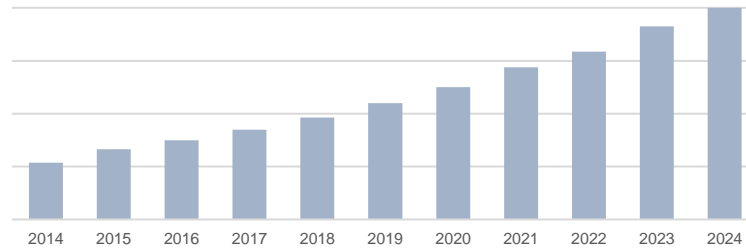
'24-'28 CAGR: +13%

## #1 in Enterprise

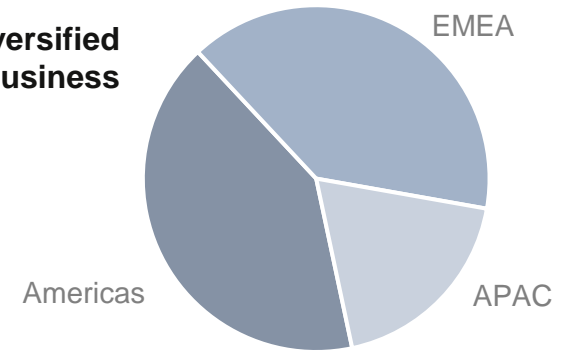
77% of Fortune 100 and 71% of Global 2000 depend on Fortinet to stay secure



### 805,000+ Lifetime Customers



### Globally Diversified Business



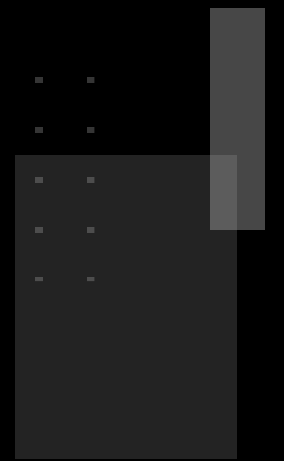
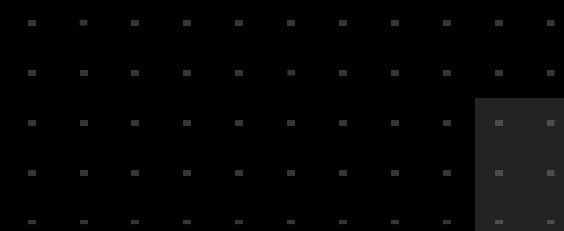
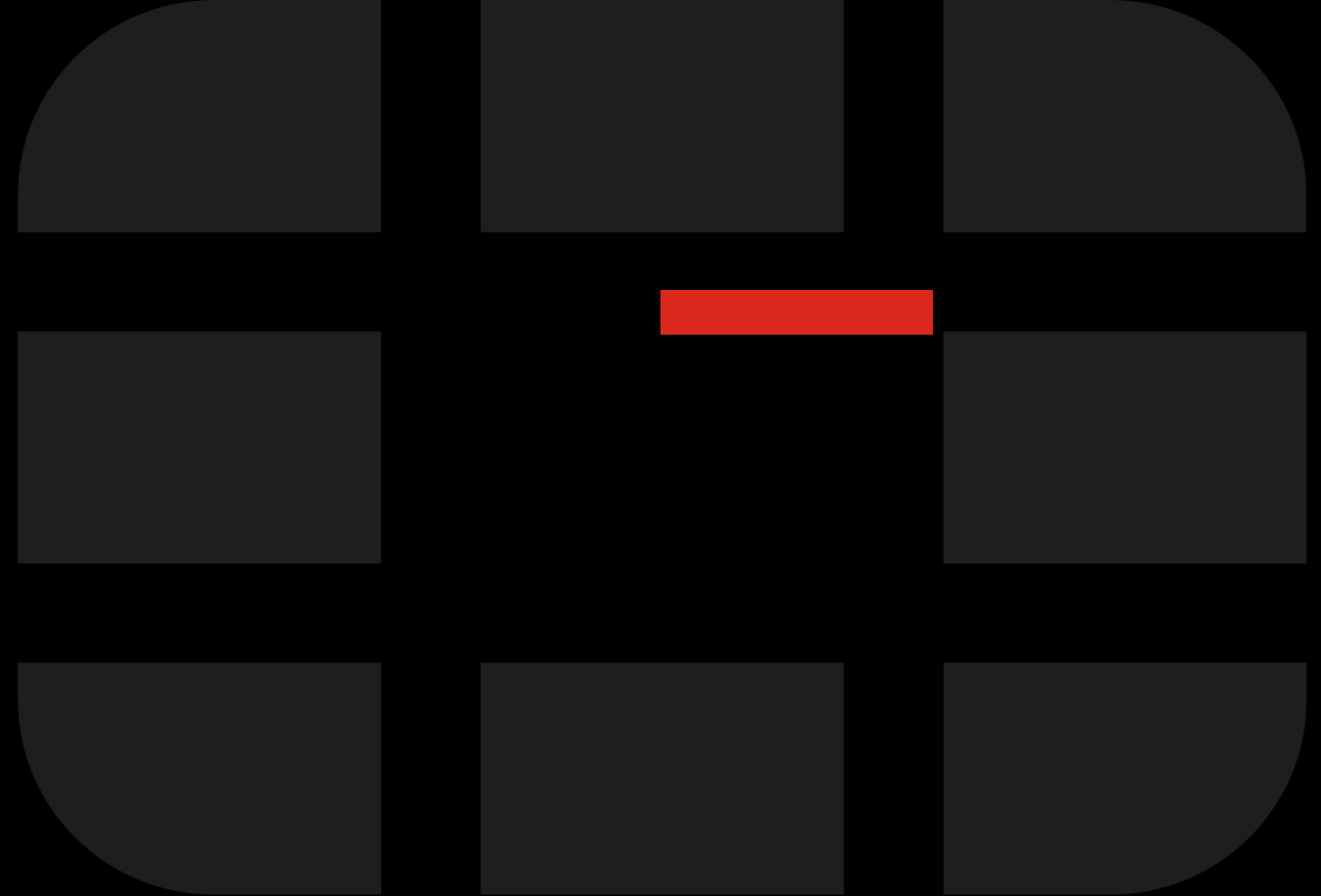
### Global Leader in Product Growth with Strong Growth in Annual Billings and Profitability with 23% CAGR





**FORTINET**

**Break**







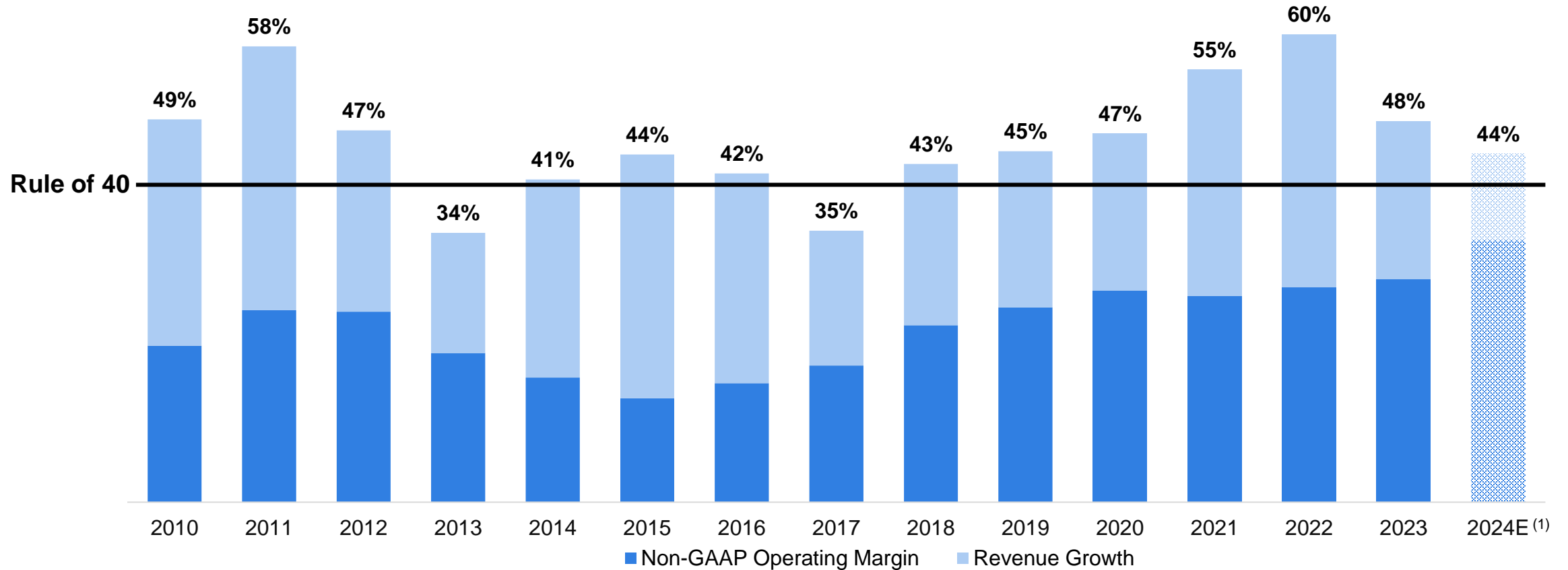
# Financial Outlook

Keith Jensen, Chief Financial Officer  
Christiane Ohlgart, Chief Accounting Officer



# Consistent Execution – ‘Rule of 40’

Exceeding the Target 12 Times in 14 Years



Fortinet defines the Rule of 40 as GAAP revenue Y/Y growth plus Non-GAAP Operating Margin. See Appendix for reconciliation of the non-GAAP financial measures to the most comparable GAAP financial measures. Fortinet's IPO was on November 18, 2009.

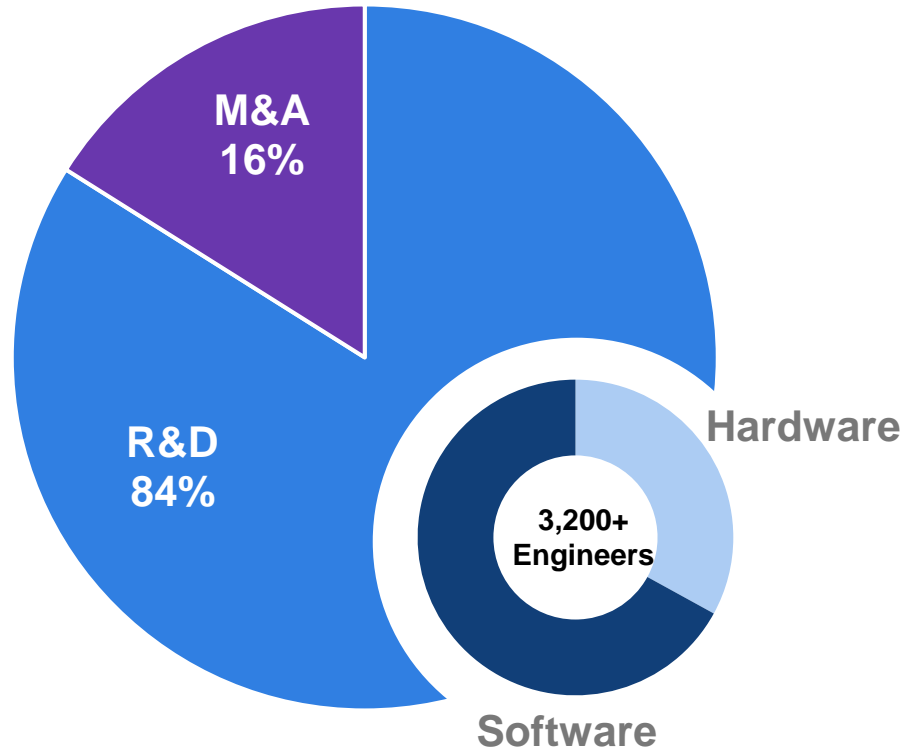
<sup>(1)</sup> Based on the midpoint of 2024 guidance provided on November 7, 2024.

# Strategic Investments & Capital Allocation Since 2020

\$4B+ Innovation Investments Since IPO

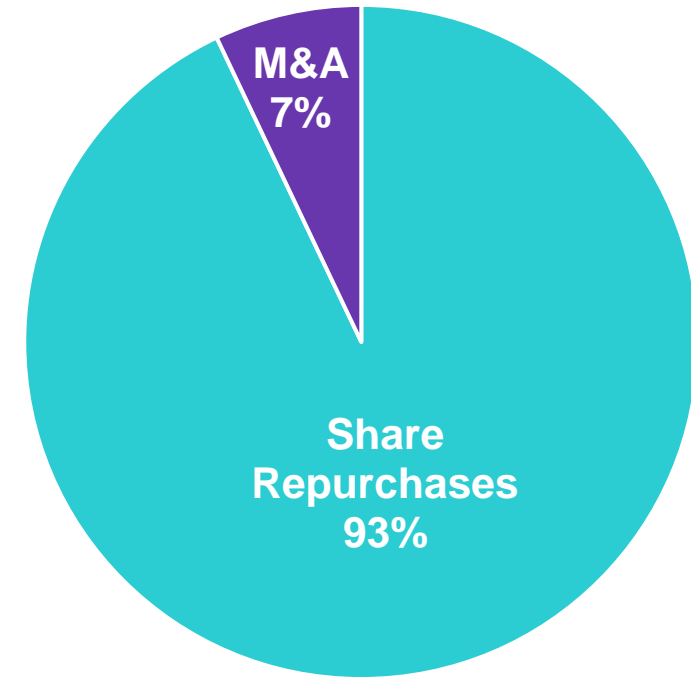
Innovation: \$2.5B

\$2.1B spent on R&D



Capital Return: \$5.7B

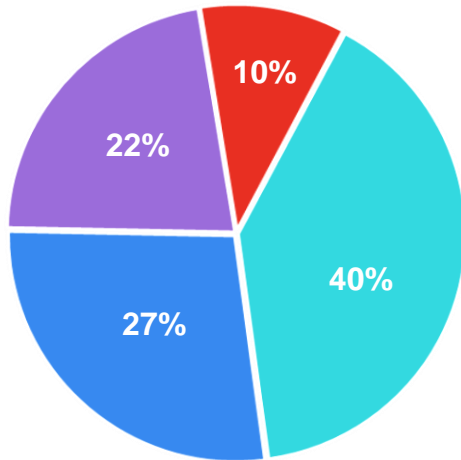
Repurchased 135M Shares for \$5.3B



# Highly Diversified Business

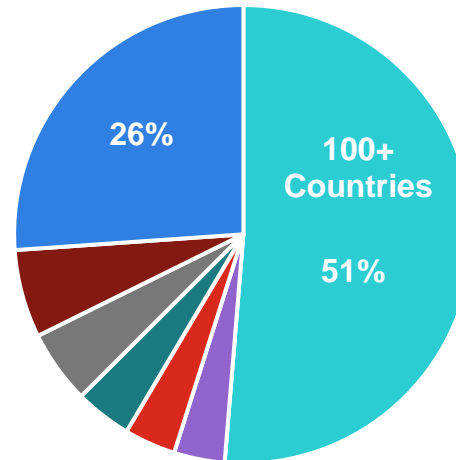
Across Customer Types, Geographies and Industries

## Customer Types



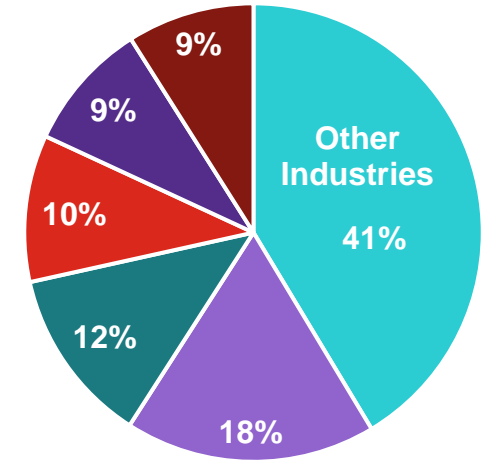
- Large Enterprise
- Mid Enterprise
- Small Enterprise
- SP/MSSP

## Geographies



- 100+ Countries
- United States
- Canada
- Germany
- United Kingdom
- Japan

## Industries

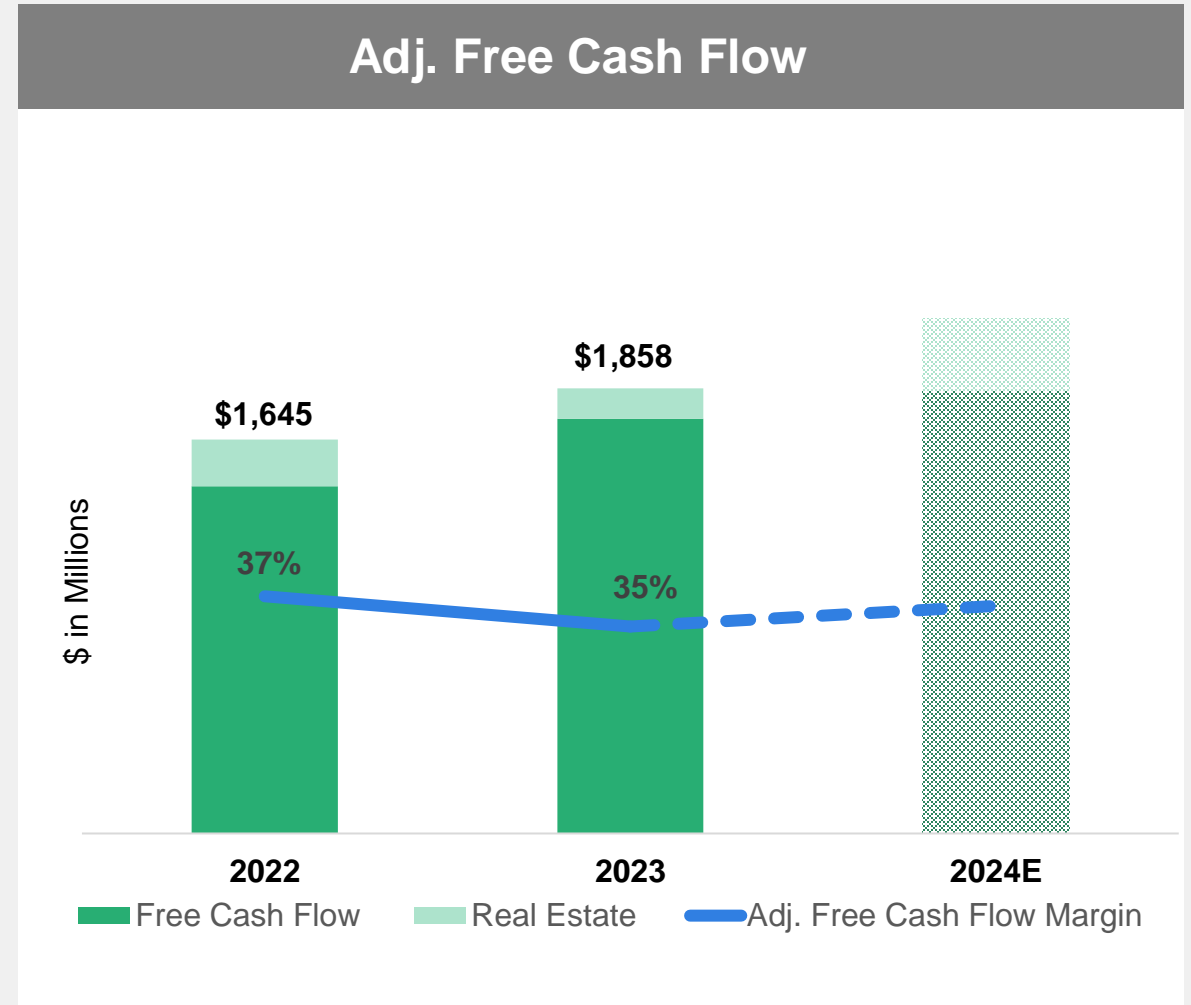
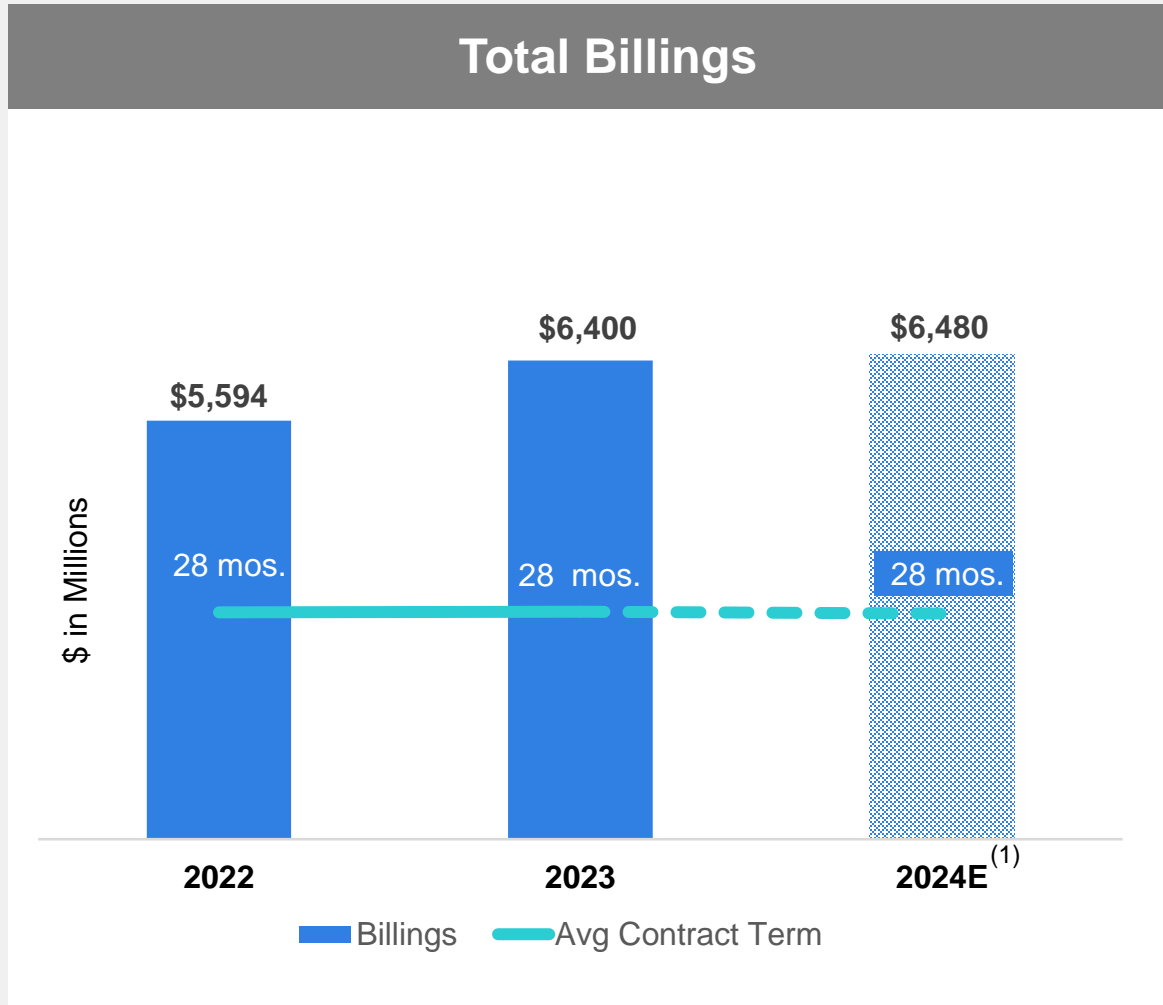


- Worldwide Gov't
- Fin Serv
- SP/MSSP
- Retail
- Manufacturing



# Rich Cash Flow Margins Powering Innovation & S/H Returns

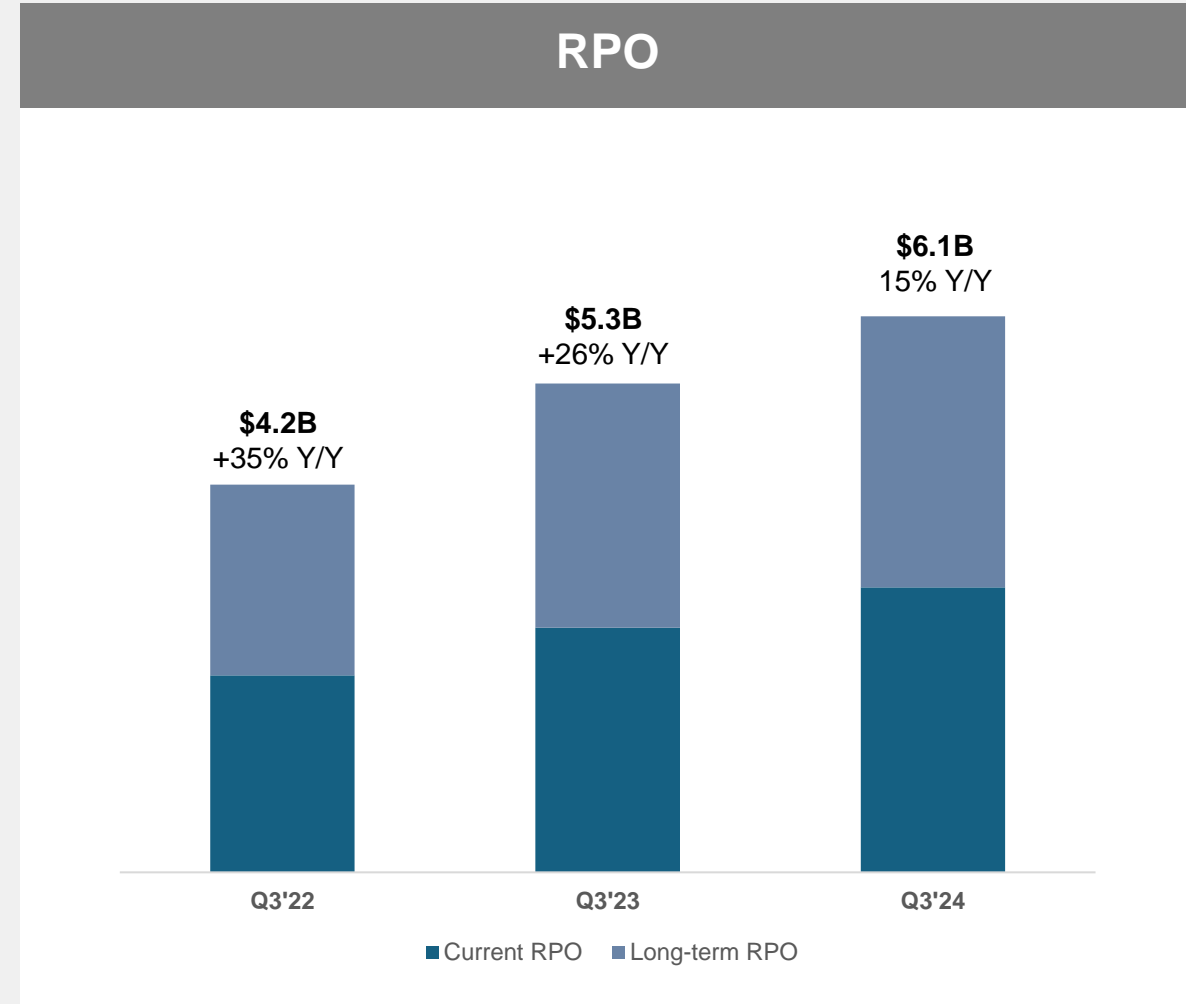
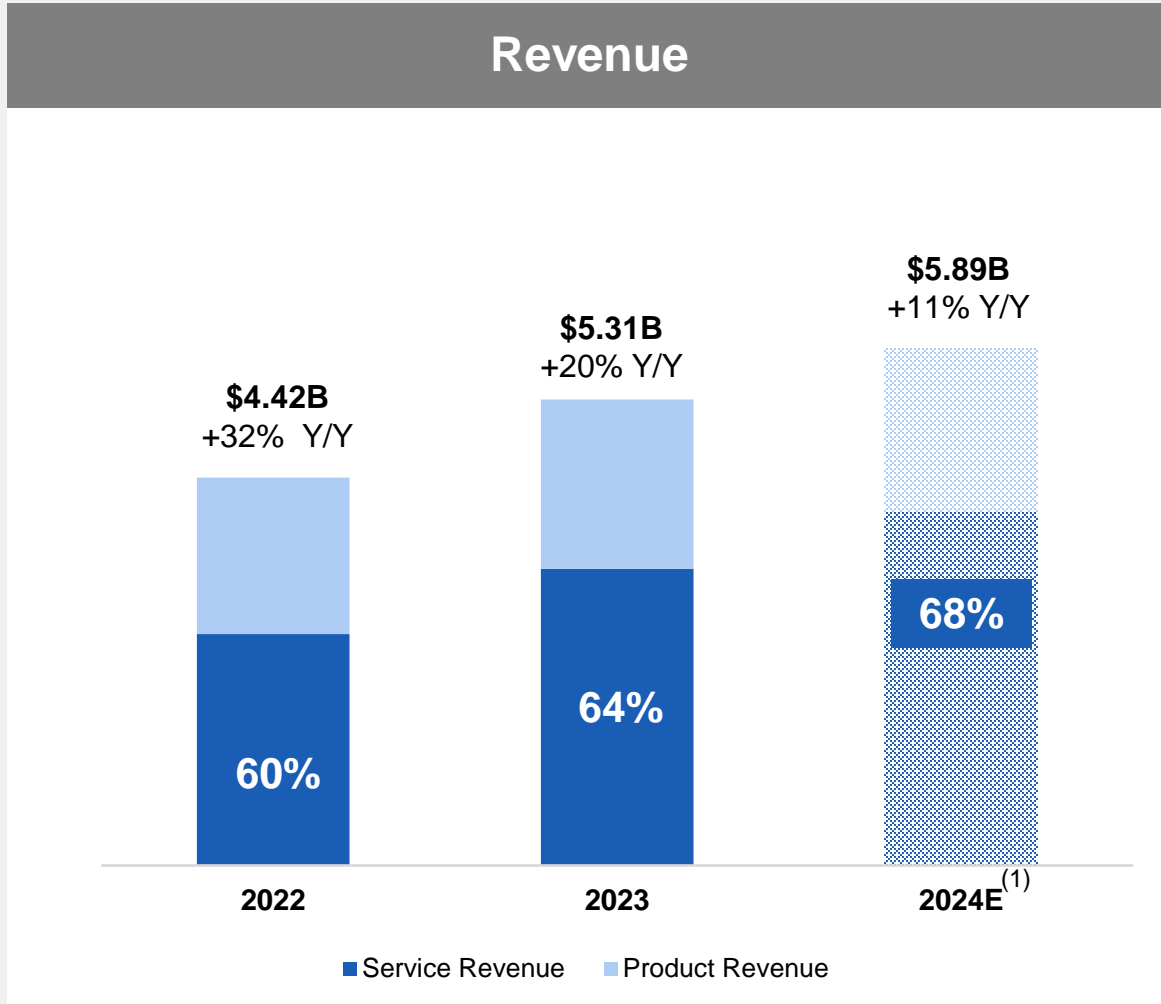
Contract Duration Remains Stable



Based on the midpoint of 2024 guidance provided on November 7, 2024.  
Note: Total Billings is a non-GAAP financial measure. See Appendix for reconciliation of the non-GAAP financial measure to the most comparable GAAP financial measure.

# Revenue Mix Shifts to Higher Margin Service Revenue

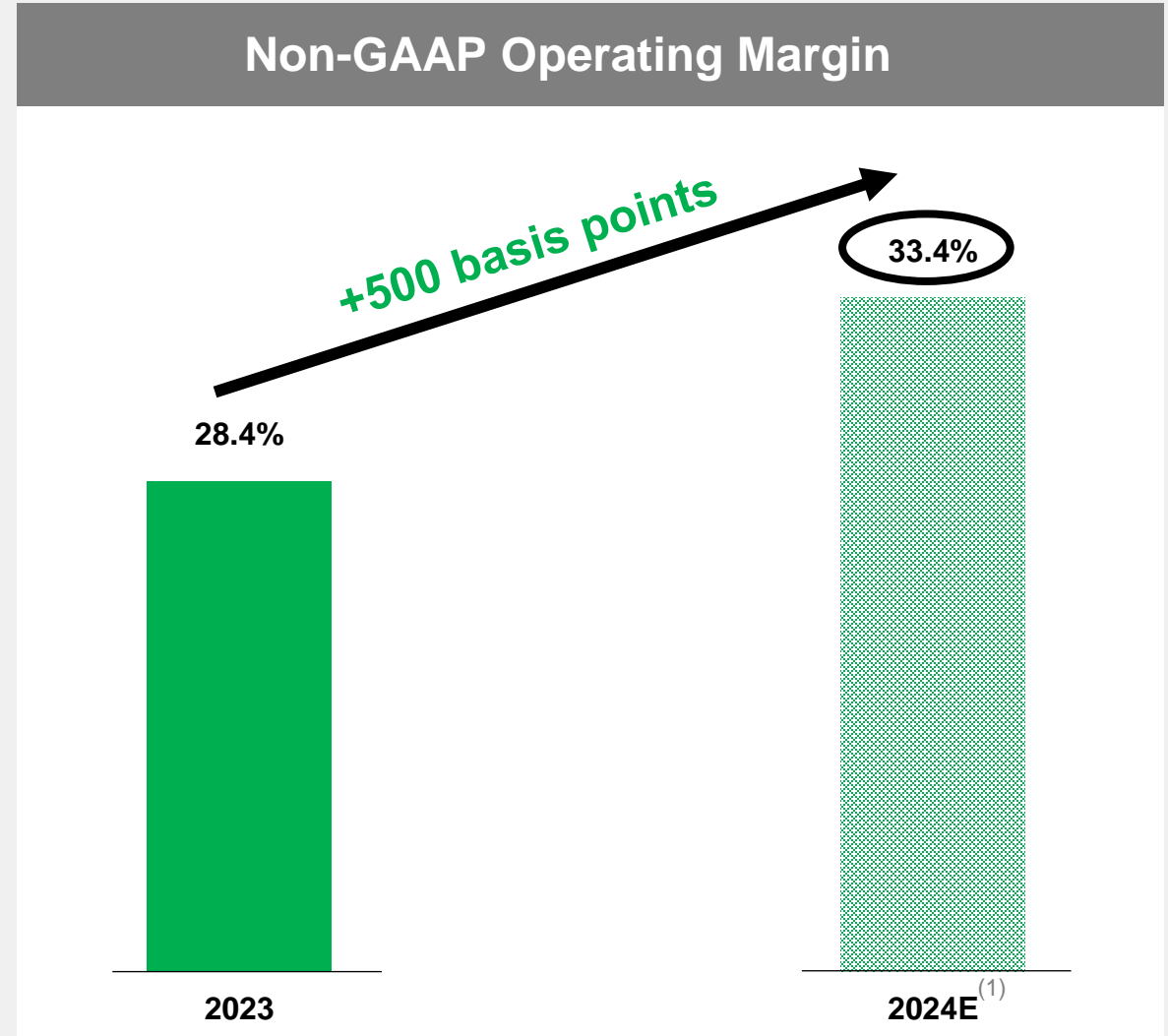
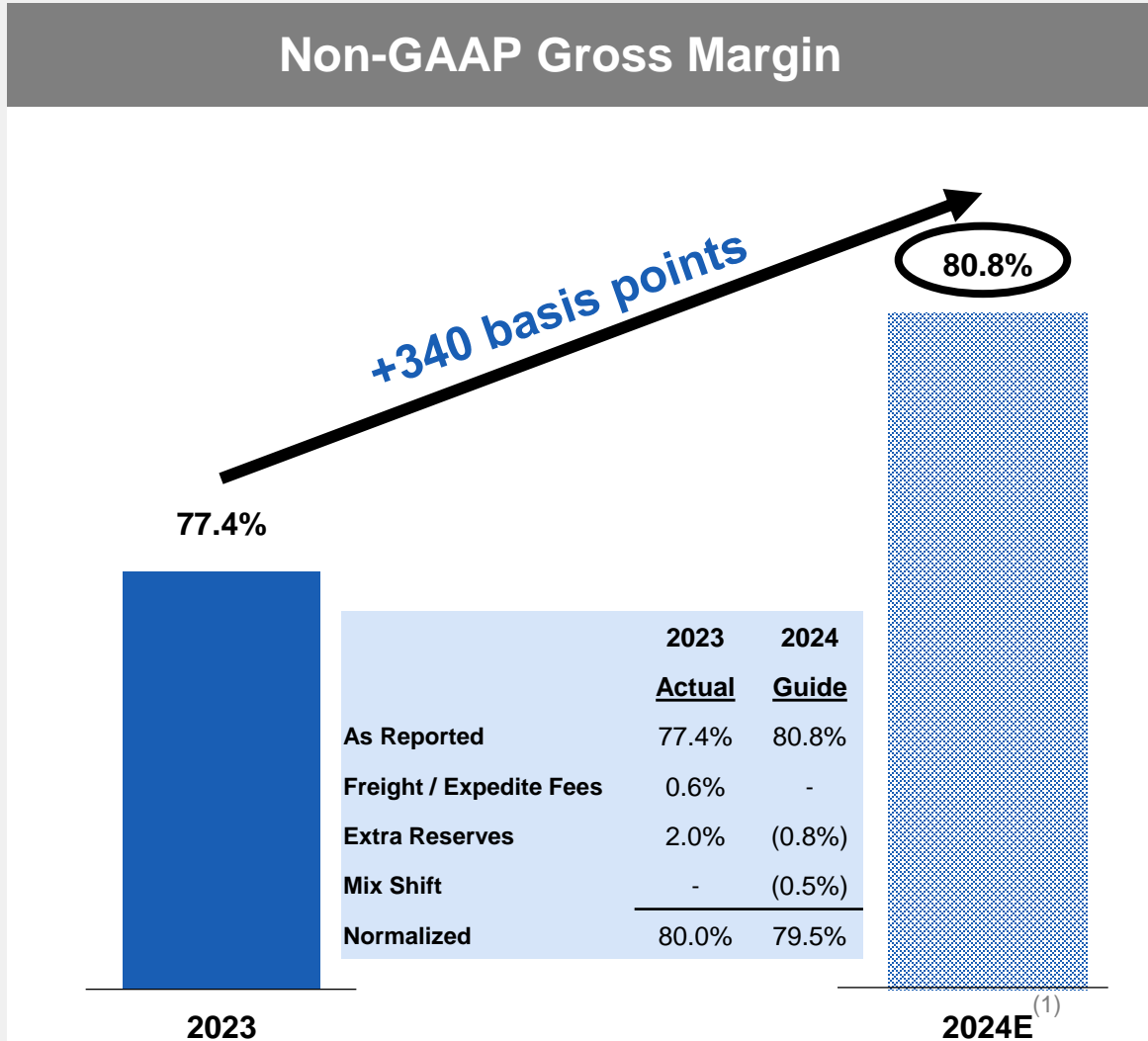
cRPO Growth is 16% YoY



<sup>(1)</sup> Based on the midpoint of 2024 guidance provided on November 7, 2024.

# Significantly Expanded Gross & Operating Margins

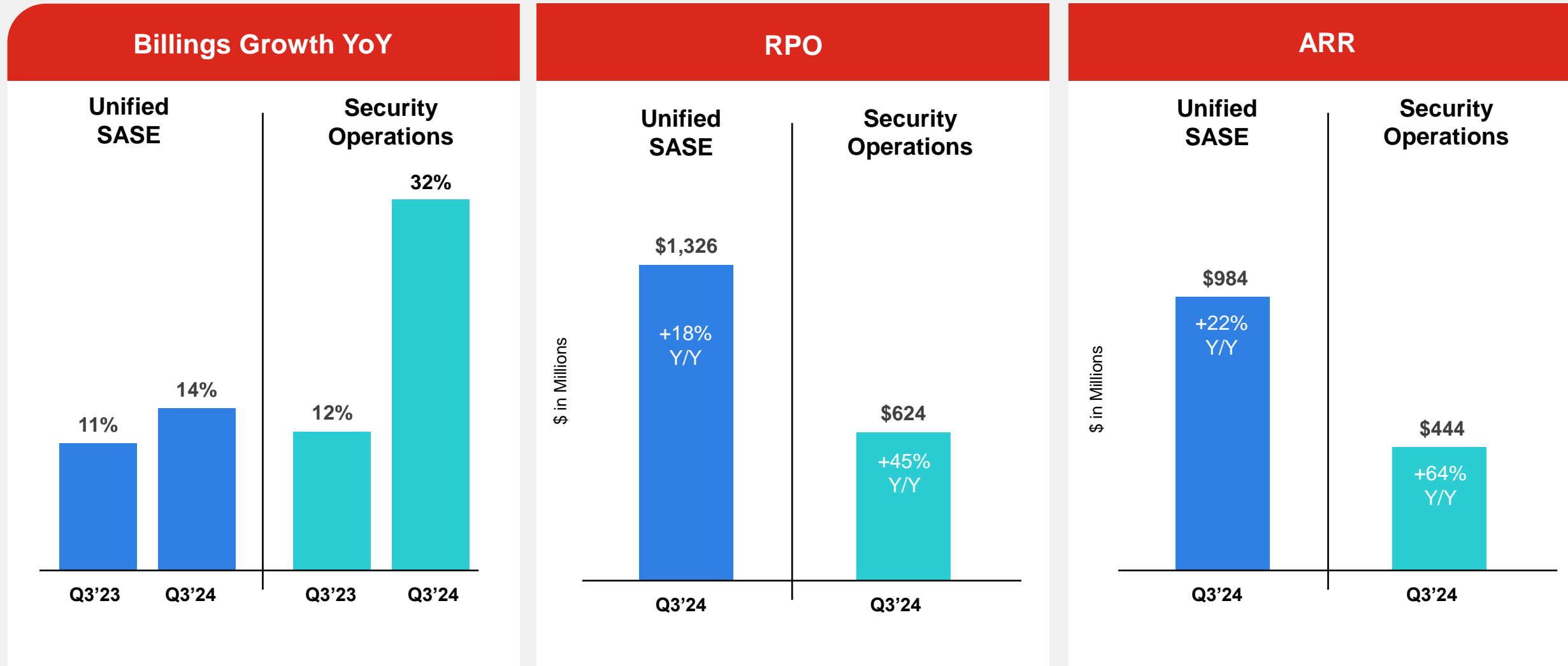
Gross Margin Stabilizing at a Higher Level



<sup>(1)</sup> Based on the midpoint of 2024 revenue and gross margin guidance provided on November 7, 2024. Non-GAAP gross margin and non-GAAP operating margin are non-GAAP financial measures. See Appendix for reconciliation of the non-GAAP financial measures to the most comparable GAAP financial measures.

# Unified SASE and SecOps Billings Mix, Growth Rates and ARR

SSE ARR Growth is Over 500%

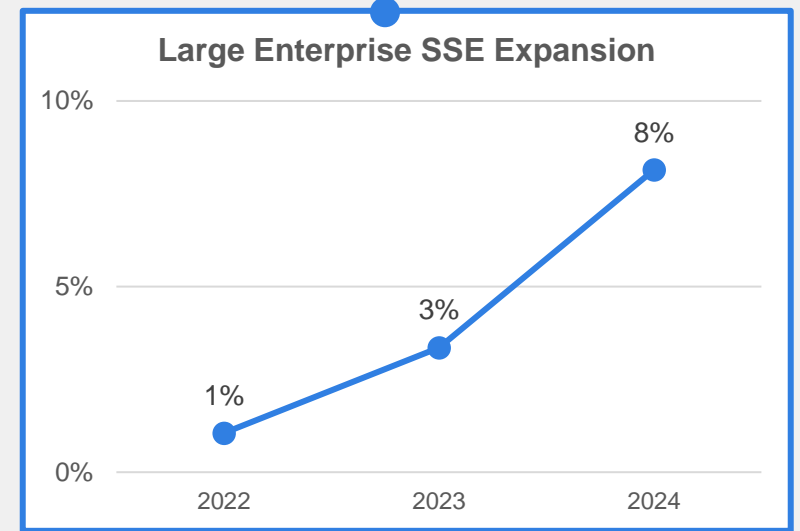
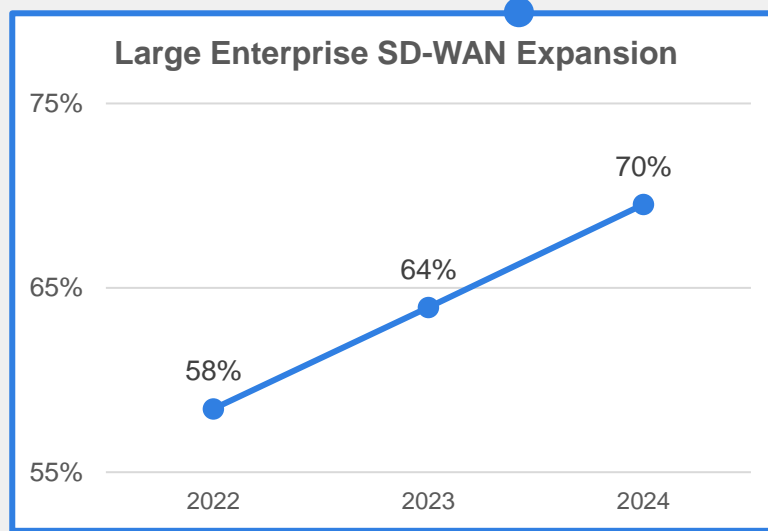
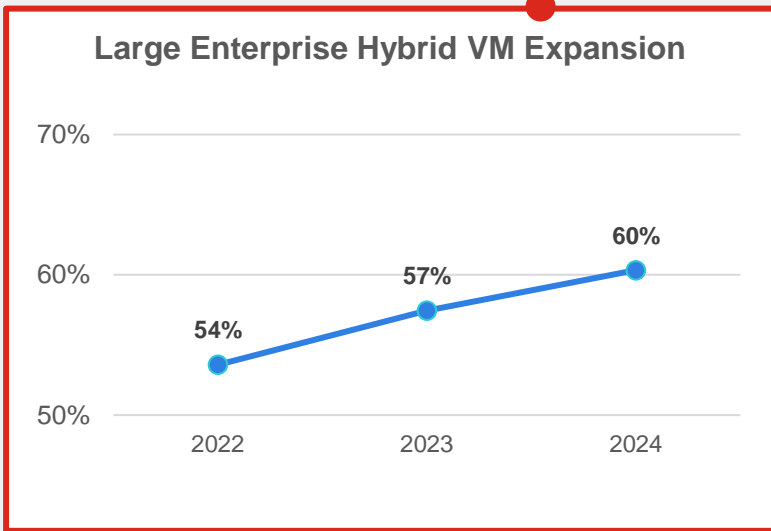
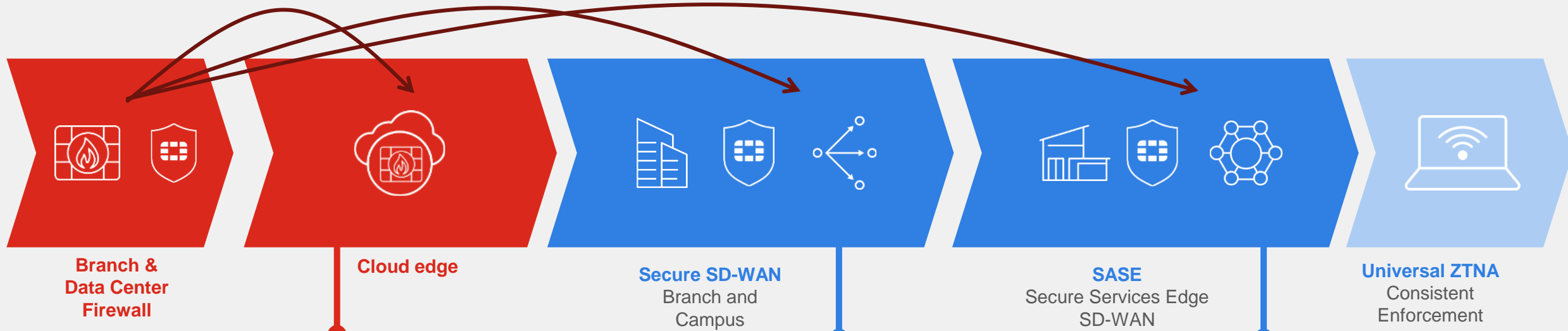


Note: Unified SASE includes SD-WAN (based on a percentage of FortiGate billings), SSE and related solutions. Security Operations includes Lacework and NextDLP. ARR is defined as the annualized value of renewable / recurring customer agreements as of the measurement date, assuming any contract that expires during the next 12 months is renewed at its existing value.



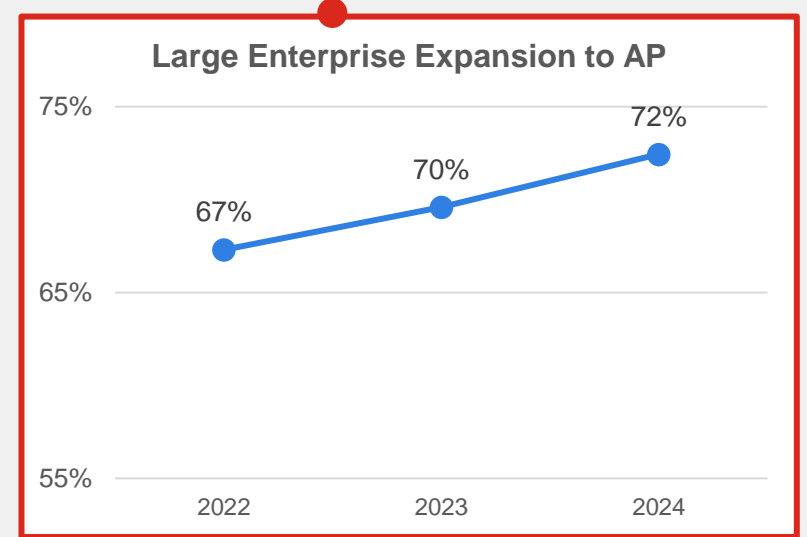
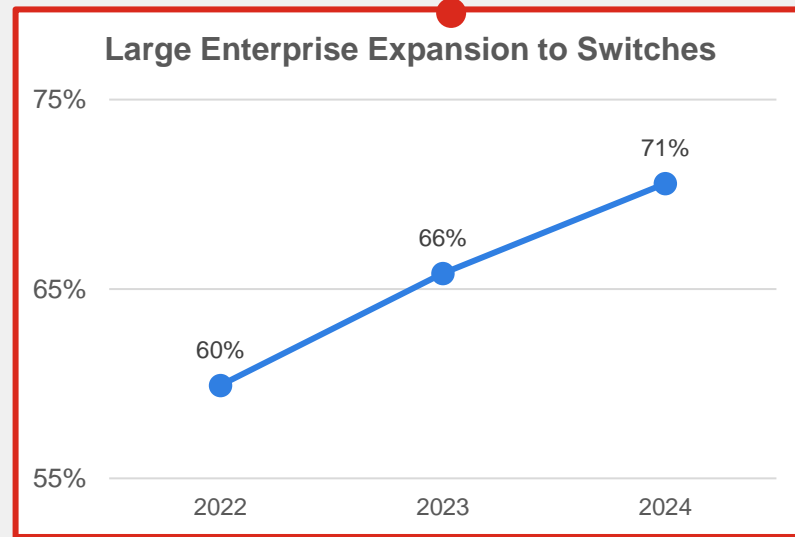
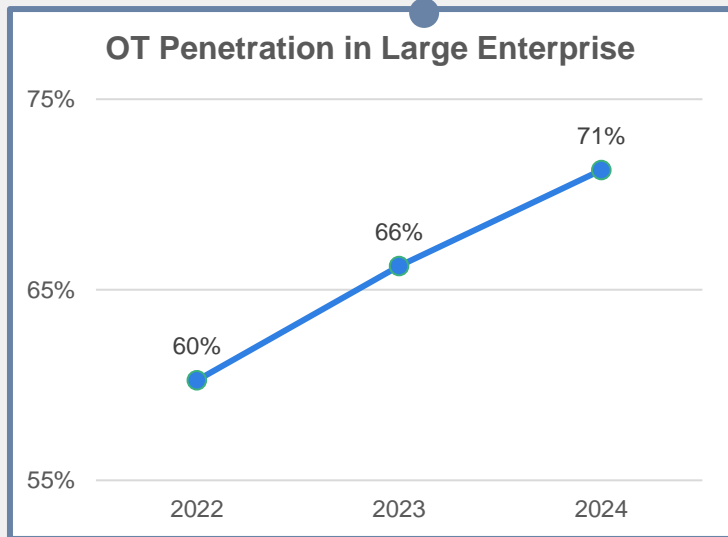
# Consolidation – SD-WAN & SSE

70% of Large Enterprise Customers Have Expanded to SD-WAN Functionality, leveraging the Single OS



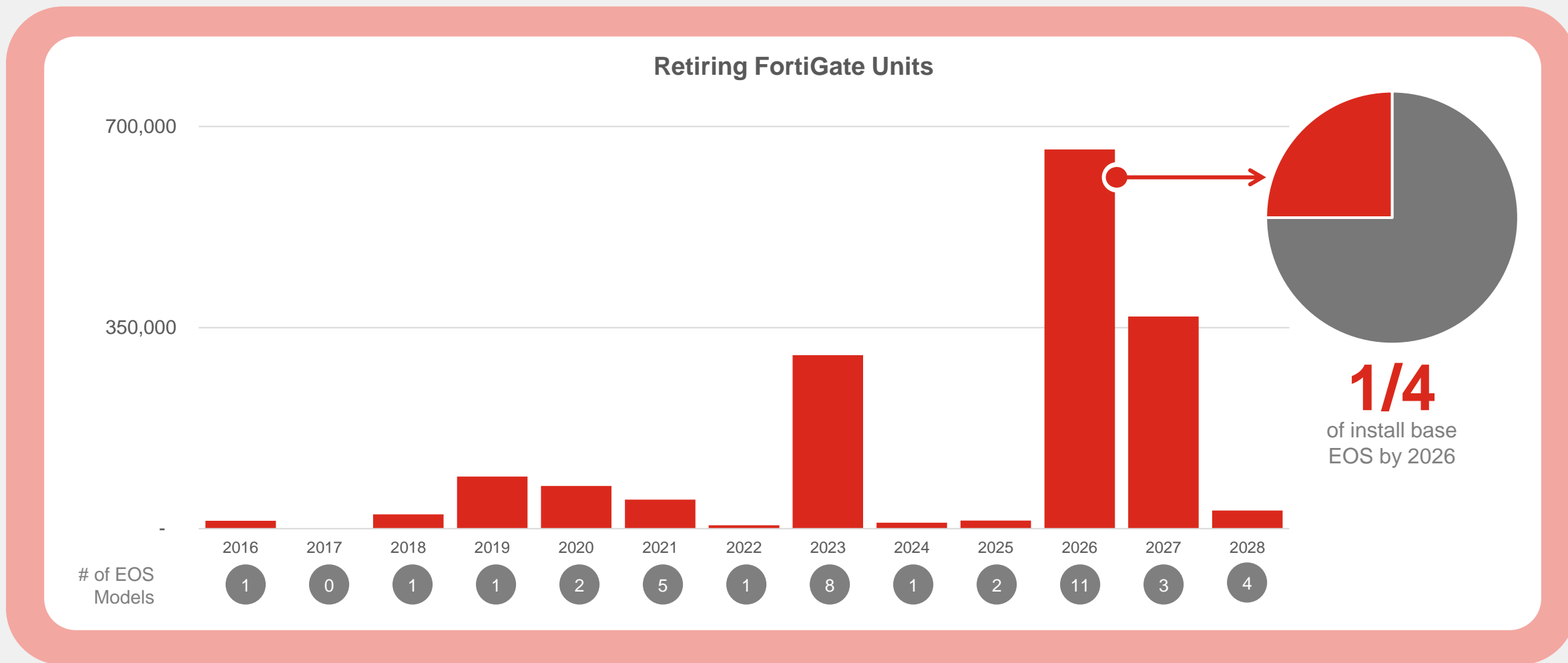
# Convergence – Switch & APs

Over **70%** of Large Enterprise Customers have Converged Firewalls, Switches, and APs



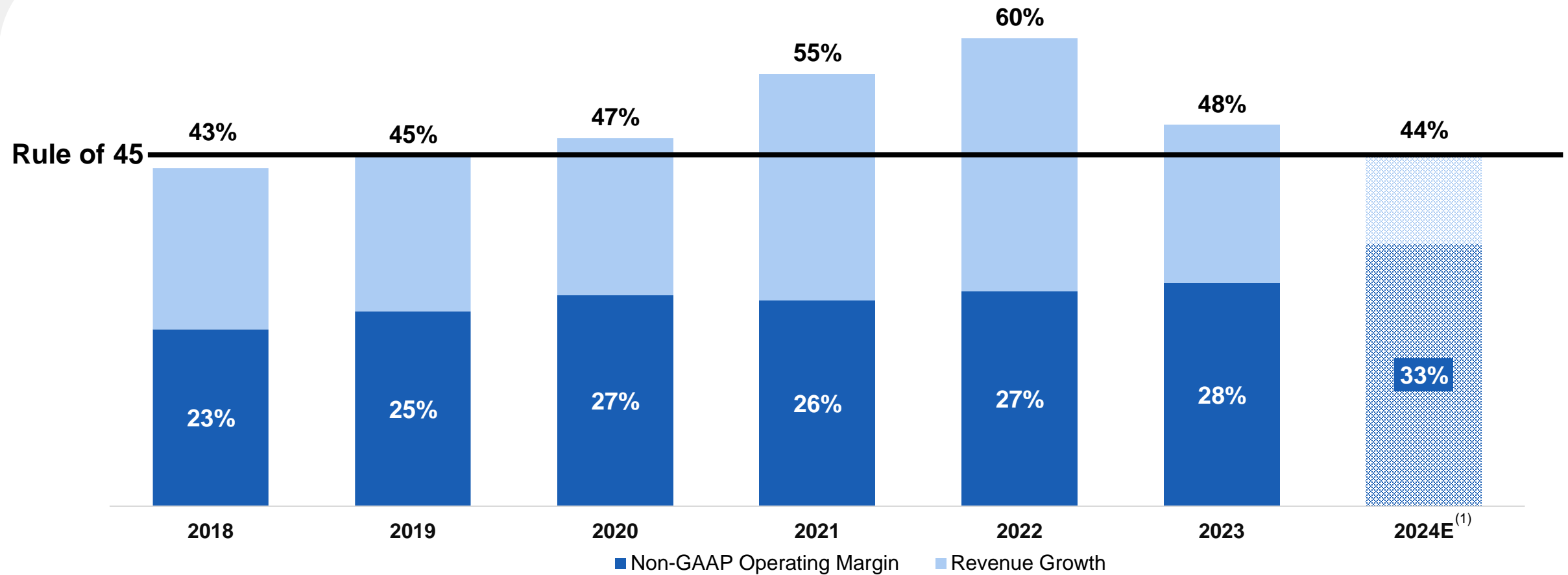
# Secure Networking – Upgrade

2026 Upgrade is Underway, Adding Product Revenue and Service Upsell/Expansion



# Moving to the 'Rule of 45'

Met the Rule of 45 Five Times in the Last Seven Years



Fortinet defines the Rule of 45 as GAAP revenue Y/Y growth plus Non-GAAP Operating Margin. See Appendix for reconciliation of the non-GAAP financial measures to the most comparable GAAP financial measures.

<sup>(1)</sup> Based on the midpoint of 2024 guidance provided on November 7, 2024.

# Financial Targets

## Long-term Target: Achieve the Rule of 45 <sup>(1)</sup>

	2023	2024E	3 – 5 Year Targets
	YoY Growth		
Billings	14%	1%	<b>&gt;12% CAGR</b> <i>Faster than market</i>
Revenue (GAAP)	20%	11%	<b>&gt;12% CAGR</b> <i>Faster than market</i>
Operating Margin	28%	33%	<b>&gt;30%</b>
Rule of 45	48	44	<b>45+</b>
Adjusted Free Cash Flow	35%		<b>mid-to-high 30%'s</b>

<sup>(1)</sup> Fortinet defines the Rule of 45 as GAAP revenue Y/Y growth plus Non-GAAP Operating Margin.

Amounts above are non-GAAP except where GAAP is noted. Our guidance with respect to non-GAAP financial measures excludes stock-based compensation and amortization of acquired intangible assets. We have not reconciled our guidance with respect to non-GAAP financial measures to the corresponding GAAP measures because certain items that impact these measures are uncertain or out of our control or cannot be reasonably predicted. Accordingly, a reconciliation of these non-GAAP financial measures to the corresponding GAAP measures is not available without unreasonable effort.



# Q4'24 and 2024 Guidance

As of November 7, 2024

	Actual Q4'23	Q4'24E	Actual 2023	2024E
Billings	\$1.865B	\$1.900 - 2.000B	\$6.400B	\$6.430 - 6.530B
Y/Y Mid-Pt Growth		4.6%		1.3%
Revenue (GAAP)	\$1.415B	\$1.560 - 1.620B	\$5.305B	\$5.856 - 5.916B
Y/Y Mid-Pt Growth		12.4%		10.9%
Service Revenue (GAAP)	\$927.0M		\$3.378B	\$4.015 - 4.045B
Y/Y Mid-Pt Growth				19.3%
Gross Margin (%)	78.5%	79.5 - 80.5%	77.4%	80.3 - 81.3%
Operating Margin (%)	32.0%	33.0 - 34.0%	28.4%	32.9 - 33.9%
Net Income per Share attributable to Fortinet, Inc.	\$0.51	\$0.58 - 0.62	\$1.63	\$2.20 - 2.28
Weighted Diluted Shares used to Compute Net Income per Share attributable to Fortinet, Inc.	772.3M	768 - 778M	788.2M	766 - 776M



Amounts above are non-GAAP except where GAAP is noted. Our guidance with respect to non-GAAP financial measures excludes stock-based compensation and amortization of acquired intangible assets. We have not reconciled our guidance with respect to non-GAAP financial measures to the corresponding GAAP measures because certain items that impact these measures are uncertain or out of our control or cannot be reasonably predicted. Accordingly, a reconciliation of these non-GAAP financial measures to the corresponding GAAP measures is not available without unreasonable effort.

# Additional Modeling Points

As of November 7, 2024

	Actual Q4'23	Actual 2023	Actual Q1'24	Actual Q2'24	Actual Q3'24	Q4'24E	2024E
Cash Paid for Taxes	\$341M	\$426M	\$31M	\$252M	\$140M	\$127 - \$177M	\$550 - \$600M
Capital Expenditures	\$27M	\$204M	\$222M	\$23M	\$36M	\$100 - \$120M	\$380 - \$400M
Non-GAAP Tax Rate	17%	17%	17%	17%	17%	17%	17%



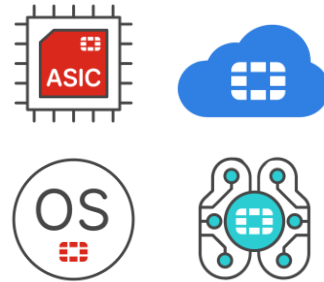
# Key Takeaways

## Growing TAM of \$284B



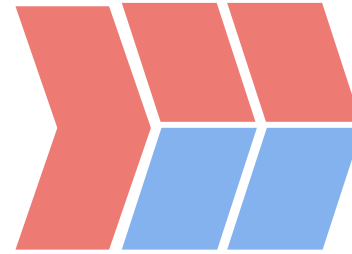
- Delivering continuous innovation addressing the demands of converged security
- Adapting to emerging form factors and rapidly evolving security risks

## Foundations for Growth



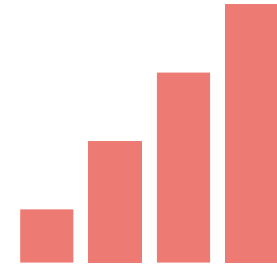
- Billions of investment in FortiASIC / OS to improve security performance
- \$1B+ investment in infrastructure to support data centers and other operations, expanding our cloud solutions
- Continuous investments in OT, AI, and Quantum

## Large Upsell Opportunity



- Continuous innovation and OS integration creates upsell opportunities into our massive Global Customer Base

## Strong Growth and Profitability



- Strong shareholder return through growth and margin expansion as we target the Rule of 45
- Grow faster than the market across Secure Networking, Unified SASE, and SecOps







**FORTINET**

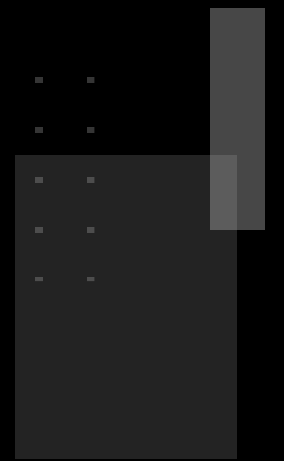
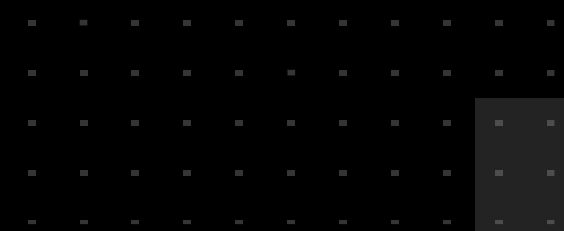
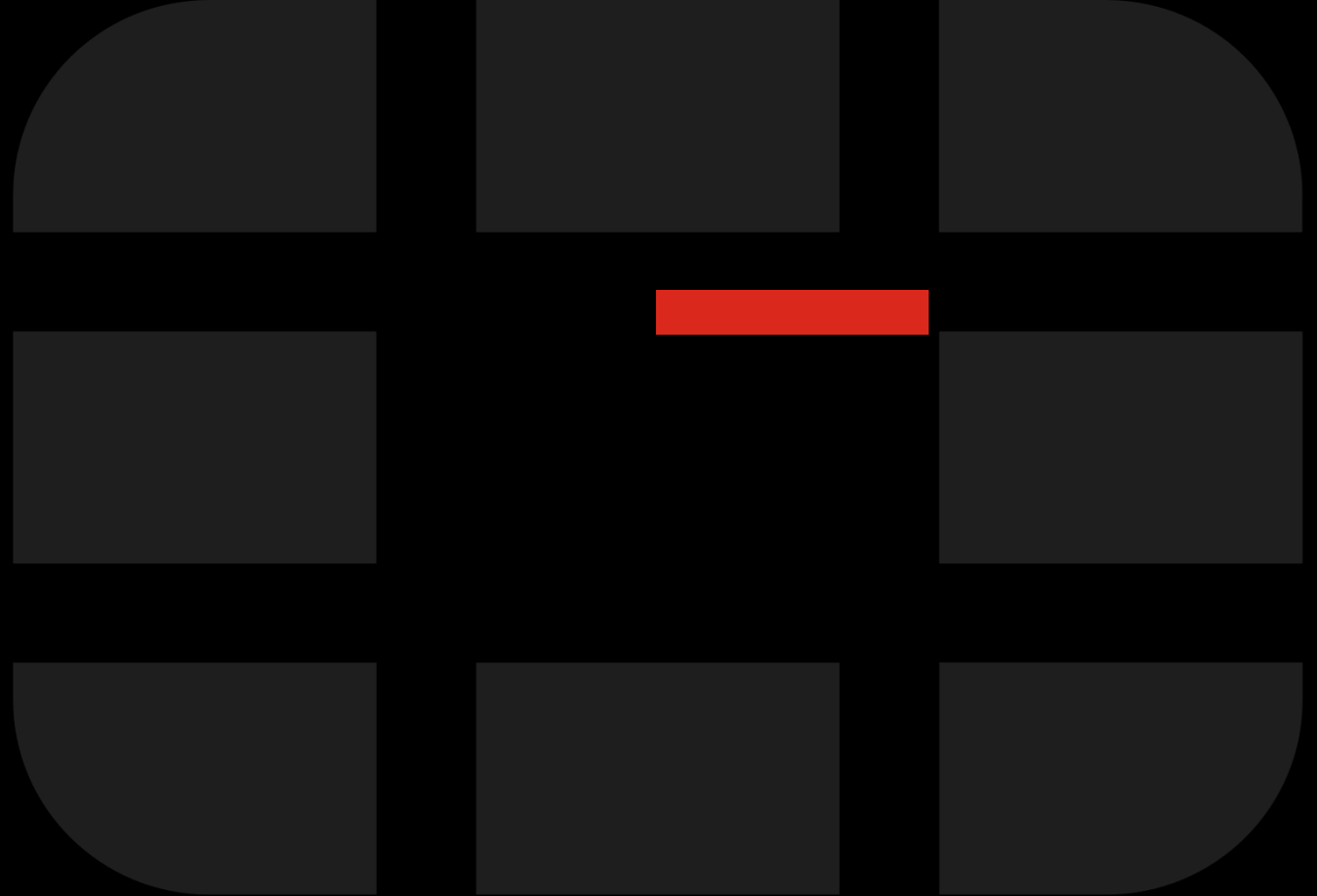
# Executive Q&A





**FORTINET**

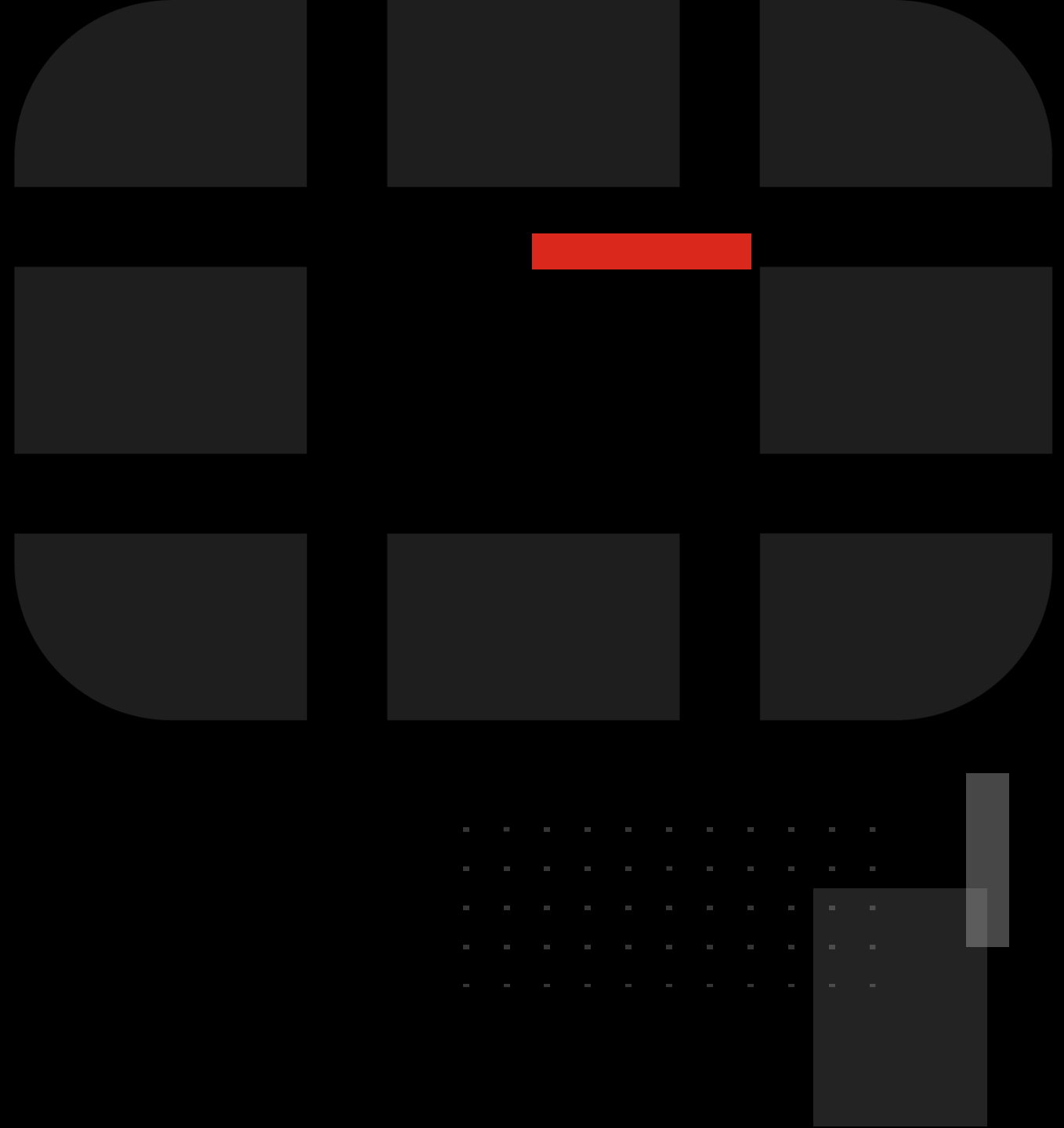
**Thank You!**





**FORTINET**

**Appendix**



# Reconciliation of Non-GAAP Results to GAAP Results

<b>\$ in millions</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Total revenue	\$252.1	\$324.7	\$433.6	\$533.6	\$615.3	\$770.4	\$1,009.3	\$1,278.5	\$1,497.7	\$1,804.6	\$2,163.0	\$2,594.4	\$3,342.2	\$4,417.4	\$5,304.8
Add change in deferred revenue	30.3	50.7	42.2	68.4	69.4	126.1	232.5	230.3	298.2	347.1	442.3	496.2	847.6	1,187.4	\$1,094.7
Add deferred revenue adjustment due to adoption of Topic 606	-	-	-	-	-	-	-	-	-	4.1	-	-	-	-	-
Less Adjustment due to adoption of ASU 2021-08	-	-	-	-	-	-	-	-	-	-	-	-	(4.3)	-	-
Less deferred revenue balance acquired in business acquisition	-	-	-	-	(0.6)	-	(9.8)	(4.4)	-	(2.5)	(2.4)	(0.6)	(4.1)	(10.8)	-
<b>Total billings</b>	<b>\$282.4</b>	<b>\$375.4</b>	<b>\$475.8</b>	<b>\$602.0</b>	<b>\$684.2</b>	<b>\$896.5</b>	<b>\$1,232.0</b>	<b>\$1,504.4</b>	<b>\$1,795.9</b>	<b>\$2,153.3</b>	<b>\$2,602.9</b>	<b>\$3,090.0</b>	<b>\$4,181.4</b>	<b>\$5,594.0</b>	<b>\$6,399.5</b>

<b>\$ in millions</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
GAAP gross profit	<b>\$2,559.2</b>	<b>\$3,332.5</b>	<b>\$4,067.6</b>
Stock-based compensation	17.4	20.5	25.1
Amortization of acquired intangible assets	12.9	17.2	14.9
Non-GAAP gross profit	<b>\$2,589.5</b>	<b>\$3,370.2</b>	<b>\$4,107.6</b>
Non-GAAP gross margin	<b>77.5%</b>	<b>76.3%</b>	<b>77.4%</b>



# Reconciliation of Non-GAAP Results to GAAP Results

<b>\$ in millions</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Q3'24 YTD</b>
GAAP research and development expense	<b>\$341.4</b>	<b>\$424.2</b>	<b>\$512.4</b>	<b>\$613.8</b>	<b>\$525.7</b>
Stock-based compensation	(47.6)	(56.7)	(64.2)	(76.8)	(63.0)
Non-GAAP research and development expense	<b>\$293.8</b>	<b>\$367.5</b>	<b>\$448.2</b>	<b>\$537.0</b>	<b>\$462.7</b>

<b>\$ in millions</b>	<b>2022</b>	<b>2023</b>
GAAP operating income	<b>\$969.6</b>	<b>\$1,241.1</b>
GAAP operating margin	<b>22%</b>	<b>23%</b>
Stock-based compensation	219.8	251.6
Amortization of acquired intangible assets	23.3	18.9
Gain on IP matter	(4.6)	(4.6)
Non-GAAP operating income	<b>\$1,208.1</b>	<b>\$1,507.0</b>
Non-GAAP operating margin	<b>27%</b>	<b>28%</b>



# Reconciliation of Non-GAAP Results to GAAP Results

<b>\$ in millions</b>	<b>2022</b>	<b>2023</b>
GAAP Cash Flow from Operations	\$1,703.6	\$1,935.5
Less: Purchases of Property and Equipment	(281.2)	(204.1)
<b>Free Cash Flow</b>	<b>\$1,449.4</b>	<b>\$1,731.4</b>
Add: Real Estate Related Add Backs	195.1	126.9
<b>Adjusted Free Cash Flow</b>	<b>\$1,644.5</b>	<b>\$1,858.3</b>
<b>Free cash flow margin</b>	<b>37%</b>	<b>35%</b>



# Reconciliation of Non-GAAP Results to GAAP Results

<b>\$ in millions</b>	<b>2009<sup>(1)</sup></b>	<b>2010<sup>(1)</sup></b>	<b>2011<sup>(1)</sup></b>	<b>2012<sup>(1)</sup></b>	<b>2013<sup>(1)</sup></b>	<b>2014<sup>(1)</sup></b>	<b>2015<sup>(1)</sup></b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
GAAP operating income	\$25.3	\$55.3	\$88.9	\$100.5	\$72.1	\$59.3	\$14.9	\$46.0	\$112.6	\$234.4	\$351.0	\$531.8	\$650.4	\$969.6	\$1,241.1
GAAP operating margin	10%	17%	21%	19%	12%	8%	1%	4%	8%	13%	16%	20%	19%	22%	23%
Stock-based compensation	7.4	9.3	19.0	30.7	44.4	59.0	95.0	122.4	137.2	162.9	174.1	193.8	211.2	219.8	251.6
Amortization of acquired intangible assets	-	-	-	-	1.6	1.4	3.1	9.3	8.6	9.0	10.9	13.3	18.5	23.3	18.9
Impairment of intangible assets	-	-	-	-	0.5	2.4	1.6	-	-	-	-	-	-	-	-
Write-off of intangible asset	2.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ERP-related expenses	-	-	-	-	-	-	5.4	13.4	-	-	-	-	-	-	-
Acquisition-related charges	-	-	-	-	-	-	2.7	0.3	-	-	-	-	-	-	-
Restructuring charges	-	-	-	-	-	-	7.6	4.0	0.3	-	-	-	-	-	-
Inventory fair value adjustment amortization	-	-	-	-	-	-	2.9	0.8	-	-	-	-	-	-	-
Litigation settlement expenses	-	-	(1.9)	(1.9)	(1.9)	-	-	-	1.5	-	-	(0.7)	-	-	-
Gain on IP matter	-	-	-	-	-	-	-	-	-	-	-	(40.2)	(4.6)	(4.6)	(4.6)
Non-GAAP operating income	\$35.1	\$64.6	\$106.0	\$129.3	\$116.7	\$122.1	\$133.2	\$196.2	\$260.2	\$406.3	\$536.0	\$698.0	\$875.5	\$1,208.1	\$1,507.0
Non-GAAP operating margin	14%	20%	24%	24%	19%	16%	13%	15%	17%	23%	25%	27%	26%	27%	28%



(1) 2009-2015 have not been adjusted for an immaterial error related to the commencement of revenue recognition for certain FortiCare support service contracts.

The logo features the word "FORTINET" in a bold, white, sans-serif font. The letter "O" is stylized as a red square with a white grid pattern. The background is black with several large, semi-transparent gray shapes: a large "F" shape on the left, a large "R" shape on the right, and a large "I" shape at the bottom. There are also three red horizontal bars: one at the top left, one in the middle right, and one at the bottom left. A grid of small white dots is visible in the bottom right area, and a vertical gray bar is on the far right edge.

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