

Profile:

Red Hat, the world's leading provider of open source solutions and an S&P 500 company, is headquartered in Raleigh, NC with more than 85 offices spanning the globe. Red Hat provides enterprise-strength, mission critical software and services in today's most important IT areas: Operating Systems, Virtualization, Middleware, Storage, and Cloud Computing. Red Hat's open source model supplies enterprise computing solutions across physical, virtual and cloud environments that can reduce costs and improve performance, reliability and security. Red Hat also offers support, training and consulting services to its customers worldwide and through top-tier partners.

Basic Info:

Founded	1993
IPO	1999
Employees	~10,500
Headquarters	Raleigh, NC
President & CEO	James M. Whitehurst
Acting CFO	Eric R. Shander
Market	NYSE
Ticker Symbol	RHT
Shares Outstanding (02/28/17)	
Basic	178 million
Diluted	181 million
Market Cap (02/28/17: \$82.81/share)	\$15B
Debt rating	'BBB'
Transfer agent	Computershare (888) 542-4427

Red Hat Sells Subscriptions

One subscription price covers everything:

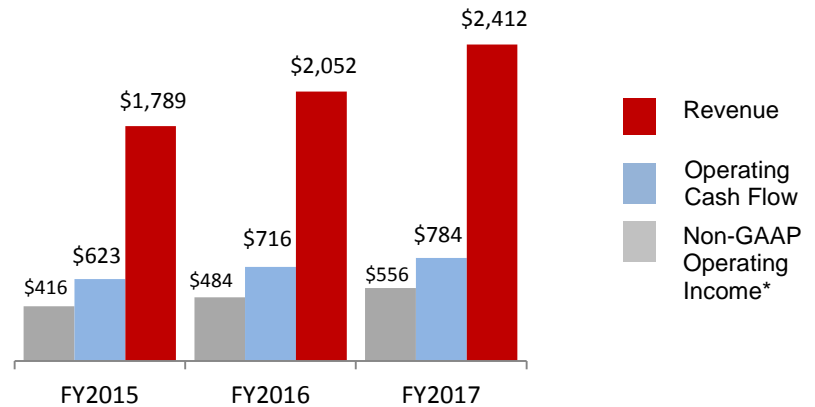
- Technology
 - Product and documentation
 - Certifications
 - Large ecosystem with thousands of certified applications, hardware and ISV partners
 - Maintenance
 - Red Hat Network delivers updates, patches and bug fixes
 - Upgrades
 - Customers get new releases at no extra charge
 - Releases are supported for 3-10 years
 - Level 3 Support (e.g. Code changes)
 - Only Red Hat determines what goes into RHEL
- First Line Customer Support + Portal
- Up to 24x7 with 1 hour response

Unique to Red Hat

RHT or Partner

Annual Metrics

(in millions)



* GAAP Operating Income was \$250m, \$288m and \$332m in FY2015, FY2016 and FY2017, respectively. Please refer to next page for a GAAP to Non-GAAP reconciliation.



Q4 Financial Highlights⁽¹⁾

- Revenue \$629 million, up 16% y/y
- Subscription Revenue \$560 million, up 17% y/y
 - Infrastructure related: \$435 million, up 11% y/y
 - App dev related & emerging tech: \$125 million, up 40% y/y
- GAAP Operating Margin of 15.0% and Non-GAAP⁽²⁾ Operating Margin of 24.3%
- GAAP diluted EPS of \$0.36 and Non-GAAP⁽²⁾ diluted EPS of \$0.61, up 24% and 17% y/y, respectively
- Cash & Investments balance: \$2.1 billion
- Repurchased 1.9 million shares of common stock
- Deferred Revenue \$2.1 billion, up 20% y/y

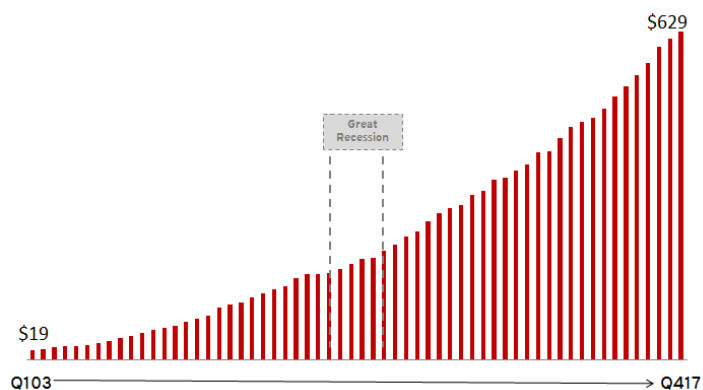
⁽¹⁾ This should be read in conjunction with Red Hat's earnings press release issued on March 27, 2017 as well as Red Hat's SEC filings found on <http://investors.redhat.com>

⁽²⁾ Please refer to table below for GAAP to Non-GAAP reconciliation.

Q4 Operational Highlights

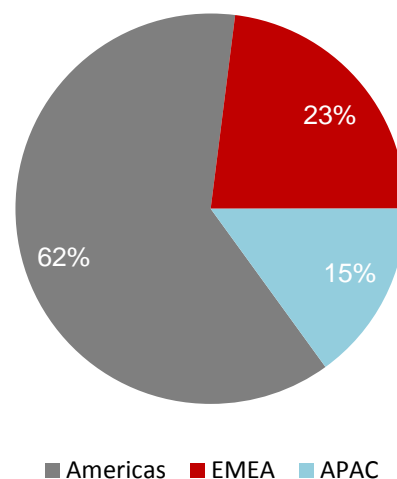
- Announced collaboration with Hewlett Packard Enterprise to incorporate Red Hat OpenStack Platform and Red Hat Ceph Storage into HPE NFV System solutions and HPE Validated Configurations for communications service providers.
- Announced expanded cooperation with Huawei to include public and NFV clouds.
- Announced a strategic collaboration with IBM to provide Red Hat OpenStack Platform and Red Hat Ceph Storage on IBM Private Cloud.
- IDC report sponsored by Red Hat details the business value of OpenShift for nine organizations. (www.openshift.com/sites/default/files/idc-business-value-of-openshift.pdf)
 - 531% average five-year ROI
 - \$1.29 million average annual benefits per 100 developers per year
 - 66% faster application development life cycles

60 Quarters of Revenue Growth



(In millions, fiscal years)

FY2017 Bookings By Geography



Reconciliation of Selected GAAP Measures to Non-GAAP Measures

(amounts in thousands, except per share data)

Q417 Results - Three Months Ended February 28, 2017

	GAAP	Non-cash share-based comp	Amortization of intangible assets	Business combinations	Facility exit costs	Non-cash interest expense: debt discount	Dilution offset from note hedges	Non-GAAP, as adjusted
Operating Income	\$ 94,225	51,157	7,245					\$152,627
Operating margin	15.0%							24.3%
Income before tax	\$ 91,673	51,157	7,245			4,820		\$154,895
Provision for income taxes ⁽¹⁾	\$ 25,870							\$45,203
Net Income	\$ 65,803							\$109,692
Diluted WASO	181,197						(492)	180,705
Diluted Earnings Per Share	\$ 0.36							\$0.61

Full Year Results - Fiscal Year ends last day of February

	GAAP	Non-cash share-based comp	Amortization of intangible assets	Business combinations	Facility exit costs	Non-cash interest expense: debt discount	Dilution offset from note hedges	Non-GAAP, as adjusted
FY2017 Operating Income	\$332,245	192,530	29,856	1,789				\$556,420
Operating margin	13.8%							23.1%
FY2016 Operating Income	\$288,048	166,234	25,803	3,884				\$483,969
Operating margin	14.0%							23.6%
FY2015 Operating Income	\$249,994	135,232	26,885	4,001				\$416,112
Operating margin	14.0%							23.3%

⁽¹⁾ GAAP provision for income taxes is calculated at an annual effective tax rate of 27.7% less discrete tax benefits from share-based compensation of \$0.6M and other discrete tax benefits of \$0.5M. Non-GAAP provision for income taxes is calculated at an annual effective tax rate of 27.7%, less other discrete tax benefits of \$0.5M.