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## 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 95 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 INFORMATION

Founded: 1993  
 IPO: 1999  
 Employee Count: ~12,600  
 Headquarters: Raleigh, NC  
 President + CEO: James M. Whitehurst  
 EVP + CFO: Eric R. Shander  
 Market: NYSE  
 Ticker Symbol: RHT

### Shares Outstanding (as of 8/31/18):

Basic: 177 million  
 Diluted: 187 million

### Market Cap

8/31/18: \$147.7/share: \$26B

Debt Rating: BBB+

Transfer Agent: Computershare  
 (888) 542-4427

## A RED HAT SUBSCRIPTION COVERS:

### TECHNOLOGY:

Product and documentation

### CERTIFICATIONS:

Large ecosystem with thousands of certified applications, hardware + ISV partners

### MAINTENANCE:

Red Hat Network delivers updates, patches + 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):

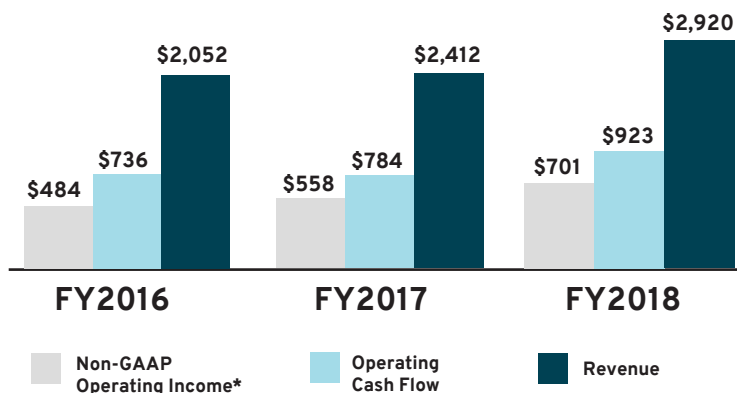
Only Red Hat determines what goes into RHEL

### FIRST LINE CUSTOMER SUPPORT + PORTAL:

Up to 24x7 with 1 hour response

## ANNUAL METRICS

(in millions)



\*GAAP Operating Income was \$288m, \$334m and \$476m in FY2016, FY2017 and FY2018, respectively. Please refer to the next page for a GAAP to non-GAAP reconciliation. Operating Income for FY17 and FY18 has been adjusted to reflect the retrospective adoption of ASC 606.



## Q2 FINANCIAL HIGHLIGHTS<sup>1</sup>

- Revenue \$823 million, up 14% y/y
- Subscription Revenue \$723 million, up 13% y/y
  - Infrastructure-related: \$527 million, up 8% y/y
  - App dev + emerging tech: \$196 million, up 31% y/y
- GAAP Operating Margin of 16.4% and Non-GAAP<sup>2</sup> Operating Margin of 23.9%
- Total cash, cash equivalents and investments as of August 31, 2018 was \$2.2 billion
- Deferred Revenue \$2.4 billion, up 17% y/y
- One of the deals over \$5 million was the largest services deal we have ever closed in a quarter.
- 73 deals over \$1M, including 11 deals over \$5M, with one of those deals over \$10M

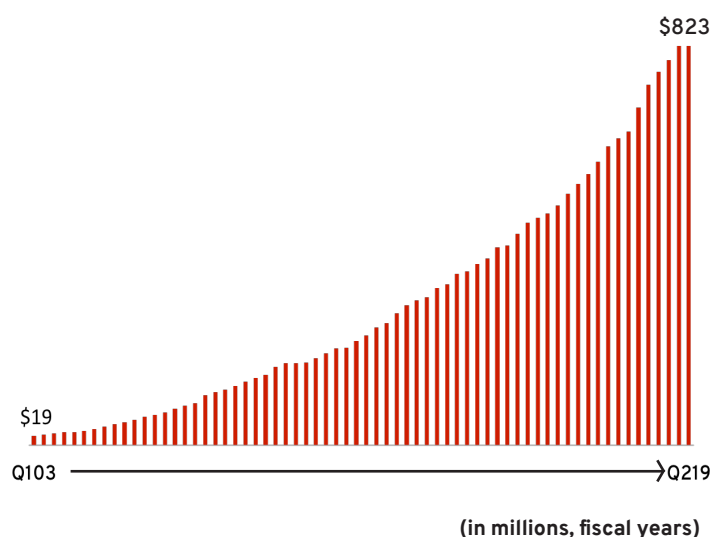
<sup>1</sup>This should be read in conjunction with Red Hat's earnings press release issued on September 19, 2018, as well as Red Hat's SEC filings found on: <https://investors.redhat.com>.

<sup>2</sup>Please refer to the table below for GAAP to Non-GAAP reconciliation.

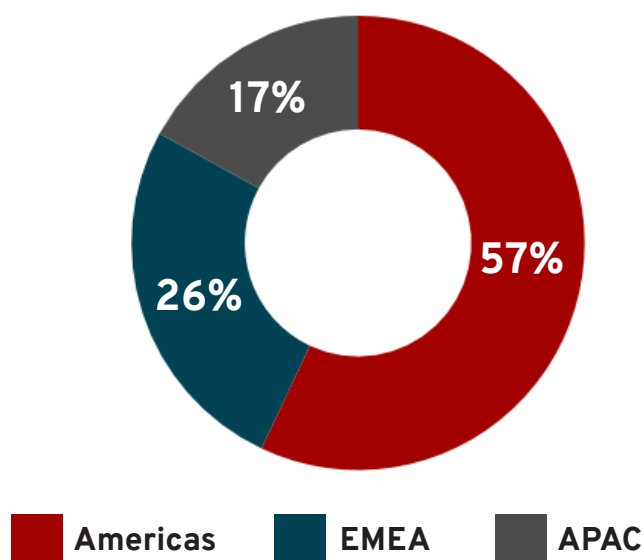
## Q2 OPERATIONAL HIGHLIGHTS

- Announced a multi-partner relationship with Hortonworks and IBM Cloud Private to bring their big data and analytics products onto OpenShift for its hybrid cloud ability, which is designed to enable customers to develop and run data-intensive applications on OpenShift.
- Released Red Hat Ansible Tower 3.3, which includes an updated user interface, improved scaling, and the ability to run Ansible Tower on Red Hat OpenShift Container Platform.
- Both Ansible and OpenShift added nearly a hundred new customers each when compared to the previous quarter.
- Launched Fuse 7 and Buildah 1.0, both of which can help developers to build and integrate cloud native container applications.

## 66 QUARTERS OF REVENUE GROWTH



## FY2018 BOOKINGS BY GEOGRAPHY



## Reconciliation of Selected GAAP Measures to Non-GAAP Measures

### Q219 Results - Three Months Ended August 31, 2018

	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	Dilutive effect of equity awards	Non-GAAP, as adjusted
Operating Income	\$134,556	52,686	9,690	107					\$197,039
Operating margin	16.4%								23.9%

### 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	Dilutive effect of equity awards	Non-GAAP, as adjusted
FY2018 Operating Income <sup>(1)</sup>	\$475,732	192,249	31,445	2,038					\$701,464
Operating margin	16.3%								24.0%
FY2017 Operating Income <sup>(1)</sup>	\$334,075	192,530	29,856	1,789					\$558,250
Operating margin	13.9%								23.1%
FY2016 Operating Income	\$288,048	166,234	25,803	3,884					\$483,969
Operating margin	14.0%								23.6%

<sup>(1)</sup> Income statement data for FY17 and FY18 has been adjusted to reflect the retrospective adoption of ASC 606.

(amount in thousands)