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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 90 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	~10,700
Headquarters	Raleigh, NC
President & CEO	James M. Whitehurst
EVP & CFO	Eric R. Shander
Market	NYSE
Ticker Symbol	RHT
Shares Outstanding (05/31/17)	
Basic	177 million
Diluted	182 million
Market Cap (05/31/17: \$89.57/share)	\$16B
Debt rating	'BBB'
Transfer agent	Computershare (888) 542-4427

**Red Hat Sells Subscriptions**

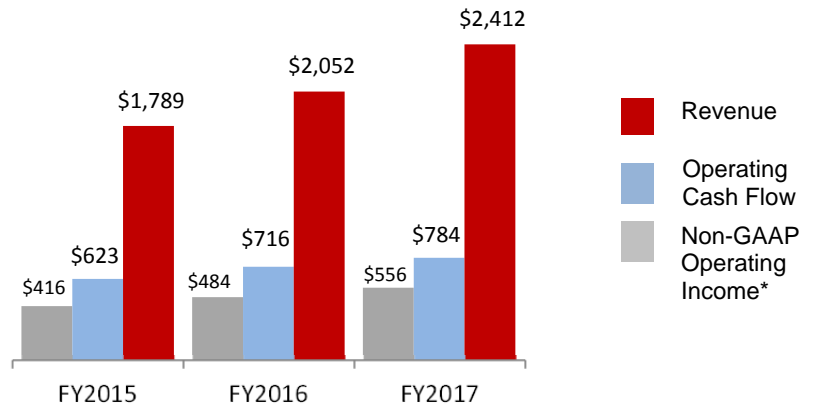
One subscription price covers everything:

- 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.



## Q1 Financial Highlights<sup>(1)</sup>

- Revenue \$677 million, up 19% y/y
- Subscription Revenue \$597 million, up 19% y/y
  - Infrastructure related: \$458 million, up 14% y/y
  - App dev related & emerging tech: \$139 million, up 41% y/y
- GAAP Operating Margin of 12.9% and Non-GAAP<sup>(2)</sup> Operating Margin of 20.5%
- GAAP diluted EPS of \$0.40 and Non-GAAP<sup>(2)</sup> diluted EPS of \$0.56, up 21% and 12% y/y, respectively
- Cash & Investments balance: \$2.3 billion
- Repurchased \$62 million or approximately 700,000 shares of common stock
- Deferred Revenue \$2.1 billion, up 21% y/y

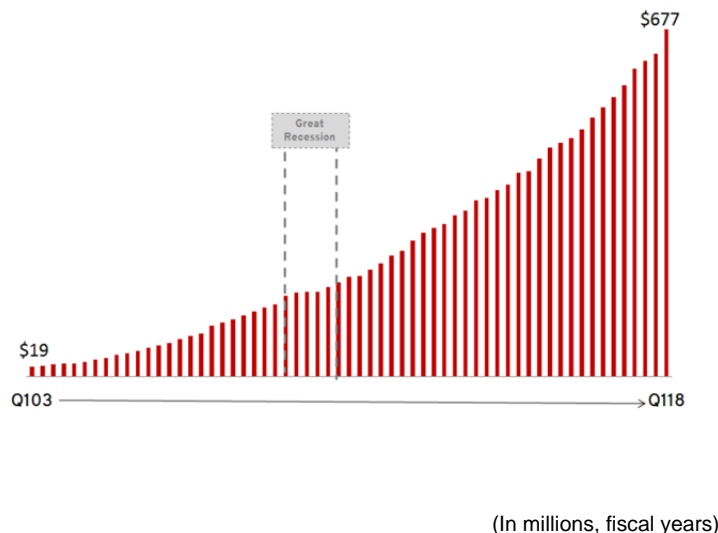
<sup>(1)</sup> This should be read in conjunction with Red Hat's earnings press release issued on June 20, 2017 as well as Red Hat's SEC filings found on <http://investors.redhat.com>

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

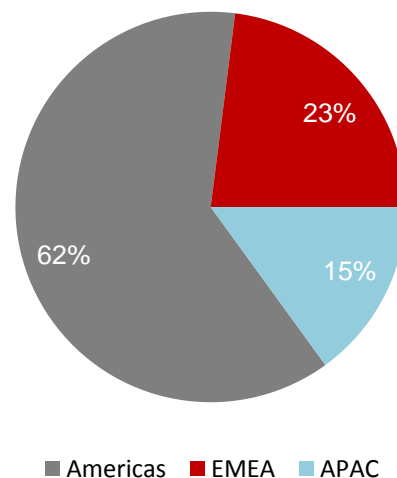
## Q1 Operational Highlights

- Extended strategic alliance with AWS to integrate access to AWS services from within Red Hat OpenShift Container Platform both on-premises and in the cloud.
- Announced acquisition of Codenvy, provider of cloud-native development tools. By adding Codenvy to existing portfolio of developer tools and application platforms, Red Hat continues its efforts to provide solutions for developers to create applications for hybrid cloud environments.
- Released Red Hat OpenStack Platform 11, based on the OpenStack "Ocata" release and delivering enhanced support for upgrades, new networking capabilities and improved integration with Red Hat CloudForms.
- Launched new solution for Red Hat Gluster Storage with Red Hat OpenShift Container Platform on AWS.
- Appointed Eric Shander as Executive Vice President and Chief Financial Officer (CFO) after previously serving as Red Hat's acting CFO.

## 61 Quarters of Revenue Growth



## FY2017 Bookings By Geography



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

(amounts in thousands, except per share data)

Q118 Results - Three Months Ended May 31, 2017							
	GAAP	Non-cash share-based comp	Amortization of intangible assets	Business combinations	Non-cash interest expense: debt discount	Dilution offset from note hedges	Non-GAAP, as adjusted
Operating Income	\$ 87,608	43,718	7,155	142			\$138,623
Operating margin	12.9%						20.5%
Income before tax	\$ 84,930	43,718	7,155	142	4,867		\$140,812
Provision for income taxes <sup>(1)</sup>	\$ 11,740						\$39,115
Net Income	\$ 73,190						\$101,697
Diluted WASO	181,810					(1,593)	180,217
Diluted Earnings Per Share	\$ 0.40						\$0.56
Full Year Results - Fiscal Year ends last day of February							
	GAAP	Non-cash share-based comp	Amortization of intangible assets	Business combinations	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%

<sup>(1)</sup> GAAP provision for income taxes is based on an effective tax rate of 27.5% including impact of net discrete tax benefits of \$12M, primarily share-based compensation. Non-GAAP provision for income taxes is based on an effective tax rate of 27.5% including impact of discrete tax expenses of \$0.4M.