

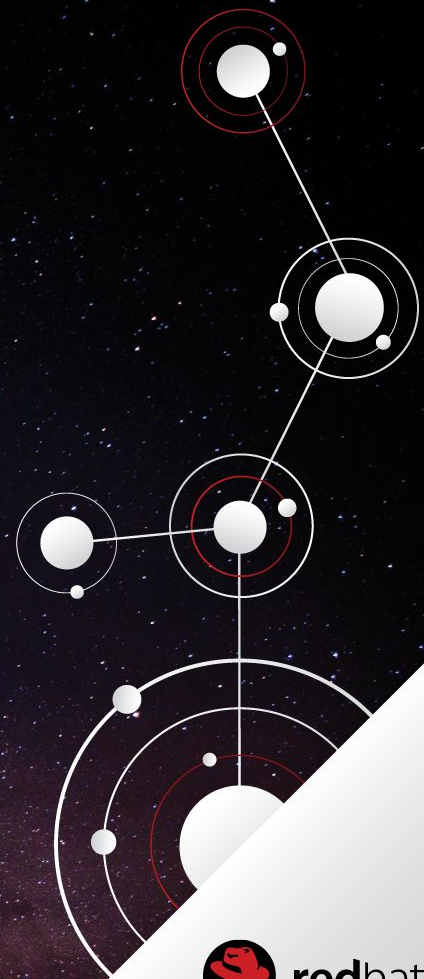
# RED HAT

Jefferies Conference

May 10, 2018

Tom McCallum

Vice President of Investor Relations



# Safe Harbor Message

Certain statements contained in this press release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including: risks related to the ability of the Company to compete effectively; the ability to deliver and stimulate demand for new products and technological innovations on a timely basis; delays or reductions in information technology spending; the integration of acquisitions and the ability to market successfully acquired technologies and products; risks related to errors or defects in our offerings and third-party products upon which our offerings depend; risks related to the security of our offerings and other data security vulnerabilities; fluctuations in exchange rates; the effects of industry consolidation; uncertainty and adverse results in litigation and related settlements; the inability to adequately protect Company intellectual property and the potential for infringement or breach of license claims of or relating to third party intellectual property; changes in and a dependence on key personnel; the ability to meet financial and operational challenges encountered in our international operations; and ineffective management of, and control over, the Company's growth and international operations, as well as other factors contained in our most recent Annual Report on Form 10-K (copies of which may be accessed through the Securities and Exchange Commission's website at <http://www.sec.gov>), including those found therein under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". In addition to these factors, actual future performance, outcomes, and results may differ materially because of more general factors including (without limitation) general industry and market conditions and growth rates, economic and political conditions, governmental and public policy changes and the impact of natural disasters such as earthquakes and floods. The forward-looking statements included in this press release represent the Company's views as of the date of this press release and these views could change. However, while the Company may elect to update these forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this presentation, May 8th, 2018.

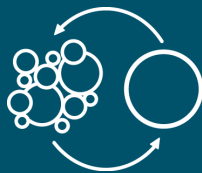
# OUR BUSINESS

**Red Hat is an enterprise-class software company  
with an open source development model**

# THE RED HAT ADVANTAGE



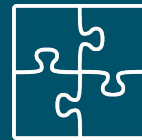
**STRENGTH  
IN LINUX**



**OPEN SOURCE  
LEADERSHIP**



**HYBRID  
CLOUD**



**COMPREHENSIVE  
PORTFOLIO**



**OUR PEOPLE & CULTURE**

# THE PORTFOLIO IS OPTIMIZED TO WORK TOGETHER

ANSIBLE  
by Red Hat

RED HAT  
CLOUDFORMS

RED HAT  
SATELLITE

RED HAT  
INSIGHTS

RED HAT  
OPENSIFT.io



RED HAT  
MOBILE APPLICATION  
PLATFORM



RED HAT  
FUSE

RED HAT  
OPENSIFT  
Application Runtimes

3scale  
by RED HAT



RED HAT JBOSS  
AMQ



RED HAT JBOSS  
MIDDLEWARE



RED HAT JBOSS  
ENTERPRISE  
APPLICATION PLATFORM



RED HAT JBOSS  
DATA GRID

RED HAT  
PROCESS AUTOMATION  
MANAGER



RED HAT  
DECISION  
MANAGER

RED HAT  
OPENSIFT  
Container Platform



RED HAT  
ENTERPRISE LINUX



RED HAT  
VIRTUALIZATION



RED HAT  
OPENSTACK  
PLATFORM



Google



aws



Microsoft Azure



OTHER  
PUBLIC CLOUDS

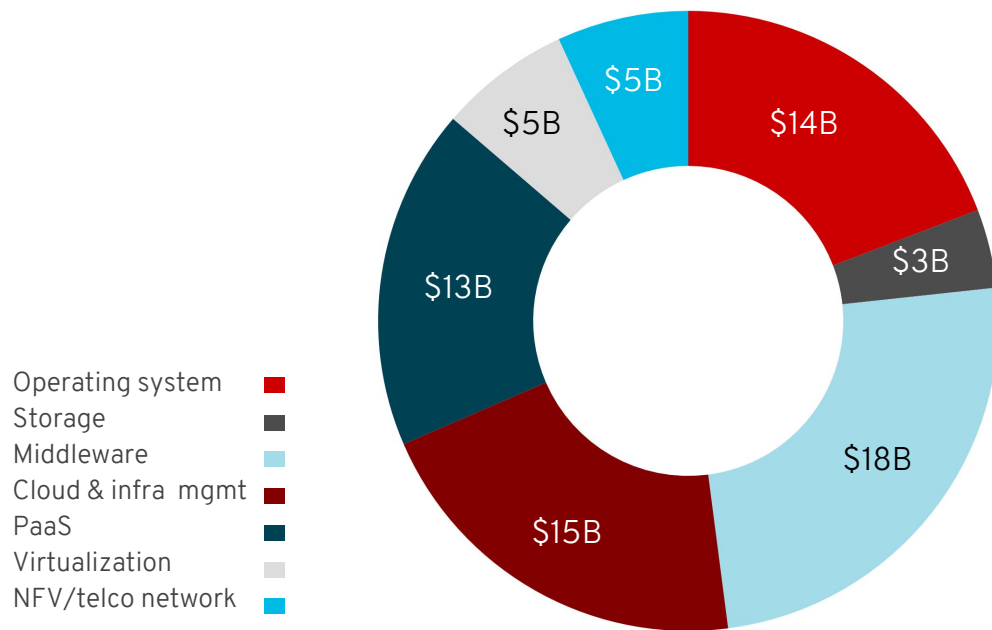
RED HAT  
ENTERPRISE LINUX

RED HAT  
GLUSTER STORAGE

RED HAT  
CEPH STORAGE

# Future opportunity expanding

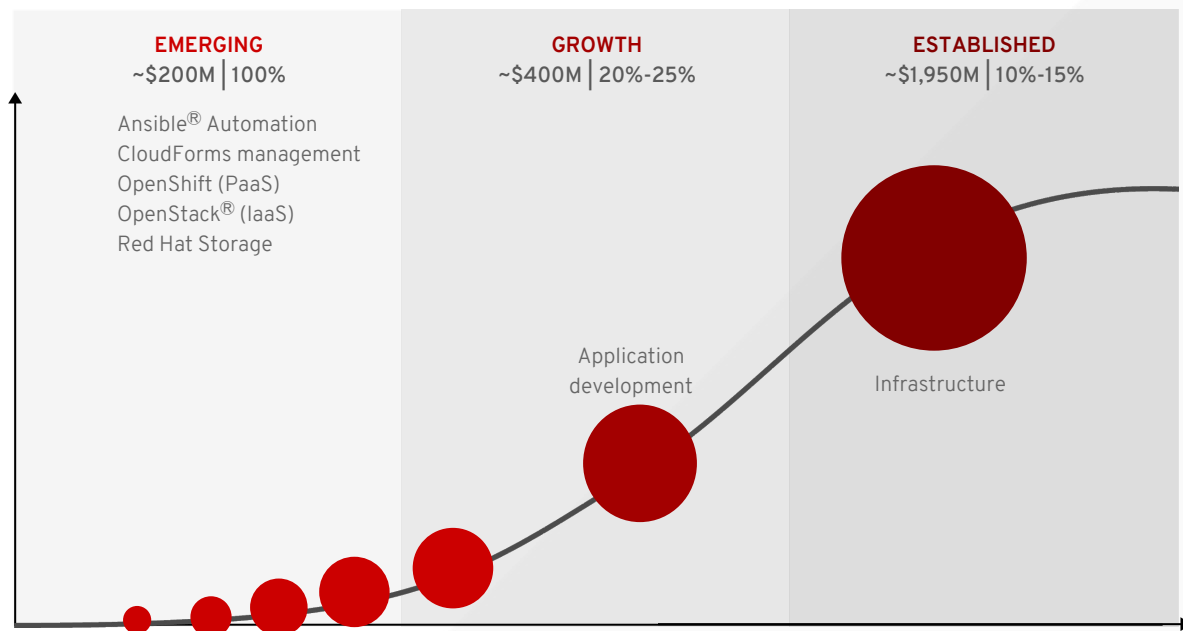
Total addressable market estimated at ~\$73 billion in 2021



- Linux is the fastest-growing OS
- Emerging technologies ~50%
- NFV/telco Network \$5B TAM

# Hybrid cloud portfolio continued growth

FY18 subscription revenue and y/y growth



**Revenue from Cloud-enabled customers** grew at 25% CAGR over 4 years

**Strong cross-selling** with 70% of the top deals having App dev & Emerging Tech

**CCSP** over \$200M in revenue, up +40% y/y

**40% of our top 100** public cloud customers were multi-cloud users

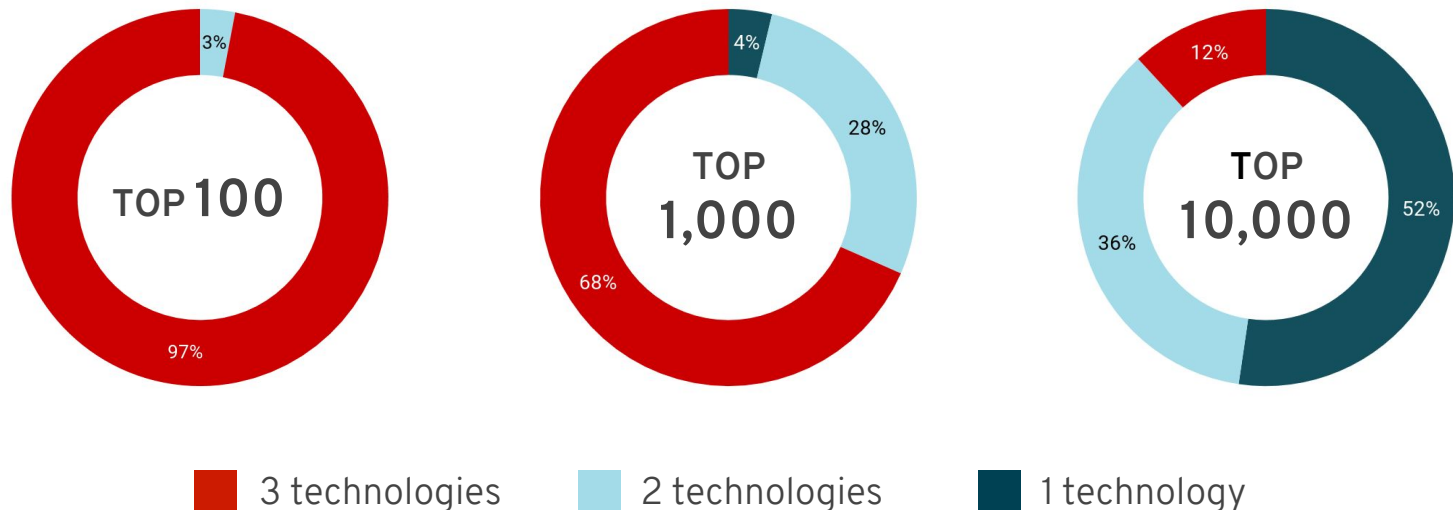
Chart for illustration purposes only. Not to be construed as guidance. Top Deals are deals greater than \$1M.

Cloud-enabling technologies as defined here includes OpenShift Enterprise, OpenStack, RHCI, Ceph Software, CloudForms, Data Grid, Gluster Software, Data Virtualization, and Ansible.



# Cross-selling opportunity across customers

20% y/y growth in number of top 10,000 customers using >1 technology

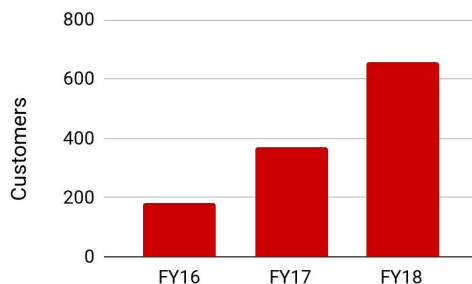




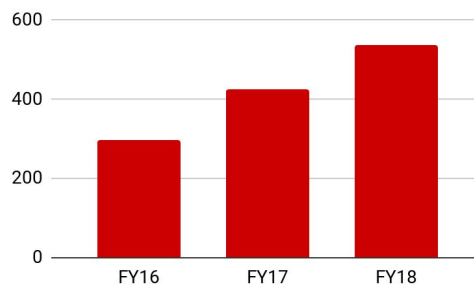
# Customer adoption of top emerging technologies



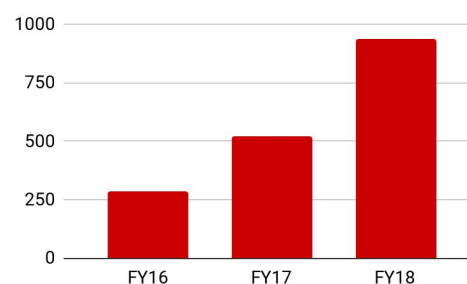
91% CAGR



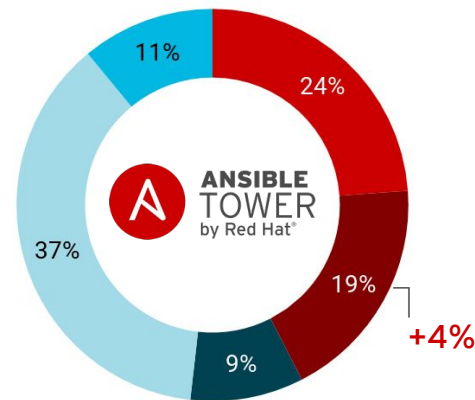
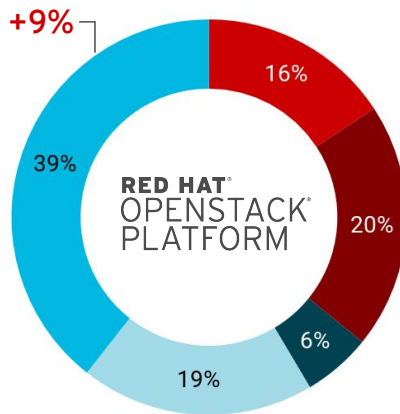
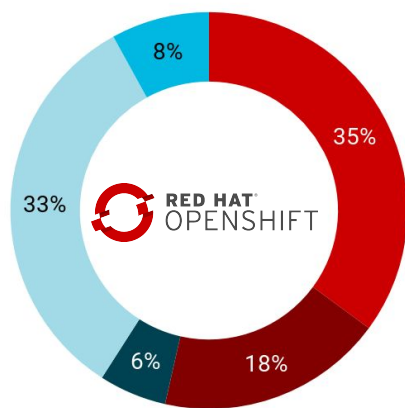
34% CAGR



81% CAGR



# Top emerging technology adoption by vertical

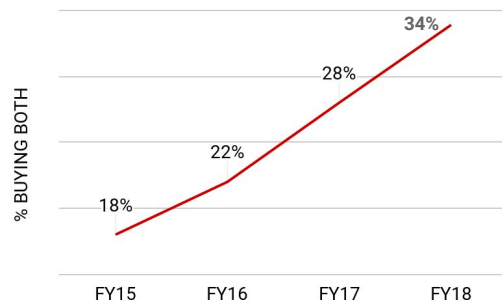


\*Verticals distribution based on FY18 annualized subscription data. +9% and +4% are percentage point increases from prior year.

# Emerging technologies fuel growth

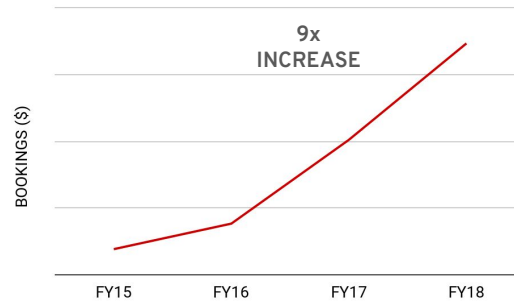
## ATTACH RATE

Customers buying both OpenStack and OpenShift



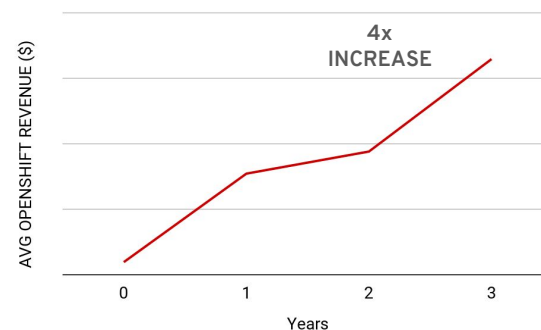
## CHANNEL

Customers buying Openstack and/or OpenShift from partners



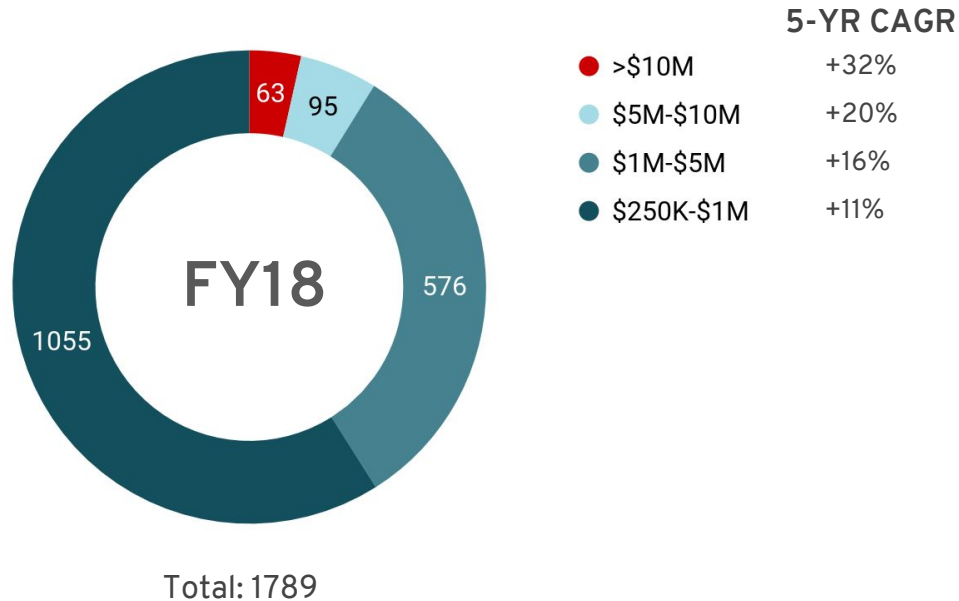
## RAMP

Mature OpenShift customers invest more



# Growing strategic importance with customers

Increasing share across customer base



**Growth** in customers >\$1M more than doubled over the last 5 years and grew 21% in FY18

**Cross-selling** with more than 50% using technologies across multiple categories

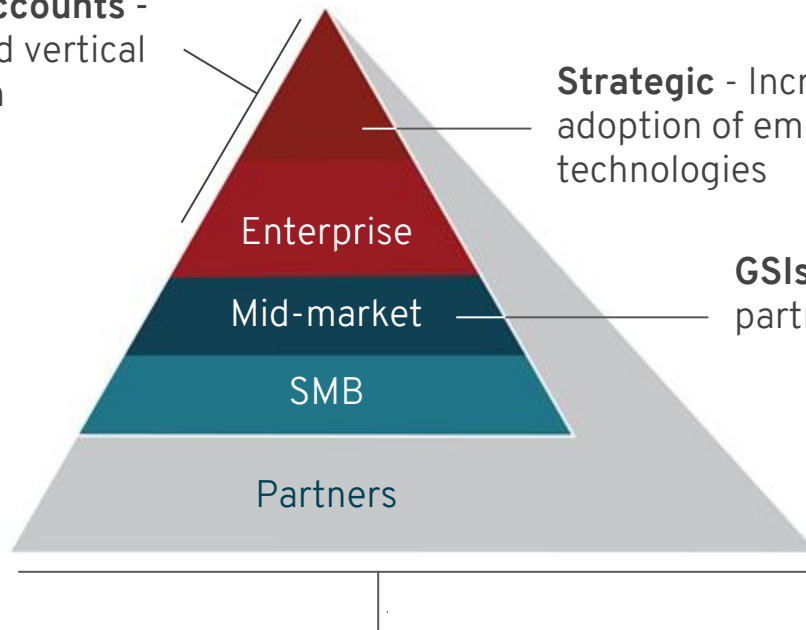
**Large opportunity** to drive growth with customers <\$1M

# Go-to-market ecosystem

Drive additional growth through GSIs, public cloud partners, and targeted programs

**Global accounts** -  
Expanded vertical  
approach

**Strategic** - Increase  
adoption of emerging  
technologies



**GSIs** and tailored  
partner campaigns

**Partners** - Bookings goal of 80% from the channel

# What the future holds

- Leveraging Linux as the foundation for our Emerging Technologies
- Partner ecosystem is a key enabler to driving growth
- Improve non-GAAP margins in FY20 and beyond with balanced approach
- Return value to shareholders through growth and stock repurchase

WE ARE  
**25**  
**YEARS**  
EST. 1993