



Jan 28, 2016

Proofpoint Announces Fourth Quarter and Full Year 2015 Financial Results

Fourth Quarter Highlights

- **Total revenue of \$74.9 million, up 33% year-over-year**
- **Billings of \$97.5 million, up 30% year-over-year**
- **Generated positive adjusted EBITDA of \$0.6 million**
- **Generated free cash flow of \$0.4 million**
- **Increasing FY16 revenue and billings guidance**

SUNNYVALE, Calif., Jan. 28, 2016 (GLOBE NEWSWIRE) -- Proofpoint, Inc. (NASDAQ:PFPT), a leading next-generation security and compliance company, today announced financial results for the fourth quarter and full year ended December 31, 2015 .

"We were very pleased with the company's execution during the fourth quarter, which resulted in a strong finish to a record year," stated Gary Steele, chief executive officer of Proofpoint. "The ongoing demand for our advanced threat solutions, high competitive win rates, traction with new products along with robust add-on and renewal activity drove the better-than-expected results during the quarter. Looking forward, Proofpoint is well positioned to maintain the momentum and grow market share due to our best-of-breed cloud-based platform, superior go-to-market strategy and commitment to innovation."

Fourth Quarter 2015 Financial Highlights

- **Revenue:** Total revenue for the fourth quarter of 2015 was \$74.9 million, an increase of 33% compared to \$56.2 million in the prior-year period.
- **Billings:** Total billings were \$97.5 million for the fourth quarter of 2015, an

- **Gross Profit:** GAAP gross profit for the fourth quarter of 2015 was \$51.0 million compared to \$36.8 million for the fourth quarter of 2014. Non-GAAP gross profit for the quarter was \$54.9 million compared to \$38.9 million in the year ago period. GAAP gross margin for the fourth quarter of 2015 was 68% compared to 65% for the fourth quarter of 2014. Non-GAAP gross margin was 73% for the fourth quarter of 2015, compared to 69% for the same period last year.
- **Operating Loss:** GAAP operating loss for the fourth quarter of 2015 was \$25.0 million compared to a loss of \$14.4 million during the fourth quarter last year. Non-GAAP operating loss for the fourth quarter of 2015 was \$3.0 million compared to a loss of \$2.0 million for the same period last year.
- **Net Loss:** GAAP net loss for the fourth quarter of 2015 was \$31.4 million or \$0.77 per share based on 40.5 million weighted average shares outstanding. This compares to a GAAP net loss of \$17.4 million or \$0.45 per share based on 38.3 million weighted average shares outstanding in the prior-year period.

Non-GAAP net loss for the fourth quarter of 2015 was \$4.4 million or \$0.11 per share based on 40.5 million weighted average shares outstanding. This compares to a non-GAAP net loss of \$3.6 million or \$0.09 per share based on 38.3 million weighted average shares outstanding during the same period last year.

- **Adjusted EBITDA:** Adjusted EBITDA for the fourth quarter of 2015 was \$0.6 million compared to \$0.5 million for the fourth quarter of 2014.
- **Cash and Cash Flow:** As of December 31, 2015, Proofpoint had cash, cash equivalents and short term investments of \$406.2 million, a decrease of \$10.2 million from the end of the prior quarter primarily due to the cash used for an acquisition.

quarter of 2015 compared to \$15.5 million during the fourth quarter of 2014. The company generated \$0.4 million in free cash flow for the quarter compared to \$10.9 million during the same period last year.

"We were very pleased with our results for the fourth quarter, capping off another great year for the company," stated Paul Auvil, chief financial officer of Proofpoint. "During 2015, we delivered full year billings and revenue growth of 39% and 36%, respectively, and we more than tripled free cash flow over the prior year."

Full Year 2015 Financial Highlights

- **Revenue:** Total revenue for the full year of 2015 was \$265.4 million, an increase of 36%, compared to \$195.6 million in 2014.
- **Billings:** Total billings were \$324.3 million for the full year of 2015, an increase of 39% compared to 2014.
- **Gross Profit:** GAAP gross profit for the full year of 2015 was \$181.3 million compared to \$129.9 million for 2014. Non-GAAP gross profit for the full year of 2015 was \$194.5 million compared to \$137.1 million for 2014. GAAP gross margin for the full year of 2015 was 68% compared to 66% for 2014. Non-GAAP gross margin was 73% for the full year of 2015, compared to 70% for 2014.
- **Operating Loss:** GAAP operating loss for the full year of 2015 was \$85.9 million compared to a loss of \$51.1 million during 2014. Non-GAAP operating loss for the full year of 2015 was \$8.1 million, compared to a loss of \$9.5 million during 2014.
- **Net Loss:** GAAP net loss for the full year of 2015 was \$106.5 million or \$2.68 per share based on 39.8 million weighted average shares outstanding. This compares to a GAAP net loss of \$64.2 million or \$1.72 per share based on 37.4 million weighted average shares outstanding in 2014.

Non-GAAP net loss for the full year of 2015 was \$13.9 million or \$0.35 per share based on 39.8 million weighted average shares outstanding. This

weighted average shares outstanding for 2014.

- **Adjusted EBITDA:** Adjusted EBITDA for the full year of 2015 was \$4.6 million compared to negative \$0.5 million for 2014.
- **Cash Flow:** The company generated \$45.5 million in net cash from operations for the full year of 2015 compared to generating \$21.3 million during 2014. The company generated \$19.7 million in free cash flow for the full year of 2015 compared to \$6.3 million during 2014.

A reconciliation of GAAP to non-GAAP financial measures has been provided in the financial tables included in this press release. An explanation of these measures and how they are calculated are also included below under the heading "Non-GAAP Financial Measures."

Fourth Quarter and Recent Business Highlights:

- We ended 2015 with over 1,100 active, paying TAP customers, almost doubling since the first quarter of 2015.
- Announced a partnership with Palo Alto Networks whereby the companies have collaborated to provide customers with extended protection from and intelligence into the sophisticated attacks targeting users, data, and content via email and social media.
- Chosen as the exclusive partner for Intel Security customers as they end-of-life their email security product line.
- Launched the industry's first Instagram security solution which automatically identifies Instagram security threats, compliance violations and inappropriate content for removal.
- Positioned in the Leaders quadrant of Gartner's 2015 Magic Quadrant for

- Acquired Socialware, a leading provider of social media compliance solutions.

Financial Outlook

As of January 28, 2016 Proofpoint is providing guidance for its first quarter and full year 2016 as follows:

- **First Quarter 2016 Guidance:** Total revenue is expected to be in the range of \$75.5 million to \$76.5 million. Billings are expected to be in the range of \$90.0 million to \$92.0 million. Adjusted EBITDA loss is expected to be in the range of \$0.5 million to \$1.0 million. Non-GAAP EPS loss is expected to be in the range of \$0.14 to \$0.15 based on approximately 41.0 million weighted average shares outstanding.
- **Full Year 2016 Guidance:** Total revenue is expected to be in the range of \$345.0 million to \$348.0 million. Billings are expected to be in the range of \$428.0 million to \$431.0 million. Adjusted EBITDA is expected to be in the range of \$12.0 million to \$14.0 million. Non-GAAP EPS loss is expected to be in the range of \$0.21 to \$0.26 based on approximately 41.7 million weighted average shares outstanding. Free cash flow, defined as operating cash flow less capital expenditures, is expected to be in the range of \$31.0 million to \$35.0 million, which assumes capital expenditures of \$28.0 million to \$30.0 million for the full year.

Quarterly Conference Call

Proofpoint will host a conference call today at 1:30 p.m. Pacific Time (4:30 p.m. Eastern Time) to review the company's financial results for the fourth quarter and full year ended December 31, 2015. To access this call, dial (877) 741-4245 for the U.S. or Canada and (719) 325-4773 for international callers with conference ID #8909114. A live webcast of the conference call will be accessible from the Investors section of Proofpoint's website at investors.proofpoint.com, and a recording will be archived and accessible at investors.proofpoint.com. An audio replay of this

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