Investor presentation

Philippe Courtot, Chairman and CEO
Melissa Fisher, CFO

February 12th, 2018
Safe harbor

This presentation includes forward-looking statements within the meaning of the federal securities laws. Forward-looking statements generally relate to future events or our future financial or operating performance. Forward-looking statements in this presentation include, but are not limited to, the following list:

- our business and financial performance and expectations for future periods, including the rate of growth of our business and market share gains;
- our ability to sell additional solutions to our customer base and the strength of demand for those solutions;
- our plans regarding the development of our technology and its expected timing;
- our expectations regarding the capabilities of our platform and solutions;
- the anticipated needs of our customers;
- our strategy, the scalability of our strategy, our ability to execute our strategy and our expectations regarding our market position;
- the expansion of our platform and our delivery of new solutions;
- the expansion of our partnerships and the related benefits of those partnerships;
- our ability to effectively manage our costs; and

- our expectations for existing and new MSSPs, which are multi-year contracts at fixed prices.

Our expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks include those set forth in our filings with the Securities and Exchange Commission, including our latest Form 10-Q and 10-K. The forward-looking statements in this presentation are based on information available to us as of today, and we disclaim any obligation to update any forward-looking statements, except as required by law.

We also remind you that this presentation will include a discussion of GAAP and non-GAAP financial measures. The non-GAAP financial measures are not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP. The GAAP financial measures, and a reconciliation of the non-GAAP financial measures discussed in this presentation to the most directly comparable GAAP financial measures are included in the appendix of this presentation.
Investment highlights

Leading SaaS security and compliance solutions cloud platform

Uniquely positioned to capitalize on the stack consolidation and move to the cloud

Multiple levers of recurring revenue growth

Scalable business model and industry-leading profitability
## Qualys: Next-gen Security and Compliance Platform

<table>
<thead>
<tr>
<th>Next-gen public cloud infrastructure</th>
<th>Next-gen infrastructure</th>
<th>Incumbents</th>
<th>Next-gen applications</th>
<th>Next-gen public cloud applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amazon Web Services</td>
<td>APP DYNAMICS</td>
<td>Akamai</td>
<td>Atlassian</td>
<td>Microsoft</td>
</tr>
<tr>
<td>Microsoft</td>
<td>cloudera</td>
<td>BMC</td>
<td>Box</td>
<td>Google</td>
</tr>
<tr>
<td>Google Cloud Platform</td>
<td>Docker</td>
<td>CA</td>
<td>Cornerstone</td>
<td>Amazon Web Services</td>
</tr>
<tr>
<td>Alibaba Cloud</td>
<td>FireEye</td>
<td>Cisco</td>
<td>HubSpot</td>
<td></td>
</tr>
<tr>
<td></td>
<td>MuleSoft</td>
<td>Citrix</td>
<td>Marketo</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nutanix</td>
<td>Dell</td>
<td>salesforce</td>
<td></td>
</tr>
<tr>
<td></td>
<td>New Relic</td>
<td>EMC2</td>
<td>Slack</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Palo Alto</td>
<td>Proofpoint</td>
<td>Tableau</td>
<td></td>
</tr>
<tr>
<td>Qualys</td>
<td>Pure Storage</td>
<td>HPE</td>
<td>Workday</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Qualys</td>
<td>IBM</td>
<td>Zendesk</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Red Hat</td>
<td>Oracle</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Splunk</td>
<td>SAP</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ServiceNow</td>
<td>VMware</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Twilio</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Morgan Stanley
Qualys Cloud Platform Benefits

- 2-second visibility across all of your global IT assets (on-premises, endpoints and cloud assets)
- Continuous assessment of your global security & compliance posture
- Identify vulnerable and compromised assets
- Consolidate all your security and compliance stacks
- Secure your digital transformation
- Drastically reduce your overall security and compliance spend
End-to-end Security Architecture
Automated continuous monitoring & response

**Discovery**
- On-prem
- Cloud
- Mobile Devices
- OT/ICS
- IoT
- CMDB
- Inventory

**Prevention**
- Security Hygiene
- Vulnerability Assessment
- Threat Prioritization
- Patch Management
- Configuration Assessment

**Detection**
- Endpoint Activity
- Cloud Infra Monitoring
- Network Activity

**Response**
- Security Orchestration
- Incident Response
- Quarantine
- NAC
## Qualys Sensors

**Scalable, self-updating & centrally managed**

<table>
<thead>
<tr>
<th>Physical</th>
<th>Virtual</th>
<th>Cloud/Container</th>
<th>Cloud Agents</th>
<th>Passive</th>
<th>API</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legacy data centers</td>
<td>Private cloud infrastructure</td>
<td>Commercial IaaS &amp; PaaS clouds</td>
<td>Light weight, multi-platform</td>
<td>Passively sniff on network</td>
<td>Integration with Threat Intel feeds</td>
</tr>
<tr>
<td>Corporate infrastructure</td>
<td>Virtualized infrastructure</td>
<td>Pre-certified in market place</td>
<td>On-premises, elastic cloud &amp; endpoints</td>
<td>Real-time device discovery &amp; identification</td>
<td>CMDB Integration</td>
</tr>
<tr>
<td>Continuous security and compliance scanning</td>
<td>Continuous security and compliance scanning</td>
<td>Fully automated with API orchestration</td>
<td>Real-time data collection</td>
<td>Identification of APT network traffic</td>
<td>Log connectors</td>
</tr>
</tbody>
</table>

**Agentless + Agent Based + Passive**
The Backend
Scalable, Micro-services, DevOps
Qualys Cloud Platform
Unified approach to detection, prevention & response

Integrated Suite of Applications
CA  AI  VM  CM  TP  FIM  PC  PCI  SAQ  IOC  WAS  WAF ...

Analytics and Reporting Engines

Distributed Sensors
Hardware  Virtual  Cloud  Agent  Passive  API

Environments
On-Premises  Endpoints  Cloud
### Qualys Cloud Platform Apps

#### Asset Management

<table>
<thead>
<tr>
<th>AI</th>
<th>Asset Inventory</th>
<th>Maintain full, instant visibility of all your global IT assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>SYN</td>
<td>CMDB Sync</td>
<td>Synchronize asset information from Qualys into ServiceNow CMDB</td>
</tr>
<tr>
<td>CI</td>
<td>Cloud Inventory (Beta)</td>
<td>Inventory of all your cloud assets across AWS, Azure, GCP and others</td>
</tr>
<tr>
<td>CRI</td>
<td>Certificate Inventory (Beta)</td>
<td>Inventory of TLS/SSL digital certificates on a global scale</td>
</tr>
</tbody>
</table>

#### IT Security

<table>
<thead>
<tr>
<th>VM</th>
<th>Vulnerability Management</th>
<th>Continuously detect and protect against attacks, anytime, anywhere</th>
</tr>
</thead>
<tbody>
<tr>
<td>IOC</td>
<td>Indication of Compromise</td>
<td>Continuously monitor endpoints to detect suspicious activity</td>
</tr>
<tr>
<td>TP</td>
<td>Threat Protection</td>
<td>Pinpoint your most critical threats and prioritize patching</td>
</tr>
<tr>
<td>CM</td>
<td>Continuous Monitoring</td>
<td>Alerts you in real time about network irregularities</td>
</tr>
<tr>
<td>CRA</td>
<td>Certificate Assessment (Beta)</td>
<td>Assess all your digital certificates for TLS/SSL vulnerabilities</td>
</tr>
</tbody>
</table>

#### Compliance Monitoring

<table>
<thead>
<tr>
<th>PC</th>
<th>Policy Compliance</th>
<th>Assess security configurations of IT systems throughout your network</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCA</td>
<td>Security Configuration Assessment</td>
<td>Automate configuration assessment of global IT assets</td>
</tr>
<tr>
<td>PCI</td>
<td>PCI Compliance</td>
<td>Automate, simplify and attain PCI compliance quickly</td>
</tr>
<tr>
<td>FIM</td>
<td>File Integrity Monitoring</td>
<td>Log and track file changes across global IT systems</td>
</tr>
<tr>
<td>SAQ</td>
<td>Security Assessment Questionnaire</td>
<td>Minimize the risk of doing business with vendors and other third parties</td>
</tr>
</tbody>
</table>

#### Web Application Security

<table>
<thead>
<tr>
<th>WAS</th>
<th>Web Application Scanning</th>
<th>Secure web applications with end-to-end protection</th>
</tr>
</thead>
<tbody>
<tr>
<td>WAF</td>
<td>Web Application Firewall</td>
<td>Block attacks and virtually patch web application vulnerabilities</td>
</tr>
</tbody>
</table>
See the results in one place anytime, anywhere

Via dynamic and customizable dashboards and centrally managed, self-updating, integrated Cloud Apps in a single-pane-of-glass UIs (AssetView, CloudView, CertView…)

1+ trillion
Security Events

250+ billion
Data Points Indexed on Elasticsearch Clusters

3+ billion
IP Scans/Audits a Year

99.99966%
Six Sigma Scanning Accuracy
# 2018 Roadmap

## 1H 2018

### Container Security (GA)
Discover, track, and continuously protect containers

### Cloud Inventory (GA)
Inventory of all your cloud assets across AWS, Azure, GCP and others

### Cloud Security Assessment (GA)
Get full visibility and control across all public cloud instances

### Certificate Inventory (GA)
Inventory of TLS/SSL digital certificates on a global scale

### Certificate Assessment (GA)
Assess all your digital certificates for TLS/SSL vulnerabilities

### Passive Network Discovery (Beta)
Discover and classify all live devices in your network in real-time

## 2H 2018

### Patch Management (Beta)
Cross platform unified patch management to respond quickly to critical vulnerabilities

### Secure Access Control (Beta)
Respond to threats automatically by controlling access to critical resources

### Certificate Management (Beta)
Automated updating and management of digital certificates

### Cloud Security Management (Beta)
Remediation and management of cloud vulnerabilities

---

Note: Target General Availability ("GA") and Beta noted for each product
Qualys Cloud Platform enables vendor and stack consolidation

**IT Security**
- RAPID7
- Tenable

**Compliance Monitoring**
- McAfee
- NetIQ
- RAPID7
- Symantec
- Trustwave

**Web Application Security**
- Veracode
- IBM
- DXC
- Imperva

**New Services**
- Carbon Black
- Evident.io
- Twistlock
- FireEye
- CrowdStrike
Large expanding market opportunity
Qualys has taken the #1 market-share position over IBM and HP in the $1.7B Vulnerability Assessment Market

(1) Midpoint of 2018 Revenue Guidance
(2) 2015 to 2020E period
Source: IDC
Blue chip global customer base
74% of the Forbes Global 50, 47% of Global 500, and 25% of Global 2000 standardized on Qualys

- 9 of the top 10 in Software
- 8 of the top 10 in Consumer Discretionary
- 8 of the top 10 in Consumer Staples
- 8 of the top 10 in Major Banks
- 8 of the top 10 in Technology
- 8 of the top 10 in Telecommunications
- 7 of the top 10 in Healthcare
- 6 of the top 10 in Industrial & Materials
- 5 of the top 10 in Insurance

Note: Based on Forbes Global 2000 Classification
Scalable go-to-market model
Market segmentation & key strategic partners

 ENTERPRISE
Large enterprise (Over 5,000 employees)

 New customers | Existing customers

 SME & SMB
Small / medium business (Up to 5,000 employees)

 New customers | Existing customers

 2017 REVENUES
Direct 60%
Channel 40%

Accenture  at&t  Computacenter  HCL  DXC  DXC.technology
Deloitte  OPTIV  SecureWorks  Verizon  BT
Wipro  IBM  T-Telekom  Infosys  orange  NTT
Attractive value proposition for partners
High-margin recurring revenue with no capex

MSSPs
telcos

Outsourcing
providers

VAS
resellers

Consultants

verizon
SecureWorks
DXC
at&t
Orange
IBM
ntt
BT
Deutsche
Telekom

accenture
Cognizant
HCL
Infosys
Wipro
Tata
Atos

OPTIV
Computacenter
Dimension
data

COMPASS
IT Compliance
CONTROL
GAP

FORSYTHE

Mphasis
HP Company
Tech
Mahindra

pwc
sysnet
LAC
EY
bai

TEKMARK
COMPASS
IT Compliance
SYNERGISTEK

Deloitte
Digitrust
Strong global presence

- 10,300+ Customers
- 130+ Countries
- 6 Shared Platforms
- 50 Private Clouds
- 47 Locations

QUALYS LOCATIONS

- Qualys locations
Strong and consistent organic revenue growth
Outperforming market and gaining share

($ in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$134</td>
</tr>
<tr>
<td>2015</td>
<td>$164</td>
</tr>
<tr>
<td>2016</td>
<td>$198</td>
</tr>
<tr>
<td>2017</td>
<td>$231</td>
</tr>
</tbody>
</table>

20% CAGR
Strong customer retention drives land and expand

($ in millions)

Quarterly revenues vs. customers

- Initial solution
- Expansion of initial solution
- Additional solutions
- Future products

Quarterly revenues
Customers

2009           2012              2015        2017

10,300+
Platform adoption accelerating

% of Enterprise customers with 4+ Qualys products has almost doubled in the last year

Percent of Enterprise customers with 3 or more Qualys solutions

- 2014: 16%
- 2015: 20%
- 2016: 25%
- 2017: 32%

Percent of Enterprise customers with 4 or more Qualys solutions

- 2014: 1%
- 2015: 3%
- 2016: 8%
- 2017: 15%
Multiplier effect
Enterprise customers with 4+ products spend more than 5x 1-product customers

($ in thousands)

Avg. LTM revenues per customer

- $42, $46, $50, $47 in 2014
- $111, $131, $154, $182 in 2015
- $151, $179, $239 in 2016

5x of 1-product average
Our largest customers spend an average of LTM $1M+ with Qualys

Note: Customer count is defined as customers with greater than $500K in annual revenue
Platform enables scalable operational model

Revenue per S&M headcount

- 2014: $0.9M
- 2015: $1.0M
- 2016: $1.1M
- 2017: $1.2M

High sales leverage

% of Customer Support, Operations, and R&D headcount in India

- 2014: 28%
- 2015: 36%
- 2016: 46%
- 2017: 58%

Leveraging low cost geos
Increasing adjusted EBITDA & operating cash flow

($ in millions)

Adjusted EBITDA

Adjust EBITDA margin (%)

Operating cash flow

Operating cash flow margin (%)
Industry-leading margins and scalable business model

Q3 CY2017 EBITDA margin vs. select Security and SaaS peers

Source: JPMorgan
Unique advantages of the Qualys Cloud Platform

No hardware to buy or manage
Nothing to install or manage, and all services are accessible in the cloud via web interface. Qualys operates and maintains everything.

Lower operating costs
With everything in the cloud, there are no capital expenditures, no extra human resources needed, and no infrastructure or software to buy and maintain.

Easy to deploy and maintain
Easily perform assessments on geographically distributed and segmented networks at the perimeter, behind the firewall, on dynamic cloud environments and endpoints.

Unprecedented scaling
Qualys Cloud Platform is a scalable, end-to-end solution for all aspects of IT security. Once deployed, seamlessly add new coverage, users and services as you need them.

Always Up-to-date
Qualys has the largest knowledge base of vulnerability signatures in the industry and performs over 3 billion IP scans per year. All security updates are made in real time.

Data stored securely
Vulnerability data is securely stored and processed in an n-tiered architecture of load-balanced servers. Our encrypted databases are physically and logically secure.

Available as a Public or on-premises Private Cloud
- **Full server rack**: For governments, enterprises, and MSSPs
- **Virtual rack**: For governments, enterprises, and MSSPs
- **Standalone appliance**: For small businesses
Revenue guidance range

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue guidance range</td>
<td>$63.4</td>
<td>$275.5</td>
</tr>
<tr>
<td></td>
<td>$64.1</td>
<td>$278.5</td>
</tr>
<tr>
<td>Y/Y revenue growth under</td>
<td>19.3%</td>
<td>19.3%</td>
</tr>
<tr>
<td>US GAAP</td>
<td>20.6%</td>
<td>20.6%</td>
</tr>
</tbody>
</table>

($ in millions)
Appendix
## Reconciliation of Adjusted EBITDA

($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$40.4</td>
<td>$19.2</td>
<td>$15.9</td>
<td>$30.2</td>
</tr>
<tr>
<td>Depreciation and amortization of property and equipment</td>
<td>19.8</td>
<td>16.6</td>
<td>14.0</td>
<td>11.5</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>0.8</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Provision for (benefit from) income taxes</td>
<td>(1.1)</td>
<td>11.2</td>
<td>8.7</td>
<td>(21.6)</td>
</tr>
<tr>
<td>Stock based compensation</td>
<td>27.0</td>
<td>20.1</td>
<td>17.5</td>
<td>10.5</td>
</tr>
<tr>
<td>Other (income) expenses, net</td>
<td>(2.1)</td>
<td>(0.3)</td>
<td>0.3</td>
<td>0.6</td>
</tr>
<tr>
<td>Acquisition-related expense</td>
<td>0.1</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>One-time tax related expense</td>
<td>---</td>
<td>0.7</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$84.9</td>
<td>$68.0</td>
<td>$56.7</td>
<td>$31.7</td>
</tr>
</tbody>
</table>