

# PROOFPOINT INC

## FORM 8-K (Current report filing)

Filed 09/07/17 for the Period Ending 09/07/17

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SUNNYVALE, CA, 94089  
Telephone 408-517-4710  
CIK 0001212458  
Symbol PFPT  
SIC Code 7374 - Computer Processing and Data Preparation and Processing Services  
Industry IT Services & Consulting  
Sector Technology  
Fiscal Year 12/31

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

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**Form 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **September 7, 2017**

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**Proofpoint, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-35506**  
(Commission File Number)

**51-041486**  
(IRS Employer  
Identification No.)

**892 Ross Drive,  
Sunnyvale CA**  
(Address of principal executive offices)

**94089**  
(Zip Code)

**(408) 517-4710**  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 7.01 Regulation FD Disclosure.**

On September 7, 2017, Paul Auvil, Proofpoint’s Chief Financial Officer, reaffirmed the company’s 2017 financial guidance, during its 2017 Analyst and Investor Day webcast . This guidance was originally provided on its Q2 earnings results call, which was also webcast, and filed on Form 8-K on July 27, 2017. Proofpoint’s policy is not to reiterate or adjust financial guidance unless it is also done through a public disclosure such as a press release or Form 8-K.

During this event, the company also updated its 2020 Operating Model. A copy of certain slides updating the 2020 Operating Model is being furnished as Exhibit 99.1 to this Current Report on Form 8-K and a full copy of the slides will be available at our investor relations website at [www.investors.proofpoint.com](http://www.investors.proofpoint.com). Note that the 2020 operating model includes guidance for non-GAAP gross margin, non-GAAP operating margin, free cash flow, and free cash flow margin. The Non-GAAP gross margin measure excludes stock-based compensation expense and amortization expense of acquired intangible assets. The Non-GAAP operating margin measure excludes stock-based compensation expense, amortization expense of acquired intangible assets, acquisition and litigation related expenses. The Company defines free cash flow as net cash provided by operating activities minus capital expenditures. We are not providing a GAAP to Non-GAAP reconciliation to the 2020 Operating Model update because we are not able to present reconciling items without unreasonable effort due to potentially high variability, complexity and low visibility as to the items that would be excluded from the GAAP measures, such as stock-based compensation expenses, the impact and timing of potential acquisitions, potential litigation expenses, and capital expenditures. The actual amounts of such reconciling items will have a significant impact on the company’s GAAP results.

The information in this Current Report on Form 8-K (the “ **7.01 Information** ”) is being furnished pursuant to Item 7.01 of Form 8-K and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “ **Exchange Act** ”), or otherwise subject to the liabilities of that section, nor will the 7.01 Information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
99.1	<a href="#">Selected Proofpoint, Inc. 2017 Financial Analyst &amp; Investor Day presentation slides</a>

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Proofpoint, Inc.

Date: September 7, 2017

By: /s/ Paul Auvil  
Paul Auvil  
Chief Financial Officer

# SAFE HARBOR

This presentation contains "forward-looking" statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, our results may differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, any projections of financial information; any statements about historical results that may suggest trends for our business and results of operations; any statements of the plans, strategies and objectives of management for future operations; any statements of expectation or belief regarding future events, potential markets or market size, or technology developments; and any statements of assumptions underlying any of the foregoing.

These statements are based on estimates and information available to us at the time of this presentation and are not guarantees of future performance. Actual results could differ materially from our current expectations as a result of many factors, including but not limited to: quarterly fluctuations in our business and results of operations; our ability to address market needs and sell our applications and services successfully; integration of acquisitions; acquisition-related liabilities and charges; the general market conditions; and the effects of competition. These and other risks and uncertainties associated with our business are described in our Quarterly Report on Form 10-Q for the three months ended June 30, 2017, and the other reports we file with the SEC, copies of which are available free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov) or upon request from our investor relations department. All forward-looking statements herein reflect our opinions only as of the date of this presentation and Proofpoint undertakes no obligation, and expressly disclaims any obligation, to update forward-looking statements herein in light of new information or future events.

In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These historical and forward-looking non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. The most directly comparable GAAP information and a reconciliation between the non-GAAP figures are provided on slides at the back of this presentation.

Proofpoint is a registered trademark of Proofpoint, Inc. This presentation also contains additional trademarks and service marks of ours and of other companies. We do not intend our use or display of other companies' trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies.

## Reaffirming Guidance Provided July 27, 2017

We are officially reaffirming guidance, both for the third quarter and the full year 2017, as provided on our earnings call on July 27, 2017.

# 2020 Operating Model

	2020E (2016 Analyst Day)	2020E (2017 Analyst Day)
Revenue	\$950M - \$1,050M	\$1,025M - \$1,100M
Non-GAAP Gross Margin	77%–79%	77%–79%
Non-GAAP Operating Margin	13%–15%	13%–15%
Free Cash Flow As % of revenue	\$250M 24–26%	~\$266M 24–26%

- 2020E provided at 2016 Analyst and Investor Day on June 8, 2016.
- Non-GAAP Gross Profit is defined as GAAP Gross Profit, adjusted to exclude stock-based compensation expense and the amortization of intangibles associated with acquisitions; see appendix for reconciliation.
- Non-GAAP Operating Margin is defined as GAAP Operating Margin, adjusted to exclude stock-based compensation expense and the amortization of intangibles and costs associated with acquisitions and litigation; see appendix for reconciliation.
- Free Cash Flow is defined as net cash provided by operating activities minus capital expenditures.
- With available NOLs we should not be a regular tax cash taxpayer in the US through 2020 – AMT cash taxes may apply.
- 2020E Free Cash Flow calculated at the midpoint of the revenue range.
- We are not providing a GAAP to Non-GAAP reconciliation to the 2020 Operating Model update because we are not able to present reconciling items without unreasonable effort due to potentially high variability, complexity and low visibility as to the items that would be excluded from the GAAP measures, such as stock-based compensation expenses, the impact and timing of potential acquisitions, potential litigation expenses, and capital expenditures. The actual amounts of such reconciling items will have a significant impact on the company's GAAP results.