



NetAppTM

Shareholder Letter

Fiscal Year 2017

To our shareholders:

Fiscal 2017 was an important year for NetApp. We made significant operational and financial progress and completed the first phase of our transformation. We started the year with a clear [set of priorities](#) and delivered against each of them. With a refreshed executive team and passionate, reinvigorated talent, we sharpened our focus and prioritized our investments in the growth areas of the market. We returned the company to revenue growth while lowering our cost structure, delivering improved profitability and earnings. And we returned over \$900 million to shareholders through stock buybacks and dividends.

In this year's letter, I want to look to the future and paint a picture of how we're building on this momentum and advancing to the next phase of our transformation. For this second phase, we are focused on delivering sustained growth, while maintaining a focus on margins and productivity to deliver continued shareholder returns.

First, we're expanding our total addressable market by growing our portfolio in the fastest growing parts of the market, and expanding the ways we deliver our products. We are strengthening our leadership position in the all-flash array and converged infrastructure markets, continuing to push into Tier-1 SAN opportunities, introducing our HCI solution as well as new cloud services and partnerships, reinvigorating our OEM program, and addressing new buyers. All of these are net new total addressable market opportunities for NetApp.

Second, we'll continue to refine our operations to drive productivity, enabling further investment in the business while expanding our operating margins.

And third, we'll continue our robust capital allocation program that includes shareholder returns while still investing for the long-term growth of the business.

In a world where technology is changing our everyday lives, digital transformation leads the strategic agenda in most organizations. Data is becoming the lifeblood of organizations, enabling intelligent, digitized customer touchpoints, creating innovative new business opportunities, and helping to optimize operations. With data growing at exponential rates, our opportunity to deliver value to our customers grows as well.

Our vision is clear: to be the data authority in a hybrid-cloud world. We hold a unique position in our industry with our talent, technologies, partnerships, scale, and financial strength. By innovating to redefine traditional markets and deliver enterprise-grade technology to emerging areas of the market, we are meeting the evolving needs of our growing customer base and creating new opportunities for NetApp.

We started last year with bold commitments and delivered against each of them. We did what many said could not be done: we returned the company to growth while simultaneously expanding operating margins. This progress is early evidence of the new NetApp we're building- a focused, far more disciplined, agile and execution-oriented company. Thank you for your continued support. I'm very proud of what we have accomplished and the innovation we have delivered, and I'm excited about the opportunity for even more progress in the years ahead.

Sincerely,

George Kurian
Chief Executive Officer and President

