

# Q4 FISCAL 2020 RESULTS

FEBRUARY 27, 2020

# FORWARD LOOKING STATEMENTS

## AND NON-GAAP INFORMATION

This presentation contains “forward-looking” statements that are based on our beliefs and assumptions and on information currently available to us. Such forward-looking statements include statements concerning our possible or expected future financial or operating results, business strategies, product development plans, technical and business advantages, competitive position, industry trends and potential growth opportunities. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipate,” “believe,” “could,” “seek,” “estimate,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would” or similar expressions and the negatives of those terms

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements, including risks, uncertainties and other factors relating to our financial guidance, beliefs about bookings, results, growth and taking market share, technological leadership and market opportunity, introduction of new functionality and products, demand for our products and business model, including new products and subscription services, customer spending priorities, our competitive position and industry dynamics, pricing environment, global economic situation, and relationships with third parties, including partners, customers and contract manufacturers.. Additional risks, uncertainties and other factors are included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our reports previously filed with the SEC, which are available on our website at [investor.purestorage.com](http://investor.purestorage.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov).

Forward-looking statements represent our beliefs and assumptions only as of the date of this presentation. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

This presentation includes certain non-GAAP financial measures as defined by SEC rules. As required by Regulation G, we have provided reconciliations of those measures to the most directly comparable GAAP measures, which are available in the Appendix. We have not reconciled guidance for non-GAAP gross margin and non-GAAP operating margin to their most directly comparable GAAP measures because items such as stock-based compensation expense and payroll tax expense related to stock-based activities that impact these measures are not within our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measures is not available without unreasonable effort.

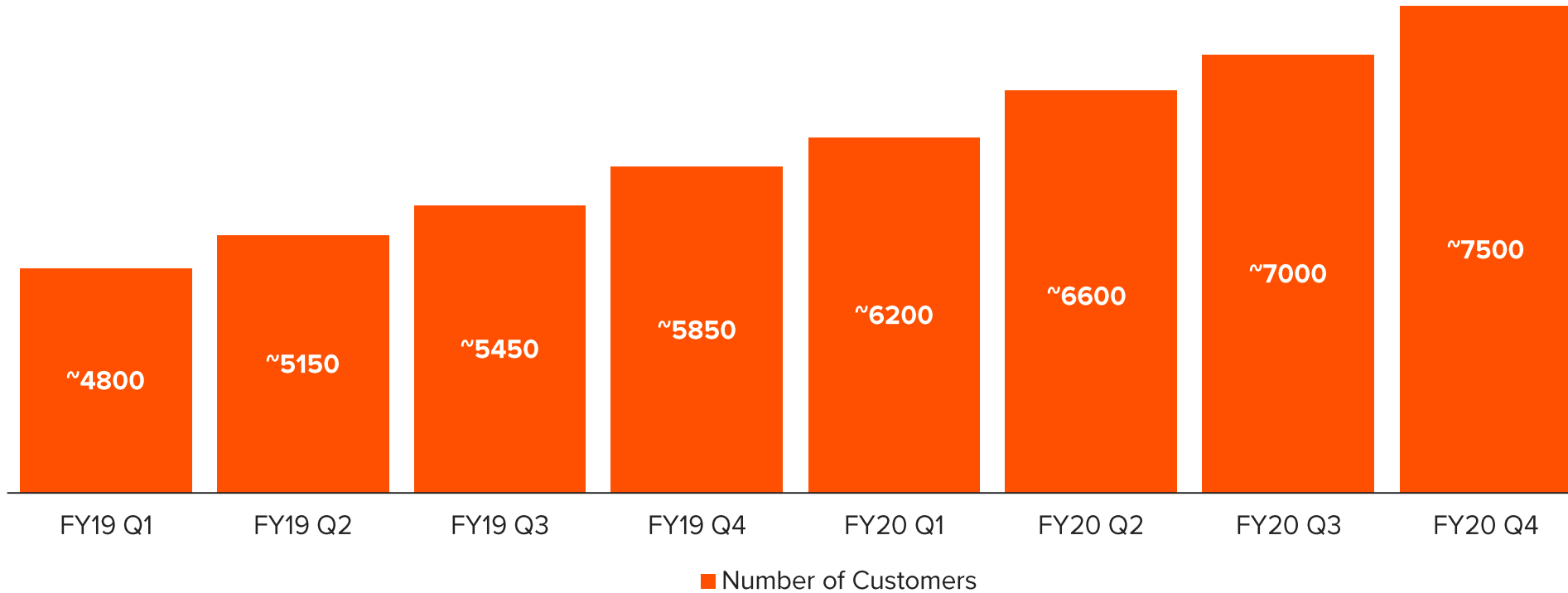
# HIGHLIGHTS FROM Q4FY20

- 1 Consistently growing and taking market share
- 2 Expanding presence within the public cloud
- 3 Subscription Services momentum with new and existing products
- 4 Continued innovation around new products and service offerings
- 5 Modern Data Experience moving Pure towards portfolio offering

# TOTAL CUSTOMERS

**~7500**

CUSTOMERS TO DATE



**28%**  
TOTAL GROWTH  
CUSTOMERS Y/Y

**44%**  
OF FORTUNE 500

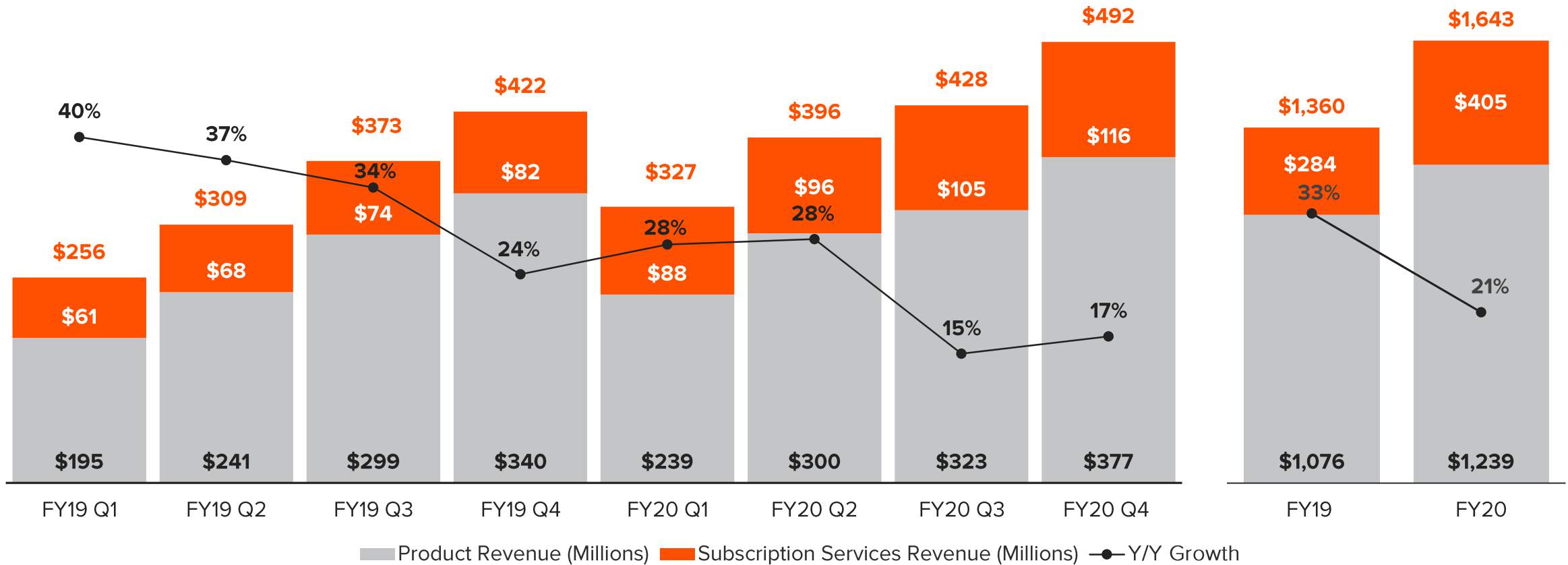
**~\$2**  
Incremental purchases from all  
customers within 24 months of  
initial purchase of \$1

**~\$9**  
Incremental purchases from top  
25 customers within 18 months  
of initial purchase of \$1

# TOTAL REVENUE

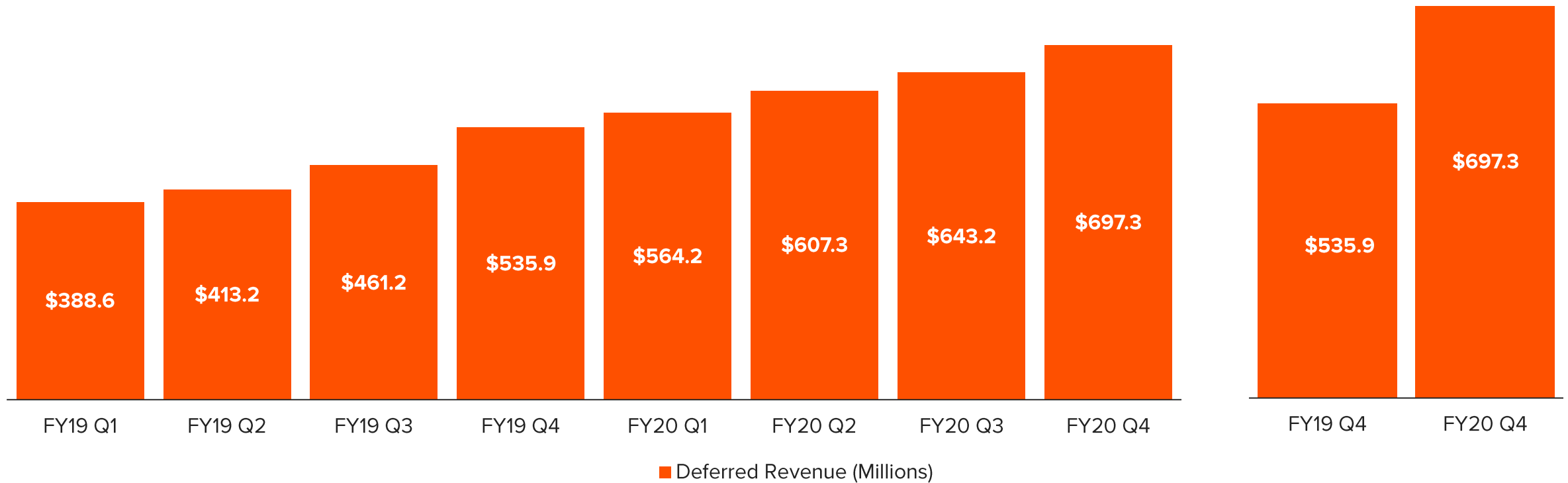
**+21%**

FY20 Y/Y  
REVENUE GROWTH



# DEFERRED REVENUE

**+30%**  
FY20 Y/Y  
DEFERRED REVENUE GROWTH

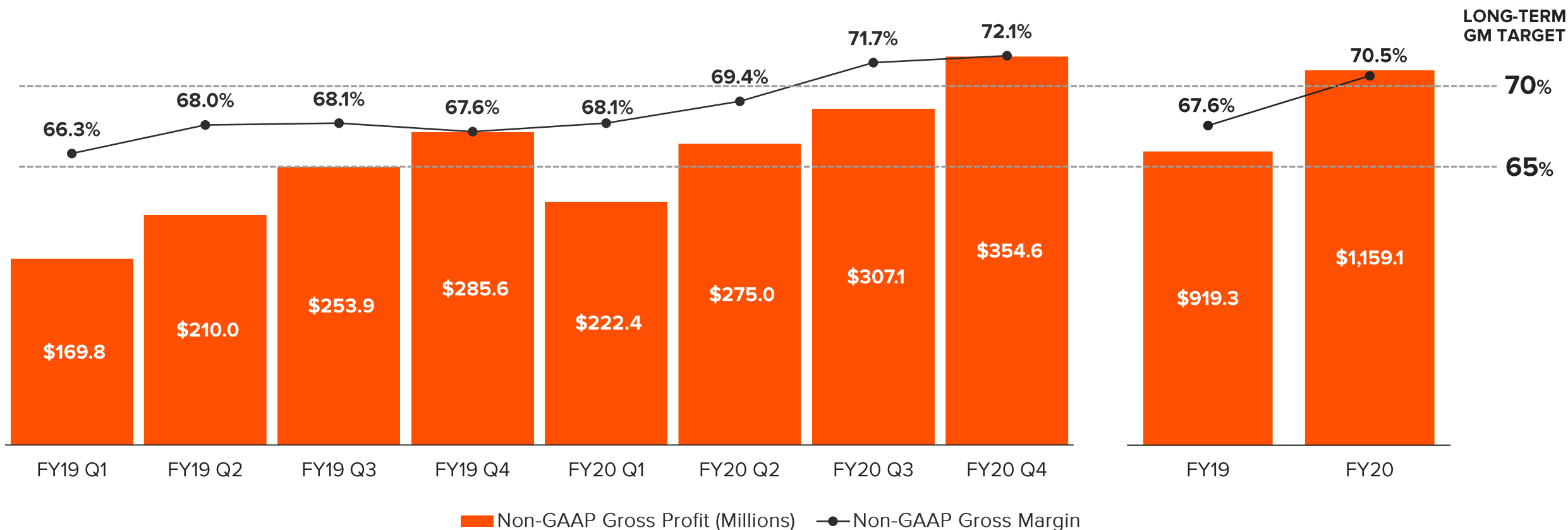


# GROSS MARGIN & PROFIT

NON-GAAP AS A PERCENTAGE OF REVENUE

# 70.5%

FY20  
GROSS MARGIN

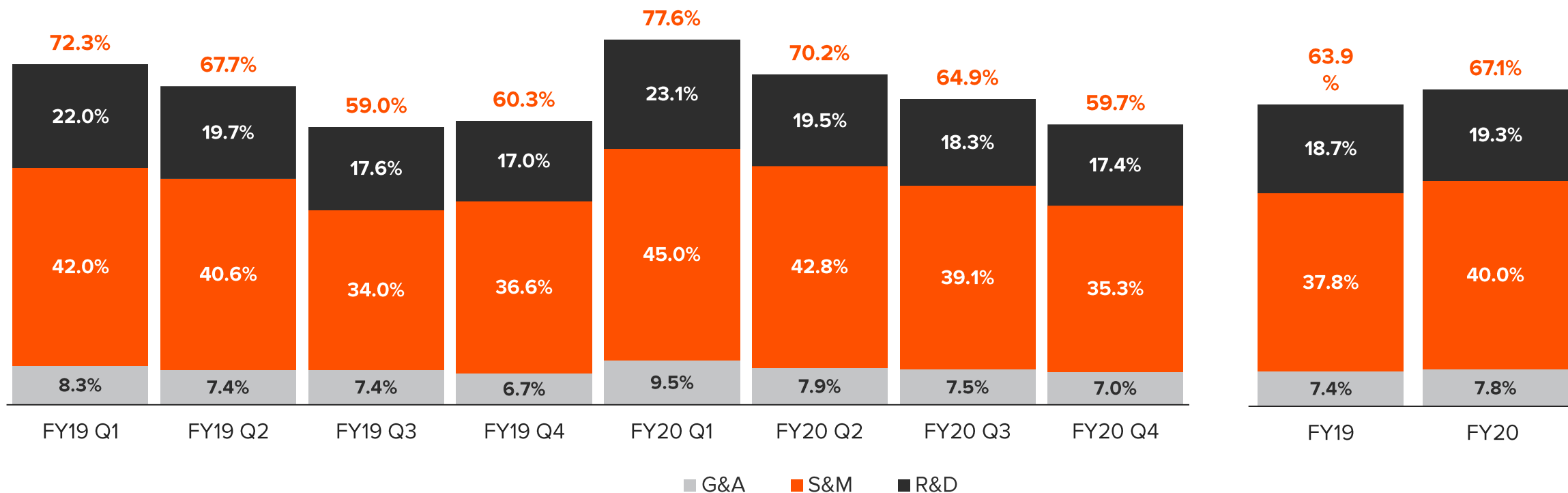


# OPERATING EXPENSE

NON-GAAP AS A PERCENTAGE OF REVENUE

**-0.6pts**

Q420 vs Q419  
OP EXPENSE CHANGE



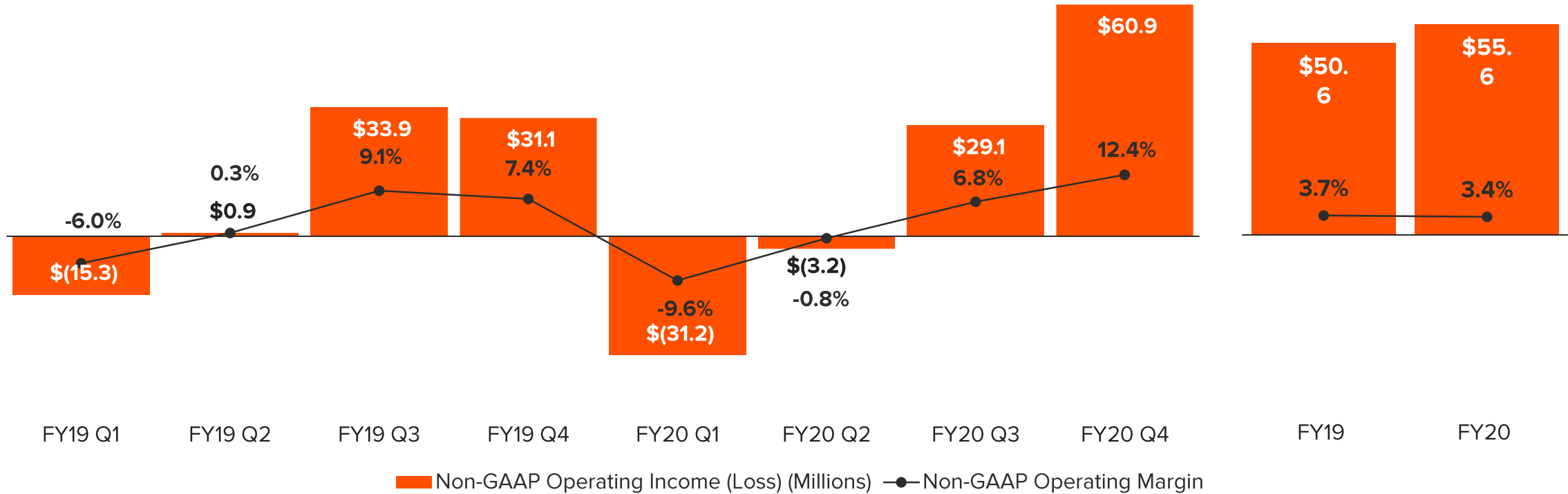


# OPERATING PROFIT / MARGIN

NON-GAAP AS A PERCENTAGE OF REVENUE

# \$56M

FY20  
OPERATING PROFIT

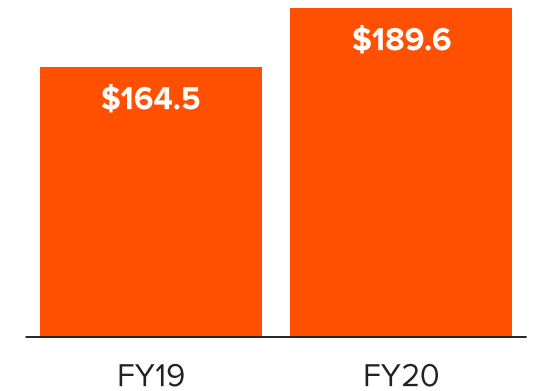
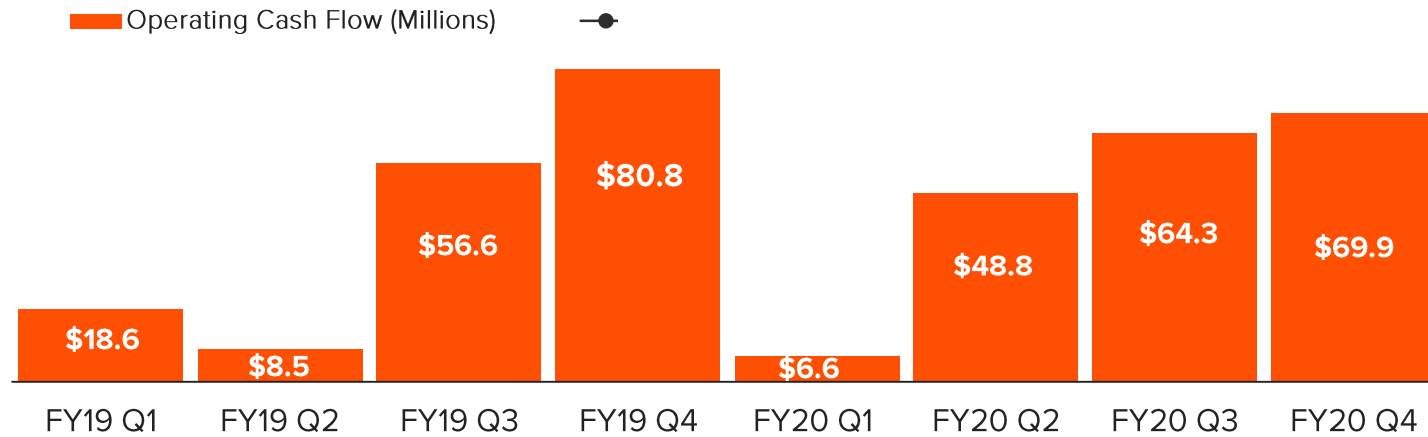


# CASH FLOW

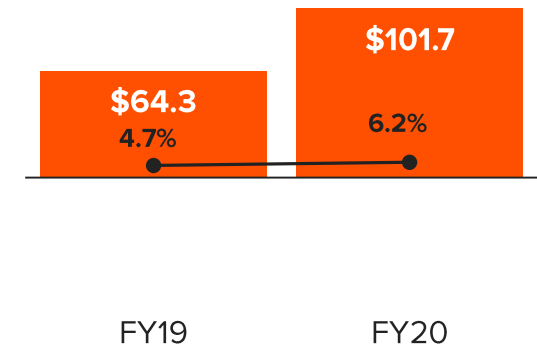
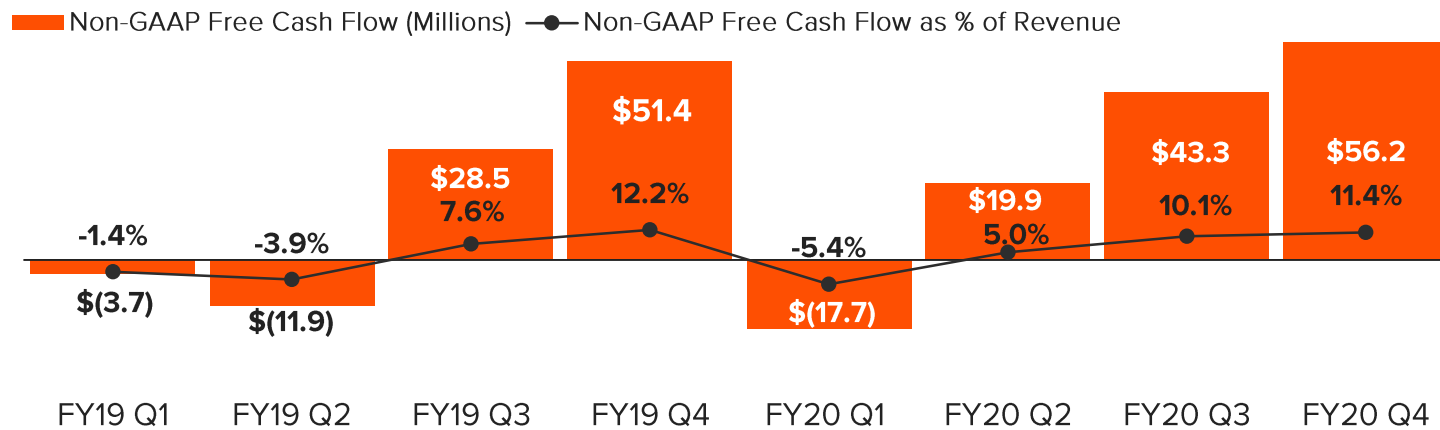
# \$190M

FY20  
OPERATING CASH FLOW

OPERATING  
CASH  
FLOW



Free  
Cash  
Flow



# ANNUAL GUIDANCE

	FY2021
Revenue	~\$1.90 Billion
Non-GAAP Gross Margin <sup>(1)</sup>	~69.5%
Non-GAAP Operating Income <sup>(1)</sup>	~\$60 Million

(1) We have not reconciled guidance for non-GAAP gross margin and non-GAAP operating margin to their most directly comparable GAAP measures because items such as stock-based compensation expense and payroll tax expense related to stock-based activities that impact these measures are not within our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measures is not available without unreasonable effort.

# QUARTERLY GUIDANCE

	Q1 FY21
Revenue	~\$365 Million
Non-GAAP Gross Margin <sup>(1)</sup>	~69.5%
Non-GAAP Operating loss <sup>(1)</sup>	~\$40 Million

(1) We have not reconciled guidance for non-GAAP gross margin and non-GAAP operating margin to their most directly comparable GAAP measures because items such as stock-based compensation expense and payroll tax expense related to stock-based activities that impact these measures are not within our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measures is not available without unreasonable effort.

# APPENDIX

# REVENUE & GROSS MARGIN

## GAAP TO NON-GAAP RECONCILIATION

(\$ in Millions)	Fiscal Quarter								Full Year	
	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	FY19	FY20
Product revenue - ASC 606	\$195.4	\$241.1	\$298.9	\$340.2	\$238.7	\$300.1	\$323.3	\$376.5	\$ 1,075.6	\$ 1,238.6
Support subscription revenue - ASC 606	\$60.5	\$67.8	\$73.9	\$82.0	\$88.0	\$96.2	\$105.1	\$115.5	\$ 284.2	\$ 404.8
<b>Total revenue - ASC 606</b>	<b>\$255.9</b>	<b>\$308.9</b>	<b>\$372.8</b>	<b>\$422.2</b>	<b>\$326.7</b>	<b>\$396.3</b>	<b>\$428.4</b>	<b>\$492.0</b>	<b>\$1,359.8</b>	<b>\$ 1,643.40</b>

(\$ in Millions)	Fiscal Quarter								Full Year	
	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	FY19	FY20
Product gross margin (GAAP) - ASC 606	\$ 129.0	\$ 162.9	\$ 202.3	\$ 229.3	\$ 162.2	\$ 207.2	\$ 233.3	\$ 273.0	\$723.5	\$875.7
Add: SBC	0.6	0.7	0.9	0.8	1.0	1.0	0.9	0.9	3.0	3.7
Add: Payroll tax related to stock-based activities	0.1	-	-	-	-	-	-	-	0.1	0.1
Add: amortization of acquired intangible assets	-	-	0.5	0.6	0.9	2.0	1.9	2.1	1.1	6.9
<b>Product gross margin (non-GAAP) - ASC 606</b>	<b>\$129.7</b>	<b>\$163.6</b>	<b>\$203.7</b>	<b>\$230.7</b>	<b>\$164.1</b>	<b>\$210.2</b>	<b>\$236.1</b>	<b>\$276.0</b>	<b>\$727.7</b>	<b>\$886.4</b>
Support subscription gross margin (GAAP) - ASC 606	\$ 37.3	\$ 43.3	\$ 46.8	\$ 51.4	\$ 54.2	\$ 61.1	\$ 67.4	\$ 75.2	\$178.8	\$257.9
Add: SBC	2.7	2.9	3.3	3.4	4.0	3.6	3.5	3.3	12.3	14.4
Add: Payroll tax related to stock-based activities	0.1	0.2	0.2	-	0.1	0.1	0.1	0.1	0.5	0.4
<b>Support subscription gross margin (non-GAAP) - ASC 606</b>	<b>\$40.1</b>	<b>\$46.4</b>	<b>\$50.3</b>	<b>\$54.8</b>	<b>\$58.3</b>	<b>\$64.8</b>	<b>\$71.0</b>	<b>\$78.6</b>	<b>\$191.6</b>	<b>\$272.7</b>
Total gross margin (GAAP) - ASC 606	\$166.3	\$206.2	\$249.1	\$280.7	\$216.4	\$268.3	\$300.6	\$348.2	\$902.3	\$1,133.6
Add: SBC	3.3	3.6	4.2	4.2	5.0	4.6	4.4	4.2	15.3	18.1
Add: Payroll tax related to stock-based activities	0.2	0.2	0.2	0.1	0.1	0.1	0.2	0.1	0.7	0.5
Add: amortization of acquired intangible assets	-	-	0.5	0.6	0.9	2.0	1.9	2.1	1.1	6.9
<b>Total gross margin (non-GAAP) - ASC 606</b>	<b>\$169.8</b>	<b>\$210.0</b>	<b>\$253.9</b>	<b>\$285.6</b>	<b>\$222.4</b>	<b>\$275.0</b>	<b>\$307.1</b>	<b>\$354.6</b>	<b>\$919.3</b>	<b>\$1,159.1</b>

# OPERATING EXPENSES, MARGIN & NET INCOME (LOSS)

## GAAP TO NON-GAAP RECONCILIATION

(\$ in Millions)	Fiscal Quarter								FY19	FY20
	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20		
R&D (GAAP)	\$78.5	\$84.0	\$90.8	\$96.6	\$105.1	\$107.0	\$106.7	\$114.9	\$349.9	\$433.7
Less: SBC	-21.1	-22.3	-24.6	-24.5	-27.8	-27.2	-25.9	-26.7	-92.5	-107.6
Less: Payments to former shareholders of acquired company	-	-	-	-	-0.4	-1.9	-1.9	-1.9	-	-6.2
Less: Payroll tax related to stock-based activities	-1.1	-0.9	-0.7	-0.3	-1.4	-0.6	-0.4	-0.6	-3.0	-3.0
<b>R&amp;D (non-GAAP)</b>	<b>\$56.3</b>	<b>\$60.8</b>	<b>\$65.5</b>	<b>\$71.8</b>	<b>\$75.5</b>	<b>\$77.3</b>	<b>\$78.5</b>	<b>\$85.7</b>	<b>\$254.4</b>	<b>\$316.9</b>
S&M (GAAP) - ASC 606	\$122.4	\$143.8	\$146.9	\$171.1	\$166.6	\$186.2	\$184.8	\$190.4	\$584.2	\$728.0
Less: SBC	-13.9	-17.3	-18.7	-16.5	-18.3	-16.0	-16.8	-16.4	-66.4	-67.5
Less: Payroll tax related to stock-based activities	-1.1	-1.1	-1.1	-0.3	-1.2	-0.5	-0.5	-0.4	-3.6	-2.6
<b>S&amp;M (non-GAAP) - ASC 606</b>	<b>\$107.4</b>	<b>\$125.4</b>	<b>\$127.1</b>	<b>\$154.3</b>	<b>\$147.1</b>	<b>\$169.7</b>	<b>\$167.5</b>	<b>\$173.6</b>	<b>\$514.2</b>	<b>\$657.9</b>
G&A (GAAP)	\$27.3	\$33.6	\$38.6	\$38.0	\$42.1	\$40.0	\$37.4	\$43.6	\$137.5	\$163.1
Less: SBC	-5.6	-10.5	-10.8	-9.5	-10.7	-8.7	-5.2	-8.8	-36.4	-33.3
Less: Payroll tax related to stock-based activities	-0.3	-0.2	-0.3	-0.1	-0.4	-0.1	-0.1	-0.4	-0.9	-1.0
<b>G&amp;A (non-GAAP)</b>	<b>\$21.4</b>	<b>\$22.9</b>	<b>\$27.5</b>	<b>\$28.4</b>	<b>\$31.0</b>	<b>\$31.2</b>	<b>\$32.1</b>	<b>\$34.4</b>	<b>\$100.2</b>	<b>\$128.8</b>
Total operating expense (GAAP) - ASC 606	\$228.2	\$261.4	\$276.3	\$305.7	\$313.8	\$333.2	\$328.9	\$348.9	\$1,071.6	\$1,324.8
Less: SBC	-40.7	-50.1	-54.1	-50.5	-56.8	-51.9	-47.9	-51.9	-195.4	-208.5
Less: Payments to former shareholders of acquired company	-	-	-	-	-0.4	-1.9	-1.9	-1.9	-	-6.2
Less: Payroll tax related to stock-based activities	-2.5	-2.2	-2.1	-0.7	-3.0	-1.2	-1.0	-1.4	-7.5	-6.6
<b>Total operating expense (non-GAAP) - ASC 606</b>	<b>\$185.0</b>	<b>\$209.1</b>	<b>\$220.1</b>	<b>\$254.5</b>	<b>\$253.6</b>	<b>\$278.2</b>	<b>\$278.1</b>	<b>\$293.7</b>	<b>\$868.7</b>	<b>\$1,103.6</b>
Operating loss (GAAP) - ASC 606	-\$61.9	-\$55.2	-\$27.2	-\$25.0	-\$97.4	-\$64.9	-\$28.3	-\$0.7	-\$169.3	-\$191.3
Add: SBC	43.9	53.7	58.3	54.7	61.8	56.5	52.3	56.1	210.6	226.7
Add: Payments to former shareholders of acquired company	0.0	0.0	0.0	0.0	0.4	1.9	1.9	1.9	-	6.2
Add: Payroll tax related to stock-based activities	2.7	2.4	2.3	0.8	3.1	1.3	1.2	1.5	8.2	\$7.1
Add: amortization of acquired intangible assets	-	-	0.5	0.6	0.9	2.0	1.9	2.1	1.1	6.9
<b>Operating income (loss) (non-GAAP) - ASC 606</b>	<b>-\$15.3</b>	<b>\$0.9</b>	<b>\$33.9</b>	<b>\$31.1</b>	<b>-\$31.2</b>	<b>-\$3.2</b>	<b>\$29.1</b>	<b>\$60.9</b>	<b>\$50.6</b>	<b>\$55.6</b>
Net loss (GAAP) - ASC 606	-\$64.3	-\$60.1	-\$28.2	-\$25.8	-\$100.3	-\$66.0	-\$30.0	-\$4.7	-\$178.4	-\$201.0
Add: SBC	43.9	53.7	58.3	54.7	61.8	56.5	52.3	56.1	210.6	226.7
Add: Payments to former shareholders of acquired company	0.0	0.0	0.0	0.0	0.4	1.9	1.9	1.9	-	6.1
Add: Payroll tax related to stock-based activities	2.7	2.4	2.3	0.8	3.1	1.3	1.2	1.5	8.2	7.1
Add: amortization of acquired intangible assets	-	-	0.5	0.6	0.9	2.0	1.9	2.1	1.1	6.9
Add: amortization of debt discount and debt issuance costs	1.5	6.4	6.5	6.6	6.5	6.8	6.9	7.0	21.0	27.2
Add: Income tax effect of the acquisition of StorReduce	-	-	(4.0)	-	-	-	-	-	(4.0)	-
<b>Net income (loss) (non-GAAP) - ASC 606</b>	<b>-\$16.2</b>	<b>\$2.4</b>	<b>\$35.4</b>	<b>\$37.0</b>	<b>-\$27.6</b>	<b>\$2.5</b>	<b>\$34.2</b>	<b>\$63.9</b>	<b>\$58.6</b>	<b>\$73.0</b>

# FREE CASH FLOW

## GAAP TO NON-GAAP RECONCILIATION

(\$ in millions)	Fiscal Quarter								Fiscal Year	
	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	FY19	FY20
Cash provided by operations (GAAP)	\$18.6	\$8.5	\$56.6	\$80.8	\$6.6	\$48.8	\$64.3	\$69.9	\$164.5	\$189.6
Less: Capital expenditures	-22.3	-20.4	-28.1	-29.4	-24.3	-28.9	-21.0	-13.7	-100.2	-\$87.9
<b>Free cash flow (non-GAAP)</b>	<b>-3.7</b>	<b>-11.9</b>	<b>28.5</b>	<b>51.4</b>	<b>-17.7</b>	<b>19.9</b>	<b>43.3</b>	<b>56.2</b>	<b>64.3</b>	<b>101.7</b>
Free cash flow as % of revenue	-1.4%	-3.9%	7.6%	12.2%	-5.4%	5.0%	10.1%	11.4%	4.7%	6.2%



