

Fortinet Reports Excellent Second Quarter 2015 Financial Results

Outperforms across all key metrics and delivers record billings growth of 40% year over year

[if !supportLists]• [endif]*Billings of \$297.2 million, up 40% year over year¹*

[if !supportLists]• [endif]*Revenue of \$239.8 million, up 30% year over year*

[if !supportLists]• [endif]*Non-GAAP diluted net income per share of \$0.11¹*

[if !supportLists]• [endif]*Cash flow from operations of \$84.3 million*

[if !supportLists]• [endif]*Free cash flow of \$73.5 million¹*

[if !supportLists]• [endif]*Cash, cash equivalents and investments of \$1.15 billion*

[if !supportLists]• [endif]*Deferred revenue of \$657.6 million, up 37% year over year*

Fortinet®, a global leader in high performance cyber security solutions, today announced financial results for the second quarter ended June 30, 2015.

“Fortinet’s record billings growth and better-than-expected revenue, profitability and cash flow during the second quarter reflect that our investment strategy continues to pay off,” said Ken Xie, founder, chairman and chief executive officer. “Our over-performance was driven by the combination of our customer focus and strong competitive technology position, return on our sales and marketing investments, momentum with our partners, the robust security market, and our ability to land new customers as well as expand within our existing accounts. Looking forward, Fortinet is well positioned to maintain momentum and gain market share globally due to our best-in-class integrated end-to-end network security platform.”

Financial Highlights for the Second Quarter of 2015

[if !supportLists]• [endif]**Billings¹**: Total billings were \$297.2 million for the second quarter of 2015, an increase of 40% compared to \$213.0 million in the same quarter of 2014.

[if !supportLists]• [endif]**Revenue**: Total revenue was \$239.8 million for the second quarter of 2015, an increase of 30% compared to \$184.1 million in the same quarter of 2014. Within total revenue, product revenue was \$114.8 million, an increase of 34% compared to \$85.4 million in the same quarter of 2014. Service revenue was \$125.0 million, an increase of 27% compared to \$98.7 million in the same quarter of 2014.

[if !supportLists]• [endif]**Deferred Revenue**: Total deferred revenue was \$657.6 million as of June 30, 2015, an increase of \$57.4 million from \$600.2 million as of March 31, 2015.

[if !supportLists]• [endif]**Cash and Cash Flow²**: As of June 30, 2015, cash, cash equivalents and investments were \$1.15 billion, compared to \$1.07 billion as of March 31, 2015. In the second quarter of 2015, cash flow from operations was \$84.3 million compared to \$43.8 million in the same quarter of 2014. Free cash flow¹ was \$73.5 million during the second quarter of 2015 compared to \$34.1 million in the same quarter of 2014.

[if !supportLists]• [endif]**GAAP Operating Income**: GAAP operating income was \$3.0 million for the second quarter of 2015, representing a GAAP operating margin of 1%. GAAP operating income was \$11.1 million for the same quarter of 2014, representing a GAAP operating margin of 6%.

[if !supportLists]• [endif]**GAAP Net Income and Diluted Net Income Per Share**: GAAP net income was \$0.8 million for the second quarter of 2015, compared to GAAP net income of \$6.1 million for the same quarter of 2014. GAAP diluted net income per share was break-even for the second quarter of

2015, compared to \$0.04 for the same quarter of 2014.

[if !supportLists]• [endif]**Non-GAAP Operating Income¹:** Non-GAAP operating income was \$29.3 million for the second quarter of 2015, representing a non-GAAP operating margin of 12%. Non-GAAP operating income was \$28.7 million for the same quarter of 2014, representing a non-GAAP operating margin of 16%.

[if !supportLists]• [endif]**Non-GAAP Net Income and Diluted Net Income Per Share¹:** Non-GAAP net income was \$19.4 million for the second quarter of 2015, compared to non-GAAP net income of \$18.6 million for the same quarter of 2014. Non-GAAP diluted net income per share was \$0.11 for both periods.

¹A reconciliation of GAAP to non-GAAP financial measures has been provided in the financial statement tables included in this press release. An explanation of these measures is also included below under the heading “Non-GAAP Financial Measures.”

²During the second quarter of 2015, there were no shares repurchased under our share repurchase program.