PURE //ACCELERATE 2017

JUNE 12-14
SAN FRANCISCO

THE NEW POSSIBLE

INVESTOR DAY

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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 features and development plans, technical and business advantages, competitive position, industry trends, dynamics 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 expansion and growth, our guidance and our expected growth investments and spending, fluctuations in our revenue and operating results, our technological leadership and market opportunity, introduction of new functionality and products, product acceptance and our products and business model, customer spending priorities, our plans for international expansion, our competitive position, the effects of competition and industry dynamics, including public cloud, and and relationships with third parties, including channel partners and customers. 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 and registration statement previously filed with the SEC, which is available on our website at investor.purestorage.com and on the SEC's website at 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.

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AGENDA

OPENING REMARKS

GO-TO MARKET STRATEGY

CUSTOMER PANEL

INNOVATION

BREAK

FINANCIAL UPDATE

CLOSING REMARKS

Q&A

RECEPTION

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DATA
THE NEW STRATEGIC ADVANTAGE

SCOTT DIETZEN, CEO

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The Economist

THE DATA ECONOMY

VIDEO

SELF-DRIVING CARS

INTERNET OF THINGS

GENE SEQUENCING

EDA, SIMULATION & REAL TIME TESTING

MACHINE LEARNING & AI

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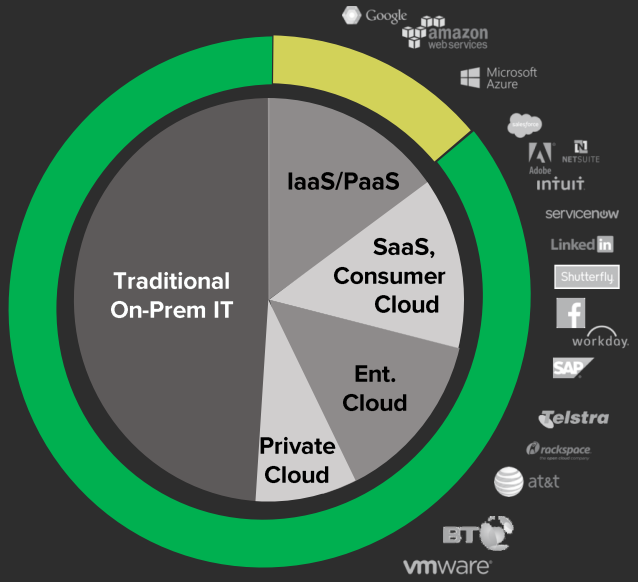
$35B+ OPPORTUNITY

Worldwide IT Infrastructure Hardware Spend by Consumption Model (Compute, Networking, Storage) 2019 Cloud IT Hardware Spend $125.9B, Storage share: 31%



~80% Addressable ~20% Mega-Scale Cloud

MARKETS THAT MATTER

500+

500+ Leading Clouds

22% IaaS, SaaS, PaaS 5-YEAR CAGR

Next Generation Data

78% AI STORAGE MARKET 5-YEAR CAGR

Cloud-ification of IT

22% AFA GROWTH 5-YEAR CAGR

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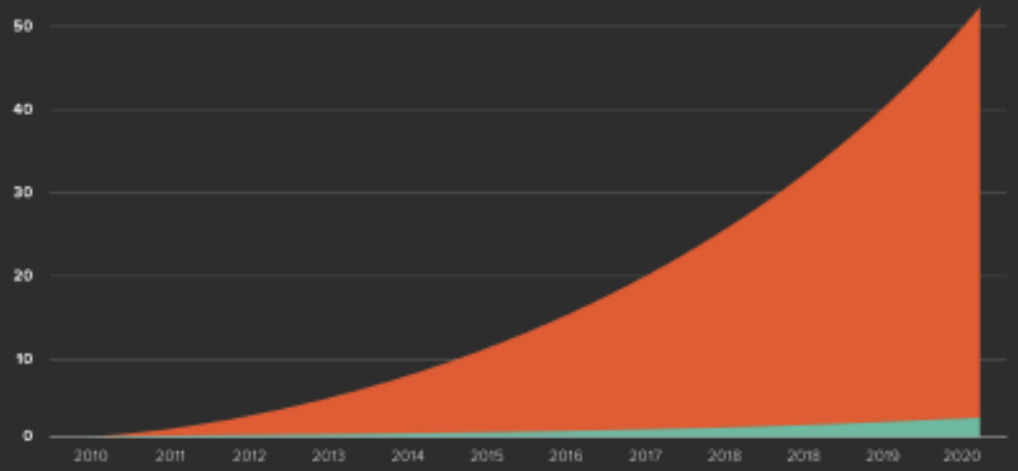
Source: Left: IDC, Worldwide Cloud IT Infrastructure Hardware Spending Forecast, 2015-2019, Doc # US40380015, December 2015 IDC Semi-Annual Public Cloud Services Tracker, 1H 2015. Right: IDC & BoA Research

2020: ON THE EDGE & IN THE MULTI-CLOUD



50+ZB NEW DATA

2.5ZB INTERNET TRAFFIC/YEAR

MAJORITY OF DATA STAYS ON THE EDGE & INTEROPERATES WITH PUBLIC CLOUD

SOURCES: IDC & CISCO

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CLOUD ERA STORAGE IS DIFFERENT

	MAINFRAME & CLIENT/SERVER-ERA	CLOUD-ERA
PERFORMANCE	DISK-OPTIMIZED (ms)	SILICON OPTIMIZED (µs)
APPLICATION ARCHITECTURE	DATA SILOED TO EACH SPECIFIC APPLICATION	10,000s OF COMPOSITE APPLICATIONS SHARING PBs OF DATA
SCALING	CAPACITY AND PERFORMANCE PURCHASED UP FRONT	ELASTIC SCALE & PERFORMANCE
MANAGEMENT	MANUAL	"SELF-DRIVING"
SOFTWARE & EXTENSIBILITY	COMPLEX AND CLOSED ECOSYSTEM	SIMPLE AND OPEN
CONSUMPTION MODEL	RE-BUY EVERY 3-5 YEARS	SUBSCRIBE TO SOFTWARE AND HARDWARE INNOVATION

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UNIQUELY POSITIONED FOR THE FUTURE

BIG DATA BANDWIDTH

MILLIONS OF IOPS FOR DEEP LEARNING

99.9999%

HIGHEST AVAILABILITY

SELF DRIVING MANAGEMENT

SUBSCRIPTION TO INNOVATION

HYPER-DENSE DATA CENTER ARCHITECTURE

SOFTWARE DRIVEN; HARDWARE ACCELERATED

(like the Public Cloud)

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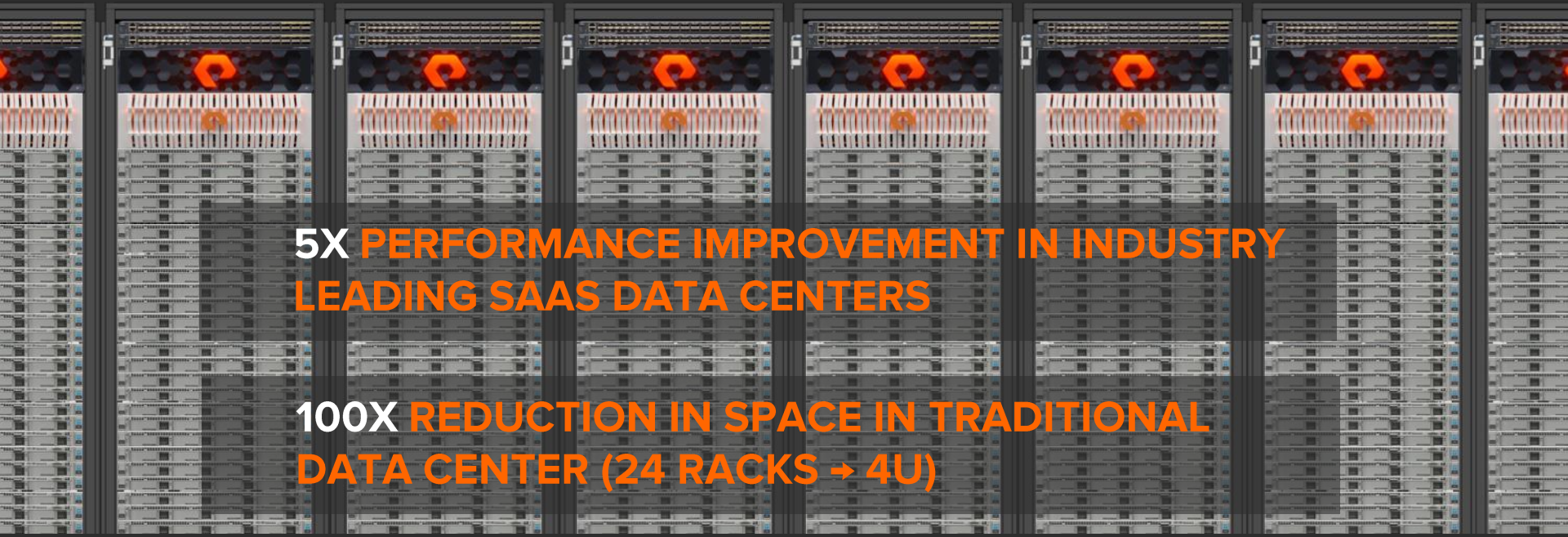
REDEFINING DATA CENTER ARCHITECTURE

1 Rack >1300 Cores 3 PB Data µs latency



5X PERFORMANCE IMPROVEMENT IN INDUSTRY LEADING SAAS DATA CENTERS

100X REDUCTION IN SPACE IN TRADITIONAL DATA CENTER (24 RACKS → 4U)

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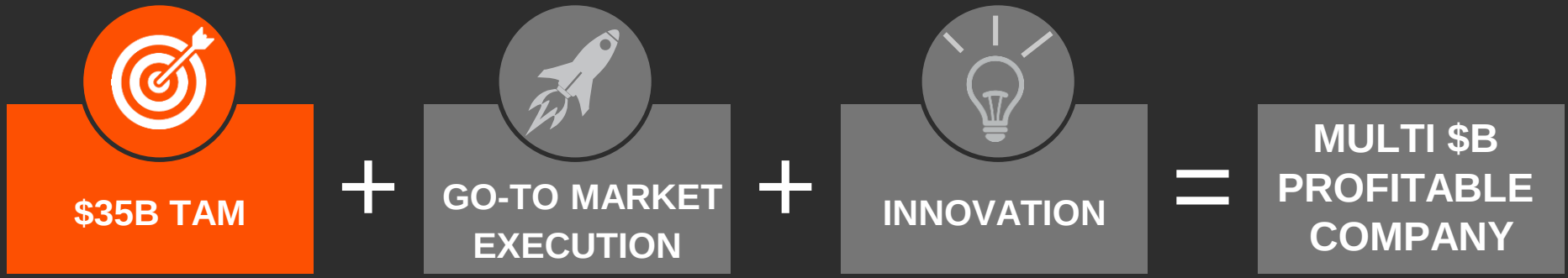
PURE PATH TO SUCCESS



1. ACCELERATING **GROWTH OF DATA** IN NEW ECONOMY
2. **MAJORITY STORED AT EDGE** BUT INTEROPERATING WITH MULTI-CLOUD
3. **WIDENING DIFFERENTIATION** FOR CLOUDS, EDGE/IoT & ENTERPRISE

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BUILDING OUR GTM ENGINE FOR THE DATA PLATFORM

DAVID HATFIELD, PRESIDENT

KEVIN DELANE, VP GLOBAL SALES

MATT BURR, VP PLATFORM SOLUTIONS

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WORLD-WIDE REACH, PROVEN LEADERSHIP

>900 SALES & MKTG PERSONNEL

>30 COUNTRIES

>3,800 CHANNEL AEs + SEs

3 GROWTH MARKETS
- 500+ CLOUDS
- NEXT GEN DATA
- CLOUDIFICATION OF IT

FULL SUPPORT TEAM
SYSTEM ENGINEERS
CHANNEL MANAGERS
INSIDE SALES
ALLIANCES
SALES OPERATIONS

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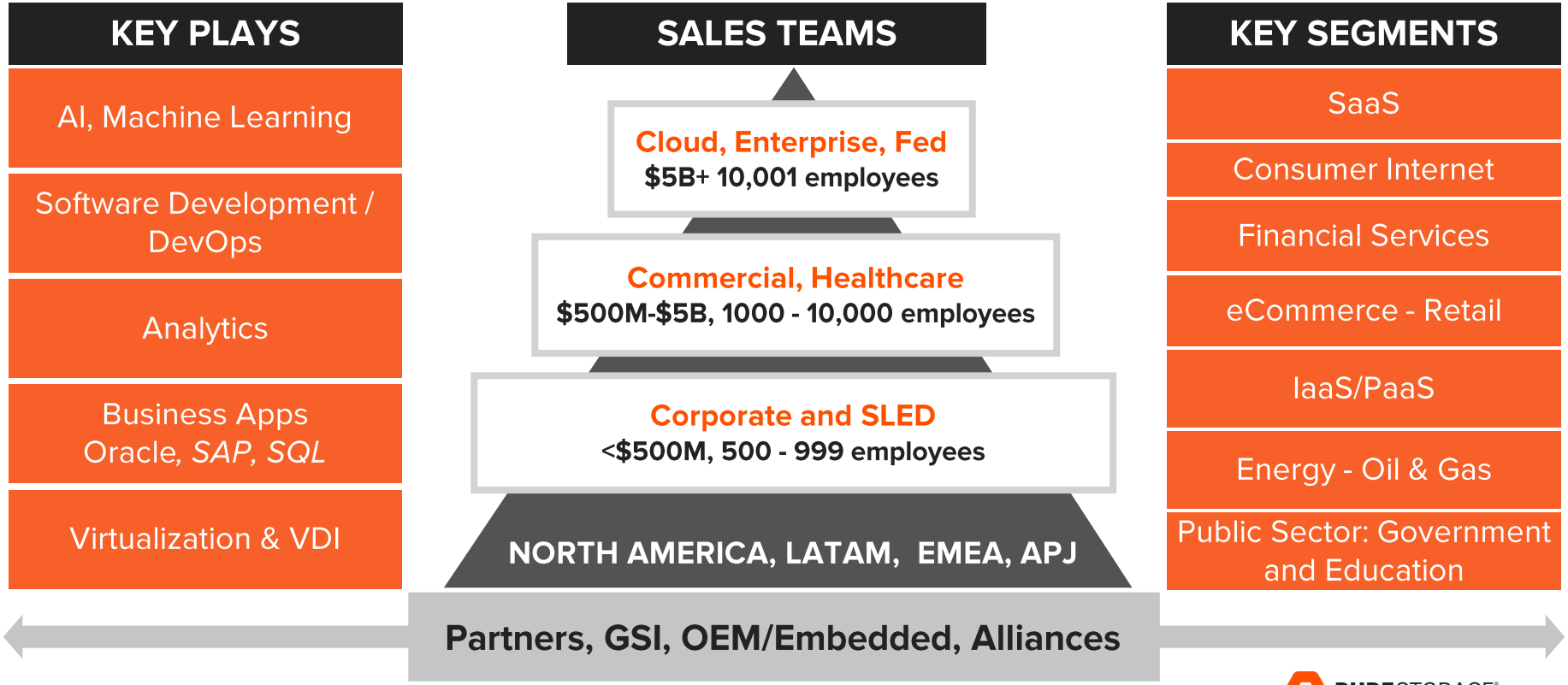
ALIGNING RESOURCES TO MARKETS THAT MATTER



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A STRONG PARTNER ECOSYSTEM

SOLUTION PROVIDERS

GLOBAL SYSTEMS INTEGRATORS

DISTRIBUTORS

APPLICATION ALLIANCES

INFRASTRUCTURE ALLIANCES

MOMENTUM

>70% NEW LOGOS CHANNEL LED

~100% PARTNER FULFILLED

>1,600 SELLING PARTNER AEs

>1,200 ACCREDITED PARTNER SEs

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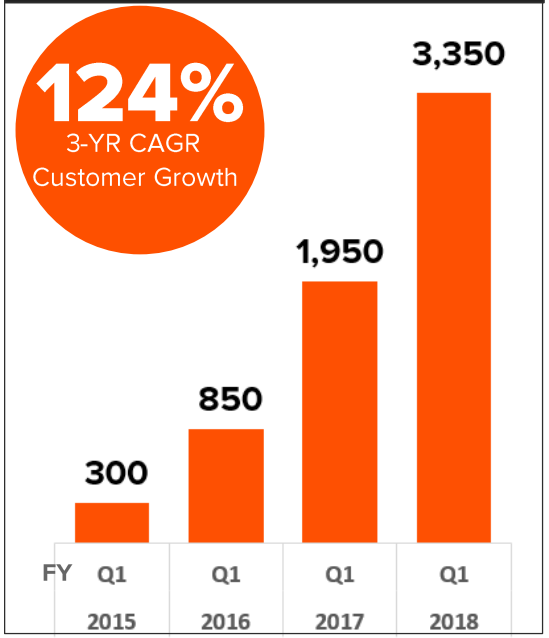
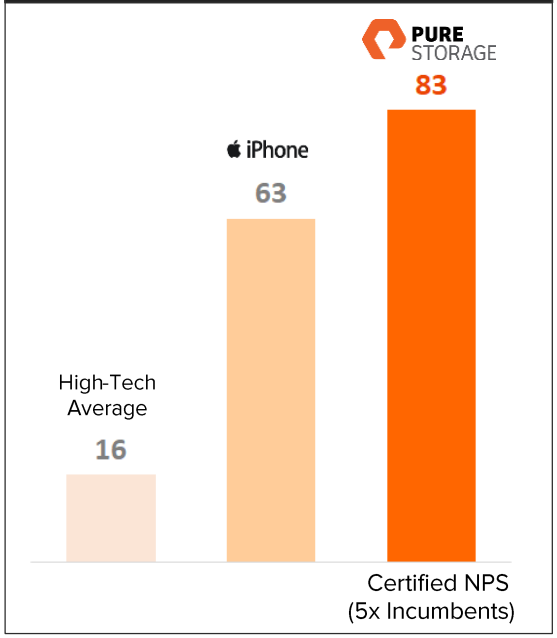
GROWING & HAPPY CUSTOMER BASE

CUSTOMER COUNT



CUSTOMER SATISFACTION



KEY CUSTOMER STRENGTH

25% OF FORTUNE 500

35% OF TOP 20 SAAS CUSTOMERS

25% OF REVENUE FROM CLOUD

LAND AND EXPAND

TOP 25 INCREASE IN SPEND **+10x**

ALL CUSTOMER AVG INCREASE IN SPEND **+2x**

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NOTES: All Key Customer Strength values are approximate | Top 25: Within 18 months after initial purchase of $1 | All Customer Within 24 months of initial purchase of $1

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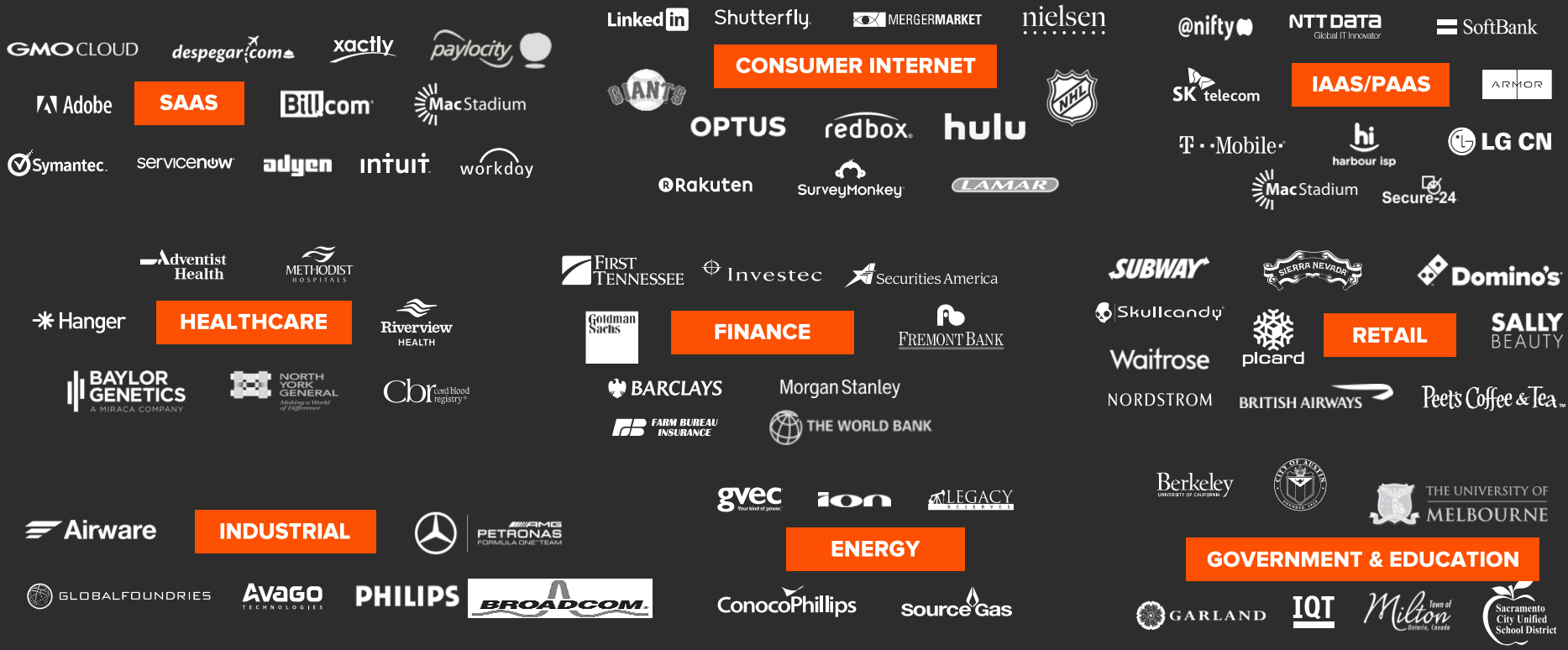
CUSTOMERS WIDE AND DEEP



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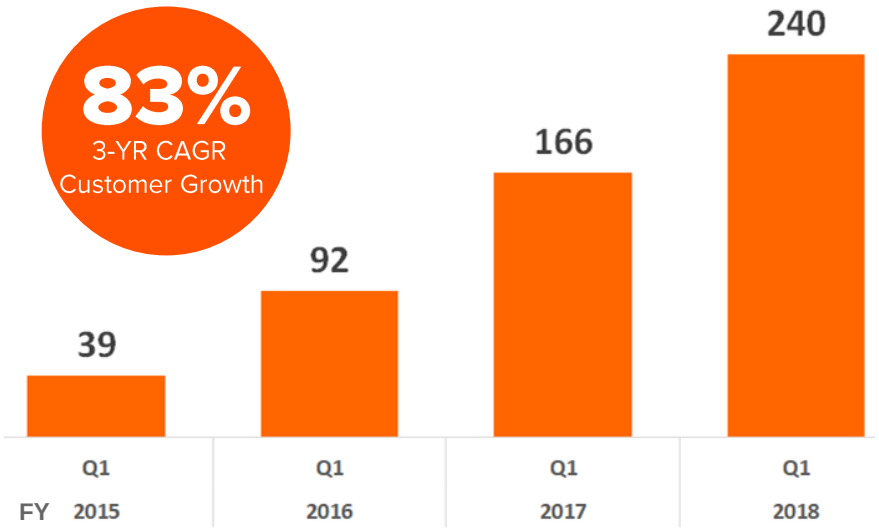
CUSTOMER GROWTH: PLENTY OF WHITESPACE

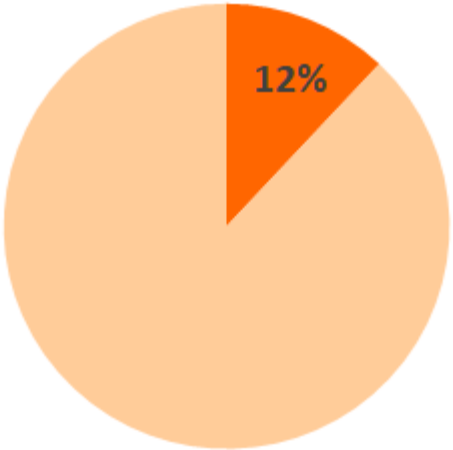
PROVEN MOMENTUM TO ACQUIRE CUSTOMERS

G2000 ACQUISITION OVER TIME



G2000 EARLY INNINGS

G2000 PENETRATION (Q1 FY18)



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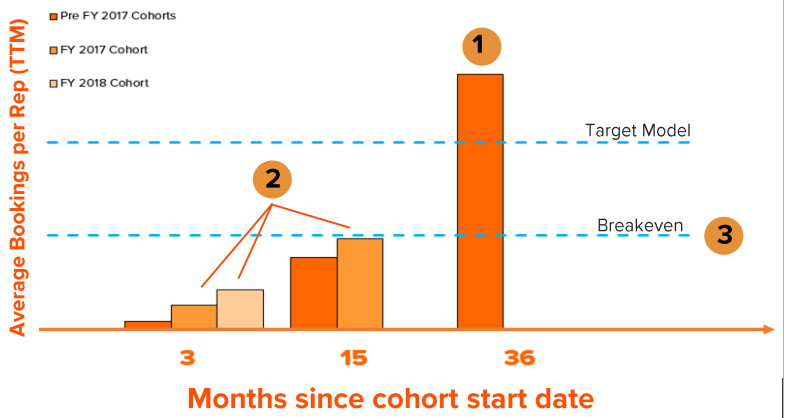
PRODUCTIVITY: STILL EARLY INNINGS

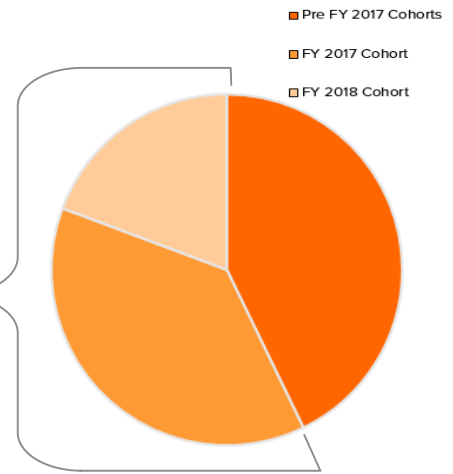
SALES PRODUCTIVITY BY START CLASS



SALES FORCE DISTRIBUTION BY START CLASS

ROOM FOR GROWTH

~60% OF SALES FORCE HAS **<15** MONTHS TENURE



MOMENTUM

1. **LONGEST SERVING COHORTS**: DELIVERING ABOVE TARGET MODEL
2. **NEWEST COHORTS:** FASTEST OUT OF THE GATES
3. **~18 MONTHS:** TO BREAK EVEN PRODUCTIVITY

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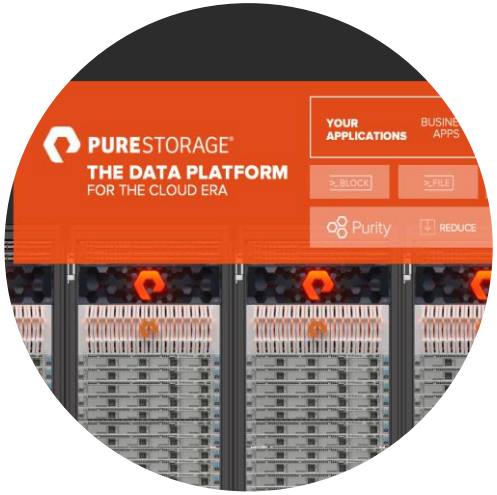
GROWTH AGENDA FUELED BY EXECUTION

PIPELINE

PARTNERSHIPS



PLATFORM

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FLASHSTACK: IN OVERDRIVE

ONLY CI BUILT FOR THE CLOUD ERA

70%

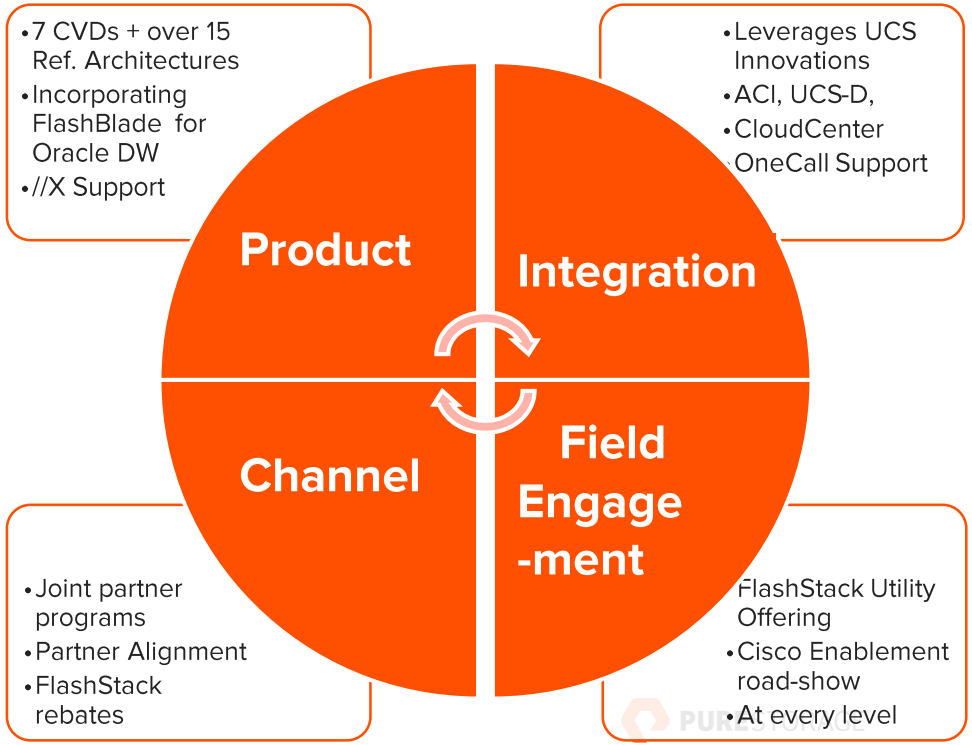
YoY Customer Growth

30

FlashStack in Cisco Labs Globally

80+

Sponsorships / Joint Customer Events in ‘17



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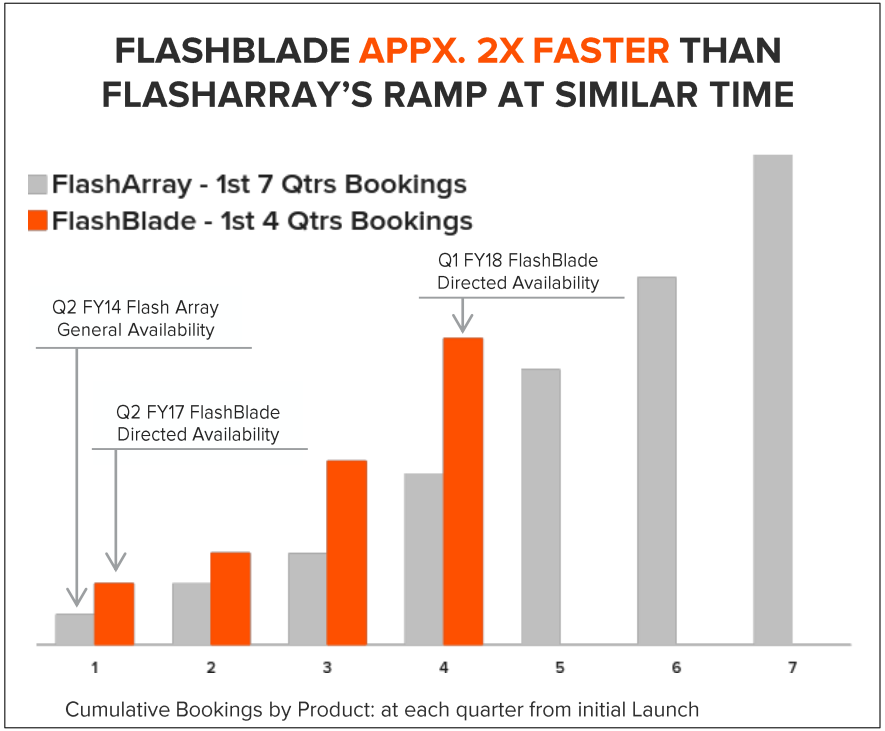
REPEATABLE SUCCESS FOR NEW PRODUCT INTRODUCTION



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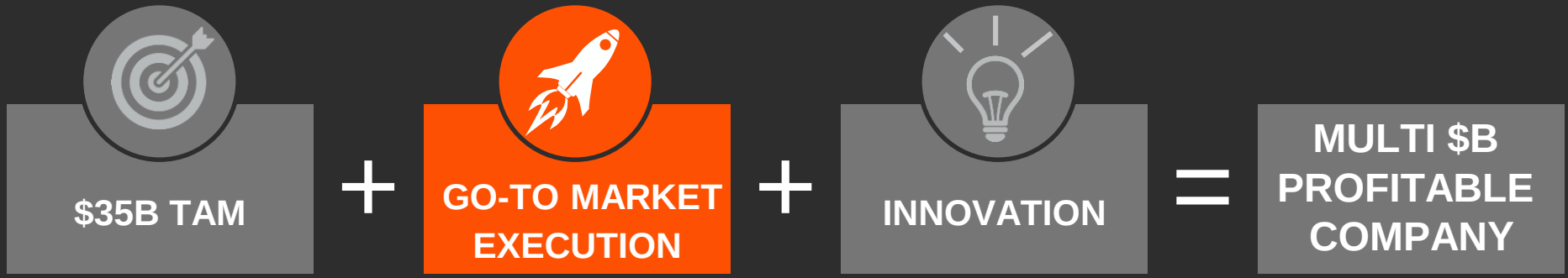
PURE PATH TO SUCCESS



1. **STRONG GTM PLATFORM** DRIVING NEW OPPORTUNITIES IN MARKETS THAT MATTER
2. **WIDE AND DEEP CUSTOMER BASE** ENABLING REPEAT BUSINESS AND SUSTAINABLE GROWTH
3. **SALES PRODUCTIVITY RAMPING** WITH **ROOM TO GROW**

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THROUGH OUR CUSTOMERS' EYES

MATT HARRIS
HEAD OF IT, **MERCEDES-AMG PETRONAS MOTORSPORT**

ANDY NALLAPPAN
VICE PRESIDENT AND CIO, **BROADCOM**

JUSTIN STOTTLEMEYER
DIRECTOR, INFRASTRUCTURE, DISTINGUISHED ENGINEER, **INTUIT**

MODERATORS: **KEVIN DELANE,** VP GLOBAL SALES
MATT BURR, VP PLATFORM SOLUTIONS

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CLOUD-ERA FLASH

WIDENING OUR INNOVATION LEAD

MATT KIXMOELLER, VP PRODUCT MARKETING

ROB LEE, CHIEF ARCHITECT, FLASHBLADE

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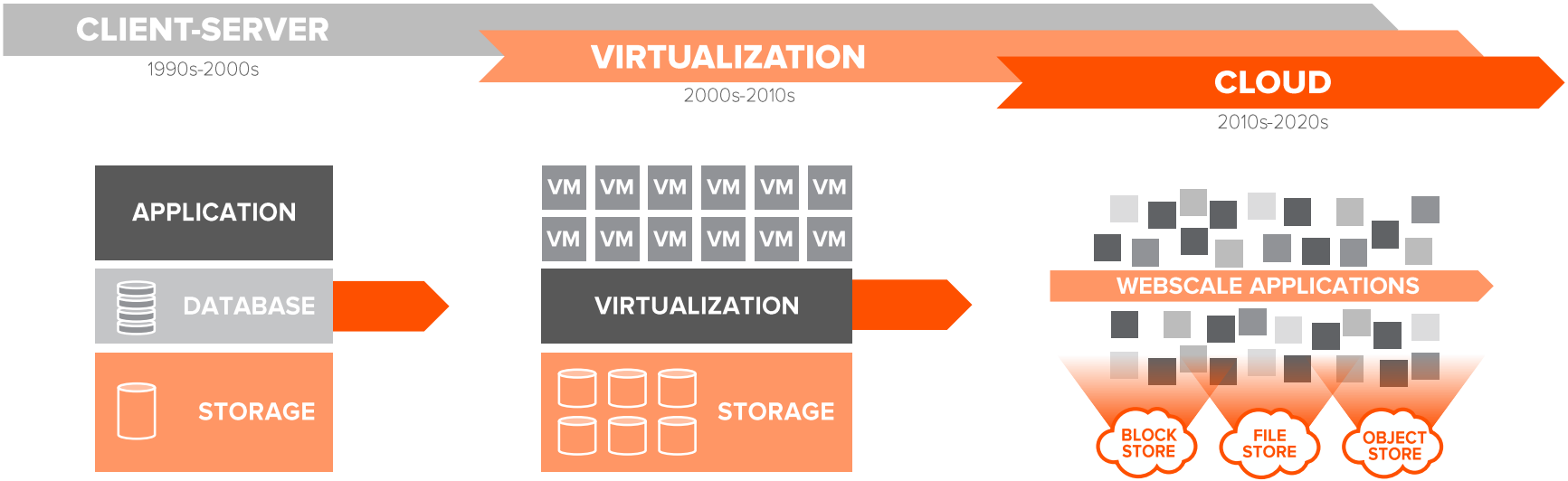
DAWN OF A NEW CLOUD ERA

YET THE OLD NEVER REALLY DISAPPEARS...



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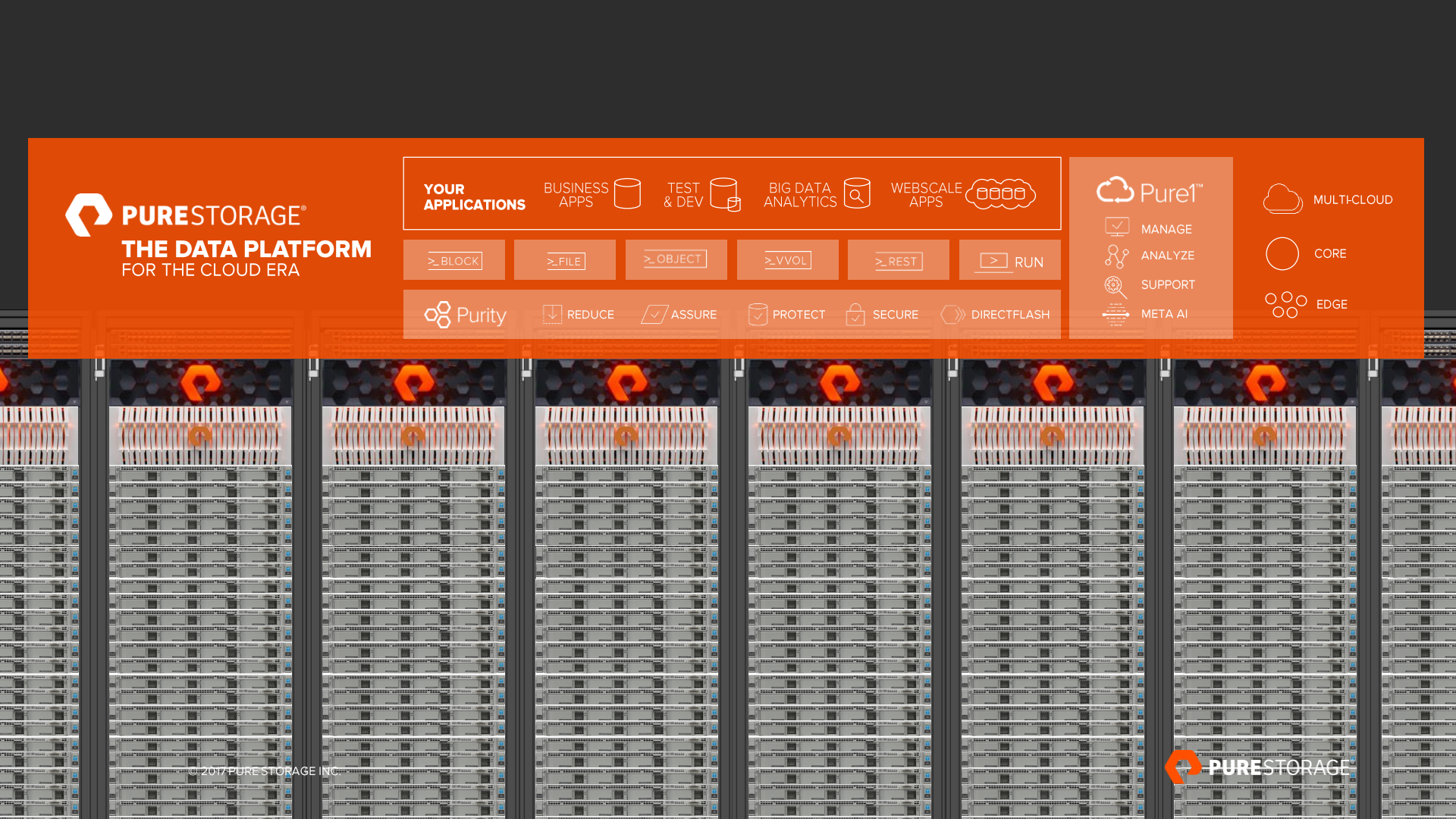
PURESTORAGE®
THE DATA PLATFORM
FOR THE CLOUD ERA
YOUR APPLICATIONS
BUSINESS APPS
TEST & DEV
BIG DATA ANALYTICS
WEBSCALE APPS
>_BLOCK
>_FILE
>_OBJECT
>_VVOL
>_REST
>_ RUN
Purity
REDUCE
ASSURE
PROTECT
SECURE
DIRECTFLASH
Pure1™
MANAGE
ANALYZE
SUPPORT
META AI
MULTI-CLOUD
CORE
EDGE
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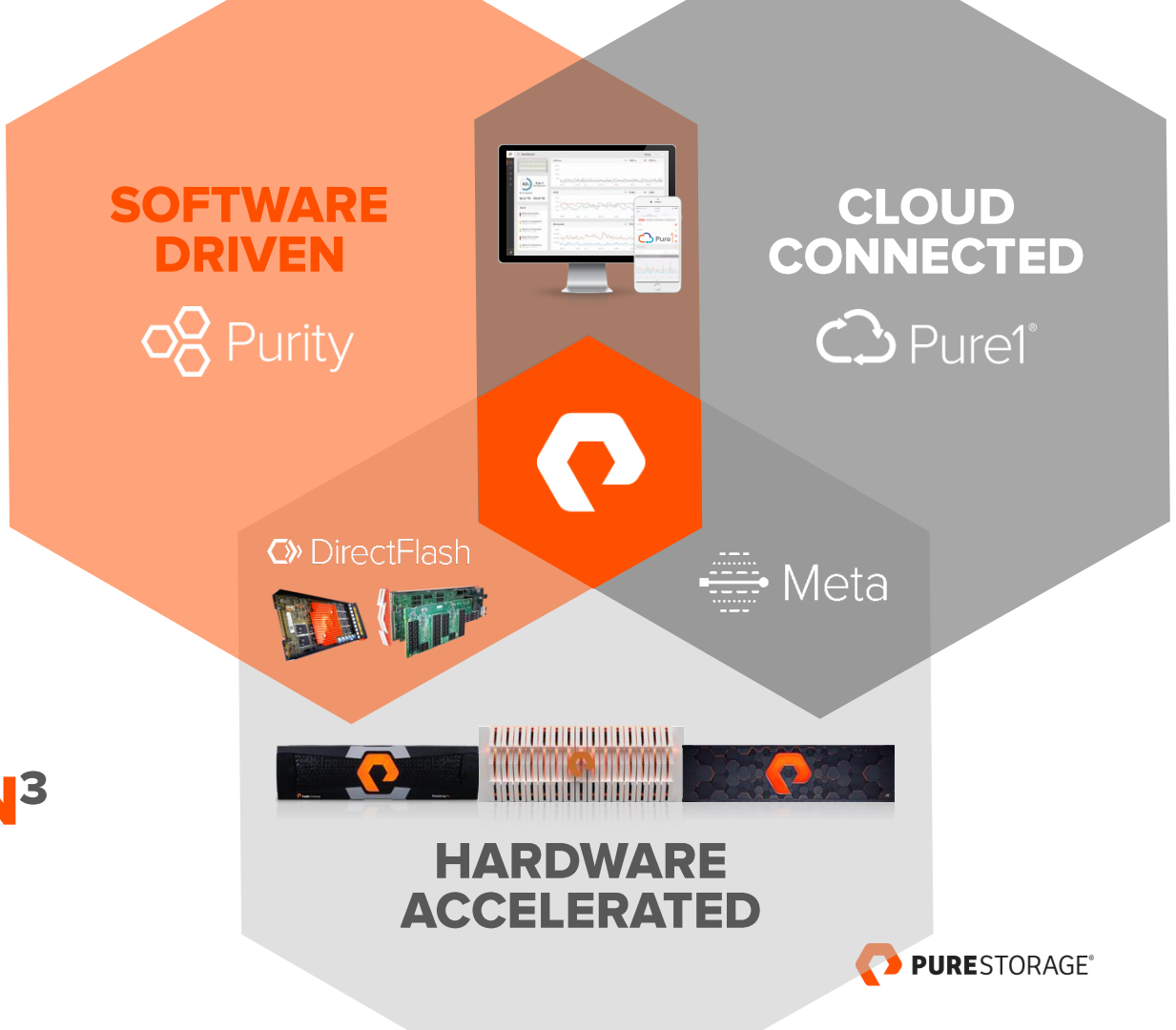
INNOVATION^3



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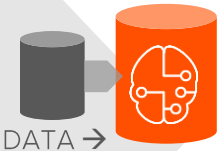
TODAY'S INNOVATION ANNOUNCEMENTS

SOFTWARE TAKES CENTER STAGE

NEXT GEN DATA

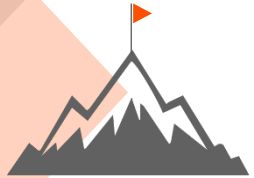


BIG INTELLIGENCE

- 5X FLASHBLADE SCALE Purity FB 2
- 5X FLASHBLADE PERFORMANCE
- FAST OBJECT
- RAPID EXPANSION OF NEW FEATURES

500+ LEADING CLOUDS

CLOUD-IFICATION OF ENTERPRISE STORAGE



NEW TIER 1

- NEW SOFTWARE Purity FA 5
- CLOUD AUTOMATION & INTEGRATION
- END-TO-END NVMe //X
- AI: SELF-DRIVING STORAGE Meta

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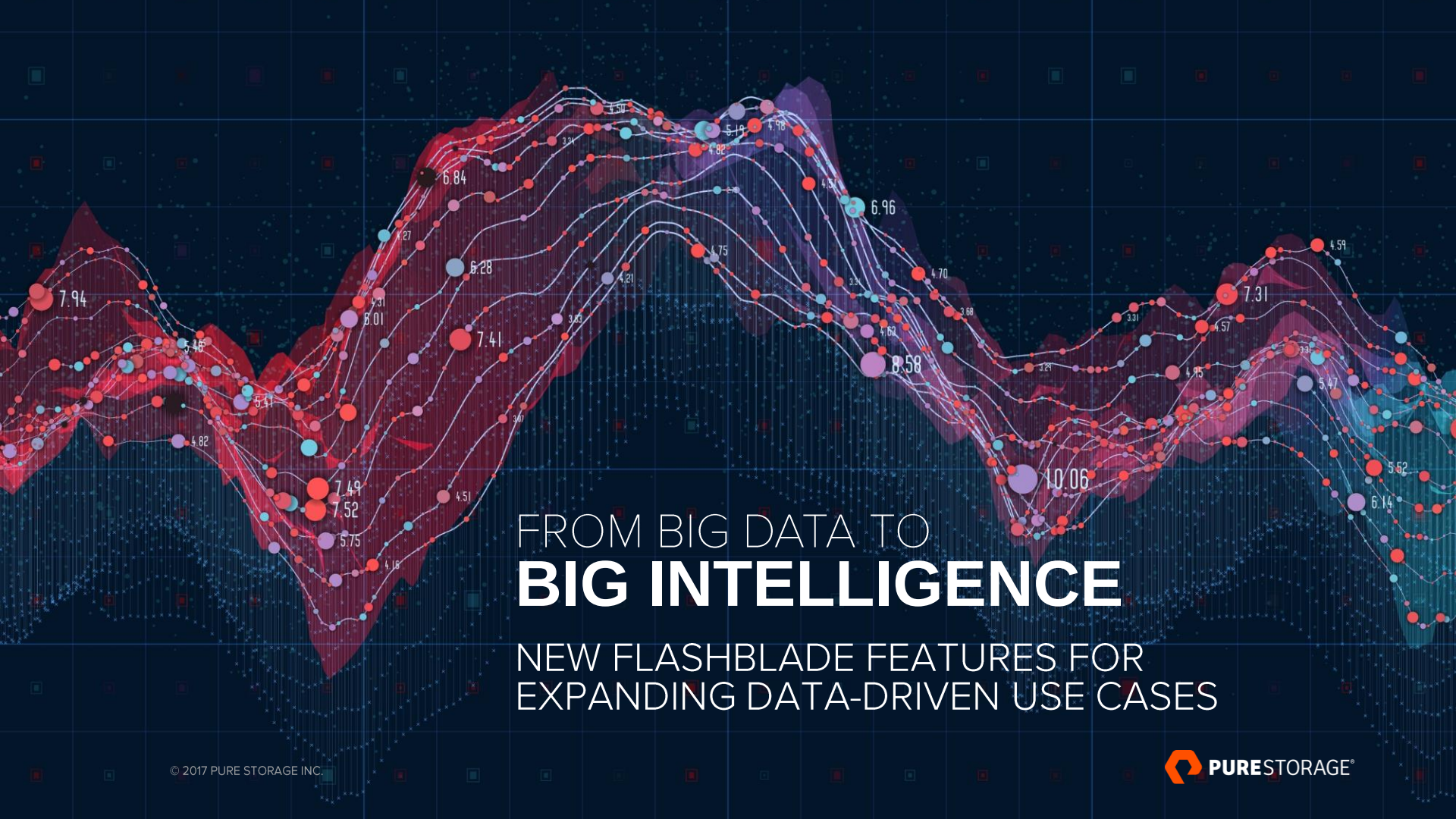

FROM BIG DATA TO
BIG INTELLIGENCE

NEW FLASHBLADE FEATURES FOR EXPANDING DATA-DRIVEN USE CASES

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DAWN OF 4TH INDUSTRIAL REVOLUTION

BIG DATA, MODERN ANALYTICS DRIVING CHANGE IN EVERY INDUSTRY

1st Revolution
1760-1820's
Steam Power
Rural to Urban

2nd Revolution
1870-1914
Mass Prod., Electricity
Urban to Analog

3rd Revolution
1980-2010
PC, Automation
Analog to Digital

4th Revolution
2010-now
AI, Big Data, IoT & Edge Computing
Digital to Intelligence

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ONE OF THE WORLD'S LEADING AI SUPERCOMPUTERS

WORLD'S FASTEST RACE CARS

LARGE-SCALE BANKING SOFTWARE & ANALYTICS

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WORLD'S MOST ADVANCED PLANES, TRAINS, AUTOMOBILES, AND ROCKETS

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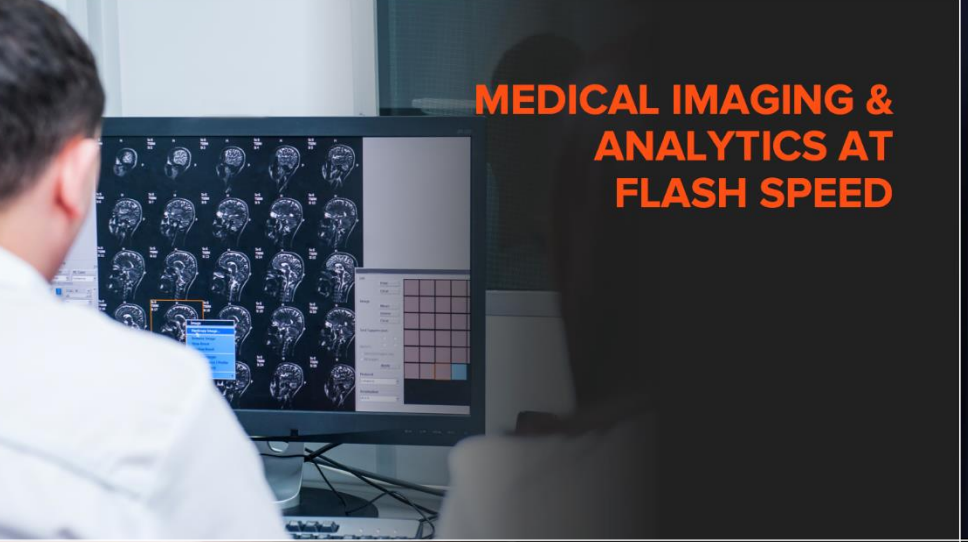

MEDICAL IMAGING & ANALYTICS AT FLASH SPEED

WORLD'S FASTEST WEBSCALE DATABASE RESTORES

WEBSCALE GAMING AND MEDIA PRODUCTION

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POLICE BODY CAMERAS AND EMERGENCY SERVICES

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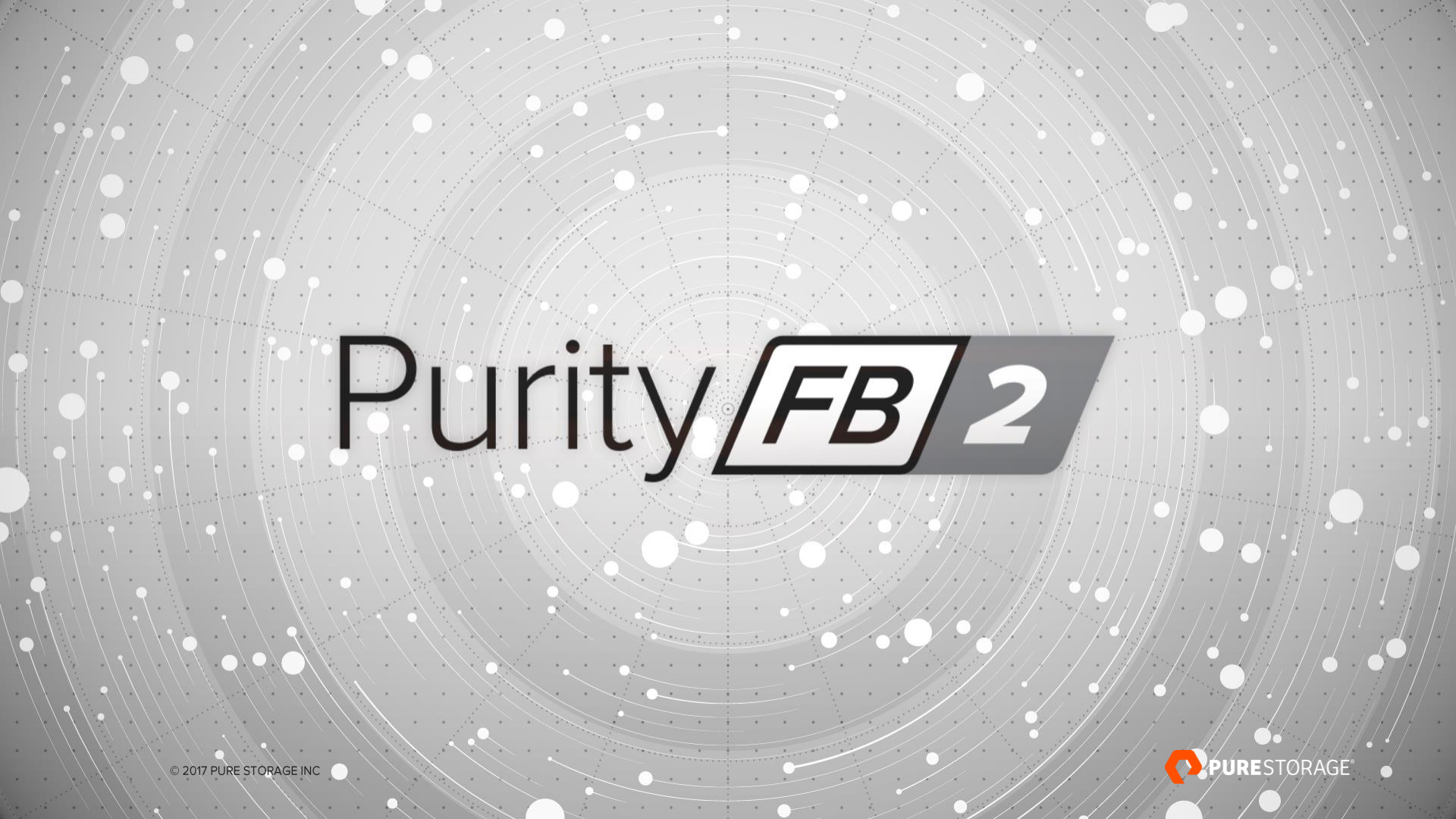

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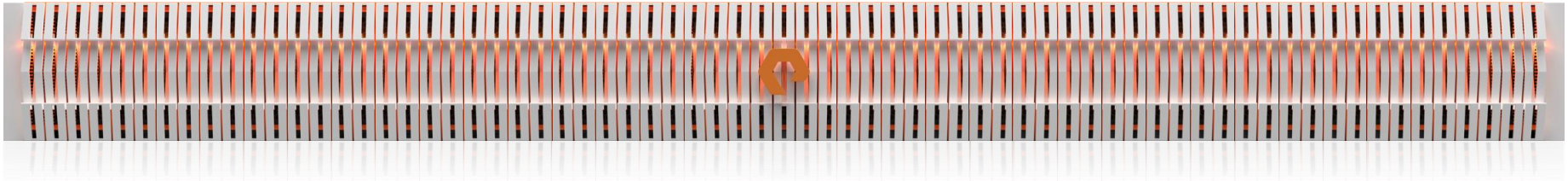
NEW INTRODUCING Purity FB 2

75 BLADE-SCALE FLASHBLADE



5X BIGGER

8PB NAMESPACE
BILLIONS OF FILES / OBJECTS

5X FASTER

75 GB/s READ
25 GB/s WRITE
7.5M IOPS

STILL SIMPLE

INTEGRATED 100 GB/S FABRIC
1 IP ADDRESS
EVERGREEN

Note: DA expected in Q4, 2017. Delivery dates and features subject to change.

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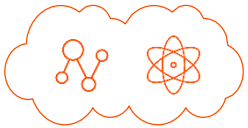
NEW INTRODUCING Purity FB 2

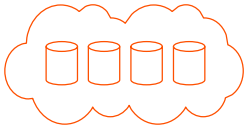
FAST OBJECT STORE

ULTRA-FAST S3-COMPATIBLE OBJECT PROTOCOL



CLOUD-NATIVE APPS
USE
OBJECT STORAGE

NEXT-GEN DEVELOPERS
CODE WITH
OBJECT STORAGE



CLOUD PRIMARY STORAGE
IS
OBJECT STORAGE

>10X FASTER

TIME TO FIRST BYTE
VS
AWS S3

>100X FASTER

INDEXING 1M OBJECTS
LEADING WEBSCALE COMPANY
EXISTING SOLUTION VS FLASHBLADE

Note: Object expected GA in Q2, 2017. Delivery dates and features subject to change.
Performance example based upon customer testing and may not be representative of all workloads.

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FLASHBLADE SPEAKS OBJECT NATIVELY

PURITY FOR FLASHBLADE POWERED BY MASSIVELY PARALLEL, DISTRIBUTED ARCHITECTURE

Purity FB 2

NATIVE OBJECT >_OBJECT

NATIVE NFS/SMB >_NFS >_SMB

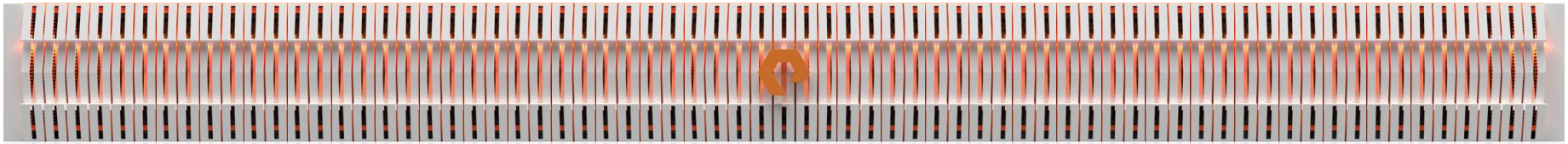
KEY-VALUE DATABASE STORE FOR DISTRIBUTED PARTITIONS

KEY

VALUE

...

BILLIONS
OF PARTITIONS



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RAPID MATURING OF ENTERPRISE FEATURES

FLASHBLADE MATURING QUICKLY FOR GENERAL PURPOSE USE CASES

NEW Purity FB 2

- SMB
- LDAP
- NETWORK LOCK MANAGER
- HTTP
- IPv6
- SNAPSHOTS

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99.9999%
ENTERPRISE REPLICATION
QoS

TRADITIONAL TIER 1

PURPOSE-BUILT AFAs

RELIABILITY

BUILT FOR THE
CLOUD ERA

DEDUPE, COMPRESSION
SIMPLE, AUTOMATED, OPEN
CLOUD INTEGRATION
NVMe, NVMe/F

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ActiveCluster

SYNCHRONOUS REPLICATION DONE THE PURE WAY

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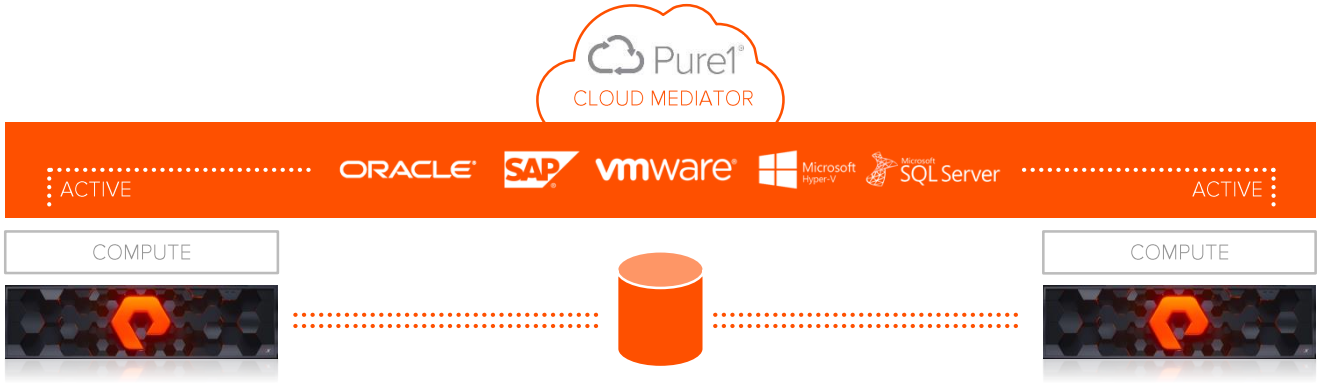
NEW INTRODUCING

Purity FA ActiveCluster



Multi-Site Active / Active Stretch Cluster

Zero RPO, Zero RTO, Zero $€ ¥ £, Zero Additional HW

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Note: GA Expected in Q3, 2017. Delivery dates and feature specifications subject to change.

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INTRODUCING

Purity FA ActiveCluster

4	1	ACTIVE/ ACTIVE	$0
STEPS TO SETUP	**NEW COMMAND**	**STRETCH CLUSTER SIMPLICITY**	**EXTRA COST**

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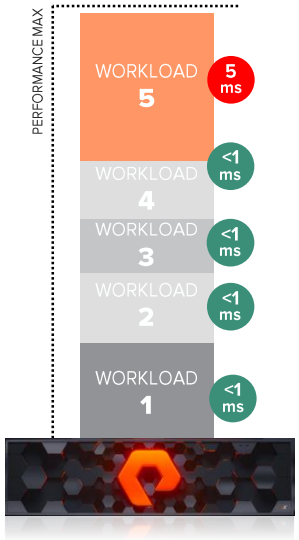
INTRODUCING

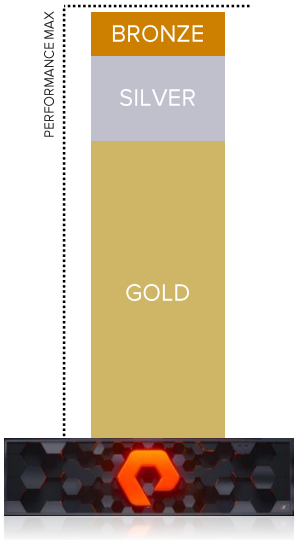
Purity FA QoS

ALWAYS-ON QoS
(NOISY NEIGHBOR PROTECTION)



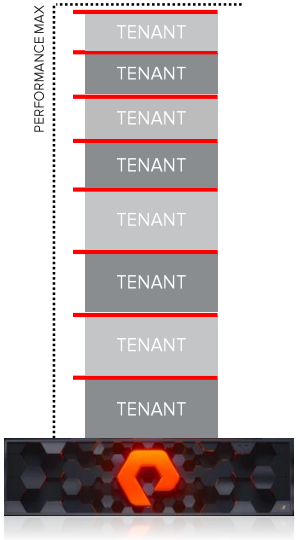
Protect Against
Noisy Neighbors

NEW POLICY QoS
(PERFORMANCE CLASSES)



Assure Performance
For Mission-Critical Workloads

NEW POLICY QoS
(LIMITS)



Ensure Consistent
Experience For Tenants

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Note: GA expected in Q3, 2017. Delivery dates and features subject to change.

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99.9999% ✓

ENTERPRISE REPLICATION ✓

QoS ✓

TRADITIONAL TIER 1

PURPOSE-BUILT AFAs

RELIABILITY

BUILT FOR THE CLOUD ERA

✓ DEDUPE, COMPRESSION

SIMPLE, AUTOMATED, OPEN CLOUD INTEGRATION

NVMe, NVMe/F

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STORAGE SOFTWARE OPTIMIZED FOR THE CLOUD ERA

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Purity

NEW CLOUD AUTOMATION INTEGRATIONS

VMWARE

VVols, SPBM
vREALIZE

DOCKER

PERSISTENT
CONTAINERS

MICROSOFT

ODX API

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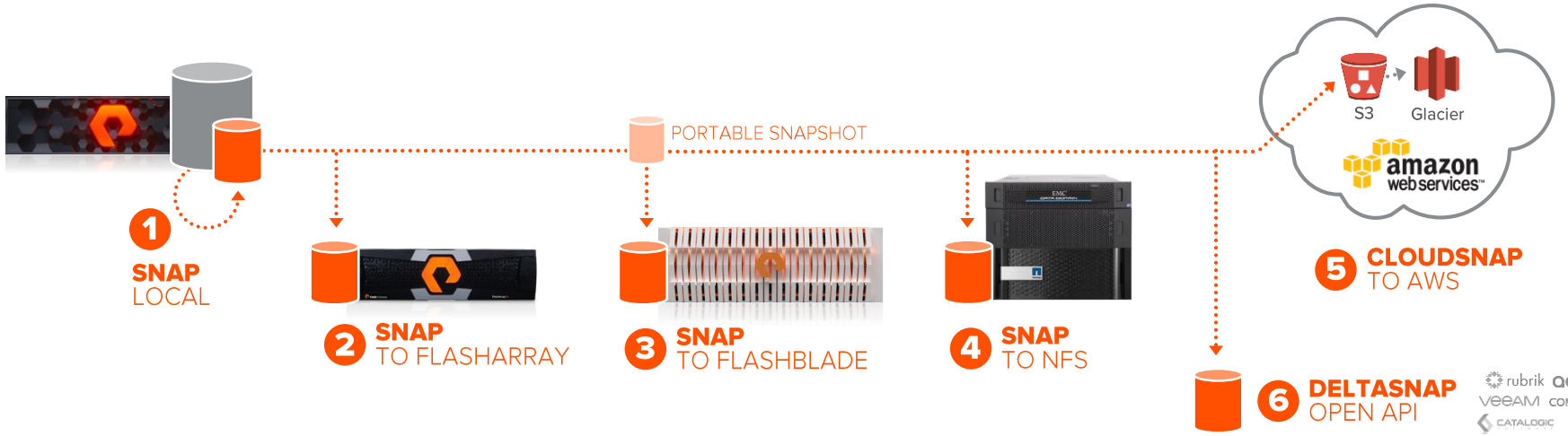
NEW INTRODUCING

Purity FA Snap & CloudSnap



Snapshot to **heterogeneous targets,** natively-managed with **Purity protection policies**

Initial full, followed by **incremental forever snaps**, maintaining data reduction

Backup, restore, migration, and DevOps use cases

New **Portable Snapshot format** embeds recovery metadata

Note: Snap to FB and NFS GA expected in Q3, 2017. CloudSnap to AWS GA expected in Q4, 2017 with some features in 2018. Delivery dates and features subject to change.

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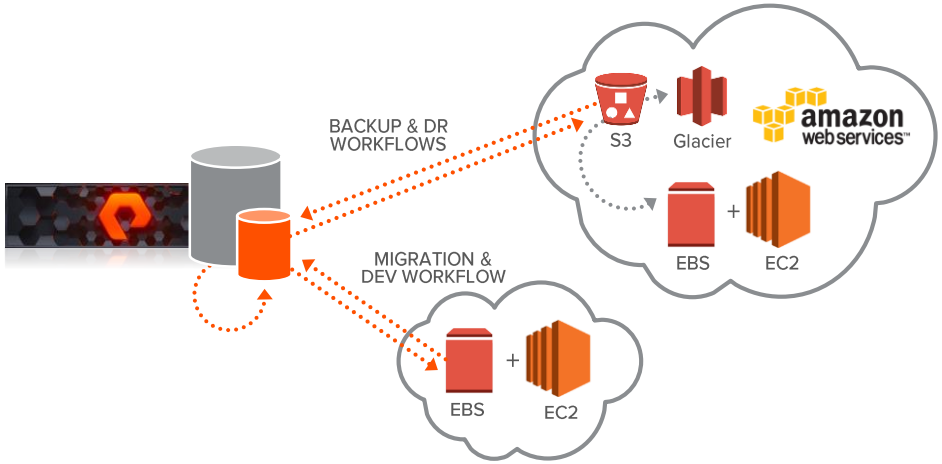
Purity FA CloudSnap

EFFORTLESS BACKUP, RESTORE, MIGRATION OR DR TO PUBLIC CLOUD



Natively Cloud Connected

- Backup directly to public cloud
- Restore directly from public cloud
- Hydrate CloudSnaps into native format: EBS, S3, or Glacier
- Disaster Recovery in public cloud
- Migrate workloads to/from public cloud
- Fully leverage all cloud PaaS services!

NO ADDITIONAL SOFTWARE OR GATEWAY REQUIRED!

Note: Snap to FB and NFS GA expected in Q3, 2017. CloudSnap to AWS DA expected in Q4, 2017 with EBS integration and other features planned in 2018. Delivery dates and features subject to change.

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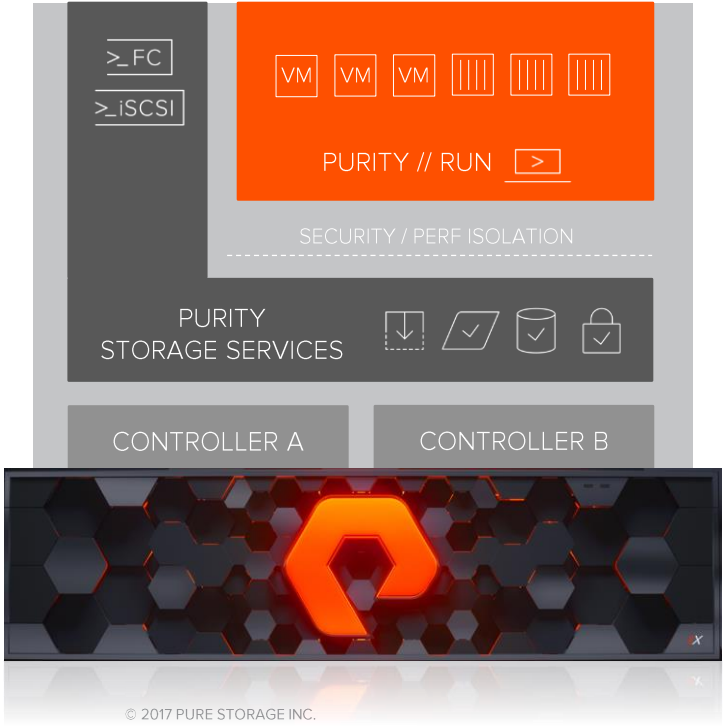
NEW INTRODUCING

Purity FA Run

OPEN PLATFORM FOR RUNNING APPLICATIONS ON PURITY



Run VMs and Containers on Purity:

- Highly available
- Dedicated CPU and Memory space
- Complete security & performance isolation

Flexible, open use cases:

- Build your own custom protocol
- Run analytics close to data
- Database & remote office appliances

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100% NVMe FlashArray //X

DRIVING AFA DIFFERENTIATION & WEBSCALE USE CASES

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INTRODUCING

DirectFlash SHELF

NATIVE NVMe/F EXPANSION SHELF

Note: GA expected in Q4, 2017. Delivery dates and features subject to change.

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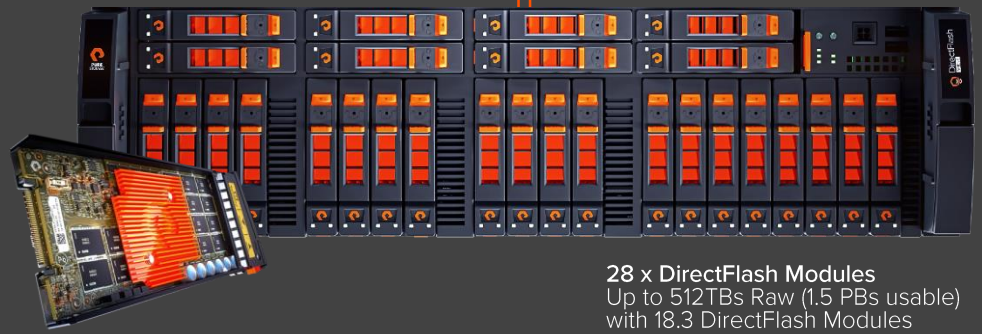
FlashArray //X

NVMe/F
50 Gb/s Ethernet
RoCE v2

DirectFlash SHELF



28 x DirectFlash Modules
Up to 512TBs Raw (1.5 PBs usable)
with 18.3 DirectFlash Modules

INTRODUCING

DirectFlash SHELF

NATIVE NVMe/F EXPANSION SHELF

Note: GA expected in Q4, 2017. Delivery dates and features subject to change.

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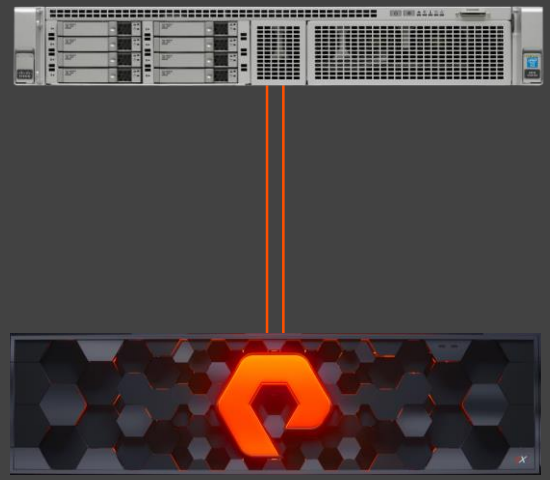

TECH PREVIEW:

cisco + PURESTORAGE®

END-to-END NVMe

NVMe over Fabrics
RoCEv2 at 40 Gb/s

Note: Technology preview, GA release dates not announced. Features and delivery timeline subject to change.

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Tomorrow's Cloud Block

1,300 CORES

50 TB DRAM

2.6 PB FLASH

ELASTIC FILE, OBJECT, BLOCK

100 Gb/s Ethernet + NVMe/F

µs latency end-to-end

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PURESTORAGE®

- 99.9999%
- ActiveCluster
- QoS + VVOLs
- Cloud Integration
- NVMe + NVMe/F
- Evergreen

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PIONEERING IoT APPROACH TO STORAGE

USING >1 TRILLION DAILY DATA POINTS TO AVOID >500 SEV1 INCIDENTS TO DATE!

FINGERPRINT
EACH KNOWN ISSUE
(NOW 100s)

SEARCH EACH ARRAY
IN REAL-TIME FOR ISSUES

MATCH!

YOU ARE
NOTIFIED

SUPPORT NOTIFIED,
TICKET OPENED

Pure1®

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BUT SINCE THE DAWN OF STORAGE...

PERFORMANCE SIZING HAS BEEN THE FINAL FRONTIER

TOO MANY VARIABLES

IOPS or MB/s?
Read / Write Mix?
Replication RPO?
Overwrite rate?
Peak vs average IOPS?

COMPLEX INTERACTION & INTER-DEPENDANCIES

$$\int_0^t L(s)ds = \int_0^t \{ \sum_{\{j:t_j \le s \le t\}} I\{W_j > s - t_j\}\} ds$$

LITTLE'S LAW

$$= \sum_{\{j:t_j \le t\}} \int_{t_j}^t I\{W_j > s - t_j\} ds$$

$$= \sum_{\{j:t_j \le t\}} \min\{W_j, t - t_j\}.$$

OVER-PROVISIONING
= WASTED EXPENSE

UNDER-PROVISIONING
= DOWNTIME

PERFORMANCE PREDICTION IS NEARLY IMPOSSIBLE...FOR HUMANS

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NEW INTRODUCING

Meta

GLOBAL PREDICTIVE INTELLIGENCE

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>1,000 MEASURES

WRITE B/W

WRITE IOPS

WRITE I/O SIZE

READ B/W

READ I/O SIZE

INLINE DEDUPE RATE

INLINE COMPRESSION RATE

SPACE USAGE

TOTAL DATA REDUCTION

AND 100s MORE...

NEW

INTRODUCING

Meta

WORKLOAD DNA

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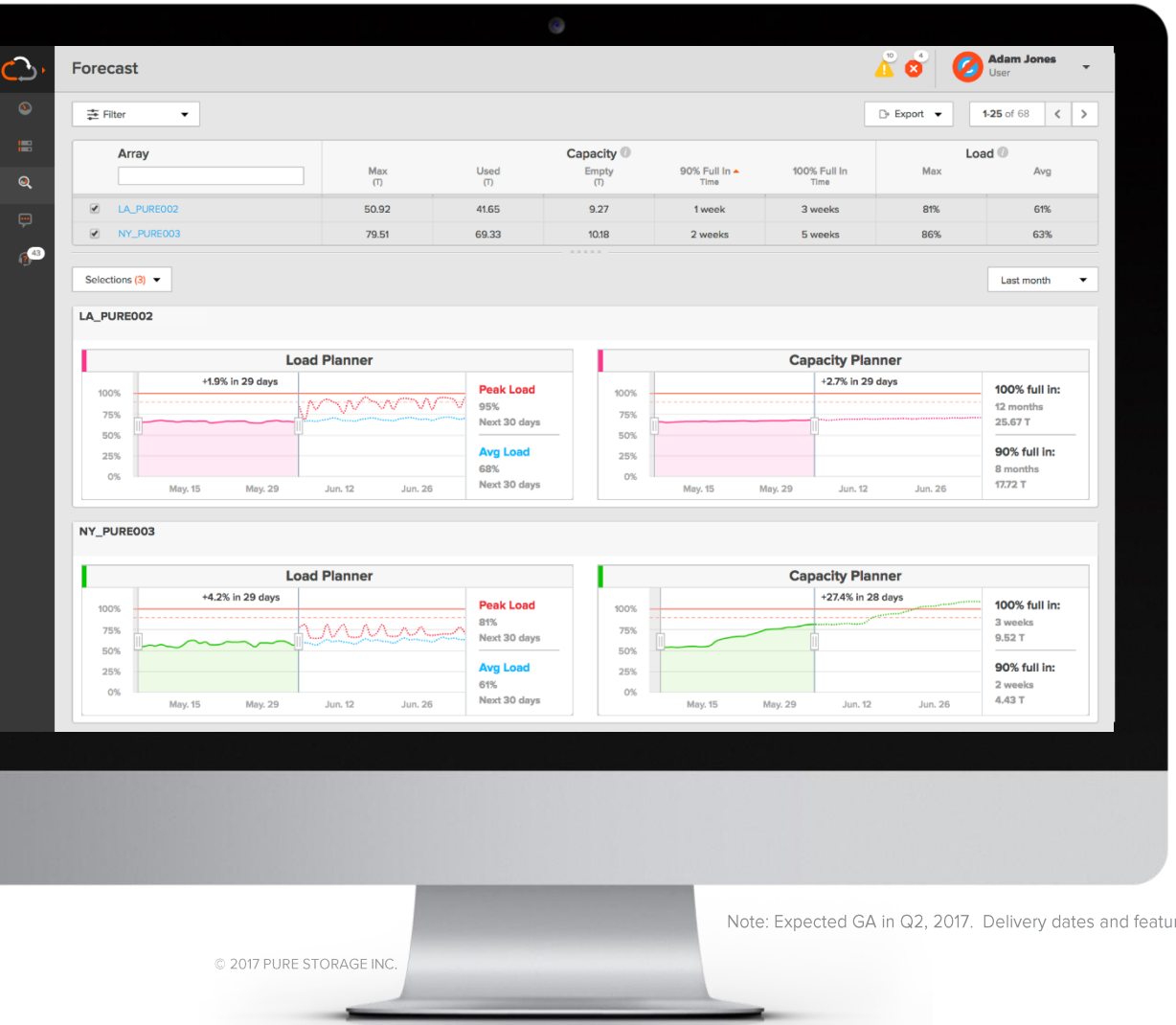

NEW INTRODUCING

Meta

WORKLOAD PLANNER

INDUSTRY FIRST:
LOAD AND CAPACITY PREDICTION TO HELP YOU OPTIMIZE AND PLAN

- Complete forecast - load and capacity prediction per FlashArray
- Get actionable insight on when performance or capacity threshold is met
- Volume-level impact analysis of migration or growth

Note: Expected GA in Q2, 2017. Delivery dates and features subject to change.

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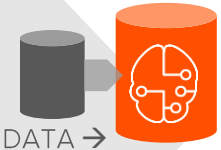
DELIVERING INNOVATION, EXPANDING OPPORTUNITIES

SOFTWARE TAKES CENTER STAGE

NEXT-GEN DATA

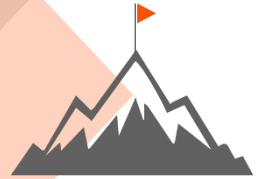
500+ LEADING CLOUDS

CLOUD-IFICATION OF ENTERPRISE STORAGE



BIG DATA →

BIG INTELLIGENCE



NEW TIER 1

5X FLASHBLADE SCALE Purity FB 2

5X FLASHBLADE PERFORMANCE

FAST OBJECT

RAPID EXPANSION OF NEW FEATURES

NEW SOFTWARE Purity FA 5

CLOUD AUTOMATION & INTEGRATION

END-TO-END NVMe //X

AI: SELF-DRIVING STORAGE Meta

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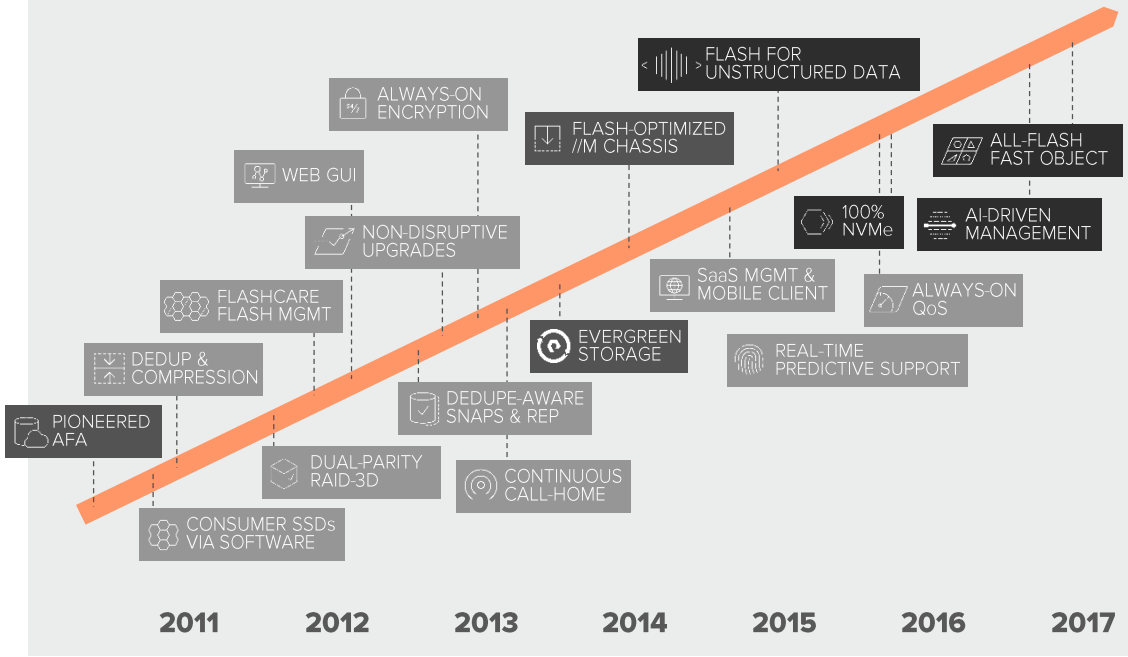
INNOVATION IS IN OUR DNA

CONTINUING INDUSTRY FIRSTS



RECOGNIZED LEADERSHIP

Gartner

A MAGIC QUADRANT LEADER, 3 YEARS RUNNING

RECORD CSAT

83.5 NPS

CERTIFIED BY

Satmetrix

PATENT DEPTH

700+

FILED + ISSUED

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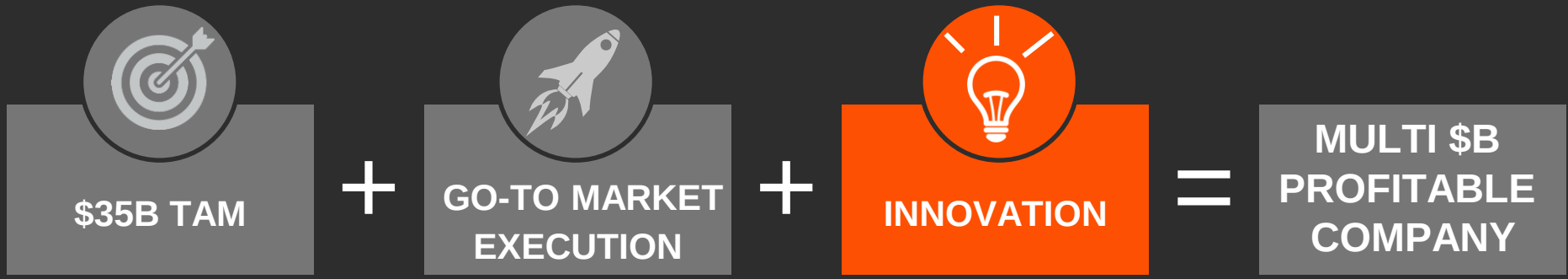
PURE PATH TO SUCCESS



1. **SOFTWARE DRIVEN, HARDWARE ACCELERATED, AND CLOUD CONNECTED** OUR ETHOS
2. **INNOVATION FOCUSED ON MARKETS THAT MATTER:** FLASHBLADE, SOFTWARE, FLASHARAY//X, ACTIVECLUSTER, AND SELF-DRIVING STORAGE
3. **INNOVATION LEAD IS WIDENING:** BIGGEST YEAR OF INNOVATION YET, WITH GROUND-UP, SIMPLE & EFFICIENT APPROACH DRIVING CONTINUED COMPETITIVE MOAT

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ROAD TO 2020: FINANCIAL UPDATE

TIM RIITTERS, CFO

PURESTORAGE®

FROM IPO TO $1B

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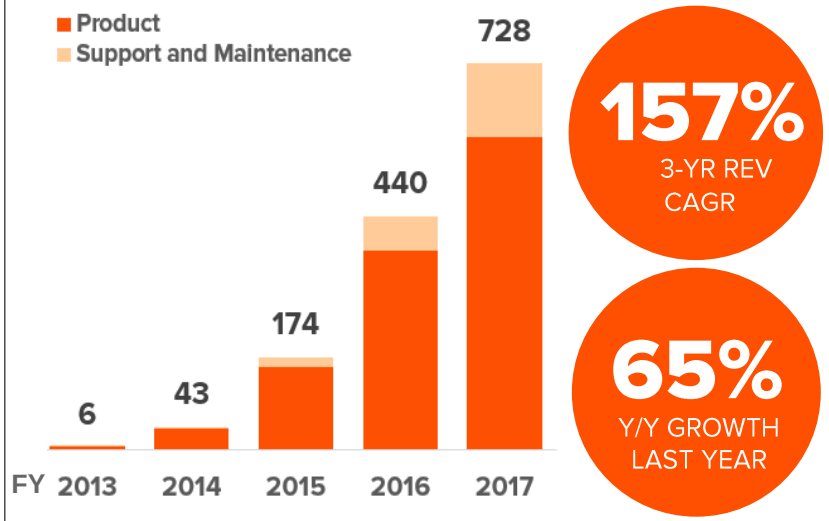
BEST-IN-CLASS REVENUE GROWTH & MARGIN

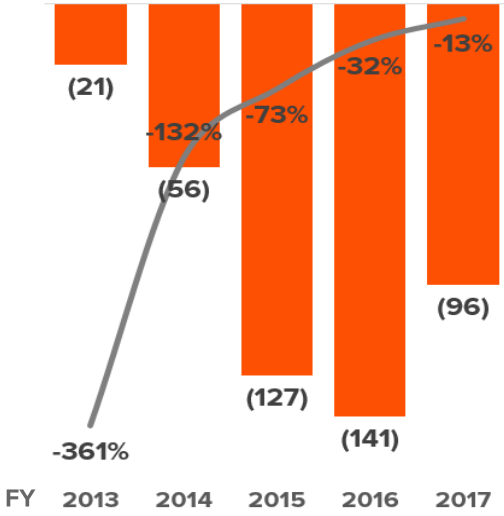
REVENUE ($Ms)



157%
3-YR REV CAGR

65%
Y/Y GROWTH LAST YEAR

OPERATING PROFIT (non-GAAP) ($Ms and %)



4 Years
OF
~50%
ANNUAL MARGIN RATE IMPROVEMENTS

INDUSTRY LEADING GROSS MARGIN (non-GAAP): 66% (FY17)

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STRONG START TO THE YEAR

	Q1 FY18	v. Q1 GUIDE MIDPOINT	Q2 FY18 (GUIDE)	Y/Y (@ Q2 GUIDE MIDPOINT)
REVENUE	$183M	**+4.3%**	$218M	**+33.6%**
GROSS MARGIN (non-GAAP)	66.0%	**+1 ppt**	65.0%	-1.3 ppt
OPERATING MARGIN (non-GAAP)	-16.7%	**+8.3 ppts**	-14.0%	**+5.3 ppt**

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Operating Profit and Gross Margin are Non-GAAP; see Appendix for GAAP to non-GAAP reconciliation

STRONG START SUPPORTS $1B GUIDE

(% in non-GAAP)	FY18 (GUIDE)	FY18 Y/Y (GUIDE)	FULL YEAR DRIVERS
REVENUE	**$1B**	**37% Y/Y**	• Repeat Business • FlashBlade New Product Ramp • Continued Feature Development (FlashArray & Blade) • FlashArray//X • Software Innovation • Platform Selling
GROSS MARGIN (non-GAAP)	**65%**	**-1ppt**	• Continued Support Efficiencies • FlashBlade Ramp • FlashArray//X • FlashArray //M Core Focus • Disciplined Supply Chain Mgmt
OPERATING MARGIN (non-GAAP)	**-7%**	**+6ppts (47% rate improvement)**	• Seasonality Dynamics • Sales & Marketing Productivity • Focused Capex Investments

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Operating Profit and Gross Margin are Non-GAAP; see Appendix for GAAP to non-GAAP reconciliation

ROAD TO $2B+

GROWTH, INNOVATION, AND PROFITABILITY FOR LONG-TERM SUCCESS

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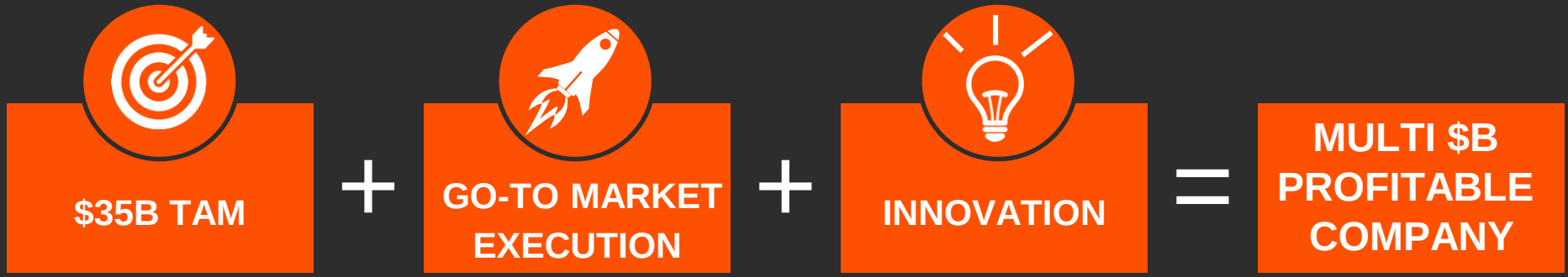
PURE PATH TO SUCCESS



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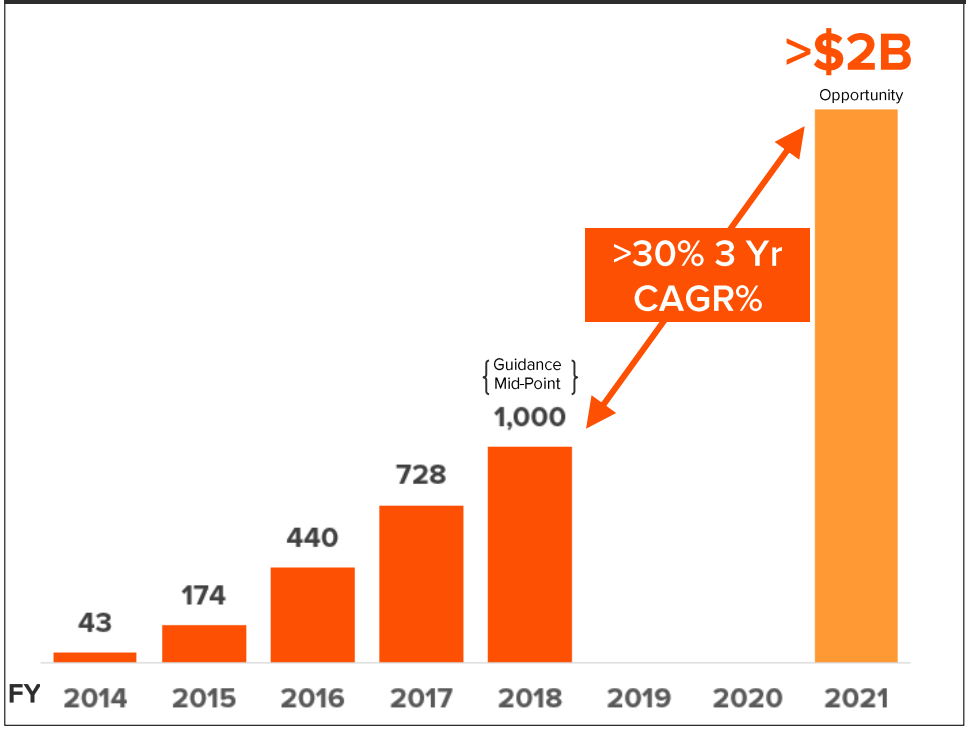
THE ROAD AHEAD

REVENUE OPPORTUNITY



FORMULA FOR SUCCESS

MARKET + EXECUTION + INNOVATION

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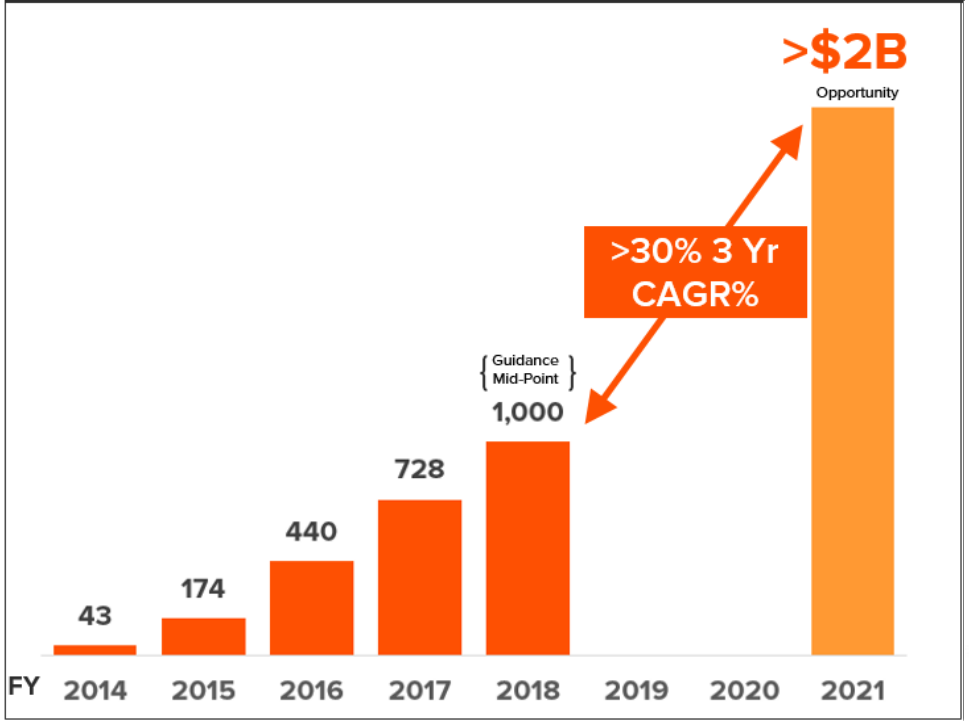
THE ROAD AHEAD

REVENUE OPPORTUNITY

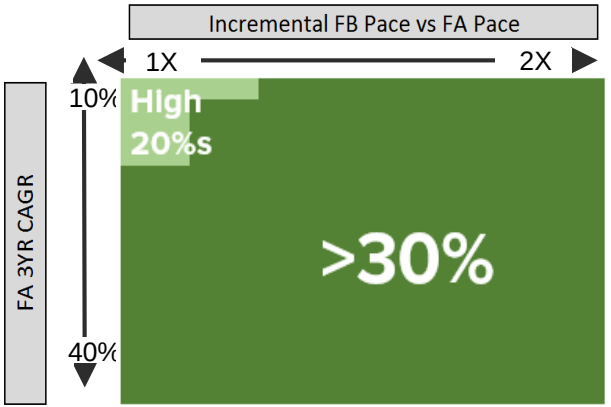


FORMULA FOR SUCCESS

MARKET + EXECUTION + INNOVATION

MULTIPLE PATHS TO SUCCESS

NUMEROUS FLASHARRAY AND FLASHBLADE GROWTH SCENARIOS DRIVE >30% 3 YEAR CAGR



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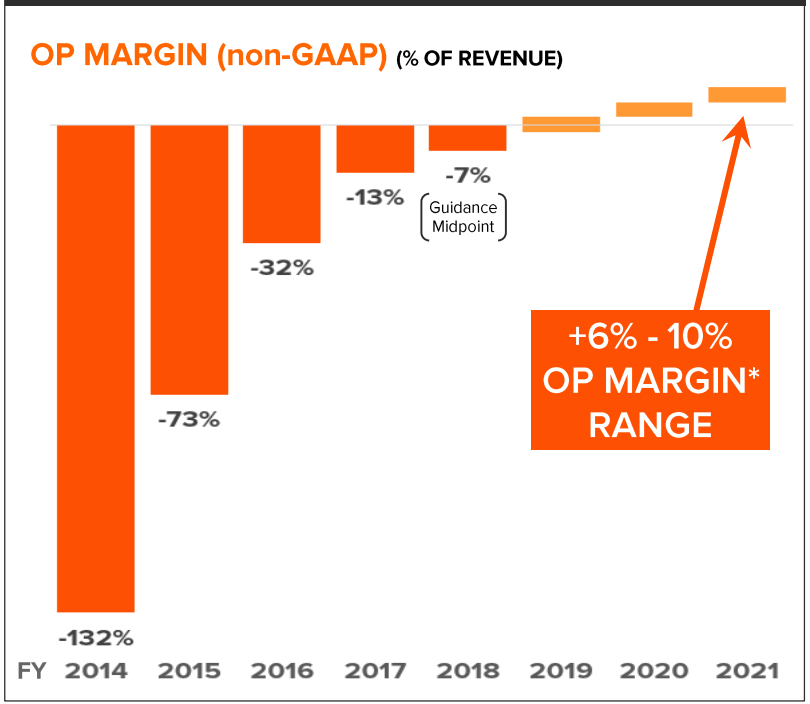
LEVERAGE IN MODEL

BUILDING A PROFITABLE MULTI-BILLION DOLLAR COMPANY



LONG TERM MODEL *

	FY17	LONG-TERM MODEL	LEVERAGE DRIVERS
GM	66%	**63-68%**	• **Currently In Long-Term Range** • **Industry Leading Margins** • **Continued Focus and Differentiation**
S&M	44%	**25-30%**	• **Continued Productivity Momentum** • **Renewal and Repeat Leverage** • **Marketing and Channel Leverage**
R&D	25%	**15-20%**	• **Continued investment, but at rate less than revenue growth**
G&A	10%	**5-7%**	• **Natural leverage**
OP MARGIN	-13%	**15-20%**	

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* Operating Profit, Opex Rates and Gross Margin are Non-GAAP see Appendix for GAAP to non-GAAP reconciliation

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THE DETAILS

Seasonality, Share Count, & ASC 606

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P&L SEASONALITY

	Q1	Q2	Q3	Q4
REVENUE	Low	Medium	Medium/ High	High
INCREMENTAL OPEX INVESTMENTS	High	High	Low	Low
OPERATING MARGIN (Non-GAAP)	Lowest			Highest

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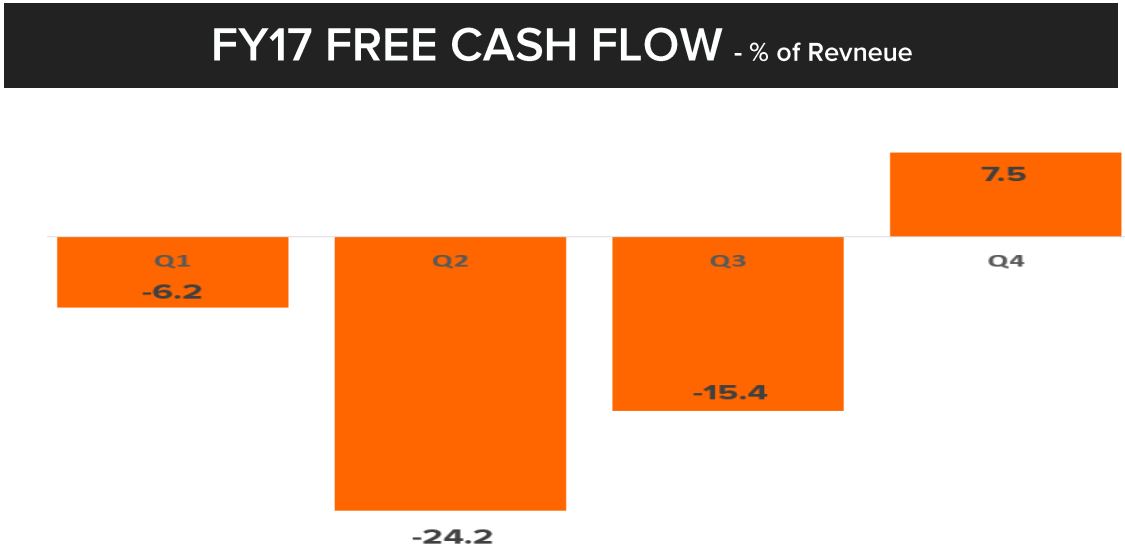
OTHER SEASONALITY – CASH FLOW



FREE CASH FLOW
(ex ESPP)

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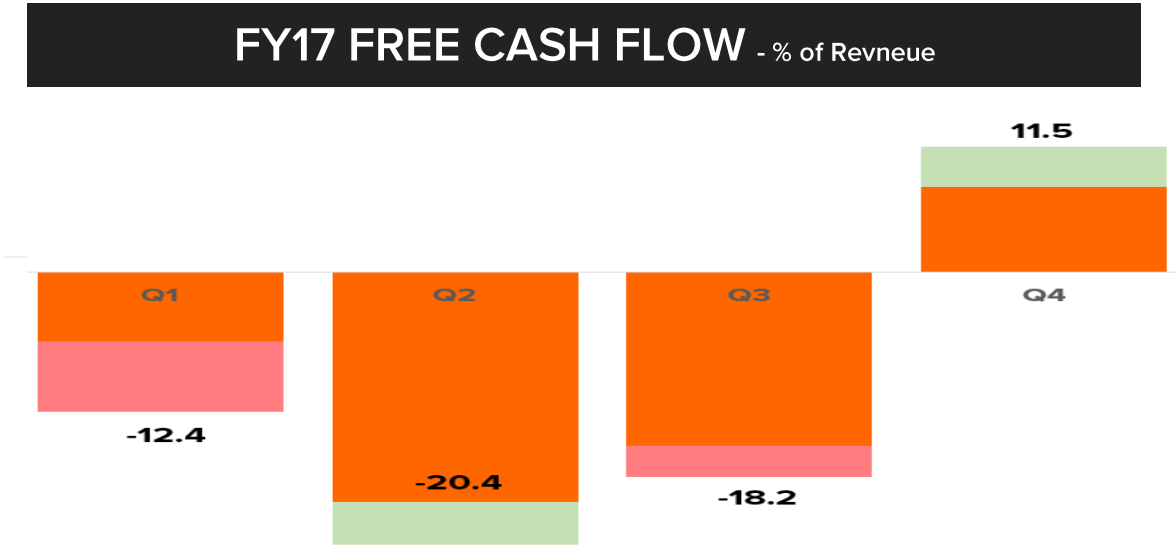
OTHER SEASONALITY – CASH FLOW



	Q1	Q2	Q3	Q4
FREE CASH FLOW (ex ESPP)	High	Low	Medium	High
ESPP IMPACT	Negative	Positive	Negative	Positive

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OTHER SEASONALITY

	Q1	Q2	Q3	Q4
SHARE GRANTS	**High**	**Low**	**Medium**	**Low**
	More Hiring		**Less Hiring**	
	• Primary Employee Refresh • Exec Refresh • ESPP Purchase		• Secondary Employee Refresh • ESPP Purchase	

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SHARE COUNT

ACHIEVING PROFITABILITY IMPACTS EPS COMPUTATIONS

WHEN EPS IS NEGATIVE

BASIC SHARES

205M

WHEN EPS IS POSITIVE

FULLY DILUTED SHARES

279M

-

TSM SHARE ADJUSMENT

(Varies with 90-Day Trailing Stock Price)

SHARE PRICE	TSM ADJUSTMENT (M of Shares)
$10.00	48
$12.00	46
$14.00	43
$16.00	40
$18.00	37
$20.00	34

=

EPS SHARE COUNT

231M to 245M

NOTES:

1. Share count as of 4/30/17 - Anticipated to continue to increase in coming quarters
2. Buy back range each quarter is weighted-average stock price during quarter

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ASC 606 - AN EARLY LOOK

KEY HIGHLIGHTS

- EFFECTIVE Q1 FY2019
- ACCRETIVE TO BOTH REVENUE AND PROFIT, BUT IMPACT VERY MINIMAL
- PRELIMINARY ASSESSMENT - WILL CONTINUE TO UPDATE THE FINANCIAL COMMUNITY THROUGHOUT THE YEAR

KEY AREAS OF IMPACT

REVENUE

MODEST AMOUNT OF RATABLE SUPPORT INTO UPFRONT PRODUCT REVENUE GIVEN ELIMINATION OF CONTINGENT REVENUE

CONTRACT COSTS (e.g. COMMISSIONS)

DEFERRED OVER EXPECTED CUSTOMER LIFETIME, VS TYPICAL CONTRACT PERIOD

EVERGREEN STORAGE ACCOUNTING

IMMEDIATE RECOGNITION OF PRODUCT REVENUE FOR CONTROLLER REFRESHES (VS. RECOGNITION OVER SUPPORT CONTRACT PERIOD) WITH MATCHING CONTROLLER COSTS IN PRODUCT COGS

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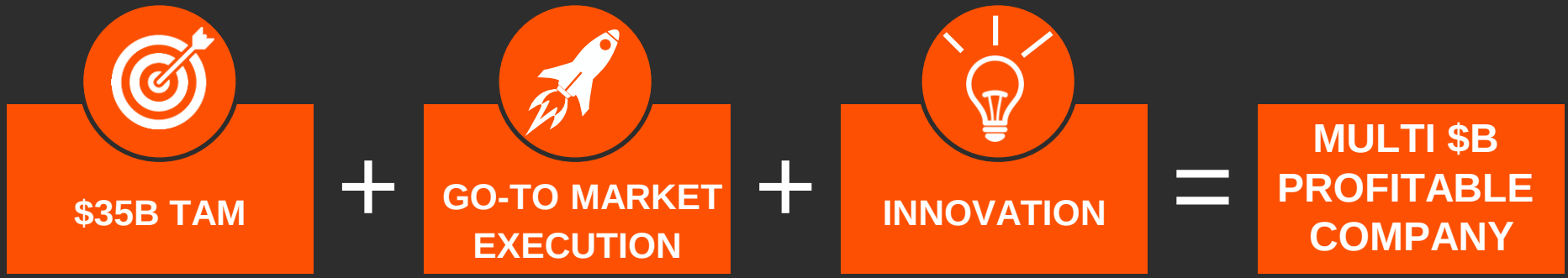
PURE PATH TO SUCCESS



1. **STRONG EXECUTION** SINCE IPO - BEST-IN-CLASS REVENUE & GROSS MARGINS + SIGNIFICANT OPERATING LEVERAGE
2. **SOLID START TO FY18** - FLASHBLADE RAMP, REPEAT METRICS, SALES PRODUCTIVITY & LEVERAGE **CONFIDENCE IN FULL YEAR**
3. MULTIPLE PATHS TO +**30% 3-YEAR CAGR** WITH >$2B ANNUAL REVENUE IN CALENDAR 2020

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CLOSING REMARKS

SCOTT DIETZEN, CEO

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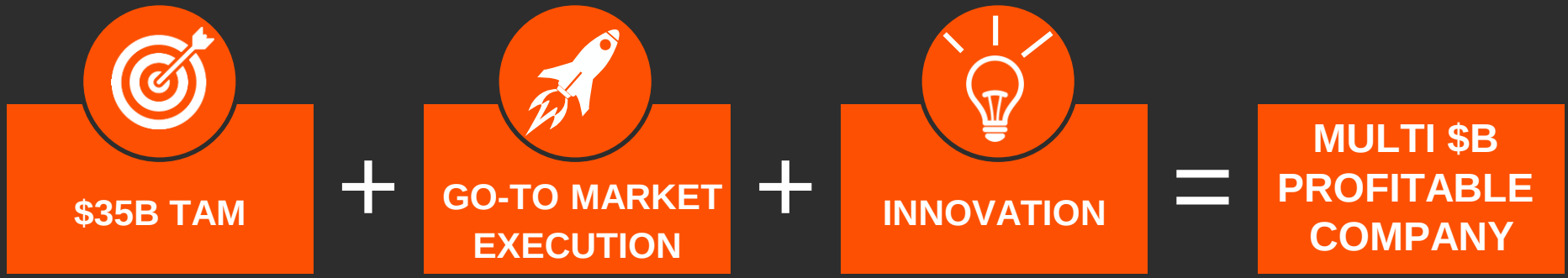
PURE PATH TO SUCCESS



1. HUGE & GROWING MARKET OPPORTUNITY ACROSS **CLOUD, EDGE/IoT & IT**
2. **STRONG GO TO MARKET PLATFORM,** DRIVING REPEAT SALES, AND WITH ROOM FOR CONTINUED LEVERAGE
3. **WIDENING DIFFERENTIATION** IN CLOUD MODEL, FLASH AND DATA DRIVEN/AI
4. **>30% 3-YEAR CAGR** AND **>$2B ANNUAL REVENUE OPPORTUNITY** IN CALENDAR 2020

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Q&A

SCOTT DIETZEN, CEO
TIM RIITTERS, CFO
DAVID HATFIELD, PRESIDENT
MATT KIXMOELLER, VP PRODUCT MARKETING
ROB LEE, CHIEF ARCHITECT, FLASHBLADE

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APPENDIX

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GAAP TO NON-GAAP RECONCILIATIONS

	Full Years								Fiscal Quarter	
($ in thousands)	**FY14**	***(%)***	**FY15**	***(%)***	**FY16**	***(%)***	**FY17**	***(%)***	**Q1 FY18**	***(%)***
Product gross margin (GAAP)	$19,254	*49.1%*	$91,411	*59.0%*	$242,863	*64.6%*	$395,851	*67.1%*	$91,780	*66.3%*
Add: SBC	253	*0.6%*	303	*0.2%*	276	*0.1%*	601	*0.1%*	397	*0.2%*
Add: Payroll tax related to stock-based activities	-	*-%*	-	*-%*	-	*-%*	6	*-%*	5	*0.1%*
Product gross margin (non-GAAP)	$19,507	*49.7%*	$91,714	*59.2%*	$243,139	*64.7%*	$396,459	*67.2%*	**$92,182**	***66.6%***
Support gross margin (GAAP)	-$650	*-18.5%*	$5,488	*28.0%*	$29,577	*45.8%*	$79,847	*57.9%*	$27,303	*61.8%*
Add: SBC	316	*9.0%*	1,273	*6.5%*	2,388	*3.7%*	5,639	*4.1%*	1,774	*4.0%*
Add: Payroll tax related to stock-based activities	-	*-%*	-	*-%*	-	*-%*	38	*-%*	31	*-%*
Support gross margin (non-GAAP)	-$334	*-9.5%*	$6,761	*34.5%*	$31,965	*49.5%*	*$85,524*	*62.0%*	**$29,108**	***65.8%***
Total gross margin (GAAP)	$18,604	*43.5%*	$96,899	*55.5%*	$272,440	*61.9%*	$475,698	*65.3%*	$119,083	*65.2%*
Add: SBC	569	*1.4%*	1,576	*0.9%*	2,664	*0.6%*	6,240	*0.9%*	2,171	*1.2%*
Add: Payroll tax related to stock-based activities	-	*-%*	-	*-%*	-	*-%*	44	*-%*	36	*0.0%*
Total gross margin (non-GAAP)	**$19,173**	***44.9%***	**$98,475**	***56.4%***	**$275,104**	***62.5%***	**$481,982**	***66.2%***	**$121,290**	***66.4%***

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GAAP TO NON-GAAP RECONCILIATIONS

($ in thousands)	FY14	As % of Total Revenue	FY15	As % of Total Revenue	FY16	As % of Total Revenue	FY17	As % of Total Revenue	Q1 FY18	As % of Total Revenue
R&D (GAAP)	$36,081	84.4%	$92,707	53.1%	$166,645	37.8%	$245,817	33.8%	$65,428	35.8%
Less: SBC	-11,477	-26.8%	-22,512	-12.9%	-31,135	-7.0%	-63,495	-8.7%	-15,588	-8.5%
Less: Payroll tax related to stock-based activities	-	-%	-	-%	-	-%	-$327	-0.1%	-340	-0.2%
R&D (non-GAAP)	$24,604	57.6%	$70,195	40.2%	$135,510	30.8%	$181,995	25.0%	$49,500	27.1%
S&M (GAAP)	$54,750	128.1%	$152,320	87.3%	$240,574	54.6%	$360,035	49.4%	$96,964	53.1%
Less: SBC	-9,014	-21.1%	-22,466	-12.9%	-16,966	-3.8%	-34,317	-4.7%	-10,626	-5.8%
Less: Payroll tax related to stock-based activities	-	-%	-	-%	-	-%	-1,346	-0.2%	-230	-0.1%
S&M (non-GAAP)	$45,736	107.0%	$129,854	74.4%	$223,608	50.8%	$324,372	44.5%	$86,108	47.2%
G&A (GAAP)	$5,902	13.8%	$32,354	18.5%	$75,402	17.1%	$84,652	11.6%	$20,096	11.0%
Less: SBC	-506	-1.2%	-6,479	-4.0%	-7,460	-1.7%	-12,616	-1.7%	-3,834	-2.2%
Less: Payroll tax related to stock-based activities	-	-%	-	-%	-	-%	-95	0.0%	-45	-%
Less: Non-cash charge for equity grant to Pure Good Foundation	-	-%	-	-%	-11,900	-2.7%	-	-%	-	-%
G&A (non-GAAP)	$5,396	12.6%	$25,875	14.9%	$56,042	12.7%	$71,941	9.9%	$16,217	8.8%
Total operating expense (GAAP)	$96,733	226.4%	$277,381	158.9%	$482,621	109.6%	$720,504	99.0%	$182,488	99.9%
Less: SBC	-20,997	-49.2%	-51,457	-29.4%	-55,561	-12.6%	-110,428	-15.2%	-30,048	-16.5%
Less: Payroll tax related to stock-based activities	-	-%	-	-%	-	-%	-1,768	-0.3%	-615	-0.3%
Less: Non-cash charge for equity grant to Pure Good Foundation	-	-%	-	-%	-11,900	-2.7%	-	-%	-	-%
Less: charge related to a legal settlement	-	-%	-	-%	-	-%	-30,000	-4.1%	-	-%
Total operating expense (non-GAAP)	**$75,736**	**177.2%**	**$225,924**	**129.5%**	**$415,160**	**94.3%**	**$578,308**	**79.4%**	**$151,825**	**83.1%**
Operating loss (GAAP)	-$78,129	-182.8%	-$180,482	-103.5%	-$210,181	-47.7%	-$244,806	-33.6%	-$63,405	-34.7%
Add: SBC	21,566	50.4%	53,033	30.4%	58,225	13.2%	$116,668	16.0%	32,219	17.6%
Add: Payroll tax related to stock-based activities	-	-%	-	-%	-	-%	$1,812	0.3%	651	0.4%
Add: Non-cash charge for equity grant to Pure Good Foundation	-	-%	-	-%	11,900	-2.7%	-	-%	-	-%
Add: charge related to a legal settlement	-	-%	-	-%	-	-%	30,000	4.1%	-	-%
Operating loss (non-GAAP)	**-$56,563**	**-132.4%**	**-$127,449**	**-73.1%**	**-$140,056**	**-31.8%**	**-$96,326**	**-13.2%**	**-$30,535**	**-16.7%**

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