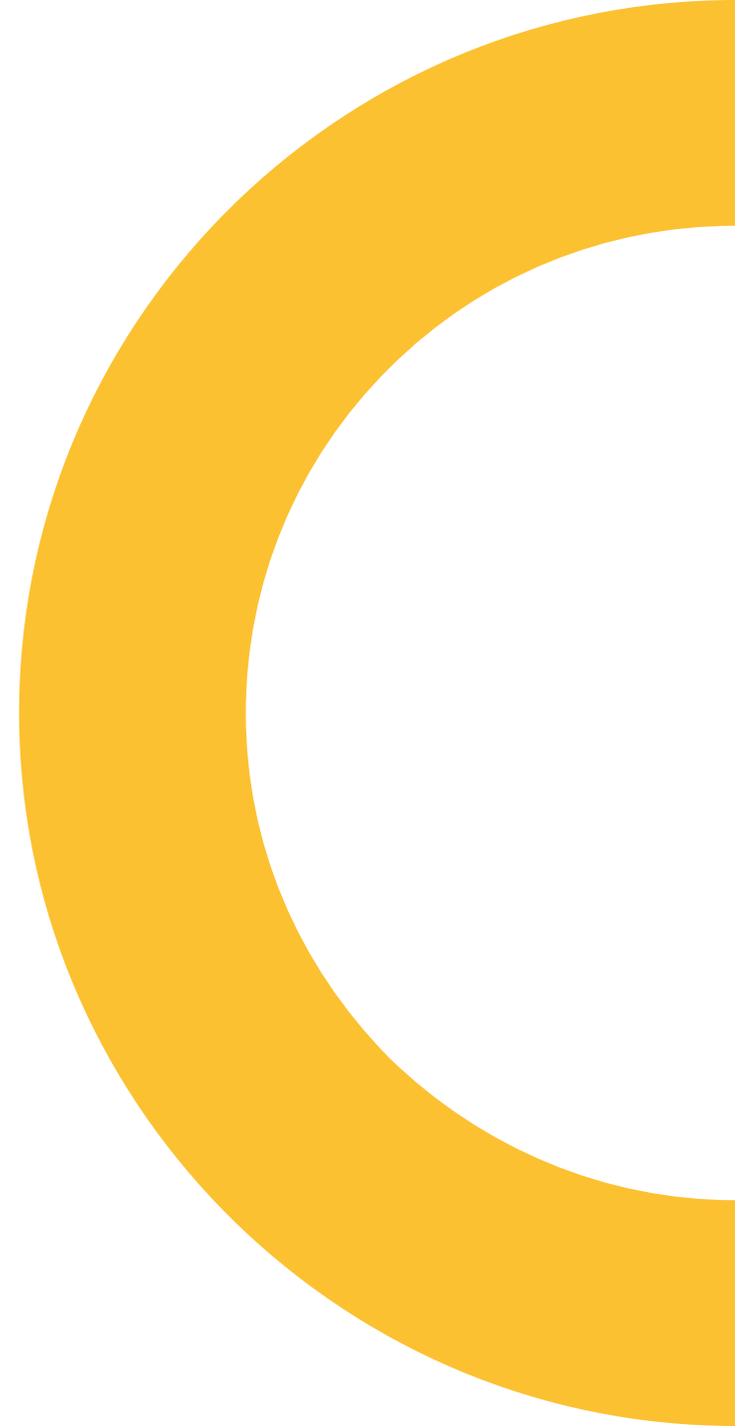




# **Q1 Fiscal Year 2020 Financial Results**

**August 8, 2019**



# Forward Looking Statements



This supplemental information contains statements which may be considered forward-looking within the meaning of the U.S. federal securities laws. In some cases, you can identify these forward-looking statements by the use of terms such as “expect,” “will,” “continue,” “plan” or similar expressions, and variations or negatives of these words, but the absence of these words does not mean that a statement is not forward-looking. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including, but not limited to: statements relating to the fiscal year 2020 restructuring plan and the costs and timing of the restructuring plan; the statement relating to the proposed transaction to sell the Enterprise Security assets to Broadcom and the expected timing to close that transaction; any other statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. To the extent a forward-looking statement contained in this supplemental information speaks as of a period covered by prior guidance, the information in this supplemental information is intended to supersede, and investors should not rely on, such prior guidance. Furthermore, investors should not rely on any prior guidance for the fiscal year 2020. These statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from results expressed or implied in this supplemental information. Such risk factors include, but are not limited to, those related to: any of the conditions to the completion of the proposed transaction for the sale of the Enterprise Security assets to Broadcom; the occurrence of any event, change or other circumstance that could give rise to the termination of the agreement for the sale of the Enterprise Security assets to Broadcom; the effect of the sale of the Enterprise Security assets on Symantec’s retained businesses and products; retention of existing executive leadership team members; difficulties in improving sales execution and product development during leadership transitions; difficulties in executing a new operating model for the consumer cyber safety business; whether the Symantec board declares a special dividend, and its ultimate size, which is based on a number of assumptions regarding the realizable net cash proceeds from the transaction and other cash flow items; difficulties in reducing run rate expenses and eliminating underutilized assets; general business and economic conditions; matters arising out of our completed Audit Committee investigation and the ongoing U.S. Securities and Exchange Commission investigation; fluctuations and volatility in Symantec’s stock price; the ability of Symantec to successfully execute strategic plans; the ability to maintain customer and partner relationships; the ability of Symantec to achieve its cost and operating efficiency goals; the anticipated growth of certain market segments; Symantec’s sales pipeline and business strategy; fluctuations in tax rates and foreign currency exchange rates; the timing and market acceptance of new product releases and upgrades; and the successful development of new products and the degree to which these products gain market acceptance. Additional information concerning these and other risk factors is contained in the Risk Factors sections of Symantec’s most recent reports on Form 10-K and Form 10-Q. Symantec assumes no obligation, and does not intend, to update these forward-looking statements as a result of future events or developments.

# Use of GAAP and Non-GAAP Financial Information



To assist our readers understand our past financial performance and our projected future results, we supplement the financial results that we provide in accordance with generally accepted accounting principles, or GAAP, with non-GAAP financial measures. The method we use to produce non-GAAP measures is not computed according to GAAP and may differ from the methods used by other companies. Non-GAAP financial measures are supplemental, should not be considered a substitute for financial information presented in accordance with GAAP and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. We believe our presentation of non-GAAP financial measures, when taken together with corresponding GAAP financial measures, provides meaningful supplemental information regarding the Company's operating performance. Our management team uses these non-GAAP financial measures in assessing our operating results, as well as when planning, forecasting and analyzing future periods. We believe that these non-GAAP financial measures also facilitate comparisons of our performance to prior periods and that investors benefit from an understanding of the non-GAAP financial measures. Non-GAAP financial measures are supplemental and should not be considered a substitute for financial information presented in accordance with GAAP. Readers are encouraged to review the reconciliation of our non-GAAP financial measures to the comparable GAAP results which can be found, along with other financial information, in Symantec's Fiscal First Quarter 2020 Supplemental Information and Q1 FY20 Earnings Press Release documents on the investor relations page of our website at: <http://www.symantec.com/invest>.

# A Solid Start to Fiscal Year 2020



## *Delivered Strong Non-GAAP Results:*

- Revenue of **\$1,251M**, growth of 9% Y/Y in constant currency, supported by solid performance in both segments: Consumer Cyber Safety and Enterprise Security
- Operating Margin of **30%**, up 2 points Y/Y driven by revenue growth
- EPS of **\$0.43**, up \$0.08 Y/Y
- Our first quarter of FY20 consists of a 14 week period, compared to our first quarter of FY19, which consisted of a 13 week period

## *Announced Transformational Actions For Symantec:*

- FY20 Restructuring Plan to improve productivity and simplicity in the way we manage the business
- Sale of Enterprise Security assets to Broadcom for **\$10.7B** in cash

# Q1FY20 Non-GAAP Results Above Guidance



## Total Company Performance

(Dollars in millions, except EPS)

	Q1FY20	Y/Y Change
<b>Revenue</b>	<b>\$1,251</b>	<b>9%</b>
Gross Profit	\$1,045	7%
Total Operating Expense	\$666	2%
<i>% of Revenue</i>	<i>53%</i>	<i>(3) pts</i>
<b>Operating Income</b>	<b>\$379</b>	<b>16%</b>
<b>Operating Margin</b>	<b>30%</b>	<b>2 pts</b>
Net Income	\$278	20%
<b>EPS</b>	<b>\$0.43</b>	<b>\$0.08</b>

### All Non-GAAP financials exceeded guidance:

- Revenue of **\$1,251M** *exceeded* guidance of \$1,175M to \$1,205M, and grew 9% Y/Y (in constant currency)
- Operating Margin of **30%**, *exceeded* guidance of 25% to 27%, and up 2 pts Y/Y
- EPS of **\$0.43**, *exceeded* guidance of \$0.30 to \$0.34, and increased \$0.08 Y/Y, or 23% Y/Y

Notes: Unaudited. All numbers presented are non-GAAP unless otherwise indicated. Y/Y % change for revenue is in constant currency using the Q1FY19 foreign exchange rates. Our first quarter of FY20 consists of a 14 week period, compared to our first quarter of FY19, which consisted of a 13 week period.

# Improving Productivity and Reducing Complexity



## Total Cost of Revenues and Operating Expenses

(Non-GAAP, dollars in millions)

	Q1FY20	Y/Y Change
<b>Cost of Revenues</b>	<b>\$206</b>	<b>11%</b>
<i>% of Revenue</i>	<i>16%</i>	<i>0 pts</i>
<b>Sales &amp; Marketing</b>	<b>\$367</b>	<b>3%</b>
<i>% of Revenue</i>	<i>29%</i>	<i>(1) pts</i>
<b>Research &amp; Development</b>	<b>\$206</b>	<b>4%</b>
<i>% of Revenue</i>	<i>16%</i>	<i>(1) pts</i>
<b>General &amp; Administrative</b>	<b>\$93</b>	<b>(5%)</b>
<i>% of Revenue</i>	<i>7%</i>	<i>(1) pts</i>
<b>Total Operating Expenses</b>	<b>\$666</b>	<b>2%</b>
<i>% of Revenue</i>	<i>53%</i>	<i>(3) pts</i>

## Q1FY20 results in line with expectations:

- Cost of revenues up 11% Y/Y driven by cloud infrastructure investments and operating expenses up 2% Y/Y, due to the additional week, partially offset by operational efficiencies
- **Continued focus on improving productivity and reducing complexity.** Announced **Fiscal Year 2020 restructuring plan** to reduce net global headcount and downsize, vacate, or close select facilities and data centers
  - Estimated restructuring of approximately **\$100M**
  - ~\$75M for severance and termination benefits
  - ~\$25M for site closures
  - Actions expected to be completed in fiscal 2020

# Enterprise Security Performance



## Enterprise Security Performance

(Dollars in millions, unless otherwise indicated)

	Q1FY20	Y/Y Change
Reported Billings	\$497	10%
<b>Revenue<sup>(a)</sup></b>	<b>\$615</b>	<b>11%</b>
Operating Income	\$43	(34%)
<b>Operating Margin</b>	<b>7%</b>	<b>(5) pts</b>

(a) Y/Y change is in constant currency using the Q1FY19 foreign exchange rates.

## Enterprise Security demonstrated focused sales execution despite management change:

- Enterprise Security revenue of \$615M **above** guidance of \$555M to \$575M, and up 11% Y/Y in constant currency. Extra week contributed \$37M to revenue in Q1FY20
- Revenue was \$40M above the high end of guidance, driven in part by more favorable mix of sales yielding upfront revenue
- Reported billings growth of 10% Y/Y, driven by disciplined execution from the Sales team
- Operating margin of 7%

# Enterprise Security



## Enterprise Revenue Disaggregated by Timing of Recognition

(% of GAAP Enterprise Security Revenue)

	Q1FY20	Q4FY19	Q1FY19
Upfront Revenue	15%	19%	18%
Ratable Revenue	85%	81%	82%

- % of upfront revenue in Q1FY20 decreased Y/Y and Q/Q, impacted by the additional week in the quarter

## Remaining Performance Obligations (RPO)

(As of end of period)

	Total RPO	1-12 mos.	12-24 mos.	24-36 mos.	>36 mos.
Q1 FY20	\$1,911	65%	24%	9%	2%
Q4 FY19	\$2,059	65%	24%	10%	2%
Q1 FY19	\$1,747	65%	23%	10%	2%

Note: Remaining performance obligations represent contracted revenue that has not been recognized, which include contract liabilities and amounts that will be billed and recognized as revenue in future periods. Percentages may not add up to 100% due to rounding.

# Consumer Cyber Safety



## Consumer Cyber Safety Performance

(Dollars in millions, except ARPU)

	Q1FY20	Y/Y Change
<b>Revenue</b> <sup>(a)</sup>	<b>\$636</b>	<b>7%</b>
Operating Income	\$336	28%
<b>Operating Margin</b>	<b>53%</b>	<b>9 pts</b>

### Key Metrics:

Average Direct Customer Count (MM)	20.2	(3%)
Average revenue per user (ARPU) <sup>(b)</sup>	\$8.83	2%

(a) Y/Y change is in constant currency using the Q1FY19 foreign exchange rates.

(b) Q1FY20 ARPU was normalized to exclude approximately \$41M of direct customer revenues from the extra week in Q1FY20.

## Healthy margins allow shift to higher marketing investments to support FY20 Cyber Safety launches:

- Consumer Cyber Safety revenue of **\$636M above** guidance of \$620M to \$630M and grew 7% Y/Y in constant currency. Extra week contributed \$44M in revenue
- Operating margin of **53%** attributed to higher revenue, lower advertising and promotion costs, and decreased allocated corporate costs
- Average Revenue Per User “ARPU” growth of **2%** Y/Y, normalized for the extra week. Demonstrates success of Consumer Cyber Safety strategy, which offers subscribers greater value

# Norton and LifeLock: Integrated Solutions



US

Get started with the level of protection that's right for you.

	Norton 360 with LifeLock Select	Norton 360 with LifeLock Advantage	Norton 360 with LifeLock Ultimate Plus
	<p>Monthly Annual</p> <p>\$149.99</p> <p><b>\$99.99/year</b> for the first year</p> <p>\$50 OFF*</p> <p>Subscribe Now</p> <p><small>Plus applicable sales tax. See subscription details below.*</small></p>	<p>Monthly Annual</p> <p>\$249.99</p> <p><b>\$199.99/year</b> for the first year</p> <p>\$50 OFF*</p> <p>Subscribe Now</p> <p><small>Plus applicable sales tax. See subscription details below.*</small></p>	<p>Monthly Annual</p> <p>\$349.99</p> <p><b>\$299.99/year</b> for the first year</p> <p>\$50 OFF*</p> <p>Subscribe Now</p> <p><small>Plus applicable sales tax. See subscription details below.*</small></p>
Number of devices	Norton 360 with LifeLock Select offers protection for up to 5 PCs, Macs, smartphones or tablets.	Norton 360 with LifeLock Advantage offers protection for up to 10 PCs, Macs, smartphones or tablets.	Norton 360 with LifeLock Ultimate Plus offers protection for unlimited* PCs, Macs, smartphones or tablets.
+ Anti-Spyware, Antivirus, Malware & Ransomware Protection	●	●	●
+ Online Threat Protection	●	●	●

## Bundled Offerings launched in the United States:

- Since April 2019, both Norton.com and LifeLock.com U.S. websites now offer bundled offerings that offer greater value, reflected in higher prices for new and renewal customers

UK

Get started with the level of protection that's right for you.

	Norton 360 Standard	Norton 360 Deluxe	Norton 360 Premium
	<p>2 Years</p> <p>£ 24.99</p> <p>Subscribe Now</p> <p><small>Price shown is for first year. See subscription.</small></p>	<p>2 Years</p> <p>£ 29.99</p> <p>Subscribe Now</p> <p><small>Price shown is for first year. See subscription.</small></p>	<p>2 Years</p> <p>£ 39.99</p> <p>Subscribe Now</p> <p><small>Price shown is for first year. See subscription.</small></p>
Number of devices	Norton 360 Standard offers protection for 1 PC, 1 Mac or 1 smartphone or tablet.	Norton 360 Deluxe offers protection for up to 5 PCs, Macs, smartphones or tablets.	Norton 360 Premium offers protection for up to 10 PCs, Macs, smartphones or tablets.
+ Anti-Spyware, Antivirus, Malware & Ransomware Protection	●	●	●
+ PC Cloud Backup <sup>1, 4</sup>	10GB	50GB	75GB
+ Firewall for PC and Mac	●	●	●
+ Password Manager	●	●	●
+ 100% Virus Protection Promise <sup>2</sup>	●	●	●
+ Parental Control <sup>1</sup>	●	●	●
+ Secure VPN	1 PC, 1 Mac or 1 smartphone or tablet	Up to 5 PCs, Macs, smartphones or tablets	Up to 10 PCs, Macs, smartphones or tablets
+ SafeCam for PC	●	●	●

## Integrated Solutions launched in select international countries:

- In Canada, United Kingdom, and Germany, Norton.com website now offers integrated offerings, including secure backup, VPN, privacy controls
- Continue international roll-out of integrated solutions in Q2FY20

*Pictured:*

Top: United States Norton.com and LifeLock.com websites on July 23, 2019

Bottom: United Kingdom Norton.com website on July 24, 2019

# Balance Sheet & Cash Flow Statement



## Select Balance Sheet and Cash Flow Items

(Dollars in millions)

	Q1FY20	Q4FY19	Q1FY19
<b>Balance Sheet</b>			
Cash, Cash Equivalents and STI	\$1,694	\$2,043	\$2,325
Contract Liabilities	\$2,899	\$3,056	\$2,767
Debt	\$4,500	\$4,500	\$5,100
<b>Cash Flow</b>			
Cash Flow from Operations	\$325	\$547	\$331
Capital Expenditures	\$49	\$54	\$44
Free Cash Flow	\$276	\$493	\$287

- Ending Cash and Cash Equivalents balance of **\$1.7B**
- Contract liabilities balance of **\$2.9B**, reduction Q/Q due to seasonality of Billings and extra week of roll-off. Growth Y/Y
- No change to debt profile (**\$4.5B**)
- Cash Flow from Operations of **\$325M**, roughly flat Y/Y
- Free Cash Flow of **\$276M**, capital expenditures of \$49M

# Q2FY20 Non-GAAP Guidance



## Non-GAAP Guidance

(Dollars in millions, except EPS)

	Guidance		Guidance Y/Y Change	
<b>Revenue</b>	<b>\$1,155</b>	<b>- \$1,205</b>	<b>(2%)</b>	<b>- 2%</b>
Enterprise Security	\$565	- \$600	(3%)	- 3%
Consumer Cyber Safety	\$590	- \$605	(2%)	- 1%
<b>Operating Margin</b>	<b>31%</b>	<b>- 33%</b>	<b>(1) pts</b>	<b>- 1 pts</b>
<b>EPS</b>	<b>\$0.40</b>	<b>- \$0.44</b>	<b>(5%)</b>	<b>- 5%</b>

Note: Y/Y change is not in constant currency.

- Due to the announcement of the sale of our Enterprise Security assets, we are not providing full year 2020 guidance
- For Q2, we are increasing the guidance range to reflect the uncertainty caused by the announcement of the sale of our Enterprise assets
- Q2 FY20 Non-GAAP Guidance at mid-point reflects:
  - Revenue, Operating Margin, and EPS flat Y/Y at midpoint (not adjusted for currency)
  - Does not reflect any share repurchase impact
  - Fully diluted share count of 648 million
  - Tax rate of 20% (constant to Q1)