



Corero Network Security plc

Investor Presentation
Growth & Innovation Forum
30 January 2018

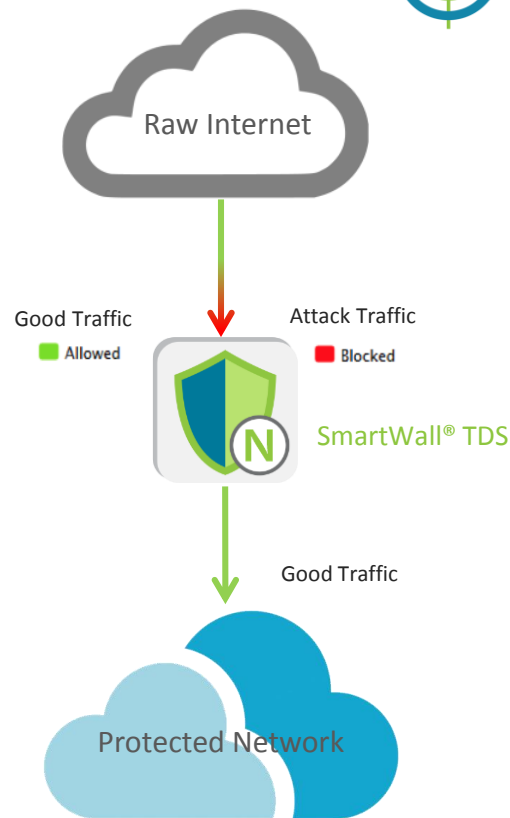
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What We Do



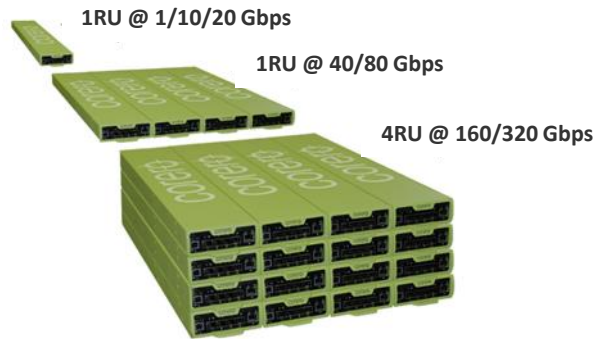
- Revenue-protecting real-time **DDoS Mitigation** product **optimised** for **service and hosting providers**
 - Available for rapid deployment within the **provider's** own infrastructure delivering **compelling ROI**
- Revenue and reputation-protecting real-time **DDoS Mitigation** product for **digital enterprises**
- Solves for the scalability & accuracy demands of both the **provider** and **digital enterprise** businesses
- Unlike competing technologies which **mitigate attacks** in circa **20 minutes**, Corero's product can **mitigate attacks in less than one second**



SmartWall® Threat Defense System Portfolio



Corero has the product portfolio to deliver on its goal of being the #1 in real-time DDoS mitigation



n x 10/20 Gbps

NTD120

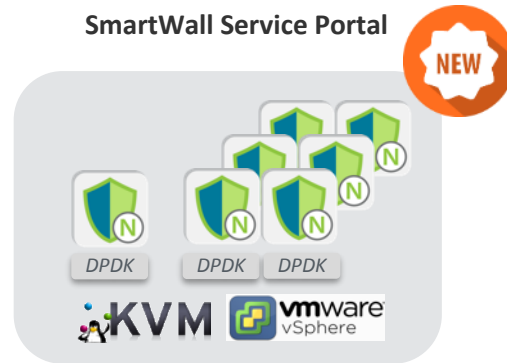


n x 100 Gbps

NTD1100



SmartWall Service Portal



n x m Gbps

vNTD & iTDS

2017 Summary

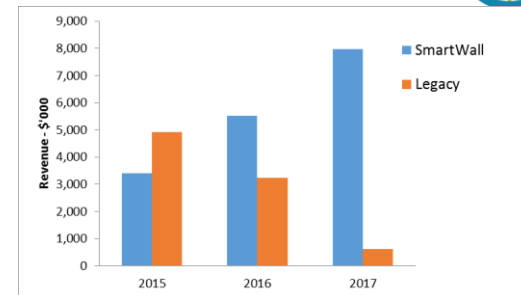
Strong SmartWall revenue growth and reduced EBITDA losses

- Strong performance of flagship SmartWall product vs. 2016 despite two large Q4 2017 deals slipping to H1 2018
 - Revenue ↑ c. 40%
 - Recurring revenue ↑ c. 100% (>95% support renewal rate)
 - First two \$1m+ customers
 - Encouraging early uptake of “aaS” offering
- Signed partnerships with global blue chip technology companies to accelerate revenue growth strategy
 - Juniper Networks, McAfee, Gigamon
- New technology to meet demand
 - Added 100G capacity SmartWall product (100Gbps connectivity starting to be deployed)
 - Launched software only vNTD solution (opportunity for OEM licensing and deployment in Cloud environments)

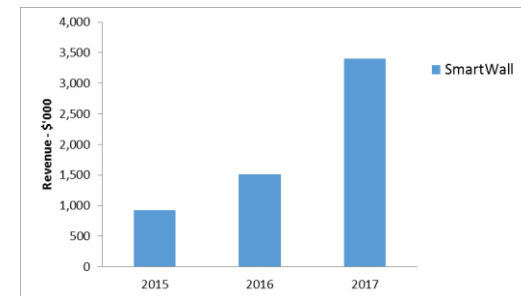
• Overall revenue flat at \$8.5-9.0m as contribution from legacy products reduced as expected

• EBITDA loss of \$4.8-5.3m excluding unrealised FX loss of \$0.6m (2016: EBITDA loss of \$6.3m)

SmartWall revenue growth *



SmartWall recurring ** revenue growth *



*Recurring revenue comprises maintenance, support services and aaS recognised revenue

• Net cash c. \$1.0m at 31-Dec-17

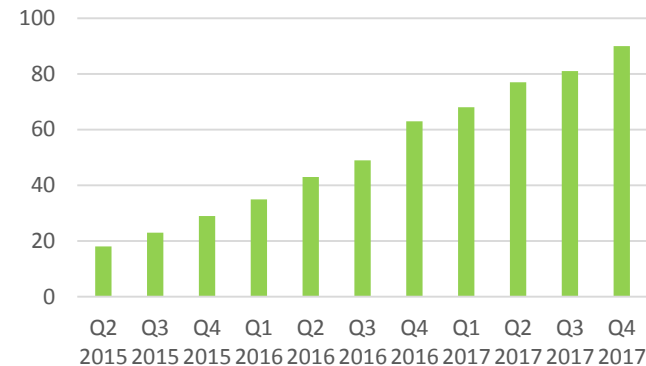
SmartWall 2017 Material Wins



2017 contract material wins follow success in 2016 with contract values increasing

February 2017	Digital enterprise Cloud services provider contract win (\$1.0m) Largest single customer win to date
April 2017	GTT Communications (NYSE: GTT) selects SmartWall technology for its new DDoS Mitigation service First potentially significant revenue share contract (Tier 1 ISP)
May 2017	Significant follow on order with US-based top 10 hosting provider (\$0.5m) Corero's second \$1m+ customer (annualised recurring contract value \$0.5m)
June 2017	US Federal Government contract win (\$0.4m) First federal government contract win
July 2017	US regional service provider (\$0.3m)
September 2017	Digital enterprise contract win (initial order \$0.2m part of \$1.5m+ global deployment) When fully implemented will be largest single customer win to date
October 2017	First Australian customers with Digital Enterprise customer (\$0.2m) and specialist service provider
November 2017	North American Service Provider new customer win (\$0.3m)
December 2017	First NTD1100 (100Gps) product wins (\$0.4m) with existing US based Service and Hosting Provider customers

Number of SmartWall customers

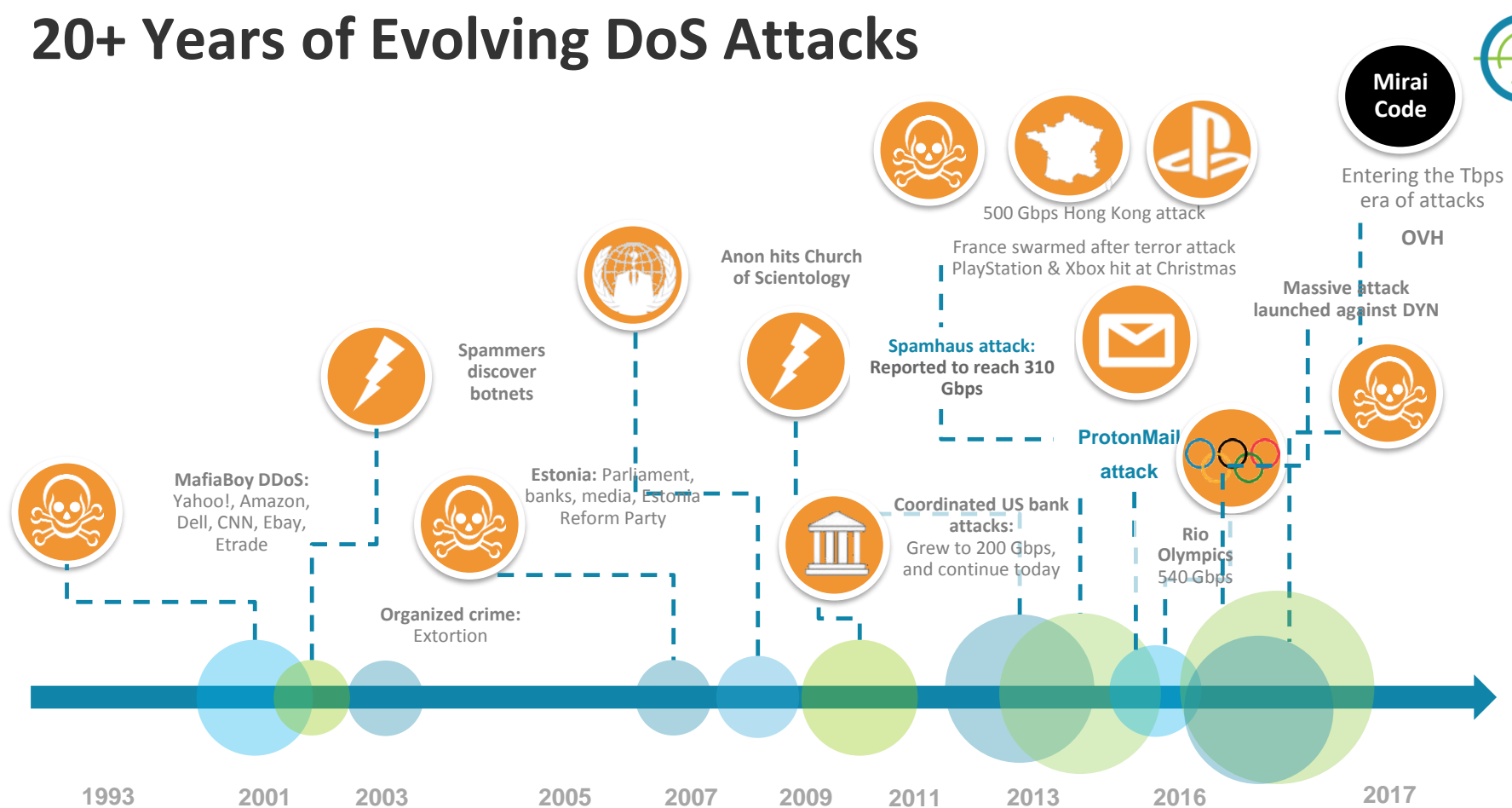


"We have an increasing number of satisfied customers who are willing to be industry references for the breakthrough levels of automation, security and service that Corero delivers" Ashley Stephenson (CEO)

SmartWall
Reference
Customers



20+ Years of Evolving DoS Attacks



Frequent, low volume, short duration attacks dominate



These are the attacks most likely to impact your business

Source: Corero DDoS Trends Report Q2-Q3 2017

Smarter 'Surgical' DDoS Attacks



KEY TREND

Low volume, short duration attacks

While the frequency of attacks is concerning, the size and duration of attacks are also important to call out. Roughly 96 percent of mitigated DDoS attacks were less than 5 Gbps in volume, in both Q2 and Q3 2017.

The average duration of DDoS attacks is also cause for concern. 65 percent of attacks in Q2 2017 lasted 10 minutes or less, and in Q3, 71 percent were 10 minutes or less.



Average Size of DDoS Attacks

SIZE	Q4 2016	Q1 2017	Q2 2017	Q3 2017
<1G	79%	80%	82%	81%
1G-5G	18%	15%	15%	15%
5G-10G	4%	4%	2%	3%
>10G	1%	2%	1%	1%



Average Duration of DDoS Attacks

MINUTES	Q4 2016	Q1 2017	Q2 2017	Q3 2017
0-5	57%	56%	51%	58%
6-10	17%	16%	14%	13%
11-20	7%	6%	13%	11%
21-30	11%	12%	7%	6%
31-60	4%	5%	8%	6%
>60	5%	5%	7%	6%

While attacks lasting 5 minutes or less make up the majority of the attack attempts, we noticed that the attacks lasting 21-30 minutes dropped by 50 percent (Q1 vs Q3).

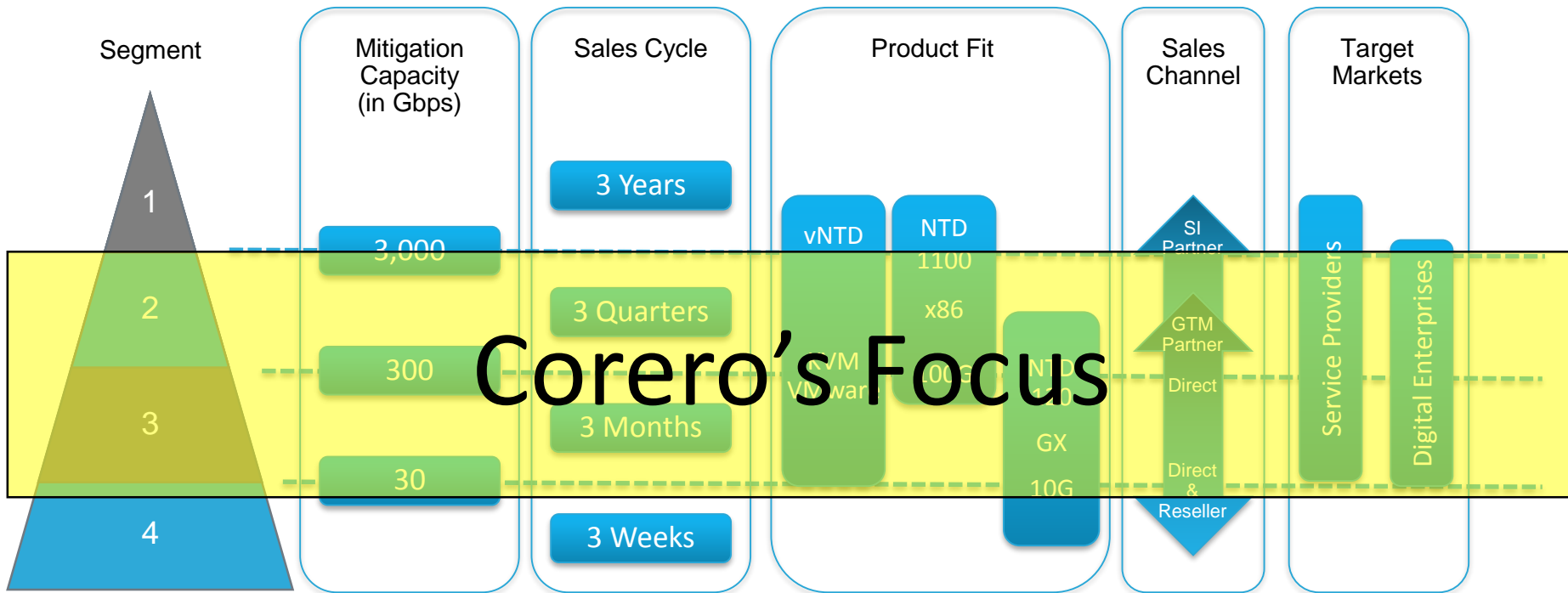
Understanding the Impact of an Attack



- High availability of service and applications are a requirement for digital / on-line businesses
- Downtime equates to:
 - Lost revenue
 - Additional operational costs to mitigate attacks
 - Unhappy customers
 - Costs related to retain and attract new customers
 - Brand damage



Go-to-Market Model



Focus Markets



**North American
Service Provider**



**European
Service Provider**



Digital Enterprise



Technology Partner

JUNIPER
NETWORKS

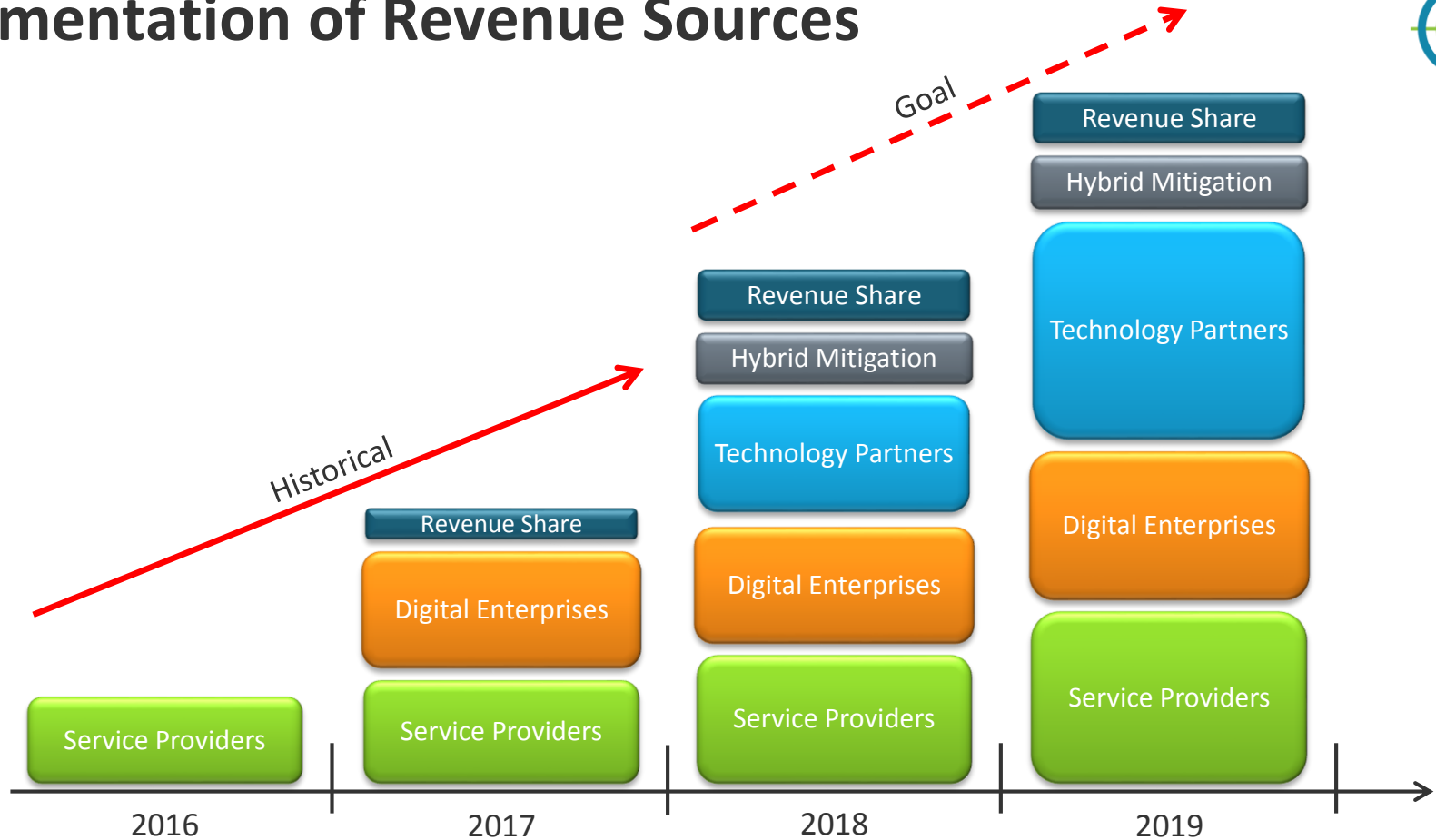
Hybrid Mitigation



Revenue Share

gtt

Segmentation of Revenue Sources



Corero Investment Proposition



- Cyber-security is a very hot market
 - DDoS is recognised as one of the top threats
 - New legislation in UK, EU and USA is driving demand
- SmartWall validated as “fastest & most effective” DDoS mitigation product by third parties and delighted customers
- 2018 revenue growth to be boosted by go-to-market partners
 - Increased capital efficiency should boost EBITDA
- Highly experienced leadership team backed by successful institutional and private investors

Outlook



- Market drivers – DDoS attacks growing problem for all
 - DDoS is expected to remain a significant cyber threat
 - DDoS appliance market to increase to \$1.4bn in 2021 (up from \$0.66bn in 2016) *
 - DDoS protection is being recognized as a key cyber threat by regulators e.g. European NIS Directive, GDPR, US Dept. Commerce and Homeland Security
- Corero well positioned to be a disrupter
 - Solution validation: 90 SmartWall customers (including leading names in each Corero target market)
 - Technology validation: NSS Labs independent recommendation and referenceable customers (incl. two \$1m+ customers)
 - Corero targeting #1 position in real-time DDoS market by end of 2018
 - DDPaaS model first introduced Q4 2016 (gained traction in 2017 with 16 customers at 31-Dec-17)
- Positive outlook
 - Building on 2017 SmartWall growth and strong recurring revenue base
 - Working with strategic go-to-market partners to accelerate success
 - New 100Gbps SmartWall product to capture demand for 100Gbps connectivity
 - New virtual appliance (software) to capture demand for hybrid / Cloud DDoS mitigation deployments

** IHS Markit Technology research (H2 2017 DDoS Prevention Appliances Biannual Market Tracker – November 2017)*



Thank you

