Trend Micro Reports Results for Q4 and Fiscal Year 2016

TOKYO--(BUSINESS WIRE)--Trend Micro Incorporated (TYO: 4704; TSE: 4704), a global leader in cybersecurity solutions, today announced earnings results for the fourth quarter and consolidated revenue for fiscal year 2016, ending Dec. 31, 2016.

For the fourth quarter, Trend Micro posted consolidated net sales of 39,692 million Yen (or US $356 million, 111.19JPY = 1USD). The company posted operating income of 11,629 million Yen (or US $104 million) and net income attributable to owners of the parent of 10,938 million Yen (or US $98 million) for the quarter.

For 2016, Trend Micro posted consolidated net sales of 131,936 million Yen (or US $1,211 million, 108.88JPY=1USD). The company also reported operating income of 34,360 million Yen (or US $315 million) and net income attributable to owners of the parent of 24,651 million Yen (or US $226 million).

“A top priority for Trend Micro in 2016 was to further adapt our threat defenses to meet the continual shifts in IT infrastructure, riskier user behavior and stealthier threats such as ransomware and zero-day exploits,” said Eva Chen, chief executive officer for Trend Micro. “The release of XGen™ endpoint security in the last quarter provided a smarter way to blend techniques to protect against both known and unknown threats. The acquisition of TippingPoint earlier in 2016 reinforced Trend Micro’s leadership in the intrusion prevention system market, and bolstered our reputation for unmatched enterprise security. Additionally, we further optimized our solutions for market-leading partner platforms and applications to ease deployment and management within the environments that matter most to our customers.”

Based on information currently available to the company, consolidated net sales for the year ending December 31, 2017 is expected to be 147,300 million Yen (or US $1,339 million, based on an exchange rate of 110JPY = 1USD). Operating income and net income attributable to owners of the parent are expected to be 37,500 million Yen (or US $340 million) and 24,600 million Yen (or US $223 million), respectively.

Growth rate figures are calculated from Japanese Yen results. Some discrepancy may therefore be noted in US Dollar comparisons owing to fluctuations in currency conversion rates.

Q4 2016 Business Highlights

Trend Micro announced the availability of XGen™ endpoint security. This new offering is powered by the XGen™ blend of cross-generational threat defense techniques that intelligently applies the right technology at the right time, resulting in more effective and efficient protection against a full range of threats. Trend Micro’s unique approach uses proven methods to quickly identify benign data and known threats, freeing its advanced techniques, such as application control, exploit prevention, behavioral analysis and machine learning, to more quickly and accurately identify unknown threats. Trend Micro is the first to infuse ‘high-fidelity’ machine learning into its approach – uniquely analyzing files both before execution and at runtime, using ‘noise cancellation’ features like census checking and whitelisting to reduce false positives.

Trend Micro announced its Trend Micro Deep Security as a Service had been validated as compliant with PCI DSS as a Level 1 Service Provider. Trend Micro customers have long trusted Deep Security to provide critical controls required by PCI such as Intrusion Prevention Systems (IPS), Integrity Monitoring, Anti-malware and more. Recently, the company underwent a rigorous audit by Coalfire Systems, Inc., an independent Quality Security Assessor (QSA), which attested that Deep Security as a Service has been validated as compliant with PCI DSS 3.2.

In addition, Trend Micro announced the availability of Trend Micro Deep Security as a Service on Amazon Web Services (AWS) Marketplace. Building on a history of innovations, this new Trend Micro offering enables organizations to combine the benefits of security software-as-a-service (SaaS) with the convenience of consolidated payments through their AWS bill. With per-hour pricing for added protection of Amazon Elastic Compute Cloud (Amazon EC2) instances, Deep Security as a Service provides customers a fully hosted security management experience with rapid delivery of innovations. Now, as a PCI Level 1 Service Provider, Deep Security as a Service complements the robust security of the AWS Cloud with rapid setup and deployment time — it only takes seconds to sign up and start securing workloads.

Trend Micro TippingPoint Next-Generation Intrusion Prevention System (NGIPS) received a “recommended” rating based on the 2016 NSS Labs NGIPS test. With an overall score of 99.5 percent, the report findings reinforce Trend Micro’s leadership in the intrusion prevention system market and its reputation for unmatched enterprise security.

Trend Micro announced it received the highest score in the Current Offering category among the fifteen vendors evaluated in “The Forrester Wave™: Endpoint Security Suites, Q4 2016” report. Trend Micro believes that being named as a leader by Forrester’s report affirms the merits of having a complete endpoint protection portfolio and marks yet another point of independent industry validation of Trend Micro’s technology leadership.

Trend Micro announced that Trend Micro Zero Day Initiative (ZDI) has been recognized by Frost & Sullivan as the leading organization reporting the highest number of verified vulnerabilities in 2015. In the study, *Analysis of Global Public Vulnerability*

Research Market, 2015, the global research and consulting organization confirmed ZDI reported 49.1 percent of all global vulnerabilities last year.

Trend Micro, recognized as one of the 50 best companies to sell for in the US, is dedicated to fostering a healthy work environment and providing robust health benefits for all its employees. Trend Micro has also implemented various initiatives for new parents to ease these employees back into their work schedules without affecting the new member of the family. The latest program is adhering to “Silver” level Mother-Friendly Worksites designated by the Texas Department of State Health Services. Both Trend Micro worksites in Irving and Austin, Texas have been awarded the Silver designation.

Awards and Recognitions for Q4 2016

PC Magazine – Trend Micro Maximum Security 2017 receives 4 STARS

Software Magazine named Trend Micro as a Top 500 Global Software Company for 2016.

V3 Technology awarded Trend Micro Deep Security Best Cloud Security Product 2016.

V3 Technology awarded Trend Micro Deep Discover Best Enterprise Security Product 2016.

Best Global Brand Awards Taiwan – Trend Micro Named Second Most Valuable Top International Brands in 2016

PC Magazine – Trend Micro has been an award winner 15 times.

Patents

Trend Micro was awarded the following patents in Q4 2016:

9459976	10/04/2016	Repair of Computers that have Software-Related Problems
9460289	10/04/2016	Securing a Virtual Environment
9473527	10/18/2016	Automatically Generated and Shared White List
9473505	10/18/2016	Management of Third Party Access Privileges to Web Services
9479524	10/25/2016	Determining String Similarity Using Syntactic Edit Distance
9477822	10/25/2016	Secure Password Entry for Accessing Remote Online Services
9507617	11/29/2016	Inter-Virtual Machine Communication Using Pseudo Devices
9516055	12/06/2016	Automatic Malware Signature Extraction from Runtime Information
9515934	12/06/2016	Determining Load Distribution for Data Units at a Packet Inspection Device

Notice Regarding Forward-Looking Statements

Certain statements that are made in this release are forward-looking statements. These forward-looking statements are based on management's current assumptions and beliefs in light of the information currently available to it, but involve known and unknown risks and uncertainties. Many important factors could cause actual results to differ materially from those expressed in forward-looking statements. These factors include:

- Difficulties in addressing new virus and other computer security problems
- Timing of new product introductions and lack of market acceptance for new products
- The level of continuing demand for, and timing of sales of, existing products
- Rapid technological change within the antivirus software industry
- Changes in customer needs for antivirus software
- Existing products and new product introductions by competitors and pricing of those products
- Declining prices for products and services
- The effect of future acquisitions on our financial condition and results of operations
- The effect of adverse economic trends on principal markets
- The effect of foreign exchange fluctuations on our results of operations
- An increase in the incidence of product returns
- The potential lack of attractive investment targets and
- Difficulties in successfully executing our investment strategy

About Trend Micro

Trend Micro Incorporated, a global leader in cybersecurity solutions, helps to make the world safe for exchanging digital information. Our innovative solutions for consumers, businesses, and governments provide layered security for data centers, cloud environments, networks and endpoints. All our products work together to seamlessly share threat intelligence and provide a connected threat defense with centralized visibility and control, enabling better, faster protection. With more than 5,000

a connected threat defense with centralized visibility and control, enabling better, faster protection. With more than 5,000 employees in over 50 countries and the world's most advanced global threat intelligence, Trend Micro enables organizations to secure their journey to the cloud. For more information, visit www.trendmicro.com.

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