Trend Micro Reports First Quarter 2017 Results

TOKYO--(BUSINESS WIRE)--Trend Micro Incorporated (TYO: 4704; TSE: 4704), a global leader in cybersecurity solutions, today announced earnings results for the first quarter 2017, ending March 31, 2017. For the first quarter, Trend Micro posted consolidated net sales of 35,250 million Yen (or US $310 million, 113.59 JPY = 1USD). The company posted operating income of 8,720 million Yen (or US $76 million) and net income of 5,430 million Yen (or US $47 million) for the quarter.

“This quarter, Trend Micro devoted resources to powering our network and hybrid cloud solutions with XGen™ security so that all of our customers can now benefit from this smart, optimized and connected cross-generational threat defense across the spectrum of endpoints, networks and hybrid cloud environments,” said Eva Chen, chief executive officer for Trend Micro. “In addition, we continued to be recognized for our innovation across the industry with several strong, positive acknowledgements from industry observers, such as Gartner and NSS Labs. Some of this is fueled by our ability to swiftly capitalize over the last year on our acquisition of TippingPoint to seamlessly integrate it into our suite of products and provide unmatched defense against known and unknown threats and vulnerabilities.”

As of now, the company will not revise expected consolidated results for the full fiscal year ending December 31, 2017 (released on February 16, 2017). 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 110 JPY = 1 USD). Operating income and net income 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.

Q1 2017 Business Highlights

During Q1 2017, Trend Micro was placed in the Leaders quadrant for two separate Gartner, Inc.’s Magic Quadrants. First, the company placed highest and furthest in the Leaders quadrant for ability to execute and completeness of vision in Gartner’s 2017 Magic Quadrant for Endpoint Protection Platforms (EPP)1. Then, less than a year after acquiring TippingPoint Next-Generation Intrusion Prevention System (NGIPS) in 2016, Trend Micro (formerly listed as HPE) was positioned in the Leaders quadrant in Gartner’s 2017 Magic Quadrant for Intrusion Detection and Prevention Systems (IDPS)2. The company saw significant improvement from the previous year’s evaluation in both completeness of vision and ability to execute.

Trend Micro’s endpoint security solution also performed extremely well in independent industry testing this quarter. Trend Micro scored as 100 percent effective against exploits and evasion, received one of the highest malware protection scores with no false positives and also achieved a recommended rating during the NSS Labs inaugural Advanced Endpoint Protection Public Test.

In March, Trend Micro marked one year since it closed the acquisition of TippingPoint from Hewlett Packard Enterprise (HPE). In the first year of integration, Trend Micro committed not only to solid execution and seamless business continuity, but also to product innovation, resulting in a significant 25 percent year over year growth in TippingPoint new business and improved market leadership. Also that month, Trend Micro opened its newest office in Austin, Texas for its Trend Micro TippingPoint team members. Located in The Domain in northwest Austin, the 75,000-square-foot, three-story office contains a state-of-the-art laboratory facility.

Throughout the quarter, Trend Micro continued its investment in enhancing its solutions to address the rapidly changing cyber threat needs of its customers. This included leveraging the newest capabilities of its powerful XGen™ security across both network defense and hybrid cloud solutions, building stronger channel alliances and innovating inside the NGIPS market.

- Trend Micro infused patent-pending machine learning capabilities into its Trend Micro™ TippingPoint NGIPS solution, making it the first standalone NGIPS vendor to detect and block attacks in-line in real-time using machine learning.
- Deep Security 10 incorporated multiple new XGen™ security techniques across virtual and cloud environments, including application control to prevent unauthorized software changes, which protects servers from sophisticated attacks such as ransomware, and supporting sandbox integration with Trend Micro Deep Discovery to enhance its ability to detect unknown threats.
- In February, Trend Micro joined forces with its long-standing channel partner NEC Corporation and NEC’s affiliate Netcracker Technology to integrate NEC and Netcracker's management and orchestration capabilities with Trend Micro’s Virtual Network Function Suite. This created an effective, high-performance and comprehensive virtualized network security solution that can be used in carrier-grade network functions virtualization deployments.
- Trend Micro TippingPoint NX Series NGIPS became available in January as the first-to-market standalone NGIPS solution to deliver up to 100 Gb inspection throughput with low latency, which will protect high performance data centers and enterprise networks from undisclosed and unknown vulnerabilities in real time without adversely affecting network performance.

Q1 2017 Awards and Recognitions

Infosecurity selected Deep Security as a Gold winner in the 2017 Global Excellence Awards in the Cloud Security category.

Trend Micro was awarded a Five-Star rating in the *CRN* 2017 Partner Program Guide.

Patents

Trend Micro was awarded the following patents in Q1 2017:

Patent No.	Issue Date	Title
9544273	01/10/2017	Network Traffic Processing System
9602522	03/21/2017	Methods and Systems for Full Pattern Matching in Hardware
9602538	03/21/2017	Network Security Policy Enforcement Integrated with DNS Server

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 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.

All product and company names herein may be trademarks of their registered owners.

1 Gartner “Magic Quadrant for Endpoint Protection Platforms,” by Eric Ouellet, Ian McShane, Avivah Litan; January 30, 2017 (previously Magic Quadrant for Enterprise Antivirus).

2 Magic Quadrant for Intrusion Detection and Prevention Systems, January 16, 2017, by Craig Lawson, Adam Hils and Claudio Neiva

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