Trend Micro Reports Second Quarter 2017 Results

Results mark 73rd profitable quarter in a row

TOKYO--(BUSINESS WIRE)--Trend Micro Incorporated (TYO: 4704; TSE: 4704), a global leader in cybersecurity solutions, today announced earnings results for the second quarter 2017, ending June 30, 2017. For the second quarter, Trend Micro posted consolidated net sales of 35,388 million Yen (or US $318 million, 111.12 JPY = 1USD). The company posted operating income of 7,565 million Yen (or US $68 million) and net income of 5,944 million Yen (or US $53 million) for the quarter.

“WannaCry and PETYA brought mainstream attention to security and reminded organizations that appropriate protection is critical for businesses,” said Eva Chen, chief executive officer for Trend Micro. “Our second quarter activities reinforced our mission of helping customers understand and remain protected against the changing threat landscape.”

Chen continued, “Trend Micro’s continuous innovation across endpoints, networks, data centers and the cloud will persist beyond our existing portfolio. The launch of our first corporate venture fund looks ahead to protect against evolving attack surfaces, with an initial investment of $100 million for startups at the epicenter of hyper growth markets, such as the Internet of Things.”

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.

Q2 2017 New Business Highlights

In April, Trend Micro announced it is leveraging the newest capabilities of XGen™ security to enhance protection of small business endpoints by including machine learning inside Trend Micro Worry-Free Services. XGen security infuses high-fidelity machine learning into a blend of threat protection techniques to best protect against the full range of known and unknown threats across any user activity and endpoint. It constantly learns, adapts and automatically shares threat intelligence across the platforms and applications that matter most to customers.

Trend Micro introduced the Trend Micro TippingPoint Security Management System (SMS) Threat Insights, powered by XGen security. SMS Threat Insights helps enterprise prioritize response measures by quickly understanding the threats affecting the network and identifying which will need immediate attention. This feature release addresses customers’ needs to prioritize security response measures and have increased visibility into current and potential threats affecting their network.

Trend Micro announced the launch of a corporate venture fund to explore emerging technology markets. With an initial investment of $100 million, this venture fund will allow Trend Micro to nurture a portfolio of startups that are developing ideas and living at the epicenter of hyper growth markets, such as the Internet of Things (IoT).

The second quarter, Trend Micro brought together nearly 750 customers and partners from 50 different countries. The event showcased several IoT vulnerability scenarios as well as demonstrating industrial robot attacks.

Trend Micro is very committed to public/private partnerships to fight a common adversary. As part of this ongoing fight, Trend Micro released the first edition of the Cybercrime Investigation Body Of Knowledge (CIBOK) book by the CIBOK editorial committee. This book is designed to set a new standard for public-private partnerships in the global fight against cybercrime by providing the knowledge, skills and behaviors required to solve and prevent today’s threats.

Trend Micro held its third annual Trend Micro Capture the Flag event, renamed as “Raimund Genes Cup,” in honor of the company’s late CTO. This year’s event saw a total of 1,431 registered teams from 91 countries and regions for online qualifier, a 150 percent YoY increase of registered teams. The Final event will be November 11-12, 2017 in Tokyo.

Q2 2017 Awards and Recognitions

In April, Hernán Armbruster, Trend Micro’s vice president and managing director for Canada, Latin America and the Caribbean, was named one of the Top 50 Influential Hispanic Leaders in Latin America/Ibero America by the Hispanic IT Executive Council (HITEC). Armbruster has more than 23 years of experience in the IT security industry and has been a part of Trend Micro’s operations in Latin America since it began in 1997. He leads the entire Americas region (U.S., Canada and LAR), which includes regional teams in sales and marketing strategies.

For the eighth time, the company was awarded the 5-Star rating in the 2017 Partner Program Guide by CRN®, a brand of The

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Trend Micro was awarded the Global Technical ISV award for 2016 at the VMware Partner Leadership Summit 2017.

Trend Micro was recognized in Canada as one of the Top 100 Companies in the National Capital Region.

Trend Micro Smart Protection Complete received a five-star rating and “Best Buy” recommendation from SC Magazine.

Patents

Trend Micro was awarded the following patents in Q2 2017:

Patent No.	Issue Date	Title
9692759	06/27/2017	Control of Cloud Application Access for Enterprise Customers

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.

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