Trend Micro Reports Highest Annual Net Sales in Company's History for Fiscal Year 2018

Solid growth in enterprise business fueled by double-digit growth in hybrid infrastructure protection drives overall results

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 2018, ending December 31, 2018.

In 2018, the company grew net revenue of its enterprise business by 10 percent, evidence of Trend Micro's continued success securing large and small & medium organizations around the globe. The company's hybrid infrastructure protection gross sales grew by a strong double-digit growth year-over-year and now represents almost half of its overall enterprise business, confirming the company's leading position in securing cloud and hybrid cloud infrastructures.

"Our strong hybrid infrastructure protection growth reflects our expertise in securing hybrid cloud environments and addressing our customer's increasing challenges," said Eva Chen, chief executive officer for Trend Micro. "Today, 75 percent of our business is in the enterprise environment as a result of our strategy and continuous focus of providing industry leading solutions and relying on the world's most advanced threat intelligence. We are the partner organizations can count on to secure their connected world."

For the fourth quarter, Trend Micro posted consolidated net sales of 42,434 million Yen (or US $375 million, 112.90 JPY = 1USD). The company posted operating income of 8,610 million Yen (or US $76 million) and net income attributable to owners of the parent of 7,303 million Yen (or US $64 million) for the quarter. For the fiscal year 2018, Trend Micro posted consolidated net sales of 160,410 million Yen (or US $ 1,449 million, 110.64 JPY=1USD). The company also reported operating income of 35,836 million Yen (or US $323 million) and net income attributable to owners of the parent of 28,314 million Yen (or US $255 million).

Based on information currently available to the company, consolidated net sales for the year ending December 31, 2019 is expected to be 168,600 million Yen (or US $1,532 million, based on an exchange rate of 110 JPY = 1USD). Operating income and net income are expected to be 38,000 million Yen (or US $345 million) and 28,700 million Yen (or US $260 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.

Relevant business updates in Q4

Product updates

Over half a million organizations around the world rely on Trend Micro's solutions and its comprehensive threat intelligence. In Q4 2018, Trend Micro further strengthened its connected threat defense portfolio with product updates across endpoint, network and hybrid cloud. Those updates included:

Launch of **Trend Micro Apex One™,** an evolution of Trend Micro's advanced endpoint security offering. Apex One redefines endpoint security with the wide set of capabilities delivered as a single agent, with consistency across SaaS and on-premises deployments. This simplified offering enhances automated detection and response, and provides actionable insights that maximize security for customers and offers growth opportunities for the channel.

Trend Micro's **Cloud Edge™** solution, a unified threat management solution, was released in North America. The solution was previously launched in Asia where it established a strong user base over several years. This offering is exclusively tailored for managed service providers (MSPs) and allows them to deploy an easy-to-handle, high-performance solution that extends industry-leading security to small and medium businesses.

Trend Micro achieved **AWS Container Competency** status by meeting criteria that included having two strong customer references and a strict set of requirements. This collectively reinforces Trend Micro's leadership role in container security and demonstrates proven success with AWS customers.

AWS announced support for software products built on Docker containers. As an AWS Partner Network Advanced Technology Partner, Trend Micro is extending its solutions in the AWS Marketplace with its automated build-time and container image registry scanning. This will detect vulnerabilities and malware prior to deployment, helping customers reduce threats and risk early in the CI/CD pipeline with frictionless security.

Trend Micro can now send key security events to the new AWS Security Hub. AWS Security Hub is designed to provide users

with a comprehensive view of their high-priority security alerts and compliance status by aggregating, organizing, and prioritizing alerts or findings from multiple AWS services, such as Amazon GuardDuty, Amazon Inspector, and Amazon Macie, as well as from other APN security solutions. The findings are then visually summarized on integrated dashboards with actionable graphs and tables. This allows Trend Micro users to gain a stronger security posture while accomplishing more with less.

Partnerships:

Trend Micro views partnerships as one of the critical means to securing the world's digital information. This past quarter, Trend Micro announced several partnerships to complement its cybersecurity solutions. Those partnerships include:

The execution of a letter of intent relating to the formation of a joint-venture corporation—**TXOne Networks**. This new corporation will focus on the security needs present in Industrial Internet of Things (IIoT) environments, including smart manufacturing, smart city, smart energy and more.

Trend Micro is an AWS Partner Network Launch Partner of the new AWS Marketplace Consulting Partner Private Offers, a new program that will benefit its channel partners. The program allows an AWS Marketplace customer and an AWS Marketplace ISV to negotiate custom price and end user licensing agreement (EULA) terms for a software purchase. The result will help the channel accelerate cloud migrations and streamline technology procurement and deployment.

With the 5G era upon us, Trend Micro and **NTT DOCOMO** agreed to develop a new solution for the demands of this new era. The technical verification of a network security solution, specifically for network function virtualization and the cloud are underway now. This solution is built upon the recently announced Trend Micro Virtual Network Function Suite (VNFS) on NTT DOCOMO's "docomo 5G open cloud."

As a part of its diversity initiative, Trend Micro launched the **Close the Gap initiative** with key support from Amazon Web Services. This campaign is focused on reducing the gender gap within the IT and cybersecurity workforce. At the most recent re:Invent, Trend Micro and AWS co-hosted 30 young women of Girls in Tech to attend the conference, helping them advance their knowledge and build new connections in the industry.

Research highlights:

Trend Micro prides itself on having the world's most advanced global threat intelligence. The company's research is focused on helping customers and the industry anticipate and analyze potential threats across global enterprises. Trend Micro approaches research with a clear view of the changing infrastructure and threat landscape and, as importantly, changing user behaviors. This past quarter we shared the following research insights:

Trend Micro warned organizations to revisit their operational technology (OT) security after finding major design flaws and vulnerable implementations related to two popular machine-to-machine (M2M) communication protocols, Message Queuing Telemetry Transport (MQTT) and Constrained Application Protocol (CoAP). Trend Micro's new report, co-branded with Politecnico di Milano, ***The Fragility of Industrial IoT's Data Backbone***, highlights the growing threat of industrial espionage, denial-of-service and targeted attacks by abusing these protocols.

A Trend Micro **study** revealed that 86 percent of surveyed IT and security decision makers across the globe believe their organization **needs to improve its awareness of IoT threats**. This significant lack of knowledge accompanies rising threat levels and security challenges related to connected devices, which leaves organizations at great risk.

Trend Micro published research revealing how exposed **human machine interface** (HMI) systems could be exploited in thousands of critical water and energy organizations around the world, causing significant real-world impacts, such as contaminating the water supply.

Trend Micro revealed that 43 percent of **surveyed organizations** have been impacted by a **Business Process Compromise** (BPC). Despite a high incidence of these types of attacks, 50 percent of management teams still don't know what these attacks are or how their business would be impacted if they were victimized.

Trend Micro released its **2019 predictions** report, warning that attackers will increase the effectiveness of proven attack methods by adding more sophisticated elements to take advantage of the changing technology landscape. The report, *Mapping the Future: Dealing with Pervasive and Persistent Threats,* highlights the growing threats faced by consumers and organizations that are exacerbated by the increasingly connected world.

Trend Micro announced the winners of its global *Capture The Flag* (CTF), an annual competition designed to help fill the cybersecurity skills gaps in the most critical areas of need. Now in its fourth year, the Trend Micro CTF 2018 – Raimund Genes Cup invites teams from around the world to compete, strengthening the talent of young industry professionals.

Awards

Trend Micro was awarded the following awards in Q4 2018:

Endpoint product has been named a 2018 **Gartner Peer Insights Customers' Choice** Endpoint Protection Platforms (EPP). This recognition from endpoint security customers follows multiple assessments from analysts and third-party testers. Gartner Peer Insights Customers' Choice for EPP focused specifically on Trend Micro's OfficeScan and Worry-Free Standard solutions.

Trend Micro's sales leader for the Americas, Hernan Armbruster, won a SANS Difference Makers Award for leading the company's efforts, together with the Organization of American States (OAS), to create the OAS Cyberwomen Challenge, a capture the flag (CTF) dedicated to women.

Patents

Trend Micro was awarded the following patents in Q4 2018:

Patent No.	Issue Date	Title
10116614	10/30/2018	Detection of Abusive User Accounts in Social Networks
10154065	12/11/2018	Policy Management In Software Container Computing Environments
10162966	12/25/2018	Anti-Malware System with Evasion Code Detection and Rectification
10162967	12/25/2018	Method and Systems for Identifying of Legitimate Computer Files

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, 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 threats 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 security software industry
- Changes in customer needs for security 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
- Difficulties in successfully executing our investment strategy
- New and potentially unforeseen risks and liabilities associated with the internet of things, the use of artificial intelligence in our products and services, and other emerging technologies

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 workloads, networks, and endpoints. With more than 6,000 employees in 50 countries and the world's most advanced global threat research and intelligence, Trend Micro enables organizations to secure their connected world. For more information, visit www.trendmicro.com.

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https://newsroom.trendmicro.com/2019-02-14-Trend-Micro-Reports-Highest-Annual-Net-Sales-in-Companys-History-for-Fiscal-Year-2018