

Trend Micro Reports Solid First Quarter 2019 Results

Continued double-digit growth at constant currency in hybrid infrastructure protection drives company's 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 of fiscal year 2019, ending March 31, 2019.

In Q1 2019, Trend Micro grew net revenue of its enterprise business by 7 percent year-over-year at constant currency, fueled by strategic growth of its hybrid infrastructure protection business at 10 percent gross sales growth rate at constant currency. This further solidifies the company's leading position in securing organizations across the globe.

"Our continual innovation and consistent growth in securing hybrid infrastructure environments aligns with the rapid adoption of cloud platforms and more agile development processes that we are seeing across organizations today," said Eva Chen, chief executive officer for Trend Micro. "Not only are IT infrastructures shifting to the cloud, but networks are extending to encompass operational technology (OT). We are developing solutions and partnerships to capture the tremendous opportunity related to securing these critical, highly connected environments."

For the first quarter, Trend Micro posted consolidated net sales of 39,472 million Yen (or US \$357 million, 110.26 JPY = 1 USD). The company posted operating income of 9,308 million Yen (or US \$84 million) and net income attributable to owners of the parent of 6,899 million Yen (or US \$62 million) for the quarter.

The company will not revise expected consolidated results for the full fiscal year ending December 31, 2019 (released on February 14, 2019). 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 = 1 USD). 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 Q1

New solutions to secure the connected world:

For businesses, securing today's world extends beyond the connected devices being added to corporate environments to the hybrid cloud environments at the core of corporate IT infrastructure. Trend Micro is proud that its telecom IoT security solution, Virtual Network Function Suite (VNFS), has been certified as VMware Ready. This designation verifies the compatibility of the Trend Micro solution to secure modern networks that are built to support 5G and IoT.

Over half a million customers around the world rely on Trend Micro's solutions and its comprehensive threat intelligence. In Q1 2019, Trend Micro released its **IoT Security 2.0** solution to enhance end user protection, as well as support device makers. The Internet of Things (IoT) market continues to grow, making built-in security increasingly important. Trend Micro's IoT Security 2.0 helps manufacturers and managed service providers improve the security of their products to better secure the connected world.

Trend Micro Consumer Connect enables telecom providers to add a layer of security across their networks to help stop threats before they compromise a smart home or mobile device. The comprehensive security suite is designed to protect customers' entire digital life against both known and unknown threats by providing a virtual security layer across devices.

Expanding partnerships to solidify position in IoT security:

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

Trend Forward Capital hosted the second pitch-off competition for startups during the 2019 Consumer Electronics Show. The competition awarded \$60,000 USD total to six start-up organizations that proved to be the most promising and innovative.

Furthering its IoT security offerings, Trend Micro partnered with Chunghwa Telecom (CHT) to launch a mobile IoT information security service. The service leverages the real-time detection and information of CHT combined with Trend Micro's VNFS to detect suspicious connections and attempted attacks on CHT's mobile network.

Trend Micro also joined forces with the Japanese National Centre of Incident Readiness and Strategy for Cybersecurity (NISC), signing a collaboration agreement for global threat intelligence sharing. Trend Micro will provide threat information to the NISC until December 31, 2020 to support the global eradication of cybercrime.

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To make the digital world safer for everyone, Trend Micro encourages better awareness of cybersecurity and online privacy issues. One way this is done is through the company's Internet Safety For Kids And Families (ISKF) program, which launched the annual What's Your Story video contest, offering \$10,000 to students who answer one question – "If you had one special power to make life online better, what would it be?" Interested participants work to answer this question in a creative video, with the chance of winning one of several prizes.

Trend Micro Research fuels global threat intelligence:

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's Zero Day Initiative (ZDI) held its annual Pwn2Own competition in Vancouver. The event welcomes the world's leading vulnerability researchers to demonstrate their skills by exploiting leading enterprise software and applications. This year's contest expanded into new territory with an automotive category. In total, \$545,000 USD was awarded to researchers for their research in Apple Safari, Microsoft Edge and Windows, VMware Workstation, Mozilla Firefox, and automotive category.

Trend Micro Researchers uncovered security risks facing connected industrial machinery, specifically those using radio frequency (RF) remote controllers. The team disclosed new vulnerabilities via the ZDI and demonstrated how these vulnerabilities can be exploited to take control of industrial machines, including cranes.

Through a commissioned survey, Trend Micro discovered that one third of cybersecurity staff members across multiple countries feel isolated from their overall business. This is partly due to the challenge of effectively communicating security threats and needs internally and at the board level.

The survey also shows that nearly 50 percent of organizations surveyed lack the necessary talent to maintain security measures. To deal with the skills shortage, 69 percent of organizations agree that automating cybersecurity tasks using Artificial Intelligence (AI) would reduce the impact from the lack of security talent.

Additionally, a separate commissioned survey found that 80 percent of U.S. businesses expect a critical breach this year. This survey drives the company's Cyber Risk Index, which determines the overall cyber risk of organizations based on the discrepancy between perceived and actual cyber risk, as well as what risks are of highest concern for companies.

The company's annual security roundup report for 2018 revealed that changes in the threat landscape are forcing businesses to reprioritize their security measures to remain effective. The growth of cryptocurrency mining and continued increase in phishing attacks are the biggest indicators of how the threat arena is changing. Companies must adjust defenses to ensure they are protected against today's greatest threats.

Digging deeper into phishing and other high-risk email threats, Trend Micro looked at everything blocked by its Cloud App Security tool. In 2018, the tool blocked nearly 9 million high-risk emails. The high volume of email threats blocked highlights the importance of investing in multi-layered protection for online platforms like Office 365.

Trend Micro Research also released a report detailing the serious business risks that stem from smart buildings. In Complex IoT Environments, automation platforms are introducing new opportunities for both physical and digital compromise. This research, along with a deep dive into cyber risks in agriculture, were both presented at the 2019 RSA Conference.

Patents

Trend Micro was awarded the following patents in Q1 2019:

Patent No.	Issue Date	Title
10169581	01/01/2019	Detecting Malicious Code in Sections of Computer Files
10169628	01/01/2019	Scanning Image Codes in Virtual Mobile Infrastructures
10243989	03/26/2019	Systems and Methods for Inspecting Emails for Malicious Content
10243988	03/26/2019	Configurable Network Security

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 and
- 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 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 6,000 employees in over 50 countries and the world's most advanced global threat intelligence, Trend Micro secures your connected world. For more information, visit www.trendmicro.com.

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