Trend Micro Reports Highest Annual Revenue and Strongest Quarterly Net Sales in Company's 31 Year History

Q4 2019 performance driven by 15% year-over-year growth in gross sales at constant currency of Hybrid Infrastructure Protection business

TOKYO--(BUSINESS WIRE)--Trend Micro Incorporated (TYO: 4704; TSE: 4704), a global leader in cybersecurity solutions, today announced earnings results for the fourth quarter as well as its annual results of fiscal year 2019, ending December 31, 2019.

In Q4 2019, Trend Micro delivered the strongest quarter in the company's history thanks to growth from all regions globally and across our product portfolio. Particularly noteworthy is the 15% growth in gross sales at constant currency in the company's key business area of hybrid infrastructure protection. In addition, the number of commercial customers using SaaS-based solutions continues to outpace those using on-premise solutions, with an outstanding growth rate of 20% year-over-year. These results build upon Trend Micro's strong momentum from Q3 2019, further demonstrating its leadership in protecting organizations adopting cloud environments.

"We are very proud of our strong growth in 2019, particularly in the last quarter, as it validates our focus on enabling digital transformation in the cloud. Our dedication to cloud excellence was clearly reflected through our enhanced cloud security solutions that empower customers to protect their environments, no matter where they are housed," said Eva Chen, co-founder and chief executive officer for Trend Micro. "We know closing the year strong does not mean our work is done. The threats never stop and neither can we, especially with a skills gap that grows wider each day. Today's business and technology landscape emphasizes the importance for visibility, detection and response across enterprises. Our mission continues to be providing solutions designed to give businesses broader visibility, breaking down security silos to detect more complex attacks that might otherwise go unnoticed."

For the fourth quarter, Trend Micro posted consolidated net sales of 44,261 million Yen (or US $406 million, 108.82 JPY = 1USD). The company posted operating income of 8,528 million Yen (or US $78 million) and net income attributable to owners of the parent of 5,623 million Yen (or US $51 million) for the quarter. For the fiscal year 2019, Trend Micro posted consolidated net sales of 165,195 million Yen (or US $ 1,515 million, 108.98 JPY=1USD). The company also reported operating income of 37,686 million Yen (or US $345 million) and net income attributable to owners of the parent of 27,946 million Yen (or US $256 million).

Based on information currently available to the company, consolidated net sales for the year ending December 31, 2020 is expected to be 174,200 million Yen (or US $1,598 million, based on an exchange rate of 109 JPY = 1 USD). Operating income and net income are expected to be 37,700 million Yen (or US $345 million) and 27,300 million Yen (or US $250 million), respectively.

Key business updates in Q4

Clear leadership in cloud and container security:

Trend Micro's strategy has always been focused on ensuring cloud security without disrupting how customers need to do business. This led to the acquisition of Cloud Conformity that instantly broadened the cloud services Trend Micro can secure and resolves often overlooked security issues caused by cloud infrastructure misconfiguration.

Trend Micro was named a leader in cloud security by two top independent research firms. IDC named Trend Micro as the #1 vendor in Software-Defined Compute (SDC) workload protection, according to the analyst firm's new independent report: Worldwide Software Defined Compute Workload Security Market Shares, 2018 (DOC #US45638919, NOVEMBER 2019). The report revealed Trend Micro achieved a market share lead of 35.5% , almost triple its nearest competitor, in 2018. Shortly after it was announced that Trend Micro received the highest score in the current offering and strategy categories, and among the second highest scores in the market presence category, in The Forrester Wave™: Cloud Workload Security, Q4 2019. Forrester rigorously evaluated 13 competitive security vendors across 30 criterion and in three distinct areas: current offering, strategy and market presence.

Trend Micro announced a strategic partnership with Snyk, focusing on solving the unrelenting challenges that open source vulnerabilities create for developers, stemming from code-reuse, public repositories and open source. The combination of open source vulnerability intelligence from Snyk and Trend Micro has resulted in the most comprehensive ability to detect vulnerabilities for teams operating in a DevOps environment.

Following months of momentum in hybrid cloud, Trend Micro announced the launch of Trend Micro Cloud One™, a first of its kind, security services platform designed for organizations building applications in the cloud. Cloud One allows developers to rapidly build applications using the cloud services they want, while managing their organization's risk.

On the keynote stage of AWS re:Invent, Trend Micro was a recognized Launch Partner for the new Amazon Virtual Private Cloud (Amazon VPC) Ingress Routing service. Through cooperation with Amazon Web Services (AWS), integration to this new service is possible through both Trend Micro TippingPoint™ and the new Trend Micro Cloud One™ security services platform. This new service allows Trend Micro customers to gain additional flexibility and control in their network traffic routing, with transparent deployment and no need to re-architect.

Keeping strong momentum in enterprise detection and response:

In addition to its hybrid cloud momentum, Trend Micro remains dedicated to security surrounding Industrial Internet of Things (IIoT) and announced its complete smart factory security solutions, designed to provide enhanced visibility and protection for embattled industrial control system (ICS) environments. The solutions will secure across all layers of Industry 4.0, mitigating this growing area of cyber risk to keep operations running by fortification. The value of these new smart factory solutions is heightened when they're used in a multi-layered security approach alongside existing Trend Micro hybrid cloud security and network defense solutions.

World-leading threat research:

In its 2020 predictions report "The New Norm", Trend Micro stated that organizations will face a growing risk from their cloud and the supply chain. The growing popularity of cloud and DevOps environments will continue to drive business agility while exposing organizations, from enterprises to manufacturers, to third-party risk. The increasing use of third-party code by organizations employing a DevOps culture will increase business risk in 2020 and beyond. Compromised container components and libraries used in serverless and microservices architectures will further broaden the enterprise attack surface, as traditional security practices struggle to keep up.

Trend Micro also announced the results of an independent and comprehensive study by IHS Markit, commissioned by Trend Micro. The report ranks Trend Micro and its Zero Day Initiative (ZDI) as the market leader in vulnerability disclosure[1]. The ZDI disclosed over half of all software flaws reported by vendors through coordinated disclosure in 2018. The report, Public Cybersecurity Vulnerability Market, analyzed 12 organizations that collectively managed the disclosure of 1,752 CVE vulnerabilities in the 2018 calendar year. Trend Micro's ZDI accounted for 916 of these vulnerabilities, just over 52% of the total. This is nearly four times more than the number contributed by the next vendor, which disclosed 236.

This quarter Trend Micro also announced a new addition to its vulnerability research competition, Pwn2Own Miami. The first of its kind contest challenged participants to find vulnerabilities in a range of popular industrial control system (ICS) software and protocols. Over the past 12 years, Pwn2Own has encouraged vulnerability research in the most critical platforms for enterprises globally.

At the close of the calendar year, Trend Micro also unveiled the cyber risks facing the oil and gas industry. Research found that the oil and gas industry and its supply chain face increased risk from advanced threat groups and others as they continue to build out digitally connected infrastructure. While these attacks are not always sophisticated, they are often targeted and impact production, which can cause real-world damage. As the report reveals, oil and gas companies typically run sprawling operations with sites in hard-to-reach locations. Remote monitoring for performance, quality control and safety is therefore essential, but with bandwidth limitations and the focus on availability, communications are often left unencrypted.

Overcoming the skills and gender gaps in cybersecurity:

Trend Micro announced the through its Internet Safety for Kids and Families (ISKF) program, the launch of its annual 'What's Your Story?' video competition. The contest is designed to give young people a platform to educate others and nurture safer, more responsible use of the internet. This year's challenge is to create an impactful video around the question, "If the internet disappeared today, what would your life be like?" Trend Micro's ISKF hopes to encourage contestants to stretch their creative muscles when considering some of the biggest challenges we face today on the internet, including concerns about privacy, fake news, erosion of civility, and misinformation.

In addition to its ISKF efforts, Trend Micro also announced the winners of its global Capture the Flag (CTF) competition, which challenges global cybersecurity talent and provides real-world experience in today's most critical threat areas. Now in its fifth year, Trend Micro researchers designed the real-world scenarios in this CTF event to test the teams' expertise in skills that are highly sought-after by employers. Challenges focused on areas such as forensics and exploitation, IoT, reverse engineering, open source intelligence, mobile, and machine learning.

Outside of the educational arena, Trend Micro continues its commitment to diversity and inclusion by more than doubling its annual time and financial investments to alleviate the skills and diversity gaps in cybersecurity. Trend Micro co-sponsored this year's We Power Tech activities during the AWS re:Inventconference, along with Accenture. We Power Tech is building a future of technology that is diverse, inclusive, and accessible. Trend Micro's involvement helps to facilitate a list of sessions, networking and social activities for a global network of underrepresented technologists. In addition, Trend Micro deepened its annual sponsorship with Girls in Tech by announcing a global cybersecurity classroom program slated for 2020. The curriculum will provide the virtual ability to learn and enhance cybersecurity skills and will be accessible to women of all ages, backgrounds and geographical locations.

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New patents filed:

Trend Micro was awarded the following patents in Q4 2019:

Patent No.	Issue Date	Title
10452817	10/22/2019	File Input/Output Redirection in an API-Proxy-based application emulator
10454921	10/23/2019	Protection of Authentication Credentials of Cloud Services
10460108	10/29/2019	Method and system to identify and rectify input dependency based evasion in dynamic analysis
10521588	12/13/2019	Dynamic analysis of malware that has evasion code

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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Sales-in-Companys-31-Year-History