



CYBER EXPOSURE

MANAGING AND MEASURING CYBER RISK IN THE DIGITAL ERA

FEBRUARY 2019

Forward-Looking Statements

This presentation includes forward-looking statements. All statements contained in this presentation other than statements of historical facts, including statements regarding our future results of operations and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “may,” “will” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in any forward-looking statements we make.

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The background is a solid blue color with a complex pattern of white and light blue geometric lines and shapes. These lines form a grid-like structure with various angles and intersections, creating a sense of depth and architectural complexity. The lines are more prominent on the left side and fade slightly towards the right.

Empowering every organization
to understand and reduce
their cybersecurity risk

tenable® At-A-Glance

>27,000

Customers

>50%

of Fortune 500

>25%

of Global 2000

\$0M

Primary institutional capital raised
prior to IPO

~2M

Cumulative, unique downloads

Subscription

Business model

160+

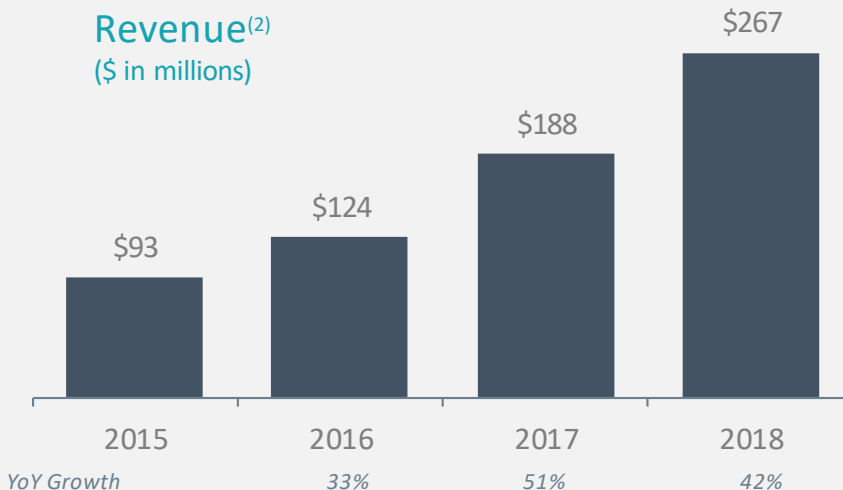
Countries

1,200+

Employees

Revenue⁽²⁾

(\$ in millions)



1. See Endnotes for additional information related to the figures presented.

2. We adopted ASC 606 on January 1, 2017 using the modified retrospective method. The 2015 and 2016 consolidated statements of operations were not adjusted for the adoption of ASC 606.

Investment Highlights



One of the most recognized brands in security



Data asset drives network effects



Unique approach to secular growth opportunity



High growth, recurring model



System of record for security

Digital Transformation Increases IT Complexity and Cybersecurity Risk



Cybersecurity Risk is Business Risk

HELPNETSECURITY

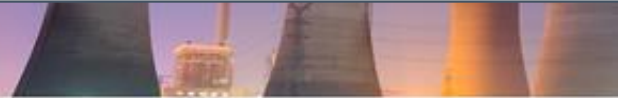
Most organizations suffered a business-disrupting cyber event

Massive Amazon S3 leaks highlight user blind spots in enterprise race to the cloud

Data leaks at Dow Jones, Verizon, and a GOP analytics firm show that companies are forgoing security best practices in order to quickly make it to the cloud.

DARKReading

Despite Breaches, Many Organizations Struggle to Quantify Cyber-Risks to Business



US warns of cyber attacks on critical infrastructure

The global ransomware epidemic is just getting started

WannaCry should have been a major warning to the world about ransomware. Then the GoldenEye strain of Petya ransomware arrived. What's next?

THE REAPER IOT BOTNET HAS ALREADY INFECTED A MILLION NETWORKS

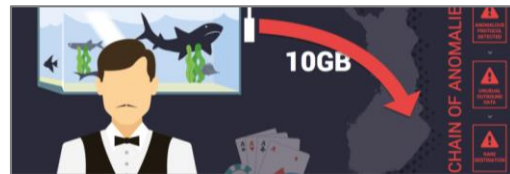
THE WALL STREET JOURNAL.

PRO CYBER COMMENTARY & ANALYSIS

Cyber Matters: Heed the Window of Opportunity

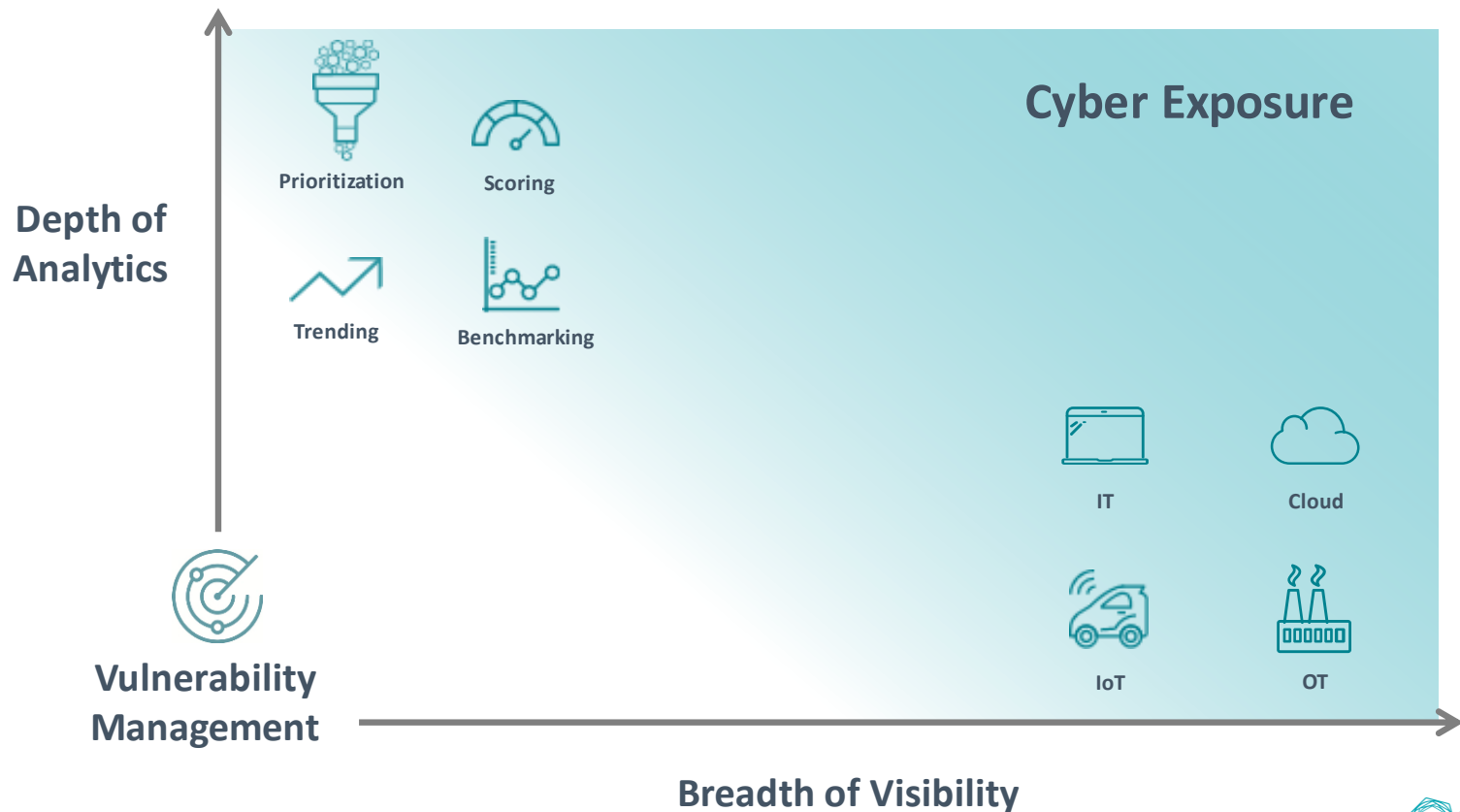
Equifax's Mega-Breach Was Made Possible by a Website Flaw It Could Have Fixed

Vital Boeing computer network infected with WannaCry virus – is it safe to fly?

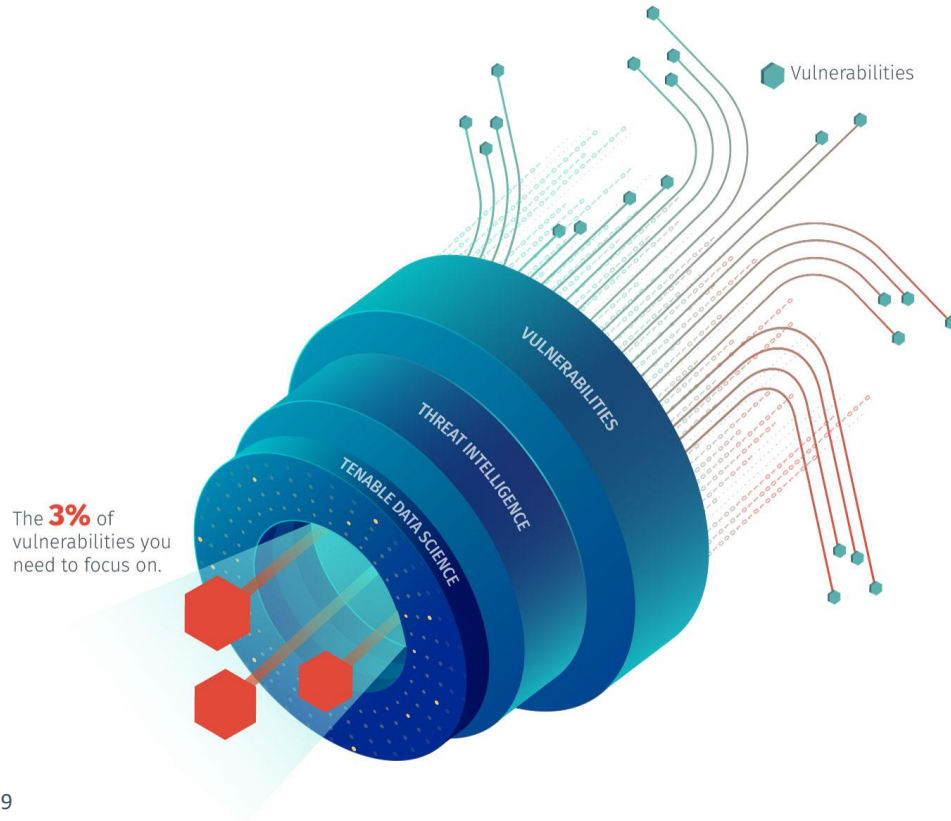


Casino Gets Hacked Through Its Internet-Connected Fish Tank Thermometer

Evolving Vulnerability Management to Cyber Exposure



Depth of Analytics - Predictive Prioritization



Threat-based vulnerability prioritization

- **Predicts** likelihood of successful exploit *in 28 days*
- Vulnerability Priority Rating (VPR) derived from 150 data sources
- Dynamic, changes with threat landscape

True Competitive Differentiation

- Focus on the **3%** that matters
- Continuously updated

Foundational for Cyber Exposure

The Journey to Cyber Exposure

IT-Centric
Technical Context
Day to Day Management

**Where are we
exposed?**

Predictive Prioritization

**Where should we
Prioritize based on
exposure?**

Asset-Centric
Business Context
Benchmarking
Strategic Decision Support

**Are we reducing our
risk over time?**

**How do we compare
to our peers?**

Understanding Cyber Risk is Strategic and Foundational

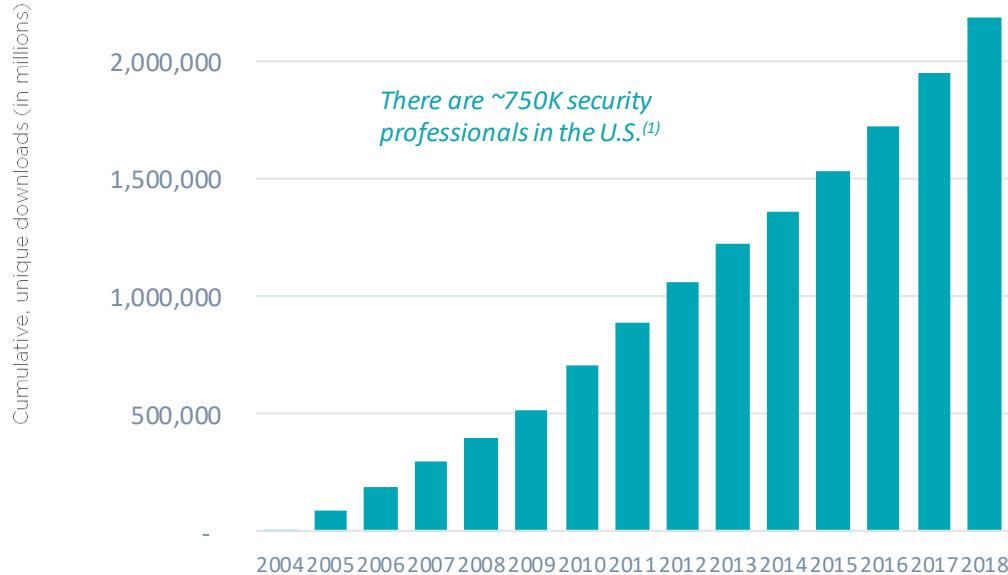


Technology Ecosystem Enhances Platform Value

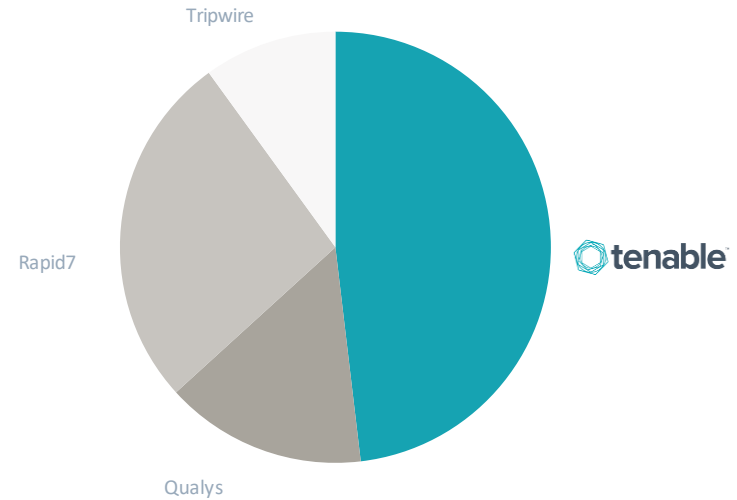


Deeply Trusted Brand Amongst Large Global Community

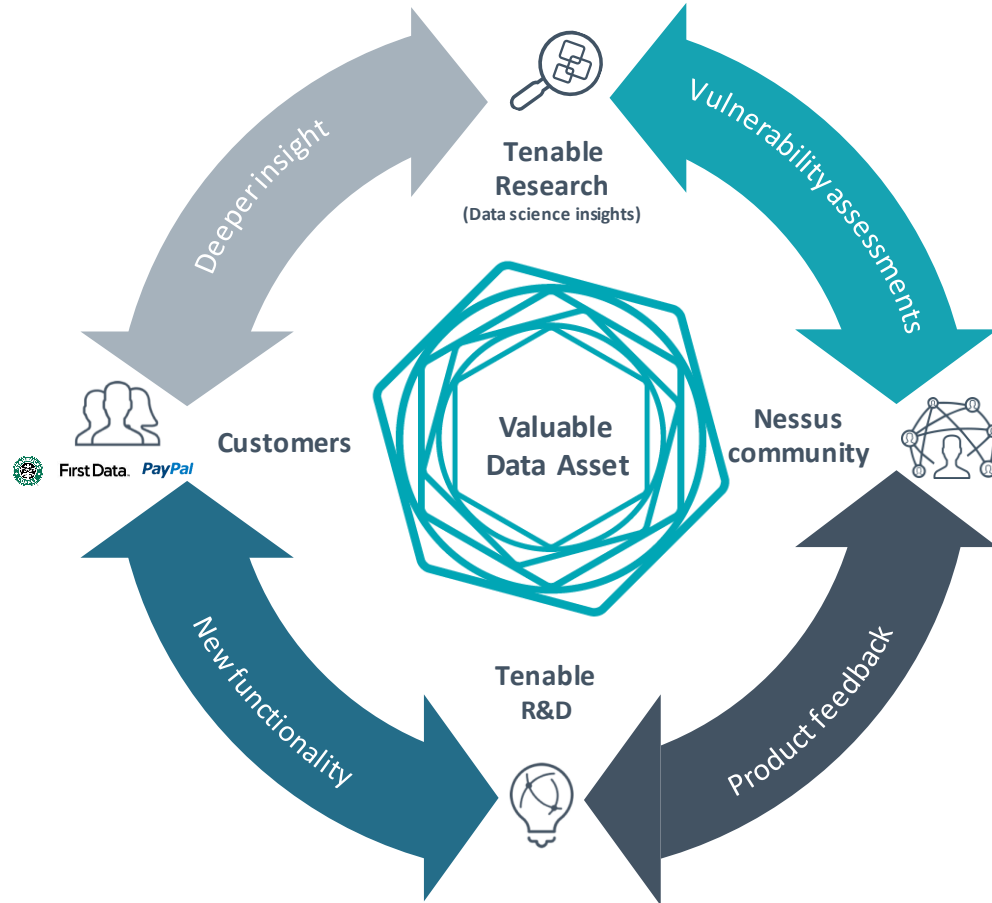
Over 2M cumulative, unique downloads of
Free Nessus globally⁽¹⁾



Vulnerability management skills
on LinkedIn



Data Asset Drives Significant Network Effects



Tenable Can Be the System of Record for Security



HR



CRM



IT

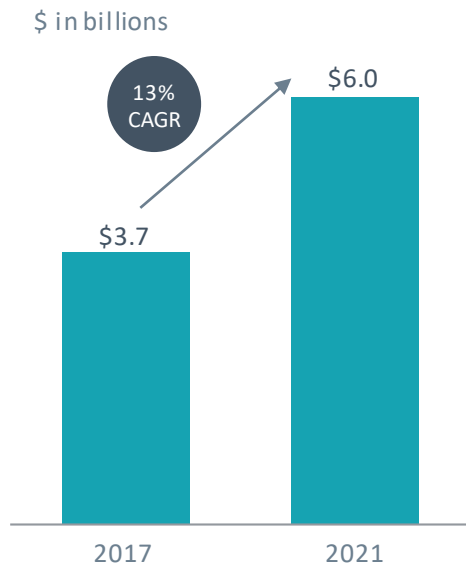


SECURITY

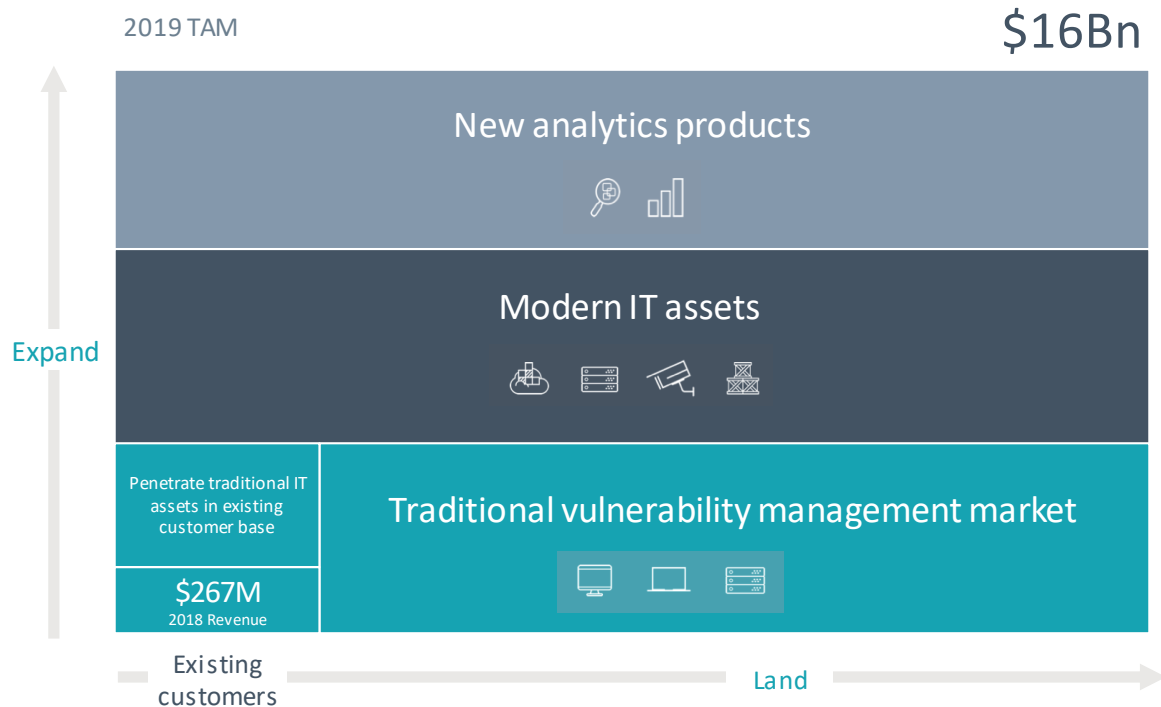


Large and Underpenetrated TAM

Traditional vulnerability management market⁽¹⁾

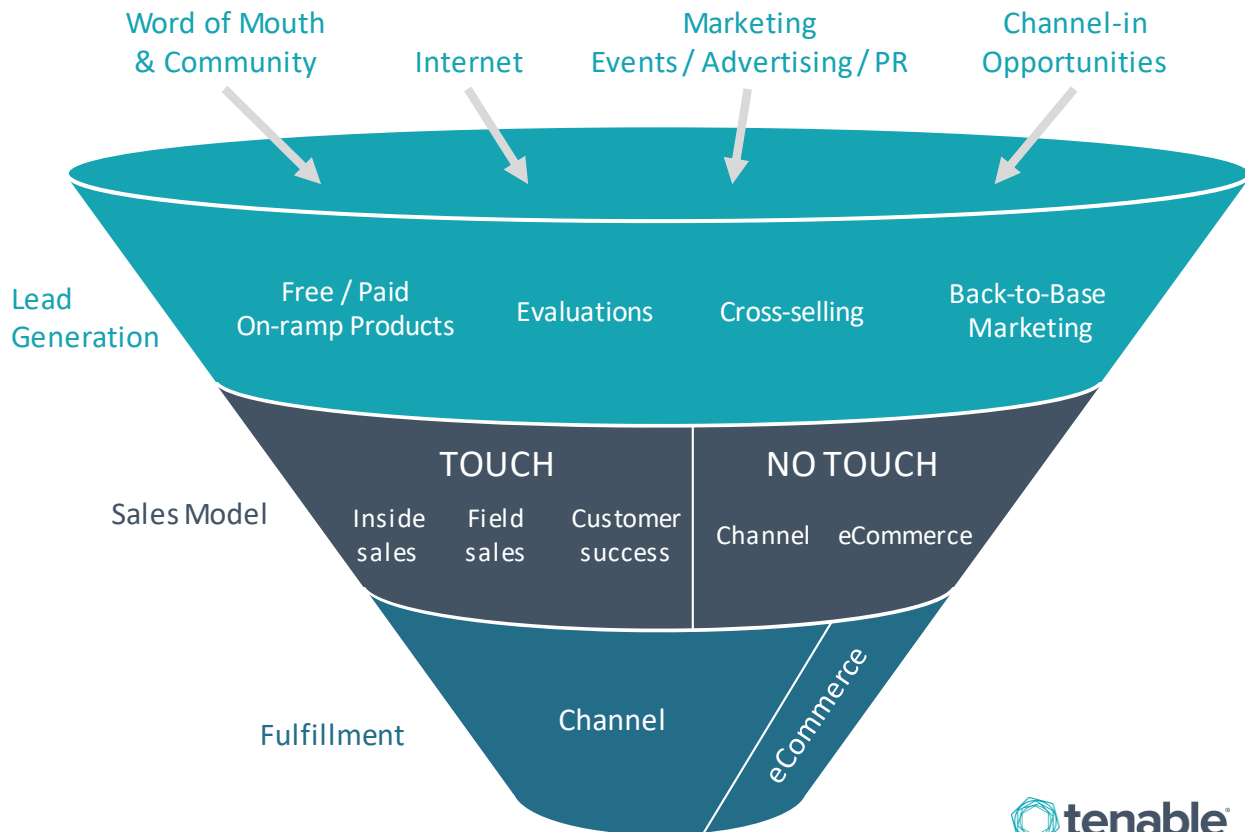


Bottoms-up analysis



Differentiated Go-to-Market Efficiently Addresses All Organizations

- Nessus on-ramp contributes to land and expand model
- Broad channel engagement, serving both enterprise and mid-market
 - Currently, channel drives over 20% of new enterprise leads
- Growth in enterprise account management model



World Class Customer Base



27,000+
Customers



>25%
of Global 2000



>50%
of Fortune 500

Bank of America

Deutsche Bank



First Data

JPMorgan Chase

Nasdaq

NAVIENT



AMERICAN EAGLE

DARDEN

KOHL'S



Sysco

wayfair
a zillion things home

amazon.com

Capgemini

DocuSign

global payments

verizon
digital media services

PayPal

SONICWALL

vmware

vodafone

World Wide Technology, Inc.

AmeriHealth Caritas

ASSISTANCE
PUBLIQUE HÔPITAUX
DE PARIS

BON SECOURS HEALTH SYSTEM

MERCY
HEALTH

SENTARA

cps
ENERGY

ENBRIDGE

Entergy

Exelon

TVA

TransGrid

DISA

Inland Revenue
Te Tari Taake



TRIOMET

USDA

DOD

DOE

VA

SSA

Customer Examples

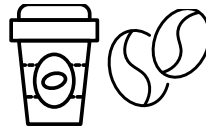
Highly Dynamic Cloud Environment

Fortune 100 Retailer



Single platform for Cyber Exposure across 2 million+ assets spanning traditional and modern IT assets from web app to POS and cloud environments

IoT + Cloud



Securing over 100,000 assets including store kiosks and connected roasting machinery

IT/OT

Super Major O&G JV



IT/OT bundle with SC and ICS securing the entire converged IT/OT environment

Growth Strategy



Acquire new enterprise platform customers



Expand asset coverage



Invest in technology and expand use cases



Accelerate international expansion

Experienced Management Team and Board



Amit Yoran
CEO & Chairman



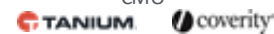
Steve Vintz
CFO



Jack Huffard
Co-Founder, COO & Director



Jennifer Johnson
CMO



John Negrón
CRO



Renaud Deraison
Co-Founder & CTO



Ofer Ben-David
CPO



Steve Riddick
General Counsel



Bridgett Paradise
Chief People Officer



Art Coviello
Former Chairman and CEO, RSA

Ping Li
General Partner, Accel

Jerry Kennelly
Former Chairman and CEO, Riverbed

Brooke Seawell
Director, Tableau & NVIDIA

Richard Wells
Managing Director, Insight

Kim Hammonds
Former COO, Deutsche Bank





Financial Overview

FEBRUARY 2019

Financial Highlights



Rapid, recurring revenue growth at scale



Balance and diversified model

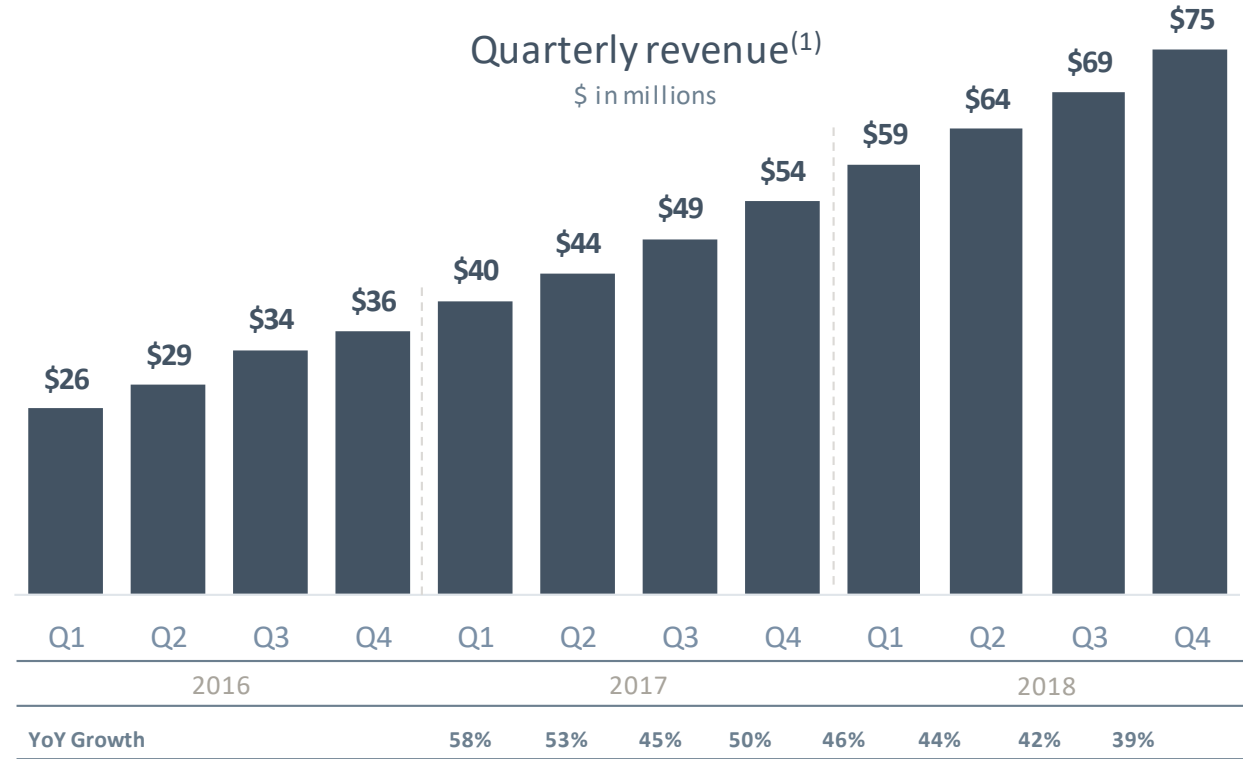
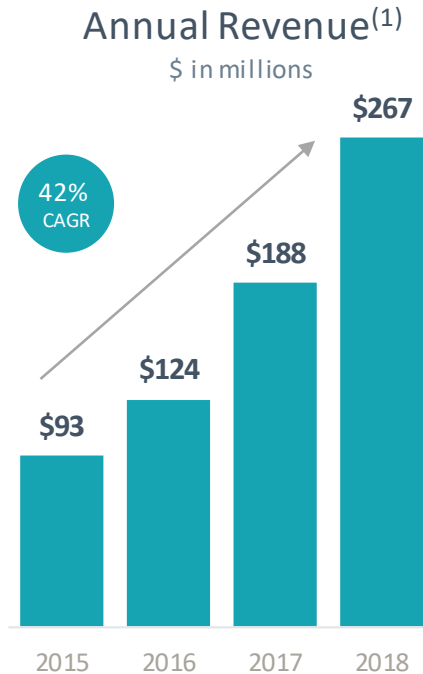


Land-and-expand model



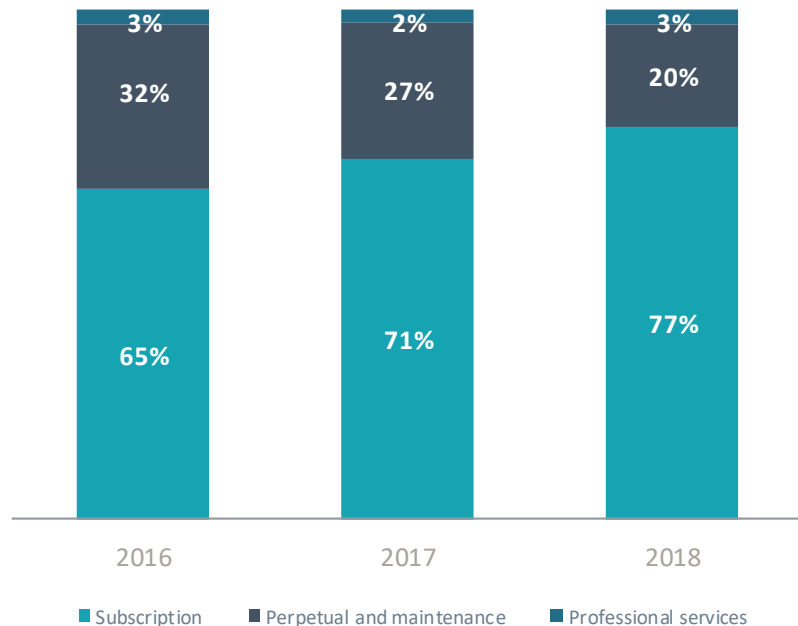
Capital efficient business

Rapidly Growing Revenue



Composition of Revenue

% Revenue by line item⁽¹⁾⁽²⁾



% Recurring⁽¹⁾



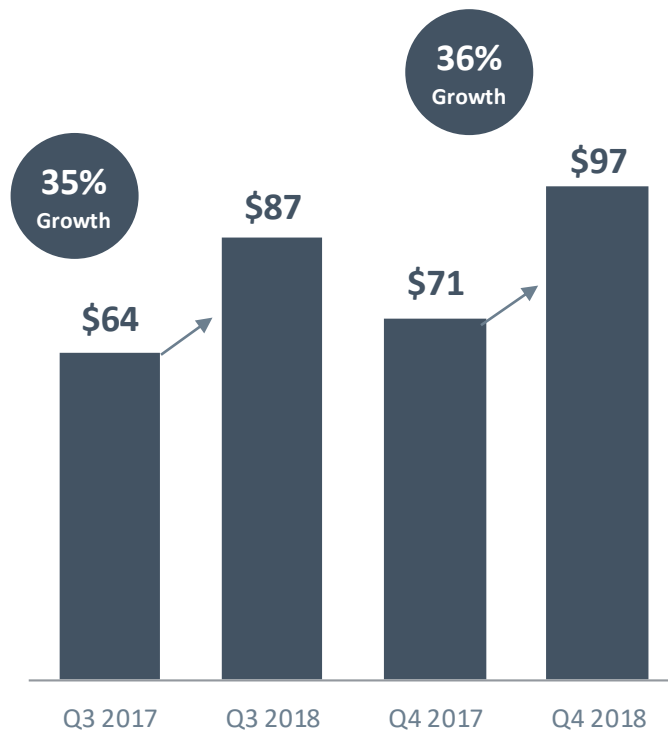
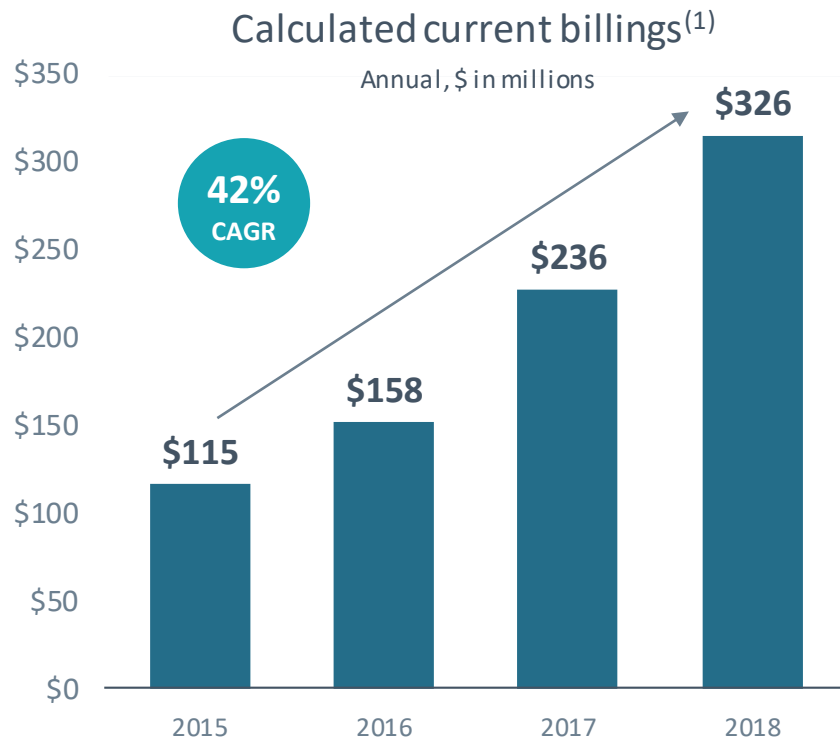
2016 & 2017



2018

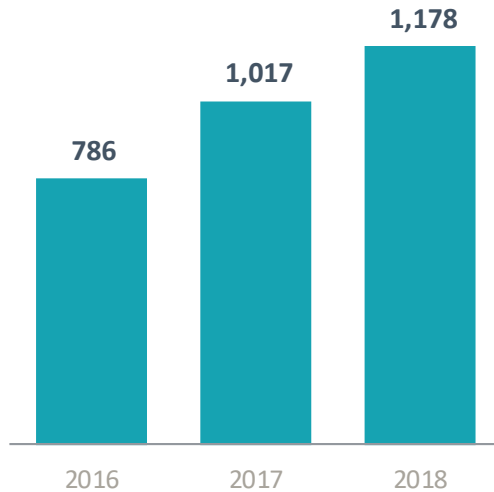
1. We adopted ASC 606 on January 1, 2017 using the modified retrospective method. The 2015 and 2016 consolidated statements of operations were not adjusted for the adoption of ASC 606.
2. Maintenance revenue is \$26 million in 2016, \$29 million in 2017 and \$33 million in 2018.

Strong Growth in Calculated Current Billings

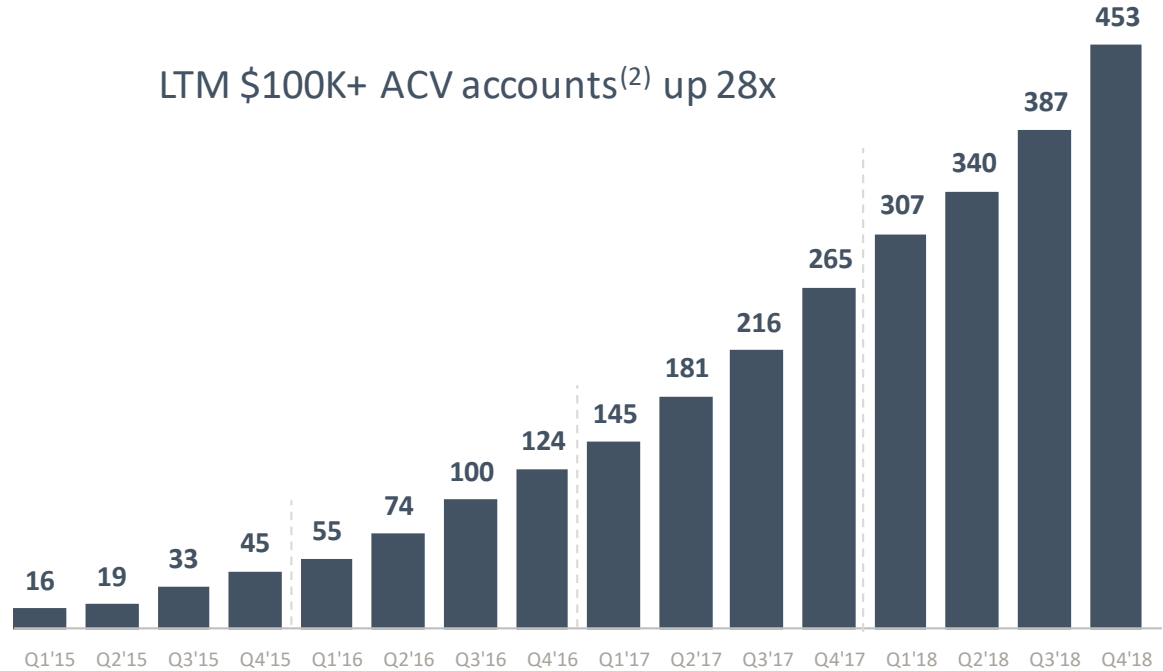


Landing Higher Value Customers

New logo enterprise platform customers⁽¹⁾



LTM \$100K+ ACV accounts⁽²⁾ up 28x

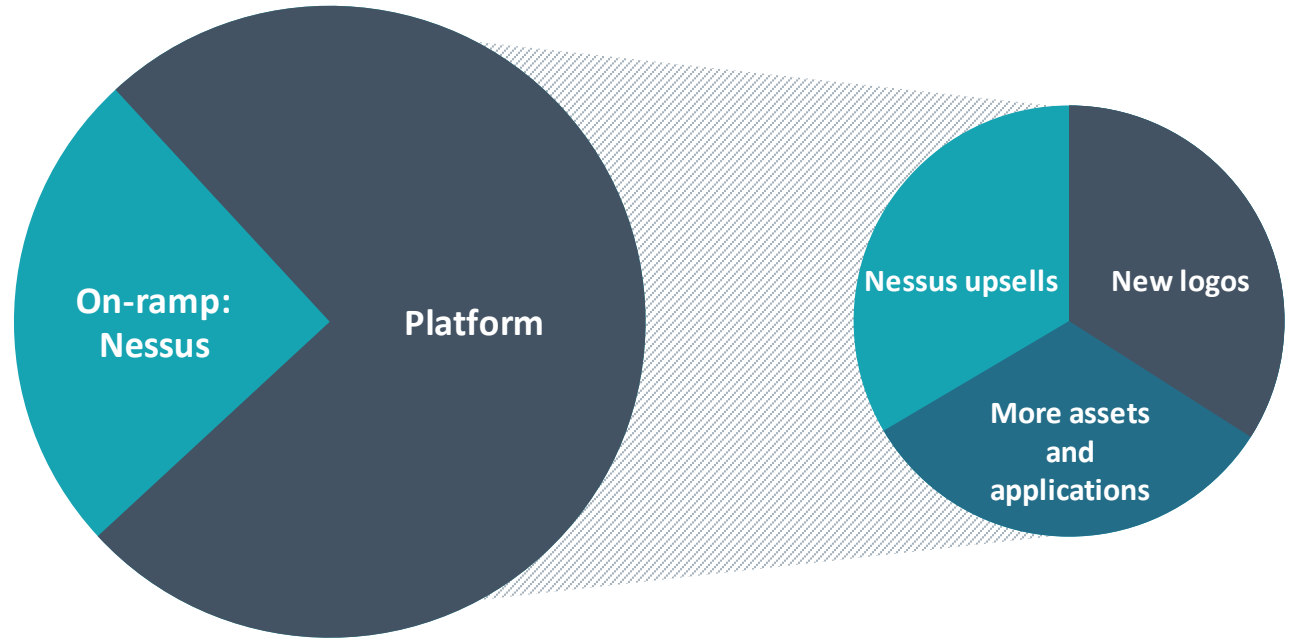


1. Chart represents new enterprise platform customer acquisitions excluding upsells. Enterprise platform customer defined as a customer that has licensed Tenable.io or Tenable.SC for an annual amount of \$5,000 or greater.
2. Chart represents the number of customers with \$100K and greater of annual contract value for the last 12 months.

Multiple Ways to Land and Expand

Annual contract value

- Nessus serves as a cost-effective on-ramp to larger enterprise platform sales
- Elastic, asset-based pricing model
- Proven land-and-expand strategy
- 89% recurring revenue⁽¹⁾



1. Recurring revenue figure for 2018.

Income Statement and Cash Flow Highlights

~85%

Gross margin

~30%

Investment in R&D

Modest cash burn

	Three Months Ended December 31,				Year Ended December 31,			
(in thousands)	2018	% of rev	2017	% of rev	2018	% of rev	2017	% of rev
Revenue	\$75,221		\$54,117		\$267,360		\$187,727	
Cost of revenue	12,399		8,378		43,167		25,588	
Gross profit	62,822	84%	45,739	85%	224,193	84%	162,139	86%
Operating expenses:								
Sales and marketing	47,380	63%	32,784	61%	173,344	65%	116,299	62%
Research and development	21,169	28%	15,633	29%	76,698	29%	57,673	31%
General and administrative	13,864	18%	8,945	17%	46,732	17%	28,927	15%
Total operating expenses	82,413	110%	57,362	106%	296,774	111%	202,899	108%
Loss from operations	<u>\$(19,591)</u>	-26%	<u>\$(11,623)</u>	-21%	<u>\$(72,581)</u>	-27%	<u>\$(40,760)</u>	-22%
Net cash used in operating activities	\$(1,554)		\$(5,452)		\$(2,559)		\$(6,266)	
Purchases of property and equipment	<u>(1,593)</u>		<u>(1,127)</u>		<u>(5,733)</u>		<u>(2,755)</u>	
Free cash flow	<u>\$(3,147)</u>		<u>\$(6,579)</u>		<u>\$(8,292)</u>		<u>\$(9,021)</u>	

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Unique approach to secular growth opportunity



High growth, recurring model



System of record for security



Appendix

Non-GAAP Reconciliations

Calculated Current Billings: We define calculated current billings, a non-GAAP financial measure, as revenue recognized in a period plus the change in current deferred revenue in the corresponding period. We believe that calculated current billings is a key metric to measure our periodic performance. Given that most of our customers pay in advance (including multi-year contracts), but we generally recognize the related revenue ratably over time, we use calculated current billings to measure and monitor our ability to provide our business with the working capital generated by upfront payments from our customers. We believe that calculated current billings, which excludes deferred revenue for periods beyond twelve months in a customer's contractual term, more closely correlates with annual contract value and that the variability in total billings, depending on the timing of large multi-year contracts and the preference for annual billing versus multi-year upfront billing, may distort growth in one period over another.

The following table presents a reconciliation of revenue, the most directly comparable GAAP measure, to calculated current billings for each of the periods presented:

Calculated Current Billings:	2015	2016	2017	2018	Q3 2017	Q4 2017	Q3 2018	Q4 2018
Revenue	\$93,466	\$124,371	\$187,727	\$267,360	\$48,980	\$54,117	\$69,440	\$75,221
Deferred revenue (current), end of period	54,721	88,011	154,898	213,644	137,521	154,898	191,578	213,644
Deferred revenue (current), beginning of period ⁽¹⁾	(33,163)	(54,721)	(107,006)	(154,898)	(122,190)	(137,521)	(174,277)	(191,578)
Calculated current billings	\$115,024	\$157,661	\$235,619	326,106	\$64,311	\$71,494	\$86,741	\$97,287

1. In connection with adopting ASC 606, we recorded \$19.0 million of current deferred revenue on January 1, 2017 related to perpetual license revenue recognized in prior periods.

Endnotes

REFERENCED FROM PAGE 4:

1. All figures presented are as of December 31, 2018, unless otherwise noted.
2. We believe our ability to expand sales with customers is most effectively measured by our dollar-based net expansion rate. We utilize dollar-based net expansion rate to measure the long-term value of our customer relationships because it is driven by our ability to retain and expand the revenue generated from our existing customers. We calculate dollar-based net expansion rate as follows:
 - Denominator: To calculate our dollar-based net expansion rate as of the end of a reporting period, we first establish the ARR from all active subscriptions and maintenance from perpetual licenses as of the last day of the same reporting period in the prior year. This represents recurring payments that we expect to receive in the next 12-month period from the cohort of customers that existed on the last day of the same reporting period in the prior year.
 - Numerator: We measure the ARR for that same cohort of customers representing all subscriptions and maintenance from perpetual licenses based on customer orders as of the end of the reporting period.

We calculate dollar-based net expansion rate by dividing the numerator by the denominator.

REFERENCED FROM PAGE 13:

1. Unique downloads are based on each unique email address utilized to register for the use of Nessus Home.
2. Determined by data available through CyberSeek, part of the U.S. Commerce Department's National Institute of Standards and Technology.

REFERENCED FROM PAGE 16:

1. Traditional Vulnerability Management Market includes the Policy and Compliance and Device and Application Vulnerability Assessment segments as reported by IDC in their *Worldwide Security and Vulnerability Management Forecast, 2017–2021*, dated January 2018.