



CYBER EXPOSURE

MANAGING AND MEASURING CYBER RISK IN THE DIGITAL ERA

May 2019

Forward-Looking Statements

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This presentation includes non-GAAP financial measures which have certain limitations and should not be considered in isolation, or as alternatives to or substitutes for, financial measures determined in accordance with GAAP. The non-GAAP measures as defined by us may not be comparable to similar non-GAAP measures presented by other companies. Our presentation of such measures, which may include adjustments to exclude unusual or non-recurring items, should not be construed as an inference that our future results will be unaffected by these or other unusual or non-recurring items. See the GAAP to Non-GAAP Reconciliation section for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures.

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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 intersect to form various polygons, triangles, and star-like patterns, creating a sense of depth and architectural structure. The overall effect is a modern, high-tech aesthetic.

Empowering every organization
to understand and reduce
their cybersecurity risk

>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+

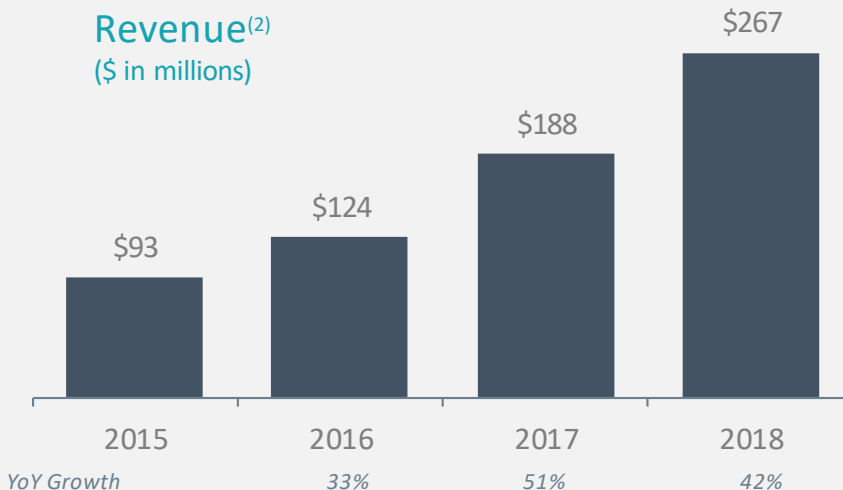
Countries

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

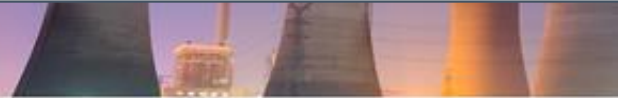
Most organizations suffered a business-disrupting cyber event

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

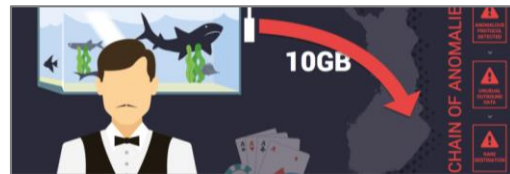
THE WALL STREET JOURNAL.

PRO CYBER COMMENTARY & ANALYSIS

Cyber Matters: Heed the Window of Opportunity

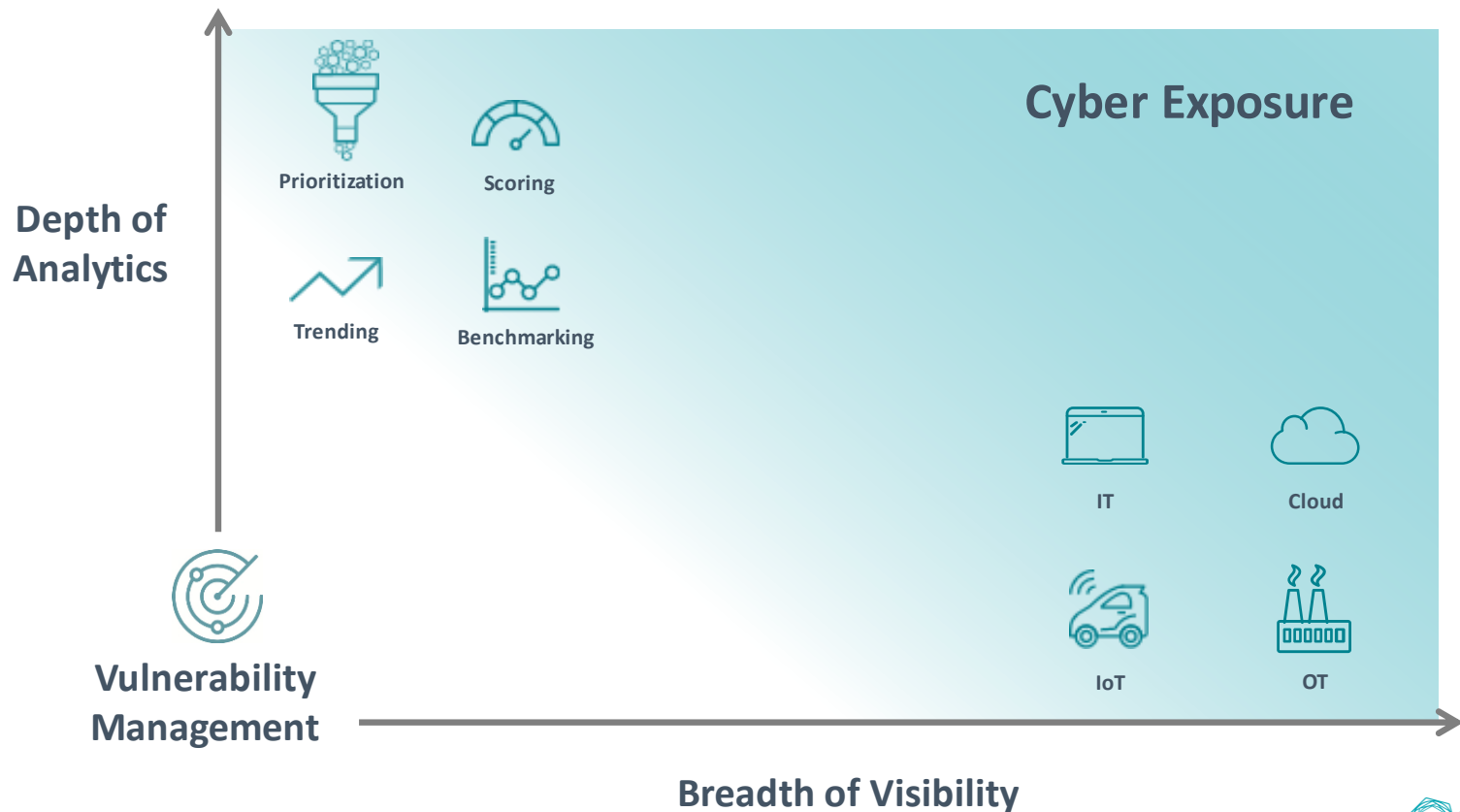
Equifax's Mega-Breach Was Made Possible by a Website Flaw It Could Have Fixed

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

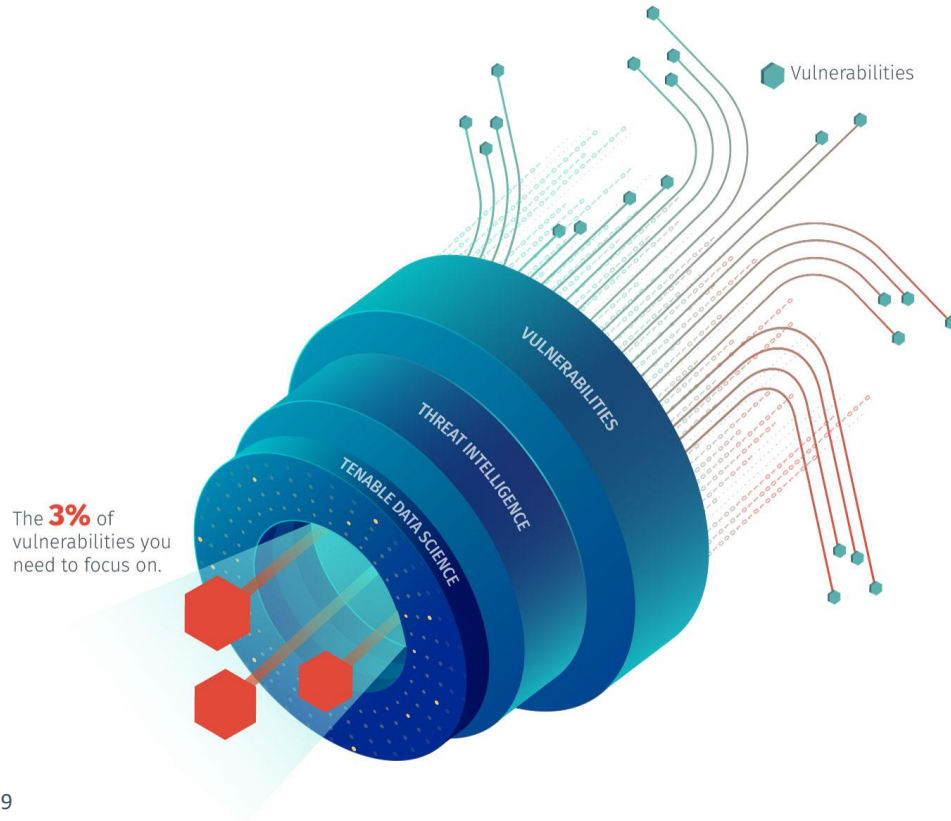


Casino Gets Hacked Through Its Internet-Connected Fish Tank Thermometer

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

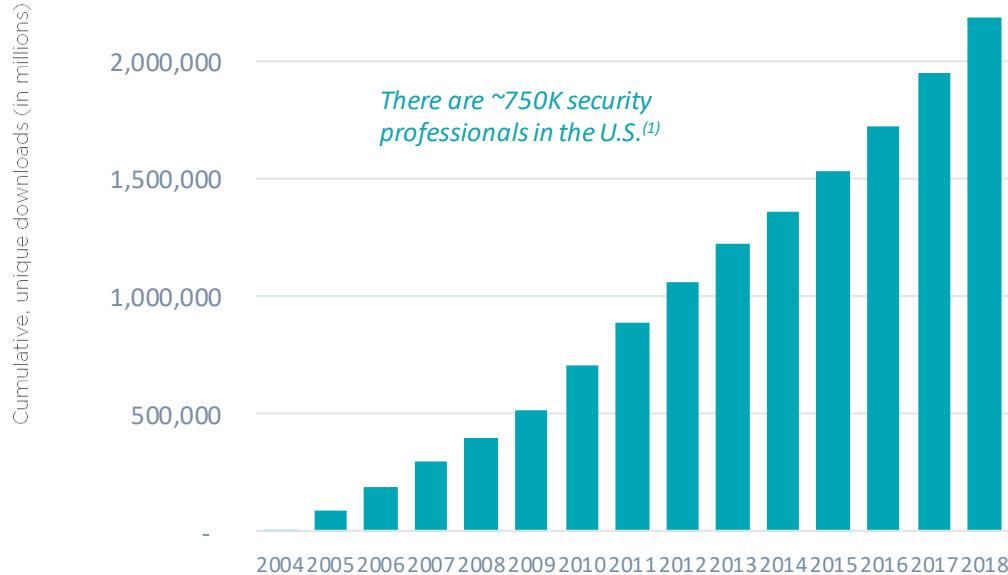


Technology Ecosystem Enhances Platform Value

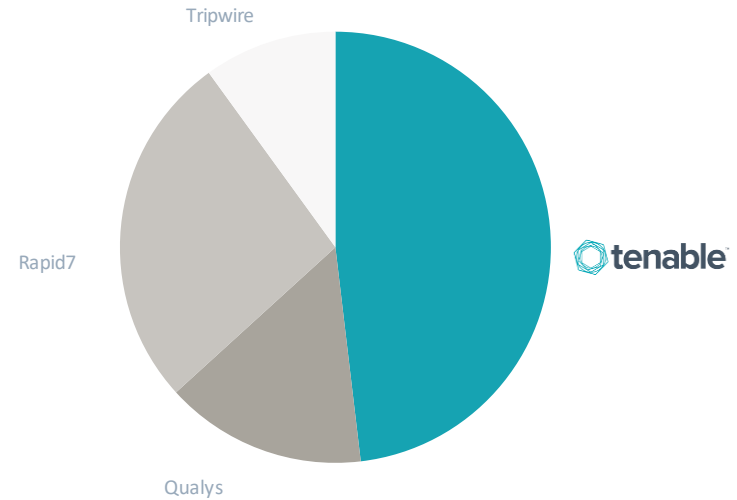


Deeply Trusted Brand Amongst Large Global Community

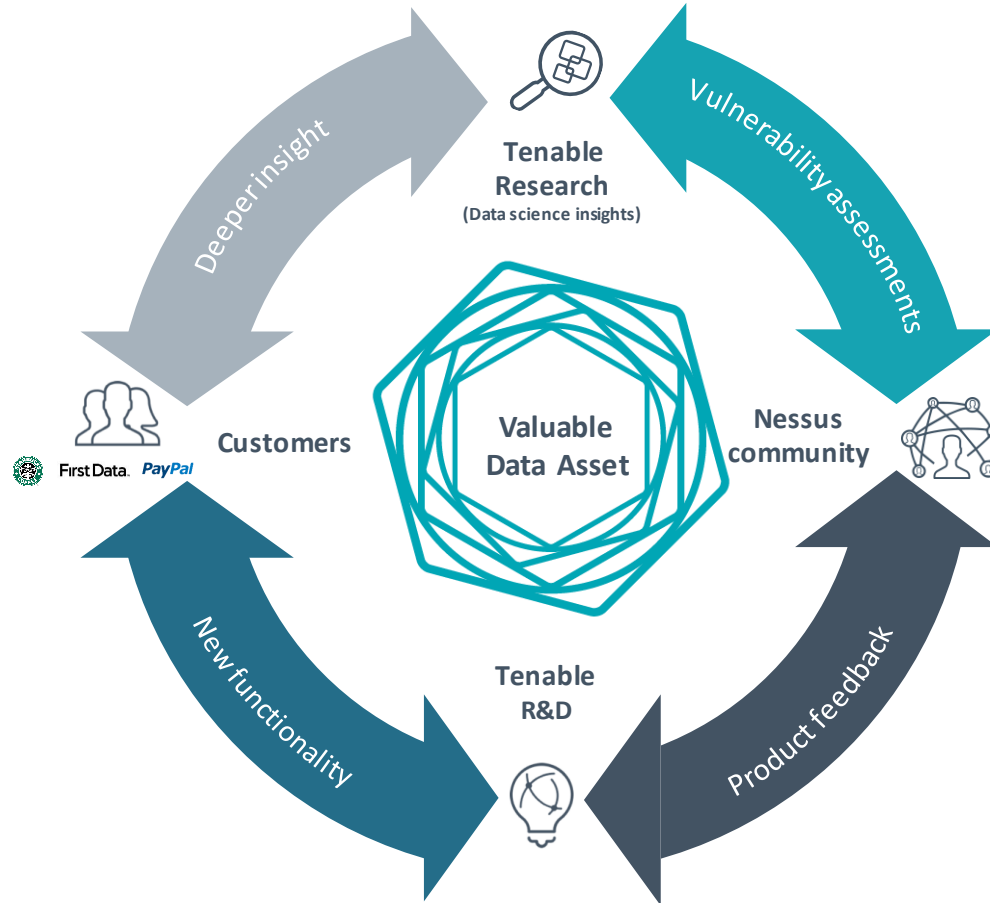
Over 2M cumulative, unique downloads of
Free Nessus globally⁽¹⁾



Vulnerability management skills
on LinkedIn



Data Asset Drives Significant Network Effects



Tenable Can Be the System of Record for Security



HR



CRM



IT

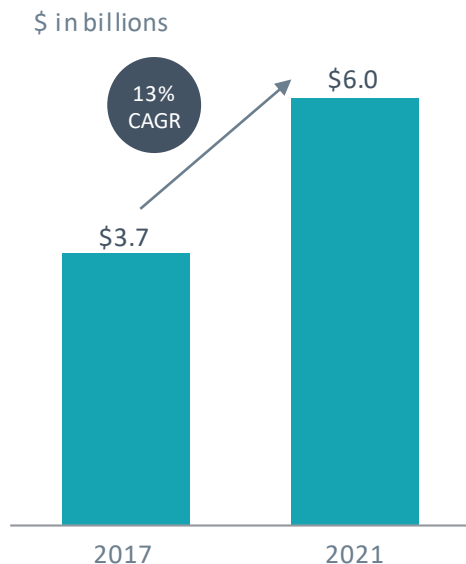


SECURITY

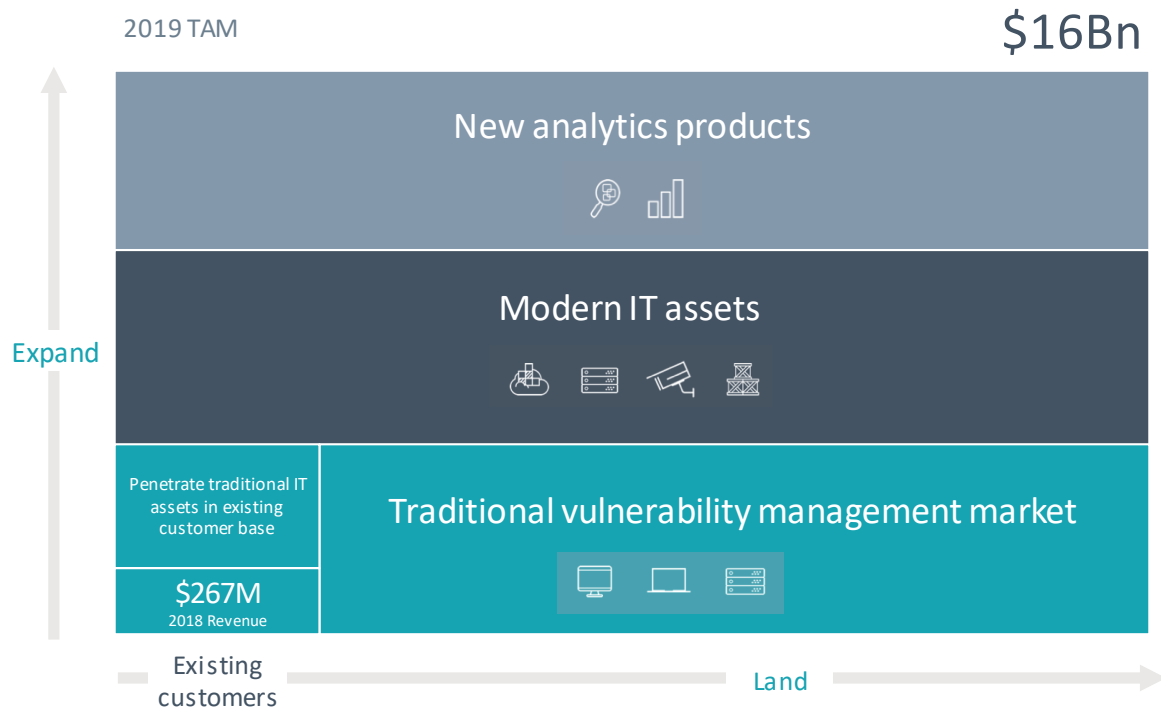


Large and Underpenetrated TAM

Traditional vulnerability management market⁽¹⁾

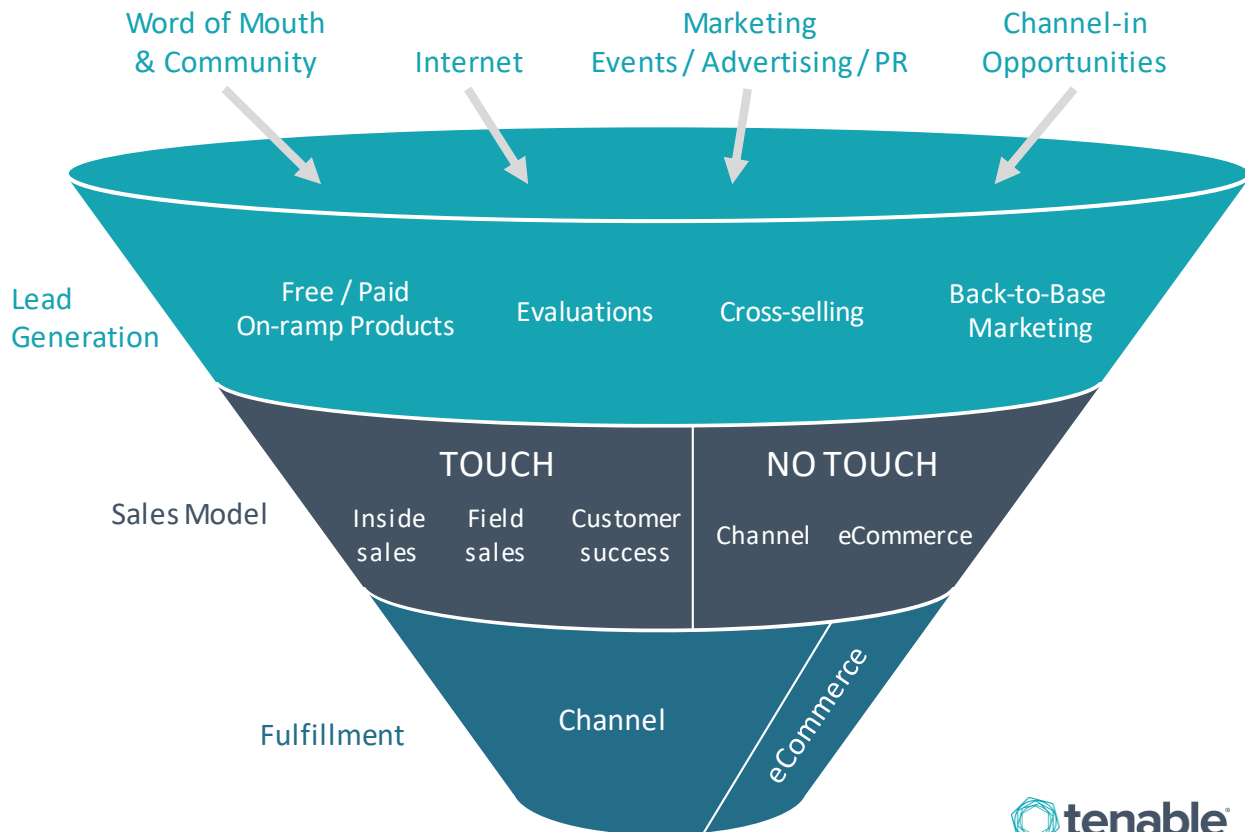


Bottoms-up analysis



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

WELLS
FARGO



AMERICAN EAGLE

DARDEN

KOHL'S

O'Reilly AUTO PARTS



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

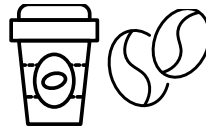
Highly Dynamic Cloud Environment

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



ACCEL
PARTNERS

INSIGHT
VENTURE PARTNERS

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

May 2019

Financial Highlights



Rapid, recurring revenue growth at scale



Balance and diversified model

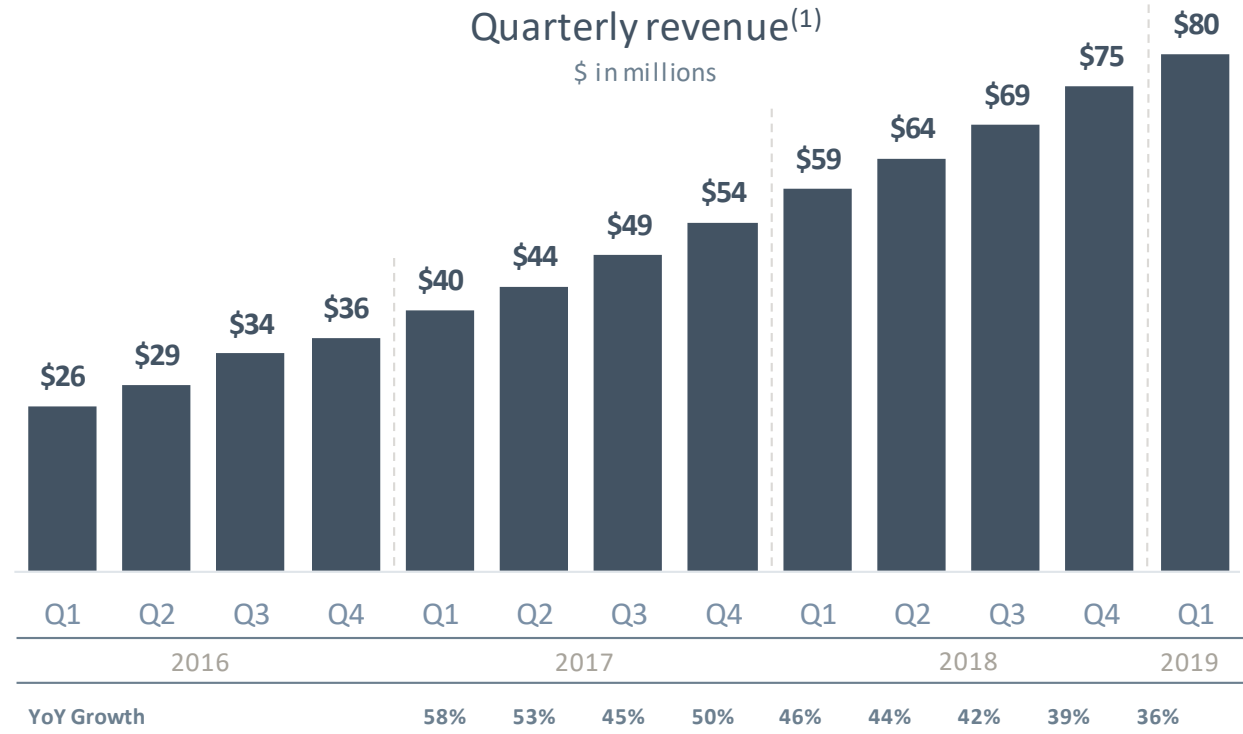
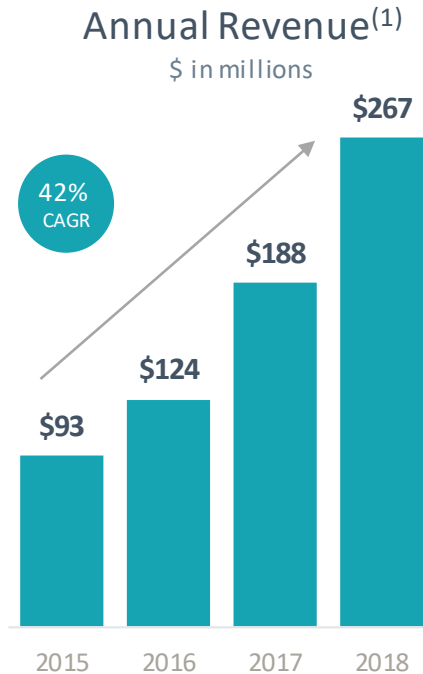


Land-and-expand model



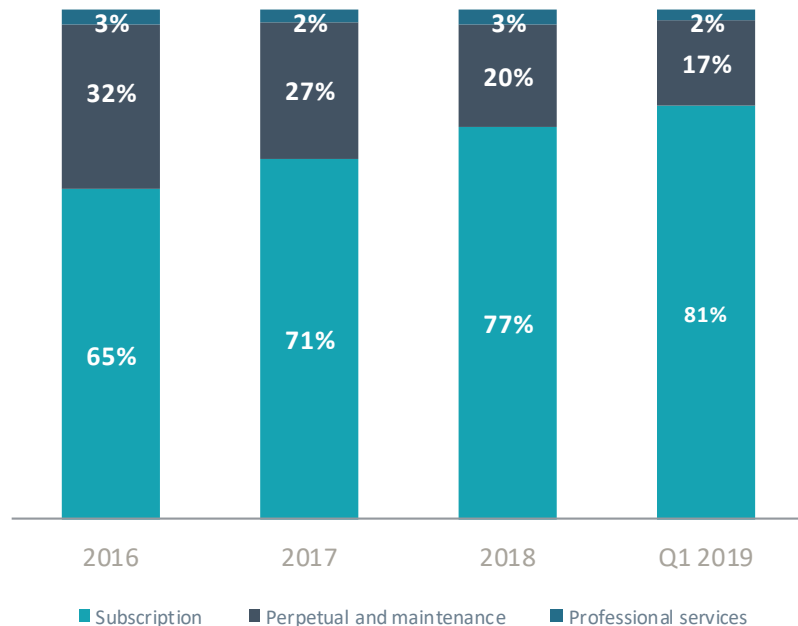
Capital efficient business

Rapidly Growing Revenue



Composition of Revenue

% Revenue by line item⁽¹⁾⁽²⁾



% Recurring⁽¹⁾



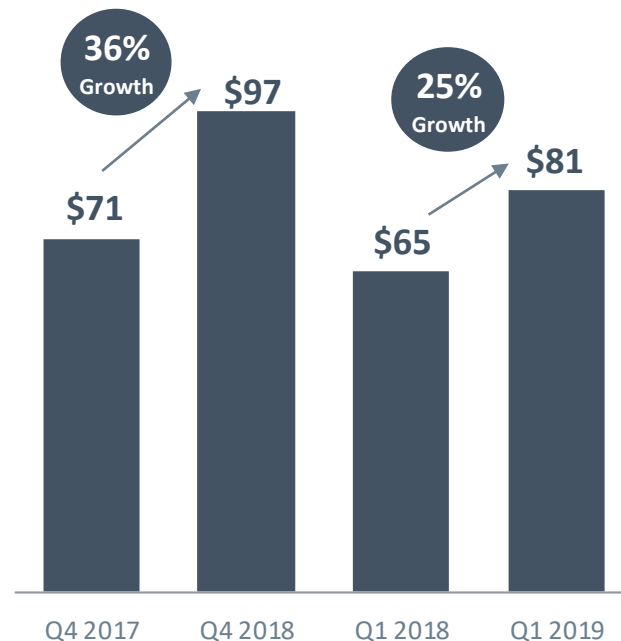
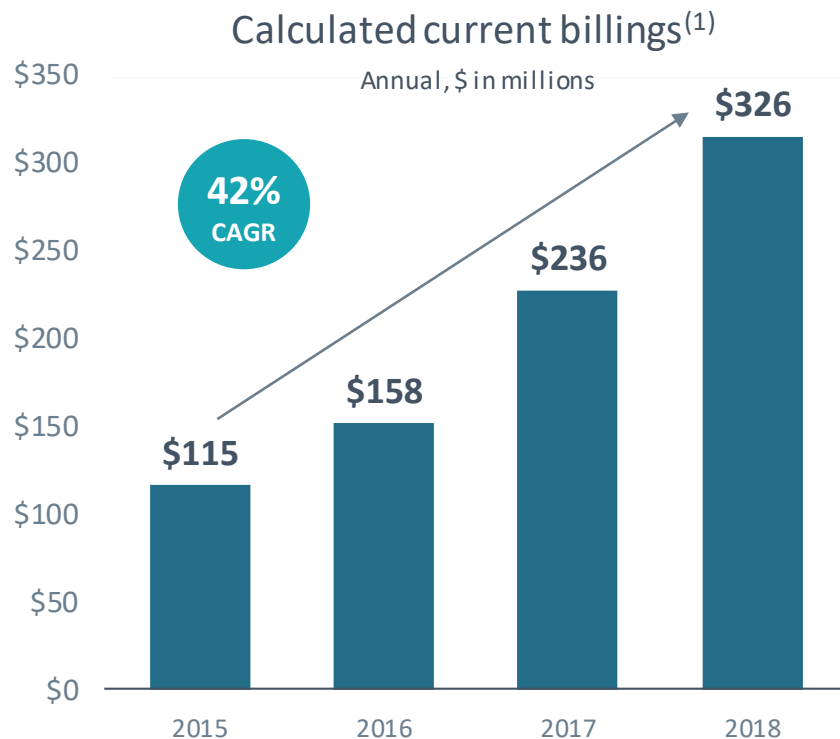
2016 & 2017



2018 & 2019

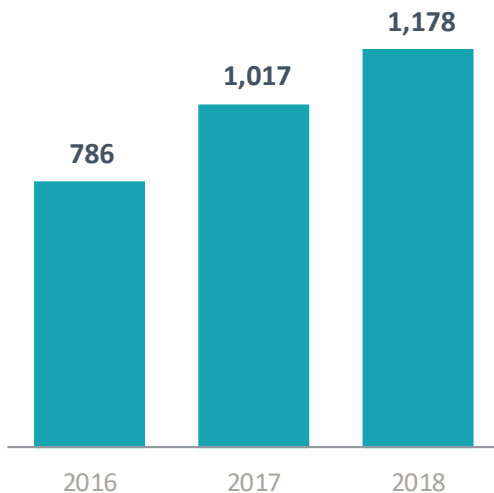
1. We adopted ASC 606 on January 1, 2017 using the modified retrospective method. The 2015 and 2016 consolidated statements of operations were not adjusted for the adoption of ASC 606.
2. Maintenance revenue was \$26 million in 2016, \$29 million in 2017, \$33 million in 2018 and \$8.4 million in Q1 2019.

Strong Growth in Calculated Current Billings

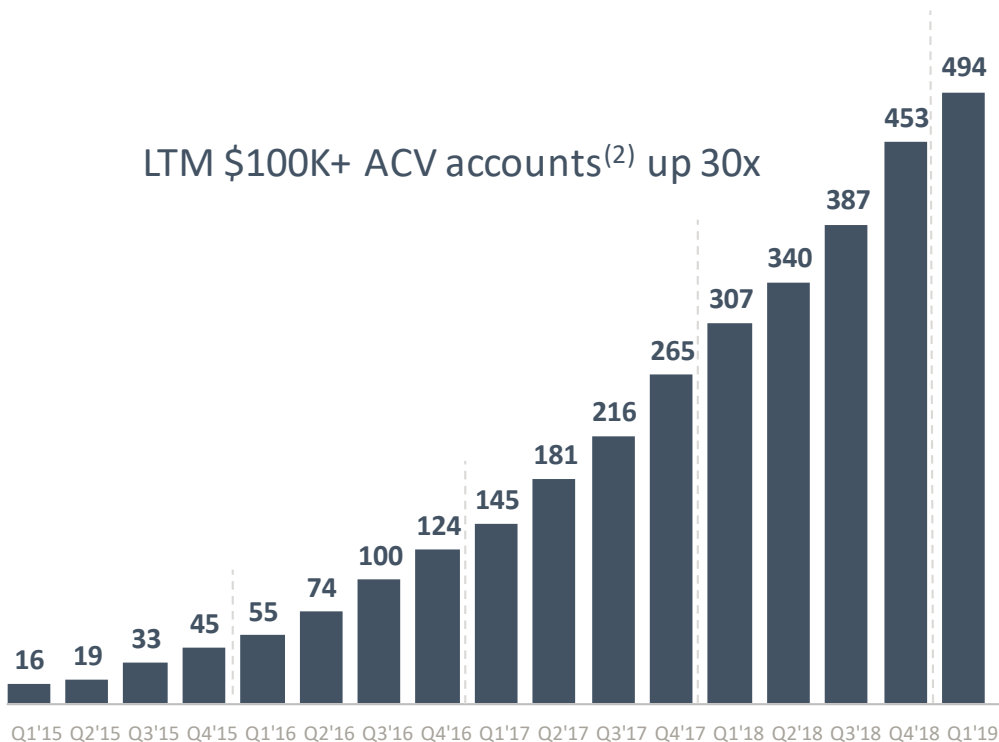


Landing Higher Value Customers

New logo enterprise platform customers⁽¹⁾



LTM \$100K+ ACV accounts⁽²⁾ up 30x

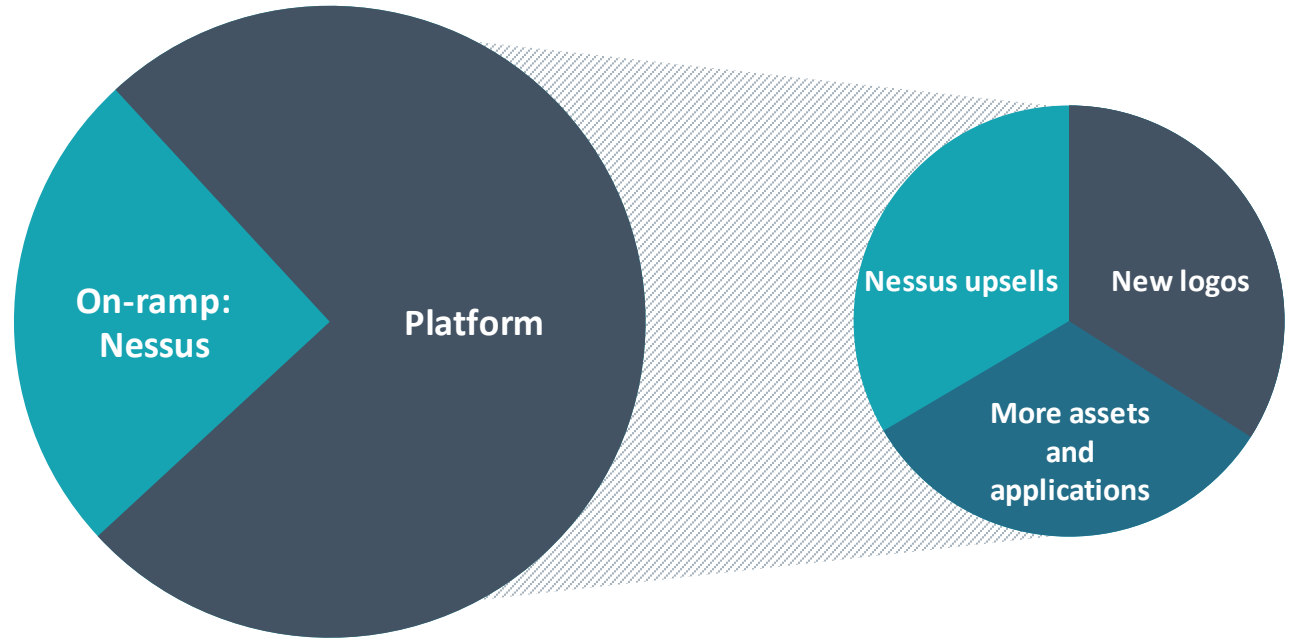


1. Chart represents new enterprise platform customer acquisitions excluding upsells. Enterprise platform customer defined as a customer that has licensed Tenable.io or Tenable.SC for an annual amount of \$5,000 or greater.
2. Chart represents the number of customers with \$100K and greater of annual 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
- ~90% recurring revenue⁽¹⁾



1. Recurring revenue figure for 2018/Q1 2019.

Income Statement and Cash Flow Highlights

~85%

Gross margin

~30%

Investment in R&D

Modest cash burn

(in thousands)	Three Months Ended March 31,			
	2019	% of Rev	2018	% of Rev
Revenue	\$ 80,301		\$ 59,107	
Cost of revenue	13,226		8,728	
Gross profit	67,075	84%	50,379	85%
Operating expenses:				
Sales and marketing	52,689	66%	39,588	67%
Research and development	21,935	27%	17,185	29%
General and administrative	15,136	19%	9,055	15%
Total operating expenses	89,760	112%	65,828	111%
Loss from operations	\$ (22,685)	(28%)	\$ (15,449)	(26%)
Net cash (used in) provided by operating activities	\$ (874)		\$ 504	
Purchases of property and equipment	(2,306)		(1,596)	
Free cash flow	\$ (3,180)		\$ (1,092)	

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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	Q4 2017	Q4 2018	Q1 2018	Q1 2019
Revenue	\$93,466	\$124,371	\$187,727	\$267,360	\$54,117	\$75,221	\$59,107	\$80,301
Add: Deferred revenue (current), end of period	54,721	88,011	154,898	213,644	154,898	213,644	160,503	214,508
Less: Deferred revenue (current), beginning of period ⁽¹⁾	(33,163)	(54,721)	(107,006)	(154,898)	(137,521)	(191,578)	(154,898)	(213,644)
Calculated current billings	\$115,024	\$157,661	\$235,619	326,106	\$71,494	\$97,287	\$64,712	\$81,165

1. In connection with adopting ASC606, 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.

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.