

# Citrix Financial Analyst Meeting

October 24, 2019

# Safe Harbor and Non-GAAP Financial Measure Provisions

This presentation contains forward-looking statements made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The forward-looking statements in this presentation do not constitute guarantees of future performance. Investors are cautioned that statements in this presentation, which are not strictly historical statements, including, without limitation, statements regarding management's plans, objectives and strategies, statements regarding the evolution of the Workspace market and the potential of Citrix Workspace, statements regarding expanding our customer- and user-base, expanding Citrix's relevance beyond virtualization solutions, statements related to increasing average transaction size and our SaaS customer-base, statements related to increasingly becoming a strategic partner to our customers, statements related to the acceleration and growth of our business, including growth exceeding the rate of growth in our core markets, statements regarding our financial strategy, including expanding gross margin, acceleration of revenue growth, growth in future committed revenue and free cash flow per share growth, statements about long-term financial targets for fiscal year 2022, fiscal year 2024 and post-transition, including subscription revenue as a percentage of total revenue, subscription bookings as percentage of product bookings, year-over-year revenue growth and non-GAAP operating margin, and statements related to ARR constitute forward-looking statements. Such forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated by the forward-looking statements, including, without limitation, risks associated with our ability to advance our subscription business model transition, including our ability to deepen our subscription customer relationships; our ability to grow the percentage of subscription bookings and paid subscribers; our ability to forecast our future financial performance during our business model transition, including free cash flow; our ability to continue to grow the company's Workspace business and continued demand for Citrix Workspace; our ability to accelerate revenue growth, expand gross margin, grow future committed revenue and grow free cash flow per share; the impact of the global economic and political environment on our business, volatility in global stock markets, foreign exchange rate volatility and uncertainty in IT spending; the risks associated with maintaining the security of our products, services, and networks, including securing customer data, and the risks associated with our recent cyber security incident; changes in Citrix's pricing and licensing models, promotional programs and product mix, all of which may impact Citrix's revenue recognition; our ability to expand our customer base and attract more users within our customer base; the introduction of new products by competitors or the entry of new competitors into the markets for Citrix's products and services; the concentration of customers in Citrix's networking business; the company's ability to innovate and develop new products and services while growing its established virtualization and networking products and services; changes in our revenue mix towards products and services with lower gross margins; seasonal fluctuations in the company's business; failure to execute Citrix's sales and marketing plans; failure to successfully partner with key distributors, resellers, system integrators, service providers and strategic partners, such as Microsoft; transitions in key personnel and succession risk; the company's ability to maintain and expand its business in large enterprise accounts and reliance on large service provider customers; the size, timing and recognition of revenue from significant orders; the success of investments in its product groups, foreign operations and vertical and geographic markets; the ability of Citrix to make suitable acquisitions on favorable terms in the future; risks associated with Citrix's acquisitions and divestitures, including failure to further develop and successfully market the technology and products of acquired companies, failure to achieve or maintain anticipated revenues and operating performance contributions from acquisitions, which could dilute earnings; the recruitment and retention of qualified employees; risks in effectively controlling operating expenses, and our ability to improve our operating margin; ability to effectively manage our capital structure and the impact of related changes on our operating results and financial condition; the effect of new accounting pronouncements on revenue and expense recognition; failure to comply with federal, state and international regulations; litigation and disputes, including challenges to our intellectual property rights or allegations of infringement of the intellectual property rights of others; the ability to maintain and protect our collection of brands; charges in the event of a write-off or impairment of acquired assets, underperforming businesses, investments or licenses; international market readiness, execution and other risks associated with the markets for Citrix's products and services; risks related to servicing our debt; risks of political uncertainty and social turmoil; and other risks detailed in Citrix's filings with the Securities and Exchange Commission. Citrix assumes no obligation to update any forward-looking information contained in this presentation or with respect to the announcements described herein.

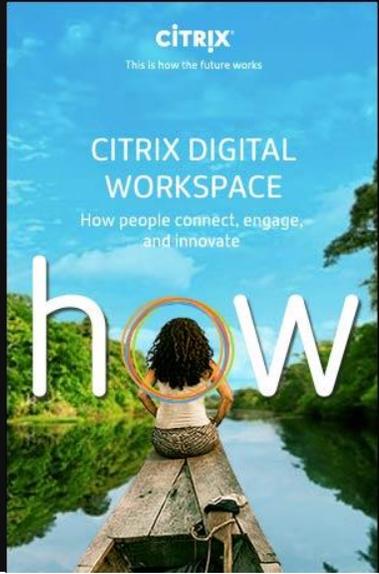
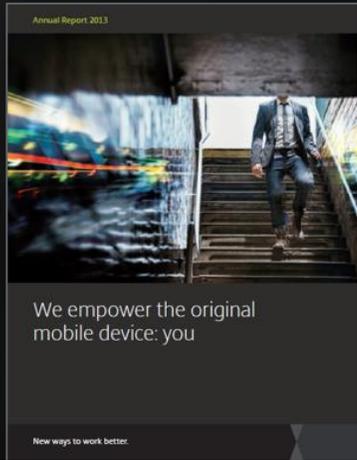
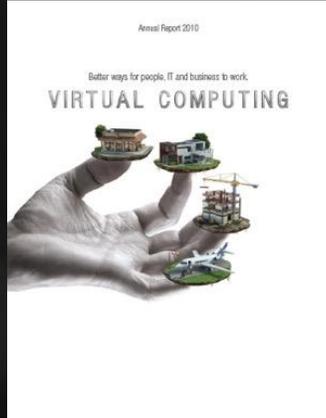
Additionally during this presentation, we may discuss various non-GAAP financial measures as defined by the SEC's Regulation G. More information on the non-GAAP financial measures used in this presentation can be found in the earnings press release issued today and on the Investor Relations page of our corporate website at [www.citrix.com/investors](http://www.citrix.com/investors).

\* All financial data has been adjusted to reflect continuing operations

# Citrix Vision & Strategy

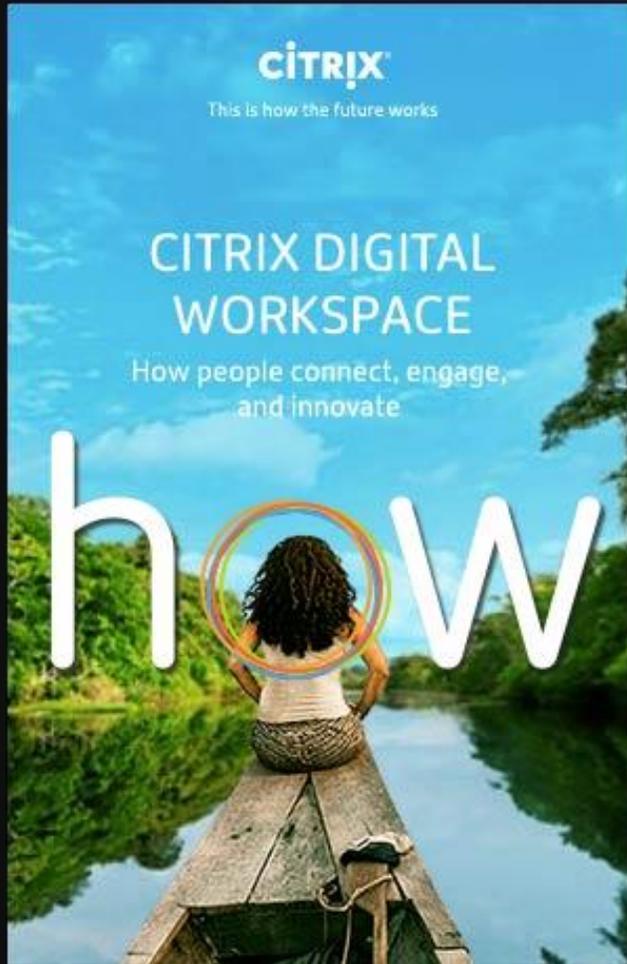
**David Henshall**

President & Chief Executive Officer



1989

2019



2019

100+ Countries

400,000+ Customers

99% of the Fortune 100

100M Users

10,000 Tech Partners

\$3 Billion in annual Revenue<sup>1</sup>

\$672M Subscription ARR<sup>2</sup>

40% Subscription ARR Growth<sup>2</sup>

60-65% Subscription Bookings mix<sup>1</sup>

15%+ Future Committed Revenue<sup>1</sup>

# Why Demand for Citrix Has Accelerated

- Value proposition has expanded with the Citrix Workspace platform – growing TAM
- Long-tenured customer base continues to grow their spend with us – multiple products
- Penetration within existing customers is growing – new virtualization seats
- Continue to add new customers – 3,500 added YTD
- Citrix subscription delivers greater value and simplicity – higher ARPU

# The largest companies rely on Citrix

## Healthcare



**Top 10:** Healthcare Companies

**Top 10:** Pharmaceutical Companies

## Manufacturing



**Top 10:** Automotive

**Top 10:** Chemical

**Top 10:** Computer and Electronics

**Top 10:** Aerospace and Defense

## Financial Services



**Top 10:** Largest Banks

**Top 10:** Investment Companies

**Top 10:** Property Insurance Companies

**Top 10:** Life Insurance Companies

## Public Sector



**Top 5:** Largest US Gov't Agencies

**Top 10:** Largest US Cities

**Top** EMEA Central Government Agencies

## Education



**Top 10:** Highest Ranked Universities

All US "Big Ten" Universities

**Top 10:** Largest US School Districts

## Cloud Providers



**Top 4 out of 5** clouds

**Top 5:** E-commerce Sites

**15 of Top 20** Telco Companies

**>80%** World's Music Downloads

# ... because we address major business challenges

## Business agility



Market expansion & acquisitions  
New business relationships  
Continuity of operations

## Customer loyalty



Personalized service  
Improved satisfaction  
Seamless across channels

## Employee productivity



Employee engagement  
High performing virtual teams  
Flexible, collaborative spaces

## Security & compliance



Simpler security operations  
Remediation & response  
Compliance management

## Cost & efficiency



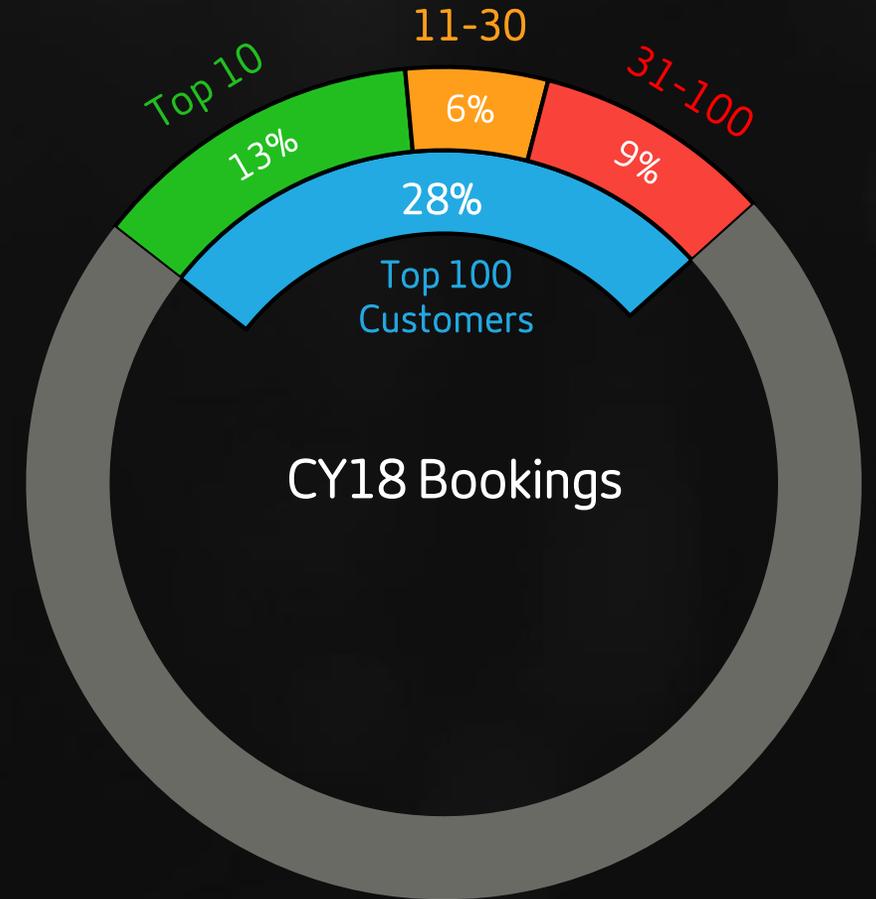
Cloud scale and economics  
Unified control & management  
Data center modernization

# Citrix's largest customers are very loyal

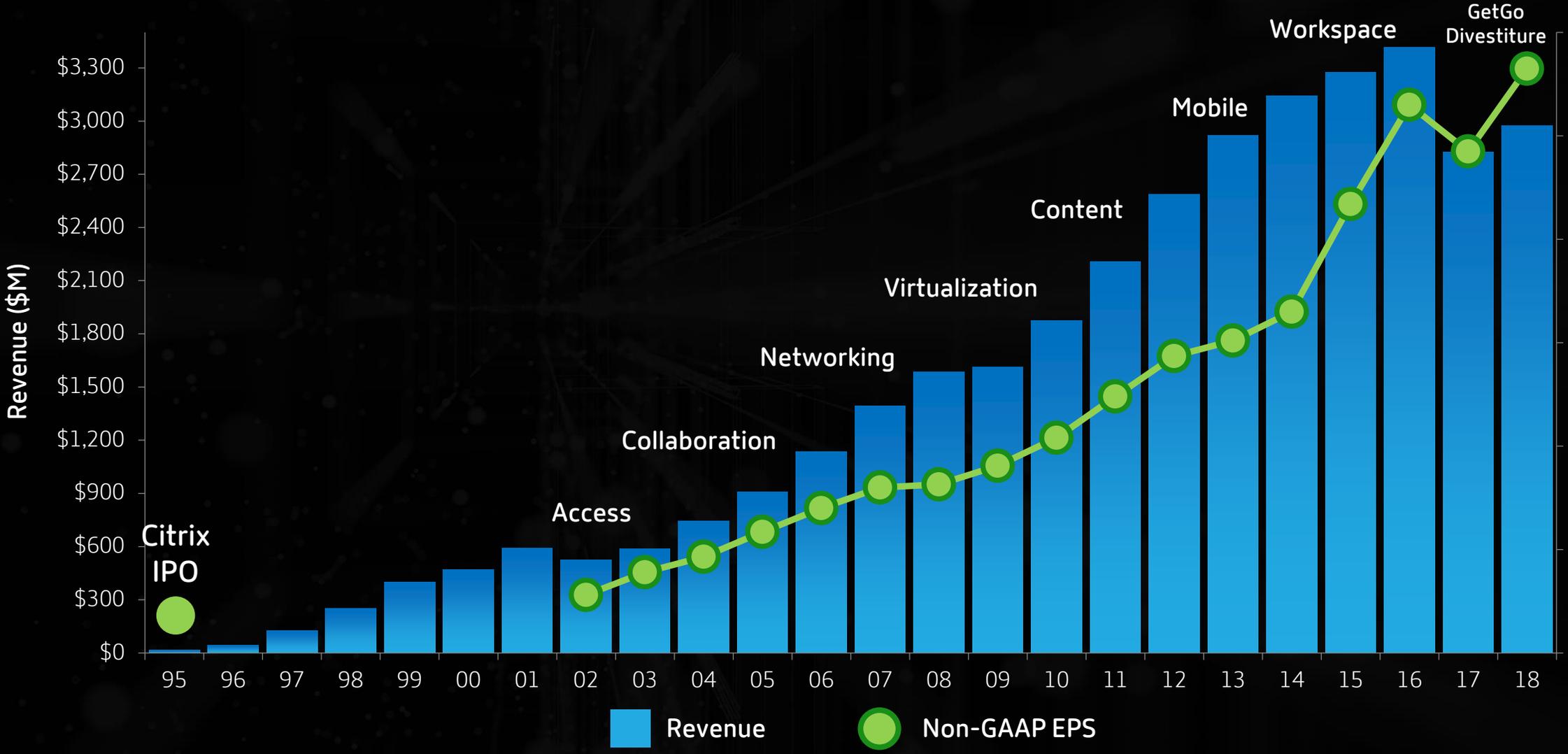
Top 100 Customers by 2018 Bookings

	Top 10 Customers	11-30 Customers	31-100 Customers
# of 10 Year+ Tenured Customers	10	20	68

Added 3,500+ new customers YTD  
as base continues to expand



# Citrix: History of growth and value creation



Numbers prior to 2018 have not been recast to reflect adoption of accounting standard ASC606

# Strategic Motions

From products  
to platform

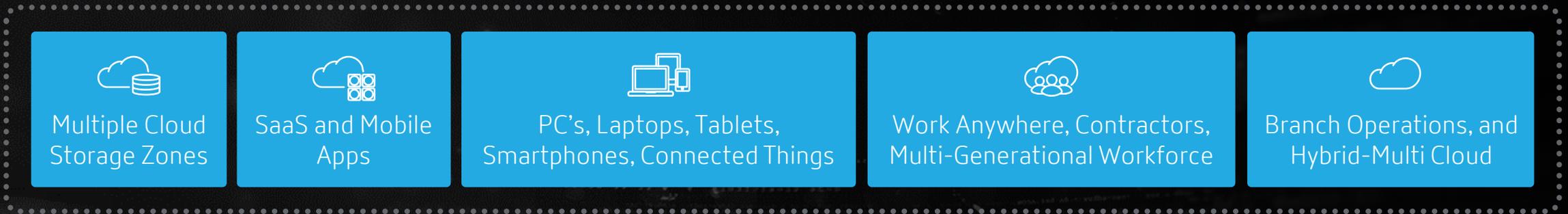


From on-prem  
to cloud

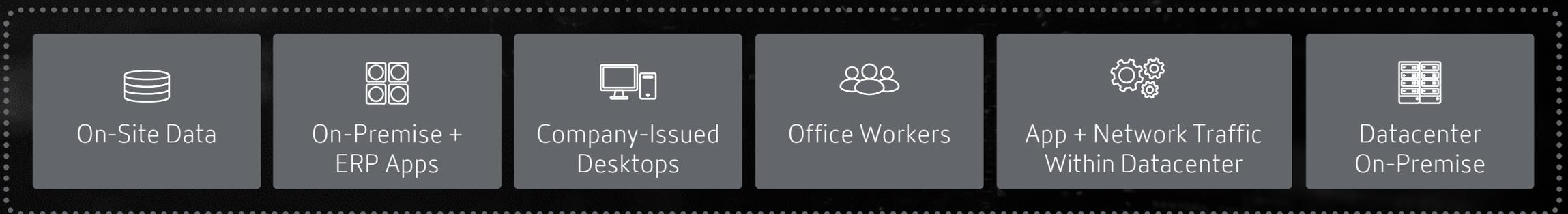


From perpetual  
to subscription

# Diversity of apps, devices, and work styles

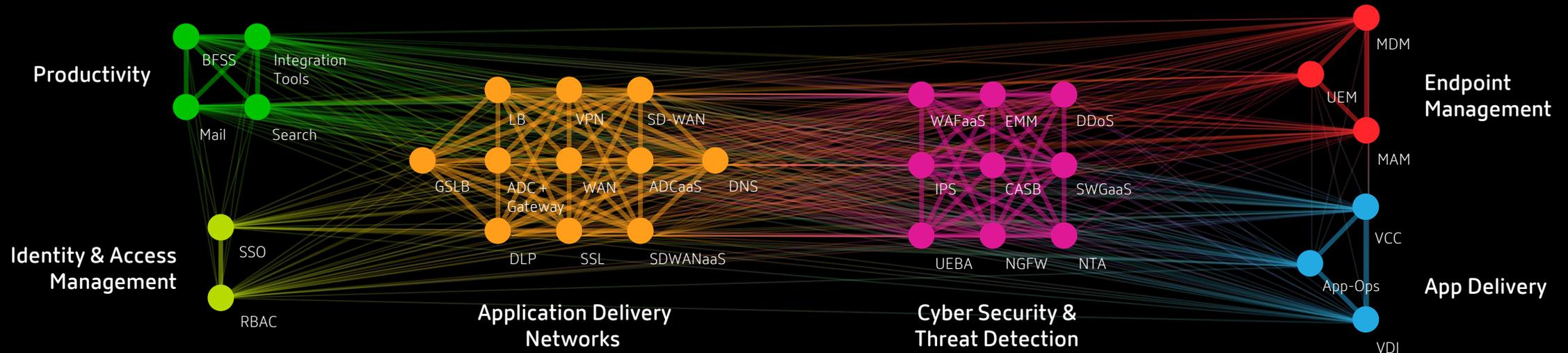


Cloud / Mobile Era



# Leading to Complex Webs of Niche Products

IT has cobbled together a host of point solutions that have added more cost, complexity, and unpredictability to modern IT infrastructure



Driving customer need for more unified solutions

The typical enterprise uses  
more than 500+ apps

90% of today's applications  
will still be in use in 4 years

... And that complexity adds up.

**\$1000**

per user / per year

estimated customer spending  
on these niche solutions

... in addition to the cost of  
running traditional IT

New work models are replacing  
traditional work models

Attracting and retaining  
the best employee talent  
wherever it may be



Enabling  
employees to do  
their best work

Employee Experience = Productivity + Engagement

# Workplace technology directly affects productivity, innovation, and creativity

Access to **Good** tech



Access to **Average** tech



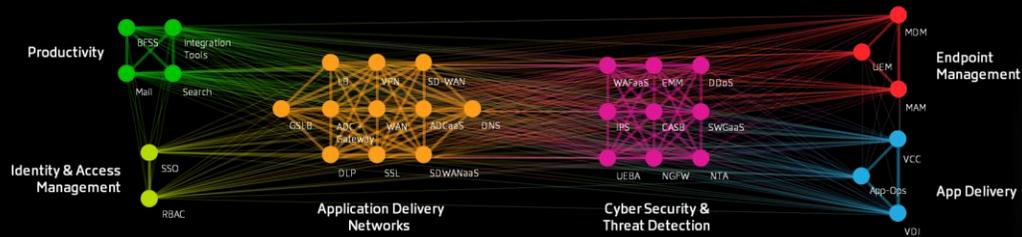
Access to **Poor** tech



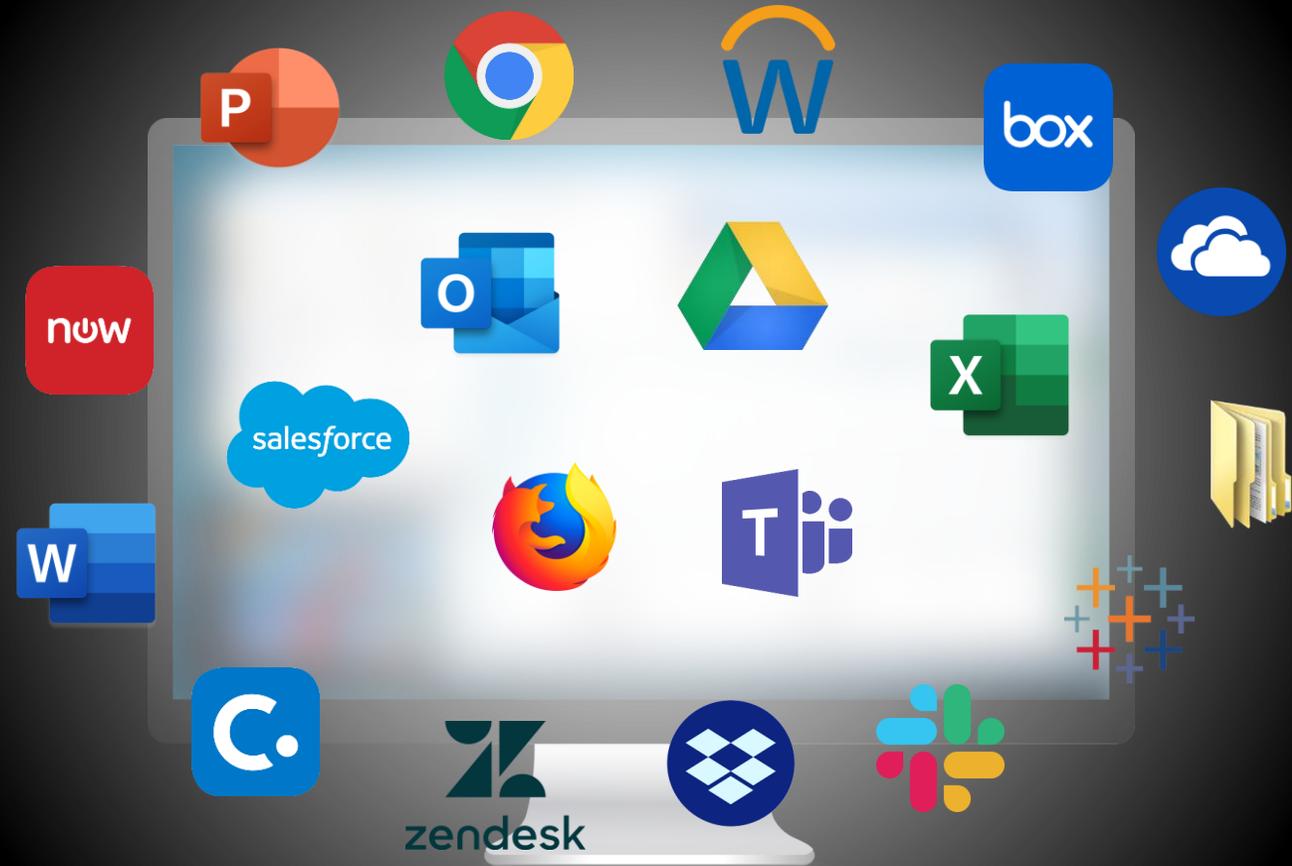


We believe  
there's a  
better way

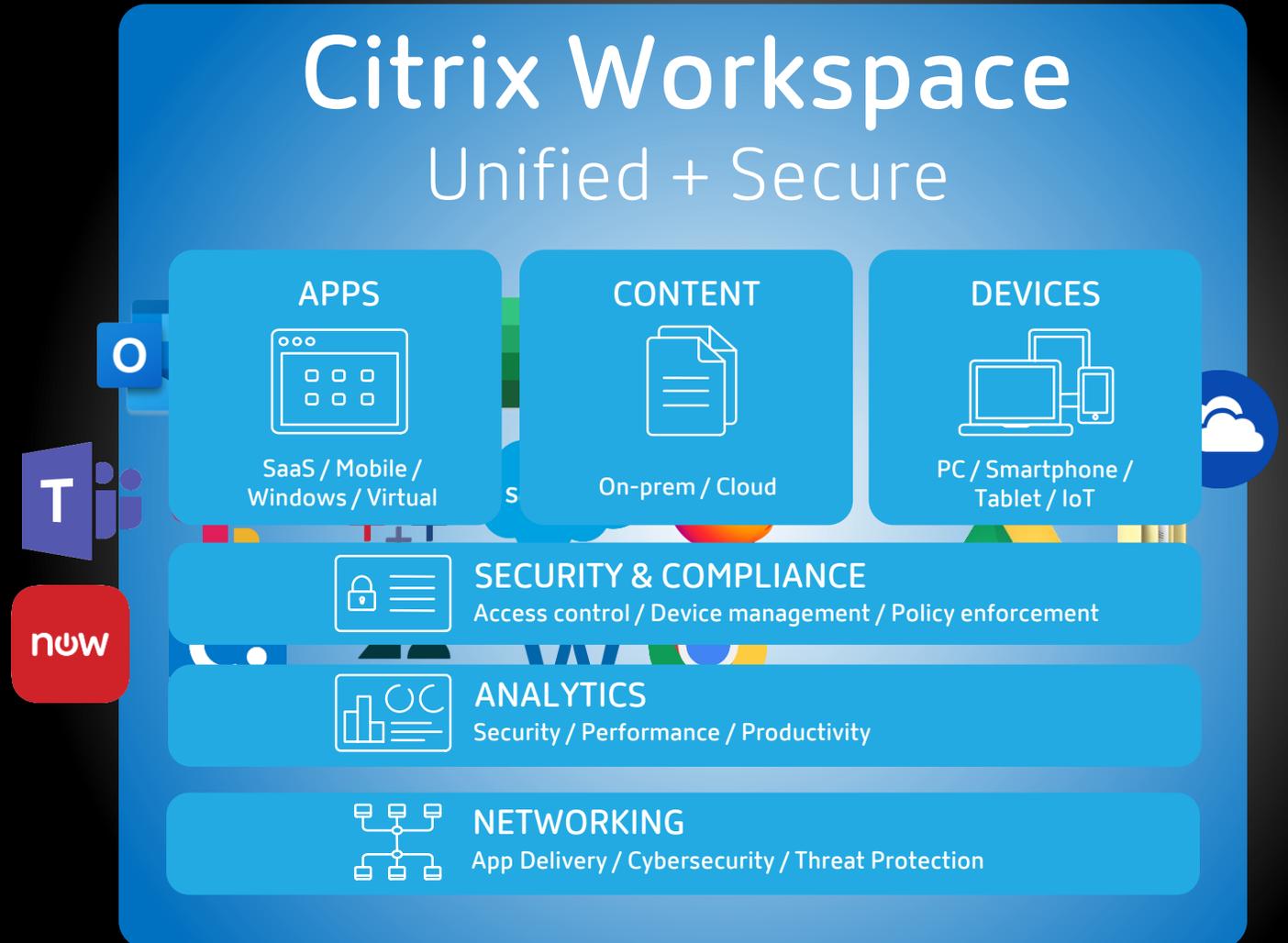
# For IT, we go from complexity...



# And for employees, we go from disconnected apps...



... to organized work



Organize work



Guide + automate work

# Citrix Workspace:

An intelligent platform for work

for all  
employees



and all  
applications



with the exponential  
value of analytics

Leverage  
automation, scale,  
and ubiquity of the  
cloud

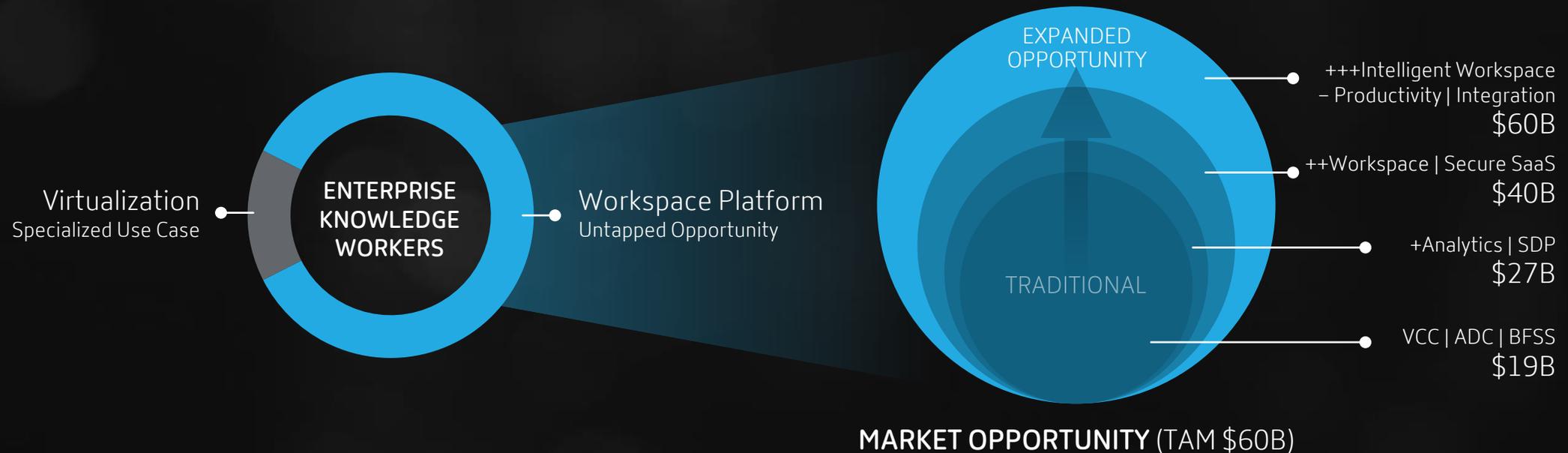


Enable agility, speed  
and efficiency required  
to manage resources  
dynamically



# Executing Strategy Grows Opportunity, Value

Product strategy roadmap addresses the question of relevance beyond virtualization, expands TAM, and accelerates growth



## From products to platforms

Extending value for  
customers and partners

## From on-prem to cloud

Supporting customers on their  
journey to cloud

## From perpetual to subscription

Growth, leverage and  
predictability



Experience

**CITRIX**

Choice

Security

# The Ecosystem & Competitive Differentiation

**PJ Hough**

EVP & Chief Product Officer

# Trends, forces and opportunities





**Move to  
the cloud**



**Enterprise  
security**



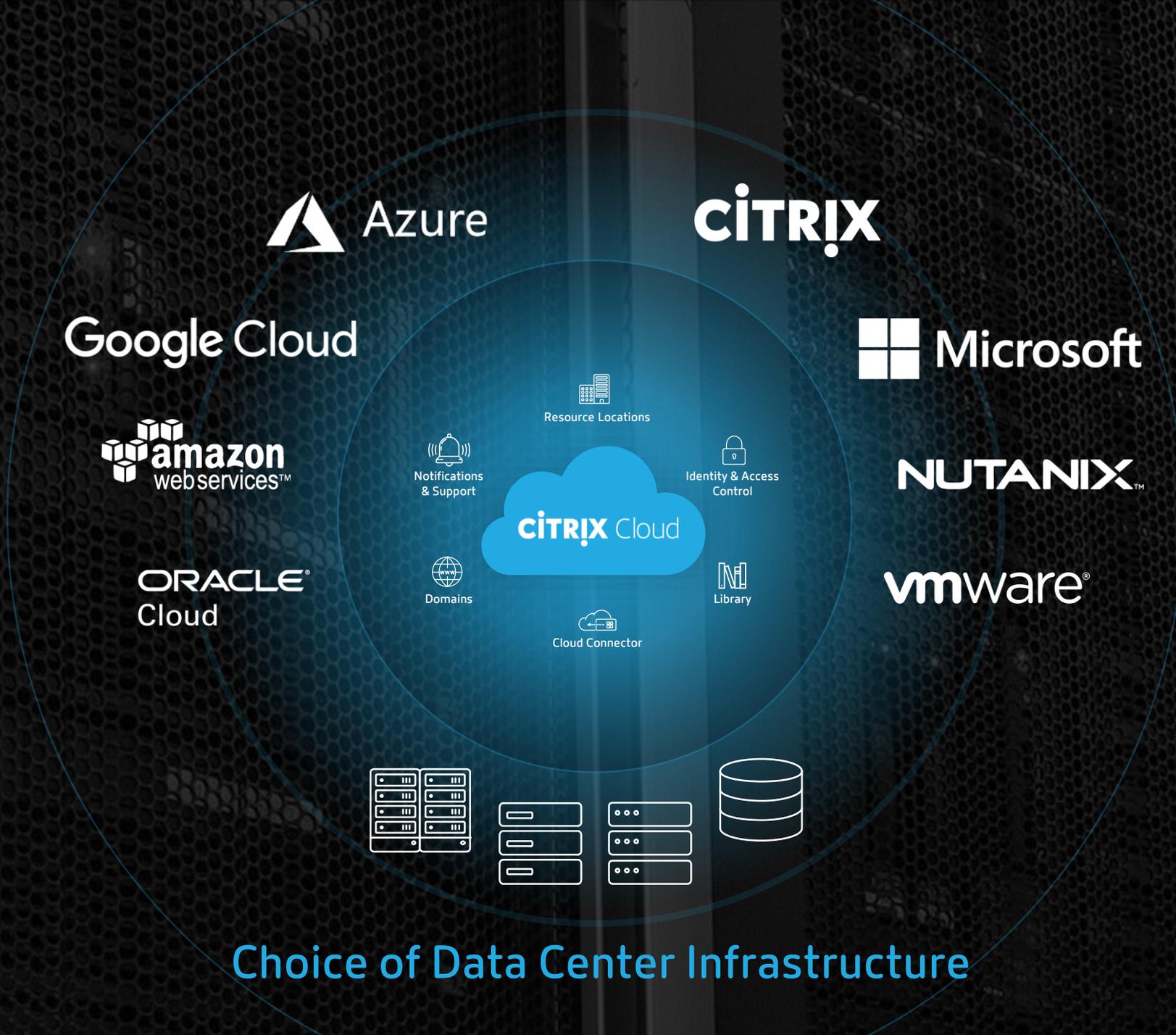
**Employee  
productivity**



# Cloud journey for existing customers

Choice of  
Clouds

Choice of  
Hypervisors



Choice of Data Center Infrastructure



Addressing quality of experience,  
employee mobility and  
enterprise security

Lack of  
productivity

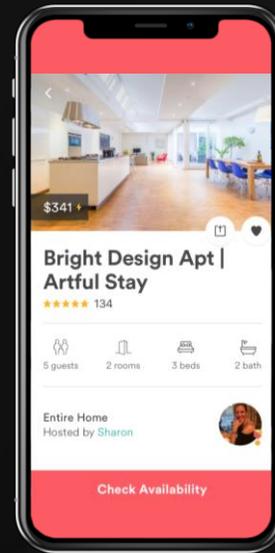


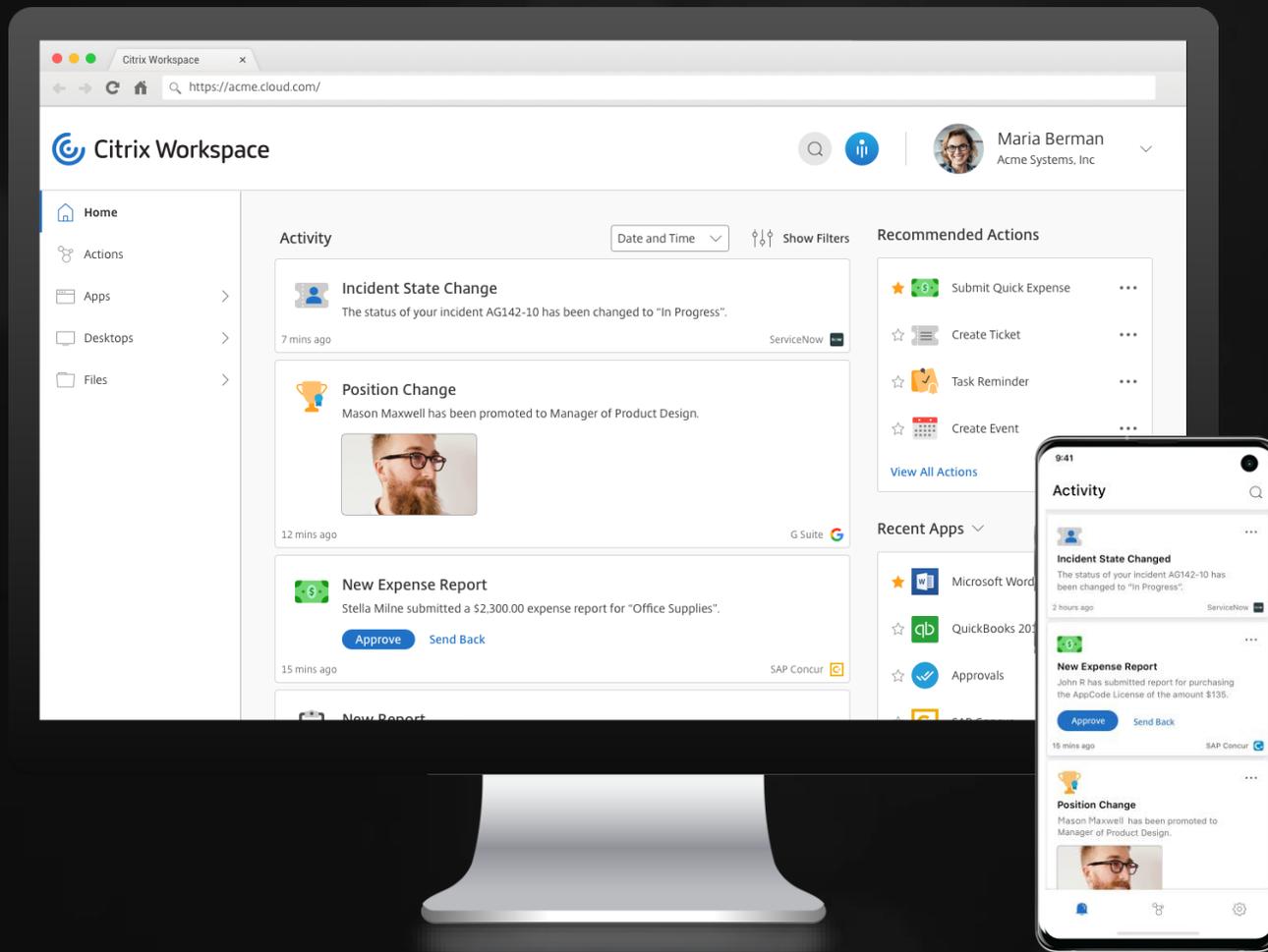
Shortage  
of talent



Low  
employee  
engagement

# Consumer experiences guiding the way





# Citrix Workspace

- One consumer-like experience across every device
- Single sign-on to all your apps and data
- Universal search
- Contextual security and performance

# Intelligent Experience

- 1 Assistant + search
- 2 Personalized feed
- 3 Recommended actions
- 4 Recent apps, files and desktops
- 5 Micro-apps

The image shows a Citrix Workspace interface with a personalized activity feed on the left and a detailed view of a 'New Report' on the right. The activity feed includes items like 'Incident State Change', 'Position Change', 'New Expense Report', 'New Report', 'New Account Update', and 'New Incident Assigned'. The 'New Report' view shows a line chart for 'ACME Sales' and a table for 'Top Sales Reps'.

### ACME Sales

Line chart showing sales from 8/31 to 10/31. The Y-axis ranges from \$0 to \$20M. The chart shows data for 2017 (grey line) and 2018 (green line). A projected value for 2018 is shown as a dashed green line, reaching \$15M by 10/31.

Date	2017	2018	Projected
8/31	\$20M	\$25M	
9/30	\$30M	\$40M	
10/31			\$15M

### Top Sales Reps

Name	Sales QTD	Quota
Andy Bernard	1	\$3M
Dwight Schrute	1	\$3M
Jim Halpert	1	\$3M
Phyllis Lapin	1	\$3M
Stanley Hudson	1	\$3M



SAP salesforce workday  
Office 365 CONCUR

SaaS + mobile apps

OneDrive Google Drive  
Dropbox box

Public cloud content

Azure Google Cloud  
amazon ORACLE  
web services Cloud

Public cloud apps

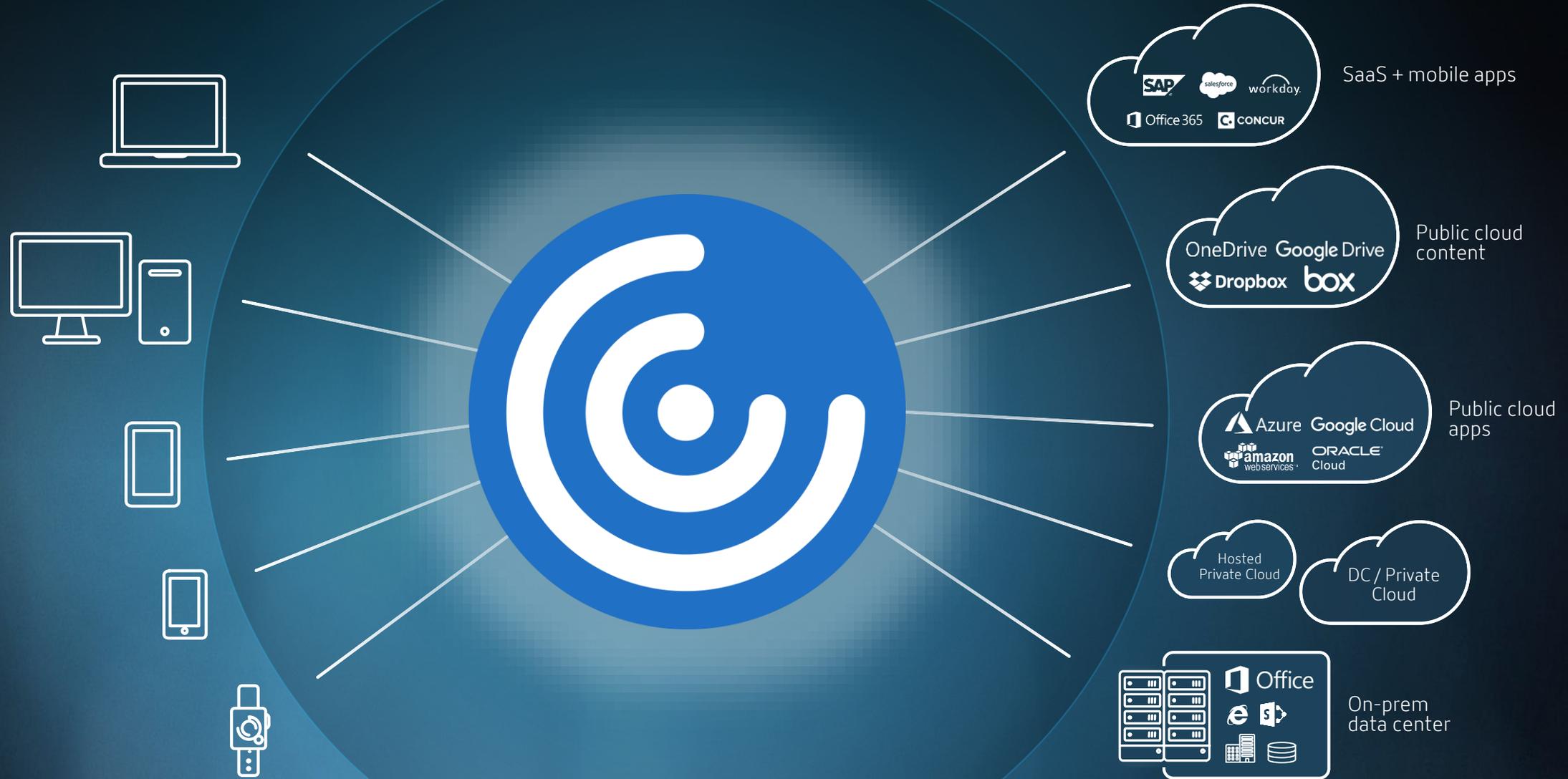
Hosted Private Cloud

DC / Private Cloud

Office  
Exchange SharePoint

On-prem data center

# Citrix Workspace



# Evolving Workspace Platform

## Workstream Collaboration



## Traditional Virtualization and EUC



# Workspace Platform

## SSO Portals



## High-Productivity App PaaS



## Content Collaboration



## Systems of Record

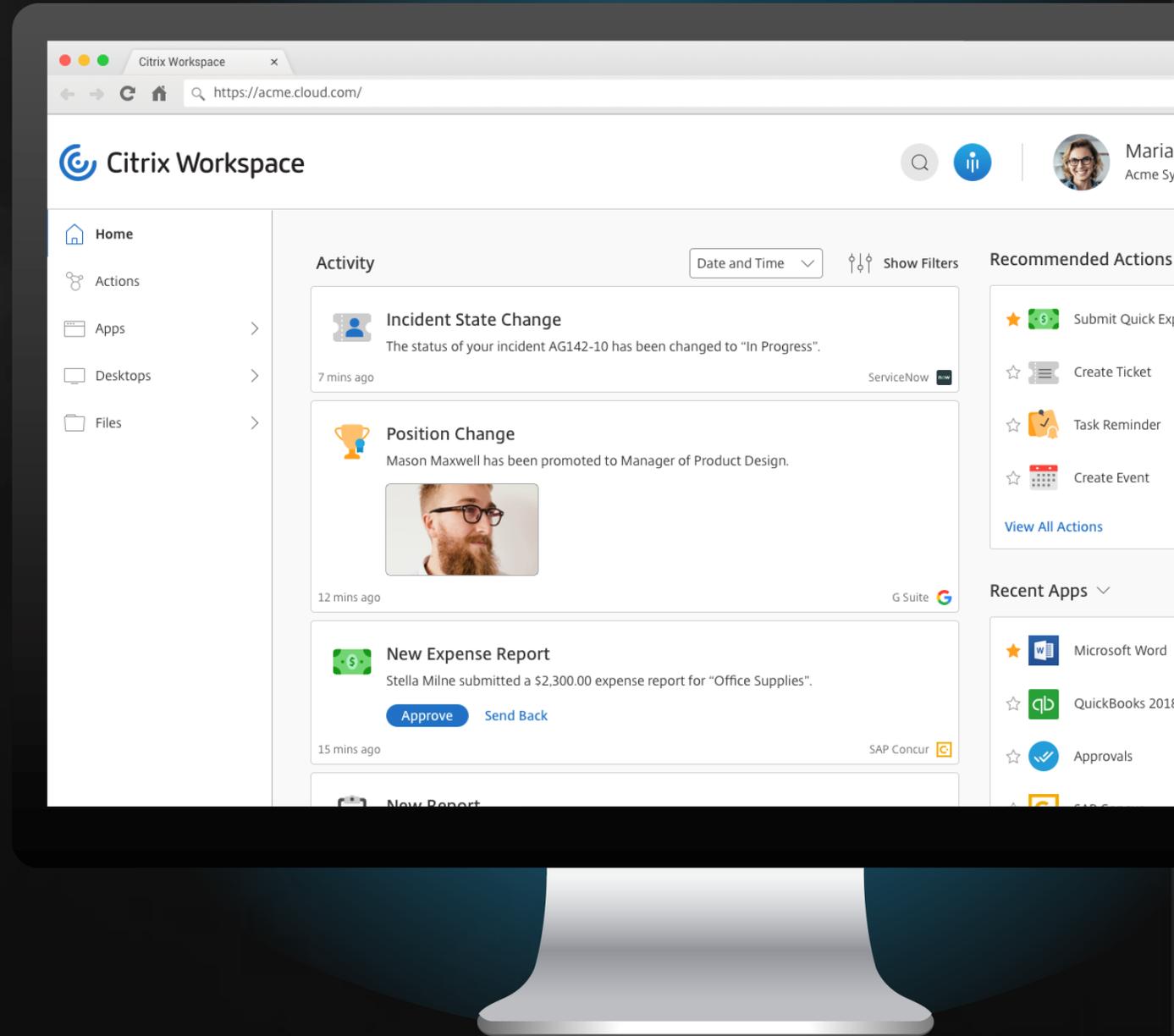


## Employee Experience Platforms



# Citrix Workspace

- Accelerates business with consistent experience and performance for all users
- Potential extensive seat expansion and growth in active use of Citrix Workspace for non-VDI users

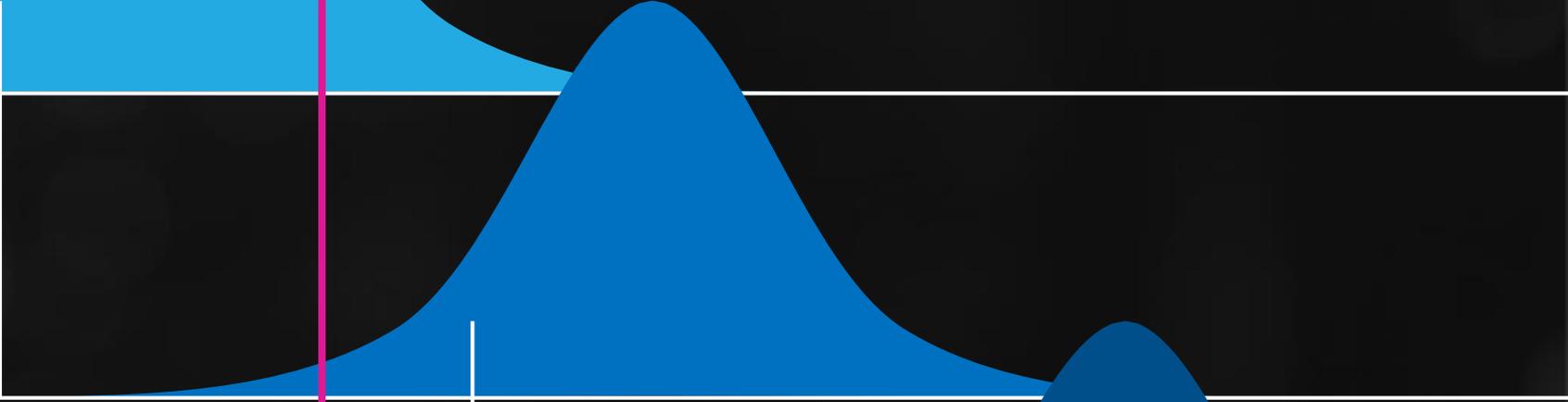


# Workspace Adoption

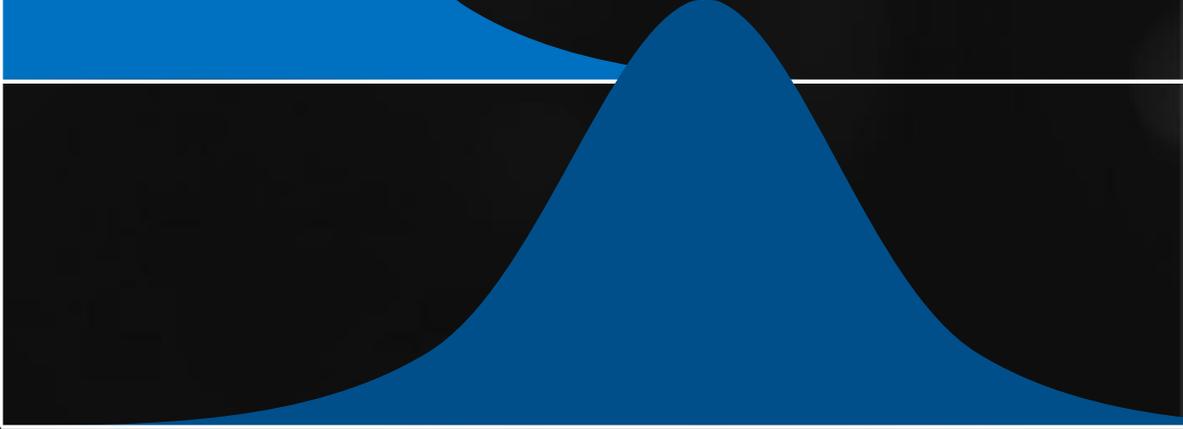
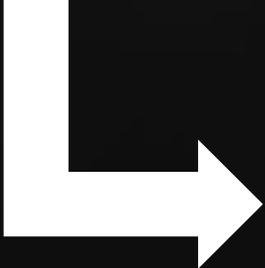
SaaS wave



Seat expansion



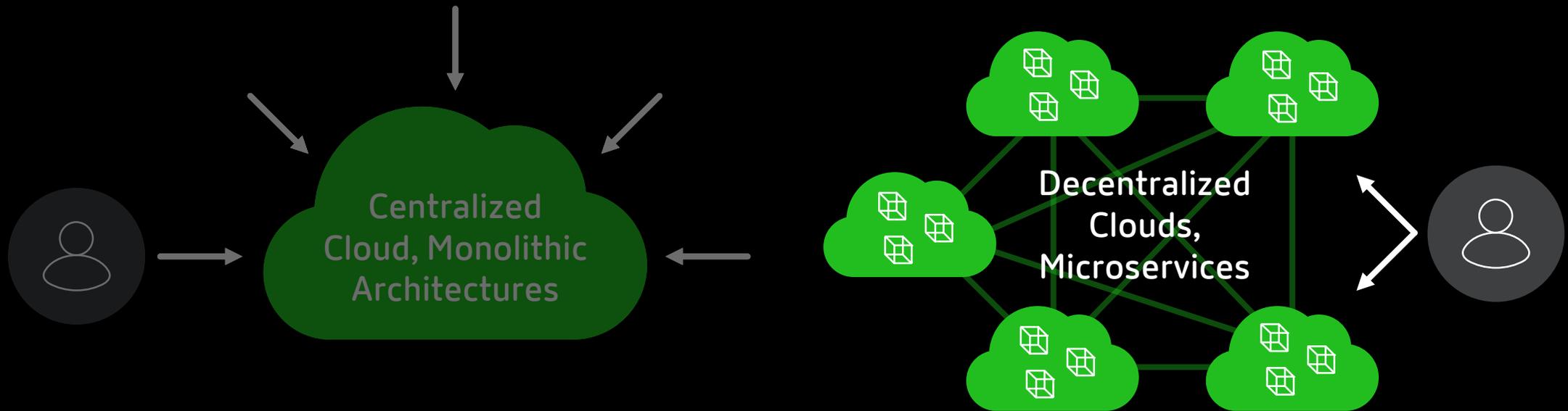
Intelligent platform for work



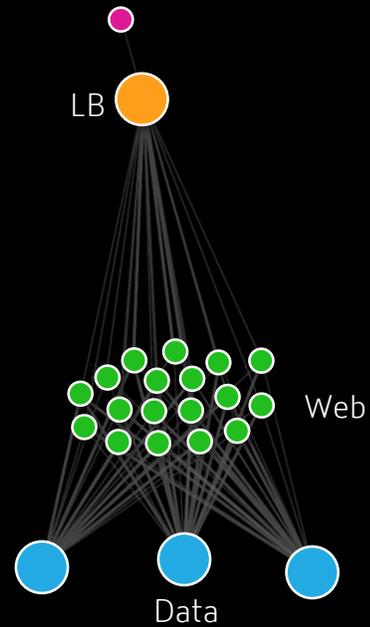
# Citrix Networking

- The industry is moving from hardware to software
- As a software company, trend benefits Citrix
- Workspace optimized to run on Citrix Networking
- Customers transitioning towards subscription model

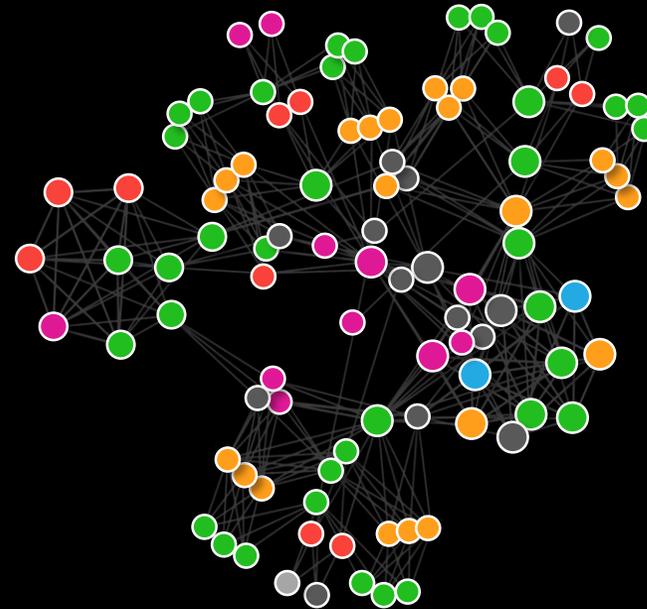
# Technology Shifts



# From Monoliths to **Microservices**



MONOLITH



MICROSERVICES

# Networking Adoption



# Analytics developments



## Understand the context of work

Inside Workspace we can surface items users are most likely to want

## Understand the work graph

We know individual users *and* who users are connected to and their behaviors

## Emerging AI + ML platforms

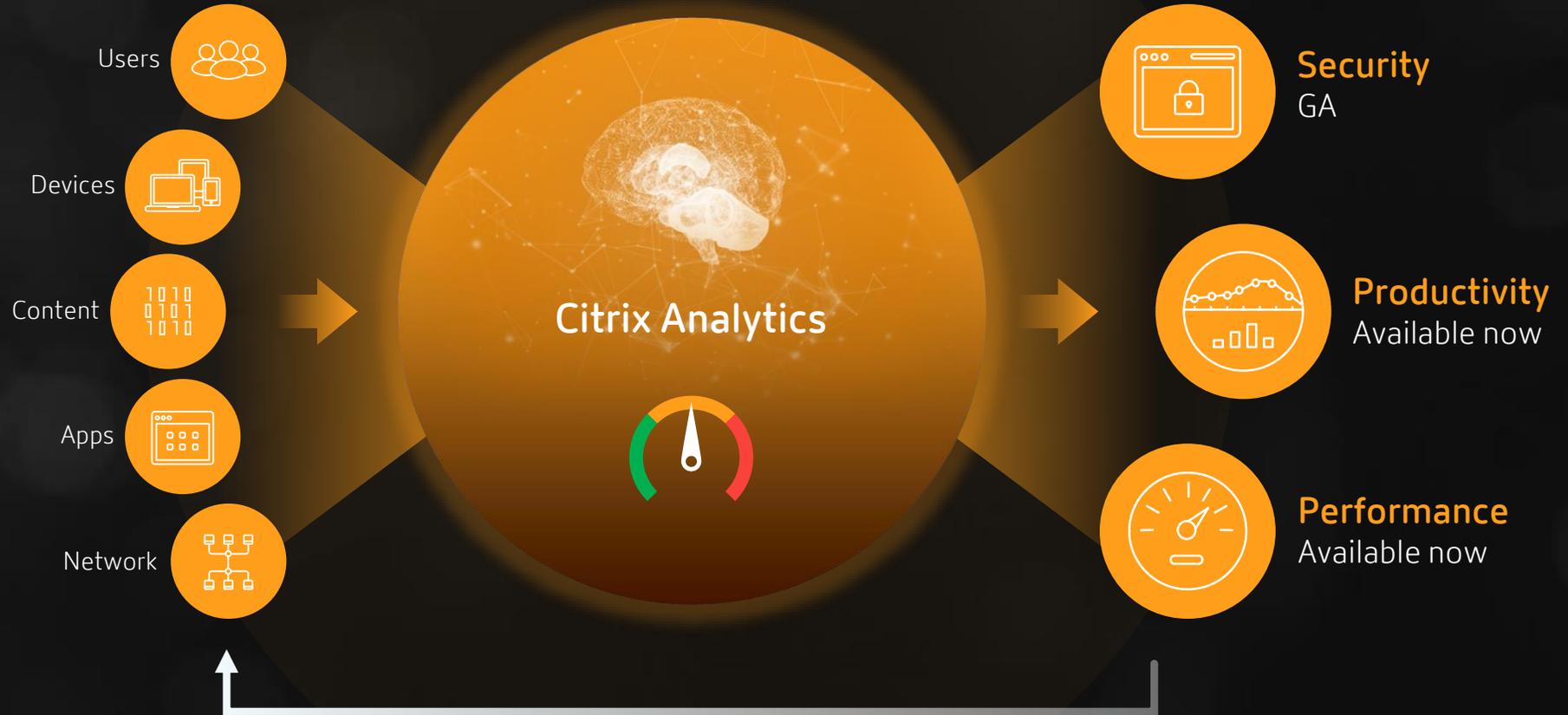
Enable us to build rich models of user behavior

# Citrix Analytics

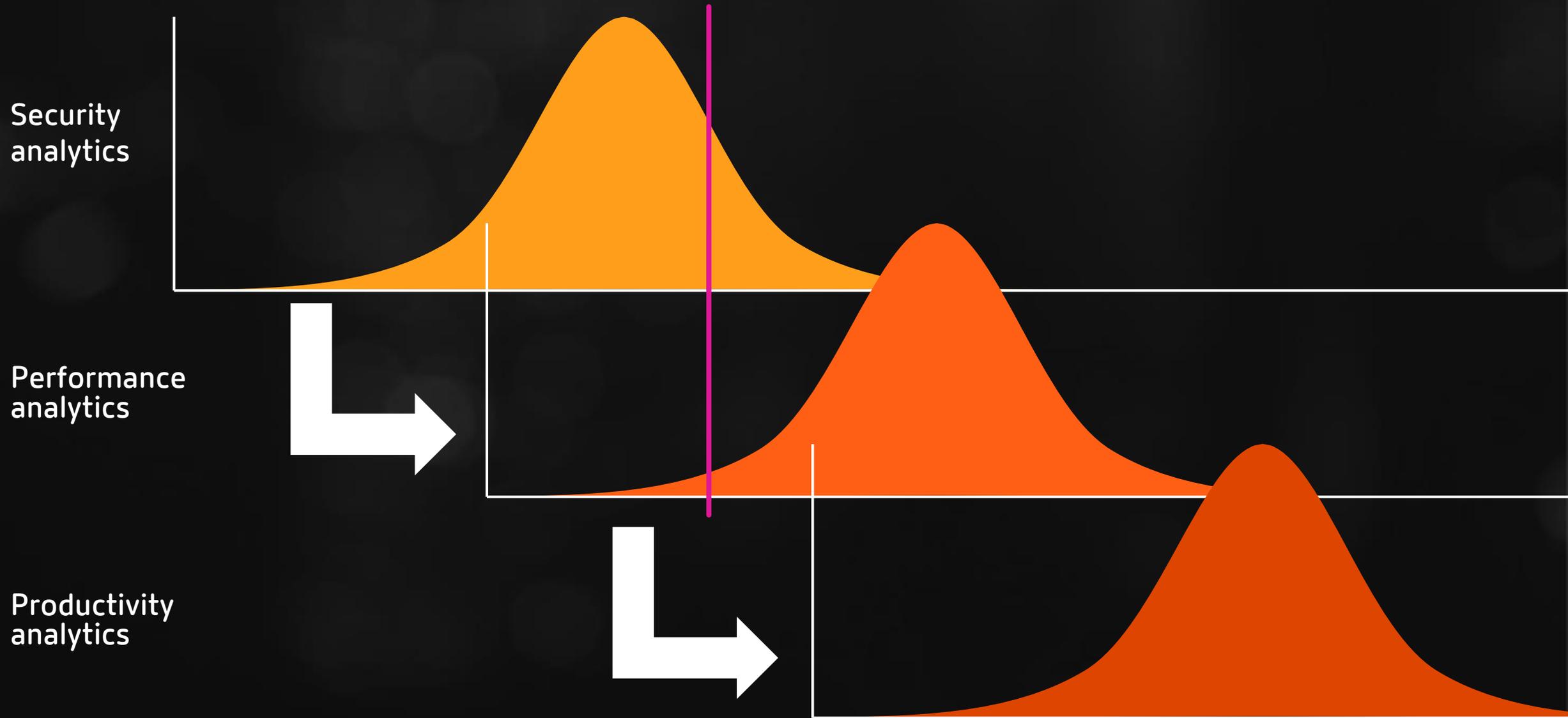
Large array of  
enterprise telemetry

Intelligent,  
best-in-class platform

Unique solutions to  
detect & address your  
most critical business  
needs



# Analytics Adoption



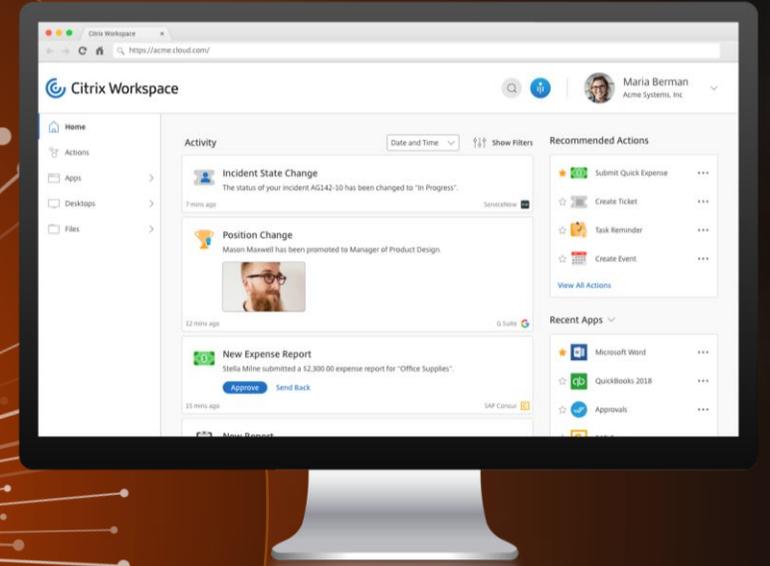
## Security analytics



## Performance analytics



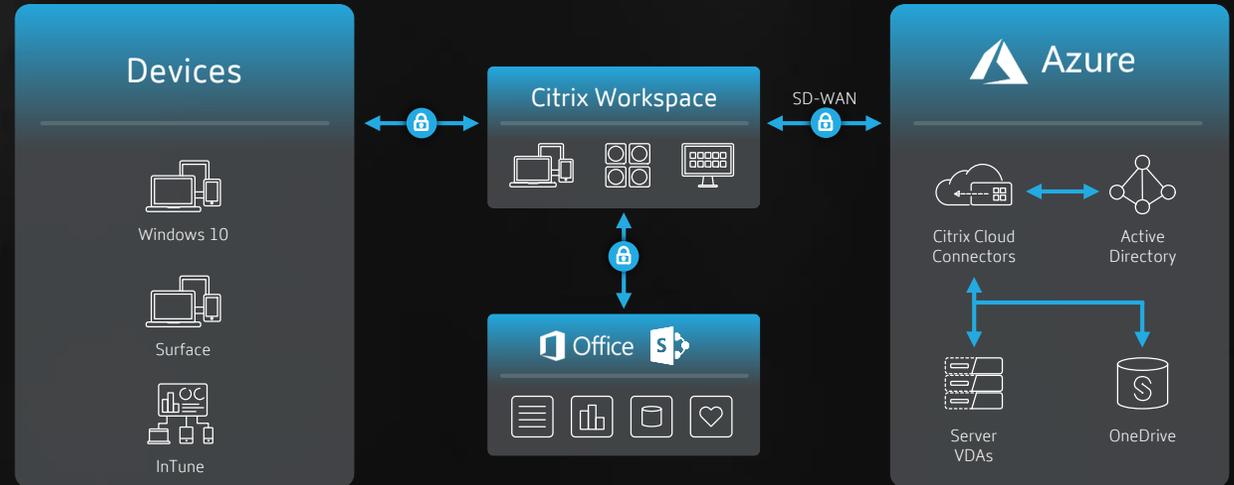
## Productivity analytics



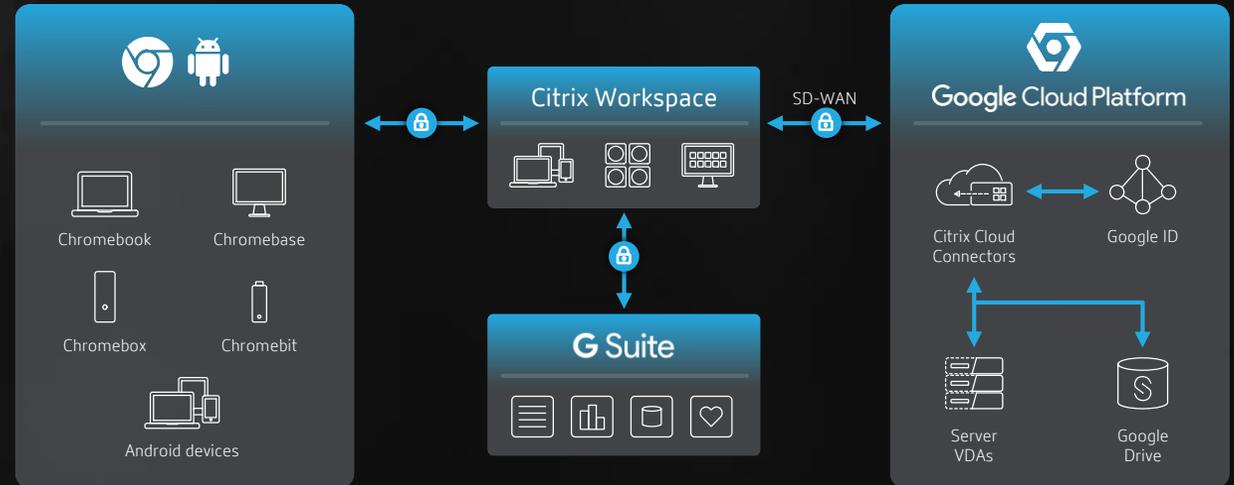
Recommended actions  
Anticipated files and content  
Proactive suggestions  
Automation through virtual assistant  
Effectiveness of micro-apps  
Next set of micro-apps to deliver

Your choice of **ecosystems**

# Citrix Workspace with Citrix and Microsoft



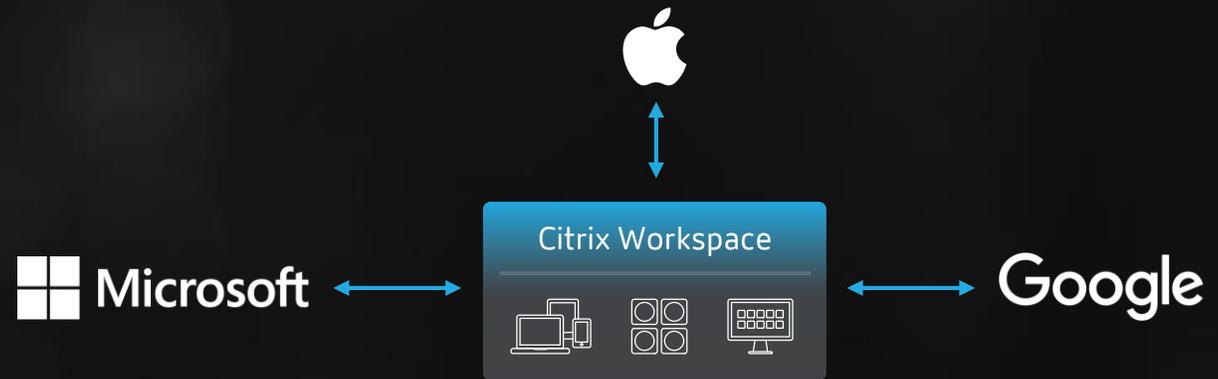
# Citrix Workspace with Citrix and Google



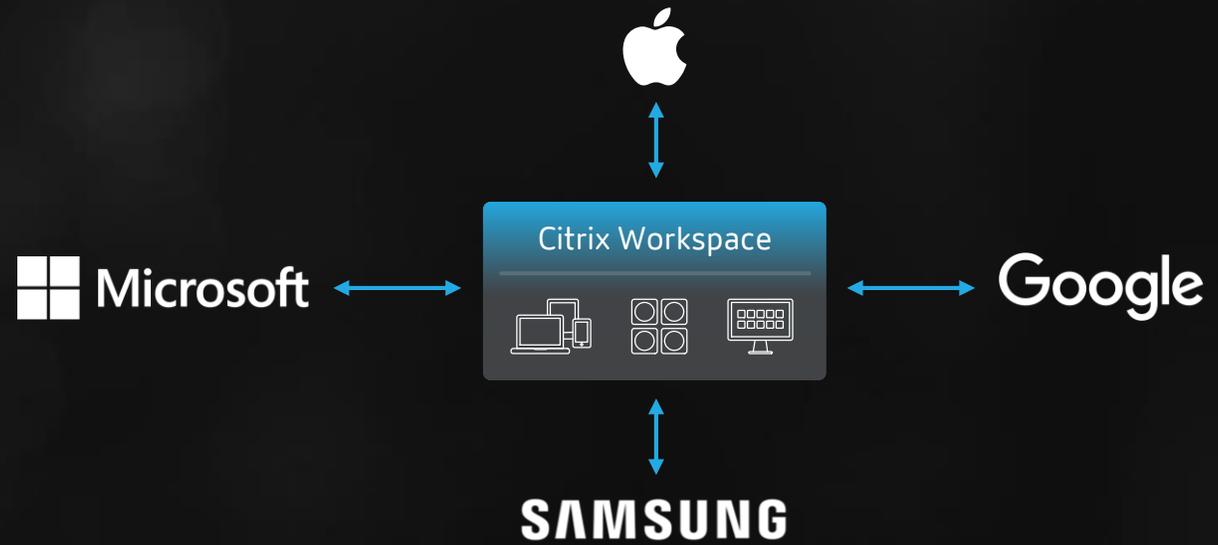
Choose both  
ecosystems



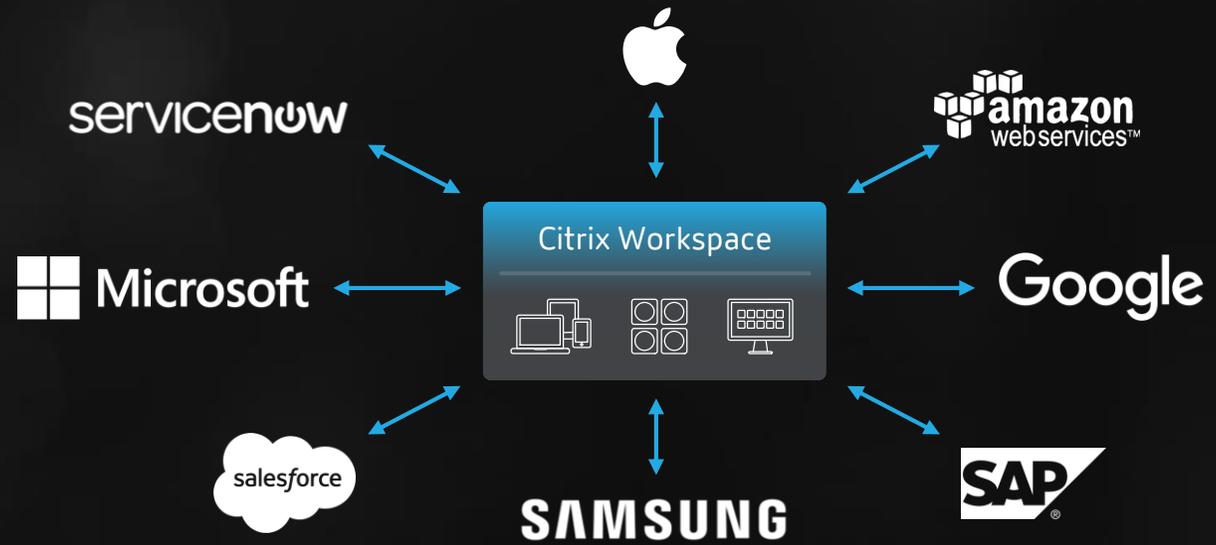
and more...



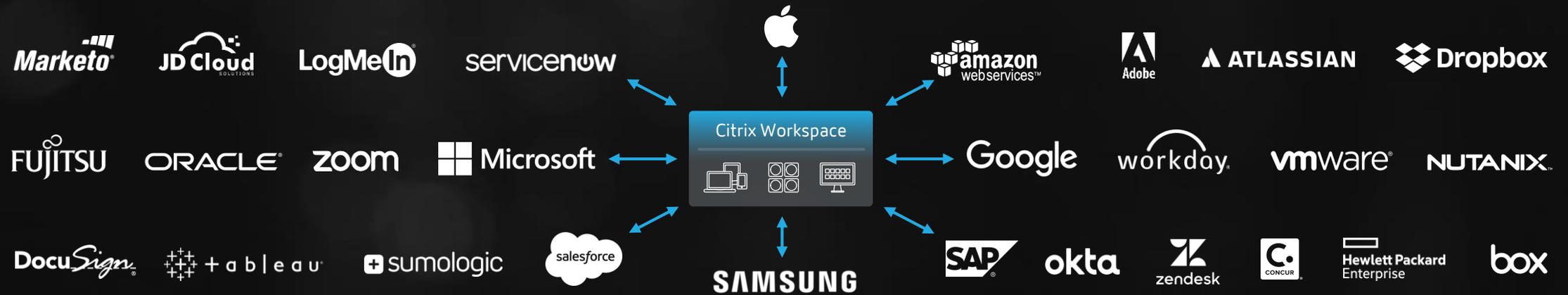
and more...

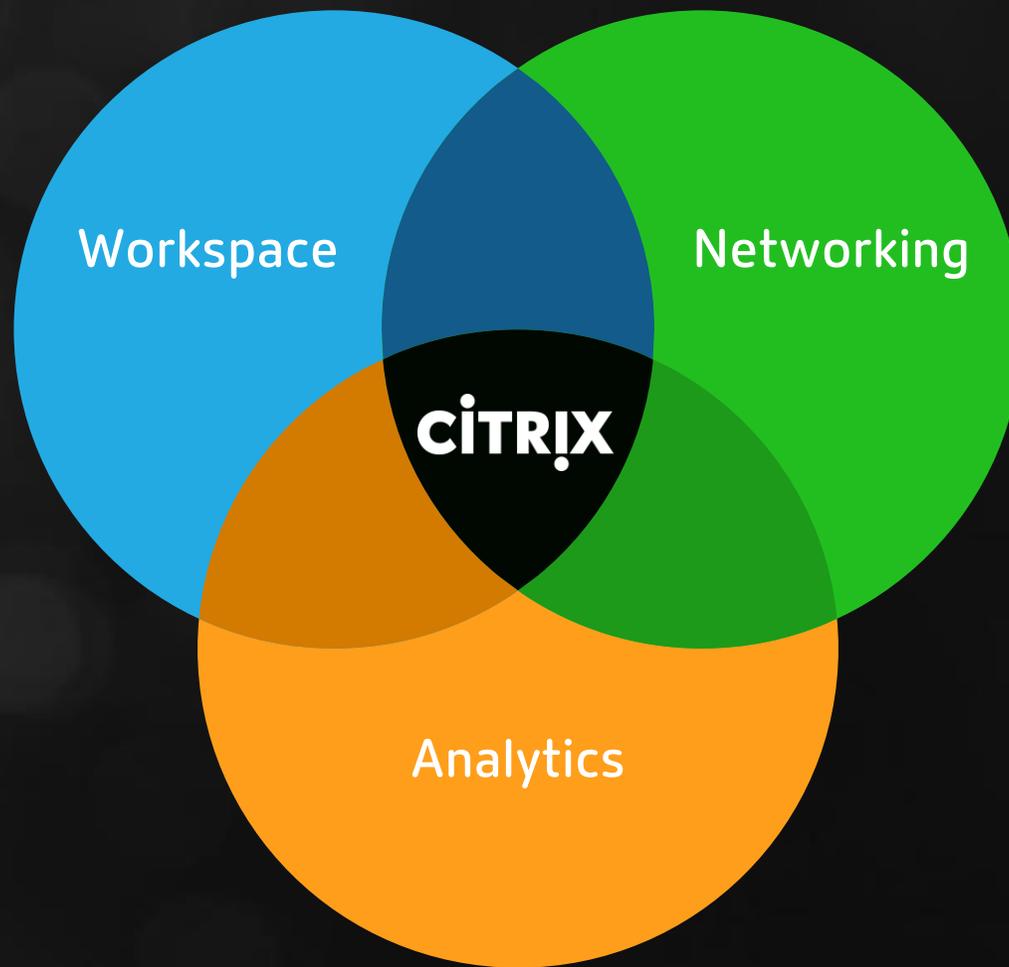


Don't limit  
your **choices**



# Don't limit your choices





# Becoming a Best-in-Class Cloud Company

**Mark Schmitz**

EVP & Chief Operating Officer

# Becoming a Best in Class Cloud Company

Operational initiatives to support growth through both new and existing customers

## Go-to-Market

Evolving channel and field sales organizations towards a more strategic relationship

## Customer Success

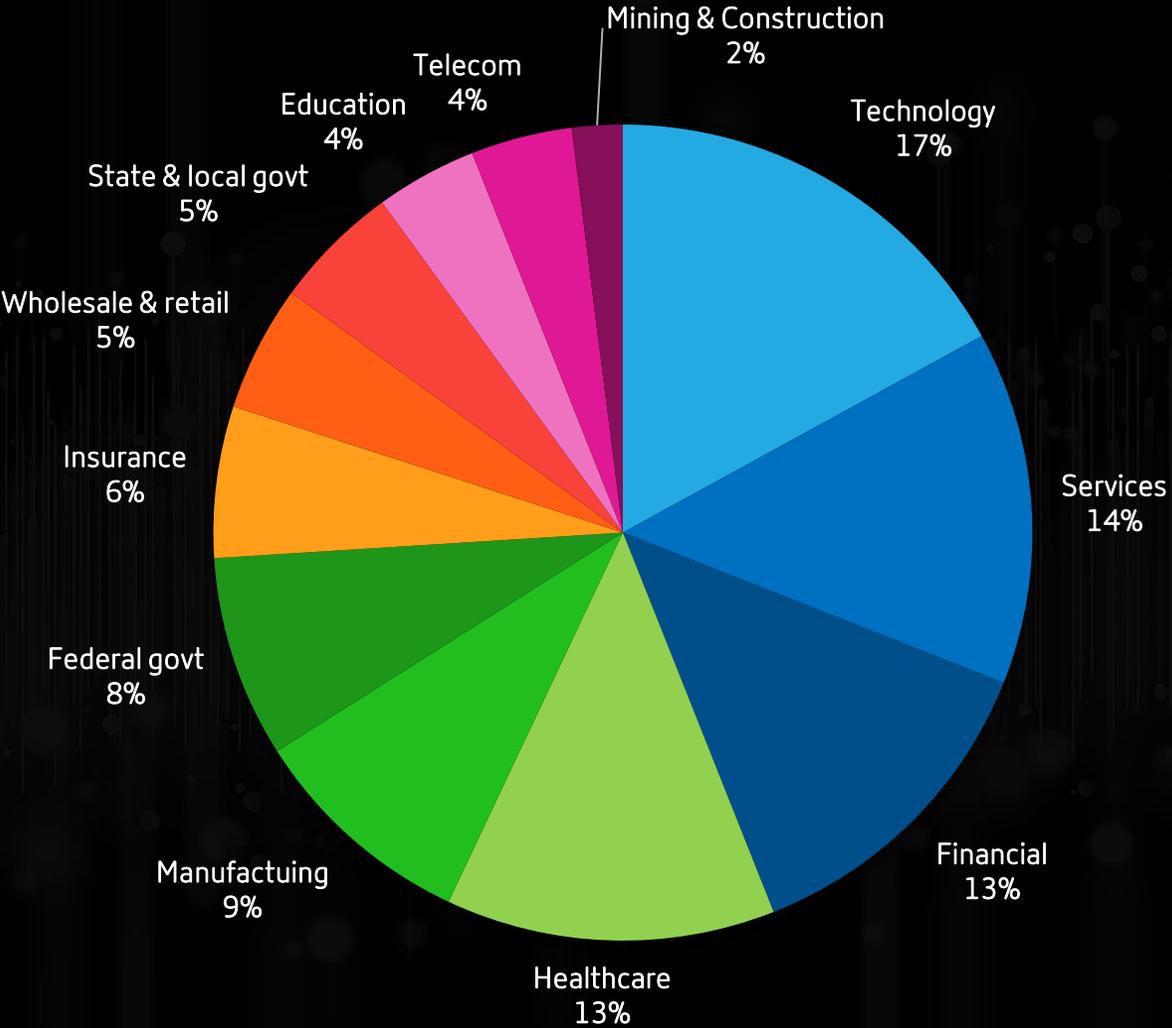
Unifying global renewal motions to increase active use and subscription renewal rates

## Strategic Pricing

Pricing and packaging evolution drives increased ARPU and new customer attraction

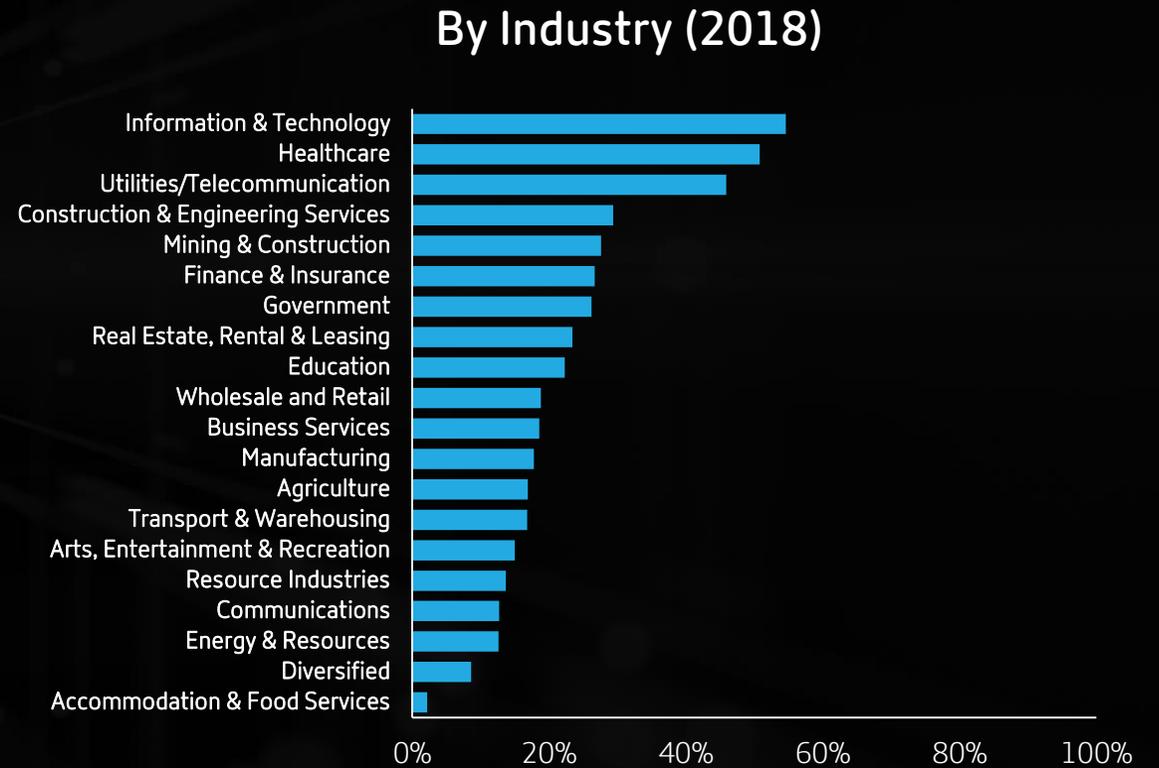
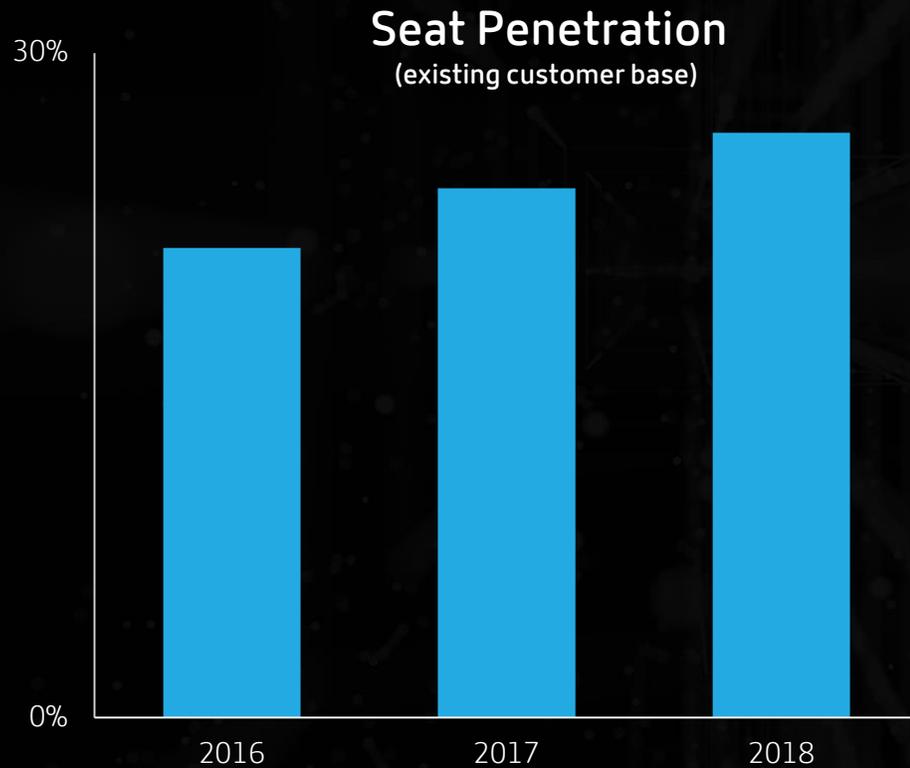
# Diversified Customer Base

Reduces customer and vertical specific risk

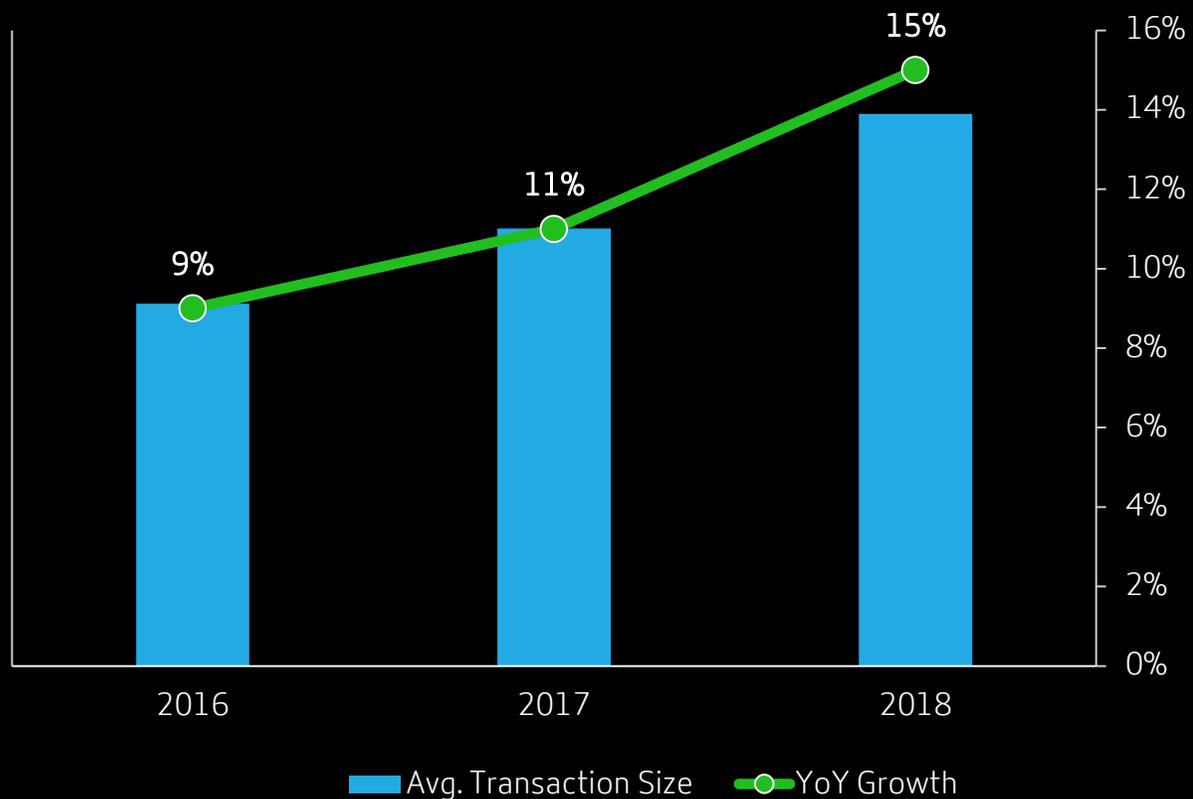


# Expanding Seat Penetration ...

Continued growth in seat penetration with considerable runway across every industry vertical to expand



## ... While Increasing Average Transaction Size

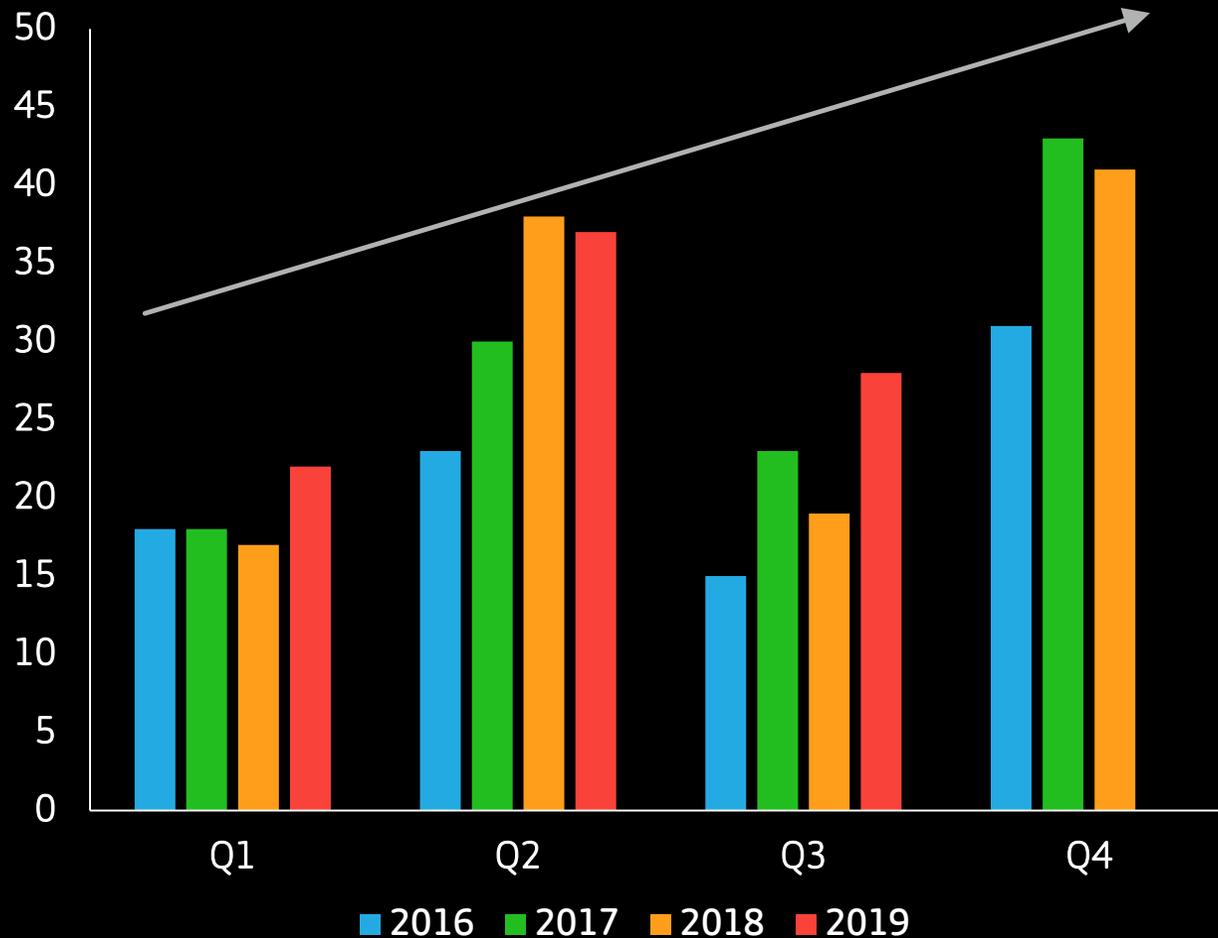


Global average transaction sizes are increasing year-over-year driven by:

- Increasing number of seats
- Greater value realized with move from point product to solution selling
- Workspace platform increases ability to sell outside of non-virtualization use-case

# Transaction Volume of >\$1M ACV Deals Increasing

Driving a more strategic-level sale for core Workspace infrastructure



Velocity of large deals increasing as we drive process improvements:

- Elevating level of customer conversations to strategic decision makers
- Expanding value proposition
- Aligning internal process to better support higher velocity: global renewal motion and standardized pricing framework

# Customer Value Proposition

Demonstrable metrics for customers adopting the Citrix Workspace

~70%

**lower TCO** for Citrix Workspace as compared to point products<sup>1</sup>

88%

**improved employee experience** with Citrix Workspace<sup>2</sup>

200%

increase in customer **application utilization**<sup>3</sup>

144%

**ROI over 3 years**<sup>4</sup>

1. Internal Citrix analysis based on SRPs

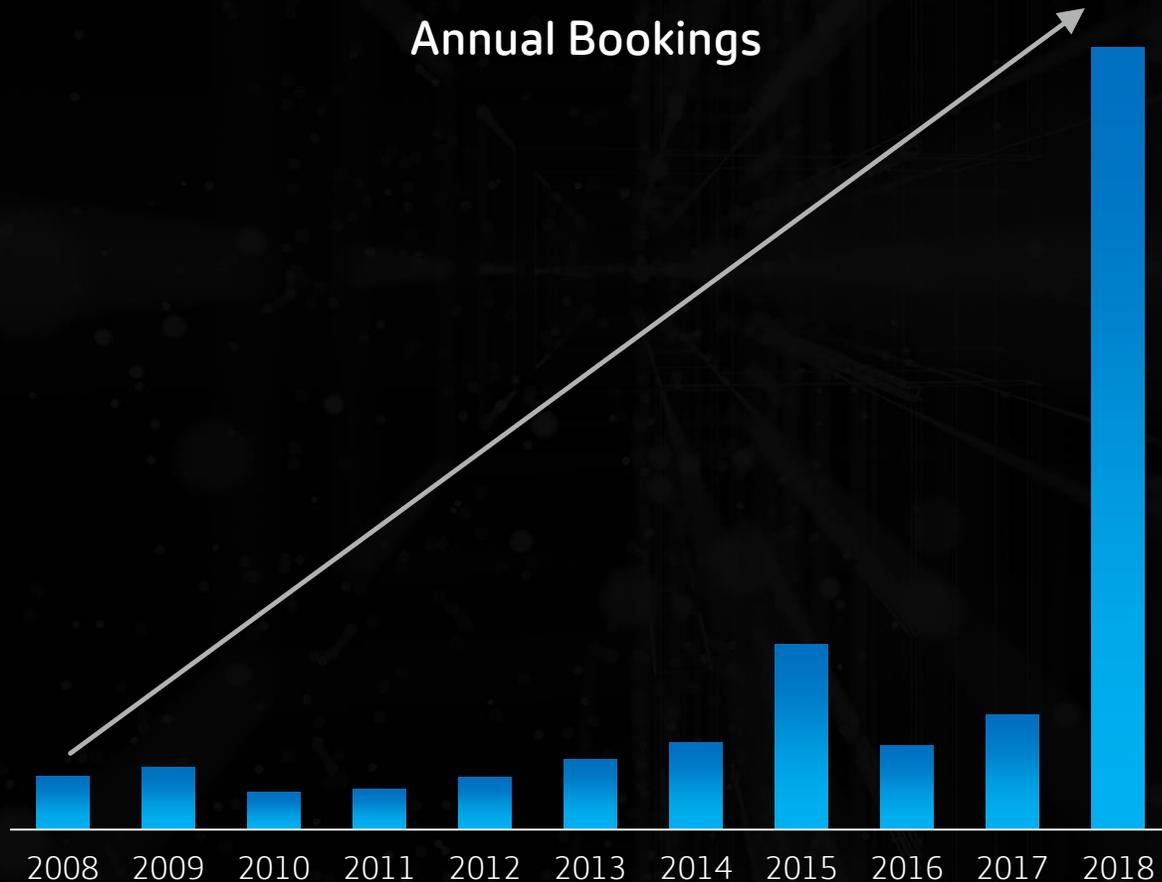
2. Techvalidate data Jan 2019

3. [Evolution Financial group case study](#)

4. [Forrester Total Economic Impact study](#)

# EBSCO Customer Story - Bookings Impact

Customer moving from a tactical relationship and use of technology to become a strategic partner



- Long time customer EBSCO, a 75yr old holding company with over 40 businesses, across 20+ countries
- Leveraged long relationship with Citrix as part of its digital transformation and cloud strategy
- Multi-Cloud - Running its IT infrastructure across 3 different public clouds – AWS, Azure and GCP

# SaaS Customer Acceleration: Land and Expand

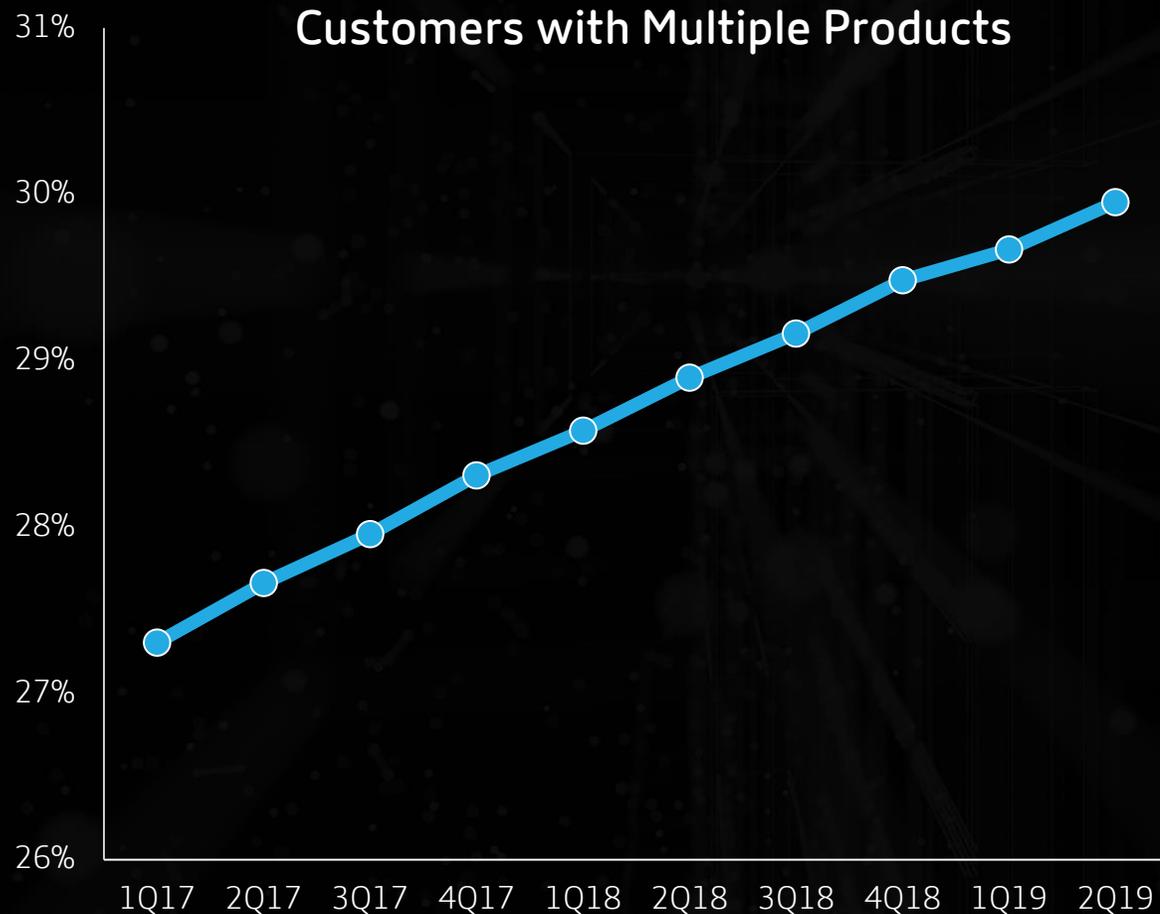
Strong growth in both new and expansion customers powering SaaS revenue



- Consistently strong growth in the number of new and expansion customers
- Strong acceleration of new SaaS customers (“land”) over the past year
- Stable growth in expansion customers as they adopt Citrix Cloud services

# More Customers Consuming Multiple Products

Successfully leveraging existing customer relationships to cross-sell and increase ARPU

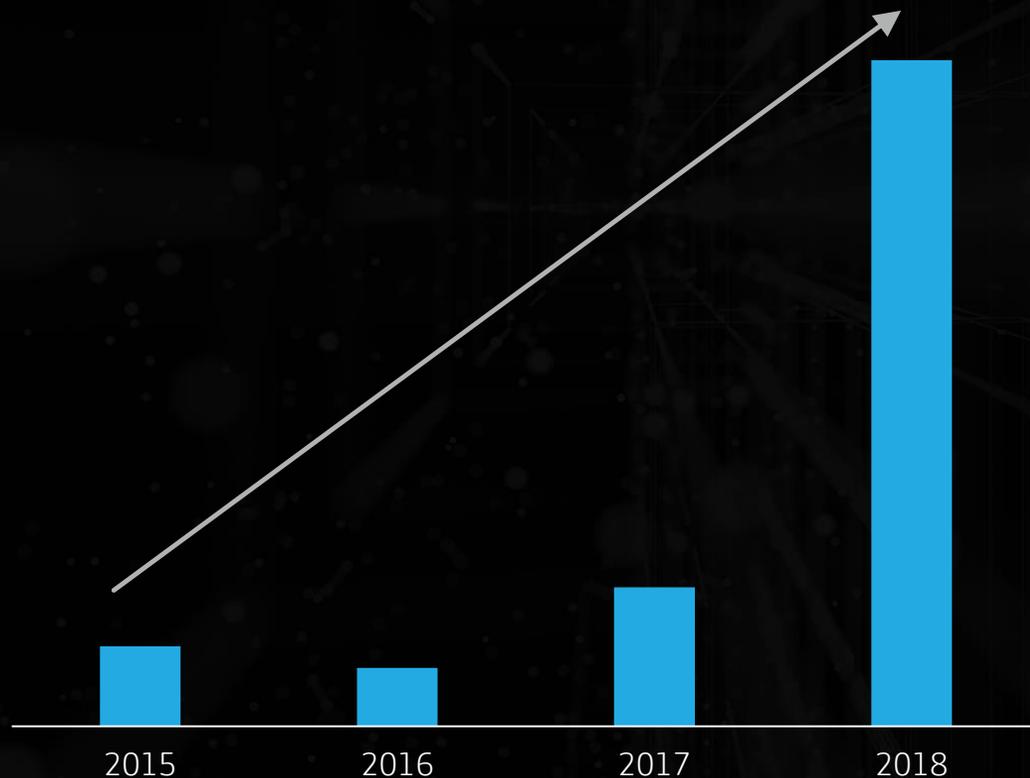


- Large majority of our customers have deployed Citrix Virtualization technologies
- Leveraging the installed base to expand usage of new Workspace Platform (non-virtualization) and networking technologies
- Evolution from point-products to solution has contributed to 19% increase in average transaction size over the last 2 years

# Worldpay Customer Story - Bookings Impact

Customer moving from a tactical relationship and use of technology to become a strategic partner

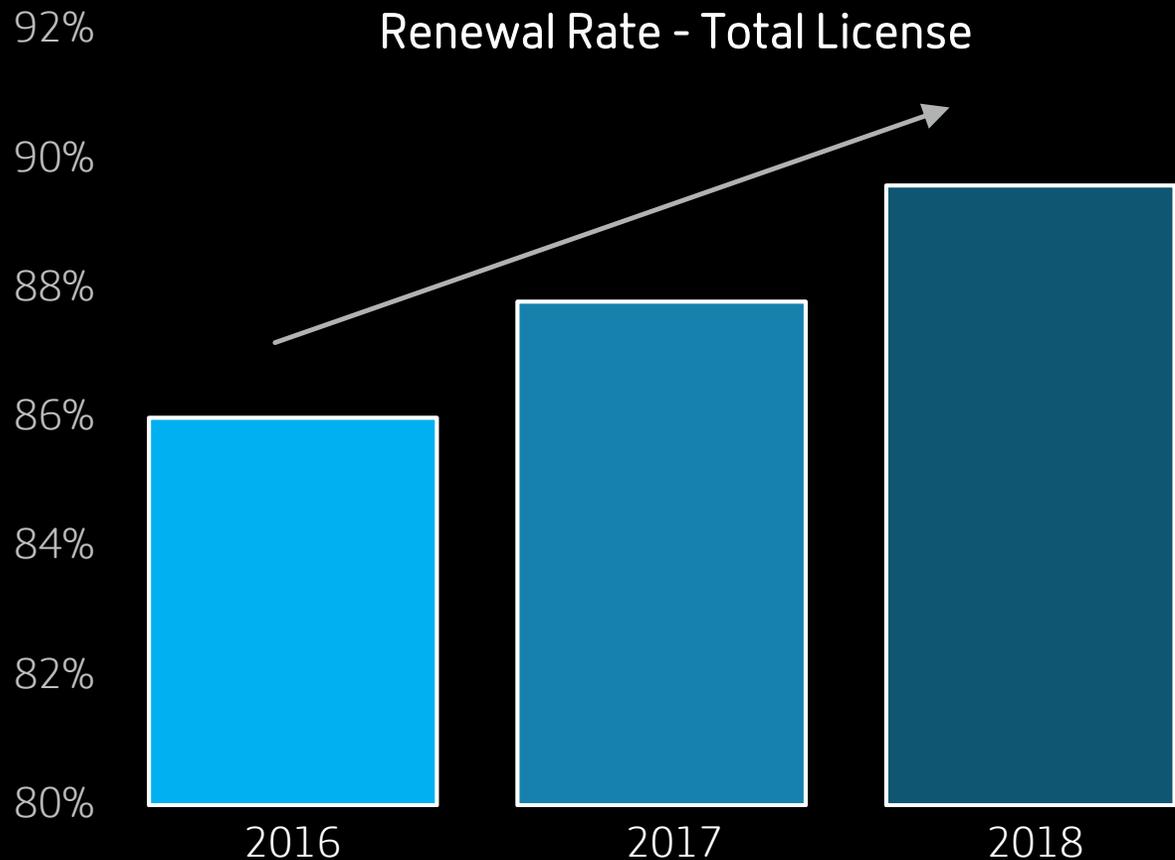
Annual Bookings



- Following its \$10B merger with Vantiv, Worldpay, a global payments provider chose the Citrix Workspace to:
  - Simplify its disparate IT landscape by unifying its IT systems and quickly on-boarding new users
  - Citrix's simple, secure, anywhere access to the apps and content employees needed improved collaboration and efficiency

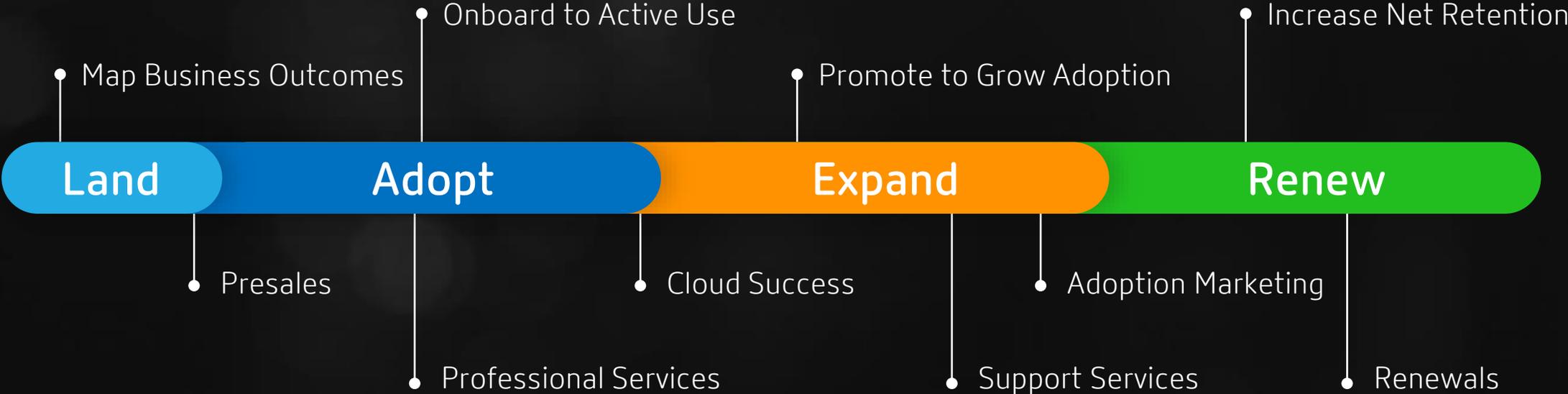
# Installed Base Performance

License Renewal rates have continued to improve – going forward, focus on transitioning install base to subscription



- Steady increase in license renewal rates over the past 3 years as customer engagement becomes more strategic
- Installed base of maintenance contracts will decline in 2020 with shift from perpetual to subscription license model as well as the transition to Citrix Cloud

# Cloud Adoption Engagement Model



# Financial Strategy

**Arlen Shenkman**

EVP & Chief Financial Officer

# 3Q'19 Financial Highlights

3Q'19  
VERSUS  
3Q'18

**DEFERRED +  
UNBILLED REVENUE**

**\$2.2B**

**↑13%**

**REVENUE**

**\$733M**

**EARNINGS PER SHARE**

GAAP **\$2.04**

NON-GAAP **\$1.52**

**OPERATING MARGIN**

GAAP **15%**

NON-GAAP **29%**

## ANNUAL RECURRING REVENUE



**SAAS REVENUE**

3Q'19 **\$101M**

VERSUS  
3Q'18 **↑43%**

**SUBSCRIPTION  
REVENUE**

3Q'19 **\$160M**

VERSUS  
3Q'18 **↑43%**

\* Note: Financial information is unaudited. This document should be read in conjunction with the Company's SEC Filings. A reconciliation of GAAP to non-GAAP measures and an explanation of these measures have been provided in Appendix A.

\*\* ARR should be viewed independently of U.S. GAAP revenue, deferred revenue and unbilled revenue and is not intended to be combined with or to replace those items. ARR is not a forecast of future revenue.

# Subscription Transition Update

Executing on a significant transformation of our business over the last 3 years

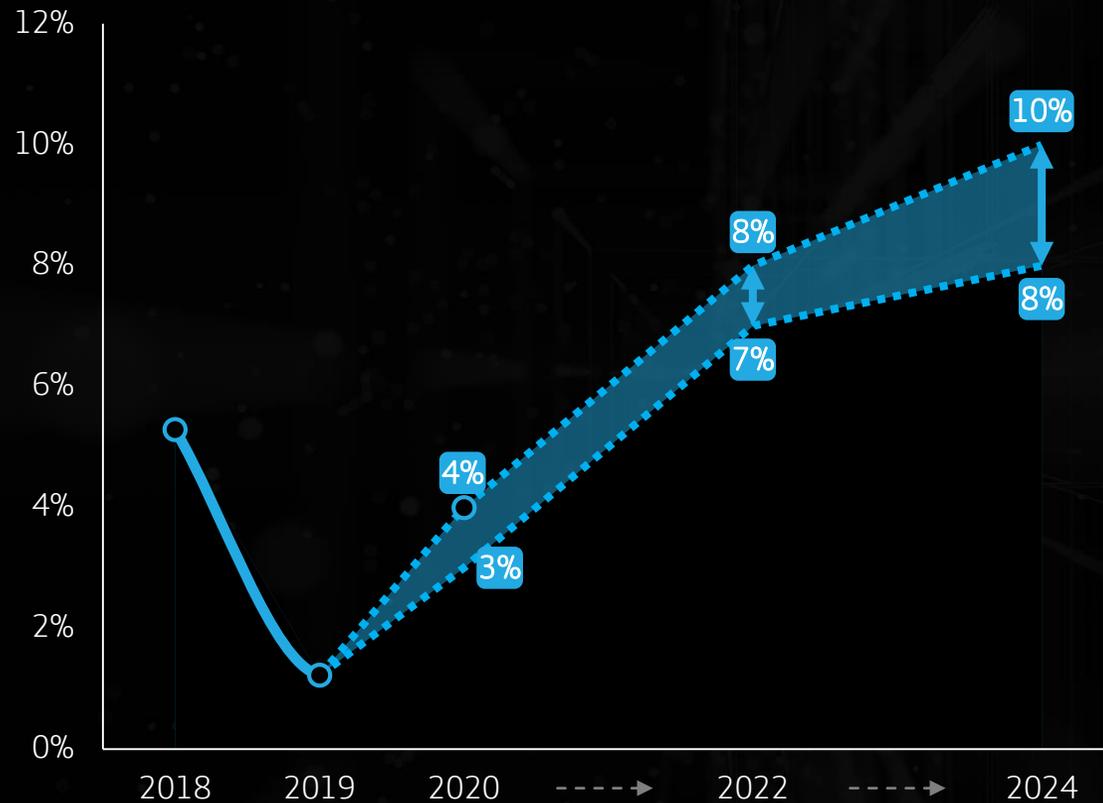
	2016		2019 YTD
Subscription as a % of Total Product Bookings	14%	→	58%
Subscription as a % of Workspace Product Bookings	21%	→	72%
Subscription as a % of Total Revenue	9%	→	21%
Subscription Annualized Recurring Revenue (ARR)	N/A	→	\$672M

Now entering a new phase of acceleration and growth

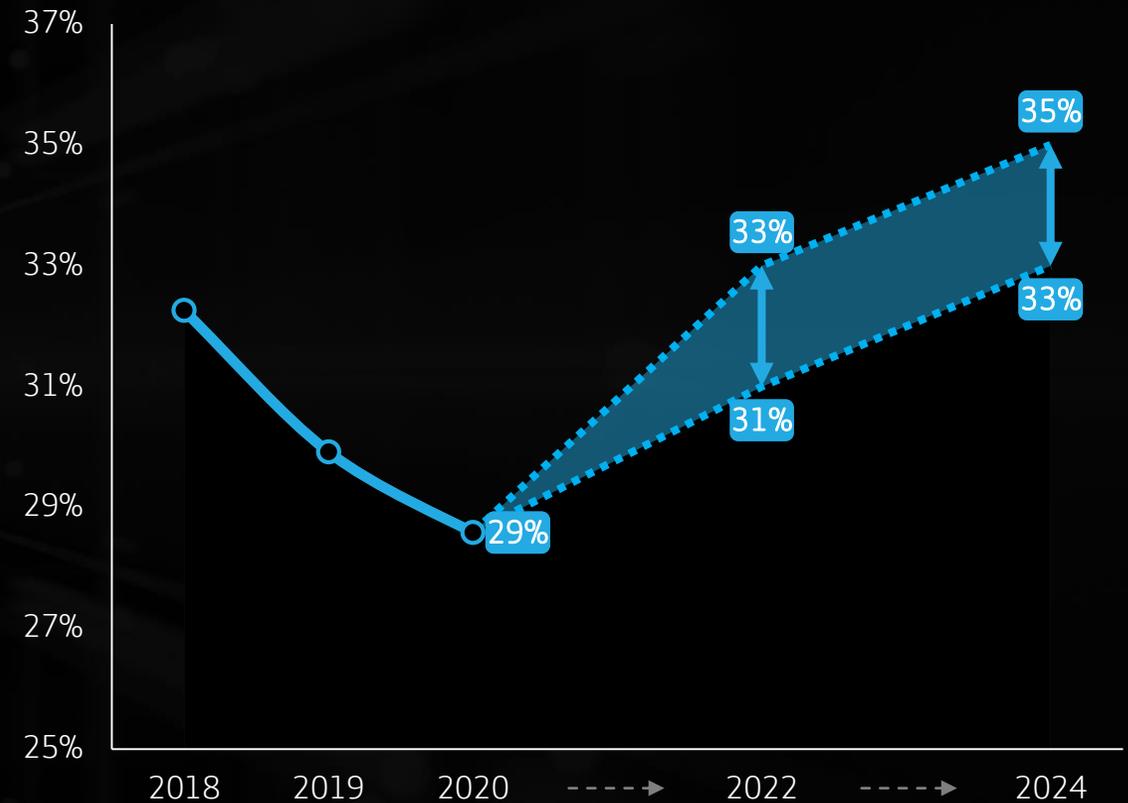
# Acceleration of Subscription Transition in 2020

Acceleration of the subscription transition drives higher revenue growth and operating margin expansion

### YoY Revenue Growth %



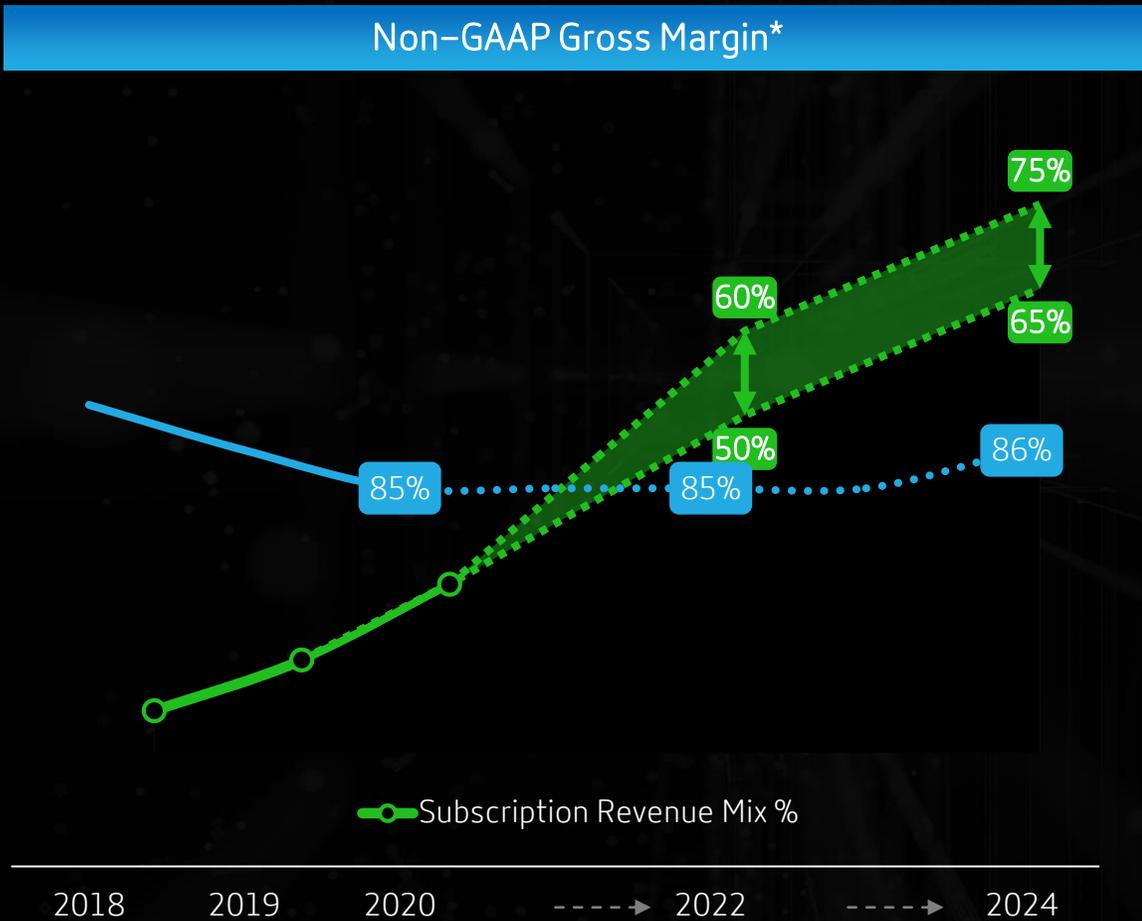
### Non-GAAP Operating Margin\*



Laying the foundation for a business with greater intrinsic value for investors

1. A reconciliation of GAAP to non-GAAP measures and an explanation of these measures have been provided in Appendix A.  
2. The company is unable to provide 2022 to 2024 GAAP operating margin or a reconciliation of 2022 to 2024 GAAP to non-GAAP operating margin without unreasonable effort due to the variability, complexity and limited visibility of the adjusting items that would be excluded from non-GAAP operating margin in future periods.

# Gross Margin Trajectory



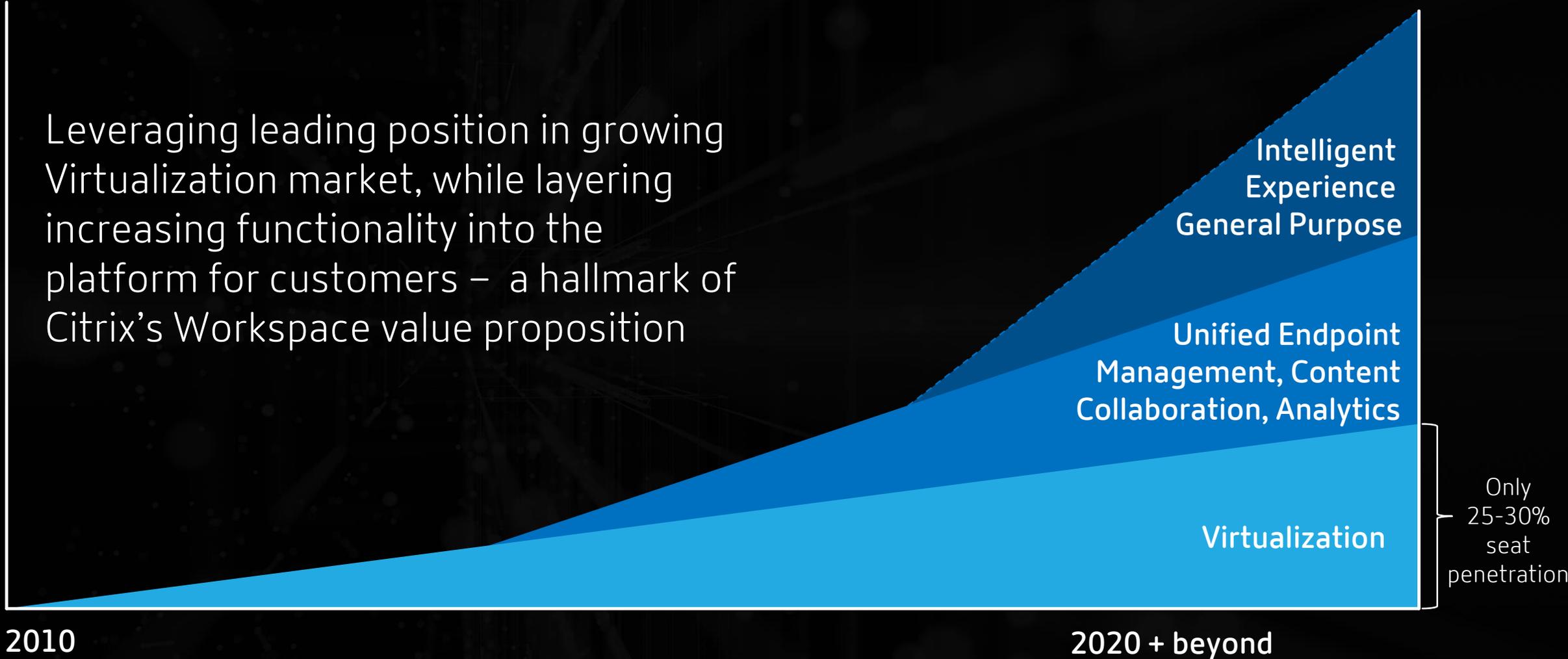
- Gross Margin trajectory reflects increasing mix of SaaS, partially offset by a lower mix of hardware
- Near term, gross margins reflect cloud infrastructure and customer success to support a growing SaaS business
- Longer term opportunity to expand gross margin with scale

1. A reconciliation of GAAP to non-GAAP measures and an explanation of these measures have been provided in Appendix A.

2. The company is unable to provide 2022 to 2024 GAAP gross margin or a reconciliation of 2022 to 2024 GAAP to non-GAAP gross margin without unreasonable effort due to the variability, complexity and limited visibility of the adjusting items that would be excluded from non-GAAP gross margin in future periods.

# Citrix Workspace Accelerates Trajectory

Leveraging leading position in growing Virtualization market, while layering increasing functionality into the platform for customers – a hallmark of Citrix’s Workspace value proposition

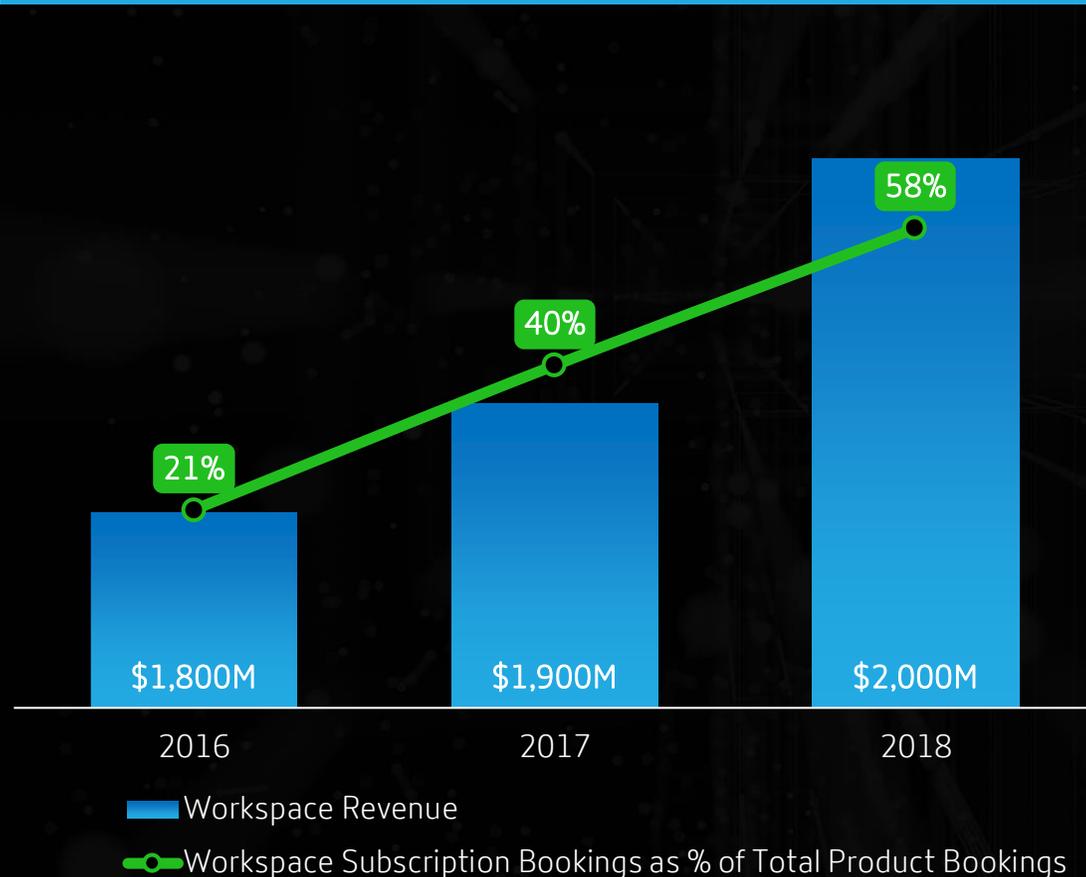


Citrix has a strong foundation to accelerate our land and expand strategy and increase footprint

# Acceleration of Workspace Revenue

Driven by Workspace vision, hybrid multi-cloud, SaaS and Virtualization

Workspace Revenue | Bookings Mix



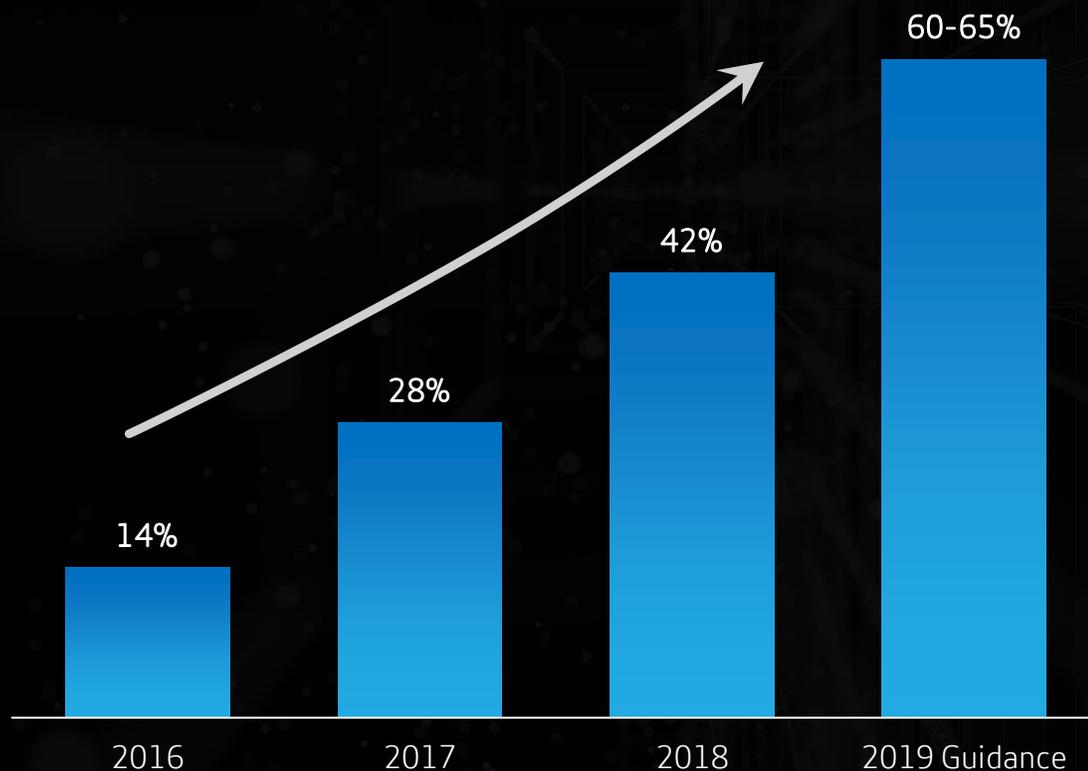
Workspace is experiencing sustainable growth driven by:

- Citrix's market leading vision of the Workspace
- Citrix Cloud SaaS services to enable hybrid multi-cloud environments
- Customers desire to simplify and secure delivery of IT resources
- Continued growth in the Virtualization market due to security and mobility

# Successful Subscription Model Transition

Growth in subscription bookings will offset planned decline of license and initial maintenance

Subscription as % of Total Product Bookings

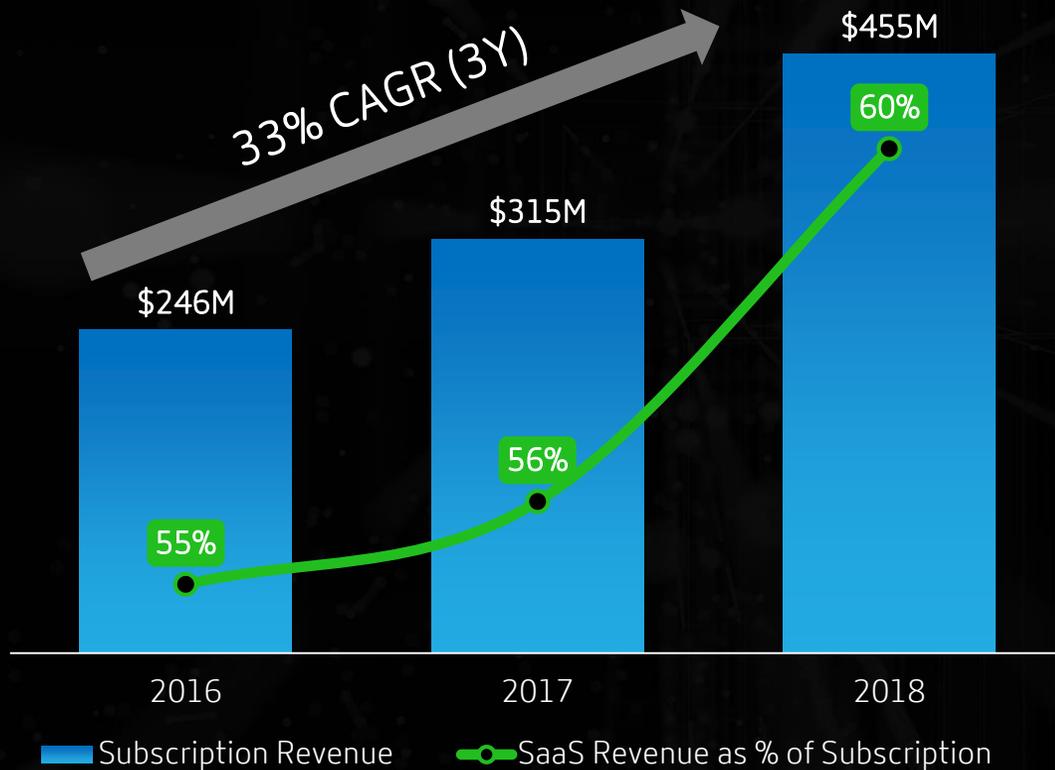


- Subscription as a % of Total Workspace Product Bookings 75% in Q3'19
- Subscription as a % of Total Networking Product Bookings 29% in Q3'19 – led by hybrid multi-cloud

# Successful Subscription Model Transition

Marked expansion of Subscription revenue over the past 3 years

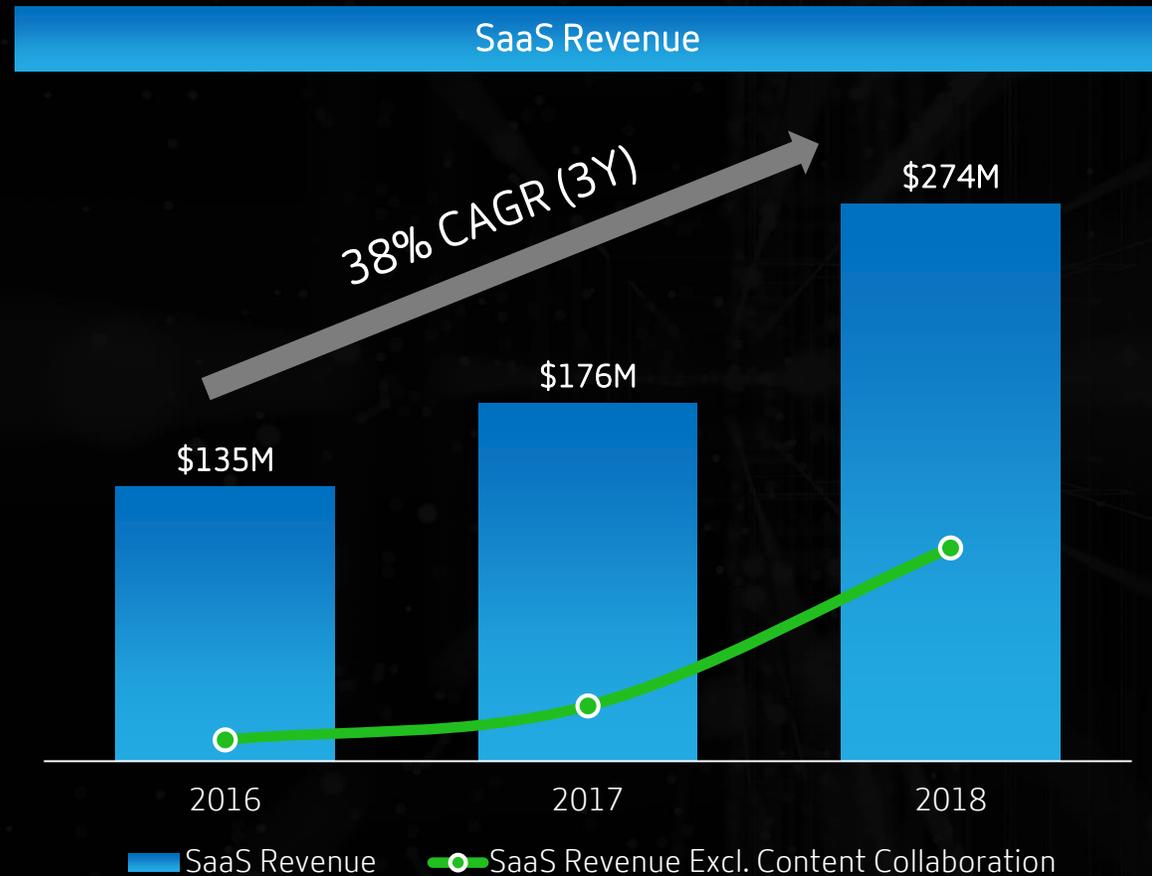
Subscription Revenue | Subscription Revenue Mix



- Subscription Revenue 3-Year CAGR: 33% (2016-18)
- Subscription revenue growth has accelerated and grew 43% in Q3'19
- Citrix Cloud adoption in the Workspace business driving the higher mix of SaaS

# Workspace driving Rapid SaaS Growth within Subscription

SaaS revenue now the majority of subscription revenue due to Citrix Workspace

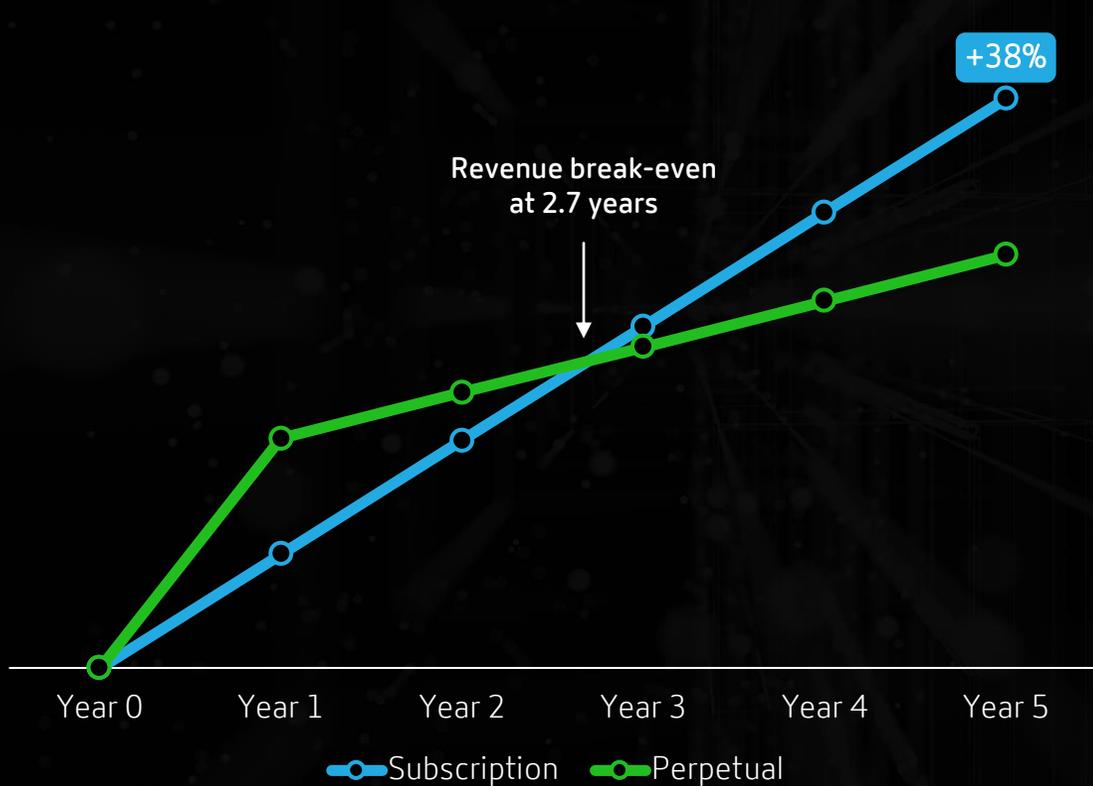


- SaaS comprised 60% of total Subscription revenue in FY'18
- Within SaaS, accelerating growth driven by Citrix Workspace - <20% of the mix in FY'17, now representing >50%
- Growth attributable to both new customers and new seats within existing customers

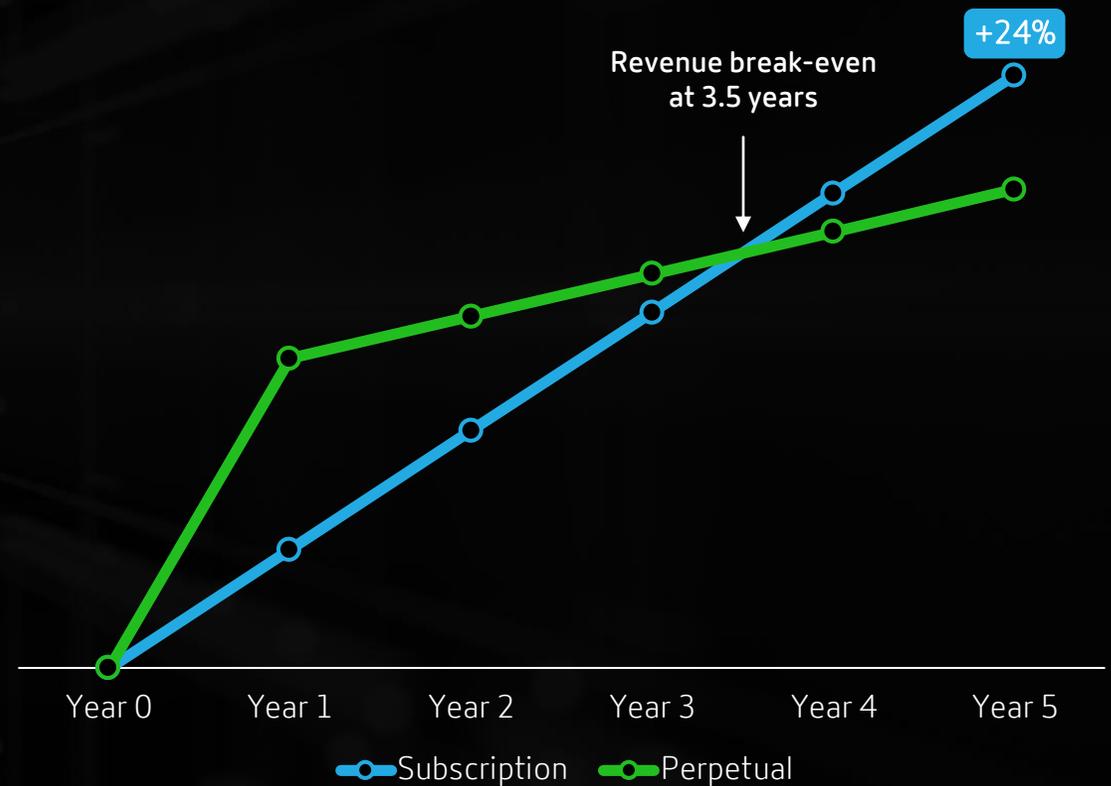
# Pricing Economics for New Business

Indicative incremental revenue after 5 years: 38% (Workspace); 24% (Networking); 35% (Total Citrix)

Workspace: Cumulative Revenue (Illustrative Example)



Networking: Cumulative Revenue (Illustrative Example)



**Forecasted revenue on average 35% higher after 5 years as a result of the subscription transition**

# Financial Impact

Business model transition makes unbilled revenue a key driver for future growth

## Perpetual License with Maintenance



- Cash flow: Entire value of contract billed up-front
- Balance sheet\*: Remaining value of maintenance to deferred revenue
- Income statement: License recognized point-in-time and first year maintenance recognized ratably

## SaaS



- Cash flow: Billed annually at the beginning of the period
- Balance sheet\*: Annually billed portion that will be ratably recognized
- Off Balance Sheet\*: Unbilled and unrecognized
- Income statement: Revenue recognized ratably

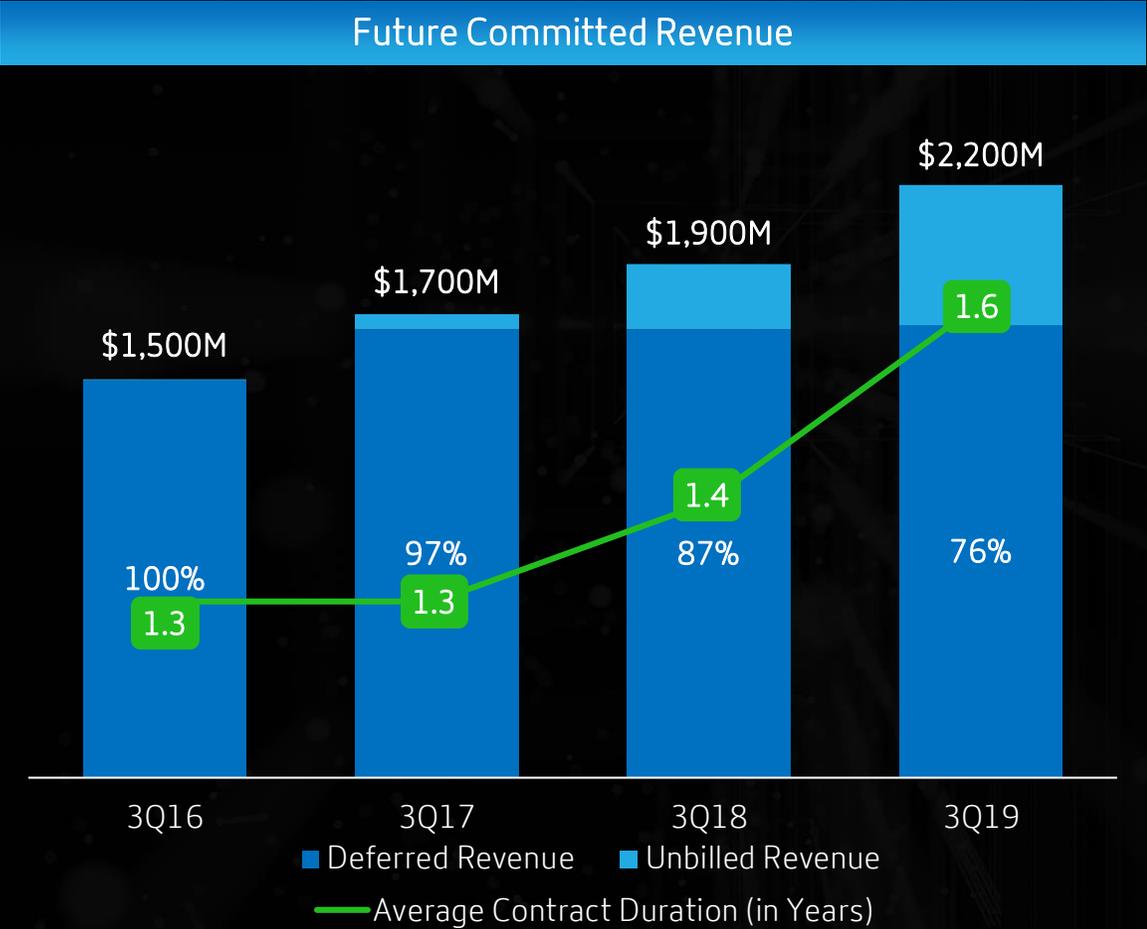
Based on  
\$300,000  
3 year  
contract



\* Items are reflected at the beginning of the period

# Growth in Future Committed Revenue

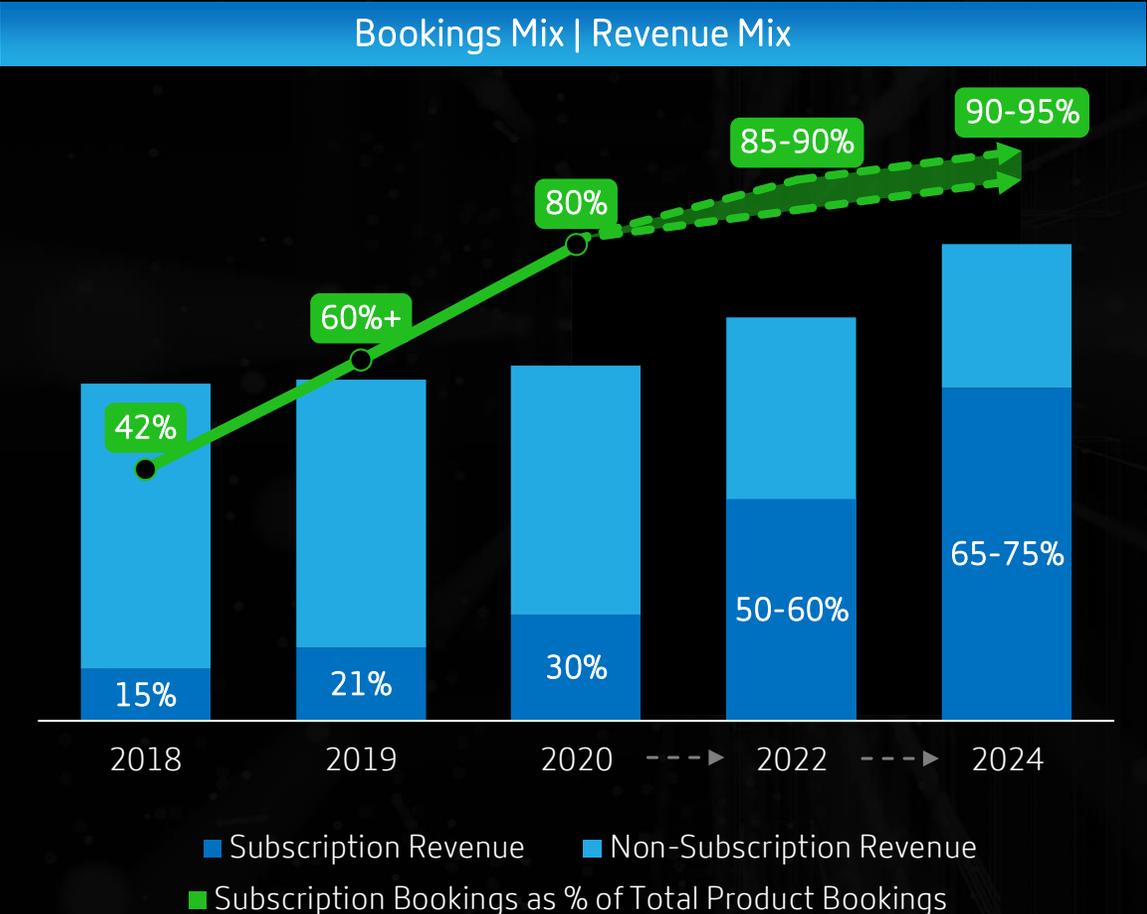
Strong growth reflects accelerating SaaS business



- Unbilled revenue projected to exceed deferred revenue by 2024 due to billing terms of standard SaaS contract – 3yr term with annual billing
- Strong growth in future committed revenue an indicator of subscription transition success – provides visibility and predictability
- Duration will gradually increase over time as customers adopt Citrix Cloud / Workspace SaaS
- Short-term impact on timing of recognized free cash flow as customers move to annual billings

# Revenue Mix Shift

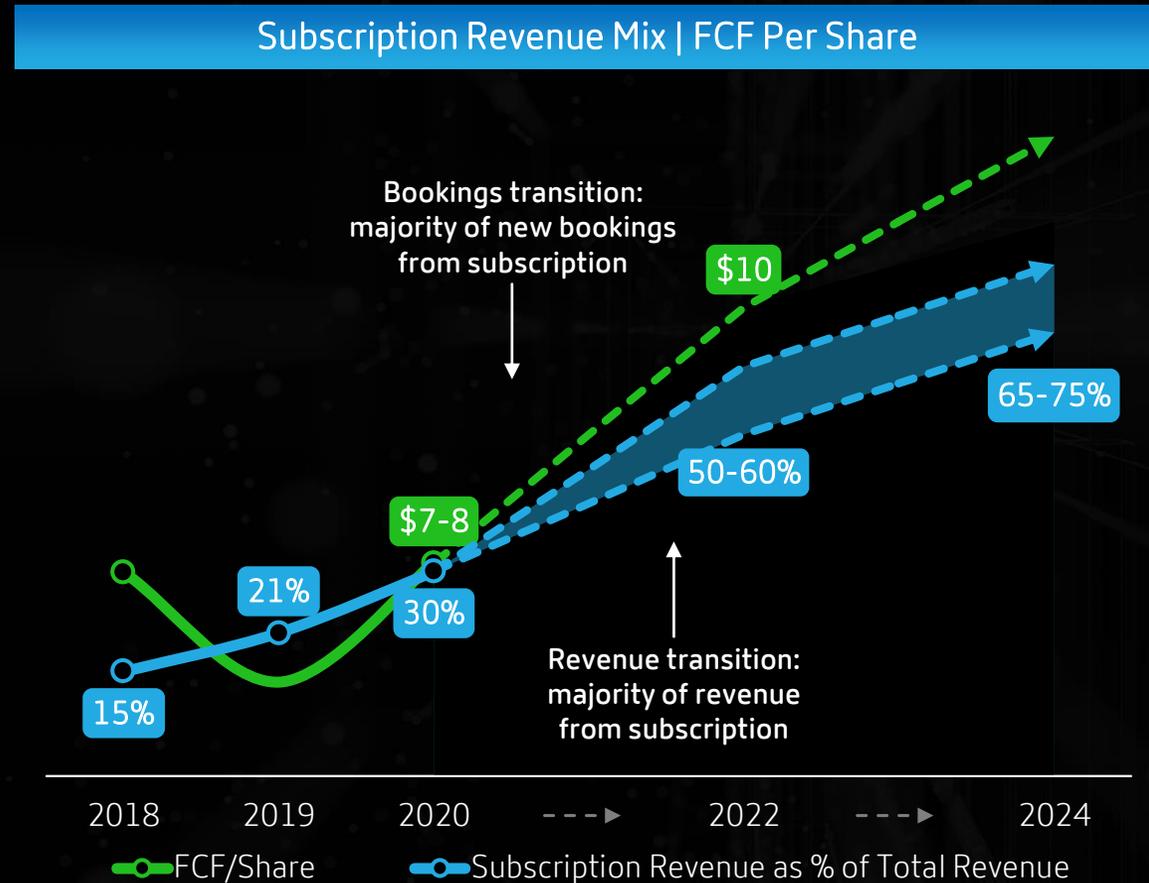
By 2022, expect the majority of revenue to come from subscriptions



- Subscription bookings expected to increase to as much as 80% of product bookings in 2020, increasing to 85-90% in 2022
- Subscription revenue expected to increase to 30% of total revenue in 2020, increasing to 50-60% in 2022
- Expect 65-75% of revenue in 2024 to be subscription based

# Subscription Mix and Free Cash Flow Per Share

Total product bookings mix transitions in 2021 – revenue follows in 2022 with steady FCF growth thereafter



- FCF/share declined in FY'19 due to accelerated mix of subscription bookings and the associated reduction in up-front billings
- Growth in FCF/share expected to resume in FY'20
- FCF/share growth dependent on the rate and pace of subscription bookings, final billing terms and capital return impact

# Subscription ARR – Definition



ARR

The contracted recurring value of all termed subscriptions normalized to a one-year period

---

## ARR includes

Contractually committed,  
fixed subscription fees

Annualized contracts,  
including 30-day offerings  
(monthly contract value  
x 12 to annualize)

Subscriptions: SaaS (Cloud),  
CSP and On-Premise Term

# ARR: Subscription Components

## Subscription



**Consumption**

CSP (On Prem)



**On-Premise Term**

On-Prem Term  
standalone



**SaaS (Cloud)**

Citrix Cloud  
CSP in the Cloud  
ShareFile

# ARR: Key Indicator of Performance

Strong, consistent Subscription and SaaS ARR growth



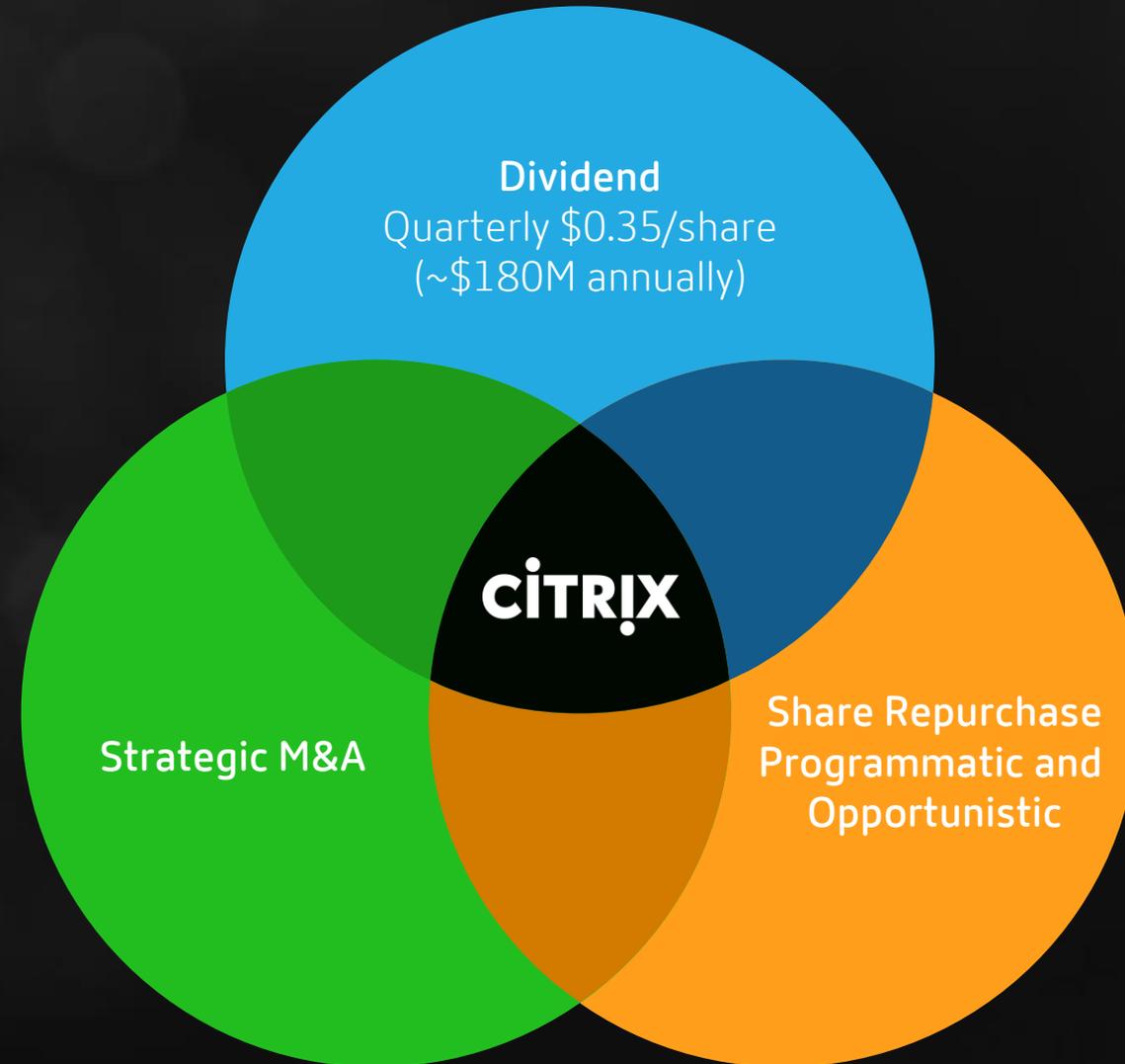
Q3'19 Subscription ARR demonstrated strong acceleration due to continued strong SaaS growth

# Long Term Targets

	2022	2024	Post-Transition
Subscription Revenue as % of Total Revenue	50-60%	65-75%	90%+
Subscription Bookings as % of Product Bookings	85-90%	90-95%	95%+
YoY Revenue Growth	7-8%	8-10%	10%+
Non-GAAP Operating Margin*	31-33%	33-35%	34%+

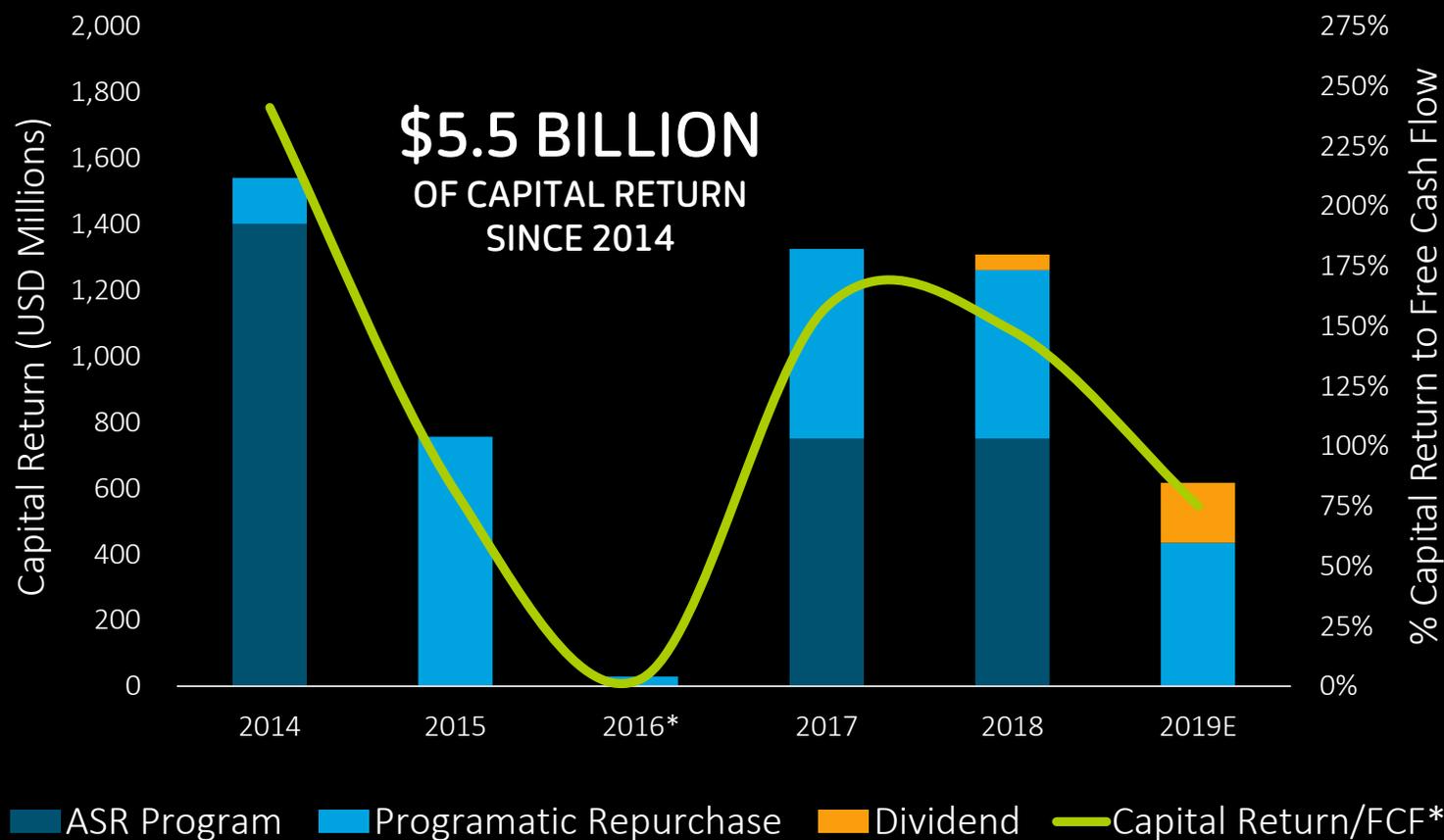
\*The company is unable to provide long term GAAP operating margin or a reconciliation of long term GAAP to non-GAAP operating margin without unreasonable effort due to the variability, complexity and limited visibility of the adjusting items that would be excluded from non-GAAP operating margin in future periods

# Capital Allocation Framework



# History of Strong Capital Return

Since 2014, Citrix has returned 112% of its free cash flow to shareholders



- Introduced \$0.35 per share quarterly dividend in Q4'18 as part of a comprehensive capital return program
- Intend to use up to 75% of free cash flow for programmatic capital return while continuing to evaluate opportunities for additional shareholder return
- The Company announced today that its Board of Directors increased share repurchase authorization by \$600M, bringing total authorization to over \$1B

\* 2014-2017 FCF includes GoTo business

\* 2016 share repurchases were limited ahead of 2017 GoTo spin-off

# Financial Summary

Our momentum in transforming into subscription business is accelerating

## Revenue

We believe 2019 was the low point in our transition, and in 2020 we expect to hit an inflection point and revenue growth to accelerate

## Key Metric

We believe ARR is a key performance indicator of the health and trajectory of our business

## Free Cash Flow

We remain committed to our \$10.00 of Free Cash Flow per share target in 2022

## Appendix A -Reconciliation of Non-GAAP Financial Measures to Comparable U.S. GAAP Measures (Unaudited)

Pursuant to the requirements of Regulation G, the Company has provided a reconciliation of each non-GAAP financial measure used in this letter and related conference call or webcast to the most directly comparable GAAP financial measure. These measures differ from GAAP in that they exclude amortization and impairment primarily related to acquired intangible assets and debt discount, stock-based compensation expenses and charges associated with the Company's restructuring programs, the related tax effect of those items, and charges and benefits related to tax reform. The Company also reflects the effect of anti-dilutive convertible note hedges in the number of shares used in non-GAAP diluted earnings per share. The income tax effect on non-GAAP items is calculated based upon the tax laws and statutory income tax rates applicable in the tax jurisdiction(s) of the underlying non-GAAP adjustment. The Company's basis for these adjustments is described below.

Management uses these non-GAAP measures for internal reporting and forecasting purposes, when publicly providing its business outlook, to evaluate the Company's performance and to evaluate and compensate the Company's executives. The Company has provided these non-GAAP financial measures in addition to GAAP financial results because it believes that these non-GAAP financial measures provide useful information to certain investors and financial analysts for comparison across accounting periods not influenced by certain non-cash items or cash charges that are the result of discrete activities that are not used by management when evaluating the Company's historical and prospective financial performance. In addition, the Company has historically provided this or similar information and understands that some investors and financial analysts find this information helpful in analyzing the Company's operating margins, operating expenses and net income and comparing the Company's financial performance to that of its peer companies and competitors. Management typically excludes the amounts described above when evaluating the Company's operating performance and believes that the resulting non-GAAP measures are useful to investors and financial analysts in assessing the Company's operating performance due to the following factors:

## Appendix A -Reconciliation of Non-GAAP Financial Measures to Comparable U.S. GAAP Measures (Unaudited)

- The Company does not acquire businesses on a predictable cycle. The Company, therefore, believes that the presentation of non-GAAP measures that adjust for the impact of amortization and impairment of intangible assets and stock-based compensation expenses and the related tax effects that are primarily related to acquisitions, provide investors and financial analysts with a consistent basis for comparison across accounting periods and, therefore, are useful to investors and financial analysts in helping them to better understand the Company's operating results and underlying operational trends.
- Amortization and impairment of intangible assets and the related tax effects are fixed at the time of an acquisition, are then amortized over a period of several years after the acquisition and generally cannot be changed or influenced by management after the acquisition.
- Although stock-based compensation is an important aspect of the compensation of the Company's employees and executives, stock-based compensation expense is generally fixed at the time of grant, then amortized over a period of several years after the grant of the stock-based instrument, and generally cannot be changed or influenced by management after the grant.
- Under GAAP, certain convertible debt instruments that may be settled in cash on conversion are required to be accounted for as separate liability (debt) and equity (conversion option) components in a manner that reflects the issuer's non-convertible debt borrowing rate. The difference between the imputed interest expense and the coupon interest expense, net of the interest amount capitalized, is excluded from management's assessment of the Company's operating performance because management believes that the exclusion of these charges will better help investors and financial analysts understand the Company's operating results and underlying operational trends.

## Appendix A -Reconciliation of Non-GAAP Financial Measures to Comparable U.S. GAAP Measures (Unaudited)

- The Company has engaged in various restructuring activities over the past several years that have resulted in costs associated with reductions in headcount, consolidation of leased facilities and related costs. Each restructuring activity has been a discrete event based on a unique set of business objectives or circumstances, and each has differed from the others in terms of its operational implementation, business impact and scope. While the Company's operations previously benefited from the employees and facilities covered by the various restructuring charges, these employees and facilities have benefited different parts of the Company's business in different ways, and the amount of these charges has varied significantly from period to period. The Company, therefore, believes that the exclusion of these charges will better help investors and financial analysts understand the Company's operating results and underlying operational trends.
- The Company had convertible note hedges in place to offset potential dilution from the embedded conversion feature in its convertible notes. For GAAP diluted earnings per share purposes, the Company cannot reflect the anti-dilutive impact of the convertible note hedges. The Company believes that reflecting the anti-dilutive impact of the convertible note hedges in non-GAAP diluted earnings per share provides investors with useful information in evaluating the financial performance of the Company on a per share basis.
- Tax charges or benefits resulting from the enactment of Swiss tax reform. These benefits are not anticipated to be ongoing; and, thus, are outside of the normal operations of the Company's business. Therefore, the Company believes that the exclusion of these benefits will better help investors and financial analysts understand the Company's operating results and underlying operational trends.

## Appendix A -Reconciliation of Non-GAAP Financial Measures to Comparable U.S. GAAP Measures (Unaudited)

These non-GAAP financial measures are not prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and may differ from the non-GAAP information used by other companies. There are significant limitations associated with the use of non-GAAP financial measures. The additional non-GAAP financial information presented here should be considered in conjunction with, and not as a substitute for or superior to, the financial information presented in accordance with GAAP (such as net income and earnings per share) and should not be considered measures of the Company’s liquidity.

## Appendix A – GAAP to Non-GAAP Reconciliation

	For the year ended December 31, 2018	For the nine months ended September 30, 2019	For the year ended December 31, 2019*	For the year ended December 31, 2020*
<b>GAAP operating margin</b>	<b>22.8%</b>	<b>15.1%</b>	<b>18.2%</b>	<b>18.7%</b>
Add: stock-based compensation	6.9	9.4	9.1	9.1
Add: amortization of intangible assets	2.0	3.5	2.0	0.9
Add: restructuring charges	0.6	1.2	0.7	0.3
<b>Non-GAAP operating margin</b>	<b>32.3%</b>	<b>29.2%</b>	<b>30.0%</b>	<b>29.0%</b>

\* Full year 2019 and 2020 guidance

## Appendix A – GAAP to Non-GAAP Reconciliation

	Three Months Ended September 30, 2019
GAAP earnings per share - diluted	<b>\$2.04</b>
Add: stock-based compensation	0.52
Add: amortization and impairment of product related intangible assets	0.16
Add: amortization of other intangible assets	0.04
Add: restructuring charges	0.07
Less: tax effects related to above items	(0.12)
Less: benefit related to Swiss tax reform	(1.19)
Non-GAAP earnings per share - diluted	<b>\$1.52</b>

## Appendix A – GAAP to Non-GAAP Reconciliation

	For the year ended December 31, 2018	For the year ended December 31, 2019*	For the year ended December 31, 2020*
<b>GAAP gross margin</b>	<b>85.3%</b>	<b>84.1%</b>	<b>83.8%</b>
Add: amortization and impairment of product related intangible assets	1.4	1.5	0.8
Add: stock-based compensation	0.3	0.4	0.4
<b>Non-GAAP gross margin</b>	<b>87.0%</b>	<b>86.0%</b>	<b>85.0%</b>

\* Full year 2019 and 2020 guidance

## Appendix B – Definitions

- **ARR:** Annualized Recurring Revenue, or ARR, is an operating metric that represents the contracted recurring value of all termed subscriptions normalized to a one-year period. It is calculated at the end of a reporting period by taking each contract's recurring total contract value and dividing by the length of the contract. ARR includes only active contractually committed, fixed subscription fees. All contracts are annualized, including 30 day offerings where we take monthly recurring revenue multiplied by 12 to annualize. ARR should be viewed independently of U.S. GAAP revenue, deferred revenue and unbilled revenue and is not intended to be combined with or to replace those items. ARR is not a forecast of future revenue.
- **Unbilled Revenue:** primarily represents future billings under our subscription agreements that have not been invoiced and, accordingly, are not recorded in accounts receivable or deferred revenue within our condensed consolidated financial statements.
- **Future Committed Revenue:** Deferred revenue plus unbilled revenue.
- **Free Cash Flow:** Operating cash flow less capital expenditures. Free cash flow is not a measure of cash available for discretionary expenditures.
- **Citrix Cloud Paid Subscribers:** Citrix Cloud Paid Subscribers defined as count of users (or devices in cases of named device licensing) on a paid Citrix Cloud platform subscription as of the end of the reporting period, excluding Networking services, CSP, cloud services not delivered on the Citrix Cloud platform, and certain hybrid customers.