

Trend Micro Reports Another Solid Result for Q2 2020

Despite increased global economic uncertainty second quarter continues path of strong SaaS customer growth

TOKYO, Aug. 12, 2020 /PRNewswire/ -- [Trend Micro Incorporated](#) (TYO: 4704; TSE: 4704), a global leader in cybersecurity solutions, today announced earnings results for the second quarter of fiscal year 2020, ending June 30, 2020.

In Q2 2020, Trend Micro's net sales maintained a stable increase, with a 7% year-over-year growth rate at constant currency. The company grew its commercial business, driven by an 8% year-over-year growth of gross sales at constant currency of its key focus area, Hybrid Infrastructure Protection.

The "new normal" brought forward by the COVID-19 pandemic sped up companies' digital transformations, which is reflected not only in the faster adoption of the cloud, but also in the number of customers moving to SaaS-based solutions. In the second quarter of 2020, Trend Micro saw an impressive 80% year-over-year growth rate of SaaS-based adoption.

"With enterprises around the globe still reeling from the impacts of COVID-19, we continue to see growth in new customers leveraging Trend Micro to help secure their transition to the cloud benefiting from the comprehensive controls provided by our industry leading Trend Micro Cloud One platform. Our approach allows customers to migrate existing applications to the cloud, deliver new cloud-native applications and achieve cloud operational excellence," said Eva Chen, co-founder and chief executive officer for Trend Micro. "In addition to brands looking to secure their digital journey to the cloud, this quarter we also saw strong interest from enterprises looking to go beyond their current endpoint focused security programs by implementing cross-layer detection and response (XDR) across endpoint, email, cloud workloads and network to remove constraints on enterprise security teams and offer a consolidated view of attack paths across the security layer."

For the second quarter, Trend Micro posted consolidated net sales of 41,686 million Yen (or US \$387 million, 107.62 JPY = 1USD). The company posted operating income of 9,927 million Yen (or US \$92 million) and net income attributable to owners of the parent of 6,264 million Yen (or US \$58 million) for the quarter.

Key business updates in Q2

Clear leadership in cloud and container security:

Trend Micro kicked-off the quarter being awarded the 2019 Google Cloud Technology Partner of the Year for Security. This award recognizes accomplishments on Google Cloud and further confirms Trend Micro's leadership in cloud security. Google Cloud customers running Trend Micro have long benefitted from a complete stack, which includes infrastructure and security integrated and tested together to help customers meet their security and governance guidelines.

This quarter also contained the release of the research findings for "Exploring Common Threats to Cloud Security", which highlights how human error and complex deployments open the door to a wide range of cyber threats. This report reaffirms that misconfigurations are the primary cause of cloud security issues. In fact, Trend Micro Cloud One – Conformity identifies 230 million misconfigurations on average each day, proving this risk is prevalent and widespread. The research found threats and security weaknesses in several key areas of cloud-based computing, which can put credentials and company secrets at risk. Criminals capitalizing on misconfigurations have targeted companies with ransomware, cryptomining, e-skimming and data exfiltration.

In terms of industry recognition, Trend Micro ranked #1 in 2019 market share for Hybrid Cloud Workload Security, according to IDC's Worldwide Hybrid Cloud Workload Security Market Shares, 2019 (doc #US46398420, June 2020) report. With a market share of 29.5% last year, three times that of the number two vendor, Trend Micro was described in the report as the "800-pound gorilla" in this space and "the dominant leader in SDC workload protection." The report goes on to mention that the keys to Trend Micro's position include significant cloud innovations, as well as the acquisition of Cloud Conformity to tackle customers' cloud misconfiguration challenges. Additionally, a partnership with Snyk helps to address vulnerabilities stemming from DevOps teams' reuse of open source code repositories.

Partner and community support:

In terms of its channel partner ecosystem, Trend Micro was placed in the Champions quadrant of the [Canalys Global Cybersecurity Leadership Matrix](#), in recognition of major investments and improvements in the channel over the past year. Particularly, highlighting its partner portal improvements that include significant investments in deal registration, sales kits, promotions and training. The quadrant also celebrated the enhancement of the company's Managed Service Provider (MSP) program with a central licensing management platform; and the offering of SOCaaS and its closer alignment to AWS's CPPO program.

Maintaining Leadership in IIoT & Delivering World Leading Research:

In addition to its hybrid cloud momentum, Trend Micro also continued its industrial IoT research including looks into advanced methods hackers could leverage to sabotage smart manufacturing environments. In its report, "Threats and Consequences A Security Analysis of Smart Manufacturing Systems," Trend Micro Research worked with Politecnico di Milano in its Industry 4.0 lab, which houses real manufacturing equipment from industry leaders, to demonstrate how malicious threat actors can exploit existing features and security flaws in IIoT environments for espionage of financial gain.

Trend Micro Research released "Trading in the Dark" with new data on cybercriminal operations and patterns for buying and selling goods and services in the underground. Trust has eroded among criminal interactions, causing a switch to e-commerce platforms and communication using Discord, which both increase user anonymization. The report reveals that determined efforts by law enforcement appear to be having an impact on the cybercrime underground. Several forums have been taken down by global police entities, and remaining forums experience persistent DDoS attacks and log-in problems impacting their usefulness.

New patents filed:

Trend Micro was awarded the following patents in Q2 2020:

Patent No.	Issue Date	Title
10616094	4/7/2020	Redirecting flow control packets
10623440	4/14/2020	Method and system for protecting web applications against web attacks
10635516	4/28/2020	Intelligent logging
10666676	5/26/2020	Detection of targeted email attacks
10680959	6/09/2020	Metadata extraction
10701031	6/30/2020	Identifying algorithmically generated domains

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, a global leader in cybersecurity, helps make the world safe for exchanging digital information. Leveraging over 30 years of security expertise, global threat research, and continuous innovation, Trend Micro enables resilience for businesses, governments, and consumers with connected solutions across cloud workloads, endpoints, email, IIoT, and networks. Our XGen™ security strategy powers our solutions with a cross-generational blend of threat-defense techniques that are optimized for key environments and leverage shared threat intelligence for better, faster protection. With over 6,700 employees in 65 countries, and the world's most advanced global threat research and intelligence, Trend Micro enables organizations to secure their connected world. www.trendmicro.com

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