



Citrix Reports Fourth Quarter and Fiscal Year Financial Results

Quarterly revenue of \$802 million up 3% year-over-year. Annual revenue of \$2.97 billion up 5% year-over-year. Quarterly subscription revenue of \$130 million up 45% year-over-year. Annual subscription revenue of \$455 million up 45% year-over-year. Quarterly GAAP diluted EPS of \$1.15; non-GAAP diluted EPS of \$1.67. Annual GAAP diluted EPS of \$3.94; non-GAAP diluted EPS of \$5.65. Deferred and unbilled revenue up 12% year-over-year. Board of Directors declares \$0.35 per share quarterly dividend



FORT LAUDERDALE, Fla. - January 23, 2019 - Citrix Systems, Inc. (NASDAQ:CTXS) today reported financial results for the fourth quarter and fiscal year ended December 31, 2018.

For the fourth quarter of fiscal year 2018, Citrix achieved revenue of \$802 million, compared to \$778 million in the fourth quarter of fiscal year 2017, representing 3 percent revenue growth. For fiscal year 2018, Citrix reported annual revenue of \$2.97 billion, compared to \$2.82 billion for fiscal year 2017, a 5 percent increase.

Net income for the fourth quarter of fiscal year 2018 was \$166 million, or \$1.15 per diluted share, compared to a net loss of \$284 million, or \$1.93 per diluted share, for the fourth quarter of fiscal year 2017. Net income (loss) for the fourth quarter of fiscal years 2018 and 2017 includes restructuring charges of \$4 million and \$54 million, respectively, for severance and facility closing costs. Net loss for the fourth quarter of fiscal year 2017 includes charges for the estimated impact from the enactment of U.S. tax reform related to the transition tax on accumulated overseas profits and the reduction of our U.S. deferred tax assets and liabilities due to the U.S. federal tax rate reduction from 35% to 21%.

Approximately \$364 million in tax expense was recorded for transition tax on foreign earnings and profits, and approximately \$65 million in tax expense was recorded related to the reduction of U.S. deferred tax assets and liabilities, resulting in total charges of \$429 million for the fourth quarter of fiscal year 2017.

Annual net income for fiscal year 2018 was \$576 million, or \$3.94 per diluted share, compared to \$22 million, or \$0.14 per diluted share for fiscal year 2017. Net income for fiscal years 2018 and 2017 includes restructuring charges of \$17 million and \$72 million, respectively, for severance and facility closing costs. Annual net income for fiscal year 2018 also includes a \$27 million benefit related to adjustments in our estimates of the one-time effects of U.S. tax reform. Annual net income for fiscal year 2017 also includes \$429 million in charges for the estimated impact from the enactment of U.S. tax reform related to the transition tax on accumulated overseas profits and the reduction of our U.S. deferred tax assets and liabilities.

Non-GAAP net income for the fourth quarter of fiscal year 2018 was \$232 million, or \$1.67 per diluted share, compared to \$248 million, or \$1.66 per diluted share for the fourth quarter of fiscal year 2017. Non-GAAP net income for the fourth quarter of fiscal years 2018 and 2017 excludes the effects of stock-based compensation expense, amortization of acquired intangible assets, amortization of debt discount, restructuring charges and the tax effects related to these items. Non-GAAP net income for the fourth quarter of fiscal year 2017 also excludes the tax impact related to the separation of the GoTo business along with charges for the estimated impact from the enactment of U.S. tax reform related to the transition tax on accumulated overseas profits and the reduction of our US deferred tax assets and liabilities due to the U.S federal tax rate reduction from 35% to 21%. Non-GAAP net income per diluted share for the fourth quarter of fiscal years 2018 and 2017 also reflects the anti-dilutive impact of the company's convertible note hedges.

Annual non-GAAP net income for fiscal year 2018 was \$791 million, or \$5.65 per diluted share, compared to \$744 million, or \$4.85 per diluted share for fiscal year 2017. Annual non-GAAP net income for fiscal years 2018 and 2017 excludes the effects of stock-based compensation expense, amortization of acquired intangible assets, amortization of debt discount, restructuring charges, and the tax effects related to these items. Annual non-GAAP net income for fiscal year 2018 excludes a benefit related to adjustments in our estimates of the one-time effects of U.S. tax reform. Annual non-GAAP net income for fiscal year 2017 also excludes costs related to the separation of the GoTo business and related tax impacts along with charges for the estimated impact from U.S. tax reform related to the transition tax and the reduction of our U.S. deferred tax assets and liabilities. Non-GAAP net income per diluted share for fiscal years 2018 and 2017 also reflects the anti-dilutive impact of the company's convertible note hedges.

In addition to financial results, Citrix also announced that its Board of Directors declared a quarterly cash dividend of \$0.35 per share payable on March 22, 2019 to all shareholders of record as of the close of business on March 8, 2019. During the fourth quarter of 2018, Citrix repurchased \$380 million of shares, completing its commitment from the fourth quarter of 2017 to return \$2 billion to shareholders, and further returned \$47 million to shareholders through its inaugural quarterly dividend.

“I am very pleased with our strong fourth quarter and full year results. All of our key performance metrics came in at or above the targets we provided. More importantly, our subscription model transition accelerated,” said David Henshall, president and CEO.

“Today, I believe we have the best product portfolio we’ve ever had and our long-term vision is resonating with both customers and with partners. The opportunities we see in both Digital Workspace and Networking combined with the investments we are making in the business give me confidence in Citrix’s outlook in the years ahead.”

In reviewing the results for the fourth quarter of fiscal year 2018 compared to the fourth quarter of fiscal year 2017:

- Subscription revenue increased 45 percent;
 - Product and license decreased 11 percent;
 - Support and services increased 2 percent;
 - Net revenue increased in the EMEA region by 10 percent; increased in the APJ region by 4 percent; and decreased in the Americas region by 1 percent;
 - Deferred and unbilled revenue totaled \$2.17 billion as of December 31, 2018, compared to \$1.94 billion as of December 31, 2017, an increase of 12 percent; and
 - Cash flow from operations was \$206 million for the fourth quarter of fiscal year 2018, compared to \$254 million for the fourth quarter of fiscal year 2017.
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- Subscription revenue as a percentage of total revenue was 16 percent;
 - GAAP gross margin was 86 percent and non-GAAP gross margin was 88 percent;
 - GAAP operating margin was 25 percent and non-GAAP operating margin was 35 percent; and
 - The company repurchased approximately 3.7 million shares during the fourth quarter.

In reviewing the results for fiscal year 2018 compared to fiscal year 2017:

- Subscription revenue increased 45 percent;
 - Product and license decreased 4 percent;
 - Support and services increased 2 percent;
 - Net revenue increased in the EMEA region by 8 percent; increased in the Americas region by 4 percent; and increased in the APJ region by 3 percent; and
 - Cash flow from operations was \$1.04 billion for fiscal year 2018 compared with \$964 million for fiscal year 2017.
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- Subscription revenue as a percentage of total revenue was 15 percent;
 - GAAP gross margin was 85 percent and non-GAAP gross margin was 87 percent;

- GAAP operating margin was 23 percent and non-GAAP operating margin was 32 percent; and
- The company repurchased 15.0 million shares at an average price of \$98.90.

Citrix management expects to achieve the following results for the fiscal year ending December 31, 2019:

- Net revenue is targeted to be in the range of \$3.08 billion to \$3.09 billion.
- GAAP operating margin is targeted to be in the range of 21.2 percent to 21.7 percent, and
- Non-GAAP operating margin is targeted to be in the range of 31.5 percent to 32 percent.
- GAAP diluted earnings per share is targeted to approximately \$4.03, and
- Non-GAAP diluted earnings per share is targeted to be approximately \$6.00.

Citrix management expects to achieve the following results for the first quarter of fiscal year 2019 ending March 31, 2019:

- Net revenue is targeted to be in the range of \$700 million to \$710 million.
- GAAP diluted earnings per share is targeted to be in the range of \$0.66 to \$0.71, and
- Non-GAAP diluted earnings per share is targeted to be in the range of \$1.15 to \$1.20.

The above statements are based on current targets. These statements are forward-looking, and actual results may differ materially.

Citrix will host a conference call today at 4:45 p.m. ET to discuss its financial results, quarterly highlights and business outlook. The call will include a slide presentation, and participants are encouraged to listen to and view the presentation via webcast at <http://www.citrix.com/investors>.

The conference call may also be accessed by dialing: (888) 799-0519 or (706) 634-0155, using passcode: CITRIX. A replay of the webcast can be viewed for approximately 30 days on the Investor Relations section of the Citrix corporate website at <http://www.citrix.com/investors>.

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