Zoom's Analyst Meeting

October 15, 2019

Agenda

11:00am - 11:40am Welcome

- Growth Strategy, Kelly Steckelberg, CFO
- Zoom Phone Update, Graeme Geddes, Head of Zoom Phone

11:40am - 12:05pm Break/Box lunches served

12:05pm - 1:45pm Afternoon Session

- Zoom's Technology Strategy, Oded Gal, Chief Product Officer
- Executive Q&A with Eric Yuan, Zoom CEO, and Kelly Steckelberg
- Customer Panel hosted by Ryan Azus, Chief Revenue Officer, featuring Craig Williams, CIO of Ciena and Prakash Kota, CIO of Autodesk

1:45pm Closing Remarks

Use of non-GAAP financial measures

In addition to the financials presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this presentation includes the following non-GAAP metrics: non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating margin, non-GAAP operating income, non-GAAP EPS and non-GAAP Free Cash Flow. Non-GAAP metrics have limitations as analytical tools and you should not consider them in isolation or as a substitute for or superior to the most directly comparable financial measures prepared in accordance with U.S. GAAP. There are a number of limitations related to the use of non-GAAP metrics versus their nearest GAAP equivalents. Other companies, including companies in our industry, may calculate non-GAAP metrics differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP metrics as tools for comparison. We urge you to review the reconciliation of Zoom's non-GAAP metrics to the most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business. See the Appendix for reconciliation between each non-GAAP metric and the most comparable GAAP measure.

Safe Harbor

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This presentation and the accompanying oral presentation include express and implied "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "estimate," "expect," "intend," "may," "might," "plan," "project," "will," "would," "should," "could," "can," "predict," "potential," "target," "explore," "continue," or the negative of these terms, and similar expressions intended to identify forward-looking statements. However, not all forward-looking statements contain these identifying words. These statements may relate to our market size and growth strategy, our reputation in the market, our estimated and projected costs, margins, revenue, expenditures and growth rates, our future results of operations or financial condition, our plans and objectives for future operations, growth, initiatives, or strategies. By their nature, these statements are subject to numerous uncertainties and risks, including factors beyond our control, that could cause actual results, performance or achievement to differ materially and adversely from those anticipated or implied in the statements. These assumptions, uncertainties and risks include that, among others, our business would be harmed by any decline in new customers and hosts, renewals or upgrades, our limited operating history makes it difficult to evaluate our prospects and future results of operations, we operate in competitive markets, we may not be able to sustain our revenue growth rate in the future, our business would be harmed by any significant interruptions, delays or outages in services from our co-located data centers, and failures in internet infrastructure or interference with broadband access could cause current or potential users to believe that our systems are unreliable. Additional risks and uncertainties that could cause actual outcomes and results to differ materially from those contemplated by the forward-looking statements are included under the caption "Risk Factors" and elsewhere in our most recent filings with the Securities and Exchange Commission (the "SEC"), including our quarterly report on Form 10-Q filed with the SEC on September 13, 2019. Forward-looking statements speak only as of the date the statements are made and are based on information available to Zoom at the time those statements are made and/or management's good faith belief as of that time with respect to future events. Zoom assumes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made, except as required by law. This presentation and the accompanying oral presentation also contain estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions, and estimates of our future performance and the future performance of the markets in which we compete are necessarily subject to a high degree of uncertainty and risk.

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Growth Strategy

Kelly Steckelberg
Chief Financial Officer, Zoom

It All Starts With

Delivering Happiness to our Customers

70+

Net promoter score

95%

CSAT Score

85%

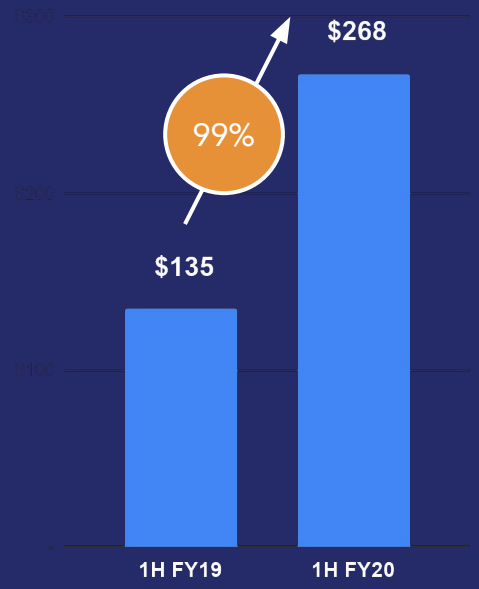
Increased video usage upon switching to Zoom

~80B

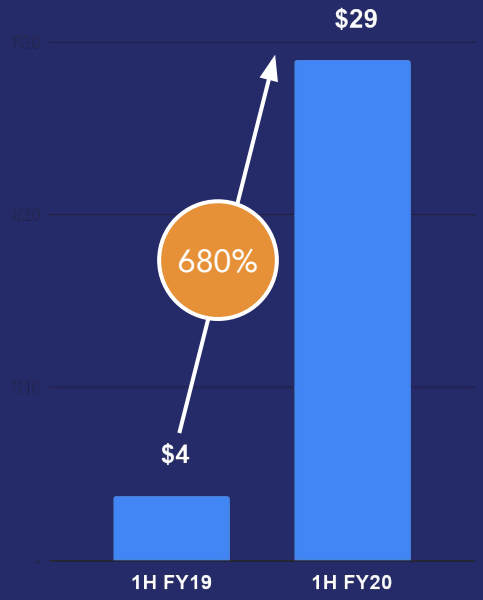
Annual meeting minutes run-rate

Unique Financial Profile

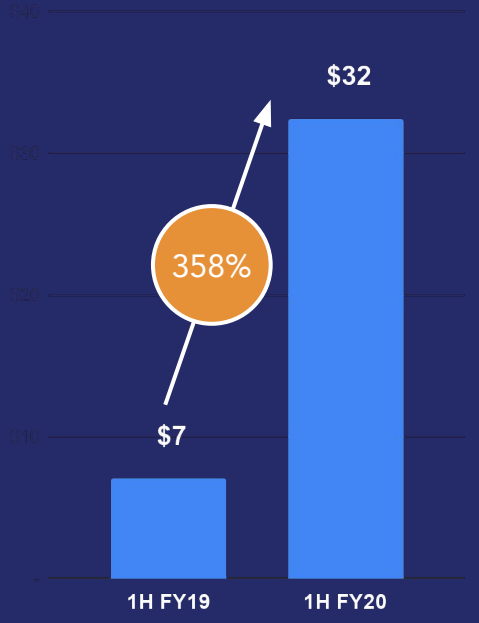
Total 1H Revenue (in millions)



Total 1H Non-GAAP Operating Income (in millions) [1]

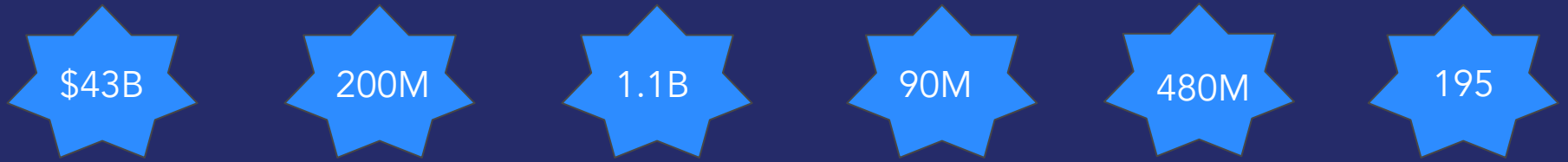


1H Free Cash Flow [1]



[1] See appendix for a reconciliation of non-GAAP to GAAP financial measures. We define FCF as GAAP net cash provided by operating activities less purchases of property and equipment.

Enormous Opportunity

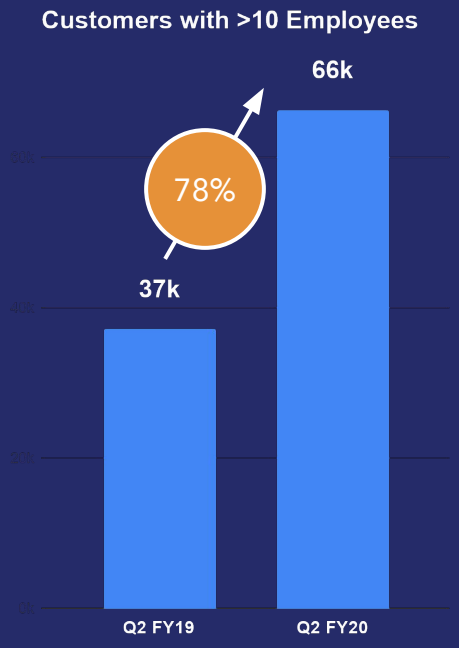


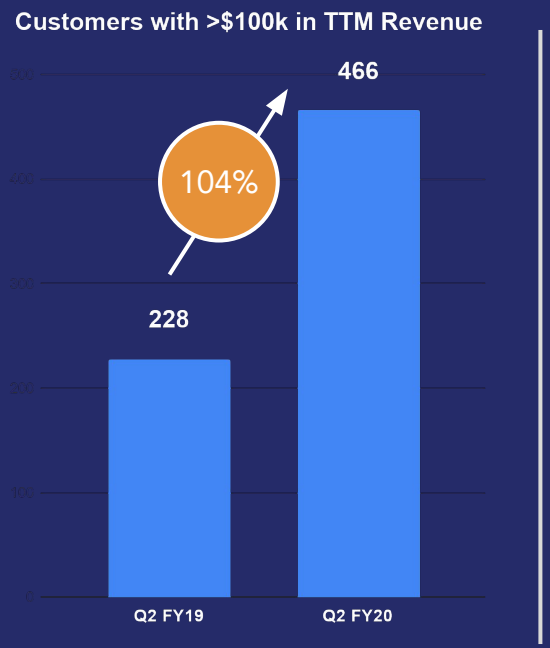
Total Addressable Market[1]	Global Businesses[2]	Knowledge Workers Worldwide[3]	Conference Rooms Globally[4]	Desktop Phones[5]	Countries in the World[6]

Note:
1) TAM is as of 2022. International Data Corporation (IDC), Worldwide Unified Communications and Collaboration Forecast, 2018-2022, May 2018
2) DataPro https://datapo.com/news/how-many-companies-are-there-in-the-world/
3) Knowledge workers worldwide as of 2023. Gartner: https://www.gartner.com/en/newsroom/press-releases/09-24-2019-gartner-says-worldwide-social-software-and-collaboration-revenue-to-nearly-double-by-2023
4) Provided by Frost and Sullivan Research (base year 2018)
5) Provided by Frost and Sullivan Research (base year 2018)
6) Based on United Nations memberships

Zoom Growth Strategy

Expansion in the Up Market





TTM Net Dollar Expansion Rate[1]

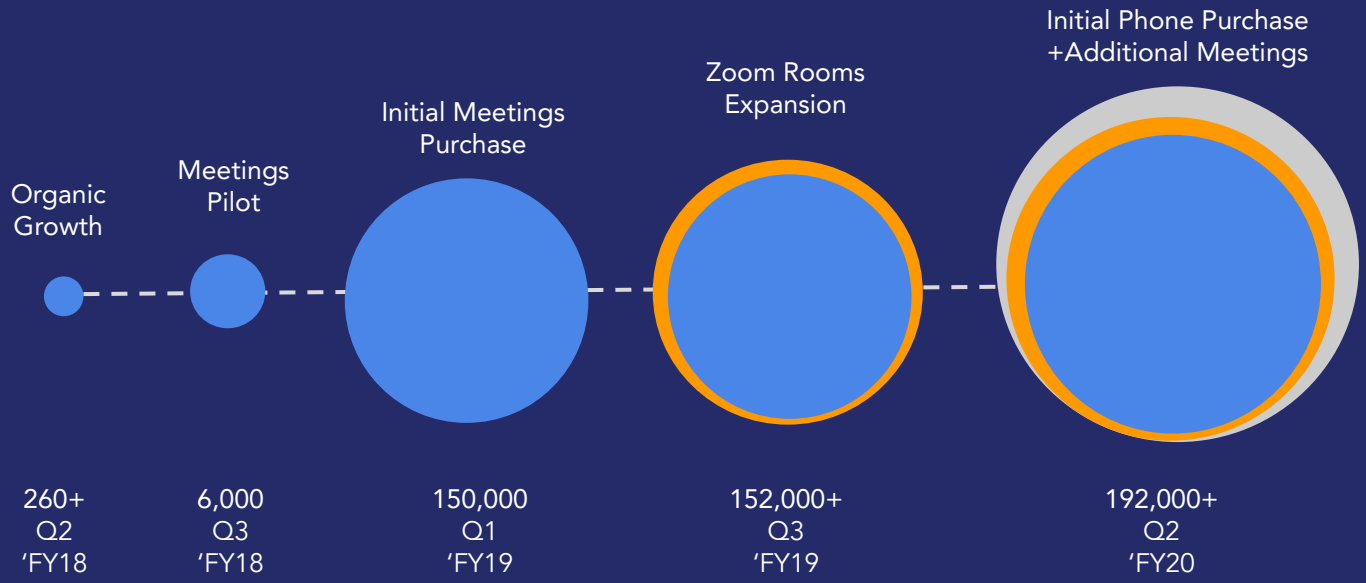
130%+

[1]We calculate net dollar expansion rate as of a period end by starting with the ARR from customers with greater than 10 employees as of the 12 months prior to such period end (Prior Period ARR). We then calculate the ARR from these customers as of the current period end (Current Period ARR). The calculation of Current Period ARR includes any upsells, contraction and attrition. We then divide the total Current Period ARR by the total Prior Period ARR to arrive at the net dollar expansion rate. For the trailing 12-months calculation, we take an average of this calculation over the trailing 12 months.

How it Works

Case Study: Large Retail Company

(Number of Licenses)



10K Phone

2K+ Rooms

180K Meetings

Up Market Opportunity

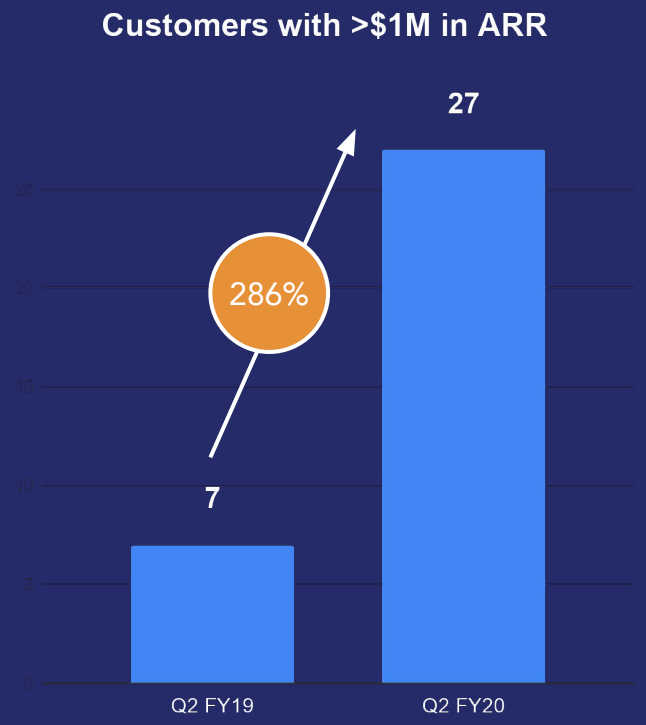
FORTUNE 500

55%+

With at least one paid Zoom host

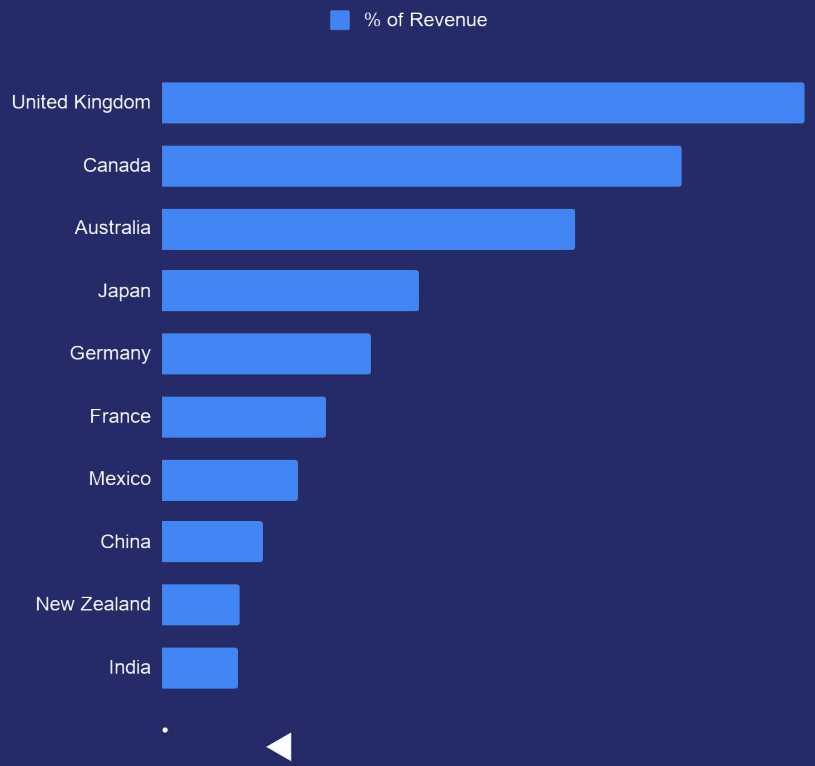
5%

With >$100k in TTM Revenue

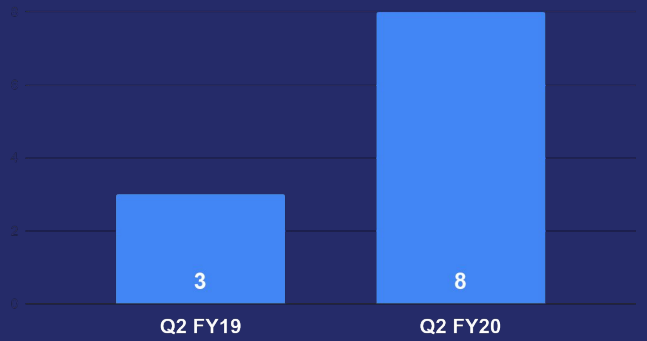


International Expansion

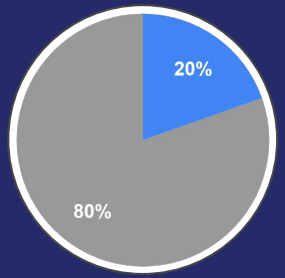
Top 10 International Markets by Revenue Share



INT'L Sales Offices

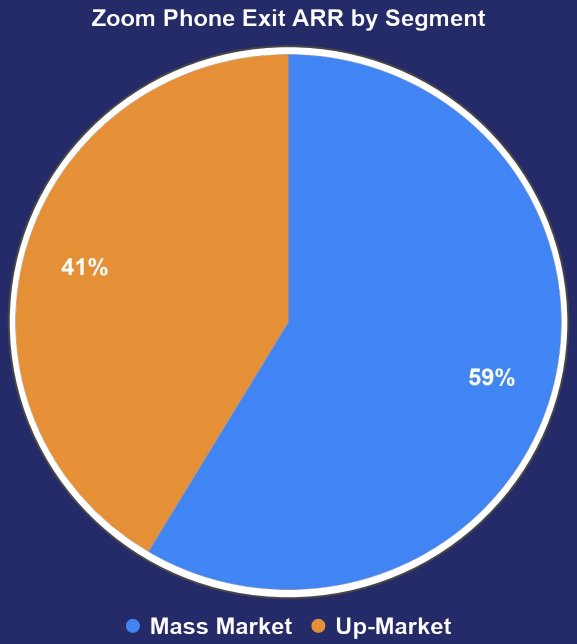


Revenue Mix 1H FY20



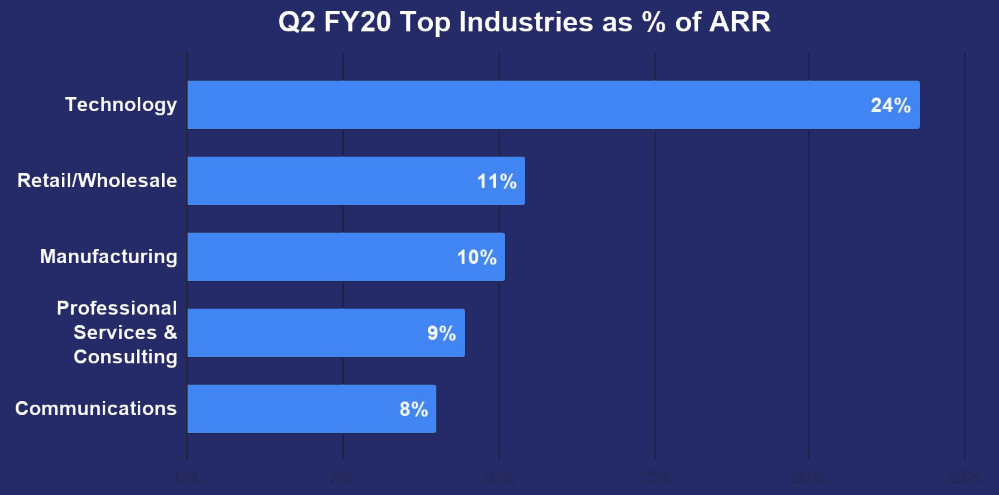
INT'L Revenue Growth 1H FY20

Upselling the Platform: Zoom Phone



10K+

Largest # of Zoom Phone licenses deployed to date



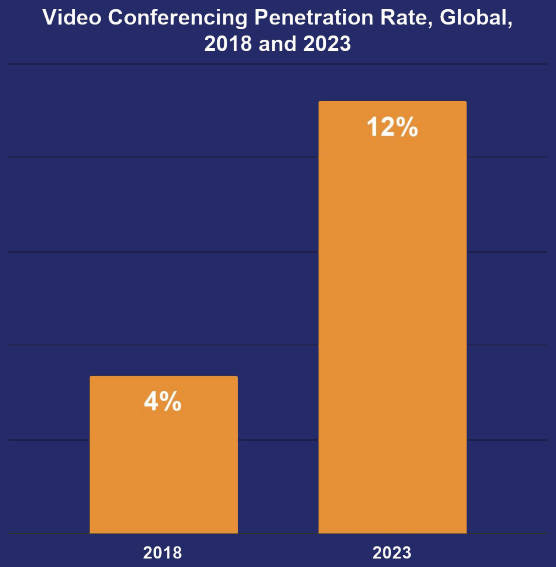
Note: Mass market includes companies with <1,000 employees, up-market includes companies with >1,000 employees and industry verticals

Upselling the Platform: Zoom Rooms

Market Opportunity

90M

Number of Global Meeting Rooms (2018)



Note: All figures are rounded. The base year is 2018. Source: Frost & Sullivan

zoomrooms

37%

Zoom Room Attach Rate in Existing Upmarket Customers

Note: Up-market includes companies with >1,000 employees and industry verticals

Zoom Team Focused on Growth and Scale

Zoom Team & Culture

Product

Partnership Ecosystem

Customer Happiness

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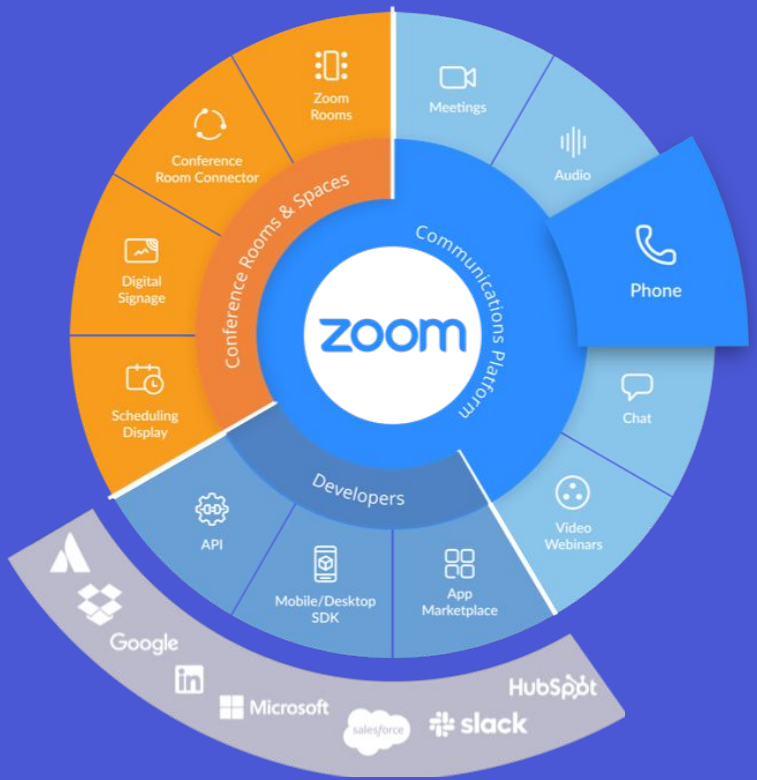
zoomphone

Graeme Geddes
Head of Zoom Phone



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Simplify Your Stack

Zoom consolidates many of your communications tools in one Video-First Unified Communications platform.

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Modern Phone Solution

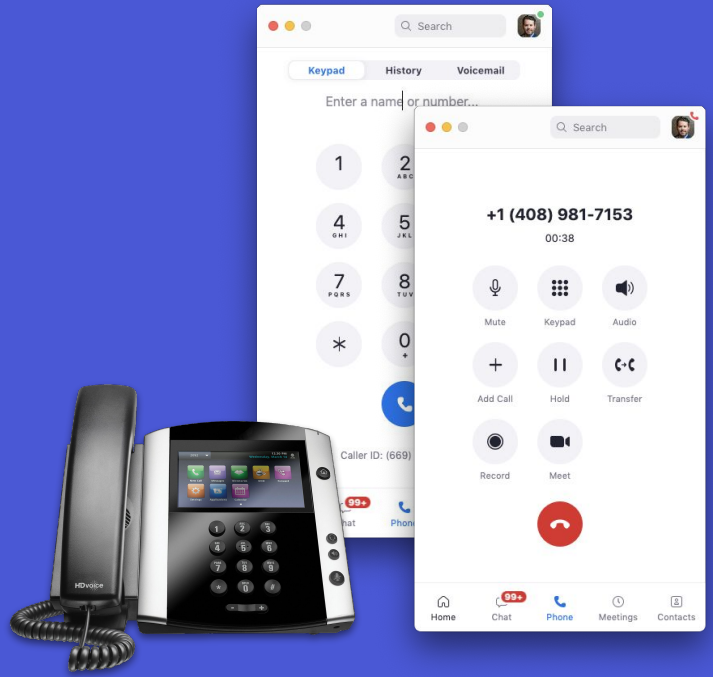
- Seamlessly integrated PBX features
- Domestic & international PSTN access
- DID provisioning & number porting

Centralized Management

- Single point administration
- Single unified app experience
- Call detail reporting & quality monitoring

HD Secure & Reliable

- Secure HD Voice
- QoS delivered by adaptive rate codecs
- Globally distributed datacenters



12 months of progress

GA in Jan 2019

5 major releases

7 countries & territories

Support > 50 devices

Processing millions of voice minutes per week

POPSOCKETS
FRONTERA ENERGY
AUTOMATION ANYWHERE
EAB
Ferrara candy company
tapestry
Five9
ViewSonic See the difference
ciena
T2 TAKE-TWO INTERACTIVE

Zoom Phone Innovation Velocity

March

Elevate to Meeting
CC Partner Program
SFDC Integration
ZTP for Poly & Yealink

May

Bring Your Own Carrier
UK & AUS (beta)
Support for > 50 devices

July

UK & AUS
e911 notification
Active-Active architecture
O365 / Gmail contact integration
Bluetooth HID support
Multilingual prompts
Disable voicemail
Inbound Caller Name
Multitasking on Mobile Apps

2H 2019

Shared Line Appearance
Shared Line Groups
Automatic Call Recording
Shared Voicemail
Slack integration
CUCM & Avaya integration
Linux app
Citrix VDI support
Global Dialplan
Usage & Analytics reports
Location-based Routing
Dynamic e911 support
3rd party video endpoints
International Expansion

Zoom Phone Announcements

CC Partner Expansion

Current Partners

Five9 twilio

New Partners

talkdesk GENESYS NICE inContact

BYOC Direct Peering

gtt voxbone

International Expansion

Generally Availability
Australia, Canada, Ireland, New Zealand, Puerto Rico, United Kingdom, United States

Beta Availability
Austria, Belgium, Denmark, France, Germany, Italy, Netherlands, Portugal, Spain, Sweden, Switzerland

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Break

ZOOMTOPIA

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Technology Strategy

Oded Gal
Chief Product Officer, Zoom

Seamless, Effortless Communications

AI/ML, NLP

Meetings

Webinars

Rooms

Messaging

Phone

Productivity, Messaging, Security,
Content, Sales, Marketing, Support

zoom

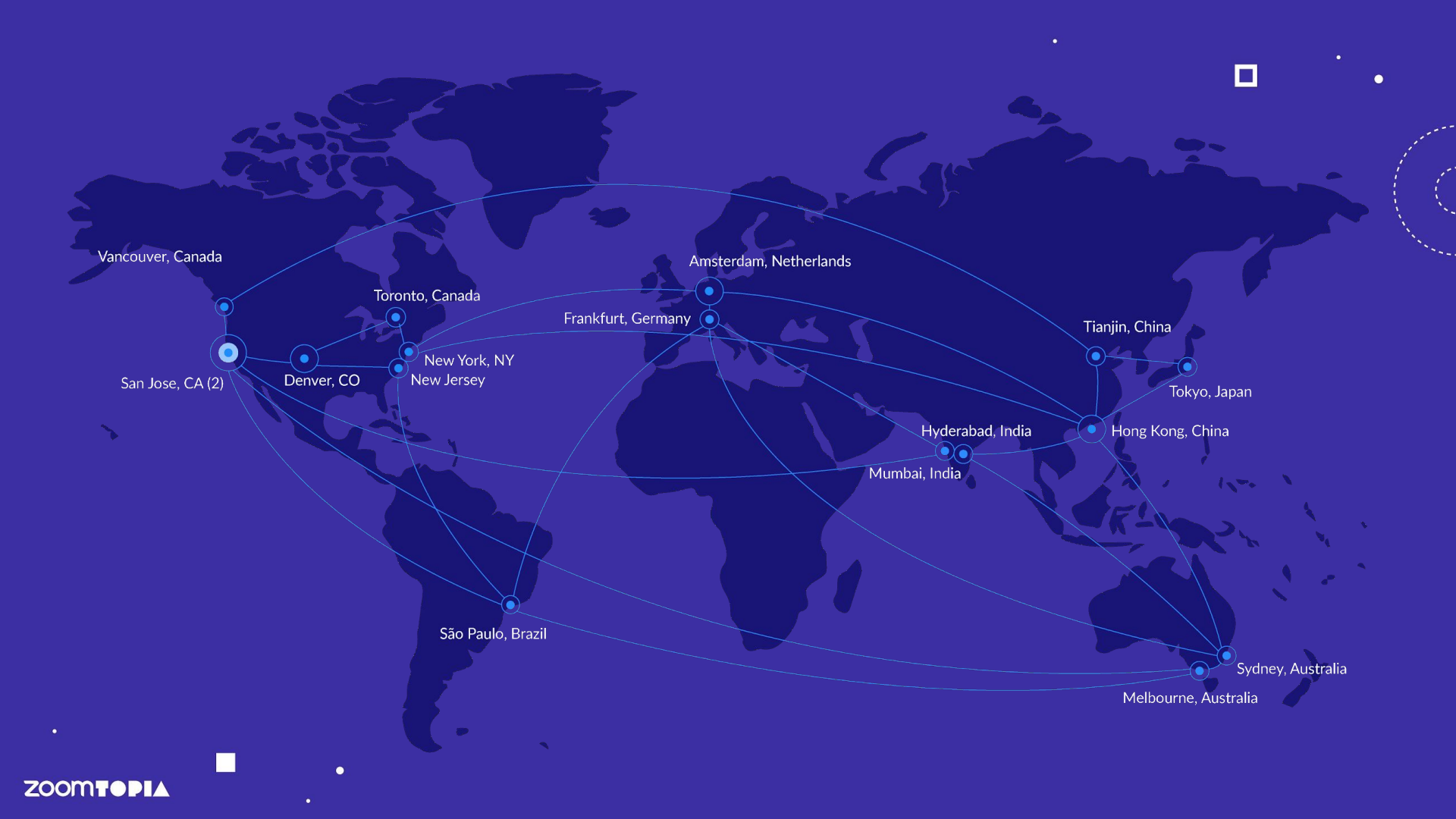
App Marketplace Competition

EMERGENCE

SEQUOIA

MAVEN VENTURES

Horizons Ventures 维港投资


Vancouver, Canada
Toronto, Canada
Amsterdam, Netherlands
Frankfurt, Germany
Tianjin, China
San Jose, CA (2)
Denver, CO
New York, NY
New Jersey
Tokyo, Japan
Hyderabad, India
Hong Kong, China
Mumbai, India
São Paulo, Brazil
Sydney, Australia
Melbourne, Australia
ZOOMTOPIA

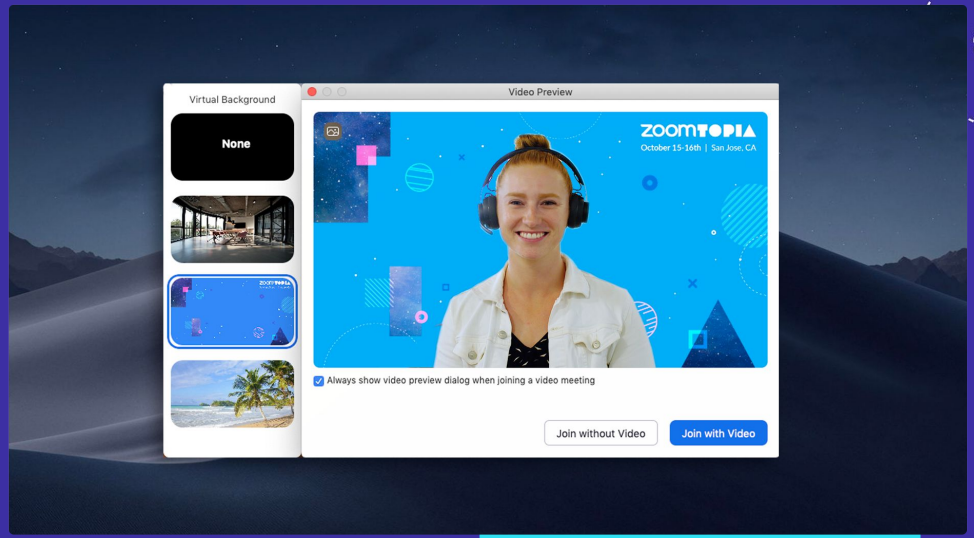
Virtual Backgrounds

Preview Mode

Video Virtual Backgrounds

PPT Virtual Background

Virtual Background in Zoom Rooms



Preview Mode

Empowering People to do More

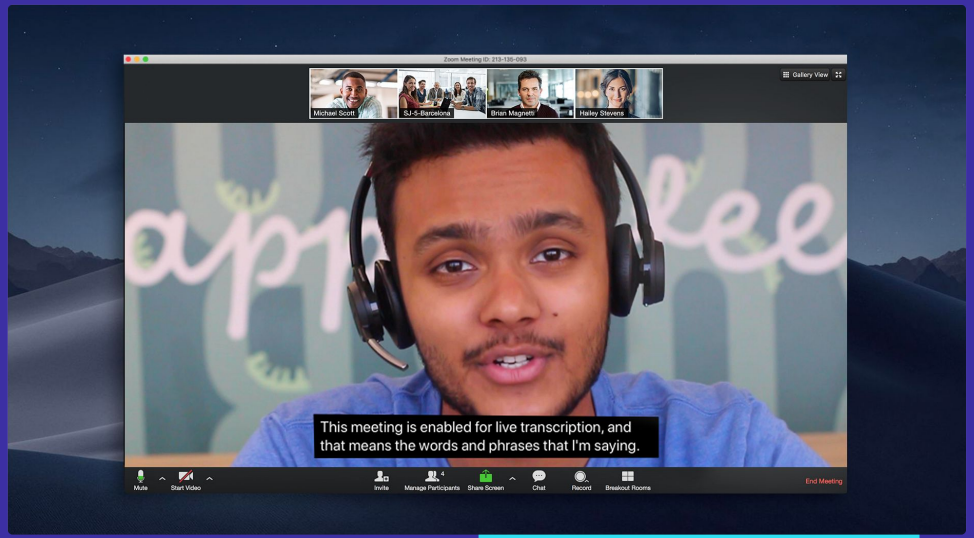
University of Otago

Empowering People to do More

Simultaneous Interpretation

Live Transcription

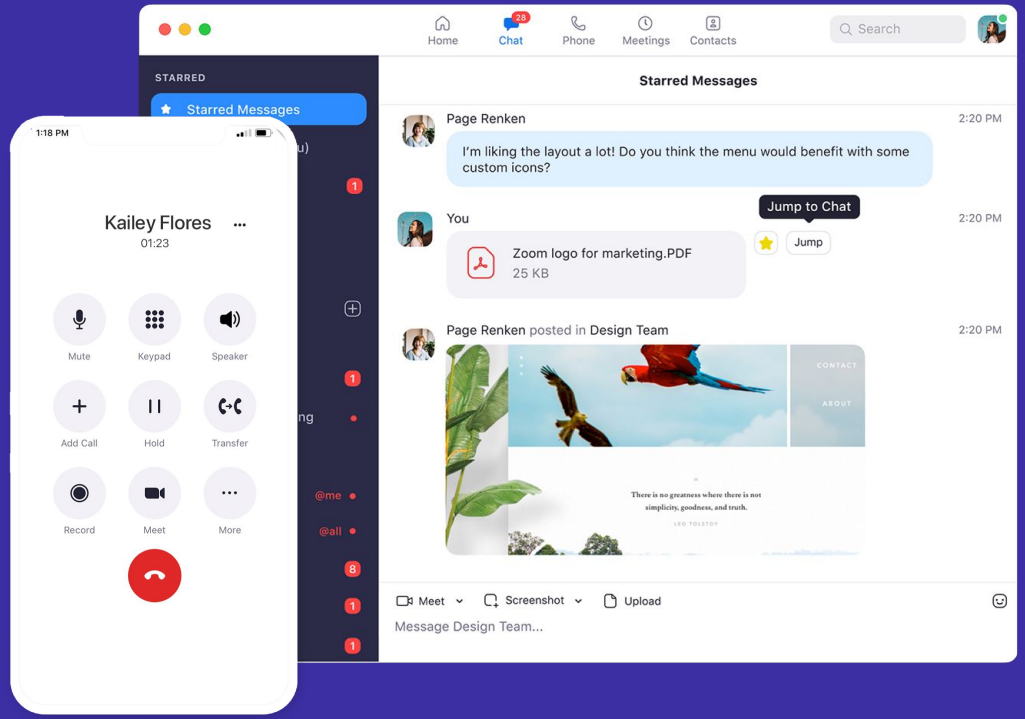
Meeting Notes
Action Items
Timelines



Preview Mode

Zoom Client
For Meetings, Chat and Phone

Single Client
for all of your
Communications



zoomrooms

Zoom Rooms 2019 Highlights

Windows IoT

All-in-one solutions and single vendor kits to simplify procurement and deployment

Enhanced Interoperability

One-click to join third party meetings

Zoom Device Management

Remotely manage iOS, MacOS, and Windows Zoom Rooms devices

“Find a Room”

Simplified room booking from Zoom Rooms scheduling display with an interactive map

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Appliances

Streamlined procurement

Available for purchase via e-commerce
or through the channel—globally.

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Executive Q&A

Eric Yuan
Founder and CEO, Zoom

Kelly Steckelberg
Chief Financial Officer, Zoom

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CIO Customer Panel

Ryan Azus
Chief Revenue Officer, Zoom

Prakash Kota
Chief Information Officer, Autodesk

Craig Williams
Chief Information Officer, Ciena

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Thanks!
Questions?

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GAAP to Non-GAAP Reconciliation

Operating Income

($ in thousands)	1H FY19	1H FY20
Total Revenue	$134,596	$267,814
GAAP Operating Profit	$1,738	$3,822
(+) Stock-based compensation expenses and related payroll taxes	$1,975	$25,131
Non-GAAP Operating Profit	$3,713	$28,953

Free Cash Flow

($ in thousands)	1H FY19	1H FY20
Cash Flow from Operations	$17,110	$53,408
(-) Purchases of PPE	$(10,027)	$(20,937)
Free Cash Flow	$7,083	$32,471