

Driving Growth at Scale

Dynatrace Investor Day

September 16, 2020



Kevin Burns

Chief Financial Officer



Safe Harbor

Each of the presentations today will contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding management’s expectations of future financial and operational performance and operational expenditures, expected growth, and business outlook, including our financial guidance for the second quarter and full year of fiscal 2021, statements regarding the impact of the COVID-19 pandemic and related economic conditions on our business and results of operations; and statements regarding the size of our market and our positioning for capturing a larger share of our market. These forward-looking statements include, but are not limited to, plans, objectives, expectations and intentions and other statements contained in this press release that are not historical facts and statements identified by words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” or words of similar meaning. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by those forward-looking statements are reasonable, we can give no assurance that the plans, intentions, expectations or strategies will be attained or achieved. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control including, without limitation, the effect of the COVID-19 pandemic on our business operations and demand for our products as well as its impact on general economic and financial market conditions; our ability to maintain our subscription revenue growth rates in future periods, our ability to service our substantial level of indebtedness, market adoption of software intelligence solutions for application performance monitoring, digital experience monitoring and infrastructure monitoring, continued spending on and demand for software intelligence solutions, our ability to maintain and acquire new customers, our ability to differentiate our platform from competing products and technologies; our ability to successfully recruit and retain highly-qualified personnel; the price volatility of our common stock, and other risks set forth under the caption “Risk Factors” in our Form 10-Q filed on July 30, 2020 and our other SEC filings. We assume no obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

This presentation also contains estimates and other statistical data made by independent parties and by the Company relating to market size and growth and other data about the Company's industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Neither the Company nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation. In addition, projections, assumptions and estimates of the Company's future performance and the future performance of the markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk. By attending or receiving this presentation you acknowledge that you will be solely responsible for your own assessment of the market and the Company's market position and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company's business.

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 generally accepted accounting principles in the United States (“GAAP”). The non-GAAP measures as defined by the Company may not be comparable to similar non-GAAP measures presented by other companies. The Company's presentation of such measures, which may include adjustments to exclude unusual or non-recurring items, should not be construed as an inference that its future results will be unaffected by these or other unusual or non-recurring items. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures is included in the Appendix to these slides.



Delivering on our goals



Building a
diversified business



Achieving sustainable growth



Delivering on our goals



**Building a
diversified business**

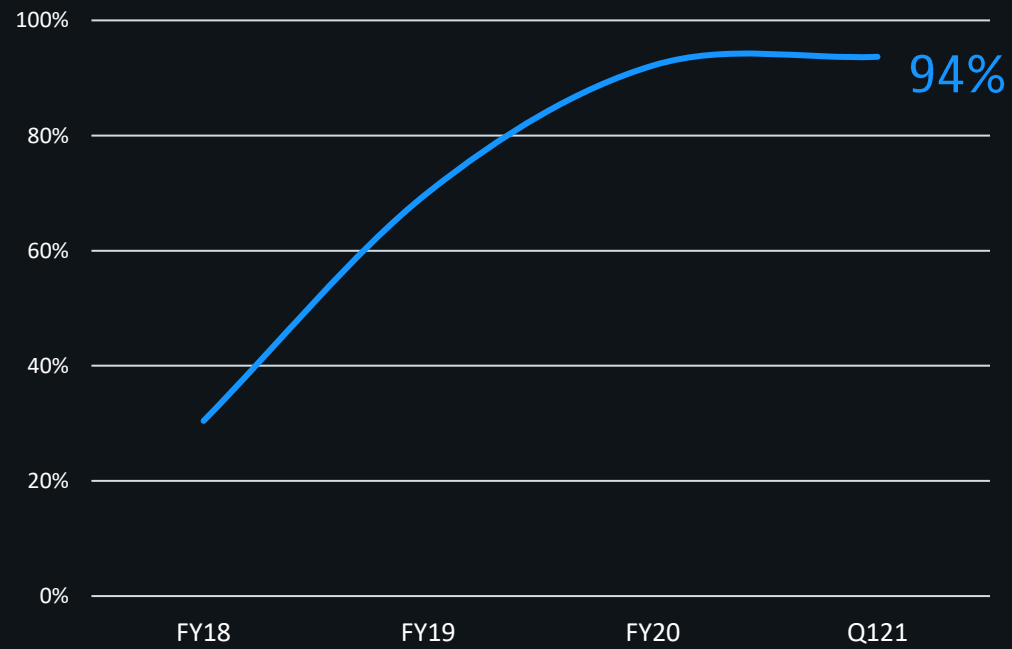


Achieving sustainable growth



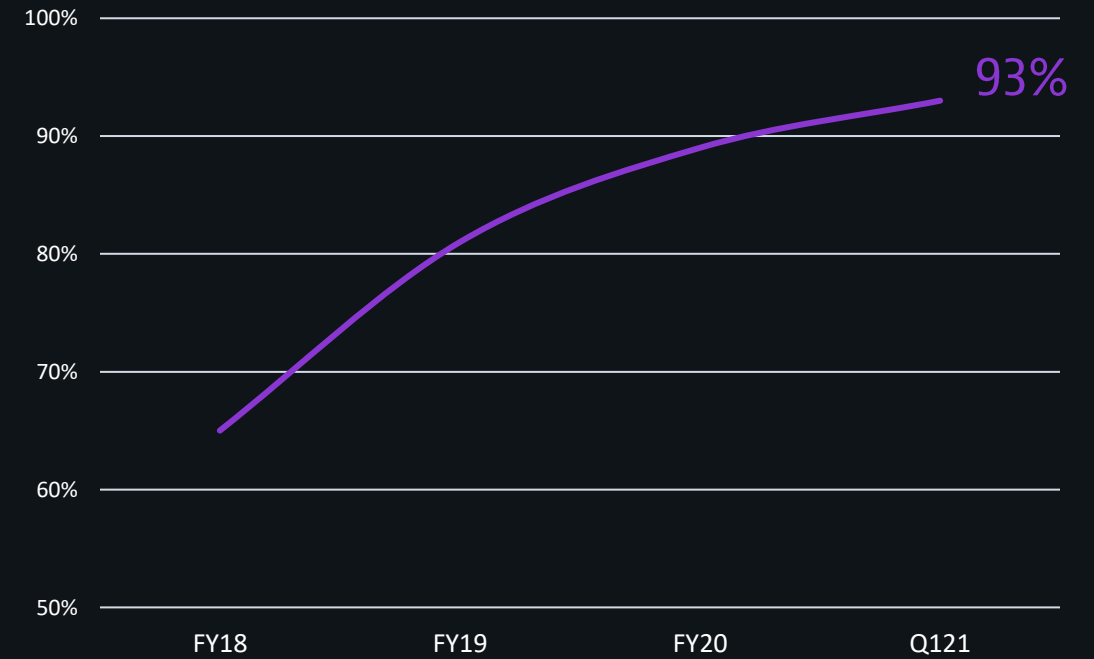
A Single Platform Subscription Company

Dynatrace Platform ARR



as a % of Total ARR

Subscription Revenue



as a % of Total Revenue

Delivering Results

Demonstrated our ability to both execute and adapt through the transitions

Scale

\$601M

ARR

39% YoY

\$622M

ANNUALIZED REVENUE

30% YoY

Profitability

\$154M

Op. Income Q1TTM

27% of Revenue

\$141M

uFCF Q121 TTM

24% of Revenue

Cash Allocation

Shifting focus from debt repayment to building a cash balance



(\$ In Millions)	Q1-21
NetDebt ^{2,3}	\$260
TTM Adj. EBITDA ³	\$163
Net Debt / TTM Adj. EBITDA Ratio ²	1.6x

Reduced debt principal by \$140M, including a payment of \$30M in July 2020

Business expected to naturally de-lever as cash is generated

~5 years to debt maturity⁴

1) Reflects proforma Post-IPO Q1-20 ratio, in which Net Debt is calculated as of June 30, 2019 debt principal less cash and cash equivalents, less IPO proceeds of \$590M received in August 2019.
2) Dynatrace debt covenants include customary negative covenants and does not contain financial maintenance covenants other than a springing minimum net leverage ratio not to exceed 7.5 to 1.0 on the last day of any fiscal quarter.
3) These are non-GAAP financial measures. See Appendix for reconciliation of GAAP to non-GAAP financial measures
4) 1st Lien term loan matures on August 23, 2025



Balanced Business – Rule of 50

Top Line

Q121 YoY Growth

Revenue

30%

ARR

39%

Subscription Revenue

37%

+

Bottom Line

Q121 TTM % of Revenue

Non-GAAP Op Margin

27%

uFCF

24%

=

Rule of
50+



Key Performance Measures





Key Performance Measures



**1 Contract -
1 Price**

**Multi-year Term
Fixed Price
1 Renewal Event**



Key Performance Measures



**1 Contract -
1 Price**

**Multi-year Term
Fixed Price
1 Renewal Event**

**Multi-year
Deals**

**Moving from
1 Yr Avg to
2 Yr Avg**



Key Performance Measures



RPO



Deferred
Revenue



Calculated
Billings

**1 Contract -
1 Price**

Multi-year Term
Fixed Price
1 Renewal Event

**Multi-year
Deals**

Moving from
1 Yr Avg to
2 Yr Avg

**Perpetual
Run-off**

\$50M 1Q21 to
~\$0 FY23



Key Performance Measures

As we evolve from a transition company to a growth subscription business,
the metrics we focus on are ...

ARR

New Logos & Land ARR

ARR/Customer

Net Expansion Rate

Revenue

Subscription

Bottom Line

Gross Margin

Operating Income

uFCF



Delivering on our goals



Building a
diversified business



Achieving sustainable growth



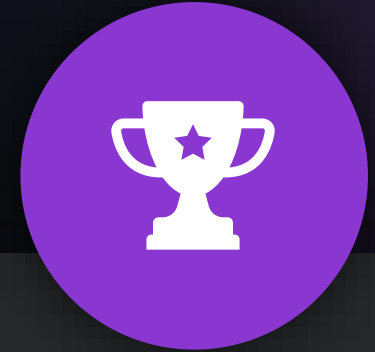
Durable Business



93% Subscription



**Digital Transformation
Acceleration**



Enterprise Customers



Enterprise Platform Footprint

\$1M accounts grew by **60%** YoY, representing **>40%** total ARR

Avg Dynatrace ARR per customers with 3+ Modules **>\$400K**

Q1-21 Dynatrace ARR by Spend Band

Large (\$1M+)	43%
Medium (\$100K-\$1M)	46%
Small (<\$100K)	11%

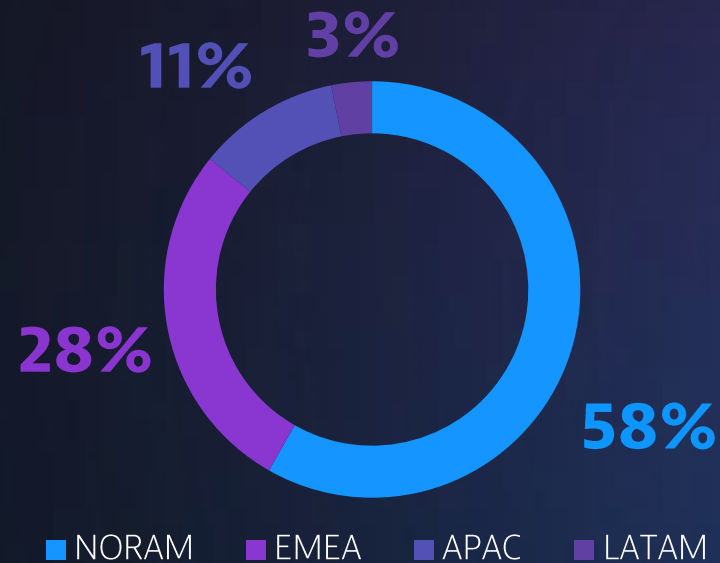
Q1-21 Dynatrace ARR by Module Usage

3+ Modules	56%
2 Modules	36%
1 Module	8%

Diverse Revenue Stream

Diverse across **geographies** and **verticals** with Enterprise Customer Relationships

FY20 revenue by geography



Q1-21 ARR by industry vertical



Each vertical in the corresponding band represents that percent contribution to ARR.



Delivering on our goals

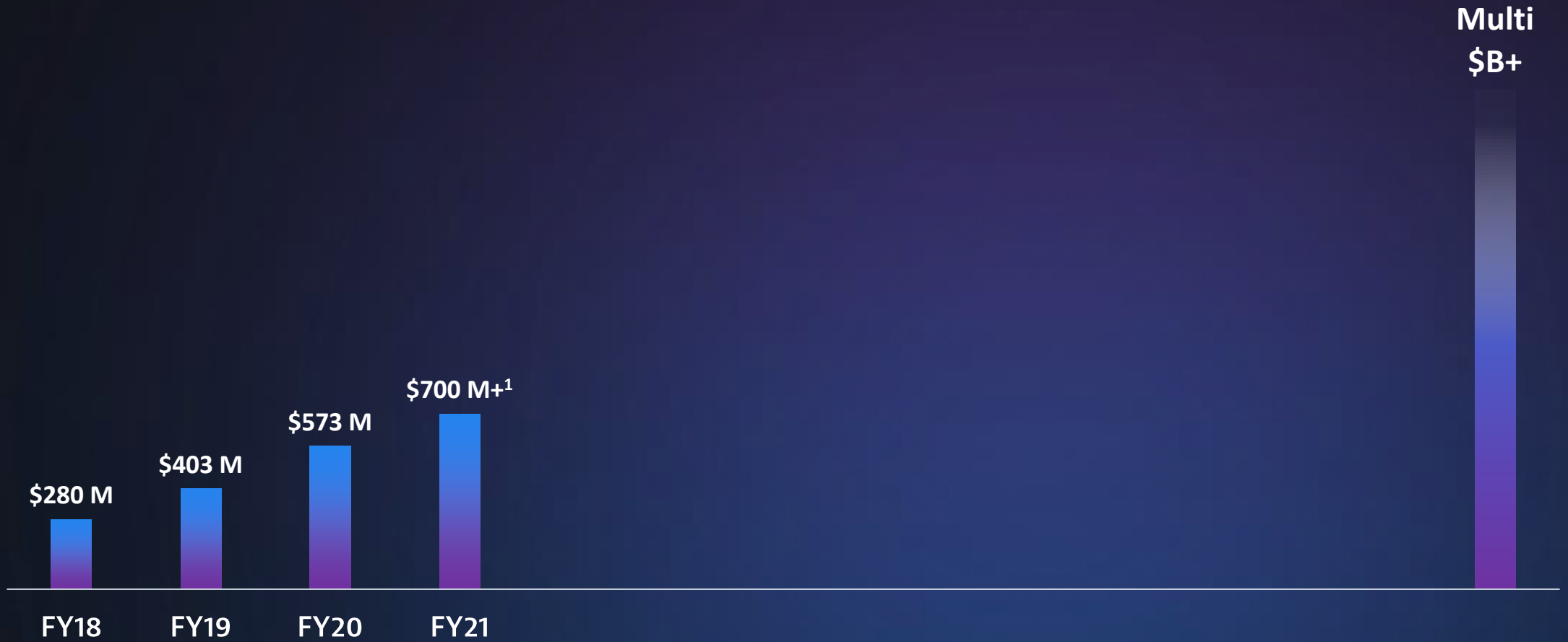


Building a
diversified business



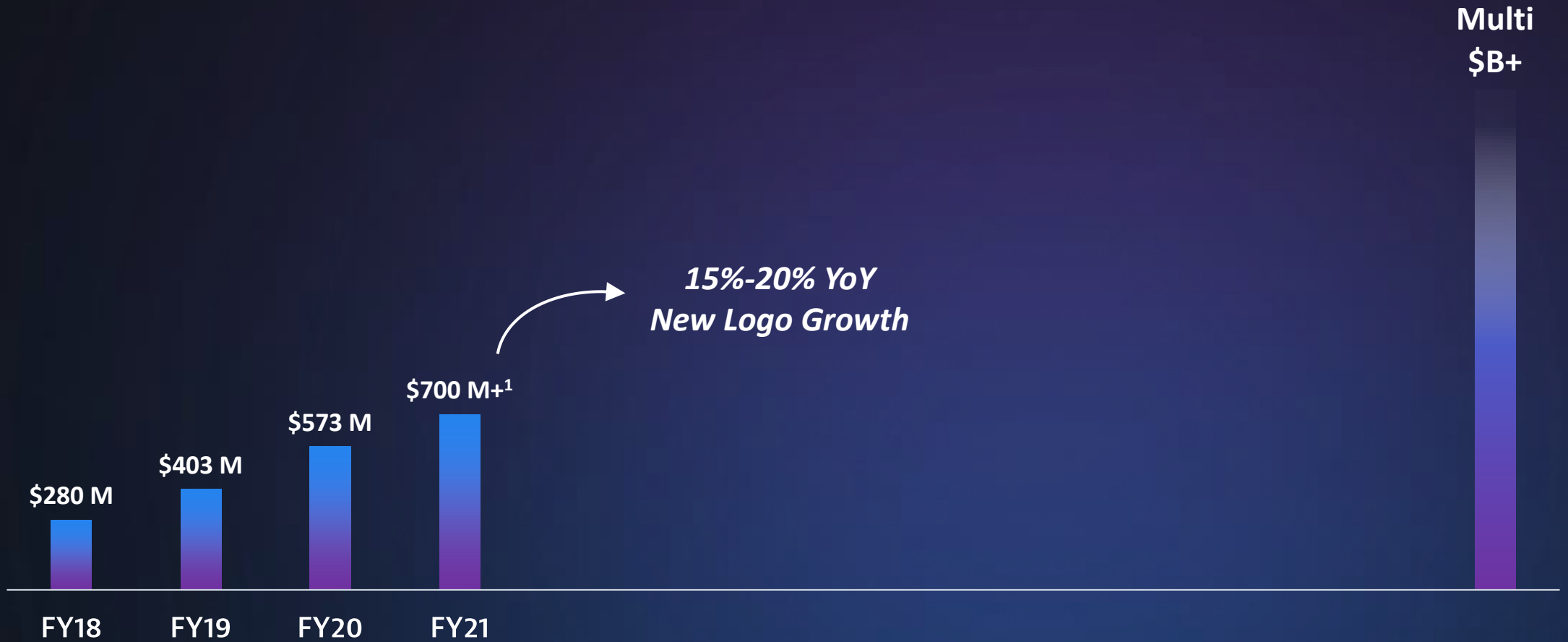
Achieving sustainable growth

ARR Building Blocks: Path to a Multi-Billion Dollar Business



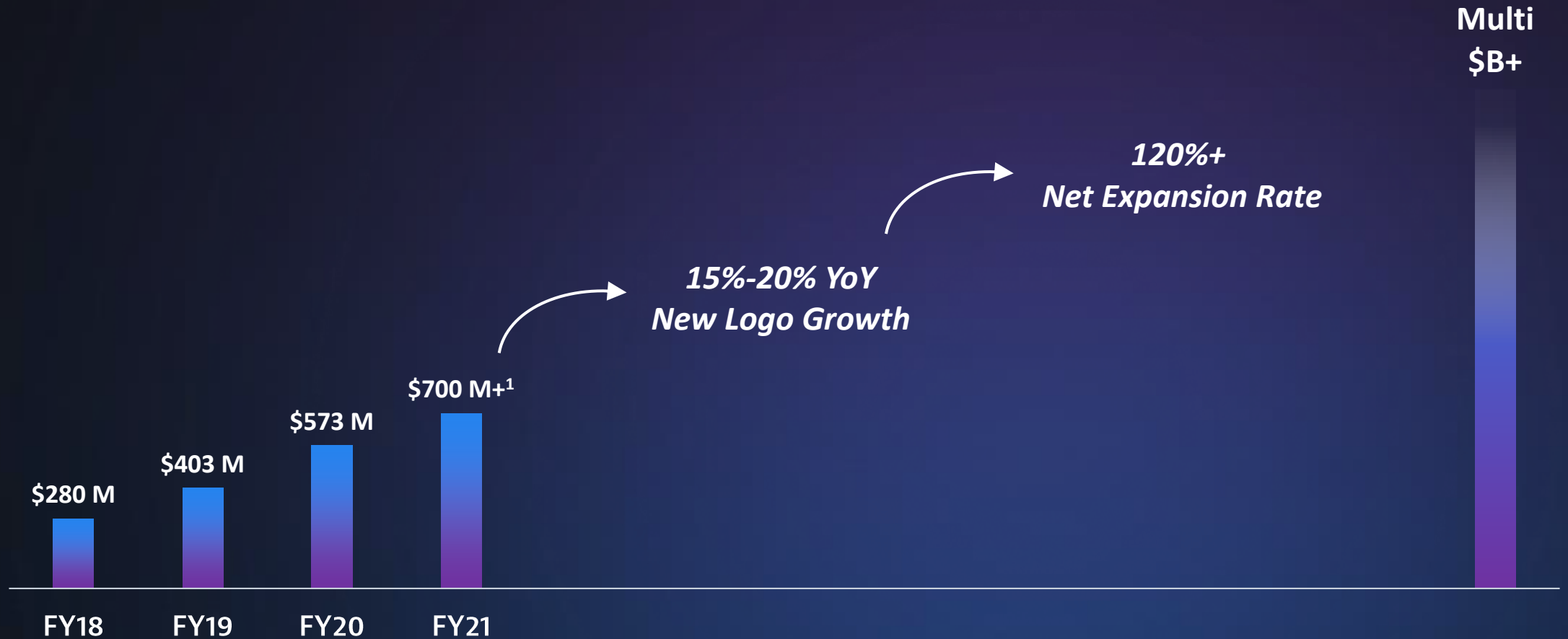
1) Based on the midpoint of ARR Guidance for FY'21

ARR Building Blocks: Path to a Multi-Billion Dollar Business



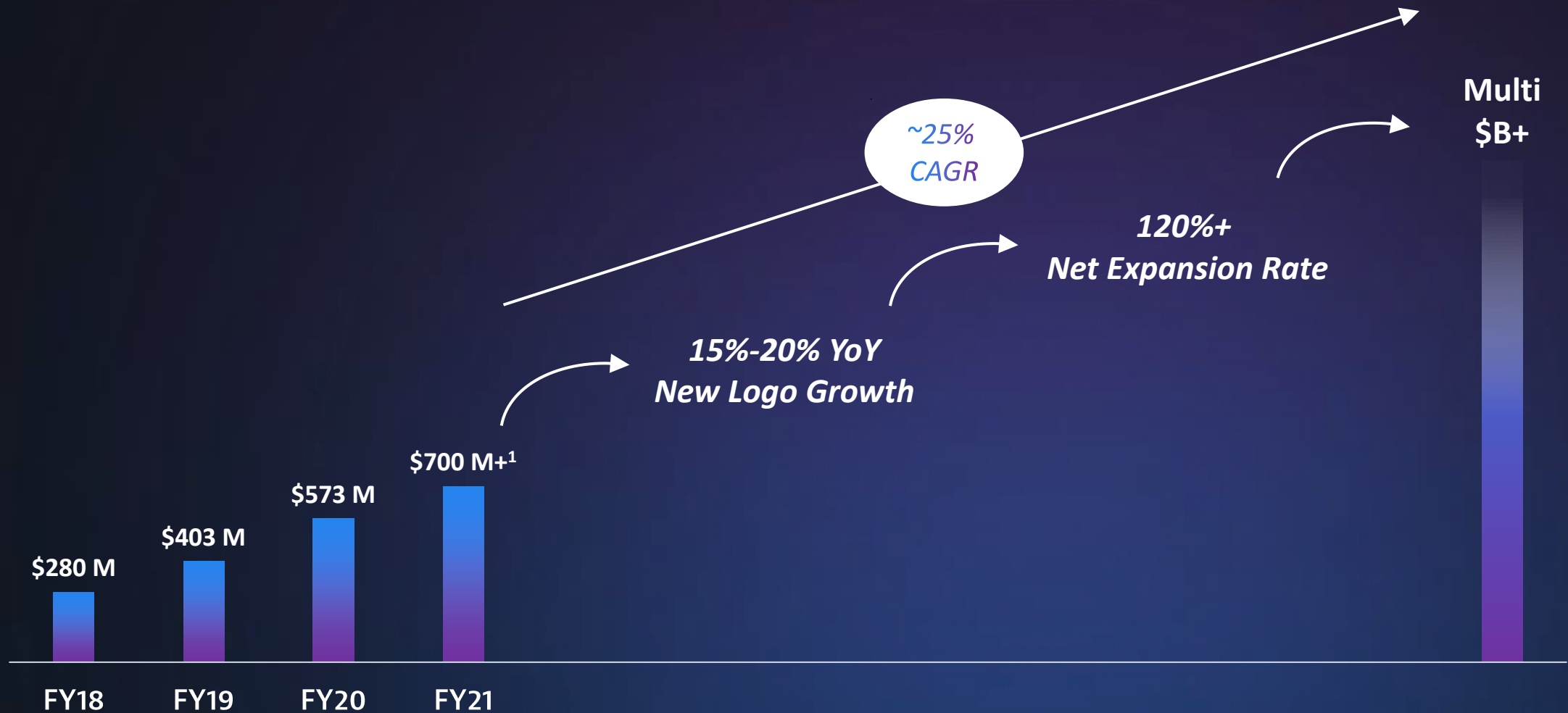
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ARR Building Blocks: Path to a Multi-Billion Dollar Business



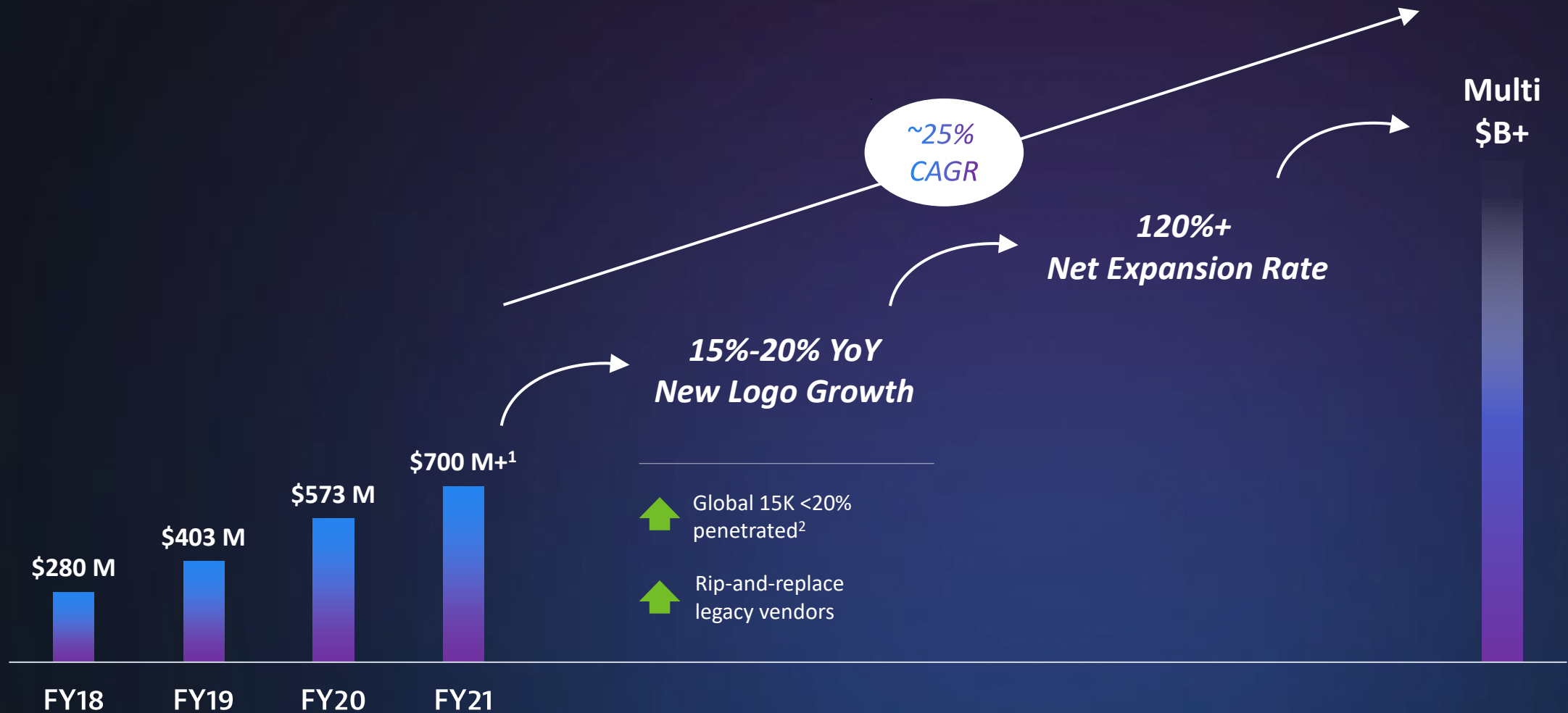
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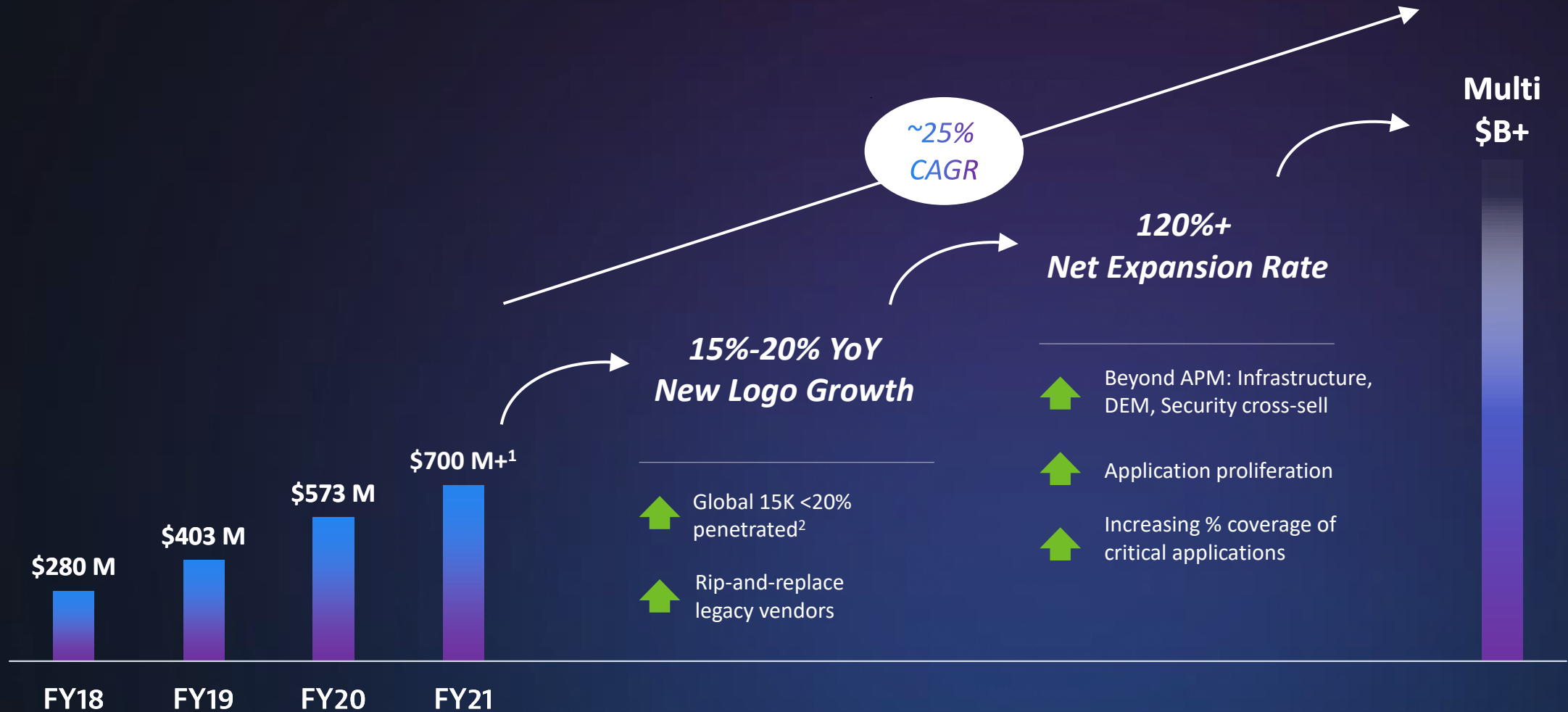
ARR Building Blocks: Path to a Multi-Billion Dollar Business



1) Based on the midpoint of ARR Guidance for FY'21

2) Estimated based on number of Dynatrace customers with annual revenue >\$1B divided by the approximately 15,000 global companies with annual revenue >\$1B as estimated by S&P Market Insights in May 2020.

ARR Building Blocks: Path to a Multi-Billion Dollar Business



1) Based on the midpoint of ARR Guidance for FY'21
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A Sustainable Growth Business at Scale

A powerful balance of growth & profitability for greater durability

Top Line

ARR

24-26%

CAGR

Revenue

23-25%

CAGR



Profitability

Op Margin

25-27%

uFCF

30-32%



Rule of
50+

Definitions & Non-GAAP Reconciliations

Appendix - Definitions

1. **Annual Recurring Revenue “ARR”** is defined as the daily revenue of all subscription agreements that are actively generating revenue as of the last day of the reporting period multiplied by 365. We exclude from our calculation of Total ARR any revenues derived from month-to-month agreements and/or product usage overage billings.
2. **Annualized Revenue** is defined as 1Q21 reported revenue multiplied by four.
3. **Adjusted EBITDA/Net Debt Leverage Ratio** is defined as our Net Debt divided by our trailing twelve month Adjusted EBITDA. Net Debt is defined as total principal less cash and cash equivalents.
4. **Unlevered Free Cash Flow** is defined as net cash provided by (used in) operating activities and adjusted to exclude cash paid for interest (net of tax), non-recurring restructuring and acquisition related costs, along with costs associated with one-time offerings and filings, less cash used in investing activities for acquisition of property and equipment. However, given our debt obligations, unlevered free cash flow does not represent residual cash flow available for discretionary expenses.



ARR and Revenue Growth at Constant Currency

Three Months Ended		
(\$ in millions)	30-Jun-2019	30-Jun-2020
Total ARR		
Year-over-Year Increase	\$ 438	\$ 601 37%
Total ARR – Constant currency		
Year over Year Increase	\$ 438	\$ 609 39%

1Q Annualized		
(\$ in millions)	30-Jun-2019	30-Jun-2020
Total Revenue		
Year-over-Year Increase	\$490	\$ 622 27%
Total Revenue – Constant currency		
Year over Year Increase	\$ 490	\$ 636 30%
Total Subscription Revenue		
Year-over-Year Increase	\$433	\$577 34%
Total Subscription Revenue – Constant currency		
Year over Year Increase	\$433	\$591 37%



Non-GAAP Operating Income Reconciliation

(\$ in millions)	FY20				
	GAAP	Stock-Based Comp.	Amortization of Other Intangibles	Restructuring & Other	Non-GAAP ¹
Cost of Revenues	\$ 129	\$ (19)	\$ (16)	-	\$ 94
Gross Profit	\$ 417	\$ 19	\$ 16	-	\$ 452
<i>Gross Margin</i>	76%				83%
Research and Development	119	(39)	-	-	81
Sales and Marketing	266	(85)	-	-	181
General and Administrative	162	(80)	-	(22)	60
Amortization of other intangibles	40	-	(40)	-	-
Restructuring and other	1	-	-	(1)	-
Operating Income (loss)¹	\$ (172)	\$ 222	\$ 57	\$23	\$130
<i>Operating Margin</i>	(32)%				24%

	Q121 TTM				
	GAAP	Stock-Based Comp.	Amortization of Other Intangibles	Restructuring & Other	Non-GAAP
	\$ 128	\$ (17)	\$ (16)	-	\$ 95
	\$ 451	\$ 17	\$ 16	-	\$ 483
	78%				84%
	117	(34)	-	-	83
	257	(75)	-	-	182
	152	(68)	-	(19)	64
	39	-	(39)	-	-
	1	-	-	(1)	-
	\$ (115)	\$ 194	\$ 55	\$ 20	\$ 154
	(20)%				27%

1) Values have been rounded and may not add up precisely to the totals



Adjusted EBITDA Reconciliation

(\$ in millions)	Q121 TTM
Net Income (Loss)	\$ (356)
Income tax expense (benefit)	210
Interest expense, net	30
Amortization	56
Depreciation	7
Restructuring and other	1
Transaction and sponsor related costs	19
(Gain) loss on currency translation	1
Share-based compensation	194
Adjusted EBITDA	\$ 163



uFCF Reconciliation

(\$ in thousands)	FY20	Q121 TTM
Net Cash Provided by Operating Activities	\$ (143)	\$ (140)
Cash paid for Interest Expense	40	28
Tax Obligation from Restructuring	256	256
Related Party Tax	4	4
Restructuring and other	1	1
PP&E	(20)	(20)
APIC Charges	-	-
Transaction and sponsor related costs	22	19
Total uFCF¹	\$ 160	\$ 148
Interest Tax Adjustment ²	(10)	(7)
uFCF (After tax adjustment)¹	\$ 150	\$ 141
uFCF % of Revenue	27%	24%

1) Values have been rounded and may not add up precisely to the totals
2) The forfeited tax shield related to interest payments assumes a statutory rate of 25%