



Progress to Acquire Ipswitch

March 28, 2019



Legal Notice

This presentation contains statements that are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Progress has identified some of these forward-looking statements with words like “believe,” “may,” “could,” “would,” “might,” “should,” “expect,” “intend,” “plan,” “target,” “anticipate” and “continue,” the negative of these words, other terms of similar meaning or the use of future dates.

Risks, uncertainties and other important factors that could cause actual results to differ from those expressed or implied in the forward looking statements include: uncertainties as to the timing of the closing of Progress's acquisition of Ipswitch; the possibility that various closing conditions for the transaction may not be satisfied or waived, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the transaction; the effects of disruption from the transaction making it more difficult to maintain relationships with employees, licensees, other business partners or governmental entities; other business effects, including the effects of industry, economic or political conditions outside of Progress' or Ipswitch's control; transaction costs; actual or contingent liabilities; uncertainties as to whether anticipated synergies will be realized; and uncertainties as to whether Ipswitch's business will be successfully integrated with Progress' business.

For further information regarding risks and uncertainties associated with our business generally, please refer to our filings with the Securities and Exchange Commission. Progress undertakes no obligation to update any forward-looking statements, which speak only as of the date of this presentation, except for statements relating to Progress' projected results for the fiscal year ended November 30, 2019 and the quarter ended May 31, 2019, which speak only as of March 28, 2019.

We adopted the new accounting standard related to revenue recognition ("ASC 606") effective December 1, 2018, using the full retrospective method. Refer to the materials in the Events and Presentations portion of the Investor Relations section of our Web site for further information on the impact of ASC 606.

Finally, during this presentation we will be referring to non-GAAP financial measures such as non-GAAP revenue, non-GAAP income from operations and operating margin, adjusted free cash flow and non-GAAP diluted earnings per share. These non-GAAP measures are not prepared in accordance with generally accepted accounting principles. A reconciliation between non-GAAP and the most directly comparable GAAP financial measures appears in our earnings press release for the fiscal quarter and year-ended November 30, 2018 and is available in the Investor Relations section of our Web site.

Our Acquisition Strategy

A key element of our corporate strategy is to leverage our operating model to acquire complementary businesses and operate them more efficiently

- Target acquisition profile:
 - Complementary to our business (product, audience & growth profile)
 - Bolster recurring revenue
 - Cost synergistic and accretive
 - Margins equal to or higher than 35% after synergies
 - ROIC above our weighted average cost of capital

Transaction Overview

Date	<ul style="list-style-type: none">• March 28, 2019: Progress entered into a definitive agreement to acquire Ipswitch, Inc.• April 30, 2019: Expected close date, following required regulatory approvals
Purchase Price	<ul style="list-style-type: none">• \$225 million, all-cash transaction<ul style="list-style-type: none">▪ \$40 million of existing cash▪ \$185 million term loan
Financial Overview	<ul style="list-style-type: none">• \$75 million annual revenue, 75% recurring – no expectation of revenue synergies• ~ \$15 million of annualized cost synergies to be realized over next 12 months• Operating margins over 40% after cost synergies• Immediately accretive to both non-GAAP EPS and cash flow
2019 Financial Impact	<ul style="list-style-type: none">• Based on expected closing date, Ipswitch will be part of Progress for 7 months in 2019<ul style="list-style-type: none">• \$42 million non-GAAP revenue contribution• \$0.13 non-GAAP EPS accretion *• \$10 million adjusted free cash flow
Integration	<ul style="list-style-type: none">• Ipswitch to become part of OpenEdge operating segment• Cost synergies fully realized within 12 months

* Note: EPS accretion net of increased interest expense, higher tax rate, and higher weighted shares

Company Overview

- Founded in 1991
- Two core business segments:
 - Network management ~43% revenue
 - Data File Transfer ~51% revenue
- ~ \$75M revenue
 - 75% recurring
 - Strong customer and revenue retention
- Flattish growth profile
- ~ 24,000 active customers in 170 countries
- Based in Burlington MA
- Global presence: US, Europe, Asia & CALA

Product Summary

WhatsUp Gold > ipswitch

Monitor and Manage Your IT Infrastructure and Applications

- Assure performance and availability with continuous application, server and network monitoring.
- Gain visibility into cloud and virtual environments. Automate configuration and log management.

MOVEit > ipswitch

Securely Transfer Business Critical Information

- Secure and control the transfer of critical data between users, locations and partners
- Automate workflows, assure compliance and enable easy but secure user access.

WhatsUp Gold > ipswitch

WhatsUp Gold Differentiators

- ✓ Best-in-class mapping capabilities
- ✓ Powerful and accurate discovery
- ✓ Simple device-based model
- ✓ All inclusive solution
- ✓ Easy to get up and running
- ✓ Simple, powerful dashboarding

MOVEit > ipswitch

MOVEit Differentiators

- ✓ Best-in-class user experience
- ✓ Powerful Workflow and Business Process Automation
- ✓ Breadth of security and compliance
- ✓ MOVEit Cloud offering
- ✓ 24x7 support
- ✓ Success/value in enterprise accounts

24,000 Active Customers in 170 Countries

Finance & Banking



Healthcare



Insurance



Automotive



Aerospace & Defense



Consumer Goods



Retail



Government



Biotech



Education



And Many Others...





Meets M&A Criteria

Complementary
to our Business

- ✓ Software solutions that solve **mission-critical business challenges**
- ✓ **Easy to use but powerful** products

Bolsters Recurring
Revenue

- ✓ **75% recurring** revenue
- ✓ Solid **maintenance renewal** rates
- ✓ **Similar growth profile** to Progress

Cost Synergistic
and Accretive

- ✓ ~ **\$15 million of annualized cost synergies** within next 12 months
- ✓ **Immediately accretive** to non-GAAP EPS and cash flow

Margins 35% +
After Synergies

- ✓ Over 40% operating margins after cost synergies

ROIC Above WACC

- ✓ **Projected ROIC well above our WACC**
- ✓ **Higher return for shareholders** than from share repurchases

