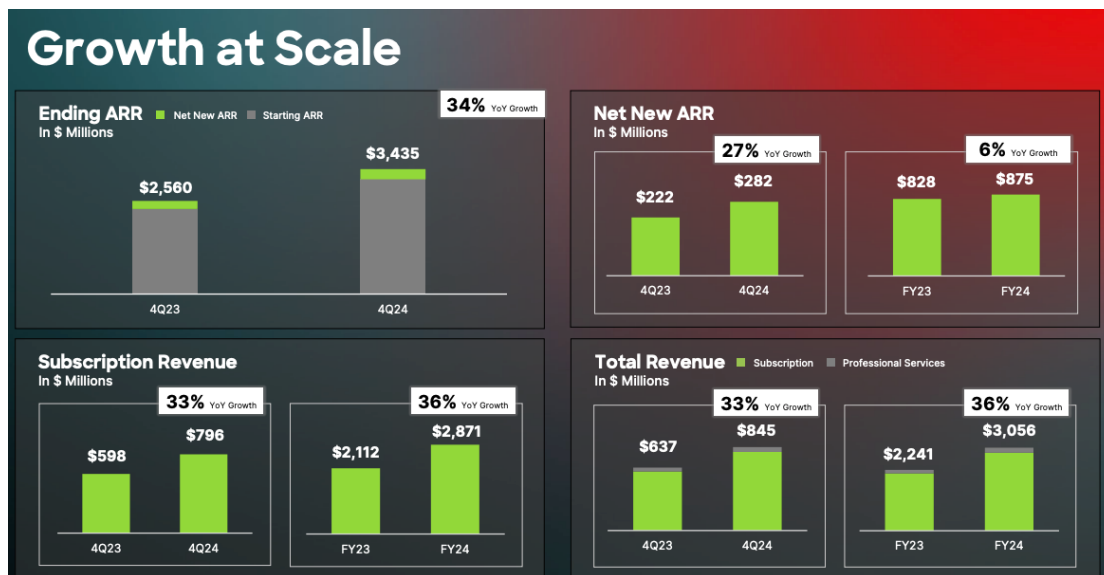


CROWDSTRIKE FQ4 2024 EARNINGS RESULTS

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CONTEXT

CrowdStrike released its latest quarterly earnings report, showcasing consensus-beating growth and record-breaking performance. The company also delivered better-than-expected guidance.



Let's take a deeper look.

FINANCIAL PERFORMANCE

CrowdStrike's financial performance during the fourth quarter was outstanding, with record-breaking results across several key metrics.

Here's what CrowdStrike reported:

- Revenue:** CrowdStrike reported total revenue of \$845.3 million, a 33% increase from the same quarter last year. Subscription revenue grew 33% year-over-year

to \$795.9 million, while professional services revenue was \$49.4 million, up 26% year-over-year.

- **Annual Recurring Revenue (ARR):** The company saw record net new ARR of \$282 million, a 27% year-over-year increase. The ending ARR was \$3.44 billion, up 34% from last year.
- **Operating Margin:** CrowdStrike's non-GAAP operating margin reached 25%, a 10-percentage-point improvement from the same quarter last year.
- **Gross Margin:** The total gross margin increased by 282 basis points year-over-year, reaching 78%. Subscription gross margin was above 80%, a 291-basis-point increase compared to the prior year.
- **Earnings Per Share:** Non-GAAP net income attributable to CrowdStrike grew to \$236.2 million, resulting in diluted earnings per share of \$0.95, more than double year over year.
- **Cash Flow:** The company generated record cash flow from operations of \$347.0 million. Free cash flow reached \$283.0 million, or 33% of revenue, also a record.
- **Operating Income:** Non-GAAP operating income grew 123% year-over-year to \$213.1 million.
- **Customer Metrics:** CrowdStrike reported having 29,000 subscription customers, excluding smaller customers from MSSP partners. The company also recorded high gross retention rates at 98% and dollar-based net retention rates of 119%.

NON-FINANCIAL HIGHLIGHTS

CrowdStrike's non-financial highlights for the fourth quarter reflect a combination of strategic advancements, product innovations, and strengthened partnerships.

Here's what the company highlighted during its earnings call:

- **Competitive Edge and Market Leadership:** CrowdStrike's CEO George Kurtz emphasized the company's widening competitive moat, with Falcon, its flagship platform, recognized as a leading cybersecurity solution. The platform's single-agent architecture, fast deployment, and AI-native capabilities contribute to its market leadership.
- **Product and Platform Expansion:** CrowdStrike introduced new capabilities and modules for the Falcon platform. The platform addresses a wide range of use cases beyond endpoint protection, offering a unified, AI-driven approach to cybersecurity.

- **Cloud Security and Identity Protection:** The cloud security business achieved significant growth, with net new ARR growing nearly 200% year-over-year. The identity protection business surpassed \$300 million in ARR, showing strong demand for these solutions.
- **Partnerships and Ecosystem:** CrowdStrike's partnership with Dell generated over \$50 million in total deal value, and the AWS Marketplace business surpassed \$1 billion in sales.

OUTLOOK & GUIDANCE

CrowdStrike provided a solid outlook and guidance for the first quarter of fiscal year 2025 and the full fiscal year, with a focus on operational efficiency and strategic investments.

	Q1 FY2025	Full Year FY2025
Revenue	\$902.2 - \$905.8M	\$3,924.9 - \$3,989.0M
Non-GAAP Income from Operations	\$188.1 - \$190.8M	\$863.6 - \$913.0M
Non-GAAP Net Income	\$220.4 - \$223.1M	\$940.3 - \$989.7M
Non-GAAP Net Income per share	\$0.89 - \$0.90	\$3.77 - \$3.97
Weighted Average Shares	~248M	~250M

Here's an overview of CrowdStrike's outlook and guidance:

- **Revenue Guidance:** For the first quarter of fiscal year 2025, CrowdStrike expects total revenue to be \$902.2 million to \$905.8 million, reflecting a year-over-year growth rate of 30% to 31%. For the full fiscal year 2025, the company projects revenue between \$3,924.9 million and \$3,989.0 million, indicating growth between 28% and 31%.
- **Operating Income and Margin:** The company anticipates non-GAAP operating income for the first quarter to be \$188.1 million to \$190.8 million. Non-GAAP operating margin is expected to improve, with the second half of the year expected to yield more leverage due to increased hiring and other investments in the first half.
- **Earnings Per Share (EPS):** CrowdStrike expects non-GAAP net income attributable to the company to be between \$220.4 million and \$223.1 million for

the first quarter, with diluted non-GAAP EPS in the range of \$0.89 to \$0.90. For the full fiscal year, the expected non-GAAP net income is between \$940.3 million and \$989.7 million, with a diluted EPS of \$3.77 to \$3.97.

- **Free Cash Flow Guidance:** CrowdStrike raised its free cash flow target for fiscal year 2025 to between 31% and 33% of revenue, up from the previous guidance of 30% to 32%.
- **Growth Strategy:** CrowdStrike intends to continue investing in its innovation engine and go-to-market functions, aiming to scale the business to \$10 billion in ARR over the next 5 to 7 years. This strategy involves increased hiring and targeted marketing programs.

ANALYSIS

CrowdStrike saw an impressive expansion in its customer base, with record deal volumes during the quarter. The company closed over 250 deals over \$1 million and reported a high gross retention rate of 98%, showing continued strong customer loyalty and satisfaction.

The company's outlook for fiscal year 2025 is exceptionally strong. Total revenue is expected to be between \$3,924.9 million and \$3,989.0 million, a year-over-year growth rate between 28% and 31%. CrowdStrike's raised free cash flow target, now set between 31% and 33% of revenue, shows the company's confidence in maintaining profitability while expanding its market presence.

CrowdStrike's strategic focus on innovation and expanding its platform capabilities drives this growth. The company's cloud security and identity protection solutions showed significant traction during the quarter, with cloud security ARR growing nearly 200% year-over-year.

This was a good quarter for CrowdStrike, successfully executing a clear growth strategy.



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