

**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **May 24, 2017**

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**Pure Storage, Inc.**

(Exact name of Registrant as Specified in Its Charter)

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**Delaware**

(State or Other Jurisdiction  
of Incorporation)

**001-37570**

(Commission  
File Number)

**27-1069557**

(IRS Employer Identification No.)

**650 Castro Street, Suite 400  
Mountain View, California 94041**  
(Address of Principal Executive Offices)

**(800) 379-7873**  
(Registrant's Telephone Number, Including Area Code)

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02. Results of Operations and Financial Condition.**

On May 24, 2017, Pure Storage, Inc. ("Pure Storage") issued a press release regarding its financial results for the quarter ended April 30, 2017. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K. Pure Storage issued a blog post in connection with the press release, the full text of which is furnished as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated under this Item 2.02 by reference.

This information, including the exhibits hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Pure Storage is making reference to non-GAAP financial information in the press release, the blog and the conference call. A reconciliation of these non-GAAP financial measures to the comparable GAAP financial measures is contained in the attached press release. These non-GAAP financial measures are reported in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

The following exhibits are furnished herewith:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release entitled "Pure Storage Announces First Quarter Fiscal 2018 Financial Results"
99.2	Blog Post entitled "Dietz on the Day: Pure's Innovations Fuel a Strong Q1"

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**SIGNATURES**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Pure Storage, Inc.  
(Registrant)

By:           /s/ SCOTT DIETZEN            
Scott Dietzen  
Chief Executive Officer

May 24, 2017

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## Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release entitled "Pure Storage Announces First Quarter Fiscal 2018 Financial Results"
99.2	Blog Post entitled "Dietz on the Day: Pure's Innovations Fuel a Strong Q1"

## Pure Storage Announces First Quarter Fiscal 2018 Financial Results

MOUNTAIN VIEW, Calif., May 24, 2017 – Pure Storage (NYSE: PSTG) today announced financial results for its first quarter ended April 30, 2017 .

Key quarterly business and financial highlights include:

- Quarterly revenue: \$ 182.6 million , up 31% Y-Y, 4% ahead of midpoint of guidance
- Quarterly gross margin: 65.2% GAAP; 66.4% non-GAAP, reflecting strength in our core FlashArray business and a strong performance from our FlashBlade business
- Quarterly operating margin: -34.7 % GAAP; -16.7 % non-GAAP, up 11.5 ppts and 12.7 ppts Y-Y, respectively
- First shipments of FlashArray//X lead next-gen industry transformation to NVMe

"Pure Storage has built the storage platform for the cloud era," said Pure Storage CEO Scott Dietzen. "We are pursuing one of the biggest available markets in tech in supporting new data-driven applications including AI, the rapid adoption of cloud computing and the revamping of the enterprise data center. With our best year of innovation yet, we could not be more excited about the road ahead."

"Q1 was a strong quarter for Pure, with our results notably exceeding both top line and bottom line guidance," said Pure Storage CFO Tim Riitters. "We continue to drive strong year over year improvement in operating leverage as we drive to our \$1 billion full year revenue target."

In the quarter, approximately 300 new customers joined Pure Storage, increasing the total to more than 3,350 organizations, including nearly 25% of the Fortune 500. New customer wins in the quarter include: Churchill Downs, Incorporated, Fujitsu Cloud Technologies, Henry Schein, Inc., telecommunications and Cloud IaaS service provider IP Telecom, MacStadium, Oppenheimer & Co. and Securitas Direct. New FlashBlade customer wins include: Black Duck Software, the City of Davenport and nuclear power plant KKG.

### First Quarter Fiscal 2018 Financial Highlights

The following tables summarize our consolidated financial results for the fiscal quarters ended April 30, 2017 and 2016 (in millions except per share amounts, unaudited):

GAAP Quarterly Financial Information			
	Three Months Ended April 30, 2017	Three Months Ended April 30, 2016	Y/Y Change
Revenue	\$182.6	\$139.9	31%
Gross Margin	65.2%	66.4%	-1.2 ppts
Product Gross Margin	66.3%	69.5%	-3.2 ppts
Support Gross Margin	61.8%	54.1%	7.7 ppts
Operating Loss	-\$63.4	-\$64.7	\$1.3
Operating Margin	-34.7%	-46.2%	11.5 ppts
Net Loss	-\$62.4	-\$63.8	\$1.4
Net Loss per Share	-\$0.30	-\$0.34	\$0.04
Weighted-Average Shares (Basic and Diluted)	205.8	189.3	N/A

Non-GAAP Quarterly Financial Information			
	Three Months Ended April 30, 2017	Three Months Ended April 30, 2016	Y/Y Change
Gross Margin	66.4%	67.3%	-0.9 pts
Product Gross Margin	66.6%	69.6%	-3.0 pts
Support Gross Margin	65.8%	58.0%	7.8 pts
Operating Loss	-\$30.5	-\$41.1	\$10.6
Operating Margin	-16.7%	-29.4%	12.7 pts
Net Loss	-\$29.5	-\$40.3	\$10.8
Net Loss per Share	-\$0.14	-\$0.21	\$0.07
Free Cash Flow	-\$27.1	-\$17.4	-\$9.7

A reconciliation between GAAP and non-GAAP information is provided at the end of this release.

### Financial Outlook

Pure Storage's second quarter fiscal 2018 guidance is as follows:

- Revenue in the range of \$214 million to \$222 million
- Non-GAAP gross margin in the range of 63.5% to 66.5%
- Non-GAAP operating margin in the range of -16% to -12%

Pure Storage's full year fiscal 2018 guidance is as follows:

- Revenue in the range of \$975 million to \$1.025 billion
- Non-GAAP gross margin in the range of 63.5% to 66.5%
- Non-GAAP operating margin in the range of -9% to -5%

All forward-looking non-GAAP financial measures contained in this section titled "Financial Outlook" exclude stock-based compensation expense, payroll tax expense related to stock-based activities and, as applicable, other special items. We have not reconciled guidance for non-GAAP gross margin and non-GAAP operating margin to their most directly comparable GAAP measures because such items that impact these measures are not within our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measures is not available without unreasonable effort.

### Conference Call Information

Pure Storage will host a teleconference to discuss the first quarter fiscal 2018 results at 1:30 p.m. (PT) on May 24, 2017 . Pure Storage will post its supplemental earnings presentation to the investor relations website at [investor.purestorage.com](http://investor.purestorage.com) following the conference call. Teleconference details are as follows:

- To Listen via Telephone: 877-201-0168 or 647-788-4901 (for international callers).
- To Listen via the Internet: A live and replay audio broadcast of the conference call with corresponding slides will be available at [investor.purestorage.com](http://investor.purestorage.com) .
- Replay: A telephone playback of this conference call is scheduled to be available two hours after the call ends on Wednesday May 24, 2017 , through June 7, 2017. The replay will be accessible by calling 800-585-8367 or 416-621-4642 (for international callers), with conference ID 14674669. The call runs 24 hours per day, including weekends.

### CEO Commentary

Pure Storage has posted a blog from its CEO discussing first quarter fiscal 2018 results at [investor.purestorage.com](http://investor.purestorage.com) and [blog.purestorage.com](http://blog.purestorage.com) .

## 2017 Annual Meeting of Stockholders

Pure Storage will hold its 2017 annual meeting of stockholders on Tuesday, June 20, 2017 at 10:00 a.m. (PT). The meeting will be held virtually, via live webcast at [www.virtualshareholdermeeting.com/PSTG2017](http://www.virtualshareholdermeeting.com/PSTG2017). The record date for the meeting was April 25, 2017, and only stockholders of record on that date are eligible to participate in the meeting. Other interested persons may listen to the live webcast of the meeting and can view the 2017 proxy statement and Annual Report on Form 10-K at [investor.purestorage.com](http://investor.purestorage.com).

## 2017 Investor Day

Pure Storage will host its 2017 investor day from 1:00 p.m. to 4:00 p.m. (PT) on June 13, 2017, in conjunction with its second annual technology conference, Pure//Accelerate. A live video webcast will be available at [investor.purestorage.com](http://investor.purestorage.com). This event is designed for financial analysts and institutional investors.

## Pure//Accelerate

Building upon a successful inaugural Pure//Accelerate last year, the 2017 conference will feature guest speakers from technology giants such as Cisco and VMware; marquee brands including Mercedes AMG Petronas Formula One and The World Bank; cutting-edge scientific minds from the UC Berkeley AMPLab; and Jeffrey Ma of the infamous MIT Blackjack Team. [Pure//Accelerate](http://Pure//Accelerate) will be held June 12-14, 2017 at Pier 70 in San Francisco.

## About Pure Storage

Pure Storage (NYSE:PSTG) helps companies push the boundaries of what's possible. Pure's end-to-end data platform – including FlashArray, FlashBlade and our converged offering with Cisco, FlashStack – is powered by innovative software that's cloud-connected for management from anywhere on a mobile device and supported by the Evergreen business model. The company's all-flash based technology, combined with its customer-friendly business model, drives business and IT transformation with solutions that are effortless, efficient and evergreen. With Pure's industry leading Satmetrix-certified NPS score of 83.5, Pure customers are some of the happiest in the world, and include organizations of all sizes, across an ever-expanding range of industries.

## Connect with Pure Storage:

Read the [blog](#)

Converse on [Twitter](#)

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## Analyst Recognition:

Gartner [Magic Quadrant for Solid-State Arrays](#)

IDC MarketScape for [All-Flash Arrays](#)

Pure Storage, Evergreen, FlashBlade, FlashStack and the "P" Logo mark are trademarks of Pure Storage, Inc. All other trademarks or names referenced in this document are the property of their respective owners.

## Forward Looking Statements

This press release contains forward-looking statements regarding our products, business and operations, including our expectations regarding technology differentiation, our current and future opportunities and ability to execute for continued growth and industry leadership, and our outlook for the second quarter and full year fiscal 2018 and statements regarding our products, business, operations and results, including progress towards profitability. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from the results predicted include, among others, those risks and uncertainties included under the captions "Risk Factors" and elsewhere in our filings and reports with the U.S. Securities and Exchange Commission, including, but not limited to, our Annual Report on Form 10-K for the year ended January 31, 2017, which are available on our investor relations website at [investor.purestorage.com](http://investor.purestorage.com) and on the SEC website at [www.sec.gov](http://www.sec.gov). Additional information will also be set forth in our Quarterly Report on Form 10-Q for the quarter ended April 30, 2017. All information provided in this release and in the attachments is as of May 24, 2017, and we undertake no duty to update this information unless required by law.

## Non-GAAP Financial Measures

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures: non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating loss, non-GAAP operating margin, non-GAAP net loss, non-GAAP net loss per share, free cash flow, and free cash flow as a percentage of revenue. In computing these non-GAAP financial measures, we exclude the effects of stock-based compensation expense and payroll tax expense related to stock-based activities. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We use these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Our management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and liquidity by excluding certain expenses and expenditures such as stock-based compensation expense that may not be indicative of our ongoing core business operating results. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when analyzing historical performance and liquidity and planning, forecasting, and analyzing future periods. The presentation of these non-GAAP financial measures is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP, and our non-GAAP measures may be different from non-GAAP measures used by other companies.

For a reconciliation of these non-GAAP financial measures to GAAP measures, please see the tables captioned "Reconciliations of non-GAAP results of operations to the nearest comparable GAAP measures" and "Reconciliation from net cash provided by (used in) operating activities to free cash flow," included at the end of this release.

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**PURE STORAGE, INC.**  
**Condensed Consolidated Balance Sheets**  
(in thousands)

	April 30, 2017	January 31, 2017
	(unaudited)	
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 168,757	\$ 183,675
Marketable securities	367,218	362,986
Accounts receivable, net of allowance of \$1,744 and \$2,000	132,134	168,978
Inventory	39,478	23,498
Deferred commissions, current	16,409	15,787
Prepaid expenses and other current assets	28,637	25,157
<b>Total current assets</b>	<b>752,633</b>	<b>780,081</b>
Property and equipment, net	82,293	81,695
Intangible assets, net	6,184	6,560
Deferred income taxes, non-current	795	844
Other assets, non-current	30,970	30,565
<b>Total assets</b>	<b>\$ 872,875</b>	<b>\$ 899,745</b>
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 51,015	\$ 52,719
Accrued compensation and benefits	24,714	39,252
Accrued expenses and other liabilities	15,981	21,697
Deferred revenue, current	159,094	158,095
Liability related to early exercised stock options	1,064	1,362
<b>Total current liabilities</b>	<b>251,868</b>	<b>273,125</b>
Deferred revenue, non-current	152,431	145,031
Other liabilities, non-current	3,268	3,159
<b>Total liabilities</b>	<b>407,567</b>	<b>421,315</b>
<b>Stockholders' equity:</b>		
Common stock and additional paid-in capital	1,330,607	1,281,472
Accumulated other comprehensive loss	(445)	(562)
Accumulated deficit	(864,854)	(802,480)
<b>Total stockholders' equity</b>	<b>465,308</b>	<b>478,430</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 872,875</b>	<b>\$ 899,745</b>

**PURE STORAGE, INC.**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except per share data)

	Three Months Ended April 30,	
	2017	2016
	(unaudited)	
<b>Revenue:</b>		
Product	\$ 138,425	\$ 111,738
Support	44,206	28,209
<b>Total revenue</b>	<b>182,631</b>	<b>139,947</b>
<b>Cost of revenue:</b>		
Product <sup>(1)</sup>	46,645	34,046
Support <sup>(1)</sup>	16,903	12,934
<b>Total cost of revenue</b>	<b>63,548</b>	<b>46,980</b>
<b>Gross profit</b>	<b>119,083</b>	<b>92,967</b>
<b>Operating expenses:</b>		
Research and development <sup>(1)</sup>	65,428	52,938
Sales and marketing <sup>(1)</sup>	96,964	83,098
General and administrative <sup>(1)</sup>	20,096	21,581
<b>Total operating expenses</b>	<b>182,488</b>	<b>157,617</b>
<b>Loss from operations</b>	<b>(63,405)</b>	<b>(64,650)</b>
Other income (expense), net	1,995	1,282
<b>Loss before provision for income taxes</b>	<b>(61,410)</b>	<b>(63,368)</b>
Provision for income taxes	964	420
<b>Net loss</b>	<b>\$ (62,374)</b>	<b>\$ (63,788)</b>
<b>Net loss per share attributable to common stockholders, basic and diluted</b>	<b>\$ (0.30)</b>	<b>\$ (0.34)</b>
<b>Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted</b>	<b>205,783</b>	<b>189,283</b>

(1) Includes stock-based compensation expense as follows:

Cost of revenue -- product	\$ 397	\$ 106
Cost of revenue -- support	1,774	1,092
Research and development	15,588	11,658
Sales and marketing	10,626	7,519
General and administrative	3,834	2,623
<b>Total stock-based compensation expense</b>	<b>\$ 32,219</b>	<b>\$ 22,998</b>

**PURE STORAGE, INC.**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)

	Three Months Ended April 30,	
	2017	2016
	(unaudited)	
<b>Cash flows from operating activities</b>		
Net loss	\$ (62,374)	\$ (63,788)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	14,825	10,432
Stock-based compensation expense	32,219	22,998
Other	451	182
Changes in operating assets and liabilities:		
Accounts receivable, net	36,571	28,593
Inventory	(16,105)	(2,623)
Deferred commissions	(362)	4,141
Prepaid expenses and other assets	(3,944)	(2,744)
Accounts payable	(3,982)	166
Accrued compensation and other liabilities	(19,998)	(11,017)
Deferred revenue	8,398	20,653
<b>Net cash provided by (used in) operating activities</b>	<b>(14,301)</b>	<b>6,993</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(12,769)	(24,376)
Purchases of marketable securities	(55,976)	(343,466)
Sales of marketable securities	5,384	23,327
Maturities of marketable securities	46,321	—
Net decrease in restricted cash	—	706
<b>Net cash used in investing activities</b>	<b>(17,040)</b>	<b>(343,809)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from exercise of stock options	2,257	3,091
Proceeds from issuance of common stock under employee stock purchase plan	14,166	15,079
<b>Net cash provided by financing activities</b>	<b>16,423</b>	<b>18,170</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(14,918)</b>	<b>(318,646)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>183,675</b>	<b>604,742</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 168,757</b>	<b>\$ 286,096</b>

## Reconciliations of non-GAAP results of operations to the nearest comparable GAAP measures

The following table presents non-GAAP gross margins by revenue source before certain items (in thousands, unaudited):

	Three Months Ended April 30, 2017					Three Months Ended April 30, 2016				
	GAAP results	GAAP gross margin (a)	Adjustment	Non-GAAP results	Non-GAAP gross margin (b)	GAAP results	GAAP gross margin (a)	Adjustment	Non-GAAP results	Non-GAAP gross margin (b)
			\$ 397 (c)					\$ 106 (c)		
			5 (d)					— (d)		
<b>Gross profit -- product</b>	<u>\$ 91,780</u>	<u>66.3%</u>	<u>\$ 402</u>	<u>\$ 92,182</u>	<u>66.6%</u>	<u>\$ 77,692</u>	<u>69.5%</u>	<u>\$ 106</u>	<u>\$ 77,798</u>	<u>69.6%</u>
			\$ 1,774 (c)					\$ 1,092 (c)		
			31 (d)					— (d)		
<b>Gross profit -- support</b>	<u>\$ 27,303</u>	<u>61.8%</u>	<u>\$ 1,805</u>	<u>\$ 29,108</u>	<u>65.8%</u>	<u>\$ 15,275</u>	<u>54.1%</u>	<u>\$ 1,092</u>	<u>\$ 16,367</u>	<u>58.0%</u>
			\$ 2,171 (c)					\$ 1,198 (c)		
			36 (d)					— (d)		
<b>Total gross profit</b>	<u>\$ 119,083</u>	<u>65.2%</u>	<u>\$ 2,207</u>	<u>\$ 121,290</u>	<u>66.4%</u>	<u>\$ 92,967</u>	<u>66.4%</u>	<u>\$ 1,198</u>	<u>\$ 94,165</u>	<u>67.3%</u>

(a) GAAP gross margin is defined as gross profit divided by revenue.

(b) Non-GAAP gross margin is defined as non-GAAP gross profit divided by revenue.

(c) To eliminate stock-based compensation expense.

(d) To eliminate payroll tax expense related to stock-based activities.

The following table presents certain non-GAAP consolidated results before certain items (in thousands, except per share amounts, unaudited):

	Three Months Ended April 30, 2017					Three Months Ended April 30, 2016				
	GAAP results	GAAP operating margin (a)	Adjustment	Non-GAAP results	Non-GAAP operating margin (b)	GAAP results	GAAP operating margin (a)	Adjustment	Non-GAAP results	Non-GAAP operating margin (b)
			\$ 32,219 (c)					\$ 22,998 (c)		
			651 (d)					505 (d)		
Loss from operations	\$ (63,405)	-34.7 %	\$ 32,870	\$ (30,535)	-16.7 %	\$ (64,650)	-46.2 %	\$ 23,503	\$ (41,147)	-29.4 %
			\$ 32,219 (c)					\$ 22,998 (c)		
			651 (d)					505 (d)		
Net loss	\$ (62,374)		\$ 32,870	\$ (29,504)		\$ (63,788)		\$ 23,503	\$ (40,285)	
Net loss per share -- basic and diluted	\$ (0.30)			\$ (0.14)		\$ (0.34)			\$ (0.21)	
Weighted-average shares used in per share calculation - basic and diluted	205,783			205,783		189,283			189,283	

(a) GAAP operating margin is defined as loss from operations divided by revenue.

(b) Non-GAAP operating margin is defined as non-GAAP loss from operations divided by revenue.

(c) To eliminate stock-based compensation expense.

(d) To eliminate payroll tax expense related to stock-based activities .

**Reconciliation from net cash provided by (used in) operating activities to free cash flow (in thousands, unaudited):**

	Three Months Ended April 30,	
	2017	2016
Net cash provided by (used in) operating activities	\$ (14,301)	\$ 6,993
Less: purchases of property and equipment	(12,769)	(24,376)
Free cash flow	\$ (27,070)	\$ (17,383)
Free cash flow as % of revenue	(14.8)%	(12.4)%

## Dietz on the Day: Pure's Innovations Fuel a Strong Q1

Pure delivers the ideal storage platform for data-driven and cloud computing, because we help our customers better take advantage of the astonishing accumulation of data within almost every field of human endeavor. To illustrate, I'll share how three customers are using Pure to transform their businesses. The first is building one of the premier artificial intelligence (AI) platforms in the world on Pure. The second, a Fortune 50 enterprise customer, continues to migrate their operating infrastructure to Pure, now with more than 100 petabytes of data on our platform. And the third, a Midwest municipality, leverages Pure to provide superior citizen safety and services. All three customers have deployed both FlashArray and FlashBlade.

Let's dig in on the first use case. One of the storage challenges in supporting next-generation AI is to provide a platform that offers both high ingest rates and very fast access to the data, but does so in a small footprint (high density). We got it right. As a result, our customers are using our data platform for new workloads like facial recognition, autonomous driving, genomic sequencing, medical diagnostics, aerospace simulation, textual analysis, modern software development, chip design, advertising optimization, security assessment, and many more. Several of the aforementioned leverage AI techniques including deep learning that depend upon massive parallelism. Our legacy competitors are simply not a fit for such bandwidth intensive applications, because their disk-centric designs, even when retrofitted with all-flash, are big and slow ( [performance drops to hard drive levels as the underlying SSDs get larger](#) ). Pure's purpose built all-flash data platform is instead big and fast (a fun illustration of parallelism can be found [here](#) ), positioning us to better serve an expected \$6 billion market for AI-associated storage in 2020.

The enterprise customer with more than 100 petabytes on Pure is building a simple, agile and evergreen private cloud that offers a higher quality of service at lower cost than public cloud alternatives. This customer expanded their initial use of Pure for accelerating databases to standardizing on FlashArray for block storage and leveraging FlashBlade for big data analytics. The benefits of consolidating on Pure compound at scale, as simplicity, power and space efficiency, as well as elimination of downtime and data migrations, transform the customer experience. As a result, Pure now serves nearly 25% of the Fortune 500. Again, our legacy rivals come up short, offering solutions that are too labor intensive, too difficult to scale, and that require rebuying the same storage over and over, and disruptively migrating data year round.

And last but not least, the City of Davenport Iowa has been running their mission-critical 911 emergency and other citizen-facing applications on FlashArray for years, and recently purchased FlashBlade for a variety of unstructured data use cases, including capturing video from body cameras. Davenport's story illustrates how Pure provides simple, fast, highly available storage to customers of all sizes.

Together, these customers paint a picture of why Pure is delivering sustained growth: whether you are a leading Internet company pushing the envelope in AI, a Fortune 50 enterprise looking to increase operating efficiencies with hybrid cloud, or a municipality seeking to better serve your citizens, Pure has the answer.

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# Q1 FY18 KEY HIGHLIGHTS



\*See GAAP to non-GAAP reconciliation in our press release

**First quarter results** . Such successes and many more like them are embodied in our first quarter results. Pure's revenues were \$183 million , beating the midpoint of our guidance by 4%, and setting us up to deliver \$1 billion in revenues this year, in just our sixth year of selling. At the same time, we continued our march toward profitability, with solid operating margins in a seasonal investment quarter, 8 percentage points above the midpoint of our guide and 12 points better than a year ago. We continue to expect to crossover to cash flow positive in this year's second half. With \$536 million in cash and investments on the balance sheet and zero debt, we have the financial resources we need to build the leading data platform globally.

**Hybrid cloud is the future.** Pure's customers are continuing to invest in their own data centers, while turning to the public cloud for specific use cases. One simple reason is that data is growing far faster than Internet bandwidth. Current estimates are that ~50 Zettabytes (ZBs) <sup>1</sup> of data will be created in 2020, but the total Internet traffic for that entire year will be only ~2.5ZB <sup>2</sup> , meaning that at most 5% of the newly generated data could traverse public networks to the cloud assuming the entire Internet was so dedicated. Couple this with the increasing need for real-time automation, such as on the factory floor, in the hospital, or in the logistics network where even milliseconds count.

Pure sees a significant opportunity in data centers built at both the core and edge of the network. Data produced on the "edge," like sensor output from Internet of Things (IoT) devices, will necessarily be stored in data centers outside the public cloud or on devices themselves. And data has real gravity - it is generally more cost effective to analyze it locally than to move it to/from the cloud. A case in point: Amazon's warehouses contain [mini data centers to provide greater bandwidth and lower latency to their local operations](#) . Pure is building a growth business with IoT "edge" data centers, some of which are implementing similar coprocessing with the public cloud.

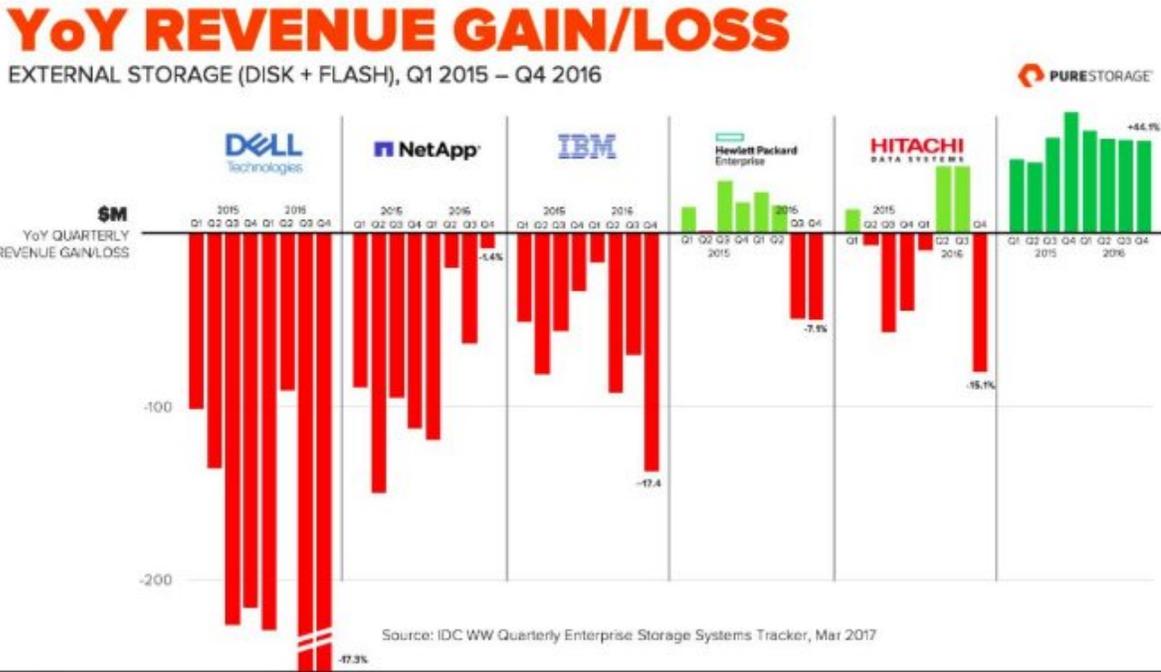
Given our success with new workloads and in the cloud (>25% of Pure's revenues to date are supporting SaaS, IaaS, and the consumer Internet), Pure remains hugely bullish on the road ahead. Public clouds, constrained by narrow wide area networks, simply cannot support data driven use cases at the edge, and legacy storage systems lack the performance, cloud automation and cloud business model needed for success in the 21st century.

<sup>1</sup> Source: IDC White Paper, sponsored by Seagate, Data Age 2025, April 2017

<sup>2</sup> Source: Cisco VNI Global IP Traffic Forecast, 2015-2020

As evidence, our first quarter win rates improved versus our top three competitors, Dell EMC, HP Enterprise and NetApp. Customers choose Pure Storage for better performance, reliability, and simplicity as well as lower total cost of ownership. Much has already been made of the advantages we provide versus the disk-centric designs of our legacy competitors (e.g., [see our blog post on making NVMe mainstream](#) or our [EMC World competitive update](#)). However, Pure's primary and sustainable advantage is our software: It is nearly impossible to transform code designed for hard drives that can only do one thing at a time to instead maximize parallelism *within* as well as across devices. And it is nearly impossible to shed decades of accumulated complexity. In our view, the only way to close this gap will be to rewrite the storage software - and that takes years. What is more, getting there will still require customers to rip and replace all of the current gear. Only Pure is protecting our customers' investments for the next decade and beyond.

The transition to data-driven and cloud computing is already impacting storage industry market share, with Pure (now a top ten global vendor) and public cloud both gaining while legacy solutions are in decline. IDC's analysis of the last two years of market share gains and losses is shown below, and demonstrates the stark difference between growth (Pure) and share shifting to retrofitted all-flash within a shrinking installed base (our legacy competitors):



With the continuing growth in data-driven applications, the center of gravity in the data center is shifting away from compute and toward data storage. With fast networking and remote storage now performing like local storage, these trends will accelerate in the months and years ahead. As a result, Pure has joined growth bellwethers like Arista and Palo Alto Networks as differentiated, cloud-capable infrastructure for those building their own clouds (think Clouds #4 - #1000), for data-driven workloads on the edge, as well as for bringing the benefits for the cloud to Enterprise IT. Wouldn't your own business be better served by a data platform designed for the data-driven and cloud-centric future, one whose best years are ahead rather than behind? See why our customers are already using the mantra "No one gets fired for buying Pure Storage" - or better yet "I got promoted for buying Pure!"

**Forward Looking Statements** . This post contains forward-looking statements regarding industry and technology trends, such as AI and edge datacenters, our unique strategy, positioning and opportunity, our products and related roadmaps (including for FlashArray and FlashBlade), the impact of NVMe, the benefits of our approach and cost advantages, competition, and our business and operations, broadly including our future revenue, margins, growth prospects and operating model. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from the results predicted include, among others, those risks and uncertainties included under the caption "Risk Factors" and elsewhere in our filings and

reports with the U.S. Securities and Exchange Commission, including, but not limited to, our Annual Report on Form 10-K for the year ended January 31, 2017, which are available on our investor relations website at [investor.purestorage.com](http://investor.purestorage.com) and on the SEC website at [www.sec.gov](http://www.sec.gov). Additional information will also be set forth in our Quarterly Report on Form 10-Q for the quarter ended April 30, 2017. All information provided in this release and in the attachments is as of May 24, 2017, and we undertake no duty to update this information unless required by law.

**Non-GAAP Financial Measures.** This post contains certain non-GAAP financial measures about the company's performance. For the most directly comparable GAAP financial measures and a reconciliation of these non-GAAP financial measures to GAAP measures, please see our earnings release issued on May 24, 2017, which includes tables captioned "Reconciliations of non-GAAP results of operations to the nearest comparable GAAP measures" and "Reconciliation from net cash provided by (used in) operating activities to free cash flow."