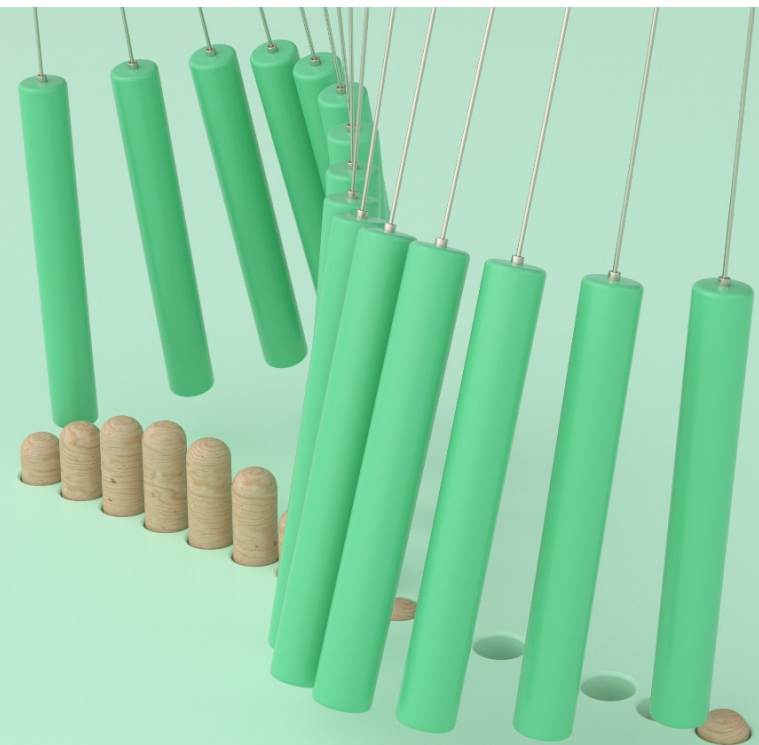


Q2 FY21 Earnings Results

December 1, 2020



Safe harbor

This presentation contains forward-looking statements and projections about our strategy, products and services, shareholder returns and our future results, performance or achievements, financial and otherwise. These statements and projections reflect management's current expectations, estimates and assumptions based on the information currently available to us and are not guarantees of future performance.

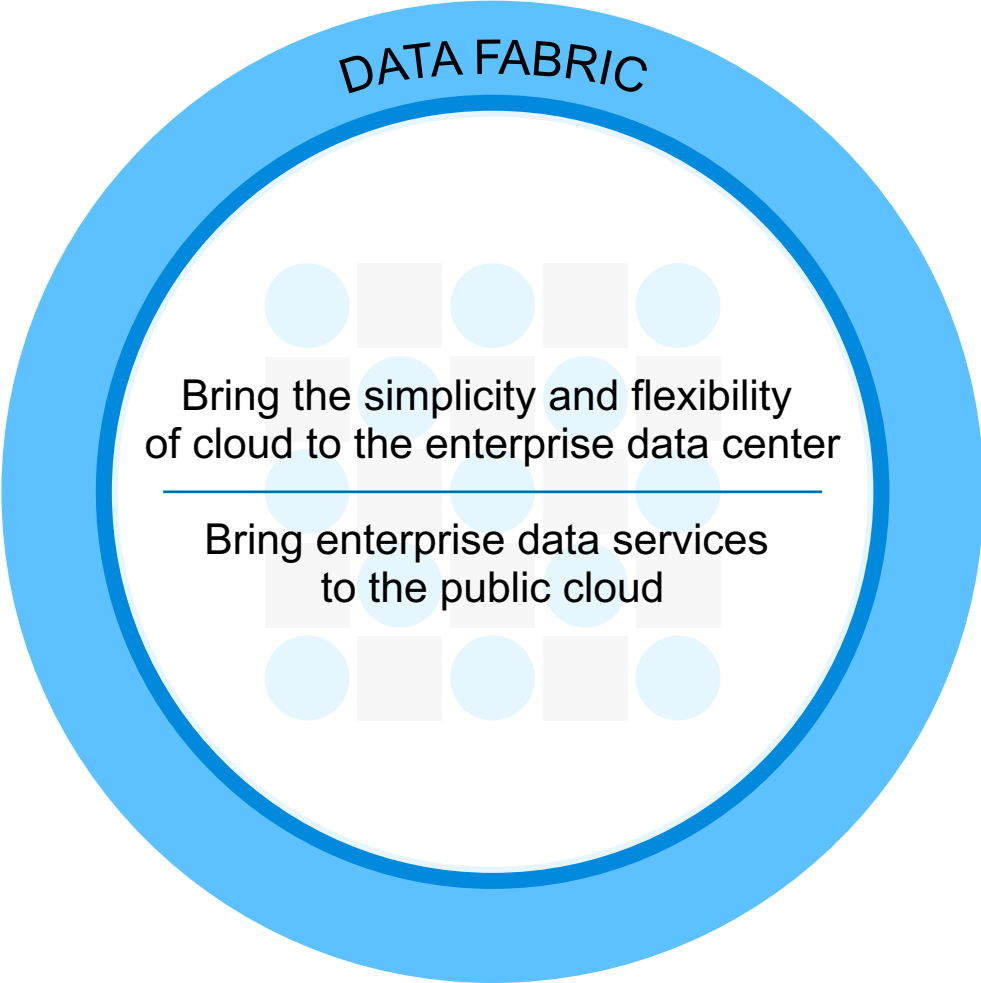
Actual results may differ materially from our statements or projections for a variety of reasons, including, without limitation, general global political, macroeconomic and market conditions, including the impact of the COVID-19 pandemic, changes in U.S. government spending, revenue seasonality and matters specific to our business, such as the impact of the COVID-19 pandemic on the company's business operations, financial performance and results of operations, our ability to expand our total available market and grow our portfolio of products, customer demand for and acceptance of our products and services, our ability to successfully execute new business models, our ability to successfully execute on our data fabric strategy to generate profitable growth and stockholder return and our ability to manage our gross profit margins. These and other equally important factors that may affect our future results are described in reports and documents we file from time to time with the SEC, including the factors described under the section titled "Risk Factors" in our most recent filings on Form 10-K and Form 10-Q available at www.sec.gov. The forward-looking statements made in these presentations are being made as of the time and date of the live presentation. If these presentations are reviewed after the time and date of the live presentation, even if subsequently made available by us, on our website or otherwise, these presentations may not contain current or accurate information. Except as required by law, we disclaim any obligation to update or revise any forward-looking statement based on new information, future events or otherwise.

This presentation includes non-GAAP financial measures. Reconciliations of these measures to the comparable GAAP measures are available in the appendix to this presentation.

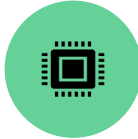
NetApp's Investor Relations website at <https://investors.netapp.com/investor-relations> contains a significant amount of information about NetApp, including financial and other information for investors. NetApp encourages investors to visit that website from time to time as information is updated and new information is posted. The content of NetApp's website is not incorporated by reference into this presentation, and any references to NetApp's website are intended to be inactive textual references only.

We are a global cloud-led,
data-centric software company
that helps organizations
lead with data and accelerate
their digital transformation

Our solutions address crucial workloads in the cloud and on premises



Cloud storage



Compute operations



Cloud controls



Cloud services and analytics

Enterprise applications

DevOps

AI and analytics

Virtualization

Kubernetes

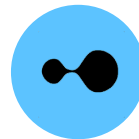
Optimization



Flash and hybrid storage



Object storage



Converged and hybrid cloud infrastructure



Protection and security



Enterprise solutions

Strategic approach with focused execution for growth



Technology and innovation leadership



Aligned to customer imperatives



Strong business model


Building on a strong foundation

- Data-centric software specialist
- Trusted by the world's leading organizations
- Unique partnerships with the biggest public clouds
- Differentiated data fabric strategy
- Strong business model
- Proven track record of turning market transitions into competitive advantage

Market leaders across diverse industries rely on NetApp

X of the top 10 companies in their industries use NetApp


10 
Aerospace
and defense


9 
Automotive

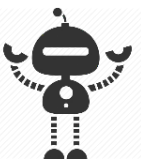
9 
Business
services

5 
Construction


8 
Consumer
product

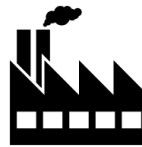
9 
Financial
services

10 
Healthcare


10 
Hi-tech

8 
Insurance

10 
Life science

10 
Manufacturers

10 
Media

9 
Oil and gas

10 
Retailers

10 
Software and IT

10 
Telcos

10 
Transportation

Source: NetApp Strategy; includes customers of both on-premises solutions and public cloud services

Software leadership

Cloud-led, data-centric software company building on a rich legacy of software innovation

Trusted relationships

Partnerships with the world's leading enterprises and public clouds

Uniquely positioned

Well positioned to capture transitions in large and growing markets

Focused execution

Grow storage software and systems to gain share and scale cloud services

Software franchise

Software and cloud focused business model drives recurring revenue

Shareholder value

Disciplined OPEX management while investing for growth with sustained capital returns

Results highlights

- Delivered solid results as customers accelerate their digital transformations with NetApp
- Second consecutive quarter of billings and revenue growth
- Software and recurring maintenance and cloud revenue composed 72% of total revenue, an increase of 12% year over year*
- Continued share gains driven by strong growth in public cloud services ARR and all flash array revenue
- Dollar-based net revenue retention rate for cloud services remains healthy at 207%*
- Uniquely positioned to help organizations manage their most critical data

*Software and recurring maintenance and cloud revenue, and Dollar-based net revenue retention rate for cloud services are Non-GAAP numbers. Refer to appendix for additional details and a reconciliation between Non-GAAP and GAAP numbers.

Q2 FY21 summary

	Q2 guidance (as of Aug 26, 2020)	Q2 actual	
Billings*		\$1.46B +9.6% y/y	
Revenue	\$1.225B – \$1.375B	\$1.42B +3.3% y/y	✓
Non-GAAP gross margin	66% – 67%	66.9% -160 bps y/y	✓
Non-GAAP operating margin	~16%	20.6% -200 bps y/y	✓
Non-GAAP EPS	\$0.66 – \$0.74	\$1.05 -3.7% y/y	✓
Non-GAAP FCF margin		8.5%	
Capital returns		\$107M	

*Billings is a Non-GAAP measure

Refer to appendix for details on these Non-GAAP measures and a reconciliation between Non-GAAP and GAAP numbers.

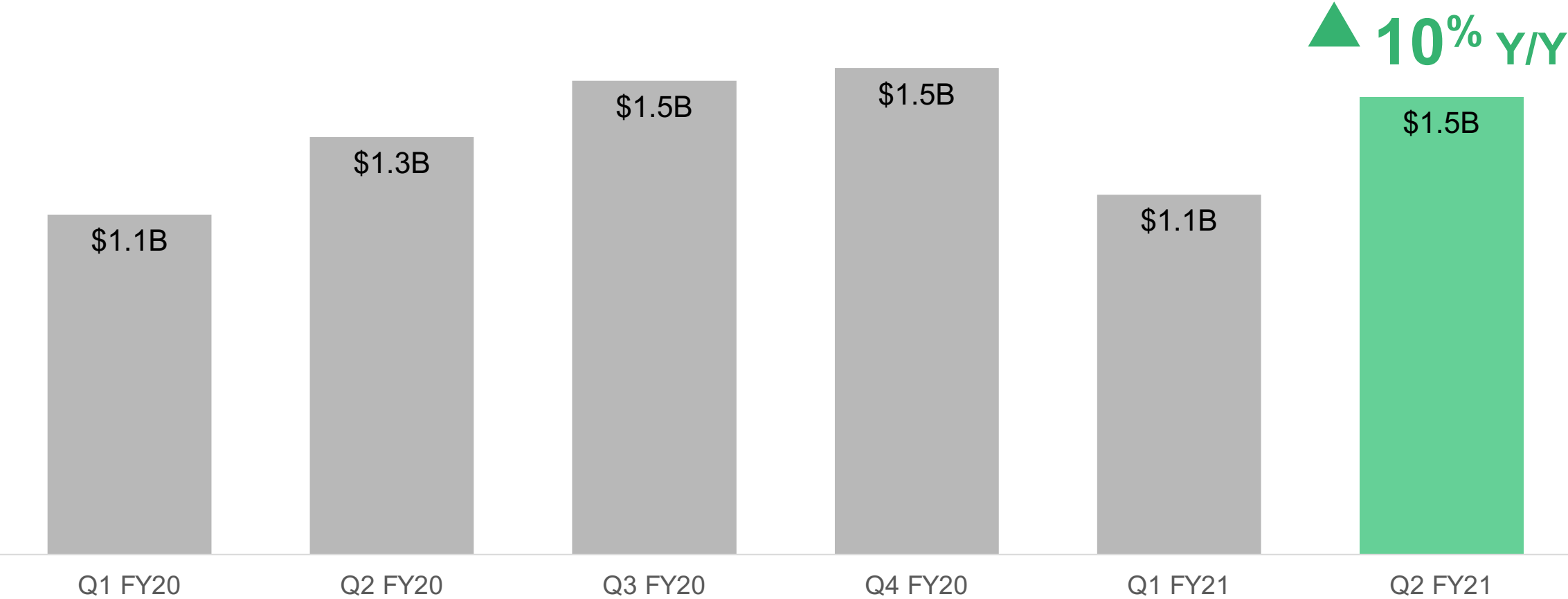
FY21 summary

	Q1	Q2	1H FY21
Billings	\$1.14B +5.8% y/y	\$1.46B +9.6% y/y	\$2.60B +7.9% y/y
Revenue	\$1.30B +5.4% y/y	\$1.42B +3.3% y/y	\$2.72B +4.3% y/y
Non-GAAP gross margin	68.0% +80 bps y/y	66.9% -160 bps y/y	67.5% -40 bps y/y
Non-GAAP operating margin	16.3% +190 bps y/y	20.6% -200 bps y/y	18.5% -10 bps y/y
Non-GAAP EPS	\$0.73 +12.3% y/y	\$1.05 -3.7% y/y	\$1.78 +3.5% y/y
Non-GAAP FCF margin	14.4%	8.5%	11.4%
Capital returns	\$107M	\$107M	\$214M

Billings is a Non-GAAP measure

Refer to appendix for details on these Non-GAAP measures and a reconciliation between Non-GAAP and GAAP numbers.

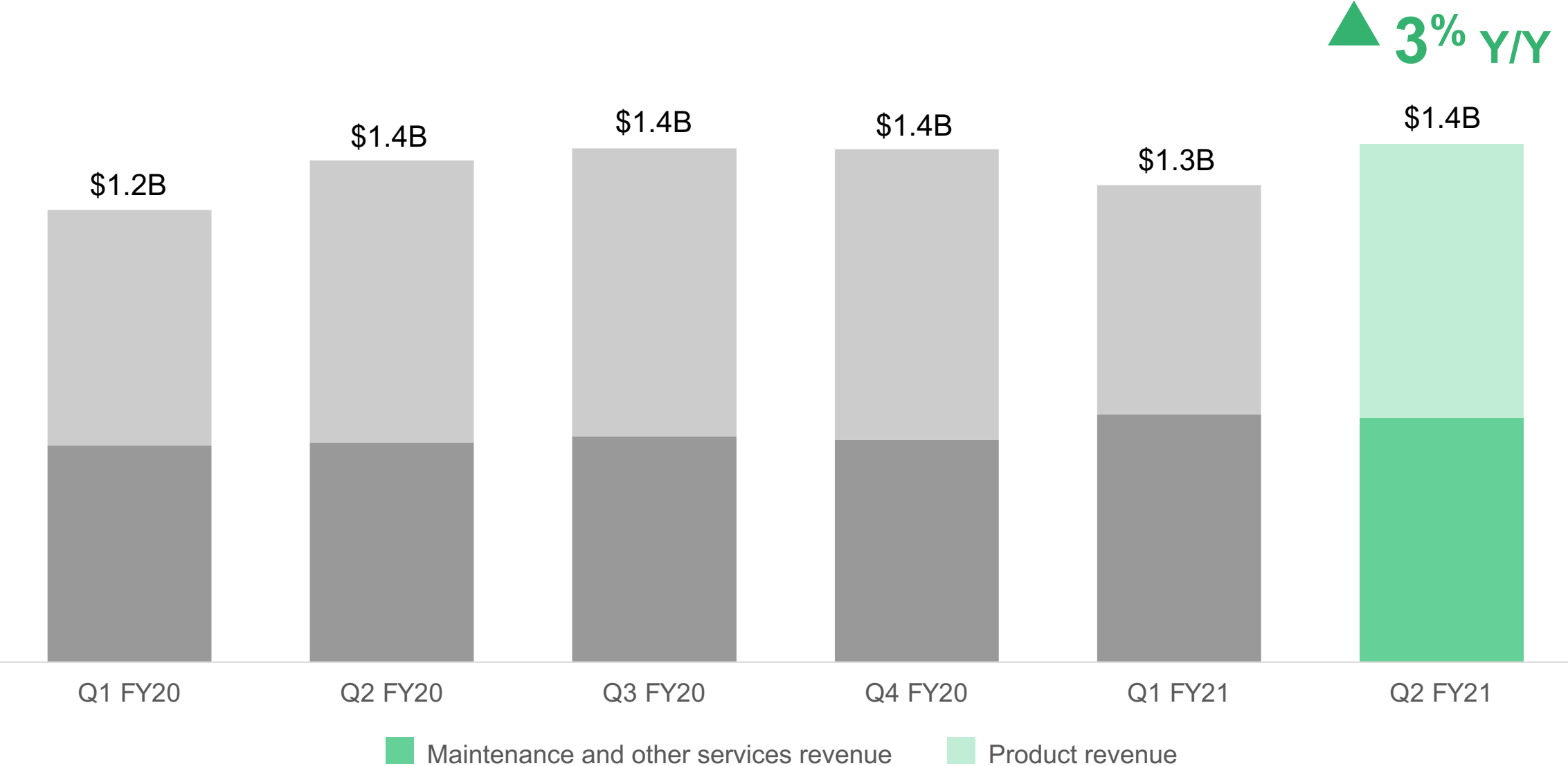
Billings



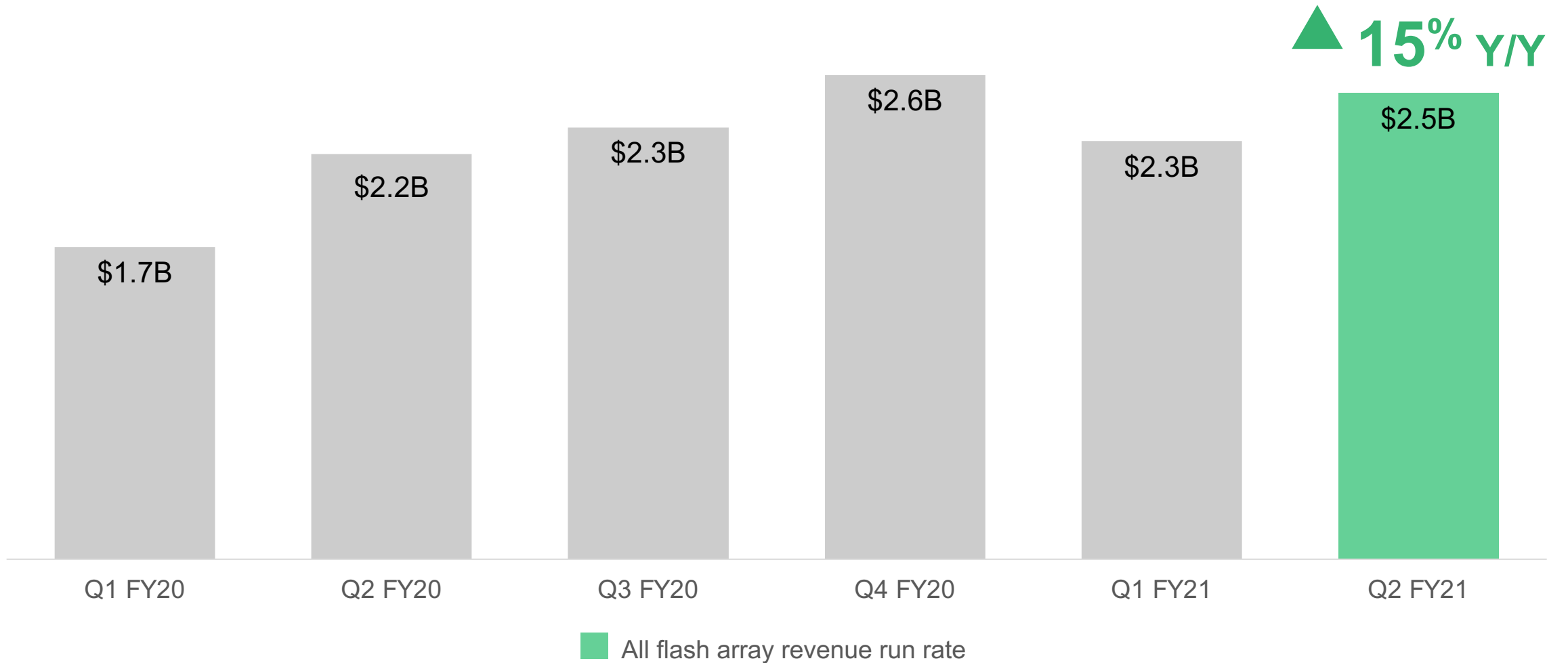
■ Billings

Billings is a Non-GAAP measure. Refer to appendix for details and a reconciliation between Non-GAAP and GAAP numbers.

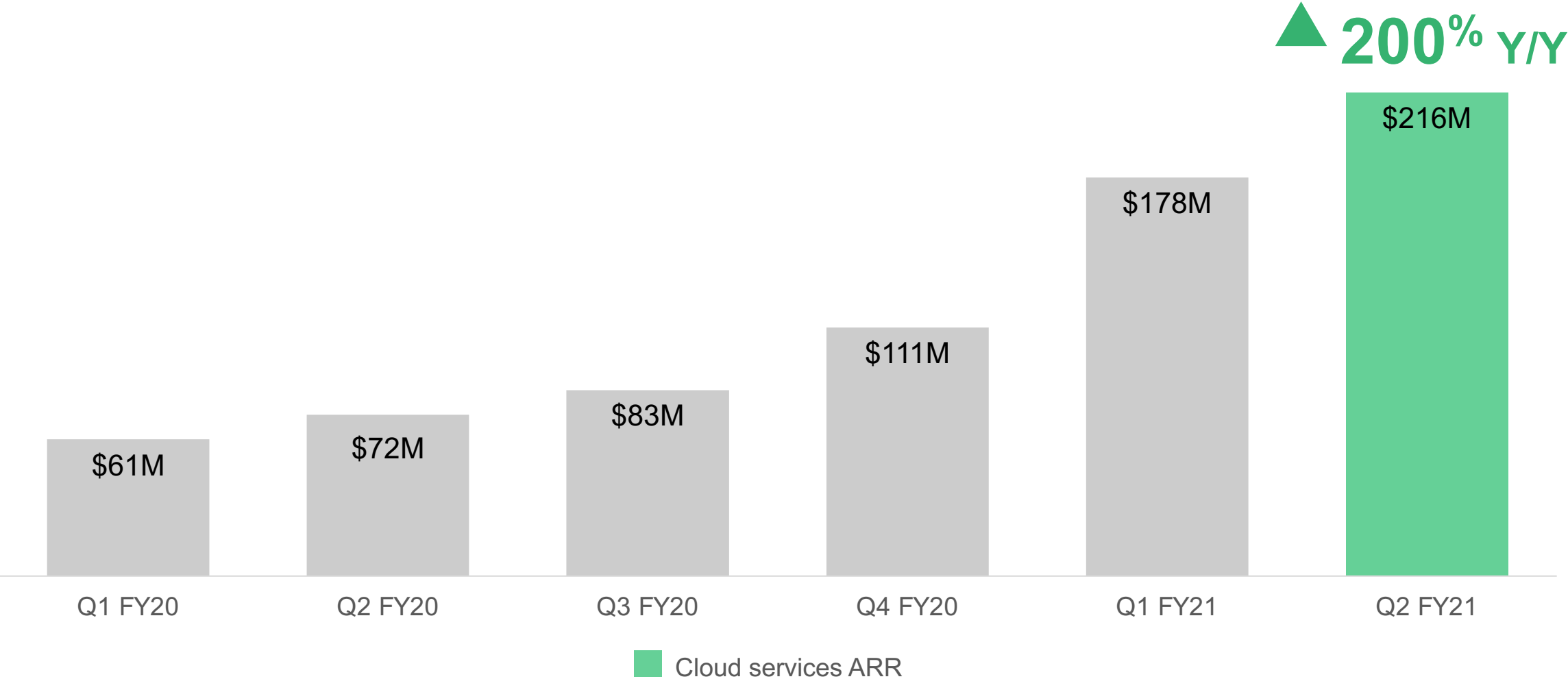
Revenues



All flash array revenue run rate

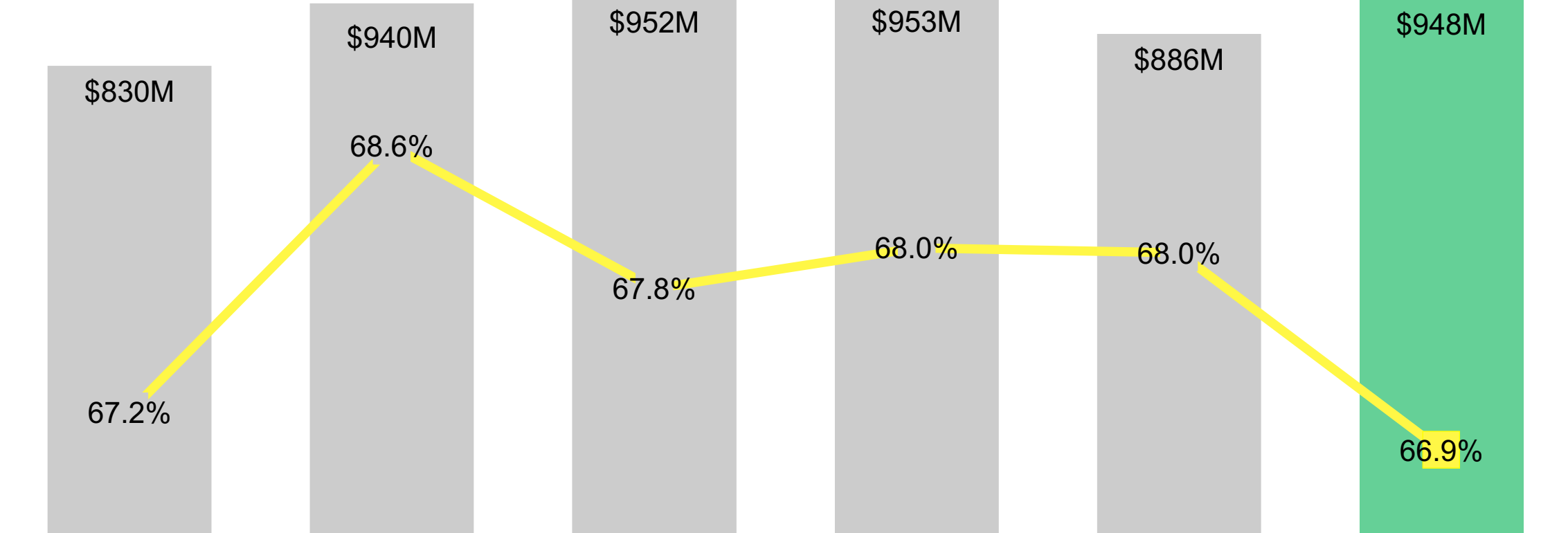


Cloud services ARR



Cloud services annual revenue run-rate is calculated as the annualized value of all Public Cloud Services customer commitments as of the last day of the quarter, with the assumption that any commitment expiring during the next 12 months will be renewed with its existing term

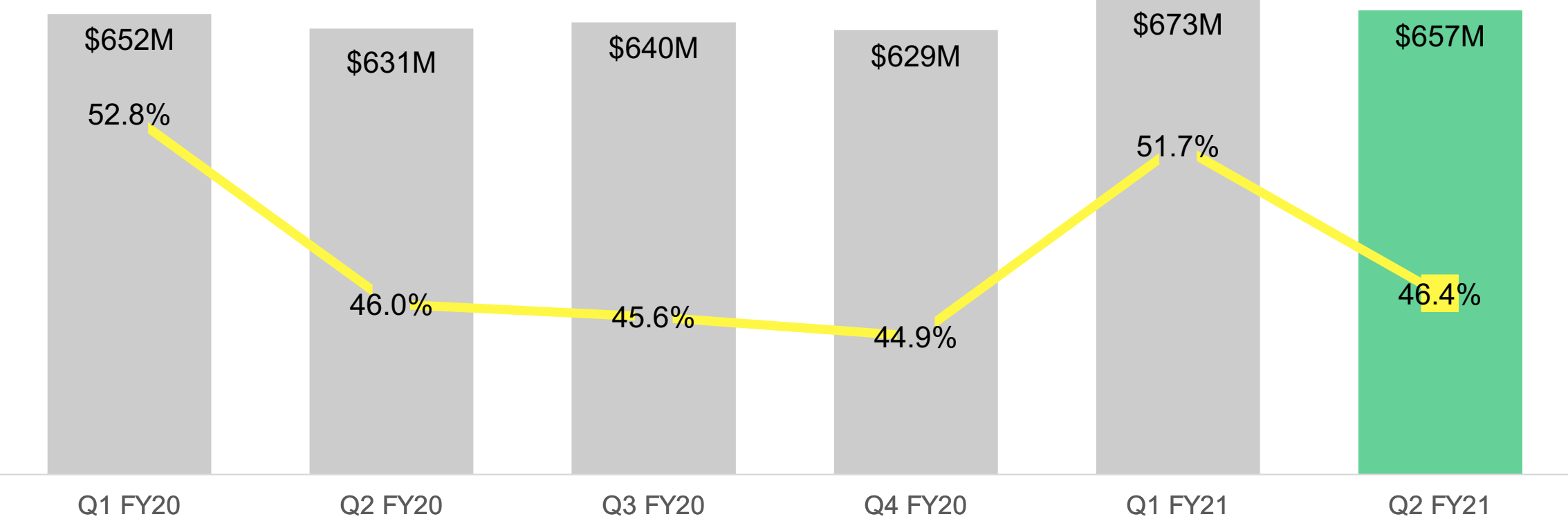
Non-GAAP gross margin



■ Non-GAAP gross margin dollars

■ Non-GAAP gross margin as a percent of revenue

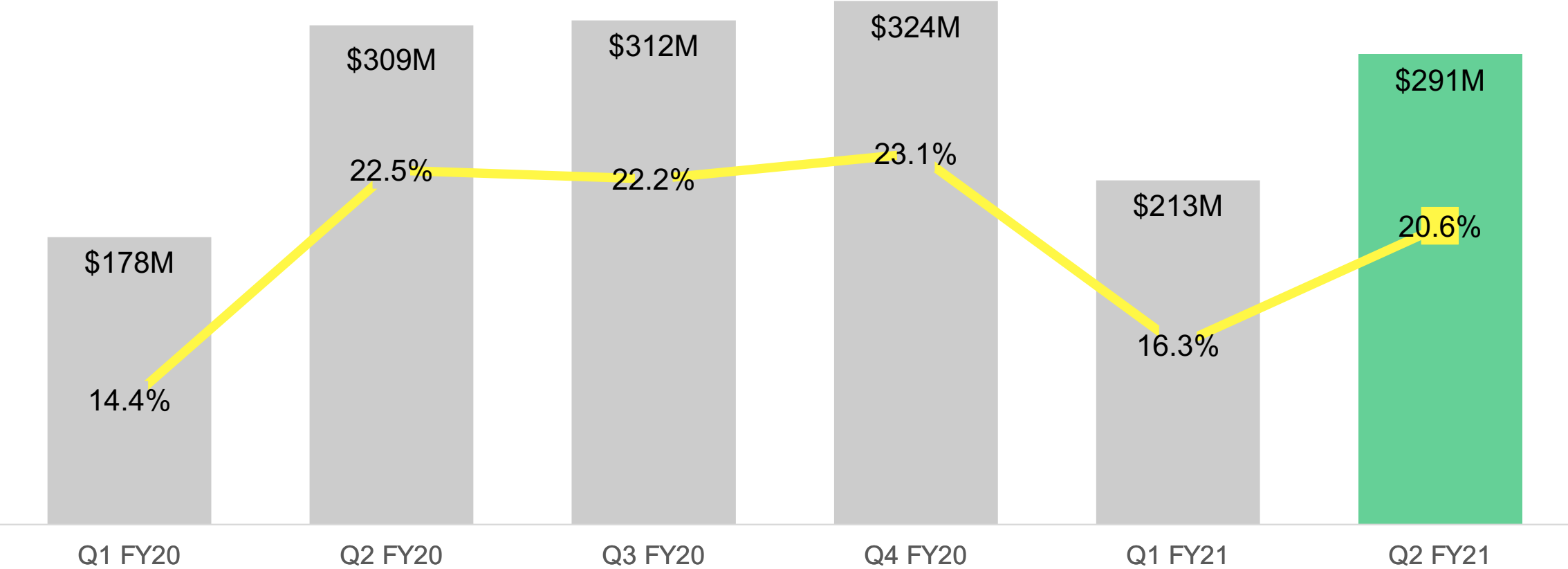
Non-GAAP operating expense



■ Non-GAAP operating expense
 ■ Non-GAAP operating expense as a percent of revenue

Refer to appendix for a reconciliation between Non-GAAP and GAAP numbers.

Non- GAAP operating profit

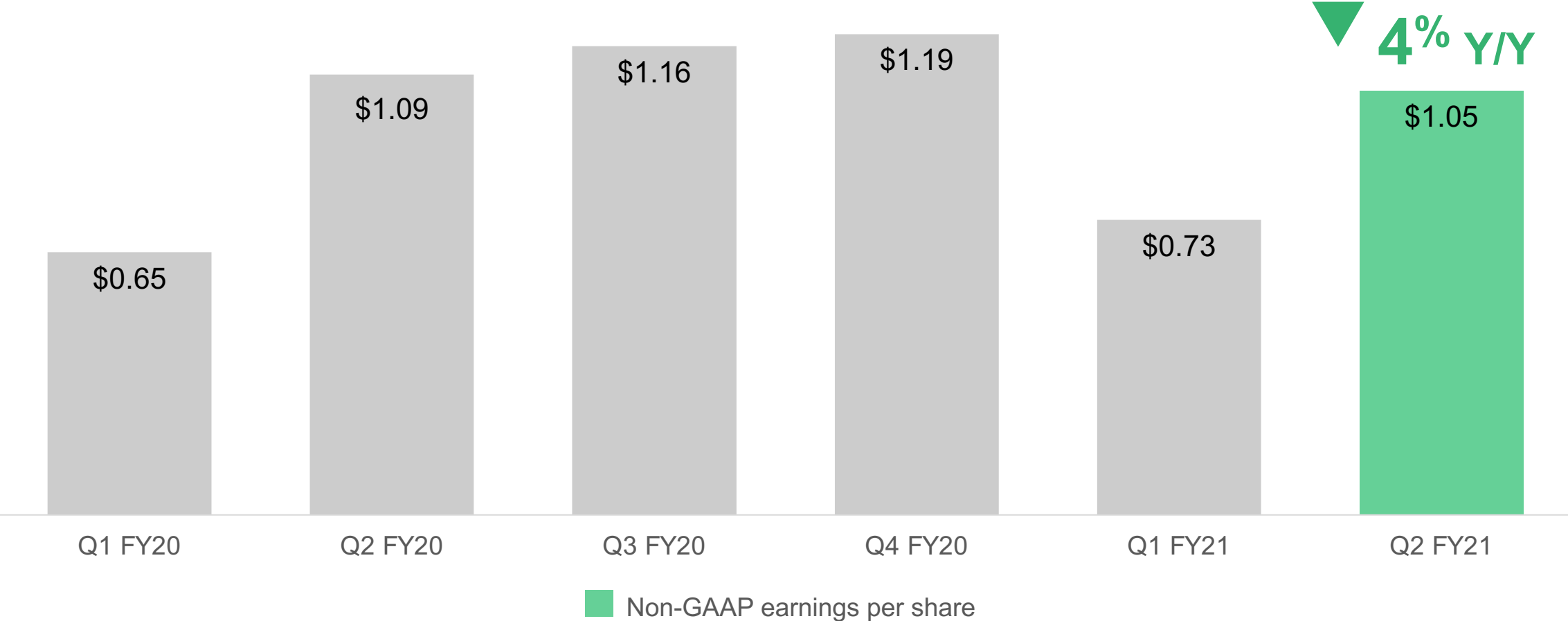


■ Non-GAAP operating profit

■ Non-GAAP operating margin

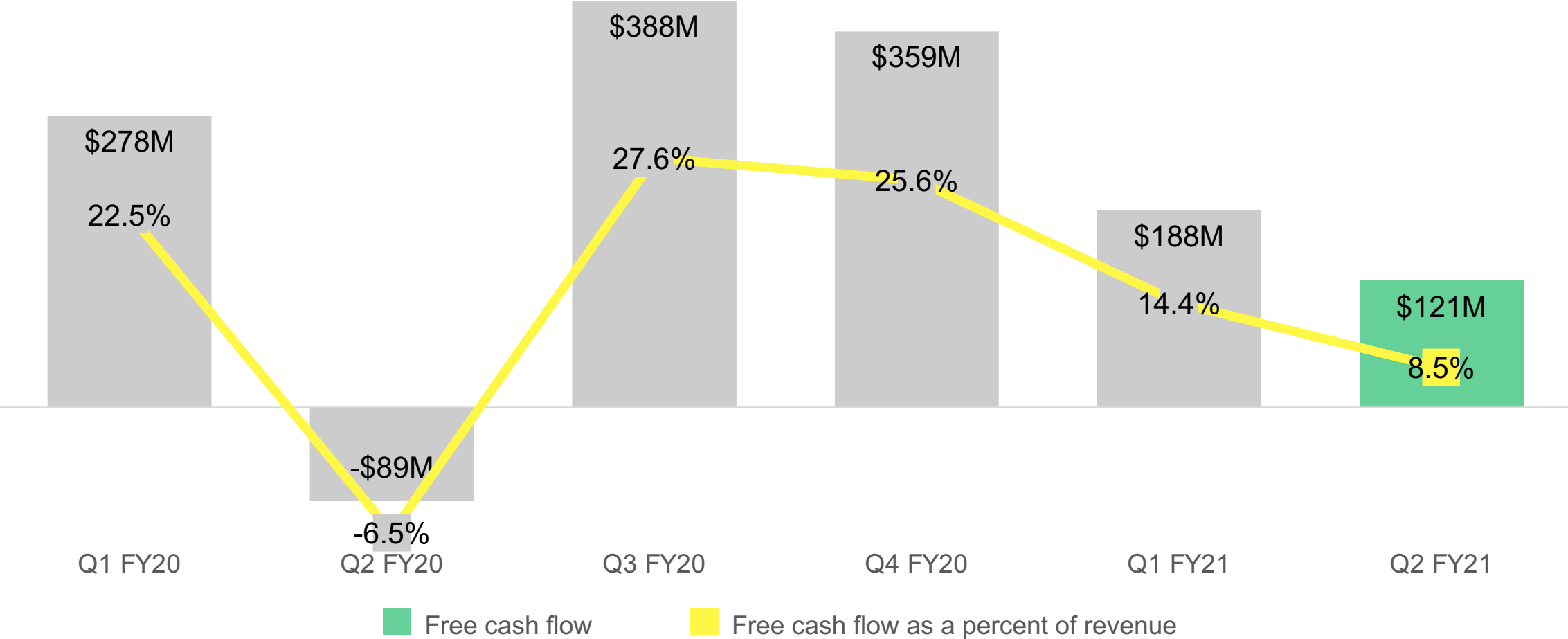
Refer to appendix for a reconciliation between Non-GAAP and GAAP numbers.

Non-GAAP earnings per share



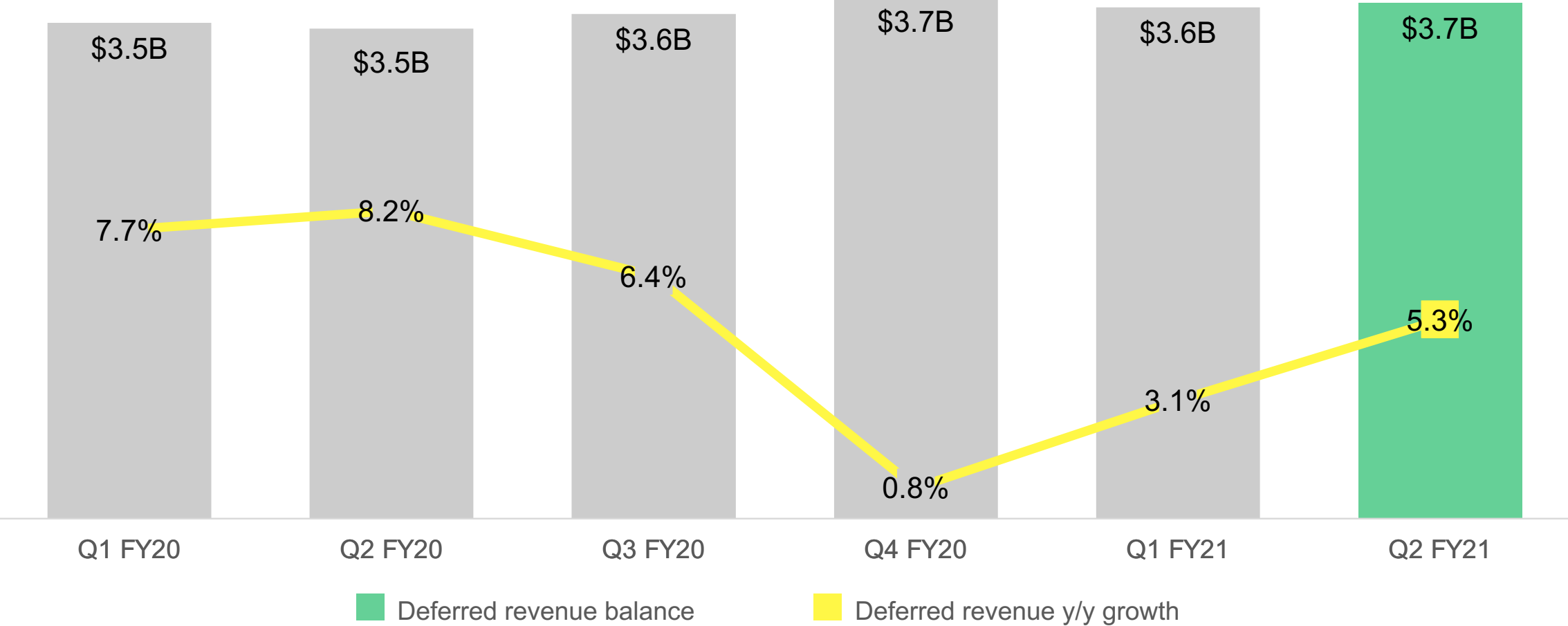
Refer to appendix for a reconciliation between Non-GAAP and GAAP numbers.

Non-GAAP free cash flow



Free cash flow is a non-GAAP measure. Refer to the appendix for details and a reconciliation between non-GAAP and GAAP numbers.

Deferred revenue



Guidance

as of Dec 1, 2020

	Q3 Guide
Revenue	\$1.34B – \$1.49B
Non-GAAP gross margin	~ 67%
Non-GAAP operating margin	~ 20%
Earnings per share*	\$0.94 – \$1.02

Additional modeling points

Operating expenses*

\$660M – \$670M

Non-GAAP tax rate

16% – 17%

*Earnings per share and Operating expenses are presented on a Non-GAAP basis. Refer to appendix for a reconciliation between Non-GAAP and GAAP numbers.

**NetApp unlocks
the best of cloud**



Appendix: Supplementary Tables and Non-GAAP to GAAP Reconciliations & Explanations



Supplemental Revenue Data

Revenues	NET REVENUES (\$ in millions)						First Six	First Six
	Q1 FY'20	Q2 FY'20	Q3 FY'20	Q4 FY'20	Q1 FY'21	Q2 FY'21	Months of	Months of
							FY'20	FY'21
Product	\$644	\$771	\$787	\$793	\$627	\$749	\$1,415	\$1,376
Hardware*	338	405	412	386	316	332	743	648
Software*	306	366	375	407	311	417	672	728
Software Maintenance	250	254	263	267	301	303	504	604
Hardware Maintenance and Other Services	342	346	354	341	375	364	688	739
Hardware Maintenance Support Contracts	284	286	293	279	307	296	570	603
Professional and Other Services	58	60	61	62	68	68	118	136
Net Revenues	\$1,236	\$1,371	\$1,404	\$1,401	\$1,303	\$1,416	\$2,607	\$2,719

* Our revenue recognition policy under GAAP defines a configured storage system, inclusive of the operating system software essential to its functionality, as a single performance obligation. We have provided a breakdown of our GAAP product revenues into the software and hardware components to display the significance of software included in total product revenues.

Software and recurring maintenance and cloud revenue	SOFTWARE AND RECURRING MAINTENANCE AND CLOUD REVENUE (NON-GAAP) (\$ in millions)						First Six	First Six
	Q1 FY'20	Q2 FY'20	Q3 FY'20	Q4 FY'20	Q1 FY'21	Q2 FY'21	Months of	Months of
							FY'20	FY'21
Product - Software	\$306	\$366	\$375	\$407	\$311	\$417	\$672	\$728
Software Maintenance	250	254	263	267	301	303	504	604
Hardware Maintenance Support Contracts	284	286	293	279	307	296	570	603
Software and recurring maintenance and cloud revenue*	\$840	\$906	\$931	\$953	\$919	\$1,016	\$1,746	\$1,935
Software and recurring maintenance and cloud revenue as a percentage of net revenues	68%	66%	66%	68%	71%	72%	67%	71%

Cloud revenue is included in software maintenance revenues

*Software and recurring maintenance and cloud revenue is a non-GAAP measure because it includes the software component of our product revenues, but not the hardware component.

Dollar-based net revenue retention rate for cloud services (Non-GAAP)

Dollar-based net revenue retention rate (DBNRR) for cloud services is a Non-GAAP metric calculated by dividing the approximate total revenue from our cloud customer base at the end of a period (“Cloud Current Period revenue”) by the approximate revenue of the same group of customers at the beginning of that 12-month period. Cloud Current Period revenue includes existing customer renewals and expansion, is net of existing customer contraction and churn, and excludes new customers. Amounts used in the calculation of DBNRR differ from revenues recognized in accordance with US GAAP as they are derived from contract values prior to the reallocation of total contract value across all performance obligations based on relative standalone selling price, as required by ASC 606.

Reconciliation of Net Revenues to Billings (Non-GAAP)

RECONCILIATION OF NET REVENUES TO BILLINGS (NON-GAAP) (In millions)

	Q1 FY'20	Q2 FY'20	Q3 FY'20	Q4 FY'20	Q1 FY'21	Q2 FY'21	First Six Months of FY'20	First Six Months of FY'21
Net revenues	\$ 1,236	\$ 1,371	\$ 1,404	\$ 1,401	\$ 1,303	\$ 1,416	\$ 2,607	\$ 2,719
Change in deferred revenue and financed unearned services revenue*	(154)	(43)	104	147	\$ (158)	40	(197)	(118)
Billings	<u>\$ 1,082</u>	<u>\$ 1,328</u>	<u>\$ 1,508</u>	<u>\$ 1,548</u>	<u>\$ 1,145</u>	<u>\$ 1,456</u>	<u>\$ 2,410</u>	<u>\$ 2,601</u>

* As reported on our Condensed Consolidated Statements of Cash Flows

Some items may not add or recalculate due to rounding

Billings - NetApp approximates billings by adding net revenues as reported on our consolidated statements of operations for the period to the change in total deferred revenue and financed unearned services revenue as reported on our consolidated statements of cash flows.

Reconciliation of Non-GAAP to GAAP Gross Profit and Gross Margin

RECONCILIATION OF NON-GAAP TO GAAP GROSS PROFIT AND GROSS MARGIN (\$ in millions)

	Q1 FY'20	Q2 FY'20	Q3 FY'20	Q4 FY'20	Q1 FY'21	Q2 FY'21	First Six Months of FY'20	First Six Months of FY'21
NET REVENUES	\$ 1,236	\$ 1,371	\$ 1,404	\$ 1,401	\$ 1,303	\$ 1,416	\$ 2,607	\$ 2,719
GROSS PROFIT	\$ 816	\$ 925	\$ 941	\$ 941	\$ 872	\$ 933	\$ 1,741	\$ 1,805
Adjustments:								
Amortization of intangible assets	11	11	8	9	10	12	22	22
Stock-based compensation	3	4	3	3	4	3	7	7
NON-GAAP GROSS PROFIT	\$ 830	\$ 940	\$ 952	\$ 953	\$ 886	\$ 948	\$ 1,770	\$ 1,834
Gross margin-GAAP	66.0%	67.5%	67.0%	67.2%	66.9%	65.9%	66.8%	66.4%
Adjustments	1.1%	1.1%	0.8%	0.9%	1.1%	1.1%	1.1%	1.1%
Gross margin-Non-GAAP	67.2%	68.6%	67.8%	68.0%	68.0%	66.9%	67.9%	67.5%

Reconciliation of Non-GAAP to GAAP Operating Expenses

RECONCILIATION OF NON-GAAP TO GAAP OPERATING EXPENSES (\$ in millions)

	Q1 FY'20	Q2 FY'20	Q3 FY'20	Q4 FY'20	Q1 FY'21	Q2 FY'21	First Six Months of FY'20	First Six Months of FY'21
OPERATING EXPENSES	\$ 712	\$ 629	\$ 673	\$ 664	\$ 736	\$ 751	\$ 1,341	\$ 1,487
Adjustments:								
Amortization of intangible assets	-	-	-	-	-	(3)	-	(3)
Stock-based compensation	(39)	(36)	(33)	(32)	(50)	(46)	(75)	(96)
Litigation settlements	-	-	-	-	-	(5)	-	(5)
COVID-19 charges	-	-	-	(3)	-	-	-	-
Restructuring charges	(21)	-	-	-	(5)	(37)	(21)	(42)
Acquisition-related expense	-	-	-	-	(8)	(3)	-	(11)
Gain on sale or derecognition of assets	-	38	-	-	-	-	38	-
NON-GAAP OPERATING EXPENSES	\$ 652	\$ 631	\$ 640	\$ 629	\$ 673	\$ 657	\$ 1,283	\$ 1,330
NET REVENUES	\$ 1,236	\$ 1,371	\$ 1,404	\$ 1,401	\$ 1,303	\$ 1,416	\$ 2,607	\$ 2,719
GAAP OPERATING EXPENSES AS A PERCENTAGE OF NET REVENUES	57.6%	45.9%	47.9%	47.4%	56.5%	53.0%	51.4%	54.7%
Adjustments	(4.9%)	0.1%	(2.4%)	(2.5%)	(4.8%)	(6.6%)	(2.2%)	(5.8%)
NON-GAAP OPERATING EXPENSES AS A PERCENTAGE OF NET REVENUES	52.8%	46.0%	45.6%	44.9%	51.7%	46.4%	49.2%	48.9%

Reconciliation of Non-GAAP to GAAP Income from Operations

RECONCILIATION OF NON-GAAP TO GAAP INCOME FROM OPERATIONS (\$ in millions)								
	Q1 FY'20	Q2 FY'20	Q3 FY'20	Q4 FY'20	Q1 FY'21	Q2 FY'21	First Six Months of FY'20	First Six Months of FY'21
INCOME FROM OPERATIONS	\$ 104	\$ 296	\$ 268	\$ 277	\$ 136	\$ 182	\$ 400	\$ 318
Adjustments:								
Amortization of intangible assets	11	11	8	9	10	15	22	25
Stock-based compensation	42	40	36	35	54	49	82	103
Litigation settlements	-	-	-	-	-	5	-	5
COVID-19 charges	-	-	-	3	-	-	-	-
Restructuring charges	21	-	-	-	5	37	21	42
Acquisition-related expense	-	-	-	-	8	3	-	11
Gain on sale or derecognition of assets	-	(38)	-	-	-	-	(38)	-
NON-GAAP INCOME FROM OPERATIONS	\$ 178	\$ 309	\$ 312	\$ 324	\$ 213	\$ 291	\$ 487	\$ 504
NET REVENUES	\$ 1,236	\$ 1,371	\$ 1,404	\$ 1,401	\$ 1,303	\$ 1,416	\$ 2,607	\$ 2,719
GAAP INCOME FROM OPERATIONS AS A PERCENTAGE OF NET REVENUES	8.4%	21.6%	19.1%	19.8%	10.4%	12.9%	15.3%	11.7%
Adjustments	6.0%	0.9%	3.1%	3.4%	5.9%	7.7%	3.3%	6.8%
NON-GAAP INCOME FROM OPERATIONS AS A PERCENTAGE OF NET REVENUES	14.4%	22.5%	22.2%	23.1%	16.3%	20.6%	18.7%	18.5%

Reconciliation of Non-GAAP to GAAP Net Income per Share

RECONCILIATION OF NON-GAAP TO GAAP NET INCOME PER SHARE								
	Q1 FY'20	Q2 FY'20	Q3 FY'20	Q4 FY'20	Q1 FY'21	Q2 FY'21	First Six Months of FY'20	First Six Months of FY'21
	\$	\$	\$	\$	\$	\$	\$	\$
NET INCOME PER SHARE	0.42	1.03	1.21	0.88	0.35	0.61	1.44	0.96
Adjustments:								
Amortization of intangible assets	0.05	0.05	0.03	0.04	0.05	0.07	0.09	0.11
Stock-based compensation	0.17	0.17	0.16	0.16	0.24	0.22	0.34	0.46
Asset impairment	-	-	-	0.05	-	-	-	-
Litigation settlements	-	-	-	-	-	0.02	-	0.02
COVID-19 charges	-	-	-	0.01	-	-	-	-
Restructuring charges	0.09	-	-	-	0.02	0.17	0.09	0.19
Acquisition-related expense	-	-	-	-	0.04	0.01	-	0.05
Gain on sale or derecognition of assets	-	(0.16)	-	-	-	-	(0.16)	-
Debt extinguishment costs	-	-	-	-	0.06	-	-	0.06
Gain on sale of equity investment	-	-	-	-	-	(0.03)	-	(0.03)
Income tax effects	(0.08)	-	(0.03)	0.05	(0.07)	(0.04)	(0.08)	(0.11)
Income tax expenses from integration of acquired companies	-	-	-	-	0.05	0.02	-	0.07
Resolution of income tax matters	-	-	(0.22)	-	-	-	-	-
NON-GAAP NET INCOME PER SHARE	0.65	1.09	1.16	1.19	0.73	1.05	1.73	1.79
	Diluted Shares						240	223

**Note: GAAP and Non-GAAP Net Income Per Share were computed using the Diluted number of shares
Some items may not add or recalculate due to rounding**

Reconciliation of Net Cash Provided by (Used In) Operating Activities to Free Cash Flow (Non-GAAP)

RECONCILIATION OF NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES TO FREE CASH FLOW (NON-GAAP) (In millions)

	Q1 FY'20	Q2 FY'20	Q3 FY'20	Q4 FY'20	Q1 FY'21	Q2 FY'21	First Six Months of FY'20	First Six Months of FY'21
Net cash provided by (used in) operating activities	\$ 310	\$ (53)	\$ 420	\$ 383	\$ 240	\$ 161	\$ 257	\$ 401
Purchases of property and equipment	(32)	(36)	(32)	(24)	(52)	(40)	(68)	(92)
Free cash flow	\$ 278	\$ (89)	\$ 388	\$ 359	\$ 188	\$ 121	\$ 189	\$ 309
NET REVENUES	\$ 1,236	\$ 1,371	\$ 1,404	\$ 1,401	\$ 1,303	\$ 1,416	\$ 2,607	\$ 2,719
FREE CASH FLOWS AS A PERCENTAGE OF NET REVENUES	22.5%	(6.5%)	27.6%	25.6%	14.4%	8.5%	7.2%	11.4%

Free cash flow is calculated as net cash provided by operating activities less purchases of property and equipment.

Reconciliation of Non-GAAP Guidance to GAAP - Second Quarter Fiscal 2021

NETAPP, INC. RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP SECOND QUARTER FISCAL 2021 (Unaudited)	
	<u>Second Quarter Fiscal 2021</u>
Gross Margin - Non-GAAP Guidance	66% - 67%
Adjustment:	
Cost of revenues adjustments	(1)%
Gross Margin - GAAP Guidance	<u>65% - 66%</u>
	<u>Second Quarter Fiscal 2021</u> (In millions)
Operating Expenses - Non-GAAP Guidance	\$655 - \$665
Adjustments:	
Amortization of intangibles	\$2
Stock-based compensation expense	\$42
Restructuring expense	\$35 - \$40
Operating Expenses - GAAP Guidance	<u>\$734 - \$749</u>
	<u>Second Quarter Fiscal 2021</u>
Operating Margin - Non-GAAP Guidance	~16%
Adjustments:	
Amortization of intangible assets	(1)%
Stock-based compensation expense	(4)%
Restructuring charges	(3)%
Operating Margin - GAAP Guidance	<u>~8%</u>

Reconciliation of Non-GAAP Guidance to GAAP - Second Quarter Fiscal 2021, continued

NETAPP, INC. RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP SECOND QUARTER FISCAL 2021 (Unaudited)	
	<u>Second Quarter Fiscal 2021</u>
Net Income Per Share - Non-GAAP Guidance	\$0.66 - \$0.74
Adjustments:	
Amortization of intangible assets	(\$0.07)
Stock-based compensation expense	(\$0.20)
Restructuring charges	(\$0.17)
Income tax effects	\$0.06
Net Income Per Share - GAAP Guidance	<u>\$0.28 - \$0.36</u>
	<u>Second Quarter Fiscal 2021</u>
Effective Tax Rate - Non-GAAP Guidance	16% - 17%
Adjustment:	
Income tax effects	4%
Effective Tax Rate - GAAP Guidance	<u>20% - 21%</u>

Reconciliation of Non-GAAP Guidance to GAAP - Third Quarter Fiscal 2021

NETAPP, INC.
RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP
THIRD QUARTER FISCAL 2021
(Unaudited)

	Third Quarter Fiscal 2021
Gross Margin - Non-GAAP Guidance	~67%
Adjustment:	
Cost of revenues adjustments	(1)%
Gross Margin - GAAP Guidance	~66%

	Third Quarter Fiscal 2021 (In millions)
Operating Expenses - Non-GAAP Guidance	\$660 - \$670
Adjustments:	
Amortization of intangibles	\$2
Stock-based compensation expense	\$44
Operating Expenses - GAAP Guidance	\$706 - \$716

	Third Quarter Fiscal 2021
Operating Margin - Non-GAAP Guidance	~20%
Adjustments:	
Amortization of intangible assets	(1)%
Stock-based compensation expense	(3)%
Operating Margin - GAAP Guidance	~16%

Reconciliation of Non-GAAP Guidance to GAAP - Third Quarter Fiscal 2021, continued

NETAPP, INC.
RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP
THIRD QUARTER FISCAL 2021
(Unaudited)

	Third Quarter Fiscal 2021
Net Income Per Share - Non-GAAP Guidance	\$0.94 - \$1.02
Adjustments:	
Amortization of intangible assets	(\$0.06)
Stock-based compensation expense	(\$0.21)
Income tax effects	\$ —
Net Income Per Share - GAAP Guidance	\$0.67 - \$0.75

	Third Quarter Fiscal 2021
Effective Tax Rate - Non-GAAP Guidance	16% - 17%
Adjustment:	
Income tax effects	5 %
Effective Tax Rate - GAAP Guidance	21% - 22%

Some items may not add or recalculate due to rounding

**NetApp unlocks
the best of cloud**

