



Company	Ticker	Sector	Industry
Palo Alto Networks, Inc.	PANW-US	Information Technology	Software

## Business Description

Palo Alto Networks, Inc. is a global cybersecurity provider. The company provides comprehensive and integrated cybersecurity solutions with a portfolio that eliminates the need for siloed security products. Palo Alto focuses has expertise in both network security and endpoint security. The company sells Firewall Appliances and Software to secure networks for enterprise and service provider clients. Firewalls are sold as physical units ("appliances"), as virtual machines ("VMs"), or in a variety of cloud-based environments (Microsoft, Amazon, Google). The company also sells cloud-based software-as-a-service subscriptions for endpoint protection and threat prevention. These products are generally sold on a per-user, per-endpoint, or capacity-based basis. Subscription offerings include threat prevention, cloud security, secure access service edge (SASE), security analytics, and automation. The company was incorporated in 2005 and made its IPO in 2012. It is headquartered in Santa Clara, California.

## Price Chart

## Key Info & Metrics



<b>Empirical Research Rank:</b>	<b>4</b>
Date Purchased:	10/31/2022
Price:	\$159.70
52-Week Range:	\$134.19 - \$209.67
Dividend Yield:	0.00%
Market Cap (\$M):	\$48,286
Forward Price-to-Earnings:	43

## Total Return

Year-to-Date:	14.4%
1 Year:	-6.2%
3 Year:	94.9%
5 Year:	207.1%

## Investment Case - Updated: November 6, 2022

The hardware-based firewalls from the early days of the internet are being replaced. Legacy tech could screen email and simple web browsing but is not complex enough to manage the growing number of new applications such as social media, the cloud, software-as-a-service, and collaborative work. Palo Alto's next-gen firewall application enables fine-grained control while inspecting content for threats in real time. Today, Palo Alto Networks enjoys #1 market share in both the hardware-based "appliance" firewall market and the virtual machine (VM) firewall market. Palo Alto continues to evolve its firewall business to sustain growth. The hardware-based approach is being replaced by the VM method and the VM method is increasingly being replaced by a cloud-hosted firewall. Palo Alto is also expanding beyond the firewall into endpoint protection (security for devices that access the network from the outside). This business is completely subscription-based and growing very rapidly. In the April '22 quarter, annualized recurring revenue of \$1.6B was up over 65% y/y, more than twice the rate of consolidated revenue growth. Revenue growth should remain high as Palo Alto migrates its client base to the newest offerings.

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