TREND MICRO

Securing Your Web World



Trend Micro

FY2007. 3Q Results

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COO / CFO , Representative Director

November 8, 2007

Forward Looking Statements

Certain Statements that we make in this presentation are forward-looking statements. These forward-looking statements are based upon management's current assumptions and beliefs in light of the information currently available to it, but involve known and unknown risks and uncertainties. Many important factors could cause our actual results to differ materially from those expressed in our forward-looking statements. These factors include:

- **difficulties in addressing new virus and other computer security problems;**
- **timing of new product introductions and lack of market acceptance for our new products;**
- **the level of continuing demand for , and timing of sales of , our existing products;**
- **rapid technological change within the anti-virus software industry;**
- **changes in customer needs for anti-virus software;**
- **existing products and new product introductions by our competitors and the pricing of those products;**
- **declining prices for our products and services;**
- **the effect of future acquisitions on our financial condition and results of operations;**
- **the effect of adverse economic trends on our principal markets;**
- **the effect of foreign exchange fluctuations on our results of operations;**
- **an increase in the incidence of product returns;**
- **the potential lack of attractive investment targets; and**
- **difficulties in successfully executing our investment strategy.**

We assume no obligation to update any forward-looking statements.

FY2007. 3Q Financial Highlight

*** We have converted to Japan GAAP from this quarter.**

Consolidated Results

(in million Yen) (unaudited)

Three months ended Sep 30,	3Q2006		3Q2007		YoY growth
Net sales	21,156		25,201		19%
Cost of sales	3,731		4,276		15%
Operating expenses	10,211		11,987		17%
Operating income *(Margin)*	7,214	*(34%)*	8,937	*(35%)*	24%
Ordinary income	8,059		11,198		39%
Net income	4,814		6,864		43%

(In accordance with Japan GAAP)

Amount of contracts concluded

Bookings	23,742	24,999	5%

(Non-GAAP)

If currency exchange rates used for 3Q2006 were used for 3Q2007

Net sales	21,156	24,433	15%

** The JPY amount for 3Q2007 shown above has been calculated by applying to each foreign currency net sales amount for 3Q2007 the weighted average exchange rate between such foreign currency and JPY that was used to convert the net sales amount denominated in such foreign currency for 3Q2006 into a JPY net sales amount for Japan GAAP reporting purposes.*

(Non-GAAP)

USD based Results (Non-GAAP)

(unaudited)
(in thousand USD)

Three months ended Sep 30,	3Q2006	3Q2007	YoY change
Net sales	181,802	214,374	18%
Cost of sales	32,061	36,377	14%
Operating expenses	87,747	101,970	16%
Operating income	61,993	76,026	23%
Ordinary income	69,253	95,260	38%
Net Income	41,369	58,391	41%

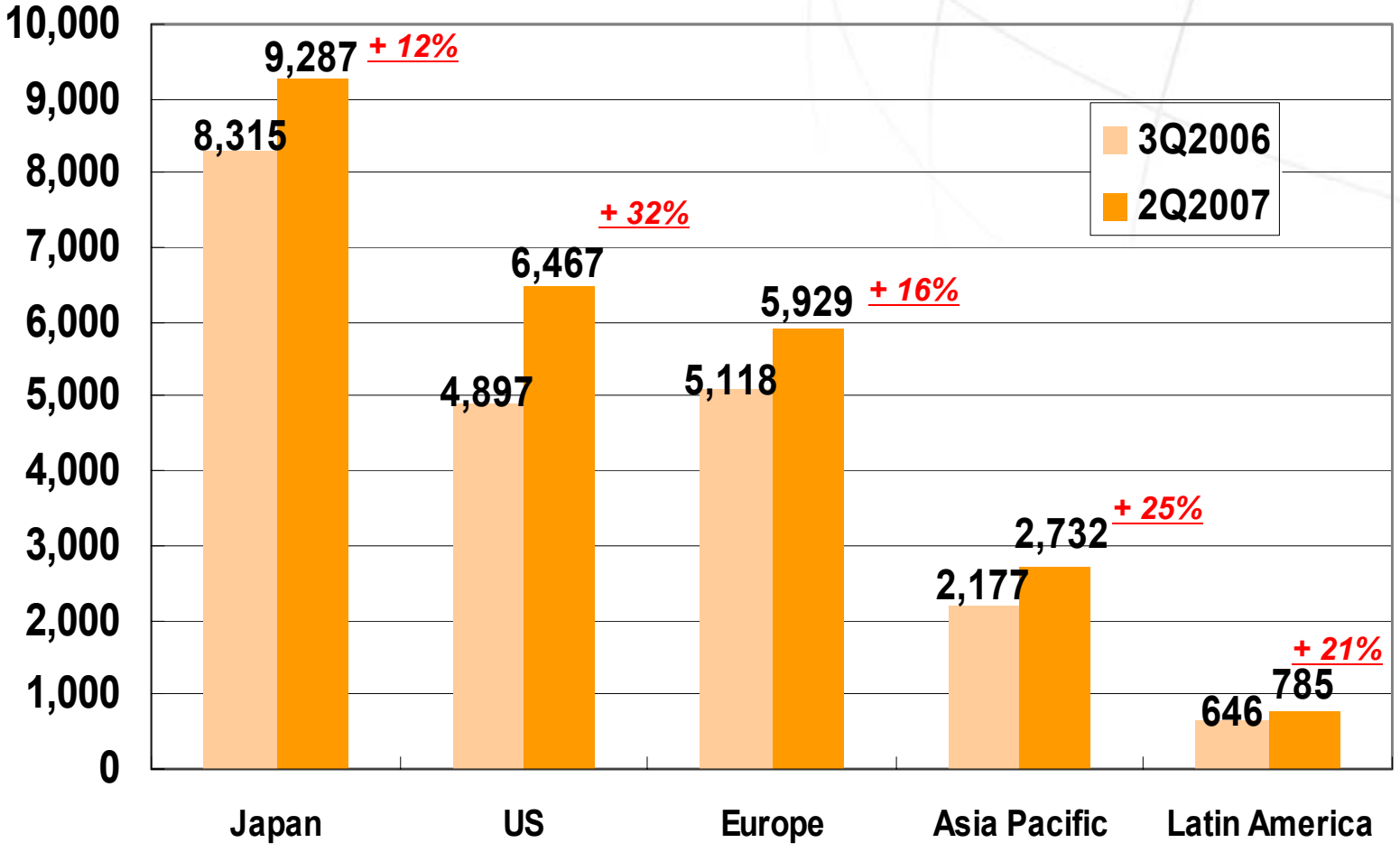
(Non-GAAP)

For each of the quarters shown in the table above, JPY Japan GAAP amounts have been converted to USD amounts using the exchange rates of USD=116.37 JPY for 3Q2006 and 1 USD =117.56 JPY for 3Q2007, respectively, which are the respective weighted average exchange rates used to convert USD net sales to JPY for these quarters.

Net Sales Growth by Region

(in million Yen)

(unaudited)



(In accordance with Japan GAAP)

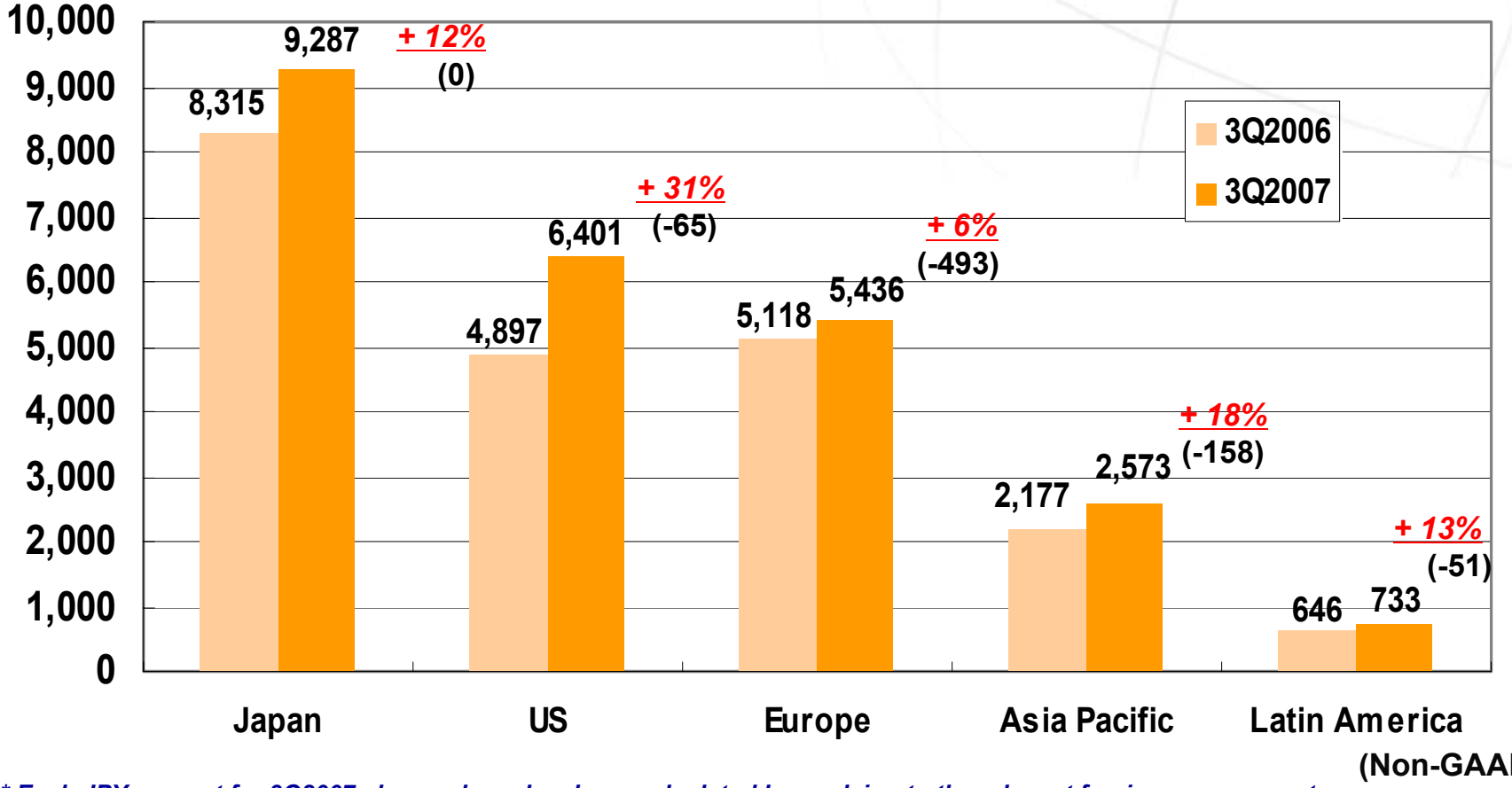
Net Sales Growth by Region

If currency exchange rates used for 3Q2006 were used for 3Q2007:

(in million Yen)

(unaudited)

** ( ) : difference from GAAP base*



(Non-GAAP)

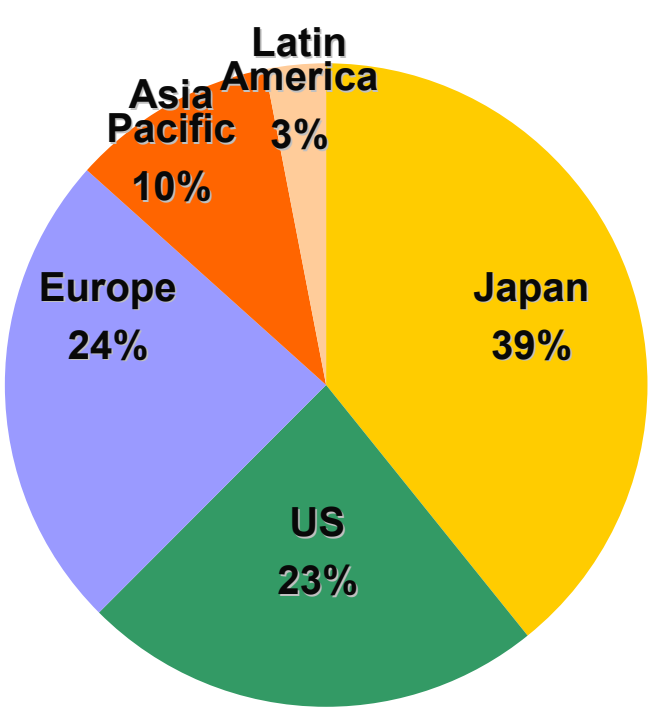
** Each JPY amount for 3Q2007 shown above has been calculated by applying to the relevant foreign currency net sales amount for 3Q2007 the weighted average exchange rate between such foreign currency and JPY that was used to convert the net sales amount denominated in such foreign currency for 3Q2006 into a JPY net sales amount for Japan GAAP reporting purposes. Net sales in Europe were all reported in Euro. Net sales in Asia Pacific and Latin America were reported in more than one foreign currency.*

% share by region

(unaudited)

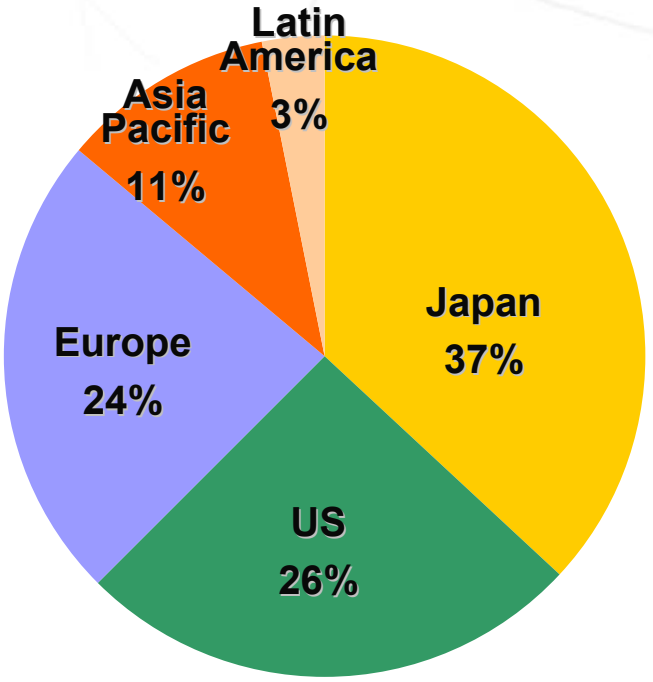
3Q2006

21,156 million Yen



3Q2007

25,201 million Yen

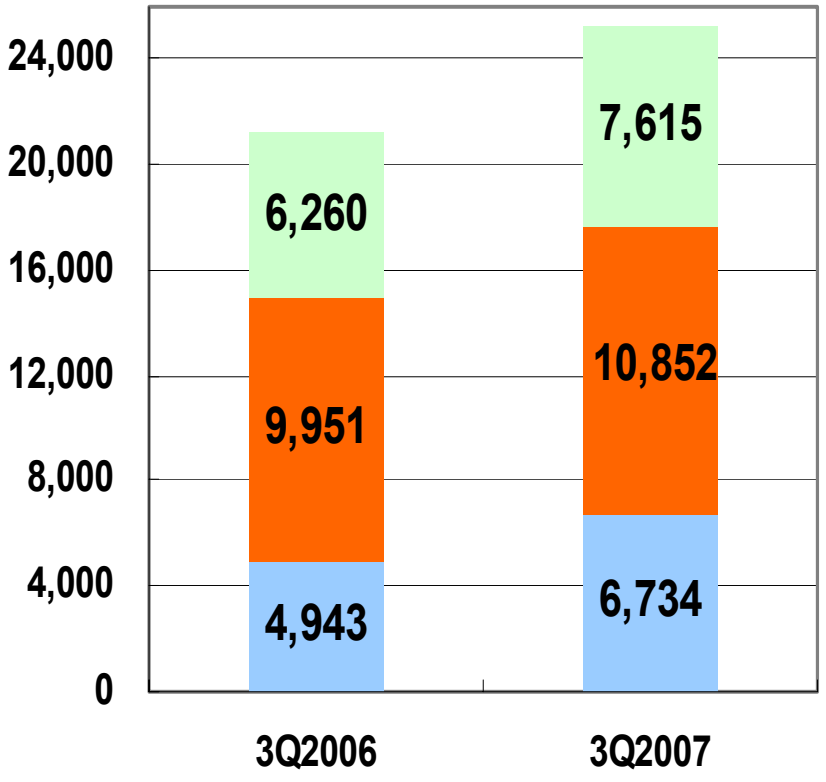


(In accordance with Japan GAAP)

Sales by Segment

(unaudited)

(in million Yen)



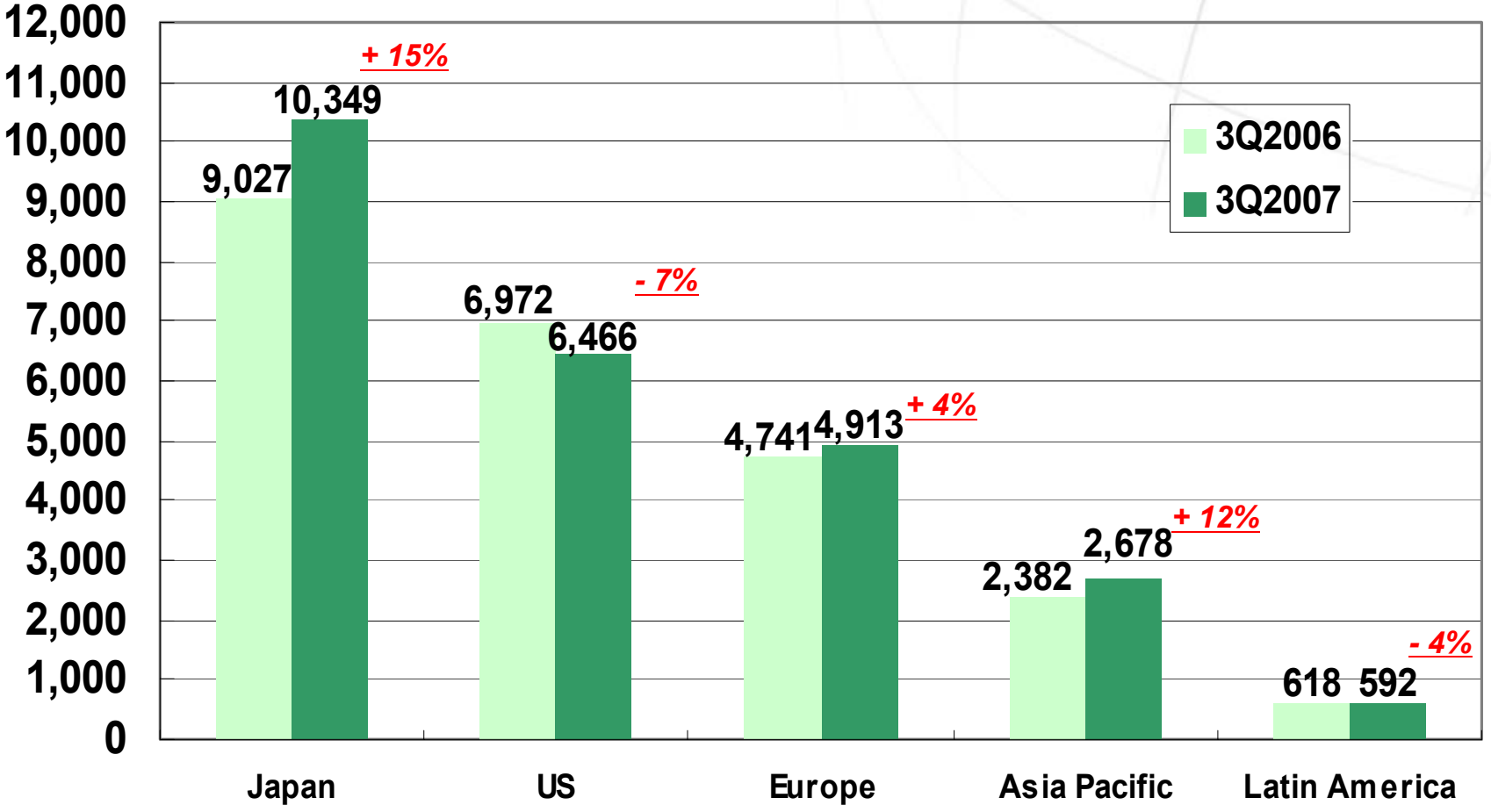
	YoY growth
Large Enterprise	+ 22%
Small & Medium	+ 9%
Consumer	+ 36%

(Non-GAAP)

Bookings (Amount of contracts concluded)

(in million Yen)

(unaudited)



(Non-GAAP)

* "Bookings" means amount of contracts concluded.

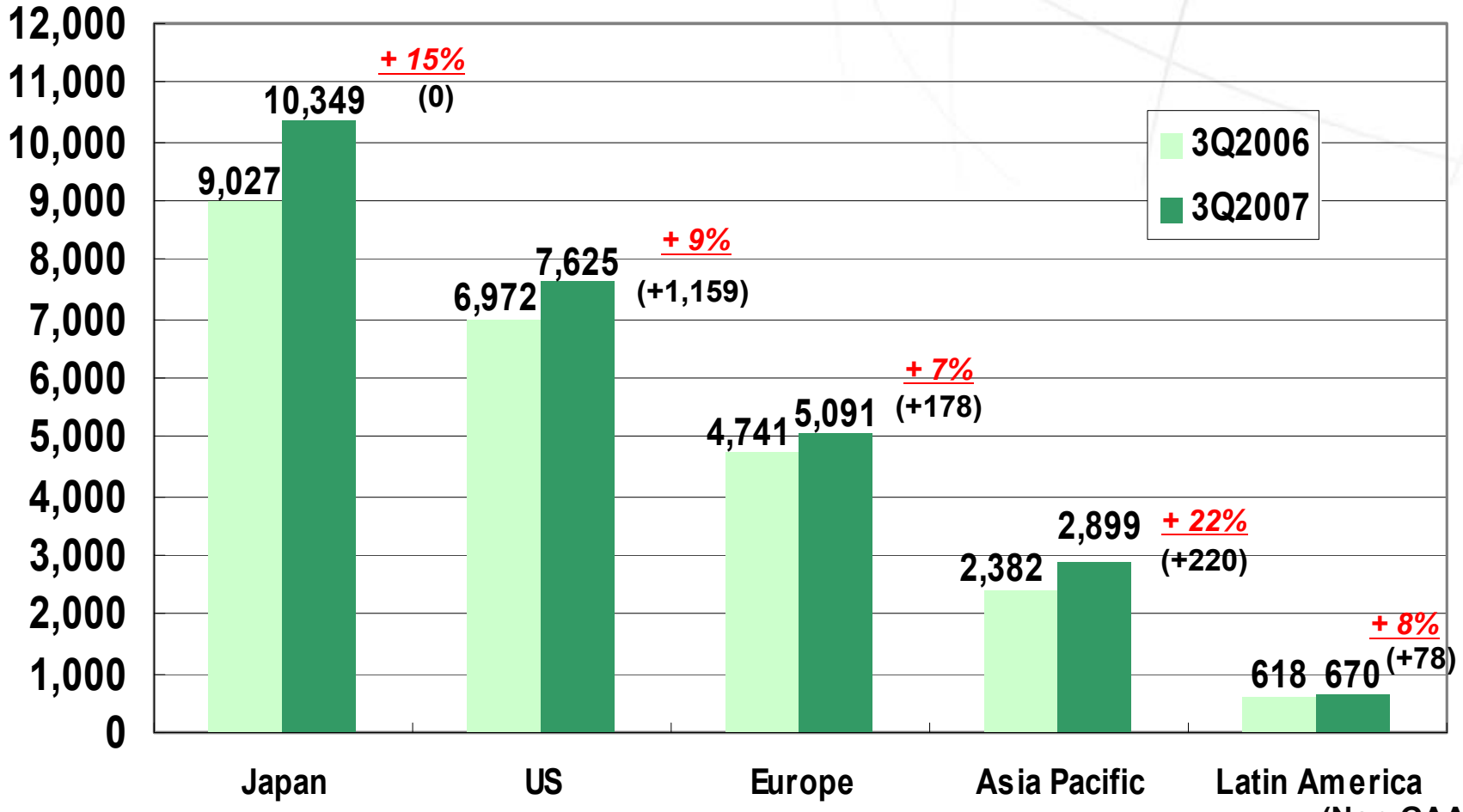
Bookings (Amount of contracts concluded)

If currency exchange rates used for 2Q2007 were used for 3Q2007:

(in million Yen)

(unaudited)

** ( ) : difference from GAAP base*

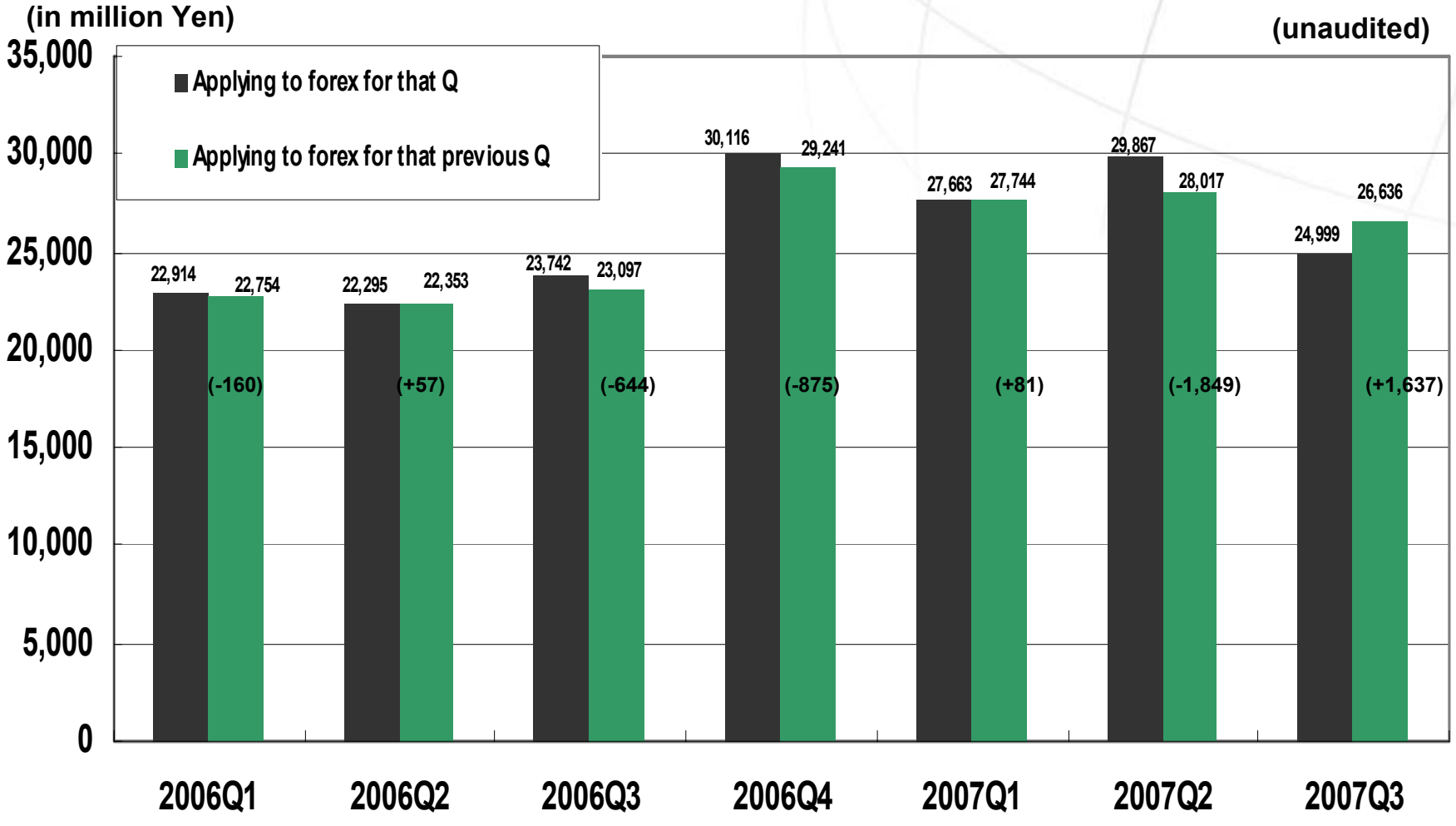


(Non-GAAP)

* "Bookings" means amount of contracts concluded.

Bookings (Amount of contracts concluded)

If currency exchange rates used for each previous Q were used for each Q:



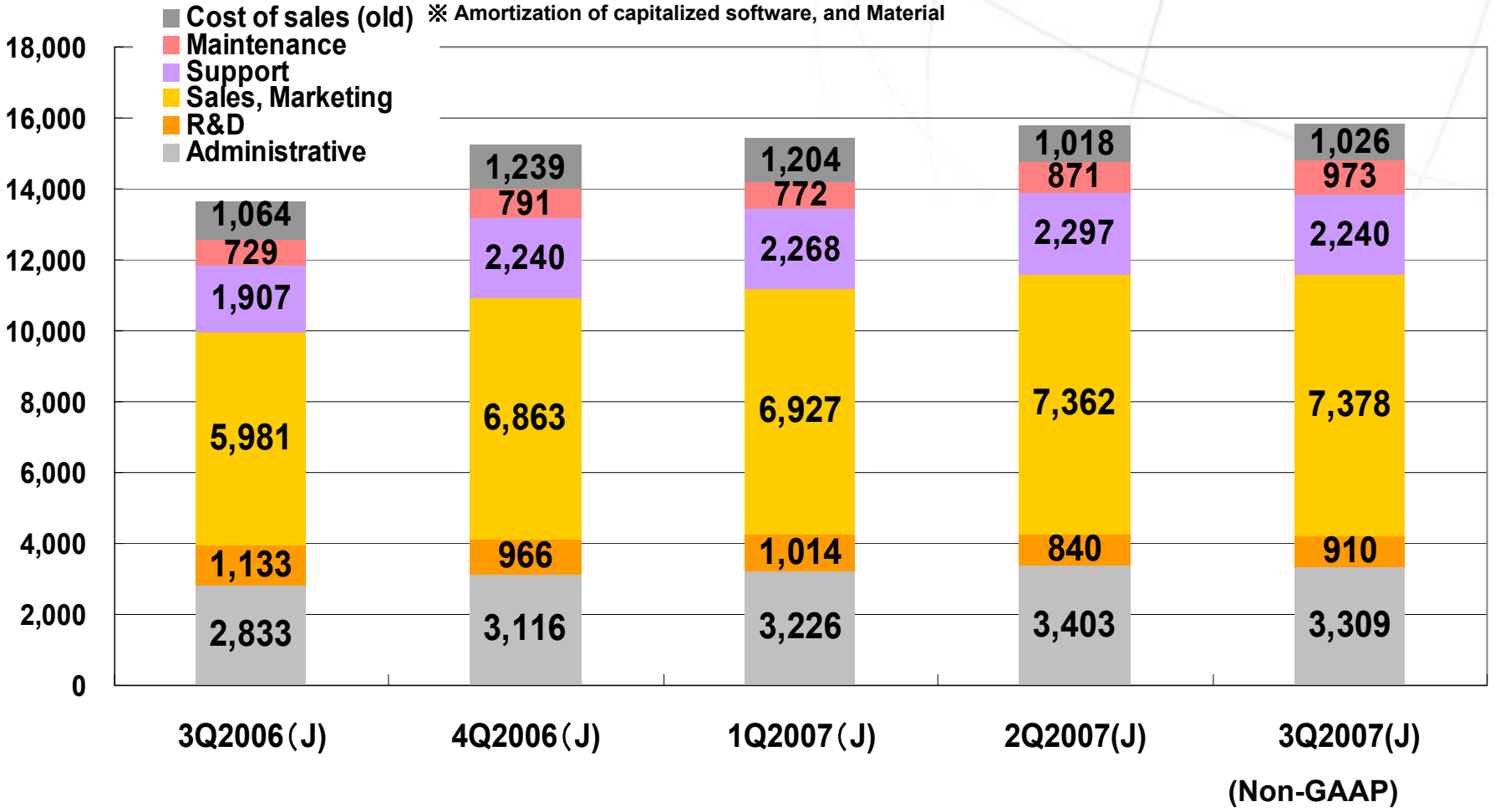
* *"Bookings" means amount of contracts concluded.*

Cost of sales & Operating expenses

(excluding both stock option expenses and amortization of goodwill effects)

(in million Yen)

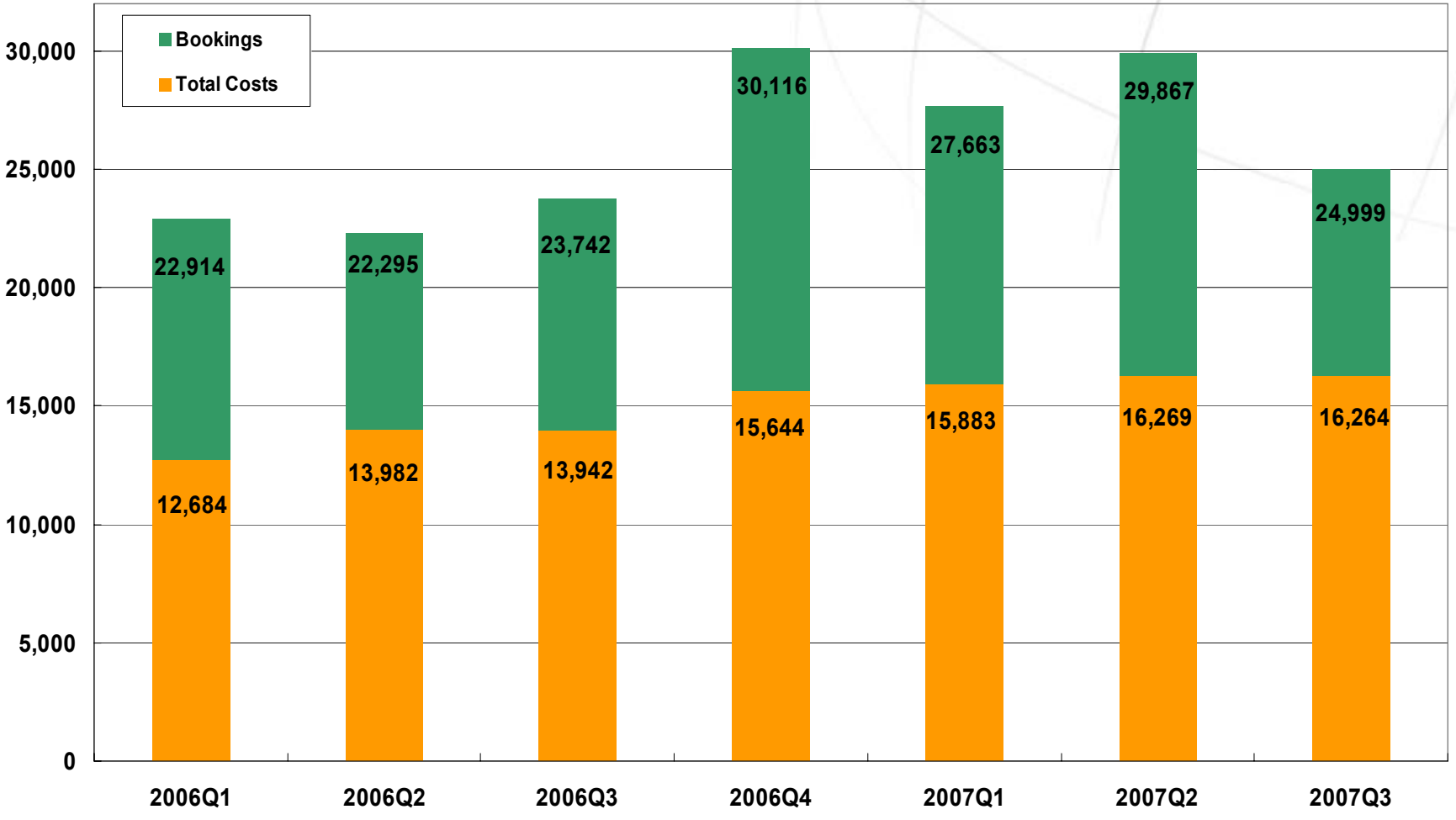
(unaudited)



Bookings vs Total costs

(in million Yen)

(unaudited)



* *"Total costs" means COGS + SGA.*

(Non-GAAP)

TREND MICRO

Q3 Highlights

- *Increasing market share in North America*
- *Effective cost control resulting in improved margins*
- *Entry into the Data leak prevention business*

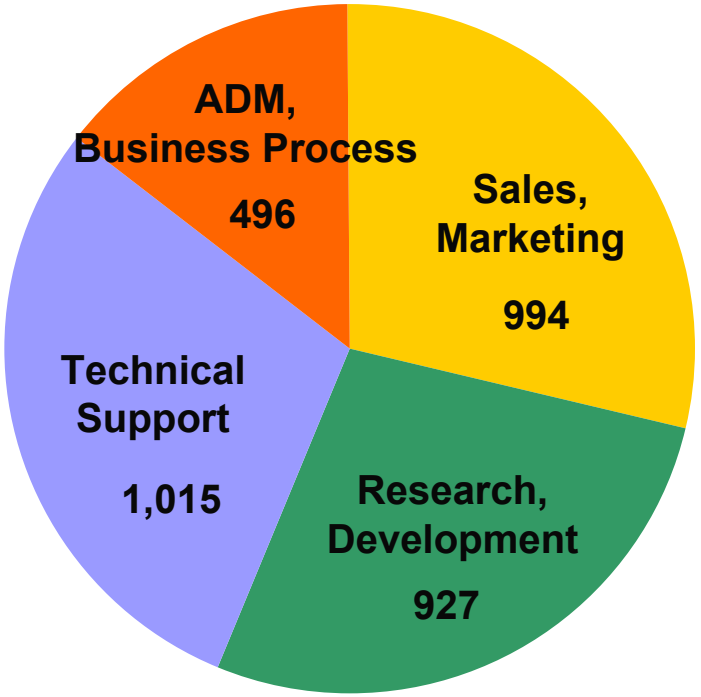
Q3 Lowlights

- *Weaker than expected booking numbers*
- *Delay in VB 2008 launch*

Headcount

Jun - 2007

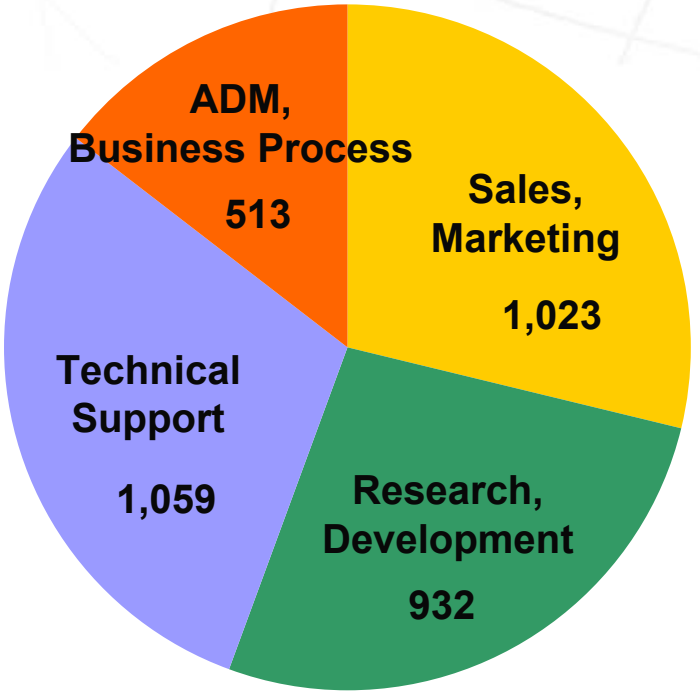
3,432



+ 95
(+ 3%)

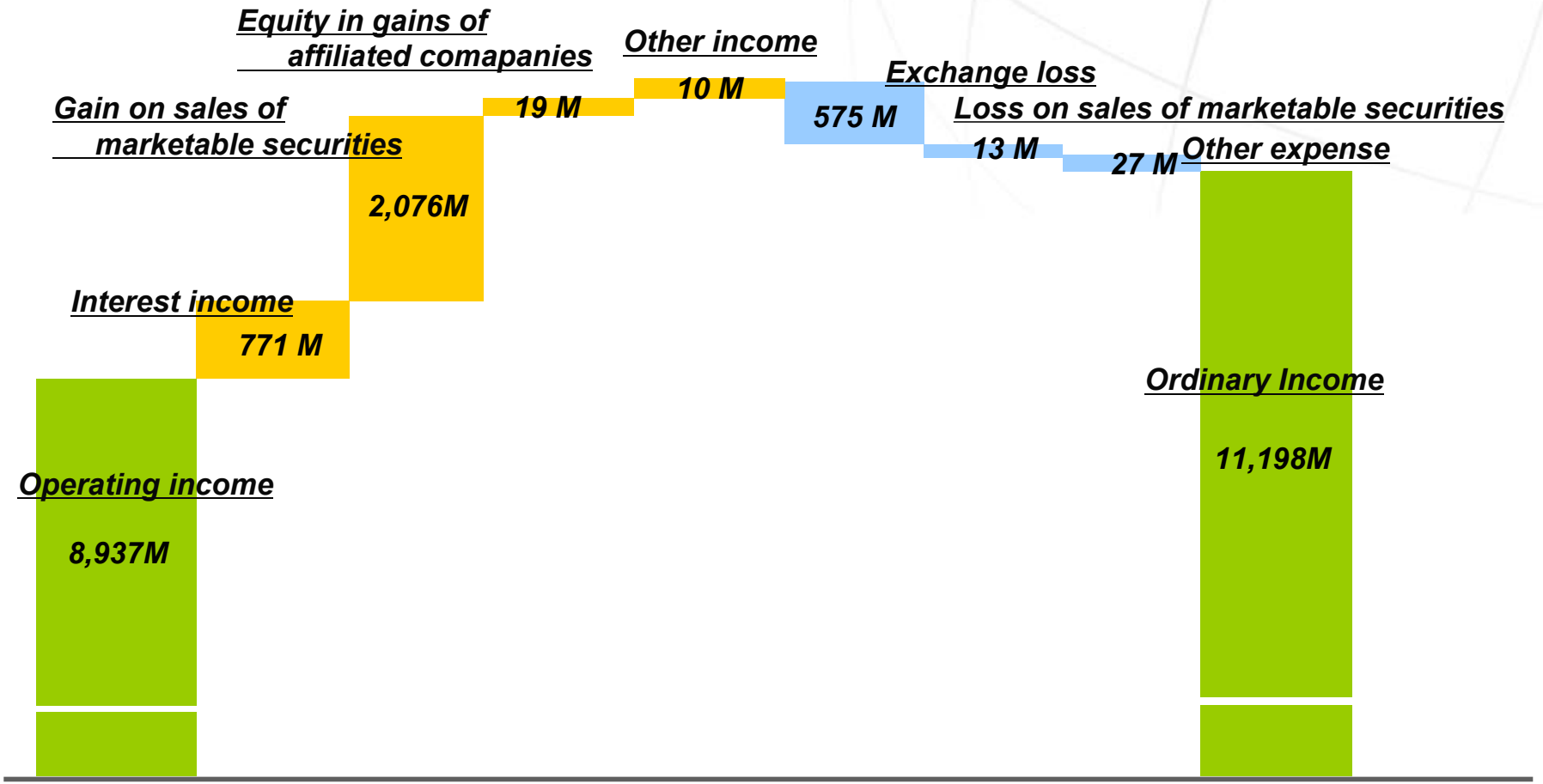
Sep - 2007

3,527



Non-operating Items

(unaudited)



(In accordance with Japan GAAP)

Balance Sheet

(unaudited)

(in million Yen)

	Jun-2007	change	Sep-2007
Assets			
Cash & cash equivalents	79,291	- 11,021	68,270
Account receivable (less allowance for doubtful accounts)	21,027	- 1,245	19,782
Marketable securities & Securities investments	44,587	+ 26,049	70,636
Liabilities			
Deferred revenue (total of current and long-term)	61,915	- 203	61,712
Shareholders' Equity			
Common Stock & Additional paid in capital	30,506	+ 5,759	36,265
Treasury Stock	- 16,511	+ 903	- 15,608

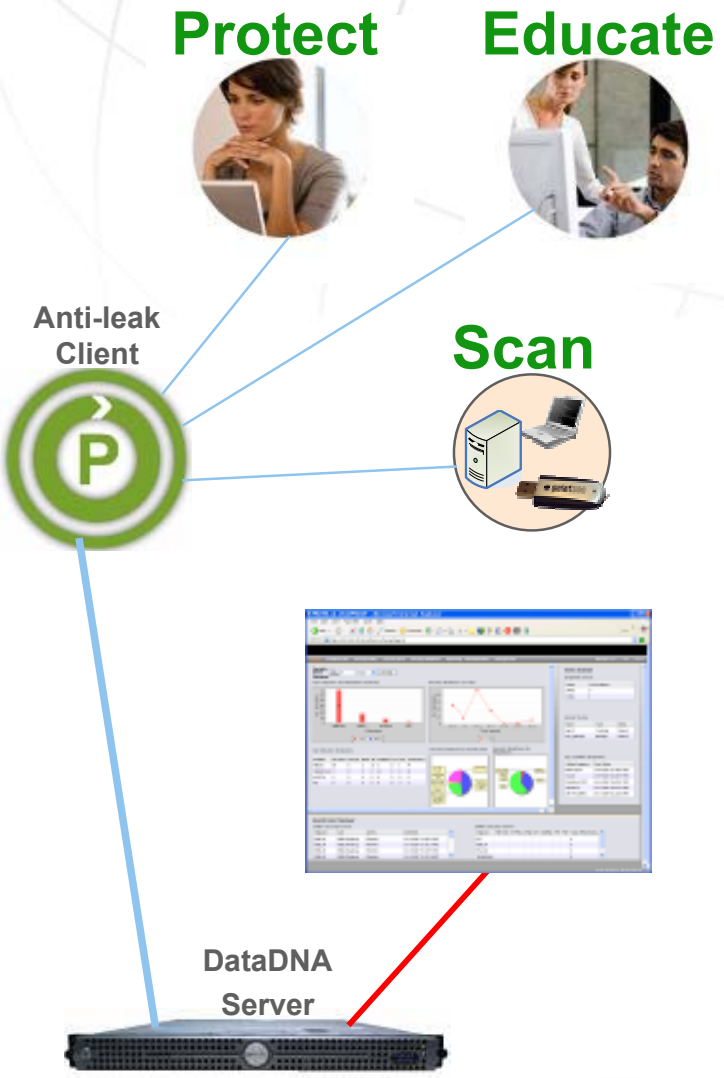
(In accordance with Japan GAAP)

New technology acquired - Data Leak Prevention (DLP)

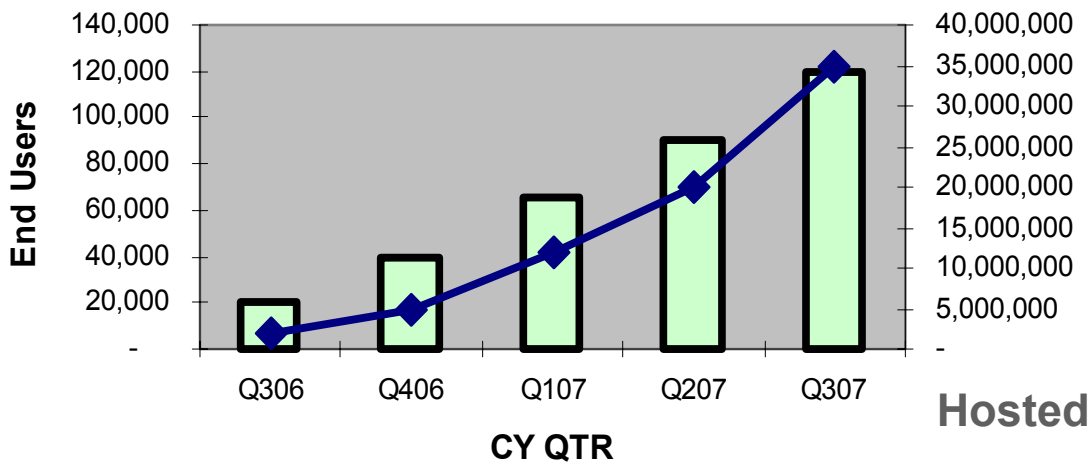
- **DLP is protection against breaches of:**
  - **Privacy: Customers and employee information**
  - **Intellectual Property: Contracts, source code, schematics…**
- **Regulatory Compliance Driven**
  - **PCI, SB-1386, SOX, J-SOX, HIPAA…**
- **High Growth Market**
  - **>50% annual growth (IDC)**
    - $194M in 2007 growing to $494M in 2009
- **DLP: Strategic Growth Area for Trend Micro**
  - **Leverages our global channels, services, and support to expand DLP market**
  - **Offered as a stand-alone solution (now) and integrated solution (2H 2008) – e.g. OfficeScan integration**

Provilla LeakProof™

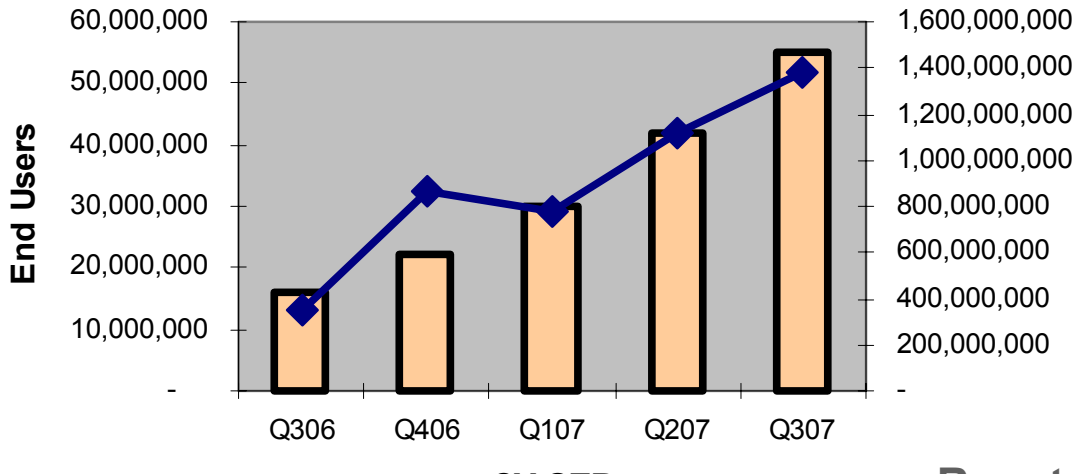
- Addresses Insider Threats
  - Accidental or malicious breach by insiders
  - Endpoint, USB, email, offline
- Unique technology
  - Fast matching at endpoint – fingerprint, customer information, keywords
  - Invisible, robust
- Global solution
  - Language independent
  - Small, medium, large enterprise
- Easy to install, configure, deploy
  - Remote distribution
  - Policies/Monitoring/Reporting
  - Server: appliance or software



Growth of hosted services



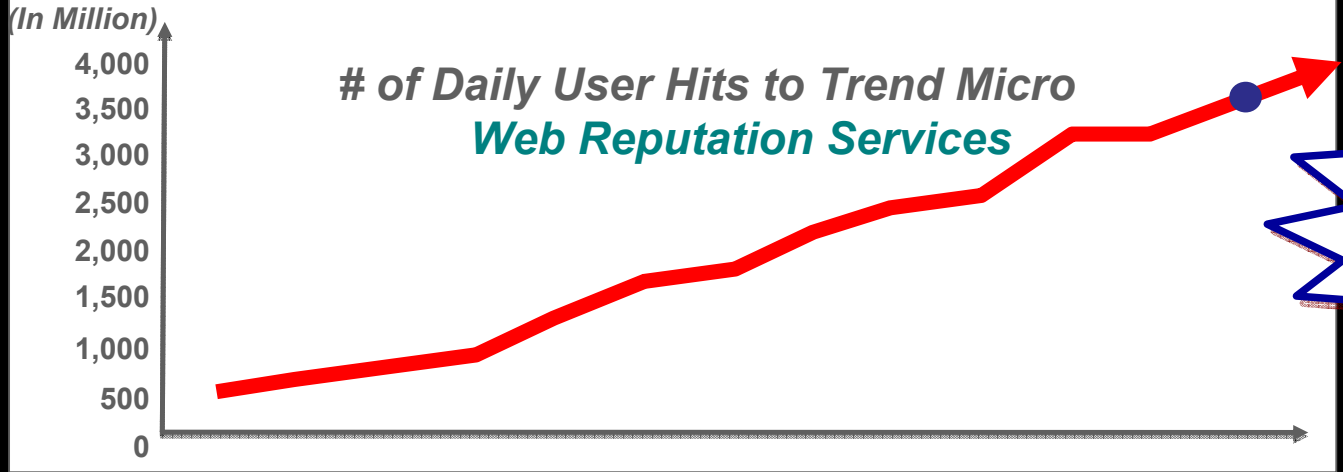
Hosted mail boxes



Reputation service queries

Growth of scanning in the cloud

12 Million
(10/25/2007)



3.5 Billion
(10/25/2007)

Q4 forecast assumptions

- *North America growth higher than company average, both EMEA and Japan growth rate same as average.*
- *Stock option expenses will be 0.4Bn yen*
- *Estimated exchange rate: 1USD = 113 yen*
  1EUR = 163 yen

Projection for 4Q2007

(unaudited)

	For 4Q2007 Oct - Dec, 2007	Expected YoY growth
		(in million Yen)
Net Sales	25,700	11%
Operating Income	8,400	11%
Ordinary Income	9,100	6%
Net Income	5,300	-9%

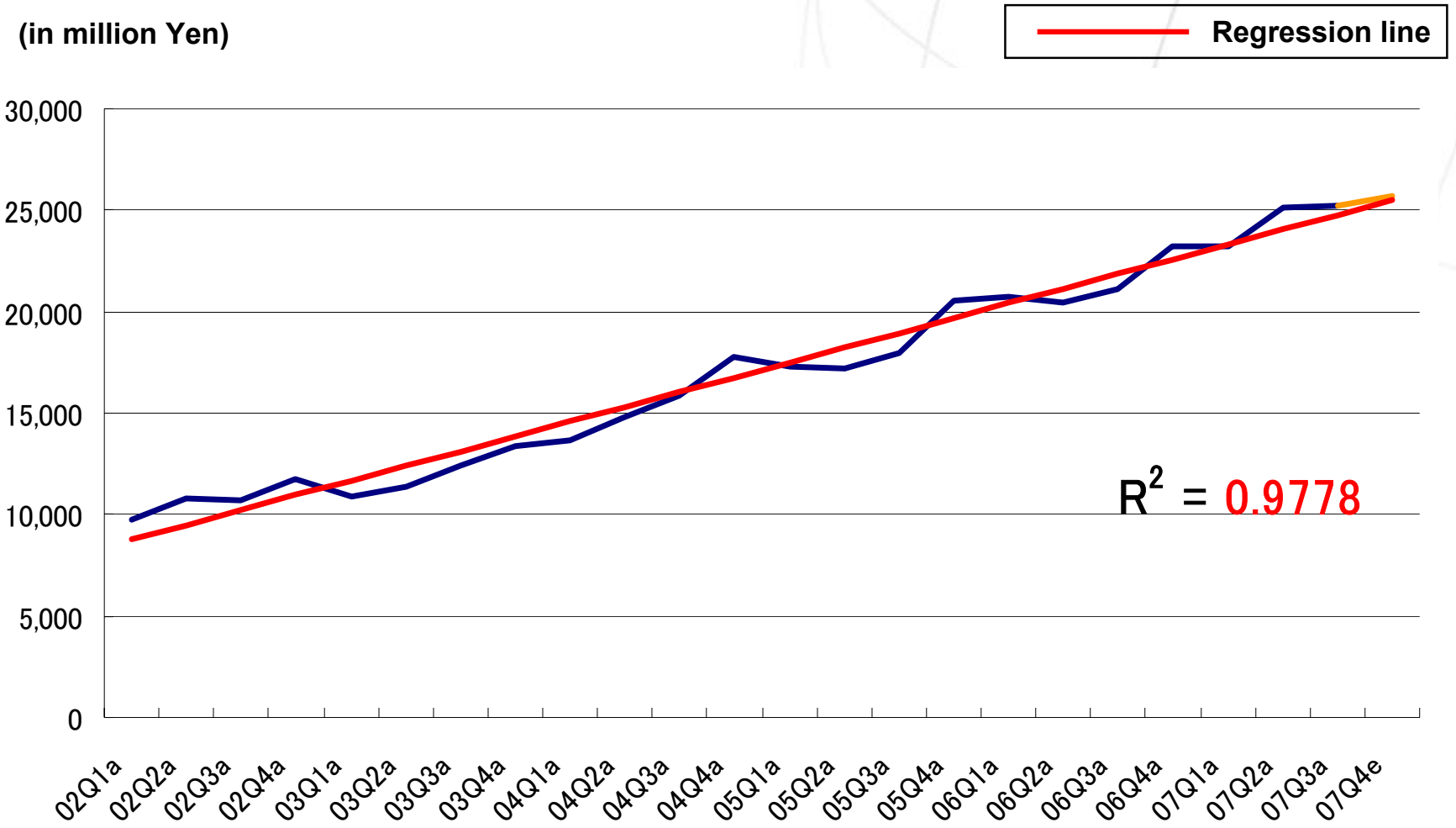
- Including both stock option expenses and amortization of goodwill（about 593M Yen）

(In accordance with Japan GAAP)

Amount of contracts concluded

Bookings	31,000	3%	(Non-GAAP)

Regression chart of net sales



(Non-GAAP)

Appendix

Appendix

Quarterly Chart (1)

(unaudited)

(in million Yen)

	FY2006				FY2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	20,778	20,447	21,156	23,231	23,252	25,138	25,201	
Cost of sales	3,368	3,732	3,731	4,320	4,298	4,241	4,276	
Operating expenses	9,316	10,249	10,211	11,324	11,584	12,027	11,987	
Operating income	8,093	6,464	7,214	7,587	7,368	8,869	8,937	
Ordinary income	8,413	6,806	8,059	8,624	8,281	9,781	11,198	
Net income	4,292	4,368	4,814	5,852	5,065	6,404	6,864	
(COGS and SG&A)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Amortization of capitalized software, and Material	893	903	1,064	1,239	1,204	1,018	1,026	
Maintenance	706	923	729	791	772	871	973	
Support	1,768	1,906	1,907	2,240	2,268	2,297	2,240	
Sells, Marketing	5,843	6,298	5,981	6,863	6,927	7,362	7,378	
R&D	813	1,228	1,133	966	1,014	840	910	
Admin, etc.	2,512	2,580	2,833	3,116	3,226	3,403	3,309	
Stock Option expenses			146	279	320	323	277	
Amortization of goodwill	146	143	145	147	149	151	147	
Total	12,684	13,982	13,942	15,644	15,883	16,269	16,264	

** Above quarterly numbers in accordance with Japan GAAP from FY2006Q1 to FY2007Q1 are just for reference.*

Appendix

Quarterly Chart (2)

(unaudited)

(in million Yen)

	FY2006				FY2007			
(Sales by region)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Japan	8,028	8,127	8,315	8,776	8,538	9,241	9,287	
US	4,818	4,249	4,897	5,329	5,788	6,304	6,467	
Europe	5,123	5,133	5,118	5,774	5,825	6,013	5,929	
Asia Pacific	2,165	2,270	2,177	2,534	2,378	2,765	2,732	
Latin America	641	666	646	816	721	813	785	
Total	20,778	20,447	21,156	23,231	23,252	25,138	25,201	

(Sales by segment)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Enterprise	5,395	5,781	6,260	7,301	6,942	7,669	7,615	
Small & Medium	9,772	9,842	9,951	10,733	10,656	10,756	10,852	
Consumer	5,610	4,823	4,943	5,196	5,652	6,712	6,734	
Total	20,778	20,447	21,156	23,231	23,252	25,138	25,201	

(Bookings by region)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Japan	9,390	8,389	9,027	9,635	11,259	10,871	10,349	
US	5,388	5,327	6,972	7,430	7,039	7,418	6,466	
Europe	5,139	5,426	4,741	8,968	6,056	6,983	4,913	
Asia Pacific	2,219	2,514	2,382	3,002	2,608	3,650	2,678	
Latin America	776	638	618	1,079	698	943	592	
Total	22,914	22,295	23,742	30,116	27,663	29,867	24,999	

* *"Bookings" means amount of contracts concluded.*

Thank You

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