04-Jun-2020

NortonLifeLock, Inc. (NLOK)

Bank of America Global Technology Conference

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CORPORATE PARTICIPANTS

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

Samir Kapuria
President, NortonLifeLock, Inc.

OTHER PARTICIPANTS

Nikolay Beliov
Analyst, BofA Securities, Inc.

MANAGEMENT DISCUSSION SECTION

Nikolay Beliov
Analyst, BofA Securities, Inc.

Hi, everybody. This is Nikolay Beliov, one of the software research analysts here at Bank of America Technology Research team. Happy to moderate the panel with NortonLifeLock. The company is represented by Vincent Pilette, the Chief Executive Officer. And also we have an unexpected guest, Samir, the President who will be with us today. Thank you guys for joining us. Thanks for taking the time.

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

Sure. Thanks for inviting us.

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QUESTION AND ANSWER SECTION

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

Just to kick up the conversation, Vincent, it has been a little over six months since the sale of the enterprise business. And where do we stand today? Just like take a minute or two to the rearview analysis of the situation. And maybe as a follow-up, how has COVID changed your strategy if – in any way over the next 12 to 24 months?

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Yes. Let me go back to November 4 when we sold the Symantec Enterprise business to Broadcom. We see that as the birthday of NortonLifeLock, cyber safety company focused entirely on consumer with a mission to build the cyber safety plan enabling consumer to operate safely their [ph] live (01:25) digitally. So, that's our overall mission. The division or the company NortonLifeLock comes from the mix of Norton Security products merged with identity products from LifeLock, and the team buildup on integrated platform Norton 360 that offers cyber safety features for a membership fee, a different level of membership. You have access from basic core security and privacy features, all the way to full identity restorations and insurance services.

The company up to now had been focusing on integrating that platform launched on April 2019. As we became fully focused on the consumer market, we started to increase our marketing spend to where it was in the past. And as you know, [ph] we're (02:19) 90% business that sells directly to consumers through our e-commerce platform. And so, marketing is basically our sales engine.

So, coupled with the Norton 360 platform, reinvigorated sales engine or marketing engine. We've seen in our first two quarter good early traction on both adoption of Norton 360, stabilization of the customer count that had been declining in the past, and basically on a – return to growth with booking growth in the range of around 4% to 5% in the last quarter.

So, we're very excited by those early step. Our underlying structural growth opportunity is the fact that consumers in the past had one digital device, then they moved to multiple devices, then multiple operating systems, from desktop to mobile, from Windows to multiple operating systems. With the acquisition of LifeLock, we became very user centric. And from a user perspective, then your applications and digital identity also started to grow. If today may be a consumer has an average 15 to 20 digital identities, within the next five years they'll have 50 digital identities. And operating there digitally in the cyber safe environment is very important.

COVID-19 was basically a shot in the arm, validating these long-term hypothesis that more and more of new life will move digitally, not only you working from home, but now your kids are studying online or my mother who's over 70 now shopping online which she never did before. And so, that basically has opened also a bigger platform for cyber criminals to operate in. And our mission is to protect consumers against that cyber criminality.

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

So, Vincent how did COVID change in any way the strategic priorities over the next 12 to 24 months? Any changes to product road map, go-to market strategy, et cetera, purely based on COVID?

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Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Well, I think, COVID has accelerated the underlying [ph] mood (04:33) of consumer doing more and more online. Along with that, we've accelerated what we're doing. So, we didn't change what we did, but we accelerated in turn, aspects. As you know, Nikolay, in November, we announced that we're going to invest $100 million in marketing on an annual basis to reinvigorate our growth and to support the launch of Norton 360.

With that, of course, we've tweaked some of those marketing messages towards more educational messages as new cohorts came online with the need for cyber safety. Same on the product side, we reinvigorated our family plan that allows parents now to track kids' online activities and maybe better frame those activities. And you'll see more and more of both new messages and new features coming up as we build towards our long-term vision.

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

Okay. Okay. Just taking a step back now that the enterprise business is gone, you, Vincent, as a leader of NortonLifeLock, what cultural changes are you instituting inside the company? And can you describe the culture of NortonLifeLock now as a stand-alone entity? And I would imagine there's a lot of changes going on internally, we've always talked about that [ph] change (05:53).

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

100%, there's been a lot of changes, there are multiple cultures for those who come from the Norton side, those who come from the identity LifeLock side, the US versus international. And then at Symantec, they had a mix of enterprise and consumer-centric cultures, which as you know, have different attributes.

As we became NortonLifeLock, we really focused on becoming a consumer pure play, so consumer-centric culture and the three key things that Samir and I are really focusing on is being more scrappy. And in the enterprise, there's a lot of overhead and infrastructure cost to support talking to CIOs and others. Here in our company, every employee is a consumer, every employee is both in sales and using the product as a customer. And the scrappiness, the ability to do things yourself is a very important aspect that we've started to build. You've seen it in us lowering our G&A from 7%, 8%, now down to less than 5% and continue to do that.

Speed is the second element that we really value. Again in the enterprise, you may need to have a longer process to make sure that the high quality is there. In the consumer side, you need to have a high velocity and move by trial and error. And if things work, then you double down. If things don't work, you [ph] hold (07:19) back. So, the speed of execution is absolutely an important one.

And the third one is being innovative to make sure we can launch new features and not only see this as a security and a privacy angle, but a broad vision of cyber safety which can include many elements, new areas around privacy, and right to be forgotten, et cetera, and that needs to be integrated into the culture as opposed to be just security and identity being [ph] overall (07:50) cyber safety. Samir and I are definitely pounding those values in common and play like almost brothers here at the helm of the company. I don't know, Samir, if you want to add anything on that one.

Samir Kapuria
President, NortonLifeLock, Inc.

A

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I think you hit it well and if I would just take it to the next part of the question one could ask is what's the outcome of a culture? And taking what Vincent shared, it's quick to changing and adapting [ph] and the speed (08:15) it's becoming customer centric so to make sure everything we invest in building is creating new value based on our trust brand with our customers and it's also ensuring that we have a diversity of point of use and people that are contributing to all of this given the fact that the attackers out there don't discriminate between age, race and color, part of our contribution to innovation is making sure we have a good cross-section of inclusion.

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

And, Samir, maybe just double-click on the innovation engine. Going from 10, 15 digital identities to 50-plus in a few years. That's a lot to manage. That just gives more [ph] attack surface (08:58) for the bad guys, right? And just tying that to the strategy around Norton 360, what are the three, four key products right now and where you've taken this over the next 12 to 24 months in terms of product functionality in the context of what's happening out there, the massive increase in digital identities, et cetera, et cetera?

Samir Kapuria
President, NortonLifeLock, Inc.

A

That's a great question. So if I look at it from the lens of the attacker, and that's where part of our innovation is driven, and then the second lens is a lens of the victim, the customer, and that's another pool of where our innovation is focused. So from an attacker standpoint, you're creating identities, you're transferring identities, you're storing them and you're managing and using them. Each of those areas to use your term is a surface area that can be attacked on and that is traversing everything from telehealth to gaming to all facets of life across the spectrum and each of those things has a commensurate solution area that we're targeting.

And so, how do we frame it? We look at to prevent, to detect, to respond and to recover. So, prevention is something that security often has a key attribute related to. When it comes to detection, that's where identity monitoring, things like that the Dark Web Monitoring solution that we started with. We're expanding other areas we can monitor and alert if someone's identity is being abused or misused.

And then, when it comes to restoration and recovery, there's a whole gamut of things that we're looking at from privacy enabled solutions to new capabilities around creating pseudo identities for customers. So, the way we're looking at it from both the attacker and the customer lens is how do we look at the life cycle of an identity, which now all of us are adopting throughout our lives to enable. And then how do we look at, how we prevent, detect, respond and recover each of those, taking the scaling advantage we have in terms of having a strong security identity restoration privacy and home and family footprint as a starting point.

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

Got it. Got it. I think you guys launched a dark web product in Japan. How is that going and is that going to become part of Norton 360?

Samir Kapuria
President, NortonLifeLock, Inc.

A

Yeah, there was...

[indiscernible] (11:30)

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Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Go ahead, Samir.

Samir Kapuria
President, NortonLifeLock, Inc.

A

Go ahead...

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Yeah. We started in Japan. And in essence, it is something that we've expanded to the US and we're also expanding to other countries. It's been received really well. I mean, if you think about what the dark web is, it's part of the Internet that isn't visible to search engines. And when there's a major data breach it's where your information gets [indiscernible] (11:57) between the attackers. And so, part of the Japanese focus was there was a lot of information that that culture and that market would like to know if they had already been breached.

In the, in the rollout of that program and that capability, it definitely led to a lot of success and new customer adoption and it allowed us to parlay them into a broader Norton 360 capability around cyber safety. That is one, one element of identity. There was also the elements of security to prevent it and as well as privacy. So, it is something that we're taking the learnings from and where we'll be expanding to other countries that we'll share in the near future.

Samir Kapuria
President, NortonLifeLock, Inc.

A

And if I can add one thing and this is a perfect example linking back to the culture and the Norton 360 platform that we've launched right? So, we have an innovation engine, we have over 1,000 engineers. We spend about 10% of our R&D – 10% of revenue on R&D and we want to increase the rate at which we launch new functionalities or integrate into one common architecture.

When something works well like [ph] Dark Web (13:07) monitoring that we integrated into Norton 360 and has good reception in the market, then we can double down both on the marketing message, and then on the expansion and rollout into new countries. And you'll see us doing more and more of those launching new functionalities to build up cyber safety. Sometimes those functionalities enable us also to offset some commoditization at the bottom of the portfolio and we leave that into the Norton 360 but we add new functionalities for the same membership, and that has helped us maintain a very high retention rate of slightly over 85% as you know.

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

Got it. Vincent, how do you look – I mean, you guys made a conscious choice to keep the LifeLock name and NortonLifeLock. How do you manage two different brand?

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Yeah.

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Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

Why do you made a decision to go with two brands? How do you manage two different brands? How do you [indiscernible] (14:03) in the marketplace is actually one brand.

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Yeah.

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

And what are the risks of that strategy?

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Yeah. You know, as you know, I spent seven years in the consumer world and managing a multi-brand company for consumers is not something unique. Now, we have three brands. We have the Checkmark which is universal and very well received. It has an element and value of trust. When you see the Checkmark you know it's from NortonLifeLock and it's secure.

We have the Norton brand that comes [ph] a little bit (14:36) from early on from the roots of security but expanding into new functionality, globally very well received. And then we have the LifeLock brand that basically identify or create an identification towards safety for your identity, and that's very strong in North America. At this point in time, we felt that keeping the values of all of the brands was a very important one. Building on what's that core, which is that Checkmark [ph] embodying (15:04) like trust. And you'll see us where it makes sense use multi-brand and be able to leverage that as an asset for us.

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

Got it. Got it. Just wanted to circle back on Norton 360. I think you launched in April last year and I think you said it's 25% of the base now. Question here is, is that 25% comparable to the number you guys used to give called consumer digital safety adoption which was 17% in fiscal year 2019 and 11% in fiscal year 2018. Are these comparable metrics, the 11% and 17% and the 25%?

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Somehow. So, that metric was basically made up of customers that has more than one product or two products in the product line was closer to a bundle. Norton 360 offered an integrated platform in which the customer has access of close to more than one functionality, multiple functionally. So, in a sense, you could – I think Norton 360 is more stringent. And despite that, we now move 25% of our installed base into that architecture.

The new customer coming in over the last two quarter were in the vast majority on Norton 360. And as you know, we've been pushing that as the overall strategy. Some investors are asking me, hey, will you be more than 25%? Do you see in the three years, will you be 100%? My answer to that is the vast majority of our installed base over time will be on Norton 360. We may have a few cases where it makes sense to maintain just one single product line to attract some customers who still want just one simple product, simplicity and just that functionality. And

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then we would have a bridge, if you want, for those customer to experience a broader set of features from our portfolio by migrating to Norton 360. So, let's say, in the next three to five years, I would say, two-thirds or three-fourths of the installed base we predict would be on Norton 360 platform.

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

So, Vincent, what does it mean – what is the price uplift to you guys, from a customer moving to Norton 360, an installed base customer moving to Norton 360?

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Well, so, at this point in time, there're two ways of moving to Norton 360, one is to move to a membership that's equal to the customers' current adoption of products, one, two or more that he has and keep moving to one single membership for the same price.

And the other part of course is to upgrade towards a Norton 360. At this point in time, we've realigned the price to favor if you want a bridge from multiple products you would have into Norton 360, and then the value creation from that is not only to be accessed – to be on the one integrated platform, which also what we've observed is when you're on that platform, we can have more positive engagement with the consumers. It's not only about an antivirus and engaging when something negative happened, but it's also positively engaging on VPN when you're on an unsecured area on storing new passwords or other things.

And what we've observed is that customers on Norton 360 would have a slightly higher retention rate than the overall. And so the first value on Norton 360 is the engagement and higher retention. And then, moving forward, of course, we hope to continue to delight every customers on their membership and offer high level membership by continuing to building up the features of cyber safety.

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

So, as Norton 360 moved from a quarter of the business to two-thirds and maybe even more than that, how shall we think about ARPU growth trend going forward? ARPU has been growing 2%, 3% last four quarters. Is ARPU going to accelerate?

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Yeah. So the team as you know in the past for a couple of years, as they integrated LifeLock into Norton, the team focused really on building Norton 360, and did not fully invest into the marketing engine. As they did that, they saw an improved engagement with the customers and the retention rates that move up to 85% was a very good achievement. At the same time, they moved their ARPU, as you mentioned, up to $9 per month or $108 per year, crossing the $100 view.

As we became NortonLifeLock, for the last two quarters, we've rebalanced the objectives and we have objective number one, as Samir mentioned, is, the voice of the customer, customer satisfaction. So the Net Promoter Score is our number one internal metric. And the derivative of seeing how we're successful is, are we growing the customer count. Our objective is to really bring as many people as possible to experience that cyber safety plan, an integrated platform for membership fee that gives you access to multiple safety features, and that's the goal number one.

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And then, of course, we continue to try to engage more with our customer to maintain that 85% retention, maybe increasing in the Norton 360, and then of course, the ASP is a function of the value we provide. In our road map, in our development plan, we see new features that would lead to higher level of membership and so continue to increase the value – forget the price for a minute – value we deliver to consumer is a huge focus for us. And with that, it can drive the ARPU up. But frankly, at this point in time, it's customer growth, even if they come at a lower level of membership, bringing them through experience this integrated platform is our objective number one.

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Okay. So, just to summarize this a little bit more like ARPU versus unit growth, let's say if you guys are growing 5% at some point, would it be like equally split between new customer growth and ARPU, or ARPU might be higher than new customer growth?

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Yeah. As you said, right, so the company was or the division was kind of flattish, declining customer count and improving ARPU and retention. We want to find a better balance. We want to number one increase customer count, even if that means that they joined just at the first level of membership for a lower ARPU. And then when the customer is in, we want to improve the first year experience, which would then increase the retention. And then, we want to offer more and more functionalities that would increase the ARPU. It's in that order of priority that we want to drive and qualify our growth. I think overnight, I could try to grow 5%, but I will not do it in a sustainable way. The way we've done it here, the way we're approaching it is really to grow for the long term, building that vision of cyber safety.

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

This is a – the next question is also mine and also just got it from an investor here, but it has to do with, Vincent, how do you think about growth versus margins overall? Why keep the business at 50% and grow low single digits? Why not lower margins to 45% and start growing mid-single digit or high single digit? How do you think about this trade-off? Wouldn't the story become more appealing to investors, if you lower already high margin profile a little bit but then reaccelerate significantly the revenue growth rate? How do you think about that?

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

No, 100%. I'm 100% with you that it would be more attractive to grow. We believe we have a huge opportunity but as always, it's a matter of credibility, training and time. We – as I mentioned, we became NortonLifeLock on November 4, six months ago. At that point in time, Nikolay, as you remember vividly, people did not even believe we could become lean and mean and that some of the stranded cost would be staying in the company forever. Six months later, that's the way we operated and people understand that we have made significant progress in building up credibility and operational excellence. Then, we said, we're going to return to growth. And as you know, in fiscal year 2020, last year, Q1 had the customer declined growth, and a booking declined growth, if you normalize for the first week.

And then, in the first quarter [indiscernible] (23:46) Q3 and Q4 of last year, we grew bookings around 4%. We stabilized customer count, even grew sequentially customer count, we're not there where we want to be, but we definitely making good progress and revenue will catch up to bookings over the next – now remaining two

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quarters. It takes about four quarters or 12 months to really align bookings and revenue in the subscription business.

Delivering that is very important. In the meantime, we did deliver, while we were returning to growth, an operating profit margin slightly above 50%. And at the time, six months ago, customer – investor were saying, hey, I don't think you can both grow and maintain 50% and we've proven that. And so, before we say, hey, do we want to grow at 9% at the lower operating margin, at first, get there where we said we would be. And frankly, Nikolay, I don't know yet if I would have to give up operating margin points to be able to grow faster, because it's really a mix of your innovation, the value you provide to customers and your operational excellence. And it's a delicate balance to find and we are aggressively pursuing it with again objective number one, bringing more customers to experience cyber safety.

Nikolay Beliov
Analyst, BofA Securities, Inc.
Q

Got it. That makes sense. I have a few questions coming in from investors here, [indiscernible] (25:08) referring to the financials. One is, does the guidance of $900 million in free cash flow include the $70 million annual payment for the repatriation tax?

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.
A

I'm not sure. So, what we said in long-term metrics is that we're going to get to a low-to-mid single digit guidance for the top line. We operate the business at 50% operating profit margin. We would then at that point in time, with share count reduction deliver $1.50 EPS. And at that level of business structure set, we would deliver $900 million of free cash flow. The tax rates used in that, I think we've disclosed in one of the slide on the IR deck is around 24%. One-time special payments from the past of financial history, if you want, is not including that overall long-term or short – midterm, short-term, long-term, business structure that we've highlighted.

Nikolay Beliov
Analyst, BofA Securities, Inc.
Q

Okay. Any update on the real estate situation? I feel confident that you can get the main campus sold by August?

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.
A

Oh, August [indiscernible] (26:24). And it was mentioned August, but okay, got it. Look, here's what we said, we said that, hey, by the end of the year, when we had initially planned the transition to last all the way to the end of the year, we would have both eliminated all stranded costs and would have sold our underutilized assets.

Since then, we reduced the stranded cash cost to around $750 million and we've generated $750 million of cash from the sales of two small businesses. We now left with the real estate for value [indiscernible] (26:59) equivalent of another $750 million. Right pre-COVID-19, we were on round two of [indiscernible] (27:07) each of the buildings we have vacated, and we're very close to close those transaction. Obviously, when COVID-19 happened, both the commercial real estate investors have post and the strategic potential buyers have post as well.

And then past March, we saw a reengagement with the investor side, not yet the strategic side, the investor side, and we said we would be confident that we'll be able to sell the real estate within the range we have given. It

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might take a little bit longer than expected, so I might not be able to close it by August, but we will be able to do it within a reasonable timeframe. That's our current view.

That has not changed and we're working – we're vacating the building. A sub-question I get from investor also is, does the delay or slowdown in the sales of the building impact the elimination of stranded cost of P&L? And the answer is no. Those buildings have been vacated, put on the balance sheet as asset held for sale since our – again, [indiscernible] (28:11) a long-term model risk, the EPS, our business, if you want, is now consumer only and focusing on that.

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

Got it. Here's another investor question. What's your assumption for TSA income for the upcoming quarter?

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Okay. That would be too detailed. We would not share that. Happy to have a follow-up online, if there is a more technical question, but we've finished all of the TSAs with Broadcom at the end of April. The cost – the stranded cost overall as we explained many times are all over the P&L between continued operations, OpEx, OI&E, or discontinued operations and depending on the activity, there are different places.

For the TSA cost, if someone works on a TSA and goes online then comes back in the P&L when we finish that TSA, in Q1, here, this current quarter, we'll still receive payment for the TSA that finished at the end of April. The payment of those TSA or reimbursement of those TSA cost goes into OI&E. We're not providing a guidance on that line. But obviously, all payments as well as cost have been built into our EPS guidance for the quarter.

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

Got it. Another detailed question from an investor. How much cash taxes are left to pay from the enterprise and other office sales?

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Sorry, I didn't hear the question, Nikolay. Can you repeat the question?

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

How much cash taxes are left to pay from enterprise and other asset sales?

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Cash, what? I didn't hear it. Sorry. The cash?

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

Cash taxes. Cash taxes.

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Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Okay. I do not know that answer. And then again happy to follow up. I think we've paid the vast majority in Q4. I don't remember the exact amount. It's in our IR deck. Top of mind would be $1.9-something-billion and that would be, I think, almost it. If something is remaining, it would be almost immaterial.

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

Got it. One more question from an investor. You guys are popular today. You used to talk about three times net debt target. You're well below that this year. How do you think about that going forward? Would you leverage to buy stock and get back to the 3x net debt target that you originally set?

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

That's a good question. No, that's a good question. So I mentioned our long-term target around the EPS, right, the growing at low to mid-single digit, 50% operating margin. And then through share count reduction getting to $1.50 EPS. We [indiscernible] (30:59) earnings two or three weeks ago now, we bought back a convertible debt, which eliminated about 30 million of share dilution. And so, part of our objective to reduce share count and get to $1.50 EPS. With that, obviously, debt went down. It was about $625 million. And then we used some cash. We have today a net debt at around 2, as we generate $900 million of free cash flow on an annual basis. That net leverage will continue to go down.

In terms of capital allocation structure policy or strategy, I'm not sure what I should use, we want to continue to run lean and return cash to shareholders. We have two objectives. The first one as we start to grow organically and have launched Norton 360 is to use our cash to continue to invest in the business and accelerate the growth. We can look at tuck-in acquisition functionality we may not have that may be financially interesting to add to the portfolio to build that cyber safety vision. And the second objective is to continue to retire shares or reduce the share count, and that's the current assigned use of strategic cash, if you want. Obviously, we have our regular dividend in place.

I believe that at 2 times net leverage, we have a very resilient business model, very profitable business model. We can continue to do and contemplate different things. And when or if we have update, as we discuss quarterly this topic with the board, we'll make sure our shareholders know. But just make no mistakes, our objective is definitely to use the cash to both grow the business and return it to shareholders.

Nikolay Beliov
Analyst, BofA Securities, Inc.

Q

Got it. I got questions for you both, Samir and Vincent, how do think about Microsoft, the threat from Microsoft with embedded security, which seems to be the Defender product seems to have been gotten better? And what do you think, broadly speaking, on the marketplace and market shares shared between you guys, McAfee, Trend Micro, Avast, et cetera?

Vincent Pilette
Chief Executive Officer & Director, NortonLifeLock, Inc.

A

Do you want to take it, Samir? If not, I'll take it. So again, it goes back to our overall strategy, right? Norton started with security product to upgrade, if you want the security features of the core operating systems. And of course, the operating system in term of security continue to improve as we move forward.

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Our focus has shifted from being device-centric then being multiple devices and multiple OS-centric to now being user-centric. And as we discussed, right, we have ID restorations. We're going to focus on enablement and protection of the digital identities, offering security or supplemental security options, but on top of that, offering new and new functionalities, offering ID restorations for special cases, moving internationally. So, that's [indiscernible] (34:10) strategy building up the portfolio towards a cyber safety plan, if you want, as opposed to upgrading the functionality of a device.

Nikolay Beliov

Analyst, BofA Securities, Inc.

Q

Got it. We're almost out of time, Vincent. Would you like to share any closing remarks with investors?

Vincent Pilette

Chief Executive Officer & Director, NortonLifeLock, Inc.

I can, absolutely. So, I want everyone to know that we really view our company as kind of two quarters' old. We have $2.5 billion startup. We are running up the management team, building up our operational processes and our entire objective is to develop this portfolio to build a cyber safety vision or plan which is something new. We'll try a lot of things. Most of the time, we have a good handle on our consumers because 90% of them comes from our e-commerce platform which is a huge advantage. We have a brand that means trust and give the right to play in many adjacent markets. And every quarter, we'll give you progress towards that vision.

Nikolay Beliov

Analyst, BofA Securities, Inc.

Thank you, Samir and Vincent, for joining us today. Enjoy the rest of our conference and your conversations with the investors. And everybody in the line today, stay safe and healthy. This concludes our presentation with NortonLifeLock. Thank you.

Vincent Pilette

Chief Executive Officer & Director, NortonLifeLock, Inc.

Thank you, NIkolay.

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