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NortonLifeLock, Inc. (NLOK)

Q2 2021 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, everyone. Thank you for standing by. My name is Paul and I will be your conference operator today. I would like to welcome everyone to the NortonLifeLock Fiscal 2021 Second Quarter Earnings Call. Today's call is being recorded and all lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session.

At this time, for opening remarks, I would like to pass the call over to Ms. Mary Lai, Head of Investor Relations. Miss, you may begin.

Mary Lai

Vice President-Investor Relations, NortonLifeLock, Inc.

Thank you, Paul, and good afternoon, everyone. Welcome to the NortonLifeLock's fiscal 2021 second quarter earnings call. Joining me today to review our Q2 results are Vincent Pilette, CEO; and Natalie Derse, CFO.

As a reminder, there will be a replay of this call posted on the Investor Relations website, along with our earnings slides, press release, and supplemental materials defining our non-GAAP metrics. I'd like to remind everyone that during this call, all references to the final metrics are non-GAAP, and all growth rates are year-over-year unless otherwise stated. A reconciliation of non-GAAP to GAAP measures is included in our press release, which is available on our IR website at investor.nortonlifelock.com.

Today's call contains statements regarding our business, financial performance, and operations, including the impact of the ongoing COVID-19 pandemic on our business and industry, which may be considered forward-looking statements and such statements involve risks and uncertainties that may cause actual results to differ materially from our expectations.

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Those statements are based on current beliefs, assumptions, and expectations and speak only as of the current date. For more information, please refer to the cautionary statement in our press release and the risk factors in our filings with the SEC and in particular, our Annual Report on Form 10-K for the fiscal year ended April 3, 2020, and recently filed Quarterly Reports on Forms 10-Q.

And now, I will turn the call over to our CEO, Vincent.

Vincent Pilette

Chief Executive Officer & Director, NortonLifeLock, Inc.

Thank you, Mary. Good afternoon, everyone. I hope you are all safe and well. Before we begin, I want to thank our employees and our partners for their hard work and dedication to help protect consumers as more and more of our everyday lives move online. We know that cyber criminals are taking advantage of this shift, and I'm proud of our team for continuing to design products and release features that support our vision of Cyber Safety for everyone. And to our loyal 50 million customers, thank you for trusting us to secure a growing portion of your digital activities.

In Q2, we delivered reported billings growth of 7%, revenue growth of 5% and EPS growth of 100%, closing out a strong first half of fiscal year 2021. Our revenue now exceeds $2.5 billion in annualized run rate, and we are beginning to string together strong quarters where we meet our target of mid-single-digit revenue growth while at the same time delivering solid operating leverage.

Let me unpack a little bit on the top line. Our direct-to-consumer business, which represents 90% of our business, was up 5% in Q2, with broad-based growth across the entire portfolio. We now have over half of our installed base on Norton 360, and we will continue to release new products such as Dark Web Monitoring or Privacy Monitor Assistant either as add-on features or stand-alone products. Our goal is to constantly bring new value to our subscribers around the globe and keep them Cyber Safe across their growing digital activities.

We also continue to invest and expand internationally, with international growth slightly ahead of the Americas. Direct acquisition grew double-digits in many countries such as the UK, Italy, and Spain in Europe, and Australia and Japan in APJ, just to name a few. With less than 30% of our revenues outside North America, we remain relatively underpenetrated in many countries, offering us an opportunity to broaden our reach.

Partner revenue, which represent 10% of our business and includes relationships with telcos, retailers, and employee benefits brokers, grew 7% in Q2. While retail remained weak during this period, we delivered double-digit growth in the employee benefits program, with strong signings of new employers and strong retention rates across broad sectors. Overall, we continue to develop our partner relationships to increase the reach of our solutions to all consumers.

We are currently working on rolling out and expanding our solutions with some of our more recently announced partners like ARP in US or TELUS in Canada. Internationally, this quarter, we also signed a telco deal in Europe and had a key retail win in Japan. These relationships take time to build, but they are an important part of our long-term growth opportunity.

As you all know, we've put a lot of focus on growing our direct customer count, which now totals 20.7 million. This quarter marks our fourth consecutive quarter of net customer adds sequentially and the second consecutive quarter of net adds year-over-year. Since we became a stand-alone consumer company a year ago, we have welcomed over 3.5 million new customers. While we know this is just a drop in the bucket compared to the

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opportunity to bring Cyber Safety to everyone, it is a meaningful change from the years of declining customer count when we were part of Symantec.

Our customer retention rate, a unit retention metric, remained stable at 85% and our monthly average revenue per user remained strong at over $9. Our integrated platform, Norton 360, resonates well with consumers who face multiple challenges to their digitalized and preferred comprehensive protection plans. We will continue to drive customer acquisition and engagement through marketing investments, partnerships, and more importantly, product innovation.

We are focused on both developing great products and bringing an integrated platform to consumers to provide Cyber Safety while we work, learn, shop, or socialize online. For example, with the rise of gaming and e-sports, we saw an opportunity to help gamers protect and control their accounts, their personas, and digital goods. We developed a customized solution, Norton 360 for Gamers, designed by fellow gamers at NortonLifeLock. We know gamers prefer to focus on playing, not worrying about cyber criminals, so we felt there was a real need to bring comprehensive Cyber Safety to the gaming world.

While our solution delivers many of the features you would expect like threat detection, firewall and password manager, we've gone further and included Dark Web Monitoring for gamer tags, a first for the industry. With this feature, we will monitor and notify you if we find your personal information on the dark web, including new game attacks, user IDs or passwords protecting your virtual goods acquired in games.

Another dramatic change in our everyday lives has been in how our kids learn, whether it be for school or other educational activities. So much more of this is now done online. Our recent study shows that the majority of parents say their kids' screen time skyrocketed during the COVID-19 pandemic and unfortunately, over half of the parents said that they now just accept certain risks to their child's online safety.

To help make life a bit easier for parents, this quarter, we introduced Norton 360 with LifeLock for Family, an all-in-one plan to help protect the entire family's devices, identities, and online privacy through one subscription fee. This family plan also includes a new feature called School Time, which helps children stay focused on school work while remote learning by managing access to the broader web. So sorry to kids, no gaming during school hours.

While the threat posed by the availability of your personal information online is not new, the shift of more and more of our lives online makes privacy as important as ever. Recently, we've expanded our privacy offering with Privacy Monitor Assistant and made it easier for consumers to reclaim control of their personal information and defend against identity theft.

Data brokers collect and profit from all your data they compile such as your home address, phone number, employment information, and social media profiles. Privacy Monitor Assistant helps automate and take the guesswork out of removing new personal information from the Internet.

These are just a few examples of how our innovations are keeping consumer cyber safe and there is definitely more to come as we build Cyber Safety for everyone. Growth and innovation are our primary focus but it's worth noting that as of the end of August, we had removed all stranded costs related to the sales of our enterprise business. This was four months ahead of plan.

I want to thank our transition team for making it possible and we're now building operational execution into our DNA. And with the transition behind us, we have reaffirmed our partnership with Broadcom by licensing the

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Symantec enterprise software and security engines as well as continued sharing threat telemetry and analytics. We are very well-positioned for the future.

Before I pass it to Natalie, I also want to recognize our responsibility to help create a safe and sustainable future. Yesterday, we released our first Corporate Responsibility Report as NortonLifeLock. We encourage you to read the report and learn about how we view corporate responsibility and support our communities. Those efforts were just recognized last month by Forbes and JUST Capital. It is an honor to be named one of America's Most JUST Companies and be recognized for our commitment to serve all stakeholders with integrity and accountability. We also know we have so much more we can do in this area, and we will stay committed to corporate responsibility and contributing to building a cyber safe world.

And now, let me turn the call over to Natalie for more details on the financial results. Natalie?

Natalie Derse

Chief Financial Officer, NortonLifeLock, Inc.

Thank you, Vincent, and hello, everyone. For today's discussion, I will focus on non-GAAP financials, starting with our Q2 results and then provide our outlook for Q3.

Q2 performance was better than expected. We delivered growth year-over-year and quarter-over-quarter on many key metrics. Our Q2 revenue was $626 million, up 5% year-over-year, excluding ID Analytics. Q2 reported billings was up 7% year-over-year, including a 2-point positive impact from FX in our ending contract liability balance.

We continue to gain momentum in both our direct and partner business. This was our fifth consecutive quarter of mid-single-digit billings growth, another step in building our consistent and sustainable track record as a stand-alone company. We increased our total direct customer count to 20.7 million, adding 117,000 customers sequentially quarter-over-quarter and adding 608,000 customers year-over-year. We saw customer expansion across the regions and key product categories within security and identity.

Overall, our customer count growth is highly correlated with our go-to-market efforts, including our increased marketing investment. Our priority is to invest for sustainable growth and we have seen record customer acquisition these past couple of quarters. We are still in the early innings of evaluating changes in our customer cohort dynamics, but we remain committed to our marketing investments so long as we continue to see the opportunity for growth. We will not take our foot off the gas pedal. We will continue to invest in developing our product offering portfolio and drive awareness and demand efficiency through our marketing and sales channels.

In our partner business, revenue grew 7% year-over-year, largely driven by the continued momentum in our employee benefits channel that Vincent alluded to earlier. We are also continued to make progress on some of our more recently announced partnerships. For example, TELUS is starting to roll out our solutions nationally across Canada, expanding beyond the provinces of Alberta and British Columbia.

Remember, these partner sales cycles are much longer, taking one to two years or more to realize. These relationships are ones that we foster over the long-term with the potential to scale meaningfully as we grow with our partners.

Q2 total company operating margin from continuing operations was 50%, including approximately $10 million of stranded costs. Excluding stranded costs, the consumer business margin was above 51% and Q2 head count was below 2,500. While we have been operating at 50% excluding stranded costs since the divestiture, this

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quarter marked the first time we have met our long-term target of 50% margin on a total company basis. We will continue to operate in a disciplined manner and expect to maintain similar levels going forward.

We are pleased to report that at the end of Q2, we have fully eliminated all stranded costs. Since the divestiture, we have eliminated $1 billion of costs and rightsized the company. This quarter, we have also closed out all outstanding payments and claims with Broadcom, including TSA activities and as Vincent mentioned, we entered into a licensing agreement with Broadcom. Looking forward, our financials will be clean of stranded costs and transition-related items.

Q2 net income was $215 million, up almost $100 million and up 85% year-over-year. Diluted EPS of $0.36 was better than expected, up 100% year-over-year, driven by solid execution on top line growth, the removal of our final stranded costs, and favorable effects.

Before turning to cash flow, let me give you an update on the remaining sale of underutilized assets. We remain confident in our efforts to reach our goal of $1.5 billion total cash proceeds, which is up from the initial $800 million target. So far, we have realized approximately $875 million of total cash proceeds, including the sale of our Culver City real estate in July for $120 million.

Our remaining underutilized assets are comprised of our real estate assets in Tucson, Dublin, and Mountain View. We continue to be in active discussion with interested parties for those properties and will remain disciplined in our approach to achieve fair value.

Net operating cash usage was $113 million in the quarter. Impacting cash flow this quarter were the last of the stranded costs, the closeout of transition-related items, the licensing agreement with Broadcom, and the timing of certain tax payments. Adjusting for these non-recurring items, the business continues to operate at a level of $900 million in free cash flow on an annualized basis.

Turning to our balance sheet, we continue to have a strong liquidity position. We ended the second quarter with over $2 billion in total liquidity, with a cash balance of approximately $1 billion and another $1 billion of undrawn revolver capacity.

Let me spend a few minutes on capital allocation. In Q2, we returned approximately $80 million to shareholders, predominantly in the form of our regular quarterly dividend. We have $573 million remaining of our $1.6 billion share buyback authorization, which we will deploy opportunistically.

In addition, as described in the press release, the board of directors approved a regular quarterly cash dividend of $0.125 per common share to be paid on December 16, 2020 for all shareholders of record as of the close of business on November 23, 2020.

Looking ahead, our commitment to deliver long-term shareholder value remains unchanged. Our resilient and highly recurring business model will afford us the flexibility to be nimble when it comes to investing for growth. We are continuously evaluating opportunities to drive profitable and sustainable growth, whether it's through product or technology innovation, entering adjacent markets, geographic and channel expansion, or consolidation. We will have a disciplined and strategic approach with our capital allocation as well as with our investments.

Now, turning to our Q3 outlook, we expect Q3 non-GAAP revenue in the range of $625 million to $635 million, which translates to approximately 4% to 5% growth after normalizing for the ID Analytics divestiture. We

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anticipate the non-GAAP operating margin to be approximately 50% and expect non-GAAP EPS to be in the range of $0.36 to $0.38 per share, assuming stable currency rates and share count sequentially.

I will now turn the call back to the operator to take your questions. Operator?

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question is from Saket Kalia of Barclays. Your line is open.

Saket Kalia
Analyst, Barclays Capital, Inc.

Q

Okay. Great. Hey, guys. Thanks for taking my questions here.

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

A

Hey.

Saket Kalia
Analyst, Barclays Capital, Inc.

Q

Hey, Vincent. Hey, Natalie. Natalie, maybe just to start with you, I think next quarter is going to be the first time that we start to see growing cohorts of subscribers up for renewal. And so the question is can you just talk about what you're expecting in terms of churn rates and perhaps ARPU impact even qualitatively as we start to see that really for the first time?

Natalie Derse
Chief Financial Officer, NortonLifeLock, Inc.

A

Yeah. Thanks for the question. So as it pertains to annualizing into that increased marketing spend and the customer growth that we've seen now for a few quarters now, what we're seeing, the early indicators look very, very positive, very consistent. When I look at and step back as to let's talk about five quarters ago when we made the decision to increase the level of marketing spend up from a $200 million annualized level to about a $300 million annualized level, we're now spending roughly about $75 million a quarter. As we ramped up that spend, we not only spent more. We chose to reallocate to more efficient channels, more spend in digital, more spend deployed international. We've had expansion in affiliates and along the way, less and less in TV and radio.

We saw a lot of growth in our customer acquisition units and bookings in exchange for the spend which you would expect. But now that we're fully anniversaried into that spend level, now it's time to, as you're saying, really look at the customer cohorts and the behavior attributes and how they differ from what we historically have been used to on an ongoing basis.

We obviously will spend a lot of time doing that but what I would say here on the call today would be as we move forward, we will continue to fund and invest for growth with the expectation that we will expand even further internationally and have our dollars work even harder for us.

We will focus on acquiring, attracting new customers to our products and solutions that we have in those markets and along the way, we definitely will have mile markers to assess the cohorts of the customers that we got, how

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much it costs to acquire those, and how we can navigate those new customers through our experience in the funnel.

Saket Kalia
Analyst, Barclays Capital, Inc.

Q

Got it. That's super helpful. Vincent, for my follow-up for you, with McAfee being a public company now, I think we all see their performance in their competing consumer business and the growth is indeed faster than what NLOK, and of course, NLOK has accelerated growth, but it is faster. And so I'm curious if you can just talk about what you think NLOK can do to help bridge that gap on growth? Does that make sense?

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

A

Yeah. No, it makes total sense. I think there is one very positive news with McAfee making their numbers public is that everyone start to realize that protecting consumer as they move more and more of their lives into the digital world is actually a growing market.

Up to now, I think there was still this conception that maybe we're coming from an old technology and a PC-driven environment. But I think the realization that we are very user-centric and that maybe is a unique view that we have with LifeLock, but user-centric. There's more and more of applications we can address, and the market is a vast growing market.

If you sum up today in the industry, the consumers that pay for stand-alone Cyber Safety, you get less than 100 million. Yet we have 1 billion of people using the Internet to live their digital lives and that's a growing market. So I think positioning this as a growing market was the right call.

You've seen us changing the momentum as we're busy with the focus of transitioning out the enterprise activities, if you want. We're now fully dedicated to that market, invest for growth and we look forward to accelerate our growth in the long-term. Our goal is to, as I mentioned, reach everyone.

Saket Kalia
Analyst, Barclays Capital, Inc.

Q

Very helpful. Thanks, guys.

Operator: [Operator Instructions] The next question is from Gregg Moskowitz with Mizuho. Your line is open.

Gregg Moskowitz
Analyst, Mizuho Securities USA LLC

Q

Okay. Thank you very much and...

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

A

Hey, Gregg.

Gregg Moskowitz
Analyst, Mizuho Securities USA LLC

Q

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...good afternoon, guys. Hey, Vincent. So I guess a bit of a follow-up to Saket's question but in an increasing work-from-home environment, the number of average devices per family obviously has gone up. The online activity on these devices has gone up, as you alluded to earlier, Vincent and because of that, is there an opportunity for you to generate more growth for both Norton and LifeLock on a sustainable basis? How do you think about that?

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

A

No, absolutely. I think the opportunity, again, to address all of the challenges linked to the fact that our lives move online, and it's not just the number of devices. It's not just the basic activities of shopping. It's now, as I mentioned and as you recognize, the whole set of education, it's about gaming, it's about socializing.

All of those activities are moving online, creating new opportunities for cyber criminals to take advantage of your data and your virtual assets. So that's a huge growing opportunity. We always had that as the investment is, as you recall a year ago, when we sold the enterprise business, [ph] which is (24:55) there's a huge opportunity to focus solely on the consumer aspect.

We're building our capabilities. We're increasing the velocity of our innovation. You've seen us launching new products at a more frequent rate. Some are good learnings or that we double down in investments and we continue to tweak our portfolio to address those opportunities.

I think in the long run, we feel really, really confident. We moved from, frankly, a division that was focused on maximizing cash to now focusing on growth. We returned to mid-single-digit growth. Let's build a sustainable machine, if you want, to then be able to really provide, again, I'll repeat it, Cyber Safety to everyone, right? 1 billion of people connected to the Internet. Only 100 million people today paying for stand-alone Cyber Safety.

Gregg Moskowitz
Analyst, Mizuho Securities USA LLC

Q

Okay. That's helpful. And then just as a follow-up, the improvement in net new subscribers over these last few quarters, really impressive, especially the last couple. Do you have any very high level sense of how much of this improvement is perhaps attributable to COVID as opposed to your expanding marketing program and your increased focus on execution?

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

A

Yeah and it soon will combine. And I would also say the introduction of Norton 360, the first integrated platform, making Cyber Safety as kind of one umbrella protection a reality. Look, if you step back a year ago, we said we're going to grow mid-single-digit and it's going to be a balanced approach. It's going to come from new subscribers, improve retention, and then the cross-sell and upsell opportunities.

And you've seen a very balanced results, if you want, turning positive new customer – more new customer coming than those leaving, improved retention rate now on a unit basis reaching 85% and an ARPU that's continued to be solid and growing. I think achieving that structurally, mid-single-digit growth rate, in our mind, was always a balanced view.

Last quarter, we definitely had a little boost from COVID-19, but the underlying structural change in everybody's life, moving more and more of our activities online is a reality that's here to last. And as you know, cyber criminals

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adapt fast and will find new opportunities to steal your asset, steal your data, and I think people need to realize they need to be protected when they're online.

Gregg Moskowitz
Analyst, Mizuho Securities USA LLC

Q

Great. Thank you.

Operator: Our next question comes from Fatima Boolani with UBS. Your line is open.

Fatima Boolani
Analyst, UBS Securities LLC

Q

Good afternoon, team. Thank you for taking the questions. Just my first one for you, Natalie, with respect to the guidance, I'm wondering if you can walk us through any seasonality considerations that we should be mindful of, either headwinds or tailwinds that you're considering. And I have a quick follow-up on the ARPU metric.

Natalie Derse
Chief Financial Officer, NortonLifeLock, Inc.

A

Yeah. Thanks for the question. So from a seasonality perspective, I think if I look back historically, there are some ups and downs as it pertains to a little bit in as we head into the holiday season, especially with the electronics gifting and then folks wanting to make sure that they're protected. Of course, from an annual tax perspective, we usually see a bump when the income tax are due.

But honestly, as we look back and some of the breaches that we've had and now with COVID, largely speaking, the seasonality has been kind of muted out in combination with the fact of with the ratable business model that we've got from a revenue guide perspective, I would say it's very muted from a seasonality perspective.

Fatima Boolani
Analyst, UBS Securities LLC

Q

That's helpful. And just on the ARPU side, just wanted to parse through the strength there. I continue to be impressed with the sequential and year-over-year growth in spite of the fact that you've introduced some lower ASP products into the mix to ignite subscriber growth. So I'm wondering if you can kind of parse through as to what's really creating that upward tension on ARPU, again, in spite of the introduction of some of the lower ASP feature functionality that you rolled into the NortonLifeLock family. And that's it for me. Thank you.

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

A

Yeah and I'll take that one. And as I also mentioned to you guys, the first year price is a promotional price and the second year renewal price get to the full value. And so normally, when you grow your customer count, you definitely also have headwind on that first year ARPU.

Despite that growth, we're able to maintain very good ARPU overall, and that's a testimony of the team. We've seen broad-based growth this quarter across the more security angle of our membership but also across identity, which, as you know, is coming at – had a strong ARPU. We've been very disciplined on almost every metric, driving solid retention, not marketing with promotion, but marketing with the message and the value we deliver to consumers. And so that is the result you've seen, very solid retention and ARPU despite the fact that we're growing overall.

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Now with that said, I do want to say that the focus for us is really to build innovative product. We're not looking at a single price for the product in relationship to the ARPU. We looked at how much value we can add to the customer's basket to build that overall Cyber Safety umbrella.

Fatima Boolani
Analyst, UBS Securities LLC

Q

Very helpful. Thank you, Vincent.

Operator: [Operator Instructions] Our next question is from Walter Pritchard with Citi. Your line is open.

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

A

Hey, Walter.

Walter H. Pritchard
Analyst, Citigroup Global Markets, Inc.

Q

Hi. Hi, Vincent. Hi, Natalie. Question for you on international and you mentioned 30% here and it seems like most of your initial efforts in driving the marketing, the subscribers have been domestically. Can you talk about how you think about the sort of efficiencies you can get around additional marketing spend or allocating spend internationally and where you are in terms of deploying that and having that try to help or start to help drive some momentum on the subscribers?

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

A

I'll pass it to Natalie on marketing, but I do want to say that we're also rolling Norton 360, the first integrated platform, across all countries. We've launched Dark Web Monitoring in Japan and in Australia. We're definitely very active as we feel we are underpenetrated in those markets yet the needs for Cyber Safety are global needs. And so definitely, international is a huge opportunity. Natalie?

Natalie Derse
Chief Financial Officer, NortonLifeLock, Inc.

A

It is a huge opportunity, and I would extend what Vincent said into the marketing. We just started and over the last few quarters to really deploy more of our marketing funds on an international basis and even when you look at our business with a 70/30 US/international split, it is just ripe for opportunity.

And then when you think about the underpenetrated space that we can enter into and from a marketing perspective, as you diversify into those new markets and introduce your product and solution offering, that value proposition to those new customers, we feel really, really bullish about what we can do by deploying our marketing there. Incrementality, very, very clear. When we look at from a marketing perspective and a payback perspective, the incrementality is just – is definitely a very strong indicator for us to continue to invest there.

Walter H. Pritchard
Analyst, Citigroup Global Markets, Inc.

Q

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Great. And then just a follow-up on that question on international, what's the update on LifeLock in being able to deploy that type of a service internationally? And do you expect as you do drive international subscribers, you end up seeing a lower ARPU just given you don't have that offering in many of your markets?

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

A

Yeah, maybe but again, I'll start with the last part of your question, which is retention and ARPU output metrics. As you know, we're focusing on the input. How do we bring that cyber protection to consumers which should be incremental value. Whether it's a lower per unit or not, it's incremental value, so that's our focus.

When you look at the overall umbrella today of Cyber Safety, it includes the basic securities but it also includes your privacy angle, it includes your identity protection and restorations, include how you connect with your family and protect that family. So we are around four pillars and we're looking almost at all three levers.

How do we add value across the pillars we have, how do we look at different business model to go and deliver to those consumers, and how do we make sure that we reach and retain locally? While we have a global business model, it's really important to drive our message on a local level. And so I think that's the angle we view. We view this incremental growth opportunity internationally as an overall way to reach every consumer to provide Cyber Safety.

Walter H. Pritchard
Analyst, Citigroup Global Markets, Inc.

Q

Great. Thank you.

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

A

Thanks.

Operator: At this point, there are no more questions. I will turn the call back to Vincent Pilette, CEO, for closing remarks.

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

Thank you, Paul. We are now one year into the journey as NortonLifeLock, and I can't tell you how excited our team is about the future. We sit in the middle of an ongoing and accelerating digital transformation of our daily lives and as a team, as a company, we believe we are perfectly positioned to not only make all those everyday online activity safer, but to also deliver control of your data, your identity, and your assets back to you as a consumer. Relentlessly, we will pursue that mission.

So thanks for joining our call today. Thank you for your support, and we look forward to connecting very soon.

Operator: This concludes the conference call. Thank you for joining.

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