



FINANCIAL OVERVIEW

JOHN KINZER – Chief Financial Officer

Important Information

This presentation includes certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements concerning our cash flow and margin improvement expectations, our position to execute on our growth strategy in the mid-market, and our ability to expand our leadership position and market opportunity for our inbound platform. These forward-looking statements include, but are not limited to, plans, objectives, expectations and intentions and other statements contained in this press release that are not historical facts and statements identified by words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" or words of similar meaning. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by those forward-looking statements are reasonable, we can give no assurance that the plans, intentions, expectations or strategies will be attained or achieved. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control including, without limitation, our history of losses, our ability to retain existing customers and add new customers, the continued growth of the market for an inbound platform; our ability to differentiate our platform from competing products and technologies; our ability to manage our growth effectively to maintain our high level of service; our ability to maintain and expand relationships with our marketing agency partners; our ability to successfully recruit and retain highly-qualified personnel; the price volatility of our common stock, and other risks set forth under the caption "Risk Factors" in our Quarterly Report on Form 10-Q filed on August 2, 2017 and our other SEC filings. We assume no obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

HubSpot: 2014



13,000+

Marketing Customers



700+

Employees



3

Locations

HubSpot: Today*



34,000+

Total Customers



1,700+

Employees



7

Locations

*as of Q2-2017

Our Commitment At IPO



Growth

- Invest aggressively to drive revenue growth

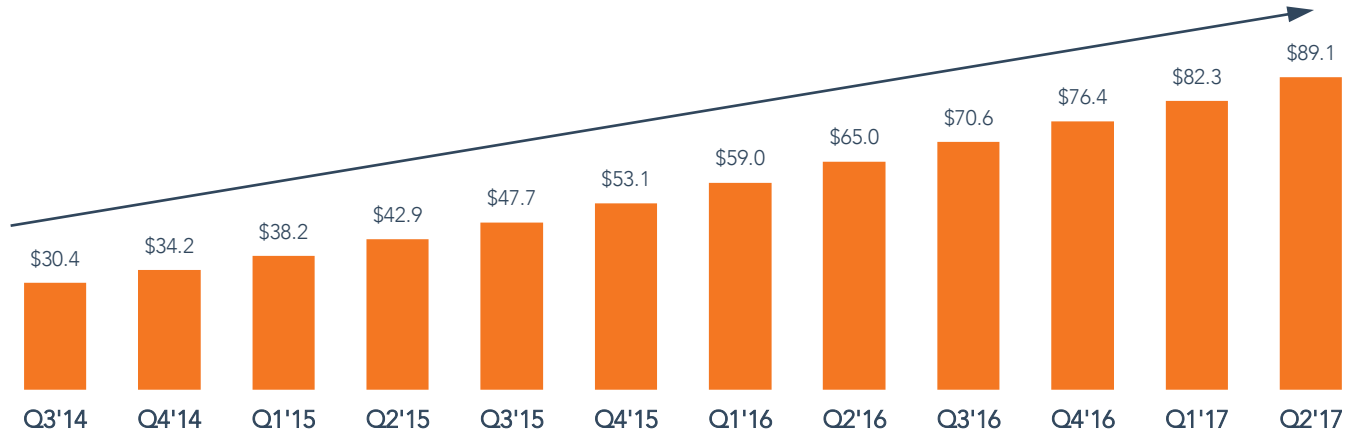


Profitability

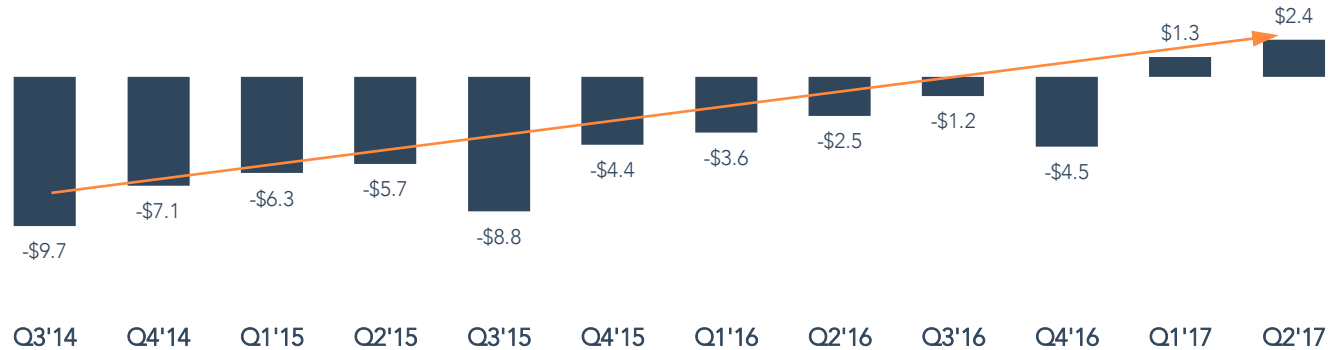
- Leverage customer unit economics to drive margin improvement

Growth Since IPO

Revenue



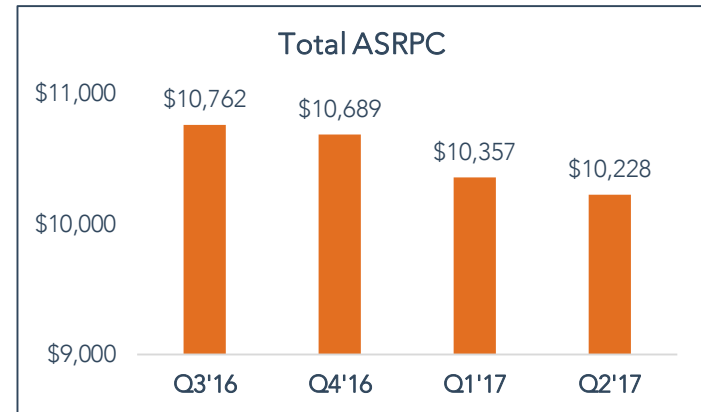
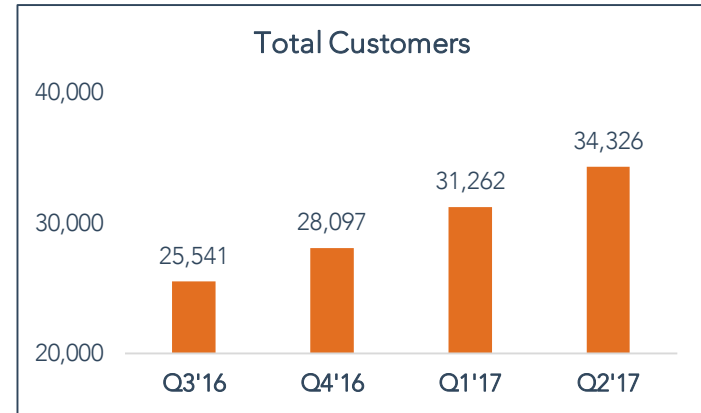
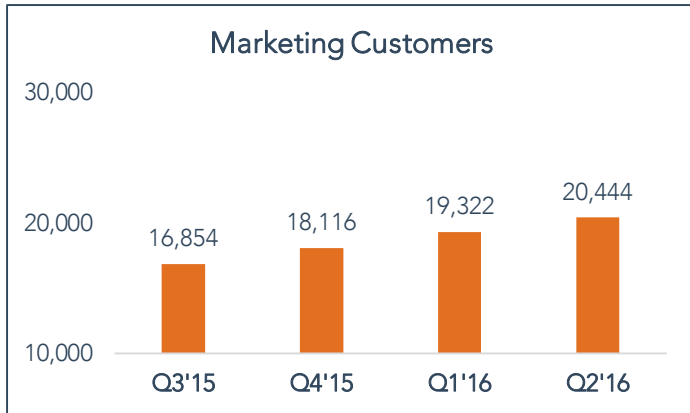
Operating Profit



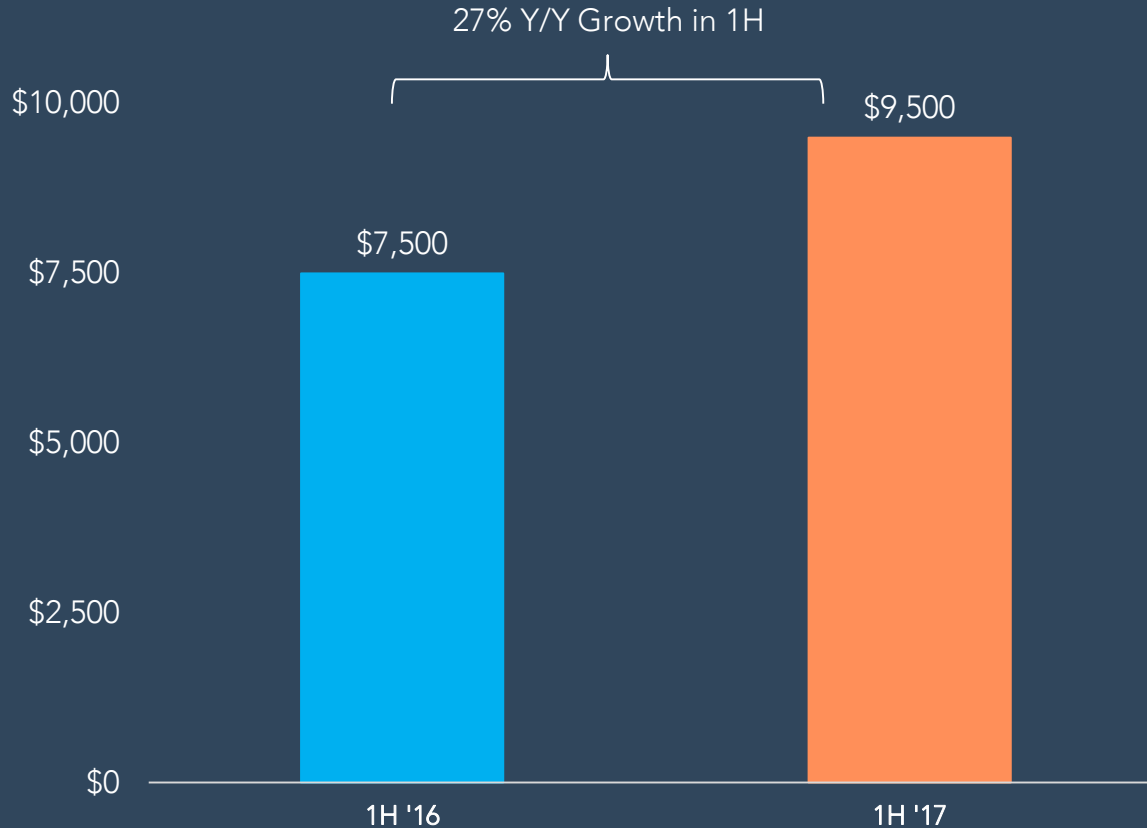
In Millions of USD

Operating Profit for historical periods are non-GAAP and exclude expenses associated with stock based compensation and amortization of acquired intangibles. Please refer to the end of this presentation for a reconciliation of GAAP to non-GAAP figures.

Growth Drivers: Old vs. New

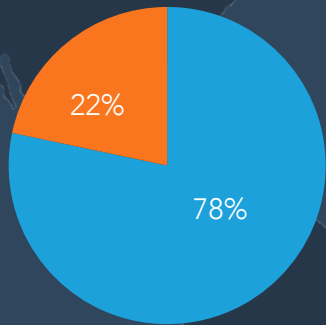


Cohort Analysis: New Portals in 1H'16 that retained in 1H'17



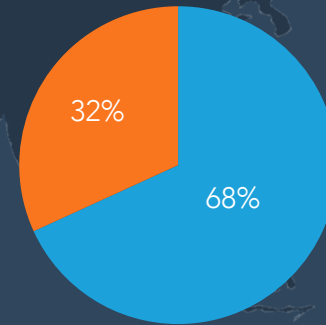
Increasing International Footprint

Q3'14



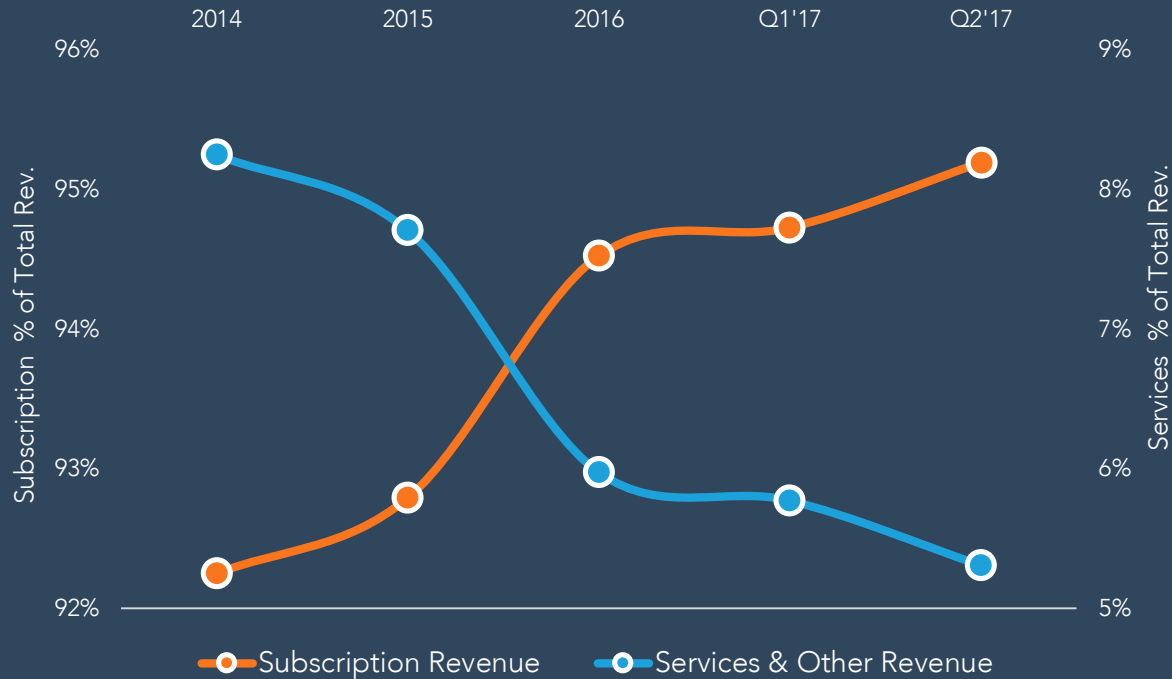
■ Domestic ■ International
% of Total Revenue

Q2'17



■ Domestic ■ International
% of Total Revenue

Revenue Mix



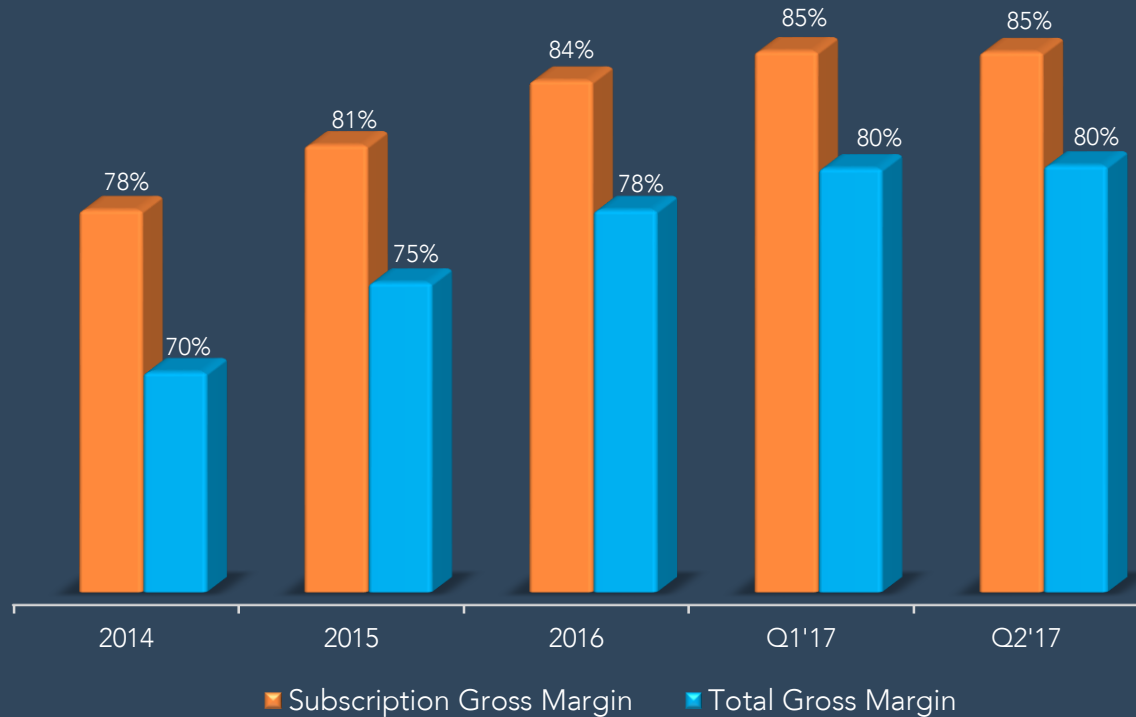
Subscription Revenue %

Product mix shift benefits Subscription Revenue



Services & Other Revenue %

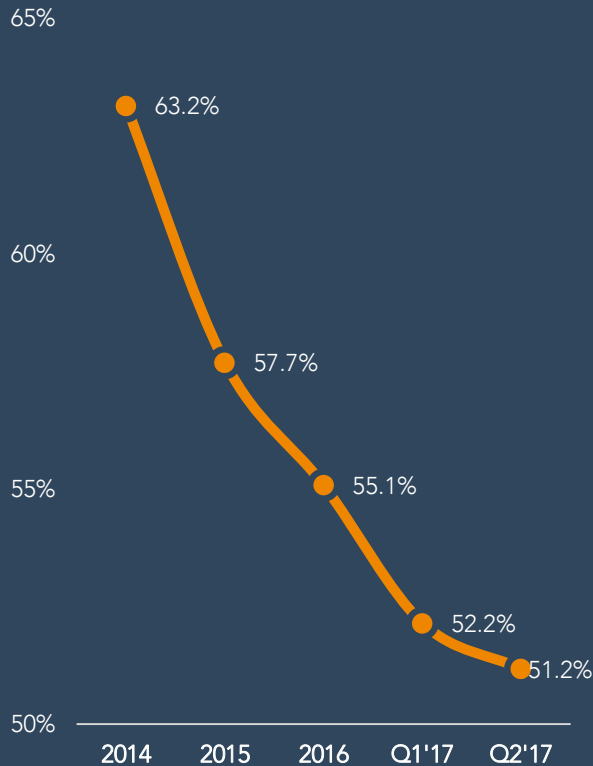
Consistent Gross Margin Improvement



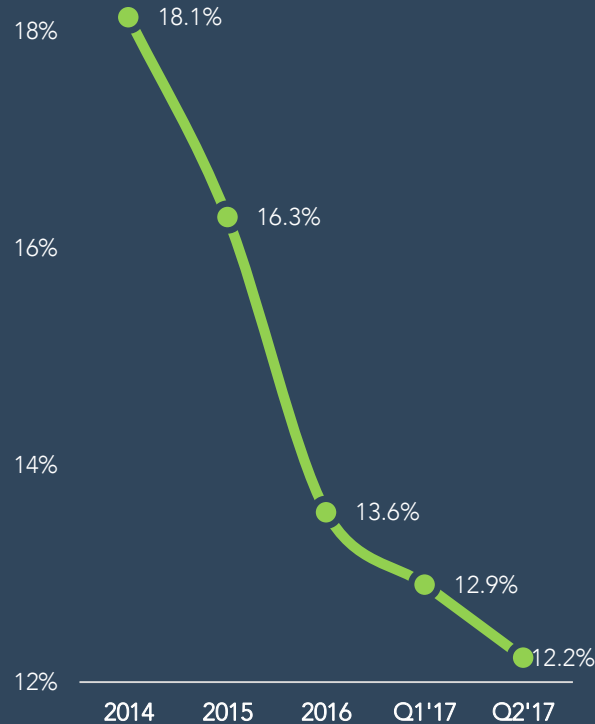
Gross Margin is benefitting from revenue mix shift towards subscription business

Operating Expenses

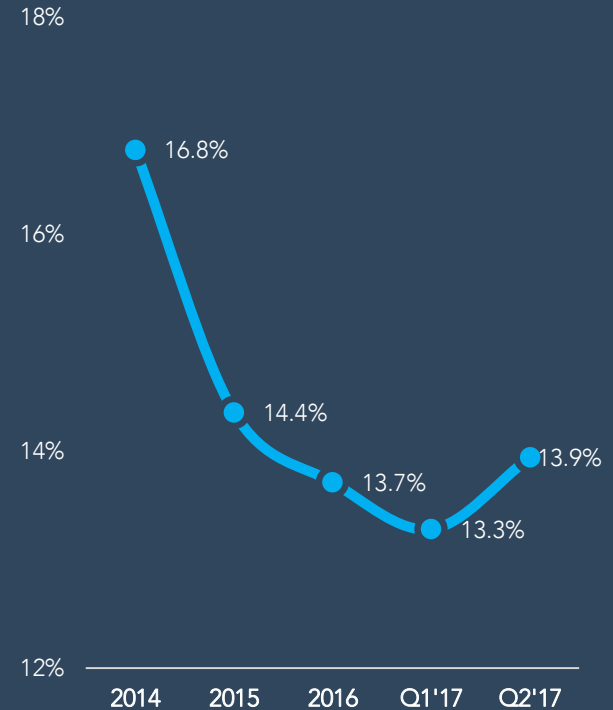
S&M % of Revenue



G&A % of Revenue



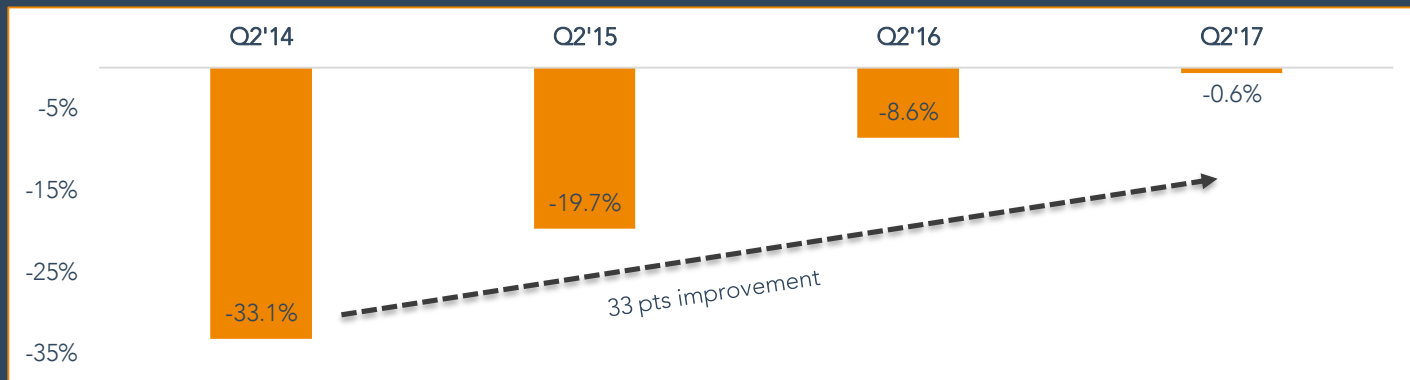
R&D % of Revenue



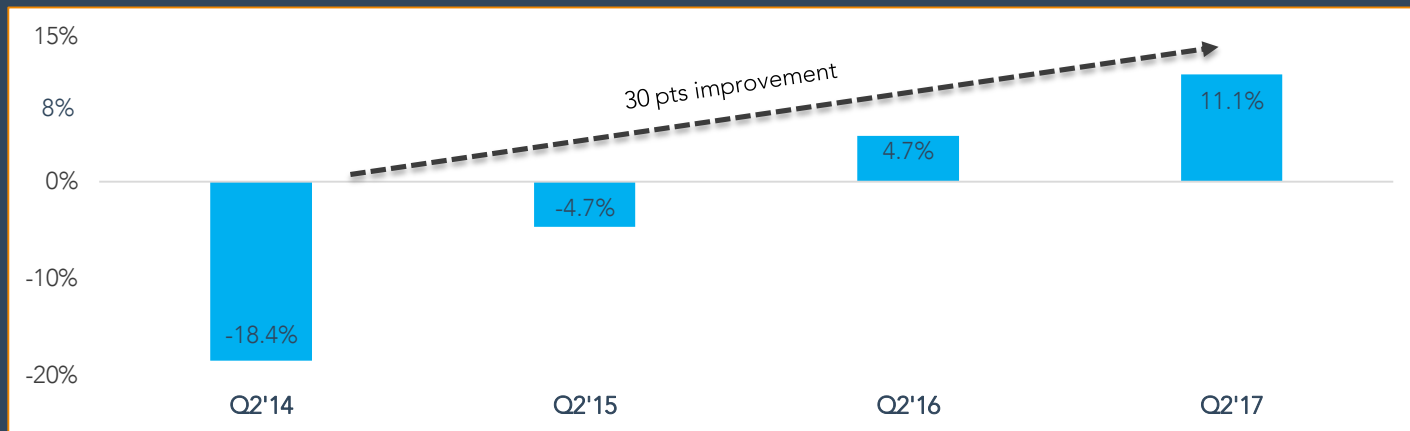
All percentages for historical periods are non-GAAP and exclude expenses associated with stock based compensation and amortization of acquired intangibles. Please refer to the end of this presentation for a reconciliation of GAAP to non-GAAP figures.

Business Model Delivering Significant Leverage

Trailing 12-mo
Operating Margin



Trailing 12-mo
Operating
Cash Flow Margin



All percentages for historical periods are non-GAAP and exclude expenses associated with stock based compensation and amortization of acquired intangibles. Please refer to the end of this presentation for a reconciliation of GAAP to non-GAAP figures.

Long Term Model

	2014	2015	2016	1H-2017	Long Term Target Model
GROSS MARGIN	70%	75%	78%	80%	80%
R&D % of Revenue	17%	14%	14%	14%	15%
S&M % of Revenue	63%	58%	55%	52%	30 - 35%
G&A % of Revenue	18%	16%	14%	13%	10%
OPERATING MARGIN	(28%)	(14%)	(4%)	2%	20 - 25%

Framework For Growth And Profitability

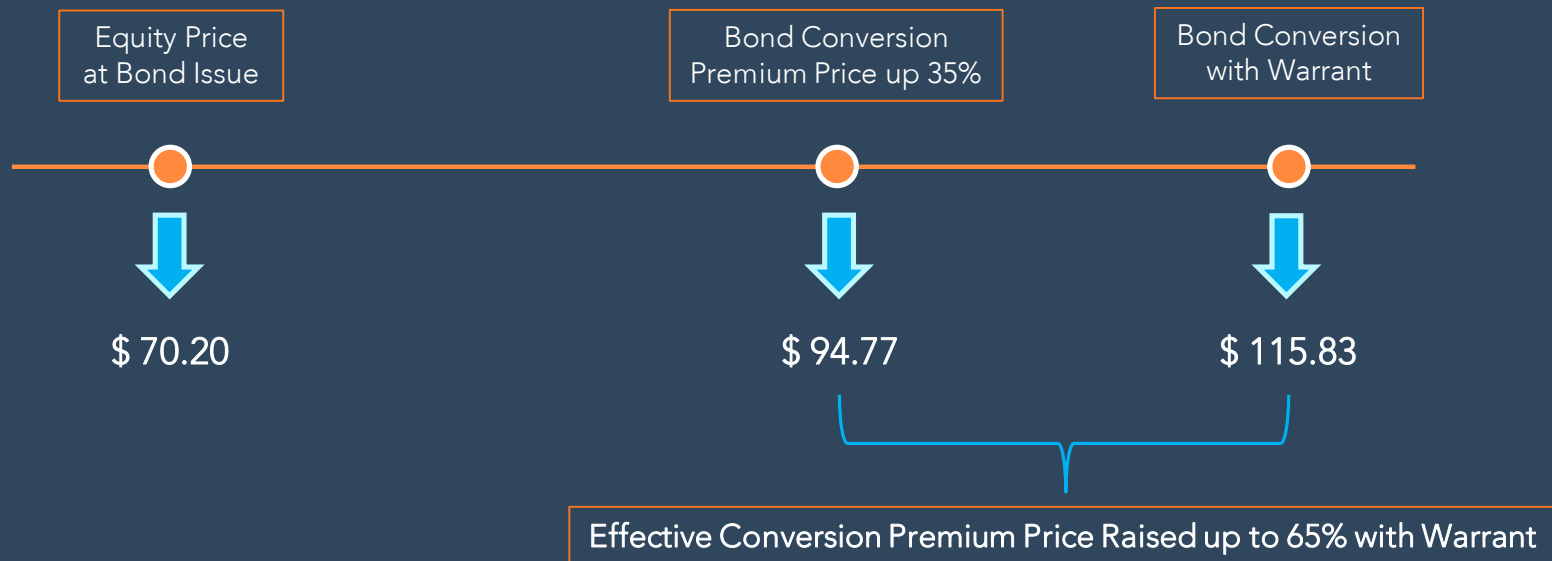
	High Growth	Growth	Moderate Growth
Revenue Growth	>30%	30%	<30%
Operating Margin %	1-2% increase per year	2-3% increase per year	3-4% increase per year
Operating Cash Flow	≈ Revenue Growth		

Housekeeping Items

Convertible Debt Offering

TERMS & STRUCTURE

- Offering Size - \$350m + \$50m Greenshoe
- Coupon Rate - 0.25%
- Duration - 5 years



ASC 606 Revenue Recognition Impact

Overview

ASC 606 is the new revenue recognition rule that all companies have to follow starting January 1, 2018. The new standard establishes principles that financial statement preparers have to follow that are meant to improve comparability across entities, industries, jurisdictions and capital markets.

Impact to HubSpot - Revenue

The new revenue standard eliminates the rule that revenue recognition cannot “get ahead” of cash due from the customer. Once we adopt the new standard, if we sell services at a discount relative to the subscription we’ll need to allocate a portion of the subscription revenue to the services line item in our consolidated financial statements.

Impact to HubSpot - Expense

The new revenue standard requires companies to defer sales commission expense over an estimated customer relationship period. We currently defer expense over the annual contract period so once we adopt the new standard we’ll likely spread commissions expense over a different term.

Increasing Q3'17 Expectations

	Prior Q3'17 Guidance	Revised Q3'17 Guidance
Revenue	\$92.8m to \$93.8m	\$95.9m to \$96.9m
Non-GAAP Operating Loss	(\$4.5m) to (\$3.5m)	(\$2.2m) to (\$1.2m)
Non-GAAP EPS	(\$0.10) to (\$0.08)	(\$0.04) to (\$0.02)

Non-GAAP operating loss excludes stock-based compensation expense of approximately \$10.9 million.

Non-GAAP EPS excludes stock-based compensation expense of approximately \$10.9 million, non-cash interest expense for the amortization of debt discount and debt issuance costs of approximately \$4.8 million, and the deferred income tax benefit from convertible notes of approximately \$3.4 million. This assumes approximately 37.1 million weighted average basic and diluted shares outstanding.

Summary

- Product announcements today build upon multi-product platform strategy
- Freemium and One HubSpot will support opportunities for future growth
- Customer unit economics allows for improvement in profitability

THANK YOU

Appendix 1

HubSpot, Inc. GAAP to Non-GAAP Reconciliation

	Year Ended December 31,						Three Months Ended		Three Months Ended		Six Months Ended	
	2014		2015		2016		March 31, 2017		June 30, 2017		June 30, 2017	
	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues
Gross Margin												
Gross margin	80,796	69.7%	134,020	73.7%	209,102	77.2%	65,180	79.2%	70,502	79.1%	135,682	79.2%
Stock-based compensation	626	0.5%	1,557	0.9%	2,152	0.8%	564	0.7%	844	0.9%	1,408	0.8%
Amortization of acquired intangibles	118	0.1%	70	0.0%	57	0.0%	9	0.0%	-	0.0%	9	0.0%
Non-GAAP gross margin	<u>81,540</u>	70.4%	<u>135,647</u>	74.6%	<u>211,311</u>	78.0%	<u>65,753</u>	79.9%	<u>71,346</u>	80.1%	<u>137,099</u>	80.0%
Operating Expenses												
Research and development	25,638	22.1%	32,457	17.8%	45,997	17.0%	13,370	16.3%	15,889	17.8%	29,259	17.1%
Stock-based compensation	(6,190)	-5.3%	(6,327)	-3.5%	(8,828)	-3.3%	(2,442)	-3.0%	(3,461)	-3.9%	(5,903)	-3.4%
Amortization of acquired intangibles	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Non-GAAP research and development	<u>19,448</u>	16.8%	<u>26,130</u>	14.4%	<u>37,169</u>	13.7%	<u>10,928</u>	13.3%	<u>12,428</u>	13.9%	<u>23,356</u>	13.6%
Sales and marketing	78,809	68.0%	112,629	61.9%	162,647	60.0%	46,672	56.7%	50,708	56.9%	97,380	56.8%
Stock-based compensation	(5,596)	-4.8%	(7,658)	-4.2%	(13,352)	-4.9%	(3,770)	-4.6%	(5,113)	-5.7%	(8,883)	-5.2%
Amortization of acquired intangibles	(20)	0.0%	(26)	0.0%	(27)	0.0%	(7)	0.0%	-	0.0%	(7)	0.0%
Non-GAAP sales and marketing	<u>73,193</u>	63.2%	<u>104,945</u>	57.7%	<u>149,268</u>	55.1%	<u>42,895</u>	52.2%	<u>45,595</u>	51.2%	<u>88,490</u>	51.6%
General and administrative	24,958	21.5%	35,408	19.5%	45,120	16.7%	13,138	16.0%	14,482	16.3%	27,620	16.1%
Stock-based compensation	(3,946)	-3.4%	(5,766)	-3.2%	(8,343)	-3.1%	(2,527)	-3.1%	(3,588)	-4.0%	(6,115)	-3.6%
Amortization of acquired intangibles	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Non-GAAP general and administrative	<u>21,012</u>	18.1%	<u>29,642</u>	16.3%	<u>36,777</u>	13.6%	<u>10,611</u>	12.9%	<u>10,894</u>	12.2%	<u>21,505</u>	12.6%
Loss from Operations												
Loss from operations	(48,609)	-41.9%	(46,474)	-25.5%	(44,662)	-16.5%	(8,000)	-9.7%	(10,577)	-11.9%	(18,577)	-10.8%
Stock-based compensation	16,358	14.1%	21,308	11.7%	32,675	12.1%	9,303	11.3%	13,006	14.6%	22,309	13.0%
Amortization of acquired intangibles	138	0.1%	96	0.1%	84	0.0%	16	0.0%	-	0.0%	16	0.0%
Non-GAAP loss from operations	<u>(32,113)</u>	-27.7%	<u>(25,070)</u>	-13.8%	<u>(11,903)</u>	-4.4%	<u>1,319</u>	1.6%	<u>2,429</u>	2.7%	<u>3,748</u>	2.2%

Appendix 2

HubSpot, Inc.

GAAP to Non-GAAP Reconciliation

	Year Ended		Year Ended		Year Ended		Three Months Ended		Three Months Ended	
	December 31, 2014		December 31, 2015		December 31, 2016		March 31, 2017		June 30, 2017	
	\$ '000s	% of Revenues	\$ '000s	Revenue s	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues
Subscription Gross Margin										
Subscription gross margin	82,664	78%	135,649	81%	213,593	84%	66,094	85%	71,871	85%
Stock-based compensation	128	0%	341	0%	512	0%	115	0%	178	0%
Amortization of acquired intangibles	118	0%	70	0%	13	0%	9	0%	-	0%
Non-GAAP gross margin	<u>82,910</u>	78%	<u>136,060</u>	81%	<u>214,118</u>	84%	<u>66,218</u>	85%	<u>72,049</u>	85%
Gross Margin										
Gross margin	80,796	70%	134,020	74%	209,102	77%	65,180	79%	70,502	79%
Stock-based compensation	626	1%	1,557	1%	2,152	1%	564	1%	844	1%
Amortization of acquired intangibles	118	0%	70	0%	57	0%	9	0%	-	0%
Non-GAAP gross margin	<u>81,540</u>	70%	<u>135,647</u>	75%	<u>211,311</u>	78%	<u>65,753</u>	80%	<u>71,346</u>	80%
Loss from Operations										
Loss from operations	(48,609)	-42%	(46,474)	-26%	(44,662)	-16%	(8,000)	-10%	(10,577)	-12%
Stock-based compensation	16,358	14%	21,308	12%	32,675	12%	9,303	11%	13,006	15%
Amortization of acquired intangibles	138	0%	96	0%	84	0%	16	0%	-	0%
Non-GAAP loss from operations	<u>(32,113)</u>	-28%	<u>(25,070)</u>	-14%	<u>(11,903)</u>	-4%	<u>1,319</u>	2%	<u>2,429</u>	3%

Appendix 3

HubSpot, Inc.

GAAP to Non-GAAP Reconciliation

	TTM Ended June 30, 2014		TTM Ended June 30, 2015		TTM Ended June 30, 2016		TTM Ended June 30, 2017	
	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues
TTM Operating Margin								
GAAP TTM operating margin	(35,557)	-38%	(53,630)	-37%	(44,631)	-20%	(42,348)	-13%
Stock-based compensation	4,138	4%	24,926	17%	25,231	11%	40,279	13%
Amortization of acquired intangibles	336	0%	69	0%	98	0%	56	0%
Non-GAAP TTM operating margin	<u>(31,083)</u>	-33.1%	<u>(28,635)</u>	-19.7%	<u>(19,302)</u>	-8.6%	<u>(2,013)</u>	-0.6%