



INVESTOR PRESENTATION

Q2 2018

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 1, 2018 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.

Why does HubSpot exist?

2006

Humans are changing



94%
skip TV ads



94%
unsubscribe
from email



27%
direct mail
isn't opened



50%
are on do not
call lists

YOU'VE GOT TO MATCH THE WAY YOU

sell + market



TO THE WAY HUMANS

shop + buy

How does Inbound work?

Outbound



Aggressively **pushes** content at innocent bystanders, interrupting their life

Cold Calling | Spam | Interruptive Ads



Inbound



Pulls in prospects by offering helpful content and experience when they need it

SEO | Blogs | Social

Inbound is about the **size of your brain**,
not the width of your wallet



Over a decade since the Inbound inflection point

A leading CRM, marketing, sales, and customer service platform



48,000+

Total Customers



100+

Countries



8

Office Locations Worldwide

2018

Humans are changing again

The traditional Sales and Marketing funnel is outdated



The new Sales & Marketing funnel acts like a flywheel



Customer service expectations have changed dramatically

Old Way



Call | Wait | Transfer | Repeat

Customers willing to patiently wait on hold and endure multiple transfers before getting questions answered.



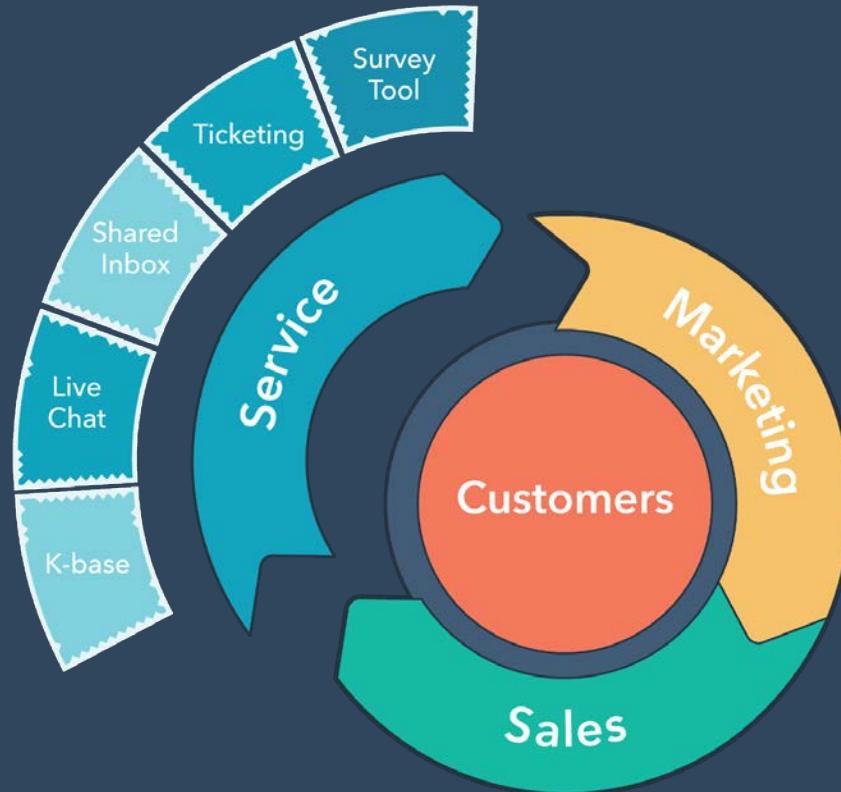
New Way



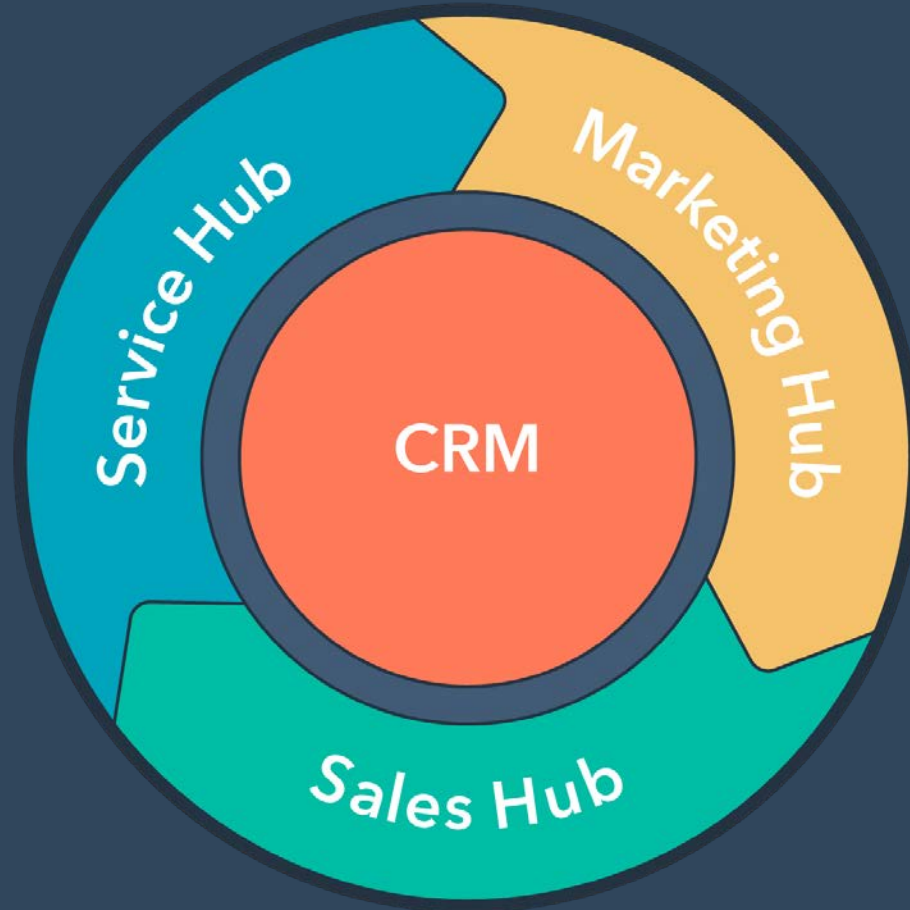
Search | Chat | Call with context

Customers want answers immediately from Google, on chat, or from a representative who already knows about their problem.

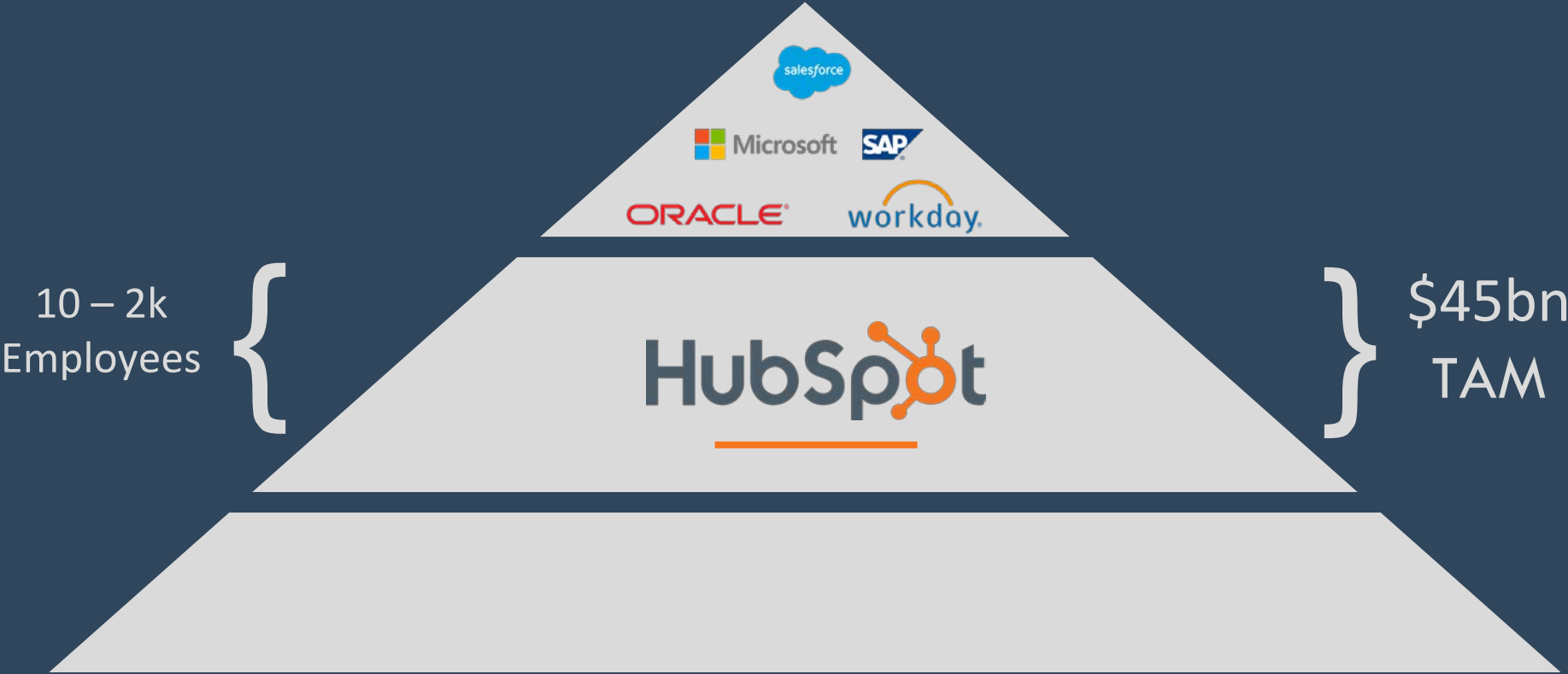
Creating a modern service experience is complicated



The HubSpot all-in-one solution



Front Office Platform



The Inbound Community

INBOUND

21,000+ Registered Attendees

Where the inbound movement grows every year



Thousands of Partners

HubSpot provides training and support to our marketing agency partners, working together to sell our products.

HubSpot
Academy 

149,000+ Certifications

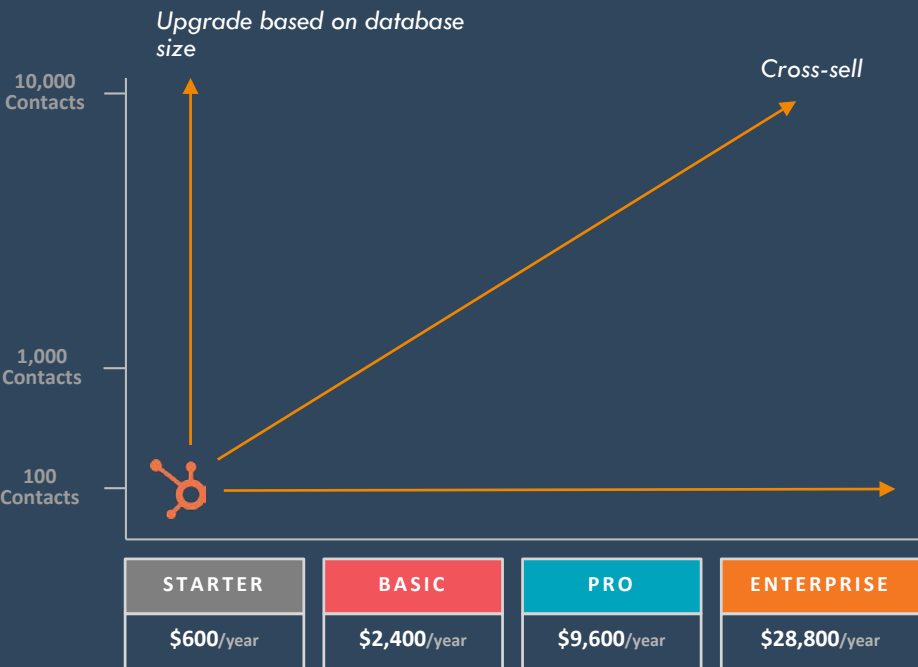
HubSpot's one-stop-shop for free education on all things inbound



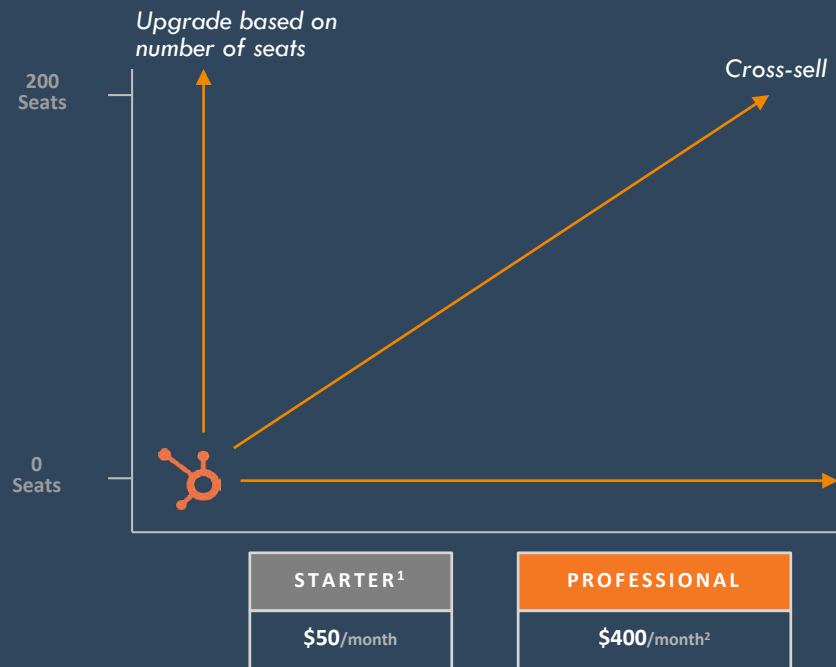
49,000+ Linking Domains

The number of websites linking back to HubSpot, providing us with both authority in search engines and recognition among industry professionals

Marketing Hub Pricing



Sales/Service Hub Pricing



1. Starter not available for Service Hub
2. \$400/month for 5 seats minimum

Growth Strategy

1

Large Domestic
Opportunity

2

Expanding
International
Opportunity

3

Upsell Customers

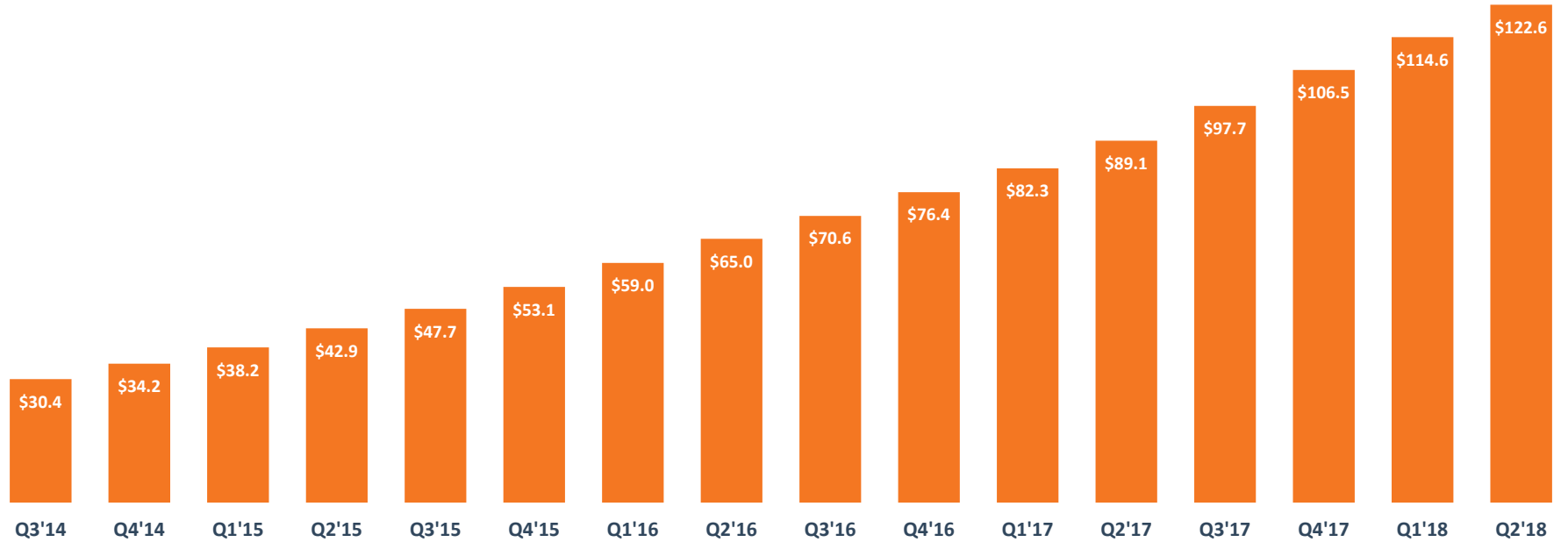
4

New Products



FINANCIAL REVIEW | SECOND QUARTER-2018

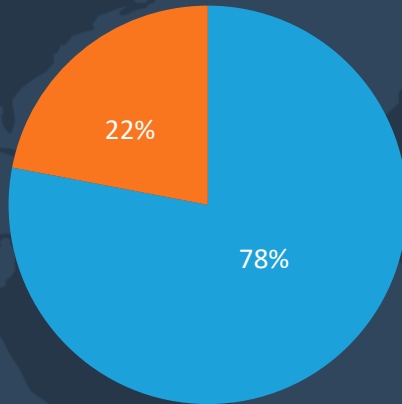
Revenue Growth Since IPO



In Millions of USD

Increasing International Footprint

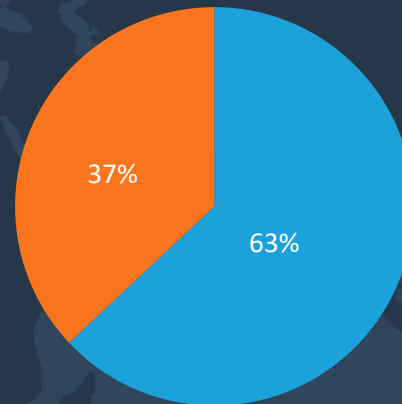
Q3'14



% of Total Revenue

■ Domestic ■ International

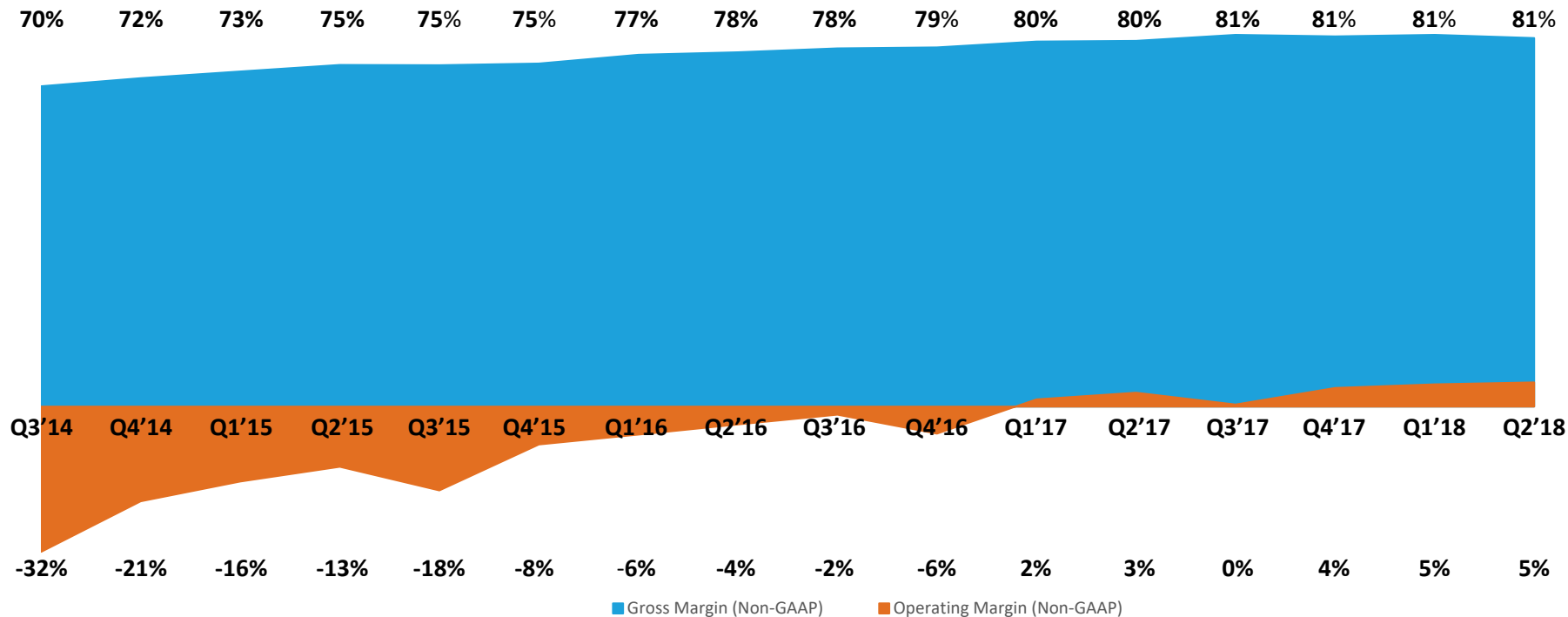
Q2'18



% of Total Revenue

■ Domestic ■ International

Steady progress in Gross & Operating Margin Trajectory



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

Framework For Growth And Profitability

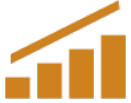
	High Growth	Growth	Moderate Growth
Revenue Growth	>30%	30%	<30%
Operating Margin %	1-2% increase per year	2-3% increase per year	3-4% increase per year
Operating Cash Flow	≈ Revenue Growth		

Long Term Model

	2016	2017	Q1'18	Q2'18	Long Term Target Model
GROSS MARGIN	78%	81%	81%	81%	80%
R&D % of Revenue	14%	15%	18%	18%	15%
S&M % of Revenue	55%	52%	47%	47%	30 - 35%
G&A % of Revenue	14%	12%	12%	11%	10%
OPERATING MARGIN	(4%)	2%	5%	5%	20 - 25%

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

Summary



Fast-growing SaaS platform with positive mix-shift towards multi-product offering



Largely untapped global opportunity for growth



Commitment to balancing top and bottom line growth allows for continued operating leverage



Margin improvement allows for incremental improvements in cash flow

GAAP to Non-GAAP Reconciliation

HubSpot, Inc. GAAP to Non-GAAP Reconciliation

	2016		2017		Three Months Ended March 31, 2018		Three Months Ended June 30, 2018	
	\$ '000s	% of	\$ '000s	% of	\$ '000s	% of	\$ '000s	% of
		Revenues		Revenues		Revenues		Revenues
Cost of Revenue								
Subscription	41,182	15%	51,563	14%	15,235	13%	16,964	14%
Stock-based compensation	(512)	0%	(658)	0%	(277)	0%	(317)	0%
Amortization of acquired intangibles	(57)	0%	(96)	0%	(50)	0%	(50)	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%
Non-GAAP subscription	<u>40,613</u>	15%	<u>50,809</u>	14%	<u>14,908</u>	13%	<u>16,597</u>	14%
Professional services and other	20,683	8%	24,166	6%	7,142	6%	7,887	6%
Stock-based compensation	(1,640)	-1%	(2,327)	-1%	(690)	-1%	(846)	-1%
Amortization of acquired intangibles	-	0%	-	0%	-	0%	-	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%
Non-GAAP professional services and other	<u>19,043</u>	7%	<u>21,839</u>	6%	<u>6,452</u>	6%	<u>7,041</u>	6%
Gross Margin								
Gross margin	209,102	77%	299,883	80%	92,179	80%	97,725	80%
Stock-based compensation	2,152	1%	2,985	1%	967	1%	1,163	1%
Amortization of acquired intangibles	57	0%	96	0%	50	0%	50	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%
Non-GAAP gross margin	<u>211,311</u>	78%	<u>302,964</u>	81%	<u>93,196</u>	81%	<u>98,938</u>	81%
Operating Expenses								
Research and development	45,997	17%	70,373	19%	26,352	23%	28,485	23%
Stock-based compensation	(8,828)	-3%	(12,816)	-3%	(4,764)	-4%	(6,111)	-5%
Amortization of acquired intangibles	-	0%	-	0%	-	0%	-	0%
Acquisition related expenses	-	0%	(1,266)	0%	(802)	-1%	(802)	-1%
Non-GAAP research and development	<u>37,169</u>	14%	<u>56,291</u>	15%	<u>20,786</u>	18%	<u>21,572</u>	18%
Sales and marketing	162,647	60%	212,859	57%	59,910	52%	65,281	53%
Stock-based compensation	(13,352)	-5%	(19,016)	-5%	(6,492)	-6%	(7,937)	-6%
Amortization of acquired intangibles	(27)	0%	(7)	0%	-	0%	-	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%
Non-GAAP sales and marketing	<u>149,268</u>	55%	<u>193,836</u>	52%	<u>53,418</u>	47%	<u>57,344</u>	47%
General and administrative	45,120	17%	56,787	15%	17,241	15%	18,011	15%
Stock-based compensation	(8,343)	-3%	(12,500)	-3%	(3,823)	-3%	(4,464)	-4%
Amortization of acquired intangibles	-	0%	-	0%	-	0%	-	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%
Non-GAAP general and administrative	<u>36,777</u>	14%	<u>44,287</u>	12%	<u>13,418</u>	12%	<u>13,547</u>	11%
Loss from Operations								
Loss from operations	(44,662)	-16%	(40,136)	-11%	(11,324)	-10%	(14,052)	-11%
Stock-based compensation	32,675	12%	47,317	13%	16,046	14%	19,675	16%
Amortization of acquired intangibles	84	0%	103	0%	50	0%	50	0%
Acquisition related expenses	-	0%	1,266	0%	802	1%	802	1%
Non-GAAP loss from operations	<u>(11,903)</u>	-4%	<u>8,550</u>	2%	<u>5,574</u>	5%	<u>6,475</u>	5%

GAAP to Non-GAAP Reconciliation

HubSpot, Inc. GAAP to Non-GAAP Reconciliation

	Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended			
	September 30, 2014		December 31, 2014		March 31, 2015		June 30, 2015		September 30, 2015		December 31, 2015		March 31, 2016		June 30, 2016	
	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues
Gross Margin																
Gross margin	21,243	70%	24,228	71%	27,701	73%	31,668	74%	35,233	74%	39,419	74%	44,989	76%	49,779	77%
Stock-based compensation	108	0%	326	1%	324	1%	439	1%	404	1%	457	1%	418	1%	608	1%
Amortization of acquired intangibles	6	0%	6	0%	11	0%	19	0%	20	0%	20	0%	18	0%	13	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Non-GAAP gross margin	<u>21,357</u>	70%	<u>24,560</u>	72%	<u>28,036</u>	73%	<u>32,126</u>	75%	<u>35,657</u>	75%	<u>39,896</u>	75%	<u>45,425</u>	77%	<u>50,400</u>	78%
Loss from Operations																
Loss from operations	(10,957)	-36%	(19,939)	-58%	(11,412)	-30%	(11,322)	-26%	(13,290)	-28%	(10,449)	-20%	(9,861)	-17%	(11,030)	-17%
Stock-based compensation	1,266	4%	12,844	38%	5,142	13%	5,642	13%	4,510	9%	6,015	11%	6,231	11%	8,475	13%
Amortization of acquired intangibles	13	0%	13	0%	17	0%	26	0%	26	0%	26	0%	24	0%	20	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Non-GAAP loss from operations	<u>(9,678)</u>	-32%	<u>(7,082)</u>	-21%	<u>(6,253)</u>	-16%	<u>(5,654)</u>	-13%	<u>(8,754)</u>	-18%	<u>(4,408)</u>	-8%	<u>(3,606)</u>	-6%	<u>(2,535)</u>	-4%

HubSpot, Inc. GAAP to Non-GAAP Reconciliation

	Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended			
	September 30, 2016		December 31, 2016		March 31, 2017		June 30, 2017		September 30, 2017		December 31, 2017		March 31, 2018		June 30, 2018	
	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues	\$ '000s	% of Revenues
Gross Margin																
Gross margin	54,777	78%	59,557	78%	65,180	79%	70,502	79%	78,716	81%	85,485	80%	92,179	80%	97,725	80%
Stock-based compensation	577	1%	551	1%	564	1%	844	1%	754	1%	823	1%	967	1%	1,163	1%
Amortization of acquired intangibles	13	0%	13	0%	9	0%	0	0%	38	0%	50	0%	50	0%	50	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Non-GAAP gross margin	<u>55,367</u>	78%	<u>60,121</u>	79%	<u>65,753</u>	80%	<u>71,346</u>	80%	<u>79,508</u>	81%	<u>86,358</u>	81%	<u>93,196</u>	81%	<u>98,938</u>	81%
Loss from Operations																
Loss from operations	(9,951)	-14%	(13,820)	-18%	(8,000)	-10%	(10,577)	-12%	(12,126)	-12%	(9,433)	-9%	(11,324)	-10%	(14,052)	-11%
Stock-based compensation	8,695	12%	9,274	12%	9,303	11%	13,006	15%	12,110	12%	12,898	12%	16,046	14%	19,675	16%
Amortization of acquired intangibles	20	0%	20	0%	16	0%	0	0%	38	0%	50	0%	50	0%	50	0%
Acquisition related expenses	-	0%	-	0%	-	0%	-	0%	439	0%	827	1%	802	1%	802	1%
Non-GAAP loss from operations	<u>(1,236)</u>	-2%	<u>(4,526)</u>	-6%	<u>1,319</u>	2%	<u>2,429</u>	3%	<u>461</u>	0%	<u>4,342</u>	4%	<u>5,574</u>	5%	<u>6,475</u>	5%