

Qualys Inc. (QLYS)

\$140.85 (Stock Price as of 11/28/2025)

Price Target (6-12 Months): **\$159.00**

Long Term: 6-12 Months

Zacks Recommendation:

Outperform

(Since: 11/07/25)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

1-Strong Buy

Zacks Style Scores:

VGM: C

Value: F

Growth: B

Momentum: A

Summary

Qualys is benefiting from the increasing demand for cloud-based cybersecurity solutions amid growing cyber threats and digital transformation initiatives. With a diverse customer base that includes enterprises, SMBs and government entities, Qualys maintains a balanced customer mix, which keeps it resilient against fluctuations in IT spending. The company's continuous innovation and focus on expanding product capabilities position it well to navigate market challenges and sustain long-term growth despite potential macroeconomic disruptions. A continuous increase in Vulnerability Management, Detection and Response to customer penetration is an upside. However, aggressive investments in sales & marketing and research & development may keep margins under pressure. Intense competition and forex risks are other concerns.

Data Overview

52 Week High-Low	\$159.73 - \$112.61
20 Day Average Volume (sh)	476,547
Market Cap	\$5.1 B
YTD Price Change	0.5%
Beta	0.55
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Security
Zacks Industry Rank	Top 16% (38 out of 243)

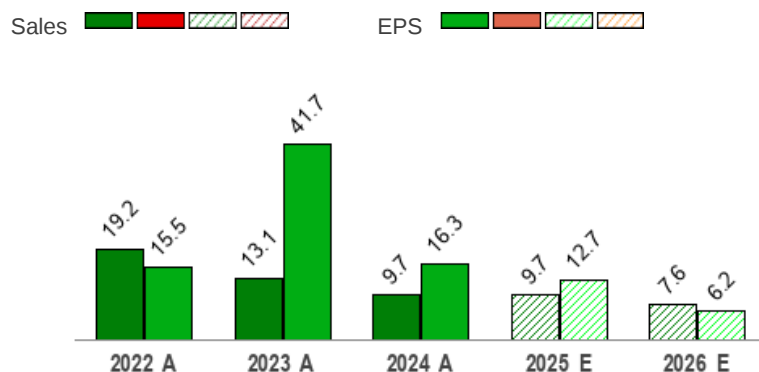
Last EPS Surprise	28.7%
Last Sales Surprise	2.5%
EPS F1 Est- 4 week change	12.2%
Expected Report Date	02/05/2026
Earnings ESP	0.0%

P/E TTM	20.7
P/E F1	20.4
PEG F1	2.2
P/S TTM	7.7

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	174 E	177 E	182 E	185 E	718 E
2025	160 A	164 A	170 A	173 E	667 E
2024	146 A	149 A	154 A	159 A	608 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	1.77 E	1.82 E	1.88 E	1.93 E	7.34 E
2025	1.67 A	1.68 A	1.86 A	1.78 E	6.91 E
2024	1.45 A	1.52 A	1.56 A	1.60 A	6.13 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 11/28/2025.

(2) The report's text and the price target are as of 11/19/2025.

Overview

Qualys Inc. has been a leading force in offering information security solutions. Qualys' suite of IT, security and compliance solutions spans diverse applications, including asset management, IT security, cloud-native security, web application security and compliance. At its core is the Qualys Cloud Platform, an end-to-end security solution delivering continuous visibility to thwart cyber threats effectively.

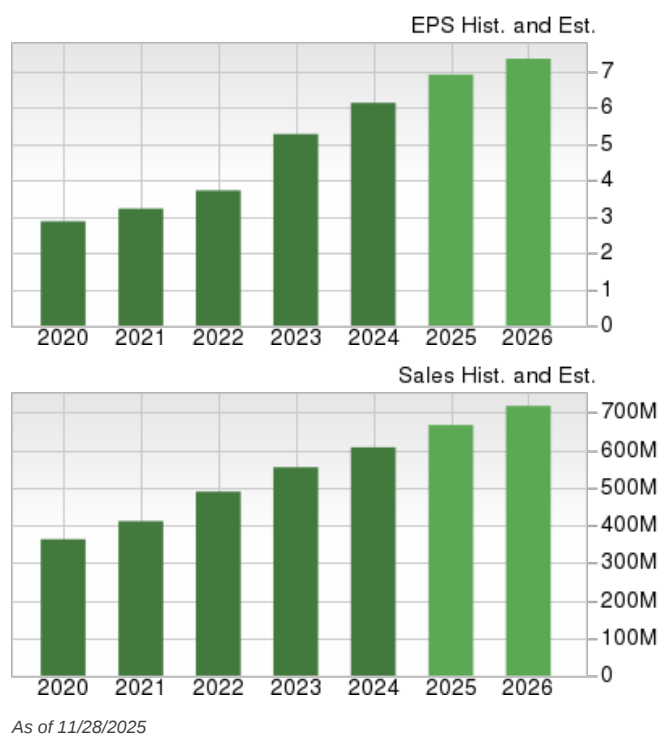
The platform boasts a seamless architecture with sensors, a scalable backend and an integrated suite of cloud applications. Notable capabilities include vulnerability management, asset tagging, reporting and analytics. Native integrations with major cloud providers like Amazon Web Services, Google Cloud Platform, and Microsoft Azure enhance its flexibility.

Headquartered in Foster City, CA, Qualys operates across 11 shared cloud platforms globally, ensuring widespread accessibility. In 2024, the company achieved \$608 million in revenues, reflecting a 10% increase from the previous year. Direct sales constituted 54% of revenues, while channel partners contributed 46%. International sources represented 42% of total revenues, reflecting the company's expanding global footprint.

Qualys' cloud-based architecture provides cost advantages, offering a centralized view for analysis from various sensors. With more than 10,000 diverse customers, including enterprises, SMBs and government entities, Qualys maintains a balanced customer mix. The platform's accessibility via web browsers ensures a user-friendly experience.

Qualys remains committed to enhancing its networking business and continually focuses on strategic partnerships to expand its offerings. With a dedication to operational excellence, cost-effectiveness and a customer-centric approach, Qualys is poised for sustained growth in the dynamic realm of IT security and compliance.

With its cloud-native approach, global reach and robust suite of security solutions, Qualys stands at the forefront of the evolving landscape, providing organizations with the tools needed to navigate the ever-changing cybersecurity challenges.



Reasons To Buy:

- ▲ The rising demand for cyber security due to the long list of data breaches is an upside for Qualys. The advent of cloud computing and the idea of sharing resources to lower costs have further increased demand for adequate security policies, protocols and products. Hence, companies are allotting increasing portions of their IT budgets for security solutions. Qualys is growing rapidly in this space with its diversified product portfolio, which spans across cybersecurity asset management, patch management and cloud security solutions, catering to the evolving security landscape. Qualys' security solutions simplify security infrastructure for organizations by protecting against, detecting and responding to cyber-attacks before the security of vital systems is compromised. As organizations grapple with complex cybersecurity challenges, Qualys, with its innovative and comprehensive approach, is well-positioned to capitalize on the growing demand for robust cybersecurity solutions.
- ▲ Qualys is one of the leading providers of Vulnerability Management, Detection and Response ("VMDR") solutions. Its VMDR capabilities are driving growth by offering organizations a comprehensive solution to proactively identify, prioritize and remediate security vulnerabilities across their IT infrastructure. With VMDR, Qualys combines vulnerability assessment, threat detection and automated response in a single platform, enabling organizations to streamline their security operations and reduce their exposure to cyber threats. By providing real-time visibility into vulnerabilities and offering actionable insights for remediation, VMDR empowers organizations to enhance their cybersecurity posture and minimize the risk of breaches. As cybersecurity threats continue to evolve, Qualys' VMDR capabilities position the company as a trusted partner for organizations seeking to protect their digital assets and maintain regulatory compliance in an increasingly complex threat landscape.
- ▲ Qualys boasts a growing customer base, a key driver fueling its revenue growth. The company's ability to attract new customers and retain existing ones underscores its strong market positioning and value proposition. Additionally, Qualys' focus on delivering innovative and comprehensive cybersecurity solutions further enhances its appeal to businesses across various industries. Currently, it has more than 10,000 customers across 130 countries, including a majority of Forbes Global 100. In the third quarter of 2025, the net dollar expansion rate was 104%. Furthermore, for the last few quarters, Qualys has been able to close a significant number of six-figure deals. The growing number of large deals in the mix is an upside as it increases deferred revenues and visibility. The expansion of its customer base not only contributes to recurring revenues but also opens up opportunities for upselling additional products and services. With a track record of consistently adding new clients and deepening relationships with existing ones, Qualys is poised to sustain its revenue growth trajectory in the dynamic cybersecurity market.
- ▲ Qualys is well-positioned to capitalize on the burgeoning cybersecurity market by expanding into endpoint security, cloud, Extended detection and response (XDR) and IT asset management. Leveraging its VMDR solution and cloud platform, Qualys aims to tap new markets and address emerging security needs. With an expected total addressable market of \$72 billion by 2027, growing at a compound annual rate of approximately 13%, Qualys targets high-growth areas such as cloud security, endpoint security and security analytics. This strategic diversification not only broadens revenue streams but also enhances Qualys' competitive edge in the cybersecurity landscape. As organizations prioritize robust security solutions, Qualys' comprehensive offerings position it as a preferred partner. By focusing on high-growth segments, Qualys is poised for sustained revenue growth and increased market share, driving long-term value for shareholders.
- ▲ Qualys' strategic acquisitions are pivotal in driving its growth trajectory. Since its inception, the company has acquired seven companies, of which Blue Hexagon, Total Cloud and Spell Security are the most notable ones. Acquired in November 2022, Blue Hexagon's AI/ML capabilities enhanced Qualys' threat detection and response solutions, bolstering its cybersecurity offerings. The takeover of Total Cloud in September 2021 augmented Qualys' cloud security portfolio, addressing the increasing demand for cloud-native security solutions. The buyout of Spell Security in September 2020 enriches Qualys' capabilities in securing software supply chains, strengthening its position in DevSecOps. These acquisitions enable Qualys to offer comprehensive security solutions, catering to diverse cybersecurity needs across various industries. By integrating innovative technologies from these acquisitions into its existing platform, Qualys expands its market reach and enhances its competitive edge. With a strategic focus on acquisitions to complement its organic growth initiatives, Qualys is well-positioned to capitalize on emerging cybersecurity trends and consolidate its position as a leader in the rapidly evolving cybersecurity landscape.
- ▲ Qualys demonstrates attractive financial performance with a balanced growth and profitability model. With a robust recurring revenue Software-as-a-Service (SaaS) model, the company achieved impressive pro forma operating margins of 47%, adjusted EBITDA margins of 49% and free cash flow margins of 53% in the third quarter of 2025. This solid financial foundation is bolstered by Qualys' highly recurring SaaS-based business model, coupled with strategic investments in product development and sales initiatives to drive future growth. Given its growth opportunities and potential for operating leverage, Qualys is well-positioned to consistently achieve Rule of 60 metrics, indicating a promising trajectory for sustained profitability and shareholder value creation.
- ▲ Qualys has a strong balance sheet with ample liquidity position and no debt obligations. Cash and marketable securities were approximately \$381 million as of Dec. 31, 2024. Moreover, in 2024, the company generated operating and free cash flows of \$244 million and \$232 million, respectively. It is to be noted that the company's free cash flow has grown at a CAGR of 10% in the past four years. At the end of the third quarter of 2025, the company had cash and marketable securities of \$664 million. During the first nine months of 2025, it generated operating and free cash flows of \$234 million and \$229 million, respectively. The increasing liquidity and cash flow trends reflect that the company is making investments in the right direction. Moreover, since it carries no long-term debt, cash is available for pursuing acquisitions, investments in growth initiatives and distribution to shareholders.

Strong demand environment, growing VMDR solution adoption, strategic acquisitions, increasing customer base and healthy cash balance are positives.

Risks⁽²⁾

- Qualys' near-term prospects might be hurt by softening IT spending. Still-high interest rates and protracted inflationary conditions are hurting consumer spending. Meanwhile, enterprises are postponing their large IT spending plans due to a weakening global economy amid ongoing macroeconomic and geopolitical issues. Some of the cybersecurity players have already pointed out that organizations are delaying or taking more time in finalizing deals or even rightsizing deals in the current uncertain macroeconomic environment. This makes us cautious about Qualys' prospects in the near term.
 - Near-term prospects for Qualys might be hurt by changing customer spending behavior. For the past several months, various competitors in the cybersecurity space noticed that companies are breaking their cybersecurity investment plans into phases and implementing the same over longer periods of time instead of making a single large investment. Delaying buying patterns is expected to hurt top-line growth which makes us cautious about Qualys' near-term growth prospects.
 - Qualys faces competition from numerous big and small companies in the cybersecurity market. Over the past few years, the demand for IT security has been on the rise, driven by increasing awareness and cyber-attacks, making the market more attractive for new players. This could lead the company to resort to competitive pricing to maintain and capture further market share. Therefore, companies must deliver prompt and advanced technologies to suit customer requirements and expedite product launches to stay afloat.
 - To survive in the highly competitive cybersecurity market, each player must continually invest in broadening its capabilities. Over the past few years, Qualys has invested heavily in research and development to expand its product portfolio as well as enhance its sales and marketing capabilities, particularly by increasing its sales force. Though the company foresees these investments to yield benefits over the long run, we note that there is uncertainty about the payback period.
 - A substantial portion of the company's sales is derived from outside the United States. During 2024, 2023, 2022, 2021 and 2020, approximately 42%, 40%, 40%, 39% and 37%, respectively, of total revenues were garnered in currencies other than the U.S. dollar. This exposes the company to exchange rate fluctuations and counterparty default risk. Thus, an economic condition that impacts foreign currency exchange rates does result in transaction exposure, which leads to profit fluctuation.
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Last Earnings Report

Qualys Q3 Earnings Surpass Expectations, Revenues Rise Y/Y

Qualys came out with third-quarter 2025 earnings of \$1.86 per share, beating the Zacks Consensus Estimate of \$1.56 by 19.2%. The company reported earnings of \$1.56 per share in the year-ago quarter.

Qualys posted revenues of \$169.88 million for the third quarter 2025, surpassing the Zacks Consensus Estimate by 2.49%. This compares to year-ago revenues of \$153.87 million. The top line grew 10% year over year.

FY Quarter Ending **12/31/2024**

Earnings Reporting Date	Nov 04, 2025
Sales Surprise	2.49%
EPS Surprise	28.70%
Quarterly EPS	1.86
Annual EPS (TTM)	5.13

Qualys' Q3 in Detail

During the third quarter, sales from channel partners surged 17%, outpacing the 5% sales growth recorded in direct selling. Channel partners contributed 50% to total revenues in the quarter, up from 47% a year ago, while direct selling accounted for the remaining 50%.

Geographically, U.S. sales grew 7% year over year, contributing approximately 56% to total revenues, while international sales rose 15% and accounted for 44%.

Qualys' net dollar expansion rate remained steady at 104%, reflecting improved gross retention but continued upsell challenges.

QLYS' non-GAAP gross profit increased 13% year over year to \$144.9 million, with the non-GAAP gross margin expanding to 85% compared with 83% in the year-ago quarter. Non-GAAP operating income rose 21% to \$80 million, representing a margin of 47%, up from 43% a year earlier. The margin improvement highlights Qualys' strong operating leverage despite higher investments in sales and marketing, which grew 9%.

Adjusted EBITDA grew 19% year over year to \$82.6 million, with the adjusted EBITDA margin improving to 49% from 45% in the prior-year quarter.

Qualys' Balance Sheet & Cash Flow

Qualys ended the quarter with \$663.6 million in cash, cash equivalents, and marketable securities compared with \$621 million in the previous quarter. The company generated operating cash flow of \$90.4 million, up 48% year over year, and free cash flow of \$89.5 million, representing a 53% margin versus 37% in the prior year.

Qualys repurchased 366,000 shares worth \$49.4 million during the third quarter and has repurchased a cumulative 10.4 million shares valued at \$1.2 billion since the program's inception. As of Sept. 30, 2025, \$205.2 million remained under the current share repurchase authorization.

Qualys Updates Guidance

Buoyed by stronger-than-expected third-quarter performance, Qualys raised guidance for full-year 2025. It now expects revenues between \$665.8 million and \$667.8 million, up from the earlier range of \$656-\$662 million. The updated guidance range implies a year-over-year improvement of 10%.

Qualys now forecasts non-GAAP earnings for 2025 to be in the range of \$6.93 to \$7.00 per share, up from the previous range of \$6.20-\$6.50.

Qualys also initiated guidance for the fourth quarter. The company expects revenues between \$172.0 million and \$174.0 million for the fourth quarter, indicating year-over-year growth of 8-9%. It projects non-GAAP earnings in the range of \$1.73 to \$1.80.

Recent News

On Nov. 3, Qualys announced that Bradford L. Brooks has joined the board of directors.

On Oct. 15, Qualys unveiled new capabilities in its Enterprise TruRisk Management that bolster identity security and improve predictive threat analysis.

On Oct. 15, Qualys announced enhancements to its Enterprise TruRisk Management platform, adding an agentic AI fabric, identity security, industry-specific threat prioritization, and exploit validation to help organizations predict and prevent emerging cyber threats.

On Aug. 27, Qualys announced that its Government Platform achieved FedRAMP High Authorization, sponsored by the U.S. Drug Enforcement Agency, making it one of the few cybersecurity platforms to deliver full-spectrum security at the highest federal standard.

On Aug. 4, Qualys announced new Agentic AI capabilities with the launch of the industry's first AI-powered Risk Operations Center.

On June 17, Qualys announced that it won two categories at the 2025 SC Awards Europe, with TotalCloud named Best Cloud Security Solution and VMDR recognized as Best Vulnerability Management Solution for the third consecutive year.

On June 11, Qualys announced the opening of a new office in Washington, D.C. to support rising demand from federal, state, and local agencies amid escalating cyber threats and a growing need for operational efficiency.

On May 6, Qualys announced the expansion of its invite-only managed Risk Operations Center (mROC) Partner Alliance with new global partners to advance business-aligned, scalable, and measurable cyber risk management.

Valuation

Qualys shares have declined 1.2% in the year-to-date period and 5.7% in the past year. Stocks in the Zacks sub-industry soared 19.7%, while the Zacks Computer & Technology sector returned 23% in the year-to-date period. In the past year, the Zacks sub-industry soared 16% and the sector has gained 25.4%.

The S&P 500 Index returned 14.5% in the year-to-date period and 14.2% in the past year.

The stock is currently trading at 6.98x forward 12-month sales, compared to 12.89x for the Zacks sub-industry, 6.63x for the Zacks sector, and 5.22x for the S&P 500 index.

Over the past five years, the stock has traded as high as 13.72x and as low as 6.31x, with a five-year median of 9.05x. Our Outperform recommendation indicates that the stock will perform better than the market. Our \$159 price target reflects an 8.03x forward 12-month sales multiple.

The table below shows summary valuation data for QLYS:

Valuation Multiples - QLYS					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	6.98	12.89	6.63	5.22
	5-Year High	13.72	19.36	7.40	5.52
	5-Year Low	6.31	6.92	4.25	3.84
	5-Year Median	9.05	12.56	6.30	5.06
P/B TTM	Current	9.38	23.68	10.25	8.21
	5-Year High	23.45	57.00	11.69	9.19
	5-Year Low	8.21	18.50	6.53	6.62
	5-Year Median	12.04	37.69	9.51	8.05
EV/Sales TTM	Current	6.97	15.21	7.83	5.54
	5-Year High	14.64	23.42	8.33	5.82
	5-Year Low	6.02	8.19	4.17	3.78
	5-Year Median	9.46	14.02	6.92	5.12

As of 11/18/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 16% (38 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
CrowdStrike (CRWD)	Outperform	3
Check Point Software... (CHKP)	Neutral	3
CyberArk Software Lt... (CYBR)	Neutral	2
Fortinet, Inc. (FTNT)	Neutral	3
Cloudflare, Inc. (NET)	Neutral	2
Palo Alto Networks, ... (PANW)	Neutral	4
Varonis Systems, Inc... (VRNS)	Neutral	3
Zscaler, Inc. (ZS)	Neutral	2

Industry Comparison⁽¹⁾ Industry: Security

	QLYS	X Industry	S&P 500	FTNT	PANW	VRNS
Zacks Recommendation (Long Term)	Outperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	1	-	-	3	4	3
VGM Score	C	-	-	B	C	D
Market Cap	5.05 B	21.84 B	37.98 B	60.33 B	132.52 B	3.90 B
# of Analysts	9	12	22	18	19	9
Dividend Yield	0.00%	0.00%	1.46%	0.00%	0.00%	0.00%
Value Score	F	-	-	D	F	F
Cash/Price	0.08	0.08	0.04	0.05	0.03	0.18
EV/EBITDA	20.90	32.62	14.48	23.59	52.41	-90.03
PEG Ratio	2.16	2.60	2.21	2.72	2.46	NA
Price/Book (P/B)	9.54	9.73	3.36	84.57	15.29	6.45
Price/Cash Flow (P/CF)	27.79	54.59	14.93	31.33	63.47	NA
P/E (F1)	20.38	59.31	20.30	30.63	49.68	261.08
Price/Sales (P/S)	7.73	8.47	3.10	9.20	13.87	6.41
Earnings Yield	4.91%	1.73%	4.91%	3.27%	2.01%	0.39%
Debt/Equity	0.00	0.10	0.57	0.68	0.00	0.75
Cash Flow (\$/share)	5.07	2.17	8.99	2.59	3.00	-0.08
Growth Score	B	-	-	B	A	B
Hist. EPS Growth (3-5 yrs)	28.83%	37.16%	8.16%	45.50%	83.36%	NA
Proj. EPS Growth (F1/F0)	12.72%	19.63%	8.18%	11.81%	14.67%	-58.06%
Curr. Cash Flow Growth	7.28%	7.14%	7.00%	31.68%	13.95%	-59.74%
Hist. Cash Flow Growth (3-5 yrs)	13.51%	31.84%	7.31%	31.84%	34.44%	12.68%
Current Ratio	1.38	1.60	1.19	1.03	0.99	1.81
Debt/Capital	0.00%	8.20%	38.15%	40.31%	0.00%	42.76%
Net Margin	28.96%	2.32%	12.82%	28.58%	11.69%	-18.82%
Return on Equity	37.40%	1.62%	17.00%	118.27%	17.05%	-21.91%
Sales/Assets	0.65	0.45	0.53	0.65	0.42	0.37
Proj. Sales Growth (F1/F0)	9.70%	13.72%	5.53%	13.40%	14.10%	12.30%
Momentum Score	A	-	-	A	C	F
Daily Price Chg	-0.55%	1.42%	0.54%	0.72%	2.58%	2.23%
1 Week Price Chg	-0.35%	-6.72%	3.73%	-4.20%	-10.89%	-6.95%
4 Week Price Chg	14.27%	-7.71%	0.13%	-6.13%	-13.67%	-6.13%
12 Week Price Chg	4.37%	-2.75%	5.67%	2.92%	-2.23%	-40.98%
52 Week Price Chg	-8.30%	0.34%	13.54%	-14.65%	-1.95%	-33.81%
20 Day Average Volume	476,547	1,843,747	2,762,023	5,660,730	6,247,506	1,748,348
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	12.22%	0.64%	0.15%	5.78%	-1.76%	0.00%
(F1) EPS Est 12 week change	12.22%	2.75%	0.60%	6.23%	-1.41%	-2.69%
(Q1) EPS Est Mthly Chg	25.12%	0.00%	-0.04%	11.07%	-2.32%	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	F
Growth Score	B
Momentum Score	A
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

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