

## BOX INC.

### OVERVIEW, BUSINESS MODEL & COMPETITIVE ADVANTAGE

Box is a provider of cloud-based storage and collaboration software and services. Box's Enterprise Content Collaboration (ECC) platform was purpose-built to enable simple and secure management, sharing, and storage of data; to be cloud-based and mobile-optimized; and to meet evolving needs of enterprise IT departments and information workers. Box offers up to 10Gb of free online storage and then charges for additional storage capacity and services. Box's competitive advantage includes intuitive user interface, rapid deployment, extensible and scalable platform and application-agnostic architecture. Based on this model, Box has levered 275,000-plus users into 32,000-plus registered users and 44,000-plus paying customers, including 48% of Fortune 500 companies. Box intends to issue 12.5 million shares (14.38 million with issuer over-allotment) at \$11-\$13 per Class A share.

### GROWTH

Box's try-it-free model often spreads virally across organizations. Box benefits from its industry positioning amid workplace changes based on cloud, mobility and big data and the increased need for data management and security. Its growth strategy includes sustaining and extending technology leadership, increasing global reach, targeting industry verticals, enabling channel and strategic partners and expanding the platform eco-system. Box grew January 2014 fiscal year revenue by 111% to \$124.2 million and grew nine-month revenue through October 2014 by 80% to \$153.8 million. Box continues to invest aggressively, resulting in operating losses. GAAP losses, which totaled \$169 million for fiscal 2014 and \$121 million for the first nine months of fiscal 2015, appear to be declining as a percentage of revenue.

### FINANCIAL STRENGTH & DIVIDEND

As of 10/31/14, Box had \$165.2 million in cash and cash equivalents; \$313.9 million in total assets; a stockholder's deficit of \$431.7 million; and long-term debt of \$40 million. Assuming asset sales proceeds from a midpoint IPO price, cash will rise to \$300 million post-IPO. Box does not intend to pay a dividend.

### MANAGEMENT & RISKS

Co-founder Aaron Levie is chairman and CEO; co-founder Dylan Smith is president and COO; and Dan Levin is CFO. Risks include an intensely competitive environment; potential for security breaches; a need to manage rapid growth; and a history of losses.

### SELLING SHAREHOLDERS & VALUATION

All IPO shares will be Class A. Post-IPO, 119.5 million total shares (Class B voting and Class A) will be outstanding. Class B voting shares are held by pre-IPO investors. Post-IPO, Box is forecast to grow revenue more than twice as fast as the peer group. However, it trades at a premium to peers on price/sales and at meaningless P/Es.

### STATISTICAL DATA

Information as of:	01/16/2015
Symbol:	BOX
Exchange:	NYSE
Industry:	Technology-Software
Shares Offered:	12.5 million
Projected Range	\$11-\$13
Projected IPO Date:	Week of January 19, 2015
Underwriters:	Morgan Stanley, Credit Suisse, J.P. Morgan, BMO Capital Markets, Canaccord Genuity, Pacific Crest, Raymond James, Wells Fargo
Website:	www.box.com

### COMPARABLES

Symbol	Close	Mkt. Cap. (mil.)	Rev. (mil.)	RevGr	Op Mgn.	EPS	EPSGr	P/E	P/S	Yield
BOX	\$12.00	\$1,434	\$205	80.0%	-58.7%	\$(1.25)	NM	(9.6)	7.0	0.0%
RAX	\$45.77	\$6,570	\$1,800	17.0%	8.4%	\$0.70	14.8%	65.4	3.7	0.0%
CVLT	\$47.30	\$2,160	\$616	5.1%	13.3%	\$1.53	-21.1%	30.9	3.5	0.0%
EMC	\$27.71	\$56,380	\$24,500	5.5%	17.2%	\$1.90	5.6%	14.6	2.3	1.6%

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