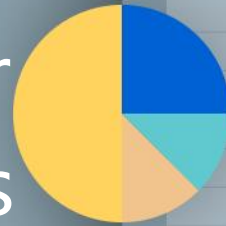




# Second Fiscal Quarter FY18 Financial Results



August 30, 2017

# Forward-Looking Statements and Non-GAAP Financial Measures

This presentation contains forward-looking statements that involve risks and uncertainties, including statements regarding Box's expectations regarding the size of its market opportunity, the demand for its products, its ability to scale its business and drive operating leverage, its ability to achieve its long-term operating model targets (including its revenue target of \$1 billion), its ability to achieve positive free cash flow for each of the third and fourth quarters of fiscal 2018 and the full fiscal year ending January 31, 2018, free cash flow for the full fiscal year ending January 31, 2018, profitability, recent and planned product introductions and enhancements, the short- and long-term success and benefits of such product introductions and enhancements, and the success of strategic partnerships, as well as expectations regarding its revenue, GAAP and non-GAAP earnings per share, the related components of GAAP and non-GAAP earnings per share, and weighted average basic and diluted outstanding share count expectations for Box's fiscal third quarter and full fiscal year 2018.

There are a significant number of factors that could cause actual results to differ materially from statements made in this press release, including: (1) adverse changes in general economic or market conditions; (2) delays or reductions in information technology spending; (3) factors related to Box's intensely competitive market, including but not limited to pricing pressures, industry consolidation, entry of new competitors and new applications and marketing initiatives by Box's current or future competitors; (4) the development of the Cloud Content Management market; (5) risks associated with Box's ability to manage its rapid growth effectively; (6) Box's limited operating history, which makes it difficult to predict future results; (7) the risk that Box's customers do not renew their subscriptions, expand their use of Box's services, or adopt new products offered by Box; (8) Box's ability to provide timely and successful enhancements, new features and modifications to its platform and services; (9) actual or perceived security vulnerabilities in Box's services or any breaches of Box's security controls; and (10) Box's ability to realize the expected benefits of its third-party partnerships. Further information on these and other factors that could affect the forward-looking statements we make in this presentation can be found in the documents that we file with or furnish to the US Securities and Exchange Commission, including our most recent Quarterly Report on Form 10-Q filed for the fiscal quarter ended July 31, 2017.

You should not rely on any forward-looking statements, and we assume no obligation, nor do we intend, to update them. All information in this presentation is as of August 30, 2017. This presentation contains non-GAAP financial measures and key metrics relating to the company's past and expected future performance. You can find the reconciliation of these measures to the nearest comparable GAAP measures in the appendix at the end of this presentation. You can also find information regarding our use of non-GAAP financial measures in our earnings release dated August 30, 2017.

# Cloud Content Management from Box

The simple and secure way to bring all of your people,  
information and applications together to revolutionize how you work

# Digital transformation is pressuring every organization



## Users

- Increased end-user expectations
- Need to collaborate across every team



## IT organizations

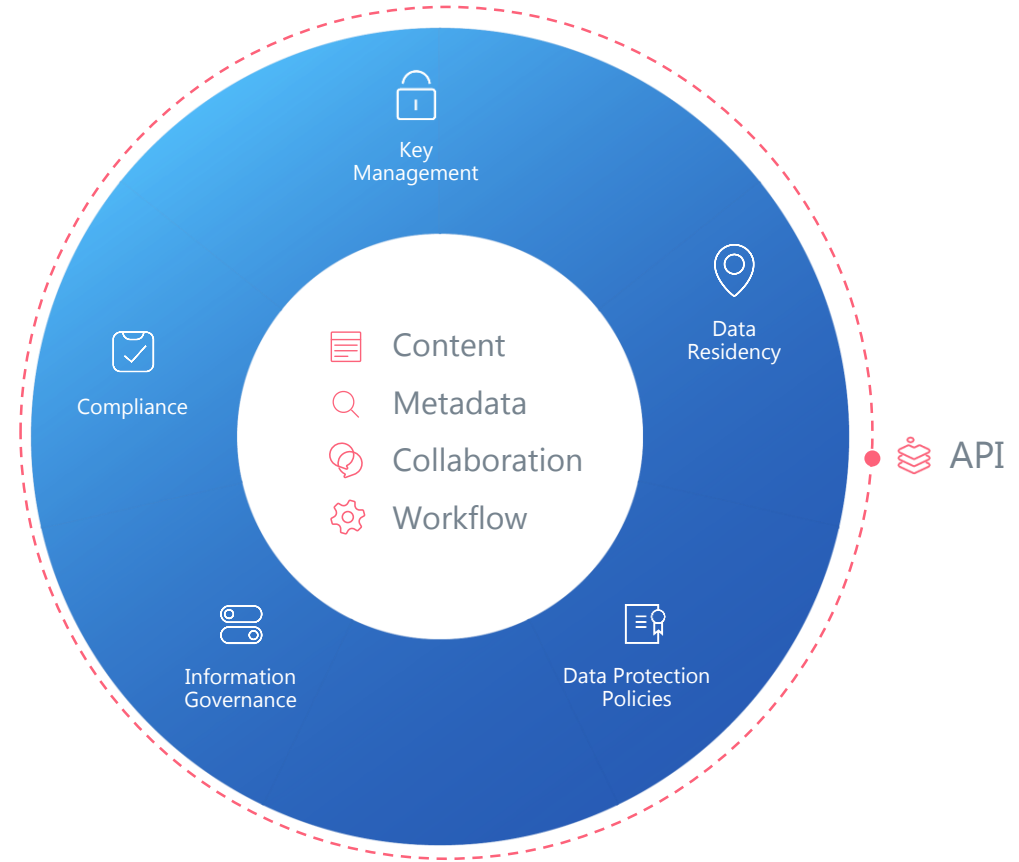
- IT mired in support for multiple legacy systems
- New security threats emerging



## Business

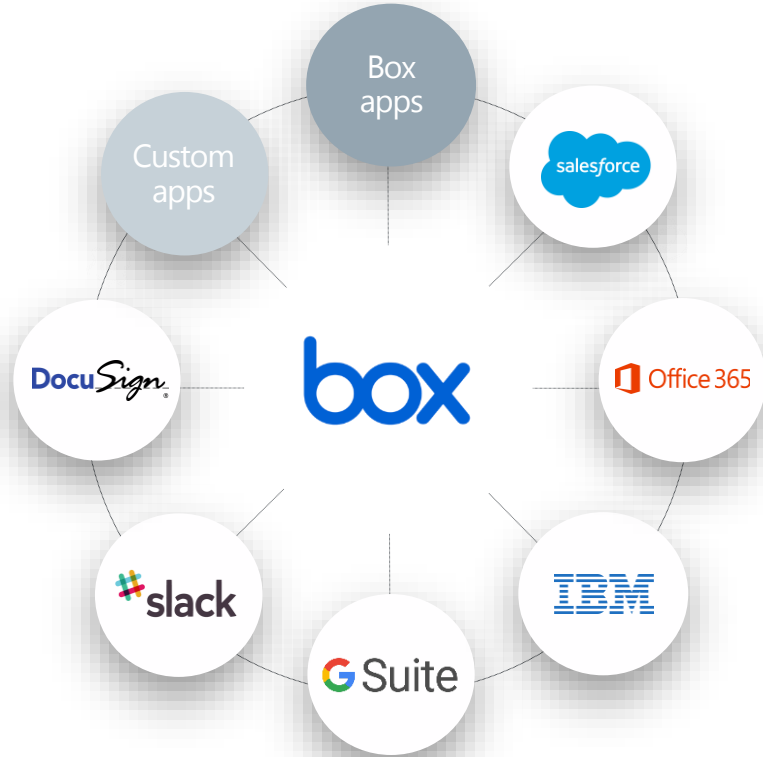
- Customers expect modern services
- Need to innovate and speed up processes

# Box, one platform that works for all your content



# Connected to all your applications

- Over 1,000 integrations into third-party applications
- Adds security into every content application, automatically
- SDKs and UI Kits to extend Box into your custom apps



# Cloud Content Management Use Cases

## ✓ Productivity and collaboration

- External and team collaboration
- Mobile productivity
- Real-time notes for teams
- Cloud file shares

## ✓ Intelligent business processes

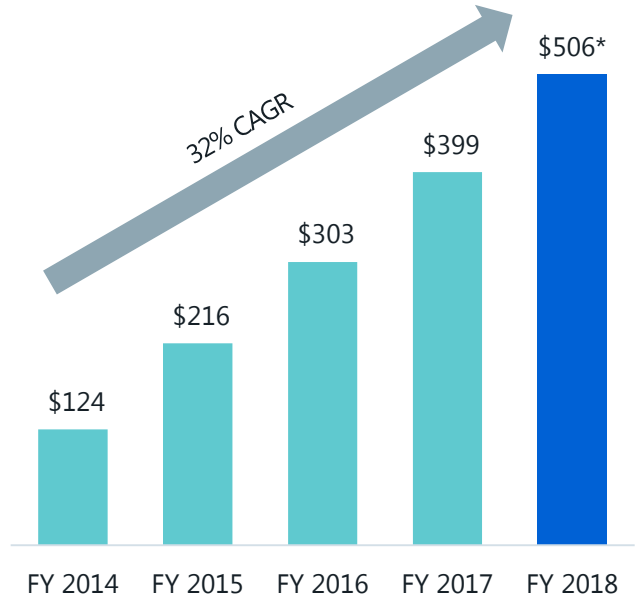
- Document retention and disposition
- Document workflow
- Simplified digital asset management
- Custom process integration

## ✓ Engaging digital experiences

- Secure document vaults
- Content submission and approval
- Field worker enablement
- Custom digital apps

# A Leader in Cloud Content Management

Revenue Growth (\$M)



\*High end of guidance as of August 30, 2017

- Sustained strong revenue growth
- ~96% recurring revenue, SaaS product
- 76,000 paying customers, 65% of Fortune 500
- Significant new products
- Focus on positive Free Cash Flow & Op Margin improvement
- Strategic international expansion and go-to-market investments
- Key alliances with Google, IBM and Microsoft
- 1,600+ Employees



76K

Paying Customers

65%

Fortune 500

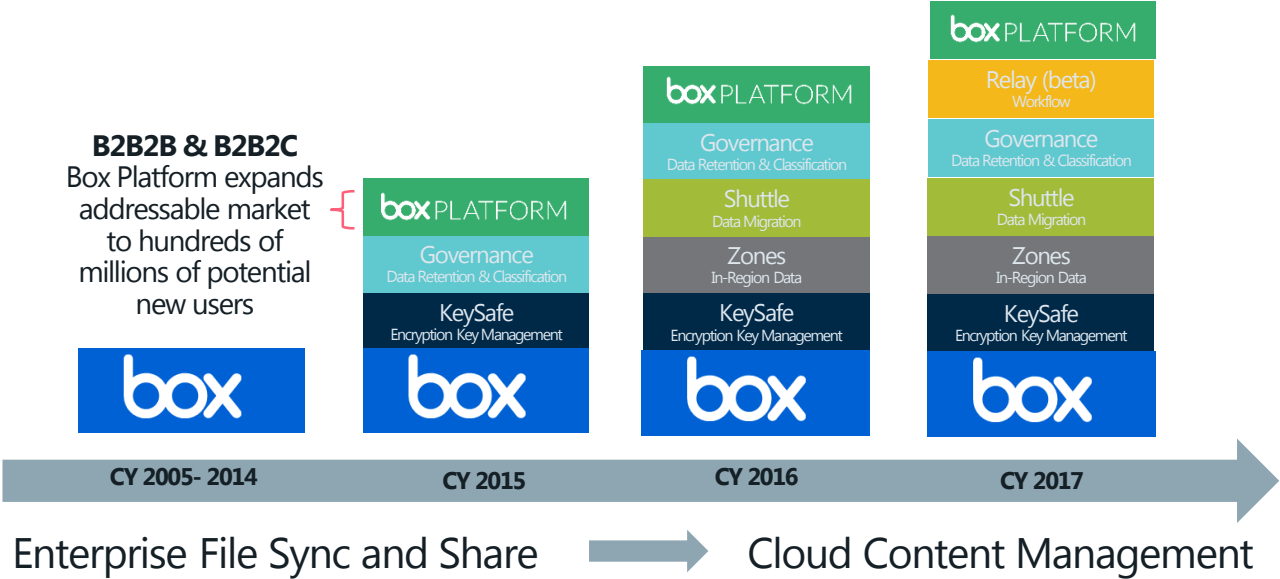


UNITED TALENT  
AGENCY



# Inflection Point in Growth and Innovation

New Products Provide Further Competitive Differentiation & Additional Revenue



# Second Quarter Fiscal 2018 Financial Highlights

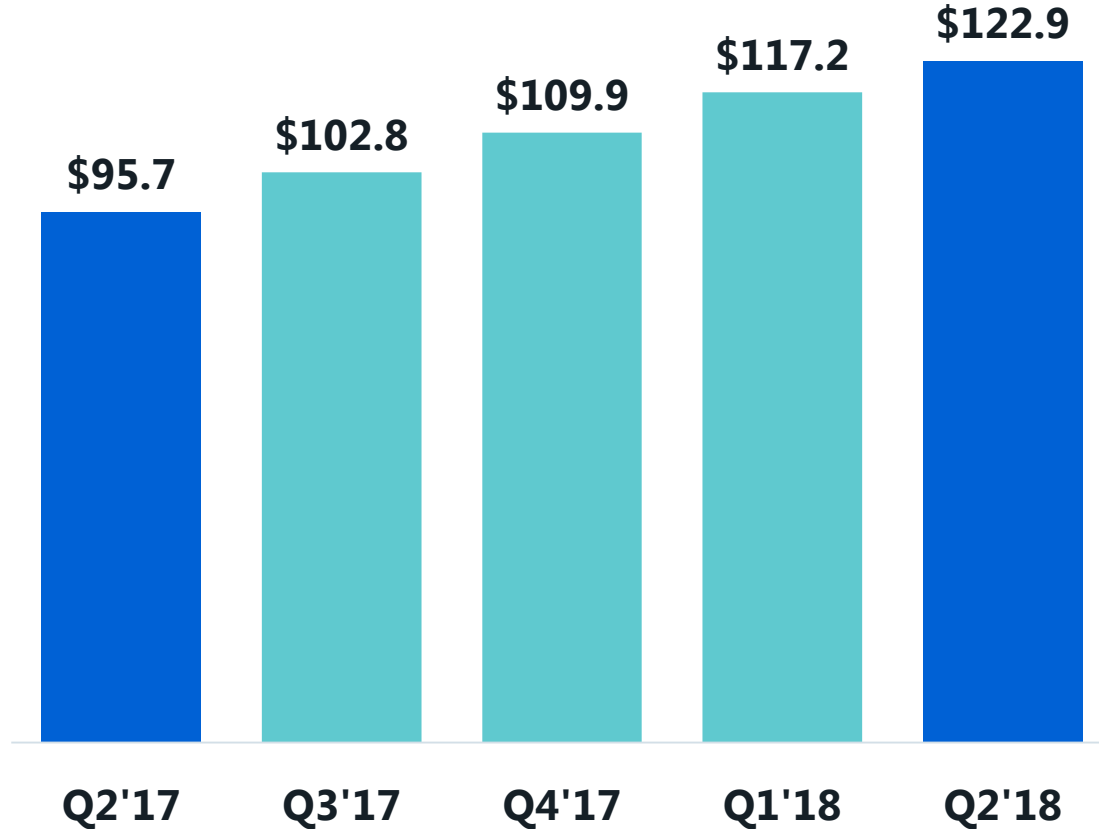
Record Revenue and Improvement in Non-GAAP EPS

	Q2FY18	Q2FY17	Y/Y Growth
Revenue	\$122.9M	\$95.7M	28%
Billings	\$139.5M	\$106.5M	31%
Deferred Revenue	\$240.8M	\$183.0M	32%
GAAP EPS	(30¢)	(30¢)	—
Non-GAAP EPS	(11¢)	(14¢)	3¢
Cash Flow from Operations	(\$9.5M)	(\$4.9M)	(\$4.6M)
Free Cash Flow	(\$14.7M)	(\$8.0M)	(\$6.7M)

Note: Non-GAAP EPS and Free Cash Flow shown on a non-GAAP basis (reconciliations to the GAAP basis can be found in the Appendix of this presentation).

# Strong Revenue Growth of 28% YoY (\$M)

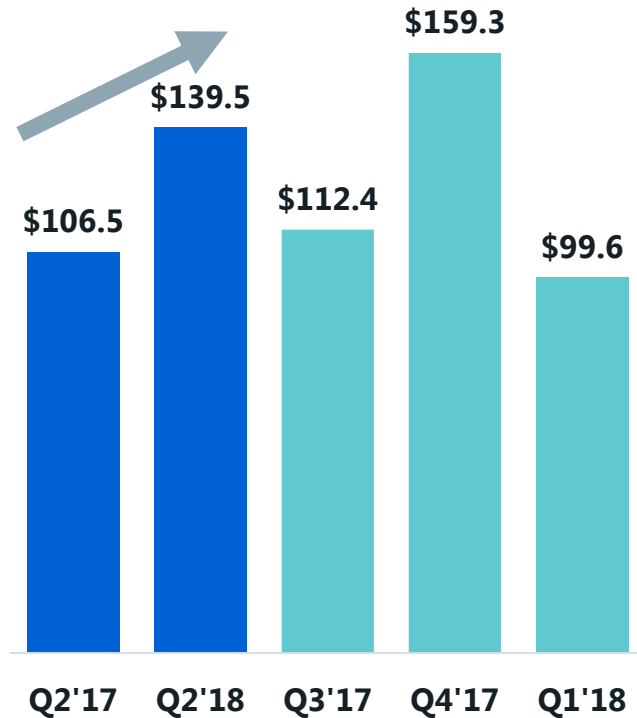
Driven by Best-In-Class Retention Rate



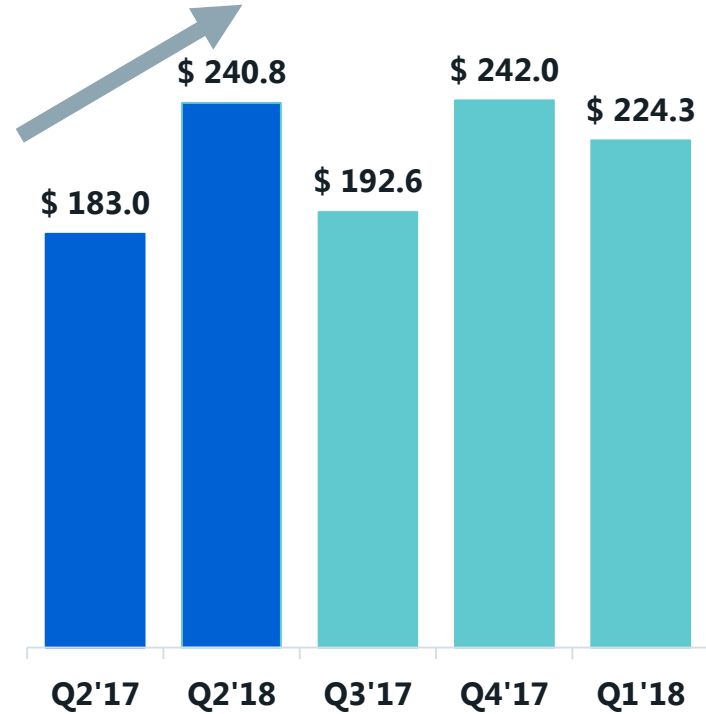
# Billings & Deferred Revenue Growth YoY (\$M)

Strong Execution and New Product Traction

Billings Growth Up 31%



Deferred Revenue Growth Up 32%

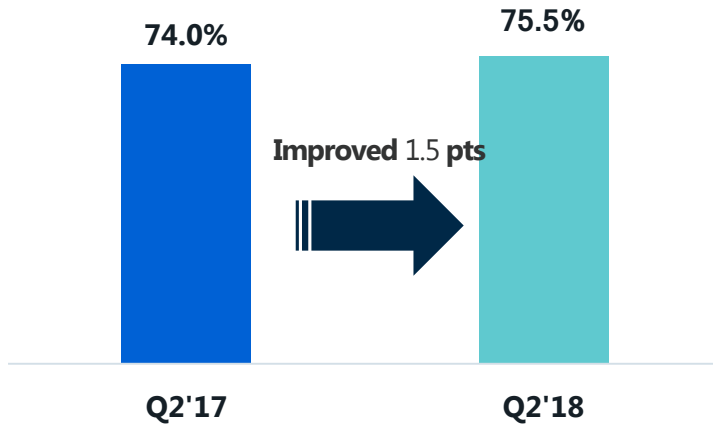


# Gross Margin and Operating Expense

Q2'18 GAAP Gross Margin 73.3%, Non-GAAP 75.5%

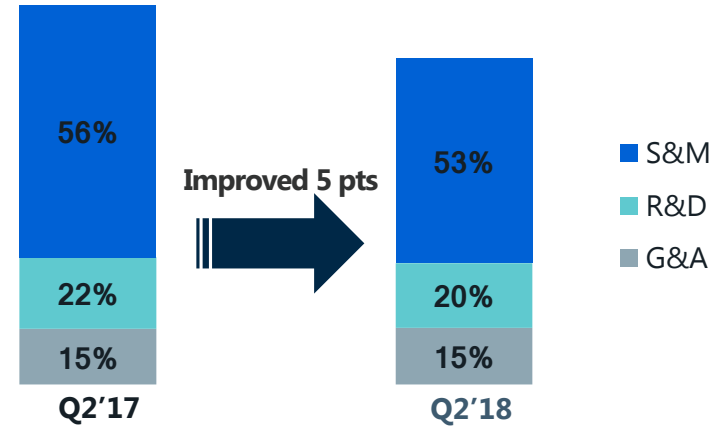
Q2'18 GAAP Op Expense \$129M, Non-GAAP \$108M

## Non-GAAP Gross Margin



- Improvement driven by optimizations in infrastructure

## Non-GAAP Op Exp (% of Revenue)



- S&M improved 3 percentage pts, demonstrating leverage with ramped sales rep productivity.
- R&D improved 2 percentage pts, including significant enhancements and expansion of product offering.
- G&A stable at 15%, despite investments in ASC 606 and international expansion costs.

# Best-in-Class Retention Rate

Low Churn Continues to Demonstrate Product Stickiness



3.5%

**Churn** <sup>(3)</sup>

Product  
stickiness

17%

**Net Expansion**<sup>(1)</sup>

Continued  
growth within  
existing  
customers

113%

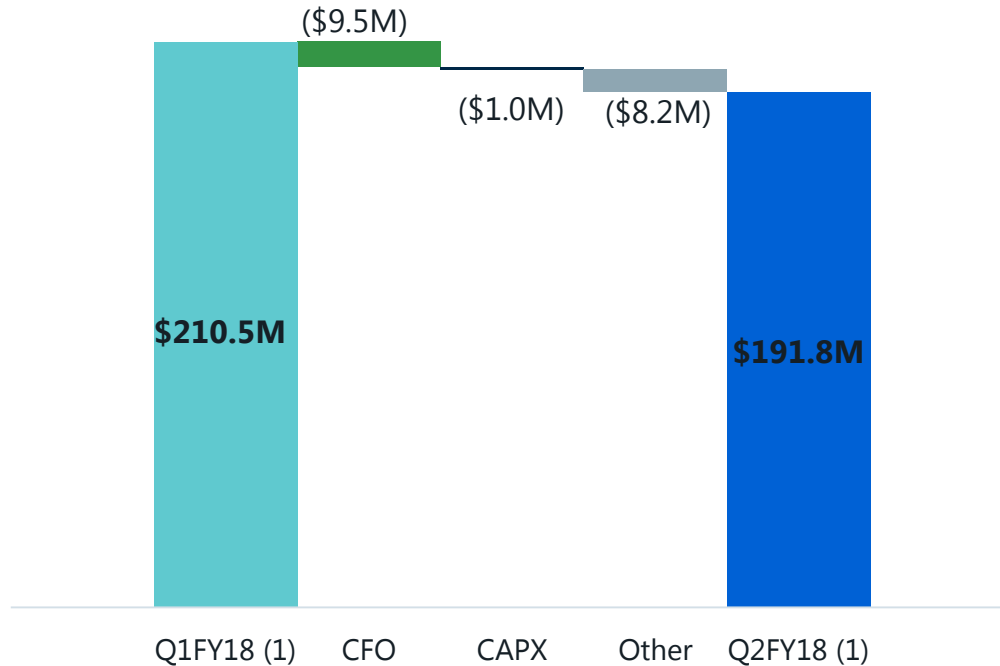
**Retention Rate**<sup>(2)</sup>

Best-in-class

1. Net expansion defined as the net increase in Total Account Value ("TAV") value from our existing customers, who had \$5K+ in TAV 12 months ago.
2. Retention rate defined as the net % of Total Account Value ("TAV") retained from existing customers, including expansion. This metric is calculated by dividing current TAV of customers who 12 months ago had \$5K+ in TAV by their TAV 12 months ago.
3. Churn is rounded to the nearest half percentage point.

# Cash, Cash Equivalents & Restricted Cash

Healthy Cash Balances for Long Term Growth



- Cash used in operations of (\$9.5M).

- ~\$1.0M of CAPEX, due to shift in infrastructure purchases to capital lease (\$4.2M).

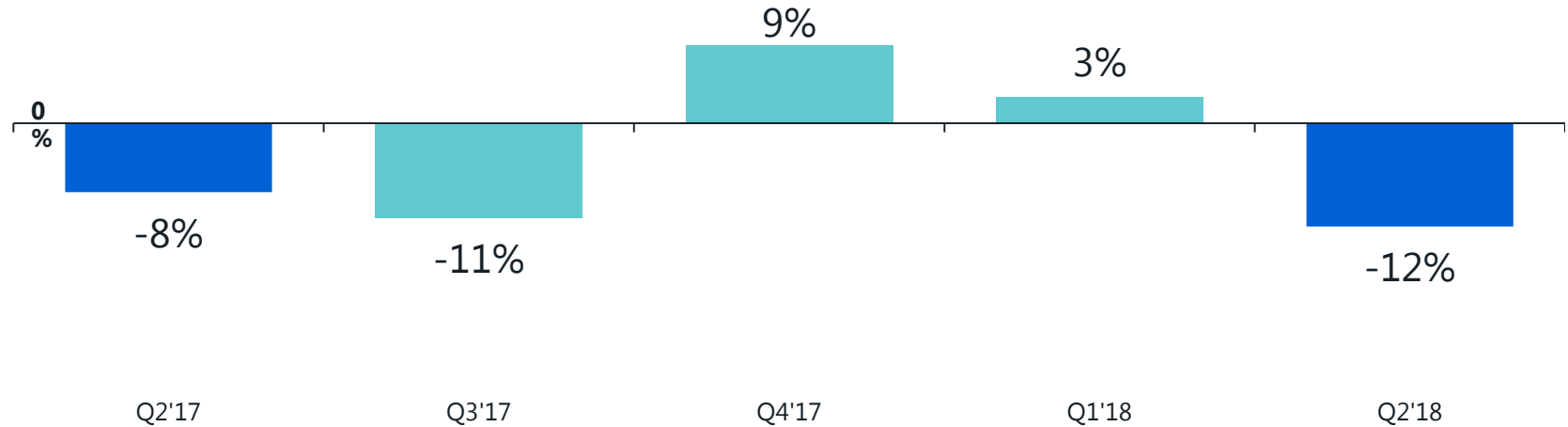
- "Other" primarily consists of cash used for RSU taxes, capital lease obligations, acquisition related consideration payment, offset by exercise of stock options. Q1'18 includes proceeds from ESPP.

1. Balance includes cash, cash equivalents, and \$27 million in restricted cash for both periods.



# Free Cash Flow Margin<sup>(1)</sup>

Investments in international expansion



- Improvements in non-GAAP operating loss
- Continued focus on tight working capital management
- Facility costs associated with international expansion in Japan and EMEA

1. Free Cash Flow Margin = Free Cash Flow as a percentage of Revenue. Free Cash Flow is defined as cash (used in) provided by operating activities less purchases of property and equipment, principal payments of capital lease obligations, and other items that did not or are not expected to require cash settlement and which management considers to be outside of Box's core business. Refer to the Appendix for the reconciliation of Free Cash Flow to the nearest comparable GAAP measure.

# Q3 and Fiscal Year 2018 Guidance

## Q3 FY18 Guidance

<u>Revenue</u>		<u>GAAP EPS</u>		<u>Non-GAAP EPS</u>		<u>Weighted Average Shares Outstanding</u>
Low	High	Low	High	Low	High	
\$ 128	\$ 129M	(\$0.34)	(\$0.33)	(\$0.14)	(\$0.13)	135 million

## FY 18 Guidance

<u>Revenue</u>		<u>GAAP EPS</u>		<u>Non-GAAP EPS</u>		<u>Weighted Average Shares Outstanding</u>
Low	High	Low	High	Low	High	
\$ 503M	\$ 506M	(\$1.23)	(\$1.21)	(\$0.46)	(\$0.44)	134 million



# Appendix

GAAP to Non GAAP Reconciliations

# GAAP Revenue to Billings Reconciliation

*(\$ in thousands)*

	<b>Q2FY17</b>	<b>Q3FY17</b>	<b>Q4FY17</b>	<b>Q1FY18</b>	<b>Q2FY18</b>
<b>GAAP revenue</b>	<b>\$95,713</b>	<b>\$102,811</b>	<b>\$109,926</b>	<b>\$117,222</b>	<b>\$122,941</b>
Deferred revenue, end of period	183,004	192,598	241,984	224,315	240,839
Less: Deferred revenue, beginning of period	(172,184)	(183,004)	(192,598)	(241,984)	(224,315)
<b>Billings</b>	<b>\$106,533</b>	<b>\$112,405</b>	<b>\$159,312</b>	<b>\$99,553</b>	<b>\$139,465</b>

# GAAP to Non-GAAP Reconciliation – Gross Margin

(\$ in thousands)

	<b>Q2FY17</b>	<i>As a % of revenue</i>	<b>Q3FY17</b>	<i>As a % of revenue</i>	<b>Q4FY17</b>	<i>As a % of revenue</i>	<b>Q1FY18</b>	<i>As a % of revenue</i>	<b>Q2FY18</b>	<i>As a % of revenue</i>
<b>GAAP gross margin</b>	<b>\$68,111</b>	<b>71.2%</b>	<b>\$75,696</b>	<b>73.6%</b>	<b>\$80,372</b>	<b>73.1%</b>	<b>\$84,499</b>	<b>72.1%</b>	<b>\$90,163</b>	<b>73.3%</b>
Add: Stock-based compensation	1,830		1,986		2,554		2,468		2,663	
Add: Intangible assets amortization	878		506		393		365		-	
<b>Non-GAAP gross margin</b>	<b>\$70,819</b>	<b>74.0%</b>	<b>\$78,188</b>	<b>76.1%</b>	<b>\$83,319</b>	<b>75.8%</b>	<b>\$87,332</b>	<b>74.5%</b>	<b>\$92,826</b>	<b>75.5%</b>

# GAAP to Non-GAAP Reconciliation – Operating Expenses

<i>(\$ in thousands)</i>		<i>As a % of revenue</i>		<i>As a % of revenue</i>		<i>As a % of revenue</i>
	<b>Q2FY17</b>		<b>Q1FY18</b>		<b>Q2FY18</b>	
<b>GAAP research and development</b>	<b>\$28,265</b>	<b>30%</b>	<b>\$33,534</b>	<b>29%</b>	<b>\$34,042</b>	<b>28%</b>
Less: Stock-based compensation	(7,348)		(9,160)		(9,554)	
<b>Non-GAAP research and development</b>	<b>\$20,917</b>	<b>22%</b>	<b>\$24,374</b>	<b>21%</b>	<b>\$24,488</b>	<b>20%</b>
<b>GAAP sales and marketing</b>	<b>\$60,186</b>	<b>63%</b>	<b>\$70,663</b>	<b>60%</b>	<b>\$73,271</b>	<b>60%</b>
Less: Stock-based compensation	(6,416)		(7,740)		(7,934)	
<b>Non-GAAP sales and marketing</b>	<b>\$53,770</b>	<b>56%</b>	<b>\$62,923</b>	<b>54%</b>	<b>\$65,337</b>	<b>53%</b>
<b>GAAP general and administrative</b>	<b>\$17,579</b>	<b>18%</b>	<b>\$20,281</b>	<b>17%</b>	<b>\$21,846</b>	<b>18%</b>
Less: Stock-based compensation	(3,470)		(3,578)		(3,916)	
Less: Intangible assets amortization	(38)		(39)		(38)	
<b>Non-GAAP general and administrative</b>	<b>\$14,071</b>	<b>15%</b>	<b>\$16,664</b>	<b>14%</b>	<b>\$17,892</b>	<b>15%</b>

# GAAP to Non-GAAP Reconciliation – Operating Margin

*(\$ in thousands)*

	<b>Q2FY17</b>	<i>As a % of revenue</i>	<b>Q1FY18</b>	<i>As a % of revenue</i>	<b>Q2FY18</b>	<i>As a % of revenue</i>
<b>GAAP operating margin</b>	<b>(\$37,919)</b>	<b>(40%)</b>	<b>(\$39,979)</b>	<b>(34%)</b>	<b>(\$38,996)</b>	<b>(32%)</b>
Less: Stock-based compensation	19,064	20%	22,946	20%	24,067	20%
Less: Intangible assets amortization	916	1%	404	-	38	-
<b>Non-GAAP operating margin</b>	<b>(\$17,939)</b>	<b>(19%)</b>	<b>(\$16,629)</b>	<b>(14%)</b>	<b>(\$14,891)</b>	<b>(12%)</b>

# GAAP to Non-GAAP Reconciliation – Free Cash Flow

<i>(\$ in thousands)</i>	<b>Q2FY17</b>	<i>As a % of revenue</i>	<b>Q3FY17</b>	<i>As a % of revenue</i>	<b>Q4FY17</b>	<i>As a % of revenue</i>	<b>Q1FY18</b>	<i>As a % of revenue</i>	<b>Q2FY18</b>	<i>As a % of revenue</i>
<b>GAAP net cash (used in) provided by operating activities</b>	<b>(\$4,879)</b>	<b>(5%)</b>	<b>(\$6,829)</b>	<b>(7%)</b>	<b>\$14,721</b>	<b>13%</b>	<b>\$8,541</b>	<b>7%</b>	<b>(\$9,523)</b>	<b>(8%)</b>
Less: Purchases of property and equipment	(771)		(1,892)		(1,317)		(784)		(1,013)	
Less: Payments of capital lease obligations	(2,312)		(2,178)		(3,236)		(3,736)		(4,176)	
<b>Free cash flow</b>	<b>(\$7,962)</b>	<b>(8%)</b>	<b>(\$10,899)</b>	<b>(11%)</b>	<b>\$10,168</b>	<b>9%</b>	<b>\$4,021</b>	<b>3%</b>	<b>(\$14,712)</b>	<b>(12%)</b>



# GAAP to Non-GAAP Reconciliation – EPS

	For the Three Months Ended July 31, 2017	For the Three Ended July 31, 2016
<b>GAAP net loss per share range, basic and diluted</b>	<b>\$(0.30)</b>	<b>\$(0.30)</b>
Stock based compensation	0.19	0.15
Intangible assets amortization	-	0.01
<b>Non-GAAP net loss per share range, basic and diluted</b>	<b>\$(0.11)</b>	<b>\$(0.14)</b>
<b>Weighted average shares outstanding, basic and diluted</b>	<b>132,981</b>	<b>126,776</b>

# GAAP to Non-GAAP Reconciliation – EPS Outlook

	For the Three Months Ended October 31, 2017	For the Year Ended January 31, 2018
<b>GAAP net loss per share range, basic and diluted</b>	<b>\$(0.34 – 0.33)</b>	<b>\$(1.23-1.21)</b>
Stock based compensation	0.20	0.77
Intangible assets amortization	-	-
<b>Non-GAAP net loss per share range, basic and diluted</b>	<b>\$(0.14– 0.13)</b>	<b>\$(0.46-0.44)</b>
<b>Weighted average shares outstanding, basic and diluted</b>	<b>134,731</b>	<b>134,021</b>



# Thank you!

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