

Smartsheet

Another Solid Beat and Raise Quarter; Accelerating Billings Growth

Smartsheet reported another solid beat-and-raise quarter in FQ3 (Oct), the 3rd post-IPO quarter, with all metrics above expectations. Key Takeaways: (1) Revenue was 6% above consensus, while PF EPS exceeded consensus by 7c; (2) **Calculated billings accelerated for the second consecutive quarter and grew 69% y/y.** Billings upside came from big deal momentum as well as early traction from new products launched this year, which drove incremental seat sales; (3) **FQ3 marked an acceleration for the second consecutive quarter of customers paying >\$50K in ACV,** indicating early success of its solutions strategy driving larger deals as well as underscoring the growing strategic nature of Smartsheet; (4) **Dollar-based net retention rate also expanded 100 bps from last quarter to 132%, driven by a higher expansion rate as well as lower churn;** and (5) finally, Smartsheet raised revenue, PF EPS, and FCF guidance for the full year. **Smartsheet also raised its full-year billings guidance to grow +56% at the mid-point, above the prior guidance of +49% y/y growth, although growth is expected to decelerate in Q4 due to a tough y/y comp.** Net/net, FQ3 was a continuation of the strong momentum Smartsheet observed in the 1H of this year, suggesting a solid demand environment and validating the market for a cloud-based platform to handle unstructured work. We continue to be big believers of Smartsheet's technology and its multi-faceted growth story and expect it to become an integral part of the enterprise software fabric within organizations over time.

- **Positives.** (1) Smartsheet referred to acceleration in new bookings during the quarter; (2) PF Gross margin of 82% expanded 140 bps y/y to the highest level in the company's history; (3) Number of Customers paying >\$50K in ACV accelerated slightly to 148% y/y vs. 146% y/y growth last quarter; (4) Dollar-based net expansion rate was 132%, up 300 bps y/y and 100 bps sequentially; and (5) Smartsheet referred to slightly lower gross churn in the quarter, which rounded down to 10% vs. 11% last quarter.
- **Negatives.** (1) SBC jumped to 13% of revenue, a new post-IPO high; And (2) implied billings guidance for Q4 reflects a deceleration due to a tough Q4 comp.
- **Reaffirm OW, \$33 PT.**

Smartsheet Inc. (SMAR;SMAR US)

| FYE Jan | 2017A | 2018A | 2019E (Prev) | 2019E (Curr) | 2020E (Prev) | 2020E (Curr) |
|-----------------------------------|--------|---------|-----------------|-----------------|-----------------|-----------------|
| Analyst Adjusted Diluted EPS (\$) | | | | | | |
| Q1 (Apr) | (0.03) | (0.08) | (0.12)A | (0.12)A | (0.18) | (0.15) |
| Q2 (Jul) | (0.04) | (0.08) | (0.08)A | (0.08)A | (0.14) | (0.12) |
| Q3 (Oct) | (0.03) | (0.10) | (0.16) | (0.09)A | (0.17) | (0.14) |
| Q4 (Jan) | (0.05) | (0.08) | (0.19) | (0.14) | (0.14) | (0.13) |
| FY | (0.16) | (0.34) | (0.55) | (0.43) | (0.62) | (0.53) |
| Revenue FY (\$ th) | 66,964 | 111,254 | 168,049 | 175,085 | 236,686 | 237,172 |

Source: Company data, Bloomberg, J.P. Morgan estimates.

See page 11 for analyst certification and important disclosures.

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Overweight

SMAR, SMAR US

Price: \$27.06

Price Target: \$33.00

Software

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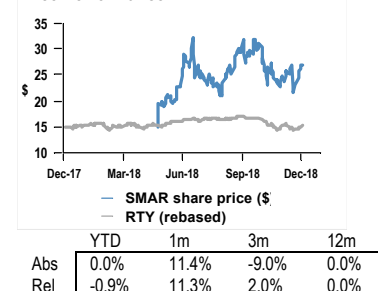
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Price Performance



Company Data

| | |
|-----------------------|-------------|
| Price (\$) | 27.06 |
| Date Of Price | 03-Dec-18 |
| 52-week Range (\$) | 33.98-18.06 |
| Market Cap (\$ mn) | 3,198.52 |
| Fiscal Year End | Jan |
| Shares O/S (th) | 118,201 |
| Price Target (\$) | 33.00 |
| Price Target End Date | 31-Dec-19 |

Quarterly Details

- **Q3 Total Revenue and PF EPS above Consensus.** Smartsheet reported total revenue of \$46.9M (+60% y/y), above consensus of \$44.1M (+50% y/y). Subscription revenue of \$41.5M (+57% y/y) was 89% of total revenue. PF EPS of (9c) was also 7c better than consensus.
- **Raised FY19 Revenue and PF EPS Guidance Above Consensus.** Smartsheet raised its full year revenue guidance by \$7.1M above the \$3M Q3 beat. It now expects FY19 revenue of \$174.6-175.6M (+57% to +58% y/y) vs. \$167-169M (+50% to +52% y/y) of prior guidance and above consensus of \$168.5M (+52% y/y). FY19 PF EPS guidance was also raised to (44c) to (42c) vs. prior guidance of (56c) to (52c) and above consensus of (53c).
- **FQ4 Revenue and PF EPS Guidance Above Consensus.** FQ4 total revenue guidance of \$49.0-50.0M (+49% to +52% y/y) is higher than consensus of \$45.7M (+39% y/y). Midpoint of FQ3 PF EPS guidance of (15c) to (13c) was also above consensus of (17c).

Key Metrics

- PF gross margin was 82.2% vs. 81.6% last quarter and 80.8% in F3Q18.
- PF operating margin was -21.9% vs. -20.6% last quarter and -32.0% in F3Q18.
- Dollar-based net retention rate was 132% vs. 131% last quarter and 129% in F3Q18.
- Added 1,200 net new domain-based customers in FQ3 vs. 1,051 added last quarter and 1,508 added in F3Q18.
- Average annualized contract value per domain-based customer was \$2,214 (+49% y/y) vs. \$2,002 (+49% y/y) last quarter and \$1,491 (+41% y/y) in F3Q18.
- The company ended F3Q19 with net cash of \$212M, compared to \$211M last quarter.

Investment Thesis, Valuation and Risks

Smartsheet (*Overweight; Price Target: \$33.00*)

Investment Thesis

Smartsheet is a leading cloud-based work execution platform that allows users to handle ad hoc or unstructured projects that have traditionally been managed using emails, whiteboards, documents, and spreadsheets. Its simple and familiar spreadsheet-based user interface along with a straightforward licensing model designed for viral adoption allows it to spread organically within organizations and become an integral part of business process workflows. The stickiness of the product increases with higher adoption and helps fend off competition from large legacy vendors as well as smaller startups. We are impressed by Smartsheet's rapid growth profile (>60% for the last two years), strong dollar-based net retention rate (130% in

FY18), and superior sales efficiency (14-month S&M payback period). Looking forward, while we think the current sales reorganization could present a slight near-term headwind, we believe that Smartsheet has ample growth opportunities across several vectors and thus carries potential to become part of the enterprise software fabric within organizations.

Valuation

Our Dec-19 price target of \$33 is based on ~15x EV/CY19E, as compared to its comps at ~10x EV/CY19E. The premium vs. its peers accounts for Smartsheet's higher revenue growth rate (39% vs. 29% for comps), high subscription mix, and better gross margin profile. Additionally, we believe there is potential upside bias to the model that could be driven by acceleration in expansion dynamics, international traction, and perhaps less than expected disruption from the recently launched sales reorganization.

Risks to Rating and Price Target

Downside Risks

Competition from a Long Tail of Smaller Competitors and Deep Pocketed Mega-Vendors May Inhibit Growth

Smartsheet has established itself as a category leader over the past decade with an impressive roster of blue chip customers. However, persistent competitive pressures from a long tail of smaller competitors could inhibit the company from maintaining top-line growth, expanding margins, and retaining customers. Additionally, Smartsheet may find difficulty competing with mega-vendors such as Microsoft, Google, and CA Technologies if they develop functionality similar to Smartsheet, as they can afford to heavily discount or give away those tools by bundling them as part of a broader customer engagement.

Expansion Within Existing Customers Could Stall

Smartsheet has over 74K brands including 90% of F100 and 66% of F500 companies. While new customer additions are a growth lever, much of Smartsheet's growth story hinges on monetizing its existing customers, that is, expanding and sustaining its dollar expansion rate of 130%. If Smartsheet is unable to prove a path toward expanding within its existing customers' accounts, revenue growth could suffer and gross margin could see less leverage than expected, impacting the stock.

Sales ReOrg Could Drive Disruption

Smartsheet is embarking upon a sales reorganization heading into 2018 as it hires more sales resources and is focusing its existing sales resources on customers with high lifetime value and away from smaller customers (<50 employees). Although we think these changes could strengthen Smartsheet's position in the market for the long term, they could create some near-term disruption to sales motion.

General Risks

Security Breaches and Outages

Smartsheet provides its software over the internet, which involves transmission of its customers' data. Additionally, Smartsheet's applications are hosted, and the data is stored in third-party data centers. Any unauthorized access to the data due to security breaches or any outages that might impact the uptime of the systems could negatively impact Smartsheet's business.

Macroeconomic Gyration

IT spending growth has remained positive for several years, but any macroeconomic headwinds could prompt buyers to more carefully consider their purchase or delay purchasing altogether, which could adversely affect Smartsheet.

Models

Figure 1: SMAR – Income Statement

FYE December, \$ thousands

| | <<<AII ASC 606>>> | | | | | | Apr-17 | Jul-17 | Oct-17 | Jan-18 | Apr-18 | Jul-18 | Oct-18 | Jan-19 | Apr-19 | Jul-19 | Oct-19 | Jan-20 | Apr-20 | Jul-20 | Oct-20 | Jan-21 |
|---|-------------------|----------|----------|----------|----------|----------|---------|----------|----------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2016 | 2017 | 2018 | 2019E | 2020E | 2021E | Q1-18 | Q2-18 | Q3-18 | Q4-18 | Q1-19 | Q2-19 | Q3-19 | Q4-19E | Q1-20E | Q2-20E | Q3-20E | Q4-20E | Q1-21E | Q2-21E | Q3-21E | Q4-21E |
| Revenues | | | | | | | | | | | | | | | | | | | | | | |
| Subscription | 39,568 | 62,416 | 100,368 | 154,788 | 212,786 | 271,578 | 20,375 | 23,796 | 26,441 | 29,756 | 32,057 | 37,470 | 41,520 | 43,741 | 44,559 | 50,959 | 56,467 | 60,800 | 61,492 | 64,718 | 70,584 | 74,785 |
| % of Total Revenue | 97.1% | 93.2% | 90.2% | 88.4% | 89.7% | 89.9% | 91.6% | 89.2% | 90.0% | 90.3% | 88.3% | 88.4% | 88.6% | 88.3% | 86.7% | 88.9% | 91.2% | 91.3% | 84.9% | 88.8% | 92.7% | 92.8% |
| % Change Y/Y | | 57.7% | 60.8% | 54.2% | 37.5% | 27.6% | 58.7% | 61.3% | 60.7% | 62.0% | 57.3% | 57.5% | 57.0% | 47.0% | 39.0% | 36.0% | 36.0% | 39.0% | 38.0% | 27.0% | 25.0% | 23.0% |
| % Change Sequential | | | | | | | 10.9% | 16.8% | 11.1% | 12.5% | 7.7% | 16.9% | 10.8% | 5.4% | 1.9% | 14.4% | 10.8% | 7.7% | 1.1% | 5.2% | 9.1% | 6.0% |
| Services | 1,183 | 4,548 | 10,886 | 20,297 | 24,386 | 30,425 | 1,861 | 2,871 | 2,947 | 3,207 | 4,262 | 4,914 | 5,348 | 5,773 | 6,819 | 6,339 | 5,455 | 5,773 | 10,911 | 8,177 | 5,564 | 5,773 |
| % of Total Revenue | 2.9% | 6.8% | 9.8% | 11.6% | 10.3% | 10.1% | 8.4% | 10.8% | 10.0% | 9.7% | 11.7% | 11.6% | 11.4% | 11.7% | 13.3% | 11.1% | 8.8% | 8.7% | 15.1% | 11.2% | 7.3% | 7.2% |
| % Change Y/Y | | 284.4% | 139.4% | 86.4% | 20.1% | 24.8% | 126.7% | 176.9% | 112.6% | 145.9% | 129.0% | 71.2% | 81.5% | 80.0% | 60.0% | 29.0% | 2.0% | 0.0% | 60.0% | 29.0% | 2.0% | 0.0% |
| % Change Sequential | | | | | | | 42.7% | 54.3% | 2.6% | 8.8% | 32.9% | 15.3% | 8.8% | 7.9% | 18.1% | -7.0% | -13.9% | 5.8% | 89.0% | -25.1% | -32.0% | 3.7% |
| Total Revenue | 40,751 | 66,964 | 111,254 | 175,085 | 237,172 | 302,003 | 22,236 | 26,667 | 29,388 | 32,963 | 36,319 | 42,384 | 46,868 | 49,514 | 51,378 | 57,298 | 61,922 | 66,573 | 72,402 | 72,896 | 76,148 | 80,557 |
| % Change Y/Y | | 64.3% | 66.1% | 57.4% | 35.5% | 27.3% | 62.8% | 68.9% | 64.7% | 67.5% | 63.3% | 58.9% | 59.5% | 50.2% | 41.5% | 35.2% | 32.1% | 34.5% | 40.9% | 27.2% | 23.0% | 21.0% |
| % Change Sequential | | | | | | | 13.0% | 19.9% | 10.2% | 12.2% | 10.2% | 16.7% | 10.6% | 5.6% | 3.8% | 11.5% | 8.1% | 7.5% | 8.8% | 0.7% | 4.5% | 5.8% |
| Expenses | | | | | | | | | | | | | | | | | | | | | | |
| Costs of Subscription (PF) | 6,938 | 10,082 | 12,875 | 19,607 | 29,790 | 38,021 | 2,980 | 3,371 | 3,265 | 3,259 | 4,202 | 4,504 | 4,777 | 6,124 | 6,238 | 7,134 | 7,905 | 8,512 | 8,609 | 9,061 | 9,882 | 10,470 |
| PF subscription gross margin | 82.5% | 83.8% | 87.2% | 87.3% | 86.0% | 86.0% | 85.4% | 85.8% | 87.7% | 89.0% | 86.9% | 88.0% | 88.5% | 86.0% | 86.0% | 86.0% | 86.0% | 86.0% | 86.0% | 86.0% | 86.0% | 86.0% |
| Costs of Services (PF) | 1,632 | 3,990 | 8,465 | 14,757 | 20,548 | 25,379 | 1,496 | 3,990 | 2,369 | 2,676 | 3,040 | 3,417 | 3,682 | 4,618 | 5,455 | 5,071 | 4,364 | 5,657 | 8,729 | 6,542 | 4,451 | 5,657 |
| PF services gross margin | -38.0% | 12.3% | 22.2% | 27.3% | 15.7% | 16.6% | 19.6% | 13.2% | 19.6% | 16.6% | 28.7% | 30.5% | 31.2% | 20.0% | 20.0% | 20.0% | 2.0% | 2.0% | 20.0% | 20.0% | 20.0% | 2.0% |
| Gross Profit (PF) | 32,181 | 52,892 | 89,914 | 141,063 | 186,834 | 238,603 | 17,760 | 21,372 | 23,754 | 27,028 | 29,191 | 34,577 | 38,523 | 38,772 | 39,685 | 45,093 | 49,653 | 52,404 | 55,065 | 57,293 | 61,815 | 64,430 |
| PF Gross Margin | 79.0% | 79.0% | 80.8% | 80.6% | 78.8% | 79.0% | 79.9% | 80.1% | 80.8% | 82.0% | 80.4% | 81.6% | 82.2% | 78.3% | 77.2% | 78.7% | 80.2% | 78.7% | 76.1% | 78.6% | 81.2% | 80.0% |
| Research & Development (PF) | 12,665 | 19,188 | 31,556 | 52,351 | 69,658 | 88,802 | 6,359 | 7,329 | 8,532 | 9,336 | 12,179 | 13,034 | 13,047 | 14,091 | 16,486 | 17,146 | 17,660 | 18,366 | 22,040 | 22,260 | 21,815 | 22,687 |
| % of Total Revenue | 31.1% | 28.7% | 28.4% | 29.9% | 29.4% | 29.4% | 28.6% | 27.5% | 29.0% | 28.3% | 33.5% | 30.8% | 27.8% | 28.5% | 32.1% | 29.9% | 28.5% | 27.6% | 30.4% | 30.5% | 28.6% | 28.2% |
| Sales and Marketing (PF) | 27,092 | 39,642 | 71,232 | 103,788 | 134,885 | 165,449 | 14,551 | 16,595 | 20,318 | 19,768 | 21,870 | 22,885 | 28,111 | 30,922 | 29,685 | 31,169 | 36,468 | 37,562 | 39,065 | 39,455 | 42,612 | 44,316 |
| % of Total Revenue | 66.5% | 59.2% | 64.0% | 59.3% | 56.9% | 54.8% | 65.4% | 62.2% | 69.1% | 60.0% | 60.2% | 54.0% | 60.0% | 62.5% | 57.8% | 54.4% | 58.9% | 56.4% | 54.0% | 54.1% | 56.0% | 55.0% |
| General and Administrative (PF) | 5,094 | 8,083 | 17,365 | 29,537 | 39,379 | 48,679 | 3,502 | 4,167 | 4,313 | 5,383 | 6,216 | 7,408 | 7,614 | 8,299 | 8,963 | 9,680 | 10,164 | 10,571 | 11,839 | 11,958 | 12,197 | 12,685 |
| % of Total Revenue | 12.5% | 12.1% | 15.6% | 16.9% | 16.6% | 16.1% | 15.7% | 15.6% | 14.7% | 16.3% | 17.1% | 17.5% | 16.2% | 16.8% | 17.4% | 16.9% | 16.4% | 15.9% | 16.4% | 16.4% | 16.0% | 15.7% |
| Total Costs and Expenses (PF) | 53,421 | 80,986 | 141,493 | 219,623 | 294,260 | 366,329 | 28,889 | 33,386 | 38,796 | 40,422 | 47,340 | 51,118 | 57,111 | 64,054 | 66,828 | 70,201 | 76,562 | 80,669 | 90,281 | 89,276 | 90,957 | 95,816 |
| PF Operating Income | (12,670) | (14,022) | (30,239) | (44,538) | (57,088) | (64,326) | (6,653) | (6,719) | (9,408) | (7,459) | (11,021) | (8,734) | (10,243) | (14,540) | (15,450) | (12,903) | (14,640) | (14,096) | (17,879) | (16,380) | (14,809) | (15,258) |
| % Change Y/Y | | | | | | | | | | | | | | | | | | | | | | |
| PF Operating Margin | -31.1% | -20.9% | -27.2% | -25.4% | -24.1% | -21.3% | -29.9% | -25.2% | -32.0% | -22.6% | -30.3% | -20.6% | -21.9% | -29.4% | -30.1% | -22.5% | -23.6% | -21.2% | -24.7% | -22.5% | -19.4% | -18.9% |
| GAAP Operating Income | (14,543) | (15,349) | (49,732) | (60,405) | (79,087) | (92,421) | (7,198) | (22,921) | (10,455) | (9,158) | (13,030) | (12,962) | (16,407) | (18,006) | (20,588) | (18,346) | (20,399) | (19,754) | (25,119) | (23,305) | (21,890) | (22,106) |
| GAAP Operating Margin | -35.7% | -22.9% | -44.7% | -34.5% | -33.3% | -30.6% | -32.4% | -86.0% | -35.6% | -27.8% | -35.9% | -30.6% | -35.0% | -36.4% | -40.1% | -32.0% | -32.9% | -29.7% | -34.7% | -32.0% | -28.7% | -27.4% |
| Interest Income (expense), and other, net | 0 | 164 | 358 | 468 | 602 | 532 | 14 | 72 | 96 | 176 | (1,300) | 749 | 860 | 159 | 157 | 150 | 145 | 150 | 145 | 130 | 124 | 133 |
| Interest Rate | - | 1.2% | 0.8% | -0.2% | 0.3% | 0.3% | 0.2% | 1.5% | 0.5% | 1.0% | -8.9% | 6.0% | 1.6% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% |
| GAAP Pre-Tax Income | (14,543) | (15,185) | (49,374) | (59,937) | (78,485) | (91,888) | (7,184) | (22,849) | (10,359) | (8,982) | (14,330) | (12,213) | (15,547) | (17,847) | (20,431) | (18,196) | (20,253) | (19,605) | (24,974) | (23,175) | (21,766) | (21,973) |
| Income Taxes | - | - | - | 110 | - | - | - | - | - | - | - | 88 | 22 | - | - | - | - | - | - | - | - | - |
| GAAP Tax Rate | 0.0% | 0.0% | 0.0% | -0.2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | -0.7% | -0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| GAAP Net Income | (14,543) | (15,185) | (49,374) | (60,047) | (78,485) | (91,888) | (7,184) | (22,849) | (10,359) | (8,982) | (14,330) | (12,301) | (15,569) | (17,847) | (20,431) | (18,196) | (20,253) | (19,605) | (24,974) | (23,175) | (21,766) | (21,973) |
| PF Pre-Tax Income | (12,670) | (13,857) | (29,881) | (42,744) | (56,486) | (63,794) | (6,639) | (6,647) | (9,312) | (7,283) | (10,995) | (7,985) | (9,383) | (14,381) | (15,293) | (12,752) | (14,494) | (13,946) | (17,733) | (16,250) | (14,685) | (15,126) |
| Provision for income taxes | - | - | - | 110 | - | - | - | - | - | - | - | 88 | 22 | - | - | - | - | - | - | - | - | - |
| PF (Effective) Tax Rate | 0% | 0% | 0% | 0% | 0% | 0% | - | - | - | - | (0.01) | (0.00) | (0.00) | - | - | - | - | - | - | - | - | - |
| PF Net Income | (12,670) | (13,857) | (29,881) | (42,854) | (56,486) | (63,794) | (6,639) | (6,647) | (9,312) | (7,283) | (10,995) | (8,073) | (9,405) | (14,381) | (15,293) | (12,752) | (14,494) | (13,946) | (17,733) | (16,250) | (14,685) | (15,126) |
| Stock Based Compensation | (1,679) | (1,134) | (18,464) | (15,450) | (21,999) | (28,094) | (545) | (15,991) | (1,047) | (881) | (1,842) | (4,098) | (6,044) | (3,466) | (5,138) | (5,443) | (5,759) | (5,659) | (7,240) | (6,925) | (7,082) | (6,847) |
| SBC as % Rev | 4% | 2% | 17% | 9% | 9% | 9% | 2% | 60% | 4% | 3% | 5% | 10% | 13% | 7% | 10% | 10% | 9% | 9% | 10% | 10% | 9% | 9% |

Source: Company reports, J.P. Morgan estimates.

\$ thousands

| | Jan-16 | Apr-16 | Jul-16 | Oct-16 | Jan-17 | Apr-17 | Jul-17 | Oct-17 | Jan-18 | Apr-18 | Jul-18 | Oct-18 | Jan-19 | Apr-19 | Jul-19 | Oct-19 | Jan-20 | Apr-20 | Jul-20 | Oct-20 | Jan-21 | Apr-21 | Jul-21 | Oct-21 | Jan-22 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------|--------|--------|--------|
| | Q4-16 | Q1-17 | Q2-17 | Q3-17 | Q4-17 | Q1-18 | Q2-18 | Q3-18 | Q4-18 | Q1-19 | Q2-19 | Q3-19 | Q4-19 | Q1-20 | Q2-20 | Q3-20 | Q4-20 | Q1-21 | Q2-21 | Q3-21 | Q4-21 | Q1-22 | Q2-22 | Q3-22 | Q4-22 |
| ASSETS | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash and cash equivalents | 12,346 | 13,073 | 11,813 | 18,797 | 22,086 | 19,300 | 75,509 | 70,546 | 58,158 | 49,657 | 211,111 | 212,028 | 209,336 | 200,260 | 193,752 | 199,427 | 193,884 | 173,560 | 165,482 | 176,708 | 176,417 | | | | |
| Short-term investments | 14,189 | 15,102 | 10,933 | 15,436 | 10,610 | 5,568 | | | | | | | | | | | | | | | | | | | |
| Accounts receivable, net | 2,581 | 3,534 | 5,479 | 4,915 | 5,410 | 11,777 | 12,452 | 10,991 | 14,870 | 18,188 | 23,697 | 23,815 | 28,216 | 25,337 | 32,652 | 31,894 | 37,938 | 35,705 | 41,540 | 39,221 | 40,810 | | | | |
| Prepaid Expenses and Other current assets | 1,396 | 1,492 | 1,494 | 2,171 | 2,224 | 2,461 | 3,142 | 2,975 | 4,428 | 5,122 | 5,879 | 5,660 | 2,855 | 2,850 | 3,660 | 7,496 | 7,062 | 4,349 | 7,409 | 9,482 | 8,762 | | | | |
| Deferred Offering Costs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Total Current Assets | 30,512 | 33,201 | 38,869 | 41,321 | 39,869 | 38,446 | 91,103 | 84,512 | 77,866 | 72,967 | 240,587 | 241,903 | 240,407 | 228,227 | 232,084 | 238,817 | 238,883 | 212,760 | 214,432 | 225,412 | 225,818 | | | | |
| Restricted cash | 1,341 | 1,341 | 1,008 | 1,619 | 1,927 | 2,100 | 1,979 | 2,029 | 2,901 | 2,321 | 2,297 | 2,435 | 3,111 | 3,176 | 3,343 | 3,603 | 4,229 | 2,578 | 5,016 | 5,508 | 6,041 | | | | |
| Long-term investments | 7,578 | 4,684 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Deferred Commissions | 2,745 | 3,120 | 3,673 | 4,456 | 5,977 | 7,613 | 9,724 | 12,211 | 15,291 | 17,888 | 20,722 | 24,349 | 26,514 | 30,076 | 33,943 | 34,104 | 34,743 | 39,431 | 43,376 | 44,442 | 45,195 | | | | |
| Property and Equipment, net | 1,701 | 1,937 | 2,272 | 8,419 | 8,811 | 10,011 | 12,580 | 13,529 | 17,327 | 16,832 | 19,750 | 21,604 | 24,793 | 25,815 | 27,963 | 28,126 | 29,929 | 31,429 | 33,629 | 33,829 | 36,229 | | | | |
| Intangible Assets, net | 54 | 52 | 49 | 46 | 43 | 41 | 38 | 35 | 32 | 30 | 28 | 26 | 24 | 22 | 20 | 19 | 18 | 17 | 16 | 15 | 14 | | | | |
| Goodwill | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Other long-term assets | 34 | 21 | 12 | 18 | 14 | 25 | 32 | 41 | 47 | 57 | 52 | 54 | 53 | 53 | 54 | 56 | 57 | 52 | 51 | 52 | 53 | | | | |
| Total Assets | 43,965 | 44,356 | 45,181 | 55,875 | 56,252 | 58,243 | 115,465 | 112,487 | 116,504 | 115,035 | 285,201 | 291,809 | 291,408 | 248,181 | 259,434 | 266,721 | 268,725 | 252,768 | 264,539 | 267,317 | 271,601 | | | | |
| LIABILITIES | | | | | | | | | | | | | | | | | | | | | | | | | |
| Accounts payable | 1,181 | 1,225 | 1,514 | 1,793 | 1,985 | 1,912 | 2,848 | 2,988 | 2,841 | 2,911 | 2,721 | 3,041 | 5,297 | 4,485 | 5,083 | 5,378 | 6,211 | 6,650 | 6,497 | 6,287 | 7,090 | | | | |
| Accrued compensation and related benefits | 1,735 | 1,292 | 2,025 | 5,380 | 6,787 | 6,583 | 8,285 | 10,922 | 13,253 | 11,112 | 16,442 | 19,039 | 23,371 | 21,620 | 27,940 | 33,569 | 36,782 | 39,884 | 36,383 | 42,493 | 45,791 | | | | |
| Other accrued liabilities | 148 | 375 | 611 | 637 | 887 | 1,079 | 2,613 | 3,204 | 3,301 | 4,629 | 5,125 | 6,108 | 7,187 | 6,887 | 11,956 | 12,393 | 10,477 | 10,767 | 15,888 | 16,166 | 22,827 | 24,217 | | | |
| Capital lease obligations | - | - | - | - | - | 1,751 | 2,009 | 2,116 | 2,833 | 2,878 | 3,711 | 3,532 | 4,049 | 4,916 | 5,161 | 4,769 | 4,583 | 4,916 | 5,161 | 4,769 | 4,583 | | | | |
| Deferred revenue | 19,487 | 23,236 | 26,914 | 29,698 | 32,946 | 40,637 | 47,629 | 50,751 | 57,102 | 66,214 | 71,024 | 83,906 | 93,088 | 99,213 | 113,134 | 124,589 | 137,770 | 144,651 | 161,791 | 167,917 | 192,878 | | | | |
| Other current liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Total Current Liabilities | 22,631 | 26,128 | 31,064 | 38,998 | 44,115 | 52,532 | 63,284 | 69,881 | 78,890 | 87,744 | 104,023 | 115,726 | 134,733 | 142,982 | 162,881 | 186,379 | 202,774 | 200,899 | 224,968 | 253,269 | 271,929 | | | | |
| Capital lease payable, non-current | - | - | - | 4,434 | 3,932 | 5,305 | 3,425 | 2,838 | 3,713 | 2,909 | 3,890 | 3,302 | 3,775 | 3,825 | 4,468 | 3,398 | 3,965 | 3,825 | 4,468 | 3,398 | 3,965 | | | | |
| Deferred revenue, non-current | 75 | 60 | 59 | 97 | 66 | 175 | 133 | 144 | 179 | 127 | 133 | 476 | 477 | 280 | 299 | 340 | 375 | 415 | 436 | 487 | 532 | 580 | | | |
| Other long-term liabilities | 302 | 302 | 303 | 373 | 476 | 476 | 688 | 688 | 1,078 | 1,078 | 1,078 | 1,078 | 1,078 | 1,078 | 1,078 | 1,078 | 1,078 | 1,078 | 1,078 | 1,078 | 1,078 | | | | |
| Total Liabilities | 22,909 | 26,627 | 31,306 | 40,420 | 48,735 | 58,851 | 67,844 | 74,161 | 84,658 | 93,895 | 108,774 | 120,195 | 139,980 | 147,507 | 168,881 | 191,134 | 208,345 | 206,192 | 231,115 | 258,411 | 277,666 | | | | |
| SHAREHOLDERS' EQUITY | 20,665 | 17,729 | 14,275 | 11,855 | 7,517 | 1,392 | 47,521 | 38,326 | 31,846 | 21,140 | 176,427 | 171,614 | 157,300 | 147,120 | 129,553 | 115,737 | 101,380 | 83,578 | 87,296 | 52,526 | 37,350 | | | | |
| LIABILITIES + SHAREHOLDERS' EQUITY | 43,965 | 44,356 | 45,181 | 55,875 | 56,252 | 58,243 | 115,465 | 112,487 | 116,504 | 115,035 | 285,201 | 291,809 | 291,408 | 248,181 | 259,434 | 266,721 | 268,725 | 252,768 | 264,539 | 267,317 | 271,601 | | | | |
| Check | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| BALANCE SHEET ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash + Short Term Inv. | 26,535 | 28,175 | 31,896 | 34,235 | 32,235 | 24,808 | 75,509 | 70,546 | 58,158 | 49,657 | 211,111 | 212,028 | 209,336 | 200,260 | 193,752 | 199,427 | 193,884 | 173,560 | 165,482 | 176,708 | 176,417 | | | | |
| Debt | 26,535 | 28,175 | 31,896 | 34,235 | 32,235 | 24,808 | 75,509 | 70,546 | 58,158 | 49,657 | 211,111 | 212,028 | 209,336 | 200,260 | 193,752 | 199,427 | 193,884 | 173,560 | 165,482 | 176,708 | 176,417 | | | | |
| Net Cash | 26,535 | 28,175 | 31,896 | 34,235 | 32,235 | 24,808 | 75,509 | 70,546 | 58,158 | 49,657 | 211,111 | 212,028 | 209,336 | 200,260 | 193,752 | 199,427 | 193,884 | 173,560 | 165,482 | 176,708 | 176,417 | | | | |
| AP & Accruals as % of Total Liabilities | | | | | | | | | | | | | | | | | | | | | | | | | |
| AP & Accruals as % of Total Costs & Expenses | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current Ratio | 1.3x | 1.3x | 1.3x | 1.1x | 0.9x | 0.7x | 1.4x | 1.2x | 1.0x | 0.8x | 2.3x | 2.1x | 1.8x | 1.6x | 1.4x | 1.4x | 1.3x | 1.2x | 1.1x | 1.0x | 0.9x | 0.8x | | | |
| Quick Ratio | 1.2x | 1.1x | 1.0x | 0.9x | 0.7x | 0.5x | 1.2x | 1.0x | 0.7x | 0.6x | 2.0x | 1.8x | 1.6x | 1.4x | 1.2x | 1.1x | 1.0x | 0.9x | 0.7x | 0.7x | 0.6x | | | | |
| Days Sales Outstanding (AVERAGE AR) | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | 20.4 | | | | |
| Days Sales Outstanding (ENDING AR) | 23.6 | 31.7 | 26.1 | 28.1 | 28.1 | 45.9 | 42.6 | 34.1 | 41.2 | 45.7 | 50.8 | 48.4 | 52.0 | 45.0 | 52.0 | 47.0 | 52.0 | 45.0 | 52.0 | 47.0 | 52.0 | | | | |
| Days Sales Outstanding (Billings Based, Avg AR) | 16.1 | 21.1 | 23.0 | 20.9 | 20.9 | 24.9 | 32.1 | 32.9 | 30.0 | 33.2 | 36.5 | 39.4 | 40.4 | 42.5 | 37.1 | 40.1 | 39.9 | 42.3 | 39.2 | 40.3 | 37.7 | | | | |
| Days Payable Outstanding (Total Cost and Expenses based) | 40.0 | 41.6 | 43.3 | 43.3 | 43.3 | 39.0 | 45.6 | 48.4 | 40.6 | 37.3 | 31.8 | 33.3 | 45.0 | 35.0 | 38.0 | 40.0 | 40.0 | 35.0 | 38.0 | 40.0 | 40.0 | | | | |
| BALANCE SHEET ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | |
| Quarterly Billings | 17,380 | 19,470 | 20,662 | 22,992 | 22,992 | 30,336 | 33,617 | 32,621 | 39,349 | 45,379 | 52,000 | 54,862 | 68,731 | 67,522 | 71,281 | 73,412 | 79,793 | 79,505 | 89,877 | 91,330 | 96,666 | | | | |
| Quarterly Sales (Excluding Intang.) | 24.3% | 24.3% | 24.3% | 24.3% | 24.3% | 22.3% | 24.3% | 23.9% | 29.9% | 41.5% | 44.0 | 46.2 | 57.8% | 57.8% | 57.8% | 57.8% | 57.8% | 57.8% | 57.8% | 57.8% | 57.8% | | | | |
| QoQ change | 12.0% | 6.1% | 6.1% | 9.3% | 34.3% | 10.2% | 6.3% | 3.1% | 21.0% | 15.3% | 15.0% | 5.1% | 7.1% | -2.1% | 2.3% | 3.0% | 8.7% | -0.4% | 13.0% | 1.6% | 5.7% | | | | |
| Y/Y change | - | - | - | - | 74.5% | 72.7% | 57.4% | 74.2% | 74.2% | 65.5% | 65.5% | 68.7% | 49.3% | 26.8% | 36.5% | 33.8% | 35.9% | 38.2% | 26.1% | 24.4% | 21.0% | | | | |
| Annual Billings | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Y/Y change | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Quarterly Billings (based on ST DR) | 17,395 | 19,471 | 20,624 | 22,623 | 22,623 | 30,227 | 33,659 | 32,510 | 39,314 | 45,431 | 52,194 | 54,750 | 68,786 | 67,503 | 71,219 | 73,378 | 79,754 | 79,483 | 89,826 | 91,284 | 96,618 | | | | |
| QoQ change | 11.9% | 5.9% | 5.7% | 9.3% | 33.6% | 11.1% | 6.3% | 20.9% | 20.9% | 15.6% | 14.8% | 4.9% | 7.2% | -2.0% | 2.3% | 3.0% | 8.7% | -0.3% | 13.0% | 1.6% | 5.7% | | | | |
| Y/Y change | - | - | - | - | 73.8% | 72.9% | 57.6% | 73.8% | 73.8% | 64.9% | 64.9% | 68.4% | 49.3% | 26.8% | 36.5% | 33.8% | 35.9% | 38.2% | 26.1% | 24.4% | 21.0% | | | | |
| Annual Billings (based on ST DR) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Y/Y change | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Annual Subscription Billings | 16,559 | 18,433 | 19,276 | 21,281 | | | | | | | | | | | | | | | | | | | | | |

Source: Company reports, J.P. Morgan estimates.

Figure 3: SMAR – Cash Flows

\$ thousands

| | Apr-16 Q1-17 | Jul-16 Q2-17 | Oct-16 Q3-17 | Jan-17 Q4-17 | Apr-17 Q1-18 | Jul-17 Q2-18 | Oct-17 Q3-18 | Jan-18 Q4-18 | Apr-18 Q1-19 | Jul-18 Q2-19 | Oct-18 Q3-19 | Jan-19 Q4-19E | Apr-19 Q1-20E | Jul-19 Q2-20E | Oct-19 Q3-20E | Jan-20 Q4-20E | Apr-20 Q1-21E | Jul-20 Q2-21E | Oct-20 Q3-21E | Jan-21 Q4-21E |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| CASHFLOW FROM OPERATIONS | | | | | | | | | | | | | | | | | | | | |
| Net (Loss) Income | (3,159) | (3,732) | (3,346) | (4,947) | (7,184) | (22,849) | (10,359) | (8,952) | (14,330) | (12,381) | (15,569) | (17,847) | (20,431) | (18,196) | (20,253) | (19,605) | (24,974) | (23,175) | (21,766) | (21,873) |
| Adj. to reconcile Net Income to OCF: | | | | | | | | | | | | | | | | | | | | |
| Depreciation of property and equipment | 172 | 195 | 210 | 401 | 743 | 880 | 1,034 | 1,362 | 1,488 | 1,685 | 1,887 | 2,312 | 2,241 | 2,600 | 2,893 | 3,817 | -- | -- | -- | -- |
| Amortization of deferred commission costs | 381 | 461 | 554 | 680 | 829 | 1,096 | 1,368 | 1,606 | 1,997 | 2,455 | 2,890 | 3,152 | 3,090 | 3,592 | 3,945 | 5,072 | -- | -- | -- | -- |
| Other D&A | 46 | 41 | 32 | 29 | 21 | 11 | 4 | 48 | -- | -- | 382 | 184 | 204 | 293 | 404 | 489 | -- | -- | -- | -- |
| Stock-based compensation | 212 | 239 | 299 | 384 | 545 | 15,991 | 1,047 | 881 | 1,842 | 4,098 | 6,044 | 3,466 | 5,138 | 5,443 | 5,759 | 5,659 | 7,240 | 6,925 | 7,082 | 6,847 |
| Remeasurement of convertible preferred stock warrant liability | 19 | 34 | -- | 140 | -- | 211 | (1) | 584 | 1,326 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Gain/loss on disposal of assets & others | -- | -- | 3 | -- | -- | 2 | -- | -- | 188 | 133 | (206) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Changes in operating assets & liabilities: | 1,478 | 1,966 | 4,898 | 2,370 | (205) | 5,310 | 4,535 | (2,200) | (665) | 2,811 | 6,995 | 9,965 | 3,883 | 4,009 | 17,784 | 4,795 | (676) | 10,225 | 27,864 | 17,027 |
| Accounts receivable | (953) | (1,945) | 564 | (494) | (5,767) | (1,274) | 1,461 | (3,874) | (3,352) | (5,395) | (233) | (4,401) | 2,879 | (7,315) | 758 | (6,043) | 2,232 | (5,835) | 2,319 | (1,388) |
| Prepaid expenses | (96) | (2) | (677) | (83) | (237) | (681) | 167 | (1,105) | (950) | (811) | 287 | 2,805 | 225 | (3,050) | (1,816) | 434 | 3,567 | (3,914) | (2,073) | 690 |
| Other assets | 12 | 9 | (2) | (11) | (8) | (9) | (6) | (652) | (240) | 290 | (1) | (855) | 31 | 495 | (226) | (146) | 41 | 43 | (76) | (36) |
| Accounts payable | 16 | 262 | 256 | 44 | (2) | 615 | 561 | (471) | 237 | 360 | 344 | 2,256 | (812) | 598 | 296 | 833 | 439 | (153) | (214) | 786 |
| Other accrued liabilities | (38) | 236 | (73) | 349 | 793 | 932 | 342 | (244) | 1,421 | 528 | 843 | 1,579 | 4,269 | 438 | 5,654 | (980) | (1,181) | 280 | 6,661 | (1,580) |
| Accrued compensation and related benefits | (443) | 733 | 3,335 | 1,427 | (234) | 1,732 | 2,637 | 2,442 | (2,141) | 3,211 | 3,721 | 4,680 | (2,199) | 5,590 | 6,485 | 3,187 | (8,188) | 6,769 | 7,130 | 3,298 |
| Deferred commissions | (756) | (1,013) | (1,337) | (1,801) | (2,605) | (3,208) | (3,855) | (4,776) | (4,694) | (5,188) | (6,518) | (5,317) | (6,653) | (6,709) | (4,856) | (5,711) | (4,688) | (3,946) | (1,065) | (753) |
| Deferred Rent | 12 | 9 | 9 | (8) | 16 | 252 | 96 | 94 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Deferred revenue | 3,724 | 3,677 | 2,823 | 2,917 | 8,099 | 6,951 | 3,132 | 6,386 | 9,060 | 9,816 | 7,994 | 9,217 | 6,143 | 13,962 | 11,490 | 13,220 | 7,102 | 16,981 | 15,181 | 16,009 |
| Other liabilities | -- | -- | -- | -- | -- | -- | -- | -- | 588 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Net Cash from Operations | (851) | (797) | 2,650 | (943) | (5,251) | 652 | (2,372) | (6,611) | (8,154) | (1,119) | 2,423 | 1,232 | (6,874) | (2,259) | 10,531 | 228 | (18,410) | (6,025) | 13,179 | 1,901 |
| y/y change | | | | | | | | | | | | | | | | | | | | |
| OCF per Share | | | | (\$0.01) | (\$0.06) | \$0.01 | (\$0.03) | (\$0.07) | (\$0.09) | (\$0.01) | \$0.02 | \$0.01 | (\$0.06) | (\$0.02) | \$0.10 | \$0.00 | (\$0.17) | (\$0.05) | \$0.12 | \$0.02 |
| LTM Total | 59 | | | | (2,892) | (7,914) | (13,582) | (16,485) | (18,256) | (13,461) | (5,618) | | (3,338) | (4,478) | 3,630 | 2,626 | (9,910) | (13,676) | (11,027) | (9,355) |
| LTM Total OCF per Share | | | | \$0.00 | (\$0.05) | (\$0.03) | (\$0.09) | (\$0.15) | (\$0.18) | (\$0.18) | (\$0.13) | (\$0.05) | (\$0.03) | (\$0.04) | \$0.03 | \$0.02 | (\$0.09) | (\$0.12) | (\$0.10) | (\$0.08) |
| LTM Margin % | | | | 0.1% | -5.7% | -3.3% | -8.1% | -12.2% | -13.2% | -12.9% | -8.5% | -3.2% | -1.8% | -2.2% | 1.6% | 1.1% | -3.8% | -5.0% | -3.8% | -3.1% |
| CASHFLOW FROM INVESTING | | | | | | | | | | | | | | | | | | | | |
| Purchases of property and equipment (CapEx) | (379) | (503) | (294) | (644) | (1,304) | (1,795) | (981) | (1,926) | (497) | (1,717) | (2,158) | (2,301) | (1,762) | (2,368) | (3,035) | (3,221) | 0 | 0 | 0 | 0 |
| y/y change | | | | | | | | | | | | | | | | | | | | |
| LTM Total | (1,820) | (2,740) | (4,037) | (4,724) | (8,056) | (9,299) | (8,056) | (8,056) | (5,199) | (5,121) | (6,298) | (6,037) | (7,039) | (8,590) | (9,467) | (10,357) | (8,625) | (6,256) | (3,221) | (100%) |
| LTM Total As% of LTM Rev | | | | 2.7% | 3.6% | 4.7% | 4.8% | 5.4% | 4.1% | 3.6% | 4.0% | 3.8% | 4.2% | 4.2% | 4.3% | 4.4% | 3.3% | 2.3% | 1.1% | 0.0% |
| Purchases of letters of credit | -- | 335 | (613) | -- | (48) | -- | -- | (700) | -- | 24 | (24) | (676) | (66) | (267) | (358) | (427) | (349) | (438) | (491) | (533) |
| Capitalized internal-use software development costs | -- | -- | -- | -- | (710) | (767) | (1,204) | (668) | (313) | (636) | (1,307) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Payments for business acquisition | -- | -- | -- | -- | -- | -- | -- | (1,454) | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Purchases of investments | (905) | (1,491) | -- | (2,607) | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Proceed from sales of investments | -- | -- | (2,750) | 905 | -- | 900 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Proceed from maturity of investments | 2,850 | 950 | 4,750 | 4,350 | 4,622 | 4,600 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Proceed from sale of computer equipment | -- | -- | -- | -- | -- | 1 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Purchases of intangible assets | -- | -- | -- | -- | -- | (125) | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Payments for security deposits | -- | -- | -- | (309) | (124) | 121 | (159) | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Net Cash from Investing | 1,566 | (709) | 3,896 | 4,302 | 2,436 | 3,060 | (2,360) | (4,917) | (810) | (2,229) | (3,489) | (2,977) | (1,828) | (2,638) | (3,393) | (3,648) | (349) | (438) | (491) | (533) |
| CASHFLOW FROM FINANCING | | | | | | | | | | | | | | | | | | | | |
| Payments on principal of capital lease | -- | -- | -- | (383) | (488) | (491) | (600) | (750) | (789) | (825) | (936) | (947) | (1,374) | (1,614) | (1,462) | (1,659) | (1,565) | (1,614) | (1,462) | (1,859) |
| LTM Total | -- | -- | -- | (383) | (786) | (1,279) | (1,879) | (2,335) | (2,600) | (2,934) | (3,270) | (3,447) | (4,082) | (4,871) | (5,397) | (6,100) | (6,300) | (6,300) | (6,300) | (6,300) |
| LTM Total As% of LTM Rev | | | | 0.5% | 1.0% | 1.5% | 1.9% | 2.1% | 2.1% | 2.1% | 2.1% | 2.0% | 2.1% | 2.4% | 2.5% | 2.6% | 2.4% | 2.3% | 2.2% | 2.1% |
| Payments of deferred offering costs | -- | -- | -- | -- | -- | -- | -- | (829) | (1,495) | (768) | (125) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Proceeds from issuance of Common Stock | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Proceeds from issuance of preferred stock | -- | -- | -- | -- | -- | 51,927 | 250 | 250 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Proceeds from exercise of stock options | 14 | 44 | 638 | 234 | 515 | 1,061 | 117 | 471 | 2,162 | 2,670 | 3,187 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Net Cash from Financing | 14 | 44 | 638 | (89) | 30 | 52,497 | (233) | (858) | (82) | 164,821 | 2,126 | (947) | (1,374) | (1,614) | (1,462) | (1,659) | (1,565) | (1,614) | (1,462) | (1,859) |
| Effect of Exchange rate changes | | | | | | | | | (25) | (44) | (4) | -- | | | | | | | | |
| Net Change in Cash | 729 | (1,462) | 7,184 | 3,290 | (2,785) | 56,209 | (4,965) | (12,396) | (9,081) | 161,429 | 1,056 | (2,692) | (9,076) | (6,508) | 5,675 | (6,079) | (20,324) | (8,077) | 11,226 | (292) |
| Beginning Cash | 12,346 | 13,075 | 11,613 | 16,797 | 22,087 | 19,302 | 75,511 | 70,546 | 58,160 | 49,078 | 210,508 | 215,564 | 208,872 | 199,796 | 193,288 | 198,963 | 193,884 | 173,560 | 165,482 | 176,708 |
| Ending Cash | 13,075 | 11,613 | 18,797 | 22,087 | 19,302 | 75,511 | 70,546 | 58,160 | 49,078 | 210,508 | 215,564 | 208,872 | 199,796 | 193,288 | 198,963 | 193,884 | 173,560 | 165,482 | 176,708 | 176,417 |
| FCF (OCF-CapEx) | (1,230) | (1,300) | 2,356 | (1,587) | (6,555) | (1,143) | (3,353) | (8,537) | (8,651) | (2,836) | 265 | (1,070) | (7,636) | (4,627) | 7,495 | (2,993) | (18,410) | (6,025) | 13,179 | 1,901 |
| LTM Total | (1,761) | (7,660) | (6,098) | (12,638) | (19,558) | (21,584) | (23,377) | (19,759) | (21,584) | (23,377) | (19,759) | (12,292) | (11,277) | (13,068) | (5,838) | (7,761) | (18,534) | (19,932) | (14,248) | (9,355) |
| LTM Total FCF/Share | (\$0.02) | (\$0.08) | (\$0.08) | (\$0.14) | (\$0.22) | (\$0.24) | (\$0.22) | (\$0.19) | (\$0.24) | (\$0.22) | (\$0.19) | (\$0.12) | (\$0.11) | (\$0.12) | (\$0.05) | (\$0.07) | (\$0.17) | (\$0.18) | (\$0.13) | (\$0.08) |
| LTM Margin % | -2.6% | -9.4% | -8.0% | -12.9% | -17.6% | -17.3% | -16.6% | -12.5% | -17.3% | -16.6% | -12.5% | -7.0% | -5.9% | -6.4% | -2.7% | -3.3% | -7.2% | -7.3% | -4.9% | -3.1% |
| FCF (OCF-CapEx-Capitalized R&D) | (1,230) | (1,300) | 2,356 | (1,587) | (7,265) | (1,910) | (4,587) | (9,205) | (8,964) | (3,372) | (1,042) | (1,070) | (7,636) | (4,627) | 7,495 | (2,993) | (18,410) | (6,025) | 13,179 | 1,901 |
| LTM Total | (1,761) | (7,796) | (6,406) | (15,319) | (22,937) | (24,330) | (26,098) | (22,583) | (24,330) | (26,098) | (22,583) | (14,448) | (13,120) | (14,375) | (5,838) | (7,761) | (18,534) | (19,932) | (14,248) | (9,355) |
| LTM Total FCF/Share | (\$0.02) | (\$0.09) | (\$0.09) | (\$0.17) | (\$0.26) | (\$0.28) | (\$0.25) | (\$0.22) | (\$0.28) | (\$0.25) | (\$0.22) | (\$0.14) | (\$0.13) | (\$0.14) | (\$0.05) | (\$0.07) | (\$0.17) | (\$0.18) | (\$0.13) | (\$0.08) |
| LTM Margin % | -2.6% | -10.3% | -9.7% | -15.6% | -20.0% | -19.7% | -18.5% | -14.2% | -19.7% | -18.5% | -14.2% | -8.3% | -6.9% | -7.0% | -2.7% | -3.3% | -7.2% | -7.3% | -4.9% | -3.1% |
| FCF (OCF-CapEx-Capitalized R&D- Lease Payments) (SmartSheet Definition) | (1,230) | (1,300) | 2,356 | (1,587) | (7,750) | (2,401) | (5,157) | (9,955) | (9,723) | (4,197) | (1,978) | (2,017) | (9,010) | (6,241) | 6,033 | (4,652) | (19,975) | (7,639) | 11,717 | 242 |
| LTM Total | (2,064) | (8,584) | (9,685) | (17,198) | (25,263) | (27,236) | (29,032) | (25,853) | (27,236) | (29,032) | (25,853) | (17,915) | (17,202) | (19,246) | (11,235) | (13,870) | (24,834) | (26,232) | (20,548) | (11,655) |
| LTM Total FCF/Share | (\$0.02) | (\$0.11) | (\$0.11) | (\$0.19) | (\$0.28) | (\$0.30) | (\$0.28) | (\$0.25) | (\$0.30) | (\$0.28) | (\$0.25) | (\$0.17) | (\$0.16) | (\$0.18) | (\$0.11) | (\$0.13) | (\$0.23) | | | |

Figure 4: SMAR – Share Repurchase

| | Apr-16 | Jul-16 | Oct-16 | Jan-17 | Apr-17 | Jul-17 | Oct-17 | Jan-18 | Apr-18 | Jul-18 | Oct-18 | Jan-19 | Apr-19 | Jul-19 | Oct-19 | Jan-20 | Apr-20 | Jul-20 | Oct-20 | Jan-21 |
|---|---------|---------|--------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Q1-17 | Q2-17 | Q3-17 | Q4-17 | Q1-18 | Q2-18 | Q3-18 | Q4-18 | Q1-19 | Q2-19 | Q3-19 | Q4-19E | Q1-20E | Q2-20E | Q3-20E | Q4-20E | Q1-21E | Q2-21E | Q3-21E | Q4-21E |
| Beginning Cash Balance (Net) | 12,346 | 13,073 | 11,613 | 18,797 | 22,086 | 19,300 | 75,509 | 70,546 | 58,158 | 49,657 | 211,111 | 212,028 | 209,336 | 200,260 | 193,752 | 199,427 | 193,884 | 173,560 | 165,482 | 176,708 |
| LTM OCF y/y chg. | | | | 59 | (4,341) | (2,892) | (7,914) | (13,582) | (16,485) | (18,256) | (13,461) | (5,618) | (3,338) | (4,478) | 3,630 | 2,626 | (9,910) | (13,676) | (11,027) | (9,355) |
| Qtr. OCF | (851) | (797) | 2,650 | (943) | (5,251) | 652 | (2,372) | (6,611) | (8,154) | (1,119) | 2,423 | 1,232 | (5,874) | (2,259) | 10,531 | 228 | (18,410) | (6,025) | 13,179 | 1,901 |
| EST. Cash used for Share Repurchase | | | | | | | | | 163,844 | | | | | | | | | | | |
| EST. Cash used for Acquisitions / Other | | | | | | | | | | | | | | | | | | | | |
| Ending Total Cash Balance (Net) | 13,073 | 11,613 | 18,797 | 22,086 | 19,300 | 75,509 | 70,546 | 58,158 | 49,657 | 211,111 | 212,028 | 209,336 | 200,260 | 193,752 | 199,427 | 193,884 | 173,560 | 165,482 | 176,708 | 176,417 |
| LTM OCF as % of LTM Rev | | | | 0.1% | -5.7% | -3.3% | -8.1% | -12.2% | -13.2% | -12.9% | -8.5% | -3.2% | -1.8% | -2.2% | 1.6% | 1.1% | -3.8% | -5.0% | -3.8% | -3.1% |
| CapEx | 379 | 503 | 294 | 644 | 1,304 | 1,795 | 981 | 1,926 | 497 | 1,717 | 2,158 | 2,301 | 1,762 | 2,368 | 3,035 | 3,221 | 0 | 0 | 0 | 0 |
| LTM CapEx as % of LTM Rev | | | | 2.7% | 3.6% | 4.7% | 4.8% | 5.4% | 4.1% | 3.6% | 4.0% | 3.8% | 4.2% | 4.2% | 4.3% | 4.4% | 3.3% | 2.3% | 1.1% | 0.0% |
| FCF [OCF - CapEx] | (1,230) | (1,300) | 2,356 | (1,587) | (6,555) | (1,143) | (3,353) | (8,537) | (8,651) | (2,836) | 265 | (1,070) | (7,636) | (4,627) | 7,495 | (2,993) | (18,410) | (6,025) | 13,179 | 1,901 |
| LTM FCF | | | | (1,761) | (7,086) | (6,929) | (12,638) | (19,588) | (21,684) | (23,377) | (19,759) | (12,292) | (11,277) | (13,068) | (5,838) | (7,761) | (18,534) | (19,932) | (14,248) | (9,355) |
| Margin % | | | | -2.6% | -9.4% | -8.0% | -12.9% | -17.6% | -17.3% | -16.6% | -12.5% | -7.0% | -5.9% | -6.4% | -2.7% | -3.3% | -7.2% | -7.3% | -4.9% | -3.1% |
| FCF [OCF - CapEx - Capitalized R&D] | (1,230) | (1,300) | 2,356 | (1,587) | (7,265) | (1,910) | (4,557) | (9,205) | (8,964) | (3,372) | (1,042) | (1,070) | (7,636) | (4,627) | 7,495 | (2,993) | (18,410) | (6,025) | 13,179 | 1,901 |
| LTM FCF | | | | (1,761) | (7,796) | (8,406) | (15,319) | (22,937) | (24,636) | (26,098) | (22,583) | (14,448) | (13,120) | (14,375) | (5,838) | (7,761) | (18,534) | (19,932) | (14,248) | (9,355) |
| Margin % | | | | -2.6% | -10.3% | -9.7% | -15.6% | -20.6% | -19.7% | -18.5% | -14.2% | -8.3% | -6.9% | -7.0% | -2.7% | -3.3% | -7.2% | -7.3% | -4.9% | -3.1% |
| FCF [OCF - CapEx - Capitalized R&D - Cap Lease] | (1,230) | (1,300) | 2,356 | (1,890) | (7,750) | (2,401) | (5,157) | (9,955) | (9,723) | (4,197) | (1,978) | (2,017) | (9,010) | (6,241) | 6,033 | (4,652) | (19,975) | (7,639) | 11,717 | 242 |
| LTM FCF | | | | (2,064) | (8,584) | (9,685) | (17,198) | (25,263) | (27,236) | (29,032) | (25,853) | (17,915) | (17,202) | (19,246) | (11,235) | (13,870) | (24,834) | (26,232) | (20,548) | (15,655) |
| Margin % | | | | -3.1% | -11.4% | -11.2% | -17.6% | -22.7% | -21.7% | -20.6% | -16.3% | -10.2% | -9.0% | -9.4% | -5.1% | -5.8% | -9.6% | -9.6% | -7.1% | -5.2% |

Source: Company Reports, J.P. Morgan estimates.

Figure 5: SMAR – Metrics

| | FY2016 | FY2017 | FY2018 | Apr-16 Q1-17 | Jul-16 Q2-17 | Oct-16 Q3-17 | Jan-17 Q4-17 | Apr-17 Q1-18 | Jul-17 Q2-18 | Oct-17 Q3-18 | Jan-18 Q4-18 | Apr-18 Q1-19 | Jul-18 Q2-19 | Oct-18 Q3-19 |
|--|--------|--------|--------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Dollar-based net retention rate | | | | | | | | | | | | | | |
| Dollar-based net retention rate (all customers) | 113% | 122% | 130% | 116% | 118% | 119% | 122% | 124% | 126% | 129% | 130% | 130% | 131% | 132% |
| Dollar-based net retention rate (customers >\$5K ACV) | | 149% | | | | | | | 151% | 149% | | | | |
| Customer Metrics | | | | | | | | | | | | | | |
| Total Customers | | 92,501 | | | | | | 91,132 | 92,501 | | | 93,642 | 90,693 | 94,893 |
| % Change Y/Y | | | | | | | | | | | | | | |
| % Change Sequential | | | | | | | | | | | | | | |
| Domain-based customers (eg. @jpmorgan.com) | 53,920 | 66,645 | 74,116 | 57,844 | 61,210 | 64,776 | 66,645 | 69,039 | 71,021 | 72,529 | 74,116 | 75,642 | 76,693 | 77,893 |
| % of total customers | | | 80% | | | | | | | 80% | | 81% | 85% | 82% |
| Net new Additions | | | | 3,366 | 3,566 | 1,869 | | 2,394 | 1,982 | 1,508 | 1,587 | 1,526 | 1,051 | 1,200 |
| % Change Y/Y | | 23.6% | 11.2% | | | | | 19% | 16% | 12% | 11% | 10% | 8% | 7% |
| % Change Sequential | | | | 5.8% | 5.8% | 2.9% | | 3.6% | 2.9% | 2.1% | 2.2% | 2.1% | 1.4% | 1.6% |
| ISP-based customers (eg. @gmail.com) | | 18,385 | | | | | | | | 18,603 | 18,385 | 18,000 | 14,000 | 17,000 |
| % Change Y/Y | | | | | | | | | | | | | | |
| % Change Sequential | | | | | | | | | | | -1.2% | -2.1% | -22.2% | 21.4% |
| # Customers with >\$5K in ACV | 1,201 | 2,088 | 3,790 | | | 2,088 | | 2,437 | 2,823 | 3,275 | 3,790 | 4,349 | 4,956 | 5,575 |
| % Change Y/Y | | 73.9% | 81.5% | | | | | | | | 82% | 78% | 76% | 70% |
| # Customers with >\$50K in ACV | 29 | 76 | 189 | | | 55 | 76 | 100 | 121 | 145 | 168 | 239 | 298 | 360 |
| % Change Y/Y | | 162.1% | 148.7% | | | | | | | 164% | 149% | 139% | 146% | 148% |
| # of Fortune 100 Penetration | | | | | | | | | | 89% | 90% | 92% | 96% | |
| # of Fortune 500 Penetration | | | | | | | | | | 67% | 67% | 67% | 72% | |
| Average annualized contract value per domain-based customer | | | | \$897 | \$965 | \$1,016 | \$1,108 | \$1,230 | \$1,346 | \$1,491 | \$1,640 | \$1,808 | \$2,002 | \$2,214 |
| % Change Y/Y | | | | | | | | 37.1% | 40.9% | 46.6% | 48.3% | 47.0% | 46.7% | 45.5% |
| % Change Sequential | | | | 6.8% | 6.4% | 8.9% | | 11.2% | 9.4% | 10.8% | 10.0% | 10.2% | 10.7% | 10.6% |
| ACV Contribution by Domain-based customers (% of total ACV) | | | | | | | | | | 95% | 95% | 96% | 96% | 97% |
| Contribution from Customers paying >\$5K in ACV (as % of total ACV) | | 54% | | | | | | | | 51% | 54% | 57% | 60% | 63% |
| Contribution from Customers paying >\$50K in ACV (as % of total ACV) | | | | | | | | | | | | 20% | 22% | 24% |
| Total Annualized Contract Value | | | | 54,617 | 61,532 | 69,276 | 77,589 | 89,387 | 100,626 | 113,832 | 127,948 | 142,459 | 159,937 | 177,789 |
| % Change Y/Y | | | | | | | | 63.7% | 63.5% | 64.3% | 64.9% | 59.4% | 58.9% | 56.2% |
| % Change Sequential | | | | 12.7% | 12.6% | 12.0% | | 15.2% | 12.6% | 13.1% | 12.4% | 11.3% | 12.3% | 11.2% |
| Customer Concentration | | | | | | | | | | | | | | |
| 10 largest customers (% of revenue) | | <10% | | | | | | | | <10% (LTM) | <10% (LTM) | | | |
| Customer >3% of revenue | | | | | | | | | | 0 (LTM) | 0 (LTM) | | | |
| User Metrics | | | | | | | | | | | | | | |
| Total Users | | 3.7M | | | | | | | | 3.4M | 3.7M | 3.9M | 4.2M | 4.5M |
| Paying Users | | 650K | | | | | | | | 600K | 650K | 695K | | |
| % of total users paying | | 17.8% | | | | | | | | 17.6% | 17.8% | 17.8% | | |
| Annualized Subscription Revenue per paying user | | | | | | | | | \$ 176.27 | \$ 190.44 | \$ 190.67 | | | |
| Monthly Subscription Revenue per paying user | | | | | | | | | \$ 14.69 | \$ 15.87 | \$ 15.89 | | | |
| Collaborators (non-paying users) | | 3.0M | | | | | | | 2.8M | 3.0M | | 3.2M | | |
| Geographic mix | | | | | | | | | | | | | | |
| United States | 27,025 | 47,110 | 81,480 | | | | | 15,964 | 19,550 | | | 27,139 | 31,807 | |
| % of total | 66.3% | 70.4% | 73.2% | | | | | 71.8% | 73.3% | | | 74.7% | 75.0% | |
| % Change Y/Y | | 74% | 73% | | | | | | | | | 70.0% | 62.7% | |
| % Change Sequential | | | | | | | | | | | | | | |
| International | 13,726 | 19,854 | 29,773 | | | | | 6,272 | 7,117 | | | 9,180 | 10,577 | |
| % of total | 33.7% | 29.6% | 26.8% | | | | | 28.2% | 26.7% | | | 25.3% | 25.0% | |
| % Change Y/Y | | 45% | 50% | | | | | | | | | 46.4% | 48.6% | |
| % Change Sequential | | | | | | | | | | | | | | |
| EMEA | 6,883 | 9,874 | 14,654 | | | | | 3,089 | 3,520 | | | 4,483 | 5,289 | |
| % of total | 16.9% | 14.7% | 13.2% | | | | | 13.9% | 13.2% | | | 12.3% | 12.5% | |
| % Change Y/Y | | 43% | 48% | | | | | | | | | 45.1% | 50.3% | |
| % Change Sequential | | | | | | | | | | | | | | |
| Asia Pacific | 3,819 | 5,940 | 9,181 | | | | | 1,912 | 2,141 | | | 2,818 | 3,131 | |
| % of total | 9.4% | 8.9% | 8.3% | | | | | 8.6% | 8.0% | | | 7.8% | 7.4% | |
| % Change Y/Y | | 56% | 55% | | | | | | | | | 47.4% | 46.2% | |
| % Change Sequential | | | | | | | | | | | | | | |
| Americas (Ex-USA) | 3,024 | 4,040 | 5,930 | | | | | 1,271 | 1,456 | | | 1,879 | 2,157 | |
| % of total | 7.4% | 6.0% | 5.3% | | | | | 5.7% | 5.5% | | | 5.2% | 5.1% | |
| % Change Y/Y | | 34% | 47% | | | | | | | | | 47.8% | 48.1% | |
| % Change Sequential | | | | | | | | | | | | | | |
| Other Metrics | | | | | | | | | | | | | | |
| Total Headcount | | | | | | | 274 | | | 732 | 767 | 870 | 944 | 1013 |
| Abs Change | | | | | | | | | | | | 83 | 74 | 69 |
| % Change Y/Y | | | | | | | | | | | | 187% | | |
| % Change Sequential | | | | | | | | | | | 8% | 11% | 9% | 7% |
| R&D Headcount | | | | | | | | | 165 | | | | | |
| Total Patents (Issued) | | | | | | | | | | | 12 | | | |
| US Patents (Issued, Expiring b/w 2019-2034) | | | | | | | | | | | 9 | | | |
| International Patents (Issued) | | | | | | | | | | | 3 | | | |
| US Patents (Pending) | | | | | | | | | | | 7 | | | |

Source: Company reports, J.P. Morgan estimates

Smartsheet: Summary of Financials

| Income Statement - Annual | | | | | | Income Statement - Quarterly | | | | | |
|-------------------------------------|----------|----------|-----------|-----------|-----------|------------------------------|-----------|-----------|-----------|----------|---------|
| | FY17A | FY18A | FY19E | FY20E | FY21E | | 1Q19A | 2Q19A | 3Q19A | 4Q19E | |
| Revenue | 66,964 | 111,254 | 175,085 | 237,172 | 302,003 | Revenue | 36,319A | 42,384A | 46,868A | 49,514 | |
| COGS | (14,072) | (21,340) | (34,022) | (50,338) | (63,400) | COGS | (7,128)A | (7,807)A | (8,345)A | (10,742) | |
| Gross profit | 52,892 | 89,914 | 141,063 | 186,834 | 238,603 | Gross profit | 29,191A | 34,577A | 38,523A | 38,772 | |
| SG&A | (47,725) | (88,597) | (133,325) | (174,264) | (214,127) | SG&A | (28,086)A | (30,293)A | (35,725)A | (39,221) | |
| Adj. EBITDA | (10,820) | (21,147) | (26,106) | (28,447) | (64,326) | Adj. EBITDA | (7,536)A | (4,594)A | (5,084)A | (8,892) | |
| D&A | (3,202) | (9,092) | (18,432) | (28,641) | 0 | D&A | (3,485)A | (4,140)A | (5,159)A | (5,648) | |
| Adj. EBIT | (14,022) | (30,239) | (44,538) | (57,088) | (64,326) | Adj. EBIT | (11,021)A | (8,734)A | (10,243)A | (14,540) | |
| Net Interest | - | - | - | - | - | Net Interest | - | - | - | - | |
| Adj. PBT | (13,857) | (29,881) | (42,744) | (56,486) | (63,794) | Adj. PBT | (10,995)A | (7,985)A | (9,383)A | (14,381) | |
| Tax | 0 | 0 | (110) | 0 | 0 | Tax | 0A | (88)A | (22)A | 0 | |
| Minority Interest | - | - | - | - | - | Minority Interest | - | - | - | - | |
| Adj. Net Income | (13,857) | (29,881) | (42,854) | (56,486) | (63,794) | Adj. Net Income | (10,995)A | (8,073)A | (9,405)A | (14,381) | |
| Reported EPS | (0.17) | (0.56) | (0.60) | (0.74) | (0.83) | Reported EPS | (0.16)A | (0.12)A | (0.15)A | (0.17) | |
| Adj. EPS | (0.16) | (0.34) | (0.43) | (0.53) | (0.58) | Adj. EPS | (0.12)A | (0.08)A | (0.09)A | (0.14) | |
| DPS | - | - | - | - | - | DPS | - | - | - | - | |
| Payout ratio | - | - | - | - | - | Payout ratio | - | - | - | - | |
| Shares outstanding | 87,472 | 88,708 | 99,528 | 105,840 | 110,138 | Shares outstanding | 89,488A | 102,569A | 102,822A | 103,233 | |
| Balance Sheet & Cash Flow Statement | | | | | | Ratio Analysis | | | | | |
| | FY17A | FY18A | FY19E | FY20E | FY21E | | FY17A | FY18A | FY19E | FY20E | FY21E |
| Cash and cash equivalents | 22,086 | 58,158 | 209,336 | 193,884 | 176,417 | Gross margin | 79.0% | 80.8% | 80.6% | 78.8% | 79.0% |
| Accounts receivable | 5,410 | 14,870 | 28,216 | 37,938 | 40,610 | EBITDA margin | (16.2%) | (19.0%) | (14.9%) | (12.0%) | (21.3%) |
| Inventories | - | - | - | - | - | EBIT margin | (20.9%) | (27.2%) | (25.4%) | (24.1%) | (21.3%) |
| Other current assets | 12,373 | 4,628 | 2,855 | 7,062 | 8,792 | Net profit margin | (20.7%) | (26.9%) | (24.5%) | (23.8%) | (21.1%) |
| Current assets | 39,869 | 77,656 | 240,407 | 238,883 | 225,818 | ROE | (98.4%) | (151.4%) | (45.3%) | (43.7%) | (92.0%) |
| PP&E | 8,811 | 17,237 | 24,793 | 29,929 | 36,229 | ROA | (27.7%) | (34.6%) | (20.7%) | (18.6%) | (20.4%) |
| LT investments | 0 | 0 | 0 | 0 | 0 | ROCE | (99.5%) | (153.3%) | (47.2%) | (44.1%) | (92.7%) |
| Other non current assets | 7,572 | 21,711 | 32,080 | 40,913 | 52,968 | SG&A/Sales | 71.3% | 79.6% | 76.1% | 73.5% | 70.9% |
| Total assets | 56,252 | 116,604 | 297,281 | 309,725 | 315,016 | Net debt/equity | - | - | - | - | - |
| Short term borrowings | - | - | - | - | - | P/E (x) | NM | NM | NM | NM | NM |
| Payables | 1,985 | 2,641 | 5,297 | 6,211 | 7,069 | P/BV (x) | 314.9 | 75.1 | 17.1 | 28.3 | 79.8 |
| Other short term liabilities | 42,130 | 76,249 | 129,436 | 196,563 | 264,859 | EV/EBITDA (x) | NM | NM | NM | NM | NM |
| Current liabilities | 44,115 | 78,890 | 134,733 | 202,774 | 271,929 | Dividend Yield | - | - | - | - | - |
| Long-term debt | - | - | - | - | - | Sales/Assets (x) | 1.3 | 1.3 | 0.8 | 0.8 | 1.0 |
| Other long term liabilities | 4,620 | 5,768 | 5,247 | 5,572 | 5,737 | Interest cover (x) | - | - | - | - | - |
| Total liabilities | 48,735 | 84,658 | 139,980 | 208,345 | 277,666 | Operating leverage | 16.6% | 174.9% | 82.4% | 79.5% | 46.4% |
| Shareholders' equity | 7,517 | 31,946 | 157,300 | 101,380 | 37,350 | Revenue y/y Growth | 64.3% | 66.1% | 57.4% | 35.5% | 27.3% |
| Minority interests | - | - | - | - | - | EBITDA y/y Growth | (14.6%) | 95.4% | 23.5% | 9.0% | 126.1% |
| Total liabilities & equity | 56,252 | 116,604 | 297,281 | 309,725 | 315,016 | Tax rate | 0.0% | 0.0% | (0.3%) | 0.0% | 0.0% |
| BVPS | 0.09 | 0.36 | 1.58 | 0.96 | 0.34 | Adj. Net Income y/y Growth | 9.4% | 115.6% | 43.4% | 31.8% | 12.9% |
| y/y Growth | (63.8%) | 319.1% | 338.9% | (39.4%) | (64.6%) | EPS y/y Growth | 8.8% | 112.6% | 27.8% | 23.9% | 8.5% |
| Net debt/(cash) | - | - | - | - | - | DPS y/y Growth | - | - | - | - | - |
| Cash flow from operating activities | 59 | (13,582) | (5,618) | 2,626 | (9,355) | | | | | | |
| o/w Depreciation & amortization | 3,202 | 9,092 | 18,432 | 28,641 | 0 | | | | | | |
| o/w Changes in working capital | 10,712 | 7,440 | 19,106 | 30,471 | 54,439 | | | | | | |
| Cash flow from investing activities | 9,055 | (1,781) | (9,505) | (11,505) | (1,812) | | | | | | |
| o/w Capital expenditure | (1,820) | (6,006) | (6,673) | (10,387) | 0 | | | | | | |
| as % of sales | 2.7% | 5.4% | 3.8% | 4.4% | 0.0% | | | | | | |
| Cash flow from financing activities | 627 | 51,436 | 165,908 | (6,109) | (6,300) | | | | | | |
| o/w Dividends paid | - | - | - | - | - | | | | | | |
| o/w Net debt issued/(repaid) | - | - | - | - | - | | | | | | |
| Net change in cash | 9,741 | 36,073 | 150,785 | (14,988) | (17,467) | | | | | | |
| Adj. Free cash flow to firm | (1,761) | (19,588) | (12,292) | (7,761) | (9,355) | | | | | | |
| y/y Growth | - | -1012.4% | (37.2%) | (36.9%) | 20.5% | | | | | | |

Source: Company reports and J.P. Morgan estimates.

Note: \$ in thousands (except per-share data). Fiscal year ends Jan. o/w - out of which

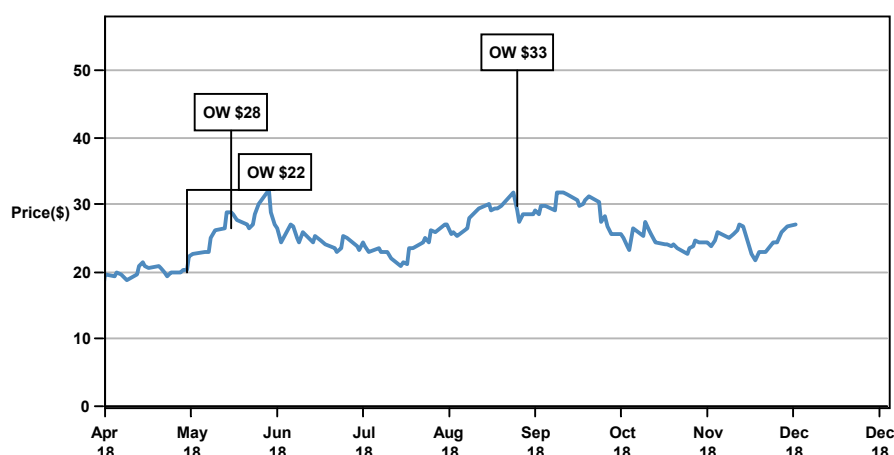
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Smartsheet (SMAR, SMAR US) Price Chart



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Initiated coverage May 22, 2018.

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