



# Dropbox

**Company Presentation**

May 2019

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This presentation contains forward-looking statements. These statements may relate to, but are not limited to, expectations of future results of operations or financial performance of Dropbox, Inc. (“Dropbox,” “we,” “us,” or similar terms), certain key financial and operating metrics, capital expenditures, plans for growth and future operations, technological capabilities, benefits from new product features, acquisitions and strategic relationships, as well as assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “potential,” “would,” “continue,” “ongoing” or the negative of these terms or other comparable terminology. You should not put undue reliance on any forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all.

Forward-looking statements are based on information available at the time those statements are made or management’s good faith beliefs and assumptions as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in, or suggested by, the forward-looking statements. In light of these risks and uncertainties, the events and circumstances contemplated by the forward-looking statements made in this presentation may not occur and actual results could differ materially from those anticipated or implied

in the forward-looking statements. These risks and uncertainties are described in greater detail under the heading “Risk Factors” in our annual report on Form 10-K for the fiscal year ended December 31, 2018 that we filed with the Securities and Exchange Commission (the “SEC”) on February 25, 2019, and include, but are not limited to, our ability to retain and upgrade paying users; our ability to attract new users or convert registered users to paying users; our future financial performance, including trends in revenue, cost of revenue, gross profit or gross margin, operating expenses, paying users, and free cash flow; our ability to achieve or maintain profitability; the demand for our platform or for content collaboration solutions in general; possible harm caused by significant disruption of service or loss or unauthorized access to users’ content; our ability to effectively interoperate our platform with others; our ability to successfully integrate acquired businesses; and our ability to compete successfully in competitive markets. These factors could cause actual results, performance or achievement to differ materially and adversely from those anticipated or implied in the forward-looking statements. Additional information will be made available in our quarterly report on Form 10-Q for the year ended March 31, 2019 and in other future reports that we may file with the SEC from time to time, which could cause actual results to vary from expectations. Except as required by law, Dropbox does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

In addition to financial information presented in accordance with U.S. generally accepted accounting principles (“GAAP”), this presentation includes certain non-GAAP

financial measures, including non-GAAP and non-GAAP operating margin. These non-GAAP measures are presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. These non-GAAP measures have limitations as analytical tools, and they should not be considered in isolation or as a substitute for analysis of other GAAP financial measures. The non-GAAP measures Dropbox uses may differ from the non-GAAP measures used by other companies. A reconciliation of these measures to the most directly comparable GAAP measures is included at the end of this presentation.

This presentation also contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. This information may be based on many assumptions and limitations, and you are cautioned not to give undue weight to such information. We have not independently verified the accuracy or completeness of the data contained in the industry publications and other publicly available information. Dropbox does not undertake to update such data after the date of this presentation.

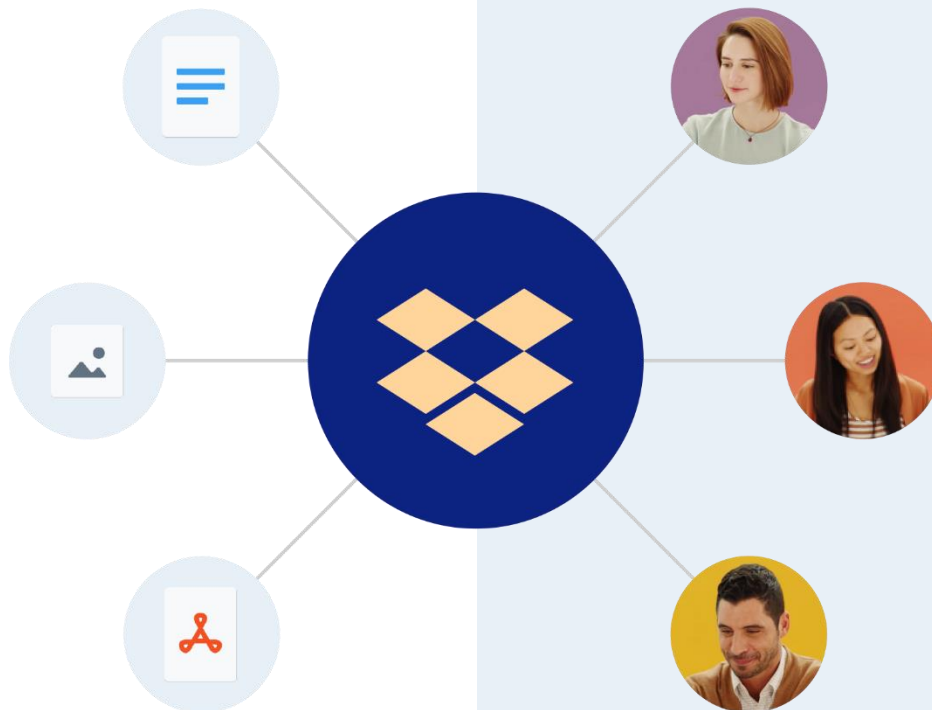
# Keeping files in sync



# Keeping teams in sync

## Cloud storage 2007

- Backup & sync
- Photo sharing
- Shared folders



## Team collaboration Today

- Content management
- Collaborative apps
- Professional sharing
- Project management

# Dropbox today

We're a business software company that defies traditional boundaries

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We're a living workspace for the world's digital content

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We have a rare combination of virality, scale, and cash generation

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We have a long runway for growth

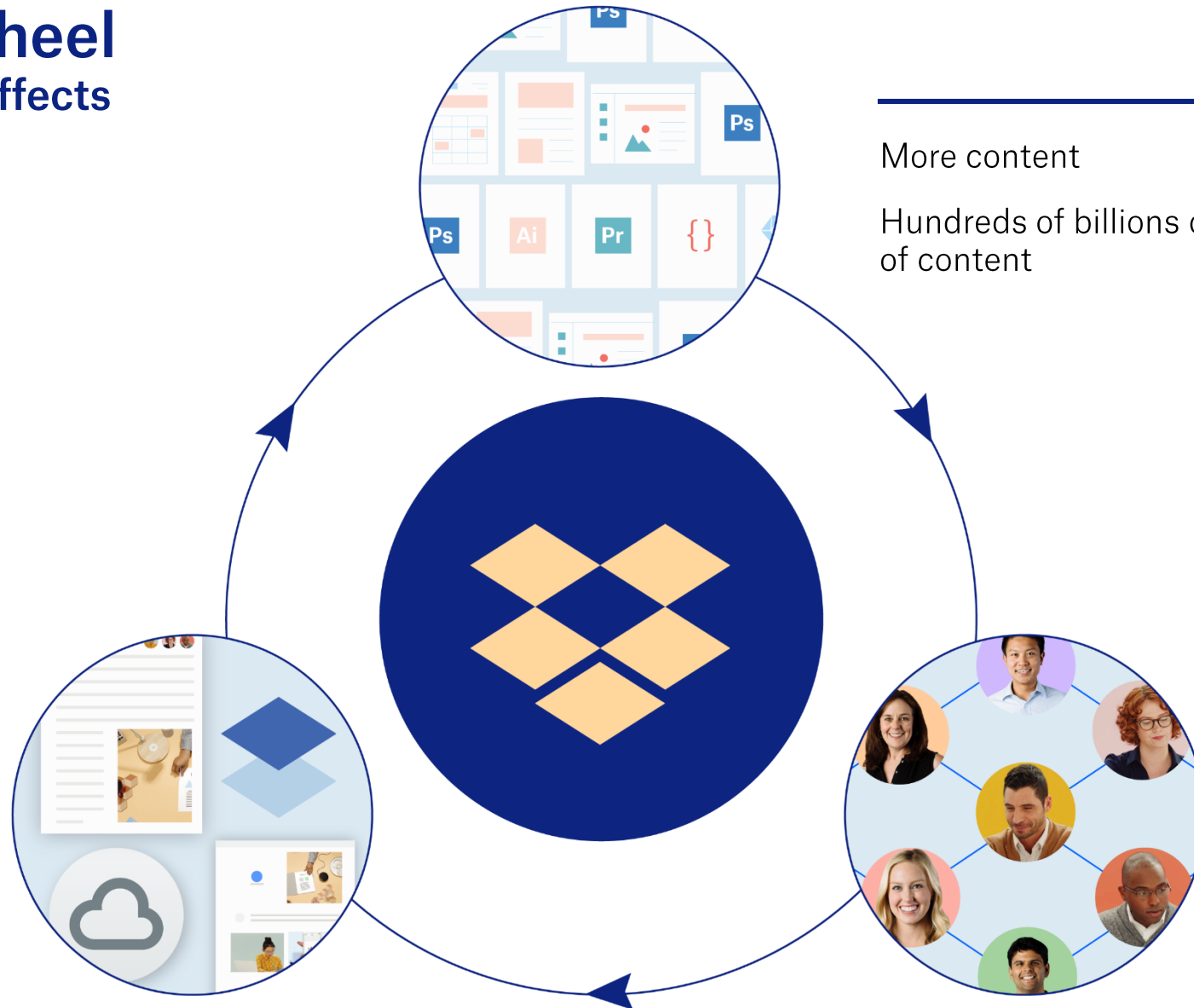


# Dropbox flywheel

## Powerful network effects

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New product experiences  
Dropbox Business, Paper,  
Showcase, Smart Sync...



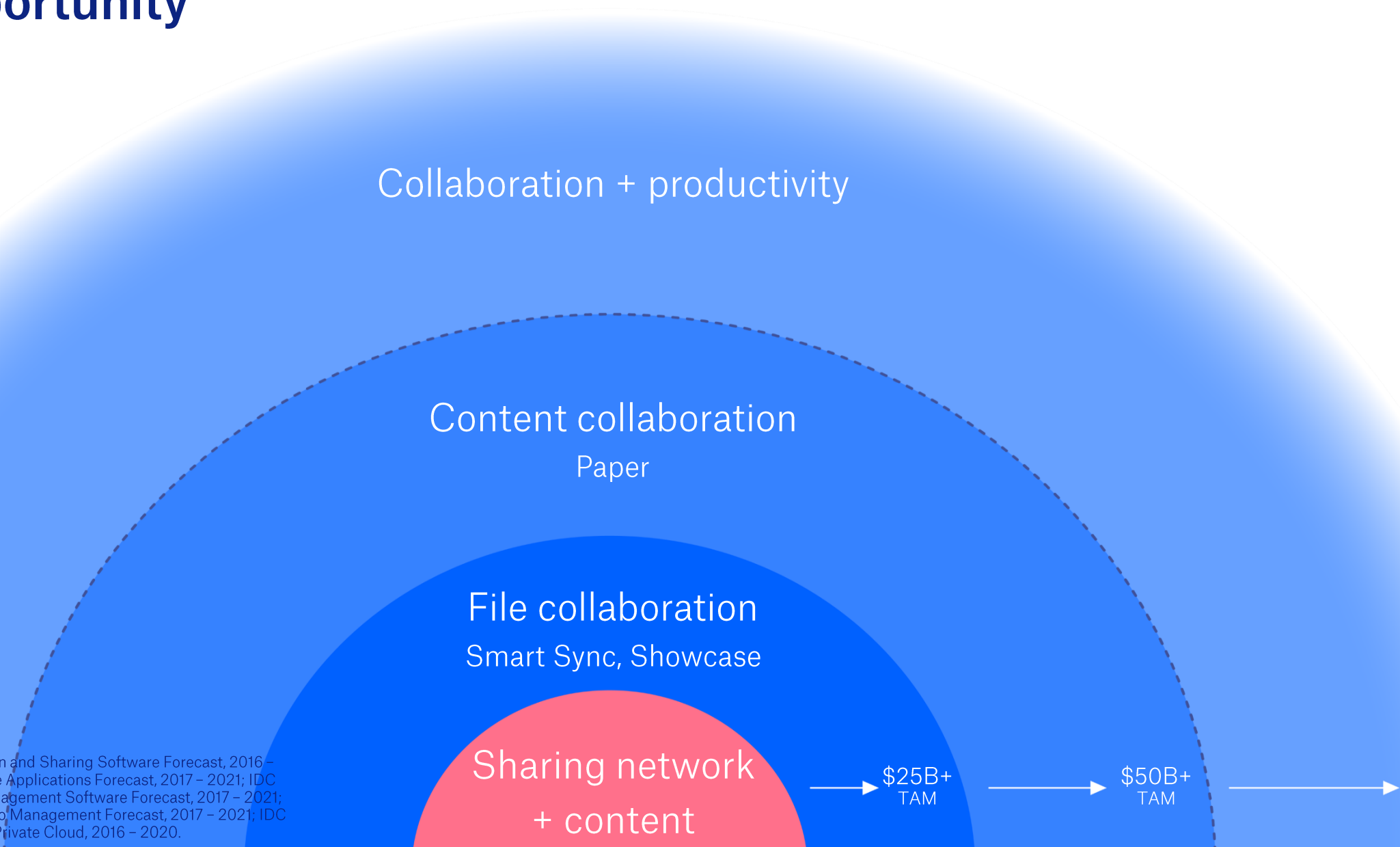
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More content  
Hundreds of billions of pieces  
of content

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Bigger sharing network  
4.5 billion+ sharing  
connections

# Our opportunity



IDC Worldwide File Synchronization and Sharing Software Forecast, 2016 – 2020; IDC Worldwide Collaborative Applications Forecast, 2017 – 2021; IDC Worldwide Enterprise Content Management Software Forecast, 2017 – 2021; IDC Worldwide Project and Portfolio Management Forecast, 2017 – 2021; IDC Worldwide Storage for Public and Private Cloud, 2016 – 2020.

# Reinventing the software playbook

## Traditional playbook

Designed for IT

Top-down distribution

Walled garden

Rip-and-replace

vs.

vs.

vs.

vs.

## What sets Dropbox apart

Designed for users

Bottom-up adoption

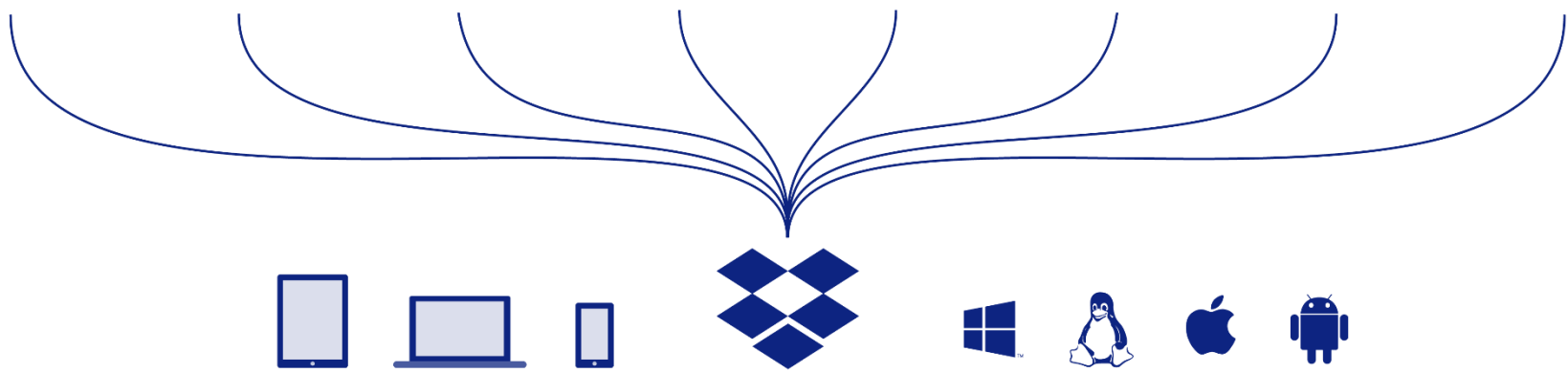
Open ecosystem

Live side-by-side



# Open ecosystem

Enterprise apps    Media + Design    Sales + Marketing    Project management    Content management    Productivity    Security    Communications

**50B+**  
API calls/month

**75%**  
of teams linked to a  
third-party app

**500K+**  
registered developers

# Growth drivers



## Execute

### Convert

Driver registered users to become paying users on Individual and Team plans

### Upsell

Prompt existing paying users to upgrade to premium plans or purchase additional licenses

## Innovate

### New product experiences

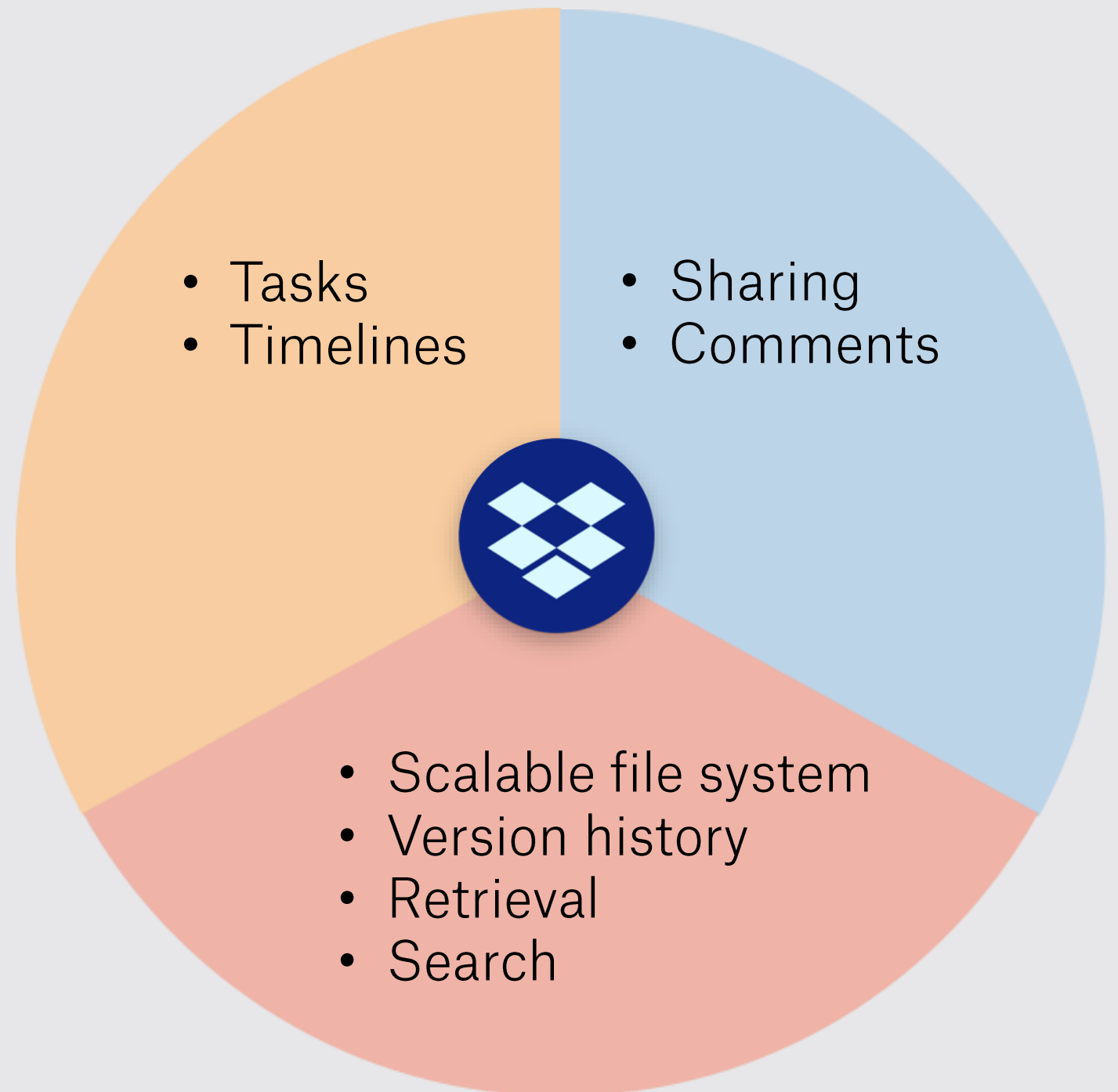
Leverage scale and user insights to enhance existing products and drive adoption of new ones

### Expand ecosystem

Grow thriving ecosystem to put Dropbox at the center of users' lives

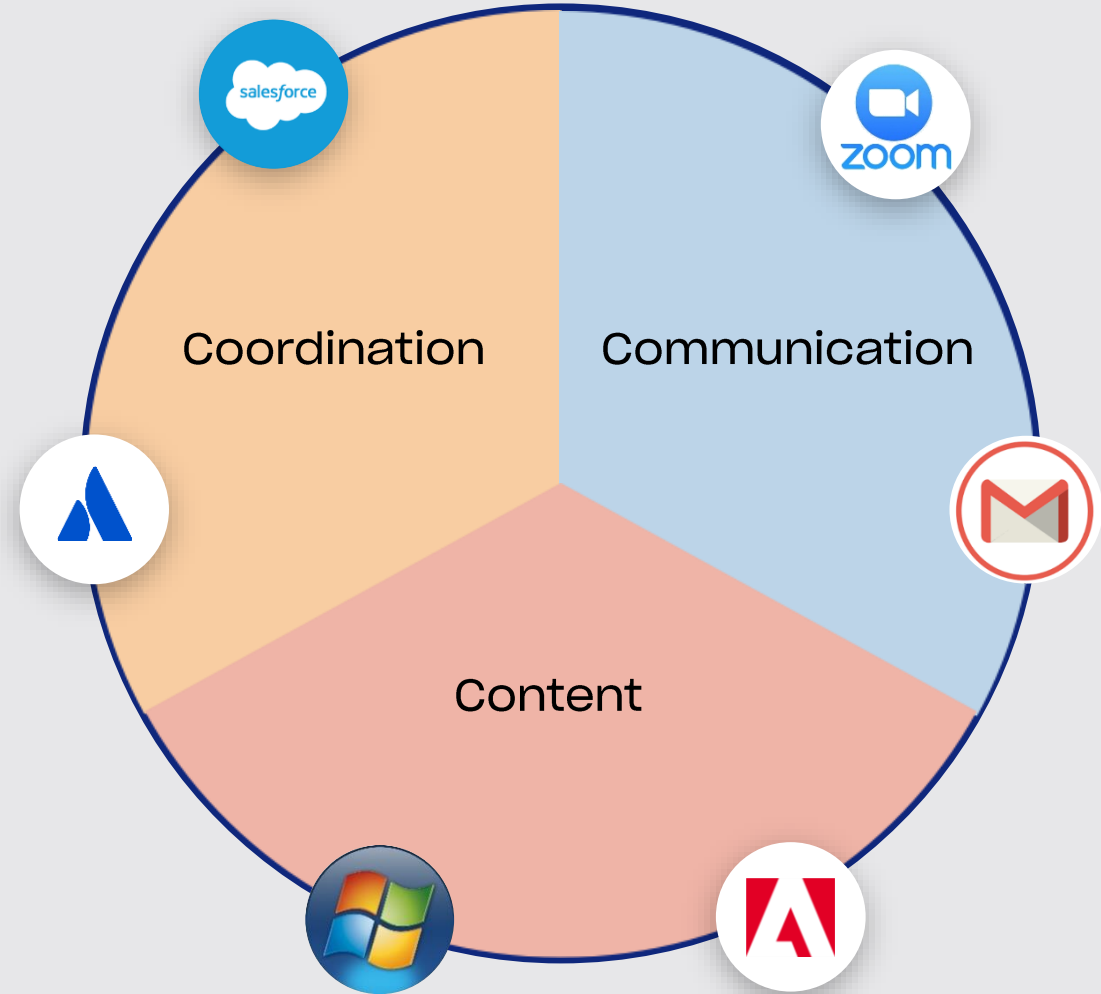
## 3 C's of collaboration

- **Content**
- **Coordination**
- **Communication**



# 3 C's of collaboration

- Content
- Coordination
- Communication



# eSignature and document workflow



eSignature and workflow solution



eSignature product that can be embedded in customer applications and workflows



Mobile-friendly workflow solution that enables users to fill out and eSign forms



Online service that facilitates seamless fax transmission electronically

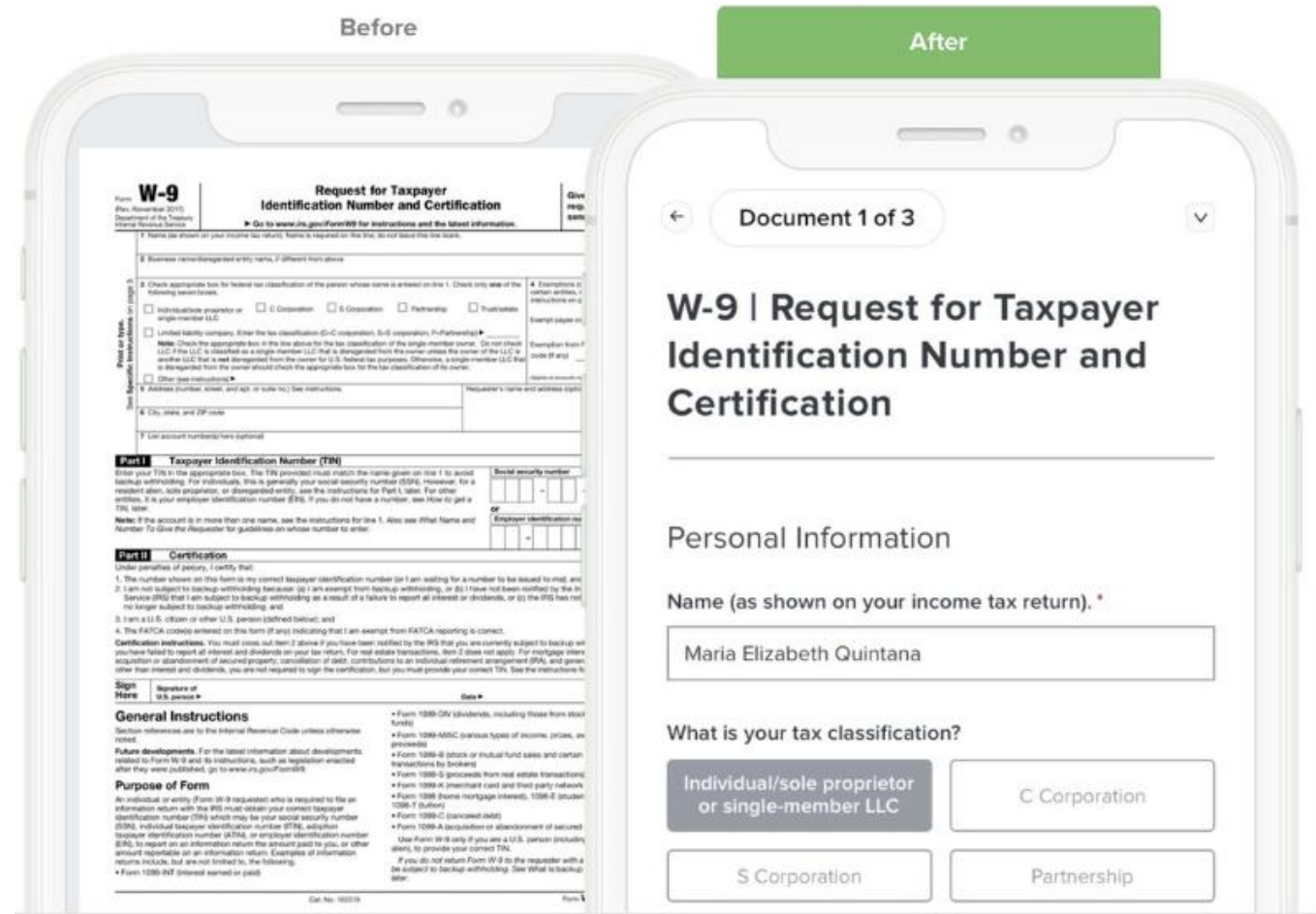
# Conditional Logic in HelloWorks



Mobile first form filling experience

Personalized and intelligent workflow

Improves accuracy and completion rates



# Google Docs, Sheets, and Slides within Dropbox

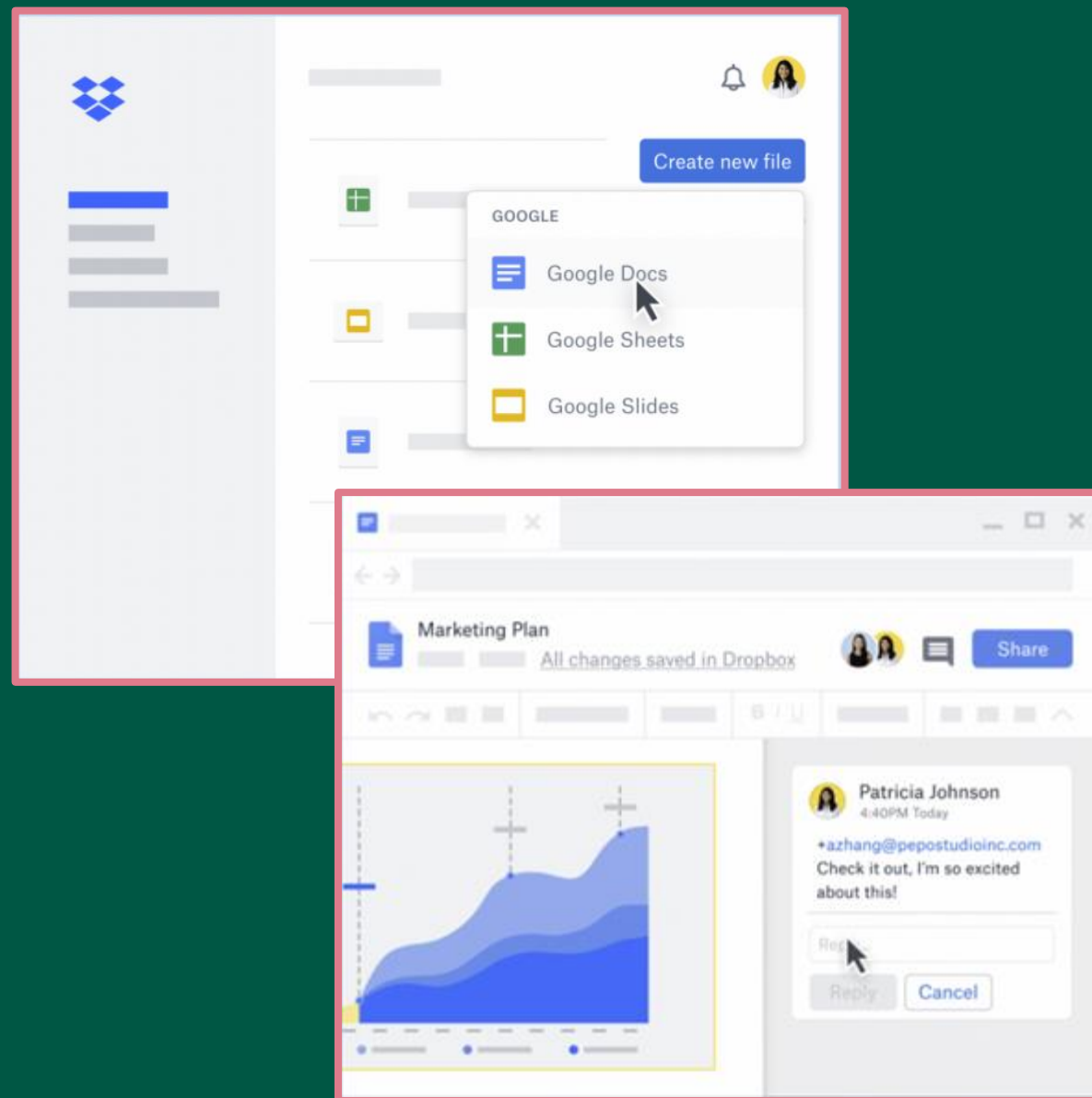
Create and store Docs, Sheets, and Slides

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Search everything: GSuite + traditional files

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Comment and collaborate from Dropbox



# Metadata in previews

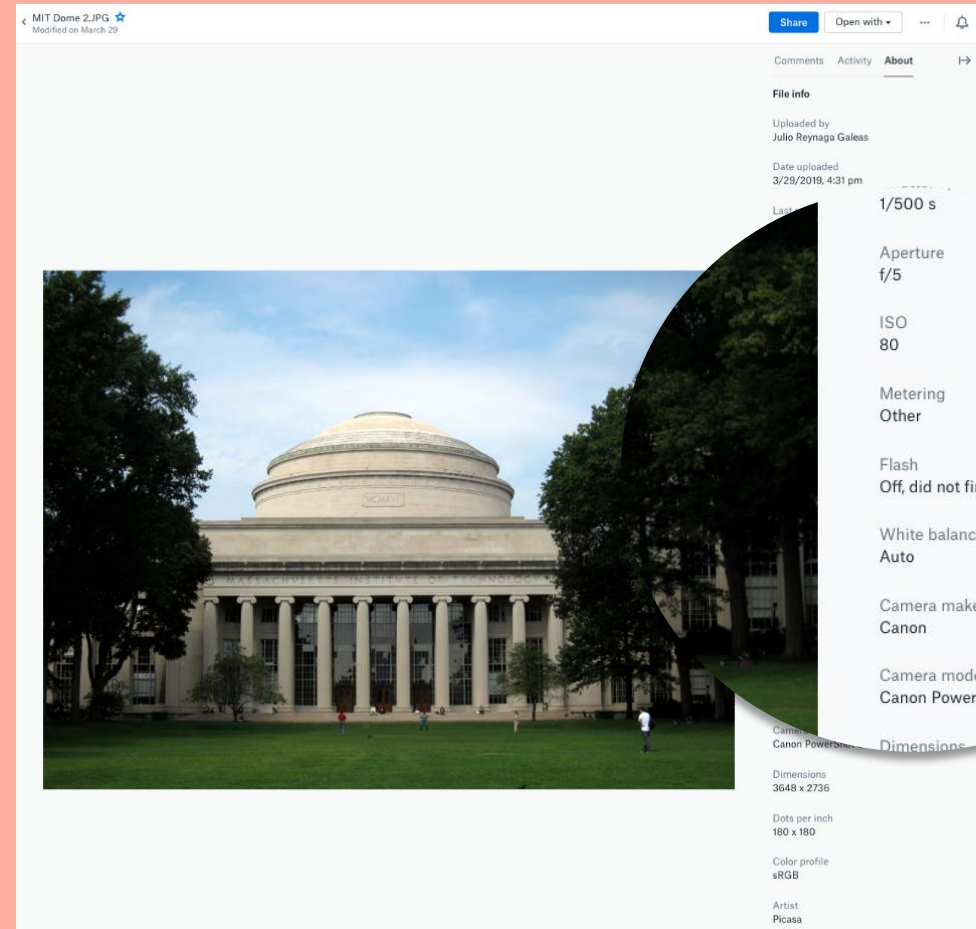
Displays relevant context around content

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Enables users to create custom tags

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Contextualizes files for enhanced search





# Time-based comments

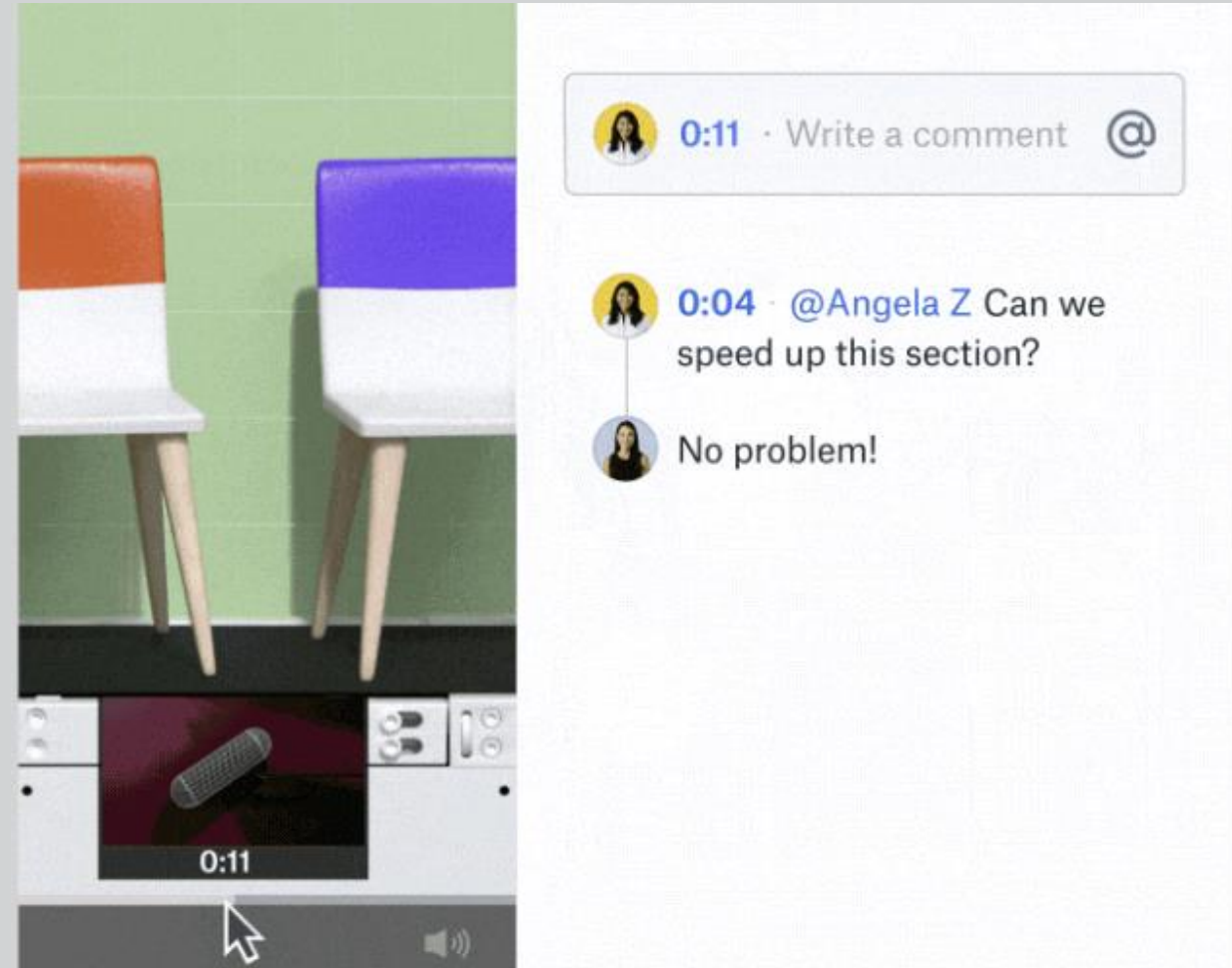
Surface comments at specific points in time

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Get feedback in Dropbox alongside the files

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Keep comments out of messy email threads



# Dropbox Extensions

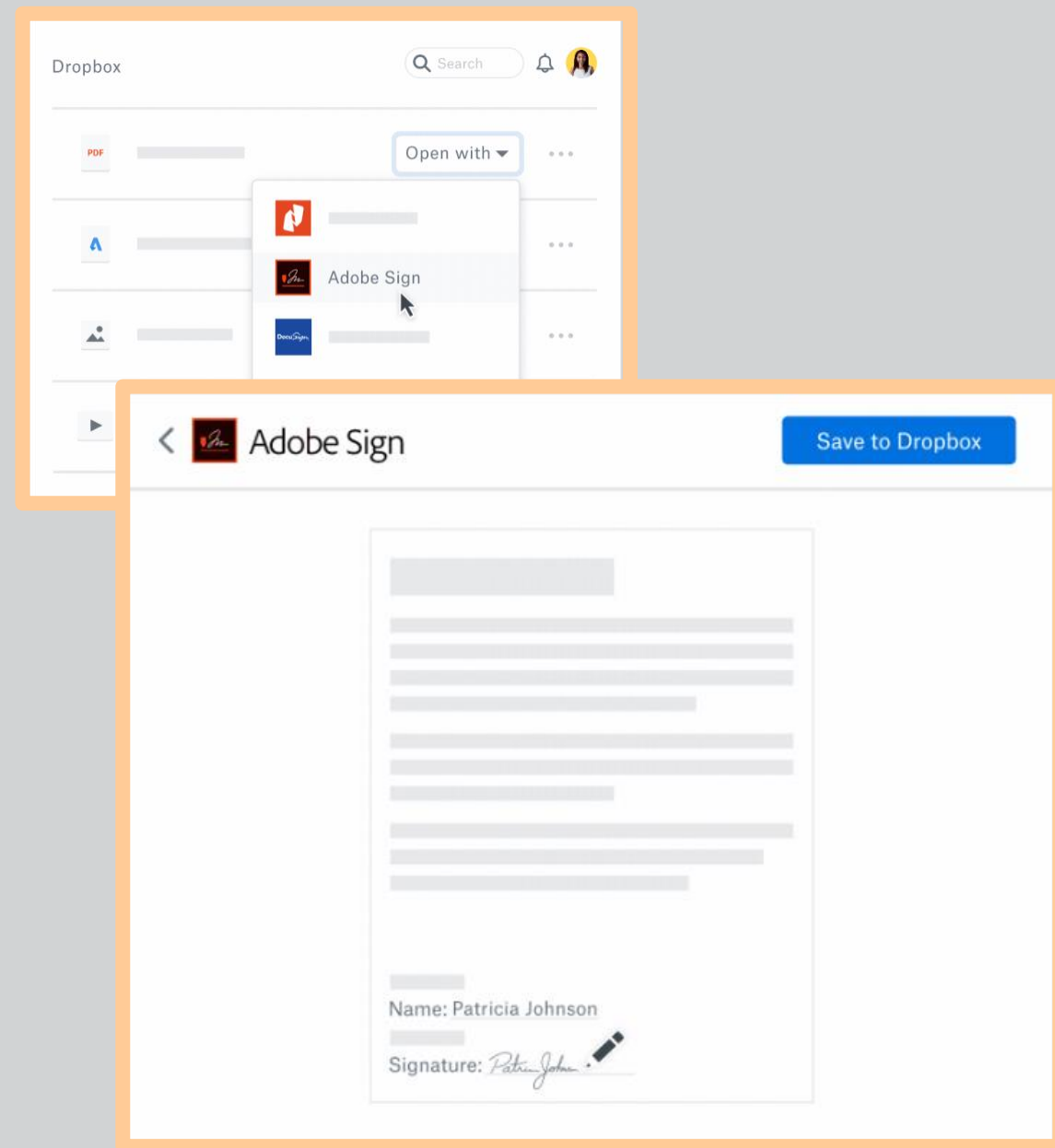
Seamlessly initiate and manage workflows

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Bridge siloed tools to reduce toggling

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Allow users to use their preferred apps



# DBXi: Machine intelligence in action

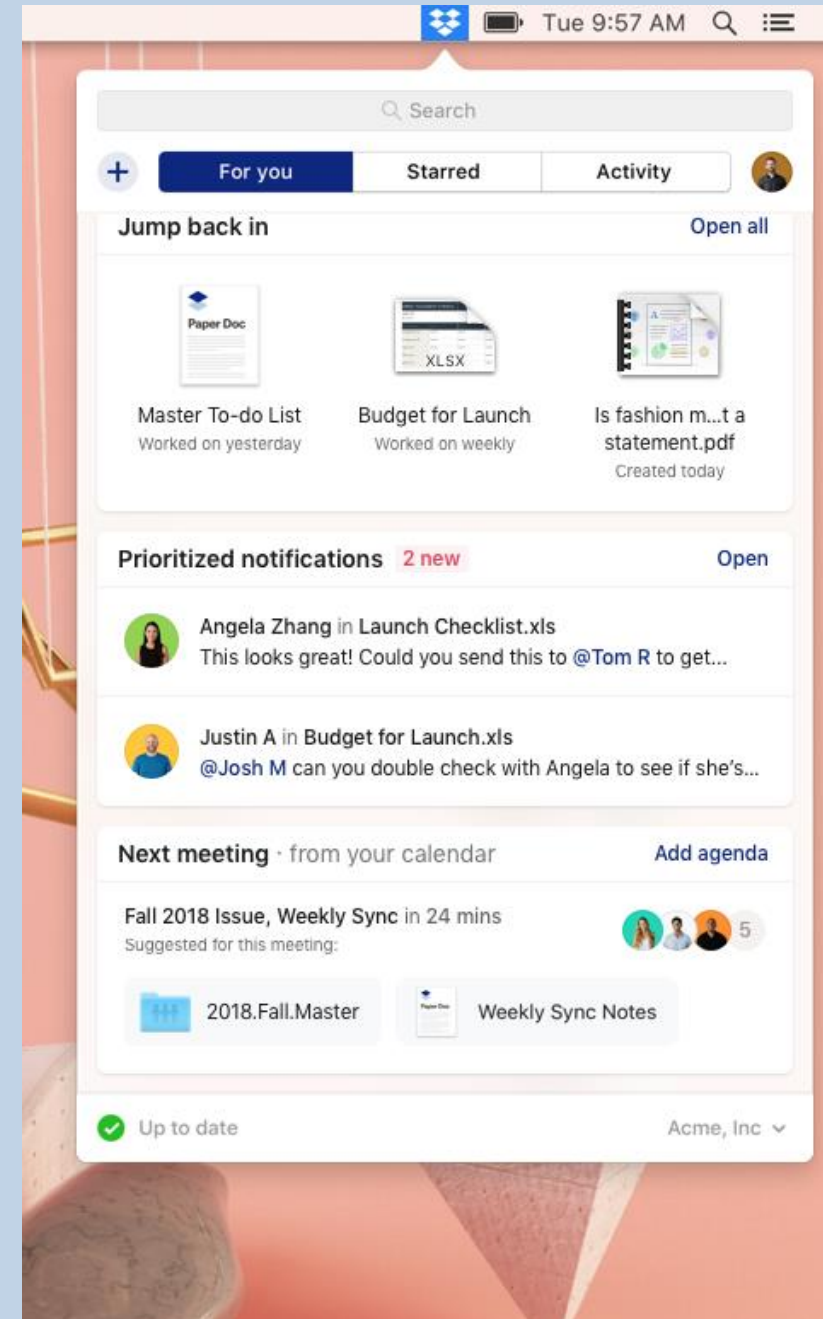
Surfaces relevant content

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Personalizes search

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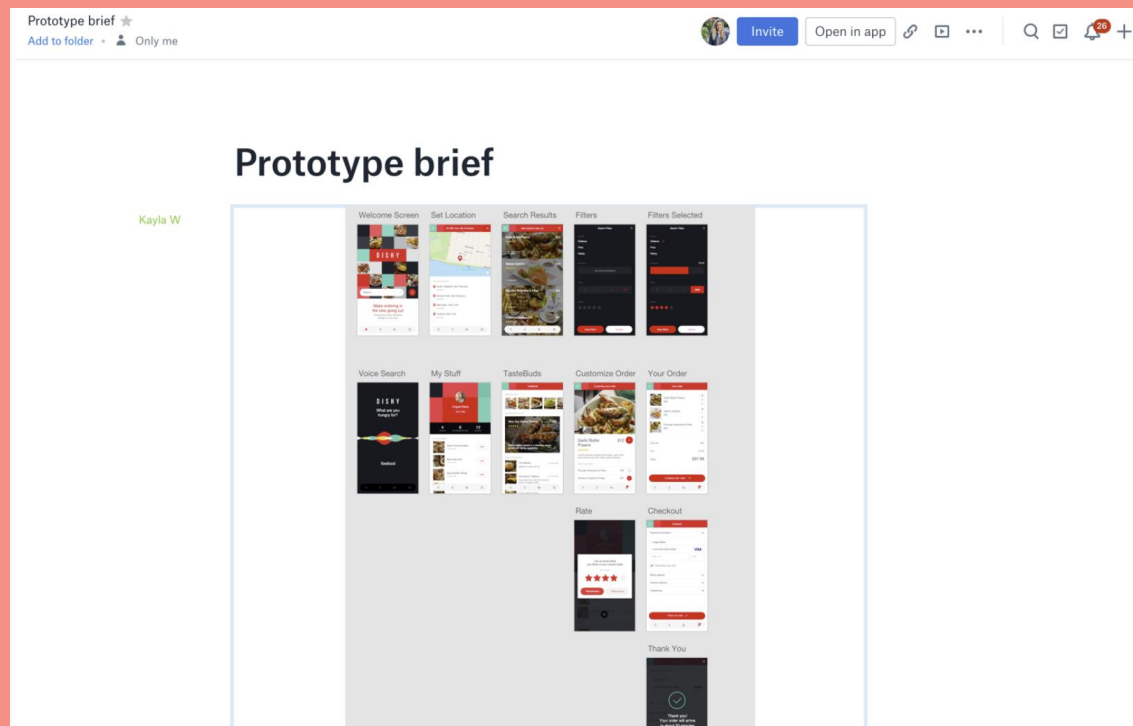
Recognizes text in images



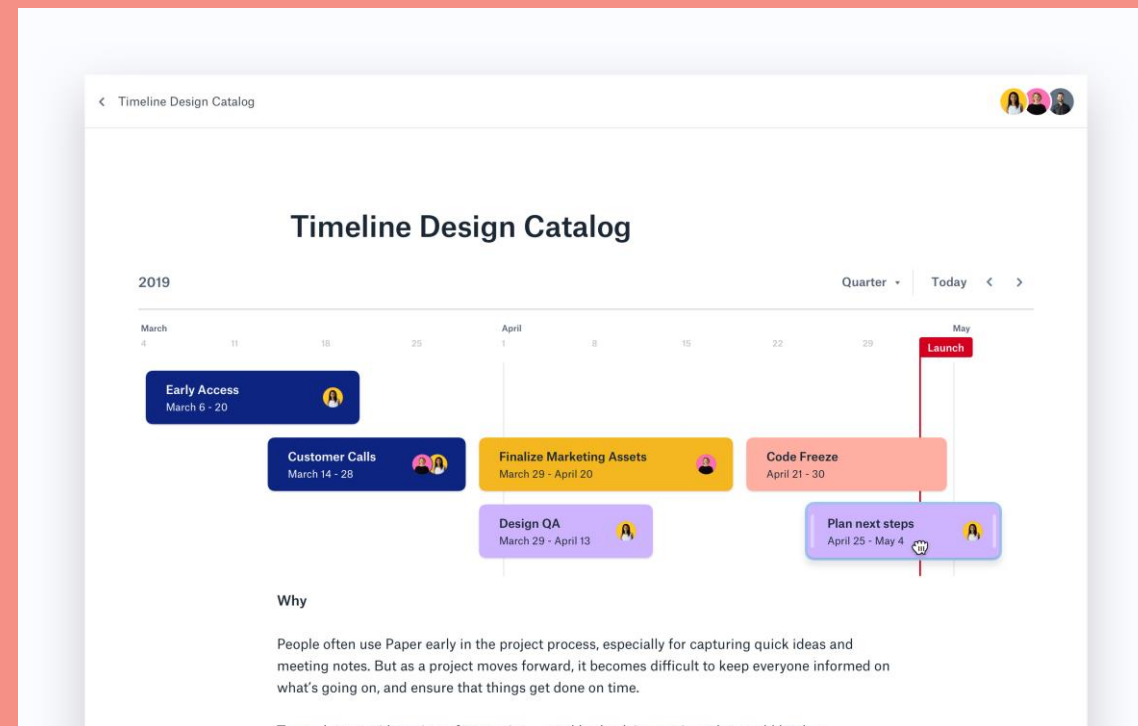
# New Paper functionality

## Embed content from even more tools

(Including Adobe, Airtable, and Lucidchart)



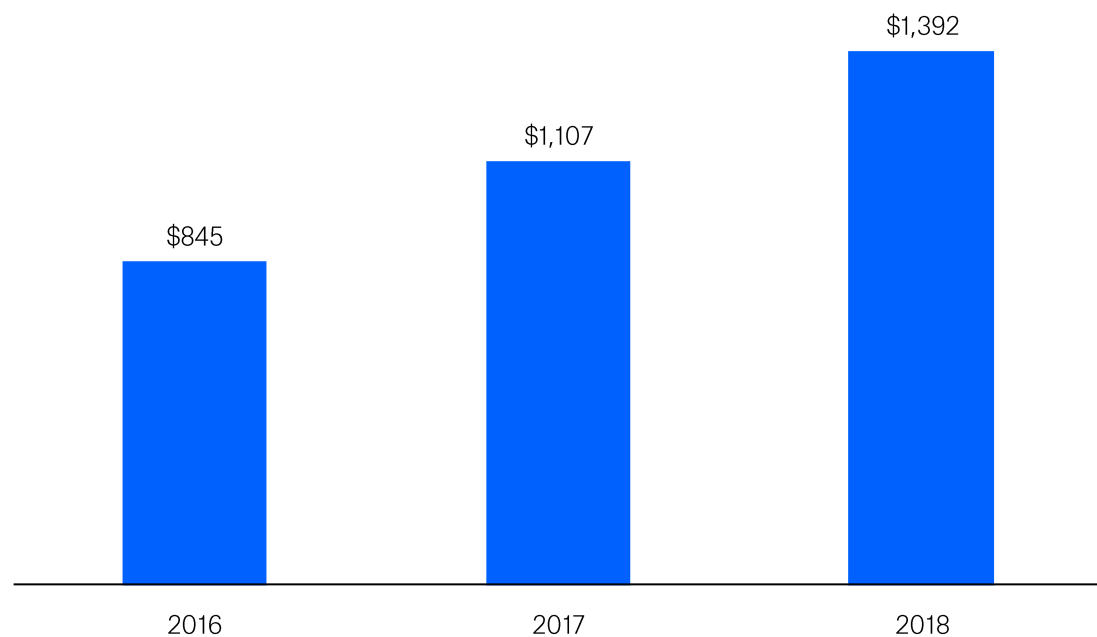
## Create timelines to manage projects



# Financial highlights

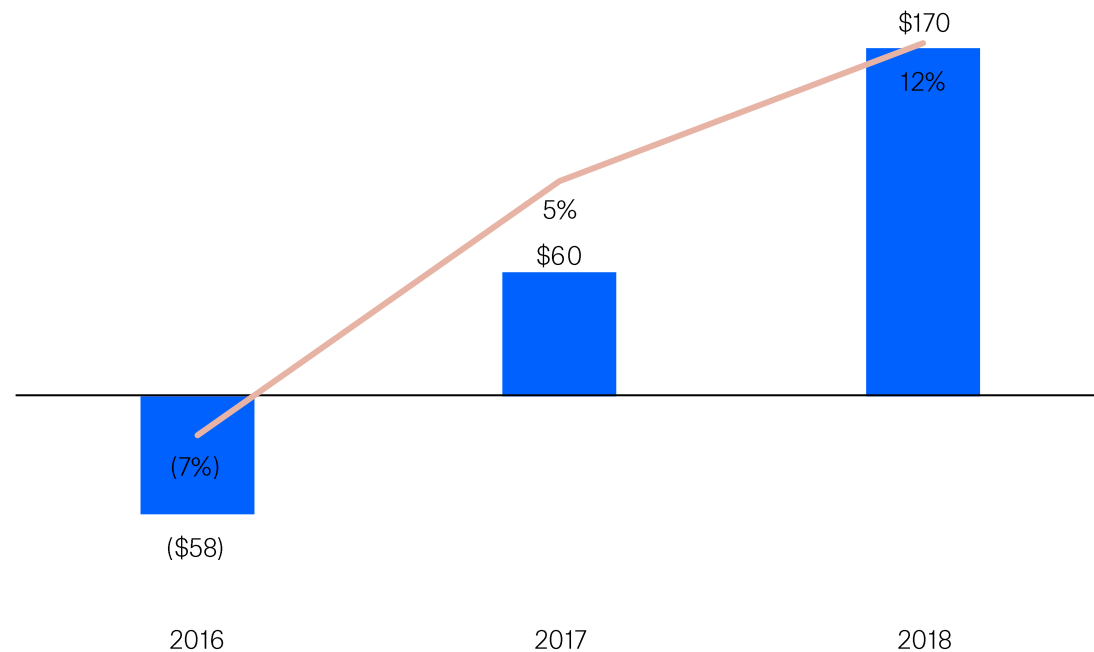
## Revenue (\$M)

**26%** YoY growth in 2018



## Operating income (loss) (\$M)

■ Non-GAAP operating income (loss)  
— Non-GAAP operating margin

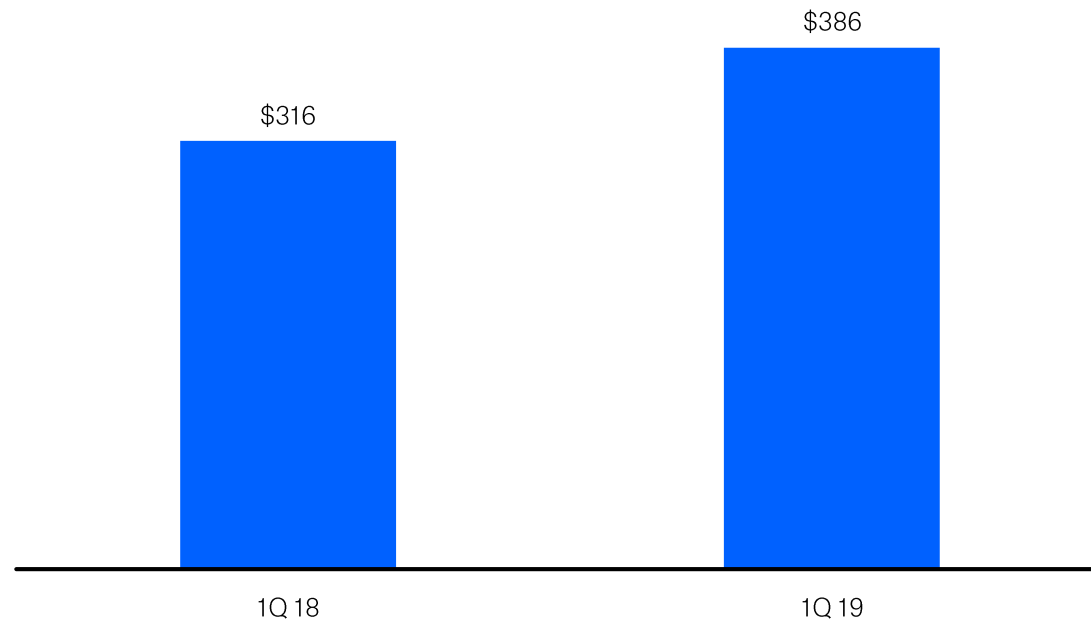


Figures presented are non-GAAP and exclude stock-based compensation expense and certain non-recurring adjustments. See appendix for non-GAAP reconciliation.

# Financial highlights

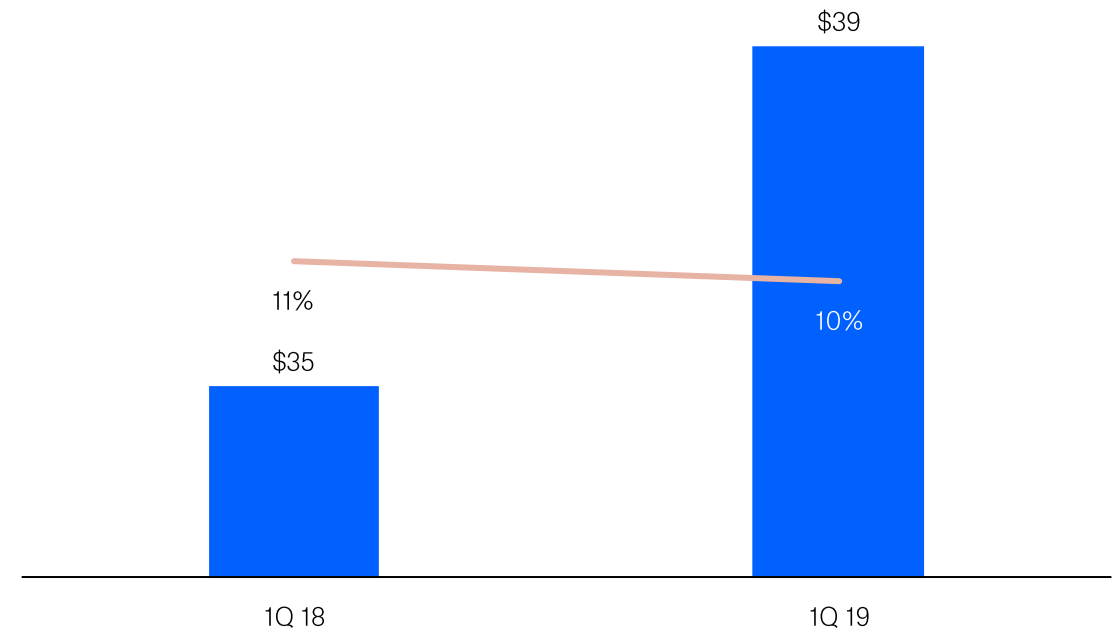
## Revenue (\$M)

**22%** YoY growth in Q1'19



## Operating income (\$M)

■ Non-GAAP operating income  
— Non-GAAP operating margin



Figures presented are non-GAAP and exclude stock-based compensation expense, amortization of acquired intangibles, and HelloSign acquisition-related expenses. See appendix for non-GAAP reconciliation.

# Our subscription plans

## Individuals



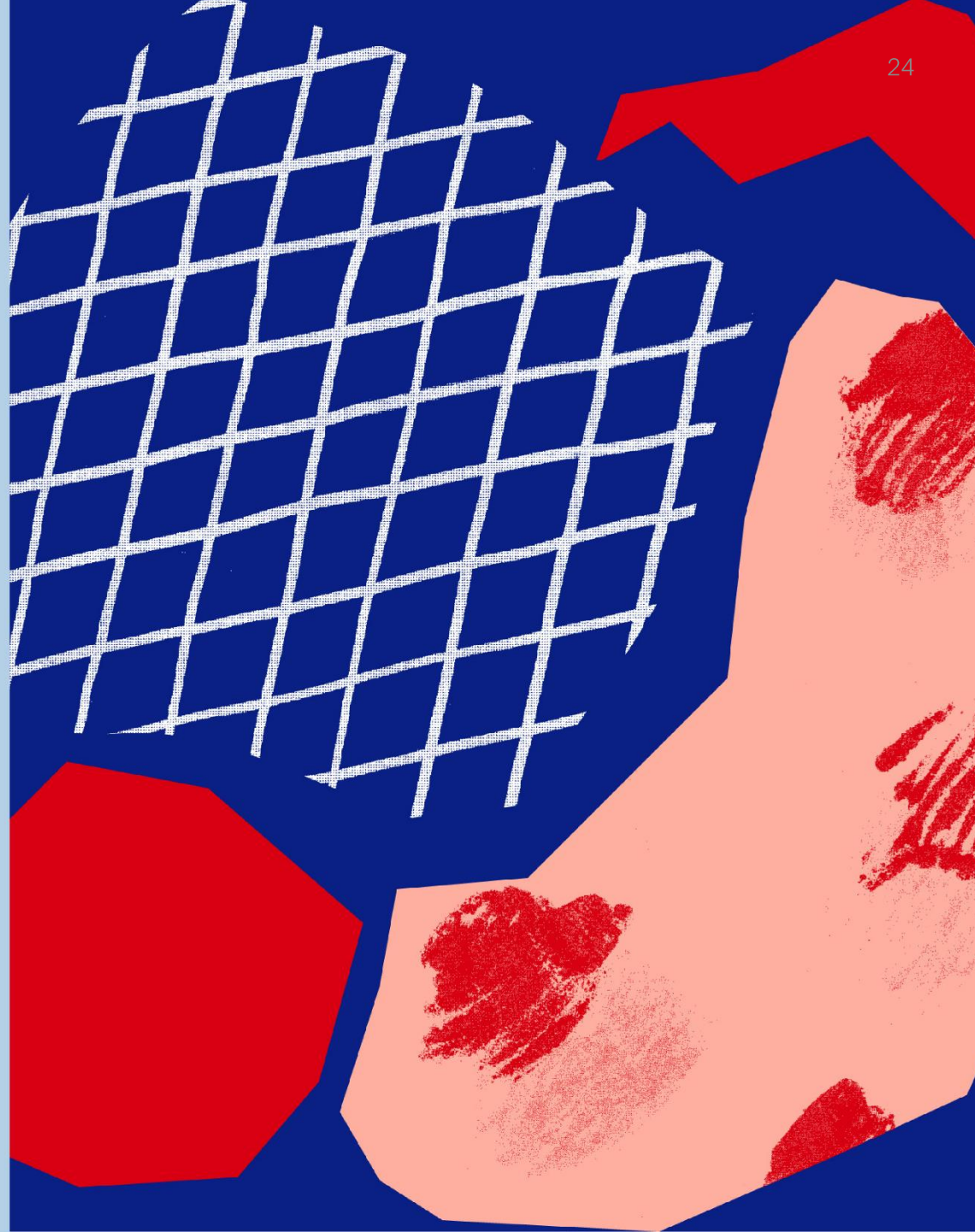
## Teams



Basic	Plus	Professional	Standard	Advanced	Enterprise
Free	\$11.99 / month \$119.88 / year	\$19.99 / month \$199.00 / year	\$15.00 / month \$150.00 / year	\$25.00 / month \$240.00 / year	Negotiated pricing
		Everything in Plus	Everything in Professional	Everything in Standard	Everything in Advanced
	Enhanced Smart Sync Dropbox Rewind Full text search Remote device wipe Priority email support 30 day version history	Auto OCR Premium previews Watermarking Time-based comments Shared link controls Priority chat support 180 day version history	Team folders Admin console Granular permissions Active directory connector Enables HIPAA compliance Unlimited API access*	Business hours phone support Single sign-on integration (SSO) Audit logs Device approvals Tiered admin roles	24/7 phone support Enterprise mobility management (EMM) Network control Domain insights and analytics
		Showcase		Showcase	Showcase
2GB of storage	2TB storage	3TB storage	3TB storage	As much storage as needed	As much storage as needed

\*Teams have unlimited API access to productivity and security partners but may be subject to a cap on API calls to data transport partners.

# Appendix





# Non-GAAP reconciliation

	Twelve months ended		
	2016	2017	2018
Loss from operations - GAAP	\$ (193.5)	\$ (113.7)	\$ (494.0)
Stock-based compensation	147.6	164.6	650.1
Release of non-income based tax reserve	(12.4)	-	-
Donation of common stock to the Dropbox Foundation	-	9.4	-
Employer payroll taxes related to the release of two-tier RSUs	-	-	13.9
Income (loss) from operations - Non-GAAP	\$ (58.3)	\$ 60.3	\$ 170.0

# Non-GAAP reconciliation

	Three months ended	
	March 31, 2018	March 31, 2019
Loss from operations - GAAP	\$ (465.5)	\$ (7.7)
Stock-based compensation	486.5	55.6
Acquisition-related and other expenses	-	3.3
Amortization of acquired intangible assets	-	1.4
Employer payroll taxes related to release of two-tier RSUs	13.9	-
Income tax effects of non-GAAP adjustments*	(4.0)	(10.9)
Income from operations - Non-GAAP	<u>\$ 30.9</u>	<u>\$ 41.7</u>

*\*Income tax effects of non-GAAP adjustments exclude \$6.9M income tax benefit from HelloSign acquisition in Q1'19*