



Evolve
Capital Partners

BlackLine Inc.

October 2016

Summary of Initial Public Offering



**SPECIALIZED INVESTMENT BANKERS AT
THE INTERSECTION OF FINANCE & TECHNOLOGY**

BlackLine Inc. IPO – Executive Summary

Initial Public Offering Overview



NASDAQ: BL

Description

BlackLine, Inc. provides a cloud-based software platform that is designed to automate and streamline accounting and finance operations. The platform supports critical accounting processes, such as account reconciliation, intercompany accounting, and controls assurance.

Use of Proceeds

BlackLine intended to use the IPO proceeds to repay the entire outstanding balance under its credit facility and to support its routine corporate expenses, including working capital expenses; research and development expenses; sales and marketing expenses; and general and administrative expenses. The Company also planned to utilize the proceeds for capital expenditure that would support its future growth plans.

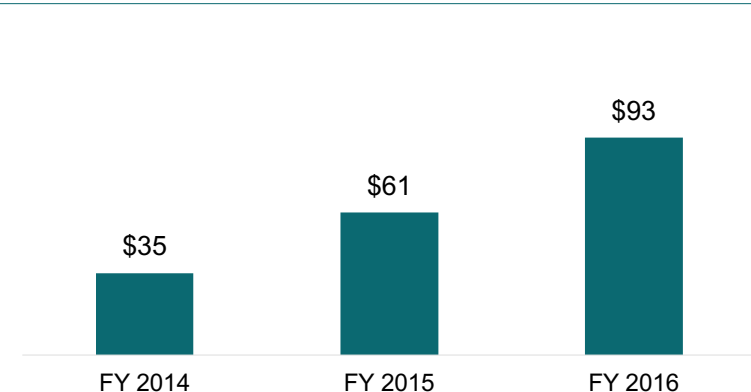
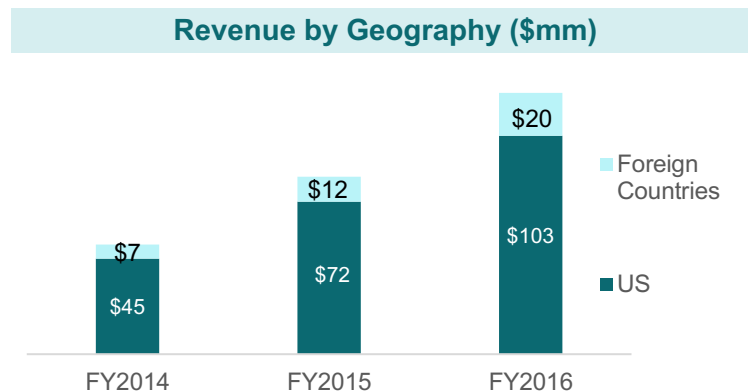
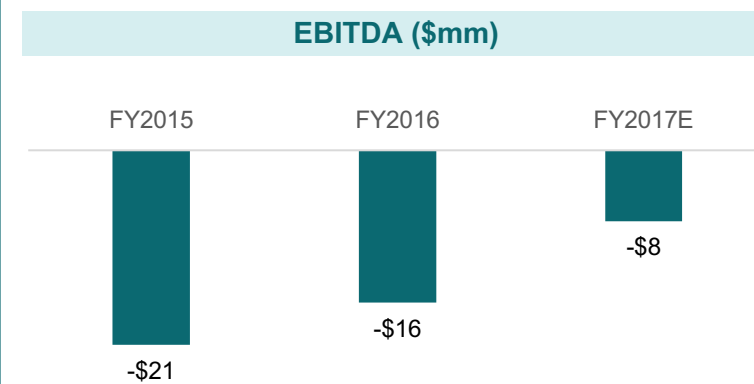
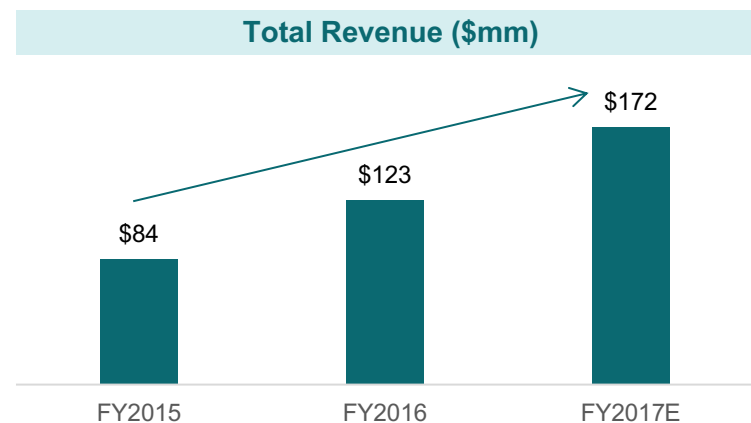
Source(s): Company website, 424B4 Filings

| | | |
|---|-------------------|---|
|  | Headquarters | Los Angeles, CA |
|  | Founded | 2001 |
|  | Employees | 640 |
|  | Listing Date | 10/28/2016 |
|  | Lead Underwriters |   |
|  | Issue Price | \$17.0 |
|  | Shares Offered | 8.6 million (underwriters were offered an additional 1.3 million shares that they could purchase by fully exercising their option) |
|  | Gross Proceeds | \$146 million |

BlackLine Inc. IPO – Executive Summary

Key Metrics – IPO

| | |
|-------------------------------------|--------------|
| Shares Offered at the time of IPO | 8.6 million |
| Issue Price | \$17.0 |
| Total Shares Outstanding after IPO* | 49.3 million |
| Market Value at Issue Price** | \$839 mm |
| Enterprise Value at Issue Price# | \$198 mm |
| EV / 2016 Revenue | 1.6x |
| Listing Date | 10/28/2016 |
| Listing Price | \$23.7 |



Financing Transactions

| Date | Type | Post-Money Valuation(\$mm) |
|----------|------|----------------------------|
| 28/10/16 | IPO | \$839 |
| 22/5/17 | 2PO | \$1,700 |

Source(s): Capital IQ, Pitchbook, BlackLine S1 filing

*Shares outstanding as on October 28, 2016.

** Market value has been calculated by multiplying Total Shares Outstanding with the Issued price

Enterprise Value has been calculated by adding Net Debt as on 31st Dec 2016 to Market Value at Issue Price.





BlackLine Inc. IPO – Executive Summary

Company Overview

Gartner proclaimed BlackLine as the leader of Cloud Financial Corporate Performance Management (FCPM) in 2017. BlackLine's platform is used by over 800 organizations in more than 120 countries.

- BlackLine's platform helps large and mid-sized organizations transform their key Finance and Accounting (F&A) processes by automating, centralizing and streamlining financial close operations and intercompany accounting processes.
- The Company offers an integrated set of applications that deliver a broad range of capabilities to support these critical accounting processes.
- The company is headquartered in Los Angeles , California with its other offices located in Australia, the United Kingdom, Germany, and the United States.
- BlackLine deals with companies in sectors like Banks and Credit Unions, Manufacturing and Retail, Financial Services and Software Technology.

Key Statistics

| | |
|---|--|
|  Users | 147,000 (as on 9/30/16) |
|  Gross Profit | BlackLine has witnessed a CAGR of 63% in gross profits between 2014 and 2016 |
|  Clients | More than 1,500 (as on 9/30/16) companies |
|  Expected Revenue Growth | Revenues are expected to grow at a CAGR of 43.3% between 2015 and 2017 |

Source(s): Company Website, Magic Quadrant for Cloud FCPM solutions , June 2017

BlackLine Inc. IPO – Executive Summary

Company Overview

BlackLine believes in maintaining close relationships with its customers and helps in modernizing the ways in which concepts like Accounting and Finance work in real-life scenarios

Key Attributes of BlackLine's Platform

A comprehensive platform

The platform consists of seven core cloud-based products, including Account Reconciliation, Task Management, Transaction Matching, Journal Entry, Variance Analysis, Consolidation Integrity Manager and Daily Reconciliation.

An integrated platform

The platform integrates with a wide variety of general ledger systems, financial systems, in-house databases, customer applications and data, and over 30 ERP systems including NetSuite, Oracle, SAP and Workday.

A continuous, robust system of accounting

BlackLine has the ability to connect with any number of general ledger systems simultaneously and helps in resolving the issues companies face while operating multiple systems at the same time.

Major technology and strategic partners



Source(s): Company Website

BlackLine Inc. IPO – Executive Summary

Customer Case Studies In Different Sectors

Nasdaq



- The accounting and finance teams of Nasdaq rely heavily on Excel-based templates and macros to support reconciliation.
- The push toward a more efficient, automated reconciliation process started and was spearheaded by employees who had used BlackLine at previous organizations.
- The Company improved financial accuracy by switching from quarterly to monthly reconciliations. The previous spreadsheet-driven process was so onerous that reconciliations review only took place once a quarter.
- By automating the entire process, Nasdaq is now processing 5,000 reconciliations every month and has consistent reconciliation and standards across the entire organization.
- It also provides enhanced global visibility and transparency for staff and auditors, regardless of location. Staff—and internal and external auditors—can access BlackLine from anywhere in the world.

Source(s): Company Website, BlackLine S1

The Coca-Cola Company



- Coca-Cola adopted a regional approach in order to carry out the process of reconciliation. Each region was allowed to determine what type of supporting documentation and technology they would use, from hard copies to Lotus Notes to the SAP ERP for the process of reconciliation.
- Additionally, all regions determined the frequency of their reconciliations.
- This regional approach to the financial close ensured there was little to no standardization—and zero access to “big picture” analytics throughout the close. The process was also time consuming, with more than 800 associates spending 14,000 hours a month on reconciliations alone.
- Implementation of the BlackLine platform led to a reduced number of employees involved in reconciliation by 55% and saved \$0.6 million per year through increased productivity.
- By providing employees with a reconciliation tool that automates much of the reconciliation process, the Coca-Cola Company has seen an increase in productivity.
- Employees now spend less time on routine tasks, which not only saves money but enables accountants to focus on discrepancies and analysis—instead of manual data entry and aggregation.

BlackLine Inc. IPO – Executive Summary

Market Opportunity

Accounting is a pervasive concept. In today's world, all companies need to report and keep records of their financial transactions. They face a lot of challenges while doing so. The key challenges that the companies face are:

Modern business accounting is complex

Companies have to process a lot of complex financial transactions today which involve multiple currencies and require compliance with varying legal, regulatory and tax frameworks. Some of the transactions happen within their home countries and some occur outside it.

Regulatory oversight is increasing

Companies need to follow a variety of rules and accounting standards that differ across countries and industries to keep their financial statements up to date. In order to follow these rules, they have to constantly monitor their internal controls and also do additional auditing, which is generally time consuming.

Lack of real-time availability of data

With the increase in the complexity of data, companies constantly require data on a real-time basis. They need it to effectively track and analyze fluctuations and trends in their businesses and to look at detailed metrics on individual and team performance.

Traditional accounting processes are inefficient

The processes and software solutions traditionally employed by accountants, such as general ledgers and ERP systems, do not have the ability to process continuous streams of data and are also expensive to configure and maintain.

Source(s): BlackLine S1

Key Statistics









| | |
|----------------|---|
| 165 thousand | In 2015 there were more than 46,000 corporate organizations in North America and more than 165,000 worldwide that are in BlackLine's addressable market with revenues greater than \$50 million. |
| >13 million | According to Frost & Sullivan, these companies employ over 13 million accounting and finance personnel, with over 5.5 million in North America alone, all of whom could be potential users of BlackLine's software platform. |
| \$19.7 billion | Based on its assessment of the number of corporate organizations, accounting finance personnel globally and certain assumptions regarding pricing of BlackLine's products, Frost & Sullivan estimates that its total addressable market in 2015 was \$7.2 billion in North America and \$9.4 billion in Europe, Asia Pacific and Latin America, and is expected to grow to a global total addressable market of \$19.7 billion by 2018. |

Key Solutions offered by BlackLine to its customers

- Independent Platform
- User Friendly
- Constantly Improving
- Security Standard Compliant

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Financing History

| Date | Series/Type | Amount (\$mm) | Lead Investor | Transaction Notes |
|----------|-------------|---------------|--|--|
| 05/22/17 | 2PO | \$126 |  | The company filed a secondary public offering on the NASDAQ stock exchange on May 22, 2017. As part of the transaction, Silver Lake Management sold 3.5 million shares at a price of \$31.43 per share, raising \$110 million after taxes. The company did not receive any proceeds from this transaction. |
| 10/28/16 | IPO | \$146 |   | The company raised \$146 million in its initial public offering on the NASDAQ stock exchange on October 28, 2016. A total of 8,600,000 shares were sold at a price of \$17 per share. After the offering, there was a total of 49 million outstanding shares (excluding the over-allotment option) priced at \$17 per share, valuing the company at \$839 million. |
| 01/30/14 | LBO/Buyout | \$220 |  ACTUATE <small>The BIRT Company</small>   | The company was acquired by Silver Lake Management, ICONIQ Capital, Actuate Partners, Therese Tucker and Mario Spanicciati through a \$220 million LBO on January 30, 2014. |
| 09/30/13 | Senior Debt | NM |   | The company raised an undisclosed amount of debt financing in the form of senior secured debt from TCP Capital and Tennenbaum Capital Partners on September 30, 2013. |

Source(s): CapitalIQ, Pitchbook

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