

D-BOX Technologies Inc.

Short-term Weakness Precedes Longer-Term Growth: We Look for Recovery in Commercial Theatres Sales to Boost F2018+.

DBO-TSX: \$0.33
Speculative Buy
\$0.90 Target

Thesis: We believe D-BOX is exceptionally well positioned to benefit from the current wave of theatres upgrading to recliners as they move to maximize revenue per patron and increase utilization. The D-BOX motion control system has been adapted to incorporate recliners with recent contract wins representing what we see as a new wave of theatre adoption. We are further optimistic that motion controlled systems such as D-BOX will see increased adoption as VR gains commercial and residential adoption. D-BOX's established relationships with theatres and studios alike represent a formidable advantage or alternatively a defensive moat against would-be competitors. We believe the reduced momentum seen in FQ317 and expected for FQ417 have been taken as a significant negative in capital markets while in our view they represent a period of gearing up for recliner deployments. We believe that at \$0.33/share, D-BOX shares significantly discount the growth opportunities available to the Company, as it possesses a growing North American market for traditional motion systems, reclining motion systems, home motion systems, and VR applications, as well as a developing Asian footprint.

Valuation: Our DCF-derived target price of \$0.90 starts with baseline forecasts valued with a 15% discount rate and 9.75x terminal EV/EBITDA multiple. We believe that the current discount of the shares relative to our DCF value appears unjustified given the wealth of industry tailwinds and the Company's successes at growing into Asia.

Expectations for FQ417 Are Low: D-BOX shares were trading at roughly \$0.50 prior to the release of FQ317 in February, following on the impressive FQ217 where revenues gained 26% y/y. The shares have since declined with limited new contract announcements, and following the tough Q317, where revenues declined 17% y/y on contract deferrals from theatres focused on recliner installations. We believe the share price decline reflects bearish expectations for FQ417+ as investors await evidence of improved contract momentum and clarity on whether the theatres' focus on recliners represents a powerful tailwind or ongoing headwind. We look for new recliner wins to be announced following on recent recliner wins with Cineplex (CGX, \$51.83, Buy, PT \$60) in Kingston, with Empire Cinema (Private, NR) in Ipswich, and with Cinéma Saint-Hyacinthe (Private, NR) in Quebec. **We leave our forecasts unchanged looking for a tough FQ417 (likely to be released the week of June 19)** attributed to contract deferrals given the move to reclining motion seats. We are looking for revenue/EBITDA of \$8.236M/\$0.549M for the quarter, -4.4%/-41.9% y/y, with commercial theatre sales -53.9% y/y being the major driver of the declines.

Bullish on F2018: While our FQ417 expectations are tempered, we look for a stronger F2018 (unchanged) on the back of greater installations of D-BOX reclining motion seats, the completion of the traditional motion seat installation contracts that were deferred in the second half of F2017, and further progress in Asia. We continue to forecast y/y revenue/EBITDA growth of 24.5%/2328.1% in F2018 to \$36.156M/\$2.370M. We look for expanding revenues to support greater growth investments with reported EBITDA held back by growth initiatives such as expanding in Asia and motion-control R&D expenditures.

Projected Return: 176.9%
Valuation: 33.2x EV/F2018 EBITDA

Market Data (\$M)

Market Capitalization	57.2
Net Debt	-5.6
Enterprise Value	51.6
Basic Shares O/S	176.0
Weighted Shares - FD	175.2
Avg. Daily Volume (M)	0.14
52 Week Range	\$0.31 - \$0.78
Dividend Yield	0.0%

Revisions	New	Old
2017E Revenue	29.0	NC
2017E EBITDA	0.1	NC
2017E EPS	-\$0.02	NC

Financial Metrics

FYE - Mar 31	2016A	2017E	2018E
Revenue	29.0	29.0	36.2
Adj. EBITDA	3.6	0.1	2.4
EPS	(\$0.00)	(\$0.02)	(\$0.01)
FCF	(0.1)	(8.8)	0.3
Net Debt:EBITDA	NA	NA	NA
FCF Yield	(0.2%)	(15.5%)	0.5%

Valuation Data

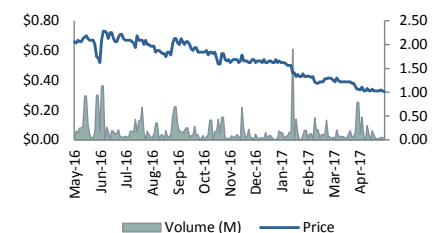
DCF - Current/Target		\$0.79	\$0.95
EV/EBITDA Current	53.3x	29.6x	11.5x
Peers	10.8x	9.9x	8.8x
Target	156.3x	85.1x	33.2x
P/E Current	NM	NM	44.5x
Peers	22.2x	19.8x	17.8x
Target	NM	NM	123.2x

Quarterly Data

		Q1	Q2	Q3	Q4
Revenue	2016	7.2	5.0	8.2	8.6
	2017	7.7	6.3	6.8	8.2
EBITDA	2016	1.2	0.1	1.4	0.9
	2017	0.4	(0.3)	(0.6)	0.5
EPS	2016	\$0.00	(\$0.00)	\$0.00	(\$0.00)
	2017	(\$0.00)	(\$0.01)	(\$0.01)	(\$0.00)

Company Description

D-BOX Technologies designs and manufactures motion systems for the entertainment and industrial markets worldwide. It offers D-BOX MFX motion systems, D-BOX servers, and D-BOX transmitters for commercial theatres. The company also provides motion integration kits for OEMs for simulation and training, arcades, military, virtual reality, amusement parks, museums. D-BOX is headquartered in Longueuil, Canada.



Bullish on Recliners: We have been particularly bullish on the trend towards recliner installations in North American theatres, and we continue to be encouraged by commentary from major theatre operators on the returns they are seeing from their recliner screens. We look at recent commentary from Cinemark (CNK-NYSE, NR), confirming their intent to outfit at least 40% of their footprint with recliners by the end of C2017 (~27% currently), and were impressed by the financial benefits management attributed to recliners. CEO Mark Zoradi outlined four financially accretive trends observed at theatres in which recliners have been installed, and where online reservations of these reclining seats have been implemented: an overall attendance increase (+40% for theatres with a ramp-up in excess of 6 months); a higher growth rate in concession revenue per patron (CPP) to 1.5x-2.0x a non-recliner theatre, as patrons can spend more time at the concessions with the certainty of reserved seats; online ticket fees charged on seat reservations; and the ability to raise ticket prices by as much as 5-6%. We note that Cinemark believes roughly half of their recliner location transactions are processed online, contributing to ROIs well in excess of their 20% hurdle rate.

These outstanding figures on recliners are supported by data points from peers Regal (RGC-NYSE, NR) and AMC (AMC-NYSE, NR). Regal has seen attendance in recliner theatres increase 13.5%, ticket prices increase 5.5%, CPP increase ~6%, and theatre-level CFs increase ~52%, while AMC has seen attendance increases in those recliner screens that have been open for over a year of 40-60%, with ticket price increases of 7%, total revenue increases of 64%, and unlevered cash-on-cash returns well in excess of their 25% hurdle rate.

All of this is to say that the trend towards recliners should persist well into C2018, as it is proving lucrative for theatre operators. As D-BOX's reclining motion seats gain traction, we look for the Company to be able to ride this wave towards strong growth in 2018 and beyond, reflected in our – admittedly conservative – F2018/F2019 estimates for y/y commercial theatre system sales growth of 35.5%/36.4%.

With the focus on recliners in recent months, traditional motion system sales and progress on Asian expansion have taken something of a backseat, but we look for the contracts that have been deferred thus far in F2017 to be completed in F2018, as well as a rejuvenated focus on Asian expansion, particularly in the home theatre market, to augment the strong growth we expect to result from recliner traction.

Box Office Trending: YTD box office revenues are up modestly (+1.8% y/y, via *Box Office Mojo*) over the same period in 2016, reflecting a strong film slate and a healthy environment for cinemas. While many in the theatre business have already made commitments to a given level of spending on recliners for C2017, we do highlight the healthy box office environment does bode well for meeting or exceeding objectives on recliner installations, which would have a positive flow-through impact on D-BOX's financials.

Financial Forecasts

Exhibit 1 – Quarterly Consolidated Forecasts

D-BOX	F2016	FQ117	FQ217	FQ317	FQ417E	F2017E	F2018E
<i>All units in '000 CAD, unless otherwise indicated</i>	Act.	Act.	Act.	Act.	Est.	Est.	Est.
Revenue	29,042	7,662	6,331	6,803	8,236	29,032	36,156
Y/Y Growth	41.1%	6.6%	26.1%	-17.2%	-4.4%	0.0%	24.5%
Cost of Revenue	14,200	3,661	3,520	3,257	4,088	14,526	17,436
Y/Y Growth	25.7%	9.5%	33.4%	-17.1%	-4.7%	2.3%	20.0%
% of Sales Revenue	53.2%	47.8%	55.6%	47.9%	49.6%	50.0%	48.2%
Gross Profit	14,842	4,001	2,811	3,546	4,148	14,506	18,720
Y/Y Growth	59.8%	-6.8%	-5.7%	-17.9%	8.2%	-2.3%	29.1%
Margin	49.0%	52.2%	44.4%	52.1%	50.4%	50.0%	51.8%
Operating Expenses	15,001	4,427	3,925	5,184	4,580	18,116	19,929
Y/Y Growth	54.2%	13.3%	18.7%	10.3%	15.0%	20.8%	10.0%
% of Revenue	51.7%	57.8%	62.0%	76.2%	55.6%	62.4%	55.1%
EBITDA	3,598	439	-295	-595	549	98	2,370
Y/Y Growth	168.5%	-61.9%	-323.5%	-143.4%	-41.9%	-97.3%	2328.1%
Margin	12.4%	5.7%	NM	NM	6.7%	0.3%	6.6%
Flow-through	26.7%	166.7%	-463.0%	85.1%	-30.5%	34752.6%	31.9%
Net Income	-187	-426	-1,114	-1,638	-433	-3,611	-1,172
Y/Y Growth	NM	NM	NM	NM	NM	NM	NM
EPS (Fully Diluted)	-\$0.001	-\$0.002	-\$0.005	-\$0.009	-\$0.002	-\$0.021	-\$0.007
Capex	1,843	463	756	578	700	2,497	2,350
Y/Y Growth	21.2%	6.7%	173.8%	75.7%	87.4%	35.5%	-5.9%
Intensity	6.3%	6.0%	11.9%	8.5%	8.5%	8.6%	6.5%
Free Cash Flow (FCF)	-120	-3,357	-2,134	-1,115	-2,104	-8,806	272
FCF per share (Diluted)	\$0.00	-\$0.02	-\$0.01	-\$0.01	-\$0.01	-\$0.05	\$0.00
Cash Position	16,454	13,111	11,012	10,084	8,167	8,213	8,627

Source: Capital IQ, Company Filings, Echelon Wealth Partners estimates.

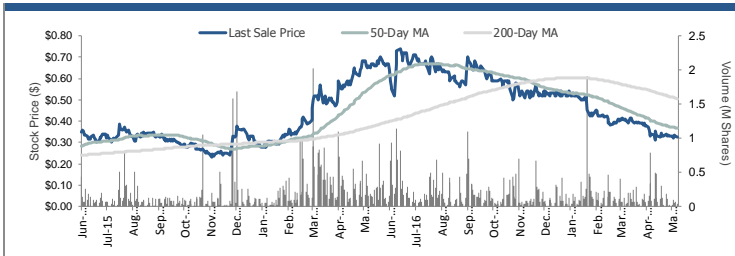
Exhibit 2 – Quarterly Segmented Forecasts

Segment Financials	F2016	FQ117	FQ217	FQ317	FQ417E	F2017E	F2018E	
Simulation and Training Market Segment								
Simulation and Training Market Revenue	4,317	1,276	834	1,581	1,399	5,090	5,650	
<i>Y/Y Growth</i>	29.0%	-0.9%	15.2%	47.9%	13.2%	15.0%	11.0%	
<i>% of Revenues</i>	14.9%	16.7%	13.2%	23.2%	17.0%	17.5%	15.6%	
Entertainment Segment								
		\$5,387.17						
Entertainment Revenue	24,725	6,386	5,497	5,222	6,837	23,942	30,506	
<i>Y/Y Growth</i>	43.4%	8.2%	27.9%	-27.0%	-7.3%	-3.2%	27.4%	
Sale of Systems - Commercial Theatres	13,238	3,216	2,508	1,254	2,250	9,228	12,500	
<i>Y/Y Growth</i>	28.2%	25.4%	13.6%	-65.0%	-53.9%	-30.3%	35.5%	
Utilization Rights, Rental, Maintenance	6,524	1,640	1,384	2,076	1,342	6,442	7,480	
<i>Y/Y Growth</i>	61.9%	-27.9%	16.0%	27.5%	-5.9%	-1.3%	16.1%	
Royalty per Motion System - Annualized	\$584	\$449	\$365	\$541	\$345	\$530	\$440	
Home System Sales	1,461	410	285	536	2,116	3,347	4,518	
<i>Y/Y Growth</i>	42.7%	23.5%	22.3%	13.6%	399.0%	129.1%	35.0%	
Themed Entertainment System Sales	3,502	1,120	1,320	1,356	1,129	4,925	6,008	
<i>Y/Y Growth</i>	88.1%	53.8%	99.1%	-7.5%	75.0%	40.6%	22.0%	
Commercial Theatres Stats								
Screens (Signed)	569	600	613	615	630	630	730	
Additions - Screens Signed	168	31	13	2	15	61	100	
Screens (Installed)	442	506	545	573	580	580	635	
Motion Systems (Installed)	14,225	15,000	15,325	15,375	15,750	15,750	18,250	
New Screen (Installed) ARPU	54.1	103.7	192.9	627.0	150.0	151.3	125.0	
Cost of Goods Sold - ex. Amort.	11,987	3,148	3,067	2,588	3,412	12,215	15,485	
<i>% of Total Revenues</i>	41.3%	41.1%	48.4%	38.0%	41.4%	42.1%	42.8%	
<i>% of Sales Revenues</i>	53.2%	52.3%	62.0%	54.7%	49.5%	54.1%	54.0%	
<i>Y/Y Growth</i>	24.5%	-3.0%	13.9%	-32.2%	7.4%	1.9%	26.8%	
New Screens Installed	119	64	39	28	7	138	56	
Sales and Marketing	7,230	2,242	1,929	3,003	2,516	9,690	10,395	
<i>% of Total Revenues</i>	24.9%	29.3%	30.5%	44.1%	30.6%	33.4%	28.8%	
<i>Y/Y Growth</i>	27.4%	2.8%	17.2%	53.6%	15.3%	34.0%	7.3%	
Administrative Expenses	4,523	1,325	1,360	1,251	1,281	5,217	5,785	
<i>% of Total Revenues</i>	15.6%	17.3%	21.5%	18.4%	15.6%	18.0%	16.0%	
<i>Y/Y Growth</i>	30.7%	22.1%	30.4%	-11.4%	14.3%	15.3%	10.9%	
R & D Expenses	2,865	768	520	825	749	2,862	3,254	
<i>% of Total Revenues</i>	9.9%	10.0%	8.2%	12.1%	9.1%	9.9%	9.0%	
<i>Y/Y Growth</i>	67.9%	-21.2%	0.6%	30.3%	1.3%	5.7%	13.7%	

Source: Capital IQ, Company Filings, Echelon Wealth Partners estimates.

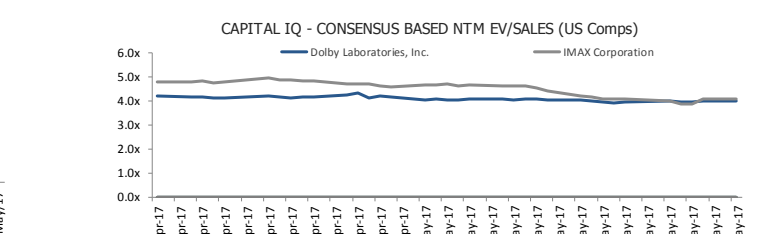
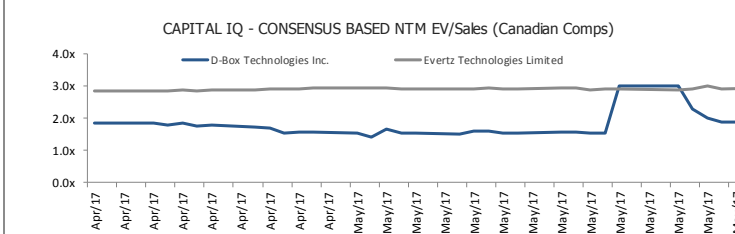
D-BOX Technologies Inc. (DBO-T, C\$0.33) - Data Sheet

SPEC. BUY | PT: \$0.90



Company Description		Consensus 3 Mths Ago	Current	Return	
D-BOX Technologies designs and manufactures motion systems for the entertainment and industrial markets worldwide. It offers D-BOX MFX motion systems, D-BOX servers, and D-BOX transmitters for commercial theatres. The company also provides motion integration kits for OEMs for simulation and training, arcades, military, virtual reality, amusement parks, museums. D-BOX is headquartered in Longueuil, Canada.		Rating:	Outperform	Outperform	
		Target:	\$0.90	\$0.90	NA
		Median:	\$0.90	\$0.90	NA
		High:	\$0.90	\$0.90	NA
		Low:	\$0.90	\$0.90	NA
Consensus Distribution					
		Sector Outperform/Buy		1	
		Sector Perform/Hold		0	
		Sector Underperform/Sell		0	
		# Est		1	

Historical Valuations



Key Financial Metrics

Financial Summary (\$M)	2016	Q117	Q217	Q317	Q417E	2017E	2018E	2019E	2020E	2021E	Key Statistics	Value
Consolidated												
Revenue	29.04	7.66	6.33	6.80	8.24	29.03	36.16	46.26	55.21	67.07	52-Week High	\$0.78
Growth y/y	41.1%	6.6%	26.1%	-17.2%	-4.4%	0.0%	24.5%	27.9%	19.3%	21.5%	52-Week Low	\$0.31
EBITDA	3.60	0.44	(0.30)	(0.60)	0.55	0.10	2.37	5.38	10.03	15.42	Avg Vol (3-Mo)	141
Growth y/y	12.4%	5.7%	-4.7%	-8.7%	6.7%	0.3%	6.6%	11.6%	18.2%	23.0%	Shares Outstanding	176
Margin	168.5%	-61.9%	-323.5%	-143.4%	-41.9%	-97.3%	2328.1%	126.9%	86.6%	53.7%	Market Cap	57
Flow-Through	26.7%	-150.2%	-32.6%	138.6%	105.1%	34752.6%	31.9%	29.8%	52.0%	45.4%	Net Debt	-5.6
Capex	(1.84)	(0.46)	(0.76)	(0.58)	(0.70)	(2.50)	(2.35)	(2.64)	(2.65)	(2.68)	Enterprise Value	52
Capex Intensity	6.3%	6.0%	11.9%	8.5%	8.5%	8.6%	6.5%	5.7%	4.8%	4.0%	Div Yield	0.0%
Cash	16.45	13.11	11.01	10.08	8.17	8.21	8.63	8.97	14.23	25.76	FYE	Mar 13
Net Debt (Cash)	(12.06)	(8.70)	(6.53)	(5.57)	(3.70)	(3.63)	(3.72)	(3.73)	(8.64)	(20.17)	Employees	123

Operating/Segmented Summary (\$M)	2016	Q117	Q217	Q317	Q417E	2017E	2018E	2019E	2020E	2021E	Top Inst. Ownership	M Shares	Δ 6 Mths	% Held
Simulation and Training	4.32	1.28	0.83	1.58	1.40	5.09	5.65	6.33	7.12	8.01	Fmr Llc	23.23	0.00	13.2%
Growth Y/Y	29.0%	-0.9%	15.2%	47.9%	13.2%	15.0%	11.0%	12.0%	12.5%	12.5%	Caisse de D. et Pl. du Qc	19.11	0.00	10.9%
Motion System Sales	13.24	3.22	2.51	1.25	2.25	9.23	12.50	17.04	18.03	19.70	Gold-Finance (Canada) A:	10.96	-0.15	6.2%
Growth Y/Y	28.2%	25.4%	13.6%	-65.0%	-53.9%	-30.3%	35.5%	36.4%	5.8%	9.3%	Timelo Invst. Mgmt.	NA	NA	NA
Royalty Revenue	6.52	1.64	1.38	2.08	1.34	6.44	7.48	8.37	9.82	11.34				
Growth Y/Y	61.9%	-27.9%	16.0%	27.5%	-5.9%	-1.3%	16.1%	11.9%	17.2%	15.5%				
Home System Sales	1.46	0.41	0.29	0.54	2.12	3.35	4.52	7.00	10.85	16.28				
Growth Y/Y	42.7%	23.5%	22.3%	13.6%	399.0%	129.1%	35.0%	55.0%	55.0%	50.0%				
Screens Signed	569	600	613	615	630	630	730	865	1005	1155				
Additions - Screens Signed Q/Q	168	31	13	2	15	61	100	135	140	150				
Screens Installed	442	506	545	573	580	580	635	780	925	1074				
Growth Y/Y	36.8%	41.7%	40.5%	40.1%	31.1%	31.1%	9.6%	22.9%	18.5%	16.2%				
Systems Installed (000's)	14.23	15.00	15.33	15.38	15.75	15.75	18.25	21.63	25.13	28.88				
Growth Y/Y	75.5%	67.9%	59.5%	52.9%	10.7%	10.7%	15.9%	18.5%	16.2%	14.9%				
Avg. Royalty/system (\$)	584	449	365	541	345	530	440	420	420	420				
Multi-Screen Locations	100	125	150	159	161	161	184	234	287	344				

Comparables

Comparables and Peer Analysis	Price	Target	Return	1 Week	1 Month	Return 3 Month	YTD	1 Year	Revenue F2016	Revenue F2017E	EBITDA F2016	EBITDA F2017E	EPS F2016	EPS F2017E
D-BOX	\$0.33	\$0.90	176.9%	(1.5%)	(4.4%)	(24.4%)	(38.7%)	(50.8%)	29	29	4	0	(\$2.50)	(\$2.35)
Dolby Laboratories, Inc.	\$68.50	\$72.80	7.4%	(0.3%)	(3.3%)	4.3%	12.9%	8.6%	1,026	1,082	318	425	\$1.47	\$2.55
IMAX Corporation	\$36.27	\$49.97	37.8%	-	(11.5%)	(16.5%)	(14.0%)	(19.1%)	367	407	89	140	\$0.37	\$0.96
Avid Technology, Inc.	\$7.20	\$10.07	39.9%	(0.7%)	(4.4%)	(4.6%)	21.8%	(9.2%)	512	414	92	50	\$0.91	\$0.35
Ballantyne Strong, Inc	\$8.19	N/A	NA	(0.8%)	(3.2%)	(6.2%)	(23.8%)	24.2%	76	NA	6	NA	\$0.18	NA
Evans & Sutherland Computer Corporation	\$1.83	N/A	NA	(1.4%)	(9.9%)	8.8%	4.6%	72.2%	33	NA	3	NA	\$0.10	NA
Evertz Technologies Limited	\$16.94	\$19.25	17.9%	1.7%	2.0%	(4.7%)	0.3%	(5.9%)	284	280	78	70	\$0.60	\$0.66
Peer Average			25.8%	(0.3%)	(5.0%)	(3.1%)	0.3%	11.8%						

Comparables and Peer Analysis	Enterprise Value	FCF Yield F2016	FCF Yield F2017E	EV/EBITDA C2016	EV/EBITDA C2017E	EV/EBITDA C2018E	EV/EBITDA - Target C2016	EV/EBITDA - Target C2017E	EV/EBITDA - Target C2018E	P/E C2016	P/E C2017E	EV/Sales C2016	EV/Sales C2017E	EV/Sales C2018E
D-BOX	52	(0.2%)	(15.5%)	53.3x	29.6x	11.5x	156.3x	85.1x	33.2x	NM	NM	44.5x	1.5x	1.8x
Dolby Laboratories, Inc.	4,483	4.9%	4.6%	13.0x	10.0x	NA	14.2x	10.9x	NA	29.3x	19.4x	17.1x	4.4x	4.1x
IMAX Corporation	1,698	3.4%	6.1%	19.0x	12.1x	9.8x	27.3x	16.7x	13.6x	73.5x	28.2x	21.6x	4.6x	4.1x
Avid Technology, Inc.	366	(18.7%)	5.4%	NA	NA	NA	NA	NA	NA	5.9x	15.2x	NA	0.7x	NA
Ballantyne Strong, Inc	82	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	1.0x	NA
Evans & Sutherland Computer Coi	11	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.3x	NA
Evertz Technologies Limited	1,223	6.9%	5.3%	12.3x	11.0x	8.4x	13.9x	12.0x	NA	19.8x	16.8x	NA	3.0x	3.2x
Peer Average	1,311	(0.9%)	5.3%	14.8x	11.0x	9.1x	18.5x	13.2x	13.6x	32.1x	19.9x	19.3x	2.4x	3.8x

Source: Echelon Wealth Partners, Company Reports and Filings, Capital IQ. All figures in CAD unless otherwise noted.

D-BOX Technologies Inc. - Valuation Analysis

All figures in \$M CAD, unless otherwise indicated; Fiscal year ends on March 31st.

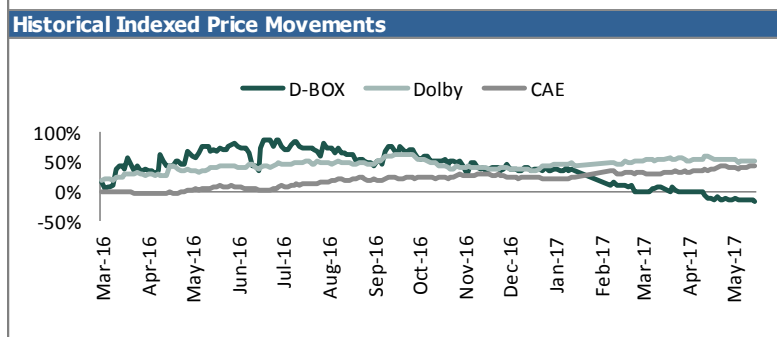
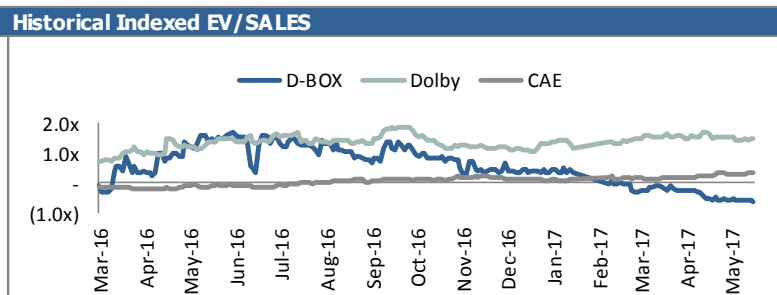
DCF								16-21 CAGR	
Revenue	20.6	29.0	29.0	36.2	46.3	55.2	67.1	18.2%	<ul style="list-style-type: none"> • We prefer DCF valuations for our digital space over relative valuations, which leave investors exposed to group revaluations • Our DCF valuation is driven by an 15.0% discount rate and 9.75x terminal EBITDA multiple • The DCF produces a current/target valuation of \$0.79/\$0.95, from which we derive our \$0.90 target • For perspective, a 1% change in the discount rate adds \$0.03/share to our valuation while a 0.5x increase in the terminal multiple adds \$0.04/share to the valuation
Adj. EBITDA	1.3	3.6	0.1	2.4	5.4	10.0	15.4	33.8%	
Growth %	40.0%	168.5%	-97.3%	2328.1%	126.9%	86.6%	53.7%		
D&A	2.3	3.0	3.2	2.5	2.1	2.2	2.3		
Capex	(1.5)	(1.8)	(2.5)	(2.4)	(2.6)	(2.6)	(2.7)	Avg.	
Intensity %	7.4%	6.3%	8.6%	6.5%	5.7%	4.8%	4.0%	6.0%	
Cash Taxes	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0		
Unlevered FCF	0.4	0.4	(7.9)	0.5	0.6	5.7	11.9		
Discount Rate %			15.0%	Δ from 1% Δ in Disc Rate			\$0.03		
Terminal EBITDA Multiple			9.75x						
Terminal FCF Multiple			12.68x	Δ from 0.5x Δ in Term Mult			\$0.04		
Terminal Value as % of Equity Value			73.6%						
Implied Perpetual Growth Rate of FCF			6.6%						

	Current	1-Yr TGT	2-Yr TGT
Enterprise Value	126.4	147.0	169.1
Net Debt	-5.6	-5.7	-3.7
Total Equity Value	138.0	165.0	185.1
Shares Outstanding	175.2	173.1	175.2
DCF Value per Share (\$)	\$0.79	\$0.95	\$1.07
Current, Target Share Price (\$)	\$0.33	\$0.90	\$1.05
Discount % to DCF Value	58.8%	5.6%	1.6%

DCF Sensitivity						
		Discount Rate				
		13.0%	14.0%	15.0%	16.0%	17.0%
Terminal	10.8x	\$1.09	\$1.06	\$1.03	\$1.00	\$0.97
EBITDA	10.3x	\$1.05	\$1.02	\$0.99	\$0.96	\$0.94
Multiple	9.3x	\$1.01	\$0.98	\$0.95	\$0.93	\$0.90
	8.8x	\$0.97	\$0.94	\$0.92	\$0.89	\$0.87
		\$0.93	\$0.91	\$0.88	\$0.86	\$0.83

Recent Performance	1Wk	1 Mth	3 Mths	YTD	1 Year
D-BOX	(1.5%)	(4.4%)	(24.4%)	(38.7%)	(50.8%)
Snipp Interactive	(0.3%)	(3.3%)	4.3%	12.9%	9%
Mobiquity	0.0%	(11.5%)	(16.5%)	(14.0%)	(19.1%)
RetailMeNot	3.3%	3.0%	4.7%	7.7%	29.8%
Rocket Fuel	3.4%	5.5%	10.3%	17.1%	34.0%

	Current			Target	
	C2016	C2017E	C2018E	C2017E	C2018E
EV/EBITDA - D-BOX	53.3x	29.6x	11.5x	85.1x	33.2x
Dolby	13.0x	10.0x	NA	10.9x	NA
CAE	11.7x	10.0x	9.0x	10.1x	9.1x
IMAX	19.0x	12.1x	9.8x	16.7x	13.6x
EV/Sales - D-BOX	1.8x	1.6x	1.2x	4.5x	3.5x
Dolby	4.3x	4.0x	3.6x	4.3x	3.8x
CAE	2.5x	2.3x	2.1x	2.3x	2.1x
IMAX	4.6x	4.1x	3.6x	5.7x	5.0x
P/CFPS - D-BOX	365.4x	41.5x	13.3x	114.9x	37.0x
FCF Yield - D-BOX	-11.7%	-3.5%	0.4%	-1.2%	0.1%
Dolby	4.8%	4.7%	5.4%	4.5%	5.1%
CAE	3.7%	4.7%	5.7%	4.7%	5.7%
IMAX	3.4%	6.1%	5.8%	4.5%	4.2%



*Non-coverage names reflect consensus

Source: Echelon Wealth Partners, Company Reports and Filings, Capital IQ

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Company: D-BOX Technologies Inc. | DBO:TSX

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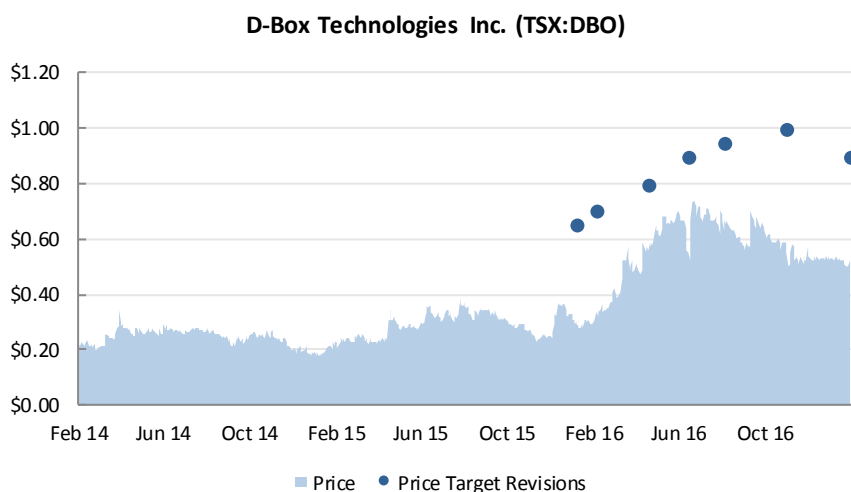
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Number of investment banking relationships	10	13	0	0	0	1	0
% of Total (excluding Restricted)	43%	57%	0%	0%	0%		

PRICE CHART, RATING & PRICE TARGET HISTORY



Date	Target (C\$)	Rating
19 Jan 2016	\$0.65	Spec Buy
16 Feb 2016	\$0.70	Spec Buy
28 Apr 2016	\$0.80	Spec Buy
24 Jun 2016	\$0.90	Spec Buy
15 Aug 2016	\$0.95	Spec Buy
11 Nov 2016	\$1.00	Spec Buy
10 Feb 2017	\$0.90	Spec Buy

Coverage Initiated: Jan 19, 2016
Data sourced from: Capital IQ

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