



INVEST/STAY CONNECTED

INITIAL REPORT DECEMBER 28, 2023

LAST UPDATED DECEMBER 28, 2023

\$59.76; Recommendation: HOLD, target \$55.00

DOCUSIGN INC.

[DocuSign, Inc.](#) (DOCU) is a well-known software company that allows companies and individuals to collaborate, share and sign contracts and documents electronically. As of October 31, 2023, the company has over 1.4 million customers, including approximately 233,000 enterprise and commercial customers. DocuSign got a major revenue push from Covid in 2020 and is currently the international leader in electronic signature. [6Sense.com](#): “DocuSign has market share of 56.00% in the digital-signatures market, 32 competitors ..including: Adobe Sign with 12.36%, Smartwaiver with 9.61% and SignRequest with 7.56% market share.”

DocuSign has dealt with a general decline in growth since Covid but has reduced costs and has turned to several initiatives to propel the company. 3rd quarter revenue growth came in at 9% year over year and is expected to slow to 6% in the fourth quarter of 2023. Expense control and reduced headcount have recently moved the company into its most profitable period. CEO Allan Thygesen: “Our Q3 (2023) non-GAAP operating margin came in at 27%, a 400-basis point increase versus prior year and non-GAAP operating income grew 27% year-over-year to \$187 million. We also generated record free cash flow in Q3...” Initiatives for maintaining growth include adding ancillary revenue streams and moving into value adds such as contract life cycle management.

Although a recent rumor surfaced that DocuSign may be for sale It is difficult to envision this scenario. The company may be facing pricing pressure from competition as well. Initiatives have yet to be proven and growth continues to slide. So, at this time we would consider DOCU to be fully priced without a foreseeable catalyst. The company has no debt and a cash position of \$1.6 billion but the current cash flow yield is around 6%, leading to our Hold recommendation and price target of \$55.

COMPANY STATS & PROJECTIONS \$

Shares Out	204 mm
Equity Market Cap	12,187 mm
Total Debt	0 mm
Cash Position	1,589 mm
2024 Revenues Est.	2,768 mm
2024 Cash Flow - Capex	680 mm
Cash Flow Yield	5.6%
Enterprise Value	10,598 mm
EBITDA (2024 Est.)	745 mm
EV/EBITDA (2024 Est.)	14.2 X
Dividend coverage	NA
2024 PE Ratio	184 X
Net Debt/EBITDA	NA
2024 NGAAP EPS Est.	3.27
2025 NGAAP EPS Est	3.78
2026 NGAAP EPS Est	4.19
2025 Dividend est.	NA

[DOCU INVESTOR RELATIONS](#)



BROXTON CAPITAL ADVISORS DOCU as of 10/31/2023

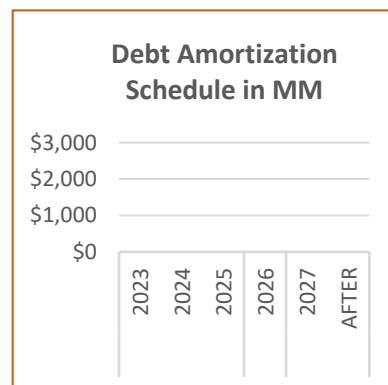
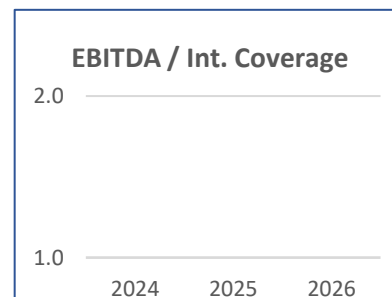
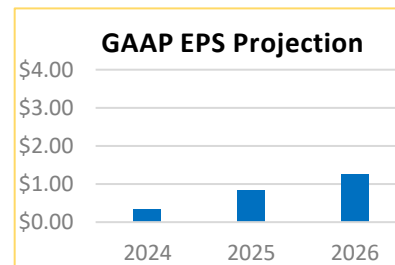
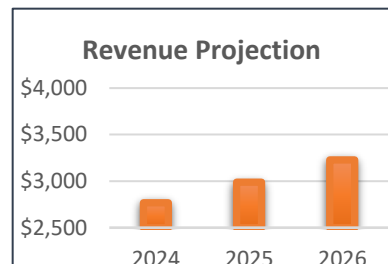
Thursday, December 28, 2023

share price \$59.76

PROJECTIONS IN MMs (fiscal)	2024	2025	2026
Income Statement			
Revenue	\$2,768	\$2,989	\$3,228
Gross Profit	2,199	2,398	2,613
Operating Income	36	173	281
Pre-Tax Income	91	223	331
Net Income	66	172	255
EPS	\$0.32	\$0.84	\$1.25
Non-GAAP EPS	\$3.27	\$3.78	\$4.19
Revenue growth	10%	8%	8%
EBITDA	\$745	\$883	\$991
Interest Exp	-7	-10	-10
Capitalized Expense	95	100	100
Cash Flow	775	882	965
Equity Dividends	0	0	0
Cash Flow Dividend Coverage	NA	NA	NA
Cash Flow after capex	680	782	865
Retained Cash Flow Sum	680	1,462	2,326
Valuations			
Cash Flow Yield Vs. Equity	5.6%	6.4%	7.1%
EV/EBITDA	14.2	12.0	10.7
P.E Ratio	184.1	71.0	47.9
Enterprise Value	10,598		
Net Total Debt	-1,589		
Equity Market Cap	12,187	12,187	12,187
Debt Ratios			
EBITDA/Interest Coverage ratio	NA	NA	NA
Net Debt/EBITDA	NA	NA	NA
Liquidity jun. 30 2023			
Cash & Marketable Sec	1,589		
Borrowing Availability est.	500 +		
Total Current Assets	3,337		
Total Current Liabilities	2,372		
Current Ratio	141%		
Debt			
Borrowings	\$0		
Borrowings Net	-\$1,589		

NOTES:

DOCU fiscal year begins on FEB 1.



Disclosures

Previous reports are available upon request. Smart Yield Fund targets a mix of different security classes that contain the risk of loss. Investors should carefully consider the Fund's investment objectives and risk factors before investing. Investing involves risk, including possible loss of principal. Investors should consider the loss of principle and targeted returns are not guaranteed. Individual investors in Smart Yield are generally required to be accredited investors. Smart Yield is a fund operated through individual accounts creating the composite. Smart Yield Fund is a new product with an inception date of September 30, 2020, and as such does not have historical data. Asset Mix Projections on page 2 and 6, Smart Yield Portfolio Metrics on page 5 are estimated or targets of the fund. Asset class mix and targets may change based on the direction of the managers. Portfolio allocation projected annual return and beta assumption for each asset class on pages 7-10 are estimated. Beta for the fund and each asset class is estimated versus the S&P 500. The average beta for the entire fund is projected to be .32. Beta is a measure of the fund's volatility in relation to S&P 500 Index. This index has a beta of 1.0. The fund targets a total gross return before fees and expenses of 9.24%. The fund projects a blended return based on income securities and capital gains. Smart Yield attempts to continuously improve the value of investment portfolios by investing in corporate bonds, convertible bonds, other types of bonds (investment grade and sub-investment grade, [which may also have limited liquidity]), dividend paying equities, non-dividend paying equities, ETFs, including leveraged ETFs, and other securities. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. 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Also, from time-to-time we may also discuss and display charts, graphs, formulas which are not intended to be used by themselves to determine which securities to buy or sell, or when to buy or sell them. Such charts and graphs offer limited information and should not be used on their own to make investment decisions.

SMART YIELD

Income Fund

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