

BUILDING BLOCKS FOR A DIGITAL FUTURE Q4 2018

# SYNCHRONOSS OVERVIEW



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# Synchronoss Technologies at a Glance

- NASDAQ: SNCR
- Revenue: \$325-\$335 million ('18e), Market capitalization: \$263 million (12/20/18)
- 200+ Customers, 1,500 Employees, 135+ Patents
- A history of solving complex technological issues for wireless carriers with innovative software solutions
- Newly configured leadership team driving significant turnaround and refocus of business model:

NEW MARKETS

**EXPANDING**  
From Operators  
to TMT

Increasing New  
Customer Opportunities

NEW FOCUS

**GROWING**  
From Domestic to  
Global

Increasing Reach  
and Scale

NEW CHANNELS

**SCALING**  
Via Partnerships

Increased Sales  
Velocity, Lower Costs

NEW MODELS

**TRANSITION**  
From License to  
Recurring

Increasing  
Predictability

# World-Class Leadership Team



**Glenn Lurie**

Chief  
Executive  
Officer



**Jeff Miller**

Chief  
Commercial  
Officer



**David Clark**

Chief Financial  
Officer



**Mary Clark**

Chief Product,  
Marketing  
Officer



**Pat Doran**

Chief  
Technology  
Officer



**Ronald Prague**

Chief Legal  
Officer



**Kevin Hunsaker**

Chief People  
Officer

28+ years of experience

- Previously President and CEO of AT&T's Mobility Operations
- Led Negotiations for 1<sup>st</sup> iPhone
- Led building of AT&T's IoT, Cricket – Flanker Brand, and Digital Life Businesses

30+ years of experience

- Previously President of Ideal Industries Technology Group
- VPGM Motorola North America

30+ years of experience

- Previously CFO of Nutrisystem (NASDAQ:NTRI)
- Suncom Wireless (NASDAQ:TPCS)
- The Meet Group (NASDAQ: MEET)

25+ years of experience

- Previously CMO and SVP of Roaming for Syniverse
- VP Cibernet

20+ years of experience

- Joined Synchronoss in 2002
- Previously Agility Communications

25+ years of experience

- Joined Synchronoss in 2006
- Previously Group Counsel, Intel

25+ years of experience

- Joined Synchronoss in 2016
- Previously WWVP HR Openwave
- VP HR Deem

# Current Trends Facing Our Customers

## ➤ **OVERALL TMT TRENDS:**

- Disintermediation
- Convergence
- Digital transformation
- FAANG impact

## ➤ **TELECOMMUNICATIONS:**

- Revenue growth slowing
- Smart phone growth slowing
- Capex increasing
- OTT disintermediation

## ➤ **MEDIA:**

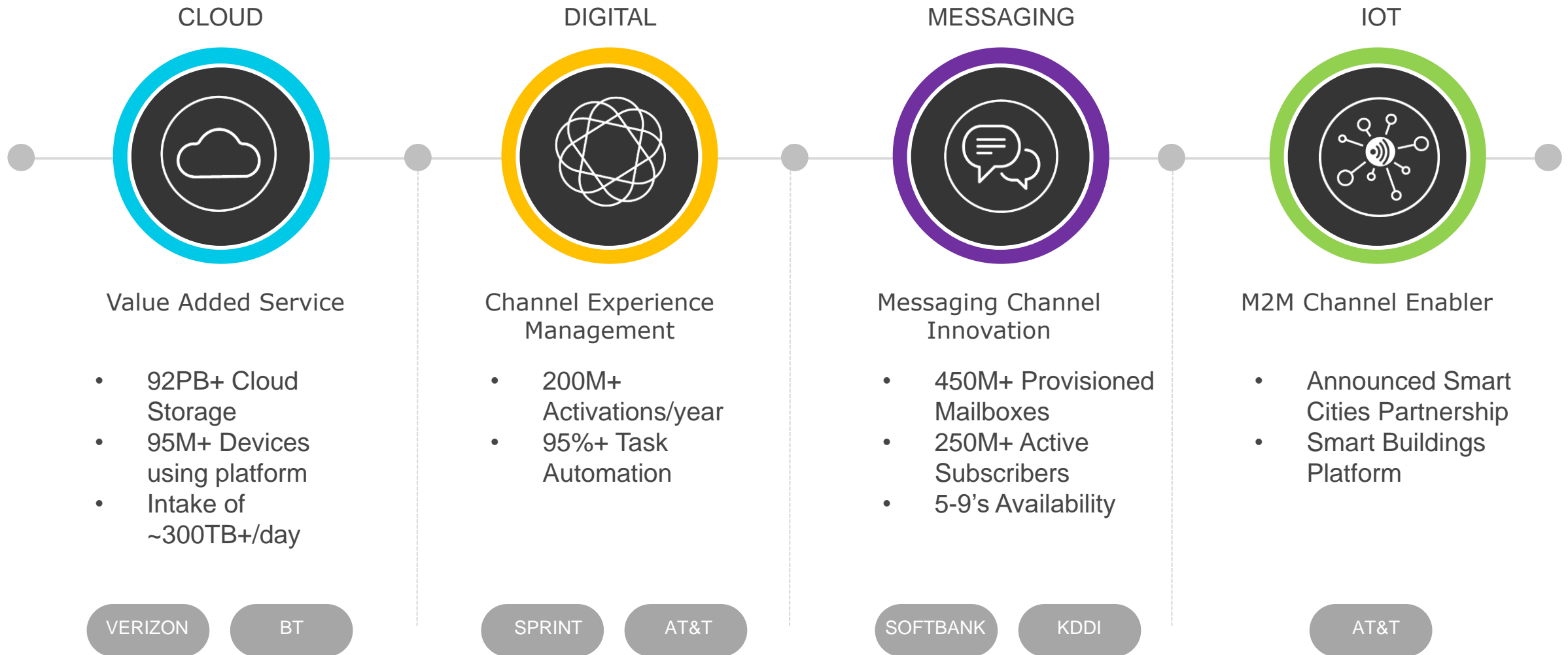
- OTT, TV everywhere growing
- Content costs rising
- Social media influence
- Wireless carriers moving into media

## ➤ **TECHNOLOGY:**

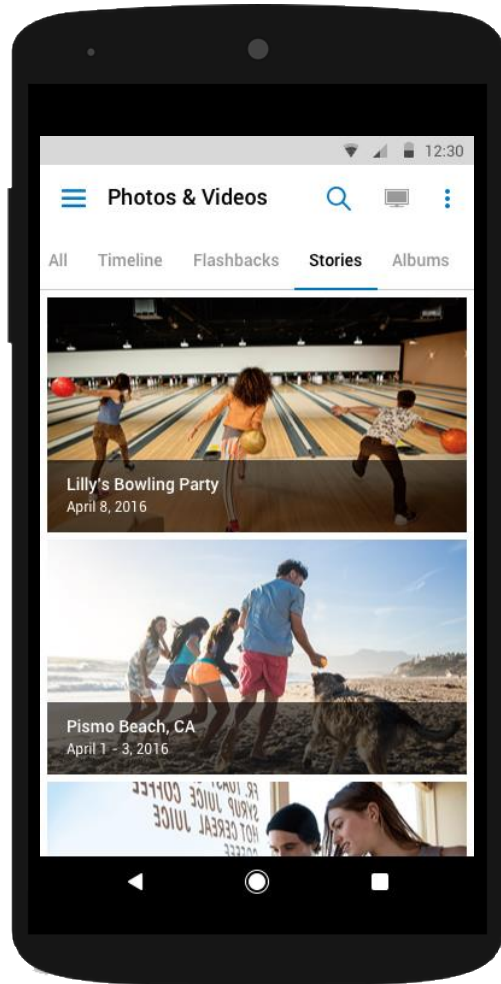
- Importance of customer experience
- New modes of customer experience
- Impact of intelligence (AI, ML, NLP)



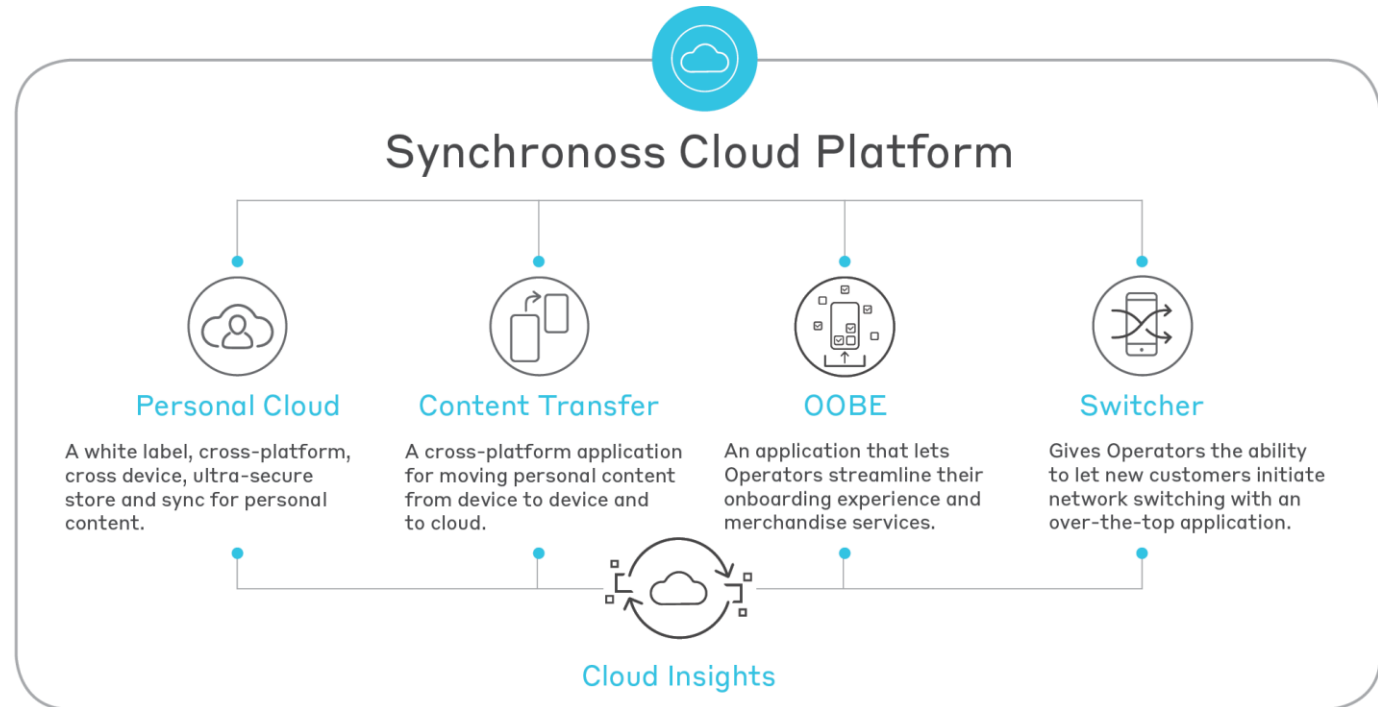
# Synchronoss Platform Overview



# Synchronoss Cloud Platform & Products



PERSONAL CLOUD APPLICATION

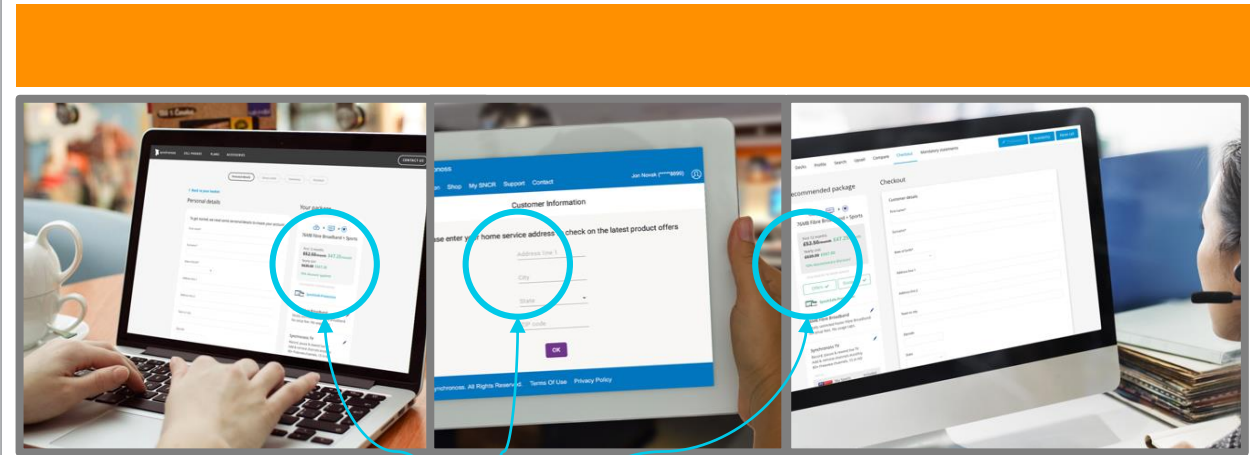
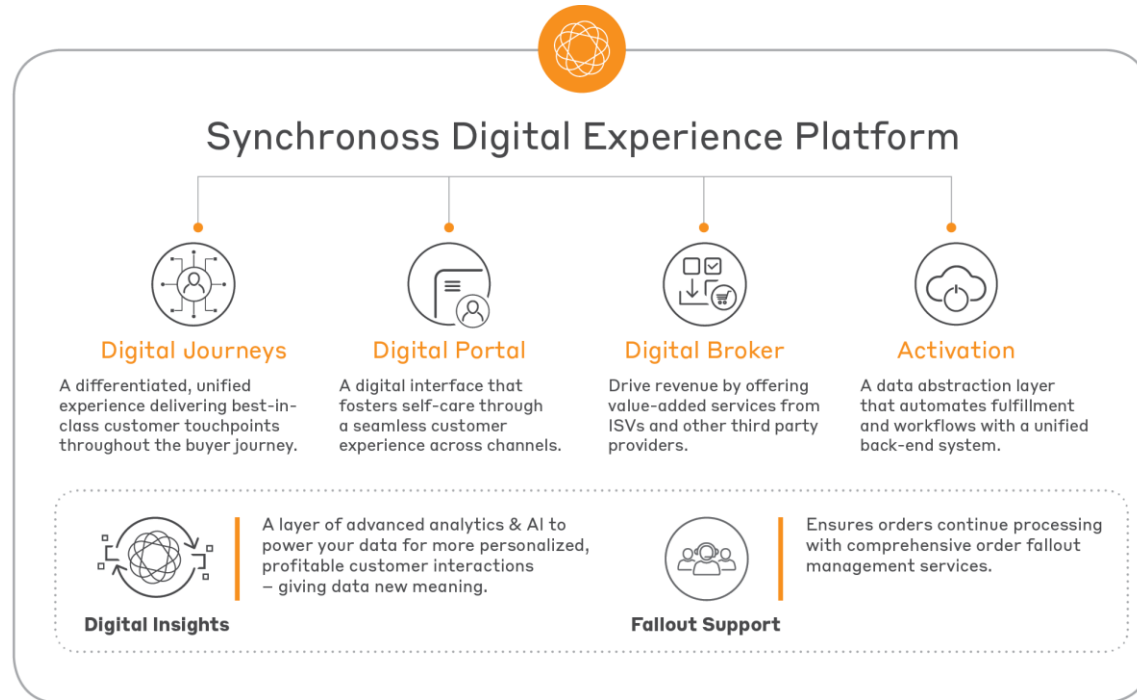


## Synchronoss is Positioned to Win In Cloud:

- **THE WORLD'S LARGEST WHITE LABEL CLOUD SOLUTION**
- **SECURE AND SCALABLE PLATFORM**
- **PROVEN PREMIUM BUSINESS MODEL**
- **WORLD WIDE PARTNER DISTRIBUTION**



# Synchronoss Digital Platform & Products



## Synchronoss is Positioned to Win In Digital:

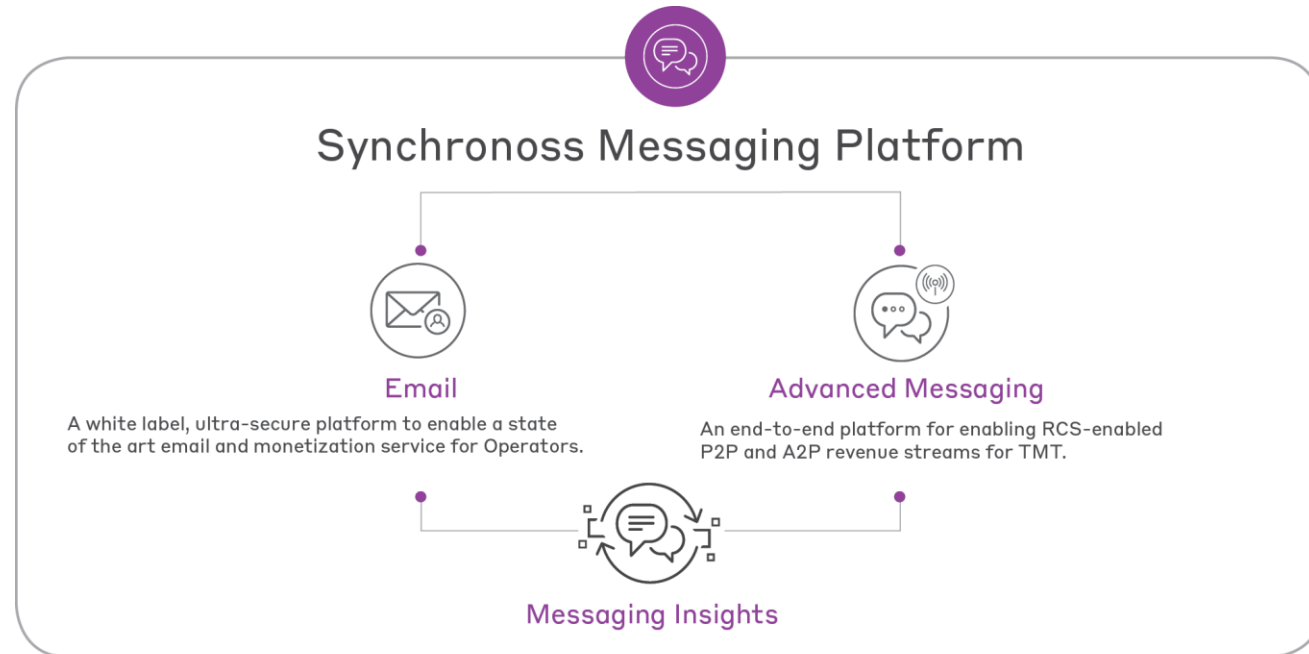
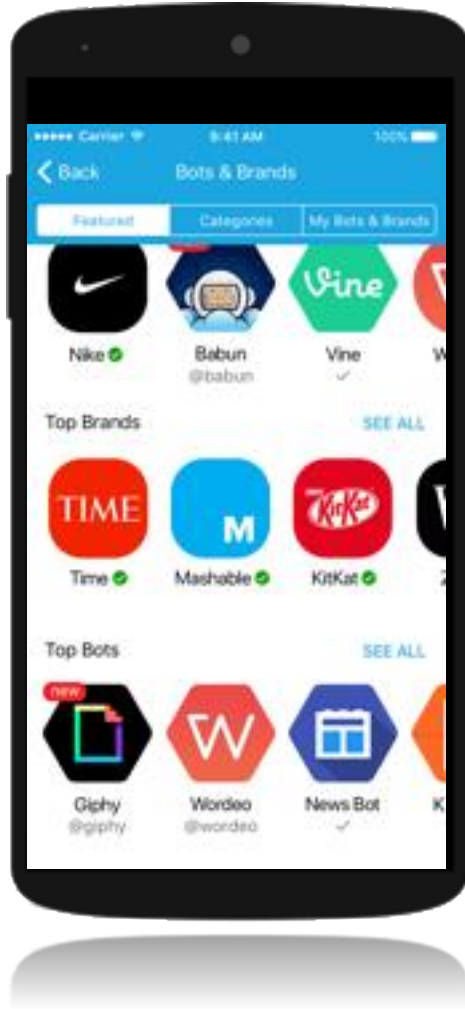
- **OMNI AND SINGLE CHANNEL**
- **SIMPLE INTEGRATION**
- **EASY TO OPERATE**
- **CREATES FAANG-LIKE EXPERIENCES**



**COORDINATED PAUSE  
AND RESUME  
CUSTOMER  
EXPERIENCES ACROSS  
CHANNELS**



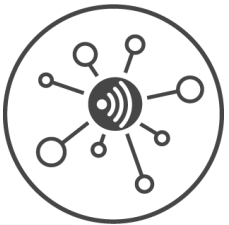
# Synchronoss Messaging Platform & Products



Synchronoss is Positioned to Win In Messaging:

- **DEPLOYED ADVANCED MESSAGING SOLUTION**
- **MARKET LEADING CLIENT**
- **ECOSYSTEM MANAGEMENT PLATFORM**
- **WELL POSITIONED WITH OPERATORS**

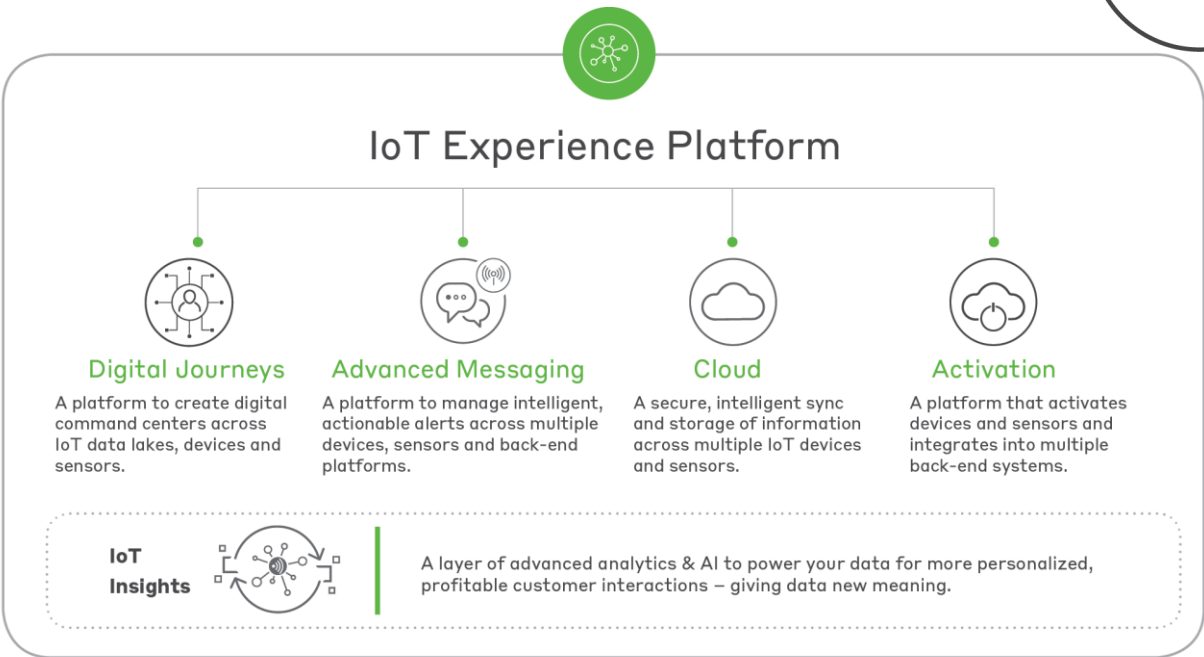
# Synchronoss IoT Platform & Products



The Smart Building Platform partnership that adds a new energy and building management offering to AT&T's Smart Cities offering



Sources:  
20 – Navigant Research  
21 – Variant Market Research  
22 –



## Synchronoss is Positioned to Win In IoT:

- END-TO-END SOLUTION APPROACH
- SMART BUILDINGS PLATFORM
- WELL POSITIONED WITH OPERATORS
- IoT TRACK RECORD



# FINANCIAL OVERVIEW



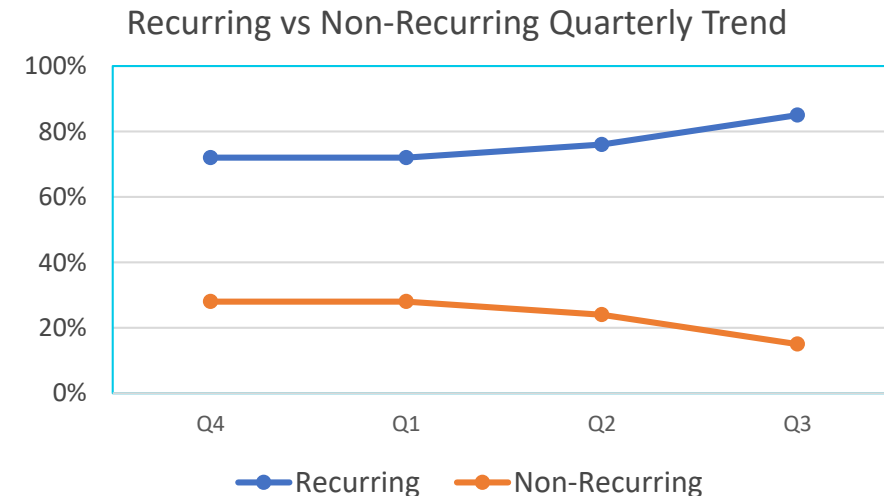
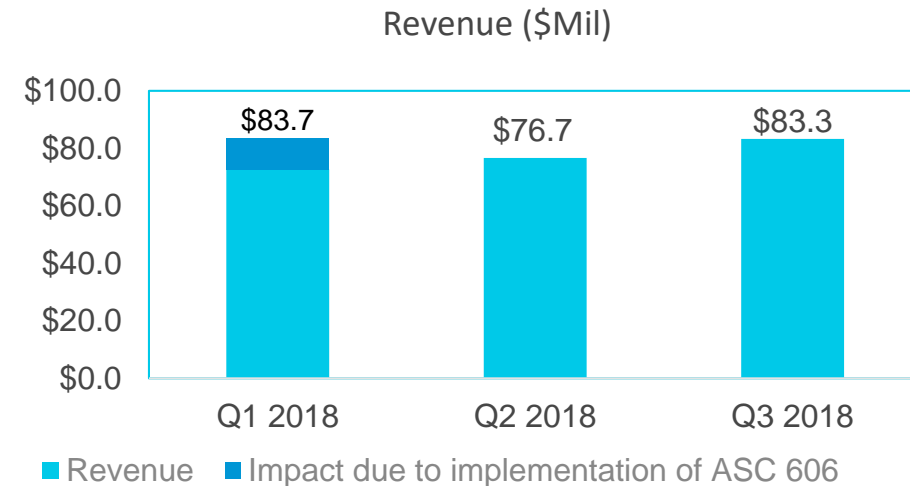
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# Synchronoss: Executing on Financial Objectives

Financial Objective	Proof Points
<b>Build recurring revenue</b>	✓ 85% recurring revenue in Q3 '18
<b>Reduce cost base</b>	✓ \$20 million cost savings in 2018
<b>Improve gross margins</b>	✓ Nearly 800 basis points of gross margin improvement from Q1 2018 to Q3 2018
<b>Grow EBITDA</b>	✓ Adjusted EBITDA positive in Q3 2018
<b>Increase capital efficiency</b>	✓ Retired over 50% of convertible debt in October 2018

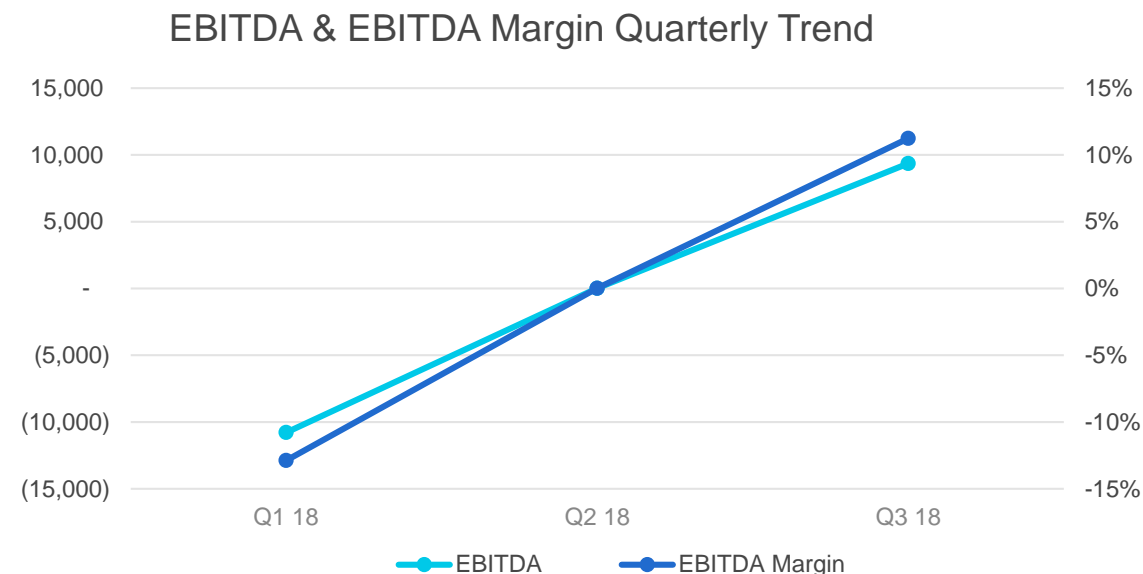
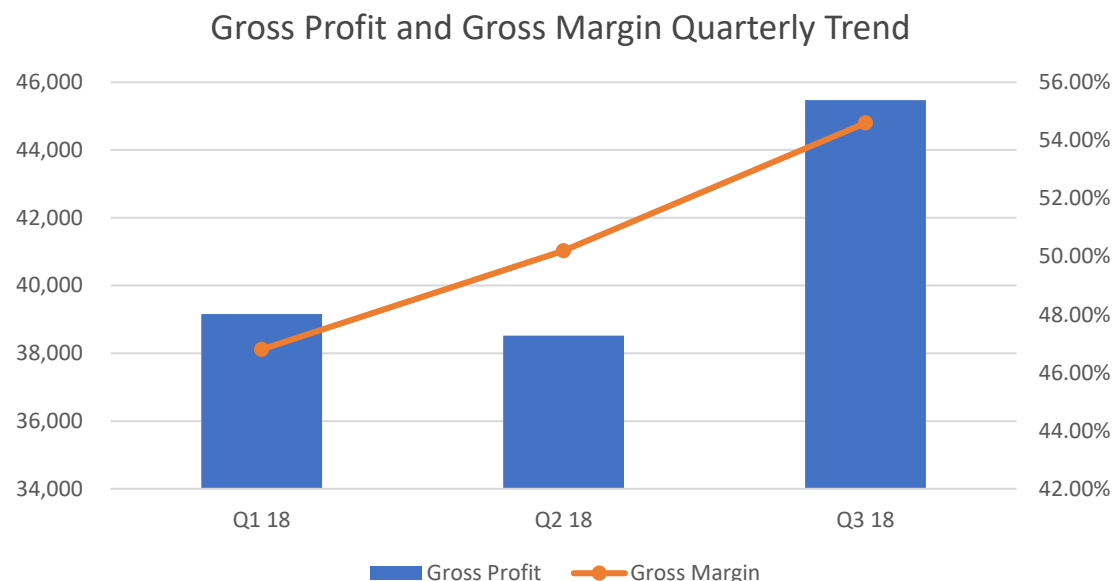
# Q3 2018 Highlights

- \$83.3M of revenue, up 8.5% Q/Q
- \$4.5M of adjusted EBITDA, which includes a one-time expense of \$4.9M; normalized adjusted EBITDA for Q3 was \$9.4M with an EBITDA margin of 11.2%
- Paid cash instead of issuing additional shares for payment of a Q3 dividend on convertible preferred stock
- Resumed NASDAQ trading on October 1<sup>st</sup>





# Improving Profitability Picture Throughout 2018



- ✓ Re-energize sales funnel:
  - Broaden customer base and geographical approach
  - Amplify with TMT opportunities
- ✓ Increasing base of recurring revenue and margins
- ✓ Cost takeout of \$20 million in 2018 and on track for another \$25 million in 2019
  - Right sizing offices and employee base
  - Exiting hosting business and closing of multiple data centers

# Reconciliation of GAAP to non-GAAP Financial Measures

(\$000s, unaudited)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017		Three Months Ended September 30, 2018	Three Months Ended September 30, 2017
<b><u>Non-GAAP financial measures and reconciliation:</u></b>					
<b>GAAP Revenue</b>	<b>83,286</b>	<b>91,015</b>	<b>GAAP Income from Operations</b>	<b>(34,629)</b>	<b>(36,139)</b>
Less: Cost of revenues	43,714	45,576	Add: Stock based compensation	7,216	3,678
<b>GAAP Gross Profit</b>	<b>39,572</b>	<b>45,439</b>	Add: Acquisition, Restructuring & Integration	4,577	3,911
Add: Stock-based compensation expense	1,035	1,118	Add: Depreciation & Amortization	23,658	23,459
Add: Acquisition costs	-	-	Add: Restatement Expenses	3,638	9,438
Add: Integration	-	341	<b>Adjusted EBITDA</b>	<b>4,460</b>	<b>4,347</b>
<b>Non-GAAP Gross Profit</b>	<b>40,607</b>	<b>46,898</b>			
<b>Non-GAAP Gross Margin</b>	<b>49%</b>	<b>52%</b>			

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THANK YOU.

