

# **SYNCHRONOSS**

## **STRATEGIC PROCESS & TRANSACTION UPDATE**

**OCTOBER 17, 2017**

# Update on Strategic Alternatives Process

JULY 6, 2017

Synchronoss Board of Directors publicly initiated **a process to evaluate potential strategic alternatives**

## ABOUT THE PROCESS

The process explored **a full range of strategic, operational and financial alternatives** including a potential sale of the company, parts of the company and/or other transactions

## PRIMARY FOCUS

Throughout the process, the primary focus was **exploring and identifying options that will achieve the goal of maximizing shareholder value**

# Conclusions from Strategic Process

1. Double down on Communications & Media business

2. Divest non-core assets

3. Improve Balance Sheet strength, cash position and potential profitability



# 1. Double down on the Comms & Media business

- **\$185 million convertible preferred equity investment** into the Synchronoss core Comms & Media business by investment funds affiliated with Siris Capital
- Plan to use proceeds to invest in the **growth of core Communications & Media business** (cloud, messaging, digital transformation) and related businesses worldwide
- **Partner with Siris Capital** to leverage its deep TMT industry knowledge, relevant expertise and connectivity/credibility with core customers, and track record in owning and managing highly relevant assets

## 2. Divest non-core assets

- **Sale of Intralinks business** to investment funds affiliated with Siris Capital for approximately \$1 billion in aggregate transaction value
  
- Continue to **evaluate sale of other non-core assets**

### 3. Improve Balance Sheet strength, cash position and potential profitability

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- Plan to utilize the Intralinks proceeds to **retire term loan debt**
- Plan to utilize the convertible preferred equity investment proceeds **for long term investment in the Communications & Media business for growth and expansion**
- Cash inputs and retiring of debt to create a **de-levered and healthy Balance Sheet**

# Why Siris Capital? A Long-Term Strategic & Financial Partner

Synchronoss will benefit from its partnership with Siris Capital, which brings a wealth of expertise at the intersection of the telecommunications and technology industries and a long-term investment horizon



**Established & credible TMT investor**

**Deep industry knowledge & relevant expertise**

**Unique connectivity and credibility with core customers**

**Track record in owning & managing highly relevant assets**

**Long-term investment strategy & strategic alignment**

# Timeline of Key Events

Estimated Timing	Event Description
October 17, 2017	<ul style="list-style-type: none"><li>▪ Announcement of Siris Capital transactions</li></ul>
Early November 2017	<ul style="list-style-type: none"><li>▪ Receipt of HSR and other regulatory approvals</li></ul>
Mid-November 2017	<ul style="list-style-type: none"><li>▪ Close sale of Intralinks business to investment funds affiliated with Siris</li><li>▪ Retire term loan</li></ul>
Q1 2018	<ul style="list-style-type: none"><li>▪ Close convertible preferred equity investment in Synchronoss</li></ul>

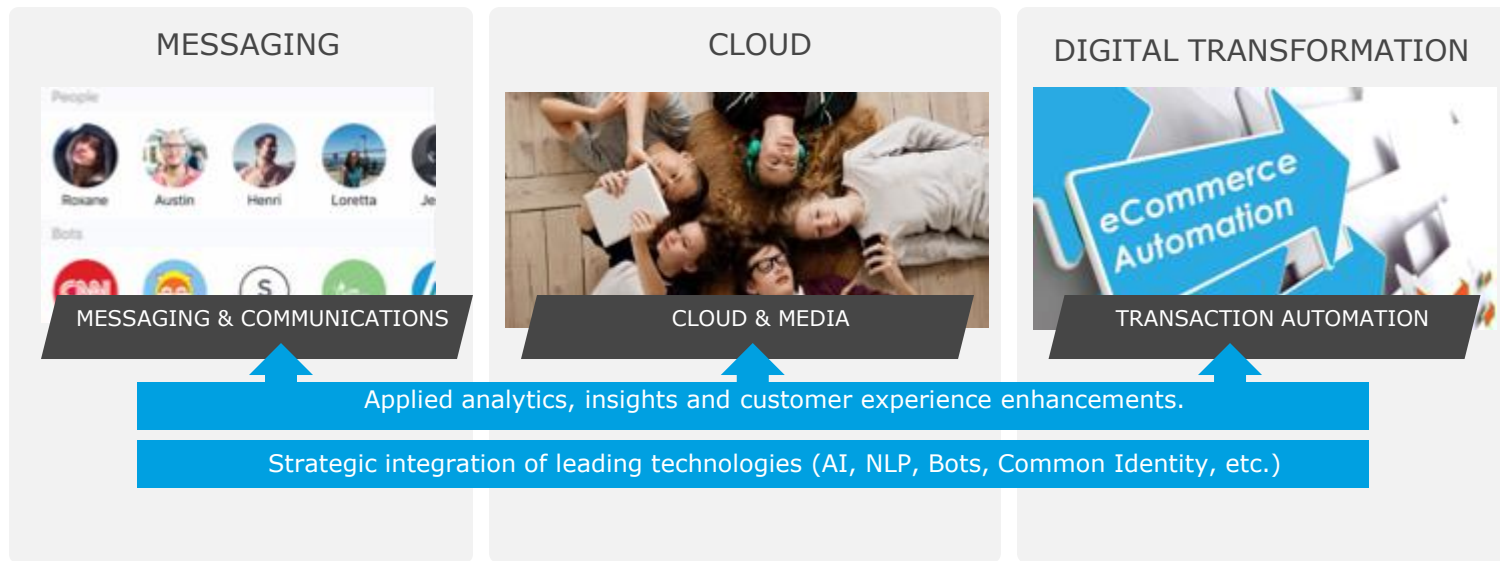


# APPENDIX

## SYNOPSIS OF CORE COMMUNICATIONS & MEDIA BUSINESS

# A Renewed Focus on Core Comms & Media

## THE CORE COMMUNICATIONS & MEDIA BUSINESS



**Synchronoss plans to advance its position as the leading and trusted technology solutions provider to Communications and Media companies globally – aligning the latest products and solutions with critical business initiatives and outcomes.**

# Synchronoss' Go-Forward Strategy

Moving forward, Synchronoss will pursue a more focused business strategy that builds on its existing footprint in Cloud, Messaging, and Digital Transformation while executing on key growth vectors in each of these areas.

## Current Positioning

## Future Growth Vectors

### Cloud

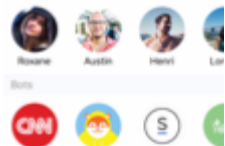


- Embedded Verizon relationship
- Core contract in place until end-2019
- Serving Tier 1 Carriers globally



- Ongoing discussions with Verizon on extending cloud relationship, innovating product features & value and pursuing new revenue streams
- Execute identified international growth opportunities with revamped product

### Messaging



- Leader in white label email solutions built on OpenWave platform
- Highly developed multi-channel messaging solution



- Position for next-wave of evolution of messaging monetization
- Identified domestic and Asian opportunities
- Capitalize on favorable customer opportunities post Verizon / Yahoo acquisition

### Digital Transformation



- Stable, highly cash flow generative business
- Core solution provider to carrier consumer customers

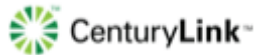


- Recently signed new contract with Sprint
- Healthy pipeline of additional growth opportunities

# Clear Strategic Focus on Global Tier 1 Communication Service Providers

The Company will have complete focus on its global Tier 1 carrier customer base. In addition to its strong relationship with Verizon, there are many promising nascent relationships yet to mature.

## Select Domestic & International Carrier and Cable Provider Customers



# APPENDIX

## KEY TRANSACTION TERMS

# Key Terms: Siris Capital Investment

## Structure

- \$185 million convertible preferred equity investment (“Preferred Stock”) which includes the return of approximately 5.99 million common shares previously purchased by Siris Capital

## Conversion

- \$18.00 conversion price (10.3 million preferred shares, representing approximately 19.8% of common shares post-close, on a fully converted basis)
- Conversion subject to a cap of 19.9% pro forma fully diluted ownership

## Dividend

- Preferred Stock will pay a 14.5% dividend in-kind or in cash at the Company’s discretions

## Board Seats

- At close Siris Capital will have two of ten Board seats

## Other Key Terms

- If investment agreement is terminated prior to closing, Siris Capital may cause the Company to repurchase 5,994,667 shares of the Company’s common stock that Siris Capital currently holds
- Subject to closing conditions
- Callable at a premium during the first 30 months and at par anytime thereafter
- After five years, if the Preferred Stock has not been converted, Siris Capital can request the Company to redeem the Preferred Stock
- At close Siris Capital has certain consent rights, including the initial selection of Synchronoss’ Chairman and/or CEO and annual budget (certain consent rights fall away if Synchronoss achieves specified EBITDA and leverage levels)

# Key Terms: Intralinks Sale

## Consideration

- Approximately \$1 billion aggregate transaction value

## Consideration Structure

- \$977 million of cash at closing
- Up to \$25 million of contingent cash payment to be paid in the future
- Cash-free, debt-free subject to post closing adjustments

## Key Conditions

- Anti-trust approvals from the United States and Germany, among other closing conditions
- Subject to satisfaction of due diligence review

## Financing

- Siris Capital has obtained financing commitments for its acquisition of Intralinks
- There is no financing condition

## Expected Closing

- The Company expects the sale of Intralinks to close in mid-November 2017