

STIFEL

Synchronoss Technologies, Inc.
SNCR – NASDAQ
Hold
 Software: Applications

Company Update

The Plot Thickens: IntraLinks Proxy Details Higher Competing Bid; Activation Divestiture Structure Becoming Slowly Clearer

On December 19th, before the market open, Intralinks filed a Schedule 14D-9 that included details on its acquisition by Synchronoss on December 6th and the process which ultimately led to that transaction. Additionally, the company disclosed that on December 8th it received an unsolicited, unbinding indication of interest from an unnamed financial buyer "Party J", to acquire Intralinks at \$13.50 per share. On December 15th, Intralinks entered into a non-disclosure agreement with the unnamed "Party J" to provide information regarding due diligence and indication of interest. Meanwhile regarding SNCR itself, we have done more work to clarify the complex and confusing web of arrangements backing the divestiture of roughly 70% of the company's Activation business. We maintain our Hold rating and \$40 target price on shares of SNCR.

IL timeline becomes more clear with filing, \$13.50 indication of interest received. According to today's filing, Synchronoss entered the IL picture via an unsolicited email to IL CEO Ron Hovsepian from an executive search firm with respect to a potential role as CEO of Synchronoss. While discussions over a potential management role and a potential strategic partnership persisted through the summer, SNCR and IL entered into a mutual non-disclosure agreement on July 15th. The process conducted by J.P. Morgan between September and October included 28 parties, with 12 entering into NDAs with IL and 9 meeting with member of IL management. While numerous parties bid on IL, SNCR's offer represented the highest figure and received exclusivity on November 14th.

Two days after the Intralinks' announcement of its agreement with Synchronoss, it received an unsolicited, nonbinding indication of interest to acquire IL at \$13.50 from "Party J". On December 15th, Intralinks entered into a non-disclosure agreement with the unnamed "Party J" to provide information regarding due diligence and indication of interest. Recall, Intralinks' termination fee in the merger agreement stands at \$24.6mn.

So... What's Next? Probably a higher SNCR bid (but not dramatically higher). While Party J's offer for \$0.50/share higher than SNCR's is barely enough to offset the breakup fee, we think that IL's willingness to sign an NDA suggests a level of diligence that could very well lead to SNCR being forced into a higher counter-offer. Given the modest steps that SNCR made to move higher from its initial \$11.50 offer to its "final" offer of \$13.00, we don't expect a dramatic increase above a financial buyer's \$13.50 offer.

Changes	Previous	Current
Rating	—	Hold
Target Price	—	\$40.00
FY16E EPS	—	\$1.99
FY17E EPS	—	\$2.50
FY16E Revenue	—	\$638.0
FY17E Revenue	—	\$815.0

Price (12/19/16):	\$40.52
52-Week Range:	\$50 – \$20
Market Cap.(mm):	1,968.9
Shr.O/S-Diluted (mm):	48.6
Enterprise Val. (mm):	\$1,880.0
Avg Daily Vol (3 Mo):	469,997
Dividend(\$ / %)	\$0.00 / 0.0%
S&P Index	2,262.53

EPS	2015A	2016E	2017E
Q1	\$0.49	\$0.49A	\$0.33
Q2	0.56	0.57A	0.63
Q3	0.58	0.68A	0.71
Q4	0.61	0.25	0.83
FY Dec	\$2.24A	\$1.99	\$2.50
P/E	18.1x	20.4x	16.2x

Revenue	2015A	2016E	2017E
FY Dec	\$580.1A	\$638.0	\$815.0
EV/Rev	3.2x	2.9x	2.3x

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All relevant disclosures and certifications appear on pages 9 - 11 of this report.

Still plenty of questions about the Activation divestiture, starting with "Who the heck is Sequential Technology???" Since the divestiture of the Activation business was first announced, we have been perplexed by our inability to learn much, if anything about the buyer - Sequential Technology International. The company's December 7th filing indeed provides some clarity, and with some of our own research, we think we have some reasonable conclusions. As follows are some key bullets pulled from the December 7th 8-K filing, along with our thoughts on what each point means.

1. Synchronoss itself formed Sequential Technology International (STI) in November and contributed a portion of its Activation business to STI for an initial interest in STI. A website for STI was created in early November, and we have already seen Synchronoss employees from the Bethlehem, PA office switch their stated employer to STI on LinkedIn.
2. Synchronoss issued a promissory note to Sequential Technology International Holdings (Sequential), which is secured by Sequential interest in STI. Our understanding is that this promissory note will be lifted once all payments are made to Synchronoss from "Sequential", which we now understand to be a rebranding for the Philippine-based BPO Omniglobe International. With a \$25mn up-front payment being made in 4Q16, we expect the remaining \$121mn to be made in a series of payments throughout 2017.
3. Synchronoss retains 30% interest in STI following the sale of 70% of its stake in STI for \$146mn to Sequential. We understand this remaining stake to hold much higher gross margins than the divested piece, as it represents the bulk of the *automated* Activation business, while the divested piece appears to have been predominantly manual services encapsulating such activities as Exception Handling, Fallout Management and other call center-related duties. As all remaining Activation business for SNCR falls into the category of Discontinued Operations, SNCR will have to call out any and all run-off revenue from Activations each reporting period, while also disclosing profits retained via Minority Interest in the remaining Activation business.
4. Synchronoss holds put rights that would require Sequential to purchase its interest in STI in certain circumstances, while Sequential holds call rights that would require it to purchase Synchronoss' interest in STI in certain circumstances.

With management noting that it sought out an acquirer with an existing relationship with AT&T, we believe the assets sold off in this transaction largely constitute manual-services Activation business at AT&T. We note that Synchronoss included no Activation revenue in its 2017 top-line outlook, as it intends to sell the remaining 30% component of STI over the next 12-18 months and sunset or divest legacy activation programs in the coming months.

Target Price Methodology/Risks

Our \$40 target price on shares of SNCR is based on a 28.8x '17 FCF multiple. Risks to our target price include the successful integration process of acquired businesses, pricing pressures in the Cloud storage space from over-the-top consumer offerings, and substantial competition in the Enterprise secure mobility space.

Company Description

Synchronoss Technologies, Inc. provides e-commerce transaction management solutions to the communications services market in North America. It offers ConvergenceNow+, a software platform that enables e-commerce order processing

and transaction management and provisioning services, integrates with back-office systems, and allows work to flow electronically across the service provider's organization. The company's software platform enables communications service providers (CSPs) to take, manage and provide orders and other customer-oriented transactions as well as create service bundles.

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Communications & Applications Software																									
Analyst: Tom Roderick 312-564-8701					Associate: Matt VanVliet, CFA 312-564-8706					Associate: J. Parker Lane 312-564-8705															
Company	Rating	Price	Net		Revenue Growth			Oper. Margin			TEV / Sales			P/E			P/CF			EV/EBITDA			15A	15A	
			12/19/16	Cash/ Sh	TEV (\$mn)	14A-'15A	15A-'16E	16E-'17E	15A	16E	17E	15A	16E	17E	15A	16E	17E	15A	16E	17E	15A	16E	17E	P/E/G (rev)	P/CF/G (rev)
Enterprise Applications																									
<i>Enterprise Applications- On-Premise</i>																									
Blackbaud	B	BLKB*	\$65.64	(\$7.57)	\$3,470	13.4%	12.6%	8.0%	18.3%	20.0%	22.2%	5.4x	4.8x	4.4x	44.1x	34.9x	30.4x	32.1x	29.2x	29.7x	23.8x	20.4x	17.9x	3.3x	2.4x
Guidewire	H	GWRE*	\$52.36	\$9.36	\$3,151	7.1%	12.2%	14.6%	15.9%	17.6%	18.0%	8.0x	7.1x	6.2x	74.8x	74.8x	63.1x	47.6x	39.7x	44.2x	39.1x	40.2x	31.3x	NM	6.7x
Model N	H	MODN*	\$8.65	\$2.38	\$174	14.6%	16.2%	-0.4%	-8.2%	-2.5%	-12.1%	1.8x	1.6x	1.6x	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Nuance Communications	H	NUAN*	\$15.06	(\$6.40)	\$6,211	-0.4%	0.0%	3.1%	28.5%	28.0%	28.5%	3.1x	3.1x	3.0x	11.8x	9.8x	9.2x	11.3x	8.7x	9.5x	9.3x	8.7x	8.5x	NA	NA
PROS RM	H	PRO*	\$22.38	\$0.84	\$656	-11.2%	-11.7%	4.4%	-10.1%	-33.9%	-18.9%	3.8x	4.3x	4.1x	NA	NA	NA	77.8x	NA	NA	NA	NA	NA	NA	NA
Tableau Software	B	DATA*	\$43.09	\$10.73	\$2,607	58.4%	23.4%	6.7%	12.9%	10.3%	3.8%	4.0x	3.2x	3.0x	69.5x	NA	NA	36.5x	44.5x	63.0x	28.6x	40.7x	NA	1.2x	0.6x
Citrix Systems	H	CTXS#	\$91.45	(\$2.88)	\$14,860	4.2%	4.1%	NA	22.4%	25.7%	30.3%	4.5x	4.4x	NA	21.0x	17.6x	17.1x	16.8x	13.8x	13.7x	12.0x	12.5x	12.4x	5.0x	4.0x
Hortonworks	NC	HDP	\$8.95	\$1.47	\$481	137.9%	45.7%	30.1%	-202.4%	-106.8%	-84.5%	3.9x	2.7x	2.0x	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
IBM	B	IBM##	\$166.68	(\$32.93)	\$192,127	-12.4%	-2.2%	-0.3%	21.0%	20.8%	18.0%	2.4x	2.4x	2.4x	11.2x	12.3x	12.0x	12.7x	14.0x	14.0x	9.2x	10.4x	9.6x	NA	NA
Microsoft	B	MSFT#	\$63.62	\$7.56	\$441,518	2.8%	-0.4%	4.4%	30.8%	30.1%	30.6%	4.8x	4.8x	4.6x	23.7x	22.3x	20.9x	22.3x	20.7x	17.4x	13.1x	12.6x	11.8x	8.6x	8.1x
Microstrategy	NC	MSTR	\$203.18	\$42.21	\$1,855	-8.6%	-3.2%	2.5%	3.3%	27.8%	23.0%	3.5x	3.6x	3.5x	21.4x	26.4x	25.4x	17.1x	13.8x	16.5x	11.3x	13.9x	12.2x	NA	NA
Oracle	B	ORCL#	\$38.90	\$2.91	\$151,927	-2.0%	-0.3%	2.2%	46.2%	43.8%	42.5%	4.1x	4.1x	4.0x	14.8x	14.9x	14.2x	13.6x	13.3x	12.7x	8.8x	9.1x	8.7x	NA	NA
Red Hat	B	RHT#	\$80.47	\$2.65	\$14,269	14.7%	16.2%	15.2%	23.4%	23.5%	23.5%	7.1x	6.1x	5.3x	44.2x	37.4x	31.9x	22.9x	20.1x	17.9x	26.1x	22.5x	19.5x	3.0x	1.6x
SAP	H	SAP#	\$85.27	(\$5.40)	\$108,708	6.3%	5.7%	5.5%	31.7%	30.5%	30.1%	4.8x	4.5x	4.3x	20.6x	20.6x	18.6x	NA	NA	NA	14.5x	13.8x	12.8x	3.3x	NA
Splunk	H	SPLK#	\$54.77	\$7.49	\$6,367	NA	39.9%	28.3%	NA	3.7%	5.2%	9.8x	7.0x	5.5x	NA	NA	NA	70.2x	51.4x	32.4x	NA	NA	50.1x	NA	NA
Teradata	H	TDC#	\$28.04	\$0.45	\$3,631	-7.4%	-11.1%	-5.2%	22.6%	16.1%	20.3%	1.4x	1.6x	1.7x	13.5x	11.3x	16.0x	14.1x	12.1x	14.2x	6.5x	6.4x	7.9x	NA	NA
Tyler Technologies	NC	TYL	\$143.62	(\$0.51)	\$5,550	19.9%	28.7%	12.7%	23.6%	25.2%	27.7%	9.4x	7.3x	6.5x	56.5x	41.0x	36.6x	NA	NA	NA	36.1x	24.4x	21.6x	2.8x	NA
Vmware	H	VMW#	\$81.38	\$14.14	\$28,578	10.2%	6.2%	5.1%	31.1%	31.8%	32.1%	4.3x	4.0x	3.9x	20.0x	18.6x	17.3x	22.1x	16.0x	14.9x	11.9x	11.2x	10.6x	2.0x	2.2x
Enterprise Applications- On-Premise					Median:	6.3%	5.9%	5.1%	22.4%	22.2%	22.6%	4.2x	4.2x	4.0x	21.2x	20.6x	18.6x	22.2x	16.0x	16.5x	12.6x	13.2x	12.3x	3.1x	2.4x
					Mean:	14.5%	10.1%	8.0%	6.5%	11.8%	13.3%	4.8x	4.3x	3.9x	31.9x	26.3x	24.0x	29.8x	22.9x	23.1x	17.9x	17.6x	16.8x	3.6x	3.6x
Enterprise Applications- All exc. Communications					Median:	15.4%	18.7%	14.6%	7.4%	10.2%	12.9%	4.8x	4.7x	4.5x	44.1x	35.1x	31.9x	35.3x	34.5x	31.2x	23.8x	21.3x	19.1x	3.3x	2.5x
					Mean:	23.6%	17.9%	13.9%	-0.2%	5.9%	9.5%	6.1x	5.0x	4.3x	58.4x	42.2x	37.4x	38.3x	35.7x	34.8x	25.6x	24.6x	22.6x	3.7x	3.2x
<i>Enterprise Applications - Communications</i>																									
Amdocs	B	DOX*	\$60.25	\$5.16	\$8,208	1.5%	2.5%	4.5%	17.0%	17.1%	16.9%	2.2x	2.2x	2.1x	17.9x	16.7x	15.6x	14.5x	19.3x	15.3x	11.3x	11.1x	10.4x	NM	9.9x
CSG Systems	B	CSGS*	\$49.11	(\$4.27)	\$1,742	0.2%	0.7%	2.9%	18.5%	18.4%	17.2%	2.3x	2.3x	2.2x	18.8x	17.4x	18.1x	13.9x	15.8x	14.1x	9.7x	8.9x	9.3x	NM	NM
Synchronoss	H	SNCR*	\$40.52	\$1.84	\$1,880	26.5%	10.0%	27.7%	28.0%	21.2%	27.0%	3.2x	2.9x	2.3x	18.1x	20.4x	16.2x	33.5x	29.6x	27.4x	9.0x	10.0x	6.4x	0.7x	1.3x
Broadsoft	NC	BSFT	\$42.45	\$2.01	\$1,208	28.6%	21.0%	16.6%	19.5%	22.2%	21.2%	4.3x	3.6x	3.1x	21.7x	19.9x	17.7x	NA	NA	NA	20.6x	14.9x	13.1x	0.8x	NA
Five9	NC	FIVN	\$13.94	\$0.20	\$796	25.0%	23.9%	16.2%	-27.9%	-9.4%	-0.4%	6.2x	5.0x	4.3x	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Interactive Intelligence	NC	ININ	\$60.50	\$1.50	\$1,612	14.5%	10.8%	4.1%	-0.5%	0.8%	-0.6%	4.1x	3.7x	3.6x	1210.0x	3025.0x	208.6x	NA	NA	NA	66.7x	67.7x	41.5x	NM	NA
RingCentral	NC	RNG	\$21.80	\$1.51	\$1,593	34.7%	27.7%	24.0%	-13.5%	-2.3%	1.9%	5.4x	4.2x	3.4x	NA	269.9x	138.9x	NA	NA	99.1x	NA	NA	49.7x	NA	NA
Enterprise Applications- Communications					Median:	25.0%	10.8%	16.2%	17.0%	17.1%	16.9%	4.1x	3.6x	3.1x	18.8x	20.1x	17.9x	14.5x	19.3x	21.3x	11.3x	11.1x	11.8x	0.7x	5.6x
					Mean:	18.7%	13.8%	13.7%	5.9%	9.7%	11.9%	4.0x	3.4x	3.0x	257.3x	561.5x	69.2x	20.6x	21.6x	39.0x	23.5x	22.5x	21.7x	0.7x	5.6x

B = Buy, H = Hold, S = Sell, NC = Not Covered
 # Followed by Stifel analyst Brad Reback, ### Followed by Stifel analyst David Grossman
 Source: Company data, FactSet, (*)Stifel estimates

Communications & Applications Software																						STIFEL																					
Analyst: Tom Roderick 312-564-8701				Associate: Matt VanVliet, CFA 312-564-8706						Associate: J. Parker Lane 312-564-8705																																	
	Price	Net		Revenue Growth			Oper. Margin			TEV / Sales			P/E			P/FCF			EV/EBITDA			15A	15A																				
		12/19/16	Cash/ Sh	TEV (\$mn)	14A-'15A	15A-'16E	16E-'17E	15A	16E	17E	15A	16E	17E	15A	16E	17E	15A	16E	17E	15A	16E	17E	P/E/G (rev)	P/CF/G (rev)																			
Enterprise Applications																						Rating																					
<i>Enterprise Applications - Subscription-based</i>																																											
Amber Road	B	AMBR*	\$9.76	\$0.46	\$249	5.9%	5.7%	15.8%	-26.3%	-16.6%	-11.3%	3.6x	3.4x	3.0x	NA	NA	NA	NA	NA	64.5x	NA	NA	NA	NA	NA																		
Brightcove	B	BCOV*	\$8.30	\$0.99	\$260	7.8%	11.8%	8.9%	1.8%	1.5%	3.0%	1.9x	1.7x	1.6x	415.0x	166.0x	75.5x	44.0x	46.8x	34.9x	32.6x	32.9x	21.3x	NM	5.7x																		
Everbridge	B	EVBG*	\$20.25	\$2.29	\$489	38.4%	29.9%	25.6%	-10.5%	-6.1%	-8.1%	8.3x	6.4x	5.1x	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA																		
Hubspot	B	HUBS*	\$48.00	\$3.19	\$1,586	57.0%	48.0%	28.9%	-13.8%	-5.4%	-3.3%	8.7x	5.9x	4.6x	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA																		
Marin Software	H	MRIN*	\$2.30	\$0.87	\$55	9.2%	-8.8%	-3.5%	-13.7%	-5.5%	-3.0%	0.5x	0.6x	0.6x	NA	NA	NA	NA	NA	NA	NA	NA	20.7x	NA	NA																		
Q2 Holdings	B	QTWO*	\$30.40	\$2.37	\$1,118	37.6%	37.3%	25.1%	-12.6%	-9.7%	-6.2%	10.3x	7.5x	6.0x	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA																		
Salesforce.com	B	CRM*	\$69.51	(\$1.84)	\$50,279	24.1%	25.6%	21.2%	12.4%	13.2%	14.6%	7.5x	6.0x	5.0x	92.7x	71.7x	53.1x	34.0x	31.9x	25.6x	37.1x	29.2x	22.6x	3.8x	1.4x																		
SPS Commerce	B	SPSC*	\$72.45	\$7.22	\$1,131	23.9%	21.9%	17.2%	10.5%	10.2%	11.2%	7.1x	5.9x	5.0x	86.3x	73.9x	63.0x	NA	NA	97.9x	50.0x	43.2x	34.3x	3.6x	NA																		
Tangoe	H	TNGO*	\$8.36	\$0.77	\$312	3.7%	1.9%	1.6%	7.4%	7.1%	NA	1.4x	1.4x	NA	24.6x	26.1x	NA	39.7x	48.8x	NA	16.1x	16.6x	NA	6.7x	NM																		
Veeva Systems	B	VEEV*	\$42.92	\$3.46	\$5,817	30.6%	31.9%	20.4%	26.5%	28.6%	28.5%	14.2x	10.8x	8.9x	82.4x	62.2x	53.7x	NA	49.4x	43.1x	48.6x	34.7x	28.9x	2.7x	NA																		
Workiva	B	WK*	\$13.30	\$0.74	\$512	28.9%	22.4%	15.9%	-22.5%	-26.3%	-14.6%	3.5x	2.9x	2.5x	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA																		
Zendesk	H	ZEN*	\$21.78	\$2.25	\$1,838	64.3%	49.1%	29.4%	-11.8%	-7.1%	-3.6%	8.8x	5.9x	4.6x	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA																		
Intralinks	B	IL##	\$13.48	(\$0.40)	\$789.7	7.9%	8.3%	7.5%	4.9%	4.5%	9.4%	2.9x	2.6x	2.5x	NA	51.9x	35.7x	NA	NA	NA	20.2x	14.5x	11.3x	NA	NA																		
Castlight	B	CSLT#	\$4.85	\$1.29	\$334	65.1%	33.3%	24.6%	-157.1%	-85.7%	-34.5%	4.4x	3.3x	2.7x	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA																		
Channelladvisor	B	ECOM#	\$15.35	\$2.19	\$339	18.5%	12.5%	14.0%	-33.1%	-12.5%	-2.2%	3.4x	3.0x	2.6x	NA	NA	NA	NA	NA	NA	NA	65.6x	48.5x	NA	NA																		
Paycom	B	PAYC#	\$46.44	\$0.42	\$2,711	48.9%	45.6%	30.8%	11.4%	16.8%	23.1%	12.1x	8.3x	6.3x	NA	57.0x	44.8x	NA	54.2x	40.1x	56.4x	30.5x	23.5x	NA	NA																		
Paylocity	B	PCTY#	\$31.44	\$1.53	\$1,688	46.8%	39.8%	26.0%	-0.4%	4.2%	7.2%	9.0x	6.4x	5.1x	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA																		
Ultimate Software	B	ULTI#	\$185.83	\$3.66	\$5,552	22.2%	26.3%	23.9%	16.5%	20.5%	20.6%	9.0x	7.1x	5.7x	69.9x	57.6x	46.5x	95.4x	62.9x	50.7x	37.5x	29.8x	23.5x	3.1x	4.3x																		
Workday	H	WDAY#	\$69.13	\$1.45	\$13,500	48.6%	35.2%	26.4%	-8.1%	-3.5%	0.3%	11.9x	8.8x	7.0x	NA	NA	NA	NA	92.9x	69.5x	NA	NA	64.1x	NA	NA																		
Adobe Systems	NC	ADBE	\$105.29	\$4.13	\$50,950	15.6%	21.7%	21.2%	22.4%	29.9%	34.2%	10.6x	8.7x	7.2x	50.6x	35.3x	27.5x	39.5x	27.7x	24.0x	29.3x	22.3x	17.9x	3.2x	2.5x																		
Aspen Technology	NC	AZPN	\$54.57	\$2.28	\$4,150	10.7%	1.3%	3.0%	41.4%	46.2%	48.3%	8.9x	8.8x	8.6x	32.1x	29.0x	29.0x	24.4x	26.6x	24.1x	19.0x	17.8x	17.6x	3.0x	2.3x																		
Bazaarvoice	NC	BV	\$5.00	\$0.63	\$362	2.6%	2.5%	4.3%	-9.8%	-3.5%	0.3%	1.8x	1.8x	1.7x	NA	NA	NA	NA	NA	53.3x	NA	32.5x	18.6x	NA	NA																		
Cornerstone OnDemand	NC	CSOD	\$41.58	\$0.21	\$2,315	29.0%	24.3%	15.2%	-4.0%	-3.9%	1.0%	6.8x	5.5x	4.7x	NA	NA	NA	78.9x	NA	57.5x	NA	NA	51.0x	NA	2.7x																		
Ellie Mae	NC	ELLI	\$82.52	\$2.35	\$2,684	57.2%	39.0%	23.1%	24.8%	25.1%	25.5%	10.6x	7.6x	6.2x	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA																		
LivePerson	NC	LPSN	\$7.80	\$0.97	\$383	13.9%	-6.7%	3.6%	5.0%	4.7%	2.0%	1.6x	1.7x	1.7x	45.9x	NA	85.3x	52.0x	37.1x	31.2x	18.0x	20.3x	16.3x	3.3x	3.8x																		
RealPage	NC	RP	\$29.95	\$0.89	\$2,270	15.4%	21.4%	14.5%	12.6%	15.3%	17.5%	4.8x	4.0x	3.5x	55.5x	40.0x	33.1x	36.7x	40.6x	21.2x	24.6x	18.2x	15.0x	3.6x	2.4x																		
ServiceNow	NC	NOW	\$77.50	\$1.98	\$12,490	47.3%	37.7%	29.9%	1.4%	10.3%	12.9%	12.4x	9.0x	6.9x	NA	NA	75.0x	56.7x	42.1x	31.5x	NA	47.9x	31.3x	NA	1.2x																		
Enterprise Applications- Subscription-based					Median:	26.5%	23.3%	18.8%	1.6%	4.4%	3.0%	7.5x	5.9x	5.0x	62.7x	57.0x	49.8x	41.9x	46.8x	40.4x	32.6x	30.1x	22.2x	3.3x	2.5x																		
					Mean:	29.0%	22.9%	17.5%	-4.3%	2.1%	6.9%	6.9x	5.4x	4.6x	95.5x	61.0x	51.8x	50.1x	48.6x	44.4x	33.9x	30.6x	27.1x	3.7x	2.9x																		

B = Buy, H = Hold, S = Sell, NC = Not Covered
 # Followed by Stifel analyst Brad Reback; ## Followed by Stifel analyst Gur Talpaz
 Source: Company data, FactSet, (*)Stifel estimates

Synchronoss Technologies, Inc.
Income Statement
(\$000s, except per share data)

Tom Roderick
SVP
(312) 564-4701

	FY 2011	FY 2012	FY 2013	FY 2014	Mar-15	Jun-15	Sep-15	Dec-15	FY 2015	Mar-16	Jun-16	Sep-16	Dec-16	FY 2016	Mar-17	Jun-17	Sep-17	Dec-17	FY 2017
					2015A	2015A	2015A	2015A	2015	2016A	2016A	2016A	2016A	2016	2017A	2017A	2017A	2017A	2017
Cloud revenue	\$44,500	\$78,934	\$116,900	\$211,700	\$71,300	\$71,900	\$76,100	\$90,900	\$310,200	\$84,300	\$95,200	\$106,400	\$125,000	\$410,900	\$155,000	\$215,000	\$220,000	\$225,000	\$815,000
Activation revenue	\$185,571	\$196,242	\$235,007	\$246,913	\$61,805	\$65,958	\$75,289	\$66,879	\$269,911	\$61,277	\$66,290	\$78,575	\$23,000	\$222,142	\$0	\$0	\$0	\$0	\$0
Total non-GAAP revenue	\$230,071	\$275,176	\$351,907	\$458,613	\$133,105	\$137,858	\$151,389	\$157,779	\$580,091	\$145,577	\$161,490	\$184,975	\$148,000	\$633,042	\$155,000	\$215,000	\$220,000	\$225,000	\$815,000
Differential revenue write-down	(1,387)	(6,480)	(1,460)	(1,299)	(1,779)	(18)	(475)	(948)	(1,240)	(2,891)	(3,939)	(4,554)	0	(11,388)	0	0	0	0	0
Total GAAP revenue	\$228,684	\$268,696	\$350,447	\$457,314	\$131,326	\$137,840	\$150,914	\$156,831	\$578,851	\$142,686	\$157,551	\$180,421	\$148,000	\$621,654	\$155,000	\$215,000	\$220,000	\$225,000	\$815,000
Non-GAAP cost of revenue	101,167	110,871	140,545	178,442	52,373	52,419	59,250	59,484	223,326	60,359	64,990	71,893	73,000	209,842	57,350	61,813	61,600	63,000	243,763
GAAP Gross Profit	\$127,517	\$157,825	\$209,902	\$278,872	\$78,953	\$85,421	\$91,664	\$97,347	\$355,525	\$82,327	\$92,561	\$108,532	\$75,000	\$411,812	\$97,650	\$153,187	\$158,400	\$162,000	\$571,237
Non-GAAP Gross Profit	\$129,298	\$168,308	\$211,462	\$280,171	\$80,547	\$85,403	\$92,029	\$98,255	\$356,765	\$85,218	\$96,900	\$109,082	\$77,000	\$408,200	\$97,650	\$153,187	\$158,400	\$162,000	\$573,480
Research and development	39,755	45,951	58,661	67,196	19,407	19,309	19,711	18,209	76,636	18,692	21,031	22,598	23,000	85,321	24,800	30,700	37,400	37,215	138,025
Selling, general and administrative	38,711	53,084	46,102	57,913	16,974	15,436	16,992	23,051	72,833	20,096	25,005	26,195	24,000	95,296	24,800	30,700	38,500	38,813	140,813
Net change in consideration obligation	2,954	(6,235)	(5,334)	1,799	0	0	0	760	760	341	6,386	572	572	7,871	7,871	7,871	7,871	7,871	31,484
Restructuring charges	0	0	5,172	0	3,440	1,461	399	0	5,990	2,971	1,191	977	977	6,116	6,116	6,116	6,116	6,116	26,464
Depreciation and amortization	12,099	16,452	25,722	37,003	9,660	10,482	12,570	12,781	45,493	13,947	13,961	13,771	11,700	52,279	13,175	13,950	13,800	13,688	72,513
Non-GAAP operating costs	76,565	94,487	130,485	162,112	46,041	45,227	48,873	54,021	194,162	52,035	59,597	62,564	58,700	232,896	62,775	96,750	95,700	95,625	350,850
GAAP Operating Income	\$18,899	\$41,458	\$34,894	\$62,101	\$18,289	\$23,618	\$22,294	\$15,309	\$79,900	\$46,663	\$32,544	\$13,209	\$10,453	(14,543)	(6,337)	14,726	20,488	23,663	\$2,540
Non-GAAP Operating Income	\$22,739	\$68,818	\$114,777	\$189,059	\$44,891	\$50,212	\$43,226	\$44,274	\$162,603	\$33,183	\$37,303	\$46,518	\$18,300	\$135,304	\$44,875	\$64,438	\$62,700	\$66,275	\$20,188
Interest income	821	1,335	557	835	466	471	546	564	2,047	630	981	271	250	1,742	750	750	750	750	3,000
Interest expense, other income	(81)	(109)	(87)	(262)	(1,128)	(1,801)	(2,478)	(1,580)	(5,199)	(2,400)	(1,909)	(1,763)	(1,000)	(16,182)	(16,181)	(16,181)	(16,181)	(16,181)	(42,200)
Total other income (expense)	(100)	1,206	(115)	(1,227)	(662)	(532)	(1,932)	34	(1,352)	(1,830)	(1,028)	(1,492)	(750)	(14,450)	(19,813)	(19,813)	(19,813)	(19,813)	(39,200)
EBITDA	64,838	86,270	107,199	155,062	44,551	\$0,604	55,796	\$7,005	\$208,096	46,430	\$0,864	\$0,289	\$0,000	\$197,583	48,050	75,788	82,500	86,663	\$232,400
GAAP pre-tax income	18,359	42,664	34,579	60,274	17,827	23,106	20,362	15,403	76,288	(6,495)	(3,922)	11,717	(11,205)	(9,995)	(16,150)	4,913	10,676	13,851	33,290
Non-GAAP pre-tax income	\$27,423	\$71,024	\$114,162	\$163,324	\$34,029	\$9,680	\$1,294	\$4,208	\$199,311	\$1,353	\$6,922	\$0,026	\$2,500	\$130,854	\$25,063	\$46,252	\$2,888	\$6,563	\$18,138
GAAP income tax expense (benefit)	3,233	15,581	11,228	21,678	6,866	7,662	10,717	4,081	29,616	3,965	3,381	6,884	8091	13,338	16,150	(16,607)	(6,400)	(8,310)	(3,233)
Non-GAAP income tax expense (benefit)	14,764	27,841	26,036	39,546	11,705	13,652	14,205	9,548	49,110	11,453	12,931	22,812	5,265	44,971	8,772	15,153	17,188	14,650	55,763
Net income attributable to non-controling interest	0	0	0	0	0	0	0	6,052	6,052	(3,128)	(2,864)	(2,843)	0	(8,836)	0	500	750	1,000	2,350
After-tax interest on convert. debt (GAAP)	0	0	0	804	475	514	377	564	1,920	0	0	323	0	323	0	0	0	0	0
After-tax interest on convert. debt (non-GAAP)	0	0	0	796	514	514	516	591	2,135	549	549	549	0	1,647	0	0	0	0	0
GAAP net income	\$15,126	\$27,083	\$23,351	\$38,596	\$11,036	\$15,668	\$10,022	\$5,834	\$42,500	\$7,331	\$(4,439)	\$7,996	\$(10,314)	\$(14,086)	\$(12,299)	\$9,000	\$16,311	\$21,161	\$14,773
GAAP diluted EPS	\$0.38	\$0.70	\$0.58	\$0.97	\$0.23	\$0.33	\$0.21	\$0.12	\$0.89	\$(0.15)	\$(0.09)	\$0.16	\$(0.21)	\$(0.29)	\$(0.60)	\$0.18	\$0.33	\$0.43	\$0.28
Non-GAAP net income	\$17,965	\$41,183	\$53,126	\$77,582	\$22,838	\$26,542	\$27,605	\$29,299	\$106,294	\$23,578	\$27,407	\$33,096	\$12,285	\$96,366	\$16,291	\$30,972	\$34,949	\$40,913	\$123,234
Non-GAAP diluted EPS	\$0.38	\$1.12	\$1.34	\$1.79	\$0.49	\$0.56	\$0.58	\$0.61	\$2.24	\$0.49	\$0.57	\$0.68	\$0.25	\$1.99	\$0.33	\$0.63	\$0.71	\$0.83	\$2.50
FD/share	\$0.72	\$0.58	\$0.19	\$1.07	\$(0.52)	\$1.10	\$(0.09)	\$0.72	\$1.21	\$0.51	\$0.47	\$(0.76)	\$1.15	\$1.37	\$(1.07)	\$(0.18)	\$0.67	\$2.02	\$1.48
Basic weighted ave shares outstanding	37,414	38,113	38,753	40,488	41,626	41,870	42,491	42,817	42,201	43,423	43,350	43,560	43,700	43,508	43,950	44,200	44,200	44,450	44,200
Diluted weighted ave shares outstanding	38,665	38,959	39,765	41,171	47,080	47,271	47,692	47,862	47,476	48,147	48,132	48,590	48,700	48,992	49,200	49,200	49,200	49,450	49,200
Amortization adjustment (coerative incl)	2,640	7,360	15,404	18,953	5,175	6,150	7,184	8,150	26,659	10,808	11,701	10,921	10,921	44,351	10,921	10,921	10,921	10,921	43,684
Total stock-based compensation expense	20,277	20,425	25,214	28,987	6,629	6,458	8,147	10,477	31,711	8,301	8,125	8,981	8,981	34,388	9,000	9,500	10,000	10,500	39,800
Total acquisition-related expense	2,759	3,668	1,748	2,937	1,379	2,477	4,727	8,500	17,533	12,536	9,505	7,304	7,304	36,649	7,304	7,304	7,304	7,304	29,216
Total fair value earn-out cash compensation expense	3,903	1,658	908	1,783	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Margin Analysis																			
Cloud Revenue	19.3%	28.7%	31.2%	46.2%	51.6%	52.2%	50.3%	57.6%	51.5%	57.9%	59.0%	58.8%	61.3%	64.4%	100.0%	100.0%	100.0%	100.0%	100.0%
Activation Revenue	80.7%	71.3%	68.8%	53.8%	48.4%	47.8%	49.7%	42.4%	48.5%	42.1%	41.0%	41.2%	38.7%	35.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-GAAP Gross Margin	56.3%	59.7%	60.1%	61.1%	60.8%	62.0%	60.9%	62.3%	61.5%	58.5%	60.0%	60.3%	51.3%	67.7%	63.0%	71.3%	72.6%	72.6%	76.1%
Research and development	15.5%	16.7%	16.6%	14.7%	14.6%	14.0%	13.0%	11.5%	13.2%	12.8%	13.0%	12.5%	15.3%	16.6%	16.0%	18.0%	17.0%	16.5%	16.9%
Selling, general and administrative	12.5%	13.7%	13.1%	12.8%	12.8%	11.2%	11.0%	14.6%	12.4%	13.8%	15.5%	14.5%	16.0%	14.9%	16.0%	18.0%	17.5%	17.3%	17.3%
Depreciation and amortization	5.3%	6.0%	7.3%	8.1%	7.3%	7.6%	8.3%	8.3%	7.8%	9.1%	8.6%	7.6%	7.8%	8.2%	8.5%	9.0%	9.0%	8.8%	8.8%
Non-GAAP Operating Margin	22.9%	26.4%	23.1%	25.7%	26.2%	29.2%	28.6%	28.1%	28.0%	22.8%	23.1%	22.2%	21.2%	22.5%	26.3%	28.3%	28.5%	29.5%	27.0%
GAAP Tax Rate	17.6%	36.5%	32.0%	35.8%	39.4%	34.4%	32.8%	26.5%	38.8%	(61.0%)	(66.2%)	58.8%	6.0%	(14.7%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(14.9%)
Non-GAAP Tax Rate	28.0%	39.2%	34.5%	34.0%	34.4%	34.5%	34.5%	21.5%	30.8%	36.0%	35.0%	34.0%	30.0%	34.0%	35.0%	35.5%	35.5%	35.5%	30.8%
EBITDA Margin	28.1%	31.4%	30.4%	33.8%	33.5%	36.8%	36.9%	36.2%	35.9%	31.9%	31.5%	33.3%	20.0%	29.4%	31.0%	35.3%	37.5%	38.3%	35.9%
Cloud revenue	19.2%	27.4%	28.1%	48.1%	63.2%	54.0%	51.4%	43.4%	46.5%	18.2%	32.4%	39.8%	37.5%	32.5%	83.9%	125.8%	106.8%	80.0%	98.3%
Activation revenue	19.8%	5.9%	20.1%	4.8%	12.4%	16.0%	11.3%	(0.9%)	9.3%	(0.9%)	(0.9%)	(0.9%)	(0.9%)	(11.8%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)
Non-GAAP Total Revenue	35.4%	19.4%	28.1%	30.1%	34.0%	33.1%	20.6%	20.6%	26.5%	9.4%	17.1%	19.6%	(4.9%)	10.0%	6.5%	33.1%	21.6%	50.0%	27.7%
Non-GAAP Gross Profit	41.8%	27.1%	29.0%	37.2%	34.0%	38.6%	30.3%	31.1%	27.0%	3.3%	14.8%	14.6%	(2.7%)	17.2%	14.6%	38.1%	4		

SNCR Balance Sheet	FY 2011				FY 2012				FY 2013				FY 2014				FY 2015				FY 2016				FY 2017			
	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20				
Cash and cash equivalents	569,430	536,028	563,512	523,967	512,487	516,053	514,352	517,434	514,734	513,084	511,028	513,319	532,445	532,465	532,160	534,384	537,501	547,738	547,738	547,738	547,738	547,738	547,738	547,738	547,738			
Marketable securities	51,504	20,188	9,105	51,097	54,955	65,339	67,422	66,257	66,557	62,713	62,274	16,973	16,973	16,973	16,973	16,973	16,973	16,973	16,973	16,973	16,973	16,973	16,973	16,973	16,973			
Accounts receivable	57,743	75,238	65,170	118,459	138,231	136,508	157,542	146,721	146,721	161,919	163,894	218,430	139,265	139,265	152,535	191,111	195,556	165,960	165,960	165,960	165,960	165,960	165,960	165,960	165,960			
Allowance for doubtful accounts	(156)	(258)	(137)	(88)	(120)	(117)	(176)	(3,029)	(3,029)	(1,329)	(1,500)	(1,123)	(1,123)	(1,123)	(1,123)	(1,123)	(1,123)	(1,123)	(1,123)	(1,123)	(1,123)	(1,123)	(1,123)	(1,123)				
Prepaid expenses and other assets	16,061	24,012	19,451	35,023	30,775	43,275	33,215	49,262	49,262	54,939	49,947	48,242	45,000	45,000	61,000	36,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000				
Deferred tax assets	3,938	4,114	4,626	1,475	3,123	5,151	3,899	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Total current assets	199,320	159,322	161,627	441,933	379,351	426,809	404,384	406,945	406,945	390,326	385,635	405,841	525,579	525,579	582,545	637,326	676,906	726,204	726,204	726,204	726,204	726,204	726,204	726,204				
Marketable securities	11,642	653	4,988	3,133	2,321	7,324	16,195	19,615	19,615	17,914	13,949	3,968	3,968	3,968	3,968	3,968	3,968	3,968	3,968	3,968	3,968	3,968	3,968	3,968				
Property and equipment, net	19,909	18,162	108,106	151,171	160,252	164,142	168,795	168,280	168,280	162,040	167,135	168,083	161,901	161,901	154,151	143,401	132,401	131,607	131,607	131,607	131,607	131,607	131,607	131,607				
Goodwill	54,617	127,322	137,743	147,135	173,367	175,611	186,973	221,271	221,271	210,937	171,586	315,185	315,185	315,185	315,185	315,185	315,185	315,185	315,185	315,185	315,185	315,185	315,185	315,185				
Intangible assets, net	63,969	110,760	101,963	99,489	109,766	105,529	119,408	174,322	174,322	210,986	222,045	215,666	215,666	215,666	215,666	215,666	215,666	215,666	215,666	215,666	215,666	215,666	215,666	215,666				
Deferred tax assets	12,606	6,961	4,210	1,232	2,903	4,355	7,754	3,560	3,560	5,176	1,902	1,904	1,904	1,904	1,904	1,904	1,904	1,904	1,904	1,904	1,904	1,904	1,904	1,904				
Other assets	2,495	3,482	10,382	18,332	18,332	18,009	18,140	16,215	16,215	16,164	14,780	14,082	14,082	14,082	14,082	14,082	14,082	14,082	14,082	14,082	14,082	14,082	14,082	14,082				
Total assets	539,818	546,662	557,019	562,822	566,492	590,179	592,639	510,028	510,028	513,363	512,032	513,479	512,385	512,385	510,501	512,551	511,112	521,607	521,607	521,607	521,607	521,607	521,607	521,607				
Accounts payable	7,712	8,980	9,528	25,059	12,999	19,476	14,814	26,038	26,038	33,171	35,150	28,724	12,750	12,750	15,500	22,000	22,000	22,500	22,500	22,500	22,500	22,500	22,500	22,500				
Accrued expenses	24,153	41,628	37,919	42,979	33,606	37,851	41,524	45,419	45,419	48,095	52,544	54,066	52,500	52,500	46,500	64,500	66,000	67,386	67,386	67,386	67,386	67,386	67,386	67,386				
Deferred revenues	8,834	20,954	15,372	11,897	11,957	14,424	14,039	8,323	8,323	41,401	28,009	26,106	12,535	12,535	9,300	10,750	11,000	17,408	17,408	17,408	17,408	17,408	17,408	17,408				
Short-term debt	0	0	0	0	0	0	0	0	0	50,000	47,000	38,000	38,000	38,000	958,000	958,000	958,000	958,000	958,000	958,000	958,000	958,000	958,000	958,000				
Contingent consideration obligation	4,735	1,279	22	8,000	0	0	170	0	0	1,771	7,657	8,229	8,229	8,229	8,229	8,229	8,229	8,229	8,229	8,229	8,229	8,229	8,229	8,229				
Total current liabilities	45,434	74,871	62,841	87,635	58,562	71,833	70,617	80,180	80,180	174,538	170,350	155,125	124,014	124,014	1,017,529	1,042,979	1,045,229	1,053,523	1,053,523	1,053,523	1,053,523	1,053,523	1,053,523	1,053,523				
Lease financing obligation - long term	9,241	9,540	9,252	9,204	14,055	13,836	13,886	13,343	13,343	14,047	13,623	13,082	13,082	13,082	13,082	13,082	13,082	13,082	13,082	13,082	13,082	13,082	13,082	13,082				
Contingent consideration obligation	8,432	5,100	4,468	0	0	0	930	930	930	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Convertible debt	0	0	0	230,000	230,000	230,000	230,000	224,878	224,878	225,211	225,585	225,938	225,938	225,938	225,938	225,938	225,938	225,938	225,938	225,938	225,938	225,938	225,938	225,938				
Deferred tax liability	0	0	0	3,698	5,955	10,879	8,440	16,404	16,404	23,096	29,716	26,397	26,397	26,397	26,397	26,397	26,397	26,397	26,397	26,397	26,397	26,397	26,397	26,397				
Other liabilities	888	2,494	2,819	1,178	2,781	3,389	2,970	3,227	3,227	10,612	22,545	23,399	23,399	23,399	20,399	20,399	20,399	20,399	20,399	20,399	20,399	20,399	20,399	20,399				
Total liabilities	64,055	92,005	79,380	333,715	311,353	329,857	325,913	338,962	338,962	447,224	461,819	440,941	409,830	409,830	1,303,345	1,328,795	1,331,045	1,339,339	1,339,339	1,339,339	1,339,339	1,339,339	1,339,339	1,339,339				
Redeemable non-controlling interest	0	0	0	0	0	0	61,452	61,452	61,452	58,323	55,459	52,616	52,616	52,616	52,616	52,616	52,616	52,616	52,616	52,616	52,616	52,616	52,616	52,616				
Preferred stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Common stock	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4				
Treasury stock	(43,712)	(67,918)	(67,104)	(66,336)	(65,969)	(65,969)	(65,651)	(65,651)	(65,651)	(72,368)	(95,812)	(95,183)	(95,183)	(95,183)	(95,183)	(95,183)	(95,183)	(95,183)	(95,183)	(95,183)	(95,183)	(95,183)	(95,183)	(95,183)				
Additional paid-in capital	307,585	344,469	393,644	454,740	469,312	484,161	498,653	512,862	512,862	535,326	547,970	561,992	561,992	561,992	561,992	561,992	561,992	561,992	561,992	561,992	561,992	561,992	561,992	561,992				
Accumulated other comprehensive loss	(699)	(965)	(723)	(20,041)	(19,482)	(32,702)	(33,353)	(38,644)	(38,644)	(48,880)	(34,880)	(31,788)	(31,788)	(31,788)	(31,788)	(31,788)	(31,788)	(31,788)	(31,788)	(31,788)	(31,788)	(31,788)	(31,788)	(31,788)				
Retained earnings	71,384	98,467	221,818	160,713	171,274	186,428	196,073	203,343	203,343	194,012	188,472	196,148	340,815	340,815	317,516	336,096	362,427	394,088	394,088	394,088	394,088	394,088	394,088	394,088				
Total stockholders' equity	334,563	374,657	447,638	528,107	535,139	571,322	595,726	609,814	609,814	627,716	605,764	631,172	775,838	775,838	752,540	771,129	797,451	829,112	829,112	829,112	829,112	829,112	829,112	829,112				
Total liabilities and stockholders' equity	398,618	466,662	527,019	602,922	601,631	661,501	698,365	610,028	610,028	613,363	612,032	613,479	612,385	612,385	610,501	612,551	611,112	621,607	621,607	621,607	621,607	621,607	621,607	621,607				

Sources: Company Reports and S&P Estimates

SNCR Cash Flow Statement

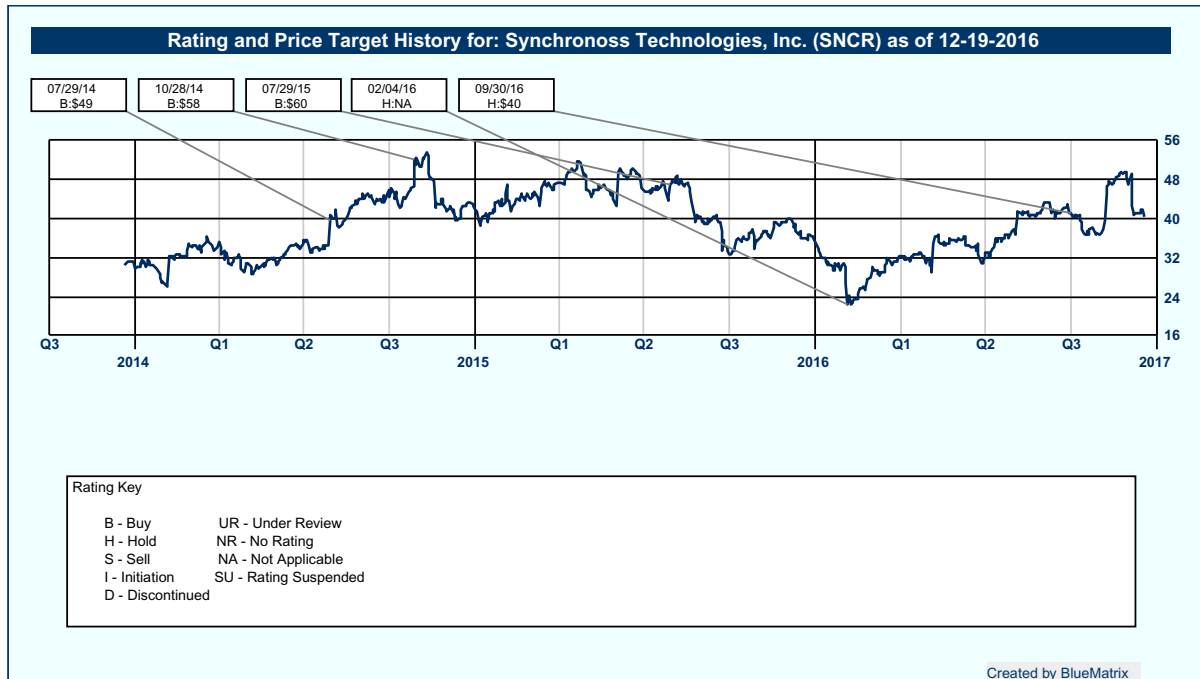
	FY 2011	FY 2012	FY 2013	FY 2014	2015				FY 2015	2016				FY 2016	2017				FY 2017
					Mar-15	Jun-15	Sep-15	Dec-15		Mar-16	Jun-16	Sep-16	Dec-16		Mar-17	Jun-17	Sep-17	Dec-17	
Net income	515,126	527,083	523,351	538,895	510,561	515,154	59,645	511,322	546,682	(510,460)	(57,292)	54,833	(510,141)	(523,867)	(532,299)	59,080	516,331	521,161	514,273
Depreciation and amortization	14,739	23,812	41,126	55,956	14,855	16,632	19,754	20,951	71,152	14,055	25,262	24,692	20,466	94,475	20,150	27,950	38,600	29,250	105,950
Loss on disposal of fixed assets	0	230	0	33	0	0	0	0	16	0	68	(138)	0	(70)	0	0	0	0	0
Amortization of debt issuance costs	0	0	0	618	375	375	375	376	1,501	375	375	447	0	1,197	0	0	0	0	0
Amortization of bond premium	423	1,216	294	384	474	282	505	444	1,705	373	381	460	0	1,214	0	0	0	0	0
Deferred income taxes	(642)	1,475	1,575	3,207	(713)	2,798	(13,837)	20,911	8,319	5,096	884	(443)	0	5,537	0	0	0	0	0
Non-cash interest on leased facility	918	924	921	946	833	211	230	210	924	229	229	305	0	768	0	0	0	0	0
Contingent consideration obligation	0	0	0	0	0	0	0	760	(772)	341	6,386	572	0	7,299	0	0	0	0	0
Stock-based compensation	22,051	20,425	25,214	28,987	6,585	6,502	8,147	10,477	31,711	8,301	8,125	8,081	8,081	34,388	9,000	9,500	10,000	10,500	39,000
Changes in operating assets and liabilities	(19,409)	(11,611)	10,167	(50,924)	(22,145)	2,387	(20,684)	12,885	(27,577)	(13,907)	(4,263)	(54,701)	79,165	6,294	(11,270)	(38,576)	(4,444)	29,596	(26,095)
Accounts receivable, net doubtful accounts	597	8,129	8,022	(14,660)	5,623	(10,173)	12,769	(18,543)	(8,343)	(3,174)	6,122	2,367	3,242	8,557	(17,000)	(24,000)	(2,000)	20,961	(22,197)
Prepaid expenses and other current assets	(348)	(690)	(7,776)	(1,930)	(443)	161	(188)	(3,612)	(4,202)	997	1,623	1,978	0	4,558	0	0	0	0	0
Accounts payable	7,695	(1,915)	348	4,169	106	2,763	(2,763)	6,079	6,185	8,317	(8,260)	(5,730)	(15,974)	(21,653)	2,750	6,000	500	500	9,750
Accrued expenses	0	1,284	(7,155)	1,263	(12,301)	21,248	1,550	(11,207)	(770)	(8,456)	9,566	2,960	(1,566)	2,504	(6,000)	18,000	1,500	1,386	14,886
Contingent consideration obligation	2,188	(6,211)	(6,214)	3,532	0	0	0	(1,200)	0	0	0	0	0	0	0	0	0	0	0
Excess tax benefit from exercise of stock options	(3,575)	(6,920)	(2,961)	(1,203)	(1,981)	1,981	0	(5,198)	(5,198)	623	(623)	0	0	0	0	0	0	0	0
Other liabilities	(181)	(927)	(120)	5,825	(242)	71	34	(264)	(602)	193	(6,766)	215	0	(6,598)	0	0	0	0	0
Deferred revenues	3,096	949	(5,900)	(4,119)	451	2,431	(1,272)	(5,740)	(4,130)	25,116	5,272	(4,504)	(13,571)	32,313	(13,235)	1,450	250	6,408	4,473
Cash flow from operating activities	\$42,585	\$55,874	\$81,092	\$70,979	(5,153)	\$62,644	\$14,065	\$41,007	\$117,581	\$37,731	\$36,459	(\$17,096)	\$70,429	\$126,913	(\$93,906)	\$9,404	\$50,736	\$119,764	\$184,000
Purchases of fixed assets	(14,732)	(33,236)	(73,434)	(73,885)	(24,217)	(10,730)	(18,514)	(6,499)	(59,969)	(13,153)	(13,711)	(19,325)	(14,283)	(60,472)	(12,400)	(17,200)	(17,600)	(19,507)	(67,107)
Proceeds from sale of fixed assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from insurance claim	199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchases of intangible assets	0	0	0	0	0	0	(1,200)	0	(1,200)	0	0	0	0	0	0	0	0	0	0
Purchases of marketable securities	(82,098)	(13,148)	(8,166)	(50,273)	(43,548)	(28,477)	(13,802)	(33,751)	(139,549)	(8,918)	(2,914)	(12,499)	0	(12,841)	0	0	0	0	0
Maturity of marketable securities	7,259	74,334	14,825	9,265	40,285	12,090	22,995	30,840	106,210	12,565	8,002	56,412	0	76,979	0	0	0	0	0
Acquisitions, net cash and divestitures	(53,752)	(105,179)	(6,977)	(88,083)	(59,461)	0	(24,111)	(68,860)	(131,501)	88,428	0	0	148,000	47,522	(81,000)	0	0	0	(821,000)
Cash flow from investing activities	(\$145,124)	(\$77,228)	(\$73,652)	(\$152,980)	(\$96,961)	(\$27,107)	(\$54,632)	(\$57,411)	(\$226,111)	(\$107,614)	(\$8,703)	\$35,838	\$131,717	\$51,238	(\$831,400)	(\$17,200)	(\$17,600)	(\$19,507)	(\$988,107)
Proceeds from exercise of stock options	17,707	7,949	19,196	30,003	5,398	6,430	4,924	3,184	19,936	1,755	3,190	4,437	0	9,382	0	0	0	0	0
Payments on contingent consideration	(8,533)	(2,268)	(10,926)	0	(4,668)	0	0	(4,668)	0	0	0	0	0	0	0	0	0	0	0
Proceeds from offering, net costs	0	0	0	2,232.95	0	0	0	0	0	0	0	(1,346)	0	(1,346)	900,000	0	0	0	900,000
Borrowings on revolving line of credit, net	0	0	0	0	0	0	0	0	50,000	(3,000)	(9,000)	0	0	38,000	0	0	0	0	0
Proceeds from sale of treasury stock	0	612	1,474	1,677	975	0	927	1	1,903	955	0	1,228	0	2,183	0	0	0	0	0
Excess tax benefit from exercise of stock options	3,576	6,920	2,961	1,203	1,981	(18,821)	1,372	20,670	5,198	(623)	(4,757)	(1,795)	0	(7,176)	0	0	0	0	0
Repurchase of common stock	(19,959)	(24,615)	0	0	0	0	0	0	(16,581)	(23,444)	0	0	0	(40,023)	0	0	0	0	0
Payments on capital obligations, net	(965)	(1,019)	(1,597)	(1,515)	(291)	(273)	(1,208)	(249)	(2,023)	(253)	(1,231)	(1,449)	0	(2,938)	0	0	0	0	0
Cash flow from financing activities	(\$6,154)	(\$12,417)	\$20,108	\$154,303	\$3,595	(\$12,648)	\$6,615	\$23,606	\$20,548	\$33,253	(\$29,242)	(\$7,926)	\$0	(\$1,913)	\$900,000	\$0	\$0	\$0	\$900,000
Effect of exchange rate changes on cash	(294)	364	(64)	153	21	697	1,851	(2,920)	(351)	80	(570)	2,085	0	1,595	0	0	0	0	0
Net increase (decrease) in cash and equivalents	(110,937)	(33,402)	27,484	172,455	(83,480)	23,566	(32,701)	4,282	(88,133)	(34,550)	(2,056)	12,291	202,146	177,831	26,695	(7,796)	33,136	99,857	151,893
Cash and cash equivalents, beginning	\$180,367	\$69,430	\$36,028	\$63,512	\$235,967	\$152,487	\$176,053	\$143,352	\$147,634	\$147,634	\$113,084	\$113,028	\$123,319	\$147,634	\$325,465	\$302,160	\$344,364	\$377,501	\$325,465
Cash and cash equivalents, end of period	\$69,430	\$36,028	\$63,512	\$235,967	\$152,487	\$176,053	\$143,352	\$147,634	\$147,634	\$113,084	\$111,028	\$123,319	\$325,465	\$325,465	\$352,160	\$344,364	\$377,501	\$477,358	\$477,358

	FY 2011	FY 2012	FY 2013	FY 2014	2015				FY 2015	2016				FY 2016	2017				FY 2017
					Mar-15	Jun-15	Sep-15	Dec-15		Mar-16	Jun-16	Sep-16	Dec-16		Mar-17	Jun-17	Sep-17	Dec-17	
Cash flow from operating activities	542,585	555,874	581,092	570,979	(5,153)	562,644	514,065	541,007	517,581	537,731	536,459	(517,096)	570,429	5126,913	(539,906)	59,404	550,736	519,764	514,000
Purchase of fixed assets	(14,732)	(33,236)	(73,434)	(73,885)	(24,217)	(10,730)	(18,514)	(6,499)	(59,969)	(13,153)	(13,711)	(19,325)	(14,283)	(60,472)	(12,400)	(17,200)	(17,600)	(19,507)	(67,107)
Free Cash Flow	\$27,853	\$22,640	\$7,658	(52,906)	(\$24,352)	\$51,914	(\$4,449)	\$34,508	\$57,612	\$24,578	\$22,748	(\$37,031)	\$56,146	\$66,441	(\$51,305)	\$7,796	\$33,136	\$99,857	\$72,893
FCF/share	50.72	50.58	50.19	(50.07)	(50.52)	51.10	(50.09)	50.72	51.21	50.51	50.47	(50.76)	51.15	51.37	(51.07)	(50.16)	50.67	52.02	51.48
CFD % growth	95.9%	31.2%	45.1%	(12.5%)	(88.8%)	104.7%	(45.5%)	57.9%	65.7%	(28.049%)	(41.8%)	(225.9%)	72.7%	7.9%	(206%)	(74.2%)	(386.5%)	70.0%	10.3%
FCF % growth	340.6%	(18.7%)	(65.2%)	(37.9%)	25.3%	125.9%	(126.7%)	(249.3%)	(2.002%)	(200.9%)	(56.2%)	732.3%	62.7%	15.3%	(312.8%)	(154.3%)	(189.5%)	77.9%	9.7%

Sources: Company Reports and Staff Estimates

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