



Webroot Acquisition Creates a Leader in Endpoint Data Protection and Security

Q4 and FY 2018 Financial Results

February 7, 2019

Safe Harbor Statement

Certain matters discussed in these slides and accompanying oral presentation have "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements may generally be identified as such because the context of such statements will include words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "will," "would" or words of similar import. Similarly, statements that describe the Company's future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, our ability to consummate the Webroot Inc. transaction, integrate the Webroot Inc. acquisition or other acquisitions into our operations and achieve the expected operational and financial benefits of such acquisitions and the timing of such benefit, our ability to profitably attract new customers and retain existing customers, our dependence on the market for cloud backup services, our ability to manage growth, changes in economic or regulatory conditions or other trends affecting the Internet and the information technology industry, and those discussed in the section titled "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 filed with the Securities and Exchange Commission (the "SEC"), which is available on www.sec.gov, and elsewhere in any subsequent periodic or current reports filed by us with the SEC. Except as required by applicable law, we do not undertake any obligation to update our forward-looking statements to reflect future events, new information or circumstances.

This presentation contains non-GAAP financial measures including, but not limited to, Bookings, non-GAAP Revenue, non-GAAP Gross Margin, non-GAAP Net Income and non-GAAP Net Income Per Share, Adjusted EBITDA and Adjusted Free Cash Flow. A reconciliation to GAAP can be found in the financial schedules included in our most recent earnings press release located on Carbonite's website, <http://investor.carbonite.com>, in the Company's filings or with the SEC at www.sec.gov. The presentation of non-GAAP financial information should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

Conference Call Details

- When: Thursday, February 7, 2019
- Time: 5:30 p.m. ET
- Live Call: 877-303-1393 (U.S.)
315-625-3228 (International)
- Conference ID: 9768609
- Live / Recorded Webcast: <http://investor.carbonite.com>

Agenda

- Carbonite to Acquire Webroot
 - Transaction Overview
 - Webroot Overview
 - Strategic & Financial Rationale
- Q4 and FY 2018 Financial Results
- Q1 and FY 2019 Guidance
 - Webroot Financial Impact

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Transaction Highlights

- ✓ Creates a new approach to protecting endpoints: a top vulnerability
- ✓ Combines leader in endpoint backup and recovery with leader in endpoint security
- ✓ Targets similar customers with powerful yet simple solutions
- ✓ Adds large and growing MSP channel to Carbonite's VAR channel
- ✓ Provides compelling financial benefits in both near and long-term
- ✓ Accelerates Carbonite's vision to become the leading data protection company

Transaction Overview

| | |
|---------------------------|--|
| Value | <ul style="list-style-type: none">• Transaction valued at approximately \$618.5 million |
| Financing | <ul style="list-style-type: none">• Financed by:<ul style="list-style-type: none">– \$550 million in fully committed term loan financing from Barclays, Citizens Bank, and RBC Capital Markets, LLC– Existing cash on hand– Aggressive de-levering plan through strong combined free cash flow |
| Accretive Following Close | <ul style="list-style-type: none">• Immediately accretive on an earnings and cash flow basis |
| Timing and Approval | <ul style="list-style-type: none">• Expected to close in Q1 2019• Subject to the receipt of regulatory clearance and other customary closing conditions |
| Post-Close Structure | <ul style="list-style-type: none">• John Post, Webroot's current Chief Financial Officer, will be taking general management responsibilities for the Webroot business upon the close of the transaction |

Webroot Overview

Founded in 1997, Webroot is one of the leading cybersecurity platforms for managed service providers (“MSPs”) and small and medium-sized businesses (“SMBs”)

>14,000
MSP Partners

>300,000
protected businesses

Integrated
with leading Remote Monitoring
and Management (“RMM”) vendors

Company Highlights

- Approximately \$215m in FY 2018 revenue (FY ended June 30, 2018)
- Business (~40%) - Rapidly growing, driven by success with MSP and RMM channels
- Consumer (~60%) - Growing and profitable, driven by direct/online and through retail channel
- 600+ employees
- Global company headquartered in Broomfield, CO

Competitive Offerings & Advantages

- Threat intelligence services powered by millions of endpoints
- Endpoint and network protection
- Security awareness training
- Cloud-architected and fully-integrated platform
- Highly-automated and scaled 5th generation machine learning

Carbonite's Vision

To be the world's leading **data protection company**, enabling businesses to operate continuously in the face of every threat

CARBONITE

- Leader in endpoint and server backup and recovery serving the market from small business to small enterprise

WEBROOT®

- Leader in next-gen endpoint security serving the SMB market with <1,000 seats
- Threat intelligence engine powered by machine learning from millions of endpoints

Market Opportunity

- MSPs and SMBs desire to consolidate vendors and manage services through a single console
- Target market wants solutions purpose built for their unique needs

Secure
and
Recover

**Combination
delivers a better,
more powerful
solution**

Acquisition Delivers on Carbonite Growth Strategy



Focus on
Business



Platform
Strategy



Cross-sell
Portfolio



Disciplined
Strategic
Acquisitions



Expand the
Channel



Automation &
Frictionless
Customer Experience

Future Opportunities to Drive Growth



International
Expansion



Target **Adjacent**
Markets



Expand
Customer Reach

Successful Acquisition and Integration Track Record

M&A continues to be core competency



Strategically Compelling

Next Generation Business Model

- Modern cloud-based platform for data protection
- Cloud architected platform powered machine learning for security

Comprehensive Solution Delivering Better Results

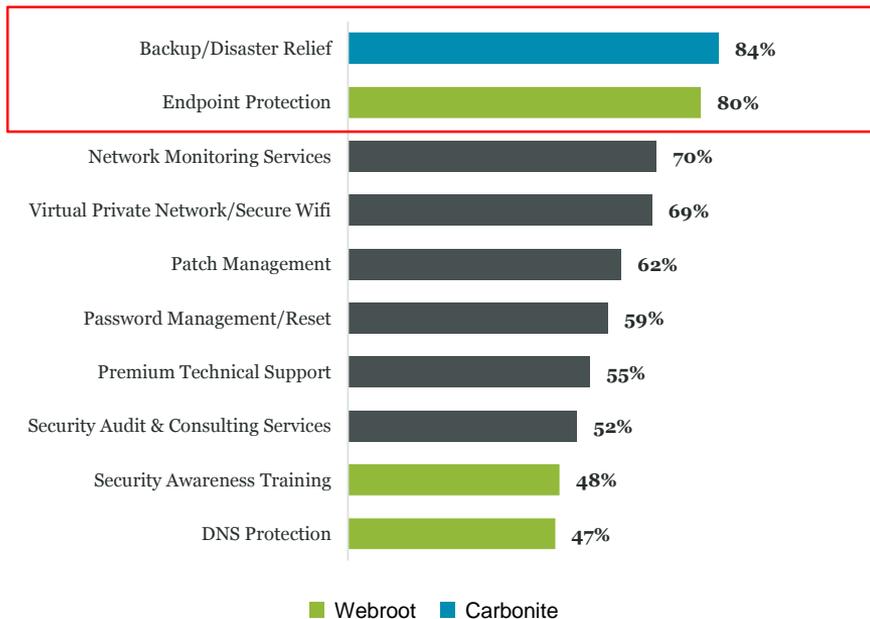
- Similar customer base that benefits from powerful, yet easy-to-use, cloud-based bundled offering
- Comprehensive Ransomware offering purpose-built for SMBs
- Upgrade cycle from legacy anti-virus software creates potential for accelerated growth

Consistent Routes to Market and Expansion of Addressable Market

- Ability to leverage Webroot's strong go-to-market resources
- Webroot's leading MSP partners provide Carbonite with significant expansion opportunities alongside its Value-Added-Reseller ("VAR") channel
- Increased scale and market penetration opportunity

Combined Offering Directly Aligns with Customer Needs

Carbonite and Webroot Offerings & MSP / SMB Security Needs Align¹...



...With a Growing Desire for Integrated Solutions

- MSPs and SMBs are looking to consolidate vendors and manage services through a single console
 - 66% of surveyed IT professionals are actively consolidating the number of security vendors with whom they conduct business²
- MSPs and SMBs are not happy with existing enterprise options that have been forced downstream (i.e. OpenDNS, etc.) and are looking for alternatives

Opportunity for Integrated Offering Targeting Broader Market

Competitive Landscape Today



Leading Data Protection Company



Financially Compelling

FY 2018 Non-GAAP Revenue Growth and Operating Margin

| | Carbonite FY 2018 Ended 12/31/2018 | Webroot FY 2018 Ended 6/30/2018* |
|-------------------------|---|---|
| Consumer | +14% | +6% |
| Business | +27% | +30% |
| Total Growth | +23% | +14% |
| Operating Margin | 21% | 19% |

* Webroot FY 2018 financial results are recorded in accordance with ASC 605

Accretive Transaction

Immediately accretive to

**Adjusted
EBITDA**

**Fully
Diluted
EPS**

**Cash
Flow**

Potential synergies

+\$50 M

Potential revenue synergies over next five years

+\$20 M

Potential cost synergies over the next three years

Pro-forma net leverage

~4.3x

Expected at closing, including the benefit of identified cost synergies*

* includes 2017 convertible note

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Transaction creates value for customers, partners, and shareholders

Carbonite Fourth Quarter and Full Year Financial Results

Summary Q4 Financial Results

| | Q4 2018 Outlook (11/1/2018) | Q4 2018 Results |
|---|-----------------------------|---------------------|
| GAAP Revenue | \$77.6 M to \$80.6 M | \$77.0 M (+25% YoY) |
| Non-GAAP Revenue | \$78.6 M to \$81.6 M | \$78.0 M (+24% YoY) |
| GAAP Net Income Per Share (Diluted) | <i>Not guided</i> | \$0.02 |
| Non-GAAP Net Income Per Share (Diluted) | \$0.40 to \$0.44 | \$0.45 (+50% YoY) |
| Consumer Bookings | <i>Not guided</i> | \$23.9 M (+23% YoY) |
| Business Bookings | <i>Not guided</i> | \$54.9 M (+35% YoY) |
| Non-GAAP Gross Margin | <i>Not guided</i> | 77.9% (+30 Bps YoY) |
| Adjusted Free Cash Flow | <i>Not guided</i> | \$17.1 M (+76% YoY) |

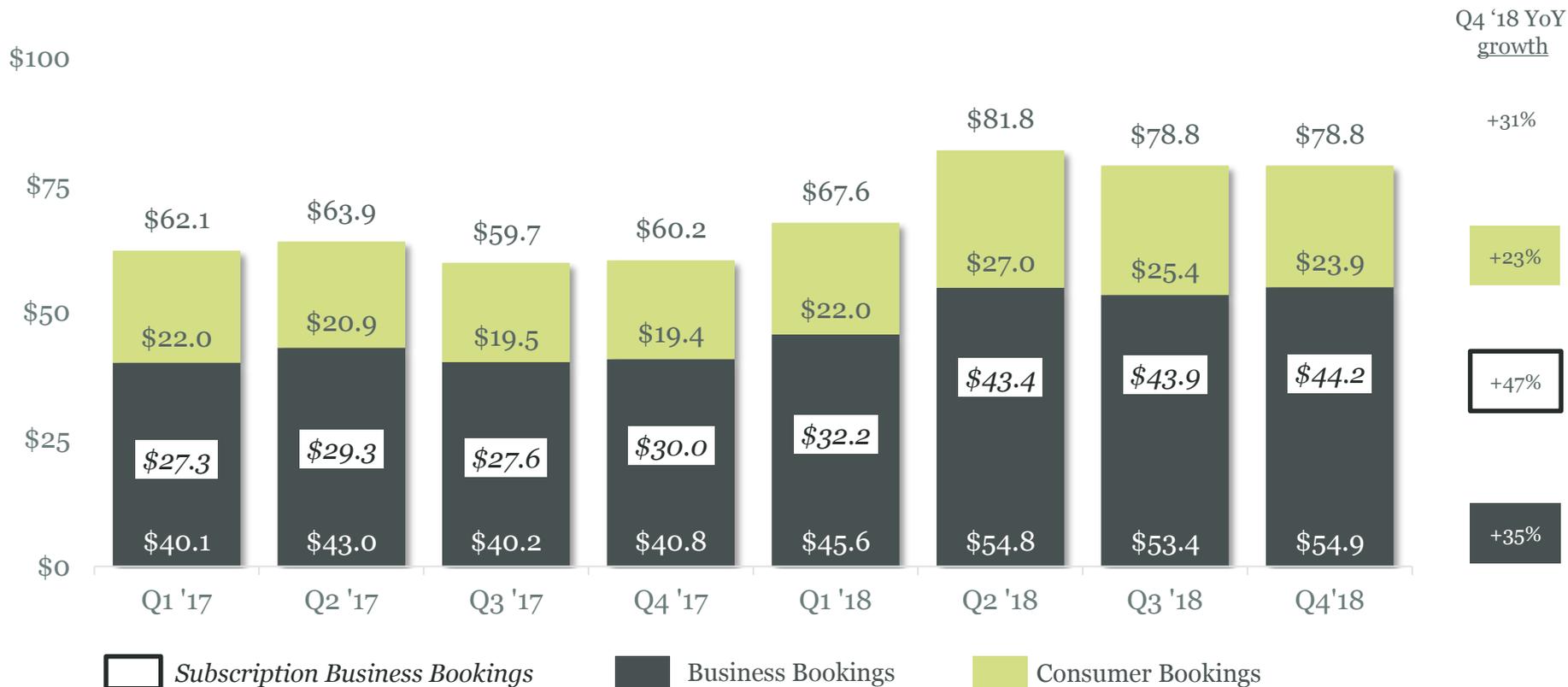
*With respect to expectations under "Q4 2018 Outlook" above, the Company has not reconciled non-GAAP net income per share to net income per share because we do not provide guidance for stock-based compensation expense, litigation-related expense, restructuring-related expense, acquisition-related expense, amortization expense on intangible assets and the income tax effect of non-GAAP adjustments as we are unable to quantify certain of these amounts that would be required to be included in the GAAP measure without unreasonable efforts. In addition, the Company believes such reconciliations would imply a degree of precision that would be confusing or misleading to investors.

Summary FY 2018 Financial Results

| | FY 2018 Outlook (11/1/2018) | FY 2018 Results |
|---|------------------------------------|------------------------|
| GAAP Revenue | \$297.0 M to \$300.0 M | \$296.4 M (+24% YoY) |
| Non-GAAP Revenue | \$302.5 M to \$305.5 M | \$301.9 M (+23% YoY) |
| GAAP Net Income Per Share (Diluted) | <i>Not guided</i> | \$0.22 |
| Non-GAAP Net Income Per Share (Diluted) | \$1.61 to \$1.65 | \$1.66 (+110% YoY) |
| Consumer Bookings | 15% - 20% growth | \$98.3 M (+20% YoY) |
| Business Bookings | \$205.0 M to \$210.0 M | \$208.7 M (+27% YoY) |
| Non-GAAP Gross Margin | 76.5% to 77.5% | 77.4% (+190 Bps YoY) |
| Adjusted Free Cash Flow | \$43.0 M to \$46.0 M | \$50.1 M (+149% YoY) |

*With respect to expectations under "FY 2018 Outlook" above, the Company has not reconciled non-GAAP net income per share to net income per share because we do not provide guidance for stock-based compensation expense, litigation-related expense, restructuring-related expense, acquisition-related expense, amortization expense on intangible assets and the income tax effect of non-GAAP adjustments as we are unable to quantify certain of these amounts that would be required to be included in the GAAP measure without unreasonable efforts. In addition, the Company believes such reconciliations would imply a degree of precision that would be confusing or misleading to investors.

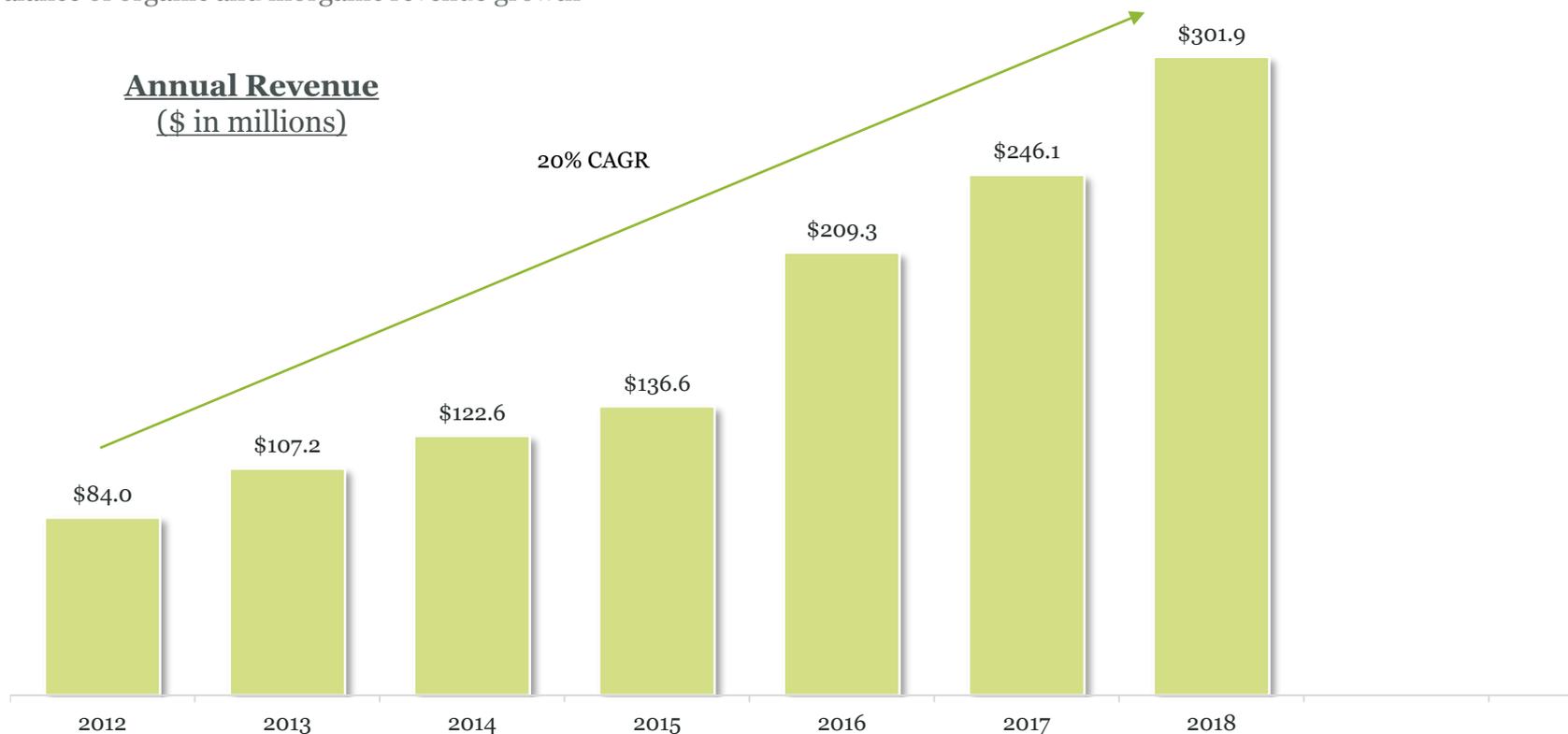
Quarterly Bookings Growth



Approximate, may not foot due to rounding. Source: SEC Filings and company estimates; For a full reconciliation of GAAP to non-GAAP, please visit the investor relations portion of the Carbonite web site – investor.carbonite.com

Strong and Consistent Non-GAAP Revenue Growth

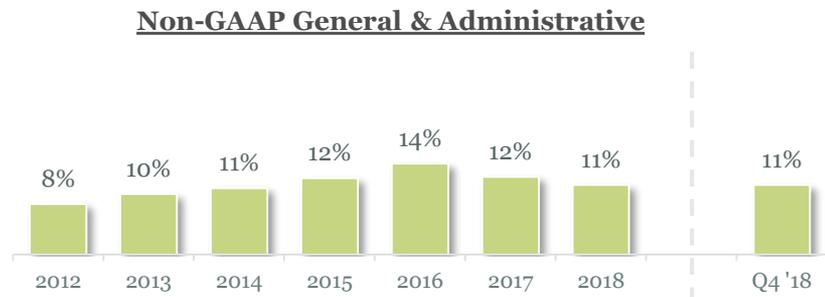
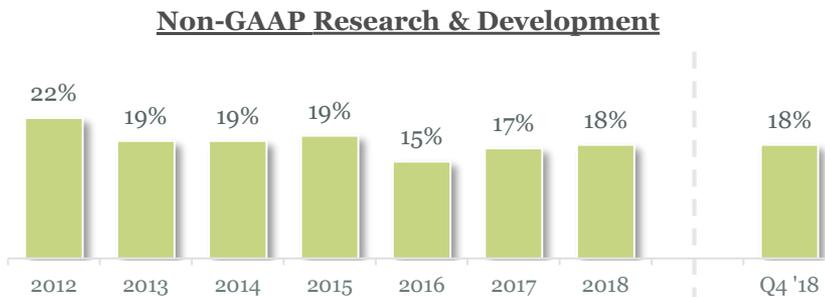
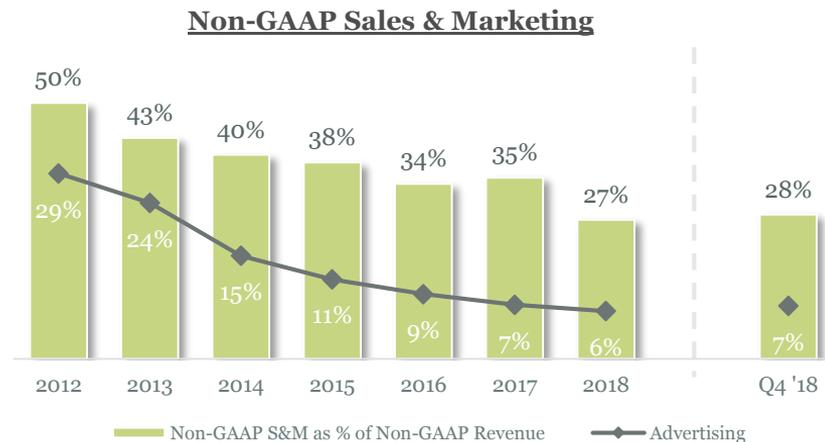
Driven by balance of organic and inorganic revenue growth



Source: SEC Filings and company estimates; For a full reconciliation of GAAP to non-GAAP, please visit the investor relations portion of the Carbonite web site – investor.carbonite.com

Driving Operating Leverage

(% of non-GAAP revenue)



Source: SEC Filings; For a full reconciliation of GAAP to non-GAAP, please visit the investor relations portion of the Carbonite web site – investor.carbonite.com

Business Outlook (as of February 7, 2019)*

| | Q1 2019 Outlook | FY 2019 Outlook |
|-----------------------|----------------------------|----------------------------|
| GAAP Revenue | \$76.5 M - \$77.5 M | \$468 M – \$482 M |
| Non-GAAP Revenue | \$77 M - \$78 M | \$488 M – \$502 M |
| Non-GAAP Gross Margin | <i>Not guided</i> | 80.5% – 81.5% |
| Adjusted EBITDA | \$20.0 M - \$21.5 M | \$129 M – \$134 M |

*With respect to our expectations under "Business Outlook" above, the Company has not reconciled non-GAAP gross margin to gross margin or adjusted EBITDA to net income (loss) in this press release because we do not provide guidance for amortization expense on intangible assets, depreciation expense, stock-based compensation expense, litigation-related expense, income tax expense, restructuring-related expense, interest expense, and acquisition-related expense as we are unable to quantify certain of these amounts that would be required to be included in the GAAP measure without unreasonable efforts. In addition, the Company believes such reconciliations would imply a degree of precision that would be confusing or misleading to investors

Financial Highlights



Strong and consistent total revenue driven by combination of organic and inorganic



High quality revenue base and highly recurring revenue model



Consistently improving margins through operational efficiencies



Track record of successful acquisition integration and synergy achievement



Delivering meaningful earnings per share and free cash flow growth



Disciplined capital allocation strategy

Definitions of non-GAAP measures

- **Bookings:** Bookings represent the aggregate dollar value of customer subscriptions and software arrangements, which may include multiple revenue elements, such as software licenses, hardware, professional services and post-contractual support, received during a period and are calculated as revenue recognized during a particular period plus the change in total deferred revenue, excluding deferred revenue recorded in connection with acquisitions, divestitures and the adoption impact of Topic 606, net of foreign exchange and the change in unbilled revenue during the same period.
- **Non-GAAP revenue:** Excludes the impact of purchase accounting adjustments for acquisitions.
- **Non-GAAP gross margin:** Excludes the impact of purchase accounting adjustments on acquired deferred revenue, amortization expense on intangible assets, stock-based compensation expense, and acquisition-related expense.
- **Non-GAAP net income and non-GAAP net income per share:** Excludes the impact of purchase accounting adjustments on acquired deferred revenue, amortization expense on intangible assets, stock-based compensation expense, litigation-related expense, restructuring-related expense, acquisition-related expense, non-cash convertible debt interest expense and the income tax effect of non-GAAP adjustments.
- **Adjusted EBITDA:** Excludes the impact of interest expense, net, income taxes, depreciation, amortization, purchase accounting adjustments on acquired deferred revenue, stock-based compensation expense, litigation-related expense, restructuring-related expense, intangible asset impairment charges, and acquisition-related expense from net income (loss).
- **Adjusted free cash flow:** Calculated by subtracting the cash paid for the purchase of property and equipment and adding the payments related to acquisitions, restructuring, and litigation from net cash provided by operating activities.