

# CARBONITE, INC. Q1 2017 FINANCIAL RESULTS

May 4, 2017



(NASDAQ:CARB)





## 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. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond the Company's control. The Company's actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including, but not limited to, economic conditions and markets (including current financial conditions), exchange rate fluctuations, risks associated with debt prepayment, stock repurchases or acquisitions in lieu of retaining such cash for future needs, and changes in regulatory conditions or other trends affecting the Internet and the information technology industry. These and other important risk factors are discussed under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 filed with the Securities and Exchange Commission (the "SEC"), which is available on [www.sec.gov](http://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, non-GAAP Revenue, non-GAAP Gross Margin, non-GAAP Net Income and non-GAAP Net Income Per Share, non-GAAP Operating Expense 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](http://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.



## FINANCIAL RESULTS CONFERENCE CALL DETAILS

What: Carbonite First Quarter 2017  
Financial Results Conference Call

When: Thursday, May 4<sup>th</sup> 2017  
Time: 5:30 p.m. ET

Live Call: 877-303-1393 (U.S.)  
315-625-3228 (International)

Conference ID: 7845290

Live and Recorded <http://investor.carbonite.com>  
Webcast:



# 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, net of foreign exchange during the same period.

Non-GAAP revenue: Excludes the impact of purchase accounting adjustments for significant acquisitions.

Non-GAAP gross margin: Excludes the impact of purchase accounting adjustments for significant acquisitions, amortization expense on intangible assets, stock-based compensation expense, and acquisition-related expense.

Non-GAAP operating income: Non-GAAP operating income excludes the impact of purchase accounting adjustments for significant acquisitions, amortization expense on intangible assets, stock-based compensation expense, litigation-related expense, restructuring-related expense, acquisition-related expense, and the income tax effect of non-GAAP adjustments.

Non-GAAP operating expense: Excludes amortization expense on intangible assets, stock-based compensation expense, litigation related expense, restructuring-related expense, and acquisition-related expense.

Non-GAAP net income and non-GAAP net income per share: Non-GAAP net income and non-GAAP net income per share excludes the impact of purchase accounting adjustments for significant acquisitions, amortization expense on intangible assets, stock-based compensation expense, litigation-related expense, restructuring-related expense, acquisition-related expense, and the income tax effect of non-GAAP adjustments.

Adjusted EBITDA: Adjusted EBITDA excludes the impact of purchase accounting adjustments for significant acquisitions, amortization expense on intangible assets, stock-based compensation expense, litigation-related expense, restructuring-related expense, acquisition-related expense, and the income tax effect of non-GAAP adjustments.

Adjusted Free cash flow: Adjusted free cash flow is calculated by subtracting the cash paid for the purchase of property and equipment and adding the payments related to acquisition-related payments, restructuring-related payments, litigation-related payments and the cash portion of the lease exit charge from net cash provided by operating activities.



## RECENT FINANCIAL AND OPERATIONAL HIGHLIGHTS

***Consistent financial performance***

***Steady growth and improving margins***

***Successful capital raise - \$143.75m in convertible notes; \$15m share repurchase***

***Proven acquisition growth strategy; successfully integrating***

***Strong team executing well***

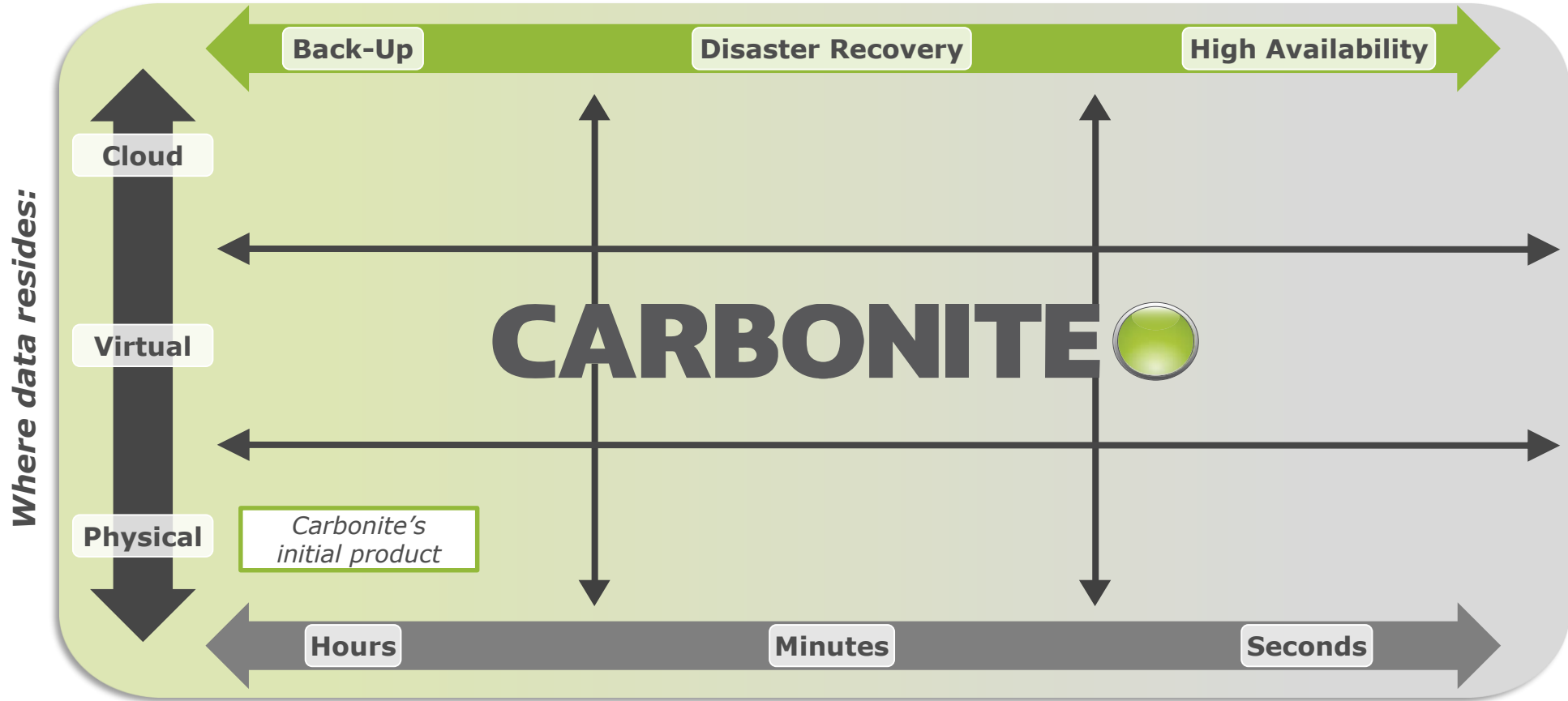
***Simplifying and streamlining the business***



# ADDRESSING THE FULL SPECTRUM OF OUR CUSTOMER'S NEEDS

Carbonite protects data in any environment across corporate use cases

*Type of service offered by Carbonite:*



*Recovery time measured in:*

# SUMMARY Q1 2017 FINANCIAL RESULTS



- Q1 2017 bookings up 19% year-over-year
- Q1 2017 non-GAAP revenue up 21% year-over-year

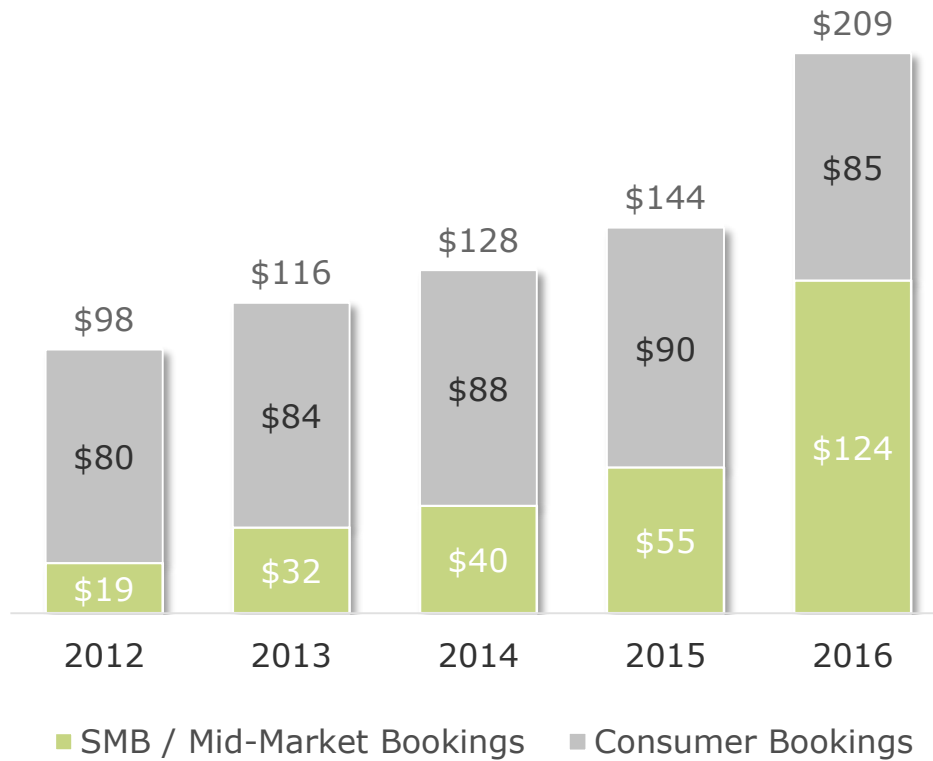
	<b>Q1 2017 Outlook* (a/o 2/9/2017)</b>	<b>Q1 2017 Results</b>
<b>GAAP Revenue</b>	\$51.3M - \$55.3M	<b>\$57.1M</b>
<b>Non-GAAP Revenue</b>	\$55.1M - \$59.1M	<b>\$59.1M</b>
<b>GAAP Net Income Per Share (Diluted)</b>	<i>Not guided</i>	<b>\$0.27</b>
<b>Non-GAAP Net Income Per Share (Diluted)</b>	\$0.06 - \$0.08	<b>\$0.09</b>
<b>Consumer Bookings</b>	<i>Not guided</i>	<b>\$22.0M, (-4% yoy)</b>
<b>SMB Bookings</b>	<i>Not guided</i>	<b>\$40.1M (+36% yoy)</b>
<b>Adjusted Free Cash Flow</b>	<i>Not guided</i>	<b>\$2.4M</b>

\*With respect to expectations under "Q1 2017 Outlook" above, the Company has not reconciled non-GAAP net income per share to net income (loss) per share because we do not provide guidance for stock-based compensation expense, litigation-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.

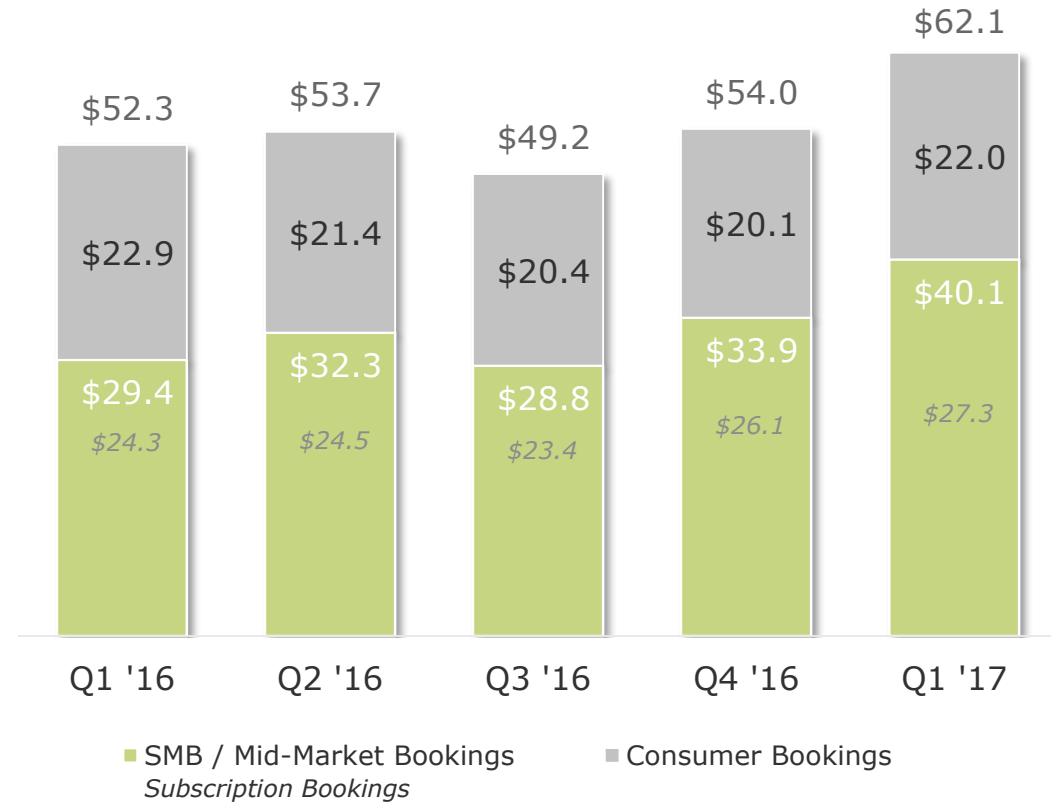
# BOOKINGS GROWTH



**Annual Bookings (\$M)**



**Quarterly Bookings (\$M)**





# REVENUE AND GROSS MARGIN



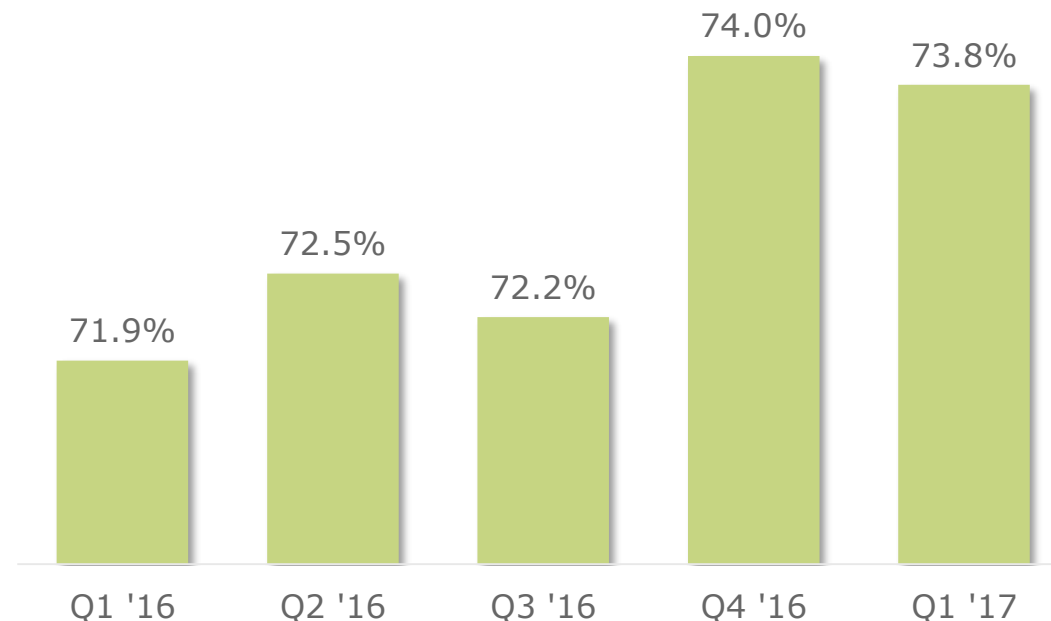
	Q1 '17	Growth Y/Y
<b>GAAP Revenue</b>	\$57.1M	19%
<b>Non-GAAP Revenue</b>	\$59.1M	21%

	Q1 '17	Growth Y/Y
<b>GAAP Gross Margin</b>	69.6%	+30bps
<b>Non-GAAP Gross Margin</b>	73.8%	+190bps

## Non-GAAP Revenue (\$M)



## Non-GAAP Gross Margin (%)



## BUSINESS OUTLOOK (AS OF MAY 4<sup>th</sup> 2017)\*

Q2 2017		
GAAP Revenue	\$56.0M - \$60.0M	
Non-GAAP Revenue	\$58.0M - \$62.0M	
Non-GAAP Net Income Per Share	\$0.11 - \$0.13	
FY 2017		
	Guidance a/o February 9 <sup>th</sup> 2017	Guidance a/o May 4 <sup>th</sup> 2017
SMB Bookings	\$158.6M - \$170.2M	\$158.6M - \$170.2 M
Consumer Bookings Y/Y Growth	(10%) – 0% growth	(10%) – 0% growth
GAAP Revenue	\$223.0M - \$243.0M	\$229.0M - \$246.0M
Non-GAAP Revenue	\$232.5M - \$252.5M	\$234.5M - \$252.5M
Non-GAAP Net Income Per Share	\$0.72 - \$0.80	\$0.74 - \$0.80
Non-GAAP Gross Margin	74.0% - 75.0%	74.0% - 75.0%
Adjusted Free Cash Flow	\$14M - \$18M	\$16M - \$20M



\*With respect to our expectations under "Business Outlook" above, the Company has not reconciled non-GAAP net income per share to net income (loss) per share because we do not provide guidance for stock-based compensation expense, litigation-related expense, acquisition-related expense, amortization expense on intangible assets, non-cash convertible debt interest expense, 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.