SYNCHRONOSS TECHNOLOGIES INC

Form 10-Q November 08, 2016 Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549 FORM 10-Q (Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 000-52049

SYNCHRONOSS TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware 06-1594540
(State or other jurisdiction of (I.R.S. Employer incorporation or organization) Identification No.)

200 Crossing Boulevard, 8th Floor

Bridgewater, New Jersey 08807

(Address of principal executive offices) (Zip Code)

(866) 620-3940

(Registrant's telephone number, including area code)

(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Shares outstanding of the Registrant's common stock:

Class Outstanding at October 31, 2016

Common stock, \$0.0001 par value 45,326,842

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PART I. FINANCIAL INFORMATION

SYNCHRONOSS TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

(Unaudited) (In thousands) September December 30, 2016 31, 2015 **ASSETS** Current assets: Cash and cash equivalents \$123,319 \$147,634 Marketable securities 16,973 66,357 Accounts receivable, net of allowance for doubtful accounts of \$1,123 and \$3,029 at 217,307 143,692 September 30, 2016 and December 31, 2015, respectively Prepaid expenses and other assets 48,242 49,262 Total current assets 405,841 406,945 Marketable securities 3,968 19,635 168,280 Property and equipment, net 168,083 Goodwill 315,185 221,271 Intangible assets, net 215,666 174,322 Deferred tax assets 1,904 3,560 Other assets 14,082 16,215 Total assets \$1,124,729 \$1,010,228 LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: Accounts payable \$28,724 \$26,038 Accrued expenses 45,819 54,066 Deferred revenues 26,106 8,323 Contingent consideration obligation 8.229

Contingent consideration congation	0,229		
Short term debt	38,000		
Total current liabilities	155,125	80,180	
Lease financing obligation - long term	13,082	13,343	
Contingent consideration obligation - long-term		930	
Convertible debt	225,938	224,878	
Deferred tax liability ¹	26,397	16,404	
Other liabilities	20,399	3,227	
Redeemable noncontrolling interest	52,616	61,452	
Stockholders' equity:			
Preferred stock, \$0.0001 par value; 10,000 shares authorized, 0 shares issued and		_	
outstanding at September 30, 2016 and December 31, 2015			
Common stock, \$0.0001 par value; 100,000 shares authorized, 49,309 and 48,084 shares			
issued; 45,315 and 44,405 outstanding at September 30, 2016 and December 31, 2015,	3	4	
respectively			
Treasury stock, at cost (3,994 and 3,679 shares at September 30, 2016 and December 31,	(95,183) (65,651	,
2015, respectively)		, , ,	,
Additional paid-in capital ¹	561,992	512,802	

)

Accumulated other comprehensive loss	(31,788)	(38,684)	
Retained earnings ¹	196,148	201,343	
Total stockholders' equity	631,172	609,814	
Total liabilities and stockholders' equity	\$1,124,729	\$1,010,228	

¹See Note 2 for discussion of the adoption of ASU 2016-09.

See accompanying notes to consolidated financial statements.

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SYNCHRONOSS TECHNOLOGIES, INC CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (Unaudited)

(In thousands, except per share data)

	Three Months Ended September 30.		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net revenues	\$176,421	\$150,874	\$476,658	\$421,620
Costs and expenses:				
Cost of services*	77,230	63,438	217,004	172,013
Research and development	28,141	23,986	78,408	68,472
Selling, general and administrative	31,600	21,003	89,799	60,603
Net change in contingent consideration obligation	572		7,299	_
Restructuring charges	977	399	5,139	5,090
Depreciation and amortization	24,692	19,754		