HIGHLIGHTS 18Q3

Oscar Werner, CEO
18Q3 SUMMARY

- Group organic revenue growth of **13 percent** in local currency
- Gross profit up **26 percent** due to organic growth & successful M&A
- Adjusted EBITDA up **33 percent**

- We see **strong market growth in certain segments** with further growth opportunities both organically and through M&A
- **Revised leverage policy** allows for **2.5x net debt/EBITDA** to support our M&A strategy (previously 2.0x)
- **Organic investments** in opex may impact our earnings in the coming year before new initiatives translate into higher revenues and gross profit
ORGANIC GROWTH INITIATIVES

- Targeted sales initiatives and new product offerings to drive organic revenue and gross profit growth:
  - Internal automation and efficiency
  - Product development around rich media and conversational messaging
  - Faster go to market for personalized video messaging
  - Sales and marketing to drive direct sales and channel partner business
- Enterprise Division gross profit up **26 percent**
- Enterprise Division EBITDA up **33 percent**
- A2P messaging volume up **6 percent** y/y in comparable units

Growth rates are y/y.
▪ **Increased messaging traffic** to certain high-margin markets

▪ **Unwire** continuing to perform well

▪ Increasing revenues in **Vehicle personalized video** with **cross selling** to Operators in Europe and our Enterprise customer in the US

▪ **Active dialogue** with several **US-based, global, tech companies** where we can add more traffic from existing customers and go live with new ones

▪ **Focusing investments** on rich media, conversational messaging, RCS, OTT chat apps, personalized video, etc
Sinch is continuing to invest in real-time voice and customer adaptions

Ride-hailing developing favorably with plans to launch number masking in further markets later this year

Strong pipeline for number verification with customers in multiple industries

Improved cross-selling where voice and video is marketed alongside messaging
Underlying business developing as planned

Continued improvement in EBITDA compared to Q1 and Q2 this year

Unusually high earnings from capacity expansion projects in the 17 Q3 comparison period

Strong sales pipeline but slow conversion to projects and revenue

Work ongoing to reach 15 percent medium-term EBITDA-margin target during 2019
FINANCIALS

Odd Bolin, CFO
JULY – SEPTEMBER 2018

- Gross profit increased to SEK 249.9 million (198.1 in 17Q3)
- Adjusted EBITDA was SEK 95.4 million (71.7)
- EBITDA was SEK 99.4 million (67.0)
- EBIT was SEK 50.0 million (34.5)
- Net profit for the quarter was SEK 37.9 million (11.8)

- Higher gross profit and EBITDA in the Enterprise Division due to organic growth and M&A
- Operator Division is improving, but slow conversion of pipeline to revenue
- Strong performance in Vehicle, continued investments in Sinch
- Organic investments in opex may impact our earnings in the coming year before new initiatives translate into higher revenues and gross profit

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We maintain the high level established in Q2 despite Q3 being a seasonal weak quarter

- Strong momentum with key US clients
- Good performance in Vehicle

Organic growth includes the impact of currency fluctuations. Unwire is normally consolidated into the Enterprise Division, but is shown separately here to illustrate the impact of M&A.
We maintain the high level established in Q2 despite Q3 being a seasonal weak quarter

- Improved EBITDA in the Operator division
- Strong contribution from Vehicle
GROSS PROFIT, Y/Y

- Significant GP contribution from acquired businesses
- Organic GP growth helped by key client wins in the U.S.

Organic growth includes the impact of currency fluctuations. Unwire is normally consolidated into the Enterprise Division, but is shown separately here to illustrate the impact of M&A.
- Significant EBITDA contribution from acquired businesses
- Healthy underlying growth
- Unusually high EBITDA in Operator division in Q3 17 impacts the y/y comparison

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Enterprise Division:
- **Gross profit** – we use gross profit as our key measure since gross margin depends on geographical traffic mix, which we have limited influence over
- **Adjusted EBITDA/gross profit** – measures operational efficiency in the business
- **OPEX per transaction** – measures operational efficiency in the business

Operator Division:
- **Revenue**
- **EBITDA**

Sinch, Vehicle and other new investments:
- **Gross profit growth**
OPERATIONAL EFFICIENCY IN MESSAGING

- Gross profit is the primary bottom line driver
- GP/transaction rising as traffic increases to key high-margin countries
- Revenue and gross margin depend on mix of terminating markets
OUR STORY

Oscar Werner, CEO
CLX AT A GLANCE

- We deliver **customer engagement**, helping businesses engage people through mobile technology
- We address a growing, global **multi-USD billion market**
- The mobile channel has **100% penetration** and reaches 5bn mobile users world-wide
- **Customer satisfaction** is generally very high
- Cloud communications via mobile technology is becoming **business critical** and moves **from early adopter to early majority**
- CLX is a world leading **cloud communications platform** for messaging, voice and video
- Preferred partner to the world’s most demanding enterprises, **serving 8 out of 10 of the largest US Big Tech companies**
- Software solutions to **mobile operators** based on the same underlying platform
GROWTH MARKETS

Messaging
Application-to-Person (A2P) messaging is used across the world for ever-more use cases

- We believe a USD10bn market size estimate is reasonable
- Third-party market size estimates vary between USD 10-50bn
- Large variation in usage between markets
- We foresee continued growth in volumes and gross profit

CPaaS
Communications Platform as a Service (CPaaS) allows businesses to easily integrate messaging, voice and video services into their own business applications

- Juniper Research sees a 35% growth CAGR (USD 1.1bn in 2016 to 6.7bn in 2022)
- Gartner expects a 50% growth CAGR (USD 618m in 2016 to 4.63bn in 2021)
- IDC forecasts a 57% growth CAGR (USD 867m in 2016 to 8.2bn in 2021)
Infinite use cases

- 100% consumer penetration
- 98% open rate
- Everybody is a trained user

**BANKING**
- Confirmations
- Transaction alerts
- 2FA, One time PIN codes

**HEALTHCARE**
- Patient monitoring
- Voice authentication
- Appointment reminders

**INTERNET COMMERCE**
- Verification
- Two Factor Authentication
- Order tracking

**TRANSPORTATION**
- Process monitoring
- Shipping confirmation

**INDUSTRIAL & UTILITIES**
- Meter reading
- Workforce automation
- Process alerts

**TRAVEL**
- Flight & ticket status
- Local numbers

**MEDIA**
- News alerts
- Data from offline ads

**RIDE HAILING**
- Verification
- Arrival notifications
- Number masking
INNOVATIVE SOLUTIONS IN VOICE AND VIDEO

- **Cloud-based** capabilities in **voice and real-time video**

- Targeted sales effort now focusing on **ride-hailing** vertical

- Number masking with temporary phone numbers **safeguards privacy** and improves platform **revenue assurance**
PERSONALIZED VIDEO

- Unique, personalized videos to each recipient
- Dynamically rendered at scale with no limits
- Nearly 100 percent device reach and 98 percent open-rate
- 4.5 higher click-thru rate than email

- **17% annualized churn reduction** across the subscriber base for a major US wireless carrier
- **Highest improvement** to Net Promoter Score (NPS) of any recent marketing effort
NEXT GEN MESSAGING FOR THE “POST APP” ERA

**Branding**
Customize with your company name, colour and logo.

**RCS = SMS “2.0”**

**Real Time Feedback**
Know when your customer has received and read your message and whether your customer is typing you a response to your message. Know if your customer has tapped on links to Calendar, Maps, Play Store or the Dialer in your message. All done in real time.

**Rich Dynamic Content**
Send images, videos, web links and app links without the need to transcode your message.

**App-Like Experience**
Suggest actions by creating app-like buttons linking to Android apps such as the Calendar, Maps, Play Store or Dialer and embed important Metadata such as telephone number, location and event details in the link making for an easy and effortless customer experience.

**Quick Response**
Suggested actions will create a speedy and error-free interaction with your customers. There are no limits to the number of suggested replies you can have.
FUTURE GROWTH

- **Strong pipeline** with several US-based, global, digital-native companies
- Considerable interest and increasing revenues in **Vehicle personalized video**
- Sinch **number masking** products for **ride-hailing** developing well with further markets set to go live this year
- **Improving pipeline** and **key customer engagements** in Sinch number **verification**
- Investment in **rich media, conversational messaging, RCS and OTT chat apps** to capture market growth potential