Q4 2019
Investor Presentation
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Customer engagement through mobile technology

- SEK 5.0bn revenue in the past 12 months
- SEK 574m Adj. EBITDA in the past 12 months
- SEK 21bn Market Cap
- 722 people
- 33 countries with local presence

40 billion engagements per year

Publicly listed on NASDAQ in Stockholm

Scalable cloud communications platform for messaging, voice and video

Serving 8 of the 10 largest U.S. tech companies

100% Consumer penetration

Growing, global, multi-billion USD market

Profitable since our foundation in 2008

>600% gross profit growth since IPO in 2015
Asking everyone at Sinch for one word that captures the year
“What one word sums up 2019 for you?”
The world’s first texting switchboard.

Send a text you would love to get, to a stranger.

To take on online negativity, we created #TextForHumanity, where you send a positive message to a stranger and receive one in return.

Why? Because although we’re using our phones to communicate 24/7, we feel worse mentally – not happier.

It’s time for our mobile phones to love us back.

Positive messages sent so far.

55,092
Organic and acquired growth

- Focus on Gross profit and EBITDA since pass-through revenues vary between geographies
- Track record of profitable growth
- 42% growth in gross profit and 82% growth in EBITDA in Q4 19
Growth markets

Messing

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

- USD 17 bn market size (MobileSquared), other estimates vary between USD 15-50 bn
- 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 applications

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

Software-as-a-Service
- Empower businesses to leverage rich and conversational messaging
- Increase our software value-add (CPaaS) in addition to our connectivity offering
- Increase stickiness with maintained scalability

Connectivity
- Ensure leading direct global connectivity without middlemen
- Differentiate through superior quality, scale and reach
- Benefit from market growth and continue to win market share
Strategic acquisitions

- Founded in Stockholm 2008
- IPO 2014
- 2015
- 2016
- 2017
- 2018
- 2019

Technology & Go To Market
- Symsoft: Industry-leading tech platform
- Caleo: Billing technology
- Sinch: Voice, video, verification
- vehicle: Personalized video and rich media messaging
- myELEfANT: Rich messaging, Low code tools

Scale and profitability
- VOLTARI: USA, Canada
- mblox: USA, Western Europe
- XURA: Germany, Central Europe
- dialogue: Australia, south east Asia
- Unwire: Nordics
- TWiW: Brazil
October – December 2019

- Gross profit rising 42% to SEK 439.9 million (309.9)
- Adjusted EBITDA rising 82% to SEK 199.5 million (109.4)
- Adjusted EBIT excl. acquisition-related amortization of SEK 185.7 million (104.1)
- Profit after tax of SEK 94.7 million (103.5)

- Organic Gross profit growth of 23% in local currency
- High scalability means that EBITDA grows faster than Gross profit despite increased opex to handle greater business volumes, strengthen our go to market and develop new products
Key growth drivers

1. Rising message volumes with large US tech companies
2. Growth in Voice & Video
3. Acquisition of TWW and myElefant

Growing both with new and existing customers
Four investment areas

- **Growth with existing customers**
  - Continuous investment in platform scalability
  - Key account management

- **Operational efficiency**
  - COGS efficiency
  - Internal automation for improved scalability
  - Client self-service tools

- **Sales and marketing**
  - Lead generation
  - Greater focus on new sales
  - International expansion of personalized video products

- **New technology**
  - Software for advanced, interactive messaging
  - New channels like WhatsApp and RCS
  - RCS-as-a-Service for mobile operators
Continued growth in Messaging

- Rising message volumes
- US tech companies continue to fuel growth
- Businesses shifting from email to mobile messaging
- myElefant & TWW included since mid-October 2019
- Investments in next-generation messaging
Rising message volumes

- Acquisition of TWW and myElefant adding significant volumes in October-November
- Growth from existing customers, new customers, new use cases
- Positive seasonality with more transactions in Q4 than in other quarters
- 41% growth in transactions
- 49% growth in Gross profit
Gross profit per transaction

- Gross profit is the primary bottom line driver
- GP/transaction decline due to inclusion of TWW
- Opex/transaction decline due to economies of scale & seasonal increase in volumes
Rising margin in Messaging

• Revenue and gross margin depend on mix of terminating markets
• EBITDA/Gross profit shows margin excluding mobile operator charges
• Adding traffic volume increases gross profit more than it increases opex
• Continued opex investments to capture growth
Maintained growth in Voice and Video

- Growth fuelled by Number Masking and Verification
- Continued growth in Gross profit
- Increasing OPEX to ensure quality as volumes ramp quickly
Project delays in Operators

- Fluctuations in results as projects are realized
- Project delays and currency headwind in Q4 19
- Investments in RCS-as-a-Service for mobile operators
Q4 2019
Financials
### Income statement

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q4 2019</th>
<th>Q4 2018</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>1,540.7</td>
<td>1,151.3</td>
<td>5,035.6</td>
<td>3,986.6</td>
</tr>
<tr>
<td>Cost of goods sold and services</td>
<td>-1,100.7</td>
<td>-841.5</td>
<td>-3,641.4</td>
<td>-2,978.2</td>
</tr>
<tr>
<td>Gross profit</td>
<td>439.9</td>
<td>309.9</td>
<td>1,394.1</td>
<td>1,008.4</td>
</tr>
<tr>
<td>Other operating income</td>
<td>26.6</td>
<td>57.6</td>
<td>103.1</td>
<td>109.6</td>
</tr>
<tr>
<td>Work performed and capitalized</td>
<td>15.3</td>
<td>5.3</td>
<td>38.6</td>
<td>21.7</td>
</tr>
<tr>
<td>Other external costs</td>
<td>-90.0</td>
<td>-86.2</td>
<td>-328.7</td>
<td>-280.3</td>
</tr>
<tr>
<td>Employee benefits expenses</td>
<td>-160.6</td>
<td>-119.2</td>
<td>-537.6</td>
<td>-405.1</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>-36.7</td>
<td>-27.0</td>
<td>-113.9</td>
<td>-81.1</td>
</tr>
<tr>
<td>EBITDA</td>
<td>194.3</td>
<td>140.4</td>
<td>555.5</td>
<td>373.3</td>
</tr>
<tr>
<td>Depreciation, amort. and impairment</td>
<td>-51.4</td>
<td>-32.7</td>
<td>-183.9</td>
<td>-155.5</td>
</tr>
<tr>
<td>EBIT</td>
<td>142.9</td>
<td>107.7</td>
<td>371.6</td>
<td>217.8</td>
</tr>
<tr>
<td>Finance income</td>
<td>6.0</td>
<td>10.3</td>
<td>18.6</td>
<td>22.6</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>-26.2</td>
<td>-21.5</td>
<td>-35.2</td>
<td>-39.1</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>122.7</td>
<td>96.5</td>
<td>355.0</td>
<td>201.3</td>
</tr>
<tr>
<td>Current tax</td>
<td>-25.8</td>
<td>0.8</td>
<td>-83.8</td>
<td>-41.1</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>-2.2</td>
<td>6.2</td>
<td>3.3</td>
<td>19.3</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>94.7</td>
<td>103.5</td>
<td>274.5</td>
<td>179.5</td>
</tr>
</tbody>
</table>

- Non-recurring items of SEK 5.2 million in Q4 19 relate to the acquisitions of myElefant and TWW
- Full year Adj EBITDA in 2019 rose by SEK 27.6 million due to IFRS16; no further contribution in 2020
- Amortization of acquisition-related assets does not affect cash flow
- Adjusted EBIT excludes non-recurring items as well as amortization of acquisition-related assets
- Adjusted EBIT of SEK 185.7 million (104.1) in Q4 19
Accelerating Gross Profit growth

• 42% total Gross Profit growth
• 23% organic Gross Profit growth
• 14% contribution from acquisitions
• Big US tech companies and acquisitions fuelling growth
• Limited total FX effect on Adjusted EBITDA in the quarter
Headcount increase

- Headcount rising due to recruitment and acquisitions
- Headcount at 722 at end of Q4
- Quarterly average of 654 would have been 614 excluding acquisitions, implying organic addition of 41 employees
- Near-term negative effect on EBITDA before new initiatives translate into higher revenues and gross profit
### Reconciling Cash Flow with EBITDA

- **Strong underlying cash generation**
- **Seasonally high tax paid in Q4 19, one-off tax item in Q4 18**
- **75% cash conversion from Adjusted EBITDA to Cash flow before changes in working capital in Q4 19**

<table>
<thead>
<tr>
<th></th>
<th>Q4 2019</th>
<th>Q4 2018</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>199.5</td>
<td>109.4</td>
<td>573.5</td>
<td>367.1</td>
</tr>
<tr>
<td>Paid interest</td>
<td>-2.4</td>
<td>-4.8</td>
<td>-20.8</td>
<td>-19.4</td>
</tr>
<tr>
<td>Paid taxes</td>
<td>-54.0</td>
<td>1.5</td>
<td>-117.4</td>
<td>-65.1</td>
</tr>
<tr>
<td>Other</td>
<td>6.5</td>
<td>-24.4</td>
<td>18.2</td>
<td>-59.0</td>
</tr>
<tr>
<td><strong>Cash flow before changes in working capital</strong></td>
<td>149.7</td>
<td>81.7</td>
<td>453.5</td>
<td>223.6</td>
</tr>
</tbody>
</table>

| Cash flow before changes in working capital/Adjusted EBITDA | 75% | 75% | 79% | 61% |
## Cash flow

<table>
<thead>
<tr>
<th>SEK million</th>
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<th>Q4 2019</th>
<th>Q4 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow before changes in working capital</td>
<td>149.7</td>
<td>81.7</td>
<td>453.5</td>
<td>223.6</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>-13.7</td>
<td>10.9</td>
<td>-126.2</td>
<td>81.0</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td><strong>135.9</strong></td>
<td><strong>92.6</strong></td>
<td><strong>327.3</strong></td>
<td><strong>304.6</strong></td>
</tr>
<tr>
<td>Net investments in fixed assets and intangible assets</td>
<td>-22.7</td>
<td>-7.0</td>
<td>-56.0</td>
<td>-28.5</td>
</tr>
<tr>
<td>Change in financial receivables</td>
<td>11.4</td>
<td>-2.7</td>
<td>12.1</td>
<td>-20.4</td>
</tr>
<tr>
<td>Acquisition of subsidiary</td>
<td>-580.6</td>
<td>-0.2</td>
<td>-668.5</td>
<td>-321.5</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td><strong>-591.9</strong></td>
<td><strong>-9.9</strong></td>
<td><strong>-712.4</strong></td>
<td><strong>-370.4</strong></td>
</tr>
<tr>
<td>New borrowing</td>
<td>1,453.4</td>
<td>585.4</td>
<td>1,453.4</td>
<td>722.2</td>
</tr>
<tr>
<td>Amortization of bank loan</td>
<td>-683.8</td>
<td>-540.9</td>
<td>-756.7</td>
<td>-654.0</td>
</tr>
<tr>
<td>Amortization lease liability</td>
<td>-6.9</td>
<td>-</td>
<td>-25.8</td>
<td>-0.2</td>
</tr>
<tr>
<td>Overdraft facility</td>
<td>-</td>
<td>-79.8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>New share issue/warrants</td>
<td>1.4</td>
<td>-0.7</td>
<td>2.1</td>
<td>7.4</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td><strong>764.1</strong></td>
<td><strong>-36.0</strong></td>
<td><strong>673.1</strong></td>
<td><strong>75.5</strong></td>
</tr>
<tr>
<td><strong>Cash flow for the period</strong></td>
<td><strong>308.1</strong></td>
<td><strong>46.8</strong></td>
<td><strong>288.0</strong></td>
<td><strong>9.8</strong></td>
</tr>
</tbody>
</table>

- Net Working Capital fluctuates between quarters
- Very low bad debt
- Successful bond issue and refinancing of debt
- Net debt raised by SEK 83.8 million due to implementation of IFRS16 on January 1, 2019
Financial targets

Targets:
- Adjusted EBITDA per share to grow 20% per year
- Net debt < 2.5x adjusted EBITDA over time

Performance:
- Adjusted EBITDA per share grew 54% in Q4 19, measured on a rolling 12 month basis
- Net debt/EBITDA of 1.7x, measured on a rolling 12 month basis
Future growth

Strong pipeline with several US-based, global tech companies
Enterprises shifting from mail to messaging
Further growth in Voice and Video
Larger Sinch field sales organisation, strengthened marketing
M&A

Continued strengthening of our connectivity offering
Increased SaaS value-add through investment in software, RCS, OTT chat apps, etc
Thanks!