

# Q4 2022 Investor Presentation

16 February 2023



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SEK 27.7bn  
net sales in the  
past 12 months

SEK 8.8bn  
gross profit in the  
past 12 months

SEK 3.1bn  
Adj. EBITDA in the  
past 12 months

60+  
countries with  
local presence

a global leader in **cloud communications**  
and **mobile customer engagement**

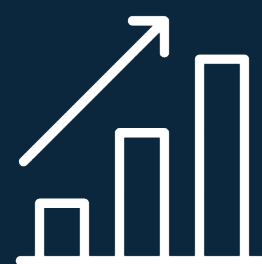
Scalable cloud communications platform  
for messaging, voice, email and video

More than 600 billion  
engagements per year

Over 150,000  
customers



Profitable since our  
foundation in 2008



>60% growth CAGR  
since IPO in 2015



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



# Three priorities

01 Cost control

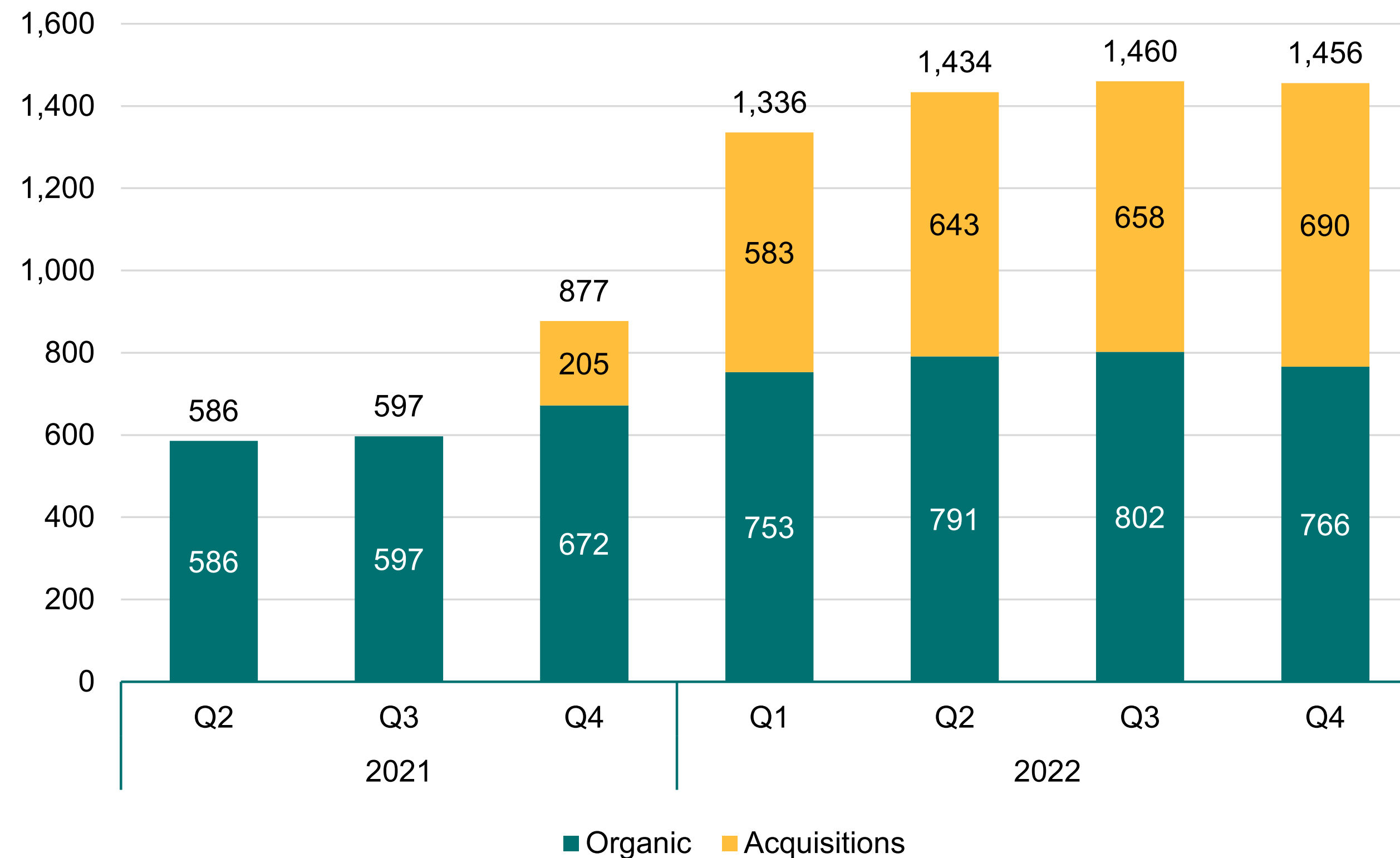
02 Cash flow

03 Growth



# Delivering on our cost reduction program

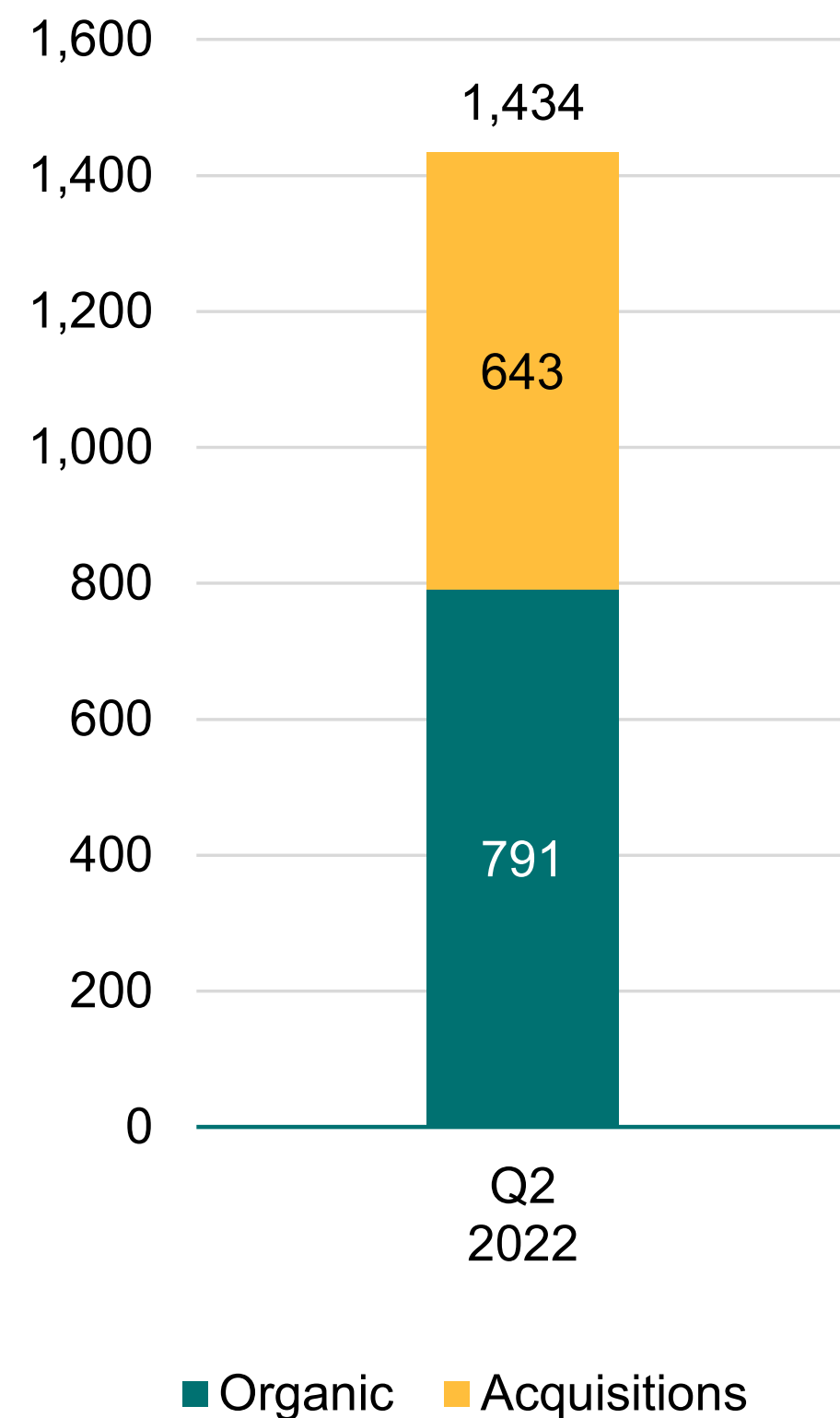
## Adjusted Opex, SEKm



- Half of the targeted SEK 300m gross savings have now been realized
- Adjusted Opex in constant currency is 12% lower in Q4 than in Q2
  - One-time items reduce costs by around 60 MSEK in Q4
  - In constant currencies excl. one-time items, Adj Opex is 8% lower in Q4 vs Q2
- Continued delivery of cost reduction plan to safeguard growth investments

# Lower expected restructuring charges

## Adj Opex, Q2 2022, SEKm



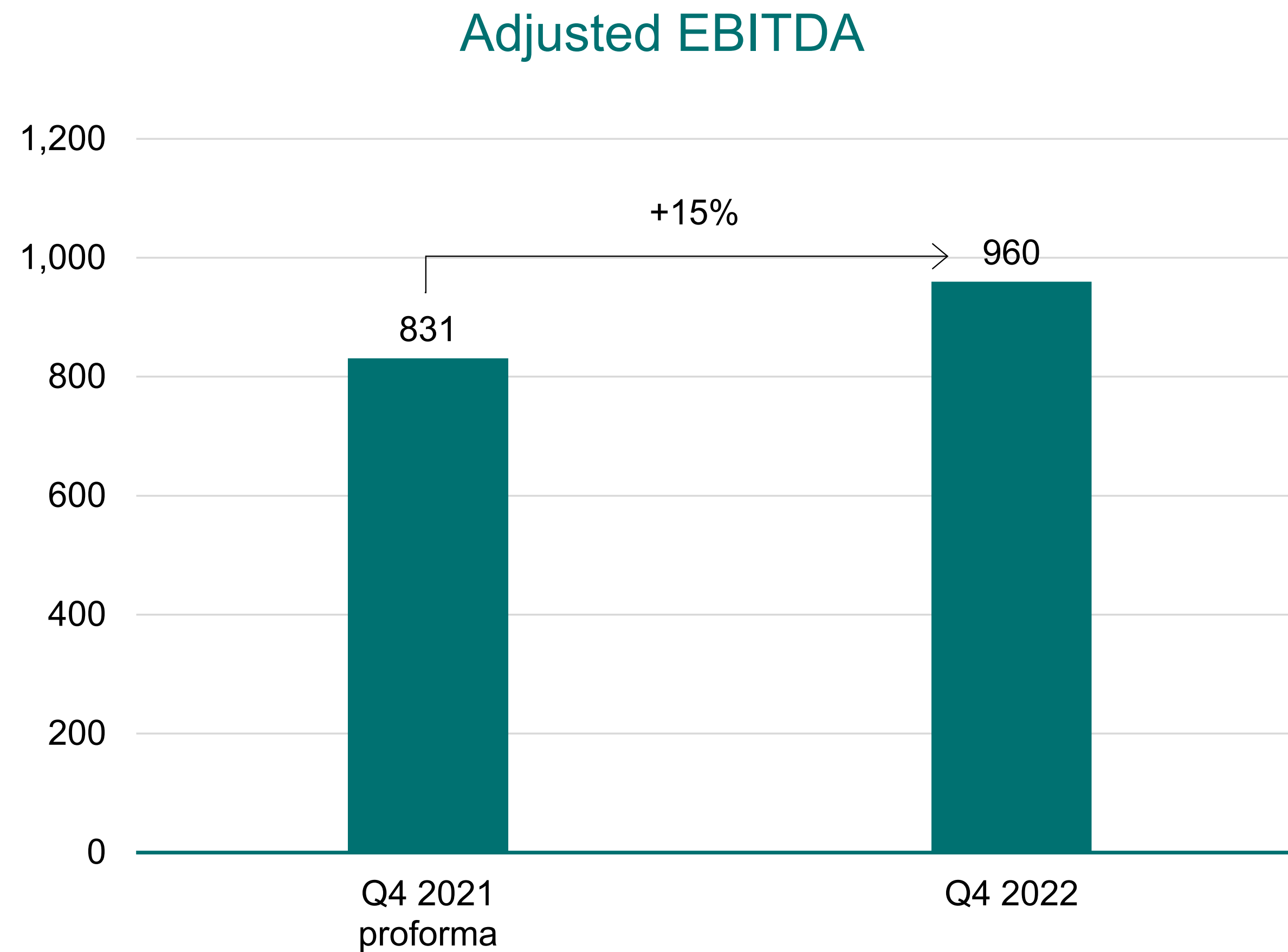
Voice, Email and SMB maintain strong margins and are out of scope

Targeting a **10% cost reduction** in Messaging and central functions (reported as segment “Other”)

- Targeting SEK 300 million (10%) in gross savings through
  - Reduced non-personnel expenses
  - Fewer consultants
  - Accelerated platform integrations
  - Employee reductions
- Around 150 redundancies
- Total restructuring charges now estimated to SEK 80 million (previously 120m)



# Robust EBITDA development

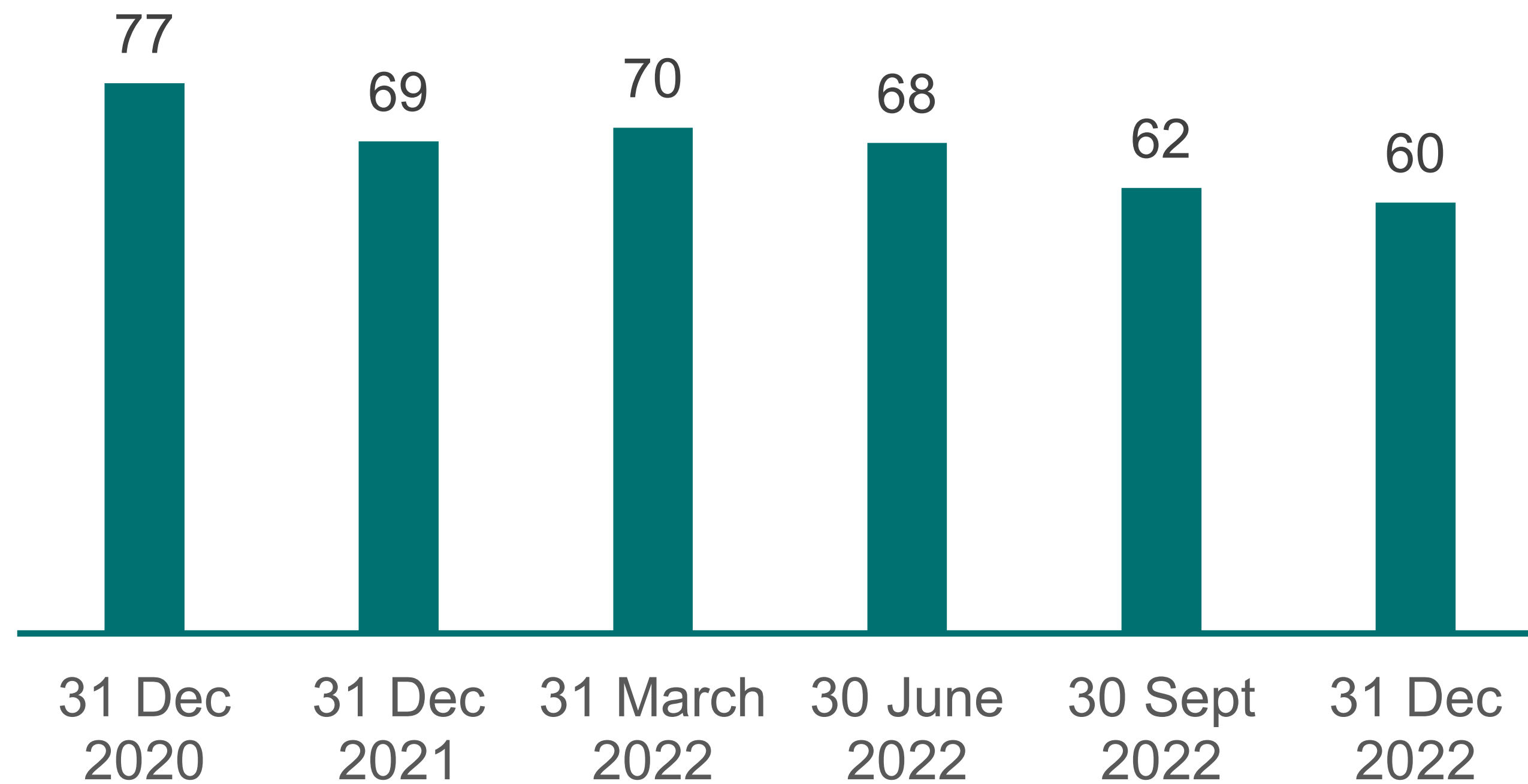


- Proforma Adjusted EBITDA in Q4 2021 was SEK 831m
- Adjusted EBITDA in Q4 22 is 15% higher than proforma Q4 21
- Cost control and margin focus safeguard earnings growth



# Continued, strong cash flow

## Days Sales Outstanding\*



- Cash flow from operating activities at SEK 973m in Q4 and 2,508m for 2022
- YTD cash conversion at 60%\*\*
- Focused effort to reduce Accounts Receivables is yielding results
- DSO at 60, down from 62 in Q3

\*DSO = Days Sales Outstanding = (Accounts Receivables, billed and unbilled + Accrued income) / proforma Net income \* 365. Proforma as of balance sheet date.

\*\* Cash flow from operating activities after investments / Adjusted EBITDA





# Growth

## Q4 2022

- Total revenue growth of 41% and gross profit growth of 79%, with acquisitions and currency contributing\*
- -1% revenue growth and 3% growth in gross profit (proforma in constant currency)
- Macroeconomic decline affecting Messaging & Voice
  - Large software services providers (who resell or embed our offering) focusing more on price
  - Reduced marketing volumes
- Macroeconomic environment remains uncertain
- Multiple growth initiatives ongoing to accelerate growth through product integration, developer go to market and cross sales

## Messaging

- Revenue growth at -5% and GP growth at -8%
- Large impact from reduction with one large customer
- Investment in developer go to market and conversational messaging for future growth

## Email

- Q4 revenue growth at 19% and GP growth at 20%
- Cloud migration completed
- Focusing on cross sales of messaging and email

## Voice

- Revenue growth at 4% and GP growth at 6%
- International expansion & product investments to strengthen self-serve offering

## SMB

- Q4 revenue growth at 16%, GP growth at 24%
- Continued strong growth in U.S. SMB offering



# Financials

# Fourth quarter highlights

01

## Lower costs

- Cost reduction program announced Q2 2022 has delivered faster results than anticipated
- Around half of the targeted SEK 300m gross savings have been realized
- Adjusted Opex in Q4 is 12% lower than in Q2 2022 in constant currencies; 8% lower excl. one-offs

02

## Margin stability

- Net sales growing 41%, Gross profit 79% and Adj EBITDA 104%
- Gross margin at 33% (26%), in line with Q3 2022 and 1.4% up from pro forma Q4 2021
- L12M Net sales at SEK 27.7bn with GP at SEK 8.8bn

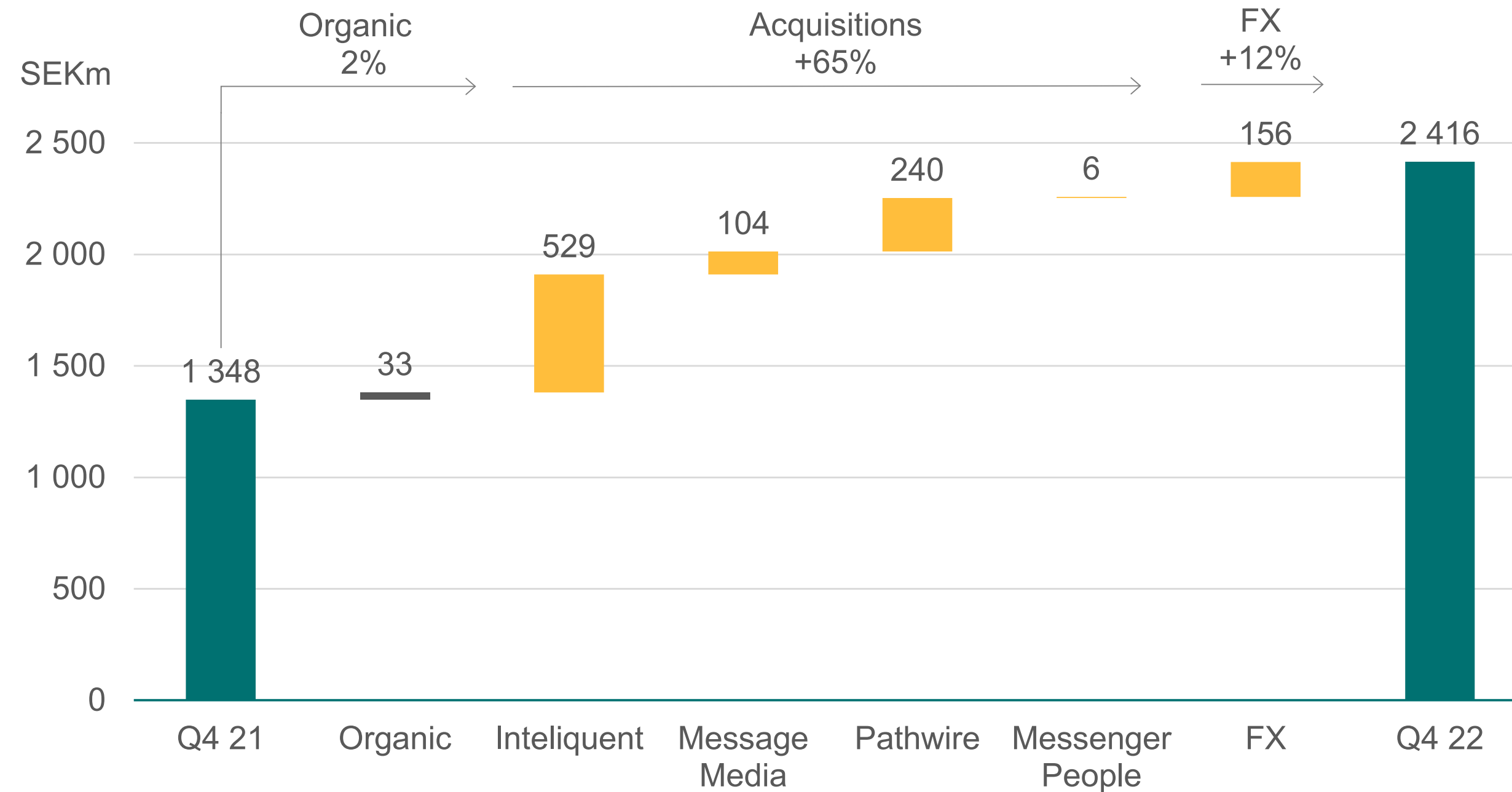
03

## Strong cash flow

- Adjusted EBITDA of SEK 960m, up 104% vs Q4 2021 and 15% higher than Q4 2021 pro forma
- Improved Cash flow from operating activities at SEK 973m
- Net debt/Adjusted EBITDA excl. IFRS16 leases at 2.7x.

# Gross profit evolution

Gross profit, SEKm

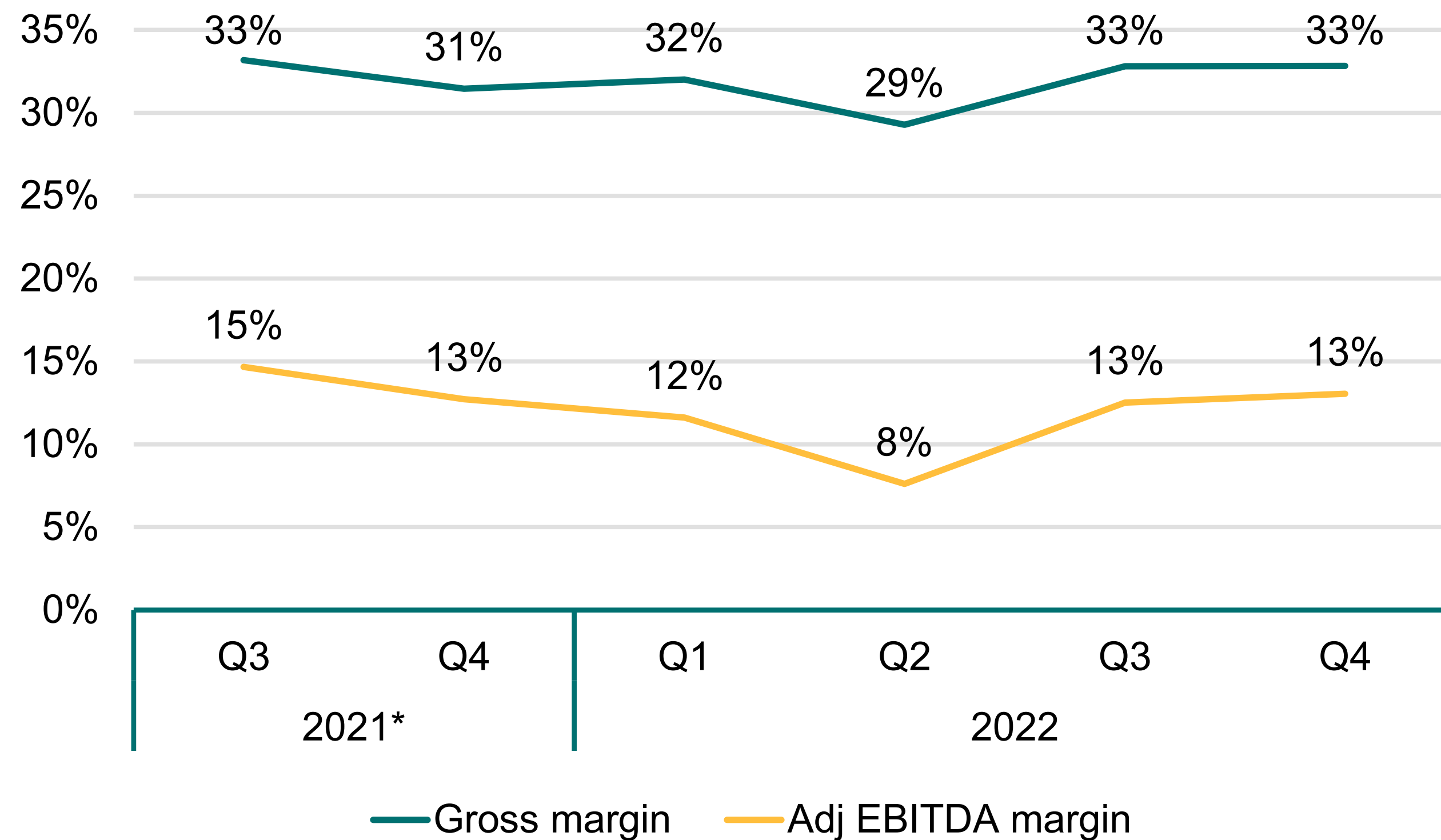


- Organic gross profit growth of 2% and proforma gross profit growth of 3% in constant currency
- Organic growth impacted by reduced Messaging volumes and the price negotiation with one of our largest Messaging customers that took place in Q2
- Messaging volumes down 3% year-on-year due to reduced wholesale traffic, lower volumes in Brazil and reduced volumes from a major customer



# Margin development

## Gross margin & Adjusted EBITDA margin



- Stable gross margin
- Q2 2022 affected by SEK 162 million reassessment of reserves for accrued traffic costs
- Opex control contributing to improved Adjusted EBITDA margin in H2 2022

\*Figures for Q3 and Q4 2021 are pro forma, including all acquisitions

# Income statement

SEKm	Q4 2022	Q4 2021	2022	2021
Net sales	7 361	5 207	27 722	16 177
Cost of goods sold and services	-4 945	-3 860	-18 912	-12 244
<b>Gross profit</b>	<b>2 416</b>	<b>1 347</b>	<b>8 810</b>	<b>3 933</b>
Other operating income	107	89	611	192
Work performed by the entity and capitalized	105	37	374	98
Other external costs	-622	-504	-2 400	-1 306
Employee benefits expenses	-1 072	-559	-4 157	-1 837
Other operating expenses	-143	-80	-464	-249
<b>EBITDA</b>	<b>791</b>	<b>330</b>	<b>2 774</b>	<b>831</b>
Depreciation and amortization	-724	-342	-7 478	-673
<b>EBIT</b>	<b>66</b>	<b>-12</b>	<b>-4 703</b>	<b>158</b>
Financial income	866	1 371	3 702	2 393
Financial expenses	-1 098	-757	-3 774	-1 354
<b>Profit before tax</b>	<b>-166</b>	<b>603</b>	<b>-4 775</b>	<b>1 197</b>
Current tax	50	-228	-583	-378
Deferred tax	-111	78	414	89
<b>Profit for the period</b>	<b>-226</b>	<b>453</b>	<b>-4 943</b>	<b>908</b>
Adjusted EBITDA	960	471	3 124	1 322
Adjusted EBIT	919	393	2 731	1 161

- Currency effects increase Net sales, Gross profit and EBITDA
- Depreciation & amortization includes non-cash amortization related to acquired entities
- SEK 97m goodwill impairment in Q4 is a currency effect on the SEK 5 billion goodwill impairment booked in Q3

# Cash conversion

SEKm	Q4 2022	Q4 2021	2022	2021
<b>Adjusted EBITDA</b>	<b>960</b>	<b>471</b>	<b>3 124</b>	<b>1 322</b>
Paid interest	-119	6	-279	-34
Paid taxes	-161	-109	-560	-254
Other items	-18	127	-453	154
<b>Cash flow before changes in working capital</b>	<b>661</b>	<b>496</b>	<b>1 832</b>	<b>1 188</b>
Change in working capital	312	-24	676	-859
<b>Cash flow from operating activities</b>	<b>973</b>	<b>472</b>	<b>2 508</b>	<b>329</b>
Net investments in property, plant and equipment and intangible assets	-183	-75	-643	-178
<b>Cash flow from operating activities after investments</b>	<b>790</b>	<b>397</b>	<b>1 865</b>	<b>151</b>
Cash conversion from Adjusted EBITDA	82%	84%	60%	11%

- Cash conversion\* of 82% in Q4 and 60% for 2022
- Higher paid interest in Q4 due to increased interest rates

# Cash flow

SEKm	Q4 2022	Q4 2021	2022	2021
Profit after financial items	-166	603	-4 775	1 197
Adjustment for non-cash items	988	2	7 167	245
Income tax paid	-161	-109	-560	-254
<b>Cash flow before changes in working capital</b>	<b>661</b>	<b>496</b>	<b>1 832</b>	<b>1 188</b>
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equipment and intangible assets	-183	-75	-643	-178
Change in financial receivables	3	-3	-3	-4
Acquisition of Group companies	-	-28 216	-45	-28 877
<b>Cash flow from investing activities</b>	<b>-180</b>	<b>-28 294</b>	<b>-691</b>	<b>-29 059</b>
Changes in loans	-600	10 662	-1 455	10 533
Amortization lease liability	-18	-23	-144	-55
New issue/warrants	8	6 505	91	15 976
<b>Cash flow from financing activities</b>	<b>-610</b>	<b>17 144</b>	<b>-1 508</b>	<b>26 454</b>
<b>Cash flow for the period</b>	<b>183</b>	<b>-10 676</b>	<b>309</b>	<b>-2 276</b>
Opening cash and cash equivalents	2 012	11 934	1 871	3 123
Exchange rate differences	-22	614	-7	1 024
<b>Closing cash and cash equivalents</b>	<b>2 173</b>	<b>1 871</b>	<b>2 173</b>	<b>1 871</b>

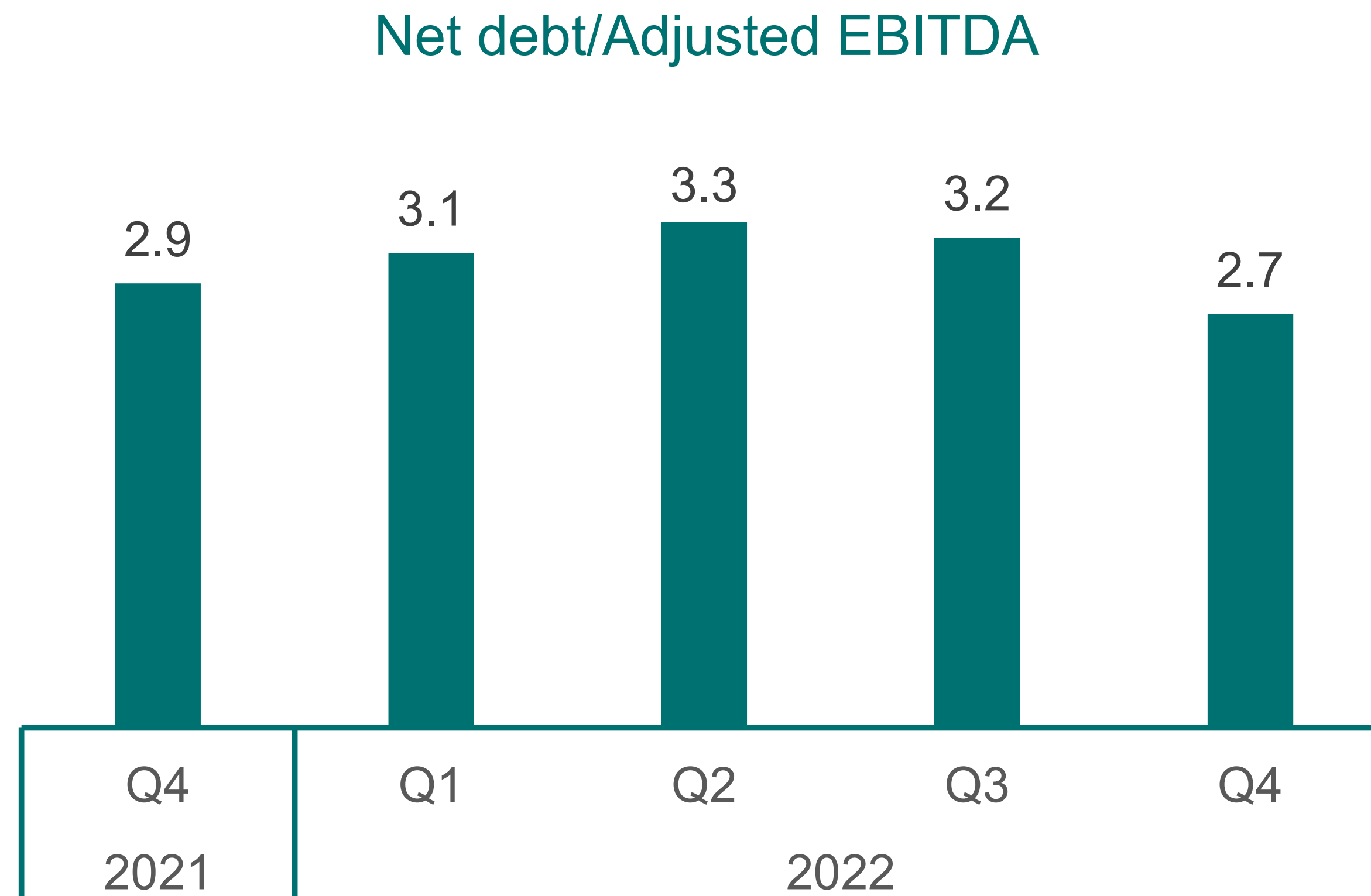
- Cash flow from operating activities at SEK 973 million in Q4 and 2,508 million YTD
- Net debt decreased by SEK 1,096m during the quarter
- Strong financial profile with diversified earnings pool

\* Cash flow from operating activities after investments / Adjusted EBITDA





# Lower Net debt/Adjusted EBITDA



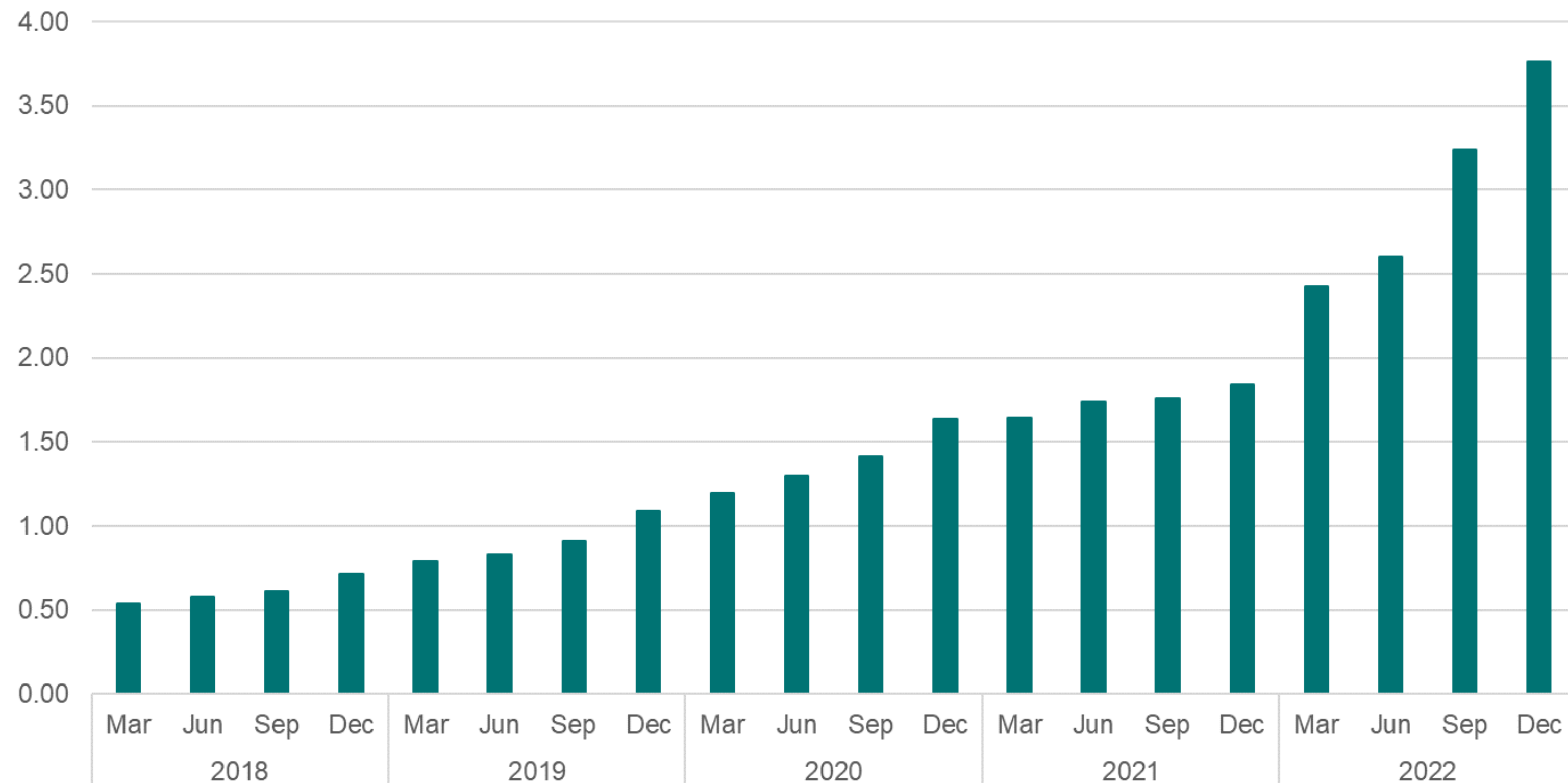
- Three components affecting Net debt/EBITDA:
  - EBITDA growth
  - Cash generation
  - Immediate currency impact on debt, but trailing impact on earnings
- EBITDA growth and strong cash generation causing Net debt/EBITDA to fall in Q4 vs Q3
- Expecting continued deleveraging from earnings growth and cash generation
- Extended maturities for SEK 6.5bn and USD 110m of existing credit facilities to 2026

\* Net debt/Adjusted EBITDA is excludes IFRS16-related leases. For Q4 2021 to Q3 2022, Net debt/Adjusted EBITDA is measured on a pro forma basis.



# Financial targets

Adjusted EBITDA per share, rolling 12 months



## Targets:

- Adjusted EBITDA per share to grow 20% per year
- Net debt < 3.5x adjusted EBITDA over time

## Performance:

- Adjusted EBITDA per share grew 104% in Q4 22, measured on a rolling 12-month basis
- Net debt/adjusted EBITDA of 2.7x excl. IFRS 16-related leases



# Three priorities

01 Cost control

02 Cash flow

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# Thank you!



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