



2015 – 2016 YEAR-END REPORT

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2015 – 2016 Summary

- 2015 – 2016 was a great year of strong growth and innovation.
 - Q6 growth was 145 percent, where organic growth was 35 percent.
 - Full Year growth was 58 percent, where organic growth was 28 percent.
- Mblox create exposure to high margin regions like North America, has changed our margin profile in the Enterprise division.
- Gross Profit Margin in the Enterprise Division is 23 percent in Q6 up from 16,6 percent compared with the same quarter last year
- Our business has low seasonal effects.
- October – December is typically the strongest quarter of the year.

Growth during 2015 – 2016 has been driven by

- Mblox acquisition
- Total organic growth of 28 percent
 - Our enterprise customer's use cases are getting more adopted by consumers that results in growth in the installed base.
 - Existing customers launching new use cases.
 - New customers on our platform
 - Increasing number of channel partners

Mblox and Sinch update

The integration of Mblox has gone beyond our expectations.

- Thousands of new enterprise customers and ten thousands of developers.
- Economies of scale as we handle more communications on one platform.
- Large presence on the important North American market that have created many interesting conversations and a strong sales pipeline.
- Substantial cost synergies and also revenue synergies
- The acquisition of Mblox has given us the scale and financial muscles to position us as an aggressive player in the high-margin US market.

In December 2016 we acquired Sinch AB

- A strategically important acquisition as we now can offer unique, market-leading solutions for the integration of voice-based communication
- Our assessment is that Sinch will be profitable as of the beginning of 2018.

Xura Secure Communications GmbH

Through the acquisition of Xura Secure Communications GmbH, the Enterprise Division of CLX Communications strengthens its presence in Germany. Xura has a market share of over 30 percent in Germany

- Xura has a focus on large, stable German Enterprise customers and we are acquiring customer base and references especially within secure bank messaging.
- Expanding our market presence in the DACH region with a focus on Germany
- Xura Secure Communications GmbH was founded in 2001 as Mindmatics and has 16 employees based in Munich
- 2016 revenues of approximately EUR 25.5 million and EBITDA of approximately EUR 2.1 million
- 16 percent gross margin
- We pay USD 15.5 million with a potential additional USD 1.5 million based on 2017 actual results

Growth & Business Environment 2017

CLX future growth:

1. We are convinced that communications will continue to move to the cloud
2. The Cloud Communication market is large and growing rapidly
3. Enterprises will increase investments in Application-2-Person to become more efficient in communicating with their customers.
4. CLX continues to be an active part in the consolidation of the market

The main reasons that A2P Communications are moving to the cloud:

- Scalable
- Easy to integrate, faster TM
- Flexible
- Pay as you go business model

Enterprise Division

The Enterprise Division continues to grow at a rapid pace.

- Q6 net sales was SEK 619.1 million (224.2), gross margin was 23,0 percent (16,6)
- 18 months net sales was SEK 2,080.8 million (1,134.0), gross margin was 19.5 percent (17.7)
- Organic growth was 43 percent, primarily driven by the following factors:
 - CLX's existing customers are expanding their engagement, partly through volume growth and partly through investing in more of CLX's new products and services.
 - CLX is winning business from new customer groups.
 - CLX's reseller strategy continues to mature, and a number of tools are now available to support a broadened channel strategy

Operator Division

- The Operator Division continues to develop well, and in line with the company's strategic plans
- A number of significant deals were signed in 2016, one with a leading mobile phone operator in the Middle East
- Q6 net sales was SEK 50.0 million (50.5), gross margin was 93.7 percent (91.0)
- 18 months net sales was SEK 260.9 million (251.7), gross margin was 90.3 percent (89.8)

Financial Summary

Q6, October – December 2016

- Revenue increased by 145 percent to SEK 669.6 million (273.5).
- Organic growth was 35 percent.
- Gross margin was 28.3 percent (30.3).
- EBITDA amounted to SEK 68.1 million (27.9).
- Adjusted EBITDA amounted to SEK 76.0 million (29.4).
- Adjusted EBITDA margin was 11.4 percent (10.7).
- EBIT amounted to SEK 46.5 million (26.0).
- Net profit for the quarter amounted to SEK 53.2 million (20.0).
- Diluted earnings per share amounted to SEK 1.09 (0.53).

Financial Summary

Extended Fiscal Year July 2015 – December 2016

- Net sales increased by 53 percent to SEK 2,333.9 million (1,361.1).
- Organic growth was 28 percent.
- Gross margin was 27.5 percent (30.0).
- EBITDA amounted to SEK 161.9 million (134.5).
- Adjusted EBITDA amounted to SEK 238.0 million (141.7).
- Adjusted EBITDA margin was 10.2 percent (10.4).
- EBIT amounted to SEK 112.5 (126.7).
- Net profit for the period amounted to SEK 111.6 million (82.3).
- Diluted earnings per share amounted to SEK 2.56 (2.27).

Finally...

We enter 2017 as a leading company in the enterprise cloud communications market:

- Our customers continue to grow and add new use cases that drive more communications through our platform.
- We have a strong sales pipeline that will continue to fuel organic growth.
- We will continue to evaluate strategic opportunities in the market to either acquire customer relationships or complementary products that can be leveraged on our customer base.