



Q3 2019

Investor Presentation

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SEK 4.6bn
revenue in the
past 12 months

SEK 483m
Adj. EBITDA in the
past 12 months

SEK 8.6bn
Market Cap

570+
employees

30+
offices in 30+ countries

Customer engagement through mobile technology

30 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



Consumer penetration



Growing, global, multi-billion
USD market



Profitable since our
foundation in 2008

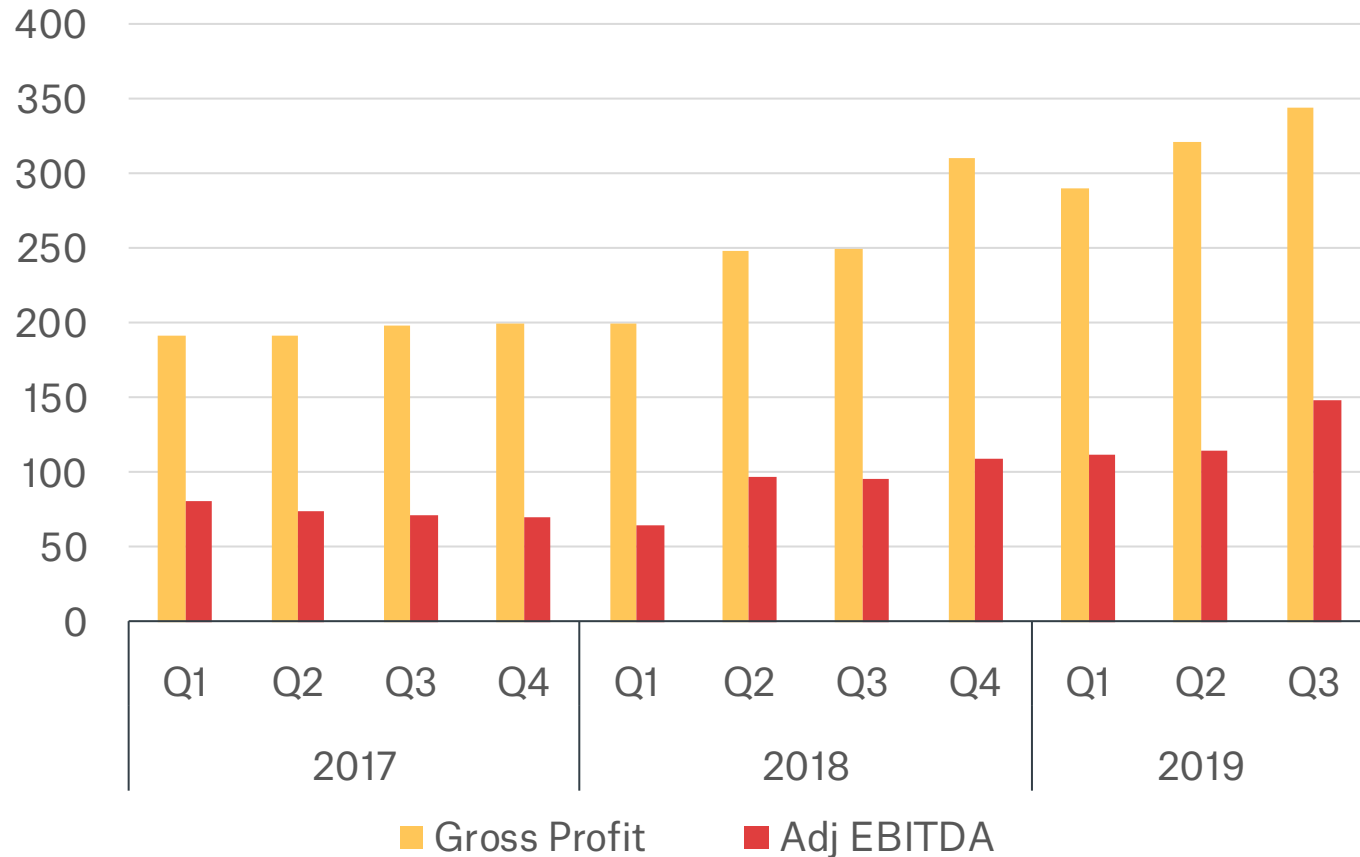


>400% gross profit growth
since IPO in 2015

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Accelerating growth

Sinch gross profit and Adj EBITDA (SEKm)



- **Focus on gross profit and EBITDA since pass-through revenues vary between geographies**
- **Track record of profitable growth**
- **37% growth in gross profit and 55% growth in EBITDA in Q3 19**



Growth markets



Messaging

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

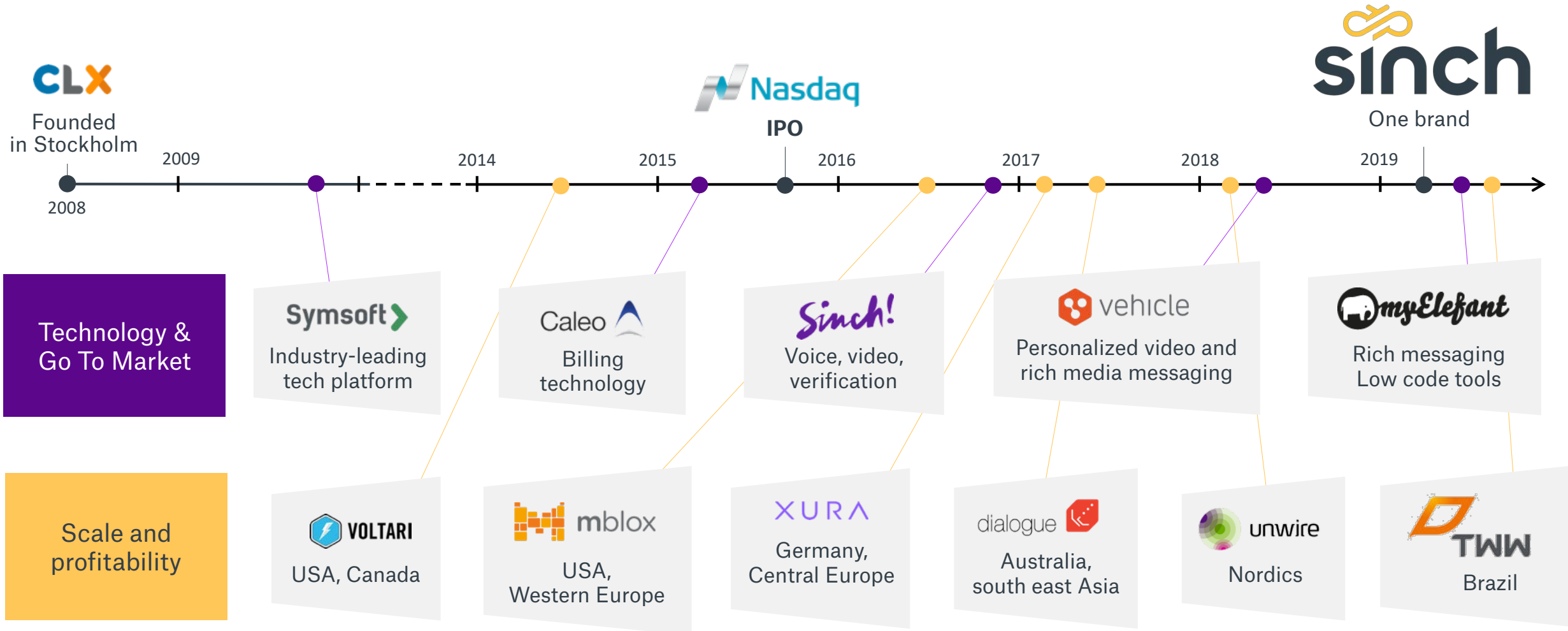
- Empower businesses to leverage rich and conversational messaging
- Increase our software value-add (CPaaS) in addition to our connectivity offering
- Increase stickiness with maintained scalability

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

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Strategic acquisitions



Deal rationale – TWW

TWW

- Founded in 1996
- Today the 3rd largest SMS connectivity provider in Brazil
- 3 000 enterprise customers of varied sizes across all industries
- Team of 37 people in São Paulo, Brazil

Deal rationale

- "Scale and Profitability"-type acquisition to add scale, operator connections, and customer relationships
- Well-run operations with high quality delivery, healthy financials, and loyal customers
- Attractive EV/EBITDA multiple of 8.9x on anticipated 2019e EBITDA
- Potential to upsell Sinch's broader product portfolio to TWW customers in Brazil

Integration

- Utilisation of TWW direct operator connections for Sinch's global messaging traffic
- Technical integration with Sinch's shared global messaging platform
- Shared ways of working and best practices across TWW and Sinch

Financials

- Sinch pays a total EV of BRL 180.75m (SEK 439m at today's 2.43 SEK/BRL exchange rate)
- TWW recorded revenues of BRL 134m, gross profit of BRL 35m, and Adj EBITDA of BRL 17.5m in 2018
- This corresponds to revenues of SEK 326m, gross profit of SEK 85m, and Adj EBITDA of SEK 43m in 2018
- Transaction expected to close in the second half of October, 2019

Deal rationale – myElefant

myElefant

- Founded in 2010
- Cloud-based software platform for mobile engagement using rich, interactive messaging
- Pioneer in the use of mobile landing pages with advanced, real-time analytics
- Team of 41 people in Paris and Bordeaux

Deal rationale

- “Technology and Go To Market”-type acquisition to strengthen product offering and fuel growth
- Increased SaaS value-add in addition to our global connectivity offering
- Step-change in customer experience for both businesses and their customers
- Future growth with extensive cross- and upsell opportunities

Integration

- Migration of myElefant SMS traffic to Sinch direct operator connections
- Full virtualization of runtime platforms
- Ensure technical and operational readiness to launch platform in the USA

Financials

- Sinch pays an upfront EV of EUR 18.5m with performance-based earnout up to EUR 3m in 2 years
- Transaction expected to close in early October
- myElefant recorded revenues of EUR 10.5m, gross profit of EUR 3.1m, and EBITDA of EUR 0.8m in 2018
- Revenue growth of 25 percent in 2018



July - September 2019

- Gross profit rising 37% to SEK 343.6 million (249.9)
- Adjusted EBITDA rising 55% to SEK 147.6 million (95.4)
- Adjusted EBIT excl. acquisition-related amortization of SEK 131.5 million (90.8)
- Profit after tax of SEK 68.7 million (37.8)

- Organic Gross Profit growth of 33% in local currency
- Added gross profit has a positive effect on EBITDA which more than offsets our increased opex for new product development and strengthened go to market

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Key growth drivers

1.

Rising message volumes with large US tech companies

2.

Businesses shifting from email to mobile messaging

3.

Growth from new and existing customers in Voice and Video

Growing both with new and existing customers

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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

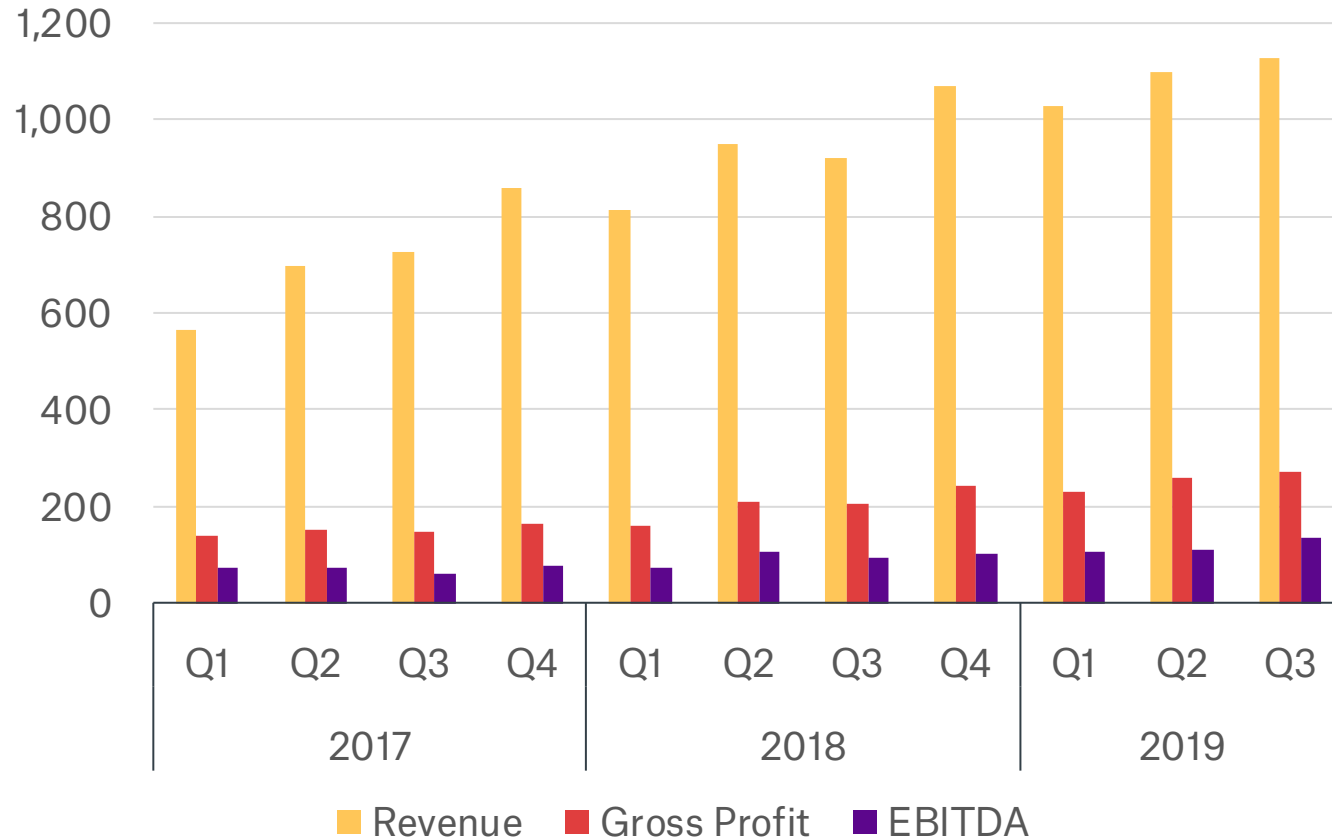
- New brand & strengthened lead generation
- International expansion of personalized video products
- Greater focus on new sales in Europe and Asia

New technology

- Software for advanced, interactive messaging
- New channels like WhatsApp and RCS
- RCS-as-a-Service for mobile operators

Continued growth in Messaging

Messaging (SEKm)

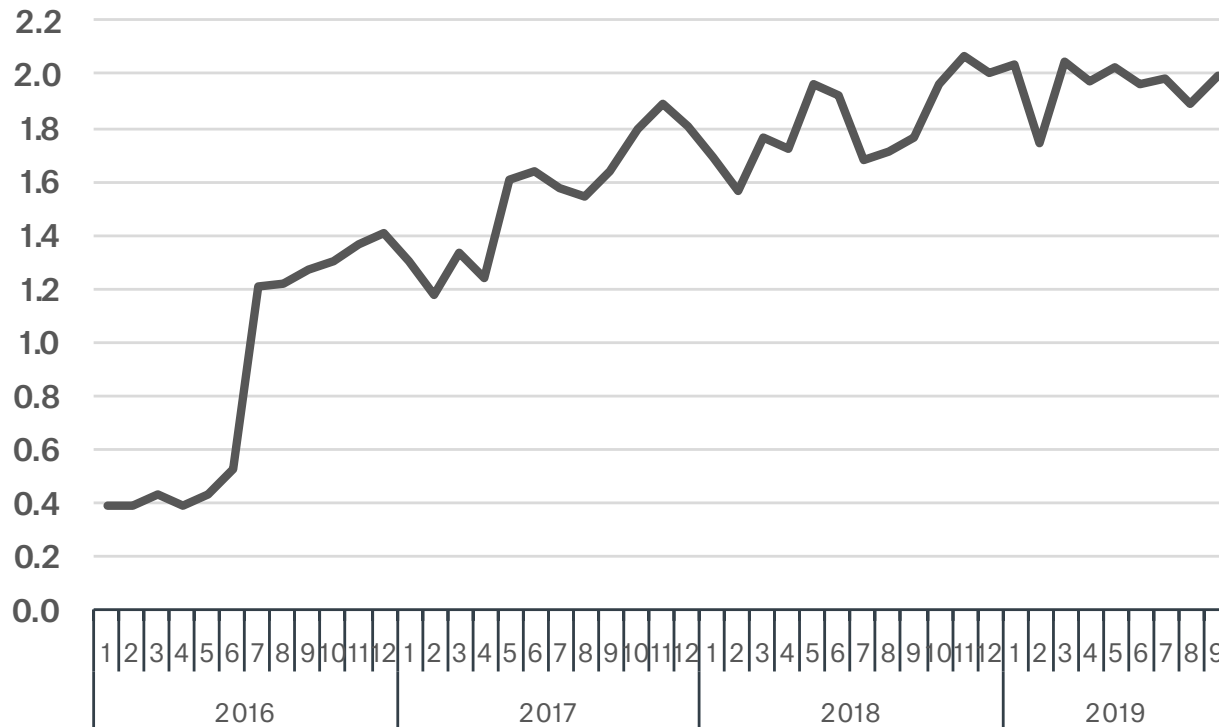


- **Rising message volumes**
- **US tech companies continue to fuel growth**
- **Investments in next-generation messaging**



Rising message volumes

Number of transactions per month (billions)

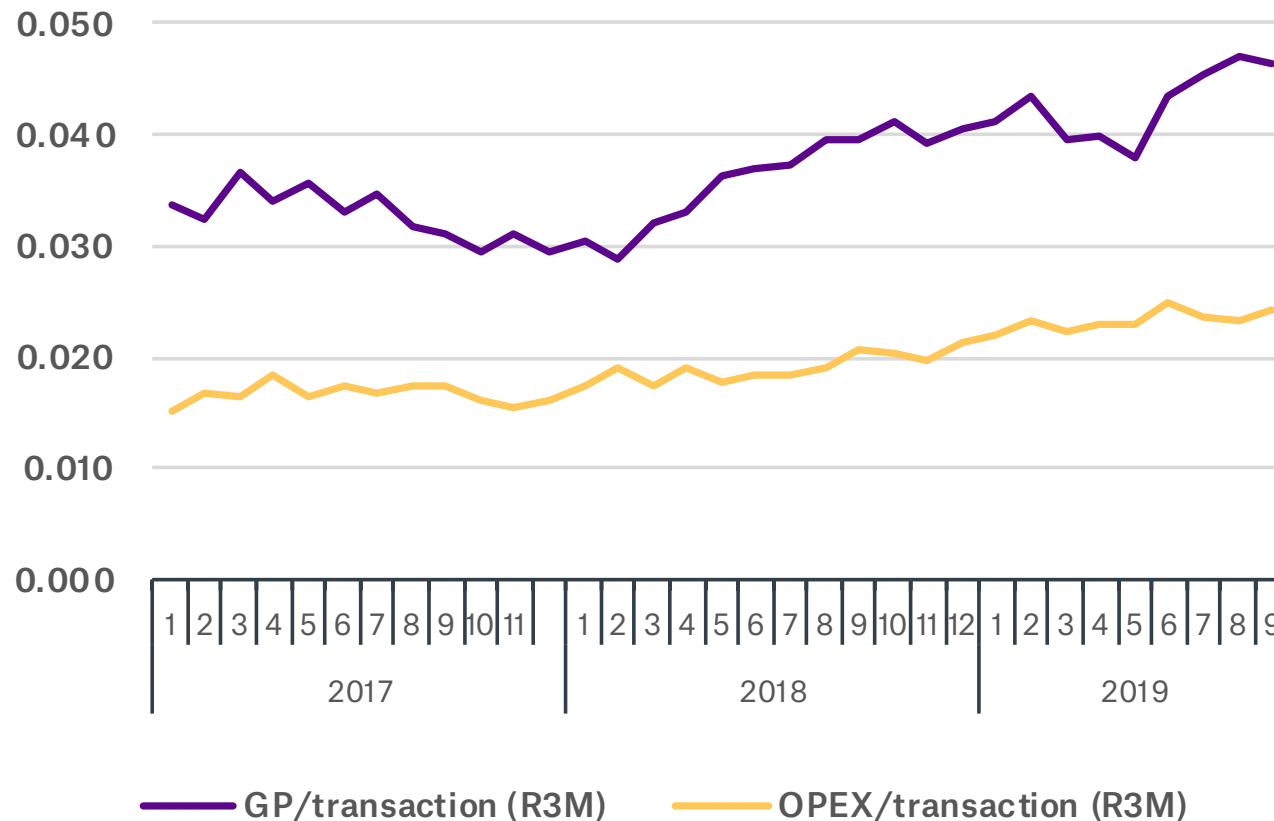


- **Growth with existing customers, new customers, new use cases**
- **14% organic growth in transactions**
- **30% organic growth in Gross Profit**



Gross profit per transaction

OPEX/transaction & Gross profit/transaction (SEK)

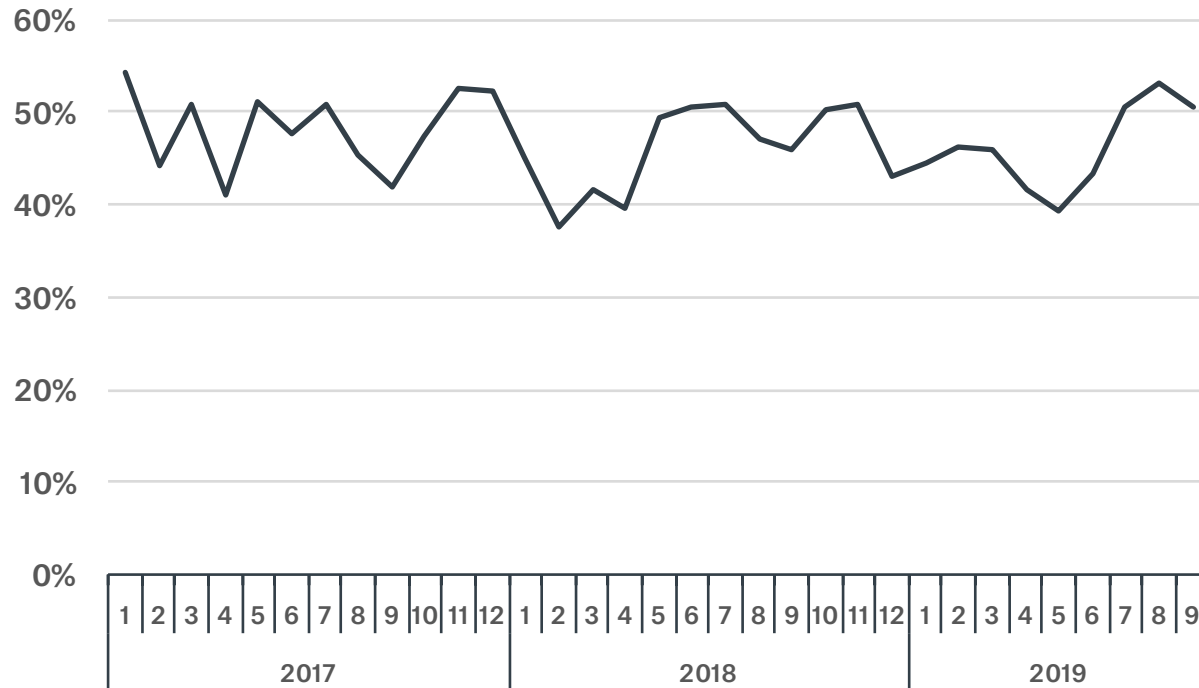


- **Gross profit is the primary bottom line driver**
- **GP/transaction rising due to personalized video, currency tailwind and increased traffic to profitable markets**



Stable margin development

Messaging EBITDA/gross profit

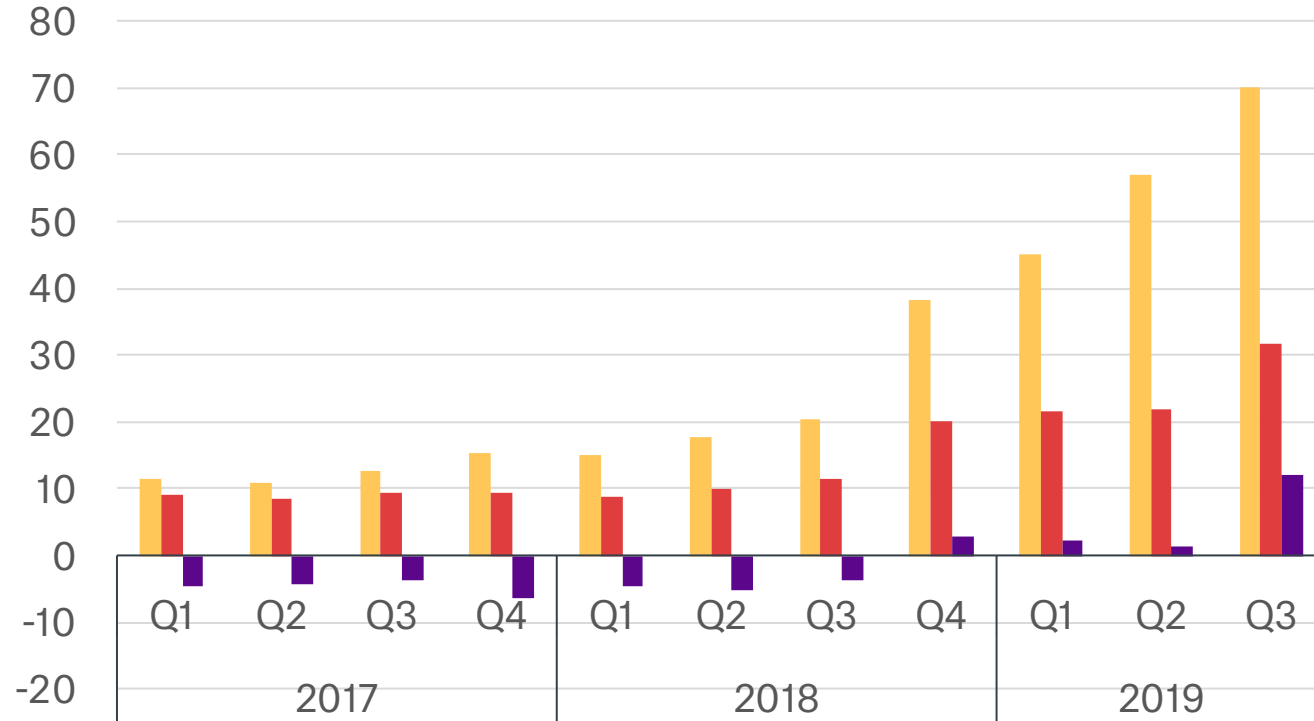


- Revenue and gross margin depend on mix of terminating markets
- EBITDA/gross profit shows margin excluding mobile operator charges
- Increased opex investments to capture growth are more than offset by rising gross profit



Step change in Voice and Video

Voice and Video (SEKm)



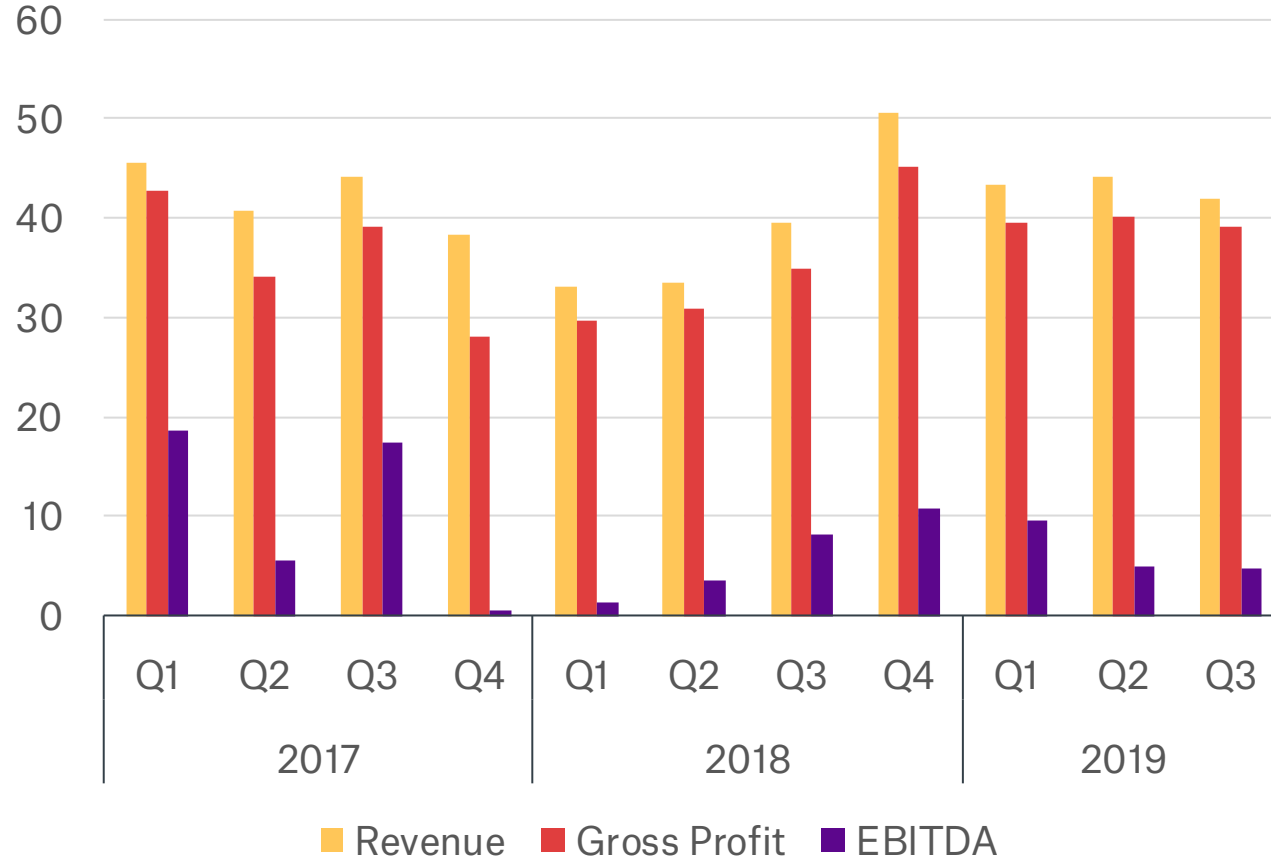
Revenue Gross Profit EBITDA

- Growth fuelled by Number Masking and Verification
- Growth with existing customers and new customers causing step change in gross profit and EBITDA
- Increasing OPEX to ensure quality as volumes ramp quickly



Stable development in Operators

Operators (SEKm)



- **Fluctuations in results as projects are realized**
- **Stable underlying performance**
- **Investments in RCS-as-a-Service for mobile operators**
- **Increased internal cooperation to support growth in Messaging segment**





Q3 2019 Financials



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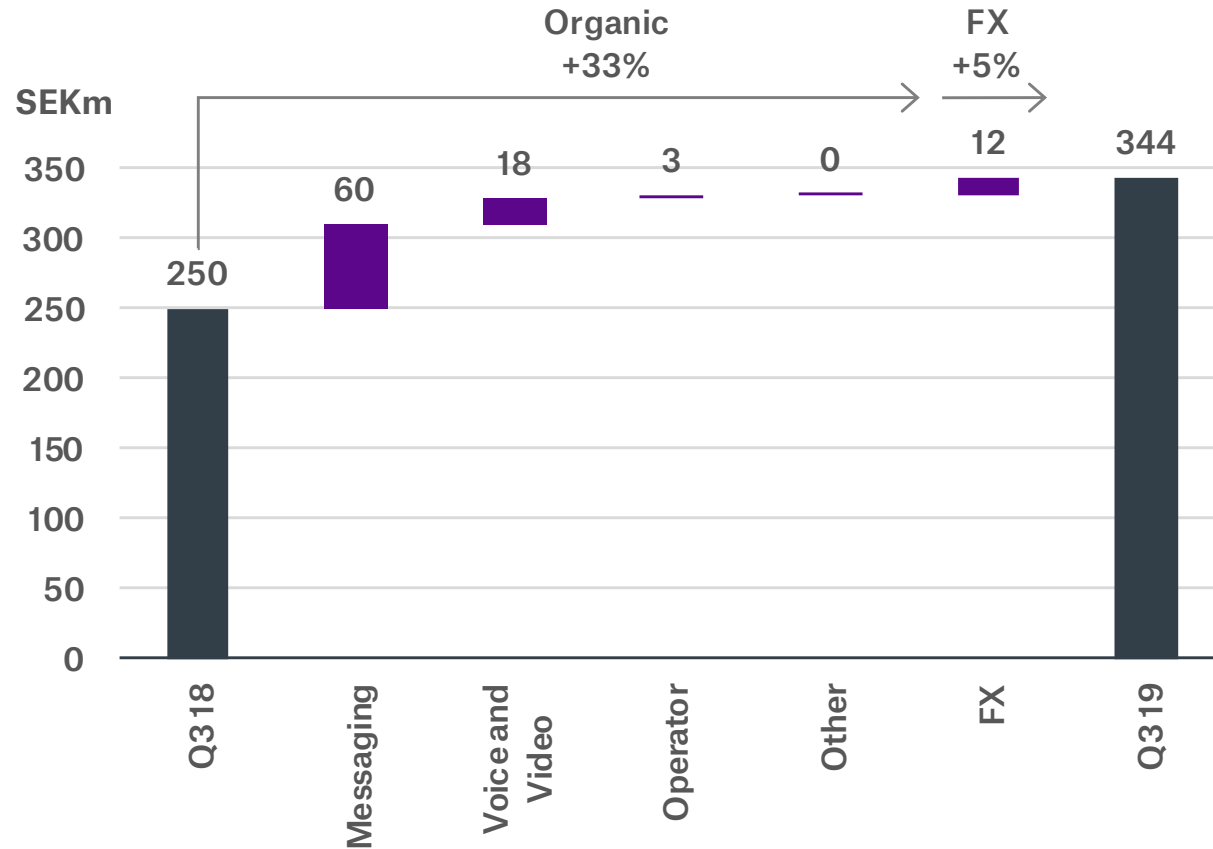
Income statement

SEK million	Q3	Q3	2018	R12M
	2019	2018		
Net sales	1.216,4	979,3	3.986,6	4.646,2
Cost of goods sold and services	-872,9	-729,4	-2.978,2	-3.382,2
Gross profit	343,6	249,9	1.008,4	1.264,0
Other operating income	25,0	14,9	109,6	134,2
Work performed and capitalized	8,1	5,4	21,7	28,6
Other external costs	-90,0	-53,2	-280,3	-324,9
Employee benefits expenses	-124,9	-98,4	-405,1	-496,2
Other operating expenses	-27,0	-19,1	-81,1	-104,2
EBITDA	134,8	99,4	373,3	501,6
Depreciation, amort. and impairment	-48,2	-49,4	-155,5	-165,1
EBIT	86,6	50,0	217,8	336,4
Finance income	150,8	37,1	148,5	360,8
Finance expenses	-144,4	-38,8	-165,0	-368,4
Profit before tax	93,0	48,3	201,3	328,9
Current tax	-25,1	-13,7	-41,1	-57,3
Deferred tax	0,8	3,2	19,3	11,7
Profit for the period	68,7	37,8	179,5	283,3

- **Non-recurring items of SEK 12.9 million in Q3 19 relate to the acquisitions of myElefant and TWW**
- **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 131.5 million (90.8) in Q3 19**



Accelerating Gross Profit growth



- **37% total Gross Profit growth**
- **33% organic Gross Profit growth**
- **Big US tech companies and Voice and video driving growth in the quarter**
- **Positive SEK 12m FX effect also affects Adj EBITDA**



Increasing our value-add in Messaging



Transactions

- Gradual shift from wholesale to direct enterprise customers



Revenues

- Higher value per transaction with personalized video messaging
- Adding product differentiation, e.g. with latency-focused routing

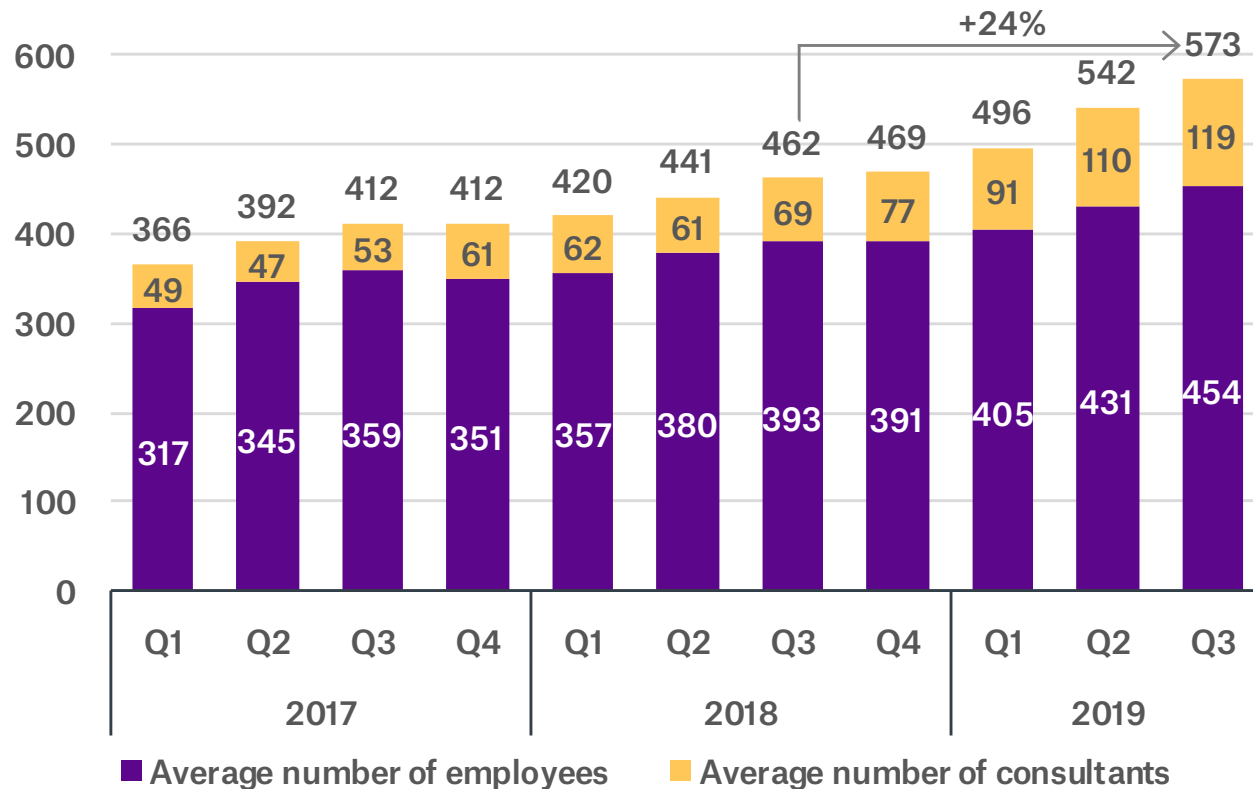


Gross Profit

- Serving more demanding enterprises
- Traffic to more challenging destinations

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Headcount increase



- Headcount increasing by around 30 employees per quarter excluding M&A
- Near-term negative effect on EBITDA before new initiatives translate into higher revenues and gross profit
- myElefant and TWW will increase headcount by 78 from Q4 19



Reconciling Cash Flow with EBITDA

SEK million	Q3 2019	Q3 2018	2018	R12M
Adjusted EBITDA	147,6	95,4	367,1	483,4
Non-recurring items in EBITDA	-12,9	4,0	6,2	18,1
EBITDA	134,8	99,4	373,3	501,6
Change in provisions	6,4	-7,6	-9,4	10,3
Net financial items	6,4	-1,8	-16,5	-7,6
Capital gains, disposal of assets	0,0	0,1	0,0	-0,2
Unrealized exchange rate differences in operating activities	-2,0	-0,2	-5,1	-2,5
Unrealized exchange rate differences on debt	-10,6	3,3	-45,1	-50,8
Earn-out and other M&A costs	12,9	-8,5	-28,1	-15,5
Paid taxes	-8,1	-22,1	-65,1	-61,9
Other non-cash items	4,2	6,7	19,6	12,0
Cash flow before changes in working capital	144,0	69,3	223,6	385,5

- **Strong underlying cash generation**
- **98% cash conversion from Adjusted EBITDA to Cash flow before changes in working capital in Q3 19**



Cash flow

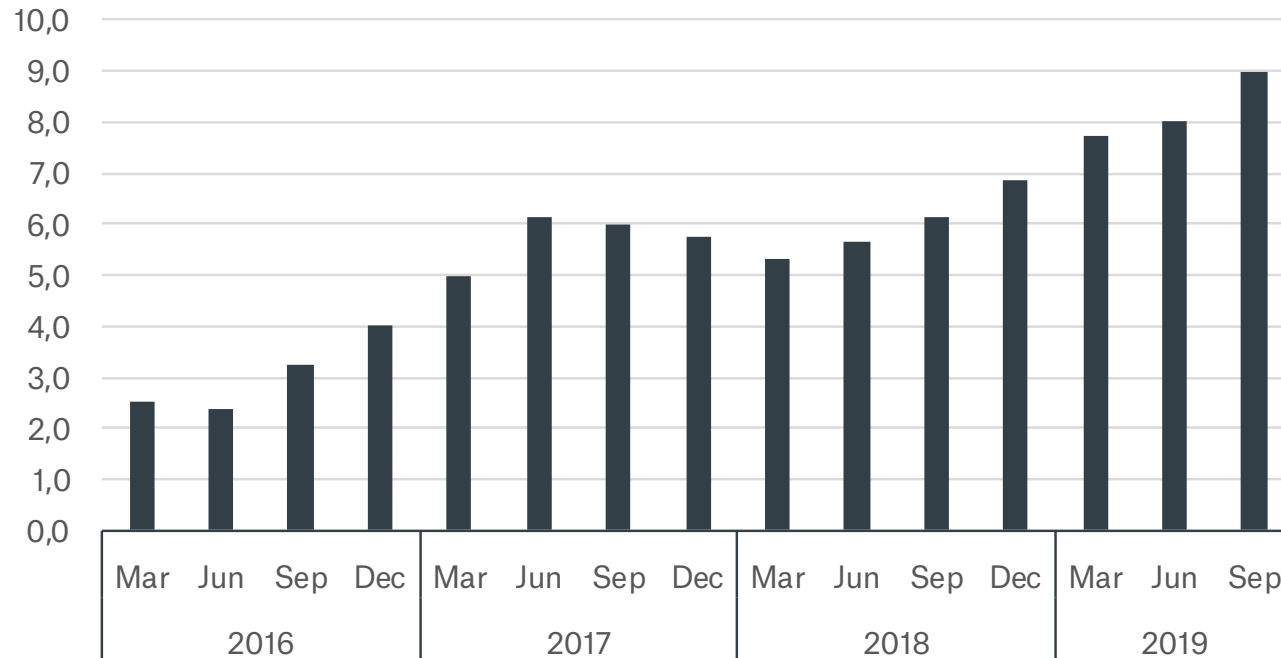
SEK million	Q3 2019	Q3 2018	2018	R12M
Cash flow before changes in working capital	144,0	69,3	223,6	385,5
Changes in working capital	-120,9	-116,0	81,0	-101,6
Cash flow from operating activities	23,1	-46,6	304,6	283,9
Net investments in fixed assets and intangible assets	-13,7	-6,6	-28,5	-40,2
Change in financial receivables	5,2	1,9	-20,4	-2,0
Acquisition of subsidiary	-2,1	-38,3	-321,5	-88,0
Cash flow from investing activities	-10,7	-43,0	-370,4	-130,3
New borrowing	-	-	722,2	585,4
Amortization of bank loan	-27,5	-40,1	-654,0	-613,7
Amortization lease liability	-6,4	-	-0,2	-19,0
Overdraft facility	-	79,8	-	-79,8
New share issue/warrants	-1,7	8,1	7,4	0,0
Cash flow from financing activities	-35,6	47,9	75,5	-127,0
Cash flow for the period	-23,2	-41,8	9,8	26,6

- **High growth drives increase in Net Working Capital**
- **Very low bad debt**
- **Net debt raised by SEK 83.8 million due to implementation of IFRS16 on January 1**



Financial targets

Adjusted EBITDA per share, rolling 12 months



Targets:

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

Performance:

- Adjusted EBITDA per share grew 46% in Q3 19, measured on a rolling 12 month basis
- Net debt/EBITDA of 0.9x, measured on a rolling 12 month basis
- Proforma Net debt/EBITDA is around 2.0x after the acquisitions of myElefant and TWW



Future growth



Strong pipeline with several US-based, global tech companies

Larger field sales organisation and strengthened marketing

Further growth in Voice and Video

New client wins in Personalized Video

TWW & myElefant

**Investment in rich media, conversational messaging, RCS and OTT chat apps
to capture market growth potential**

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Thanks!

