



# Acquisition of MessengerPeople

22 September 2021



Oscar Werner, CEO

Roshan Saldanha, CFO

Thomas Heath, Chief Strategy Officer & Head of Investor Relations



SEK 11.8bn  
revenue in the  
past 12 months

SEK 131bn  
Market Cap

SEK 1.2bn  
Adj. EBITDA in the  
past 12 months

2,292  
people

47 countries with  
local presence

## Customer engagement through mobile technology

Listed on NASDAQ  
in Stockholm, Sweden

Scalable cloud communications  
platform for messaging, voice and video

170 billion B2C  
engagements per year



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



Consumer  
penetration



Growing, global, multi-billion  
USD market



Profitable since our  
foundation in 2008

\* Consolidated figures as of Q2 2021, excluding MessageMedia, Inteliquent, and MessengerPeople; with ACL, SDI, and Wavy consolidated less than 12 months.



# CPaaS throughout the customer journey

## Marketing

- Generate leads
- Add revenues
- Reduce churn

- Rich SMS with dynamic mobile landing page
- Personalized video to prevent bill shock

## Operations

- Use CPaaS functionality in own apps and products
- Improve efficiency
- Reduce cost

- Appointment reminders
- One Time Passwords
- Number verification
- Number masking
- Mobile boarding pass

## Customer Service

- Handle customer support
- Improve customer experience
- Reduce contact center cost

- WhatsApp as complement to phone
- Bots and AI to automate conversations





# Playbook for profitable growth

## Software-as-a-Service

- Empower businesses to leverage rich and conversational messaging
- Increase 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



# Leveraging M&A to meet strategic objectives

## Technology & Go To Market

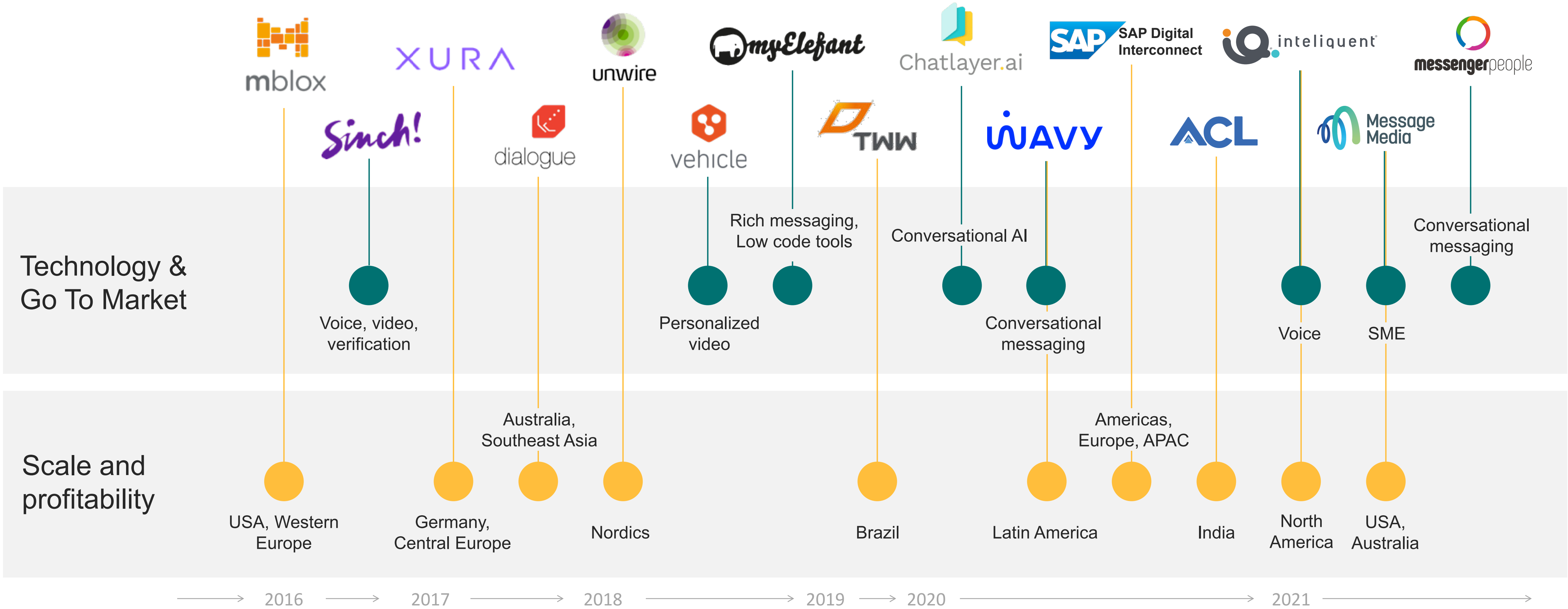
- Complementary technology that fits our strategic product roadmap
- Go To Market-ability in relevant products and geographies
- Increased software value-add with higher gross margin
- Future growth drivers

## Scale and profitability

- Acquire sticky customer relationships
- Add direct operator connections
- Leverage shared platform assets and extract synergies
- EV/EBITDA-accretive: acquiring profit at a valuation below our own



# Recent transactions



# Deal rationale: MessengerPeople

## Messenger People

- Founded in 2015
- Pioneering provider of software-as-a-service for business communications via mobile messaging apps
- 700 active customers, of which 80% in DACH region
- Team of around 40 people in Munich, Germany

## Deal rationale

- "Technology and Go To Market"-type acquisition to strengthen product offering and fuel growth
- Accelerate conversational messaging – acquire European leader focused on mid-market businesses
- Increase SaaS revenues and GP in high-growth market segment
- Builds on Sinch organic investments and previous acquisitions in next-generation, conversational messaging

## Integration


- Near-term focus on go-to-market expansion and accelerated international roll-out
- MessengerPeople expertise in pre-sales and customer service use cases scaled to new and existing Sinch customers
- Global Sinch presence leveraged to accelerate internationalisation
- Phased integration of MessengerPeople product suite with Sinch communication APIs and related Sinch applications

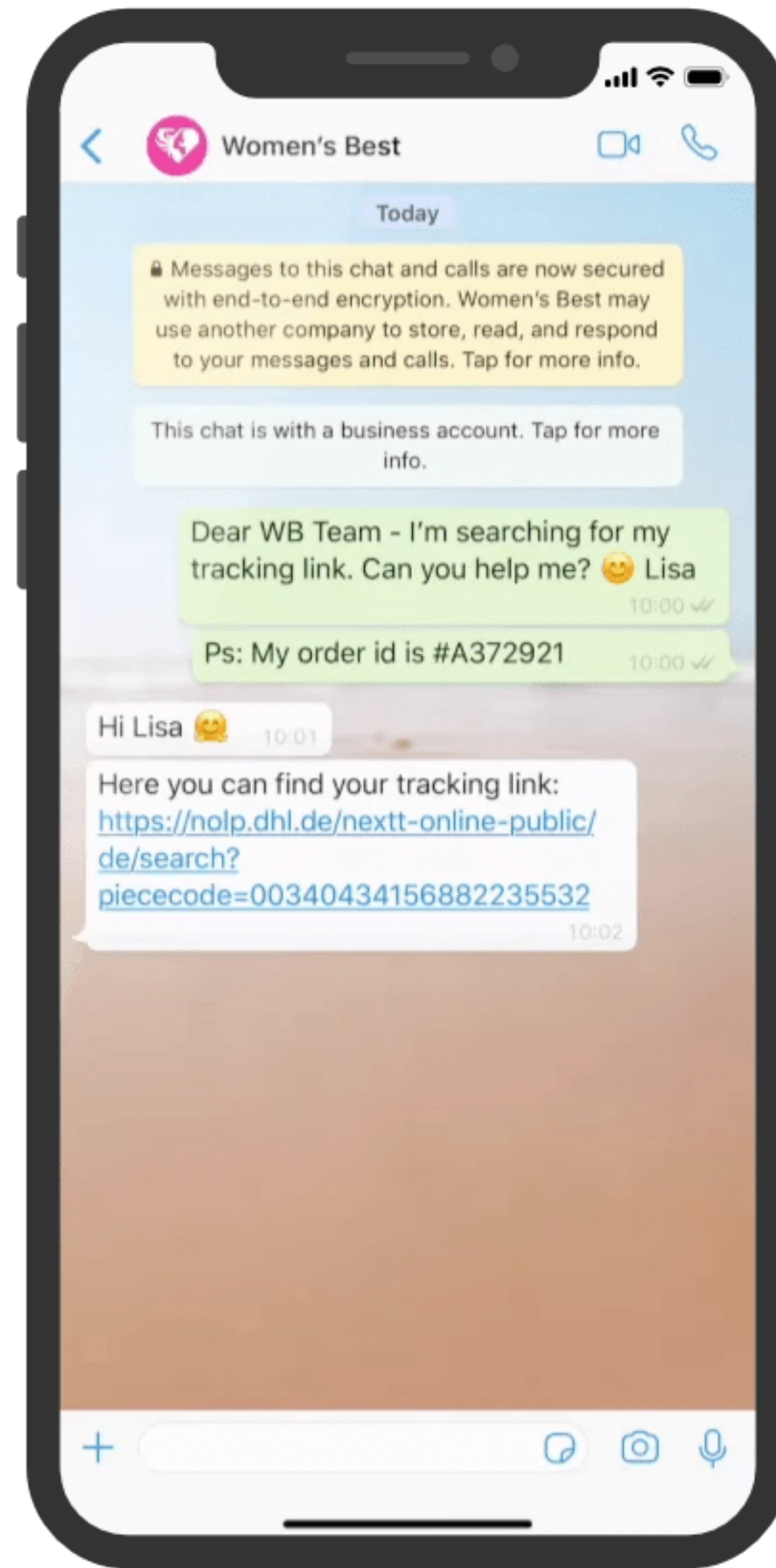
## Financials

- Sinch pays an Enterprise Value of EUR 48m, of which EUR 33.6m is paid in cash and 14.4m is paid in equity
- Transaction expected to close in Q4 2021
- Integration cost of SEK 16 million expected over 12 months
- EUR 5.1m revenues, EUR 4.5m gross profit, EUR 0.6m Adj EBITDA expected in 2021. Revenue growth at 35% in 2021

# Conversational Care for Women's Best



 Apple Business Chat (iMessage)



 WhatsApp

## Women's Best:

- Fast-growing e-commerce business focused on sportswear & sports nutrition for women
- Customer care now handled near-exclusively through WhatsApp and iMessage using MessengerPeople

## Results:

- 50% lower average handling time
- 70% fewer e-mails in customer service
- Positive customer reviews on review sites





**Women's Best**

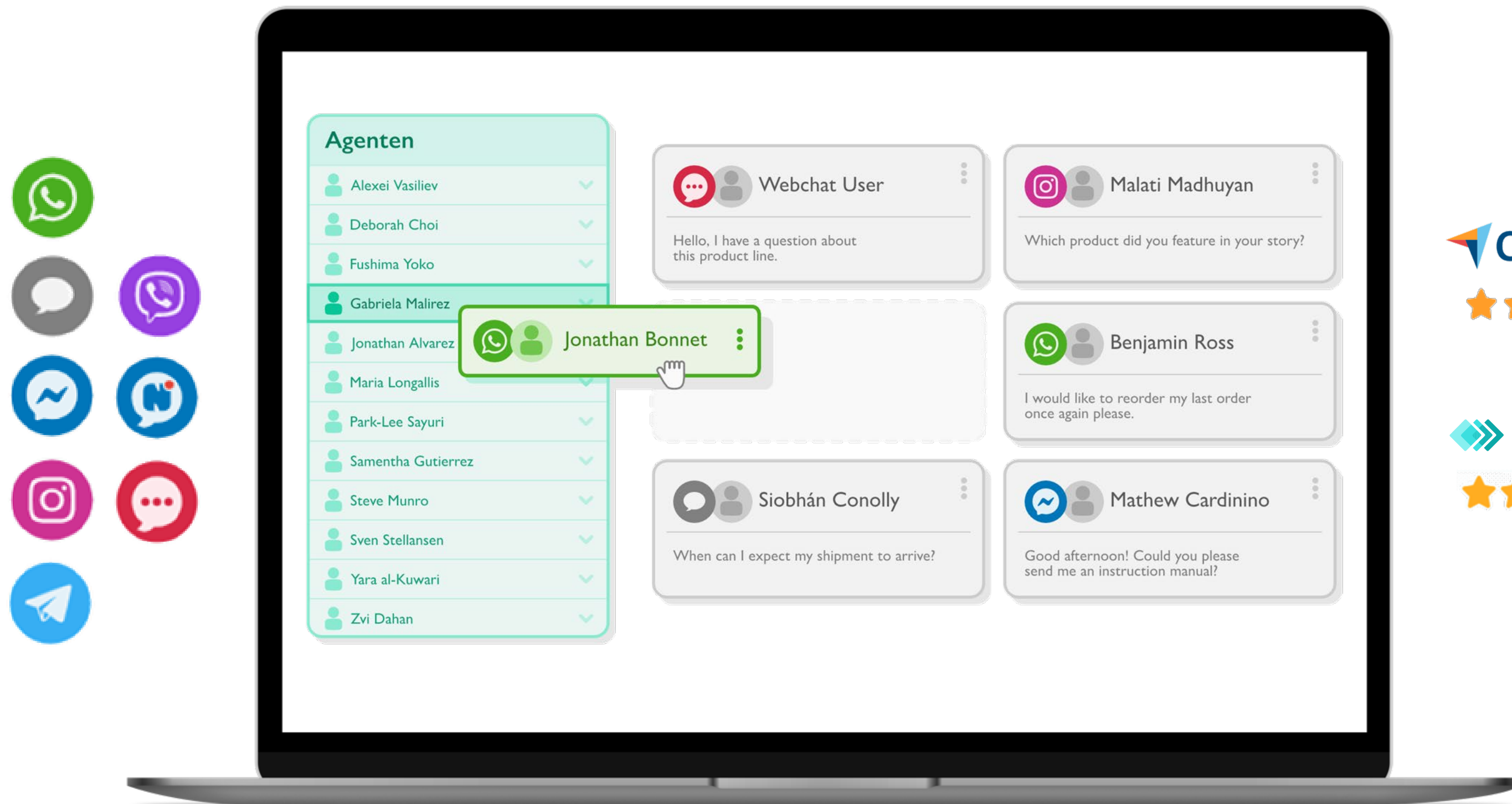
Reviews 12,432 • Excellent



“...even better was the customer service after they write to you on WhatsApp... best customer service I have ever had honestly.”

[TrustPilot](#) user review of Women's Best, 9 August 2021

# All chat apps in one inbox



Capterra



GetApp



- Conversations with customers in all different messaging apps are handled in a single business inbox
- Time-saving tools increase agent efficiency and reduce waiting times
- Quick to demo, quick to deploy
- Optimised for mid-sized businesses



# SaaS-based monetization

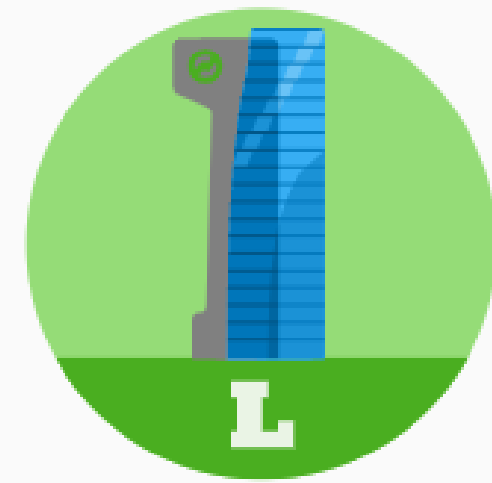


## For Mid-sized Companies

- ✓ all messaging apps
- ✓ all features
- ✓ unlimited chats
- ✓ support (email, messaging app) from Monday until Friday 9 am until 5 pm CET

- ✓ 1 channel included
- ✓ 5 Agents included
- ✓ 1,000 Monthly Active Users included
- ✓ SLA uptime of 99.00%
- ✓ MessengerPeople DPAT&C

from **499€** monthly



## For Large Companies

- ✓ all messaging apps
- ✓ all features
- ✓ unlimited chats
- ✓ support (email, messaging app) from Monday until Friday 9 am until 5 pm CET

- ✓ multiple channels possible
- ✓ 10 Agents included
- ✓ 5,000 Monthly Active Users included
- ✓ SLA uptime of 99.00%
- ✓ MessengerPeople DPAT&C

from **999€** monthly



## For Individual Solutions

- ✓ all messaging apps
- ✓ all features
- ✓ unlimited chats
- ✓ 24/7 support (phone, email, messaging app) upon request

- ✓ multiple channels possible
- ✓ number of agents as needed
- ✓ number of Monthly Active Users as needed
- ✓ SLA uptime of more than 99.00% upon request
- ✓ DPAT&C can be negotiated upon request

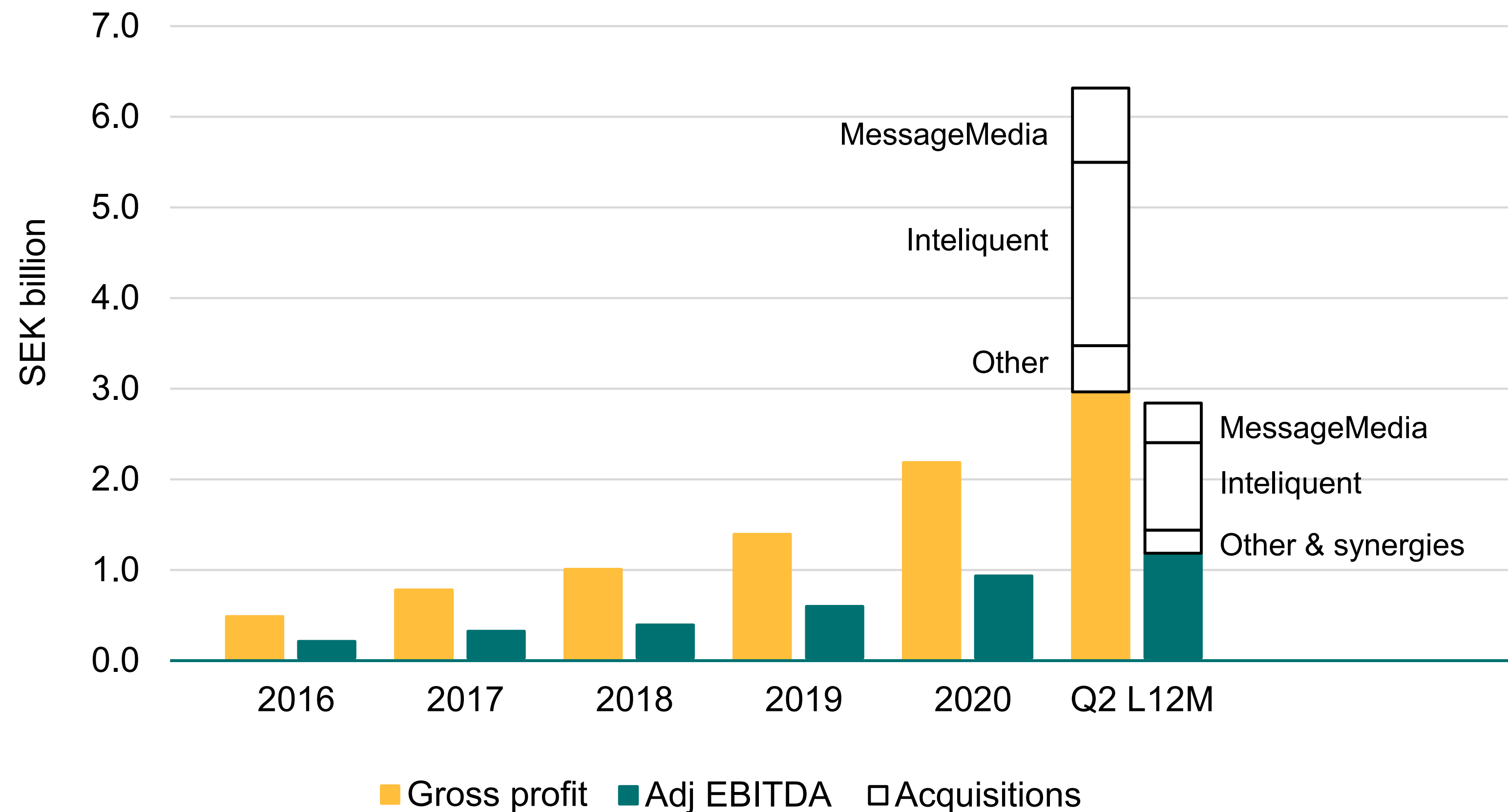
upon **request**

- Core target group is mid-sized businesses with high level of customer interactions
- Tutorials and guides to drive online lead generation
- Simple product & packaging with rapid time-to-value
- 85% of use cases relate to Pre-Sales and Customer Service
- 92% of revenues from SaaS application suite, 8% from API



# Track record of profitable growth

Adjusted EBITDA per share, rolling 12 months



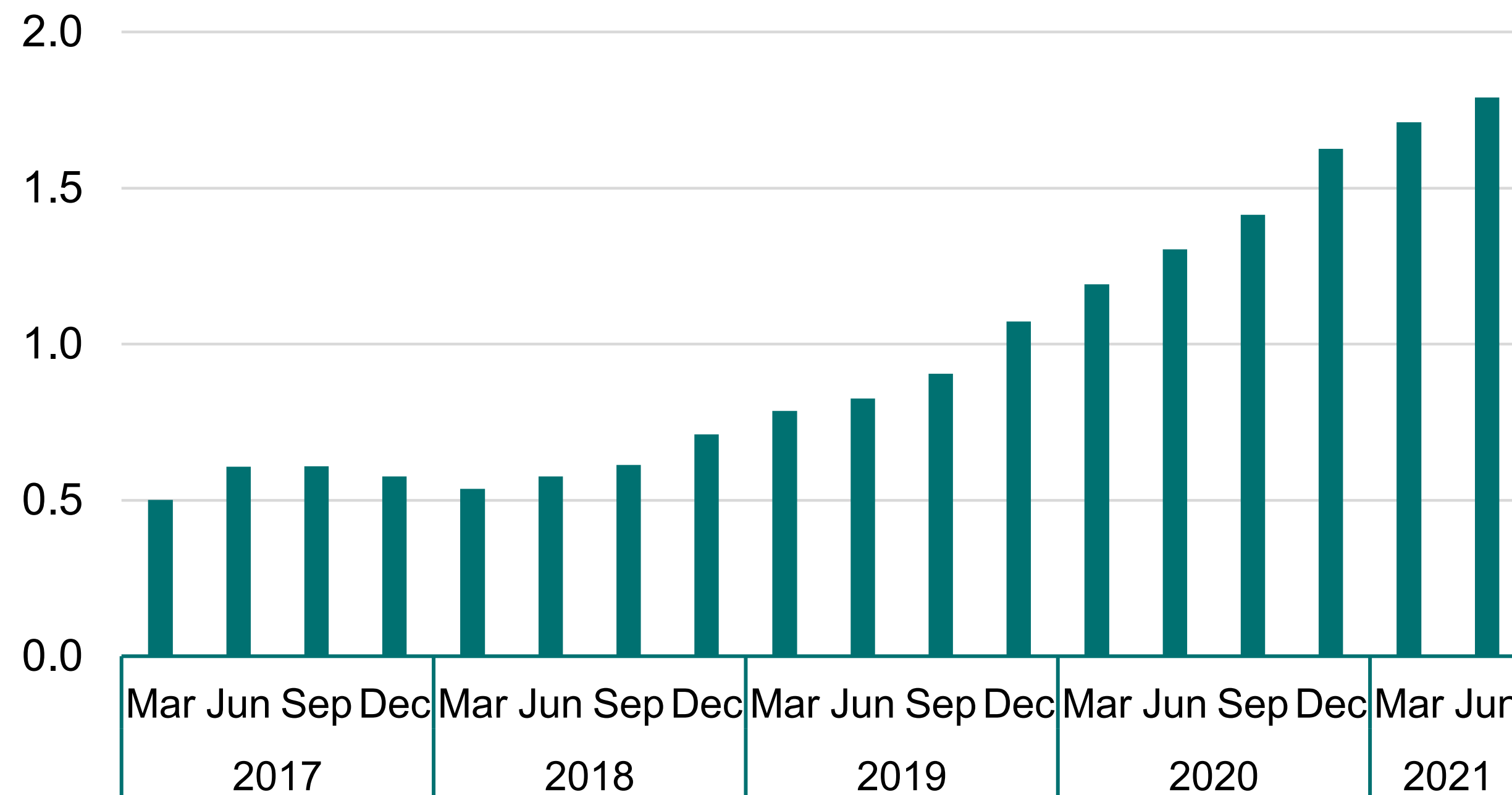
- Focus on Gross profit since pass-through revenues vary between geographies
- Acquisitions adding significantly to our scale and profitability
- Investing to increase growth in acquired units

\* The acquisitions of Inteliquent and MessageMedia are pending regulatory approval. "Other" captures unconsolidated earnings from ACL, SDI, Wavy, and MessengerPeople.



# 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

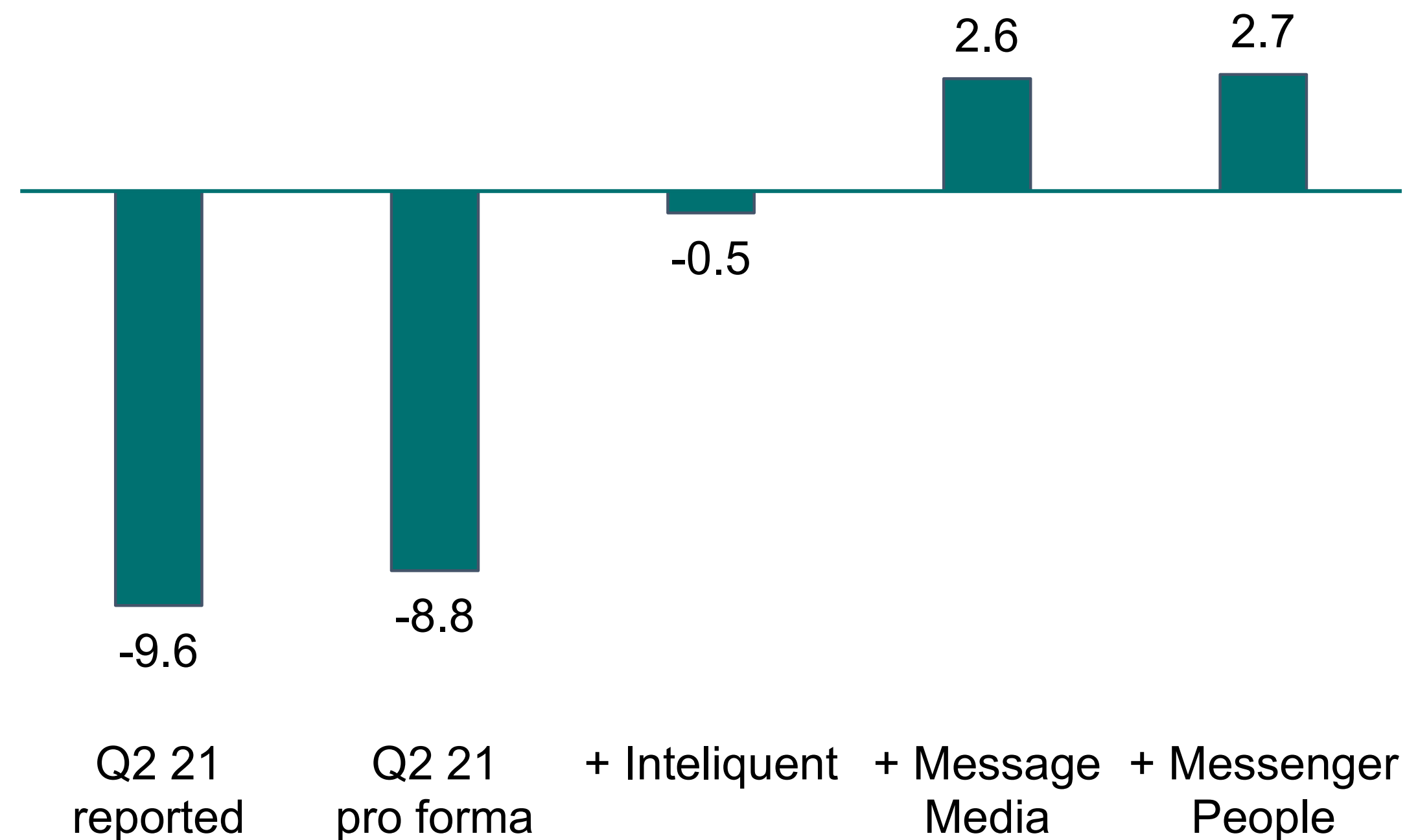
## Performance:

- Adjusted EBITDA per share grew 38% in Q2 21, measured on a rolling 12 month basis
- Net debt/EBITDA of -9.6x, measured on a rolling 12 month basis



# Financial leverage

Pro forma net debt/Adjusted EBITDA

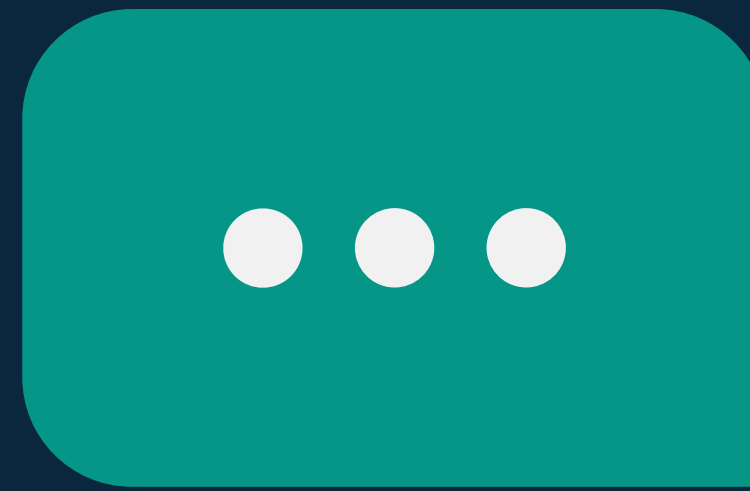


- Pro forma calculation includes last 12 months of Adj EBITDA for acquired entities
- Updated financial target is to maintain Net debt < 3.5x adjusted EBITDA over time
- Pro forma Net debt/Adj EBITDA of 2.7x after payment for Inteliquent, MessageMedia and MessengerPeople

\* The acquisitions of Inteliquent and MessageMedia are pending regulatory approval.



# Thank you!



To get in touch, contact:

Thomas Heath, Chief Strategy Officer & Head of Investor Relations

Ola Elmeland, Investor Relations

[investors@sinch.com](mailto:investors@sinch.com)