Acquisition of ACL Mobile
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Customer engagement through mobile technology

- SEK 5.6bn revenue in the past 12 months
- SEK 646m Adj. EBITDA in the past 12 months
- SEK 37bn Market Cap
- 766 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
Track record of profitable growth

- Focus on Gross profit since pass-through revenues vary between geographies
- 54% gross profit growth in Q1 20, of which 36% organic
- Acquisitions of Wavy, SDI and ACL Mobile adding significantly to our scale and profitability

Acquisitions of Wavy and SDI are both pending regulatory approval. Sinch L12M includes Chatlayer. Synergies refer to expected for Wavy and SAP Digital Interconnect, estimated mid-point, at full run rate. Exchange rates as of 12 June 2020.
Growth markets

Messaging

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

- USD 17 bn market size for A2P SMS (MobileSquared), other estimates vary between USD 15-50 bn
- Business usage of SMS continues to grow
- >100% growth rates expected in business messaging through next-generation messaging channels like WhatsApp & RCS

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
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 in new markets
- Extract synergies by transferring traffic to Sinch’s technology platform
- EV/EBITDA-accretive: acquiring profit at a valuation below our own
Strategic acquisitions

Founded as CLX Networks

2008

IPO 2016

2017

2018

2019

2020

Technology & Go To Market

Sinch!
Voice, video, verification

Vehicle
Personalized video

myELEfant
Rich messaging, Low code tools

Chatlayer.ai
Conversational AI

Next-generation messaging

Scale and profitability

mblox
USA, Western Europe

XURA
Germany, Central Europe

dialogue
Australia, South East Asia

unwire
Nordics

TWW
Brazil

WAVY
Latin America

SAP Digital Interconnect
Americas, Europe, APAC

ACL
India, Southeast Asia

* Acquisitions of Wavy and SAP Digital Interconnect are pending regulatory approval
### Deal rationale

#### ACL Mobile
- Leading cloud communications provider in India and Southeast Asia
- Strong customer base with leading position in Banking & Finance
- Significant scale with 47 billion business messages handled in the past 12 months
- 288 employees in India, UAE and Malaysia

#### Deal rationale
- Significant scale in the world’s second-largest mobile market with a 1.3 billion population
- More than 500 large enterprise customers, including the majority of India’s privately-owned banks
- Highly accretive deal, fits Scale and Profitability category
- Direct operator connections in India & competitive cost structure for further expansion in Asia

#### Integration
- Maintained leadership with ACL founder & CEO Sanjay K Goyal joining Sinch
- Utilisation of ACL’s direct operator connections in India, UAE and Malaysia for all Sinch customers
- Further synergy assessment after ACL and SDI transactions have closed

#### Financials
- Sinch pays a total enterprise value of INR 5,350m (SEK 655m)
- Revenues of INR 4,959m, gross profit of INR 1,091m and Adj EBITDA of INR 480m in the last 12 months
  - this corresponds to revenues of SEK 607m, gross profit of SEK 134m, and EBITDA of SEK 59m
- Like-for-like gross profit growth of 13 percent in the 12 months ending March 2020
- Transaction expected to close in Q3 2020 with 82% acquired upfront and 18% on or after Dec 1, 2020
India

- 2nd largest mobile market in the world with a population exceeding 1.3 billion\(^1\)
- 1.2 billion mobile subscribers\(^2\) and ~50% smartphone penetration
- World’s highest data usage per smartphone\(^3\) at 9.8 GB/month
- Rapidly digitalizing economy; second only to Indonesia\(^4\)
- World’s largest WhatsApp market\(^5\) with 400 million users in July 2019

Sources:
ACL Mobile

- Founded in 2000
- Cloud communications platform for real-time communications over SMS, WhatsApp, IP Messaging and voice
- More than 500 enterprise customers, including the majority of India’s privately-owned banks
- 47 billion messages sent on behalf of businesses in the 12 months ending March 2020
- 288 employees with 5 offices in India plus Dubai (UAE) and Kuala Lumpur (Malaysia)

Customer segments

Axiom

- Enterprise communications platform to intelligently orchestrate real-time communications with customers across multiple channels
- Used by over 30 banks and financial institutions
- Meets Reserve Bank of India requirement to confirm electronic banking transactions by SMS.
- Generates ~ 40% of total ACL messaging volumes
- Flexible deployment options
  - On premise
  - Cloud
- Secure, flexible and reliable
  - Role-based access controls
  - End-to-end encryption
  - Sensitive information masking
  - Database agnostic
  - 99.999% uptime
Strengthening our global connectivity offering

ACL adds direct connections to all mobile operators in India, UAE and Malaysia

Tier 1 Connectivity for:
- End-to-end control
- Enhanced security
- Speed and throughput
- Improved redundancy
- Broader feature support
Financial leverage

- Pro forma calculation include last 12 months of Adj EBITDA for acquired entities
- Financial target is to maintain Net debt < 2.5x adjusted EBITDA over time
- Pro forma Net debt/Adj EBITDA of 3.2x is within the constraints set by bank and corporate bond covenants
- Leverage expected to decline in coming periods as EBITDA grows and cash is generated

Acquisitions of Wavy and SDI are both pending regulatory approval.
Integration process

Deal scouting  Signing  Closing  Integration phase

Due diligence

Integration planning

Closing

Integration phase

- Transaction closed October 2019
  - Platform integration ongoing

- Transaction closed October 2019
  - Targeting U.S. launch this year
  - Full virtualization and integration with Sinch platform is ongoing

- Transaction closed April 2020
  - AI-powered conversations now powered by Sinch connectivity
  - Deeper integration is ongoing

WAVY

- Purchase agreement signed March 2020
- Regulatory approval process is ongoing
- Expected to close H2 2020
- Integration planning together with Wavy management, as applicable under competition rules

SAP Digital Interconnect

- Purchase agreement signed May 2020
- Regulatory approval process is ongoing
- Expected to close H2 2020
- Integration planning together with SDI management, as applicable under competition rules

ACL

- Purchase agreement signed June 2020
- Expected to close Q3 2020
- Further synergy assessment after ACL and SDI transactions have closed
Rising message volumes

- Acquisition of TWW and myElefant adding significant volumes in October-November 2019
- Significant volume increase in March 2020 partly related to Covid-19
- Growth from existing customers, new customers, new use cases
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 52% in Q1 20, measured on a rolling 12 month basis
• Net debt/EBITDA of -1.0x, measured on a rolling 12 month basis at the end of Q1 20
• Pro forma Net debt/Adj EBITDA of 3.2x with acquisitions of Wavy, SAP Digital Interconnect and ACL
Thanks!