



Q1 2019

Investor Presentation

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Sinch at a glance



We deliver customer engagement through mobile technology

Scalable cloud communications platform for messaging, voice and video

100% consumer penetration

Growing, global, multi-billion dollar market

We serve 8 out of 10 of the largest US tech companies

Software for mobile operators based on the same underlying platform

We bring businesses and people closer with tools enabling personal engagement

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Growth markets



Messaging

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

- **USD 17bn** market size (MobileSquared), other estimates vary between USD 15-50bn
- 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 1.1bn in 2016 to 6.7bn in 2022)
- Gartner expects a **50%** growth CAGR (USD 618m in 2016 to 4.63bn in 2021)
- IDC forecasts a **57%** growth CAGR (USD 867m in 2016 to 8.2bn in 2021)

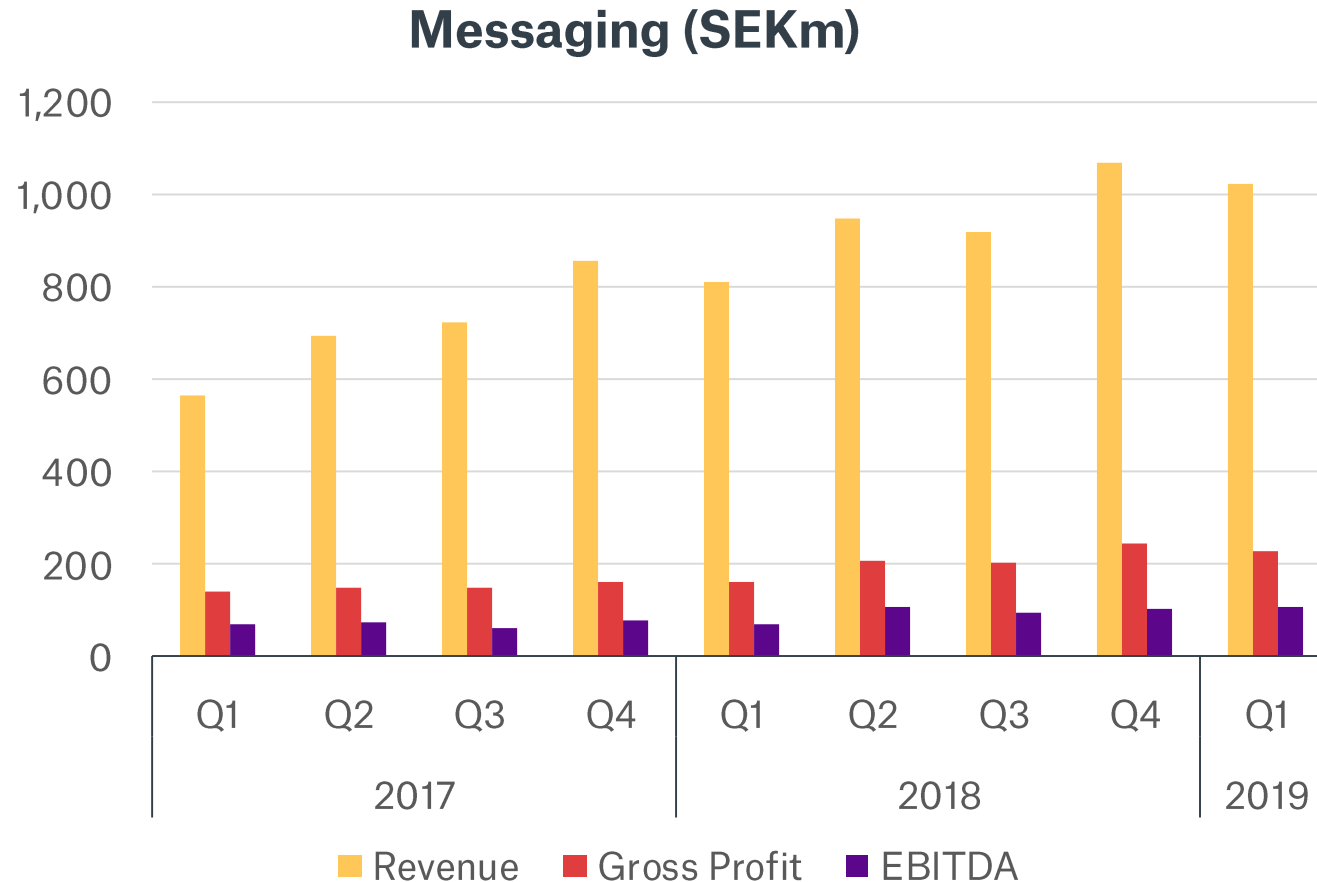


January – March 2019

- Gross profit grew 45% to SEK 289.5 million (200.0)
 - Adjusted EBITDA of SEK 112.2 million (65.0)
 - Adjusted EBIT excl. acquisition-related amortization of SEK 102.3 million (58.7)
 - Profit after tax of SEK 57.8 million (9.2)
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- Rising Gross Profit and EBITDA in all business units
 - Organic growth and contribution from acquired businesses
 - Continued investments to capture new market growth opportunities will impact our earnings in the coming year before new initiatives translate into higher revenues and gross profit

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Continued growth in Messaging

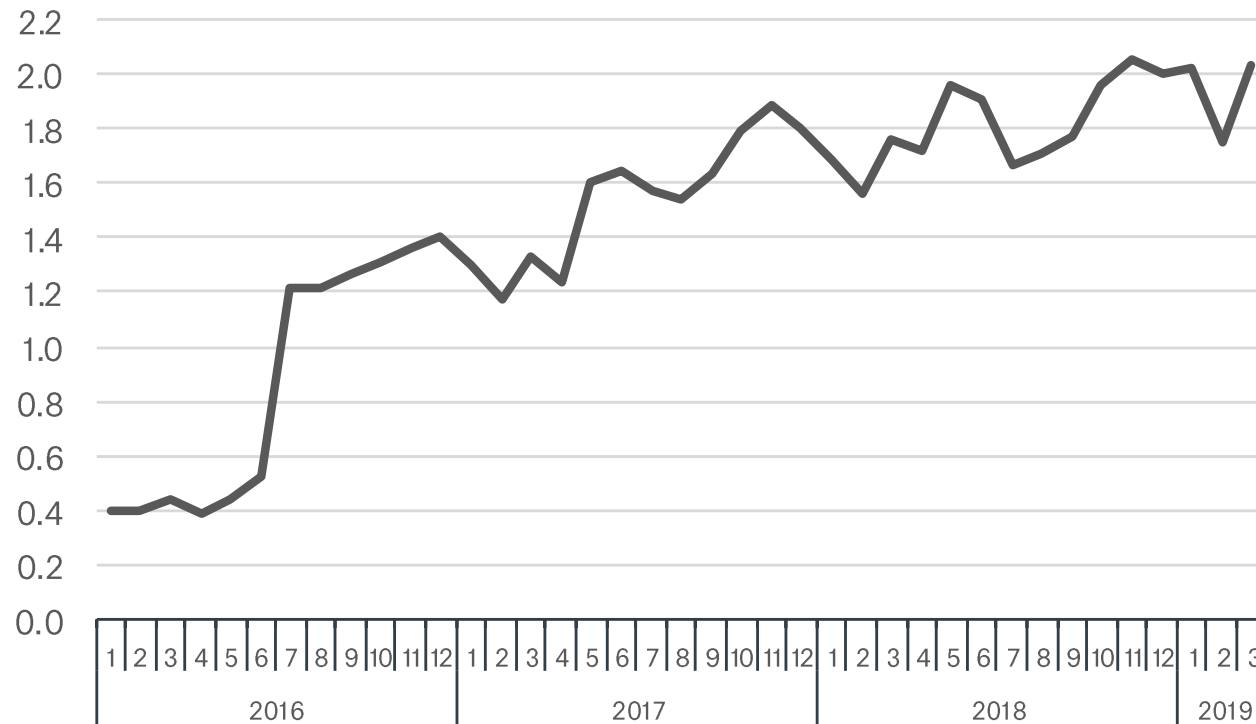


- **Rising message volumes**
- **US tech companies fuel growth**
- **High demand for personalized video**
- **Positive currency effects**
- **Investments in next-generation messaging**



Rising message volumes

Number of transactions per month (billions)



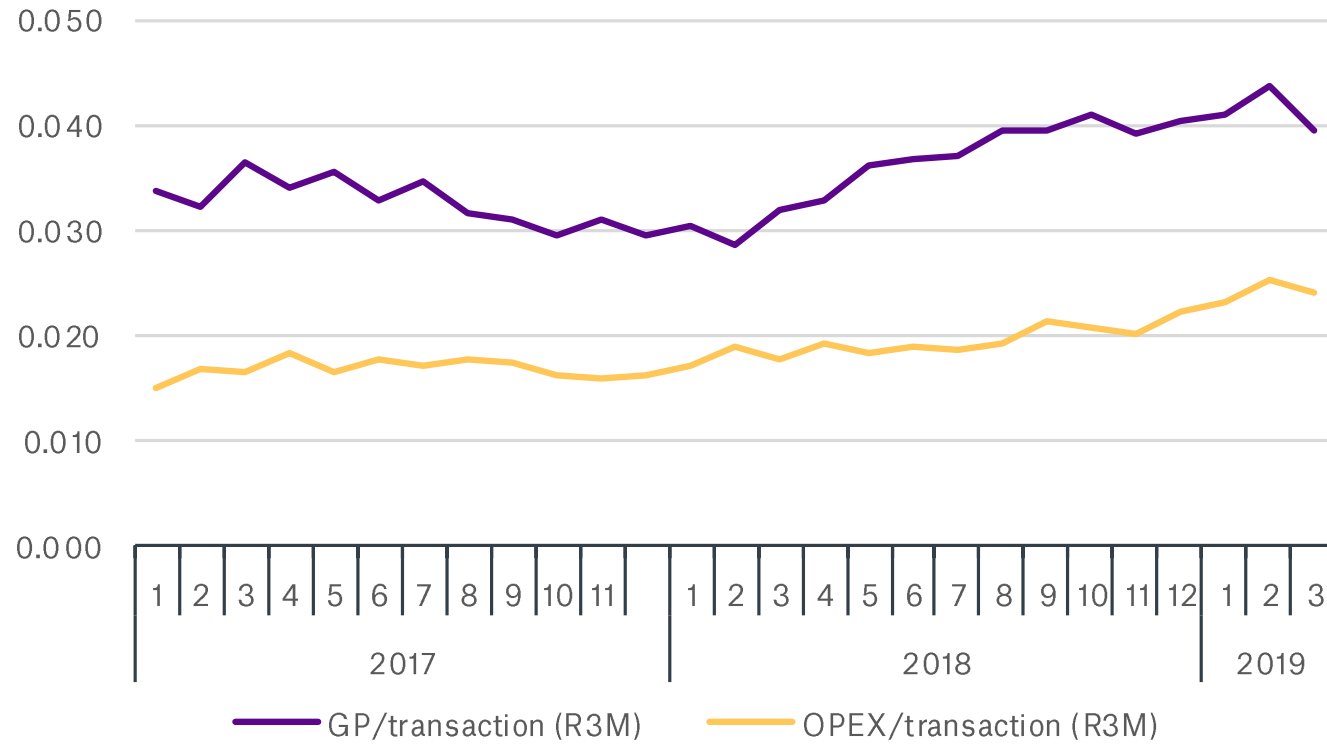
- **Growth with existing customers, new customers, new use cases**
- **13% organic growth* in transactions**
- **15% organic growth* in Gross Profit**



* Organic growth in local currencies in comparable units. Unwire and Vehicle added to Q1 18 base.

Gross profit per transaction

OPEX/transaction & Gross profit/transaction (SEK)

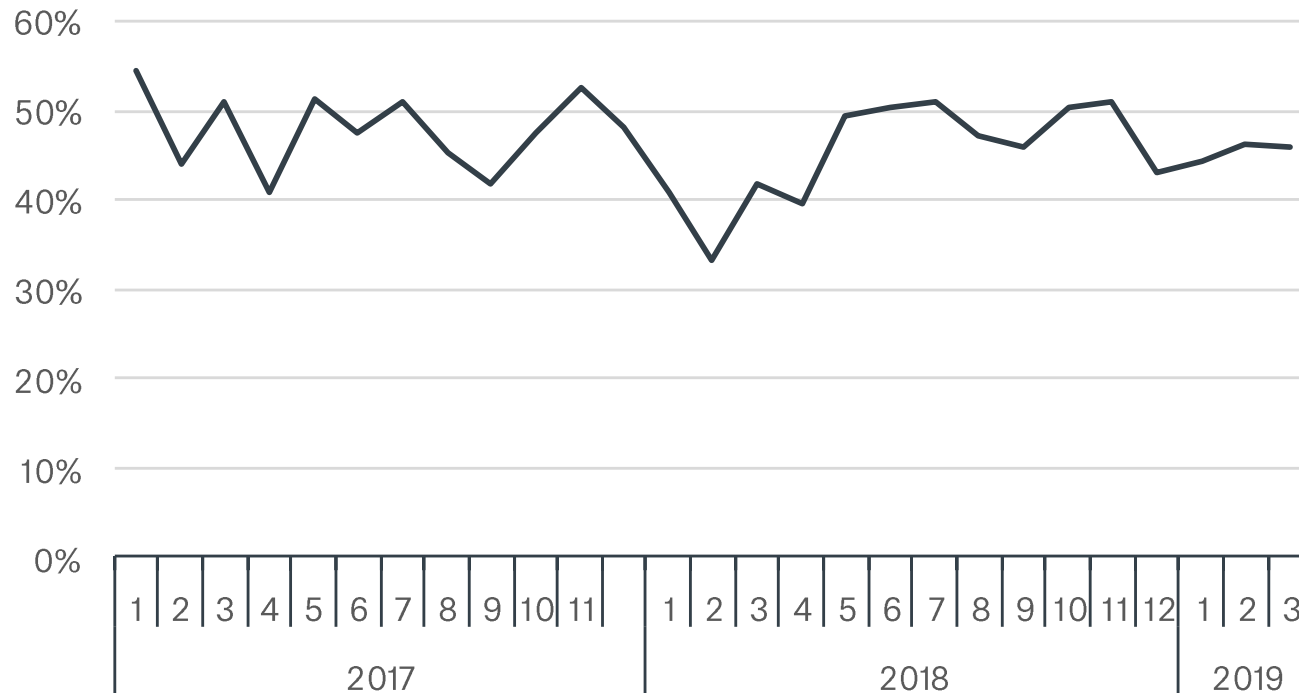


- Revenue and gross margin depend on mix of terminating markets
- Gross profit is the primary bottom line driver
- GP/transaction rising due to personalized video, currency tailwind and increased traffic to profitable markets



Opex investments to capture growth

Messaging EBITDA/gross profit

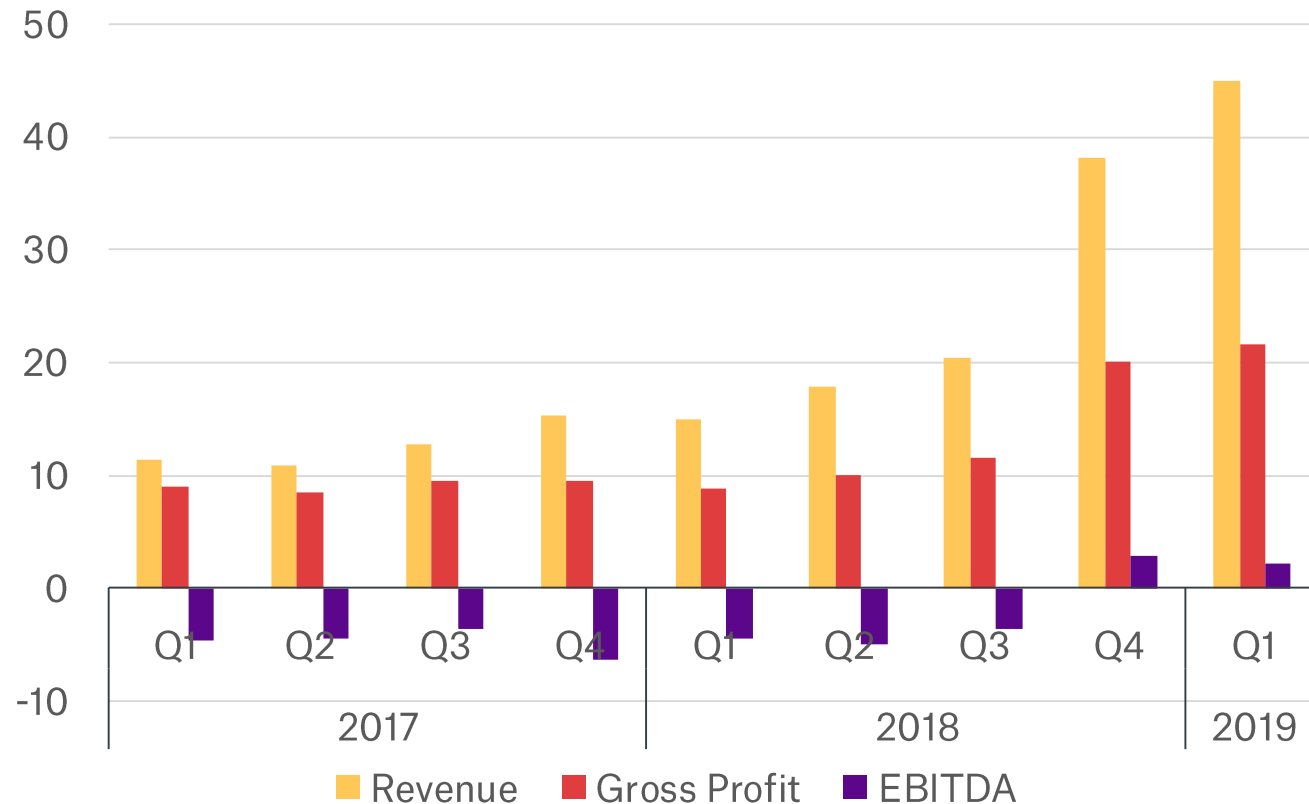


- Revenue and gross margin depend on mix of terminating markets
- EBITDA/gross profit shows margin excluding mobile operator charges
- Growth initiatives weigh on profitability before they translate into revenue and earnings



Momentum in Voice & Video

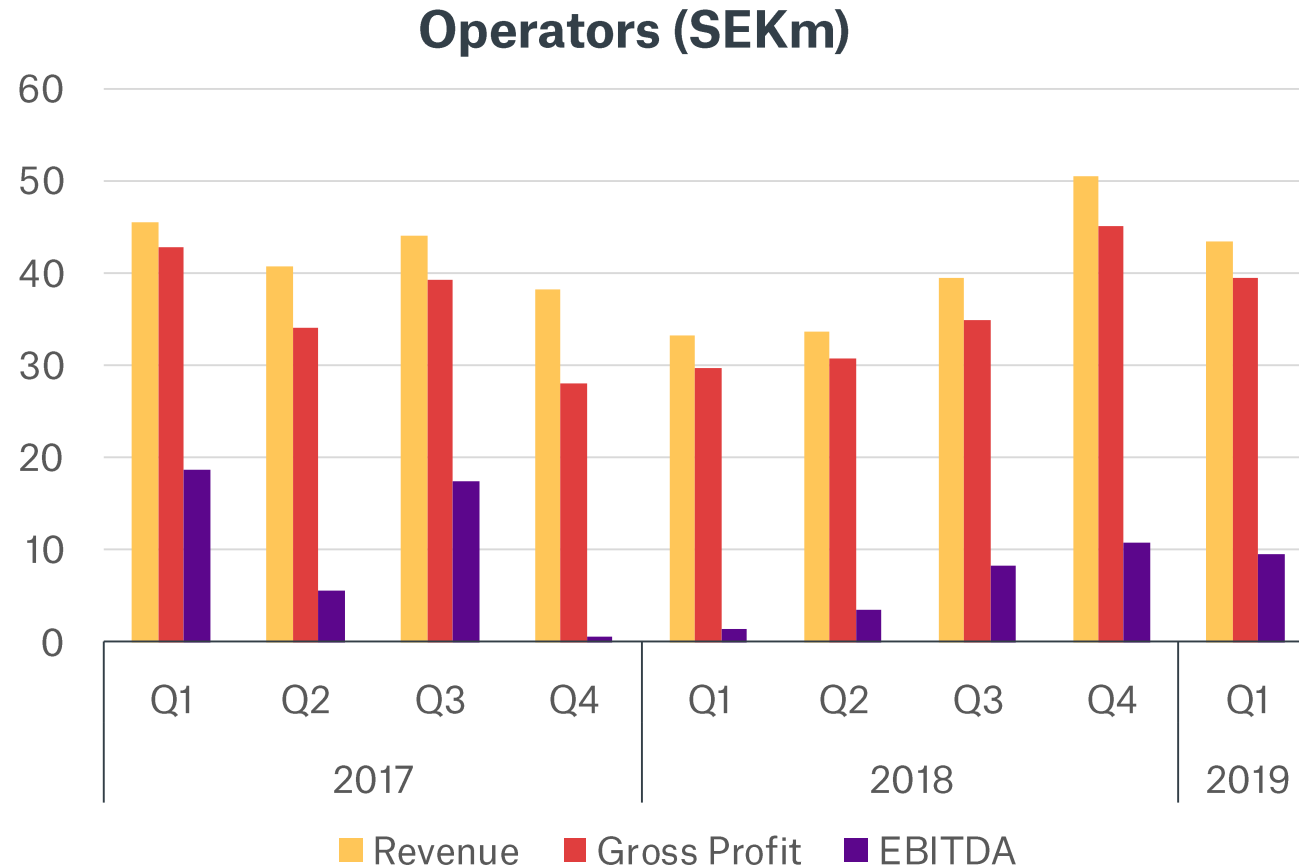
Voice & Video (SEKm)



- **Growth fuelled by Number Masking and Verification**
- **Working with key operators to offer our services in markets where we see demand**
- **Increased opex to handle new customers and rising volumes**



Improved conversion of orders to sales in Operators



- **Direct sales and sales through Ericsson partnership**
- **Improved conversion of orders to sales**
- **Fluctuations in results as projects are realized**



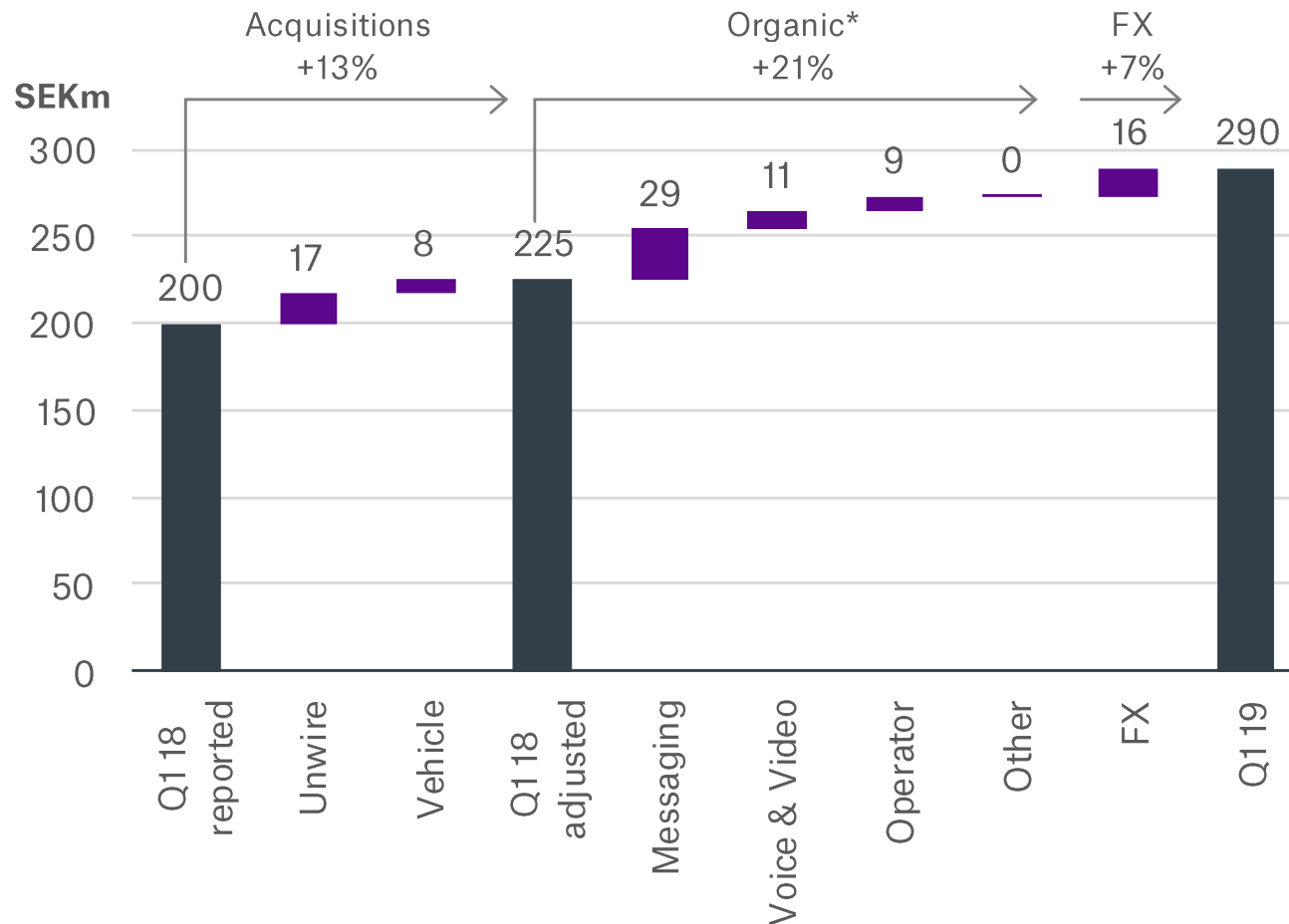


Q1 2019 Financials



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Continued high Gross Profit growth



- **45% total Gross Profit growth**
- **21% organic* Gross Profit growth**
- **Rising Gross Profit in all business units**
- **Growth in Messaging fuelled by key client wins in the U.S. and personalized video**



* Organic growth in local currencies in comparable units. Unwire and Vehicle added to Q1 18 base.

IFRS16

SEK million	Closing balance 12/31/2018		Opening balance 01/01/2019
Non-current assets	2,371.40	88.8	2,460.20
Current assets	1,254.90	-5	1,249.90
Total Assets	3,626.30	83.8	3,710.10
Equity	1,664.20	-	1,664.20
Non-current liabilities	841.6	58.9	900.5
Current liabilities	1,120.50	24.9	1,145.40
Total equity and liabilities	3,626.30	83.8	3,710.10

- **IFRS 16 Leases is applied from 1 January 2019**
- **Previous periods not restated**
- **Positive impact of SEK 6.6 million on EBITDA in Q1 19**
- **Net debt raised by SEK 83.8 million**
- **No impact on ability to finance acquisitions**



Income statement

SEK million	Q1 2019	Q1 2018	2018	R12M
Net sales	1,101.80	858.6	3,986.60	4,229.80
Cost of goods sold and services	-812.3	-658.6	-2,978.20	-3,131.90
Gross profit	289.5	200	1,008.40	1,097.90
Other operating income	26	22.5	109.6	113.1
Work performed by the entity and capitalized	6.1	4.7	21.7	23.2
Other external costs	-69	-65.5	-280.3	-283.9
Employee benefits expenses	-119.6	-83.3	-405.1	-441.3
Other operating expenses	-20.8	-25.3	-81.1	-76.5
EBITDA	112.2	53.2	373.3	432.4
Depreciation, amortization and impairment	-43.2	-32.9	-155.5	-165.8
EBIT	69	20.3	217.8	266.6
Finance income	124.7	13.4	148.5	259.9
Finance expenses	-120.1	-17.4	-165	-267.7
Profit before tax	73.7	16.2	201.3	258.8
Current tax	-14.8	-10.5	-41.1	-45.4
Deferred tax	-1.1	3.5	19.3	14.7
Profit for the period	57.8	9.2	179.5	228.1

- **No non-recurring items in EBITDA this quarter**
- **Amortization of acquisition-related assets does not affect cash flow**
- **Adjusted EBIT now excludes non-recurring items as well as amortization of acquisition-related assets**
- **Adjusted EBIT of SEK 102.3 million (58.7) in Q1 2019.**



Cash flow

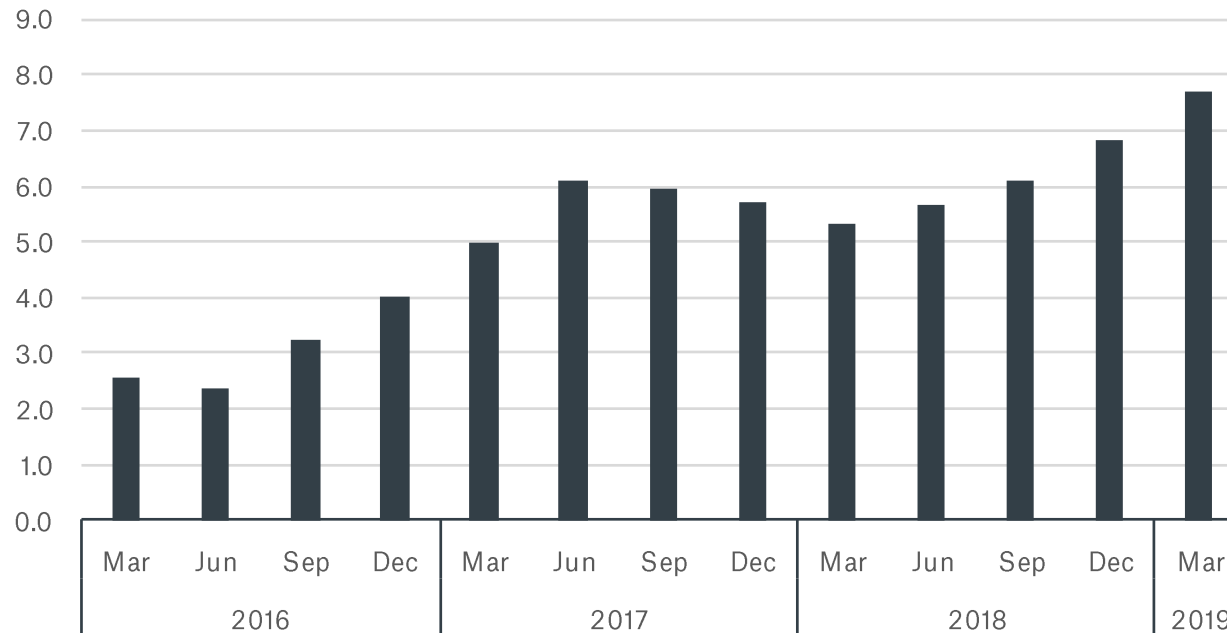
SEK million	Q1 2019	Q1 2018	2018	R12M
Cash flow before changes in working capital	85.9	32.5	223.6	277
Changes in working capital	-47.8	16.3	81	16.8
Cash flow from operating activities	38	48.8	304.6	293.9
Net investments in tangible and intangible assets	-7.6	-6.2	-28.5	-29.8
Change in financial receivables	1.4	-19.7	-20.4	0.6
Acquisition of subsidiary	-11.3	-201.9	-321.5	-130.9
Cash flow from investing activities	-17.5	-227.8	-370.4	-160.1
New borrowing	-	136.8	722.2	585.4
Amortization of bank loan	-24.1	-32.6	-654	-645.5
Amortization lease liability	-6.1	-	-0.2	-6.3
New share issue/warrants	1.9	0.3	7.4	9
Cash flow from financing activities	-28.3	104.5	75.5	-57.4
Cash flow for the period	-7.8	-74.4	9.8	76.4
Cash and cash equivalents at the beginning of the period	180.8	164.6	164.6	92.6
Exchange rate differences in cash	1.6	2.5	6.4	5.5
Cash and cash equivalents at the end of the period	174.5	92.6	180.8	174.5

- **Net Working Capital fluctuates between quarters**
- **Very low bad debt**
- **Net debt raised by SEK 83.8 million due to implementation of IFRS16**



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 45% in Q1 19, measured on a rolling 12 month basis
- Net debt/EBITDA was 1.2x, measured on a rolling 12 month basis



Future growth



Strong pipeline with several US-based, global tech companies

Considerable interest in Personalized Video

Strong pipeline in Voice and Video

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

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Thanks!

