



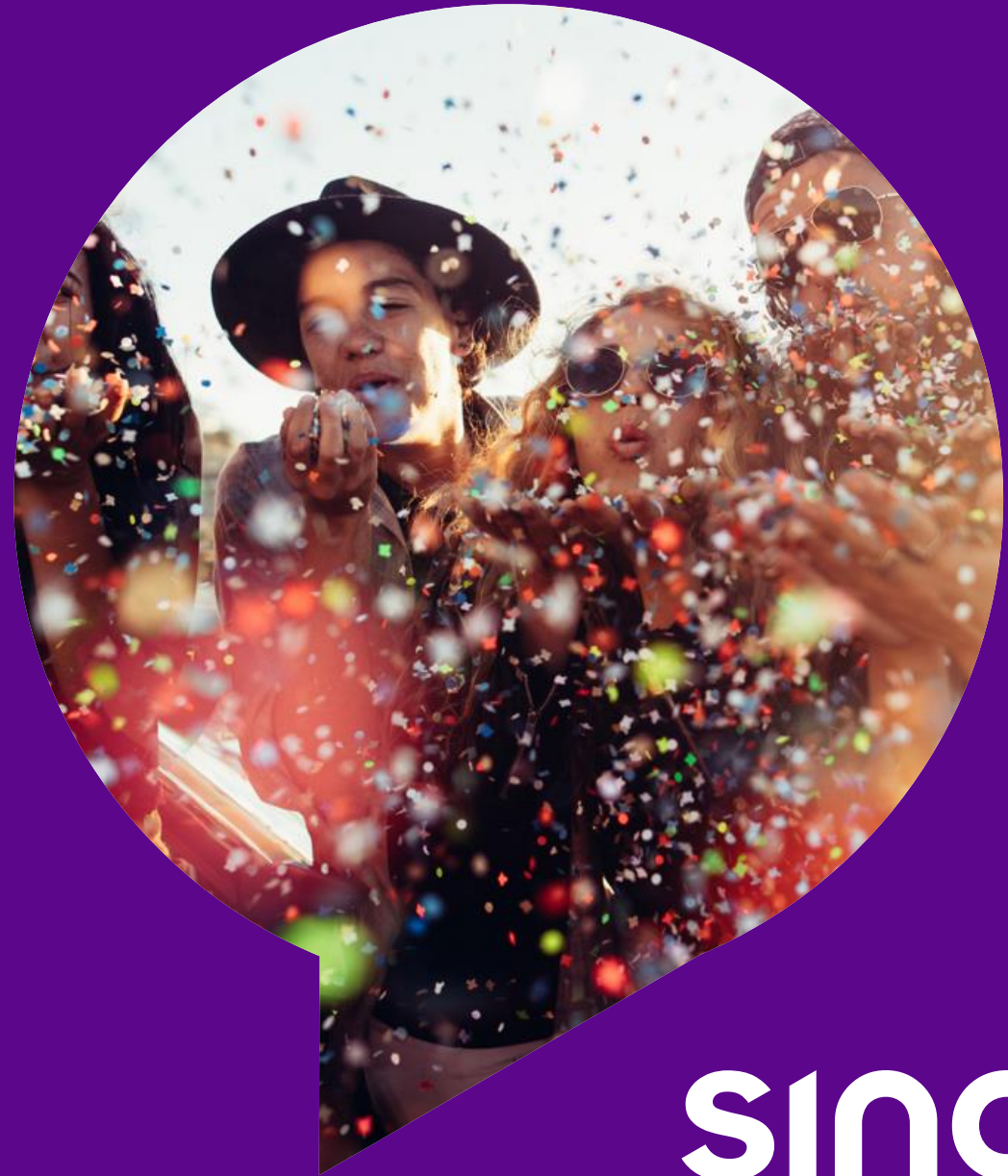
# Acquisition of Chatlayer

19 March 2020

**Oscar Werner**  
CEO

**Roshan Saldanha**  
CFO

**Thomas Heath**  
Chief Strategy Officer & Head of Investor Relations



**sinch**



**SEK 5.0bn**  
revenue in the  
past 12 months

**SEK 574m**  
Adj. EBITDA in the  
past 12 months

**SEK 18bn**  
Market Cap

**722**  
people

**33** countries with  
local presence

Customer engagement through mobile technology

**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



Consumer penetration



Growing, global, multi-billion  
USD market



Profitable since our  
foundation in 2008



>600% gross profit growth  
since IPO in 2015

**sinch**

# Technology evolution in messaging



Next-generation messaging offers a step-change in customer experience

sinch

# CPaaS relevance throughout the customer journey

STAGE	Revenue generation	Service enablement	Customer care
OBJECTIVE	Add revenues Reduce churn	Use CPaaS functionality in own apps and products Improve efficiency Reduce cost	Handle customer support Improve customer experience Reduce contact center cost
EXAMPLE PRODUCTS	Rich SMS with dynamic mobile landing page Personalized video to prevent bill shock	One Time Passwords (OTP) Verification Number masking Mobile boarding pass	WhatsApp instead of phone Bots and AI to automate conversations

# 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

sinch

# Leveraging M&A to meet strategic objectives

## Technology & Go To market

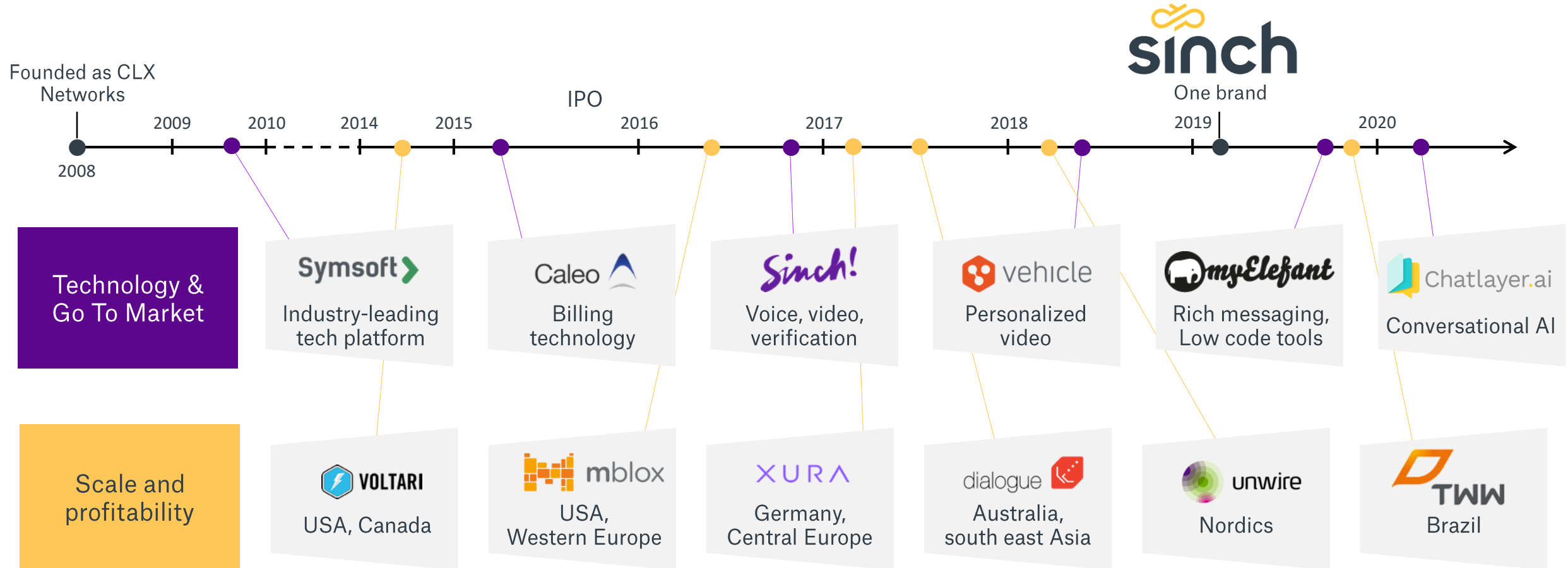
- Complementary technology that fits our strategic product roadmap
- Go To Market-ability in relevant products and geographies
- Increased software value-add with higher gross margin
- Future growth drivers

## 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

Sinch

# Strategic acquisitions



# Deal rationale

## Chatlayer

- Founded in 2018
- Cloud-based software platform to build high-performing chat- and voicebots in multiple languages
- Custom AI for superior Natural Language Understanding
- Team of 17 people in Antwerp, Belgium

## 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
- Partner-based Go To Market model in line with Sinch strategy
- Future growth with cross- and upsell opportunities

## Integration

- Integration with Sinch APIs for communications across all mobile channels
- Zero-touch onboarding for cross-channel conversational messaging
- Cross-selling to Sinch customers

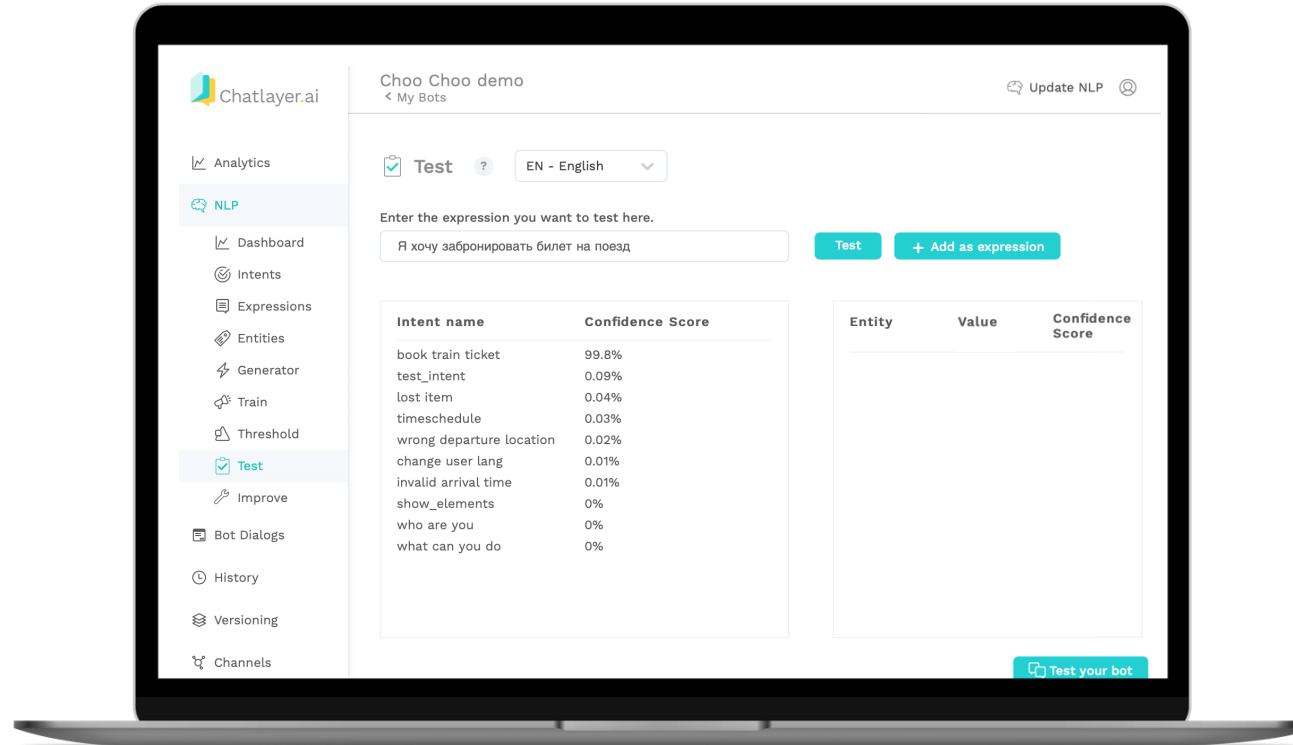
## Financials

- Sinch pays an upfront EV of EUR 6.9m
- Transaction expected to close in early April
- Chatlayer recorded revenues of EUR 0.8m, gross profit of EUR 0.7m, and EBITDA of EUR -0.9m in 2019
- Recurring revenue growing rapidly. Gross margin of 86 percent in 2019.



100+ languages | Text- and voicebots | Own AI | No-code configuration | Analytics & Training

## Select customers



## Integration partners



## Livechat integrations



## CRM integrations



## Text and voice channels



Web



WhatsApp



Facebook  
Messenger



Twitter



Phone

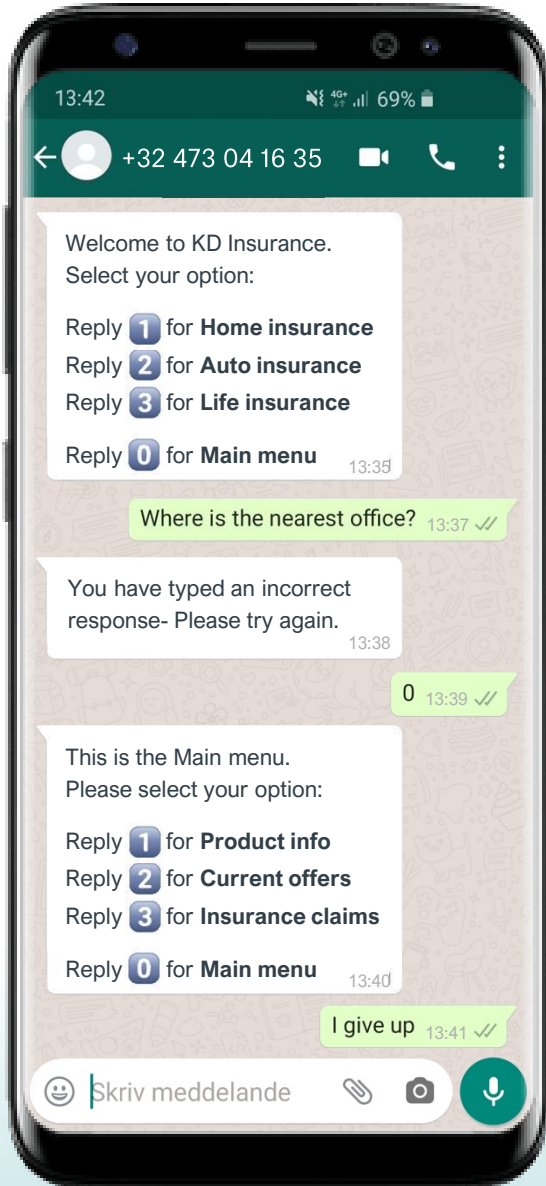


Amazon  
Alexa



Google  
Assistant

First-generation chatbots use simple scripts and keyword processing

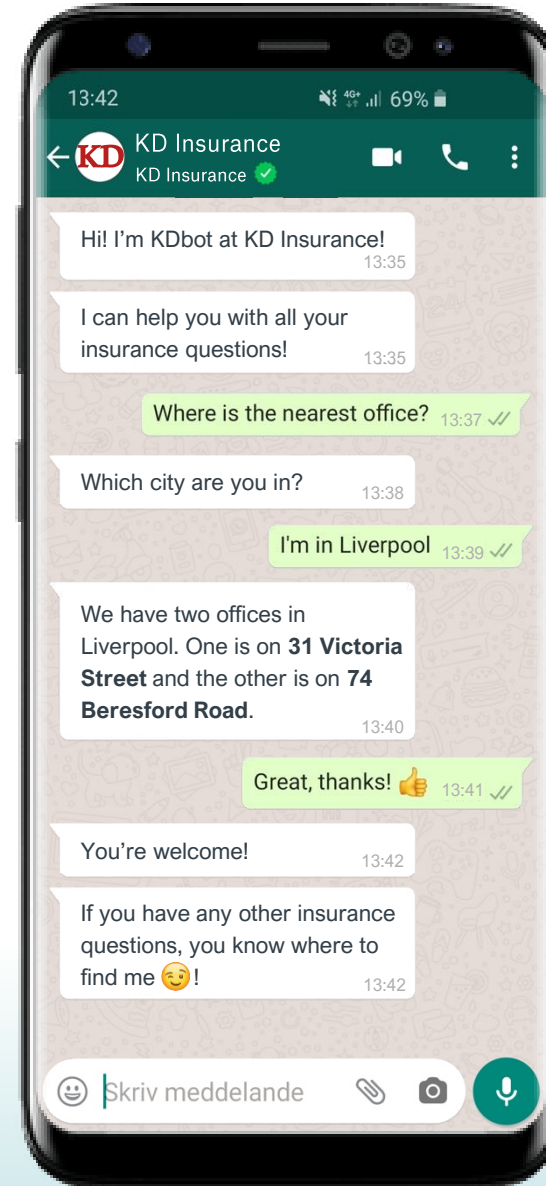


Scripted dialogue

Adding intelligence to messaging



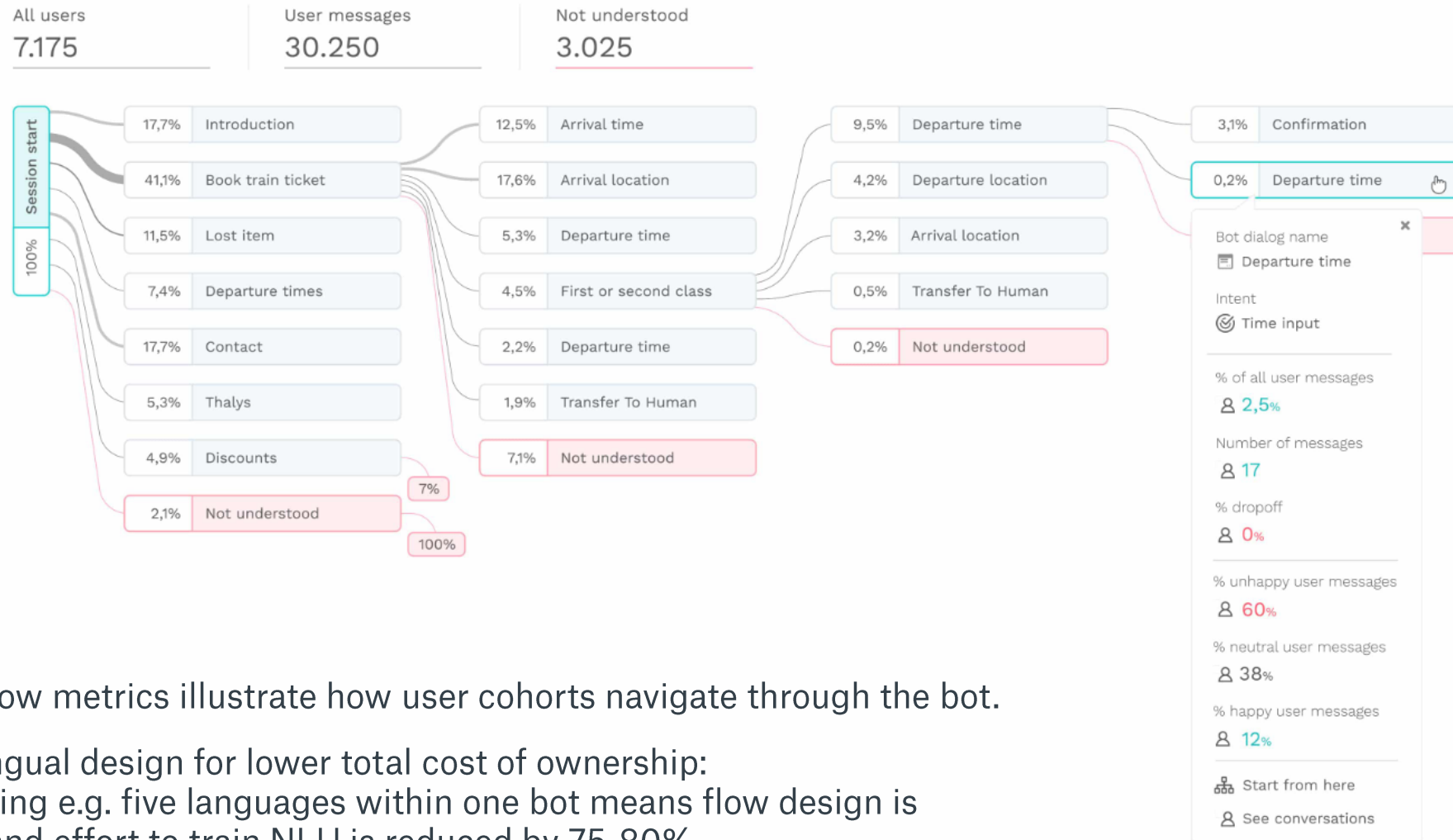
Radical improvement in end-user experience



Conversational AI

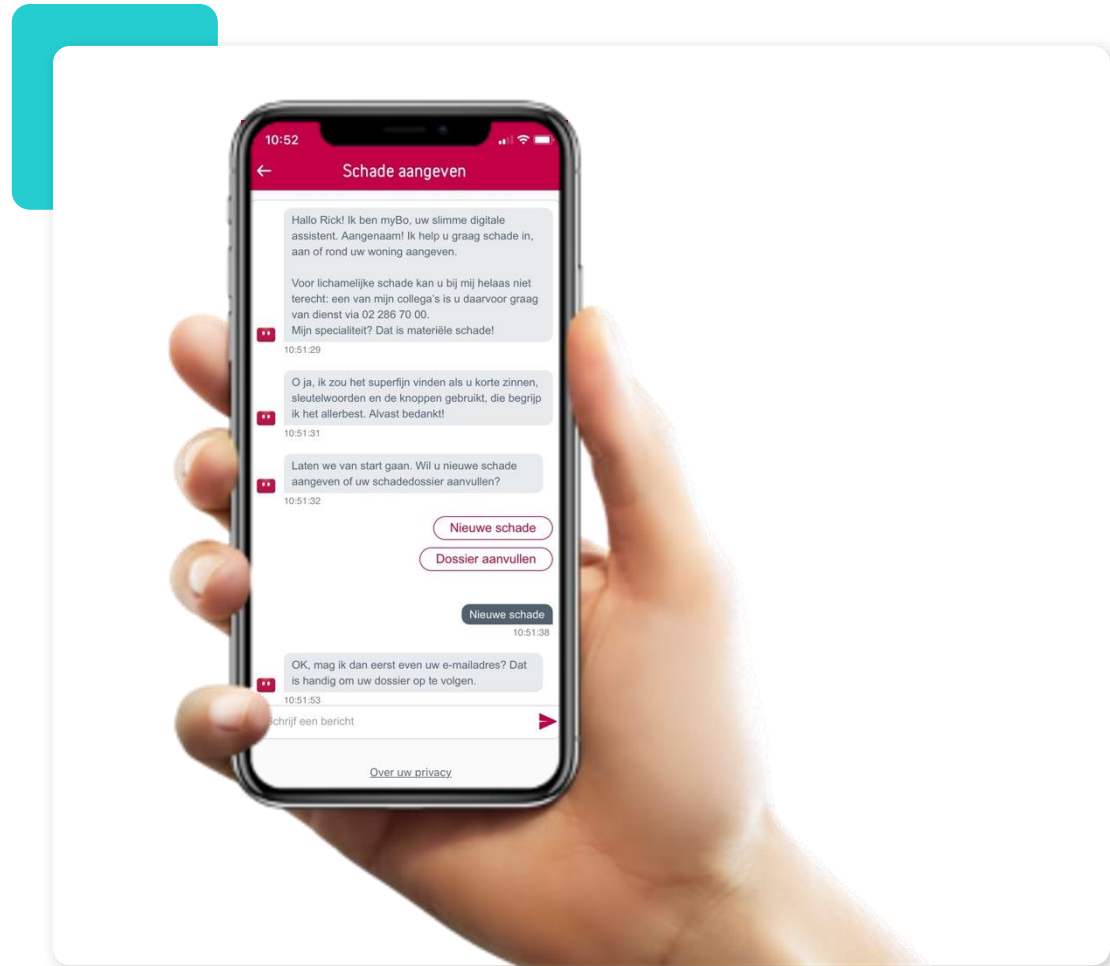
Conversational AI uses NLU to interpret user input and provide a relevant answer

# Continuous learning for higher performance



- Visual flow metrics illustrate how user cohorts navigate through the bot.
- Multi-lingual design for lower total cost of ownership: Supporting e.g. five languages within one bot means flow design is reused and effort to train NLU is reduced by 75-80%.

# Customer case: Banking & Finance



## Conversational AI for Belfius

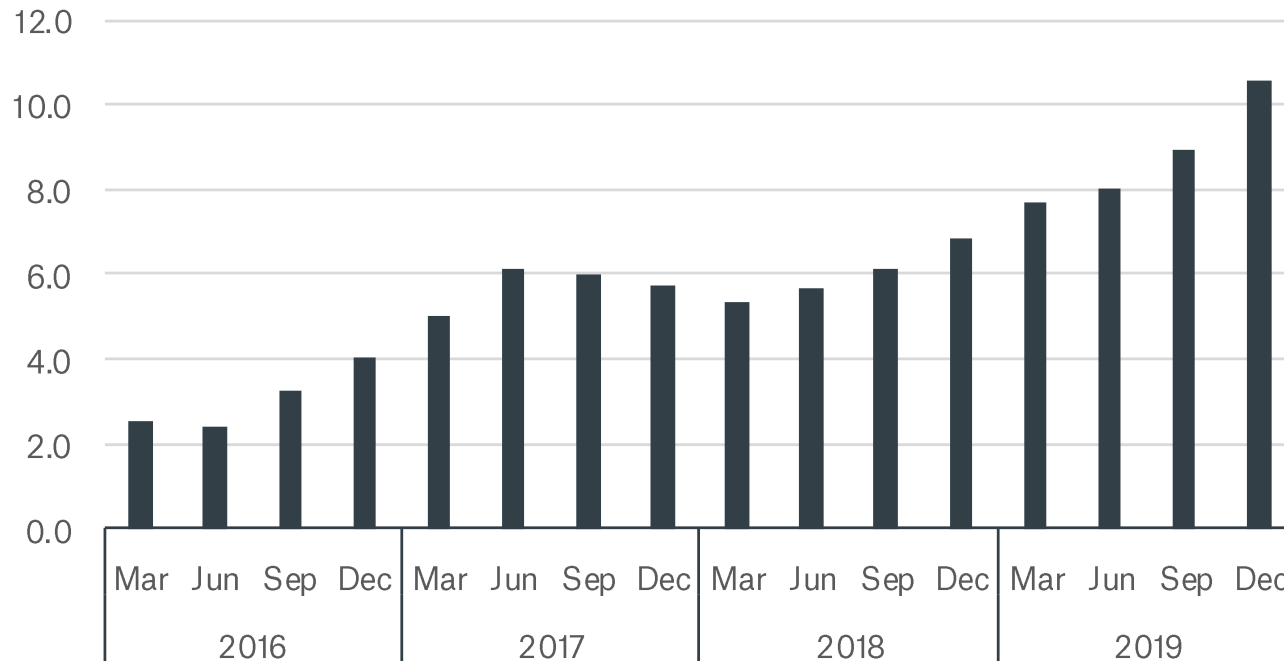
- Belfius is a tier 1 bank in Belgium servicing 3.5 million customers.
- Its mobile app is the most used banking app in Belgium and has won numerous awards for its convenience.
- Chatlayer helped the bank become even more conversational with the Chatlayer.ai platform.

## Two intelligent chatbots for targeted use cases

- Bbot answers questions about daily banking and is an expert on questions on fees or how to transfer money abroad.
- myBo is used to report insurance claims, guiding the user step-by-step to ensure that all relevant information is collected.
- Service rated 4.5 out of 5 by end users.

# 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 54% in Q4 19, measured on a rolling 12 month basis
- Net debt/EBITDA of 1.7x, measured on a rolling 12 month basis



**Thanks!**

