



# Q4 2018 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**

- We believe a **USD 10bn** market size estimate is reasonable
- Third-party market size estimates vary between USD 10-50bn
- 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)

# Successful rebrand from 4 brands to 1

CLX

Symsoft >

*Sinch!*

 vehicle

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TALK TO US

SIGN UP

# Bringing enriched engagement to retail



Connect with customers and make engagement personal with our simple, programmable communication tools & operator software.

WHY ENGAGEMENT MATTERS



### Communication APIs

#### SMS MESSAGING

##### MESSAGING

SMS, MMS, RCS, WhatsApp

##### VOICE CALLING

Data Calling, Phone Calling

##### VIDEO CALLING

Video Calling SDK

##### NUMBER LOOKUP

Number Insight and Validation

### Engagement Enablers

#### PERSONALIZED MESSAGING

Video, Rich Media, SMS

##### VERIFICATION

SMS, Flash Call, Voice

##### NUMBER MASKING

Anonymous Phone Numbers

### Operator Portfolio

#### Business & Wholesale

##### REVENUE ASSURANCE

A2P Monetization

##### ENTERPRISE MESSENGER

White Label A2P Services

##### RCS AS A SERVICE

RCS MaaP, RCS Application Server

#### Network Infrastructure

##### FRAUD & SECURITY

Signaling Firewall, SMS Firewall

##### POLICY & CHARGING

Online Charging System, PCRF

##### VALUE ADDED SERVICES

SMS-C, MMS-C, USSD, Voicemail

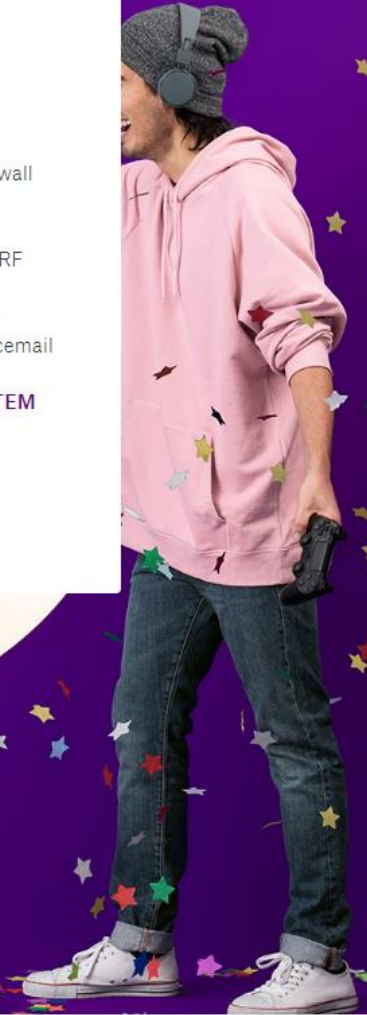
##### BUSINESS SUPPORT SYSTEM

Retail BSS

##### MVNO

MVNE Platform

WHY ENGAGEMENT MATTERS





**Q4 2018  
Financials**



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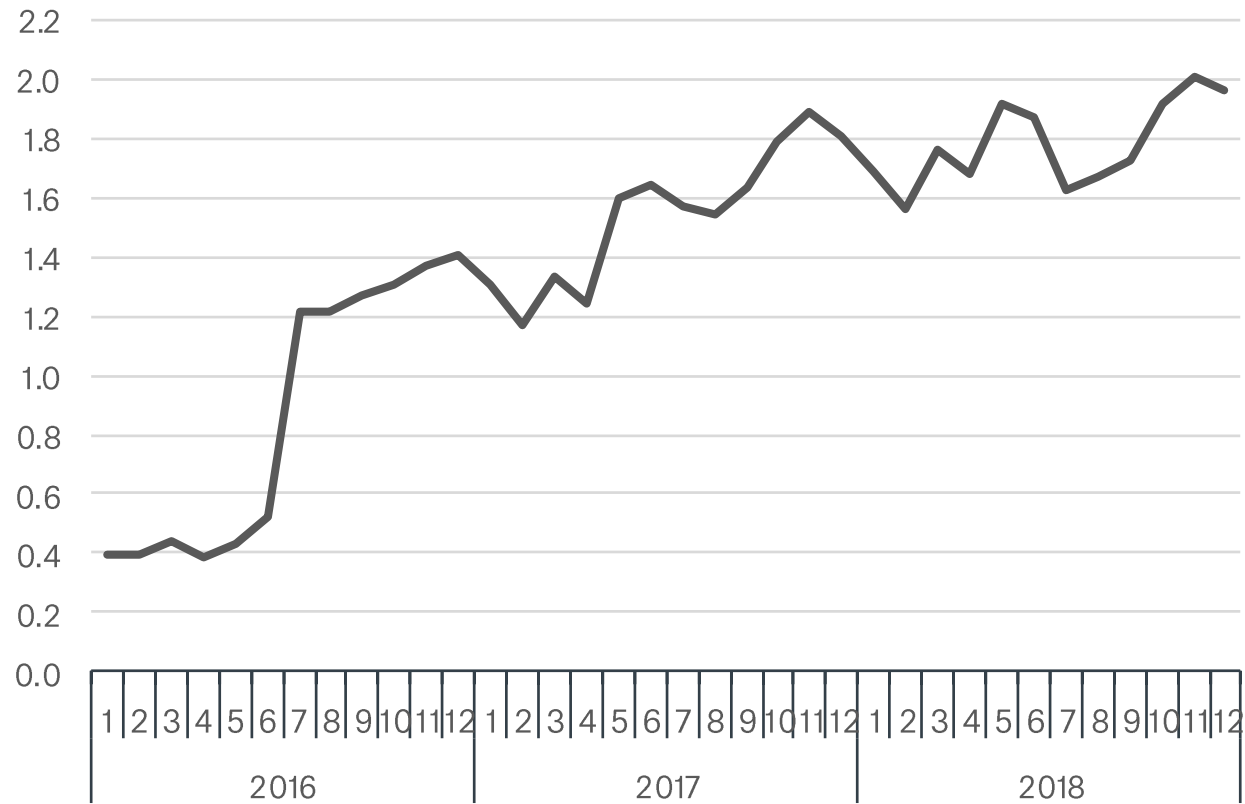
## October – December 2018

- Gross profit grew 55% to SEK 309.9 million (199.8)
- Adjusted EBITDA increased by 56% to SEK 109.4 million (70.1)
- EBIT of SEK 107.7 million (31.1)
- Profit after tax of SEK 103.5 million (90.3)
  
- Rising Gross Profit and EBITDA in all business units
- Organic growth and contribution from acquired businesses
- Organic investments in opex may impact our earnings in the coming year before new initiatives translate into higher revenues and gross profit

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# Rising volumes

Number of A2P-transactions per month (billions)

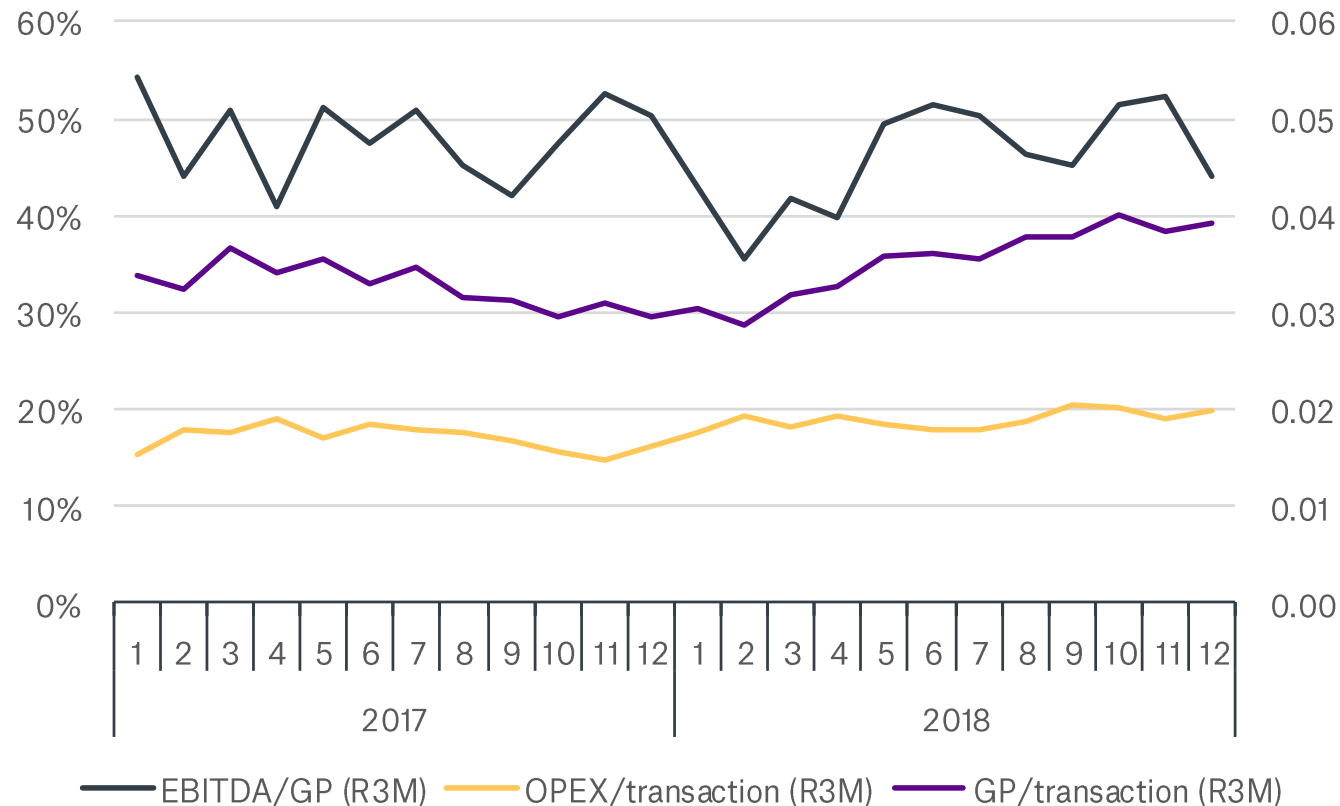


- **Continued growth with existing customers**
- **New customers, new use cases**
- **42% increase in Gross Profit in the Enterprise Division**



# Operational efficiency

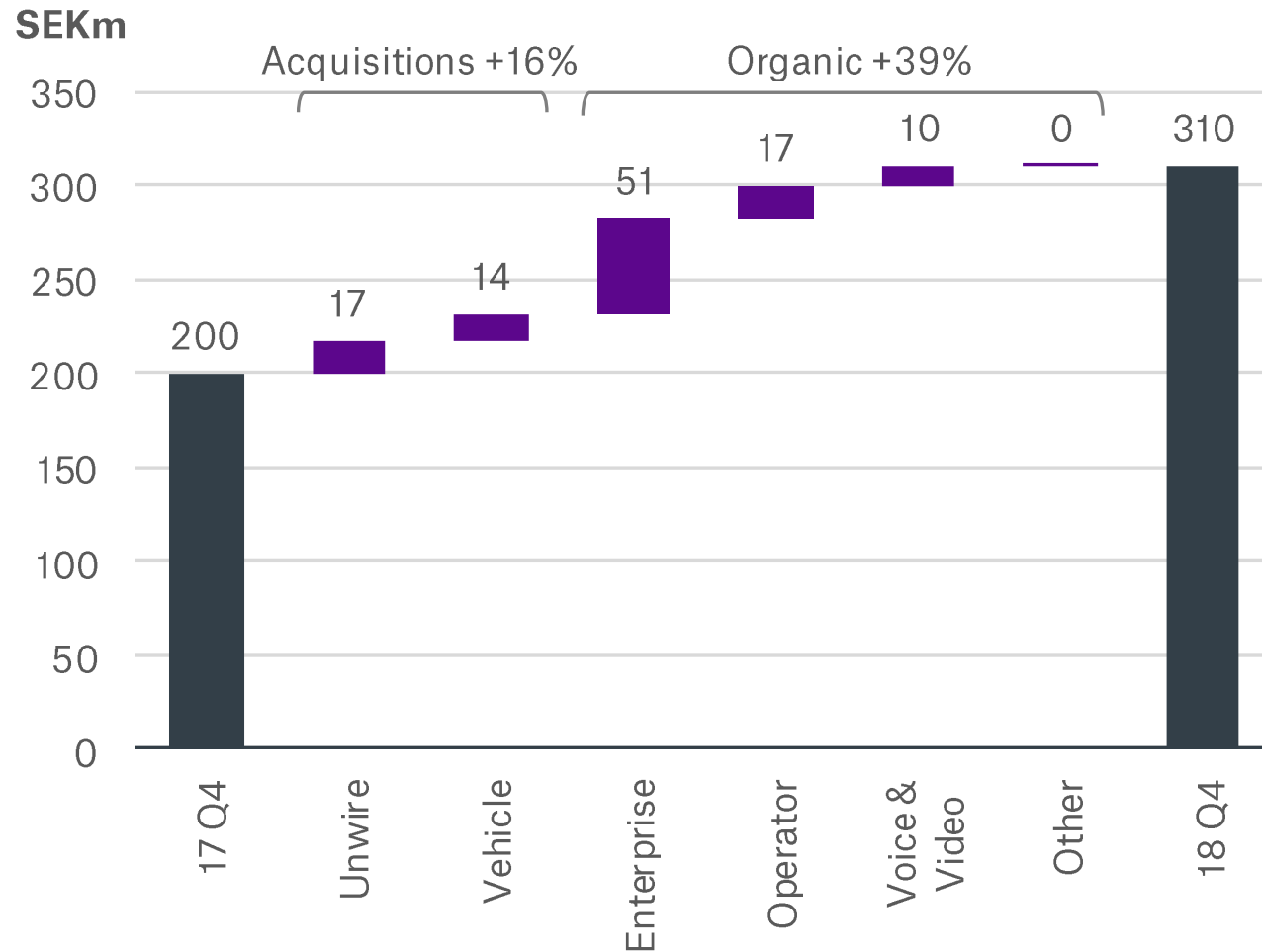
EBITDA/gross profit, OPEX/transaction and Gross profit/transaction (SEK)



- **Gross profit is the primary bottom line driver**
- **GP/transaction rising as traffic increases to key high-margin countries**
- **Revenue and gross margin depend on mix of terminating markets**



# Gross Profit

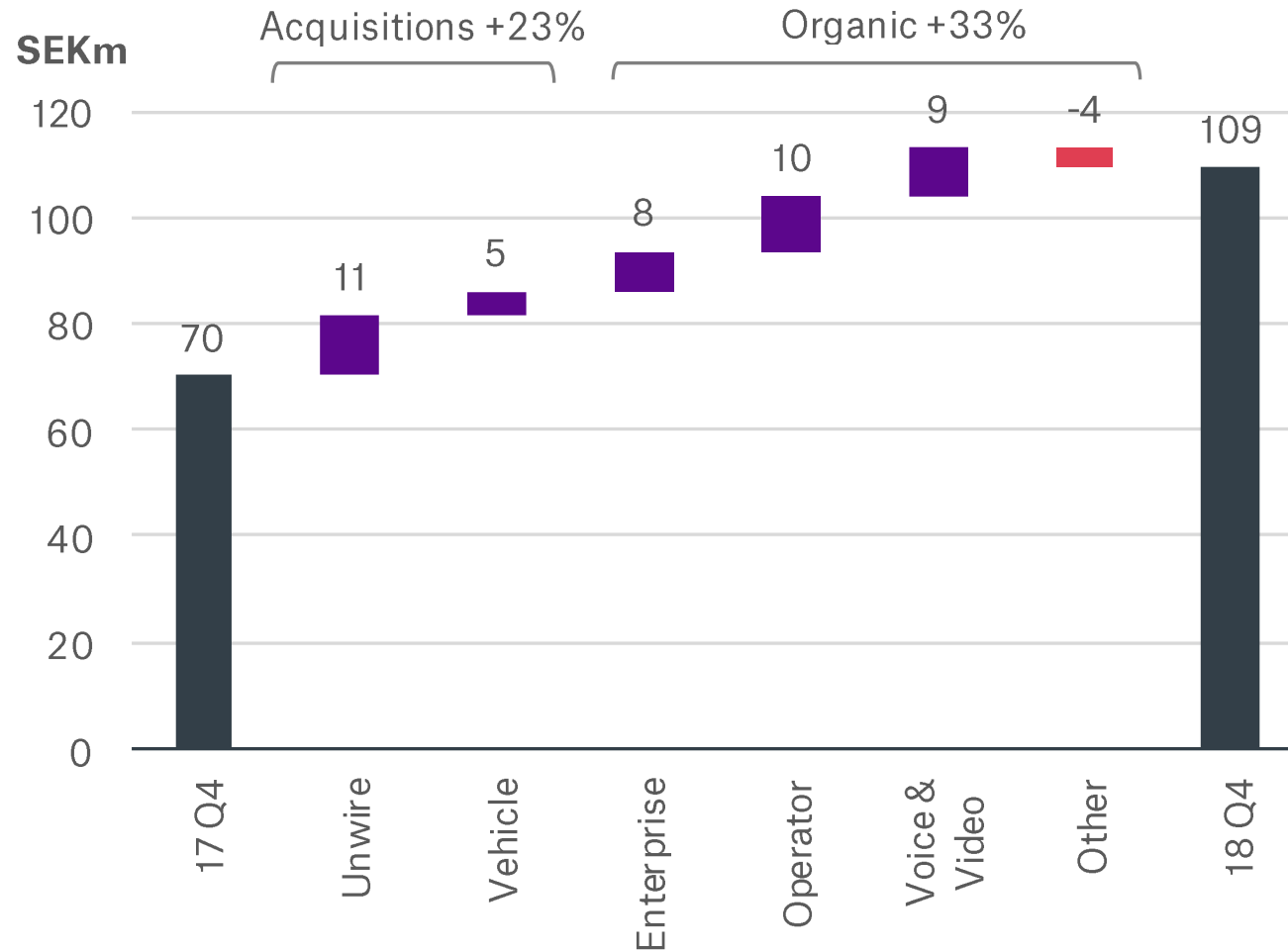


- **55% growth in Gross Profit**
- **Rising Gross Profit in all business units**
- **Organic growth helped by key client wins in the U.S.**



Organic growth in the chart includes the effect of exchange rate fluctuations.

# Adjusted EBITDA



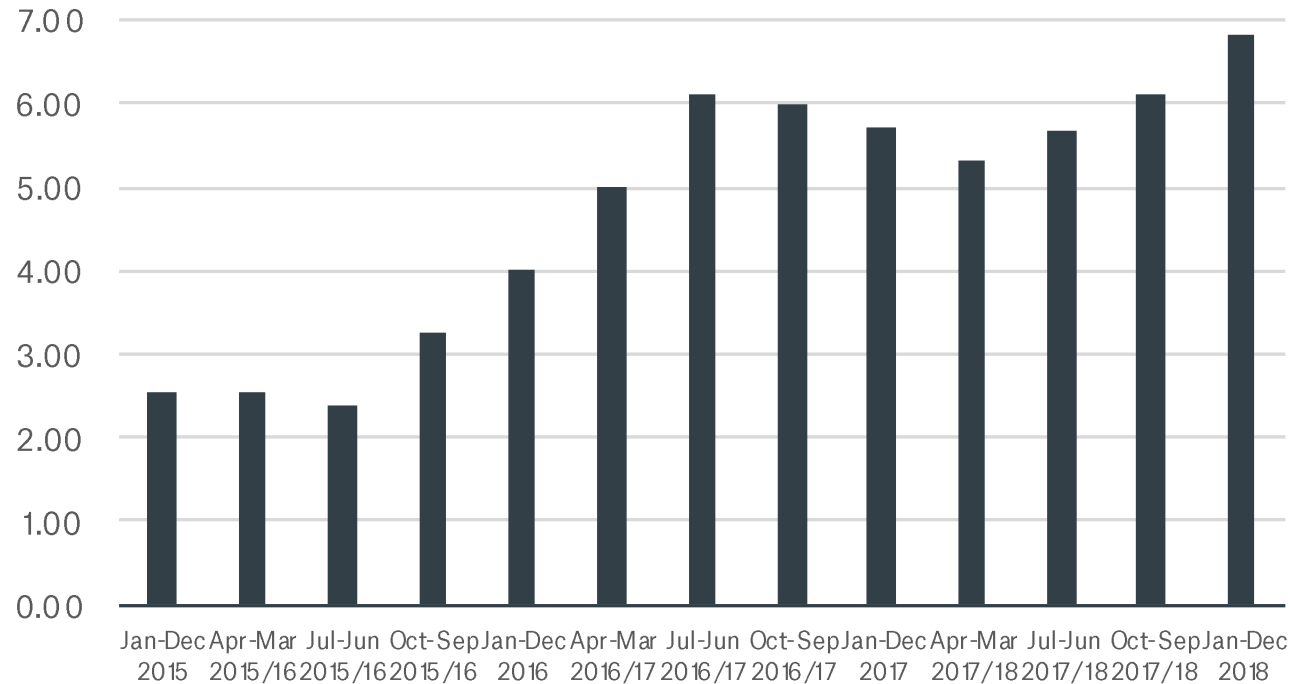
- **56% growth in Adjusted EBITDA**
- **Higher Adjusted EBITDA in all business units**
- **Strong end to the year in Operator**
- **Positive Adjusted EBITDA in Voice & Video**



Organic growth in the chart includes the effect of exchange rate fluctuations.

# 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

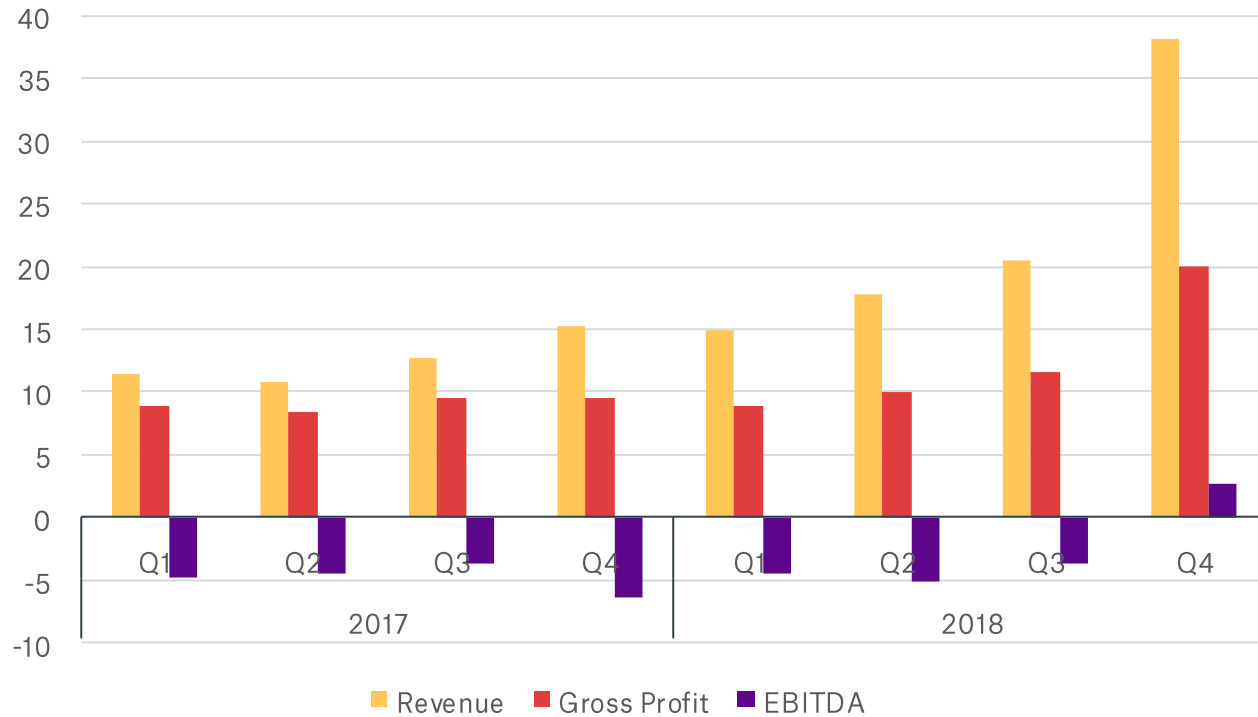
## Performance:

- Adjusted EBITDA per share grew 20% in Q4 18, measured on a rolling 12 month basis
- Net debt/EBITDA was 1.1x, measured on a rolling 12 month basis



# Positive EBITDA in Voice & Video

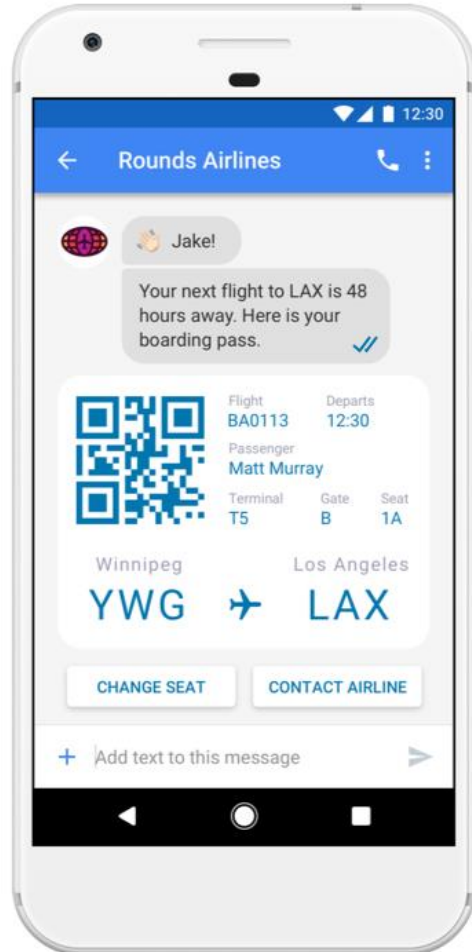
Sinch Voice & Video (SEKm)



- **Acquired in December 2016**
- **Now seeing impact from targeted effort towards ride hailing vertical**
- **Key client wins in Number Verification**



# Rising support for RCS



- **RCS is an upgrade to SMS with support for rich media, interactivity, branding and verified senders**
- **App-like experience without any downloads**
- **Verizon set to launch RCS in 2019**
- **We expect full operator coverage in the US, UK and several other markets in 2019**





# Future growth



**Strong pipeline with several US-based, global tech companies**

**Considerable interest in Personalized Video**

**More customer engagements in Number Verification**

**Number Masking for ride-hailing with further markets set to go live**

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

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**Thanks!**

