



Acquisition of TWW

10 October 2019

Oscar Werner
CEO

Roshan Saldanha
CFO

Thomas Heath
Chief Strategy Officer & Head of Investor Relations



sinch



SEK 4.4bn

revenue in the past 12 months

SEK 431m

Adj. EBITDA in the past 12 months

SEK 8.3bn

Market Cap

540+

employees

30+

offices in 30+ countries

Customer engagement through mobile technology

30 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-dollar CPaaS market



Profitable since our foundation in 2008



>400% gross profit growth since IPO in 2015

sinch

CPaaS relevance throughout the customer journey

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

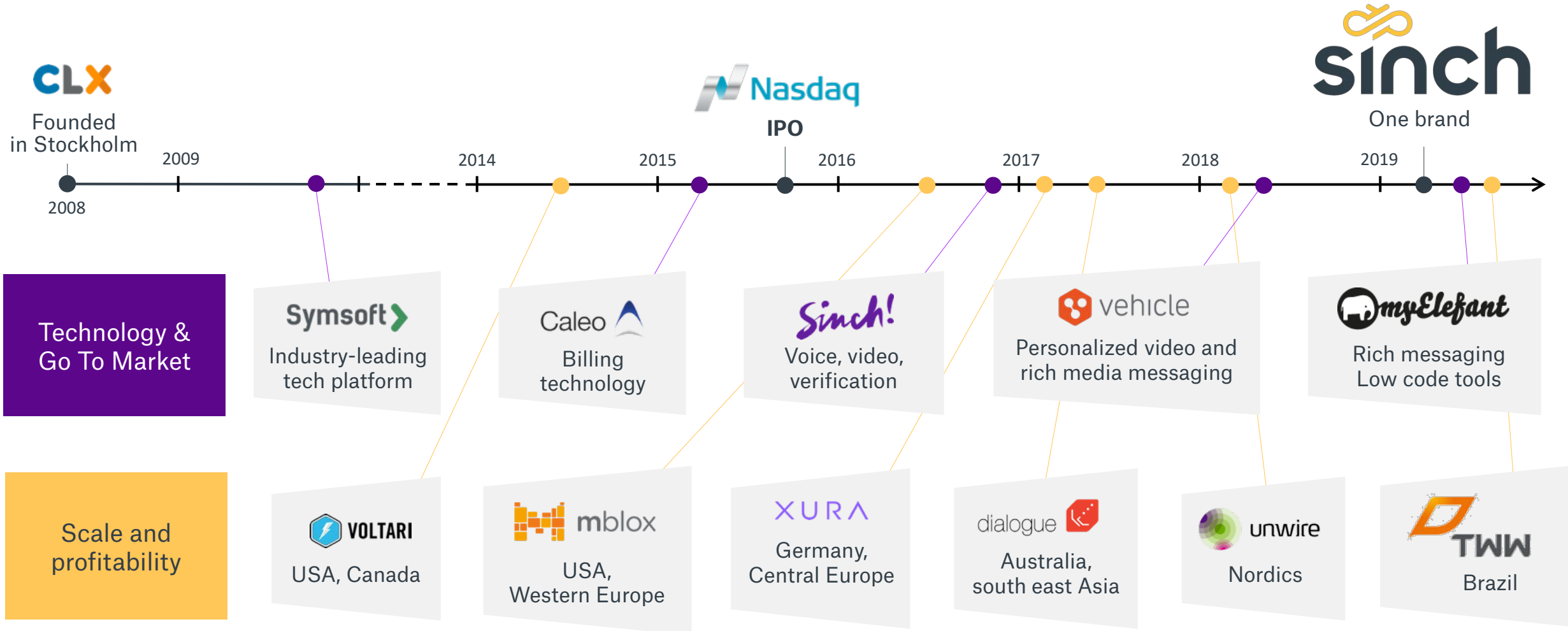
- Complementary technology that fits our strategic product roadmap
- Go To Market-ability in relevant products and geographies
- Increased software value-add with higher gross margin
- Future growth drivers

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

TWW

- Founded in 1996
- Today the 3rd largest SMS connectivity provider in Brazil
- 3 000 enterprise customers of varied sizes across all industries
- Team of 37 people in São Paulo, Brazil

Deal rationale

- "Scale and Profitability"-type acquisition to add scale, operator connections, and customer relationships
- Well-run operations with high quality delivery, healthy financials, and loyal customers
- Attractive EV/EBITDA multiple of 8.9x on anticipated 2019e EBITDA
- Potential to upsell Sinch's broader product portfolio to TWW customers in Brazil

Integration

- Utilisation of TWW direct operator connections for Sinch's global messaging traffic
- Technical integration with Sinch's shared global messaging platform
- Shared ways of working and best practices across TWW and Sinch

Financials

- Sinch pays a total EV of BRL 180.75m (SEK 439m at today's 2.43 SEK/BRL exchange rate)
- TWW recorded revenues of BRL 134m, gross profit of BRL 35m, and Adj EBITDA of BRL 17.5m in 2018
- This corresponds to revenues of SEK 326m, gross profit of SEK 85m, and Adj EBITDA of SEK 43m in 2018
- Transaction expected to close in the second half of October, 2019



Brazil

- **The largest country in Latin America by population, GDP and geographical size**
- **210m population**
- **Rapid increase in smartphone penetration and mobile internet use**

TWW

- **3,000 customers, 98% customer approval**
- **3.4 billion messages sent in 2018**
- **Sinch partner since 2012**

sinch

Rising interest for Brazil from Sinch global customers

Increase in Sinch global traffic to Brazil (x)



- **Messaging volumes from Sinch global customers to Brazil has increased by 10x in 12 months**
- **Acquisition of TWW secures highest possible quality through direct end-to-end connectivity**





Sinch Tier 1 Global Connectivity Network

300+ direct mobile operator connections

TWW adds

direct connections to all mobile operators in Brazil

Tier 1 Connectivity for:

- End-to-end control
- Enhanced security
- Speed and throughput
- Improved redundancy
- Broader feature support



vivo



SURF TELECOM



nextel



veek



Sercomtel



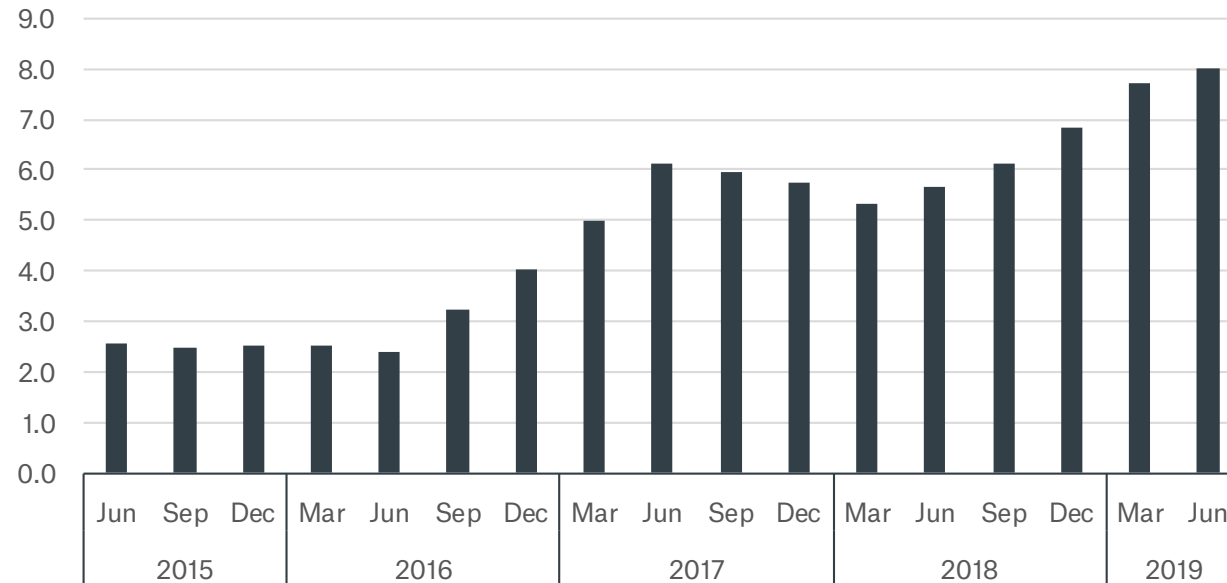
vodafone



ps eye

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

Transaction impact:

- The acquisition of TWW increases Net debt/Adjusted EBITDA by around 0.8x
- Pro forma Net debt/Adjusted EBITDA of around 2.2x following the acquisitions of myElefant and TWW



Thanks!

