



# Acquisition of SAP Digital Interconnect

5 May 2020

**Oscar Werner**  
CEO

**Roshan Saldanha**  
CFO

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



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**SEK 5.6bn**  
revenue in the  
past 12 months

**SEK 646m**  
Adj. EBITDA in the  
past 12 months

**SEK 29bn**  
Market Cap

**766**  
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

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# Technology evolution in messaging



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

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# 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

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# Leveraging M&A to meet strategic objectives

## Technology & Go To market

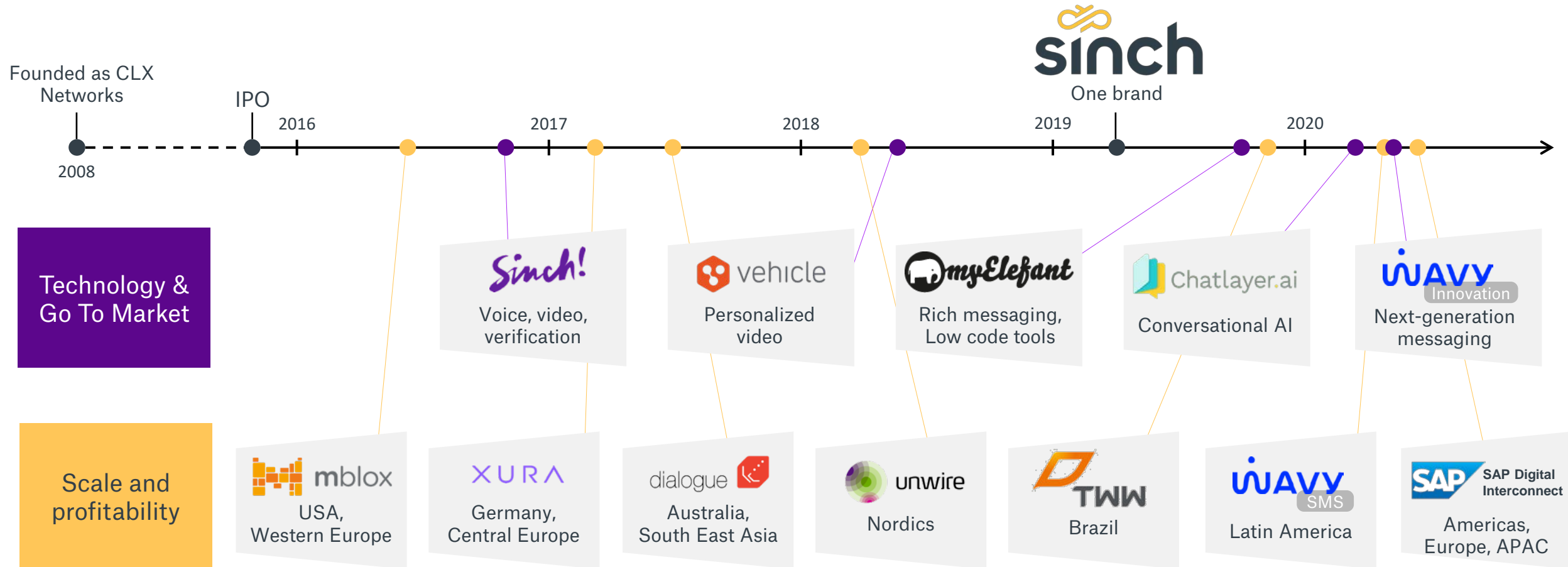
- Complementary technology that fits our strategic product roadmap
- Go To Market-ability in relevant products and geographies
- Increased software value-add with higher gross margin
- Future growth drivers

## 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

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# Strategic acquisitions



\* Acquisitions of Wavy and SAP Digital Interconnect are pending regulatory approval

# Deal rationale

## SAP Digital Interconnect

- Global cloud communications provider with operations in Americas, Europe and Asia Pacific
- Programmable Communications (67% of revenue), Carrier Messaging (28%), Enterprise Solutions (5%)
- 18bn business messages and 292bn person-to-person (P2P) messages in 2019
- Around 320 employees with headquarters in San Ramon, California

## Deal rationale

- 1,500 enterprise customers, some of the world's most valuable brands, diversifies Sinch customer base
- Highly accretive deal, fits Scale and Profitability category
- Significantly strengthened US presence, more people also in Asia Pacific and Europe
- Very strong operator relationships as trusted vendor to hundreds of carriers

## Integration

- Await approval from competition authorities in multiple jurisdictions
- Combine operations across the USA, Europe, and Asia
- Win synergies through SMS platform integration
- Cross- and upsell combined & broadened Sinch+SDI product portfolio

## Financials

- Sinch pays an enterprise value of EUR 225m
- SAP Digital Interconnect recorded revenues of EUR 340m, gross profit of EUR 94m, and Adj EBITDA of EUR 15.4m in the 12 months ending March 2020. Revenue growth around 10% in the past two years.
- Closing is subject to regulatory approval. Transaction expected to close in H2 2020



# Programmable communications

## Products

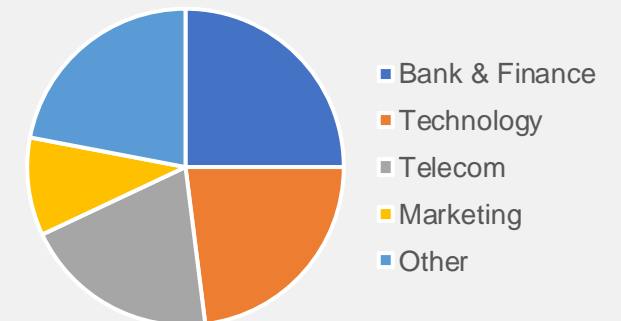
- Programmable communications APIs, developer tools, and digital interfaces
- Verification & Authentication
- Omnichannel capabilities with SMS, push, email, WhatsApp, WeChat, Viber, etc.
- Single-point APIs with rich failover capabilities
- 18 billion enterprise messages processed in 2019

## Go To Market

- Value proposition built on high quality of service and international reach
- Presence in 20 countries

## Customers

- Broad base of blue-chip enterprise customers
- Very strong customer base with many of the worlds most well-known brands.
- Low churn



Programmable Communications contributed 67 percent of SDI revenues in the past 12 months.

# Carrier Messaging

- 292 billion person-to-person (P2P) carrier messages processed during 2019
- Intelligent Hubbing 365 for dynamic routing of person-to-person messaging between carriers
- Messaging Proxy 365 allowing carriers to handle business messaging and person-to-person messaging in a single solution
- Very strong relations to several of the largest operators in the world

28 percent of SDI revenues in the past 12 months.

# Enterprise Solutions

- Contact Center 365 for end-to-end omnichannel communications
  - On-premise
  - Private cloud
  - Public cloud
- Message Manager 365 for SMS messaging campaigns
- IoT Connect 365 for cross-carrier connectivity
- People Connect 365 for workforce disruption communications

5 percent of SDI revenues in the past 12 months.



## Sinch global footprint



■ Country with local sales

Super Network

Scalable  
cloud platform

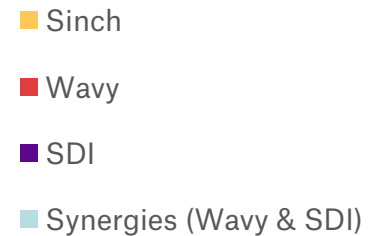
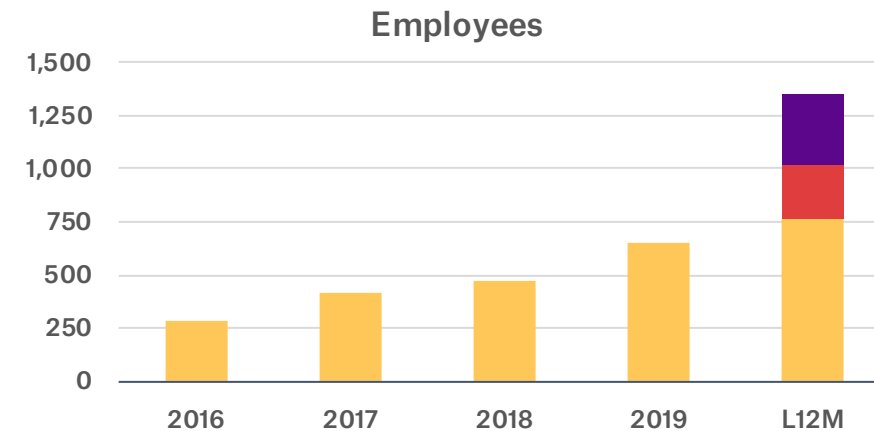
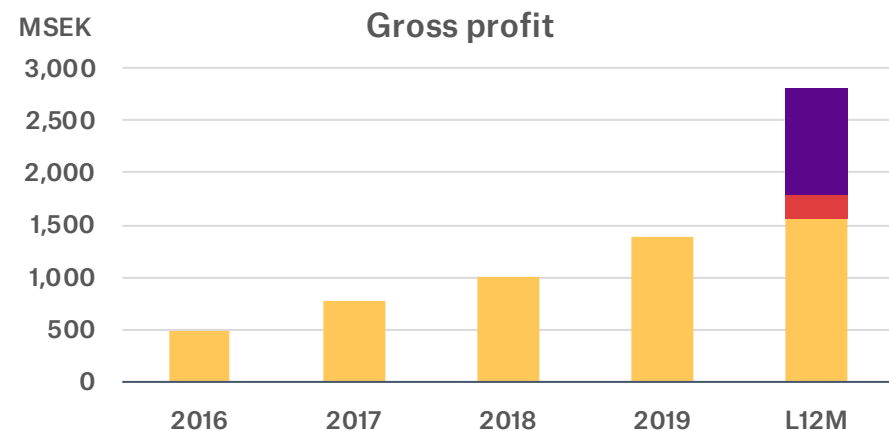
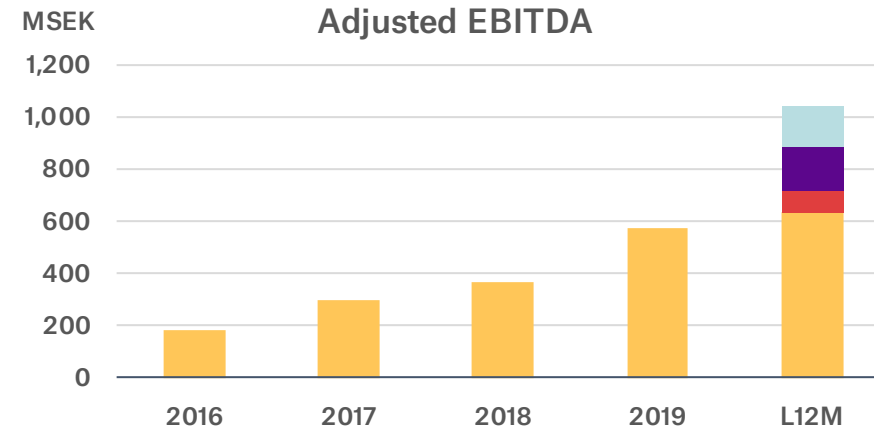
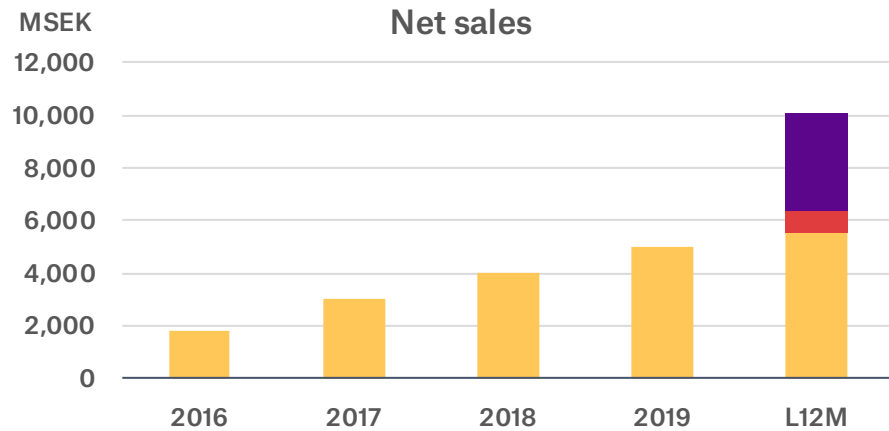
Messaging,  
voice & video

Five continents

Hundreds of mobile  
operator connections



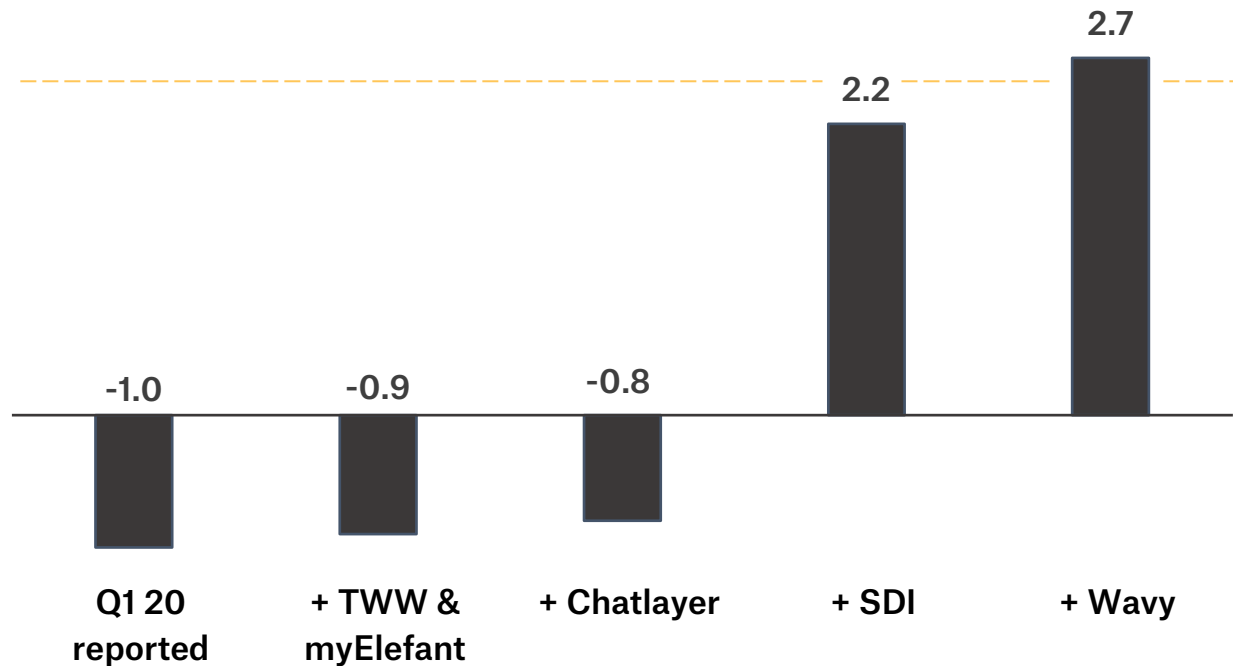
# Growing our scale and profitability



Acquisitions of Wavy and SDI are both pending regulatory approval. Sinch L12M includes Chatlayer.  
\*Expected synergies for both Wavy and SDI, estimated mid-point, at full run rate.

# Financial leverage

## Pro forma net debt/Adjusted EBITDA

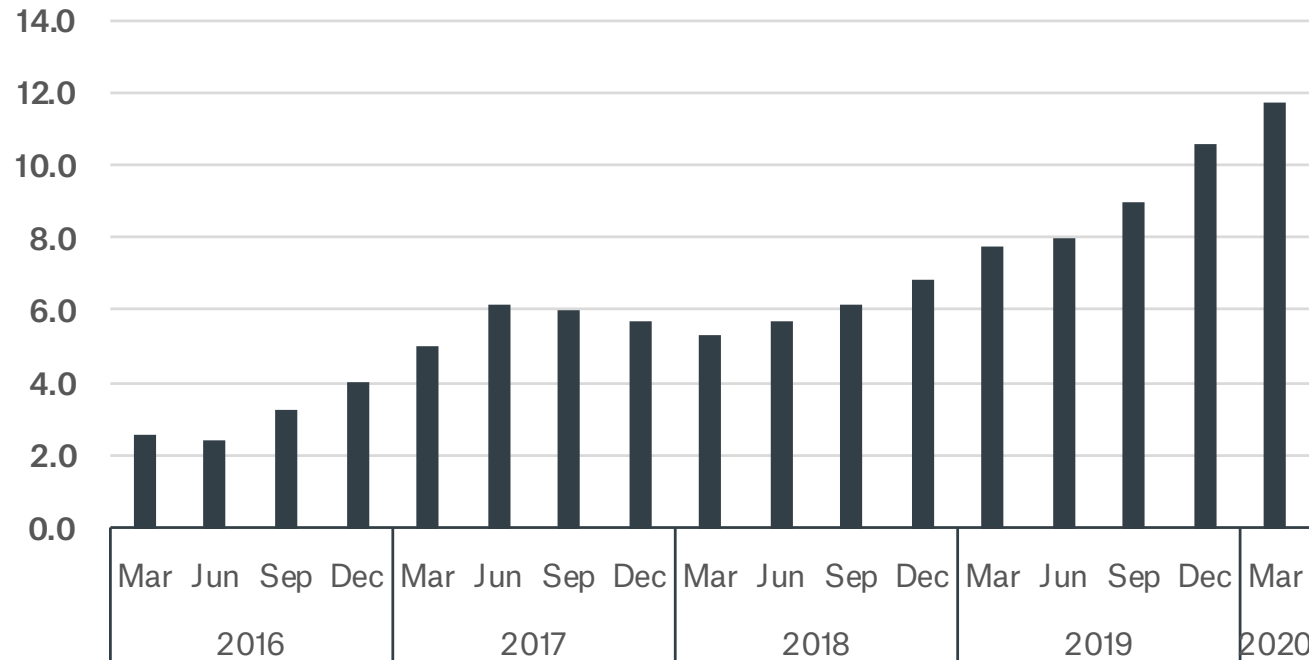


- Pro forma calculation include last 12 months of Adj EBITDA for acquired entities
- Financial target is to maintain Net debt < 2.5x adjusted EBITDA over time
- Pro forma Net debt/Adj EBITDA of 2.7x is within the constraints set by bank and corporate bond covenants



# 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 52% in Q1 20, measured on a rolling 12 month basis
- Net debt/Adj EBITDA of -1.0x, measured on a rolling 12 month basis, at the end of Q1 2020



**Thanks!**

