



18Q1 INTERIM REPORT

Stockholm, May 18, 2018

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HIGHLIGHTS 18Q1

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Johan Hedberg, CEO

18Q1 SUMMARY CLX GROUP

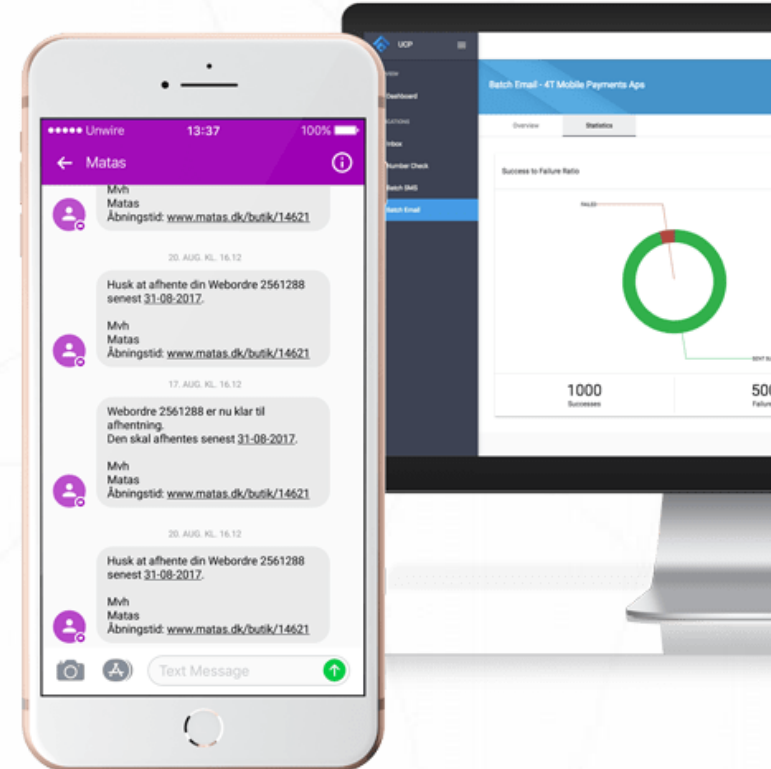
- Successful restructure of Enterprise sales team delivering **16 percent** organic growth in 18Q1, hired APAC regional director.
- 2017 was the year we established relationships with many US-based, global digital-native companies. Recent successful launch of one key customer and positive outlook for further launches in Q2 and Q3.
- We took major steps toward completion of our next generation communications platform, **Nova**. All non-US customers have been successfully migrated to Nova. Migration of all customers on schedule for late Q2.
- Disappointing quarter for the **Operator division**.
- Concluded acquisitions of **Unwire** and **Vehicle**.

UNWIRE ACQUISITION

Strengthening our position in the Nordics



- Established position with key clients in Nordic banking & finance
- More than 300 enterprise customers overall
- Successful track-record through value-based sales process
- Positive impact on CLX margins
- Phased integration approach to safeguard organic performance
- DKK 148m** cash consideration implies EV/Adj EBITDA of **5.9x** on earnings in 2017



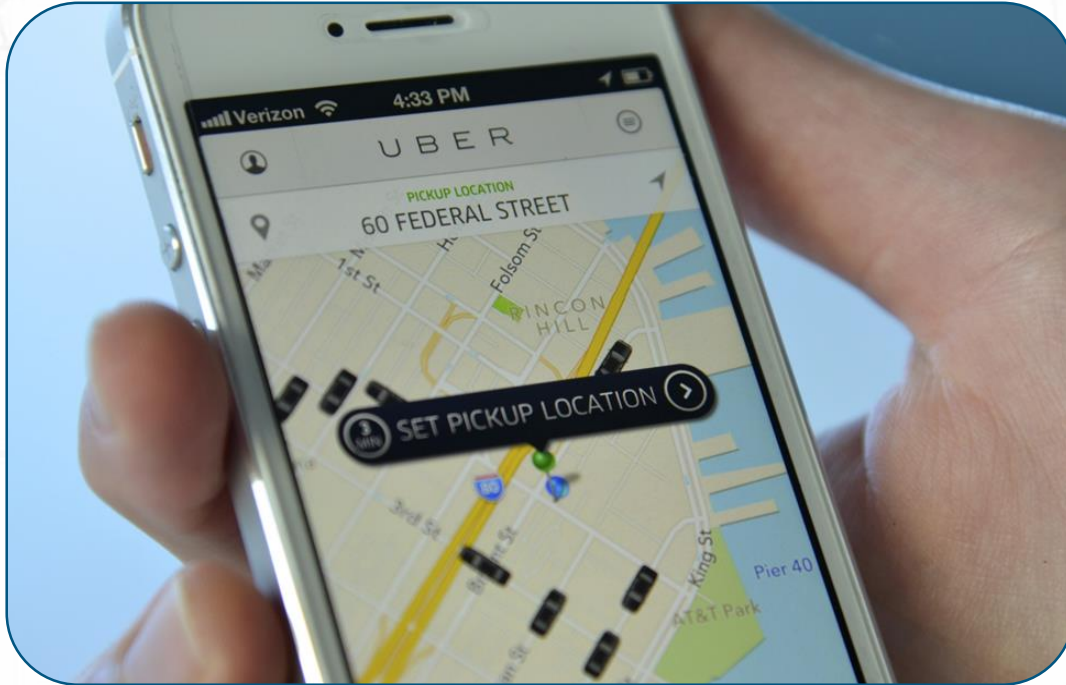
VEHICLE ACQUISITION

Personalized video technology

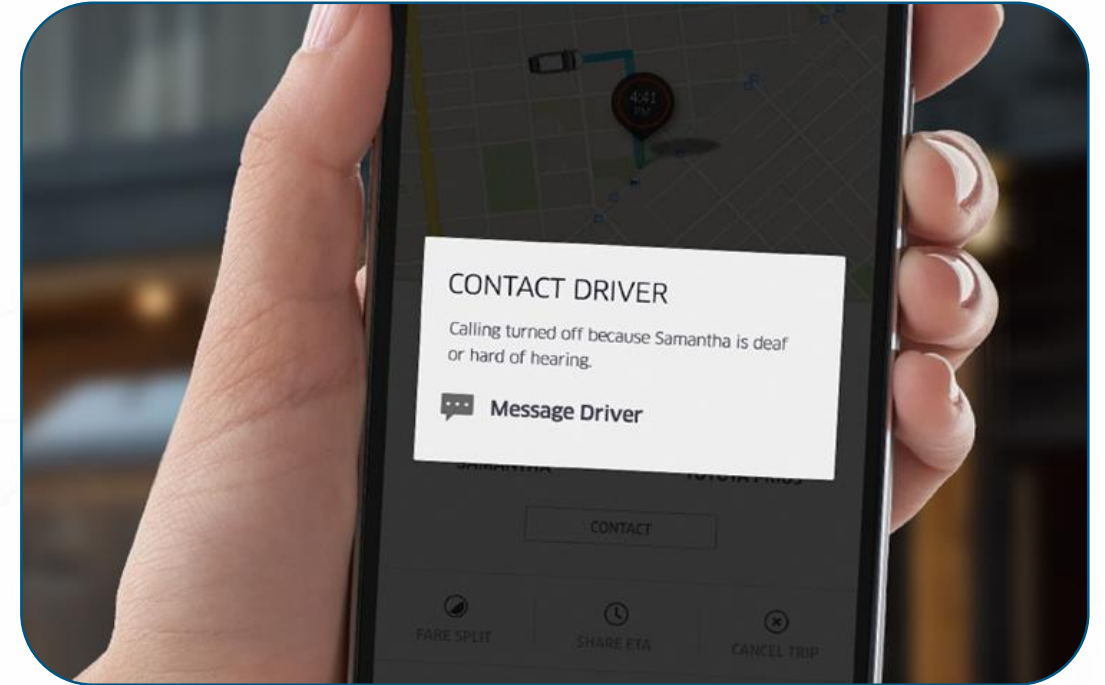
- Leading provider of personalized video messaging
- Proven use cases with leading mobile operators who significantly reduce churn
- Cross-selling potential to existing CLX messaging customers
- Key building block for enhanced customer proposition in next-generation messaging (RCS)
- **USD 8m** cash consideration at closing corresponds to **8.7x** EV/EBITDA (excluding earn-out)



INNOVATIVE SOLUTIONS IN VOICE AND VIDEO



- **Cloud-based** capabilities in **voice and real-time video**



- Targeted sales effort now focusing on **ride-hailing** vertical
- Temporary phone numbers for each driver **safeguards privacy and safety**

FINANCIALS

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Odd Bolin, CFO

JANUARY – MARCH 2018

- Gross profit increased to SEK 200.0 million vs. 191.3 in 17Q1
- EBITDA was SEK 53.2 million (70.8)
- Adjusted EBITDA was SEK 65.0 million (80.9)
- EBIT was SEK 20.3 million (41.1)
- Net profit for the quarter was SEK 9.2 million (33.4)
- Operator division disappointing, slower than expected conversion of sales to revenue
- Enterprise division finalizing Nova development project and customer migration, resulting in increasing OPEX
- Re-directing focus towards organic growth
- Sinch developing according to plan

ENTERPRISE – RESULTS AND EVENTS IN 18Q1

- **EBITDA** flat at SEK 71.8 million compared to 71.4 in 17Q1.
- **Very strong customer pipeline**, in particular within US-based global enterprises.
- **Increase in OPEX during the quarter**, primarily due to final phase of Nova platform project and customer migrations.
- OPEX to stay flat or increase somewhat in 18Q2, for same reasons as in 18Q1. Certain qualified resources will be re-directed towards developing new CPaaS products and services once Nova is closed and migration is finished.
- Unwire acquisition had no material impact in 18Q1, will contribute significantly rest of 2018.

OPERATOR – RESULTS AND EVENTS IN 18Q1

- Underlying **business** is **developing as planned**, but slow conversion of sales pipeline and orders to projects and revenue, as well as a lack of capacity expansion projects during the quarter impacted revenue and profitability.
- Strong focus on conversion and closing opportunities, converting to revenue.
- **Sales pipeline strong.**
- Capacity expansion projects are difficult to forecast.
- Increasing investments in **sales** and marketing are being made in order to grow topline.
- 15 percent **EBITDA-margin** is forecast over the medium-term.

SINCH, VEHICLE, IOT & RCS

- Sinch is continuing to **invest** in increased functionality and customer-adaptions.
- **Ride-sharing** is developing favorably, and further markets are set to go live during the remainder of the year.
- Vehicle is developing well, with increasing revenue and very considerable interest from a number of **large, potential customers**.
- We continue to make **moderate investments in IoT**, mirroring the relatively slow pace of market maturation.
- Further development work being done on **RCS**, in order to match rate of market expansion.

KEY METRICS

Enterprise division:

- **Gross profit** – we use gross profit as our key measure since gross margin depends on geographical traffic mix, which we have limited influence over.
- **Adjusted EBITDA/gross profit** – measures operational efficiency in the business.
- **OPEX per transaction** – measures operational efficiency in the business.

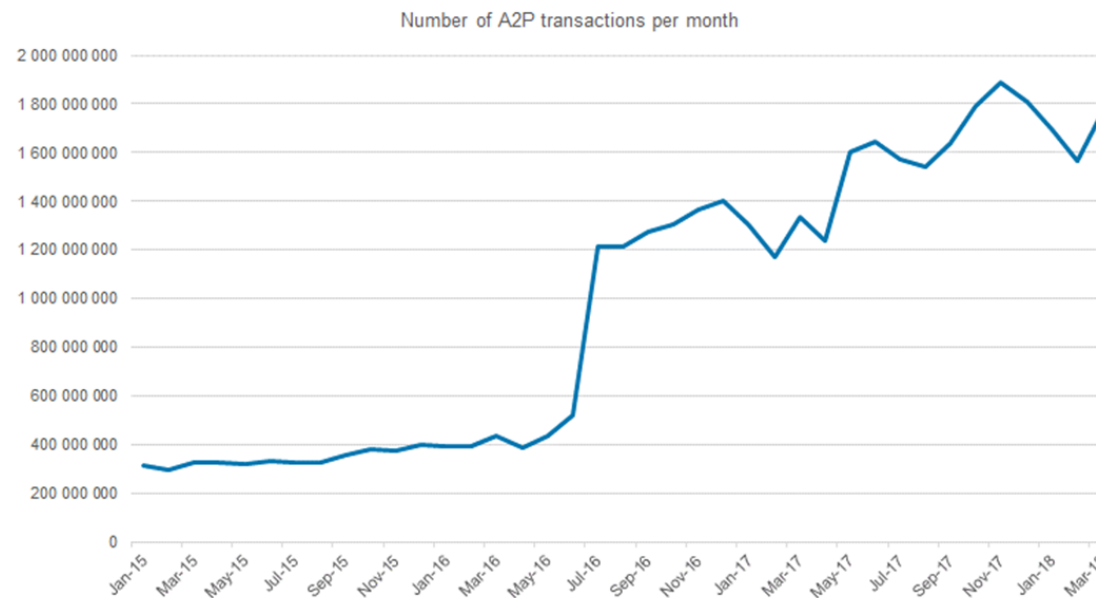
Operator division:

- **Revenue**
- **EBITDA**

Sinch and other new investments:

- **Gross profit growth**

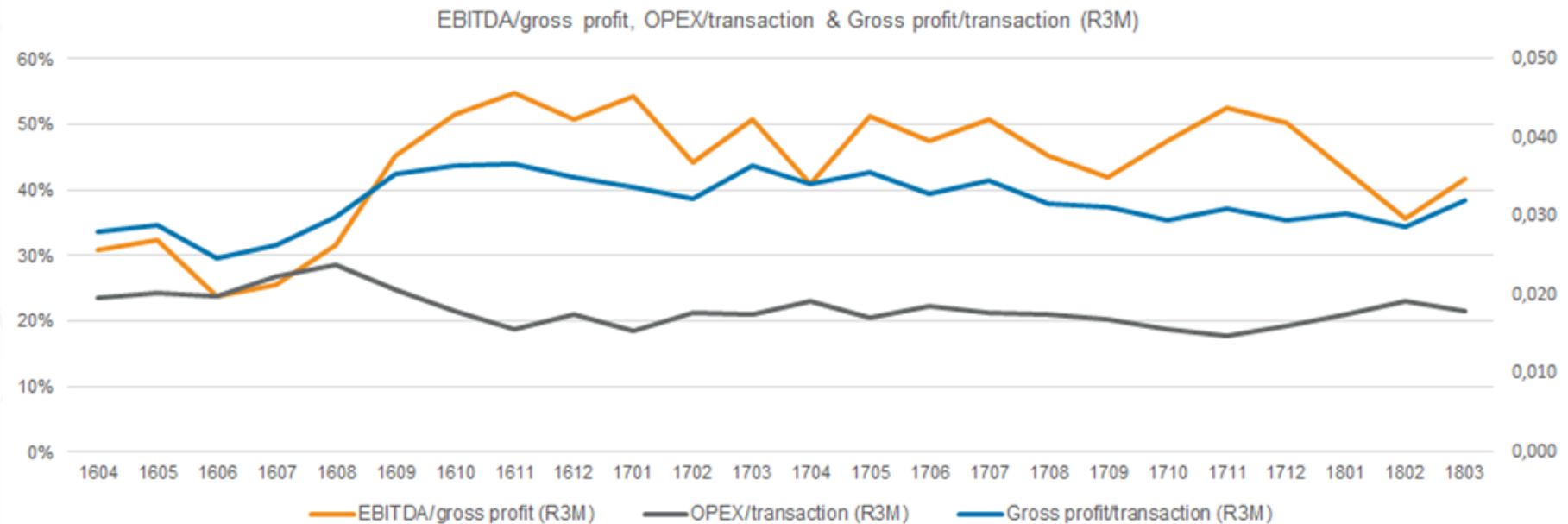
ENTERPRISE - GROSS PROFIT AND TRANSACTION DEVELOPMENT



- Gross profit **flat** vs 17Q4, despite seasonal effects
- Gross profit up by **16 percent** vs 17Q1, but...
 - 17Q1 was weak
 - Some positive periodization effects
- Positive long-term outlook

ENTERPRISE – OPERATIONAL EFFICIENCY

- Operational efficiency increasing due to economies of scale
- Gross profit is the primary bottom line driver
- Revenue and gross margin are both heavily dependent upon mix of terminating markets
- Increase in OPEX during 18Q1 creates a temporary dent in EBITDA/GP trend



WAY FORWARD

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Johan Hedberg, CEO

NEXT GENERATION ENTERPRISE MESSAGING



RCS = SMS "2.0"

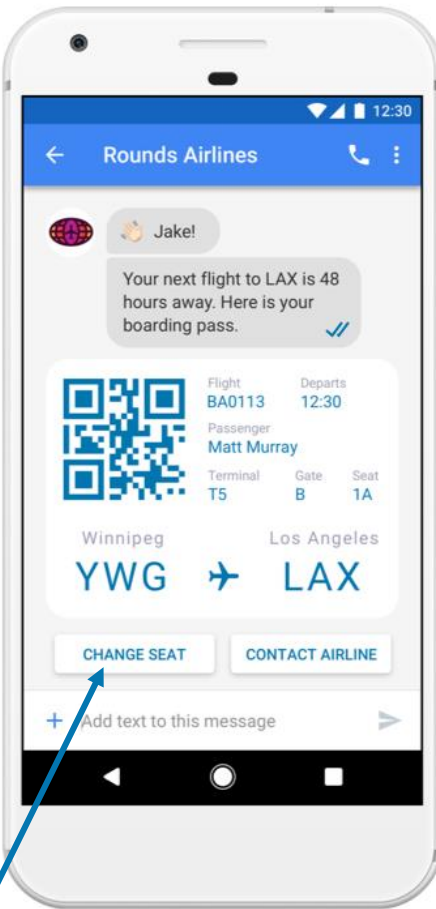
Branding
Customize with your company name, colour and logo.

Real Time Feedback
Know when your customer has received and read your message and whether your customer is typing you a response to your message. Know if your customer has tapped on links to Calendar, Maps, Play Store or the Dialer in your message. All done in real time.

Rich Dynamic Content
Send images, videos, web links and app links without the need to transcode your message.

App-Like Experience
Suggest actions by creating app-like buttons linking to Android apps such as the Calendar, Maps, Play Store or Dialer and embed important Metadata such as telephone number, location and event details in the link making for an easy and effortless customer experience.

Quick Response
Suggested actions will create a speedy and error-free interaction with your customers. There are no limits to the number of suggested replies you can have.



PERSONALIZED VIDEO

- Drive nearly perfect open rates while driving 4.5 higher click-thru rate (than email).
- The secret weapon of digital direct is mobile messaging.
- Nearly 100 percent device reach and 98 percent open-rate.
- With CLX mobile messaging platform, you can deliver a wide range of media types, all pushed directly to your customer's mobile device via the messaging channel.
- Now all your content can be fully personalized, dynamically rendered at scale with no limits.



Q & A