



# Q4 2023

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Laurinda Pang, CEO  
Roshan Saldanha, CFO  
Thomas Heath, Chief Strategy Officer

INVESTOR PRESENTATION  
FEBRUARY 15, 2024



**150,000+**

business  
customers

**700bn+**

interactions  
per year

**60+**

countries with  
local presence

Scalable cloud communications  
platform for messaging, voice,  
email and video

# Pioneering the way the world communicates



**SEK 28.7bn**

net sales in the  
past 12 months

**SEK 9.5bn**

gross profit in the  
past 12 months

**SEK 3.6bn**

Adj. EBITDA in the  
past 12 months

# Fourth quarter highlights

## 01

### Stable margins

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- Gross margin at 33.5%, stable compared to Q3 2023 and up 0.7pp from Q4 2022
- Adjusted EBITDA margin of 13% and EBITDA margin of 11%
- Net debt/Adjusted EBITDA excl. IFRS16 leases at 2.0x, down from 2.7x in Q4 2022.

## 02

### Robust cash flow

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- Operating cash flow of SEK 727 million in Q4
- Operating cash flow of SEK 1.8 billion over the last 12 months
- L12M cash conversion\* from Adjusted EBITDA at 32%

## 03

### Growth acceleration plan

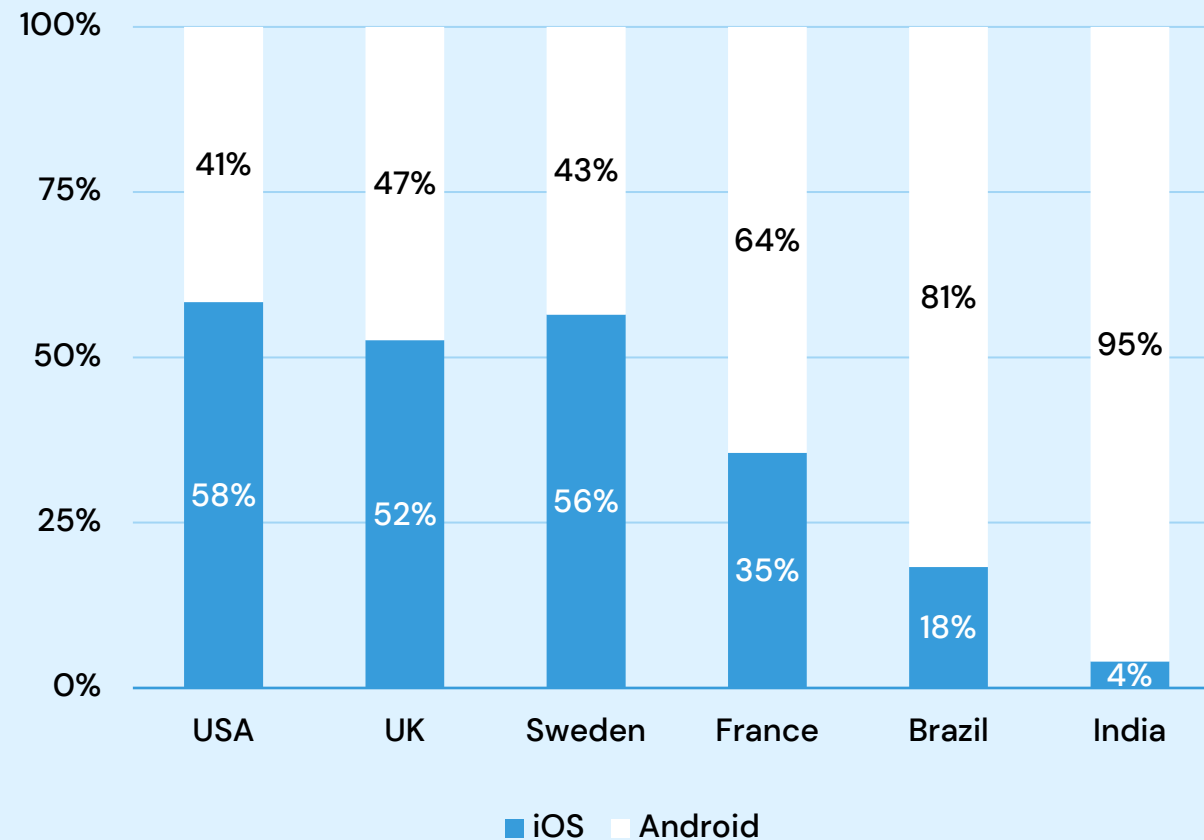
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- Launched Growth Acceleration Plan with launch of new organization from 1 January 2024
- IT transformation spend estimated at SEK 350 million over 3 years, with total integration and restructuring cost of SEK 300 million in 2024.
- Targeting SEK 300 million gross opex savings run-rate by year-end 2024.
- Redeploying savings into growth initiatives.

\* Cash conversion calculated as Cash flow from operating activities after investments / Adjusted EBITDA.

# A new global messaging standard

Smartphone OS market shares by country\*



- Rich Communications Services (RCS) is feature-rich messaging protocol designed to succeed SMS
- Users experience RCS in the same app where they read SMS today

- A global GSMA standard
- Enabled by default on new Android phones since August 2023
- Apple has announced its intention to add support for RCS in late 2024

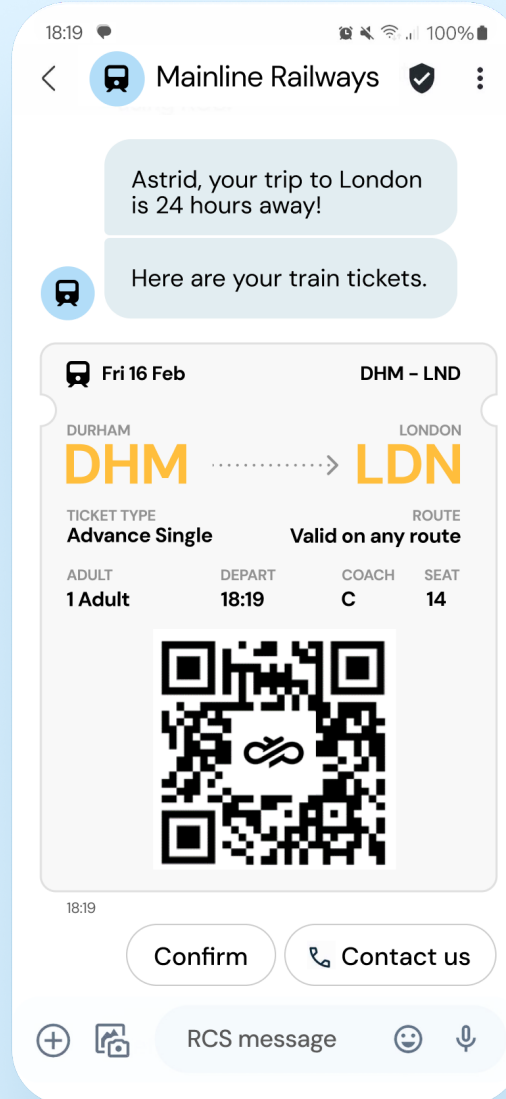
\* Source: World Population Review

# RCS adds valuable new features

**Branding**  
Name, logo, color

**Rich media**  
Images, video, animated GIFs and custom colors

**Suggested replies**  
Pre-defined options



← **Verified sender**  
Significantly reduces the risk for fraud

← **Better analytics**  
Improved delivery receipts and read receipts for brands

← **QR codes**  
For tickets, tracking and redemptions

← **Suggested actions**  
URL, Map, Contact, Calendar or Dialer

# Hassle-free holidays with Picard

## Innovative messaging for the holidays

Picard, France's leading supplier of high-quality frozen foods, fulfils 25% of its annual sales during the year-end holidays. They leverage Sinch to increase ROI in their Christmas sales campaigns.

## A conversational experience

Using RCS, Sinch and Picard has built a conversational experience to support customers in the creation of their holiday menu. It dynamically adapts to support both novice cooks and accomplished chefs.

## 3x higher click-through-rate

Using Sinch RCS, Picard recorded a 42% increase in customer engagement, and a 3x higher click-through-rate, compared to Rich SMS (SMS with a link to landing page).



← Verified sender

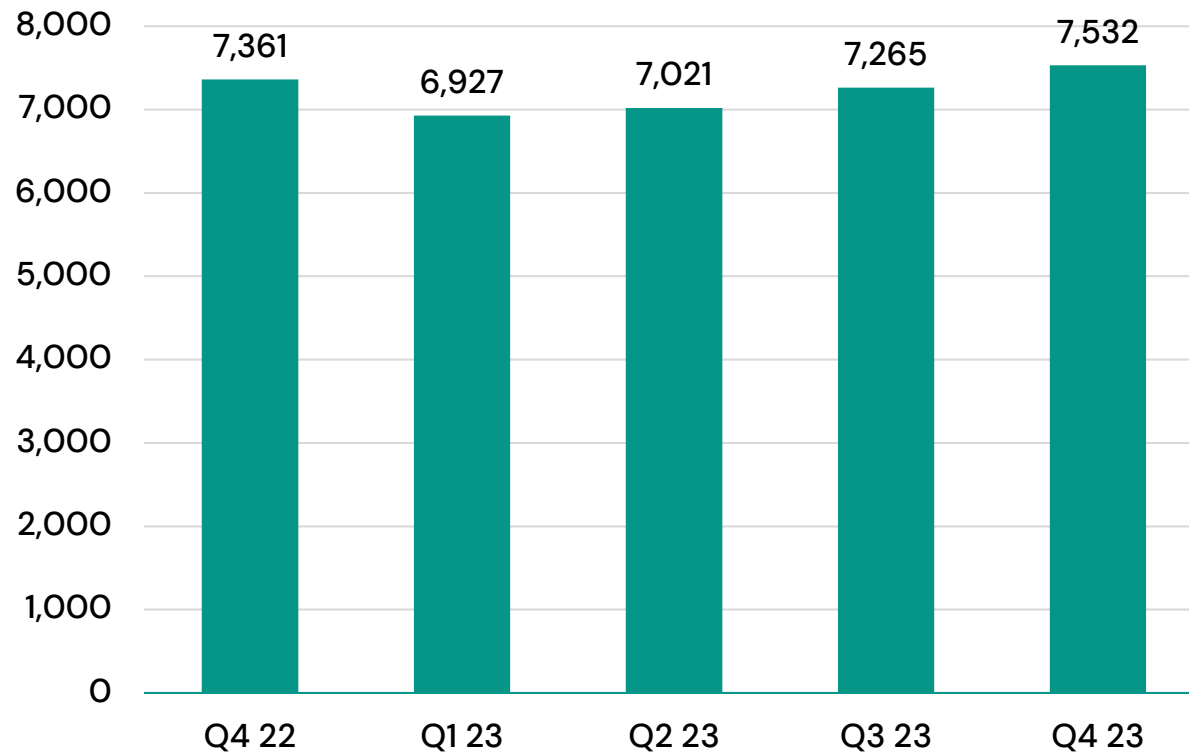
← Swipe to choose

← Tap to engage

# Financials

# Net sales

Net sales, SEKm



- Net sales up 2% year-on-year, helped by currency tailwind of 2%
- Organic growth in local currency at 1%\*

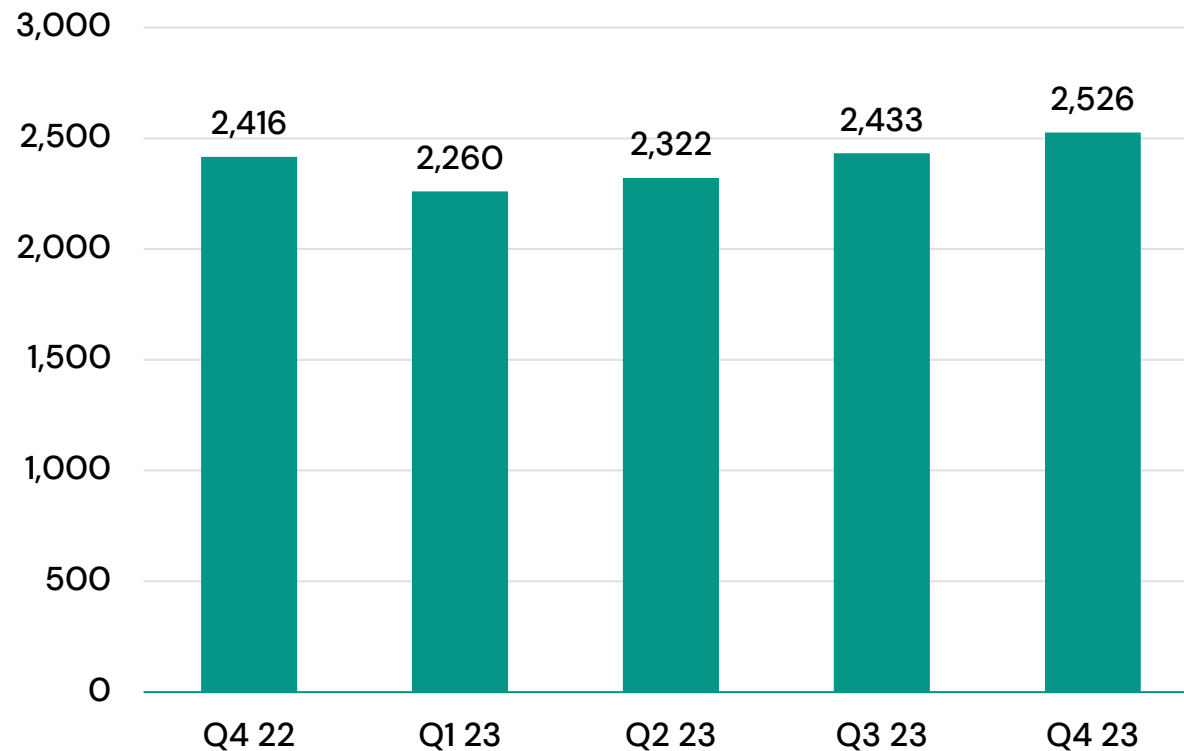
- Organic growth in Messaging (1%), Email (10%) and SMB (15%)
- Organic decline in Voice (-2%)

\* Organic growth at 1% instead of 0% due to rounding.



# Gross profit

Gross profit, SEKm

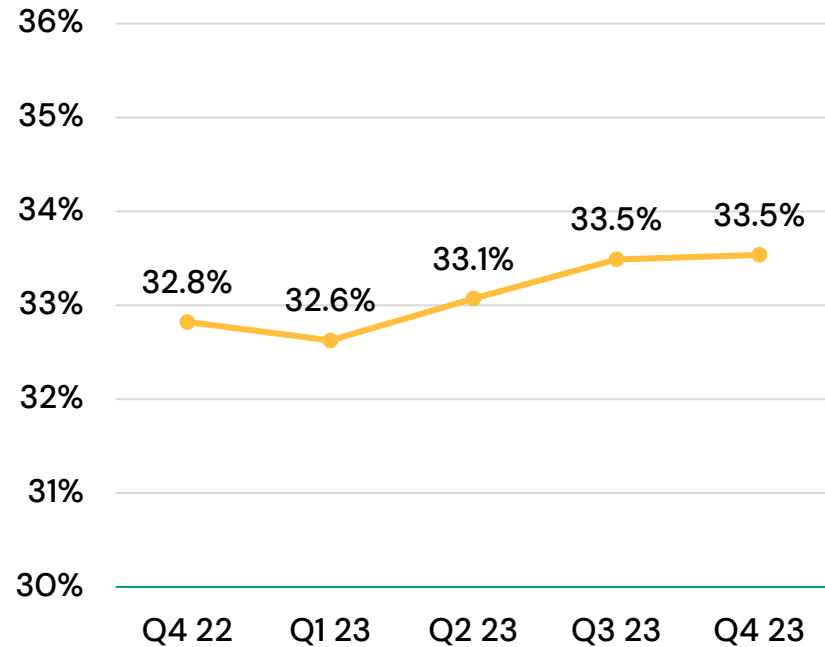


- Gross profit up 5% year-on-year, helped by currency tailwind of 1%
- Organic growth in local currency at 4%

- Organic growth in Messaging (3%), Email (13%) and SMB (15%)
- Organic decline in Voice (-4%)

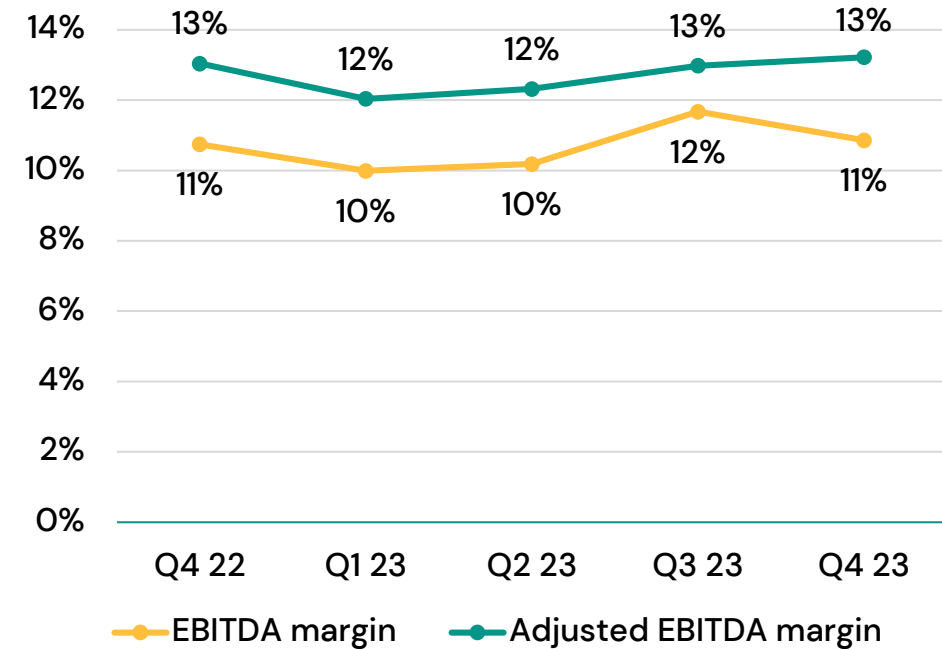
# Margin stability

Gross margin, %



- Gross margin remains above 33%
- High-Gross margin segments Email and SMB segments have highest growth rates

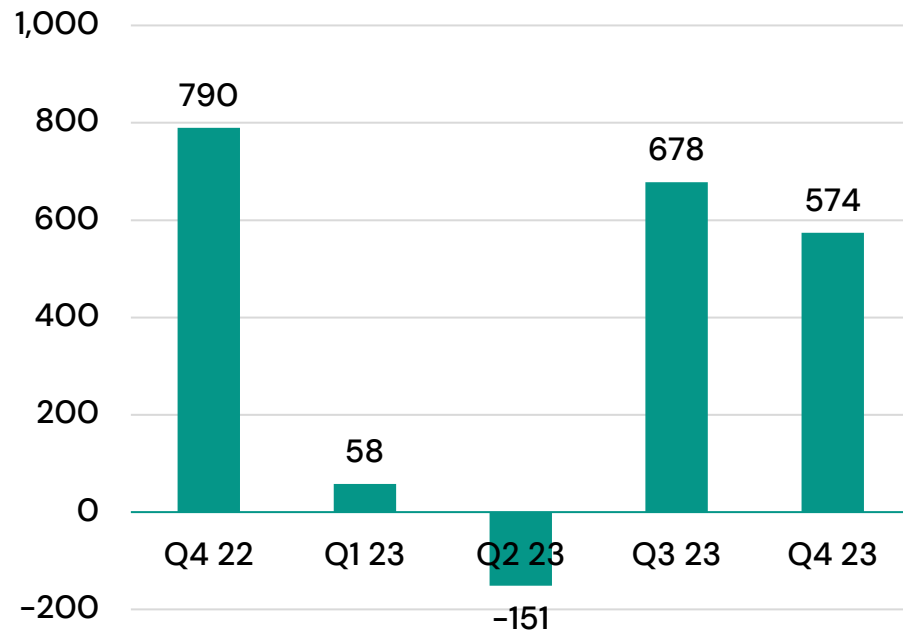
EBITDA margin, %



- Adjustment items mainly relate to currency gains/losses and share-based incentive programs
- Adjusted EBITDA margin of 13% in Q3

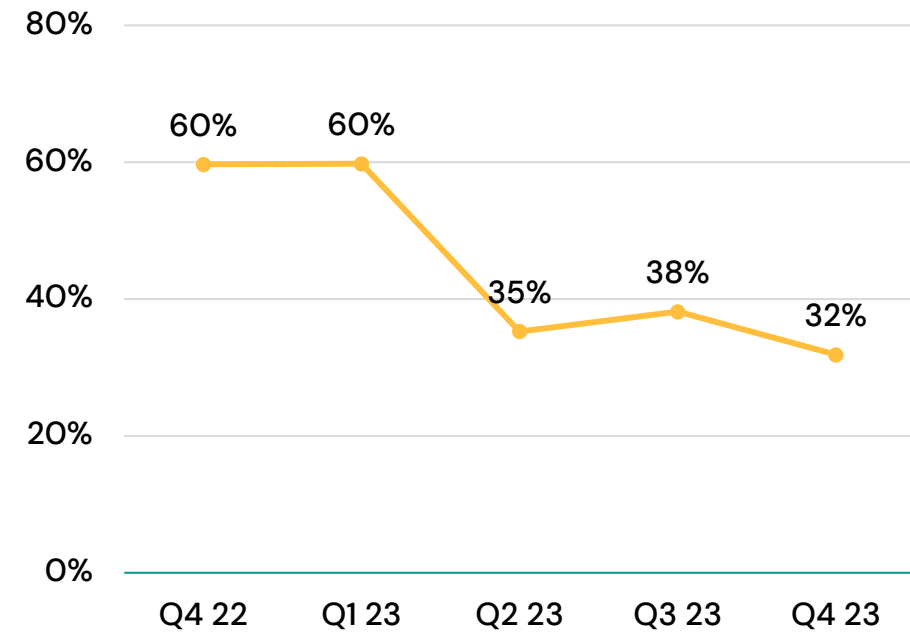
# Strong cash conversion

## Cash flow, SEKm



- Chart illustrates cash flow from operating activities after investments
- NWC causes variation between individual quarters

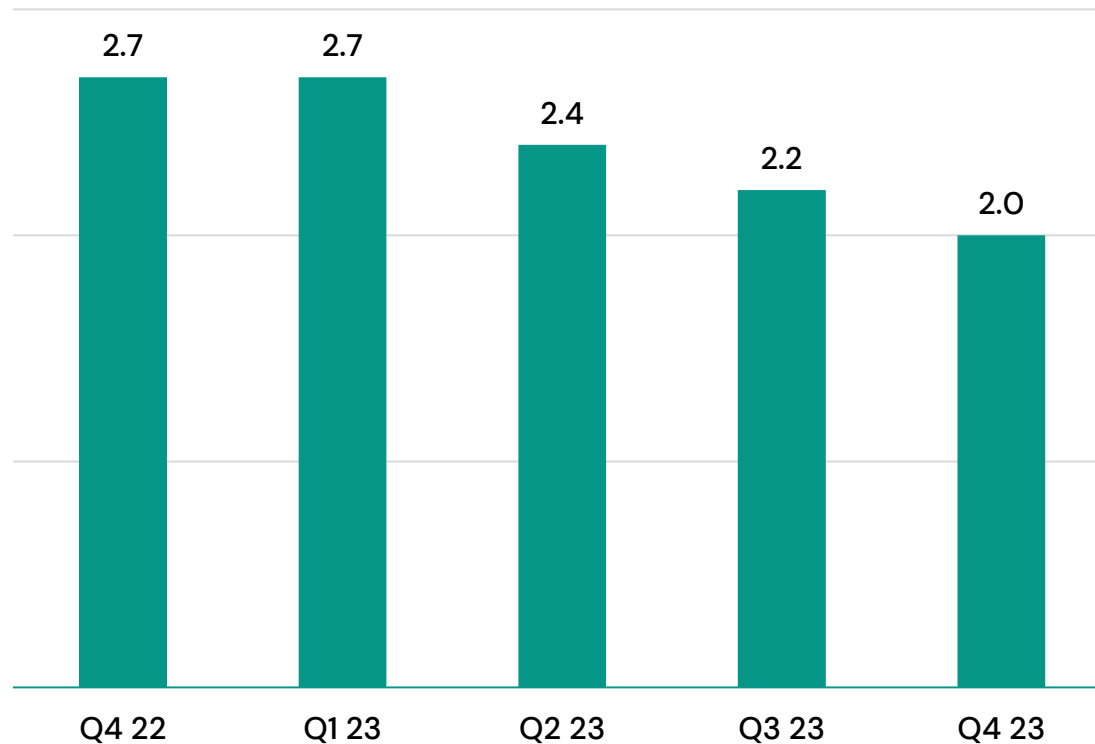
## Cash conversion from Adj EBITDA, R12M



- Cash flow from operating activities after investments was SEK 1,159 million over the past 12 months
- Targeting 40-50% cash conversion over time

# Reduced leverage

Net debt/Adjusted EBITDA R12m\*

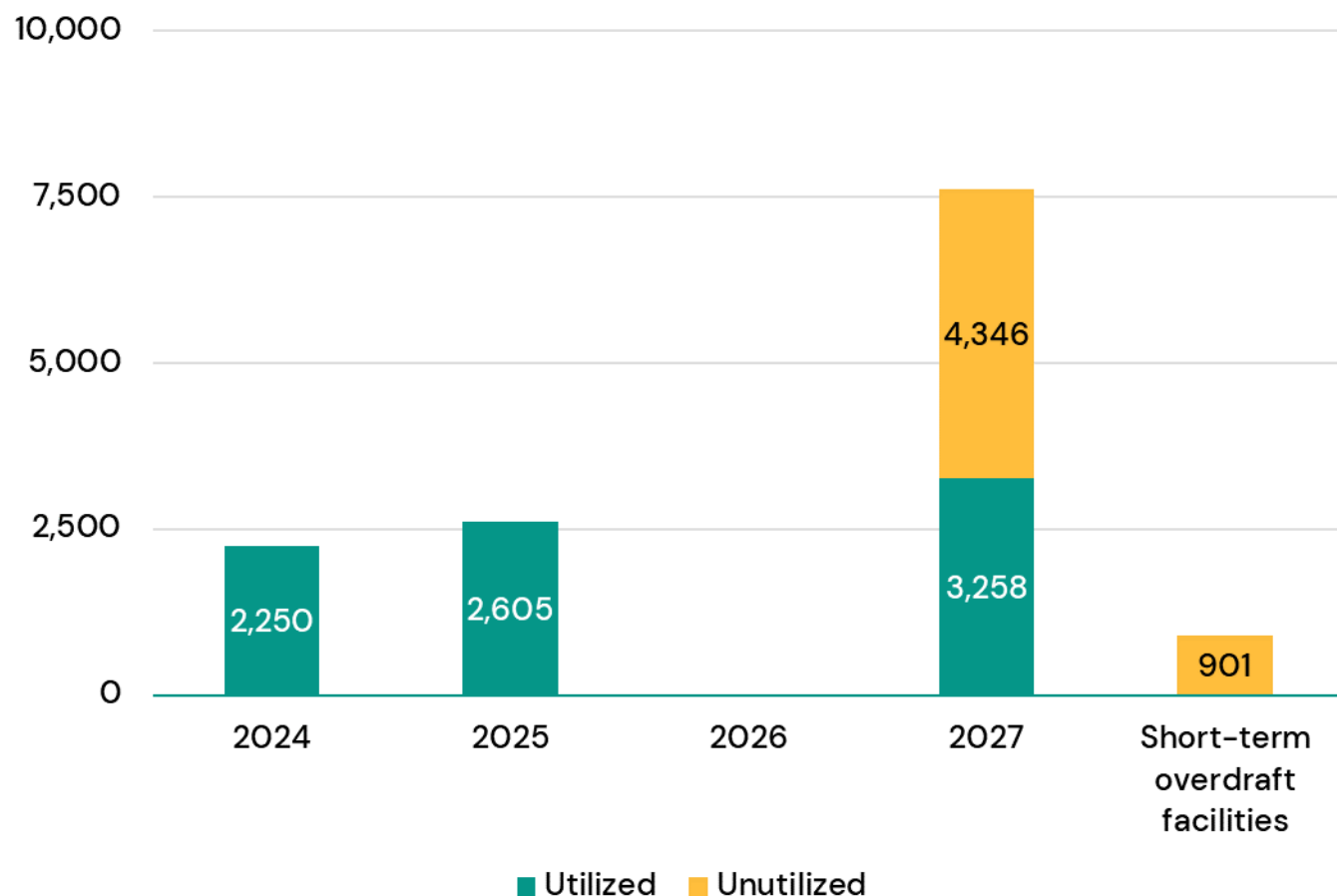


- Continued deleveraging with Net debt/EBITDA now at 2.0x
- Three components affecting Net debt/EBITDA:
  - EBITDA growth
  - Cash generation
  - Immediate currency impact on debt, but trailing impact on earnings

\* Net debt/Adjusted EBITDA is measured excluding IFRS16-related leases.

# Well-covered debt maturities

Maturity schedule, SEKm



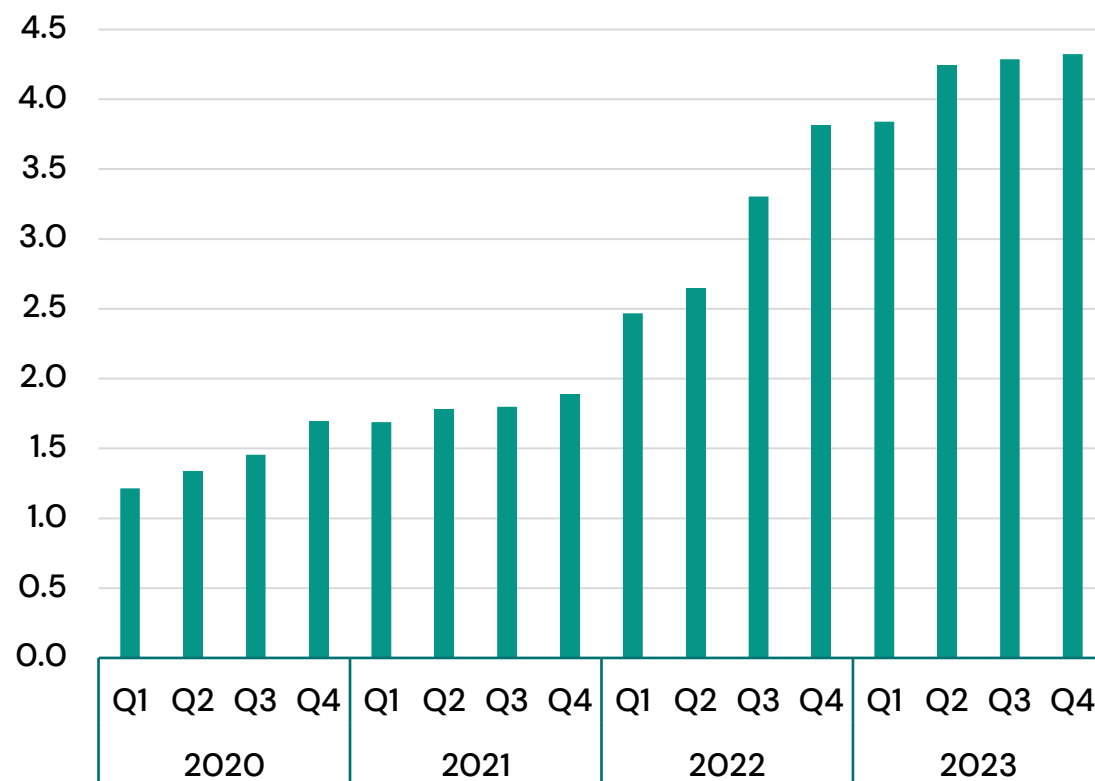
- Available cash and committed credit facilities more than exceed loans maturing in 2024
  - Cash and cash equivalents of SEK 1,012m
  - SEK 4,346m in unutilized long-term credit facilities
  - SEK 901m in unutilized overdraft facilities

- Last 12 months:
  - Generated SEK 1,159 million in Cash flow from operating activities after investments
  - Amortized SEK 2,250 million of debt

\*The maturity date of these facilities were extended by one year to February 2027 in January 2024.

# Financial targets

Adjusted EBITDA per share, rolling 12 months



## Targets:

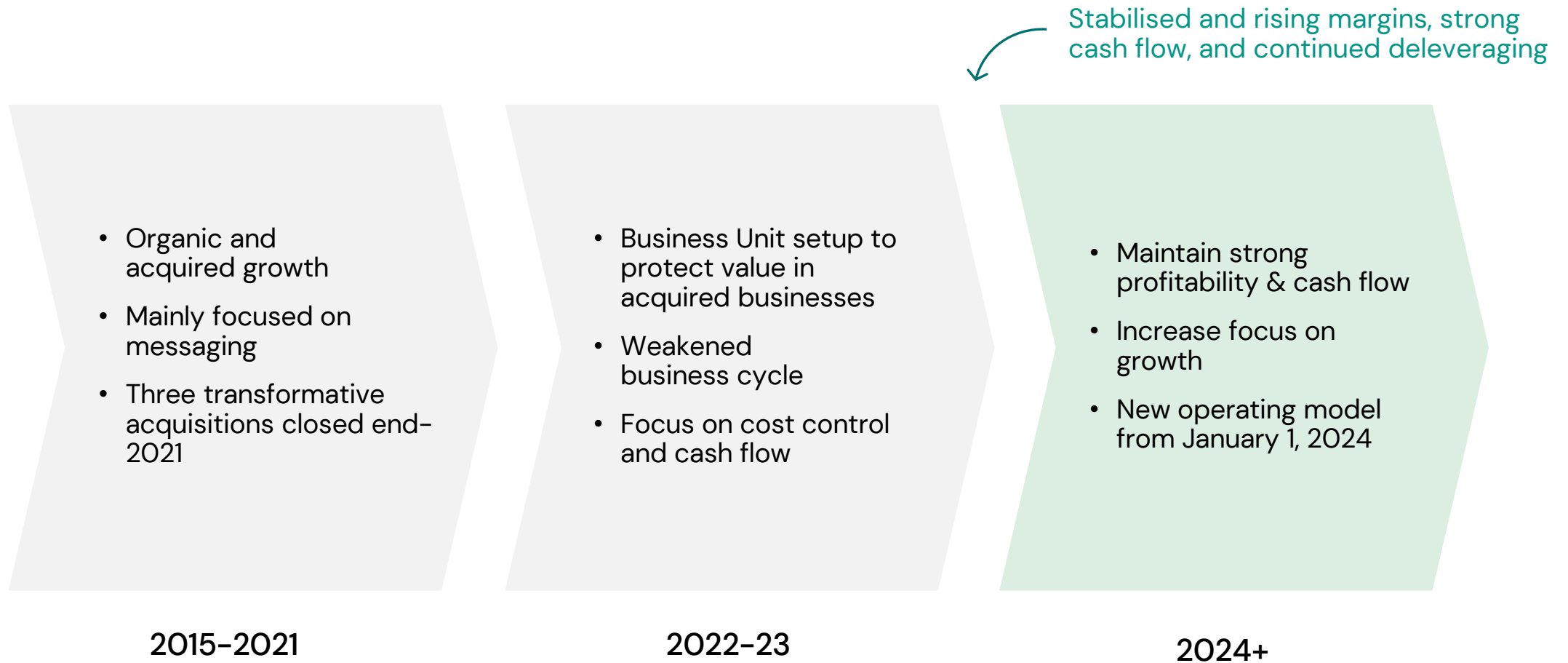
- Adjusted EBITDA per share to grow 20% per year
- Net debt < 3.5x adjusted EBITDA over time

## Performance:

- Adjusted EBITDA per share grew 14% in 2023
- Net debt/adjusted EBITDA of 2.0x excl. IFRS 16-related leases

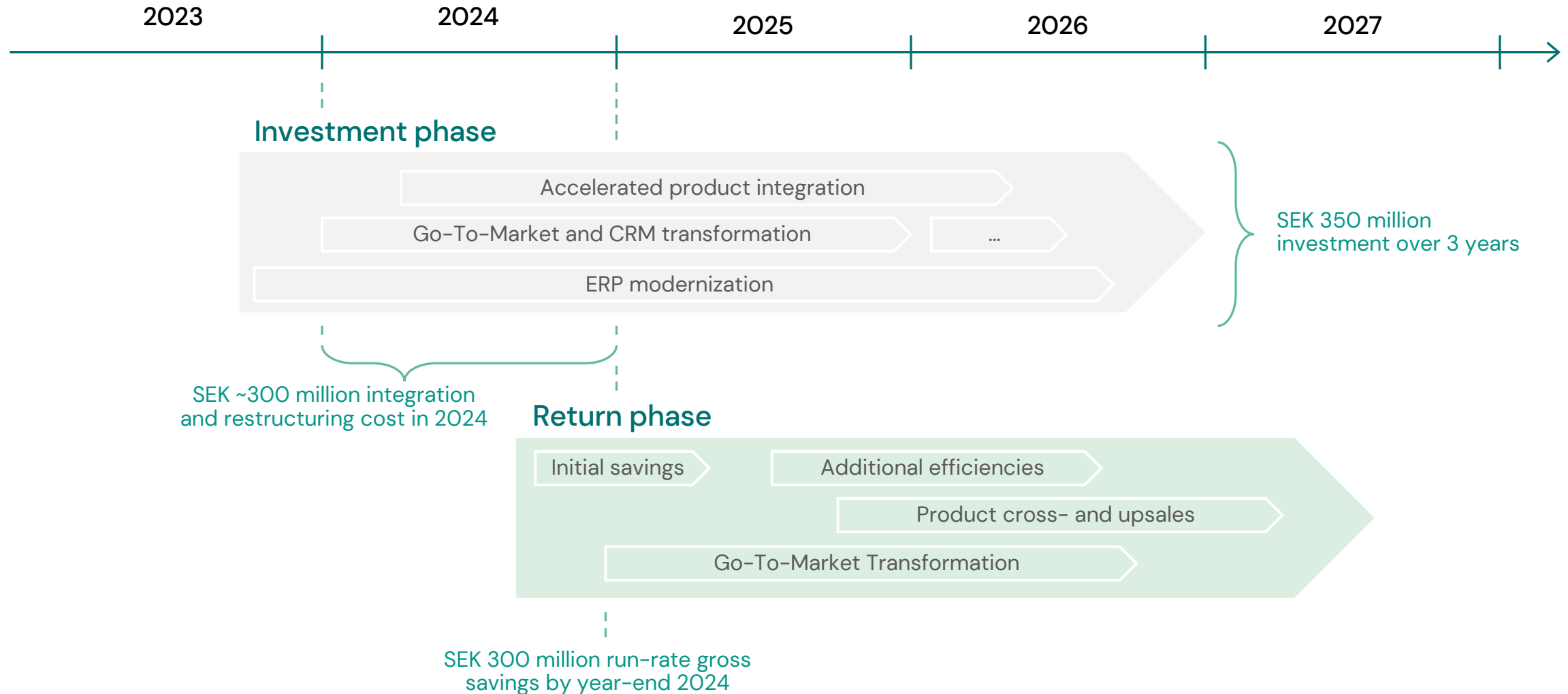
# Growth acceleration plan

# Our next phase





# Growth acceleration plan



# Tracking our progress



## Go-To-Market transformation

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- Unified sales teams tasked to sell all products.
- Customer segmentation and analysis.
- CRM transformation blueprint.

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- Americas, EMEA and APAC reported as financial segments.
  - Integrated account coverage design & sales compensation model.
  - CRM target architecture definition and integration roadmap.



## Product integration

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- Single product organization reporting to group CPO.
- New product taxonomy.
- Cross-Sinch product profitability analysis.

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- Unified cross-Sinch product strategy.
  - Financial reporting matching new product taxonomy.
  - API and Application migrations to global platform.



## Operational excellence

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- ERP transformation blueprint.
- Rollout of new organization and accountabilities.
- Joint launch of Sinch bold ambition and values.

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- Target operating model for business support functions.
  - Comprehensive cloud governance.
  - Set science-based target for emission reduction.



# Thanks!

For more information, contact:

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# Income statement

SEKm	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	2022	2023
Net sales	7,196	7,361	6,927	7,021	7,265	7,532	27,722	28,745
Cost of services sold	-4,835	-4,945	-4,667	-4,699	-4,832	-5,006	-18,912	-19,204
<b>Gross profit</b>	<b>2,361</b>	<b>2,416</b>	<b>2,260</b>	<b>2,322</b>	<b>2,433</b>	<b>2,526</b>	<b>8,810</b>	<b>9,542</b>
Operating expenses	-1,553	-1,625	-1,568	-1,606	-1,585	-1,708	-6,036	-6,468
<b>EBITDA</b>	<b>808</b>	<b>791</b>	<b>692</b>	<b>715</b>	<b>848</b>	<b>818</b>	<b>2,774</b>	<b>3,074</b>
Depreciation and amortization	-5,623	-724	-605	-624	-665	-687	-7,478	-2,580
<b>EBIT</b>	<b>-4,815</b>	<b>66</b>	<b>88</b>	<b>92</b>	<b>184</b>	<b>131</b>	<b>-4,703</b>	<b>494</b>
Financial income	922	866	437	775	854	1,214	3,702	3,280
Financial expenses	-780	-1,098	-599	-892	-1,064	-1,371	-3,774	-3,926
<b>Profit or loss before tax</b>	<b>-4,673</b>	<b>-166</b>	<b>-75</b>	<b>-25</b>	<b>-26</b>	<b>-26</b>	<b>-4,775</b>	<b>-152</b>
Current tax	-236	50	-145	-201	-114	141	-583	-319
Deferred tax	144	-111	141	156	186	30	414	513
<b>Profit or loss for the period</b>	<b>-4,765</b>	<b>-226</b>	<b>-78</b>	<b>-70</b>	<b>46</b>	<b>145</b>	<b>-4,943</b>	<b>42</b>
Adjusted EBITDA	901	960	834	865	943	996	3,124	3,637
Adjusted EBIT	774	919	725	747	806	844	2,731	3,122

# Cash flow

SEKm	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	2022	2023
Profit or loss before tax	-4,673	-166	-75	-25	-26	-26	-4,775	-152
Adjustment for non-cash items	5,301	988	684	633	640	903	7,167	2,859
Income tax paid	-112	-161	-199	-226	-127	-48	-560	-600
<b>Cash flow before changes in working capital</b>	<b>516</b>	<b>661</b>	<b>410</b>	<b>382</b>	<b>487</b>	<b>828</b>	<b>1,832</b>	<b>2,107</b>
Change in working capital	211	312	-198	-395	375	-101	676	-319
<b>Cash flow from (-used in) operating activities</b>	<b>727</b>	<b>973</b>	<b>212</b>	<b>-13</b>	<b>862</b>	<b>727</b>	<b>2,508</b>	<b>1,788</b>
Net investments in property, plant and equipment and intangible assets	-168	-183	-154	-138	-184	-153	-643	-629
Change in financial receivables	0	3	-5	1	2	6	-3	4
Acquisition of Group companies	-7	0	-24	0	0	0	-45	-24
<b>Cash flow from (-used in) investing activities</b>	<b>-175</b>	<b>-180</b>	<b>-184</b>	<b>-137</b>	<b>-182</b>	<b>-147</b>	<b>-691</b>	<b>-649</b>
Change in borrowings	-55	-600	-307	-300	-540	-1,106	-1,455	-2,254
Amortization lease liability	-43	-18	-25	-38	-42	-32	-144	-136
New issue/warrants	13	8	-2	46	1	3	91	48
<b>Cash flow from (-used in) financing activities</b>	<b>-85</b>	<b>-610</b>	<b>-333</b>	<b>-292</b>	<b>-581</b>	<b>-1,135</b>	<b>-1,508</b>	<b>-2,342</b>
<b>Cash flow for the period</b>	<b>467</b>	<b>183</b>	<b>-305</b>	<b>-442</b>	<b>99</b>	<b>-555</b>	<b>309</b>	<b>-1,203</b>
Opening cash and cash equivalents	1,470	2,012	2,173	1,902	1,545	1,620	1,871	2,173
Exchange rate differences	75	-22	34	85	-24	-53	-7	42
<b>Closing cash and cash equivalents</b>	<b>2,012</b>	<b>2,173</b>	<b>1,902</b>	<b>1,545</b>	<b>1,620</b>	<b>1,012</b>	<b>2,173</b>	<b>1,012</b>

# Cash conversion

SEKm	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	2022	2023
Adjusted EBITDA	901	960	834	865	943	996	3,124	3,637
Paid interest	-51	-119	-127	-145	-159	-156	-279	-588
Paid taxes	-112	-161	-199	-226	-127	-48	-560	-600
Other items	-222	-18	-97	-111	-170	36	-453	-342
<b>Cash flow before changes in working capital</b>	<b>516</b>	<b>661</b>	<b>410</b>	<b>382</b>	<b>487</b>	<b>828</b>	<b>1,832</b>	<b>2,107</b>
Change in working capital	211	312	-198	-395	375	-101	676	-319
<b>Cash flow from operating activities</b>	<b>727</b>	<b>973</b>	<b>212</b>	<b>-13</b>	<b>862</b>	<b>727</b>	<b>2,508</b>	<b>1,788</b>
Net investments in property, plant and equipment and intangible assets	-168	-183	-154	-138	-184	-153	-643	-629
<b>Cash flow from operating activities after investments</b>	<b>559</b>	<b>790</b>	<b>58</b>	<b>-151</b>	<b>678</b>	<b>574</b>	<b>1,865</b>	<b>1,159</b>