

# Carnegie Seminar

7 September 2022

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# Sinch supports the full Customer Journey



SEK 22.3bn  
net sales in the  
past 12 months

SEK 17bn  
Market Cap

SEK 2.0bn  
Adj. EBITDA in the  
past 12 months

4,399  
people

64 countries with  
local presence

a global leader in **cloud communications**  
and **mobile customer engagement**

Over 150,000  
customers

Listed on NASDAQ  
in Stockholm, Sweden

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

More than 600 billion  
engagements per year



Serving 8 of the 10 largest  
U.S. tech companies

100%

Consumer  
penetration



Growing, global, multi-billion  
USD market



Profitable since our  
foundation in 2008

# Addressable market estimated to USD 60 billion

## Global trends fuelling growth

- Digitalization
- Customer experience as competitive edge
- Increased usage of cloud services
- New communications channels



• Conversational Marketing  
• Conversational Care  
• Identity

SMB

10  
USDbn

20  
USDbn

Messaging

10  
USDbn

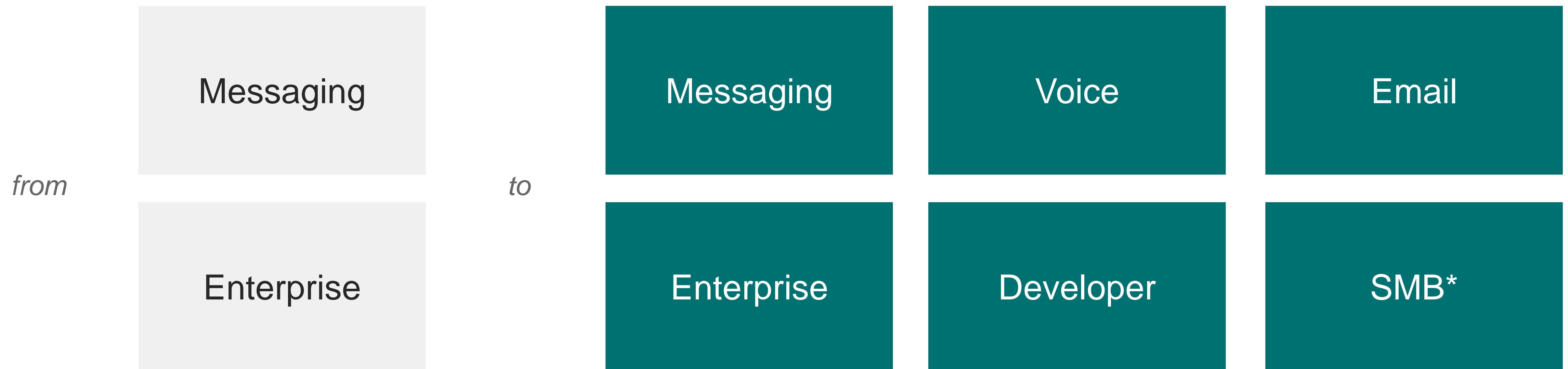
Voice

15  
USDbn

Email



# We have been on a journey to expand our addressable market

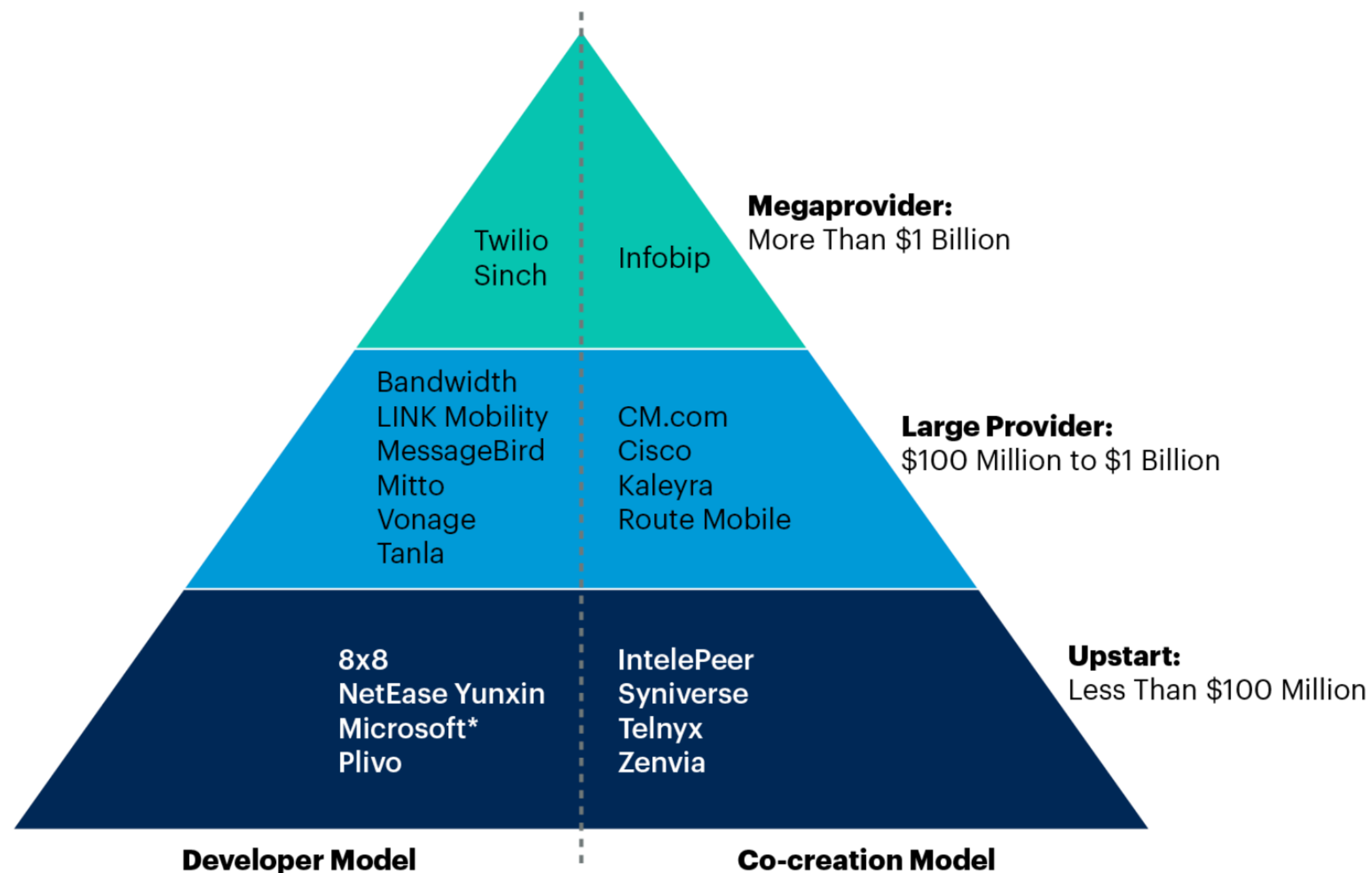


\* SMB = Small and Medium Sized businesses



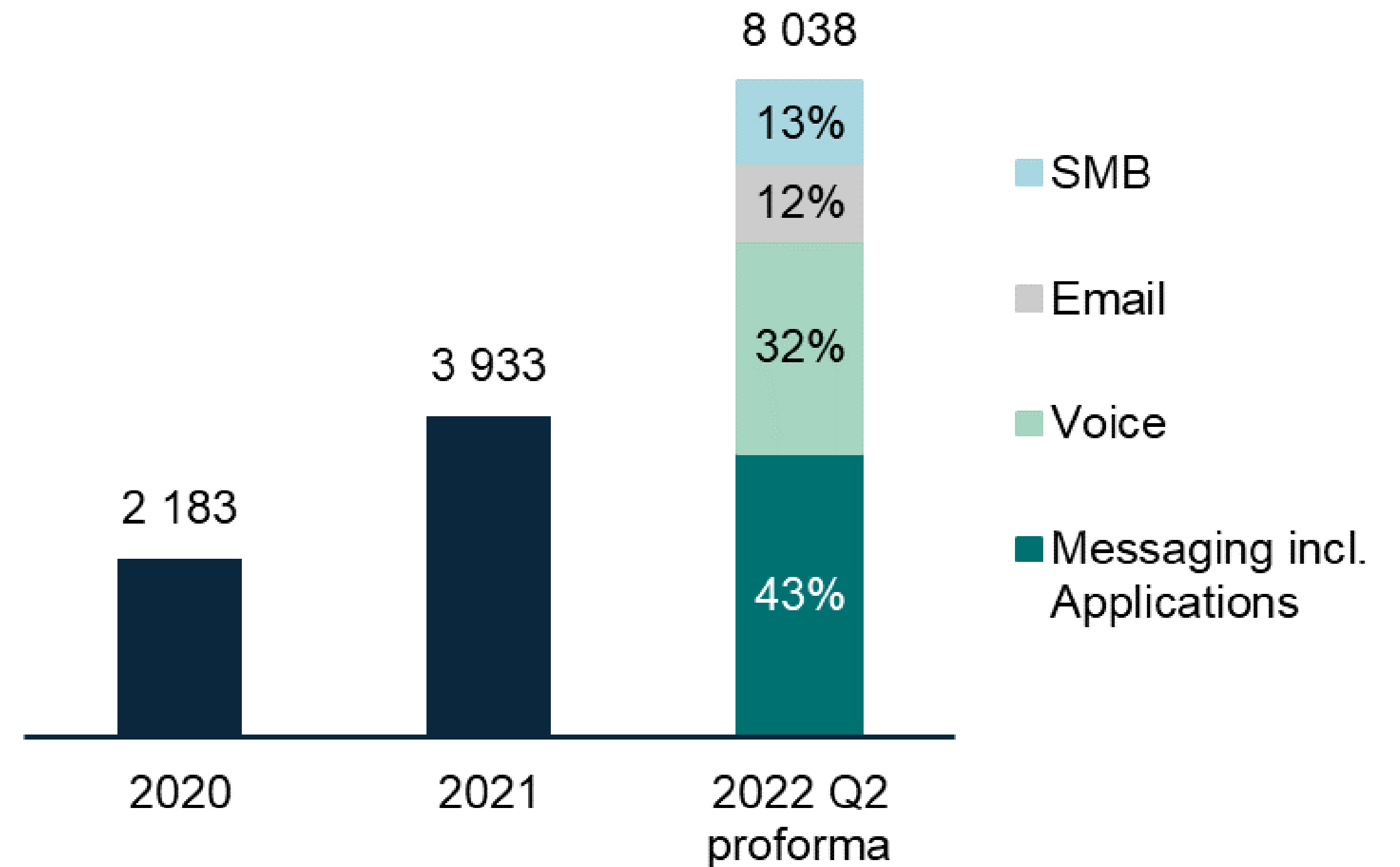
# Transforming into a global leader in cloud communications

## Major Vendors in CPaaS



Source: Gartner (November 2021)  
 \* Gartner estimate based on launch in April 2021

## Rising gross profit and broadened product mix



# Q2 highlights



# Q2 report highlights

01

## Strong cash flow

- Net sales growing 80%, Gross profit 123% and Adj EBITDA 77%
- SEK 162m reassessment of reserves for accrued traffic costs affects Gross profit, EBITDA and Adjusted EBITDA
- Adjusted EBITDA of SEK 503m
- Improved Cash flow from operations at SEK 668m
- L12M proforma Net sales at SEK 25.6bn with GP at SEK 8.0bn

02

## Stability and growth in Voice, Email and SMB

- 46% gross margin and 21% Adj EBITDA margin in Voice
- 73% gross margin and 37% Adj EBITDA margin in Email
- 61% gross margin and 28% Adj EBITDA margin in SMB
- New operating model where Business Units have full P&L responsibility

03

## Cost reduction program for Messaging

- Lower growth in gross profit and margin pressure in past 9 months
- Price adjustment to large customer impacting 2022, macroeconomic uncertainty in 2022-2023
- Targeting gross savings of ~10% in the Messaging and central functions, corresponding to about SEK 300m on an annual basis.
- Full effect from Q3 2023.



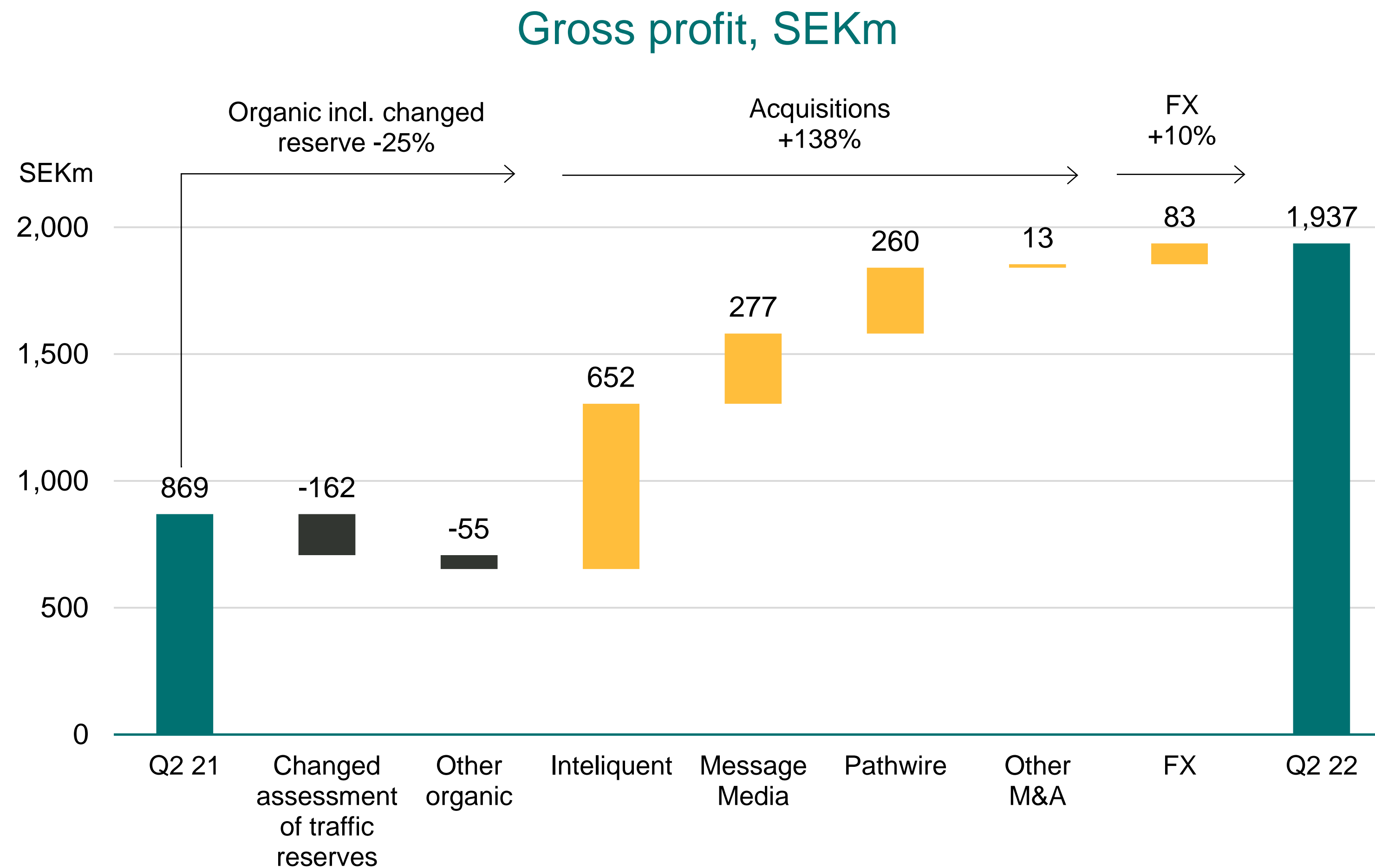
# Johan Hedberg is interim CEO

- Sinch co-founder
- Sinch CEO 2010-2018
- Sinch Corporate Development 2018-2022





# Gross profit evolution

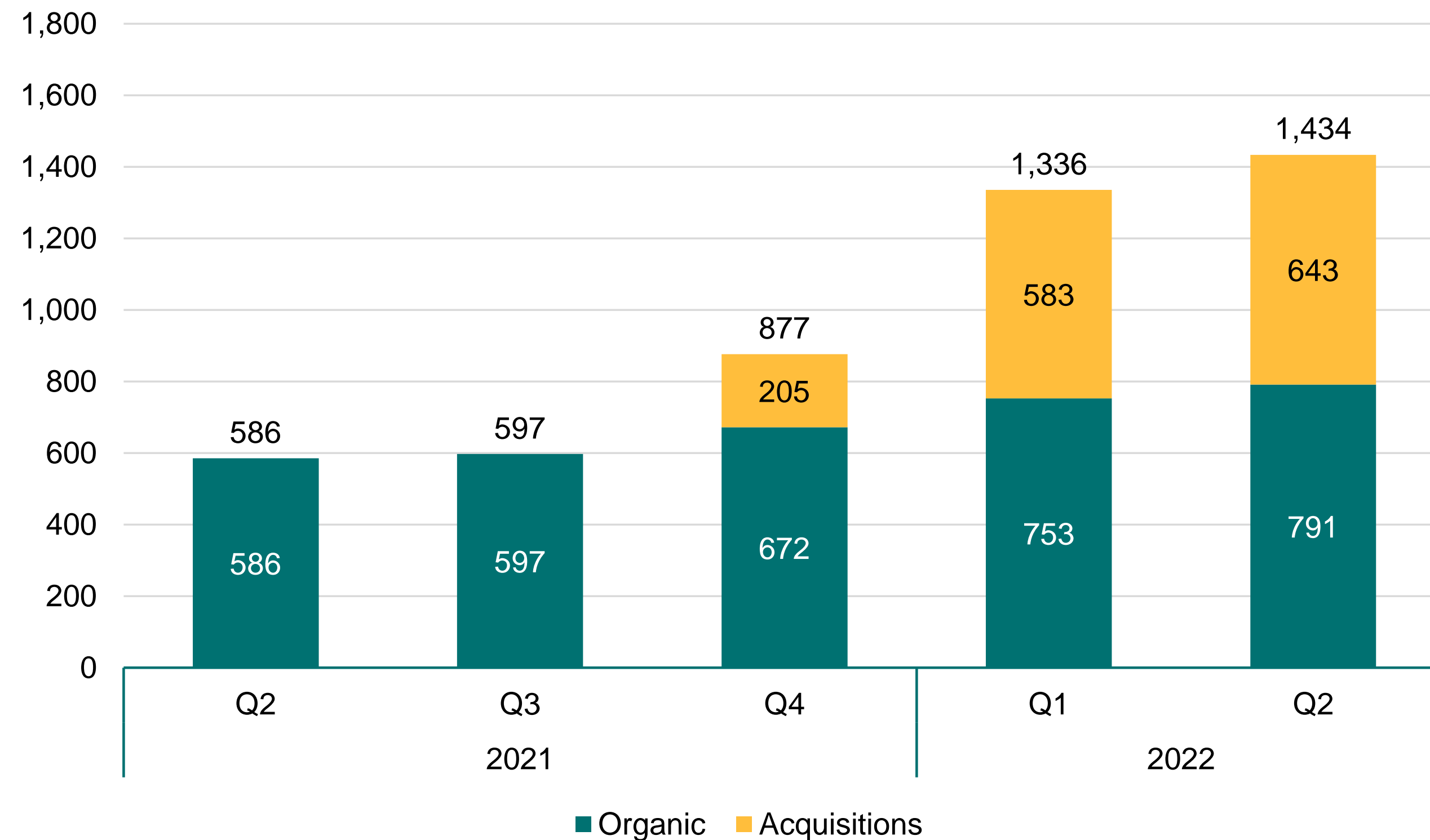


- SEK 162m reassessment of reserves for accrued traffic costs affects Q2 2022
- Organic gross profit growth of -4% (excl. reassessment) and proforma organic gross profit growth of 0%
- Price negotiation with one of our largest customers in Messaging hampers gross profit growth by 9%
- Continued growth in Email and SMB
- Largest customer now 5% of group Gross profit, top 10 customers account for 20%

# Opex development



## Adjusted Opex, SEKm

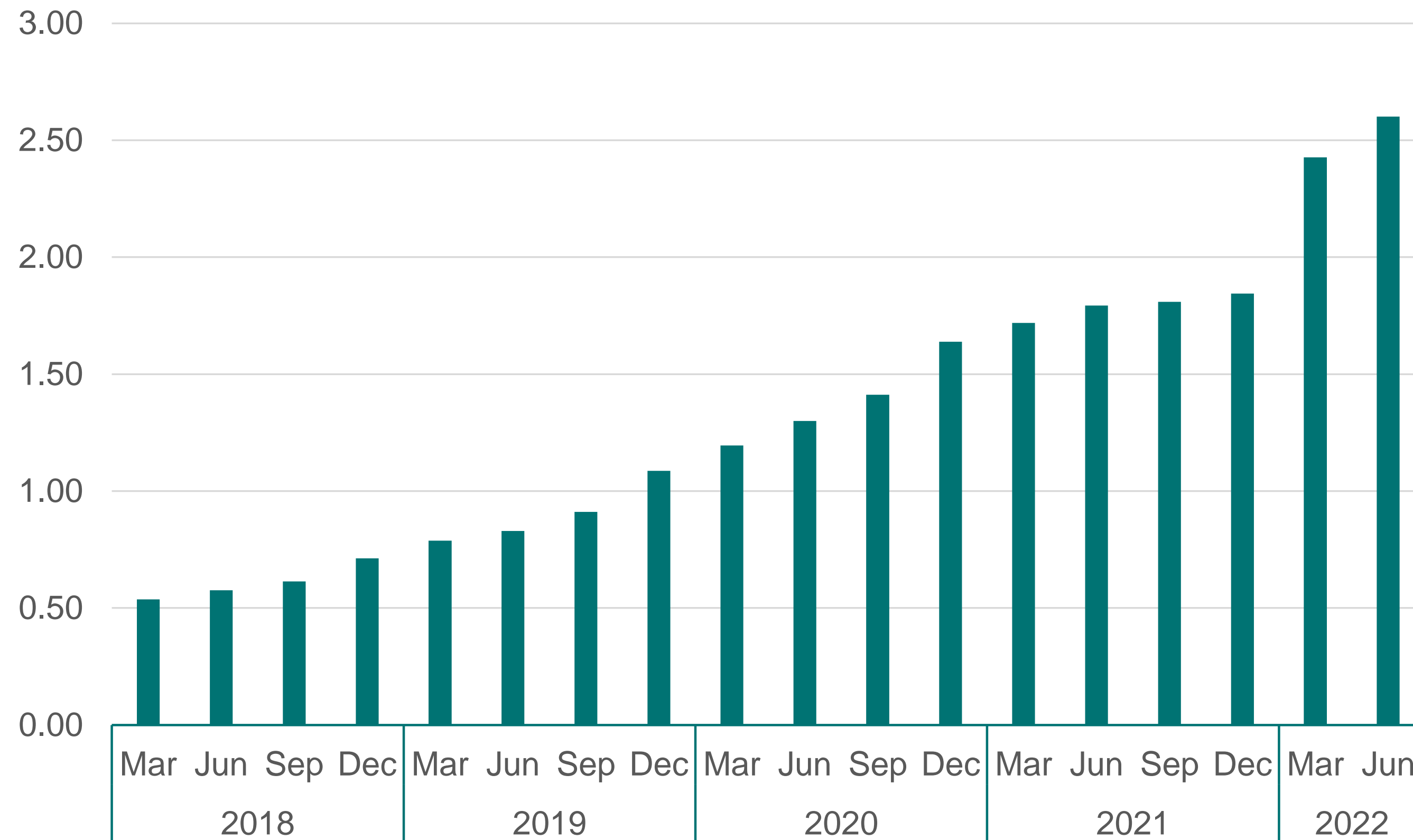


- Significant year-on-year increased in organic opex
- Increase since Q1 22 is 7%, of which half is due to currency
- Largest part of opex relates to personnel and is stable vs Q1
- Cost reduction program targeting an annual SEK 300m (10%) opex decrease in Messaging and Group functions (shown in green)



# 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

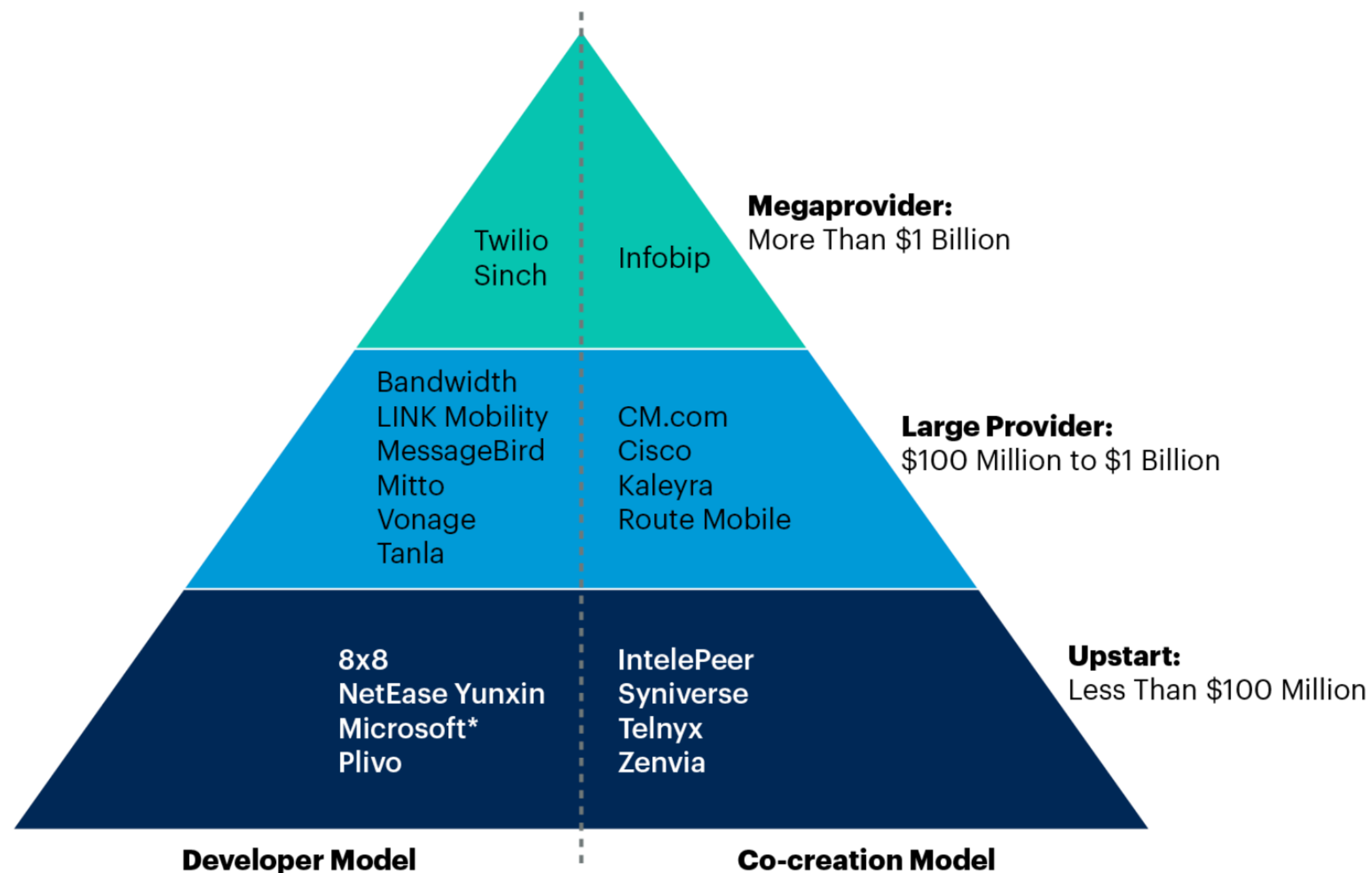
## Performance:

- Adjusted EBITDA per share grew 49% in Q2 22, measured on a rolling 12 month basis
- Proforma Net debt/EBITDA of 3.3x excl. IFRS 16-related leases



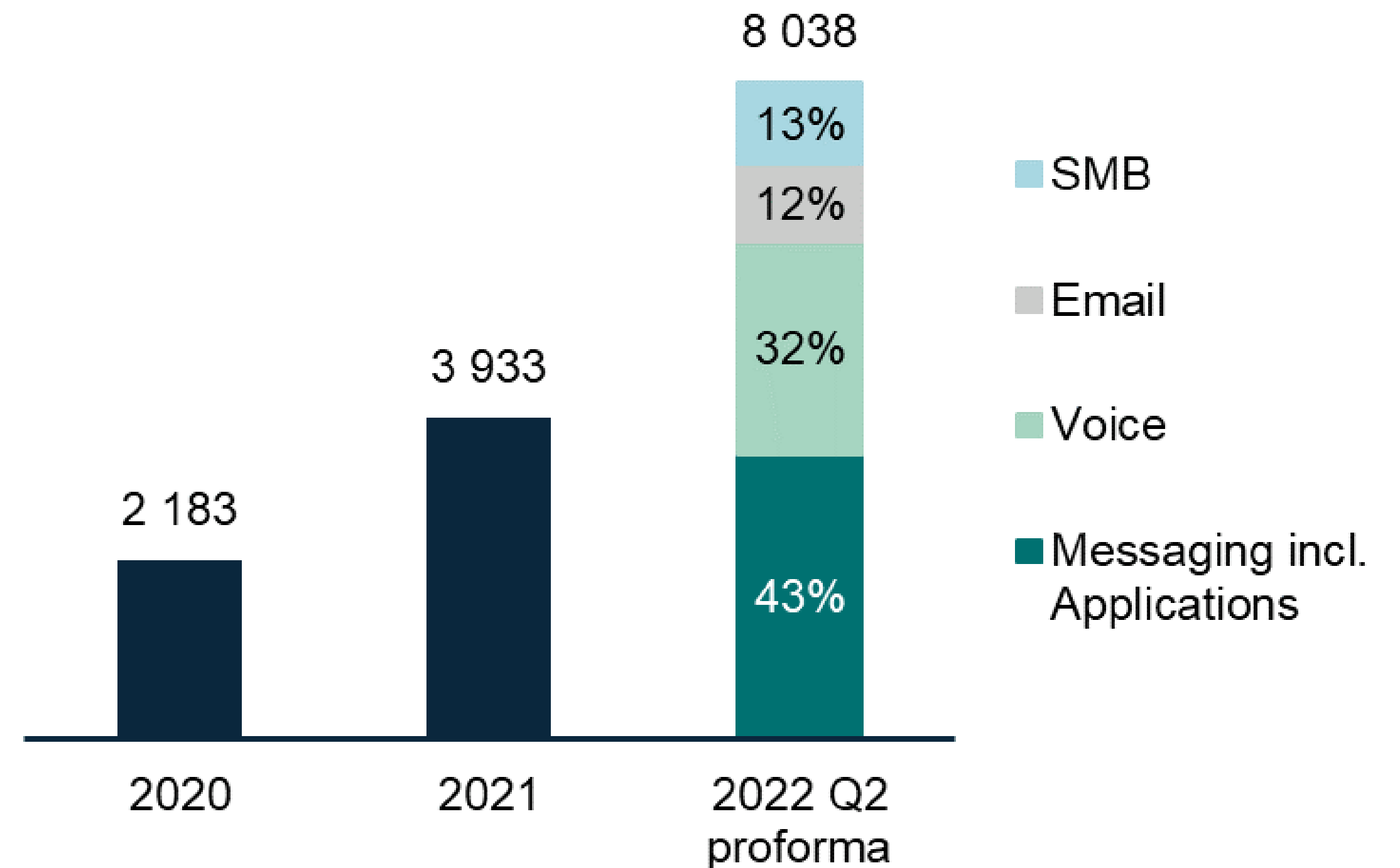
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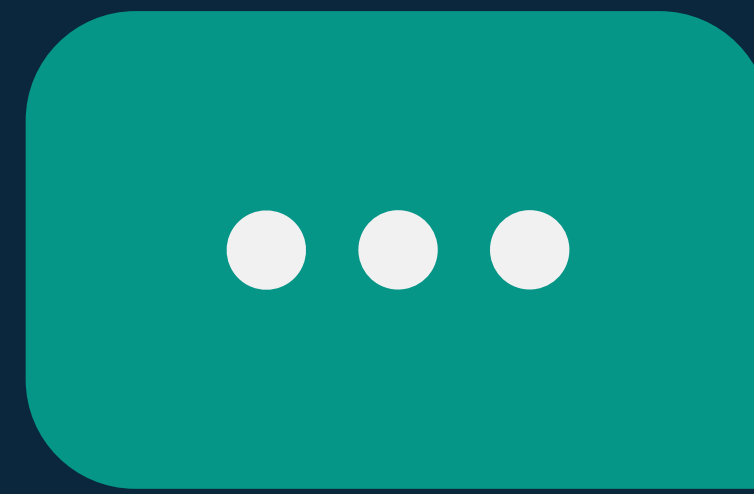


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## Rising gross profit and broadened product mix



Thank you!



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