

# Pareto Nordic bond conference

Stockholm, 21 March 2024

# LINK in short

Market leader in Europe - Global ambitions with strong growth credentials

## European #1 for enterprise digital messaging

- Attracting and operating customers locally with local languages creating stickiness and upsell opportunities
- High double-digit growth over the last 4 years

## Proven M&A achievements with more than 30 acquisitions

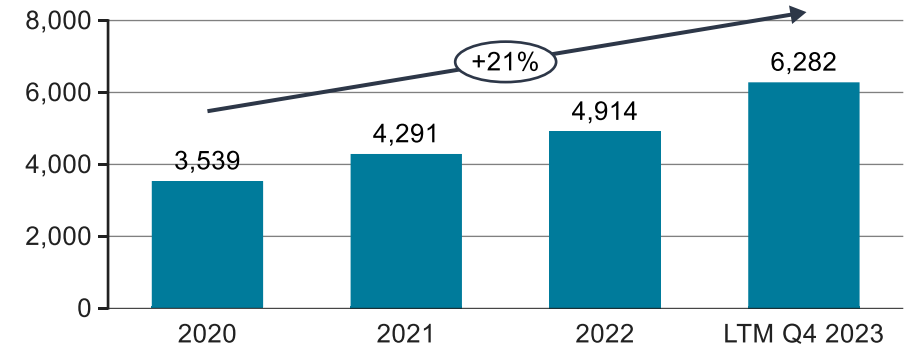
- Expanded throughout Europe from the Nordics since 2016

600 employees in 29 offices across 17 countries serving 50,000 customers

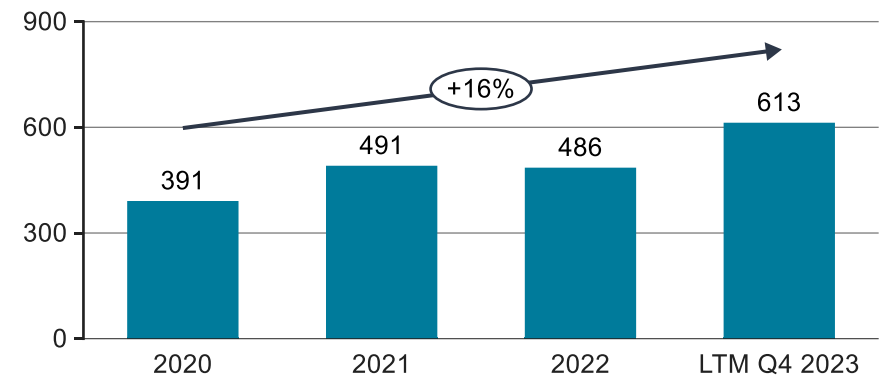
LINK founded and stock exchange listed in Norway



## Revenue NOKm



## Adjusted EBITDA NOKm



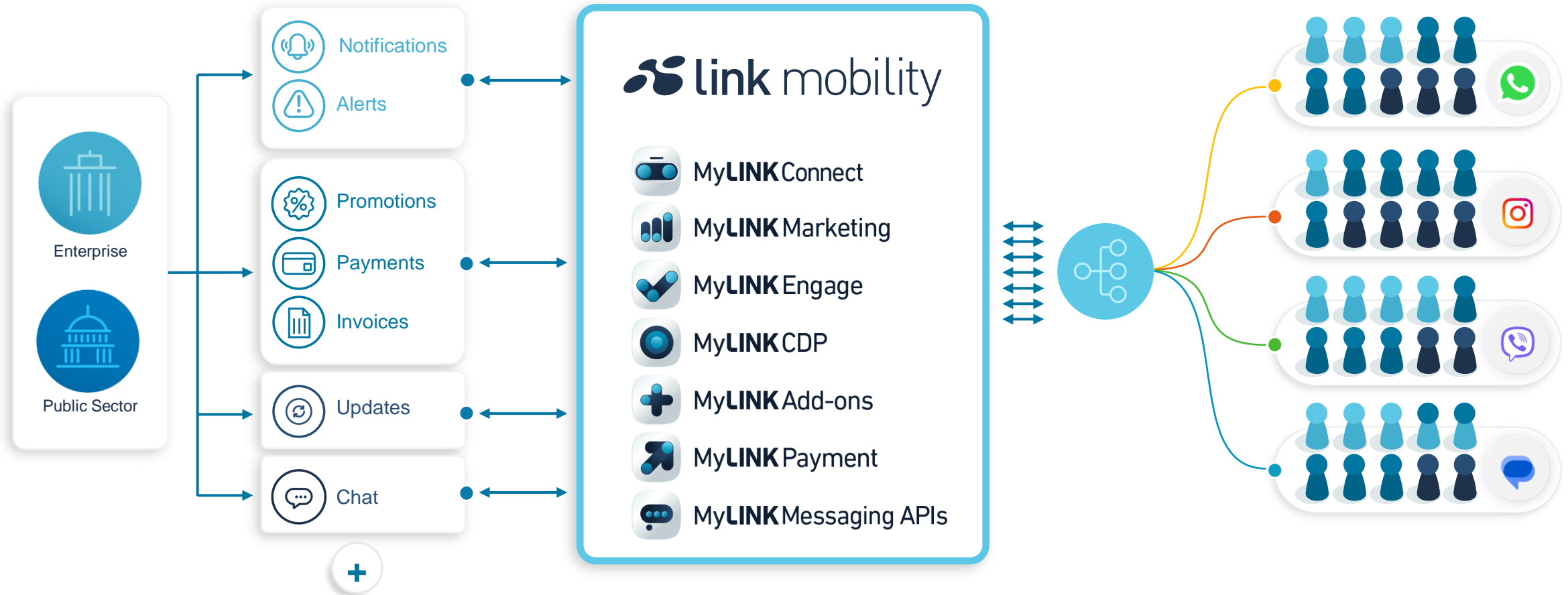
# LINK #1 in Europe for enterprise digital messaging

Established player for more than 20 years – Facilitating evolution to multi-channel / two-way solutions

Enhanced interaction through digital solutions

TWO WAYS COMMUNICATIONS

Uniquely targeted messaging on preferred channels



# Digital messaging gaining traction towards CPaaS

SMS still largest channel with more than 5 billion global users

## Global digital messaging market on SMS large and growing

- Expected to grow from below USD 70 billion up to close to USD 80 billion
  - LINK experiencing high single digit A2P growth in Europe

## Communication Platform as a Service (CPaaS) fast growing new market

- Expected to extend at CAGR above 20% from a lower base

## New channels transforming digital messaging towards CPaaS

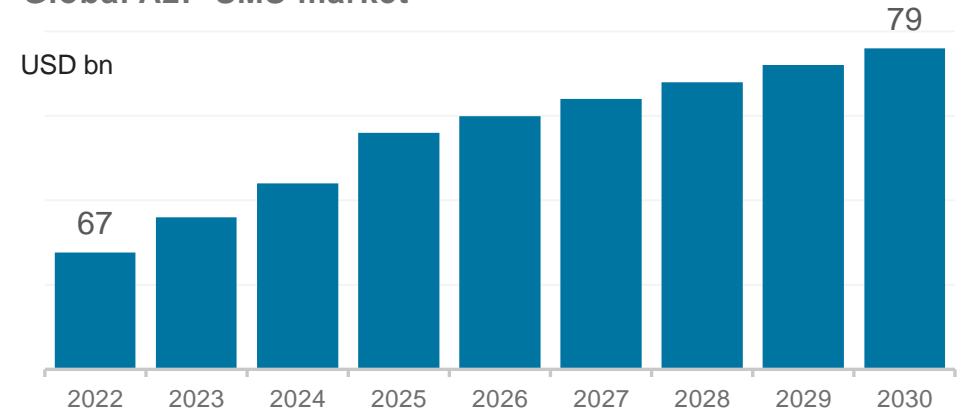
- Use cases moving from one-way SMS messaging to multi-channel conversations

## Global OTT messaging apps

Messaging platform	Monthly active users (m)
WhatsApp	2,440
WeChat	1,290
Facebook Messenger	1,000
Viber	823
Telegram	550
LINE	86
Kakao Talk	47

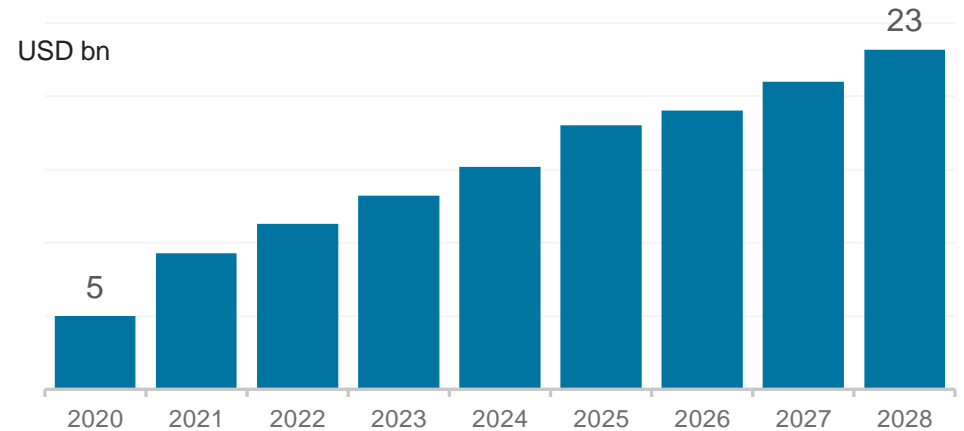
Source: Juniper Research

## Global A2P SMS market



Source: Zion Market Research

## Global CPaaS market



Source: Zion Market Research

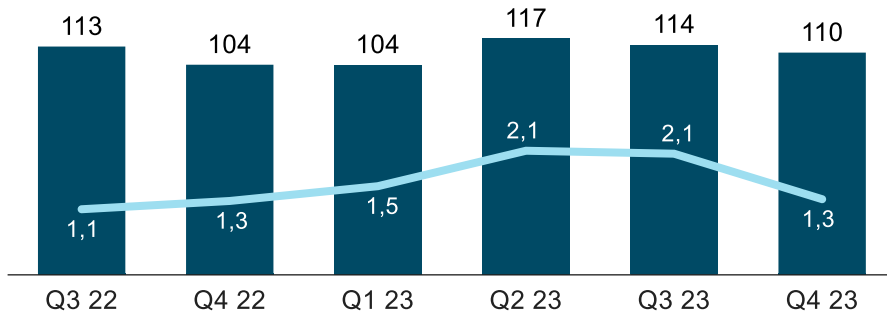
# LINK's recurring and growing business model

Solid European footprint in growing markets supported by megatrends and increased adoption rates

## Recurring business with 50' customers in Europe

- Customers remain and increase their usage

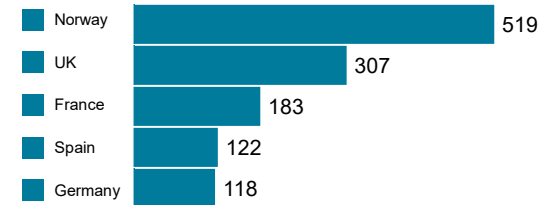
Net retention rate (NRR) and customer churn (%)



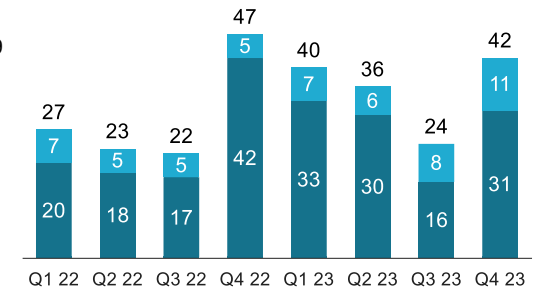
## Megatrends support digital messaging growth

- Increased adoption and traction on higher margin CPaaS solutions

Annual messaging per capita



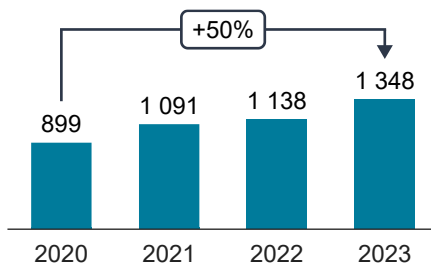
Closed won contracts (NOKm)



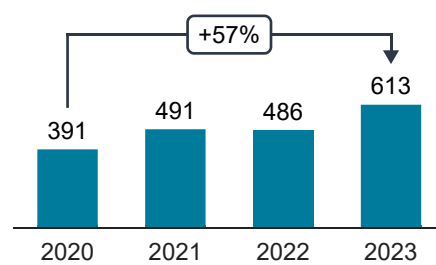
## Scalable business model

- Adjusted EBITDA growth versus gross profit growth

Gross profit (NOKm) – growth%

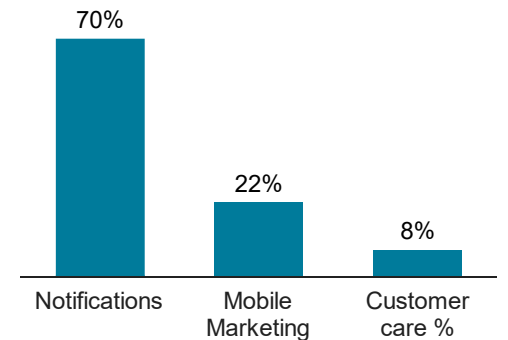
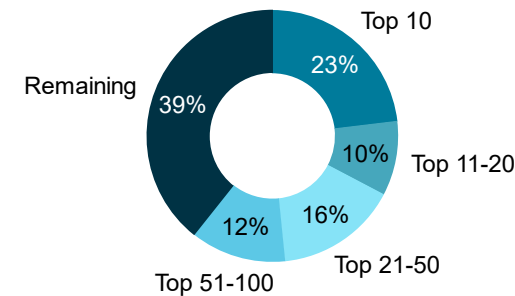


Adjusted EBITDA (NOKm) – growth%



## Diversified use cases and industry exposure

- Resilient revenue distribution tilted towards stable notifications



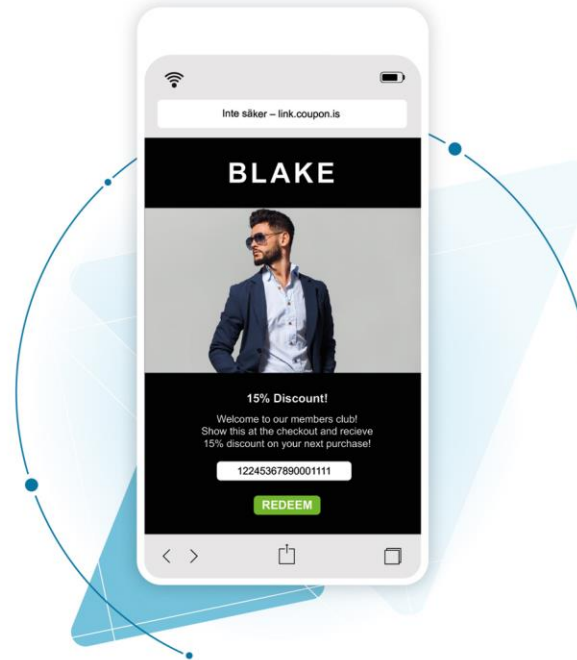
Customer revenue concentration

# Digital messaging moving from one-way SMS to rich conversations



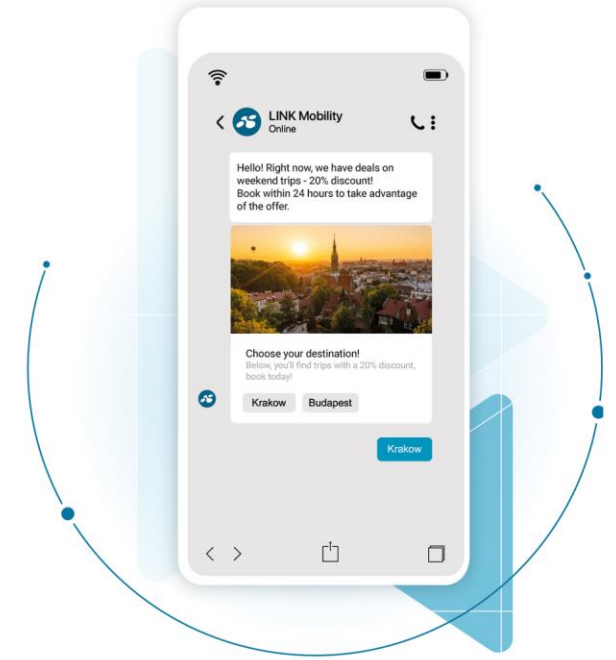
## Standard messaging

Communicate directly with your customers on SMS



## Rich messaging

Enhance your customer's experience with multi-channel personalized content



## Conversational

Transform your communications into conversations with your customers

# LINK's strong localized CPaaS product offering

Local approach key success criteria for capturing share of CPaaS market growth

## Strong local presence across Europe is a key strategic advantage

- LINK has 29 offices in 17 European countries
- All customer interactions are in the language preferred by the customer
- Key insight to market trends and needs supports commercial success

## CPaaS products well suited to LINK's local approach

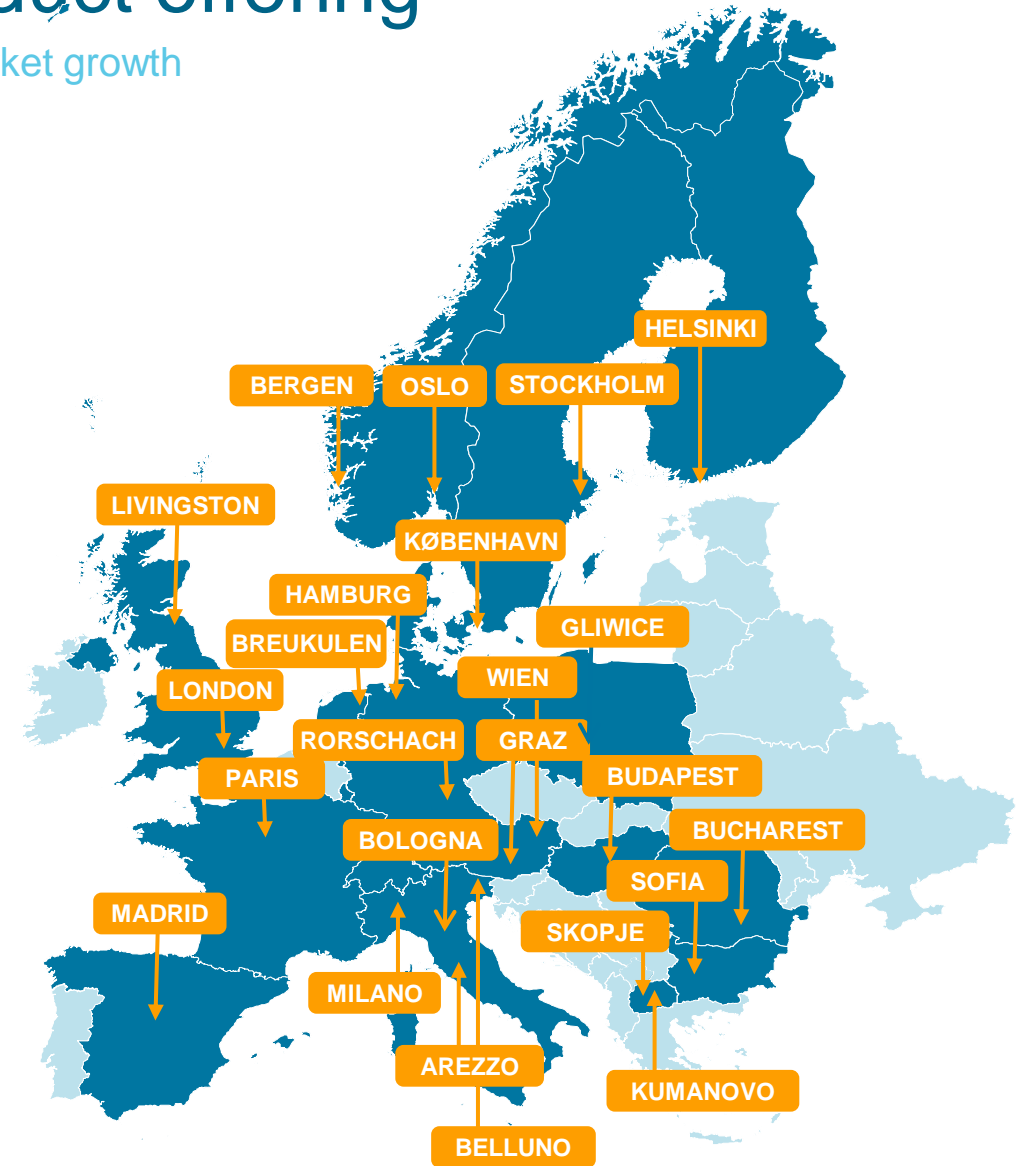
- New communications solutions are complex
  - Clear benefit with face-to-face interaction
- Customer success greatly enhanced through on-site support

## Strong CPaaS product portfolio

- Sticky software solutions integrated into customers IT stack
- Broad portfolio of solutions and channels

## Documented M&A experience and ample financial capacity

- Historical acquisitions in Europe has generated significant excess equity value
- Bolt-ons in Europe key priority – Significant Global opportunities



# M&A strategy for additional inorganic growth

## LINK completed more than 30 acquisitions last decade

- Historical acquisitions in Europe has generated significant excess equity value
- Expertise and financial capacity to strengthen acquisition activity

## M&A play-book guidelines

- Strong local market position and strong telecom operator relationships
- Cash EBITDA positive and cash accretive to LINK from day one
- Solid, well-diversified customer portfolios with low churn
- ~80% overlapping technology strong commercial enterprise focus
- Synergy potential to create further value

## Many bolt-ons and several level-up opportunities in Europe have priority

- More than NOK 200 million in additional EBITDA potential from M&A pipeline in Europe
- Acquisitions in Europe will drive cost synergies and enable quicker upselling potential
- Several level-up cases outside Europe in attractive markets in M&A pipeline



Add-on

Smaller bolt-ons to further strengthen market position and realize synergies



Level-up

Acquire larger companies in new and existing markets



# Strong cash generation and cash position at NOK 3.4 billion

Capital allocation across bond repayment, share buyback and M&A

Proforma Europe* LTM NOK million	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
<b>Adj.EBITDA</b>	<b>486</b>	<b>490</b>	<b>534</b>	<b>565</b>	<b>613</b>
Change working capital	-35	-16	-32	-48	-10
Taxes paid	-58	-45	-54	-63	-42
Non-recurring costs M&A	-52	-6	-8	-2	-21
<b>Net cash flow from operating activities</b>	<b>340</b>	<b>422</b>	<b>440</b>	<b>451</b>	<b>541</b>
Add back non-recurring costs M&A	52	6	8	2	21
<b>Adj. cash flow from operations</b>	<b>392</b>	<b>428</b>	<b>448</b>	<b>453</b>	<b>562</b>
Capex	-132	-114	-110	-112	-111
Lease and bond	-93	-91	-95	-95	-98
<b>Cash flow after capex and interest</b>	<b>167</b>	<b>223</b>	<b>244</b>	<b>246</b>	<b>353</b>

## High cash conversion from adjusted EBITDA

- LTM improved FCF supported by organic growth momentum

## Excess cash reserves of approximately NOK 3.4 billion

- Ample capacity for accretive M&A
- Bond buybacks if satisfactory yield
- Share buybacks linked to current option incentive plans
  - Up to 17 million shares or a maximum of NOK 400 million

## New conservative net debt policy at 2 - 2.5x adjusted EBITDA

- Current EUR 370 million bond maturing in December 2025
  - To be refinanced within 2 - 2.5x adjusted EBITDA range

# LINK positioned for strong FCF growth in 2024 and beyond

## **LINK's European business is scalable and highly cash generative**

- Organic gross profit growth in high single digits historically
- Organic adjusted EBITDA expected to grow at higher rate than organic gross profit
- Net debt not exceeding 2 - 2.5x adjusted EBITDA range when refinancing in 2025

## **Diverse M&A pipeline with additional EBITDA potential > NOK 200 million in Europe alone**

- Bolt-ons in Europe priority to realize further scale
- Several potential level-up cases in Europe and beyond including the US



# Q&A

[linkmobility.com/investors](https://linkmobility.com/investors)

