

# Nordea credit bond seminar

Stockholm, 23 May 2024

# LINK in short

Market leader in Europe - Global ambitions with strong growth credentials

## European #1 for enterprise digital messaging

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

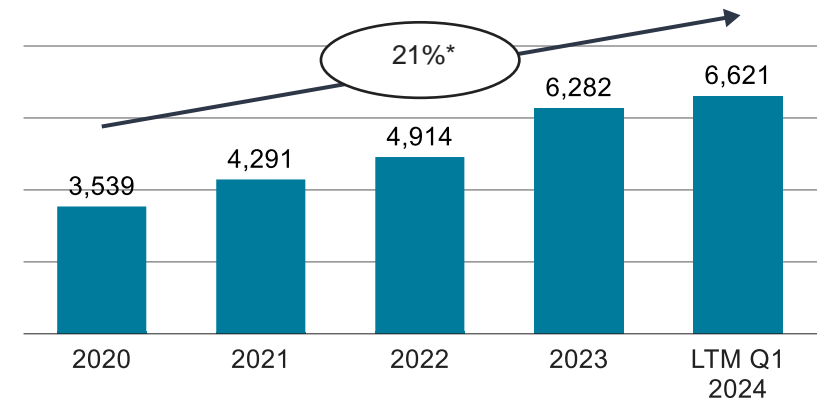
## Proven M&A achievements with more than 30 acquisitions

- Expanded throughout Europe from the Nordics since 2016

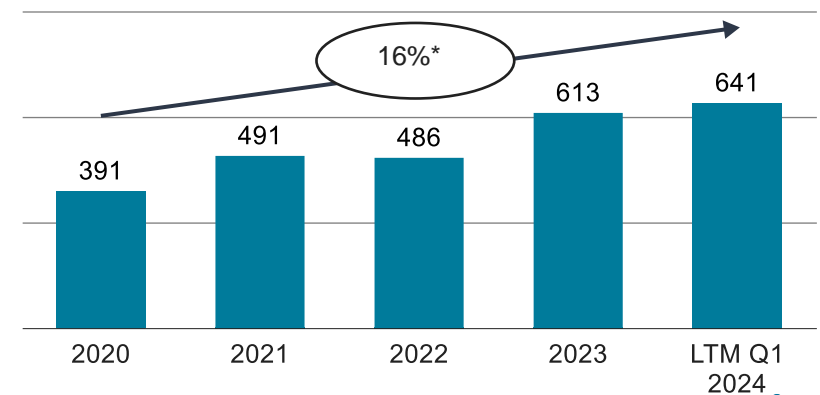
600 employees, 29 offices, 17 countries serving more than 50,000 customers



## Revenue NOKm



## Adjusted EBITDA NOKm



\* CAGR growth

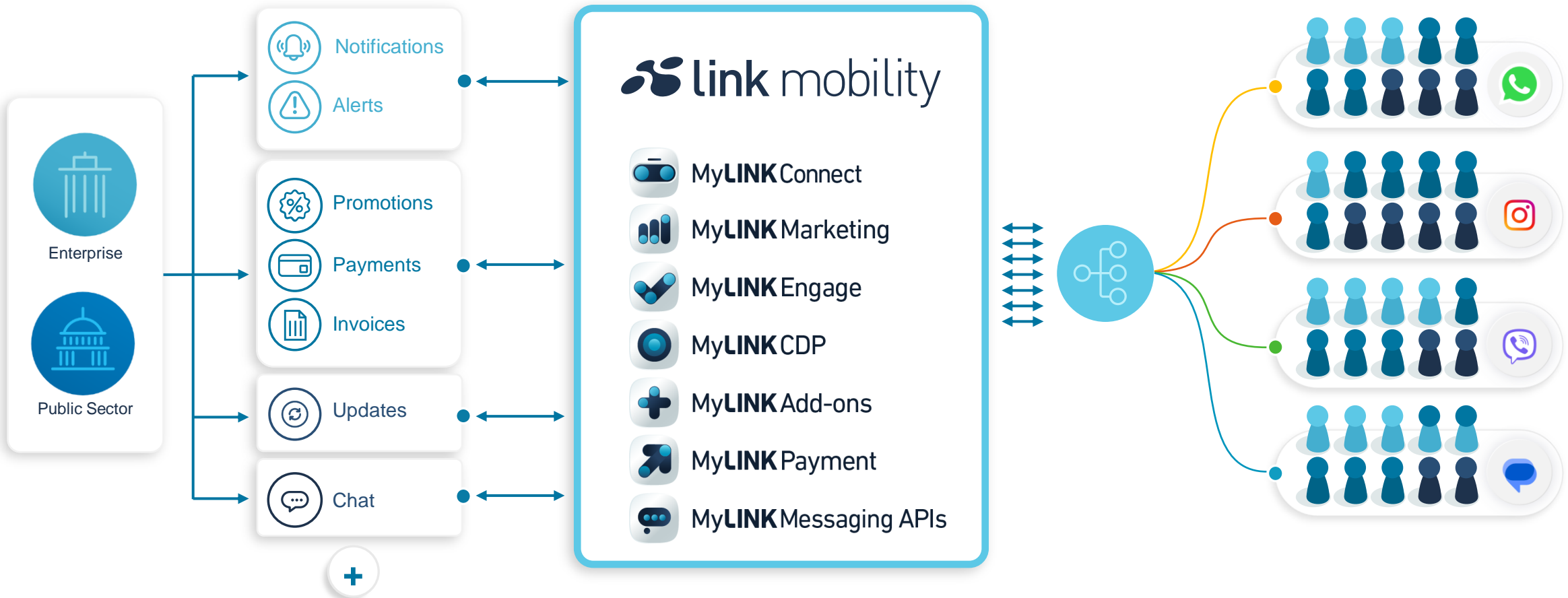
# LINK #1 in Europe for enterprise digital messaging

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

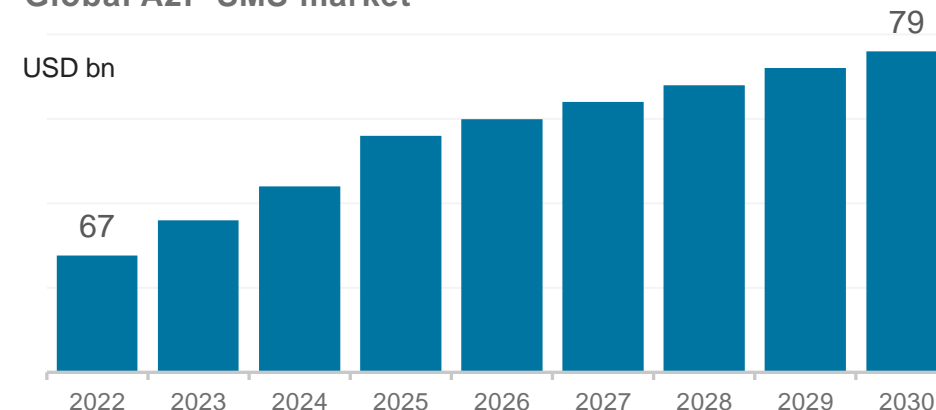
- Use cases moving from one-way SMS messaging to multi-channel conversations

## 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

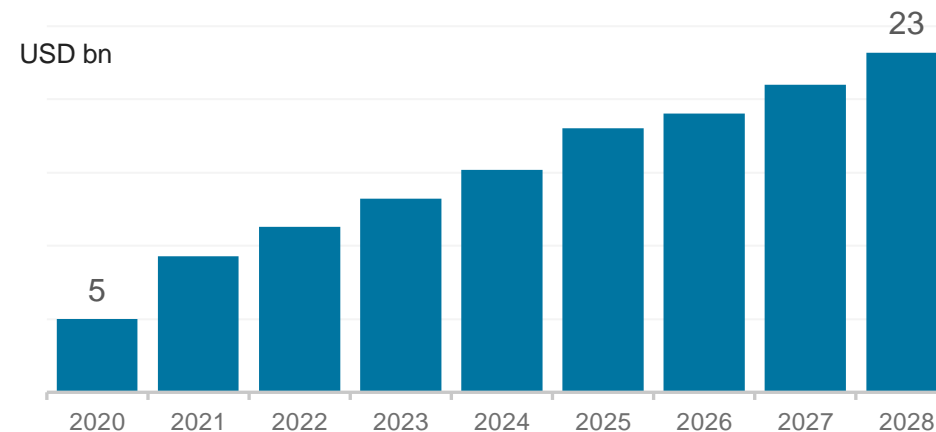
Source: Juniper Research

## Global A2P SMS market



Source: Zion Market Research

## Global CPaaS market



Source: Zion Market Research

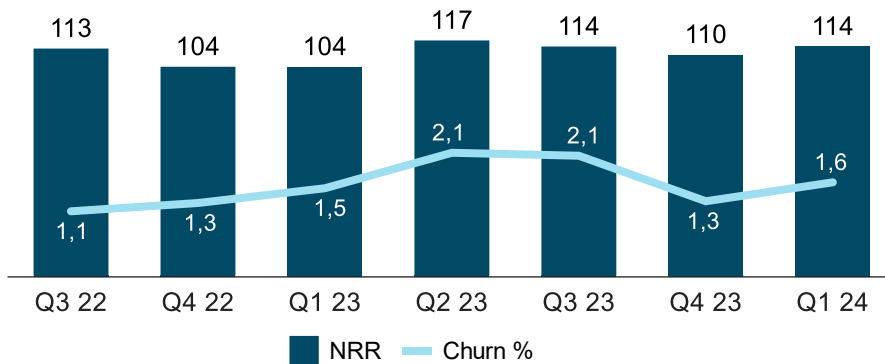
# LINK's recurring and growing business model

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

## Recurring business with more than 50,000 customers in Europe

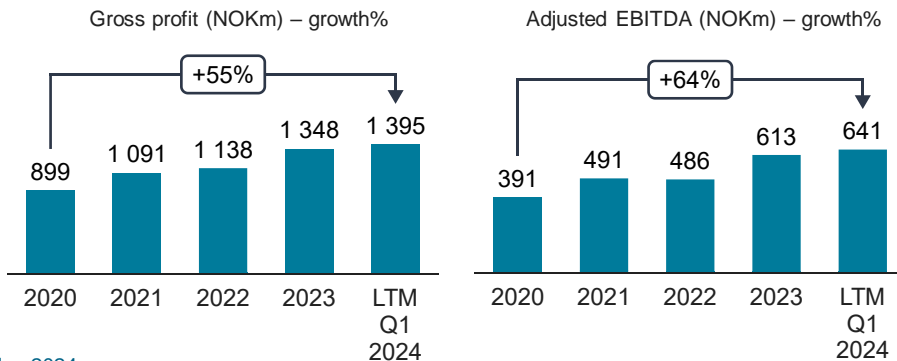
- Customers remain and increase their usage

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



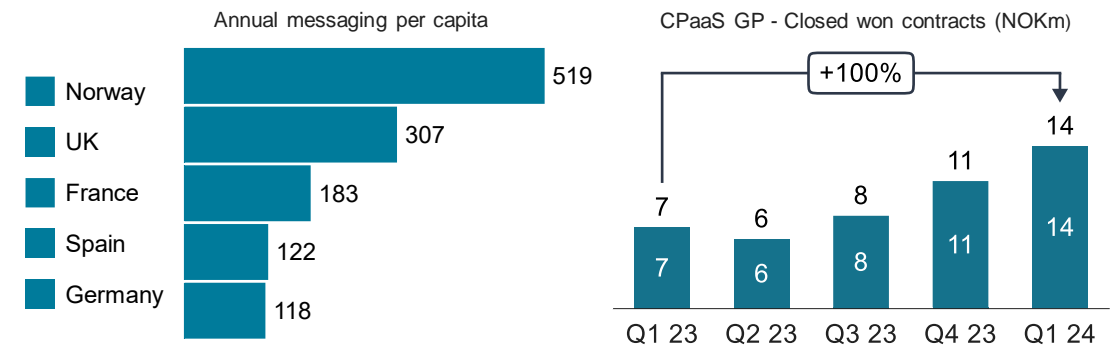
## Scalable business model

- Adjusted EBITDA growth versus gross profit growth



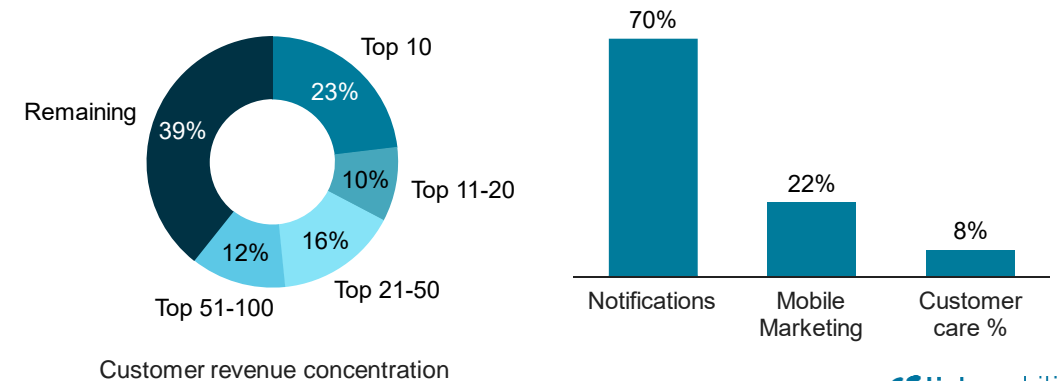
## Megatrends support digital messaging growth

- Increased adoption and traction on higher margin CPaaS solutions



## Diversified use cases and industry exposure

- Resilient revenue distribution tilted towards stable notifications

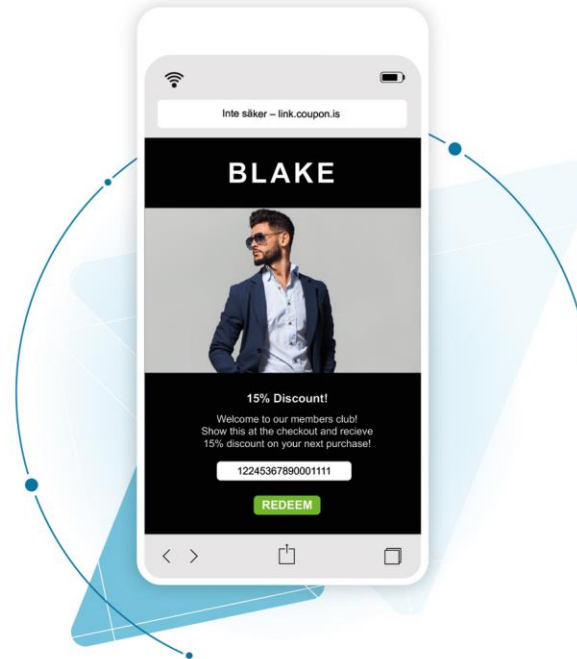


# Digital messaging moving from one-way SMS to rich conversations



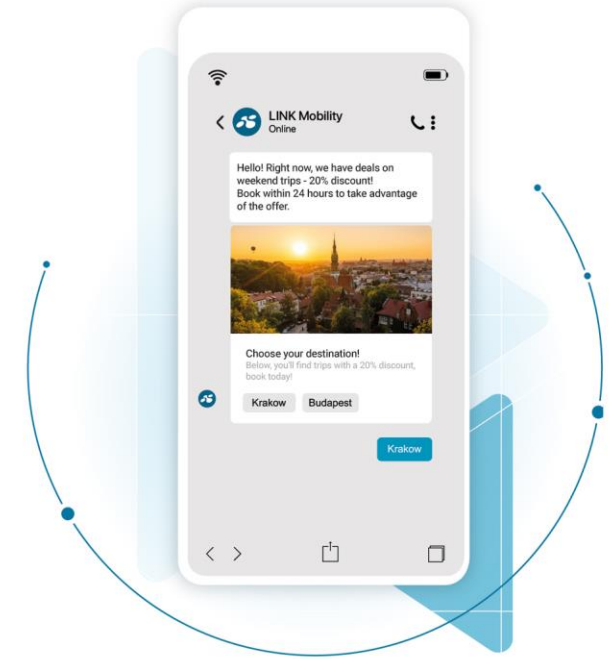
## Standard messaging

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

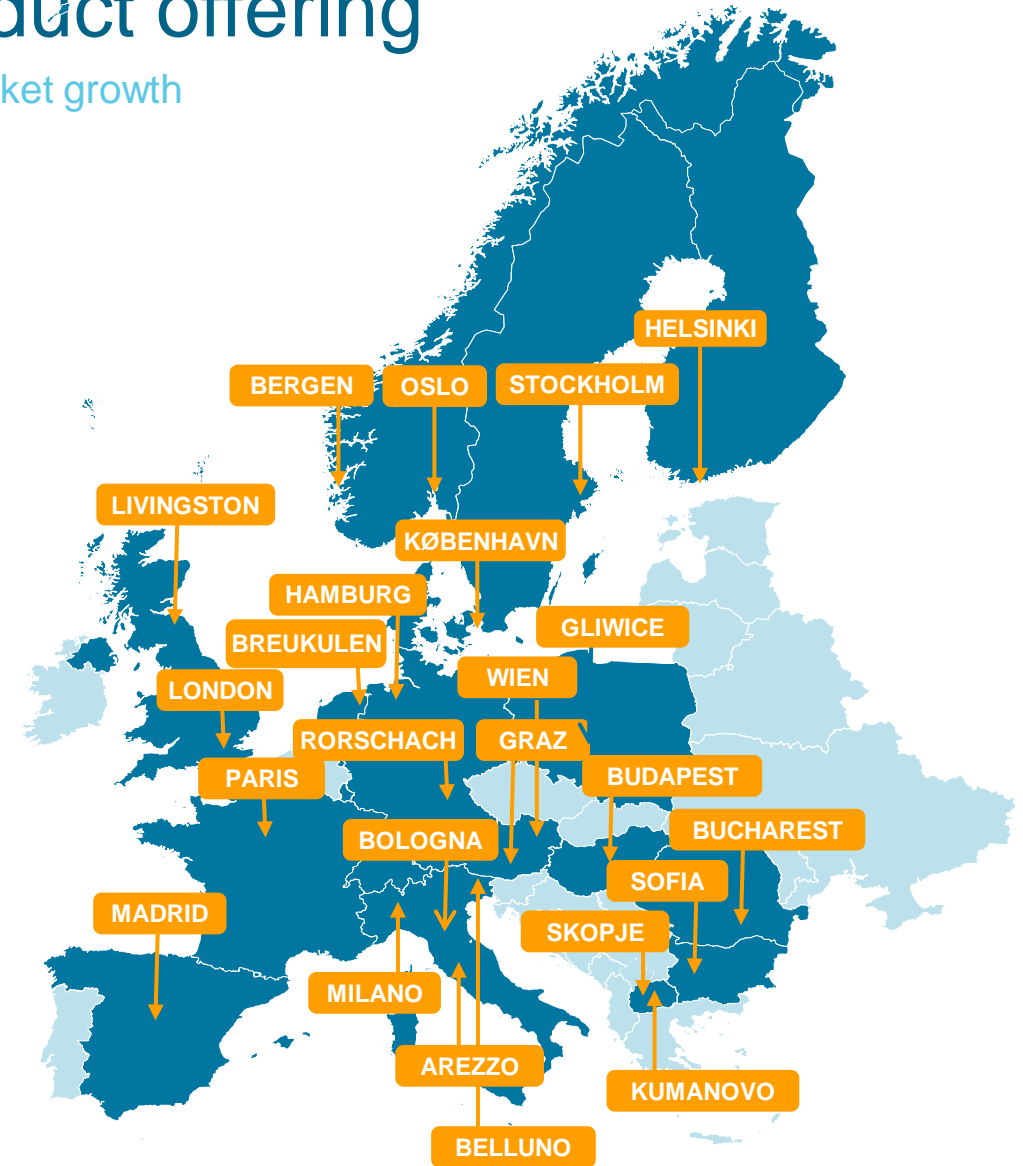
- LINK has 29 offices in 17 European countries
- All customer interactions are in the language preferred by the customer
- Key insight to market trends and needs supports commercial success

## 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



# Diverse M&A pipeline in Europe and beyond

Actionable targets mostly located in Europe

## 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
- Target valuations between 6-9x cash EBITDA before synergies pending growth momentum

## Prioritizing 11 actionable targets in Europe and beyond

- Combined revenue up to EUR 250 million
- Combined EBITDA up to EUR 40 million
- Combination of smaller bolt-ons and larger level ups
  - Targets mostly located in Europe



# High free cash flow conversion

Ample financing capacity for LINK's disciplined M&A strategy

Proforma Europe NOK millions*	Q2 2023	Q3 2023	Q4 2023	Q1 2024	LTM Q1 2024
<b>Adj.EBITDA</b>	<b>155</b>	<b>147</b>	<b>181</b>	<b>158</b>	<b>641</b>
Change working capital	75	-80	92	19	105
Taxes paid	-14	-20	-8	-19	-61
Non-recurring costs M&A	-8	-2	-21	-5	-36
<b>Net cash flow from operating activities</b>	<b>207</b>	<b>45</b>	<b>244</b>	<b>153</b>	<b>649</b>
Add back non-recurring costs M&A	8	2	21	5	36
<b>Adj. cash flow from operations</b>	<b>216</b>	<b>47</b>	<b>264</b>	<b>158</b>	<b>685</b>
Capex	-30	-28	-31	-34	-122
Lease and bond	-77	-5	-80	-6	-169
<b>Cash flow after capex and interest</b>	<b>109</b>	<b>15</b>	<b>154</b>	<b>118</b>	<b>395</b>

## High cash conversion from adjusted EBITDA

- Organic growth momentum improved operational cash flow
- Working capital expected to be neutral over time

## LTM free cash flow NOK 395 million

- Includes US financing costs of ~ NOK 50 million

## Bond interest partly offset by interest income on cash

- Excess cash deposited in banks at interest > bond coupon

## Conservative financial policy net debt 2 - 2.5x adjusted EBITDA

- Free cash flow to further strengthen cash position
- Remaining bond EUR 348 million to be refinanced when appropriate

# 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)