



Interim Report

Third Quarter 2020

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Q3

Today's presenters



Chief Executive Officer

Guillaume Van Gaver



Chief Financial Officer

Thomas Berge

Third Quarter 2020 - Highlights



Enterprise messaging volume growing +13% despite impact of Covid

Diverse footprint and use cases proves resilience

-19



Strong reported revenue growth of +19%

15% Organic growth from existing footprint



Adjusted EBITDA growth of +14%

11% organic growth



Solid performance in Northern Europe and German operations

Logistics and ecommerce sectors drive strong growth



Expanding customer base to over 35.000 customer accounts

+2000 accounts during third quarter and net retention rate of 117% for enterprise clients



Successful listing on Oslo Stock Exchange on 21st October

Increased M&A capacity and support for our strategy



Successful acquisition of websms

Further strengthening our position as one of Europe's leading messaging providers

LINK Mobility's growth trajectory is supported by positive underlined trends



Economic and societal digitalization



Mobile first from brands to consumers and consumers to brands



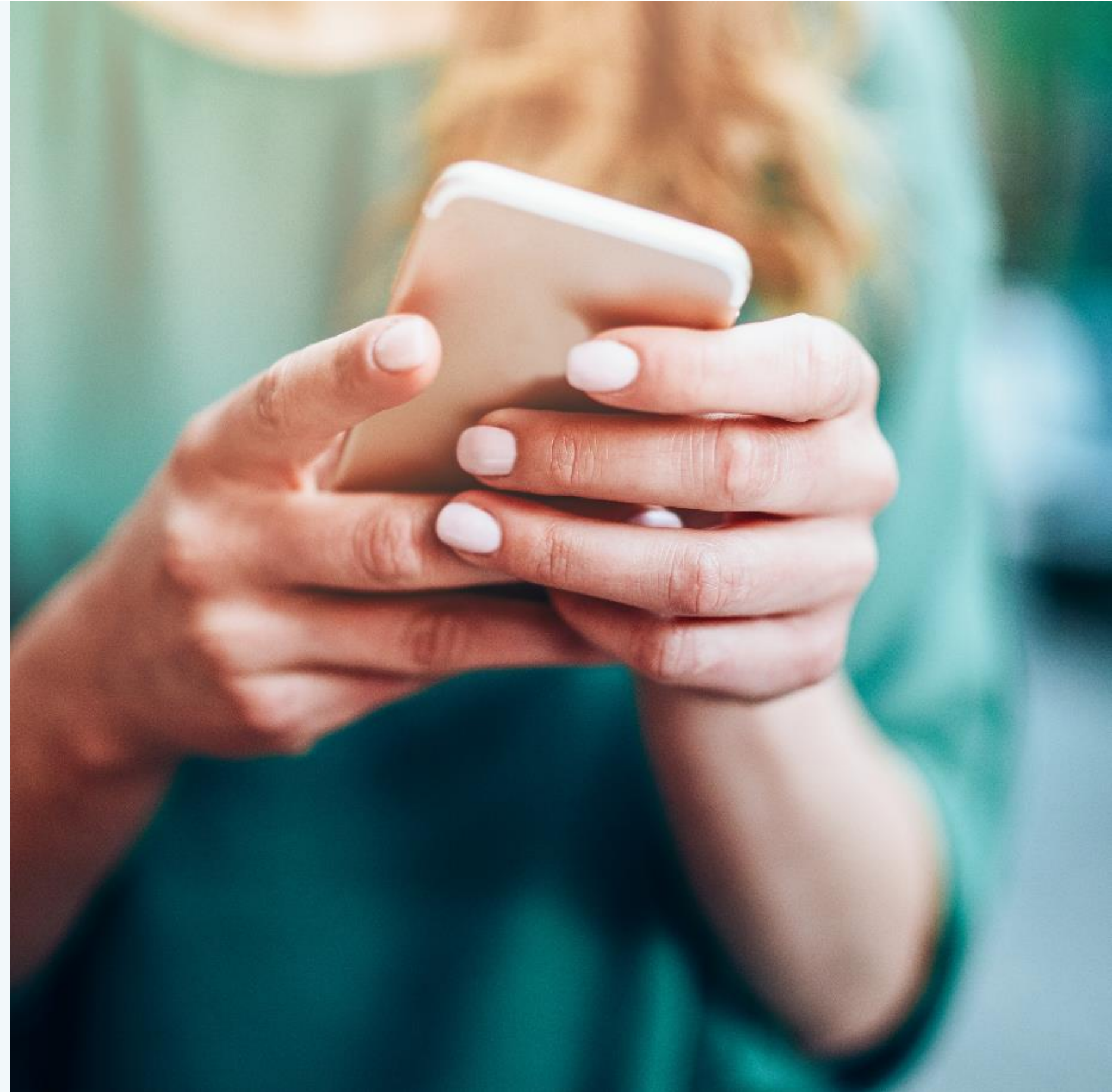
Messaging is becoming an indispensable part of customer communication and the number of channels are increasing



Continuous customer journey enhancement will involve Mobile Messaging and CPaaS Solutions



Strong sector growth in E-commerce and Health. Post-Covid will see comeback of other sectors



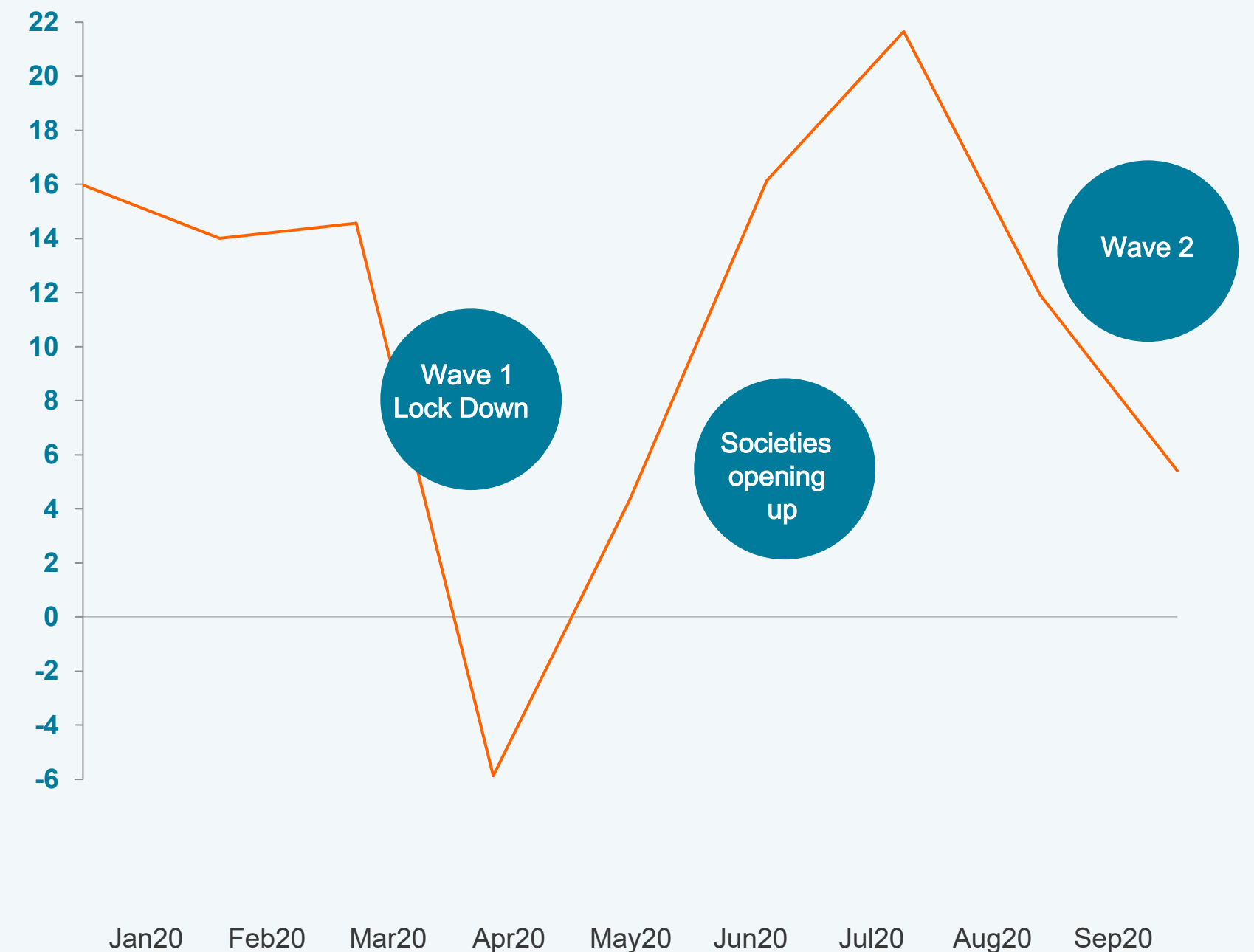
Covid -19 has an impact but also drives adoption and new use cases

Consumers are active across a plethora of messaging and media channels (e.g. social media, instant messaging etc.)

- Strong growth in “notifications” use cases for information on Covid measures and updates (Northern Europe)
- “Mobile marketing” use cases were negatively impacted in countries with a hard lockdown like France, Spain and Italy during Wave 1 but showed strong increase before Wave 2 of lockdowns
- Q3 effects mainly visible in Poland and in SMEs in markets like France and Italy due to financial uncertainty. Some retail clients shifting timing of campaigns towards year-end

The impact of Covid have been limited overall, and LINK expects no significant negative long -term effects

Enterprise messaging volume growth yoy %



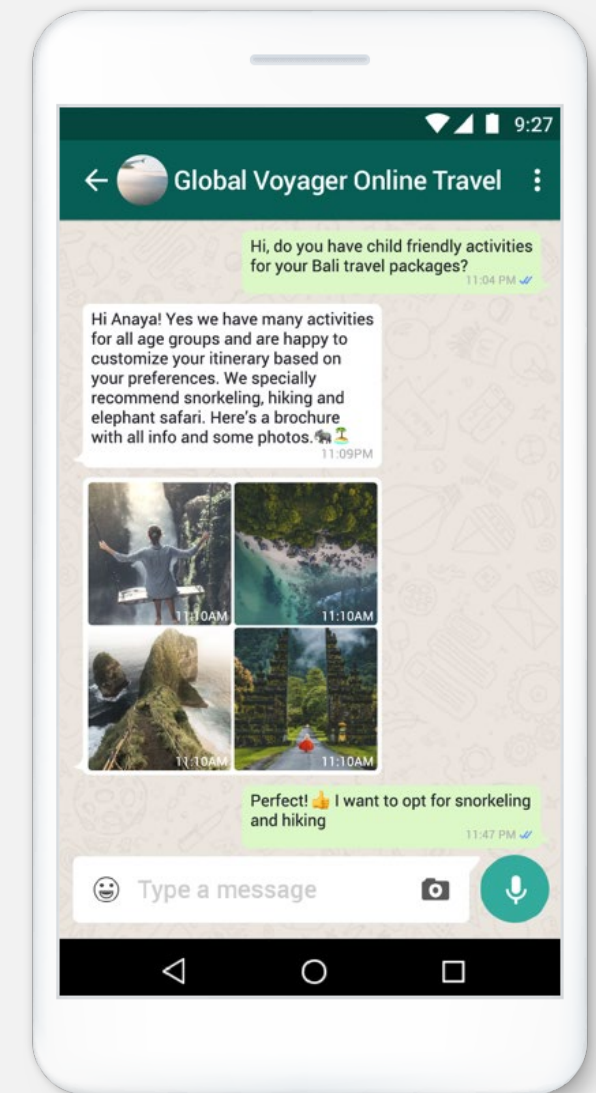
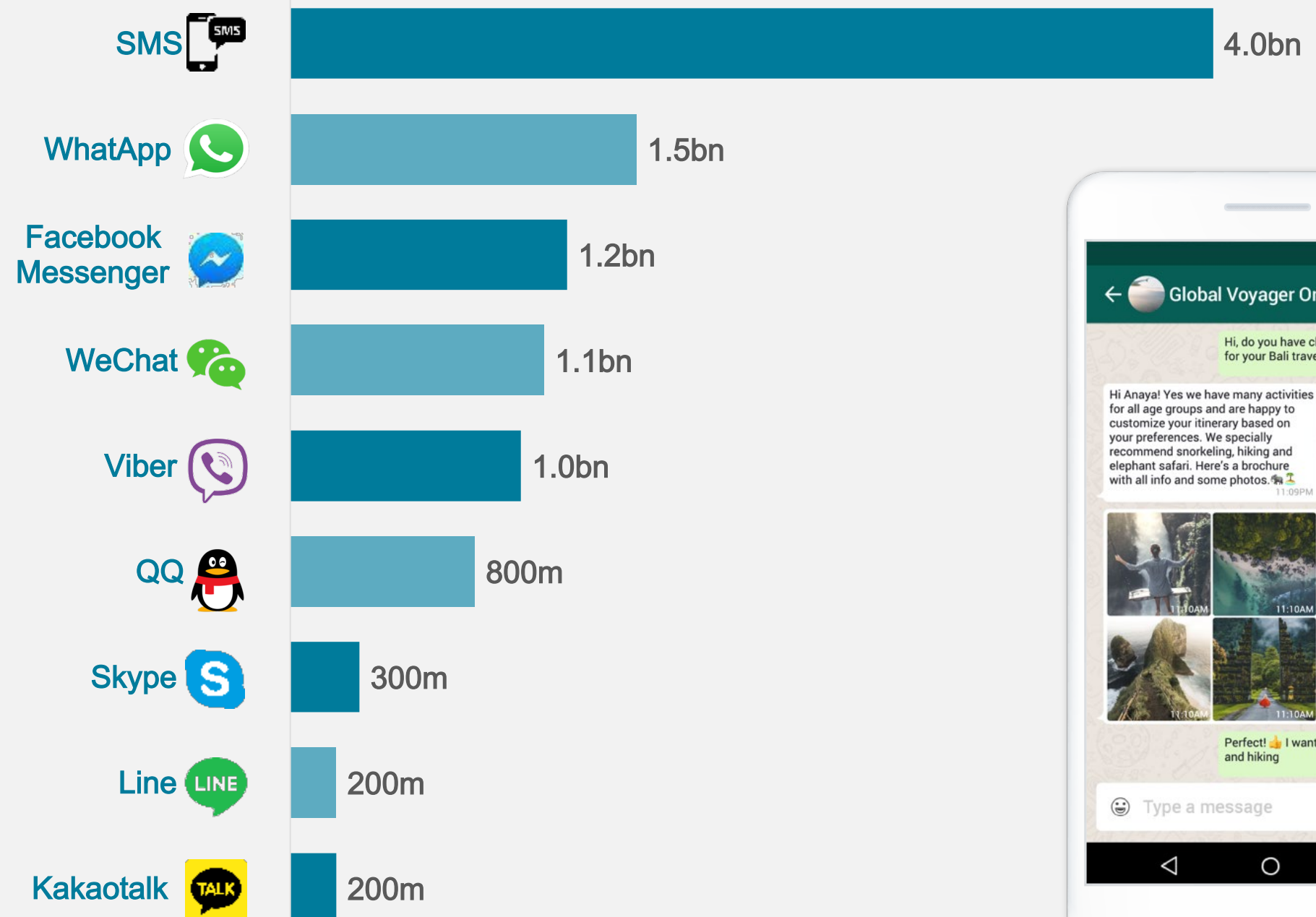
Strong demand for OTT channels requiring a full CPaaS ecosystem

Consumers are active across many messaging and media channels (e.g. social media, instant messaging etc.)

- Different channels serve different purposes and have varying penetration rates across geographies
- Adoption of business APIs in OTT channels facilitate access to large and growing user bases
- Enterprises are moving toward an omni-channel approach to maximize consumer engagement
- RCS (SMS 2.0) providing a rich communication format, whereby rich content can be embedded into messages, create new use cases and new solutions

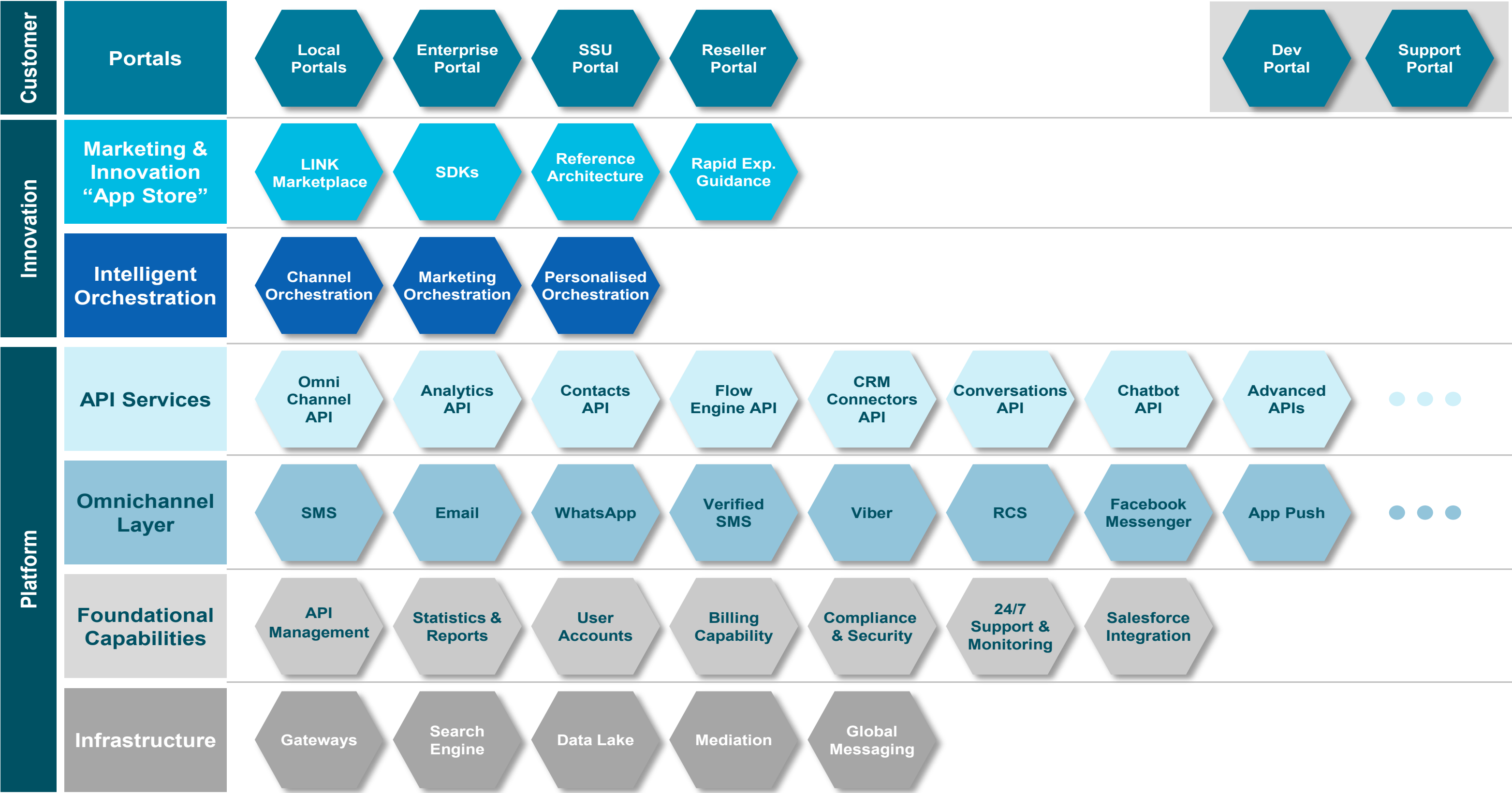
Unique
Active
Users

Consumer Engagement Platforms



Link is increasing its investments in its innovative and modular Platform

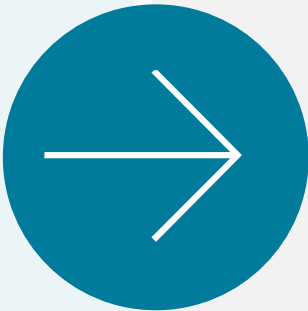
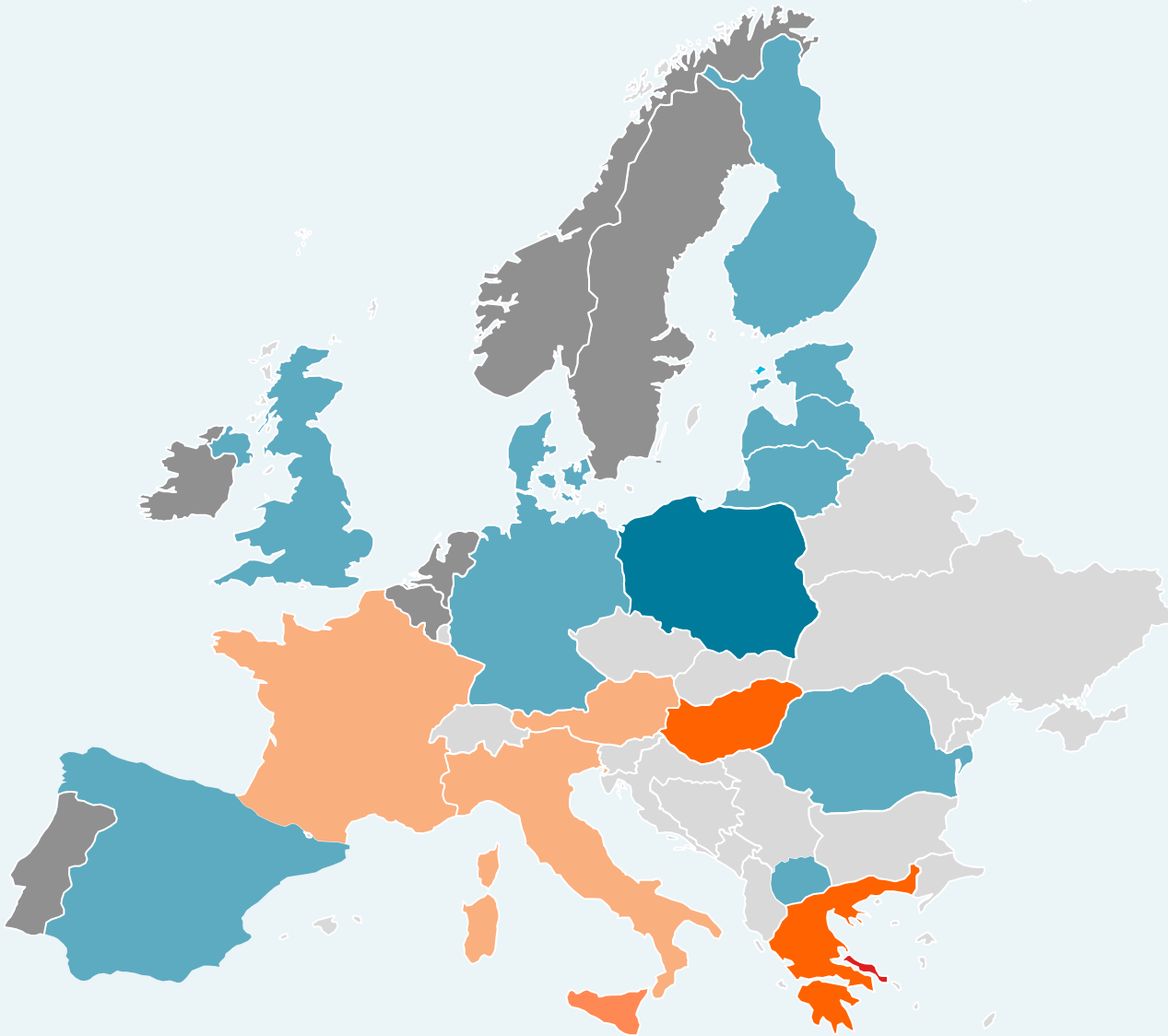
CpaaS



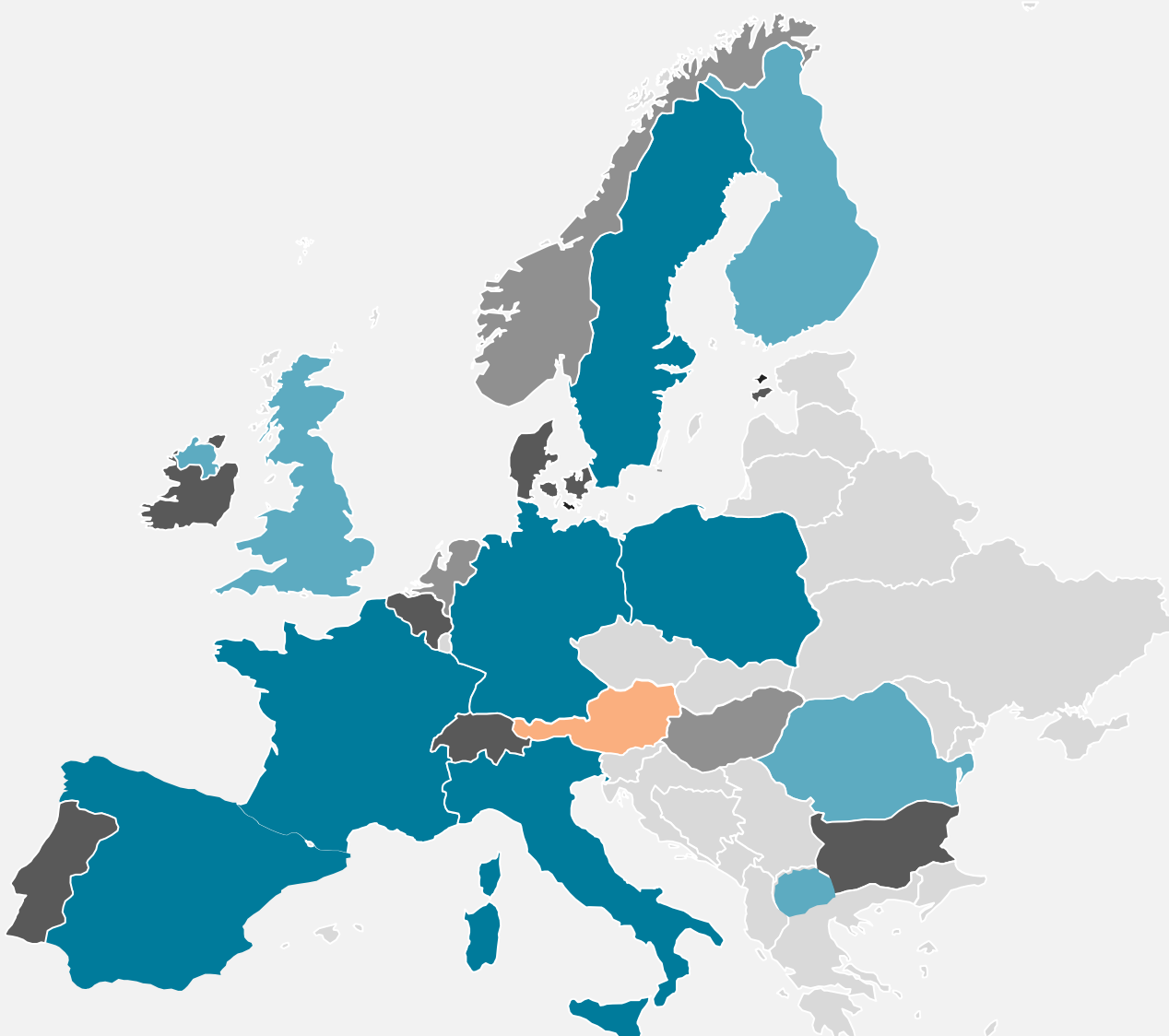
Go-To-Market Evolution in motion

LINK Mobility Go -To-Market target initiative

Current



H1 2021 investments

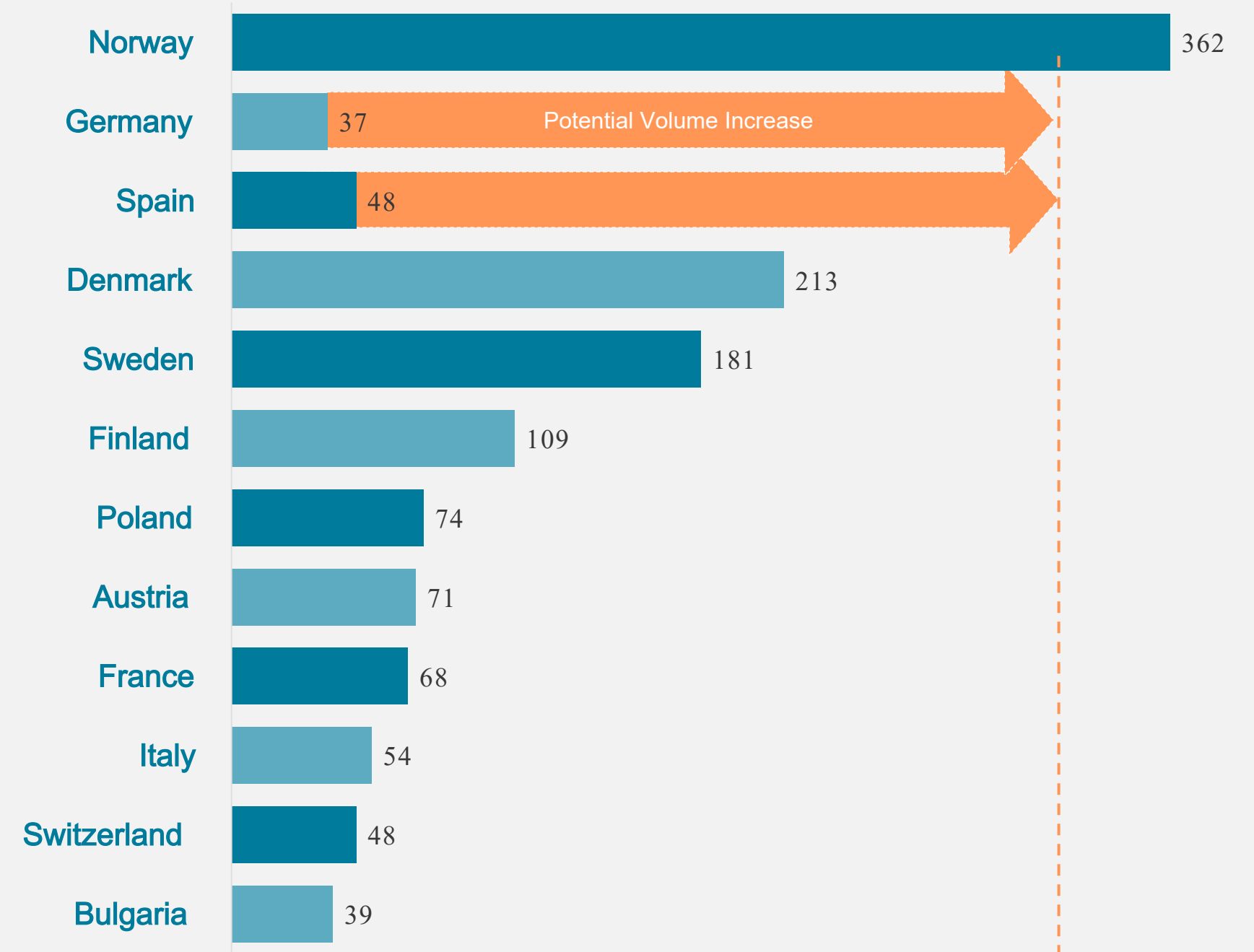


- Enterprise + Partner
- SSU
- Enterprise + SSU
- Enterprise + SSU + Partner
- Enterprise
- Potential M&A targets










Covid -19 has an impact but also drives adoption and new use cases

- Enterprises are accelerating their digital transformation to better communicate with customers on their chosen platform, increasing customer engagement
- COVID-19 is further fueling the push toward digitization, allowing enterprises to converse remotely
- Logistics and ecommerce see strong growth as retail lockdown was imposed and campaign push moved towards online

Number Of A2P Messages Per Capita ⁽¹⁾



Successful in Winning New Customers

Customer	Date Won	Vertical	Geography	Products
	Q3 2020	Banking	Norway	Messaging Gateway
	Q3 2020	Defense	UK	Voice & Account Takeover Protection (ATP)
	Q3 2020	Marketing	Group	Mobile Marketing (Singapore /Hong Kong)
	Q3 2020	Finance	Spain	SIM Swap Protection
	Q3 2020	Retail	Italy	Messaging Gateway (Whatsapp)
ADL SRL	Q3 2020	Marketing	Group	Mobile Marketing (Spain)
	Q3 2020	Software	France	Mobile Marketing (RCS)
	Q3 2020	Gaming	Group	CRM Integrated Messaging
	Q3 2020	Software	Finland	Messaging Gateway
	Q3 2020	Logistics	Sweden	Messaging Gateway

Banques populaires & Caisses d'Epargne : 3rd largest French bank (30 million customers)



**GROUPE
BPCE**



2020 traffic YTD more than doubled vs 2019 traffic YTD



Use cases – 100% notification, no marketing traffic



Traffic increase from:

- New services
- Implementation of PSD2 (90-day password renewal policy for mobile banking)



Notification platform for the entire BPCE group beyond existing BP & CE banks: EuroTitres, Oney Banque, La banque BRED, etc.

websms acquisition closed 16th Nov - Largest acquisition in LINK's history!



Largest Messaging Company in Austria



LTM revenue of 15mEUR revenue and LTM adjusted EBITDA of 5.1mEUR as of June 30th 2020



Increasing LINK's leading position in the DACH Region

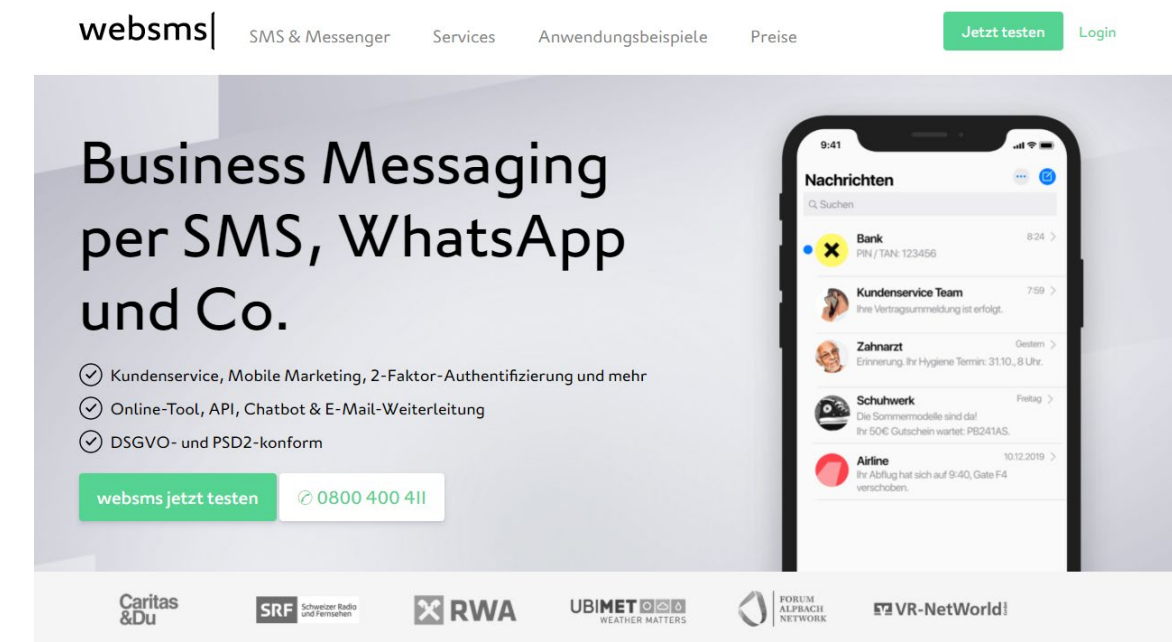


Strong management team



Synergistic potential in consolidating LINK efforts in the Region

websms |



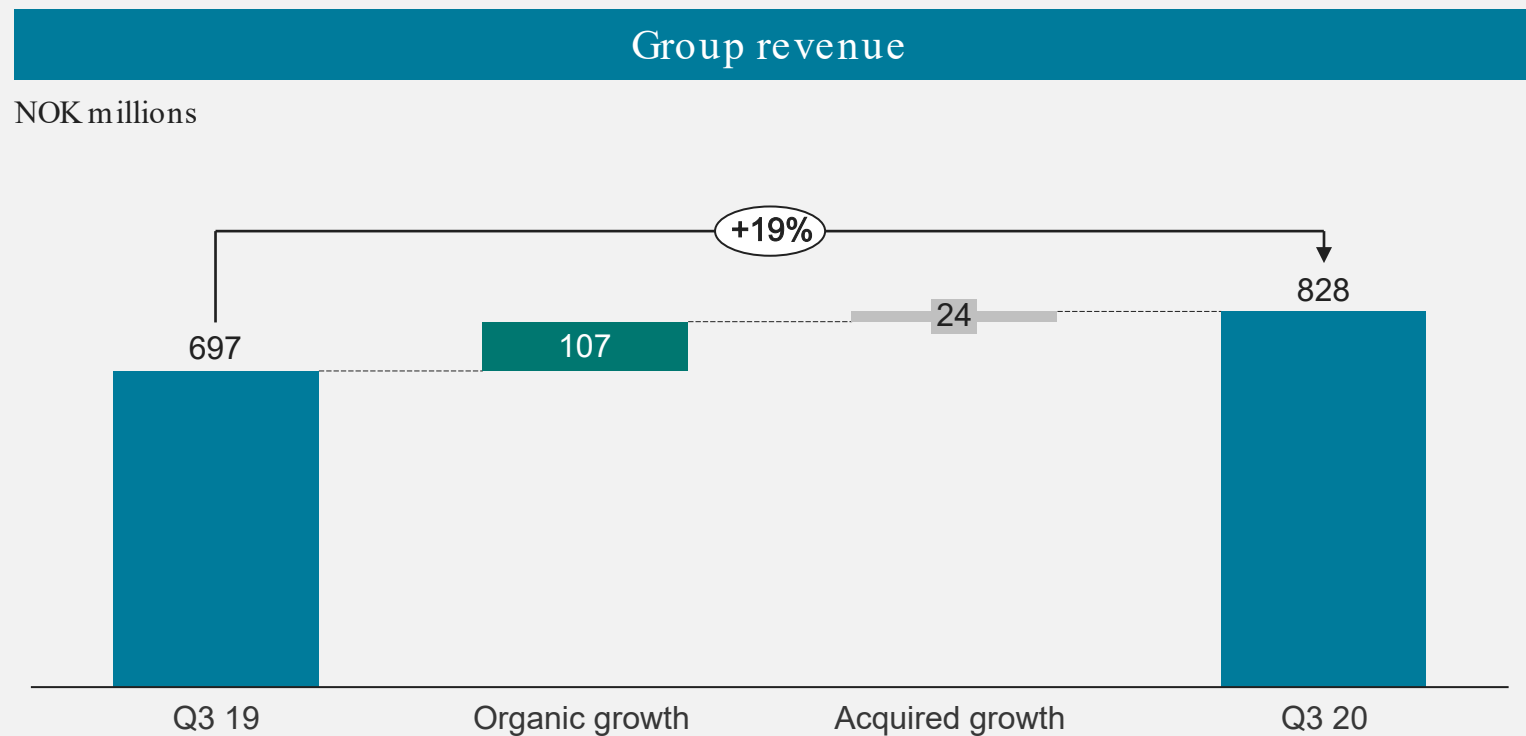
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 link mobility

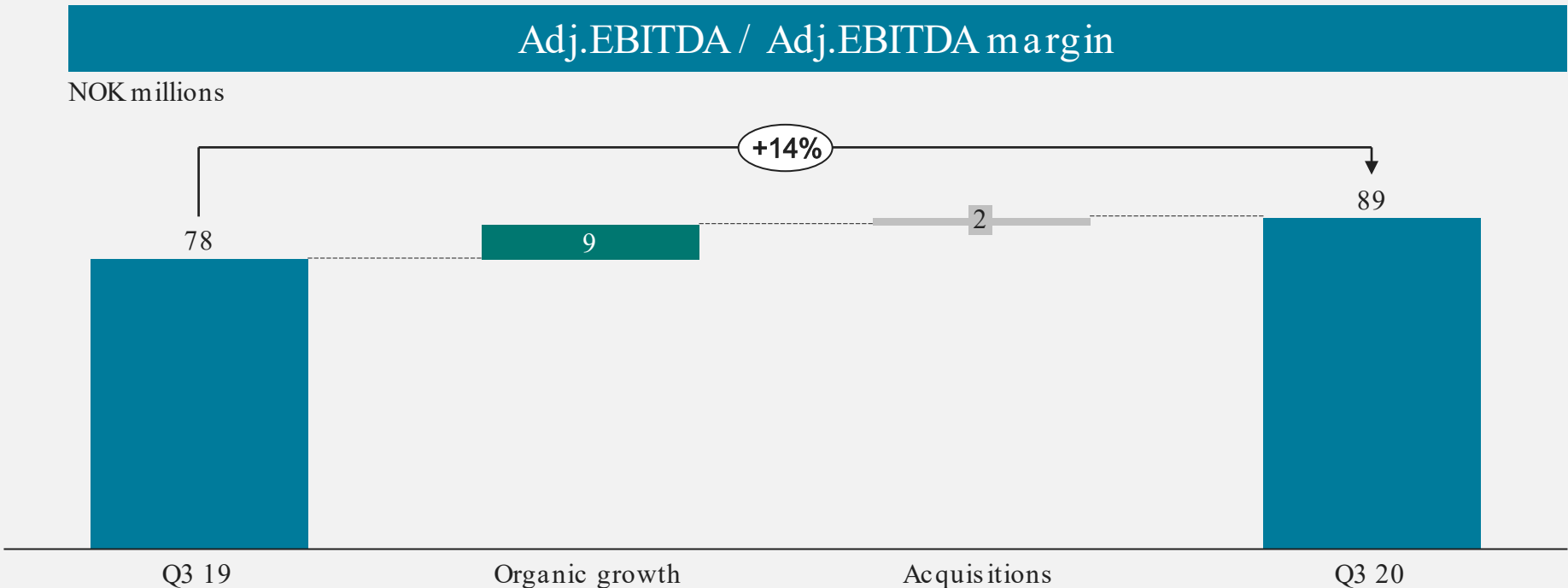
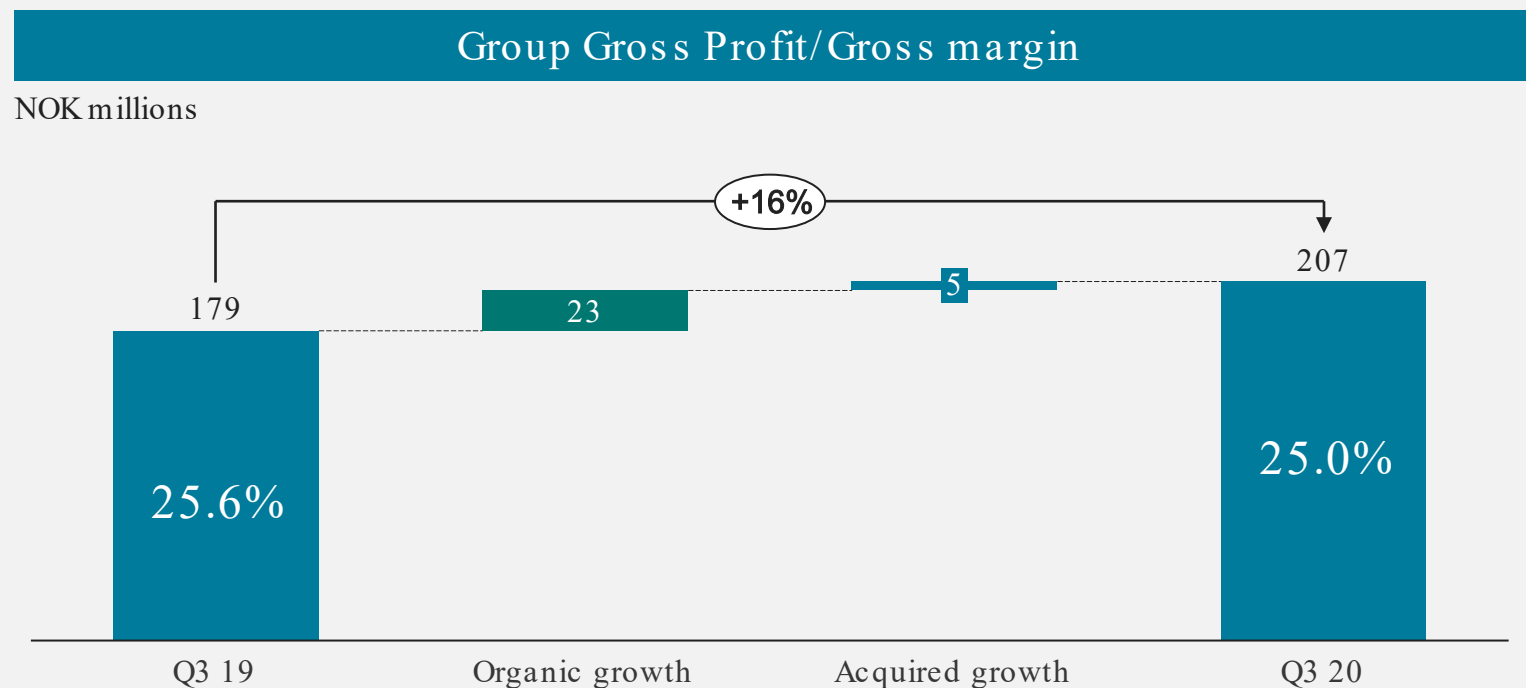
Financial Review



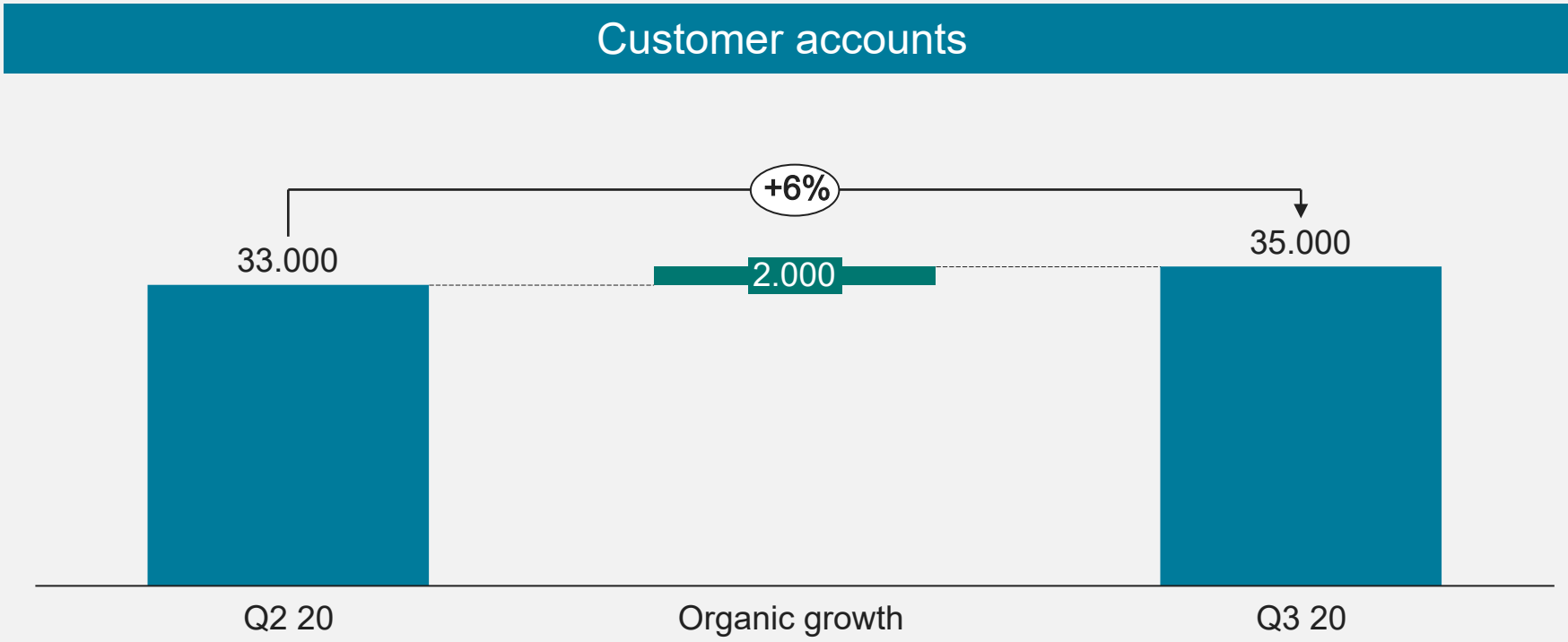
Key metrics: Solid Growth Revenue and profitability



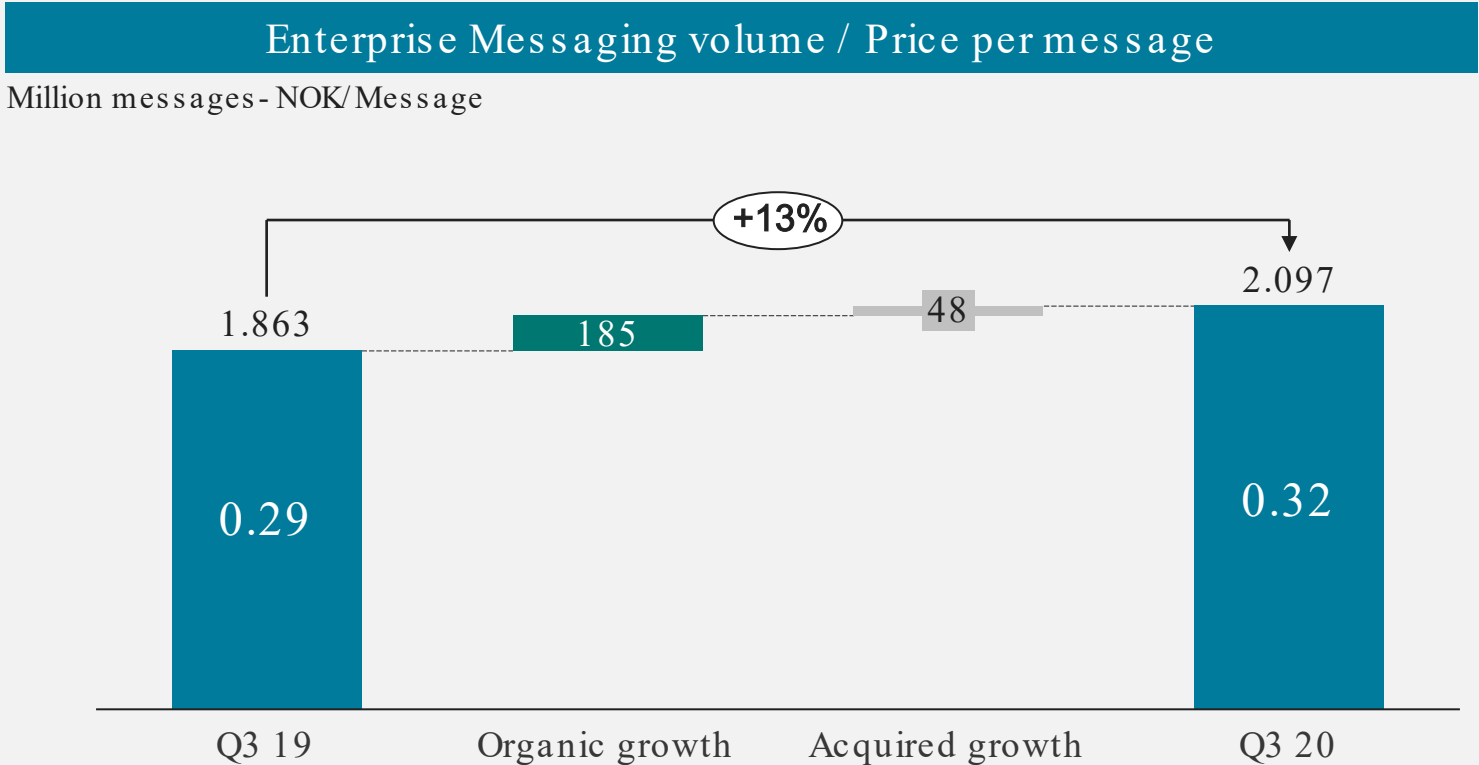
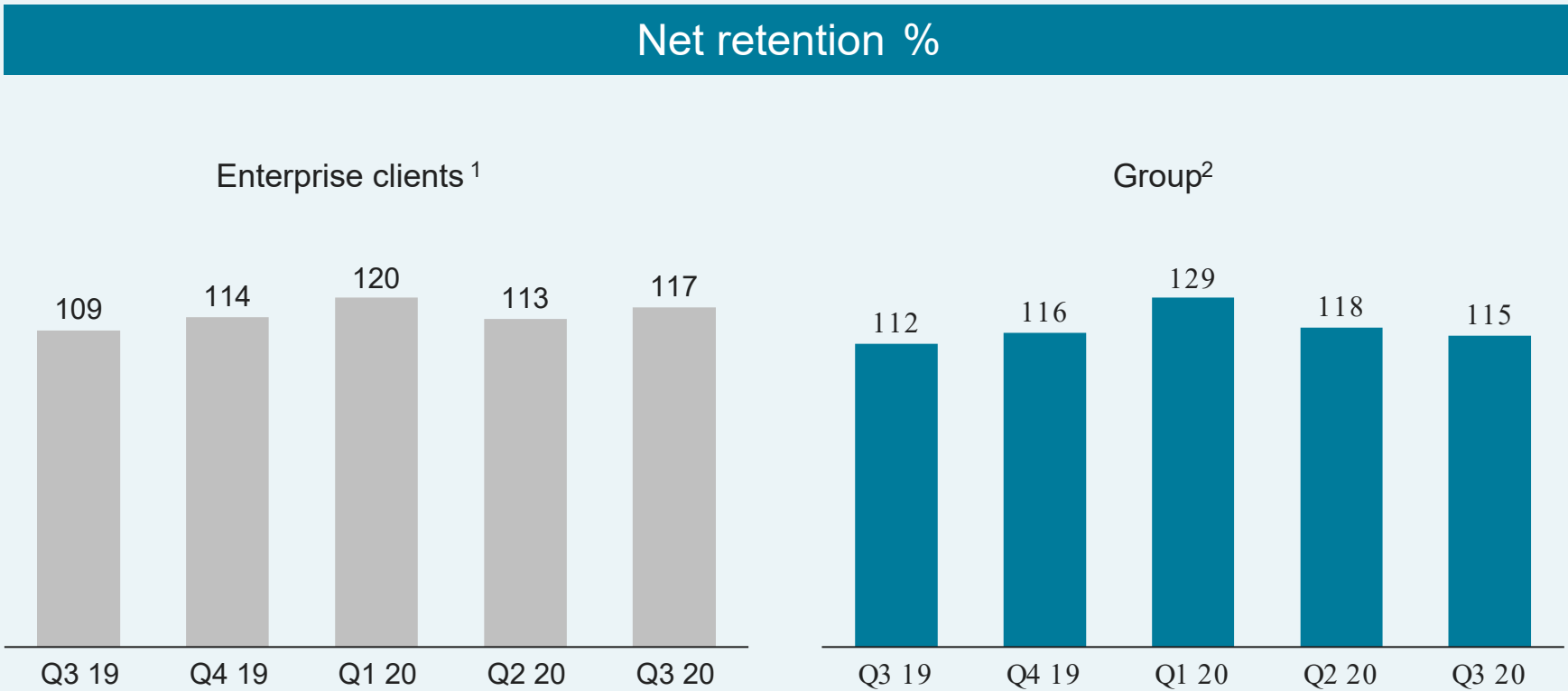
- Reported revenue growth of 19% and 15% organic growth
- Strong momentum on net retention of 117% on enterprise clients
- Covid impacted negatively mobile marketing messages and mobile payment in Poland, Bulgaria and smaller retail clients across Western Europe due to financial uncertainty
- Slight decline in gross margin due to client mix in the Nordics where high-volume clients constitute a larger portion of the growth compared to the highly profitable SME segment
- adjusted EBITDA reported at NOK 89 million, a growth of 14% reduced by higher opex in the third quarter from shift in timing of annual salary adjustments due to Covid



Double digit volume growth and Robust Net Retention Rate



- Growth in number of customers accounts with 2000 from the second quarter of 2020 of which 1500 derives from self-sign on solutions
- The voluntary churn of aggregator traffic in Spain impacted net retention rates in 2019 and H1 2020
- Price harmonization program, customer and country mix. product mix effect and currency effect expand price per message with 3 øre or 10 percent
- Net retention rate of 115 percent in Q3 documents strong growth momentum despite the pandemic




1.) Net retention rate excluding aggregator clients. The relative change in revenue from the net of upsale, downsale and churn for customers at the start of the period throughout the year, not considering new customers during the year. Excluding 2019 acquisitions of Terracom and Spot-Hit and other smaller acquisitions Spain is excluded for the quarters Q319-Q220 due to the aggressive behaviour from operators driving down prices. The effect have diminished and represents only a 1 percentage points effect in Q3 20. 2.) Excludes Spain Q319-Q220.

Consolidated income statement

NOK in millions	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Total operating revenue	828	697	2 545	2 033	2 933
Direct cost of services rendered	-621	-518	-1 909	-1 499	-2 180
Gross Profit	207	179	636	534	753
Gross Margin %	25,0 %	25,6 %	25,0 %	26,3 %	25,7 %
Operating expenses	-118	-100	-365	-322	-445
Adj.EBITDA	89	78	271	212	308
M&A costs	-2	-8	-5	-23	-27
Restructuring costs	-2	-10	-21	-45	-70
EBITDA	85	61	245	144	210
Depreciation and amortization	-53	-52	-160	-155	-247
EBIT	32	9	85	-11	-37
Net financial items	-96	-95	-390	-150	-194
Profit (loss) before taxes	-63	-86	-305	-160	-231

- Revenue YTD of NOK 2.545 million
- Revenue growth YTD of 25% whereof 19% organic growth
- Gross margin YTD of NOK 636 million
- Gross margin growth YTD of 19% whereof 14% organic growth.
- Adjusted EBITDA YTD of NOK 271 million
- Net finance YTD impacted by interest cost of NOK 166 million and unrealized currency effects on debt of NOK 221 million

Acquisition of websms - largest deal in LINKs history!

-  Operations in Austria, Switzerland and Germany and more than 5000 enterprise clients
-  Agreed enterprise value of EUR 53.8 million 60 – 30 -10 percent Cash – LINK shares – Escrow settlement
-  LTM adjusted EBITDA of 5.1 million euros per June 30th
-  Solid synergy potential of EUR 650.000 in 2021

(Amounts in NOK million) – including websms	2020 YTD Reported	2020 YTD Pro forma
Operating revenues	2.545	2.667
Adjusted EBITDA	271	311
Adjusted EBITDA margin	10.7%	11.7%
Number of messages (million)	7 413	7 630

websms |

websms | SMS & Messenger Services Anwendungsbeispiele Preise [Jetzt testen](#) [Login](#)

Business Messaging per SMS, WhatsApp und Co.

- ✓ Kundenservice, Mobile Marketing, 2-Faktor-Authentifizierung und mehr
- ✓ Online-Tool, API, Chatbot & E-Mail-Weiterleitung
- ✓ DSGVO- und PSD2-konform

[websms jetzt testen](#) [0800 400 411](#)



Caritas & Du

SRF Schweizer Radio und Fernsehen

RWA

UBIMET WEATHER MATTERS

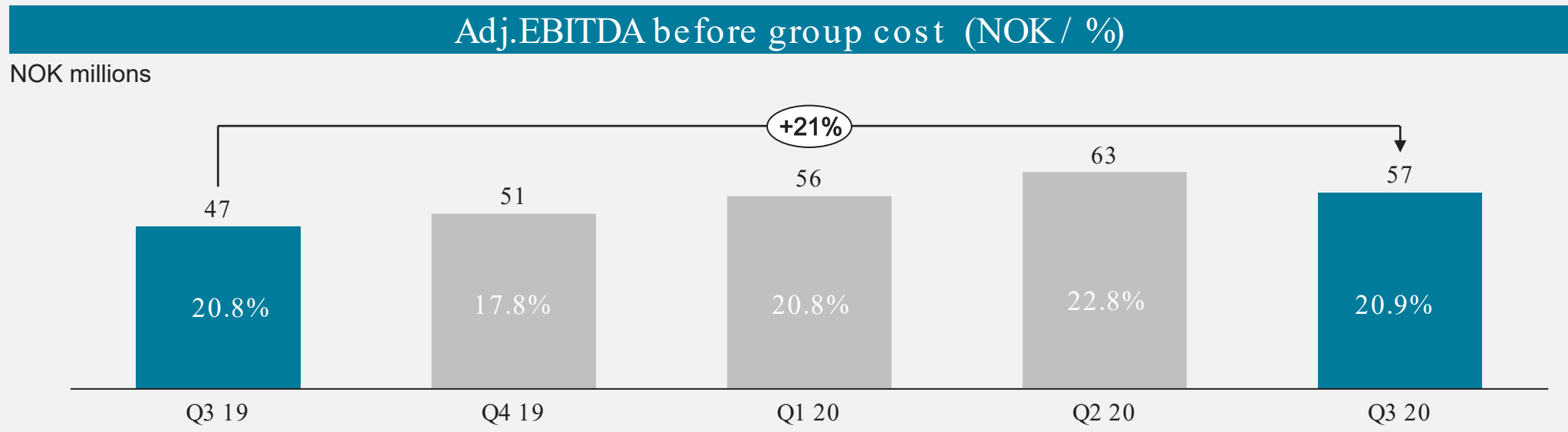
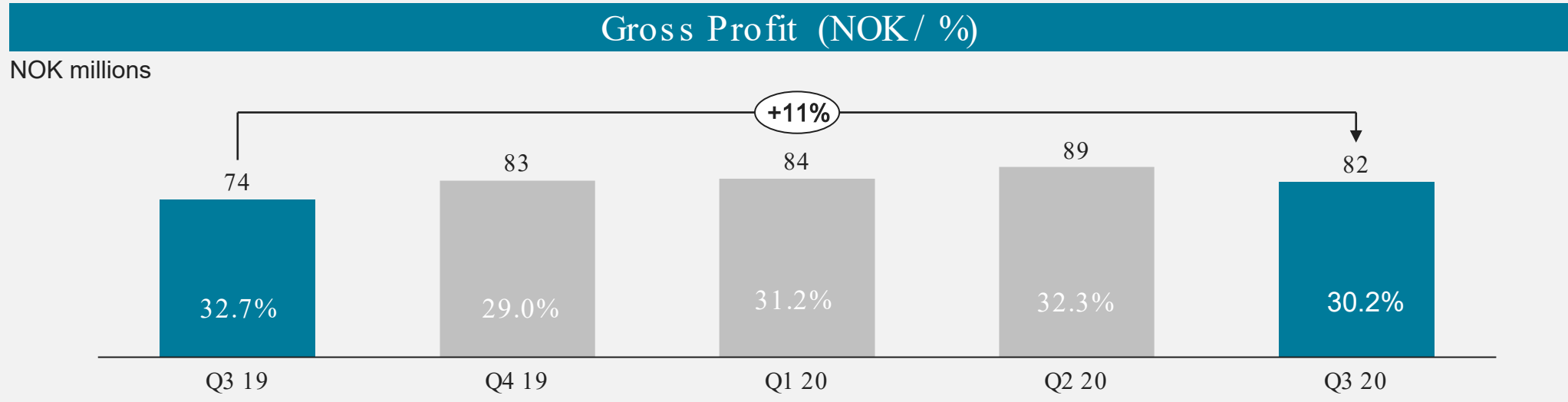
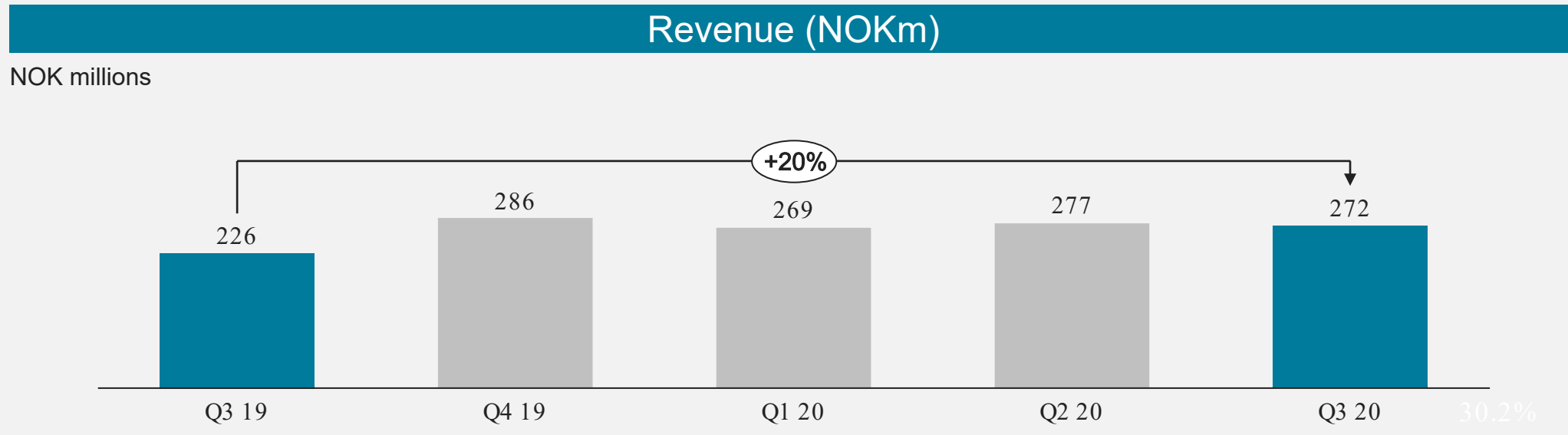
FORUM ALPSPACE NETWORK

VR-NetWorld

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 link mobility

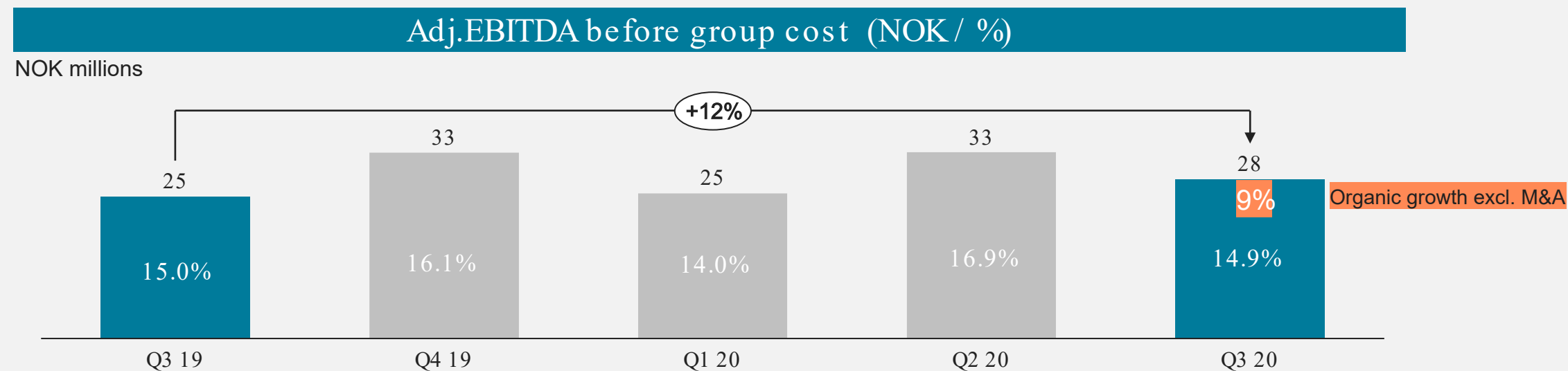
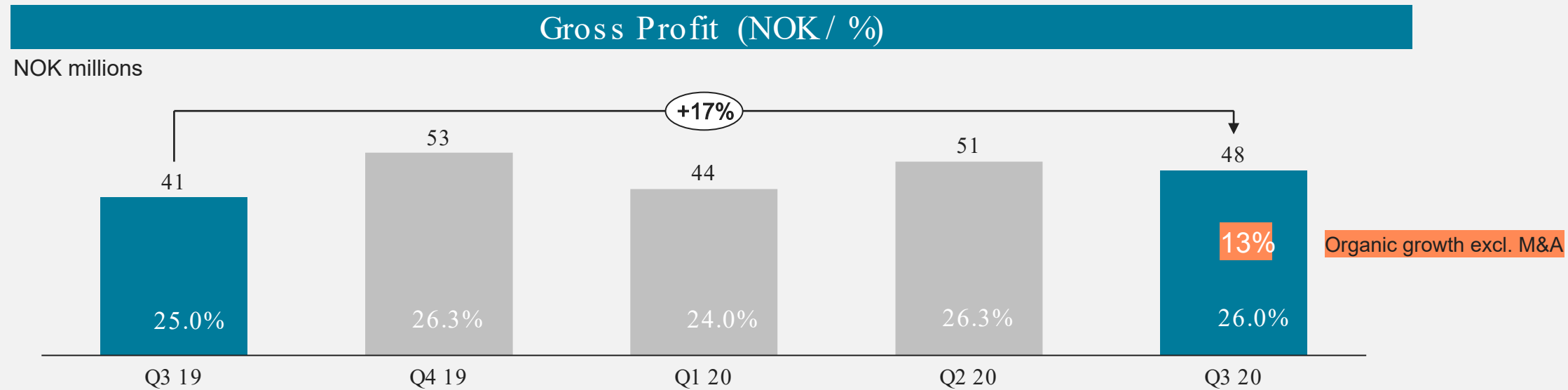
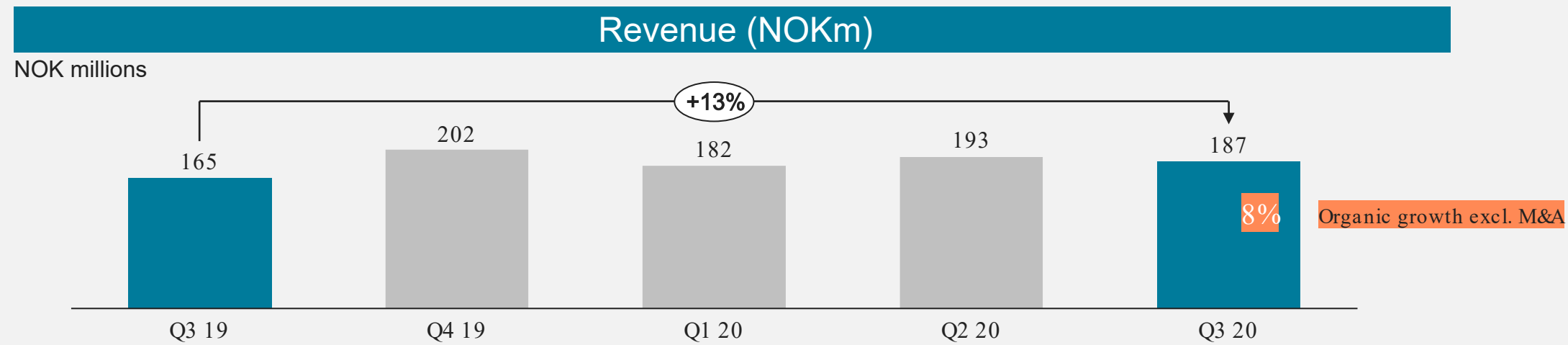
Northern Europe – solid growth in revenue and profitability



- Solid volume growth momentum from large clients driving 20% revenue growth
- Client mix effects towards larger clients impacts gross margin
- Scalable business model drives strong growth in adjusted EBITDA
- Gross margin to adjusted EBITDA conversion of 68%, an 8pp increase from Q319
- Strong momentum on upselling activities

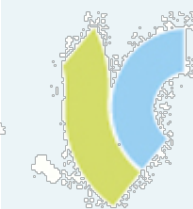


Central Europe – solid growth in revenue and profitability



- Revenue growth negatively impacted by Covid effects with lower volumes from smaller retail clients and decline in direct carrier billing
- Strong volume growth within logistics and e-commerce
- Gross margin improvement driven by product and client mix combined with routing optimization
- Higher opex related to commercial investments
- 9% adjusted EBITDA growth and stabile margin development compared to Q3 2019

AlexanderBürkle

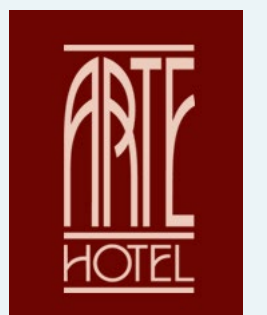


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Apotheker-AG

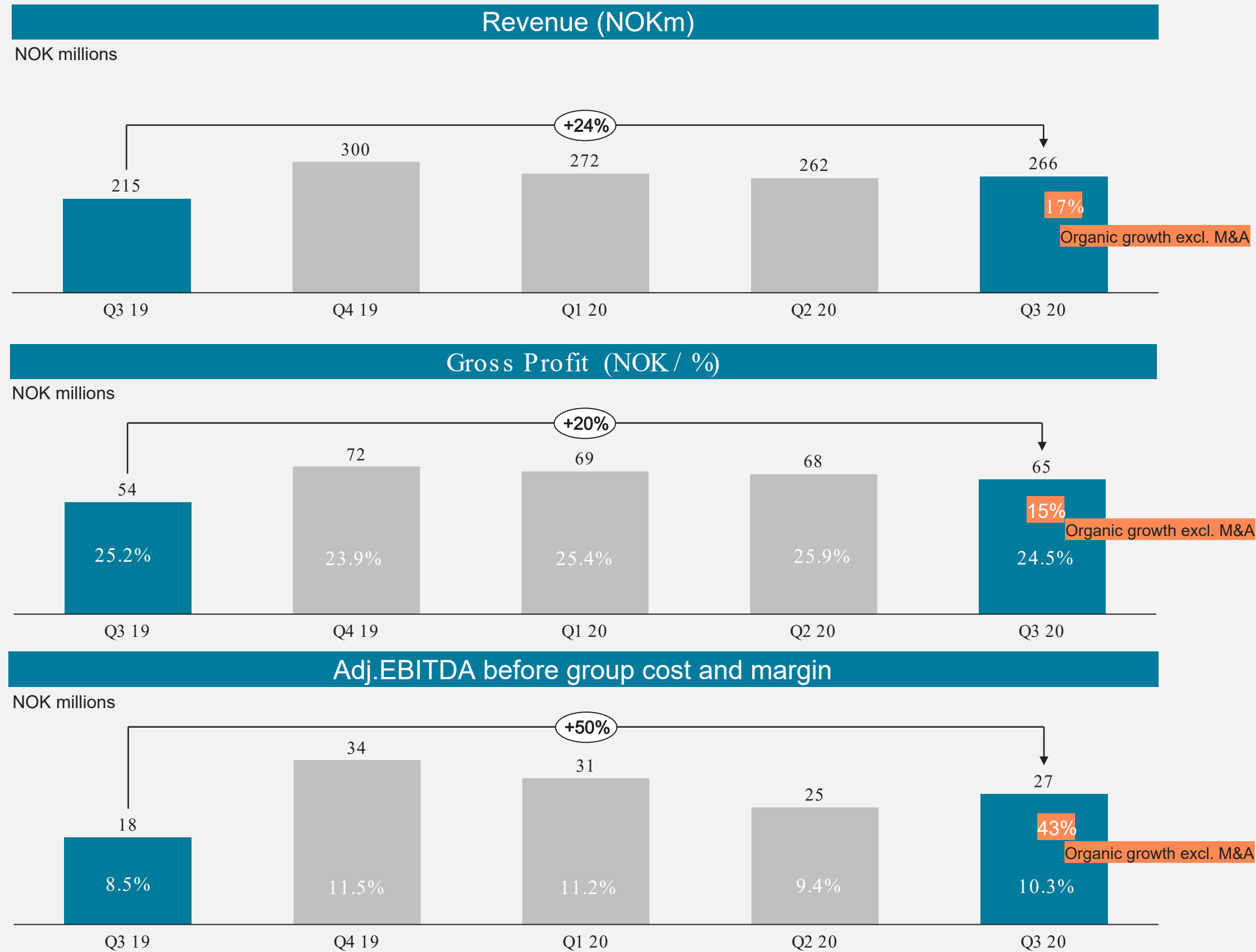
GREY



PAUL VALENTINE



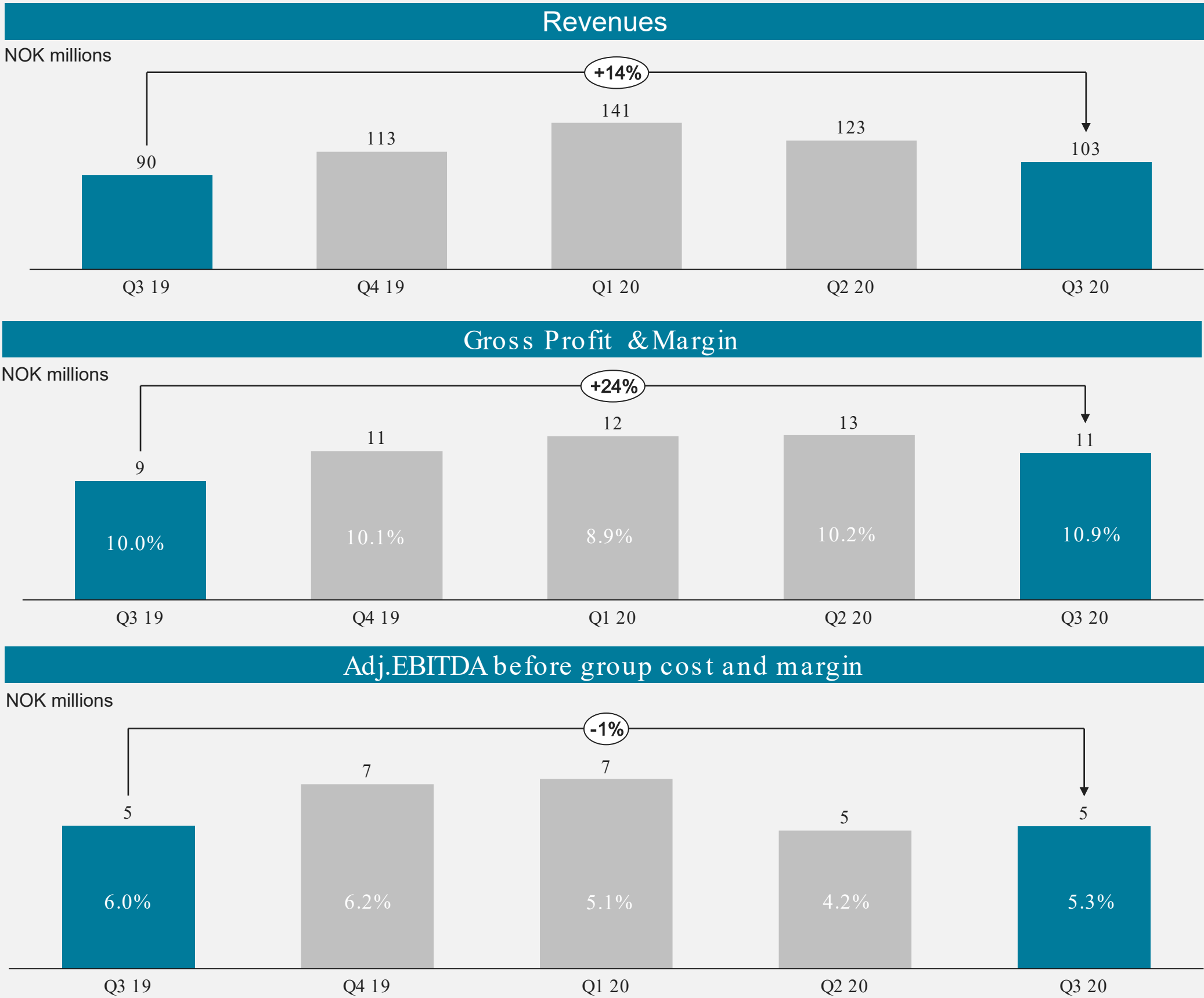
Western Europe – solid growth in revenue and profitability



- Organic revenue growth of 17% driven by strong growth momentum from existing clients and upselling activities
- Net retention rate of 114% in Q3 2020
- Gross margin expansion excluding M&A
- Adjusted EBITDA growth of NOK 9 million and 1.8 pp margin improvement driven by the scalable business model and synergies
- Gross margin to adjusted EBITDA conversion of 41%, an 8pp improvement from Q3 19

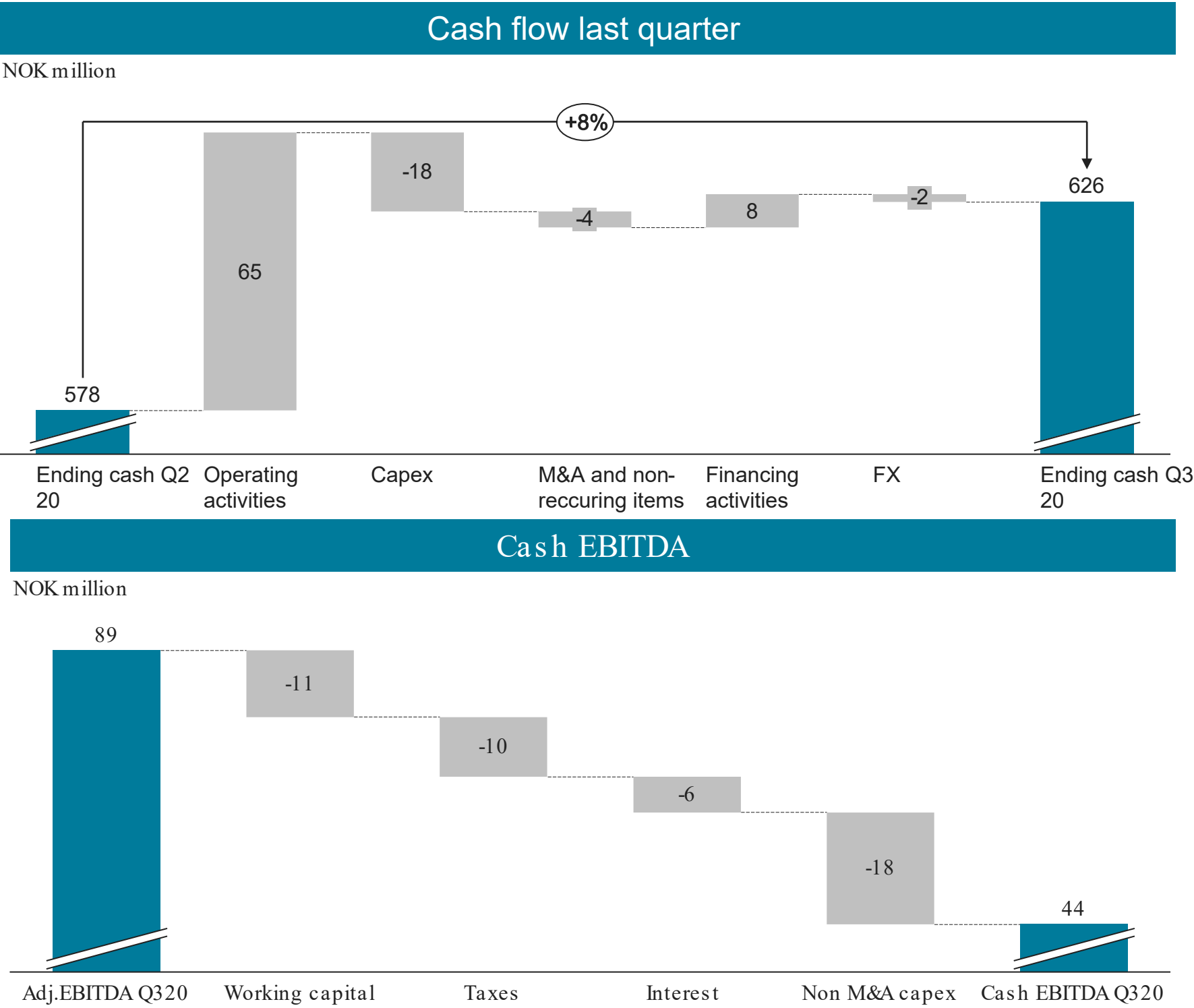


Global Messaging – solid growth in revenue and profitability



- Healthy growth in Global OTP traffic with good margin development
- Consciously moving away from highly competitive routes and refocusing on gross margin conservation
- Building capacity for leveraging scale of traffic and cogs reductions on enterprise traffic

Cash Flow: Healthy Cash Conversion Metrics



- Net cash from operating activities at NOK 65 million
- CAPEX at NOK 18 million
- Cash EBITDA at NOK 44 million
- Large interest payment of NOK 97 million due early October which will decrease cash EBITDA in Q4
- Approximately 50% reduction of interest cost going forward due to the partial down payment of debt in connection with the IPO

Financial Position – IPO proceeds utilized for debt repayment

NOK in millions	Q3 2020	Q3 2019	Post IPO (est)	FY 2019
Non-current assets	5 576	5 297	5 576	5 254
Trade and other receivables	648	582	648	669
Cash and cash equivalents	626	168	1 058	147
Total assets	6 851	6 047	7 283	6 071
Equity	1 992	2 399	4 352	2 340
Deffered tax liability	321	331	321	309
Long-term liabilities	3 143	2 590	1 743	2 538
Trade and other payables	1 296	675	768	819
Other short terms liabilities	100	52	100	64
Total equity and liabilities	6 851	6 047	7 283	6 071

- Cash position change from draw-down on loan facilities and working capital improvement
- Long-term liabilities increase from drawdown on loan facilities
- Payables expansion mainly from General Assembly decision to repay preference shares of NOK 414 million in relation to IPO
- Gross debt NOK 3.1 billion which have been partly repaid with NOK 1.400 million post IPO

Debt and leverage ratio materially improved by the IPO

- Cash deposit estimated at over NOK 1.000 million post IPO
- Net interest bearing debt estimated at NOK 730 million post IPO
- Leverage at approximately 2x LTM pro forma adjusted EBITDA estimated post IPO

1.) Gross debt according to Senior Facilities Agreement.
2.) LTM adj.EBITDA including acquisitions and synergies allowed under Senior Facilities Agreement

Reiterated Outlook 2020 – excluding recent acquisition of websms

Revenues

3.500m –
3.600m NOK

Gross Margin

24.2%
–
24.7%

Adj. EBITDA

360m –
370m NOK

Other

Capex:
95m –
105m NOK

Q&A

