



# First Quarter 2021

## Earnings Call Supplemental Slides

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# Disclaimer

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Act"), and Section 21E of the Securities Exchange Act of 1934, as amended. You can generally identify forward-looking statements by our use of forward-looking terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "potential," "predict," "seek," "vision" or "should," or the negative thereof or other variations thereon or comparable terminology. These forward-looking statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those projected. Please refer to our filings with the Securities and Exchange Commission, particularly the "Risk Factors" included in our periodic Form 10-K and Form 10-Q reports, for factors that could cause actual results to materially differ from those we project. The forward-looking statements contained in this presentation are made as of the date hereof and LivePerson, Inc. (the "Company") assumes no obligation to update such statements.

This presentation includes non-GAAP financial measures including adjusted EBITDA and free cash flow, which supplement the Company's financial statements prepared in accordance with GAAP. These non-GAAP financial measures are not intended to supersede or replace the Company's GAAP results. The most directly comparable GAAP financial measures and a detailed reconciliation between GAAP and non-GAAP financial measures are included in the Appendix to this presentation.

We obtained market, industry and other data in this presentation from our own internal estimates and research, publicly available information about our competitors, industry and general publications and research, surveys and studies conducted by third parties. While we believe that the publicly available information about our competitors, publications, research, surveys and studies that we have used are reliable, we have not independently verified the information from third-party sources. While we believe our internal estimates and research are reliable and the market definitions are appropriate, neither such estimates and research nor these definitions have been verified by an independent source.

# A digital shift always requires a fresh mindset and **strategy**



**265 Billion**  
yearly calls to 1-800#s  
(at a cost of \$1.3 trillion) (\*)

**Voice Call Center**



**Web & E-Commerce**



**Web/App & Social Commerce**



**Messaging Conversational Commerce**

(\*) Source: IBM, April 2018; The US Contact Center Decision-Makers' Guide 2018-2019

# Consumers don't want to call. They moved on to **messaging** in their personal lives and want the same **experience** with their favorite brands.

More than **100B**

messages are sent on WhatsApp, Facebook, and Instagram every day.



**2.77B**

mobile messaging app users per month estimated in 2020 globally.

NEW

**93%**

of WeChat users use the app for payments or purchases in 2020.



**18M**

texts were sent every single minute in 2019.



Sources: Facebook Q3 2020 Earnings Call, Daxue Consulting, Business Insider, Domo, eMarketer

# Messaging impact and results have been **incredible**, but what can enhance the **customer experience** even further?

**20%**

Boost in customer satisfaction after making the switch to messaging.



**2x**

Uptick in employee efficiency. Moving to messaging also increases agent happiness.



Up to **10x**

Conversion rate versus traditional digital experiences.



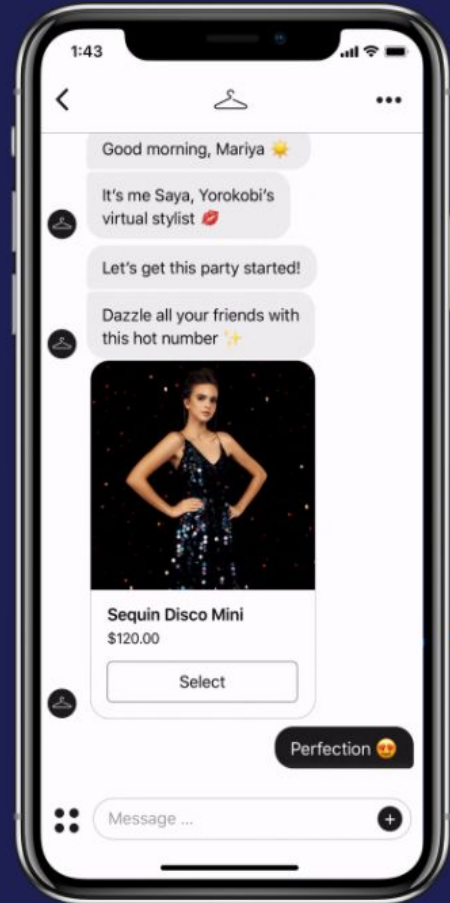
**50%**

Decrease in agent attrition rates after making the switch to messaging.



Source: LivePerson data based on specific customer examples

A successful **intents-driven Conversational strategy** puts you in a direct dialogue with your customers—**forever**—and you own all of it.



# LivePerson's Conversational AI transforms brands' communication with consumers

## DISCOVER

Receive intents and provide a unified view

## UNDERSTAND

Automatically classify and route intents

## DESIGN

Fulfill intents through automations

## SCALE

Supervise automations with human agents

## CUSTOMIZE

Connect backend systems seamlessly

Hey

Thank you for contacting Bolt Airways. I'm your automated travel assistant. How can I help you?

Conversation Builder  
Greeting bot

I need to add a frequent flyer number to my upcoming flight

Intent Manager  
Intent Analysis  
Intent = Add frequent flyer

I can help you add a frequent flyer number to your flight.

Conversation Orchestrator  
Route to Frequent Flyer bot

I see that you have a flight from JFK to SFO tomorrow at 7:00am, is that the flight you're referring to?

Conversation Builder  
Frequent Flyer bot

# LivePerson's AI-powered Conversational Cloud

## Discover & Understand

Intent Manager:

*Intent Builder*

*Intent Analyzer*



## Design & Scale

Conversation Builder

Conversation Manager

Conversation Orchestrator



## Measure & Improve

Conversation Analytics:

*Insights*

*Analytics Builder*

*Performance Dashboard*



**Connect** to consumer endpoints

**Customize** with developer tools and APIs

**Optimize** with expert services

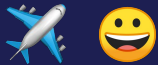
**Secure** with enterprise-grade reliability, compliance and security



# Automation and bots help businesses succeed with a brand's currently existing resources

**90%**

A major U.S. Airline saw bot containment rate of **90%** and a 11% reduction in inbound agent interactions.



**+35%**

An Europe Telco experienced a **+35%** increase in agent efficiency.

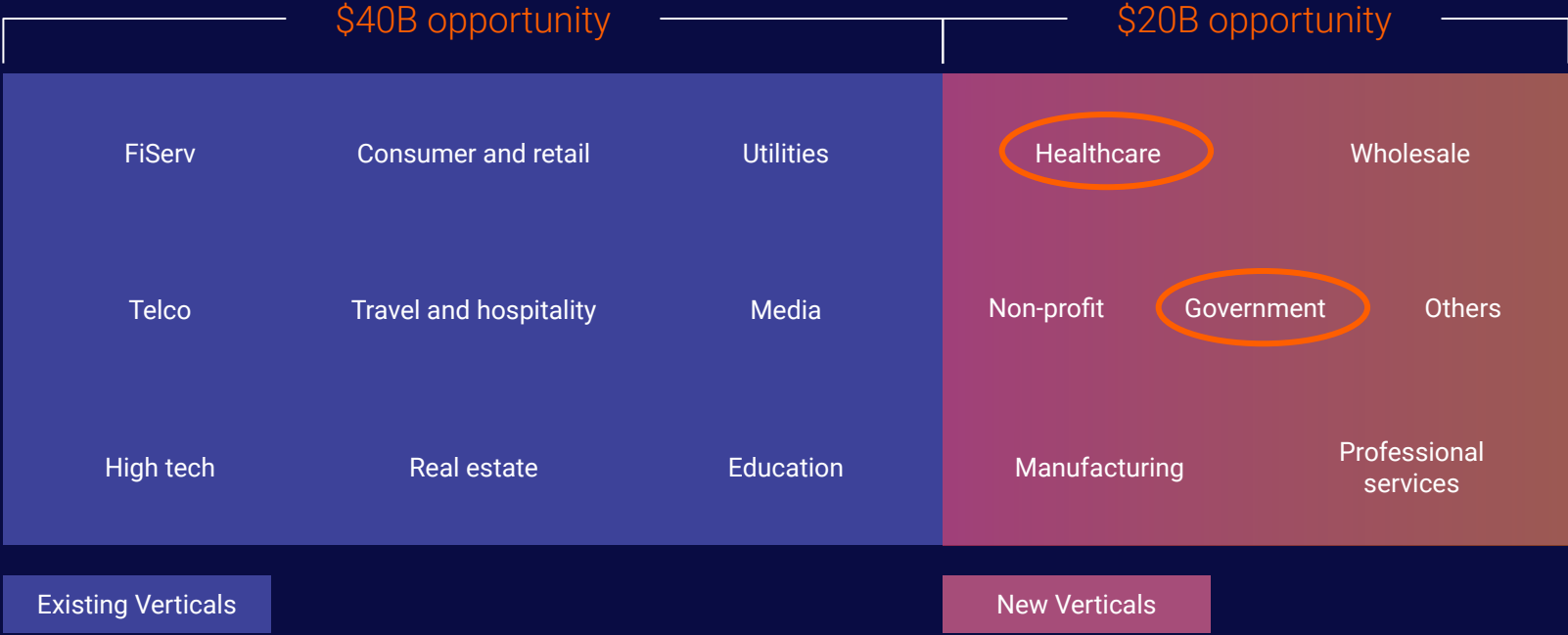


**+30%**

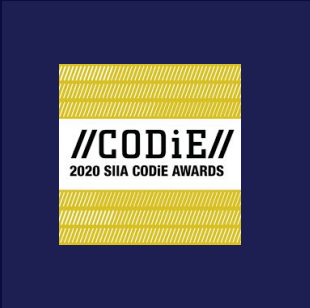
A Hospitality brand saw a **+30%** increase in average spend with a branded concierge bot.



# We estimate a **\$60B opportunity** in the Conversational Space. **Well positioned** in key verticals and **expanding** into new target markets



# Our **momentum** and **Conversational AI leadership** has been recognized



# Outstanding 1Q21 results confirm LivePerson's leadership in Conversational Commerce

- Strong first quarter results:
  - Q1 revenue increased at record growth rate of 38% YoY and ~6% QtQ to a new record of \$107.9M, exceeding guidance midpoint by \$4.4M
  - Fourth consecutive quarter of revenue YoY growth exceeding 25%
  - Strong growth in both B2B and Consumer segments and across geographies with the U.S up 42% YoY and International up 32% YoY
  - Eight deals of seven-figure annual contract value, including four seven-figure new logos
  - Total annual contract values hit a new record, increasing more than 120% YoY
  - Enterprise/mid-market ARPU increased 34% YoY, reaching a new high-water mark at approximately \$490,000
  - Enterprise/mid-market revenue retention rate significantly exceeded the high end of target range of 105% to 115%
  - Achieved Rule of 40 for third consecutive quarter, with adjusted EBITDA<sup>(1)</sup> of \$13.3M at 12.4% margin, exceeding guidance midpoint by \$7.3M
  - Free cash flow<sup>(1)</sup> generation of \$14.6M, ending first quarter with a cash balance of \$668.2M, increasing \$14.0M from the end of 2020
- Accelerated Conversational AI adoption and demand generation:
  - Extensive care, sales, and marketing capabilities are in high demand by brands and are key differentiating factors of LivePerson's sales motion
  - Volume on Conversational Cloud continues to accelerate across use cases and verticals, up nearly 40% YoY, led by a 50% increase in AI-based conversations. First quarter billable platform volume surpassed last quarter's peak during holiday season
  - Automation capabilities are a key differentiator for LivePerson, helping extend the commerce use cases on Conversational Cloud
  - Vast majority of Enterprise customers are deploying AI on LivePerson's platform; automations power more than 70% of messaging conversations
  - Strong momentum in conversational commerce: Retail/Ecommerce continued to lead YoY revenue growth and volume usage growth
  - Extended reach into Healthcare and Government with a seven-figure new logo deal in each target vertical

<sup>(1)</sup>Adjusted EBITDA and free cash flow are non-GAAP measures. Please see our Press Release issued May 4, 2021 for more information concerning the reconciliation of non-GAAP measures to the nearest applicable GAAP measure.

# Strong execution on key strategies to capture growing demand

- Expanding LivePerson's solution ecosystem:
  - Signed a global beauty retailer - the first customer on flagship **Gainshare Contact Center 360**, managing the brand's entire contact center operations, including voice, email, and messaging, unifying consumer experience across different channels
  - Extended **social** media management capabilities with several of the world's largest brands
- Partner strategy continues to generate strong returns:
  - Signed several new logo wins with Infosys partnership
  - Established strategic partnership with Tech Mahindra to capture the increasing demand for Conversational AI
  - Deepened collaborative technical relationship with Medallia by integrating AI and platform capabilities
- Expanding marketing reach to fuel faster adoption:
  - A new breed of marketing program with expert-led, educational masterclasses, community building activities and peer-to-peer connection
  - 119 executives across 79 leading brands joined the first Virtual Executive Retreat held in mid-April

# Positive Conversational AI leading indicators

Trends for key metrics point to sustained growth trajectory



\*Note: Revenue retention rate measures the % of revenue retained at quarter end from full service customers that were either on Conversational Cloud or with LivePerson, respectively, at quarter end in the year ago period. ARPU is a measure of the average revenue per enterprise and midmarket customer over the trailing-twelve months.

# Selected Pro Forma Guidance Measures<sup>(1)</sup>

	2Q:21 Guidance	2021 Guidance	Previous 2021 Guidance
Revenue	\$112.0 - \$114.0	\$460.0 - \$468.0	\$458.0 - \$466.0
Revenue YoY growth	22% - 24%	25.5% - 27.5%	25% - 27%
Gross Margin	69%	69% - 70%	70%
GAAP Net Loss	\$(38.2) - \$(36.2)	\$(130.5) - \$(122.3)	\$(139.0) - \$(130.8)
Adjusted EBITDA	\$5.2 - \$7.2	\$33.5 - \$41.5	\$33.5 - \$41.5
Adjusted EBITDA Margin	4.5% - 6.5%	7.3% - 8.9%	7% - 9%

- Encouraged by strong Conversational Cloud volume trends, accelerating automation and AI adoption, growing opportunities from partner strategy, differentiated solution offerings, and wide reaching customer wins on Conversational Commerce.
- Sees demand inflection as brands across different verticals and geographies increasingly adopt Conversational AI and messaging for various use cases including but not limited to care, sales, and marketing.
- Raises full year revenue guidance for accelerating growth of 25.5% to 27.5% in 2021; guides for 2Q revenue from \$112.0M to \$114.0M.
- Reaffirms guidance for bottom line with 2021 adjusted EBITDA of \$33.5M - \$41.5M; continues focus on accelerating investments in early 2021.
- Targets second quarter of adjusted EBITDA in a range of \$5.2M - \$7.2M, at 4.5% - 6.5% margin, given investments acceleration in go-to-market capacity and product development.

(1) Dollar amounts in millions. Adjusted EBITDA is a Non-GAAP financial measure. For a reconciliation of net loss to Adjusted EBITDA, please see slide 16. For detailed current financial expectations, please see our Press Release issued on May 4, 2021.

# Projected Non-GAAP adjusted EBITDA reconciliation

Guidance	2Q:21E	2021E	Previous 2021 Guidance
GAAP net loss	\$(38.2) - \$(36.2)	\$(130.5) - \$(122.3)	\$(139.0) - \$(130.8)
Depreciation & amortization	\$11.1	\$41.1	\$44.0
Stock-based compensation	\$19.5	\$75.1	\$77.2
Other non-recurring costs	\$2.1	\$7.8	\$9.5
Provision for taxes	\$1.4	\$3.2 - \$3.0	\$4.2 - \$4.0
Other expense, net	\$9.3	\$36.8	\$37.5
<b>Adjusted EBITDA</b>	<b>\$5.2 - \$7.2</b>	<b>\$33.5 - \$41.5</b>	<b>\$33.5 - \$41.5</b>

**Note:** Dollar amounts in millions. Certain items may not total due to rounding. Adjusted EBITDA is a Non-GAAP financial measure. Adjusted EBITDA excludes provision for (benefit from) income taxes, other (income)/expense, net, depreciation and amortization, stock-based compensation, restructuring costs, acquisition costs and other costs. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP. Please see our Press Release issued May 4, 2021 for more information concerning the reconciliation of non-GAAP measures to the nearest applicable GAAP measure.