



JULY 2019

Second Quarter 2019

Earnings Call Supplemental Slides

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This presentation includes non-GAAP financial measures, which complement 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 is 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 is 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.

270

billion calls

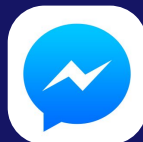
(at a cost of \$1.5 trillion)

Consumers live their lives on messaging

7.8 trillion SMS messages sent a year 



1.5 billion
monthly users



1.3 billion
monthly users



1 billion
monthly users



1 billion
monthly users



803 million
monthly users



300 million
monthly users



291 million
monthly users



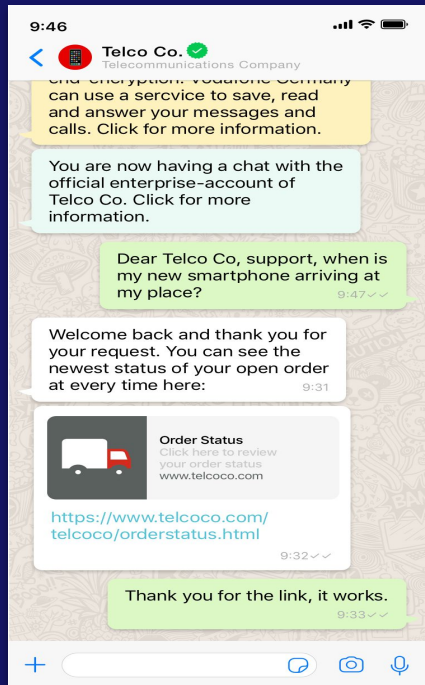
203 million
monthly users

Source: Statista reports, Jan. 2019, July 2018, Sep. 2017, Jan. 2018

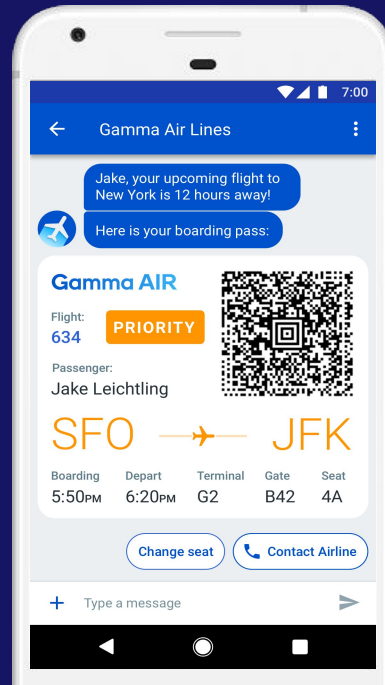
LivePerson Powers conversational commerce...

...for the world's largest brands across industries and geographies

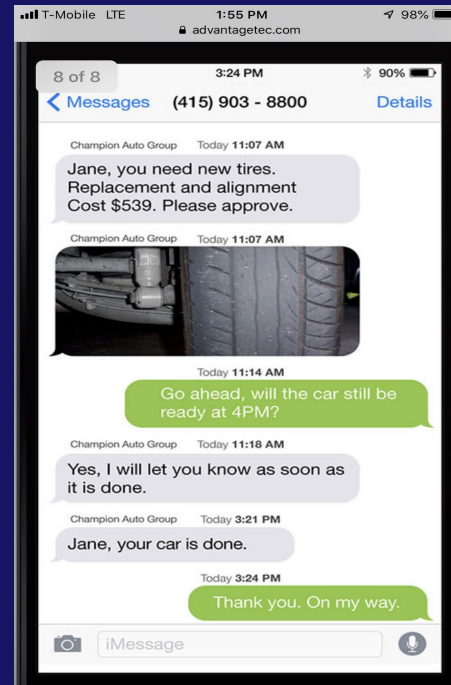
Telecom



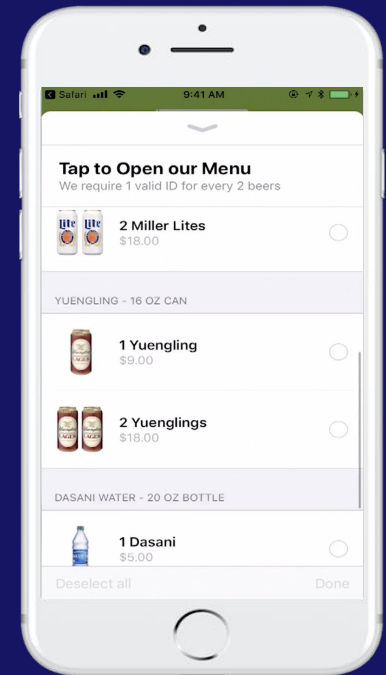
Airlines



Automotive



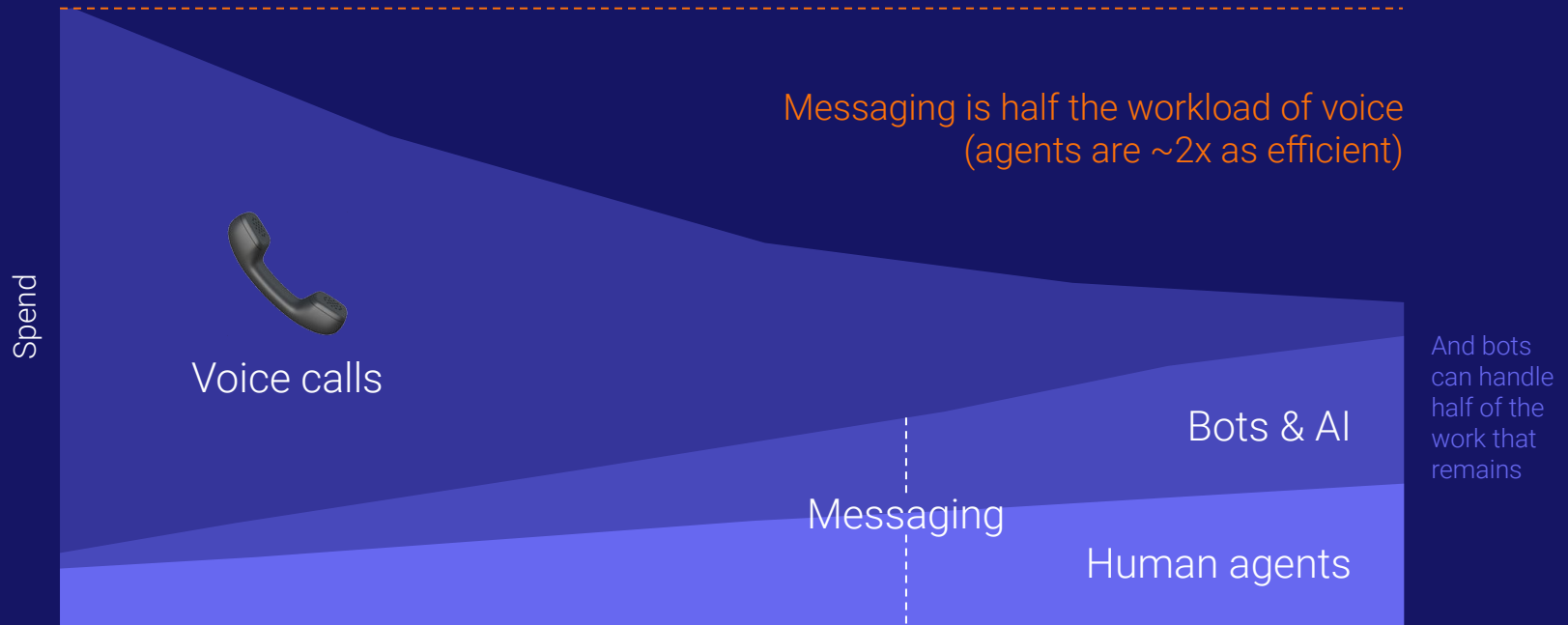
Stadiums⁽¹⁾



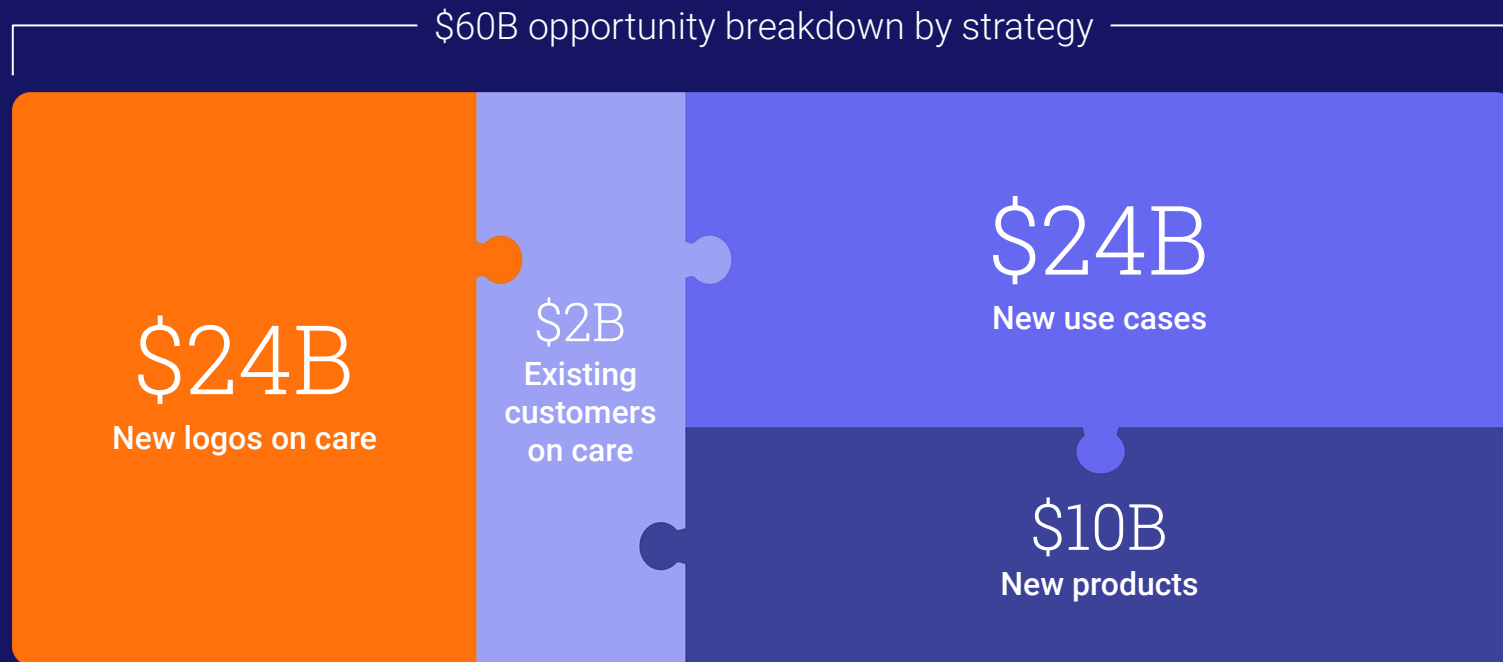
(1) Content courtesy of Aramark.

AI-powered conversational commerce is the future

Preferred by consumers and up to 4 times as efficient as legacy voice



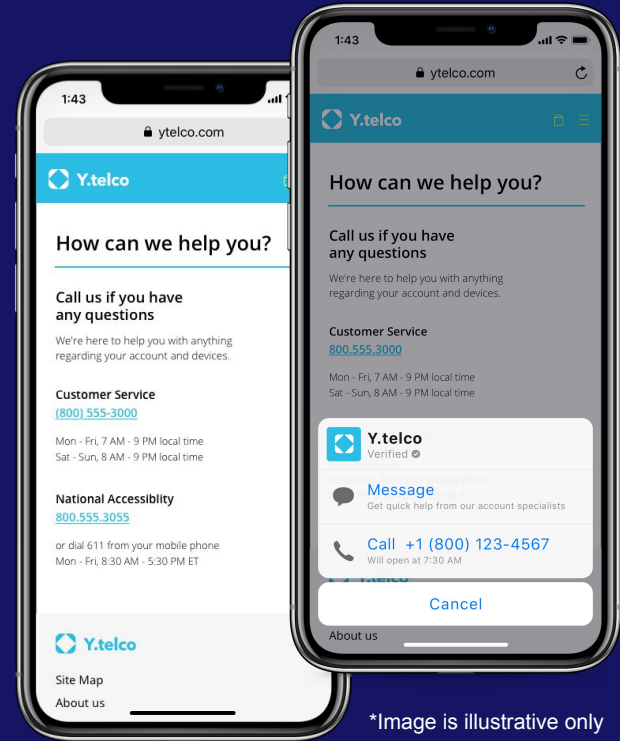
We are focused on four strategies to capture a \$60B go-to-market opportunity



New Apple Chat Suggest feature promotes messaging

Offers the potential to materially increase messaging volumes by deflecting calls to 1-800#s

- Chat Suggest previewed at the Worldwide Developers Conference in June 2019
- Invites consumers to message a brand instead of calling
- Several LivePerson customers are among the first beta testers for this feature available later this year



*Image is illustrative only

Strong 2Q results highlight a demand inflection

- Revenue growth accelerated in 2Q:
 - Revenue increased 15% YtY and 7% QtQ to record \$71.0M, exceeded high end of guidance range
 - Enterprise/mid-market ARPU increased approximately 20% year-over-year to record \$310,000, fifth consecutive quarter of at least 20% growth
 - Strong renewals/upsells kept Enterprise/Midmarket revenue retention rate within target range of 105% to 115%
 - Greater than 20% growth from financial services and telco verticals. Financial Services accounted for 24% of revenue, followed by Consumer/Retail at 23%, Telcos at 22%, Auto at 10%, High Tech at 6% and Other at 15%
 - Enterprise customers on messaging increased to 48% in 2Q from 34% in year-ago period, with nearly half of messaging conversations including automation
 - Exceeded sales capacity hiring targets adding nearly 40 quota carriers in the first half of 2019
- Indications of a demand inflection:
 - Nine, seven-figure Enterprise deals signed; equivalent to the same number signed for the entirety of 2018
 - Contract signings in 1H:19 increased 75% over 1H:18
 - Total sales pipeline value increased 120% year over year and 75% since year end 2018
 - Deal counts increased 50% year over year in the second quarter, with a healthy balance across new and existing
 - Trailing twelve-month deferred revenue increased 42% as compared to the year ago period
 - Consumer messaging giants continue to push Conversational Commerce; Apple previews a new capability that could deflect millions of calls to messaging, and Google pressures the industry to adopt RCS as a new messaging standard

Pulling forward investments to meet increased demand

Raises revenue guidance for 2019 and increases spend on quota carriers, marketing and product

- Strong returns on previous go-to-market and product investments:
 - NA Enterprise revenue increased 30% year over year in 2Q as prior year pipeline generation and quota carrying teams began to ramp to full productivity
 - First half 2019 new sales hires have created \$70 million of pipeline in their first few months
 - Average sales cycle length decreased by three weeks in 1H:19 as compared to 1H:18 due to rigorous sales onboarding, training and productivity focus
 - Nearly 60 customers now live on newly launched Conversation Builder, creating bots and automations
 - Maven Assist launched with a leading airline and cable company, aiding agents with next best action and automations
- Investing to meet demand :
 - Exited 2Q with 89 quota carriers versus target of 75. Plan to exit 2019 with over 100 quota carriers as currently have insufficient capacity to service pipeline.
 - Deploying capital organically to engineering and development teams to address customer demand for new platform capabilities. Multiple new products in the near-term pipeline in areas such as outbound marketing, in-store retail, social, a new agent console, and AI analytics.
- Strong cash position provides flexibility:
 - Cash on hand of approximately \$225.0 million

Positive LiveEngage Leading Indicators

Trends for key metrics point to sustained growth trajectory

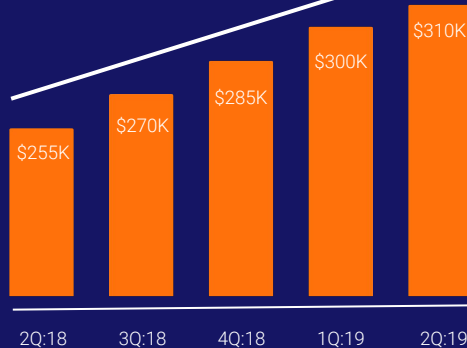
Revenue retention rate

105% to 115%

*Ten consecutive quarters
over 100% threshold*

Average revenue per user (ARPU)

> 20% YtY Growth



Same customer usage growth YtY

>10%

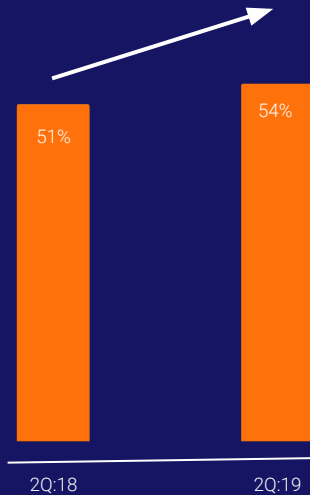
*Ten consecutive quarters
of growth*

*Note: Revenue retention rate measures the % of revenue retained at quarter end from full service customers that were either on LiveEngage 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.

Positive LiveEngage Leading Indicators

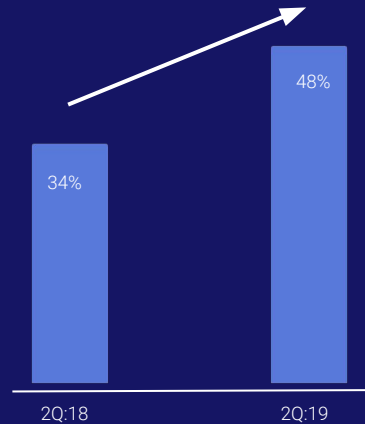
Trends for key metrics point to sustained growth trajectory

Full Service Brands with >1 interaction



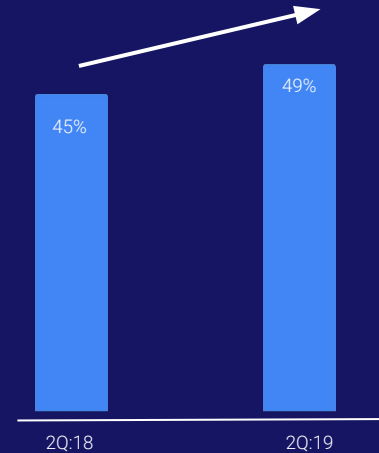
% Enterprise Customers using Messaging

14 pts Improvement YtY



% Enterprise Interactions with Messaging Automation

4 pts Improvement YtY



Selected Pro Forma Guidance Measures⁽¹⁾

	3Q:19 Guidance	2019 Guidance	Previous 2019 Guidance
Revenue	\$74.0 - \$75.0	\$288.5 - \$292.0	\$284.5 - \$291.5
Gross Margin	~73.0%	~74.0%	~74.0%
GAAP Net Loss	\$18.1 - \$14.9	\$71.6 - \$66.3	\$57.6 - \$52.0
Adjusted EBITDA	\$0.0 - \$3.0	\$0.0 - \$5.0	\$10.0 - \$15.0
Adjusted EBITDA Margin	0.0% - 4.0%	0.0% - 1.7%	3.5% - 5.2%

- Raises revenue guidance following record contract signings, rapid pipeline expansion and ramping sales productivity
- Targeting 17.5% growth in 2H:19, acceleration to high-teens to 21% growth in 4Q:19 and at least 20% growth in 2020
- Adjusts profit guidance as pulls forward investments to meet demand inflection. Demand-driven investments increase confidence in ability to achieve long-term goal of at least 25% revenue growth
- Incremental adjusted EBITDA spend of approximately \$10.0 million is allocated as follows:
 - Approximately one-half to quota carriers as current capacity is insufficient to meet pipeline demand. Target exiting 2019 with at least 100 quota carriers, up from 50 at year-end 2018
 - Approximately one-quarter to new, customer-driven product opportunities such as social, outbound selling, and in-store retail
 - Approximately one-quarter to marketing programs for the Consumer segment, which fueled 24% year-over-year revenue growth in 2Q

(1) Dollar amounts in millions. Adjusted EBITDA is a Non-GAAP financial measure. For a reconciliation of net income (loss) to adjusted EBITDA please see slide 14. For detailed current financial expectations, please see our Press Release issued on July 31, 2019.

Non-GAAP adjusted EBITDA reconciliation

Guidance	3Q:19E	2019E
GAAP net loss	\$(18.1) - \$(14.9)	\$(71.6) - \$(66.3)
Depreciation & amortization	\$4.5	\$19.0
Stock-based compensation	\$7.8	\$33.3
Other non-recurring costs	\$1.7	\$8.6
Provision for taxes	\$1.2 - \$1.0	\$2.7 - \$2.4
Other (income) expense, net	\$2.9	\$8.0
Adjusted EBITDA	\$0.0 – \$3.0	\$0.0 – \$5.0

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. See select non-gaap definitions slide.