LIVEPERSON

First Quarter 2019

Supplemental Earnings Call Slides

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Safe harbor provision

Statements in this press release regarding LivePerson that are not historical facts are forward-looking statements and are subject to risks and uncertainties that could cause actual future events or results to differ materially from such statements. Any such forward-looking statements, including but not limited to financial guidance, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. It is routine for our internal projections and expectations to change as the quarter and year progress, and therefore it should be clearly understood that the internal projections and beliefs upon which we base our expectations may change. Although these expectations may change, we are under no obligation to inform you if they do. Actual events or results may differ materially from those contained in the projections or forward-looking statements. Some of the factors that could cause actual results to differ materially from the forward-looking statements contained herein include, without limitation: potential fluctuations in our quarterly revenue and operating results; competition in the markets for mobile and online business messaging and digital engagement technology ; our ability to retain existing clients and attract new clients; privacy concerns relating to the Internet that could result in new legislation or negative public perception; risks related to new regulatory or other legal requirements that could materially impact our business; failures or security breaches in our services, those of our third party providers, or in the websites of our customers; potential adverse impact due to foreign currency exchange rate fluctuations; economic conditions and regulatory changes caused by the United Kingdom's exit from the European Union; our ability to retain key personnel, attract new personnel and to manage staff attrition; supporting our existing and growing customer base could strain our personnel resources and infrastructure; risks relating to governmental export controls and economic sanctions; our ability to effectively operate on mobile devices; risks related to industry-specific regulation and unfavorable industry-specific laws, regulations or interpretive positions; the adverse effect that the global economic downturn may have on our business and results of operations; risks related to the ability to successfully integrate past or potential future acquisitions; additional regulatory requirements, tax liabilities, currency exchange rate fluctuations and other risks as we expand internationally and/or as we expand into direct-to-consumer services; risks related to the regulation or possible misappropriation of personal information belonging to our customers' Internet users; potential failure to meeting service level commitments to certain customers; technology systems beyond our control and technology-related defects that could disrupt the LivePerson services; risks related to protecting our intellectual property rights or potential infringement of the intellectual property rights of third parties; legal liability and/or negative publicity for the services provided to consumers via our technology platforms; technological or other defects could disrupt or negatively impact our services; errors, failures or "bugs" in our products may be difficult to correct; increased allowances for doubtful accounts as a result of an increasing amount of receivables due from customers with greater credit risk; payment-related risks; delays in our implementation cycles; impairments to goodwill that result in significant charges to earnings; risk associated with the limitations on the effectiveness of our controls; our history of losses; risks associated with the recent volatility in the capital markets; our ability to secure additional financing to execute our business strategy; our ability to license necessary third party software for use in our products and services, and our ability to successfully integrate third party software; our ability to maintain our reputation; risks related to our recognition of revenue from subscriptions; our lengthy sales cycles; risks related to our operations in Israel, and the civil and political unrest in that region; changes in accounting principles generally accepted in the United States; risks associated with any future stock repurchase programs, including whether such programs will enhance long-term stockholder value, and whether such stock repurchases could increase the volatility of the price of our common stock and diminish our cash reserves; natural catastrophic events and interruption to our business by man-made problems; potential limitations on our ability to use net operating losses to offset future taxable income; risks relating to recently-enacted changes to the U.S. tax laws; and risks related to our common stock being traded on more than one securities exchange. This list is intended to identify only certain of the principal factors that could cause actual results to differ from those discussed in the forward-looking statements. Readers are referred to the reports and documents filed from time to time by us with the Securities and Exchange Commission for a discussion of these and other important factors that could cause actual results to differ from those discussed in forward-looking statements.

270

billion calls

(at a cost of $1.5 trillion)

Source: IBM, April 2018; The US Contact Center Decision-Makers' Guide 2018-19

E-commerce has failed us

After 20 years, brands are still not seeing the expected benefits of the web

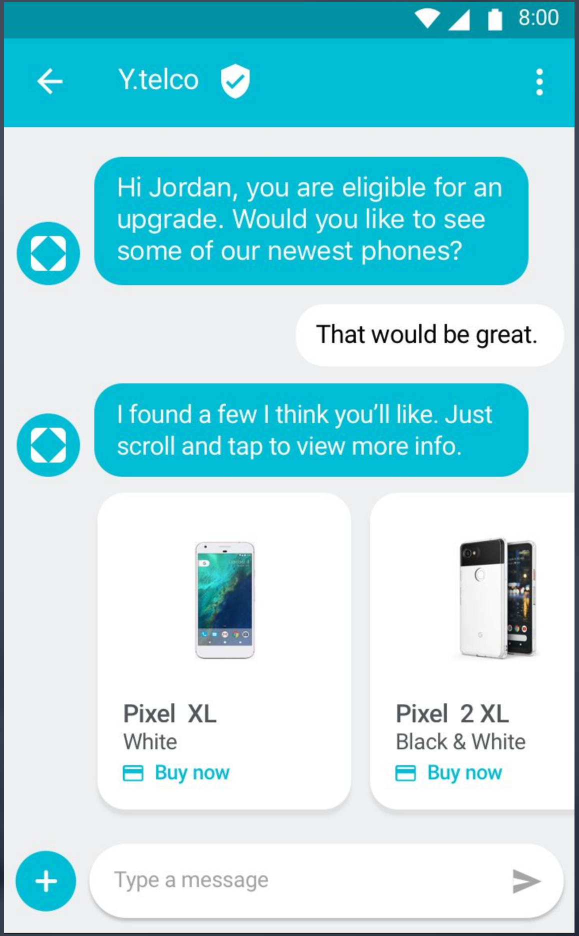
of commerce is e-commerce (~50% of which is Amazon)

of websites visitors make a purchase

of people who call a contact center visited the brand’s website first

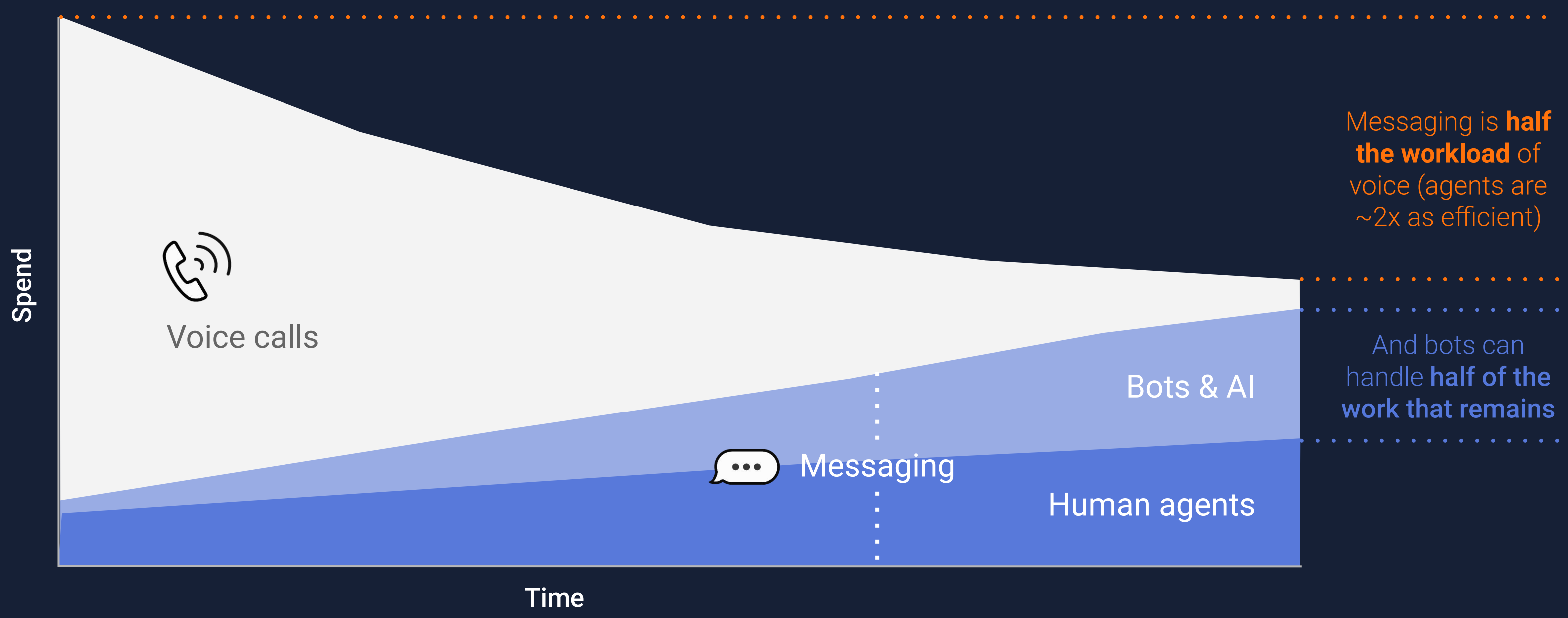
Source: Internet Retailer, 2016,(US eCommerce sales)

Conversational Commerce



AI-powered Conversational Commerce is the future

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

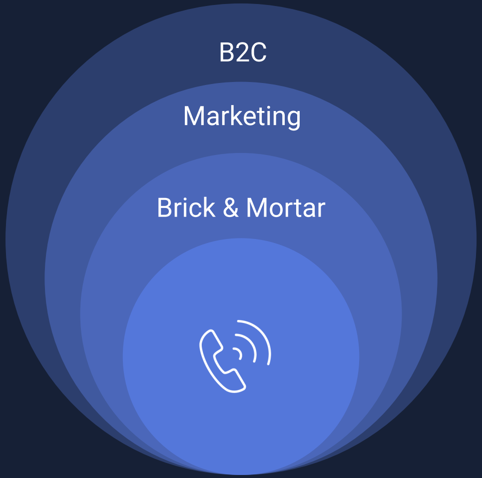


Source: LivePerson

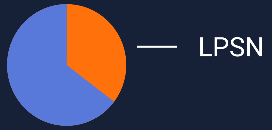
The industry is ripe for transformation

LiveEngage puts LivePerson in the pole position to target an addressable market estimated at nearly $200B

LiveEngage addressable market includes 270B conversations in the contact center alone



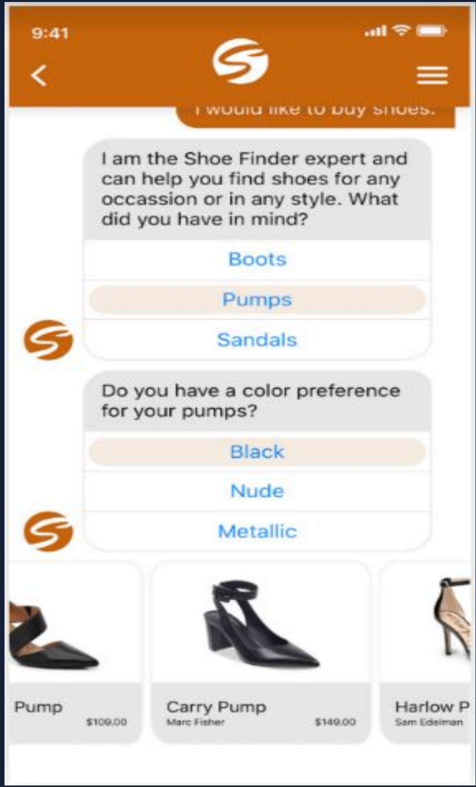
Legacy webchat represents a small fraction of our current TAM. LivePerson's estimated 35% share in legacy webchat fueled ~300M interactions a year



Source: LivePerson, Allied Market Research

Maven, the first AI engine built for Conversational Commerce

Leverages data from millions of sales and service conversations to power bots and assist human agents



Patent pending mesh between humans and AI

- Bot building software that is based on dialogue instead of workflow or code, so non-technical employees like contact center agents can design automations
- Leveraging existing transcripts to bootstrap conversations, speeding time to market
- Human agents continuously train and monitor AI, safeguarding the consumer relationship
- Powerful Assist technology multiplies the efficiency of agents by analyzing intents in real-time to provide next best actions and hand offs to bots
- Pre-built templates for key verticals that provide top intents and back-end integrations out of the box
- Third-party AI NLU integration, AI analytics and reporting tailored to conversational commerce

Strong first quarter results and adoption trends

- Strong first quarter results and demand generation
  - 1Q revenue up 14% year over year to record $66.4M, above midpoint of guidance
  - Mid-teens growth in both B2B and Consumer segments
  - Capturing share with the largest companies in the world:
    - a top five airline in the U.S., a top five telco in Canada, a top five cable company in the U.S., a top three telco in Japan, a top three manufacturer of computer storage technology, a top three accounting and tax software provider, and a top three telco in Australia
  - Three seven-figure deals signed
  - Deferred revenue increases 20% quarter over quarter and year over year despite tough comparison
- Positive adoption trends as Conversational Commerce shifts into mainstream
  - Revenue retention rate for enterprise/midmarket meets target range of 105% to 115%
  - Enterprise/midmarket ARPU increased 24% year-over-year to record $300,000, fourth consecutive quarter of greater than 20% growth
  - 20% growth in total deal counts; nearly 90% growth in new customer deal counts
  - Enterprise customers on messaging increased to 45% in 1Q, from 40% in 4Q and 20% at the start of 2018
  - Automation attached to 50% of messaging conversations, up from 30% in the year ago period

Executing on Plan to accelerate revenue growth to 20%

- Adding sales and development capacity:
  - Grew quota carrying headcount by 40% quarter over quarter to more than 70
  - More than doubled pipeline generator headcount quarter over quarter
  - Increased headcount at Seattle Advanced Technology Center to over 100, by adding 25 new machine learning, data science and automation engineers
- Expanding marketing reach to fuel faster adoption:
  - Hosted record number of marketing events in first quarter
  - Attendees from customers and prospects up nearly 50% year over year
- Delivering even greater product innovation:
  - Made impressive impact with launches of Maven AI engine and Conversation Builder:
    - Replaced legacy AI/bot solutions at several customers, including one of the largest banks in the world, a major European telco, a Fortune 500 software company and a global hospitality company
    - Creates more than a dozen new opportunities and millions of dollars of pipeline in a matter of weeks
- Reaffirms guidance for accelerating revenue growth and renewed leverage:
  - Targets growth acceleration toward high teens to 20% by 4Q:19, and at least 20% growth in 2020
    - Total pipeline value increased more than 30% in the first quarter over year end
  - On track to complete virtually all 2019 hiring by end of June, positioning LPSN for renewed operating leverage and a double-digit adjusted EBITDA margin in 2H.
- Materially strengthens financial flexibility
  - Successfully executes private placement of $230 million of 0.75% senior convertible notes.
  - Increases cash on hand $171 million quarter over quarter to $238 million.

Positive LiveEngage leading indicators

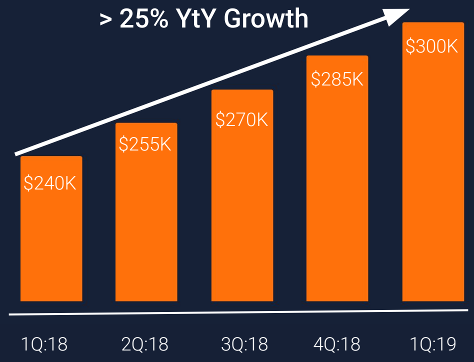
Trends for key metrics point to sustained growth trajectory

Revenue retention rate

105% to 115%

Nine consecutive quarters over 100% threshold

Average revenue per user (ARPU)



Same customer usage growth YtY

> 10%

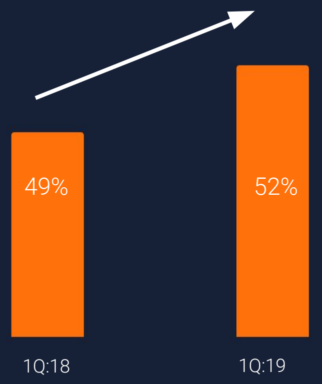
Nine consecutive quarters of growth

*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

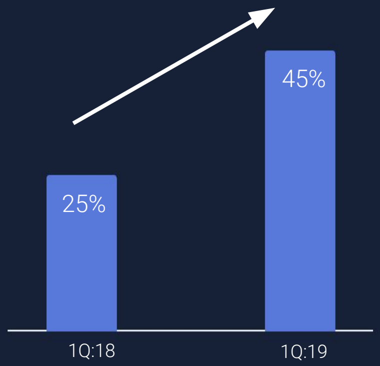
Trends for key metrics point to sustained growth trajectory

Full Service Brands with >1 interaction



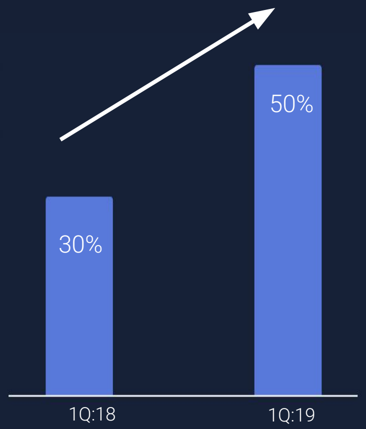
% Enterprise Customers using Messaging

20 pts Improvement YtY



% Enterprise Interactions with Messaging Automation

20 pts Improvement YtY



*Note:. Full service brands with > 1 interaction type formula updated to include each messaging channel as an interaction type. Messaging customers assume at least 200 messaging interactions per month.

Select pro-forma guidance measures[1]

	2Q:19 Guidance	2019 Guidance
Revenue	$69.5 - $70.5	$284.5 - $291.5
Gross Margin	~72.0%	~ 74.0%
GAAP Net Loss	$(20.3) - $(18.2)	$(57.6) - $(52.0)
Adjusted EBITDA	$(5.3) - $(3.3)	$10.0 - $15.0
Adjusted EBITDA Margin	NM	3.5% - 5.2%

- Anticipate acceleration of revenue growth throughout 2019, as go-to-market investments start generating returns
- Targeting high-teens to 20% growth in 4Q:19 and at least 20% growth in 2020
- Adjusted EBITDA guidance range of $10.0M to $15.0M reflects:
  - Go-to-market and product development hiring heavily weighted to 1Q and 2Q
  - Modest adjusted EBITDA losses in 1H, and rebound to approximately 10% margin in 2H
- Target renewed margin leverage in 2020 and beyond
- 2019 GAAP net loss includes approximately $6.0 million ($0.10 per share) of IP litigation and $1.8 million ($0.03 per share) of consulting, severance and restructuring

Notes[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 May 2, 2019.

Non-GAAP adjusted EBITDA reconciliation[1]

Guidance	2Q:19E	2019E
GAAP net loss	$(20.3) - $(18.2)	$(57.6) - $(52.0)
Depreciation & amortization	$4.3	$19.5
Stock-based compensation	$7.7	$34.0
Other non-recurring costs	~$1.8	~$7.8
Provision for taxes	$1.3 - $1.2	$6.2 - $5.6
Other Income	$0.0	$0.0
Adjusted EBITDA	$(5.3) - $(3.3)	$10.0 – $15.0

Notes[1]: 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. For detailed current financial expectations, please see our Press Release issued on May 2, 2019.