



**November 2019**

# Third Quarter 2019

## Earnings Call Supplemental Slides

Rob LoCascio, Chief Executive Officer  
Chris Greiner, Chief Financial Officer

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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 Annual Report on Form 10-K for the fiscal year ended December 31, 2018 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.

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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

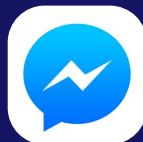
(at a cost of \$1.5 trillion)

# 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



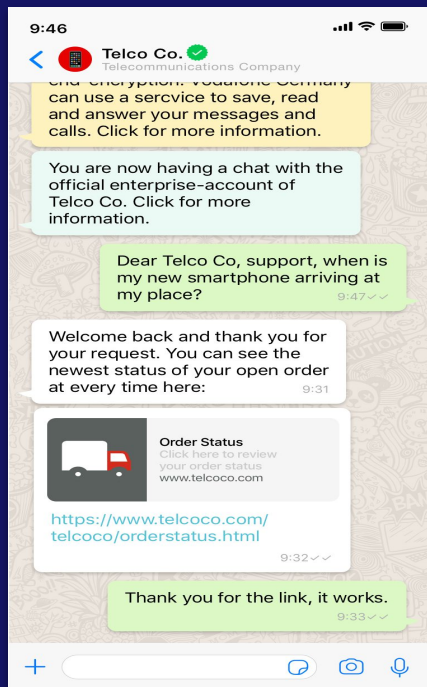
203 million  
monthly users

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

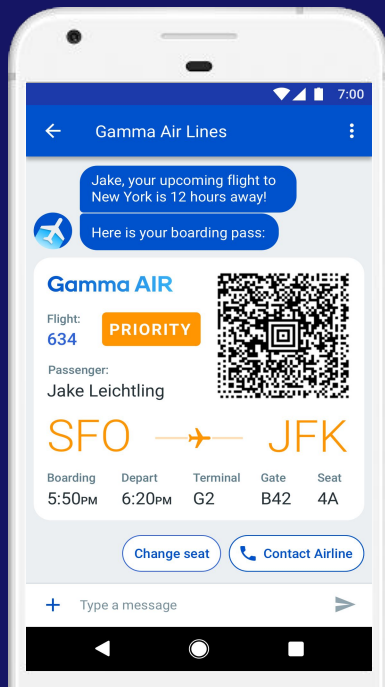
# LivePerson Powers conversational commerce...

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

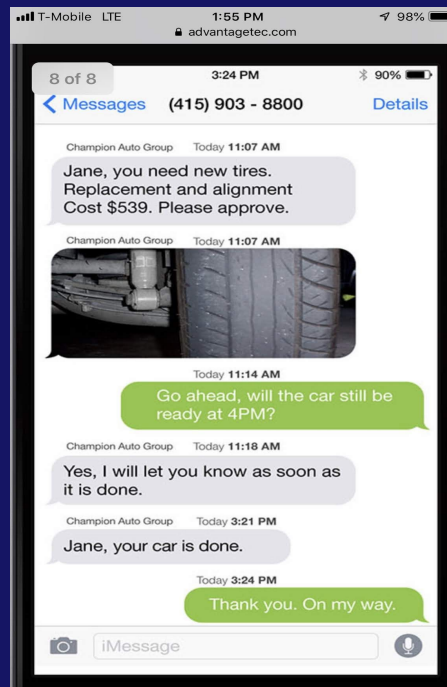
## Telecom



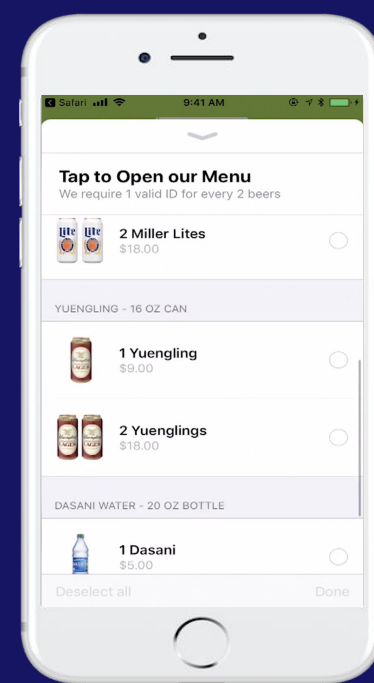
## Airlines



## Automotive



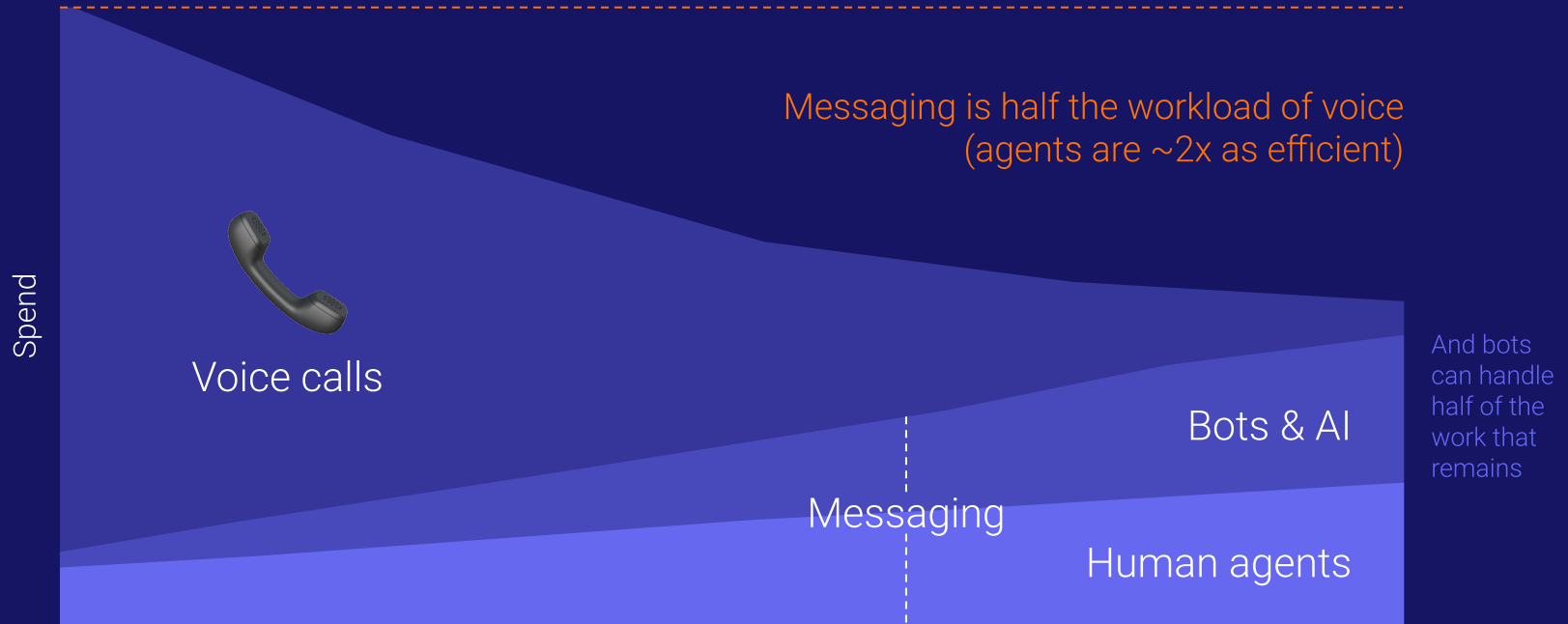
## Stadiums<sup>(1)</sup>



(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





# LiveIntent

Analytics for the Conversational era. Identify every consumer intent and drive actionable data for fast optimizations





# Social Connect

Agents actively monitor Twitter and Facebook feeds on LiveEngage and publicly or directly message consumers

The screenshot displays the LiveEngage Agent Workspace interface. At the top, the 'Agent Workspace' header shows 'Open Connections' with a count of 23, and four status categories: 18 OPEN, 18 PENDING, 18 OVERDUE, and 0 SOON TO BE C...

The main interface is divided into two columns. The left column features a list of customer messages with their respective avatars and icons for social media or messaging. The messages include:

- Karina Kostova**: hello, I have two... (Twitter icon, -2m)
- Sam**: HI I have another questi... (Twitter icon, -2m)
- James**: Can you help me updat... (Facebook icon, 2m)
- chelsea**: Can I help you with anyt... (Facebook icon)
- Sharon**: Have a great day. (SMS icon)
- Noah**: Please send me your ac... (Email icon)

The right column shows a detailed view of a tweet from **Karina Kostova** (@katrina\_kostova) in Austin, TX, joined in May 2012. The tweet text reads: "@moshofra hello, I have two issues I'm running into problems on older tablet. After the last update the auto rotate doesn't work while the rest of the app does." The tweet has 2323 Tweets, 244 Likes, 1022 Followers, and 457 Following. A response from **Moshofra Cares** (@moshoro) is visible below, replying to Karina Kostova: "Hey there, help's here. Could you send us a DM with your account's email address or username? We'll help out backstage A/L." A button to "Send us a private message" is present.

# eMail Connect

Ingest customer emails directly into LiveEngage and send replies with links that deflect to messaging

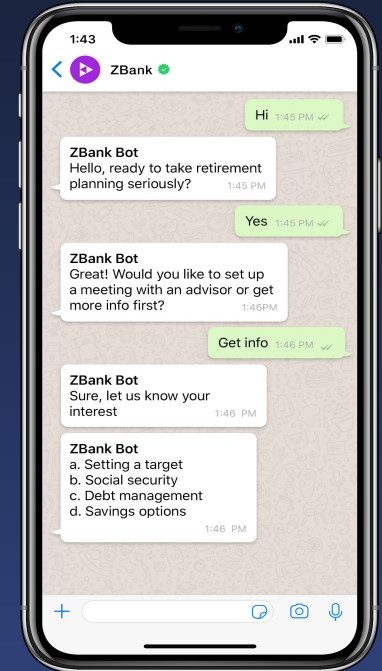
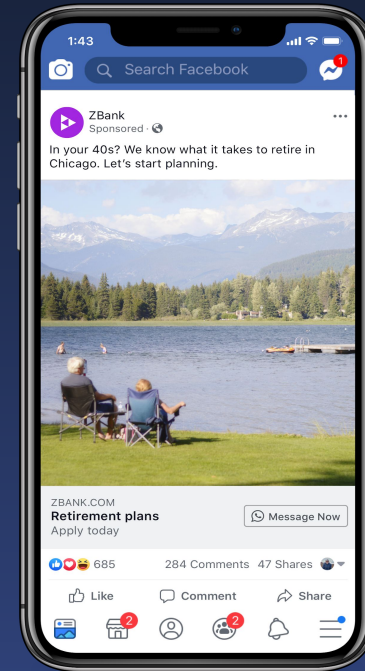
The screenshot displays the LiveEngage interface. On the left, a sidebar shows 'My Connections' with a list of users: Davina, Sam, James, chelsea, Sharon, Noah, Chelsea, Jim, Troy, and Julio. The main area shows a conversation with Davina. The conversation history includes a message from Jen dated 26 Aug, 2019, and a response from Davina dated 27 Aug, 2019. The response from Davina reads: 'Hi, I am wondering if you can help? I received a notification that my flights to Las Vegas on 29th June have been cancelled. My booking number is LY23462B. Can you please let me know when is the next available flight? Thanks, Davina.' Below this, a message from Emma dated 14:02pm reads: 'Hi Davina, I am sorry for the inconvenience. There are a number of flight options for you to choose from. The next flight direct to Las Vegas is Thursday 29th June, departing from JFK at 12:20 arriving at 15:10 local time. Let me know if you want me to book this flight for you? For a quicker response, feel free to message me via SMS and I'll confirm this flight for you. Thanks.'

The right side of the image shows a preview of an email reply from Emma Simons, Senior account manager at Astra Air. The email subject is 'Flight to Las Vegas' and is addressed to Davina Lipman. The email body contains the same text as the message from Emma in the LiveEngage interface. A prominent blue button labeled 'Start a Messaging Conversation' is visible in the email preview, demonstrating the deflection link.

# Invite engagement with conversational advertising

Transforms traditional advertisements into personalized conversations with consumers

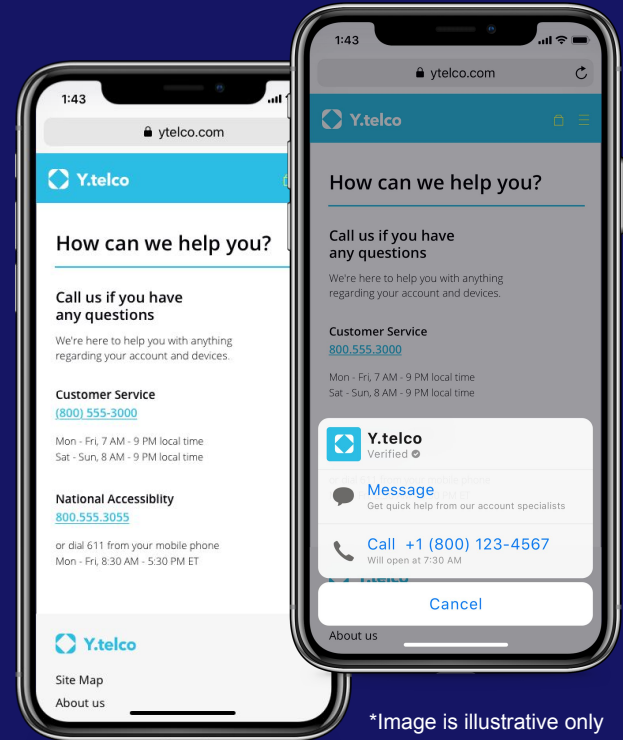
- Invited customers into a conversation rather than redirecting them to a website
- Unique new Message call to action draws clicks
- Streamlined journey drives conversions



# New Apple Chat Suggest feature promotes messaging

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

- Chat Suggest is rolling out globally to iOS devices
- Drives discoverability of messaging by inviting consumers to message a brand instead of calling
- More than 30 brands live in first few months



\*Image is illustrative only

# Strong 3Q results highlight a demand inflection

- 3Q marked second consecutive quarter of revenue acceleration, with revenue up 17% YtY, from 15% in 2Q and 14% in 1Q
  - Nearly half of Enterprise customers are now on messaging, up from 35% a year ago
  - Established Maven as definitive AI platform for Conversational Commerce, in our view, driving ARPUs for enterprise customers with automation to nearly double that of customers only on messaging
  - Enterprise/mid-market ARPU increased approximately 21% year-over-year to record \$330,000
  - Strong renewals/upsells kept Enterprise/Midmarket revenue retention rate within target range of 105% to 115%
  - Greater than 30% growth from financial services, telco and high tech verticals. Telco accounted for approximately 24% of revenue, followed by Consumer/Retail at 23%, Financials at 21%, Auto at 10%, High Tech at 8% and Other at 15%
- Indications of a demand inflection:
  - Seven, seven-figure Enterprise deals signed; more than double the year-ago period
  - Deal counts increased 47% year over year in the third quarter, with an equal mix of new and existing
  - Average deal value increased 38% year over year reflecting more endpoints, broader use cases and AI adoption
  - Sales pipeline continues to hit new records
  - U.S. revenue grew 19% YtY; fourth consecutive quarter of acceleration, reflecting payback on GTM investments
  - Ended 3Q with 95 quota carriers, up from 50 at year-end 2018
  - Launches social, email, proactive messaging, analytics, conversational advertising and Apple Chat Suggest solutions, significantly increasing reach of platform and ability to drive consumer awareness of messaging
  - Trailing twelve-month average deferred revenue increased 33% as compared to the year ago period

# 3Q Investments Driven by Customer Demand

Category	Impact	Investment Details	ROI
Customer Marketing Events	~\$2.0M	<p>Heightened interest in customer events:</p> <ul style="list-style-type: none"> <li>40 global programs including 3 large customer events               <ul style="list-style-type: none"> <li>Co-hosted event on Apple Business Chat Suggest</li> <li>Conversational marketing in London</li> <li>Inaugural event in Singapore to support ASEAN region</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>4x more launches than peers</li> <li>Historical 40% event win rate</li> <li>\$12M of influenced pipeline</li> <li>\$3M of order forms sent</li> <li>2 marketing wins</li> </ul>
Technical Services Expertise	~\$2.0M	<p>Experiencing heightened demand for technical delivery expertise due to contract activity growth, strong AI adoption, and host of new product introductions</p> <ul style="list-style-type: none"> <li>Technical expertise is key differentiator for LivePerson. Demand led by:               <ul style="list-style-type: none"> <li>System integration and endpoint deployment</li> <li>Conversational design and bot tuning</li> <li>API/Function as a Service customizations</li> </ul> </li> <li>Smoother deployments and faster time to value drive platform adoption</li> </ul>	<ul style="list-style-type: none"> <li>YTD investment in technical expertise contributed to YTY 2019 NPS survey gain of 38%</li> <li>Expects efficiencies over time by automating and productizing delivery services</li> </ul>
MM/SMB Customer Success	~\$2.0M	<p>Opportunity to compound success of Midmarket and Small Business go-to-market investments by driving higher retention rates</p> <ul style="list-style-type: none"> <li>Believe retention rates will improve by shifting from third-party customer management and renewals to in house teams</li> <li>Temporarily overlapping in house and third-party resources to minimize customer disruption during the transition</li> </ul>	<ul style="list-style-type: none"> <li>Expects expense overlap to be immaterial by 1Q:20</li> <li>Targeting higher retention</li> </ul>

# Positive LiveEngage Leading Indicators

Trends for key metrics point to sustained growth trajectory

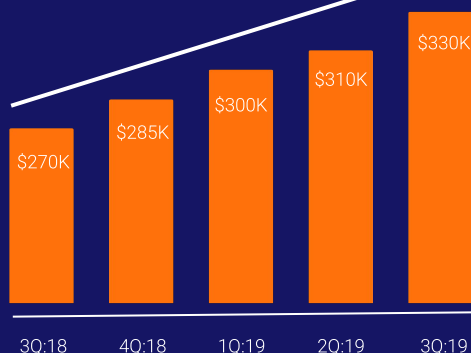
Revenue retention rate

**105% to 115%**

*Eleven consecutive quarters  
over 100% threshold*

Average revenue per user (ARPU)

> 20% YtY Growth



Same customer usage growth YtY

**>10%**

*Eleven consecutive  
quarters of growth*

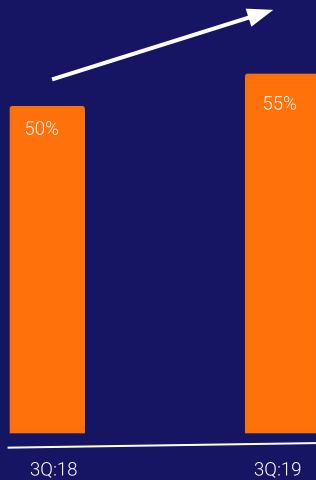
\*Note: Revenue retention rate measures the % of revenue retained at quarter end from full service customers that were either on LiveEngage or with LivePerson, respectively, at quarter end in the year ago period. ARPU is a measure of the average revenue per enterprise and midmarket customer over the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



# Positive LiveEngage Leading Indicators

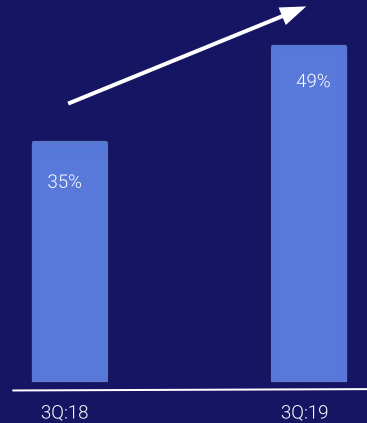
Trends for key metrics point to sustained growth trajectory

Full Service Brands with >1 interaction



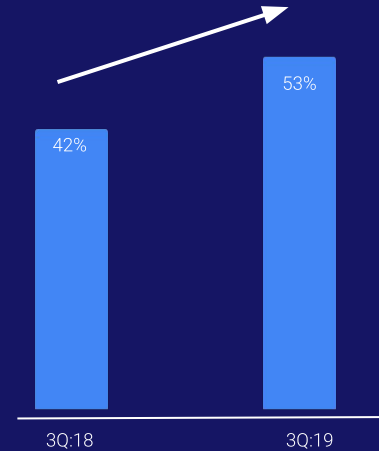
% Enterprise Customers using Messaging

14 pts Improvement YtY



% Enterprise Interactions with Messaging Automation

11 pts Improvement YtY



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

	4Q:19 Guidance	2019 Guidance	Previous 2019 Guidance
Revenue	\$77.0 - \$80.0	\$289.5 - \$292.5	\$288.5 - \$292.0
Gross Margin	~72.0%	~73.0%	~74.0%
GAAP Net Loss	\$(25.5) - \$(22.3)	\$(94.3) - \$(91.1)	\$(71.6) - \$(66.3)
Adjusted EBITDA	\$0.0 - \$3.0	\$(14.8) - \$(11.8)	\$0.0 - \$5.0
Adjusted EBITDA Margin	0.0% - 3.8%	N/A	0.0% - 1.7%

- Raises revenue guidance following strong contract signings, pipeline expansion, new product introductions and ramping sales productivity
- Targeting acceleration to 17% to 22% growth in 4Q:19, and 2019 growth of 16% to 17%, up from 14% in 2018. Continues to anticipate at least 20% growth in 2020
- Updates profit guidance to account for customer demand driven investments detailed on slide 14
- Includes full quarter impact of technical delivery services and customer success in Q4

(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 18. For detailed current financial expectations, please see our Press Release issued on November 7, 2019.

# Non-GAAP adjusted EBITDA reconciliation

Guidance	4Q:19E	2019E
GAAP net loss	\$(25.5) - \$(22.3)	\$(94.3) - \$(91.1)
Depreciation & amortization	\$5.8	\$20.0
Stock-based compensation	\$13.6	\$39.0
Other non-recurring costs	\$2.5	\$10.7
Provision for taxes	\$1.7 - \$1.5	\$3.8 - \$3.6
Other (income) expense, net	\$2.0	\$6.0
Adjusted EBITDA (loss)	\$0.0 – \$3.0	\$(14.8) – \$(11.8)

**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.