



MAY 2019

Investor Presentation

Chris Greiner, Chief Financial Officer

Matthew Kempler, Vice President, Planning and Investor Relations

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 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.

Transforming how people communicate with brands

A leading AI-powered enterprise platform for Conversational Commerce

LPSN SNAPSHOT

Founded 1995

Public since 2000
(NASDAQ: LPSN)

1,100 employees¹

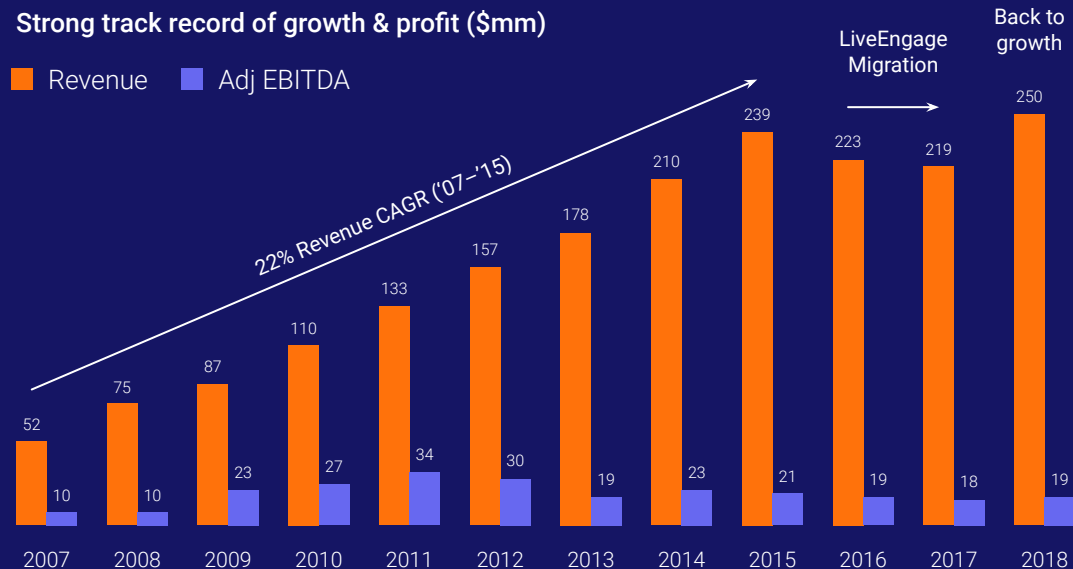
18,000 customers¹

Headquartered in New York City
with offices across Asia,
Australia, Europe and the U.S.

Strong track record of growth & profit (\$mm)

Revenue

Adj EBITDA



(1) As of December 31, 2018

(2) Please refer to the reconciliation of Adjusted EBITDA in the appendix

Messaging is replacing voice calls

Consumers already message all day, every day, in their personal lives

2002

Consumers primarily
Communicated through **voice calls**,
with some messaging

2019

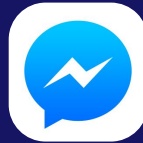
Consumer primarily communicate
through **messaging** and social media,
with some voice

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



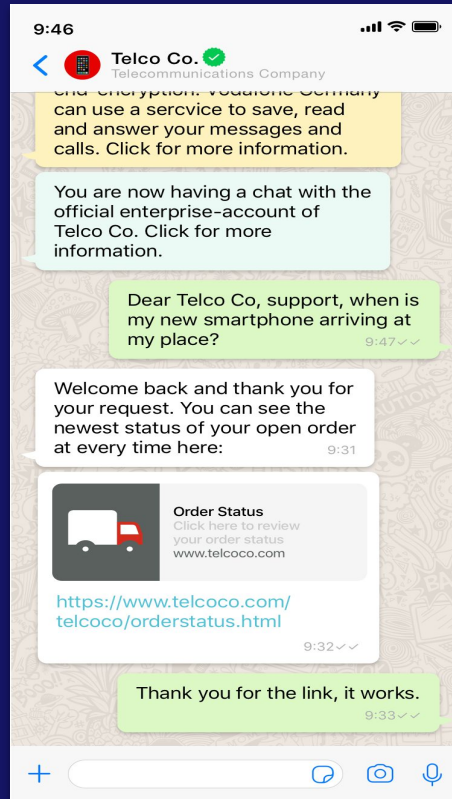
291 million
monthly users



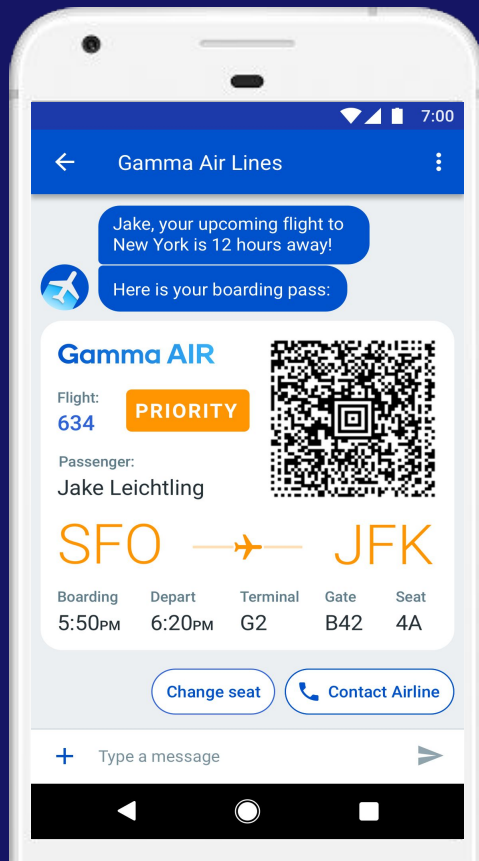
203 million
monthly users

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

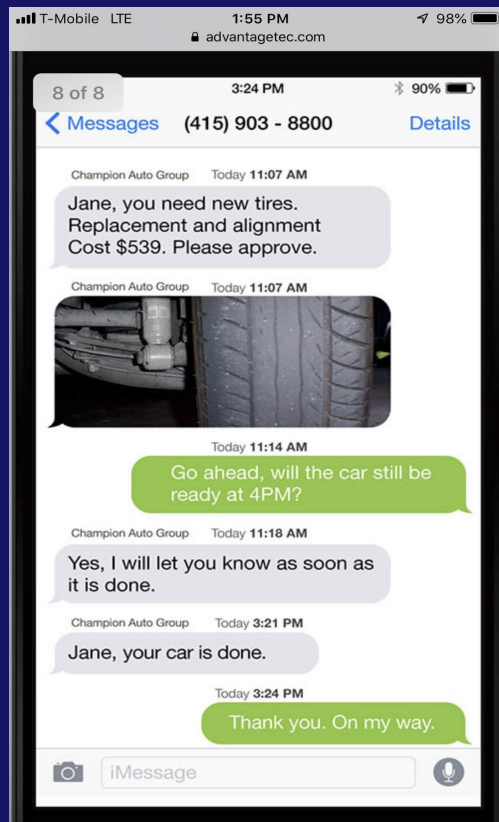
Powering conversational commerce in telecommunications



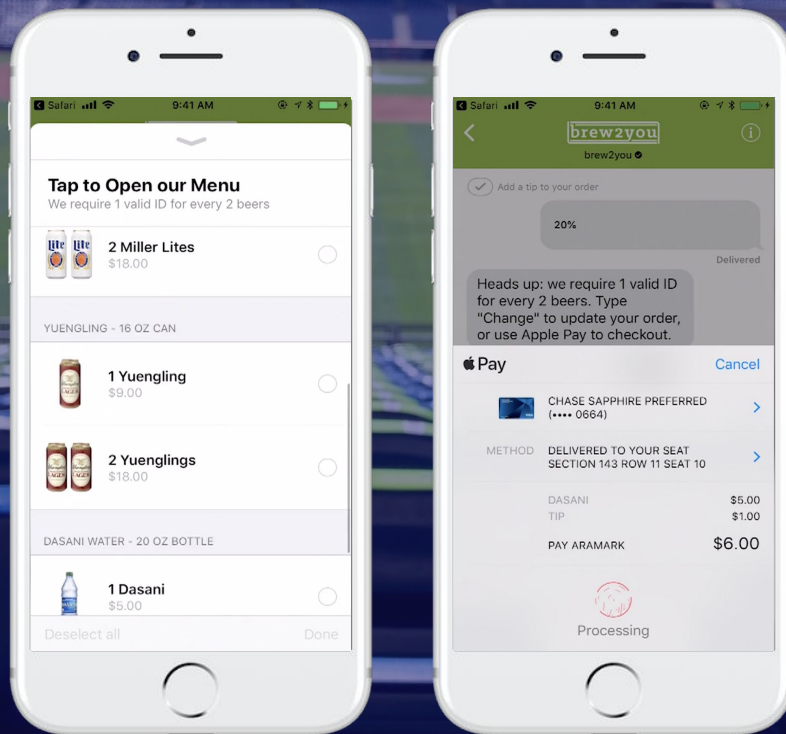
Powering conversational commerce in airlines



Powering conversational commerce in automotive



Powering conversational commerce in stadiums



Content courtesy of Aramark

LiveEngage powers a compelling value proposition

Significant positive impact to operations compared to voice among early adopters



CSAT increases
by 20%



Messaging
agents are 2X
more efficient



Reduce labor
cost per
interaction by
50%



50% decrease
in agent
attrition rates



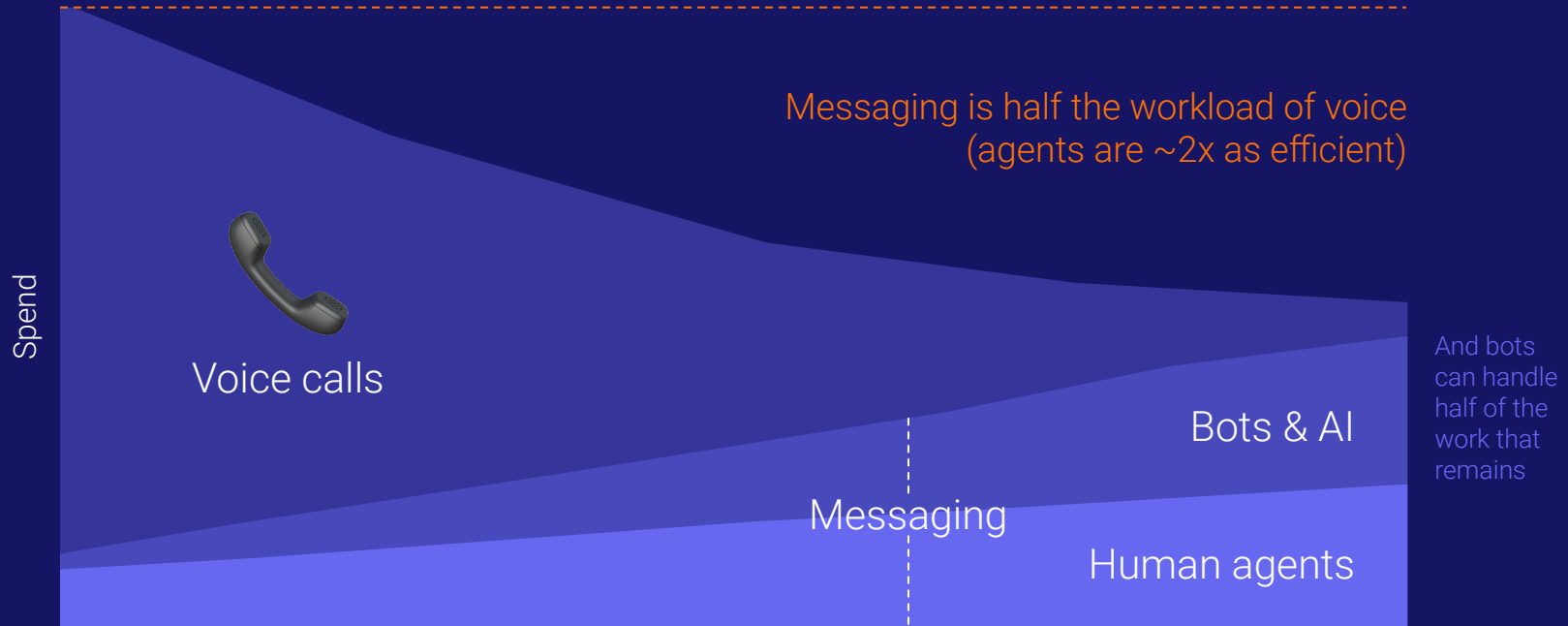
~20% increase
in online sales
conversions



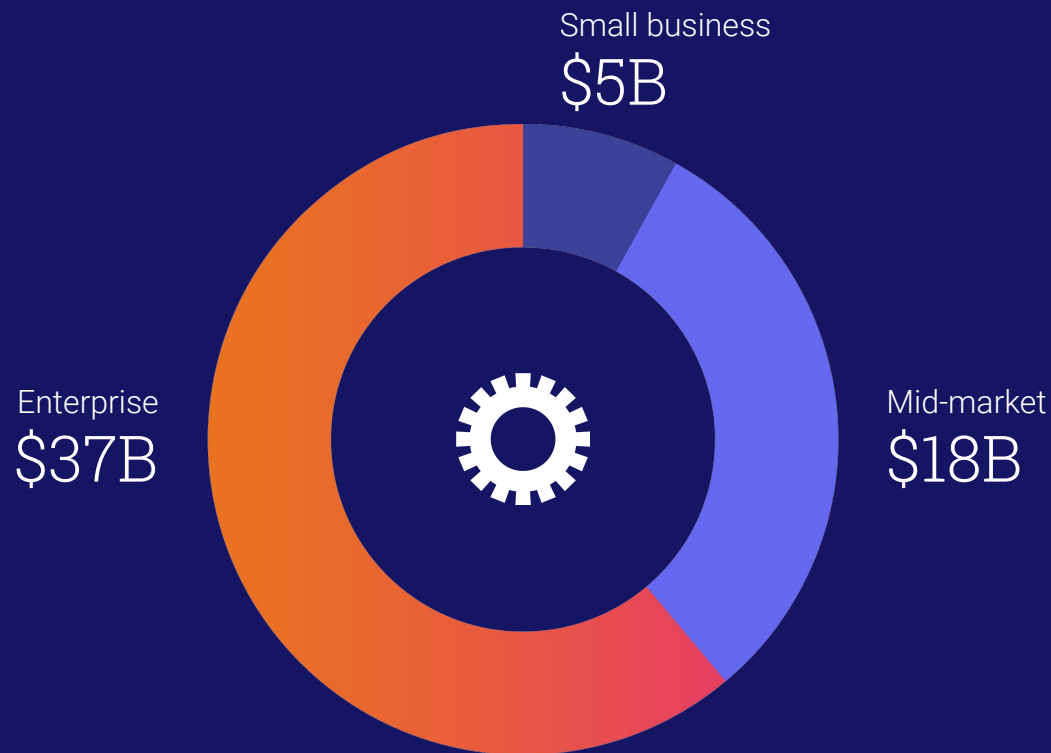
Increased
CSAT reduces
customer churn

AI-powered conversational commerce is the future

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



A \$60 billion go-to-market opportunity



Source: LivePerson proprietary go-to-market analysis

The Conversational Commerce platform

Consumers

SMS

Web and apps

Apple

Google

Facebook

WhatsApp

Alexa



Conversation
Builder



Conversation
Manager
(LiveEngage)



Conversation
Intelligence

Maven: LivePerson's AI engine

An open platform: 40+ APIs and SDKs

World class private cloud and managed services

Integrations

CRM

E-Commerce WFM

BI

Google

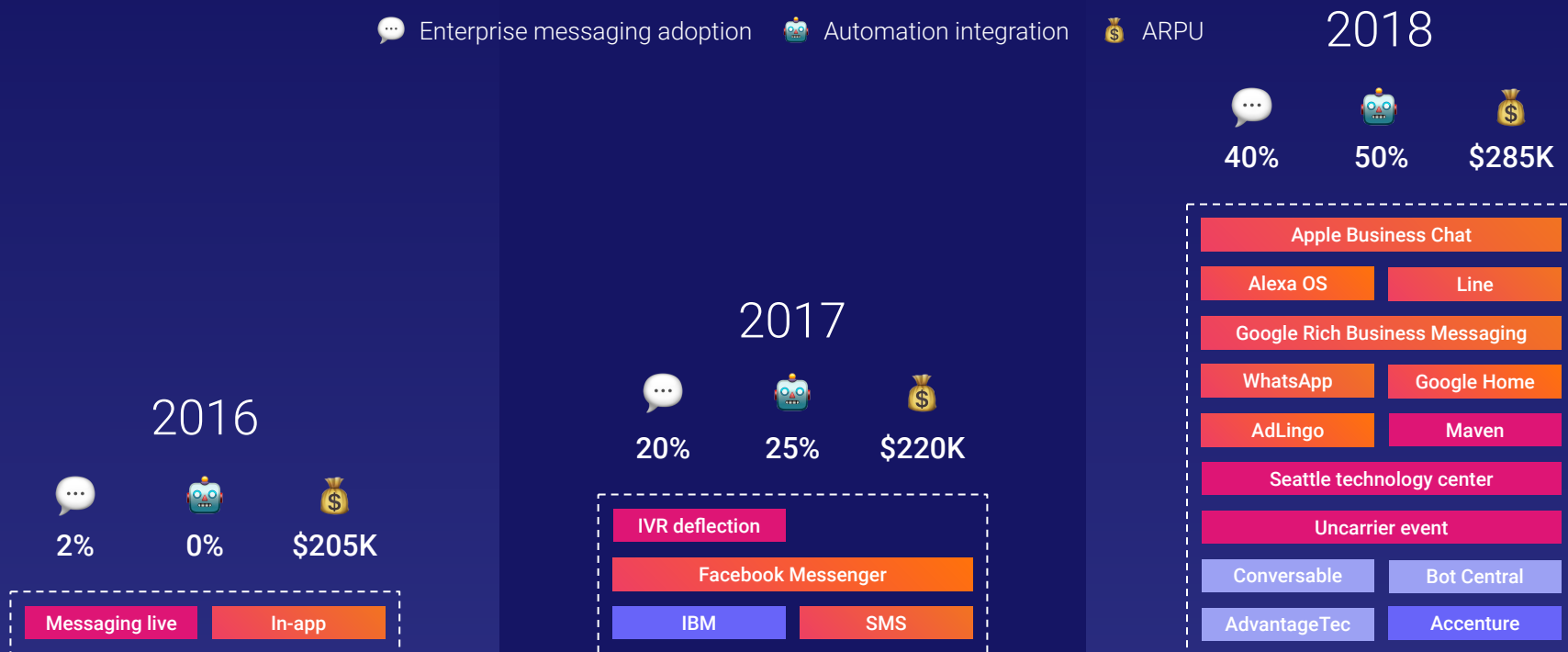
IBM Watson

Microsoft

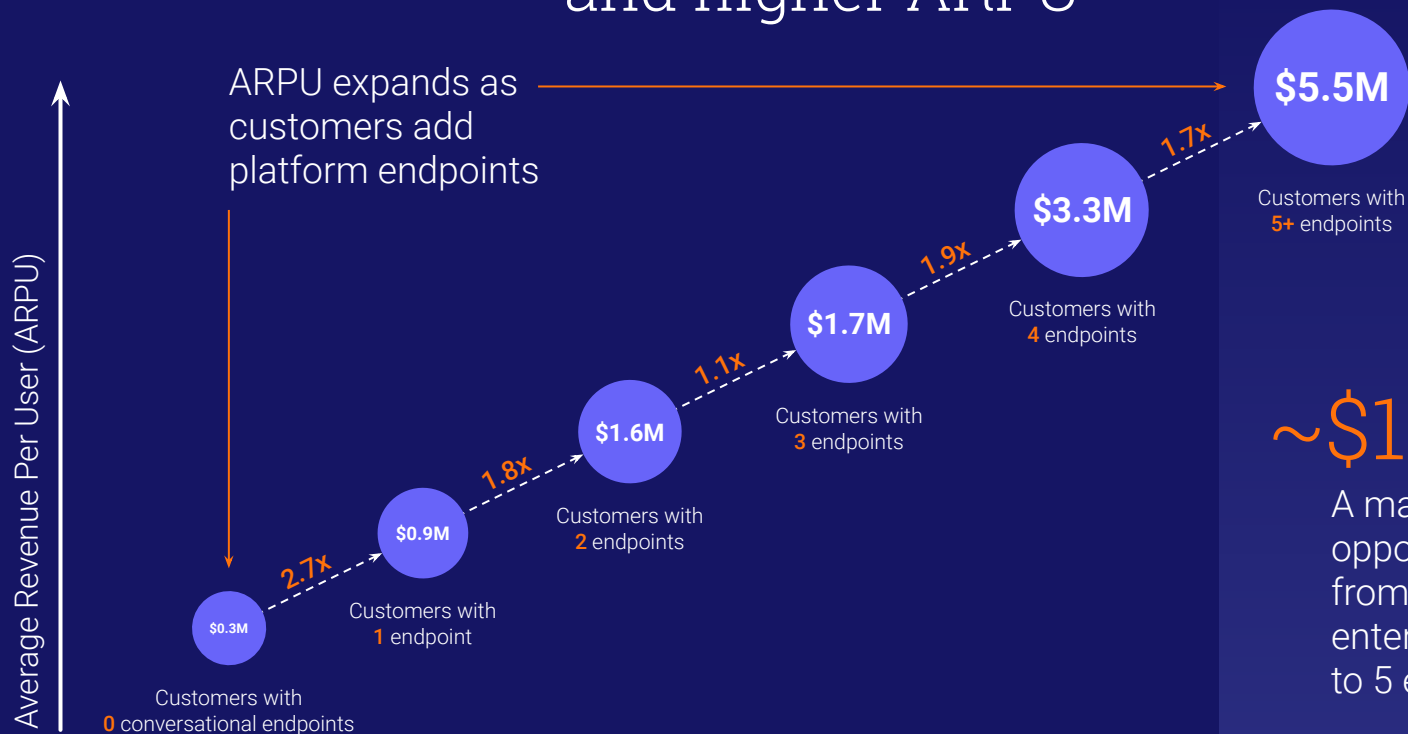


The accelerating adoption of Conversational Commerce

■ Milestones ■ Capabilities added ■ Acquisitions ■ New partner
💬 Enterprise messaging adoption 🤖 Automation integration 💰 ARPU



More endpoints equals more conversations and higher ARPU

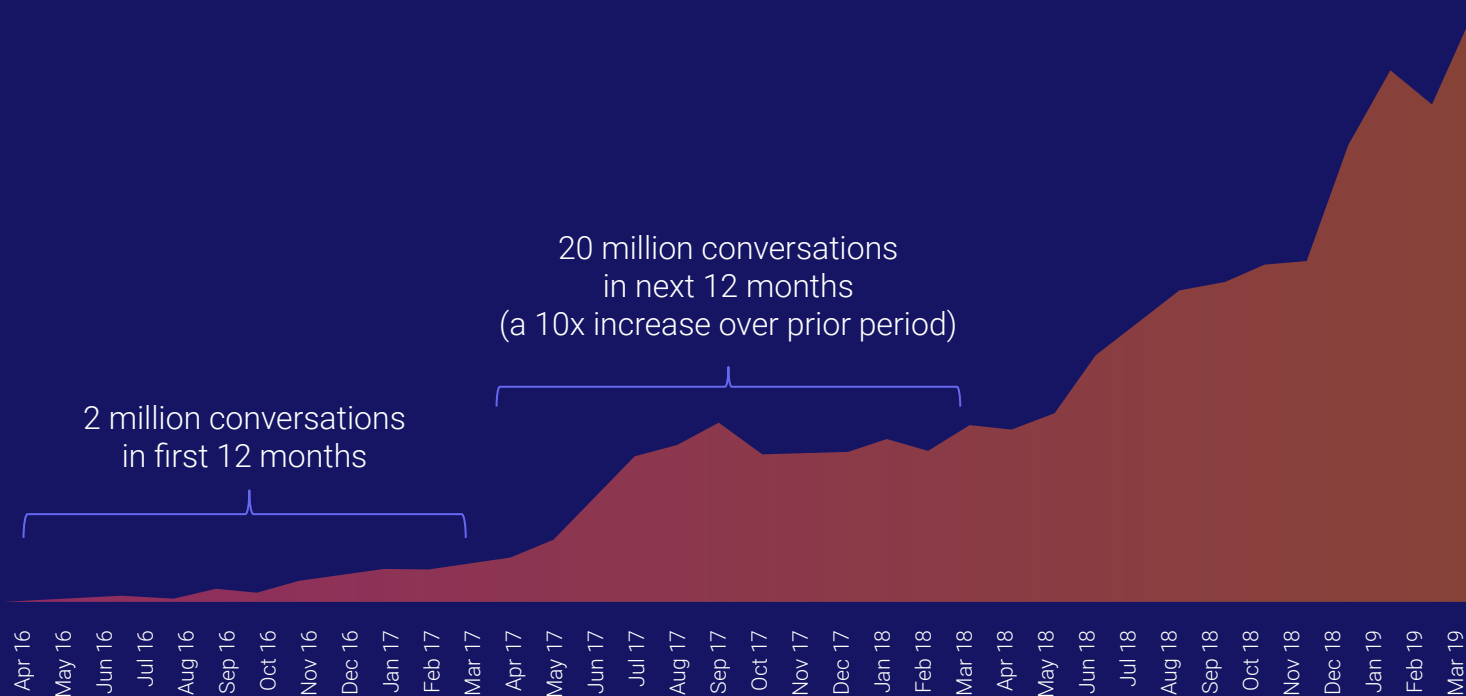


~\$1B

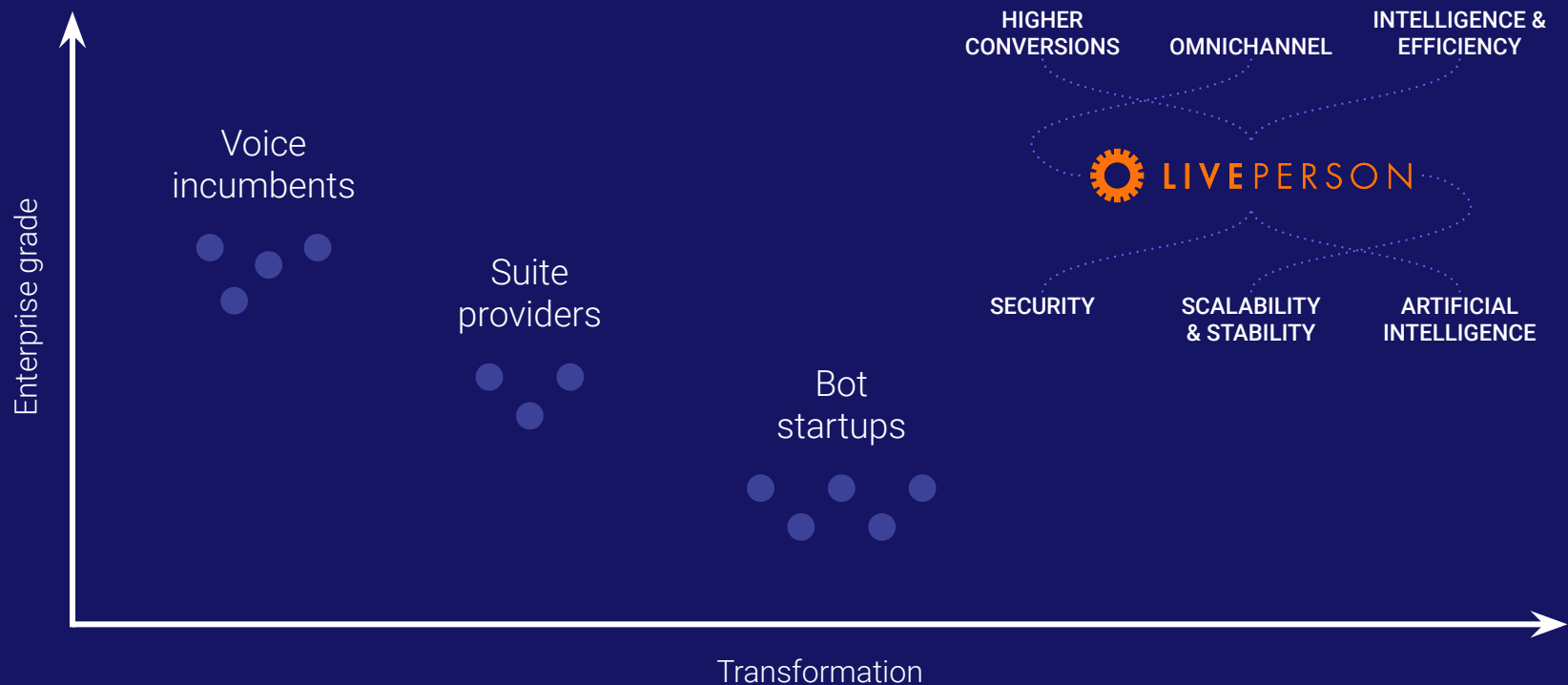
A massive revenue opportunity solely from bringing each enterprise customer to 5 endpoints

Note: Based on FY 2018 data.

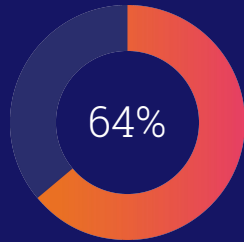
Driving exponential growth of messaging conversations on our platform



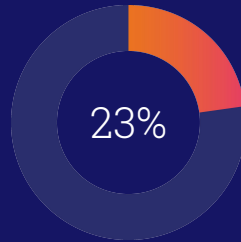
Conversational commerce competitive positioning



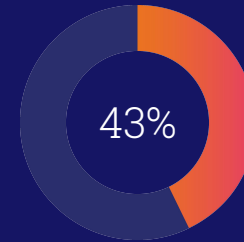
More than 200 leading brands on messaging



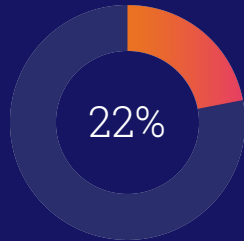
of Global
Fortune 500
telcos



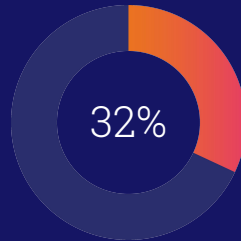
of Global
Fortune 500
retailers



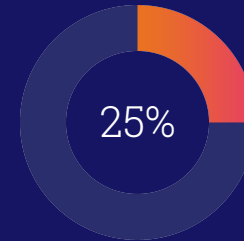
of Global
Fortune 500
airlines



of Forbes'
World's Most
Valuable
Brands are
customers
or partners



of Global
Fortune 500
banks

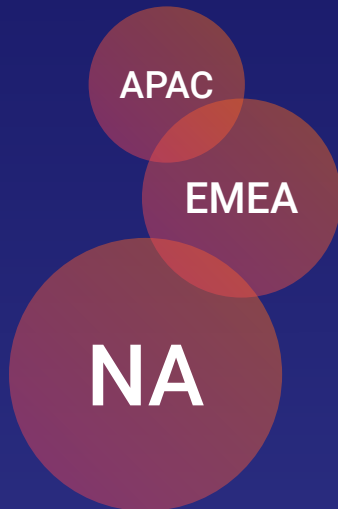


of Global
Fortune 500
auto brands

*All figures exclude China, a region where LivePerson does not operate.

We are increasing sales capacity to rapidly address the accelerating opportunity

Investment
allocation

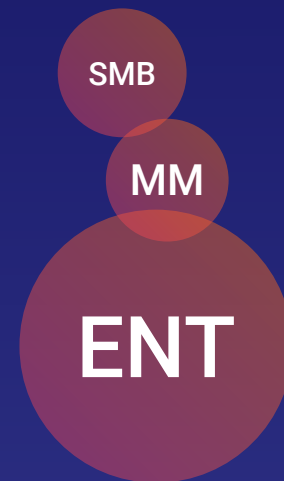


Quota carriers &
pipeline generators

101
2018

192
2019E

Investment
allocation



Over the long-term, we expect the business to achieve the Rule of 40



(1) Please refer to the reconciliation of Adjusted EBITDA in the Appendix.

(2) See the Disclaimer included in this presentation for a discussion of our long-term financial model and the targets and projections contained in this slide.

Long-term model targets greater than 25% revenue growth

| | 2017 ⁽¹⁾ | 2018 ⁽¹⁾ | 2019E ⁽¹⁾ | 2020E ⁽²⁾⁽³⁾ | 3 to 5 years ⁽³⁾ |
|--------------------------|---------------------|---------------------|----------------------|-------------------------|-----------------------------|
| Revenue growth/(decline) | (2%) | 14% | 14% - 17% | At least 20% | 25%+ |

Measurements

| | | | | | |
|---------------------------------|-----|-----|---------|-----------|-------|
| Gross margin | 73% | 75% | 74% | 74% - 76% | ≥ 75% |
| S&M % of revenue | 42% | 41% | 43% | 40% - 42% | < 38% |
| R&D % of revenue | 18% | 22% | 30% | 29% - 31% | < 27% |
| G&A % of revenue ⁽⁴⁾ | 16% | 16% | 16% | 14% -16% | < 14% |
| Adj. EBITDA margin | 8% | 8% | 4% - 5% | 7% - 10% | ≥ 15% |

1) Please refer to the reconciliation of adjusted EBITDA in the appendix.

2) See the Disclaimer included in this presentation for a discussion of our long-term financial model and the targets and projections contained in this slide.

3) We have not presented a quantitative reconciliation of our long-term model for the forward-looking non-GAAP measures Adjusted EBITDA and Contribution Margin to their most directly comparable GAAP financial measures because it is impractical to forecast certain items without unreasonable efforts due to the uncertainty and inherent difficulty of predicting the occurrence and financial impact of such items as well as the periods in which such items may be recognized.

4) G&A excludes one-time items.

Key takeaways

\$60B TAM poised for transformation



Multiple paths to 20%+ revenue growth target



Market leading platform and blue-chip customers



Leverageable usage-driven model



Sustainable competitive advantage



Experienced management with focus on execution





Appendix

Non-GAAP adjusted EBITDA reconciliation

| Reconciliation of Adjusted EBITDA (\$mm) | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Net income (loss) | \$5.8 | (\$23.8) | \$7.8 | \$9.3 | \$12.0 | \$6.4 | (\$3.5) | (\$7.3) | (\$26.4) | (\$25.9) | (\$18.2) | (\$25.0) |
| (+) Amortization of purchased intangibles | 1.8 | 2.6 | 2.0 | 1.5 | 1.0 | 0.6 | 2.6 | 5.1 | 8.0 | 6.7 | 4.7 | 2.8 |
| (+) Stock-based compensation | 3.9 | 4.3 | 4.7 | 5.1 | 6.8 | 10.7 | 12.5 | 12.3 | 11.8 | 9.7 | 8.9 | 14.8 |
| (+) Contingent earn-out adjustments | - | - | - | - | - | - | - | - | (3.7) | - | - | - |
| (+) Restructuring costs | - | - | - | - | - | - | - | - | 3.4 | 2.4 | 2.6 | 4.5 |
| (+) Depreciation | 0.8 | 2.1 | 3.3 | 5.8 | 6.6 | 7.3 | 8.1 | 9.1 | 12.1 | 12.0 | 12.4 | 14.2 |
| (+) Other costs | - | - | - | - | - | - | - | - | - | 7.8 | 7.6 | 5.9 |
| (+) Provision for (benefit from) income taxes | (1.7) | 1.2 | 5.0 | 5.1 | 7.1 | 4.4 | (0.6) | 1.9 | 15.8 | 5.9 | 0.5 | 0.9 |
| (+) Acquisition costs | - | - | - | - | - | 1.0 | - | 1.4 | - | - | - | 0.6 |
| (+) Other (income) expense, net | (0.9) | 0.0 | (0.0) | 0.0 | 0.5 | (0.4) | (0.3) | 0.3 | 0.2 | 0.5 | (0.1) | 0.5 |
| (+) Goodwill impairment | - | 23.5 | - | - | - | - | - | - | - | - | - | - |
| Adjusted EBITDA | \$9.7 | \$9.9 | \$22.8 | \$26.8 | \$34.0 | \$30.0 | \$18.8 | \$22.7 | \$21.2 | \$19.2 | \$18.4 | \$19.1 |

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.

Non-GAAP adjusted EBITDA reconciliation

| Guidance | 2017 | 2018 | 2019E |
|-----------------------------|----------|----------|---------------------|
| GAAP net loss | \$(18.2) | \$(25.0) | \$(57.6) - \$(52.0) |
| Depreciation & amortization | \$17.1 | \$17.0 | \$19.5 |
| Stock-based compensation | \$8.9 | \$14.8 | \$34.0 |
| Other non-recurring costs | ~\$10.2 | ~\$11.0 | ~\$7.8 |
| Provision for taxes | \$0.5 | \$0.9 | \$6.2 - \$5.6 |
| Other (income) expense, net | \$(0.1) | \$0.5 | \$0.0 |
| Adjusted EBITDA | \$18.4 | \$19.1 | \$10.0 – \$15.0 |

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.

Select definitions

Stock-based compensation

Represents costs related to stock-based compensation associated with certain employees' participation in the 2009 Stock Incentive Plan and the 2018 Inducement Plan.

Other non-recurring costs

Primarily represents IP litigation, consulting costs, restructuring costs, and acquisition costs.

Restructuring costs

Represents severance and associated costs related to resource reallocation for the Company's platform transformation as well as wind-down costs to focus on areas of high-growth potential.

Other costs

Primarily represents IP litigation, consulting costs, and write-off related to technology licenses..

Acquisition costs

Represents costs incurred for certain acquisitions including: Conversable, Inc. (2018); and AdvantageTec, Inc. (2018).

Goodwill impairment

Represents an impairment charge in connection with the acquisition of Kasamba Inc.

Other (income) expense, net

Primarily consists of interest income on cash and cash equivalents, investment income and financial (expense) income which is a result of currency rate