Sinch adds conversational AI capabilities through acquisition

Stockholm, Sweden – Sinch AB (publ) – XSTO: SINCH

Sinch AB (publ), a global leader in cloud communications for mobile customer engagement, has entered into a definitive agreement to acquire Chatlayer BV for an Enterprise Value of EUR 6.9 million.

Founded in Antwerp in early 2018, ChatLayer.ai is a cloud-based software platform that lets businesses create multi-lingual chatbots and voicebots using Artificial Intelligence (AI) and Natural Language Understanding (NLU). The platform enables intelligent two-way conversations between businesses and their customers across multiple communications channels like mobile messaging, voice, and web chat.

"Cloud communications and mobile technology fundamentally transforms how brands can engage with their customers. We are now seeing how next-generation messaging channels, which are designed to be conversational, are creating new opportunities for brands to enrich their customer experience. Growing our capabilities in AI and NLU is an important way for Sinch to ensure that our enterprise customers and channel partners can fully realize this opportunity", comments Oscar Werner, CEO of Sinch.

Whereas first-generation chatbot implementations rely on simplistic scripts and keyword analysis, intelligent conversational AI leverages Natural Language Understanding to determine what a person wants to achieve when she engages with a business through text or voice chat. This creates a step-change in usability, fuels productivity, and means that live agents can focus on the smaller number of complex questions that the chatbot is unable to resolve.

Like Sinch, Chatlayer has a Go-To-Market model that leverages multiple channel partners in addition to direct field sales. Strong partnerships are particularly important when deploying AI and NLU-based tools for businesses with advanced requirements and in situations which may require specialist expertise in system integration and conversational design.

The Chatlayer.ai SaaS (Software-as-a-Service) platform is currently used by a range of enterprise customers including Belgian bank Belfius and insurance leader Foyer, and the company has established partnership relationships with companies like Proximus, Ordina and KPMG. Recurring revenue is growing rapidly. In 2019, Chatlayer generated revenues of EUR 0.8 million, Gross Profit of EUR 0.7 million, and EBITDA of EUR -0.9 million. The company is based in Antwerp and currently employs 17 people.

"We have built a platform that leverages AI and NLU to improve customer experience and drive measurable business outcomes. We are excited to partner with Sinch who adds deep mobile expertise and can help scale our offering to an international audience", comments Rick van Esch, Chatlayer CEO.

The transaction is expected to close in April 2020 and will be financed using Sinch's available cash at hand. Sinch has a financial target to maintain net debt/adjusted EBITDA below 2.5x over time. As of Q4 2019, net debt/adjusted EBITDA was 1.7x when measured on a rolling, twelve-month basis. All else equal, the acquisition of Chatlayer increases Sinch's net debt/EBITDA by 0.1x to 1.8x.

Webcast
A conference call for analysts and investors will take place today, March 19, at 14.00 CET. The live webcast will be available at investors.sinch.com/webcast, where it will also be possible to ask questions. Presentation materials will be available at investors.sinch.com.

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About Sinch

Sinch brings businesses and people closer with tools enabling personal engagement. Its leading cloud communications platform lets businesses reach every mobile phone on the planet, in seconds or less, through mobile messaging, voice and video. Sinch is a trusted software provider to mobile operators, and its platform powers business-critical communications for many of the world's largest companies. Sinch has been profitable and fast-growing since its foundation in 2008. It is headquartered in Stockholm, Sweden, and has local presence in more than 30 countries. Shares are traded at NASDAQ Stockholm: XSTO:SINCH. Visit us at sinch.com.

About Chatlayer

Founded in 2018, Chatlayer is a platform to build high-performing chat- and voicebots that work in 100+ language. Its custom-built AI ensures superior Natural Language Understanding and provides business users with actionable insights and advice on how to improve bot performance before and after the bot is deployed. Find out more at chatlayer.ai.

Important information

This communication may contain certain forward-looking statements. Such statements are all statements that do not relate to historical facts and include expressions such as "believe", "estimate", "anticipate", "expect", "assume", "predict", "intend", "may", "presuppose", "should" or similar. The forward-looking statements in this release are based on various estimates and assumptions that in several cases are based on additional assumptions. Although Sinch believes these assumptions were reasonable when made, such forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that are difficult or impossible to predict and that are beyond Sinch's control. Such risks, uncertainties and important factors could cause the actual results to differ materially from the results expressly or implicitly indicated in this communication through the forward-looking statements. The information, perceptions and the forward-looking statements in this release apply only as of the date of this release and may change without notice.

This information is information that Sinch AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the contact person set out above, at 08:00 CET on March 19, 2020.