



Third Quarter 2020

Earnings Call Supplemental Slides

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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 periodic Form 10-K and Form 10-Q reports, 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.

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.



265 Billion
yearly calls to 1-800 #s
(at a cost of \$1.3 trillion)

Source: IBM, April 2018; The US Contact Center Decision-Makers' Guide 2018-2019

Consumers have moved on to **messaging** in their personal lives and are seeking the same **experience** with their favorite brands

100B

messages are sent on WhatsApp, Facebook, and Instagram every day.



470M

new messaging users estimated to be added between 2018 and 2021.

NEW

90%

of 1B WeChat users use the app for payments or purchases.



13M

texts were sent every single minute in 2018.



Sources: Facebook Q3 2018 Earnings Call, Domo, eMarketer, Tencent 2018 Q3 results, Business Insider

Messaging impact and results have been **incredible**, but what can enhance the **customer experience** even further?

20%

boost in customer satisfaction after making the switch to messaging.



2x

uptick in employee efficiency. Moving to messaging also increases agent happiness.



20%

increase in online sales conversions after implementing messaging.



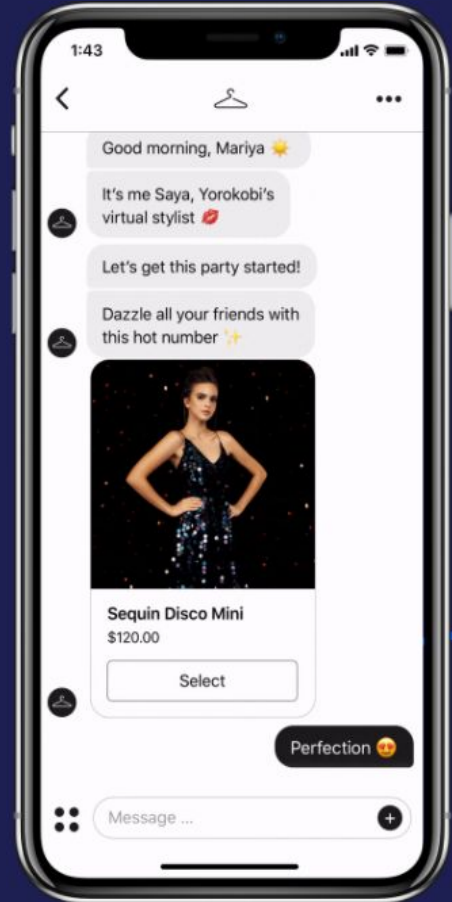
50%

Decrease in agent attrition rates after making the switch to messaging.



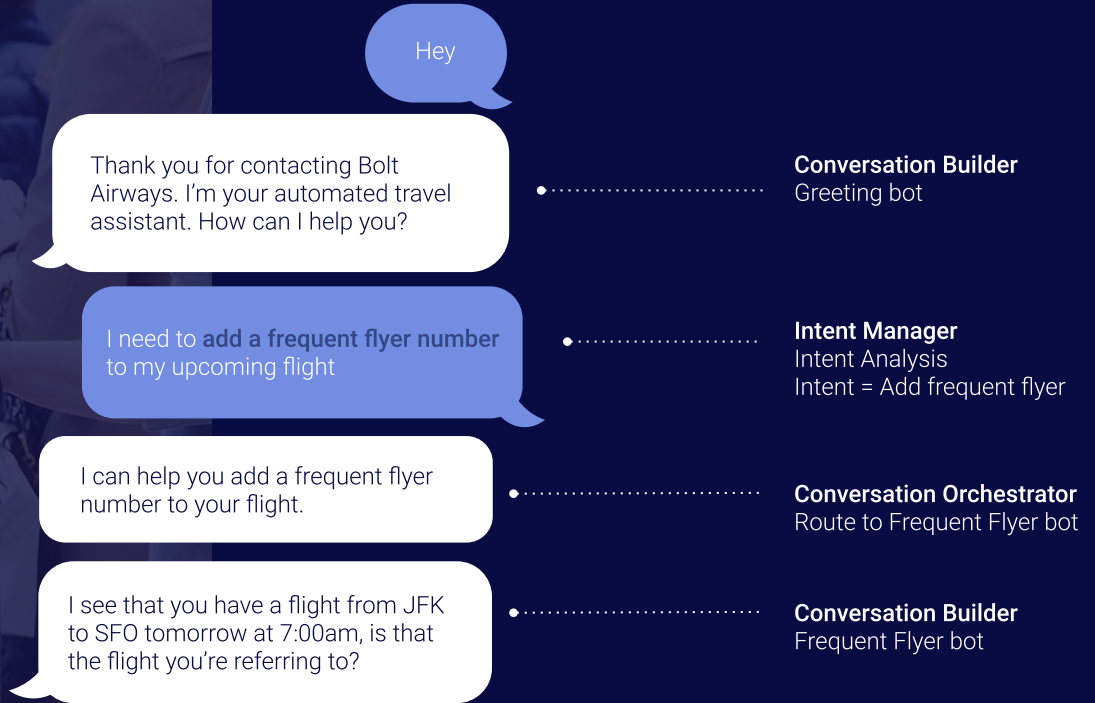
Source: LivePerson data based on specific customer examples

A successful **intents-driven Conversational strategy** puts you in a direct dialogue with your customers—**forever**—and you own all of it.



Conversational Cloud transforms brand's communication with consumers

DISCOVER Receive intents and provide a unified view
UNDERSTAND Automatically classify and route intents
DESIGN Fulfill intents through automations
SCALE Supervise automations with human agents
CUSTOMIZE Connect backend systems seamlessly



LivePerson's AI-powered Conversational Cloud

Discover & Understand

Intent Manager:

Intent Builder

Intent Analyzer



Design & Scale

Conversation Builder

Conversation Manager

Conversation Orchestrator



Measure & Improve

Conversation Analytics:

Insights

Analytics Builder

Performance Dashboard



Connect to consumer endpoints

Customize with developer tools and APIs

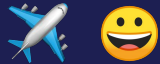
Optimize with expert services

Secure with enterprise-grade reliability, compliance and security

Automation and bots help businesses succeed with a brand's currently existing resources

+33%

A major U.S. Airline experienced a **+33%** increase in customer satisfaction.



90%

A Japanese Telco saw containment rates of up to **90%**, and a **2x** uptick in agent efficiency.



+30%

A Hospitality brand saw a **+30%** increase in average spend with a branded concierge bot.



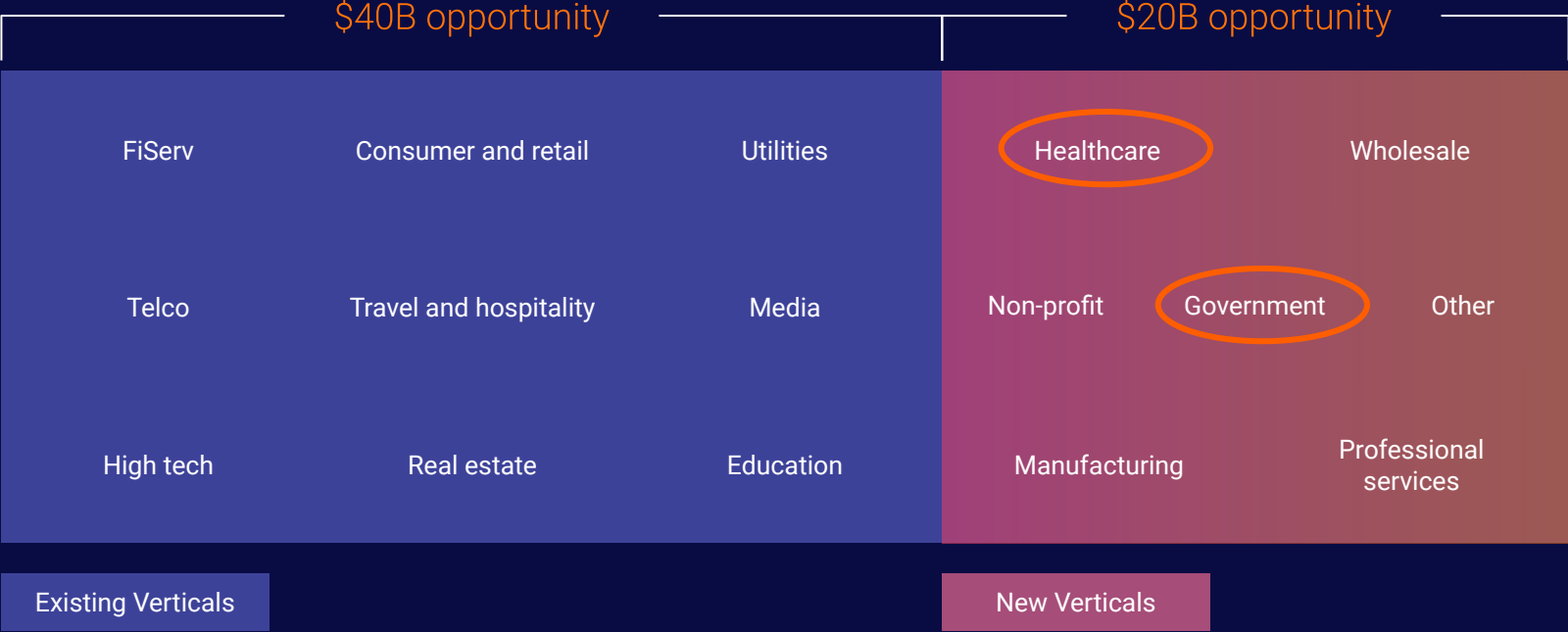
Performance Optimizer is a game changer

Leverages LivePerson's expertise, AI and data to benchmark and improve Conversational KPIs

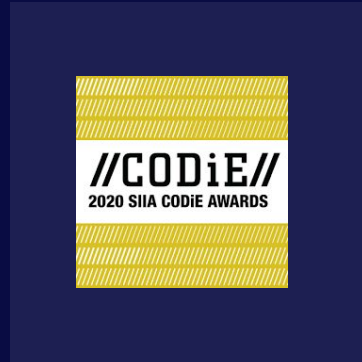
- Scorecard visualization of performance
- Set and track targets for Conversational KPIs
- Compare performance to industry benchmarks
- Segmentation along Lines of Business
- Identifies root cause of target underachievement
- Recommends course of action for improvement



We estimate a **\$60B opportunity** in the Conversational Space. **Well positioned** in key verticals and **expanding** into new target markets



Our momentum and Conversational AI leadership has been recognized

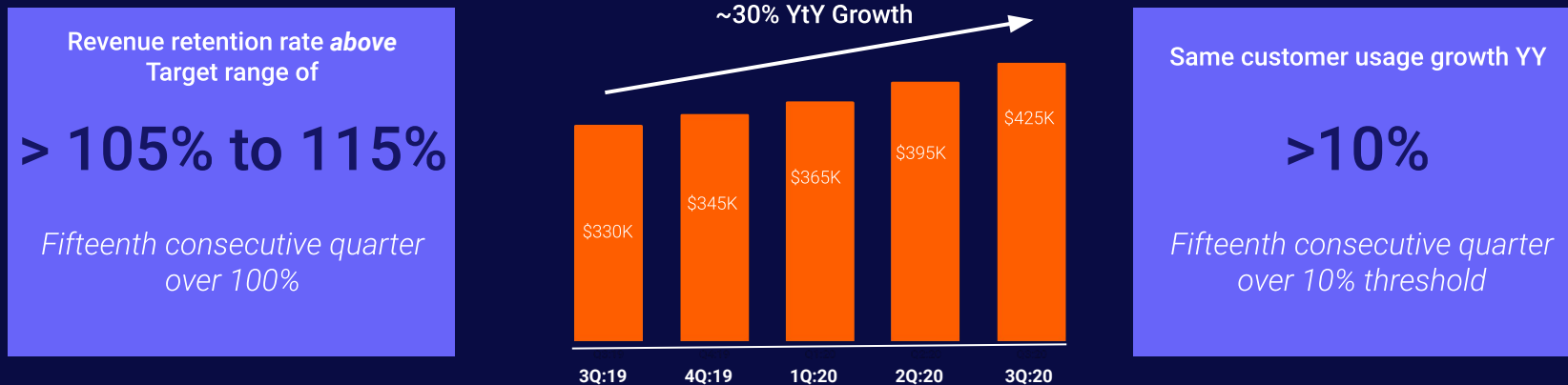


Financial metrics hit record highs in Q3 as demand inflects

- Exceeds Q3 revenue and profit guidance and raises 2020 outlook:
 - Q3 revenue increased 26% YoY to \$95M, exceeding guidance and marking the 2nd consecutive quarter of 25%-plus growth
 - Enterprise/mid-market ARPU increased nearly 30% year-over-year to a new record of approximately \$425,000
 - Enterprise/mid-market revenue retention rate widely exceeded the high end of target range of 105% to 115%
 - Record contract signings in Q3 highlighted by 8 seven-figure deals
 - New logo demand regaining momentum, with signed annual contract values up more than 300% quarter over quarter, returning to pre-pandemic levels
 - Continued recovery in EMEA, with rebound to 15% YoY revenue growth and 50% quarter over quarter increase in contract signings
 - Record adjusted EBITDA of \$15M exceeded guidance midpoint by \$10M and reflects a 24 point YoY margin increase
 - Raises guidance for revenue growth in 2020 as leadership in Conversational AI drives strong momentum
 - Raises profit guidance as budgetary vigilance and steady internal automation adoption fuel margin improvements
 - Pivoted to free cash generation on YTD basis and increased cash balance \$26M quarter over quarter to \$199M
- LPSN is leading a structural shift in Conversational AI adoption:
 - Consumers are driving a massive structural shift to remote, digital engagement in the wake of the Covid pandemic
 - Brands are automating conversations at scale and introducing messaging to satisfy growing digital demand
 - Platform volumes are up nearly 50% since the pandemic started in February, led by a nearly 60% increase in AI-based conversations
 - Virtually every Enterprise customer is deploying AI on LivePerson's platform; automations power two-thirds of messaging conversations
 - Nearly 50% of all messaging conversations powered by LivePerson AI are fully autonomous, delivering a powerful ROI for our customers by reducing wait times for consumers and the cost to serve those conversations
 - Signs first-of-its-kind, 360° partnership with Infosys, a global leader in next-generation digital services and consulting; will transform our cloud services and leverage our Conversational AI in the mission critical business processes of their clients
 - Launches Performance Optimizer, an AI-powered solution that showcases LivePerson's expertise, AI and data moat, helping brands set Conversational Commerce KPIs, compare performance to industry benchmarks, and take targeted actions to improve outcomes

Positive Conversational AI leading indicators

Trends for key metrics point to sustained growth trajectory



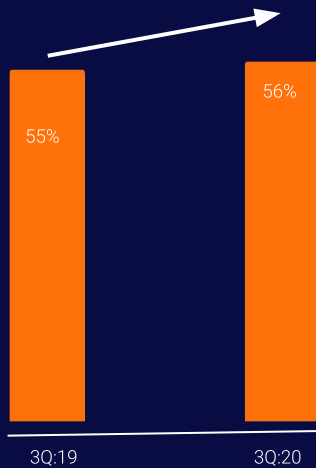
*Note: Revenue retention rate measures the % of revenue retained at quarter end from full service customers that were either on Conversational Cloud or with LivePerson, respectively, at quarter end in the year ago period. ARPU is a measure of the average revenue per enterprise and midmarket customer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

Positive Conversational AI leading indicators

Trends for key metrics point to sustained growth trajectory

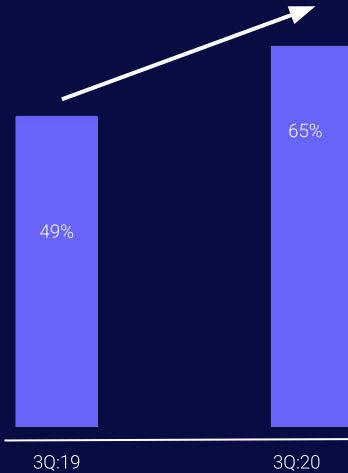
Full Service Brands with >1 Interaction Type

1 pts Improvement YtY



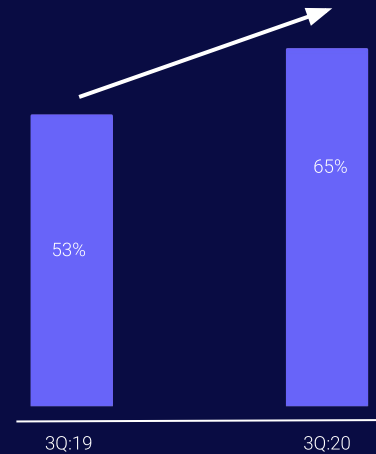
% Enterprise Customers using Messaging

16 pts Improvement YtY



% Enterprise Interactions with Messaging Automation

12 pts Improvement YtY



Selected Pro Forma Guidance Measures⁽¹⁾

	4Q:20 Guidance	2020 Guidance	Previous 2020 Guidance
Revenue	\$98.0 - \$100.0	\$362.5 - \$364.5	\$357.0 - \$361.0
Gross Margin	71.5%	70.5%	~71%
GAAP Net Loss	\$(23.9) - \$(21.9)	\$(118.2) - \$(116.2)	\$(102.4) - \$(99.3)
Adjusted EBITDA	\$9.3 - \$11.3	\$29.0 - \$31.0	\$16.0 - \$19.0
Adjusted EBITDA Margin	9% - 11%	~8%	4% - 5%

- Raises guidance for 2020 revenue growth to a range of 24% to 25% from 22% to 24% previously. Q4 revenue guidance targets 3rd consecutive quarter of 25%-plus growth.
- Sees demand inflection as brands eagerly adopt Conversational AI and messaging in wake of voice call contact center disruption and consumer shift to digital commerce and care.
- Accelerating growth outlook reflects record Q3 contract signings, continued month over month build in conversation volumes, and a revenue run rate that is ahead of plan, balanced by respect for evolving macro uncertainties.
- Raises guidance for 2020 adjusted EBITDA to a range of \$29.0M to \$31.0M from \$16.0M to \$19.0M previously.
- Targets third consecutive quarter of double-digit adjusted EBITDA margins in Q4.
- Improving profitability and margins reflect powerful operating leverage tied to internal automation initiatives and healthy expense rigor, even as invests in growth drivers.
- Expects to exit 2020 with at least \$190M of cash, \$13M higher than the end of 2019, and \$60M above initial plan of at least \$130M.

(1) Dollar amounts in millions. Adjusted EBITDA is a Non-GAAP financial measure. For a reconciliation of net loss to Adjusted EBITDA (loss), please see slide 17. For detailed current financial expectations, please see our Press Release issued on October 29, 2020.

Projected Non-GAAP adjusted EBITDA reconciliation

Guidance	4Q:20E	2020E	Previous 2020 Guidance
GAAP net loss	\$(23.9) - \$(21.9)	\$(118.2) - \$(116.2)	\$(102.4) - \$(99.3)
Depreciation & amortization	\$6.7	\$26.7	\$26.9
Stock-based compensation	\$19.2	\$65.4	\$62.4
Other non-recurring costs	\$1.3	\$38.3	\$11.6
Provision for taxes	\$1.6	\$1.5	\$2.7 - \$2.6
Other (income) expense, net	\$3.6	\$15.3	\$14.8
Adjusted EBITDA (loss)	\$9.3 - \$11.3	\$29.0 - \$31.0	\$16.0 - \$19.0

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. Please see our press release issued October 29, 2020 for more information concerning the reconciliation of non-GAAP measures to the nearest applicable GAAP measure.