LIVEPERSON

Second 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%
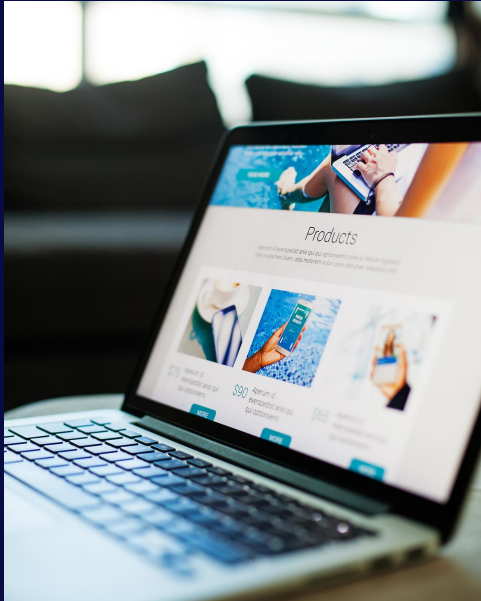increase in online sales conversions after implementing messaging. 💵

50%
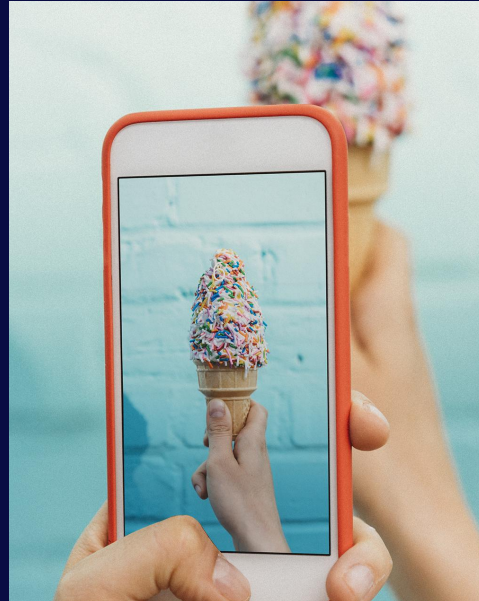Decrease in agent attrition rates after making the switch to messaging. 😍

Source: LivePerson Data

A **digital shift** always **requires** a fresh mindset and **strategy**
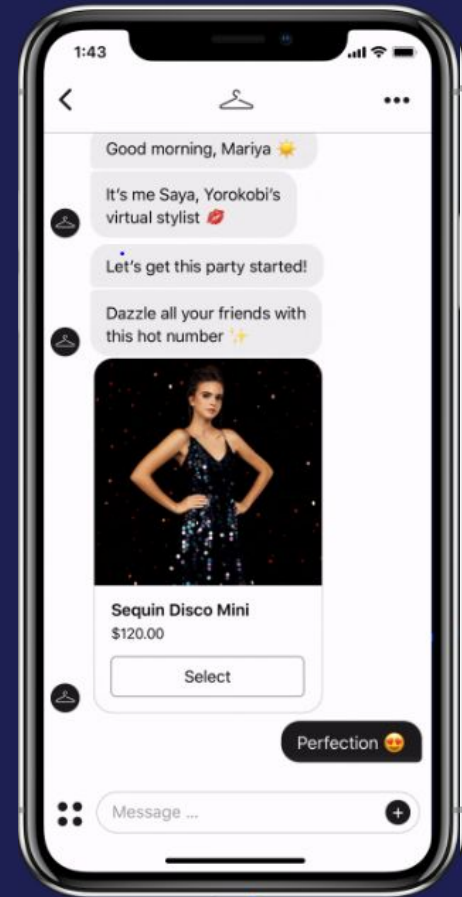

Web Strategy

Social Strategy

Conversational Strategy

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

1:43

Good morning, Mariya ☀️

It's me Saya, Yorokobi's virtual stylist 💋

Let's get this party started!

Dazzle all your friends with this hot number ✨

Sequin Disco Mini
$120.00

Select

Perfection 😍

Message ...

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

Hey

Thank you for contacting Bolt Airways. I'm your automated travel assistant. How can I help you?

I need to **add a frequent flyer number** to my upcoming flight

I can help you add a frequent flyer number to your flight.

I see that you have a flight from JFK to SFO tomorrow at 7:00am, is that the flight you're referring to?

Conversation Builder
Greeting bot

Intent Manager
Intent Analysis
Intent = Add frequent flyer

Maven AI
Route to Frequent Flyer bot

Conversation Builder
Frequent Flyer bot

LivePerson's AI-powered Conversational Cloud

Discover & Understand
Intent Manager:
Intent Builder
Intent Analyzer

Design & Scale
Conversation Builder
Conversation Manager

9

Measure & Improve
Conversation Analytics

Connect to consumer endpoints
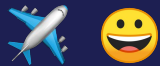
Customize with developer tools and APIs

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.
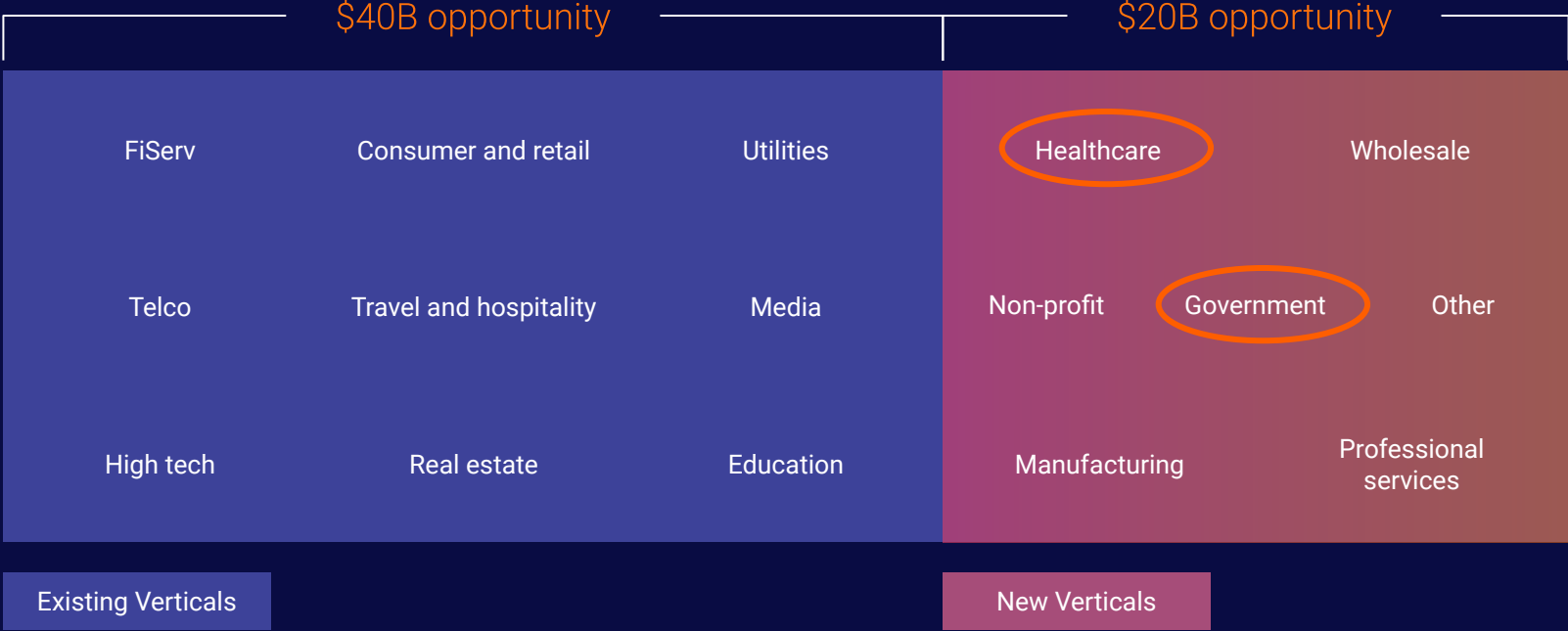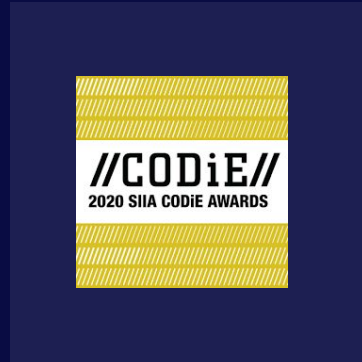
🌐 ⚡

+30%

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

🛎️ 💵

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

$40B opportunity

$20B opportunity

FiServ	Consumer and retail	Utilities
Telco	Travel and hospitality	Media
High tech	Real estate	Education

Healthcare		Wholesale
Non-profit	Government	Other
Manufacturing		Professional services

Existing Verticals

New Verticals

Source: LivePerson proprietary go-to-market analysis

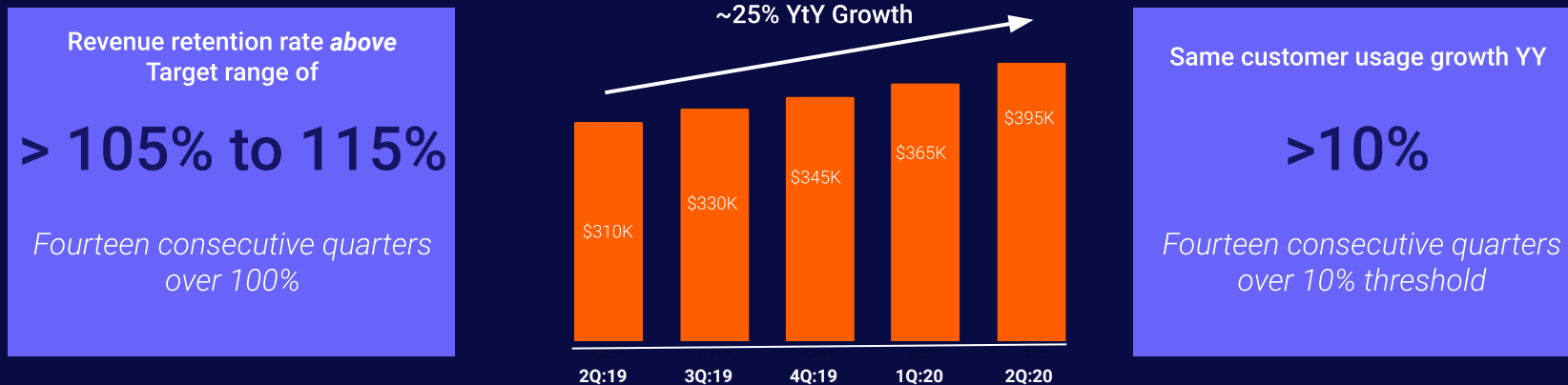# Our momentum and Conversational AI leadership has been recognized

2Q inflection reflects AI leadership and model adaptability

- Exceeds 2Q revenue and profit guidance and raises 2020 outlook:
  - Revenue growth rate nearly doubled year over year to 29% in 2Q as revenue of $91.6M exceeded guidance midpoint by nearly $8.0M
  - Enterprise/mid-market ARPU increased greater than 25% year-over-year to record $395,000
  - Enterprise/mid-market revenue retention rate exceeded target range of 105% to 115%
  - Closed 7 seven-figure deals in 2Q, 134 deals in total
  - Adjusted EBITDA in 2Q of $9.3M exceeded guidance midpoint by nearly $8.0M
  - Raises guidance for revenue growth in 2020 as surge in demand for Conversational AI strengthens outlook
  - Raises profit guidance as internal automation efficiencies and rigorous expense discipline power strong operating leverage
  - Increases cash balance $2M quarter over quarter to $173M
  - Targets ending the year with a minimum of $135M cash on hand and reducing cash burn to less than $50M in 2020

- Demand inflects as brands turn to Conversational AI to navigate voice call center disruption and consumer shift to digital commerce and care:
  - With social distancing shifting more consumers to digital, and voice call centers struggling at 60%-70% capacity due to work from home, brands are rushing to automate conversations at scale and to introduce messaging
  - Monthly platform conversations increased more than 40% since the crisis hit in March, with bot-based conversations up greater than 50%
  - Virtually 100% of Enterprise messaging customers are using automation and nearly 70% of all messaging conversations rely on automation
  - With nearly 50% of all messaging conversations powered by LivePerson bots now fully autonomous (up from 25% in Jan 2019), brands are materially reducing wait times for consumers and the cost to serve those conversations
  - Intent Manager analytics now ingest over 100M individual messages a month, up from just a couple of million a month at year-end 2019
  - More than 100 brands live on Proactive outbound messaging, powering millions of two-way engagements with consumers
  - Sees many instances where sales cycles compress to weeks from months and platform adoption compresses to months from years
  - Signs first State Government contract and launches AI-powered ordering Bot for Chipotle, a top quickservice restaurant chain

Positive Conversational AI leading indicators

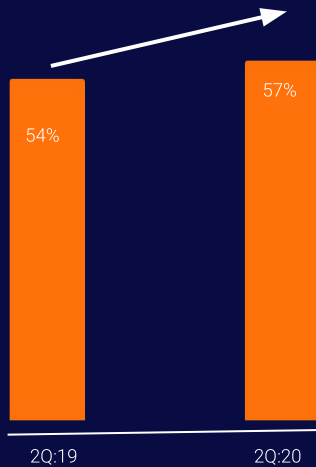## Trends for key metrics point to sustained growth trajectory

Full Service Brands with >1 Interaction Type
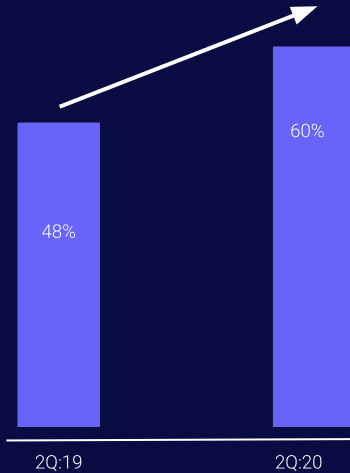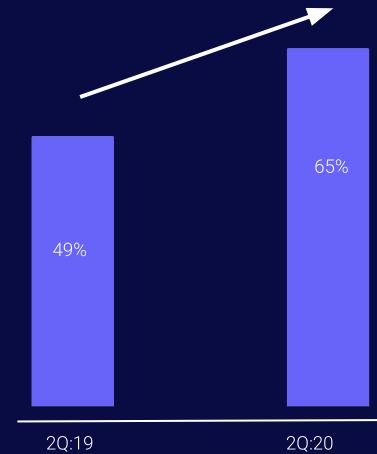
3 pts Improvement YtY

54% (2Q:19)
57% (2Q:20)

% Enterprise Customers using Messaging

12 pts Improvement YtY

48% (2Q:19)
60% (2Q:20)

% Enterprise Interactions with Messaging Automation

16 pts Improvement YtY

49% (2Q:19)
65% (2Q:20)

Selected Pro Forma Guidance Measures[1]

	3Q:20 Guidance	2020 Guidance	Previous 2020 Guidance
Revenue	$92.0 - $93.0	$357.0 - $361.0	$340.0 - $355.0
Gross Margin	70%	~71%	~73.0%
GAAP Net Loss	$(23.4) - $(22.3)	$(102.4) - $(99.3)	$(106.1) - $(98.9)
Adjusted EBITDA	$5.0 - $6.0	$16.0 - $19.0	$3.5 - $10.5
Adjusted EBITDA Margin	5% - 6%	4% - 5%	1% - 3%

- Raises guidance for 2020 revenue growth to a range of 22% to 24% from 17% to 22% previously.

- Sees demand inflection as brands rush to 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 strong year-to-date contract signings, rapid expansion in platform conversation volumes and robust 2H20 pipeline, while balancing potential risks that may arise from a poor macroeconomic environment.

- Raises guidance for 2020 adjusted EBITDA to a range of $16.0M to $19.0M from $3.5M to $10.5M previously.

- Improving profitability and margins reflect powerful operating leverage tied to internal automation initiatives and healthy expense rigor, even as invests in growth drivers.

- Continues to target cutting cash burn in half in 2020 and ending the year with at least $135.0M in cash on hand.

(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 August 4, 2020.

Projected Non-GAAP adjusted EBITDA reconciliation

Guidance	3Q:20E	2020E	Previous 2020 Guidance
GAAP net loss	$(23.4) - $(22.3)	$(102.4) - $(99.3)	$(106.1) - $(98.9)
Depreciation & amortization	$6.9	$26.9	$24.8
Stock-based compensation	$15.5	$62.4	$58.3
Other non-recurring costs	$1.3	$11.6	$11.0
Provision for taxes	$1.4 - $1.3	$2.7 - $2.6	$3.1 - $2.9
Other (income) expense, net	$3.3	$14.8	$12.6
Adjusted EBITDA (loss)	$5.0 - $6.0	$16.0 - $19.0	$3.5 - $10.5

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 August 4, 2020 for more information concerning the reconciliation of non-GAAP measures to the nearest applicable GAAP measure.