LIVEPERSON
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Fourth Quarter 2019
Earnings Call Supplemental Slides

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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 to 1-800 #s

(at a cost of $1.5 trillion)

But Consumers have shifted to messaging

100B
Messages are sent on WhatsApp, Facebook Messenger, and Instagram everyday

12.9M
Texts were sent every minute in 2018

470M
Messaging users estimated to be added between 2018 and 2021

90%
Of 1B WeChat users use WeChat for payments or purchases

Automation is the key to massive scale and personalization...

80%

Customers expect
personalized information
based on their journey

83%

Companies think that
automating routine interactions
would allow staff
to focus on complex problems

⅓

Companies feel confident they
can respond to customers
in real time

Source: Forrester Research

...with a powerful payback for businesses

+33%
Customer Satisfaction

UP TO 90%
Containment

+30%
Average Order Value

6

Hey

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

Conversation Builder
Greeting bot

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

LiveIntent
Intent Analysis
Intent = Add frequent flyer

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

Maven AI
Route to Frequent Flyer bot

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
Frequent Flyer bot

We are focused on four strategies to capture a $60B go-to-market opportunity

$60B opportunity breakdown by strategy

$24B
New logos on care

$2B
Existing customers on care

$24B
New use cases

$10B
New products

Strong exit to 2019 positions LPSN for continued acceleration

- In Q4, LivePerson met its goal of accelerating to 20% revenue growth, a 580 basis point year-over-year increase
  - The acceleration was fueled by 20% overall B2B growth and a 21% increase in B2B hosted services
  - Enterprise/mid-market ARPU increased approximately 20% year-over-year to record $345,000
  - Strong renewals/upsells kept Enterprise/Midmarket revenue retention rate within target range of 105% to 115%
  - Healthy growth across geographies, with U.S. up 17% YtY and International up 26%
  - Greater than 30% growth from financial services, telco and high tech verticals. Consumer/Retail accounted for 26% of revenue, followed by Telco at 23%, Financials at 22%, Auto at 9%, High Tech at 7% and Other at 13%
  - Opening up attractive healthcare vertical signing a global biopharma and top 5 U.S. healthcare services company
  - Trailing twelve-month average deferred revenue increased 37% as compared to the year ago period

- Indications of a demand inflection:
  - Nearly 55% of Enterprise customers are now on messaging, and nearly 60% of these conversations rely on automation
  - Strong demand for AI and automation as ~300 customers adopted Conversation Bot Builder in its first year
  - Annual contract value signed in 2019 grew nearly 60% year over year
  - 24, seven-figure deals signed in 2019, up nearly 170% from the year-ago period
  - Deal counts increased 34% year over year in 2019, fueled by 44% new customers and 25% existing
  - Average dollar-weighted term on enterprise deals signed in 2019 at 31 months
  - Doubled sales capacity in 2019, ending the year with 100 quota carriers, up from 50 at year-end 2018

Positive LiveEngage Leading Indicators

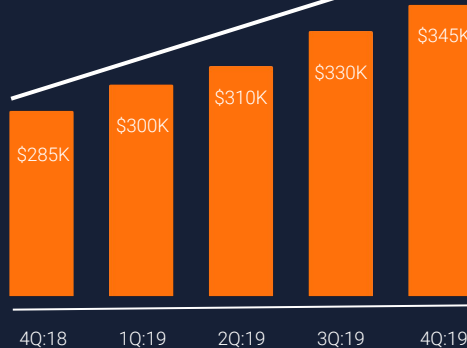## Trends for key metrics point to sustained growth trajectory

Revenue retention rate

105% to 115%

Twelve consecutive quarters over 100%

Average revenue per user (ARPU)

20% YtY Growth

$285K — 4Q:18
$300K — 1Q:19
$310K — 2Q:19
$330K — 3Q:19
$345K — 4Q:19

Same customer usage growth YtY

>10%

Twelve consecutive quarters over 10% threshold

*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

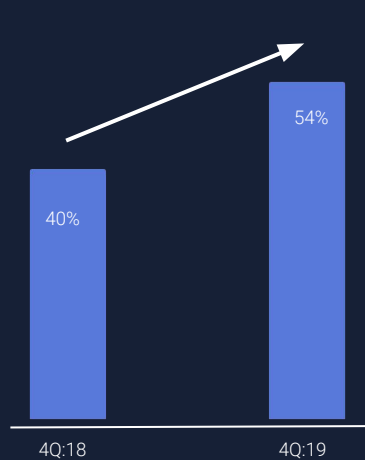Trends for key metrics point to sustained growth trajectory

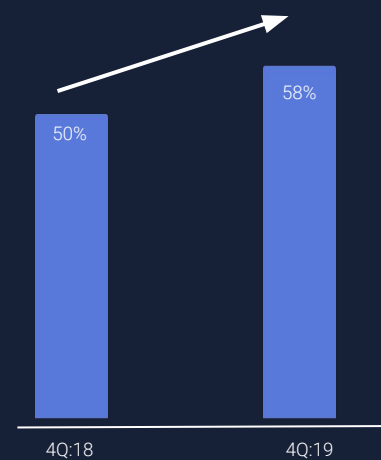**Full Service Brands with >1 interaction**

7 pts Improvement YtY

52%
59%

4Q:18   4Q:19
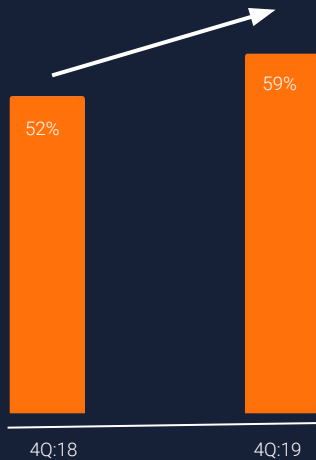
% Enterprise Customers using Messaging

14 pts Improvement YtY

40%
54%

4Q:18   4Q:19

% Enterprise Interactions with Messaging Automation

8 pts Improvement YtY

50%
58%

4Q:18   4Q:19

Selected Pro Forma Guidance Measures[1]

	1Q:20 Guidance	2020 Guidance	2019 Actual
Revenue	$77.5 - $78.5	$350.0 - $355.0	$291.6
Gross Margin	~71.5%	~73.0%	73.0%
GAAP Net Loss	$(33.9) - $(32.3)	$(105.6) - $(99.4)	$(96.1)
Adjusted EBITDA	$(8.2) - $(6.7)	$(3.0) - $3.0	$(13.6)
Adjusted EBITDA Margin	N/A	(1%) - 1%	N/A

- Guides for acceleration to 20% to 22% YoY revenue growth in 2020, up from 17% in 2019 and 14% in 2018.

- Expects high-teens revenue growth in 1H:20 as will see minimal impact from enterprise sales reps hired in 2019.

- Anticipates acceleration in 2H:20 as sales reps reach productivity. Targeting a 2020 exit rate that positions Company to deliver at least 25% growth in 2021.

- Guides for 2020 adjusted EBITDA of $(3.0)M to $3.0M, up from $(13.6)M in 2019. Will see efficiency gains from corporate automation initiative.

- Investing ~$16.0M of efficiency savings to develop messaging-based payments platform and other Conversational-focused innovations

- Q1 profit guidance reflects seasonal timing of expenses and limited benefit from automation initiative.

(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 14. For detailed current financial expectations, please see our Press Release issued on February 13, 2020.

Selected Pro Forma Guidance Measures[1]

	2020 Guidance			YtY Growth	
	Low	High	2019A	Low	High
Revenue	$350.0	$355.0	$291.6	20%	22%
GAAP Net Loss	$(105.6)	$(99.4)	$(96.1)	N/A	N/A
Adjusted EBITDA	(3.0)	3.0	(13.6)	10.6	16.6
B2B & Consumer	13.0	19.0	(13.1)	26.1	32.1
Innovations	~(16.0)	~(16.0)	(0.5)	(15.5)	(15.5)

- Guides core B2B and Consumer adjusted EBITDA to increase to a range of $13.0M to $19.0M in 2020 from $(13.1)M in 2019.

- YtY adjusted EBITDA improvement of $26.1 million to $32.1 million fueled by corporation automation and AI initiatives.

- Anticipates holding 2020 headcount essentially flat due automation-powered productivity improvements and delivering business insights at a faster pace.

- Guides for total 2020 adjusted EBITDA of $(3.0)M to $3.0M, up from $(13.6)M in 2019.

- Investing ~$16.0M in developing messaging-based payments platform and other Conversational-focused innovations.

Non-GAAP adjusted EBITDA reconciliation

Guidance	1Q:20E	2020E
GAAP net loss	$(33.9) - $(32.3)	$(105.6) - $(99.4)
Depreciation & amortization	$5.4	$23.5
Stock-based compensation	$12.6	$57.6
Other non-recurring costs	$3.8	$6.7
Provision for taxes	$1.3 - $1.2	$4.0 - $3.8
Other (income) expense, net	$2.6	$10.7
Adjusted EBITDA (loss)	$(8.2) − $(6.7)	$(3.0) − $3.0

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.