



Financial Update

Q4 and FY 2019



Legal Disclaimer

This presentation contains forward-looking statements. All statements other than statements of historical fact contained in this presentation, including statements as to future results of operations and financial position, planned products and services, business strategy and plans, objectives of management for future operations of Twilio Inc. and its subsidiaries (“Twilio” or the “Company”), market size and growth opportunities, competitive position and technological and market trends, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “expect,” “plan,” “anticipate,” “intend,” “target,” “project,” “predict,” “potential,” “explore” or “continue” or the negative of these terms or other similar words. Twilio has based these forward-looking statements largely on its current expectations and assumptions and on information available as of the date of this presentation. The Company assumes no obligation to update any forward-looking statements after the date of this presentation, except as required by law.

The forward-looking statements contained in this presentation are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results or outcomes to be materially different from any future results or outcomes expressed or implied by the forward-looking statements. These risks, uncertainties, assumptions and other factors include, but are not limited to, those related to the Company’s business and financial performance, the Company’s ability to attract and retain customers, the Company’s ability to develop new products and services and enhance existing products and services, the Company’s ability to respond rapidly to emerging technology trends and adapt to adverse changes in general economic or market conditions, the Company’s ability to comply with modified or new industry standards, laws and regulations applying to its business, the Company’s ability to execute on its business strategy, the Company’s ability to compete effectively and the Company’s ability to manage growth. Moreover, the Company operates in a very competitive and rapidly changing environment, and new risks may emerge from time to time. It is not possible for the Company to predict all risks, nor can the Company assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results or outcomes to differ materially from those contained in any forward-looking statements the Company may make.

This presentation also contains estimates and other statistical data made by independent parties and by the Company relating to market size and growth and other industry data. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. The Company has not independently verified the statistical and other industry data generated by independent parties and contained in this presentation and, accordingly, it cannot guarantee their accuracy or completeness. In addition, projections, assumptions and estimates of its future performance and the future performance of the markets in which the Company competes are necessarily subject to a high degree of uncertainty and risk due to a variety of factors. These and other factors could cause results or outcomes to differ materially from those expressed in the estimates made by the independent parties and by Twilio.

This presentation also includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of the Company’s non-GAAP financial measures as tools for comparison. The Company has provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available in the appendix.

For further information with respect to Twilio, we refer you to our most recent quarterly report on Form 10-Q filed with the SEC. In addition, we are subject to the information and reporting requirements of the Securities Exchange Act of 1934 and, accordingly, file periodic reports, current reports, proxy statements and other information with the SEC. The final prospectus and these periodic reports, current reports, proxy statements and other information are available for review at the SEC’s website at <http://www.sec.gov>.



FINANCIAL OVERVIEW

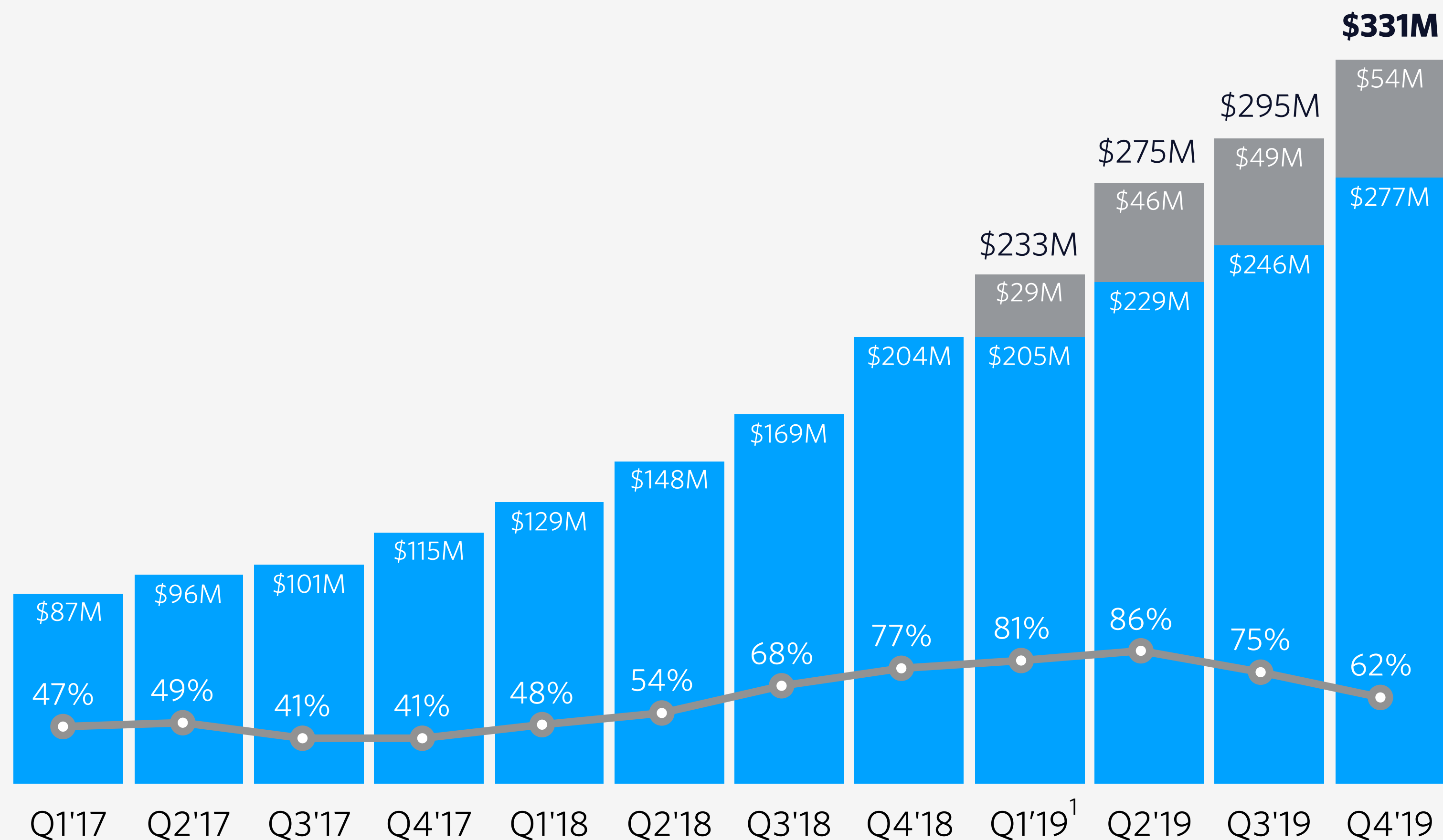


Results Highlights

- **FY19 total revenue of \$1.13 billion**, up 75% year-over-year
- **FY19 base revenue dollar-based net expansion of 136%**
- **Fourth quarter total revenue of \$331.2 million**, up 62% year-over-year
- **Fourth quarter base revenue dollar-based net expansion of 124%**
- More than **179,000 active customer accounts**, as of December 31, 2019
- **Guidance**
 - **FY20 total revenue** of \$1.475 billion to \$1.490 billion, up 30% to 31% year-over-year
 - **FY20 non-GAAP loss per share** of (\$0.20) - (\$0.14)
 - **Q1'20 total revenue** of \$335 million to \$338 million, up 44% to 45% year-over-year
 - **Q1'20 non-GAAP loss per share** of (\$0.11) - (\$0.09)



Quarterly Total Revenue



■ SendGrid
■ TWLO Organic

○ Total Revenue Growth Y/Y (as reported)

62%
Q4'19 TOTAL REVENUE
GROWTH Y/Y (AS REPORTED)

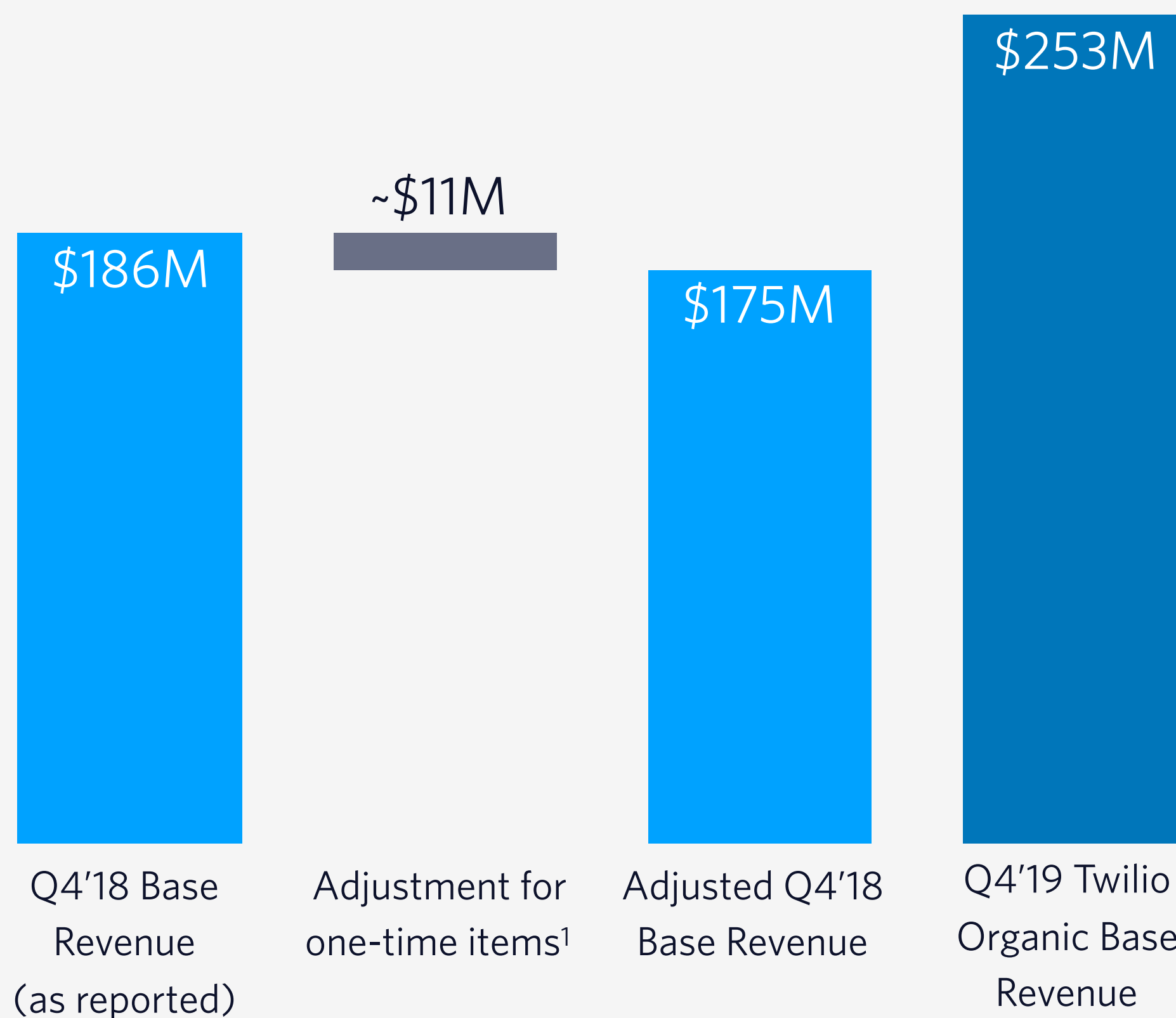
36%
Q4'19 TOTAL REVENUE
GROWTH Y/Y (ORGANIC)

¹Includes two months of SendGrid revenue as the acquisition closed February 1, 2019.
Note: Some numbers may not add due to rounding.



Q4 Base Revenue Year-Over-Year

Adjusted for two one-time items from Q4'18



44%

ADJUSTED Q4'19 GROWTH Y/Y

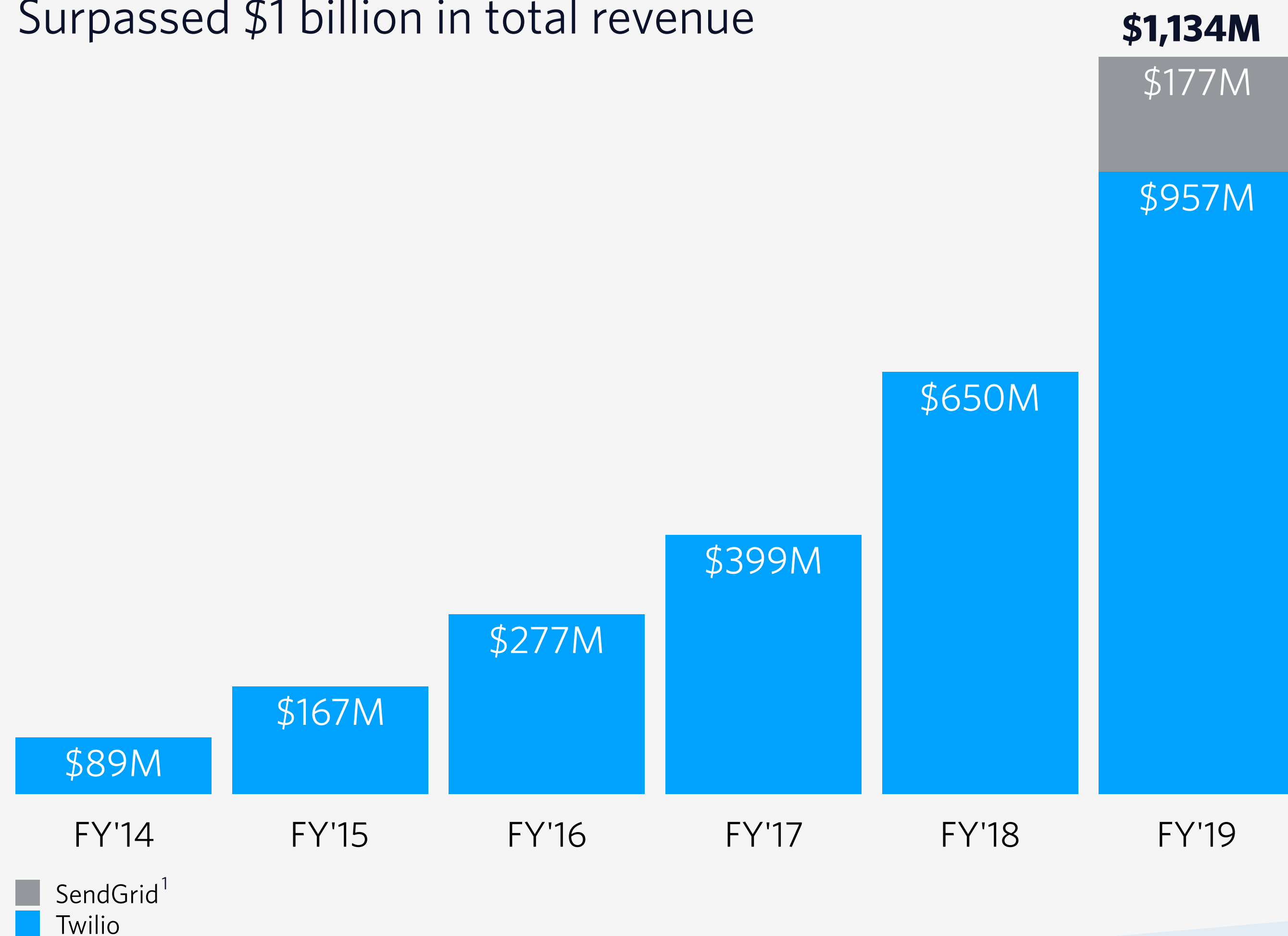
¹The company highlighted two one-time items on its Q4'18 earnings call, held on 2/12/19, that benefitted its revenue results in the quarter. The items referenced were a significant, abnormal spending ramp from a large, international customer and political messaging traffic related to the mid-term elections in the U.S. Combined, these items added approximately 10 points to the year-over-year base revenue growth in Q4'18.

Note: Numbers rounded



Annual Total Revenue

Surpassed \$1 billion in total revenue



75%
FY'19 TOTAL REVENUE
GROWTH Y/Y (AS REPORTED)

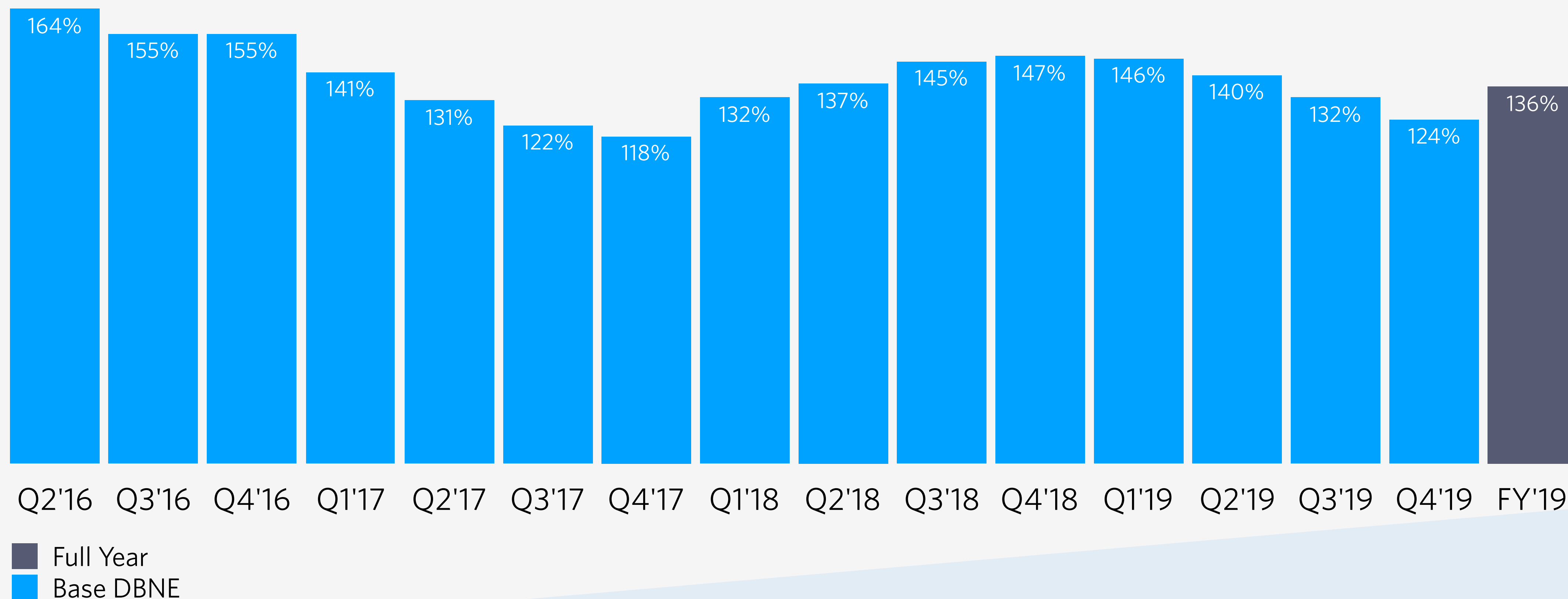
47%
FY'19 TOTAL REVENUE
GROWTH Y/Y (ORGANIC)

¹The FY'19 SendGrid contribution represents 11 months as the acquisition closed 2/1/19.
Note: Numbers rounded



Dollar-Based Net Expansion (Old Definition)

Calculated using Base Revenue

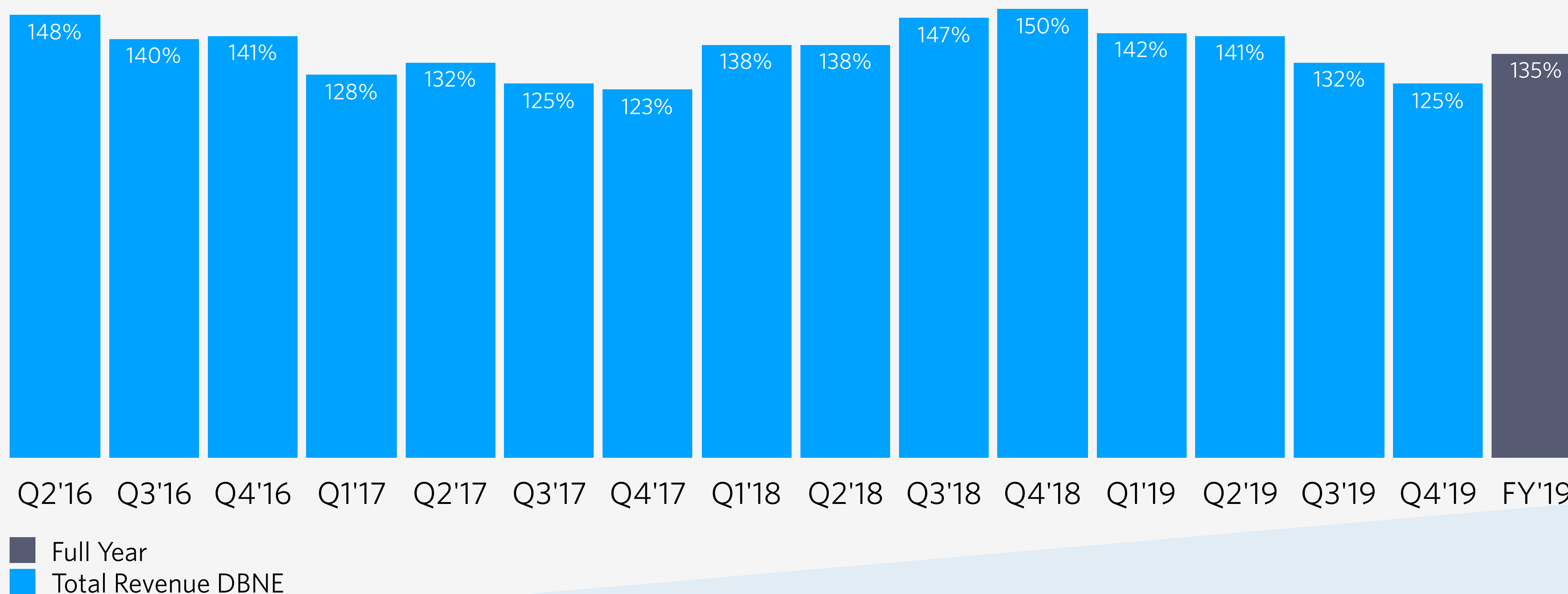


Note: Beginning with the quarter ending March 31, 2020, the Company will no longer report dollar-based net expansion calculated using Base Revenue. For more information, refer to the appendix.



Dollar-Based Net Expansion (New Definition)

Calculated using Total Revenue

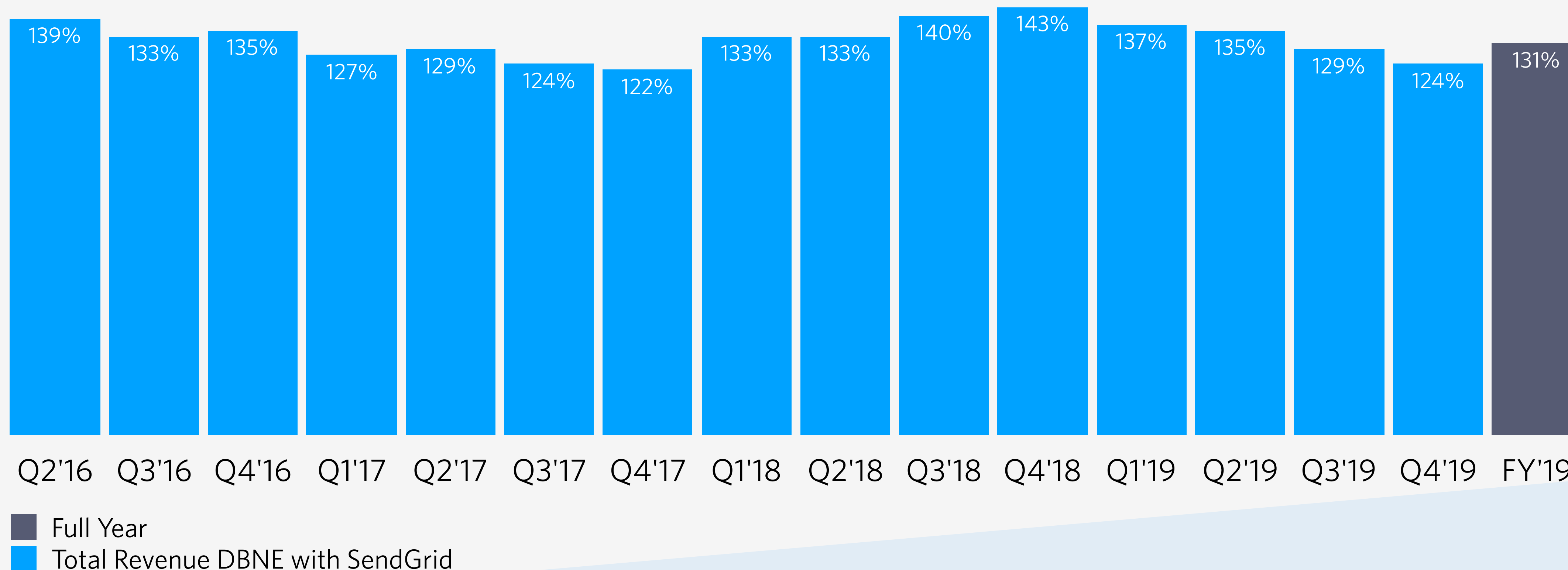


Note: Beginning with the quarter ending March 31, 2020, the Company will begin reporting dollar-based net expansion calculated using Total Revenue. For more information, refer to the appendix.



Dollar-Based Net Expansion (New Definition)

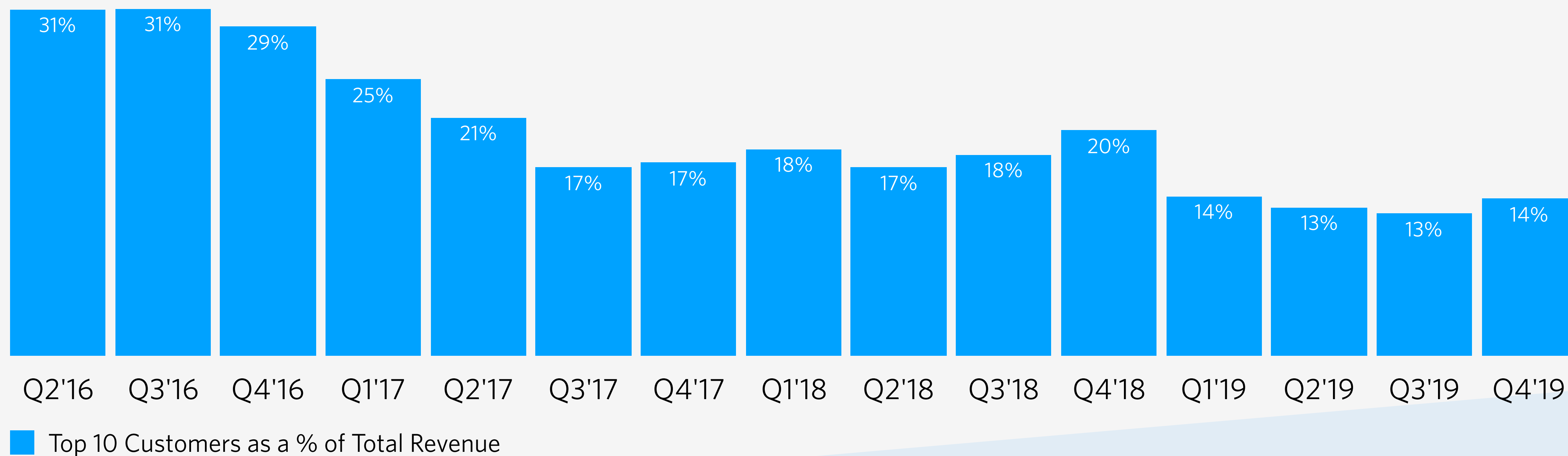
Calculated using Total Revenue including SendGrid



Note: Twilio acquired SendGrid on 2/1/19. For the calculation of historical dollar-based net expansion rates on this slide, Twilio only included revenue from SendGrid active customer accounts for which at least \$5 of revenue was recognized in the last month of the period, which differs from the calculation of "subscription dollar expansion rate" as reported by SendGrid prior to its acquisition. This data is provided solely for illustrative purposes and does not reflect actual historical results. Please refer to the appendix for additional information on how Twilio calculates dollar-based net expansion rates.



Top 10 Customer Concentration



Note: Chart represents the top 10 customers in each respective quarter.



Geographic Revenue Mix

FY'17



FY'18



FY'19



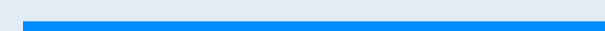
- US
- International

THANK YOU





APPENDIX





Operating Metrics

Number of Active Customer Accounts. Twilio believes that the number of Active Customer Accounts is an important indicator of the growth of its business, the market acceptance of its platform and future revenue trends. Twilio defines an Active Customer Account at the end of any period as an individual account, as identified by a unique account identifier, for which Twilio has recognized at least \$5 of revenue in the last month of the period. Twilio believes that use of its platform by customers at or above the \$5 per month threshold is a stronger indicator of potential future engagement than trial usage of its platform or usage at levels below \$5 per month. A single organization may constitute multiple unique Active Customer Accounts if it has multiple account identifiers, each of which is treated as a separate Active Customer Account. Effective December 31, 2019, we round down the number of active customer accounts to the nearest thousand.

Base Revenue. Base Revenue consists of all revenue other than revenue from large Active Customer Accounts that have never entered into 12-month minimum revenue commitment contracts with Twilio, which the Company refers to as Variable Customer Accounts. While almost all of Twilio's customer accounts exhibit some level of variability in the usage of its products, based on the experience of Twilio's management, Twilio believes that Variable Customer Accounts are more likely to have significant fluctuations in usage of its products from period to period, and therefore that revenue from Variable Customer Accounts may also fluctuate significantly from period to period. This behavior is best evidenced by the decision of such customers not to enter into contracts with Twilio that contain minimum revenue commitments, even though they may spend significant amounts on the use of the Company's products, and they may be foregoing more favorable terms often available to customers that enter into committed contracts with Twilio. With the growth of the Company's business in recent years, including through revenue contribution from the acquisition of SendGrid, revenue from Variable Customer Accounts has become less meaningful as a percentage of total revenue. As a result, for reporting periods starting with the three months ending March 31, 2020, the Company will only disclose Total Revenue and will cease to disclose Base Revenue as an operating metric.

For historical periods through March 31, 2016, Twilio defined a Variable Customer Account as an Active Customer Account that (i) had never signed a minimum revenue commitment contract with the Company for a term of at least 12 months and (ii) has met or exceeded 1% of the Company's revenue in any quarter in the periods presented through March 31, 2016. To allow for consistent period-to-period comparisons, in the event a customer account qualified as a Variable Customer Account as of March 31, 2016, or a previously Variable Customer Account ceased to be an Active Customer Account as of such date, Twilio included such customer account as a Variable Customer Account in all periods presented. For reporting periods starting with the three months ended June 30, 2016, Twilio defines a Variable Customer Account as a customer account that (a) has been categorized as a Variable Customer Account in any prior quarter, as well as (b) any new customer account that (i) is with a customer that has never signed a minimum revenue commitment contract with Twilio for a term of at least 12 months and (ii) meets or exceeds 1% of the Company's revenue in a quarter. Once a customer account is deemed to be a Variable Customer Account in any period, they remain a Variable Customer Account in subsequent periods unless they enter into a minimum revenue commitment contract with Twilio for a term of at least 12 months.



Operating Metrics

Dollar-Based Net Expansion Rate. Twilio's ability to drive growth and generate incremental revenue depends, in part, on the Company's ability to maintain and grow its relationships with existing Active Customer Accounts and to increase their use of the platform. An important way in which Twilio has historically tracked its performance in this area is by measuring the Dollar-Based Net Expansion Rate for Active Customer Accounts, other than Variable Customer Accounts. Twilio's Dollar-Based Net Expansion Rate increases when such Active Customer Accounts increase their usage of a product, extend their usage of a product to new applications or adopt a new product. Twilio's Dollar-Based Net Expansion Rate decreases when such Active Customer Accounts cease or reduce their usage of a product or when the Company lowers usage prices on a product. As our customers grow their businesses and extend the use of our platform, they sometimes create multiple customer accounts with us for operational or other reasons. As such, for reporting periods starting with the three months ended December 31, 2016, when we identify a significant customer organization (defined as a single customer organization generating more than 1% of revenue in a quarterly reporting period) that has created a new Active Customer Account, this new Active Customer Account is tied to, and revenue from this new Active Customer Account is included with, the original Active Customer Account for the purposes of calculating this metric. Twilio believes that measuring Dollar-Based Net Expansion Rate provides a more meaningful indication of the performance of the Company's efforts to increase revenue from existing customers.

For historical periods through December 31, 2019, Twilio's Dollar-Based Net Expansion Rate compares the revenue from Active Customer Accounts, other than Variable Customer Accounts, in a quarter to the same quarter in the prior year. For reporting periods starting with the three months ending March 31, 2020, Twilio's Dollar-Based Net Expansion Rate will compare the revenue from all Active Customer Accounts, including Variable Customer Accounts, in a quarter to the same quarter in the prior year. To calculate the Dollar-Based Net Expansion Rate, the Company first identifies the cohort of Active Customer Accounts (other than Variable Customer Accounts through December 31, 2019) that were Active Customer Accounts in the same quarter of the prior year. The Dollar-Based Net Expansion Rate is the quotient obtained by dividing the revenue generated from that cohort in a quarter, by the revenue generated from that same cohort in the corresponding quarter in the prior year. When Twilio calculates Dollar-Based Net Expansion Rate for periods longer than one quarter, it uses the average of the applicable quarterly Dollar-Based Net Expansion Rates for each of the quarters in such period. Given that we will no longer disclose Base Revenue as an operating metric for reporting periods starting with the three months ending March 31, 2020, our Dollar-Based Net Expansion Rate will compare the revenue from all Active Customer Accounts, including Variable Customer Accounts, in a quarter to the same quarter in the prior year.