



Canaccord Genuity

August 2016

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This presentation contains forward-looking statements within the meaning of the federal securities laws. 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,” “we” or “our”), 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,” “predicts,” “potential,” “explore” or “continues” or the negative of these terms or other similar words. We have based these forward-looking statements largely on its current expectations and assumptions and on information available as of the date of this presentation. We assume no obligation to update any forward-looking statements after the date of this presentation, except as required by law.

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This presentation also contains estimates and other statistical data made by independent parties and by Twilio 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. We have not independently verified the statistical and other industry data generated by independent parties and contained in this presentation and, accordingly, cannot guarantee their accuracy or completeness. In addition, projections, assumptions and estimates of our future performance and the future performance of the markets in which we compete 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 our non-GAAP financial measures as tools for comparison. We have 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 the final prospectus filed by us with the Securities and Exchange Commission (the “SEC”) on June 23, 2016 in connection with our initial public offering and 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>.



You Use Twilio



UBER



You Use Twilio



Hi, I'm Jeff and I'm a developer.

JEFF LAWSON

CO-FOUNDER & CEO, TWILIO



A New Software Era

CIO

Monolithic Applications
License Model



LINE OF BUSINESS

Software-as-a-Service
Subscription Model



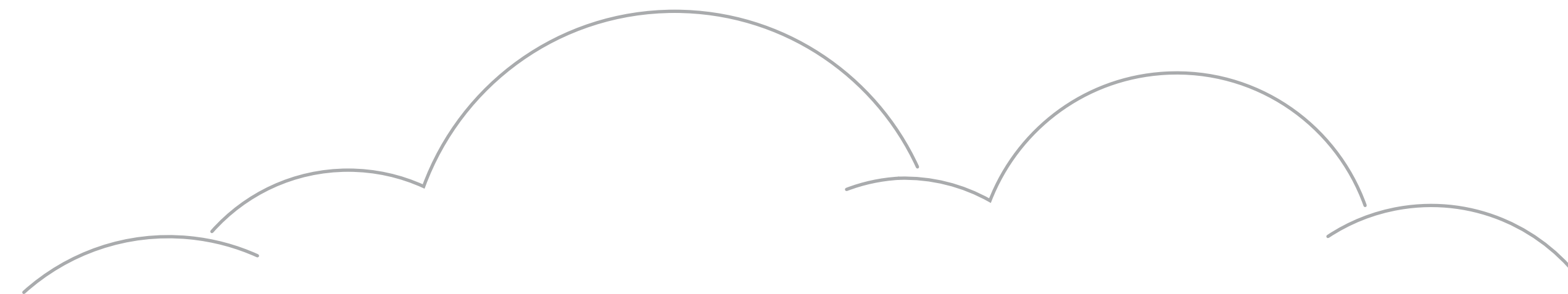
DEVELOPERS

Cloud Platforms

Usage-based Model

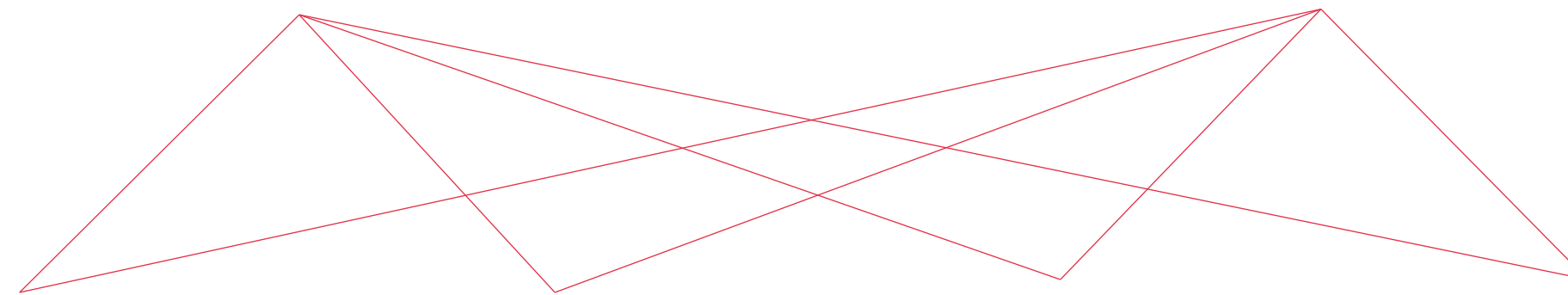


A New **Category**



ENTERPRISE APPS

CONSUMER APPS



VOICE



MESSAGING



VIDEO



AUTHENTICATION

Cloud Communications Platform



A New **Model**

1 MILLION+

Registered developer accounts¹

USAGE-BASED

Revenue model

30K+

Active customer accounts¹

164%

Dollar-based Net Expansion Rate³

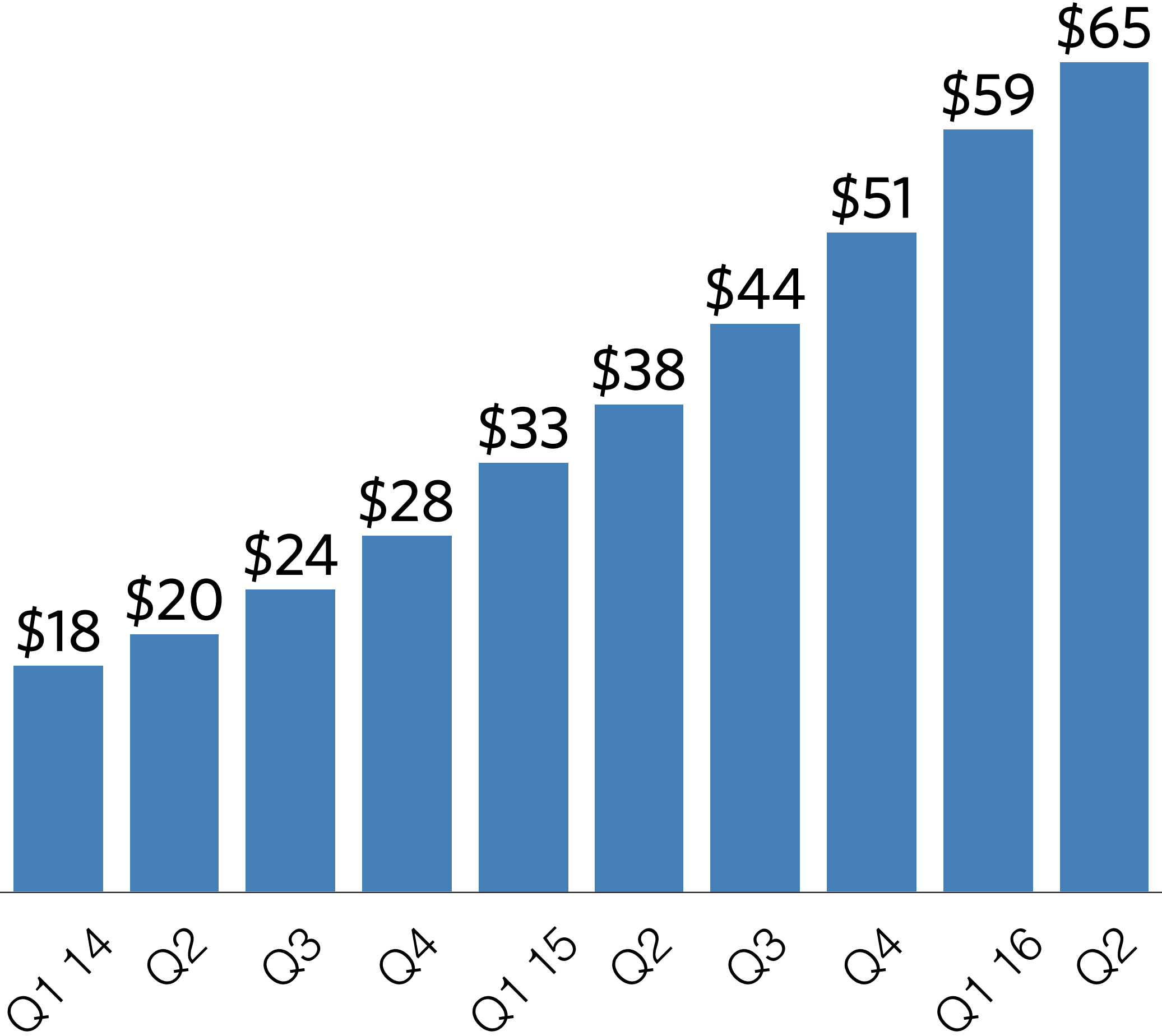
26%

S&M as a % of Q2 2016 Total Revenue³

+61

NPS Score

TOTAL REVENUE (\$M)⁴



¹ As of June 30, 2016. ² Non-GAAP for the three month period ended June 30, 2016. See Appendix for GAAP financial measures and reconciliations.
³ For the three months ended June 30, 2016. ⁴ For the three month period.

Cloud Platforms are the New Building Blocks



COMPUTE
& STORAGE



MAPS



COMMUNICATIONS



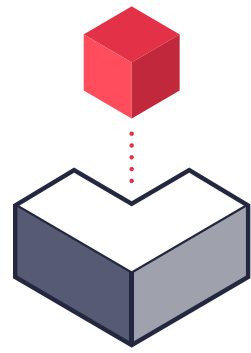
SOFTWARE
ANALYTICS



PAYMENTS

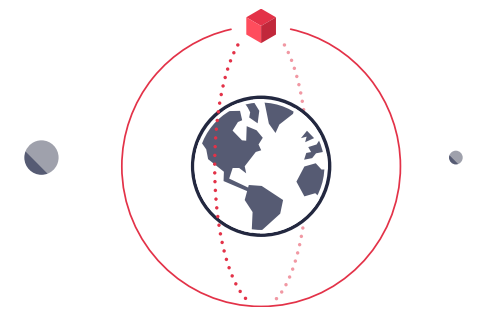


Twilio is **Three Things**



PROGRAMMABLE COMMUNICATIONS CLOUD

Most comprehensive suite
of cloud communications
APIs.



SUPER NETWORK


Globally interconnected
software powering
flywheel of growth.



BUSINESS MODEL FOR INNOVATORS

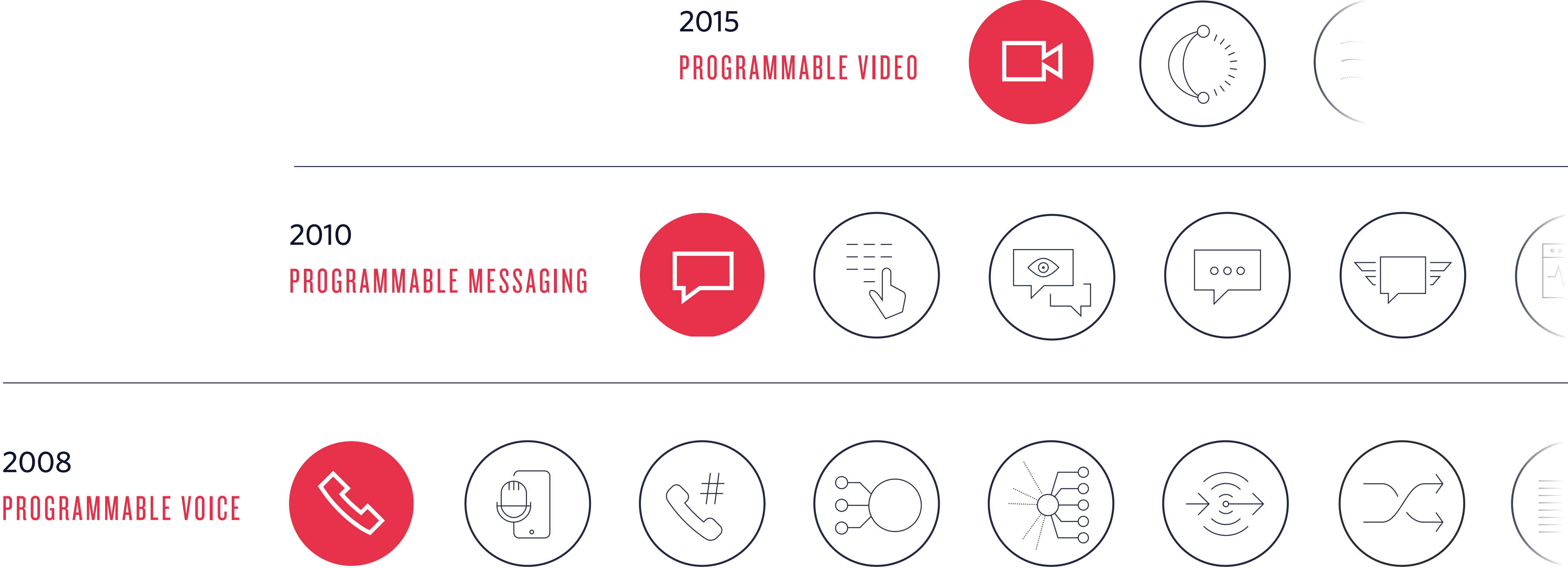
Disruptive business model
that puts customer
success first.





PROGRAMMABLE COMMUNICATIONS CLOUD

Continuous Platform Innovation



Bounded Only by the **Creativity of Developers**



Call Tracking



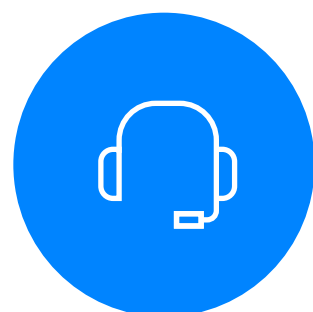
Anonymous Communications



Instant Lead Alerts



Two-Factor Authentication



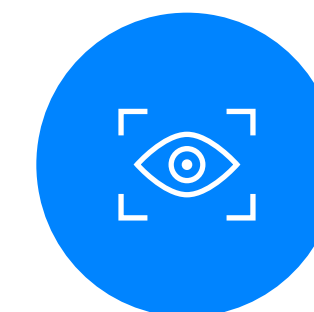
Contact Center



Dispatch Notifications



ETA Alerts



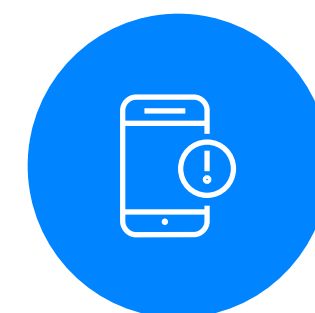
Visual Estimates



Automated Surveys



Customer Video Care



Mobile Marketing



Appointment Reminders





SUPER NETWORK

22 Cloud Data Centers
in 7 Regions

Software Interconnections
with Global Network
Service Providers

Massive Volume of Data
Analyzed to Optimize
Communications



Flywheel Reinforces **Competitive Advantage**



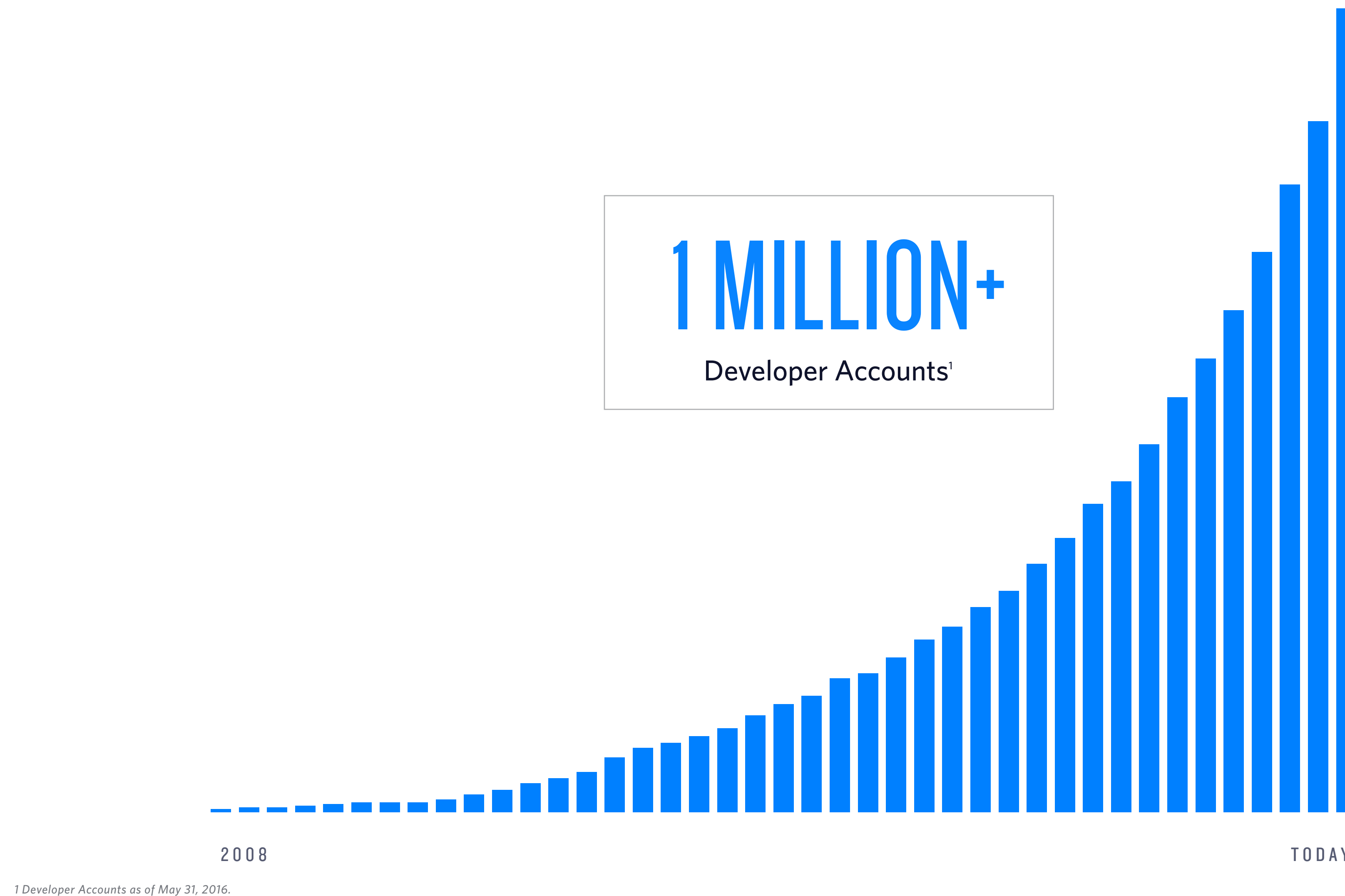


BUSINESS MODEL FOR INNOVATORS

Acquire Developers Like Consumers, Enable Them to Spend like Enterprises

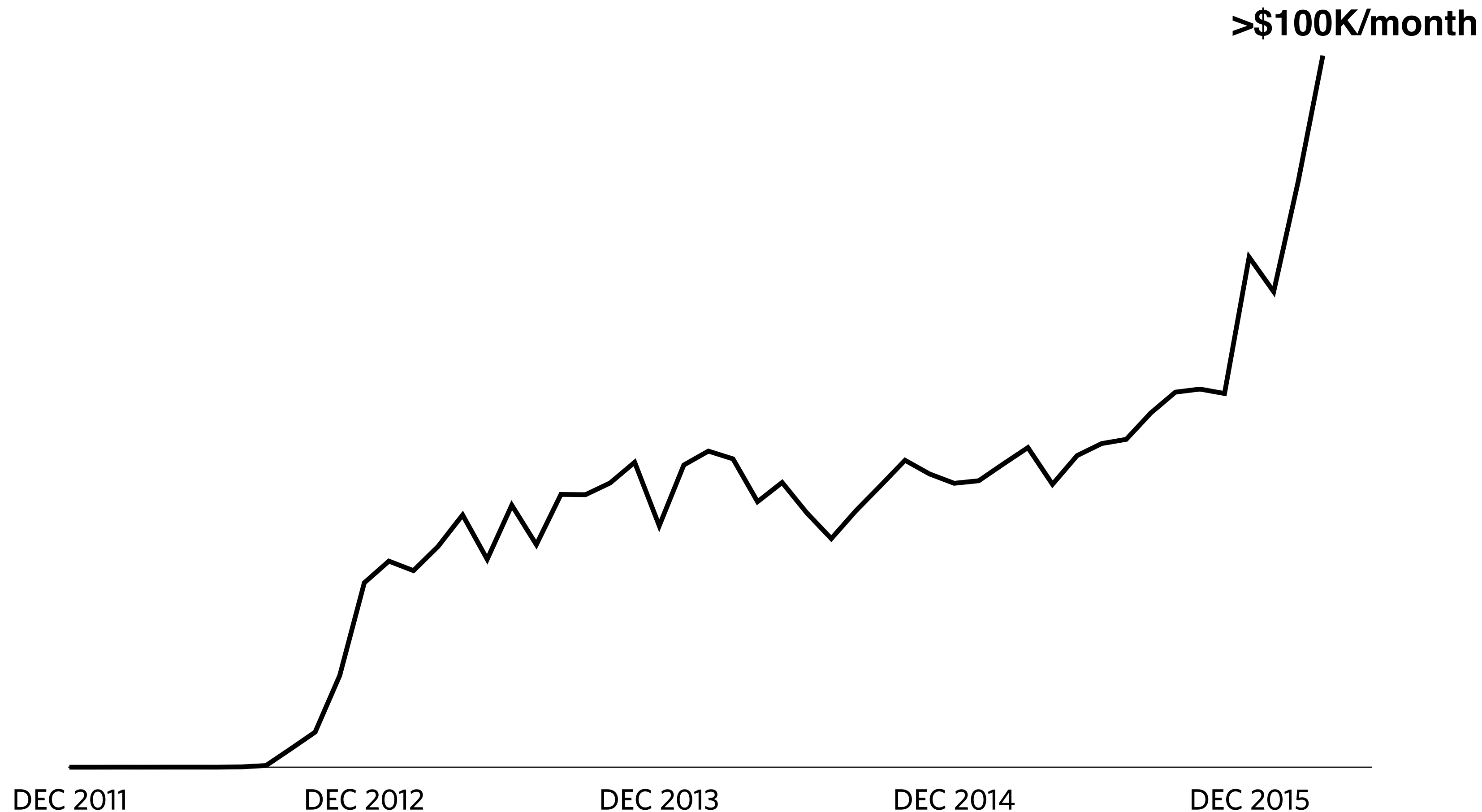


Developer-Led Acquisition



Usage-Based Expansion

Three Expansion Vectors



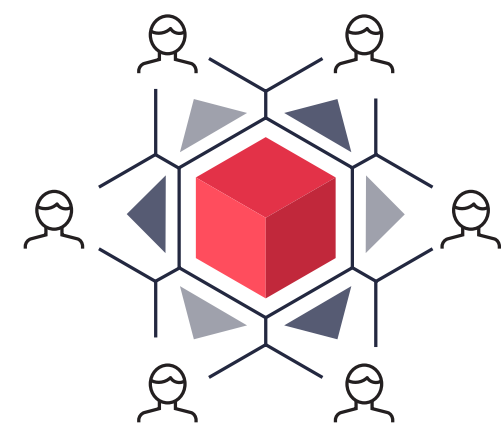
End-User **Adoption**
of Use Cases

Building
Additional Use Cases

Customers'
End-User **Growth**

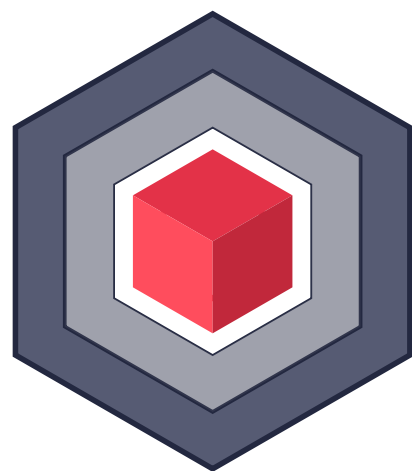


Our Growth Strategy



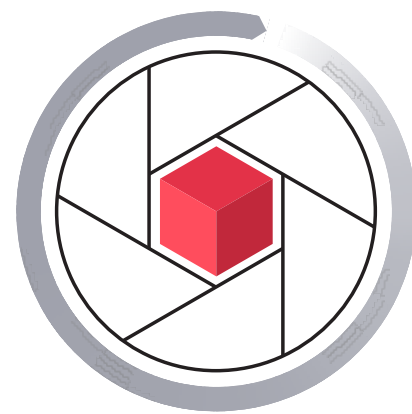
DEVELOPER REACH

Continue penetration with the 20M+¹ global developers.



PLATFORM EXPANSION

Continue innovating with building blocks, particularly Use Case APIs.



ENTERPRISE MOMENTUM

Drive penetration in enterprises as they increasingly become software builders.



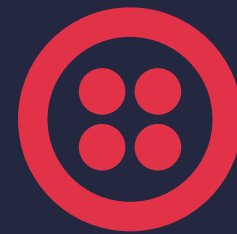
INTERNATIONAL GROWTH

16%² of revenue today comes from companies based outside of the United States.

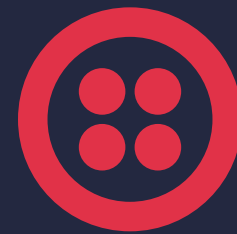
¹ Evans Data Corporation - Global Developer Population and Demographic Study, Volume II 2015 (November 11, 2015)
² For the three months ended June 30, 2016.



THIS IS DAY ONE



APPENDIX



Reconciliation to Non-GAAP Financial Measures

(In thousands, except share and per share amounts)

	For the three months ended				
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	Year Ended Dec 31, 2014
Total Revenue	\$ 17,557	\$ 20,081	\$ 23,523	\$ 27,685	\$ 88,846
Gross profit	\$ 9,175	\$ 11,308	\$ 12,835	\$ 14,105	\$ 47,423
Non-GAAP adjustments:					
Share-based compensation	8	7	10	14	39
Amortization of acquired intangibles	-	-	-	-	-
Non-GAAP gross profit	\$ 9,183	\$ 11,315	\$ 12,845	\$ 14,119	\$ 47,462
Non-GAAP gross margin	52.3%	56.3%	54.6%	51.0%	53.4%
Research and development	\$ 4,408	\$ 4,594	\$ 5,997	\$ 6,825	\$ 21,824
Non-GAAP adjustments:					
Share-based compensation	(230)	(335)	(418)	(594)	(1,577)
Amortization of acquired intangibles	-	-	-	-	-
Stock repurchase	-	-	-	-	-
Non-GAAP research and development	\$ 4,178	\$ 4,259	\$ 5,579	\$ 6,231	\$ 20,247
Non-GAAP research and development as % of revenue	23.8%	21.2%	23.7%	22.5%	22.8%
Sales and marketing	\$ 6,949	\$ 8,804	\$ 8,016	\$ 9,553	\$ 33,322
Non-GAAP adjustments:					
Share-based compensation	(286)	(303)	(302)	(444)	(1,335)
Stock repurchase	-	-	-	-	-
Non-GAAP sales and marketing	\$ 6,663	\$ 8,501	\$ 7,714	\$ 9,109	\$ 31,987
Non-GAAP sales and marketing as % of revenue	38.0%	42.3%	32.8%	32.9%	36.0%
Non-GAAP sales and marketing as % of Base revenue	43.6%	48.4%	37.2%	41.2%	42.3%
General and administrative	\$ 3,835	\$ 4,198	\$ 4,828	\$ 6,099	\$ 18,960
Non-GAAP adjustments:					
Share-based compensation	(162)	(155)	(179)	(531)	(1,027)
Amortization of acquired intangibles	-	-	-	-	-
Stock repurchase	-	-	-	-	-
Acquisition related expenses	-	-	-	-	-
Non-GAAP general and administrative	\$ 3,673	\$ 4,043	\$ 4,649	\$ 5,568	\$ 17,933
Non-GAAP general and administrative as % of revenue	20.9%	20.1%	19.8%	20.1%	20.2%
Operating loss	\$ (6,017)	\$ (6,288)	\$ (6,006)	\$ (8,372)	\$ (26,683)
Non-GAAP adjustments:					
Share-based compensation	686	800	909	1,583	3,978
Amortization of acquired intangibles	-	-	-	-	-
Stock repurchase	-	-	-	-	-
Acquisition related expenses	-	-	-	-	-
Non-GAAP operating loss	\$ (5,331)	\$ (5,488)	\$ (5,097)	\$ (6,789)	\$ (22,705)
Non-GAAP operating margin	-30.4%	-27.3%	-21.7%	-24.5%	-25.6%

	For the three months ended				
	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	Year Ended Dec 31, 2015
	\$ 33,365	\$ 37,954	\$ 44,262	\$ 51,338	\$ 166,919
	\$ 17,820	\$ 21,127	\$ 24,660	\$ 28,858	\$ 92,465
	14	14	17	20	65
	28	21	70	120	239
	\$ 17,862	\$ 21,162	\$ 24,747	\$ 28,998	\$ 92,769
	53.5%	55.8%	55.9%	56.5%	55.6%
	\$ 8,480	\$ 9,388	\$ 11,602	\$ 13,089	\$ 42,559
	(663)	(796)	(980)	(1,607)	(4,046)
	(17)	(87)	(38)	12	(130)
	-	-	(834)	-	(834)
	\$ 7,800	\$ 8,505	\$ 9,750	\$ 11,494	\$ 37,549
	23.4%	22.4%	22.0%	22.4%	22.5%
	\$ 9,869	\$ 14,164	\$ 12,067	\$ 13,208	\$ 49,308
	(420)	(513)	(691)	(765)	(2,389)
	-	-	(76)	-	(76)
	\$ 9,449	\$ 13,651	\$ 11,300	\$ 12,443	\$ 46,843
	28.3%	36.0%	25.5%	24.2%	28.1%
	36.4%	44.5%	30.8%	28.6%	34.2%
	\$ 8,265	\$ 7,035	\$ 9,935	\$ 10,756	\$ 35,991
	(548)	(599)	(553)	(677)	(2,377)
	(11)	(28)	(27)	(29)	(95)
	-	-	(1,055)	-	(1,055)
	(1,127)	(38)	-	-	(1,165)
	\$ 6,579	\$ 6,370	\$ 8,300	\$ 10,050	\$ 31,299
	19.7%	16.8%	18.8%	19.6%	18.8%
	\$ (8,794)	\$ (9,460)	\$ (8,944)	\$ (8,195)	\$ (35,393)
	1,645	1,922	2,241	3,069	8,877
	56	136	135	137	464
	-	-	1,965	-	1,965
	1,127	38	-	-	1,165
	\$ (5,966)	\$ (7,364)	\$ (4,603)	\$ (4,989)	\$ (22,922)
	-17.9%	-19.4%	-10.4%	-9.7%	-13.7%

For the three months ended	
March 31, 2016	June 30, 2016
\$ 59,340	\$ 64,510
\$ 32,513	\$ 36,307
23	28
70	70
\$ 32,606	\$ 36,405
54.9%	56.4%
\$ 14,864	\$ 17,369
(1,516)	(2,379)
(38)	(38)
-	-
\$ 13,310	\$ 14,952
22.4%	23.2%
\$ 13,422	\$ 18,156
(734)	(1,116)
-	-
\$ 12,688	\$ 17,040
21.4%	26.4%
25.5%	30.2%
\$ 10,593	\$ 11,635
(752)	(1,453)
(27)	(28)
-	-
-	-
\$ 9,814	\$ 10,154
16.5%	15.7%
\$ (6,366)	\$ (10,853)
3,025	4,976
135	136
-	-
-	-
\$ (3,206)	\$ (5,741)
-5.4%	-8.9%

Reconciliation to Non-GAAP Financial Measures												
(In thousands, except share and per share amounts)												
	For the three months ended				Year Ending Dec 31, 2014	For the three months ended				Year Ending Dec 31, 2015	For the three months ended	
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014		March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015		March 31, 2016	June 30, 2016
Net loss attributable to common stockholders	\$ (6,058)	\$ (6,309)	\$ (6,020)	\$ (8,371)	\$ (26,758)	\$ (8,660)	\$ (9,576)	\$ (12,400)	\$ (8,260)	\$ (38,896)	\$ (6,468)	\$ (10,994)
Non-GAAP adjustments:												
Share-based compensation	686	800	909	1,583	3,978	1,645	1,922	2,241	3,069	8,877	3,025	4,976
Amortization of acquired intangibles	-	-	-	-	-	56	136	135	137	464	135	136
Stock repurchase	-	-	-	-	-	-	-	1,965	-	1,965	-	-
Acquisition related expenses	-	-	-	-	-	1,127	38	-	-	1,165	-	-
Deemed dividend to investors in relation to tender offer	-	-	-	-	-	-	-	3,392	-	3,392	-	-
Non-GAAP net loss attributable to common stockholders	\$ (5,372)	\$ (5,509)	\$ (5,111)	\$ (6,788)	\$ (22,780)	\$ (5,832)	\$ (7,480)	\$ (4,667)	\$ (5,054)	\$ (23,033)	\$ (3,308)	\$ (5,882)
Non-GAAP net loss attributable to common stockholders as % of revenue	-30.6%	-27.4%	-21.7%	-24.5%	-25.6%	-17.5%	-19.7%	-10.5%	-9.8%	-13.8%	-5.6%	-9.1%
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.36)	\$ (0.37)	\$ (0.35)	\$ (0.49)	\$ (1.58)	\$ (0.49)	\$ (0.52)	\$ (0.70)	\$ (0.48)	\$ (2.19)	\$ (0.37)	\$ (0.45)
Non-GAAP adjustments:												
Share-based compensation	0.04	0.05	0.05	0.09	0.24	0.09	0.10	0.13	0.18	0.50	0.17	0.21
Amortization of acquired intangibles	-	-	-	-	-	0.00	0.01	0.01	0.01	0.03	0.01	0.01
Stock repurchase	-	-	-	-	-	-	-	0.11	-	0.11	-	-
Acquisition related expenses	-	-	-	-	-	0.06	0.00	-	-	0.07	-	-
Deemed dividend to investors in relation to tender offer	-	-	-	-	-	-	-	0.19	-	0.19	-	-
Convertible preferred stock	0.23	0.23	0.21	0.29	0.96	0.24	0.30	0.19	0.22	0.95	0.14	0.15
Non-GAAP net loss per share attributable to common stockholders	\$ (0.09)	\$ (0.09)	\$ (0.09)	\$ (0.11)	\$ (0.38)	\$ (0.10)	\$ (0.11)	\$ (0.07)	\$ (0.07)	\$ (0.34)	\$ (0.05)	\$ (0.08)
GAAP weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted	16,700,308	16,855,944	16,978,653	17,060,766	16,900,124	17,749,487	18,388,844	17,805,486	17,049,332	17,746,526	17,483,198	24,261,903
Convertible Preferred shares issued and outstanding at the beginning of the period	42,482,490	42,482,490	42,482,490	42,482,490	42,482,490	42,568,714	49,910,070	53,850,410	53,820,556	50,078,711	53,834,641	48,544,203
Non-GAAP weighted-average shares used to compute Non-GAAP net loss per share attributable to common stockholders, basic and diluted	59,182,798	59,338,434	59,461,143	59,543,256	59,382,614	60,318,201	68,298,914	71,655,896	70,869,888	67,825,237	71,317,839	72,806,106
TWILIO INC. Key Metrics												
Number of Active Customers <i>(as of end date of period)</i>	12,790	13,604	15,325	16,631		19,340	21,226	23,822	25,347		28,648	30,780
Base Revenue <i>(in thousands)</i>	\$ 15,290	\$ 17,551	\$ 20,732	\$ 22,124	\$ 75,697	\$ 25,931	\$ 30,694	\$ 36,729	\$ 43,497	\$ 136,851	\$ 49,834	\$ 56,370
Base Revenue Growth Rate	95%	73%	90%	72%	81%	70%	75%	77%	97%	81%	92%	84%
Dollar-Based Net Expansion Rate	161%	144%	160%	149%	153%	145%	149%	156%	172%	155%	170%	164%