TWILIO SIGNS DEFINITIVE AGREEMENT TO ACQUIRE SEGMENT

October 12, 2020
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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.
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TRANSACTION OVERVIEW

STRATEGIC RATIONALE

• Provides a single view of a customer across channels for more effective engagement
• Forms foundational data element fueling Twilio’s Engagement Cloud
• Enables businesses to delight their customers with personalized, timely, and impactful communication

TRANSACTION CONSIDERATION

• $3.2 billion in Twilio Class A common stock, on a fully diluted and cash free debt free basis
• Represents ~6% pro forma ownership

EXPECTED CLOSING

• Expected to close in Twilio’s Q4 FY20
• Subject to satisfaction of customary closing conditions
Twilio’s Vision is to Build the World’s Leading Customer Engagement Platform

The Leading Customer Engagement Platform

The Leading Customer Data Platform

Understanding Customer Data is Key to Achieving this Vision
EVERY BUSINESS NEEDS A COMPLETE VIEW OF THEIR CUSTOMER…

…BUT DATA IS SILOED ACROSS MANY DISPARATE SYSTEMS
SEGMENT: UNIFYING CUSTOMER DATA ACROSS TOUCH POINTS

Connect

Build a tailored stack:
- Any Platform
- Any Channel
- SaaS + IaaS
- Code + No Code

Govern

Ensure customer data is:
- Consented
- Consistent
- Classified
- Controlled

Synthesize

Create a source of truth:
- Centralized
- Resolved
- Aggregated
- Accessible

Activate

Operationalize insights:
- Sync Data in Real Time
- Access Raw Data
- Respond to Signals
- Orchestrate Outcomes

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Activate
EMPOWERING BUSINESSES TO DRIVE BETTER ENGAGEMENT

Marketing
Improve relevancy and targeting

Customer Service
Understand complete view of customer

Product
Communicate through most effective channel

Sales
Targeted outreach
EFFECTIVE ENGAGEMENT LEADS TO MORE COMMUNICATION

1. Targeting Leads to Effective Engagement
   - Personalization improves responsiveness and customer conversion rates
   - Personalized customer service leads to brand loyalty

2. Effective Engagement Leads to High ROI
   - Strong customer acquisition
   - Decrease customer churn
   - Higher lifetime value

3. High ROI Leads to More Communication
   - Low SMS penetration – only 30% of consumers receive SMS from known brands
   - 50%+ want more B2C video communication
   - 60%+ want to engage with customer service through messaging
LAYING THE NEXT FOUNDATIONAL ELEMENT OF THE ENGAGEMENT CLOUD

Creating ability to delight customers

Layering data to power communications and make each interaction more effective

Started with Communications
ACCELERATING TRANSFORMATION OF THE CONTACT CENTER

Twilio Flex
AI-powered self-service
Omni-channel customer support
Proactive customer engagement

360 degree view of customer
Capturing actions across channels
Creating personas
UNIQUELY POSITIONED TO EXPAND SEGMENT’S REACH

- Extend penetration within developer community
  - Segment: 250,000+
  - Twilio: 10 million+

- Expand customer reach and base to cross-sell
  - Segment: 5,000+
  - Twilio: 200,000+

- Utilize Twilio partners to grow integrations
  - Segment: 350+
  - Twilio: 300+
SIGNIFICANT EXPANSION IN TOTAL ADDRESSABLE MARKET

$62B
$4B
$5B
$7B
$11B
$17B
$18B

$17B

~$2B existing CDP software spend

~$15B DIY and other software tools used for data and integration

+ $79B

Customer Data Platform
Account Security
UCaaS
CCaaS
Super Network
Channel APIs
Email + Marketing Campaigns

(1) Estimated based on addressable SMB and Enterprise companies multiplied by respective Segment ASPs
STRONG MARKET LEADERSHIP

G2 Recognizes Segment as the CDP Leader

IDC Worldwide Customer Data Platform Market Share, 2019

Source: G2 Grid for Customer Data Platform (CDP)

Source: IDC Customer Data Platform (CDP) Market Share, issued in March 2020
WE SHARE A COMMON DNA

Shared Values
- Deeply Understand Customers
- Empower Others to Create
- Constantly Innovate

Shared Vision
- Delight Customers
- Improve Engagement
- Promote Relevancy

Shared Model
- Developer-first
- Low Friction
- Enterprise-relevant
COMPELLING FINANCIAL PROFILE

- High Growth (50%+), scaled business
- ~75% non-GAAP gross margins
- Subscription revenue model with 1 year+ contracts
- Similar multiple paid to SendGrid in 2019
SUCCESSFUL TRACK RECORD IN M&A

PLATFORM EXPANSION

ADDITIONAL CAPABILITIES

SendGrid

electric imp

IoT

IoT

Brazil Expansion

ytica

WFO

Super Network

beep send

IoT

Kurento

Programmable Video

2FA

AUTHY

31% Revenue Growth in 2018 y/y (1)

36% Revenue Growth in H1 2020 y/y

113% Dollar-Based Net Expansion

119% Dollar-Based Net Expansion

CUSTOMER ENGAGEMENT | PRODUCT EXPANSION | TECHNOLOGY CAPABILITIES | INTERNATIONAL GROWTH

(1) Management Case Projections in fairness opinion
Thank you