Second Quarter 2019
Earnings Call Supplemental Slides

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Chris Greiner, Chief Financial Officer
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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
(at a cost of $1.5 trillion)

Source: IBM, April 2018; The US Contact Center Decision-Makers’ Guide 2018-2019
Consumers live their lives on messaging
7.8 trillion SMS messages sent a year

1.5 billion monthly users
1.3 billion monthly users
1 billion monthly users
1 billion monthly users
803 million monthly users
300 million monthly users
291 million monthly users
203 million monthly users

LivePerson Powers conversational commerce...
...for the world’s largest brands across industries and geographies

Telecom

You are now having a chat with the official enterprise-account of Telco Co. Click for more information.

Welcome back and thank you for your request. You can see the newest status of your open order at every time here:

Order Status: [Link]

https://www.telcoco.com/telcoco/orderstatus.html

Thank you for the link, it works.

Airlines

Gamma Air

Flight: PRIORITY

634

SFO → JFK

5:50 PM 6:20 PM

G2 B42 4A

Gamma AIR

Passenger: Jake Leichtling

Gamma Air Lines

Here is your boarding pass:

Aircraft: [Details]

Gamma Airway

7:00

[Chat interface]

Automotive

Champion Auto Group

Jane, you need new tires. Replacement and alignment. Cost $539. Please approve.

Champion Auto Group

Yes, I will let you know as soon as it is done.

Champion Auto Group

Today 11:14 AM

Today 11:18 AM

Today 3:21 PM

Today 3:24 PM

[Chat interface]

[Order details]

[Payment interface]

Stadiums

Tap to Open our Menu

[Food and beverage options]

[Order interface]

(1) Content courtesy of Aramark.
AI-powered conversational commerce is the future

Preferred by consumers and up to 4 times as efficient as legacy voice

Voice calls

Messaging

Bots & AI

Human agents

Spend

Messaging is half the workload of voice
(agents are ~2x as efficient)

And bots can handle half of the work that remains
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

Source: LivePerson proprietary go-to-market analysis
New Apple Chat Suggest feature promotes messaging

Offers the potential to materially increase messaging volumes by deflecting calls to 1-800#s

- Chat Suggest previewed at the Worldwide Developers Conference in June 2019
- Invites consumers to message a brand instead of calling
- Several LivePerson customers are among the first beta testers for this feature available later this year
Strong 2Q results highlight a demand inflection

● Revenue growth accelerated in 2Q:
  ○ Revenue increased 15% YtY and 7% QtQ to record $71.0M, exceeded high end of guidance range
  ○ Enterprise/mid-market ARPU increased approximately 20% year-over-year to record $310,000, fifth consecutive quarter of at least 20% growth
  ○ Strong renewals/upsells kept Enterprise/Midmarket revenue retention rate within target range of 105% to 115%
  ○ Greater than 20% growth from financial services and telco verticals. Financial Services accounted for 24% of revenue, followed by Consumer/Retail at 23%, Telcos at 22%, Auto at 10%, High Tech at 6% and Other at 15%
  ○ Enterprise customers on messaging increased to 48% in 2Q from 34% in year-ago period, with nearly half of messaging conversations including automation
  ○ Exceeded sales capacity hiring targets adding nearly 40 quota carriers in the first half of 2019

● Indications of a demand inflection:
  ○ Nine, seven-figure Enterprise deals signed; equivalent to the same number signed for the entirety of 2018
  ○ Contract signings in 1H:19 increased 75% over 1H:18
  ○ Total sales pipeline value increased 120% year over year and 75% since year end 2018
  ○ Deal counts increased 50% year over year in the second quarter, with a healthy balance across new and existing
  ○ Trailing twelve-month deferred revenue increased 42% as compared to the year ago period
  ○ Consumer messaging giants continue to push Conversational Commerce; Apple previews a new capability that could deflect millions of calls to messaging, and Google pressures the industry to adopt RCS as a new messaging standard
Pulling forward investments to meet increased demand

Raises revenue guidance for 2019 and increases spend on quota carriers, marketing and product

- Strong returns on previous go-to-market and product investments:
  - NA Enterprise revenue increased 30% year over year in 2Q as prior year pipeline generation and quota carrying teams began to ramp to full productivity
  - First half 2019 new sales hires have created $70 million of pipeline in their first few months
  - Average sales cycle length decreased by three weeks in 1H:19 as compared to 1H:18 due to rigorous sales onboarding, training and productivity focus
  - Nearly 60 customers now live on newly launched Conversation Builder, creating bots and automations
  - Maven Assist launched with a leading airline and cable company, aiding agents with next best action and automations

- Investing to meet demand:
  - Exited 2Q with 89 quota carriers versus target of 75. Plan to exit 2019 with over 100 quota carriers as currently have insufficient capacity to service pipeline.
  - Deploying capital organically to engineering and development teams to address customer demand for new platform capabilities. Multiple new products in the near-term pipeline in areas such as outbound marketing, in-store retail, social, a new agent console, and AI analytics.

- Strong cash position provides flexibility:
  - Cash on hand of approximately $225.0 million
Positive LiveEngage Leading Indicators

Trends for key metrics point to sustained growth trajectory

**Average revenue per user (ARPU)**

- **2Q:18**
- **3Q:18**
- **4Q:18**
- **1Q:19**
- **2Q:19**

$255K $270K $285K $300K $310K

**Revenue retention rate**

105% to 115%

*Ten consecutive quarters over 100% threshold*

**Same customer usage growth YtY**

>10%

*Ten consecutive quarters of growth*

*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:
  - 2Q:18: 51%
  - 2Q:19: 54%

- % Enterprise Customers using Messaging:
  - 2Q:18: 34%
  - 2Q:19: 48%

- % Enterprise Interactions with Messaging Automation:
  - 2Q:18: 45%
  - 2Q:19: 49%

14 pts Improvement YtY
4 pts Improvement YtY
Selected Pro Forma Guidance Measures\(^{(1)}\)

<table>
<thead>
<tr>
<th></th>
<th>3Q:19 Guidance</th>
<th>2019 Guidance</th>
<th>Previous 2019 Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$74.0 - $75.0</td>
<td>$288.5 - $292.0</td>
<td>$284.5 - $291.5</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>~73.0%</td>
<td>~74.0%</td>
<td>~74.0%</td>
</tr>
<tr>
<td>GAAP Net Loss</td>
<td>$18.1 - $14.9</td>
<td>$71.6 - $66.3</td>
<td>$57.6 - $52.0</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$0.0 - $3.0</td>
<td>$0.0 - $5.0</td>
<td>$10.0 - $15.0</td>
</tr>
<tr>
<td>Adjusted EBITDA Margin</td>
<td>0.0% - 4.0%</td>
<td>0.0% - 1.7%</td>
<td>3.5% - 5.2%</td>
</tr>
</tbody>
</table>

- Raises revenue guidance following record contract signings, rapid pipeline expansion and ramping sales productivity
- Targeting 17.5% growth in 2H:19, acceleration to high-teens to 21% growth in 4Q:19 and at least 20% growth in 2020
- Adjusts profit guidance as pulls forward investments to meet demand inflection. Demand-driven investments increase confidence in ability to achieve long-term goal of at least 25% revenue growth
- Incremental adjusted EBITDA spend of approximately $10.0 million is allocated as follows:
  - Approximately one-half to quota carriers as current capacity is insufficient to meet pipeline demand. Target exiting 2019 with at least 100 quota carriers, up from 50 at year-end 2018
  - Approximately one-quarter to new, customer-driven product opportunities such as social, outbound selling, and in-store retail
  - Approximately one-quarter to marketing programs for the Consumer segment, which fueled 24% year-over-year revenue growth in 2Q

\(^{(1)}\) 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 July 31, 2019.
## Non-GAAP adjusted EBITDA reconciliation

<table>
<thead>
<tr>
<th>Guidance</th>
<th>3Q:19E</th>
<th>2019E</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP net loss</td>
<td>$(18.1) - $(14.9)</td>
<td>$(71.6) - $(66.3)</td>
</tr>
<tr>
<td>Depreciation &amp; amortization</td>
<td>$4.5</td>
<td>$19.0</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>$7.8</td>
<td>$33.3</td>
</tr>
<tr>
<td>Other non-recurring costs</td>
<td>$1.7</td>
<td>$8.6</td>
</tr>
<tr>
<td>Provision for taxes</td>
<td>$1.2 - $1.0</td>
<td>$2.7 - $2.4</td>
</tr>
<tr>
<td>Other (income) expense, net</td>
<td>$2.9</td>
<td>$8.0</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$0.0 – $3.0</td>
<td>$0.0 – $5.0</td>
</tr>
</tbody>
</table>

**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. See select non-gaap definitions slide.