



Press release

Stockholm, 10 May 2017

CLX acquires Dialogue Group Ltd.

- *significantly adding geographical reach, network expansion, and key security software assets.*

Stockholm, Sweden – CLX Communications AB (publ.) - XSTO:CLX

CLX Communications AB (Publ) ("CLX") – a leading global provider of cloud-based communications services, announces that it has acquired Dialogue Group Ltd. ("Dialogue"), a global provider of mobile messaging and security services.

"Our vision is clear; we are building the world's leading CPaaS company. The acquisition of Dialogue is the next natural step in executing on the strategy we outlined at our IPO in October 2015," said Johan Hedberg, President, and CEO of CLX Communications.

Founded in 1994, Dialogue is one of the leading global mobile messaging and secure communications companies, with a particularly strong Tier 1 network in the Asia-Pacific Region. Through the acquisition, CLX will strengthen its customer base in the UK and Australia and add Tier 1 operator connections in New Zealand, Singapore, Malaysia, Bangladesh, Vietnam, Cambodia, Japan, Philippines, Indonesia, and Egypt.

The acquisition will also add Dialogue's Sentinel Security Solution, a powerful and innovative software solution for mobile operators, to CLX's existing product portfolio. The Sentinel product will further strengthen CLX's position as a supplier of fraud and security solutions to mobile operators worldwide. The solution may significantly reduce industry fraud such as global title faking and help operators capture significant revenues that might otherwise be lost. Sentinel, in combination with CLX's existing security solutions, will constitute one of the most powerful threat detection and prevention toolboxes in the industry today.

Background and rationale for the acquisition of Dialogue Group Ltd.

The market for enterprise cloud-based communications – those between a company's business-critical applications and its customers or things – is growing rapidly, whether it be text messaging, voice- or video based solutions or the Internet of Things (IOT).

The acquisition of Dialogue will bring a number of benefits:

- Speed up CLX's market entry into key Asia-Pacific countries such as New Zealand, Singapore, Malaysia, Bangladesh, Vietnam, Cambodia, Japan, Philippines, and Indonesia.



- Further expand CLX's Tier One Super Network by adding a number of mobile operators in predominantly the Asia-Pacific region.
- Add innovative security products and functionality to the CLX product portfolio offered to the company's mobile operator customer base and Tier 1 operator partners.
- Expected to yield net synergies of approximately GBP 1 million compared to Dialogue's rolling 12-month profit.

The acquisition of Dialogue will be CLX's fourth acquisition since the IPO in 2015. Mblox, acquired in 2016, gave CLX a strong position in the US and has yielded significant cost and revenue synergies. Sinch, also acquired in 2016, added leading-edge capabilities in voice and video communications. The acquisition of Xura Secure Communications earlier this year provides CLX with a strong position in Germany, Austria and Switzerland.

Information about Dialogue Group Ltd

Dialogue is one of the leading SMS messaging and security product provider based in Sheffield, UK. The company has a total of 49 employees based in London, Sydney and Singapore. In addition to delivering messaging solutions to Enterprises, Dialogue provides A2P SMS monetization software and services to many Mobile Network Operators primarily in the Asia-Pacific Region, but also around the world. Dialogue processes roughly 1.7 Billion messages annually across more than 10 countries.

In Dialogue's Financial Year 2016 (ended July 30, 2016) revenues were GBP 32 million, gross profit was GBP 7.9 million and EBITDA was GBP 2.8 million, equivalent to an EBITDA margin of 8.8 percent.

In the twelve-month period ended February 2017 revenues were GBP 36.7 million, gross profit was GBP 11.5 and reported EBITDA was GBP 5.2 million, equivalent to an EBITDA margin of 14.2 percent.

Price, financing and timetable

- CLX is acquiring Dialogue Group Ltd. at a price of GBP 32 million on a cash- and debt free basis.
- The purchase price is equivalent to 6.1 x EBITDA, based on EBITDA for the twelve month period ending February 2017. Net synergies of approximately GBP 1 million are expected for the coming 12 – 18 months.
- The purchase price is being paid in cash and CLX has secured financing through a credit facility provided by Svenska Handelsbanken and Danske Bank.
- Integration work will start immediately. It is expected to take 12 – 18 months and is targeted to be completed by fall of 2018.



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About CLX Communications

CLX Communications (CLX) is a leading global provider of cloud-based communication services and solutions to enterprises and mobile operators. CLX's mobile communication services enable companies to quickly, securely and cost-effectively communicate globally with customers and connected devices – Internet of Things (IoT). CLX's solutions enable business-critical communications worldwide via mobile messaging services (SMS), voice services and mobile connectivity services for the IoT. CLX has grown profitably since the company was founded. The Group is headquartered in Stockholm, Sweden, and has presence in a further 20 countries.

CLX Communications' shares are traded at NASDAQ Stockholm - XSTO:CLX.

To learn more please visit: www.clxcommunications.com

About Dialogue

Dialogue Group is the longest established international A2P SMS messaging company having helped customers since 1994. It has extensive knowledge and experience of all aspects of the A2P market and through its A2P SMART Hub – a unique solution that helps operators filter and control their A2P traffic - the company enables MNOs to successfully monetize their A2P traffic and realize sustainable revenues. Currently, Dialogue Group works with over 50 of the world's leading mobile networks in fourteen markets including countries such as Japan, Cambodia, Bangladesh, Egypt, Ireland, the UK, Australia and New Zealand. Dialogue Group is a member of GSMA which represents the interests of mobile operators worldwide. Headquartered in London. The company has offices in Sheffield, Sydney and Singapore.

For more information visit www.dialogue.net.

Important information

This communication may contain certain forward-looking statements. Such statements are all statements that do not relate to historical facts and include expressions such as "believe", "estimate", "anticipate", "expect", "assume", "predict", "intend", "may", "presuppose", "should" or similar. The forward-looking statements in this release are based on various estimates and assumptions that in several cases are based on additional assumptions. Although CLX believes these assumptions were reasonable when made, such forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that are difficult or impossible to predict and that are beyond CLX's control. Such risks, uncertainties and important factors could cause the actual results to differ materially from the results expressly or implicitly indicated in this communication through the forward-looking statements. The information, perceptions and the forward-looking statements in this release apply only as of the date of this release and may change without notice.

Every care has been taken in the translation of this press release. In the event of discrepancies, however, the Swedish original will supersede the English translation. This information is information that CLX Communications AB (publ) is obliged to make public pursuant to the EU market abuse regulation and was submitted for publication under the auspices of the above contact on 10 May 2017 at 16:10 CET.