

Storytel Capital Markets Day

2020

Agenda

9.00 **Jonas Tellander** Chief Executive Officer
Ingrid Bojner Chief Commercial Officer
Stefan Tegenfalk Chief Development Officer

Ingrid Bojner Chief Commercial Officer

10.00 Coffee break

10.30 **Rickard Henley** Chief Publishing Officer

Sofie Zettergren Chief Financial Officer

Jonas Tellander Chief Executive Officer

11.30 Q&A

12.00 Capital markets day ends

Global organisation

Commercial
(Ingrid)

Development
(Stefan)

Publishing
(Rickard)

**Business
Administration**
(Sofie)

Jonas Tellander

CEO & Co-Founder

1. Background
2. Market opportunity
3. Growth strategies

BOKILUR
PROGRAM DIREKT I DIN MOBIL



iges sk

Startup criterias

1. Consumer product
2. Technology based
3. Current niche
4. Positive impact

Ljudbok i mobilen!



De senaste åren har mobilen blivit en viktig del av våra liv. Den hjälper oss att hålla kontakt med våra nära och kära, och den ger oss tillgång till information och tjänster som vi inte skulle kunna få annars. Men det finns också risker för att vi blir beroende av den. Vi måste vara medvetna om dessa risker och ta ansvar för vår egen användning.

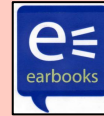


Early successes 2010-2016

1. Ultra high growth under profitability
2. Started up audiobook production
3. Launched Storytel Original
4. Launched our first international markets
5. Became a public company
6. Acquired Norstedts & 10+ other companies

Acquisitions

1. Audiobook production



2. Book publishing

NORSTEDTS
People'sPress

MASSOLIT
FÖRLAG
GUMMERUS

3. Audiobook services



4. New products

ZTORY **kontentan.**

Why publishing is important to us

1. Create attractive Storytel offering
2. Improve Storytel gross margins
3. Differentiate Storytel service



85%

**of reading on each Storytel market
is in the local language**

Mission

Make the world a more **creative** and **empathetic** place with **great stories** to be **shared** and **enjoyed** by anyone, anytime and anywhere

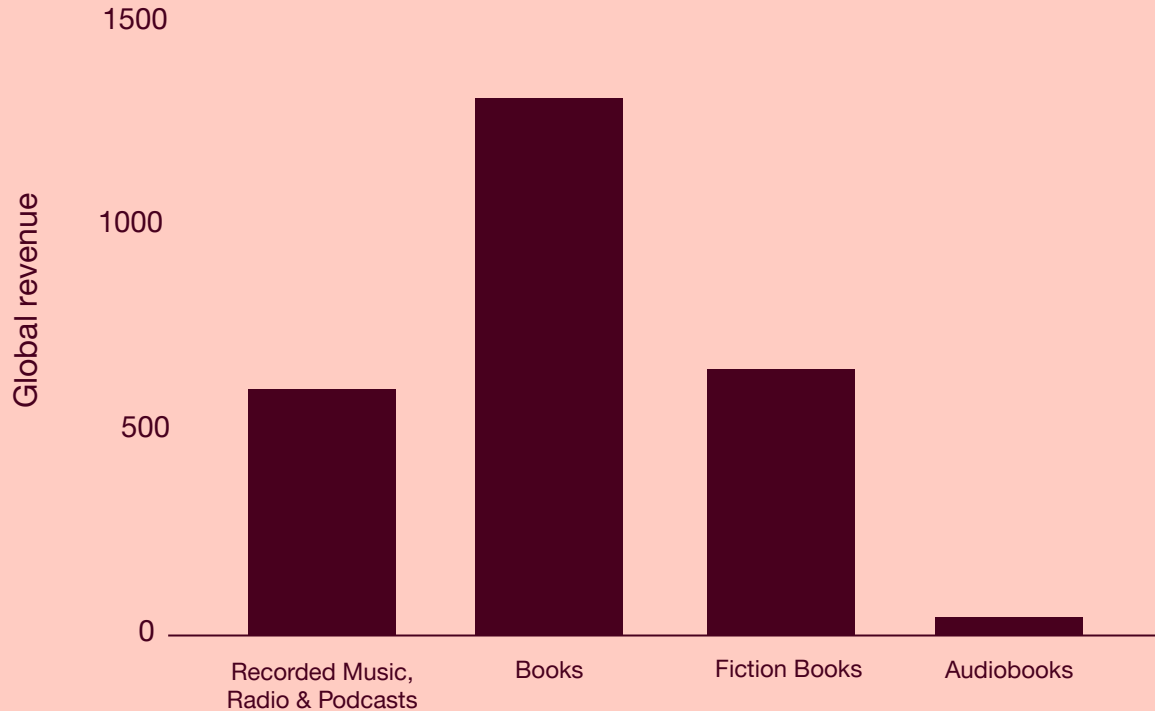
Storytel programming

6 million book discoveries monthly

**50% of discoveries are based on
Storytel programming**

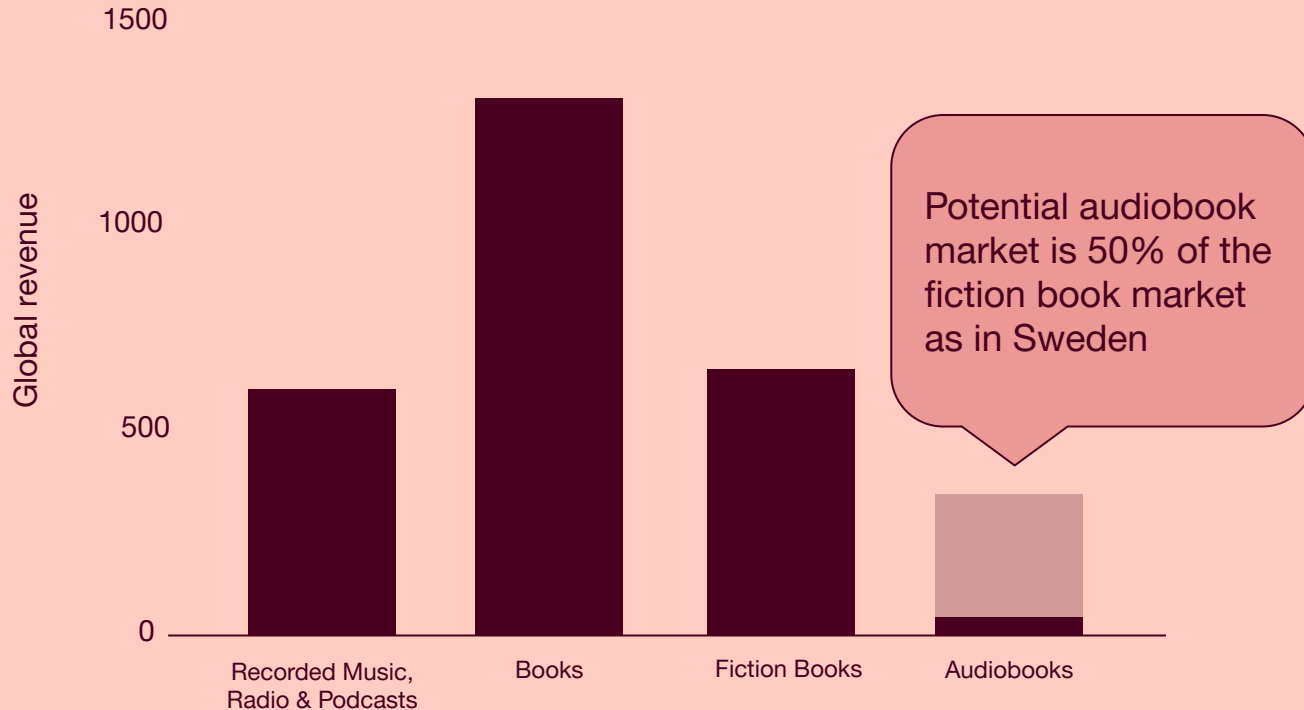
Global book market in 2020

in billion SEK

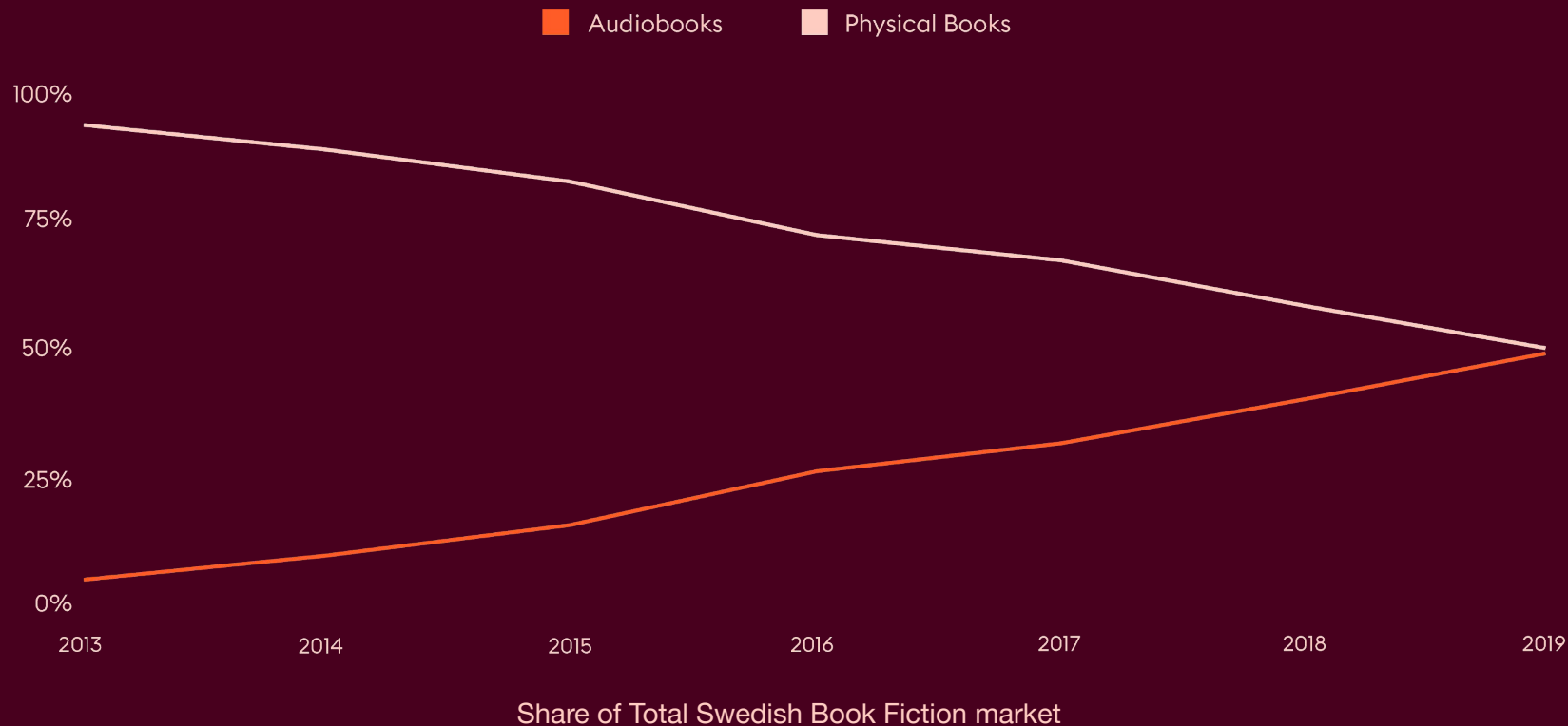


Global book market in 2020

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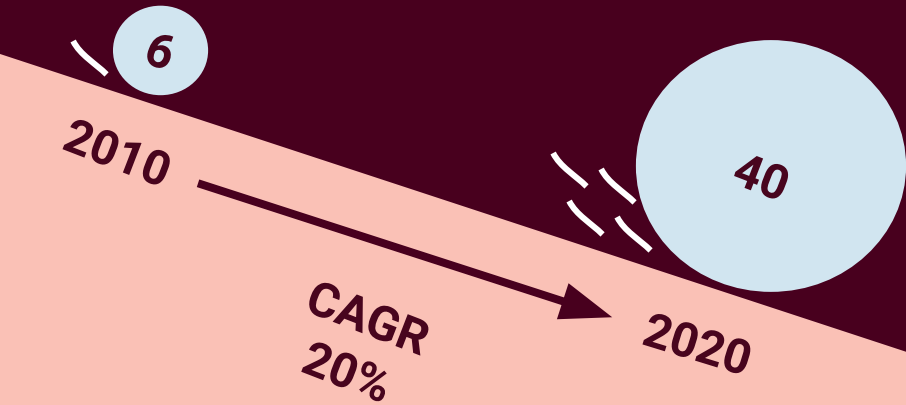


Swedish fiction book market



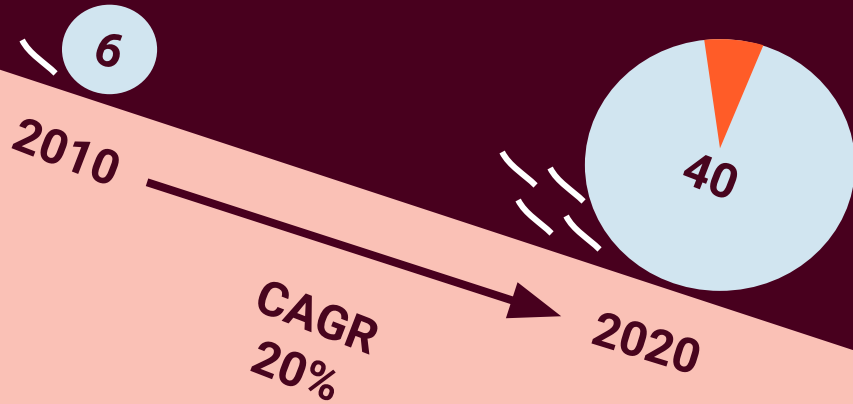
Global market opportunity - Audiobooks

in billion SEK



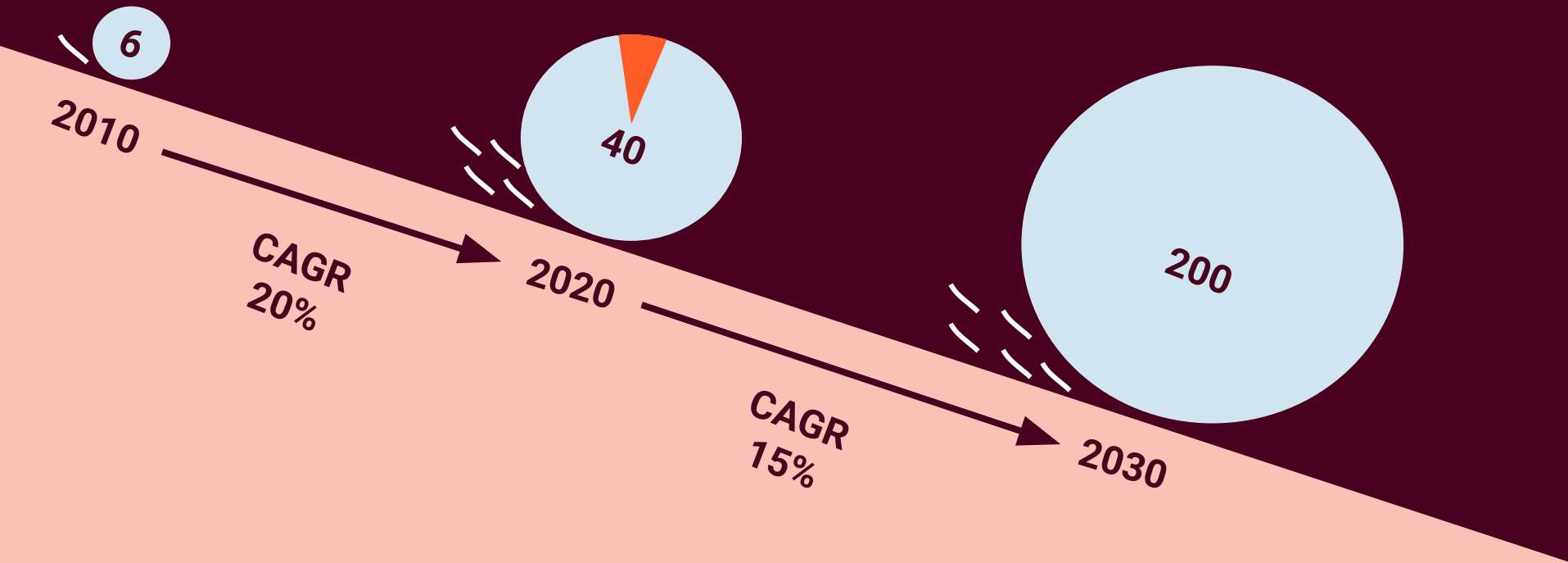
Global market opportunity - Audiobooks in billion SEK

Storytel 5% market share



Global market opportunity - Audiobooks

in billion SEK



Global market opportunity - Audiobooks

in billion SEK

Storytel 5% market share

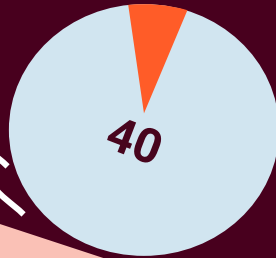
Storytel X% market share

6

2010

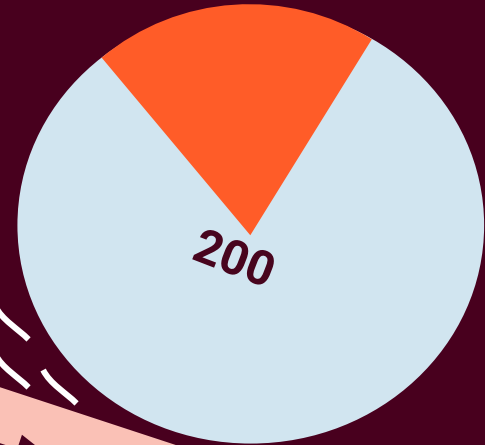
CAGR
20%

2020



CAGR
15%

2030



Growth strategies

1. Grow on existing markets
2. Expand to new markets
3. Improve existing product
4. Launch new products

→ Organically and/or via acquisitions

Product	3	4
Market	1	2
	Short term	Long term

A world map with five colored circles pointing to different regions. The circles are: 1. Orange circle (top left) pointing to the Nordic region. 2. Light blue circle (top right) pointing to the APAC region. 3. Dark green circle (bottom right) pointing to the East region. 4. Yellow circle (bottom center) pointing to the West region. 5. Brown circle (bottom left) pointing to the Latin/LATAM region. The map uses a color-coded system where each region is highlighted in a unique color: Nordic (orange), APAC (yellow), East (dark green), West (yellow), and Latin/LATAM (brown).

NORDIC:

Sweden
Norway
Denmark
Finland
Iceland

APAC:

India
Singapore
South Korea

EAST:

Turkey
UAE
Bulgaria

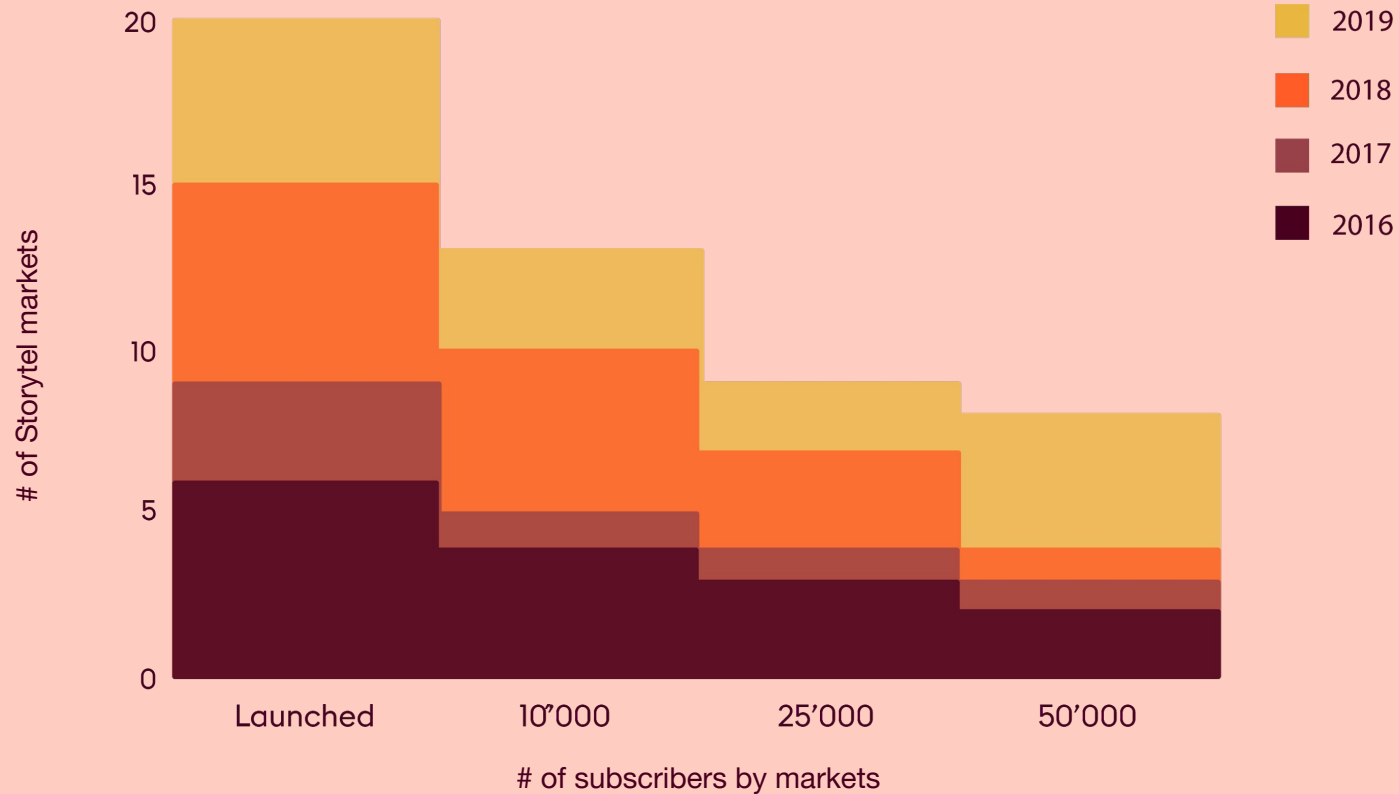
WEST:

Netherlands
Poland
Russia
Germany

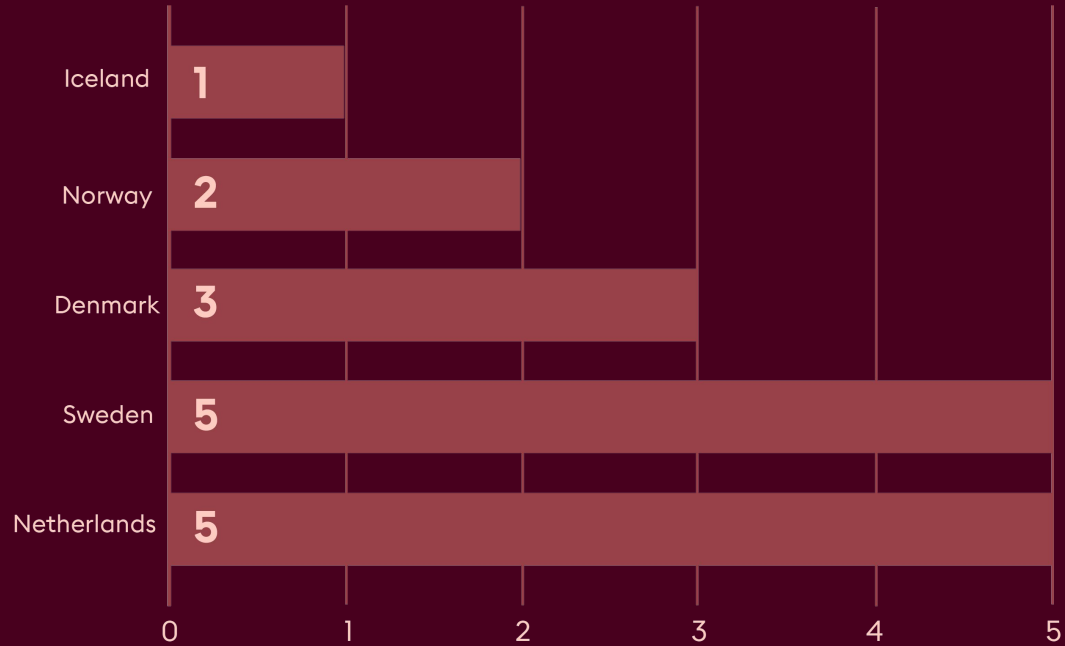
LATIN/LATAM:

Spain
Italy
Mexico
Brazil
Colombia

Expansion milestones



From launch to profitability in years



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Ingrid Bojner

Commercial

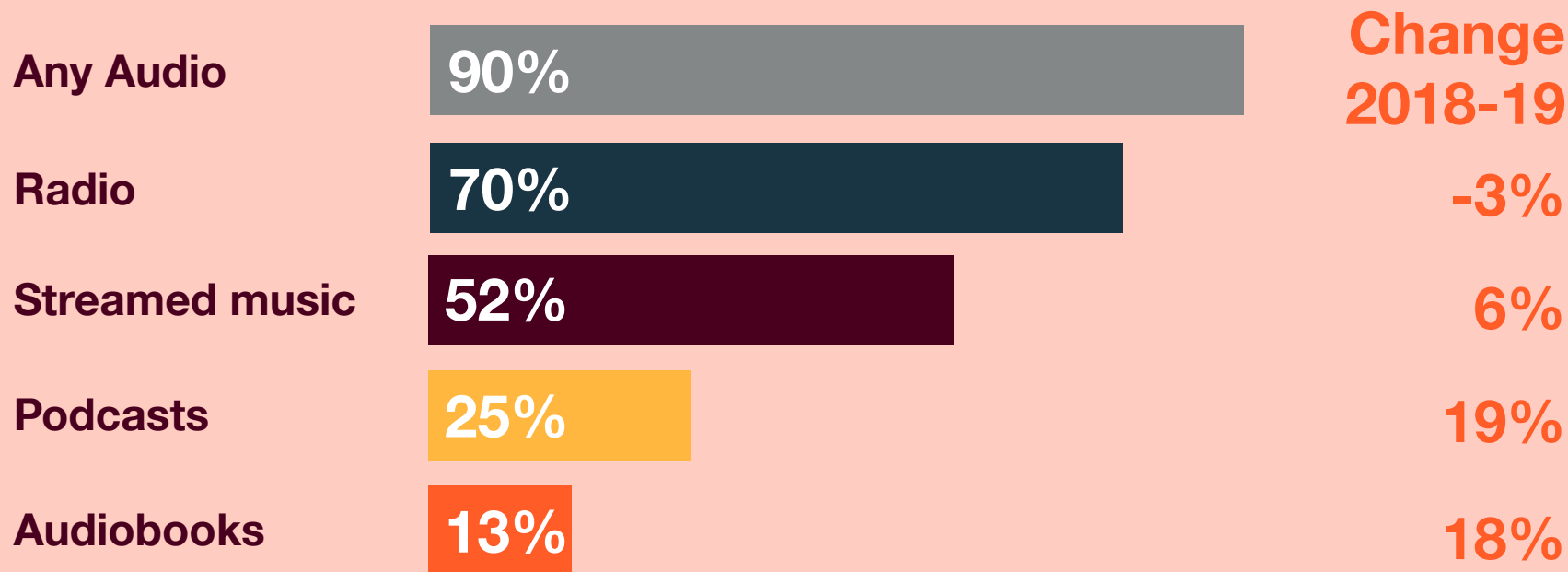
Let me tell you a story.



Tens and tens of thousands of audiobooks
and series you can listen to anytime.



Audio consumption revolution*



*Swedes 16-80 years old, % of population that consume audio-formats on a weekly basis
ORVESTO® Konsument 2019:1

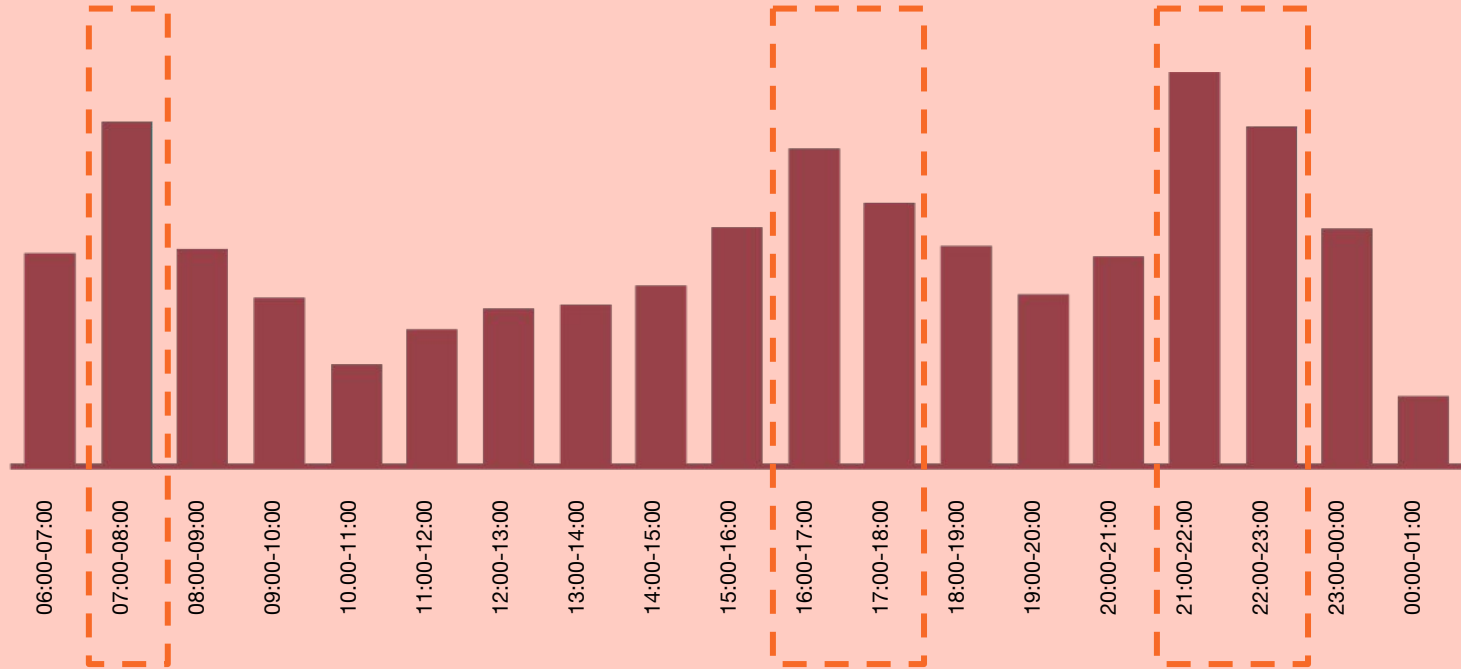
Meaningful recreation



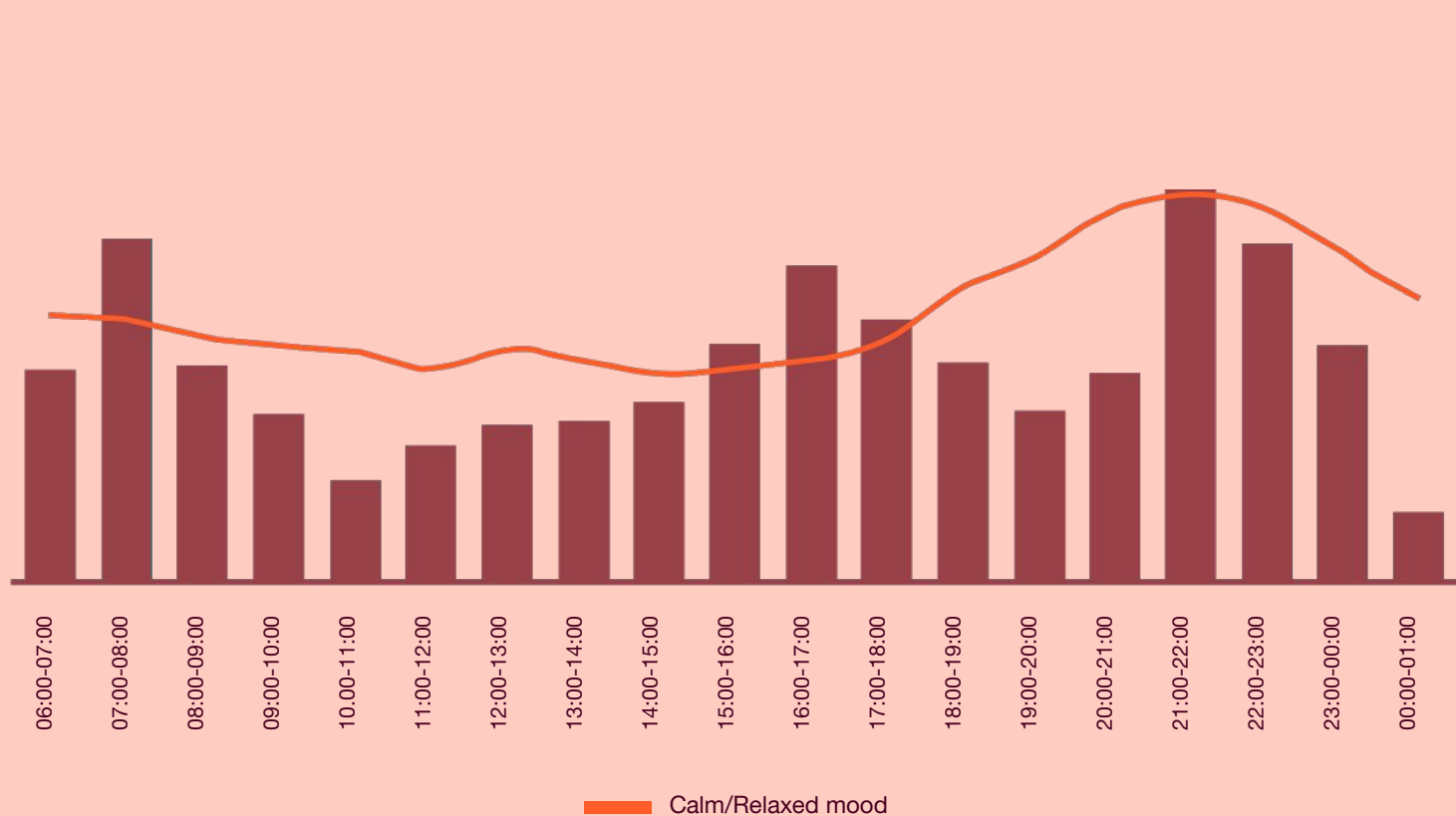
Cure for people's everyday problems



Audiobook consumption during the day



Listening to audiobooks and mood



Our promise

1. You will never run out of stories
2. You will have a great listening and/or reading experience
3. You will have the latest formats and most innovative content



Always local

**Our average user
spends 30 h per month
on our platform**

Customer Engagement Value

CEV +26%

**Mature
market:**

DAU 53%

WAU 76%

**Immature
market:**

DAU 28%

WAU 52%

#1 App in the book category* in our markets

8



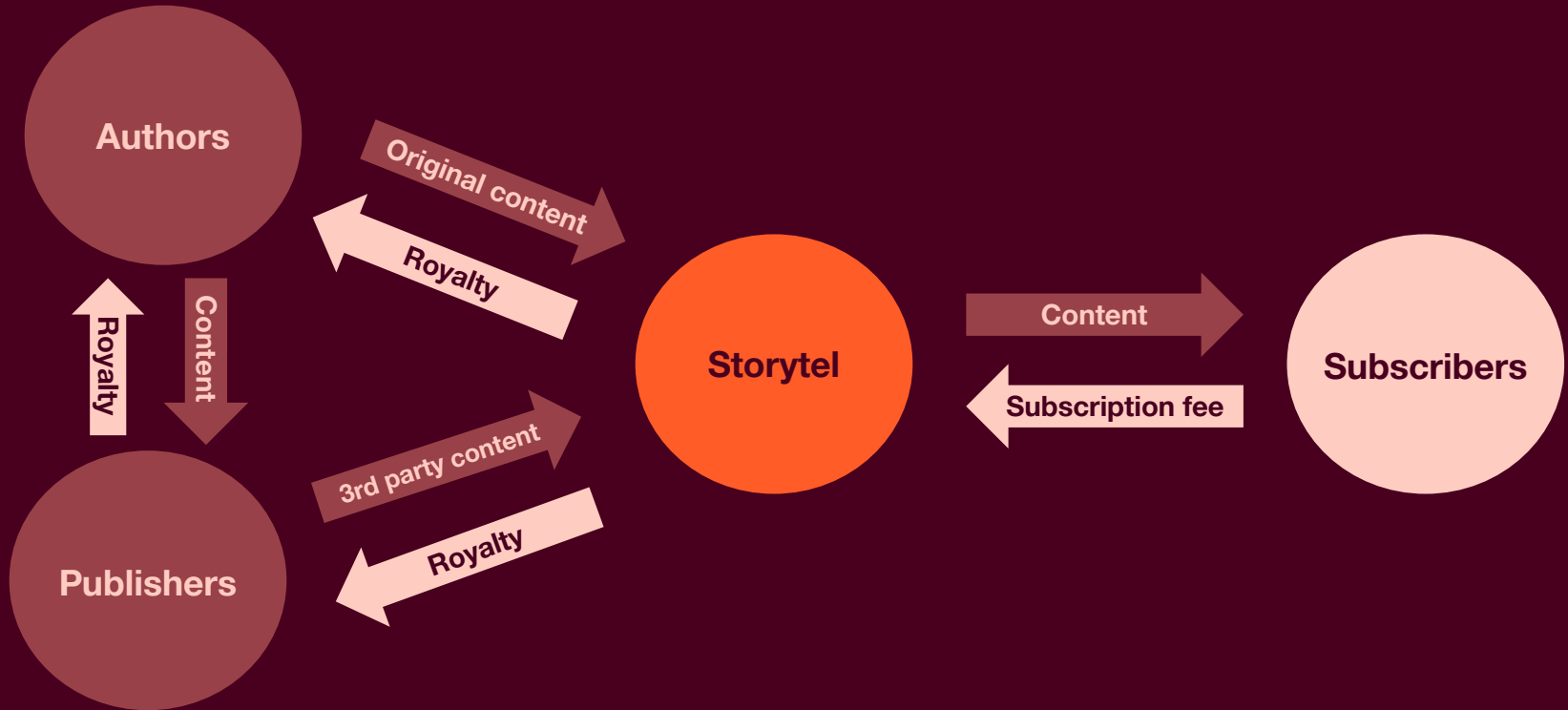
13

Permanent top 1 position

Periodic top 1 position

*On either Google Play-store or App-store
App Annie 2019

Our business model is about connecting storytellers with their audience



storytel

Хиляди
вълнуващи
истории.

Изпробвайте аудиокнигите ни
безплатно за 14 дни



След безплатния период, Вашият абонамент автоматично преминава към стандартен за 9.99 лв./месец.

storytel



ادخل عالم
لا محدود له
من الكتب
الصوتية

جره الآن لمدة 1٤ يوم مجاناً

بعد الفحص ١٤ يوم الفترة التجريبية تصبح الاشتراك 9.9٩ شهرياً

storytel

14일 이용료는 월 11,900 원~(17,700 원) 으로 계속 구독이 가능합니다.

¡Oferta Black Friday!

Oferta válida hasta el 2 de Diciembre

Consigue
30 días de prueba
gratis en lugar
de 14.



storytel

Después de tu periodo de prueba de 30 días, tu suscripción continua a 12,99€/mes.

5만권 이상의
오디오북이 무제한.

14일간 무료체험해보세요



storytel

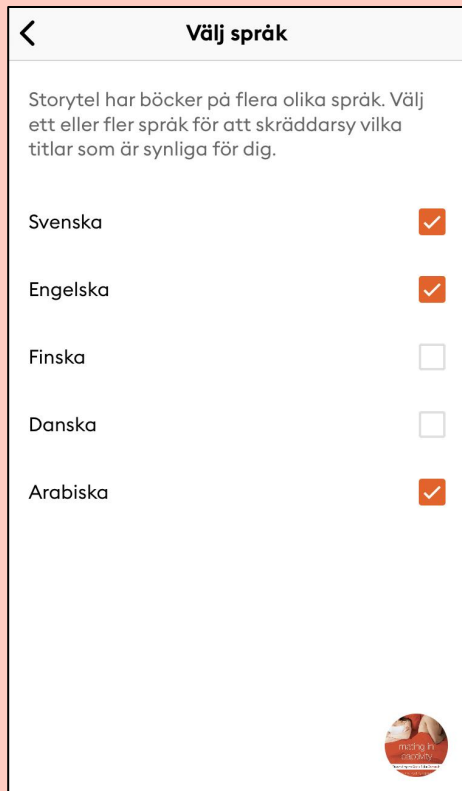
Storytel
apresenta

storytel



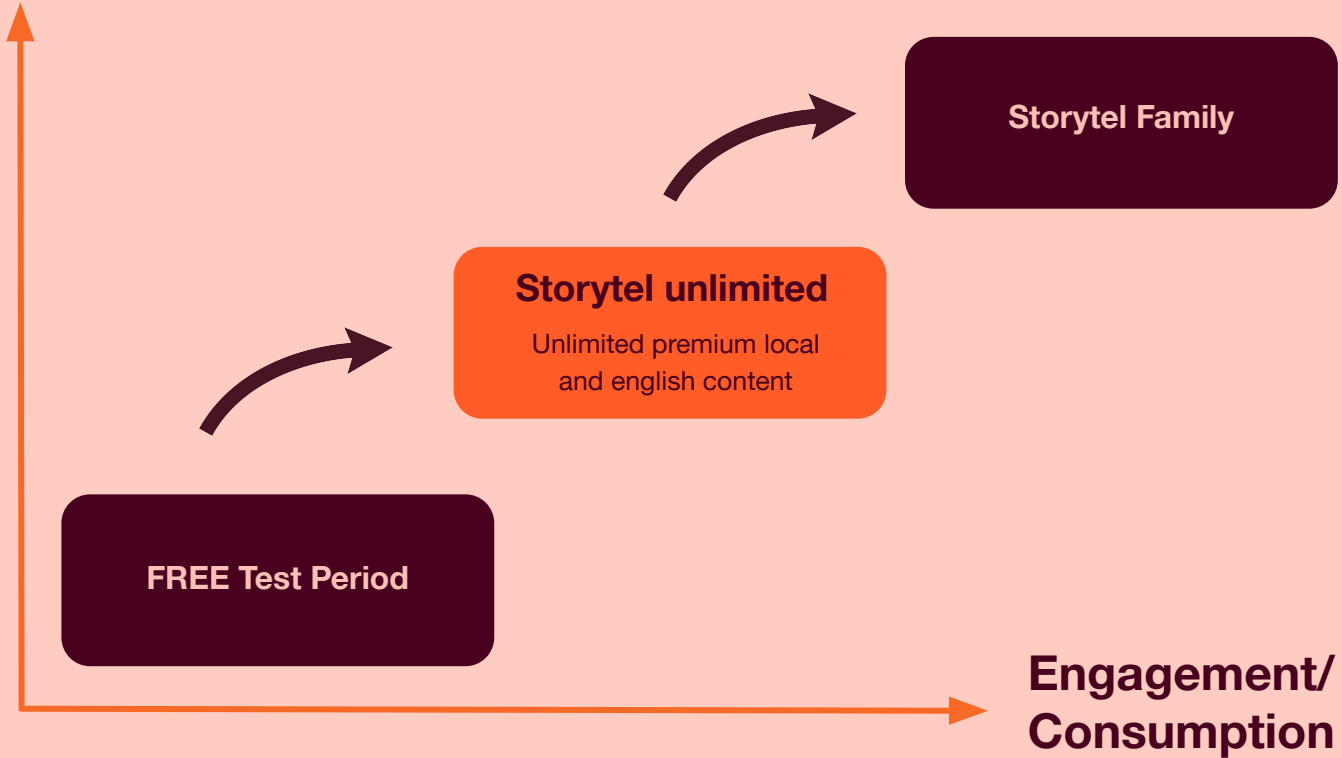
Ouçã grátis por 14 dias

Depois do periodo de 14 dias grátis, sua assinatura continua por R\$ 27,90/mês.

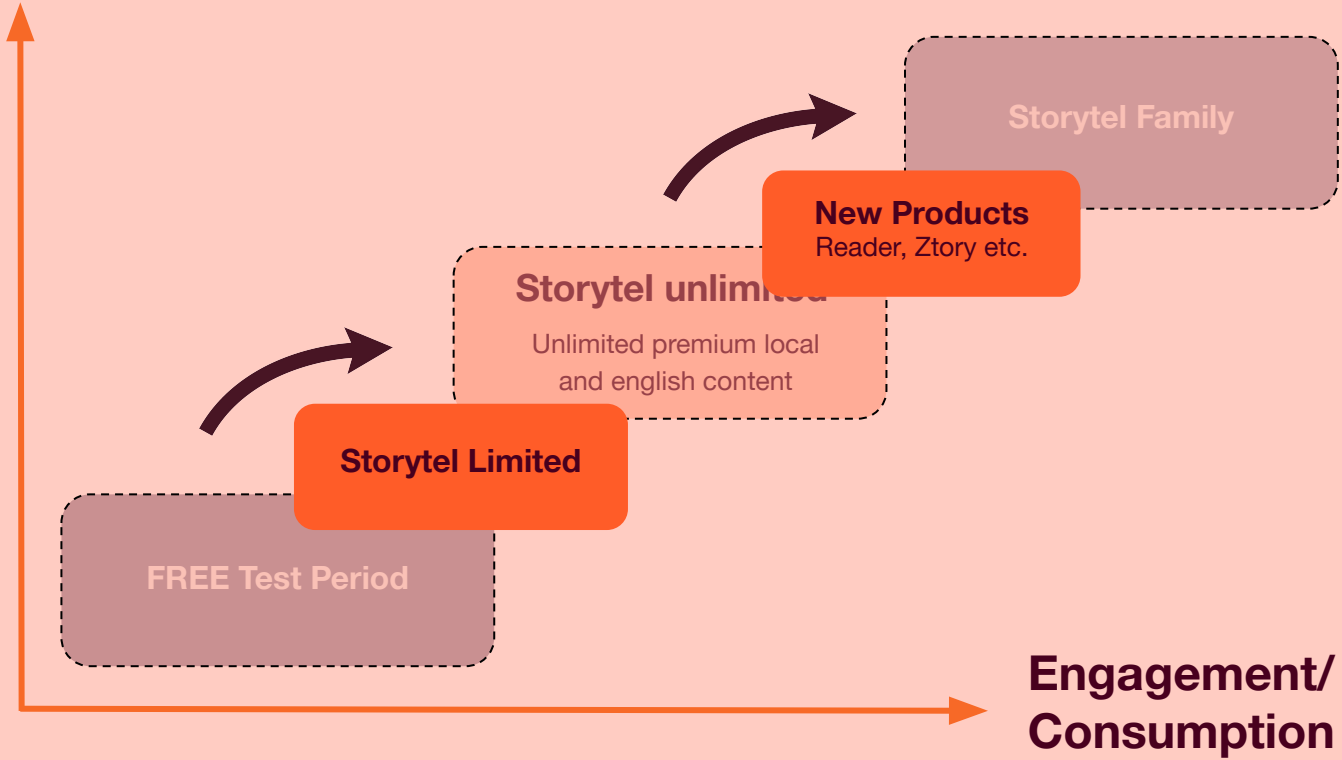


Local language approach

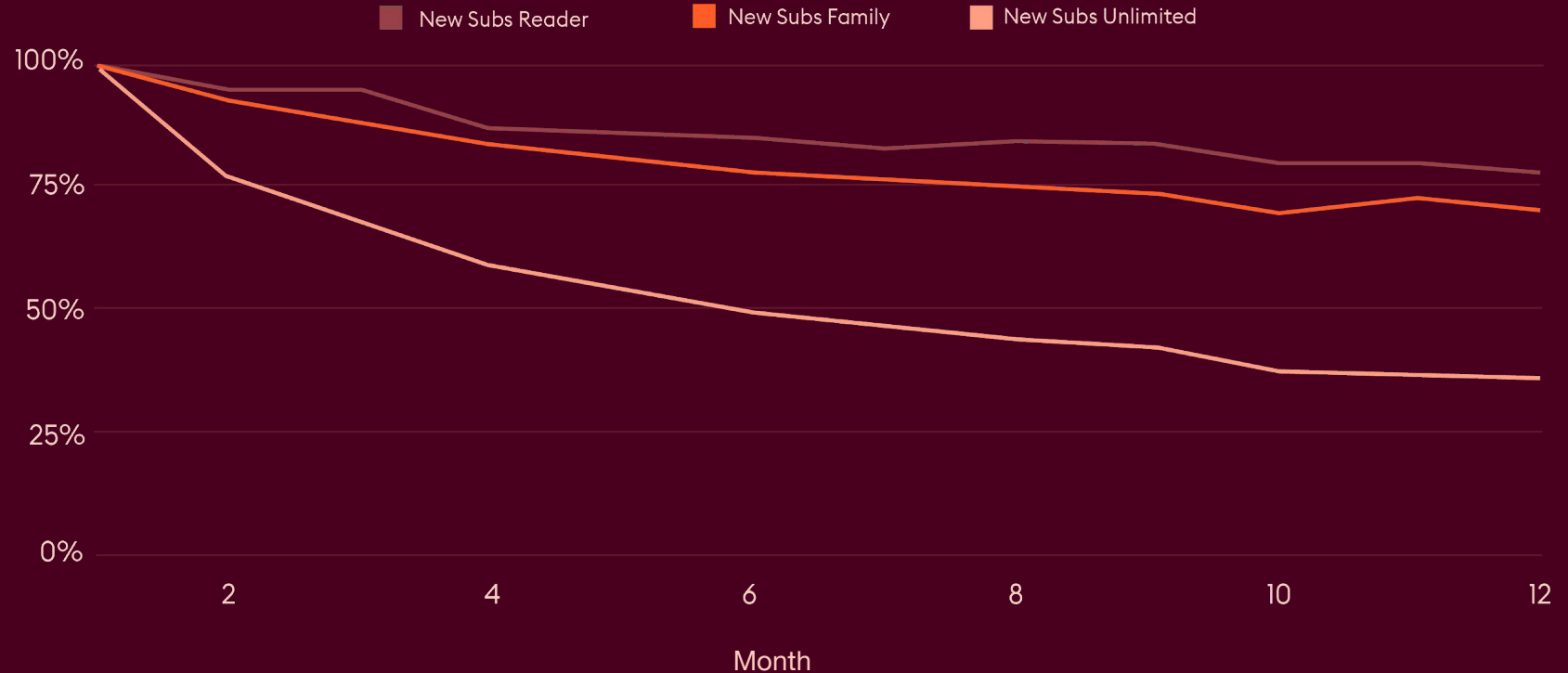
Value/Price



Value/Price



12-month survival twice as high



87%

in Netherlands

81%

in Spain

82%

in Sweden

80%

in Russia

... read/listen to **more books** since
subscribing to **Storytel**

87%

in Netherlands

80%

in Spain

83%

in Sweden

81%

in Russia

... read/listen to books **more often**
since subscribing to **Storytel**

69%

in Turkey

69%

in Spain

75%

in Sweden

66%

in Norway

... read/listen to more books from **different genres** since subscribing to **Storytel**

72%

Of users in Russia and Turkey agree
that using Storytel has helped broaden
their general knowledge





Stefan Tegenfalk

Development

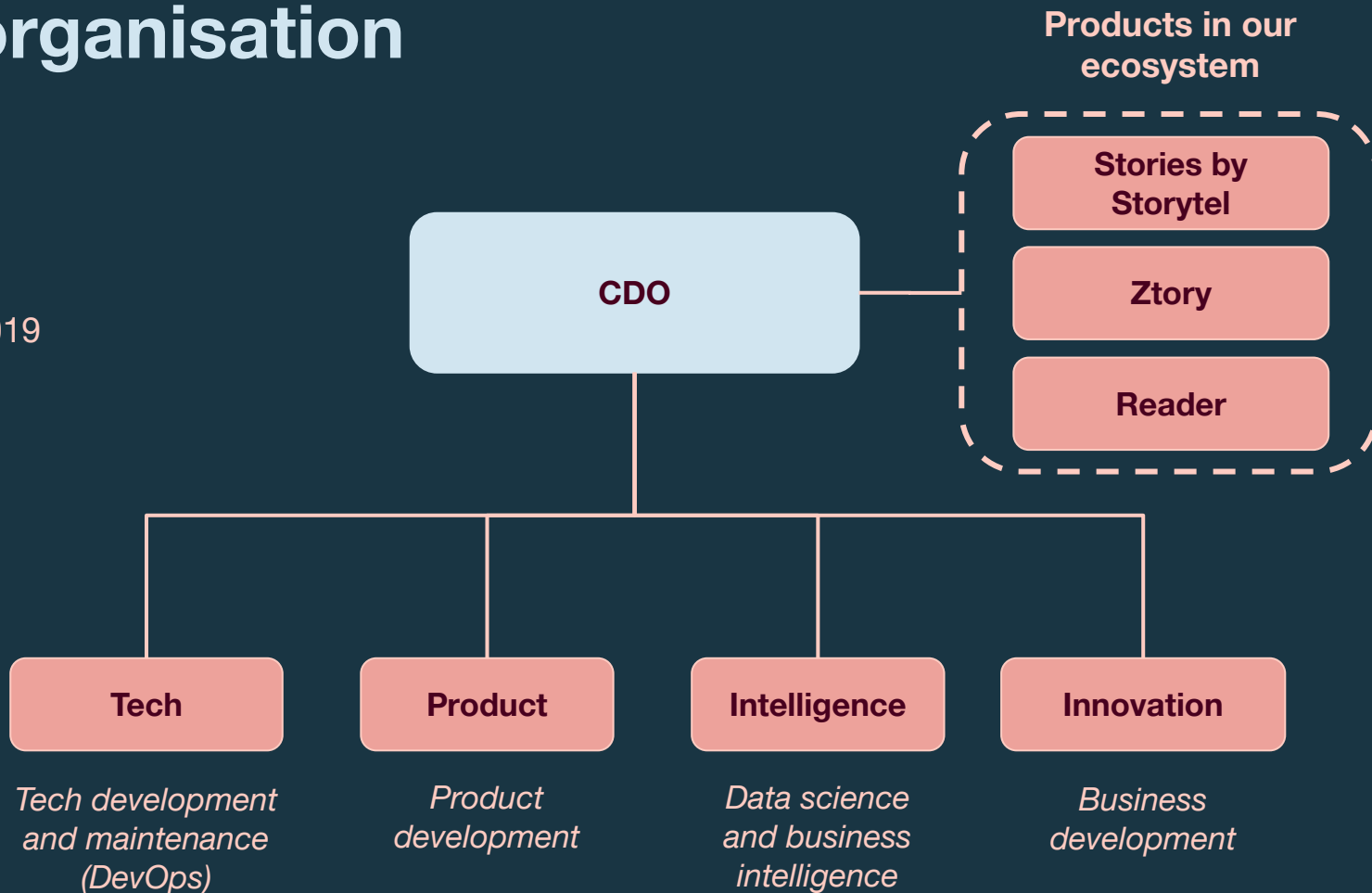
R&D organisation

115

People end of 2019

21

nationalities



At Storytel we are daily handling ...

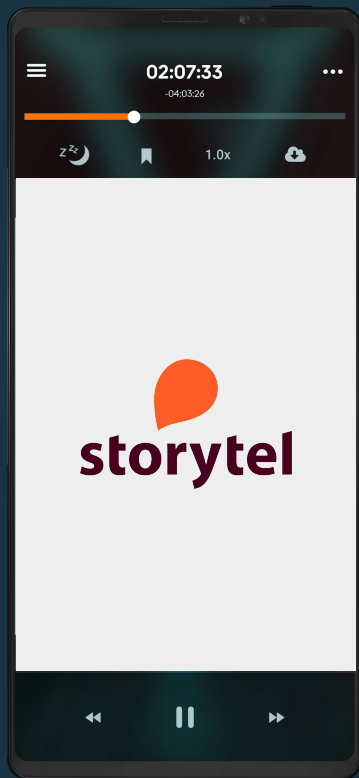


We are not following the audio trend. We are leading the audiobook revolution

Mobile streaming audiobooks

Sleep mode

Offline mode



Variable speed

Syncing audio/ebook

Chapters in audiobooks

R&D focus areas

Developing products, functions and features that...

- Create a **product market fit** in our local markets
- Increase the **intake** of customers and improve the **trial to pay conversion**
- Improve the **customer lifetime value**

 R&D focus areas

How do we create a
product market fit in our
local markets?

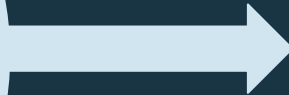
Storytel Payment Engine

Telco Partnerships

e-Wallet solutions

Examples of local payment partners

**Storytel
Payment
Engine**



Marketing message

Sign-up & onboarding

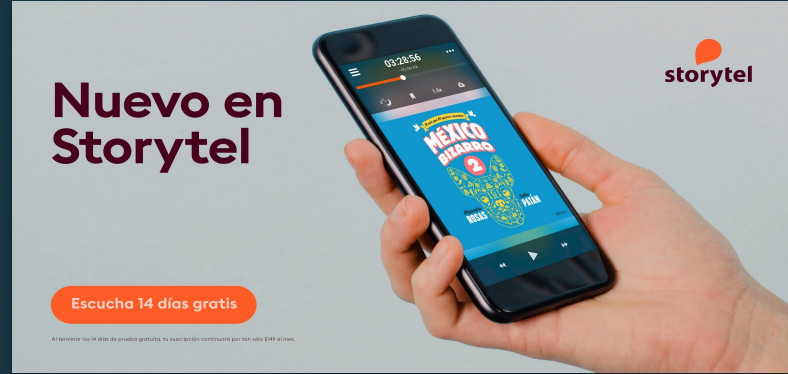
Product offering

Examples of local adaptations

Marketing campaigns
to fit local strategy

Onboarding flow

Price, bundles, etc



Unlimited	Unlimited - 1 month	Unlimited - 3 months
₹299 PER MONTH	₹299 1 MONTH - NO FREE TRIAL	₹599 3 MONTHS - NO FREE TRIAL
Explore our books		
Auto renewal	Yes	No
Kids Mode	✓	✓
Unlimited books	✓	✓
Offline books	✓	✓
Try Unlimited	Buy now	Buy now

 R&D focus areas

How can we increase the
intake of customers?

**Target the right customer
segments**

Be on multiple platforms

Multi-platform strategy

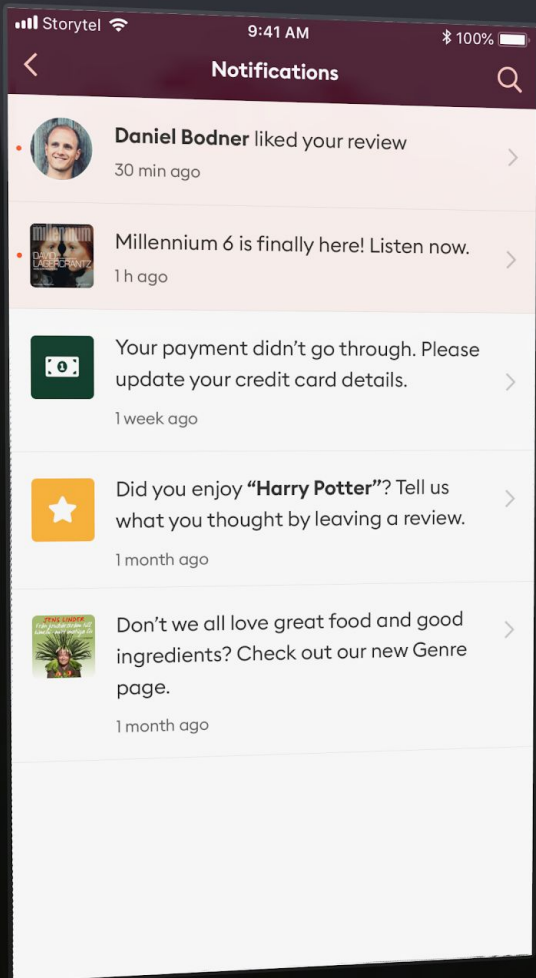
Be where the
customer is



 R&D focus areas

How can we improve the
trial to pay conversion?

Activation via notification



Direct communication with our users

 R&D focus areas

How can we increase
customer lifetime value
and drive **engagement?**

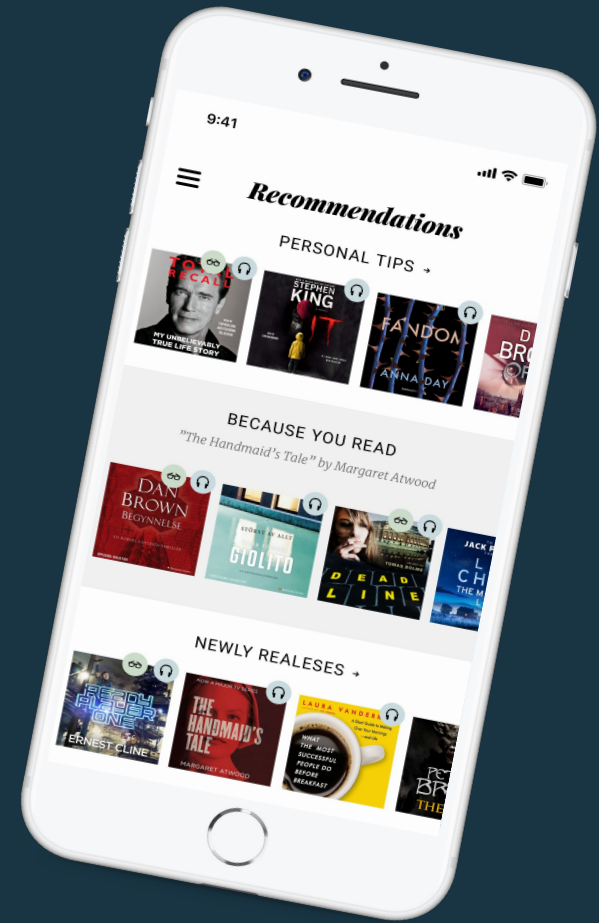
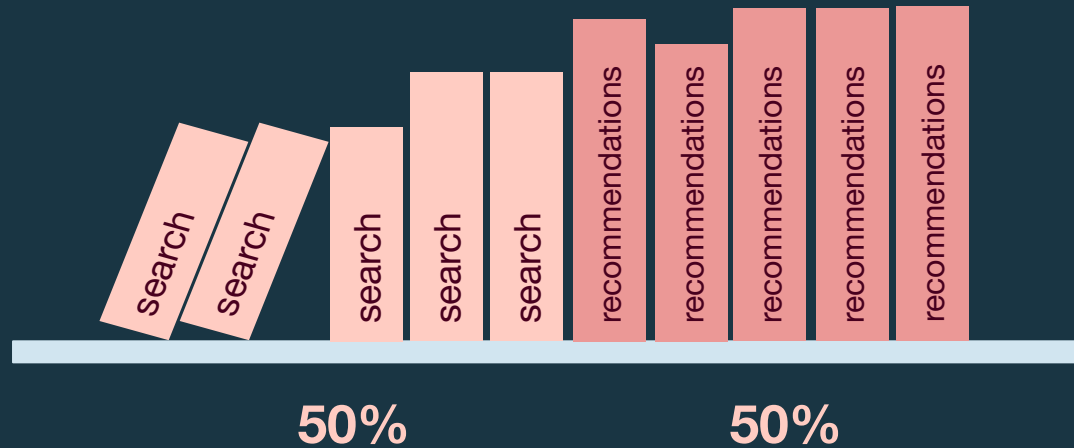
Personalization

Recommendation engine

Inspirational pages

Peer recommendations

50% of what users place in their bookshelf is based on our recommendations



AI-driven match-making with a human touch

Excellent reading experience

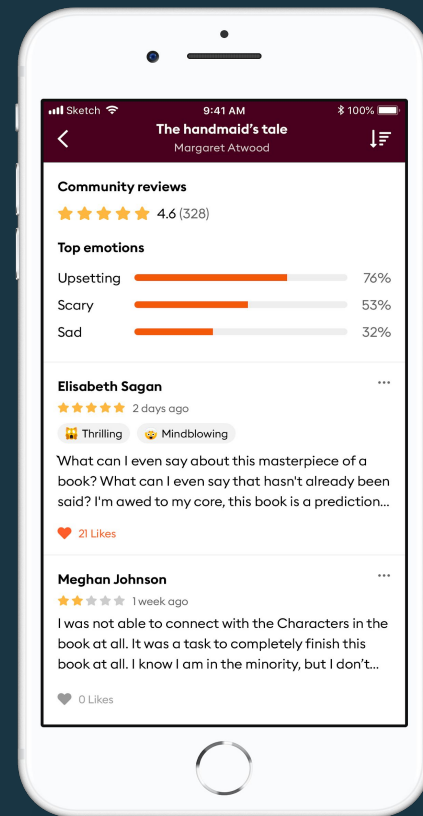
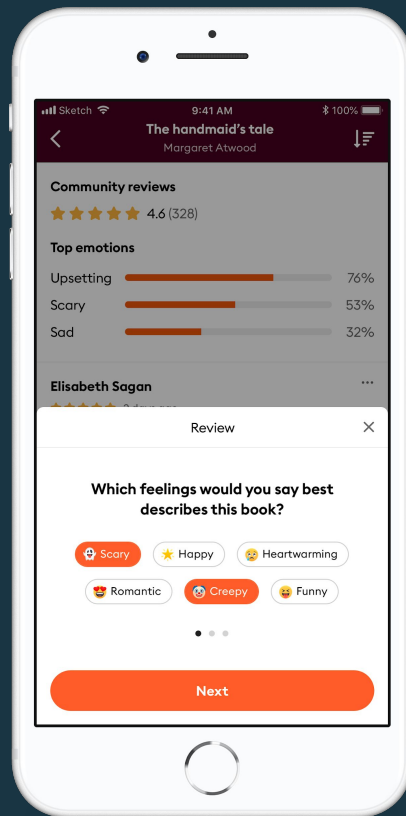
State of the art User Interface

Reading as a social activity

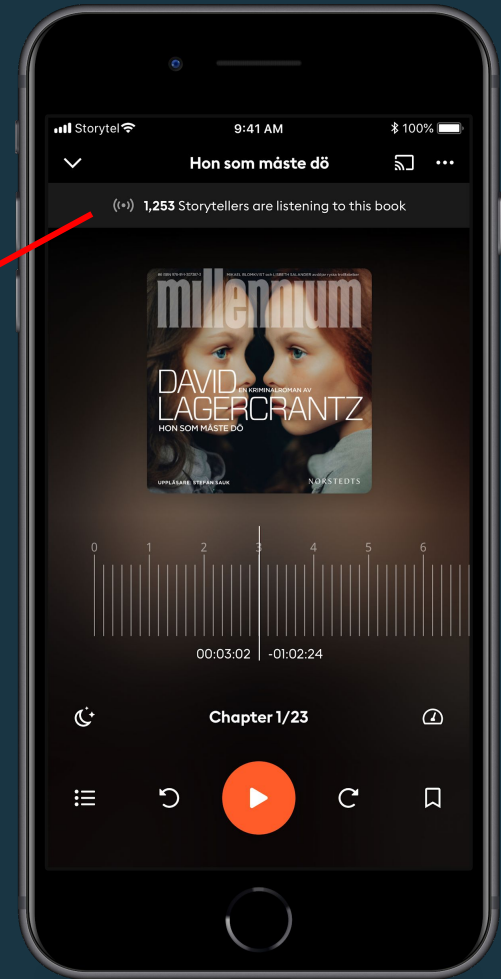
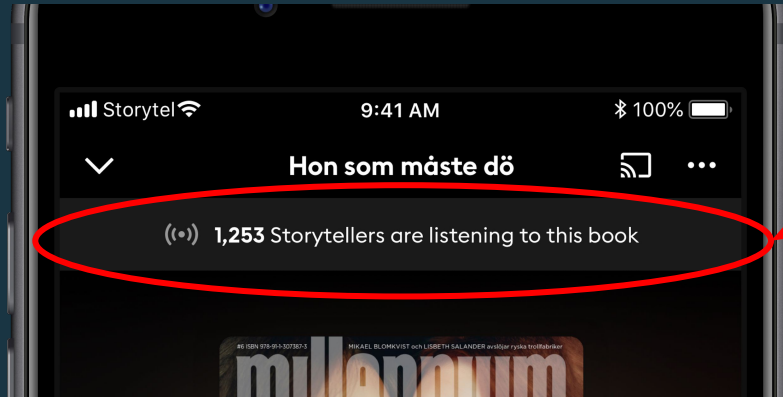
Reading as a social activity

*We are building a **community** for readers and writers, starting with reviews and soon feeling tags*

Which feelings would you say best describes this book?

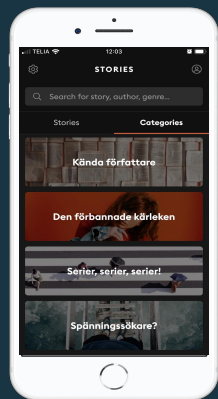


Listening together



*Become part of a social context.
Find out how **many** and when
others are listening to the **same**
book in real time*

Storytel is developing an ecosystem of products that support the core business, drives loyalty and creates uniqueness

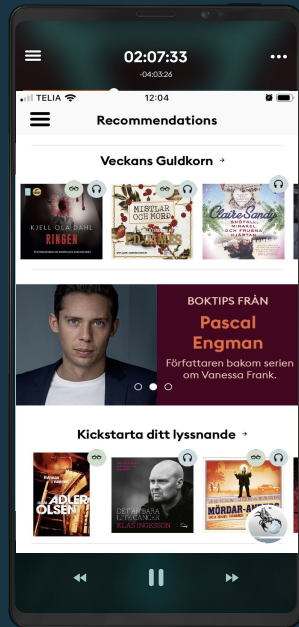


Stories by Storytel



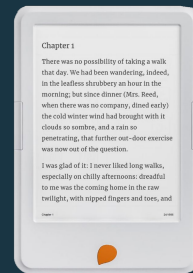
Ztory

New storytelling formats






Storytel's core product

Product/User expansion



Storytel Reader

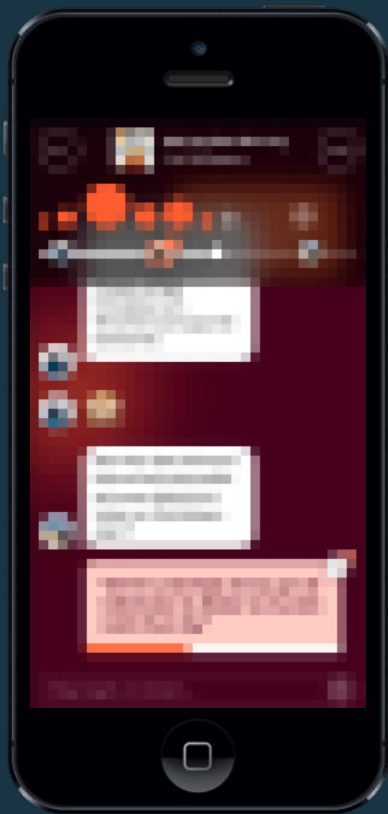
We are building a state of the art service that ...

-  **Adapts to local conditions**
-  **Connects storytellers with readers**
-  **Makes reading social again**

Going forward

A lot of things will happen in the near future ...

... that we cannot show you today



Ingrid Bojner

Commercial

Glocal company



Global synergies for local execution



Value-creation from expansion activities



- **Local...**

- Content
- Production
- Team
- Marketing
- Payment

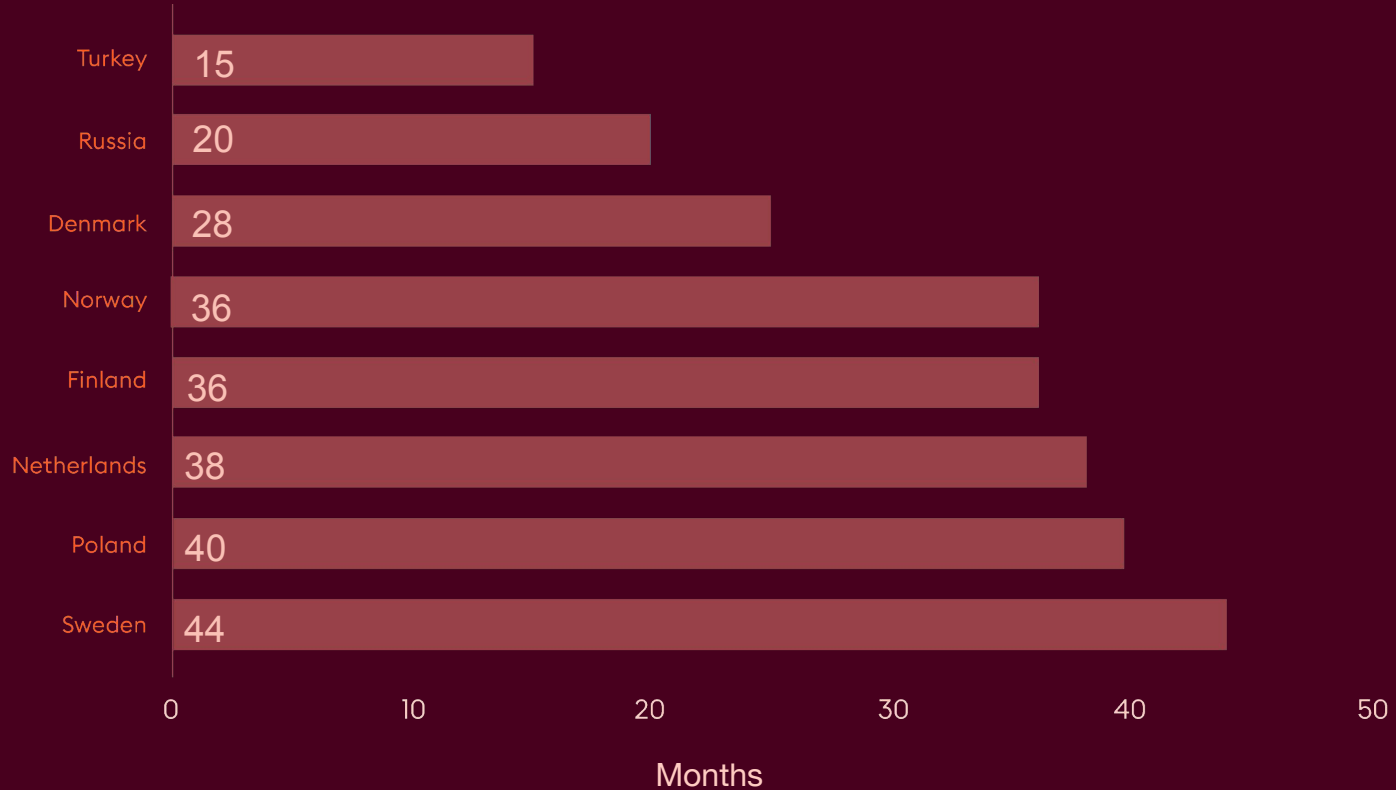
- **Trial & Subscriber base**

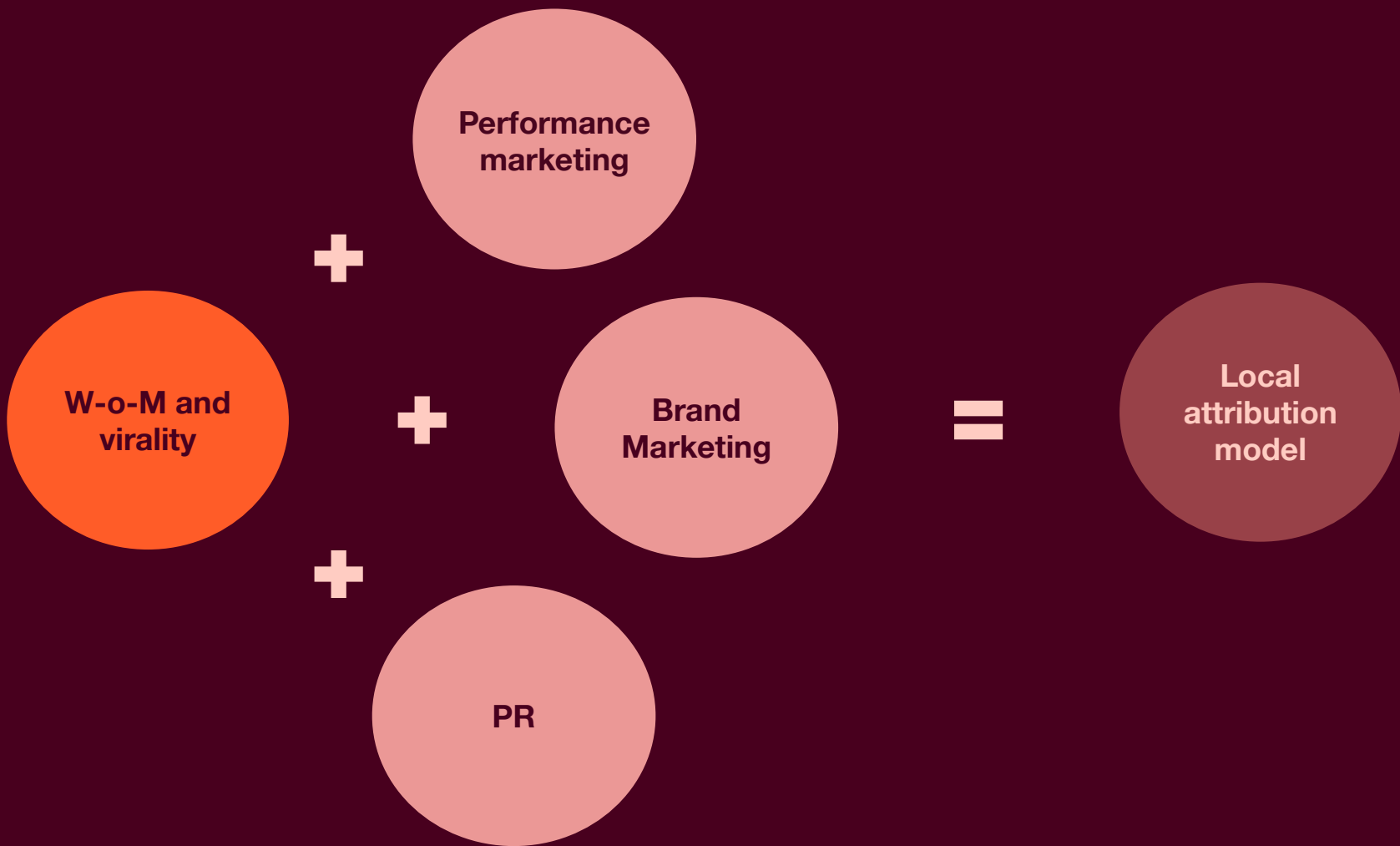
- W-o-M
- Attribution model
- DAU / WAU
- Consumption

- **Growth**

- Offer
- CL/Churn
- CLV/SAC

Number of months to reach 50k subs





A world map with five colored circles pointing to different regions. The circles are: 1. Orange circle (top left) pointing to the Nordic region. 2. Light blue circle (top right) pointing to the APAC region. 3. Dark green circle (bottom right) pointing to the East region. 4. Yellow circle (bottom center) pointing to the West region. 5. Brown circle (bottom left) pointing to the Latin/LATAM region. The map uses a color-coded system: Nordic (orange), APAC (light blue), East (dark green), West (yellow), and Latin/LATAM (brown).

NORDIC:

Sweden
Norway
Denmark
Finland
Iceland

APAC:

India
Singapore
South Korea

LATIN/LATAM:

Spain
Italy
Mexico
Brazil
Colombia

WEST:

Netherlands
Poland
Russia
Germany

EAST:

Turkey
UAE
Bulgaria

Storytel 18y+
subscriber base 5%*

* Penetration level in Sweden of Storytel subscribers / inhabitants 18+

**Storytel 18y+
subscriber base 5%**

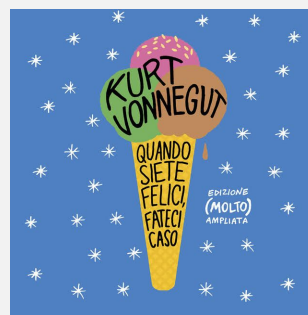
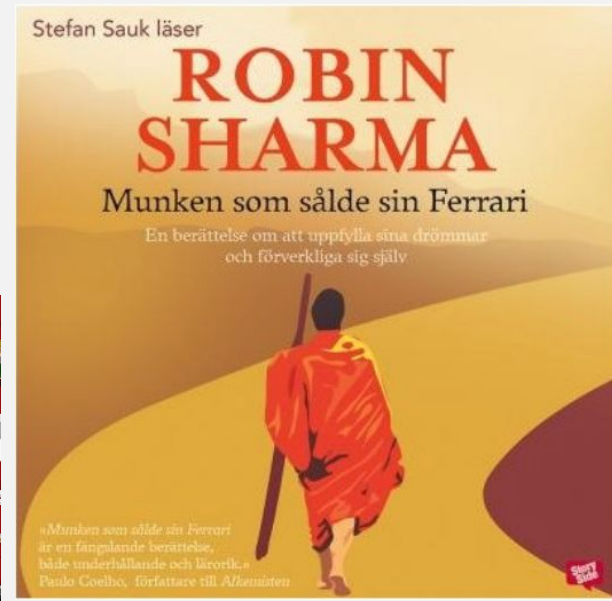
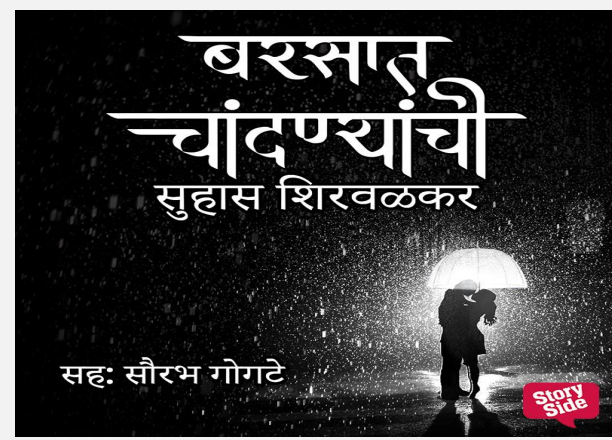
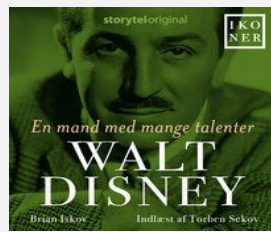
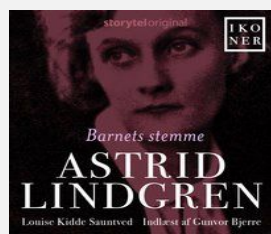
**Same penetration =
40+ million subscribers**

Rickard Henley

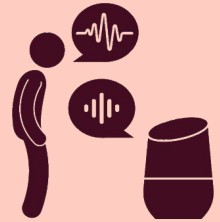
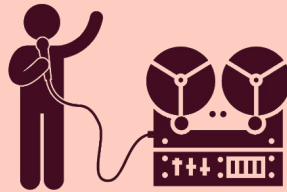
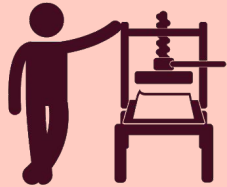
Publishing

The Legend of the Ice People



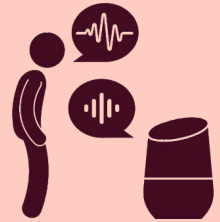
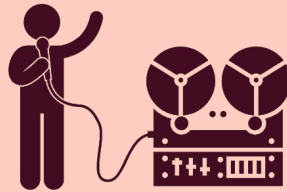
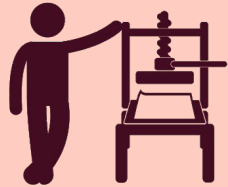


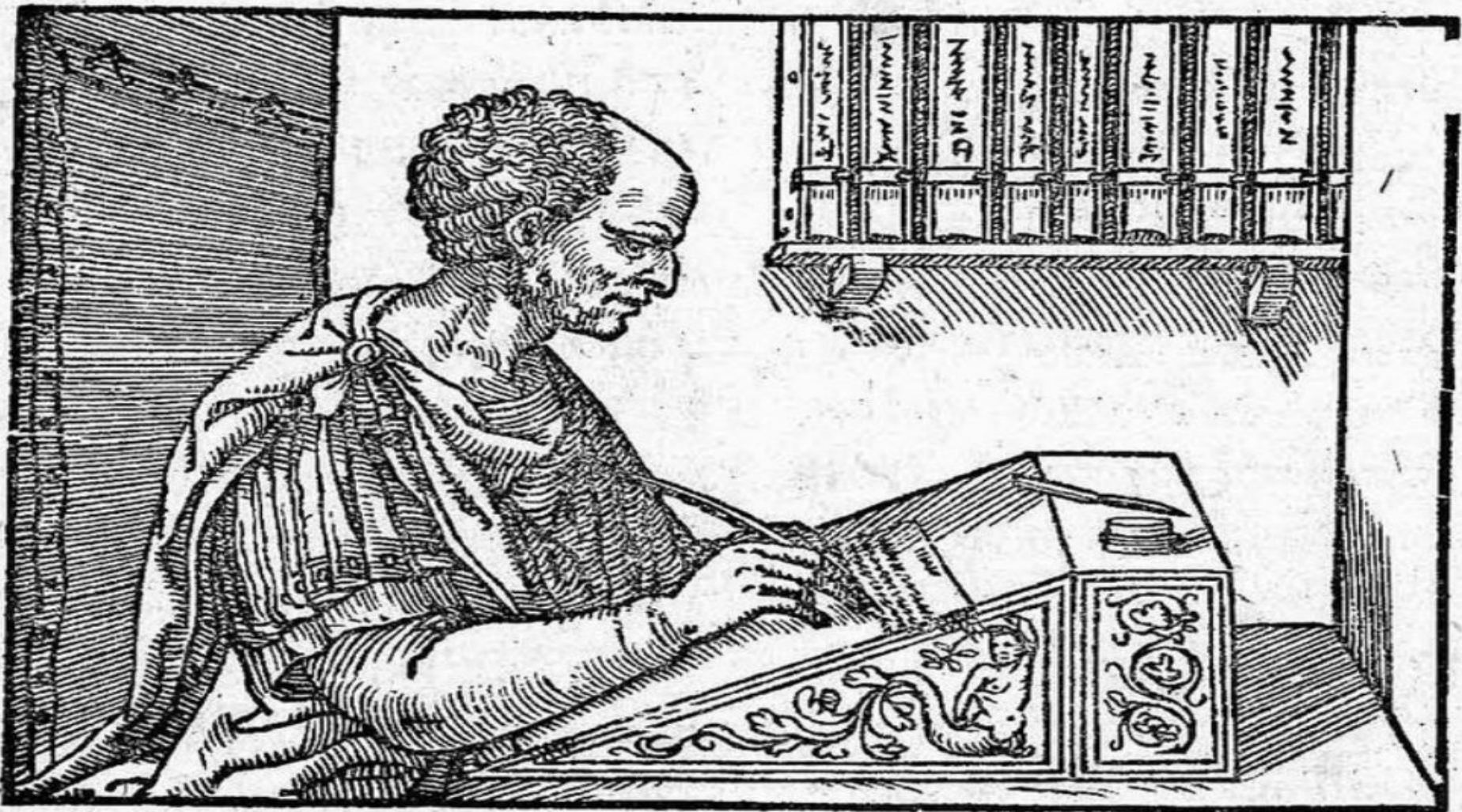
Evolution of (oral) storytelling



BOKiLUR

Evolution of (oral) storytelling





The golden triangle of audio stories







Handbok för superhjältar Del 1: Handboken

av Elias Våhland

och Julia Hallgren

Barn



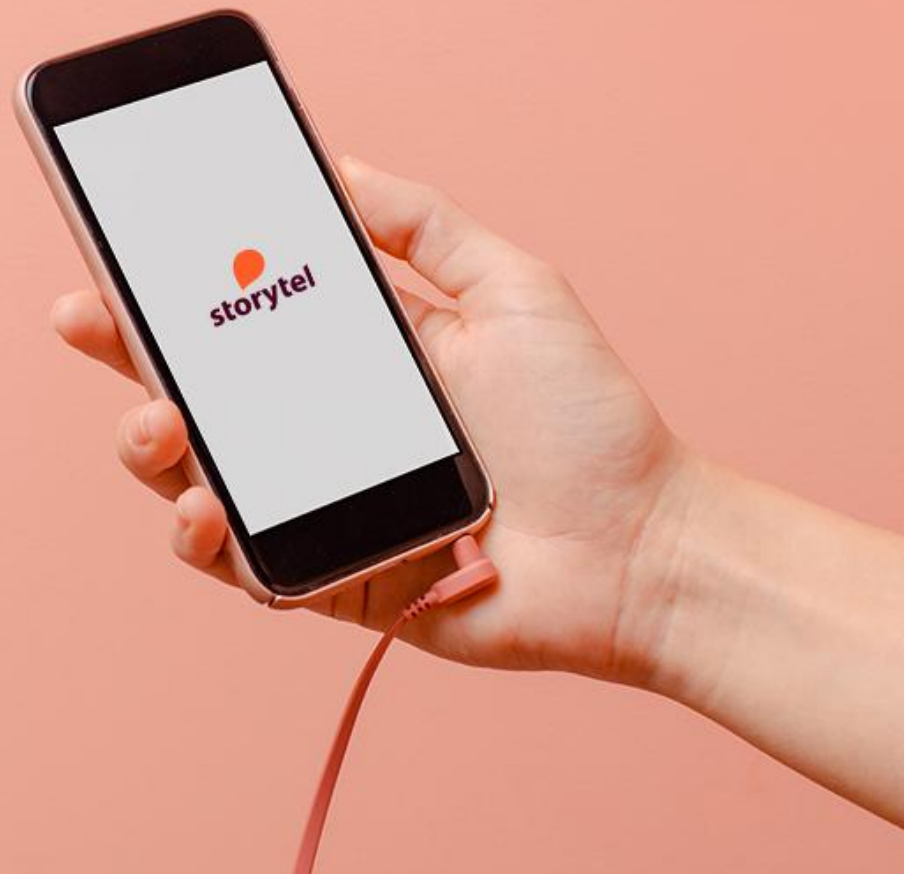
Lazarus

Av Lars Kepler

läst av Jonas M...



Audio First





Less environment

Characters

Time-lapses

More dialogue

Stick to genre

Dramaturgic
arches

To the point

Sound design

Enhancements

Audio dramas

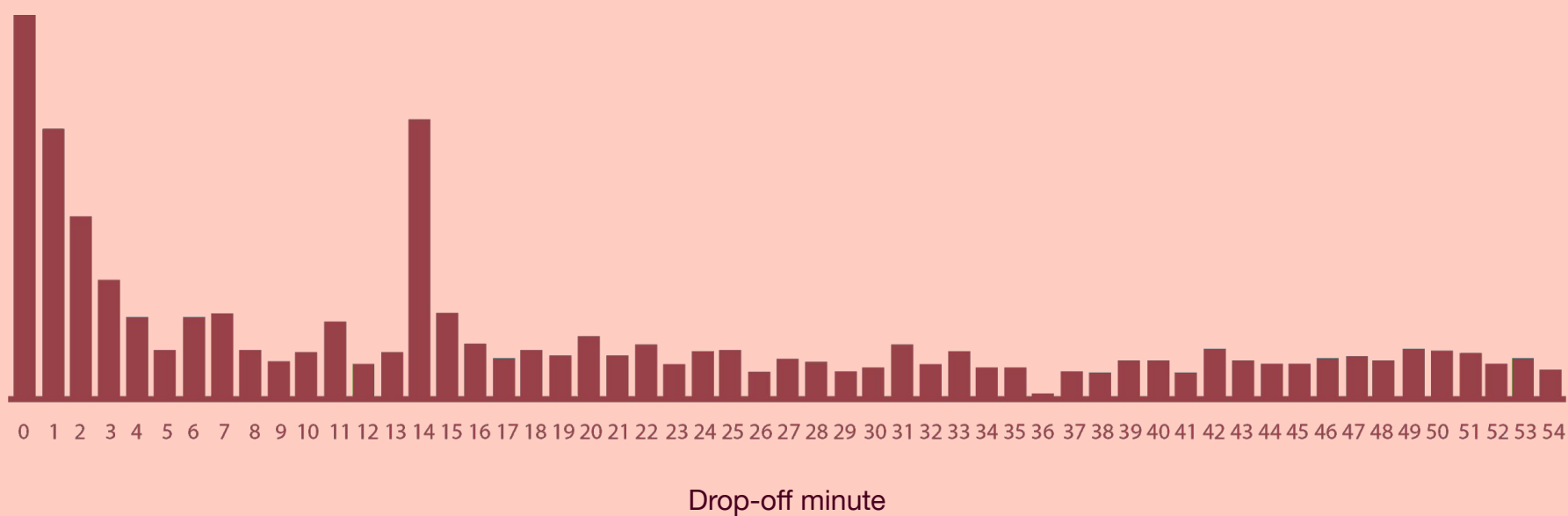
The Narrator



What is
Audio
First?

How we know that the
customer enjoys the
story

Knowing the customer



Storytel Original - creating stories you want to hear

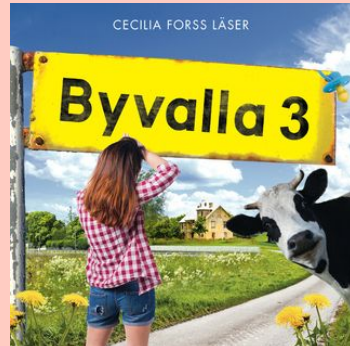
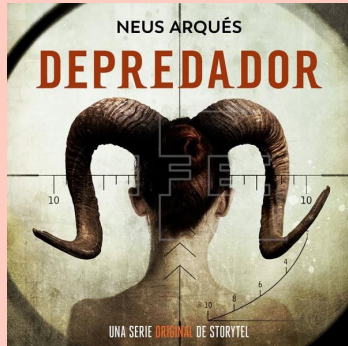
High level of
creative
involvement

Driven by
compelling
narratives

Tailor made
for a specific
audience

Attractive
&
Sticky

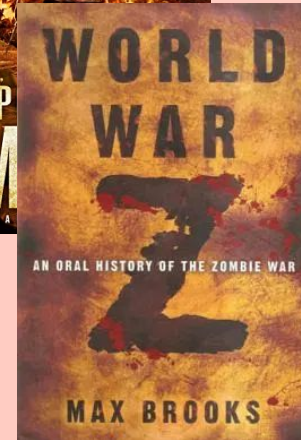
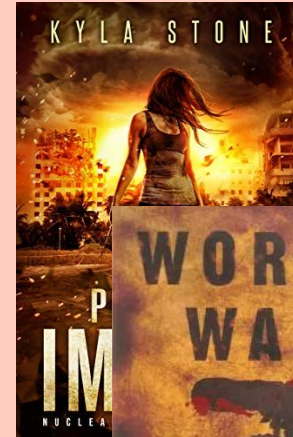
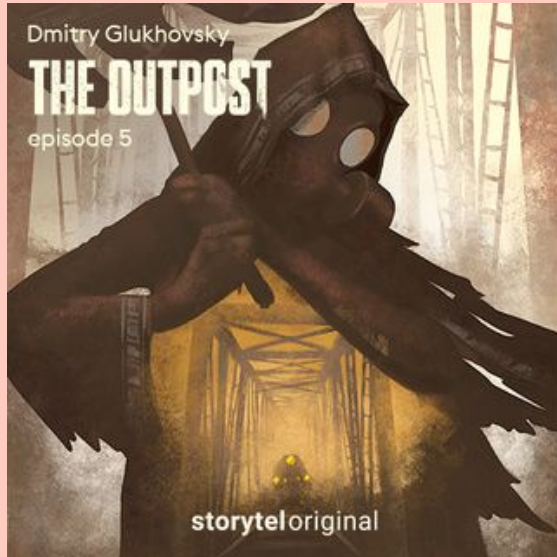
Audio first



From the creator of Metro 2033 - The Outpost



Using profiled projects to activate backlist



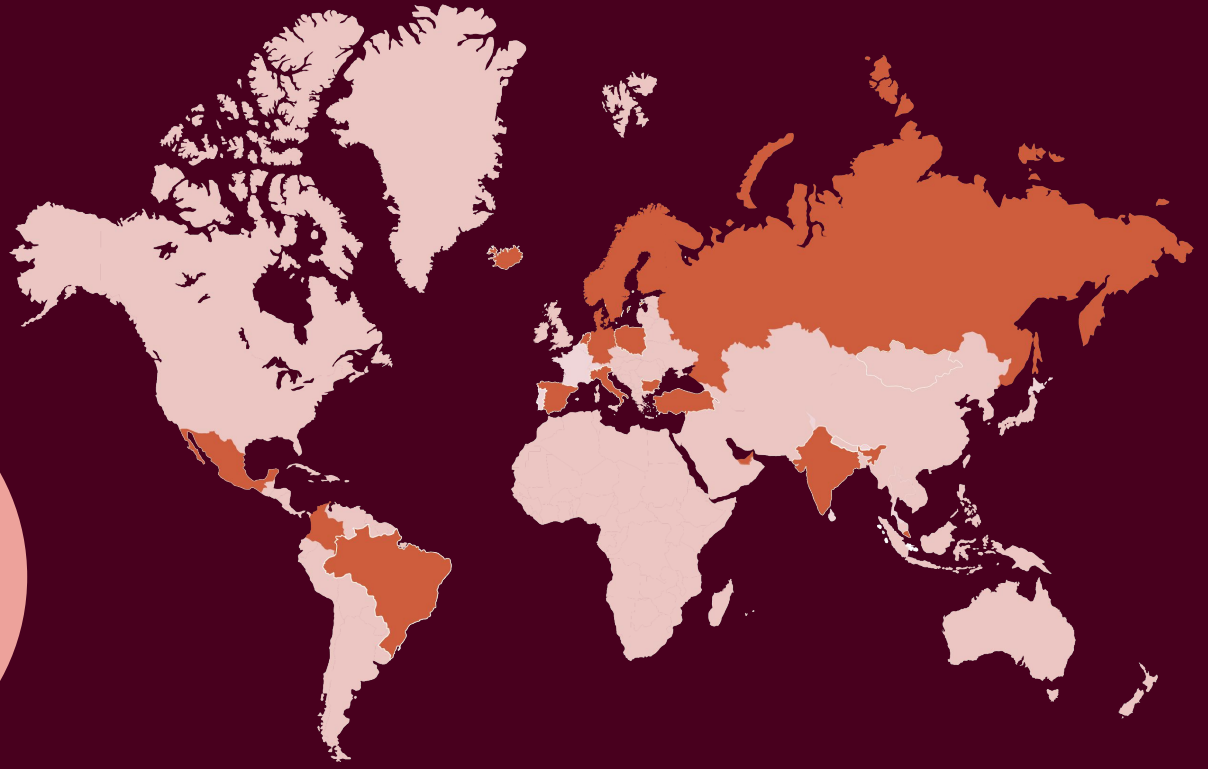
Frontlist

By author

Similar stories

Local & global

**Storytelling
is global,
the stories
are local**





85%

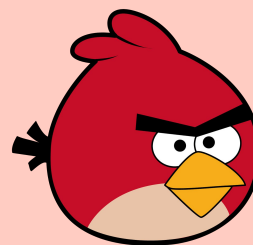
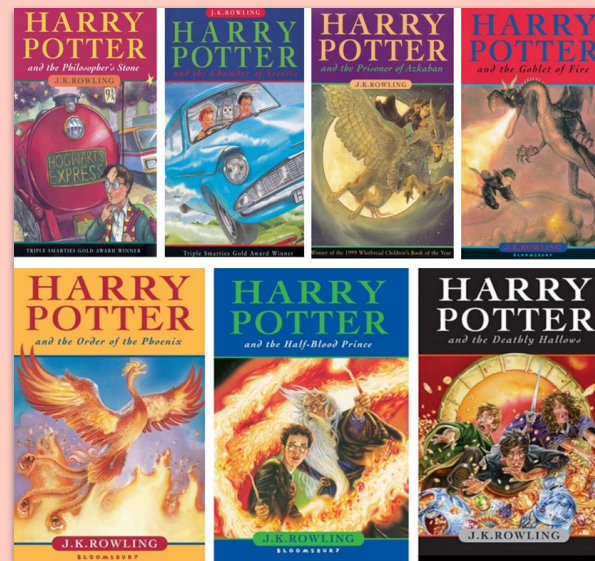
of reading on each Storytel market
is in the local language

86%

of the stories on the top 50 list on
each Storytel market are stories by
local authors



Being strong locally allows Storytel to work with global IP:s and brands





93%

of our audiobooks in *each* local language have been *fully listened to at least once* during 2019

Sofie Zettergren

Finance/Business Administration

- 1. Historical Performance**
- 2. Unit economics and value creation**
- 3. Financial Targets**

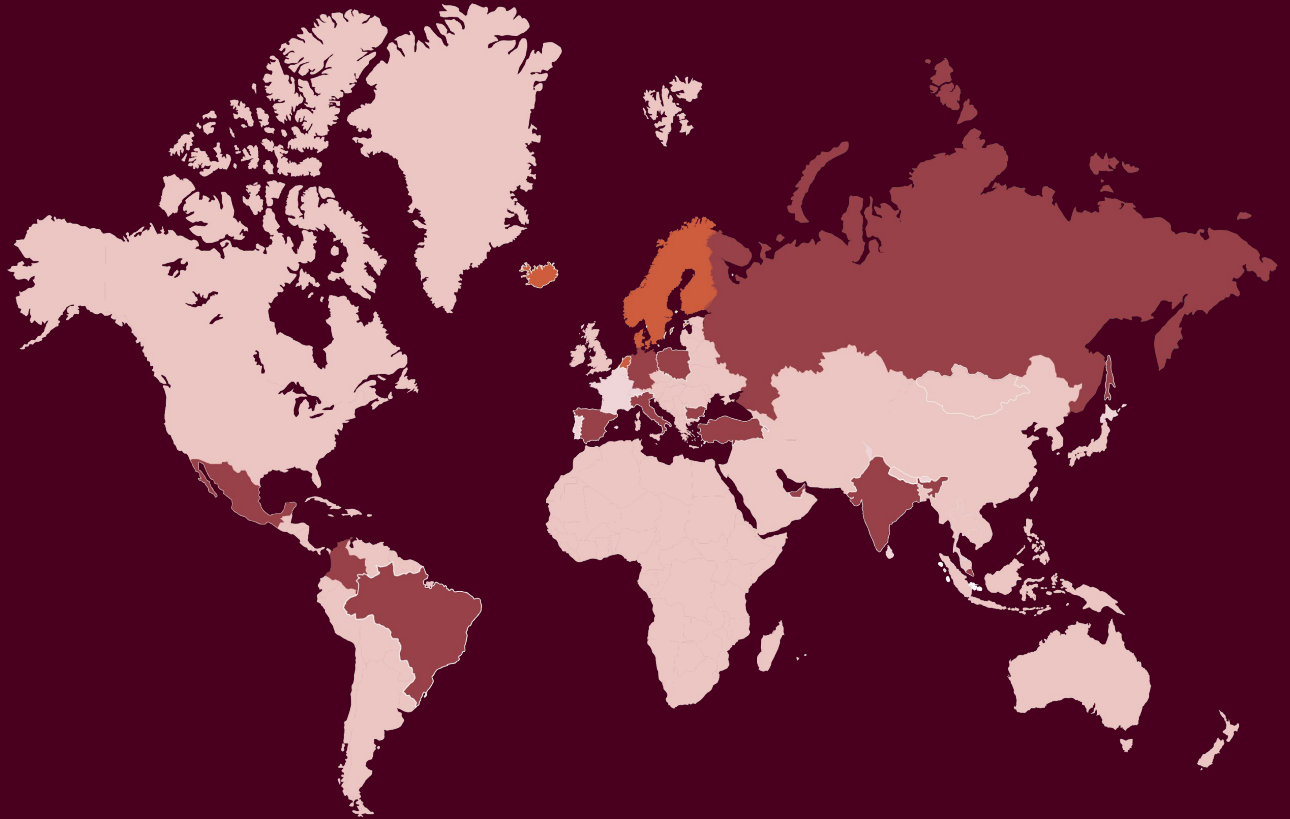
Going from a Nordic to a Global company

Profitable:

Sweden
Norway
Denmark
Iceland
Netherlands

Scaling up:

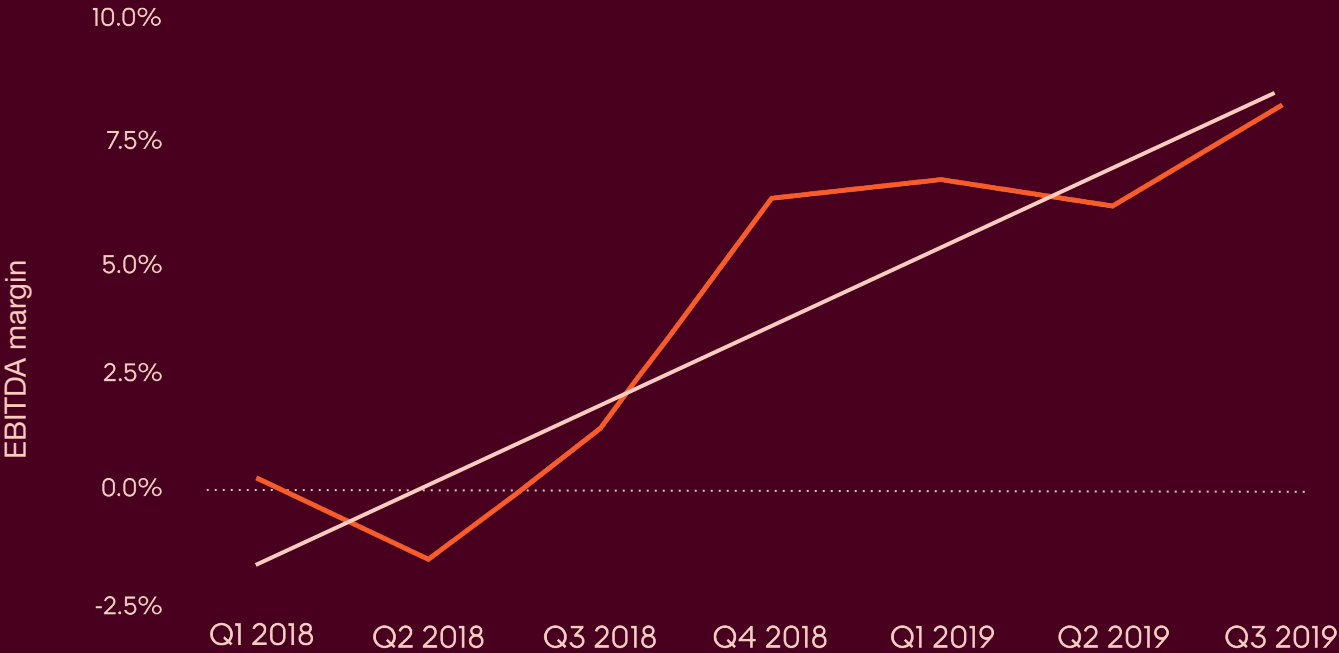
Poland
Finland
Russia
Spain
Turkey
Italy
India
UAE
Bulgaria
Mexico
Singapore
Brazil
Columbia
Germany
South Korea



Launch timeline, continuously turning more markets to profitability



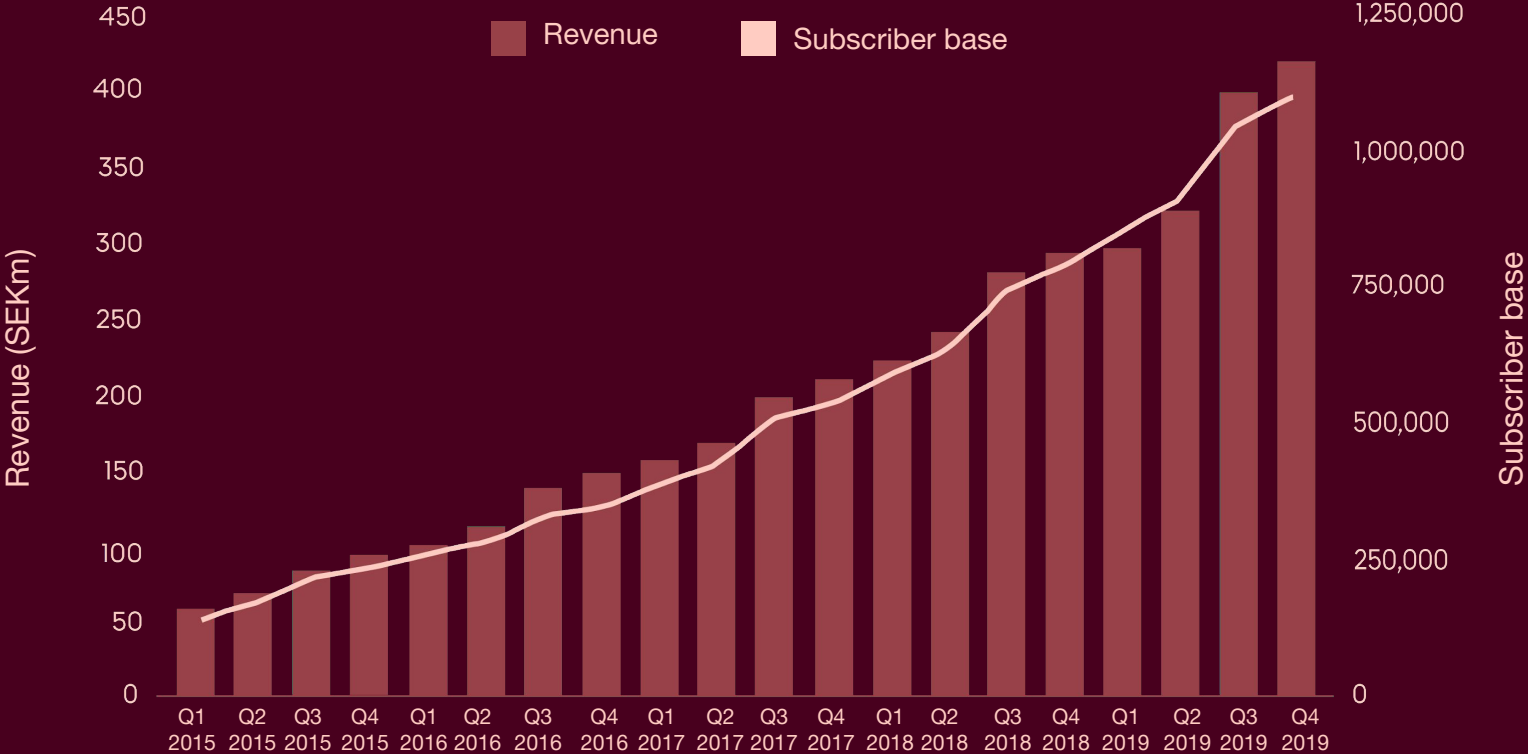
Improved EBITDA* for Nordic markets and markets with >50k subscribers**

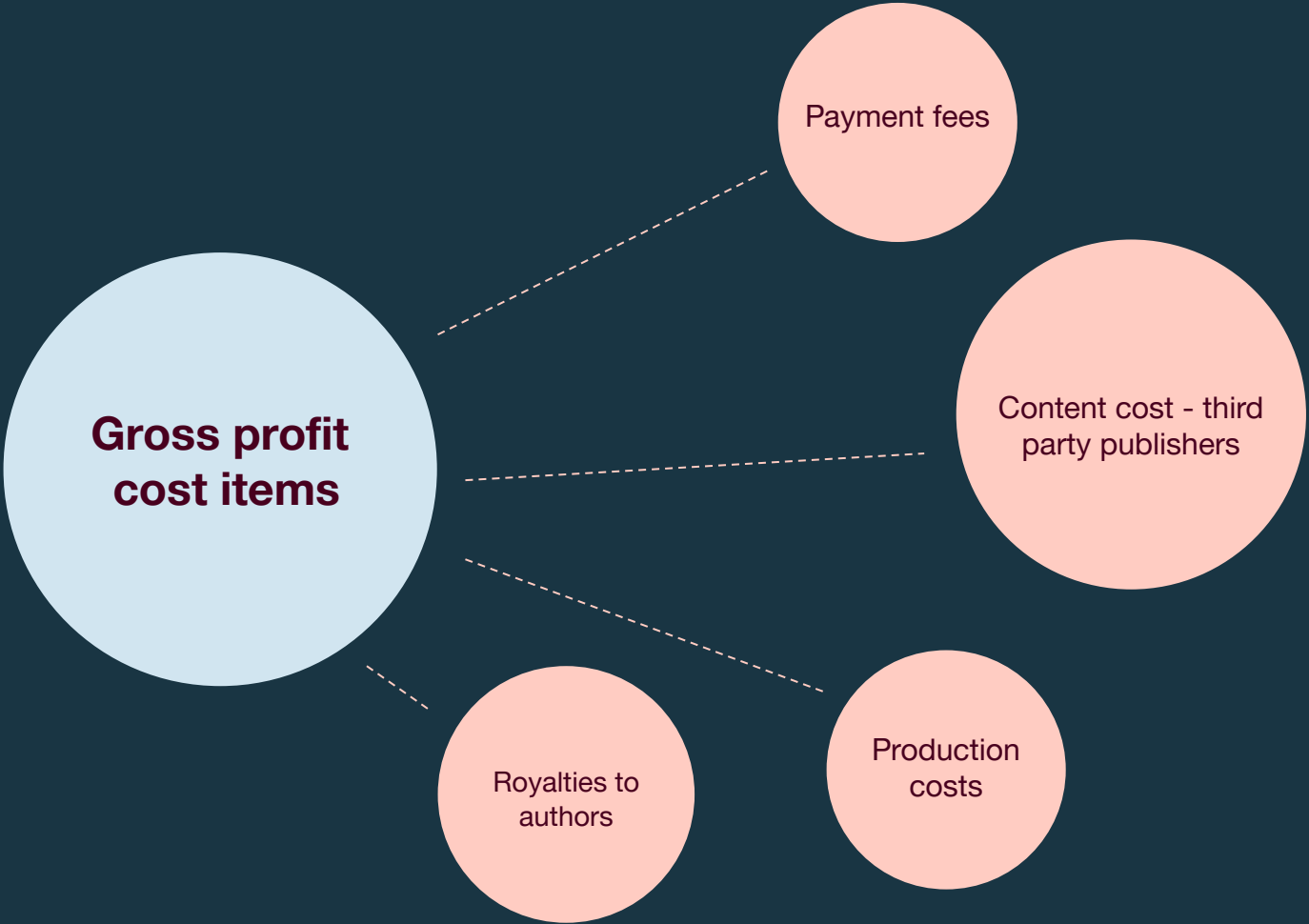


* EBITDA on a local level before allocation of global staff and global overhead costs

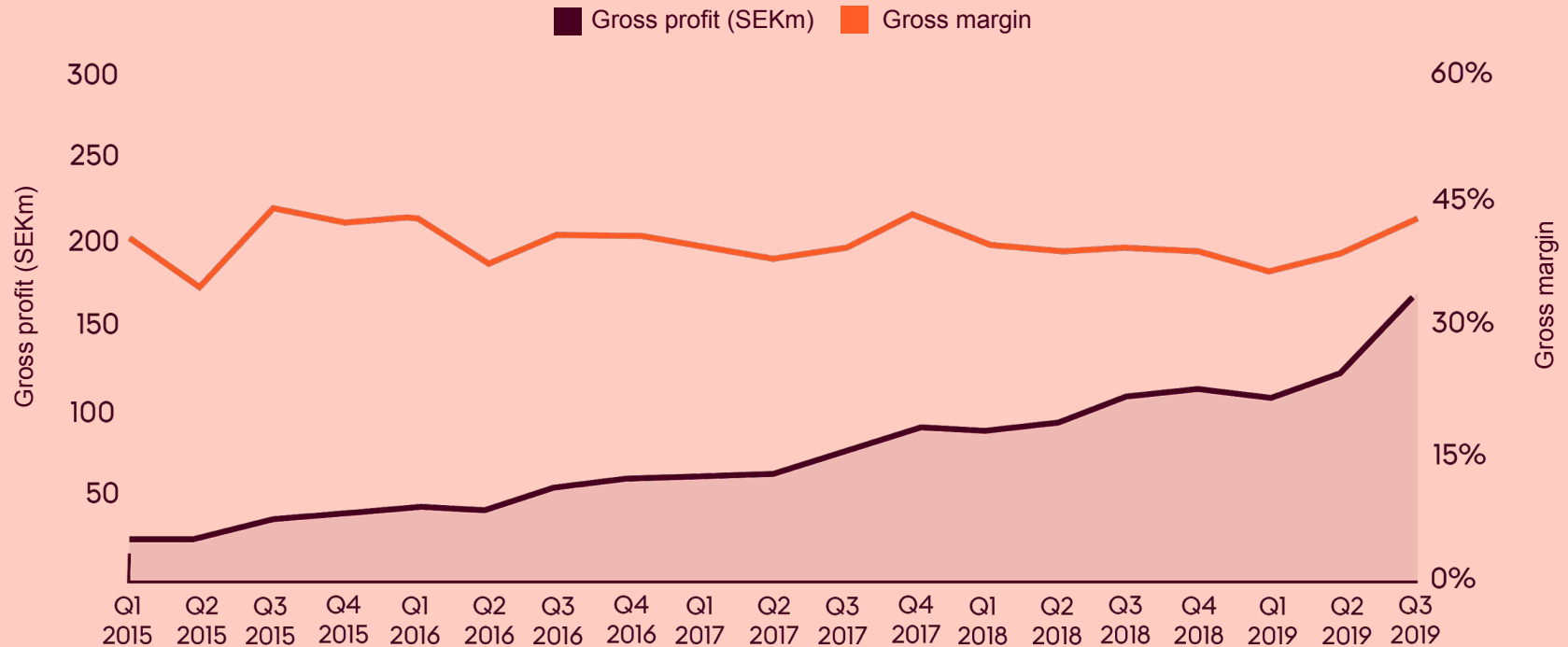
** Nordics and Netherlands, Russia, Poland, Turkey

Strong growth in Streaming revenue and subscriber base development, 2015-2019

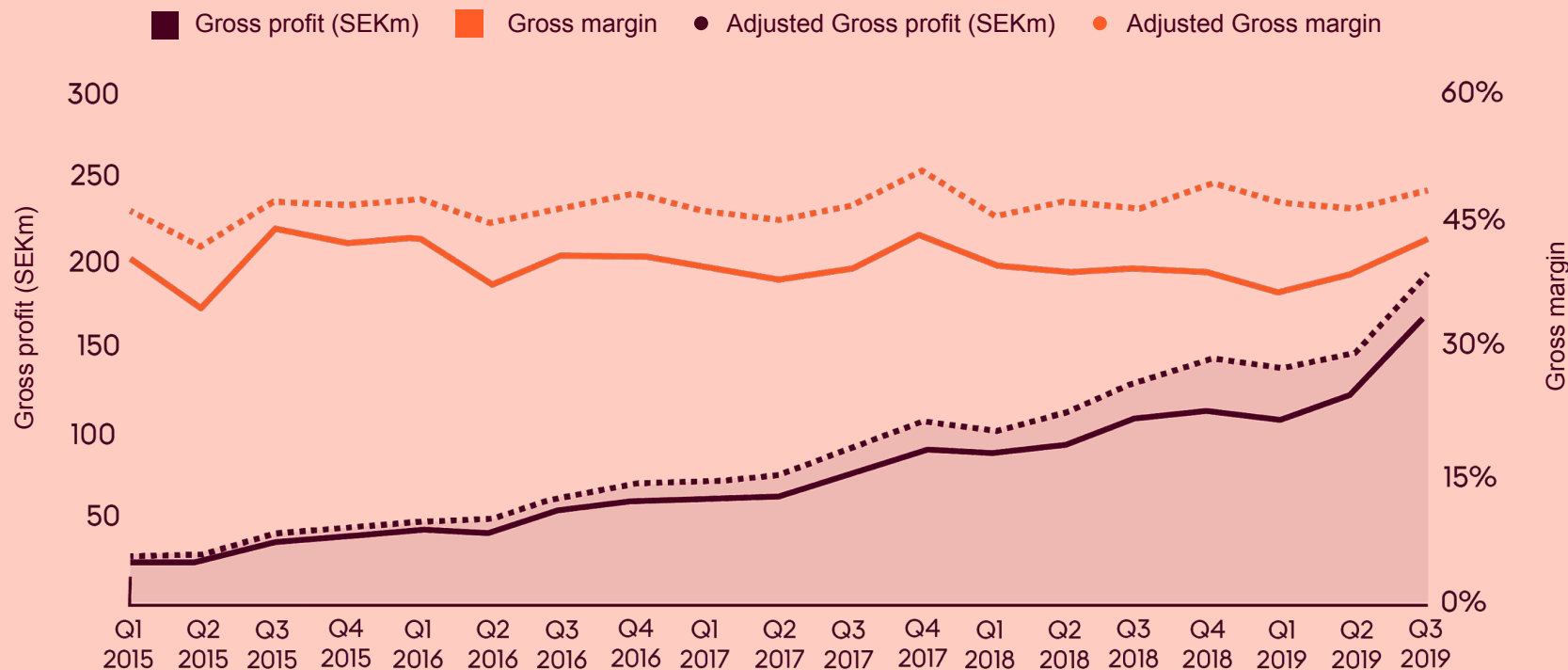




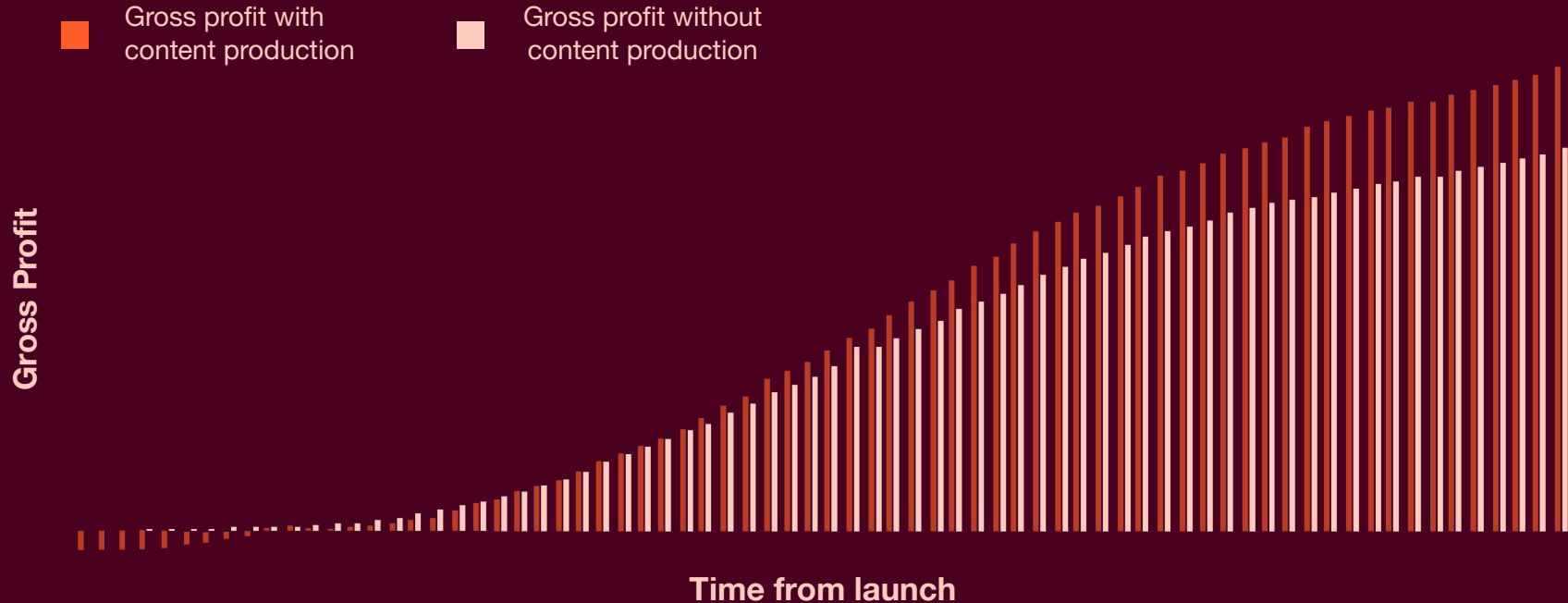
Development of streaming gross profit and gross margin, 2015-2019 to Q3 2019



Development of streaming gross profit and gross margin excluding production costs, 2015-2019 to Q3 2019

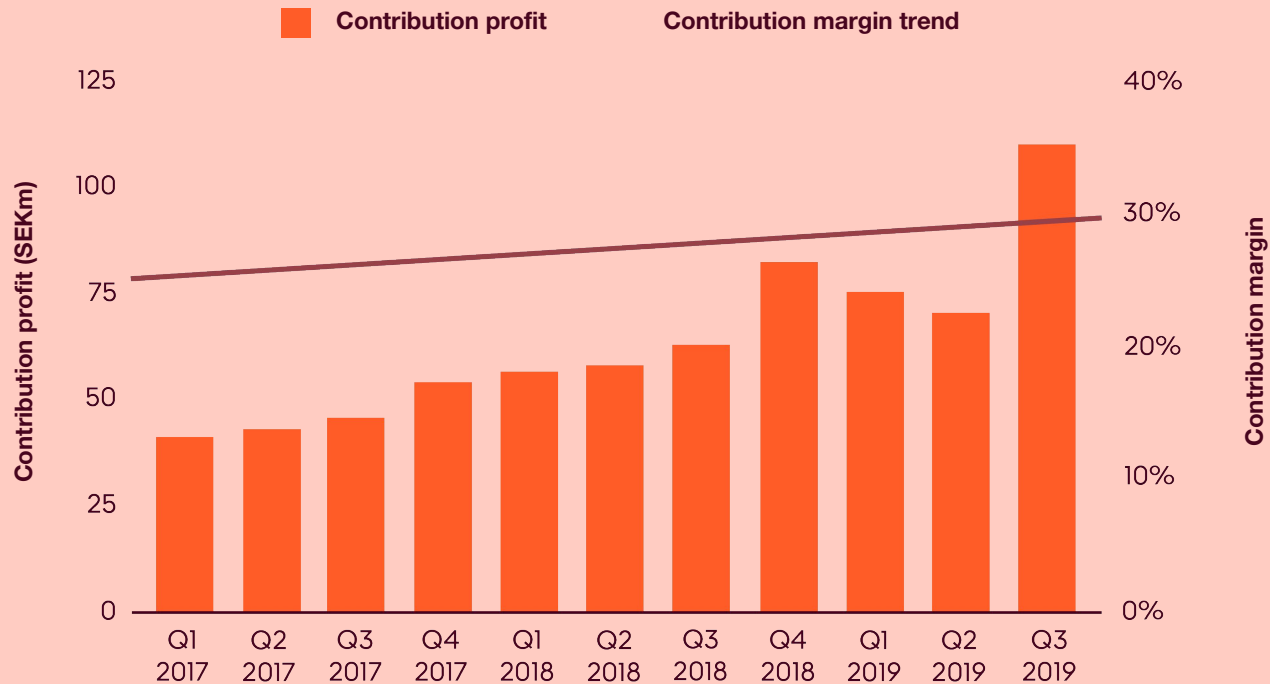


The value of producing books, **short-term losses** for **long-term gains***

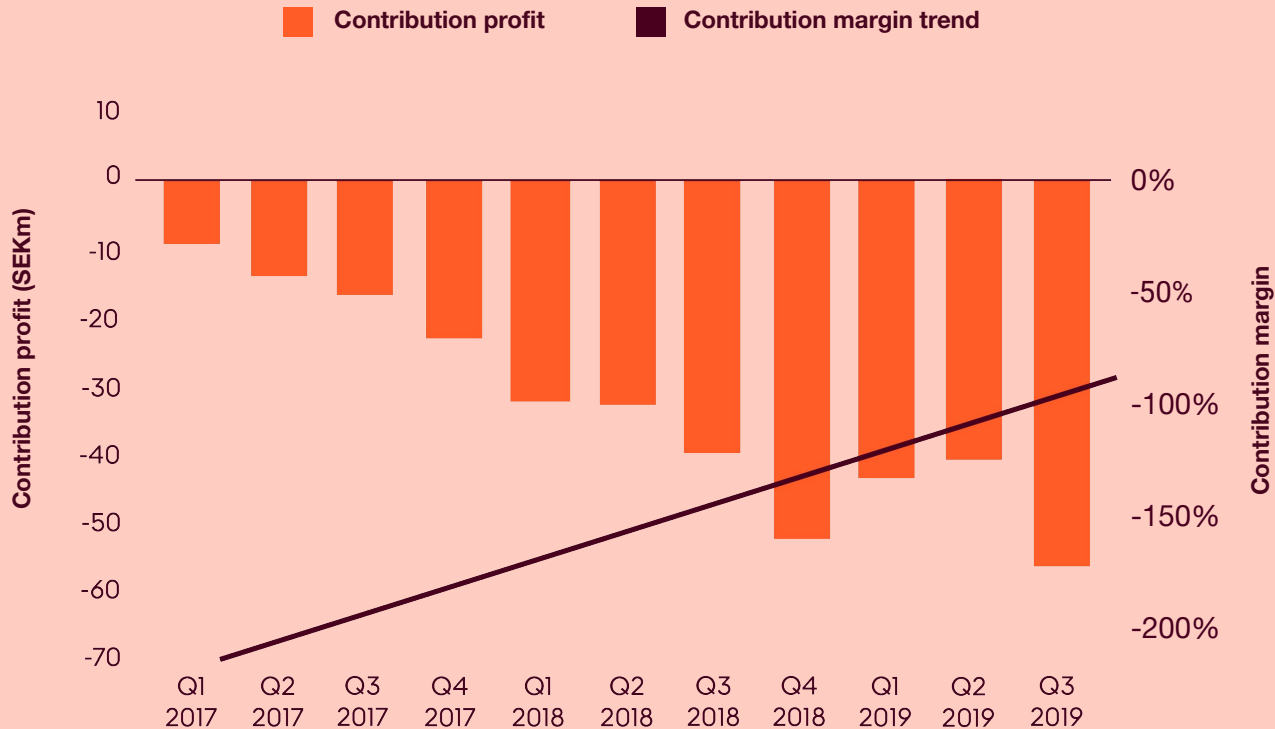


* Illustrative example

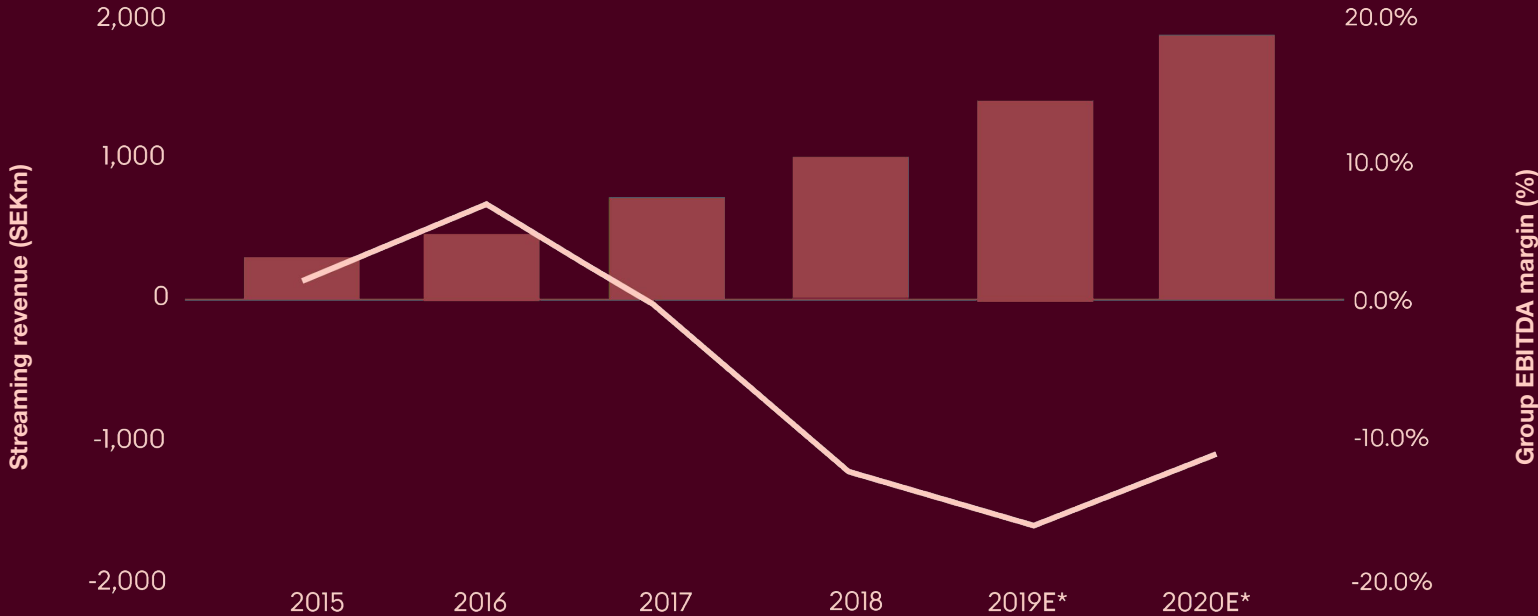
Development of contribution profit and contribution margin - Nordic segment



Development of contribution profit and contribution margin - Non-nordics



Streaming revenue development and Group EBITDA development per year, 2015-2020E



* 2019 EBITDA margin based on forecast, 2020 Streaming revenue and EBITDA margin is based on forecast

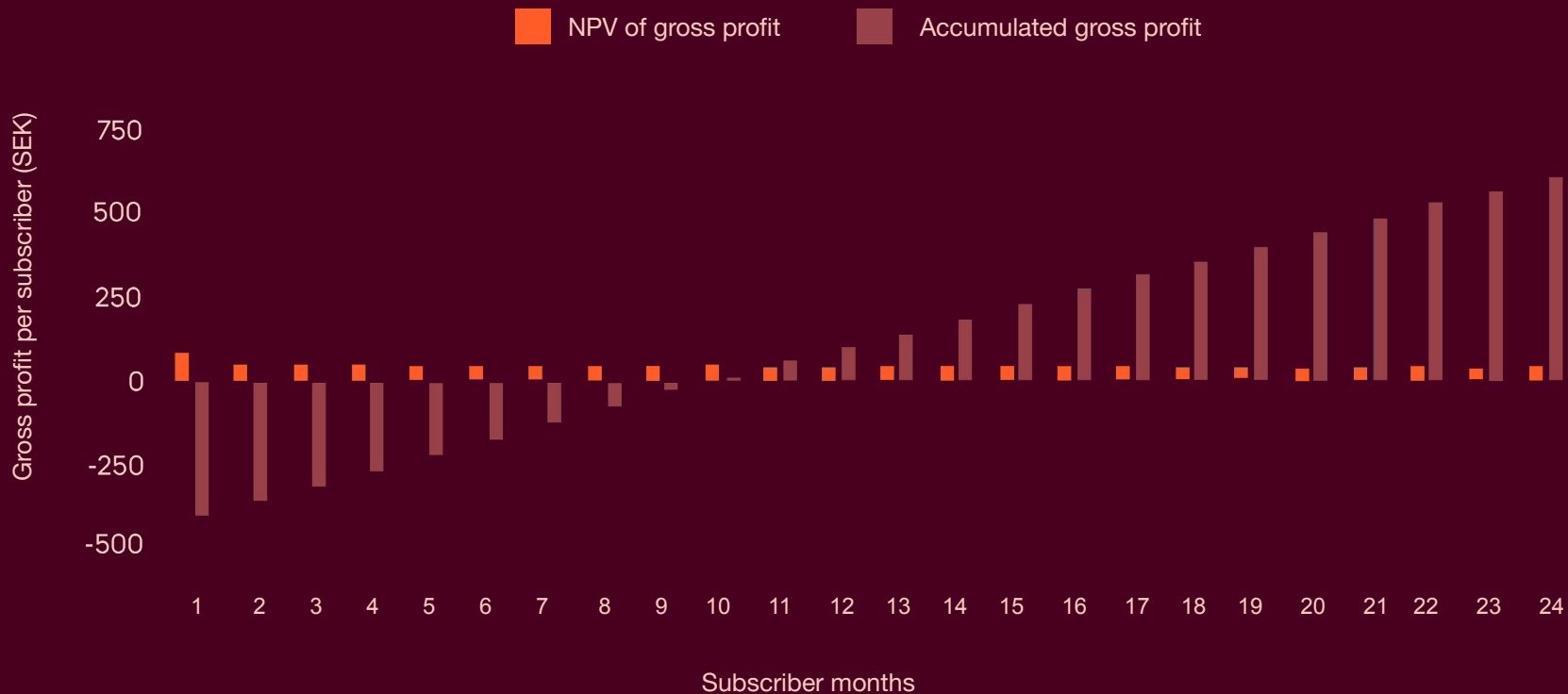
P&L effect with changed accounting rule, Q1-Q3 2019*

<i>Currency: thousand SEK</i>	Jan-Sep 2019 Reported	Jan-Sep 2019 Activated
Revenue	1,310,928	1,310,928
Gross profit	504,906	549,407
Gross margin	38.5%	41.9%
EBITDA	-212,225	-133,610
EBITDA margin	-16.2%	-10.2%

*Only includes production costs including personnel. Other intangible assets, such as R&D investments are not included in analysis

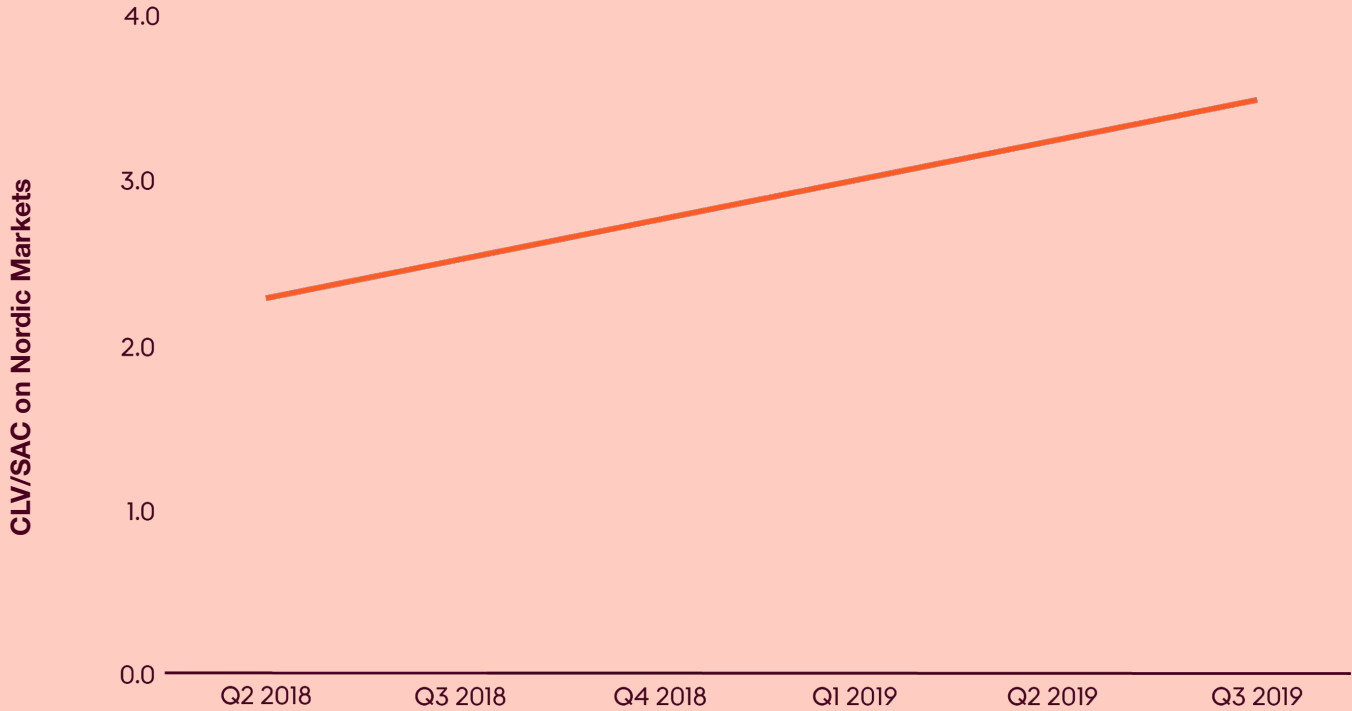
- 1. Historical Performance**
- 2. Unit economics and value creation**
- 3. Financial Targets**

10 months to break-even, on subscribers that stay



Nordic CLV/SAC = 3.5

Continuously improving CLV/SAC, one of our core metrics



Value creation in 3 ways

CLV

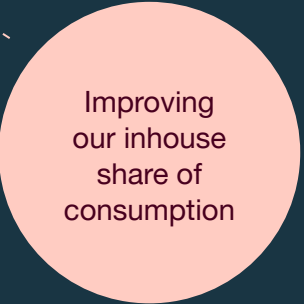
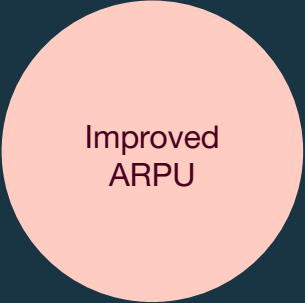


1. Improving gross profit
2. Improving the lifetime of subscribers

SAC



3. Bringing in more subscribers at a lower cost per subscriber



Improving publishing economics

- 1. Historical Performance**
- 2. Unit economics and value creation**
- 3. Financial Targets**

Financial targets

2019



Reach 1.1 M paying subscribers (40% growth)



Grow Streaming revenues to 1.4 BSEK, corresponding to 36-41% growth



16% negative EBITDA margin



Reach Streaming profitability on a local level in at least one additional market



Launch in at least 3 markets

2020

Reach 1.5 M paying subscribers (36% growth)

Grow Streaming revenues to 1.9 - 2 BSEK, corresponding to 32-35% growth

10 - 12% negative EBITDA margin

Reach Streaming profitability on a local level in 2-4 additional markets

Launch in 1-3 markets

2023

~40% CAGR on paying subscribers

~35 % CAGR on Streaming revenues

Growth before profitability with improved CLV/SAC

Reach Streaming profitability on a local level within 5 years from launch

Launch in 20+ markets

Jonas Tellander

CEO & Co-Founder

Storytel organisation

**Commercial
(Ingrid)**

**Development
(Stefan)**

**Publishing
(Rickard)**

**Business
Administration
(Sofie)**

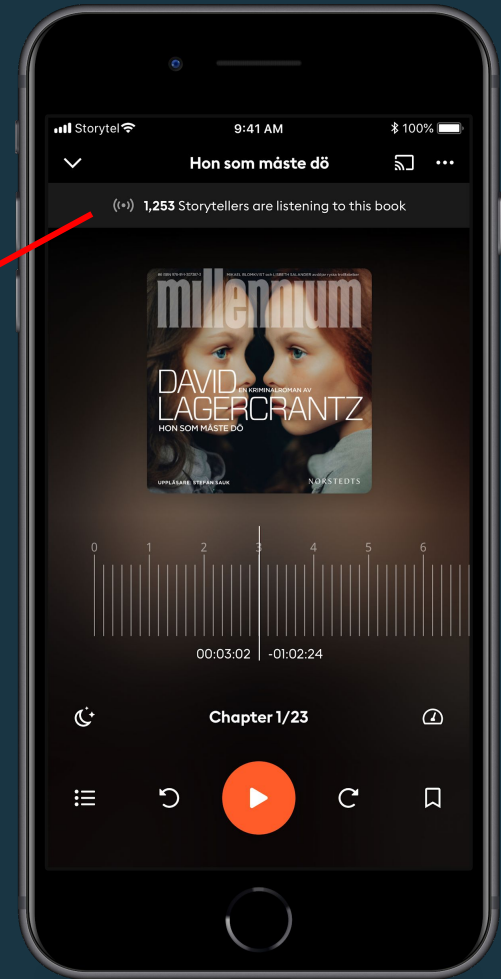
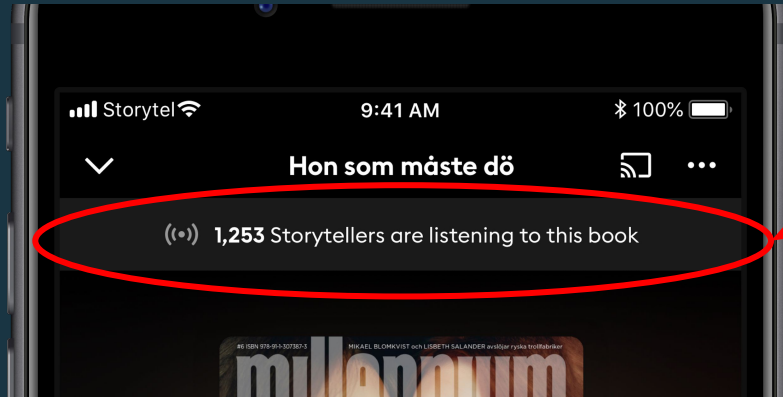
Meaningful recreation



Cure for people's everyday problems



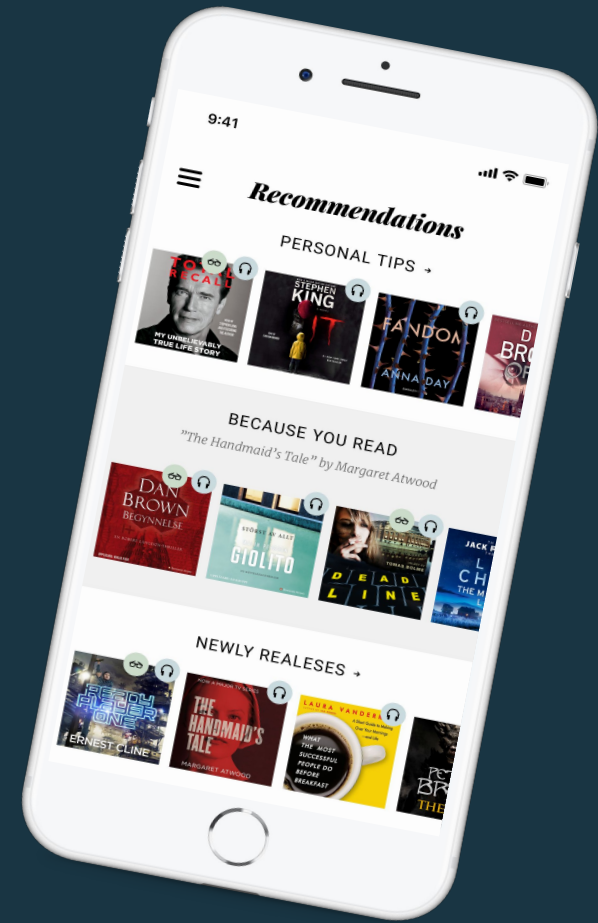
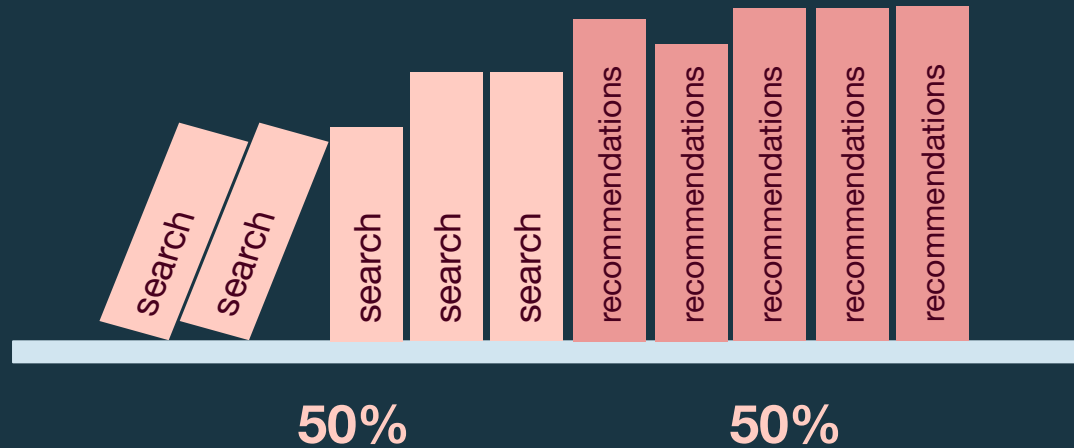
Listening together



*Become part of a social context.
Find out how **many** and when
others are listening to the **same**
book in real time*

**Our average user
spends 30 h per month
on our platform**

50% of what users place in their bookshelf is based on our recommendations



AI-driven match-making with a human touch

The golden triangle of audio stories



Value creation in 3 ways

CLV



1. Improving gross profit
2. Improving the lifetime of subscribers

SAC



3. Bringing in more subscribers at a lower cost per subscriber

A world map with five colored circles pointing to different regions. The circles are: 1. Orange circle (top left) pointing to the Nordic region. 2. Light blue circle (top right) pointing to the APAC region. 3. Dark green circle (bottom right) pointing to the East region. 4. Yellow circle (bottom center) pointing to the West region. 5. Brown circle (bottom left) pointing to the Latin/LATAM region. The map uses a color-coded system where each region is highlighted in a unique color corresponding to its callout circle.

NORDIC:

Sweden
Norway
Denmark
Finland
Iceland

APAC:

India
Singapore
South Korea

LATIN/LATAM:

Spain
Italy
Mexico
Brazil
Colombia






WEST:

Netherlands
Poland
Russia
Germany

EAST:

Turkey
UAE
Bulgaria

Sustainable competitive advantages

-  Loyal subscriber base
-  Brand synonymous with storytelling
-  Proprietary publishing catalogue
-  Book industry reputation
-  Know-how and company culture

Global market opportunity - Audiobooks

in billion SEK

Storytel 5% market share

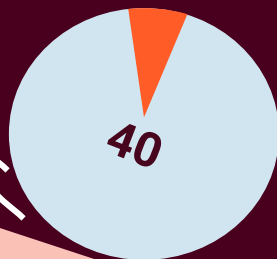
Storytel X% market share

6

2010

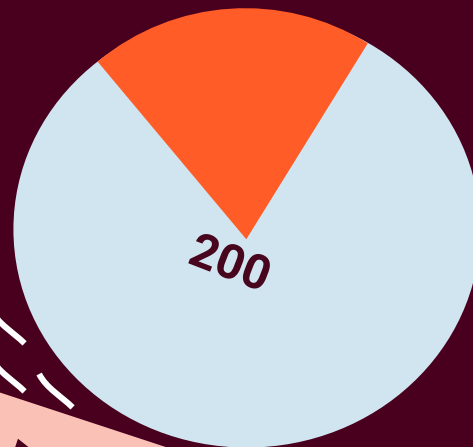
CAGR
20%

2020



CAGR
15%

2030





Stockholm

Read the
you z

AAA	100.00	100.00	AAA	100.00	100.00
AA	95.00	95.00	AA	95.00	95.00
A	90.00	90.00	A	90.00	90.00
B	85.00	85.00	B	85.00	85.00
C	80.00	80.00	C	80.00	80.00
D	75.00	75.00	D	75.00	75.00
E	70.00	70.00	E	70.00	70.00
F	65.00	65.00	F	65.00	65.00
G	60.00	60.00	G	60.00	60.00
H	55.00	55.00	H	55.00	55.00
I	50.00	50.00	I	50.00	50.00
J	45.00	45.00	J	45.00	45.00
K	40.00	40.00	K	40.00	40.00
L	35.00	35.00	L	35.00	35.00
M	30.00	30.00	M	30.00	30.00
N	25.00	25.00	N	25.00	25.00
O	20.00	20.00	O	20.00	20.00
P	15.00	15.00	P	15.00	15.00
Q	10.00	10.00	Q	10.00	10.00
R	5.00	5.00	R	5.00	5.00
S	0.00	0.00	S	0.00	0.00

Thanks.