



**FOR IMMEDIATE RELEASE**

19 October 2011

## **Transcom announces fully underwritten rights issue of SEK 500 million**

**Luxembourg, 19 October 2011**

- **Rights issue of approximately SEK 500 million with preferential subscription rights for Transcom's shareholders**
- **The rights issue is fully underwritten by Transcom's largest shareholders**
- **The terms of the rights issue, including subscription price, will be determined and announced around November 17, 2011**
- **Subject to the approval of the rights issue by the Extraordinary General Meeting on November 21, 2011, the subscription period is expected to be from November 29 up to and including December 16, 2011**
- **Transcom has agreed on a refinancing of its credit facility**
- **The equity issue and the bank refinancing will strengthen the capital base of the company and give the company increased financial and operational flexibility in the execution of the transformation plan the company is currently engaged in**

### **Background and Reasons**

During the past two years, Transcom has been implementing a transformation program with the objective of accelerating sales growth, improving underperforming areas and changing the company technology and portfolio footprint. Despite the progress achieved in developing sales opportunities, the evolution of Transcom's revenues during the first half of 2011 as well as the market dynamics required that the company revisited its delivery infrastructure.

Based on this development, Transcom in June 2011 decided to launch a restructuring and rightsizing plan aimed at adjusting its delivery capacity to the current book of business, strengthening global competitiveness and increasing operational efficiency. The total costs for the plan amounts to EUR 32.8 million and is expected to result in annualised savings of approximately EUR 10 – 12 million when fully implemented. The implementation of the program is proceeding according to plan.

The costs associated with the restructuring plan together with the underlying negative results during the second quarter of 2011 have led to an increase in the company's debt position. At the end of the third quarter 2011, net debt to EBITDA amounted to 4.2 on a rolling 12 month basis compared to 2.5 at the beginning of the year. The existing Revolving Credit Facility matures in



April 2012 and is therefore recorded as short term debt (see further "Refinancing of Credit Facility" below).

In the light of the restructuring program and the upcoming refinancing of the credit facility, the Board of Directors of Transcom has conducted a review of the financing structure of the company. Based on this review, the Board of Directors of Transcom has concluded that a strengthened equity capital base will give the company a desired increased financial and operational flexibility.

The Board of Directors of Transcom has therefore resolved, subject to approval by an extraordinary general meeting, to undertake a rights issue of new shares of approximately SEK 500 million with preferential rights for the company's shareholders<sup>1</sup>.

The Board of Directors of Transcom has also resolved, as a consequence of the rights issue, to propose to the extraordinary general meeting, to reduce the nominal value per share of Transcom from EUR 0.43 to EUR 0.043 and to pass certain other resolutions in order to implement the rights issue, including making certain other amendments to the articles of association, amongst other to offset the impact of the reduction of the nominal value on the preferred dividend right for class B shares.

### **Refinancing of Credit Facility**

Transcom has agreed with its lenders (DnB NOR Bank ASA, Norge, Filial Sverige, Skandinaviska Enskilda Banken AB (publ) and Svenska Handelsbanken AB (publ)) on a refinancing of the current credit facility, which would have matured in April 2012. The new facility of EUR 125 million is partly amortising and has a time to maturity of 3 years. The facility includes covenants such as restrictions on leverage and minimum interest coverage, and imply further reductions in the company's leverage. The new facility is subject to completion of the rights issue.

### **Terms of the rights issue**

In accordance with the laws of Luxembourg, where Transcom has its registered seat, holders of class A shares and holders of class B-shares in Transcom will have preferential rights to subscribe for new shares of both class A and B in proportion to their existing holdings, irrespectively of whether such existing holdings consist of class A or class B shares. Subscriptions may also be submitted without preferential rights.

The record date at the Swedish Central Securities Depository, Euroclear Sweden AB, for participation in the rights issue is November 24. The subscription period is expected to run as from November 29 up to and including December 16 or such later date as decided by the Board of Directors of Transcom.

The increase of the share capital, the number of shares to be issued, and the subscription price for the new shares, will be determined by the Board of Directors of Transcom and will be announced on or about November 17.

Several of the largest shareholders in Transcom, including among others Investment AB Kinnevik ("Kinnevik"), Investment AB Öresund and the Fourth Swedish National Pension Fund, together

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<sup>1</sup> Transcom's shares of class A and class B are listed in the form of Swedish Depository Receipts ("SDRs") on Nasdaq OMX Stockholm. Holders of the SDRs will have preferential rights to the new shares that will be represented by SDRs.



representing approximately 38 percent of the capital and 64 percent of the votes, support the rights issue and have made commitments to subscribe for their respective pro rata shares in the rights issue, corresponding to approximately 38 percent of the rights issue.

The largest shareholder of Transcom, Kinnevik, has committed to fully guarantee the remainder of the rights issue, and subscribe for any shares not taken up by the shareholders having preferential rights or by persons without preferential rights. This guarantee by Kinnevik is conditional upon there being no circumstances occurring before the end of the subscription period that may have a material adverse effect upon Transcom's sales, profit, liquidity or assets, and further that Transcom, as of the date hereof, has made public all information which should have been made public.

The rights issue is subject to approval by an Extraordinary General Meeting to be held at 15:00 CET on November 21 in Luxembourg. The notice of the Extraordinary General Meeting will be announced through a separate press release today and published in the Luxembourg official gazette as well as in a Luxembourg newspaper, the Tageblatt, by the latest on October 21. The convening notice is as from today available at the Company's website, [www.transcom.com](http://www.transcom.com).

### Proforma financial effects

The table below illustrates the company's balance sheet as of September 30, 2011 and the pro forma effects of the proposed rights issue. The table assumes an issue size of SEK 500 million and an exchange rate of EUR/SEK 9.14. The pro forma balance sheet does not take transaction costs into account.

<b>Group Balance Sheet</b>		<b>Rights</b>	<b>Pro forma</b>
<b>€ million</b>	<b>30 Sep, 2011</b>	<b>Issue</b>	<b>30 Sep, 2011</b>
<b>Assets</b>			
Non current assets	189.8		189.8
Current assets excl. cash and cash equivalents	147.3		147.3
Cash and cash equivalents	37.8	54.7	92.5
<b>Total assets</b>	<b>374.9</b>	<b>54.7</b>	<b>429.6</b>
<b>Equity and Liabilities</b>			
Total equity	124.1	54.7	178.8
Interest bearing liabilities	111.2		111.2
Other, non-interest bearing liabilities	139.6		139.6
<b>Total equity and liabilities</b>	<b>374.9</b>	<b>54.7</b>	<b>429.6</b>
<b>Net debt</b>	<b>73.4</b>	<b>(54.7)</b>	<b>18.7</b>



### **Indicative timetable for the rights issue**

17 November	Subscription price and terms are decided and announced through a press release.
21 November	Extraordinary General Meeting approves the rights issue resolved by the Board of Directors.
22 November	First day of trading in the shares, excluding right to participate in the rights issue.
24 November	Record date for participation in the rights issue, i.e. holders registered in the share register of Transcom or the SDR register kept by Euroclear Sweden AB as of this day will receive subscription rights for participation in the rights issue.
25 November	Estimated date of publication of the prospectus.
29 Nov – 13 Dec	Trading in subscription rights.
29 Nov – 16 Dec	Subscription period.

### **Financial and legal advisors**

SEB Enskilda is acting as financial advisor to Transcom and Cederquist and NautaDutilh are acting as legal advisors to Transcom in the rights issue.

### **Telephone conference**

Transcom will host a conference call at 11:00 CET on October 19. The conference call will be held in English and will also be available as webcast on Transcom website, [www.transcom.com](http://www.transcom.com).

#### Dial-in information:

To ensure that you are connected to the conference call, please dial in a few minutes before the start in order to register your attendance.

Sweden: 08-503 364 34

UK: +44 (0) 1452 555 566

Passcode: 95756596

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## IMPORTANT NOTICE

This press release is not an offer for subscription for shares or SDRs in Transcom. A prospectus relating to the rights issue referred to in this press release and the subsequent listing of the SDRs at NASDAQ OMX Stockholm will be prepared and filed with the Swedish Financial Supervisory Authority. After approval and registration of the prospectus by the Swedish Financial Supervisory Authority, the prospectus will be published and made available on inter alia Transcom's website, subject to **certain customary limitations arising from securities laws and regulations.**

The distribution of this press release in certain jurisdictions may be restricted by law and persons into whose possession it or any part of it comes should inform themselves about and observe any such restrictions. The information in this press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities referred to herein in any jurisdiction in which such offer, solicitation or sale would require preparation of further prospectuses or other offer documentation, or be unlawful prior to registration, exemption from registration or qualification under the securities laws of any such jurisdiction.

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SEB Enskilda is acting for the company and no one else in connection with the rights issue and will not be responsible to anyone other than the company for providing the protections afforded to their respective clients or for providing advice in relation to the rights issue and/or any other matter referred to in this announcement.

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This press release has not been approved by any regulatory authority. This press release is not a prospectus and investors should not subscribe for or purchase any securities referred to in this press release except on the basis of information provided in the prospectus to be published by Transcom on its website in due course.

### European Economic Area

Transcom has not authorized any offer to the public of SDRs, shares or rights, as applicable, in any Member State of the European Economic Area other than Sweden. With respect to each Member State of the European Economic Area other than Sweden and which has implemented the Prospectus Directive (each, a "Relevant Member State"), no action has been undertaken to date to make an offer to the public of SDRs, shares or rights requiring a publication of a prospectus in any Relevant Member State. As a result, the SDRs, shares or rights, as applicable, may only be offered in Relevant Member States:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity meeting two or more of the following criteria: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43 million and (3) an annual net turnover of more than EUR 50 million, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances, not requiring the company to publish a prospectus as provide under Article 3(2) of the Prospectus Directive.

For the purposes hereof, the expression an "offer to the public of SDRs, shares or rights, as applicable" in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the SDRs, shares or

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rights, as applicable, to be offered so as to enable an investor to decide to purchase any securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

#### **Grand Duchy of Luxembourg**

This press release shall not be and shall not be considered as an "offer of securities to the public" for purposes of the Luxembourg law on prospectuses for securities dated 10 July 2005.

#### **United Kingdom**

This communication is directed only at (i) persons who are outside the United Kingdom and (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") and (iii) to high net worth entities falling within Article 49(2) (a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

#### **Forward-Looking Statements**

This press release contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Transcom believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors. You are advised to read this announcement and, once available the prospectus and the information incorporated by reference therein, in their entirety for a further discussion of the factors that could affect the Transcom's future performance and the industries in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

#### **About Transcom**

*Transcom is a global outsourced service provider entirely focused on customers, the service they experience and the revenue they generate. Our customer management and credit management services are designed to strengthen our clients' customer relationships and secure their revenue streams.*

*Our broad service portfolio supports every stage of the customer lifecycle, from acquisition through service, retention, cross and upsell, then on through early and contingent collections to legal recovery. Expert at managing both customers and debt, we make a positive contribution to our clients' profitability by helping them win customers, maintain their loyalty and secure their payments.*

*And, while our services are designed to maximize revenue, our delivery operations are built to drive efficiency. Through our global network we can provide service in any country where our clients have customers, accessing the most appropriate skills and deploying the best communication channels in the most cost effective locations.*

*Every day we handle over 600,000 customer contacts in 33 languages for more than 350 clients, including brand leaders in some of today's most challenging and competitive industry sectors. The experience we gain is used to constantly refine our service portfolio and business processes, allowing us to respond quickly to changing market conditions and client requirements.*

*Transcom WorldWide S.A. Class A and Class B shares are listed on the Nasdaq OMX Stockholm Mid Cap list under the symbols 'TWW SDB A' and 'TWW SDB B'.*