

20 April 2016

# Transcom

## First quarter 2016 results presentation

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Outstanding  
Customer  
Experience

**Transcom**

# Key highlights Q1 2016

- Negative organic growth (-8.5%), primarily due to lower volumes in the North Europe and Continental Europe regions. Transcom's previously disclosed decision not to renew an agreement with an Italian public sector client had a negative 3.8% impact.
- EBIT margin decreased to 2.3%, excluding non-recurring items, mainly due to the volume decrease, but also because of price reductions and lower efficiency in Spain.
- Q2 results expected to be impacted by continued soft volumes.
- Starting in the second half of 2016, we expect improvements
  - Realignment of our regional and management structure will yield cost savings
  - Operational excellence program is being implemented
  - Additional measures in the near term to drive revenue growth and control costs
- CMS Denmark divested during the quarter, resulting in a €3.5 million gain.
- Agreement reached with lenders for €90.0 million credit facility, replacing existing facility

**At a glance**

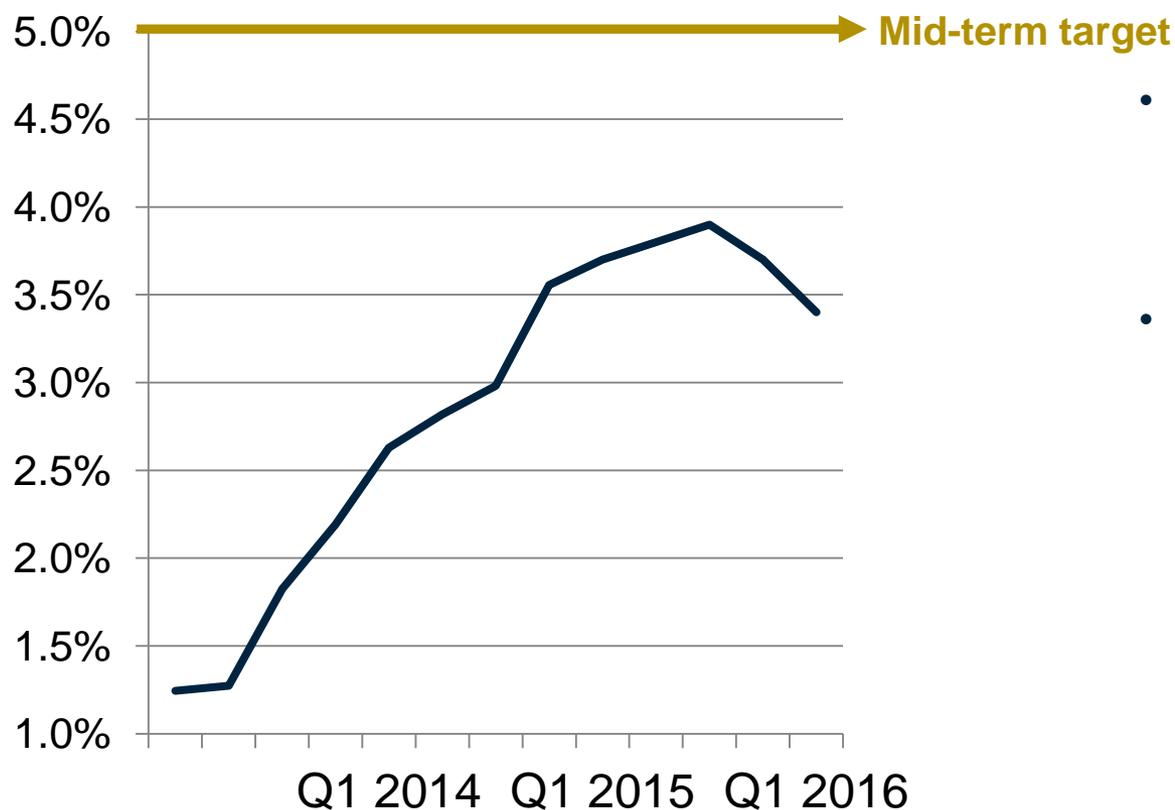
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# Transcom in numbers

- A global **customer experience** specialist...
- ...employing **30,000** people...
- ...representing more than **100** nationalities...
- ...operating **52** contact centers, onshore, off-shore and near shore...
- ...**in 21** countries...
- ...delivering services in **33** languages...
- ...generating €626.5 million revenue in 2015...
- ...with a market cap of **SEK 2.1 billion** as at March 31, 2016. Listed on Nasdaq Stockholm (Mid Cap segment) under ticker TWW.

Our most fundamental and prioritized goal at the moment is to increase the EBIT margin towards our mid-term target

## 12-month rolling EBIT\* margin development



- Volume and efficiency issues expected to continue to impact our result in the second quarter
- Measures implemented will yield improvements starting in the second half of 2016
  - Consolidation of regional and management structure will yield cost savings
  - Operational excellence program
  - Additional measures to address soft volumes

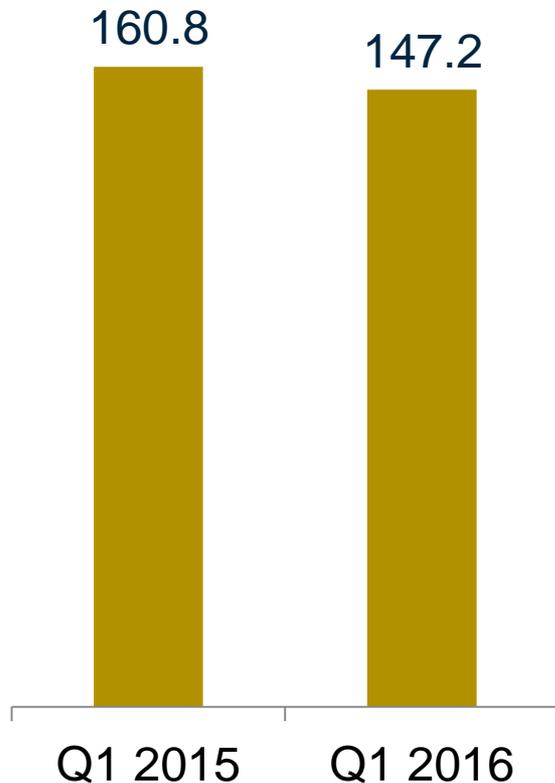
# Q1 2016 financial performance

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# Negative 8.5% organic growth in Q1 2016

## Organic growth, Q1 2016 vs. Q1 2015

€m

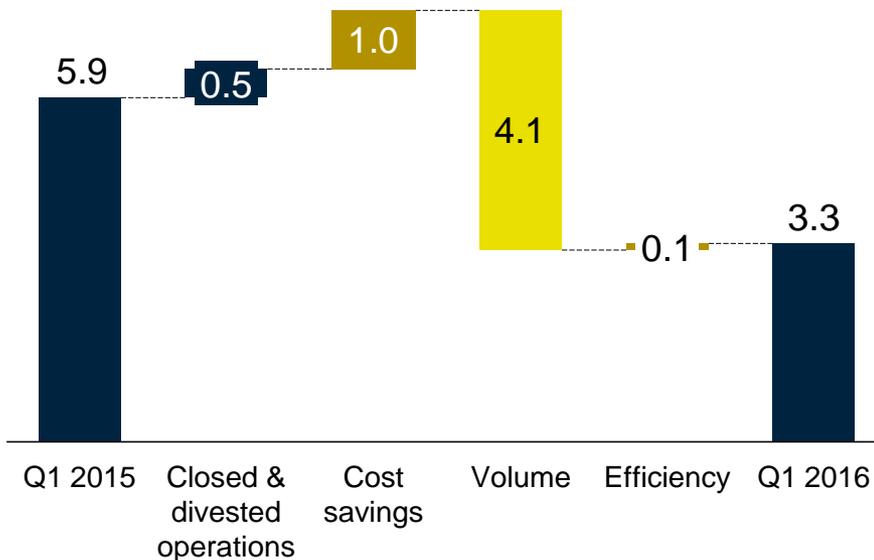


- Revenue in Q1 2015 adjusted for currency effects (€+0.8m) and divestments (€-0.9)
- Transcom's previously disclosed decision not to bid for a renewed public sector client agreement in Italy had a €6.1 million (-3.8%) negative impact on revenue in Q1 2016
- Lower volumes in all regions, but particularly in the North Europe and Continental Europe regions

# EBIT margin in Q1 2016, excluding non-recurring items, was 2.3%\* (3.7% in Q1 2015)

## EBIT (mEUR)

Q1 2015 vs. Q1 2016



## KPIs vs. previous year

	Trend vs. Q1 2015	Q1 2016 vs. Q1 2015
Average seat utilization ratio	→	83% vs. 89%
Average Efficiency ratio (billable over worked hours)	→	n/a - improved efficiency
Monthly staff attrition	→	n/a - slight increase

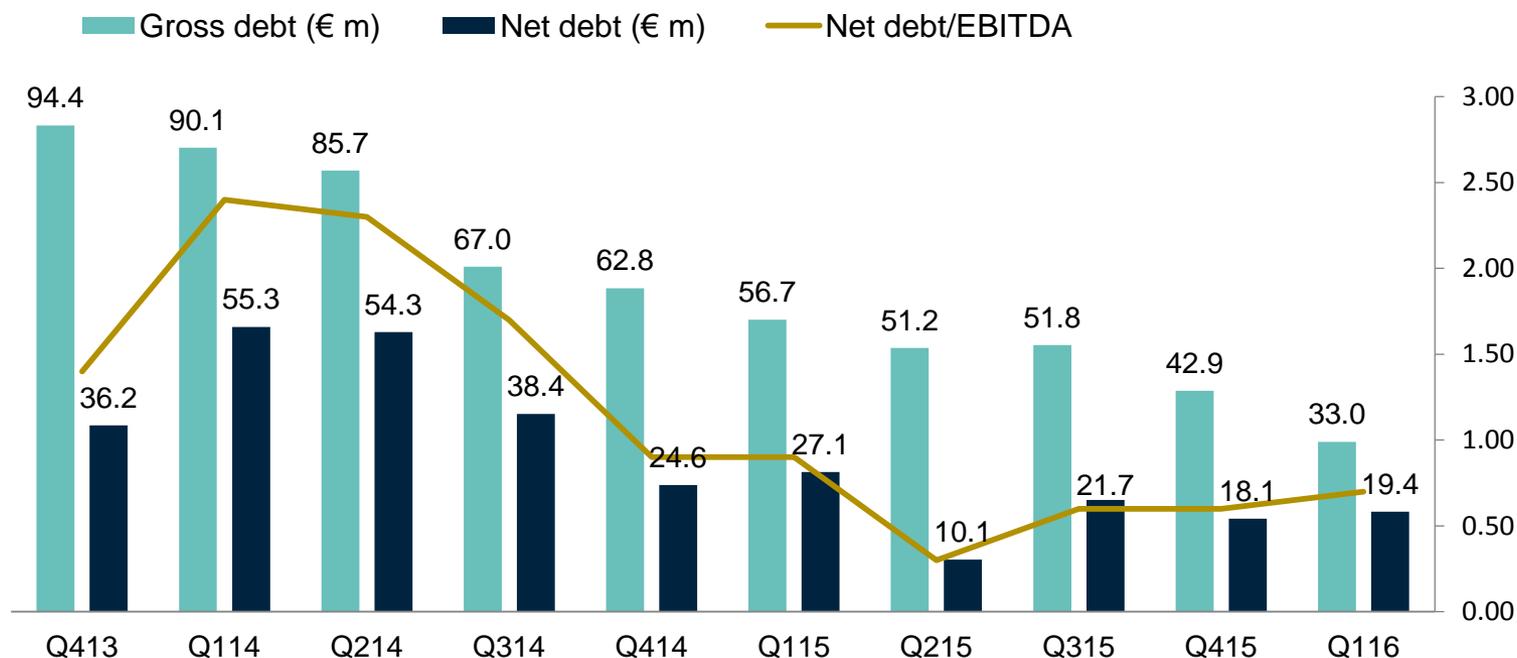
# Volume- and efficiency-related issues in North Europe and Continental Europe impacted results

	Q1 2016	Q1 2015
<b>EBIT margin*</b>		
North Europe	3.0%	4.8%
Continental Europe	1.5%	5.0%
English-speaking markets & APAC	3.6%	3.2%
Latin America	-7.7%	-44.9%
<b>Total</b>	<b>2.3%</b>	<b>3.7%</b>

\* Excluding non-recurring items

- **North Europe:** Lower call volumes in the telecom sector in Sweden and Norway, divestment of CMS Denmark.
- **Continental Europe:** Lower volumes and efficiency in Spain, price reductions, fewer working days, non-renewal of public sector agreement in Italy
- **English-speaking markets & APAC:** Operational improvements and lower SG&A costs
- **Latin America:** Volume increases and efficiency improvements in Chile and Peru

# Debt & leveraging

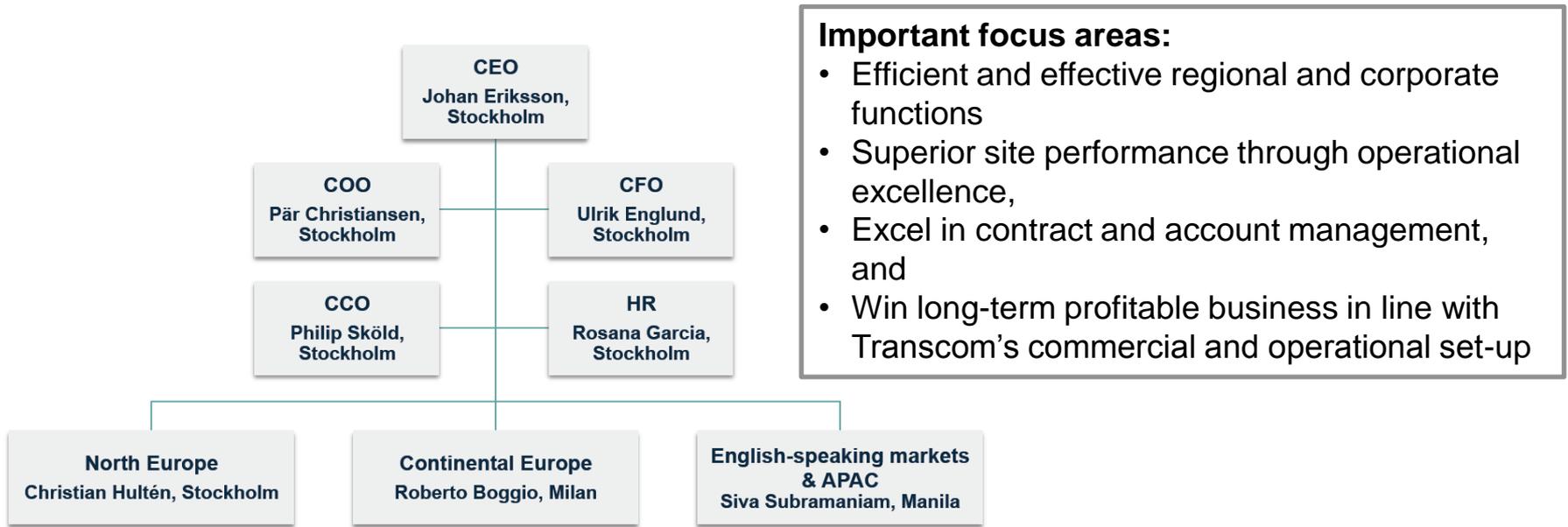


- Gross debt decreased by €9.9m compared to the Q415 level
- Net debt increased by €1.3m compared to the Q415 level
- Net Debt/EBITDA ratio: 0.7 (0.6 in Q415)
- Board proposes a dividend of SEK 1.75 per share

## Going forward – Transcom's strategic direction

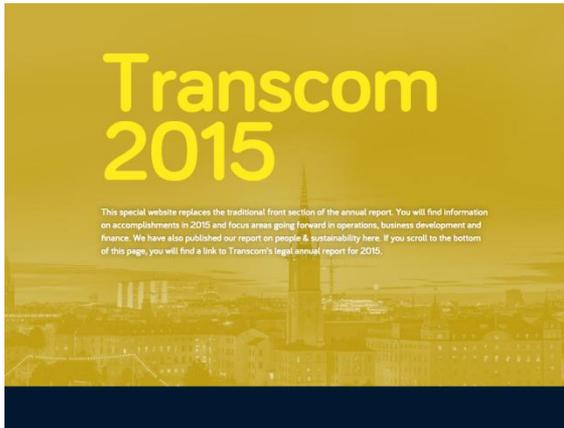
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# Focus on Europe and English-speaking markets & APAC



- Simplified regional and management structure, focusing our resources on prioritized growth areas
- A non-recurring restructuring cost amounting to €2.7m was recorded in Q1 2016
- Annual cost savings are estimated at €2.9m, and are expected to take full effect in Q4 2016. Further efficiency gains are expected in the coming years.

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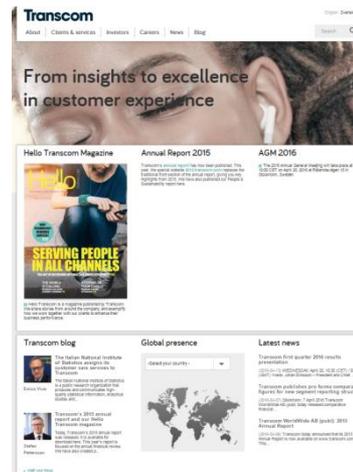
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**Thank you!**

Questions?

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