

21 October 2015

# Transcom

## Third quarter 2015 results presentation

Johan Eriksson, President & CEO

Ulrik Englund, CFO

Outstanding  
Customer  
Experience

**Transcom**

# Key highlights Q3 2015

- Positive profitability trend continued
  - 4.1% EBIT margin excluding €1.0m non-recurring item in Q3 2015 (provision for class action lawsuit in North America)
  - EBIT margin on a 12-month rolling basis is steadily improving towards our mid-term target of at least five percent
- Organic growth despite Transcom's decision not to bid for renewed public sector agreement in Italy
  - 1.8% organic growth, mainly driven by higher activity with clients in the North Europe region
  - Mid-term organic growth target is at least five percent
- Net debt/EBITDA 0.6 compared to 1.7 in Q3 2014 and 0.3 in Q2 2015
  - We saw particularly strong collections at the end of Q2 2015, a situation that has now normalized
  - Target for net debt/EBITDA is maximum 1.0

**At a glance**

**1**

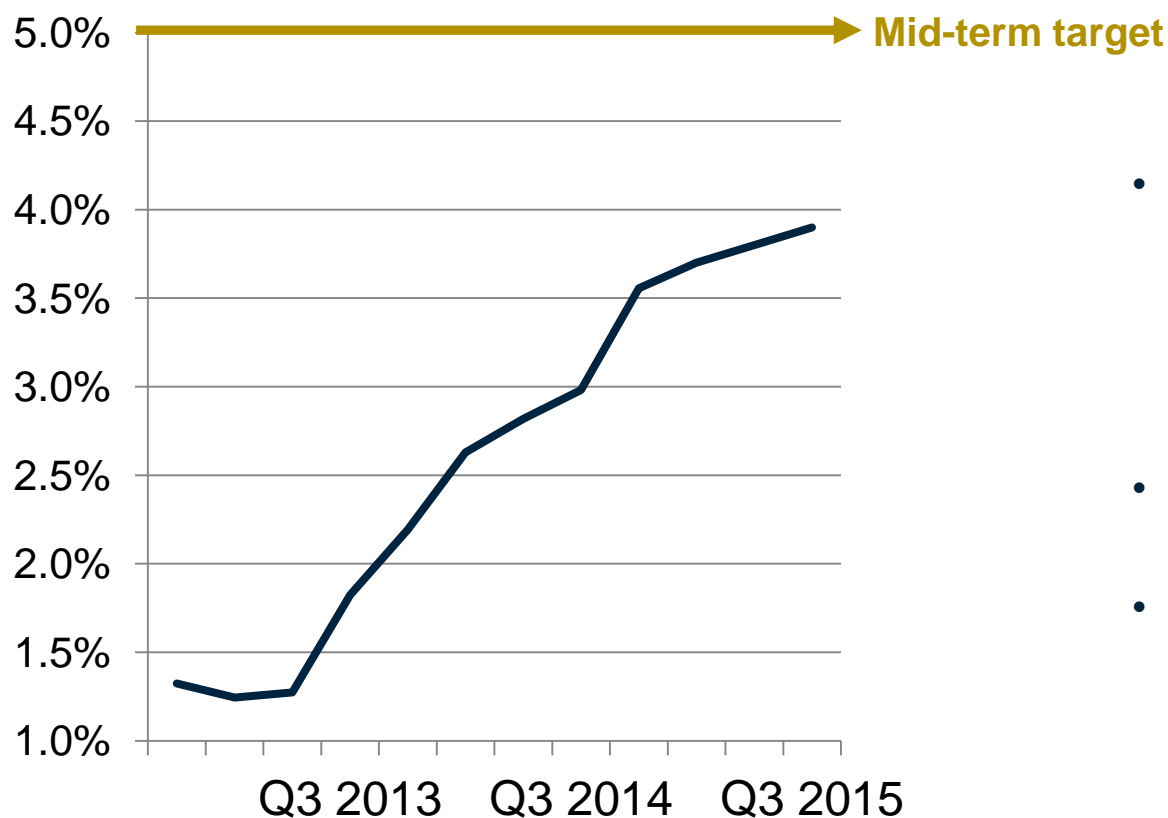
# Transcom in numbers

- A global **customer experience** specialist...
- ...employing **30,000** people...
- ...representing more than **100** nationalities...
- ...operating **54** contact centers, onshore, off-shore and near shore...
- ...**in 23** countries...
- ...delivering services in **33** languages...
- ...generating €616.8 million revenue in 2014...
- ...with a market cap of **SEK 2.1 billion** as at September 30, 2015. Listed on Nasdaq Stockholm (Mid Cap segment) under ticker TWW.

30000100542333

# Steady improvement towards our mid-term EBIT margin target of at least 5 percent

## 12-month rolling EBIT\* margin development



- Targeted sales efforts
  - Growth with existing clients in new geographies
  - Broadening client base
- Efficiency improvements driven by standardization
- Continuous focus on underperforming areas

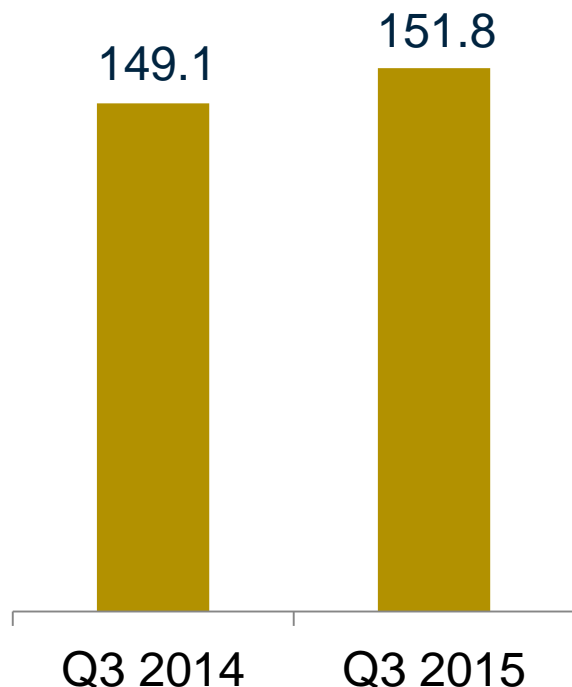
## Our performance in Q3 2015

2

# 1.8% organic revenue growth in Q3 2015

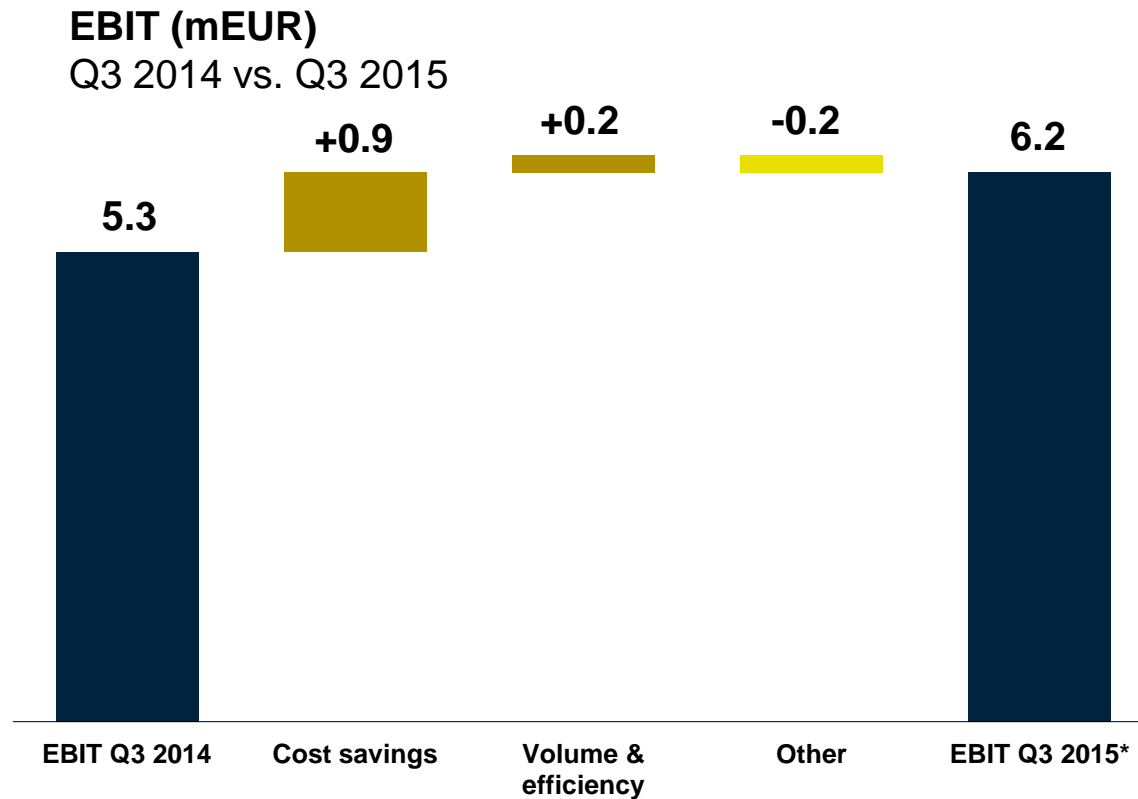
## Organic revenue growth, Q3 2015 vs. Q3 2014

€m



- Revenue in Q3 2014 adjusted for currency effects (€+4.5m) and CMS divestments (€-1.4m)
- €2.7m organic revenue growth mainly driven by higher business volumes in North Europe. Transcom's previously disclosed decision not to bid for a renewed public sector client agreement in Italy had a €3.3 million negative impact on revenue in Q3 2015.
- We continue focusing our efforts on revenue growth, targeting at least 5% organic growth

# EBIT margin in Q3 2015, excluding non-recurring items, improved to 4.1%\* from 3.6%



\* Excludes €1.0m provision for class action lawsuit in North America



# EBIT margin increase primarily driven by performance improvement in the North Europe region

	2015 Jul-Sep	2014 Jul-Sep
<b>EBIT margin</b>		
North Europe	5.5%	5.0%
Central & South Europe	2.6%	2.3%
Iberia & Latam	0.5%	0.9%
North America & AP	6.7%**	5.2%
<b>Total CRM</b>	<b>4.1%**</b>	<b>3.5%</b>
<b>CMS*</b>	<b>n/a*</b>	<b>13.0%</b>
<b>Total</b>	<b>4.1%**</b>	<b>3.6%</b>




\* Divested since Q3 2014

\*\* Excluding non-recurring items

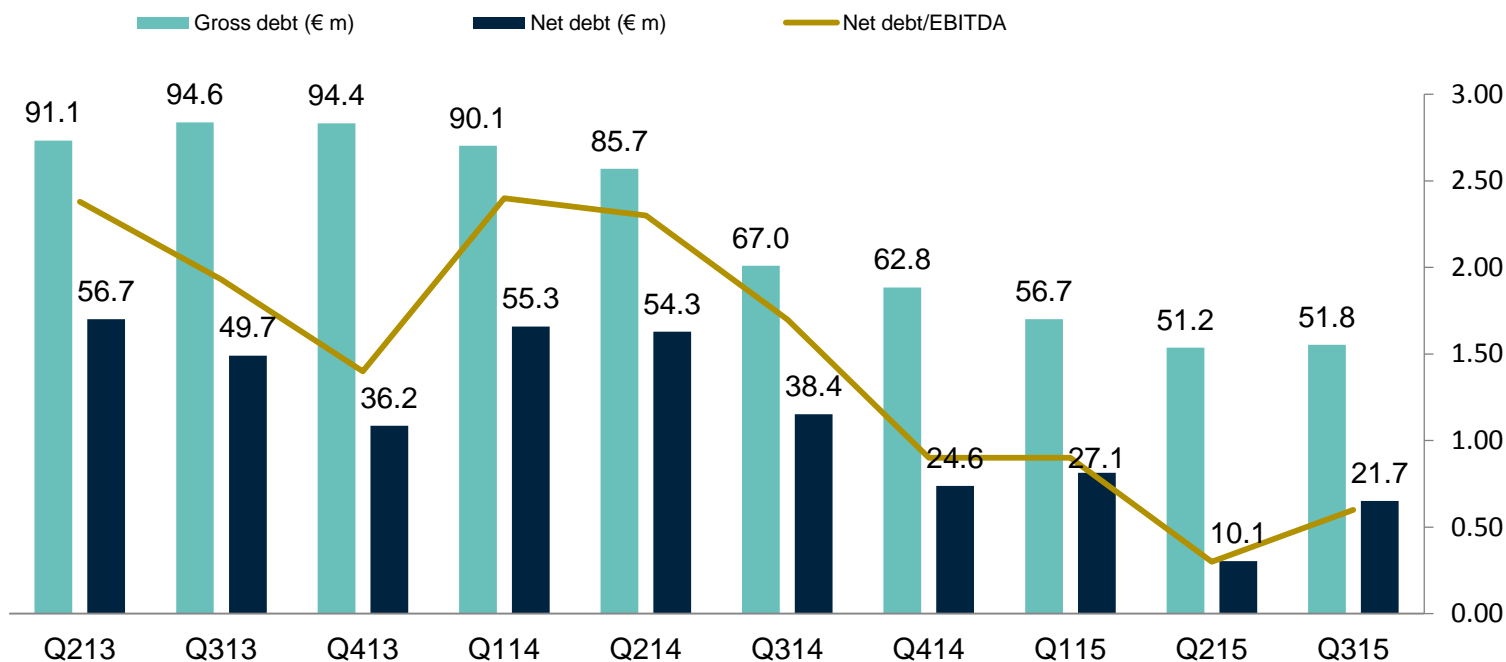
- **North Europe:** Growth in the Baltics, the Netherlands, the interpretation business (Transvoice) and the Danish collections business
- **Central & South Europe:** Slight improvement despite decision not to bid for renewed public sector agreement in Italy
- **Iberia & Latam:** Lower volumes Spain and Colombia, and lower prices on some client projects in Spain. Improved profitability in Chile and Peru.
- **North America & Asia Pacific:** Increased efficiency and cost savings.

# Key drivers to reach mid-term profitability targets

## KPIs vs. previous year

	Trend vs. Q3 2014	Q3 2015 vs. Q3 2014
Average seat utilization ratio		87% vs. 88%
Average Efficiency ratio (billable over worked hours)		n/a - improved efficiency
Monthly staff attrition		n/a – slight increase

# Debt & leveraging



- Gross debt increased slightly by €0.6m compared to the Q215 level
- Net Debt increased by €11.6m compared to the Q215 level (temporarily strong collections at the end of June 2015)
- Net Debt/EBITDA ratio: 0.6 (0.3 in Q215)

## Going forward – Transcom's strategic direction

3

# Transcom's strategic priorities



**GROW TOGETHER WITH OUR CLIENTS, WHILE CREATING A MORE BALANCED INDUSTRY AND CLIENT PORTFOLIO**

**CONTINUOUSLY IMPROVE OUR SERVICE OFFERING, FOCUSING ON ADVANCED, VALUE-ADDED SERVICES**



**STRENGTHEN TRANSCOM'S GLOBAL FOOTPRINT**

**COMPETITIVE OPERATIONAL PLATFORM**



# The industry is transforming

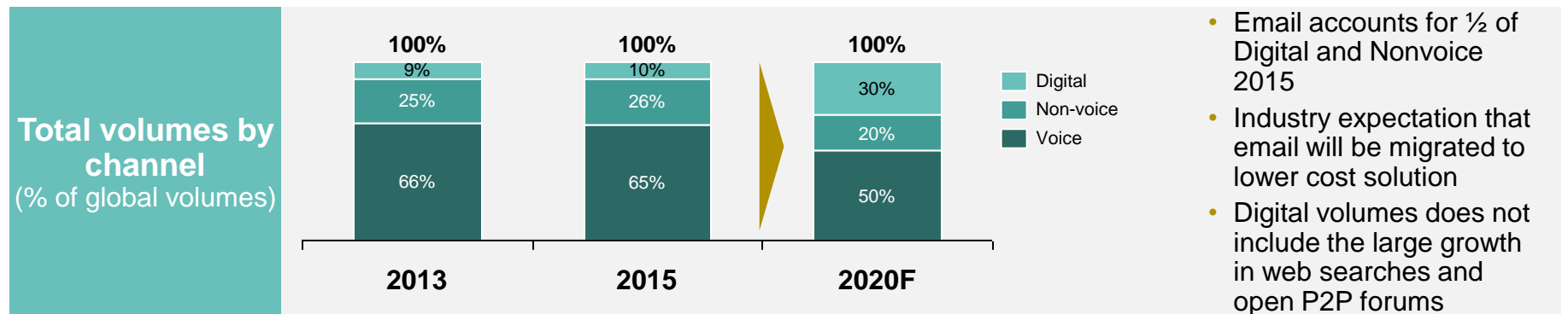
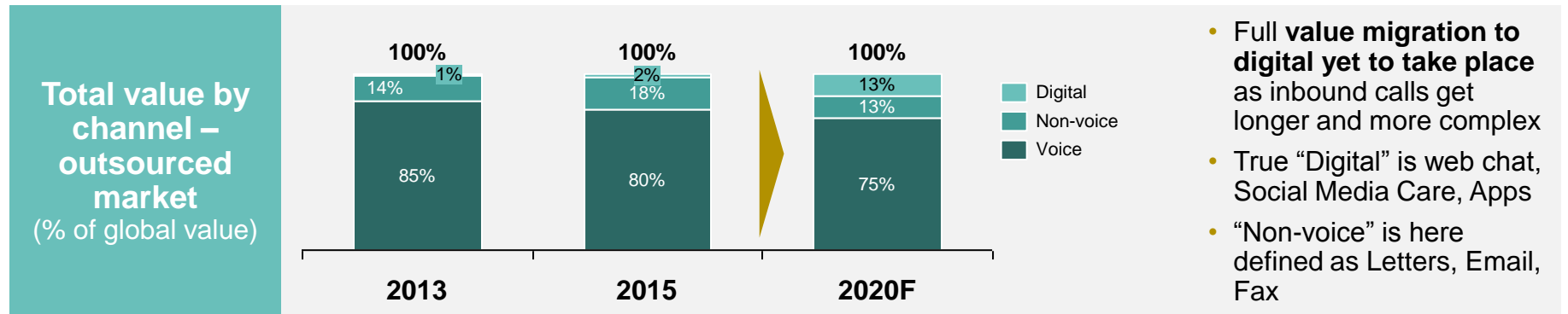


Respond to voice calls from customers as efficiently as possible, at the lowest possible cost

- Deliver excellent customer experience
- New channels and technology platforms
- Offer more knowledge due to diversity of products and greater customer demands
- Generating a much higher degree of revenue and brand loyalty to clients
- Feedback of customer intelligence to clients

# Significant volume shift towards digital channels over next 3-5 years, while outsourced value of digital grows more slowly

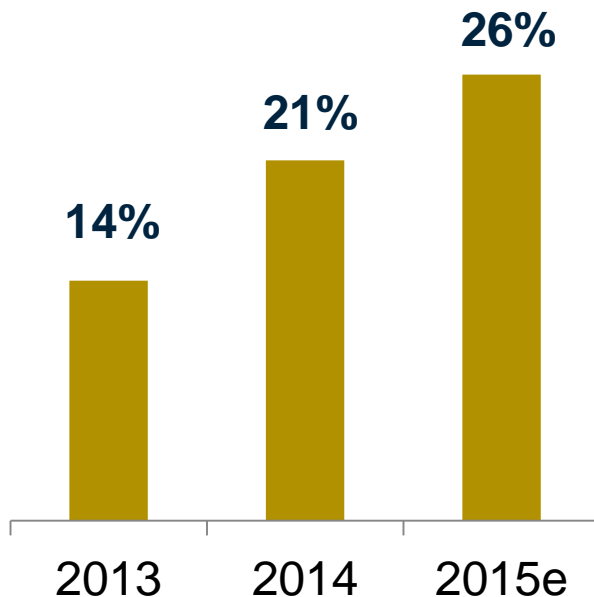
## Channel mix<sup>1</sup> (2013-2020F)



1. Email is included under “Non-voice” category  
Source: Dimension Data; Expert interviews; A.T.Kearney

# Transcom continues to increase its delivery of non-voice services

## Share of non-voice services % of Transcom's revenue



- Focus on expanding non-voice services with major clients in several geographies
- Increase in worked non-voice minutes with major clients
- Increased requirements for chat



# Stay up-to-date on Transcom

**Transcom** English

About Clients & services Investors Careers News Blog

## Outstanding customer experience driving revenue and customer loyalty

**Transcom blog**

**Key takeaways from Transcom's mid-quarter and CSR update**  
Johan Eriksson  
We recently organized a mid-quarter and CSR update for investors, analysts and journalists in Stockholm. We gave an update on Transcom's financial performance and important...

**Transcom's core values as illustrated by our employees**  
Claudio Bertol  
Last summer, Transcom Italy invited all employees to participate in the photo contest "Express your values" as a way to highlight Transcom's core values Passion, Excellence...

**Global presence**  
-Select your country-

**Latest news**

**Transcom reports financial results for the fourth quarter and twelve months ended 31 December 2013**  
(2014-02-13) Q4 2013 financial highlights: Net revenue €160.2 million, a 1.5% decrease compared to Q412 (€162.0...)

**Transcom fourth quarter and full-year 2013 results conference call**  
(2014-02-06) THURSDAY, February 13, 10:30 (CET) / 09:30 (LAK) Hosts: Johan Eriksson – President and Chief...

**Who are we**  
Transcom is a global customer experience specialist through our extensive network of

**Why Transcom**  
By collaborating with Transcom, you will benefit from a partner whose business model is

**The value we deliver**  
Transcom's operations add value to our clients' businesses by supporting the creation of

## My Transcom Experience

Home About Archive Transcom.com

### Transcom Sweden educates agents in behavioral analysis to improve customer experience

In January we started to implement development programs for our agents in Sweden. They will be trained to use a behavioral style analysis method called Puzzle DISC.

DISC is a behavioral style analysis tool that is used in many situations where people's differences are important to recognize, as in recruitment, personal development, team development, leadership development, sales development, communication and customer service.

The different behavioral tendencies are also described using the colors red, yellow, green and blue.

There are three reasons why we do this at Transcom:

1. Improved understanding of and communication with our clients' customers
2. Self-development
3. Group development

SEARCH

ARCHIVES

- February 2014
- January 2014
- December 2013
- November 2013
- October 2013
- September 2013
- August 2013
- July 2013

TAG CLOUD

- analytics
- awards
- banking
- best practices
- client case
- client win
- community
- Customer Care
- customer experience
- customer relationship

**Transcom** 20 CELEBRATING 20 YEARS OF BEHAVIORING SOCIALLY CUSTOMER EXPERIENCE

## Annual Report 2014

# Creating Leadership in Customer Experience

[www.transcom.com](http://www.transcom.com)

[blog.transcom.com](http://blog.transcom.com)



**Thank you!**

Questions?

**Transcom**