

Second Quarter 2019 Results

Comments by the CEO

Continued trajectory of improved operational performance

Transcom continues the trajectory of improved operational performance. EBITA excluding non-recurring items increased to 7.8 MEUR (5.1), and the margin increased to 5.8% (3.9%) during the second quarter. Non-recurring items declined and totalled -3.1 MEUR (-20.6), during the quarter. Operating cash flow improved to 17.7 MEUR (2.7) for the first half year.

The improved operational performance is driven by our program for People, Passion and Performance (PPP), our repositioning towards attractive customer segments and last year's acquisition of Awesome OS.

The annual realized run rate savings of PPP increased from 21.5 MEUR end of Q1 to 23.5 MEUR end of Q2. We expect PPP to exceed the initial target of 33 MEUR cost reduction.

During the quarter, we signed new clients within profitable and high growth segments such as retail/e-commerce, financial services, logistics and the utilities sectors. At the same time, we discontinued and trimmed down several legacy contracts with unsatisfactory profitability. We made further restructuring to our Spanish operations and divested parts of the business.

The acquisition of Awesome is a key component in our strategy towards e-commerce and contributes both to profitability and underlying organic growth. During the quarter, the first steps were taken to expand Awesome outside the US, through the launch of a European client from our site in Belgrade.

Our investments in digital customer services continues. During the first half of 2019, we doubled the volume of automated processes and currently have more than 120 robots going for 20 different clients. Our internally developed T:Insights analytics platform was onboarded on the first client. T:Buddy, our platform for agent retention and engagement was rolled out in the Philippines operations. We were also awarded the Best Cloud Implementation by NICE Nexidia for a conversational analytics project.

As announced in the first quarter report, the acquisition of ASA Informationdieste was finalized during the second quarter. We are evaluating further bolt-on acquisitions in attractive segments, as well as incorporating the acquisition of TMS Connected, currently owned by a sister company.

Transcom's journey towards profitable growth continues. Combined, we anticipate that that the actions taken will further improve profitability, but in the medium term at a lower revenue base.

Michael Weinreich

CEO

Group financial overview

(€m)	2019 Q2	2018 Q2	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec*
Revenue	134.0	129.3	269.1	270.1	543.6
EBITDA**	9.1	-13.4	21.2	-10.3	4.8
EBITDA margin**	6.8%	-10.4%	7.9%	-3.8%	0.9%
EBIT	2.0	-17.6	5.1	-18.4	-12.6
EBIT margin	1.5%	-13.6%	1.9%	-6.8%	-2.3%
EBITA excl. non-recurring items	7.8	5.1	17.6	12.4	31.6
EBITA margin excl. non-recurring items	5.8%	3.9%	6.6%	4.6%	5.8%
Profit before tax	-2.4	-21.8	-3.3	-30.2	-32.2
Net income	-5.7	-22.1	-7.7	-31.6	-31.0
Net debt	202.9	170.8	202.9	170.8	207.8

* 2018 includes the consolidation of Awesome OS Group since July 28, 2018.

** 2019 includes adjustment of leasing as depreciation, according to IFRS 16 Leases (see also note 10)

Q2 2019

Revenue

Revenue amounted to € 134 million (129.3).

EBITA excluding non-recurring items

EBITA excluding non-recurring items increased to € 7.8 million (5.1). EBITA margin excluding non-recurring items improved to 5.8% (3.9%). The main drivers of increased profitability are the PPP program, the acquisition of Aweseome and a positive mix towards contracts with higher profitability.

Non-recurring items

Non-recurring items amounted to € -3.1 million (-20.6) and consisted of operational non-recurring items of € -4.7 million and transaction-related non-recurring items of € +1.6 million. During the quarter Transcom divested parts of the business in Spain. The divestiture had a positive impact on transaction-related non-recurring items amounting to € 2.8 million. € -3.3 million of the non-recurring items refers to divested goodwill. Thus, the total cash impact of non recurring items is € +0.2 million.

EBIT

EBIT amounted to € 2.0 million (-17.6). EBIT margin was 1.5% (-13.6%).

Net financial items

Net financial items amounted to € -4.4 million (-4.2). Net financial items mainly refers to interest costs. This year includes interest cost related to leasing agreements, according to the new standard IFRS 16 Leases, amounting to € 0.7 million.

Taxes

Tax expenses in the quarter amounted to € 3.2 million (0.3).

Net income

Net income was € -5.7 million (-22.1).

Cash flow

Operating cash flow amounted to € 4.6 million (5.6) for the second quarter. Change in working capital was € -7.2 million (8.4) which relates mainly to timing effect of collections from certain large clients. The working capital level is within normal variations. Cash flow from investing activities for the period was € 3,7 million (-2.1) and is mainly due to € 6.5 million in positive cash effect when divesting our business of legal services in Spain. Cash flow totalled € 3.4 million (-1.4).

January - June 2019

Revenue

Revenue amounted to € 269.1 million in the first six months 2019 (270.1).

EBITA excluding non-recurring items

EBITA excluding non-recurring items increased to € 17.6 million (12.4) with a margin of 6.6% (4.6%). The main drivers of increased profitability are driven by the PPP program, the acquisition of Awesome and a positive mix towards contracts with higher profitability.

Non-recurring items

Non-recurring items amounted to € -7.1 million (-26.6) and consisted of operational non-recurring items of € -7.7 million and transaction-related non-recurring items of positive € 0.6 million. During Q2, Transcom divested parts of the business in Spain. The divestiture had a positive impact on transaction-related non-recurring items amounting to € 2.8 million.

EBIT

EBIT amounted to € 5.1 million in the first six months (-18.4). EBIT margin was 1.9% (-6.8%).

Net financial items

Net financial items amounted to € -8.4 million (-11.8). Last year included costs referring to the refinancing of the group. 2019 includes interest cost related to leasing agreements, according to the new standard IFRS 16 Leases, amounting to € 1.3 million.

Taxes

Tax expenses in the period amounted to € 4.3 million (1.4). The tax expenses are affected by losses for which no deferred tax asset can be recognized.

Net income

Net income for the first half of the year was € -7.7 million (-31.6).

Cash flow

Operating cash flow amounted to € 17.7 million (2.7). Improved operating cash flow is mainly a result of improved profit partly offset by negative effect in working capital, mainly due to timing of collection of certain large clients. Cash flow from investing activities for the period € 0.7 million (-3.3) is mainly due to € 6.5 million in positive cash effect when divesting our business of legal services in Spain. Cash flow from financing activities € -7.1 million (3.0) is explained by both higher interest costs and payment of leases presented as part of financing activities as a result of implementation of the new leasing standard, IFRS 16. Cash flow totalled € 11.2 million (2.4).

Financial position

Net debt increased from € 170.8 million to € 202.9 million compared to last year. The increase is mainly explained the acquisition of Awesome OS in July 2018. Financing in the Group includes a five-year € 180 million Senior Secured Fixed Rate Notes, a € 10 million Senior Secured Fixed Rate Notes, as well as a € 45 million Super Senior Revolving Credit Facility Agreement (SSRCF). As per Q2 2019, € 31,8 million of the SSRCF was utilized.

Other information

Results conference call

Transcom will host a conference call at 9.00 CET (8.00 BST) on August 27, 2019. The conference call will be held in English. The presentation will also be available on <https://transcom.com/en/investor-relations>.

To ensure that you are connected to the conference call, please register using the link below 5-10 minutes before the start in order to obtain the dial-in numbers and pin code for the call.

Online registration link: <http://emea.directeventreg.com/registration/5699986>

Other information

The interim report has not been reviewed by the company's auditor.

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Transcom Group - Condensed consolidated income statement

(€ '000)	Notes	2019 Q2	2018 Q2	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Revenue	4,5	133,983	129,330	269,124	270,064	543,633
Cost of sales	5	-109,685	-120,399	-216,918	-235,018	-452,488
Gross profit		24,298	8,931	52,206	35,046	91,145
Marketing expenses		-839	-857	-1,750	-1,536	-3,066
Administrative expenses		-23,018	-25,836	-45,987	-51,892	-99,032
Net gain/loss on disposal of business		5	95	-826	95	95
Other operating income/expenses	5,6	1,505	63	1,441	-96	-1,693
Operating profit/loss	4,5	1,951	-17,603	5,084	-18,384	-12,551
Net financial items		-4,388	-4,209	-8,429	-11,780	-19,674
Profit/loss before tax		-2,437	-21,813	-3,345	-30,164	-32,226
Income tax expense		-3,216	-314	-4,345	-1,410	1,268
Profit/loss for the period attributable to equity holders of the parent		-5,653	-22,127	-7,690	-31,574	-30,957

Transcom Group - Condensed consolidated statement of comprehensive income

(€ '000)	2019 Q2	2018 Q2	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Profit/loss for the period attributable to equity holders of the parent	-5,653	-22,127	-7,690	-31,574	-30,957
Other comprehensive income:					
Exchange differences on translation of foreign operations	-1,414	739	-2,120	-1,494	183
Net gain/loss on cash flow hedges	536	-416	523	-1,470	1
Other comprehensive income to be reclassified to profit or loss in subsequent periods	-878	323	-1,597	-2,964	184
Actuarial profit/loss on post-employment benefit obligations	-	-	-	-	-40
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	-	-	-	-40
Other comprehensive income for the period, net of tax	-878	323	-1,597	-2,964	144
Total comprehensive income for the period, net of tax, attributable to equity holders of the parent	-6,531	-21,804	-9,287	-34,538	-30,813

Transcom Group - Condensed consolidated statement of financial position

(€ '000)	Notes	2019 Jun 30	2018 Jun 30	2018 Dec 31
ASSETS				
Non-current assets				
Goodwill	6	205,969	172,615	210,352
Other intangible assets	6	106,299	91,422	112,115
Tangible assets	10	45,483	14,089	17,923
Deferred tax assets		3,318	333	2,416
Other receivables		2,408	2,873	2,163
		363,476	281,332	344,968
Current assets				
Trade receivables		59,536	56,076	71,123
Income tax receivables		5,917	6,087	4,450
Other receivables		15,913	14,834	10,839
Prepaid expenses and accrued income		45,008	42,356	37,845
Cash and cash equivalents		24,099	20,290	12,884
		150,473	139,643	137,141
TOTAL ASSETS		513,949	420,975	482,109
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
		96,440	93,466	105,726
Non-current liabilities				
Interest-bearing liabilities	7,10	231,905	184,129	216,725
Employee benefit obligations		2,421	2,485	2,632
Provisions	6	12,923	143	18,074
Deferred tax liabilities	6	26,296	22,212	27,269
Other liabilities		-	445	-
		273,545	209,414	264,700
Current liabilities				
Interest-bearing liabilities	7,10	22,259	4,507	1,285
Provisions	5,6	24,141	17,903	22,514
Trade payables		15,667	16,247	23,761
Income tax payables		6,865	4,141	2,344
Other liabilities		31,595	29,991	21,100
Accrued expenses and prepaid income		43,437	45,306	40,678
		143,963	118,095	111,683
Total liabilities		417,508	327,509	376,382
TOTAL EQUITY AND LIABILITIES		513,949	420,975	482,109

Transcom Group - Condensed consolidated statement of changes in equity

(€ '000)	Notes	Equity attributable to equity holders of the parent				Total equity
		Total number of shares ('000)	Share capital	Share premium reserve	Other reserves and Retained earnings	
Balance, Jan 1, 2018		11,939	8	20,501	107,497	128,004
Profit/loss for the period		-	-	-	-31,574	-31,574
Other comprehensive income, net of tax		-	-	-	-2,964	-2,964
Balance, Jun 30, 2018		11,939	8	20,501	72,959	93,466
Profit/loss for the period		-	-	-	617	617
Issue of bonus shares		-	47	-	-47	-
Other comprehensive income, net of tax		-	-	-	3,108	3,108
Shareholder contribution		-	-	-	8,535	8,535
Balance, Dec 31, 2018		11,939	55	20,501	85,172	105,726
Profit/loss for the period		-	-	-	-7,690	-7,690
Other comprehensive income, net of tax		-	-	-	-1,597	-1,597
Balance, Jun 30, 2019		11,939	55	20,501	75,886	96,440

Transcom Group - Condensed consolidated statement of cash flows

(€ '000)	Notes	2019 Q2	2018 Q2	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Cash flows from operating activities						
Profit/loss before tax		-2,437	-21,813	-3,345	-30,164	-32,226
Adjustments to reconcile profit before tax to net cash:						
Adjustments for non cash items		12,009	15,853	19,220	18,696	30,050
Net financial items		4,388	4,209	8,429	11,780	19,674
Income taxes paid		-2,171	-1,026	-2,834	-1,301	-2,288
Cash flows from operating activities before changes in working capital		11,789	-2,774	21,470	-988	15,211
Changes in working capital		-7,216	8,371	-3,819	3,677	-12,716
Cash flow from operating activities		4,573	5,596	17,651	2,688	2,495
Investments and disposals of tangible assets		-1,490	-1,645	-3,039	-2,802	-8,496
Investments and disposals of intangible assets		-1,347	-329	-2,143	-613	-307
Acquisition of subsidiaries, net of cash acquired	6	-	-	-	-	-34,033
Disposals of business, net of cash	6	6,540	-	5,936	-	-
Changes in other non-current assets		-144	-85	-237	99	922
Interest received		153	-	153	-	126
Cash flow from investing activities		3,712	-2,059	670	-3,316	-41,788
Proceeds from borrowings	7	10,917	-	10,917	245,029	219,146
Repayment of borrowings	7	-2,902	-3,781	-4,648	-239,007	-181,558
Payment of lease liabilities		-5,624	-1	-5,624	-2	-2
Shareholder contribution		-	-	-	-	8,535
Interest and other financial costs paid		-7,271	-1,189	-7,764	-3,002	-12,049
Cash flow from financing activities		-4,880	-4,970	-7,120	3,017	34,072
Cash flow for the period		3,405	-1,433	11,201	2,389	-5,221
Cash and cash equivalents at beginning of the period		21,053	20,240	12,884	17,249	17,249
Cash flow for the period		3,405	-1,433	11,201	2,389	-5,222
Exchange rate differences in cash and cash equivalents		-358	1,484	15	652	856
Cash and cash equivalents at end of the period		24,099	20,290	24,099	20,290	12,884

Transcom Holding AB (publ) - Condensed income statement

(€ '000)	Notes	2019 Q2	2018 Q2	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Revenue		508	-	763	-	978
Cost of sales		-	-0	-	-0	-
Gross profit		508	-0	763	-0	978
Administrative expenses		-477	-3	-742	-3,671	-4,179
Other operating income/expenses		-6	-65	-21	-61	-
Operating profit/loss		25	-68	-0	-3,732	-3,201
Result from participations in Group companies		-	-	-	56,474	56,474
Net financial items		-2,913	-2,883	-3,637	-7,393	-12,118
Profit/loss before tax		-2,889	-2,951	-3,638	45,348	41,155
Income tax expense/income		-	-	-	-	-
Profit/loss for the period*		-2,889	-2,951	-3,638	45,348	41,155

*Profit/loss for the period corresponds with total comprehensive income.

Transcom Holding AB (publ) - Condensed balance sheet

(€ '000)	Notes	2019 Jun 30	2018 Jun 30	2018 Dec 31
ASSETS				
Non-current assets				
Investments in Group companies		278,919	270,358	278,919
Receivables from Group companies		88,725	81,924	90,959
		367,644	352,282	369,878
Current assets				
Receivables from Group companies		2,341	1,672	4,014
Other receivables		405	577	591
Cash and cash equivalents		136	312	10
		2,882	2,560	4,614
TOTAL ASSETS		370,526	354,842	374,492
EQUITY AND LIABILITIES				
Restricted equity				
Unrestricted equity		55	8	55
		172,432	171,754	176,070
		172,487	171,762	176,125
Non-current liabilities				
Interest-bearing liabilities	7	195,339	178,905	195,222
		195,339	178,905	195,222
Current liabilities				
Provisions				
Liabilities to Group companies		-	201	9
Other liabilities		2,699	3,974	3,136
		2,699	4,175	3,145
Total liabilities		198,038	183,080	198,367
TOTAL EQUITY AND LIABILITIES		370,526	354,842	374,492

Notes to the condensed financial statements

The accompanying notes are an integral part of the interim condensed consolidated financial statements. Amounts are in thousands of Euro, unless otherwise stated.

1. General

The Group's Parent Company, Transcom Holding AB (publ), is a registered company domiciled in Stockholm, Sweden. The address of the Company's headquarter is Hälsingegatan 40, 15th floor, SE-113 43 Stockholm. The parent Company is responsible for corporate management and administration and holding functions.

2. Accounting principles

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. Application of IFRS complies with the accounting principles set out in the Group's annual financial statements as at December 31, 2018.

IFRS 16 Leases came into effect as of January 1, 2019. The Group has adopted the new standard. For the IFRS 16 transition, Transcom decided to apply the simplified retrospective approach and has not restated comparative amounts for 2018, the year prior to first adoption. The leasing debt at the adoption was the discounted future leasing costs as per January 1, 2019. The Group is using the recognition exemption for short-term leases and low-value leases, e.g. office equipment are classified as low-value assets and hence not included them in the balance sheet. The leasing agreements recorded according to the new standard, mainly refers to rental agreement of sites and offices. Leasing cost that earlier, according to IAS 17, was reported as costs in the income statement are replaced by depreciations on the leasing tangible assets and an interest cost on the leasing debt. For further information, please see note 10.

3. Risk management

The Group's activities expose it to a variety of business and financial risks, market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's risk management and control framework is designed to support the identification, assessment, monitoring, management and control of risks that are significant to the achievement of the Group's business objectives. The condensed consolidated financial statements do not include all risk management information and should be read in conjunction with the Group's annual financial statements as at December 31, 2018. There have been no material changes in risks, the risk management policy and procedures during the period compared to what was presented in the annual financial statements as at December 31, 2018.

4. Segment information

(€ '000) Jan-Jun 2019	English speaking	Europe	Latin America	Group
Revenue from external customers	87,388	180,868	867	269,124
EBITA excl. non-recurring items	9,674	7,806	-75	17,639
Transaction-related amortization Non-recurring items				-5,472 -7,083
EBIT incl. non-recurring items				5,084
Net financial items				-8,429
Profit/loss before tax				-3,345

(€ '000) Jan-Jun 2018	English speaking	Europe	Latin America	Group
Revenue from external customers	72,427	194,751	2,888	270,064
EBITA excl. non-recurring items	3,094	9,582	-289	12,387
Transaction-related amortization Non-recurring items				-4,134 -26,637
EBIT incl. non-recurring items				-18,384
Net financial items				-11,780
Profit/loss before tax				-30,164

As of January 1, 2019 there was a minor organization change in the Group, a movement between English speaking and Europe segment, why 2018 have been restated accordingly.

In March 2019 the Chilean operation was divested, and de-consolidated from that date. The transaction concludes the divestment of Transcom's operations in the Latin America segment.

5. Items affecting comparability

(€ '000)	2019 Q2	2018 Q2	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Operational non-recurring items	-4,674	-20,526	-7,681	-23,351	-28,278
Transaction-related non-recurring items	1,608	-99	598	-3,286	-6,297
Total	-3,065	-20,625	-7,083	-26,637	-34,575

The table below shows where the items effecting comparability is presented in the Group's income statement.

(€ '000)	2019 Q2	2018 Q2	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Cost of sales	-3,003	-14,040	-4,792	-14,602	-15,958
Marketing expenses	-	-171	-	-171	-419
Administrative expenses	-1,454	-6,414	-2,737	-11,864	-16,711
Net gain/loss on disposal of business	5	-	-826	-	-
Other operating income/expenses	1,387	-	1,271	-	-1,487
Total	-3,065	-20,625	-7,083	-26,637	-34,575

Q2 2019 includes transaction-related non-recurring items of € 2.8 million, relating to Transcom's divestment of part of its legal services business in Spain.

In Q2 2018 a provision of € 8.0 million was recorded in the capture Cost of Sales relating to that the Group has an ongoing dispute in Spain with legal professionals hired as consultants where the social security inspection claims that they should be considered as employees. The relevant Group Company is currently in discussions with the social security inspection.

6. Acquisitions and disposals

During the quarter Transcom divested parts of the business in Spain, with a cash effect of € 6.5 million and a net gain of € 2.8 million have been recorded in the capture Other operating income. The divested business had a turnover of € 8 million and 169 employees. Divested net assets amounted to € 3.4m, including Goodwill and Customer relationship asset values.

In March 2019 the Chilean operation was divested with a cash effect € -0.6 million. The transaction concludes the divestment of Transcom's operations in Latin America. The divested unit had a turnover of EUR 5.6 million in 2018 and approximately 540 employees.

On July 27, 2018, the Group acquired Awesome OS, which was consolidated from July 28, 2018. The cash-flow effect and purchase price allocation for the acquisition of Awesome OS in 2018 was as follows:

(€ '000)	2018 Jan-Dec*
Consideration paid in cash	35,602
Cash acquired	-1,569
Cash flow from acquisitions of subsidiaries, net of cash acquired	34,033
Value of the shares *	58,262
Purchase price allocation:	
Acquired net assets	4,564
Goodwill	25,864
Customer relationship	35,685
Deferred tax liability	-7,851
Total	58,262

*2018 includes consideration paid in cash (EUR 35.602 thousand) and a provision for maximum potential earnouts (with a fair value amounting to EUR 22.660 thousand). As per June 2019 the provisions are amounting to EUR 25.421 thousand (including both fair value revaluation and foreign exchange effect).

7. Interest-bearing liabilities

On March 15, 2018, Transcom replaced the previous financing agreement by a € 180,000 thousand Senior Secured Fixed Rate Notes (SSFRN), maturing in March 2023, as well as on the 19th of March 2018 a € 45,000 thousand Super Senior Revolving Credit Facility (SSRCF) Agreement with Nordea and Danske Bank both held by the Parent company, maturing in September 2022. Interest rates in the revolving facility are based on LIBOR, STIBOR and EURIBOR plus margins. For the SSRCF the Company is committed to meet certain test conditions. There are share pledges in material companies (€ 204 million) used as security for the financing. A part of the SSRCF is used to cover bank guarantees and cash pool limits. These new facilities replaced the previous facility agreement with Danske Bank of € 85,000 thousand and SEK 1,708,157,500.

In addition, in connection with the acquisition of Awesome OS, on July 24, 2018, a Senior Unsecured Fixed Rate Notes (SUFRN) of € 10,000 thousand was issued.

As at June 30, 2019 the loan under the SSRCF amounted to € 20,919 thousand (all non-current) of which € 6,200 thousand is held by the Parent company, excluding usage of cash pool and other local lending.

8. Contingent liabilities

As at June 30, 2019, eight Group entities are subject to tax audits. Some of these have resulted in reassessments, while others are still at an early stage and no reassessments have yet been raised. As at June 30, 2019 the provision related to tax audits amounts to € 4,026 thousand (December 31, 2018 € 4,026 thousand).

The group has no material contingent liabilities as at June 30, 2019. In addition to the above tax risks, the Group may be subject to other tax claims for which the risk of future economic outflows is currently evaluated to be remote.

9. Financial instruments

Classification of the Group's financial assets and liabilities:

	Financial instruments at amortized cost	Financial instruments at fair value to the P&L*	Derivatives for cashflow hedges	Jun 30, 2019 Carrying amount	Jun 30, 2019 Fair value	Financial instruments at amortized cost	Financial instruments at fair value to the P&L*	Derivatives for cashflow hedges	Dec 31, 2018 Carrying amount	Dec 31, 2018 Fair value
(€ '000)										
Total non-current assets	2,408	-	-	2,408	2,408	2,163	-	-	2,163	2,163
Total current assets	138,836	-	1,104	139,940	139,940	128,311	-	297	128,608	128,608
Total financial assets	141,244	-	1,104	142,347	142,347	130,474	-	297	130,771	130,771
Total non-current liabilities	225,998	18,830	-	244,828	294,496	216,871	17,929	-	234,799	293,055
Total current liabilities	109,110	6,591	-	115,701	115,754	85,219	6,275	-	91,494	91,559
Total financial liabilities**	335,109	25,421	-	360,530	410,251	302,090	24,204	-	326,294	384,614

* The fair values of the Financial instruments at fair value to the P&L have been estimated using a DCF model. The nominal amount is USD 31,545 thousand. The provision was recorded to the value of € 22,660 thousand as per July 2018, and has been revalued to € 25,421 thousand as per June 2019 (including both fair value revaluation and foreign exchange effect).

** 2019 Financial liabilities includes the new Leasing liabilities according to IFRS 16.

10. Leasing

The Group has implemented the new standard, IFRS 16 Leases, and the following table shows the effect on Transcoms income statement and balance sheet.

(€ '000)	2019 Jan-Jun
Reversed cost (EBITDA effect)	6,696
Depreciations	-6,168
Operating profit/loss	528
Net financial items	-1,072
Income tax expense	75
Profit/loss for the period	-469
Leased assets, included in Tangible assets	29,636
Leasing liabilities, included in Interest-bearing liabilities, non-current	19,580
Leasing liabilities, included in Interest-bearing liabilities, current	10,056

11. Events after the reporting period

No events have taken place after the end of the interim period which require disclosure or amendment of these interim condensed financial statements.

ALTERNATIVE PERFORMANCE MEASURES

The purpose of Transcom's alternative performance measurements is to disclose additional information to support a more comprehensive year-on-year comparison and provide an indication of the Group's performance and financial position. These alternative performance measurements defined below are considered to be widely accepted.

EBIT: corresponds to the Operating profit/loss presented in the Condensed Consolidated Income Statement.

EBITA: is defined as Operating profit/loss, adding back the recorded transaction-related amortization.

Non-recurring items: are defined as rare events or activities that are not part of normal business operations, mainly restructuring activities.

EBITA excluding non-recurring items: is calculated by excluding the non-recurring items and the recorded transaction-related amortization from Transcom's Operating profit/loss. The purpose of disclosing Transcom's EBITA excluding non-recurring items is to provide more transparent year-on-year comparison excluding events that are not considered part of Transcom's normal business, such as restructuring cost and net gain or loss from disposed business.

EBITDA: is defined as Operating profit/loss, adding back the recorded depreciation on fixed assets and amortization.

EBITDA excluding non-recurring items: is defined as EBITDA excluding the non-recurring items as defined above.

Net debt: is defined as interest-bearing liabilities and employee benefit obligations, excluding leasing debt according to IFRS 16, less cash and cash equivalents per balance sheet day.

Other definitions

English speaking segment: services delivered to multinational clients.

Europe segment: services delivered to clients based in Europe.

Latin America segment: services delivered to clients based in Latin America (Chile have been divested and deconsolidated after February 2019. The divestment in Chile concluded the divestment of Transcom's operations in Latin America segment).

ABOUT TRANSCOM

Transcom is a global customer experience specialist, providing customer care, sales, technical support and collections services through our extensive network of contact centers and work-at-home agents. We are 27,000 customer experience specialists at 50 contact centers across 20 countries, delivering services in 33 languages to international brands in various industry verticals.