

February 24, 2022

Q4 2021 Presentation

Transcom

Q4 Highlights

- **Solid revenue growth – 11%**
- **EBITDA margin back on track – 14.9%**
- **Q4 EBITDA 2.5M better*** than LY
- **eCommerce & Tech growing 27%** to reach 48% of total revenue
- **Price-ups higher than expected labor inflation**
- **5 new near/offshore** locations in Slovenia, Serbia, Poland, Croatia and Albania to meet demand
- **Our sales momentum continues to be strong**





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Company overview and Q4 highlights

02

Financial performance

03

Strategy going forward

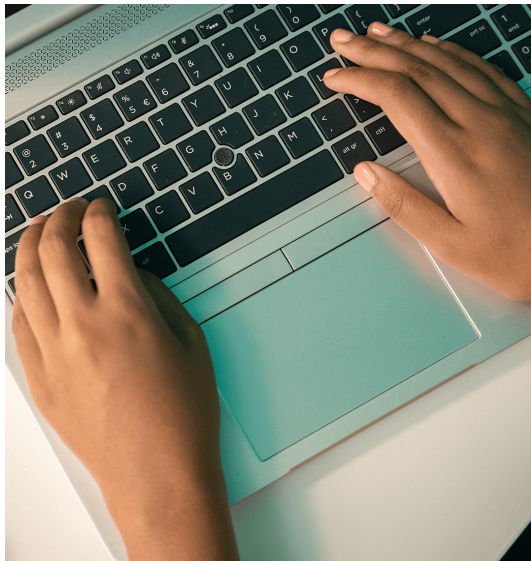
Transcom is a global leader in digital CX

Providing a world class customer experience...



- Customer care & tech support
- Customer acquisition, sales & retention
- Compliance & backoffice

...in digital and traditional channels...



- Chat & email
- Messaging & Social media
- Voice & video









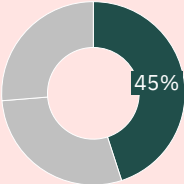








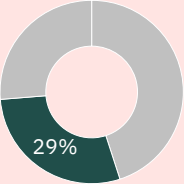





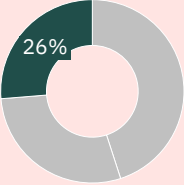
...enabled by leading digital capabilities



- Digital CX advisory
- Digital solutions
- Digital operations

Transcom

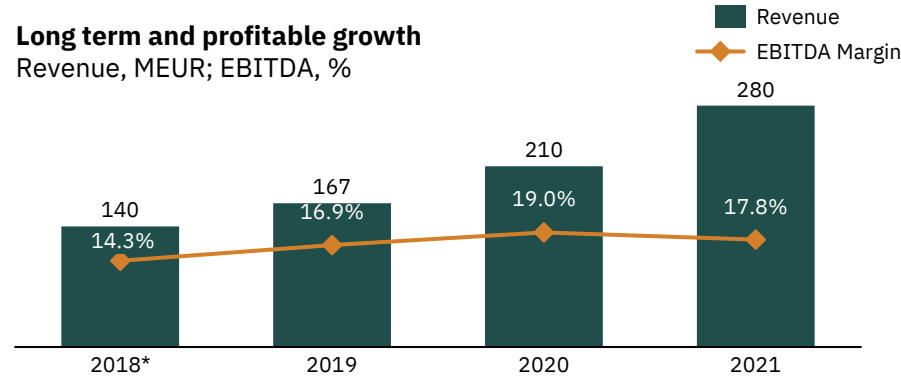
Serving leading consumer brands across industries

	Segment	Client examples	Share of revenue FY 2021	EBITDA margin FY 2021
eCommerce & Tech	 Online retail  IT/Tech  Fintech  Logistics  Consumer durables	  		18%
Services & Utilities	 Utilities  BFSI  Gov & Healthcare  Media  Travel	  		9%
Telco & Cable	 Telecom operators  Cable TV & Broadband operators	  		6%

Growing in highly profitable eCommerce & Tech sector

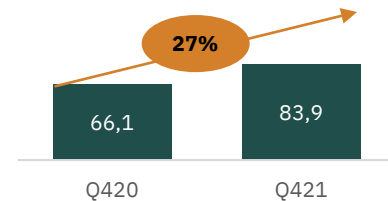
Long term and profitable growth

Revenue, MEUR; EBITDA, %



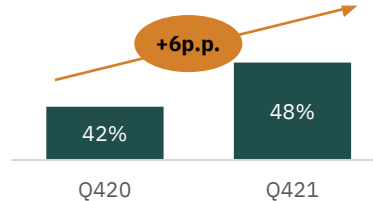
Strong YoY growth

Revenue, MEUR



Growing share of portfolio

%



Recognized as

Star Performer

by **Everest Group**

“Everest Group’s Peak Matrix Assessment”

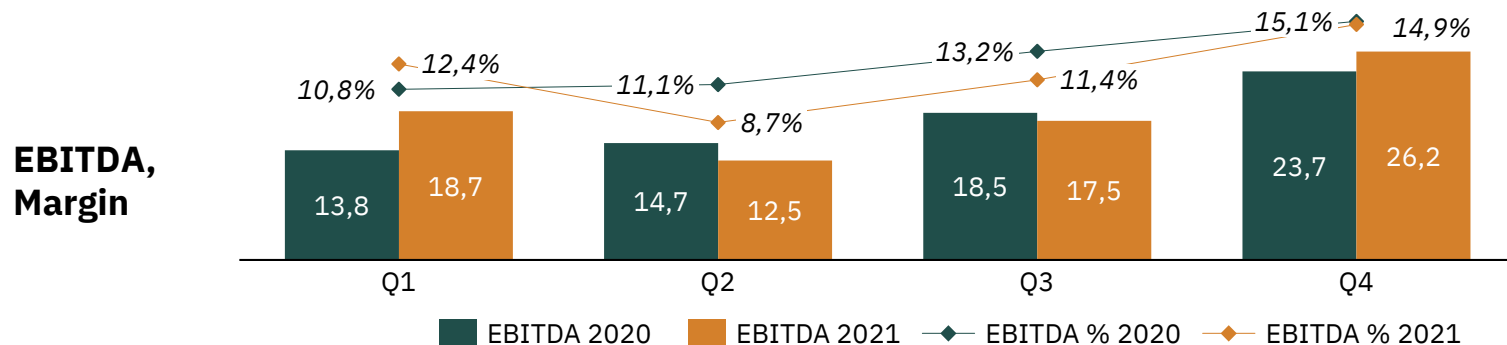
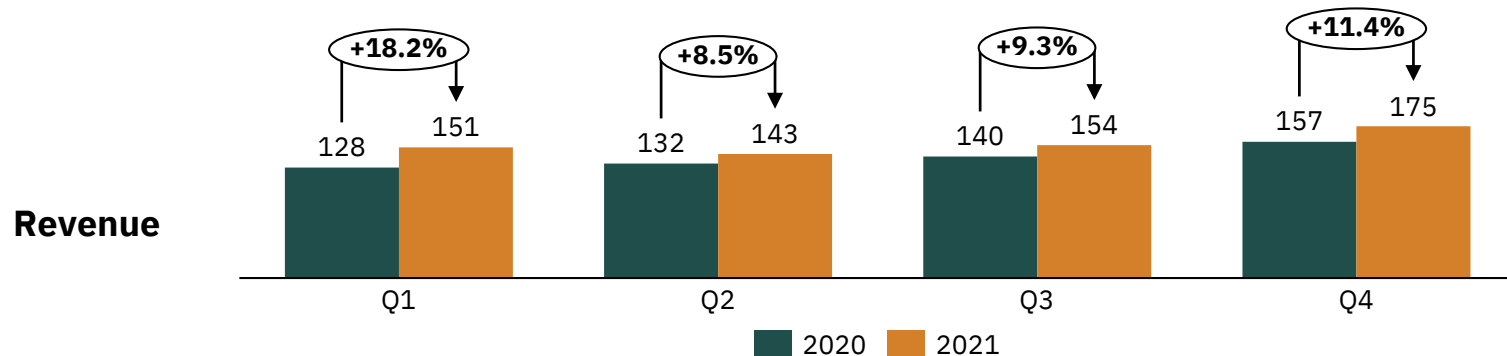
Major Player

by **IDC**

“IDC 2021 Digital Customer Care Services MarketScape Vendor Evaluation”

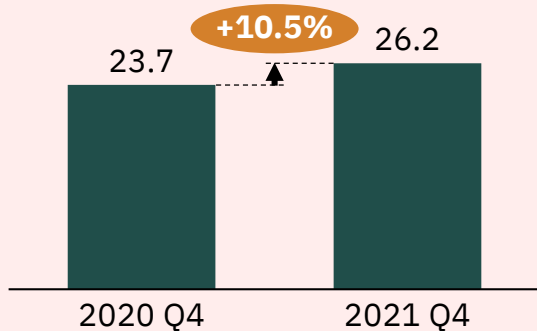
Profitability back on track in Q4

EUR Millions; Transcom Group, including TMS

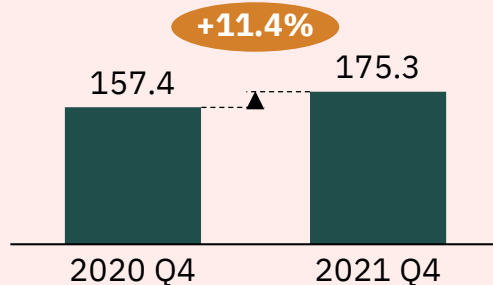


Continued growth in Q4 and stable profit margin vs LY

EBITDA, EUR Millions

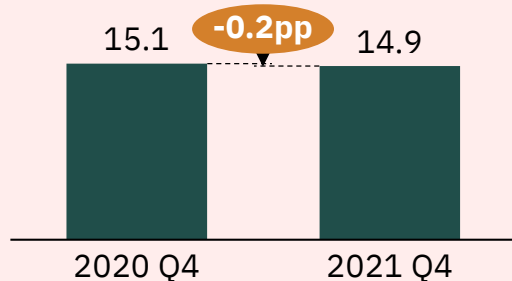


Revenue, EUR Millions



- Organic growth from recurring contracts 9.2% while temp contracts shrunk -5.7%
- Total organic growth 3.4%
- Acquired growth 6.5%

EBITDA Margin, Percent



- Underlying positive development
- Negative FX impact
- Slightly dilutive non-organic impact

Labor market challenge is an opportunity for Transcom

Major labor deficit in developed economies

Strong cost inflation – Especially in North America

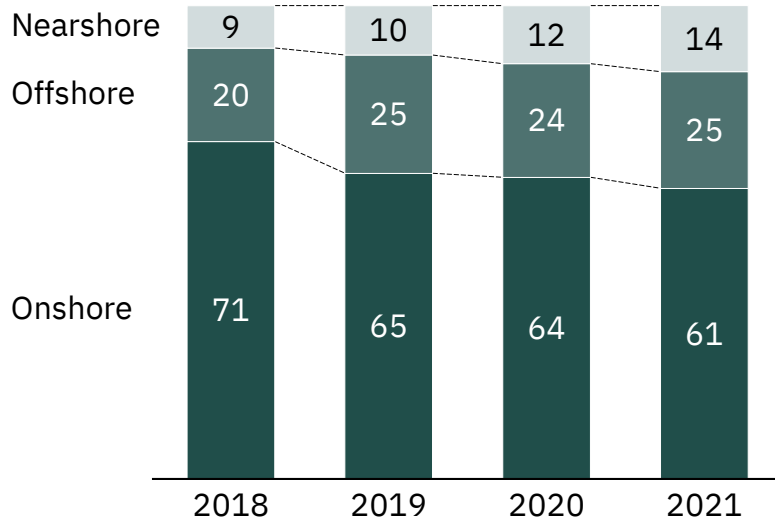
Increased pressure on onshore and inhouse operations

Transcom response

- Adjustment of wages to meet market
- Renegotiated >2/3 of revenue base
- Price-ups > expected labor cost inflation
- Continued near/offshore expansions

Continued near/offshore expansion in 2021

Revenue by type of delivery, Percent



EBITA%
2021

11%

18%

2%



9 new near/offshore locations during Q4

Recent & upcoming expansions

- | | |
|---------------------------------|--|
| <i>German</i> | <ul style="list-style-type: none">• Bosnia (Zenica, Banja Luka)• Croatia (Zagreb, Varazdin 2)• Serbia (Niš)• Slovenia (Brezice, Maribor)• North Macedonia (Skopje, Ohrid)• Poland (Poznan)• Onshore (Telefonica Berlin & Essen)• <i>Skopje 2, North Macedonia (Q1 2022)</i>• <i>Tetovo, North Macedonia (Q1 2022)</i> |
| <i>Nordics
& Dutch</i> | <ul style="list-style-type: none">• Spain (Malaga 1 & 2)• Onshore (new office Örebro, Gävle)• <i>Alicante, Spain (Q1 2022)</i> |
| <i>Italian
& French</i> | <ul style="list-style-type: none">• Croatia (new office Pula)• Albania (Shkodër)• Onshore (La Spezia, Rende, Lamezia WAH, Milan)• <i>Prato WAH hub, Italy (Q1 2022)</i> |
| <i>Spanish</i> | <ul style="list-style-type: none">• Colombia (Bogota)• Portugal (Porto) |
| <i>English</i> | <ul style="list-style-type: none">• Colombia (Bogota)• <i>Davao WAH hub, Philippines (Q1 2022)</i>• <i>Davao expansions, Philippines (H1 2022)</i>• <i>Onshore: Greenville, USA (Q1 2022)</i> |



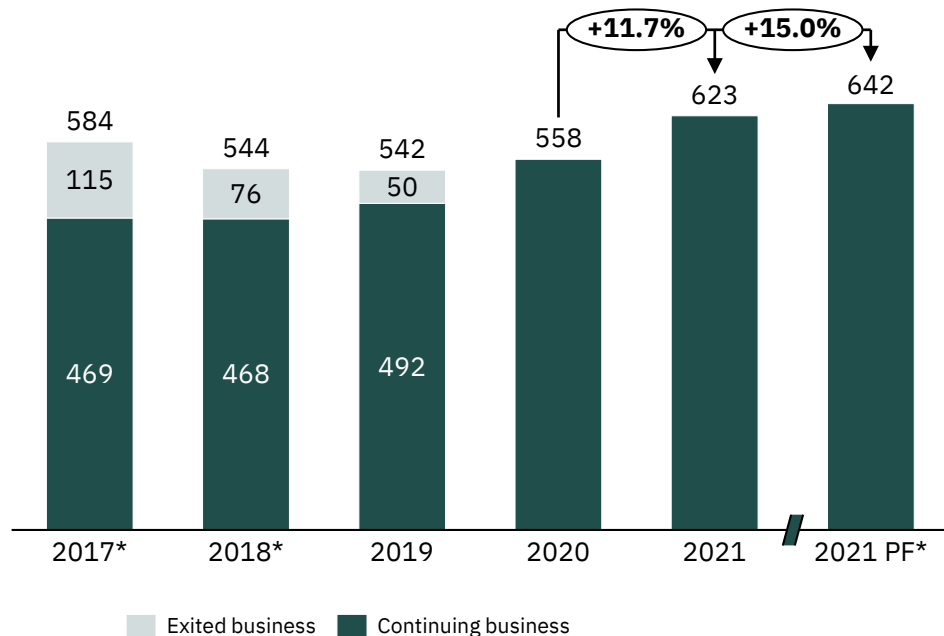
Alicante

- Opening March 1
- 260 seats
- Extensive talent pool for multiple languages with competitive employee cost – Nordic languages, Dutch, German, Spanish, Italian, French, English

Transcom

Strong growth momentum into 2022

Revenue EUR millions



Expecting strong organic growth 2022

- Adding 2021 wins amounting to €M ~78
- Subtracting ramp downs of €M ~26
- Adding 2022 wins, losses and volume fluctuations

Of which Q4 wins

- 2022 revenue €M18
- Annual contract value fully ramped €M21

Leading automotive

Customer services
EU nearshore
3.4 MEUR

European telco

Customer services
Onshore EU
3.5 MEUR

European utility

Customer services
EU onshore
2.7 MEUR

European real estate

Customer care
EU onshore
1.7 MEUR

Multinational retail

Customer services
LATAM nearshore
1.5 MEUR

TV/entertainment

Customer care
EU onshore
1.3 MEUR

Real estate

Customer services
EU onshore
0.5 MEUR

Logistics

Customer care
EU onshore
0.4 MEUR



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Strategy going forward

Strong comeback in Q4

- **Continued strong revenue growth**
 - 175.3 MEUR (157.4)
 - Growth of 11.4% in Q4 2021, whereof 3.4% organic
- **Q4 EBITDA ex non-recurring items**
 - 26.2 MEUR (23.7)
 - Margin of 14.9%, -0.2pp vs Q4 2020
- **Operating cash flow** was 4.3 MEUR (8.5), and net cash flow was -9.5 MEUR (-6.9) – primarily due to Net working capital increase
- **Non-recurring items:** -3.2 MEUR (-5.3), mainly costs for unutilized sites (onerous leases), and organizational adjustments
- **Net debt/EBITDA** of 4.1x (Q3 2021 4.1x)



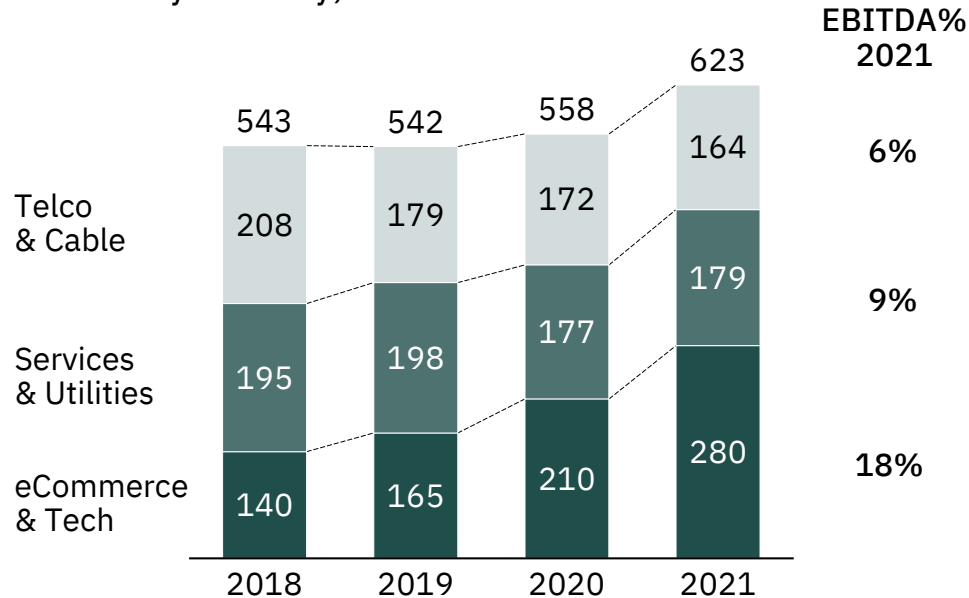
Q4 organic and inorganic growth

All figures in EUR Millions

	Q4 2020	Growth and Productivity	Currency	In-organic/ structural changes	Q4 2021
Revenue	157.4	5.4 (3.4%)	2.3	10.2 (6.5%)	175.3
EBITDA	23.7	1.1	0.2	1.2	26.2
EBITDA Margin	15.1%	0.2 pp	-0.1 pp	-0.2pp	14.9%

Shift towards highly profitable eCom&Tech sector

Revenue by industry, EUR Millions



Note: On July 27, 2018, the group acquired Awesome OS which has been consolidated from this date. 2019 includes Latin America until Feb 2019 (0.9M Sales and -0.1M EBITA). EBITDA% per industry includes allocation of unallocated/group-wide expenses.



Development by segment

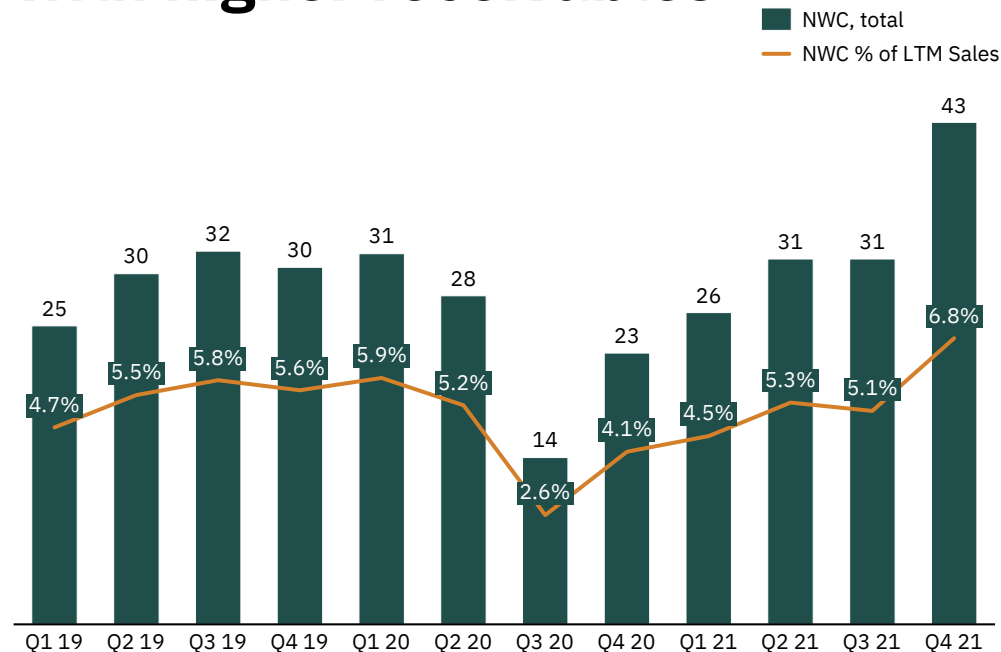
	MEUR	Revenue			EBITDA			EBITDA Margin, %		
		Q420	Q421	Change	Q420	Q421	Change	Q420	Q421	Change
Sector	eCommerce & Tech	66.1	83.9	27.0%	16.3	18.4	2.1	24.6	21.9	(2.7pp)
	Services & Utilities	47.8	50.0	4.8%	4.0	4.6	0.6	8.3	9.3	0.9pp
	Telco & Cable	43.6	41.4	(5.0%)	3.4	3.1	(0.3)	7.9	7.6	(0.3pp)
Region	Europe	97.2	110.8	14.0%	9.1	12.2	3.1	9.3	11.0	1.6pp
	Global English	60.3	64.5	7.1%	14.6	14.0	(0.6)	24.3	21.7	(2.6pp)
TOTAL		157.4	175.3	11.4%	23.7	26.2	2.5	15.1	14.9	(0.1pp)

Decrease in cash flow in Q4 driven by increase in working capital

EURm	2019	2020	2021	2020 Q4	2021 Q4
Profit/loss before tax	2.1	-7.9	-5.2	3.4	5.2
Adjustments for non-cash items	33.4	38.6	43.4	10.1	9.1
Net financial items	17.6	19.4	27.1	4.5	6.2
Income taxes paid	-7.5	-4.9	-9.0	-1.8	-0.4
Operating cash flow before NWC changes	45.7	45.2	56.3	16.3	20.1
Changes in working capital	5.7	5.0	-34.3	-7.8	-15.8
Operating cash flow	51.4	50.3	22.0	8.5	4.3
Investments/disposals	-16.5	-14.4	-20.9	-5.6	-5.8
Acquisitions/disposals of business, net of cash	-1.1	-6.8	-23.7	-	-
Other	-0.6	0.1	-0.7	0.0	-0.1
Cash flow from investing activities	-18.2	-21.1	-45.3	-5.6	-5.9
Cash flow from financing activities	-32.1	-28.8	49.6	-9.8	-7.9
Cash flow for the period	1.1	0.4	26.4	-6.9	-9.5

- Operating cash flow is EUR 4.3M (8.5)
- Increase of net working capital in Q4 2021 mostly driven by higher trade receivables due to higher volumes and seasonality
- Cash flow from investing activities of EUR -5.9M (-5.6)
- Cash flow from financing activities is EUR -8.3M (-9.8) - mainly payments of interest, other financial costs and lease payments

Q4 working capital increased with higher receivables



Q2-Q4 2020:

- Covid-related government support in terms of deferred taxes, due in 2022, total of EUR 12.1 M

Q4 2021:

- Increased receivables driven by higher volume and seasonality
- Focus on collections and decreasing collection cycles

Net debt and leverage development

All figures in EUR Millions

Debt structure	Maturity	Outstanding balance		
		2019	2020	2021 Q4
Fixed rate secured notes	<i>Paid June 2021</i>	180.0	180.0	-
Floating rate secured notes	Dec 2026	-	-	315.0
Secured term loan	<i>Paid June 2021</i>	-	20.0	-
SSRCF incl overdraft facility usage	June 2026	21.0	-	-
5-year secured bond	<i>Paid June 2021</i>	10.0	10.0	-
Lease liabilities		27.5	28.8	32.1
Other items included in net debt		7.1	8.2	-0.6
Gross debt		245.6	247.0	346.5
Cash on balance		14.3	13.7	39.2
Net debt		231.2	233.3	307.3

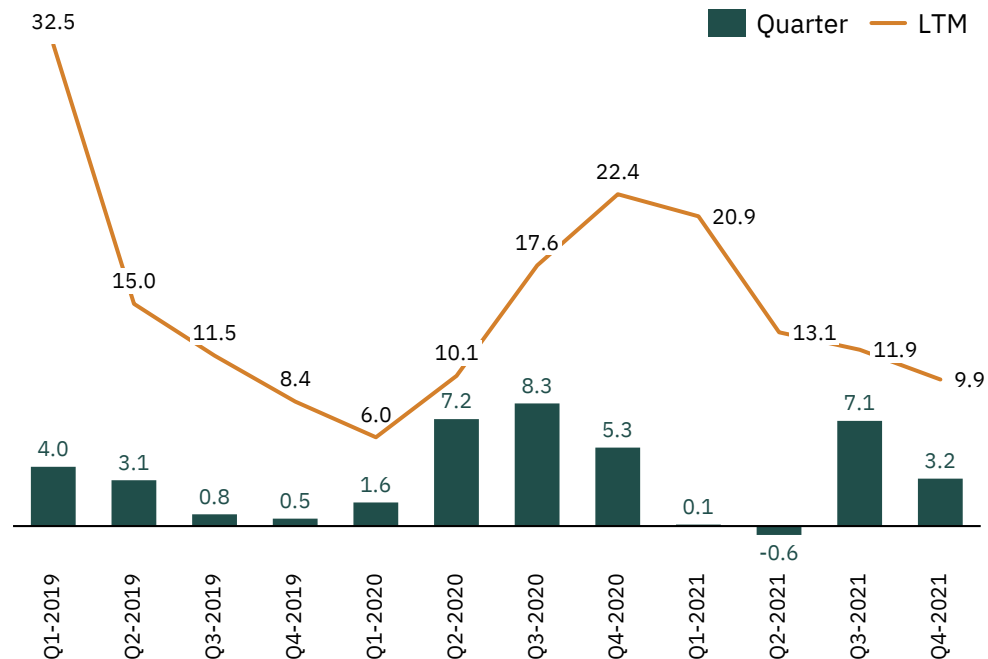
Net debt and leverage



1) Net debt, incl. Lease liabilities/fully adjusted EBITDA;
 2) Other liabilities includes subordinated loans, pension liabilities and unamortized cost.

Non-recurring items in Q4 was 3.2 MEUR

EUR millions



Q4 NRI totaled **-3.2M (5.3)**

- Costs for non-utilized sites
- Overhead costs savings plans
- Typhoon impact

From 2021, all Covid costs are taken as operational (-0.5M as operational cost in 2021 Q4, -4.7M for 2021)



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Strategy going forward

Financial targets

>16%
EBITDA IFRS 16

Continuation on the trend

- Operational Excellence
- Client mix shift
- Near/offshore expansion

>5–10%
organic growth p.a.

Sustaining current momentum

- Continued mix shift towards eCommerce & Tech
- Investments in sales and commercial organization
- Grow share of wallet of strategic clients

>5–10%
acquired growth p.a.

Shifting up to the next gear

- Supporting strategic shift: Digital, eCommerce & Tech
- Near and offshore delivery
- Reinforcing market access and accretive in-market bolt-ons

Conservative
leverage

Conservative leverage, reinvesting in growth when leverage permits

- Strong cash flow generation and EBITDA expansion providing natural de-leveraging
- Ability for targeted accretive M&A growth within leverage limits

Transcom