

May 16, 2024

# Q1 2024 Presentation

A man with short dark hair, wearing a grey polo shirt and a white lanyard with the Transcom logo, is looking off to the side. He is standing in front of a large window. Two wooden beehouses, made of stacked logs and featuring a central wooden door, are hanging from the window frame. The background outside the window shows a blurred green landscape under a blue sky.

**Transcom**

# Today's presenters



**Brian Johnson**  
President & CEO



**Snejana Koleva**  
CFO

# Brian Johnson, President & CEO

- 30+ years of international experience in the CX and BPO industry
- 16 years with Teleperformance, CEO for the company's largest region
- Deep understanding of the transformative powers of AI and cutting edge tech



Ascent Business Partners – Executive Board Member ('23-)



Sitel Group – CEO – Americas ('22-'22)



Teleperformance – CEO – English World Region ('14-'20)



Teleperformance – MD Philippines ('10-'14)



Senior management positions ('04-'09)



# Q1 2024 highlights

- **Revenue:** 189.1 M€ (192.8) (-1.9%), -0.6% organic growth excl contract exit in Spain in Q2 2023
- **EBITDA margin:** 11.6% (13.2%), decline due to challenges in EMEA with reducing and repositioning of volumes, and partially influenced by shorter quarter due to Easter holidays
- **Soft consumer demand** impacting volume in existing contracts
- **New clients won in 2023 and 2024** offset the volume pressures
- Transcom commits to the Science-Based Targets initiative with a **net-zero by 2050** ambition

We  
keep  
our  
promises.





**01**

**Company overview and Q1 highlights**

**02**

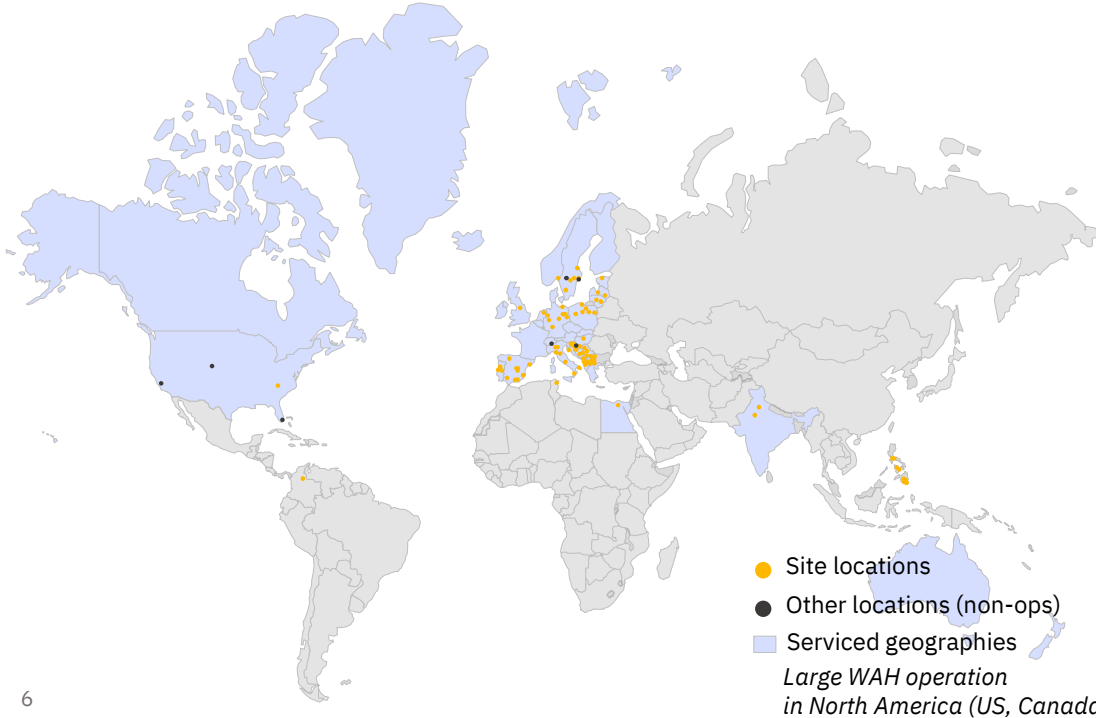
Financial performance

**03**

Strategy going forward

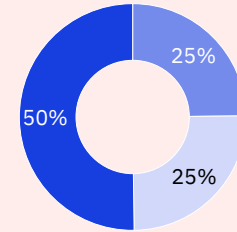
# Global footprint serving European and English-speaking markets

**29** Countries  
**90** Sites  
**33** Languages



## Shoring mix

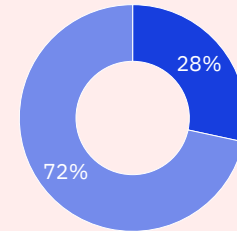
Q1 LTM 2024 Share of revenue



■ Nearshore ■ Offshore ■ Onshore

## Regional mix

Q1 LTM 2024 Share of revenue



■ English-speaking ■ Europe

# Transcom is a global leader in digital CX solutions

**Providing a world class customer experience...**



- Customer care & tech support
- Customer acquisition, sales & retention
- Compliance & back office

**...across all customer touchpoints...**



- Seamless experience in all channels - Chat & email, Messaging & Social media, Voice & video
- Consistency across human and AI-assisted interactions











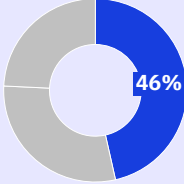








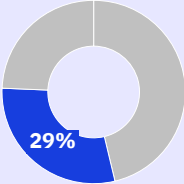




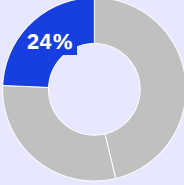
**...enabled by leading AI & digital capabilities**



- CX advisory
- AI & Digital solutions
- Tech enabled operations & transformation

**Transcom**

# Serving leading consumer brands across industries

	Segment	Client examples	Share of revenue Q1 LTM 2024	EBITDA margin Q1 LTM 2024
eCommerce & Tech	 Social media  Online retail  IT/Tech  Fintech  Logistics  Consumer durables	 PayPal  SAMSUNG  Bolt  TechStyleOS	 46%	17.9%
Services & Utilities	 Utilities  BFSI  Gov & Healthcare  Media  Travel	 BNP PARIBAS  ADVANZIA BANK  GET YOUR GUIDE	 29%	9.1%
Telco & Cable	 Telecom operators  Cable TV & Broadband operators	 TELE2  Ice	 24%	6.5%



# Business priorities

## Execution



**Operations** – Exceed client expectations and drive efficiency, setting a global standard for operations



**People** – Recruit, retain and develop awesome CX talent at all levels of the organization



**Growth** – Increase share of wallet through performance  
Focus on key sectors in high margin delivery locations  
Continue strategy of complementary acquisitions

## Strategic focus



**Digital** – Rapidly evolve and lead in digitally-enabled CX with bespoke solutions and new digital service offerings



**Clients** – Win new business through offering high-value digital solutions  
Prioritize new growth in the US market



**Optimization** – Continue our own internal digital transformation journey to drive further efficiency

# Transcom AI – providing super powers to agents and brands.

Dedicated global team | **500+** advisors and technology team | **100+** AI projects deployed since 2023  
Advanced digital solutions implemented in ca 30% of client base

## Autopilots

- AI voice & textbots
- AV IVR
- AI callback
- AI video messaging

## Co-pilots

- AI real-time translation
- AI agent assist
- AI knowledge assist

## Analytics

- AI business insights
- AI operational insights
- AI agent performance analytics
- AI ML & analytics

Advisory – Integrations – Transformations

# AI solutions and impacts

## Autopilot:

### AI callback solution

*Energy supplier*

An AI powered callback solution resulted in huge improvements in peak management and accessibility

**92%** successful callbacks

**-5%** lost calls

**~5,000** callbacks per month

**92%** callback rate

## Co-pilot:

### AI real-time translation

*Streaming subscription service*

AI real-time text translation eliminated language barriers for a huge peak in two months

**29** languages for 20 agents

**0%** CSAT deviation

**50%** cost saving in resourcing

**100%** agent experience

## Insights:

### AI ML & analytics

*European telco*

Performance increase in debt collection through machine learning implementation

**7%** increase in debt collection

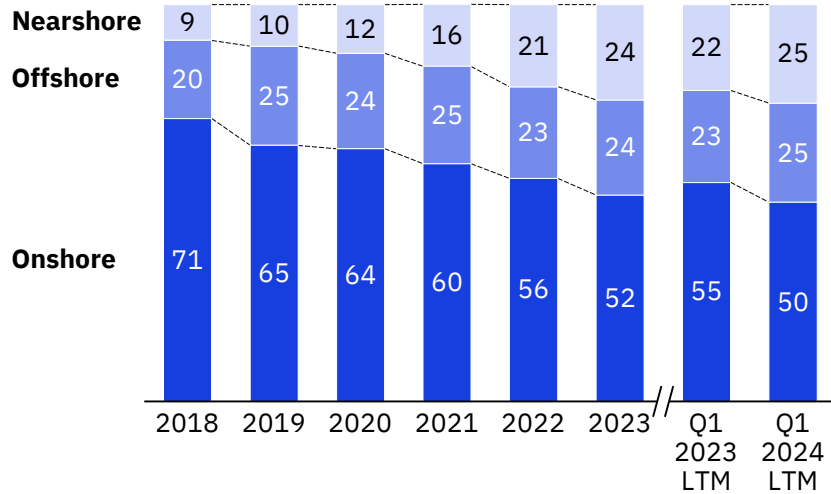
**17%** debt collected by self-payment

**~900** operative hours saved

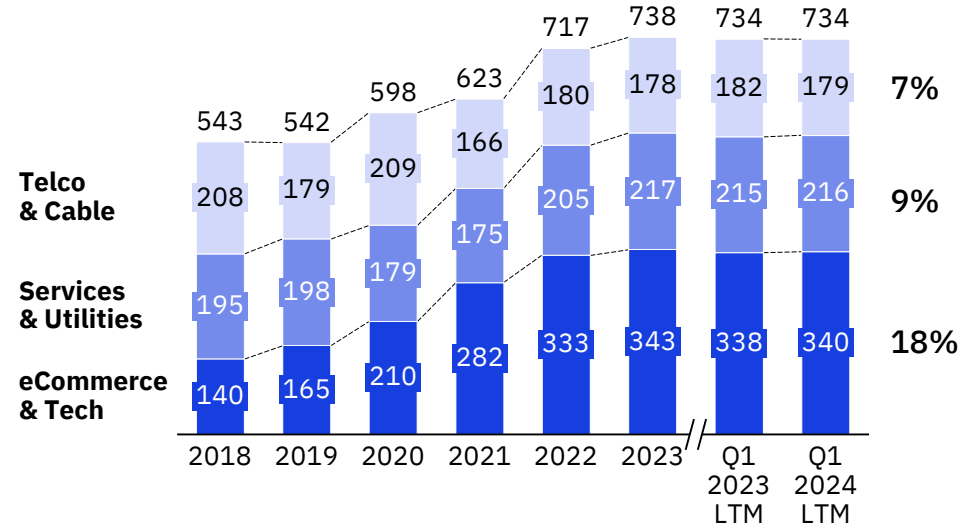
**17** to 33 increase in NPS

# Strategic shift in delivery mix and client sectors continues and supports our margin development

Share of Revenue by type of delivery, percent



Revenue by industry, EUR Millions

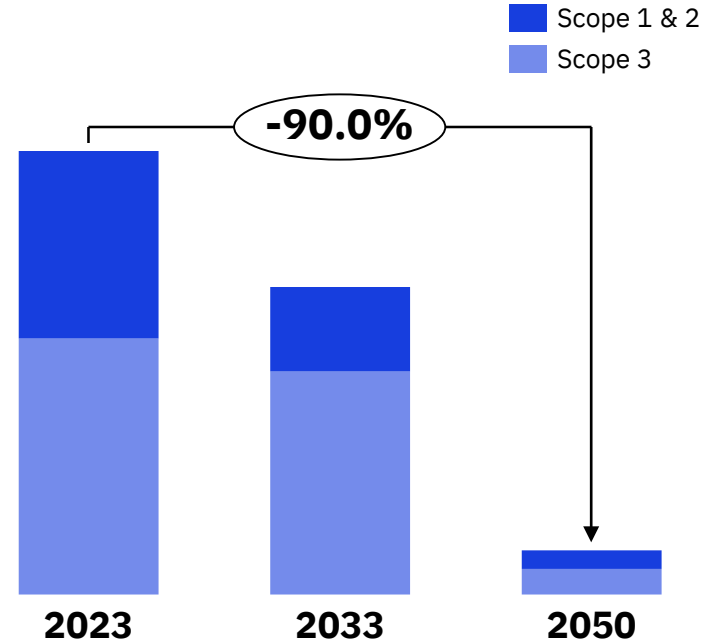




# Transcom commits to the Science-Based Targets initiative with a net-zero by 2050 ambition

Transcom commits to reducing emissions by 90% from a 2023 baseline

Climate strategy with targets for emission reductions in accordance with the Paris Agreement, aiming to keep the increase in the global average temperature within 1.5°C above pre-industrial levels



Scope 1 emissions occur from sources that are owned or controlled by Transcom

Scope 2 emissions from purchased electricity, heating and cooling

Scope 3 emissions accounts for emissions that are not owned or controlled by Transcom but occur due to Transcom activities



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**Financial performance**

**03**

Strategy going forward

# Q1 Financial highlights

## Organic revenue of -0.6% in tougher market

- 189.1 M€ (191.8)
- Growth of -1.9% vs Q1 2023. Comparable organic growth was -0.6%

## Q1 EBITDA ex non-recurring items

- 21.9 M€ (25.5)
- Margin of 11.6% (13.2%)

**Net working capital** of 68.8M€ (69.2), which corresponds to 9.1% of the revenue

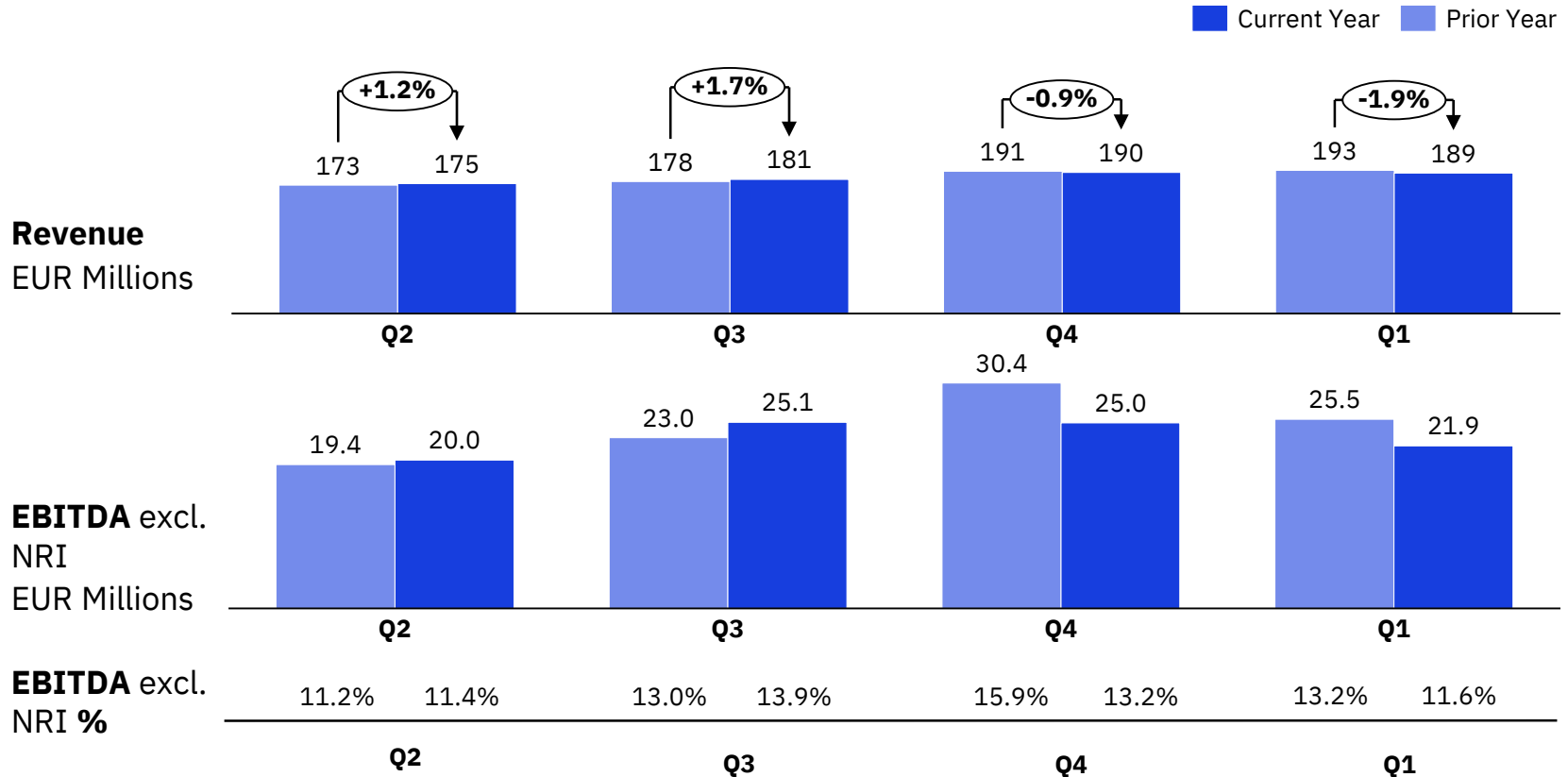
**Operating cash flow in the Quarter** was 18.1 M€ (17.9)

**Non-recurring items:** -1.7M€ (-1.1)

**Net debt/EBITDA** of 4.0 (3.4)



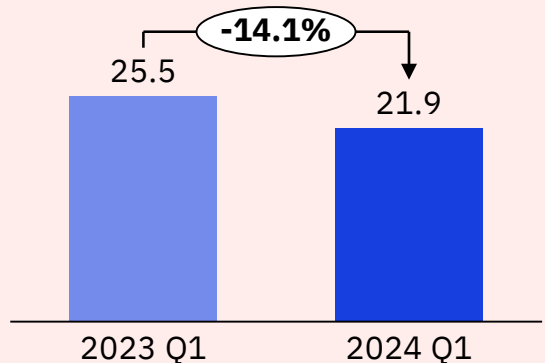
# Q4 Revenue slightly below LY, lower EBITDA margin



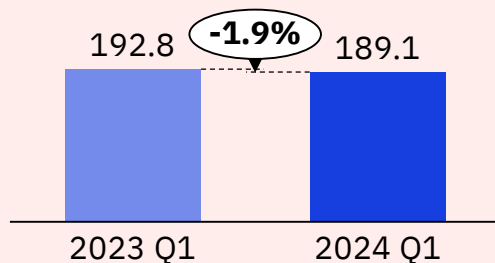


# Comparable organic growth of -0.6%, EBITDA negatively impacted by operational challenges in the European segment

EBITDA, EUR Millions

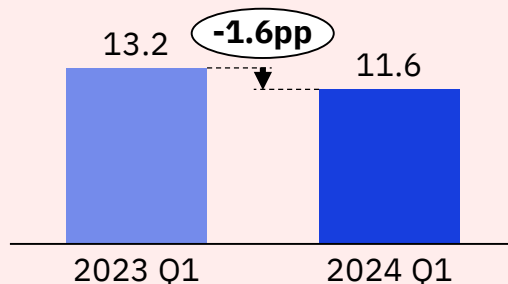


Revenue, EUR Millions



- Organic growth adjusted for exited contract in Spain of -0.6%
- Negative impact from currency of -0.3%
- Acquired growth 2.9%

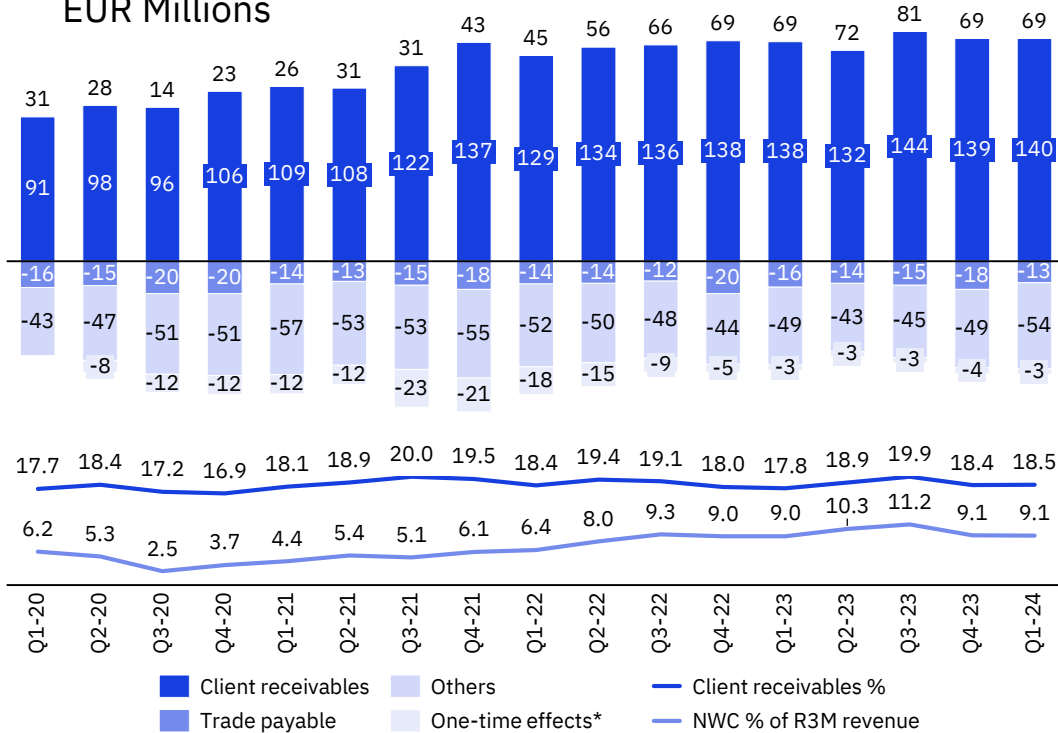
EBITDA Margin, Percent



- Negative impact from Telco & Cable- and Service & Utilities sectors in the European segment

# Stable NWC and Client receivables

EUR Millions



- Net working capital was in line with last quarter
- Client receivables also in line with recent quarters

# Operating Cash Flow slightly improving vs last year

EUR Millions

	2020	2021	2022	2023	2023 Q1	2024 Q1
Profit/loss before tax	-7.9	-5.2	10.6	-8.7	3.5	-3.4
Adjustments for non-cash items	38.6	43.4	42.5	46.8	4.9	13.9
Net financial items	19.4	27.1	24.8	37.6	8.7	11.7
Income taxes paid	-4.9	-9.0	-8.2	-10.8	-0.9	-2.8
<b>Operating cash flow before NWC changes</b>	<b>45.2</b>	<b>56.3</b>	<b>69.7</b>	<b>64.9</b>	<b>16.2</b>	<b>19.3</b>
Changes in working capital	5.0	-34.3	-17.3	-2.3	1.7	-0.5
<b>Operating cash flow</b>	<b>50.3</b>	<b>22.0</b>	<b>52.4</b>	<b>62.5</b>	<b>17.9</b>	<b>18.8</b>
Investments/disposals	-14.4	-20.9	-24.2	-22.0	-6.3	-5.4
Acquisitions/disposals of business, net of cash	-6.8	-23.7	-9.8	-13.9	-4.9	-2.6
Other	0.1	-0.7	0.4	-0.5	0.1	-1.6
<b>Cash flow from investing activities</b>	<b>-21.1</b>	<b>-45.3</b>	<b>-33.6</b>	<b>-36.2</b>	<b>-11.1</b>	<b>-9.6</b>
<b>Cash flow from financing activities</b>	<b>-28.8</b>	<b>49.6</b>	<b>-25.9</b>	<b>-20.0</b>	<b>-2.0</b>	<b>5.4</b>
<b>Cash flow for the period</b>	<b>0.4</b>	<b>26.4</b>	<b>-7.1</b>	<b>6.3</b>	<b>4.8</b>	<b>14.6</b>

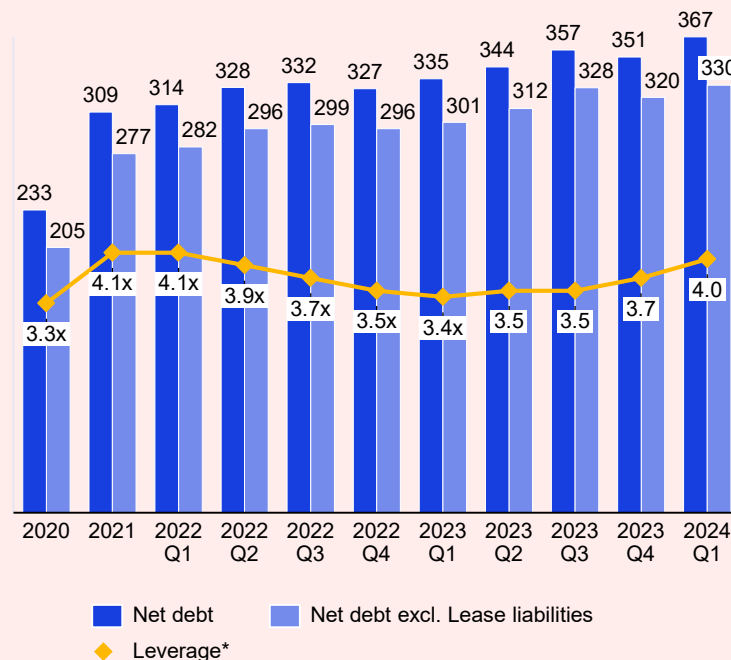
- Operating cash flow amounted to 18.8M€ (17.9)
- Cash flow from investing activities in the quarter improved to -9.6M€ (-11.1), due to lower investments and acquisition related payments
- Cash flow from financing activities in the quarter improved to 5.4M€ (-2.0) explained by the new Senior Secured Floating Rate Notes of 65M€ Transcom entered during Q1
- Cash flow for the period in the quarter amounted to 14.6M€ (4.8)

# Net debt and leverage development

EUR Millions

Debt structure	Maturity	Outstanding balance				
		2020	2021	2022	2023	Q1 2024
Fixed rate secured notes	<i>Paid June 2021</i>	180.0	-	-	-	-
Floating rate secured notes	Dec 2026	-	315.0	315.0	315.0	380.0
Secured term loan	<i>Paid June 2021</i>	20.0	-	-	-	-
SSRCF incl. overdraft facility usage	June 2026	-	-	14.1	43.6	-
5-year secured bond	<i>Paid June 2021</i>	10.0	-	-	-	-
Lease liabilities		28.8	32.1	31.0	30.8	37.1
Other items incl. in net debt		8.2	1.0	-1.9	-2.6	0.4
<b>Gross debt</b>		<b>247.0</b>	<b>348.1</b>	<b>358.2</b>	<b>386.9</b>	<b>417.6</b>
Cash on balance		13.7	39.2	31.4	35.8	50.9
<b>Net debt*</b>		<b>233.3</b>	<b>308.8</b>	<b>326.8</b>	<b>351.1</b>	<b>366.6</b>

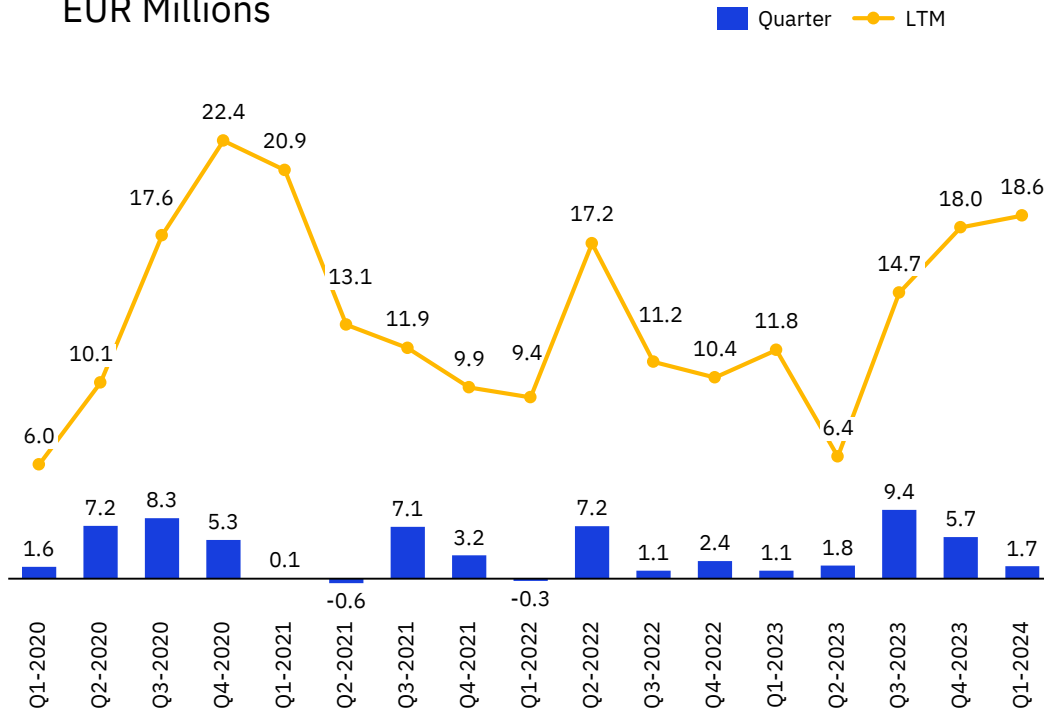
## Net debt and leverage





# Non-recurring items -1.7 M€ in Q1

EUR Millions



Q1 NRI totaled -1.7 M€ (-1.1)

- Operational non-recurring items of -1.5 M€ are due to restructuring activities mainly related to the reorganization
- Transaction-related non-recurring items of -0.2 M€ mainly related to costs for M&A projects



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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 underlying growth**

- 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.

## **Continuing as we do**

- Supporting strategic shift: Digital, eCommerce & Tech, near/offshore
- 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

# Appendix

# Development by segment

EUR Millions

		Revenue			EBITDA			EBITDA Margin, %		
		Q1 23	Q1 24	Change	Q1 23	Q1 24	Change	Q1 23	Q1 24	Change
Sector	eCommerce & Tech	86.3	82.5	<b>-4.4%</b>	15.1	13.7	<b>-1.4</b>	17.5	16.6	<b>-0.9pp</b>
	Services & Utilities	60.5	59.8	<b>-1.2%</b>	5.8	4.6	<b>-1.2</b>	9.6	7.6	<b>-2.0pp</b>
	Telco & Cable	46.0	46.9	<b>1.9%</b>	4.6	3.6	<b>-0.9</b>	9.9	7.8	<b>-2.1pp</b>
Region	Europe	139.4	139.4	<b>0.0%</b>	16.1	10.5	<b>-5.7</b>	11.6	7.5	<b>-4.1pp</b>
	English-speaking	53.4	49.7	<b>-6.8%</b>	9.4	11.5	<b>2.1</b>	17.5	23.0	<b>5.5pp</b>
<b>TOTAL</b>		<b>192.8</b>	<b>189.1</b>	<b>-1.9%</b>	<b>25.5</b>	<b>21.9</b>	<b>-3.6</b>	<b>13.2</b>	<b>11.6</b>	<b>-1.6pp</b>

**Transcom**