

SEB Enskilda Nordic Seminar

Copenhagen, 12 January 2011



Agenda

1. About Transcom
2. Services & Solutions
3. Market Trends
4. Key Value Drivers
5. Financial Highlights
6. Next Steps in Our Journey

Our starting point



Transcom at a glance

Solutions



Win Customers
Customer acquisition
Cross & upsell

Grow Business
Customer service
Technical support
Customer retention

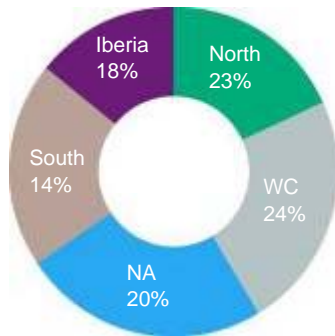
Secure Revenue
Early collections
Contingent collections
Legal collections

Fast facts

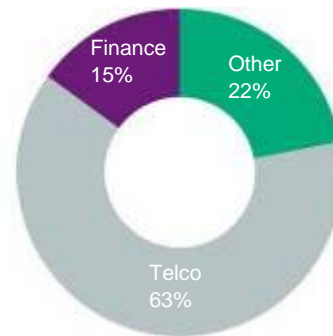
- International leader in customer lifecycle management
- €560m+ revenues (FY09)
- 350+ clients
- 24,500+ people
- 75 sites across 27 countries
- 600,000 customer interactions a day
- 33 languages

Business mix

By region



By vertical



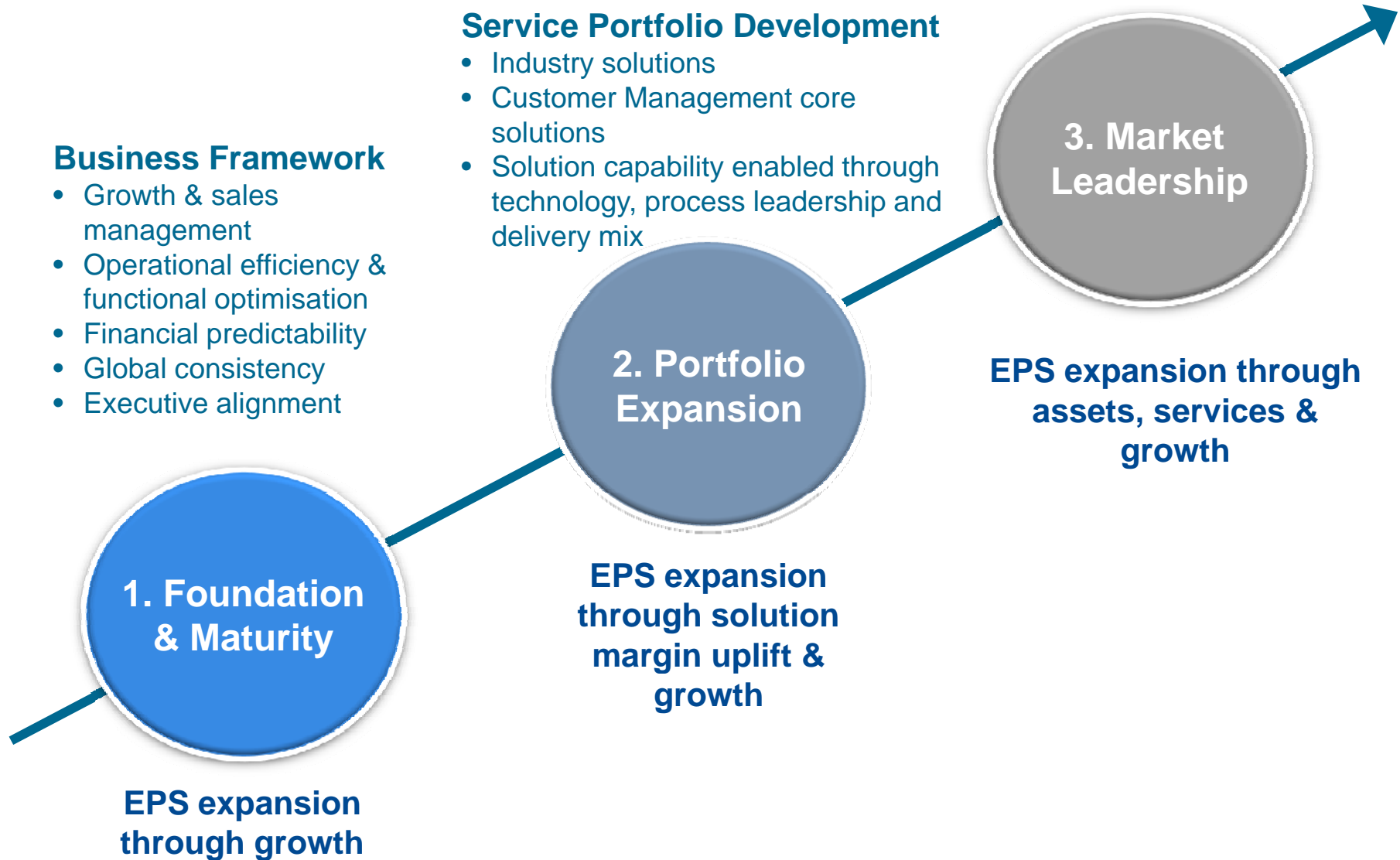
USPs

- Customer relationship management specialist
- Delivering results across entire customer lifecycle
- Global delivery capability
- Industry & process expertise

Investors

- Investment AB Kinnevik
- Nordea Fonder
- Swedbank Robur
- Fjärde AP-Fonden
- Odin Fonder

A Journey



Our clients

Financial Services



Telecoms



Travel & Leisure



Media & Technology



Retail



Other



Transcom

Relationships Revenue Results

Company confidential. Not to be circulated without client permission.

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Managing the customer lifecycle



Win Customers
Customer acquisition
Cross & upsell

Grow Business
Customer service
Technical support
Customer retention

Secure Revenue
Early collections
Contingent collections
Legal collections

- Specialist customer and credit management outsourcer
- Services across total customer lifecycle
- 'Outcomes' not 'tasks'
- 'Business improvement' not 'cost reduction'
- 'Customer solutions' not 'commodity services'
- 'Global capability' not 'local specialty'

Evidence of success

Comprehensive credit management for VW Group

Results

- 38% reduction in cost of service since launch
- Day sales outstanding (DSO) stable < 3 days
- Losses to liquidation and bankruptcy < 0.3%
- TPS now accounts for 45% of all VW Group parts sales in the UK
- Contributing to £271m revenue at end of year 3 (£10m ahead of target)

“We didn’t think we’d find a partner with the experience and breadth to manage the whole operation. The fact that we did has meant efficiencies for us plus a better service for TPS agents and their customers.”

**Ian Brown, Financial Controller,
VW Group**

Evidence of success

Preventing churn for Tele2

Results

- Win-back rates up to 31%
- Cross and upsell conversion rates 20%
- Contributing to significant margin growth

“ Transcom’s agents are the best, but its win-back teams are an elite force. They’re selected for their extensive product knowledge and the strength of their negotiating skills.”

**Fredrik Stenberg, Director of
Customer Operations, Tele2**

Evidence of success

Customer care for Menzies Client Services

Results

- Quality scores of 98%
- 95% of bags found within 5 days
- Recovery of 'irrecoverable' bags up from 7.98% to 9.8%
- Supporting a 25% increase in total baggage handling business

“Increasingly airlines rely on top-quality customer service to differentiate themselves. They trust us – and we trust Transcom – to protect that reputation when it is most seriously at risk.”

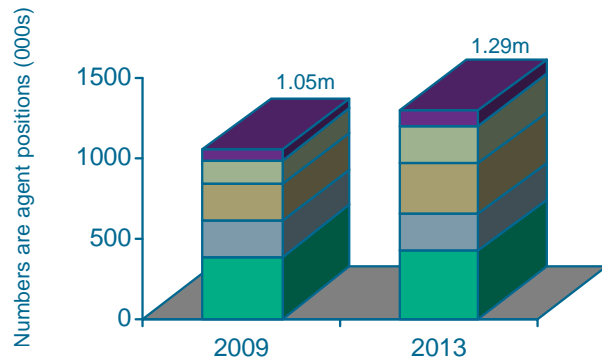
Caroline Patterson, Director, MSC

Agenda

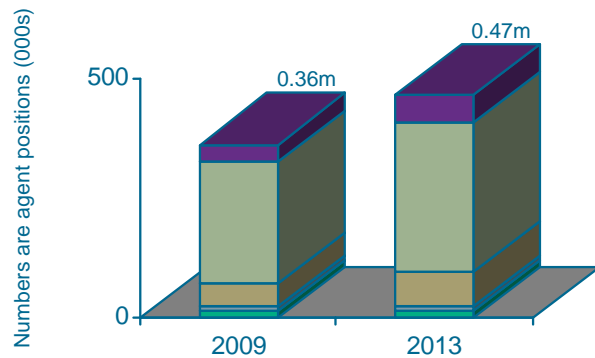
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Trend 1: Market Growth

Agents serving onshore market



Agents serving offshore market



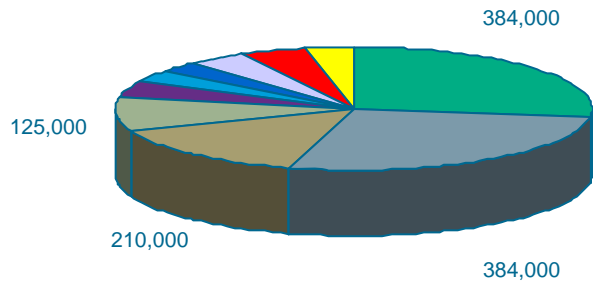
Source: Ovum CRM Outsourcing Forecasts, 28/07/2010

Transcom
Relationships Revenue Results

- Onshore market forecast to grow steadily (5%pa) over next 3 years – from global 1.05m agent positions (2009) to 1.29m (2013)
- N. America and W.Europe growth much slower (2%) – forecast to shrink relative to the market (from 57% of onshore delivery in 2009 to 51%)
- Offshore market forecast to grow faster (6 - 7%pa) over next 3 years – from global 0.36m agent positions (2009) to 0.47m (2013)
- AsiaPac accounts for 70% of offshore delivery across period 2009 – 2013
- Excepting South America, other offshore markets relatively marginal

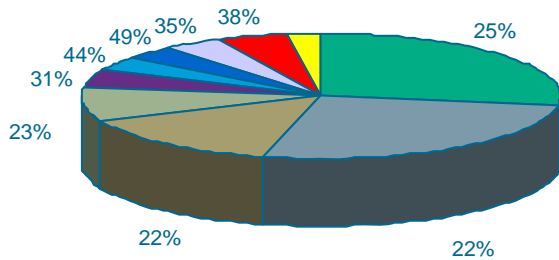
Trend 2: Demand by Industry

2009

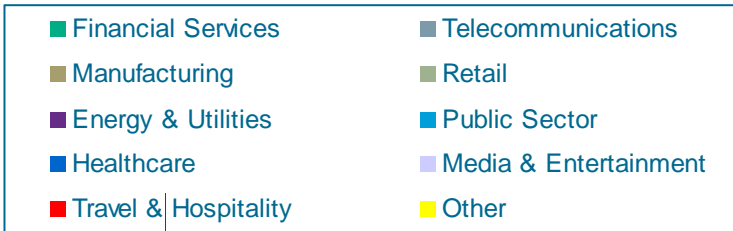


Numbers are agent positions

2013



Numbers are % growth, 2009 - 2013

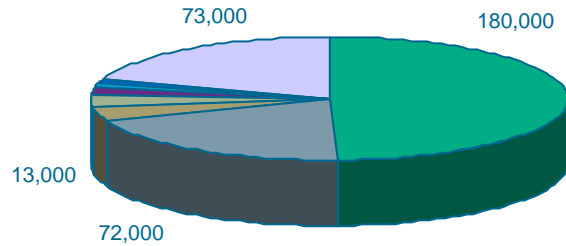


Source: Ovum CRM Outsourcing Forecasts, 28/07/2010

- Market forecast to grow steadily (6%pa) over next 3 years – from global 1.4m agent positions (2009) to 1.8m (2013)
- Financial Services and Telecommunications continue form largest part of market – combined 54% 2009, forecast to stay at this level to 2013
- Strongest growth 2009 – 2013 in Healthcare (49%), Public Sector (44%), Travel & Hospitality (38%), Media (35%), Energy & Utilities (31%). But by 2013 these sectors still represent only 20% of market

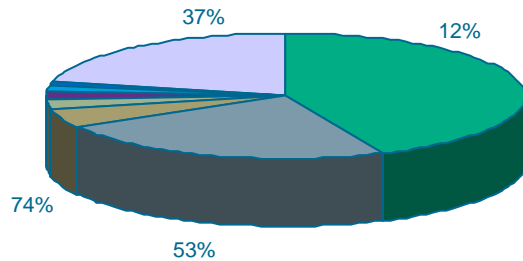
Trend 3: Offshore

2009



Numbers are agent positions

2013



Numbers are % growth, 2009 - 2013



- Offshore delivery currently dominated by India and Philippines – 252,000 agents, 70% of total.
- Rest of market fragmented – e.g. all of Central and E. Europe 13,000 agents, Chile 3,000
- Offshore delivery locations forecast to grow, but at very different speeds (e.g. India 12%, Philippines 53%)
- Fastest growth anticipated for Central and E. Europe (74%), Tunisia (73%)
- But picture in 2013 not very different to today – India and Philippines forecast to be 67% of total offshore

Source: Ovum CRM Outsourcing Forecasts, 28/07/2010

Trend 4: Customer Contact

Convergence

- Growing convergence between contact centre & other areas of BPO
- Niche opportunities around industry verticals & functional domains

Price sensitivity

- Cost reduction still strongest reason to outsource
- Need for lower onshore price points & higher offshore quality

New Business Models

- Social media enabling new patterns of consumer behaviour



Trend 5: Customer Credit

Growth

- Strong fundamentals – clients increasingly looking to for certainty on receivables and cash flow

Consolidation

- Fragmented market, in need of professionalisation (in face of regulation & compliance needs)

Transition

- Industry players changing strategic focus from product (debt collection) to solution (end-to-end credit / receivables management)

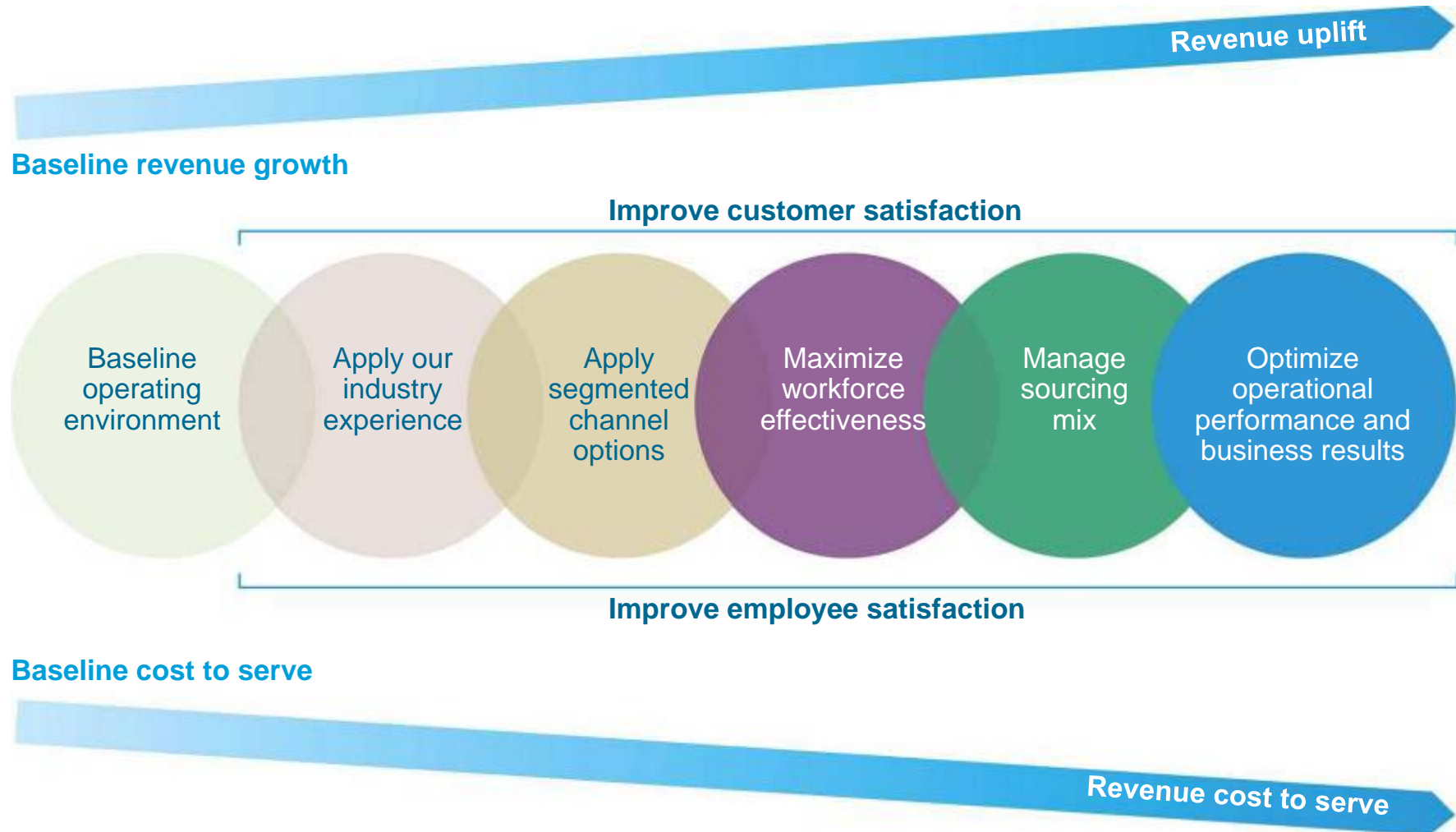
Customer Focus

- Focus on rehabilitating debtor as customer

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Creating value for clients

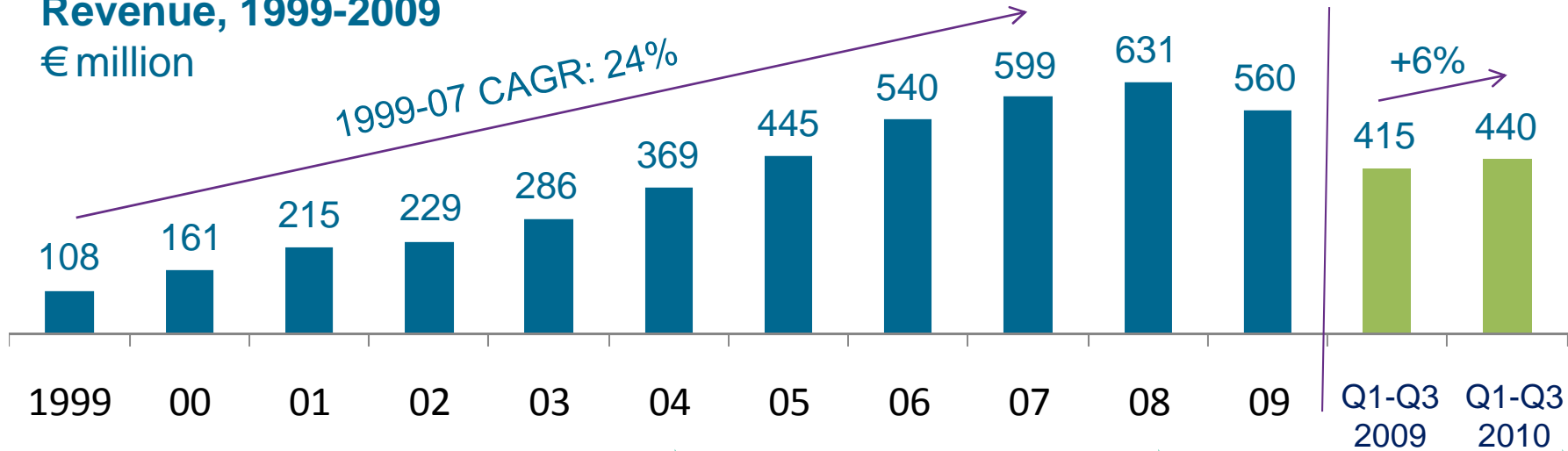


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Evolving Value Creation

Revenue, 1999-2009
€ million



1999 – 2006 :
Geographic Expansion

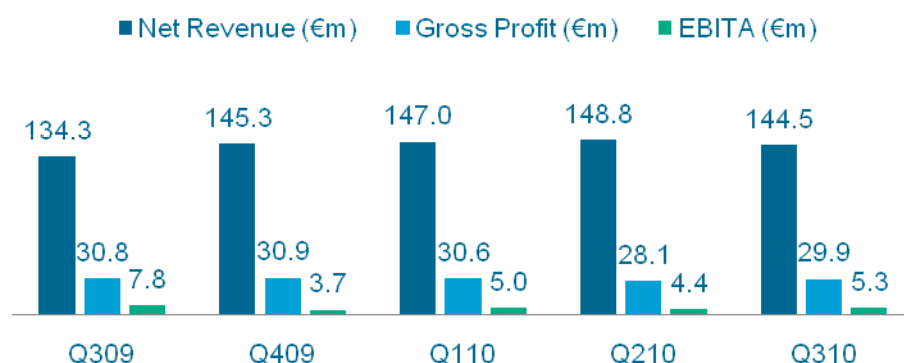
2007: Portfolio
Diversification

2009: Transformation
Journey

- 2000-01: Estonia, Italy, Spain, Latvia
- 2002-03: Lithuania, Poland, Portugal
- 2004-05: Belgium, Hungary, Croatia, Czech Republic, Tunisia
- 2006-07: United Kingdom, Canada, Phillipines, USA.
- 2008-09: Chile

Group Development, Q3 2010

Group

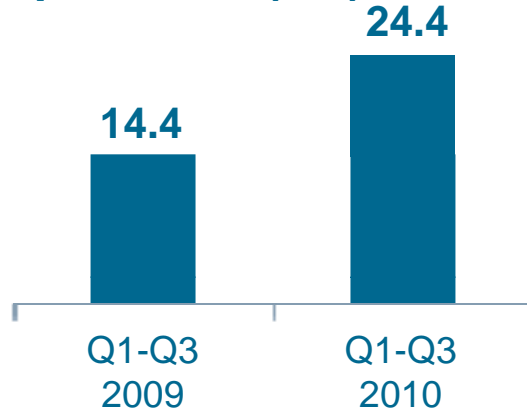


(€millions)	Q310	Q210	Change Q-o-Q%	Q309	Change Y-o-Y%	FY2009
Revenue	144.5	148.8	-2.9%	134.3	7.6%	560.2
Gross profit	29.9	28.1	6.4%	30.9	-3.2%	123.4
Gross margin	20.7%	18.9%		23.0%		22.0%
EBITA	5.3	4.4	20.5%	7.9	-32.9%	27.2
EBITA margin	3.7%	3.0%		5.9%		4.9%
EPS (€)	0.05	0.04	22.6%	0.08	-48.2%	0.28
Net Debt	81.8	85.7		96.2		96.1

- **Revenue at €144.5m**, down by 2.9% compared to Q210 & up by 7.6% compared to Q309
- **Gross margin: 20.7%** compared to 18.9% in Q210 & 23.0% Q309
- **EBITA: €5.3m** up from €4.4m in Q210 & down from €7.9m in Q309
- **EPS at €0.05**, up from €0.04 in Q210 & down from €0.09 in Q309
- **Net currency impact:**
-€0.3m on revenue, -€0.2m on EBIT Q-o-Q
+€6.8m on revenue, -€0.1m on EBIT Y-o-Y
+€14.7m on revenue, -€3.2m on EBIT YTD
- **Net debt** reduced by €3.9m to **€81.8m**. Current Net Debt / EBITDA ratio stable at **2.3**
- **Net cash flow from operations** up to **€24.4m** in the first 9 months of 2010 compared to €14.4m in 2009

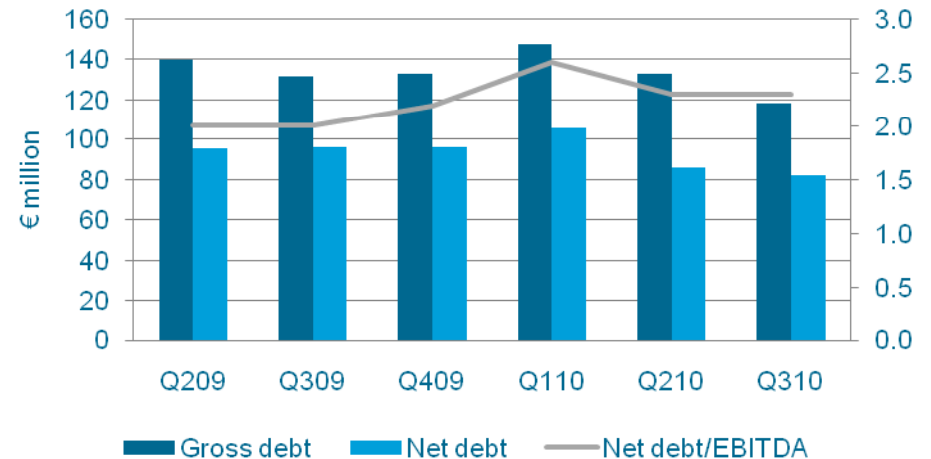
Increasing cash generation and reducing leverage

Net cash flow provided by operations (€m)



- €10.0m additional cash generated in the first nine months of 2010.
- Working capital stable over quarters in 2010 at €88m; program to reduce further
- Growth in revenue and EBIT will drive further growth in cash generation

Leveraging



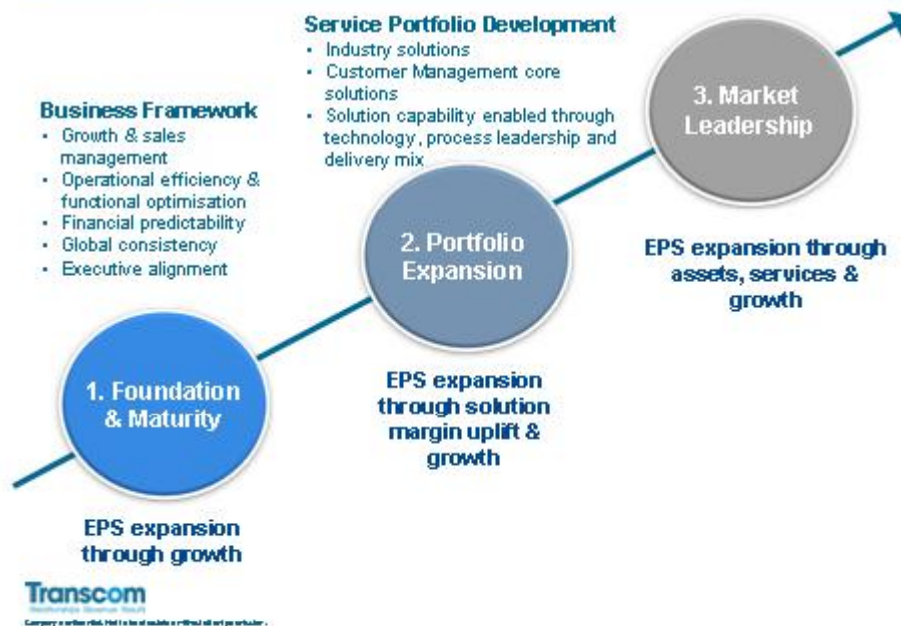
- Net Debt reduced by **€14.3m** during 2010 to **€81.8m in Q3 2010** vs. **€96.1m in Q4 2009**
- Continued reduction during 2010 in EBITDA/Net Debt ratio **2.3**

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Next Steps in our Journey

A Journey



Strong foundation

- Clients
- Geographic coverage
- Service portfolio
- Service delivery

Clear strategy

- Focus on execution

Significant opportunity

- More profit from current book of business
- Further growth from existing clients

Main strategies to drive value creation

- Growth
- Address under performing units
- Portfolio and technology transformation

The journey continues...

Thank you

Q&A