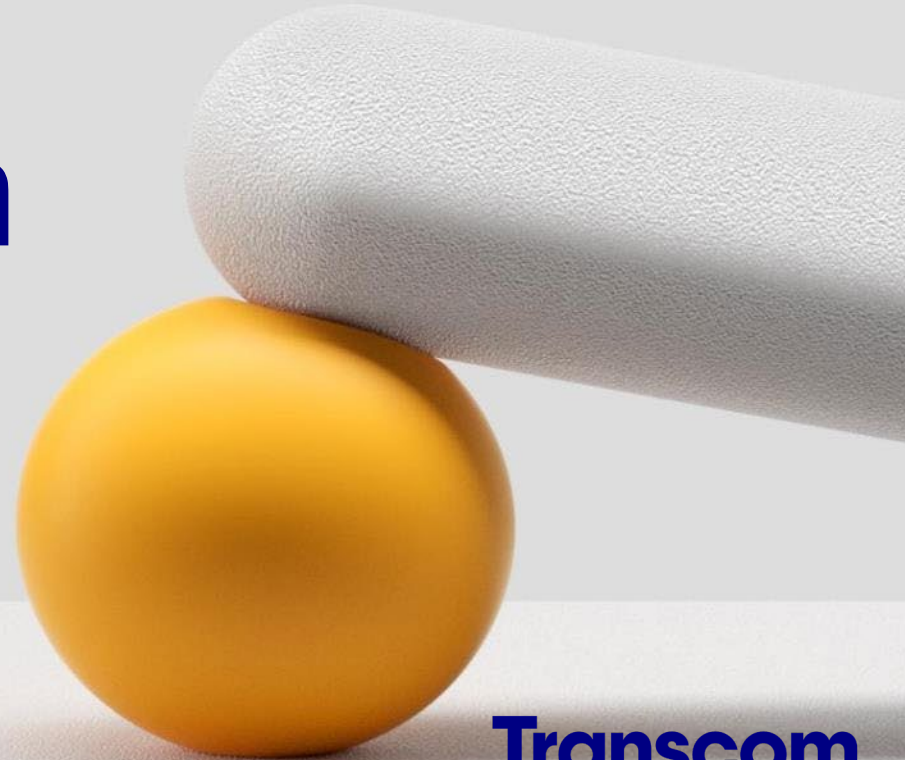


February 20, 2019

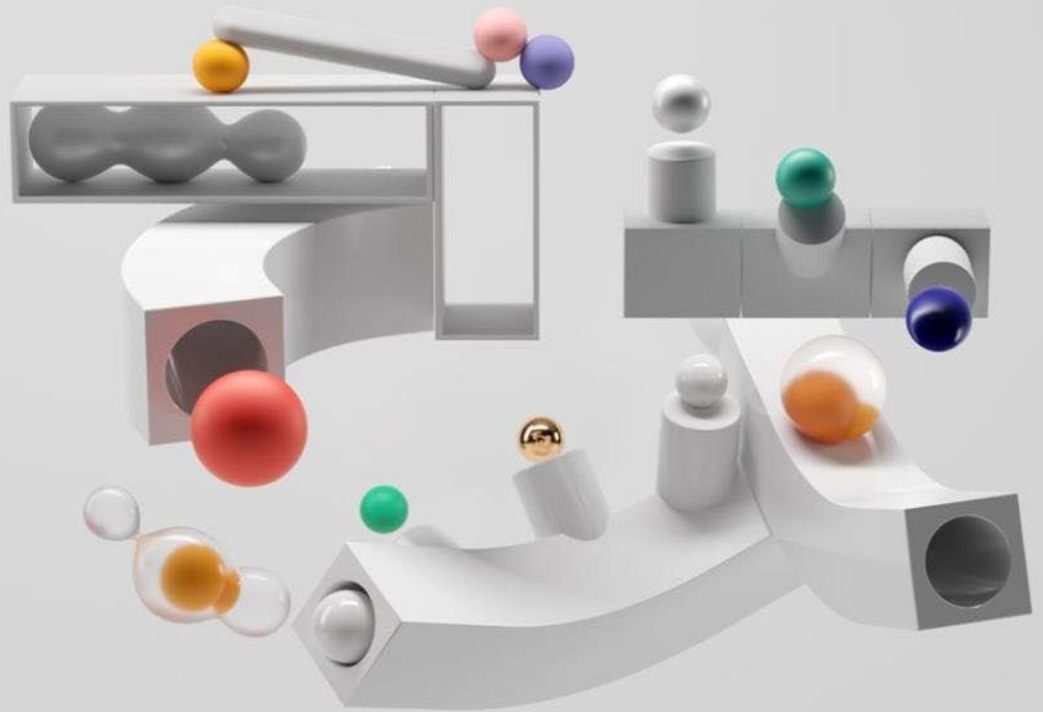
# Q4 2018 Presentation



**Transcom**

# Agenda

- Presenters
- Company overview
- Financial performance
- Summary



## Today's presenters



**Michael Weinreich**  
**Chief Executive Officer**

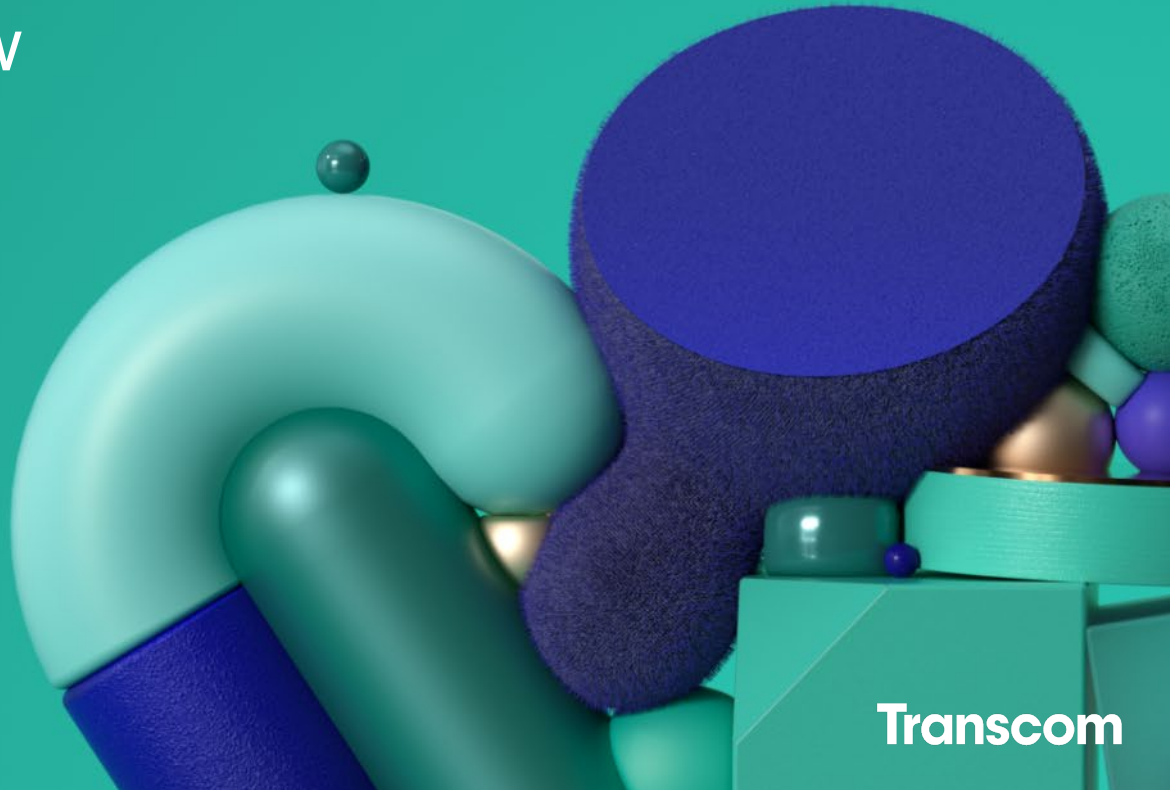
Transcom since September 2017  
Previous roles:  
VC Partner, FinLeap  
(2016 – 2017)  
CEO, Arvato Financial Services  
(2009 – 2016)



**Leif Mårtensson**  
**Chief Financial Officer**

Transcom since August 2017  
Previous roles:  
CFO, HildingAnders Group  
(2014 – 2017)  
CFO, ArjoHuntleigh, Getinge Group  
(2009 – 2014)

# Company overview



**Transcom**

## About us



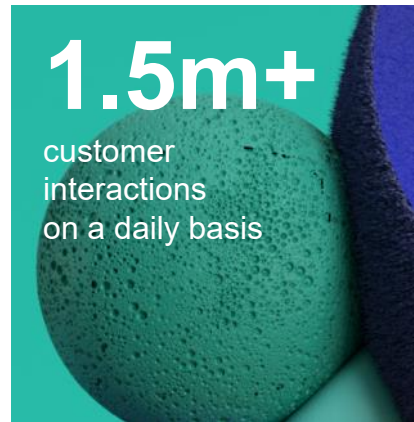
**29,000**  
People, 50 sites, 21 countries



**557€M**  
2018 sales

**2017**  
Privately owned  
since 2017 with  
Altor as majority  
owner

**33**  
Languages spoken



**1.5m+**  
customer  
interactions  
on a daily basis

**200+**  
International clients

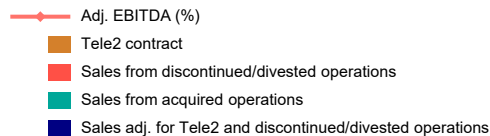
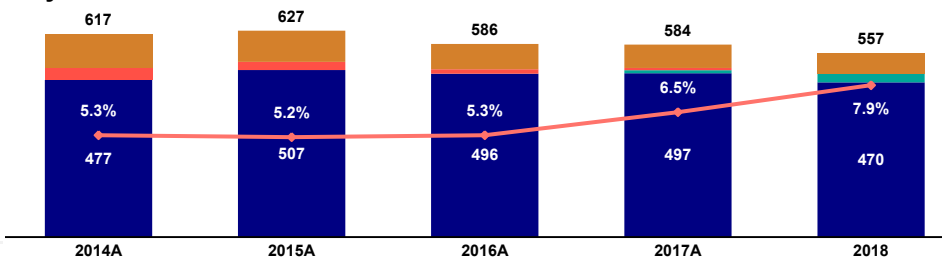
## Global presence

21 countries, serving 33 languages in 50 sites



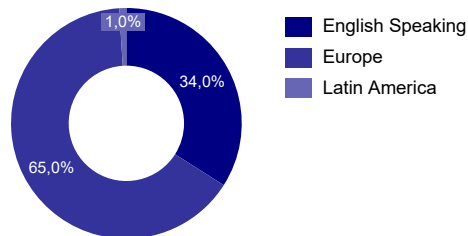
# Key financials

## Key financials<sup>1)</sup>

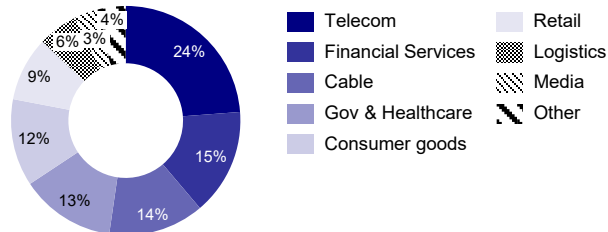


## Sales breakdown 2018

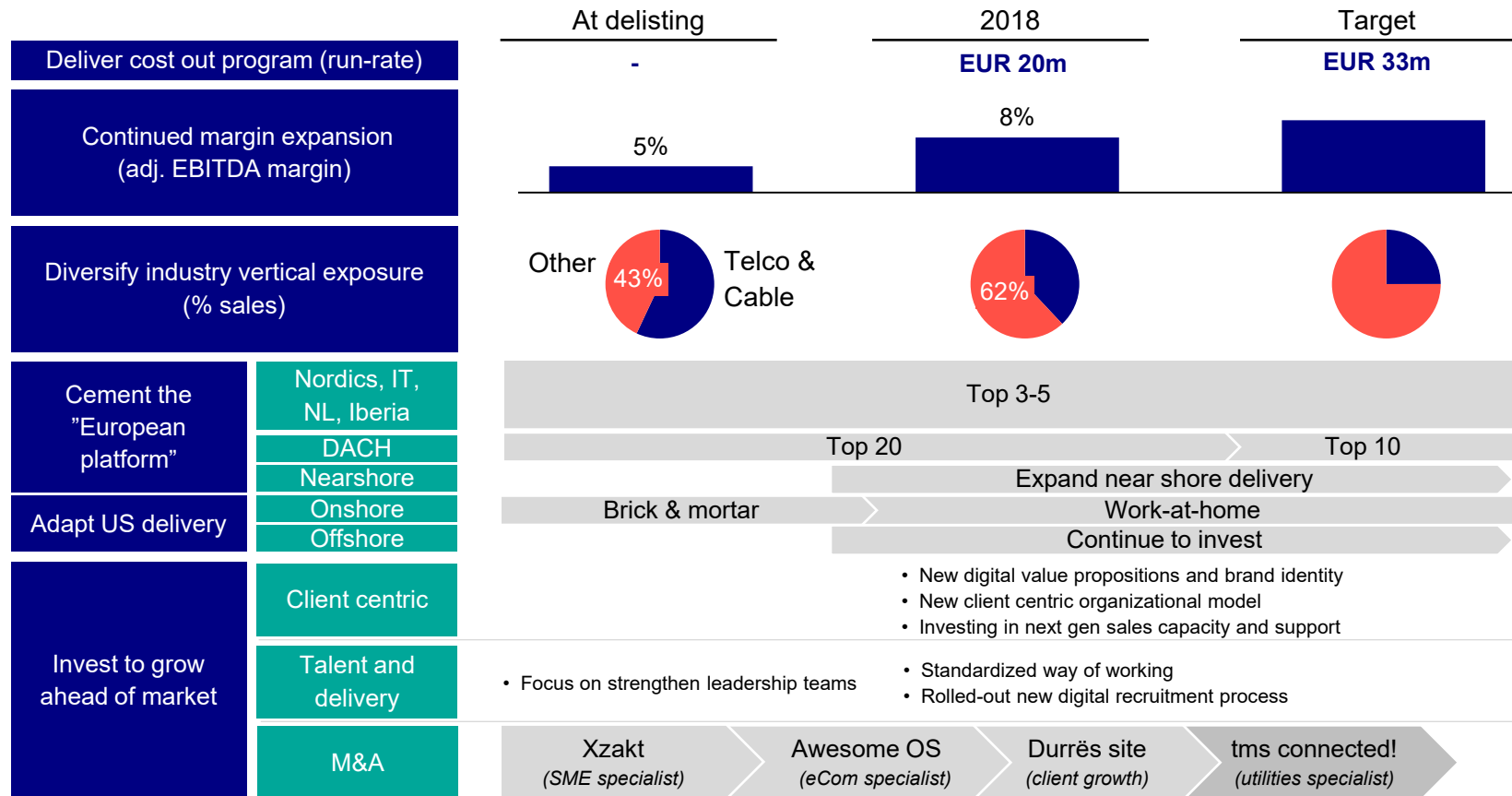
Sales by segment



Sales by client vertical



# Overview of strategic priorities and development





## Key Highlights Fourth Quarter 2018

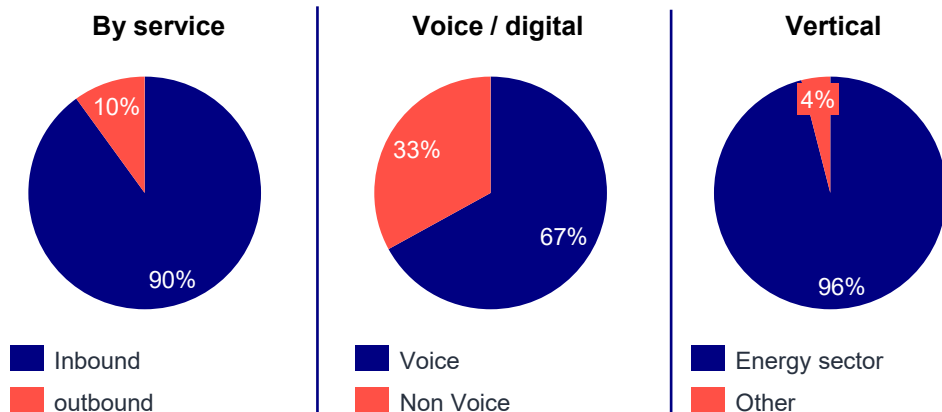
<b>Transformation process well under way</b>	<ul style="list-style-type: none"><li>• Cost reductions realized in line with People, Passion, Performance plan</li><li>• Biannual client satisfaction survey, now performed for the second time, show healthy relationships with clients with a customer satisfaction and loyalty score above industry average. Competent employees and good client relationships remain to be top positive sentiments</li></ul>
<b>Strengthened organization</b>	<ul style="list-style-type: none"><li>• New head of global sales, Ken Wheeler, started in October 2018. Continued focus on refining our commercial approach, implementing strategic tools to support our sales force and Client Service Managers</li><li>• Continuing to strengthen sales and project management organizations</li><li>• Awesome OS EU founded in Berlin, targeting the startup/scaleup community</li></ul>
<b>Increased focus on innovation</b>	<ul style="list-style-type: none"><li>• New conversational commerce solution with Whatsapp for Business, released in Q4 2018. Transcom is one of the first companies to offer an enterprise solution. First deal closed already in November 2018, to be implemented in February – more prospects in the pipeline</li><li>• Successful launch of digital inbound marketing in Sweden, using digital channels to create and nurture leads while increasing brand awareness with target audiences. Initiative to expand to more regions</li></ul>
<b>Organic growth to support strategy</b>	<ul style="list-style-type: none"><li>• New site in Novi Sad (2nd largest city in Serbia) opened. First opening client successfully launched in December 2018</li><li>• Transcom Flex (adaptation of Xzakt multiskilling model) after successful launch in Q3 with very good client feedback and according ramp up with four new clients in Q4</li><li>• After Tele2/Comhem merger which was officially closed in Q4, Transcom will be awarded additional volume in B2B as well as Comhem outbound activities</li></ul>

## New growth platform for services in utilities sector in Germany and beyond Agreement to acquire signed beginning of January 2019

- TMS connected! offers a comprehensive portfolio of call center services focused on energy utilities in Germany – both with voice and non-voice services
- Founded in 1988, TMS has grown to more than 500 SAP ISU specialist meeting high business requirements in this sector with a scalable onboarding process of its agents in their inhouse training facility
- Co-CEO Manfred Bernard will remain CEO
- Future growth opportunities with Transcom onshore and nearshore locations as well as high demand for digital solutions



### Revenue breakdown



On January 10, 2019, Transcom TopCo AB and its subsidiary Kommstart Euro 9 AB (under change of name to Transcom DACH Holding AB) signed an agreement to acquire TMS connected! Verwaltungs GmbH and TMS connected! GmbH & Co KG. Transcom Kommstart Euro 9 AB is a sister company to Transcom Holding AB outside the restricted group of Transcom Holding AB's bond financing, and will not be consolidated into the Transcom Holding Group results. The transaction is expected to close during February 2019, subject to regulatory approval.

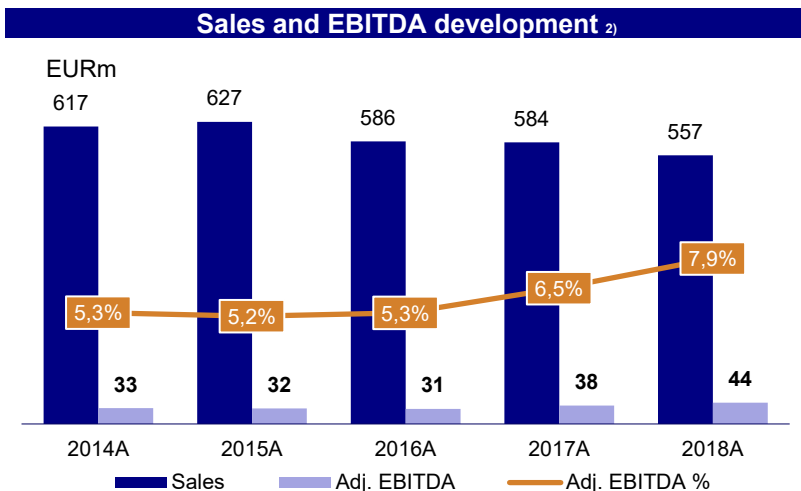


Financial performance

**Transcom**

# Financial development

## Solid EBITDA margin improvement



**Summary of historical P&L**

EURm	2014A	2015A	2016A	2017A	2018A
Sales	616.8	626.5	586.1	584.0	557.2
Cost of sales	-481.9	-492.7	-458.7	-456.3	-424.3
D&A <sup>1)</sup>	-7.4	-8.9	-8.0	-8.2	-8.5
<b>Gross profit</b>	<b>127.6</b>	<b>125.0</b>	<b>119.4</b>	<b>119.5</b>	<b>124.3</b>
% margin	20.7%	19.9%	20.4%	20.5%	22.3%
SG&A	-102.1	-101.6	-96.2	-89.5	-88.7
<b>Adj. EBITA</b>	<b>25.5</b>	<b>23.4</b>	<b>23.1</b>	<b>30.0</b>	<b>35.6</b>
% margin	4.1%	3.7%	3.9%	5.1%	6.4%
<b>Adj. EBITDA</b>	<b>32.9</b>	<b>32.3</b>	<b>31.2</b>	<b>38.2</b>	<b>44.1</b>
% margin	5.3%	5.2%	5.3%	6.5%	7.9%

- Continuous EBITDA improvement thanks to efficiency improvement actions from the PPP program also giving a structural positive effect going forward.
- 2018 includes the negative impact on sales from the ramp-down of North American Bricks & Mortar business and Nordic Telecom business ramp-down.
- The acquired Awesome business had a very positive development after the acquisition.

1) M&A amortisation not included in D&A.

2) 2014 – 2016 figures represents consolidated TWW accounts, 2017-2018 is consolidated at Issuer level, and adjusted for the acquisitions of TWW and Xzakt group, 2018 is also adjusted for full effect of the acquisition of Awesome group.

## Progression on identified initiatives for improved profitability

Cost program has as per Q4 2018 realized EUR 19.5m in annualized cost savings

### Savings are still progressing and expected to further increase

Identified areas	Target	Identified today	Realized 2017 <sup>1)</sup>	Realized 2018 <sup>2)</sup>	Status
English speaking segment	EUR 12.3m	EUR 12.7m	EUR 5.0m	EUR 10.8m	Continued cost reductions through administration and HR efficiency increases and transfer to Shared service centers
Europe segment	EUR 10.6m	EUR 10.6m	EUR 6.0m	EUR 8.4m	Continued headcount reduction through delayering and transfer of services to Shared service centers
Central functions	EUR 10.2m	EUR 6.0m	EUR 0.0m	EUR 1.8m	Continued headcount reductions in HR, IT and operations
Investments				EUR -1.5m	Investment in innovation, RPA, digitalisation and in Centres of Excellence for HR and Operations
Total	EUR 33.1m	EUR 29.3m	EUR 11.0m	EUR 19.5m	

- Target of 33.1 MEUR is still valid and the identification of new areas is continuing

## Extraordinary items

Spend peaked in Q2 2018 – now back on lower levels

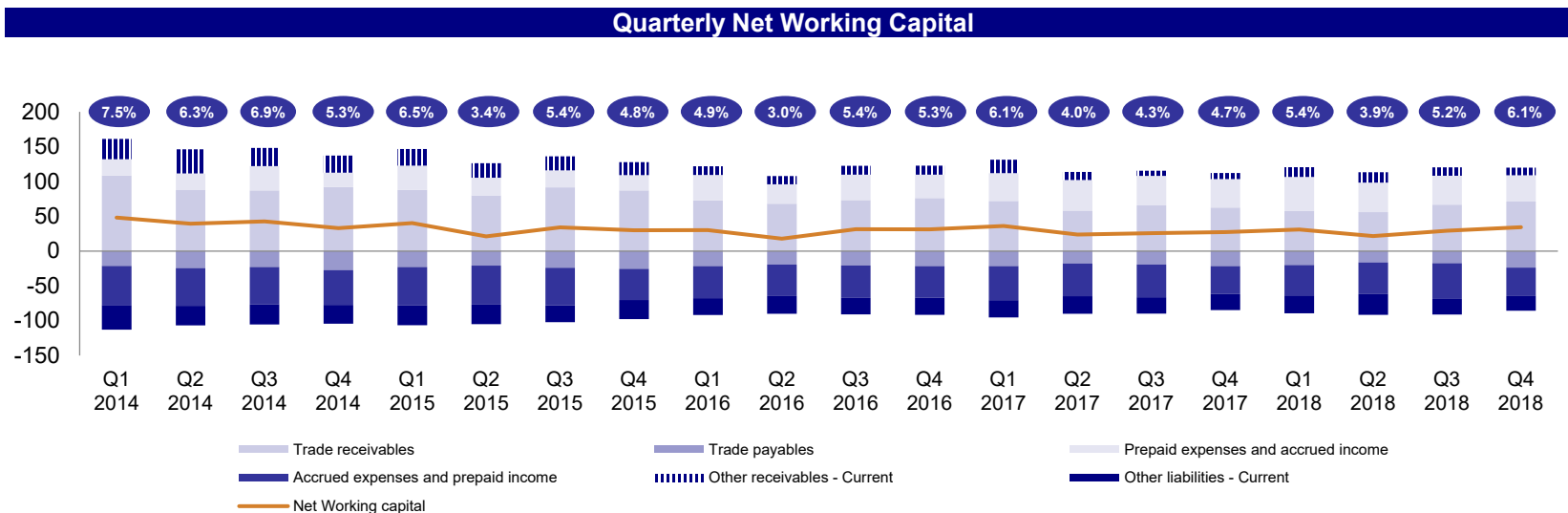
### Extraordinary items development

Extraordinary items (EURm)	2014A	2015A	2016A	2017A	Q12018A	Q22018A	Q32018A	Q42018AC	2018A
Transaction related EO items	2.6	0.9	-3.5	9.6	3.3	0,4	3.1	0.4	7.4
Operational EO items <sup>1)</sup>	0.5	2.3	3.1	10.3	2.8	12.6	1.6	3.2	20.3
Reservations for unresolved disputes						8.0			8.0
<b>Total EO items</b>	<b>3.1</b>	<b>3.2</b>	<b>-0.5</b>	<b>20.0</b>	<b>6.1</b>	<b>21.0</b>	<b>4.7</b>	<b>3,6</b>	<b>35.6</b>

- Transaction related costs in 2018 includes costs from Xzakt and Awesome acquisitions as well as revaluation of potential earn-outs relating to Awesome
- Operational EO items has been reduced in H2 2018 since all major restructurings like ramp-down of North American Bricks & Mortar business as well as other actions carrying significant restructurings are finalized
- Reservation for unresolved disputes is related to disputed employment status for a number of employees in Spain which relates to 2014-2017. This will have no further effect on profitability going forward

# NWC development

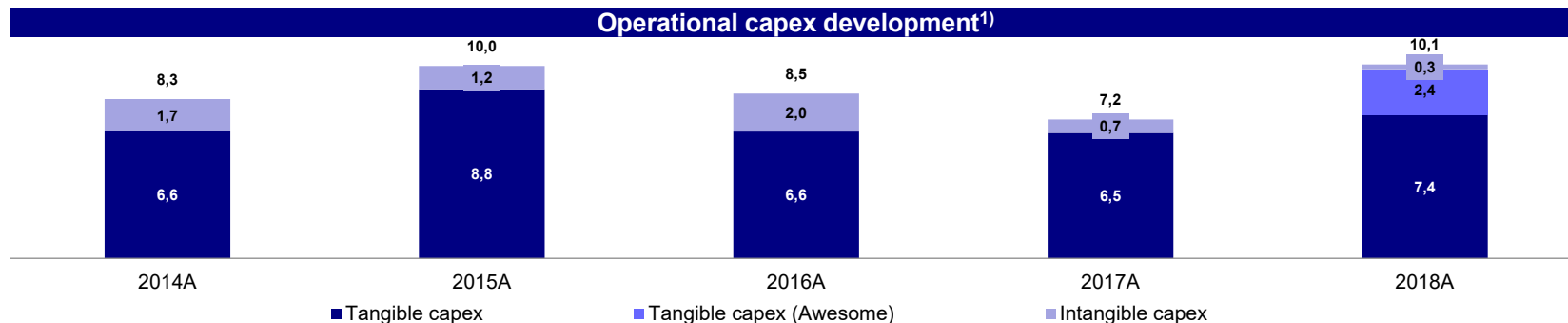
Net working capital trending down as share of sales taken seasonality and Awesome into consideration



- Working Capital in Q4 is increased due to seasonality and the acquisition of Awesome
- Working capital relatively stable over time
- Movements between quarters are mainly referring to timing effects of collections

# Capital expenditures

Capital light business model evident by low capex needs



EURm	2014A	2015A	2016A	2017A	2018A
Tangible capex	-6.6	-8.8	-6.6	-6.5	-9.8
Intangible capex	-1.7	-1.2	-2.0	-0.7	-0.3
<b>Total capex</b>	<b>-8.3</b>	<b>-10.0</b>	<b>-8.5</b>	<b>-7.2</b>	<b>-10.1</b>
% of Depreciation & Amortisation	112.0%	112.2%	106.4%	88.0%	119.4%
% of Sales	1.3%	1.6%	1.5%	1.2%	1.8%

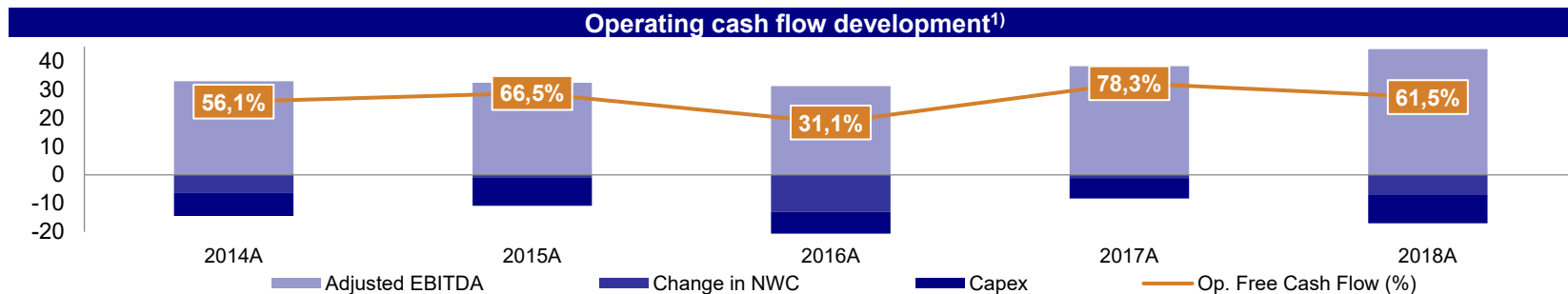
## Comments

- Increase in investments in the last quarter mainly within IT equipment and other assets connected with site expansions and customer ramp-ups
- Increase also coming from the acquired Awesome group



# Operating cashflow

Solid operating free cash flow of +60% on average since 2014



EURm	2014A	2015A	2016A	2017A	2018A
Adjusted EBITDA	32.9	32.3	31.2	38.2	44.1
Change in NWC	-6.2	-0.9	-12.9	-1.1	-6.8
Capex	-8.3	-10.0	-8.5	-7.2	-10.1
Operating Free Cash Flow	18.4	21.5	9.7	29.9	27.2
<b>Operating Free Cash Flow (%)</b>	<b>56.1%</b>	<b>66.5%</b>	<b>31.1%</b>	<b>78.3%</b>	<b>61.5%</b>

Comments
<ul style="list-style-type: none"> <li>• Cash flow is relatively stable over time, some negative impact this quarter, but with an overall improvement</li> <li>• Working capital movements between the years are mainly coming from timing of collections</li> <li>• Increase in capex due to site expansions, customer ramp-ups and the Awesome acquisition</li> <li>• In 2016 the company had a negative working capital, due to both timing of collections as well as payment of previous year restructuring costs</li> </ul>

# Summary



**Agile, client  
centric, global way  
of working**

Reorganization completed  
Q1 2018, standardized way  
of working in progress with  
10 process areas and 40  
subprocesses defined

**Investing in  
innovation & future  
tech**

3 global product managers;  
1 500 agents in digital  
channels, 150 processes  
automated (RPA),  
Conversational Analytics  
pilot in Spain, first  
Whatsapp for Business  
solution under  
implementation

**Redefined  
commercial  
strategy and  
strengthened team**

5 senior sales resources  
hired since April 2018,  
digital marketing and leads  
generating initiatives under  
way

**Clearly identified  
initiatives for  
improved  
profitability**

EUR 33.1m identified,  
19.5m annualized effect  
realized by Q4

**Complementary  
M&A strategy**

2 M&A's integrated since  
July 2018

Thank you.