

Transcom exits Colombia, reviews remaining Latin American business and streamlines management structure

Press release

Stockholm, 18 January 2016

2016-01-18

- *Transcom will close its loss-making site in Colombia and review its remaining Latin American business. Losses in Colombia amounted to €1.6 million in the first nine months of 2015. Restructuring cost in Q4 2015: €2.2 million (of which €1.4 million is non-cash).*
- *Transcom's regional and management structure will be changed. Expected annual direct cost savings: €2.9 million. Further efficiency gains are expected in the coming years. Restructuring cost in Q1 2016 estimated at €2.7 million.*

Transcom WorldWide AB (publ) today announced that it will close its loss-making contact center in Cali, Colombia, and that the Board of Directors is evaluating strategic alternatives for the company's remaining Latin American business in Chile and Peru. Since 2013, Transcom has generated losses in Latin America totaling €15.1 million. Out of this amount, €4.2 million is attributable to Colombia. In the first nine months of 2015, losses in Latin America totaled €3.2 million, €1.6 million of which refers to Colombia. Stopping these losses is a key priority in 2016. A non-recurring €2.2 million restructuring cost related to the closure of the Cali site in Colombia will be recorded in Q4 2015. Out of this amount, €1.4 million is a non-cash charge (write-down of assets), and €0.8 million is a cash cost.

EBIT, Latin America

EUR million	2013	2014	9-mo 2015	Total
Chile	-2.9	-3.2	-0.8	-6.9
Colombia	-0.8	-1.8	-1.6	-4.2
Peru	-1.5	-1.7	-0.8	-4.0
Total Latam	-5.2	-6.8	-3.2	-15.1

Transcom is also announcing a number of changes to its regional and management structure (see below). This realignment will improve efficiency and further streamline Transcom's global business operations, as well as focus the organization's resources on prioritized growth areas. Annual cost savings to be realized as a result of these actions are estimated at €2.9 million, and are expected to take full effect in the fourth quarter of 2016. Further efficiency gains in addition to these direct cost savings are expected to be realized in the coming years, supporting Transcom's mid-term financial objectives. A non-recurring restructuring cost amounting to approximately €2.7 million, related to the organizational changes described below, will be recorded in the first quarter of 2016.

The following changes will be made to Transcom's regional structure, i.e. the company's operating segments:

- A new region, **Continental Europe**, will combine our operations in Spain and Portugal with the former Central & South Europe region (excluding the United Kingdom). **Roberto Boggio** has been appointed General Manager of this new region.

- A new region, **English-speaking markets and APAC**, will integrate the UK organization with our operations in North America & Asia Pacific. **Siva Subramaniam** has been appointed General Manager of this new region.
- Region **North Europe** will remain unchanged, led by **Christian Hultén**.
- Transcom's assets in Chile and Peru, currently under strategic review, will be managed separately, reporting to the President & CEO, **Johan Eriksson**.

Following the changes described above, Transcom's global business will be managed within three operating units, in addition to the Latin American organization currently under review: North Europe, Continental Europe, and English-speaking markets & APAC. Starting in the Q1 2016 interim report, Transcom's segment reporting will reflect this change. Pro forma comparable figures for Transcom's new segment reporting structure will be released before the publication of Q1 2016 results.

Johan Eriksson, President & CEO of Transcom, commented:

"The fact that we are exiting Colombia and that we are evaluating strategic alternatives for Transcom's business in Chile and Peru reflects a major shift in market conditions. Macroeconomic changes in the last couple of years have negatively affected the viability of Latin American contact centers as an offshore delivery solution for clients in Spain. In response, we have focused on repositioning our Latin American business towards serving domestic clients. While we have won a number of new clients, results are still unsatisfactory. Transcom is a marginal player in Latin America, and we have chosen to focus on other markets, where our potential for generating profitable growth is greater."

"In connection with the changes announced today, Isabel Sánchez-Lozano, General Manager for the former Iberia & Latam region, will leave Transcom. I would like to thank her for her contributions to developing Transcom since joining the company in 2011."

"We are also making a number of organizational changes in order to simplify our regional structure. This will yield cost advantages as well as enhance the opportunity to drive standardization and efficiency across our global business, placing us in a good position to reach our mid-term financial targets. Important focus areas in the coming years are to ensure that we have efficient and effective regional and corporate functions, that our sites deliver superior performance through operational excellence, that we excel in contract and account management, and that we win long-term profitable business in line with Transcom's commercial and operational set-up."

Transcom WorldWide AB (publ) discloses the information provided herein pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 18 January 2016 at 3:00 PM CET.

For further information, please contact:

Johan Eriksson, President and CEO
Telephone +46 70 776 80 22

Ulrik Englund, CFO
Telephone +46 70 286 85 92

Stefan Pettersson, Head of Group Communications
Telephone +46 70 776 80 88

About Transcom

Transcom is a global customer experience specialist, providing customer care, sales, technical support and credit management services through our extensive network of contact centers and work-at-home agents. We are 30,000 customer experience specialists at 54 contact centers across 23 countries, delivering services in 33 languages to over 400 international brands in various industry verticals. Transcom WorldWide AB's share is listed on the Nasdaq Stockholm Exchange under the ticker symbol TWW.