

## Interim Report Q3 2016

### Third Quarter 2016

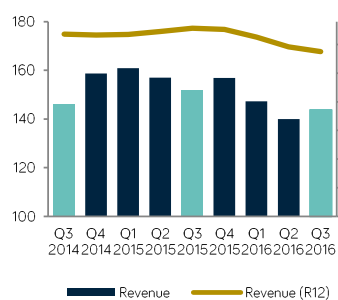
- **Net revenue** €143.7 million, a 5.3% decrease compared to Q3 2015 (151.8). Organic revenue decreased by 3.3%.
- **EBIT** was €7.6 million (5.3), representing an EBIT margin of 5.3%, compared to 3.5% in Q3 2015 (4.0% excluding non-recurring items).
- **Net income** €5.9 million (1.9).
- **Operating cash flow** -€7.1 million (-9.4).
- **EPS** 22.6 Euro cents (7.4).

### January-September 2016

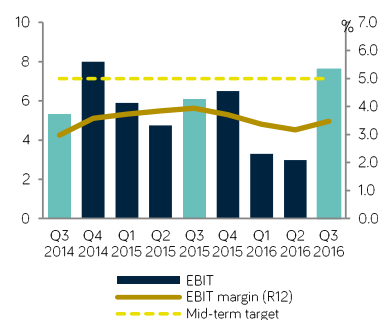
- **Net revenue** €430.9 million (469.7), a decrease of 8.3%. Organic revenue decreased by 6.8%.
- **EBIT** was €14.4 million (15.9), representing an EBIT margin of 3.3% (3.4%). EBIT excluding non-recurring items was €13.9 million (16.7), corresponding to an EBIT margin of 3.2% (3.6%).
- **Net income** €8.0 million (8.4).
- **Operating cash flow** -€4.6 million (11.2).
- **EPS** 30.5 Euro cents (32.2).
- **Net debt/EBITDA** 0.9 (0.6).

(€m)	2016 Q3	2015 Q3	Change Y-o-Y	2016 Jan-Sep	2015 Jan-Sep	Change Y-o-Y	2015 Jan-Dec
Revenue	143.7	151.8	-5.3%	430.9	469.7	-8.3%	626.5
EBITDA	9.7	7.5	29.5%	20.5	22.6	-9.4%	29.1
EBITDA margin	6.7%	4.9%	-	4.8%	4.8%	-	4.6%
EBIT	7.6	5.3	44.4%	14.4	15.9	-9.4%	20.0
EBIT margin	5.3%	3.5%	-	3.3%	3.4%	-	3.2%
EBIT excl. non-recurring items	7.6	6.1	24.9%	13.9	16.7	-16.7%	23.2
EBIT margin excl. non-recurring items	5.3%	4.0%	-	3.2%	3.6%	-	3.7%
Profit before tax	7.3	3.0	141.1%	11.4	13.4	-15.0%	17.4
Net income	5.9	1.9	207.7%	8.0	8.4	-4.9%	8.7
EPS (Euro cents)	22.6	7.4	206.8%	30.5	32.2	-5.3%	33.2
Cash flow from operating activities	-7.1	-9.4	-	-4.6	11.2	-	20.6
Net debt / EBITDA	0.9	0.6	-	0.9	0.6	-	0.6

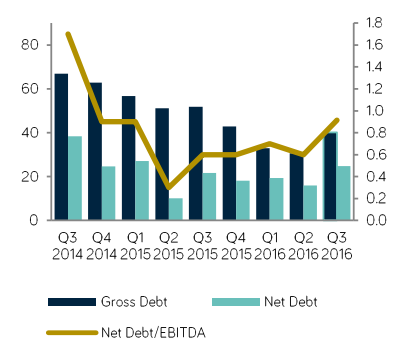
#### Revenue



#### EBIT



#### Debt & Leveraging





***After a challenging first half of the year Transcom's EBIT margin showed a significant improvement in the third quarter. We have returned to a positive momentum selling free capacity in the English-speaking markets & APAC region.***

#### **Good momentum in terms of filling unutilized capacity**

While organic revenue in the quarter decreased by €5.0 million (-3.3%) compared to the same period last year, we are enjoying a positive volume trend after a temporary decrease in the first two quarters of the year. Our efforts to win new business started to yield good results during the third quarter in terms of a better utilization of available capacity. As previously disclosed, we see the best growth opportunities in the English-speaking markets & APAC region, which was also the main contributor to the turnaround in revenue development during this quarter. As previously reported, we expect this positive development to continue into the fourth quarter.

As described above, we are experiencing good momentum in terms of sales after a temporary volume decrease in the first two quarters of the year. In our industry, business volumes (demand for customer care support) can vary significantly over time, both during the course of a single day and from month to month. Maintaining a high degree of flexibility and responsiveness is therefore critical to success. Continued growth and a broadening of our client base will further improve our ability to manage the inherent volatility in our business.

#### **Strong EBIT margin improvement**

Our EBIT margin improved significantly during the third quarter, from 4.0%, excluding non-recurring items, in the same quarter last year to 5.3% this quarter. Our Group-wide operational excellence program, with the goal of progressing towards achieving our financial targets, was a key factor behind the improvement in the quarter. EBIT this quarter includes the effect of a retroactive one-time price adjustment, which added 0.4 percentage-points to the margin.

The volume increase in the English-speaking markets & APAC region compared to the first two quarters of the year was the main driver of increased capacity utilization and profitability in the quarter. In addition, we have successfully addressed low-performing units.

The realignment of our regional management structure in the Continental Europe region is also progressing as planned. This program will yield €2.9 million in annual cost savings and will take full effect during Q4 2016.

Johan Eriksson, President and CEO of Transcom

# Group financial overview

(€m)	2016 Q3	2015 Q3	Change Y-o-Y	2016 Jan-Sep	2015 Jan-Sep	Change Y-o-Y	2015 Jan-Dec
Revenue	143.7	151.8	-5.3%	430.9	469.7	-8.3%	626.5
EBITDA	9.7	7.5	29.5%	20.5	22.6	-9.4%	29.1
EBITDA margin	6.7%	4.9%	-	4.8%	4.8%	-	4.6%
EBIT	7.6	5.3	44.4%	14.4	15.9	-9.4%	20.0
EBIT margin	5.3%	3.5%	-	3.3%	3.4%	-	3.2%
EBIT excl. non-recurring items	7.6	6.1	24.9%	13.9	16.7	-16.7%	23.2
EBIT margin excl. non-recurring items	5.3%	4.0%	-	3.2%	3.6%	-	3.7%
Profit before tax	7.3	3.0	141.1%	11.4	13.4	-15.0%	17.4
Net income	5.9	1.9	207.7%	8.0	8.4	-4.9%	8.7
EPS (Euro cents)	22.6	7.4	206.8%	30.5	32.2	-5.3%	33.2
Cash flow from operating activities	-7.1	-9.4	-	-4.6	11.2	-	20.6
Net debt / EBITDA	0.9	0.6	-	0.9	0.6	-	0.6

## Q3 2016

### REVENUE

Revenue amounted to €143.7 million (151.8), a decrease of 5.3%. Organic revenue decreased by €5.0 million (-3.3%) compared to the same quarter last year. Currency effects had a €0.2 million negative effect (-0.2%). The divestment of CMS Denmark in Q1 2016 had a €2.9 million negative impact (-1.9%). Transcom's previously disclosed decision not to submit a tender for a new partnership with one of its former public sector clients in Italy had a €1.7 million (1.1 percentage-point) negative impact in the revenue comparison, while a one-time retroactive price adjustment relating to services delivered on behalf of an Italian client had €1.6 million positive impact (1.0 percentage-point) positive effect on the revenue comparison.

### EBIT

EBIT amounted to €7.6 million in the quarter, compared to €5.3 million in Q3 2015 (6.1 excluding non-recurring items). The EBIT margin was 5.3%, compared to 3.5% in Q3 2015 (4.0% excluding non-recurring items). The EBIT increase includes a positive one-time retroactive price adjustment relating to services delivered on behalf of an Italian client which increased the EBIT by €0.6 million, adding 0.4 percentage-points to the EBIT margin. Transcom's EBIT margin development on a rolling 12-month basis increased from 3.2% to 3.5% during the quarter.

### NON-RECURRING ITEMS

No non-recurring items in the quarter.

### NET FINANCIAL ITEMS

Net financial items amounted to negative €0.3 million (-2.3). The increase in net financial items compared to the same quarter last year is due to lower negative effects from unrealized foreign exchange losses.

### TAXES

Tax expenses in the quarter amounted to €1.4 million (1.1) with an effective tax rate of 19% (36%).

### NET INCOME

Net income was €5.9 million (1.9).

### EARNINGS PER SHARE

Earnings per share amounted to 22.6 Euro cents (7.4).

### CASH FLOW

Cash flow was €1.2 million (-10.8). Operating cash flow amounted to negative €7.1 (-9.4) and was mainly due to an increase in working capital due to timing of invoicing of new contracts and collections.

## January - September 2016

Revenue (€m)	Q3	%	Jan-Sep	%
2015	151.8	-	469.7	-
Divested business	-2.9	-1.9	-6.8	-1.4
Currency translation effect	-0.2	-0.2	-0.2	-0.0
Organic growth	-5.0	-3.3	-31.8	-6.8
<b>2016</b>	<b>143.7</b>	<b>-5.3</b>	<b>430.9</b>	<b>-8.3</b>

### REVENUE

Revenue amounted to €430.9 million (469.7), a decrease of 8.3%. Organic revenue decreased by €31.8 million (-6.8%) compared to the same period 2015. Currency effects had a €0.2 million negative effect (0.0%). The divestment of CMS Denmark had a €6.8 million negative impact (-1.4%). Transcom's decision not to bid for a renewed public sector client agreement in Italy had a €13.4 million negative impact (-2.9%) on the revenue comparison with the same period 2015.

### EBIT

EBIT amounted to €14.4 million (15.9). The EBIT margin in the first nine months of 2016 was 3.3% (3.4%). EBIT excluding non-recurring items was €13.9 million (16.7) with a corresponding margin of 3.2% (3.6%).

### NON-RECURRING ITEMS

Non-recurring items amounted to positive €0.5 million for the period (-0.8), and consisted of €3.0 million restructuring costs related to a number of changes to the regional and management structure, and a positive €3.5 million capital gain from the divestment of CMS Denmark.

### NET FINANCIAL ITEMS

Net financial items amounted to negative €3.0 million (-2.5). The negative effect was mainly due to unrealized foreign exchange losses in the beginning of the year.

### TAXES

Tax expenses amounted to €3.4 million (5.0) with an effective tax rate of 30% (37%). The effective tax rate is affected by losses for which no deferred tax asset can be recognized.

### NET INCOME

Net income was € 8.0 million (8.4).

### EARNINGS PER SHARE

Earnings per share amounted to 30.5 Euro cents (32.2).

### CASH FLOW

Cash flow for the first nine months was negative €5.9 million (-9.3). Operating cash flow amounted to negative €4.6 (11.2) and was mainly due to negative working capital during the third quarter. Cash flow from investments was positively impacted by the sale of CMS Denmark in Q1, amounting to €12.6 million. A dividend amounting to €4.9 million was paid to the shareholders in Q2.

### FINANCIAL POSITION

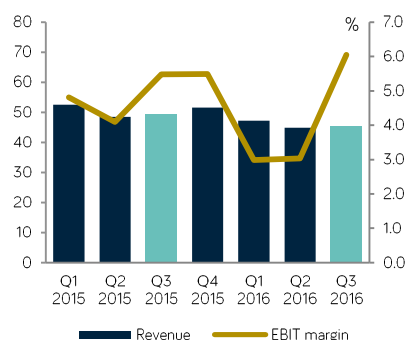
Gross debt increased from €30.6 million in the previous quarter to €41.4 million. Net debt increased from €15.9 million to €24.7 million as a result of negative operating cash flow. The cash position has been reduced compared to last year and amounts to 17.9 (24.8). Net debt/EBITDA is well within the financial covenant thresholds and Transcom's financial target.

## Quarterly development by region

(€m)	2016 Q3	2015 Q3	Change Y-o-Y	Organic growth	2016 Jan-Sep	2015 Jan-Sep	Change Y-o-Y	Organic growth	2015 Jan-Dec
North Europe	45.5	49.3	-7.7%	-1.5%	137.6	150.3	-8.5%	-3.5%	201.9
Continental Europe	60.9	61.2	-0.6%	-0.5%	185.2	200.5	-7.7%	-7.5%	262.4
English-speaking markets & APAC	34.3	37.8	-9.4%	-9.4%	99.2	109.0	-9.0%	-9.7%	149.2
Latin America	3.1	3.5	-10.3%	-10.3%	8.9	9.8	-9.1%	-9.1%	13.1
<b>Revenue</b>	<b>143.7</b>	<b>151.8</b>	<b>-5.3%</b>	<b>-3.3%</b>	<b>430.9</b>	<b>469.7</b>	<b>-8.3%</b>	<b>-6.8%</b>	<b>626.5</b>
North Europe	2.8	2.7	2.0%	-	5.5	7.2	-23.4%	-	10.0
Continental Europe	3.3	2.0	61.1%	-	6.3	8.2	-22.3%	-	9.5
English-speaking markets & APAC	1.6	2.3	-29.0%	-	2.4	4.5	-46.8%	-	7.3
Latin America	-0.0	-0.9	-96.7%	-	-0.3	-3.2	-89.4%	-	-3.7
<b>EBIT excl. non-recurring items</b>	<b>7.6</b>	<b>6.1</b>	<b>25.0%</b>	-	<b>13.9</b>	<b>16.7</b>	<b>-16.7%</b>	-	<b>23.2</b>
North Europe	6.1%	5.5%	-	-	4.0%	4.8%	-	-	5.0%
Continental Europe	5.4%	3.3%	-	-	3.4%	4.1%	-	-	3.6%
English-speaking markets & APAC	4.7%	6.0%	-	-	2.4%	4.1%	-	-	4.9%
Latin America	-1.0%	-26.7%	-	-	-3.8%	-32.2%	-	-	-28.0%
<b>EBIT margin excl non-recurring items</b>	<b>5.3%</b>	<b>4.0%</b>	-	-	<b>3.2%</b>	<b>3.6%</b>	-	-	<b>-14.5%</b>

### NORTH EUROPE

#### Revenue & EBIT margin

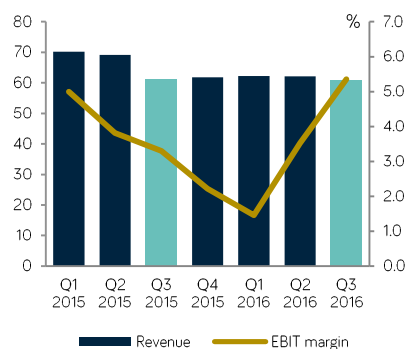


Revenue in the quarter amounted to €45.5 million (49.3), a 7.7% decrease. Organic revenue decreased by 1.5% compared to the same period last year. The investment of CMS Denmark during Q1 2016 had a 5.9% negative impact on the revenue comparison, and currency movements had a 0.3% negative impact. The organic revenue decrease was mainly attributable to lower business volumes in the telecom sector in Sweden and Norway. However, the declining telecom volume trend started to flatten out during the quarter. We saw good growth in the Netherlands, the Swedish interpretation business (Transvoice) and in the Baltics.

EBIT was €2.8 million (2.7), corresponding to a 0.6 percentage-point improvement to 6.1%. The margin improvement was due to higher efficiency which is partly seasonal and partly due to implemented measures. Profitability also improved in Norway on the back of higher volumes and efficiency.

### CONTINENTAL EUROPE

#### Revenue & EBIT margin



Revenue in the quarter amounted to €60.9 million (61.2), a 0.6% decrease. Organic revenue decreased by 0.5% compared to the same period last year. Currency effects were negative 0.1%. Transcom's previously disclosed decision not to submit a tender for a new partnership with one of its former public sector clients in Italy had a 2.8% negative impact on the revenue comparison, while a retroactive one-time price adjustment relating to services delivered on behalf of an Italian client had a 2.6% positive effect on revenue.

EBIT was €3.3 million (2.0), corresponding to an increase of the EBIT margin from 3.3% to 5.4%.

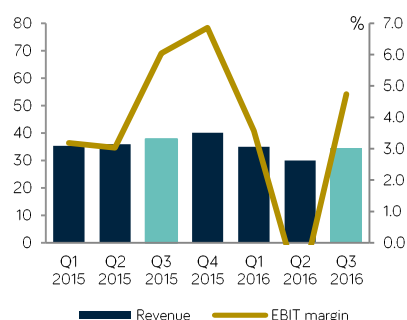
Business volumes increased in Croatia, Poland and, to a lesser extent, in Italy and Tunisia. This was counterbalanced by lower activity in Germany and

Hungary compared to the same period last year. Revenue in Spain was flat compared to the same quarter last year. As previously reported, profitability in the region at the beginning of this year was affected by low efficiency at one of our Spanish contact centers. However, performance at this site started to improve during the second quarter, and we saw this positive trend continue into this quarter.

The EBIT margin increase is partly due to a positive retroactive one-time price adjustment relating to services delivered on behalf of an Italian client. This adjustment increased EBIT by €0.6 million, adding 0.8 percentage points to the EBIT margin in the quarter. The previously disclosed realignment of the regional structure yielded good improvements during the quarter in terms of lower costs. This program will yield €2.9 million in annual cost savings and will take full effect in Q4 2016.

## ENGLISH-SPEAKING MARKETS & APAC

### Revenue & EBIT margin



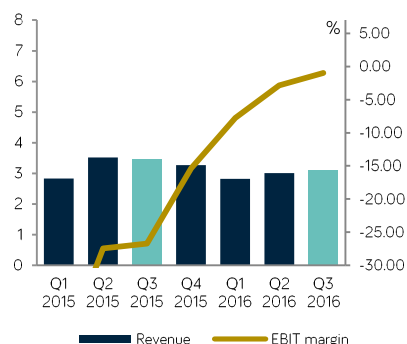
Revenue in the quarter amounted to €34.3 million (37.8), a 9.4% decrease. Currency effects were neutral in the quarter. The 9.4% organic revenue decrease is a consequence of a drop in volumes on some client accounts during the first half of the year.

EBIT was €1.6 million (2.3), corresponding to a 1.3 percentage-point decrease of the EBIT margin from 6.0% to 4.7%. EBIT in Q3 2015 excludes non-recurring items amounting to -€1.0 million, related to a cost for a class-action lawsuit in North America. The EBIT margin decrease compared to the same period last year is due to lower volumes, as described above. Significant savings in overhead costs offset part of this effect.

As previously reported, we expect the positive development compared to the first half of 2016 to continue into Q4, as a result of a favorable volume development with key clients. We have secured additional business with several clients in both Asia and North America. Agent training and ramp-up is underway and will continue into Q4.

## LATIN AMERICA

### Revenue & EBIT margin



Revenue in the quarter amounted to €3.1 million (3.5), a 10.3% decrease. The decrease is due to the closure of operations in Colombia in Q1 2016. We saw strong growth in Chile, while revenue in Peru decreased somewhat compared to the same period last year.

EBIT was €0.0 million (-0.9). The operations in Latin America are now close to break-even, driven by volume increases in the remaining business and efficiency improvements. As previously announced, Transcom is evaluating strategic alternatives for the Latin American business.

# Other information

## RESULTS CONFERENCE CALL AND WEBCAST

Transcom will host a conference call at 10:30am CET (09:30am UK time) on Thursday, October 20, 2016. The conference call will be held in English and will also be available as webcast on Transcom's website, [www.transcom.com](http://www.transcom.com).

To ensure that you are connected to the conference call, please dial in a few minutes before the start in order to register your attendance. No pass code is required.

Sweden: +46 8 505 564 74  
UK: +44 203 364 5374  
US: +1 855 753 2230

For a replay of the results conference call, please visit [www.transcom.com](http://www.transcom.com) to view the webcast of the event.

## OTHER INFORMATION

The interim report has not been reviewed by the company's auditor.

## NOTICE OF FINANCIAL RESULTS

Transcom's Q4 and full-year 2016 report will be published on February 8, 2017.

Johan Eriksson, President & CEO  
October 20, 2016

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This information is such that Transcom WorldWide AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on October 20, 2016.

## TRANSCOM GROUP - CONDENSED CONSOLIDATED INCOME STATEMENT

(€ '000)	Notes	2016 Q3	2015 Q3	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Revenue	4	143,726	151,795	430,898	469,668	626,522
Cost of sales	10	-112,589	-121,708	-347,841	-377,753	-502,833
<b>Gross profit</b>		<b>31,137</b>	<b>30,087</b>	<b>83,057</b>	<b>91,915</b>	<b>123,689</b>
Marketing expenses	10	-775	-740	-2,673	-2,583	-3,585
Administrative expenses	10	-22,875	-24,663	-69,428	-74,216	-99,218
Net gain/loss on disposal of business	11	-	165	3,530	165	-109
Other operating income/expenses		118	419	-84	616	-827
<b>Operating profit/loss</b>	<b>4</b>	<b>7,606</b>	<b>5,268</b>	<b>14,402</b>	<b>15,897</b>	<b>19,950</b>
Net financial items		-329	-2,250	-3,017	-2,499	-2,553
<b>Profit/loss before tax</b>		<b>7,277</b>	<b>3,018</b>	<b>11,385</b>	<b>13,398</b>	<b>17,397</b>
Income tax expense	6	-1,357	-1,094	-3,400	-4,998	-8,744
<b>Profit/loss for the period attributable to equity holders of the parent</b>		<b>5,920</b>	<b>1,924</b>	<b>7,985</b>	<b>8,400</b>	<b>8,653</b>
<b>Earnings per share attributable to equity holders of the parent</b>						
Total weighted average outstanding number of shares before dilution ('000)		26,214	26,138	26,176	26,088	26,100
Earnings before dilution per Ordinary share, Euro cent per common share		22.6	7.4	30.5	32.2	33.2
Total weighted average outstanding number of shares after dilution ('000)		26,214	26,224	26,212	26,145	26,162
Earnings after dilution per Ordinary share, Euro cent per common share		22.6	7.4	30.5	32.2	33.1

## TRANSCOM GROUP - CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ '000)	2016 Q3	2015 Q3	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Profit/loss for the period attributable to equity holders of the parent	5,920	1,924	7,985	8,400	8,653
<b>Other comprehensive income:</b>					
Exchange differences on translation of foreign operations	-435	-395	-2,060	3,238	4,672
Exchange differences recycled to profit and loss	-	-	-	-	-
Net gain/loss on cash flow hedges	-1,119	-	-1,119	-	-
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>-1,554</b>	<b>-395</b>	<b>-3,179</b>	<b>3,238</b>	<b>4,672</b>
Actuarial profit/loss on post-employment benefit obligations	-	-	-	-	262
Income tax effect	-	-	-	-	10
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>271</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>-1,554</b>	<b>-395</b>	<b>-3,179</b>	<b>3,238</b>	<b>4,943</b>
<b>Total comprehensive income for the period, net of tax, attributable to equity holders of the parent</b>	<b>4,366</b>	<b>1,529</b>	<b>4,806</b>	<b>11,638</b>	<b>13,596</b>



**TRANSCOM GROUP - CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(€ '000)	Notes	2016 Sep 30	2015 Sep 30	2015 Dec 31
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		105,745	105,793	107,491
Other intangible assets		5,089	3,927	4,175
Tangible assets		15,434	17,157	16,398
Deferred tax assets		483	1,135	917
Other receivables		1,438	1,234	1,283
	8	<b>128,189</b>	<b>129,246</b>	<b>130,264</b>
<b>Current assets</b>				
Trade receivables		73,249	91,502	87,070
Income tax receivables		4,072	4,068	3,147
Other receivables		12,735	20,286	18,517
Prepaid expenses and accrued income		36,441	24,359	22,115
Cash and cash equivalents		17,927	30,139	24,826
	8	<b>144,423</b>	<b>170,354</b>	<b>155,675</b>
<b>TOTAL ASSETS</b>		<b>272,612</b>	<b>299,600</b>	<b>285,939</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>	9,12	<b>132,143</b>	<b>131,959</b>	<b>132,013</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	5	30,478	37,232	34,894
Employee benefit obligations		2,529	3,594	3,177
Provisions		440	-	-
Deferred tax liabilities		914	1,622	1,343
Income tax payables		-	425	283
Other liabilities		139	43	72
	8	<b>34,499</b>	<b>42,916</b>	<b>39,769</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	5	9,660	14,589	7,992
Provisions	6,10	3,238	1,510	3,850
Trade payables		20,674	23,901	25,428
Income tax payables		2,125	6,553	4,669
Other liabilities		23,756	24,264	27,360
Accrued expenses and prepaid income		46,516	53,908	44,858
	8	<b>105,969</b>	<b>124,725</b>	<b>114,157</b>
<b>Total liabilities</b>		<b>140,469</b>	<b>167,641</b>	<b>153,926</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>272,612</b>	<b>299,600</b>	<b>285,939</b>

## TRANSCOM GROUP - CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ '000)	Notes	Equity attributable to equity holders of the parent					Total equity
		Total number of shares ('000)	Number of shares held by the Group ('000)	Share capital	Other contributed capital	Other reserves and Retained earnings	
<b>Balance, Jan 1, 2015</b>		<b>26,707</b>	<b>677</b>	<b>56,084</b>	<b>8,993</b>	<b>54,919</b>	<b>119,996</b>
Profit/loss for the period		-	-	-	-	8,400	8,400
Other comprehensive income, net of tax		-	-	-	-	3,238	3,238
Allotment of shares (LTIP 2012)	9	-	-108	-	-	-	-
Share-based payments		-	-	-	-	325	325
<b>Balance, Sep 30, 2015</b>		<b>26,707</b>	<b>569</b>	<b>56,084</b>	<b>8,993</b>	<b>66,882</b>	<b>131,959</b>
Profit/loss for the period		-	-	-	-	253	253
Other comprehensive income, net of tax		-	-	-	-	1,705	1,705
Share Swap		-	-	-	-	-1,939	-1,939
Share-based payments		-	-	-	-	35	35
<b>Balance, Dec 31, 2015</b>		<b>26,707</b>	<b>569</b>	<b>56,084</b>	<b>8,993</b>	<b>66,936</b>	<b>132,013</b>
Profit/loss for the period		-	-	-	-	7,985	7,985
Other comprehensive income, net of tax		-	-	-	-	-3,179	-3,179
Dividend	12	-	-	-	-	-4,941	-4,941
Allotment of shares (LTIP 2013)	9	-	-76	-	-	-	-
Issue and repurchase of shares		210	210	-	-	-	-
Share-based payments		-	-	-	-	265	265
<b>Balance, Sep 30, 2016</b>	<b>9</b>	<b>26,917</b>	<b>703</b>	<b>56,084</b>	<b>8,993</b>	<b>67,066</b>	<b>132,143</b>

## TRANSCOM GROUP - CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€ '000)	Notes	2016 Q3	2015 Q3	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
<b>Cash flows from operating activities</b>						
Profit/loss before tax		7,277	3,018	11,385	13,398	17,397
Adjustments to reconcile profit before tax to net cash:						
Adjustments for non cash items	10,11	2,458	880	4,092	4,179	13,983
Net financial items		329	2,250	3,017	2,499	2,553
Income taxes paid		-647	-2,182	-6,237	-9,086	-12,424
<b>Cash flows from operating activities before changes in working capital</b>		<b>9,417</b>	<b>3,966</b>	<b>12,257</b>	<b>10,990</b>	<b>21,509</b>
Changes in working capital		-16,512	-13,386	-16,814	228	-861
<b>Cash flow from operating activities</b>		<b>-7,095</b>	<b>-9,420</b>	<b>-4,557</b>	<b>11,218</b>	<b>20,648</b>
Investments and disposals of tangible assets		-1,405	-1,104	-4,654	-6,407	-8,671
Investments and disposals of intangible assets		134	-599	-959	-599	-1,209
Disposals of business, net of cash	11	-	-	12,622	-	-324
Changes in other non-current assets		74	81	-152	301	267
<b>Cash flow from investing activities</b>		<b>-1,198</b>	<b>-1,622</b>	<b>6,857</b>	<b>-6,705</b>	<b>-9,937</b>
Proceeds from borrowings	5	9,692	2,705	37,577	9,327	7,004
Repayment of borrowings	5	-	-2,146	-40,222	-22,021	-30,982
Payment of finance lease liabilities		-56	-49	-118	-101	-343
Dividend		-	-	-4,941	-	-
Interest paid		-118	-274	-464	-979	-1,514
<b>Cash flow from financing activities</b>		<b>9,519</b>	<b>236</b>	<b>-8,167</b>	<b>-13,774</b>	<b>-25,835</b>
<b>Cash flow for the period</b>		<b>1,226</b>	<b>-10,806</b>	<b>-5,867</b>	<b>-9,261</b>	<b>-15,124</b>
Cash and cash equivalents at beginning of the period		17,114	41,163	24,826	38,173	38,173
Cash flow for the period		1,226	-10,806	-5,867	-9,261	-15,124
Exchange rate differences in cash and cash equivalents		-414	-218	-1,032	1,227	1,777
<b>Cash and cash equivalents at end of the period</b>		<b>17,927</b>	<b>30,139</b>	<b>17,927</b>	<b>30,139</b>	<b>24,826</b>

**TRANSCOM WORLDWIDE AB (PUBL) - CONDENSED INCOME STATEMENT**

(€ '000)	Notes	2016 Q3	2015 Q3	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Revenue		6,055	5,615	18,727	16,402	23,664
Cost of sales		-5,981	-5,575	-18,367	-16,318	-23,242
<b>Gross profit</b>		<b>74</b>	<b>40</b>	<b>360</b>	<b>84</b>	<b>422</b>
Administrative expenses		-908	-2,340	-3,035	-6,635	-8,169
Other operating income/expenses		25	3,163	3,824	3,185	3,150
<b>Operating profit/loss</b>		<b>-809</b>	<b>863</b>	<b>1,149</b>	<b>-3,366</b>	<b>-4,597</b>
Result from participations in Group companies	11	60,318	-	46,621	-	49,770
Net financial items		366	1,255	241	12,444	220
<b>Profit/loss before appropriations</b>		<b>59,875</b>	<b>2,118</b>	<b>48,011</b>	<b>9,078</b>	<b>45,393</b>
Appropriations		-	-	-	-	8,816
<b>Profit/loss before tax</b>		<b>59,875</b>	<b>2,118</b>	<b>48,011</b>	<b>9,078</b>	<b>54,209</b>
Income tax expense/income		5	277	-536	1,018	-3,537
<b>Profit/loss for the period*</b>		<b>59,880</b>	<b>2,395</b>	<b>47,475</b>	<b>10,096</b>	<b>50,672</b>

\*Profit/loss for the period corresponds with total comprehensive income.

**TRANSCOM WORLDWIDE AB (PUBL) - CONDENSED BALANCE SHEET**

(€ '000)	Notes	2016 Sep 30	2015 Sep 30	2015 Dec 31
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		1,977	1,724	1,441
Tangible assets		293	121	509
Investments in Group companies	13	208,924	93,863	94,720
Receivables from Group companies		30,434	43,248	44,884
		<b>241,628</b>	<b>138,956</b>	<b>141,554</b>
<b>Current assets</b>				
Receivables from Group companies		95,020	93,210	112,229
Other receivables		4,016	6,687	2,775
Cash and cash equivalents		821	321	42
		<b>99,857</b>	<b>100,218</b>	<b>115,046</b>
<b>TOTAL ASSETS</b>	14	<b>341,485</b>	<b>239,174</b>	<b>256,600</b>
<b>EQUITY AND LIABILITIES</b>				
Restricted equity		56,084	56,084	56,084
Unrestricted equity	9,12	95,002	13,116	51,782
		<b>151,086</b>	<b>69,200</b>	<b>107,866</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	5	30,473	37,130	34,802
Provisions	6	440	-	-
Liabilities to Group companies		15,885	28,816	29,217
Other liabilities		65	437	155
		<b>46,863</b>	<b>66,383</b>	<b>64,174</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	5	7,768	12,709	7,943
Provisions	6	1,158	-	2,375
Liabilities to Group companies		131,578	86,400	69,163
Other liabilities		3,032	4,482	5,079
		<b>143,536</b>	<b>103,591</b>	<b>84,560</b>
<b>Total liabilities</b>		<b>190,399</b>	<b>169,974</b>	<b>148,734</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	14	<b>341,485</b>	<b>239,174</b>	<b>256,600</b>

## Notes to the condensed financial statements

The accompanying notes are an integral part of the interim condensed consolidated financial statements. Amounts in thousands of Euro, unless otherwise stated.

### 1. GENERAL

The Group's publicly listed Parent Company, Transcom WorldWide AB (publ), is a registered company domiciled in Stockholm, Sweden. The address of the Company's headquarter is Gjörwellsgatan 30, SE-112 60 Stockholm. The Parent Company is responsible for corporate management and administration of intra-group transactions as well as holding company and internal finance functions.

### 2. ACCOUNTING PRINCIPLES

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act, and the interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Reporting for legal entities from the Swedish Financial Reporting Board. Application of IFRS complies with the accounting principles set out in the Group's annual financial statements as at December 31, 2015. There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning January 1, 2016 that have had a material impact on the Group.

### 3. RISK MANAGEMENT

The Group's activities expose it to a variety of business and financial risks, market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's risk management and control framework is designed to support the identification, assessment, monitoring, management and control of risks that are significant to the achievement of the Group's business objectives. The condensed consolidated financial statements do not include all risk management information and should be read in conjunction with the Group's annual financial statements as at December 31, 2015. There have been no material changes in risks, the risk management policy and procedures during the period compared to what was presented in the annual financial statements as at December 31, 2015.

### 4. SEGMENTAL INFORMATION

2016 Jan-Sep	North Europe	Continental Europe	English-speaking markets & APAC	Latin America	Group
Total segment revenue	141,485	188,798	99,222	9,256	<b>438,761</b>
Inter-segment revenue	-3,901	-3,626	-	-335	<b>-7,862</b>
Revenue from external customers	137,584	185,172	99,222	8,920	<b>430,898</b>
Operating profit/loss from segments excl. non-recurring items	5,525	6,345	2,392	-334	<b>13,928</b>
Non-recurring items	3,530	-2,715	-	-341	<b>474</b>
Operating profit/loss from segments	9,055	3,630	2,392	-675	<b>14,402</b>

2015 Jan-Sep	North Europe	Continental Europe	English-speaking markets & APAC	Latin America	Group
Total segment revenue	153,954	204,361	109,020	10,802	<b>478,137</b>
Inter-segment revenue	-3,661	-3,815	-	-992	<b>-8,469</b>
Revenue from external customers	150,293	200,545	109,020	9,810	<b>469,668</b>
Operating profit/loss from segments excl. non-recurring items	7,215	8,163	4,499	-3,161	<b>16,716</b>
Non-recurring items	-	141	-960	-	<b>-819</b>
Operating profit/loss from segments	7,215	8,304	3,539	-3,161	<b>15,897</b>

In Q1 2016 the regional structure was changed in the Group and comparable figures restated accordingly. Continental Europe region combines Transcom's operations in Spain and Portugal with the former Central & South Europe region (excluding the United Kingdom). English-speaking markets & APAC region integrates the UK organization with Transcom's operations in North America & Asia Pacific. Region North Europe remains unchanged. Transcom's assets in Chile and Peru, is currently under strategic review and is together with Colombia (closed in Q4 2015) managed as a separate segment.

Revenue from two largest single customers amounted to €57,882 thousand during January to September 2016 and €35,373 thousand respectively (Jan-Sep 2015: €70,960 thousand and €45,509 thousand).

## 5. INTEREST-BEARING LIABILITIES

On March 9, 2016, Transcom signed a syndicated credit agreement with ING, Nordea and SEB to implement a €90,000 thousand multi-currency revolving credit facility. The facility has a tenor of three years with an option to extend for one year. The purpose of the new agreement was to refinance the existing facility which was due to expire in January 2017. Interest rates in the facility are based on IBOR and EURIBOR plus margins. The loan is unsecured. The utilization of the loan per end of the quarter was €11,000 thousand and USD 22,000 thousand.

## 6. CONTINGENT LIABILITIES

The Group has contingent liabilities related to litigations and legal claims arising in the ordinary course of business. The integrated worldwide nature of Transcom's operations can give rise to complexity and delays in assessing the Group's tax position and can lead to the Group occasionally facing tax audits which in some cases result in disputes with tax authorities. During these tax audits, local tax authorities may question or challenge the Group's tax positions. Disputes with tax authorities can lead to litigations in front of several courts resulting in lengthy legal proceedings.

As at September 30, 2016, four Group entities are subject to tax audits. Some of these tax inquiries have resulted in reassessments, while others are still at an early stage and no reassessments have yet been raised. One tax audit was closed in the quarter. The final reassessment only resulted in a minor additional tax cost. The Group has at September 30, 2016 a provision of €1,158 thousand related to tax audits (December 31, 2015 €2,375 thousand).

The group has no material changes in contingent liabilities as at September 30, 2016 compared to what has been reported in the 2015 annual financial statement.

In addition to the above tax risks, the Group may be subject to other tax claims for which the risk of future economic outflows is currently evaluated to be remote.

## 7. RELATED PARTY TRANSACTIONS

Previously Investment AB Kinnevik and subsidiaries were defined as related party up until March 20, 2015. Transactions up until this date with Investment AB Kinnevik were as follows: the Group's sales revenue from the Tele2 companies amounted to €26,748 thousand. Operating expenses, mainly for telephone services and switch, paid to Tele2 group companies amounted to €139 thousand. For January to September 2016 no material related party transactions are to be reported.

## 8. FINANCIAL INSTRUMENTS

Classification of the Group's financial assets and liabilities:

(€ '000)	Loans and receivables	Financial liabilities		Sep 30, 2016	Sep 30, 2016	Loans and receivables	Financial liabilities		Dec 31, 2015	Dec 31, 2015
		amortized cost	Liabilities at fair value through OCI	Carrying amount	Fair value		amortized cost	Carrying amount	Fair value	
Total non-current assets	1,181	-	-	1,181	1,181	1,181	-	1,283	1,283	
Total current assets	135,018	-	-	135,018	135,018	135,018	-	146,472	146,472	
<b>Total financial assets</b>	<b>136,199</b>	-	-	<b>136,199</b>	<b>136,199</b>	<b>136,199</b>	-	<b>147,755</b>	<b>147,755</b>	
Total non-current liabilities	-	29,240	-	29,240	29,240	-	34,894	34,894	34,894	
Total current liabilities	-	80,984	1,238	82,222	82,222	-	86,573	86,573	86,573	
<b>Total financial liabilities</b>	-	<b>110,224</b>	<b>1,238</b>	<b>111,462</b>	<b>111,462</b>	-	<b>121,467</b>	<b>121,467</b>	<b>121,467</b>	

## 9. EQUITY

During September 2016, Transcom issued and repurchased 210,000 class C shares for potential delivery to long-term incentive plan (LTIP) participants. As per September 2016, Transcom's issued capital amounts to € 56,083 thousand divided into a total of 26,322,212 ordinary shares with one voting right each and 594,372 class C shares, also with one voting right each. All class C shares are held as treasury shares by the Company. The total number of treasury shares held in own custody amounts to 702,966 (594,372 class C shares and 108,594 ordinary shares).

During April 2016 Transcom converted 150,000 class C shares to ordinary shares to be used when vesting long-term incentive plans. 75,805 shares held by Transcom were used when the long-term incentive plan 2013 was vested during the second quarter 2016.

During 2015 115,000 class C shares were converted to ordinary shares. In addition, 108 272 shares held by Transcom was used when the long-term incentive plan 2012 was vested.

## 10. RESTRUCTURING COSTS

In beginning of 2016 Transcom did a number of changes to its regional and management structure. Restructuring costs amounting to €2,715 thousand, related to the organizational changes was recorded in the first quarter of 2016. €1,494 thousand in the caption Cost of sales, €73 thousand in Marketing expenses and €1,148 thousand recorded in the caption Administrative expenses.

In Q4 2015 restructuring costs amounting to €2,281 thousand were recorded related to Colombia whereof €212 thousand affected Gross profit. In Q1 2016 an additional cost of €341 thousand was recorded in the caption Administrative expenses.

## 11. DISPOSALS

(€ '000)	2016 Jan-Sep CMS Denmark	2015 Jan-Sep
<b>Consideration received</b>	<b>13,000</b>	-
Total non-current assets	-	-
Total current assets	11,945	-
<b>Total assets disposed</b>	<b>11,945</b>	-
Total non-current liabilities	-313	-
Total current liabilities	-2,755	-
<b>Total liabilities disposed</b>	<b>-3,068</b>	-
<b>Net carrying value</b>	<b>8,877</b>	-
Currency effects	2	-
Provision	-500	-
Transaction costs	-95	-
Post-settlement adjustment	-	-
<b>Net capital gain/loss</b>	<b>3,530</b>	-
Consideration received	13,000	-
Cash and cash equivalents disposed	-283	-
Transaction costs	-95	-
<b>Net cash flow from disposals of subsidiary</b>	<b>12,622</b>	-

On March 3, 2016 Transcom divested the Danish Credit Management Services operations (CMS Denmark) for an equity value of €13,000 thousand to an investment company, minority-owned by the current management team. Net capital gain recorded in Q1 2016 amounted to €3,530 thousand and a positive net cash flow effect of €12,622 thousand.

## 12. DIVIDEND

As resolved by the AGM at April 28, 2016 SEK 1.75 per share was distributed as dividend to the shareholders during Q2 2016, corresponding to €4,941 thousand.

## 13. RESULT FROM PARTICIPATIONS IN GROUP COMPANIES

Due to internal reorganizations in Q3 2016 of the legal structure increases of Investments in Group companies was recorded in the Balance sheet of the Parent company. In addition, a net capital gain of €86,172 thousand was recorded in the capture Result from participations in Group companies in the Income statement.

Impairment of Investments in Group companies amounted to €35,743 million, of which €20,000 thousand was recorded in Q3 2016, in connection with capital injections to the same Group companies.

## 14. PLEDGED ASSETS AND CONTINGENT LIABILITIES FOR GROUP COMPANIES

The Parent Company has contingent liabilities for Group companies amounting to €21,716 thousand per September 30, 2016 (December 31, 2015 21,929 thousand). No pledged assets for these periods to disclose.

## 15. EVENTS AFTER THE REPORTING PERIOD

No events have been taken place after the end of the interim period which require disclosures or amendment of these interim condensed financial statements.

## Financial key metrics – Quarter

(€m)	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3
Revenue	158.7	160.9	157.0	151.8	156.9	147.2	140.0	143.7
EBITDA	11.2	8.1	7.0	7.5	6.6	5.8	5.0	9.7
EBITDA margin	7.1%	5.0%	4.5%	4.9%	4.2%	4.0%	3.6%	6.7%
EBIT	9.2	5.9	4.7	5.3	4.1	3.8	3.0	7.6
EBIT margin	5.8%	3.7%	3.0%	3.5%	2.6%	2.6%	2.1%	5.3%
Profit/loss before tax	8.9	7.1	3.3	3.0	4.0	1.5	2.6	7.3
Profit/loss for the period	3.8	5.3	1.1	1.9	0.3	1.0	1.0	5.9
Cash flow from operating activities	16.8	-0.4	21.0	-9.4	9.4	-7.9	10.4	-7.1
Return on Equity	6.0%	9.0%	10.7%	9.7%	6.7%	3.3%	3.2%	6.1%
Equity ratio	39.5%	42.1%	43.4%	44.0%	46.2%	48.4%	49.4%	48.5%
Net debt	24.6	27.1	10.1	21.7	18.1	19.4	15.9	24.7
Net debt/EBITDA	0.9	0.9	0.3	0.6	0.6	0.7	0.6	0.9
EPS (Euro cents)*	14.5	20.5	4.3	7.4	1.0	4.0	3.9	22.6
Cash flow from operating activities per share (Euro cents)	65	-1	81	-36	36	-30	40	-27
Equity per share (Euro cents)	461	503	501	507	507	501	487	504

\*EPS has been adjusted to reflect the reverse split as if it had occurred in 2014.

## Financial key metrics – Five years

(€m)	2012 Jan-Dec	2013 Jan-Dec	2014 Jan-Dec	2015 Jan-Dec	2015 Jan-Sep	2016 Jan-Sep
Revenue	605.6	653.2	616.8	626.5	469.7	430.9
EBITDA	14.1	24.8	29.7	29.1	22.6	20.5
EBITDA margin	2.3%	3.8%	4.8%	4.6%	4.8%	4.8%
EBIT	-17.6	-5.4	21.3	20.0	15.9	14.4
EBIT margin	-2.9%	-0.8%	3.5%	3.2%	3.4%	3.3%
Profit/loss before tax	-23.6	-12.2	18.8	17.4	13.4	11.4
Profit/loss for the period	-30.6	-18.6	6.9	8.7	8.4	8.0
Cash flow from operating activities	-12.4	9.9	11.5	20.6	11.2	-4.6
Return on Equity	-23.0%	-15.2%	6.0%	6.7%	9.7%	6.1%
Equity ratio	37.1%	32.2%	39.5%	46.2%	44.0%	48.5%
Net debt	24.7	36.2	24.6	18.1	21.7	24.7
Net debt/EBITDA	2.0	1.5	0.9	0.6	0.6	0.9
EPS (Euro cents)*	-117.4	-71.3	26.4	33.2	32.2	30.5
Cash flow from operating activities per share (Euro cents)	-48	38	44	79	43	-17
Equity per share (Euro cents)	510	427	461	507	507	504

\*EPS has been adjusted to reflect the reverse split as if it had occurred in 2012.

## ALTERNATIVE PERFORMANCE MEASURES

The purpose of Transcom's alternative performance measurements is to disclose additional information to support a more comprehensive year-on-year comparison and provide an indication of the Group's performance and financial position. These alternative performance measurements defined below are considered to be widely accepted. The measures and basis for calculation can be found in the historical released financial reports at [www.transcom.com](http://www.transcom.com).

Organic growth: change in revenue for comparable units, excluding currency effects with purpose to provide a more transparent year-on-year comparison for Transcom's business.

EBIT: corresponds to the Operating profit/loss presented in the Condensed Consolidated Income Statement.

Non-recurring items: are defined as rare events or activities that are not part of normal business operations, mainly restructuring activities.

EBIT excluding non-recurring items: is calculated by excluding the non-recurring items from Transcom's Operating profit/loss. The purpose of disclosing Transcom's EBIT excluding non-recurring items is to provide more transparent year-on-year comparison excluding events that are not considered part of Transcom's normal business, such as restructuring cost and net gain or loss from disposed business.

EBITDA: is defined as Operating profit/loss, adding back the recorded depreciation on fixed assets and amortization.

EBITDA excluding non-recurring items: is defined as EBITDA excluding the non-recurring items as defined above.

Net debt: is defined as interest-bearing liabilities and employee benefit obligations less cash and cash equivalents per balance sheet day.

Net debt/EBITDA: is defined as interest-bearing liabilities and pension provisions less cash and cash equivalents divided by rolling 12 months EBITDA. The net debt to EBITDA ratio is a financial target for Transcom.

Return on Equity: Net income (rolling 12 months) divided by average equity (average calculation based on equity per balance sheet day the last five quarters).

Equity ratio: Total shareholders' equity divided by total assets per balance sheet day.

## OTHER DEFINITIONS

North Europe region: services delivered from Denmark (deconsolidated from March 2016), Estonia, Latvia, Lithuania, the Netherlands, Norway and Sweden.

Continental Europe region: services delivered from Italy, Germany, Poland, Portugal, Spain, Tunisia, Hungary, Croatia and Serbia.

English-speaking markets & APAC region: services delivered from the Philippines, UK, USA and Canada.

Latin America region: services delivered from Colombia (closed in December 2015), Peru and Chile.

Increases in revenues, EBIT and profit before tax refer to the percentage increase in income statement item year-over-year.

## ABOUT TRANSCOM

Transcom is a global customer experience specialist, providing customer care, sales, technical support and collections services through our extensive network of contact centers and work-at-home agents. We are 30,000 customer experience specialists at 52 contact centers across 21 countries, delivering services in 33 languages to international brands in various industry verticals. Transcom's share is listed on the Nasdaq Stockholm Exchange under the ticker symbol TWW.