



Transcript

Investor Day

Key abstracts

January 19th, 2017

Group Environment and Strategy

Paulo César Vasques – Teleperformance – Group CEO

Good morning. So I think I had the opportunity to meet everyone but I see new faces that I didn't meet yesterday but anyways welcome. So for the sake of productivity I'm going to be very short because we have a lot of people that is going to present to you today and I think their presentation is more interesting than mine – I'm going to talk a little bit about the market and they're going to do a deep dive into the main pillars of our strategy that I think you're going to like.

So, I'm going to talk about the Market Environment and Group Strategy with Daniel; then Specialized Services and Omnichannel, we are going to have Bertrand, the CEO of TLS; then Online Interpretation Services, Scott Klein, the CEO of LanguageLine Services; Omnichannel Solutions, TP clients, TP Observer, Artificial Intelligence, João Cardoso, that is the CEO of TP Portugal and Head of Innovation of Teleperformance; and we are going to have Analytics, Paolo Righetti; then Opportunities in China and India, David Rizzo, the President of APAC region; then Global Clients Management with Jeff, the CEO of the EWAP world; then we go to the Financial Performance with Olivier and me; then Daniel is going to make the conclusion.

Ok, talking a little bit about the market. So the contact centre field it's a very huge market, we are talking about a 68 billion dollars market, still growing at a nice pace, above 4% per year. And knowing that the biggest market is North America – North America represents 40 % of this market. And when



we include North America, we are talking about APAC and LATAM offshore, rendering services to North America.

If we go to other regions, other regions are growing as you can see over a year, in this column, every single region is growing but the fastest growing region is APAC domestic, with a compound annual growth rate of 6%, of which China at 16.6% and India at 7.1%. Needless to say that you guys know that Teleperformance is outpacing this growth, not only the growth of the market but the growth in the APAC region.

In a nutshell, this slide is just to tell you guys that the more we do have issues, the more that we do have technologies for example, the more there is the need for Teleperformance. I'd like to tell a very short story and I'm not going to be long in this story, otherwise I'm going to stay for the whole period telling my story about automation. But I decided to do an automated home – just by chance – and this automated home was for my convenience and I can't tell you the number of issues I had. And it's not because it's not a mature system, etc. It's because for example – just think for 2 seconds if you have an iPhone or if you have a Samsung, when you have an update version of the software, how many issues do you have with this update version? Now you can imagine, for example in a house, that if you wanted to turn on the TV, it's simple: you just have to click the button. But if you wanted the TV and the house to be automated, you have to connect the dish from the Direct TV, Comcast, etc., for example, then you have the TV in itself, then you have for example – if you would like to have a lift – you have the lift, if you are a foreign guy – like me – for example instead of having one dish, you have to have two dishes because I would like to watch the national channel for example and then this really, really becomes a complication. And then we are here. And it's interesting because the more you grow and the more you try – and I'm not a stupid guy into that – but it's interesting because I try to do by myself all the troubleshoot and for example via chat it's impossible to do a troubleshoot of a helpdesk via chat– it's impossible. So you can imagine guys that the more that we have automated stuff, the more that we have internet of things, the more Teleperformance is here.

But talking about the channels that are growing the most – just to emphasise, we have the chat and the social media channels that are growing the most. But voice it still grows at a pace of 6.2% between 2016 and 2020.

Market is still very competitive, extremely competitive, we still have a lot of space for consolidation and those here are the movements that we had in those past two years, lots of opportunities in front of us and as you guys know we are not going to acquire more of the same, it's not part of our strategy. But it's just to tell you guys that 30% of the global outsourced customer experience market 'belongs' to ten operators – Teleperformance being the number 1 with almost 30% higher than Convergys, the number 2 in the market. Those numbers are 2015 and for sure that with the acquisition of LanguageLine, we are going to be even higher in terms of comparison.



I snapshot on our numbers and footprint as of December 31st, 2016. Now we are in 71 countries, more than 200,000 employees serving 160 markets in 240 languages. Just one thing to emphasise: you are going to see that we have the biggest footprint of the market and we don't want just to put a flag in a country just to say that we are in the country for the simple pleasure to be in the country. When we are there it's because it makes sense, we make money in the country. And sometimes you don't make money in the country, you cannot get rid immediately, it's not so easy but why is it so important? Because there's a huge growth coming from global clients that need standardisation, they need processes. Yesterday, we were talking with David Rizzo and a few of you guys and he was explaining exactly the way that we grow in China, in India, in the APAC region with global clients, with standardisation. They just would like to have that. One single neck to choke and standards.

This – what we call the contact centre operators league – Teleperformance being the number one – it's 2015 numbers – I'm not going to repeat the name of the competitors because I don't care about them, so let's move on. But just for you guys to understand: 10 competitors being responsible for 30% of this market so it's really, really very fragmented.

And the growth in here we have organic sales growth in 2015 and organic sales growth in the first 9 months in 2016. So as you can see and as you guys noticed, we have been outpacing the market every single year for the past – I would say – I don't even remember – probably 5 – 6 – 10 years. We've been outpacing the growth. And as I said, number of countries it's good for our global clients because they can be everywhere we are – together – and by the way sometimes we go, we ran in countries that we are not present. Right now we are in 71 countries whereas the number 2 of the market is in 31 countries so it's really, really a big difference to be noticed.

And we do have the most diversified client base. We tried to make just 3 comparisons over a year so for example: Teleperformance vs number 2 Convergys, top 3 clients in total revenues, for Teleperformance 14%, for Convergys 36%; Teleperformance vs Teletech, top 5 clients, for us 20%, for them 35%; and Teleperformance vs Sykes, top 10 clients, for us 31% and for them 49%. And this goes again and again. I was not even a CEO when Daniel set up a strategy to diversify our client base and to enter in different markets so I'm just showing the results of this strategy we're very disciplined to implement, sometimes we are not so fast – to tell the truth because it's a big elephant to move, it's not so easy but we are very disciplined and obsessional to reach our commitments, the commitments that we made with the market, that we made with ourselves.

So an ongoing growth story, expanding high-value Specialized Services. This is just I would say the story over the time and as you noticed right now we are starting to report two lines of businesses: our contact centre business, our customer care experience and the Specialized Services and the last one it was the acquisition of LanguageLine Solutions.



Daniel Julien – Teleperformance – Executive Chairman

So the next slide is very simple. It's to try to show you how the system works. The very important point at Teleperformance, at the beginning, are the people. We are the people business. So when we say we are people business, for us you can synthesize it in two concepts: care and discipline. People care is all the people culture, it's all the values and how we treat our employees and how we make them grow with the company. And discipline is a process. Teleperformance is a giant process organisation. And the results of the care gives commitment, the results of the process gives consistency. Keep that in mind. Consistency: it's exactly what our global clients want all over the world.

So, that's the first shell of Teleperformance. Within this shell you have first, the technology, and the first thing that defines us in technology is the fact that we are really a telecommunication company. I mean with our network linking multiple countries, distributing calls in a milli-fraction of seconds from geography to another, organising the queue, with our datacentres, we are a telco company. This is the backbone of what we do. And, besides this backbone, we have developed over the years the omnichannel solution. Let's be clear, today, still, for most of our clients, the vast majority is voice. But, we have developed a system that allows our clients to give a seamless customer experience to their customers. Whether they contact, whether they want to have their issue solved by chat, by phone, coming from their mobile device, coming from their laptop, and we have been able to do that thanks to the development and something that we started something like 15 years ago, thanks to the development of our CRM software, which is a proprietary software which we call TP Client. This is what we are going to give you a demo this afternoon, to make it tangible. So we are going to see.

Then the second step that makes Teleperformance strong and respected partner for many clients in many vertical is our in-depth knowledge of the vertical we serve. How did it come? Extremely simply. First, because we decided to, years ago I mean it started maybe 13 years ago, we decided to hire insiders from the vertical we wanted to serve. So we were sure that we would have people who know what they are talking about and would not come just with an outsider culture. And we mixed the two cultures: insider and outsider. Here for example at the table there is Jeff Balagna, who is CEO of our English World and Asia-Pacific, and Jeff joined Teleperformance after having been the Head of Customer Services at Sprint. And he joined us in 2006? 2007. So you see, it's not new. For me it's almost new, but not everybody has the privilege of the age... These verticals. Specialization is made of people but it is made also of a thesaurus which is codified knowledge. For each vertical we have the best practices. We have the best cases. Which means that one company from Teleperformance in a country on the southwest of the world can speak to our Russian company about the expertise in dealing with the airline companies. And suddenly, the guy who is in Central America, who wants to work with Copa Airlines can get all the information of years of success and experience that we have the Aeroflot. That's to me a tangible example.

And third, the beauty of Teleperformance is not only we have under the Teleperformance Tower, Babel, all the languages are under Teleperformance Tower. But on top of that now we have an



outstanding organisation who knows how to use the talents of the different components of Babel to make the people speak to each other - LanguageLine. See how our business is simple. Then our business is all about an obsessional attention to details. It's like a chef in the kitchen, everybody can cook a little bit, but then you have super chefs, Michelin 3-stars, it is because the guys are a little bit creative, have a lot of experience and total obsession about the details. In our business, the devil is in the details. Maybe we are smarter from time to time, but...

Today, our business is, just to precise, our business, it's all about customer experience or citizen experience. This is what defines our business. But there are two different main lines. One, which is our core business which has made the massive part of our business for quite a long time, which are mostly customer services. You know: 'I have a problem with my invoice, I have that, I have that' and so on. Technical support: 'Oh my god, I am watching Scandal', oh sorry, not everyone is American, 'so I'm watching a soccer match on the TV and at the moment Neymar was shooting a penalty, the TV is black. Please help me, help me!' We help. It's going to take 15 minutes though, but in 15 minutes you are going to have your TV working again. And maybe you are going to have the chance to see the penalty repassing on the TV.

And client acquisition. That's our core business today, in the geography of Teleperformance it's 85% of our sales, it's more or less 10% margin and the market growth of this business is around 5%. Maybe we grew a little bit faster recently but still this is the market dynamic. Then, we have been growing, and it's not totally new but now it's well articulated, we have been growing Specialized services that needs - Specialized services, and generally I call that high-value Specialized services because they drive better margins. The very nature of the Specialized services is you need to add a specific knowledge and generally they are more complex either in process or in level of qualification, or in technology, or all the three together. So somehow better protected against the competition.

We put debt collection as well because it's a market really apart from the traditional customer experience where you need in many countries to do a job in the frame, in the very constraining frame of the laws and regulations. We met a young company that was just starting (ed. note: 2008).

It was a very young company that was involved in processing the visa for the consulate and the embassies of some countries and so helping the country to have visitors, so to have income while at the same time these countries were struggling with budget cuts and were not able to face the volume of demand for visas. And this is an outstanding company, Bertrand is going to present it to you that has grown pretty impressively over the last five years. And its citizen experience, I can tell you that the people who come to get a visa within our TLS centers, they are significantly happier than the guys who go to wait in the warm narrow room of a consulate.

We also developed, in direct connection with our business, to bring added value, we developed a knowledge which is based upon of course statistics, regulations, multiple regression, Bayesian statistics, about analytics of big numbers. By the way, this is made by one of our subsidiaries that is



called GN, and at the very beginning GN, because it started in Italy, stood for Grandi Numeri: large numbers. And so, little by little, we have built this high-value Specialized services that today totalize 15% of our sales but generate an EBIT, that is much more in the 30% and represent in their market a growth of +6% a year even if for us they grow significantly faster.

So this is Teleperformance in a nutshell.

Okay, next one is our strategy for the next four years and as usual, it's not complicated. First, there is a geo-strategy, and for us a geo-strategy is 'where is the next frontier?' And the next frontier for us is not the moon, nor Mars, but for us the next frontier that has an outstanding expansion are the two major countries that are China and India. And for those who have some familiarity with China for example, you know that it's not easy to succeed in China. First, it's not necessarily a country where the rule of law works the same as with some countries. Second, there are so many cultural differences that you need to swallow a lot of disappointment and losses before you eventually succeed. In four years, we had our fair share of losses in China, but continuously trying and trying until we broke the code. Right now, our China business is boosting with still not a super large animal, but is boosting, commanding excellent, high double-digit growth period and high profitability. We are doing the same in a little different fashion, and David is going to explain that later, with India. So, in the geography, these are our new promised lands.

Beside that of course we make absolutely every step, to make sure that we stay strong in the Philippines business, you know in the Philippines we are 40,000 people working mostly for the US market, the Australian market and a little bit of the English market. And so yes, we are going to continue to grow, but the Philippines is a Teleperformance land. We are not the only one in the Philippines but for us, 'don't touch my Philippines.' And of course nearshore, which is all the region structured around Mexico, but it's all Central America including Dominican Republic and Colombia where we serve significantly the USA from, because everybody is aware that more or less 15% of the US population is Hispanic and there is a lot of multilingual interactions that are happening. That's for the geography. Doesn't mean that we forget the rest of the world, but these are our focus.

In technology we have our unreserved developers. I think our IT team is made of 1200 people, something like that and we probably have between 350 and 400 developers in the group, in the different regions. But a significant amount of them being based either in Latin America or in India. And yes, we continue to grow the omnichannel integrated solutions, we continue to feed the functionalities of our CRM TP Client to fine tune TP Observer that is our, I would say, spy software, it's our security software that helps us to notice on the floor when something unusual is happening.

And of course, the year 2016 has been the year of the bots, everybody now is aware of artificial intelligence - whether it's Siri or anything else - and everybody is dreaming about the day we are not going to need humans. Finally, humanity is saved, we don't need humans anymore! Okay, right now, we have an expert in artificial intelligence - who is Joao, who is going to talk to you about that - we are



integrating it for very simple interactions, you know, interactions that last one minute, it's one question, one answer - that works, one question, one answer, two questions, two factual answers, that works. Then, if you enter in a conversation with a need for a contextual understanding, you need humans. I cannot recommend you more, if you want to understand and to have a very objective perception of where the artificial intelligence is going, don't ask Ray Kurzweil the guru from Google, because he is going to tell you that humanity is going to be solved the day you are going to lose your biologic so called "envelope", and he, the human mind, without any friction is going to invade the universe and it will be the time of singularity, 2030, 2050. Don't ask that, because it's not sure that it's going to be exactly that, but just read the excellent issue of The Economist that just was published, I think, a week ago or two weeks ago. You have a special "dossier" that has been made by journalists who were a little bit more aware than the normal mashed potato that we heard and you are going to see exactly where it goes. But, we want to integrate the artificial intelligence and our bots in our omnichannel integrated solutions and it is going to be done before the first half of this year.

The global clients are already forty percent of our business, I think they should go up to sixty percent and in not so long from now. I would say that I think that we have done a pretty good job with global clients based in the USA and expanding the presence of these companies all around the globe and serving them. I would say that, like westerners, we are not being as good as making the same job with the Asian multinationals. I can tell you, you know, when you know what percentage Asia is from the GDP, what percentage the Asian multinationals, specifically the Japanese, specifically the Koreans, then Taiwanese and Chinese, represent in the vertical that we serve, I can tell you we are far from seeing the end of our market. So, we are going to serve better the global clients, which means that we are boosting the number of people that we have in Asia, for example, to address and to be close, because first you need to build trust, to be super close to these Asian multinationals to serve them better all over the world.

What do want the global clients? The global clients, they want consistency. They don't want to deal with one partner in one country, another one in another country, who is going to have different concepts, different processes and it is going to be a nightmare because you need to reproduce the learning curve, country after country. So they want one guy, with very solid culture, care and discipline, and process, who has also the best practice in terms of performance and with whom they can deal with one single person, because you can have giant clients that you work for them in twenty, twenty five countries of the world, they don't want to have twenty five interlocutors, they want one, one who is a kind of virtual CEO for the client. And what we do is we build a specific company around the client, this is how we are client-centric.

Then, we are going to try to bring always more added value to help our clients to be more efficient, which means predictivity, segmentation and this is the analytics job, and it's going to be presented by Paolo later on, and of course, in the high-value Specialized services, we want to grow it and we want to cross-fertilise. Just imagine, LanguageLine has 8000 interpreters, and is growing pretty fast, and needs more and more interpreters, and they need interpreters in any kind of language - you can



imagine: Vietnamese, Chinese, Arabic, whatever. Guess what, what is the most neutral Arabic you can find around the world? Egypt. Guess what, we have thousands of people working in Egypt, and in our thousands and thousands of people working in Egypt, we have some of them that are perfectly bilingual, and that can go through the specific training, specific courses of LanguageLine to help LanguageLine to continue to grow. That is cross-fertilisation. But in the cross-fertilisation, we also want to use the power of Teleperformance in the US to help our visa business that served today, mostly the European countries, from all over the world, to enter in the beautiful US administration. So, this is our priorities in terms of organic growth, you see, it's simple. It keeps us busy, but it's simple.

And in terms of external growth, I'm going to tell you something, we are delighted to have welcomed LanguageLine within the Teleperformance family. It's a wonderful company with outstanding management team. As usual, everything that is outstanding is not free. And so, we had to go through certain levels of leverage, that is reasonable, due to the free cash-flow that we generate, but right now, in 2017, except something absolutely exceptional, we are going to be pretty quiet on the acquisition side. Why? Because we do not want to be taken by the fever of the leveraging. We are going to show to our shareholders, to ourselves, to the market, that yes what we said is there, yes we are deleveraging, yes 2017 you start to see a significant deleveraging and with guidance, in 2018 you start to see even more deleveraging, and we are going to go back to external goals, but, as PC said, we are not going to buy all the things, we are going to remain focus on the high value Specialized services, we have a few targets, a few very clear targets in mind, but this is not going to happen, I would say, in all logic, before half-2018. And tactically, we might still make some little opportunistic acquisitions, in some specific verticals or geography where it helps to cover something, but it's not going to change the picture of the group.

So, having said that, I still have one slide, super simple again. By 2020, we will be, thanks to the organic growth, a five billion euro company. At the same time, starting in 2018, we are going to pursue targeted acquisitions, which means that this should add to this number. For our high-value Specialized services, first the market grows faster than the core-services and we grow faster than the market, so today is fifteen percent of our business, and we are going to tend to go to the twenty percent, maybe it will be eighteen, nineteen, it depends if there are acquisitions, no acquisitions, but in any case, this is here to stay and to grow, and to grow faster because we would be very happy with eighty percent of our business at ten percent EBIT+ and twenty percent at thirty percent EBIT+. And all of that, at the end of the day, like in all good love stories, achieved with the fact that we project for 2020 a recurring EBITA of minimum fourteen percent. Remember that few years ago we were between nine and ten, and were saying it is going to be difficult to be above ten. In 2016 we gave guidance above ten, as Olivier has not made any warning, I guess this guidance are going to be delivered, I don't know, but I have not heard any warning. With the integration of LanguageLine, full year, but it's too early, but it's reasonable to think that our 2017 guidance are going to be significantly above our 2016. But this guidance saying that we will be at more than fourteen percent is above these two points, so that's for the people who say that we are always conservative. Thank you very much!



Questions & Answers

Participant

I have actually two questions on LanguageLine. The first one, could you tell us how much Spanish accounts for in the mix of LanguageLine? And the second one is, we didn't spend much time on the development of the business outside of the US, do you have any target in mind, let's say five years from now? Have you already started to engage clients with your solutions and can you give us concrete examples of how could be LanguageLine business in Europe considering that you have no regulation there in healthcare for example?

Scott Klein – *Teleperformance – CEO of LanguageLine Solutions*

Sure. A little less than sixty-three per cent of the business is Spanish, so that's the easy one. As far as beginning to engage with clients looking at other language pairs, other than English, we are at the very earliest days. I would say this, we have high level of interest from clients but in keeping with what Daniel said, everything we do, we do very methodically and very carefully so we are not even close to being ready to talk about it.

Participant

I have two or three questions. The first question is regarding the objective of EBITA margin, at least fourteen per cent in 2020. It seems that the consensus for 2017, and I don't ask you to confirm that, but is around thirteen per cent with LLS consolidation over the full year so it's more than one hundred basis point improvement over the next three to four years, would you say that this improvement will be recorded year after year, thirty, forty basis point per year, or should we consider that this is more back-end loaded or is it going to come more shortly?

Daniel Julien – *Teleperformance – Executive Chairman*

Already we are going to give a guidance in few weeks from now for 2017, and this guidance is already to put us closer in 2017 to our goal for 2020 than to our delivery for 2016. Then, the one per cent difference in EBITA between the consensus for 2017 and the fourteen per cent that we expect for 2020 comes from the combination of the different factors that we were explaining today; growing faster in Asia where we have higher margin, strengthening our control on the SGNA with TP1 that you saw, and third of course, having a more important share of wallet in high-value Specialized services than we have today. Why? And this is just in organic, because the Specialized services grow faster than the core business. And this explains the difference between what we foresee for 2020 and what the consensus says for 2017.



Participant

Fine. Second question, maybe on Specialized services. Could you share with us what debt collection and analytics represent currently in your revenue? And when you say that you want to reach the twenty per cent mark in Specialized services is it going to be with the current Specialized services in which you are or do you intend to go in other Specialized services business?

Daniel Julien – *Teleperformance – Executive Chairman*

Okay, I would say analytics and debt collection are probably around 140 million. Now, how are we going to go there? First, yes, it's not by chance that TLS and LanguageLine came into the family. First, TLS - before we decided to become partner with the founder, where they were almost pre-operating, we were having discussions in Greece – where I live during the summer time – around a bottle of white wine about all what we could do with a face-to-face services and the privatisation of the government services. So, yes, we are in love with this vertical and we want to grow it. Second, LanguageLine. I think I personally identified LanguageLine the very first time when it was sold to AT&T or when AT&T sold it, I mean, a long time ago. You know, sometimes, things have to come to maturity. We want to grow mostly with this segment, but there are other segments that are not going to be mentioned here – that would be very stupid – but that we have identified, that we know the companies, and we know the interest we have in the companies even if right now is not the right timing because as fast as we can, as slow as we need, yes, always in the end-to-end value-added processes to serve, certain categories of customers they are the option. But I'm not going to say anything more before the next acquisition if it's not an acquisition regarding TLS or LLS.

Participant

I have two questions. One is on margins again, and excuse me if I'm a bit slow on this one, but just to confirm, my understanding is from your comments that the margin expansion will be driven by faster growth in Asia, expansion to higher margin businesses in BPOs and strengthening control on the SGNA basically means that most the margin improvement will come from the growth mix shift, from slightly lower margin, or substantial lower margin call centre business to the BPOs but the underlying course base or the variable course within the business are not really changing, it's more the growth will be driven by other businesses, is that the right way of thinking about it?

Daniel Julien – *Teleperformance – Executive Chairman*

I don't see any reason for major change in the very nature of the business that we give. Why? Because if we give a service for the USA to the USA to our super mature client, I don't see how we are going to increase our margin. Instead of that, I mean, we have super large clients and they have a potentiality of price pressure on us. So, the growth of the margin always comes either from the development of country where you can deliver better margin or because you do more offshore, this is in the core business, and the growth of the margin for the group will come from the fact that we have a higher



growth of the Specialized services versus the core business. I don't see any magic silver bullet that is going to change the structure of our operating margin.

Participant

But I guess not really a magic way out of it but, basically, the margin of existing business is where it should be, or where it can be, and the growth will come from expansion to high growth, is that what you are saying?

Daniel Julien – *Teleperformance – Executive Chairman*

Yeah, I mean, the margin of existing business may grow for some reason and decrease for some other reason. So, I think that at the end of the day, when you look at the competition, when you look at where we are, I would not make any promise that we are going to make the margins different from what they are today.

Participant

That makes sense. My second question is on your M&A strategy, you said you are not interested in buying more of the same, what are areas that you think you are not at the moment as strong as you would want to be, or what are the areas you want to expand? Just broadly, without naming specific targets of course.

Daniel Julien – *Teleperformance – Executive Chairman*

The very first thing we said is we want to expand the Specialized services, the high-value Specialized services. First, in two lines where we are already strong and where we think that we can expand it, which is the privatisation of the government service and the online interpretation. By the way, it's going to be M&A but not only M&A, it's going to be also super organic focus on the growth of these two companies with extra investment, whether in CAPEX or in OPEX, I mean, on people, to make it go. Now, for our core-services, yes, I have a very clear idea in mind also but this idea in mind I'm going to share it the day we will make the acquisition. You know, a world is very different if you look at the world from a certain distance or if you are in the pan, we are in the pan of our world, and we are global, and we are super curious, so of course we identify gems, and these are the gems that we want over the course of the time, in our M&A, to join the family. But right now, we are going to be quiet because 2017, 2018, we want to prove to all the stakeholders of this company that our story is here real solid, and then we are going to go back on the market, probably, to make some specific, interesting acquisition.

Participant

Thank you.



Participant

Three questions to follow up. The first one regarding the margin of LLS that you have retained for this fourteen per cent target by 2020, do you expect the margin to remain the same level or to potentially actually increase rather than decrease as it was first announced at the end of August?

Daniel Julien – *Teleperformance – Executive Chairman*

Yeah, it's plus and minus as usual. The plus is moving more of the production nearshore, offshore, with some limits, and the minus are the competition pricing on the reduction of the price per minute. I think that we commonly expect the margins to remain where they are.

Scott Klein – *Teleperformance – CEO of LanguageLine Solutions*

Yeah, we have outstanding cost controls in place, we have strategies to mitigate any kind of pricing variation that takes place in the market, we have a very significant lean six sigma team that every day is working through processes on the business to seek out waste and get rid of it. So, I certainly wouldn't expect any deterioration, but as Daniel said, you know, there is so many things that we don't know and so many vagaries in the market place that could have an impact one way or the other.

Participant

And regarding TLScontact, how much growth and profitability do you expect by 2020?

Daniel Julien – *Teleperformance – Executive Chairman*

You know what, it's a super complex answer because TLScontact, on this way of marketing the company, is significantly different from LLS. LLS, you market the company one step at a time and you had one little client at a time, so I would say it's a pretty easy to predict model. TLS is dealing with the government to pass from a government service to privatisation of these citizen services. You can work for months, even years, without anything moving, and suddenly you have a big jump. So it's much more difficult to predict the waves of TLS because it's much more by accident, or not by accident, but by 'plateau'. Still, to us, we see serious potential for TLS in the American geographies, because we are not present in the American geographies. To be present in the US, it's a long process, it's a process of accreditation, certification, a lot of presence in Washington of course, and still, as Bertrand said, the US government has been very, very shy in the outsourcing of its process, it outsources very limited part of the process in comparison to what do countries in Europe. This may change or not change, it depends a lot of the direction that this country is going to take regarding the government expenses, whether they are federal or state. But then there are also countries in South America that could be interesting, knowing that right now the largest country in South America is so destabilised that it's very difficult to predict anything about it. That's the answer. But we are really convinced that we have a lot of shots for TLS, and not only reproducing the visa but again, things to all, the license, the permit that exist and cost a fortune to the administration of a country. Plus, exactly like for LLS, things about



the vast afflux of refugees in Europe for example. And if you can tell me how the German government manages with the hundreds of thousands of refugees they got in the last two years, I mean, there are things that are going to happen.

Participant

And a last question on the unified ERP, can you give some colour on the timeframe, where we are in terms of investment, on the implementation of that and what we can expect for the years to come?

Olivier Rigaudy – *Teleperformance – Group CFO*

It's not big investment we are speaking of something childlike which are light compared to the group. The idea is to grow up, to start to be live partially in the second part of the year in Europe, and moving to the full LATAM and Europe by the end of 2017, but the US would join later on. So it's not a big step in terms of Capex, in terms of costs, but clearly it will give much more granularity and ability to address quickly things, much more quickly than we are doing, even if I believe we are a very good system as of today.

Participant

How many different systems do you have?

Olivier Rigaudy – *Teleperformance – Group CFO*

So you have a global system at the top...

Daniel Julien – *Teleperformance – Executive Chairman*

We have a wrap-up system, in any case we have a wrap-up system, and then we have different systems from the company we acquired and we didn't necessarily change. Right now we have a very high level of granularity, this is what I want to say. I mean, I can tell you that we know per country, per client, per whatever, we know very, very well our group and what's happening in our group. This is going to help us to make the things maybe quicker and smoother, instead of having our financial department working like maniacs during fifteen days before each quarterly board meeting, this is going to be a little bit simpler but it's not going to be a revolution in the management of the group.

Olivier Rigaudy – *Teleperformance – Group CFO*

Today we have the results by the eighth of the month, the following month, the cash by the fourteenth and the margin by, worldwide, the seventeenth. So we could be better, we could be smoother, but that's it, so it's not going to be a revolution. But stats, that may help, again, to be much more on stock of the year, much more digital, cheaper and smoother. That is the story.



Participant

Multilingual hub has been a great success in Europe, I mean Portugal, Greece, the Netherlands, what is your strategy in that concern in Asia please, in APAC?

Daniel Julien – *Teleperformance – Executive Chairman*

We are going to open a multilingual hub in Asia in 2017. Here is the answer. You ask strategy, I answer facts.

Participant

According to your 2020 plan, how much could it represent, let's say in terms of number of positions?

Daniel Julien – *Teleperformance – Executive Chairman*

We are going to see what is needed, I mean, the multilingual hub, cannot be confused with nearshore or offshore solutions that would be a mistake. A multilingual hub, is typically a place where we address global clients who have limited needs by countries. For example, you are going to have a client in Portugal, that is going to be maybe a 300-agent business but with 50 agents in French, 18 German, 17 English and that makes sense in the multilingual hub. But if suddenly you try to use a multilingual hub like we have in Athens or like we have in Portugal, like a nearshore solution which is: 'Okay, we are going to put 500 French speaking people in Portugal because it's going to be cheaper than in France', it's a disaster, because you are drying the market, the available resources. So it will be the same in Asia. In Asia, you have right now multiple countries that are served by companies and that want to have one centre point to serve, to serve, I don't know, Indonesia, Malaysia, Thailand, and stuff like that. As soon as a company is going to have a super market in a country, like in China, they are never going to want to have their Chinese services to be done from a multilingual hub because the needs are way too big. Even, we could take very simple examples, you have countries where some big brands have still not signed all the deals with the local partners and stuff like that to have a significant presence, typically, these brands want a multilingual hub solution. As soon as the signature is done with the local partner, forget the multilingual hub solution, they want you to develop in the country. So it's just to explain where is the specific position of the multilingual hub in the dynamic of the operation of Teleperformance. And for example, for the US, no US client would like to be served from a multilingual hub because they want us to serve either in English or in Spanish, and that's it.

Thank you very much!

