

CONVERGYS



1st Quarter 2018 Earnings Presentation

May 9, 2018

This news release contains statements, estimates, or projections that constitute "forward-looking statements" as defined under U.S. federal securities laws. Forward looking statements may be identified by words such as "will," "expect," "estimate," "think," "forecast," "guidance," "outlook," "plan," "lead," "project" or other comparable terminology. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. These risks include, but are not limited to: (i) adverse effects of our Board of Directors' search for a new Chief Executive Officer, including the risk that a protracted search could affect our ability to attract and retain clients and employees; (ii) the loss of a significant client or significant business from a client; (iii) the future financial performance or outsourcing trends of our largest clients and the major industries that we serve, including continued volatility in volumes with certain of our largest communications and technology clients; (iv) contractual provisions that may limit our profitability or enable our clients to reduce or terminate services; (v) our failure to successfully acquire and integrate businesses; (vi) our inability to protect proprietary or personally identifiable data against unauthorized access or unintended release; (vii) the effects of complying with the European Union's General Data Protection Regulation, the Philippines' Data Privacy Act and other jurisdiction-specific data privacy requirements, including increased expenses, operational and contractual changes, and diversion of resources; (viii) our inability to maintain and upgrade our technology and network equipment in a timely and cost effective manner; (ix) business and political risks related to our global operations, including ongoing political developments in the Philippines, uncertainty regarding the impact of Britain's vote to leave the European Union (Brexit) or other similar actions by European Union member states, and economic weakness and operational disruption as a result of natural events, political unrest, war, terrorist attacks or other civil disruption; (x) the effects of foreign currency exchange rate fluctuations; (xi) the failure to establish appropriate tax provisions for uncertain future tax liabilities, changes in tax law, regulations or regulatory guidance that increase our future tax liabilities, including regulations implementing the Tax Cuts and Jobs Act, or the unfavorable resolution of tax contingencies; (xii) adverse effects of regulatory requirements or changes thereto, investigative and legal actions, and other commitments and contingencies; (xiii) costs associated with conversions of our convertible debentures that may occur from time to time; (xiv) our inability to effectively manage our contact center capacity or attract and retain employees at competitive wages; and (xv) those factors contained in our periodic reports filed with the SEC, including in the "Risk Factors" section of our most recent Annual Report on Form 10-K. The forward-looking information in this document is given as of the date of the particular statement and we assume no duty to update this information. Our filings and other important information are also available on the investor relations page of our web site at www.convergys.com.

The following presentation includes "non-GAAP financial measures" as defined in Regulation G under the Securities Exchange Act of 1934, as amended. A reconciliation of GAAP to non-GAAP results is available on the investor relations page of our web site at www.convergys.com.

Today's presentation is intended to be reviewed in connection with Convergys' First Quarter 2018 earnings call.

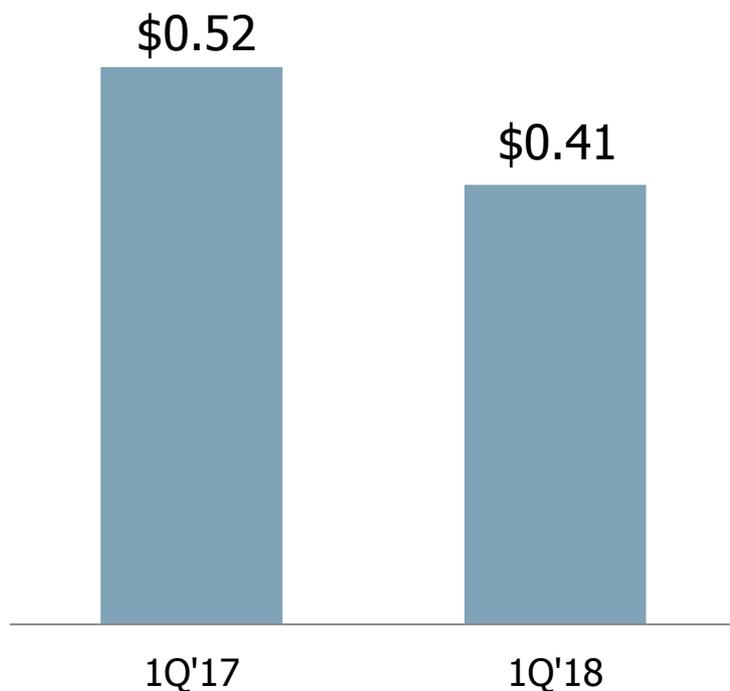
Operating results

Financial review

Business outlook



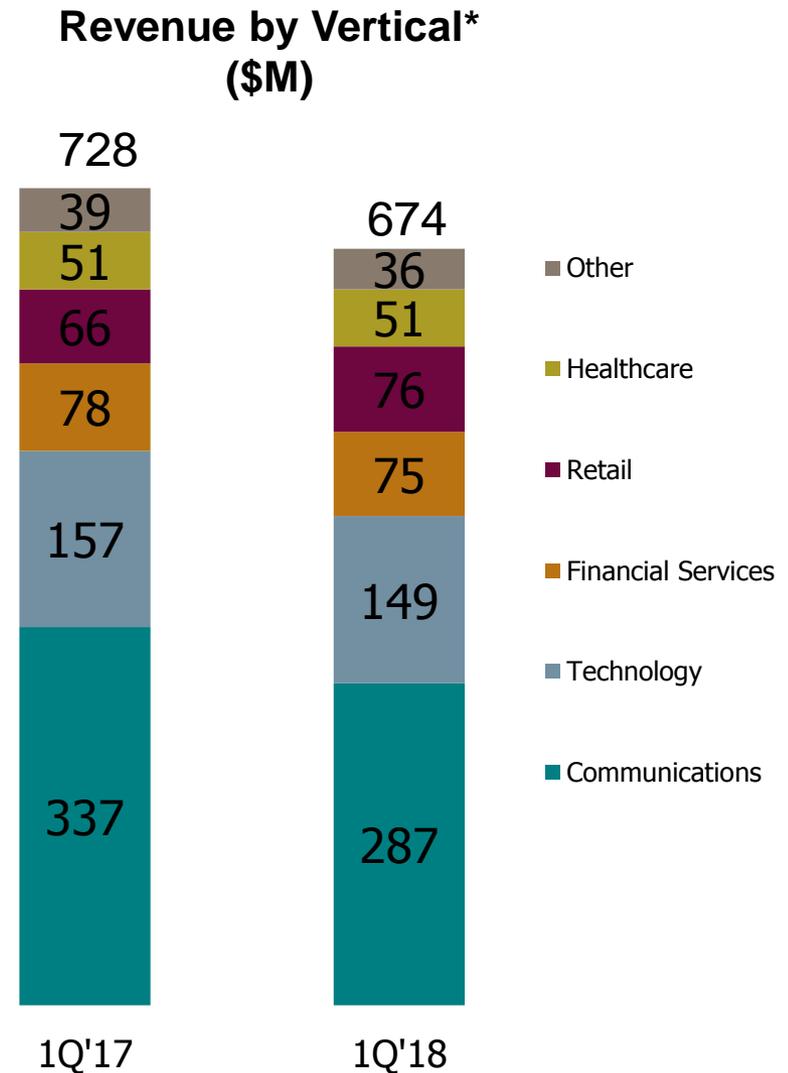
Adjusted EPS



- Results consistent with expectations
 - + revenue: \$674M, including \$19M FX impact
 - + adjusted EBITDA: \$83M
 - + adjusted EPS: \$0.41
 - + adjusted FCF: \$17M
- Capital returns: \$25M
 - + dividend: \$9M
 - + share repurchase: \$16M
 - + EOQ repurchase authorization: \$45M

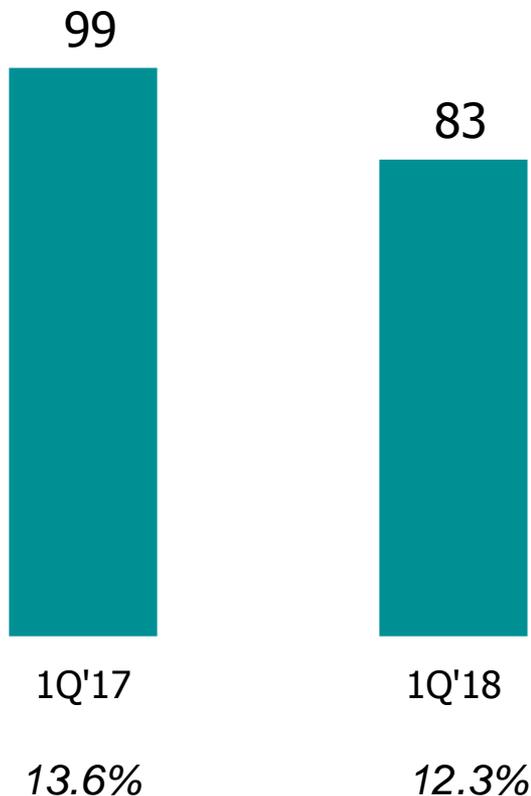
Note: Adjusted effective tax rate now includes provision for withholding taxes in international jurisdictions and other inputs and assumptions related to enactment of the 2017 Tax Act. Adjusted EPS from continuing operations in 1Q'18 excludes \$7M CEO transition costs, \$6M facility exit costs, \$5M discrete severance charges, \$7M intangible amortization, \$1M write-up depreciation expense, \$9M tax benefit from resolution of a tax audit. Adjusted EPS from continuing operations in 1Q'17 excludes \$13M discrete severance charges, \$7M intangible amortization, \$1M write-up depreciation expense, \$2M integration costs.

- Client-specific headwinds continue
 - expected volume fluctuations
 - + growth with 9 of top 20 clients
- Investment in unique voice, digital solutions platform
- Solid new business signings
 - + \$115M in 2018 revenue



* 1Q'18 revenue includes \$19M positive FX impacts

Adjusted EBITDA (\$M)



- Discrete actions 1Q18
 - + streamlined operations
 - + positioned for profitable growth
- Adjusted OI: \$60M
 - margin: 8.9%
- Adjusted EBITDA: \$83M
 - margin: 12.3%

Note: Adjusted results exclude \$7M CEO transition costs, \$6M facility exit costs, \$5M discrete severance charges in 1Q'18, and \$13M discrete severance charges, \$2M integration costs in 1Q'17.

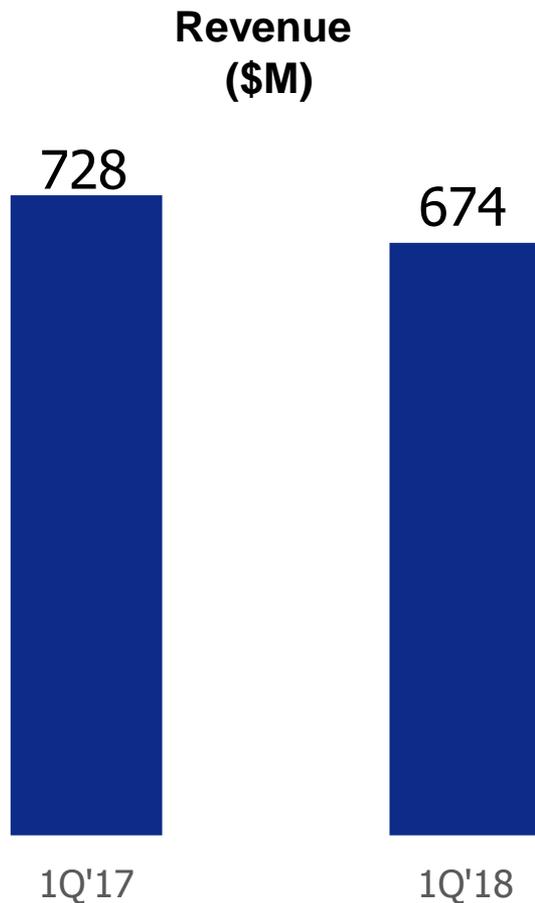
- Results consistent with expectations
- Solid new business signings
- Digital, voice investment to deliver brand-differentiated CX for clients
- Returning capital to shareholders
- Raised quarterly dividend, sixth consecutive year

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1Q'18 Update

- Revenue: \$674M
 - + \$19M FX benefit (+3%)
 - constant currency (-10%)
 - normal seasonal patterns
- Y/Y impacts
 - moves offshore, soft volumes, moves in-house, program eliminations
 - + new clients, existing program growth
- Q/Q expectations
 - 2Q sequential decrease ~3%
 - + 3Q/4Q improvements

\$Millions	1Q'17	1Q'18
Adjusted operating income	71	60
<i>Margin</i>	<i>9.8%</i>	<i>8.9%</i>
Adjusted EBITDA	99	83
<i>Margin</i>	<i>13.6%</i>	<i>12.3%</i>
Adjusted net income	52	40
Adjusted EPS	\$0.52	\$0.41

1Q'18 Update

- Y/Y impacts
 - lower call volume
 - + efficient labor management, FX impact
- Q/Q expectations
 - incremental recruiting, training costs, seasonal trough
 - adjusted OI year-over-year and sequential decrease in 2Q17

Note: Adjusted results exclude \$7M CEO transition, \$6M facility exit costs, \$5M discrete severance charges, \$7M intangible amortization, \$1M write-up depreciation, \$9M tax benefit, in 1Q'18, and \$13M discrete severance charges, \$7M intangible amortization, \$1M write-up depreciation expense, and \$2M integration costs in 1Q'17.

\$Millions	1Q'17	1Q'18
Cash provided by operating activities	33	13
Capital expenditures, net	(9)	(6)
Free cash flow	24	7
Non-US tax paid related to cash repatriation	-	10
Acquisition-related payments	<u>2</u>	=
Adjusted free cash flow	26	17

1Q'18 Update

- \$10 million tax on portion of 12/31/17 international cash balance repatriated to U.S.

\$Millions	1Q'17	1Q'18
Cash and short term investments	189	199
Debt maturing in one year	1	50
Long-term debt	343	230
Net cash/ST investments (debt)	(156)	(81)

1Q'18 Update

- ~20% of cash and short-term investments in U.S.
- \$16 million of shares repurchased, \$9 million dividend paid
- Available liquidity: > \$500M

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	2018 Guidance
Constant currency revenue decrease, including 5% to 6% impact from significant volume fluctuations with largest 2 clients	up to 7%
Adjusted EBITDA margin	~ 12.5%
Adjusted effective tax rate, including provision for withholding taxes in international jurisdictions and other impacts and assumptions related to enactment of the 2017 Tax Act	~ 25%
Diluted shares outstanding (million)	~ 99
Adjusted EPS decrease, including 9% impact from changes in the effective tax rate related to the 2017 Tax Act	up to 10%

The Company continues to expect seasonal sequential decreases in revenue, EBITDA and EPS in the second quarter of 2018 compared with the first quarter of 2018, and sequential improvement in quarterly results beginning in the third quarter of 2018.

This guidance does not include acquisition-related impacts such as intangible amortization, depreciation related to the fair value write-up of acquired property and equipment, integration costs and transaction costs. It also does not include impacts from severance and facilities charges related to discrete actions to streamline the business, CEO transition costs, future currency movements, non-cash pension settlement charges, any significant discrete tax adjustments, or any future share repurchase activities. The estimated adjusted effective tax rate reflects the Company's expectations for the effective tax rate, excluding the tax impact of items discussed above, based on management's current assumptions with respect to among other things, the geographical mix of the Company's earnings, state income tax levels, tax deductions and finalization of the regulations associated with the 2017 Tax Act.