

CONVERGYS



4th Quarter 2017 Earnings Presentation
February 22, 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' Fourth Quarter 2017 earnings call.

Operating results

Financial review

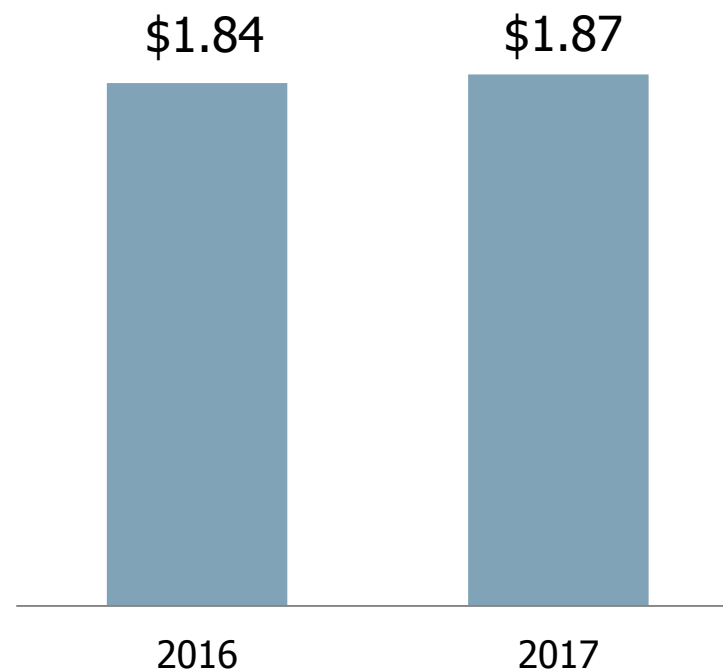
Business outlook



- 4Q results consistent with expectations
 - + revenue: \$689M, incl./\$10M FX benefit
 - + adjusted EBITDA: \$84M
 - + adjusted EPS: \$0.47
 - + adjusted FCF: \$64M

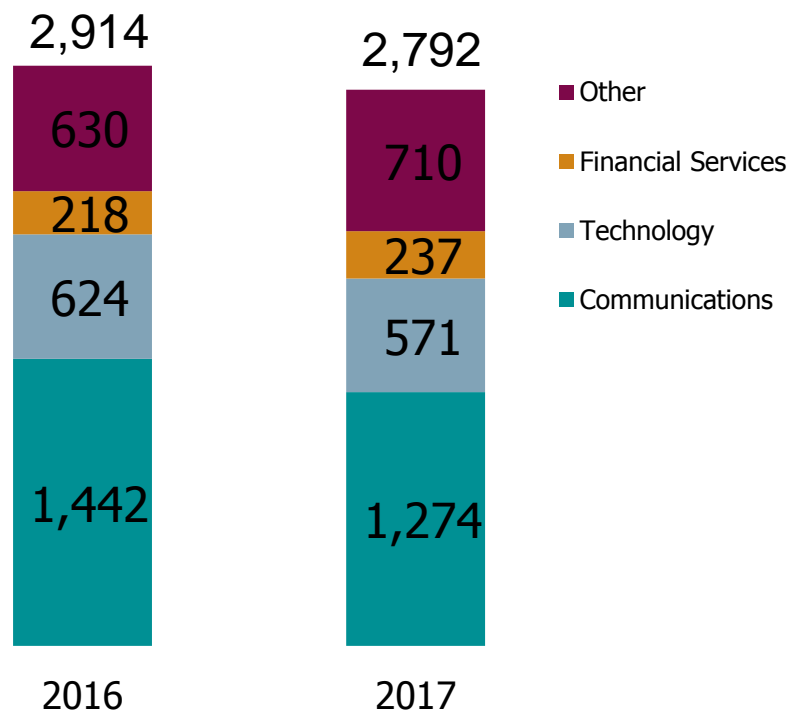
- 4Q capital returns: \$25M
 - + dividend: \$9M
 - + share repurchase: \$16M
 - + EOQ repurchase authorization: \$62M

Full Year Adjusted EPS



Note: Adjusted EPS in 2017 excludes \$29M intangible amortization expense, \$3M write-up depreciation expense, \$4M integration expenses, \$3M non-cash pension settlement charge, \$13M company-wide restructuring expense, and a \$32 million tax provision related to enactment of the 2017 U.S. Tax Cuts and Jobs Act. Adjusted EPS from continuing operations in 2016 excludes \$28M intangible amortization, \$9M write-up depreciation expense, \$3M transaction expenses, \$3M integration costs, \$5M non-cash pension settlement charge, and \$22M tax expense related to legal-entity restructuring and cash repatriation activities.

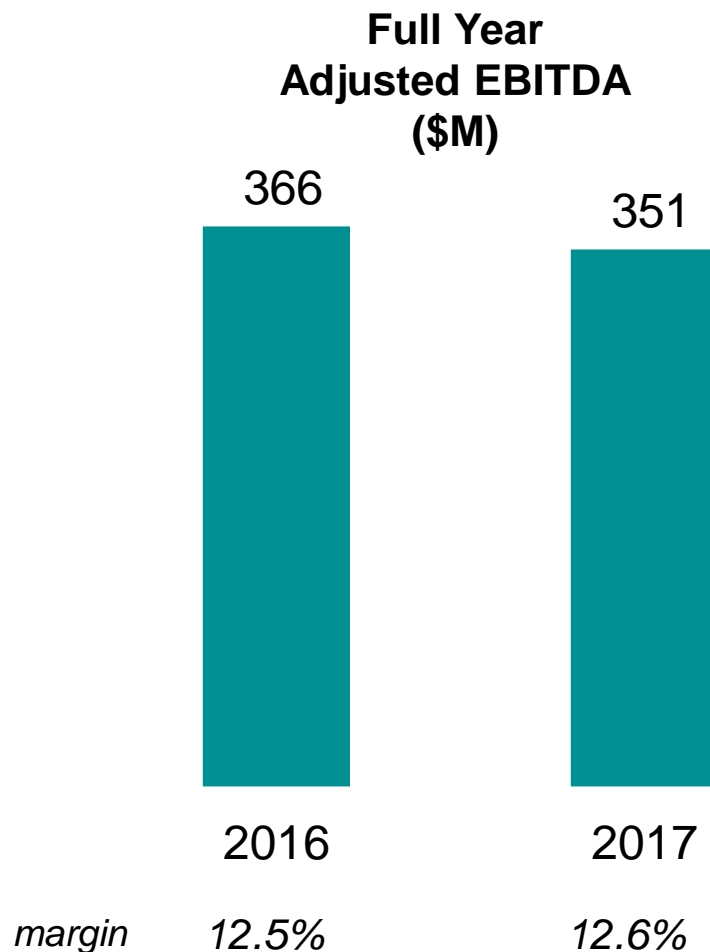
Full Year Revenue by Vertical* (\$M)



- 4Q sequential improvements + financial services, other clients
- 4Q call volume fluctuations
 - less robust seasonal pattern
 - client-specific volume softness, sourcing changes, automation
- 4Q new business signings + \$138M in 2018 revenue

*2017 revenue includes \$0M FX adverse impact

- 4Q Adjusted OI: \$60M
+ margin: 8.7%
- 4Q Adjusted EBITDA: \$84M
+ margin: 12.1%
- Preserving profitability despite revenue headwinds



Adjusted results in 2017 exclude \$4M integration expenses, \$3M non-cash pension settlement charge, and \$13M company-wide restructuring expense. Adjusted results in 2016 exclude \$3M transaction expenses, \$3M integration expenses, and \$5M non-cash pension settlement charge.

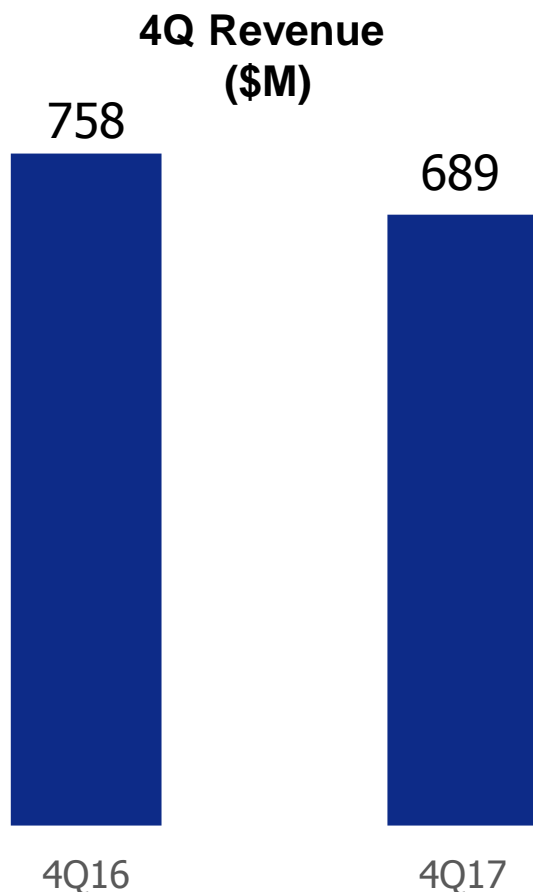
- 4Q results consistent with expectations
- Investing in integrated voice and digital solutions
- New business signings across verticals
- Strong cash flow and balance sheet
- Returning capital to investors

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4Q'17 Update

- Revenue: \$689M
 - + sequential improvement
 - + \$10M FX benefit
 - constant currency basis -10%
- Y/Y impacts
 - + new clients, existing program growth
 - moves offshore, soft volumes, moves in-house, program eliminations
- Q/Q expectations
 - 1Q seasonal pattern

\$Millions	4Q'16	4Q'17
Adjusted operating income	67	60
<i>Margin</i>	<i>8.9%</i>	<i>8.7%</i>
Adjusted EBITDA	92	84
<i>Margin</i>	<i>12.2%</i>	<i>12.1%</i>
Adjusted net income	48	47
Adjusted EPS	\$0.47	\$0.47

4Q'17 Update

- Sequential improvement
- Y/Y impacts
 - + efficient labor management, mix shift offshore, FX impact
 - lower call volume
- Q/Q expectations
 - 1Q seasonal pattern

Note: Adjusted results exclude \$7M intangible amortization expense, \$1M write-up depreciation expense, \$1M non-cash pension settlement charge, and a \$32M tax provision related to enactment of the 2017 U.S. Tax Cuts and Jobs Act in 4Q'17, and \$7M amortization expense, \$1M write-up depreciation expense, and \$2M integration costs, \$5M non-cash pension settlement charge, and \$20M tax expense related to legal-entity restructuring and cash repatriation activities in 4Q'16.

- Key impacts
 - + cash repatriation flexibility
 - higher effective tax rate due to increased offshore withholding tax
- Future impacts
 - > \$100 million cash of 12/31/17 international balance back to U.S. in 2018
 - + ongoing international cash generation available for repatriation
- 4Q adjustments: \$32 million
 - + \$98 million revaluation of net deferred tax liabilities due to lower US rate
 - \$110 million net liability for deemed repatriation of past offshore earnings and other 2017 impacts
 - \$20 million for offshore withholding tax related to future cash repatriation

\$Millions	4Q'16	4Q'17
Cash provided by operating activities	69	77
Capital expenditures, net	<u>(23)</u>	<u>(13)</u>
Free cash flow	45	64
Acquisition-related payments	<u>1</u>	<u>0</u>
Adjusted free cash flow	46	64

- \$209 million 2017 adjusted free cash flow exceeded adjusted net income

\$Millions	4Q'16	4Q'17
Cash and short term investments	151	207
Debt maturing in one year	2	1
Long-term debt	297	268
Net cash/ST investments (debt)	(148)	(62)

4Q'17 Update

- ~10% of cash and short term investments in US
- \$16 million of shares repurchased, \$9 million dividend paid
- Available liquidity: > \$600M
- Flexibility to invest: organic/strategic growth, dividend/share repurchase

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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)	~ 99.0
Adjusted EPS decrease, including 9% impact from changes in the effective tax rate related to the 2017 Tax Act	up to 10%

The Company expects seasonal sequential decreases in revenue, EBITDA and EPS beginning in the first quarter of 2018 compared with the fourth quarter of 2017, 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.