

CONVERGYS



Second Quarter 2016 Earnings Presentation
August 9, 2016

This presentation 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) the loss of a significant client or significant business from a client; (ii) the future financial performance of our largest clients and the major industries that we serve; (iii) contractual provisions that may limit our profitability or enable our clients to reduce or terminate services; (iv) our failure to successfully acquire and integrate businesses, including buw; (v) our inability to protect proprietary or personally identifiable data against unauthorized access or unintended release; (vi) our inability to maintain and upgrade our technology and network equipment in a timely and cost effective manner; (vii) international business and political risks, including uncertainty regarding the impact of Britain's recent vote to leave the European Union (Brexit) or other similar actions by European Union member states, as well as economic weakness and operational disruption as a result of natural events, political unrest, war, terrorist attacks or other civil disruption; (viii) the effects of foreign currency exchange rate fluctuations; (ix) the failure to meet expectations regarding our future tax liabilities or the unfavorable resolution of tax contingencies; (x) adverse effects of regulatory requirements, investigative and legal actions, and other commitments and contingencies and (xi) 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' Second Quarter 2016 earnings call.

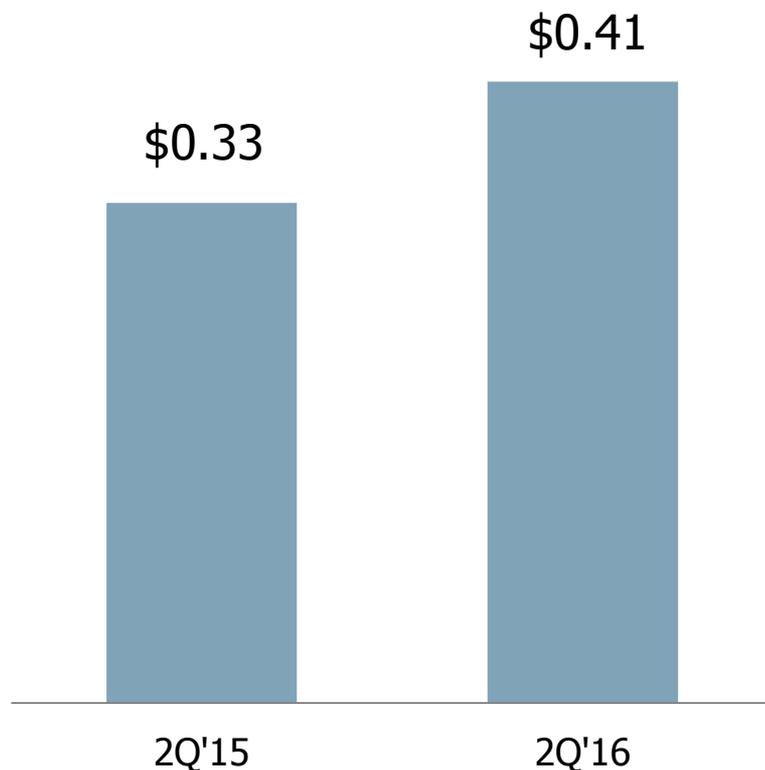
Operating results

Financial review

Business outlook



Adjusted EPS

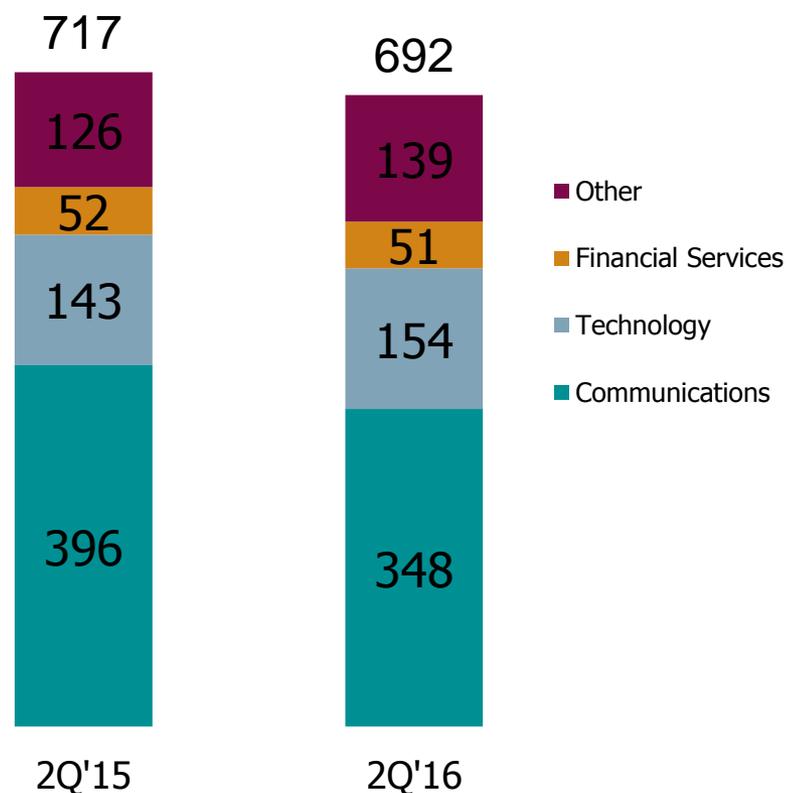


- Solid operating performance
 - + revenue: \$692M incl. \$6M FX impact
 - + adjusted EBITDA: \$86M, up 5%
 - + adjusted EPS: \$0.41, up 24%
 - + adjusted FCF: \$58M
- Capital returns: \$26M
 - + dividend: \$8M
 - + share repurchase: \$18M
 - + EOQ repurchase authorization: \$177M
- buw acquisition: purchase price ~\$135M
 - + expansion in Europe
 - + client diversification
 - + German language capabilities

Note: Adjusted EPS from continuing operations in 2Q'16 excludes \$7M intangible amortization, \$2M write-up depreciation expense, \$1M Stream integration costs, and \$1M buw transaction expense. Adjusted EPS from continuing operations in 2Q'15 excludes \$7M intangible amortization, \$5M write-up depreciation expense, \$2M Stream integration costs, and a \$5M net discrete tax benefit from favorable resolution of certain tax audits.

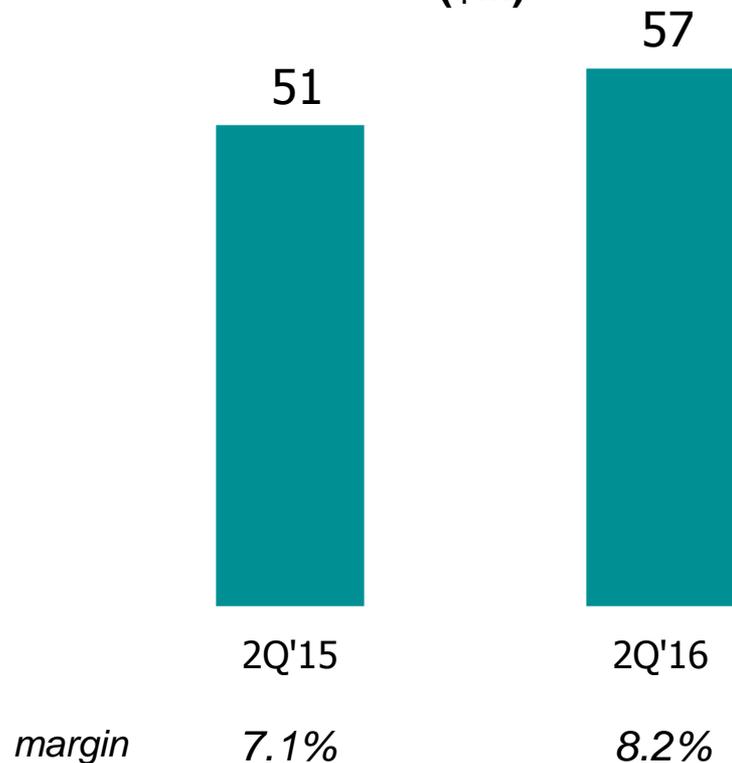
- Growth with existing, new clients
 - + constant currency growth with 9 of top 20 clients
- Communications industry volatility
 - call volume weakness
 - customer strategy changes
 - program completions
- Solid new business wins across verticals
 - + \$140M in 2017 revenue
 - + \$85M in 2016 revenue
- Invest to enhance growth trajectory
 - + global operating model
 - + breadth and depth of services
 - + account management approach

Reported Revenue by Vertical*
(\$M)



* 2Q'16 revenue includes \$6M adverse FX impacts

Adjusted Operating Income (\$M)



- Adjusted OI: \$57M, up 11%
 - margin: 8.2%, +110 bps
- Adjusted EBITDA: \$86M
 - margin: 12.4%, +100 bps
- Driving best practices and productivity gains

Note: Adjusted OI excludes \$7M intangible amortization, \$2M write-up depreciation expense, \$1M Stream integration costs, and \$1M buw transaction expense in 2Q'16, and \$7M intangible amortization, \$5M write-up depreciation expense, and \$2M integration costs in 2Q'15.

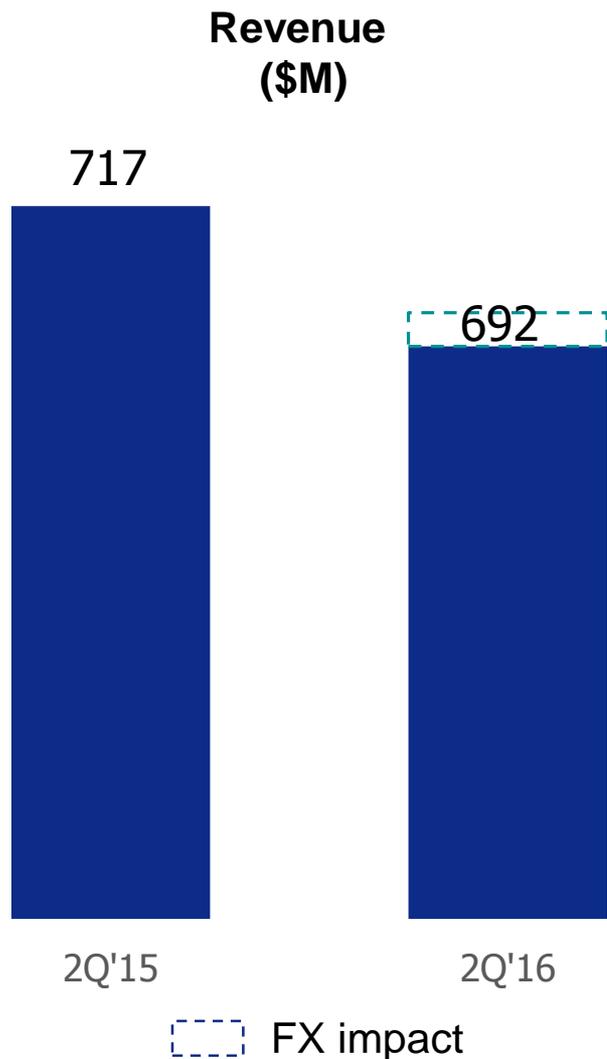
- Executing operating plan
- Investing for strategic growth
- On track for revenue and profit targets
- Disciplined, balanced capital deployment

Operating results

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2Q'16 Update

- Revenue: \$692M
 - down 2.6% on constant currency basis
 - \$6M FX impact (-0.8%)
- Y/Y impacts
 - + existing client growth, new clients
 - FX impact, lower volumes with several communications clients, program completions
- Q/Q expectations
 - + 3Q/4Q sequential improvements

\$Millions	2Q'15	2Q'16
Adjusted operating income	51	57
<i>Margin</i>	<i>7.1%</i>	<i>8.2%</i>
Adjusted EBITDA	82	86
<i>Margin</i>	<i>11.4%</i>	<i>12.4%</i>
Adjusted net income	34	42
Adjusted EPS	\$0.33	\$0.41

2Q'16 Update

- Y/Y impacts
 - + mix shift offshore, efficient labor management, FX impact
- Q/Q expectations
 - 3Q investment in multiple program ramps
 - + 3Q/4Q improvements

Note: Adjusted operating income and adjusted EBITDA exclude \$1M Stream integration costs, \$1M buw transaction expense in 2Q'16, and \$2M Stream integration costs in 2Q'15. Adjusted operating income also excludes \$7M intangible amortization and \$2M write-up depreciation in 2Q'16, and \$7M intangible amortization and \$5M write-up depreciation expense in 2Q'15. Adjusted EPS also excludes a \$5M net discrete tax benefit from favorable resolution of certain tax audits in 2Q'15.

\$Millions	2Q'15	2Q'16
Cash provided by operating activities	68	80
Capital expenditures, net	<u>(23)</u>	<u>(23)</u>
Free cash flow	45	57
Acquisition-related payments	<u>2</u>	<u>1</u>
Adjusted free cash flow	47	58

2Q'16 Update

- Capex to increase throughout year to support new programs
- Expect free cash flow to approximate net income, over time

\$Millions	2Q'15	2Q'16
Cash and short term investments	208	254
Debt maturing in one year	5	2
Long-term debt	333	307
Net cash/ST investments (debt)	(130)	(55)

2Q'16 Update

- Approximately 5% of cash and short term investments in US
- \$18 million of shares repurchased, \$8 million dividend paid
- buw acquisition: post close available liquidity > \$525 million

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Revising guidance to reflect contributions from the buw acquisition

	Previous 2016 Guidance	Consolidated 2016 Guidance
Constant currency revenue growth	~0%	~2%
Adjusted EBITDA margin	~13%	~12.9%
Adjusted effective tax rate	~21%	~21%
Diluted shares outstanding (M)	~104	~103
Adjusted EPS growth	5% to 8%	7% to 9%

Not included in the Company's outlook for adjusted EBITDA and adjusted EPS growth are acquisition-related impacts such as integration costs, transaction costs, intangible amortization and depreciation related to the fair value write-up of acquired property and equipment, as well as impacts from future currency movements, non-cash pension settlement charges, or any future share repurchase activities. Adjusted effective tax rate reflects the Company's expectations for the effective tax rate, excluding the tax impact of items discussed above, tax expense associated with cash repatriation and significant discrete tax adjustments.

The Company believes that quantitative reconciliations of the outlook to GAAP measures cannot be provided without unreasonable efforts due to the forward-looking nature of the acquisition-related adjustments and future currency movements, and their inherent variability; therefore, the Company does not present guidance on a GAAP basis. For the same reason, Convergys is unable to address the probable significance of the unavailable information.