

CONVERGYS



Third Quarter 2016 Earnings Presentation

November 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 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; (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' Third Quarter 2016 earnings call.

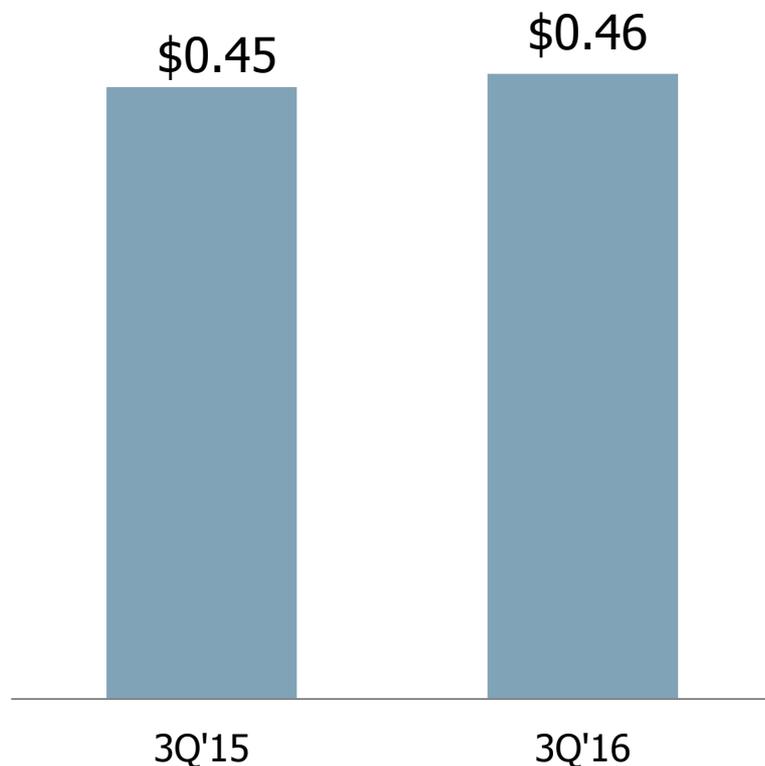
Operating results

Financial review

Business outlook



Adjusted EPS

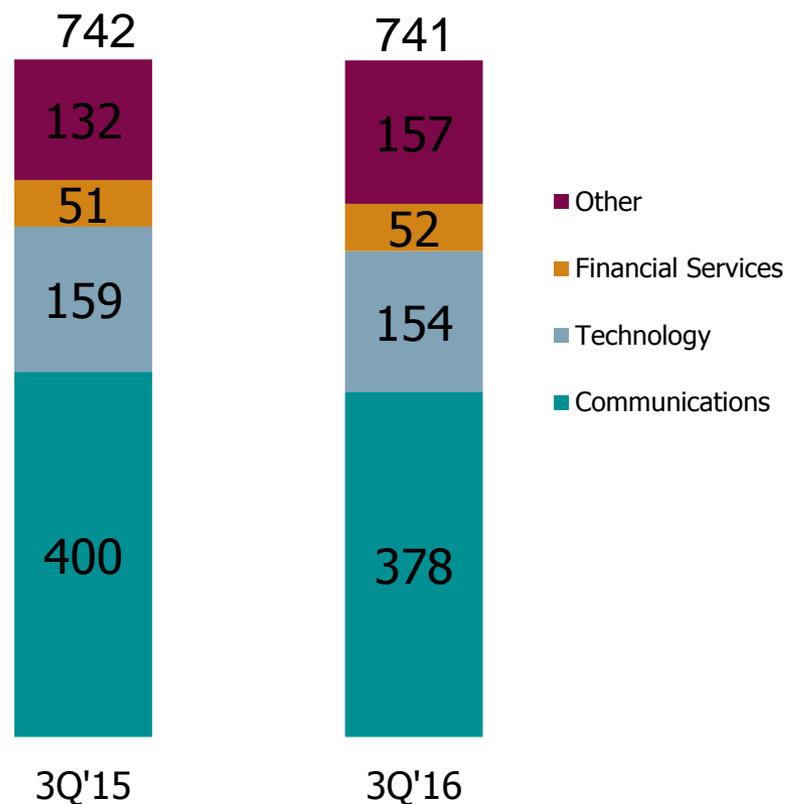


- Solid operating performance
 - + revenue: \$741M
 - + adjusted EBITDA: \$90M
 - + adjusted EPS: \$0.46
 - + adjusted FCF: \$54M
- Capital returns: \$25M
 - + dividend: \$9M
 - + share repurchase: \$16M
 - + buw purchase price: ~\$139M

Note: Adjusted EPS from continuing operations in 3Q'16 excludes \$7M intangible amortization, \$2M write-up depreciation expense, \$2M buw transaction expense, \$1M integration costs, and \$1M tax expense related to cash repatriation. Adjusted EPS from continuing operations in 3Q'15 excludes \$7M intangible amortization, \$5M write-up depreciation expense, \$3M Stream integration costs, and \$21M tax benefits.

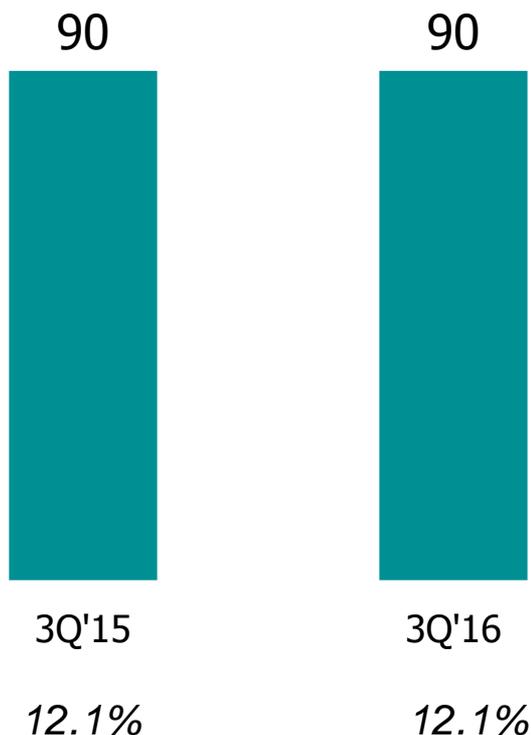
- Growth with 11 of top 20 clients
- Strong new business wins across verticals
 - + \$160M in 2017 revenue
- Headwinds
 - muted seasonal ramps
 - communications industry volatility
- Focus on delivering long-term profitable growth
 - + maintain top strategic partnerships
 - + expand with diversified client base
 - + accelerate new logo momentum
 - + pursue inorganic opportunities

Reported Revenue by Vertical*
(\$M)



* 3Q'16 revenue includes \$7M adverse FX impacts

Adjusted EBITDA (\$M)



- Adjusted OI: \$61M
 - margin: 8.3%
- Adjusted EBITDA: \$90M
 - margin: 12.1%
- Held EBITDA margin despite headwinds
 - call volume volatility
 - tight labor market

Note: Adjusted OI excludes \$7M intangible amortization, \$2M write-up depreciation expense, \$2M buw transaction expense, and \$1M integration costs in 3Q'16, and \$7M intangible amortization, \$5M write-up depreciation expense, and \$3M integration costs in 3Q'15.

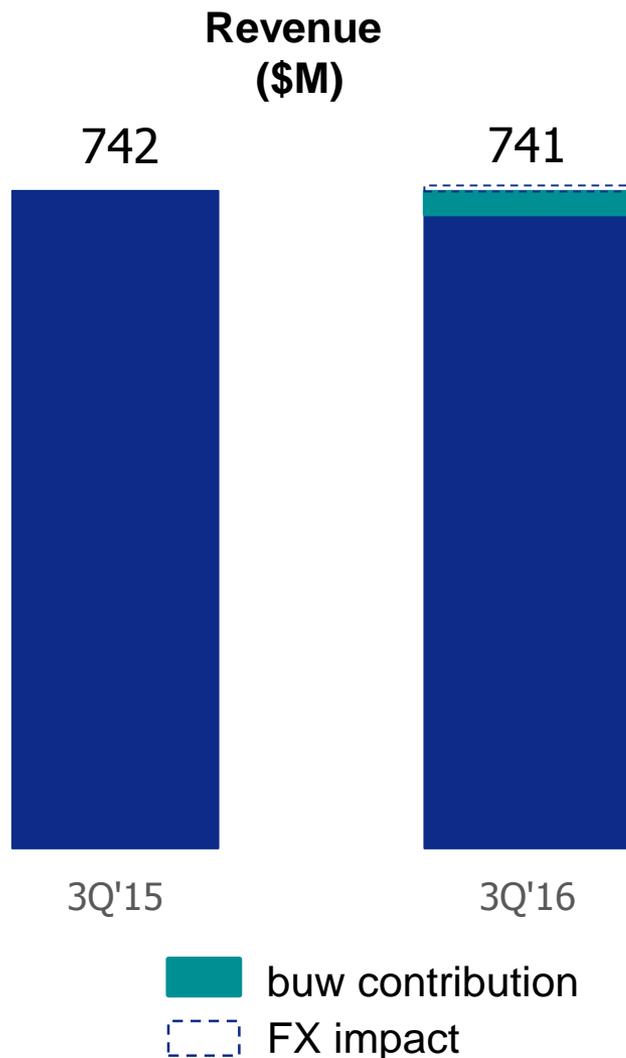
- Solid earnings in 3Q
- Strong new business signings to offset revenue headwinds
- Investing in business for profitable growth
- Strong cash flow and balance sheet provides flexibility
- Capital returns to investors

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3Q'16 Update

- Revenue: \$741M
 - constant currency basis up 1%
 - \$7M FX impact (-1%)
 - buw contribution \$26M
- Y/Y impacts
 - + growth with existing programs, acquisition volume, new clients
 - FX impact, lower volumes with several communications clients, program completions
- Q/Q expectations
 - + 4Q muted progression

\$Millions	3Q'15	3Q'16
Adjusted operating income	62	61
<i>Margin</i>	<i>8.4%</i>	<i>8.3%</i>
Adjusted EBITDA	90	90
<i>Margin</i>	<i>12.1%</i>	<i>12.1%</i>
Adjusted net income	46	48
Adjusted EPS	\$0.45	\$0.46

3Q'16 Update

- Y/Y impacts
 - + mix shift offshore, efficient labor management, FX impact
 - volume fluctuations, investment in multiple program ramps
- Q/Q expectations
 - + 4Q sustained profitability

Note: Adjusted operating income and adjusted EBITDA exclude \$2M buw transaction expense, \$1M integration costs in 3Q'16, and \$3M Stream integration costs in 3Q'15. Adjusted operating income also excludes \$7M intangible amortization and \$2M write-up depreciation in 3Q'16, and \$7M intangible amortization and \$5M write-up depreciation expense in 3Q'15. Adjusted EPS also excludes \$1M tax expense in 3Q'16, and \$21M tax benefits in 3Q'15.

\$Millions	3Q'15	3Q'16
Cash provided by operating activities	50	80
Capital expenditures, net	<u>(37)</u>	<u>(29)</u>
Free cash flow	13	51
Acquisition-related payments	<u>4</u>	<u>3</u>
Adjusted free cash flow	17	54

3Q'16 Update

- Expect adjusted free cash flow to exceed adjusted net income in 2016.

\$Millions	3Q'15	3Q'16
Cash and short term investments	188	141
Debt maturing in one year	4	2
Long-term debt	328	298
Net cash/ST investments (debt)	(144)	(159)

3Q'16 Update

- Approximately 10% of cash and short term investments in US
- buw transaction used offshore cash
- \$16 million of shares repurchased, \$9 million dividend paid

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	Previous 2016 Guidance	Revised 2016 Guidance
Constant currency revenue growth	~2%	flat
Adjusted EBITDA margin	~12.9%	~12.5%
Adjusted effective tax rate	~21%	~19%
Diluted shares outstanding (M)	~103	~103
Adjusted EPS growth	7% to 9%	4% to 5%

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, which may have a material impact on the Company's GAAP results.