

## **PRESS RELEASE**

## 2023 annual results: profitable growth and strong cash flow

- Record results: fastest like-for-like growth (+5.1%<sup>(1)</sup>) in the industry, EBITA margin up +40 bps\* and free cash flow up > +15%
- 2024 outlook: further growth and increase in margins on a pro forma basis<sup>(3)</sup>
- Majorel integration well on track: a targeted €150 million in synergies by 2025
- New governance for a robust medium-term outlook

**PARIS, March 6, 2024** – The Board of Directors of Teleperformance, a global leader in digital business services, met today and reviewed the consolidated and parent company financial statements for the year ended December 31, 2023. The Group also announced its financial results for the year.

## Robust growth and record operating margin and cash flow for the year

Revenue: €8,345 million

up +5.1% like-for-like(1)

EBITA before non-recurring items: €1,290 million

EBITA margin: 15.9%\*, up +40 bps vs. 2022
 Net free cash flow: €812 million, up +15.5% vs. 2022
 Cash conversion rate: 45.7% vs. 40.2% in 2022

Diluted earnings per share: €10.18 and dividend per share: €3.85,\*\* for a payout ratio of 38%

#### The Group's growth and cash flow drivers

- Sustained revenue growth in Europe, in Indian offshore activities and in Specialized Services, in a highly volatile economic and currency environment
- A diversified client portfolio served in nearly 100 countries on five continents, with a broad range of high value-added services in a wide range of verticals
- **A sustained AI innovation drive**, with more than 250 projects, including projects with Gen AI, for our clients, and ongoing hiring of top talent, notably in India, to optimize the Group's outsourcing solutions.
- An agile, multilingual operating model combining offshore facilities (57% of revenue<sup>(2)</sup>) and work-from-home solutions (more than 40% of employees)
- Tighter cost and cash discipline, with streamlining action plans and site optimization

#### **Integrating Majorel**

- Acquisition of a leading European business services provider completed on November 8, 2023
- Teleperformance's positioning significantly enhanced in key markets, particularly in Europe, in high-potential verticals, such as banking, insurance and luxury goods, and in high value-added lines of expertise like end-to-end services.
- Strengthened Group leadership, with more than €10 billion in annual revenue<sup>(3)</sup> and more than €2 billion in EBITDA <sup>(3)</sup>
- Cost synergy plan on track to deliver around €150 million by 2025, of which €50 million expected in 2024 (before integration costs)

#### Outlook

- In 2024, taking a conservative approach and adjusting the Group's business model in a volatile economic environment:
  - o Like-for-like, pro forma<sup>(3)</sup> revenue growth target of +2% to +4%
  - EBITA margin before non-recurring items up between 10bps and 20bps on a pro forma basis (vs. 14.9% in 2023) excl. Majorel integration costs
  - o Increase in net free cash flow and ongoing cash return to shareholders, up to 2/3 of the net free cash flow, resulting from dividends and share buy-backs
  - A robust balance sheet, with leverage of less than 2x EBITDA<sup>(4)</sup>
- Over the medium term, sustained industry-outperforming growth, and further margin improvement

<sup>\*</sup> Teleperformance excluding Majorel and €13 million in streamlining costs \*\* Subject to shareholder approval at the next Annual General Meeting, to be held on May 23, 2024 <sup>(1)</sup> At constant scope of consolidation and exchange rates, and excluding the impact of lower revenue from Covid support contracts and hyperinflation <sup>(2)</sup> Percent of revenue from Core Services & D.I.B.S. <sup>(3)</sup> Pro forma full-year 2023 figures including 12 months of Majorel revenue <sup>(4)</sup> Net debt-to-EBITDA ratio

#### Governance

- A new governance organization with Daniel Julien, founder, Chairman and Chief Executive Officer, and Bhupender Singh, Deputy Chief Executive Officer and Director, acting as co-Chief Executive Officers until December 31, 2025;
- Preparations for separating the roles of Chairman of the Board and Chief Executive Officer on January 1, 2026, when Mr. Singh will be appointed sole Chief Executive Officer.

## 2023 Financial Highlights

	2023	2022*	2023
€ millions			Excl. Majorel
	€1=US\$1.08	€1=US\$1.05	€1=US\$ 1,08
Revenue	8,345	8,154	8,001
Reported growth	+2.3%		
Like-for-like growth <sup>(1)</sup>	+1.7%		
(1) excluding Covid contracts and adjustments for hyperinflation	+5.1%		
EBITDA before non-recurring items	1,775	1,750	1,725
% of revenue	21.3%	21.5%	21.6%
EBITA before non-recurring items	1,290	1,262	1,260
% of revenue	15.5%	15.5%	15.8%**
EBIT	1,011	992	
Net profit – Group share	602	643	
Diluted earnings per share (€)	10.18	10.77	
Dividend per share (€)	3.85***	3.85	
Net free cash flow	812	703	
Reported growth	+15.5%		

<sup>\*</sup> Adjusted following final measurement of the fair value of the identifiable acquired assets and assumed liabilities of PSG Global Solutions

Teleperformance Chairman and Chief Executive Officer Daniel Julien said: "2023 was a year of profitable growth and many success that have positioned the group for a solid future. In a volatile economic and geopolitical environment, Teleperformance not only continued to grow its business delivering a record €8.4 billion in revenue, but also improved its operating margin by +40 basis points and its cash flow by more than +15%. Our profitability model has created one of the highest annual EBITA margins in the industry.

In addition to our successes, there are challenges that we are overcoming. The global slowdown in volumes, the impact of regional crises on client decision-making processes, and the shift in consumer behavior after several years of pandemic lockdowns all slowed the Group's traditional revenue growth. In this environment, our relentless focus on maximizing operational efficiency with flawless execution enabled us to drive much faster development of our offshore solutions. Witnessing a tougher environment throughout the year, we deployed highly disciplined cost and cash management policies while adjusting our growth model. Our shareholders were rewarded as well since we returned a significant portion of the year's cash flow to them.

2023 also saw the successful acquisition of Majorel, which was completed in record time and was recently honored with the "French Deal of The Year" prize awarded by Global Capital, a renowned institution in the financial sector in Europe which has been rewarding the best financial transactions for over 20 years. As a result of this acquisition, Teleperformance has given birth to a new, more diverse company, in terms of markets, client verticals and expertise. It strengthens Teleperformance's #1 global leadership position and provides a new springboard for our future. The "new Teleperformance" represents nearly 500,000 employees, more than €10 billion in revenue and more than €2 billion in EBITDA.

**Innovation is at the heart of Teleperformance's "High Touch-High Tech" strategy,** including the development of AI solutions designed to increase productivity and accuracy. Today, many clients are depending on us to manage more than 250 AI-projects including projects that

<sup>\*\* 15,9%</sup> excluding €13 million in streamlining costs

<sup>\*\*\*</sup> Subject to shareholder approval at the next Annual General Meeting, to be held on May 23, 2024

incorporate Gen-Al components, to help accelerate their own business results. In this highly mobile, increasingly complex world, we launched TP Infinity, whose client consulting solutions are expected to sustain and support the Group's transformation into more high value-added business segments.

People are still an important ingredient to our value proposition. In 2023, Teleperformance confirmed that it is the industry's preeminent employer by creating many new jobs around the world in a workplace environment of excellence and employee well-being. For the first time, the Group was named one of the top five World's Best Workplaces™ 2023 by Fortune and Great Place to Work®. For the third year in a row, Teleperformance was honored to once again be among the 25 Best Workplaces among global leaders. Teleperformance is now certified as a Great Place to Work® in 72 countries, covering more than 99% of its workforce, demonstrating the trust and engagement of our employees.

In 2024, Teleperformance's priority will be to pursue its profitable, cash-generating growth model despite the uncertain environment we are operating in today. With agility and flexibility, the Group will continue to tightly manage its costs and harvest the synergies expected to be created by the Majorel integration. We will increase the promotion of our offshore and digital solutions to meet clients' growing demand for optimized efficiency. As a result, and taking a conservative approach, particularly for the first half, the Group is targeting pro forma\* like-for-like revenue growth of +2% to +4% in 2024, pro forma\* recurring EBITA margin up between +10bps and +20bps and increased cash flow.

**Looking beyond 2024, Teleperformance's business fundamentals are solid** in both our core business and specialized services. Over the medium term, we aim to deliver like-for-like growth outpacing the market, while continuing to improve our margins. We will also continue to pursue targeted acquisitions, particularly in specialized services.

The Group recently made some important decisions concerning its governance, to prepare the future of the "new Teleperformance". Following unanimous approval by the Board of Directors, Bhupender Singh and I will be acting as co-CEOs of the Group until the end of 2025. This decision has been taken in order to ensure a smooth leadership transition, with the objective of separating the responsibilities of Chairman and CEO after this date."

#### **2023 REVENUE**

#### **CONSOLIDATED REVENUE**

Revenue amounted to €8,345 million for the year ended December 31, 2023, representing a year-on-year increase of +1.7% like-for-like (at constant exchange rates and scope of consolidation).

On a reported basis, revenue was up +2.3% on the prior year. The difference between like-for-like and reported growth rates stems from the net impact of:

(i) the -€346 million highly negative currency effect, particularly in the second half, due to the decline against the euro in the US dollar, the Egyptian pound, the Argentine peso, the Indian rupee, the Turkish lira, the Colombian peso and the Philippine peso.

(ii) the +€404 million positive impact from changes in the scope of consolidation, led by the inclusion of Majorel since November 1, 2023. These changes also reflected the contributions from PSG Global Solutions since November 1, 2022 and from Capita Translation & Interpreting since January 1, 2023.

Reported growth was dampened by the non-recurring impact of the year-on-year decline in the contribution from Covid support contracts (-€223 million over the full year), and the adjustment for the impact of high volatility of exchange rates in countries with hyperinflationary (-€32 million), notably in Argentina. Adjusted for these impacts, like-for-like growth stood at +5.1% for the year.

Over the period, like-for-like growth\* was particularly robust, given the volatile economic environment and uncertain geopolitical situation. The performance reflected the diversity of Teleperformance's client and service lines portfolio, as well as its unrivaled global geographic footprint in nearly 100 countries.

In Core Services & Digital Integrated Business Services like-for-like growth\* was strong in the EMEA region but remained sluggish in the LATAM-based offshore activities and in the North America & Asia-Pacific regions.

<sup>\*</sup> on a pro forma 2023 basis including Majorel over 12 months

Growth was particularly varied by industry vertical. Financial services, social media, entertainment and government agencies (excluding Covid support contracts) saw the fastest growth, while retail, technology and telecoms were flat.

The sustained strong momentum in offshore solutions, particularly in India, exerted downward pressure on the Group's revenue growth over the year but had a positive impact on Group margin.

**Specialized Services continued to expand at a sustained pace**, led by the still very fast rebound in TLSContact's visa application management business post-Covid and the steady growth in LanguageLine Solutions' interpretation business throughout the year.

Fourth-quarter 2023 revenue amounted to €2,396 million, down -0.6% at constant exchange rates and scope of consolidation (like-for-like). Adjusted for the year-on-year decline in revenue from Covid support contracts and the impact of high volatility of exchange rates in countries with hyperinflation, like-for-like growth stood at +2.4%.

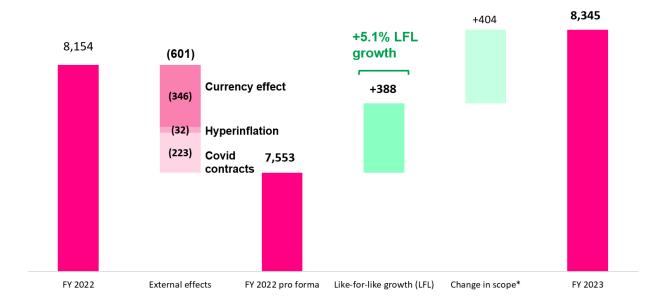
On a reported basis, revenue was up by +11.3%, reflecting the net impact of:

(i) a significant +€351 million increase from changes in the scope of consolidation, with the inclusion of Majorel, PSG Global Solutions and Capita Translation & Interpreting

(ii) the highly negative -€96 million currency effect due to the decline against the euro in the US dollar, the Argentine peso, the Egyptian pound, the Turkish lira and the Philippine peso.

## Analysis of 2023 revenue growth

(€m)



<sup>\*</sup> At constant scope of consolidation and exchange rates, excluding the impact of lower revenue from Covid support contracts and the adjustment for the impact of high volatility of exchange rates in countries with hyperinflationary

### REVENUE BY ACTIVITY

	2023	2022		% change	
€ millions			Like-for-like		
			excluding Covid	Like-for-like	Reported
			support contracts		
CORE SERVICES & D.I.B.S.*	6,982	6,989	+2.6%**	-0.7%	-0.1%
North America & Asia-Pacific	2,534	2,679	-1.4%	-1.4%	-5.4%
LATAM	1,569	1,653	+0.5%	+0.5%	-5.1%
Europe & MEA (EMEA)	2,536	2,657	+8.0%	-0.8%	-4.6%
MAJOREL	343	0	N/A	N/A	N/A
SPECIALIZED SERVICES	1,363	1,165	+16.1%	+16.1%	+17.0%
TOTAL	8,345	8,154	+4.6%**	+1.7%	+2.3%

<sup>\*</sup> Digital Integrated Business Services

#### Core Services & Digital Integrated Business Services (D.I.B.S.)

Revenue from Core Services and D.I.B.S. amounted to €6,982 million in 2023, almost stable (-0,7%) at constant exchange rates and scope of consolidation (like-for-like). Adjusted for the year-on-year decline in revenue from Covid support contracts and the impact of high volatility of exchange rates in countries with hyperinflationary (Argentina and Turkey), like-for-like growth stood at +3.2%.

Reported revenue was stable for the year (-0.1%), reflecting:

- (i) the positive impact of consolidating Majorel since November 1, 2023
- (ii) the unfavorable currency effect stemming from the decline against the euro in the Egyptian pound, the US dollar, the Colombian peso, the Indian rupee, the Turkish lira, the Philippine peso and most other operating currencies.

Over the year as a whole, like-for-like growth\* was relatively satisfactory given the volatile economic environment and uncertain geopolitical situation. This resilience was underpinned in particular by the diversity of both the Group's client portfolio and the geographic footprint of its activities.

Business rose steadily in Europe over the period, while the North American market slowed sharply year-on-year on the back of reduced volumes post-Covid, impacting the Group's activities in the North America & Asia-Pacific and LATAM regions. The best results were reported in the social media (content moderation), financial services and government agency verticals (excluding Covid support contracts). On the other hand, business in technologies, retail and telecoms was flat over the year.

The fast momentum in offshore solutions continued apace, particularly in India, where the Group is deploying high value-added, technology-intensive global solutions on behalf of large global industry-leading corporations in the North American market. The expansion in offshore activities exerted downward pressure on the Group's revenue growth over the year but had a positive impact on Group margin.

In the fourth quarter alone, Core Services & D.I.B.S. revenue amounted to €2,042 million, representing a decline of -1.7% like-for-like excluding the Covid support contracts. In addition to the impact of slowing volumes in an uncertain economic environment, growth was held back by the highly volatile exchange rates in countries in hyperinflation.

Reported growth stood at +11.6%, reflecting:

- (i) the positive impact from changes in the scope of consolidation, led by the inclusion of Majorel since November 1, 2023;
- (ii) the unfavorable currency effect stemming from the decline against the euro in the US dollar, the Egyptian pound, the Colombian peso, the Indian rupee and most other operating currencies.

<sup>\*\* +3.2%</sup> for Core Services and D.I.B.S. and +5.1% for the Group total on a like-for-like basis, excluding Covid support contracts and the adjustment for the impact of high volatility of exchange rates in countries with hyperinflation

<sup>\*</sup> At constant scope of consolidation and exchange rates, excluding the impact of lower revenue from Covid support contracts and the adjustment for the impact of high volatility of exchange rates in countries with hyperinflation

#### o North America & Asia-Pacific

Regional revenue came to €2,534 million in 2023, down a slight -1.4% from the year before on a like-for-like basis. Reported revenue declined by -5.4% over the year, reflecting the unfavorable currency effect from the decline against the euro in the Indian rupee and, in the second half, the US dollar. In the final quarter, revenue amounted to €661 million, down -4.6% like-for-like and -9.7% as reported.

The slight contraction in revenue over the year was attributable to corporate budget cuts in the United States and the post-Covid slowdown in volumes in the North American market, in such industries as telecommunications, technology, and retail. Growth was also dampened by the client project cancellations, as well as by program scale-backs and postponements.

In this challenging environment, highly competitive offshore solutions enjoyed fast growth, particularly in India, although the resulting deflationary impact detracted from regional revenue.

In the Asia-Pacific region, revenue growth was robust throughout the year, supported in particular by the ramp-up of new contracts in China in the financial services and travel verticals.

Across the region as a whole, the content moderation (Trust & Safety), back-office services and customer acquisition activities expanded at a steady pace over the year.

#### o LATAM

In 2023, revenue in the LATAM region amounted to €1,569 million, a year-on-year increase of +0.5% like-for-like. Growth was damped by the adjustment for the impact of high volatility of exchange rates in countries with hyperinflationary (Argentina). On a reported basis, growth was down -5.1%, primarily reflecting the decline in the Colombian and Argentine pesos against the euro.

Fourth-quarter revenue stood at €390 million, a year-on-year decrease of -3.2% like-for-like and of -6.4% as reported. Adjusting for the impact of hyperinflation on activities in Argentina, following the change of government, weighed heavily on like-for-like growth at year-end.

Over the full year, regional growth was supported by the robust momentum in the social media content moderation, financial services and healthcare verticals, attenuated by softer business in transportation services and retail.

The LATAM region's offshore activities were confronted with a slowdown in North American demand, particularly in the second half.

Regional growth was also pulled down by the diminished appeal of Mexico, and more recently Colombia, compared with other offs horing locales following the strengthening of their currencies against the US dollar. Demand from North America & Asia-Pacific clients shifted favorably to the India-based offshore activities, but with a deflationary effect on consolidated revenue growth.

#### o Europe & MEA (EMEA)

Regional revenue came to €2,536 million in 2023, representing a like-for-like increase of +8.0%, excluding the Covid support contracts. Growth was damped by the adjustment for the impact of high volatility of exchange rates in Turkey, which is a country with hyperinflation. In the fourth quarter alone, like-for-like growth excluding the impact of Covid support contracts came to +2.3%, with a slight dampening from adjustments for the impact of hyperinflation on activities in Turkey.

Multilingual activities, which are the primary contributors to the region's revenue stream and mainly serve large global industry-leading corporations, especially in the digital economy, reported sustained growth for the year. While particularly buoyant in Greece, Egypt and Turkey over the year, growth in multilingual hub activities slowed in the final quarter in Portugal, particularly in the social media vertical.

Business in the United Kingdom rose sharply over the period, driven by the ramp-up of new contracts in financial services, with government agencies (excluding Covid support contracts) and in retail.

Operations in Germany expanded at a satisfactory pace, thanks in particular to the fast growth in nearshore services in the Balkans and robust business development in the social media, travel and consumer electronics verticals.

## Specialized Services

Revenue from Specialized Services stood at €1,363 million in 2023, a year-on-year increase of +16.1% like-for-like and of +17.0% as reported. The difference between like-for-like and reported growth rates reflected:

- (i) the positive impact of consolidating PSG Global Solutions from November 1, 2022, and of Capita Translation & Interpreting from January 1, 2023.
- (ii) the negative currency effect stemming from the decline in the US dollar against the euro.

In the fourth quarter, revenue rose by +13.3% like-for-like, extending the robust gains reported in the first two quarters of the year.

LanguageLine Solutions, the main contributor to Specialized Services revenue, continued to enjoy significant growth throughout the year. Its performance was led by market share gains in a fast-expanding industry, supported in particular by the ongoing development of video and telephone interpreting solutions and the growth in digital platforms.

TLScontact's activities continued to grow very rapidly over the year, driven by the still highly robust post-Covid rebound in the visa application management business, which is leveraging the favorable environment created by increased passenger traffic and the strong growth in premium ancillary services. As a result, revenue from these activities rose to a record high in 2023, well above pre-Covid levels.

#### **2023 RESULTS**

EBITDA before non-recurring items ended 2023 at €1,775 million, up +1.4% from the prior year and representing a margin of 21.3%, versus 21.5% in 2022.

EBITA before non-recurring items was €1,290 million, vs. €1,262 million in 2022, for a margin of 15.5%, unchanged from the year before. It was shaped by:

- (i) two months of EBITA from Majorel, consolidated since November 1, 2023, which corresponded to a EBITA margin before non-recurring items of 8.5%
- (ii) €13 million in streamlining costs already recognized in the first half to offset the impact of slowing volumes in an uncertain environment.

Excluding the impact of consolidating Majorel over two months and adjusting for streamlining costs, Teleperformance's underlying EBITA margin before non-recurring items would have been 15.9%, up +40 basis points compared with 2022.

The improvement was primarily led by:

- (i) a positive mix effect from the fast growth in high-margin Specialized Services activities;
- (ii) the rapid expansion in offshoring activities in India;
- (iii) dedicated action plans and tight cost control.

#### **OPERATING EARNINGS BY ACTIVITY**

#### **EBITA** BEFORE NON-RECURRING ITEMS BY ACTIVITY

€ millions	2023	2022
North America & Asia-Pacific	311	330
% of revenue	12.3%	12.3%
LATAM	195	219
% of revenue	12.4%	13.3%
Europe & MEA (EMEA)	255	271
% of revenue	10.1%	10.2%
MAJOREL	29	0
% of revenue	8.5%	N/A
Holding company	91	70
CORE SERVICES & D.I.B.S.	881	890
% of revenue	12.6%	12.7%
CORE SERVICES & D.I.B.S. (excluding Majorel in 2023)	852	890
% of revenue	12.8%	12.27.3%%
SPECIALIZED SERVICES	409	372
% of revenue	30.0%	31.9%
TOTAL	1,290	1,262
% of revenue	15.5%	15.5%
TOTAL (excluding Majorel in 2023)	1,261	1,262
% of revenue	15.8%*	15.5%

<sup>\*15.9%</sup> excluding cost of streamlinng for €13m

#### Core Services & D.I.B.S.

Core Services & D.I.B.S delivered EBITA before non-recurring items of €881 million and a margin of 12.6% in 2023, compared with €890 million and 12.7% in 2022. Excluding Majorel, EBITA margin before non-recurring items widened by 10 bps year-on-year, to 12.8%.

## o North America & Asia-Pacific

EBITA before non-recurring items in the North America & Asia-Pacific region declined to €311 million from €330 million in 2022, while margin held firm at 12.3%.

However, the India-based offshore activities serving the North American market continued to expand at a very good pace and generated high margins. This solution is ideally suited to clients seeking to optimize their cost structures as their volume growth slows.

#### o LATAM

EBITA before non-recurring items in the LATAM region came to €195 million in 2023, versus €219 million the year before, while margin contracted to 12.4% from 13.3% in 2022. The erosion was caused by the slowdown in business growth in the region throughout the year, and more particularly in the second half. Unfavorable movements in the Colombian peso weighed on margins at year-end.

Softer volumes in the North American market had a negative impact on the Group's nearshore activities. Regional growth and margins were also impacted by the diminished appeal of Mexico-based nearshore activities after the Mexican peso strengthened against the US dollar.

#### o Europe & MEA (EMEA)

EBITA before non-recurring items in the EMEA region came to €255 million in 2023, versus €271 million in 2022, yielding a margin of 10.1% versus 10.2% a year earlier. The firm margin performance reflects the solid upturn in the second half that, while primarily due to the favorable comparison with the prior-year period, effectively offset the margin decline in the first-half. In 2022, Covid support contracts in the Netherlands, the United Kingdom, France and Germany had substantially boosted the region's margin until essentially the end of the first half.

Majorel reported EBITA before non-recurring items of €29 million and a margin of 8.5% in the last two months of 2023. EBITA was reduced by the €10 million or so cost of the company's efficiency measures.

#### Specialized Services

Specialized Services reported EBITA before non-recurring items of €409 million in 2023, compared with €372 million in 2022, while the margin came to 30.0% versus 31.9% the year before.

TLScontact sharply improved its operating margin year-on-year, which ended 2023 higher than before the emergence of the health crisis. This very good performance was led by the sustained strong recovery in the company's business volumes (especially in the first half), the satisfactory growth in premium ancillary services and the implementation of cost-cutting measures during the crisis.

LanguageLine Solutions' operating margin contracted year-on-year at a time of strong client demand and a shortage of interpreters in the United States, but conditions improved in the second half. The company's business model remains robust and based on the sustained, structural growth in demand, primarily home-based interpreters, unrivaled technological capabilities and an industry leading sales and support processes.

## **O**THER INCOME STATEMENT ITEMS

EBIT amounted to €1,011 million, versus €992 million in 2022. It included:

- (i) amortization of acquisition-related intangible assets in an amount of €141 million, versus €143 million in 2022;
- (ii) €105 million in accounting expenses relating to performance share plans, versus €113 million the year before.

The financial result represented a net expense of €178 million, up from the €93 million net expense reported in 2022. The steep increase in finance costs was driven mainly by the new debt contracted to acquire Majorel in November 2023 and by the impact of rising interest rates on the variable portion of debt. Given the current environment, the 3.3% cost of debt is favorable for the Group.

Income tax expense amounted to €231 million, down from €256 million the year before, and corresponded to a lower effective average tax rate of 27.7%, versus 28.5% in 2022.

Net profit – Group share totaled €602 million, versus €643 million in 2022, while diluted earnings per share came to €10.18, compared with €10.77 a year earlier.

The Board of Directors will recommend that shareholders at the Annual General Meeting on May 23, 2024 approve a 2023 dividend of €3.85 per share, unchanged from the amount paid in respect of 2022. This would correspond to a payout ratio of 38%.

## **CASH FLOWS AND FINANCIAL STRUCTURE**

Net free cash flow after lease expenses, interest and tax paid amounted to €812 million, versus €703 million the year before, representing an increase of +15.5%. The cash conversion ratio, as measured by net free cash flow divided by EBITDA before non-recurring items, rose to 45.7% from 39.7% in 2022.

The change in consolidated working capital requirement over the year was an inflow of €24 million, marking a significant improvement on last year's €172 million outflow thanks to the implementation of a stepped-up plan to track receivables.

Net capital expenditure amounted to €212 million, or 2.5% of revenue, down from €297 million and 3.6% in 2022 due to more disciplined capital allocation in an uncertain market environment and the development of a worldwide hybrid model combining on-site services and work-from-home solutions (used by more than 40% of the workforce as of December 31, 2023).

Net debt stood at €4,553 million at December 31, 2023, up sharply from €2,609 million a year earlier. The increase primarily reflected the new debt taken on to finance the Majorel acquisition and shareholder payments over the year, in the form of dividends (€227 million) and share buybacks (€366 million). As a result, the net debt-to-EBITDA ratio came to 2.56x, or to a pro forma 2.18x with Majorel consolidated over 12 months.

The Group's liquidity improved during year following the refinancing transactions carried out in June 2023.

## 2023 HIGHLIGHTS

## Acquisition of Majorel in November 2023: a new springboard to drive sustained growth in the years ahead

**Teleperformance announced the completion of the Majorel acquisition on November 8, 2023,** one month ahead of the initial schedule set when the acquisition was announced on April 26.

The acquisition will enable Teleperformance to broaden its presence in Europe, such as in France and Germany, where the Group has a relatively small presence, and in a number of high-growth potential verticals, such as social media, luxury goods, automotive and travel, and in areas of high-value expertise, such as claim management and end-to-end documents processing.

It is also strengthening Teleperformance's exposure to European clients, whereas its current client portfolio is mainly American.

The combination will create a wide range of synergies, in terms of both revenue and costs. The cost synergy plan announced on April 26 is on track to deliver around €150 million in savings.

Also as announced last April, the acquisition will be accretive to earnings per share before synergies from 2024.

It has also strengthened Teleperformance's global leadership, with the new combination representing nearly 500,000 employees around the world, €10.1 billion in revenue, and €2.1 billion in EBITDA (pro forma 2023 figures).

#### Al developments

Generative artificial intelligence (or GenAl) represents a major opportunity to continue developing new, more effective hybrid solutions for clients, combining automation and employee expertise. In customer experience management, the deployment of this technology is still in its infancy and needs to be secured in terms of data confidentiality and response reliability. Long proficient in IVR, OCR, chatbot and other automation technologies, Teleperformance is also leveraging GenAl technology to accelerate the transformation of its own operations, particularly in hiring and training.

The Group is currently working in close partnership with its clients on more than 250 AI-projects including projects with Gen-AI, in various stages of development.

In 2023, Teleperformance was especially active in expanding its portfolio of high-performance hybrid solutions, through partnerships with global artificial intelligence leaders:

- Using the ServiceNow cloud platform to deploy AI solutions. The platform's single simplified knowledge management system and ability to automate certain tasks is enabling Teleperformance to enhance the employee experience, increase productivity and transform its operations.
- Expanding its partnership with Microsoft with the launch of TP GenAl, a generative artificial intelligence platform. Teleperformance will leverage the Microsoft Azure suite of artificial intelligence tools to deliver an enhanced customer experience.

Following the acquisition of Majorel, Teleperformance announced the launch of TP Infinity, its new global digital consulting arm designed to offer clients a holistic approach to building stronger brands through an enhanced customer experience. TP Infinity is comprised of a diverse team of more than 650 data lovers, tech enthusiasts, creative masterminds and operations gurus operating in 15 countries across North America, South America, Europe, and Asia who are united by a common purpose: to push the boundaries of the customer experience.

Joao Cardoso is joining Teleperformance's executive committee as Chief innovation and digital officer. This tenured Teleperformance's leader is an engineer in computer sciences specialized in formal language and AI. He has been the main architect of "TP Cloud Campus", the remote management platform that enabled the Group to successfully address the Covid confinement challenges.

## Sustainable long-term growth

In 2023, Teleperformance pursued its sustainable long-term growth by creating new jobs around the world in a workplace environment of excellence and employee well-being. This growth has also been gentle on the environment, with the achievement of demanding targets. In this way, the Group has continued to successfully implement its corporate social responsibility roadmap, which is based on robust commitments, such as:

#### Employee well-being, safety and diversity

In 2023, Teleperformance was named one of the top five World's Best Workplaces™ 2023 by Fortune and Great Place to Work®. For the third year in a row, Teleperformance was ranked among the 25 global leaders, moving up from 25<sup>th</sup> place in 2021. Teleperformance is certified as a Great Place to Work® in 72 countries, covering more than 99% of its workforce, in a compelling demonstration of the very strong trust and engagement felt by employees towards their company.

Teleperformance's commitment to diversity, equity and inclusion is deeply embedded in its DNA. The Group maintained gender parity in 2023, when women accounted for 53.7% of the workforce. It also significantly increased the proportion of women in management positions, to 51.9% in 2023 from 47.8% in 2022. During the year, Teleperformance implemented the global agreement signed in December 2022 with the UNI Global Union, which now covers five new countries — Colombia, Romania, Poland, Jamaica and El Salvador. The agreement is designed to strengthen workers' rights to form trade unions and engage in collective bargaining, while improving workplace health and safety.

## Acting as an engaged corporate citizen and environmental steward, contributing to job creation and the local economy:

Teleperformance is committed to deepening its positive impact on local economies, by providing stable jobs, a living wage, training and career opportunities, as well as an inclusive working environment aligned with the highest market standards. In particular, the Group is helping to broaden young people's access to jobs, increase women's employment and expand the middle class in developing nations, where 70% of its employees work. In 2023, Teleperformance hired 96,500 new employees for their first job experience, enabling a wide variety of talented people around the world to enter the workplace.

As a concerned environmental steward, in 2023 the Group reduced its carbon emissions by -34% in absolute terms and by -47% per employee compared with the 2019 baseline. Energy from renewable sources rose to 34.7% of total energy used during the year from 11% in 2019. To move to the next level, the Group is developing its 2030 targets with a pathway consistent with a less than 1.5°C warming scenario.

## €500 million share buyback program

On August 2, 2023, Teleperformance launched a share buyback program for a total amount of up to €500 million. Most of the acquired shares will be canceled. The opportunity to initiate the buyback program arose from the Group's strong cash flow generation, its unrivaled, industry-leading performance in a challenging macroeconomic environment, and its future growth prospects, all of which were not properly reflected in its current stock price.

The buyback program will be rewarding for Teleperformance's long-term shareholders, without impacting the Group's BBB credit rating from S&P or its ability to seize acquisition opportunities.

A total of €366 million in shares have been bought back in 2023. The Group does not rule out launching new programs in the future should the stock price continue to undervalue the strength of the Group's business model.

Following the acquisition of Majorel and completion of the €500 million share buyback program, Teleperformance's financial flexibility remains fully intact, with an investment capacity of around €1 billion.

# New governance structure and preparation for the separation of the roles of Chairman of the Board and Chief Executive Officer on January 1, 2026

On February 15, 2024, the Board of Directors unanimously approved the new Group governance structure for the period ending December 31, 2025, with Daniel Julien, founder and Chairman and Chief Executive Officer, and Bhupender Singh, Deputy Chief Executive Officer and Director, acting as co-Chief Executive Officers. They will jointly make strategic decisions while sharing operational responsibilities, following an agile and coordinated management strategy.

The Board believes the new governance to be particularly well-aligned with the Group's current challenges, notably the successful integration of Majorel and the optimization of opportunities offered by artificial intelligence. It also represents a step towards the separation of the roles of Chairman of the Board and Chief Executive Officer on January 1, 2026, when Mr. Singh will be appointed as sole Chief Executive Officer.

## OUTLOOK

In 2024, Teleperformance is taking a conservative approach and adapting its growth model to the volatile economic environment. This process is reflected in its full-year financial targets:

- O Like-for-like revenue growth\* of +2% to +4%
- o EBITA margin before non-recurring items up between 10bps and 20bps on a pro forma basis (vs. 14.9% in 2023) excl. Majorel integration costs
- o Increase in net free cash flow and ongoing cash return to shareholders, up to 2/3 of the net free cash flow, resulting from dividends and share buy-backs
- o A robust balance sheet, with leverage of less than 2x EBITDA<sup>(4)</sup>

Revenue growth is likely to remain limited in the first quarter of 2024, given the highly unfavorable comparatives and the persistently volatile environment.

Over the medium term, Teleperformance intends to drive consistently industry-outperforming growth and further margin improvement\*.

On a pro forma 2023 basis including Majorel over 12 months	

#### **DISCLAIMER**

All forward-looking statements are based on Teleperformance management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. For a detailed description of these factors and uncertainties, please refer to the "Risk Factors" section of our Universal Registration Document, available at www.teleperformance.com. Teleperformance undertakes no obligation to publicly update or revise any of these forward-looking statements.

#### Analyst and Investor Information Meeting

#### Thursday, March 7, 2024 at 10:30 am UK time

2023 Annual results and a strategic update will be presented at a physical meeting in London on Thursday, March 7, 2024 at 10:30 a.m UK time.

The proceedings will be available live or for delayed viewing at:

https://channel.royalcast.com/landingpage/teleperformance/20240307 1/

All the documentation related to 2023 Annual Results is available on <a href="https://www.teleperformance.com/en-us/investors/publications-and-events/financial-publications/">https://www.teleperformance.com/en-us/investors/publications-and-events/financial-publications/</a>

#### INDICATIVE INVESTOR CALENDAR

First-quarter 2024 revenue: April 30, 2024
Annual shareholders' meeting: May 23, 2024
Ex-dividend date: May 28, 2024
Dividend payment: May 30, 2024

#### ABOUT TELEPERFORMANCE GROUP

Teleperformance (TEP – ISIN: FR0000051807 – Reuters: TEPRF.PA - Bloomberg: TEP FP), is a global leader in digital business services which consistently seeks to blend the best of advanced technology with human empathy to deliver enhanced customer care that is simpler, faster, and safer for the world's biggest brands and their customers. The Group's comprehensive, AI-powered service portfolio ranges from front-office customer care to back-office functions, including operations consulting and high-value digital transformation services. It also offers a range of specialized services such as collections, interpreting and localization, visa and consular services, and recruitment process outsourcing services. The teams of multilingual, inspired, and passionate experts and advisors, spread in close to 100 countries, as well as the Group's local presence allows it to be a force of good in supporting communities, clients, and the environment. In 2023, Teleperformance reported consolidated revenue of €8,345 million (US\$9 billion) and net profit of €602 million.

Teleperformance shares are traded on the Euronext Paris market, Compartment A, and are eligible for the deferred settlement service. They are included in the following indices: CAC 40, STOXX 600, S&P Europe 350, MSCI Global Standard and Euronext Tech Leaders. In the area of corporate social responsibility, Teleperformance shares are included in the CAC 40 ESG since September 2022, the Euronext Vigeo Euro 120 index since 2015, the MSCI Europe ESG Leaders index since 2019, the FTSE4Good index since 2018 and the S&P Global 1200 ESG index since 2017.

For more information: www.teleperformance.com Follow us on Twitter: @teleperformance

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Appendix 1 - Quarterly and Half-Yearly Revenue by Activity

	Q4 2023	Q4 2022		% change	
€ millions			Like-for-like excluding Covid support contracts	Like-for-like growth	Reported
CORE SERVICES & D.I.B.S.*	2,042	1,829	-1.7%	-3.0%	+11.6%
North America & Asia-Pacific	661	732	-4.6%	-4.6%	-9.7%
LATAM	390	416	-3.2%	-3.2%	-6.4%
Europe & MEA (EMEA)	648	681	+2.3%	-1.1%	-4.9%
MAJOREL	343	0	N/A	N/A	N/A
SPECIALIZED SERVICES	354	323	+13.3%	+13.3%	+9.5%
TOTAL	2,396	2,152	+0.5%	-0.6%	+11.3%
			+2.4%*		

<sup>\*</sup> adjusted for hyperinflation

	Q3 2023	Q3 2022		% change	
€ millions			Like-for-like excluding Covid support contracts	Like-for-like	Reported
CORE SERVICES & D.I.B.S.*	1,643	1,749	+1.8%	+0.7%	-6.0%
North America & Asia-Pacific	618	683	-1.3%	-1.3%	-9.4%
LATAM	391	434	-2.7%	-2.7%	-9.9%
Europe & MEA (EMEA)	634	632	+8.0%	+5.2%	+0.3%
SPECIALIZED SERVICES	346	307	+16.9%	+16.9%	+12.4%
TOTAL	1,989	2,056	+4.0%	+3.1%	-3.3%

	Q2 2023	Q2 2022		% change	
€ millions			Like-for-like excluding Covid support contracts	Like-for-like	Reported
CORE SERVICES & D.I.B.S.*	1,612	1,700	+3.3%	0.0%	-5.2%
North America & Asia-Pacific	609	636	-0.2%	-0.2%	-4.3%
LATAM	392	421	+1.6%	+1.6%	-6.7%
Europe & MEA (EMEA)	611	643	+7.7%	-0.9%	-5.0%
SPECIALIZED SERVICES	342	284	+17.4%	+17.4%	+20.4%
TOTAL	1,954	1,984	+5.3%	+2.5%	-1.5%

	Q1 2023	Q1 2022	% change		
€ millions			Like-for-like excluding Covid support contracts	Like-for-like	Reported
CORE SERVICES & D.I.B.S.*	1,685	1,711	+7.3%	-0.4%	-1.6%
North America & Asia-Pacific	646	628	+0.8%	+0.8%	+2.8%
LATAM	396	382	+7.0%	+7.0%	+3.6%
Europe & MEA (EMEA)	643	701	+13.6%	-5.7%	-8.2%
SPECIALIZED SERVICES	321	251	+17.0%	+17.0%	+28.3%
TOTAL	2,006	1,962	+8.6%	+1.9%	+2.2%

<sup>\*</sup> Digital Integrated Business Services

## $\textbf{Appendix} \ \textbf{2} - \textbf{Simplified Consolidated Financial Statements}$

## **CONSOLIDATED INCOME STATEMENT**

€ millions

	2023	2022*
Revenues	8 345	8 154
Other revenues	9	10
Personnel	-5 604	-5 339
External expenses	-948	-1 044
Taxes other than income taxes	-27	-31
Depreciation and amortization	-266	-281
Amortization of intangible assets acquired as part of a business combination	-141	-143
Depreciation of right-of-use assets (personnel-related)	-18	-15
Depreciation of right-of-use assets	-201	-192
Impairment loss on goodwill	-4	-8
Share-based payments	-105	-113
Other operating income and expenses	-29	-6
Share of profit or loss of equity-accounted investees		
Operating profit	1 011	992
Income from cash and cash equivalents	21	10
Gross financing costs	-126	-72
Interest on lease liabilities	-48	-44
Net financing costs	-153	-106
Other financial income and expenses	-25	13
Financial result	-178	-93
Profit before taxes	833	899
Income tax	-231	-256
Net profit	602	643
Net profit - Group share	602	643
Net profit attributable to non-controlling interests		
Earnings per share (in euros)	10.27	10.92
Diluted earnings per share (in euros)	10.18	10.77

<sup>\*</sup> Restated following the finalization of the measurement of the assets and liabilities of PSG Global Solutions

## **CONSOLIDATED BALANCE SHEET**

€ millions

ASSETS	12.31.2023	12.31.2022*
Non-current assets		
Goodwill	5 147	3 068
Other intangible assets	1 297	1 483
Right-of-use assets	760	626
Property, plant and equipment	692	613
Loan hedging instruments	3	17
Other financial assets	100	98
Equity-accounted investees	5	
Deferred tax assets	147	78
Total non-current assets	8 151	5 983
Current assets		
Current income tax receivable	116	75
Accounts receivable - Trade	2 132	1 707
Other current assets	359	245
Derivative financial instruments - positive fair values	4	
Other financial assets	110	66
Cash and cash equivalents	882	817
Total current assets	3 603	2 910
TOTAL ASSETS	11 754	8 893
EQUITY AND LIABILITIES	12.31.2023	12.31.2022*
Equity		
Share capital	159	148
Share premium	1098	576
Translation reserve	-117	9
Other reserves	3 092 4 232	2 937 3 670
Equity attributable to owners of the Company  Non-controlling interests	5	0
Total equity	4 237	3 670
Non-current liabilities	4 237	3070
Post-employment benefits	76	34
Lease liabilities	595	510
Loan hedging instruments	10	24
Other financial liabilities	3 822	2 021
Deferred tax liabilities	306	346
Total non-current liabilities	4 809	2 935
Current liabilities		
Provisions	102	90
Current income tax	172	167
Accounts payable - Trade	334	232
Other current liabilities	1 085	911
Lease liabilities	237	178
Other financial liabilities	778	710
Total current liabilities	2 708	2 288
TOTAL EQUITY AND LIABILITIES	11 754	8 893

<sup>\*</sup> Restated following the finalization of the measurement of the assets and liabilities of PSG Global Solutions

## **CONSOLIDATED CASH FLOW STATEMENT**

€ millions

Cash flows from operating activities	2023	2022*
Net profit - Group share	602	643
Net profit attributable to non-controlling interests		
Income tax expense	231	256
Net financial interest expense	104	53
Interest expense on lease liabilities	47	44
Non-cash items of income and expense	716	761
Income tax paid	-349	-291
Internally generated funds from operations	1 351	1 466
Change in working capital requirements	24	-172
Net cash flow from operating activities	1 375	1 294
Cash flows from investing activities		
Acquisition of intangible assets and property, plant and equipment	-233	-298
Loans granted	-6	-16
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-2 373	-304
Proceeds from disposals of intangible assets and property, plant and equipment	21	1
Loans repaid	4	15
Net cash flow from investing activities	-2 587	-602
Cash flows from financing activities		
Increase in parent company share capital	581	
Acquisition net of disposal of treasury shares	-366	-146
Change in ownership interest in controlled entities	-16	
Dividends paid to parent company shareholders	-227	-194
Financial interest paid	-88	-49
Lease payments	-261	-244
Increase in financial liabilities	5 779	1 627
Repayment of financial liabilities	-4 083	-1 709
Net cash flow from financing activities	1 319	-715
Change in cash and cash equivalents	107	-23
Effect of exchange rates on cash held	-53	1
Net cash at January 1	813	835
Net cash at December 31	867	813

 $<sup>{\</sup>it *Restated following the finalization of the measurement of the assets and liabilities of PSG Global Solutions}\\$ 

## Appendix 3 – Glossary - Alternative Performance Measures

## Change in like-for-like revenue:

Change in revenue at constant exchange rates and scope of consolidation = [current year revenue - last year revenue at current year rates - revenue from acquisitions at current year rates] / last year revenue at current year rates.

2022 revenue	8,154
Currency effect	-346
2021 revenue at constant exchange rates	7,808
Like-for-like growth	133
Change in scope	404
2023 revenue	8,345

## EBITDA before non recurring items or current EBITDA (Earnings before Interest, Taxes, Depreciation and Amortizations):

Operating profit before depreciation & amortization, depreciation of right-of-use of leased assets, amortization of intangible assets acquired as part of a business combination, goodwill impairment charges and non-recurring items.

	2023	2022*
Operating profit	1,011	992
Depreciation and amortization	266	281
Depreciation of right-of-use of leased assets	201	192
Depreciation of right-of-use of leased assets – personnel related	18	15
Amortization of intangible assets acquired as part of a business combination	141	143
Goodwill impairment	4	8
Share-based payments	105	113
Other operating income and expenses	29	6
EBITDA before non-recurring items	1,775	1 750

<sup>\*</sup> Restated following the finalization of the measurement of the assets and liabilities of PSG Global Solutions

## EBITA before non recurring items or current EBITA (Earnings before Interest, Taxes and Amortizations):

Operating profit before amortization of intangible assets acquired as part of a business combination, goodwill impairment charges and non-recurring items.

	2023	2022*
Operating profit	1,011	992
Amortization of intangible assets acquired as part of a business combination	141	143
Goodwill impairment	4	8
Share-based payments	105	113
Other operating income and expenses	29	6
EBITA before non-recurring items	1,290	1,262

<sup>\*</sup> Restated following the finalization of the measurement of the assets and liabilities of PSG Global Solutions

#### Non recurring items:

Principally comprises restructuring costs, incentive share award plan expense, costs of closure of subsidiary companies, transaction costs for the acquisition of companies, and all other expenses that are unusual by reason of their nature or amount.

#### Net free cash flow:

Cash flow generated by the business - acquisitions of intangible assets and property, plant and equipment net of disposals - lease payments - financial income/expenses.

	2023	2022
Net cash flow from operating activities	1,375	1,294
Acquisition of intangible assets and property, plant and equipment	-233	-298
Proceeds from disposals of intangible assets and property, plant and equipment	21	1
Loans granted	-6	-16
Loans repaid	4	15
Lease payments	-261	-244
Financial interest paid	-88	-49
Net cash flow from financing activities	812	703

#### Net debt:

Current and non-current financial liabilities - cash and cash equivalents

conditions have been met at the end of the financial year.

	12/31/2023	12/31/2022
Non-current liabilities*		
Financial liabilities	3,822	2,021
Current liabilities*		
Financial liabilities	778	710
Lease liabilities (IFRS 16)	832	688
Loan hedging instruments	3	7
Cash and cash equivalents	-882	-817
Net debt	4,553	2,609

<sup>\*</sup> Excluding lease liabilities

Diluted earnings per share (net profit attributable to shareholders divided by the number of diluted shares and adjusted):
Diluted earnings per share is determined by adjusting the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding by the effects of all potentially diluting ordinary shares. These include convertible bonds, stock options and incentive share awards granted to employees when the required performance