



M+GRUPA

PEOPLE INSPIRED BY PEOPLE

M+ Grupa
INVESTORS DAY

Date: 15.11.2019.

AGENDA

- 1. ABOUT M+ GROUP**
- 2. OUR SERVICES**
- 3. RESULTS FOR PERIOD ENDING 30.09.2019.**

AGENDA

1. ABOUT M+ GROUP

a) Company

b) Ownership and Governance

2. OUR SERVICES

3. RESULTS FOR PERIOD ENDING 30.09.2019.

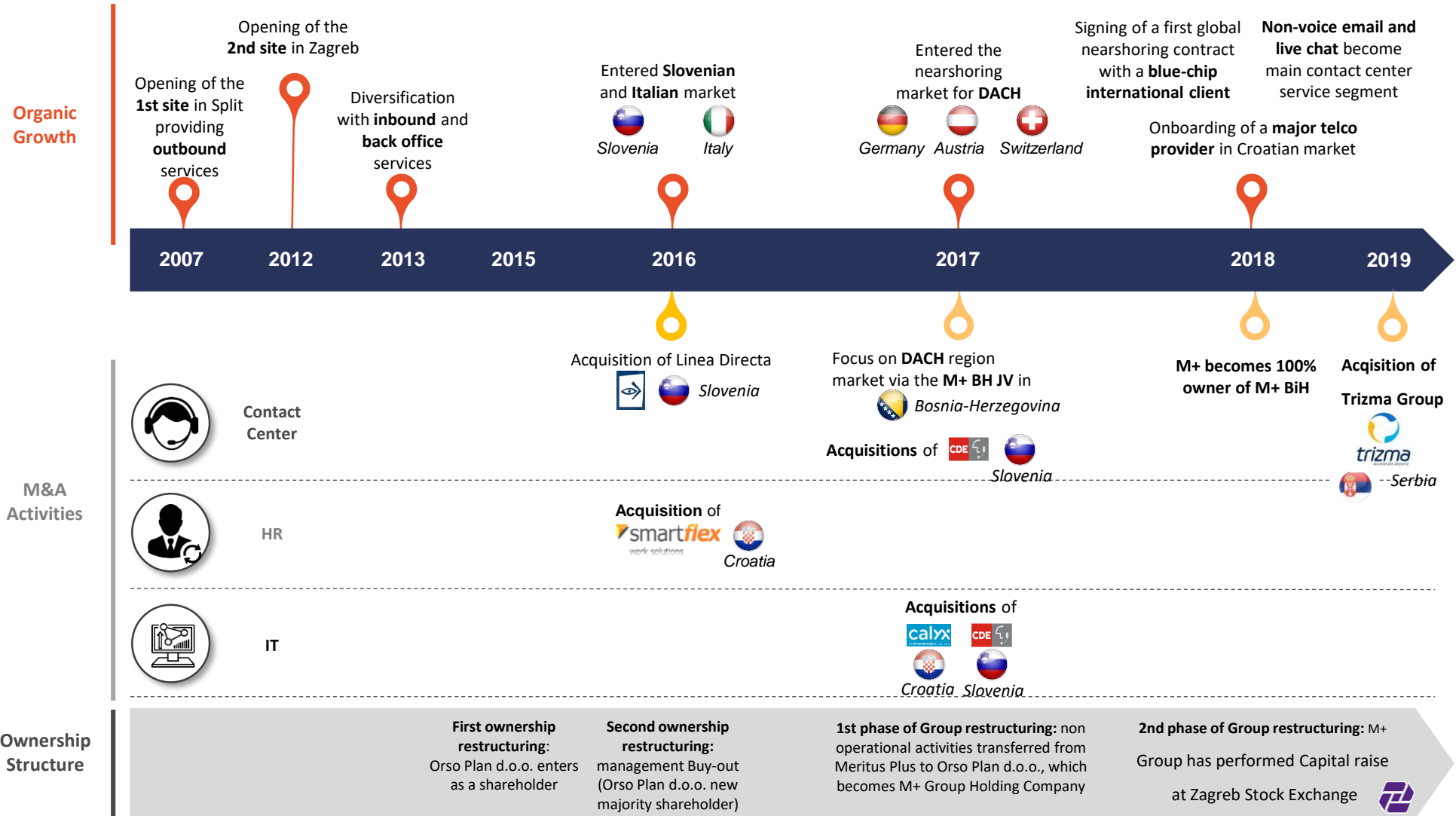
M+ Group AS-IS is a **strong CEE regional BPO-CRM**, with comprehensive range of services

M+GRUPA
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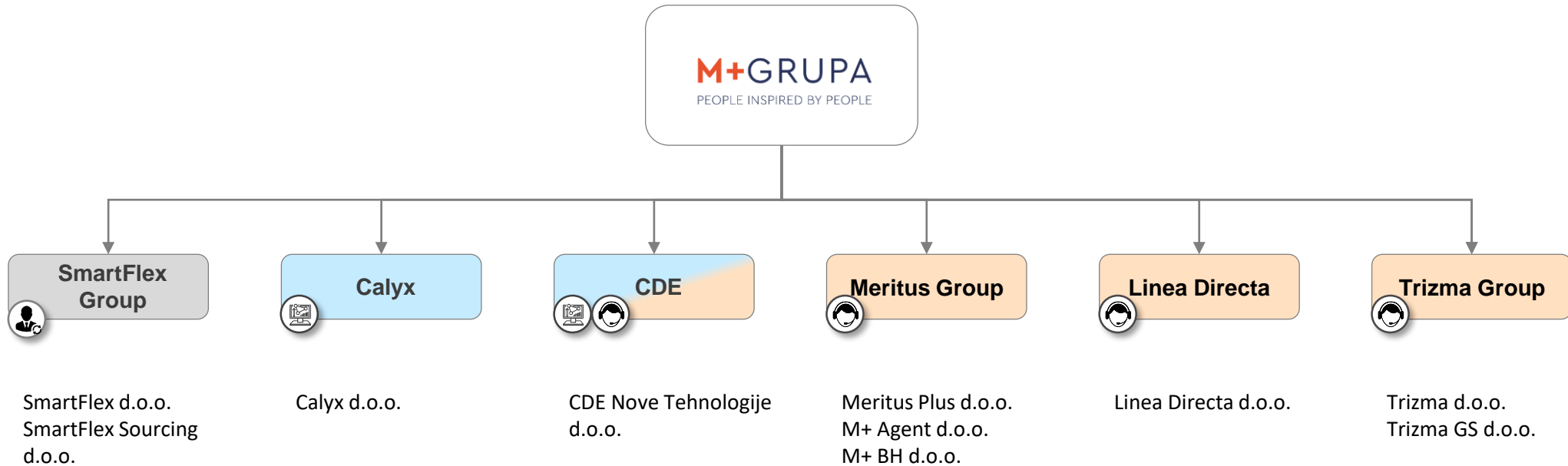


- Founded in 2007 and headquartered in Zagreb, M+ Group is the independent **regional BPO leader**, active also in employment and IT services, with contact center sites in Croatia, Slovenia, Bosnia and Herzegovina, Serbia, employing 2,800+ professionals
- M+ Group provides a wide range of BPO-CRM services – structured around a **multi-channel** (phone, mail, chat and social networks) and **multi-languages** (19 languages supports) customer experience platform: contact center services, HR solutions, IT services
- The company benefits from **an outstanding growth track-record over the last 2 years (20% CAGR)**, having grown from **single country operation in 2014 to 6 sites in 4 markets in 2019**, notably thanks to an active M&A strategy
- M+ relies on (i) **strong growth among its local markets with significant outsourcing potential** and (ii) **progressive development of nearshoring activities** to address the DACH area

The growth is a combination of **organic growth** and development of complimentary services via **strategic M&A**



Today, the M+Grupa has **10 operating companies** and 7 of which in customer experience management segment



Color legend:

- IT Service companies
- Contact Center companies
- HR Service companies

We have a **proven track record** of supporting over 180 renowned regional and global customers

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We are providing services from **6 locations** in **4 regional countries**

Ljubljana
Slovenia



FTE 100 Occupation 75%

Zagreb
Croatia



FTE 450 Occupation 76%

Koper
Slovenia



FTE 100 Occupation 87%

Belgrade
Serbia



FTE 500 Occupation 88%

Banja Luka
Bosnia & Herzegovina



FTE 170 Occupation 68%

Sarajevo
Bosnia & Herzegovina



FTE 150 Occupation 86%



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1. ABOUT M+ GROUP

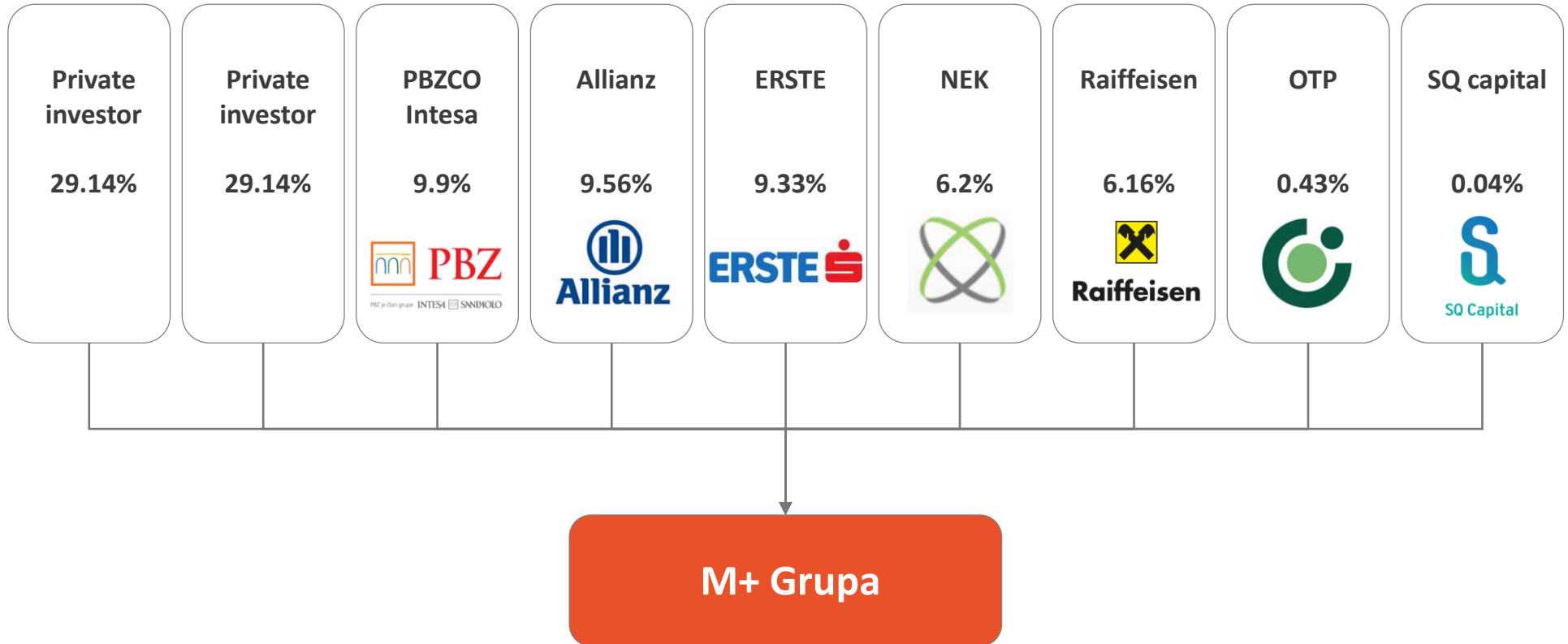
a) Company

b) Ownership and Governance

2. OUR SERVICES

3. RESULTS FOR PERIOD ENDING 30.09.2019.

Investors in M+ TopCo include renowned long-term investors



Group **Management Board** combines experienced professionals with relevant industry expertise



Ivan Posavec
CEO

Over 8 years of management experience both from both private and public sector. Former consultant at Boston Consulting Group in Energy and Industrial Goods practice area, mostly on operational mergers and restructurings.

Former Special Advisor to the Minister of Finance of Serbia, responsible for major transformation programs.

Holds a BA degree in Economics from Harvard University.



Darko Horvat
CFO

Over 10 years of executive experience with industry-leading audit, consulting, and tax advisory firms

Former Senior Manager for Deloitte Croatia and Deloitte USA, in charge of risk assessment, financial planning for top-level clients, strategic development, execution planning and software content development



Tomislav Glavaš
COO

Proven BPO and restructuring professional. Past experience include over 5 years of experience in Audit and Controlling

Former Senior Planning and Reporting Expert in Hrvatski Telekom where he successfully led a number of projects on strengthening Group financial and operational reporting. Past experience in Deloitte.

Specialist on telecommunications, manufacturing and pharmaceuticals Audit and Consulting projects

Experienced **Supervisory Board** shares the vision of M+ Group and is committed to its growth



Zvonimir Mrišić President of the Supervisory Board

Zvonimir is an Operating Partner in charge of investment management with the US consulting firm Spitzberg Partners LLC.

Previously he was President of Management Board in Podravka, an advisor to the Extraordinary Commissioner for the Food Group at Agrokor, as well as President and Member of Supervisory Boards of large companies in several countries.

He graduated from the Faculty of Political Science in Zagreb and holds an MBA from Erasmus University in Rotterdam.



Hrvoje Prpić Member

Graduated medicine. Has over 35 years of experience in the health sector, companies and state administration bodies.



Tamara Sardelić Member

Expert in legal and regulatory issues, project financing, refinancing of credit obligations and privatization.



Igor Varivoda Deputy President of Supervisory Board

Igor has 10+ years of experience in the BPO sector, mostly on executive functions in operations and sales.



Tomislav Glavaš Member

BPO professional primarily in the field of restructuring. Passionate about reshaping the industry. Previous international experience in big 4.

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1. ABOUT M+ GROUP
2. **OUR SERVICES**
 - a) **What is Customer Experience Management?**
 - b) Why do Companies Outsource?
3. RESULTS FOR PERIOD ENDING 30.09.2019.

Customer Experience Management is not just call center, and the industry itself is confused about the right term to use

Call Center

Call is just voice.

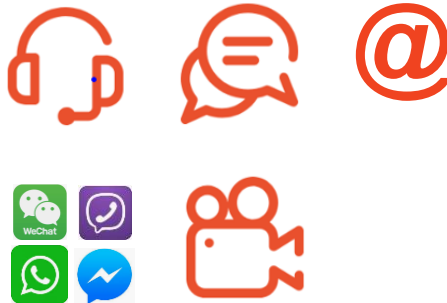
Services today are much more than voice (voice, email, chat,, video...)



Contact Center

Contact center as a term incorporates the omni-channel essence of today's service.

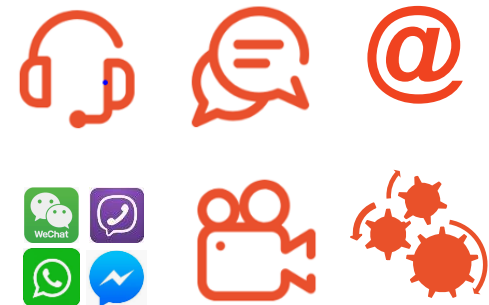
In practice, clients rarely hear the difference between Call and Contact



Business Process Outsourcing (BPO)

BPO is most factually correct as it incorporate a wide range of non-contact center processes that can be outsourced.

But acronyms are even more confusing for the client



Always follow the terminology used by the client.

Make sure he understands the service scope regardless of the terminology used

There are essentially two main splits of call center services

Split by **Call Origin**

Split by **Service Type**

By **Call Origin** services are split on inbound and outbound

INBOUND

which are calls that come into the center by clients that have a problem or want to ask a question. These calls should be serviced as quickly and effectively as possible. Since they are originated by the client, they can provide a great opportunity to delight them with exceptional service.



OUTBOUND

which are calls that are originated by the contact center staff either for sales, collections of money owed, customer service surveys or as a follow up to an inbound call request. Doing outbound calls can be very tricky since the call can take place at a random time that might not be convenient for the client.



By **Service Type** services are split on customer experience and sales

CUSTOMER EXPERIENCE (CX)

which are calls aimed at improving customer relationship either by solving customer complaints, providing necessary information about product or service, technical support, etc.



SALES

which are calls that are originated by the contact center staff for sales of goods and services either through acquisition of new customers or through cross sell and upsell of existing ones

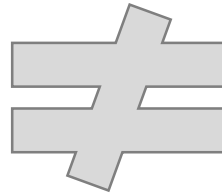


Illustrative service examples at the end of the service spectrum.

A whole range of service types available within the range

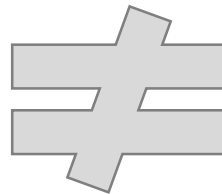
In practice, inbound is mistakenly equalized with customer experience and outbound with sales

INBOUND



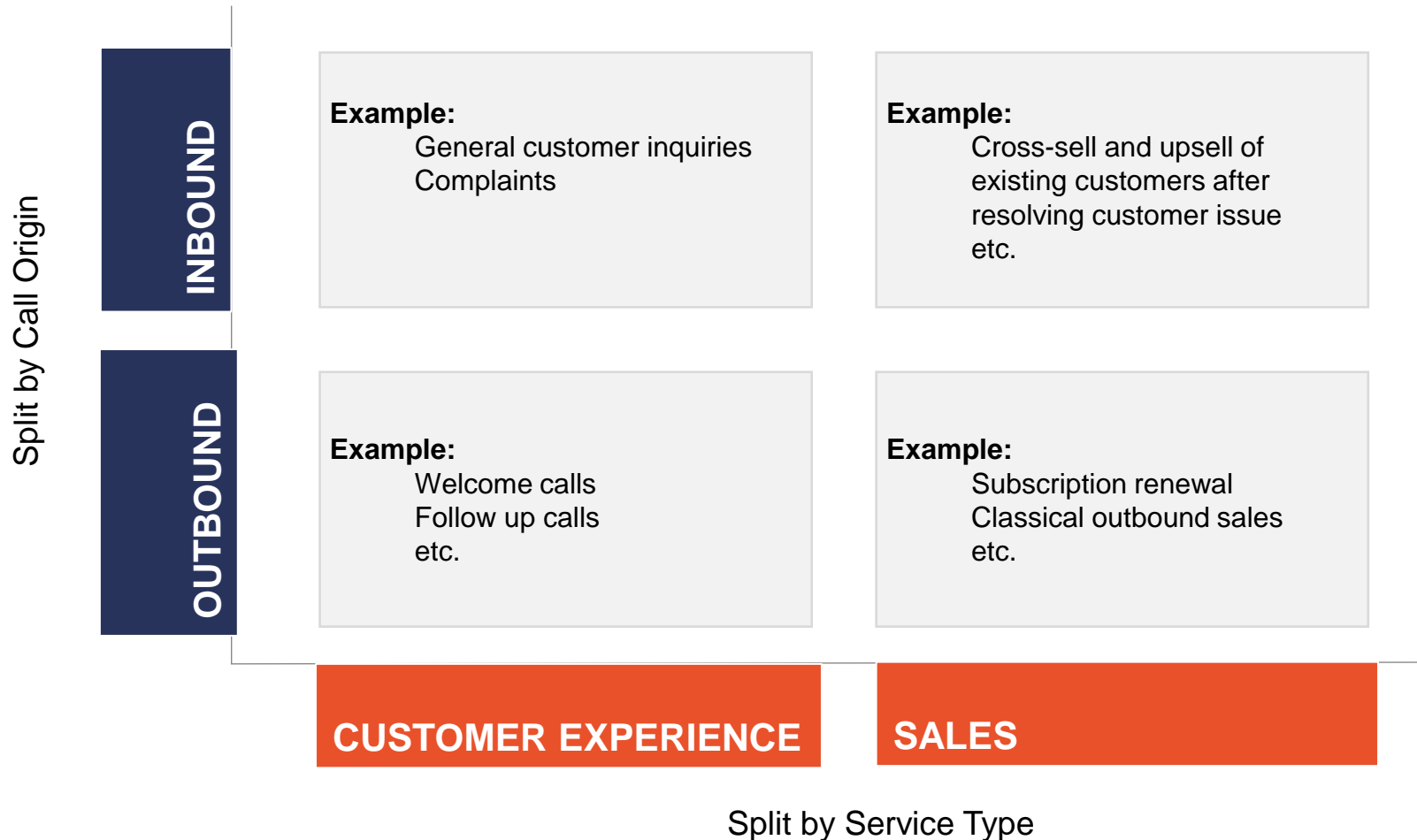
CUSTOMER EXPERIENCE (CX)

OUTBOUND

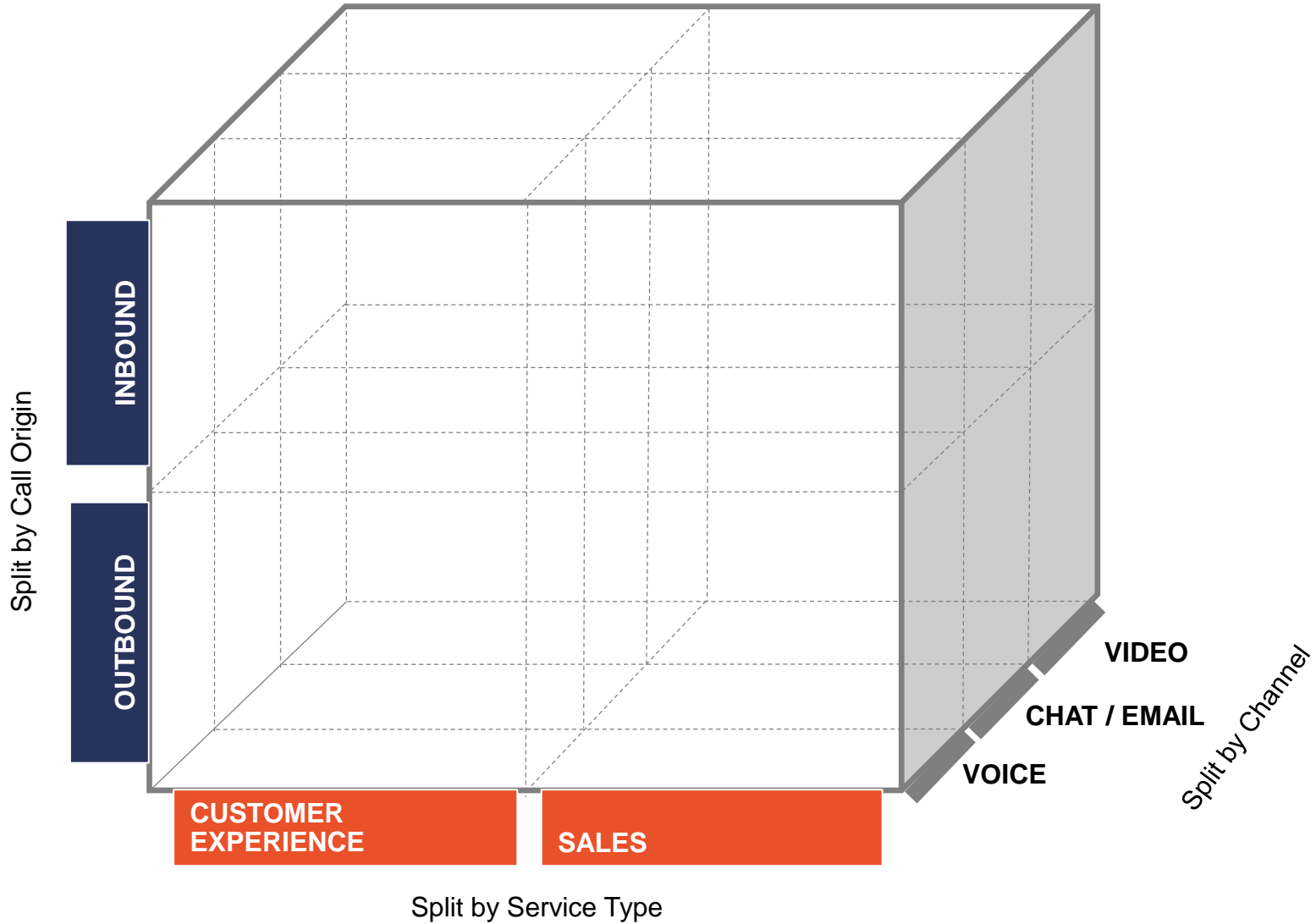


SALES

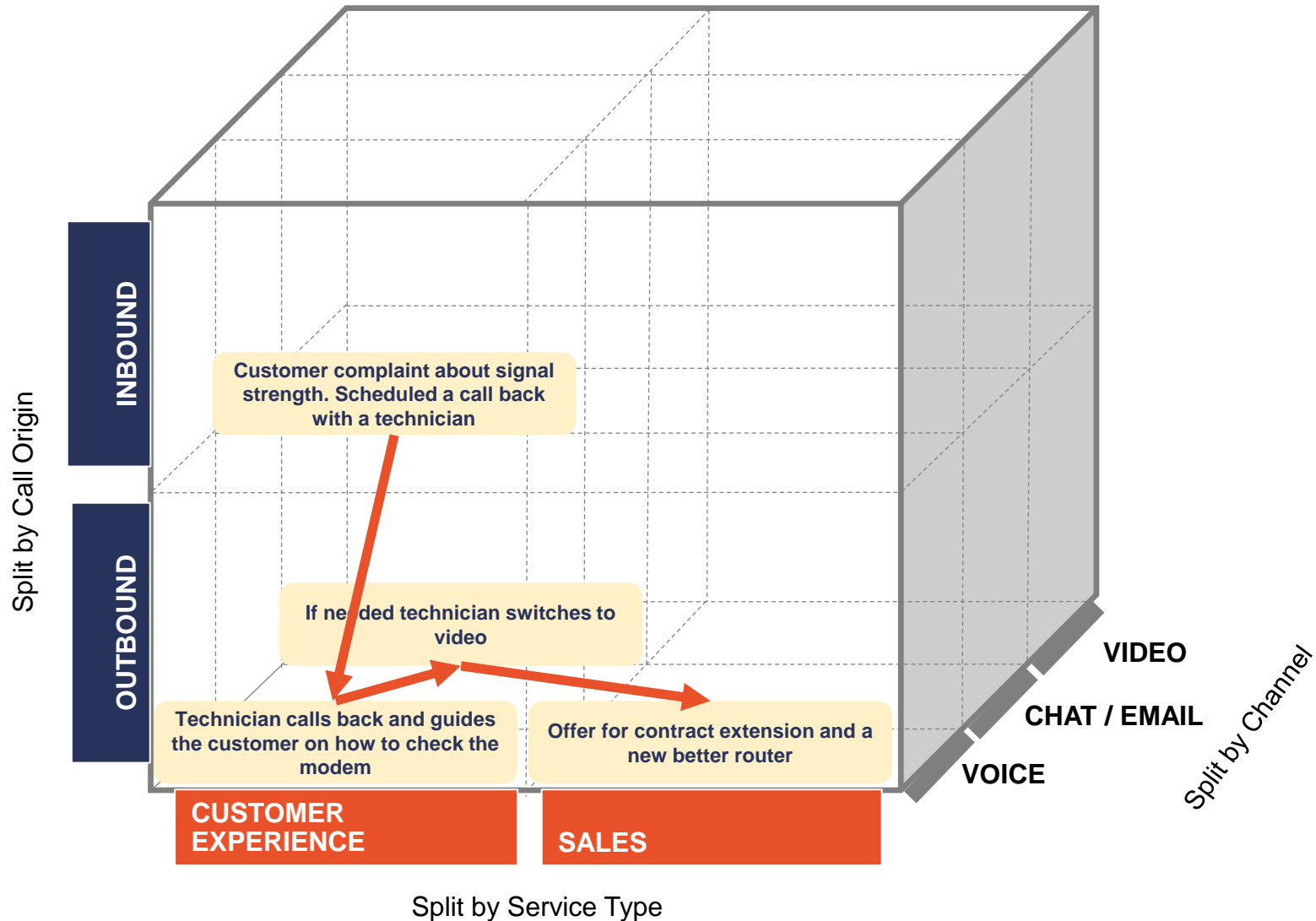
Reality is more complex, with services being more independent of the call origin



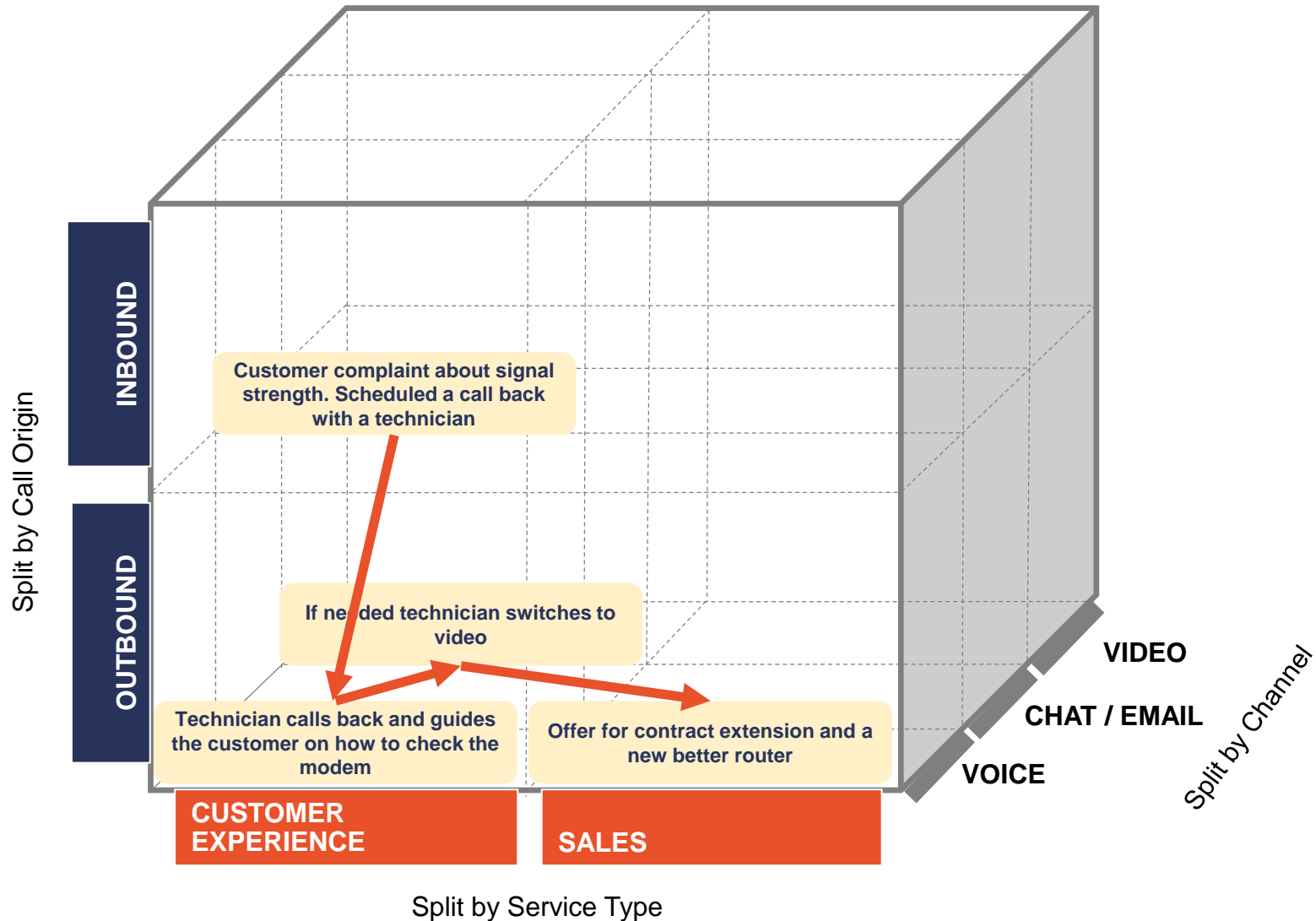
Adding channels of communication adds another layer of complexity



An interaction can be switched across call origin, service and channel types providing a customer with a true **omni channel experience**

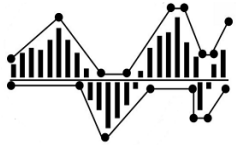


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Labor Flexibility

- Better agent utilization
- Flexibility with ramp-ups and ramp-downs



Service Quality

- 24/7 service across all languages and channels at a right price
- Enables client to focus on more strategic aspects of their business



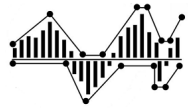
Trainings

- Optimized training processes
- Experienced agents do not require skills but only product trainings



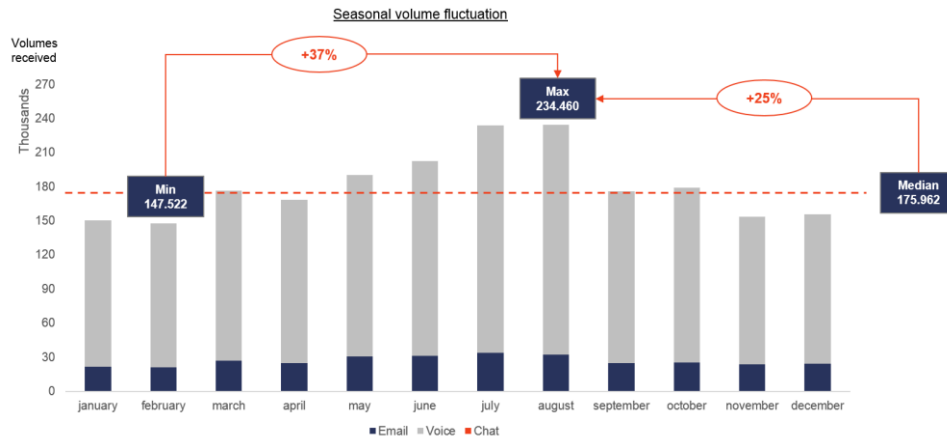
Labor Cost

- Transfers fixed into variable cost
- Better management of absenteeism costs
- Flexibility to relocate

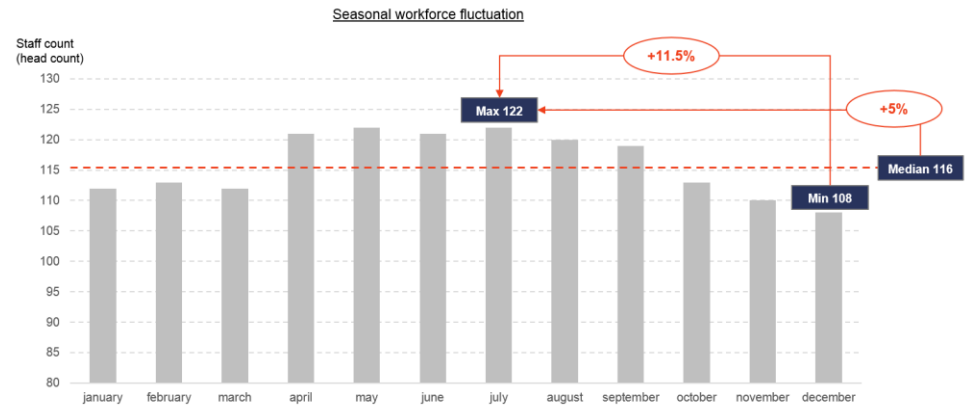


Client staffing is never as flexible to match volatility in interaction volumes

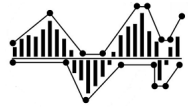
Volumes are fluctuating, with max volumes on average deviating 25% against the median and 37% against the min



Workforce is relatively stable, with maximum peak deviating 5% against the median and 11.5% against the min



Staff count presented includes permanent employees, term employees and students

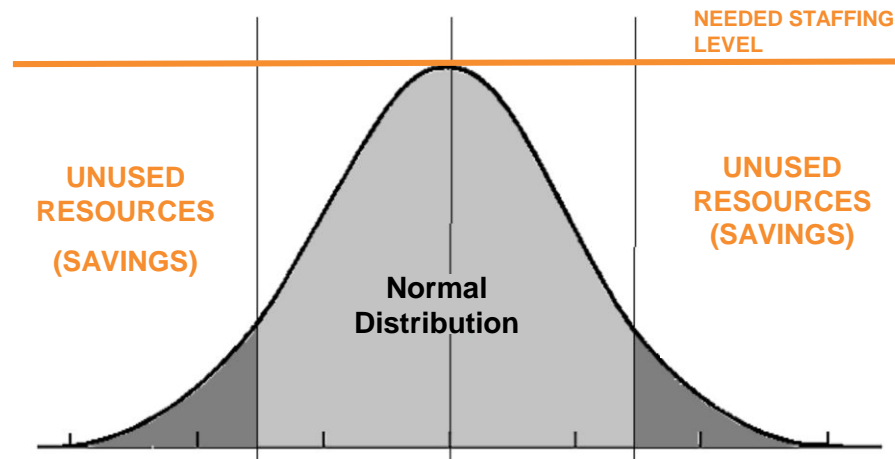


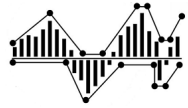
This means that each client carries a significant excess cost through most of the year

Volumes are fluctuating, with max volumes on average deviating 25% against the median and 37% against the min

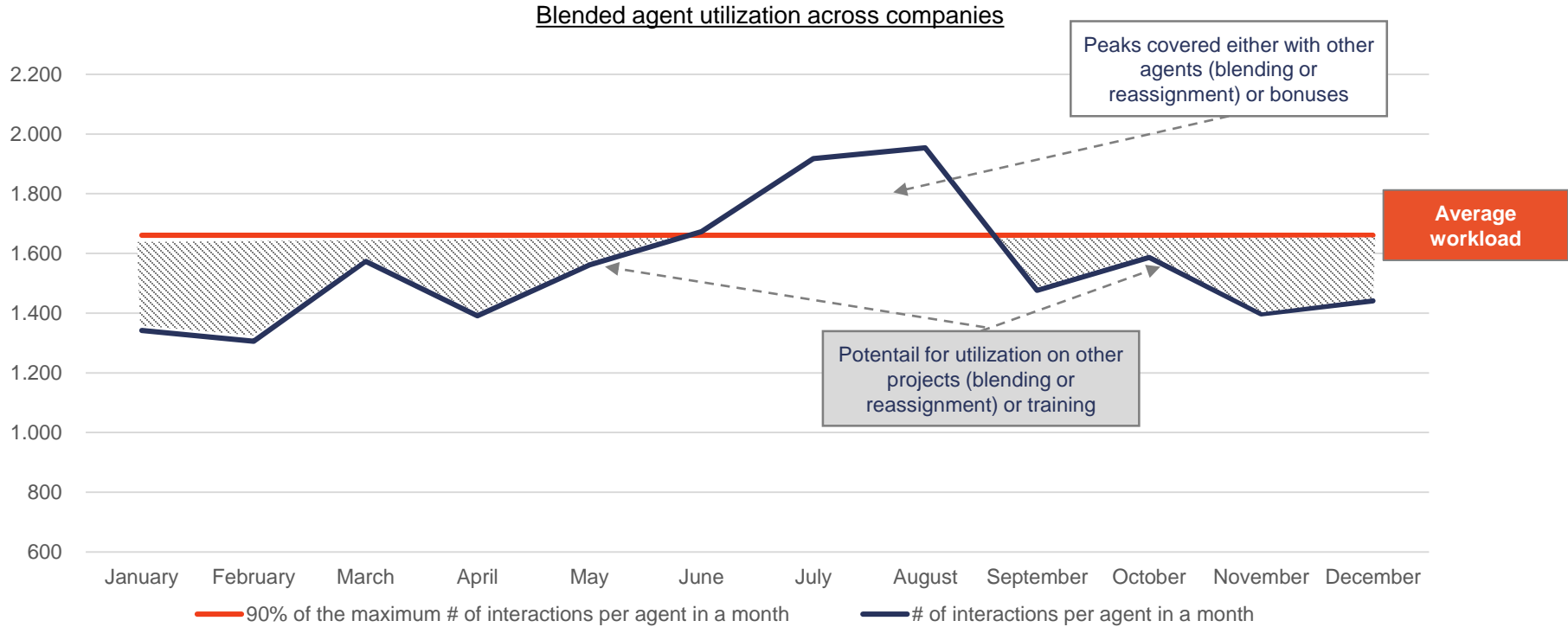
Workforce is relatively stable, with maximum peak deviating 5% against the median and 11.5% against the min

In practice this means that throughout the year the companies are carrying a higher cost of labor than optimal.





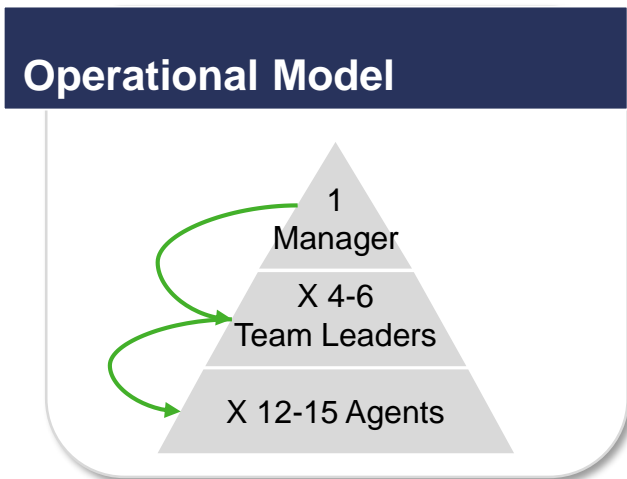
As an outsourcing partner it is our job to be better with matching client's needs and resources



Savings do not come from paying less for a resource, in fact we often pay more. **Savings come from better utilization of the resource**



There are 4 main pillars of our service quality, with KPIs being customized to each individual client



A grid of logos for various clients served by the company, including Deutsche Telekom, RWE, NCR, CSRA, WURTH, bofrost, uber, Microsoft, MERCURY, NOVARTIS, MONSANTO, NESPRESSO, DHL, Carlsberg, imlek, ATLANTIC, METRO, DEKYCO, Telekom Austria Group, telemach, Telekom Slovenije, DORMEO, momox, Bitstamp, Coca-Cola HBC Srbija i Crna Gora, telenor, GLOBAL, Nova KBM, SBERBANK, GENERAL DYNAMICS, OMV, PETROL, LUKOIL, Addiko Bank, API bank, NLB, and Direktna Banka.

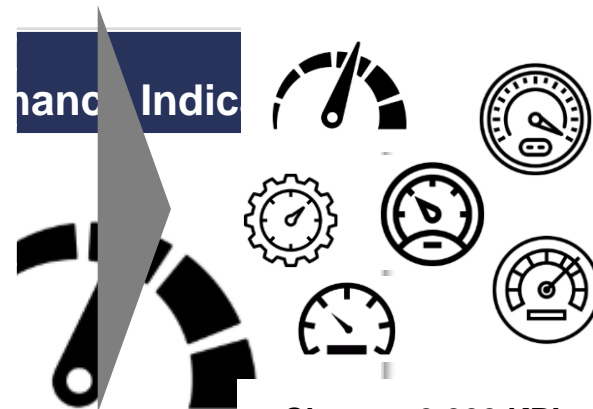
9001:2015
CDG CERTIFICATION LIMITED

General

ISO 27001

180 Clients

- Service level
- Average handle time
- Average talk time
- Customer Engagement Score
- Customer Satisfaction Score
- First call resolution
- Abandon rate
- SMS feedback
- Net promoter score
- Call Duration
- Chat Duration
- Email Duration
- Conversion rate



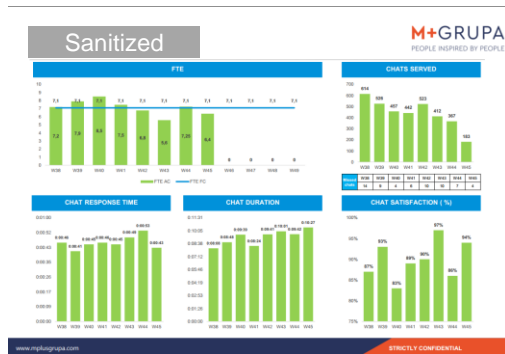
5 to 35 KPIs per client

Close to 3.000 KPIs managed



Depending on client needs, KPIs are managed and monitored on market or segment basis

Example: Single market client



Example: Client with 6 markets served





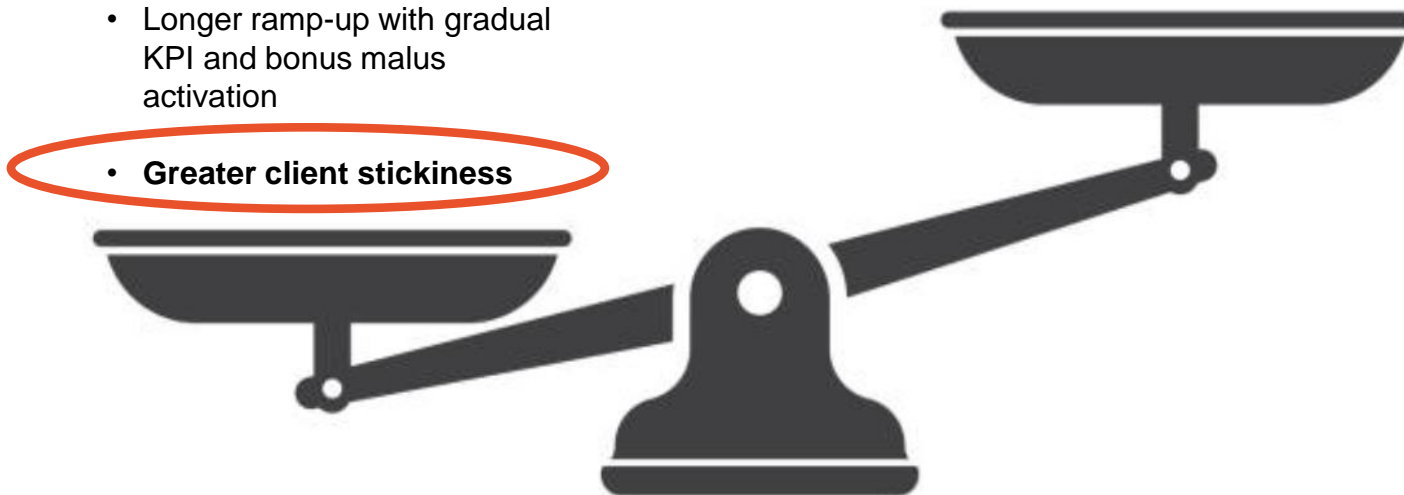
In most cases, more KPIs is better for a successful premium outsourcer

More KPIs

- Usually a more complex project that is harder to manage
- Project management can require more overhead costs
- Longer ramp-up with gradual KPI and bonus malus activation
- **Greater client stickiness**

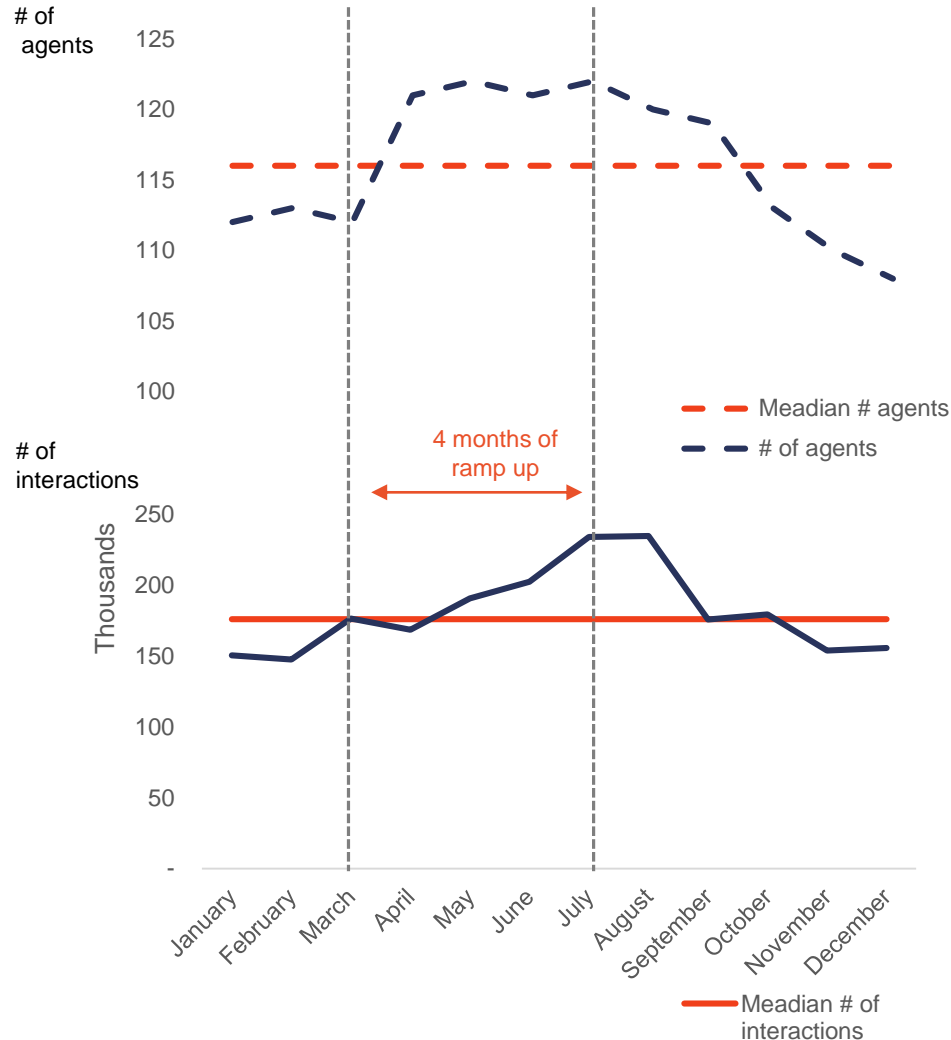
Less KPIs

- Easier to manage
- Easier blending of resources across projects
- Faster ramp-up
- Less client stickiness





Additional potential for improvement in more efficient seasonal ramp up and agent trainings



Clients often try to internally manage interaction volume fluctuations with temporary seasonal staffing.

What we often see in those cases is that selection and training process starts even 4 months prior to the actual increase in needed interactions as:

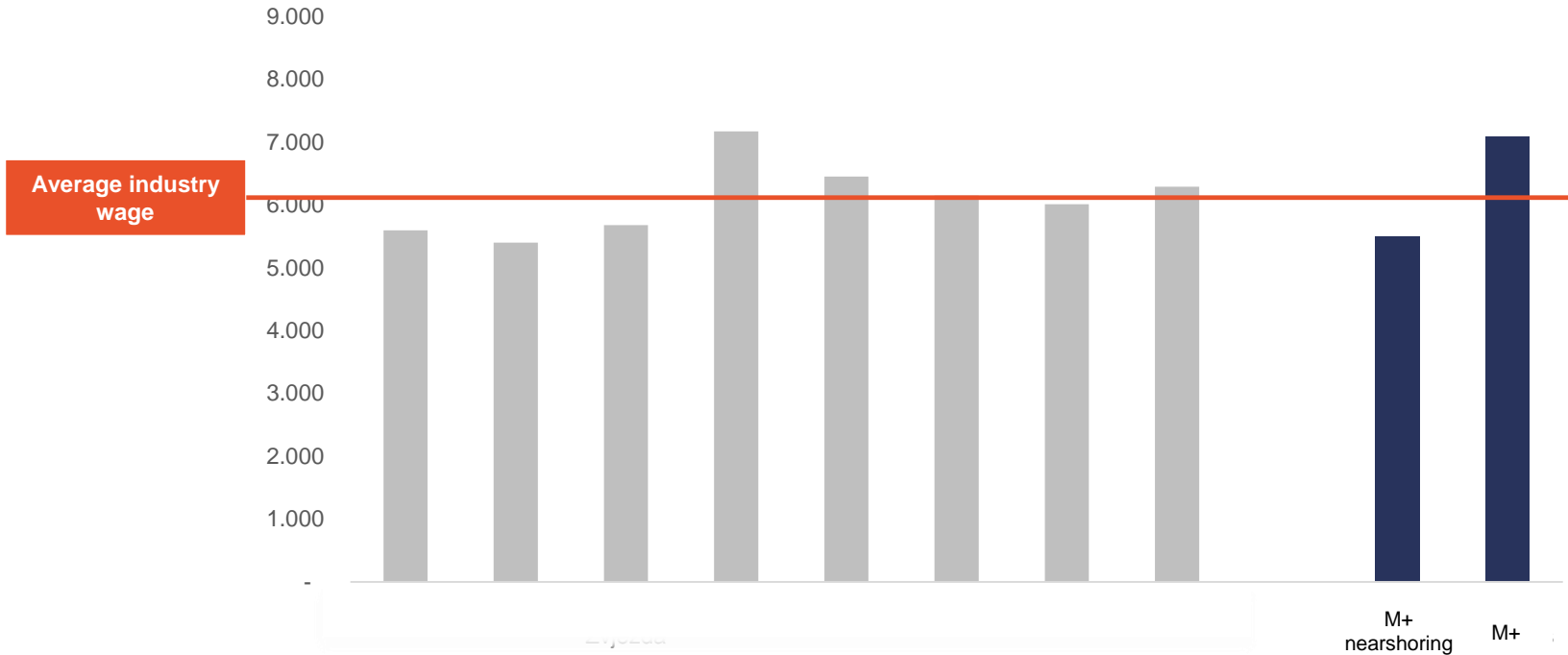
- Candidates do not have previous experience in customer care, so they require significant skills training
- Training process is not optimally run, with trainers either being external or internal part timers

With help clients streamline this process with:

- **Experienced and skilled agents requiring only product and process trainings**
- **Dedicated trainers with cross industry and project experience**

LOW COST

Lastly, we provide clients with cost reduction through lower wages and we mostly do so through nearshoring



With our geographic footprint some level of nearshoring is possible even for regional languages

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1. ABOUT M+ GROUP
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Key Financial and Operational Facts & Figures

243 million HRK
revenue in first 9 months of
2019



**6.5
million**
calls



**21
million**
of talks
minutes



2.700+
employees



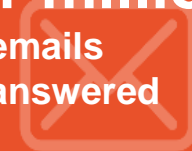
**6 locations in
4 countries**



530.000
chat
interactions



1 million
emails
answered



13 companies
part of the M+ Group



Servicing **clients in
58 countries**



180+
clients



32 years
average age of an employee



Financial highlights for the period ending 30 September 2019

Income statement

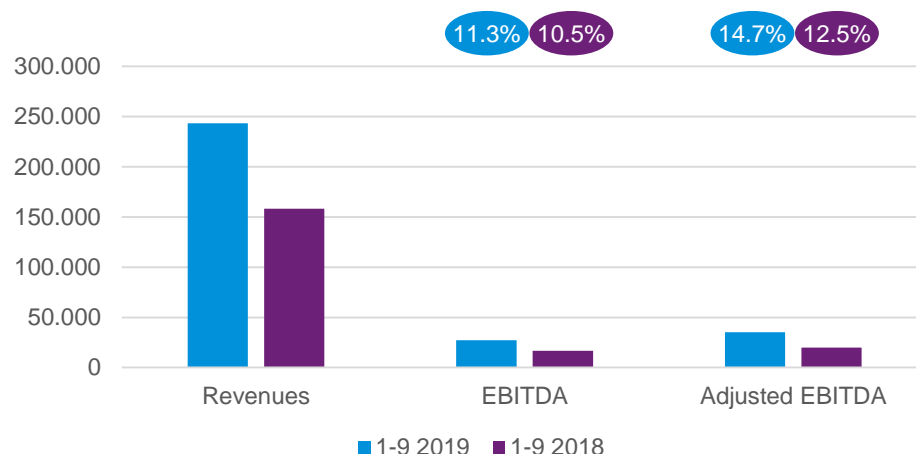
<i>(in HRK thousand)</i>	1-9 2019	1-9 2018	Delta	%
Revenues	243.154	158.278	84.875	54%
EBITDA	27.397	16.640	10.757	65%
<i>EBITDA margin</i>	11,27%	10,51%		
Adjusted EBITDA	35.193	19.760	15.433	78%
<i>Adjusted EBITDA margin</i>	14,47%	12,48%		
Net result before tax	14.539	16.329	-1.790	-11%
Adjusted net result before tax	22.335	19.449	2.886	15%
Adjusted net result before tax (2018 decreased by one-off financial income)	22.335	14.611	7.724	53%

Balance sheet

<i>(in HRK thousand)</i>	30 Sep 2019	31 Dec 2018	Delta	%
Equity	121.111	15.578	105.533	677%
Net debt	-39.972	52.589	-92.561	-176%
Working capital	14.839	7.613	7.227	95%

Revenues grew to **HRK 243 million** or **54%** compared to the same period last year. In the same period **EBITDA** grew by **78%**

Revenues and EBITDA



<i>(in HRK thousand)</i>	1-9 2019	1-9 2018	Delta	%
Revenues	243.154	158.278	84.876	54%
Operating expenses	44.827	22.396	22.432	100%
Staff cost	170.819	119.242	51.576	43%
Provision	111	0	111	100%
Depreciation	11.310	3.940	7.370	187%
Financial Income	427	6.268	-5.841	100%
Financial Expenses	1.975	2.639	-664	-25%
Net income before taxes	14.539	16.329	-1.790	-11%
EBITDA	27.397	16.640	10.757	65%
<i>Adjustments</i> ⁽¹⁾	7.796	3.120		
aEBITDA	35.193	19.760	15.433	78%

Net financial result decreased for HRK 5 million

Item	ADP code	1-9 2019	1-9 2018	Delta
<i>In HRK</i>				
III FINANCIAL INCOME (ADP 155 to 164)	154	426.680	6.267.868	-5.841.188
1 Other interest income	161	117.646	131.292	-13.646
2 Exchange rate differences and other financial income	162	241.785	1.092.321	-850.536
3 Other financial income	164	67.249	5.044.255	-4.977.006
IV FINANCIAL EXPENSES (ADP 166 to 172)	165	1.974.817	2.639.210	-664.393
1 Interest expenses and similar expenses	168	1.793.322	1.596.231	197.091
2 Exchange rate differences and other expenses	169	181.495	645.342	-463.847
3 Other financial expenses	172	0	397.637	-397.637
Net financial result		-1.548.137	3.628.658	-5.176.795

Equity increased for HRK 106 million

Item	30 Sep 2019 31 Dec 2018		Delta	
<i>In HRK</i>				
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	121.110.966	15.577.917	105.533.049	
I INITIAL (SUBSCRIBED) CAPITAL	068	85.780.500	50.000.000	35.780.500
II CAPITAL RESERVES	069	57.248.800	0	57.248.800
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	-43.088.843	-43.179.776	90.933
5 Other reserves	075	-43.088.843	-43.179.776	90.933
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	-222.327	-8.687.660	8.465.333
1 Retained profit	082	0	0	0
2 Loss brought forward	083	222.327	8.687.660	-8.465.333
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	12.634.816	8.465.333	4.169.483
1 Profit for the business year	085	12.634.816	8.465.333	4.169.483
2 Loss for the business year	086	0	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	087	8.758.020	8.980.020	-222.000

Working capital increased for HRK 7 million

Item	30 Sep 2019 31 Dec 2018		Delta	
In HRK				
II RECEIVABLES (ADP 047 to 052)	046	47.071.769	35.058.968	12.012.801
1 Receivables from undertakings within the group	047	0	0	0
2 Receivables from companies linked by virtue of participating interests	048	0	0	0
3 Customer receivables	049	37.252.604	24.373.875	12.878.729
4 Receivables from employees and members of the undertaking	050	790.146	43.332	746.814
5 Receivables from government and other institutions	051	3.886.679	1.304.874	2.581.805
6 Other receivables	052	5.142.340	9.336.887	-4.194.547
D) PREPAID EXPENSES AND ACCRUED INCOME	064	5.332.427	2.894.875	2.437.552
I INVENTORIES (ADP 039 to 045)	038	229.466	127.221	102.245
Stort term assets		52.633.662	38.081.064	14.552.598
7 Liabilities for advance payments	114	61.361	0	61.361
8 Liabilities to suppliers	115	1.451.536	5.275.035	-3.823.499
9 Liabilities for securities	116	0	0	0
10 Liabilities to employees	117	7.777.278	13.821.005	-6.043.727
11 Taxes, contributions and similar liabilities	118	8.346.503	3.490.011	4.856.492
12 Liabilities arising from the share in the result	119	0	0	0
13 Liabilities arising from fixed assets held for sale	120	0	0	0
14 Other short-term liabilities	121	17.230.617	7.428.981	9.801.636
E) ACCRUALS AND DEFERRED INCOME	122	2.927.410	453.399	2.474.011
Stort term liabilities		37.794.705	30.468.431	7.326.274
WORKING CAPITAL		14.838.957	7.612.633	7.226.324

Net debt remained negative

<i>(in HRK thousand)</i>	30 Sep 2019	31 Dec 2018	Delta	%
Cash and cash equivalents	106.570	8.399	98.171	1169%
Debt	66.598	60.988	5.610	9%
Net Debt	-39.972	52.589	-92.561	-176%
NET Debt/EBITDA	N/A	2,37		
NET Debt/aEBITDA	N/A	2,00		

Contacts:

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