UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2020

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ____________ to ____________

Commission File No. **0-28274**

Sykes Enterprises, Incorporated

(Exact name of Registrant as specified in its charter)

Florida	**56-1383460**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

400 North Ashley Drive, Suite 2800, Tampa, FL 33602
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (813) 274-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	**SYKE**	**NASDAQ Global Select Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 16, 2020, there were 40,055,088 outstanding shares of common stock.

Sykes Enterprises, Incorporated and Subsidiaries

Form 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Sykes Enterprises, Incorporated and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands, except per share data)	June 30, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 129,050	$ 127,246
Receivables, net of allowance of $4.2 million and $3.5 million, respectively	383,512	390,147
Prepaid expenses	20,891	20,868
Other current assets	18,626	20,525
Total current assets	552,079	558,786
Property and equipment, net	119,412	125,990
Operating lease right-of-use assets	188,676	205,112
Goodwill, net	306,712	311,247
Intangibles, net	148,573	158,420
Deferred charges and other assets	54,381	55,945
	$ 1,369,833	$ 1,415,500
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 27,532	$ 33,591
Accrued employee compensation and benefits	116,726	109,591
Income taxes payable	7,737	3,637
Deferred revenue and customer liabilities	24,294	26,621
Operating lease liabilities	54,948	50,863
Other accrued expenses and current liabilities	28,770	29,330
Total current liabilities	260,007	253,633
Long-term debt	49,000	73,000
Long-term income tax liabilities	20,469	22,286
Long-term operating lease liabilities	147,312	166,810
Other long-term liabilities	30,260	25,296
Total liabilities	507,048	541,025
Commitments and loss contingencies (Note 12)		
Shareholders' equity:		
Preferred stock, $0.01 par value per share, 10,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.01 par value per share, 200,000 shares authorized; 40,055 and 41,549 shares issued, respectively	401	416
Additional paid-in capital	291,814	288,935
Retained earnings	634,943	634,668
Accumulated other comprehensive income (loss)	(61,680)	(47,001)
Treasury stock at cost: 133 and 128 shares, respectively	(2,693)	(2,543)
Total shareholders' equity	862,785	874,475
	$ 1,369,833	$ 1,415,500

See accompanying Notes to Condensed Consolidated Financial Statements.

Sykes Enterprises, Incorporated and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

(in thousands, except per share data)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Revenues	$ 416,833	$ 389,006	$ 827,999	$ 791,931
Operating expenses:				
Direct salaries and related costs	268,433	252,161	535,378	513,889
General and administrative	102,664	104,282	205,911	208,962
Depreciation, net	12,630	13,052	25,091	26,949
Amortization of intangibles	4,093	4,127	8,212	8,413
Impairment of long-lived assets	1,800	129	1,800	1,711
Total operating expenses	389,620	373,751	776,392	759,924
Income from operations	27,213	15,255	51,607	32,007
Other income (expense):				
Interest income	165	192	428	377
Interest (expense)	(560)	(1,179)	(1,280)	(2,357)
Other income (expense), net	1,797	(533)	(2,996)	77
Total other income (expense), net	1,402	(1,520)	(3,848)	(1,903)
Income before income taxes	28,615	13,735	47,759	30,104
Income taxes	6,385	2,466	11,611	7,148
Net income	$ 22,230	$ 11,269	$ 36,148	$ 22,956
Net income per common share:				
Basic	$ 0.55	$ 0.27	$ 0.89	$ 0.55
Diluted	$ 0.55	$ 0.27	$ 0.88	$ 0.54
Weighted average common shares outstanding:				
Basic	40,318	42,038	40,726	42,107
Diluted	40,380	42,094	40,857	42,200

See accompanying Notes to Condensed Consolidated Financial Statements.

Sykes Enterprises, Incorporated and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2020	2019	2020	2019
Net income	$ 22,230	$ 11,269	$ 36,148	$ 22,956
Other comprehensive income (loss), net of taxes:				
Foreign currency translation adjustments	8,311	2,339	(13,039)	3,701
Unrealized gain (loss) on cash flow hedging instruments, net of taxes	(253)	2,828	(1,595)	4,500
Unrealized actuarial gain (loss) related to pension liability, net of taxes	16	35	(1)	20
Unrealized gain (loss) on postretirement obligation, net of taxes	(22)	(5)	(44)	(10)
Other comprehensive income (loss), net of taxes	8,052	5,197	(14,679)	8,211
Comprehensive income (loss)	$ 30,282	$ 16,466	$ 21,469	$ 31,167

See accompanying Notes to Condensed Consolidated Financial Statements.

Sykes Enterprises, Incorporated and Subsidiaries
Condensed Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)

(in thousands)	Common Stock Shares Issued	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance at December 31, 2019	41,549	$ 416	$ 288,935	$ 634,668	$ (47,001)	$ (2,543)	$ 874,475
Stock-based compensation expense	—	—	1,860	—	—	—	1,860
Issuance of common stock under equity award plans, net of forfeitures	(146)	(2)	69	—	—	(67)	—
Shares repurchased for tax withholding on equity awards	(39)	—	(1,009)	—	—	—	(1,009)
Repurchase of common stock	—	—	—	—	—	(22,909)	(22,909)
Retirement of treasury stock	(860)	(9)	(26)	(22,874)	—	22,909	—
Comprehensive income (loss)	—	—	—	13,918	(22,731)	—	(8,813)
Balance at March 31, 2020	40,504	405	289,829	625,712	(69,732)	(2,610)	843,604
Stock-based compensation expense	—	—	2,042	—	—	—	2,042
Issuance of common stock under equity award plans, net of forfeitures	57	1	82	—	—	(83)	—
Shares repurchased for tax withholding on equity awards	(6)	—	(124)	—	—	—	(124)
Repurchase of common stock	—	—	—	—	—	(13,019)	(13,019)
Retirement of treasury stock	(500)	(5)	(15)	(12,999)	—	13,019	—
Comprehensive income (loss)	—	—	—	22,230	8,052	—	30,282
Balance at June 30, 2020	40,055	$ 401	$ 291,814	$ 634,943	$ (61,680)	$ (2,693)	$ 862,785

(in thousands)	Common Stock Shares Issued	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance at December 31, 2018	42,778	$ 428	$ 286,544	$ 598,788	$ (56,775)	$ (2,376)	$ 826,609
Cumulative effect of accounting change – adoption of ASC 842, *Leases*	—	—	—	110	—	—	110
Stock-based compensation expense	—	—	1,890	—	—	—	1,890
Issuance of common stock under equity award plans, net of forfeitures	(168)	(2)	182	—	—	(180)	—
Shares repurchased for tax withholding on equity awards	(45)	—	(1,269)	—	—	—	(1,269)
Comprehensive income (loss)	—	—	—	11,687	3,014	—	14,701
Balance at March 31, 2019	42,565	426	287,347	610,585	(53,761)	(2,556)	842,041
Stock-based compensation expense	—	—	2,200	—	—	—	2,200
Issuance of common stock under equity award plans, net of forfeitures	26	—	123	—	—	(123)	—
Repurchase of common stock	—	—	—	—	—	(20,178)	(20,178)
Retirement of treasury stock	(500)	(5)	(791)	(12,063)	—	12,859	—
Comprehensive income (loss)	—	—	—	11,269	5,197	—	16,466
Balance at June 30, 2019	42,091	$ 421	$ 288,879	$ 609,791	$ (48,564)	$ (9,998)	$ 840,529

See accompanying Notes to Condensed Consolidated Financial Statements.

Sykes Enterprises, Incorporated and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in thousands)	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Cash flows from operating activities:		
Net income	$ 36,148	$ 22,956
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	25,206	27,066
Amortization of intangibles	8,212	8,413
Amortization of deferred grants	(170)	(181)
Impairment losses	1,800	1,711
Unrealized foreign currency transaction (gains) losses, net	510	(603)
Stock-based compensation expense	3,902	4,090
Deferred income tax provision (benefit)	564	325
Bad debt expense (reversals)	1,129	68
Unrealized (gains) losses and premiums on financial instruments, net	665	(304)
(Earnings) losses from equity method investees	547	233
Other	(104)	256
Changes in assets and liabilities, net of acquisitions:		
Receivables, net	294	(1,214)
Prepaid expenses	(239)	(1,122)
Other current assets	(263)	(896)
Deferred charges and other assets	238	(3,196)
Accounts payable	(4,184)	(2,824)
Income taxes receivable / payable	2,324	(5,225)
Accrued employee compensation and benefits	6,998	6,489
Other accrued expenses and current liabilities	(279)	1,228
Deferred revenue and customer liabilities	(1,666)	(2,435)
Other long-term liabilities	6,585	1,086
Operating lease assets and liabilities	(1,575)	415
Net cash provided by operating activities	86,642	56,336
Cash flows from investing activities:		
Capital expenditures	(22,880)	(16,390)
Other	592	284
Net cash (used for) investing activities	(22,288)	(16,106)
Cash flows from financing activities:		
Payments of long-term debt	(47,000)	(18,000)
Proceeds from issuance of long-term debt	23,000	8,000
Cash paid for repurchase of common stock	(35,928)	(20,178)
Shares repurchased for tax withholding on equity awards	(1,133)	(1,269)
Cash paid for loan fees related to long-term debt	—	(1,098)
Other	—	(4)
Net cash (used for) financing activities	(61,061)	(32,549)
Effects of exchange rates on cash, cash equivalents and restricted cash	(1,795)	655
Net increase (decrease) in cash, cash equivalents and restricted cash	1,498	8,336
Cash, cash equivalents and restricted cash – beginning	129,185	130,231
Cash, cash equivalents and restricted cash – ending	$ 130,683	$ 138,567
Supplemental disclosures of cash flow information:		
Cash paid for amounts included in the measurement of operating lease liabilities	$ 31,484	$ 29,119
Cash paid during period for interest	$ 1,009	$ 1,874
Cash paid during period for income taxes	$ 8,947	$ 12,567
Non-cash transactions:		
Net right-of-use assets arising from new or remeasured operating lease liabilities	$ 12,976	$ 10,663
Property and equipment additions in accounts payable	$ 4,978	$ 2,663
Unrealized gain (loss) on postretirement obligation, net of taxes, in accumulated other comprehensive income (loss)	$ (44)	$ (10)

See accompanying Notes to Condensed Consolidated Financial Statements.

Note 1. Overview and Basis of Presentation

Business — Sykes Enterprises, Incorporated and consolidated subsidiaries ("SYKES" or the "Company") is a leading provider of multichannel demand generation and global customer engagement services. SYKES provides differentiated full lifecycle customer engagement solutions and services primarily to Global 2000 companies and their end customers within the financial services, communications, technology, transportation & leisure, healthcare and other industries. SYKES primarily provides customer engagement solutions and services with an emphasis on inbound multichannel demand generation, customer service and technical support to its clients' customers. Utilizing SYKES' integrated onshore/offshore global delivery model, SYKES provides its services through multiple communication channels including phone, e-mail, social media, text messaging, chat and digital self-service. SYKES also provides various enterprise support services in the United States that include services for its clients' internal support operations, from technical staffing services to outsourced corporate help desk services. In Europe, SYKES also provides fulfillment services, which include order processing, payment processing, inventory control, product delivery and product returns handling. Additionally, through the Company's acquisition of robotic processing automation ("RPA") provider Symphony Ventures Ltd ("Symphony") coupled with its investment in artificial intelligence ("AI") through XSell Technologies, Inc. ("XSell"), the Company also provides a suite of solutions such as consulting, implementation, hosting and managed services that optimizes its differentiated full lifecycle management services platform. The Company has operations in two reportable segments entitled (1) the Americas, in which the client base is primarily companies in the United States that are using the Company's services to support their customer management needs, which includes the United States, Canada, Latin America, Australia and the Asia Pacific Rim; and (2) EMEA, which includes Europe, the Middle East and Africa.

Basis of Presentation — The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "U.S. GAAP") for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2020 are not necessarily indicative of the results that may be expected for any future quarters or the year ending December 31, 2020. For further information, refer to the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission ("SEC") on February 27, 2020.

Principles of Consolidation — The condensed consolidated financial statements include the accounts of SYKES and its wholly-owned subsidiaries and controlled majority-owned subsidiaries. Investments in less than majority-owned subsidiaries in which the Company does not have a controlling interest, but does have significant influence, are accounted for as equity method investments. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates — The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Due to the novel coronavirus ("COVID-19") pandemic, there has been uncertainty and disruption in the global economy and financial markets. Other than where noted, the Company is not aware of any specific event or circumstance that would require an update to its estimates or judgments or a revision of the carrying value of its assets or liabilities as of the date and time of issuance of the condensed consolidated financial statements. These estimates may change, as new events occur, and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

Subsequent Events — Subsequent events or transactions have been evaluated through the date and time of issuance of the condensed consolidated financial statements. There were no material subsequent events that required recognition or disclosure in the accompanying condensed consolidated financial statements.

Cash, Cash Equivalents and Restricted Cash — Cash and cash equivalents consist of cash and highly liquid short-term investments, primarily held in non-interest-bearing investments which have original maturities of less than 90 days. Restricted cash includes cash whereby the Company's ability to use the funds at any time is contractually limited or is generally designated for specific purposes arising out of certain contractual or other obligations.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported in the Condensed Consolidated Balance Sheets that sum to the amounts reported in the Condensed Consolidated Statements of Cash Flows (in thousands):

	June 30, 2020	December 31, 2019	June 30, 2019	December 31, 2018
Cash and cash equivalents	$ 129,050	$ 127,246	$ 136,631	$ 128,697
Restricted cash included in "Other current assets"	318	568	566	149
Restricted cash included in "Deferred charges and other assets"	1,315	1,371	1,370	1,385
	$ 130,683	$ 129,185	$ 138,567	$ 130,231

Customer-Acquisition Advertising Costs — The Company's advertising costs are expensed as incurred. Total advertising costs included in "Direct salaries and related costs" in the accompanying Condensed Consolidated Statements of Operations were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Customer-acquisition advertising costs	$ 9,826	$ 10,036	$ 20,008	$ 22,140

New Accounting Standards Not Yet Adopted

Income Taxes

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740) – Simplifying the Accounting for Income Taxes* ("ASU 2019-12"). These amendments simplify the accounting for income taxes by eliminating certain exceptions and also clarifying and amending certain aspects of existing guidance. These amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Most of the amendments are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. Early adoption is permitted, including adoption in any interim period for which financial statements have not yet been issued. The Company is currently evaluating the amendments in ASU 2019-12 but does not expect a material impact on its financial condition, results of operations, cash flows or disclosures. The Company does not anticipate early adoption of ASU 2019-12.

Retirement Benefits

In August 2018, the FASB issued ASU 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans - General (Subtopic 715-20) – Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans* ("ASU 2018-14"). These amendments remove, modify or add certain disclosure requirements for defined benefit plans. These amendments are effective for fiscal years ending after December 15, 2020, with early adoption permitted. The Company does not expect its adoption of ASU 2018-14 to have a material impact on its financial condition, results of operations, cash flows or disclosures and does not expect to early adopt the standard.

New Accounting Standards Recently Adopted

Financial Instruments – Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). These amendments require measurement and recognition of expected versus incurred credit losses for financial assets held. Entities are required to measure all expected credit losses for most financial assets held at the reporting date based on an expected loss model which includes historical experience, current conditions, and reasonable and supportable forecasts. Subsequently, the FASB issued ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses* in November 2018 and ASU 2019-05, *Financial Instruments – Credit Losses (Topic 326) Targeted Transition Relief* in May 2019 (together, "subsequent amendments"). ASU 2016-13 and the subsequent amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted.

The Company adopted ASU 2016-13 on January 1, 2020, using the modified retrospective transition method, which resulted in no cumulative-effect adjustment to be recognized to the opening balance of retained earnings. The prior period was not restated. The Company's adoption of ASU 2016-13 did not have a material impact on its financial condition, results of operations or cash flows as the credit losses associated with the Company's trade receivables have historically been insignificant. See the description of the Company's "Allowance for Doubtful Accounts" accounting policy in the "Significant Accounting Policies" section below.

Codification Improvements – Financial Instruments – Credit Losses, Derivatives and Hedging, and Financial Instruments

In April 2019, the FASB issued ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments* ("ASU 2019-04"). These amendments clarify new standards on credit losses, hedging and recognizing and measuring financial instruments and address implementation issues stakeholders have raised. The credit losses and hedging amendments have the same effective dates as the respective standards, unless an entity has already adopted the standards. The amendments related to recognizing and measuring financial instruments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. The Company's adoption of ASU 2019-04 on January 1, 2020 did not have a material impact on its financial condition, results of operations, cash flows or disclosures.

Fair Value Measurements

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, *Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"). These amendments remove, modify or add certain disclosure requirements for fair value measurements. These amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Certain of the amendments will be applied prospectively in the initial year of adoption while the remainder are required to be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted. The Company's adoption of ASU 2018-03 on January 1, 2020 did not have a material impact on its disclosures.

Cloud Computing

In August 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40) – Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* ("ASU 2018-15"). These amendments align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. These amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early application permitted in any interim period after issuance of this update. The amendments should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Company's adoption of ASU 2018-15 on January 1, 2020 on a prospective basis did not have a material impact on its financial condition, results of operations, cash flows or disclosures.

Significant Accounting Policies

With the exception of the change for the accounting of credit losses as a result of the adoption of ASU 2016-13, there have been no new or material changes to the significant accounting policies discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

Allowance for Doubtful Accounts

The Company maintains allowances for doubtful accounts on trade accounts receivables for estimated losses arising from the inability of its clients to make contractual payments, applying a probability of default method. The Company's estimate is based on qualitative and quantitative analyses, applying credit risk measurement tools and methodologies using publicly available credit and capital market information, a review of the current status of the Company's trade accounts receivable and its historical experience. It is reasonably possible that the Company's estimate of the allowance for credit losses will increase if the financial condition of the Company's clients were to deteriorate, resulting in a reduced ability to make payments.

During the six months ended June 30, 2020, the Company recorded a $1.1 million increase to the allowance for credit losses related to its short-term trade receivables primarily as a result of deterioration in certain clients' credit ratings reflecting current and expected economic conditions, and wrote off $0.4 million of the allowance for credit losses related to certain short-term trade receivables deemed to be uncollectible.

Note 2. Revenues

Revenues from Contracts with Customers

Revenues for customer engagement solutions and services are recognized over time using output methods such as a per minute, per hour, per call, per transaction or per time and materials basis. RPA services revenues are primarily recognized over time using output methods such as per time and materials basis. Revenues from fulfillment services are recognized upon shipment to the customer and satisfaction of all obligations. Revenues from enterprise support services are recognized over time using output methods such as number of positions filled.

Disaggregated Revenues

The Company disaggregates its revenues from contracts with customers by service type and delivery location (see Note 15, Segments and Geographic Information), for each of its reportable segments, as the Company believes it best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by economic factors.

The following table represents revenues from contracts with customers disaggregated by service type and by the reportable segment for each category for the periods indicated (in thousands):

	Three Months Ended June 30,			
	2020		2019	
	Amount	% of Revenue	Amount	% of Revenue
Americas:				
Customer engagement solutions and services	$ 338,963	81.3%	$ 310,070	79.8%
Other revenues	309	0.1%	237	0.0%
Total Americas	339,272	81.4%	310,307	79.8%
EMEA:				
Customer engagement solutions and services	73,285	17.6%	68,643	17.6%
Other revenues	4,276	1.0%	10,033	2.6%
Total EMEA	77,561	18.6%	78,676	20.2%
Other:				
Other revenues	—	0.0%	23	0.0%
Total Other	—	0.0%	23	0.0%
	$ 416,833	100.0%	$ 389,006	100.0%

The following table represents revenues from contracts with customers disaggregated by service type and by the reportable segment for each category for the periods indicated (in thousands):

	Six Months Ended June 30,			
	2020		2019	
	Amount	% of Revenue	Amount	% of Revenue
Americas:				
Customer engagement solutions and services	$ 671,577	81.1%	$ 634,632	80.2%
Other revenues	621	0.1%	452	0.0%
Total Americas	672,198	81.2%	635,084	80.2%
EMEA:				
Customer engagement solutions and services	145,918	17.6%	139,640	17.6%
Other revenues	9,876	1.2%	17,164	2.2%
Total EMEA	155,794	18.8%	156,804	19.8%
Other:				
Other revenues	7	0.0%	43	0.0%
Total Other	7	0.0%	43	0.0%
	$ 827,999	100.0%	$ 791,931	100.0%

Trade Accounts Receivable

The Company's noncurrent trade accounts receivable result from contracts with customers that include renewal provisions, and contracts with customers under multi-year arrangements. The Company's trade accounts receivable, net, consisted of the following (in thousands):

		June 30, 2020		December 31, 2019
Trade accounts receivable, net, current (1)	$	368,693	$	375,136
Trade accounts receivable, net, noncurrent (2)		26,920		26,496
	$	395,613	$	401,632

(1) Included in "Receivables, net" in the accompanying Condensed Consolidated Balance Sheets.
(2) Included in "Deferred charges and other assets" in the accompanying Condensed Consolidated Balance Sheets.

Deferred Revenue and Customer Liabilities

Deferred revenue and customer liabilities consisted of the following (in thousands):

		June 30, 2020		December 31, 2019
Deferred revenue	$	3,475	$	3,012
Customer arrangements with termination rights		14,554		15,024
Estimated refund liabilities		6,265		8,585
	$	24,294	$	26,621

The Company expects to recognize the majority of its deferred revenue as of June 30, 2020 over the next 180 days. Revenues of $0.2 million and $0.3 million were recognized during the three months ended June 30, 2020 and 2019, respectively, and revenues of $2.9 million and $3.4 million were recognized during the six months ended June 30, 2020 and 2019, respectively, from amounts included in deferred revenue at December 31, 2019 and 2018, respectively.

The Company expects to recognize the majority of the customer arrangements with termination rights into revenue as the Company has not historically experienced a high rate of contract terminations.

Estimated refund liabilities are generally resolved within 180 days, once it is determined whether the requisite service levels and client requirements were achieved to settle the contingency.

Note 3. Leases

Adoption of ASC 842, Leases

On January 1, 2019, the Company adopted ASU 2016-02, *Leases* (Topic 842) and subsequent amendments (together, "ASC 842") using the modified retrospective method and recognized a cumulative-effect adjustment to the opening balance of retained earnings.

The adoption of ASC 842 on January 1, 2019 required the gross up of historical deferred rent which resulted in the recognition of $225.3 million of right-of-use ("ROU") assets, $239.3 million of operating lease liabilities, a $0.1 million increase to opening retained earnings, as well as $14.1 million primarily related to the derecognition of net straight-line lease liabilities. The retained earnings adjustment was due to the cumulative impact of adopting ASC 842, primarily resulting from the derecognition of embedded lease derivatives, the difference between deferred rent balances and the net of ROU assets and lease liabilities and the deferred tax impact.

The impact of the adoption of ASC 842 to the Company's Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2019 was not material. The Company's net cash provided by operating activities for the six months ended June 30, 2019 did not change due to the adoption of ASC 842.

Leases

The Company leases facilities for its corporate headquarters, many of its customer engagement centers, several regional support offices and data centers. These leases are classified as operating leases and are included in

“Operating lease right-of-use assets,” “Operating lease liabilities” and “Long-term operating lease liabilities” in the accompanying Condensed Consolidated Balance Sheet as of June 30, 2020. The Company has no finance leases.

Lease costs, net of sublease income, of $15.5 million and $16.2 million for the three months ended June 30, 2020 and 2019, respectively, and $31.5 million and $32.1 million for the six months ended June 30, 2020 and 2019, respectively, were primarily included in “General and administrative” costs in the accompanying Condensed Consolidated Statements of Income.

Additional supplemental information related to leases was as follows:

	June 30, 2020	December 31, 2019
Weighted average remaining lease term of operating leases	4.8 years	5.1 years
Weighted average discount rate of operating leases	3.5%	3.7%

Maturities of operating lease liabilities as of June 30, 2020 were as follows (in thousands):

		Amount
2020 (remainder of the year)	$	28,288
2021		58,340
2022		44,905
2023		30,407
2024		21,307
2025 and thereafter		37,962
Total future lease payments		221,209
Less: Imputed interest		18,949
Present value of future lease payments		202,260
Less: Operating lease liabilities		54,948
Long-term operating lease liabilities	$	147,312

Note 4. Costs Associated with Exit or Disposal Activities

During the first quarter of 2019, the Company initiated a restructuring plan to simplify and refine its operating model in the U.S. (the “Americas 2019 Exit Plan”), in part to improve agent attrition and absenteeism. The Americas 2019 Exit Plan included closing customer engagement centers, consolidating leased space in various locations in the U.S. and management reorganization. The Company finalized these actions as of September 30, 2019.

During the second quarter of 2018, the Company initiated a restructuring plan to manage and optimize capacity utilization, which included closing customer engagement centers and consolidating leased space in various locations in the U.S. and Canada (the “Americas 2018 Exit Plan”). The Company finalized the site closures under the Americas 2018 Exit Plan as of December 2018, resulting in a reduction of 5,000 seats.

The Company’s actions under both the Americas 2018 and 2019 Exit Plans resulted in general and administrative cost savings and lower depreciation expense.

The cumulative costs incurred to date related to cash and non-cash expenditures resulting from the Americas 2018 and 2019 Exit Plans are outlined below as of June 30, 2020 (in thousands):

		Americas 2018 Exit Plan		Americas 2019 Exit Plan
Lease obligations and facility exit costs (1)	$	7,073	$	—
Severance and related costs (2)		3,426		191
Severance and related costs (1)		1,037		2,153
Non-cash impairment charges		5,875		1,582
Other non-cash charges		—		244
	$	17,411	$	4,170

(1) Included in “General and administrative” costs in the accompanying Condensed Consolidated Statements of Operations.
(2) Included in “Direct salaries and related costs” in the accompanying Condensed Consolidated Statements of Operations.

The Company has paid a total of $12.8 million in cash through June 30, 2020, of which $10.5 million related to the Americas 2018 Exit Plan and $2.3 million related to the Americas 2019 Exit Plan.

The Americas 2018 and 2019 Exit Plan activity during the three and six months ended June 30, 2020 consisted of cash payments due under the respective plans.

The following table summarizes the accrued liability and related activity for the three months ended June 30, 2019 (in thousands):

	Americas 2018 Exit Plan			Americas 2019 Exit Plan		
	Lease Obligations and Facility Exit Costs	**Severance and Related Costs**	**Total**	**Lease Obligations and Facility Exit Costs**	**Severance and Related Costs**	**Total**
Balance at the beginning of the period	$ 162	$ 495	$ 657	$ —	$ 1,040	$ 1,040
Charges (reversals) included in "Direct salaries and related costs"	—	(3)	(3)	—	184	184
Charges (reversals) included in "General and administrative"	—	(9)	(9)	54	1,079	1,133
Cash payments	(33)	(261)	(294)	—	(742)	(742)
Balance at the end of the period	$ 129	$ 222	$ 351	$ 54	$ 1,561	$ 1,615

The following table summarizes the accrued liability and related activity for the six months ended June 30, 2019 (in thousands):

	Americas 2018 Exit Plan			Americas 2019 Exit Plan		
	Lease Obligations and Facility Exit Costs	**Severance and Related Costs**	**Total**	**Lease Obligations and Facility Exit Costs**	**Severance and Related Costs**	**Total**
Balance at the beginning of the period	$ 1,769	$ 817	$ 2,586	$ —	$ —	$ —
Charges (reversals) included in "Direct salaries and related costs"	—	(3)	(3)	—	191	191
Charges (reversals) included in "General and administrative"	(4)	10	6	54	2,169	2,223
Cash payments	(298)	(602)	(900)	—	(799)	(799)
Balance sheet reclassifications (1)	(1,338)	—	(1,338)	—	—	—
Balance at the end of the period	$ 129	$ 222	$ 351	$ 54	$ 1,561	$ 1,615

(1) Consists of the reclassification from the restructuring liability to “Operating lease liabilities” and “Long-term operating lease liabilities” upon adoption of ASC 842 on January 1, 2019.

Restructuring Liability Classification

The following table summarizes the Company's short-term and long-term accrued liabilities associated with its Americas 2018 and 2019 Exit Plans (in thousands):

	Americas 2018 Exit Plan		Americas 2019 Exit Plan	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Lease obligations and facility exit costs:				
Included in "Other accrued expenses and current liabilities"	67	54	—	—
Included in "Other long-term liabilities"	—	27	—	—
	67	81	—	—
Severance and related costs:				
Included in "Accrued employee compensation and benefits"	—	6	—	479
Included in "Other accrued expenses and current liabilities"	—	—	—	2
	—	6	—	481
	$ 67	$ 87	$ —	$ 481

Note 5. Fair Value

ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820") defines fair value and establishes a framework for measuring fair value. ASC 820 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Additionally, ASC 820 requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for how these assets and liabilities must be grouped, based on significant levels of observable or unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. This hierarchy requires the use of observable market data when available. These two types of inputs have created the following fair value hierarchy:

- Level 1 — Quoted prices for identical instruments in active markets.
- Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Determination of Fair Value — The Company generally uses quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access to determine fair value and classifies such items in Level 1. Fair values determined by Level 2 inputs utilize inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted market prices in active markets for similar assets or liabilities, and inputs other than quoted market prices that are observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

If quoted market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters, such as interest rates, currency exchange rates, etc. Assets or liabilities valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

The following describes the valuation methodologies used by the Company to measure assets and liabilities at fair value on a recurring basis, including an indication of the level in the fair value hierarchy in which each asset or liability is generally classified, if applicable.

Cash, Short-Term and Other Investments and Accounts Payable — The carrying values for cash, short-term and other investments and accounts payable approximate their fair values.

Long-Term Debt — The carrying value of long-term debt approximates its estimated fair value as the debt bears interest based on variable market rates, as outlined in the debt agreement.

Foreign Currency Contracts — The Company enters into foreign currency forward contracts and options over the counter and values such contracts, including premiums paid on options, at fair value using quoted market prices of comparable instruments or, if none are available, on pricing models or formulas using current market and model assumptions, including adjustments for credit risk. The key inputs include forward or option foreign currency exchange rates and interest rates. These items are classified in Level 2 of the fair value hierarchy.

Investments Held in Rabbi Trust — The investment assets of the rabbi trust are valued using quoted market prices in active markets, which are classified in Level 1 of the fair value hierarchy. For additional information about the deferred compensation plan, refer to Note 8, Investments Held in Rabbi Trust.

The Company's assets and liabilities measured at fair value on a recurring basis subject to the requirements of ASC 820 consisted of the following (in thousands):

		Fair Value Measurements Using:		
	Balance at June 30, 2020	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
Foreign currency contracts (1)	$ 1,833	$ —	$ 1,833	$ —
Equity investments held in rabbi trust for the Deferred Compensation Plan (2)	8,711	8,711	—	—
Debt investments held in rabbi trust for the Deferred Compensation Plan (2)	5,306	5,306	—	—
	$ 15,850	$ 14,017	$ 1,833	$ —
Liabilities:				
Foreign currency contracts (1)	$ 622	$ —	$ 622	$ —
	$ 622	$ —	$ 622	$ —

		Fair Value Measurements Using:		
	Balance at December 31, 2019	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
Foreign currency contracts (1)	$ 3,607	$ —	$ 3,607	$ —
Equity investments held in rabbi trust for the Deferred Compensation Plan (2)	9,125	9,125	—	—
Debt investments held in rabbi trust for the Deferred Compensation Plan (2)	4,802	4,802	—	—
	$ 17,534	$ 13,927	$ 3,607	$ —
Liabilities:				
Foreign currency contracts (1)	$ 251	$ —	$ 251	$ —
	$ 251	$ —	$ 251	$ —

(1) See Note 7, Financial Derivatives, for the classification in the accompanying Condensed Consolidated Balance Sheets.
(2) Included in "Other current assets" in the accompanying Condensed Consolidated Balance Sheets. See Note 8, Investments Held in Rabbi Trust.

Non-Recurring Fair Value

Certain assets, under certain conditions, are measured at fair value on a nonrecurring basis utilizing Level 3 inputs, like those associated with acquired businesses, including goodwill, other intangible assets, other long-lived assets, ROU assets and equity method investments. For these assets, measurement at fair value in periods subsequent to their initial recognition would be applicable if these assets were determined to be impaired. The adjusted carrying values for assets measured at fair value on a nonrecurring basis (no liabilities) subject to the requirements of ASC 820 were not material at June 30, 2020 and December 31, 2019.

The following table summarizes the total impairment losses in the accompanying Condensed Consolidated Statements of Operations related to nonrecurring fair value measurements of certain assets (no liabilities) (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Americas:				
Property and equipment, net	$ 760	$ —	$ 760	$ 343
Operating lease right-of-use assets	1,040	129	1,040	1,368
	$ 1,800	$ 129	$ 1,800	$ 1,711

In connection with the closure of certain under-utilized customer engagement centers and the consolidation of leased space in the U.S., the Company recorded impairment charges during the three and six months ended June 30, 2020 related to the exit of leased facilities as well as leasehold improvements, equipment, furniture and fixtures which were not recoverable.

In connection with the closure of certain under-utilized customer engagement centers and the consolidation of leased space in the U.S. and Canada, the Company recorded impairment charges during the three and six months ended June 30, 2019 related to the exit of leased facilities as well as leasehold improvements, equipment, furniture and fixtures which were not recoverable. See Note 4, Costs Associated with Exit or Disposal Activities, for further information.

Note 6. Goodwill and Intangible Assets

Intangible Assets

The following table presents the Company's purchased intangible assets as of June 30, 2020 (in thousands):

	Gross Intangibles	Accumulated Amortization	Net Intangibles	Weighted Average Amortization Period (years)
Intangible assets subject to amortization:				
Customer relationships	$ 188,875	$ (126,829)	$ 62,046	10
Trade names and trademarks	19,123	(14,043)	5,080	8
Non-compete agreements	923	(508)	415	3
Content library	507	(507)	—	2
Proprietary software	870	(765)	105	5
Intangible assets not subject to amortization:				
Domain names	80,927	—	80,927	N/A
	$ 291,225	$ (142,652)	$ 148,573	4

The following table presents the Company's purchased intangible assets as of December 31, 2019 (in thousands):

	Gross Intangibles	Accumulated Amortization	Net Intangibles	Weighted Average Amortization Period (years)
Intangible assets subject to amortization:				
Customer relationships	$ 191,171	$ (121,074)	$ 70,097	10
Trade names and trademarks	19,380	(12,929)	6,451	8
Non-compete agreements	2,769	(2,181)	588	3
Content library	506	(506)	—	2
Proprietary software	870	(695)	175	5
Intangible assets not subject to amortization:				
Domain names	81,109	—	81,109	N/A
	$ 295,805	$ (137,385)	$ 158,420	5

The Company's estimated future amortization expense for the succeeding years relating to the purchased intangible assets resulting from acquisitions completed prior to June 30, 2020 is as follows (in thousands):

	Amount
2020 (remainder of the year)	$ 5,706
2021	9,341
2022	8,057
2023	7,220
2024	6,975
2025	6,851
2026 and thereafter	23,496

Goodwill

Changes in goodwill for the six months ended June 30, 2020 consisted of the following (in thousands):

	January 1, 2020	Acquisition-Related	Effect of Foreign Currency	June 30, 2020
Americas	$ 259,953	$ —	$ (2,038)	$ 257,915
EMEA	51,294	—	(2,497)	48,797
	$ 311,247	$ —	$ (4,535)	$ 306,712

Changes in goodwill for the year ended December 31, 2019 consisted of the following (in thousands):

	January 1, 2019	Acquisition-Related (1)	Effect of Foreign Currency	December 31, 2019
Americas	$ 255,436	$ 1,202	$ 3,315	$ 259,953
EMEA	47,081	2,421	1,792	51,294
	$ 302,517	$ 3,623	$ 5,107	$ 311,247

(1) The year ended December 31, 2019 includes the impact of adjustments to acquired goodwill upon finalization of working capital adjustments and the tax analysis of WhistleOut's and Symphony's assets acquired and liabilities assumed.

The Company performs its annual goodwill impairment test during the third quarter, or more frequently if indicators of impairment exist.

For the annual goodwill impairment test, the Company elected to forgo the option to first assess qualitative factors and performed its annual quantitative goodwill impairment test as of July 31, 2019. Under ASC 350, *Intangibles – Goodwill and Other*, the carrying value of assets is calculated at the reporting unit level. The quantitative assessment of goodwill includes comparing a reporting unit's calculated fair value to its carrying value. The calculation of fair value requires significant judgments including estimation of future cash flows, which is dependent on internal forecasts, estimation of the projected long-term growth rate and determination of the Company's weighted average cost of capital. Changes in these estimates and assumptions could materially affect the determination of fair value and/or conclusions on goodwill impairment for each reporting unit. If the fair value of the reporting unit is less than its carrying value, goodwill is considered impaired and an impairment loss is recognized for the amount by which the carrying value exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

The process of evaluating the fair value of the reporting units is highly subjective and requires significant judgment and estimates as the reporting units operate in a number of markets and geographical regions. The Company considered the income and market approaches to determine its best estimates of fair value, which incorporated the following significant assumptions:

- Revenue projections, including revenue growth during the forecast periods;
- EBITDA margin projections over the forecast periods;
- Estimated income tax rates;
- Estimated capital expenditures; and
- Discount rates based on various inputs, including the risks associated with the specific reporting units as well as their revenue growth and EBITDA margin assumptions.

As of July 31, 2019, the Company had eight reporting units, seven of which have goodwill. The Company concluded that goodwill was not impaired for all seven of its reporting units with goodwill, based on generally accepted valuation techniques and the significant assumptions outlined above. The fair values of three of the seven reporting units were substantially in excess of their carrying value. The Clearlink, Symphony, Latin America and Qelp reporting units' fair values exceeded their respective carrying values, although the fair value cushion was not substantial. The decrease in the Clearlink reporting unit's cushion from the prior year was primarily attributable to a decrease in the projected long-term growth rate of the U.S. Gross Domestic Product as well as a decline in projected revenue growth. The decrease in the cushion from the prior year for the Latin America and Qelp reporting units was primarily attributable to an increase in the country-specific risk premiums which increased the applied weighted average cost of capital. Symphony was acquired by the Company in November 2018.

The Clearlink, Symphony, Latin America and Qelp reporting units are at risk of future impairment if projected operating results are not met or other inputs into the fair value measurement model change. Symphony's on-site consulting model has been negatively impacted by travel and shelter-in-place restrictions imposed by governments and businesses to reduce the spread of COVID-19. There is significant uncertainty regarding the length of time these restrictions will remain in place. An impairment charge may arise in the future if Symphony's operations experience a prolonged delay in the resumption of its operations or a significant shift in client demand results from the economic downturn. As of June 30, 2020, the Company believes there was no impairment related to Symphony's $39.0 million of goodwill.

As of June 30, 2020, the Company believes there were no indicators of impairment related to Clearlink's $74.2 million of goodwill, Latin America's $18.9 million of goodwill and Qelp's $9.8 million of goodwill.

Note 7. Financial Derivatives

Cash Flow Hedges — The Company has derivative assets and liabilities relating to outstanding forward contracts and options, designated as cash flow hedges, as defined under ASC 815, *Derivatives and Hedging* ("ASC 815"), consisting of Philippine Peso, Costa Rican Colon, Hungarian Forint and Romanian Leu contracts. These foreign currency contracts are entered into to hedge the exposure to variability in the cash flows of a specific asset or liability, or of a forecasted transaction that is attributable to changes in exchange rates.

The deferred gains (losses) and related taxes on the Company's cash flow hedges recorded in "Accumulated other comprehensive income (loss)" ("AOCI") in the accompanying Condensed Consolidated Balance Sheets were as follows (in thousands):

	June 30, 2020	December 31, 2019
Deferred gains (losses) in AOCI	$ 740	$ 2,221
Tax on deferred gains (losses) in AOCI	(45)	69
Deferred gains (losses) in AOCI, net of taxes	$ 695	$ 2,290
Deferred gains (losses) expected to be reclassified to "Revenues" from AOCI during the next twelve months	$ 690	

Deferred gains (losses) and other future reclassifications from AOCI will fluctuate with movements in the underlying market price of the forward contracts and options as well as the related settlement of forecasted transactions.

Non-Designated Hedges

Foreign Currency Forward Contracts — The Company also periodically enters into foreign currency hedge contracts that are not designated as hedges as defined under ASC 815. The purpose of these derivative instruments is to protect the Company's interests against adverse foreign currency moves relating primarily to intercompany receivables and payables, and other assets and liabilities that are denominated in currencies other than the Company's subsidiaries' functional currencies.

The Company had the following outstanding foreign currency forward contracts and options (in thousands):

	June 30, 2020		December 31, 2019	
Contract Type	**Notional Amount in USD**	**Settle Through Date**	**Notional Amount in USD**	**Settle Through Date**
Cash flow hedges:				
Options:				
US Dollars/Philippine Pesos	$ 40,000	December 2020	$ 74,000	December 2020
Forwards:				
US Dollars/Costa Rican Colones	64,000	August 2021	42,000	December 2020
Euros/Hungarian Forints	1,751	December 2020	—	—
Euros/Romanian Leis	7,556	December 2020	—	—
Non-designated hedges:				
Forwards	9,405	November 2021	19,295	November 2021

Master netting agreements exist with each respective counterparty to reduce credit risk by permitting net settlement of derivative positions. In the event of default by the Company or one of its counterparties, these agreements include a set-off clause that provides the non-defaulting party the right to net settle all derivative transactions, regardless of the currency and settlement date. The maximum amount of loss due to credit risk that, based on gross fair value, the Company would incur if parties to the derivative transactions that make up the concentration failed to perform according to the terms of the contracts was $1.8 million and $3.6 million as of June 30, 2020 and December 31, 2019, respectively. After consideration of these netting arrangements and offsetting positions by counterparty, the total net settlement amount as it relates to these positions are asset positions of $1.5 million and $3.4 million as of June 30, 2020 and December 31, 2019, respectively, and liability positions of $0.3 million and $0 as of June 30, 2020 and December 31, 2019, respectively.

Although legally enforceable master netting arrangements exist between the Company and each counterparty, the Company has elected to present the derivative assets and derivative liabilities on a gross basis in the accompanying Condensed Consolidated Balance Sheets. Additionally, the Company is not required to pledge, nor is it entitled to receive, cash collateral related to these derivative transactions.

The following tables present the fair value of the Company's derivative instruments included in the accompanying Condensed Consolidated Balance Sheets (in thousands):

		Derivative Assets	
	Balance Sheet Location	**June 30, 2020**	**December 31, 2019**
Derivatives designated as cash flow hedging instruments:			
Foreign currency contracts	Other current assets	$ 1,678	$ 3,051
Foreign currency contracts	Deferred charges and other assets	50	—
		1,728	3,051
Derivatives not designated as hedging instruments:			
Foreign currency contracts	Other current assets	53	322
Foreign currency contracts	Deferred charges and other assets	52	234
Total derivative assets		$ 1,833	$ 3,607

		Derivative Liabilities	
	Balance Sheet Location	**June 30, 2020**	**December 31, 2019**
Derivatives designated as cash flow hedging instruments:			
Foreign currency contracts	Other accrued expenses and current liabilities	$ 622	$ 138
Derivatives not designated as hedging instruments:			
Foreign currency contracts	Other accrued expenses and current liabilities	—	113
Total derivative liabilities		$ 622	$ 251

The following table presents the effect of the Company's derivative instruments included in the accompanying condensed consolidated financial statements (in thousands):

	Location of Gains (Losses) in Net Income	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Revenues		$ 416,833	$ 389,006	$ 827,999	$ 791,931
Derivatives designated as cash flow hedging instruments:					
Gains (losses) recognized in AOCI:					
Foreign currency contracts		1,179	3,586	868	4,769
Gains (losses) reclassified from AOCI:					
Foreign currency contracts	Revenues	1,438	631	2,364	130
Derivatives not designated as hedging instruments:					
Gains (losses) recognized from foreign currency contracts	Other income (expense), net	$ (164)	$ (432)	$ (410)	$ (465)

Note 8. Investments Held in Rabbi Trust

The Company's investments held in rabbi trust, classified as trading securities and included in "Other current assets" in the accompanying Condensed Consolidated Balance Sheets, at fair value, consist of the following (in thousands):

	June 30, 2020		December 31, 2019	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	$ 10,170	$ 14,017	$ 9,777	$ 13,927

The mutual funds held in rabbi trust were 62% equity-based and 38% debt-based as of June 30, 2020. Net investment gains (losses) included in "Other income (expense), net" in the accompanying Condensed Consolidated Statements of Operations consists of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net realized gains (losses) from sale of trading securities	$ 12	$ 5	$ 62	$ 66
Dividend and interest income	48	53	81	82
Net unrealized holding gains (losses)	1,756	368	(384)	1,458
	$ 1,816	$ 426	$ (241)	$ 1,606

Note 9. Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) consist of the following (in thousands):

	Foreign Currency Translation Adjustments	Unrealized Gain (Loss) on Net Investment Hedge	Unrealized Gain (Loss) on Cash Flow Hedging Instruments	Unrealized Actuarial Gain (Loss) Related to Pension Liability	Unrealized Gain (Loss) on Postretirement Obligation	Total
Balance at January 1, 2019	$ (58,253)	$ 1,046	$ (1,864)	$ 2,256	$ 40	$ (56,775)
Pre-tax amount	5,462	—	6,978	108	—	12,548
Tax (provision) benefit	—	—	20	(23)	—	(3)
Reclassification of (gain) loss to net income	—	—	(2,719)	(100)	48	(2,771)
Foreign currency translation	42	—	(125)	83	—	—
Balance at December 31, 2019	(52,749)	1,046	2,290	2,324	88	(47,001)
Pre-tax amount	(12,979)	—	868	—	—	(12,111)
Tax (provision) benefit	—	—	(184)	7	—	(177)
Reclassification of (gain) loss to net income	—	—	(2,294)	(53)	(44)	(2,391)
Foreign currency translation	(60)	—	15	45	—	—
Balance at June 30, 2020	$ (65,788)	$ 1,046	$ 695	$ 2,323	$ 44	$ (61,680)

The following table summarizes the amounts reclassified to net income from accumulated other comprehensive income (loss) and the associated line item in the accompanying Condensed Consolidated Statements of Operations (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,		Statements of Operations Location
	2020	2019	2020	2019	
Gain (loss) on cash flow hedging instruments: (1)					
Pre-tax amount	$ 1,438	$ 631	$ 2,364	$ 130	Revenues
Tax (provision) benefit	(42)	(35)	(70)	(45)	Income taxes
Reclassification to net income	1,396	596	2,294	85	
Actuarial gain (loss) related to pension liability: (2)					
Pre-tax amount	23	21	46	42	Other income (expense), net
Tax (provision) benefit	4	3	7	6	Income taxes
Reclassification to net income	27	24	53	48	
Gain (loss) on postretirement obligation: (2)(3)					
Reclassification to net income	22	5	44	10	Other income (expense), net
	$ 1,445	$ 625	$ 2,391	$ 143	

(1) See Note 7, Financial Derivatives, for further information.
(2) See Note 13, Defined Benefit Pension Plan and Postretirement Benefits, for further information.
(3) No related tax (provision) benefit.

As discussed in Note 10, Income Taxes, for periods prior to December 31, 2017, any remaining reinvested earnings and outside basis differences associated with the Company's investments in its foreign subsidiaries are considered to be indefinitely reinvested and no provision for income taxes on those earnings or translation adjustments has been provided.

Note 10. Income Taxes

The Company's effective tax rates were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Effective tax rate	22.3%	18.0%	24.3%	23.7%

The increase in the effective tax rate for the three months ended June 30, 2020 as compared to 2019 was primarily due to an election made during the three months ended June 30, 2019 to step up tax basis in a foreign subsidiary which resulted in a $0.6 million discrete tax benefit. The increase was also affected by shifts in earnings among the various jurisdictions in which the Company operates. Several additional factors, none of which were individually material, also impacted the rate. The difference between the Company's effective tax rate as compared to the U.S. statutory federal tax rate of 21.0% was primarily due to the tax impact of permanent differences, state income and foreign withholding taxes, partially offset by the recognition of net tax benefits resulting from foreign tax rate differentials, income earned in certain tax holiday jurisdictions and tax credits.

The increase in the effective tax rate for the six months ended June 30, 2020 as compared to 2019 was primarily due to the aforementioned election to step up tax basis in a foreign subsidiary, partially offset by shifts in earnings among the various jurisdictions in which the Company operates. Several additional factors, none of which were individually material, also impacted the rate. The difference between the Company's effective tax rate as compared to the U.S. statutory federal tax rate of 21.0% was primarily due to the tax impact of permanent differences, state income and foreign withholding taxes, partially offset by the recognition of net tax benefits resulting from foreign tax rate differentials, income earned in certain tax holiday jurisdictions and tax credits.

Prior to December 31, 2017, no additional income taxes have been provided for any reinvested earnings and outside basis differences inherent in the Company's investments in its foreign subsidiaries as these amounts continue to be indefinitely reinvested in foreign operations. Determining the amount of unrecognized deferred tax liability related to any remaining outside basis difference in these entities is not practicable due to the inherent complexity of the multi-national tax environment in which the Company operates.

The Company is currently under audit in several tax jurisdictions. The Company believes it has adequate reserves related to all matters pertaining to these audits. Should the Company experience unfavorable outcomes from these audits, such outcomes could have a significant impact on its financial condition, results of operations and cash flows.

Note 11. Earnings Per Share

Basic earnings per share are based on the weighted average number of common shares outstanding during the periods. Diluted earnings per share includes the weighted average number of common shares outstanding during the respective periods and the further dilutive effect, if any, from stock appreciation rights, restricted stock, restricted stock units and shares held in rabbi trust using the treasury stock method.

The numbers of shares used in the earnings per share computation were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Basic:				
Weighted average common shares outstanding	40,318	42,038	40,726	42,107
Diluted:				
Dilutive effect of stock appreciation rights, restricted stock, restricted stock units and shares held in rabbi trust	62	56	131	93
Total weighted average diluted shares outstanding	40,380	42,094	40,857	42,200
Anti-dilutive shares excluded from the diluted earnings per share calculation	101	207	51	164

On August 18, 2011, the Company's Board of Directors (the "Board") authorized the Company to purchase up to 5.0 million shares of its outstanding common stock (the "2011 Share Repurchase Program"). On March 16, 2016, the Board authorized an increase of 5.0 million shares to the 2011 Share Repurchase Program for a total of 10.0 million shares. A total of 7.8 million shares have been repurchased under the 2011 Share Repurchase Program since inception. The shares are purchased, from time to time, through open market purchases or in negotiated private transactions, and the purchases are based on factors, including but not limited to, the stock price, management discretion and general market conditions. The 2011 Share Repurchase Program has no expiration date.

The shares repurchased under the Company's 2011 Share Repurchase Program were as follows (in thousands, except per share amounts):

	Total Number of Shares Repurchased	Range of Prices Paid Per Share		Total Cost of Shares Repurchased
		Low	High	
Three Months Ended:				
June 30, 2020	500	$ 23.90	$ 27.94	$ 13,019
June 30, 2019	771	$ 24.72	$ 27.30	$ 20,178
Six Months Ended:				
June 30, 2020	1,360	$ 23.33	$ 31.91	$ 35,928
June 30, 2019	771	$ 24.72	$ 27.30	$ 20,178

Note 12. Commitments and Loss Contingencies

Purchase Commitments

The Company enters into various purchase commitment agreements with third-party vendors in the ordinary course of business whereby the Company commits to purchase goods and services used in its normal operations. These agreements generally are not cancelable, range from one to five-year periods and may contain fixed or minimum annual commitments. Certain of these agreements allow for renegotiation of the minimum annual commitments.

Loss Contingencies

Contingencies are recorded in the consolidated financial statements when it is probable that a liability will be incurred and the amount of the loss is reasonably estimable, or otherwise disclosed, in accordance with ASC 450, *Contingencies* ("ASC 450"). Significant judgment is required in both the determination of probability and the determination as to whether a loss is reasonably estimable. In the event the Company determines that a loss is not probable, but is reasonably possible, and it becomes possible to develop what the Company believes to be a reasonable range of possible loss, then the Company will include disclosures related to such matter as appropriate and in compliance with ASC 450.

The Company received a state audit assessment and is currently rebutting the position. The Company has determined that the likelihood of a liability is reasonably possible and developed a range of possible loss up to $1.9 million, net of federal benefit, as of June 30, 2020.

The Company, from time to time, is involved in legal actions arising in the ordinary course of business.

With respect to any such other currently pending matters, management believes that the Company has adequate legal defenses and/or, when possible and appropriate, has provided adequate accruals related to those matters such that the ultimate outcome will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

Note 13. Defined Benefit Pension Plan and Postretirement Benefits

Defined Benefit Pension Plans

The following table provides information about the net periodic benefit cost for the Company's pension plans (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Service cost	$ 108	$ 100	$ 213	$ 198
Interest cost	52	62	103	124
Recognized actuarial (gains)	(23)	(21)	(46)	(42)
	$ 137	$ 141	$ 270	$ 280

The Company's service cost for its qualified pension plans was included in "Direct salaries and related costs" and "General and administrative" costs in its Condensed Consolidated Statements of Operations for the three and six months ended June 30, 3020 and 2019. The remaining components of net periodic benefit cost were included in

“Other income (expense), net” in the Company’s Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2020 and 2019.

Employee Retirement Savings Plans

The Company maintains a 401(k) plan covering defined employees who meet established eligibility requirements, which were last modified on September 30, 2019, effective for contributions made beginning January 1, 2020. Under the current plan provisions, the Company matches 100% of the first 3% and 50% of the next 2% of participant contributions to a maximum matching amount of 4% of participant compensation for most of the Company’s employees. Additionally, participants whose salaries are above a certain threshold are eligible for a Company match of 50% of the first 4% for those participants’ contributions to a maximum matching amount of 2% of participant compensation. The Company’s contributions included in the accompanying Condensed Consolidated Statements of Operations were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
401(k) plan contributions	$ 711	$ 419	$ 1,491	$ 885

Note 14. Stock-Based Compensation

The following table summarizes the stock-based compensation expense (primarily in the Americas) and income tax benefits related to the stock-based compensation, both plan and non-plan related (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Stock-based compensation (expense) (1)	$ (2,042)	$ (2,200)	$ (3,902)	$ (4,090)
Income tax benefit (2)	490	528	936	982

(1) Included in "General and administrative" costs in the accompanying Condensed Consolidated Statements of Operations.
(2) Included in "Income taxes" in the accompanying Condensed Consolidated Statements of Operations.

During the six months ended June 30, 2020, the Company granted 0.4 million performance-based restricted shares/restricted stock units and 0.2 million service-based restricted shares/restricted stock units under the Company’s 2019 Plan, all at a weighted average grant-date fair value of $25.60 per share.

Note 15. Segments and Geographic Information

The Company operates within two regions, the Americas and EMEA. Each region represents a reportable segment comprised of aggregated regional operating segments, which portray similar economic characteristics. The Company aligns its business into two segments to effectively manage the business and support the customer care needs of every client and to respond to the demands of the Company’s global customers.

The reportable segments consist of (1) the Americas, which includes the United States, Canada, Latin America, Australia and the Asia Pacific Rim, and provides outsourced customer engagement solutions (with an emphasis on inbound technical support, digital support and demand generation, and customer service) and technical staffing and (2) EMEA, which includes Europe, the Middle East and Africa, and provides outsourced customer engagement solutions (with an emphasis on technical support and customer service) and fulfillment services. The sites within Latin America, Australia and the Asia Pacific Rim are included in the Americas segment given the nature of the business and client profile, which is primarily made up of U.S.-based companies that are using the Company’s services in these locations to support their customer engagement needs.

Information about the Company's reportable segments is as follows (in thousands):

	Americas		EMEA		Other (1)		Consolidated
Three Months Ended June 30, 2020:							
Revenues	$ 339,272		$ 77,561		$ —		$ 416,833
Percentage of revenues	81.4%		18.6%		0.0%		100.0%
Depreciation, net	$ 10,088		$ 1,818		$ 724		$ 12,630
Amortization of intangibles	$ 3,281		$ 812		$ —		$ 4,093
Income (loss) from operations	$ 40,479		$ 4,078		$ (17,344)		$ 27,213
Total other income (expense), net					1,402		1,402
Income taxes					(6,385)		(6,385)
Net income							$ 22,230
Three Months Ended June 30, 2019:							
Revenues	$ 310,307		$ 78,676		$ 23		$ 389,006
Percentage of revenues	79.8%		20.2%		0.0%		100.0%
Depreciation, net	$ 10,659		$ 1,628		$ 765		$ 13,052
Amortization of intangibles	$ 3,288		$ 839		$ —		$ 4,127
Income (loss) from operations	$ 26,584		$ 4,661		$ (15,990)		$ 15,255
Total other income (expense), net					(1,520)		(1,520)
Income taxes					(2,466)		(2,466)
Net income							$ 11,269
Six Months Ended June 30, 2020:							
Revenues	$ 672,198		$ 155,794		$ 7		$ 827,999
Percentage of revenues	81.2%		18.8%		0.0%		100.0%
Depreciation, net	$ 20,121		$ 3,523		$ 1,447		$ 25,091
Amortization of intangibles	$ 6,567		$ 1,645		$ —		$ 8,212
Income (loss) from operations	$ 76,258		$ 7,258		$ (31,909)		$ 51,607
Total other income (expense), net					(3,848)		(3,848)
Income taxes					(11,611)		(11,611)
Net income							$ 36,148
Six Months Ended June 30, 2019:							
Revenues	$ 635,084		$ 156,804		$ 43		$ 791,931
Percentage of revenues	80.2%		19.8%		0.0%		100.0%
Depreciation, net	$ 22,166		$ 3,254		$ 1,529		$ 26,949
Amortization of intangibles	$ 6,726		$ 1,687		$ —		$ 8,413
Income (loss) from operations	$ 56,652		$ 6,152		$ (30,797)		$ 32,007
Total other income (expense), net					(1,903)		(1,903)
Income taxes					(7,148)		(7,148)
Net income							$ 22,956

(1) Other items (including corporate and other costs, other income and expense, and income taxes) are included for purposes of reconciling to the Company's consolidated totals as shown in the tables above for the periods shown. Inter-segment revenues are not material to the Americas and EMEA segment results.

The Company's reportable segments are evaluated regularly by its chief operating decision maker to decide how to allocate resources and assess performance. The chief operating decision maker evaluates performance based upon reportable segment revenue and income (loss) from operations. Because assets by segment are not reported to or used by the Company's chief operating decision maker to allocate resources, or to assess performance, total assets by segment are not disclosed.

The following table represents a disaggregation of revenue from contracts with customers by delivery location and by the reportable segment (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Americas:				
United States	$ 164,773	$ 144,736	$ 322,437	$ 306,768
The Philippines	62,567	58,793	127,006	114,871
Costa Rica	39,250	31,579	74,131	62,296
Canada	22,955	24,506	48,196	50,070
El Salvador	16,902	20,067	35,622	40,543
Other	32,825	30,626	64,806	60,536
Total Americas	339,272	310,307	672,198	635,084
EMEA:				
Germany	24,116	22,813	48,767	46,677
Other	53,445	55,863	107,027	110,127
Total EMEA	77,561	78,676	155,794	156,804
Total Other	—	23	7	43
	$ 416,833	$ 389,006	$ 827,999	$ 791,931

Note 16. Other Income (Expense)

Other income (expense), net consists of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Foreign currency transaction gains (losses)	$ 48	$ (361)	$ (1,558)	$ (537)
Gains (losses) on derivative instruments not designated as hedges	(164)	(432)	(410)	(465)
Net investment gains (losses) on investments held in rabbi trust	1,816	426	(241)	1,606
Other miscellaneous income (expense)	97	(166)	(787)	(527)
	$ 1,797	$ (533)	$ (2,996)	$ 77

Note 17. Related Party Transactions

In January 2008, the Company entered into a lease for a customer engagement center located in Kingstree, South Carolina. The landlord, Kingstree Office One, LLC, is an entity controlled by John H. Sykes, the founder, former Chairman and former Chief Executive Officer of the Company and the father of Charles Sykes, President and Chief Executive Officer of the Company. The lease payments on the 20-year lease were negotiated at or below market rates, and the lease is cancellable at the option of the Company. The Company paid $0.1 million to the landlord during both the three months ended June 30, 2020 and 2019, and $0.2 million during both the six months ended June 30, 2020 and 2019, under the terms of the lease.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Sykes Enterprises, Incorporated
400 North Ashley Drive
Tampa, Florida

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheet of Sykes Enterprises, Incorporated and subsidiaries (the "Company") as of June 30, 2020, the related condensed consolidated statements of operations, comprehensive income (loss), and changes in shareholders' equity for the three-month and six-month periods ended June 30, 2020 and 2019, and of cash flows for the six-month periods ended June 30, 2020 and 2019, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2019, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 27, 2020, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2019, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Deloitte & Touche LLP
Tampa, Florida

August 4, 2020

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with the condensed consolidated financial statements and notes included elsewhere in this report and the consolidated financial statements and notes in the Sykes Enterprises, Incorporated ("SYKES," "our," "we" or "us") Annual Report on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission ("SEC").

Our discussion and analysis may contain forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that are based on current expectations, estimates, forecasts, and projections about SYKES, our beliefs, and assumptions made by us, including our belief that our operations have not been materially impacted by the April 2020 cyber incident, as discussed in Note 18, Subsequent Event, in our Form 10-Q for the three months ended March 31, 2020, as filed with the SEC. In addition, we may make other written or oral statements, which constitute forward-looking statements, from time to time. Words such as "believe," "estimate," "project," "expect," "intend," "may," "anticipate," "plan," "seek," variations of such words, and similar expressions are intended to identify such forward-looking statements. Similarly, statements that describe our future plans, objectives, or goals also are forward-looking statements. Further, statements about the effects of the novel coronavirus ("COVID-19") pandemic on our business, operations, financial performance and prospects may constitute forward-looking statements and are subject to the risk that the actual impacts may differ, possibly materially, from what is reflected in those forward-looking statements due to factors and future developments that are uncertain, unpredictable and in many cases beyond our control, including the scope and duration of the pandemic, actions taken by governmental authorities in response to the pandemic, and the direct and indirect impact of the pandemic on our clients, third parties and us. These statements are not guarantees of future performance and are subject to a number of risks and uncertainties, including those discussed below and elsewhere in this report. Our actual results may differ materially from what is expressed or forecasted in such forward-looking statements, and undue reliance should not be placed on such statements. All forward-looking statements are made as of the date hereof, and we undertake no obligation to update any such forward-looking statements, whether as a result of new information, future events or otherwise.

Factors that could cause actual results to differ materially from what is expressed or forecasted in such forward-looking statements include, but are not limited to: (i) the impact of economic recessions in the U.S. and other parts of the world, (ii) fluctuations in global business conditions and the global economy, (iii) currency fluctuations, (iv) the timing of significant orders for our products and services, (v) variations in the terms and the elements of services offered under our standardized contract including those for future bundled service offerings, (vi) changes in applicable accounting principles or interpretations of such principles, (vii) difficulties or delays in implementing our bundled service offerings, (viii) failure to achieve sales, marketing and other objectives, (ix) construction delays of new or expansion of existing customer engagement centers, (x) delays in our ability to develop new products and services and market acceptance of new products and services, (xi) rapid technological change, (xii) loss or addition of significant clients, (xiii) political and country-specific risks inherent in conducting business abroad, (xiv) our ability to attract and retain key management personnel, (xv) our ability to continue the growth of our support service revenues through additional technical and customer engagement centers, (xvi) our ability to further penetrate into vertically integrated markets, (xvii) our ability to expand our global presence through strategic alliances and selective acquisitions, (xviii) our ability to continue to establish a competitive advantage through sophisticated technological capabilities, (xix) the ultimate outcome of any lawsuits, (xx) our ability to recognize deferred revenue through delivery of products or satisfactory performance of services, (xxi) our dependence on the demand for outsourcing, (xxii) risk of interruption of technical and customer engagement center operations due to such factors as fire, earthquakes, inclement weather and other disasters, power failures, telecommunication failures, unauthorized intrusions, computer viruses and other emergencies, (xxiii) the existence of substantial competition, (xxiv) the early termination of contracts by clients, (xxv) the ability to obtain and maintain grants and other incentives (tax or otherwise), (xxvi) the potential of cost savings/synergies associated with acquisitions not being realized, or not being realized within the anticipated time period, (xxvii) risks related to the integration of the acquisitions and the impairment of any related goodwill, and (xxviii) other risk factors that are identified in our most recent Annual Report on Form 10-K for the year ended December 31, 2019, including factors identified under the headings "Business," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Executive Summary

We are a leading provider of multichannel demand generation and global comprehensive customer engagement services. We provide differentiated full lifecycle customer engagement solutions and services primarily to Global 2000 companies and their end customers, principally in the financial services, communications, technology, transportation & leisure, healthcare and other industries. Our differentiated full lifecycle management services platform effectively engages customers at every touchpoint within the customer journey, including digital marketing and acquisition, sales expertise, customer service, technical support and retention, many of which can be optimized by a suite of robotic process automation (“RPA”) and artificial intelligence (“AI”) solutions. We serve our clients through two geographic operating regions: the Americas (United States, Canada, Latin America, Australia and the Asia Pacific Rim) and EMEA (Europe, the Middle East and Africa). Our Americas and EMEA regions primarily provide customer engagement solutions and services with an emphasis on inbound multichannel demand generation, customer service and technical support to our clients’ customers. These services, which represented 98.9% and 97.4% of consolidated revenues during the three months ended June 30, 2020 and 2019, respectively, and 98.7% and 97.8% during the six months ended June 30, 2020 and 2019, respectively, are delivered through multiple communication channels including phone, e-mail, social media, text messaging, chat and digital self-service. We also provide various enterprise support services in the United States (“U.S.”) that include services for our clients’ internal support operations, from technical staffing services to outsourced corporate help desk services. In Europe, we also provide fulfillment services, which include order processing, payment processing, inventory control, product delivery and product returns handling. Additionally, through our acquisition of RPA provider Symphony Ventures Ltd (“Symphony”) coupled with our investment in AI through XSell Technologies, Inc. (“XSell”), we also provide a suite of solutions such as consulting, implementation, hosting and managed services that optimizes our differentiated full lifecycle management services platform. Our complete service offering helps our clients acquire, retain and increase the lifetime value of their customer relationships. We have developed an extensive global reach with customer engagement centers across six continents, including North America, South America, Europe, Asia, Australia and Africa. We deliver cost-effective solutions that generate demand, enhance the customer service experience, promote stronger brand loyalty, and bring about high levels of performance and profitability.

Recent Developments

Coronavirus

On March 11, 2020, the World Health Organization characterized COVID-19 a pandemic. The global nature, rapid spread and continually evolving response by governments throughout the world to combat the spread has had a negative impact on the global economy. Certain of our customer engagement centers have been impacted by local government actions restricting facility access or are operating at lower capacity utilization levels to achieve social distancing. We are committed to the health and safety of our workforce and ensuring business continuity for the brands we serve. In response, we have shifted as many employees as possible to a work-at-home model. As of the middle of July 2020, approximately 95% of agents assigned to our brick-and-mortar facilities are working at our centers or from home across the world with 70% having transitioned to a work-at-home model. Approximately 5% of our agents lack the technical infrastructure to work from home. Our operations in the Philippines, El Salvador and Mexico have been most impacted by the governmental restrictions.

We continue to closely monitor the prevalence of COVID-19 in the communities where our centers are located as well as guidance from public health authorities, federal and local agencies and municipalities. We will work with employees and clients to transition agents back to our centers based on that guidance, but risk further disruption to our business if COVID-19 returns or governments reimpose restrictions.

Exit Plans

Americas 2019 Exit Plan

During the first quarter of 2019, we initiated a restructuring plan to simplify and refine our operating model in the U.S. (the “Americas 2019 Exit Plan”), in part to improve agent attrition and absenteeism. The Americas 2019 Exit Plan included the closure of customer engagement centers, the consolidation of leased space in various locations in the U.S. and management reorganization. We finalized the actions under the Americas 2019 Exit Plan as of September 30, 2019.

Americas 2018 Exit Plan

During the second quarter of 2018, we initiated a restructuring plan to manage and optimize capacity utilization, which included the closure of customer engagement centers and the consolidation of leased space in various locations in the U.S. and Canada (the “Americas 2018 Exit Plan”). We finalized the site closures under the Americas 2018 Exit Plan as of December 2018, which resulted in a decrease of approximately 5,000 seats.

See Note 4, Costs Associated with Exit or Disposal Activities, in the accompanying “Notes to Condensed Consolidated Financial Statements” for further information.

Results of Operations

The following table sets forth, for the periods indicated, the amounts presented in the accompanying Condensed Consolidated Statements of Operations as well as the change between the respective periods:

	Three Months Ended June 30,			Six Months Ended June 30,		
(in thousands)	2020	2019	$ Change	2020	2019	$ Change
Revenues	$ 416,833	$ 389,006	$ 27,827	$ 827,999	$ 791,931	$ 36,068
Operating expenses:						
Direct salaries and related costs	268,433	252,161	16,272	535,378	513,889	21,489
General and administrative	102,664	104,282	(1,618)	205,911	208,962	(3,051)
Depreciation, net	12,630	13,052	(422)	25,091	26,949	(1,858)
Amortization of intangibles	4,093	4,127	(34)	8,212	8,413	(201)
Impairment of long-lived assets	1,800	129	1,671	1,800	1,711	89
Total operating expenses	389,620	373,751	15,869	776,392	759,924	16,468
Income from operations	27,213	15,255	11,958	51,607	32,007	19,600
Other income (expense):						
Interest income	165	192	(27)	428	377	51
Interest (expense)	(560)	(1,179)	619	(1,280)	(2,357)	1,077
Other income (expense), net	1,797	(533)	2,330	(2,996)	77	(3,073)
Total other income (expense), net	1,402	(1,520)	2,922	(3,848)	(1,903)	(1,945)
Income before income taxes	28,615	13,735	14,880	47,759	30,104	17,655
Income taxes	6,385	2,466	3,919	11,611	7,148	4,463
Net income	$ 22,230	$ 11,269	$ 10,961	$ 36,148	$ 22,956	$ 13,192

Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019

Revenues

	Three Months Ended June 30,				
	2020		2019		
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change
Americas	$ 339,272	81.4%	$ 310,307	79.8%	$ 28,965
EMEA	77,561	18.6%	78,676	20.2%	(1,115)
Other	-	0.0%	23	0.0%	(23)
Consolidated	$ 416,833	100.0%	$ 389,006	100.0%	$ 27,827

Consolidated revenues increased $27.8 million, or 7.2%, for the three months ended June 30, 2020 from the comparable period in 2019.

The increase in Americas’ revenues was due to higher volumes from existing clients of $40.6 million and new clients of $11.4 million, partially offset by end-of-life client programs of $21.5 million primarily in the communications vertical and an unfavorable foreign currency impact of $1.6 million. Revenues from our offshore operations represented 42.6% of Americas’ revenues in 2020, compared to 43.1% for the comparable period in 2019.

The decrease in EMEA’s revenues was due to end-of-life client programs of $2.6 million primarily in the communications and other verticals and an unfavorable foreign currency impact of $2.4 million, partially offset by new clients of $2.5 million and higher volumes from existing clients of $1.4 million.

On a consolidated basis, we had 48,600 brick-and-mortar seats as of June 30, 2020, an increase of 1,200 seats from the comparable period in 2019. Virtually all of this additional capacity was demand driven and was contracted at the start of the year. On a segment basis, 40,400 seats were located in the Americas, an increase of 700 seats from the comparable period in 2019, and 8,200 seats were located in EMEA, an increase of 500 seats from the comparable period in 2019.

On a consolidated basis, the capacity utilization rate was 73%, compared to 71% in the comparable period in 2019, primarily driven by higher demand coupled with our ability to rapidly mobilize our brick-and-mortar agents to the home agent platform globally to service that demand. As of the middle of July 2020, approximately 70% of agents who typically work in our brick-and-mortar facilities have transitioned to work at home, 25% are working in our facilities and the remaining 5% of agents are at home but idle.

The capacity utilization rate for the Americas in 2020 was 73%, compared to 70% in the comparable period in 2019, with the increase driven by higher demand. The capacity utilization rate for EMEA in 2020 was 69%, compared to 74% in the comparable period in 2019, with the decrease due to the timing of the capacity additions contracted at the start of the year. We strive to attain a capacity utilization rate of 85% at each of our locations. Capacity utilization is measured by taking the number of agents and indirect support headcount and dividing it by the number of seats provisioned for utilization. Capacity utilization is a critical metric for us as it is used as an input to the pricing, revenue and margin drivers of our business as well as capital allocation.

Direct Salaries and Related Costs

	Three Months Ended June 30,					
	2020		2019			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Americas	$ 214,606	63.3%	$ 197,879	63.8%	$ 16,727	-0.5%
EMEA	53,827	69.4%	54,282	69.0%	(455)	0.4%
Consolidated	$ 268,433	64.4%	$ 252,161	64.8%	$ 16,272	-0.4%

The increase of $16.3 million in direct salaries and related costs included a favorable foreign currency impact of $0.7 million in the Americas and a favorable foreign currency impact of $1.9 million in EMEA.

The decrease in Americas' direct salaries and related costs, as a percentage of revenues, was primarily attributable to lower recruiting costs of 0.5%, lower auto tow claim costs of 0.4%, lower customer-acquisition advertising costs of 0.3%, lower communications costs of 0.3% and lower other costs of 0.2%, partially offset by higher travel costs of 0.7% and higher compensation costs of 0.5%.

The increase in EMEA's direct salaries and related costs, as a percentage of revenues, was primarily attributable to higher compensation costs of 2.3% driven by a decrease in consultant productivity at Symphony resulting principally from project delays due to COVID-19 in the current period and higher software and maintenance costs of 0.2%, partially offset by lower software purchased for resale of 1.1% due primarily to the aforementioned project delays, lower travel costs of 0.6%, lower auto and parking costs of 0.2% and lower other costs of 0.2%.

General and Administrative

	Three Months Ended June 30,					
	2020		2019			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Americas	$ 69,018	20.3%	$ 71,768	23.1%	$ (2,750)	-2.8%
EMEA	17,026	22.0%	17,266	21.9%	(240)	0.1%
Other	16,620	-	15,248	-	1,372	-
Consolidated	$ 102,664	24.6%	$ 104,282	26.8%	$ (1,618)	-2.2%

The decrease of $1.6 million in general and administrative expenses included a favorable foreign currency impact of $0.5 million in the Americas and a favorable foreign currency impact of $0.5 million in EMEA.

The decrease in Americas' general and administrative expenses, as a percentage of revenues, was primarily attributable to lower facility-related costs of 1.2% was primarily attributable to COVID-19 restrictions related to the on-site facility occupancy rates as well as fewer sites in operation, lower compensation costs of 0.5%, lower travel costs of 0.4%, lower software and maintenance costs of 0.3% and lower other costs of 0.4%.

The increase in EMEA's general and administrative expenses, as a percentage of revenues, was primarily attributable to higher compensation costs of 1.0% and higher software and maintenance costs of 0.4%, partially offset by lower travel costs of 0.7%, lower legal and professional fees of 0.3%, lower technology equipment and maintenance costs of 0.2% and lower other costs of 0.1%.

The increase in Other general and administrative expenses, which includes corporate and other costs, was primarily attributable to higher compensation costs of $1.9 million and higher software and maintenance costs of $0.2 million, partially offset by lower travel costs of $0.4 million and lower other costs of $0.3 million.

Depreciation, Amortization and Impairment of Long-Lived Assets

	Three Months Ended June 30,					
	2020		2019			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Depreciation, net:						
Americas	$ 10,088	3.0%	$ 10,659	3.4%	$ (571)	-0.4%
EMEA	1,818	2.3%	1,628	2.1%	190	0.2%
Other	724	-	765	-	(41)	-
Consolidated	$ 12,630	3.0%	$ 13,052	3.4%	$ (422)	-0.4%
Amortization of intangibles:						
Americas	$ 3,281	1.0%	$ 3,288	1.1%	$ (7)	-0.1%
EMEA	812	1.0%	839	1.1%	(27)	-0.1%
Other	—	-	—	-	—	-
Consolidated	$ 4,093	1.0%	$ 4,127	1.1%	$ (34)	-0.1%
Impairment of long-lived assets:						
Americas	$ 1,800	0.5%	$ 129	0.0%	$ 1,671	0.5%
EMEA	—	0.0%	—	0.0%	—	0.0%
Other	—	-	—	-	—	-
Consolidated	$ 1,800	0.4%	$ 129	0.0%	$ 1,671	0.4%

The decrease in depreciation was primarily due to the impact since the prior period of certain fully depreciated fixed assets, partially offset by new depreciable fixed assets placed into service supporting site expansions and infrastructure upgrades.

Amortization remained consistent with the comparable period.

See Note 5, Fair Value, in the accompanying "Notes to Condensed Consolidated Financial Statements" for further information on the impairment of long-lived assets.

Other Income (Expense)

	Three Months Ended June 30,		
(in thousands)	2020	2019	$ Change
Interest income	$ 165	$ 192	$ (27)
Interest (expense)	$ (560)	$ (1,179)	$ 619
Other income (expense), net:			
Foreign currency transaction gains (losses)	$ 48	$ (361)	$ 409
Gains (losses) on derivative instruments not designated as hedges	(164)	(432)	268
Gains (losses) on investments held in rabbi trust	1,816	426	1,390
Other miscellaneous income (expense)	97	(166)	263
Total other income (expense), net	$ 1,797	$ (533)	$ 2,330

Interest income remained consistent with the comparable period.

The decrease in interest (expense) was primarily due to lower average outstanding borrowings and lower average interest rates than in the comparable period.

The change in other income (expense), net, was primarily due to an increase in value of investments held in rabbi trust and an increase in foreign exchange gains over the comparable period.

See Note 8, Investments Held in Rabbi Trust, in the accompanying "Notes to Condensed Consolidated Financial Statements" for further information.

Income Taxes

	Three Months Ended June 30,		
(in thousands)	2020	2019	$ Change
Income before income taxes	$ 28,615	$ 13,735	$ 14,880
Income taxes	6,385	2,466	3,919
			% Change
Effective tax rate	22.3%	18.0%	4.3%

The increase in the effective tax rate in 2020 compared to 2019 was primarily due to an election made during the three months ended June 30, 2019 to step up tax basis in a foreign subsidiary which resulted in a $0.6 million discrete tax benefit. The increase was also affected by shifts in earnings among the various jurisdictions in which we operate. Several additional factors, none of which are individually material, also impacted the rate.

Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

Revenues

	Six Months Ended June 30,				
	2020		2019		
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change
Americas	$ 672,198	81.2%	$ 635,084	80.2%	$ 37,114
EMEA	155,794	18.8%	156,804	19.8%	(1,010)
Other	7	0.0%	43	0.0%	(36)
Consolidated	$ 827,999	100.0%	$ 791,931	100.0%	$ 36,068

Consolidated revenues increased $36.1 million, or 4.6%, for the six months ended June 30, 2020 from the comparable period in 2019.

The increase in Americas' revenues was due to higher volumes from existing clients of $66.4 million and new clients of $18.7 million, partially offset by end-of-life client programs of $46.2 million primarily in the communications vertical and an unfavorable foreign currency impact of $1.8 million. Revenues from our offshore operations represented 42.7% of Americas' revenues in 2020, compared to 41.5% for the comparable period in 2019.

The decrease in EMEA's revenues was due to end-of-life client programs of $5.4 million primarily in the communications and other verticals and an unfavorable foreign currency impact of $5.0 million, partially offset by higher volumes from existing clients of $5.6 million and new clients of $3.8 million.

Direct Salaries and Related Costs

	Six Months Ended June 30,					
	2020		2019			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Americas	$ 427,234	63.6%	$ 405,478	63.8%	$ 21,756	-0.2%
EMEA	108,144	69.4%	108,411	69.1%	(267)	0.3%
Consolidated	$ 535,378	64.7%	$ 513,889	64.9%	$ 21,489	-0.2%

The increase of $21.5 million in direct salaries and related costs included a unfavorable foreign currency impact of $0.3 million in the Americas and a favorable foreign currency impact of $3.8 million in EMEA.

The decrease in Americas' direct salaries and related costs, as a percentage of revenues, was primarily attributable to lower customer-acquisition advertising costs of 0.5%, lower auto tow claim costs of 0.4%, lower communications costs of 0.3% and lower other costs of 0.2%, partially offset by was primarily attributable to higher compensation costs of 0.8% and higher travel costs of 0.4%.

The increase in EMEA's direct salaries and related costs, as a percentage of revenues, was primarily attributable to higher compensation costs of 1.7% driven by a decrease in consultant productivity at Symphony resulting principally from project delays due to COVID-19 in the current period and higher other costs of 0.3%, partially offset by lower software purchased for resale of 0.8%, lower communications costs of 0.3%, lower rebillable costs of 0.3% and lower travel costs of 0.3%.

General and Administrative

	Six Months Ended June 30,					
	2020		2019			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Americas	$ 140,218	20.9%	$ 142,351	22.4%	$ (2,133)	-1.5%
EMEA	35,224	22.6%	37,300	23.8%	(2,076)	-1.2%
Other	30,469	-	29,311	-	1,158	-
Consolidated	$ 205,911	24.9%	$ 208,962	26.4%	$ (3,051)	-1.5%

The decrease of $3.1 million in general and administrative expenses included a favorable foreign currency impact of $0.3 million in the Americas and a favorable foreign currency impact of $1.1 million in EMEA.

The decrease in Americas' general and administrative expenses, as a percentage of revenues, was primarily attributable to lower facility-related costs of 0.7%, lower merger and integration costs of 0.3%, lower compensation costs of 0.3% and lower travel costs of 0.2%.

The decrease in EMEA's general and administrative expenses, as a percentage of revenues, was primarily attributable to lower merger and integration costs of 1.0%, lower travel costs of 0.4%, lower legal and professional fees of 0.3% and lower technology equipment and maintenance costs of 0.2%, partially offset by higher software and maintenance costs of 0.3%, higher compensation costs of 0.2% and higher other costs of 0.2%.

The increase in Other general and administrative expenses, which includes corporate and other costs, was primarily attributable to higher merger and integration costs of $1.3 million, higher software and maintenance costs of $0.4 million, higher charitable contributions of $0.2 million and higher other costs of $0.1 million, partially offset by lower compensation costs of $0.4 million and lower travel costs of $0.4 million.

Depreciation, Amortization and Impairment of Long-Lived Assets

	Six Months Ended June 30,					
	2020		2019			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Depreciation, net:						
Americas	$ 20,121	3.0%	$ 22,166	3.5%	$ (2,045)	-0.5%
EMEA	3,523	2.3%	3,254	2.1%	269	0.2%
Other	1,447	-	1,529	-	(82)	-
Consolidated	$ 25,091	3.0%	$ 26,949	3.4%	$ (1,858)	-0.4%
Amortization of intangibles:						
Americas	$ 6,567	1.0%	$ 6,726	1.1%	$ (159)	-0.1%
EMEA	1,645	1.1%	1,687	1.1%	(42)	0.0%
Other	—	-	—	-	—	-
Consolidated	$ 8,212	1.0%	$ 8,413	1.1%	$ (201)	-0.1%
Impairment of long-lived assets:						
Americas	$ 1,800	0.3%	$ 1,711	0.3%	$ 89	0.0%
EMEA	—	0.0%	—	0.0%	—	0.0%
Other	—	-	—	-	—	-
Consolidated	$ 1,800	0.2%	$ 1,711	0.2%	$ 89	0.0%

The decrease in depreciation was primarily due to the impact since the prior period of certain fully depreciated fixed assets, partially offset by new depreciable fixed assets placed into service supporting site expansions and infrastructure upgrades.

The decrease in amortization was primarily due to the impact since the prior period of certain fully amortized intangible assets.

See Note 5, Fair Value, in the accompanying "Notes to Condensed Consolidated Financial Statements" for further information on the impairment of long-lived assets.

Other Income (Expense)

(in thousands)	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	$ Change
Interest income	$ 428	$ 377	$ 51
Interest (expense)	$ (1,280)	$ (2,357)	$ 1,077
Other income (expense), net:			
Foreign currency transaction gains (losses)	$ (1,558)	$ (537)	$ (1,021)
Gains (losses) on derivative instruments not designated as hedges	(410)	(465)	55
Gains (losses) on investments held in rabbi trust	(241)	1,606	(1,847)
Other miscellaneous income (expense)	(787)	(527)	(260)
Total other income (expense), net	$ (2,996)	$ 77	$ (3,073)

Interest income remained consistent with the comparable period.

The decrease in interest (expense) was primarily due to lower average outstanding borrowings and lower average interest rates than in the comparable period.

The change in other income (expense), net, was primarily due to a decline in value of investments held in rabbi trust and an increase in foreign exchange losses over the comparable period.

See Note 8, Investments Held in Rabbi Trust, in the accompanying "Notes to Condensed Consolidated Financial Statements" for further information.

Income Taxes

(in thousands)	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	$ Change
Income before income taxes	$ 47,759	$ 30,104	$ 17,655
Income taxes	11,611	7,148	4,463
			% Change
Effective tax rate	24.3%	23.7%	0.6%

The increase in the effective tax rate in 2020 compared to 2019 was primarily due to an election made during the three months ended June 30, 2019 to step up tax basis in a foreign subsidiary which resulted in a $0.6 million discrete tax benefit, partially offset by shifts in earnings among the various jurisdictions in which we operate. Several additional factors, none of which are individually material, also impacted the rate.

Client Concentration

Our top ten clients accounted for 45.9% and 42.9% of our consolidated revenues in the three months ended June 30, 2020 and 2019, respectively, and 45.3% and 42.5% of our consolidated revenues in the six months ended June 30, 2020 and 2019, respectively.

Total revenues by segment from our largest client in each of the periods, which was in the financial services vertical for the three and six months ended June 30, 2020 and the communications vertical for the three and six months ended June 30, 2019, were as follows (in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2020		2019		2020		2019	
	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues
Americas	$ 32,123	9.5%	$ 28,238	9.1%	$ 61,726	9.2%	$ 58,863	9.3%
EMEA	—	0.0%	52	0.1%	—	0.0%	89	0.1%
	$ 32,123	7.7%	$ 28,290	7.3%	$ 61,726	7.5%	$ 58,952	7.4%

Total revenues by segment of our clients that each individually represents 10% or greater of that segment's revenues in each of the periods were as follows (in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2020		2019		2020		2019	
	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues
Americas	$ —	0.0%	$ —	0.0%	$ —	0.0%	$ —	0.0%
EMEA	17,683	22.8%	10,103	12.8%	35,156	22.6%	20,036	12.8%
	$ 17,683	4.2%	$ 10,103	2.6%	$ 35,156	4.2%	$ 20,036	2.5%

Business Outlook

On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. The global nature, rapid spread and continually evolving response by governments throughout the world to combat the spread has had a negative impact on the global economy. Certain of our customer engagement centers have been impacted by local government actions restricting facility access or are operating at lower capacity utilization levels. We are committed to the health and safety of our workforce and ensuring business continuity for the brands we serve. In response, we have shifted as many employees as possible to a work-at-home model. As of the middle of July 2020, approximately 95% of agents assigned to our brick-and-mortar facilities are working at our centers or from home across the world with 70% having transitioned to a work-at-home model. Approximately 5% of our agents lack the technical infrastructure to work from home. Our operations in the Philippines, El Salvador and Mexico have been most impacted by the governmental restrictions.

We continue to monitor the progression of the pandemic and may take additional actions in response to government orders or that we believe are in the best interests of our employees, clients and shareholders. Due to the unprecedented nature of this pandemic, forward-looking guidance has been suspended.

Liquidity and Capital Resources

Our primary sources of liquidity are typically cash flows generated by operating activities and from available borrowings under our revolving credit facility. We utilize these capital resources to make capital expenditures associated primarily with our customer engagement services, invest in technology applications and tools to further develop our service offerings and for working capital and other general corporate purposes, including the repurchase of our common stock in the open market and to fund acquisitions. In future periods, we intend similar uses of these funds.

Our Board of Directors authorized us to purchase up to 10.0 million shares of our outstanding common stock (the "2011 Share Repurchase Program") on August 18, 2011, as amended on March 16, 2016. A total of 7.8 million shares have been repurchased under the 2011 Share Repurchase Program since inception. The shares are purchased, from time to time, through open market purchases or in negotiated private transactions, and the purchases are based on factors, including but not limited to, the stock price, management discretion and general market conditions. The 2011 Share Repurchase Program has no expiration date.

During the six months ended June 30, 2020, cash increased $86.6 million from operating activities, $23.0 million of debt proceeds and $0.6 million of other cash inflows, partially offset by $47.0 million used to repay long-term debt, $35.9 million used to repurchase common stock, $22.9 million used for capital expenditures and $1.1 million to repurchase common stock for tax withholding on equity awards, resulting in a $3.3 million increase in available cash, cash equivalents and restricted cash (including the unfavorable effects of foreign currency exchange rates on cash, cash equivalents and restricted cash of $1.8 million).

Net cash flows provided by operating activities for the six months ended June 30, 2020 were $86.6 million, compared to $56.3 million for the comparable period in 2019. The $30.3 million increase in net cash flows from operating activities was due to a net increase of $15.9 million in cash flows from assets and liabilities, a $13.2 million increase in net income and a $1.2 million increase in non-cash reconciling items such as net unrealized foreign currency transaction gains (losses), bad debt expense, net unrealized gains (losses) and premiums on financial instruments and depreciation. The $15.9 million increase in 2020 from 2019 in cash flows from assets and liabilities was principally a result of a $7.5 million change in net taxes payable, a $5.0 million decrease in other assets and a $3.1 million increase in other liabilities. The $7.5 million increase in net taxes payable was primarily due to extensions of payment deadlines granted by several jurisdictions. The $5.0 million decrease in other assets was primarily due to a $3.4 million decrease in deferred charges and other assets driven by an increase in the prior year in long-term accounts receivable and deferred finance charges associated with the 2019 Credit Agreement. The $3.1 million increase in the change in other liabilities was primarily due to a $5.5 million increase in other long-term liabilities driven by the deferral of our portion of social security taxes as permitted by the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, partially offset by a $1.5 million decrease related to the timing of accrued expenses and current liabilities and a $1.4 million decrease related to the timing of accounts payable.

Capital expenditures, which are generally funded by cash generated from operating activities, available cash balances and borrowings available under our credit facilities, were $22.9 million for the six months ended June 30, 2020, compared to $16.4 million for the comparable period in 2019, an increase of $6.5 million.

On February 14, 2019, we entered into a $500 million senior revolving credit facility (the “2019 Credit Agreement”) with a group of lenders, KeyBank National Association, as Administrative Agent, Swing Line Lender and Issuing Lender (“KeyBank”), the lenders named therein, and KeyBanc Capital Markets Inc. as Lead Arranger and Sole Book Runner. The 2019 Credit Agreement replaced our previous $440 million revolving credit facility dated May 12, 2015 (the “2015 Credit Agreement”), which agreement was terminated simultaneous with entering into the 2019 Credit Agreement. The 2019 Credit Agreement is subject to certain borrowing limitations and includes certain customary financial and restrictive covenants. We are not currently aware of any inability of our lenders to provide access to the full commitment of funds that exist under the 2019 Credit Agreement, if necessary. However, there can be no assurance that such facility will be available to us, even though it is a binding commitment of the financial institutions. The 2019 Credit Agreement will mature on February 14, 2024. As of June 30, 2020, we were in compliance with all loan requirements of the 2019 Credit Agreement and had $49.0 million of outstanding borrowings under this facility. For additional discussion of our credit agreements, see Note 18, Borrowings in the “Notes to the Consolidated Financial Statements” section of our Annual Report on Form 10-K for the year ended December 31, 2019.

Our credit agreements had an average daily utilization of $71.4 million and $90.0 million during the three months ended June 30, 2020 and 2019, respectively, and $67.6 million and $92.8 million during the six months ended June 30, 2020 and 2019, respectively. During the three months ended June 30, 2020 and 2019, the related interest expense, including the commitment fee and excluding the amortization of deferred loan fees, was $0.4 million and $0.9 million, respectively, which represented weighted average interest rates of 2.3% and 4.1%, respectively. During the six months ended June 30, 2020 and 2019, the related interest expense, including the commitment fee and excluding the amortization of deferred loan fees, was $1.0 million and $1.9 million, respectively, which represented weighted average interest rates of 3.0% and 4.1%, respectively.

We repaid $24.0 million, net, of long-term debt outstanding under the 2019 Credit Agreement during the six months ended June 30, 2020. Our future interest expense for the remainder of 2020 will vary based on our usage of the 2019 Credit Agreement and market interest rates.

We are currently under audit in several tax jurisdictions and believe we have adequate reserves related to all matters pertaining to these audits. Should we experience unfavorable outcomes from these audits, such outcomes could have a significant impact on our financial condition, results of operations and cash flows.

As part of the July 1, 2018 WhistleOut acquisition, an AUD 14.0 million three-year retention bonus is payable in installments on or around July 1, 2019, 2020 and 2021. We paid the first installment of AUD 6.0 million ($4.2 million) in July 2019. We accelerated the 2021 installment of the retention bonus and paid AUD 8.0 million ($5.6 million) in July 2020, which represented both the 2020 and 2021 installments. No further amounts are due. Also, as part of the Symphony acquisition on November 1, 2018, a portion of the purchase price, with an acquisition date present value of GBP 7.9 million ($10.0 million), was deferred and is payable in equal installments over three years, on or around November 1, 2019, 2020 and 2021. We paid the first installment of GBP 2.7 million ($3.3 million) in October 2019.

As of June 30, 2020, we had $129.1 million in cash and cash equivalents, of which approximately 81.9%, or $105.6 million, was held in international operations. Most of these funds will not be subject to additional taxes in the United States if repatriated; however, certain jurisdictions may impose additional withholding taxes. There are circumstances where we may be unable to repatriate some of the cash and cash equivalents held by our international operations due to country restrictions.

We expect our current cash levels and cash flows from operations to be adequate to meet our anticipated working capital needs, including investment activities such as capital expenditures and debt repayment for the next twelve months and the foreseeable future. However, from time to time, we may borrow funds under our 2019 Credit Agreement as a result of the timing of our working capital needs, including capital expenditures.

Our cash resources could also be affected by various risks and uncertainties, including but not limited to, the risks described in our Annual Report on Form 10-K for the year ended December 31, 2019.

Off-Balance Sheet Arrangements

As of June 30, 2020, we did not have any material commercial commitments, including guarantees or standby repurchase obligations, or any relationships with unconsolidated entities or financial partnerships, including entities often referred to as structured finance or special purpose entities or variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Contractual Obligations

There have not been any material changes to the outstanding contractual obligations outside of the ordinary course of business from the disclosure in our Annual Report on Form 10-K for the year ended December 31, 2019.

Critical Accounting Estimates

See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2019 for a discussion of our critical accounting estimates, including a description of the methods and key assumptions used and how the key assumptions were determined.

New Accounting Standards Not Yet Adopted

See Note 1, Overview and Basis of Presentation, in the accompanying “Notes to Condensed Consolidated Financial Statements” for information related to recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk in the normal course of business due primarily to our borrowings and cash-management activities, which are subject to interest rate risk, and to our foreign business operations, which are subject to foreign exchange rate risk. Our market risk disclosures set forth in our Annual Report on Form 10-K for the year ended December 31, 2019 have not otherwise changed significantly.

For a discussion of current market conditions resulting from the COVID-19 pandemic, refer to Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and to Part II, Item 1A, “Risk Factors.”

Fluctuations in Quarterly Results

For the year ended December 31, 2019, quarterly revenues as a percentage of total consolidated annual revenues were approximately 25%, 24%, 25% and 26%, respectively, for each of the respective quarters of the year. We have experienced and anticipate that in the future we will experience variations in quarterly revenues. The variations are due to the timing of new contracts and renewal of existing contracts, the timing and frequency of client spending for customer engagement services, non-U.S. currency fluctuations, and the seasonal pattern of customer engagement support and fulfillment services.

Item 4. Controls and Procedures

As of June 30, 2020, under the direction of our Chief Executive Officer and Chief Finance Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a – 15(e) under the Securities Exchange Act of 1934, as amended. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in our SEC reports is recorded, processed, summarized and reported within the time period specified by the SEC's rules and forms, and is accumulated and communicated to management, including our Chief Executive Officer and Chief Finance Officer, as appropriate to allow timely decisions regarding required disclosure. We concluded that, as of June 30, 2020, our disclosure controls and procedures were effective at the reasonable assurance level.

There were no changes in our internal controls over financial reporting during the quarter ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in legal actions arising in the ordinary course of business. With respect to any such currently pending matters, we believe that we have adequate legal defenses and/or, when possible and appropriate, have provided adequate accruals related to those matters such that the ultimate outcome will not have a material adverse effect on our future financial position or results of operations.

Item 1A. Risk Factors

For risk factors, see Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the year ended December 31, 2019. During the six months ended June 30, 2020, we modified the following risk factor:

Health epidemics could disrupt our business and adversely affect our financial results.

Our customer engagement centers typically seat hundreds of employees in one location. Accordingly, an outbreak of a contagious infection, such as COVID-19, in one or more of the markets in which we do business may result in significant worker absenteeism, lower asset utilization rates, voluntary or mandatory closure of our offices and delivery centers, travel restrictions on our employees, and other disruptions to our business. As disclosed elsewhere, as a result of the COVID-19 pandemic, certain of our customer engagement centers have been impacted by local government actions restricting facility access or are operating at lower capacity utilization levels. Certain of our agents lack the technical infrastructure to work from home. As a result, our operations in the Philippines, El Salvador and Mexico have been most impacted by the governmental restrictions. The global nature of the ongoing COVID-19 pandemic has significantly impacted the global economy. If the pandemic is prolonged, it could severely disrupt our business operations and have a material adverse effect on our business, financial condition and results of operations. In particular, the impacts may include reduced demand for our services as a result of economic recession, inability to reduce costs while volumes are temporarily reduced, and delayed payments from clients. As disclosed elsewhere, Symphony's on-site consulting model has been negatively impacted by travel and shelter-in-place restrictions imposed by governments and businesses to reduce the spread of COVID-19. There is significant uncertainty regarding the length of time these restrictions will remain in place. An impairment charge may arise in the future if Symphony's operations experience a prolonged delay in the resumption of its operations or a significant shift in client demand results from the economic downturn.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Below is a summary of stock repurchases for the three months ended June 30, 2020 (in thousands, except average price per share). See Note 11, Earnings Per Share, in the accompanying "Notes to Condensed Consolidated Financial Statements" for information regarding our stock repurchase program.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under Plans or Programs (1)
April 1, 2020 - April 30, 2020	—	$ —	—	2,748
May 1, 2020 - May 31, 2020	472	$ 25.90	472	2,276
June 1, 2020 - June 30, 2020	28	$ 27.81	28	2,248
Total	500		500	2,248

(1) The total number of shares approved for repurchase under the 2011 Share Repurchase Program dated August 18, 2011, as amended on March 16, 2016, is 10.0 million. The 2011 Share Repurchase Program has no expiration date.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following documents are filed as an exhibit to this Report:

No.	Description
10.1	Form of Restricted Stock Unit Award Agreement dated May 13, 2020.
15	Awareness letter.
31.1	Certification of Chief Executive Officer, pursuant to Rule 13a-14(a).
31.2	Certification of Chief Finance Officer, pursuant to Rule 13a-14(a).
32.1*	Certification of Chief Executive Officer, pursuant to 18 U.S.C. §1350.
32.2*	Certification of Chief Finance Officer, pursuant to 18 U.S.C. §1350.
101.INS+	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH+	Inline XBRL Taxonomy Extension Schema Document
101.CAL+	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB+	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE+	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF+	Inline XBRL Taxonomy Extension Definition Linkbase Document
104+	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, formatted in Inline XBRL (included in Exhibit 101)

* Furnished herewith as an Exhibit.
\+ Submitted electronically with this Quarterly Report.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SYKES ENTERPRISES, INCORPORATED
(Registrant)

Date: August 4, 2020

By: /s/ John Chapman
John Chapman
Chief Finance Officer
(Principal Financial and Accounting Officer)

EXHIBIT 10.1

RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (the "Agreement"), made effective as of May 13, 2020, between Sykes Enterprises, Incorporated, a Florida corporation (the "Corporation"), and ___________ ("Board Member").

RECITALS

In consideration of services to be rendered by the Board Member it is in the best interests of the Corporation to make an award to the Board Member under the Sykes Enterprises, Incorporated 2019 Equity Incentive Plan (the " Plan"), which is incorporated herein by reference, consisting of restricted stock units relating to shares of the Corporation's common stock, par value $.01 per share ("Restricted Stock Units"), which give the Board Member a contingent right to receive the number of shares of the Corporation's Common Stock indicated in this Agreement, which shares the Board Member shall receive once the vesting requirements described in this Agreement have been satisfied.

Unless otherwise provided herein, terms used herein that are defined in the Plan and not defined herein shall have the meanings attributable thereto in the Plan.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Restricted Stock Units. The instruments granted herewith are Restricted Stock Units. A Restricted Stock Unit is a bookkeeping entry that records the equivalent of one share of the Common Stock of the Corporation. Upon the vesting of the Restricted Stock Units as provided herein, the Board Member shall be entitled to receive for each vested Restricted Stock Unit, one share of the Corporation's Common Stock as set forth below.

1.1 Grant of Restricted Stock Units. The Corporation hereby grants to Board Member a total of _____ Restricted Stock Units (the "Employment Based Restricted Stock Units") subject to the transfer restrictions and other conditions set forth in this Agreement (collectively, the "Restricted Stock Units").

1.2 Restrictions and Adjustments.

(a) Board Member shall not have the rights and privileges of a shareholder of the Corporation with respect to the Restricted Stock Units, such as voting rights and the right to receive dividends paid with respect to shares relating to such Restricted Stock Units.

(i) Board Member shall not be entitled to delivery of the certificate or certificates for any of the Common Stock until the restrictions imposed by this Agreement have lapsed with respect to those Restricted Stock Units, at the times defined in Section 1.3.

(ii) The Corporation shall retain custody of all distributions ("Retained Distributions") made or declared with respect to the Restricted Stock Units (and such Retained Distributions will be subject to the same restrictions, terms and conditions as are applicable to the Restricted Stock Units) until such time, if ever, as the Restricted Stock Units with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested. Such Retained Distributions shall become vested and shall be distributed to the holder of the Restricted Stock Units promptly after such Restricted Stock Units vest (and in any event no later than the last day of the calendar year in which such Retained Distributions shall become vested). Such Retained Distributions shall not bear interest or be segregated in separate accounts.

(iii) The Restricted Stock Units may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of by Board Member before these restrictions have lapsed pursuant to Section 1.3, except with the prior written consent of the Committee. Any attempt to dispose of Restricted Stock Units in a manner contrary to the restrictions set forth in the Plan or in this Agreement shall be ineffective.

(iv) The Restricted Stock Units and Retained Distributions shall be subject to forfeiture at the point in time a Board Member's Service as a Board Member with the Corporation ends to the extent set forth in Section 1.6 below or upon the breach of any restrictions, terms or conditions of this Agreement.

(b) Once any portion of Board Member's Restricted Stock Unit award has become vested under Section 1.3, the Common Stock issued pursuant to such Restricted Stock Units shall not be subject to the preceding restrictions and shall not be considered to be restricted stock.

(c) In the event of any change in the outstanding Common Stock of the Corporation by reason of (a) any stock dividend, stock split, combination of shares, recapitalization or any other change in the capital structure of the Corporation, (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing, the number or kind of shares that may be issued under the Plan and the number of Units credited to a Board Member automatically shall be adjusted so that the proportionate interest of the Board Member shall be maintained as before the occurrence of such event. Such adjustment shall be conclusive and binding for all purposes with respect to the Plan.

1.3 When Restrictions Lapse. Subject to the limitations herein, ¼ of the Restricted Stock Units shall vest and the restrictions on such Restricted Stock Units shall lapse on and after each of May 14, 2020, August 14, 2020, November 14, 2020 and February 14, 2021, provided that Board Member continues to serve as a Board Member of the Corporation on each such date.

1.4 Change in Control. The foregoing notwithstanding, in the event of a Change in Control prior to the date the Restricted Stock Units vest, all unvested Restricted Stock Units granted hereunder shall be accelerated and immediately vest.

1.5 Settlement of Restricted Stock Units. As soon as practicable after the date on which any Restricted Stock Units become vested, the Corporation shall deliver to the Board Member (or his or her personal representative) the number of shares of Common Stock equal to the number of Restricted Stock Units that have become vested (or, at the discretion of the Compensation Committee of the Corporation's Board of Directors, cash with a value of such number of shares of Common Stock).

1.6 Forfeiture on End of Service as a Board Member. If the Board Member's Service as a Board Member with the Corporation ends for any reason other than a Change of Control, either by the Corporation or Board Member, prior to the date on which the Restricted Stock Units have vested and the restrictions set forth in this Agreement have lapsed with respect to such Restricted Stock Units pursuant to Section 1.3, any Restricted Stock Units remaining subject to the restrictions imposed by this Agreement shall be forfeited.

2. Agreement Subject to the Plan. This Agreement and the rights and obligations of the parties hereto are subject to and governed by the terms of the Plan as the same may be amended from time to time, including amendments made to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"). This Agreement, and all awards and payments made under this Agreement, shall be administered, interpreted and applied in compliance with the requirements of Section 409A or an exemption thereto. Without limiting the generality of the foregoing, in order to comply with Section 409A, the determination of "Fair Market Value" of a share of Common Stock on any given date for purposes of this Agreement shall be, for so long as the Common Stock is readily tradable on an established securities market, the closing price on such date reported for the Common Stock by the securities market on which the Common Stock is admitted for trading, or, if such date is not a trading day, on the last trading day before such date.

3. Miscellaneous.

(a) This Agreement may be executed in one or more counterparts, all of which taken together will constitute one and the same instrument.

(b) The terms of this Agreement may only be amended, modified or waived by a written agreement executed by both of the parties hereto. However, the Corporation or the Committee may, without obtaining the written consent of the Board Member, amend this Agreement in any manner that it deems necessary or desirable to comply with the requirements of Section 409A or an exemption thereto.

(c) The validity, performance, construction and effect of this Agreement shall be governed by the laws of the State of Florida, without giving effect to principles of conflicts of law.

(d) This Agreement constitutes the entire agreement between the parties hereto with respect to the transactions contemplated herein.

(e) The headings contained in this Agreement are for purposes of convenience only and shall not affect the meaning or interpretation of this Agreement.

(f) Except as otherwise herein provided, this Agreement shall be binding upon and shall inure to the benefit of the Corporation, its successors and assigns, and of Board Member and Board Member's personal representatives.

(g) This Agreement may be executed by either of the parties (the "Originating Party") and transmitted to the other party (the "Receiving Party") by facsimile, telecopy, telex or other form of written electronic transmission, and, upon confirmation of receipt thereof by the Receiving Party, this Agreement shall be deemed to have been duly executed by the Originating Party. Upon the request of the Receiving Party, the Originating Party shall provide the Receiving Party with an executed duplicate original of this Agreement.

SYKES ENTERPRISES, INCORPORATED

By:____________________________________
James T. Holder
Chief Legal Officer

EXHIBIT 15

August 4, 2020

The Board of Directors and Shareholders of Sykes Enterprises, Incorporated
400 North Ashley Drive
Tampa, Florida

We are aware that our report dated August 4, 2020, on our review of the interim financial information of Sykes Enterprises, Incorporated and subsidiaries appearing in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, is incorporated by reference in Registration Statement No. 333-178670 on Form S-8.

/s/ Deloitte & Touche LLP

Tampa, Florida

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a)

I, Charles E. Sykes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sykes Enterprises, Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: August 4, 2020

/s/ Charles E. Sykes
Charles E. Sykes, President, Chief Executive Officer and Director

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCE OFFICER
PURSUANT TO RULE 13a-14(a)

I, John Chapman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sykes Enterprises, Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company’s internal control over financial reporting that occurred during the company’s most recent fiscal quarter (the company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and

5. The company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit committee of the company’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company’s internal control over financial reporting.

Date: August 4, 2020

/s/ John Chapman
John Chapman, Chief Finance Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Sykes Enterprises, Incorporated (the "Company") on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles E. Sykes, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2020	By: /s/ Charles E. Sykes
	Charles E. Sykes
	President, Chief Executive Officer and Director

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Sykes Enterprises, Incorporated (the "Company") on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Chapman, Chief Finance Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2020

By: /s/ John Chapman
John Chapman
Chief Finance Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.