**ANNOUNCEMENT**
**21 MAY 2014**

# CABLE & WIRELESS COMMUNICATIONS PLC
# RESULTS FOR THE YEAR ENDED 31 MARCH 2014

## 5% EBITDA growth; operational transformation underway

**Financial Highlights**

- Mobile data revenue up 23%, Group revenue down 1% on like-for-like basis
- Group operating costs fell by 5% (US$43 million) with exit run rate cost savings of US$77 million per annum
- Group EBITDA up 5%; margin increased by 2 ppts to 32%
- Net debt down by c.US$1.4 billion to US$205 million pro-forma, following the disposal of Monaco Telecom post year-end
- Recommended final dividend per share of US2.67 cents; full year dividend per share of US4 cents (2012/13 US4 cents)

| US$m | *Full year ended 31 March 2014* | *Full year ended 31 March 2013* | *Change* |
|---|---|---|---|
| Mobile revenue | **937** | 911 | 3% |
| Total revenue (like-for-like) | **1,873** | 1,900 | (1)% |
| EBITDA | **608** | 581 | 5% |
| Net profit (before exceptional items) | **148** | 102 | 45% |
| Adjusted earnings per share (US cents) | **2.6** | 1.5 | 73% |

*Note: Figures above are for continuing operations for the 12 months ended 31 March 2014. EBITDA, like-for-like revenue and adjusted earnings per share are defined in the footnotes on pages 3 and 7, reconciliations of EBITDA and adjusted earnings per share are provided on pages 25 and 26*

**Strategy**
Following our successful disposal programme, we have completed a strategic review of the business. Our aim is to deliver sustainable, profitable growth by focusing on four strategic imperatives:

- Mobile leadership – deliver the best handset range, network, data packages and customer service;
- Fixed-mobile convergence – leverage our unique combination of fixed and mobile assets;
- Reinforce our TV offering – generating TV and broadband growth whilst reducing fixed line churn; and
- Grow our business services – bespoke, customer-centric solutions leveraging our on-land and sub-sea assets.

**Project Marlin**
To support these ambitions we have created a specific investment programme named Project Marlin. We will be making additional targeted capital investments, across our fixed and mobile networks, totalling US$250 million over the next three years with the objectives of driving increased revenue, enhancing our customer proposition and strengthening our competitive position. This will result in Group capex spend of US$1.05 billion in the three years to 31 March 2017.

**Our strategy and increased investment is expected to deliver, in the three years to 31 March 2017:**

- Modest top line growth, reversing the historic declining revenue trend
- Mid to high single digit EBITDA CAGR – resulting from both revenue growth and continued operating efficiencies, as we seek to optimise our back office processes

In addition, we will target:

- Improved Net Promoter Score (NPS) – evidencing better network quality, added value products and improved customer service
- Economic Profit growth – targeting incremental return on invested capital

Commenting on the Group results, Phil Bentley, Chief Executive of Cable & Wireless Communications Plc, said:

"I'm delighted to have joined Cable & Wireless Communications (CWC) as our business enters an exciting new phase following the reshaping of the portfolio over the past few years.

"In the first few months since I started as CEO, I have visited our key markets on a regular basis, meeting with colleagues, customers and key stakeholders. With our senior executive team, I have also conducted a strategic review to assess the opportunities and challenges within our business.

"CWC has some solid foundations in our chosen markets, including a unique position in fixed and mobile. In particular, many of the markets are still largely under-penetrated for data products where we are the leader, or close second, in the delivery of mobile, fixed line and broadband services to our customers. We are seeing attractive growth in mobile data, driven by growing smartphone penetration and underpinned by investments in the latest 4G mobile network technology and LTE, which we have launched in Cayman and The Bahamas.

"We have an established presence in the business-to-business (B2B) and business-to-government (B2G) segments which we will seek to expand. Most valuably, we have the largest on and off island network reach of all operators in our markets, allowing us to provide the full range of telecoms services that our customers desire.

"But, what is also clear is that the business is trading below its full potential. Although the rate of decline in fixed line voice is slowing, growth in our broadband and TV offer has been disappointing and our cost base remains uncompetitive. We have therefore developed a new strategic plan to drive top line growth, reversing our historical revenue decline, to leverage our existing networks enhanced by the US$250 million increased investment of Project Marlin; and to drive further operating efficiencies across the portfolio."

## Group results overview

| US$m | *Full year ended 31 March 2014* | *Full year ended 31 March 2013[1]* | *% change* |
|---|---|---|---|
| **Revenue** | **1,873** | **1,942** | **(4)%[2]** |
| Gross margin | 1,371 | 1,387 | (1)% |
| Operating costs | (763) | (806) | 5% |
| **EBITDA[3]** | **608** | **581** | **5%** |
| Depreciation and amortisation | (262) | (275) | 5% |
| Net other operating (expense)/income | (15) | 4 | nm |
| Joint ventures and associates | 5 | 10 | (50)% |
| **Total operating profit before exceptional items** | **336** | **320** | **5%** |
| Exceptional expense | (241) | (136) | (77)% |
| **Total operating profit** | **95** | **184** | **(48)%** |
| Finance income | 8 | 11 | (27)% |
| Finance expense | (142) | (152) | (7)% |
| Exceptional finance expense | (25) | – | nm |
| Other non-operating expense | (6) | (16) | 63% |
| **(Loss)/profit before tax** | **(70)** | **27** | **nm** |
| Income tax | (29) | (41) | 29% |
| **Net loss from continuing operations** | **(99)** | **(14)** | **nm** |
| ***Net profit before exceptional items*** | ***148*** | ***102*** | ***45%*** |
| Net profit from discontinued operations | 39 | 184 | (79)% |
| Gain on disposal of discontinued operations | 1,011 | – | nm |
| **Profit for the year** | **951** | **170** | **nm** |
| *Net profit attributable to :* | | | |
| Owners of the Parent Company | 859 | 11 | nm |
| Non-controlling interests | 92 | 159 | (42)% |
| Adjusted EPS[6] | 2.6c | 1.5c | 73% |
| EBITDA[3] | 608 | 581 | 5% |
| Capital expenditure[4] | (306) | (263) | (16)% |
| Operating cash flow[5] | **302** | **318** | **(5)%** |
| Customer numbers (000s) | | | |
| Mobile | 3,700 | 3,390 | 9% |
| Fixed | 1,089 | 1,111 | (2)% |
| Broadband | 388 | 366 | 6% |
| TV | 79 | 69 | 14% |

*[1] Full year ended 31 March 2013 restated for IAS19 pensions accounting standard*
*[2] Like-for-like revenue down 1%*
*[3] EBITDA is defined as earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/expense and exceptional items*
*[4] Balance sheet capital expenditure excludes transfer of cable assets from inventory in 2012/13. Excludes Panama spectrum capitalisation of US$7 million*
*[5] Operating cash flow is defined as EBITDA less balance sheet capital expenditure*
*[6] Adjusted EPS is before exceptional items, gains/losses on disposals, amortisation of acquired intangibles and transaction costs*

### Annual results presentation

Cable & Wireless Communications will hold its 2013/14 annual results presentation for analysts and institutional investors at 9:30am BST on Wednesday 21 May 2014.

The presentation will be webcast live on the Cable & Wireless Communications website www.cwc.com. An on-demand version will be available later in the day.

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## Chief Executive's Review

### 2013/14 performance

The past year has been an important one for the company as we have taken major steps to reshape the Group. We have opened our Miami regional office and disposed of our Macau business for US$807 million and the majority of our Islands businesses for US$501 million. Following the fiscal year-end we also successfully disposed of our Monaco business for consideration of US$445 million on a cash and debt free basis.

These disposals have enabled us to reduce pro-forma net debt to US$205 million, providing headroom to increase investments in our core markets of the Caribbean and Latin America.

Our financial results in the 2013/14 year have shown early signs of our operational turn-around, as we become more geographically focused. At the beginning of 2013/14 we announced a cost reduction programme targeted to reduce our run-rate operating costs by US$100 million by the end of 2014/15. During the year we have made good progress with operating costs down US$43 million against the prior year, with an exit run-rate in 2013/14 of US$77 million of cost savings achieved.

Group revenue declined by 4% to US$1,873 million as growth in mobile and broadband and TV revenue across each of our businesses was more than offset by declining fixed voice and enterprise, data and other revenue. On a like-for-like basis, adjusting for a change in accounting following outsourcing of our LIME directory business, and the sale of Afinis in Africa, revenue was 1% lower than the prior year.

The US$52 million growth in mobile data revenue (up 23% in the year) indicates our customers' increasing demand for data and their desire to access the internet anywhere, anytime, and on any device. However at the same time both mobile and fixed voice revenues are declining across our industry; growth in broadband and TV is therefore vital for our future. Of the fall in enterprise, data and other revenue, US$38 million of the reported US$56 million revenue decline was due to the change in directories accounting in LIME and a further US$4 million resulted from the disposal of Afinis.

In Panama, we maintained our market share of mobile revenue above 50%, delivering a 4% rise in mobile revenue, underpinned by mobile data growth.

In the Caribbean, our Jamaica mobile business continued to gain market share (7 ppts) as we competed on price and value. However, fixed line and enterprise businesses as well as adverse currency movements reduced overall US$ revenue in Jamaica by US$32 million. The performance of BTC in The Bahamas, our largest Caribbean market, was good, as we launched new mobile and fixed networks, and prepared the business for mobile competition that is expected to arrive later this year. Our performance was weaker in several of the other Caribbean countries – a function of our existing network. However with increased investment, and continued cost focus, we are confident that we can improve the performance of these businesses.

The improvement in Group operating costs was driven by an 8% reduction (US$48 million) in the Caribbean as we increased efficiency in our operations though headcount rationalisation, exiting non-core property assets and procurement savings.

Overall Group EBITDA, at US$608 million, was 5% ahead of the prior year[1].

Reported pre-exceptional net profit after tax for the year increased by 45% to US$148 million (2012/13: US$102 million) and adjusted earnings per share were US2.6 cents (2012/13: US1.5 cents).

Capital expenditure, at US$306 million, was up 16% against the prior year. In 2013/14 we made investments to introduce high-speed LTE mobile networks in Cayman and The Bahamas, as well as laying fibre networks in Barbados and Cayman. We also invested in the PCCS submarine cable system linking Ecuador to Florida via Panama, Colombia and the British Virgin Islands, further enhancing our extensive access to sub-sea cable capacity – an increasingly significant structural advantage as the demand for back-haul capacity from our business customers grows.

[1] *Prior year restated to US$581 million following a change to the IAS19 pensions accounting standard*

**Vision and Strategy**

CWC's aim is to deliver sustainable, profitable growth thereby increasing returns to shareholders.

Our strategy targets growth in our customer life-time value by delivering a best-in-class customer experience. We will therefore, through Project Marlin, invest in our unique combination of fixed and mobile networks in our chosen region to enhance our customer proposition and increase our competitive position.

Although capital investment that underpins our core businesses will be our primary focus, we will also consider inorganic opportunities where they enhance our in-market propositions and strengthen our core offer, whilst meeting our return on capital criteria.

To deliver our growth ambitions we will focus on four strategic imperatives:

1. **Mobile leadership**

   The mobile handset is the entry point to the telecommunications market and mobile currently accounts for 50% of Group revenue. To deliver leadership we must provide access to the best handsets and tailored data propositions for our customers and the best experience either in store, on the phone or online. As a consequence our networks must be able to compete in speed and reliability. Achieving this will lead to increased loyalty from our customers.

   The majority of our markets are in the infancy of a shift to a "data-centric" world. Although there has been attractive growth in data consumption in our key markets (+23%), smartphones are still significantly underpenetrated (30%) compared to international benchmarks and we must encourage and capture this underlying growth trend.

   Investment focus

   Our network quality is fundamental to the services we provide and is becoming the primary factor in consumer choice of telecoms operators, particularly for data services. To ensure we have superior networks, investments will focus on additional 4G cell sites to secure a standard which fulfils the data demands of our customers, underpinned by investment in even faster LTE networks to secure our leadership where returns are greatest. In recent months we have introduced LTE services in Cayman and The Bahamas and begun deployment in Antigua whilst adding 4G capabilities in Anguilla, Antigua, Barbados, BVI, St Vincent and Turks & Caicos.

2. **Fixed-mobile convergence**

   Owning fixed and mobile assets is a major competitive advantage in the long term as consumers increasingly demand "always on" connectivity. Underpinned by targeted investments in Wi-Fi offload and new IP technologies, CWC is the only player in our chosen markets with the capacity to provide a fully converged fixed and mobile offering.

   We believe there is an opportunity to leverage our unique fixed and mobile position to better bundle our products into triple-play and quad-play offers that customers value. However, we must consistently provide the high speeds and reliability our customers demand.

   Investment focus

   In addition to the mobile network investments outlined above we will introduce enhanced switching capabilities to enable our fixed and mobile networks to operate in a more integrated way. This will provide seamless connectivity across a range of delivery mechanisms through investments such as the introduction of Wi-Fi hotspots in Panama and other markets such as Cayman. Certain fixed networks will also require investment to upgrade from copper to fibre so that we can provide faster and more reliable services – we plan to increase average download speeds across the Group. In 2013/14 we deployed fibre networks in Barbados and Cayman.

3. **Reinforce our TV offering**

   The choice of TV provider is a key "moment of truth" where customers express a clear preference for their entertainment platform. We aim to provide relevant TV services to our customers to primarily grow our broadband and protect our fixed line businesses.

   Today, TV contributes c.2% to Group revenue. However, we expect to grow this business by 50% over the next two years as we invest in a variety of technology delivery platforms.

Investment focus

We will invest in delivery technologies appropriate to each of our markets. In Panama we will expand our fibre coaxial network in urban areas and target rural areas through deployment of direct-to-home satellite services. Across the Caribbean we will deploy IPTV service capabilities focusing initially on Cayman, Barbados and The Bahamas. As our TV subscriber base grows this should also enable greater leverage with content providers.

4. **Grow our Business services**

The business services segment provides an attractive opportunity for the Group to leverage its network and submarine back-haul asset base, thereby gaining business customers who typically have more complex needs to be met, but reward with a higher life-time value due to their greater spend and lower churn rate.

We will increasingly provide bespoke customer-centric solutions for targeted business "verticals", e.g. Financial Services, Hotels, and Small Businesses. We estimate the total addressable market in our target countries at US$4.5 billion, with 53% of this in Central America, and 47% in the Caribbean. The IT services segment is forecast to grow at c.11% per annum for Central American countries and c.7% in the Caribbean.

Investment focus

Through our partnership with Columbus Networks we have an extensive and resilient 42,000 kilometre sub-sea cable network and in 2013/14 we expanded this capability through investment in the PCCS submarine cable linking Ecuador to Florida. Combining these sub-sea assets with our "on-island" networks offers a unique capability to deliver telecoms-based, hosted solutions. Investments here will be focused on expanding our MPLS network, increasing its resilience and reliability and, through acquisitions, building on our infrastructure assets to deliver bespoke, data-centric solutions for our customers.

To underpin our strategy we will also:

**Strengthen our unique government / stakeholder relationships**

As an incumbent operator, we have been a partner to governments, regulators and unions in the countries where we operate for many years. We are committed to developing even closer relationships with our stakeholders, creating a more 'partnership' based approach with Governments and Unions such as we have seen in The Bahamas.

**Optimise our operating model**

We have taken the first step towards optimising our operating model by establishing our Miami operational hub. This has enabled a consistent approach in areas such as procurement, roaming, carrier, TV content and technology strategy, leveraging our scale as a Group. A new data warehouse and customer segmentation approach is improving performance management. We see further opportunities in driving process and operation efficiencies. We have introduced the "CWC Way" – best practices which provide a consistent strategic and operational framework, whilst at the same time delegating more financial authority for execution in-market.

**Outlook and prospects**

Economic growth in our markets will remain variable, ranging from c.8% GDP growth in Panama to 0% in Barbados. However, we continue to believe that the increasing penetration of products such as smart phones, broadband and TV, offers good growth opportunities. Notwithstanding this, the markets we operate in are competitive, and we face the additional likely challenge of a second mobile operator in 2014 in The Bahamas, our second largest market.

Looking ahead, we expect to make good progress in reducing our cost base, particularly in the Caribbean. Through Project Marlin, with its associated uplift in capex, we expect to capture the growth opportunity offered by mobile data, broadband and TV, reversing the historical decline in revenue. Key to achieving this goal will be the competitiveness of our offers combined with the quality of our service, both of which we expect to improve following our investments to increase network reliability and speeds.

# REVIEW OF CWC OPERATIONS

## Income statement – continuing operations

| | Panama | | | Caribbean | | | Monaco | | | Other[1] | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2013/14 US$m | 2012/13 US$m | Change % | 2013/14 US$m | 2012/13 US$m | Change % | 2013/14 US$m | 2012/13 US$m | Change % | 2013/14 US$m | 2012/13 US$m | Change % | 2013/14 US$m | 2012/13 US$m | Change % |
| Mobile | 336 | 323 | 4% | 531 | 527 | 1% | 70 | 61 | 15% | – | – | – | 937 | 911 | 3% |
| Broadband and TV | 64 | 60 | 7% | 120 | 120 | – | 18 | 16 | 13% | – | – | – | 202 | 196 | 3% |
| Fixed voice | 113 | 122 | (7)% | 252 | 290 | (13)% | 27 | 25 | 8% | – | – | – | 392 | 437 | (10)% |
| Enterprise, data and other | 78 | 81 | (4)% | 142 | 183 | (22)% | 122 | 134 | (9)% | – | – | – | 342 | 398 | (14)% |
| *LFL Enterprise, data and other[2]* | *78* | *81* | *(4)%* | *142* | *145* | *(2)%* | *122* | *130* | *(6)%* | *–* | *–* | *–* | *342* | *356* | *(4)%* |
| **Revenue** | **591** | **586** | **1%** | **1,045** | **1,120** | **(7)%** | **237** | **236** | **0%** | **–** | **–** | **–** | **1,873** | **1,942** | **(4)%** |
| *LFL Revenue[2]* | *591* | *586* | *1%* | *1,045* | *1,082* | *(3)%* | *237* | *232* | *2%* | *–* | *–* | *–* | *1,873* | *1,900* | *(1)%* |
| Cost of sales | (193) | (189) | (2)% | (218) | (268) | 19% | (91) | (97) | 6% | – | (1) | nm | (502) | (555) | 10% |
| **Gross margin** | **398** | **397** | **0%** | **827** | **852** | **(3)%** | **146** | **139** | **5%** | **–** | **(1)** | **nm** | **1,371** | **1,387** | **(1)%** |
| Operating costs | (156) | (158) | 1% | (529) | (577) | 8% | (65) | (64) | (2)% | (13) | (7) | (86)% | (763) | (806) | 5% |
| **EBITDA[3]** | **242** | **239** | **1%** | **298** | **275** | **8%** | **81** | **75** | **8%** | **(13)** | **(8)** | **(63)%** | **608** | **581** | **5%** |
| *Proportionate EBITDA* | *119* | *117* | *1%* | *215* | *198* | *8%* | *45* | *41* | *8%* | *(13)* | *(8)* | *(63)%* | *366* | *348* | *5%* |
| Depreciation and amortisation | (95) | (85) | (12)% | (133) | (155) | 14% | (27) | (27) | 0% | (7) | (8) | 13% | (262) | (275) | 5% |
| Net other operating (expense)/income | – | – | – | – | (2) | nm | – | – | – | (15) | 6 | nm | (15) | 4 | nm |
| **Operating profit before joint ventures and exceptional items** | **147** | **154** | **(5)%** | **165** | **118** | **40%** | **54** | **48** | **13%** | **(35)** | **(10)** | **nm** | **331** | **310** | **7%** |
| Capital expenditure[4] | (102) | (85) | (20)% | (174) | (150) | (16)% | (21) | (15) | (40)% | (9) | (13) | 31% | (306) | (263) | (16)% |
| **Operating cash flow[5]** | **140** | **154** | **(9)%** | **124** | **125** | **(1)%** | **60** | **60** | **–** | **(22)** | **(21)** | **(5)%** | **302** | **318** | **(5)%** |
| Cash exceptional items | (2) | – | nm | (121) | (23) | nm | – | – | – | (7) | (3) | nm | (130) | (26) | nm |
| Net cash interest | (12) | (12) | – | 1 | (2) | nm | 2 | 3 | (33)% | (124) | (138) | 10% | (133) | (149) | 11% |
| Cash tax | (27) | (81) | 67% | (19) | (23) | 17% | (3) | (1) | nm | (4) | (6) | 33% | (53) | (111) | 52% |
| Headcount[6] | 1,376 | 1,466 | (6)% | 2,181 | 3,421 | (36)% | 274 | 316 | (13)% | 146 | 146 | – | 3,977 | 5,349 | (26)% |

*nm represents % change not meaningful*

*Full year ended 31 March 2013 restated for IAS19 pensions accounting standard*

1 *Other includes management, royalty and branding fees, the costs of the corporate centre, net UK defined benefit pension charge or credit and intercompany eliminations*

2 *Caribbean adjustment relates to change in accounting following the outsourcing of our LIME directory businesses, Monaco adjusted for Afinis revenue in prior year. Includes no adjustment for currency movements.*

3 *Earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/expense and exceptional items*

4 *Balance sheet capital expenditure excludes transfer of cable assets from inventory in 2012/13. Panama excludes spectrum capitalisation of US$7 million*

5 *EBITDA less capital expenditure*

6 *Full time equivalents as at 31 March*

## Panama

- Mobile revenue up 4%, continued growth in subscribers taking data packages (+185,000)
- 37% growth in mobile data, driven by prepaid subscribers
- Strong EBITDA conversion, margin greater than 40%
- Market leadership secured by licence extension and new spectrum

| | **Year ended 31 Mar 2014** | 6 months ended 31 Mar 2014 | 6 months ended 30 Sep 2013 | **Year ended 31 Mar 2013** | 6 months ended 31 Mar 2013 | 6 months ended 30 Sep 2012 |
|---|---|---|---|---|---|---|
| Subscribers (000s) | | | | | | |
| Mobile[1] | **2,159** | 2,159 | 1,933 | **1,842** | 1,842 | 1,785 |
| Broadband | **131** | 131 | 129 | **126** | 126 | 127 |
| Fixed | **372** | 372 | 374 | **376** | 376 | 381 |
| ARPU (US$)[2] | | | | | | |
| Mobile | **14.3** | 13.5 | 15.1 | **15.7** | 16.3 | 15.1 |
| Broadband | **28.8** | 28.6 | 28.9 | **28.5** | 28.8 | 28.1 |
| Fixed | **25.2** | 24.7 | 25.8 | **26.6** | 26.9 | 26.3 |
| Revenue (US$m) | **591** | 296 | 295 | **586** | 300 | 286 |
| EBITDA (US$m) | **242** | 124 | 118 | **239** | 124 | 115 |
| *Margin%* | **41%** | 42% | 40% | **41%** | 41% | 40% |

[1] *Active subscribers are defined as those having performed a revenue-generating activity in the previous 60 days*

[2] *ARPU is average revenue per user per month, excluding equipment sales*

Revenue at US$591 million was 1% higher than the prior year as mobile data growth offset the continued decline in fixed and mobile voice.

Mobile revenue at US$336 million was up 4% against the prior year. Subscribers increased by 318,000, driven by prepaid activations for data plans as we launched more affordable smart devices. Data revenue was up 37% on the prior year more than offsetting voice revenue which declined by 13%. Data penetration of subscribers increased by 4 percentage points in the year to 35% as the wider range of data plans stimulated both prepaid and postpaid usage. Mobile ARPU was lower than the prior year due to reduced inbound roaming revenue and lower voice rates and usage due to competitive pressures.

Broadband and TV revenue of US$64 million was 7% higher than last year. Broadband subscribers were up 4% and TV subscribers rose by 14%. Bundling of products was an effective retention tool with 82% of pay TV and 79% of broadband subscribers taking more than one service.

Fixed voice revenue of US$113 million was 7% down against the prior year as an increase in international transit traffic revenue was more than offset by lower national revenue. Subscriber numbers continued to decrease as customers substituted to other products, but the rate of decline slowed by 2 ppts due to the impact of triple play offerings.

Enterprise, data and other revenue at US$78 million reflected an economically stable year ahead of the elections in May 2014.

Gross margin at US$398 million was in line with the prior year. As a percentage of revenue, gross margin was 67%.

Operating costs were down 1% against the prior year due to increased productivity following cost reduction initiatives. This resulted in EBITDA of US$242 million which was 1% better than last year. The EBITDA margin for the year was 41%.

A change in tax legislation from 1 January 2014 meant that Cable & Wireless Panama's corporate tax rate reduced from 30% to 25%.

Panama has secured a new 20 year mobile licence agreement until 2037 and an additional 30MHz of spectrum including 20MHz in the 700MHz LTE band for a cost of US$100 million.

CWC's proportionate ownership of Panama EBITDA for the year ended 31 March 2014 was 49%.

## Caribbean

- Mobile revenue up 1% and data growth of 14% at constant currency
- Reported EBITDA of US$298 million up 8%; margin improved by 5 percentage points to 31% in second half
- Jamaica mobile service revenue up 28% at constant currency; subscriber growth of 31%
- Significant mobile data growth with LTE launched in The Bahamas and Cayman
- Cost reduction on track – LIME outsourcing progressing, headcount down across the region

| | **Year ended 31 Mar 2014** | 6 months ended 31 Mar 2014 | 6 months ended 30 Sep 2013 | **Year ended 31 Mar 2013** | 6 months ended 31 Mar 2013 | 6 months ended 30 Sep 2012 |
|---|---|---|---|---|---|---|
| Subscribers (000s) | | | | | | |
| Mobile[1] | **1,506** | 1,506 | 1,624 | **1,515** | 1,515 | 1,594 |
| Broadband | **240** | 240 | 232 | **223** | 223 | 222 |
| Fixed | **683** | 683 | 696 | **701** | 701 | 713 |
| ARPU (US$)[2] | | | | | | |
| Mobile | **27.3** | 27.1 | 27.5 | **27.6** | 27.2 | 28.0 |
| Broadband | **39.6** | 38.6 | 40.5 | **42.1** | 42.0 | 42.1 |
| Fixed | **30.4** | 29.7 | 31.1 | **33.9** | 33.0 | 34.9 |
| Revenue (US$m) | **1,045** | 524 | 521 | **1,120** | 567 | 553 |
| LFL Revenue (US$m)[3] | **1,045** | 524 | 521 | **1,082** | 542 | 540 |
| EBITDA (US$m) | **298** | 160 | 138 | **275** | 138 | 137 |
| *Margin%* | **29%** | 31% | 26% | **25%** | 24% | 25% |

[1] *Active subscribers are defined as those having performed a revenue-generating activity in the previous 60 days. Subscriber numbers have been restated to exclude subscribers with credit balances but no activity in the proceeding 60 days. Prior periods have not been restated however the effect has been to remove 225,000 subscribers in the 6 months ended 31 March 2014*

[2] *ARPU is average revenue per user per month, excluding equipment sales*

[3] *Adjustment relates to enterprise, data and other revenue due to change in accounting following the outsourcing of our LIME directory businesses*

Caribbean reported revenue was 7% down on the prior year. At constant currency and adjusting for the change in accounting following the outsourcing of our LIME directory businesses, revenue would have only been US$15 million or 1% lower.

Mobile revenue was up US$4 million against the prior year at US$531 million with increasing demand for mobile data offset by declining voice activity. We expect this shift in mix from voice to data to continue as we invest in high-speed networks. During the year we successfully launched LTE in The Bahamas where we saw mobile data growth of 13% and in Cayman where mobile data revenue grew by 53%. Jamaica momentum continued as we saw a positive response to new pricing propositions following a further fall in mobile termination rates (MTRs) in July. Over the year there was a 31% rise in Jamaica subscribers to 705,000 where mobile service revenue grew by US$7 million or 12% and was 28% higher on a constant currency basis. ARPU for the region was broadly in line with the prior year.

Broadband and TV revenue was in line with the prior year. Broadband subscribers rose 8% with growth in most of our key markets, offset by competitive pricing pressure which drove ARPU lower. We have grown our TV subscribers by 21% compared to last year and have introduced fibre based services in Barbados and Cayman.

Fixed voice revenue at US$252 million declined by 13% as a 10% fall in ARPU, driven mainly by rate reductions due to competition and bundling as well as by lower termination rates, was compounded by a 3% drop in the subscriber base.

Enterprise, data and other revenue fell by 22% to US$142 million largely due to a change in accounting following the outsourcing of our LIME directory businesses. Adjusting for this change, enterprise, data and other revenue would have been broadly flat on a constant currency basis.

Gross margin at US$827 million was 3% down compared to the prior year reflecting the reduction in revenue and increased investment in subscriber acquisition costs, partially offset by lower outpayments following the MTR reduction in Jamaica and improved margins on outbound roaming traffic. As a percentage of revenue, gross margin increased by 3 percentage points to 79%.

Operating costs reduced by US$48 million (8%) to US$529 million as we began to realise the benefits of the on-going cost reduction initiatives. We have made good progress in outsourcing our field services teams in our LIME businesses and have reduced staff costs by US$29 million with headcount 36% lower than last year. Following this initial focus on staff efficiency we are now also working on other projects such as exiting non-core property assets with associated utility costs and introducing initiatives to reduce power consumption. Across our Caribbean business we remain on course to deliver the targeted cost reductions in line with the objectives previously set out.

EBITDA increased by 8% to US$298 million, of which The Bahamas contributed US$128 million (up 7%), driven principally by lower operating costs. The EBITDA margin at 29% was up 4 percentage points against the prior year and was 31% in the second half.

Our proportionate ownership of Caribbean EBITDA for the year ended 31 March 2014 was 72%.

## Monaco

| | **Year ended 31 Mar 2014** | 6 months ended 31 Mar 2014 | 6 months ended 30 Sep 2013 | **Year ended 31 Mar 2013** | 6 months ended 31 Mar 2013 | 6 months ended 30 Sep 2012 |
|---|---|---|---|---|---|---|
| Subscribers (000s) | | | | | | |
| Mobile[1] | **35** | 35 | 35 | **33** | 33 | 32 |
| Broadband | **17** | 17 | 17 | **17** | 17 | 16 |
| Fixed | **34** | 34 | 34 | **34** | 34 | 34 |
| ARPU (US$)[2] | | | | | | |
| Mobile | **127.2** | 122.7 | 131.8 | **130.9** | 121.0 | 140.7 |
| Broadband | **49.3** | 50.6 | 48.0 | **47.5** | 48.6 | 46.4 |
| Fixed | **65.9** | 65.3 | 66.6 | **63.1** | 62.5 | 63.7 |
| Revenue (US$m) | **237** | 117 | 120 | **236** | 112 | 124 |
| LFL Revenue (US$m)[3] | **237** | 117 | 120 | **232** | 112 | 120 |
| EBITDA (US$m) | **81** | 39 | 42 | **75** | 38 | 37 |
| *Margin%* | **34%** | 33% | 35% | **32%** | 34% | 30% |

*[1] Active subscribers are defined as those having performed a revenue-generating event in the previous 60 days*

*[2] ARPU is average revenue per user per month, excluding equipment sales*

*[3] Adjustment relates to enterprise, data and other revenue removal of Afinis revenue in prior year*

Revenue at US$237 million was in line with the prior year and up 2% adjusting for revenue from Afinis in 2012/13.

Mobile revenue in the period at US$70 million was 15% higher than the prior year, primarily driven by increased roaming. The launch of LTE services on 1 October 2013 has also driven data revenue and usage. Broadband and TV revenue grew 13% as we saw higher subscriber numbers and increased ARPUs. Reported enterprise, data and other revenue was 9% lower due to the sale of Afinis and a reduction in international transit traffic.

Gross margin at US$146 million was 5% higher than the prior year driven by lower mobile outpayments and a change in revenue mix with reduced low margin transit traffic revenue. As a percentage of revenue, gross margin improved by 3 percentage points as we exited low margin businesses.

Operating costs of US$65 million were 2% higher reflecting adverse currency movements. On an underlying basis operating costs improved by 3% primarily due to the disposal of Afinis.

EBITDA at US$81 million was 8% higher than the prior year reflecting good mobile growth, improvements in gross margin and currency movements (EBITDA was 5% up at constant currency).

Our proportionate ownership of Monaco EBITDA for the year ended 31 March 2014 was 55%.

On 20 May 2014, CWC completed the disposal of Compagnie Monegasque de Communication SAM ("CMC"), which was the holding company for CWC's 55% stake in Monaco Telecom S.A.M. ("Monaco Telecom"). At completion, CWC received consideration of €321,788,000 (US$445 million) on a cash and debt free basis. In addition, CWC received €6.2 million relating to the estimated cash, debt and working capital at completion which remains subject to customary post-completion adjustments.

## Other

Other includes management, royalty and branding fees, the costs of the corporate centre, net UK defined benefit pension credit/charge and intercompany eliminations. EBITDA for the year was US$5 million lower than the prior year at US$(13) million due to dual running costs of both our London and Miami offices.

### Joint ventures and associates

Our share of loss after tax from joint ventures and associates was US$(62) million, US$72 million lower than the prior period.

| | Effective ownership as at 31 March 2014 | CWC share of revenue | | CWC share of (loss)/profit after tax | |
|---|---|---|---|---|---|
| | | Year ended 31 March 2014 | Year ended 31 March 2013 | Year ended 31 March 2014 | Year ended 31 March 2013 |
| | % | US$m | US$m | US$m | US$m |
| Trinidad & Tobago (TSTT) | *49%* | 231 | 227 | (62) | 8 |
| Afghanistan (Roshan)[1] | *37%* | 96 | 105 | (2) | - |
| Solomon Telekom | *33%* | 16 | 15 | 2 | 2 |
| **Total** | | **343** | **347** | **(62)** | **10** |

| ’000s | Mobile subscribers[2] | | Broadband subscribers | | Fixed line subscribers | |
|---|---|---|---|---|---|---|
| | As at 31 March 2014 | As at 31 March 2013 | As at 31 March 2014 | As at 31 March 2013 | As at 31 March 2014 | As at 31 March 2013 |
| Trinidad & Tobago (TSTT) | 828 | 839 | 106 | 114 | 264 | 264 |
| Afghanistan (Roshan)[1] | 6,126 | 5,601 | - | - | - | - |
| Solomon Telekom | 222 | 190 | 1 | 1 | 7 | 8 |
| **Total** | **7,176** | **6,630** | **107** | **115** | **271** | **272** |

*[1] Disposed as part of the sale of Monaco Telecom post year end*

*[2] Active subscribers are defined as those having performed a revenue-generating activity in the previous 60 days*

CWC’s share of TSTT revenue was up 2% in the period as mobile data usage increased. However profit declined significantly, due to a US$67 million charge largely related to a voluntary separation scheme. Headcount is expected to fall by approximately one third. Roshan, disposed as part of the sale of Monaco Telecom, reported results lower than the prior year as the business continued to be affected by growing competition in the country following the introduction of 3G.

### Joint venture with Columbus Networks

Through our JV with Columbus Networks (where CWC has a 27.5% economic interest) we have access to the most extensive sub-sea cable network in the region. The network, which is comprised of assets owned by both CWC and Columbus Networks, extends for 42,000 kilometres and serves 42 countries across North, Central and South America, and the Caribbean enabling us to provide connectivity-based solutions to wholesale and enterprise customers across the region as well as underpinning the back-haul capacity for the voice and broadband services we provide.

The volume of data carried on the network continues to grow rapidly, 40-50% per annum and we expect this rate of growth to continue for the medium term. The network has ample spare capacity – on average just 11% of the potential capacity of the network is being utilised today. By deploying the latest data compression and transmission technology we expect the potential capacity of the network to continue to grow. However, some of the older systems are nearing the end of their economic life and will be retired in the medium term. We are already investing in replacement systems such as the PCCS cable system.

Although the growth in volume of data is high, corresponding price declines currently averaging 30% per annum mean that revenue growth in the wholesale business will be modest. One of the key drivers for the formation of the JV with Columbus Networks was the opportunity to reduce the combined cost to operate the network and to avoid future capital and operating expenditure associated with building duplicative infrastructure.

### Capital expenditure

Capital expenditure, excluding the costs of extending our mobile licence agreements and acquiring additional spectrum in Panama and Jamaica was US$306 million, 16% higher than last year and representing 16% of revenue.

Our principal mobile investments continue to be in 4G mobile data networks supporting smartphone sales in Panama, The Bahamas and Antigua as well as upgrades to the faster LTE networks in The Bahamas and Cayman. We have made selective fibre network investments in Barbados and Cayman to offer high-speed broadband services. We also invested in advancing our billing and customer relationship management systems.

We anticipate continuing our mobile investments across the Caribbean and making strategic investments in MPLS transmission capacity and cable systems to support both retail and carrier sales.

On 30 October, we announced that our Panama business secured a new 20 year mobile licence agreement to run from 24 October 2017 to 24 October 2037. Under the agreement our Panama business will have access to 65MHz of spectrum (including 30MHz of new spectrum) for US$100 million (c.US40 cents per MHz per head of population). We will be granted access to an additional block of 1900 MHz spectrum immediately and will also gain access to the 700 MHz spectrum, a lower level frequency ideal for the transmission of mobile data over long distances, from August 2014. This will enable our network to support the rapid growth of mobile data services. Payment was made in the second half of 2013/14.

In Jamaica we secured a new 15 year mobile licence agreement from 2015 to 2030 at a cost of US$30 million giving us access to 20MHz of 1900MHz spectrum to expand 4G capacity and 24 MHz of AWS spectrum for eventual LTE network deployment. We also acquired additional microwave spectrum for expanding backhaul capacity to accommodate the additional subscribers and increased data traffic being experienced.

**Pre-exceptional depreciation and amortisation**
Depreciation and amortisation at US$262 million was 5% lower, as a 14% reduction in the Caribbean charge following impairments in the prior year, was partly offset by the impact of increased investment in Panama.

## Other Group items

**Net other operating expense/income**
The US$15 million net other operating expense for the year comprised a foreign exchange translation loss related to the UK pension scheme as the US$ weakened against sterling. In the prior year the US$4 million income was the result of a foreign exchange translation gain of US$8 million related to UK pension schemes partially offset by US$4 million of hurricane related costs in the Caribbean.

**Exceptional expense**
Exceptional items in the period of US$241 million included charges for the Group cost reduction initiative, primarily in relation to redundancy payments, as 36% (1,240) employees in the Caribbean exited the Group during the year.

Exceptional items also included charges of US$67 million against joint ventures and associates, primarily related to a voluntary separation scheme in TSTT.

The prior period charge was associated with redundancy and restructuring programmes in the Caribbean and the recognition of a non-cash impairment charge in the Eastern Caribbean.

**Net finance expense**
The US$134 million net finance expense for the Group included finance income of US$8 million (US$11 million in 2012/13) and finance expense of US$142 million (US$152 million in 2012/13). The decrease in finance expense predominantly related to the August 2012 sterling bond redeemed in the prior year.

There was an exceptional interest charge of US$25 million during the year, reflecting the call premium and accelerated amortisation of debt issuance costs, following the early redemption of the US$500 million 2017 secured bond.

**Other non-operating expense**
The US$6 million other non-operating expense was due to a loss on the disposal of Divona in Algeria. In the prior year, the US$16 million expense reflected the loss on the disposal of Afinis.

**Income tax expense**
The income tax charge for the continuing Group of US$29 million (US$41 million in 2012/13) was in respect of overseas taxes. This charge represented an effective tax rate of 24.6% pre-exceptional items. Removing the impact of non-deductible interest charged on the Group's central borrowing facilities this charge represented an effective tax rate of 14.5% pre-exceptional items.

We expect the Group effective tax rate in 2014/15, pre-exceptional items and excluding non-deductible interest charged on the Group's central borrowing facilities, to be around 16%.

**Discontinued Operations**

We expect to sell the Seychelles business and it therefore remains within discontinued operations and classified as held for sale in the balance sheet. Seychelles revenue and EBITDA for the year were US$53 million (US$44 million in 2012/13), and US$20 million (US$16 million in 2012/13) respectively.

**Gains on disposals**

During the period we recognised an accounting gain of US$1,011 million following the completed disposals of our Macau and Islands businesses comprising operations in the Maldives, the Channel Islands and Isle of Man, the South Atlantic and Diego Garcia.

**Group cash flow**

| | 2013/14<br>US$m<br>Total | 2012/13<br>US$m<br>Total |
|---|---|---|
| **EBITDA**[1] | **608** | **581** |
| Capital expenditure[2] | (306) | (263) |
| **Operating cash flow before exceptional items** | **302** | **318** |
| Movement in working capital and other provisions[3] | 55 | (2) |
| Net investment income[4] | 12 | 23 |
| **Underlying free cash flow** | **369** | **339** |
| *Fixed charges* | | |
| Income taxes paid[5] | (53) | (74) |
| Interest paid[6] | (122) | (129) |
| Dividends paid to non-controlling interests[7] | (106) | (106) |
| **Underlying equity free cash flow** | **88** | **30** |
| *Underlying equity free cash flow per share* | *3.5c* | *1.2c* |
| Dividends paid to shareholders | (100) | (166) |
| **Net cash flow before one-off items and exceptional items** | **(12)** | **(136)** |
| *Non-recurring items and exceptionals* | | |
| Cash exceptionals | (130) | (26) |
| Premium for US$500 million secured bond redeemed February 2014 | (19) | – |
| Panama and Jamaica concession renewals and spectrum purchases | (114) | – |
| Acquisitions and disposals[7] | 1,297 | (4) |
| Coupon for £200 million sterling unsecured bond redeemed August 2012 | – | (27) |
| Panama tax brought forward | – | (37) |
| Cash flow from discontinued operations | 29 | 105 |
| **Net cash flow after one-off items and exceptional items** | **1,051** | **(125)** |
| Net cash within assets disposed | (165) | – |
| Net (repayments)/proceeds from borrowings | (976) | 113 |
| **Net cash flow** | **(90)** | **(12)** |

1 *Earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/(expense) and exceptional items*

2 *Balance sheet capital expenditure excludes transfer of cable assets from inventory in 2012/13. Panama excludes spectrum capitalisation of US$7 million*

3 *Includes US$46 million movement in capital expenditure accruals*

4 *Includes dividends received from joint ventures of US$4 million in 2013/14 (US$6 million in 2012/13)*

5 *Excludes US$37 million impact in 2012/13 on timing of payments following change in Panama tax legislation*

6 *Excludes US$27 million coupon in H1 2012/13 on sterling unsecured bond of £200 million redeemed in August 2012*

7 *Monaco Telecom dividend paid to minority interest of US$30 million in 2013/14 (US$33 million in 2012/13) has been reallocated to dividends paid to non-controlling interests, but for IFRS purposes is included in acquisitions and disposals*

The Group generated operating cash flow before exceptional items of US$302 million for the year ended 31 March 2014, 5% lower than the prior year as capital expenditure increased due to targeted investments in high-speed networks and the PCCS sub-sea cable investment. There was a net inflow in working capital and other provisions due to increased capital expenditure accruals related to mobile infrastructure investments across the Group, whilst investment income of US$12 million included interest received on cash balances of US$8 million and dividends received from joint ventures.

*Fixed charges*

We paid US$53 million relating to income tax in 2013/14, US$21 million lower than the prior year primarily due to changes in tax legislation in Panama. Interest of US$122 million was paid on our external borrowings which included an annual charge of US$39 million payable for a US$500 million secured bond which was redeemed in February using proceeds from the Macau and Islands disposals. We paid dividends to non-controlling interests of US$106 million in the period, which was in line with the prior year.

Underlying equity free cash flow of US$88 million was US$58 million higher compared to the prior year.

*Non-recurring items and exceptionals*
The net cash outflow included US$130 million for exceptional items related to restructuring programmes primarily in the Caribbean, where our cost initiative has progressed ahead of our expectations. We also incurred a call premium of US$19 million due to the early redemption of our US dollar bond repayable in 2017, and US$114 million of cost to extend our mobile concessions and acquire additional spectrum in Panama and Jamaica. Following the payment to Batelco to unwind our disposal agreement for Monaco Telecom, we received net proceeds of US$1.3 billion for the disposals of our Macau and Islands businesses.

**Group consolidated cash and debt**

| | As at 31 March 2014 | | | As at 31 March 2013 | | |
|---|---|---|---|---|---|---|
| | **Subsidiaries** | **Central** | **Group** | **Subsidiaries** | **Central** | **Group** |
| | US$m | US$m | US$m | US$m | US$m | US$m |
| **Cash and cash equivalents** | **114** | **91** | **205** | **137** | **15** | **152** |
| Sterling unsecured bonds repayable in 2019 | – | (242) | (242) | – | (224) | (224) |
| US$500 million secured bonds due 2017 | – | – | – | – | (493) | (493) |
| US$400 million secured bonds due 2020 | – | (393) | (393) | – | (391) | (391) |
| Revolving Credit Facility (RCF) | – | – | – | – | (360) | (360) |
| Other central | – | – | – | – | (37) | (37) |
| Other regional debt facilities | (220) | – | (220) | (298) | – | (298) |
| **Total debt** | **(220)** | **(635)** | **(855)** | **(298)** | **(1,505)** | **(1,803)** |
| **Total reported net (debt)** | **(106)** | **(544)** | **(650)** | **(161)** | **(1,490)** | **(1,651)** |
| Monaco disposal proceeds | | | 445 | | | |
| **Pro-forma net (debt)** | | | **(205)** | | | |

During the year there was an early redemption of the US$500 million secured bonds repayable in 2017 funded by disposal proceeds. As at 31 March 2014, the aggregate commitment available under the RCF is US$487 million, the full amount of which remains undrawn.

Consolidated net debt as at 31 March 2014 was US$650 million with proportionate net debt of US$587 million representing 1.6x proportionate EBITDA.

Pro-forma the Monaco Telecom disposal proceeds received on 16 May, consolidated net debt as at 31 March 2014 was US$205 million with proportionate net debt of US$159 million representing 0.5x proportionate EBITDA.

**Pensions – Actuarial funding valuation completed in May 2014**

In May 2014 the Company reached agreement with the Trustees of the Cable & Wireless Superannuation Fund (CWSF) on the actuarial funding valuation as at 31 March 2013. This showed a funding deficit of £109 million. Cash contributions to the CWSF for 2014 to 2016 will remain in line with the agreement following the March 2010 triennial review. The payments will be: July 2014 – £30 million; April 2015 – £31 million; and April 2016 – £33 million. Payments in 2017, 2018 and 2019 will be based on the outcome of the triennial valuation as at 31 March 2016 and will be in the range of £0 - £23 million each year as necessary to fund the scheme by April 2019.

As at 31 March 2014, the defined benefit section of the CWSF had an IAS 19 accounting deficit of £90 million (US$148 million), compared to a deficit of £86 million (US$130 million) as at 31 March 2013. This deficit funding agreed as part of the 2010 actuarial funding valuation constitutes a minimum funding agreement and in accordance with accounting standards we are required to account for this within the deficit. The IAS19 deficit recorded at 31 March 2014 therefore represents the present value of the amounts committed under the minimum funding agreement. Finalisation of the 31 March 2013 valuation is a non-adjusting post balance sheet event and therefore will be taken into account in calculating the IAS19 deficit in future periods.

The AA corporate bond rate used in calculating the pension deficit was 4.4% compared with 4.5% at 31 March 2013.

The fund assets at 31 March 2014 were approximately invested 71% in the bulk annuity policy, 19% in equities, and 10% in bonds, property, swaps and cash.

There are other unfunded pension liabilities in the UK of £29 million (£30 million at 31 March 2013). The Group holds investments in gilts of £22 million to partially back the UK unfunded pension liabilities. Other schemes in Cable & Wireless Communications have a net IAS 19 surplus of US$17 million (US$19 million surplus at 31 March 2013).

**Dividend**

For the financial year 2013/14 the Board is recommending a final dividend of US2.67 cents per share. Combined with the interim dividend of US1.33 cents paid in January, this will total a full year dividend of US4 cents per share, in line with the 2012/13 distribution.

For 2014/15 the Board has confirmed that, subject to financial and trading performance, it expects to recommend a dividend of US4 cents per share.

Subject to shareholder approval, the final dividend will be paid on 8 August 2014 to ordinary shareholders on the register at the close of business on 30 May 2014.

A currency option and the dividend reinvestment plan will be offered in respect of the final dividend. The default currency for payment is sterling. Shareholders wishing to receive their dividend in US dollars or wishing to participate in the dividend reinvestment plan should make an election using CREST Input Message or return a completed Currency Mandate Form or Dividend Reinvestment Plan Mandate Form to: Equiniti Ltd, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, by 11 July 2014. Copies of the mandate forms are available from Equiniti Ltd, UK callers: 0871 384 2104; overseas callers: +44 (0)121 415 7052 or from our website www.cwc.com.

The sterling dividend payment amount per share will be announced on 17 July 2014, and will be based on the prevailing sterling to US dollar exchange rate at 2:00pm BST on that date.

**Transactions**

***Completed disposals in the year ended 31 March 2014***

On 3 April 2013, CWC completed the sale of the majority of the Islands sub-group to Batelco as part of a transaction described in note 3i of the appendices and received total cash proceeds of US$501 million in respect of these disposals. This represented consideration of US$470 million for the Islands sub-group plus US$31 million of net cash in the disposed businesses attributable to CWC.

On 20 June 2013, CWC completed the disposal of its 51% stake in Companhia de Telecomunicações de Macau S.A.R.L. (CTM) to CITIC Telecom International Holdings Limited. At completion, CWC received total cash proceeds of US$807 million comprising consideration of US$750 million (on a cash and debt free basis) plus US$57 million representing the estimated proportionate share of net cash in CTM attributable to CWC and initial working capital adjustments.

On 14 October 2013, CWC announced that Monaco Telecom had agreed to sell its Algerian satellite communication business Divona Algerie SpA to Smart Link Com SpA, of Algeria, for a total consideration of US$1.4 million on a cash free and debt free basis. This transaction completed on 7 February 2014.

***Bahamas Telecommunications Company***

On 23 January 2014, CWC reached an agreement with the Government of The Bahamas to establish a charitable foundation dedicated to investing in projects for the benefit of Bahamians.

***Joint venture with Columbus Networks Ltd***

On 13 May 2013, CWC announced it had entered into a JV with Columbus Networks Ltd to develop its international wholesale capacity business.

**Post balance sheet events**

***Disposal of Monaco Telecom***

On 20 May 2014, CWC completed the disposal of Compagnie Monegasque de Communication SAM (“CMC”), which was the holding company for CWC’s 55% stake in Monaco Telecom S.A.M. (“Monaco Telecom"). At completion, CWC received consideration of €321,788,000 (US$445 million) on a cash and debt free basis. In addition, CWC received €6.2 million relating to the estimated cash, debt and working capital at completion which remains subject to customary post-completion adjustments.

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# EXTRACTS FROM THE FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

## CONSOLIDATED INCOME STATEMENT

| **For the year ended 31 March 2014** | | | **2013/14** | | | Restated* 2012/13 |
|---|---|---|---|---|---|---|
| **Continuing operations** | **Pre-Exceptional items US$m** | **Exceptional items US$m** | **Total US$m** | Pre-Exceptional items US$m | Exceptional items US$m | Total US$m |
| Revenue | **1,873** | **–** | **1,873** | 1,942 | – | 1,942 |
| Operating costs before depreciation and amortisation | **(1,265)** | **(174)** | **(1,439)** | (1,361) | (50) | (1,411) |
| Depreciation | **(207)** | **–** | **(207)** | (221) | (86) | (307) |
| Amortisation | **(55)** | **–** | **(55)** | (54) | – | (54) |
| Other operating income | **–** | **–** | **–** | 11 | – | 11 |
| Other operating expense | **(15)** | **–** | **(15)** | (7) | – | (7) |
| **Group operating profit/(loss)** | **331** | **(174)** | **157** | 310 | (136) | 174 |
| Share of profit/(loss) of joint ventures and associates | **5** | **(67)** | **(62)** | 10 | – | 10 |
| **Total operating profit/(loss)** | **336** | **(241)** | **95** | 320 | (136) | 184 |
| Loss on sale of businesses | **(6)** | **–** | **(6)** | (16) | – | (16) |
| Finance income | **8** | **–** | **8** | 11 | – | 11 |
| Finance expense | **(142)** | **(25)** | **(167)** | (152) | – | (152) |
| **Profit/(loss) before income tax** | **196** | **(266)** | **(70)** | 163 | (136) | 27 |
| Income tax (expense)/credit | **(48)** | **19** | **(29)** | (61) | 20 | (41) |
| **Profit/(loss) for the year from continuing operations** | **148** | **(247)** | **(99)** | 102 | (116) | (14) |
| **Discontinued operations** | | | | | | |
| Profit for the year from discontinued operations | **1,050** | **–** | **1,050** | 184 | – | 184 |
| **Profit/(loss) for the year** | **1,198** | **(247)** | **951** | 286 | (116) | 170 |
| **Profit/(loss) attributable to:** | | | | | | |
| Owners of the Parent Company | **1,088** | **(229)** | **859** | 119 | (108) | 11 |
| Non-controlling interests | **110** | **(18)** | **92** | 167 | (8) | 159 |
| **Profit/(loss) for the year** | **1,198** | **(247)** | **951** | 286 | (116) | 170 |

| | 2013/14 | 2012/13 |
|---|---|---|
| Earnings per share attributable to the owners of the Parent Company during the year (cents per share)[1] | | |
| – basic | **34.3** | 0.4 |
| – diluted | **34.3** | 0.4 |
| Loss per share from continuing operations attributable to the owners of the Parent Company during the year (cents per share) | | |
| – basic | **(7.2)** | (3.8) |
| – diluted | **(7.2)** | (3.8) |
| Earnings per share from discontinued operations attributable to the owners of the Parent Company during the year (cents per share) | | |
| – basic | **41.5** | 4.2 |
| – diluted | **41.5** | 4.2 |

**For information on IAS 19 Employee Benefits restatement see note 5*
*[1]Includes discontinued operations*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| For the year ended 31 March 2014 | 2013/14 | Restated* 2012/13 |
|---|---|---|
| | US$m | US$m |
| **Profit for the year** | **951** | 170 |
| | | |
| **Other comprehensive (expense)/income for the year comprised:** | | |
| **Items that will not be reclassified to profit or loss:** | | |
| Actuarial losses in the value of defined benefit retirement plans | **(8)** | (30) |
| Income tax relating to items that will not be reclassified to profit or loss | **–** | 1 |
| | **(8)** | (29) |
| **Items that are or may be reclassified to profit or loss:** | | |
| Exchange differences on translation of foreign operations | **(3)** | 5 |
| Foreign currency translation reserves recycled on disposal of operations | **(7)** | – |
| Fair value (loss)/gain on available-for-sale financial assets | **(3)** | 4 |
| | **(13)** | 9 |
| | | |
| **Other comprehensive expense for the year, net of tax** | **(21)** | (20) |
| | | |
| **Total comprehensive income for the year** | **930** | 150 |
| | | |
| **Total comprehensive income/(expense) attributable to:** | | |
| Owners of the Parent Company | **836** | (10) |
| Non-controlling interests | **94** | 160 |

* For information on IAS 19 *Employee Benefits* restatement see note 5.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| As at 31 March 2014 | **31 March 2014 US$m** | 31 March 2013 US$m |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Intangible assets | **526** | 485 |
| Property, plant and equipment | **1,418** | 1,367 |
| Investments in joint ventures and associates | **188** | 253 |
| Available-for-sale financial assets | **58** | 58 |
| Other receivables | **170** | 66 |
| Deferred tax assets | **34** | 30 |
| Retirement benefit assets | **20** | 28 |
| | **2,414** | 2,287 |
| **Current assets** | | |
| Trade and other receivables | **433** | 484 |
| Inventories | **36** | 31 |
| Cash and cash equivalents | **205** | 152 |
| | **674** | 667 |
| Assets held for sale | **70** | 716 |
| | **744** | 1,383 |
| **Total assets** | **3,158** | 3,670 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Trade and other payables | **612** | 622 |
| Borrowings | **58** | 86 |
| Financial liabilities at fair value | **274** | 258 |
| Provisions | **140** | 85 |
| Current tax liabilities | **121** | 142 |
| | **1,205** | 1,193 |
| Liabilities held for sale | **23** | 235 |
| | **1,228** | 1,428 |
| **Net current liabilities** | **484** | 45 |
| **Non-current liabilities** | | |
| Trade and other payables | **26** | 27 |
| Borrowings | **797** | 1,717 |
| Deferred tax liabilities | **27** | 29 |
| Provisions | **42** | 32 |
| Retirement benefit obligations | **199** | 185 |
| | **1,091** | 1,990 |
| **Net assets** | **839** | 252 |
| **Equity** | | |
| **Capital and reserves attributable to the owners of the Parent Company** | | |
| Share capital | **133** | 133 |
| Share premium | **97** | 97 |
| Reserves | **259** | (479) |
| | **489** | (249) |
| **Non-controlling interests** | **350** | 501 |
| **Total equity** | **839** | 252 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| For the year ended 31 March 2014 | Share capital US$m | Share premium US$m | Foreign currency translation and hedging reserve US$m | Capital and other reserves US$m | Retained earnings US$m | Total US$m | Non-controlling interests US$m | Total equity US$m |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 April 2012** | 133 | 97 | 61 | 3,321 | (3,689) | (77) | 493 | 416 |
| Profit for the year* | – | – | – | – | 11 | 11 | 159 | 170 |
| Net actuarial losses recognised (net of tax)* | – | – | – | – | (26) | (26) | (3) | (29) |
| Exchange differences on translation of foreign operations | – | – | 1 | – | – | 1 | 4 | 5 |
| Fair value movements in available-for-sale financial assets | – | – | – | 4 | – | 4 | – | 4 |
| **Total comprehensive income/(expense) for the year** | – | – | 1 | 4 | (15) | (10) | 160 | 150 |
| Equity share-based payments | – | – | – | – | 4 | 4 | – | 4 |
| Dividends | – | – | – | – | (166) | (166) | – | (166) |
| Transfers to retained earnings | – | – | (30) | (4) | 34 | – | – | – |
| **Total dividends and other transactions with Cable & Wireless Communications Plc shareholders** | – | – | (30) | (4) | (128) | (162) | – | (162) |
| Dividends paid to non-controlling interests | – | – | – | – | – | – | (152) | (152) |
| **Total dividends and other transactions with non-controlling interests** | – | – | – | – | – | – | (152) | (152) |
| **Balance at 31 March 2013** | 133 | 97 | 32 | 3,321 | (3,832) | (249) | 501 | 252 |
| Profit for the year | – | – | – | – | 859 | 859 | 92 | 951 |
| Net actuarial losses recognised (net of tax) | – | – | – | – | (6) | (6) | (2) | (8) |
| Foreign currency translation reserves recycled on disposal of operations | – | – | (7) | – | – | (7) | – | (7) |
| Exchange differences on translation of foreign operations | – | – | (7) | – | – | (7) | 4 | (3) |
| Fair value movements in available-for-sale financial assets | – | – | – | (3) | – | (3) | – | (3) |
| **Total comprehensive (expense)/income for the year** | **–** | **–** | **(14)** | **(3)** | **853** | **836** | **94** | **930** |
| Equity share-based payments | – | – | – | – | 6 | 6 | – | 6 |
| Dividends | – | – | – | – | (100) | (100) | – | (100) |
| **Total dividends and other transactions with Cable & Wireless Communications Plc shareholders** | **–** | **–** | **–** | **–** | **(94)** | **(94)** | **–** | **(94)** |
| Dividends paid to non-controlling interests | – | – | – | – | – | – | (76) | (76) |
| Transfers on sale of subsidiaries | – | – | – | (30) | 26 | (4) | (169) | (173) |
| **Total dividends and other transactions with non-controlling interests** | **–** | **–** | **–** | **(30)** | **26** | **(4)** | **(245)** | **(249)** |
| **Balance at 31 March 2014** | **133** | **97** | **18** | **3,288** | **(3,047)** | **489** | **350** | **839** |

* For information on IAS 19 *Employee Benefits* restatement see note 5.

# CONSOLIDATED STATEMENT OF CASH FLOWS

| For the year ended 31 March 2014 | 2013/14 US$m | 2012/13 US$m |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash generated – continuing operations (page 22) | **488** | 540 |
| Cash generated – discontinued operations | **49** | 302 |
| Income taxes paid – continuing operations | **(53)** | (111) |
| Income taxes paid – discontinued operations | **(4)** | (28) |
| **Net cash from operating activities** | **480** | 703 |
| | | |
| **Cash flows from investing activities** | | |
| Finance income | **8** | 7 |
| Dividends received | **4** | 6 |
| Decrease in available-for-sale financial assets | **–** | 10 |
| Proceeds on disposal of property, plant and equipment | **5** | 4 |
| Purchase of property, plant and equipment | **(236)** | (236) |
| Purchase of intangible assets | **(139)** | (16) |
| Proceeds on disposal of subsidiaries and joint ventures (net of cash disposed) | **(4)** | (6) |
| Acquisition of subsidiaries (net of cash received) | **(30)** | (33) |
| **Net cash used in continuing operations** | **(392)** | (264) |
| Disposal proceeds (net of cash disposed and transaction costs) for discontinued operations | **1,131** | – |
| Other discontinued operations | **(16)** | (85) |
| **Discontinued operations** | **1,115** | (85) |
| **Net cash received from / (used in) investing activities** | **723** | (349) |
| | | |
| **Net cash flow before financing activities** | **1,203** | 354 |
| **Cash flows from financing activities** | | |
| Dividends paid to the owners of the Parent Company | **(100)** | (166) |
| Dividends paid to non-controlling interests | **(76)** | (73) |
| Repayments of borrowings | **(1,138)** | (760) |
| Finance costs | **(141)** | (156) |
| Proceeds from borrowings | **162** | 882 |
| Proceeds on sale of CMC shares | **100** | – |
| Unwind of sale of CMC shares (note 3i) | **(100)** | – |
| **Net cash used in continuing operations** | **(1,293)** | (273) |
| **Discontinued operations** | **–** | (93) |
| **Net cash used in financing activities** | **(1,293)** | (366) |

| | | |
|---|---|---|
| Net increase in cash and cash equivalents – continuing operations | **(1,250)** | (108) |
| Net decrease in cash and cash equivalents – discontinued operations | **1,160** | 96 |
| Cash and cash equivalents at 1 April | **297** | 312 |
| Exchange movements on cash and cash equivalents | **1** | (3) |
| **Cash and cash equivalents at 31 March** | **208** | 297 |

## Consolidated statement of cash flows
## for the year ended 31 March 2014

The reconciliation of loss for the year to net cash generated was as follows:

| Continuing operations | **2013/14 US$m** | 2012/13 US$m |
|---|---|---|
| **Loss for the year*** | **(99)** | (14) |
| Adjustments for: | | |
| Tax expense | **29** | 41 |
| Depreciation | **207** | 221 |
| Amortisation | **55** | 54 |
| Impairment and accelerated depreciation | **–** | 86 |
| Loss on sale of businesses | **6** | 16 |
| Finance income | **(8)** | (11) |
| Finance expense | **167** | 152 |
| Other income and expenses | **15** | (10) |
| Increase in provisions | **52** | 21 |
| Employee benefits* | **11** | 3 |
| Defined benefit pension scheme contributions | **(6)** | (7) |
| Share of post-tax results of joint ventures and associates | **62** | (10) |
| **Operating cash flows before working capital changes** | **491** | 542 |
| | | |
| **Changes in working capital (excluding effects of acquisition and disposal of subsidiaries)** | | |
| (Increase) / decrease in inventories | **(6)** | 2 |
| Decrease in trade and other receivables | **47** | 16 |
| Decrease in payables | **(44)** | (20) |
| **Cash generated from continuing operations** | **488** | 540 |

**For information on IAS 19 Employee Benefits restatement see note 5*

# ADDITIONAL INFORMATION

### 1 Significant accounting policies and principles

Whilst the financial information included in this announcement has been prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRS), this announcement does not itself contain sufficient information to comply with IFRS. The Group's 2013/14 Annual Report and Accounts are prepared in compliance with IFRS.

The accounting policies applied by the Group in this announcement are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2014.

The financial information in this announcement represents non-statutory accounts within the meaning of Section 435 of the Companies Act 2006. The auditors have reported on the statutory accounts for the year ended 31 March 2014. Their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. These accounts will be sent to the Registrar of Companies following the Company's Annual General Meeting. A separate dissemination announcement in accordance with the Disclosure and Transparency Rules (DTR) 6.3 will be made when the annual report and audited financial statements are available on the Group's website.

**Going concern**

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### 2 Shares outstanding at year end and weighted average number of shares

| | **At 31 March 2014<br>'000** | At 31 March 2013<br>'000 |
|---|---|---|
| Number of shares in issue | **2,665,612** | 2,665,612 |
| Shares held in treasury | **(137,489)** | (137,489) |
| Shares held by employee share ownership trust | **(24,660)** | (31,818) |
| Number of shares outstanding | **2,503,463** | 2,496,305 |
| Weighted average number of shares outstanding during the year used for the EPS calculation | **2,501,990** | 2,493,814 |

### 3 Discontinued operations

i) Monaco & Islands

At a General Meeting on 9 January 2013, shareholders of the Group approved the sale of the Monaco & Islands segment to Batelco International Group Holding Limited (Batelco). The significant aspects of this transaction are described below:

- We entered into an agreement to sell the Islands sub-group, (including the Group's interests in operations in Maldives, the Channel Islands and Isle of Man, South Atlantic, Diego Garcia and the Seychelles), for US$580 million. The sale of the Islands sub-group, with the exception of the Seychelles, was completed on 3 April 2013. The Group received cash proceeds of US$501 million, representing consideration of US$470 million plus US$31 million of proportionate net cash in the businesses attributable to CWC;
- Regulatory approval for the sale of the Seychelles was not obtained and hence the proposed disposal to Batelco could not be completed. The Group's strategy of focusing on our operations in the Caribbean and Latin America remains unchanged. We continue to be actively engaged in the disposal of the Seychelles;
- We also agreed to sell a 25% interest in Compagnie Monegasque de Communication SAM (CMC), the holding company of the Group's interests in Monaco Telecom, for US$100 million. The sale was completed on 3 April 2013;
- As part of the transaction we had an option to sell the remaining 75% of CMC shares to Batelco for US$345 million subject to regulatory approval from the Principality of Monaco;

- Also as part of the transaction, we granted to Batelco a put option over the 25% of CMC shares transferred to Batelco (the CMC put option) under which Batelco could require, between 18-19 months from 3 April 2013, the Group to repurchase the 25% CMC shareholding for US$100 million in the event that the regulatory approval from the Principality of Monaco was not granted within 12 months of 3 April 2013; and
- The CMC put option was recognised initially as a financial liability. We did not receive regulatory approval for the disposal of the remaining 75% of CMC from the Principality of Monaco. On 30 December 2013 we therefore agreed with Batelco to unwind the CMC put option and repurchase the 25% interest in CMC.

Monaco did not meet the definition of a disposal group held for sale and nor the criteria to be classified as a discontinued operation as there was insufficient certainty regarding the completion of the sale process at 31 March 2014. The results of Monaco Telecom are disclosed separately in their own operating segment.

The Islands sub-group has been classified as a discontinued operation. The results of the Islands sub-group were previously recorded in the Monaco & Islands operating segment. The Seychelles continues to be disclosed as a discontinued operation and as a disposal group held for sale in the statement of financial position. We continue to be actively engaged in the disposal.

ii) Macau

At a General Meeting on 28 February 2013, the shareholders of the Group approved the sale of the Macau operating segment for US$750 million to CITIC Telecom International Holdings Limited. This sale took place on 20 June 2013. The Group received cash proceeds of US$807 million comprising the consideration and US$57 million of proportionate net cash in the business attributable to Cable & Wireless Communications.

The Macau operating segment has been classified as a discontinued operation. The results of Macau were previously recorded in the Macau operating segment.

iii) Results

The results of all discontinued operations are shown below:

| Year ended 31 March 2014 | **Islands sub-group US$m** | **Macau US$m** | **Total discontinued operations US$m** |
|---|---|---|---|
| Revenue | 54 | 121 | 175 |
| Expenses | (35) | (92) | (127) |
| **Profit before tax** | 19 | 29 | 48 |
| Tax | (5) | (4) | (9) |
| **Profit after tax** | **14** | **25** | **39** |
| Profit on disposal of discontinued operations (excluding the Seychelles) | 274 | 737 | 1,011 |
| **Profit for the year** | **288** | **762** | **1,050** |

The net assets held at 31 March 2014 were US$47 million and relate wholly to the Seychelles. This included non-current assets of US$50 million, current assets of US$20 million (of which US$3 million was cash and cash equivalents), current liabilities of US$22 million and non-current liabilities of US$1 million.

## 4 Provisions

| | Property US$m | Redundancy costs US$m | Network and asset retirement obligations US$m | Legal and other US$m | Total US$m |
|---|---|---|---|---|---|
| At 1 April 2013 | 2 | 34 | 28 | 53 | 117 |
| Additional provisions | 19 | 128 | 1 | 46 | 194 |
| Amounts used | 1 | (119) | – | (12) | (130) |
| Unused amounts released | (2) | – | (1) | – | (3) |
| Effect of discounting | – | – | 3 | 1 | 4 |
| Exchange differences | – | – | (1) | 1 | – |
| **At 31 March 2014** | **20** | **43** | **30** | **89** | **182** |
| **Provisions – current** | **15** | **43** | **2** | **80** | **140** |
| **Provisions – non-current** | **5** | **–** | **28** | **9** | **42** |

The net expense recognised through profit or loss from movements in provisions relating to discontinued operations at 31 March 2014 was US$nil (31 March 2013 – US$nil).

**Property**
Provision has been made for dilapidation costs and for the lower of the best estimate of the unavoidable lease payments or cost of exit in respect of vacant properties. Unavoidable lease payments represent the difference between the rentals due and any income expected to be derived from the vacant properties being sublet. The provision is expected to be used over the shorter of the period to exit and the lease contract life.

**Redundancy**
Provision has been made for the total employee related costs of redundancies announced prior to the reporting date. Amounts provided for and spent during the periods presented primarily relate to regional transformation activities in the Caribbean together with costs at the corporate centre. The provision is expected to be used within one year.

**Network and asset retirement obligations**
Provision has been made for the best estimate of the unavoidable costs associated with redundant leased network capacity. The provision is expected to be used over the shorter of the period to exit and the lease contract life.

Provision has also been made for the best estimate of the asset retirement obligation associated with office sites, technical sites, mobile cell sites, domestic and subsea cabling. This provision is expected to be used at the end of the life of the related asset on which the obligation arises.

**Legal and other**
Legal and other provisions include amounts relating to specific legal claims against the Group together with amounts in respect of certain employee benefits and sales taxes. The timing of utilisation of the provision is uncertain and is largely outside the Group's control, for example, where matters are contingent upon litigation.

## 5 Retirement benefit obligations

The Group adopted IAS 19 *Employee benefits (revised 2011)* on 1 April 2013 and as required by the standard applied it retrospectively by restating comparative numbers for 2012/13.

The revisions made to IAS 19 *Employee benefits (revised 2011)* requires net interest expense/income to be calculated as the product of the net defined liability/asset, including any minimum funding liability or asset ceiling, and the discount rate as determined at the beginning of the year. The effect of this is to remove the previous concept of recognising an expected return on plan assets. In addition, actual administration expenses incurred by the plans are recognised through the income statement.

As a result, the Group recorded a net increase in operating expense and a reduction in profit for the year (and EBITDA) for the year ended 31 March 2014 of US$10 million (2012/13 – US$8 million). Corresponding movements in actuarial gains/losses have been recognised in other comprehensive income. There is no impact on total comprehensive income for the year.

This has had a negative impact on continuing EPS of US0.4 cents (2012/13 – US0.4 cents). There is no impact on the balance sheet in either year.

## 6 Reconciliation of non-GAAP measures

### Reconciliation of operating profit to EBITDA

| Continuing operations | **2013/14 US$m** | Restated 2012/13 US$m |
|---|---|---|
| Total operating profit | **95** | 184 |
| Depreciation and amortisation | **262** | 275 |
| Net other operating expense/(income) | **15** | (4) |
| Share of profit after tax of joint ventures and associates – pre-exceptional | **(5)** | (10) |
| Share of loss after tax of joint ventures and associates – exceptional items | **67** | – |
| Exceptional items | **174** | 136 |
| **EBITDA** | **608** | 581 |

The Group uses EBITDA as a key performance measure as it reflects the underlying operational performance of the businesses. EBITDA is not a measure defined under IFRS. It is calculated as earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income and expense and exceptional items.

### Reconciliation of basic Earnings Per Share (EPS) to Adjusted EPS

| | | **Continuing Group** |
|---|---|---|
| | **2013/14 US cents** | Restated 2012/13 US cents |
| **Loss per share attributable to owners of the Parent Company** | **(7.2)** | (3.8) |
| Exceptional items[1] | **9.2** | 4.3 |
| Amortisation of acquired intangibles[1] | **0.4** | 0.3 |
| Transaction costs and loss on disposal of businesses | **0.2** | 0.7 |
| **Adjusted EPS attributable to owners of the Parent Company** | **2.6** | 1.5 |
| Weighted average number of shares (million) | **2,502** | 2,494 |

[1] *Excluding amounts attributable to non-controlling interests*

Adjusted EPS is before exceptional items, transaction costs, gains/losses on disposals of businesses and amortisation of acquired intangibles.

### Reconciliation of Return on Invested Capital (ROIC)

| **Continuing operations** | **2013/14 US$m** | Restated 2012/13 US$m |
|---|---|---|
| **Total pre-exceptional operating profit** | **336** | 320 |
| | | |
| Average total assets | **3,414** | 3,714 |
| Average current liabilities | **(1,328)** | (1,618) |
| **Average invested capital** | **2,086** | 2,096 |
| **Average adjusted invested capital[1]** | **1,889** | 1,801 |
| **Return on Invested Capital** | **17.8%** | 17.8% |

[1] *Average adjusted invested capital for continuing operations is after deducting: deferred tax assets; retirement benefit assets; the goodwill balance attributable to the Monaco Telecom put option (less the current portion of the related put option financial liability); interest bearing current assets; total assets and current liabilities for discontinued operations; and adding back interest bearing current liabilities.*

The Group uses ROIC to measure the effectiveness of our capital investments.

ROIC is not a measure defined under IFRS. We define ROIC as total operating profit before exceptional items divided by average adjusted invested capital.

## 2013/14 CWC constant currency[1] results detail

| | Panama[2] | | | Caribbean | | | Monaco | | | Other[3] | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2013/14 US$m | 2012/13 US$m | Change % | 2013/14 US$m | 2012/13 US$m | Change % | 2013/14 US$m | 2012/13 US$m | Change % | 2013/14 US$m | 2012/13 US$m | Change % | 2013/14 US$m | 2012/13 US$m | Change % |
| Mobile | 336 | 323 | 4% | 531 | 520 | 2% | 70 | 63 | 11% | – | – | – | 937 | 906 | 3% |
| Broadband and TV | 64 | 60 | 7% | 120 | 117 | 3% | 18 | 17 | 6% | – | – | – | 202 | 194 | 4% |
| Fixed voice | 113 | 122 | (7)% | 252 | 280 | (10)% | 27 | 27 | – | – | – | – | 392 | 429 | (9)% |
| Enterprise, data and other | 78 | 81 | (4)% | 142 | 178 | (20)% | 122 | 140 | (13)% | – | – | – | 342 | 399 | (14)% |
| *LFL Enterprise, data and other[4]* | *78* | *81* | *(4)%* | *142* | 143 | *(1)%* | *122* | *135* | *(10)%* | – | – | – | *342* | *359* | *(5)%* |
| **Revenue** | **591** | **586** | **1%** | **1,045** | **1,095** | **(5)%** | **237** | **247** | **(4)%** | **–** | **–** | **–** | **1,873** | **1,928** | **(3)%** |
| *LFL Revenue[4]* | *591* | *586* | *1%* | *1,045* | *1,060* | *(1)%* | *237* | *242* | *(2)%* | – | – | – | *1,873* | *1,888* | *(1)%* |
| Cost of sales | (193) | (189) | (2)% | (218) | (260) | 16% | (91) | (103) | 12% | – | (1) | nm | (502) | (553) | 9% |
| **Gross margin** | **398** | **397** | **0%** | **827** | **835** | **(1)%** | **146** | **144** | **1%** | **–** | **(1)** | **nm** | **1,371** | **1,375** | **0%** |
| Operating costs | (156) | (158) | 1% | (529) | (562) | 6% | (65) | (67) | 3% | (13) | (7) | (86)% | (763) | (794) | 4% |
| **EBITDA[5]** | **242** | **239** | **1%** | **298** | **273** | **9%** | **81** | **77** | **5%** | **(13)** | **(8)** | **(63)%** | **608** | **581** | **5%** |
| *Proportionate EBITDA* | *119* | *117* | *1%* | *215* | *197* | *9%* | *45* | *42* | *5%* | *(13)* | *(8)* | *(63)%* | *366* | *348* | *5%* |
| Depreciation and amortisation | (95) | (85) | (12)% | (133) | (153) | 13% | (27) | (28) | 4% | (7) | (8) | 13% | (262) | (274) | 4% |
| Net other operating (expense)/income | – | – | – | – | (1) | nm | – | – | – | (15) | 6 | nm | (15) | 5 | nm |
| **Operating profit before joint ventures and exceptional items** | **147** | **154** | **(5)%** | **165** | **119** | **39%** | **54** | **49** | **10%** | **(35)** | **(10)** | **nm** | **331** | **312** | **6%** |
| Capital expenditure[6] | (102) | (85) | (20)% | (174) | (147) | (18)% | (21) | (15) | (40)% | (9) | (13) | 31% | (306) | (260) | (18)% |

*nm represents % change not meaningful*

*Full year ended 31 March 2013 restated for IAS19 pensions accounting standard*

1 *Prior year comparison translated at current year rates*

2 *Currency linked to the US dollar therefore no difference between the reported and constant currency changes*

3 *Other includes management, royalty and branding fees, the costs of the corporate centre, net UK defined benefit pension charge or credit and intercompany eliminations*

4 *Caribbean adjustment relates to change in accounting following the outsourcing of our LIME directory businesses, Monaco adjusted for Afinis revenue in prior year*

5 *Earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/(expense) and exceptional items*

6 *Balance sheet capital expenditure excludes transfer of cable assets from inventory in 2012/13. Panama excludes spectrum capitalisation of US$7 million*

# H2 2013/14 CWC reported results detail

| | Panama | | | Caribbean | | | Monaco | | | Other[1] | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **H2 13/14** | **H2 12/13** | **Change** | **H2 13/14** | **H2 12/13** | **Change** | **H2 13/14** | **H2 12/13** | **Change** | **H2 13/14** | **H2 12/13** | **Change** | **H2 13/14** | **H2 12/13** | **Change** |
| | **US$m** | **US$m** | **%** | **US$m** | **US$m** | **%** | **US$m** | **US$m** | **%** | **US$m** | **US$m** | **%** | **US$m** | **US$m** | **%** |
| Mobile | 168 | 164 | 2% | 267 | 265 | 1% | 37 | 29 | 28% | – | – | – | 472 | 458 | 3% |
| Broadband and TV | 33 | 30 | 10% | 61 | 60 | 2% | 10 | 8 | 25% | – | – | – | 104 | 98 | 6% |
| Fixed voice | 55 | 61 | (10)% | 122 | 141 | (13)% | 13 | 12 | 8% | – | – | – | 190 | 214 | (11)% |
| Enterprise, data and other | 40 | 45 | (11)% | 74 | 101 | (27)% | 57 | 63 | (10)% | 1 | - | – | 172 | 209 | (18)% |
| *LFL Enterprise, data and other[2]* | *40* | *45* | *(11)%* | *74* | *76* | *(3)%* | *57* | *63* | *(10)%* | *1* | *–* | *–* | *172* | *184* | *(7)%* |
| **Revenue** | **296** | **300** | **(1)%** | **524** | **567** | **(8)%** | **117** | **112** | **4%** | **1** | **–** | **nm** | **938** | **979** | **(4)%** |
| *LFL revenue[2]* | *296* | *300* | *(1)%* | *524* | *542* | *(3)%* | *117* | *112* | *4%* | *1* | *–* | *nm* | *938* | *954* | *(2)%* |
| Cost of sales | (96) | (96) | - | (107) | (142) | 25% | (44) | (42) | (5)% | (1) | (1) | – | (248) | (281) | 12% |
| **Gross margin** | **200** | **204** | **(2)%** | **417** | **425** | **(2)%** | **73** | **70** | **4%** | **–** | **(1)** | **nm** | **690** | **698** | **(1)%** |
| Other operating costs | (76) | (80) | 5% | (257) | (287) | 10% | (34) | (32) | (6)% | (13) | (6) | nm | (380) | (405) | 6% |
| **EBITDA[3]** | **124** | **124** | **–** | **160** | **138** | **16%** | **39** | **38** | **3%** | **(13)** | **(7)** | **(86)%** | **310** | **293** | **6%** |
| *Proportionate EBITDA* | *61* | *61* | *–* | *115* | *99* | *16%* | *21* | *21* | *3%* | *(13)* | *(7)* | *(86%)* | *184* | *174* | *6%* |
| Depreciation and amortisation | (50) | (47) | (6)% | (66) | (79) | 16% | (14) | (16) | 13% | (3) | (3) | – | (133) | (145) | 8% |
| Net other operating income/(expense) | – | – | – | (1) | (1) | – | – | – | – | (6) | 8 | nm | (7) | 7 | nm |
| **Operating profit before joint ventures and exceptional items** | **74** | **77** | **(4)%** | **93** | **58** | **60%** | **25** | **22** | **14%** | **(22)** | **(2)** | **nm** | **170** | **155** | **10%** |
| Capital expenditure[4] | (69) | (48) | (44)% | (125) | (103) | (21)% | (14) | (10) | (40)% | (6) | (9) | 33% | (214) | (170) | (26)% |
| Operating cash flow[5] | 55 | 76 | (28)% | 35 | 35 | – | 25 | 28 | (11)% | (19) | (16) | (19)% | 96 | 123 | (22)% |
| Cash exceptional items | (2) | – | nm | (59) | (12) | nm | – | – | – | (7) | (1) | nm | (68) | (13) | nm |

*nm represents % change not meaningful*

*Full year ended 31 March 2013 restated for IAS19 pensions accounting standard*

1. *Other includes management, royalty and branding fees, the costs of the corporate centre, net UK defined benefit pension charge or credit and intercompany eliminations*
2. *Caribbean adjustment relates to change in accounting following the outsourcing of our LIME directory businesses*
3. *Earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/(expense) and exceptional items*
4. *Balance sheet capital expenditure excludes transfer of cable assets from inventory in 2012/13. Panama excludes spectrum capitalisation of US$7 million*
5. *EBITDA less capital expenditure*

## H2 2013/14 CWC constant currency[1] results detail

| | Panama[2] | | | Caribbean | | | Monaco | | | Other[3] | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | H2 13/14 US$m | H2 12/13 US$m | Change % | H2 13/14 US$m | H2 12/13 US$m | Change % | H2 13/14 US$m | H2 12/13 US$m | Change % | H2 13/14 US$m | H2 12/13 US$m | Change % | H2 13/14 US$m | H2 12/13 US$m | Change % |
| Mobile | 168 | 164 | 2% | 267 | 262 | 2% | 37 | 30 | 23% | – | – | – | 472 | 456 | 4% |
| Broadband and TV | 33 | 30 | 10% | 61 | 58 | 5% | 10 | 9 | 11% | – | – | – | 104 | 97 | 7% |
| Fixed voice | 55 | 61 | (10)% | 122 | 135 | (10)% | 13 | 13 | – | – | – | – | 190 | 209 | (9)% |
| Enterprise, data and other | 40 | 45 | (11)% | 74 | 98 | (24)% | 57 | 66 | (14)% | 1 | – | – | 172 | 209 | (18)% |
| *LFL Enterprise, data and other[4]* | *40* | *45* | *(11)%* | *74* | *76* | *(3)%* | *57* | *66* | *(14)%* | *1* | *–* | nm | *172* | *187* | *(8)%* |
| **Revenue** | **296** | **300** | **(1)%** | **524** | **553** | **(5)%** | **117** | **118** | **(1)%** | **1** | **–** | **nm** | **938** | **971** | **(3)%** |
| *LFL revenue[2]* | *296* | *300* | *(1)%* | *524* | *531* | *(1)%* | *117* | *118* | *(1)%* | *1* | *–* | *nm* | *938* | *949* | *(1)%* |
| Cost of sales | (96) | (96) | – | (107) | (137) | 22% | (44) | (46) | (4)% | (1) | (1) | – | (248) | (280) | 11% |
| **Gross margin** | **200** | **204** | **(2)%** | **417** | **416** | **0%** | **73** | **72** | **1%** | **–** | **(1)** | **nm** | **690** | **691** | **0%** |
| Other operating costs | (76) | (80) | 5% | (257) | (279) | 8% | (34) | (34) | - | (13) | (5) | nm | (380) | (398) | 5% |
| **EBITDA[5]** | **124** | **124** | **–** | **160** | **137** | **17%** | **39** | **38** | **3%** | **(13)** | **(6)** | **nm** | **310** | **293** | **6%** |
| *Proportionate EBITDA* | *61* | *61* | *–* | *115* | *99* | *17%* | *21* | *21* | *3%* | *(13)* | *(6)* | *nm* | *184* | *175* | *6%* |
| Depreciation and amortisation | (50) | (47) | (6)% | (66) | (78) | 15% | (14) | (16) | 13% | (3) | (3) | - | (133) | (144) | 8% |
| Net other operating income/(expense) | – | – | – | (1) | | nm | – | – | – | (6) | 8 | nm | (7) | 8 | nm |
| **Operating profit before joint ventures and exceptional items** | **74** | **77** | **(4)%** | **93** | **59** | **58%** | **25** | **22** | **14%** | **(22)** | **(1)** | **nm** | **170** | **157** | **8%** |
| Capital expenditure[6] | (69) | (48) | (44)% | (125) | (101) | (24)% | (14) | (9) | (56)% | (6) | (9) | 33% | (214) | (167) | (28)% |

*nm represents % change not meaningful*

*Full year ended 31 March 2013 restated for IAS19 pensions accounting standard*

1 *Prior year comparison translated at current year rates*

2 *Currency linked to the US dollar therefore no difference between the reported and constant currency changes*

3 *Other includes management, royalty and branding fees, the costs of the corporate centre, net UK defined benefit pension charge or credit and intercompany eliminations*

4 *Caribbean adjustment relates to change in accounting following the outsourcing of our LIME directory businesses*

5 *Earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/(expense) and exceptional items*

6 *Balance sheet capital expenditure excludes transfer of cable assets from inventory in 2012/13. Panama excludes spectrum capitalisation of US$7 million*

## KPI DETAIL

| | 2011/12 | | | | 2012/13 | | | | 2013/14 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Subscribers (000s) | | | | | | | | | | | | |
| **Panama** | | | | | | | | | | | | |
| Mobile[1] | 2,038 | 2,454 | 2,347 | 2,227 | 1,656 | 1,785 | 1,744 | 1,842 | 1,897 | 1,933 | 2,085 | 2,159 |
| Broadband | 141 | 140 | 133 | 132 | 129 | 127 | 125 | 126 | 129 | 129 | 130 | 131 |
| Fixed line | 395 | 396 | 393 | 389 | 386 | 381 | 378 | 376 | 376 | 374 | 372 | 372 |
| **Caribbean** | | | | | | | | | | | | |
| Mobile[1] | 1,529 | 1,505 | 1,450 | 1,517 | 1,491 | 1,594 | 1,623 | 1,515 | 1,549 | 1,624 | 1,498 | 1,506 |
| Broadband | 223 | 222 | 223 | 225 | 221 | 222 | 223 | 223 | 227 | 232 | 238 | 240 |
| Fixed line | 735 | 728 | 722 | 719 | 714 | 713 | 706 | 701 | 698 | 696 | 686 | 683 |
| **Monaco** | | | | | | | | | | | | |
| Mobile[1] | 29 | 30 | 30 | 30 | 31 | 32 | 34 | 33 | 33 | 35 | 35 | 35 |
| Broadband | 15 | 15 | 15 | 16 | 16 | 16 | 16 | 17 | 17 | 17 | 17 | 17 |
| Fixed line | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 |
| ARPU (US$)[2] | | | | | | | | | | | | |
| **Panama** | | | | | | | | | | | | |
| Mobile | 14.0 | 12.4 | 13.1 | 13.9 | 14.4 | 15.9 | 15.8 | 16.7 | 15.4 | 14.9 | 14.2 | 12.9 |
| Broadband | 27.3 | 27.2 | 27.4 | 27.5 | 27.2 | 29.0 | 28.6 | 29.0 | 29.0 | 28.8 | 28.5 | 28.7 |
| Fixed line | 30.0 | 30.6 | 27.8 | 26.6 | 26.2 | 26.5 | 27.0 | 26.7 | 26.1 | 25.4 | 24.7 | 24.6 |
| **Caribbean** | | | | | | | | | | | | |
| Mobile | 28.4 | 29.1 | 28.9 | 29.3 | 28.3 | 27.7 | 27.2 | 27.2 | 28.4 | 26.7 | 26.4 | 27.7 |
| Broadband | 42.5 | 42.7 | 41.5 | 42.4 | 41.7 | 42.6 | 42.3 | 41.7 | 40.2 | 40.8 | 39.3 | 37.9 |
| Fixed line | 38.3 | 38.8 | 37.6 | 33.3 | 35.4 | 34.3 | 32.9 | 33.2 | 32.0 | 30.1 | 28.9 | 30.4 |
| **Monaco** | | | | | | | | | | | | |
| Mobile | 159.4 | 167.3 | 139.8 | 130.0 | 146.1 | 135.3 | 122.7 | 119.3 | 128.1 | 135.4 | 124.8 | 120.6 |
| Broadband | 50.9 | 50.7 | 48.1 | 48.3 | 47.1 | 45.7 | 48.6 | 48.5 | 47.5 | 48.5 | 50.2 | 51.1 |
| Fixed line | 72.4 | 69.3 | 66.0 | 66.3 | 64.8 | 62.6 | 62.6 | 62.4 | 67.6 | 65.5 | 65.4 | 65.2 |

[1] *Active subscribers are defined as those having performed a revenue-generating activity in the previous 60 days*

[2] *ARPU is average revenue per user per month, excluding equipment sales*

## EXCHANGE RATES

| | Actual rates for year ended 31 March 2014 | Actual rates for year ended 31 March 2013 | Percentage change US dollar appreciation /(depreciation) |
|---|---|---|---|
| **Sterling : US dollar** | | | |
| Average | 0.6313 | 0.6330 | 0% |
| Period end | 0.6059 | 0.6562 | (8)% |
| **Euro : US dollar** | | | |
| Average | 0.7461 | 0.7786 | (4)% |
| Period end | 0.7258 | 0.7694 | (6)% |
| **Jamaican dollar : US dollar** | | | |
| Average | 102.71 | 90.01 | 14% |
| Period end | 109.16 | 97.63 | 12% |
| **US dollar : sterling** | | | |
| Average | 1.5840 | 1.5798 | |
| Period end | 1.6504 | 1.5239 | |

### Cable & Wireless Communications EBITDA by currency

| | **2013/14** | |
|---|---|---|
| | **EBITDA** | **EBITDA** |
| | **US$m** | **% of total** |
| US dollar, pegged or linked | 505 | 83% |
| Euro | 77 | 13% |
| Jamaican dollar | 26 | 4% |
| **Total** | **608** | **100%** |

## Important disclaimer

This announcement contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and Cable & Wireless Communications' plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are several factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. A summary of some of the potential risks faced by Cable & Wireless Communications is set out in the Group's most recent Annual Report.

Forward-looking statements speak only as of the date they are made and Cable & Wireless Communications undertakes no obligation to revise or update any forward-looking statement contained within this announcement, or any other forward-looking statements it may make, regardless of whether those statements are affected as a result of new information, future events or otherwise (except as required by the UK Listing Authority, the London Stock Exchange, the City Code on Takeovers and Mergers or by law).