



**Cable & Wireless**  
Communications

# BNP Paribas High Yield and Leveraged Finance Conference

Cable & Wireless  
Communications Plc

14 January 2014



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This presentation 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 Plc's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

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## Agenda

### **Group overview**

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### Strategy

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### Financial summary

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### Q&A



# CWC overview

## Focused regional operator with market leading positions

### Operational overview

- Panama return to growth
- Jamaica market share gains
- Disposals largely complete
  - Over \$1.3bn raised from sale of 19 businesses
- Cost reduction programme on track
  - H1 Caribbean costs down 6%
- New CEO and focus on Miami regional centre

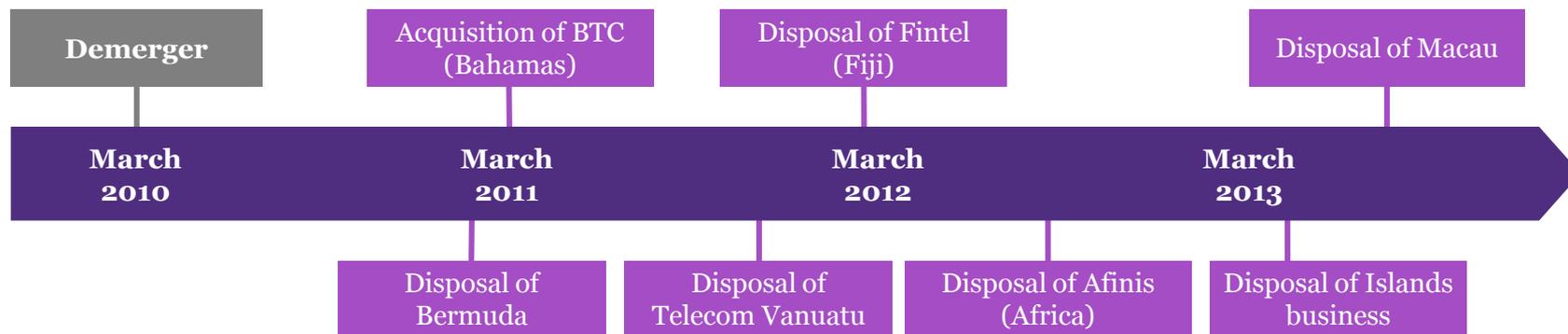
### Financial overview

- H1 EBITDA growth of 3%
- Group mobile revenue up 3%
- Mobile data revenue growth 29%
- Proportionate leverage 0.8x

<sup>1</sup>Including discontinued operations

# Reshaped portfolio

## Focus on the Caribbean and Latin America



- Since demerger CWC has:
  - Exited 19 markets realising over \$1.3bn in disposal proceeds
  - Acquired 51% of BTC
- Post disposals CWC will be present in 20 markets, 16 of which are in the pan-America region
- Reviewing options for businesses in Monaco and the Seychelles

# CWC today

...a region where the Group is well-placed to develop and grow

- Market leaders
- Full service provider
- #1 mobile operator in 10 of 16 markets
- #1 fixed operator in 15 of 15 markets
- #1 broadband operator in 15 of 16 markets



**Ready to embark on the next phase of our strategy**



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# Progress on CWC's strategy

Executing against four key strategic priorities

- 1 **Top line growth**
- 2 **Improve customer service**
- 3 **Increase returns on capital**
- 4 **Cost discipline**



**Leading communications provider in the region**

# \$100m cost reduction plan

Good progress to date – more still to come

## Completed

Outsourcing of service delivery teams in Jamaica and Barbados

De-layering of management teams

18% reduction in Caribbean headcount

## In progress/planned

Operational structure overhaul

Review of property portfolio

Contact centre review

Improve plant power efficiency

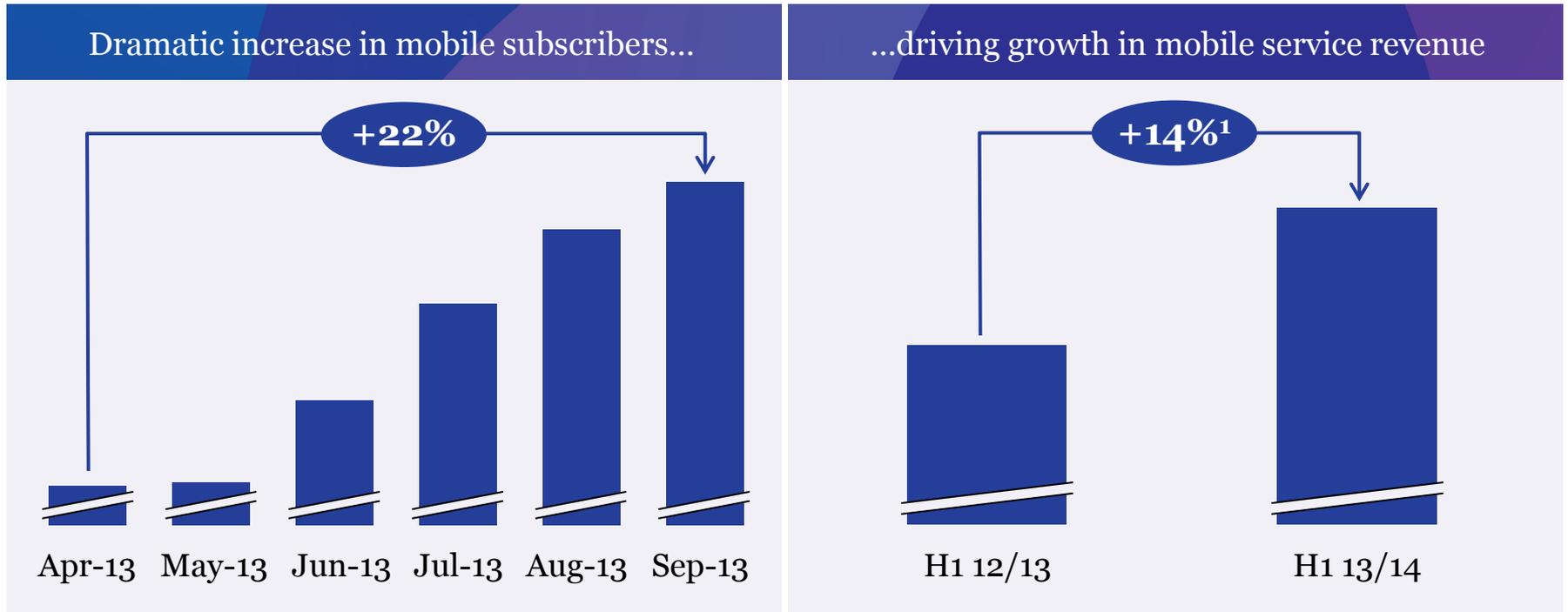
6% reduction in H1  
Caribbean opex

Group opex down  
by 4% at H1 13/14

\$100m run rate opex  
reduction by end of  
FY14/15

# Jamaica

## Continued momentum – winning market share



New TalkEZ tariffs welcomed by consumers following MTR reductions

Active market share now c.20%

<sup>1</sup> At constant currency

# Panama

## Strong mobile performance led by data growth



Mobile revenue up 6%

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Increased data penetration

- 33% of mobile subscribers
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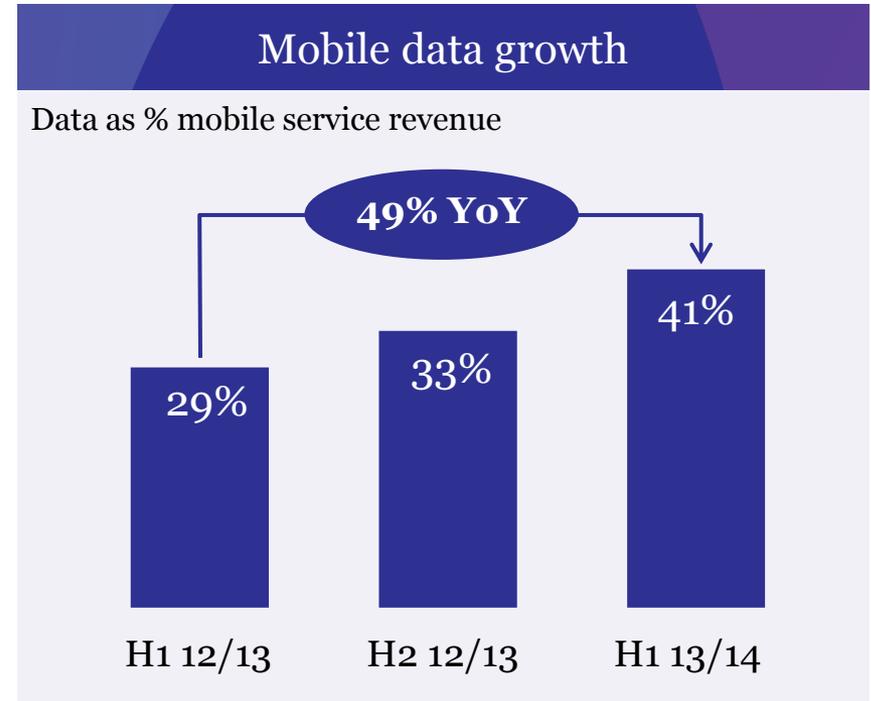
Increased uptake of multiplay offering

- 24% growth in TV subscribers
  - 3% growth in Broadband ARPU
- 

Enterprise revenue stable

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Benefit of recent change to tax legislation



# Panama licence renewal

Secured existing and additional LTE spectrum to 2037

Band	Existing	Additional	Total
<b>700</b>	-	20MHz	<b>20MHz</b>
<b>850</b>	25MHz	-	<b>25MHz</b>
<b>1900</b>	10MHz	10MHz	<b>20MHz</b>

**65MHz**  
US40¢ per MHz per pop

## New licence until 2037

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Secures spectrum required to continue mobile data growth until 2037

- Access to new 700 MHz LTE band



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# Financial Highlights – 6 months to September 2013

Revenue down 3% at \$935m

- FX and Directory accounting changes
- Mobile revenue growth – up 3%

EBITDA up 3% to \$298m

- Panama return to growth – up 3%
- Caribbean opex down 6%

Net profit<sup>1</sup> up 26% to \$63m

- Adjusted EPS 0.8c

Net debt \$360m

- Underlying cash flow in line
- Net disposal proceeds of \$1.4bn

Interim dividend of 1.33c per share

<sup>1</sup> Pre-exceptionals

# Trading results

<b>\$m</b>	<b>Reported H1 13/14</b>	Reported H1 12/13	Reported change %
<b>Revenue</b>	<b>935</b>	<b>963</b>	<b>(3)%</b>
Gross margin	681	689	(1)%
Operating costs	(383)	(401)	4%
<b>EBITDA<sup>1</sup></b>	<b>298</b>	<b>288</b>	<b>3%</b>
Capex	(92)	(93)	1%
<b>OCF<sup>1</sup></b>	<b>206</b>	<b>195</b>	<b>6%</b>

<sup>1</sup> Pre-exceptionals

# Group cash flow

## Working capital outflow weighted to H1

\$m		Reported H1 13/14	Reported H1 12/13	Reported H2 12/13
Underlying operations	EBITDA <sup>1</sup>	298	288	293
	Capital expenditure	(92)	(93)	(170)
	OCF	206	195	123
	Working capital / investment income	(62)	(81)	102
	<b>Underlying FCF</b>	<b>144</b>	<b>114</b>	<b>225</b>
Fixed charges	Tax	(28)	(64) <sup>2</sup>	(10)
	Interest	(48)	(50) <sup>3</sup>	(79)
	Minority Dividends	(36)	(45)	(61)
	Cash flow from discontinued operations	27	38	73
	<b>Underlying Equity FCF</b>	<b>59</b>	<b>(7)</b>	<b>148</b>

<sup>1</sup> Pre-exceptionals

<sup>2</sup> Excluding \$12m additional payments due to change in Panama legislation

<sup>3</sup> Excluding \$27m interest paid on 2012 bond

# Group net debt

Disposal proceeds bringing leverage down to 0.8x

## Net debt bridge

\$m

### Net debt March 2013

(1,651)

Underlying Equity Free Cash Flow

59

Includes interest charge of \$48m

Normalised interest c.\$14m

Dividends to CWC shareholders

(67)

Payment of 2012/13 final dividend

Cash exceptionals

(62)

Costs incurred to date associated with  
\$100m cost reduction programme

Disposal proceeds

1,399

Disposal proceeds from Macau and  
Islands transactions including fees and  
cash held in the businesses

Movement in disposed cash balance

(27)

FX and other

(11)

Net Debt / LTM EBITDA:

Consolidated: 0.6x

Proportionate: 0.8x

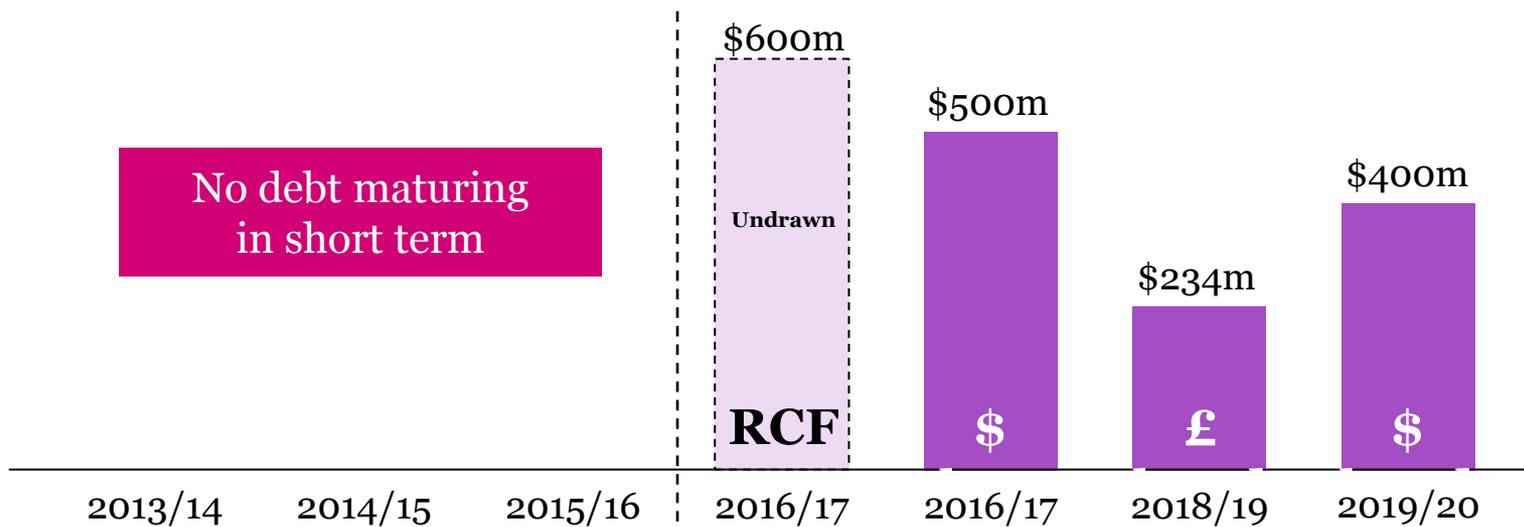
### Net debt September 2013

(360)

# Pro forma central debt profile (30 Sep 13)

## Strong maturity profile

- Strong liquidity
  - \$600m of undrawn central bank facilities
  - 2017 bond callable in February 2014 at 103.875
  - Subsidiary net debt of \$80m





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Thank you  
Questions



# Appendix



# CWC debt structure as at 30 September 2013

## Three-tier debt structure

