



Cable & Wireless
Communications

Interim Results 2014/15

Cable & Wireless
Communications Plc

6 November 2014



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Agenda

▶ **Financial review**

Operational update

6 November 2014



Summary for H1 2014/15

- 1 Modest revenue growth of 1% as investment-led strategy mobilises
- 2 Cost reduction programme underpins 5% EBITDA growth
- 3 Improvements in resilience of networks and customer experience; capex up 81%
- 4 Significant growth in EPS to US1.9 cents as interest costs and exceptionals fall
- 5 Acceleration of strategic delivery through acquisition of Columbus International Inc.

Group EBITDA increased 5% driven by revenue growth and lower operating costs

CWC ¹			
\$m	H1 14/15 ¹	H1 13/14 ¹	Change %
Revenue	848	841	1%
Operating costs	(357)	(366)	2%
EBITDA²	277	265	5%
Capex	(190)	(105)	(81)%
OCF²	87	160	(46)%

1 Revenue growth driven by:

- Mobile +3% (Mobile data +10%)
- Broadband and TV +4%
- Managed services +1%

Fixed voice down 6%

2 EBITDA to accelerate in H2
Full year guidance maintained

3 Project Marlin progressing well

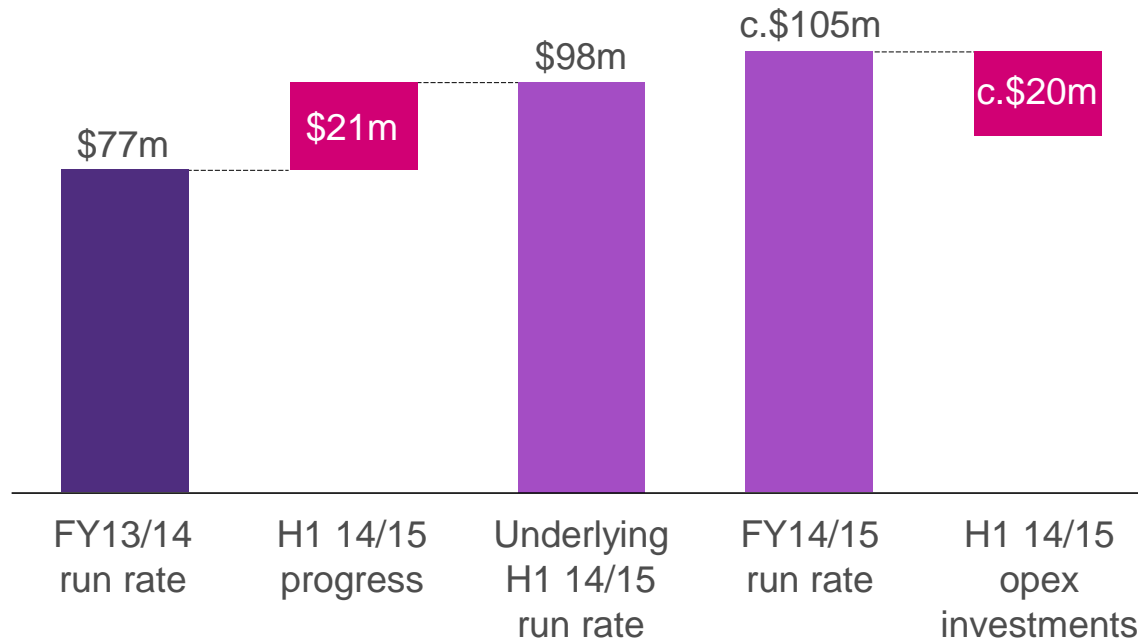
- All markets being upgraded to 4G
- Fibre roll-out in 11 markets
- TV now in 4 markets; 11 next year

¹ Excluding discontinued operations (Monaco) and including Seychelles

² Pre-exceptionals in H1 13/14

Cost reduction programme is progressing well

– on target to achieve \$100m run rate savings by end of year



Underlying run rate of \$98m however additional short term costs due to:

- Project Marlin roll-out
- Dual running of London/Miami
- Consultancy fees
- New Business Solutions team
- New Miami commercial team
- Centralisation of CTIO
- Sales and marketing investment

Future focus to achieve \$100m run rate:

Operating model redesign

Headcount reduction

Facility rationalisation

Network efficiency improvement

Procurement savings

Administrative expense review

EPS benefits from reduced finance expense following 2017 bond redemption and no exceptional charges

\$m	H1 14/15	H1 13/14	% change
EBITDA	277	265	5%
Depreciation and amortisation	(123)	(115)	(7)%
Net other operating income/(expense) and JVs and associates	9	(8)	nm
Total operating profit pre-exceptionals	163	142	15%
Exceptionals	1 -	(55)	nm
Total operating profit	163	87	87%
Net finance expense	2 (31)	(70)	56%
Tax	(29)	(25)	(16)%
Net profit/(loss) for the period	103	(8)	nm
Net profit/(loss) for the period before exceptionals	103	47	nm
EPS	1.9c	(2.0)c	nm
Adjusted EPS¹	2.0c	0.1c	nm

- 1 No exceptional charges in H1 14/15
- 2 Reduced finance expense following redemption of \$500m 2017 bond in Feb 2014
- 3 Significant improvement in EPS

¹ Adjusted EPS is before exceptional items, gains/(losses) on disposals, amortisation of acquired intangibles and transaction costs

Underlying Equity FCF performance impacted by Project Marlin

\$m		H1 14/15	H1 13/14
Underlying operations	EBITDA¹	277	265
	Cash capital expenditure	(190)	(105)
	Working capital / investment income	(32)	(40)
	Underlying FCF	55	120
Fixed charges	Tax	(21)	(28)
	Interest	(27)	(48)
	Minority dividends	(48)	(28)
Underlying Equity FCF		(41)	16

1 Higher capex spend as a result of Project Marlin

2 Reduction in interest payments following early redemption of 2017 bond

3 Minority dividends higher due to timing of payments from BTC and Panama

¹ Pre-exceptionals

Net debt

\$m	
Net debt March 2014	(650)
Underlying Equity FCF	(41)
Dividends to CWC shareholders	(67)
Net acquisitions and disposals	1 366
Pension payment	2 (52)
Cash exceptionals	3 (20)
FX movements and other	-
Net debt September 2014	(464)

1.0x proportionate net debt to proportionate EBITDA

1 Comprises:
 \$445 Monaco Telecom proceeds
 \$(42) Deconsolidation of cash held, fees and other adjustments
 \$(37) Acquisition of Grupo Sonitel less cash acquired

2 Pension triennial valuation complete:
 £109m funding deficit
 Agreed cash contributions
 July 2014: £30m
 April 2015: £31m
 April 2016: £33m
 Further payments - if any - subject to 2016 triennial

3 Exceptional cash flow related to \$100m cost out programme



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Our strategy is to deliver sustainable organic growth

Objective

Grow customer relationships and lifetime value by being “#1 for customer service”

Strategic imperatives

1

Mobile
leadership

2

Fixed-mobile
convergence

3

Reinforce our
TV offering

4

Grow B2B / B2G
business

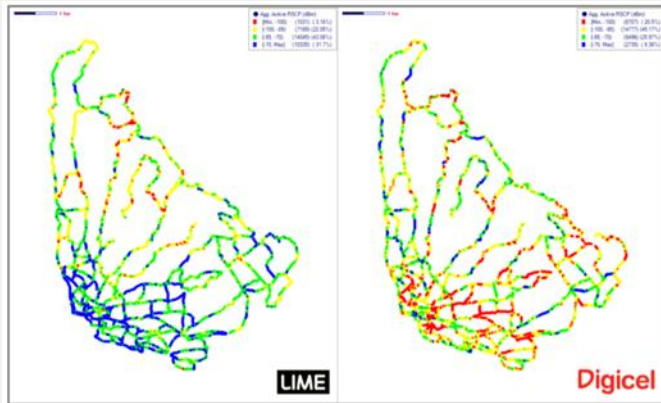
Supported by:

- Improved stakeholder management
- Business process optimisation
- Project Marlin (capex acceleration)

We are continuing to build on network capabilities to sustain and grow our mobile leadership

Accomplishments to date

c.\$35m in LIME mobile capex produced **superior performance vs. competitor** (e.g. Barbados)



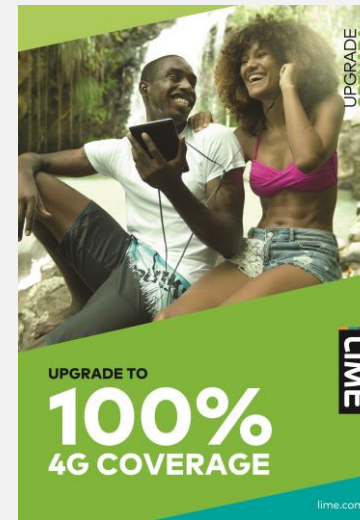
LIME NPS has increased by 12 pts over the last six months as a result of network upgrades

Significant **increase in mobile data traffic** in Panama and the Caribbean

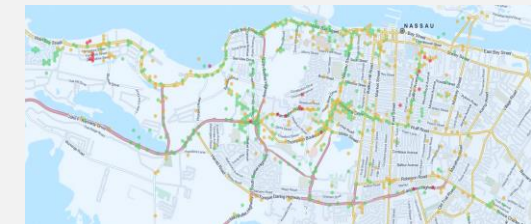
+71% in Panama	+34% in BTC	+45% in LIME
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Plans for future

Expand **4G footprint within all markets** and launch new **LTE service** in Panama and Antigua



Nassau: Real-time customer experience



c.\$420m future capex to further build on network capabilities

CWC is paving the way for a fully converged product through combined investment in fixed and mobile networks

Accomplishments to date

Enhanced **switching capabilities** enable fixed & mobile networks to operate in a more integrated way



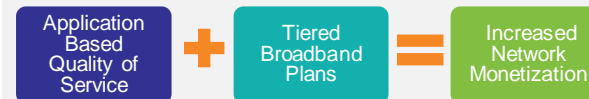
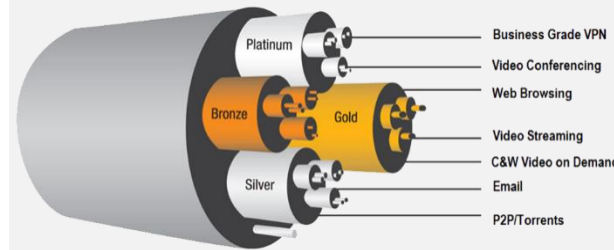
New **WiFi hotspots** in Panama and Cayman provide **seamless connectivity**



Successful launch of **Barbados QuadPlay**

Plans for future

Application Based QoS allows for fixed mobile convergent data charging



Soft-switching to support **voice over FTTH/FTTN** enables FMC voice/data



c.\$290m¹ future capex across Caribbean & Panama to strengthen converged networks

¹ Excludes c.\$480m planned mobile and TV spend

Investment in TV offering is expected to continue to drive subscriber growth

Accomplishments to date

TV improvements in CWP & LIME led to **double-digit subscriber growth**

+18%

in Caribbean

+12%

in Panama

Overall TV **NPS** has increased by **15 pts** over the last six months



Plans for future

Modernised **Cable TV Hybrid-Fibre-Coax (HFC)** network, **DTH**, and **OTT CDNs** in Panama



Planned launch of new **TV product across 7 additional Caribbean markets**



c.\$60m¹ future capex to strengthen TV offering

¹ Excludes c.\$290m fixed capex, which also supports TV

We are driving B2B/B2G growth through expansion and investment in capabilities

Accomplishments to date

Completed acquisition of Grupo Sonitel, integration underway



Business Solutions team won contracts across key sectors

Baha Mar Resort



CCTV for security forces



Plans for future

Leverage Grupo Sonitel assets for growth to adjacent markets

El Salvador



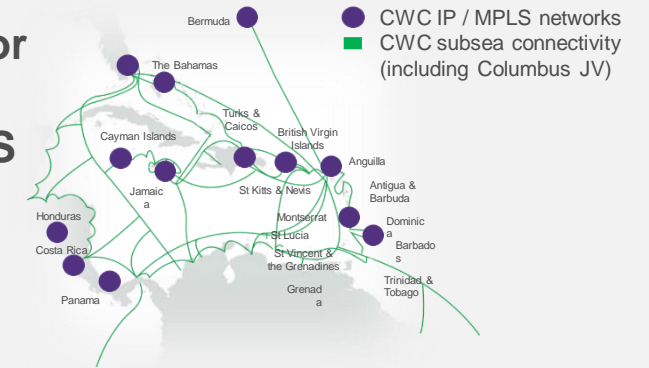
Nicaragua



Peru



Sub-sea cable network expansion (e.g. Ecuador to Florida) through investment in the PCCS submarine cable

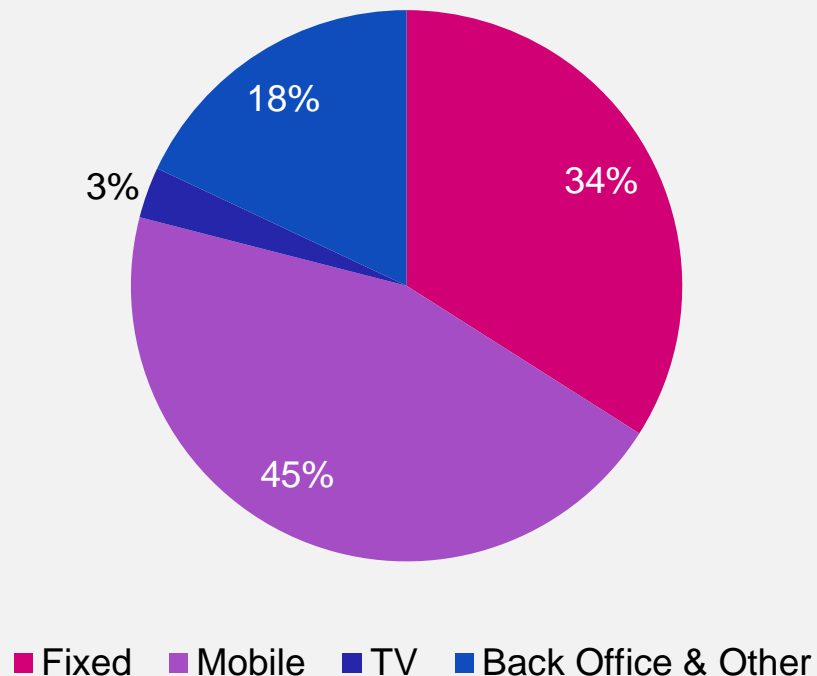


c.\$80m¹ future capex to drive B2B/B2G growth

¹ Excludes c.\$710m fixed and mobile capex, which also supports B2B/B2G growth

Project Marlin: H1 progress ahead of schedule

H1 14/15 capex spend by category



Key projects

	Mobile	FMC	TV
Panama \$58m	4G	Fixed BB coverage and NGN upgrade	Further roll out of Pay TV/DTH
LIME \$90m	4G/LTE	FTTH/FTTP in strategic locations	Initial phases of TV offering
BTC \$27m	4G/LTE	NGN upgrade 55% migrated	Initial phases of TV offering

**+480 4G sites
+40 LTE sites**

+588km Fibre

+2300 DTH customers

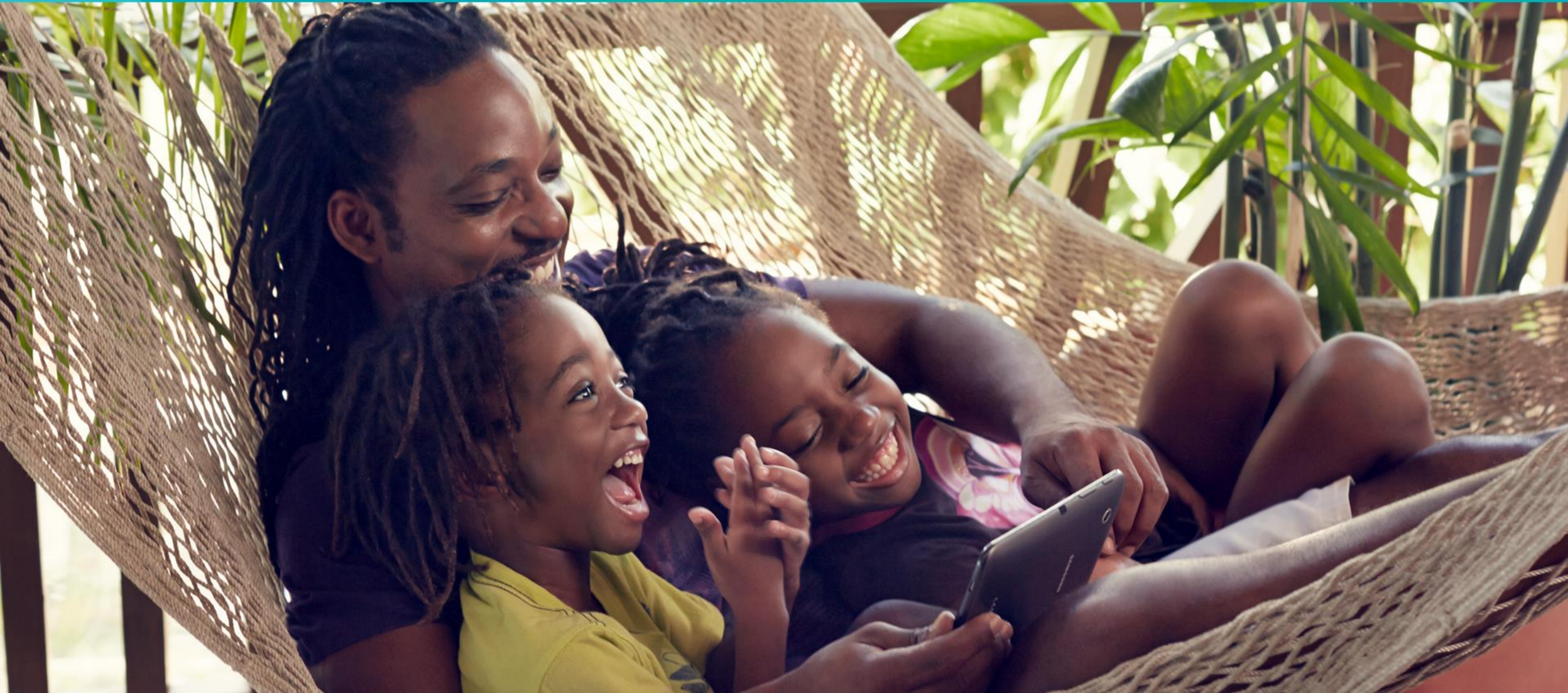
Future focus on network improvement

Mobile speed, quality and reliability

FMC and B2B fixed investment

TV roll out

Appendix



Panama: Revenue driven by both mobile and fixed data growth

Panama

\$m	H1 14/15	H1 13/14	Change %
Revenue	302	287	1 5%
Operating costs	(84)	(79)	2 (6)%
EBITDA ¹	118	116	2%
Capex	(58)	(35)	3 (66)%
OCF ¹	60	81	(26)%

1 Mobile (+5%) has been the main driver for growth as mobile data uptake continues (+25%)

- Data penetration up 2ppts
- Subscribers up 30%
- Market share maintained at >50%

Slowing decline in fixed products
-1% vs -2% in previous year

2 Increased marketing spend ahead of rebranding exercise

3 Investments in improving mobile coverage, expanding fixed network and delivering DTH television

¹ Pre-exceptionals

LIME: Revenue stable but 9% cost savings leads to 28% EBITDA increase

LIME

\$m	H1 14/15	H1 13/14	Change %
Revenue	344	346	¹ (1)%
Operating costs	(171)	(188)	² 9%
EBITDA ¹	100	78	28%
Capex	(90)	(39)	³ nm
OCF ¹	10	39	(74)%

¹ Mobile revenue up 6% led by growth in Jamaica
 Fixed voice decline of 7%
 Broadband and TV flat ahead of high speed fibre investment

² 9% opex reduction due to cost restructuring

³ Investments to improve mobile network quality across portfolio (4G in most markets, key regions LTE)
 Fibre roll-outs to deliver high speed internet and IP TV services

¹ Pre-exceptionals

BTC: EBITDA flat as cost base improvements balance price reductions prior to introduction of competition

BTC

\$m	H1 14/15	H1 13/14	Change %
Revenue	171	175	¹ (2)%
Operating costs	(79)	(84)	² 6%
EBITDA¹	59	60	(2)%
Capex	(27)	(23)	³ (17)%
OCF¹	32	37	(14)%

¹ Mobile revenue decline of 2% following price reductions
 Fixed products flat as broadband growth balances voice decline
 Managed services down 7%

² Opex 6% lower following cost reduction programme

³ Investments to improve mobile network quality including roll out of LTE services
 Fibre build out started in New Providence and Grand Bahama

¹ Pre-exceptionals

Seychelles: Revenue up 4%, returned to continuing operations

Seychelles

\$m	H1 14/15	H1 13/14	Change %
Revenue	27	26	¹ 4%
Operating costs	(13)	(12)	(8)%
EBITDA ¹	10	10	-
Capex	(4)	(5)	20%
OCF ¹	6	5	20%

¹ Revenue up on prior year as a result of good performance in mobile (+7%)

Subscriber growth across all service lines, ARPU growth in mobile and broadband

¹ Pre-exceptionals



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