



Cable & Wireless
Communications

Interim Results 2013/14

Cable & Wireless
Communications Plc

7 November 2013



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Introduction

Tony Rice CEO

Group Financial Review

Business Review

Summary



Good first half, mobile revenue growth across all regions

Trading in line with outlook

Group mobile revenue up

Panama return to growth

- Licence extension and additional spectrum
-

Jamaica market share gains

Strong start on \$100m cost reduction programme

Completion of Macau and Islands disposals



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Tim Pennington CFO

Business Review

Summary



Financial Highlights

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 profit¹ 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

¹ Pre-exceptionals

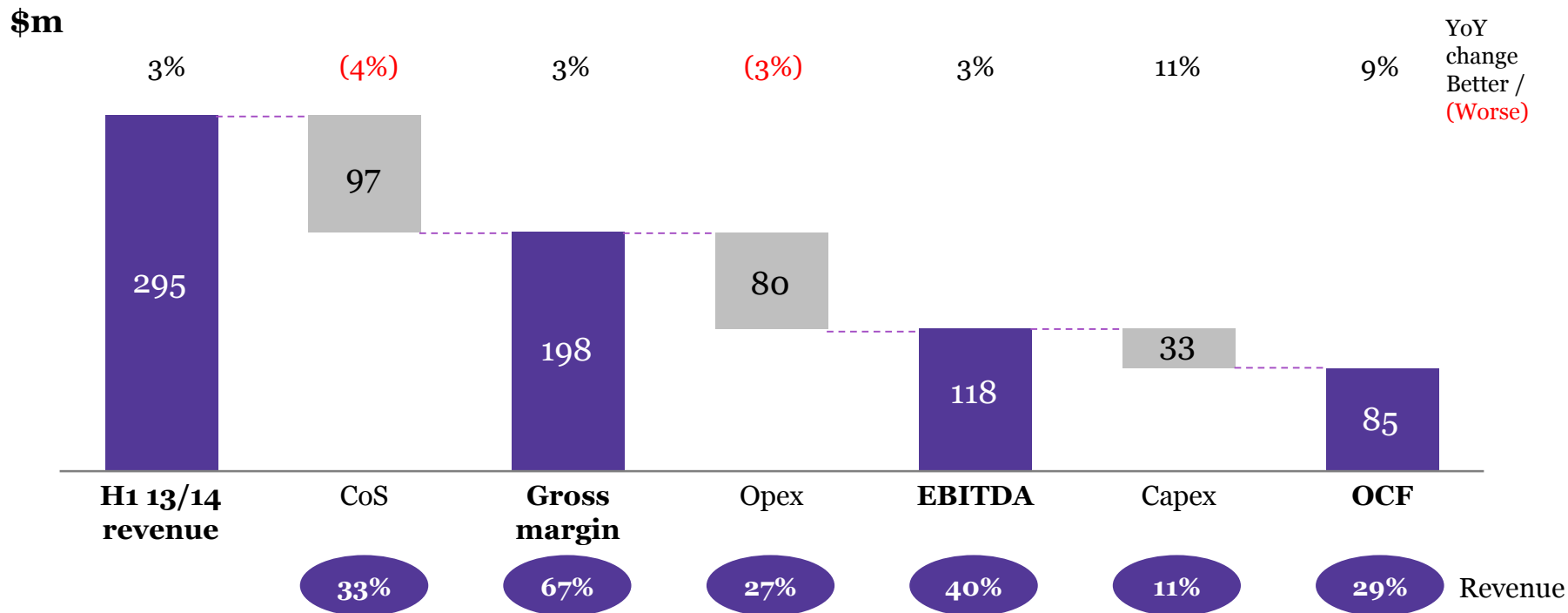
Trading results

\$m	Reported H1 13/14	Reported H1 12/13	Reported change %
Revenue	935	963	(3)%
Gross margin	681	689	(1)%
Operating costs	(383)	(401)	4%
EBITDA¹	298	288	3%
Capex	(92)	(93)	1%
OCF¹	206	195	6%

¹ Pre-exceptionals

Panama financial review

Strong mobile performance

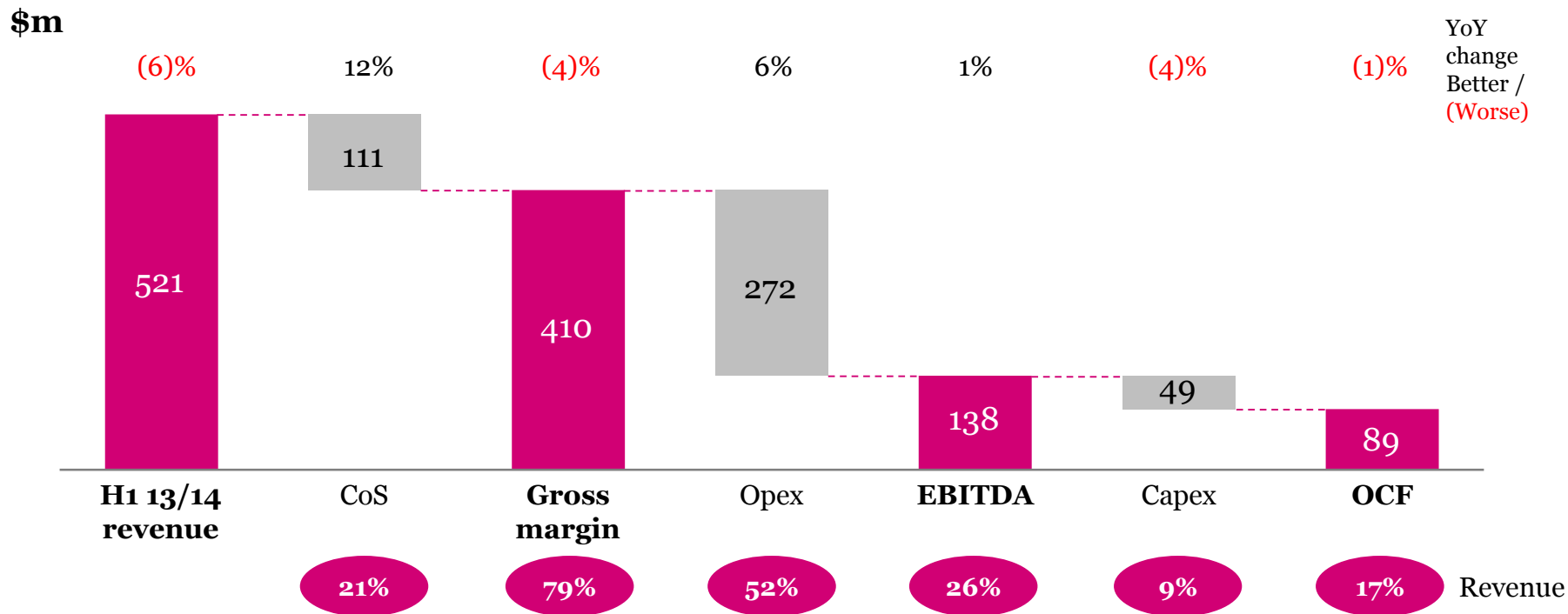


Key points

Mobile revenue up 6%, driven by 49% increase in data
 Mobile data penetration now at 33%
 EBITDA up 3%

Caribbean financial review

Mobile revenue growth and cost improvement



Key points

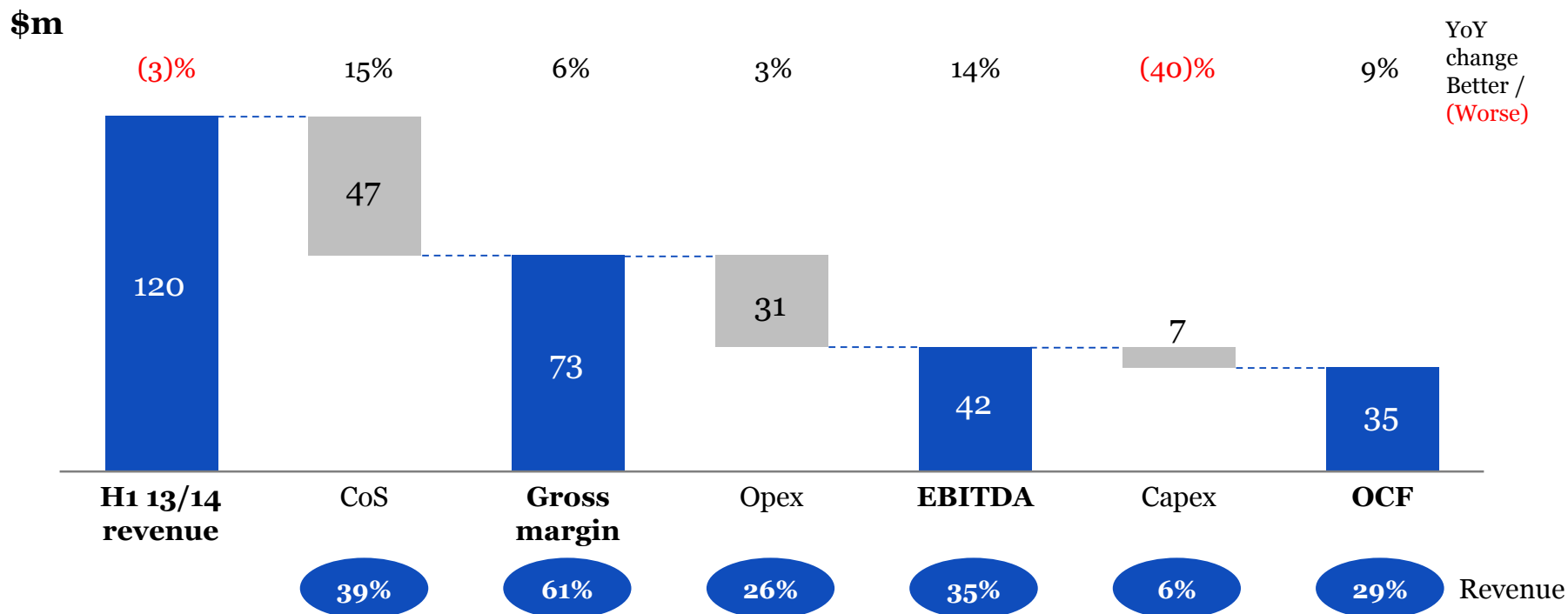
Mobile revenue growth of 1%

18% growth in data driven by high speed networks

Cost reduction on track – outsourcing underway, headcount down

Monaco financial review

Attractive business performing well



Key points

- Double digit EBITDA growth
- Benefit of disposal of loss making Afinis business
- LTE service launched on 1st October

Earnings

Net profit impacted by increased exceptionals

\$m	Reported H1 13/14	Reported H1 12/13	% change
EBITDA	298	288	3%
Depreciation and amortisation	(129)	(130)	1%
Net other operating expense and JVs and associates	(9)	9	nm
Total operating profit before exceptionals	160	167	(4)%
Exceptionals	(55)	(26)	nm
Total operating profit	105	141	(26)%
Net finance expense	(70)	(71)	1%
Tax	(27)	(29)	7%
Other non operating expense	-	(15)	100%
Net profit for the period	8	26	(69)%
Net profit for the period before exceptionals	63	50	26%
Adjusted EPS¹	0.8c	1.0c	

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

Group cash flow

Working capital outflow weighted to H1

\$m		Reported H1 13/14	Reported H1 12/13	Reported H2 12/13
Underlying operations	EBITDA¹	298	288	293
	Capital expenditure	(92)	(93)	(170)
	OCF	206	195	123
	Working capital / investment income	(62)	(81)	102
	Underlying FCF	144	114	225
Fixed charges	Tax	(28)	(64) ²	(10)
	Interest	(48)	(50) ³	(79)
	Minority Dividends	(36)	(45)	(61)
	Cash flow from discontinued operations	27	38	73
	Underlying Equity FCF	59	(7)	148

¹ Pre-exceptionals

² Excluding \$12m additional payments due to change in Panama legislation

³ 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)



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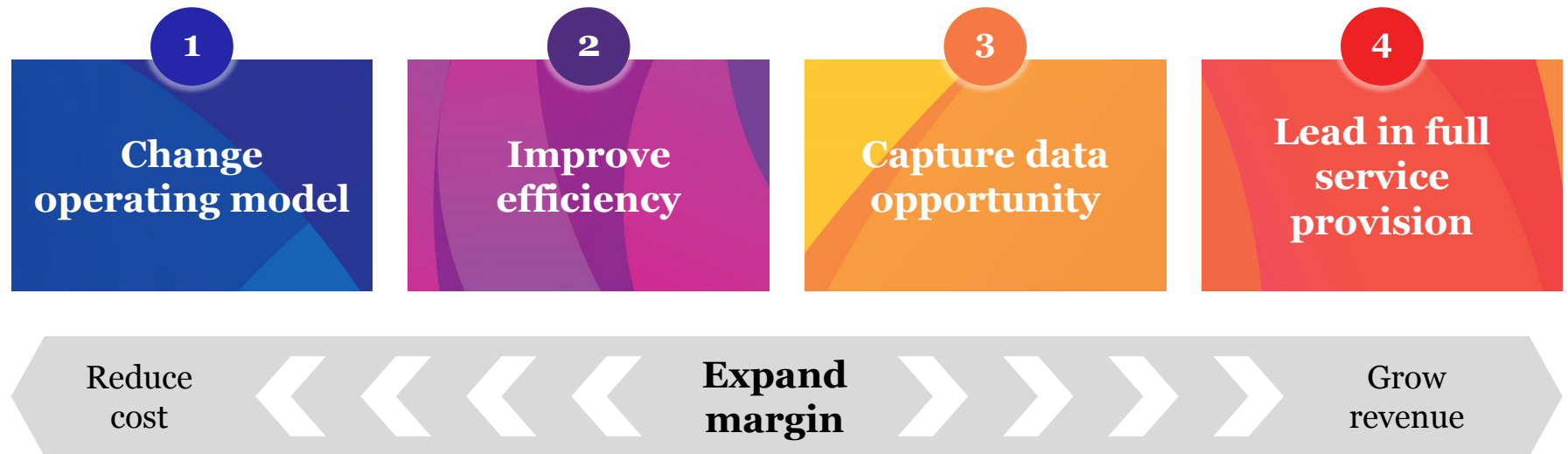
Tony Rice CEO

Summary



Progress on CWC's strategy

Executing against four key strategic priorities



Creation of new regional office

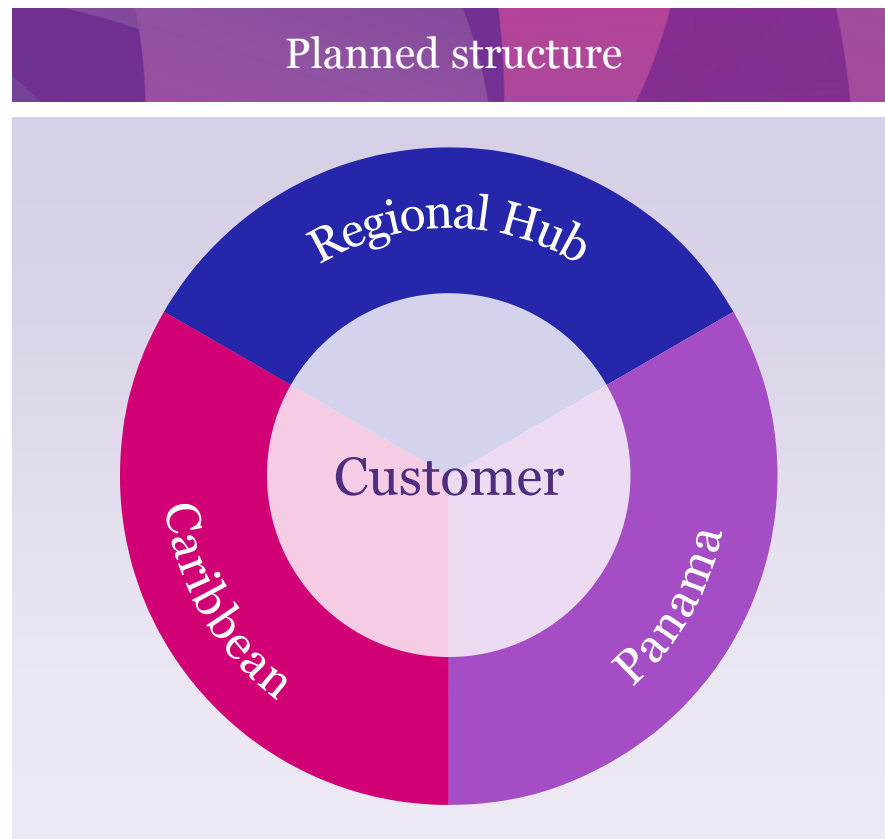
Progress made on move to Miami

Listing to be maintained in London

Lease signed on new premises in Coral Gables, Miami

Office fully active in June 2014

New hires already secured for key operational roles



Simplified reporting structure to reduce decision chain and underlying cost

\$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

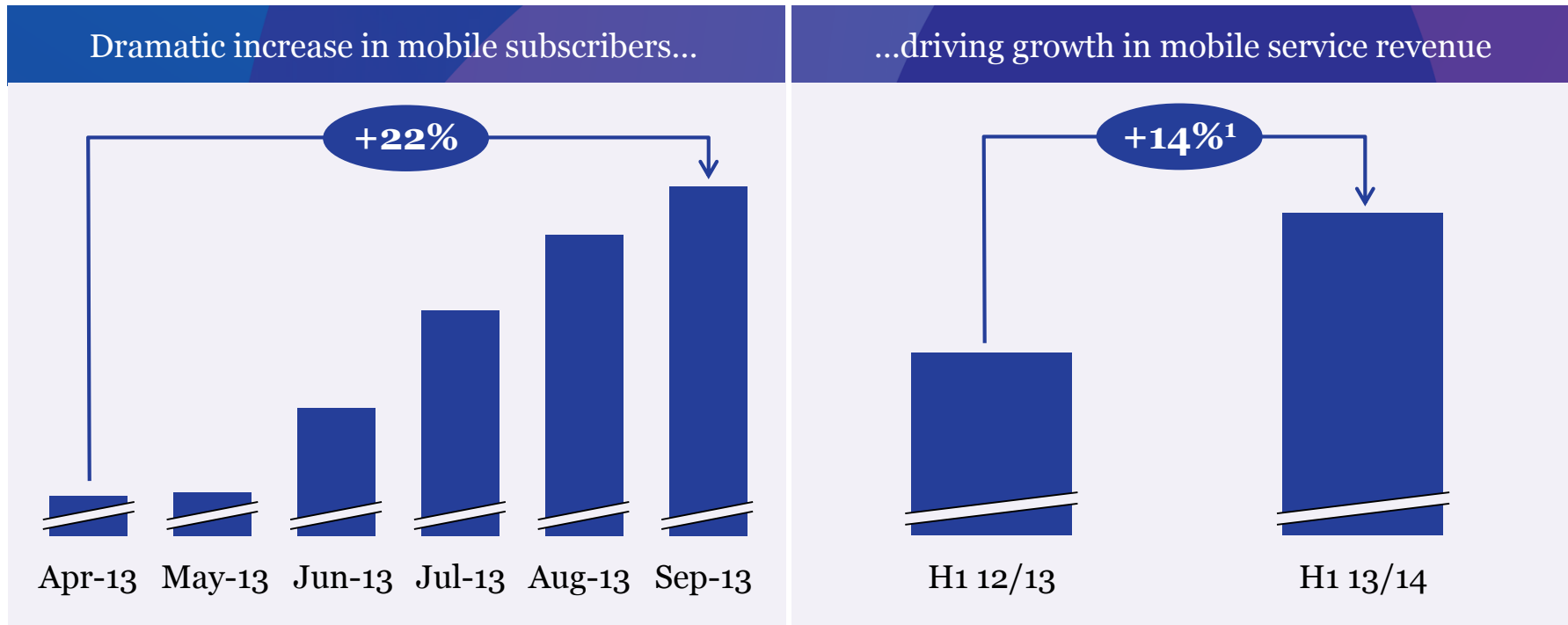
6% reduction in H1
Caribbean opex

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%

¹ At constant currency

Barbados

Investment in high speed broadband

Development of fixed data network

Fibre roll out

- Target 80k homes passed by March 2014
-

LIME TV subscribers up on prior year

Smart phone penetration now at 40% of subscribers

New multiplay offerings to reward loyal customers



Cayman

Increased investment in high speed data solutions

One of our most technologically advanced businesses

- c.60% smartphone penetration

Island wide improvement in 4G speeds

- Now up to 42Mbps

LTE investment underway

Continued fibre roll out progressing well

Good take up of LIME TV following launch



Bahamas

Delivering better value for our customers



Since April 2011...

Mobile voice
tariffs

↓ 20%

Mobile data
tariffs

↓ 30%

Broadband
tariffs

↓ 30%

Discounted
fixed line
international
packages

Bahamas

Big improvements to quality of service since acquisition



Improvement to service	Then	Now
Upgrade of mobile network	2G	4G (HSPA+)
Growth in daily mobile data traffic	2Gb/day	2Tb/day
Decrease in dropped calls	>5%	<0.5%
Improvement of ADSL broadband speed	>512kb/s	>8Mb/s

More to come – Launch of LTE service by end of year

Panama

Strong mobile performance led by data growth



Mobile revenue up 6%

Increased data penetration

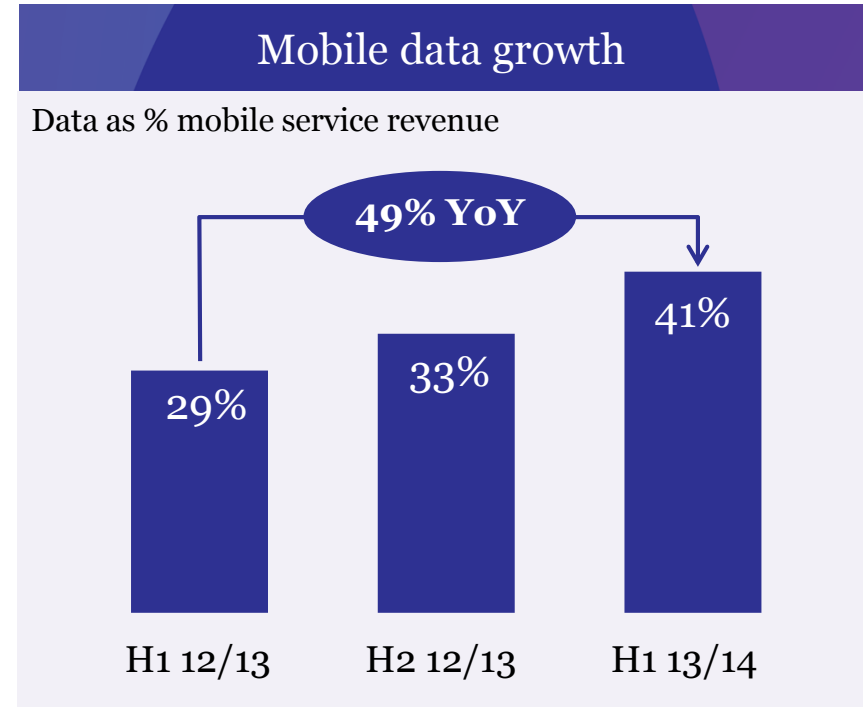
- 33% of mobile subscribers
-

Increased uptake of multiplay offering

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

Enterprise revenue stable

Benefit of recent change to tax legislation



Panama licence renewal

Secured existing and additional LTE spectrum to 2037

Band	Existing	Additional	Total
700	-	20MHz	20MHz
850	25MHz	-	25MHz
1900	10MHz	10MHz	20MHz

65MHz
US40¢ per MHz per pop

New licence until 2037

Secures spectrum required to continue mobile data growth until 2037

- Access to new 700 MHz LTE band



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Summary

Progress made on operational transformation

\$100m cost saving programme on track

Strong performance in Panama, The Bahamas and Monaco

Data driving continued growth in mobile service revenue

Trading in line with guidance – more of the same in H2

Thank you
Questions



Appendix



Disposal update

Successfully reshaped the portfolio to focus on Caribbean and Latam

	Macau	Islands (ex-Seychelles)	Seychelles	Monaco
Status	Completed	Completed	Awaiting approval	Transaction to be unwound
Consideration	\$807m	\$601m ¹	\$110m ²	Unwind Batelco agreement \$(100)m
Completion timing	June 2013	April 2013	2013	2013

Total cash proceeds of \$1.4bn received in H1

Since demerger, CWC has exited 19 markets

¹Includes \$100m for 25% of 55% stake in Monaco Telecom

²Cash and debt free basis excluding transaction costs



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