

# Full Year Results 2010/11

## Cable & Wireless Communications Plc



# Important notice

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# Agenda

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**Introduction**

**Tony Rice**  
CEO

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Group Financial Review

Strategy and Business Review

BTC Update

Closing



# Delivering progress

- 3 out of 4 businesses performed well
- Offset by Caribbean downturn
- Value drivers
  - Mobile data
  - Managed services
- Caribbean turnaround unlikely in FY 11/12

# Agenda

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**Group Financial Review**

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**Tim Pennington**  
CFO

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# Financial Highlights

- Revenue up 1% (like-for-like)
- EBITDA \$872m
- Lower exceptional charges
- Net income up 31%
- EPS<sup>1</sup> of 7.2c per share / CPS<sup>2</sup> of 6.2c per share
- Full year dividend of 8c

<sup>1</sup> Adjusted earnings per share is before exceptional items, LTIP charges, gains/(losses) on disposals and amortisation of acquired intangibles

<sup>2</sup> Underlying equity free cash flow

# Trading results

\$m	<b>Reported FY 10/11</b>	Reported FY 09/10	Reported change %
Revenue	2,440	2,346	+4%
Gross margin	1,658	1,617	+3%
Operating costs	(786)	(751)	-5%
<b>EBITDA</b>	<b>872</b>	<b>866</b>	<b>+1%</b>
Capex	(354)	(310)	-14%

# Business unit performance

<b>Panama (\$m)</b>	<b>FY 10/11</b>	<b>Reported change</b>
Revenue	<b>623</b>	0%
EBITDA	<b>276</b>	(2)%
Capex	(106)	(13)%

<b>Macau (\$m)</b>	<b>FY 10/11</b>	<b>Reported change</b>
Revenue	<b>377</b>	19%
EBITDA	<b>153</b>	8%
Capex	(25)	19%

<b>Caribbean (\$m)</b>	<b>FY 10/11</b>	<b>Reported change</b>
Revenue	<b>850</b>	(3)%
EBITDA	<b>229</b>	(15)%
Capex	(140)	(23)%

<b>Monaco &amp; Islands (\$m)</b>	<b>FY 10/11</b>	<b>Reported change</b>
Revenue	<b>605</b>	10%
EBITDA	<b>207</b>	19%
Capex	(77)	(20)%

# Earnings

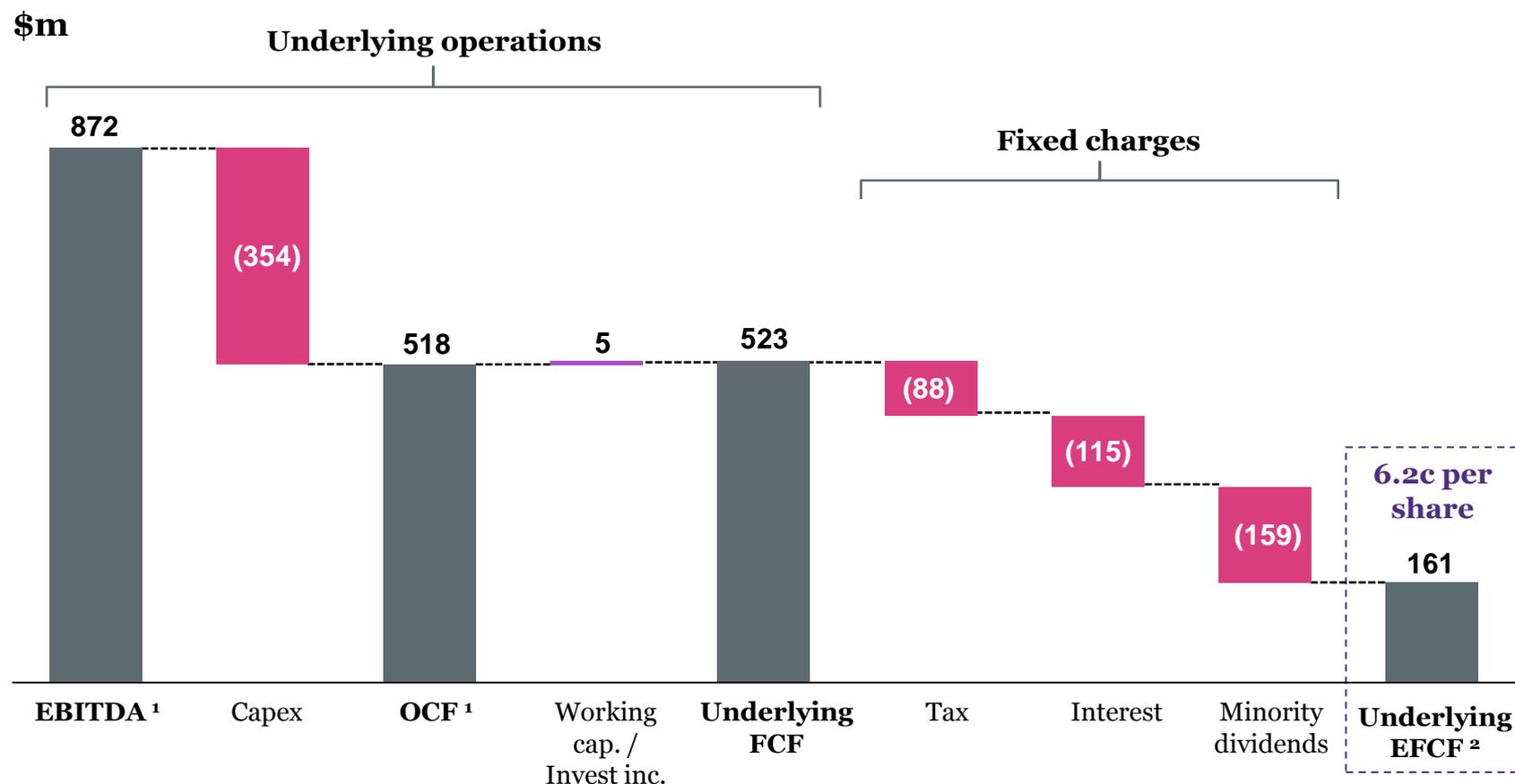
## Lower exceptionals drive earnings

<b>\$m</b>	<b>Reported FY 10/11</b>	<b>Reported FY 09/10</b>
<b>EBITDA</b>	<b>872</b>	<b>866</b>
Depreciation and amortisation	(321)	(348)
Other operating income and joint ventures	3	33
LTIP	(24)	(1)
Exceptionals	6	(82)
<b>Total operating profit</b>	<b>536</b>	<b>468</b>
Net finance charge	(108)	(96)
Other	34	11
Tax	(118)	(120)
<b>Profit for the period</b>	<b>344</b>	<b>263</b>
CWC shareholders	197	124
Minorities	147	139
<b>Adjusted EPS<sup>1</sup></b>	<b>7.2c</b>	<b>7.6c</b>

<sup>1</sup> Adjusted EPS is before exceptional items, LTIP charges, gains/(losses) on disposals and amortisation of acquired intangibles

# Group cash flow

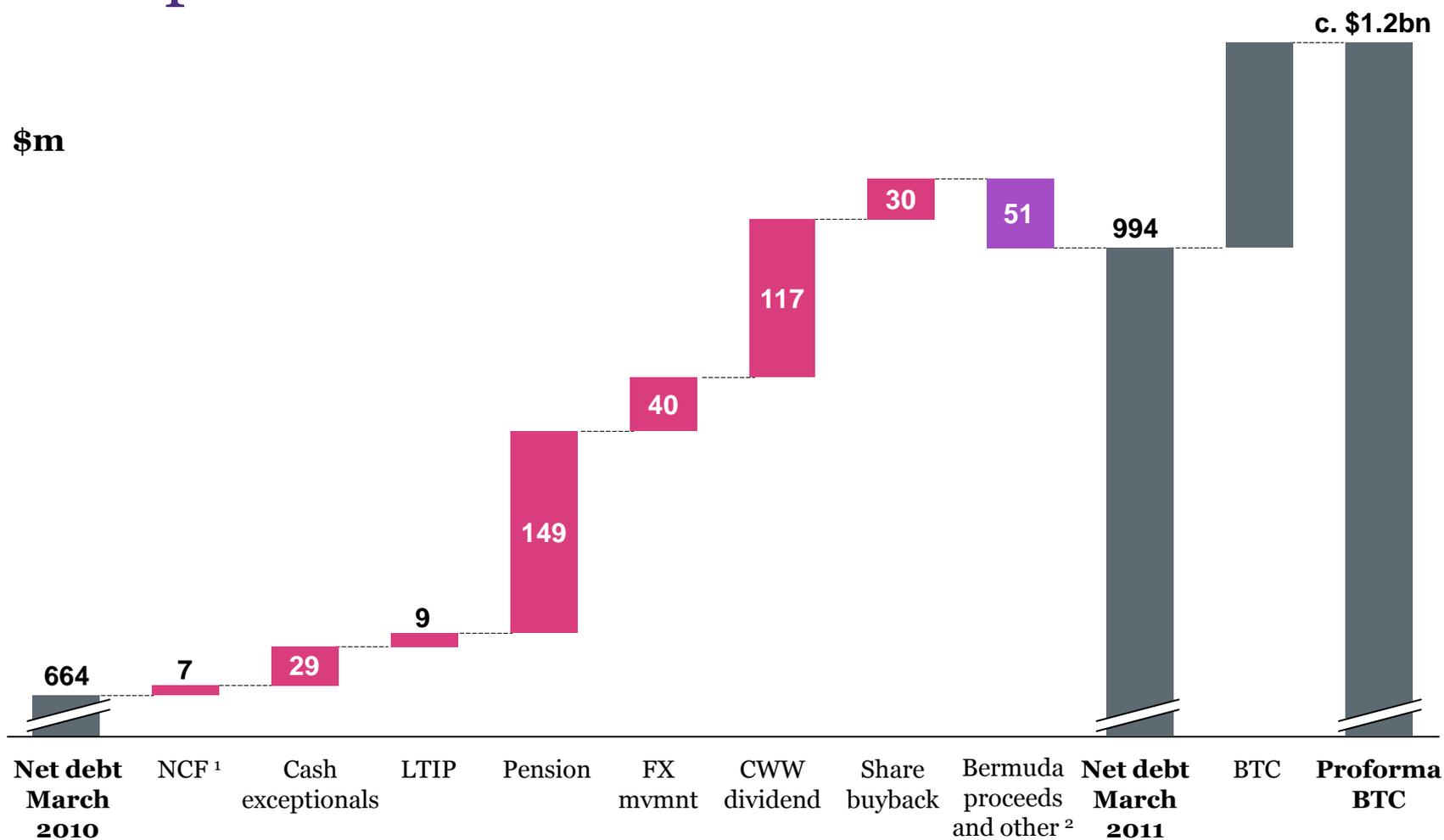
Good underlying cash flow performance



<sup>1</sup>Pre-exceptionals

<sup>2</sup>Pre one-offs, exceptionals and financing

# Group cash and debt



<sup>1</sup>Equity Free Cash Flow (EFCF) from prior slide less cash dividends to CWC shareholders

<sup>2</sup>Other includes: movement in share capital and own shares held of \$1m and amortisation of bond costs of \$5m

# Leverage and liquidity

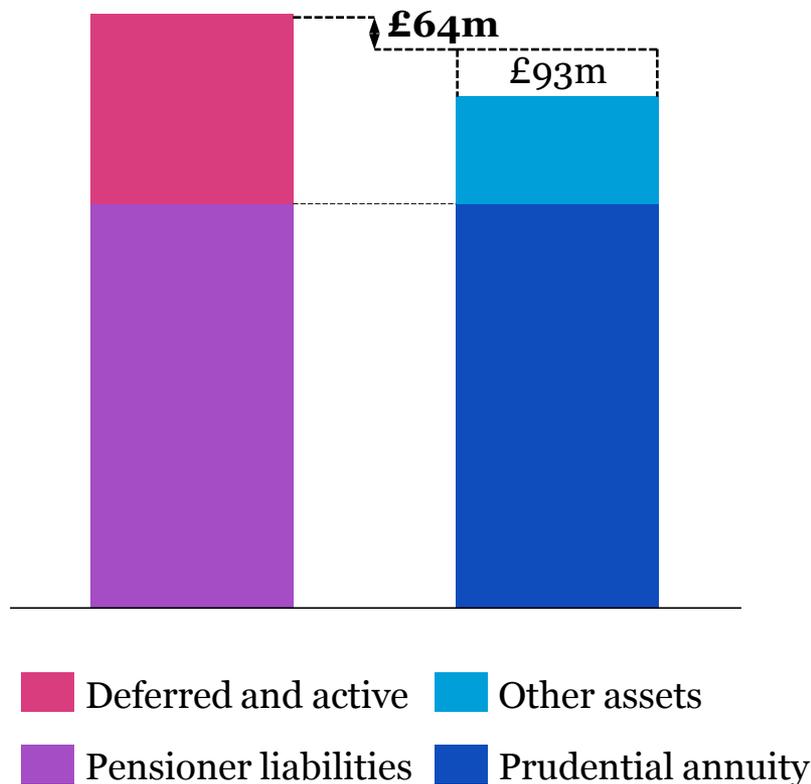
\$m	Reported FY 10/11	Reported FY 09/10	Reported change
Net debt – Central	975	670	305
Net debt – BU	19	(6)	25
<b>Group net debt</b>	<b>994</b>	<b>664</b>	<b>330</b>
<b>Net debt / EBITDA</b>			
Consolidated	1.1x	0.8x	0.3x
Proportionate	1.8x	1.2x	0.6x

- \$420m undrawn Central bank facilities post BTC

**Pro Forma Bahamas**  
 1.2x Consolidated  
 2.0x Proportionate

# Pensions

Agreed funding plan... no further payments to scheme until 2014



- Triennial review complete
- £93m (\$149m) cash injected into scheme
  - £29m (\$46m) under interim funding plan
  - £64m (\$103m) under 2011 funding plan
- Fund de-risked – 80% in annuity or gilts

# Shareholder returns

## Significant returns to shareholders

- Over \$300m cash returns to shareholders since demerger
  - CWC dividends
  - Share buyback (in process)
- 8c full-year dividend recommended for FY 10/11
- Commitment to continued strong returns

# Dividend

## Milestones to cash cover

- Key milestones to dividend cover
  - Turnaround in Caribbean performance
  - BTC delivery of \$90m - \$100m of EBITDA
  - Continued progress in Panama, Macau and M&I
  - Capex in \$325m - \$375m range including Bahamas
- **8c per share dividend for FY 11/12**
  - Subject to financial and trading performance

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Group Financial Review

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**Strategy and Business Review** **Tony Rice**  
CEO

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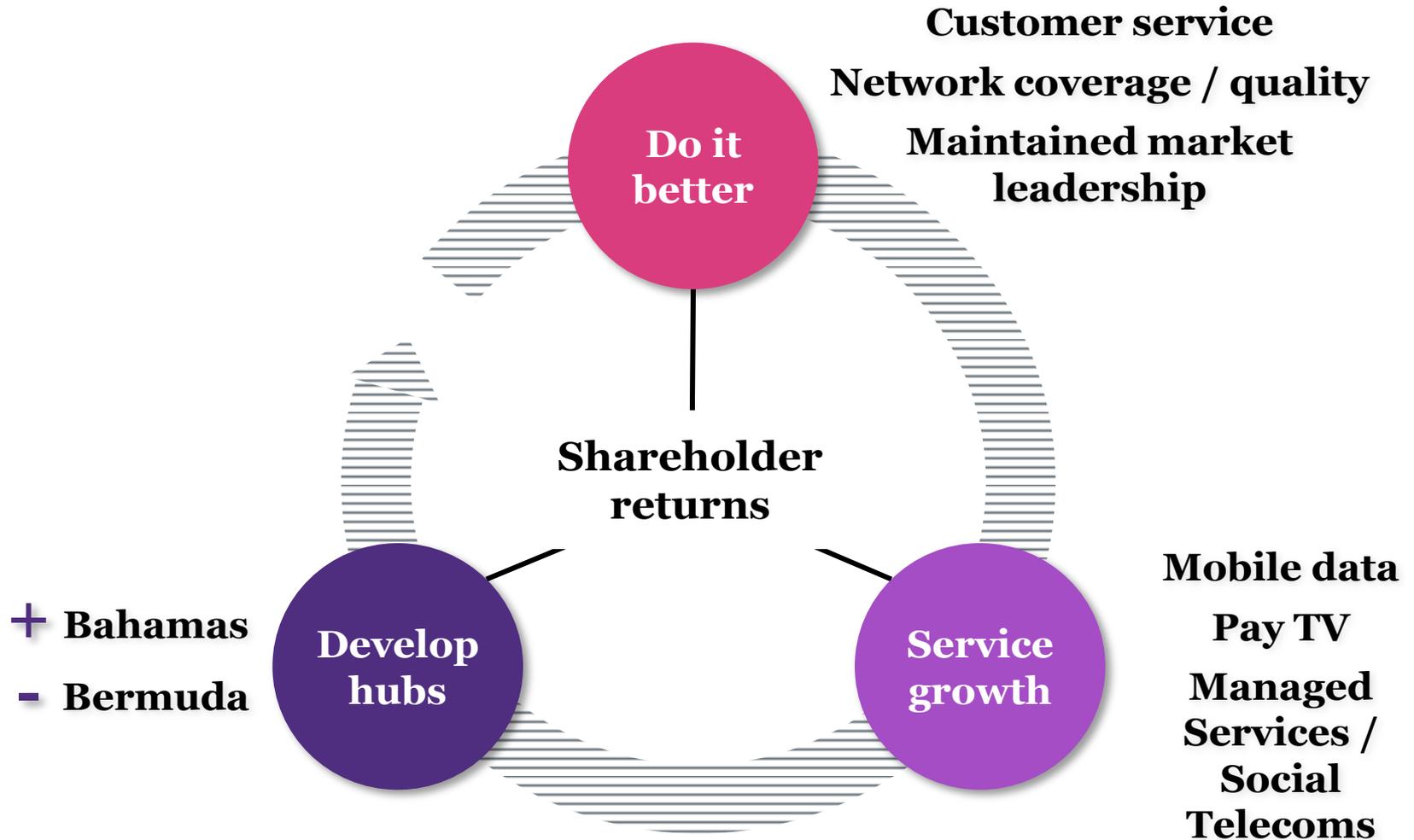
BTC Update

Closing



# One year on

First year as an independent company



# Current status and issues

Telecom industry issues

Implications for CWC

Deliver world class communications  
services in local markets

# Future priorities and value drivers

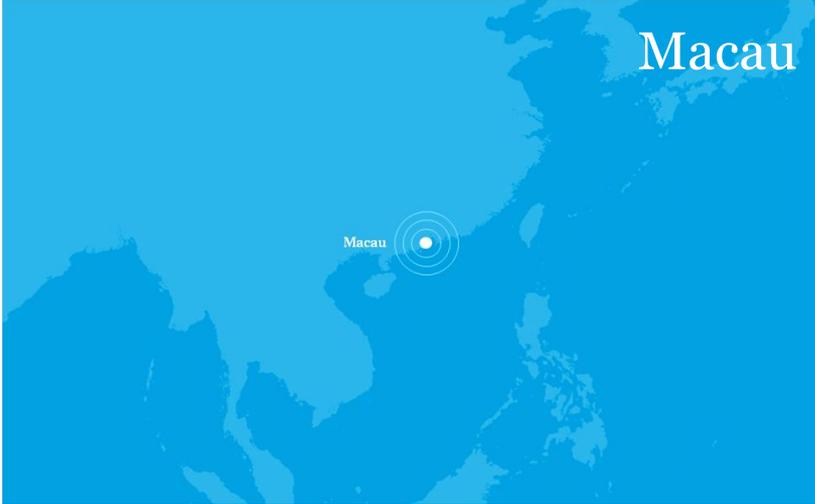
Mobile data

Managed services / social telecoms

Pay TV

Carrier

# Portfolio



# Panama

Maintained market leadership, strong enterprise conversion

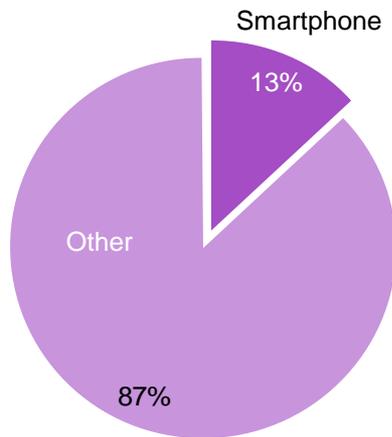
- Strong macroeconomic backdrop with 7.5% GDP growth
- Maintained mobile market share > 50%
- Continued strong growth in postpaid base
- Strong level of enterprise contract wins and pipeline

# Panama – Mobile data

## Starting to take-off

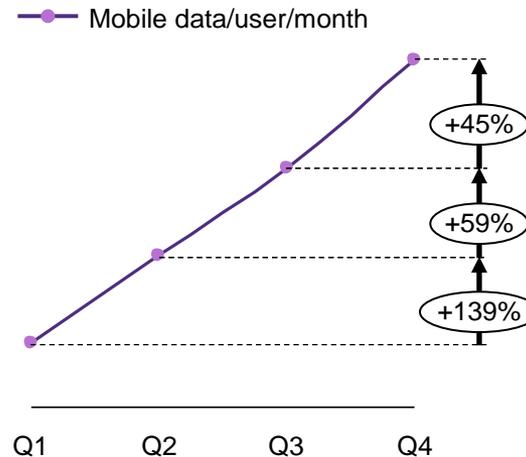


### Base



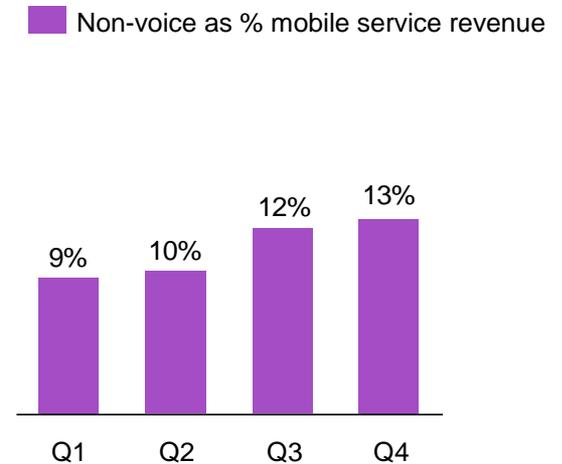
- BlackBerry still dominates

### Usage



- Data usage per user per month growth grew 5x between Q1 and Q4

### Revenue



- Non-voice revenues grew 33% YoY

# Panama – outlook

Continued competitive pressures offset by strong execution

- Macro environment remains positive
- Solid revenue performance in a highly competitive mobile market
- Fixed line revenue remains under pressure
- Strong enterprise pipeline

► Expect EBITDA to be in the range of \$270 - 295m

► Additional capex spend to capitalise on mobile data

# Caribbean

## Is the economic decline structural or cyclical?

### Geographies

- Caribbean not a single economy
  - US linked – PR / DR / Bahamas
  - Barbados – very strong; high-end tourism
  - Jamaica – mid market tourism and diaspora
  - Eastern Caribbean – tourist dependent; more vulnerable
  - Cayman – financial services

### Products

#### FY 08/09 to FY 10/11

Revenue	CAGR	\$m	
Mobile	(7.6)%	-52	<ul style="list-style-type: none"> <li>• Maintained mobile market share &gt; 50% (ex. Jamaica)</li> <li>• Solid postpaid performance</li> </ul>
Fixed	(14.8)%	-105	<ul style="list-style-type: none"> <li>• Structural attrition accelerated by recession</li> </ul>
Broadband & TV	3.0%	+6	<ul style="list-style-type: none"> <li>• Low penetration / economic environment limiting growth</li> </ul>
Enterprise, data and other	9.0%	+26	<ul style="list-style-type: none"> <li>• Govt. / Corporate / SME spend constrained</li> </ul>

# Caribbean - operational progress



Strong local management team

Upgraded networks

Revamped brand

Shared service centre

Innovative products (e.g. Mobile TV)

# Caribbean – outlook

Expect FY 11/12 to remain difficult

- Market conditions not anticipated to materially improve in FY 11/12
- Uncertain and difficult Jamaican regulatory environment
- Inflationary pressures on opex
- Continue to invest to position the business for the recovery

► Expect EBITDA to be in the range of \$180 - 210m

**Caribbean briefing on Friday 1 July**

# Macau

Economic growth and market leadership continue to pay dividends

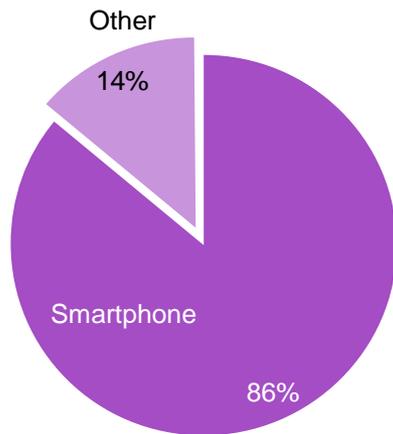
- Strong economic fundamentals
  - 26% GDP growth in 2010
  - 57% casino revenue growth
- Data and roaming driving mobile performance
- Enterprise successes - Galaxy casino



# Macau – Mobile data boom

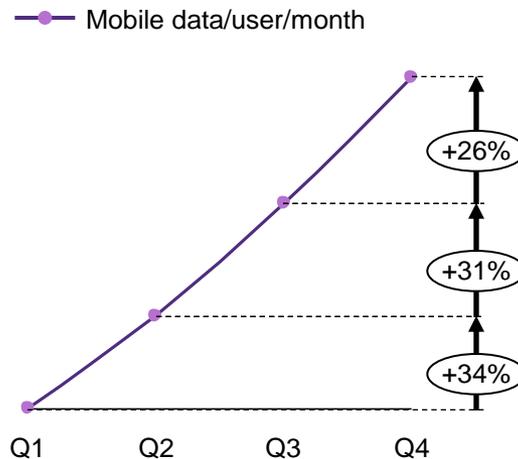
The potential of mobile data is clear in Macau

## New handset sales



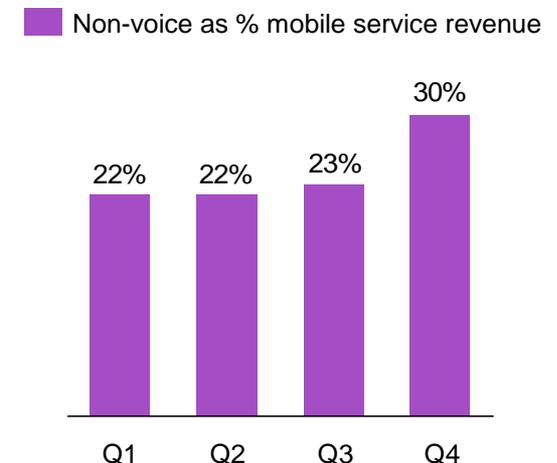
- Rapid iPhone and tablet take-up

## Usage



- Postpaid users using over 500Mb a month

## Revenue



- Non-voice revenues grew 122% YoY

# Macau outlook

Strong macro environment offset in short term by structural factors

- Macro conditions remain positive
- Expect the business to continue to progress on all service offerings
  - Positive roaming outlook as visitor numbers grow
- Introduction of fixed line competition and a renegotiation of inter-operator mobile tariffs

► Expect EBITDA to be in the range of \$150 - 160m

# M&I

## Solid portfolio performance

- Maintained / grew mobile market shares in key markets of Guernsey, Monaco and the Maldives
- Mobile data growth, particularly in Monaco
- 4G / LTE trial in Monaco
- Bermuda disposal

# M&I – outlook

## Continued progress across portfolio

- Macro conditions remain positive in the key territories of Guernsey, Monaco and the Maldives
  - Adjust for sale of Bermuda
  - Currency impact in Maldives
- Expect EBITDA to be in the range of \$170 - 190m

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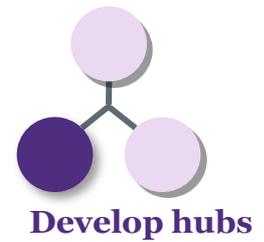
**BTC Update**

**Tony Rice**  
CEO

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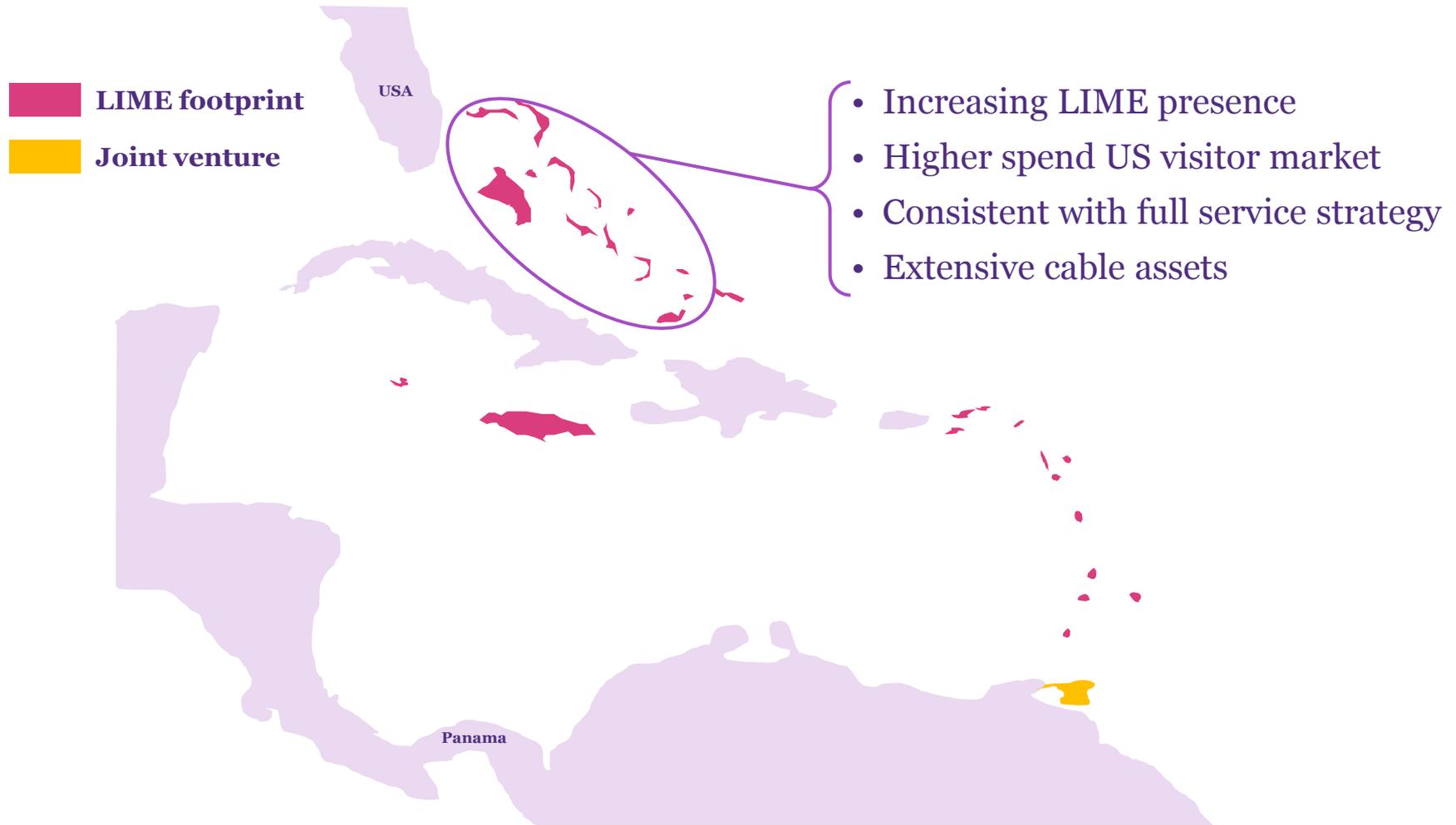
Closing



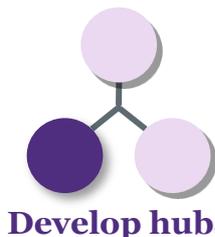


# BTC acquisition

Strengthening LIME's position in the Caribbean



# BTC overview

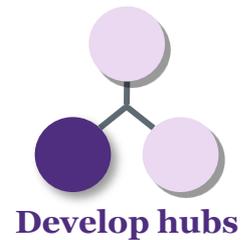


- Transaction complete
  - \$210m for 51%
  - 3+ years before mobile market liberalised
  - Completion on 6 April 2011
- Economy
  - Population 345,000<sup>2</sup>
  - GDP / capita \$22,000<sup>2</sup>
- Market
  - Mobile – sole provider to 2014
  - Fixed – competition from Cable Bahamas

	12 months ended December 2010 <sup>1</sup>
<b>Revenue</b>	<b>\$343m</b>
Mobile	67% of total
Fixed	22% of total
Broadband	7% of total
Other	4% of total
<b>Gross margin %</b>	<b>81%</b>
<b>Opex % of revenue</b>	<b>58%</b>
<b>EBITDA</b>	<b>\$79m</b>
% of revenue	23%

<sup>1</sup>Unaudited figures

<sup>2</sup>IMF 2010 estimates



# BTC opportunity

## Integration

- \$343m revenue / \$79m EBITDA
- c.530,000 customers
- c.1,200 colleagues

## Synergies

- Target up to 30% headcount reduction
- Estimated cost savings of > \$30m per annum
- Restructuring and integration costs of c.\$60m

## Outlook

- Revenue > \$300m
- EBITDA FY 11/12 \$60-80m
- **Post synergies EBITDA c.\$100m**
- Capex FY 11/12 approx \$50m

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**Closing**

**Tony Rice**  
CEO



# Key CWC priorities

Next 12 months

Caribbean turnaround

BTC integration and restructuring

Continue reshaping portfolio

Focus on key growth levers

Continued commitment to shareholder returns

Thank you  
Questions

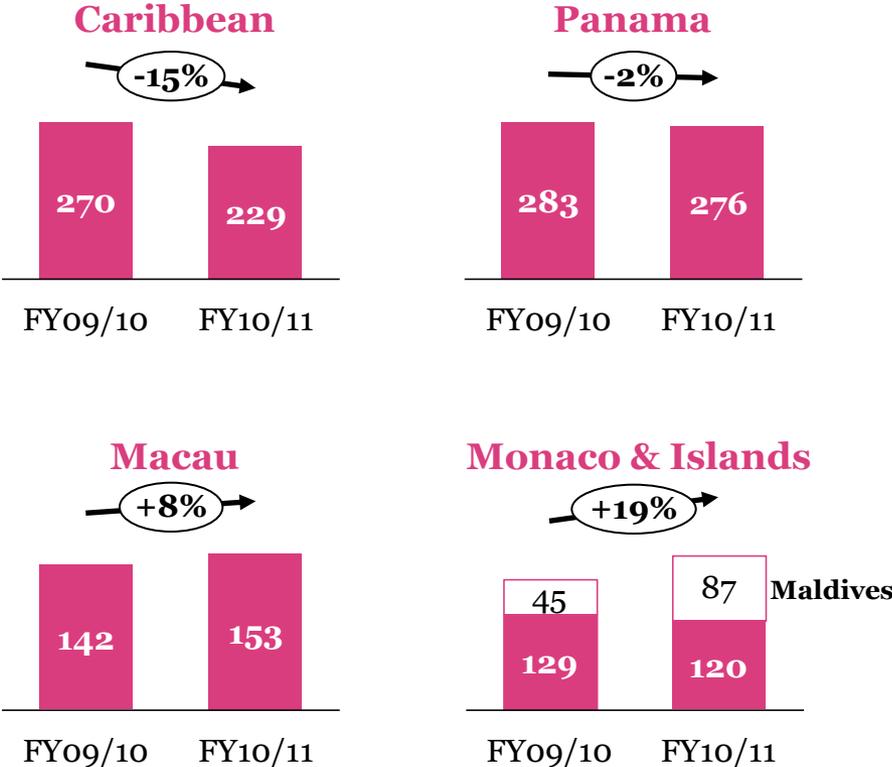


# Appendices

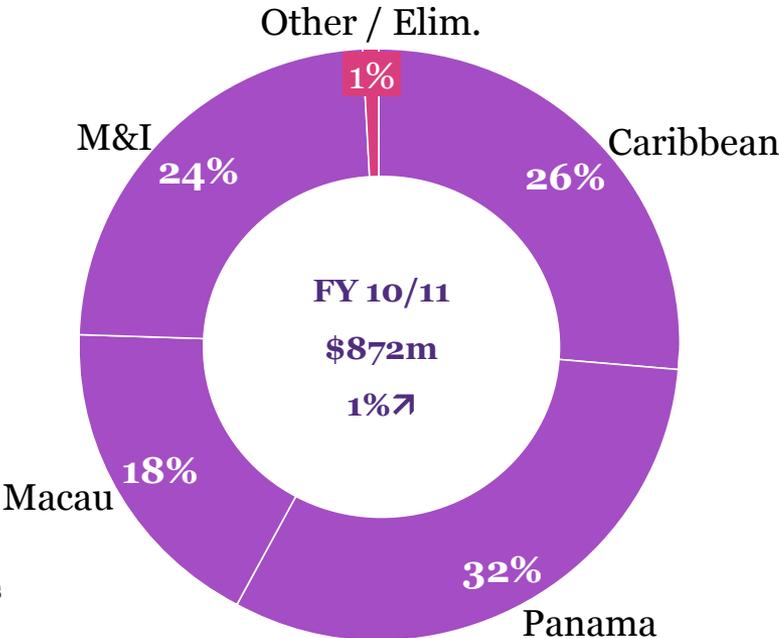
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# EBITDA by region

Regional EBITDA \$m



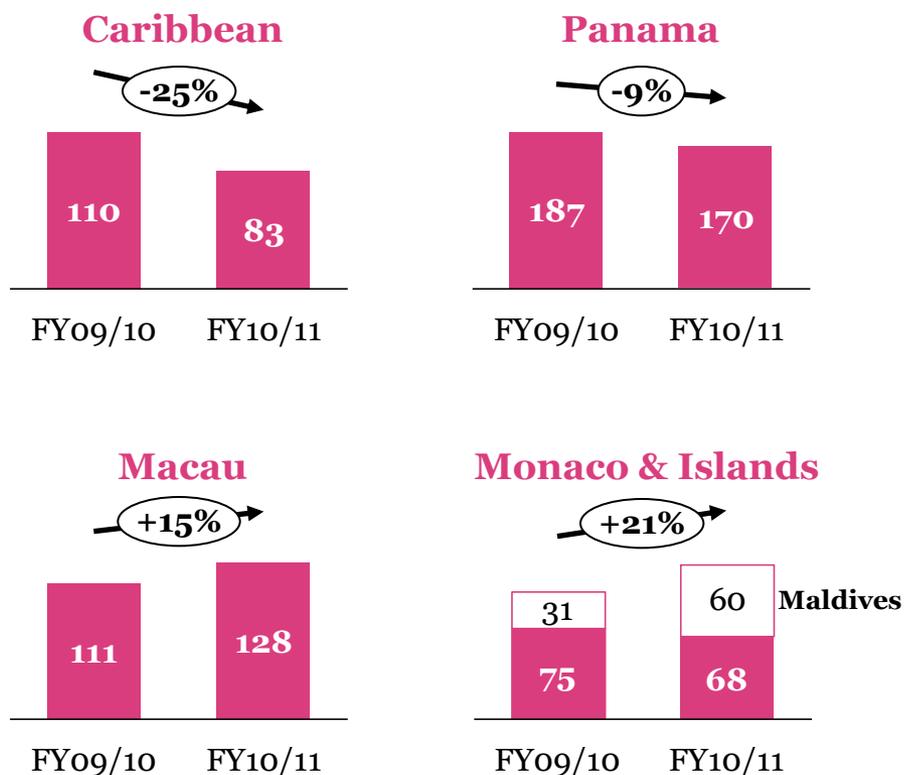
CWC FY 10/11 EBITDA mix by region



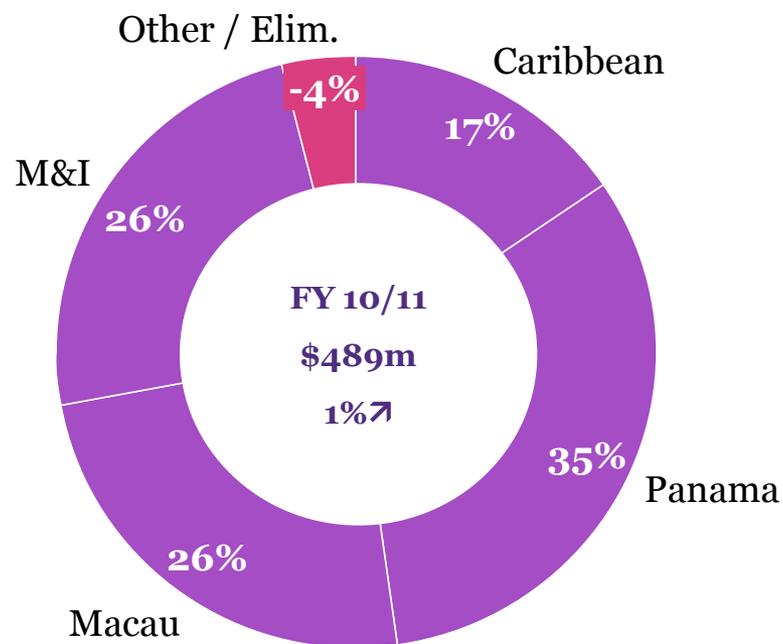
# Cash flow by region

## Diversified across the group

Regional operating cash flows \$m<sup>1</sup>



CWC FY 10/11 operating cash flow mix by region

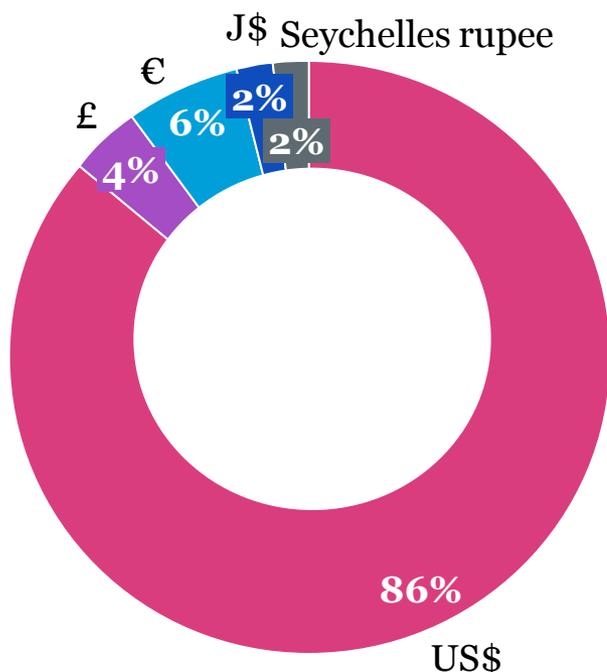


<sup>1</sup>EBITDA less capital expenditure less cash exceptional

# Currencies

Modest foreign exchange exposure with 85% of EBITDA in US\$

Mix of EBITDA by currency



- £ Central costs partially offset £ income (Guernsey, Jersey, IoM, S. Atlantic)
- CWC has other £ payables in form of interest on £ bonds

Exchange rate movements

	FY 10/11	FY 09/10	% change (better) / worse
<b>Sterling : US\$</b>			
Average	<b>0.6473</b>	0.6288	3%
Year end	<b>0.6246</b>	0.6719	(7%)
<b>Euro : US\$</b>			
Average	<b>0.7601</b>	0.7077	7%
Year end	<b>0.7089</b>	0.7494	(5%)
<b>Jamaican \$ : US\$</b>			
Average	<b>86.12</b>	88.74	(3)%
Year end	<b>85.38</b>	89.08	(4)%
<b>Seychelles rupee : US\$</b>			
Average	<b>12.25</b>	12.66	(3)%
Year end	<b>12.24</b>	11.78	4%

# Capital structure

## Strong balance sheet and liquidity

Debt			Cash		Net	
<b>Bonds</b>			<b>BU</b>	\$303m	<b>Net debt</b>	<b>\$994m</b>
£ bond, 2012	\$317m	8.75%				
£ bond, 2019	\$235m	8.625%	<b>London</b>	\$76m	<b>x EBITDA</b>	
\$ bond, 2017	\$490m	7.75%			Consolidated	1.1x
<b>Drawn credit facilities</b>			<b>Gross cash</b>	<b>\$379m</b>	Proportionate	1.8x
£ Central facility	\$46m					
BU debt	\$285m					
<b>Gross debt</b>	<b>\$1,373m</b>					

- US dollar Central bank facilities of \$600m
  - Fully undrawn at 31 March 2011
  - Pro forma BTC acquisition - \$180m drawn, \$420m undrawn