Cable&Wireless Communications

Full Year Results 2013/14

Cable & Wireless Communications Plc

21 May 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.

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 disposals. A summary of some of the potential risks faced by Cable & Wireless Communications Plc is set out in the Company's most recent Annual Report.

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Cable & Wireless Communications

Agenda

- **Financial review**
- Strategy
- Project Marlin & Outlook
- Q&A

Summary for the year

1. Strong mobile data growth underpinned by network investments
2. Panama mobile leadership supported by spectrum acquisitions
3. Momentum building in cost-out programme, particularly in the Caribbean
4. Good performance rationalising portfolio, creating significant balance sheet headroom to invest for growth
5. Miami hub operationalised – new management team in place

Financial highlights for 2013/14

LFL revenue 1% lower at $1,873m

EBITDA up 5% to $608m

Net profit[1] up 45% to $148m

- Adjusted EPS up 73% to 2.6c

Pro-forma[2] net debt $205m

- Net disposal proceeds of $1.7bn including $445m for Monaco Telecom disposal in May 2014

Higher underlying eFCF of $88m

- $58m up from prior year

Recommended final dividend of 2.67c

- 2013/14 full year dividend of 4c per share (2012/13: 4c per share)

[1] Pre-exceptionals
[2] Adjusted for consideration of $445m from disposal of Monaco Telecom

EBITDA increased 5% driven by lower operating costs

CWC $m	FY 13/14	FY 12/13	Change %
Revenue[1]	**1,873**	**1,900**	1 **(1)%**
Operating costs	(763)	(806)	5%
EBITDA[2]	**608**	**581**	2 **5%**
Capex[3]	(306)	(263)	3 (16)%
OCF[2]	**302**	**318**	**(5)%**

1 **3%** mobile revenue increase driven by data (**+23%**); weaker performance in other products

- Fixed products -6% (voice -10%, broadband and TV +3%)

2 EBITDA has improved, accelerating in H2 as cost reduction comes through

3 Increased capex spend as network improvement plans are rolled out (Fibre, 4G, LTE)

[1] Like-for-like revenue adjusted for change in accounting following the outsourcing of our LIME directory businesses and Monaco adjusted for Afinis revenue in prior year
[2] Pre-exceptionals
[3] Excludes transfer of cable assets from inventory in 2012/13 and Panama spectrum capitalisation

Cost reduction programme is progressing well – exit run rate cost savings for 2013/14 of $77m

8% reduction in Caribbean operating costs

Group opex down by 5% at FY 2013/14

$100m run rate opex reduction by end of FY 2014/15

Run rate savings at end of 2013/14

LIME	
Headcount reduction	
Internal restructuring	$25m
Outsourcing	$17m
Property, procurement and other	$15m
BTC / Panama	$20m
	$77m

In progress / planned

- Reduced power costs
- Further property portfolio rationalisation
- Further procurement savings
- Call centre efficiency
- Carrier initiatives

Future focus

Business process optimisation

Back office automation

Billing platform

Exceptional expenses have reduced earnings for 2013/14

Earnings

$m	FY 13/14	FY 12/13	% change
EBITDA	**608**	**581**	**5%**
Depreciation and amortisation	(262)	(275)	5%
Net other operating (expense)/income and JVs and associates	1 (10)	14	nm
Total operating profit pre-exceptionals	**336**	**320**	**5%**
Exceptionals	2 (241)	(136)	(77)%
Total operating profit	**95**	**184**	**(48)%**
Net finance expense	3 (159)	(141)	(13)%
Tax	4 (29)	(41)	29%
Other non operating expense	(6)	(16)	63%
Net loss for the period	**(99)**	**(14)**	**nm**
Net profit for the period before exceptionals	148	102	45%
Adjusted EPS[1]	**2.6c**	**1.5c**	**73%**

1 **$15m** non-cash FX accounting adjustment for UK pension scheme

2 Cost reduction programme and creation of regional hub

$67m share of restructuring charge in TSTT associate

3 **$25m** early redemption charges and **$35m** interest on 2017 bond

4 Impact of exceptional charges and drop in Panama tax rate from **30%** to **25%**

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

Stronger Underlying Equity FCF performance

Group cash flow

$m		FY 13/14	FY 12/13
Underlying operations	**EBITDA[1]**	**608**	**581**
	Cash capital expenditure[2]	(260)	(253)
	Working capital / investment income	21	11
	Underlying FCF	**369**	**339**
Fixed charges	Tax	(53)	(74)[3]
	Interest	(122)	(129)[4]
	Minority dividends	(106)	(106)
	Underlying Equity FCF[5]	**88**	**30**

1 Balance sheet capex of **$306m**

2 Impact of drop in Panama tax rate from **30% to 25%**

3 2017 bond redeemed in February 2014

Normalised interest c.$65m

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

[1] Pre-exceptionals
[2] Excludes spectrum
[3] Excluding $37m additional payments in prior year due to change in Panama tax legislation
[4] Excluding $27m interest paid on 2012 bond
[5] Excluding discontinued operations: Islands, Macau and Seychelles. Including Monaco

Post disposals, net debt down by over $1.4bn

Net debt bridge

$m	
Net debt March 2013	**(1,651)**
Underlying Equity FCF	88
Dividends to CWC shareholders	(100)
Disposal proceeds	1,297
Panama and Jamaica spectrum purchase	(114)
Cash exceptionals	(149)
FX movements and other	(21)
Net debt March 2014	1 **(650)**
Monaco disposal consideration	445
Pro-forma[1] net debt	2 **(205)**

	Gross debt	Gross cash	Proportionate net debt / EBITDA
1	855	205	1.6x
2	855	650	0.5x

[1] Adjusted for consideration of $445m from disposal of Monaco Telecom

Cable&Wireless Communications

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Financial review

Strategy

Project Marlin & Outlook

Q&A

We have moved from being a global portfolio company to an integrated telecom operator in our region

Divestment of non-core businesses

	CWC 3 years ago	CWC now[2]
Revenue[1]	**$2,440m**	**$1,636m**
EBITDA[1]	**$872m**	**$525m**
Geographical presence	37 countries 5 continents	16 countries 1 continent
Operating model	**Portfolio management holding company** focused on **financial performance**	**Fully integrated regional telecom operator** focused on **operational performance**

[1] Group consolidated figures
[2] Post Monaco disposal

Addressing both network quality and customer satisfaction is essential to win in our chosen markets

Strengths

- Unique combination of **fixed and mobile infrastructure**
- Recognised **brand** with **5.2m customers**
- Top **team** skill set / motivation
- Strong **balance sheet**
- Long standing **government** relationships

Weaknesses

- **Inconsistent technology** platforms and systems
- Disappointing **customer service** and customer satisfaction (**NPS***)
- Insufficient **speed of mobilisation**

Opportunities

- Realise **Quad-play opportunity**
- **Mobile data** growth
- Leverage **TV to protect broadband**
- Grow in **B2B**
- Capture further **cost efficiencies**
- **The CWC Way**

Threats

- Increasing **competitor intensity -** merger of **fibre and mobile players**
- **Commoditisation** of **mobile data**
- Impact of **OTT players**

* Net Promoter Score : metric to measure degree of customer advocacy

Our strategy is to deliver the best value to customers

Objective

Grow customer relationships and lifetime value by delivering unparalleled customer experience

Strategic imperatives

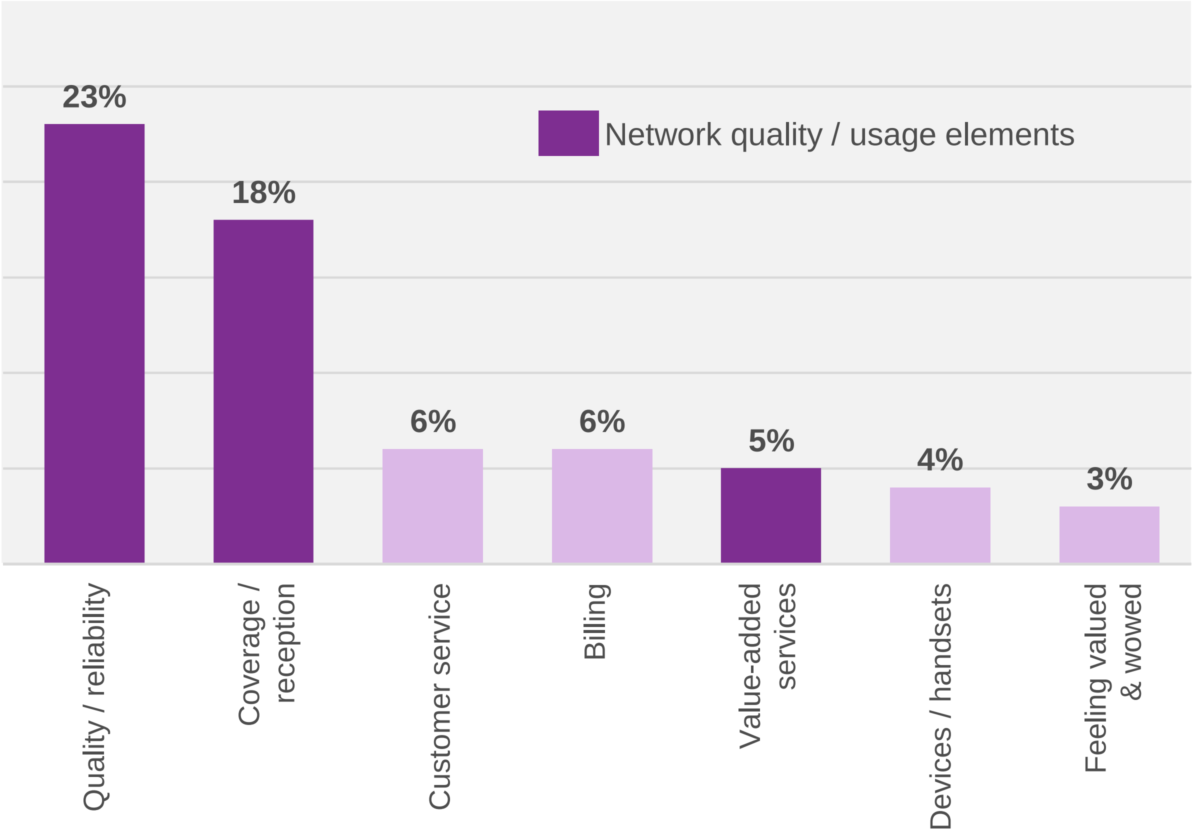
1. Mobile leadership
2. Fixed-mobile convergence
3. Reinforce our TV offering
4. Grow B2B / B2G business

Supported by:

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

Improving customer experience and capturing the mobile data opportunity

% of respondents citing factor as most important for promoting / detracting a mobile operator



Network quality and coverage are main drivers for Net Promoter Score (NPS)

Mobile data growth of 23% offsetting voice decline of 5% - data will drive future growth

We have to improve network performance and capacity to become #1 in customer experience

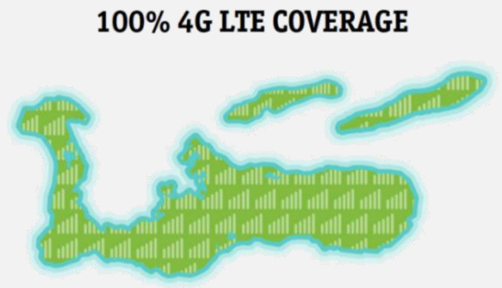
~45% of our capex in the next 3 years will be spent on upgrading our networks

Targeting best in class networks in all regions with LTE in critical markets

Sources: CWC customer survey

We are also rolling out unique capabilities and offers to drive greater customer engagement and data consumption

Cayman among top 10% mobile networks globally

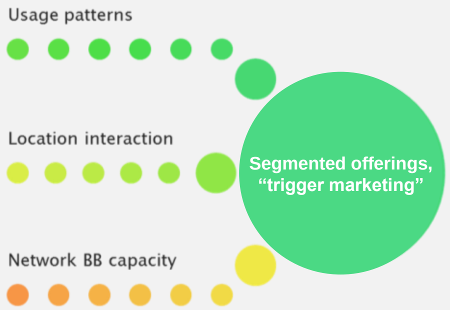


iPhone exclusivity and 1st LTE iPhone 5 in the Caribbean

Sub $100 smartphone

Personalized data plans in the Caribbean: "MyPlan"

Real-time trigger marketing in Panama



M-wallet in Panama

Our set of fixed and mobile assets gives us a competitive advantage in all our markets

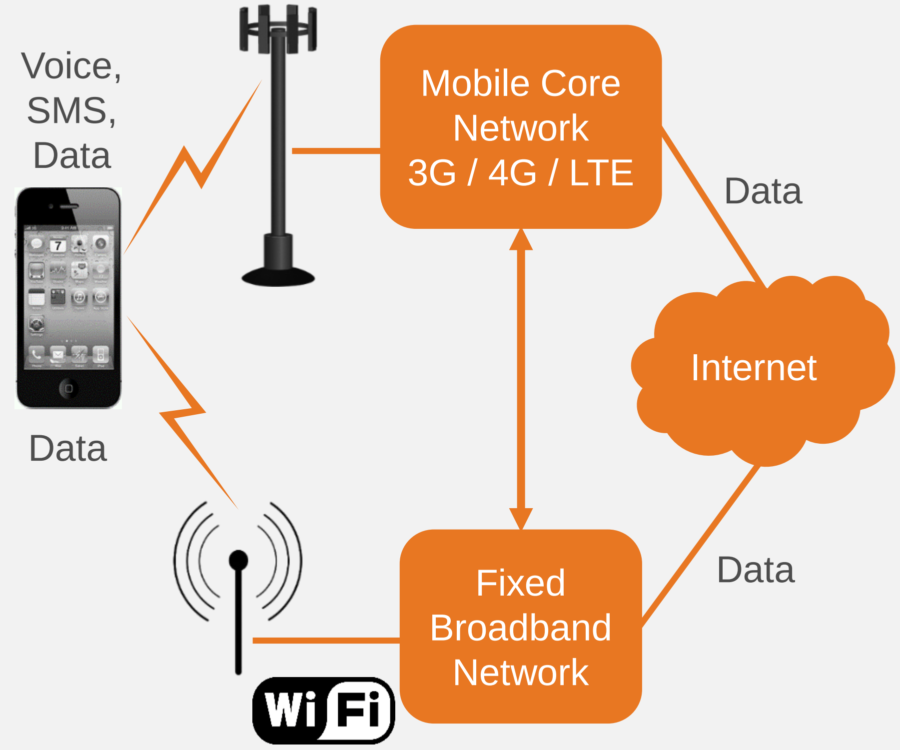
Fixed and mobile network assets

- Present in **15 countries** with both fixed and mobile assets
- **None of our competitors** have both fixed and mobile capabilities in these markets

We are **uniquely positioned** to deliver **fixed-mobile convergence** offerings to our customers

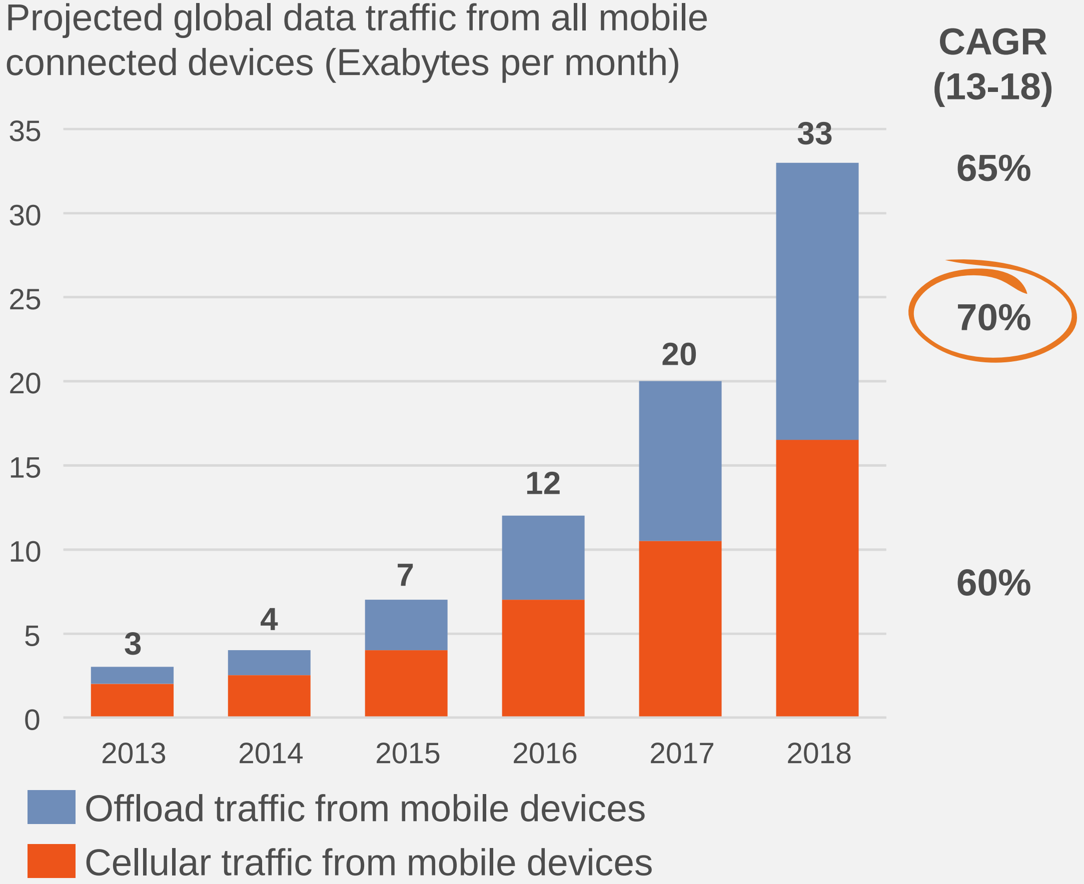
By converging our networks we will deliver a unique customer experience and reduce our costs

Seamless service across networks, gives a single view of customer



Mobile offload traffic is cheaper and will grow faster than cellular traffic

Projected global data traffic from all mobile connected devices (Exabytes per month)

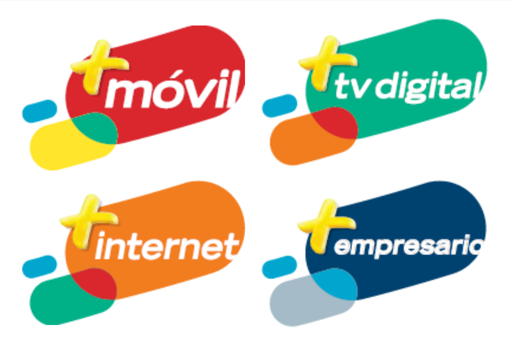


Source: Cisco VNI Mobile Forecast, 2013

We are in the early stages of capturing the FMC opportunity in our markets

Barbados QuadPlay proposition with free TV

Panama rebranding campaign



Unified fixed and mobile contact number

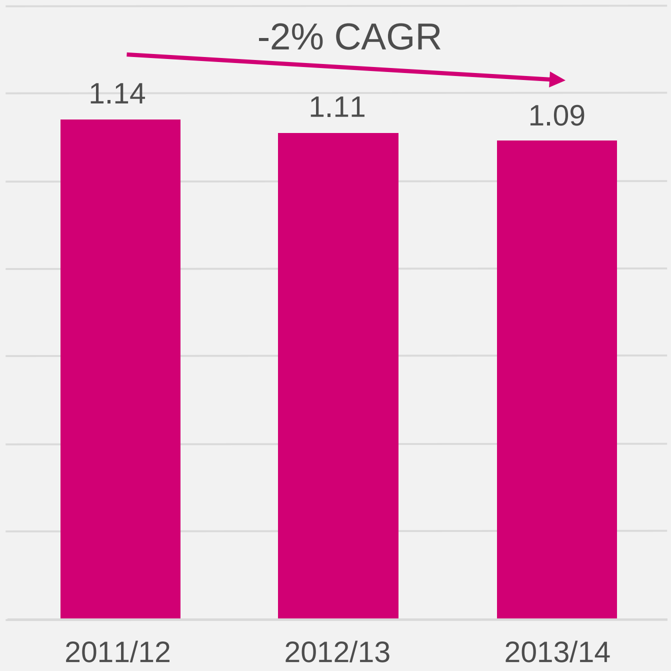
First fixed-mobile campaign in Panama: postpaid & broadband

300 WiFi hotspots in Panama City

TV reinforces competitive offering, especially to protect and grow broadband

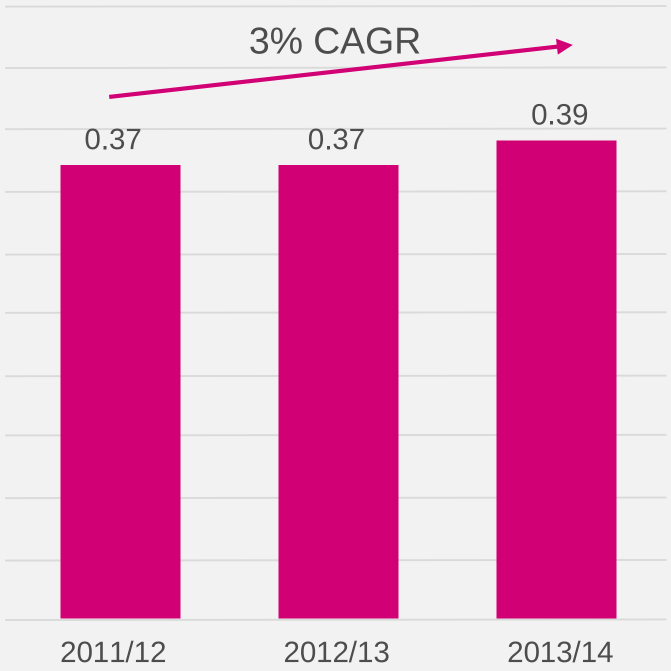
While the decline in fixed voice is stabilising…

Fixed voice customers
Million



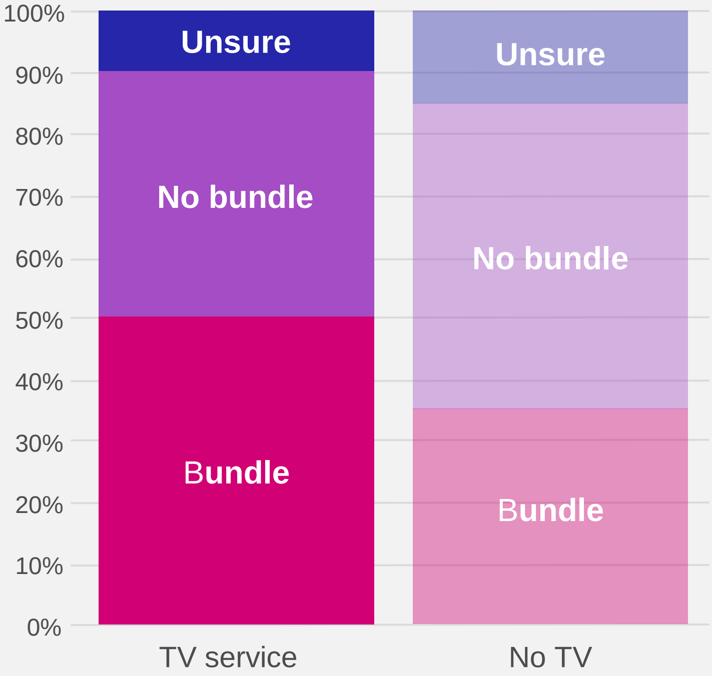
…broadband growth will continue

Broadband customers
Million



TV drives BB: customers buy more and more bundled products

Panama: BB user breakdown by TV use and bundle subscription



We are strengthening our TV infrastructure in Panama, Cayman, Barbados and St. Lucia to reinforce our broadband offer

Source: March 2014 NPS survey

We have launched attractive TV propositions in our key markets and will launch Direct-To-Home (DTH) to complement our offer

IPTV in areas where high speed (30+ mbps) internet can be delivered

LIME TV Cayman and Barbados

Pay TV on coax infrastructure

+TV Digital Panama

Infill DTH to capture TV share and extend our reach

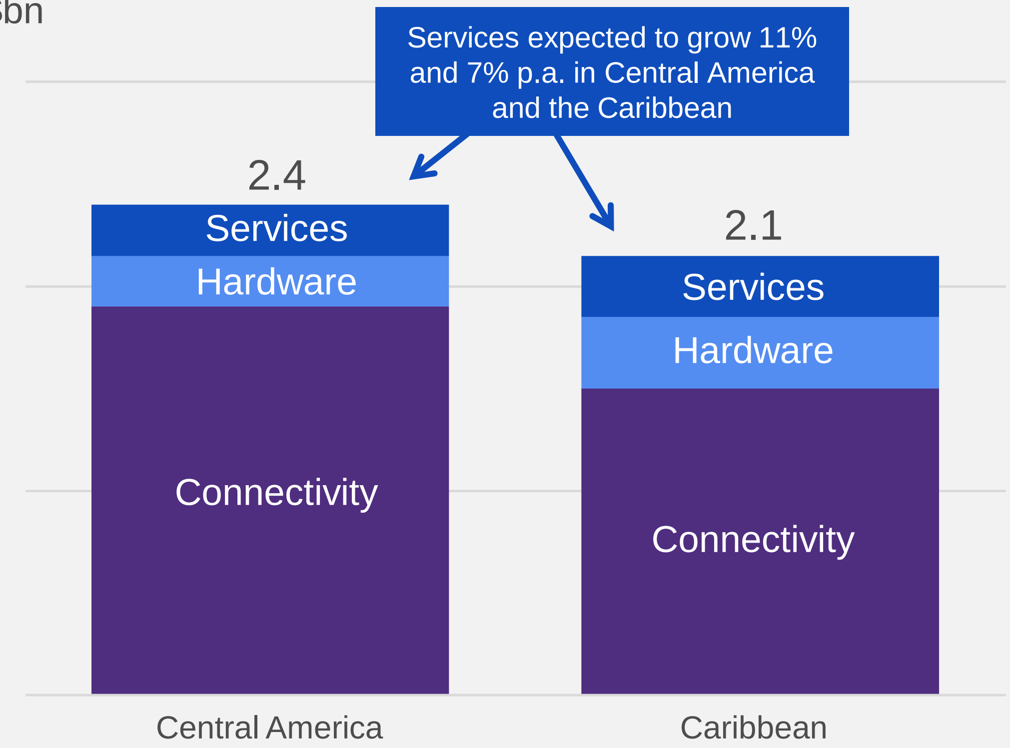
Prepaid DTH in Panama

Alignment of TV and technology strategies to deliver optimal TV proposition

Business and government sectors are growing, and are priorities for our investment and expansion

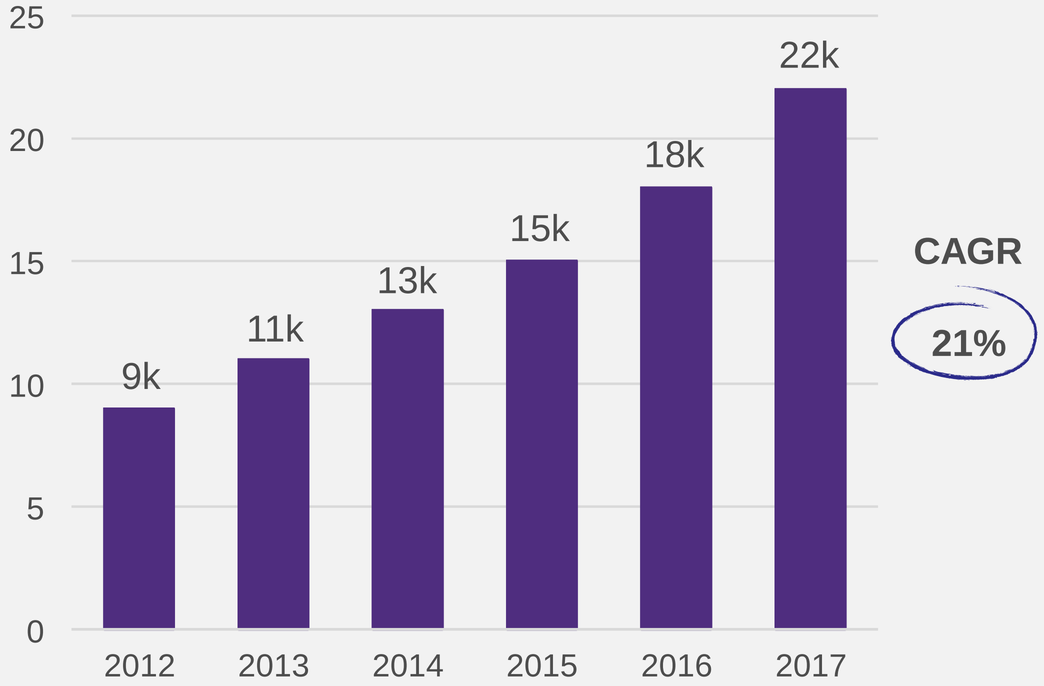
Addressable demand is significant

Central America & Caribbean
B2B / B2G ICT market, 2012
$bn



IP Connectivity needs will double

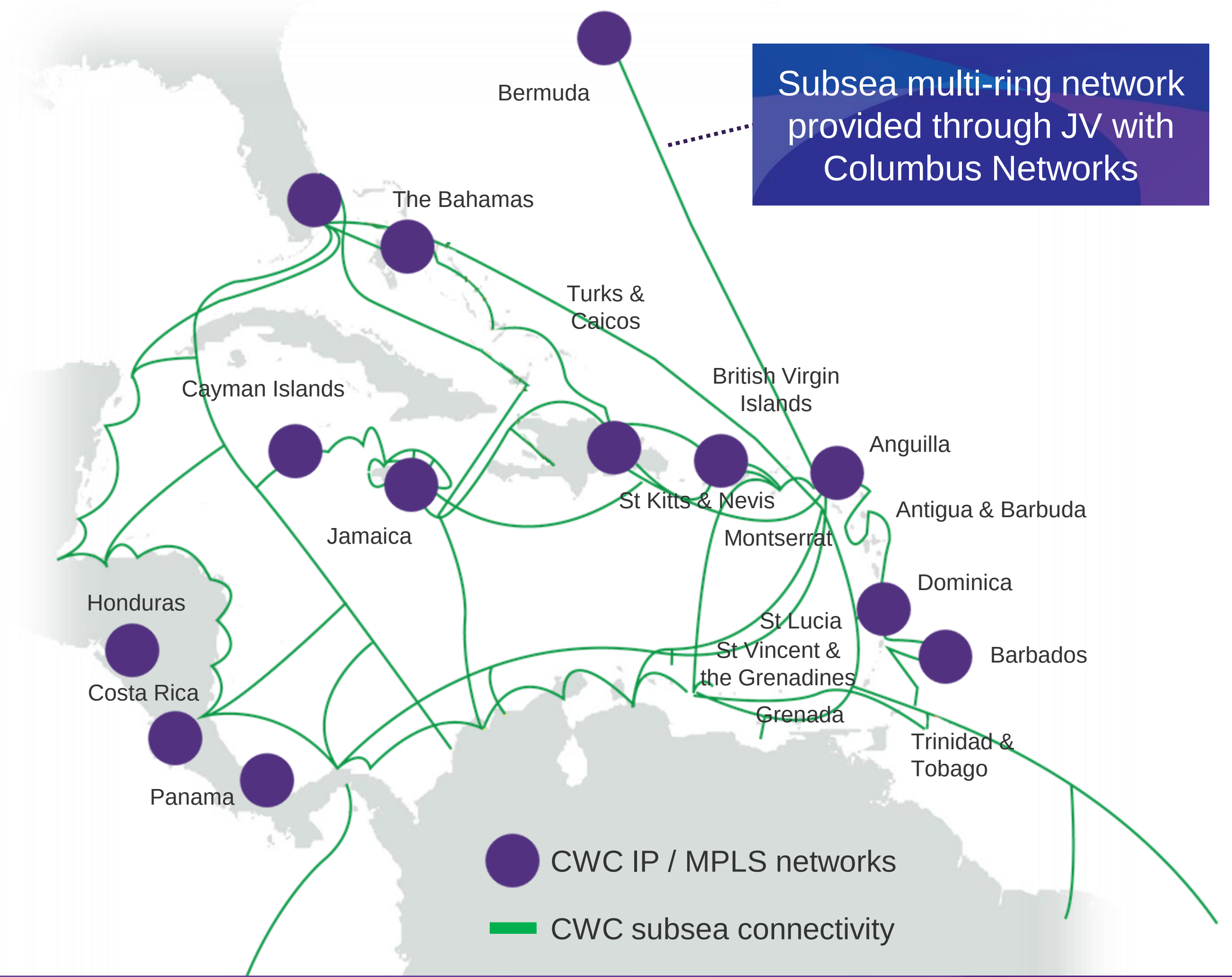
IP Traffic from Business / Government
('000 Petabytes per month)



Attractive customer dynamics - higher lifetime value from lower churn and higher spend

Source: IDC Emerging Markets Black Book 2013, IDC Latin America IT Services 2013, IDC - Worldwide Telecom Services 2013–2016

New Business Solutions Team will leverage the region's most extensive network for MPLS and international connectivity



- Over **40 countries** covered (more than **160** through partners)
- Access to over **20 submarine systems** covering more than **42,000km**, the largest subsea multi-ring fibre optic network in the region

Off-island connectivity critical for B2B customers

We will build on our recent success with increased focus and capabilities

SME and enterprise

Hospitality solutions
Guest WiFi connectivity,
IP telephony, IPTV

SME video surveillance
High speed connectivity and cameras

Banking solutions

Connectivity and services
Branch and international networking,
video conferencing, data centre solutions

Consumer-facing solutions
Personal mobile banking,
mobile wallet, mobile point-of-sale

Government

Jamaica Ministry of Science, Technology, Energy and Mining
Cloud services

Panama National Assembly
Data centre, connectivity, maintenance

El Salvador 911
Call centre,
handhelds, video

The CWC Way - we are transforming the way we operate to deliver our full potential

Holding company style	**Operating** company style
What we have done in the past	**Shifting to the "CWC Way"**
Managed as a **portfolio with limited operational involvement** of the centre	**Clear strategic direction from the centre**
Limited knowledge sharing and collaboration between business units	Clear **operating rules, accountabilities** and **best practices** across countries and the centre
Managed as a **portfolio with limited operational involvement** of the centre	**Centralised procurement, carrier** and strategic **vendor** management
Reactive stakeholder management left in the hands of business units	**Active stakeholder (government and unions) relationship management** with **systematic approach** and **central leadership**
Prioritisation of technology over the customer	Putting the **customer at the heart** of the company

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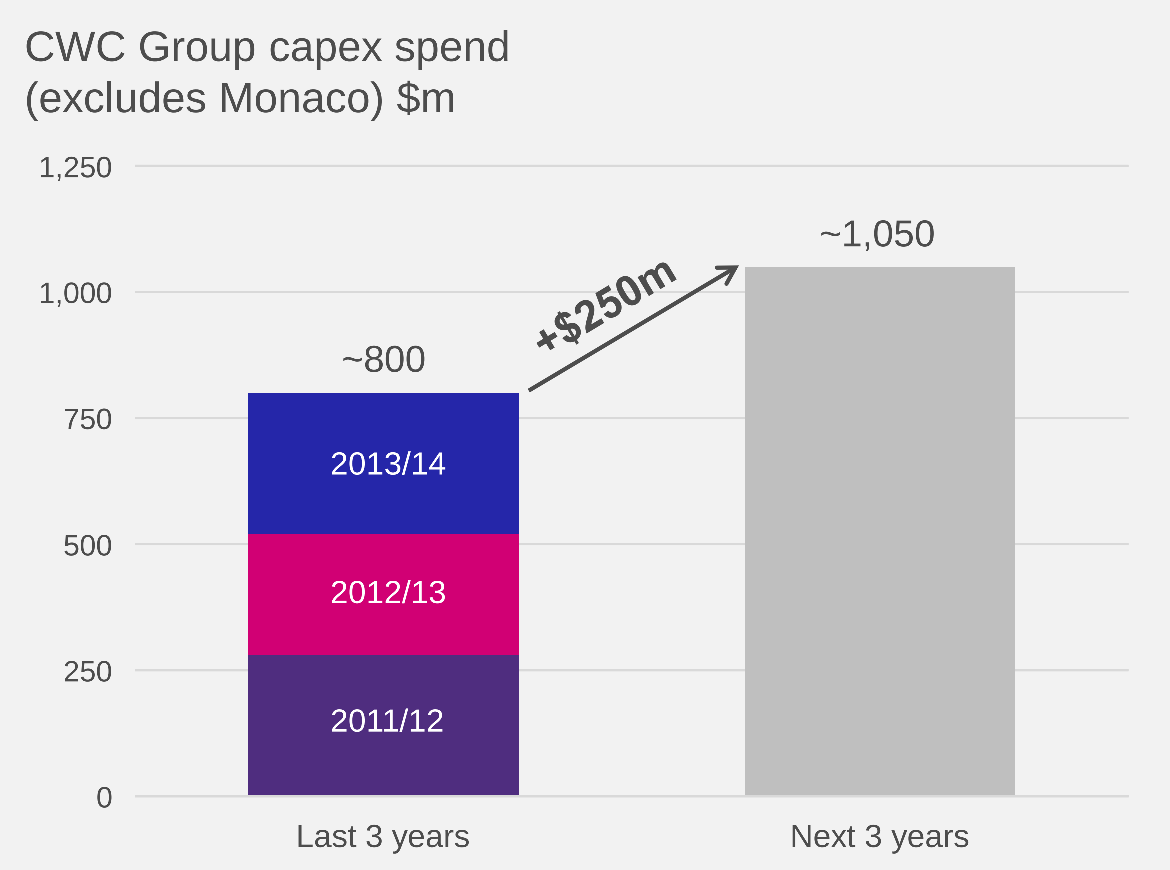
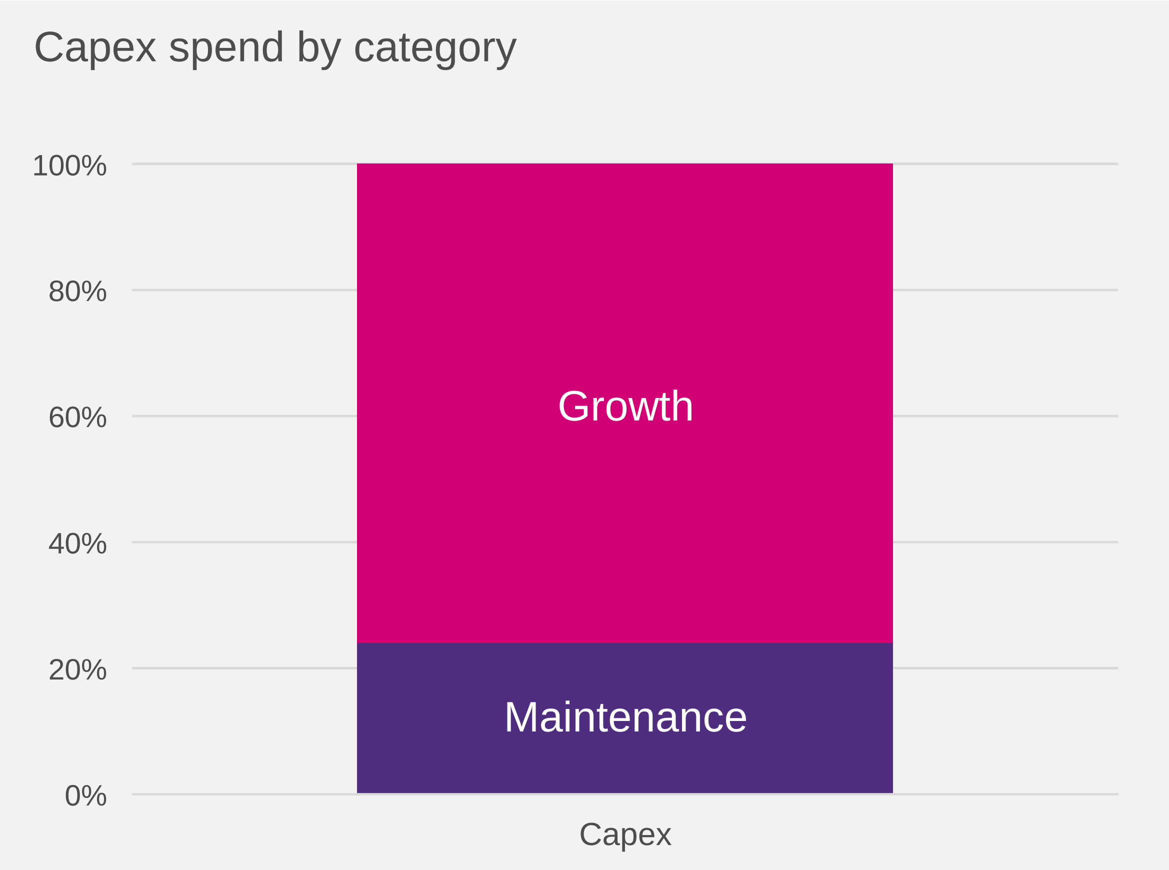
Project Marlin: $250m uplift in capex is required over the next three years to drive top line growth





Investment criteria:

- >15% IRR
- +ve Economic Profit in 3 years

Over the next three years, we expect our strategy to reverse historical revenue declines and improve profitability

Revenue	**Modest top-line growth** – reversing historic revenue decline
EBITDA	**Mid to high single digit EBITDA CAGR** – from revenue growth and improved operating efficiencies
Net Promoter Score (NPS)	**Improved Net Promoter Score (NPS)** – evidencing better network quality, added value products and customer service
Economic Profit	**Economic Profit (EP) growth** – targeting incremental return on invested capital

Positioning CWC for long term growth

The Team

Carlo Alloni
Group CTIO
Previously at Ericsson

Laurie Bowen
CEO, Business Solutions
Previously at Tata Communications

Martin Roos
CEO, Caribbean
Previously at Ericsson

Jorge Nicolau
CEO, Panama
Previously at Sears International

Chris Dehring
Director of Government Relations
Previously in Investment Banking

Nick Cooper
Corporate Services Director
Previously at Energis

Niall Merry
Chief Commercial Officer
Previously at Digicel

Belinda Bradberry
General Counsel
Previously at Telstra

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Thank you

Questions

Appendix

Panama: positive financial performance after two years of decline, driven by mobile growth

Panama

$m	FY 13/14	FY 12/13	Change %
Revenue	**591**	**586**	1 **1%**
Operating costs	(156)	(158)	1%
EBITDA[1]	**242**	**239**	**1%**
Capex[2]	(102)	(85)	2 (20)%
OCF[1]	**140**	**154**	**(9)%**

1

- Mobile (**+4%**) has been the main driver for growth as rise of mobile data (**+37%**) has offset mobile voice trend (**-13%**)
  - We have maintained **50+% share**
- Slowing decline in fixed products **-3%** vs **-7%** in previous year

2

- Investments in improving mobile coverage, expanding fixed network and delivering DTH television
- Does not include payment for licence extension and additional spectrum

[1] Pre-exceptionals
[2] Excludes transfer of cable assets from inventory in 2012/13 and Panama spectrum capitalisation

Caribbean: 8% EBITDA increase has been delivered by cost out programmes

Caribbean

$m	FY 13/14	FY 12/13	Change %
Revenue[1]	**1,045**	**1,082**	1 **(3)%**
Operating costs	(529)	(577)	2 8%
EBITDA[2]	**298**	**275**	**8%**
Capex	(174)	(150)	3 (16)%
OCF[1]	**124**	**125**	**(1)%**

1

- Mobile revenue up **1%** led by **12%** growth in Jamaica…
- …however, fixed voice declined **13%**, causing total revenue to fall

2

- **%** opex reduction mainly due to cost restructuring ($48m)

3

- Investments to improve mobile network quality (Jamaica 4G, Cayman and Bahamas LTE)
- Investments to deliver high speed internet and IP TV services in key markets (Barbados Fibre)

[1] Like-for-like revenue adjusted for change in accounting following the outsourcing of our LIME directory businesses
[2] Pre–exceptionals

Impact of excluding Monaco on FY 2013/14

P&L

$m	Reported FY 13/14	Ex Monaco FY 13/14
Revenue	1,873	1,636
Opex	(763)	(701)
EBITDA	**608**	**525**
Depreciation and amortisation	(262)	(235)
Net other operating (expense)/income and JVs and associates	(10)	(9)
Total operating profit pre exceptionals	**336**	**281**
Exceptionals	(241)	(241)
Total operating profit	**95**	**40**
Net finance expense	(159)	(159)
Tax	(29)	(27)
Other non operating expense	(6)	0
Net loss for the period	**(99)**	**(146)**
Net profit for the period before exceptionals	148	99

Impact of excluding Monaco on FY 2013/14

Cash flow

$m		Reported FY 13/14	Ex Monaco FY 13/14
Underlying operations	**EBITDA[1]**	**608**	**525**
	Cash capital expenditure[2]	(260)	(241)
	Working capital / investment income	21	21
	Underlying FCF	**369**	**305**
Fixed charges	Tax	(53)	(50)
	Interest[3]	(122)	(124)
	Minority dividends	(106)	(76)
	Underlying Equity FCF[4]	**88**	**55**

[1] Pre-exceptionals
[2] Excludes spectrum
[3] Excluding $27m interest paid on 2012 bond
[4] Excluding discontinued operations

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