



**Cable & Wireless**  
Communications

# Barclays European High Yield and Leveraged Finance Conference 2015

Cable & Wireless  
Communications Plc

September 2015



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## Agenda

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▶ **Business overview**

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Group strategy

Financial review

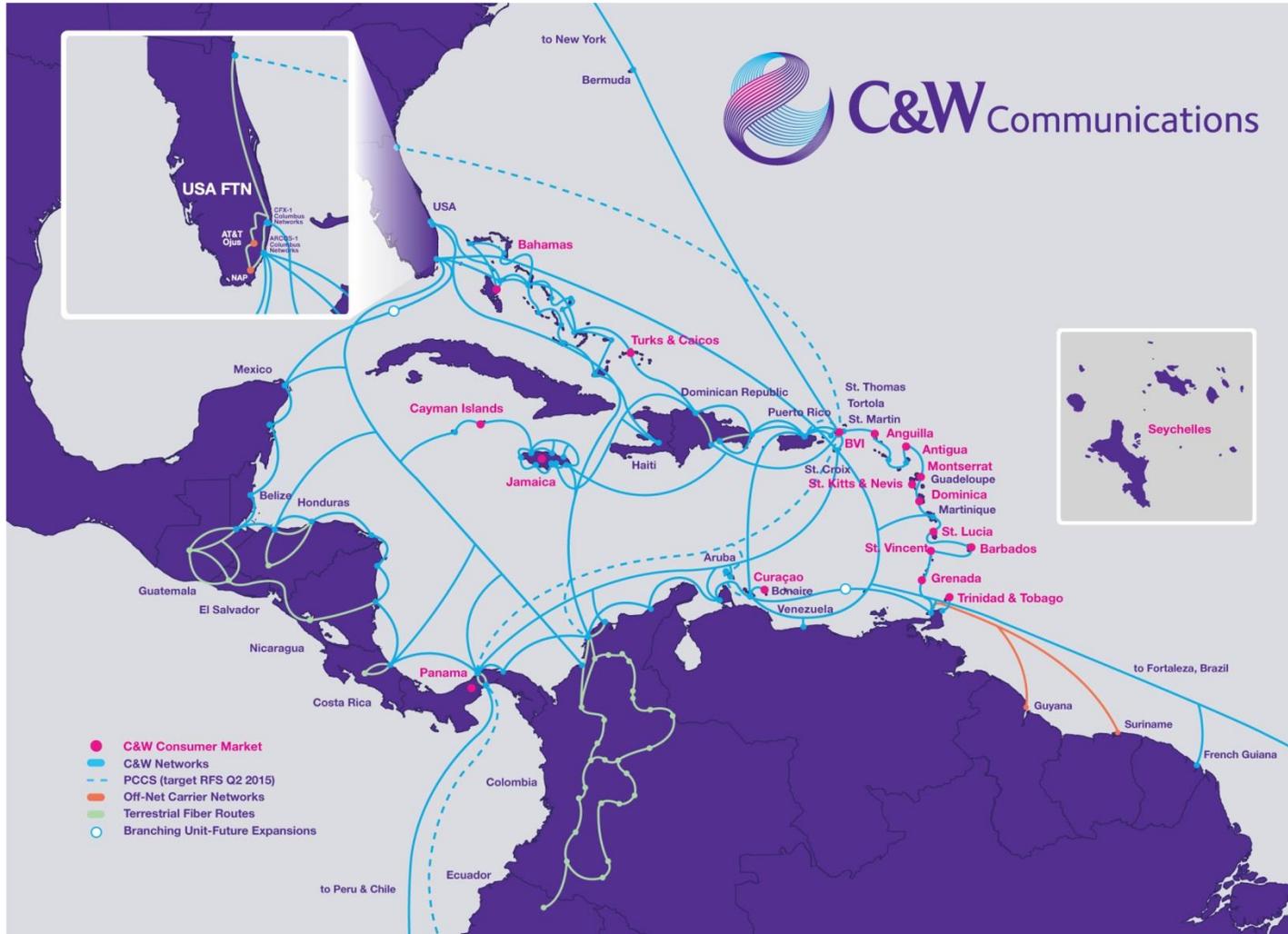
Q&A

September 2015



# C&W Communications

Leading quad-play/B2B/network communications provider in Central America and the Caribbean

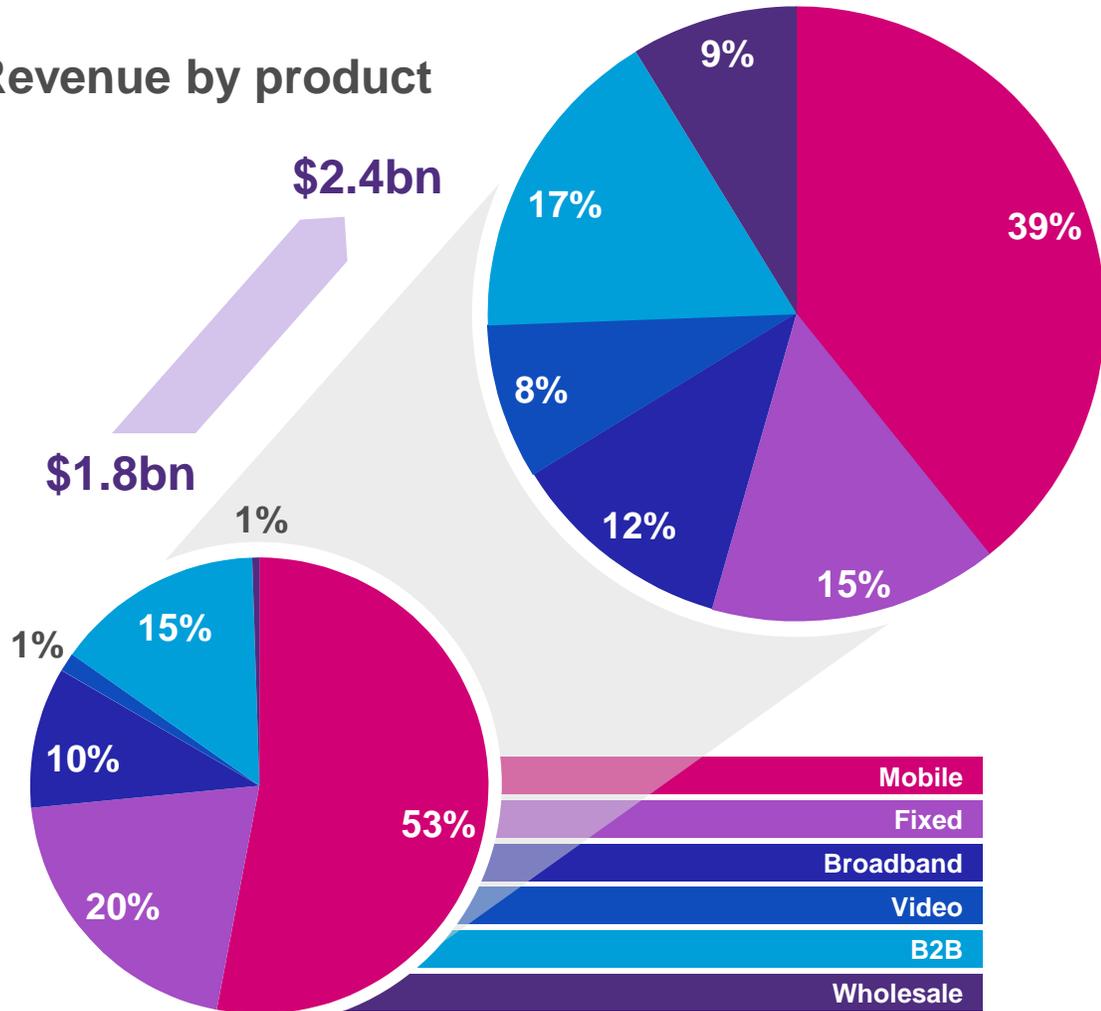


- #1 mobile operator in 10 of 16 markets with 3.8 million subscribers
- #1 fixed operator in 17 of 18 markets with 1.1 million subscribers
- #1 broadband operator in 16 of 18 markets with 658,000 subscribers
- #1 video operator in 7 of 11 markets with 460,000 subscribers

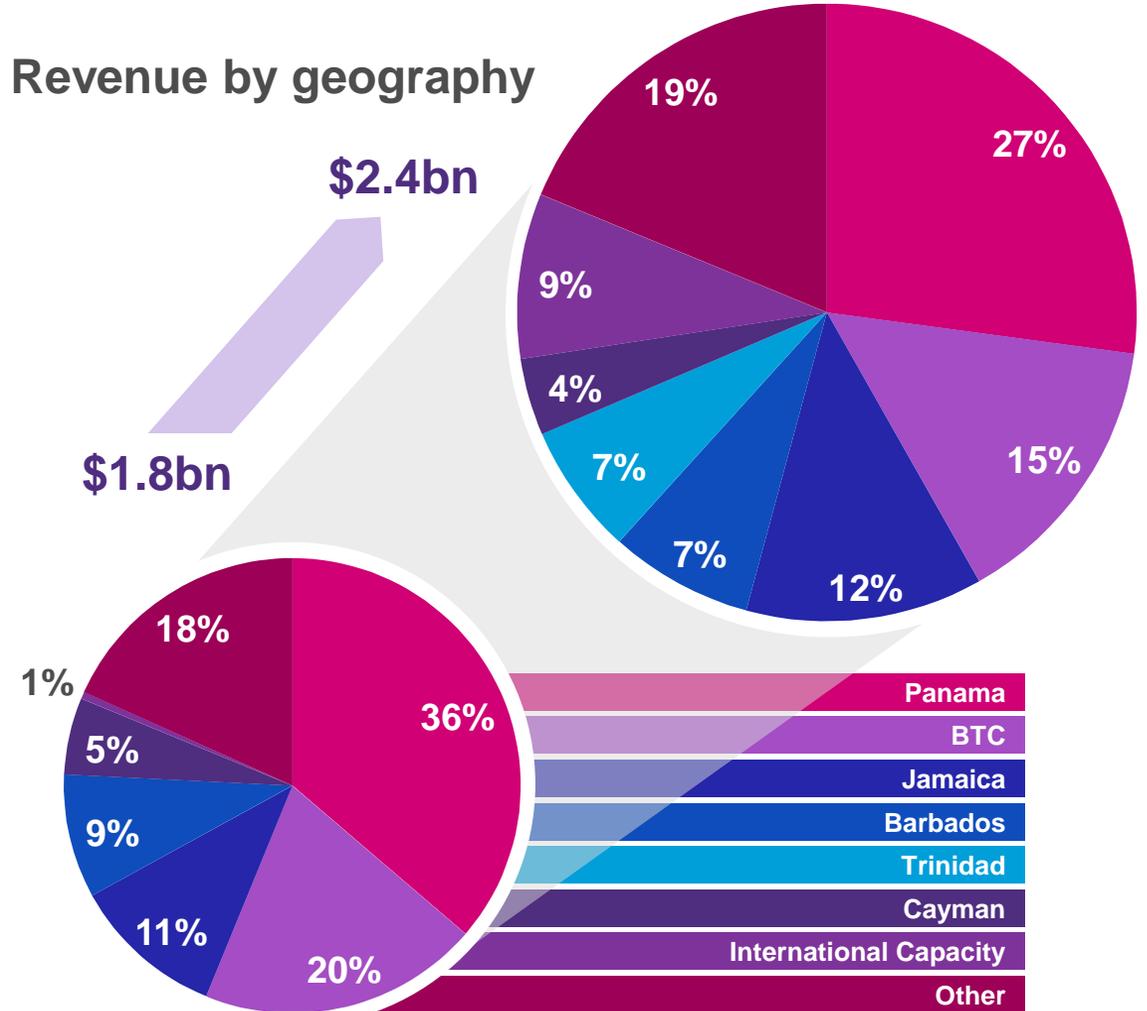
Source: Company estimates  
Note: subscriber data as of March 31, 2015

# Post acquisition of Columbus, CWC now has better product and geographical balance

Revenue by product



Revenue by geography

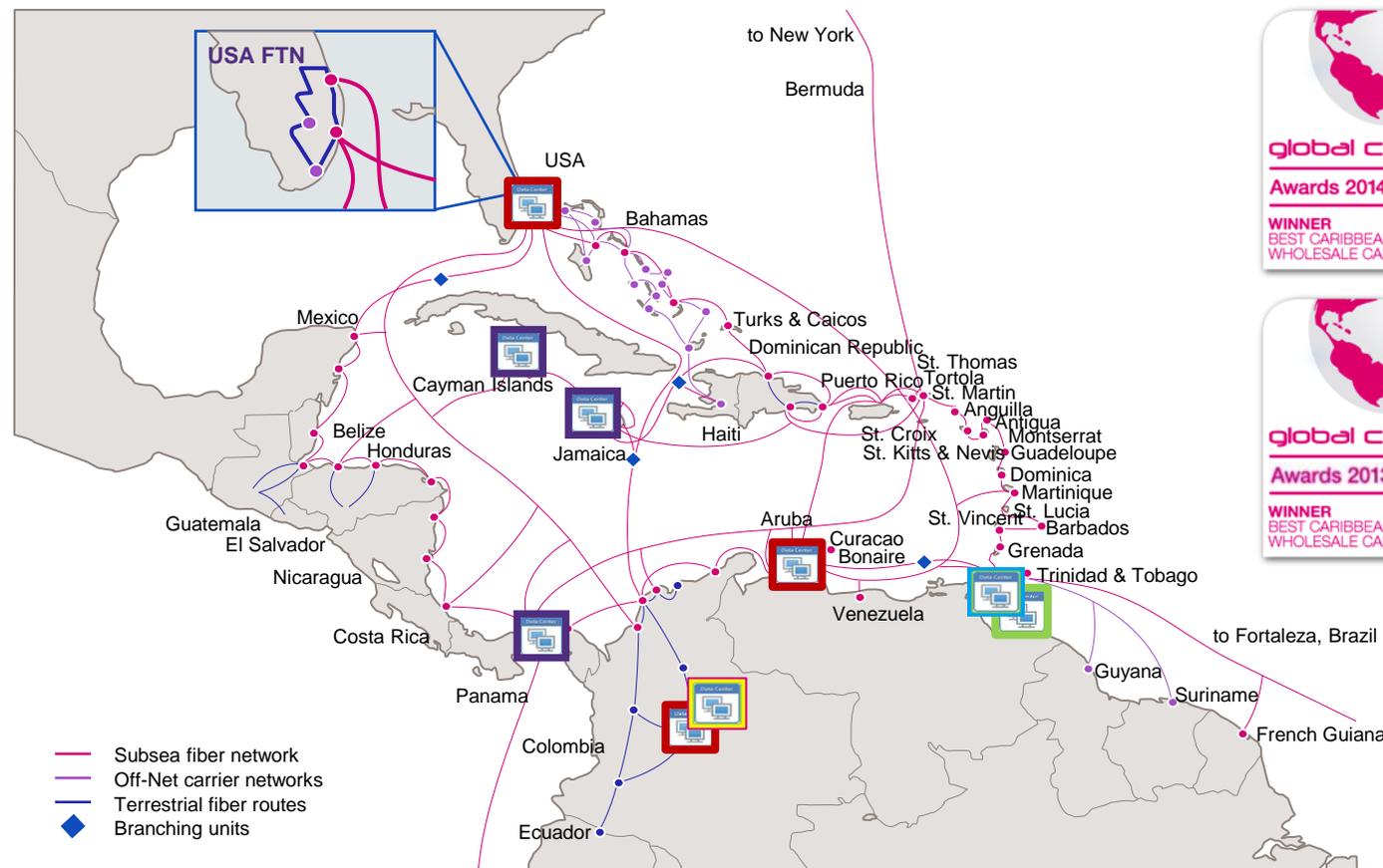


FY14/15 Pre-acquisition

FY14/15 Pre-acquisition

# C&W Networks

The most extensive subsea and terrestrial network in the region



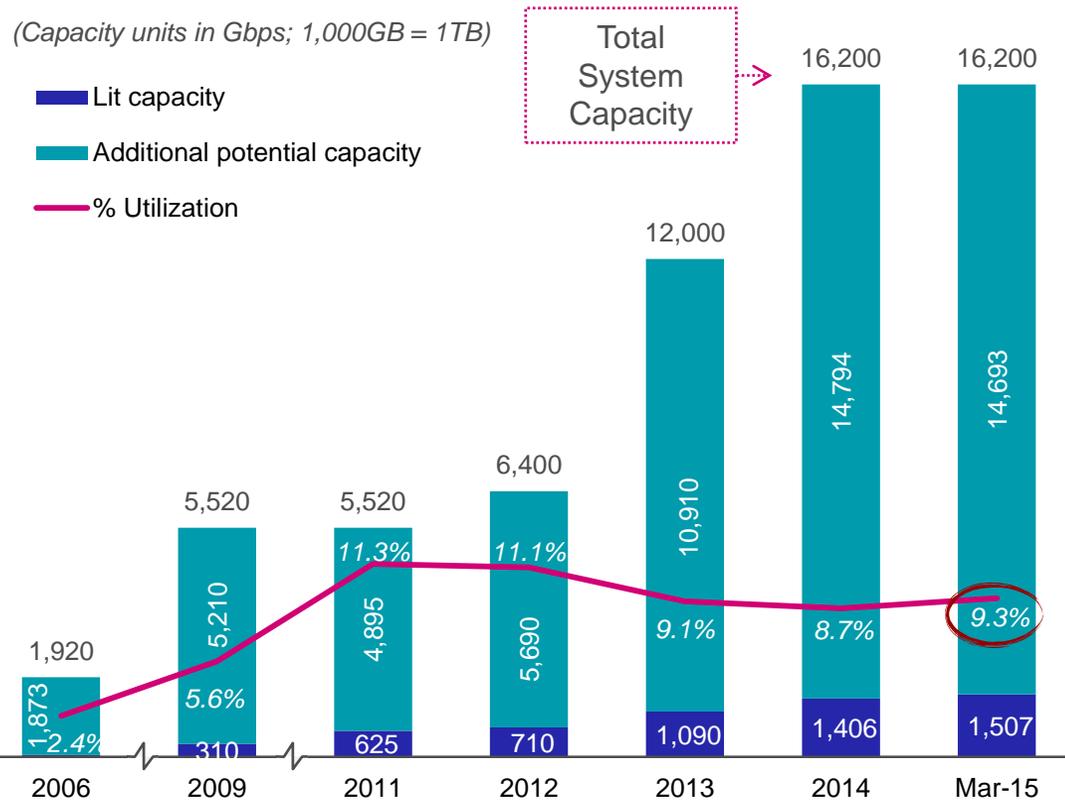
- |  |  |               |
|--|--|---------------|
|  | Columbus IDC (3)<br>Miami, Curacao, Colombia | } Data-center |
|  | C&W IDC (3)<br>Panama, Jamaica, Cayman       |               |
|  | New T&T IDC                                  |               |
|  | Columbus SID / CSC (1)<br>Bogota             | } SID / CSC   |
|  | Planned T&T SID / CSC                        |               |

- 42,000+ km subsea and 16,000+ km terrestrial network
- 1.5 Tbps total capacity
- POPs in 42 countries
- 8 countries with fiber and cable to retail customers

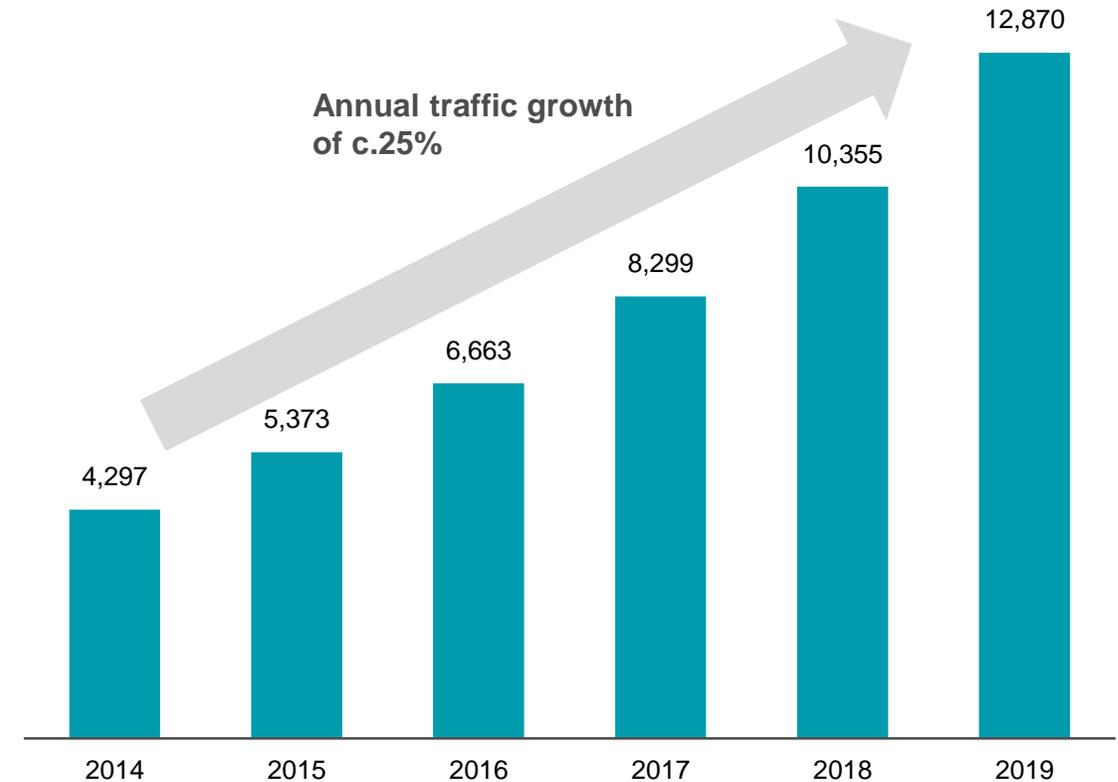
Leading wholesale carrier in the region with record of operational excellence

Core competencies in network engineering, optimization and monitoring

### Network capacity<sup>1</sup>



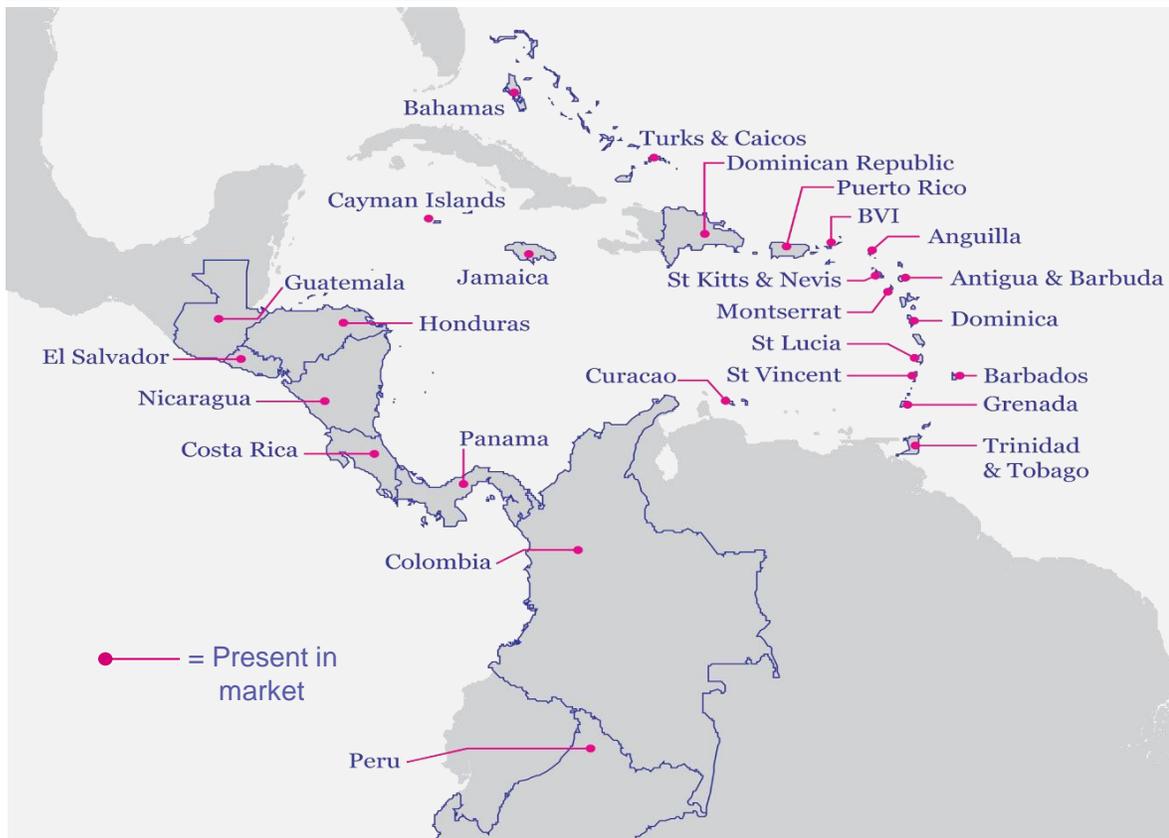
### Forecasted IP traffic in Latin America (Petabytes per Month)<sup>2</sup>



<sup>1</sup> Source: Company estimates based on optronics equipment in use today

<sup>2</sup> Source: Cisco Visual Networking Index report as of May 27, 2015

### Combined group has focused geographical presence



**Data Centers**  
Multiple Tier III data centers  
across the region

**Network Operations Centers**  
Local & regional with geographic redundancy  
and 24x7x365 operations

**Security Operations Center**  
Network & IT Infrastructure monitoring  
with proactive management  
and 24x7x365 operations

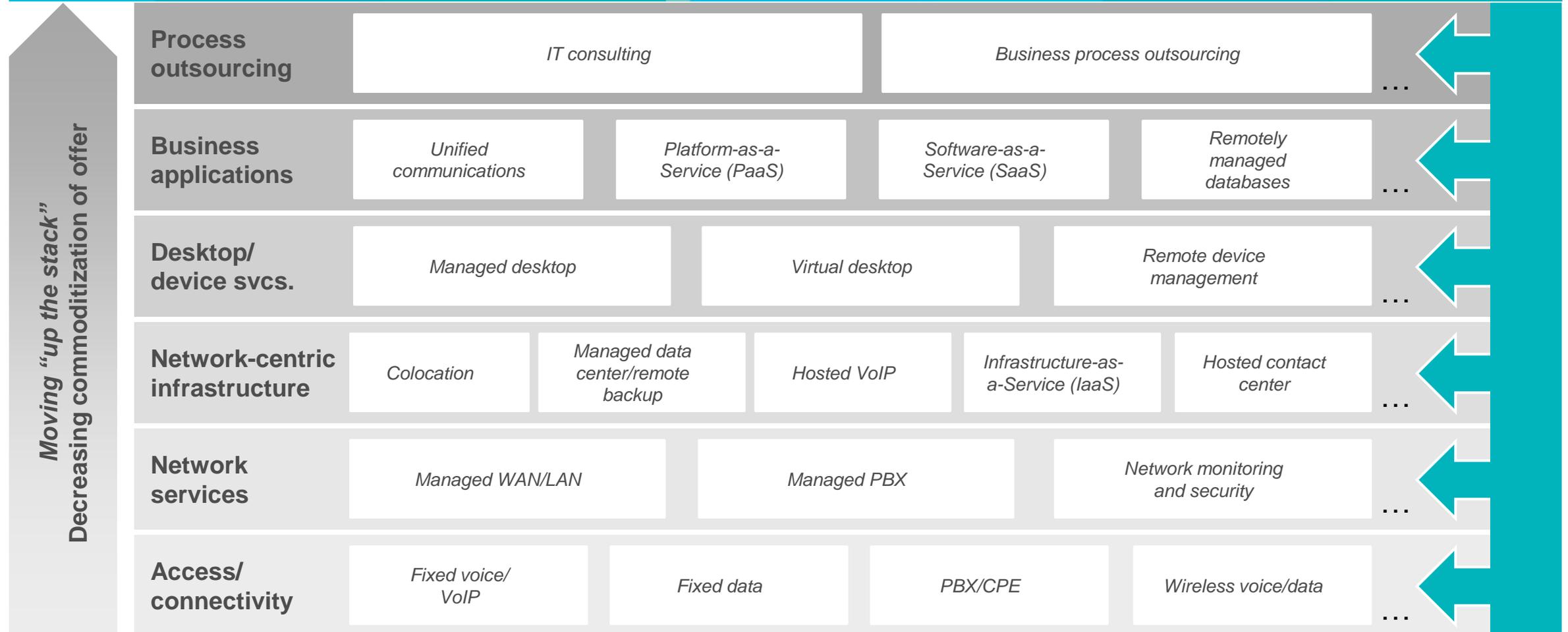
**C&W Business has 4 data centers, access to an extensive MPLS network and offers new IT solutions capabilities**

# C&W Business

## The full technology stack

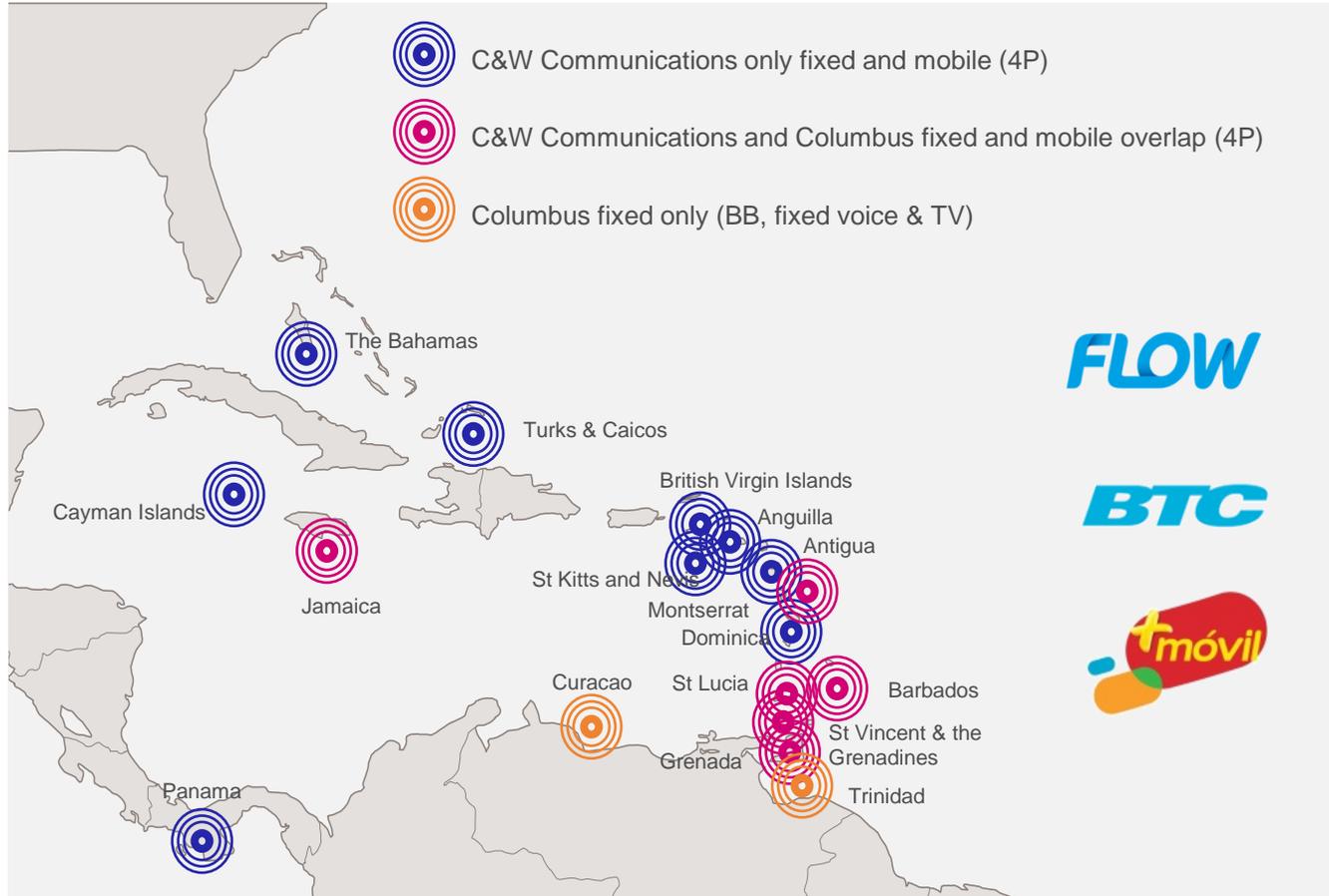


### Connectivity and IT services stack



# C&W Consumer

The leading provider of mobile, broadband, video and voice services



	Mobile	Broadband	Video	Fixed Voice
Anguilla	● #1	● #1		● #1
Antigua and Barbuda	●	● #1	● #1	● #1
Barbados	● #1	● #1	● #1	● #1
British Virgin Islands	●	● #1		● #1
Cayman Islands	● #1	● #1	●	● #1
Curacao		●	●	●
Dominica	● #1	● #1		● #1
Grenada	● #1	● #1	● #1	● #1
Jamaica	●	● #1	● #1	● #1
Montserrat	● #1	● #1		● #1
Panama	● #1	● #1	●	● #1
St. Kitts & Nevis	● #1	● #1		● #1
Saint Lucia	●	● #1	● #1	● #1
St. Vincent & the Grenadines	●	● #1	● #1	● #1
The Bahamas	● #1	●		● #1
Trinidad & Tobago (ex-TSTT)		● #1	● #1	● #1
Turks and Caicos Islands	●	● #1		● #1
Seychelles	● #1	● #1	●	● #1

**Product offered by**

● C&W Communications     
 ● Columbus     
 ● Overlapping

Source: Company estimates in terms of subscribers as of March 31, 2015

**C&W Communications' planned TV entry into new markets accelerated by Columbus' TV expertise, IP and comprehensive content**

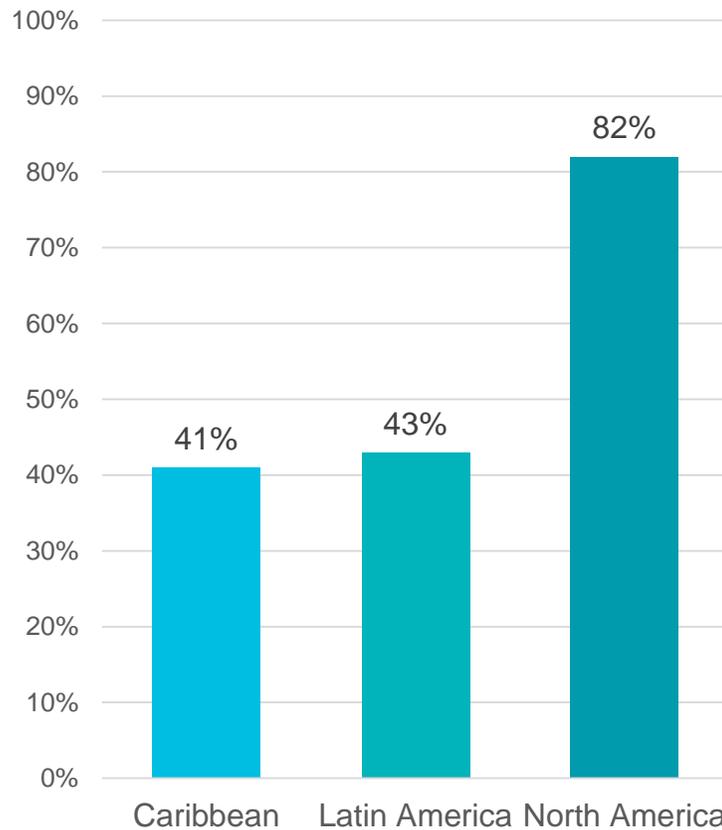
# Consumer

Attractive markets with strong opportunity to grow organically



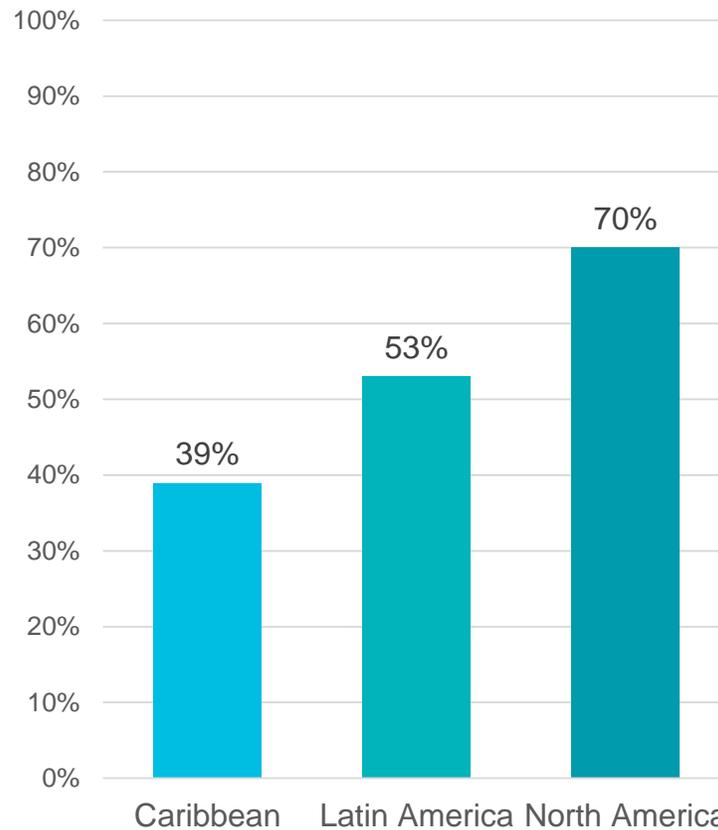
## Mobile data penetration is close to double in North America

2015 Smartphone penetration



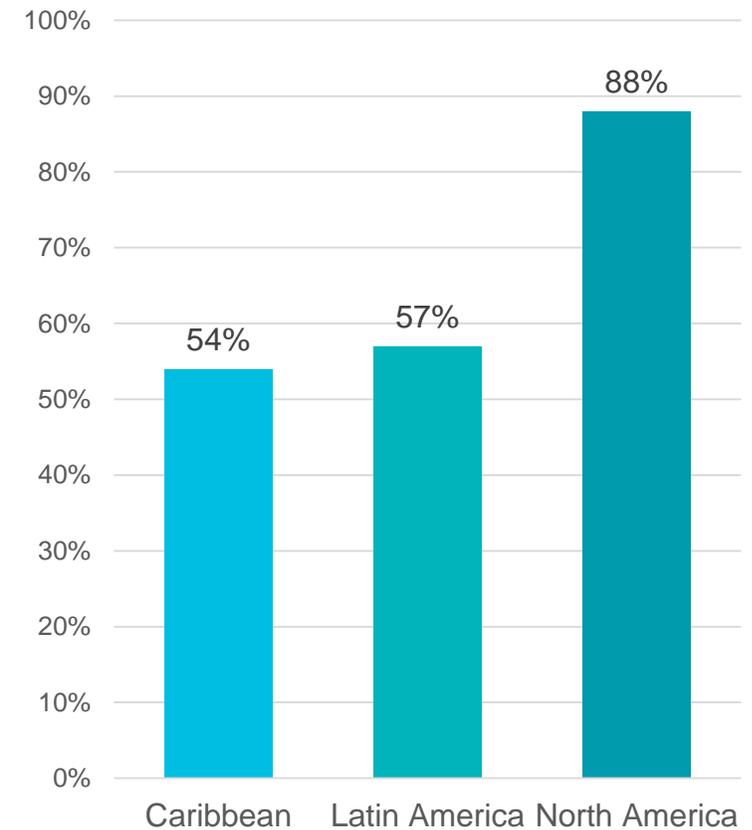
## Broadband penetration is 20-30% higher in North America

2015 Broadband penetration



## Pay TV penetration is ~30% higher in North America

2015 Pay TV penetration



Source: Ovum, Statista, UBS, Internet world stats



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## Agenda

Business overview

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▶ **Group strategy**

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Financial review

Q&A

September 2015

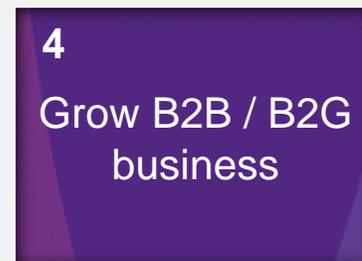


# Our strategic vision

## Objective

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

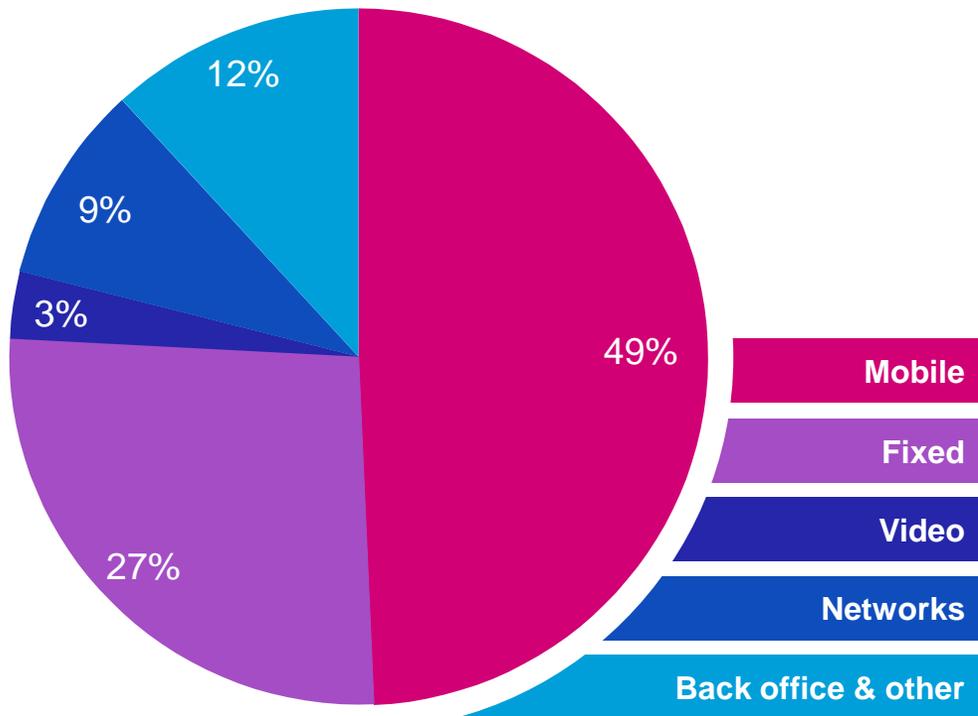
## Strategic pillars



Creating the fixed and mobile communications leader in the region

# We have invested for the future...

## FY 2014/15 capex breakdown<sup>1</sup>



<sup>1</sup> Capex breakdown excluding Columbus

## Key projects

	Mobile	FMC	Video
<b>Panama</b> \$126m	HSPA+/LTE	Fixed BB coverage and NGN upgrade	Further roll out of Pay TV/DTH
<b>LIME</b> \$206m	HSPA+/LTE	FTTH/FTTP in strategic locations	Initial phases of video offering
<b>BTC</b> \$75m	HSPA+/LTE	NGN upgrade	Initial phases of video offering
	<b>1,100+ HSPA+ sites</b> <b>250+ LTE sites</b>	<b>2,300km+ Fibre</b>	<b>10,000+ DTH customers</b>

## Project Marlin

- A 3 year accelerated investment program totaling \$1.05bn, which includes both regular and Project Marlin capex, announced in May 2014
- Boosting cutting edge networks
- Investments in HSPA+ and LTE mobile networks, which have contributed to mobile data revenue growth of US\$48 million
- 42% of the total was spent in FY 2014/15

# ...driving measurable improvements in network quality

## Networks improving and moving to "Best in Class"

March 2014



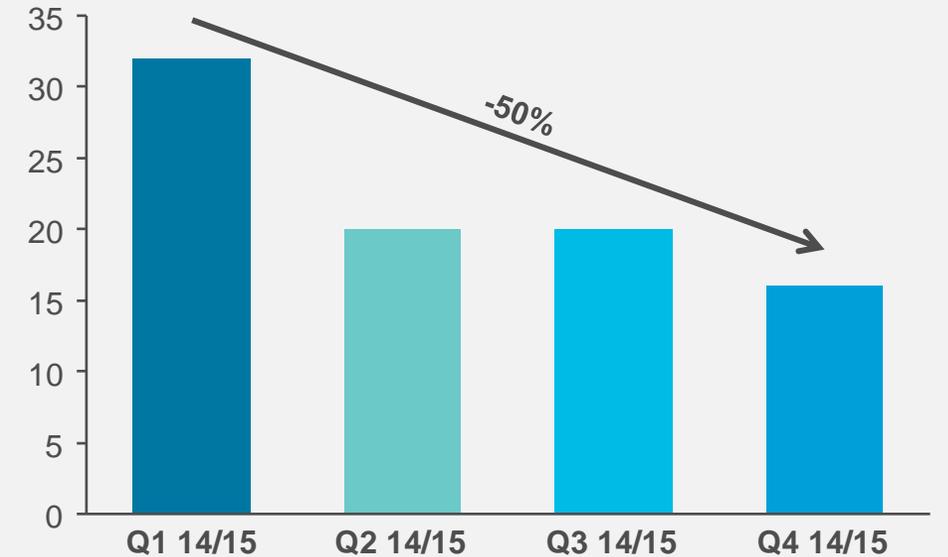
	Target	Anguilla	Antigua	Bahamas	Barbados	BVI	Cayman	Dominica	Grenada	Jamaica	Mont.	Panama	St. Kitts	St. Lucia	St. Vin.	TCI
2G Call Setup Success Rate %	>99%	Yellow	Yellow	Red	Yellow	Green	Blue	Green	Green	Red	Yellow	Red	Green	Yellow	Yellow	Yellow
2G Call Drop Rate %	<1%	Yellow	Yellow	Red	Yellow	Green	Blue	Green	Green	Red	Yellow	Red	Green	Yellow	Yellow	Yellow
2G Data DL Throughput (Kbps)	>100	Yellow	Yellow	Red	Yellow	Green	Blue	Green	Green	Red	Yellow	Red	Green	Yellow	Yellow	Yellow
3G Call Setup Success Rate %	>99%	Yellow	Yellow	Red	Yellow	Green	Blue	Green	Green	Red	Yellow	Red	Green	Yellow	Yellow	Yellow
3G Call Drop Rate %	<1%	Yellow	Yellow	Red	Yellow	Green	Blue	Green	Green	Red	Yellow	Red	Green	Yellow	Yellow	Yellow
3G Data Setup Success Rate %	>99%	Yellow	Yellow	Red	Yellow	Green	Blue	Green	Green	Red	Yellow	Red	Green	Yellow	Yellow	Yellow
3G Data DL Throughput (Kbps)	>1000	Yellow	Yellow	Red	Yellow	Green	Blue	Green	Green	Red	Yellow	Red	Green	Yellow	Yellow	Yellow

March 2015

	Target	Anguilla	Antigua	Bahamas	Barbados	BVI	Cayman	Dominica	Grenada	Jamaica	Mont.	Panama	St. Kitts	St. Lucia	St. Vin.	TCI
2G Call Setup Success Rate %	>99%	Green	Blue	Yellow	Green	Blue	Blue	Blue	Blue	Yellow	Green	Yellow	Green	Blue	Blue	Blue
2G Call Drop Rate %	<1%	Green	Blue	Yellow	Green	Blue	Blue	Blue	Blue	Green	Green	Green	Green	Blue	Blue	Blue
2G Data DL Throughput (Kbps)	>100	Green	Blue	Blue	Green	Blue	Blue	Blue	Blue	Green	Green	Yellow	Green	Blue	Blue	Blue
3G Call Setup Success Rate %	>99%	Green	Blue	Yellow	Green	Blue	Blue	Blue	Blue	Yellow	Green	Yellow	Green	Blue	Blue	Blue
3G Call Drop Rate %	<1%	Green	Blue	Yellow	Green	Blue	Blue	Blue	Blue	Green	Green	Green	Green	Blue	Blue	Blue
3G Data Setup Success Rate %	>99%	Green	Blue	Yellow	Green	Blue	Blue	Blue	Blue	Yellow	Green	Yellow	Green	Blue	Blue	Blue
3G Data DL Throughput (Kbps)	>1000	Green	Blue	Yellow	Green	Blue	Blue	Blue	Blue	Yellow	Green	Yellow	Green	Blue	Blue	Blue

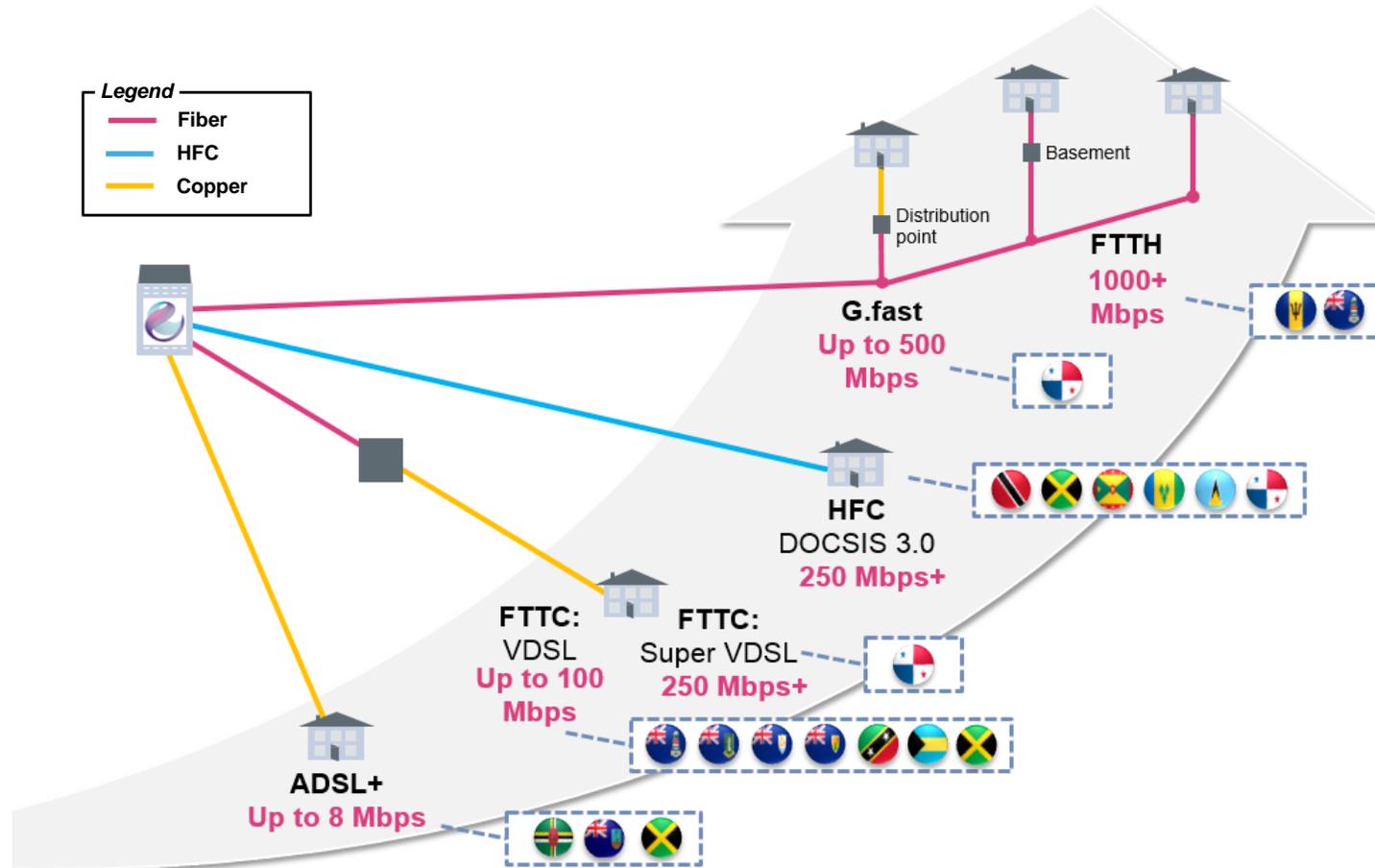
Source: Ericsson

## Significant reduction in major outages



# Superior infrastructure, technology and assets

## Fixed leadership



**Advanced TV Service offering Flow on Demand and Cloud DVR**



**Over 1 million homes passed with either HFC or FTTH, enabling superior TV and broadband experience**



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▶ **Financial review**

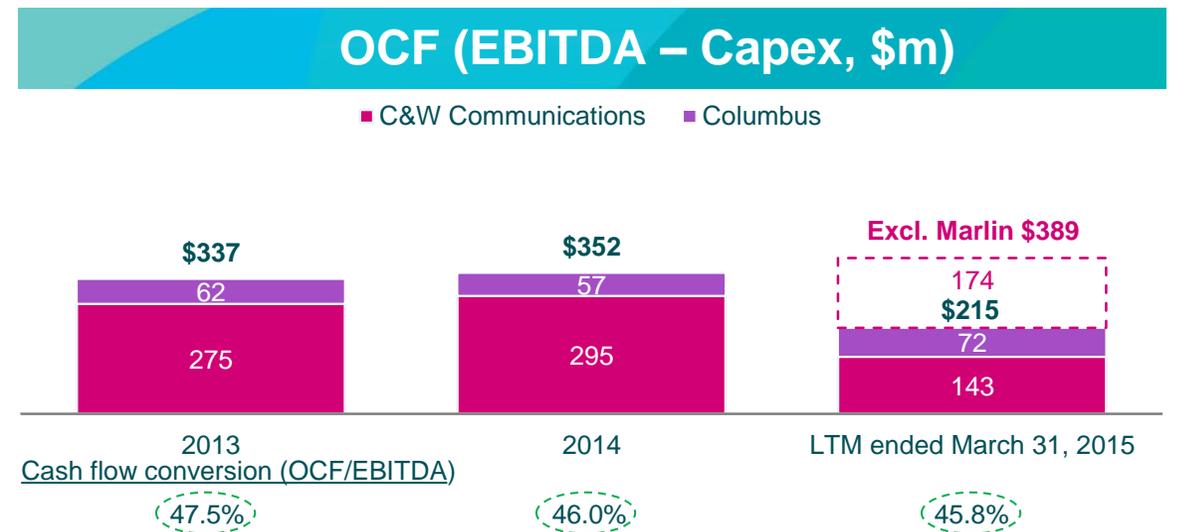
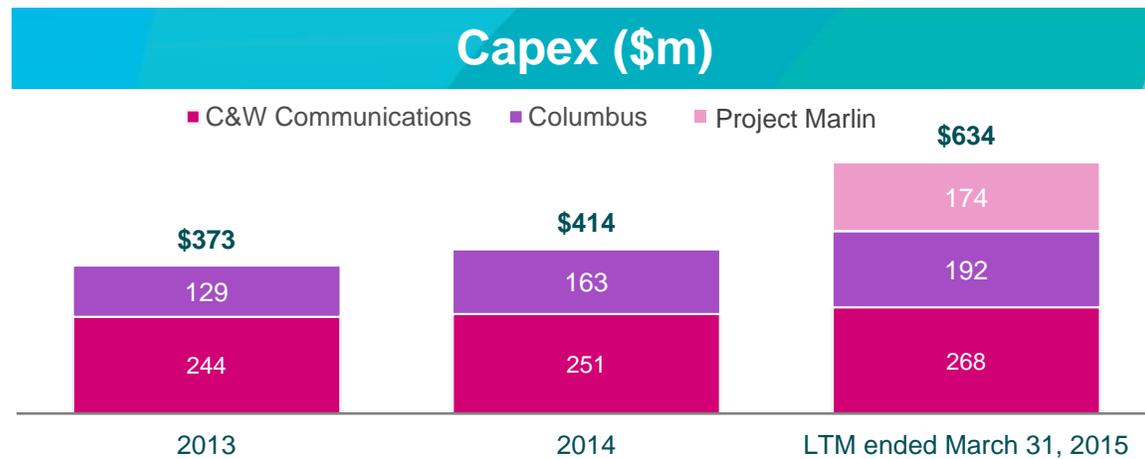
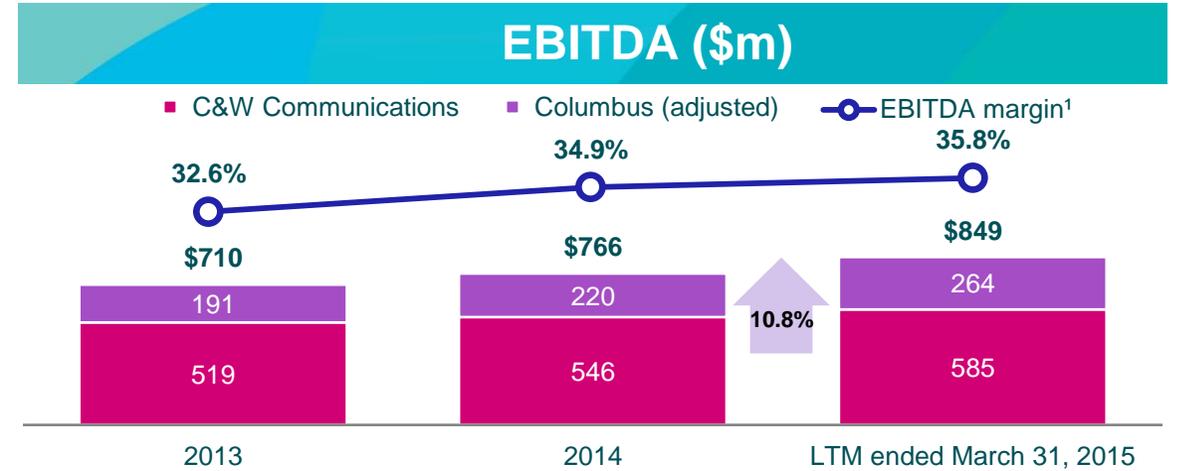
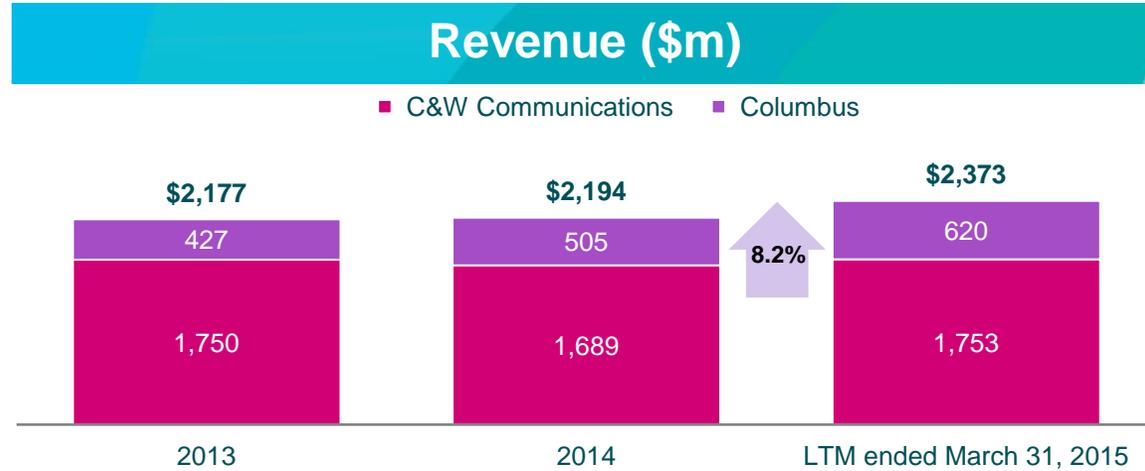
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Q&A

September 2015



# C&W Communications has scale, a strong growth profile and improved margins



Source: Company filings

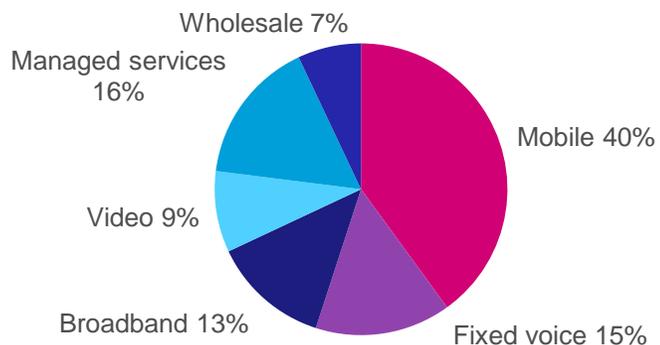
Note: 2013 and 2014 correspond to combined figures of C&W Communications financials for the years ended March 31, 2013 and 2014 and Columbus financials for the years ended December 31, 2012 and 2013 respectively. LTM March 31, 2015 corresponds to combined figures for the acquisition of Columbus and before any adjustment for the carve-out entities; 2013 excludes disposed entities; 2013 and 2014 EBITDA figures for Columbus are based on Columbus adjusted EBITDA; Columbus LTM figures at March 31, 2015 are adjusted to align with C&W accounting policies; <sup>1</sup> EBITDA margin is calculated as EBITDA divided by revenue of corresponding time periods

# First quarter FY 2015/16 trading update

## Selected financials and growth YoY

<b>Revenue</b>	<b>\$583m</b>	<b>+4%</b>	<ul style="list-style-type: none"> <li>Maintained momentum through organic growth</li> </ul>
<b>Capex</b>	<b>\$158m</b>	<b>+5%</b>	<ul style="list-style-type: none"> <li>41% spent in mobile networks</li> <li>46% allocated to broadband and video</li> </ul>
<b>Net debt</b>	<b>\$2,605m</b>	<b>+ \$239m<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Less cash primarily due to costs associated with Columbus acquisition and scheduled pension top-up payment</li> </ul>

## Revenue breakdown by product Q1 FY 2015/16



Source: Company filings

Note: YoY growth compared against combined financial statements for the quarter ended June 30, 2014, excluding revenue from the carve-out entities

<sup>1</sup> Compared to net debt as of March 31, 2015

## Revenue growth by product

Revenue	Growth YoY	Commentary
<b>Mobile</b>	0%	Strong growth in LIME (up 10%) was offset by a decline of 9% in BTC due to reduced international roaming rates
<b>Fixed Voice</b>	(5%)	Pressure from mobile substitution reduced ARPU
<b>Broadband</b>	+14%	Fueled by subscribers increasing 7% in the same period
<b>Video</b>	+11%	Due to subscribers growth in some markets and ARPU growth in others
<b>Managed Services</b>	+14%	Strengthened by the acquisition of Sonitel in Panama
<b>Wholesale</b>	+9%	Rise in demand for capacity more than offset unit price compression

# Integration of Columbus – Synergy Targets

Implementation teams in place and targets reiterated at Q1

## Opex

- Network overlap e.g. Barbados network
- Consolidation of field operations
- Rationalisation of Billing Support Systems
- Network monitoring and optimisation
- Review of retail footprint
- Organisational re-design

***c.\$85m by end of FY 2017/18<sup>1</sup>***

## Capex

- Leverage Columbus' fiber/HFC network
- Integrate video infrastructure
- Combine transmission layers – reduce investment in duplicative backhaul
- Accelerate legacy network decommissioning and property rationalisation

***c. \$145m over 3 years***

## Revenue

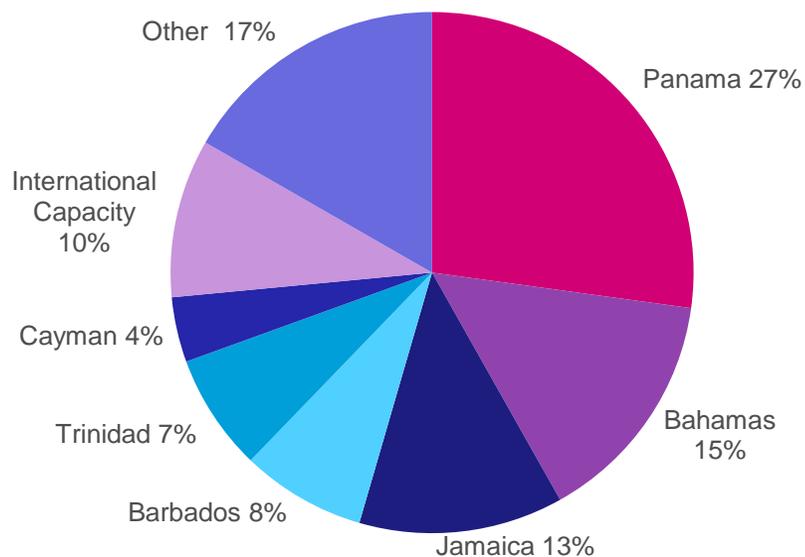
- Detailed cross-selling plans in overlapping markets
- Focus on bringing best combination of products to non-overlapping
- Reorganising to consolidate B2B/B2G business unit under C&W Business
- Networks and Wholesale Cross-selling with C&W Business launched
- New branding

***Significant opportunity***

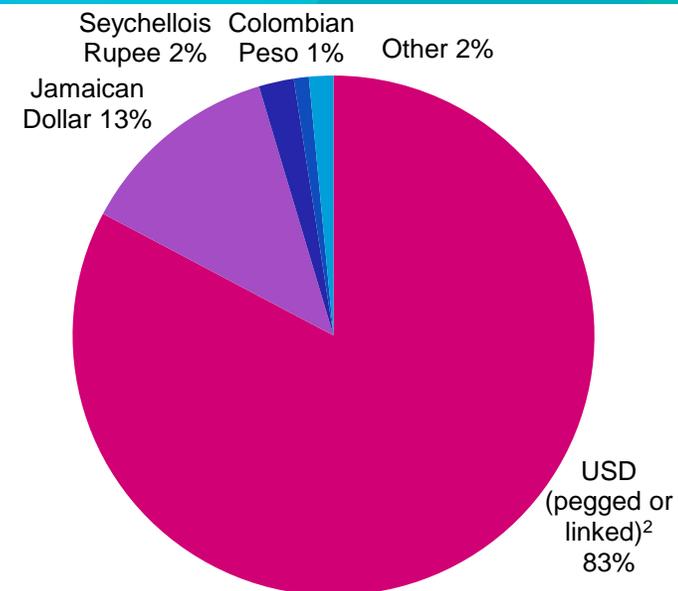
<sup>1</sup> Run rate

# Significant operations in stable or investment grade markets and minimal exposure to foreign exchange fluctuations

## Combined revenues FY 2014/15 by country<sup>1</sup>



## Combined revenues FY 2014/15 by currency<sup>1</sup>



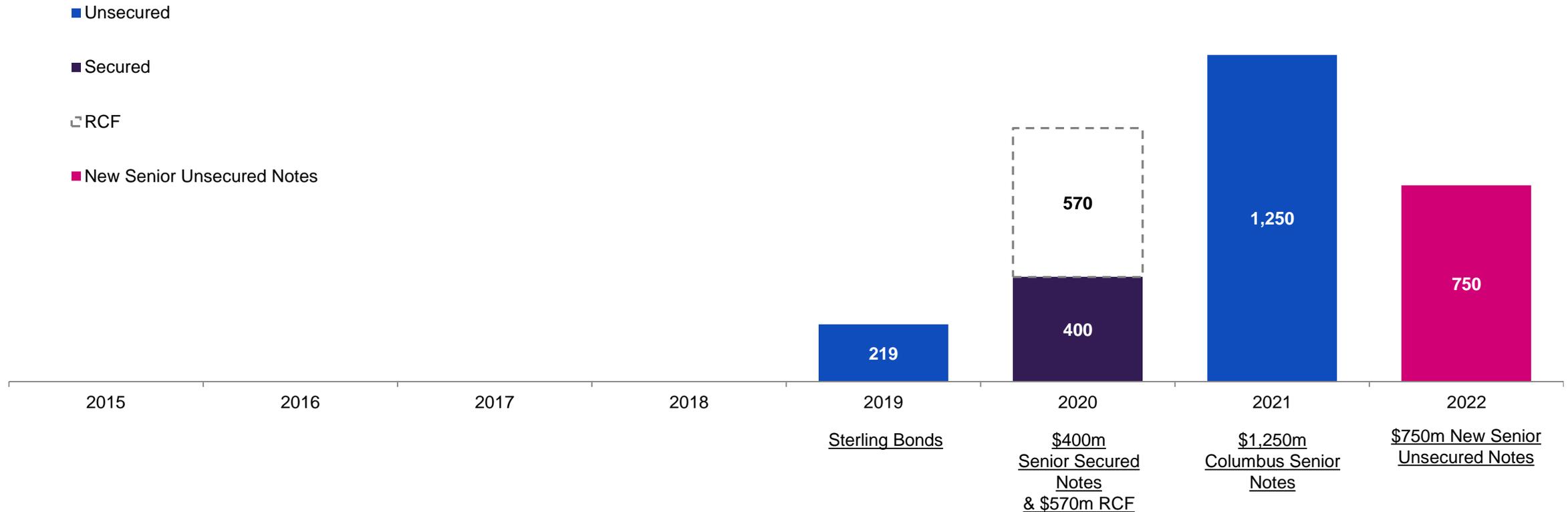
Key markets	Panama	Trinidad and Tobago	Bahamas	Cayman Islands	Colombia
S&P	BBB	A	BBB	N/A	BBB
Moody's	Baa2	Baa2	Baa2	Aa3	Baa2
Fitch	BBB	N/A	N/A	N/A	BBB

**~60% of revenue comes from investment grade countries and over 80% of revenue is US dollar pegged or linked<sup>2</sup>**

<sup>1</sup> Corresponds to combined figures of Columbus and C&W Communications for the LTM ended March 31, 2015 and before any adjustment for the carve-out entities; <sup>2</sup> Includes Trinidadian dollar (accounting for 6.7% of combined group revenue)

# Long-dated maturity profile: recent refinance of acquisition term loans with new 7 year \$750m Senior Unsecured Notes

## Pro forma maturity profile (\$m)



No maturities until 2019, however \$400m 2020 bonds callable in February 2016

# Financial Policy and Guidance

## Revenue

**Enhanced Revenue Growth** – annual mid to high single digit % top line growth

## EBITDA

**Significant Growth** – through revenue growth, material synergy realisation, operating efficiencies and consolidation of best practices

## EPS

**EPS Accretion** – material accretion from FY16/17, dilutive in first year

## ROIC

**>10%** return on invested capital

## Capex

**Reduction to normalised levels** – post Marlin, capital intensity to fall to c.14% of revenue in FY17/18

## Leverage

**Target leverage** – 2.5x to 3.0x proportionate net debt to EBITDA

## Dividend

**No change to dividend policy**

# Financial takeaways

## Consolidated record

- Strong financial performance and momentum across the business
- Improving margins through scale
- Project Marlin is driving Revenue and EBITDA growth, but C&W Communications is now reaching the peak of capex
- Cash generative, with cash flow set to improve materially over the coming years
- Integration of leading platforms continues to unlock value

## Promising future

- C&W Communications is well-positioned for the future
  - Scale and market leadership, in attractive markets
  - Differentiated network infrastructure and customer offering
  - Diversification – by geography; by product
  - Cash generative
  - Long-dated debt maturity profile



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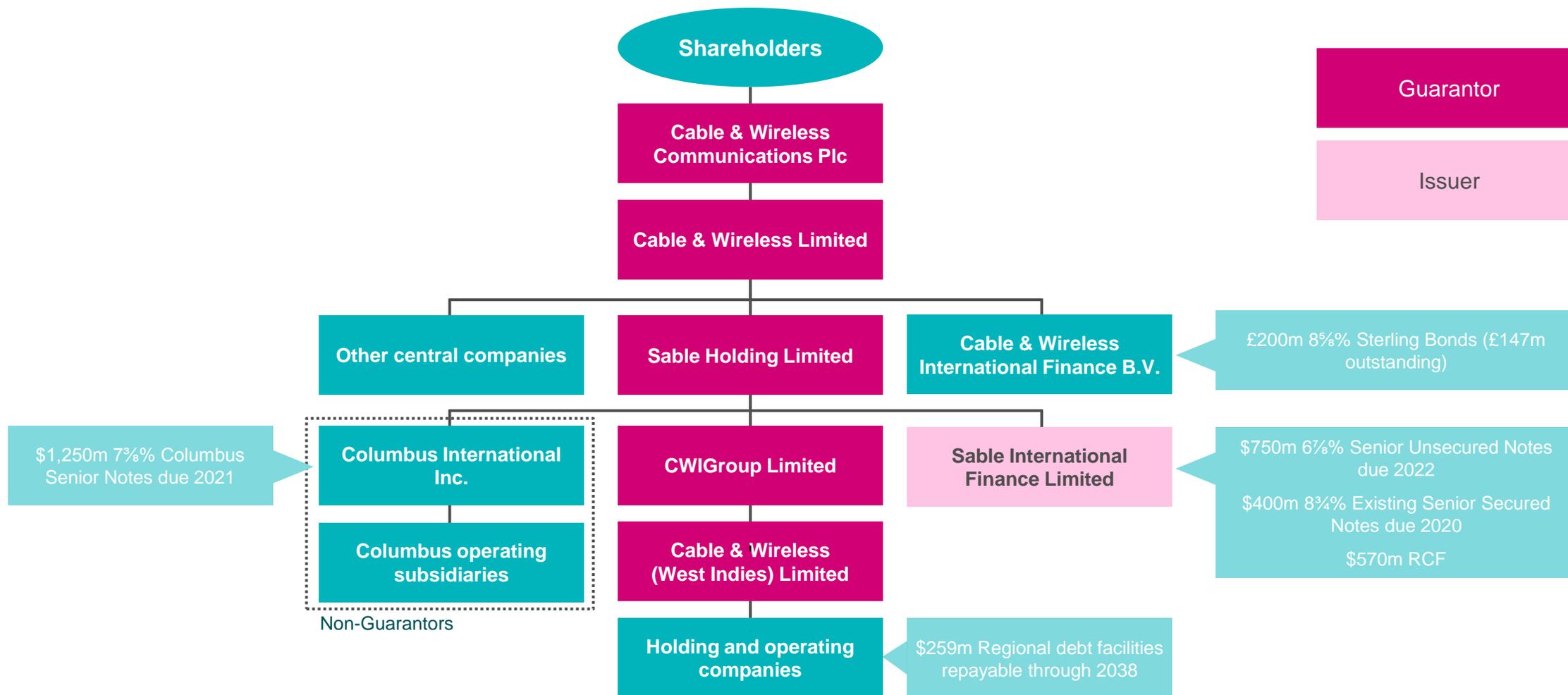
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# Appendix

September 2015



# Organisational structure chart



Note: All figures Pro forma as at March 31, 2015