



Full Year Results 2012/13

Cable & Wireless Communications Plc

22 May 2013



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Agenda

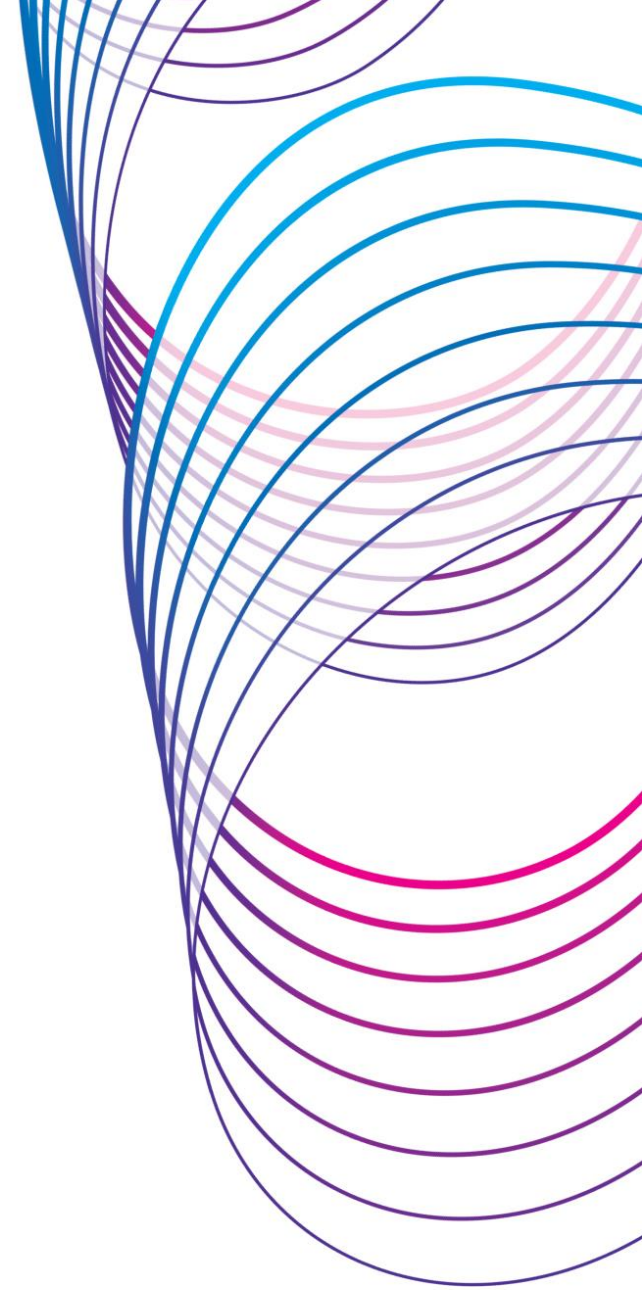
Introduction

Tony Rice
CEO

Group financial review

Strategy

Closing



A transformational year

- EBITDA outlook exceeded
- Improved cash generation
- Now achieved structural coherence
- Paved way for unified business structure and lower cost base
- Targets:
 - \$100m reduction in costs across Group over two years
 - EBITDA margins > 30% in Caribbean in medium term

Agenda

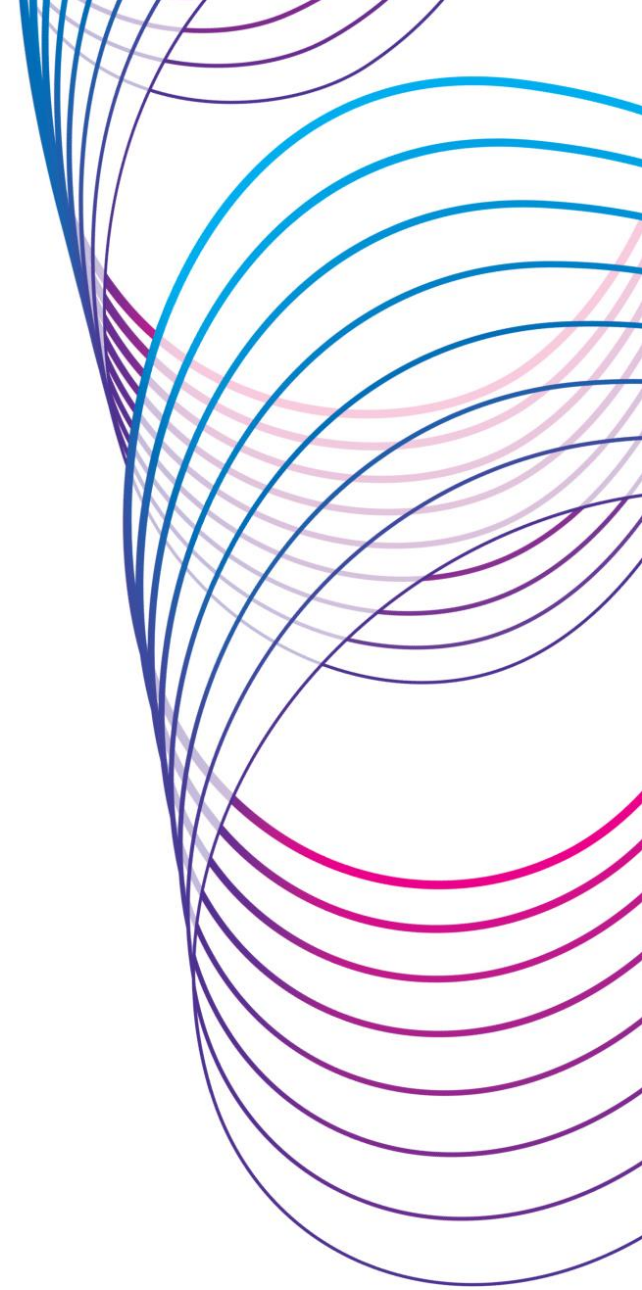
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Tim Pennington
CFO

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Financial Highlights

- Total Group¹ Revenue at \$2.9bn
 - Increased smartphone penetration driving mobile data revenue growth
- Total Group¹ EBITDA ahead at \$905m
- EPS² of 6.6c per share
- Underlying equity FCF up 11%
 - Restated year end net debt of \$1,508m
 - Pro forma³ net debt of \$140m post disposals
- 4c dividend confirmed for FY12/13
 - 1.4x cash covered

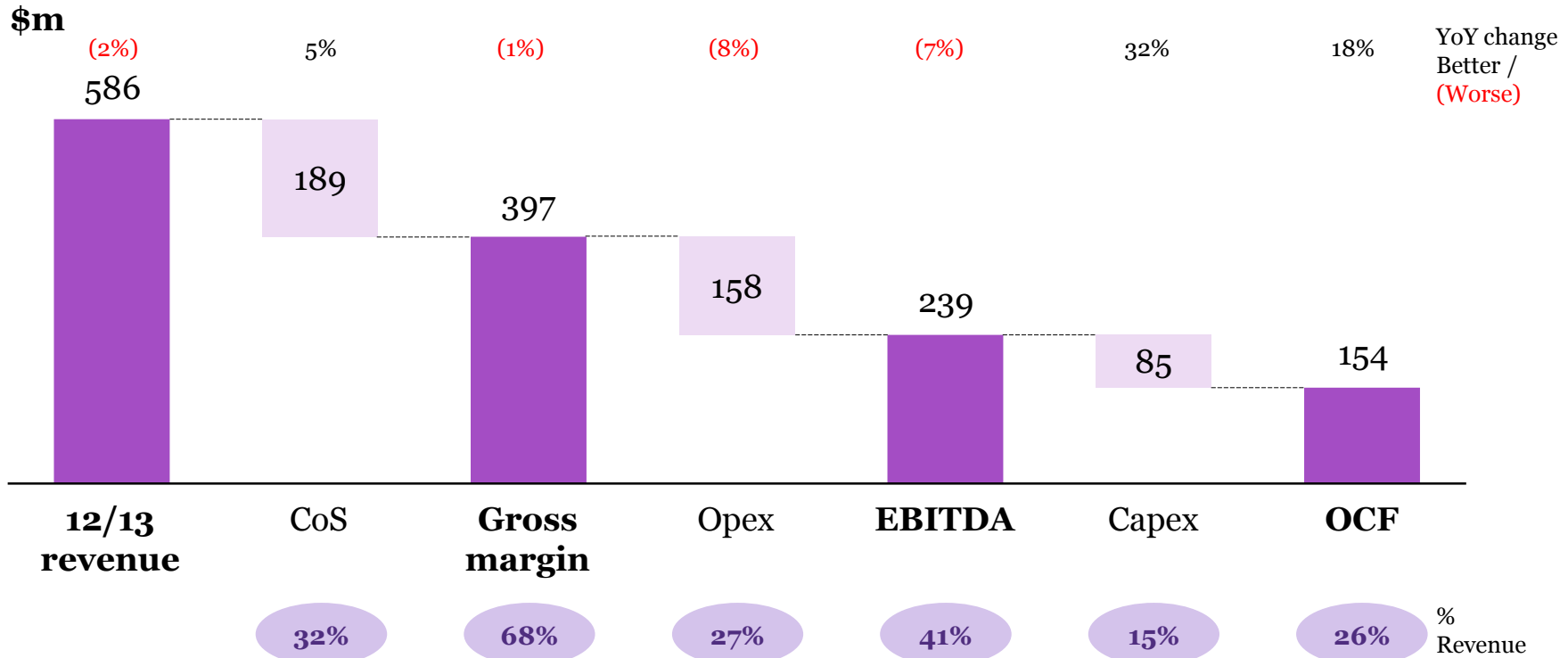
¹Including discontinued operations

²Adjusted earnings per share is before exceptional items, gains/(losses) on disposals, amortisation of acquired intangibles and transaction costs

³Including proceeds from the disposals of Islands and Macau businesses and proportionate cash attributable to shareholders of CWC

Panama financial review

Strong mobile performance

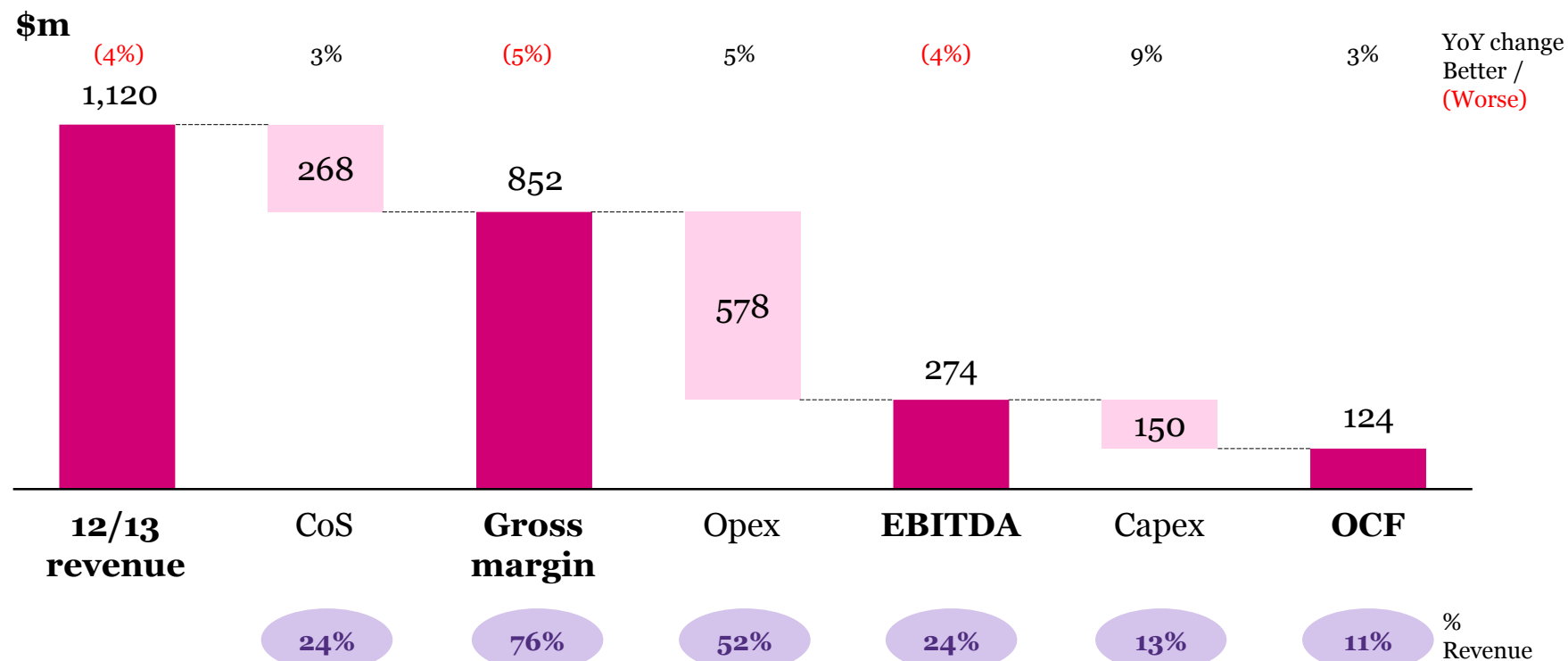


Key points

- Mobile service revenue up 5%
- H2 EBITDA 8% higher than H1, EBITDA margin > 40%
- Strong OCF generation - up 18%

Caribbean financial review

Cost improvement



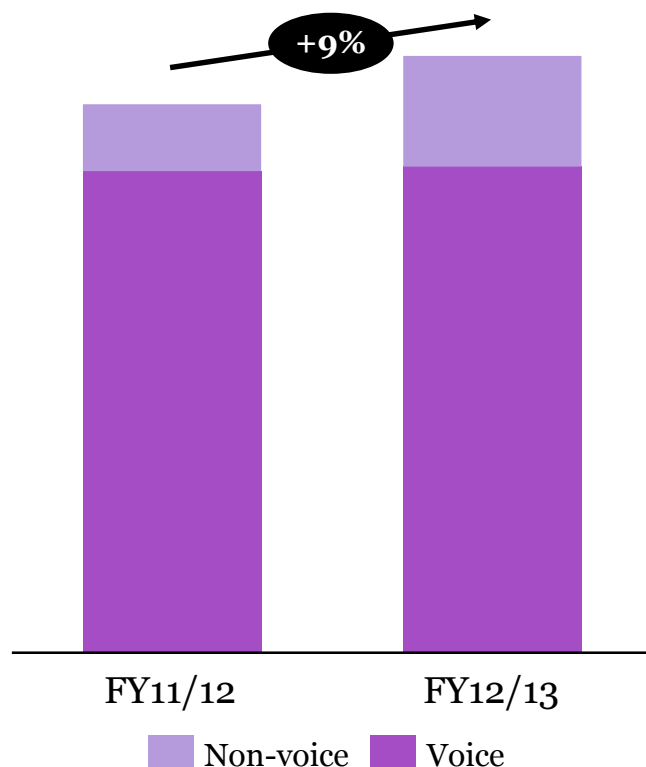
Key points

- Cost reduction progress
- Reduced capex following high speed mobile network investments in prior year

Progress in Jamaica

Focus on mobile growth

Strong service revenue growth driven by non-voice...



- New TalkEZ tariffs welcomed by consumers
- 16% increase in subscribers
- Mobile service revenue up 9%
- Non-voice revenue up 66%

Trading results

| \$m | Total Group FY 12/13 | Reported FY 12/13 |
|---------------------------|---------------------------------|------------------------------|
| Revenue | 2,887 | 1,942 |
| Gross margin | 1,886 | 1,387 |
| Operating costs | (981) | (798) |
| EBITDA¹ | 905 | 589 |
| Capex ² | (347) | (263) |
| OCF | 558 | 326 |

¹Pre-exceptionals

²Balance sheet capital expenditure excludes transfer of cable assets from inventory

Trading results – continuing basis

| \$m | Reported FY 12/13 | Restated FY 11/12 | Reported change % |
|---------------------------|------------------------------|----------------------|----------------------|
| Revenue | 1,942 | 2,032 | (4)% |
| Gross margin | 1,387 | 1,440 | (4)% |
| Operating costs | (798) | (850) | 6% |
| EBITDA¹ | 589 | 590 | 0% |
| Capex | (263) | (313) | 16% |
| OCF | 326 | 277 | 18% |

¹Pre-exceptionals

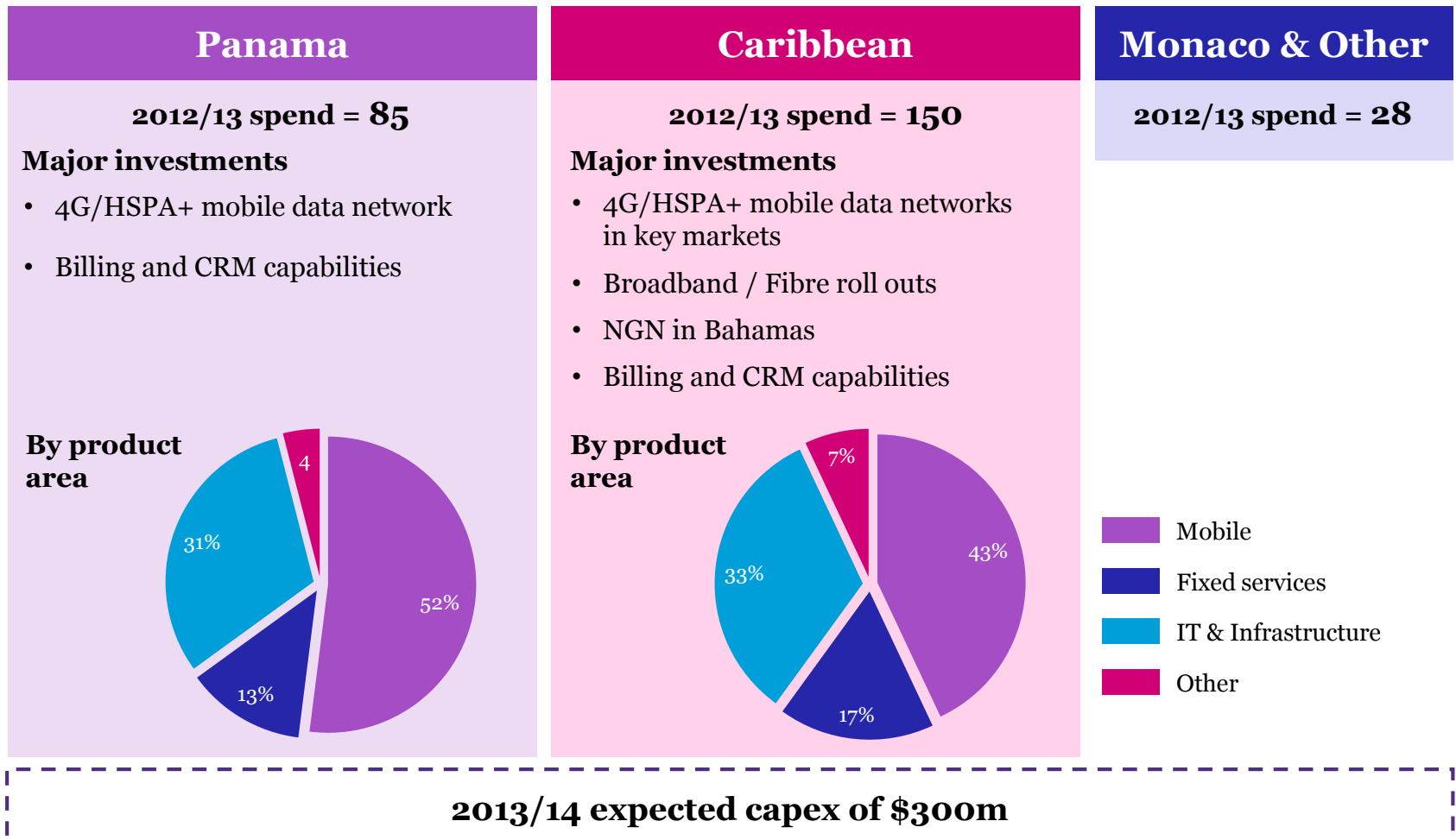
Earnings

| \$m | Reported FY 12/13 | Restated FY 11/12 | % change |
|--|------------------------------|----------------------|-----------|
| EBITDA | 589 | 590 | 0% |
| Total operating profit (before exceptionals) | 328 | 328 | 0% |
| Total operating profit | 192 | 18 | nm |
| Net loss from continuing operations | (6) | (166) | 96% |
| Net profit from discontinued operations | 184 | 192 | (4)% |
| Total net profit | 178 | 26 | nm |
| Adjusted EPS¹ | 6.6c | 6.5c | 2% |

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

Capital expenditure

Investing in data capability



Group cash flow – continuing basis

Good cash generation with underlying dividend cover

| \$m | | Reported FY 12/13 | Restated FY 11/12 |
|------------------------------|--|------------------------------|------------------------------|
| Underlying operations | EBITDA ¹ | 589 | 590 |
| | Capital expenditure | (263) | (313) |
| | OCF | 326 | 277 |
| | Working capital / investment income | 13 | 7 |
| | Underlying FCF | 339 | 284 |
| Fixed charges | Tax ² | (74) | (70) |
| | Interest ³ | (129) | (119) |
| | Minority Dividends | (106) | (93) |
| | Cash flow from discontinued operations | 111 | 125 |
| | Underlying Equity FCF | 141 | 127 |

¹Pre-exceptionals

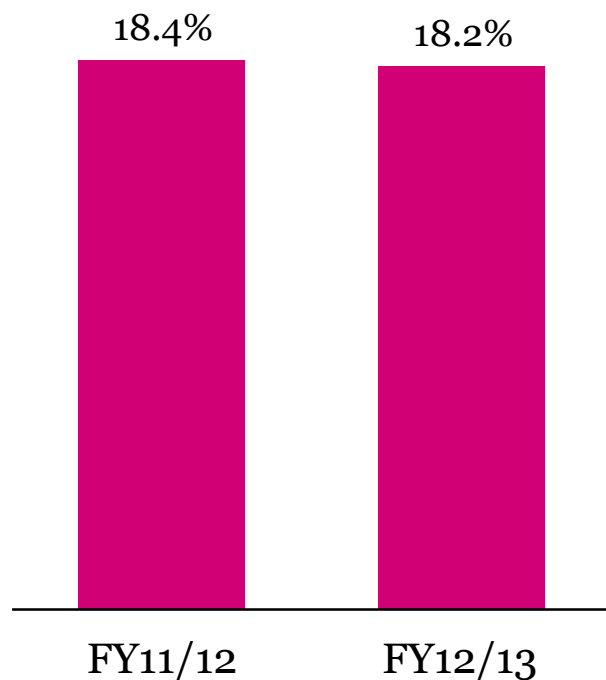
²Excluding \$37m additional tax due to change in Panama legislation

³ Excluding \$27m interest paid on 2012 bond in H1 12/13

Return on Invested Capital

Focus on ROIC

ROIC



- Used in evaluation of investment decisions
- Pre taxation, reflecting underlying performance of continuing Group
- Aim to invest in opportunities that increase Group ROIC

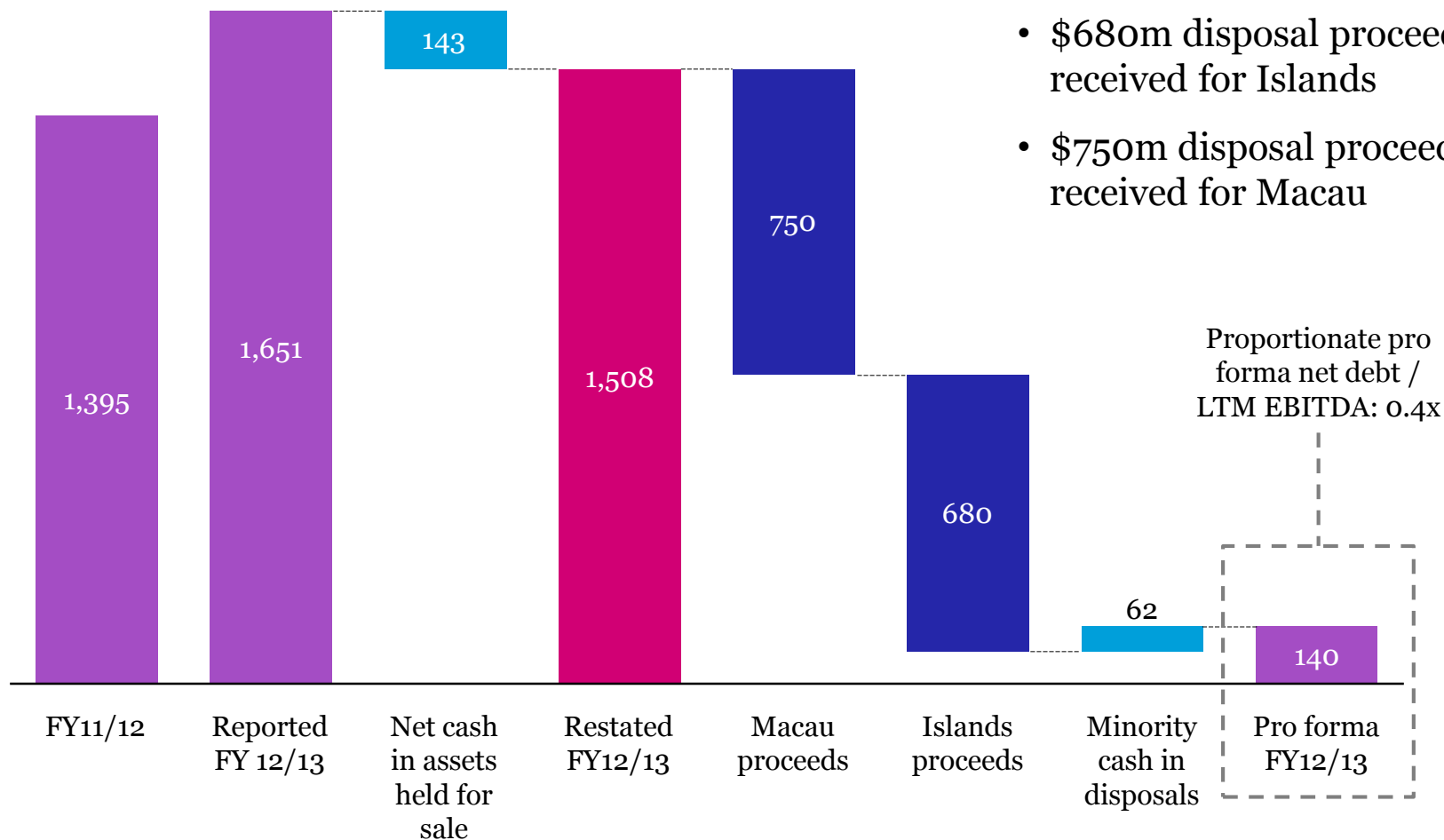
$$\text{Pre-tax ROIC} = \frac{\text{Net operating profit before exceptional items}}{\text{Average adjusted invested capital}}$$

Group net debt

Pro forma net debt significantly reduced

Pro forma net debt

- \$680m disposal proceeds received for Islands
- \$750m disposal proceeds received for Macau



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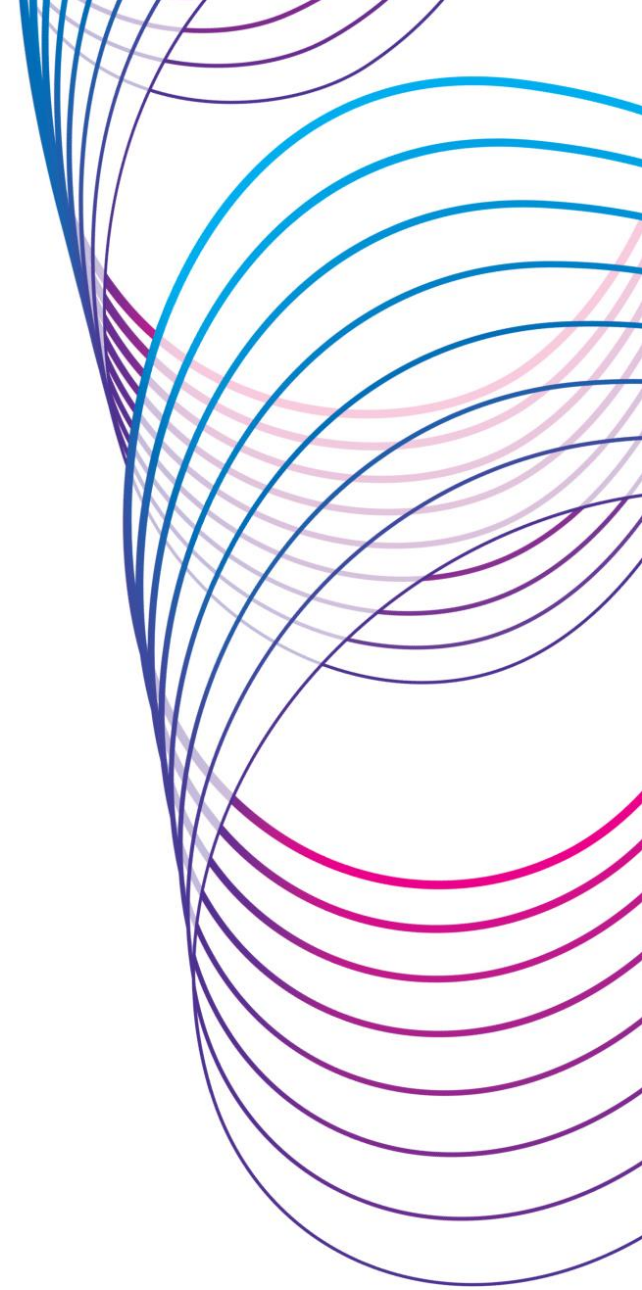
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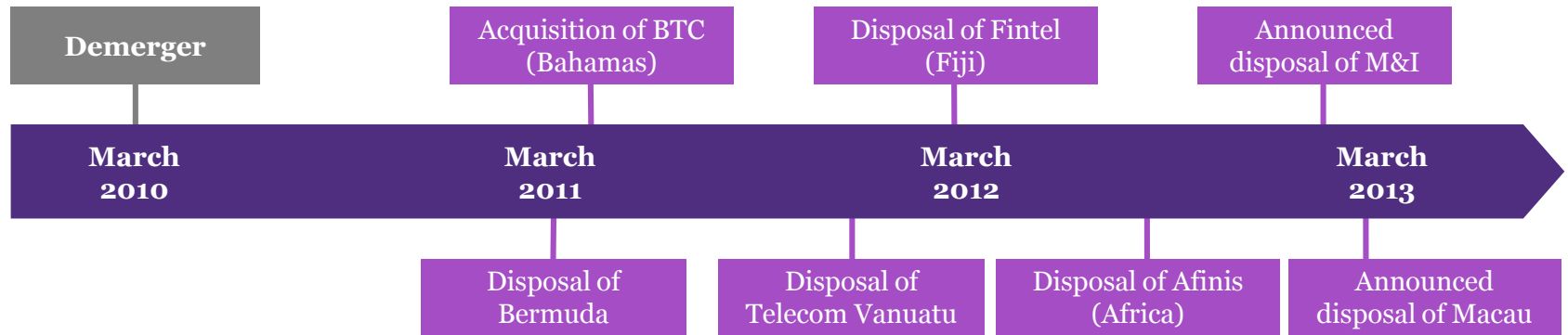
Tony Rice
CEO

Closing



Achieving structural coherence

Successfully reshaped the portfolio to focus on pan-America



- Including Macau and M&I disposals, since demerger CWC will have:
 - Exited 21 markets
 - c.\$1,865m in disposal proceeds – blended average of c.8x EBITDA
 - Acquired 51% of BTC
- Post disposals CWC will be present in 18 markets, 16 of which are in the pan-America region

Regionally focused

Exclusively targeted on pan-America...

- Intersection between Latin America and North America
- Addressable population of 84 million
- Favourable demographics; young populations
- GDP growth markets
- Emerging markets
- Under-penetrated telecoms markets, with rapid growth in data
- Increasing tourist destination and roaming revenues
- Governments keen to work with telcos to deliver services

An attractive region offering good growth opportunities

CWC today

...a region where CWC is well-placed to develop and grow

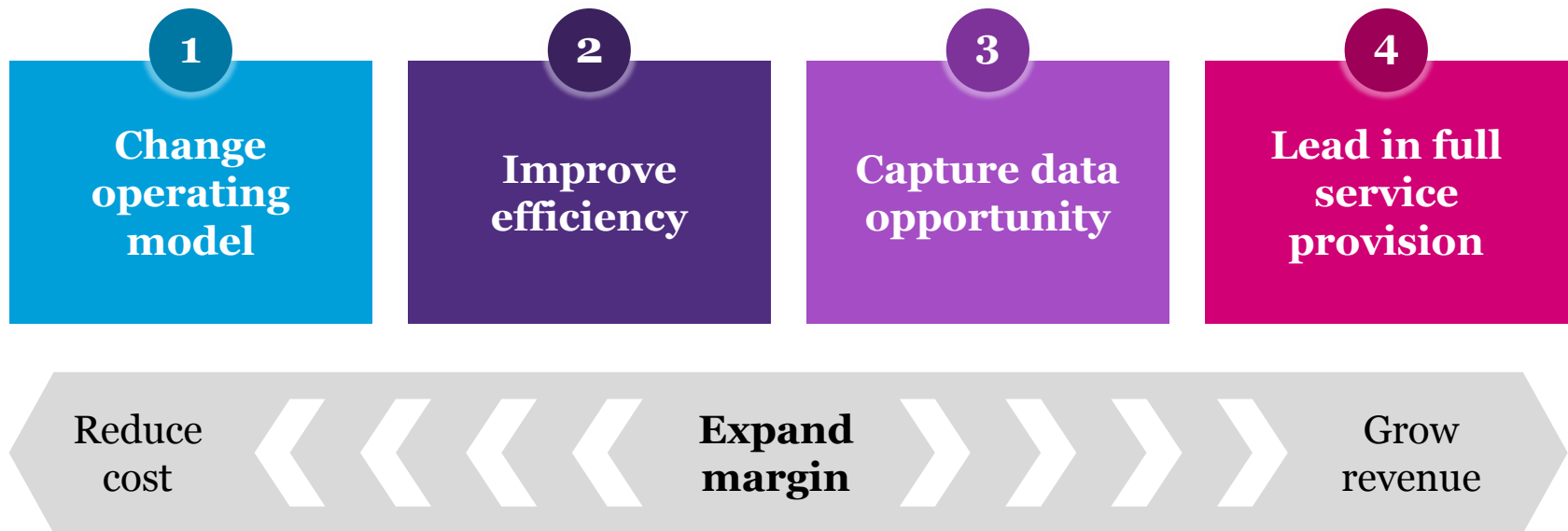
- Market leaders
- Full service provider
- Strong networks
- Cable assets
- Government relations
- Strong balance sheet
- Organic and inorganic opportunities



Ready to embark on the next phase of our strategy

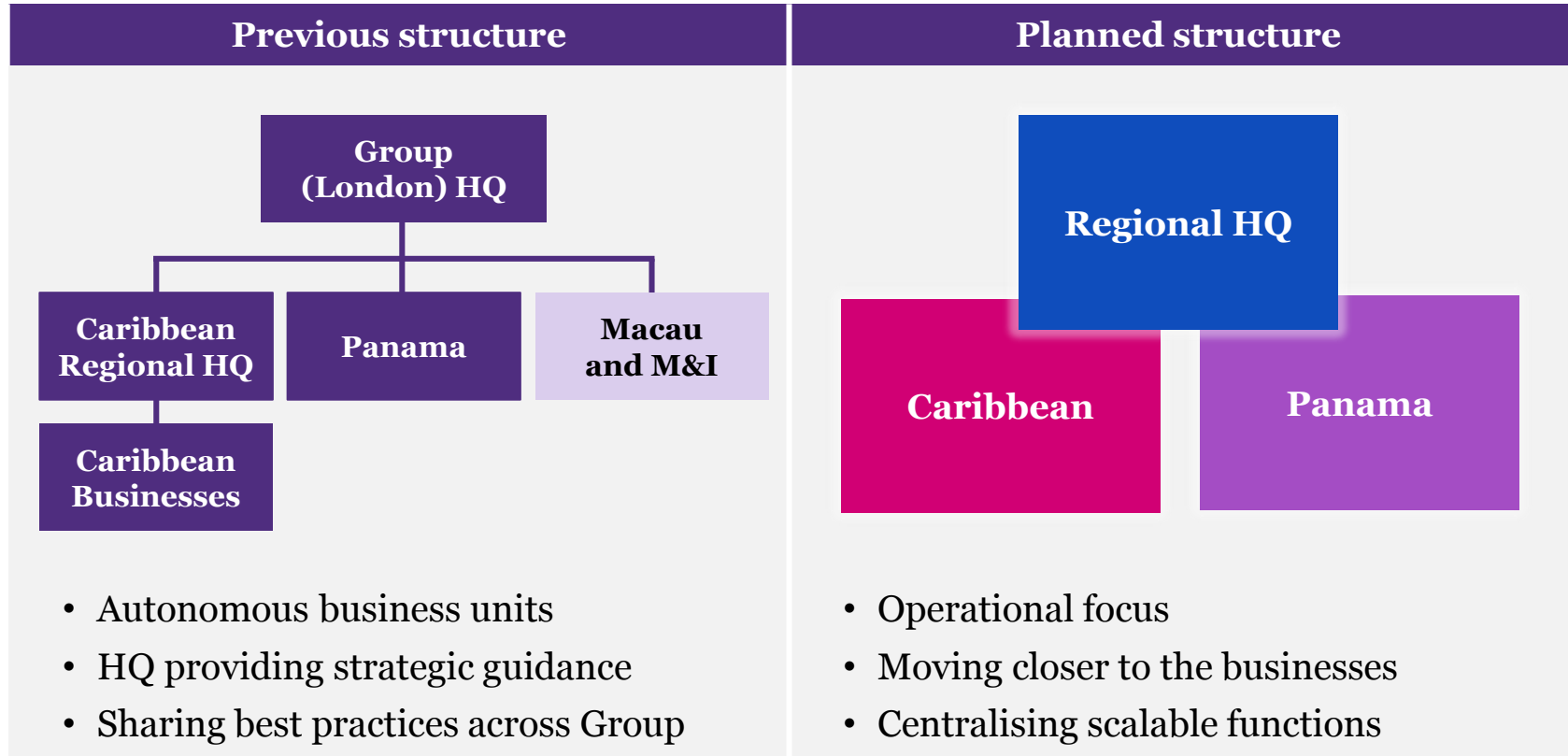
CWC's strategy

How we will deliver growth



Changes to our operating model

New unified structure

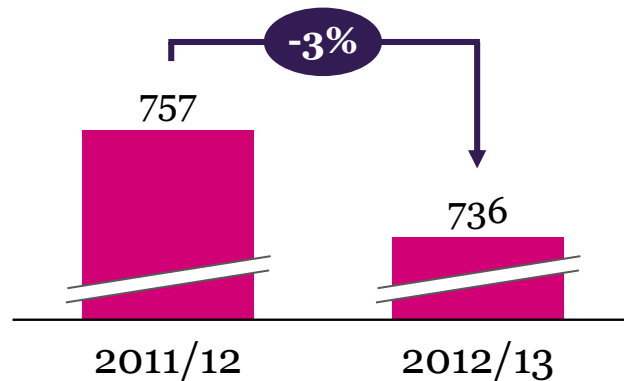


Simplified reporting structure to reduce decision chain and underlying cost

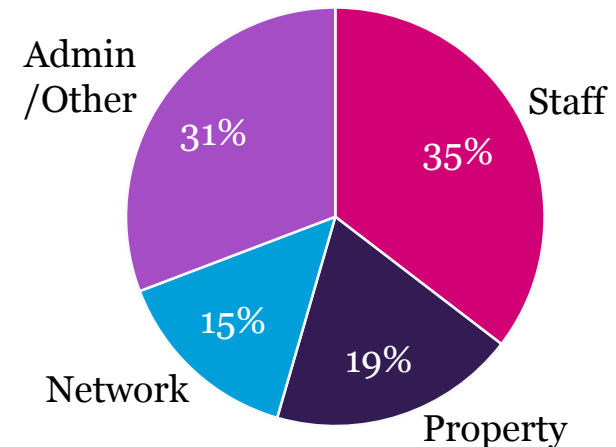
Cost focus

Building on progress

Pan-American opex progression



Split of 2012/13 opex by category



- Operating costs in the Caribbean have reduced this year
- Impact of cost efficiencies in The Bahamas
- Largest single component of opex comprises staff costs
- Evidence of substantial pot of savings to pursue

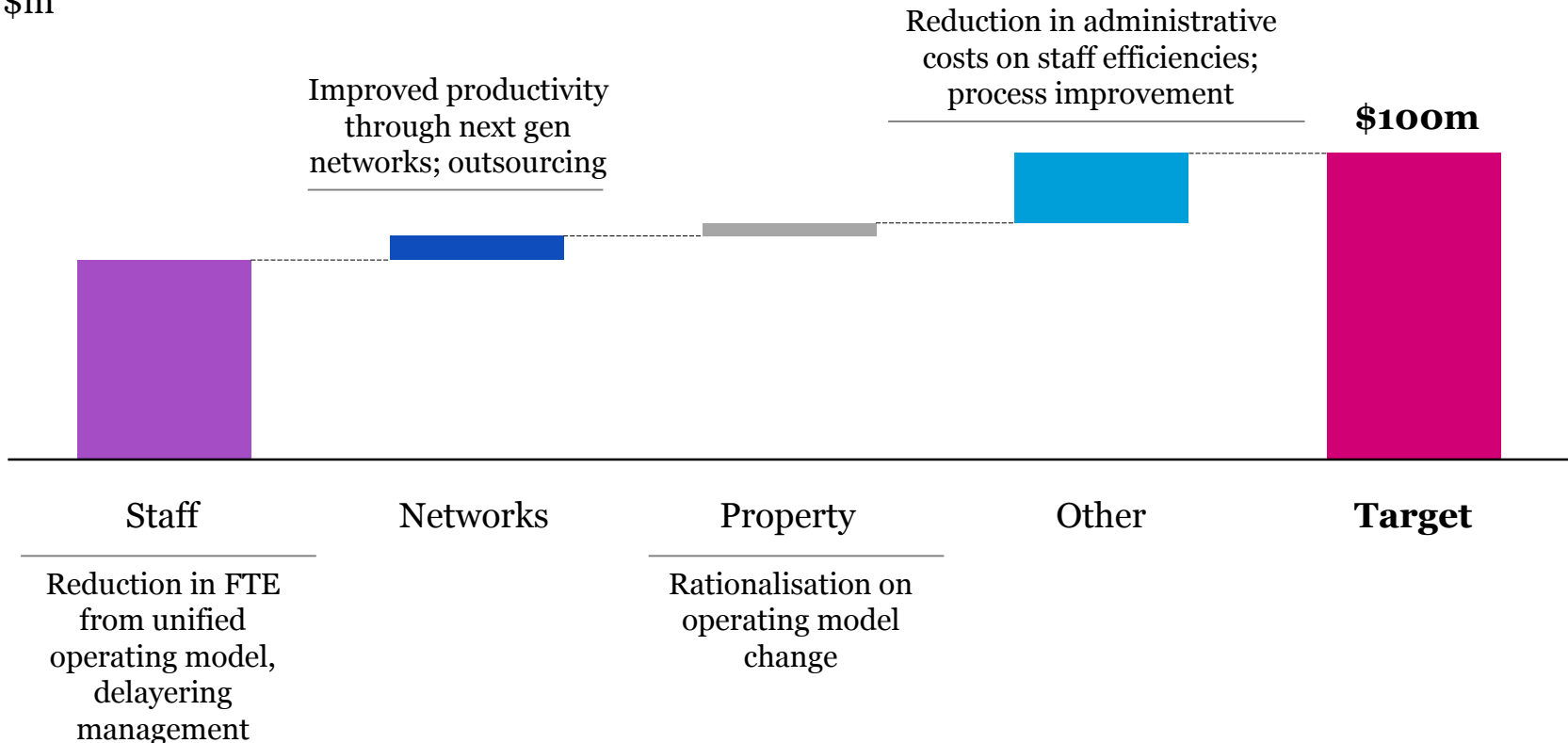
Aiming for Caribbean EBITDA margin >30% over medium term

Targeting \$100m cost out

Potential to realise significant savings

Group-wide opex savings target

\$m



\$100m cost out target

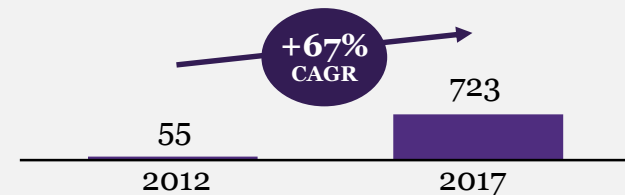
Data future

The inexorable demand for data

Growing demand for bandwidth

Faster growth of mobile data demand in pan-America than developed markets

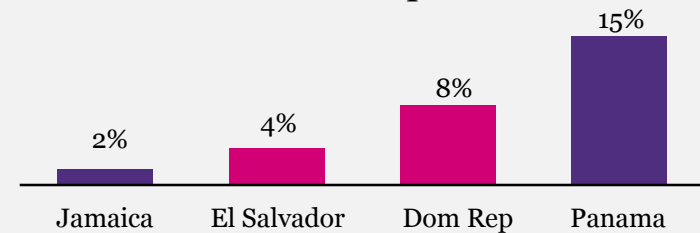
Mobile data (PB) in Lat Am and Caribbean ¹



Penetration low in the region

Compares to 25%+ in developed markets

Mobile broadband penetration ²



Full service providers best placed

Network assets create synergies and competitive advantage

- Cross and upselling
- Mobile growth served by mobile and fixed networks
- Importance of international connectivity

¹ Cisco VNI, 2012

² ITU, 2011

Full service provision

A competitive advantage

Mobile

- > 50% of mobile sites connected by high speed IP backhaul
- Six markets upgraded to 4G/HSPA+ including Panama, Barbados, Bahamas and Cayman
- Majority of key spectrum acquired

Fixed

- NGN in Bahamas
- Fibre in Panama – current roll out in Barbados and Cayman
- Pay TV service available in Panama, Barbados, Cayman and St Lucia

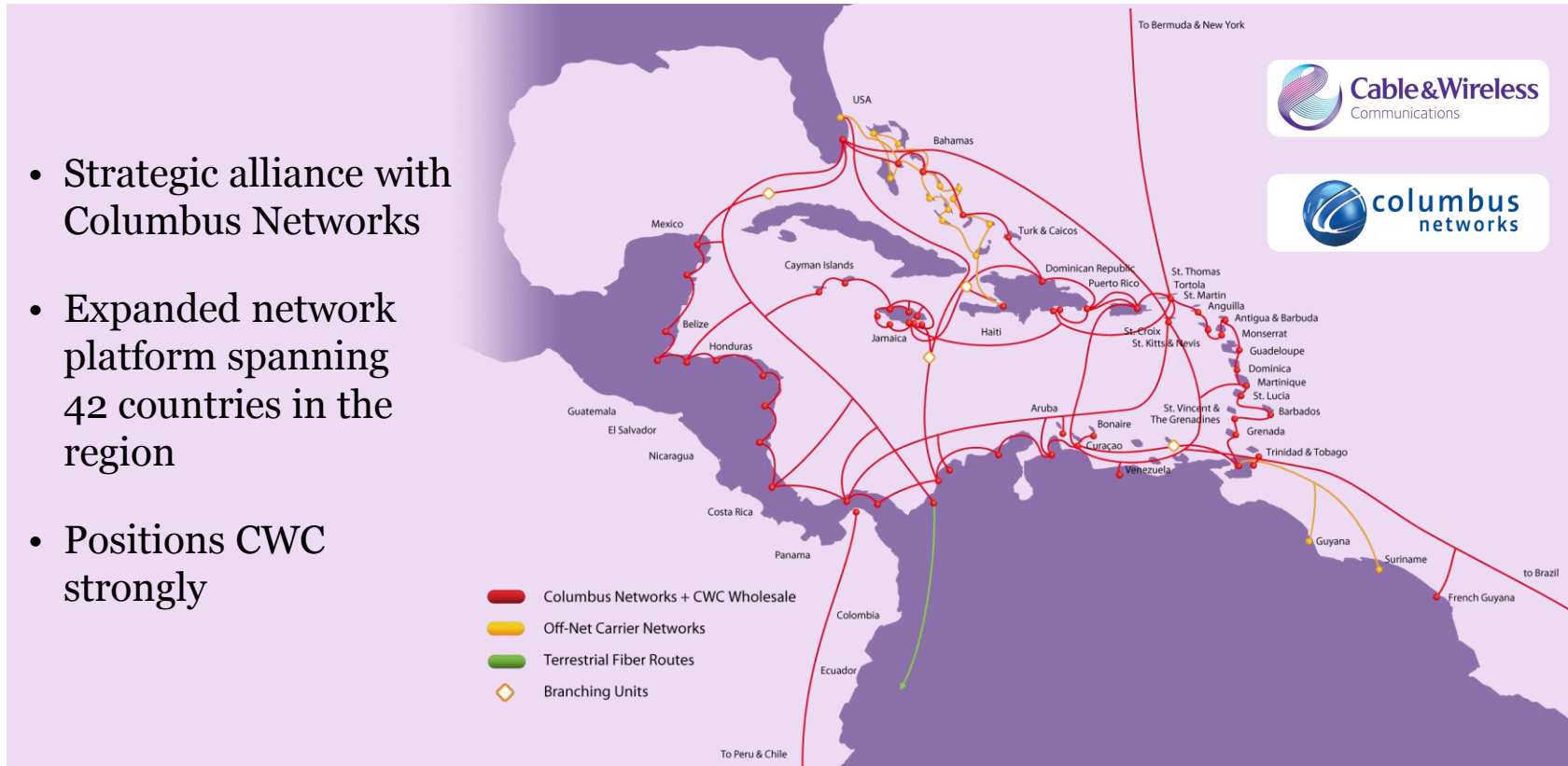
Enterprise and Government

- Extensive backhaul and access networks
- New data centre investments
- Dedicated capability in structuring and delivering enterprise contracts
- Social telecoms expertise

New wholesale capacity alliance

New strategic alliance offers expanded network

- Strategic alliance with Columbus Networks
- Expanded network platform spanning 42 countries in the region
- Positions CWC strongly



Tomorrow's CWC

- The leading pan-America operator
- Unified operating model driving transformation
- Improved productivity with Caribbean EBITDA margin > 30%
- Captured cost opportunity of \$100m
- Leveraging networks to lead the market in full service provision
- Transitioned to a data-led regional telco
- Acquisitions leading to top and bottom line growth

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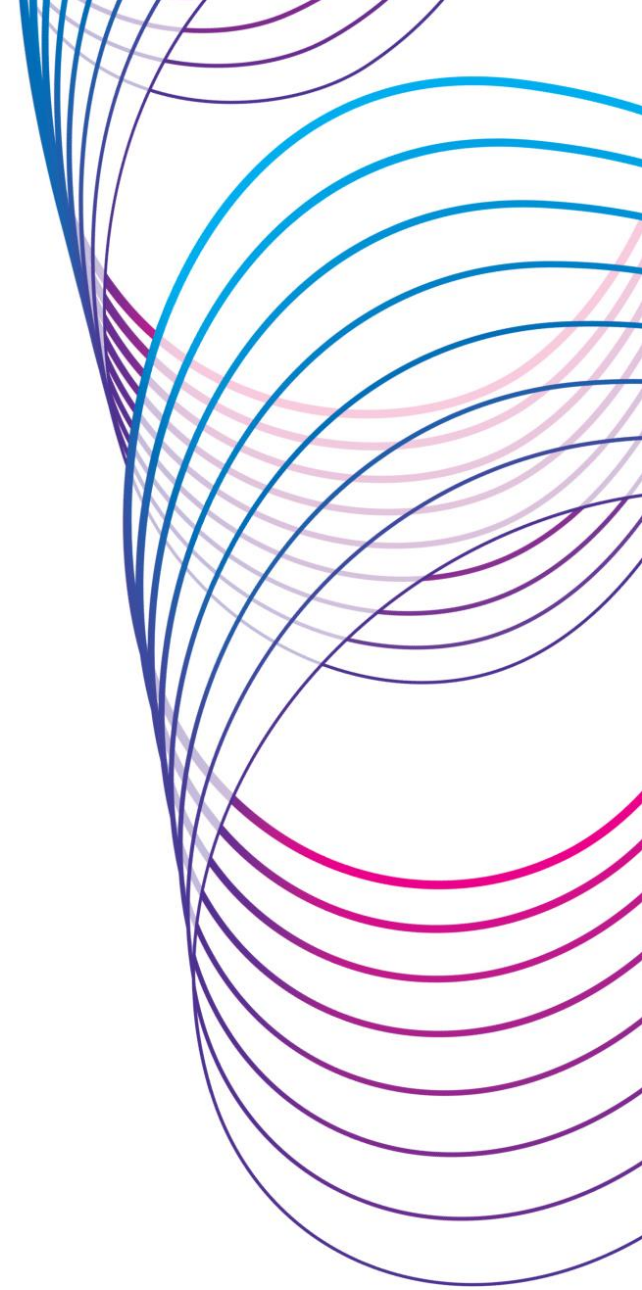
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CEO



Summary

EBITDA outlook exceeded

Successful execution of strategy with disposals
at strong multiples, enabling regional refocus

Embarking on operational transformation
– key step in next stage of strategy

Targeting \$100m cost savings within two years on run rate basis
Caribbean EBITDA margin > 30% in medium term

Improved cash generation

Thank you Questions

