

Interim Results 2010/11

Cable & Wireless Communications Plc

4 November 2010



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Agenda

Introduction

Tony Rice
CEO

Business Review

Financial Review



Highlights

- Cable & Wireless Communications on track...
 - Strong foundations for growing and developing the business
 - Revenue up 2%
 - EBITDA up 4%
 - Operating cash flow up 11%
- Robust consumer business and growing pipeline and order book in enterprise and Government / Social Telecoms
- Interim dividend of 2.67c
 - EPS¹ of 3.7c
 - Full year dividend expected to be 8.0c
- Our expectations for the full year remain unchanged

¹Pre exceptionals and LTIP

Our focus

We're starting to take shape as Cable & Wireless Communications

- As an independent Telco...
- ...focused on future customer priorities
 - Mobile data and bandwidth
 - Bundling and convergence of devices/products/services/billing
 - Telecoms-enabled public services

We're investing in the business

- High speed broadband and data services
- Pay TV
- Subsea cable network

2/3 of capex is invested in growth opportunities

We're developing our systems and creative skills

**Our mission is to deliver world class
communications services in local markets**

Actions and Priorities

Priorities

- Creating a full product/service offering including Pay TV, HSI & VAS
- Adapting our systems and processes to deliver
- Really understanding the psychology of customer pull
- Developing our capability in the less competed areas of Social Telecoms, Government, Enterprise and Carrier

Implications

- Changes business profile from volume, run rate, consumer businesses to a blend with a growing proportion of project based earnings stream
- Can impact/skew timing of earnings e.g. slightly greater H1/H2 split this year

Key Delivery Resources

- People – we have the management capability we need
- Market positions, products and services – more than consumer

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CEO

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H1 Group performance

Caribbean

Progressing strategy in difficult conditions

Revenue \$401m 6% ↘

EBITDA \$115m 13% ↘

Macau

Strong growth

Revenue \$172m 10% ↗

EBITDA \$76m 7% ↗

Panama

Maintaining leading market positions

Revenue \$294m 5% ↘

EBITDA \$127m 8% ↘

Monaco & Islands

Maldives uplift and strategy delivery

Revenue \$295m 22% ↗

EBITDA \$103m 58% ↗

Panama review

Strong economic rebound; maintaining our leading market positions

Market conditions

- Strong GDP growth, expected to be 6% in 2010
- Panama awarded investment-grade ratings by Fitch, Moody's and S&P
- Strong pipeline in Government contracts with significant awards in October

Major Initiatives

- Rapid rollout of Pay TV network ongoing
 - 33,000 customers and 211,000 homes passed
- Accelerating deployment of 3G network
- Tight focus on operating costs with 5% reduction

Key Financials

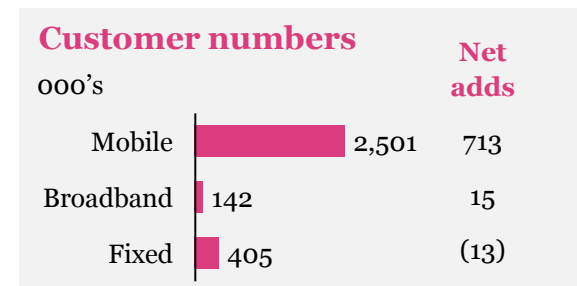
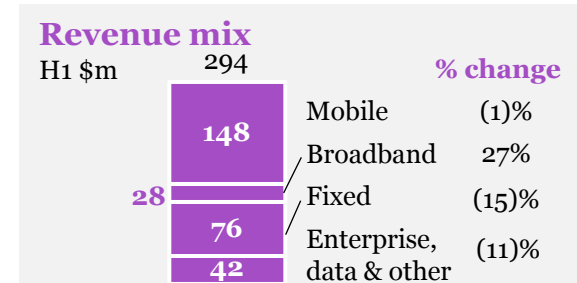
\$m	H1 2010/11	Reported change
Revenue	294	(5)%
Gross margin	199	(7)%
Opex	(72)	5%
EBITDA	127	(8)%
Capex	(44)	(16)%
OCF ¹	83	(15)%

¹Operating cash flow is defined as EBITDA less balance sheet capital expenditure less cash exceptionals

Panama – operating performance

Strong momentum into H2

- Mobile revenues sustained
 - Customer base increased by 40%
 - ARPU lower on promotional activity, partially offset by promising signs from non-voice
- Fixed revenues impacted by mobile substitution
- Strong initial results in Pay TV / triple-play
- Enterprise revenues slow but...
 - Several contract awards in October
 - Strong pipeline



ARPU's

\$	H1	% change
Mobile	11	(15)%
Broadband	28	(7)%
Fixed	31	(11)%

Caribbean review

Progressing strategy...

Market conditions

- Macro economic environment remains poor
- Recovery in tourist numbers but average spend remains depressed
- Maintaining market share

Major Initiatives

- New management team fully-entrenched
- Beyond One Caribbean – enabling the regional structure
- Jamaica ‘win-back’ plan – investing in coverage, propositions, service and brand
- Progressing Mobile TV and IPTV offerings
- Improving networks / processes – St Vincent NGN

Key Financials

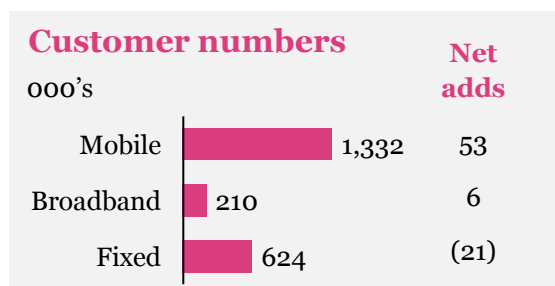
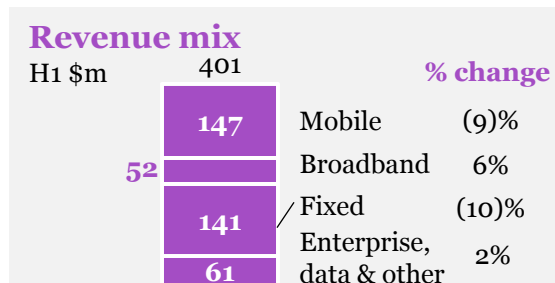
\$m	H1 2010/11	Reported change
Revenue	401	(6)%
Gross margin	298	(7)%
Opex	(183)	2%
EBITDA	115	(13)%
Capex	(50)	(47)%
OCF ¹	61	(13)%

¹Operating cash flow is defined as EBITDA less balance sheet capital expenditure less cash exceptionals

Caribbean – operating performance

...holding market share

- Mobile market pressures impact revenues
 - Active mobile customers up 4% YoY
 - Prepaid pressure reducing blended ARPU
- Broadband & TV revenue up 6%, mobile TV launch planned for H2
- Continuing decline in fixed voice due to substitution
- Lower operating costs



ARPUs

\$	H1	% change
Mobile	19	(10)%
Broadband	38	-
Fixed	37	(8)%

Macau review

Strong growth; on track for another record year

Market conditions

- Impressive macro economic growth continues
- Visitor numbers up 22%
- Gaming revenues 66% higher
- Casino / hotel developments ramping up

Major Initiatives

- Mobile broadband - 21Mbps
- Fixed broadband - 100Mbps
- Delivery of major enterprise contracts including Galaxy casino installation

Key Financials

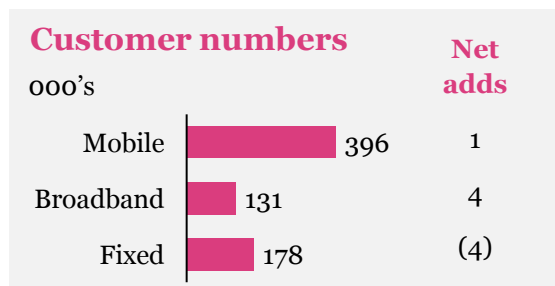
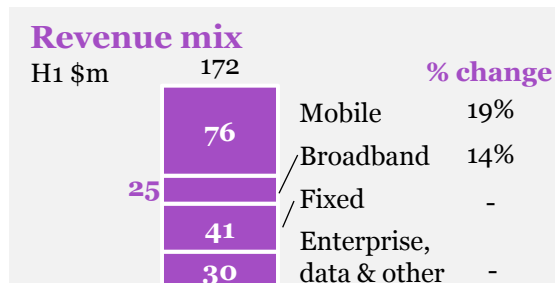
\$m	H1 2010/11	Reported change
Revenue	172	10%
Gross margin	102	7%
Opex	(26)	(8)%
EBITDA	76	7%
Capex	(8)	33%
OCF ¹	68	15%

¹Operating cash flow is defined as EBITDA less balance sheet capital expenditure less cash exceptionals

Macau – operating performance

Realising the benefits of mobile data

- Total revenue up 10%
- Mobile revenue up 19%
 - Increase in postpaid subscribers
 - ARPU uplift on non-voice usage driven by our leading mobile data / broadband propositions
- Broadband up 14% driven by subscriber adds and ARPU uplift



ARPUs

\$	H1	% change
Mobile	19	12%
Broadband	32	7%
Fixed	38	15%

M&I review

Strong performance in the Maldives

Market conditions

- Macro economies remain resilient
- Weaker currencies (£ and €) affect \$ translation

Major Initiatives

- Monaco: IPTV launch
- Maldives: 3G expansion project
Launched mobile broadband for prepaid and postpaid
- Guernsey: Data centre expansion

Key Financials

\$m	H1 2010/11	Reported change	Like-for-like change ²
Revenue	295	22%	(2)%
Gross margin	205	41%	3%
Opex	(102)	(28)%	(2)%
EBITDA	103	58%	3%
Capex	(21)	(17)%	(40)%
OCF ¹	80	82%	29%

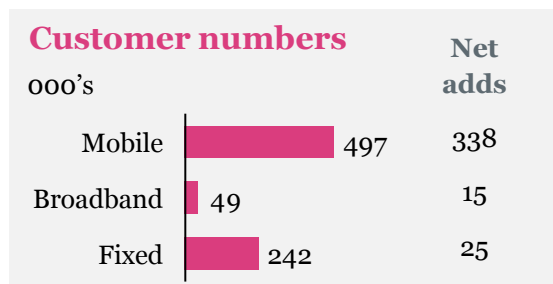
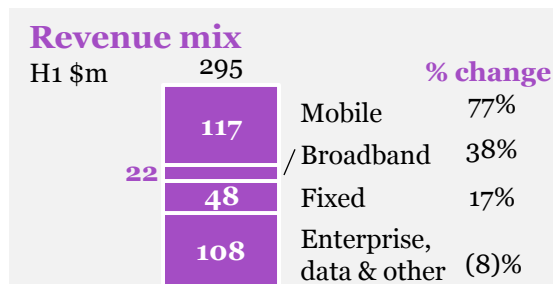
¹Operating cash flow is defined as EBITDA less balance sheet capital expenditure less cash exceptionals

²Adjusted for Maldives consolidation and currency

M&I – operating performance

Solid portfolio performance

- Like-for-like revenue growth of 2% and EBITDA growth of 3%
- Mobile revenue growth across most businesses
 - Driven by higher subscribers
- Broadband growth across the portfolio
- Successful launch of IPTV in Monaco, 16k new subs

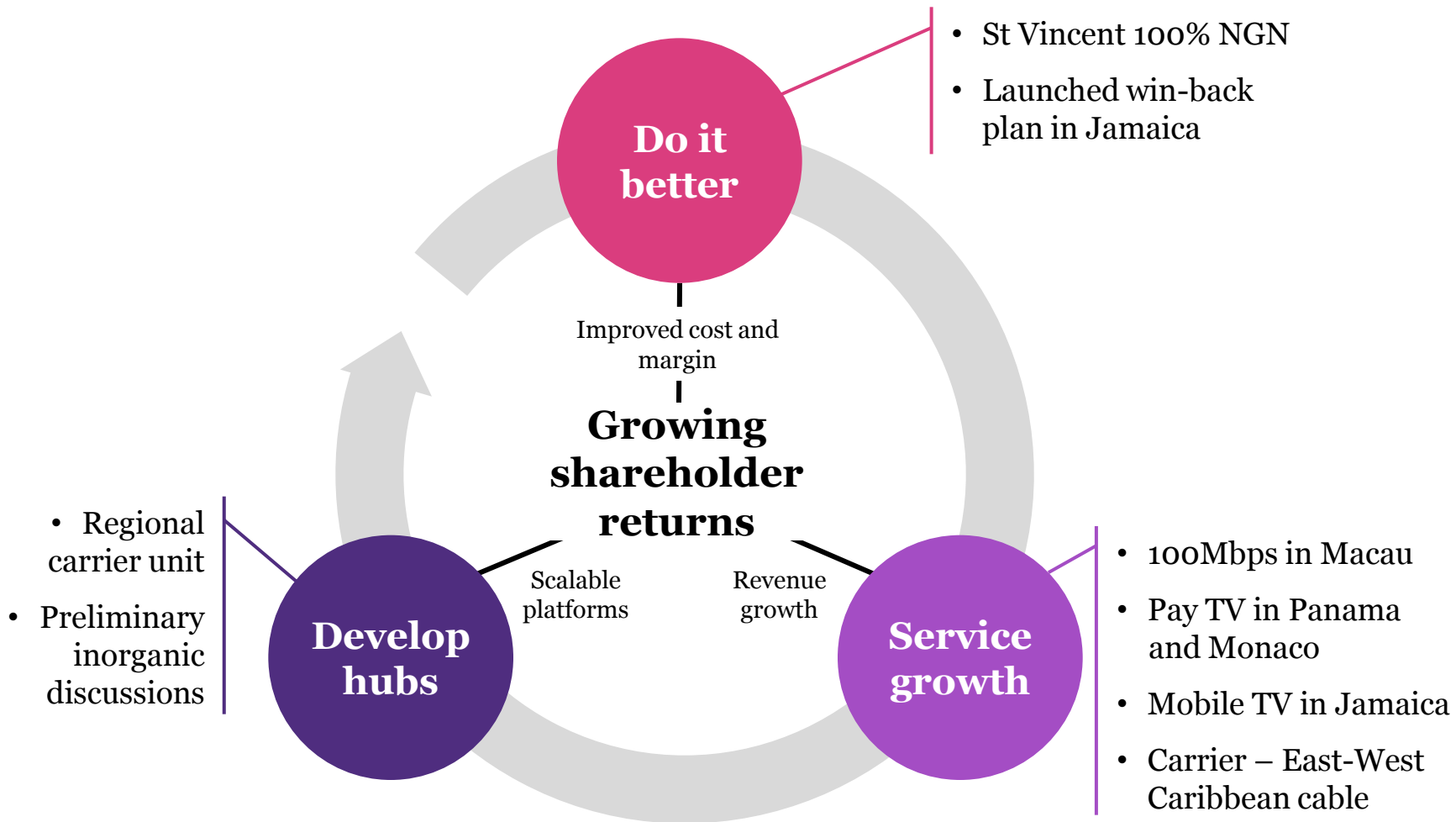


ARPUs

\$	H1	% change
Mobile	37	(39)%
Broadband	61	3%
Fixed	34	6%

Our strategy – 6 months in

Progressing as communicated



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Tim Pennington
CFO



H1 Results

\$m	Reported H1 10/11	Reported H1 09/10	Reported change	% of H1 10/11 revenue	
Revenue	1,159	1,132	2%	-	Revenue up 2%
Gross margin	804	773	4%	69% (up 1ppt)	EBITDA up 4%
Operating costs	(380)	(367)	(4)%	33% (up 1ppt)	
EBITDA	424	406	4%	37% (up 1ppt)	Exceptional gains from Digicel lawsuit win
P&L exceptionals	6	(31)	-	-	
Cash exceptionals	(16)	(49)	67%	-	Continue to invest in the business
Capex	(128)	(104)	(23)%	-	
OCF¹	280	253	11%	24% (up 2ppts)	

¹Operating cash flow is defined as EBITDA less balance sheet capital expenditure less cash exceptionals

Summary income statement

\$m	Reported H1 10/11	Reported H1 09/10	Reported change	
EBITDA¹	424	406	4%	
LTIP	(19)	(11)	(73)%	PAT to CWC of \$85m (\$97m pre- exceptionals and LTIP)
Depreciation & amortisation	(158)	(152)	(4)%	
Other (expense) / income	(11)	4	nm	
Operating exceptional items	6	(31)	nm	Net finance expense reflects post- demerger capital structure
Joint Ventures	21	26	(19)%	
Operating profit	263	242	9%	
Net finance expense	(50)	(23)	nm	
Other non-operating expense	(3)	-	nm	Tax charge implies effective tax rate of 26% on PBT
PBT	210	219	(4)%	
Tax	(54)	(58)	7%	
PAT	156	161	(3)%	Underlying EPS of 3.7c
Attributable to CWC	85	93	(9)%	
EPS ²	3.3c	3.7c		
Underlying EPS ^{1,2}	3.7c	4.0c		

¹Pre exceptionals and LTIP
²From continuing operations only

Exceptional items

\$m	Operating	
	P&L	Cash
One Caribbean	(5)	(4)
Digicel legal reimbursement	17	17
Other	(2)	(2)
Central / demerger	(4)	(27)
Total	6	(16)

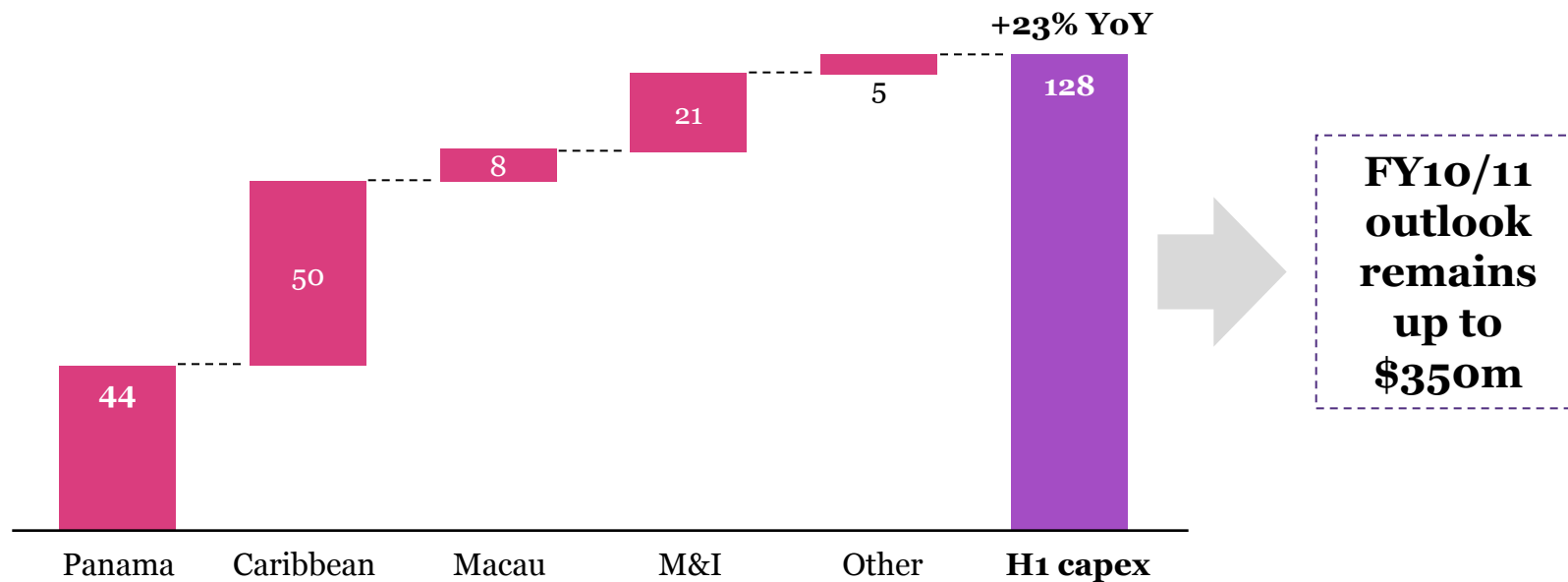
Key points

- Digicel litigation costs reimbursed
- Tail end of P&L exceptional costs
- Cash exceptionals predominately related to demerger

Capital expenditure

Investing in the business

\$m



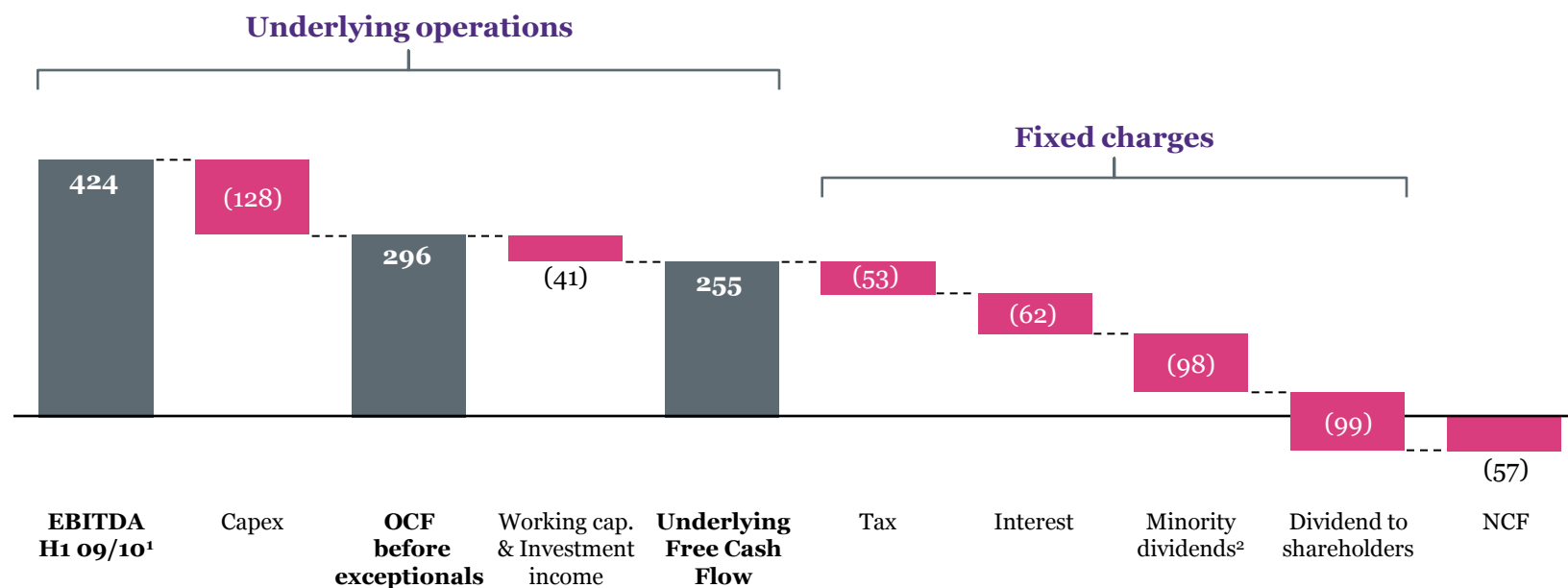
Key points

- IP TV and Pay TV investments
- 3G/3.5G mobile
- Customer driven capacity/investments
- Financial discipline in managing investment: EVA, ROIC

Group cash flow

Underlying cash flow robust...

\$m



Key points

- Net cash flow after fixed charges \$(57)m funded from balance sheet
- Minority dividends impacted by intra-year timing of payments
- Capex outlook remains up to \$350m

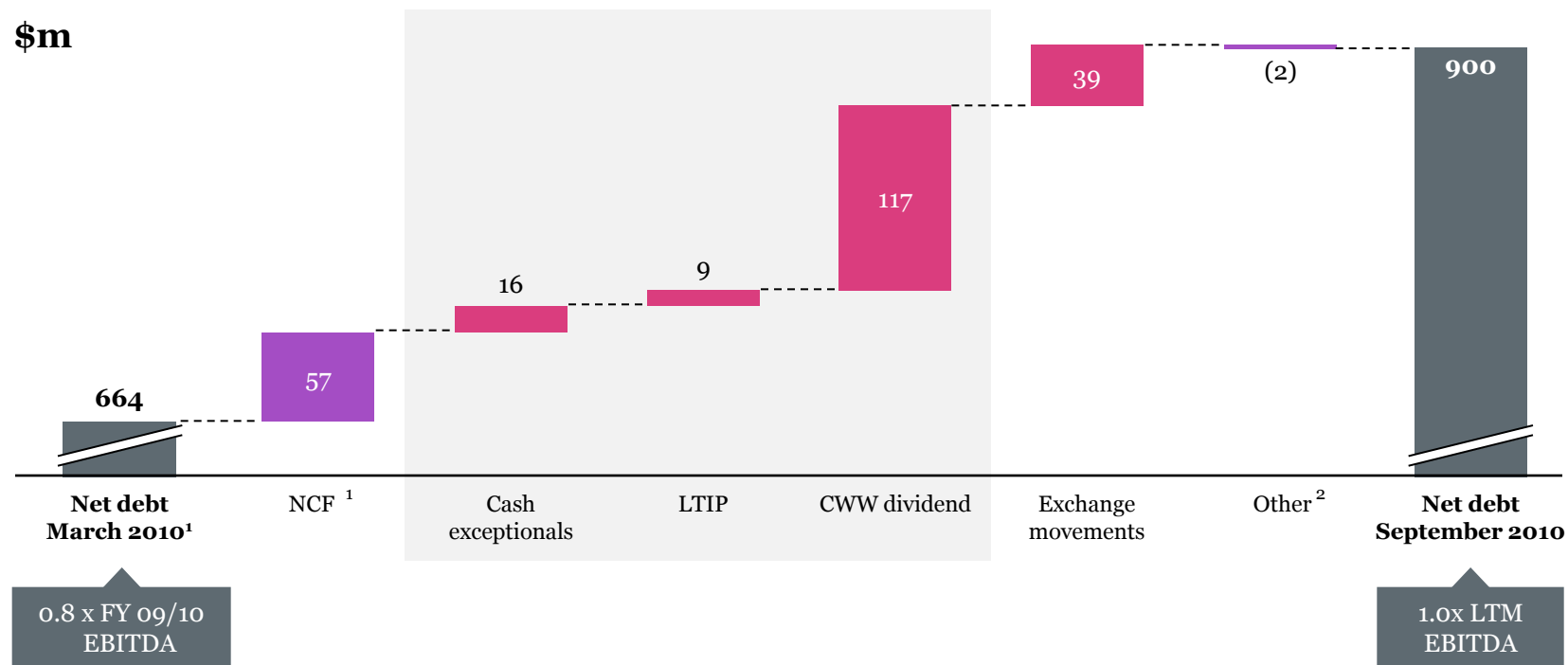
¹Pre-exceptionals

²Includes shareholder loan to minority interests

³Pre one-offs, exceptionals and financing

Group cash and debt

...leverage remains comfortable



Key points

- \$142m of one off charges funded through cash balances
- Modest one-off charges expected in H2
- Net debt / EBITDA of approx. 1.0x
- \$600m undrawn bank facilities

¹Pre one-offs, exceptionals and financing

²Other includes: Acquisitions and disposals of \$(1)m, movement in share capital and own shares held of \$1m and net borrowing costs capitalised of \$2m

H1 2010/11

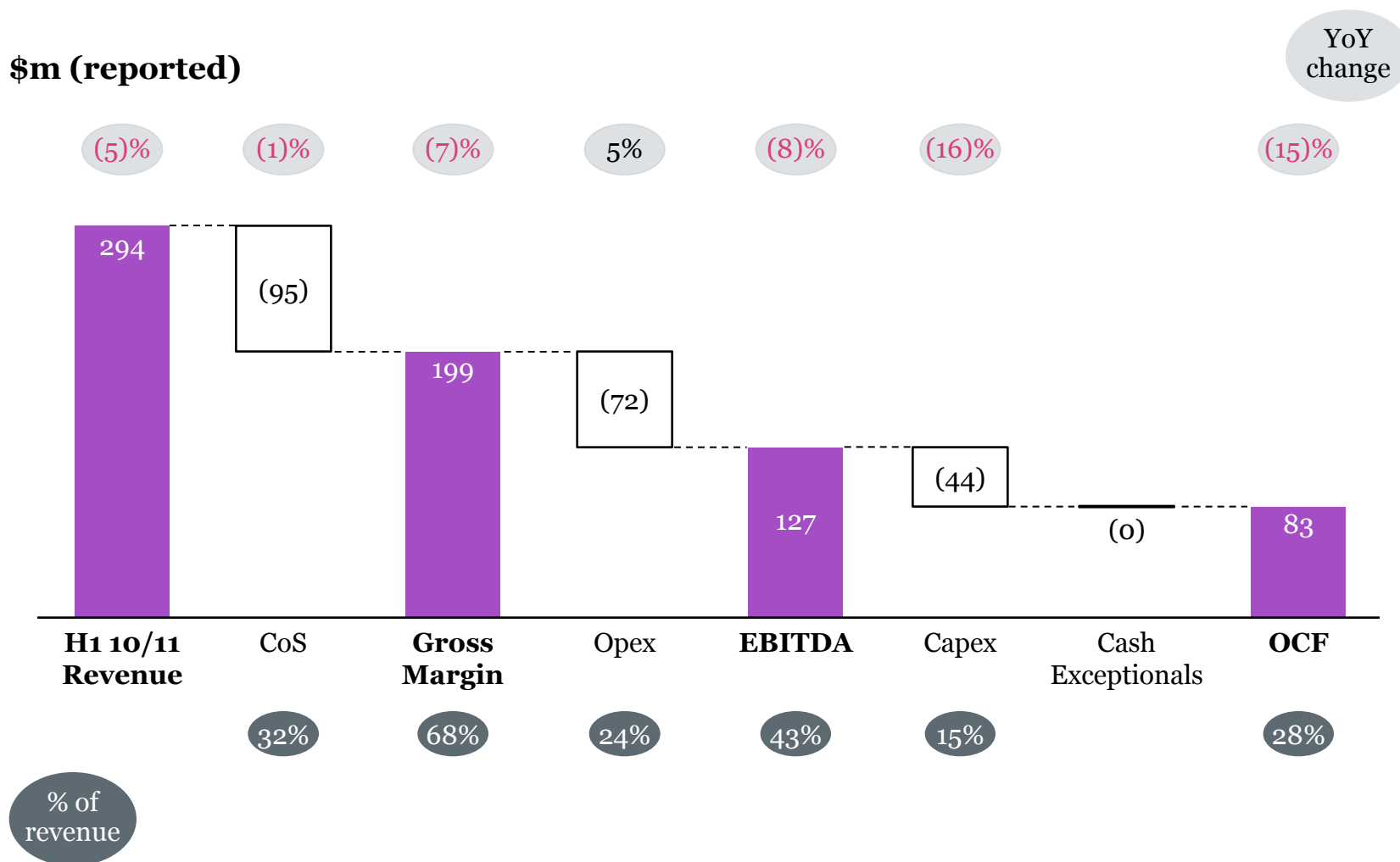
Summary

- First six months as an independent company... on track
 - Macau seeing double digit revenue growth
 - M&I performing well
 - Caribbean remains tough but building blocks being put in place
 - Panama light at H1 but contracts beginning to come through
- Continue to invest in the business
- Focus on cash generation... underpins dividend policy
- The board's expectations for the full year remain unchanged

Appendices

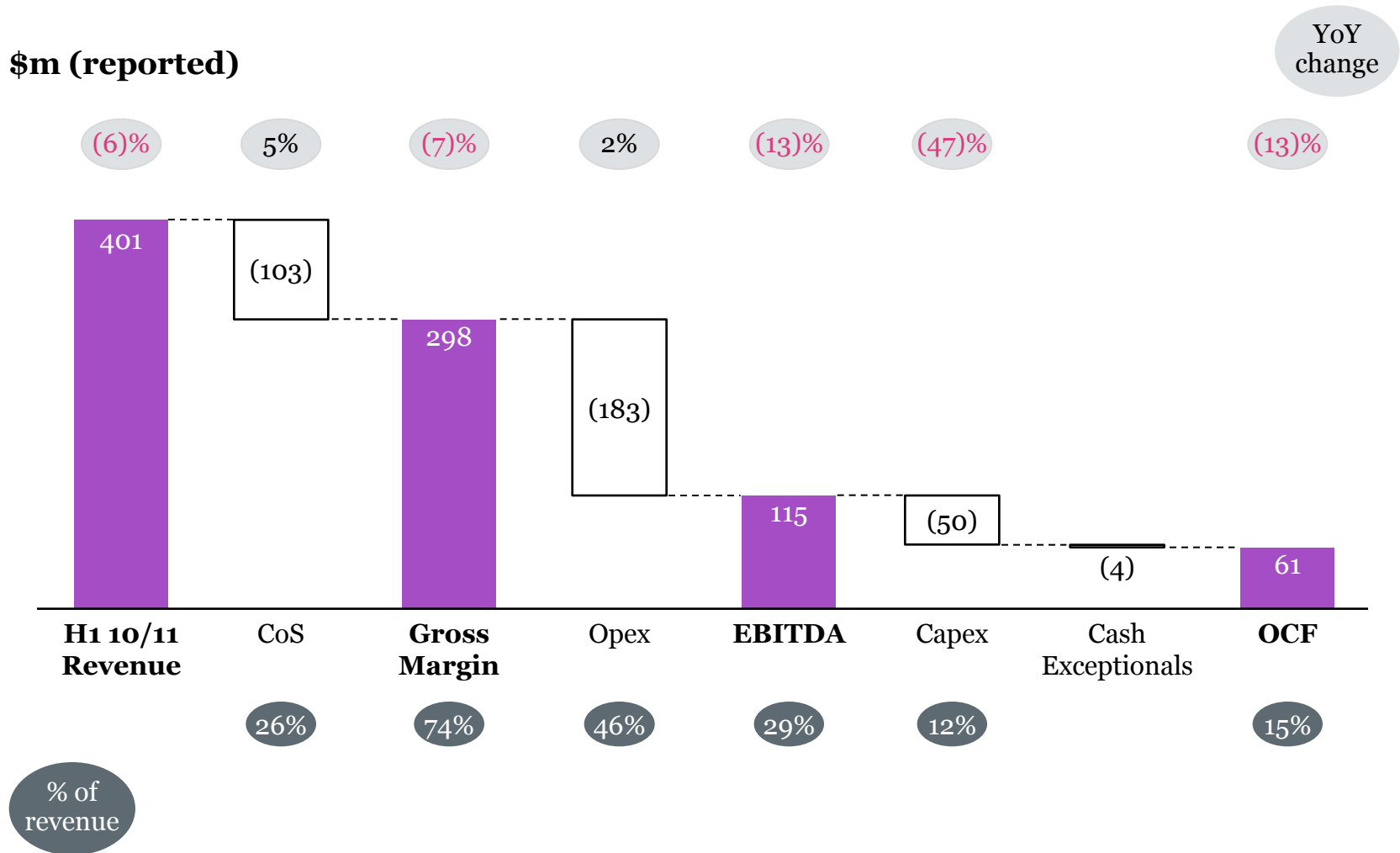
Panama – financial performance

\$m (reported)



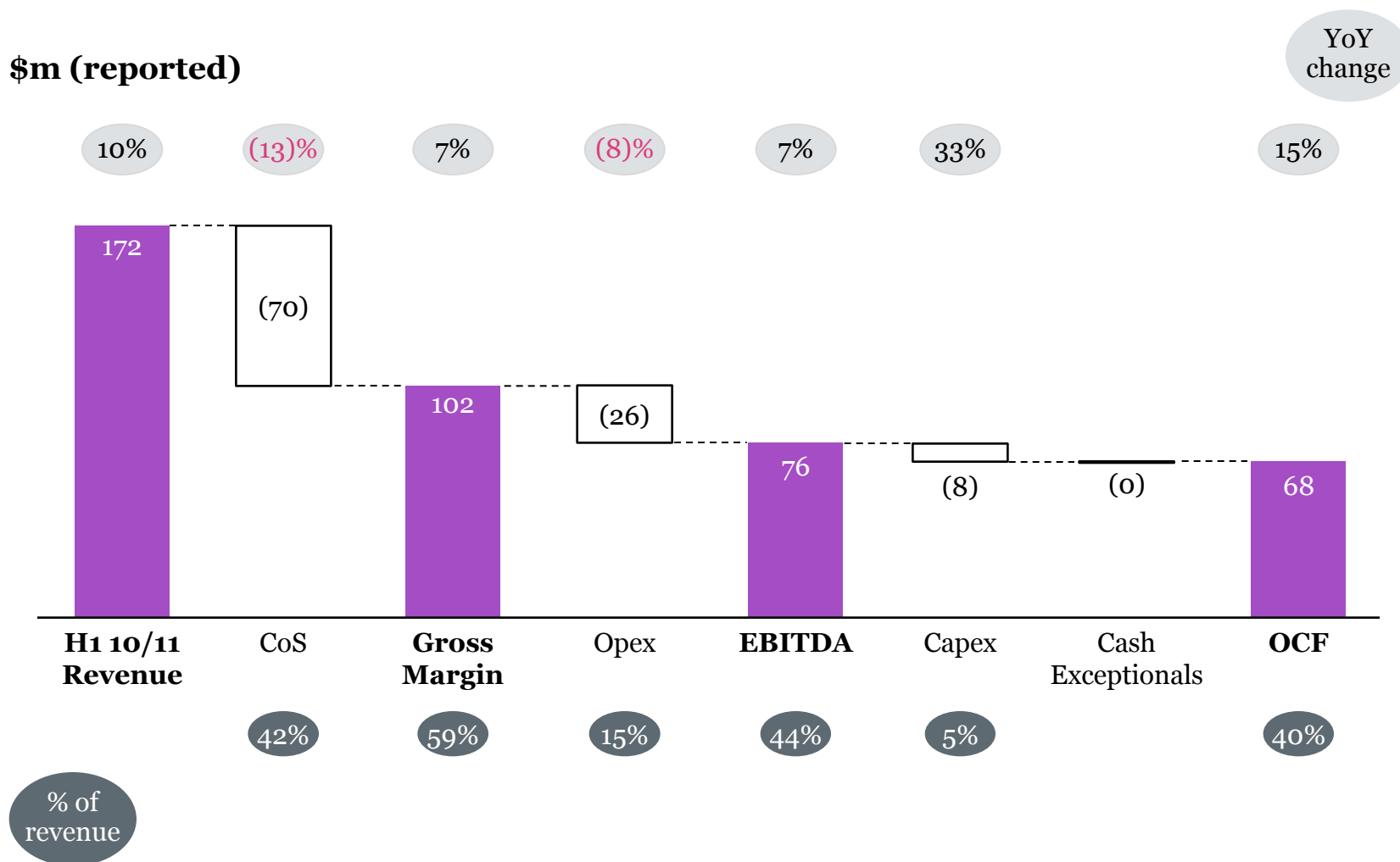
Caribbean – financial performance

\$m (reported)



Macau – financial performance

\$m (reported)



Monaco & Islands – financial performance

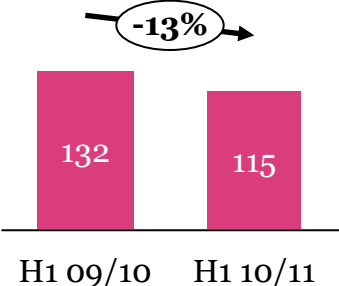
\$m (reported)



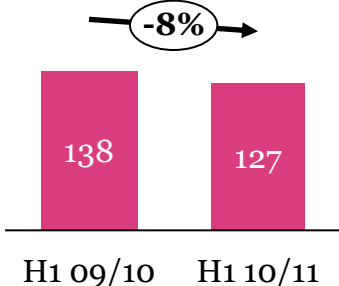
EBITDA by region

Regional EBITDA

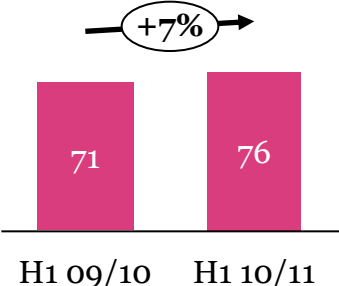
Caribbean



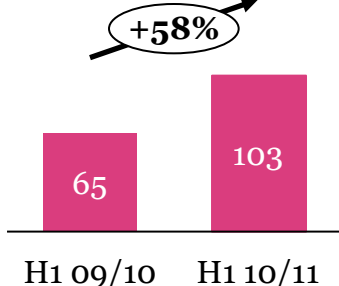
Panama



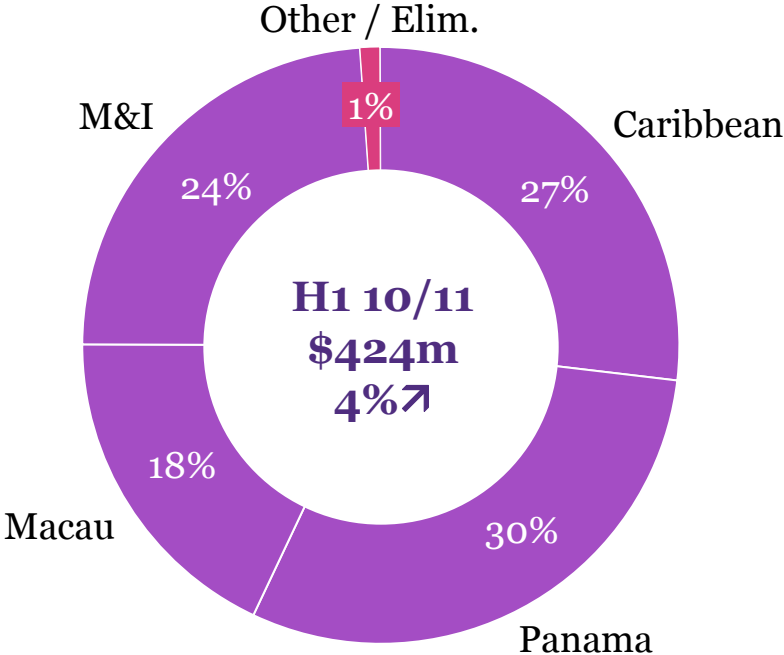
Macau



Monaco & Islands



CWC H1 10/11 EBITDA mix by region

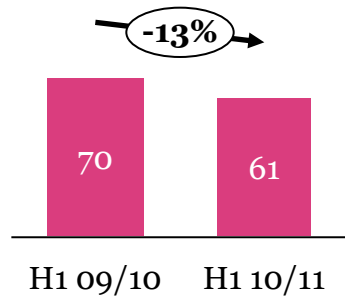


Cash flow by region

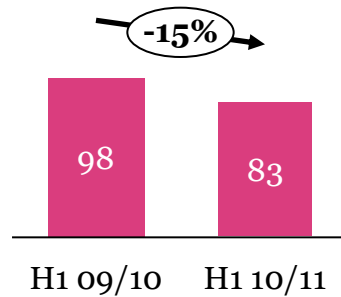
Diversified across the group

Regional operating cash flows

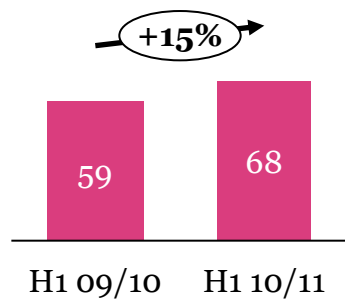
Caribbean



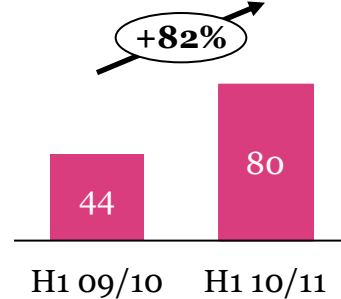
Panama



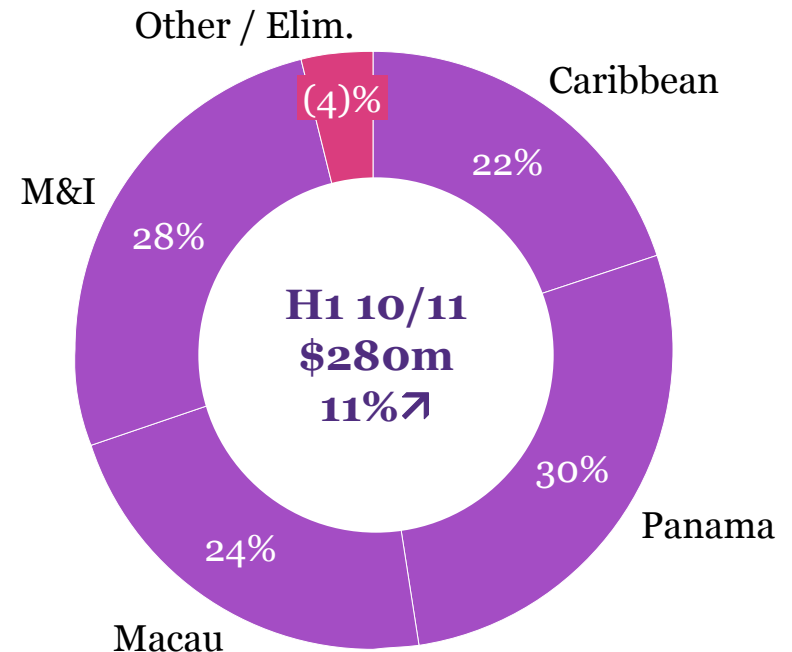
Macau



Monaco & Islands



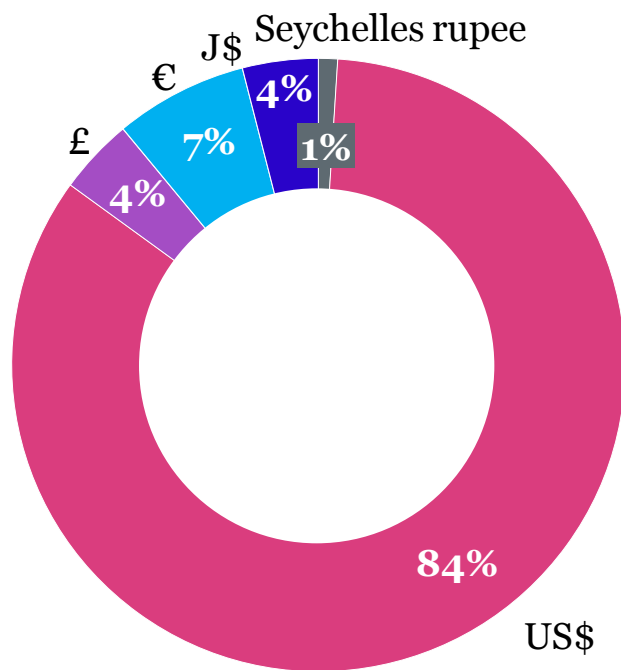
CWC H1 10/11 operating cash flow mix by region



Currencies

Modest foreign exchange exposure with 80% of EBITDA in US\$

Mix of EBITDA by currency



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

Exchange rate movements

	H1 10/11	H1 09/10	US dollar appreciation/ depreciation
Sterling : US\$			
Average	0.6633	0.6367	4%
Period end	0.6315	0.6272	1%
Euro : US\$			
Average	0.7822	0.7218	8%
Period end	0.7424	0.6807	9%
Jamaican \$: US\$			
Average	86.96	88.55	(2)%
Period end	85.48	88.57	(3)%
Seychelles rupee : US\$			
Average	12.25	14.25	(14)%
Period end	12.23	11.11	10%