

**13 January, 2013**

## **CABLE & WIRELESS COMMUNICATIONS PLC**

### **Agreement on Macau Disposal**

Cable & Wireless Communications Plc (“CWC” or “the Company”) today announces that it has agreed with CITIC Telecom International Holdings Limited (“CITIC Telecom”) the sale of CWC’s 51% stake in Companhia de Telecomunicações de Macau S.A.R.L. (“CTM”) for a total consideration of US\$749.7 million (the “Disposal”).

CWC’s controlling 51% stake, held through its wholly-owned subsidiary Sable Holding Limited, will be acquired by CITIC Telecom, which holds an existing 20% shareholding in CTM. Concurrently with the Disposal, CITIC Telecom has today announced it has agreed with Portugal Telecom (“PT”) to acquire its 28% stake in CTM (the “PT Disposal”). Both CWC’s Disposal and the PT Disposal are conditional on the completion of each other. At completion of both transactions, CITIC Telecom will own 99% of CTM.

The Disposal is a further step in CWC’s strategy to reshape its portfolio, reduce geographic spread and grow its business in the Central American and Caribbean region, following the announcement of the Company’s Monaco & Islands disposal agreement in December 2012 (the “Monaco & Islands disposal”). Following completion of the Disposal and the Monaco & Islands disposal CWC’s operations will be primarily in the pan-America region.

The US\$749.7 million consideration for the Disposal (on a cash and debt-free basis and assuming a normal level of working capital) will be paid in cash by CITIC Telecom to CWC upon completion of the transaction (“Completion”). The consideration represents an enterprise value (“EV”) of US\$1,470 million for CTM and an EV/EBITDA multiple of 8.9 times based on results for the 12 months to 31 March 2012. CTM had a net cash balance of US\$70 million as at 31 December 2012.

CTM reported revenue of US\$524 million, EBITDA of US\$165 million and profit before tax of US\$133 million in the 12 months to 31 March 2012. At 30 September 2012, CTM had US\$323 million of gross assets, and 460,000 mobile, 173,000 fixed line and 142,000 broadband customers.

Completion of the Disposal is conditional upon the satisfaction of necessary regulatory and other conditions, including approval from CWC and CITIC Telecom shareholders, and the Governments of Macau and the People’s Republic of China, as well as the completion of the PT Disposal. Completion is expected to take place within 6-9 months.

The cash proceeds arising from the Disposal will be used to reduce the Company’s net borrowings, increasing its strategic and financial flexibility.

The Disposal puts CWC in a strong position to be able to make value-enhancing investments, both organic and inorganic, in the targeted pan-America region. Any investments will be in line with CWC’s strict investment criteria and will be considered alongside regular reviews of balance sheet efficiency.

Tony Rice, Chief Executive of Cable & Wireless Communications, commented:

“Cable & Wireless was a founding shareholder in CTM in 1981 and it has been one of the outstanding businesses within our group during this time. It has enjoyed strong growth, particularly in mobile and mobile data services, and the valuation we have agreed with CITIC Telecom reflects that. As an existing shareholder, CITIC Telecom knows CTM well and we’re confident it will continue to operate the business successfully. The disposal, when combined with our agreement to sell our Monaco & Islands business, is in line with the strategy we set out at our demerger in 2010. Following completion of these transactions, we will be a focused pan-America regional operator, with a strong balance sheet, and we intend to pursue new growth opportunities, both organic and inorganic, in this region.”

The consideration for the Disposal is subject to normal post-completion cash, debt and working capital adjustments. In addition, owing to the size of the transaction relative to the size of the Company, the transaction constitutes a Class 1 transaction under the UK Listing Rules and is therefore conditional upon the approval of CWC shareholders.

A circular will be sent in due course to CWC shareholders containing further details of the transaction, together with a notice convening a General Meeting of the Company to consider and, if thought fit, approve the transaction.

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### **Conference Call**

A conference call for analysts and investors to discuss the Disposal will be held at 9 am GMT on 14 January 2013. A presentation will be simultaneously webcast at [www.cwc.com](http://www.cwc.com)

Dial-in details

UK: +44 (0) 20 7136 2056

US: +1 646 254 3388

Confirmation Code: 8374434

Participants will have to quote the above code when dialling into the conference.

Audio playback of the call will be available shortly after the call finishes until 21 January 2013. The details for the playback are:

UK: +44 (0) 20 3427 0598

US: +1 347 366 9565

Replay Access Code: 8374434

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## **Notes to Editors:**

### **About Cable & Wireless Communications Plc**

Cable & Wireless Communications Plc is a full-service communications business. We operate leading communications businesses through four regional units - the Caribbean, Panama, Macau and Monaco & Islands. Our services include mobile, broadband and domestic and international fixed line services in most of our markets as well as pay TV, data centre and hosting, carrier and managed service/social telecom (telecom enabled public services) solutions. Our operations are focused on providing our customers - consumers, businesses, governments - with world-class service. Serving the communities where we operate is at the heart of our approach, and we are committed to behaving in an ethical and socially responsible manner. For more information visit [www.cwc.com](http://www.cwc.com)

### **About CTM**

CTM is the only full-service telecommunications provider in Macau delivering mobile, fixed line and broadband services to consumers, businesses and Government customers. CTM plays a major role in the ongoing development of Macau and its infrastructure, having recently introduced both innovative mobile data services and 250 Mbps fibre optic broadband, one of the fastest rates available to residents anywhere in the world.

The company is jointly owned by Cable & Wireless Communications (51%), Portugal Telecom (28%), CITIC Telecom International Holdings Limited (20%) and Macau Post (1%). Its Chief Executive Officer is Vandy Poon. For more information, please visit: <http://www.ctm.net>

### **About CITIC Telecom**

CITIC Telecom Group is one of Asia's leading telecoms service providers specialising in hub-based services. In addition to serving its key markets in China and Hong Kong, CITIC Telecom Group is actively expanding its business to international telecoms operators. CITIC Telecom Group has four main types of business, namely voice services, SMS services, mobile VAS and data services. Its independent hub connects with over 621 telecoms operators in 75 countries or regions.

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This announcement contains (or may contain) forward-looking statements which are subject to assumptions, risks and uncertainties associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries, sectors and business segments in which the CWC group operates. These and other factors could affect the results, strategy and prospects of the CWC group.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, there can be no assurance that these expectations will prove to have been correct. Since these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by those forward-looking statements. Each forward-looking statement is correct only as of the date of the particular statement. The information contained in this announcement is subject to change without notice and, except as required by the rules of the London Stock Exchange, the Listing Rules, the Disclosure and Transparency Rules or any other applicable law, none of the Company, J.P. Morgan Cazenove assumes any obligation to publicly update or revise any forward-looking statements contained herein, whether as a result of new information, future events or otherwise.