

**ANNOUNCEMENT**  
**11 FEBRUARY 2016**

**CABLE & WIRELESS COMMUNICATIONS PLC**  
**THIRD QUARTER TRADING UPDATE**

**Solid revenue growth and cost synergies drive  
strong EBITDA and Operating Cash Flow growth**

This announcement provides an update on the Third Quarter performance, ending 31 December 2015, and the financial position of the Group in the first nine months of the fiscal year FY2015/16.

**Highlights**

- Q3 Revenue of US\$595 million up 1%, 3% on a like-for-like<sup>1</sup> basis
  - Year-to-date revenue of US\$1,774 million up 3%, 3% on a like-for-like<sup>1</sup> basis
- Q3 EBITDA of US\$238 million up 16%; cost synergies driving Q3 margin 5 pts higher to 40%
  - Year-to-date EBITDA of US\$665 million up 8%
- Q3 OCF<sup>2</sup> c.4x higher at US\$103 million as Project Marlin capex spend passes peak level
- Integration on track to deliver total synergies of US\$125 million
  - Run-rate savings of US\$62 million achieved

<sup>1</sup> At constant currency and excluding Sonitel

<sup>2</sup> Operating Cash Flow (OCF) defined as EBITDA less cash capital expenditure

**Phil Bentley, Chief Executive of CWC, commented**

“In the Third Quarter we saw significant EBITDA growth of 16%, underpinned by cost synergies, while Project Marlin investments - which have now passed their peak level - continued to improve our network infrastructure, delivering better resilience and speeds to our customers and carrying 104% and 42% more traffic on our mobile and fixed networks, respectively, compared to last year.

“Our strategy is delivering: smartphone take up increased 9 pts to 50% and drove mobile data revenue growth of 18% against the prior year; in fixed networks, an additional 20,000 homes were passed with high-speed connectivity, driving 5% and 7% growth in broadband and video, respectively; in our B2B division, we are shifting our focus away from one-off IT and Government projects, towards building on-going relationships with our customers resulting in monthly recurring revenue (MRR) growth of 4% across our markets since the start of the year; and in networks, backhaul capacity for our customers has increased by 24%.

“Overall group year to date like-for-like revenue growth of 3% is solid. We continue to transform our business to become the region’s leading quad-play operator, and I am confident that revenue growth will increase, as we build the platform for sustainable, profitable growth in the coming years.”

**Group Trading Performance**

**Mobile** (40% of total Group revenue) was up 1% in the Third Quarter as strong growth in the Caribbean, up 7%, was offset by a 9% decline in BTC, consistent with our expectations. Caribbean growth was driven by continued subscriber additions in Jamaica (+15%) where investment in our mobile network led to revenue growth of 16%, with data revenue up 72%. Panama mobile performance was 2% ahead of the prior year as postpaid growth, driven by increased subscribers (up 9%), and prepaid data revenue growth of 13%, was partly offset by continued competition in prepaid voice services. BTC mobile data revenue grew strongly, up 24%, as we

improved networks through investments in LTE technology. However, voice revenue continued to be impacted by substitution to over the top (OTT) providers and previously agreed reduced roaming rates. In Barbados, Jamaica (Kingston) and Panama independent speed testing shows that we have higher mobile download speeds than our competitors. Our focus in Q4 will be on further core upgrades in The Bahamas, Jamaica, and Panama.

**Fixed voice** (14% of Group revenue) declined 8% versus the prior year, as usage and ARPU fell faster than expected, particularly in Panama.

**Broadband** (13% of Group revenue) was 5% higher against the prior year, as subscriber growth in the Caribbean drove Group subscribers up 6%. In BTC, growth in broadband subscribers was offset by lower ARPU due to promotional strategies aimed at increasing market share, which we also anticipate will increase following the upcoming launch of video services in The Bahamas. Our blended cost per GB over our network continues to decline, down 33% against the prior period. Network infrastructure investment through Project Marlin continues to show benefits, with customer experience incidents down both in terms of number and time to resolve. CWC has been recognised by third parties as the fastest broadband provider in 2015 in Jamaica, Barbados, the British Virgin Islands (BVI), Cayman, Dominica, Grenada, Montserrat, the Seychelles, St Kitts & Nevis, and Turks & Caicos.

**Video** (8% of Group revenue) grew 7%. In Panama, subscribers were up 50% and revenue rose 23%, driven by increased direct-to-home sales and further penetration of our HFC service. Our recently launched IPTV service in the Seychelles continued to gain traction in the market with c.5,000 subscribers in total (up 67% on Q2 2015/16) and we also plan to launch video across a number of Caribbean markets later this calendar year. There was steady growth in the Caribbean (up 3%), however this was impacted by the delayed launch of new cloud-based set-top boxes in Trinidad, Antigua and Curacao, as well as the impact of illegal streaming. We have launched our new Flow Sports channel across all current video markets, and our 'Flow ToGo' mobile app in Trinidad with trials underway in The Bahamas and Cayman. In Q4 we plan to launch Flow TV in The Bahamas, Panama, and Turks & Caicos.

**Managed Services** (17% of Group revenue) grew 4%, with Panama year on year performance stabilising and the quality of our business improving as we shift away from one off projects which represented 55% of Panama managed services revenue in Q3, down from 63% in Q3 last year. Caribbean managed services revenue grew 4%, also supported by our strategy to focus on recurring rather than one time revenue as we increase sales of value added services. Monthly recurring revenue, which best captures the underlying performance of our business, grew 4% across the Group in the first nine months, and by 15% against Q3 last year in LatAm (where nearly all revenue is recurring).

**Wholesale** (8% of Group revenue) grew 1% as rising traffic over our networks led to our highest level of active capacity (almost 1.7TB – up 24%) provided to our customers by the calendar year end.

**Capex:** we invested US\$135 million of cash capital expenditure in the Third Quarter, 24% lower than the prior year. Year to date capital expenditure of US\$399 million is a reduction of 14% against the prior year and represents 22% of sales (27% in the prior year). Investment in Q3 has been focussed on upgrading Panama's LTE and HFC network, and rolling out fibre in The Bahamas and Jamaica. We also continue to invest in increased broadband network penetration and improving our MPLS footprint to drive our managed services business.

**Synergies and integration:** we have continued to execute our integration plans, from an organisational, network and product perspective. New flagship stores have been opened in Barbados, Jamaica and St. Kitts & Nevis. Rebranding has now been completed in Barbados, Cayman, Dominica, Jamaica, St. Kitts & Nevis, Trinidad, Anguilla and Antigua and will be completed in the remaining ECTEL markets of Grenada, St. Lucia and St. Vincent in Q4. We are training new customer service agents for our new call centre in Jamaica which is expected to open in Q4. Gross headcount reductions, in the 9 months to 31 December 2015, totalled approximately 1,000. In-sourcing of the field operations workforce has been completed in Cayman, Barbados and Jamaica and we plan to complete in-sourcing across the remainder of our Caribbean markets by the end of the current fiscal year.

The Group is on-track to achieve our synergy target of US\$125 million on a run-rate basis by the end of 2017/18, with US\$70 million of operating cost synergies to be achieved on a run-rate basis by the end of the current fiscal year (as stated in our interim results announcement dated 5 November 2015). As at 31 December 2015, we had spent US\$54 million of the anticipated US\$110 million cash exceptional costs to achieve these synergies.

#### **Group Net Debt**

At 31 December 2015, Group net debt was US\$2,865 million, an increase of US\$33 million since 30 September 2015. Net debt comprised US\$3,025 million gross debt and US\$160 million gross cash, increasing from US\$2,983 million and US\$151 million respectively at 30 September 2015.

#### **Recommended Acquisition of Cable & Wireless Communications Plc by Liberty Global plc**

On 16 November 2015 the Liberty Global Directors and the CWC Directors announced that they had reached agreement regarding the terms of a recommended acquisition through which Liberty Global will acquire the entire issued and to be issued share capital of CWC (the "Offer Announcement"). Regulatory processes in relation to the proposed acquisition are ongoing and we expect the Scheme Document to be despatched by 16 March 2016 with completion in the second calendar quarter of 2016, as stated in the Offer Announcement.

## Key Performance Indicators

Subscribers (000s)	Panama		
	31 Dec 15	30 Sep 15	31 Dec 14
Mobile <sup>1</sup>	2,233	2,276	2,246
Broadband	137	136	131
Video	75	68	50
Fixed line	366	367	367
ARPU <sup>2</sup> (US\$)	<b>31 Dec 15</b>	<b>30 Sep 15</b>	<b>31 Dec 14</b>
Mobile	13.3	13.6	13.2
Broadband	28.0	27.8	29.7
Video	27.8	29.4	33.5
Fixed line	21.4	22.3	24.3

Subscribers (000s)	Caribbean		
	31 Dec 15	30 Sep 15	31 Dec 14
Mobile <sup>1</sup>	1,476	1,422	1,333
Broadband	517	510	485
Video	394	394	406
Fixed line	649	649	644
ARPU <sup>2</sup> (US\$)	<b>31 Dec 15</b>	<b>30 Sep 15</b>	<b>31 Dec 14</b>
Mobile	19.0	19.1	20.0
Broadband	33.9	34.0	34.4
Video	36.7	37.1	34.7
Fixed line	25.7	28.9	28.6

Subscribers (000s)	BTC		
	31 Dec 15	30 Sep 15	31 Dec 14
Mobile <sup>1</sup>	313	310	314
Broadband	29	28	25
Video	-	-	-
Fixed line	94	95	100
ARPU <sup>2</sup> (US\$)	<b>31 Dec 15</b>	<b>30 Sep 15</b>	<b>31 Dec 14</b>
Mobile	55.3	56.0	60.4
Broadband	41.9	44.2	51.1
Video	-	-	-
Fixed line	43.3	39.3	38.1

Subscribers (000s)	Seychelles		
	31 Dec 15	30 Sep 15	31 Dec 14
Mobile <sup>1</sup>	87	88	86
Broadband	7	7	7
Video	5	3	-
Fixed line	18	18	18
ARPU <sup>2</sup> (US\$)	<b>31 Dec 15</b>	<b>30 Sep 15</b>	<b>31 Dec 14</b>
Mobile	27.6	27.1	27.1
Broadband	149.1	140.2	125.7
Video	46.2	61.4	-
Fixed line	51.7	47.3	36.7

Subscribers (000s)	TOTAL GROUP		
	31 Dec 15	30 Sep 15	31 Dec 14
Mobile <sup>1</sup>	4,109	4,096	3,979
Broadband	690	681	648
Video	474	465	456
Fixed line	1,127	1,129	1,129
<b>Total</b>	<b>6,400</b>	<b>6,371</b>	<b>6,212</b>

<sup>1</sup> Active subscribers are defined as those having performed a revenue-generating event in the previous 60 days

<sup>2</sup> ARPU is average revenue per user per month

## Conference Call Details

Cable & Wireless Communications will also host a conference call for investors and analysts. The details are:

Date: Thursday 11 February 2016  
Time: 13:00 (GMT)  
Details: Cable & Wireless Communications Plc Q3 Trading Update  
UK: +44(0)20 3427 1908  
US: +1 646 254 3362  
Confirmation Code: 3478856

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 Thursday 18 February 2016. The details for the playback are:

UK: +44 20 3427 0598  
USA: +1 347 366 9565  
Replay Access Code: 3478856

## About Cable & Wireless Communications Plc

Cable & Wireless Communications Plc (CWC) is a full service communications and entertainment provider, operating in Latin America and the Caribbean. With annual sales of over US\$2.4 billion, it operates both mobile and fixed networks, supported by submarine and terrestrial optical fibre backhaul capacity. CWC delivers superior high-speed mobile data, broadband and video services. It has leading market positions in Mobile, Fixed Line, Broadband and Video consumer offers. Through its business division, CWC provides data centre hosting, domestic and international managed network services, and customised IT service solutions, utilising cloud technology to serve business and government customers.

The Group also operates a state-of-the-art subsea fibre optic cable network that spans more than 48,000 km – the most extensive in the region – as well as 38,000 km of terrestrial fibre providing wholesale and carrier backhaul capacity.

CWC has more than 7,300 employees serving 6.4 million customers (Mobile 4.1m; Fixed Line 1.1m ; Video 470k and Broadband 690k) across 42 countries. The Group's leading brands include; LIME and Flow in the Caribbean; BTC in The Bahamas; Mas Movil in Panama; C&W Business and C&W Networks. CWC is the market leader in most products offered and territories served. It is a major contributor to local communities through its corporate social responsibility programmes.

Cable & Wireless Communications Plc's shares are quoted on the London Stock Exchange under the ticker CWC. The Group is headquartered in London with its operational hub located in Miami, within close proximity to the Caribbean and Latin America.

For more information visit: [www.cwc.com](http://www.cwc.com).

## Contacts:

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