CABLE & WIRELESS

Interim Results 2009/10

5 November 2009

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Agenda for today

■ Introduction	Richard Lapthorne
■ Group highlights and financials	Tim Pennington
■ CWI	Tony Rice
■ Worldwide	John Pluthero
■ Summary	Tim Pennington

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Richard Lapthorne

Chairman

Introduction

- Separation of CWI and Worldwide to go ahead
  - Intention to demerge Worldwide
  - Further details to be published by the end of November 2009, including indicative timing
- Group EBITDA up 30% despite the recession
- Worldwide EBITDA up 44% to £205 million
  - Seventh successive double-digit increase in profits
- CWI - Panama, Macau and Monaco & Islands performing well
  - Well positioned for economic recovery in the Caribbean

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Tim Pennington

Group Finance Director

Group highlights

- Revenue up 13% to £1,855 million
- Group EBITDA up £106 million to £463 million
  - Worldwide up £63 million to £205 million
  - CWI up £42 million to £271 million (US$427 million)
- Operating cash flow[1] up 57% to £192 million
- Profit after tax for the first half £163 million
  - Basic earnings per share 4.8 pence up 41%
- Interim dividend of 3.16 pence per share - up 12%
  - Full year dividend expected to be 9.50 pence per share

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[1] Operating cash flow is EBITDA of £463m minus capital expenditure of £203m and cash exceptionals of £68m

Group financials

£million	2009/10 H1	2008/09 H1	Change	Main drivers
Revenue	1,855	1,646	13%	▪ Thus, currency, growth
EBITDA[1]	463	357	30%	▪ EBITDA margin up 3 percentage points
LTIP	(9)	(10)	10%	
Depreciation & amortisation	(228)	(165)	(38)%	▪ Increased capital expenditure/Thus
Finance income[1]	2	20	nm	▪ Lower cash balances
Finance expense	(45)	(33)	(36)%	▪ Higher borrowings
Exceptionals - net	(28)	(60)	nm	▪ Mainly restructuring costs, partially offset by mark to market credit
Profit after tax	163	115	42%	

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[1] Excluding exceptionals

Group exceptional items

£million	2009/10 H1	2009/10 guidance	Main drivers
CWI restructuring	(20)	(27)	▪ Mainly 'One Caribbean'
Worldwide restructuring	(5)	(55)[1]	▪ Redundancy and network
Thus integration	(23)		▪ Redundancy, network and property
	(48)	(82)	
Hedging contracts	17	-	▪ IAS 39 mark to market credit
	(31)	(82)	
Tax credit	3	-	
P&L exceptional charges	**(28)**	**(82)[1]**	
Cash exceptionals	**(68)**	**(117)[1]**	

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[1] Reflects the reclassification in Worldwide between capex and exceptionals

Pensions

- IAS 19 deficit of £305 million as at 30 September 2009
  - £32 million deficit at 31 March 2009
  - Assets increased by £242 million
  - Liabilities increased by £515 million

- Real interest rates at historic lows
  - Monetary policy distorting short term rates

- September 2008 buy-in substantially de-risked pension fund
  - Buy-in covers pensioner element
  - Long term liabilities affected by short term issues

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Interim results 2009/10

Tony Rice

Chief Executive - CWI

CWI – our business

Global telecoms business, operating in local markets

Market leading full-service provider

- **Mobile** – market leader in 19 out of 26 markets
- **Broadband** - market leader in 27 out of 34 markets
- **Fixed line** – market leader in 25 out of 27 markets

Diversified portfolio – across product and geography

Financially strong – excellent margins and sustainable cash generation

Scope for organic and inorganic growth

CWI Group

CWI H1 2009/10 summary

EBITDA[1] at US$427m flat at constant currency[2]

EBITDA margin progression to 38%

Full year EBITDA guidance reset to US$880-900m due to Caribbean, partially offset by Maldives consolidation

Panama, Macau and Monaco & Islands performing well

Trading cash flow improved

CWI Group

[1] Excluding exceptional items and LTIP charge
[2] Constant currency change based on the restatement of H1 2008/09 comparatives at H12009/10 average exchange rates

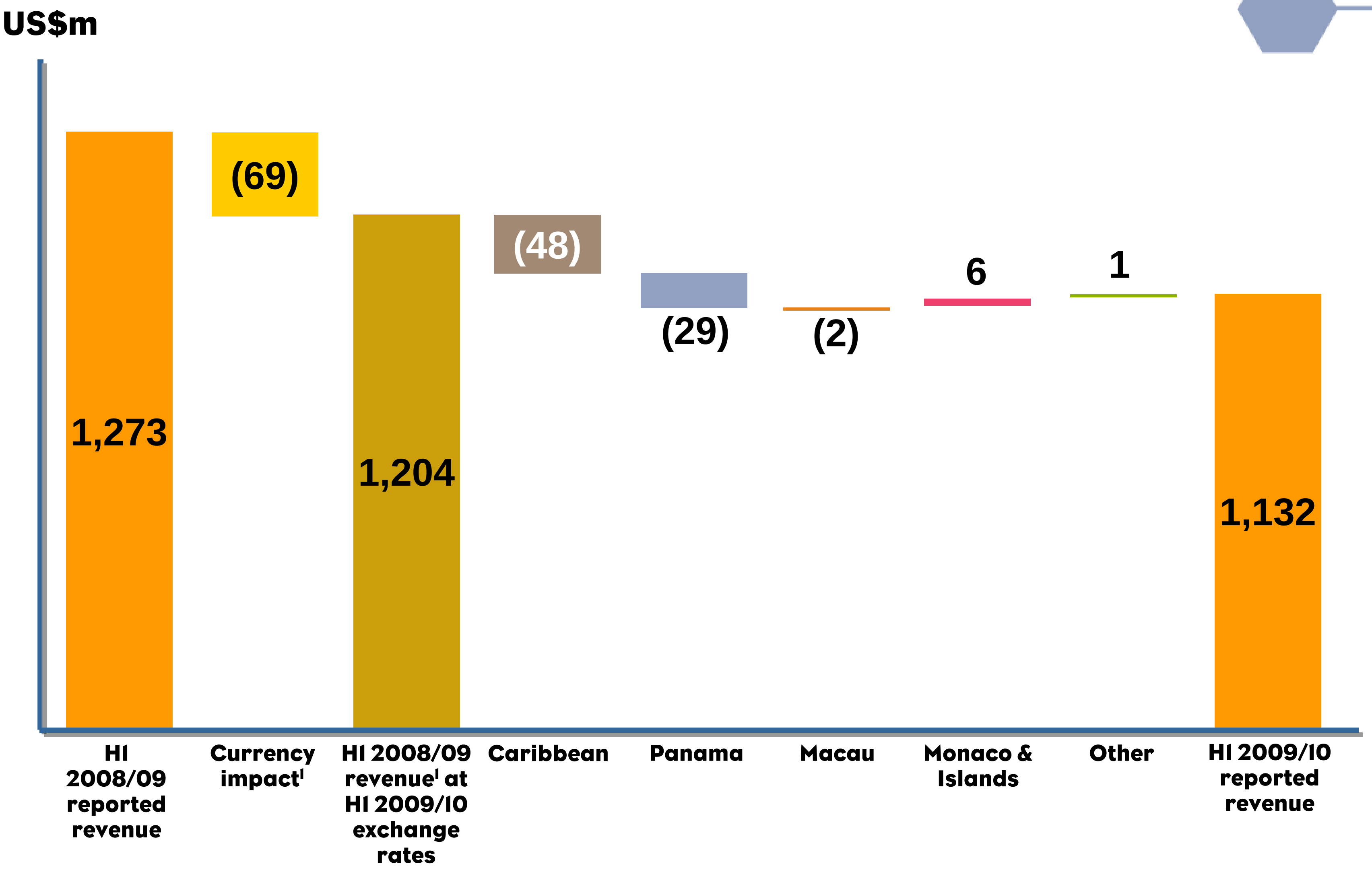
CWI H1 2009/10 financial performance

US$m	2009/10 H1 reported	2008/09 H1 constant currency[1]	Constant currency change[1,2]
Revenue	1,132	1,204	(6%)
Gross margin	773	812	(5%)
Operating costs[3]	(346)	(382)	9%
EBITDA[3]	427	430	(1%)
Cash exceptionals	(45)	(24)	(88%)
Capital expenditure	(104)	(145)	28%
Operating cash flow	278	261	7%
Trading cash flow	189	164	15%
Gross margin as % of revenue	68%	68%	
Opex[3] as % of revenue	30%	32%	
EBITDA[3] as % of revenue	38%	36%	

CWI Group

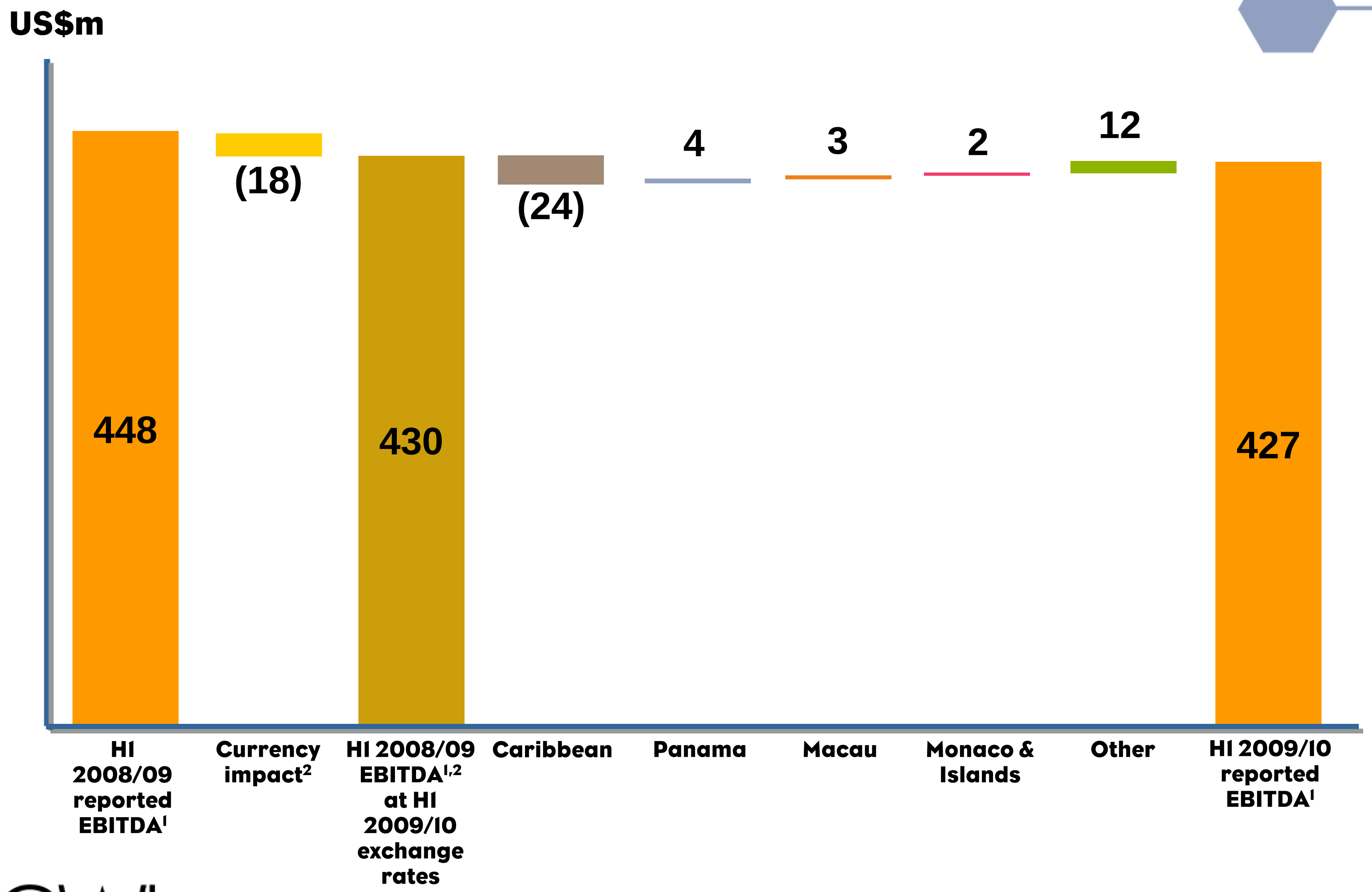
[1] Constant currency change based on the restatement of H1 2008/09 comparatives at H1 2009/10 average exchange rates
[2] Positive represents improvement
[3] Excluding exceptional items and LTIP charge

H1 2009/10 revenue



[1] Currency impact is calculated by restating H1 2008/09 revenue at H1 2009/10 average exchange rates

H1 2009/10 EBITDA



[1] EBITDA excluding exceptional items and LTIP charge

[2] Currency impact is calculated by restating H1 2008/09 EBITDA at H1 2009/10 average exchange rates

Revised guidance 2009/10

US$m	Guidance in May 2009	Impact of Caribbean	Consolidation of Maldives	Revised guidance November 2009
EBITDA	935	(75- 95)	40	880-900
Capex	(325)	10	(10)	(325)
Cash exceptionals	(70)	-	-	(70)

CWI Group

Caribbean – results reflect economic downturn

H1 2009/10 trading conditions

- Tourist numbers and spending are down, offshore finance income down 40%[1]
- Rising unemployment and migrant workers departing

Progress in H1 2009/10

- Holding market leadership in most products and markets
- H1 opex down 6% v H1 2008/09
- First phase of 'One Caribbean' programme complete
- New leadership team in place

Priorities for H2 2009/10:

Next phase of 'One Caribbean'

- Continuing transformation programme
- Protecting market share across the board
- Stepping up regional enterprise focus

US$m	H1 2009/10	Constant currency change
Revenue	427	(10)%
Gross margin	319	(10)%
Opex[2]	(187)	6%
EBITDA[2]	132	(15)%
Capex	(34)	53%

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[1] Source: http://www.caribbeannetnews.com

[2] Excluding exceptional items

Panama – strong mobile performance

H1 2009/10 trading conditions:

- First full period of additional mobile competition
- Transition to new government led to temporary delay in enterprise projects in H1

Progress in H1 2009/10:

- Maintained mobile market leadership in face of intense competition - mobile revenue up 3%
- Tighter cost management reduced operating costs by 12%

Priorities for H2 2009/10:

- Further investment in mobile coverage and service
- Build regional capability - enterprise and carrier
- Successful delivery of key Government projects

US$m	H1 2009/10	Change
Revenue	308	(9)%
Gross margin	214	(3)%
Opex	(76)	12%
EBITDA	138	3%
Capex	(38)	(15)%

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Macau – resilient trading and tight cost management

H1 2009/10 trading conditions:

- 10%[1] reduction in visitor numbers due to visa restrictions, visitor numbers up 4% in September

Progress in H1 2009/10:

- Enterprise data growth
- Opex reduced by 17% - now 15% of revenue
- 1,900 new subscribers per month joining 3G mobile broadband

Priorities for H2 2009/10:

- Sign operating agreement with Government - extension until 2021
- Capitalise on improved visitor numbers

US$m	H1 2009/10	Change
Revenue	157	(1)%
Gross margin	95	(2)%
Opex	(24)	17%
EBITDA	71	4%
Capex	(12)	20%

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[1] Source: http://www.dsec.gov.mo – April to August visitor numbers

Monaco & Islands – revenue and EBITDA up

H1 2009/10 trading conditions:

- Revenue up 3% on mobile and broadband growth
- Portfolio revenue growth despite recession

Progress in H1 2009/10:

Monaco

- Strong opex and EBITDA performance

Channel Islands, Isle of Man and Bermuda

- Increasing demand for enterprise and data hosting

Seychelles

- Stronger revenue and growth in active customers

Priorities for H2 2009/10:

- Continued organic EBITDA growth
- Accelerate plans for data centre growth
- Pursue opportunities for portfolio re-alignment

US$m	H1 2009/10	Constant currency change
Revenue	241	3%
Gross margin	145	4%
Opex[1]	(80)	(4)%
EBITDA[1]	65	3%
Capex	(18)	18%

[1] Excluding exceptional items

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CWI as an independent business

Panama, Monaco & Islands, Macau on plan and growing

Revised guidance due to Caribbean market conditions and consolidation of Maldives

Market leadership maintained

HI EBITDA held and cash flow better

Wealth of opportunities to develop and grow our businesses

Business well positioned for demerger

CWI Group

2009/10 INTERIM RESULTS

John Pluthero
Executive Chairman
Cable & Wireless Worldwide

WORLDWIDE
WHAT WE ARE ABOUT

- Building a high value, high reputation business providing mission critical communications to the largest users of telecoms
- Leadership in service and the integrated next generation capability set
- Strong and sustainable profit and cash generation growth

WORLDWIDE
2009/10 HALF YEAR RESULTS

	H1 2009/10 £m/% of revenue	H1 2008/09 £m/% of revenue	Better/ (worse) £m	Better/ (worse) %
Revenue	**1,141**	**1,003**	**138**	**14%**
Gross margin	**533** *47%*	**414** *41%*	**119**	**29%**
Operating costs[1]	**(328)** *(29)%*	**(272)** *(27)%*	**(56)**	**(21)%**
EBITDA[1]	**205** *18%*	**142** *14%*	**63**	**44%**
Operating profit[2]	**72** *6%*	**43** *4%*	**29**	**67%**
Operating cash flow[3]	**31**	**2**	**29**	**nm**

(1) Excluding exceptionals and LTIP charge
(2) Operating profit excludes exceptional items
(3) Operating cash flow is EBITDA of £205m minus cap ex of £137m and cash exceptionals of £37m

REVENUE AND MARGIN
BY PRODUCT

£m	H1 2009/10[1]		H1 2008/09		Better/ (worse)		Better/ (worse)	
	Revenue	Margin	Revenue	Margin	Revenue	Margin	Revenue	Margin
IP, data & hosting	592	379	427	260	165	119	39%	46%
Traditional voice	527	143	530	128	(3)	15	(1)%	12%
Legacy	22	11	46	26	(24)	(15)	(52)%	(58)%
TOTAL	1,141	533	1,003	414	138	119	14%	29%

(1) Includes the results of Thus for the six month period

IP, DATA & HOSTING
MOVEMENT

£m	Revenue	Gross margin
H1 2008/09	427	260
THUS acquisition approx.	135	
Net growth approx.	50	89
Recession approx.	(20)	
Margin improvement approx.		30[1]
H1 2009/10	592	379

(1) Includes cost reduction programmes £11m, synergies £7m, PPC regulatory settlement £12m

TRADITIONAL VOICE
MOVEMENT

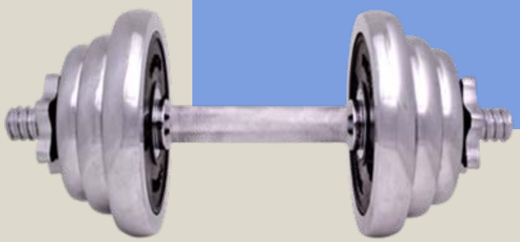
£m	Revenue	Gross margin
H1 2008/09	**530**	**128**
THUS acquisition approx.	110	23
Regulatory[1] approx.	(20)	
Our choice approx.	(43)	(8)
Recession approx.	(50)	
H1 2009/10	**527**	**143**

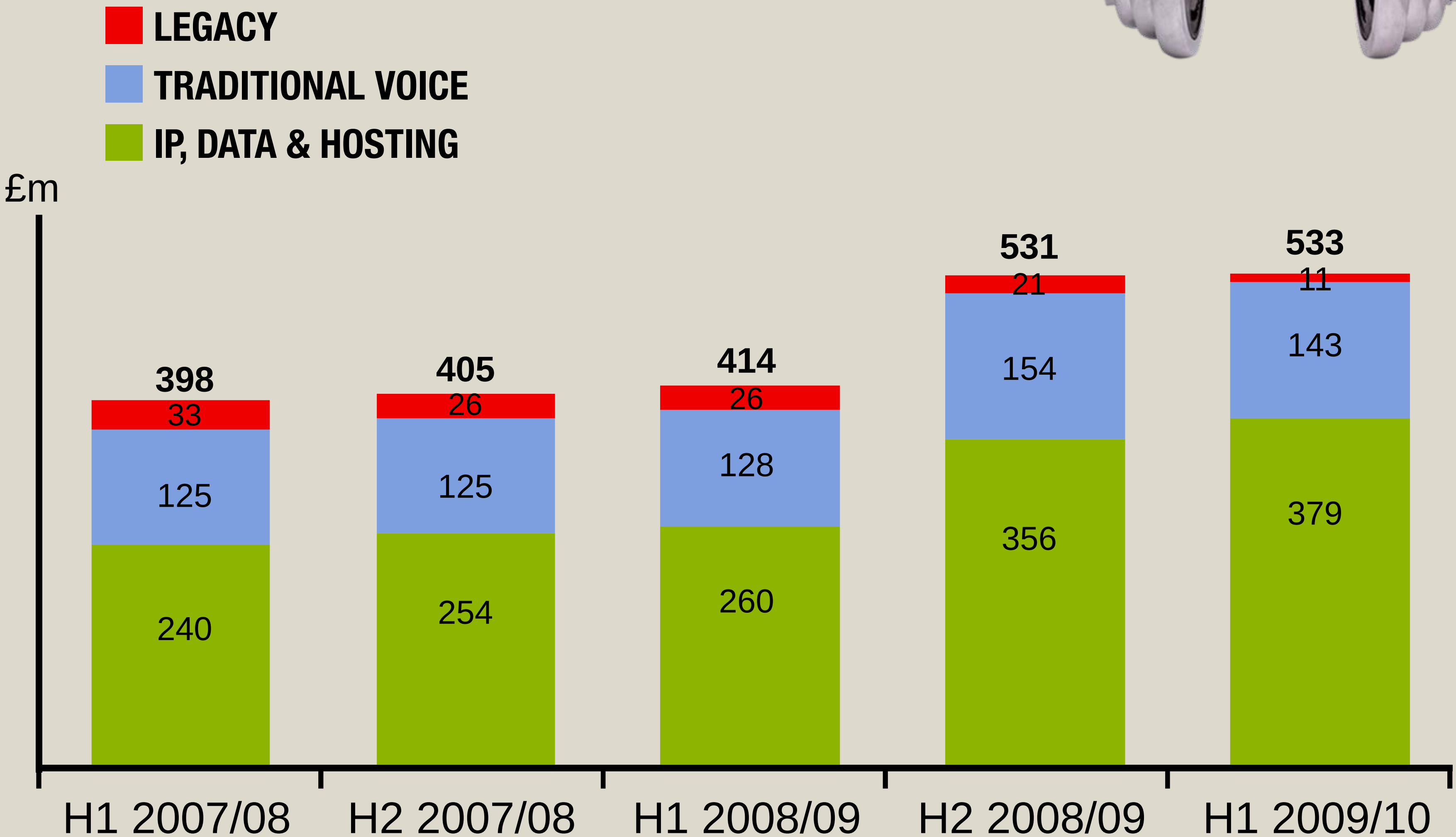
(1) Regulatory represents changes to 0845, 0870 and mobile termination rates (MTRs)

INCREASE IN
GROSS MARGIN %

	H1 2009/10 %	H1 2008/09 %	Better/(worse) % points
IP, data & hosting	**64.0%**	**60.9%**	**3.1**
Traditional voice	**27.1%**	**24.2%**	**2.9**
Legacy	**50.0%**	**56.5%**	**(6.5)**
TOTAL	**46.7%**	**41.3%**	**5.4**

WORLDWIDE
GROSS MARGIN

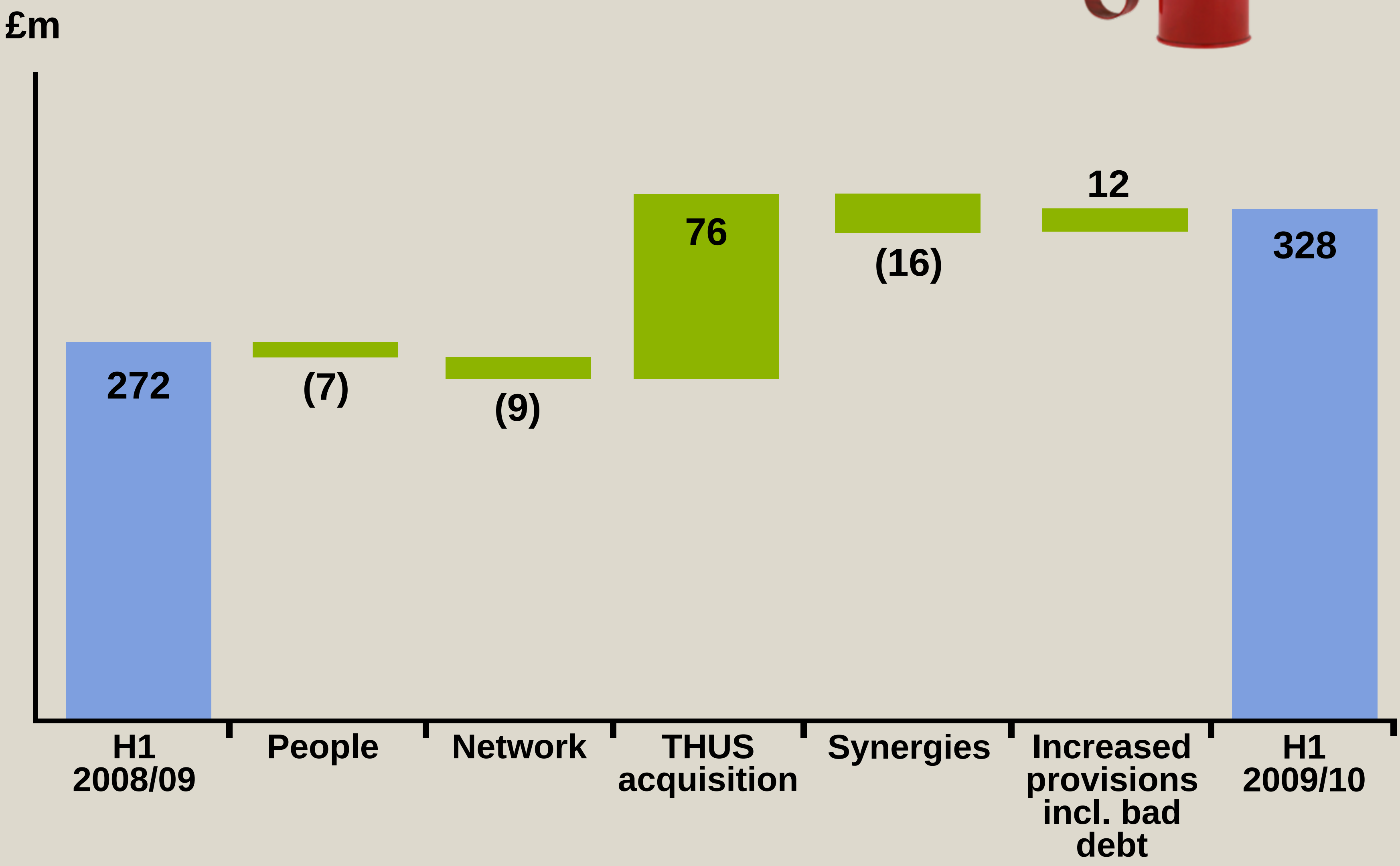




FUTURE GROWTH UNDERWRITTEN

	INCREASE ON H1 2008/09
Annualised gross margin sold	14%
Qualified pipeline (£ gross margin)	15%
Current volume WIP	10%
Number of orders received	12%
Margin from top 25 customers	11%
Major customer renewal rate	100%

OPERATING COSTS
CONTINUED IMPROVEMENT



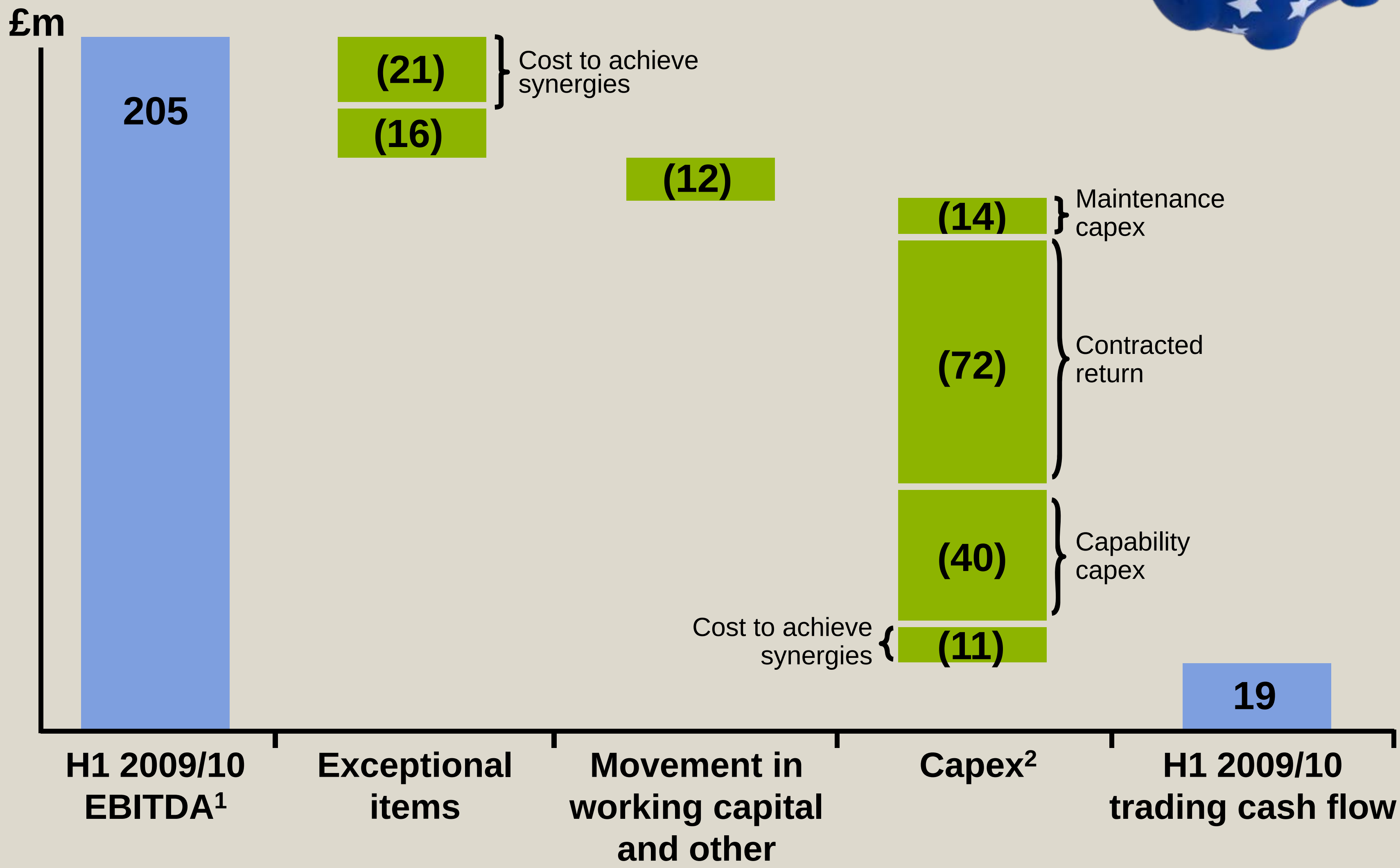
BENEFITS OF THUS ACQUISITION

- Trading is on track
- H1 2009/10 EBITDA synergies of £23m (£7m cost of sales, £16m opex)
- Total synergies by 2011/12:

£m	Previous target	New target	Better/(worse)
EBITDA	75	85	10
Capex	15	19	4
Total	90	104	14

- Cost to achieve the higher synergies of £98m, up £20m, of which £73m has been recognised to date (£53m P&L, £20m capex)
- Timetable for delivery unchanged

TRADING CASH FLOW
CONTINUED IMPROVEMENT



(1) Excluding exceptional items and LTIP charge
(2) Balance sheet capex

OUTLOOK
& GUIDANCE

2009/10 GUIDANCE:

	May 09	Nov 09
EBITDA[1]	c. £430m	c. £430m
Capex	c. £260m	c. £280m[2]
Cash exceptionals	c. £90m	c. £70m[2]

(1) Excluding exceptional items and LTIP charge
(2) Reflects reclassification between capex and cash exceptionals

READY TO
STAND ALONE

- Business mix provides strength and predictability
- Marketplace performance driving underlying growth
- Continually improving efficiency
- Cash generation increasing

THE ONLY TIER 1 TELCO DEDICATED TO THE NEEDS OF THE LARGEST USERS OF COMMUNICATION SERVICES

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Tim Pennington

Group Finance Director

Revised Group guidance for 2009/10

On our current view of the economic environment and a planning rate of US$1.50 to £1.00:

Million	CWI	Worldwide	Group 2009/10	Actual 2008/09
EBITDA[1,3] - approx	US$ 880-900	£430	**£989-1002**[4]	**£822**
Capital expenditure - approx	US$ 325	£280[5]	**£497**[5]	**£457**
Net P&L exceptionals[2] - approx	US$ (40)	£(55)[5]	**£(82)**[5]	**£(133)**
Cash exceptionals[2] - approx	US$ (70)	£(70)[5]	**£(117)**[5]	**£(122)**

[1] Excluding exceptional items and LTIP charge
[2] Exceptionals within operating profit
[3] Excludes any demerger related costs
[4] After Central costs of £28 million
[5] After Worldwide reclassification

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Summary

- Good interim results when set against a difficult economic backdrop
  - H1 EBITDA growth of 30%
  - Operating cash flow up 57%
- Both businesses showing strength through the cycle
- Full year 2009/10 dividend of 9.50 pence per share - growth of 12%
  - Interim dividend of 3.16 pence per share - growth of 12%

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Interim Results 2009/10

5 November 2009