



**ANNUAL RESULTS 2010/11**  
**24 MAY 2011**

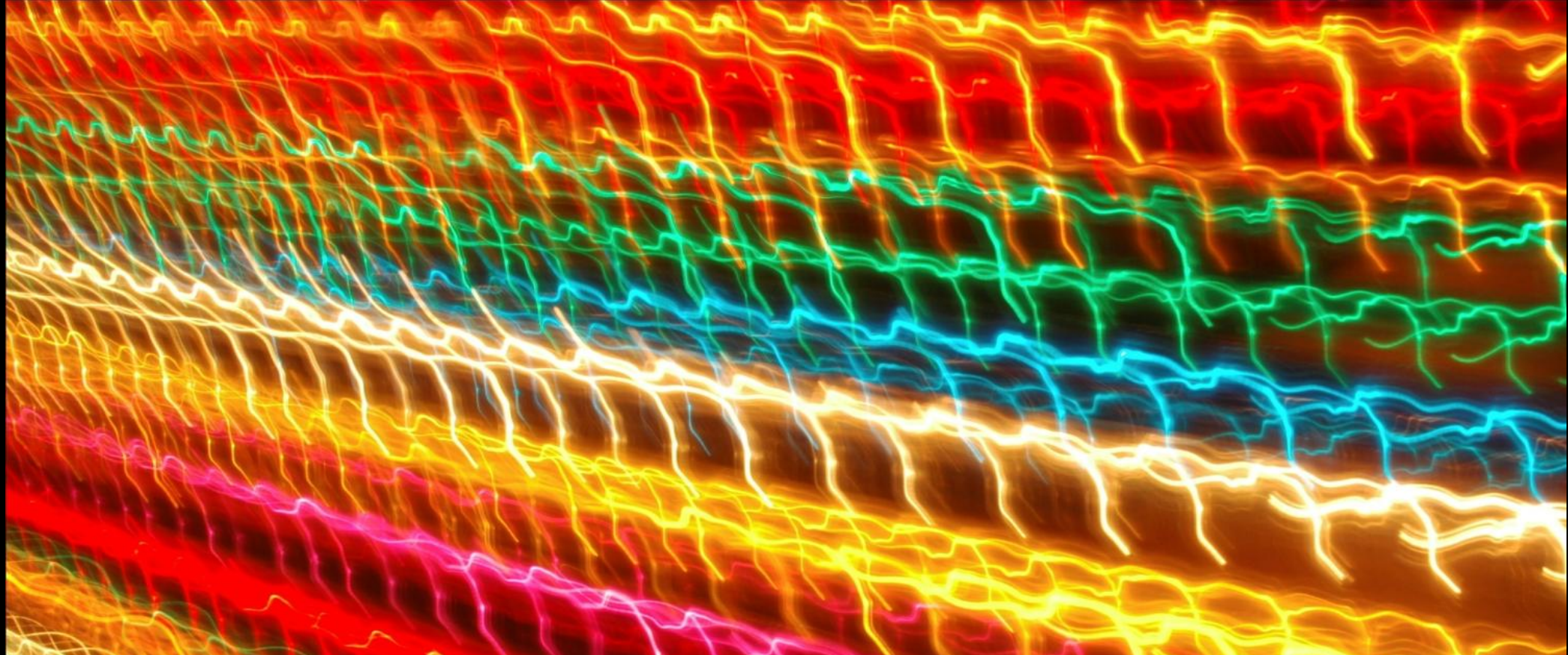
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# FORWARD LOOKING STATEMENTS

This presentation contains forward looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and Cable&Wireless Worldwide's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are several factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or disposals. A summary of some of the potential risks faced by Cable&Wireless Worldwide is set out in the Company's most recent Annual Report.

Forward-looking statements speak only as of the date they are made and Cable&Wireless Worldwide undertakes no obligation to revise or update any forward looking statement contained within this presentation or any other forward-looking statements it may make, regardless of whether those statements are affected as a result of new information, future events or otherwise (except as required by the UK Listing Authority, the London Stock Exchange, the City Code on Takeovers and Mergers or by law).



**JOHN PLUTHERO**  
**CHAIRMAN**

**Cable&Wireless**  
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**JIM MARSH**  
**CHIEF EXECUTIVE OFFICER**

**Cable&Wireless**  
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# CABLE&WIRELESS WORLDWIDE OVERVIEW

**INTRODUCTION**

**JIM MARSH**

**FINANCIALS 2010/11**

**TIM WELLER**

**SECTOR & PRODUCT PERFORMANCE**

**IAN GIBSON**

**PRIORITIES & OUTLOOK**

**JIM MARSH**

**Q&A**

# KEY TRENDS DRIVING THE FINANCIALS

FINANCIAL DIRECTION

**HOSTING & APPLICATIONS  
GROWTH**

**IP &  
DATA**

**CONNECTIVITY PRICE  
DECLINE**

**NETWORK SERVICES  
GROWTH**

**VOICE MARGIN DECLINE  
ACCELERATING**

**ROBUST OPEX & CAPEX  
MANAGEMENT**

**SUSTAINABLE AND INCREASING  
CASH GENERATION**

# KEY TRENDS DRIVING THE FINANCIALS

		2010/11
FINANCIAL DIRECTION	HOSTING & APPLICATIONS GROWTH	↑ 10%
	IP & DATA	↑ 1%
	CONNECTIVITY PRICE DECLINE	
	NETWORK SERVICES GROWTH	
	VOICE MARGIN DECLINE ACCELERATING	↓ 11%
ROBUST OPEX & CAPEX MANAGEMENT	↓ c.£20m	
SUSTAINABLE AND INCREASING CASH GENERATION	↑ FCF £62m	



**TIM WELLER**  
**CHIEF FINANCIAL OFFICER**

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# FULL YEAR RESULTS 2010/11

## INCOME STATEMENT

	FY 2010/11 £M	FY 2009/10 £M	BETTER/(WORSE) £M	BETTER/(WORSE) %
<b>REVENUE</b>	<b>2,257</b>	<b>2,265</b>	<b>(8)</b>	
<b>GROSS MARGIN</b>	<b>1,065</b>	<b>1,075</b>	<b>(10)</b>	<b>(1)%</b>
<b>OPERATING COSTS<sup>1</sup></b>	<b>(623)</b>	<b>(644)</b>	<b>21</b>	
<b>EBITDA</b>	<b>442</b>	<b>431</b>	<b>11</b>	<b>3%</b>
<b>LTIP</b>	<b>9</b>	<b>(14)</b>	<b>23</b>	
<b>EXCEPTIONAL ITEMS</b>	<b>(15)</b>	<b>(54)</b>	<b>39</b>	
<b>DEMERGER COSTS<sup>2</sup></b>	<b>(2)</b>	<b>(153)</b>	<b>151</b>	
<b>DEPRECIATION &amp; AMORTISATION</b>	<b>(285)</b>	<b>(268)</b>	<b>(17)</b>	
<b>OTHER OPERATING INCOME/(EXPENSE)</b>	<b>4</b>	<b>(1)</b>	<b>5</b>	
<b>OPERATING PROFIT/ (LOSS)</b>	<b>153</b>	<b>(59)</b>	<b>212</b>	<b>NM</b>
<b>GAIN/(LOSS) ON DISPOSAL<sup>3</sup></b>	<b>14</b>	<b>(1)</b>	<b>15</b>	
<b>NET FINANCE EXPENSE</b>	<b>(27)</b>	<b>(34)</b>	<b>7</b>	
<b>PROFIT / (LOSS) BEFORE TAX</b>	<b>140</b>	<b>(94)</b>	<b>234</b>	<b>NM</b>
<b>EPS (PRE EXCEPTIONALS)</b>	<b>8.0p</b>	<b>8.3p</b>		
<b>EPS (POST EXCEPTIONALS)</b>	<b>7.9p</b>	<b>0.0p</b>		
<b>DIVIDEND<sup>4</sup></b>	<b>4.5p</b>			

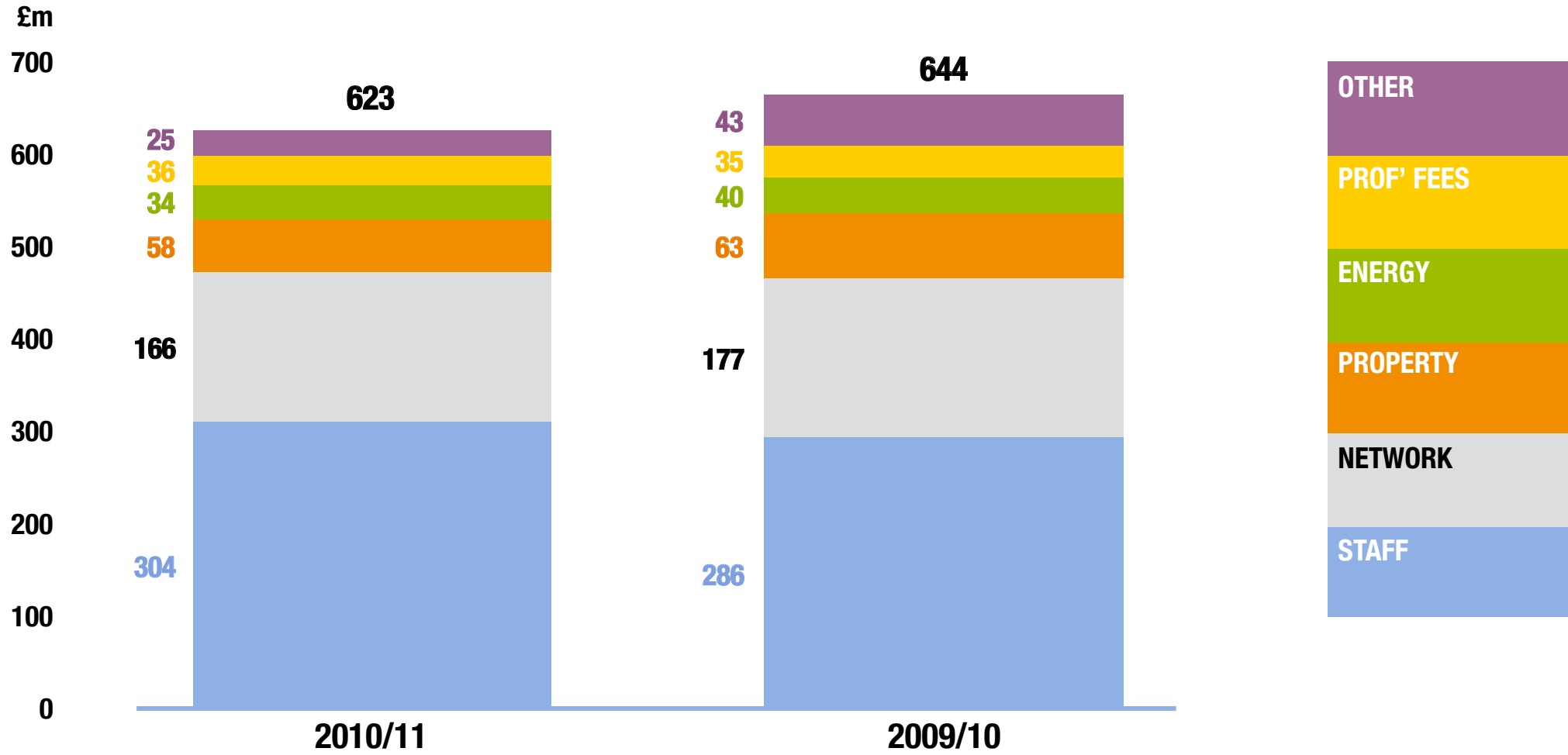
<sup>1</sup> Excluding exceptionals and LTIP charge

<sup>2</sup> Demerger costs include £143m of Pension obligations on demerger

<sup>3</sup> Sale of non-current asset

<sup>4</sup> Dividend per share represents declared final and paid interim dividend  
NM – not meaningful

# OPERATING COSTS CONTINUED REDUCTION



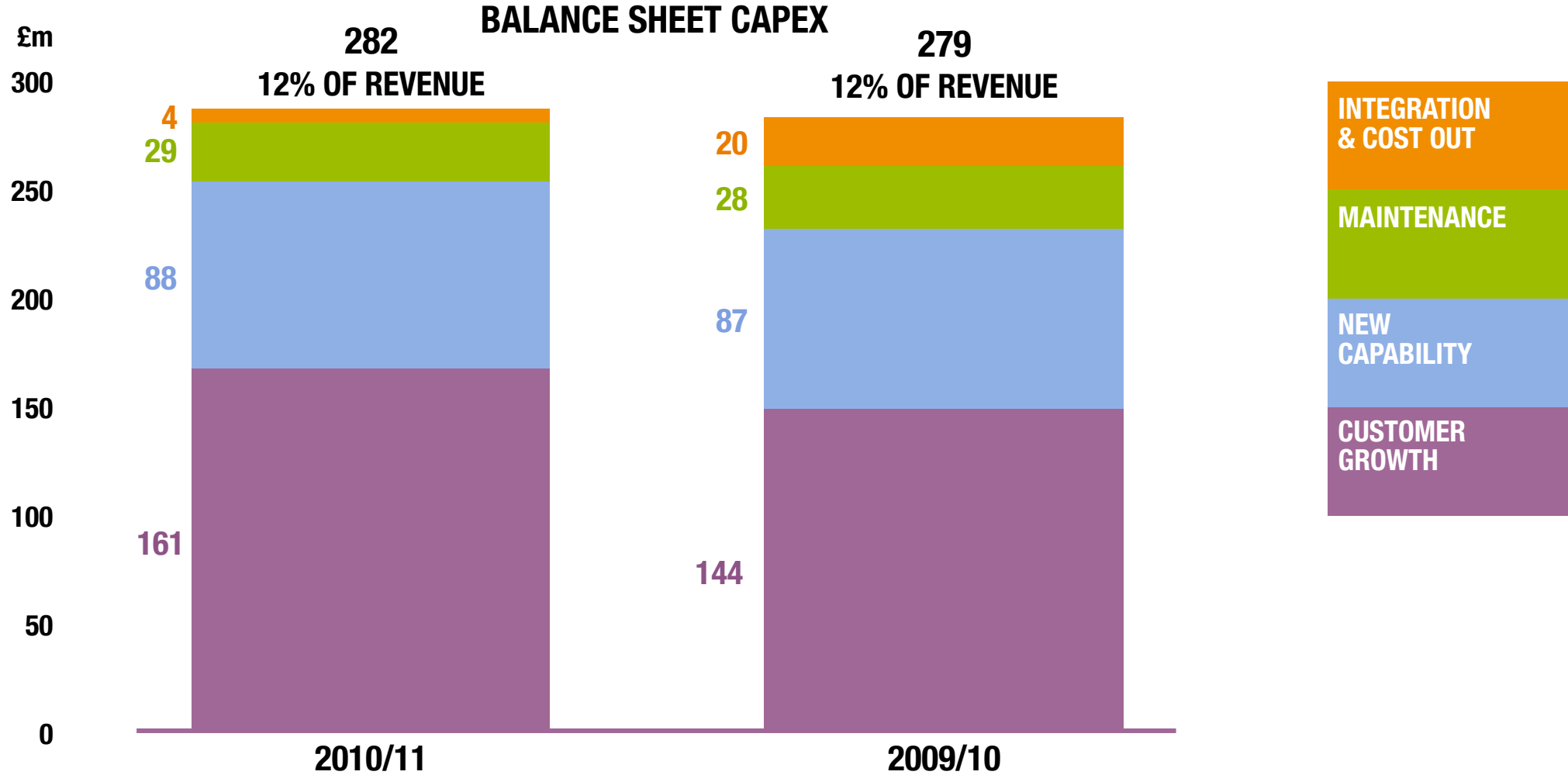
# FULL YEAR RESULTS 2010/11

## CASH FLOW

	FY 2010/11 £M	FY 2009/10 £M	BETTER/(WORSE) £M	BETTER/(WORSE) %
<b>EBITDA</b>	<b>442</b>	<b>431</b>	<b>11</b>	
<b>CASH CAPEX</b>	<b>(239)</b>	<b>(257)</b>	<b>18</b>	
<b>EXCEPTIONALS</b>	<b>(37)</b>	<b>(70)</b>	<b>33</b>	
<b>WORKING CAPITAL AND OTHER<sup>1</sup></b>	<b>(50)</b>	<b>(33)</b>	<b>(17)</b>	
<b>TRADING CASH FLOW</b>	<b>116</b>	<b>71</b>	<b>45</b>	<b>63%</b>
<b>PENSION DEFICIT FUNDING</b>	<b>(15)</b>	<b>(14)</b>	<b>(1)</b>	
<b>LTIP</b>	<b>(9)</b>	<b>(35)</b>	<b>26</b>	
<b>DEMERGER COSTS</b>	<b>-</b>	<b>(3)</b>	<b>3</b>	
<b>DISPOSALS</b>	<b>14</b>	<b>-</b>	<b>14</b>	
<b>NET CASH FLOW BEFORE FINANCING</b>	<b>106</b>	<b>19</b>	<b>87</b>	<b>458%</b>
<b>INTEREST</b>	<b>(23)</b>	<b>(9)</b>	<b>(14)</b>	
<b>EQUITY FREE CASH FLOW</b>	<b>83</b>	<b>10</b>	<b>73</b>	<b>730%</b>
<b>FINANCE LEASE REPAYMENTS</b>	<b>(22)</b>	<b>(11)</b>	<b>(11)</b>	
<b>FREE CASH FLOW</b>	<b>61</b>	<b>(1)</b>	<b>62</b>	<b>NM</b>

<sup>1</sup> Other includes £4m of proceeds from asset disposals  
 NM – not meaningful

# CAPITAL EXPENDITURE FOCUSED ON GROWTH



Balance sheet capital expenditure excludes capitalised borrowing costs and asset retirement obligation movements



**IAN GIBSON**  
**CHIEF FINANCIAL OFFICER DESIGNATE**

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# REVENUE AND MARGIN BY CUSTOMER GROUP

		FY 2010/11			FY 2009/10		
		REVENUE £M	GROSS MARGIN £M	GROSS MARGIN %	REVENUE £M	GROSS MARGIN £M	GROSS MARGIN %
UK	ENTERPRISE	849	446	53%	837	446	53%
	PUBLIC SECTOR	285	170	60%	285	168	59%
	MID-MARKET DIRECT	108	65	60%	125	75	60%
	MID-MARKET INDIRECT	104	33	32%	117	43	37%
	MID-MARKET	212	98	46%	242	118	49%
	CARRIER	354	113	32%	349	111	32%
	TOTAL UK	1,700	827	49%	1,713	843	49%
GLOBAL	ENTERPRISE	195	100	51%	184	99	54%
	CARRIER	362	138	38%	368	133	36%
	TOTAL GLOBAL	557	238	43%	552	232	42%
TOTAL WORLDWIDE		2,257	1,065	47%	2,265	1,075	47%

# UK ENTERPRISE FOCUS ON MANAGED SERVICES

UK ENTERPRISE

**DRIVING TOWARDS HIGHER VALUE MANAGED SERVICES**

**DELIVERING SECTOR SPECIFIC PROPOSITIONS**

**EXPLOITING THE DEMAND FOR CLOUD BASED SERVICES**

next



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# THE REST OF THE UK FOCUS ON GROWTH

**UK PUBLIC SECTOR**

**BECOMING THE PARTNER OF CHOICE FOR GOVERNMENT**

**UK MID MARKET**

**INVESTING IN SALES AND MARKETING**

**UK CARRIER**

**MAXIMISING MOBILE BACKHAUL OPPORTUNITY**

**DFID** Department for  
International  
Development



**Gage Networks**

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# GLOBAL MARKETS

## FOCUS ON LEVERAGING ASSETS

**ENTERPRISE**

**BUILDING MULTI SERVICE PLATFORM PRODUCT SUITE**

**CARRIER**

**INVESTING IN STRATEGIC CABLE CAPACITY**



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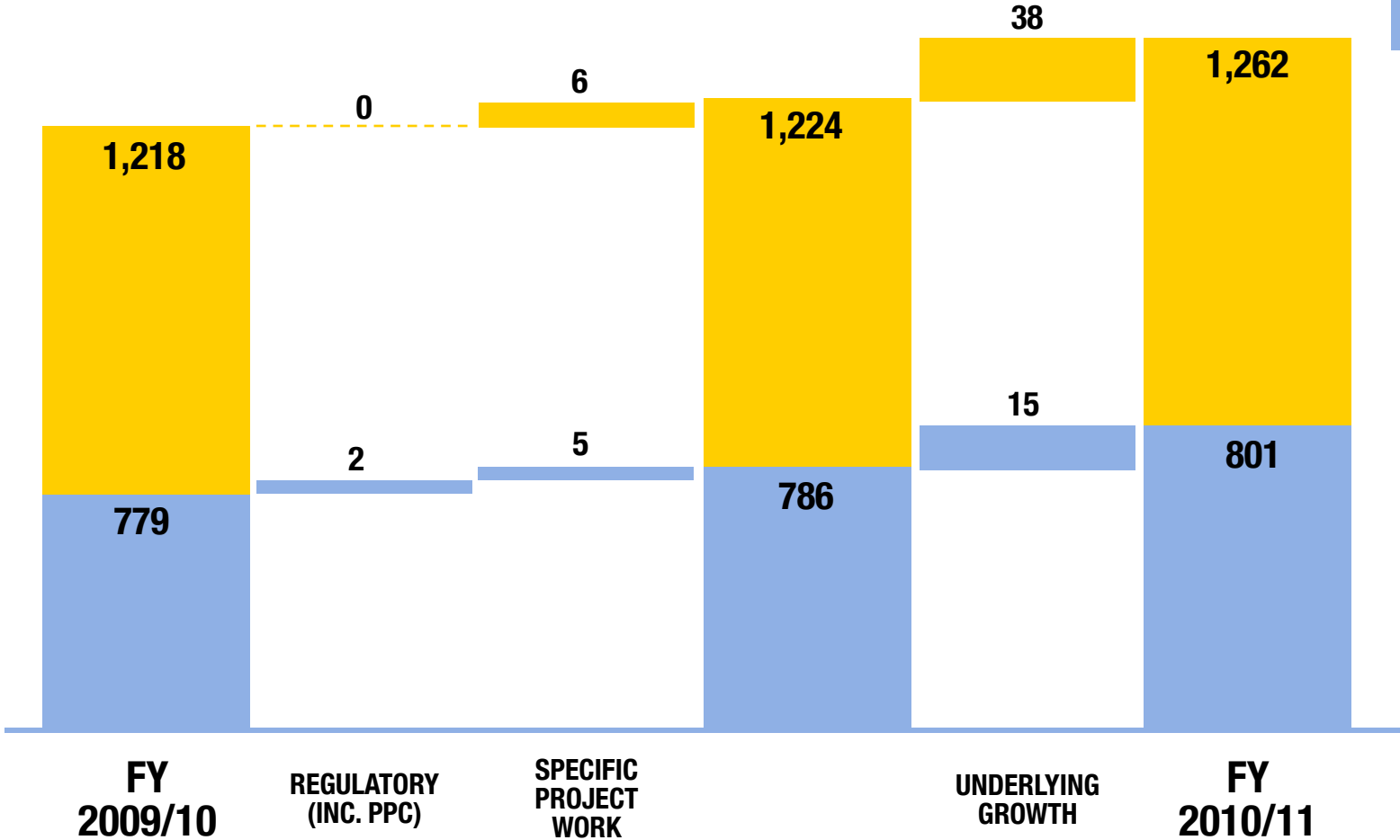
# REVENUE AND MARGIN BY PRODUCT

	FY 2010/11			FY 2009/10		
	REVENUE £M	GROSS MARGIN £M	GROSS MARGIN %	REVENUE £M	GROSS MARGIN £M	GROSS MARGIN %
<b>IP AND DATA</b>	<b>999</b>	<b>610</b>	<b>61%</b>	<b>978</b>	<b>605</b>	<b>62%</b>
<b>HOSTING AND APPLICATIONS</b>	<b>263</b>	<b>191</b>	<b>73%</b>	<b>240</b>	<b>174</b>	<b>73%</b>
<b>STRATEGIC PRODUCT SET</b>	<b>1,262</b>	<b>801</b>	<b>63%</b>	<b>1,218</b>	<b>779</b>	<b>64%</b>
<b>TRADITIONAL VOICE AND LEGACY</b>	<b>995</b>	<b>264</b>	<b>27%</b>	<b>1,047</b>	<b>296</b>	<b>28%</b>
<b>TOTAL WORLDWIDE</b>	<b>2,257</b>	<b>1,065</b>	<b>47%</b>	<b>2,265</b>	<b>1,075</b>	<b>47%</b>

# REVENUE AND MARGIN STRATEGIC PRODUCT SET

£M NOT TO SCALE

REVENUE  
GROSS MARGIN



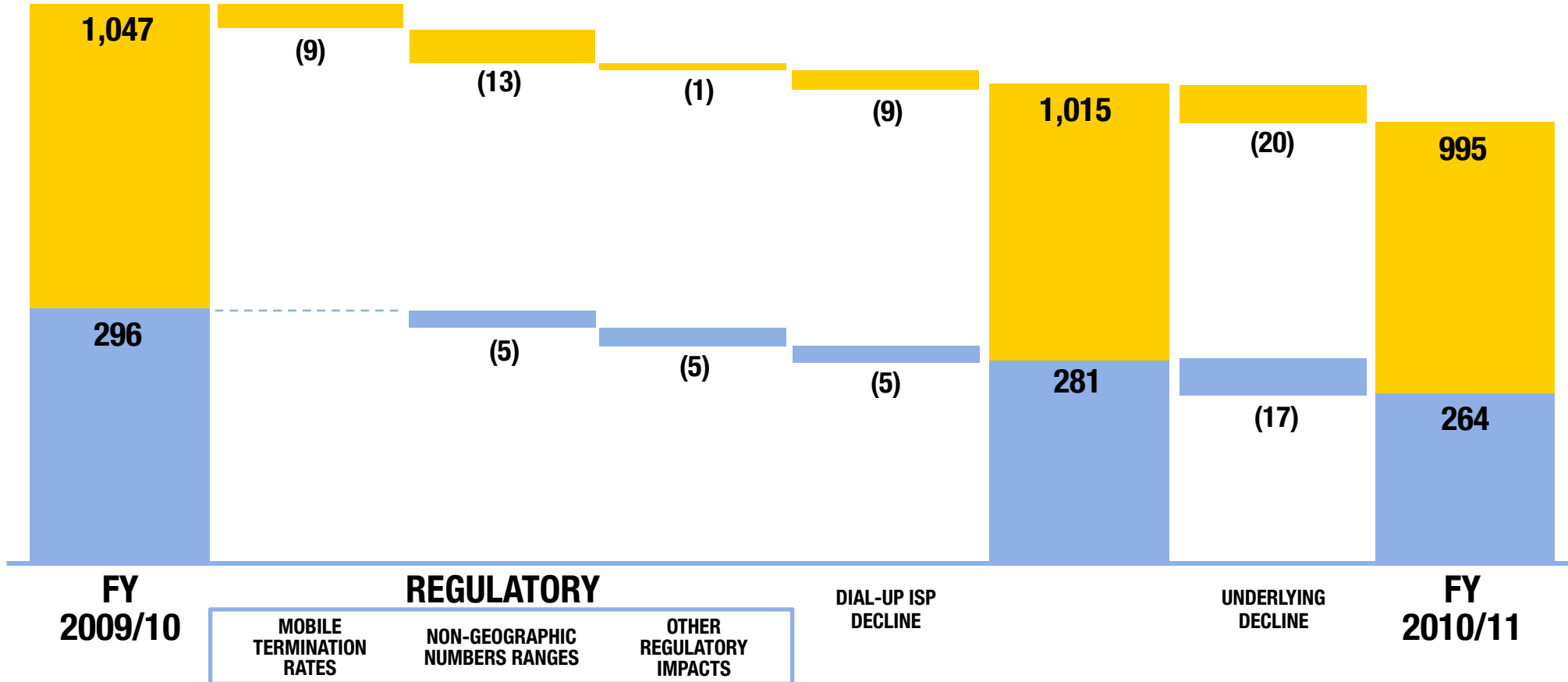
# REVENUE AND MARGIN

## TRADITIONAL VOICE & LEGACY PRODUCTS

£M NOT TO SCALE

REVENUE

GROSS MARGIN





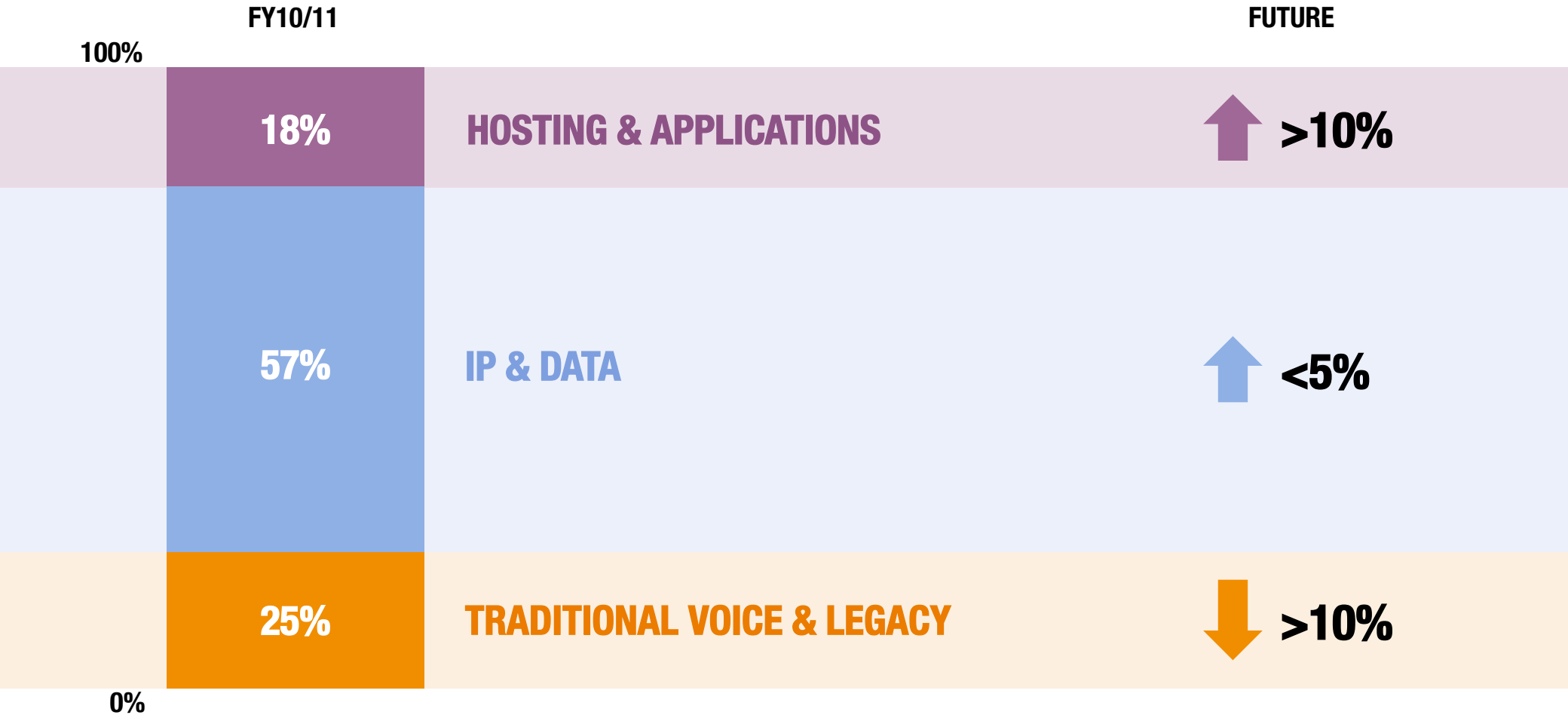
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**CHIEF EXECUTIVE OFFICER**

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# KEY MARGIN TRENDS

## MANAGING THE PRODUCT LIFECYCLE



# TRADITIONAL VOICE & LEGACY

## MANAGING THE END OF LIFE DYNAMICS

REDUCING VOICE NETWORK COSTS

MIGRATING CUSTOMERS TO IP & DATA

### YOY CHANGE

REVENUE

09/10

-15%

10/11

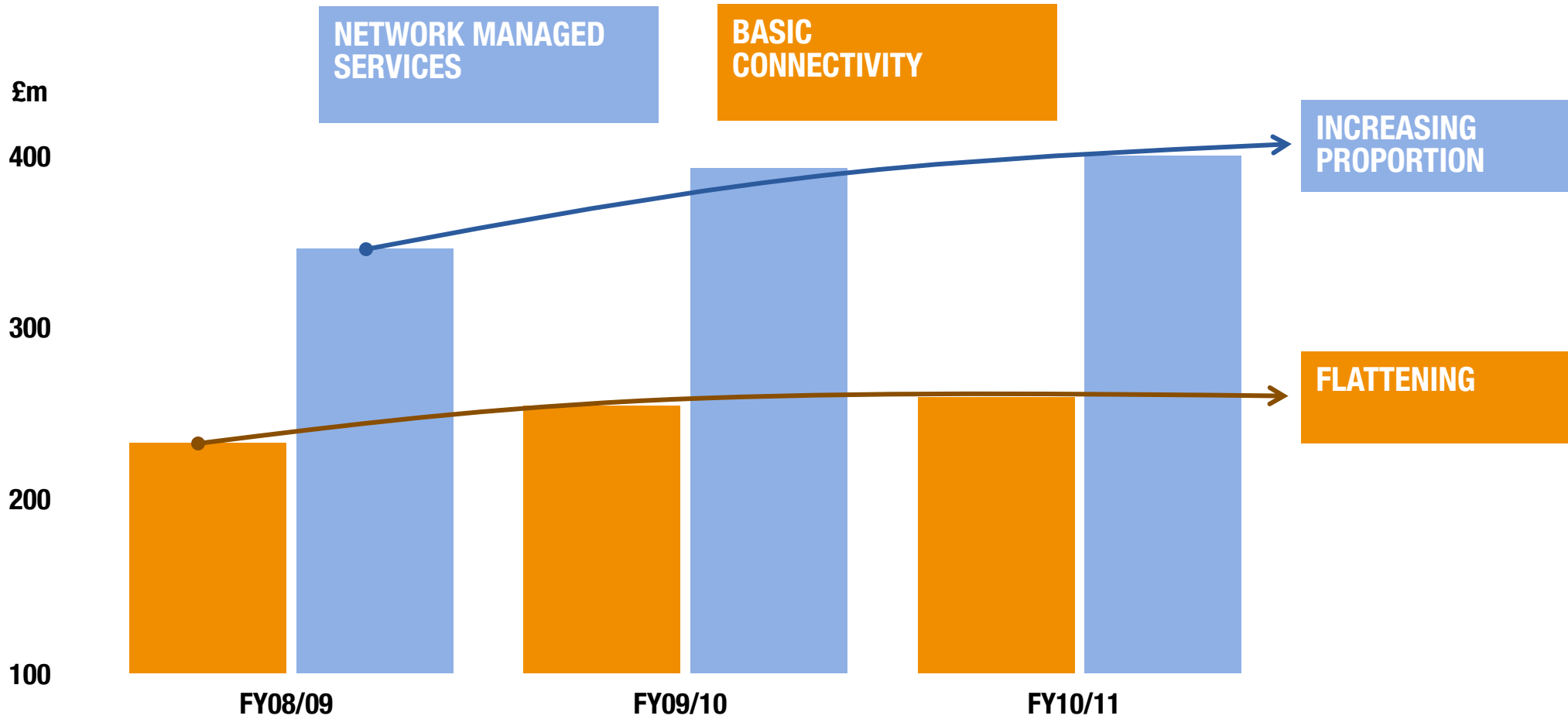
-5%

MARGIN

-10%

-11%

# IP & DATA RICHER MARGIN MIX



# IP & DATA

## BUILDING DIFFERENTIATED SERVICES

**DRIVING INTEGRATED PROPOSITIONS**

**HARNESSING GROWTH IN DEMAND FOR BANDWIDTH**

**EXTENDING REACH IN GROWTH REGIONS**

# HOSTING & APPLICATIONS

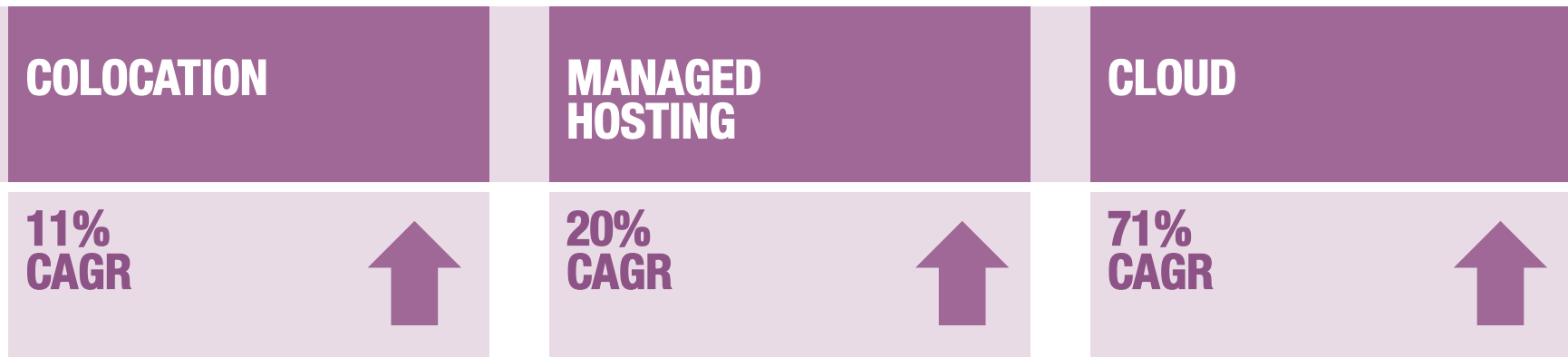
## EXPLOITING THE MOVE TO THE CLOUD

**CAPITALISING ON THE MOVEMENT FROM COLOCATION TO  
MANAGED HOSTING**

**DRIVING INTEGRATED PROPOSITIONS**

**DEVELOPING COMMUNICATIONS APPLICATION SERVICES**

# HOSTING & APPLICATIONS MARKET EVOLUTION



**INCREASING PROFITABILITY**

Source: OC&C 2011. CAGR 2010 to 2013

# HOSTING & APPLICATIONS

## KEY FINANCIALS

	COLOCATION	MANAGED HOSTING & APPLICATION SERVICES
REVENUE	£30m (up 3% yoy)	£233m (up 10% yoy)
GROSS MARGIN	£30m (up 2% yoy)	£161m (up 11% yoy)
ANNUAL REVENUE PER SQ FT	£0.4k	£4k*

\*Managed hosting (excludes Applications)

### MEDIUM TERM

EST. EBITDA %	c. 30%
EST. CAPEX %	c. 15%
EST. EBITDA MINUS CAPEX %	c. 15%

# STRATEGIC PRODUCT SET OVER 75% OF OUR MARGIN

IP & DATA

HOSTING

COMMUNICATIONS  
APPLICATIONS

**THE CLOUD**

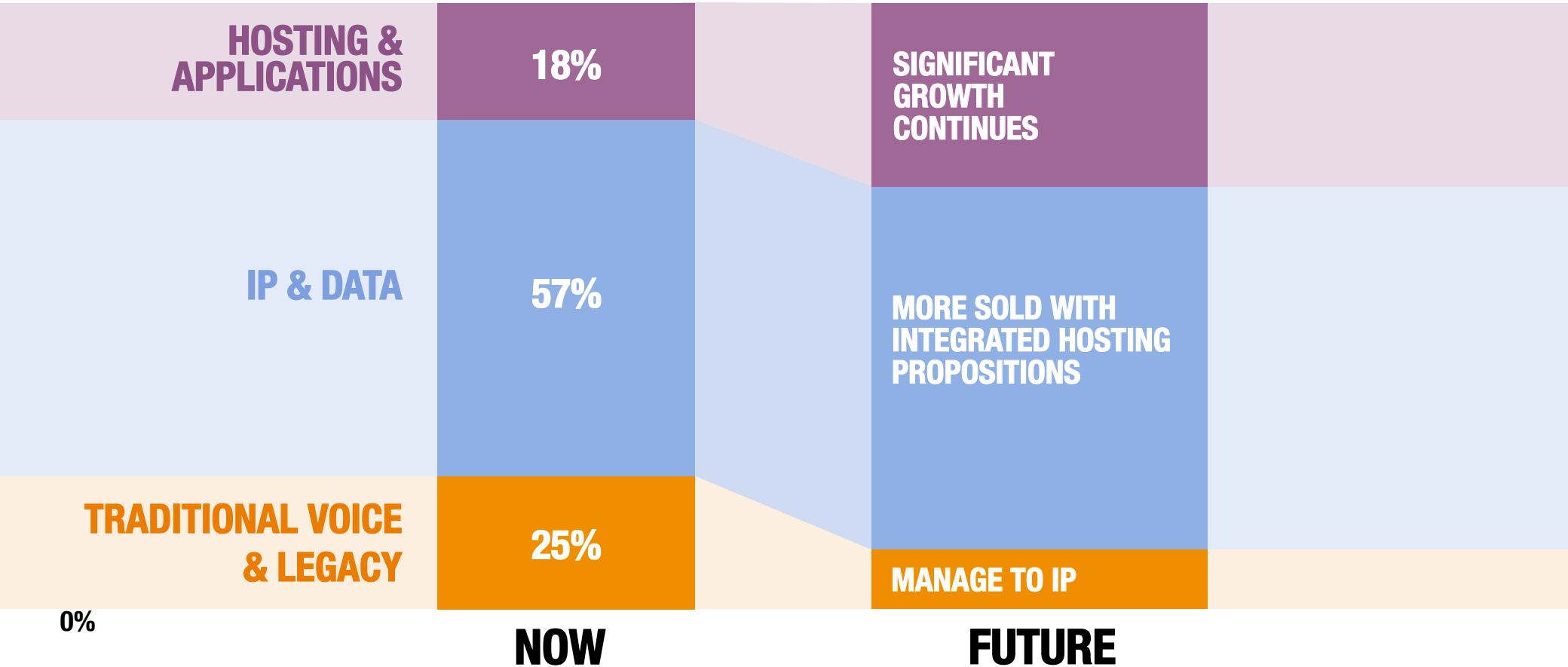
**WE WILL BECOME THE LEADING PROVIDER  
OF COMMUNICATIONS INTEGRATION SERVICES**

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# OUTLOOK

## EVOLVING MARGIN MIX

100%



0%

**NOW**

**FUTURE**

Note: Indicative future direction

# OUTLOOK

## OUR FUTURE DIRECTION

### OUTLOOK FOR 2011/12

**IMPACTED BY LEGACY**

**GROSS MARGIN GROWTH**

**OPEX HIGHER**

**EBITDA FLAT**

**TRADING CASH FLOW UP  
C. £50M**

**DIVIDEND MAINTAINED**

### LONGER TERM

**REVENUE GROWTH**

**LEGACY REDUCING**

**BETTER RETURN ON  
CAPITAL EMPLOYED**

**FCF GROWTH**

**DIVIDEND GROWING**

# CONCLUSION

## REMAIN FOCUSED ON 3 CORE OBJECTIVES

### GROWTH

**STRATEGIC REVENUE UP  
4% IN A DIFFICULT YEAR**

**HOSTING AND APPS  
GROWING 10%**

**PBT  
(PRE EXCEPTIONALS)  
UP 23%**

### UNIQUENESS

**DELIVERED CLOUD  
SERVICES TO VERTEX**

**SIGNED UK SMART  
ENERGY CLOUD  
PARTNERSHIP WITH IBM**

**LAUNCHED FLEXIBLE  
COMPUTING**

### CASH

**EXCEPTIONALS  
FALLING AWAY**

**TRADING CASH  
FLOW UP 63%**

**FREE CASH FLOW  
POSITIVE**



**Q&A**

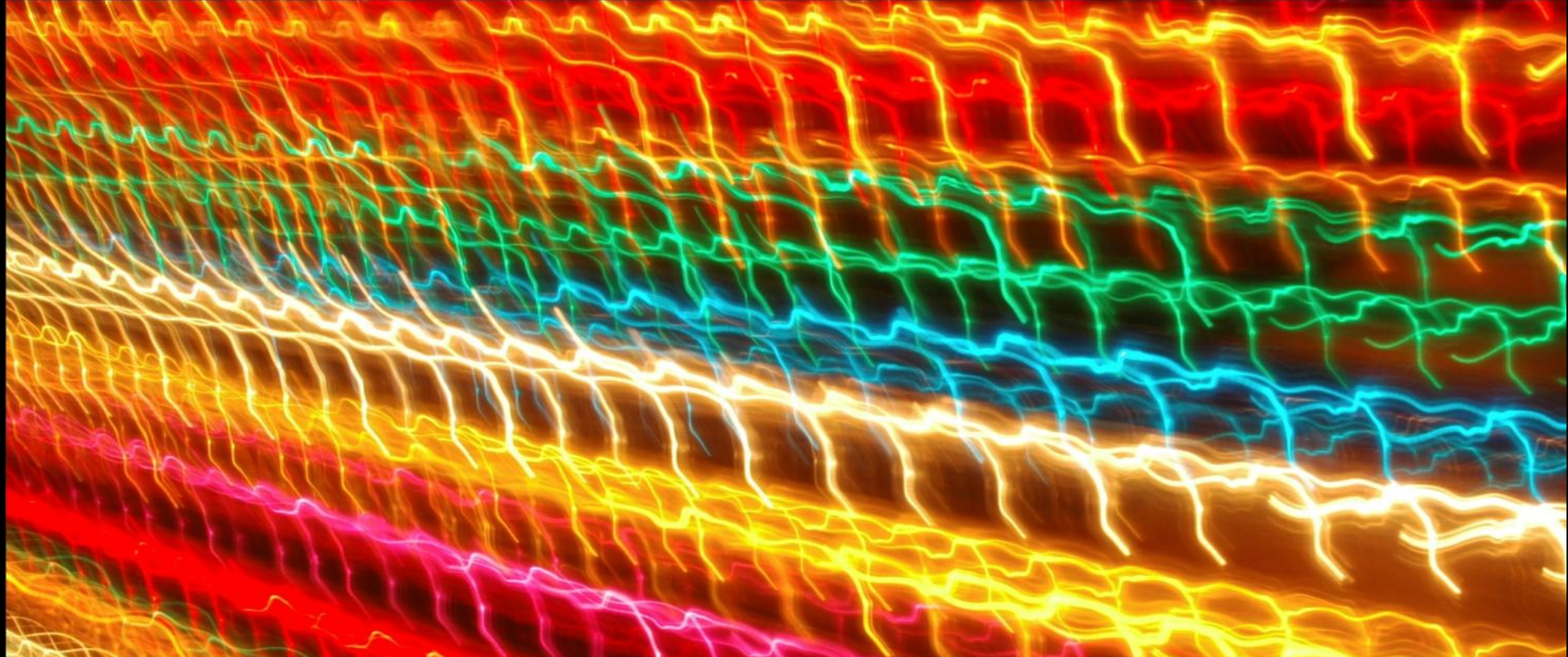
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# ANNUAL RESULTS 2010/11

## 24 MAY 2011

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# APPENDIX

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# REVENUE AND MARGIN BY CUSTOMER GROUP

		H2 2010/11			H1 2010/11			H2 2009/10			H1 2009/10		
		REVENUE £M	GROSS MARGIN £M	GROSS MARGIN %	REVENUE £M	GROSS MARGIN £M	GROSS MARGIN %	REVENUE £M	GROSS MARGIN £M	GROSS MARGIN %	REVENUE £M	GROSS MARGIN £M	GROSS MARGIN %
UK	ENTERPRISE	445	229	51%	404	217	54%	419	216	52%	418	230	55%
	PUBLIC SECTOR	147	92	63%	138	78	57%	151	90	60%	134	78	58%
	MID-MARKET DIRECT	53	32	60%	55	33	60%	58	38	66%	67	37	55%
	MID-MARKET INDIRECT	53	17	32%	51	16	31%	53	17	32%	64	26	41%
	UK-MID-MARKET	106	49	46%	106	49	46%	111	55	50%	131	63	48%
	CARRIER	155	50	32%	199	63	32%	171	55	32%	178	56	31%
	<b>TOTAL UK</b>	<b>853</b>	<b>420</b>	<b>49%</b>	<b>847</b>	<b>407</b>	<b>48%</b>	<b>852</b>	<b>416</b>	<b>49%</b>	<b>861</b>	<b>427</b>	<b>50%</b>
GLOBAL	ENTERPRISE	103	54	52%	92	46	50%	93	57	61%	91	42	46%
	CARRIER	178	69	39%	184	69	38%	179	69	39%	189	64	34%
	<b>TOTAL GLOBAL</b>	<b>281</b>	<b>123</b>	<b>44%</b>	<b>276</b>	<b>115</b>	<b>42%</b>	<b>272</b>	<b>126</b>	<b>46%</b>	<b>280</b>	<b>106</b>	<b>38%</b>
<b>TOTAL WORLDWIDE</b>		<b>1,134</b>	<b>543</b>	<b>48%</b>	<b>1,123</b>	<b>522</b>	<b>46%</b>	<b>1,124</b>	<b>542</b>	<b>48%</b>	<b>1,141</b>	<b>533</b>	<b>47%</b>

# REVENUE AND MARGIN BY PRODUCT

	H2 2010/11			H1 2010/11			H2 2009/10			H1 2009/10		
	REVENUE £M	GROSS MARGIN £M	GROSS MARGIN %	REVENUE £M	GROSS MARGIN £M	GROSS MARGIN %	REVENUE £M	GROSS MARGIN £M	GROSS MARGIN %	REVENUE £M	GROSS MARGIN £M	GROSS MARGIN %
<b>IP AND DATA</b>	<b>506</b>	<b>301</b>	<b>59%</b>	<b>493</b>	<b>309</b>	<b>63%</b>	<b>492</b>	<b>302</b>	<b>61%</b>	<b>486</b>	<b>303</b>	<b>62%</b>
<b>HOSTING AND APPLICATIONS</b>	<b>142</b>	<b>103</b>	<b>73%</b>	<b>121</b>	<b>88</b>	<b>73%</b>	<b>134</b>	<b>99</b>	<b>74%</b>	<b>106</b>	<b>75</b>	<b>71%</b>
<b>STRATEGIC PRODUCT SET</b>	<b>648</b>	<b>404</b>	<b>62%</b>	<b>614</b>	<b>397</b>	<b>65%</b>	<b>626</b>	<b>401</b>	<b>64%</b>	<b>592</b>	<b>378</b>	<b>64%</b>
<b>TRADITIONAL VOICE AND LEGACY</b>	<b>486</b>	<b>139</b>	<b>29%</b>	<b>509</b>	<b>125</b>	<b>25%</b>	<b>498</b>	<b>141</b>	<b>28%</b>	<b>549</b>	<b>155</b>	<b>28%</b>
<b>TOTAL WORLDWIDE</b>	<b>1,134</b>	<b>543</b>	<b>48%</b>	<b>1,123</b>	<b>522</b>	<b>46%</b>	<b>1,124</b>	<b>542</b>	<b>48%</b>	<b>1,141</b>	<b>533</b>	<b>47%</b>

# TRADING CASH FLOW CAPEX & WORKING CAPITAL

	FY 2010/11 £M	FY 2009/10 £M
<b>EBITDA</b>	<b>442</b>	<b>431</b>
<b>BALANCE SHEET CAPEX<sup>1</sup></b>	<b>(282)</b>	<b>(279)</b>
<b>FINANCE LEASES</b>	<b>58</b>	<b>21</b>
<b>MOVEMENT IN CAPEX CREDITOR</b>	<b>(15)</b>	<b>1</b>
<b>CASH CAPEX</b>	<b>(239)</b>	<b>(257)</b>
<b>CASH EXCEPTIONALS</b>	<b>(37)</b>	<b>(70)</b>
<b>WORKING CAPITAL AND OTHER<sup>2</sup></b>	<b>(50)</b>	<b>(33)</b>
<b>TRADING CASH FLOW</b>	<b>116</b>	<b>71</b>

<sup>1</sup> Balance sheet capital expenditure excludes capitalised borrowing costs and asset retirement obligation movements

<sup>2</sup> Other includes £5m of proceeds from asset disposals and finance income

# REDUCING EXCEPTIONALS BY BUSINESS

		ACTUAL	FORECAST		
INCOME STATEMENT	£M	FY 2010/11	2011/12	2012/13	2013/14
	<b>ENERGIS</b>	(6)	-	-	-
	<b>THUS</b>	(9)	-	-	-
	<b>DEMERGER</b>	(2)	-	-	-
	<b>TOTAL</b>	(17)	-	-	-
CASH	<b>ENERGIS</b>	(18)	(14)	(13)	(8)
	<b>THUS</b>	(13)	(2)	(1)	(2)
	<b>DEMERGER</b>	(6)	-	-	-
	<b>TOTAL</b>	(37)	(16)	(14)	(10)

REDUNDANT PROPERTY AND NETWORK COSTS