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# **COLT Q1 2009 Results Analyst Conference Call**

**1 May 2009**

# Forward looking statements

This presentation contains ‘forward-looking statements’ including statements concerning plans, future events or performance and underlying assumptions and other statements which are other than statements of historical fact. COLT Telecom Group S.A., “the Group”, wishes to caution readers that any such forward looking statements are not guarantees of future performance and certain important factors could in the future affect the Group’s actual results and could cause the Group’s actual results for future periods to differ materially from those expressed in any forward looking statement made by or on behalf of the Group. These include, among others, the following: (i) any adverse change in the laws, regulations and policies governing the ownership of telecommunications licenses, (ii) the ability of the Group to expand and develop its networks in new markets, (iii) the Group’s ability to manage its growth, (iv) the nature of the competition that the Group will encounter and (v) unforeseen operational or technical problems. The Group undertakes no obligation to release publicly the results of any revision to these forward looking statements that may be made to reflect errors or circumstances that occur after the date hereof.



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**Rakesh Bhasin**  
Chief Executive Officer

# Financial Headlines

€m	Q1 09	Q1 08	Change	Q4 08	Change
<b>Total revenue</b>	<b>416.2</b>	<b>410.9</b>	<b>5.3</b>	<b>427.5</b>	<b>(11.3)</b>
<b>Data revenue</b>	<b>199.7</b>	<b>192.6</b>	<b>7.1</b>	<b>202.4</b>	<b>(2.7)</b>
<b>Managed Services</b>	<b>37.3</b>	<b>28.1</b>	<b>9.2</b>	<b>35.0</b>	<b>2.3</b>
<b>GMBD %</b>	<b>38.9</b>	<b>38.9</b>	<b>--</b>	<b>39.5</b>	<b>(0.6)</b>
<b>SG&amp;A</b>	<b>83.1</b>	<b>87.7</b>	<b>4.6</b>	<b>90.4</b>	<b>7.3</b>
<b>EBITDA</b>	<b>78.9</b>	<b>72.1</b>	<b>6.8</b>	<b>78.6</b>	<b>0.3</b>
<b>PBT</b>	<b>17.1</b>	<b>8.6</b>	<b>8.5</b>	<b>11.2</b>	<b>5.9</b>
<b>Free Cashflow</b>	<b>(11.1)</b>	<b>(16.5)</b>	<b>5.4</b>	<b>23.5</b>	<b>(34.6)</b>

Favourable (adverse) change

All numbers exclude exceptional item

# Highlights Q1 2009

- > Completed Open Offer – net proceeds of €196.3m
- > Maintained progress despite the challenges of the wider economy showing resilience of the business model
  - Data revenue growth slowing slightly
  - Managed Services growth resilient
  - EBITDA continues to improve
  - Seasonal cash outflow
- > Further progress on key initiatives – Next Generation Network, Billing



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# **Tony Bates**

**Chief Operating Officer and Acting Group CFO**

# Open Offer detail

- > Raised €196.3m after costs of €2.8m
- > €9.7m gain from forward exchange contracts
- > Upgrades from S&P (B to BB-) and Moody's (B2 to B1 with +ve outlook)
- > Redeemed loan notes (€262.2m + €6.8m accrued interest) 17 April
- > Expect €9.7m of net interest saving in remainder of the year
- > Reduction in the nominal value of shares from €1.25 to €0.50

# Headlines – Q1

€m	Q1 09	Q1 08	Trading change*	Currency impact	Q4 08	Trading change*	Currency impact
<b>Total revenue</b>	<b>416.2</b>	<b>410.9</b>	<b>18.5</b>	<b>(13.2)</b>	<b>427.5</b>	<b>(5.6)</b>	<b>(5.7)</b>
<b>Data revenue</b>	<b>199.7</b>	<b>192.6</b>	<b>14.4</b>	<b>(7.3)</b>	<b>202.4</b>	<b>0.5</b>	<b>(3.2)</b>
<b>Managed Services</b>	<b>37.3</b>	<b>28.1</b>	<b>10.9</b>	<b>(1.7)</b>	<b>35.0</b>	<b>3.1</b>	<b>(0.8)</b>
<b>GMBD %</b>	<b>38.9</b>	<b>38.9</b>	<b>--</b>	<b>--</b>	<b>39.5</b>	<b>(0.6)</b>	<b>--</b>
<b>SG&amp;A</b>	<b>83.1</b>	<b>87.7</b>	<b>(1.9)</b>	<b>6.5</b>	<b>90.4</b>	<b>4.7</b>	<b>2.6</b>
<b>EBITDA</b>	<b>78.9</b>	<b>72.1</b>	<b>4.4</b>	<b>2.4</b>	<b>78.6</b>	<b>(0.6)</b>	<b>0.9</b>
<b>PBT</b>	<b>17.1</b>	<b>8.6</b>	<b>2.8</b>	<b>5.7</b>	<b>11.2</b>	<b>3.6</b>	<b>2.3</b>
<b>Free Cashflow</b>	<b>(11.1)</b>	<b>(16.5)</b>	<b>(1.2)</b>	<b>6.6</b>	<b>23.5</b>	<b>(37.4)</b>	<b>2.8</b>

\*At constant € exchange rates

All numbers exclude exceptional item

Favourable (adverse) change

# Revenue and Deferred Revenue

<b>Revenue</b>	<b>Q1 09 €m</b>	<b>Trading change v Q1 08 %</b>	<b>Currency impact v Q1 08 %</b>	<b>Trading change v Q4 08 %</b>	<b>Currency impact v Q4 08 %</b>
Data	199.7	7.5	(3.8)	0.2	(1.5)
Managed Services	37.3	38.8	(6.1)	8.9	(2.3)
Corporate & Reseller Voice	121.9	(8.2)	(1.8)	(3.9)	(0.7)
Carrier Voice	57.3	7.9	(3.1)	(6.9)	(1.1)
<b>Total Revenue</b>	<b>416.2</b>	<b>4.5</b>	<b>(3.2)</b>	<b>(1.3)</b>	<b>(1.3)</b>

  

<b>Deferred Revenue €m</b>	<b>Q1 09</b>	<b>Trading change v Q1 08</b>	<b>Currency impact v Q1 08</b>	<b>Trading change v Q4 08</b>	<b>Currency impact v Q4 08</b>
Data	133.2	5.9	(7.2)	0.5	1.7
Managed Services	54.6	9.3	(5.4)	(0.6)	1.1
<b>Total</b>	<b>187.8</b>	<b>15.2</b>	<b>(12.6)</b>	<b>(0.1)</b>	<b>2.8</b>

# Revenue - Business Divisions

		Q1 09 €m	Trading change v Q1 08 %*	Currency impact v Q1 08 %	Trading change v Q4 08 %*	Currency impact v Q4 08 %
<b>Major Enterprise</b>	Data	103.2	3.4	(3.9)	(0.2)	(1.7)
	Managed Services	30.1	46.2	(6.8)	13.1	(2.4)
	Corporate & Reseller	39.0	(5.7)	(3.6)	(0.1)	(1.7)
	<b>Total</b>	<b>172.3</b>	<b>6.6</b>	<b>(4.2)</b>	<b>1.9</b>	<b>(1.8)</b>
<b>SME</b>	Data	45.0	8.2	(2.6)	(1.7)	(1.1)
	Managed Services	6.0	15.2	(4.1)	(8.7)	(1.7)
	Corporate & Reseller	64.1	(10.2)	(1.3)	(5.4)	(0.5)
	<b>Total</b>	<b>115.1</b>	<b>(2.5)</b>	<b>(1.9)</b>	<b>(4.1)</b>	<b>(0.9)</b>
<b>Wholesale</b>	Data	51.5	16.0	(4.8)	3.0	(1.8)
	Managed Services	1.2	9.4	(0.3)	9.4	(0.3)
	Corporate & Reseller	18.8	(6.5)	--	(6.0)	--
	Carrier Voice	57.3	7.9	(3.1)	(6.9)	(1.1)
	<b>Total</b>	<b>128.8</b>	<b>8.6</b>	<b>(3.2)</b>	<b>(2.9)</b>	<b>(1.2)</b>

\*At constant € exchange rates and calculated using restated comparatives for 2008

# Cash flow

€m	Q1 09	Q1 08	Q4 08
<b>EBITDA</b>	<b>78.9</b>	<b>72.1</b>	<b>78.6</b>
<b>Capital expenditure</b>	<b>(49.6)</b>	<b>(67.5)</b>	<b>(78.9)</b>
<b>Deferred revenue</b>	<b>(0.8)</b>	<b>7.3</b>	<b>2.4</b>
<b>Working capital</b>	<b>28.5</b>	<b>11.9</b>	<b>2.1</b>
<b>Provisions</b>	<b>(40.3)</b>	<b>(27.9)</b>	<b>29.5</b>
<b>Interest</b>	<b>(1.3)</b>	<b>(1.4)</b>	<b>(1.2)</b>
<b>Free cash flow</b>	<b>2.0</b>	<b>0.9</b>	<b>(6.9)</b>
<b>Equity Issue</b>	<b>(11.1)</b>	<b>(16.5)</b>	<b>23.5</b>
<b>Total cash flow</b>	<b>196.3</b>	<b>0.4</b>	<b>--</b>
<b>Net funds/(debt)</b>	<b>185.2</b>	<b>(16.1)</b>	<b>23.5</b>
	<b>195.9</b>	<b>(49.2)</b>	<b>11.4</b>

# Capital expenditure

€m	Q1 09	% of total	Q1 08	% of total	Q4 08	% of total
1. Data	36.0	72.6%	45.1	66.8%	45.7	57.9%
2. Managed Services	5.0	10.1%	6.8	10.1%	13.1	16.6%
Total success based	41.0	82.7%	51.9	76.9%	58.8	74.5%
3. Other	8.6	17.3%	15.6	23.1%	20.1	25.5%
Total capital expenditure	49.6	100.0%	67.5	100.0%	78.9	100.0%

## Definitions:

1. Capital expenditure on customer premises and elsewhere in the network to support the acquisition of new Data revenue customer contracts
2. Build out of data centres and customer specific capital expenditure within data centres
3. IT, core network, new product development and office infrastructure



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