

## ZEGONA REPORTS ACCELERATING MOMENTUM AT TELECABLE

### ***Robust 2015 performance at Telecable with accelerating 2016 momentum***

London, January 20, 2016 – Zegona Communications plc updates investors on performance of its first acquisition, Telecable, ahead of full audited results to be issued in March 2016.

- Zegona listed in March 2015 to acquire businesses in European TMT sector
- Telecable, Spanish cable operator, acquired in August 2015 for €640 million
- Telecable 2015 results fully in line with Zegona pre-acquisition expectations
  - Continuing growth in revenue, EBITDA and cash flow
  - Q4 2015 revenue growth highest in last 5 years
- Moody's rated Telecable B1, the highest rating of any European TMT company of its size
- Telecable is expected to deliver accelerating growth in revenue, EBITDA and cash flow in 2016, underpinned by:
  - Product and service enhancements driving increased customer revenues
  - Momentum in the business following strong Q4 2015 financial performance
  - Price repair in the Spanish telecoms market (as anticipated when acquiring the business)
  - Improving Spanish economic environment
- Zegona continues to see significant investment opportunities in European TMT

### ***Zegona very pleased with Telecable acquisition and continues to see significant investment opportunities across Europe***

Zegona is a publicly listed operating company whose objective is to acquire businesses in the European TMT sector with a 'Buy-Fix-Sell' strategy to deliver shareholder returns through fundamental business improvements. Zegona acquired Telecable, the leading quadplay cable telecommunications operator in the Asturias region of Spain, in August 2015 for €640 million.

Eamonn O'Hare, Zegona Chairman and CEO, commented: "Telecable is our first acquisition and has made a great start under Zegona ownership. We are particularly pleased with the strong finish to 2015 and are increasingly confident about Telecable's growth prospects in 2016. Telecable's growth has outperformed other players in the Spanish market in recent years and we expect this track record to be maintained. More broadly, we continue to see significant opportunities for additional acquisitions as we look out across the European TMT landscape, but we also remain very thoughtful and disciplined as we continue to focus on driving shareholder value."

### ***Telecable acquisition performing well, with strong finish to 2015***

The Telecable business has made a strong start under Zegona's ownership. The preliminary 2015 results for Telecable are fully in line with Zegona's pre-acquisition expectations, with continuing growth in revenues, EBITDA and cash flow. Momentum has built post acquisition, driven primarily by the implementation of strategic improvements under Zegona's ownership and recovery in the Spanish telecoms market. As a result, in 2015, Telecable delivered its highest Q4 revenue growth in the last 5 years.

Zegona's full audited results for 2015 are expected to be published in early March 2016 when a more detailed statement on trading performance and key metrics will be issued.

### ***Moody's gives Telecable the highest rating of any European TMT company of its size***

The underlying strength of the Telecable business is confirmed by Moody's recently completed in-depth review of the business as part of its debt ratings service. The resulting B1 rating announced on Thursday 14<sup>th</sup> January 2016 is in line with or better than many far larger European cable operators and represents the highest rating of any European TMT company of Telecable's size (see the Moody's press release for further details).

### ***Strategic initiatives to drive growth***

Since acquiring the business, Zegona has worked closely with the Telecable management team to further develop the business and the services it provides, and has implemented a number of significant strategic initiatives.

- *Growth in consumer revenues being driven by broadband speed increases and innovative TV services:* Since being acquired by Zegona, Telecable has doubled the minimum broadband speed offered over its high-speed cable infrastructure from 100Mb to 200Mb and has launched its Máximo 500Mb product. Telecable's market-leading offer was recently recognized by Netflix, which confirmed in its first published comparison test in the country that Telecable has the fastest network in Spain. Telecable customers also benefit from access to both La Liga and Champions League football content, and with its Over-the-Top TV offering, Telecable has expanded its reach beyond its home Asturias market for the first time
- *Renewed focus on B2B platform:* Zegona has placed a high priority on growing Telecable's enterprise customer base and, following management and product changes, the B2B customer segment delivered its highest year-on-year quarterly customer volume and ARPU growth rates in Q4 2015
- *Enhanced mobile experience for all customers:* With Zegona leadership, on 1<sup>st</sup> January 2016, Telecable increased all mobile broadband data allowances by at least two times. The company also continues to expand its Wifisfera service, which already provides the most extensive WiFi network coverage in the Asturias region, increasing the traffic carried by 60% in 2015 and significantly enhancing customers' mobile experience and Telecable's economics.

### ***Growing business momentum into 2016***

Building on the strong financial start, Zegona continues to have great confidence in Telecable's business momentum, leading to expectations of accelerating growth in revenues, EBITDA and cash flow for 2016. This confidence is based on the combination of:

- *Product and service enhancements:* These are driving increased growth in the number of products per customer across both the consumer and B2B customer bases
- *Strong Q4 2015:* The financial performance achieved at the end of 2015 demonstrated the growing momentum in the business and the ability of Telecable to continue to generate significant cash flow and reduce its financial leverage through 2016
- *Industry pricing power returning:* As we anticipated when acquiring Telecable, we are seeing the early stages of price repair in the Spanish telecoms market. All major operators increased consumer prices during 2015 and the incumbent provider Telefonica has recently announced further price increases for February 2016. In addition, Telecable increased consumer prices on 1<sup>st</sup> January 2016, with fixed-line and bundled offer prices rising by €2 per month for all customers
- *Further recovery of the Spanish economy:* The European Commission has forecast Spanish GDP growth of 2.7% in 2016, well ahead of the Euro area average of 1.8%

## ***Enquiries***

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## **Notes to Editors:**

### ***About Zegona and Telecable***

Zegona was established with the objective of acquiring businesses in the European Telecommunications, Media and Technology sector with a 'Buy-Fix-Sell' strategy to deliver attractive shareholder returns. Zegona is listed on The London Stock Exchange's Main Market and is led by former Virgin Media executives Eamonn O'Hare and Robert Samuelson.

Zegona's first acquisition was the €640 million purchase of Telecable, the leading quadplay cable telecommunications operator in the Asturias region of Spain, which completed in August 2015. Zegona believes Telecable represents a compelling investment because of its market leading position in Asturias and strong cash generation, coupled with attractive dynamics in the Spanish telecommunications market and Spanish economy. In 2014, Telecable delivered revenues of €131million, EBITDA of €63 million and EBITDA-Capex of €35 million.

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