



TELECABLE – Q1 2016 RESULTS

STRONG Q1 2016 PERFORMANCE AT TELECABLE

22 June 2016

Zegona Communications plc (LSE: ZEG) announces Telecable results for the quarter ending 31 March 2016.

	Telecable Q1 2016 ¹
Revenue	€34.9 million
EBITDA ²	€16.6 million
Cash Flow ³	€8.8 million

Strong start to the year

- Revenue up 5.7% to €34.9 million
- Q1 year on year revenue growth highest in last 6 years
- EBITDA up 3.7% to €16.6 million
- Cash Flow up 11.1% to €8.8 million

On track to deliver full year growth guidance

- Underpinned by consumer price increase in January of €2 per month for enhanced product offers
- Business segment results driven by growth in both customers numbers and ARPU
- On track to deliver full year mid-single digit revenue growth and double digit cash flow growth

Attractive cash returns to shareholders

- 4.5 pence dividend policy per ordinary share for 2016
- Incremental capital return potential via share buybacks and/or special distributions

Zegona pleased with progress to date

- Telecable is delivering strong results, driven by Zegona's priority of sustainable enhanced cash generation
- Significant progress being made on key strategic initiatives
- Zegona continues to see many attractive investment opportunities across the European TMT landscape

Eamonn O'Hare, Zegona's Chairman and CEO commented: "Telecable has a clear strategy that is delivering results and its first quarter performance reflects our focus on fundamentally improving cash flows. We are encouraged by the continuing growth in the business, underpinned by the recent consumer price rise and progress in growing the mobile and business divisions. This performance, together with further evidence of price repair in the Spanish telecoms market and the improving economic environment, gives us confidence that Telecable will continue to deliver strong growth across its key financial metrics in 2016."

"As we look out across the European TMT landscape, we see many attractive investment opportunities. We will continue to evaluate those transactions which can be executed efficiently, enhance shareholder returns and which satisfy our disciplined financial criteria."

¹ Unaudited management accounts results for Telecable for three months ended 31 March 2016

² EBITDA defined as operating profit/loss before interest, taxes, depreciation, amortization expenses and other non-recurring project and M&A costs

³ Cash Flow is defined as EBITDA minus Capex on an accruals basis

Enquiries

Tavistock (Public Relations adviser)

Tel: +44 (0)20 7920 3150

Matt Ridsdale – matt.ridsdale@tavistock.co.uk

Lulu Bridges – lulu.bridges@tavistock.co.uk

Mike Bartlett – mike.bartlett@tavistock.co.uk

Notes to Editors:

About Zegona

Zegona was established with the objective of acquiring businesses in the European Telecommunications, Media and Technology (“TMT”) 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 quad play 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 telecoms market and Spanish economy. In 2015, Telecable delivered revenues of €134.4 million, EBITDA of €65.0 million and Cash Flow of €36.1 million.

Forward-looking Statements

Certain statements in this Announcement are forward-looking statements which are based on Zegona’s expectations, intentions and projections regarding its future performance, anticipated events or trends and other matters that are not historical facts. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, Zegona undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. The information contained in this Announcement is subject to change without notice and Zegona does not assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained herein.

APPENDIX 1

Telecable Summary Financial Results (Unaudited)

Figures in € million	Q1		Change
	2015	2016	
Consumer Revenue	24.4	25.3	3.7%
Business Revenue	8.7	9.7	11.4%
Total Revenue¹	33.0	34.9	5.7%
EBITDA	16.0	16.6	3.7%
Capex	8.1	7.8	-3.6%
Cash Flow	7.9	8.8	11.1%

Figures in € million	Q1	Q2	Q3	Q4	Q1
	2015	2015	2015	2015	2016
Consumer Revenue	24.4	24.7	24.9	25.1	25.3
Business Revenue	8.7	8.6	8.8	9.3	9.7
Total Revenue¹	33.0	33.3	33.7	34.4	34.9
EBITDA	16.0	16.7	16.2	16.2	16.6
Capex	8.1	6.2	7.4	7.3	7.8
Cash Flow	7.9	10.5	8.8	8.9	8.8

Notes

Consumer includes Consumer Fixed and Consumer Mobile

Business includes SoHo, Enterprise and Business Mobile

EBITDA defined as operating profit/loss before interest, taxes, depreciation, amortization expenses and other non-recurring project and M&A costs

Capex defined as accrued capital expenditure

Cash Flow defined as EBITDA minus Capex

¹ Total revenues, based on unaudited consolidated management accounts of the Telecable Group* prepared in accordance with IFRS. For information purposes, there are presentational differences between these and Zegona's consolidated financial statements. The Telecable Group results net off interconnection and portability revenues against an equivalent level of costs, whereas such revenues and costs are included gross in Zegona's consolidated financial statements. Other revenues relating to film investment and marketing campaigns are included in the Telecable Group results, but are not included in revenue in Zegona's consolidated financial statements (but are recorded before operating profit).

*Telecable Group consolidates Telecable Capital Holding SAU, Telecable de Asturias SAU and Parselaya SL

APPENDIX 2

Progress on Telecable's Strategic Initiative Priorities

Grow Consumer Revenues*:

- Doubled minimum broadband speed to 200Mbps and launched 500Mbps
- Premium football customers increased by 49%
- Set-top box penetration at 35% and growing rapidly
- Increased consumer prices by €2 per month in January 2016
- Strong ARPU growth, now at record high €60/month

Enhance Mobile Experience*:

- Doubled mobile data allowances in January 2016
- Continued WiFi hotspot rollout with over 70% increase in traffic volumes
- 20k Consumer postpaid net additions in Q1 2016 (+20% YoY)
- Quadplay penetration now at record 36% with further growth upside

Renewed focus on business clients**:

- Product changes and investment in management / sales force
- Leverage superior network and premium content to win share in bars/restaurants

Improve Capex productivity:

- Increased efficiency in sales distribution, network maintenance and customer installations
- Development of self-care and self-install solutions
- Reinvest savings into revenue growth opportunities (e.g., set-top boxes)
- EBITDA-Capex conversion increased from 49% in Q1 2015 to 53% in Q1 2016

Notes

* Includes Consumer Mobile

** Includes Business Mobile