



TELECABLE – Q3 2016 RESULTS

CONTINUED GROWTH AT TELECABLE AND INNOVATIVE NEW MOBILE ACCESS CONTRACT WITH TELEFONICA

21st November 2016

Zegona Communications plc (LSE: ZEG) announces Telecable results for the quarter ending 30 September 2016

Telecable Q3 2016¹

Revenue	€34.2 million
EBITDA ²	€16.0 million
Cash Flow ³	€9.2 million

Solid business performance in quarter

- Revenue up 1.5% versus strong Q3 2015 performance to €34.2 million (up 3.4% YTD), with consumer ARPU up 3.6% to €60
- EBITDA reflects incremental investment in football offer, helping grow residential football customers in Asturias by 12%
- Cash Flow up 5.1% to €9.2 million versus Q3 2015 (15% improvement before incremental football offer investment)

Significant steps taken to accelerate growth

- New mobile access contract with Telefonica delivers 4G data and much improved data pricing on a sustainable basis
- Mobile penetration and quad-play customers continue to grow – new Telefonica contract will reinforce mobile expansion
- Football investment enhances Telecable's premium channel offer, delivering more higher quality customers
- Robust business segment performance with revenues up 8% versus Q3 2015
- On track to deliver full year revenue growth of 3-4% and Cash Flow growth of 10%

Attractive cash returns to shareholders

- Initial 2.25 pence dividend paid in October with further 2.25 pence expected to be paid in March 2017
- Progressive dividend policy confirmed, supported by strong Cash Flow growth
- Debt refinancing discussions well advanced with opportunity to materially reduce interest costs

Eamonn O'Hare, Zegona's Chairman and CEO commented: "Telecable is succeeding in investing for the future at the same time as it fundamentally improves cash returns. Our new mobile access agreement with Telefonica enables us to offer our customers a market-leading mobile service, including high speed 4G data, and we believe this will help accelerate growth in highly valuable convergence customers next year and beyond. The strong Spanish economy and further evidence of price repair in the communications sector, allied with Telecable's excellent market positioning, gives us confidence that we will continue to deliver strong performance across our key financial metrics for full year 2016 and into 2017."

"Beyond Spain, we continue to see a number of attractive new investment opportunities as we look out across the European TMT landscape. We will 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 30 September 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 capital expenditure on an accruals basis

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Notes to Editors:

About Zegona

Zegona was established in 2015 with the objective of acquiring businesses in the European TMT sector with a 'Buy-Fix-Sell' strategy to deliver attractive shareholder returns. Zegona is listed on the standard segment of 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 that 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.

This announcement includes inside information.

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APPENDIX 1

Telecable Summary Financial Results (Unaudited)

Figures in € million	Q3			YTD Q3		
	2015	2016	Change	2015	2016	Change
Consumer Revenue	24.9	24.8	-0.6%	73.9	75.2	1.7%
Business Revenue	8.8	9.5	7.6%	26.1	28.3	8.4%
Total Revenue¹	33.7	34.2	1.5%	100.0	103.5	3.4%
EBITDA	16.2	16.0	-1.3%	48.8	49.3	0.9%
Capex	7.4	6.7	-8.9%	21.6	19.6	-9.2%
Cash Flow	8.8	9.2	5.1%	27.2	29.6	8.8%

Figures in € million	Q3	Q4	Q1	Q2	Q3
	2015	2015	2016	2016	2016
Consumer Revenue	24.9	25.1	25.3	25.1	24.8
Business Revenue	8.8	9.3	9.7	9.2	9.5
Total Revenue¹	33.7	34.4	34.9	34.3	34.2
EBITDA	16.2	16.2	16.6	16.7	16.0
Capex	7.4	7.3	7.8	5.1	6.7
Cash Flow	8.8	8.9	8.8	11.6	9.2

Notes

Consumer includes Consumer Fixed and Consumer Mobile

Business includes SoHo, Enterprise and Other Revenue

EBITDA defined as operating profit/loss before interest, taxes, depreciation, amortisation 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 are based on unaudited consolidated management accounts of the Telecable Group prepared in accordance with IFRS. For information purposes, the material presentational differences between these and Zegona's consolidated financial statements are as follows:

- 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 ("Telecable") consolidates Telecable Capital Holding SAU, Telecable de Asturias SAU and Parselaya SL

APPENDIX 2

Progress on Telecable's Strategic Initiative Priorities

Grow Consumer Revenues:

- Higher value triple-play/quad-play customers now over 70% of total residential customer base
- Quad-play customers increased by over 5% versus Q3 2015
- Asturias premium football customers grew by 12% versus Q3 2015
- Set-top box penetration at 37% of residential customers (up from 31% in Q3 2015)
- Strong ARPU growth, now at €60, up 3.6% from Q3 2015
- Consumer churn reduced to 14% from 16% in Q3 2015 despite high levels of market promotions

Enhance Mobile Experience:

- Innovative new mobile access agreement signed with Telefonica, giving much improved data pricing on a sustainable basis and access to high speed 4G data services
- Mobile penetration at 55% of residential customer base, up from 49% in Q3 2015, with further strong growth expected supported by new mobile agreement
- Customer data allowances doubled. Further increases and introduction of 4G in H1 2017
- Continued WiFi hotspot rollout with 53% increase in mobile lines connected to the Wifisfera service
- Consumer postpaid mobile lines up 14% from Q3 2015

Strong focus on business clients:

- Product changes and investment in management / sales force
- Leveraging Telecable's network and range of premium sports content to win share in bars/restaurants
- B2B revenues up 8% over Q3 2015

Improve Capex productivity and deliver fundamental cash flow improvements:

- Increased efficiency in sales distribution, network maintenance and customer installations
- Savings reinvested into revenue growth opportunities (e.g., football/content, more set-top boxes, B2B)
- EBITDA-Capex conversion increased to 58% from 54% in Q3 2015
- Capex as a proportion of revenues reduced to 19% YTD 2016 from 22% in 2015
- Debt refinancing discussions well advanced with opportunity to materially reduce interest costs