

15 July 2014

**Telecom Plus PLC (the “Company”)**  
**Interim Management Statement**

Telecom Plus PLC (trading as the Utility Warehouse), which supplies a wide range of utility services (gas, electricity, fixed line telephony, mobile telephony and broadband internet) to both residential and business customers, today issues its Interim Management Statement to cover the period from 1 April 2014 to 14 July 2014. This incorporates information relating to the performance of the business for its first quarter ended 30 June 2014, to coincide with its Annual General Meeting (“AGM”) being held later today.

**Highlights**

- Continuing strong organic growth
- Customer numbers up by 16,739 during the quarter to 547,378 (30 June 2013: 474,404)
- Number of services up by 56,574 during the quarter to 1,963,734 (30 June 2013: 1,666,327)
- New online application process successfully introduced
- Record numbers of new Partners joining during the period

**Operating Review**

The first quarter of the current year has seen the business deliver further strong organic growth.

Customer numbers for the period rose by 16,739 (Q1 2014: 13,372), representing an increase of 25% on the net customer growth achieved during the corresponding period last year. This took the overall size of our customer base to over 547,000 (2014: 474,404), an increase of 15.4% over the last 12 months. The number of services being provided grew by 56,574 to 1,963,734 (2013: 1,666,327), making it our 12<sup>th</sup> consecutive quarter in which we have achieved net growth of more than 50,000 services.

We are encouraged by the strong interest we continue to see from new Partners wanting to promote our services, helped by the half-price joining offer which we ran during April. As a result, the total number of Partners has increased to 46,602, a net increase of over 2,500 during the quarter.

The new online application process which we launched in March 2014, has received an enthusiastic response from our Partners, with around 75% of residential customer applications now being generated using our new online application process at [www.jointheclub.co.uk](http://www.jointheclub.co.uk). We are delighted with this high level of early adoption given the steep learning curve faced by our Partners, many of whom required additional training from us. Despite the significant pressure this put on our training resources, we managed to train a total of almost 10,000 Partners during the quarter, representing a near four-fold increase on the usual volume.

During the quarter we were also pleased to be recognised as the ‘Most Trusted Broadband Supplier’ in the Moneywise 2014 Customer Service Awards, and to be nominated by *Which?* in two categories at its 2014 Annual Awards, including the award for ‘Best Customer Service’.

The quality of customers joining our Discount Club remains high, with over 25% of new residential Club customers applying for all five of our core services (gas, electricity, landline, broadband and mobile) during the quarter.

## Cash Flow

Underlying cash flow remains strong, with net debt expected to increase by about £10m over the course of the year as we pay the capital costs associated with refurbishing our new headquarters office building.

## Distributor, Customer and Service Numbers

Telecom Plus Group	FY2015	FY2014			
	Q1	Q4	Q3	Q2	Q1
<b>Distributors</b>	46,602	44,046	42,489	42,223	39,848
<b>Customers</b>					
Residential	511,783	495,234	478,171	458,751	438,354
Business	29,540	29,098	28,609	29,289	28,764
<b>Total Telecom Plus</b>	<b>541,323</b>	<b>524,332</b>	<b>506,780</b>	<b>488,040</b>	<b>467,118</b>
TML	6,055	6,307	6,599	6,900	7,286
<b>Total Group</b>	<b>547,378</b>	<b>530,639</b>	<b>513,379</b>	<b>494,940</b>	<b>474,404</b>
<b>Services</b>					
Electricity	490,292	474,123	457,482	439,367	417,047
Gas	405,114	392,744	378,615	363,945	345,311
Fixed Telephony	292,764	288,130	283,172	273,168	258,746
Fixed Line Rental	269,957	264,341	258,089	246,624	231,136
Broadband	228,737	221,938	214,457	202,102	185,204
Mobile	124,230	117,425	110,806	104,249	96,691
CashBack card	144,174	139,769	137,580	129,018	122,558
Non Geographic numbers	8,466	8,690	9,002	9,301	9,634
<b>Total Group</b>	<b>1,963,734</b>	<b>1,907,160</b>	<b>1,849,203</b>	<b>1,767,774</b>	<b>1,666,327</b>
Residential	1,860,198	1,804,830	1,747,682	1,665,772	1,566,992
Business	81,686	79,864	78,447	78,168	75,022
<b>Total Telecom Plus</b>	<b>1,941,884</b>	<b>1,884,694</b>	<b>1,826,129</b>	<b>1,743,940</b>	<b>1,642,014</b>
TML	21,850	22,466	23,074	23,834	24,313
<b>Total Group</b>	<b>1,963,734</b>	<b>1,907,160</b>	<b>1,849,203</b>	<b>1,767,774</b>	<b>1,666,327</b>

## Outlook

The economic climate continues to provide a favourable backdrop to further growing our business, with trust and confidence in conventional utility suppliers remaining low. Consumers remain attracted to the unique combination of benefits we offer, namely greater convenience (by consolidating all their utilities in one place), better value, and award-winning customer service, with many also choosing to build a secure and reliable part-time income as a Partner by promoting our services to others.

We continue to work on developing both our online application process and associated marketing tools in response to feedback received from our Partners, with a view to encouraging higher penetration of our Gold bundles in future, and to make it even easier for them to sign up new customers. These changes are also expected to facilitate a higher level of customer referrals in due course, as existing members increasingly take advantage of the opportunity to benefit from referring us to their friends. We believe this initiative has the potential to generate significant incremental growth.

The energy market is going through an extended period of upheaval following the introduction of the new license conditions imposed by OFGEM as part of its recent Retail Market Review ('RMR'), and the recently announced CMA investigation. As the UK's leading independent supplier, it is logical to expect that we will be a net beneficiary of any action taken by the CMA to encourage a more competitive energy market. In the meantime, the RMR changes have now been implemented by all major suppliers; these contain, importantly, a requirement that all suppliers include information on any cheaper tariffs available with each bill they send, and we anticipate deriving a significant benefit from this over the course of the next 12 months.

We expect energy prices to remain broadly stable in the run-up to the general election next year, with upward pressure on costs from regulatory, environmental and political changes, being offset by lower wholesale costs.

Building work on our new office headquarters remains both on track and on budget, and we look forward to taking occupation during November this year. Once complete, our new building will provide sufficient low-cost space to accommodate our anticipated continuing strong organic growth for the foreseeable future.

Customer gathering during the current quarter has got off to a strong start, supported by a short-term promotion we launched at the beginning of this month offering shopping vouchers to new customers joining during July who successfully apply for one of our Gold bundles.

Profits for the first half are expected to be significantly ahead of the corresponding figures for last year, and we remain comfortable with the guidance we provided in May that profits for the full year will increase by almost 50% to £63m. We also reiterate that shareholders can look forward to continuing progressive growth in the level of our dividend payments.

### **Notice of results**

We anticipate issuing our half yearly results for the six months ended 30 September 2014 on 19 November 2014.

### **Andrew Lindsay, Chief Executive said:**

"The momentum within the business is continuing, with organic growth in customer numbers during the first quarter comfortably ahead of the levels achieved last year."

"We are confident that we will achieve the target we have set ourselves of growing our customer base to around 600,000 by the year end, which would represent net growth of around 70,000 customers."

"We remain wholly focussed on securing our position as the nation's most trusted utility supplier, and supporting our Partners as they continue to spread the word about the convenience, savings and exceptional customer service we provide. With a current market share of less than 2%, we are well placed to continue to deliver significant organic growth for many years to come."

"Profits for the first half are expected to be significantly ahead of the corresponding figures for last year, and we look forward to reporting record figures for revenue, profits, earnings and dividends for the full year."

### **For more information please contact:**

#### **Telecom Plus PLC**

Andrew Lindsay, Chief Executive  
Chris Houghton, Finance Director

020 8955 5000

**Peel Hunt LLP**

Richard Kauffer / Dan Webster

020 7418 8900

**MHP Communications**

Reg Hoare / Katie Hunt / Giles Robinson

020 3128 8100

**About Telecom Plus PLC ('Telecom Plus')****[www.utilitywarehouse.co.uk](http://www.utilitywarehouse.co.uk)**

Telecom Plus which owns and operates the Utility Warehouse brand, is the UK's only fully integrated provider of a wide range of competitively priced utility services spanning both the Communications and Energy markets.

Customers benefit from the convenience of a single monthly bill, consistently good value across all their utilities and exceptional levels of customer service. The Utility Warehouse does not advertise, relying instead on 'word of mouth' recommendation by existing satisfied members and part-time distributors ('Partners') in order to grow its market share.

Telecom Plus also has a 20% shareholding in Opus Energy Group Ltd a successful, profitable and fast growing independent supplier of Gas and Electricity to small, medium and large business customers.

Telecom Plus is listed on the London Stock Exchange (Ticker: TEP LN). For further information please visit: [www.telecomplus.co.uk](http://www.telecomplus.co.uk).