

**20 April 2017**

**Telecom Plus PLC**  
**Trading Update and Notice of Results**

Telecom Plus PLC (trading as the Utility Warehouse), which supplies a wide range of utility services to both residential and business customers, today issues a trading update for its financial year ending 31 March 2017.

**Highlights**

- Customer and service numbers for the full year show further modest growth, with an encouraging upward trend starting to emerge during Q4
- Total dividend of 48p (2016: 46p) per share for the year (+4.3%)
- Launch of new Home Insurance service

**Financial**

Full year adjusted pre-tax profits from continuing operations, excluding the contribution from our 20% shareholding in Opus Energy Group Limited ('Opus') which was sold to Drax Group plc in February 2017, are expected to be around £53m (2016: £48.8m excluding Opus) in line with previous guidance.

The Company's full year results will also include total profit from discontinued operations of c.£65m following the recent sale of our 20% shareholding in Opus. As previously announced, the cash proceeds from the sale of Opus are expected to be returned to shareholders through a £70m tender offer this summer.

Cash flow remains strong, in line with management expectations.

**Growth**

The strong headwinds we have seen over the last few years persisted during the first half of the year, with continuing low commodity prices creating a record gap between standard variable energy tariffs and aggressively priced introductory deals.

As reported in our interim statement on 21 November 2016, this gap had begun to narrow in the late autumn, although too late to provide any positive impact on our service and customer numbers for Q3.

To boost Partner confidence and kick-start activity after a prolonged period of modest growth, we implemented a change to our Partner compensation plan with effect from 1 January 2017; this gave them the opportunity to accelerate some of the residual income they would earn on new members who switch all their utilities to us. Combined with our more competitive customer proposition, growth began to accelerate as we progressed through Q4; this took full year customer and service numbers to 607,802 (2016: 598,613) and 2,288,918 (2016: 2,181,704) respectively, in line with previous guidance.

Our annual sales conference took place on 18/19 March and was attended by around 5,000 Partners. We launched a range of promotional films featuring Joanna Lumley as the new face of Utility Warehouse, explaining who we are and the benefits we provide to those looking to save money (by joining as a new member) or make money (by becoming a Partner). These were well received, and we have since seen an encouraging increase in the number of new Partners joining the business.

## **Launch of Home Insurance**

Following a successful trial of Home Insurance to Partners over the winter, we announced at our recent sales conference that this new service will shortly be made available to all members. The initial level of policy sales is expected to be extremely modest while we ramp up our internal resources and add new insurers to our panel in order to broaden the types of property we can cover competitively.

Home Insurance is expected to have a negligible impact on our profitability for the current financial year, but thereafter has the potential to make a progressively significant contribution as penetration of policies within our membership base begins to grow.

## **Dividend**

The Company intends to pay a total dividend per share for the year just ended of 48p (2016: 46p), representing an increase of 4.3% compared with the prior year. The final dividend of 25p is expected to be paid on 28 July 2017, subject to shareholder approval at the AGM which will be held on 20 July 2017.

## **Outlook**

Our strategy of achieving consistent high quality growth through delivering savings, simplicity and exceptional customer service is bearing fruit. We have seen a significant improvement in the proportion of new members who are switching all their services to us over the course of the last two years (from c.30% to c.55%); these better quality customers have the highest expected lifetime value, although they cost significantly more to acquire. Based on recent levels of Partner activity, we anticipate the number of services we supply will increase by between 5% and 10% over the coming year.

From a financial perspective, the modest growth in the number of services added over the last few years, combined with these higher anticipated customer acquisition costs and an increasing investment in IT, mean that our adjusted pre-tax profits from continuing operations for the current financial year are likely to be at a similar level to the year just ended. The benefit from faster organic growth will, if current trends continue, be reflected in our reported results for the following financial year.

We look forward to providing more detailed guidance with our full year results on 13 June 2017.

## **Andrew Lindsay said:**

*"I am delighted we are at last beginning to see green shoots emerging as the retail energy market has started to normalise. Confidence within our Partner network is increasing, and our focus over the coming months will be on doing everything we can to build on the momentum that is beginning to gather."*

*"We look forward to returning the proceeds of the sale of our investment in Opus to shareholders this summer through a tender offer, and are excited about the prospects for the business over the coming years as the fundamental cost advantages that led to our historic faster growth begin to re-assert themselves."*

For further information, please contact:

**Telecom Plus PLC**

Andrew Lindsay, CEO  
Nick Schoenfeld, CFO

020 8955 5000

**Peel Hunt**

Dan Webster / George Sellar

020 7418 8900

**JP Morgan Cazenove**

Christopher Wood / Hugo Baring

020 7742 4000

**MHP Communications**

Reg Hoare / Katie Hunt / Giles Robinson

020 3128 8156

**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.

Members benefit from the convenience of a single monthly statement, consistently good value across all their utilities and exceptional levels of service. Telecom Plus does not advertise, relying instead on ‘word of mouth’ recommendation by existing satisfied Members and Partners in order to grow its market share.

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