

TELECOM PLUS PLC

Half Year Trading 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) to both residential and business customers, is today issuing a trading update in advance of its half year results for the period ended 30 September 2012.

Highlights:

- **Continuing high organic growth**
- **Improving customer quality**
- **Strong cash generation**
- **Interim dividend to be significantly increased**

Trading update

We anticipate that our half yearly report will show pre-tax profits and earnings per share that are firmly ahead of the figures for the comparable period last year. Shareholders can expect a significant increase in our interim dividend payment, as we move towards a more even split between our interim and final payment each year in future (reflecting our less seasonal cash flow profile since we renegotiated our energy supply agreement with npower last year).

As we reported in our Interim Management statement on 18 July 2012, the first quarter of the financial year saw strong organic growth with a further improvement in customer quality. These positive trends have continued during the second quarter, with customer numbers increasing to 438,146 (31 March 2012: 415,489) and service numbers to 1,488,745 (31 March 2012: 1,381,023), representing annualised growth of 11% and 16% respectively. Encouragingly, the number of residential Club customers taking at least four services has exceeded 55% in each of the last six months, taking our installed base of Gold Status members (those with at least four major services) up to 37% (31 March 2012: 34%), and helping to drive the average number of services taken by each residential Club customer to a record high of 3.72 (31 March 2012: 3.63)

This continuing trend towards a higher quality customer base derives directly from the ongoing focus of our distribution channel on gathering home owners who take a combination of energy and communications services from us, and thus benefit from the simplicity and convenience of our integrated billing system; we are particularly pleased with the impact that this is having in reducing both customer churn and delinquency levels. Coupled with higher average revenues from each customer, this can be expected to significantly enhance the profitability of the business in the years ahead.

Notwithstanding the extra short-term costs associated with adding higher quality customers, and subject to unforeseen circumstances, the Board remains comfortable with consensus full year market expectations for both earnings and dividends.

Cash flow

Cash generation during the period has been strong, in line with management expectations, and our reported net cash balance at 30 September 2012 will be around £1 million. This is similar to the level we reported at 31 March 2012, despite the £11.9 million dividend payment made in August.

Operating update

Distributor recruitment remains steady, with around 1,000 new distributors signing up during each of the last six months. As the wider economy remains under pressure, we expect to see recruitment continuing at around this level over the medium term, reflecting the attractiveness of the secure and reliable part-time income opportunity we provide.

On 15 and 16 September we held motivational sales conferences in Bradford and Cheltenham, with a record total attendance of over 4,000 distributors. We took advantage of the high turnout to launch a new incentive, intended to encourage more consistent activity levels from new distributors during their first year.

Notice of Half Year Results

Our half year results for the six months ended 30 September 2012 will be announced on Tuesday 20 November 2012.

Commenting on current trading, Andrew Lindsay, Chief Executive said:

“I am extremely pleased with the further progress that we have made during the period; we have seen strong organic growth in both customer and service numbers, and a continuation of the extremely positive trends in the quality of our customer base.

We are confident that we can build upon this strong performance during the second half of the year, and meantime look forward to announcing record half yearly results in November.”

For more information please contact:

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About Telecom Plus PLC:

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 Company does not advertise, relying instead on “word of mouth” recommendation by existing satisfied customers in order to grow its market share.

Telecom Plus holds a significant minority stake (20%) in Opus Energy plc, the leading independent energy supplier to the SME and corporate business markets. It also has a wholly owned subsidiary called TML purchased in 2002, which supplies predominantly fixed line telephony to small and medium sized business customers through a network of authorised resellers and dealers.

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