

19 April 2016

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 2016.

Highlights

- Confident of achieving full-year adjusted pre-tax profits of at least £54m in line with previous guidance
- Total dividend guidance for the year of 46p remains unchanged
- Continuing growth in customer and service numbers
- Ranked #2 in major multi-industry customer satisfaction survey

Financial

We are pleased to confirm that notwithstanding the challenges posed by continued falling energy prices, we are confident of reporting adjusted pre-tax profits for the current financial year of at least £54m, in line with previous guidance.

Cash flow remains strong, in line with management expectations, and we have taken the opportunity to refinance on more favourable terms.

Growth

In the face of continuing strong headwinds, we are pleased to have delivered organic growth of 4.2% in service numbers during the last 12 months, taking the total number of services we are supplying through our Utility Warehouse brand to 2,181,704 (2015: 2,093,447); membership increased by 17,100 to 598,613.

Whilst this growth was below the level we originally anticipated, it has been achieved against a background of a rising gap between standard variable energy tariffs and the cheapest fixed term introductory deals available over the course of last year. This was caused by a combination of factors including further deflation in wholesale commodity prices, rising policy costs (including smart meters) and increasingly aggressive collective switching initiatives. We are pleased to note that over the last few weeks this gap has narrowed slightly, following recent industry-wide price reductions to standard variable tariffs.

Our annual sales conference took place on 19/20 March, and was attended by over 6,000 Partners and guests. The focus was on making our 'Double Gold' bundle (where new Members switch their Energy, Landline, Broadband and Mobile to us) easier for them to promote. We also announced a new 'refer-a-friend' scheme.

Project Daffodil (the new benefit we announced in the autumn of supplying and fitting low-energy LED light bulbs free of charge for 'Double Gold' Members) is gathering momentum, with over 300,000 bulbs already installed throughout the UK. Our Partners have embraced this initiative, leading to a significant further improvement in customer quality: the proportion of new Members they are signing up who have

switched all their services to us is now running at over 50%. If this trend continues, we expect it to deliver a modest increase in our service growth rate over the course of the coming year.

Customer Satisfaction

We were delighted that our commitment to being the Nation's most trusted utility supplier was publicly recognised in a recent survey published by the UK Institute for Customer Service, when we achieved second place just behind Amazon, and ahead of other leading brands such as John Lewis, First Direct and M&S. No other utility supplier was ranked in the Top 30.

Dividend

In line with previous guidance, the Company intends to pay a total dividend per share for the year just ended of 46p, representing an increase of 15% compared with the prior year. The final dividend of 24p is expected to be paid on 29 July 2016, subject to shareholder approval at the AGM which will be held on 22 July 2016.

Consistent with our progressive dividend policy, the total dividend for next year is expected to reflect our growth in adjusted earnings per share for the period.

Competition and Markets Authority ('CMA') investigation into the Energy Industry

We welcome the CMA's draft proposals to remove the current restrictions on discounts, bundling, and the number of tariffs each supplier can offer. This will significantly increase our flexibility to offer an attractive choice of packages as we expand our existing range of services in future.

However, we were disappointed that the CMA did not propose more radical initiatives to address the widespread practice within the market by other suppliers of offering new customers attractive introductory deals, at the expense of the vast majority of their customer base who pay significantly higher prices on a standard variable tariff; this was a missed opportunity to create a fairer energy market for consumers, by protecting those who (for whatever reasons) choose not to engage with the energy market on a regular basis.

Outlook and Final Results Date

We have a clear strategy to deliver continued high quality growth, albeit at modest levels for as long as the current headwinds continue. Thereafter, and once the gap between standard variable energy tariffs and cheaper introductory tariffs reduces to a more normal level, we expect the investment we are making in enhancing the quality of our membership base to generate healthy returns, and growth to start returning towards the higher levels we have historically achieved.

Over the course of the new financial year, we anticipate that all the key operational and financial metrics for the business (revenues, services, customers, adjusted earnings & dividends) will continue to show further progress, and look forward to providing more detailed guidance with the announcement of our full year results on 14 June 2016.

For more information please contact:

Telecom Plus PLC

Andrew Lindsay, CEO
Nick Schoenfeld, CFO

020 8955 5000

Peel Hunt

Dan Webster / Jock Maxwell Macdonald

020 7418 8900

JP Morgan Cazenove

Christopher Wood / Hugo Baring

020 7742 4000

MHP Communications

Reg Hoare / Katie Hunt / Giles Robinson

020 3128 8100

About Telecom Plus PLC ('Telecom Plus'):

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 statement, consistently good value across all their utilities and exceptional levels of customer service. Telecom Plus does not advertise, relying instead on 'word of mouth' recommendation by existing satisfied customers and distributors 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.