

**11 February 2013**

**Telecom Plus PLC (the “Company”)**

**Interim Management Statement**

**Notice of Results**

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 October 2012 to 10 February 2013, incorporating information relating to the performance of the business for its third quarter ended 31 December 2012.

**Highlights**

- Confident of reporting full year profits in line with market expectations
- Continued strong organic growth
- Improving customer quality
- Total Group services up by 55,488 during the quarter to 1,544,233
- Strong underlying cash generation
- Intention to increase total dividend by 15% to 31p for the current financial year (2012: 27p)

**Operating Review**

We are delighted with the continuing strong performance of the business, completing our sixth consecutive quarter in which we grew by more than 50,000 services.

Our residential Club customer numbers have increased by 41,156 and service numbers have increased by 210,237 over the last 12 months, representing year-on-year growth rates of 13% and 18% respectively. The number of services taken by these members continues to climb, and has now reached an average of 3.76 (2012: 3.58); this reflects the continuing high proportion of new members taking at least four major services, which remained at over 55% for the quarter. These high quality members now account for 38.1% of the residential Club, up from 33.8% at the end of our last financial year.

Opus Energy Group Ltd (“Opus”), in which we have a 20% equity investment, is performing ahead of budget and is on track to deliver record turnover and profits for the current financial year. They continue to grow their share of the highly competitive market for business energy, in which they are already the largest independent provider.

**Cash Flow**

As explained in our half-yearly report last November, we have started to rebalance our annual dividend in favour of a more equal split between the interim and final payments, to reflect the much flatter cash flow profile we now enjoy. As a result, we paid a substantially higher interim dividend of £9.1m (2012: £6.9m) during the quarter. This, together with the £6.6m purchase of a new freehold office building in February 2012, has meant that as at 31 December 2012 we had net borrowings of approximately £7m (31 December 2011: net cash of £1m).

Our operating activities will generate significant positive cash flow during the final quarter, and we expect our net cash position at the year-end to be around zero.

## Customer, Distributor and Service Numbers

Telecom Plus Group	FY2013			FY2012	
	Q3	Q2	Q1	Q4	Q3
<b>Distributors</b>	37,508	37,709	37,777	37,263	35,536
<b>Customers</b>					
Residential Club	363,287	352,733	343,346	333,497	322,131
Business Club	27,957	27,717	27,141	26,649	26,222
<b>Total Club</b>	<b>391,244</b>	<b>380,450</b>	<b>370,487</b>	<b>360,146</b>	<b>348,353</b>
Non Club	49,922	48,379	46,091	45,005	43,813
<b>Total Telecom Plus</b>	<b>441,166</b>	<b>428,829</b>	<b>416,578</b>	<b>405,151</b>	<b>392,166</b>
TML	8,336	9,317	9,828	10,338	10,364
<b>Total Group</b>	<b>449,502</b>	<b>438,146</b>	<b>426,406</b>	<b>415,489</b>	<b>402,530</b>
<b>Services</b>					
Electricity	389,637	375,262	361,202	348,629	333,068
Gas	322,964	311,780	300,420	290,057	277,682
Fixed Telephony	245,251	240,963	236,517	232,890	226,330
Fixed Line Rental	213,782	206,316	199,669	191,667	183,847
Broadband	166,208	157,355	149,608	140,771	132,219
Mobile	83,060	77,344	69,225	63,724	60,028
CashBack card	113,040	108,806	106,235	101,351	96,203
Non Geographic numbers	10,291	10,919	11,463	11,934	12,791
<b>Total Group</b>	<b>1,544,233</b>	<b>1,488,745</b>	<b>1,434,339</b>	<b>1,381,023</b>	<b>1,322,168</b>
Residential Club	1,364,746	1,311,540	1,262,437	1,211,122	1,154,509
Business Club	71,155	69,773	67,284	65,683	64,440
<b>Total Club</b>	<b>1,435,901</b>	<b>1,381,313</b>	<b>1,329,721</b>	<b>1,276,805</b>	<b>1,218,949</b>
Non Club	82,587	79,723	75,838	73,638	71,675
<b>Total Telecom Plus</b>	<b>1,518,488</b>	<b>1,461,036</b>	<b>1,405,559</b>	<b>1,350,443</b>	<b>1,290,624</b>
TML	25,745	27,709	28,780	30,580	31,544
<b>Total Group</b>	<b>1,544,233</b>	<b>1,488,745</b>	<b>1,434,339</b>	<b>1,381,023</b>	<b>1,322,168</b>

## Trading since 1 January 2013 and Outlook

Activity within our distribution channel bounced back strongly during January after the traditional Christmas lull, with a significant increase in the number of new distributors joining the business over the last few weeks. This has been driven by a number of factors including the continuing difficult economic climate, record attendance at the national programme of motivational seminars we run each January, and a strong positive reaction to a new bonus incentive we announced at the beginning of last month.

Preparations are currently well advanced for our annual Sales Conference. This is being held on the weekend of 16<sup>th</sup> and 17<sup>th</sup> March, and will be attended by around 6,000 distributors. It provides an important platform for us to launch new sales initiatives, recognise achievement, and to motivate our business partners for the year ahead.

We are making good progress developing our on-line presence, and have started to see encouraging results from marketing additional services to existing members. We intend to expand these activities later this year to include our customer referral scheme, various affinity marketing opportunities, and a programme aimed at encouraging former customers to rejoin the Club. We believe these developments represent significant opportunities which are capable of providing a further boost to the consistent and strong organic growth being delivered by our existing distribution channel.

We remain confident of reporting full year profits in line with current consensus market expectations, and intend to recommend a final dividend of 18p per share; this will bring the total dividend for this year to 31p, an increase of 15% over the preceding year.

### **Final Results Date**

Our final results for the year ending 31 March 2013 will be announced on Tuesday 21 May 2013.

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

“The business has delivered another strong performance over the period and I am particularly pleased with the sustained improvement in customer quality and the strong growth we have achieved in the number of services we supply.”

“The high levels of distributor activity we have seen since the beginning of January, and the increased interest being shown by new distributors in taking advantage of this exciting business opportunity, bode extremely positively for the year ahead.”

“Our confidence that we will announce record results when we report our full year figures in May is reflected in our commitment to a substantial increase in the total dividend for the year.”

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

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### **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. Telecom Plus does not advertise, relying instead on 'word of mouth' recommendation by existing satisfied customers in order to grow its market share.

Telecom Plus has a wholly owned subsidiary called TML which was purchased in 2002. TML supplies predominantly fixed line telephony and broadband internet to small and medium sized business customers through a network of authorised resellers and dealers.

Telecom Plus also has a 20% shareholding in Opus Energy Group Ltd (which changed its name from Oxford Power Holdings Ltd on 28 October 2010), 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).