

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 2011.

Highlights:

- Accelerating organic growth in second quarter:
 - Customer numbers up 15% (annualised growth rate)
 - Service numbers up 20% (annualised growth rate)
- Improving quality of earnings
- Record half year results expected
- Significant increase in interim dividend
- Trading in line with market expectations for the full year

Trading update

We anticipate that our half yearly report will show pre-tax profits and earnings per share that are significantly ahead of the figures for the comparable period last year. In line with the progressive dividend policy set out in our most recent annual report, this can be expected to result in a significant increase in our interim dividend payment to shareholders.

As we reported in our Interim Management statement on 13 July 2011, the first quarter of the financial year saw solid organic growth. Since then, our growth rate has accelerated with customer numbers during the second quarter increasing at an annualised rate of 15% to 392,699 (31 March 2011: 371,350) and service numbers increasing at an annualised rate of 20% to 1,270,639 (31 March 2011: 1,171,136).

The average number of services being taken by each member has continued to rise during the first half, reflecting the ongoing focus of our distribution channel on gathering home owning customers who take a combination of energy and communications services. In the medium term, this upward trend in the quality of our customer base can be expected to enhance the profitability of the business through higher average revenues from each customer, lower bad debts and lower churn. In particular, we have been delighted to see the proportion of new customers taking at least four services almost doubling since the year-end, to an average of around 40% over the last few months.

Notwithstanding the extra short-term costs associated with adding more new customers than we were previously achieving, the Board remains comfortable with consensus full year market expectations for both earnings and dividends.

Cash flow

Our reported cash balance at 30 September 2011 is expected to be around £5 million, which represents a significant improvement on the net debt position of £13.1 million which we reported at the year end.

This reflects the impact of the new long term supply agreement with npower announced with our full year results in May 2011, under which we are protected from the seasonal swings in working capital associated with providing gas and/or electricity to those customers who have chosen to pay for their energy using a Budget Plan. These revised arrangements will enable us to build a substantially larger energy business with our current balance sheet structure

than would otherwise have been possible, whilst returning the majority of our earnings to shareholders each year in line with our progressive dividend policy.

Operating update

The proportion of new members applying for a CashBack card has been running at around 45% which represents further good progress on the already high penetration level we achieved last year. We issued more than 9,000 cards during the period, taking the total number of cards in issue to 89,976.

Our continued focus on debt management and attracting higher quality customers has led to a significant reduction in the proportion of delinquent customers within our customer base since last Autumn. However, there is still considerable work to do in this area, and it will remain a key focus for the foreseeable future, not least due to the challenging macro economic climate and the pressure that this, together with the recent energy price increases, will be placing on many household budgets.

Distributor numbers continue to grow, with more than 1,000 new distributors signing up during each of the last six months; this brings the total number of distributors to 34,496 (31 March 2011: 31,459). As the wider economy remains under pressure, we expect to see continuing high numbers of new distributors joining the business in search of a secure and reliable part-time income.

On 17 and 18 September we held motivational sales conferences in Bradford and Cheltenham, with a record total attendance of almost 3,600 distributors. We took advantage of the high turnout to launch a number of new incentives to our distribution channel, which can be expected to underpin the strong activity levels recently demonstrated by them, and deliver continuing high volumes of new customers over the coming months.

We remain committed to developing a stronger online presence. This project was scheduled for launch this summer, but has taken longer to complete than we had expected. However, we have recently completed field trials and are confident that it will be launched shortly. We look forward to capitalising on the significant new growth opportunities that it will open up, most importantly in enabling existing customers to refer us even more effectively to their friends.

Response to the Davies Report on Women on Boards

In response to the Davies Report on Women on Boards, the Board would like to reconfirm its position in relation to diversity across all levels of the Company's employee base. Opportunities for employment, training, career progression and promotion are determined on the basis of each individual's ability, attitude and track record, irrespective of their gender, ethnic origin, nationality, age, religion, sexual orientation or disability.

The composition of the Board is a matter primarily for the Nomination Committee. The main objective of the Committee when considering the appointment of new members to the Board is to ensure that successful candidates are of the highest calibre and offer the optimum mix of ability, skill and relevant experience. The Committee's Terms of Reference further stipulate that candidates from a wide range of backgrounds shall be considered and that due regard will be given to the benefits of diversity on the Board.

In the light of the dynamic nature of the Company and the markets within which it operates, the Committee does not believe it is in the best interests of shareholders or other stakeholders in the business for it to fetter its current wide ranging discretion to identify and recruit the best candidate available for any future board vacancy in an open, fair and non-discriminatory manner.

Notice of Half Year Results

Our half year results for the six months ended 30 September 2011 will be announced on Tuesday 22 November 2011.

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

"I am delighted to report that we have made significant progress during the period, with strong organic growth in customer, distributor and service numbers, and a further improvement in the quality of our customer base. We look forward to building on the solid foundations now in place over the remainder of the current financial year, and to announcing record half yearly results in November."

For more information please contact:

Telecom Plus PLC

Charles Wigoder, Executive Chairman
Andrew Lindsay, Chief Executive
Chris Houghton, Finance Director

020 8955 5000

Peel Hunt

Richard Kauffer / Dan Webster

020 7418 8900

Brewin Dolphin

Nick Owen

0845 059 6412

MHP Communications

Reg Hoare / Katie Hunt

020 3128 8100

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 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.