

## **Telecom *plus* PLC (the “Company”)**

### **Interim Management Statement**

#### **Quarter Ended 31 December 2007**

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 for the quarter to 31 December 2007.

#### **Highlights**

- Performance ahead of current market expectations
- Number of services up by over 16,000
- Cash balance at end of quarter £37.6 million
- Full year pre-tax profits expected to exceed £16.5 million
- Projected total dividend of 14p for the full year (2007: 8p)

#### **Operating Review**

Trading during the quarter shows a continuation of the positive trends referred to in the interim results for the six months ended 30 September 2007 as reported on 29 November 2007.

The Company's Distributors remain enthusiastic about the new opportunities for growing their businesses resulting from the changes announced at the Company's sales conference in October. This is being reflected in more new Distributors joining the business, in addition to a resumption of growth in the size of the customer base and a significant increase in the number of services supplied to them.

Customer numbers reversed the downward trend of the previous 18 months with an increase to 212,712 during the quarter. This total includes further steady growth experienced in the Business Club, which now has 8,427 customers.

The number of services provided rose by over 16,000 to 568,742 during the quarter, substantially in excess of the 10,450 growth reported for the first half of the current year, reflecting an increase to 3.07 (September 2007: 3.03) in the average number of services taken by each member of the residential club.

#### **Cash Flow**

Cash flow during the quarter remained strong with the cash balance increasing to £37.6 million by the end of the period. This was notwithstanding the share buy-back programme referred to below, but included our receiving repayment of a £2.0 million long-term loan we had made to Oxford Power Holdings in 2002.

The Company purchased 100,000 of its shares at a cost of £0.2 million during the quarter, with a further 866,000 shares being purchased during January 2008 at a cost of £1.6 million. This takes the total number of shares purchased since approval was received to commence the buy-back program last summer to 3,084,000 at an average cost of 183.2p per share.

## **Outlook**

Following the recent price increases announced by other major suppliers of domestic energy, we increased our own energy prices from 1 February 2008 by an average of 7% for electricity and 12% for gas. These price rises are lower than the average price rises announced by the "Big 6" suppliers who increased their prices during January, and in addition, our customers will benefit from our new prices becoming effective from a later date. This reflects our commitment to providing our customers with consistently good value on all the services we supply.

We anticipate an improvement in our growth rate during the remainder of the current year driven by the many new Distributors joining the business; greater activity by existing Distributors supported by the new Head Office sales team; the recent trend towards lower churn; and an increasing tendency amongst consumers to seek a better value supplier in what is becoming an increasingly difficult economic climate.

The Company's future results will reflect both the increase in the number of services supplied as well as higher retail energy prices. Pre-tax profits for the current year ending 31 March 2008 are therefore expected to exceed £16.5 million, and on that basis the board would intend to recommend a final dividend of 10p per share (making a total dividend of 14p for the full year).

## **Preliminary Results Date**

Preliminary results for the year ended 31 March 2008 are expected to be announced on Thursday 22 May 2008.

## **Charles Wigoder, Chief Executive said:**

"Our strong performance in the current year has continued during the third quarter. We are benefiting from the initiatives taken over the last year to stimulate growth in the number of services provided to our increasing customer bases.

"We now expect our full year results and dividends to exceed current market expectations."

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

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