

19 July 2017

**TalkTalk Telecom Group PLC**

**Trading update for the 3 months to 30 June 2017 (Q1 FY18)**

**Strong start to the year with continued momentum in broadband base**

- **Net adds +20k with on-net base growth in both Consumer and Wholesale**
- **Continued reduction in on-net churn to 1.2% (Q4 FY17: 1.4%)**
- **1.3m customers now on new fixed price plans**
- **Continued strong growth in B2B including Ethernet connections**
- **Group revenue (ex-Carrier) -3.2%**
- **Reiterating FY guidance (EBITDA £270m-£300m)**

**Q1 trading in line with expectations**

We delivered another quarter of good growth in the on-net base (+20k vs a 9k decline in Q1 FY17) with growth in both our Consumer and Wholesale bases. We also reduced on-net churn, which fell to 1.2% during the quarter (Q1 FY17: 1.4%).

In Consumer we continued to see strong demand for our Fixed Low Price Plans ("FLPP"), with both re-contracting and new acquisition activity driving the total number of customers on FLPP to 1.3m by the end of the quarter.

This growing in-contract base is continuing to contribute to improvements in churn, with early life churn from customers signing up to FLPP significantly lower than that from new customers a year ago. Take-up of the 24 month plans has also continued to be strong, with over a third of FLPP customers choosing the longer term price certainty that these plans offer. Similarly we have continued to see strong demand for fibre with nearly 40% penetration of the FLPP base. Triple play and quad play penetration remained stable during the quarter, with TV net adds continuing to improve, both amongst re-contracting and new customers.

Once again, we saw strong growth in the TalkTalk Business Ethernet base, with 2,000 new lines added, taking the total installed base of data connections to 44k.

Group revenues (excluding Carrier) declined by 3.2% year-on-year during the quarter. Strong growth in Corporate and Wholesale broadband revenues was offset by a decline in Consumer revenues resulting from the smaller average on-net base and the dilutive effect of re-contracting activity. These effects are expected to moderate as the base grows, and we drive fibre take up and other products such as TV. As a result we continue to expect full year revenues to grow.

**Outlook**

Our FY18 guidance remains unchanged, with base and revenues expected to grow year on year, improving free cash flow, and EBITDA of £270m-£300m. H1 results are expected to be released on 15<sup>th</sup> November 2017.

**Conference call:** there will be a conference call for analysts and investors at 8.30 a.m.

Live Dial-in +44 (0) 20 3003 2666

Webcast: <http://cache.merchantcantos.com/webcast/webcaster/4000/7464/16532/91493/Lobby/default.htm>

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**Enquiries**

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