Business overview

The market opportunity

Today's IT leaders are focused on what technology can deliver for their businesses. They understand that this requires the mixing and blending of different solutions and that to attain real performance you cannot separate cloud-based services from the network. Colt is uniquely placed to roll-out complex solutions that comprise network, infrastructure, applications, services and IT consultancy. We are constantly looking to build on this advantage. And we have fine-tuned our business to place customers at the centre of everything we do

Our vision

Trusted by all to be the leading information delivery platform

Our mission

We make a real difference to our customers' business through:
• Best-in-class customer experience
• Truly integrated computing and networking services
• Exceptional people who always deliver

Our strategy

• Integrate compute and network services
• Focus our resources on key growth opportunities/markets
• Operate seamlessly and transparently across all our markets
• Simplify how we buy, sell and contract
• Automate our service and delivery model

We have put the foundations in place to seize the growth opportunity

1. A customer facing organisation with consistent systems and processes across geographies

Enterprise Services	Communication Services	Data Centre Services
Directly serves medium to large sized enterprises (includes MarketPrizm)	Indirectly serves small, medium and large sized enterprises via channel partners (network operators, distributors, service providers, resellers, agents and franchisees)	Provides enterprise customers with large-scale data centre space

Infrastructure Services
Integrated operations for all services

Business Services
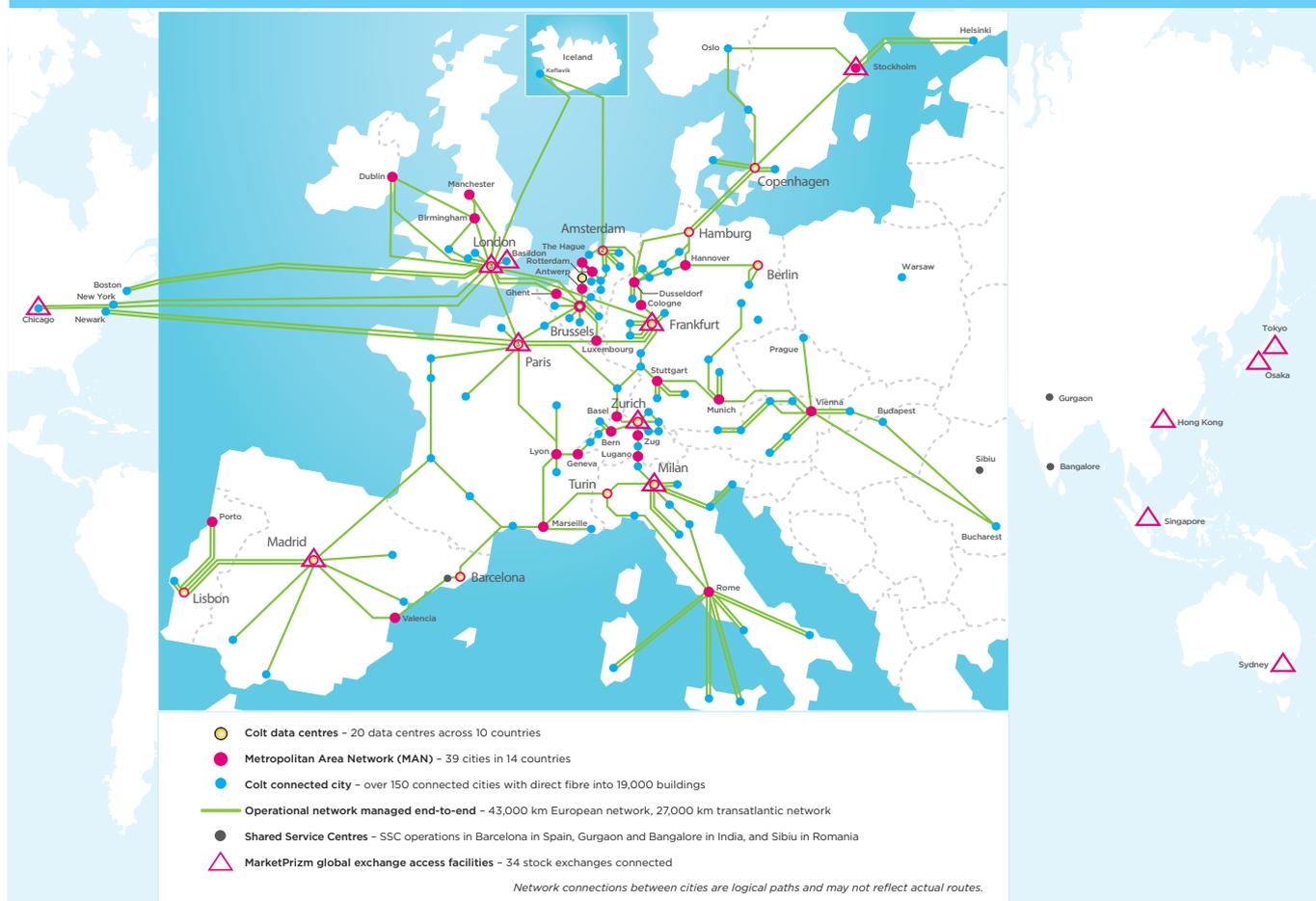Shared services unit

2012 organisational highlights:

⟩ Enhanced the focus on our customers' needs through the segmentation of our customer base and associated realignment of our direct sales force

⟩ Accelerated the skills transformation programme to align our expertise with the future direction of the market

⟩ Strengthened our channel capabilities by launching a franchise channel to meet the needs of small and medium sized enterprises, acquiring ThinkGrid, a channel-focused cloud platform provider, and onboarding new resellers for cloud and compute

2. An evolving portfolio from products and services to solutions, designed to meet our customers' needs

2012 portfolio highlights:

⟩ Increased the value and number of high value CES contracts: 12 contracts of over €1m annual contracted value (ACV) in 2012 (2011: 8); and 23 contracts of over €2m total contract value (TCV) (2011: 12)

⟩ Developed a complete suite of hosted communication and collaboration applications integrated with our voice and data network to deliver Unified Communications solutions

⟩ Launched the next generation Colt ftec data centre, offering customers space, power and cooling flexibility

⟩ Developed a new service foundation platform to deliver innovative solutions that combine dynamic provisioning, automated workflow and intelligent fault-management across our network and IT services

⟩ Launched a world class SIP trunking solution for interconnection with carriers and mobile operators

⟩ Enhanced the scalability of our Ethernet platform for customers

3. An expanding next generation infrastucture

○ **Colt data centres** – 20 data centres across 10 countries

● **Metropolitan Area Network (MAN)** – 39 cities in 14 countries

● **Colt connected city** – over 150 connected cities with direct fibre into 19,000 buildings

— **Operational network managed end-to-end** – 43,000 km European network, 27,000 km transatlantic network

● **Shared Service Centres** – SSC operations in Barcelona in Spain, Gurgaon and Bangalore in India, and Sibiu in Romania

△ **MarketPrizm global exchange access facilities** – 34 stock exchanges connected

Network connections between cities are logical paths and may not reflect actual routes.

2012 infrastructure highlights:

> Added 2,000 square metres of data centre space with a 20th data centre site in the Netherlands and new modular space in Paris

> Added *c*.1,000 new buildings to the Colt fibre network taking the number connected to 19,000

> Added points of presence in 10 new cities across Europe, including Keflavik in Iceland

> Made significant further network investments, including doubling the core IP backbone capacity, expansion of the network across Europe and improving low latency routes between key financial trading hubs including new routes between London-Zurich and London-Milan

> Launched a new sub-sea fibre cable offering linking Colt's Dublin city network, via London, to Europe

> Upgraded our IP Access and IP VPN services onto an IP Multiprotocol Label Switching (MPLS) network

> Implemented the first sites of our modular evolution to our multi-service platform (MSP) for Ethernet and IP services. The innovative modular approach allows multiple vendors to provide different components with the customer benefiting from increased scalability, reduced costs and faster development of new features

> Launched trading infrastructure services across Asia through MarketPrizm

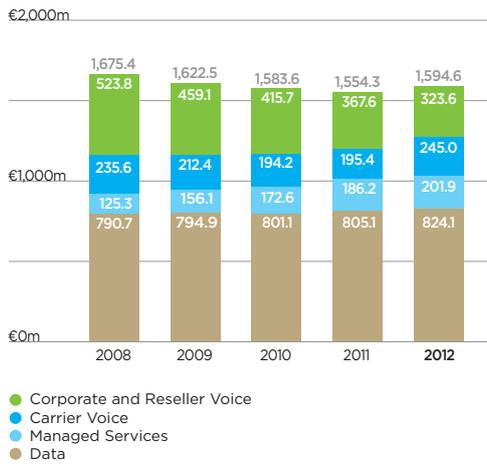## Five year targets and progress to date

At a capital markets day in May 2012 Colt outlined its targets for growth. We highlight our progress in 2012:

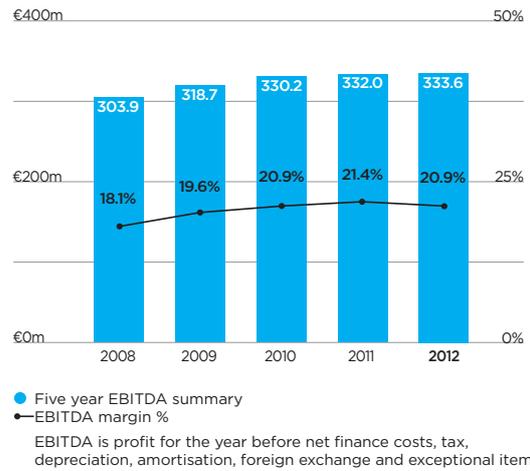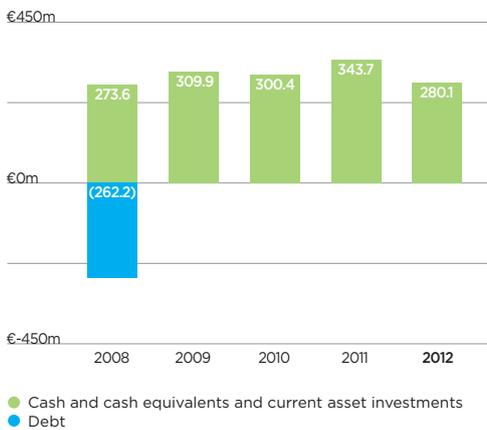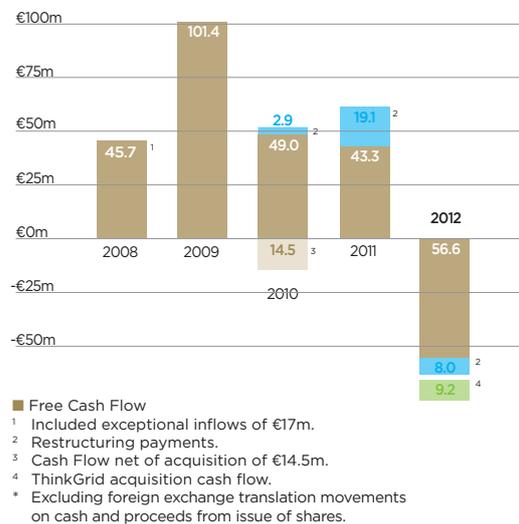|	Five year target	2012 progress
Group revenue 5-year CAGR	Mid-to-high single-digit growth	Returned to Group revenue growth for the first time in seven years
Group EBITDA 5-year CAGR	Growth consistent with revenue growth	Maintained EBITDA profitability above 20% during a period of investment in transformation and growth of the business
Strategic investments in networks, data centres and portfolio development	€350m - €420m incremental investment in strategic growth areas	€87.7m invested in data centre space, network expansion, development of managed IT platform and IT systems capabilities

Key financial data

Five year revenue summary

€2,000m

	2008	2009	2010	2011	2012
Total	1,675.4	1,622.5	1,583.6	1,554.3	1,594.6
Corporate and Reseller Voice	523.8	459.1	415.7	367.6	323.6
Carrier Voice	235.6	212.4	194.2	195.4	245.0
Managed Services	125.3	156.1	172.6	186.2	201.9
Data	790.7	794.9	801.1	805.1	824.1

€1,000m / €0m

- Corporate and Reseller Voice
- Carrier Voice
- Managed Services
- Data

Five year EBITDA summary

€400m / 50%

	2008	2009	2010	2011	2012
EBITDA	303.9	318.7	330.2	332.0	333.6
EBITDA margin %	18.1%	19.6%	20.9%	21.4%	20.9%

€200m / 25% — €0m / 0%

- Five year EBITDA summary
- EBITDA margin %

EBITDA is profit for the year before net finance costs, tax, depreciation, amortisation, foreign exchange and exceptional items.

Cash & deposits and debt summary

€450m

	2008	2009	2010	2011	2012
Cash and cash equivalents and current asset investments	273.6	309.9	300.4	343.7	280.1
Debt	(262.2)				

€0m / €-450m

- Cash and cash equivalents and current asset investments
- Debt

Cash flow*

€100m

	2008	2009	2010	2011	2012
Free Cash Flow	45.7 [1]	101.4		43.3	56.6
			2.9 [2]	19.1 [2]	8.0 [2]
			49.0 [2]		9.2 [4]
			14.5 [3]		

€75m / €50m / €25m / €0m / -€25m / -€50m

- Free Cash Flow
- [1] Included exceptional inflows of €17m.
- [2] Restructuring payments.
- [3] Cash Flow net of acquisition of €14.5m.
- [4] ThinkGrid acquisition cash flow.
- * Excluding foreign exchange translation movements on cash and proceeds from issue of shares.

2012 financial highlights:

> Colt grew revenue for the first time in seven years. Group revenue grew by 2.6%, reflecting growth across all major product categories with Voice revenue stabilising in 2012 (1% growth versus 8% to 12% declines in the previous four years)

> EBITDA before exceptional items grew by 0.5% to €333.6m despite a period of investment in the transformation and growth of the business

> Net funds reduced from €343.7m in 2011 to €280.1m in 2012, reflecting increased investment in the business and working capital movements

> In December 2012 Colt announced a programme to accelerate skills transformation to support growth in the areas of managed network and IT revenue while aligning costs related to our legacy business and protecting profits while investing in the business

Our evolution is ongoing and Colt is well positioned for growth

We are building on our strengths to enable innovation and deliver next generation services that make a real difference to our customers and partners. We are also focused on further improving the skills and capabilities of our people. We will continue to invest in the business, particularly in network expansion, data centre site expansion, service delivery and portfolio development, to harvest profitable growth opportunities.

Our business
Our performance
Our governance
Our financials