TEP XLON Telecom Plus PLC

H1 trading update and notice of results · RNS 6920X · 6 October 2026

Telecom Plus H1 update: multiservice growth above 11%, FY27 profit guidance held at £80m-£90m

Share price	823p
Market cap	£632m
52-week range	644p - 1,896p
Shares in issue	76.7m
12-month change	-54.7%

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SUMMARY

Today's H1 trading update from Telecom Plus showed multiservice organic customers growing at an annualised rate of over 11% to c.526k, ahead of the 10%+ full-year target and about three times the FY26 rate. Monthly active Partners averaged c.4.9k, up around 15% on the second half of FY26, and insurance customers grew for the first time since H1 FY25. The company reiterated FY27 adjusted pre-tax profit guidance of £80m to £90m, against £132m in FY26, and 85% of this year's profit is still expected in the second half. The update strengthens the evidence that the five-year plan announced in June is adding customers. It gives no revenue, margin or cash figures, so whether those customers earn a return after the heavy investment will first be tested at the interim results on 24 November 2026.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Multiservice organic customers	c.526k	H1 FY27 (to 30 Sep 2026)	From c.498k at FY26; annualised growth of over 11%
Total organic customers	c.1.32m	H1 FY27	From c.1.26m at FY26; annualised growth of c.9.7%
Average monthly active Partners	c.4.9k	H1 FY27	Up around 15% from c.4.2k in H2 FY26
Total Partners	over 88k	End of September 2026	From c.77k at end of FY26
Core services cross-sold	c.25k	H1 FY27	Against FY27 target of 50k
Adjusted profit before tax guidance	£80m to £90m	FY27	Reiterated; weighted c.15%/85% H1/H2
Adjusted profit before tax	£132m	FY26	Prior year £126m
Shares bought back	c.3.8m at 821.24p average	As at 2 Oct 2026	c.£9.0m of £40m programme remaining
Cash	£91.5m	31 Mar 2026	From £79.0m at 31 Mar 2025

Sources: H1 trading update RNS, 6 Oct 2026; Final Results for the year ended 31 March 2026, 23 Jun 2026; Primary statements, Annual Report 2026

THE ANNOUNCEMENT

- Multiservice organic customers rose to c.526k from c.498k at the end of FY26, an annualised rate of over 11% against a 10%+ target for the full year. Total organic customers grew at an annualised c.9.7% to c.1.32m.
- FY27 guidance for adjusted profit before tax of £80m to £90m was reiterated, with profit weighted approximately 15%/85% between H1 and H2. Year-end net debt is still expected at around 1.5x adjusted EBITDA, falling to around 1.0x over the five-year plan.
- Partner activity is at record levels. Monthly active Partners averaged c.4.9k in H1 and total Partners passed 88k, up from c.77k. A new Partner share option scheme will share a pot of 1 million market-price options, based on sustained activity to June 2030.
- Cross-selling to existing customers added c.25k core services in H1, half of the FY27 target of 50k. Insurance customers edged up to c.114k, and the motor insurance launch remains on track for H2 FY27.
- A brand advertising campaign, including regional TV and radio, launches in Q3 FY27. The £40m buyback had bought c.3.8m shares at an average of 821.24p as at 2 October 2026, with c.£9.0m left to deploy.
- FY27 distributions will be split c.40%/60% between interim and final, with half delivered by extending the buyback at current share prices. Interim results are due on 24 November 2026.

AGAINST GUIDANCE

The customer figures beat the plan's own targets. Multiservice growth above 11% compares with a 10%+ full-year target, and active Partner growth of 15% compares with a 10%+ target for FY27. Much of this had already been signalled in August, when growth over April to July was running slightly ahead of 10% and Partners had passed 85k. Profit guidance of £80m to £90m was reiterated, not raised, and the 15%/85% phasing implies £12m to £13.5m of adjusted pre-tax profit in H1, matching the range given in August. For comparison, FY26 adjusted pre-tax profit was £132m, of which £32.5m came in the first half.

BULL CASE

- Customer growth has accelerated quickly. Multiservice customers, who take several services and form the core of the plan, are growing at three times the FY26 rate. The Partner network that recruits them is at record activity, before the Q3 advertising campaign has started.
- The second-half hurdle is less demanding than the 85% weighting suggests. On the guidance, H2 needs £68m to £76.5m of adjusted pre-tax profit, below the £99.5m earned in the second half of FY26 (£132m for the year less £32.5m in H1).
- The balance sheet starts from a strong position: £91.5m of cash and no borrowings reported at 31 March 2026, with an unqualified audit. Buybacks continue, and the August director sales by the CEO and CFO covered tax on vested awards, after which both holdings rose.
- The plan targets about £175m of adjusted pre-tax profit by FY31. If cross-selling, insurance growth and motor insurance lift revenue per customer, profit could grow faster than customer numbers.

BEAR CASE

- Profit is falling while growth accelerates. FY27 guidance is 32% to 39% below FY26, and the update gives no revenue, margin, cash flow or customer acquisition cost figures. On the evidence so far, the plan buys customers with no proof yet that they earn a return.
- Delivery depends on the winter. Advertising, Partner incentives and the motor insurance launch all add cost in the same half that must produce 85% of the year's profit. Little room is left if energy volumes, bad debt or conversion disappoint.
- Cash flow has been volatile. Operating cash flow was negative £132m in FY24 despite £71.0m of post-tax profit. Net debt is now planned to rise to 1.5x adjusted EBITDA while buybacks and dividends continue.
- The backdrop is tight. The 2-year gilt yield was 4.91% at 1 October and Brent crude $102.25 at 2 October, which squeezes household budgets and weighs on indebted UK domestic shares. Motor insurance is a new and competitive line.

WHAT TO WATCH

- Interim results on 24 November 2026. The key figures are H1 adjusted pre-tax profit against the implied £12m to £13.5m, operating cash flow after working capital, how much investment was capitalised, and a net debt bridge.
- Whether multiservice growth stays above 10% and active Partners keep rising after the Q3 brand campaign launches. A slowdown despite the spending would undercut the growth case directly.
- Any change to the £80m to £90m FY27 guidance after the winter quarter. Net debt should track the c.1.5x year-end path, and the interim distribution should follow the signalled c.40% share.
- Progress on the motor insurance launch planned for H2 FY27, and on insurance customer numbers after the return to growth at c.114k.

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