

EE

Q1 2014 RESULTS



Olaf Swantee, CEO

Neal Milsom, CFO

Best ever 4G take up in a quarter driven by growing appetite for superfast mobile internet

Strong demand for superfast 4G services underpinned by clear network differentiation:

- 4G base reached 2.9m, up 889k in the quarter. On target to exceed 6m 4G customers by end of 2014.
- 50% of new / renewing (Orange and T-Mobile) postpaid customers selected 4G, with strong uptake of double speed 4GEE Extra plans.
- EE independently ranked UK's #1 network for voice, text, mobile internet and reliability performance by RootMetrics®.

Growth in underlying operating revenue, ARPU and data revenue:

- Operating revenue +0.8% year-on-year (yoy) excluding regulatory Mobile Termination Rate (MTR) and roaming cuts; including regulatory impact -1.7% yoy.
- Mobile ARPU +5.1% yoy (Q4 2013: +6.1%) excluding regulatory impact, and +2.2% yoy (Q4 2013: 3.2%) including regulatory cuts.
- Data (non-text) revenue +11 ppts yoy to 47% (Q1 2013: 36%) of ARPU.

Continued acquisition and retention of postpaid customers and growth of MVNO base:

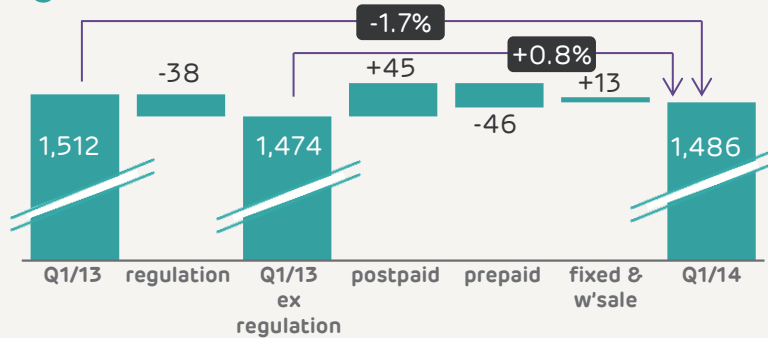
- Postpaid mobile net adds of 214k including machine-to-machine (M2M).
- 59% of consumer/B2B base on postpaid plans, delivering 6x higher ARPU than prepaid. Prepaid base reduced 321k, with revenue trend in line with industry shift towards postpaid.
- Postpaid churn of 1.2%, the twelfth consecutive quarter at 1.2% or below.
- MVNO base +3.2% yoy to 3.66m. Total connections including M2M, MVNOs and fixed of 30.7m (Q1 2013: 31.4m).

Sustained fixed business revenue and customer growth:

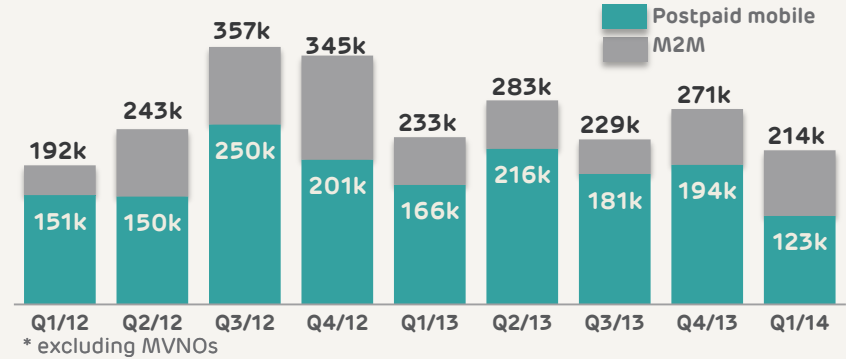
- Fixed revenue growth +12.5% yoy, the 9th consecutive quarter of growth, with broadband net adds of 20k.

Customer loyalty: Growing underlying operating revenue through improved value mix and wholesale growth

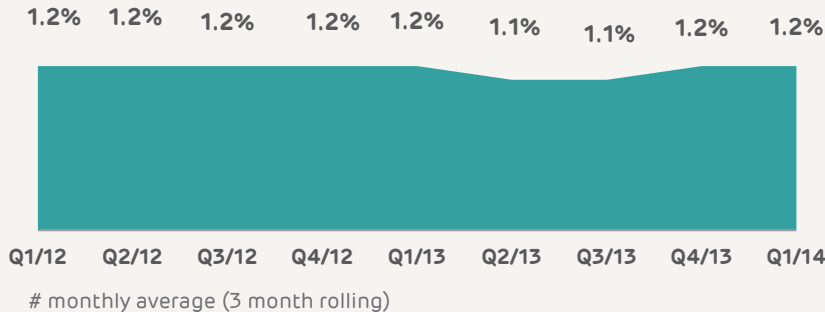
Q1 operating revenue grows 0.8% ex. regulation, £m



Continued postpaid growth*



Sustained low postpaid churn#



Insights

- Underlying operating revenue growth 0.8% yoy driven by improved value mix and wholesale growth
- 4G base 2.9m, with addition of 889k 4G customers in Q1
- Consistently strong customer retention, churn 1.2%, 12th quarter at 1.2% or below

Initiatives

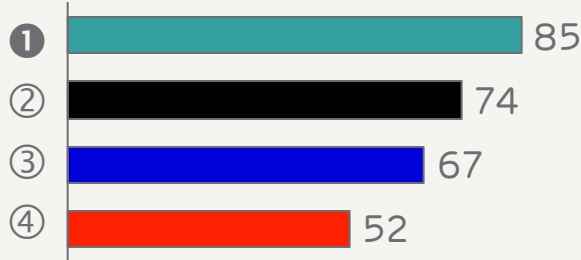
- New entry-level 4G postpaid plans (from £13.99 per month)
- New, EE branded affordable 4G smartphone "Kestrel"
- Refreshed ee.co.uk website and EE self-service app, MyEE

Operational excellence: RootMetrics® #1 Ranked UK Network



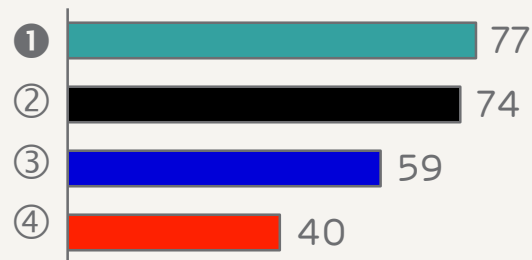
Rootscore Award

Convincing overall lead, 11 points ahead of closest competitor



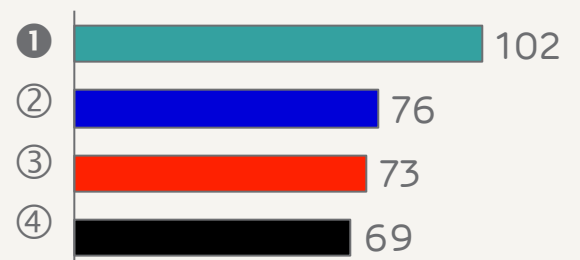
Reliability Index

EE is the UK's most reliable network for data connections, calls and texts



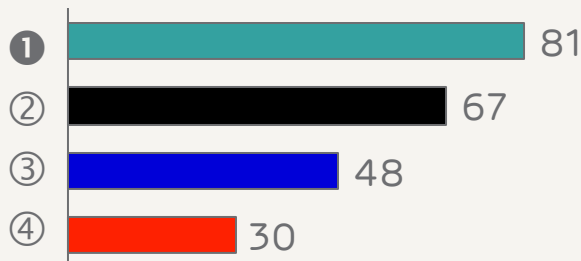
Speed Index

EE is the fastest network for data connections and text delivery



Mobile Internet

EE has the fastest mobile internet, with double speed 4GEE



Calls

EE's investment in voice demonstrated in call quality



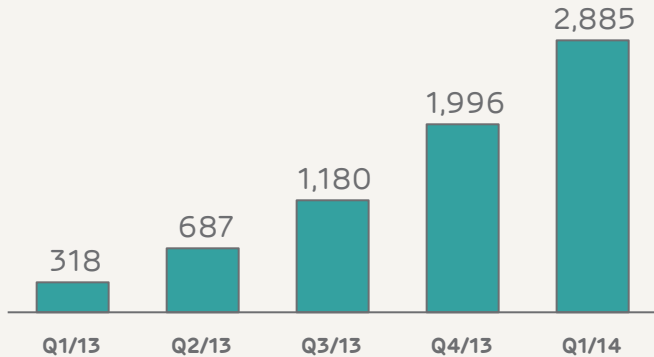
Texts

Texts are sent more quickly and successfully on EE



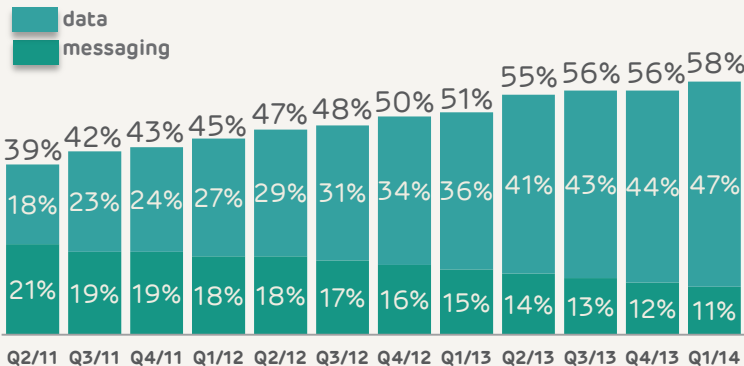
Platforms for growth: Effectively monetising the data opportunity

Strong 4G base growth, '000

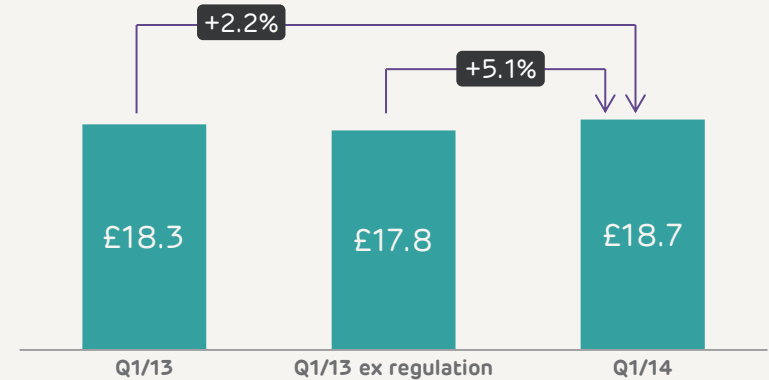


Continued data revenue growth

Non voice % ARPU



Mobile blended monthly ARPU growth



Insights

- Blended ARPU ex regulation +5.1% yoy, as postpaid base mix increases to 59% (Q1/13 53%), excluding M2M/MVNO
- 4G base growth drives non-voice revenues, with data revenues +11ppts yoy to 47% of ARPU
- M2M base up 19.4% yoy
- Continued fixed broadband improvement with Q1 revenue growth +12.5% yoy

Initiatives

- Launched Total Enterprise Mobility, with solutions to engage customers (e.g., Connected Retail), mobilise workforce (e.g., Super Secure 4GEE) and connect machines
- Attractive combined fixed/mobile promotions