

EE

Q1 2015 RESULTS



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Most 4G net adds in Europe and best ever broadband net adds drive improvement in underlying operating revenue

Europe's highest 4G take-up driven by network leadership:

- 4G net adds of 1.7m, 4G base of 9.3m, up +224% yoy. On track to hit 14m 4G customers by year end
- 7,700+ corporates using 4G, including Uber, GANT UK, Rotary Watches, and Norfolk & Suffolk Constabularies
- Trialled Europe's fastest 4G of 400 Mbps and launched seamless WiFi Calling. 4G pop coverage 87%, double-speed 4G to 67% of the population. Named RootMetrics® 2014 #1 UK network, Best Network at 2015 Mobile News Awards and in April, Ofcom's fastest mobile broadband network

Improving underlying operating revenue, with growth in data and fixed revenues:

- Operating revenue up 0.3% yoy excluding regulatory impacts; including regulatory impacts -1.1% yoy
- Mobile ARPU growth of +1.1% yoy (Q4 2014: +1.1%) excluding regulatory impact, and -0.5% (Q4 2014: 0.0%) including regulatory cuts
- Further growth in mobile data (non-text) revenue, up +5 ppts yoy to 52% (Q1 2014: 47%) of ARPU
- Fixed revenue growth 15% yoy, the 13th consecutive quarter of growth

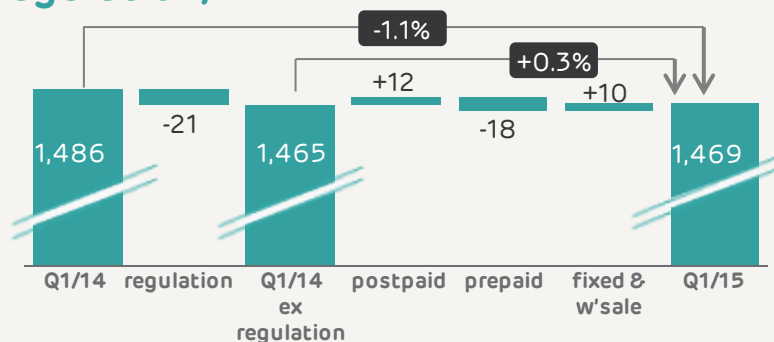
Accelerating cross-selling drives postpaid mobile and fixed customer growth:

- Total connections up +0.6% to 30.9m (Q1 2014: 30.7m), including M2M, MVNO and fixed bases
- Multiple Product Attach Rate¹ (MPAR) up +3.6% yoy to 1.22, driven by growth in mobile WiFi, tablets and fixed
- Postpaid mobile net adds of 111k including M2M. Prepaid base 195k lower, revenue trend in line with industry shift towards postpaid. Postpaid churn of 1.2%, 4th year in a row at 1.2% or below
- UK's fastest growing fixed broadband base; best ever net adds of 50k, revenue up +15% yoy, driven by effective cross-selling and early success of EETV

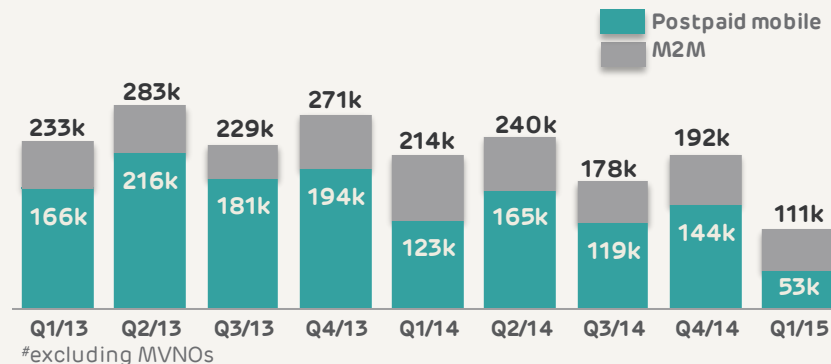
¹ MPAR is calculated using the following components and equation: (A+B+C+D+E)/A. (A) Postpaid handset and SIMO base; (B) Postpaid Mobile WiFi base; (C) Fixed broadband base; (D) Fixed telephone base (E) EETV base.

Customer loyalty: improving underlying operating revenue and continued excellent customer retention

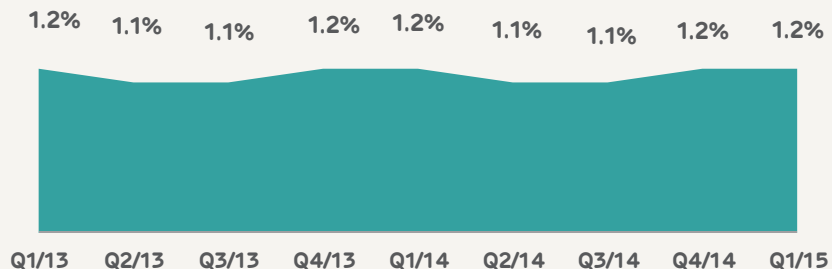
Q1 operating revenue +0.3% ex. regulation, £m



Continued postpaid growth#



Sustained low postpaid churn^a



^a monthly average (3 month rolling)

Insights

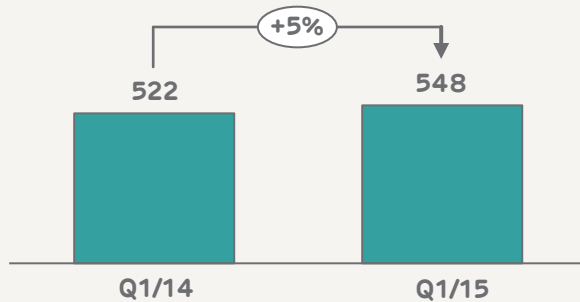
- Underlying operating revenue +0.3% yoy, with postpaid and fixed growth offsetting prepaid decline
- 4G base of 9.3m; addition of 1.7m 4G customers in Q1
- Strong customer retention; churn 1.2%, 16th quarter at 1.2% or below
- 50k Q1 fixed-line net adds, best ever since formation of EE

Initiatives

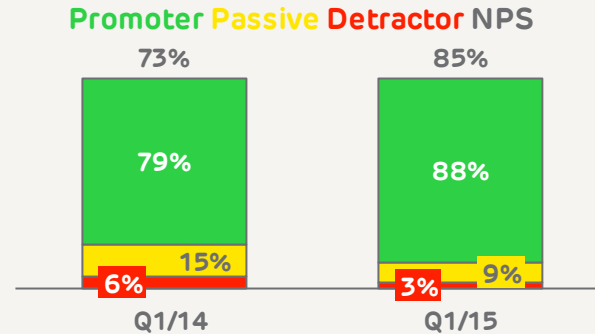
- Introduced new loyalty initiatives EE Film Club, providing films to EE customers for £1, and EE Power, providing portable chargers
- EE awarded Consumer Superbrand status, youngest standalone brand to make 2015 list
- Launched seamless WiFi calling to improve in-building coverage₃

Operational excellence: significant improvements in Retail channel performance

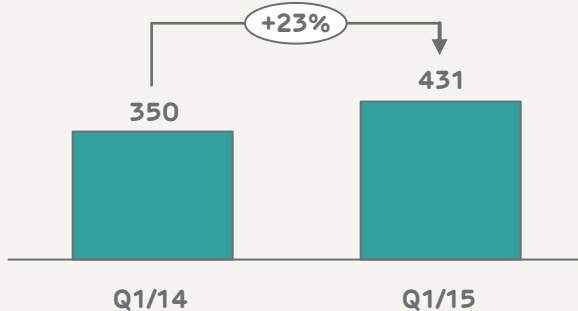
5% yoy increase in store numbers (number of EE stores)



NPS up 12ppts yoy



23% yoy increase in store catchment area (number of areas served by EE stores)

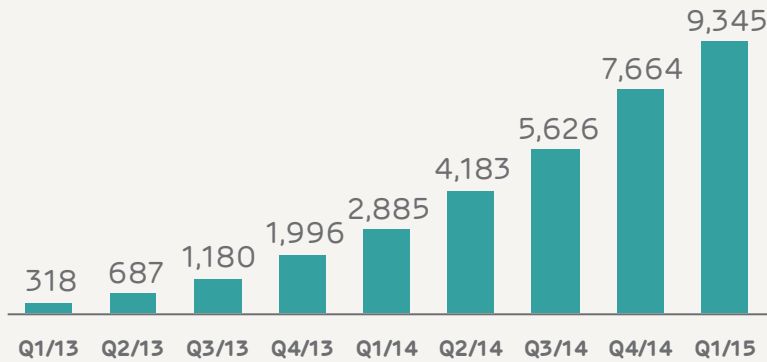


Insight

- Direct consumer acquisitions and upgrades mix up +7ppts yoy to 63%
- Postpaid connections through stores up +21.5% yoy
- Acquisition of former Phones4u stores and optimisation of existing estate increased catchment area coverage by +23% yoy
- Strong cost control and focus on franchising reduced underlying cost per store by 7% yoy
- Net Promoter Score (NPS) increased to 85% following streamlined processes, improved procedures, increased staff training and innovations such as tablet tills

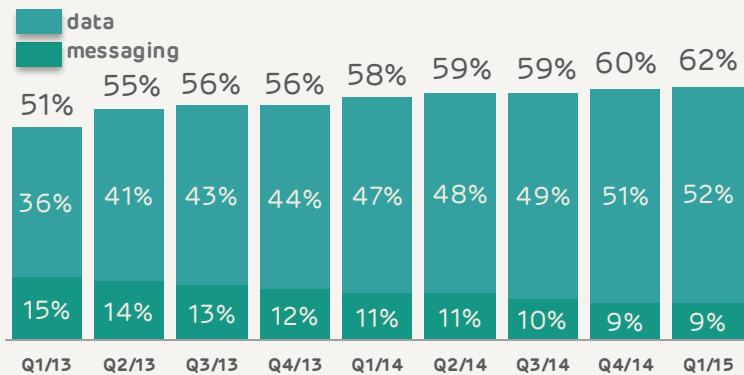
Platforms for growth: 4G supporting data revenue growth

Strong 4G base growth, '000

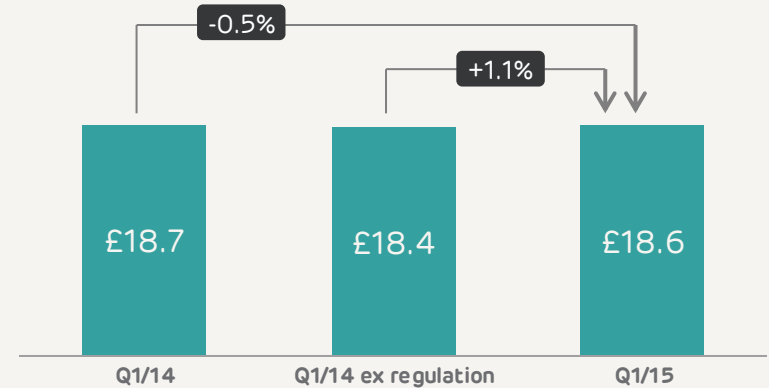


Continued data revenue growth

Non voice % ARPU



Mobile blended monthly ARPU growth



Insights

- Blended ARPU ex regulation +1.1% yoy, as postpaid base mix increases to 61.5% (Q1/14 58.9%), exc M2M/MVNO
- 4G base growth drives non-voice revenues, with data/text revenues +4ppts yoy to 62% of ARPU
- 59% yoy base growth in tablets, 25% yoy growth in mobile WiFi and 14% yoy growth in M2M

Initiatives

- Announced 3 year £1.5bn investment programme to further improve coverage, trialed Europe's fastest 4G at 400 Mbps
- 4G population coverage 87%, double-speed 4G of 67%
- TV offer expanded to include NOW TV, giving users access to Sky content