

EE

# Q3 2013 RESULTS



22<sup>nd</sup> October 2013

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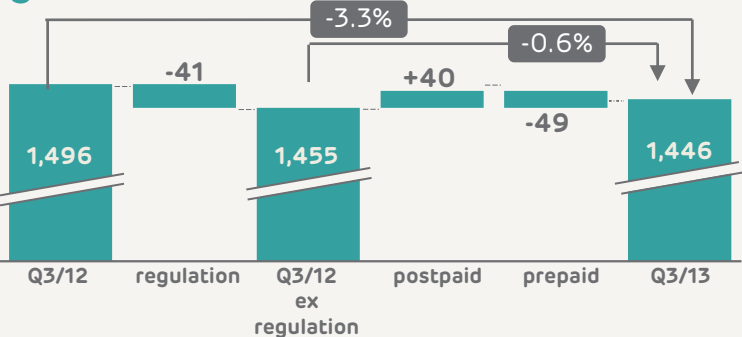
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# 4G grows half million to c.1.2m, network leadership drives enterprise momentum

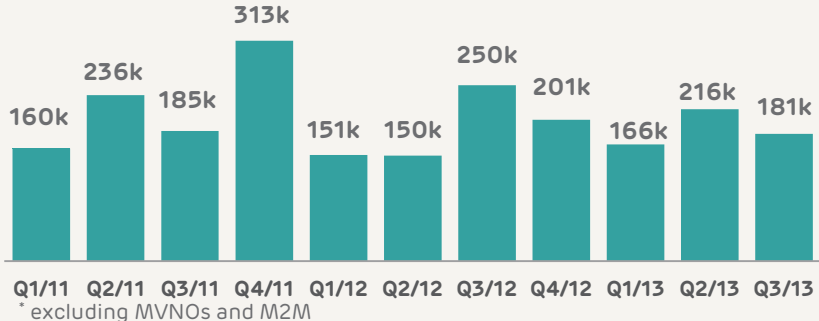
- **Service revenue performance:** Q3/13 underlying service revenue -0.6% yoy (Q2/13 0.0% yoy); including impact of regulatory cuts -3.3% yoy (Q2/13 -4.4% yoy)
- **Rapid 4G customer growth:** 4G postpaid base up 493k in Q3, an increase of 72% since Q2/13, to reach 1.18m and exceeding 1m target four months early. Existing consumers migrating to 4G continue to show high single digit Average Revenue Per User (ARPU) uplift. Over 3.2k corporate accounts using 4G. 4G available in 117 cities and towns and c.60% of the UK population.
- **Successfully acquiring and retaining high value customers:** Postpaid mobile net adds of 181k; postpaid base +5.7% higher yoy. 56% of customer base now postpaid, delivering 6x higher ARPU than prepaid. Prepaid base reduced by 345k. Effectively retaining postpaid customers, with postpaid churn of 1.1% (Q3/12: 1.2%).
- **Data (non-text) revenue up by a quarter yoy as strong smartphone adoption continues:** Data (non-text) revenue +12 ppts yoy to 43% (Q3/12: 31%) of ARPU; data/text (non-voice) revenues +8 ppts yoy to 56% (Q3/12: 48%) of ARPU. 64% of new/renewing postpaid customers opting for 4G contracts or 4G-ready devices, +8 ppts on Q2/13 and further seeding base for future 4G growth.
- **Major brands ASDA, BT, Canon, Expedia, Kimberly-Clark and Virgin Media select EE network:** 3,200+ companies on 4GEE, including Canon, Expedia and Kimberly-Clark. Partner of choice for Mobile Virtual Network Operators (MVNOs), re-signing Virgin Mobile, signing ASDA Mobile and, subject to final contract, agreement for BT's customers and 88,000 employees.

# Customer loyalty: Improved customer value mix through solid postpaid adds and sustained low churn

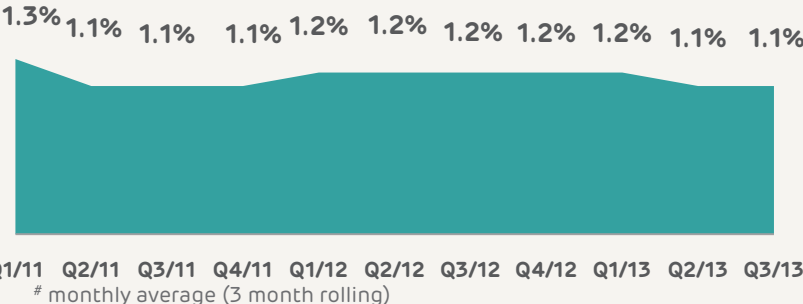
## Q3 mobile service revenue -0.6% ex regulation, £m



## Solid postpaid net adds\*



## Sustained low postpaid churn#



## Insights

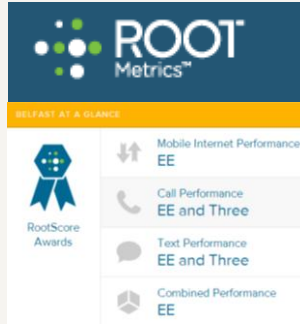
- Continued strong postpaid performance and prepaid revenue performance in line with market trend
- 4G base c. 1.2m, strong customer demand driving rapid 4G adoption
- Excellent customer retention, churn maintained at 1.1%

## Initiatives

- Summer double data / double speed promotion
- Marketing increases EE brand presence, with spontaneous awareness reaching 47%
- In October, expanded 4G offering with new entry-level postpaid plans and new prepaid plans

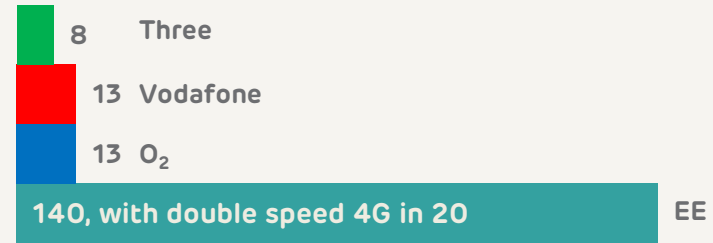
# Operational Excellence: Delivering the UK's best network and delivering synergies

Independently rated number one overall network



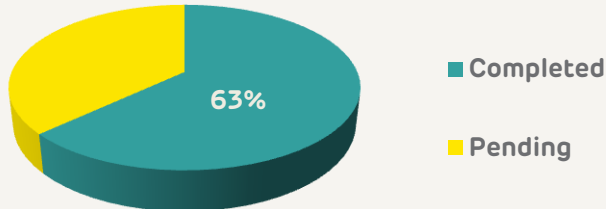
More 4G than others combined

Projected UK towns and cities with 4G coverage by end of the year



Network Optimisation on track

Nearly 2/3rds of redundant sites switched off

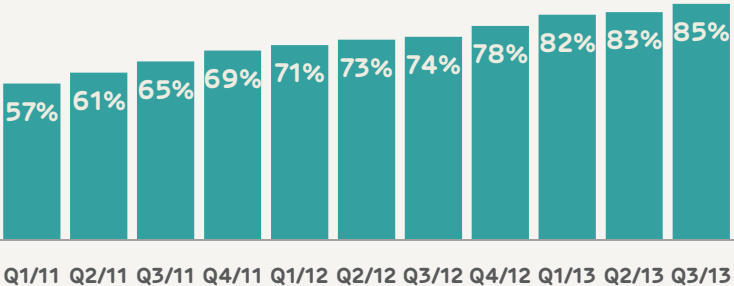


Stable direct sales mix following retail consolidation

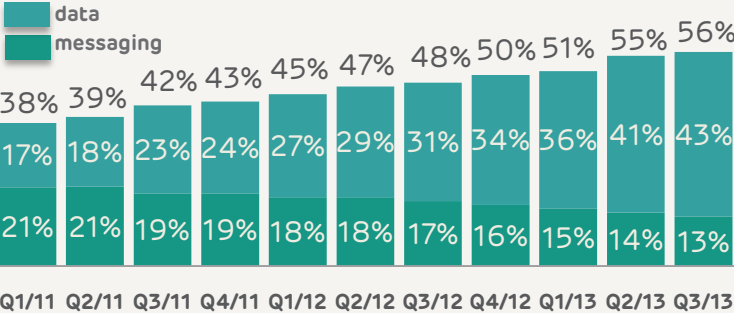


# Platforms for growth: Successfully leveraging the data opportunity

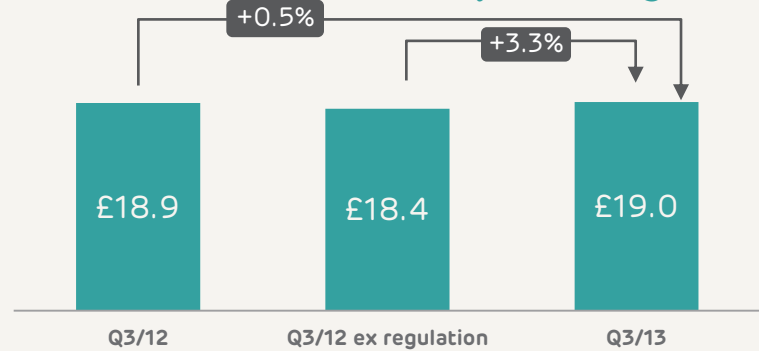
## Increased postpaid smartphone base % of postpaid base with smartphones



## Exploited data opportunity Non voice % ARPU



## Mobile blended monthly ARPU growth



### Insights

- Blended ARPU ex regulation +3.3% yoy, as postpaid base mix increases to 56% (Q3/12 51%), inc regulation +0.5%
- Increased smartphone data usage drives non-voice revenues, with data revenues +12ppts yoy to 43% of ARPU

### Initiatives

- Strong business interest in 4G; 3.2k accounts using 4G
- Machine-to-machine base up 26% yoy
- Network of choice for MVNOs, with ASDA Mobile win, Virgin Media resign and MVNO agreement with BT, subject to final contract
- Further fixed broadband improvement with 9% revenue growth yoy