

EE

Q3 2012 Results



24TH OCTOBER 2012

Strong commercial momentum as business prepares for new customer brand and 4G launch

Q3/12 service revenue growth yoy excluding regulatory cuts +3.1% (Q2/12 +3.4%), including impact of regulatory cuts -3.0% (Q2/12 -1.1%)

Strong Q3 postpaid net adds of 250k (Q3/11: 185k); improving customer value mix with postpaid base +6.9% yoy; 51% of customers now postpaid (Q3/11 47%)

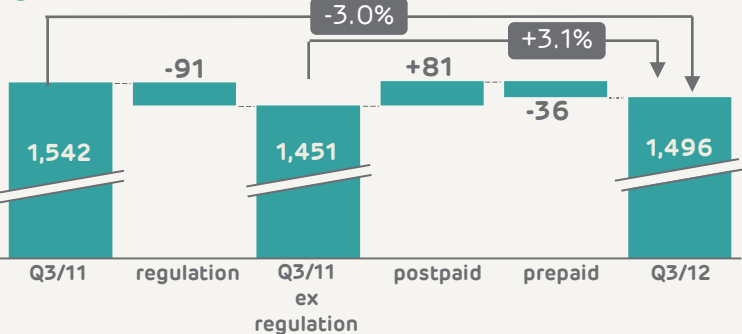
Continued heavy focus on customer retention, with Q3 renewals +32% yoy; sustained low postpaid churn of 1.2%

Launch of new brand and the UK's first 4G mobile network, commercially available from 30 October

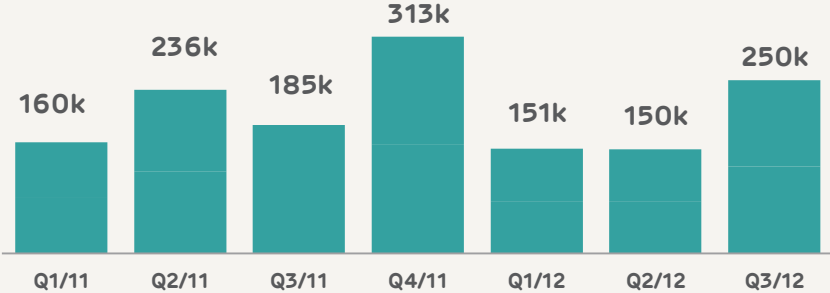
- Compelling 4G propositions and leading devices
- 16 cities covered by year end and 98% population by end of 2014

Customer loyalty: strong postpaid net adds and sustained low postpaid churn

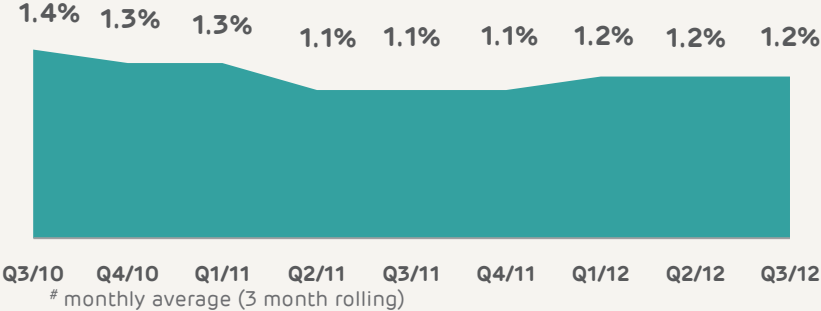
Mobile service revenue +3.1% ex regulation, £m



Strong postpaid net adds



Sustained low postpaid churn#



Insights

- Underlying service revenue driven by +9ppts yoy increase in postpaid smartphone penetration; postpaid mix 51%
- Targeted acquisition, smartphones 92% of new postpaid handset connections
- Sustained low churn; renewals up 32%; customers selecting high value plans; continued average access fee growth

Initiatives

- Good momentum with compelling propositions including Full Monty and Orange "The Works"
- Focused promotion of best-selling smartphones

Operational Excellence: New Brand Strategy and First UK 4G Launch

EE brand

- Introduced EE as a superfast brand; offering 4G mobile services and fibre broadband
- EE network indicator signifies completion of network sharing programme, giving Orange and T-Mobile customers seamless access to UK's largest network
- EE to stand alongside Orange and T-Mobile, further broadening our customer appeal and relevance

Superfast services and devices

- Secured regulatory approval for 4G over 1800MHz
- First UK 4G network; 16 cities by end of year; 98% coverage by end of 2014; fibre broadband to cover 11m premises this year
- Pricing strategy maximises 4G opportunity; 5 price points (£36 to £56) with tiered data bundles, unlimited voice/text; attractive range of 4G devices

Retail integration

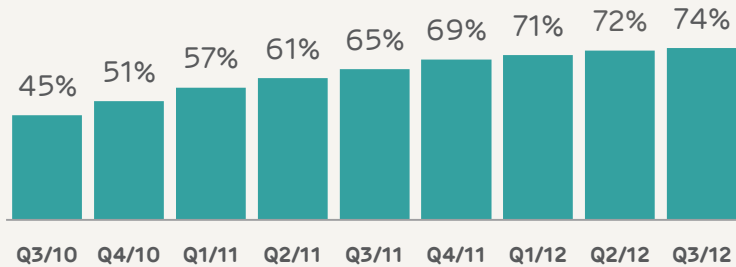
- All stores to be refurbished with EE brand and customer centric layout
- All Orange, T-Mobile and EE plans to be available in all stores
- Trained all staff to be specialised in device operating systems
- Consolidated onto one Retail IT platform

Financial performance

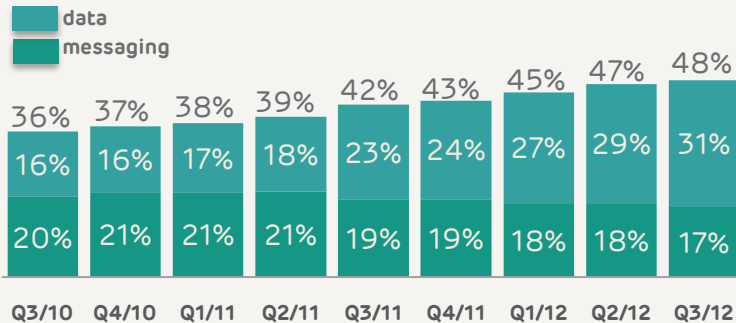
- EE brand / 4G launch supports market share performance
- Progressed Network Optimisation programme
- Remain committed to 2014 financial targets

Platforms for growth: leveraging the data opportunity

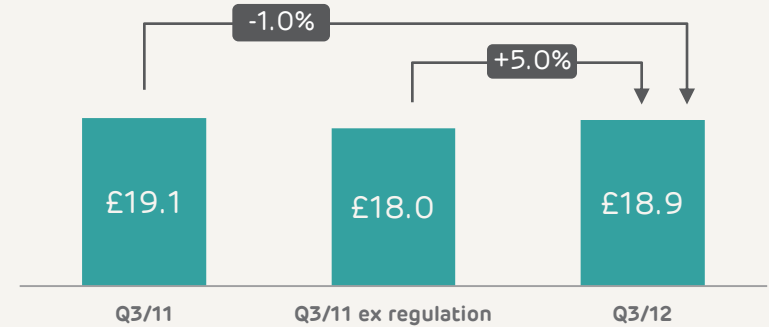
Increasing postpaid smartphone base % of postpaid base with smartphones



Exploiting data opportunity Non voice % ARPU



Mobile blended monthly ARPU growth



Insights

- Blended ARPU ex regulation +5.0% yoy, as postpaid base mix increases to 51% (Q3/11 47%)
- Increasing smartphone data usage drives non-voice revenues, with data revenues +7ppts yoy to 31% of ARPU

Initiatives

- Further improvement in fixed broadband business continues, 9k base growth in Q3, first significant growth for 5 years, 12% revenue growth yoy
- Mobile payments and advertising joint venture given EU clearance