

EE

Q3 2014 RESULTS



Olaf Swantee, CEO

Neal Milsom, CFO

4G base up fourfold year-on-year to 5.6m

Clear network leadership delivers biggest 4G base of any European mobile operator:

- 4G base reached 5.6m, up 1.4m in the quarter. Largest Q3 growth and biggest 4G base of any operator in Europe.
- EE named #1 UK-wide network for voice calls by Ofcom, #1 overall network by RootMetrics® for January to June 2014, and in early October, Best Network at 2014 Mobile Choice Consumer Awards.

Stable underlying operating revenue performance:

- Operating revenue 0% year-on-year (yoy) excluding regulatory cuts; including regulatory impact -1.2% yoy.
- Mobile ARPU +1.6% yoy (Q2 2014: +2.7%) excluding regulatory impact, and +0.5% yoy (Q2 2014: 2.2%) including regulatory cuts.

Further postpaid mobile growth and continued excellent customer retention:

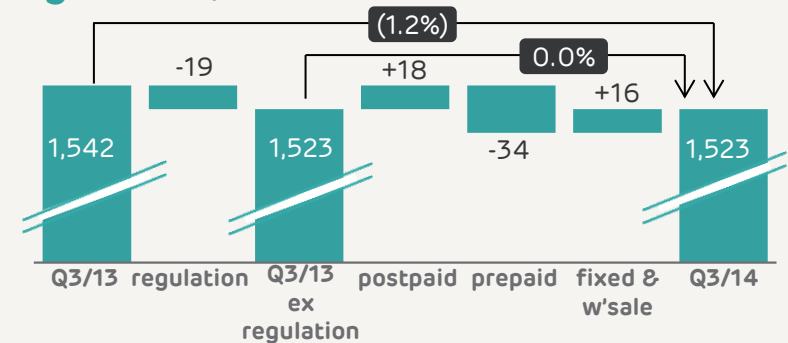
- Postpaid mobile net adds of 178k including machine-to-machine (M2M).
- 60.3% of consumer/B2B base on postpaid plans, delivering 6x higher ARPU than prepaid. Prepaid base reduced 169k, with revenue trend in line with industry shift towards postpaid.
- Postpaid churn of 1.1%, the 14th consecutive quarter at 1.2% or below.

Strong fixed revenue and customer growth ahead of EE TV launch:

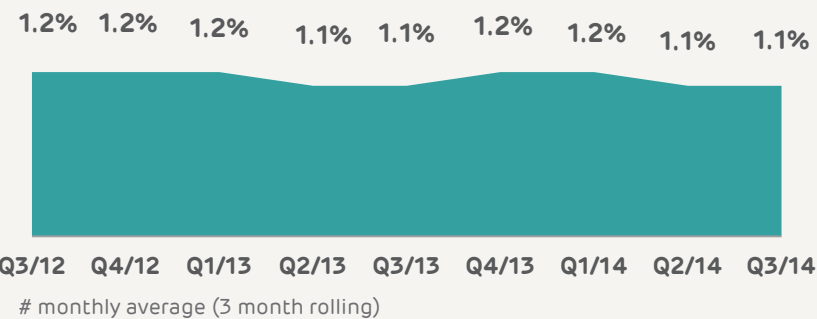
- Fixed revenue growth +20% yoy, the 11th consecutive quarter of growth, with broadband net adds of 18k.
- In October, announced plans to launch EE TV in the coming weeks.

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

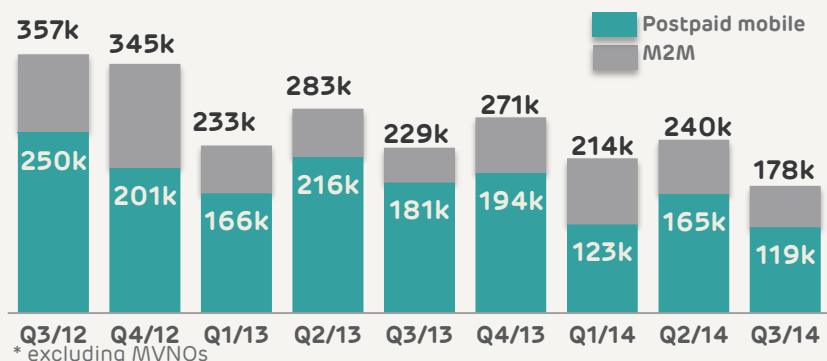
Q3 operating revenue 0.0% ex. regulation, £m



Sustained low postpaid churn#



Continued postpaid growth*



Insights

- Underlying operating revenue stable yoy, with postpaid and wholesale growth offset by prepaid decline
- 4G base 5.6m; addition of 1.4m 4G customers in Q3
- Strong customer retention with churn at or below 1.2% for 14th quarter in a row supported by network leadership
- Q3 fixed-line growth +20% yoy, 18k net adds

Initiatives

- 4G now 75%+ pop; rural coverage rollout, prepping for 800 MHz VoLTE next year
- Announced as only UK network with WiFi calling on iPhone 6
- Retail optimisation advanced; purchased 58 Phones 4u shops

Operational excellence: RootMetrics® Again Ranked EE #1 Overall Network for H1 2014



Rootscore Award

Convincing overall lead, 4 points ahead of closest competitor



Reliability Index

No other network is more reliable 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



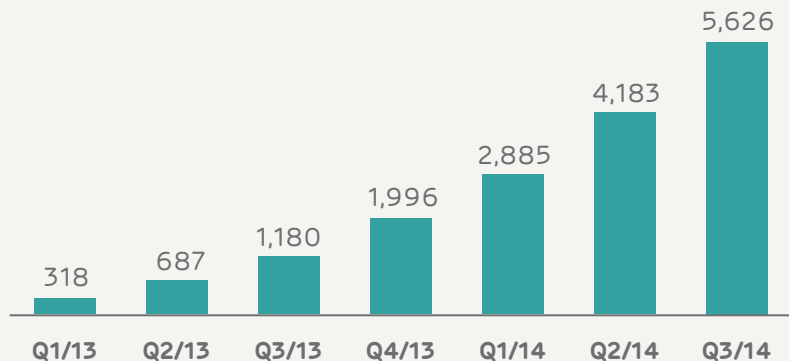
Texts

Texts are sent more quickly and successfully on EE



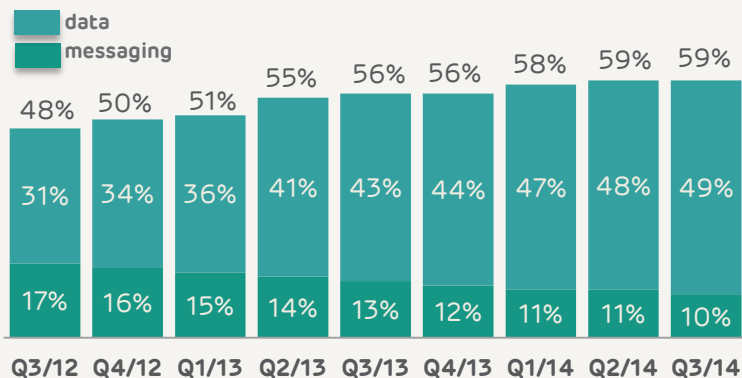
Platforms for growth: Effectively monetising the data opportunity

Strong 4G base growth, '000

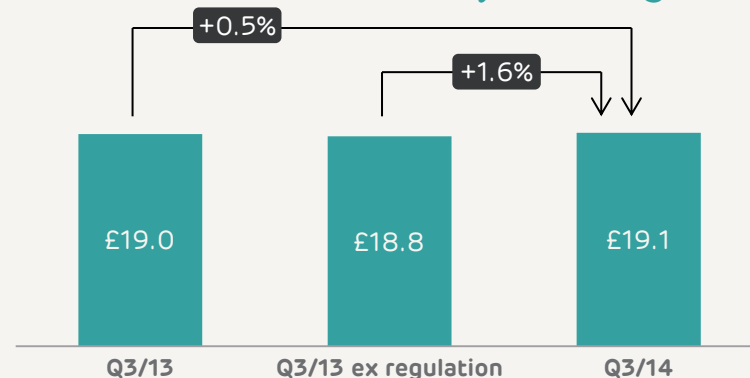


Continued data revenue growth

Non voice % ARPU



Mobile blended monthly ARPU growth



Insights

- Blended ARPU ex regulation +1.6% yoy, as postpaid base mix increases to 60.3% (Q3/13 56.3%), exc M2M/MVNO
- 4G base growth drives non-voice revenues, with data revenues +6ppts yoy to 49% of ARPU
- M2M base up 19.3% yoy

Initiatives

- Extended and promoted range of EE branded 4G devices
- New flexible Business Connect plans for Small Business customers
- In October, announced EE TV to further strengthen fixed offering and provide attractive quad-play proposition