

EE

Q1 2013 Results



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Q1 2013 Summary: strong 4G take-up as company makes good progress focusing on high value segments

Strong demand for 4G services: 4G base reaches 318k or 2.3% of postpaid base after five months of trading; on track for 1m 4G customers by year end

Secured UK's best spectrum portfolio for superfast 4G data services: acquired 2x5MHz of 800MHz and 2x35MHz of 2.6GHz spectrum for £589m; hold industry-leading 36% share of UK mobile spectrum

Steady underlying service revenue performance: underlying Q1 service revenue -0.4% (Q4/12 +1.5%) yoy, including regulatory cuts -5.4% yoy (Q4/12 -3.9%)

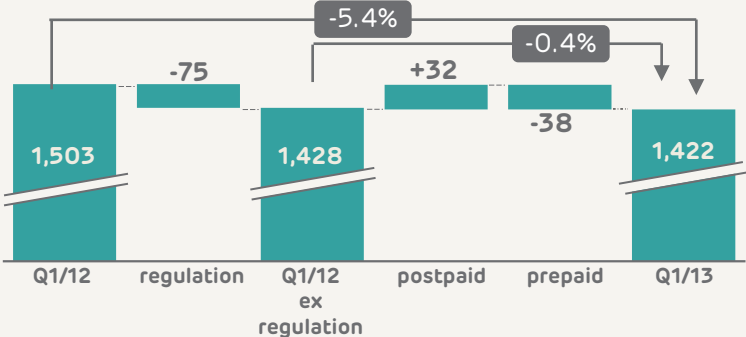
Attracting high value customers: postpaid net adds of 166k (Q1/12: 151k) (exc MVNO and M2M); improving customer value mix with postpaid base +5.9% yoy; 53% of mobile customers now postpaid (Q1/12 49%), underlying ARPU +2.2% (Q4/12 +3.9%)

Strong customer retention: sustained low postpaid churn of 1.2%; 8th consecutive quarter at 1.2% or below

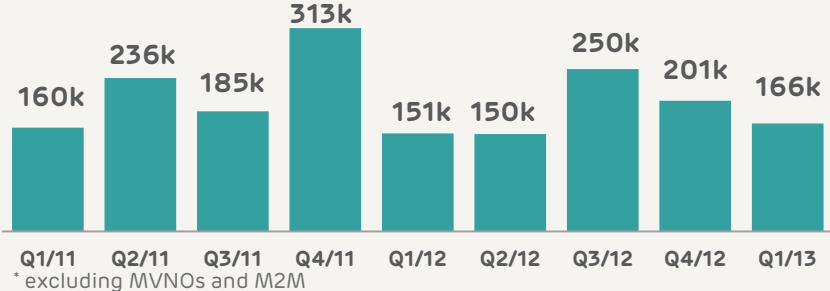
Rapid postpaid smartphone adoption driving data revenue growth: postpaid smartphone penetration +11 ppts yoy to 82% (Q1 2012: 71%); non-voice revenue at 51% of ARPU (Q1 2012: 45%)

Customer loyalty: delivering on high value acquisition and retention strategy

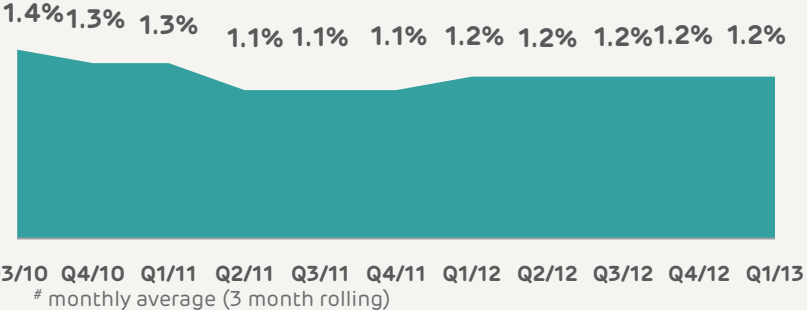
Mobile service revenue -0.4% ex regulation, £m



Strong postpaid net adds*



Sustained low postpaid churn#



Insights

- Service revenue affected by macroeconomic/competitive pressures
- 93% of new and upgrading postpaid handset connections are smartphones, of which 42% are 4G or 4G-ready
- Sustained low churn; continued average access fee growth

Initiatives

- Introduced postpaid RPI price adjustments
- Launched competitive prepaid offers in April that more effectively monetise data (T-Mobile Smart Packs and enhanced Orange Dolphin)
- Further extended 4G smartphone range

Operational excellence: driving successful integration

Retail Integration

- On track to streamline retail footprint to approximately 600 stores by end of H1
- Maintained direct sales performance

Network Leadership

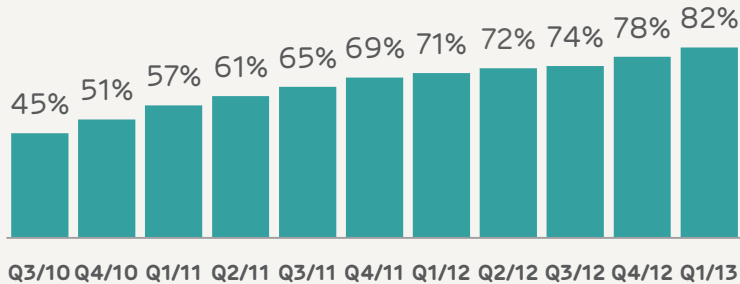
- On track to deliver 4G to 55% UK pop. by June
- Secured 2x5 800 MHz and 2x35 MHz 2.6 GHz spectrum
- Landmark plans to introduce double-speed 4G
- Network Optimisation programme on track with 548 sites decommissioned in Q1

Organisational Excellence

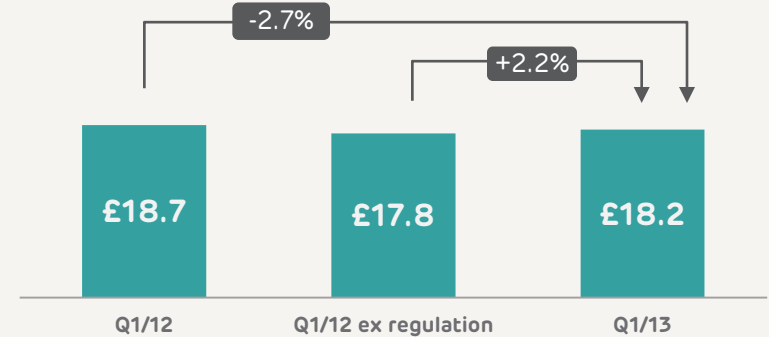
- Ranked in the Sunday Times Top 25 Best Big Companies to Work For in the UK

Platforms for growth: leveraging the data opportunity

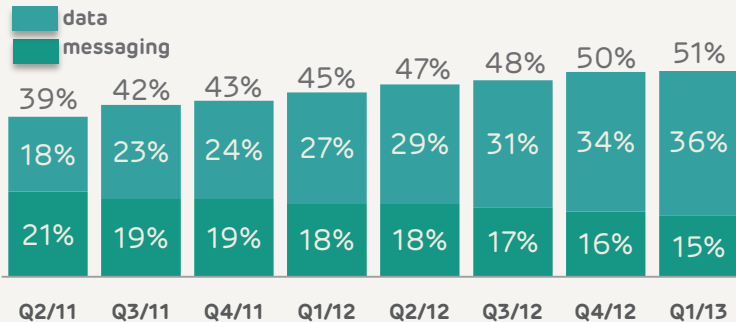
Increasing postpaid smartphone base % of postpaid base with smartphones



Mobile blended monthly ARPU growth



Exploiting data opportunity Non voice % ARPU



Insights

- Blended ARPU ex regulation +2.2% yoy, as postpaid base mix increases to 53% (Q1/12 49%)
- Increasing smartphone data usage drove non-voice revenues, with data revenues +9ppts yoy to 36% of ARPU
- Fixed Broadband revenues +11% yoy

Initiatives

- Continued programme to migrate Orange/T-Mobile customers to EE
- Educating market about 4G benefits with mobile broadband promotion
- Strong business interest in 4G; c. 1,600 business customers using 4G including RAC, Reed and PA News