



## Trading update

for the quarter ended 30 September 2022



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Active  
Customer <sup>(2)</sup>

**43.0mn**  
Y-o-Y 4%

Revenue

**€7.4bn**  
Y-o-Y flat

Total  
Margin

**€5.3bn**  
Y-o-Y 1%

Contract  
Churn <sup>(3)</sup>

**1.2%**  
Y-o-Y 0.1%-pt

Capex <sup>(4)</sup>

**€1.6bn**  
Y-o-Y 6%

Net Debt <sup>(5)</sup>

**€4.5bn**  
 5% vs Dec 2021

(1) Unless otherwise specified, the discussion of the Group's operating results in this presentation is on a Pre-IFRS 16 basis.

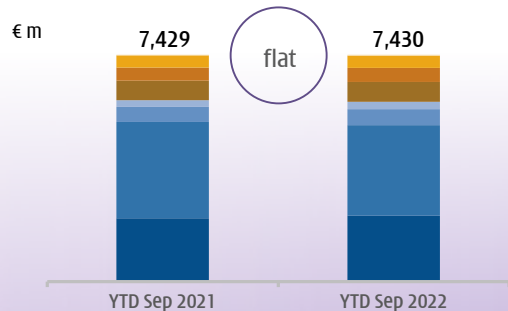
(2) An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

(3) Represents monthly average churn of contract customers.

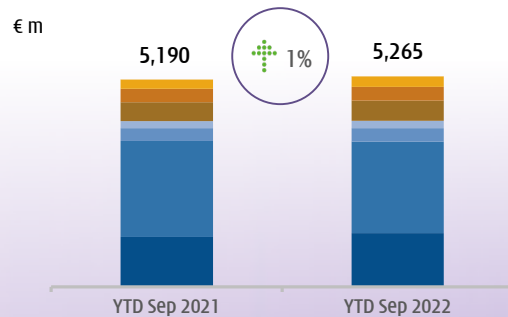
(4) Capex amount excludes licence costs.

(5) Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts. Net debt is defined as total bank and other debts less total cash and cash equivalents.

## Revenue



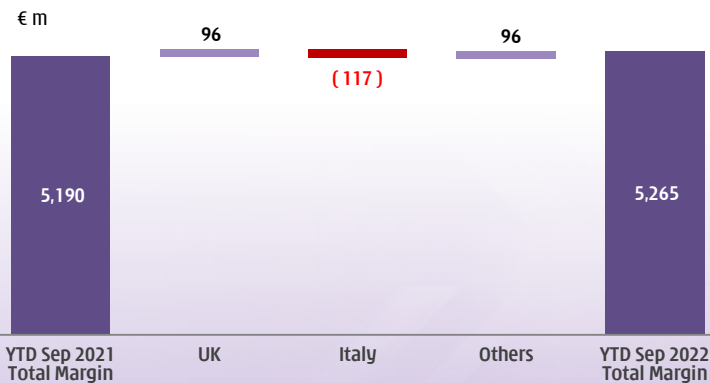
## Total Margin



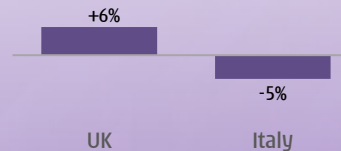
## Total Margin

€5,265m

+1%



Total Margin Change %  
(in local currencies)

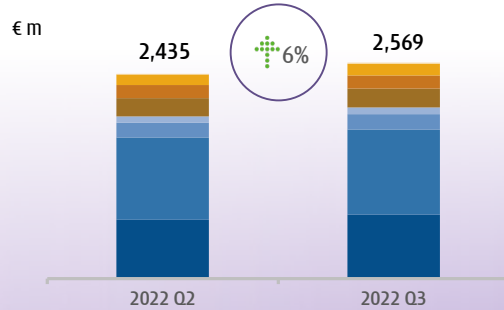


Total Margin %<sup>(1)</sup>

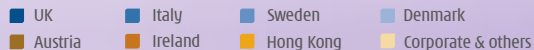
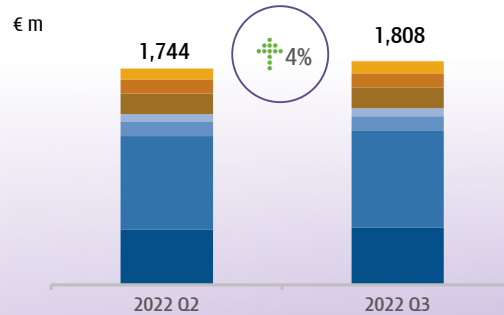
Component	Total Margin %
UK	87%
Italy	80%

(1) Total margin % represents total margin as a % of total revenue excluding handset revenue.

## Revenue



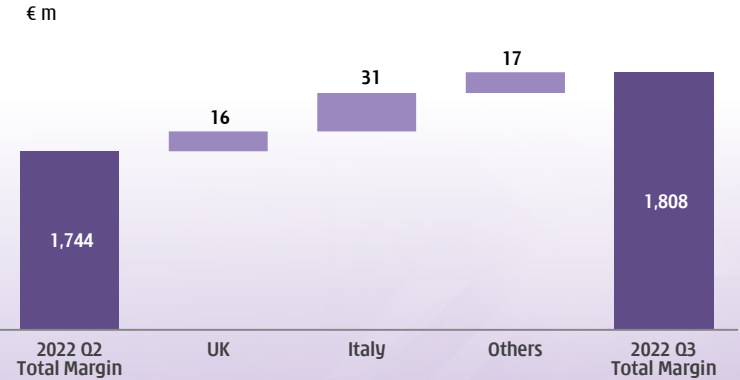
## Total Margin



## Total Margin

€1,808m

+4%



Total Margin Change %  
(in local currencies)

+4%

+4%

UK

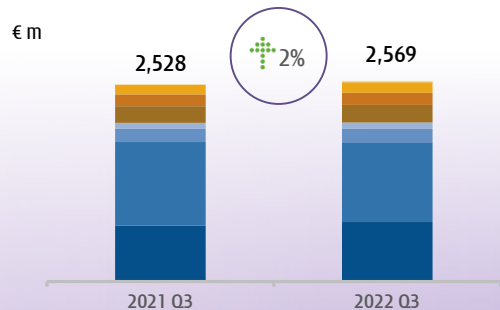
Italy

Total Margin %

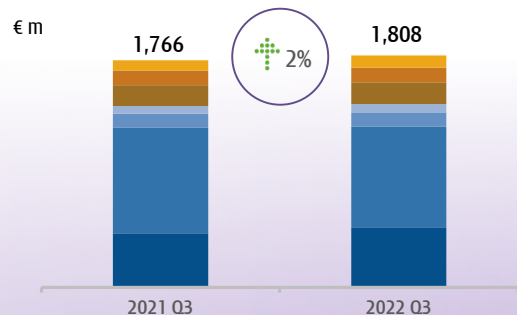
86%

81%

## Revenue



## Total Margin

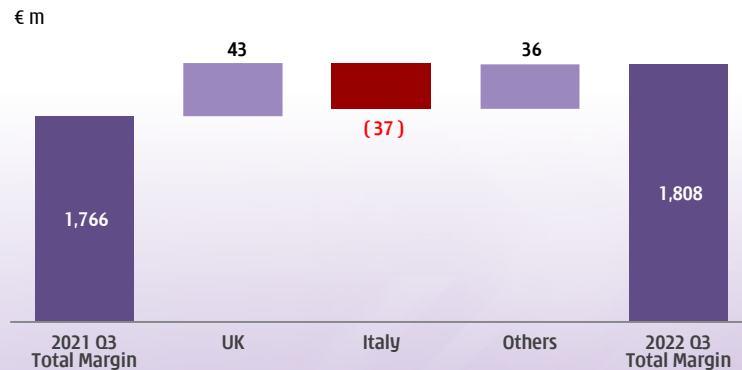


■ UK      ■ Italy      ■ Sweden      ■ Denmark  
■ Austria      ■ Ireland      ■ Hong Kong      ■ Corporate & others

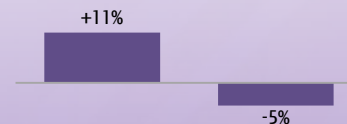
## Total Margin

€1,808m

+2%



Total Margin Change %  
(in local currencies)



Total Margin %

UK      Italy

86%      81%

## Key Financials

£ m	YTD Sep 2022	YTD Sep 2021	% Variance
Total Revenue	1,831	1,790	+2%
Total Margin	1,139	1,077	+6%
Total Margin (%) <sup>(1)</sup>	87%	87%	-
Capex <sup>(2)</sup>	(578)	(498)	↑ 16%
Licence	-	(280)	
Net ARPU (£) <sup>(3)</sup>	13.05	12.89	+1%
Net AMPU (£) <sup>(4)</sup>	11.67	11.40	+2%
Active customer ('000) <sup>(5)</sup>	10,320	9,621	+7%
Active contract customer ('000)	8,332	7,951	+5%
Monthly average contract churn (%)	1.4%	1.2%	

## Results Highlights

- Aggressive market competition remains but encouragingly total revenue has been growing year-on-year, driven by various business initiatives
- Active contract customer base has increased by 7% year-on-year, contributing to 6% increase in total margin. The proportion of active contract customers remains at a high level (2022: 81%; 2021: 83%)
- Churn rates increased slightly year-on-year but remained at healthy levels
- 5G Network rollout continues resulting in increase in capex, as well as IT enhancement with deployment of B2C platform across retail stores in Q3 2022

(1) Total margin % represents total margin as a % of total revenue excluding handset revenue.

(2) Capex amount excludes licence costs.

(3) Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

(4) Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the year.

(5) An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

## Key Financials

£ m	2022 Q3	2021 Q3	% Variance	2022 Q2	% Variance
Total Revenue	656	614	+7%	593	+11%
Total Margin	396	358	+11%	379	+4%
Total Margin (%)	86%	84%	+2%pts	88%	-2%pts
Capex	(244)	(191)	‡ 28%	(172)	‡ 42%
Net ARPU (£)	13.05	12.89	+1%	12.96	+1%
Net AMPU (£)	11.67	11.40	+2%	11.55	+1%
Active customer ('000)	10,320	9,621	+7%	9,884	+4%
Active contract customer ('000)	8,332	7,951	+5%	8,224	+1%
Monthly average contract churn (%)	1.5%	1.2%		1.3%	

## Results Highlights

- Revenue and margin continued to perform strongly by end of third quarter 2022 for both year-on-year and quarter-on-quarter, driven by various growth initiatives
- Total margin % slightly drop compared with last quarter due to sales mix and seasonality. For year-on-year, moderate total margin % growth was driven by introduction of daily roaming charges since Q2 2022
- Active contract customer base has increased compared with 2022 Q2 and year-on-year, mainly driven by growth of SMARTY and B2B, resulting in a solid active customer base at Q3 2022. The proportion of active contract customers remains at high level (Q3 2022: 81%; Q3 2021: 83%; Q2 2022: 83%), providing stable customer service margin contributions
- Churn rates increased slightly across periods due to increased market competition, particular with timing of launch of new handsets
- Continuing investment in 5G network for enhancing customer experience through network quality, as well as IT development to simplify customer interactions



## Key Financials

€ m	YTD Sep 2022	YTD Sep 2021	% Variance
Total Revenue	2,971	3,155	-6%
Total Margin	2,285	2,402	-5%
Total Margin (%)	80%	80%	-
Capex	(541)	(770)	↓30%
Net ARPU (€) <sup>(1)</sup>	10.57	10.89	-3%
Net AMPU (€) <sup>(1)</sup>	9.34	9.42	-1%
Active customer ('000) <sup>(1)</sup>	19,044	19,201	-1%
Active contract customer ('000) <sup>(1)</sup>	9,206	9,442	-2%
Monthly average contract churn (%)	1.3%	1.3%	

## Results Highlights

- Active base has relatively stabilised despite continuous intense competition, particularly since Wind Tre launched second brand Very Mobile to compete in the prepaid segment
- Revenue declined year-on-year mainly driven by reduced wholesale revenue, but encouragingly, net customer service margin has slightly improved and total margin % remaining strong at approximately 80%
- Net AMPU declined slightly due to higher mix of prepaid customers, but the impact is mostly offset by increased focus on higher margin B2B segment
- Churn % remained stable despite keen competition, mainly driven by enhanced customer experience through network quality
- 5G rollout continued during 2022, improving network speed and capacity, with Wind Tre recognized as Italy's fastest mobile network for consecutive periods.

(1) The YTD Sep 2022 KBIs included an adjustment for aligning the definition of Wind Tre's active customer base to that of CKHGT as part of a system integration. Consequently, there is a corresponding and opposite impact on the YTD Sep 2022 net ARPU and net AMPU. The conformity of definitions does not impact Wind Tre's P&L.

## Key Financials

€ m	2022 Q3	2021 Q3	% Variance	2022 Q2	% Variance
Total Revenue	1,013	1,070	-5%	981	+3%
Total Margin	785	822	-5%	754	+4%
Total Margin (%)	81%	80%	+1%-pt	80%	+1%-pt
Capex	(199)	(152)	⬆️ 31%	(203)	⬆️ 2%
Net ARPU (€) <sup>(1)</sup>	10.57	10.89	-3%	10.70	-1%
Net AMPU (€) <sup>(1)</sup>	9.34	9.42	-1%	9.40	-1%
Active customer ('000) <sup>(1)</sup>	19,044	19,201	-1%	19,123	-
Active contract customer ('000) <sup>(1)</sup>	9,206	9,442	-2%	9,245	-
Monthly average contract churn (%)	1.3%	1.3%		1.3%	

## Results Highlights

- Active base downward trajectory has significantly plateaued, with Very Mobile strategically positioned to protect Wind Tre against MVNO competition
- Revenue and margin declined year-on-year due to wholesale revenue. Compared to last quarter, total margin has improved with growth in new revenue streams
- Net AMPU slightly declined quarter-on-quarter mainly due to seasonality
- Despite increased mobility, churn % has remained largely flat
- Tightly managing capex spending, simultaneously maintaining network quality and customer experience, with year-on-year increase mainly reflecting RAN investments for 5G rollout

(1) The 2022 Q3 and 2022 Q2 KBIs included an adjustment for aligning the definition of Wind Tre's active customer base to that of CKHGT as part of a system integration. Consequently, there is a corresponding and opposite impact on the 2022 Q3 and 2022 Q2 net ARPU and net AMPU. The conformity of definitions does not impact Wind Tre's P&L.