

Trading update

for the quarter ended 31 March 2024

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Active Customer ⁽²⁾

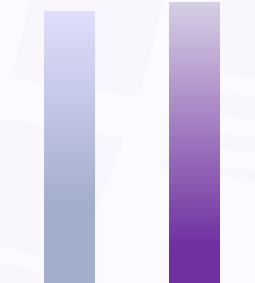
+3%



Q1 2023 Q1 2024
42.7mn 44.2mn

Revenue

+4%



Q1 2023 Q1 2024
€2.4bn €2.5bn

Total Margin

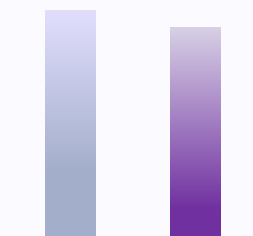
+4%



Q1 2023 Q1 2024
€1.7bn €1.8bn

Contract Churn ⁽³⁾

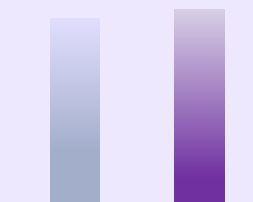
-0.1%-point



Q1 2023 Q1 2024
1.3% 1.2%

Capex ⁽⁴⁾

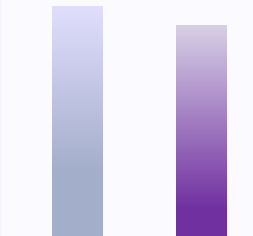
+5%



Q1 2023 Q1 2024
€0.40bn €0.42bn

Net Debt ⁽⁵⁾

-3%



Q1 2023 Q1 2024
€2.3bn €2.2bn

(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.

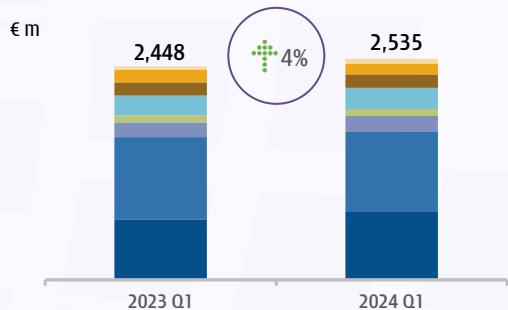
(3) Represents monthly average churn of contract customers.

(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.



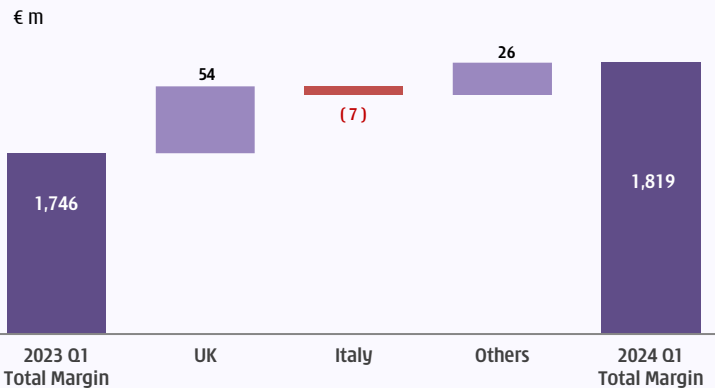
Revenue



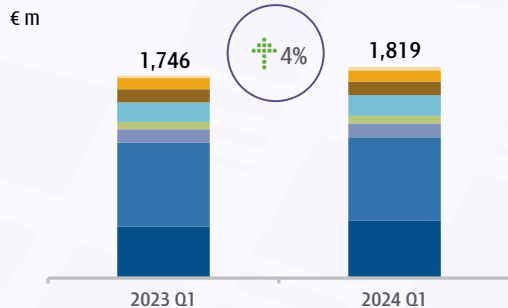
Total Margin

€1,819m

+4%

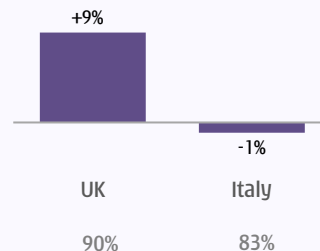


Total Margin



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

Total Margin Change % (in local currencies)



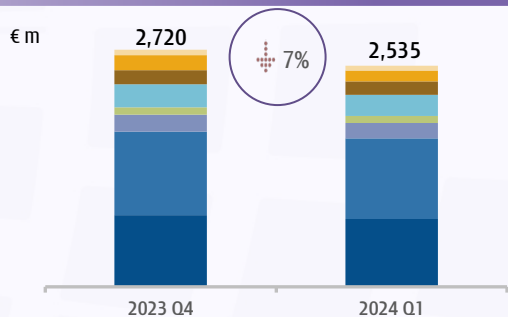
Total Margin %⁽¹⁾

UK	90%
Italy	83%

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



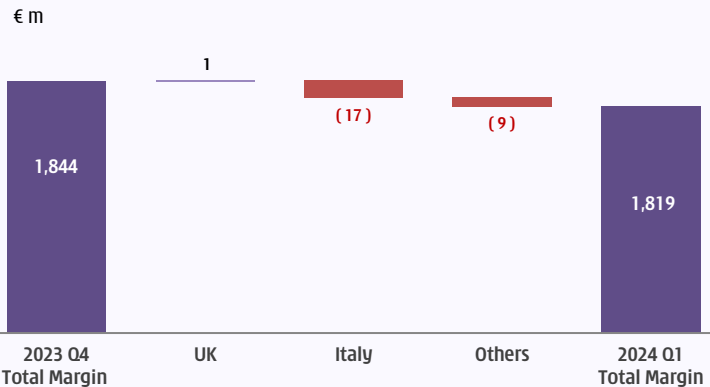
Revenue



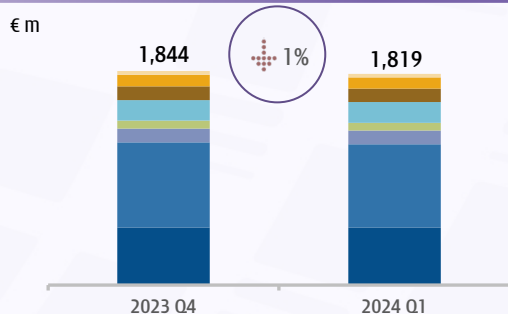
Total Margin

€1,819m

-1%

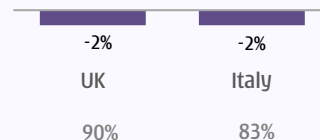


Total Margin



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

Total Margin Change % (in local currencies)



Total Margin %⁽¹⁾

90% 83%

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



Key Financials

£ m	2024 Q1	2023 Q1	% Variance	2023 Q4	% Variance
Total Revenue	664	610	+9%	717	-7%
Total Margin	424	389	+9%	432	-2%
Total Margin (%) ⁽¹⁾	90%	90%	-	90%	-
Capex ⁽²⁾	(130)	(140)	↓7%	(104)	↑25%
Net ARPU (£) ⁽³⁾	13.44	13.05	+3%	13.37	+1%
Net AMPU (£) ⁽⁴⁾	12.12	11.71	+4%	12.05	+1%
Active customer ('000) ⁽⁵⁾	10,648	10,312	+3%	10,614	-
Active contract customer ('000)	9,140	8,593	+6%	9,058	+1%
Monthly average contract churn (%)	1.5%	1.4%		1.5%	

(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.

Results Highlights

- Challenging economic conditions remain a determining factor for telecommunication customer spending. Despite year-on-year growth in revenue and margin, the operation continued to be impacted by inflationary cost pressures, whilst EBITDA less capex remained negative (cash outflow since 2020), driven by network investments coupled with an increasing cost base
- Revenue and margin closed with year-on-year growth driven by the increase in certain customer segments, as well as revenue initiatives. Growth remains challenging from the shift of customer behaviour towards lower value products
- Total margin % remains relatively stable and at a healthy level across periods through various margin management initiatives
- B2B and SMARTY continues to drive active customer growth, offsetting continued higher churn from traditional core business
- Capex primarily focused on delivering contractual and regulatory requirements (HRV & SRN programmes)

Key Financials

€ m	2024 Q1	2023 Q1	% Variance	2023 Q4	% Variance
Total Revenue	925	941	-2%	960	-4%
Total Margin	717	724	-1%	734	-2%
Total Margin (%)	83%	81%	+2%-pts	81%	+2%-pts
Capex	(132)	(118)	⬆️ 12%	(262)	⬆️ 50%
Net ARPU (€)	10.75	10.51	+2%	10.78	-
Net AMPU (€)	9.91	9.44	+5%	9.89	-
Active customer ('000)	17,917	18,452	-3%	18,105	-1%
Active contract customer ('000)	9,135	9,176	-	9,151	-
Monthly average contract churn (%)	1.3%	1.6%		1.3%	

Results Highlights

- Despite a year-on-year decrease in active base, the active contract base has remained relatively stable, attributed to the strategic initiatives focusing on retaining customers with higher lifetime value
- Net AMPU increased through effective customer value management, resulting in only a marginal decline in net customer service gross margin which, together with the lower wholesale contribution resulted in total margin decline of 1% year-on-year. However, the declining wholesale impact has significantly reduced and is expected to plateau
- Churn % in Q1 2024 and the past few quarters has remained stable at a normalised level subsequent to the initial churn impact from revenue initiatives implemented in Q1 2023
- Tightly managing capital expenditure as key network enhancement is gradually coming down from its peak