



Trading update

for the quarter ended 30 September 2021



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Active Customer ⁽²⁾
41.5mn
 Y-o-Y 1%

Revenue
€7.4bn
 Y-o-Y 2%

Total Margin
€5.2bn
 Y-o-Y 4%

Contract Churn ⁽³⁾
1.1%
 Y-o-Y 0.1%-pt

Capex ⁽⁴⁾
€1.7bn
 Y-o-Y 34%

Net Debt ⁽⁵⁾
€1.6bn
 Y-o-Y 77%

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

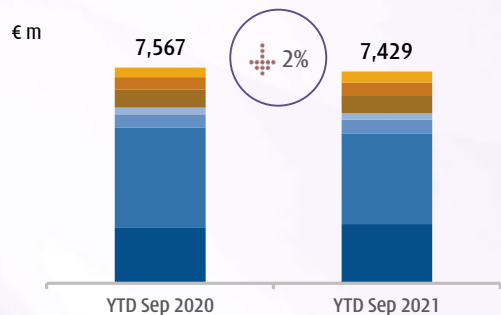
(2) An active customer is a mobile customer that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

(3) Represents monthly average churn of contract customers.

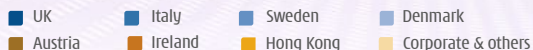
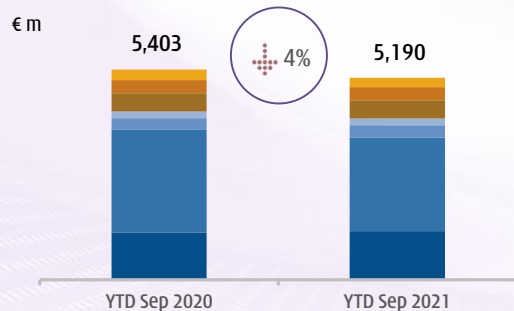
(4) Capex amount excludes licence costs.

(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

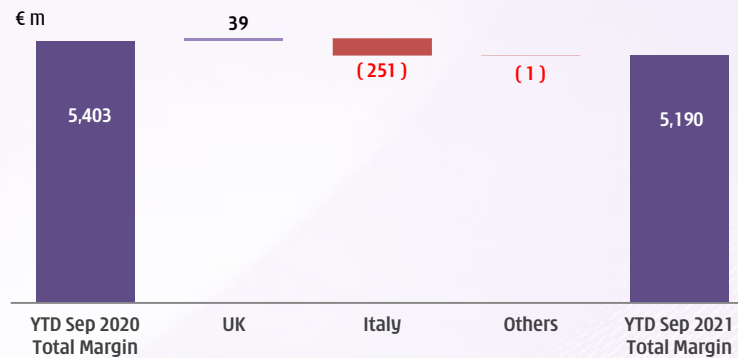


Total Margin

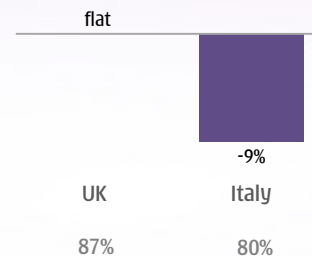


Total Margin

€5,190m
-4%



Total Margin
Change %
(in local currencies)

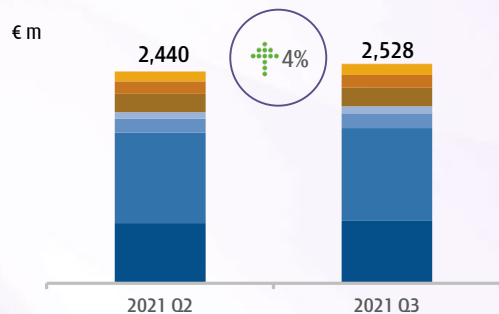


Total Margin %

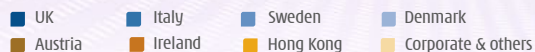
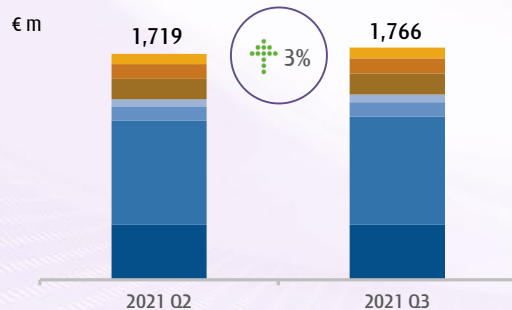
UK	Italy
87%	80%

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

Revenue

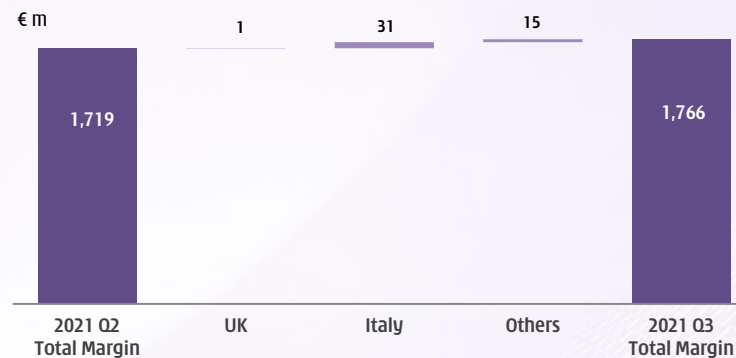


Total Margin

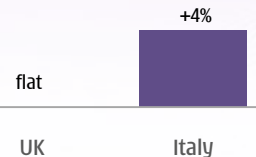


Total Margin

€1,766m
+3%



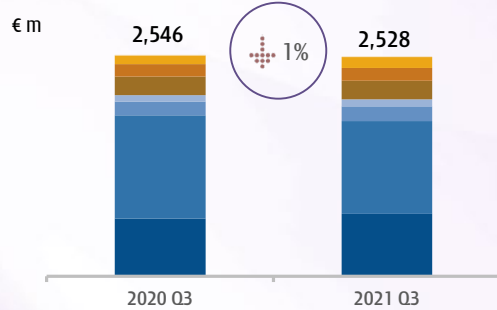
Total Margin
Change %
(in local currencies)



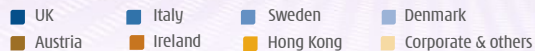
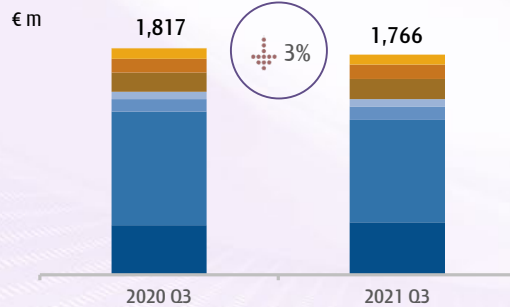
Total Margin %

UK	Italy
84%	80%

Revenue

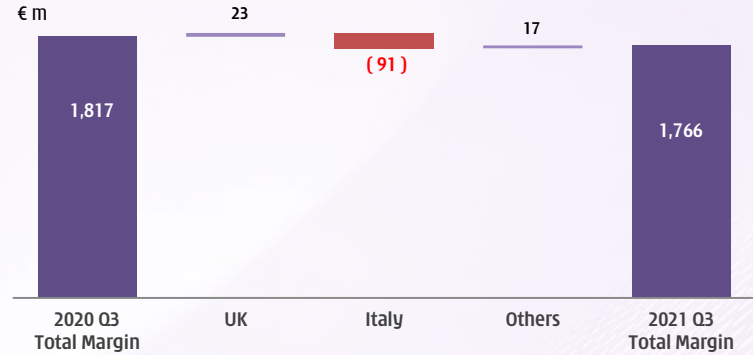


Total Margin

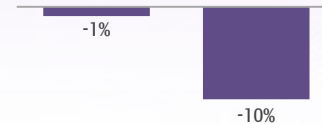


Total Margin

€1,766m
-3%



Total Margin
Change %
(in local currencies)



Total Margin %



Key Financials

£ m	YTD Sep 2021	YTD Sep 2020	% Variance
Total Revenue	1,790	1,719	+4%
Total Margin	1,077	1,074	-
Total Margin (%) ⁽¹⁾	87%	85%	+2%-pts
Capex ⁽²⁾	(498)	(395)	+26%
Licence	(280)	-	
Net ARPU (£) ⁽³⁾	12.89	12.66	+2%
Net AMPU (£) ⁽⁴⁾	11.40	11.07	+3%
Active customer ('000) ⁽⁵⁾	9,621	9,909	-3%
Active contract customer ('000)	7,951	7,386	+8%
Monthly average contract churn (%)	1.2%	1.4%	

Results Highlights

- Market landscape remained challenging for most of 2021 with consumer sentiments impacted by the pandemic
- Encouragingly, total margin has been relatively stable year-on-year
- Total margin % remains strong through retention of higher value customers
- The proportion of active contract customers continues to increase (2021: 83%; 2020: 75%), providing stable margin contributions
- Churn % trend has been stable with reduced churn in 2021 due to long periods of lockdown
- Capex increase as 3UK progresses to complete IT transformation and planned acceleration of 5G rollout

(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	2021 Q3	2020 Q3	% Variance	2021 Q2	% Variance
Total Revenue	614	603	+2%	595	+3%
Total Margin	358	361	-1%	360	-
Total Margin (%)	84%	85%	-1%-pts	86%	-2%-pts
Capex	(191)	(203)	⬆️6%	(155)	⬆️23%
Licence	-	-		(280)	
Net ARPU (£)	12.89	12.66	+2%	12.82	+1%
Net AMPU (£)	11.40	11.07	+3%	11.32	+1%
Active customer ('000)	9,621	9,909	-3%	9,449	+2%
Active contract customer ('000)	7,951	7,386	+8%	7,730	+3%
Monthly average contract churn (%)	1.2%	1.6%		1.2%	

Results Highlights

- Competitive market remains despite increased social mobility as restrictions begin to lift
- Encouragingly, total margin has been relatively stable year-on-year as well as quarter on quarter
- Total margin % varied slightly across the periods, mainly due to different revenue mix, but remained at a healthy level throughout each quarter
- Lower active customer base year on year mainly due to non-contract churn from MVNO competition, encouragingly, active customer base has increased compared with 2021 Q2. Furthermore, the proportion of active contract customers continues to increase (Q3 2021: 83%; Q3 2020: 75%; Q2 2021: 82%), providing stable margin contributions
- Contract churn % has been stable in 2021, partly due to lockdowns as well as strong retention initiatives
- Effort on network investments throughout 2020 and 2021 has been rewarded with recognition as UK's fastest 5G network, enhancing customer experience and satisfaction

Key Financials

€ m	YTD Sep 2021	YTD Sep 2020	% Variance
Total Revenue	3,155	3,513	-10%
Total Margin	2,402	2,653	-9%
Total Margin (%)	80%	80%	-
Capex	(770)	(542)	+42%
Net ARPU (€)	10.89	11.01	-1%
Net AMPU (€)	9.42	9.33	+1%
Active customer ('000)	19,201	19,897	-3%
Active contract customer ('000)	9,442	9,775	-3%
Monthly average contract churn (%)	1.3%	1.3%	

Results Highlights

- Aggressive competition from Iliad and other MVNOs remained high, with a slight reprieve during the lockdown periods
- Revenue and margin declined as a result, but Margin % remained relatively stable at approximately 80%
- Positive AMPU trend as a result of customer value management initiatives
- Strategically maintaining a high proportion of active contract customers at approximately 50%, in a predominantly prepaid market
- Churn rates gradually stabilised since mid 2019, with churn of 1.3% for both 2021 and 2020
- Best network with fastest upload and download speed based on independent surveys, enhancing customer experience and satisfaction

Key Financials

€ m	2021 Q3	2020 Q3	% Variance	2021 Q2	% Variance
Total Revenue	1,070	1,189	-10%	1,043	+3%
Total Margin	822	913	-10%	791	+4%
Total Margin (%)	80%	81%	-1%-pt	80%	-
Capex	(152)	(194)	↓22%	(190)	↓20%
Net ARPU (€)	10.89	11.01	-1%	10.91	-
Net AMPU (€)	9.42	9.33	+1%	9.41	-
Active customer ('000)	19,201	19,897	-3%	19,230	-
Active contract customer ('000)	9,442	9,775	-3%	9,479	-
Monthly average contract churn (%)	1.3%	1.5%		1.4%	

Results Highlights

- Intense competition has seen active customer base decline, in particular for non-contract customers. The trend has relatively stabilised since Wind Tre launched second brand "Very" Mobile to compete in the prepaid segment
- Revenue declined year on year as a result but Margin % remained strong at approximately 80%. Encouragingly, both revenue and margin improved quarter on quarter
- Positive AMPU trend year on year as a result of customer value management initiatives
- Churn % improvement year on year as well as quarter on quarter, partly driven by enhanced customer experience through network quality.
- Strategically maintaining a high proportion of active contract customers at approximately 50%, in a predominantly prepaid market