Consumer Business Briefing

Driving Consumer growth through converged propositions & services

B2C unique strengths

- UK’s best Mobile network
- #1 market share across Mobile & Broadband combined
- Market leading brands
- Nationwide multi-channel sales & service network

How we will achieve growth

- Driving FTTP & 5G penetration
- Driving convergence take up
- Delivering best in class omnichannel customer experience
- Pricing fairly & transparently
What we will cover today

1. Progress made since last Business briefing
2. The next chapter in Consumer’s journey
3. Financial update
Continued transformation of Consumer Division

2016
EE joins BT plc, run as separate division

2018
One integrated Consumer team created

2023
EE to become Consumer’s flagship brand
Consumer division’s significant contribution to BT Group

47% of BT Group revenue

81% of BT Group Mobile revenue\(^1\)

30% of BT Group EBITDA

86% of BT Group Broadband base

85% of BT Group 5G connections

66% of total Openreach FTTP\(^2\) connections

Source/Notes: All metrics FY22 results, (1) Includes equipment & service revenue. Includes mobile service revenue only for Global, (2) Fibre to the Premises
Progress since last Business briefing
Delivering market leading service & reducing churn

**Improved NPS**

Brand NPS

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**Reduced Broadband complaints**

Ofcom Fixed Broadband Complaints

Industry average

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**Reduced Mobile complaints**

Ofcom PAYM Mobile Complaints

Industry average

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**Reduced churn**

- BT Broadband Churn: -43% from FY17 to FY22
- EE PAYM Churn: -9% from FY17 to FY22

Source/Notes: (1) Net Promoter Score, (2) Pay Monthly
 Delivering market leading service whilst driving efficiencies

**EBITDA per employee**
- FY17:  
- FY22:  
  +18%

**Number of retail stores**
- FY17:  
- FY22:  
  -20%

**Frontline Headcount**
- FY17:  
- FY22:  
  -14%

**Customers per service agent**
- FY17:  
- FY22:  
  +33%

**Service minutes per customer per year**
- FY17:  
- FY22:  
  -31%

**Propensity to contact**
- FY17:  
- FY22:  
  -22%
Continued leadership on pricing initiatives

<table>
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<tr>
<th>Year</th>
<th>Event</th>
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<tr>
<td>2014</td>
<td>EE first operator to launch RPI linked pricing in mobile</td>
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<tr>
<td>2019</td>
<td>Consumer first to launch CPI linked pricing in fixed</td>
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<tr>
<td>2020</td>
<td>Consumer first to launch CPI +3.9% linked pricing in both fixed &amp; mobile</td>
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<td>2022</td>
<td>EE first operator to re-introduce roaming fee</td>
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Significant progress on reducing Loyalty Gap

**BT Loyalty Gap**
- £’00m: c.30% in 2017, c.50% in 2020, c.40% in 2021, and 2022.

**Average BT OOC\(^1\) price rise**

**In/out of contract Broadband pricing differential Aug 22\(^2\)**
- £27, £10, and £6.

Source/Notes: (1) Out of contract, (2) Enders Analysis, 9 August 2022 – Unlimited entry level broadband.
Successful execution of Direct Only Distribution strategy

EE PAYM Mobile acquisition channel mix

- FY17: 57%
- Today: 100%

Channel comparison - Customer experience

- NPS (New Joiners): +82% (Direct) vs. -31% (Indirect)
- Churn (%): -31% (Indirect) vs. 0% (Direct)
Driving growth in our Digital transactions

Digital channel share

- FY18
- FY22
- +41%

EE Web & App Monthly Visitors

- Q2 FY22
- Q2 FY23
- +7%

EE App Shop Monthly Visits

- Q2 FY22
- Q2 FY23
- x3.6
Growing our FTTP base to deliver foundation for growth

FTTP base (m)

Q2 FY21: 0.6
Q2 FY22: 0.9
Q2 FY23: 1.4

+58%  +49%

+58%
FTTP is delivering higher NPS & ARPUs

BT Broadband NPS
May 2022

BT Regrade ARPU¹
October 2022

BT FTTP sales by speed
October 2022

Source/Notes: (1) Average Revenue per Unit
Maintaining 5G leadership with the UK’s best network

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<th>Quarter</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
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<td>Q2</td>
<td>1.2</td>
<td>5.3</td>
<td>8.2</td>
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5G ready base (m) +55%
5G driving higher NPS, ARPU's & usage

5G NPS
- September 2022
- Mobile NPS
- 5G NPS
  - +9

ARPU by Network Generation (SIMO)
- September 2022
- 4G
- 5G
  - +c.20%

Unlimited Mix by Network Generation
- September 2022
- 4G
- 5G
  - +c.200%
Simplified portfolio & focusing on high value transactions

Stopped selling BT Mobile & driving new customers to EE Mobile

Mobile volumes maintained & higher value transactions

Weekly PAYM Acquisitions before & after BT Mobile Stop Sell

PAYM Acquisition ARPU EE sales to BT Base

BT & EE are part of the same family
BT Sport is now set up for the future with our Joint Venture

Guaranteed cost synergies
Reduced risk
Better customer offering
Optionality includes call option
Deals agreed with Sky to 2031 for content cross-supply
Market Leading progress on the Fairness Agenda

2020

- £0 OOC increase on Halo
- Free Fibre upgrades
- Proactive copper price down
- Out of contract price cap reduction

2021

- Lockdown Learning
- Unlimited data for NHS workers
- Breathing Space & flexible payments
- Board level oversight

2022

- 1m vulnerable customers exempt from price rises¹
- Pioneer in social Broadband tariff
- Mobile social tariff launch

Note: (1) Comprises Landline only, Home Phone Saver, BT Basic & Home Essentials customers
Delivering on our purpose – To connect for good

Hope United

PhoneSmart

‘Home essentials’ social tariff

Allyship

Net Zero business by 2031

Circular devices by 2030
Progress since last business briefing

Customer experience, fairness & pricing
- Delivering market leading service & reducing churn whilst driving efficiencies
- Continued leadership on pricing initiatives
- Significant progress on reducing Loyalty Gap
- Market Leading progress on the Fairness Agenda

Winning in Convergence
- Driving our FTTP base to deliver foundation for growth
- 5G leadership with the UK’s best network
- Simplified portfolio & focusing on high value transactions

Business Transformation
- Successful execution of Direct Only Distribution strategy
- Driving growth in our Digital transactions
- BT Sport is now set up for the future with our Joint Venture
- Delivering on our purpose – To connect for good
The next chapter
Decision made to move to a flagship brand – EE – to drive convergence

Simpler for our customers

Improved loyalty
Monthly churn rates

-31%

Combined media spend to compete

Media spend by brand

Management focus & capex priorities

Products
Customer journeys
Capabilities
Some of the key decision inputs

**Stronger NPS**
Brand NPS\(^1\), FY22

\[ \begin{align*} &\text{EE} \quad +14 \quad \text{BT} \\
\end{align*} \]

**More customers in key cities**
Market share in major cities v BT

- Glasgow: EE 1.4x
- Birmingham: EE 2.6x
- Manchester: EE 2x
- London: EE 2x

**Better marketing ROI**
Long term return on media investment\(^2\)

\[ \begin{align*} &\text{EE} \quad x3 \quad \text{BT} \\
\end{align*} \]

**Demographic aligned for the future**
Customer Base age distribution (%)

- 18-24Y
- 25-30Y
- 31-34Y
- 35-44Y
- 45-54Y
- 55-64Y
- >65Y

Source/Notes: (1) NPS = Net Promoter Score. Customer Experience Insights Consumer Brand & Relationship NPS Survey, March 2022 (2) long term effects up to 2 years
Encouraging progress on EE brand momentum

**EE Broadband consideration**
- BT customer base: +60%
- EE customer base: +5%

**EE mix of total BT Group Broadband sales**: x2.5
New EE – The UK’s largest subscription platform for growth

**EE Account**
Unified ID for all services

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<th>c.24m</th>
<th>&gt;50%</th>
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<td>Subscribers</td>
<td>Presence in UK households</td>
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**Everything as a service**
- Connectivity
- Content (`tv+` and `BT SPORT`)
- Gaming
- Home Security
- Cyber Security

**Digital architecture enabled by data**

**Nationwide multi-channel sales & service**

**Unique platform for Partnerships**

**All on the UK’s best network**
EE account will be a key driver of convergence

Create account in 7 steps
Choose your Broadband
Add TV
Add services & extras
Add further Household SIMs

Underpinned by unified ID & transformed data capability

Unified view of Household data
Strategic Broadband mapping
Personalised pricing & propositions
Driving growth through convergence

1. Drive FTTP

2. Increase Mobile & Device penetration in the home

3. Grow new subscription services
Growth in convergence comes from Mobile & Services

Converged household ARPU by service

- Today’s Lowest Value Households
- Today’s Highest Value Households

Growth in convergence comes from Mobile & Services

Content & services

Connected devices

Broadband

- verisure
- XBOX
- NETFLIX
- PlayStation
- prime video
- discovery+
We will grow FTTP further as the foundation for convergence

Opportunity to grow homes as Full Fibre rollout continues

Delivering innovation & great customer experience

- New Hub
- Enhanced Wi-Fi Controls
- Faster speeds

Key capabilities for further household growth

- Enhanced data
- Proactive base management
- Regional & National marketing
- Personalised propositions
Driving more SIMs per household with New EE

Connectivity tiers

3 tiers
- No max. speed
- Max. 100 mbps
- Max. 25 mbps

Add Devices
- Superfast repairs
- Home tech experts
- Bookable appointments

Best Service

Add Content

Protect & Insure

Household multi-SIM plans to drive convergence
New TV offering to increase Broadband consideration & FTTP sales

**TV offer 2018**
- Limited Sky content
- Single set top box
- Need for aerial
- No multiroom

**TV offer 2022**
- **Content**
  - NOW TV
  - prime video
  - britbox
  - Netflix
  - BT Sport
  - AMC
  - Eurosport
  - Discovery+
  - Asian mix
  - Colors
  - Colors HD
  - Utsav Plut
  - Utsav Gold
  - Zee Cinema
  - Zee TV HD
  - Sony
  - Sony MAX

**Device flexibility**
- TV Box Pro
- IP Box
- Multiroom

**Coming in 2023**
- New EE TV
Gaming, Home & Cyber Security launches to drive converged services

EE Smart Home Security
Alarms, sensors & cameras
24/7 monitoring
Monthly price
£25 (Flat)
£30 (House)

EE Cyber Security
Create & store passwords
Annual ID check

EE Gaming Bundles
Xbox Game Pass Ultimate
£21

PlayStation Plus Premium
£31

Nintendo Switch Online
£17
Pricing strategy - focus on differentiation, value & manage Loyalty Gap

Reinvesting in our base
- Front book prices will increase
- Re-investment in customer base
- Manage Loyalty Gap

Differentiated experience
- Differentiated propositions
- Market leading service
- Nationwide multi-channel sales & service
- UK’s best network

Value for Money across portfolio
- Mobile
- Fixed voice
- Broadband
- TV
- Inclusive Extras
Growing next generation & access revenue, reducing reliance on out of bundle

% Split of revenue by technologies & products

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<tr>
<td>Legacy</td>
<td></td>
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<tr>
<td>Next generation</td>
<td>7%</td>
<td>34%</td>
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BT Fixed Voice & Broadband revenue

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<th>FY18</th>
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<tr>
<td>Access</td>
<td>82%</td>
<td>94%</td>
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<tr>
<td>Out of bundle</td>
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EE PAYM revenue

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<tr>
<td>Access</td>
<td>84%</td>
<td>91%</td>
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<tr>
<td>Out of bundle</td>
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Notes: (1) Access revenue is a customer’s monthly recurring cost & Mobile roaming. Out of bundle includes domestic usage (e.g. data beyond allowance) & interconnect.
New EE is the UK’s leading subscription platform for growth

Growth from Convergence
- Next generation bases
- New services
- Retention + NPS

Driven by EE Account
- Digital channel mix
- Digital engagement
- Profitability

Focussed, lean & efficient
- Capex efficiency
- Speed to market
- Management focus

Driven by EE Account

New EE is the UK’s leading subscription platform for growth
Financial Update

Stephen Harris
Strategic bases are growing, whilst also growing ARPU

FTTP connections (k)
- Q2 FY22: 1,404
- Q2 FY23: +49% → 2,135

Broadband customer ARPU (£)
- Q2 FY22: 35.3
- Q2 FY23: +5% → 37.8

Broadband churn (%)
- FY17: -21%
- Q2 FY22: 1.8
- Q2 FY23: 1.1

5G ready (k)
- Q2 FY22: 1,404
- Q2 FY23: +55% → 2,135

Postpaid Mobile ARPU (£)
- Q2 FY22: 18.2
- Q2 FY23: +3% → 18.9

Mobile churn (%)
- FY17: -9%
- Q2 FY22: 1.8
- Q2 FY23: 1.0

Sources/Notes: Consumer proforma KPIs, (1) FY17 Churn = Fixed, as per reported
Key projects have driven transformational cost reduction

Our largest costs drive top line growth

1. Mobile Devices
2. Home Network Rentals
3. Content Costs

We continue to transform to drive better experiences for our customers

- Retail store rationalisation
- Carphone Warehouse exit
- Head Office efficiencies
- Channel optimisation
Growth is accompanied by efficiencies in our frontline operation

- Number of Retail stores: FY22 compared to FY18 shows a decrease of 20%.
- Frontline Headcount: FY22 compared to FY17 shows a decrease of 14%.
- EBITDA per employee: FY22 compared to FY17 shows an increase of 18%.
Next chapter - Key takeaways

• We will drive growth through convergence & EE as our flagship brand:

  1. Drive FTTP

  2. Increase Mobile & device penetration

  3. Grow new subscription services

• EE Account at the core of the UK’s largest subscription platform

• Differentiating through propositions & reinvesting in our customer base

• Creating a leaner, direct only, digital platform for growth
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