Virgin Media O2[1] publishes Q4 and full year results to 31 December 2024

Virgin Media O2 achieves 2024 guidance, hits synergies ahead of schedule and delivers strong progress in network evolution

London, UK - 19 February 2025

- **2024 guidance:**
  - Guidance met with a low to mid-single-digit decline in revenue of 3.9% and Adjusted EBITDA of 3.4%, both excluding the impact of nexfibre construction
  - Adjusted Free Cash Flow, cash distributions to shareholders, and all other guidance metrics delivered
- **Commercial momentum:**
  - Consumer fixed customer and revenue growth in 2024, supported by +9,900 fixed-line net additions and 2.0% YoY ARPU growth in Q4
  - Improved mobile contract performance through the year, with return to growth of +15,600 net additions in Q4
- **Network development:**
  - Record footprint expansion of 1.3 million premises added in 2024, bringing the serviceable gigabit fixed network footprint to 18.3 million premises. Combined fibre footprint reaches 6.4 million premises
  - 5G outdoor population coverage reaches 75% of the UK
- **Joint Venture synergies target achieved:** £540 million annualised run-rate synergies achieved approximately 18 months ahead of target
- **2025 guidance** - the company expects:
  - Growth in revenue excluding handset and the impact of nexfibre construction
  - Growth in Adjusted EBITDA excluding the impact of nexfibre construction
  - P&E additions of £2.0 to £2.2 billion
  - Adjusted Free Cash Flow and cash distributions to shareholders both in the range of £350 to £400 million
  - Targeting being in line with the 4x to 5x leverage range in the medium term

Lutz Schüler, CEO of Virgin Media O2, said:

“We said 2024 was a year of investing to support our long-term growth and these results reflect that. We close the first chapter of Virgin Media O2 having delivered our full year guidance and hitting our JV synergy targets 18 months ahead of schedule, meaning we are well set for the future.

“We ended the year with another quarter of fixed customer and ARPU growth, positive mobile contract additions and improved customer satisfaction through a relentless focus on customer experience.

“Our investments of more than £2 billion across the year helped us to significantly boost our 5G coverage, improve mobile network quality and enhance rural connectivity. We also expanded our fibre footprint faster than ever as we build on our existing gigabit leadership and push ahead with creating the biggest fibre challenger in the UK along with nexfibre.

“In 2024 we laid the foundations for future success, and in 2025 we will get back to growth in core revenues and profitability while continuing investment in our networks and services. Throughout the year we’ll also deliver on key strategic moves, including the creation of a fixed NetCo and the expected acquisition of spectrum from Vodafone-Three which will further improve mobile performance. This is the start of a new chapter for Virgin Media O2.”

Q4 subscriber growth across fixed and mobile

The **fixed customer base grew** by 9,300 in 2024, including 9,900 net additions in Q4, as 21,300 net broadband connections were added across the full year, with 12,000 in Q4. The key driver of growth was improving performance on the nexfibre footprint, where quarterly net additions sequentially increased through 2024, supported by build momentum and investment in sales and marketing. Positive growth in ARPU per fixed-line customer relationship continued with a 2.0% year-over-year increase to £47.74 in Q4.

The mobile contract base reduced by 216,300 in 2024, however performance improved in the second half, including **Q4 growth of 15,600 mobile contract net additions**. O2 monthly contract churn ended the year at 1.1% in Q4 2024, an improvement upon the same period in the prior year. In addition to the O2 and giffgaff brands, the company continues to lead the UK market in MVNO connections, including the Tesco Mobile joint venture, with growth in wholesale connections in every quarter of 2024. The total mobile base grew to 45.7 million in full year 2024, with 850,300 net additions supported by growth in IoT and wholesale partially offset by mobile contract and prepaid.

Strong network evolution progress

Virgin Media O2 achieved **record footprint expansion in 2024**, growing its reach by an additional 1.3 million homes serviceable, resulting in a total gigabit footprint of 18.3 million homes at the end of the year. Expansion was primarily through build for the nexfibre FTTP network, including the transfer of Upp premises after the successful integration of the altnet.

The **upgrade of Virgin Media O2's fixed network to fibre** also continued at pace across the year, with a total fibre footprint of 6.4 million premises when including the nexfibre footprint. Throughout 2024, the company has continued to progress with the creation of a distinct scaled fixed network company (NetCo), which is on track to support the long-term underpinning of fibre upgrade activity and take up.

Significant progress was also made in the **evolution of the company's mobile network to 5G**, with UK outdoor population coverage standing at 75% at the end of 2024.

In December, the UK's Competition and Markets Authority ('CMA') provided regulatory approval of the merger between Vodafone UK and Three UK ('MergeCo'), with the transaction still to close. Subject to the final completion of the merger and relevant approvals, **Virgin Media O2 will acquire spectrum** from MergeCo and MergeCo's enlarged network will participate in network sharing, with the CMA highlighting '**material network quality improvements**' for Virgin Media O2 as a result. The acquisition of spectrum is expected to begin in 2025 and will lead to a cash outflow excluded from Adjusted Free Cash Flow, utilising funding from the minority stake sale in Cornerstone in 2024, with spectrum deployment to happen in earnest over the medium term.

Joint Venture synergies realised a year and a half ahead of schedule

The targeted Joint Venture synergies of £540 million annualised run-rate five years post closing was achieved by the end of 2024, approximately 18 months ahead of the original target. The largest synergies, such as the movement of Virgin Mobile traffic onto the O2 network, were delivered in prior years, with 2024 milestones including connecting 1,000 mobile masts to the company's 10Gbps fibre backhaul network. In 2025, Costs to Capture (CTC) will be included within Adjusted EBITDA and P&E Additions as appropriate, reflecting a post integration phase, with any incremental investment in Opex and Capex CTC to drive associated benefits.

Commitment to sustainability and climate action recognised

Virgin Media O2 recently obtained **"Leadership" level and an A- rating from CDP**, recognising the company's commitment to sustainability and climate action. This achievement reflects Virgin Media O2's performance in reducing carbon emissions, embracing circular economy principles, and driving positive environmental impact. On the social side, the company has continued expanding its efforts to bridge the digital divide through the announcement that a further 70 O2 stores had become National Databank Hubs, with a goal of connecting 1 million digitally excluded people by the end of 2025.

2025 guidance

The company expects:
- Growth in revenue excluding handset and the impact of nexfibre construction
- Growth in Adjusted EBITDA excluding the impact of nexfibre construction
- P&E additions of £2.0 to £2.2 billion
- Adjusted Free Cash Flow and cash distributions to shareholders both in the range of £350 to £400 million
- Targeting being in line with the 4x to 5x leverage range in the medium term

2024 guidance metrics achieved

Revenue: 2024 total revenue decreased 2.1% year-over-year to £10,680.5 million, as revenue excluding the impact of nexfibre construction decreased 3.9%. Total mobile revenue decreased 4.4% to £5,687.0 million due to a 15.4% reduction in low margin handset revenue. Consumer fixed revenue increased 2.3% to £3,400.2 million, driven by year-over-year ARPU growth following the annual price rise implementation in Q2 and improved value retention. B2B fixed revenue decreased 17.5% to £451.9 million primarily due to a reduced level of long-term leases being entered into compared to 2023. Other revenue increased 4.6% to £1,141.4 million, with increased nexfibre construction revenue partially offset by the year-over-year impact of approximately £38 million of revenue recognised from a change in terms of a related-party contract in Q3 2023.

Q4 total revenue decreased 4.0% year-over-year to £2,716.2 million, or a decrease of 2.8% excluding the impact of nexfibre construction. Total mobile revenue decreased by 2.4% to £1,484.6 million, as handset revenue decreased 4.6%, however year-over-year momentum in handset revenue improved through 2024. Consumer fixed revenue increased 2.5% to £852.9 million, with growth in ARPU of 2.0%. B2B fixed revenue decreased 21.0% to £128.4 million driven by the year-over-year impact of a significant level of long-term leases being entered into in Q4 2023. Other revenue decreased 20.5% to £250.3 million primarily driven by reduced nexfibre construction revenue.

Adjusted EBITDA: 2024 Adjusted EBITDA decreased 3.7% year-over-year to £3,946.2 million, as Adjusted EBITDA excluding the impact of nexfibre construction decreased 3.4%, prior to £49.6 million of Opex CTC. This was driven by additional expenditure in IT and digital efficiency programmes and scaling sales on the nexfibre footprint, reduced contribution from B2B fixed, and the aforementioned £38 million related-party contract change in Q3 2023. A related-party contract change in Q1 2024 also impacted growth, with approximately £48.3 million of CPE hardware and essential software costs capitalised in the year, improving Adjusted EBITDA with a corresponding increase in P&E additions, causing no impact to Free Cash Flow. 2024 Adjusted EBITDA margin was 36.9% compared to 37.5% in 2023, due to increased low margin nexfibre construction revenues. Adjusted EBITDA including CTC decreased 2.9% to £3,896.6 million, with a reduced level of Opex CTC.

Q4 Adjusted EBITDA decreased 7.0% year-over-year to £1,010.7 million, or a decrease of 6.0% excluding the impact of nexfibre construction, before £21.6 million of Opex CTC. This was driven by a reduced level of B2B fixed long-term leases being entered, increased marketing and sales of the nexfibre footprint, a handset inventory-related adjustment increasing cost of sales by approximately £21 million, and an approximately £15 million reduction in costs for services provided by a related-party in Q4 2023. Additionally, a related-party contract change also impacted growth, with approximately £12.3 million of CPE hardware and essential software costs capitalised in the quarter. Q4 2024 Adjusted EBITDA margin was 37.2% compared to 38.4% in Q4 2023.

Adjusted EBITDA less Capex: 2024 Adjusted EBITDA less Capex decreased 30.1% year-over-year to £1,387.3 million, before Opex and Capex CTC of £131.3 million. This was driven by the aforementioned decrease in Adjusted EBITDA, an increase in P&E additions, and an increase in ROU asset additions (see item 6 within the footnote section for further detail). Across 2024, Virgin Media O2 invested £2,102.7 million in P&E additions supporting its network and services, as significant progress was made to enhance customer experience and future proof the company's core assets.

Q4 Adjusted EBITDA less Capex decreased 31.5% year-over-year to £417.1 million, before Opex and Capex CTC of £42.3 million. This reduction was attributable to decreased Adjusted EBITDA, increased P&E additions, and increased ROU asset additions.

Adjusted Free Cash Flow: Adjusted FCF was £494.5 million for the year ended 31 December 2024, with an inflow of £993.7 million in Q4, as operating performance was supported by additional working capital benefit.

Cash distributions to shareholders: Cash distributions to shareholders were £850.0 million for the quarter and year ended 31 December 2024.

Stable capital structure supported by further financing activity

At 31 December 2024, Virgin Media O2's fully-swapped third-party debt borrowing cost was 5.1% and the average tenor of third-party debt (excluding vendor financing) was 5.1 years.

The company further strengthened its capital position with financing activity completed in the quarter. In December 2024, Virgin Media O2 Financing Notes V Designated Activity Company issued Green Vendor Finance Notes with a principal amount of £400.0 million. These were issued at par, mature on 15 March 2032, and bear an interest rate of 7.875%. The proceeds of these Notes are for the purchase of certain vendor-financed receivables owed by Virgin Media O2 to various third parties, with any excess proceeds to be on-lent to Virgin Media O2. An amount equivalent to proceeds raised will be used for investments in green projects, in line with the Virgin Media O2 Green Bond Framework. The transaction is leverage neutral as the Green Vendor Finance Notes will replace drawn uncommitted vendor finance bank lines.

Following the end of 2024, further financing activity has taken place to increase average tenor. In January 2025, Virgin Media O2 entered into a $500 million sustainability-linked term loan facility maturing 31 March 2031 and bearing interest at rate of the Term SOFR plus a credit adjustment spread plus 3.25% per annum (subject to adjustment based on the achievement or otherwise of certain ESG metrics). $495 million of the loan will be an exchange of Term Loan N due 2028 into a new tranche of Term Loan Y (Y3) due 2031, which will become fungible with Term Loan Y on 15 April 2025. As per policy, the interest and foreign currency risk of such financing activity is mitigated through a derivative portfolio.

At 31 December 2024, and subject to the completion of the corresponding compliance reporting requirements, the ratios of Net Senior Debt and Net Total Debt to Annualised Adjusted EBITDA (last two quarters annualised) were 3.58x and 3.88x, respectively, each as calculated in accordance with the most restrictive covenants, and reflecting the Credit Facility Excluded Amounts as defined in the respective credit agreements. Vendor financing, lease and certain other obligations are not included in the calculation of the company's leverage covenants. If these obligations were included in the leverage ratio calculation, and Virgin Media O2 did not reflect the exclusion of the Credit Facility Excluded Amounts, the ratio of Total Net Debt to Annualised Adjusted EBITDA would have been 5.20x at 31 December 2024.

At 31 December 2024, the company had maximum undrawn commitments of £1,378.0 million equivalent. When compliance reporting requirements have been completed and assuming no change from 31 December 2024 borrowing levels, it is anticipated that the full borrowing capacity will continue to be available, based on the maximum the company can incur and upstream.

Operating Statistics Summary

	Three months ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Footprint				
Homes Serviceable[(i)]	**18,255,600**	**16,999,700**	**18,255,600**	**16,999,700**
Fixed-Line Customer Relationships				
Fixed-Line Customer Relationships	**5,836,100**	**5,826,800**	**5,836,100**	**5,826,800**
O/w Broadband Connections	5,738,900	5,717,600	5,738,900	5,717,600
Fixed-Line Customer Relationship net additions	**9,900**	**2,600**	**9,300**	**31,300**
O/w Broadband net additions	12,000	9,500	21,300	63,800
Q4 Monthly ARPU per Fixed-Line Customer Relationship	£ 47.74	£ 46.81		
Mobile				
Retail Connections	**35,652,500**	**35,216,300**	**35,652,500**	**35,216,300**
Mobile	23,205,800	23,740,200	23,205,800	23,740,200
Contract[(ii)]	15,836,000	16,122,300	15,836,000	16,122,300
Prepaid	7,369,800	7,617,900	7,369,800	7,617,900
IoT	12,446,700	11,476,100	12,446,700	11,476,100
Wholesale Connections	**10,048,200**	**9,644,900**	**10,048,200**	**9,644,900**
Total Mobile Connections	**45,700,700**	**44,861,200**	**45,700,700**	**44,861,200**
Retail net additions	**203,100**	**150,700**	**447,000**	**1,396,800**
Mobile net losses	(237,200)	(329,300)	(464,400)	(303,800)
Contract net additions (losses)[(ii) (iii)]	15,600	19,000	(216,300)	46,600
Prepaid net losses	(252,800)	(348,300)	(248,100)	(350,400)
IoT net additions[(iii)]	440,300	480,000	911,400	1,700,600
Wholesale net additions (losses)	**120,000**	**105,300**	**403,300**	**(1,185,600)**
Total Mobile net additions	**323,100**	**256,000**	**850,300**	**211,200**

(i) Excludes Upp premises until a home has been integrated to the Virgin Media O2 network and transferred to nexfibre.

(ii) Movements for the year ended 31 December 2024 include the impact of a change in contract net losses for Q1, Q2 and Q3 2024 (see item 8 within the footnote section for further detail), and exclude the impact of a (10,800) adjustment made to the 2024 contract mobile opening base.

(iii) Movements for the year ended 31 December 2024 exclude the impact of a reclassification of 59,200 connections to the 2024 opening base. This increases IoT connections and decreases Contract connections - there is no change at a base or net additions Total Mobile Connections level.

Financial Results, Adjusted EBITDA Reconciliation, Property and Equipment Additions and Adjusted Free Cash Flow

The preliminary unaudited selected financial results are set forth below:

	Three months ended 31 December		Increase (decrease)	Year ended 31 December		Increase (decrease)
	2024	2023		2024	2023	
	in £ millions, except % amounts					
Revenue						
Mobile	**1,484.6**	**1,521.6**	**(2.4%)**	**5,687.0**	**5,949.3**	**(4.4%)**
Handset	383.9	402.5	(4.6%)	1,286.7	1,521.1	(15.4%)
Fixed	**981.3**	**994.4**	**(1.3%)**	**3,852.1**	**3,872.7**	**(0.5%)**
Consumer Fixed	852.9	831.8	2.5%	3,400.2	3,325.2	2.3%
Subscription	834.0	817.6	2.0%	3,331.2	3,266.6	2.0%
Other	18.9	14.2	33.1%	69.0	58.6	17.7%
B2B Fixed	128.4	162.6	(21.0%)	451.9	547.5	(17.5%)
Other	**250.3**	**314.7**	**(20.5%)**	**1,141.4**	**1,090.7**	**4.6%**
Total Revenue	**2,716.2**	**2,830.7**	**(4.0%)**	**10,680.5**	**10,912.7**	**(2.1%)**
Adjusted EBITDA						
Adjusted EBITDA	**1,010.7**	**1,087.2**	**(7.0%)**	**3,946.2**	**4,096.0**	**(3.7%)**
Adjusted EBITDA as a % of Revenue	*37.2%*	*38.4%*		*36.9%*	*37.5%*	
Opex CTC	(21.6)	(23.8)		(49.6)	(83.9)	
Adjusted EBITDA including CTC	989.1	1,063.4	(7.0%)	3,896.6	4,012.1	(2.9%)
Adjusted EBITDA less Capex						
Adjusted EBITDA	1,010.7	1,087.2	(7.0%)	3,946.2	4,096.0	(3.7%)
Property & equipment additions	529.5	445.1	19.0%	2,102.7	1,993.4	5.5%
ROU asset additions	64.1	33.6	90.8%	456.2	117.5	288.3%
Adjusted EBITDA less Capex	**417.1**	**608.5**	**(31.5%)**	**1,387.3**	**1,985.1**	**(30.1%)**
Adjusted EBITDA less Capex as a % of Revenue	*15.4%*	*21.5%*		*13.0%*	*18.2%*	
Opex and Capex CTC	(42.3)	(43.8)		(131.3)	(184.7)	
Adjusted EBITDA less Capex including CTC	374.8	564.7	(33.6%)	1,256.0	1,800.4	(30.2%)
Adjusted Free Cash Flow (FCF)						
Adjusted FCF	**993.7**	**764.4**		**494.5**	**722.1**	

A reconciliation of net loss to Adjusted EBITDA is set forth below:

	Three months ended 31 December		Increase (decrease)	Year ended 31 December		Increase (decrease)
	2024	2023		2024	2023	
	in £ millions, except % amounts					
Net loss	(6.2)	(3,348.8)		(16.5)	(3,642.2)	
Income tax (benefit) expense	(2.5)	(168.9)		18.5	(229.8)	
Other expense (income), net	4.5	(1.1)		(5.2)	(13.9)	
Share of results of investments accounted for by the equity method	(2.2)	(0.4)		(3.2)	(1.6)	
Finance costs[i]	998.3	1,178.5		2,078.4	2,494.7	
Finance income[i]	(753.1)	(474.2)		(1,143.8)	(1,065.1)	
Operating income (loss)	238.8	(2,814.9)		928.2	(2,457.9)	
Depreciation and amortisation	709.3	745.3		2,853.1	3,205.2	
Share-based compensation expense	16.3	(15.5)		40.8	24.9	
Goodwill impairment[ii]	—	3,107.0		—	3,107.0	
Restructuring and other operating	24.7	41.5		74.5	132.9	
Costs to capture	21.6	23.8		49.6	83.9	
Adjusted EBITDA	**1,010.7**	**1,087.2**	**(7.0%)**	**3,946.2**	**4,096.0**	**(3.7%)**

A reconciliation of our net cash provided by operating activities to Adjusted Free Cash Flow is set forth below:

	Three months ended 31 December		Year ended 31 December	
	2024	2023[iii]	2024	2023
	in £ millions			
Net cash provided by operating activities	1,516.1	1,094.7	3,027.6	2,679.1
Operating-related vendor financing additions	942.2	597.5	3,192.0	2,509.9
Capital expenditures, net	(388.6)	(230.6)	(1,502.9)	(1,436.6)
Principal payments on vendor financing	(1,031.4)	(641.7)	(4,025.9)	(2,811.2)
Principal payments on leases	(44.6)	(55.5)	(196.3)	(219.1)
Adjusted FCF	**993.7**	**764.4**	**494.5**	**722.1**

(i) Prior year balances have been restated to show year-to-date balances net, previously these were presented gross. See item 7 within the footnote section for further details.

(ii) In Q4 2023, we recorded a non-cash goodwill impairment of £3.1 billion primarily related to an increase in the weighted average cost of capital (discount rate) and the impacts of the broader macroeconomic conditions in the UK on estimated future cash flows.

(iii) Prior year balances have been restated with an amount recognised within Q4 2023 re-phased for comparability purposes. There is no change to total Adjusted Free Cash Flow. See item 5 within the Footnote section for further details.

Third-Party Debt, Lease Obligations and Cash and Cash Equivalents

The borrowing currency and pound sterling equivalent of the nominal amounts of VMED O2's consolidated third-party debt, lease obligations and cash and cash equivalents is set forth below:

	31 December 2024				30 September 2024	
	Borrowing currency		£ equivalent			
			in millions			
Senior and Senior Secured Credit Facilities:						
Term Loan N (Term SOFR + 2.50%) due 2028	$	3,300.0	£	2,635.9	£	2,462.4
Term Loan O (EURIBOR + 2.50%) due 2029	€	750.0		620.0		623.9
Term Loan Q (Term SOFR + 3.25%) due 2029	$	1,300.0		1,038.4		970.0
Term Loan R (EURIBOR + 3.25%) due 2029	€	750.0		620.0		623.9
Term Loan X1 (SONIA + 3.25%[(i)]) due 2029	£	750.0		750.0		750.0
Term Loan Y (Term SOFR + 3.25%[(i)]) due 2031	$	1,250.0		998.5		932.7
Term Loan Z (EURIBOR + 3.50%[(i)]) due 2031	€	720.0		595.2		598.9
£54 million (equivalent) RCF (SONIA + 2.75%) due 2026	£	—		—		—
£1,324 million (equivalent) RCF (SONIA + 2.75%[(i)]) due 2029	£	—		—		—
VM Financing Facilities (GBP equivalent)	£	413.6		413.6		24.9
Total Senior and Senior Secured Credit Facilities				7,671.6		6,986.7
Senior Secured Notes:						
5.00% GBP Senior Secured Notes due 2027	£	121.8		121.8		121.8
5.50% USD Senior Secured Notes due 2029	$	1,425.0		1,138.3		1,063.3
5.25% GBP Senior Secured Notes due 2029	£	340.0		340.0		340.0
4.00% GBP Senior Secured Notes due 2029	£	600.0		600.0		600.0
4.25% GBP Senior Secured Notes due 2030	£	635.0		635.0		635.0
4.50% USD Senior Secured Notes due 2030	$	915.0		730.9		682.7
4.125% GBP Senior Secured Notes due 2030	£	480.0		480.0		480.0
3.25% EUR Senior Secured Notes due 2031	€	950.0		785.3		790.3
4.25% USD Senior Secured Notes due 2031	$	1,350.0		1,078.4		1,007.3
4.75% USD Senior Secured Notes due 2031	$	1,400.0		1,118.3		1,044.6
4.50% GBP Senior Secured Notes due 2031	£	675.0		675.0		675.0
7.75% USD Senior Secured Notes due 2032	$	750.0		599.1		559.6
5.625% EUR Senior Secured Notes due 2032	€	600.0		496.0		499.1
Total Senior Secured Notes				8,798.1		8,498.7
Senior Notes:						
5.00% USD Senior Notes due 2030	$	925.0		738.9		690.2
3.75% EUR Senior Notes due 2030	€	500.0		413.3		415.9
Total Senior Notes				1,152.2		1,106.1
Vendor financing				2,984.2		2,866.9
Share of CTIL debt				194.5		208.5
Other debt				320.3		317.1
Lease obligations				950.8		941.7
Total third-party debt and lease obligations				**22,071.7**		**20,925.7**
Less: unamortised premiums, discounts, deferred financing costs and fair value adjustments, net				8.5		8.9
Total carrying amount of third-party debt and lease obligations				**22,063.2**		**20,916.8**
Less: cash and cash equivalents				1,128.3		451.5
Net carrying amount of third-party debt and lease obligations			**£**	**20,934.9**	**£**	**20,465.3**
Exchange rate (€ to £)				1.2097		1.2021
Exchange rate ($ to £)				1.2519		1.3402

(i) Rates are subject to adjustment based upon the achievement or otherwise of certain ESG metrics.

Covenant Debt Information[1]

The pound sterling equivalent of the reconciliation from VMED O2's consolidated third-party debt and lease obligations to the total covenant amount of third-party gross and net debt and includes information regarding the projected principal-related cash flows of our cross-currency derivative instruments is set forth below. The pound sterling equivalents presented below are based on exchange rates that were in effect as of 31 December 2024 and 30 September 2024. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments or receipts in future periods.

	31 December 2024	30 September 2024
	in millions	
Total third-party debt and lease obligations (£ equivalent)	**£ 22,071.7**	**£ 20,925.7**
Vendor financing	(2,893.2)	(2,785.9)
Other debt	(320.3)	(317.1)
CTIL debt	(194.5)	(208.5)
Credit Facility excluded amount	(1,043.2)	(1,049.2)
Lease obligations	(950.8)	(941.7)
Projected principal-related cash payments (receipts) associated with our cross-currency derivative instruments	98.6	740.3
Total covenant amount of third-party gross debt	**16,768.3**	**16,363.6**
Cash and cash equivalents	(591.8)	(250.8)
Total covenant amount of third-party net debt	**£ 16,176.5**	**£ 16,112.8**

Net Senior Debt to Annualised Adjusted EBITDA and Net Total Debt to Annualised Adjusted EBITDA is set forth below. These ratios calculate Adjusted EBITDA on a last two quarters annualised basis as of 31 December 2024.

	31 December 2024	Covenant
Net Senior Debt to Annualised Adjusted EBITDA (last two quarters annualised)	3.58x	4.00x
Net Total Debt to Annualised Adjusted EBITDA (last two quarters annualised)	3.88x	5.00x

Forward-Looking Statements

This press release contains forward-looking statements including statements regarding our strategies, future growth ambitions and opportunities, and other information and statements that are not historical fact. Accordingly, one should not place undue reliance on these statements.

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About Virgin Media O2

VMED O2 UK Limited (Virgin Media O2) is an integrated communications provider of broadband internet, video, fixed-line telephony and mobile services to residential customers and businesses in the United Kingdom (U.K.). Virgin Media O2 is a 50:50 joint venture between Liberty Global Ltd. (Liberty Global) and Telefónica, SA (Telefónica).

Liberty Global is a dynamic team of operators and investors generating and delivering shareholder value through the strategic management of three platforms — Liberty Telecom, Liberty Growth and Liberty Services. Liberty Telecom is a world leader in converged broadband, video and mobile communications services, delivering next-generation products through advanced fiber and 5G networks. Liberty Telecom currently provides approximately 80 million* connections through some of Europe's best-known consumer brands, including Virgin Media O2 in the U.K., VodafoneZiggo in the Netherlands, Telenet in Belgium and Virgin Media in Ireland. Liberty Growth invests, grows and rotates capital into scalable businesses across the technology, media/content, sports and digital infrastructure industries with a portfolio of approximately 70 companies and various funds, including stakes in companies like ITV, Televisa Univision, Plume, EdgeConneX and AtlasEdge, as well as a controlling interest in the Formula E racing series. Liberty Services delivers innovative technology and finance services primarily to certain affiliates and related parties.

Telefónica is one of the largest telecommunications service providers in the world. The company offers fixed and mobile connectivity as well as a wide range of digital services for residential and business customers. With more than 393 million customers, Telefónica operates in Europe and Latin America. Telefónica is a 100% listed company and its shares are traded on the Spanish Stock Market and on those in New York and Lima.

*Represents aggregate consolidated and 50% owned nonconsolidated fixed and mobile subscribers, including those of UPC Slovakia. Includes wholesale mobile connections of the Virgin Media O2 JV and B2B fixed subscribers of the VodafoneZiggo JV.

Footnotes

1. Formed on 1 June 2021, Virgin Media O2 is a 50:50 joint venture between Liberty Global Ltd. (Liberty Global) and Telefónica, SA (Telefónica). The information provided in this release includes the financial information of VMED O2 UK Limited, a holding company that is not included as a restricted subsidiary for purposes of the facilities agreement and bond indentures governing Virgin Media O2. Disclosures may differ from reporting required under debt covenant arrangements. This release includes the actual IFRS results for Virgin Media O2 for the three months and year ended 31 December 2024 and 2023.

2. In addition to Adjusted EBITDA, the supplementary financial measure Adjusted EBITDAaL is set forth below:

	Three months ended 31 December		Increase (decrease)	Year ended 31 December		Increase (decrease)
	2024	2023		2024	2023	
	in £ millions, except % amounts					
Adjusted EBITDAaL						
Adjusted EBITDA	1,010.7	1,087.2	(7.0%)	3,946.2	4,096.0	(3.7%)
Lease depreciation and interest costs	(55.3)	(58.8)		(230.6)	(225.8)	
Adjusted EBITDAaL	**955.4**	**1,028.4**	**(7.1%)**	**3,715.6**	**3,870.2**	**(4.0%)**

3. There is £12.3 million and £16.5 million within net loss for the three months and year ended 31 December 2024, respectively, attributable to Non-Controlling Interests.

4. Effective with Q1 2024 reporting, transaction adjustments will no longer be reported. For detail on the 2023 revenue breakdown on a reported revenue basis, see the Q1 2024 Earnings Release.

5. Prior year quarterly balances within our reconciliation of net cash provided by operating activities to Adjusted Free Cash Flow have been restated. Specifically, an amount recognised within Q4 2023 has been re-phased. There is no change to total Adjusted Free Cash Flow or 31 December 2023 balances. For additional detail on the revised 2023 balances, see the Q1 2024 Earnings Release.

6. During Q3 2024, Virgin Media O2 signed a new agreement with Cellnex UK resulting in a £202.0 million ROU Asset and Lease Obligation addition. This agreement superseded leases previously held by Cornerstone, which had already amortised down to a negligible value.

7. 2023 year-to-date derivative balances have been restated to present the net position of realised and unrealised gains on derivative instruments. There is no change to net finance income (costs).

	Six months ended 30 June	Nine months ended 30 September	Year ended 31 December
	2023		
	in £ millions		
Finance income	(580.2)	(618.8)	(1,065.1)
Finance costs	613.8	1,344.1	2,494.7
Net finance costs	33.6	725.3	1,429.6

8. Previously reported 2024 mobile contract net losses and closing base values have been restated, and are set forth below:

	2024 Mobile Contract					
	Three months ended 31 March		Three months ended 30 June		Three months ended 30 September	
	Net Losses(i)	Closing Base	Net Losses(i)	Closing Base	Net Losses(i)	Closing Base
As previously reported	(74,500)	15,988,600	(118,400)	15,870,200	(15,300)	15,854,900
Adjustments	(3,300)	(14,100)	(10,200)	(24,300)	(10,200)	(34,500)
Restated	(77,800)	15,974,500	(128,600)	15,845,900	(25,500)	15,820,400

(i) Excludes the impact of a (10,800) adjustment made to the 2024 opening base.

9. Effective with Q1 2025 reporting and 2025 guidance, the definition of Adjusted EBITDA and Adjusted EBITDAaL will include Opex CTC, the definition of Property & Equipment additions will include Capex CTC.

Glossary

5G Population Coverage: The percentage of the UK outdoor population with access to 5G mobile services through a 5G Standalone (SA) enabled device.

Adjusted EBITDA: Adjusted EBITDA is the primary measure used by our CEO, determined to be our chief operating decision maker, to evaluate operating performance and is also a key factor that is used by our internal decision makers to (i) determine how to allocate resources and (ii) evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, Adjusted EBITDA is defined as profit (loss) from continuing operations before net income tax benefit (expense), other non-operating income or expenses, share of results of investments accounted for by the equity method, net finance costs, depreciation and amortisation, share-based compensation, impairment, restructuring and other operating items and CTC Opex costs. Other operating items include (a) gains and losses on the disposition of long-lived assets and (b) third party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees. Share-based compensation for the purposes of calculating Adjusted EBITDA also includes awards granted to Virgin Media O2 employees that are settled with Liberty Global and Telefónica shares. Our internal decision makers believe Adjusted EBITDA is a meaningful measure because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to (1) readily view operating trends, (2) perform analytical comparisons and benchmarking and (3) identify strategies to improve operating performance. We believe our consolidated Adjusted EBITDA measure, which is a non-GAAP measure, is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other companies.

Adjusted EBITDA after Leases (Adjusted EBITDAaL): We define Adjusted EBITDAaL as Adjusted EBITDA as further adjusted to include lease related depreciation and interest expense. Our internal decision makers believe Adjusted EBITDAaL is a meaningful measure because it represents a transparent view of our recurring operating performance that includes recurring lease expenses necessary to operate our business. We believe Adjusted EBITDAaL, which is a non-GAAP measure, is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other public companies. Adjusted EBITDAaL should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, IFRS measures of income included in our consolidated statements of profit or loss.

Adjusted EBITDA less Capex: Adjusted EBITDA less P&E and ROU asset additions. Adjusted EBITDA less Capex is a meaningful measure because it provides (i) a transparent view of Adjusted EBITDA that remains after our capital spend, which we believe is important to take into account when evaluating our overall performance and (ii) a comparable view of our performance relative to other telecommunications companies. Our Adjusted EBITDA less Capex measure may differ from how other companies define and apply their definition of similar measures. Adjusted EBITDA less Capex should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income, net profit or loss or other IFRS measures of income.

Adjusted EBITDA margin: Adjusted EBITDA margin is a non-GAAP metric calculated by dividing Adjusted EBITDA by total revenue for the applicable period.

Adjusted Free Cash Flow: Net cash provided by our operating activities, plus expenses financed by an intermediary, less (i) capital expenditures, as reported in our consolidated statements of cash flows, (ii) principal payments on amounts financed by vendors and intermediaries and (iii) principal payments on certain finance leases. We believe that our presentation of Adjusted Free Cash Flow, which is a non-GAAP measure, provides useful information to our investors because this measure can be used to gauge our ability to service debt and fund new investment opportunities. Adjusted Free Cash Flow should not be understood to represent our ability to fund discretionary amounts, as we have various mandatory and contractual obligations, including debt repayments, which are not deducted to arrive at this amount. Investors should view Adjusted Free Cash Flow as a supplement to, and not a substitute for, IFRS measures of liquidity included in our consolidated statements of cash flows.

ARPU per Fixed-Line Customer: Average Revenue Per Unit is the average monthly subscription revenue per average fixed-line customer calculated by dividing the average monthly subscription revenue from residential cable and SOHO services by the average number of fixed-line customer relationships for the period. Fixed-line customer relationships of entities acquired during the period are normalised. In addition, for purposes of calculating the percentage change in ARPU on a rebased basis, which is a non-GAAP measure, we adjust the prior-year subscription revenue and fixed-line customer relationships to reflect acquisitions and dispositions on a comparable basis with the current year, consistent with how we calculate our growth for Revenue and Adjusted EBITDA.

B2B: Business-to-Business.

Blended fully-swapped debt borrowing cost: The weighted average interest rate on our aggregate variable- and fixed-rate indebtedness (excluding lease obligations and including vendor financing), including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of deferred financing costs.

Broadband Connection: A home, residential multiple dwelling unit or commercial unit that receives internet services over our networks, or that we service through a partner network.

Contract Churn: The rate at which contract subscribers relinquish their subscriptions. This is calculated by dividing the proportion of postpaid contract mobile connections who have terminated their contract (Consumer, SMB, Enterprise and Mobile Broadband) for the period by the average base.

Cornerstone: Cornerstone Telecommunications Infrastructure Limited (CTIL).

Costs to Capture (CTC): Costs to capture generally include incremental, third-party operating and capital-related costs that are directly associated with integration activities, restructuring activities and certain other costs associated with aligning our business processes to derive synergies. These costs are necessary to the joint venture being formed or are incidental to the joint venture formation. As a result, costs to capture may include certain (i) operating costs that are included in Adjusted EBITDA, (ii) capital-related costs that are included in property and equipment additions and in Adjusted EBITDA less Capex and (iii) certain integration related restructuring expenses that are not included within Adjusted EBITDA or Adjusted EBITDA less Capex. Given the achievement of synergies occurs over time, certain of our costs to capture are recurring by nature, and generally incurred within a few years of completing the transaction.

Customer Premises Equipment (CPE): CPE includes set-top boxes, modems, WiFi routers and boosters, digital video recorders (DVRs), tuners and similar devices.

EURIBOR: Term Secured Overnight Financing Rate-indexed and Euro Interbank Offered Rate.

FTTH: Fibre to the home.

Fibre Footprint: Homes, residential multiple dwelling units or commercial units to which we, or partner networks which we have a service agreement with, have deployed fibre primarily through either 10 Gigabit symmetrical passive optical network (XGS-PON) or Radio Frequency over Glass (RFoG) technology. Fibre footprint premises may not necessarily meet the definition of Homes Serviceable with fibre.

Fixed-Line Customer Relationships: The number of customers who receive at least one of our broadband, video or telephony services, without regard to which or to how many services they subscribe. Fixed-Line Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two Fixed-Line Customer Relationships. We exclude mobile-only customers from Fixed-Line Customer Relationships.

Fixed-Mobile Convergence (FMC) penetration: Fixed-mobile convergence penetration represents the number of customers who subscribe to both a fixed broadband internet service and postpaid mobile telephony service, divided by the total number of customers who subscribe to our fixed broadband internet service.

FTTH: Fibre to the home.

FTTP: Fibre to the premise.

Homes Serviceable: Homes, residential multiple dwelling units or commercial units that can be connected to our networks that are technologically capable of providing two-way services (including video, internet and telephony services) or partner networks with which we have a service agreement, where customers can request and receive our services, without materially extending the distribution plant. Certain of our Homes Serviceable counts are based on census data that can change based on either revisions to the data or from new census results.

Internet of Things (IoT) Connections: Total number of Machine-to-Machine (M2M) contract mobile connections including Smart Metering (SMIP) contract connections.

Mbps: Megabits per second.

Mobile Retail Connections: The number of active SIM cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan that can be used for devices including a laptop would be counted as two mobile subscribers. Customers who do not pay a recurring monthly fee are excluded from our mobile telephony subscriber counts after periods of inactivity of 90 days. Total number of retail mobile connections includes Consumer, SMB, Enterprise, Mobile Broadband and IoT, and excluding Mobile Wholesale Connections (as defined below).

Mobile Contract: Total number of postpaid contract retail mobile connections including Consumer, SMB, Enterprise and Mobile Broadband but excluding IoT and Mobile Wholesale Connections (as defined below).

Mobile Prepaid: Total number of Prepaid retail mobile connections for O2 and giffgaff brands measured on a conventional basis (activity within 3 calendar months).

Mobile Wholesale Connections: Total number of wholesale MVNO contract connections (Tesco Mobile, Sky Mobile, SMB Wholesale and other).

MVNO: Mobile Virtual Network Operator.

nexfibre: nexfibre is a joint venture between our shareholders, Liberty Global and Telefónica, and InfraVia Capital Partners, building a FTTH network targeting 5 to 7 million premises not covered by our existing network. Virgin Media O2 is the anchor wholesale client of nexfibre, in addition to providing a range of construction and other services to nexfibre.

Property & Equipment (P&E) additions: P&E additions are defined as tangible and intangible asset additions, excluding Capex CTC, and ROU asset additions. Capex CTC are capital-related costs that are directly associated with integration and aligning our business processes to derive synergies. We believe this is a key metric to understand our total capital expenditure and allows for a more meaningful comparison of trends from period to period.

RCF: Revolving Credit Facility.

ROU asset: The right-of-use asset is the lessee’s right to use an asset over the contracted term of a lease.

SIM: Subscriber Identification Module.

SOHO: Small Office or Home Office Subscribers.

SONIA: Sterling Overnight Index Average plus a credit adjustment spread.

Term SOFR: Term Secured Overnight Finance Rate.

YoY: Year-over-year.