

A message from our Chairman

A year of continued progress



Over the past year we've been focused on transforming at pace to deliver exceptional customer experience and improved shareholder value. We've made significant progress, with a refreshed corporate strategy, key executive appointments, and changes to the structure of the business.

Adam Crozier
Chairman

We've set a solid foundation to enable future success, and we're already seeing the early benefits, reflected in our improved share price over the past 12 months.

Allison's first year at the helm

This Annual Report marks the first full year with Allison in post as Chief Executive. Over the past 12 months, the executive leadership team has been accelerating the transformation of the business so that we're better able to serve our customers, while focusing BT on our core operation: providing leading connectivity in the UK.

Our emphasis on putting customers at the heart of our decision making has already started to yield positive results, with improved customer satisfaction scores across the business. The same people-led approach internally has also been key to building employee engagement, which has been instrumental in navigating the challenges of the past year. Our leadership is steering us towards a bright future, and I have full confidence in the Executive Committee's vision and execution.

FY25 investment and dividend

BT is currently the largest investor in UK infrastructure of any company listed on the FTSE 100. In the last five years, our cumulative capex investment has been £24.3bn against a backdrop of investment in UK infrastructure slowing or falling behind schedule. The connectivity our next-generation networks provide will play a critical role in strengthening our customer base and long-term financial health, while also underpinning economic growth and wider societal benefits.

We've re-confirmed our financial targets for the coming years, as we move towards our free cashflow targets of £2bn in FY27 and £3bn in FY30. This gives us confidence to maintain a progressive dividend policy, and we raised our dividend for FY25 by 2% to 8.16 pence per share, reflecting our commitment to delivering value to our shareholders, while continuing to invest in the future growth of the company.

Societal benefits

It's our mission to connect for good and make a positive impact on society. This year, we launched our first climate transition plan which outlined our future ambitions:

- Aiming to achieve net zero carbon emissions in our operations by 2031 and for the full value chain by March 2041
- Transitioning the majority of our vehicles to electric or zero-emission by March 2031
- Sending zero waste to landfill by 2030
- Reducing our networks' energy consumption annually

- Building towards a circular BT Group by 2030 and a circular tech and telco ecosystem by 2040

As well as benefitting the communities we serve, these efforts enhance our own long-term resilience, ensuring we have the strategy and capacity to navigate the uncertainties of climate change. By setting clear targets and tracking our progress, we're holding ourselves accountable and demonstrating our position as a climate leader. Our work towards these ambitions is already well underway too – as evidenced by BT Group making the UK's largest ever commercial Electric Vehicle fleet order earlier this year.

In addition to our environmental initiatives, we're also focused on creating wider social value. Our inclusion programmes aim to bridge the digital divide and ensure that everyone can reap the benefits of next-generation networks – from access to education, health and government services, through to connectivity that enables businesses to work more quickly and flexibly, boosting productivity and growth. We're also committed to ensuring these benefits are realised safely and securely, as we all face a growing range of online threats.

Stakeholder relations

Like all organisations, we're navigating an increasingly complex geopolitical and trading environment – making our wider stakeholder relationships more important than ever. Our engagement with the government and regulatory bodies has been instrumental in shaping policies that support the growth and development of our business and the telecommunications sector.

In the UK, while we were impacted by changes announced in the 2024 Autumn Budget, we have engaged strongly with the UK Government since their election last year. Fundamentally, we share their ambition to drive economic growth for the UK, and our ongoing investments in digital infrastructure will be crucial to achieving this goal.

Our relationship with Ofcom remains a key priority, and we welcomed their Telecoms Access Review update this year, which focuses on providing the long-term certainty and predictability needed for major investors such as BT Group. We also led the industry in switching from 'CPI+' to 'pounds and pence' consumer price increases before regulatory intervention, giving customers greater clarity on their billing after high inflationary pressures in recent years.

Our collaboration with stakeholders extends beyond government and regulators. We've continued to engage openly with our customers, employees, suppliers, and communities to understand their needs and expectations, building trust and strengthening relationships with the wide range of stakeholders who are critical to our future success.

Governance and Board changes

The past year saw several important changes to our Board, including Tushar Morzaria and Rima Qureshi joining as Independent Non-Executive Directors in May 2024 and March 2025 respectively and Sir Alex Chisholm being appointed as our dedicated Non-Executive Director for Ofcom engagement in September 2024. Isabel Hudson stepped down from the Board in July 2024.

These appointments bring a wealth of experience and expertise to our Board, enhancing our governance and strategic oversight. Tushar's financial acumen, Alex's regulatory insights, and Rima's global perspective and telecoms experience will be invaluable as we navigate a rapidly evolving external outlook.

Diversity and inclusion are core values at BT Group, and we're committed to fostering a culture where everyone feels valued and respected. Our Board's diversity reflects our broader commitment to creating an inclusive workplace that leverages the unique perspectives and talents of all our employees.

Looking forward

There remains a great deal to be done to truly transform BT Group, but we've made significant progress over the past year. I would like to thank my fellow Board members, our executive leadership team, and most of all our people for their drive and commitment to delivering this.

The foundations we've built position us well for the future. I'm more confident than ever that the changes we're making are bringing clear rewards today and will deliver long-term benefits for our customers, our shareholders, and UK society as a whole.

Adam Crozier
Chairman
22 May 2025