



**BT Group plc**

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**2014 AGM**

**16 July 2014**

You are listening to the BT London Choir,  
one of the three Choirs nationally run by  
and for BT people.

Most have never sung in an adult Choir before.

We are delighted to have been invited to  
perform at the 2014 BT AGM.

We hope you enjoy our short programme.

**BT Group plc**





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**Sir Michael Rake, Chairman**

# Overview of results and performance

- ▶ Strong progress for the year - results continue to meet or exceed expectations
- ▶ BT Sport
  - making premium sport more widely available and affordable
- ▶ Fibre broadband
  - available to more than two thirds of UK premises
  - critical to the competitiveness of the UK

# FY 2013/14 group results<sup>1</sup>

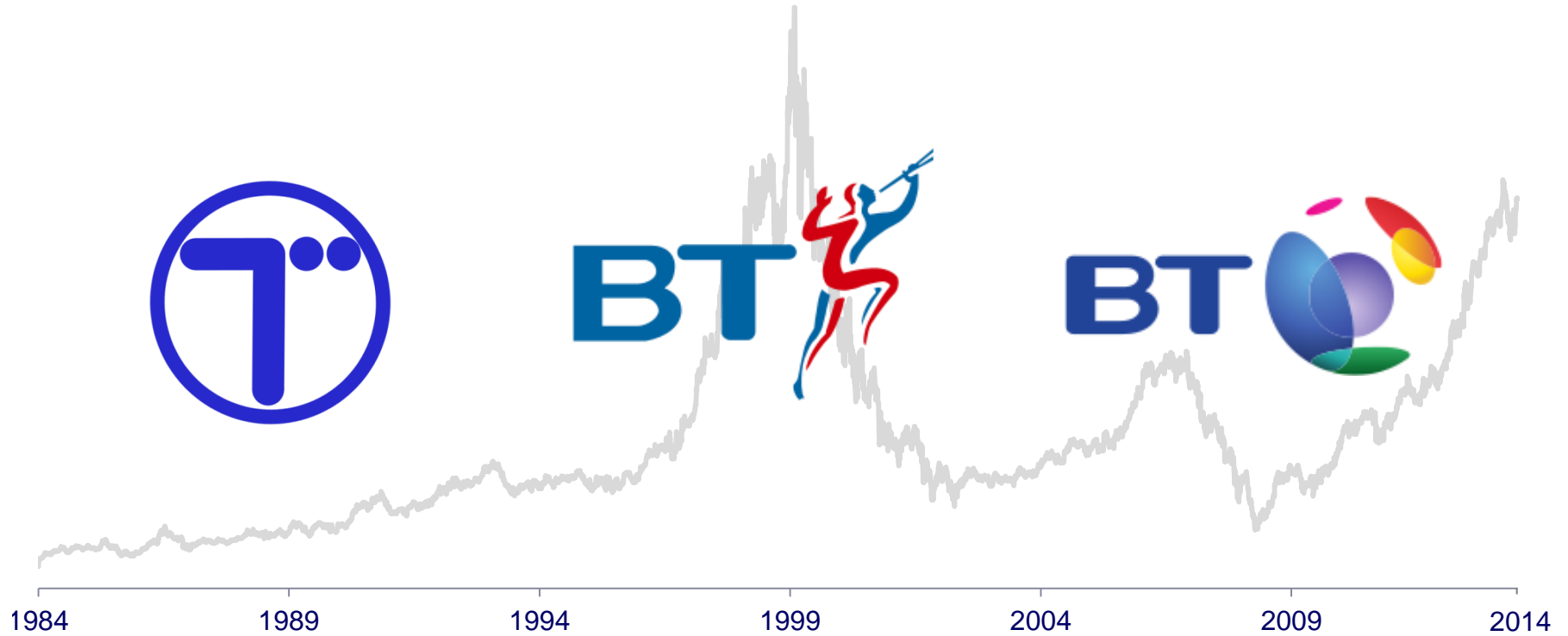
			YoY change
Revenue	£18,287m	0.5% <sup>2</sup>	
Profit before tax	£2,827m	6%	
EPS	28.2p	7%	
Free cash flow <sup>3</sup>	£2,450m	7%	

<sup>1</sup> before specific items

<sup>2</sup> year-on-year change in underlying revenue excluding transit

<sup>3</sup> before specific items, purchases of telecommunications licences, pension deficit payments & cash tax benefit of pension deficit payments

# 30 years since privatisation



# Shareholder returns

## Dividend per share



- ▶ 7.5p proposed final dividend, up 15%
- ▶ Share buyback of £302m in 2013/14
  - buyback of c.£300m pa in 2014/15 and 2015/16



# Giving back to society

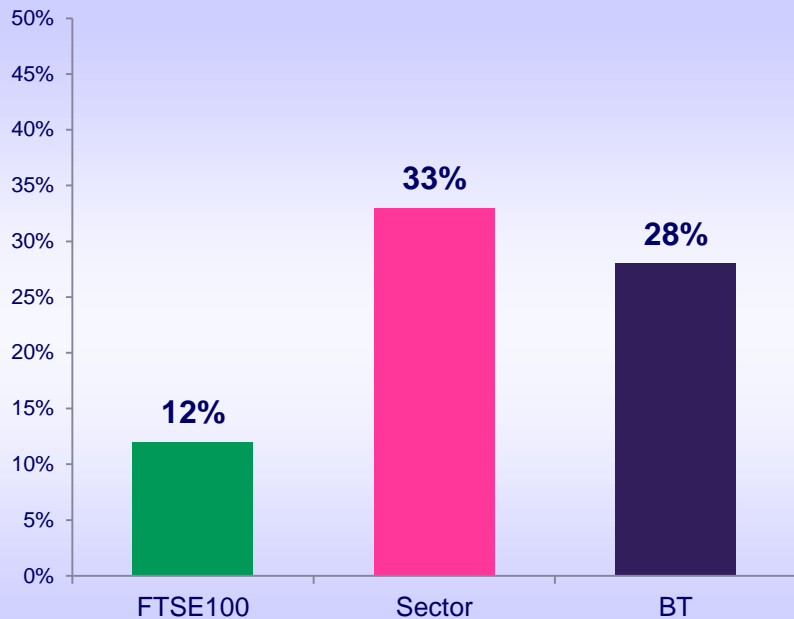
Our purpose is to use the power of communications to make a better world

- ▶ Over £85m generated for good causes
- ▶ BT people volunteered over 46,000 days; supporting over 1,300 charities worldwide
  - from small-scale projects to Children in Need, Comic Relief and the DEC
- ▶ Over 5,800 charities and individuals used our MyDonate for fundraising service
- ▶ £27m invested directly in society

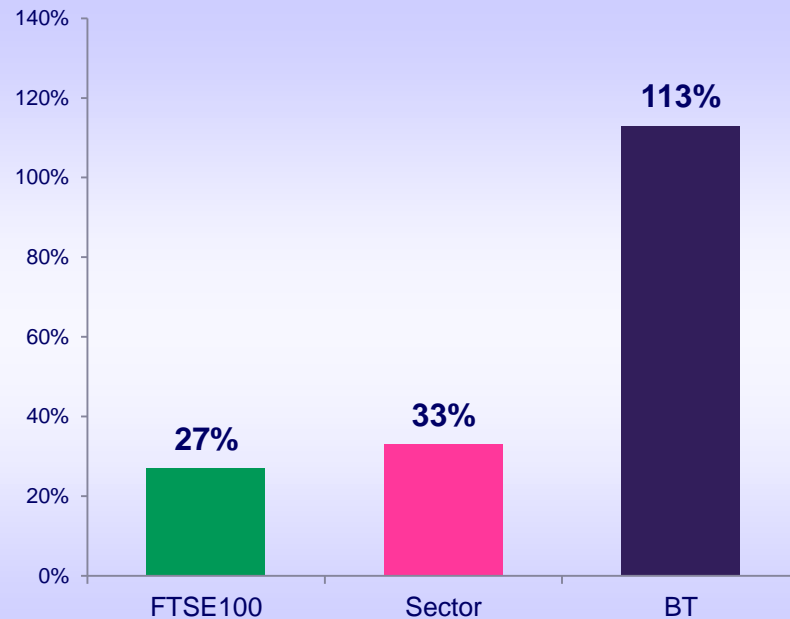


# Share price performance

## Since last AGM<sup>1</sup>



## Last 3 financial years<sup>1</sup>



<sup>1</sup> Total Shareholder Return which includes dividends; to 30 June 2014

# Financial objectives

**Drive profitable revenue growth**

**Grow EBITDA**

**Grow free cash flow**

**Invest in  
business**

**Reduce  
net debt**

**Support pension  
fund**

**Progressive  
dividends**

**BT Group plc**

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**Gavin Patterson, Chief Executive Officer**

## Overview of the year

- ▶ Overall strong performance, driven by
  - strong demand for fibre
  - higher TV and broadband revenue, helped by BT Sport
  - continued progress in high-growth regions of the world
- ▶ Reflects hard work and dedication of our people

**Investments are delivering for us**

# Our purpose, goal and strategy

**Our purpose**

**To use the power of communications to make a better world**

**Our goal**

**A growing BT: to deliver sustainable profitable revenue growth**

**Our strategy**

**Broaden and deepen our customer relationships**

**Deliver superior  
customer service**

**Transform  
our costs**

**Invest for  
growth**

**Fibre**

**TV and  
content**

**Mobility  
and  
future voice**

**UK  
business  
markets**

**Leading  
global  
companies**

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# Deliver superior customer service



## We have made progress on service



Complaints down in BT Consumer and BT Business



Advocacy up 6% points



'Right First Time' measure up, but not by as much as planned

- impacted by weather and strong demand for BT Sport



## Future focus

► To deliver a step-change in service:



Infrastructure

- increase network resilience



Systems and tools

- introduce new diagnostic tools
- improve online capabilities



Support

- provide dedicated help for complex service enquiries
- recruit additional engineers
- rebalance our resources



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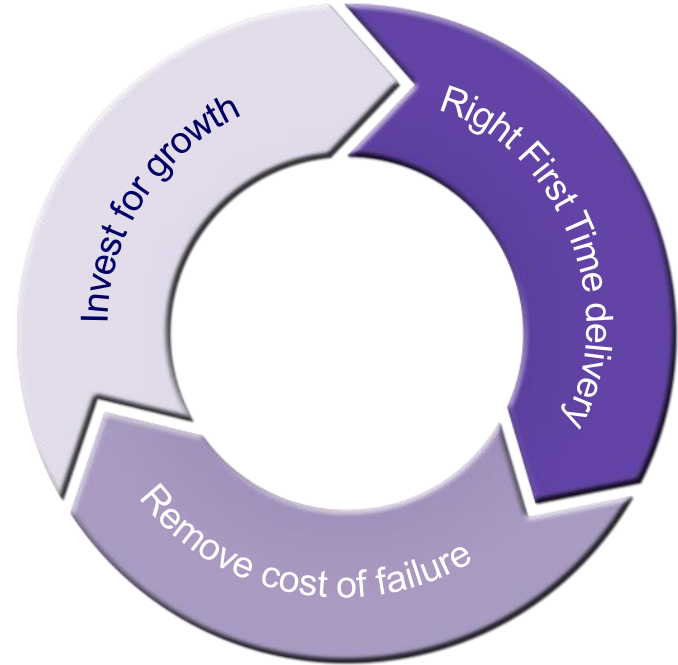
Leading  
global  
companies

# Transform our costs



## Continued progress

- ▶ Goes hand-in-hand with customer service
- ▶ Take out failure and inefficiency
- ▶ Provides oxygen for growth



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# Invest for growth – fibre



## Rollout ahead of target and on budget

- ▶ UK ahead of main peers
  - lowest prices in Europe
  - average speed 2<sup>nd</sup> only to Japan
- ▶ >19m UK homes and businesses have access to BT fibre broadband
  - customer take up 14% and growing
  - new fibre customer every 20 seconds
- ▶ Deploying to harder-to-reach areas with help of BDUK funding



## Future focus

- ▶ Work with government to reach 95% of UK premises
- ▶ Continued delivery of BDUK contracts – economic and social benefits include:
  - £20 to UK economy for every £1 invested
  - BDUK expected to create 10,000 jobs over 10 years
- ▶ Create compelling reasons to use and buy fibre

# Invest for growth – TV and content

TV

## BT TV

- ▶ 1m BT TV customers
- ▶ New channels and multi-room introduced



## BT Sport

- ▶ c.3m direct BT Sport customers
- ▶ Free to BT Broadband customers in 2014/15
- ▶ Driving brand perception



## Future focus

- ▶ More third-party content and channel distribution deals
- ▶ More great sport content

## Popular BT TV channels



## BT Sport



# Invest for growth – mobility and future voice

- ▶ Customers want seamless, fast and reliable access to content
- ▶ Exciting opportunity to leverage our brand and capabilities



## For businesses

- ▶ A complete, converged fixed and mobile solution
- ▶ Single platform available wherever customers are
- ▶ More details available within days



## For consumers

- ▶ Fast and reliable data and voice services wherever they are
- ▶ Compelling propositions at competitive prices
- ▶ More details later in the year



# Invest for growth – UK business markets



## From sole traders to UK corporates

- ▶ Well positioned for growth
- ▶ BT Business division created
- ▶ Serving all FTSE100 companies



Department  
for Work &  
Pensions



MINISTRY OF DEFENCE

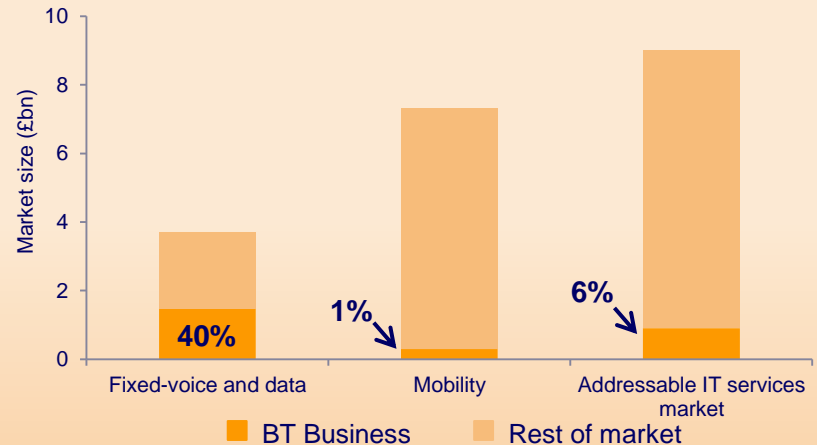


Rolls-Royce



## Future focus

- ▶ Broaden and deepen customer relationships
- ▶ Build market share in mobility and IT services



# Invest for growth – leading global companies



## Serving large corporates across the world

- ▶ Helping multinational customers expand
  - >6,500 large corporate and public sector customers in >170 countries
  - 84% of Fortune 500 companies
- ▶ Double-digit revenue increase in high-growth regions
- ▶ Market-leading provider of networked IT services



## Future focus

- ▶ Continued investment in high-growth regions
- ▶ Broaden and deepen customer relationships
  - Additional account management support for multinational customers





# In summary

**A strong set of results; a great platform for growth**

**Deliver superior customer service**

- ▶ Investing more to achieve a step-change

**Transform our costs**

- ▶ Further transformation to come, driving out cost of failure

**Invest for growth**

- ▶ Rich opportunities to deliver sustainable, profitable revenue growth

# BT Group plc

## Annual General Meeting

16<sup>th</sup> July 2014

		For & Discretion		Against		Vote Withheld	Overall
Res No.	Description	Total	%	Total	%	Total	Total
12	Re-elect Jasmine Whitbread	4,917,045,749	99.65%	6,548,407	0.13%	10,549,503	4,934,143,659
13	Elect Iain Conn	4,916,493,424	99.64%	5,877,669	0.12%	11,756,965	4,934,128,058
14	Elect Warren East	4,908,210,703	99.47%	14,487,731	0.29%	11,442,637	4,934,141,071
15	Reappointment of auditors	4,856,935,050	98.44%	67,341,411	1.36%	9,877,359	4,934,153,820
16	Remuneration of auditors	4,877,587,558	98.85%	45,836,729	0.93%	10,735,092	4,934,159,379
17	Authority to allot shares	4,686,785,682	94.99%	219,627,352	4.45%	27,740,156	4,934,153,190
18	Authority to allot shares for cash	4,882,692,679	98.96%	18,105,498	0.37%	33,222,801	4,934,020,978
19	Authority to purchase own shares	4,904,510,545	99.40%	19,007,404	0.39%	10,649,406	4,934,167,355
20	Notice of general meetings	4,494,068,819	91.08%	430,054,737	8.72%	10,034,558	4,934,158,114
21	Authority for political donations	4,795,192,280	97.18%	122,488,741	2.48%	16,504,845	4,934,185,866

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# Poll on all Resolutions

## Using your Admission Card/Proxy Card:

- If voting all shares “for”, place a cross (X) in “For” box
- If voting all shares “against”, place a cross (X) in “Against” box
- If withholding vote, place (X) in “Vote withheld” box
- If splitting vote, indicate the number of shares voting “for” “against” and “Vote withheld”
- Please sign the card
- Place completed card in ballot box as you leave
- Please ask a marshal if you have any questions

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