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

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\(^1\)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Amount</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>£18,287m</td>
<td>0.5(^2)%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>£2,827m</td>
<td>6%</td>
</tr>
<tr>
<td>EPS</td>
<td>28.2p</td>
<td>7%</td>
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<tr>
<td>Free cash flow(^3)</td>
<td>£2,450m</td>
<td>7%</td>
</tr>
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</table>

\(^1\) before specific items
\(^2\) year-on-year change in underlying revenue excluding transit
\(^3\) before specific items, purchases of telecommunications licences, pension deficit payments & cash tax benefit of pension deficit payments
Shareholder returns

- 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 AGM¹

<table>
<thead>
<tr>
<th>Area</th>
<th>12%</th>
<th>33%</th>
<th>28%</th>
</tr>
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<tbody>
<tr>
<td>FTSE100</td>
<td></td>
<td></td>
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<td>Sector</td>
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Last 3 financial years¹

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<th>Area</th>
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<th>113%</th>
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¹ 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

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
### Our purpose, goal and strategy

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#### Deliver superior customer service
- Fibre
- TV and content

#### Transform our costs
- Mobility and future voice
- UK business markets

#### Invest for growth
- Leading global companies
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
### 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

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A growing BT: to deliver sustainable profitable revenue growth

- **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
Transform our costs

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

Rollout ahead of target and on budget

- UK ahead of main peers
  - lowest prices in Europe
  - average speed 2nd 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

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
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

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

Graph:
- Fixed-voice and data: 40% BT Business, 1% Rest of market
- Mobility: 1% BT Business, 6% Rest of market
- Addressable IT services market: 6% BT Business, 94% Rest of market
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
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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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