



BT Group plc

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

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 results¹

YoY change

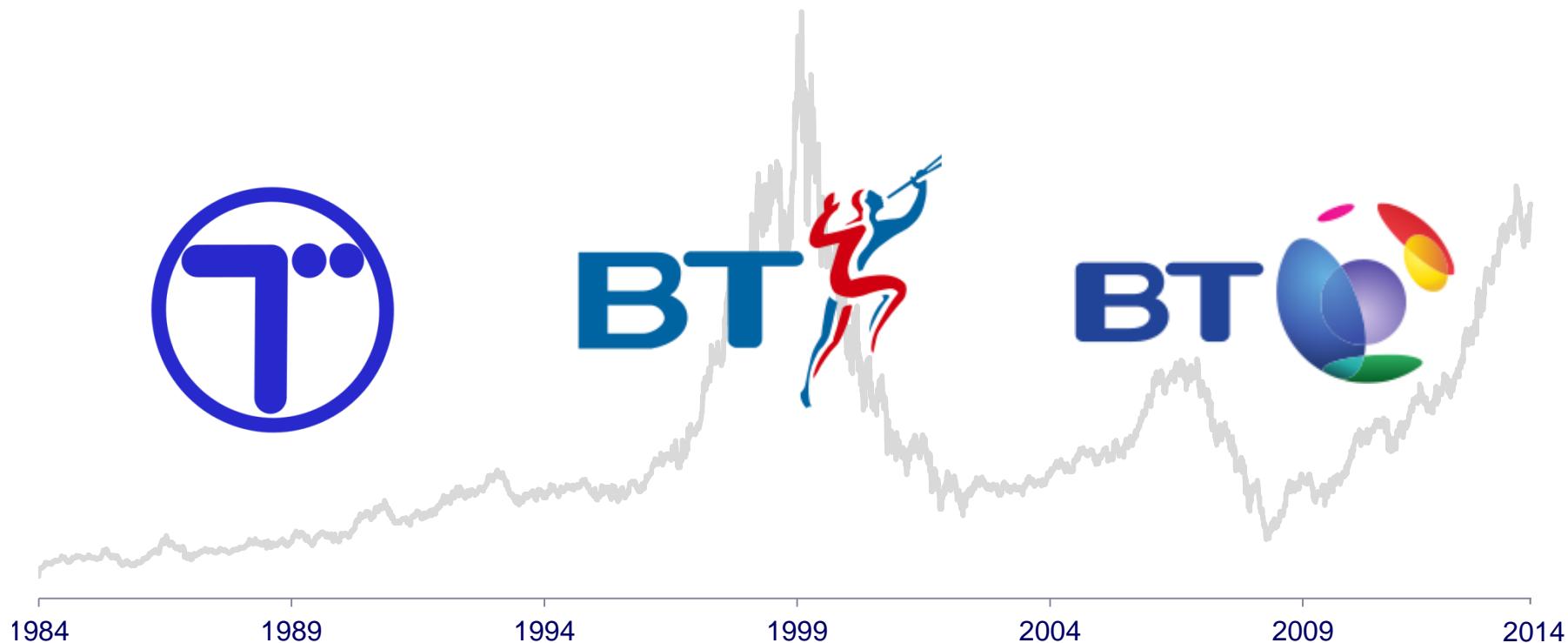
		YoY change
Revenue	£18,287m	0.5% ²
Profit before tax	£2,827m	6%
EPS	28.2p	7%
Free cash flow³	£2,450m	7%

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

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

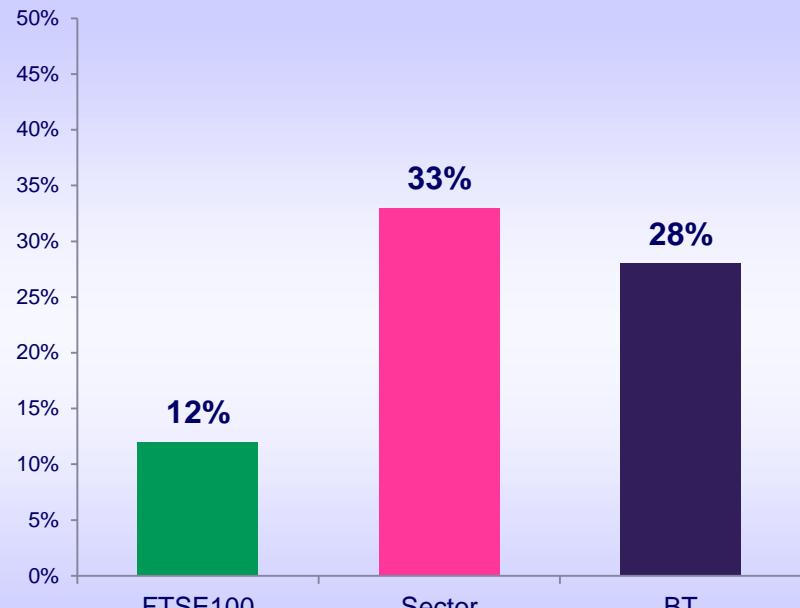
Our purpose is to use the power of communications to make a better world

- ▶ 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

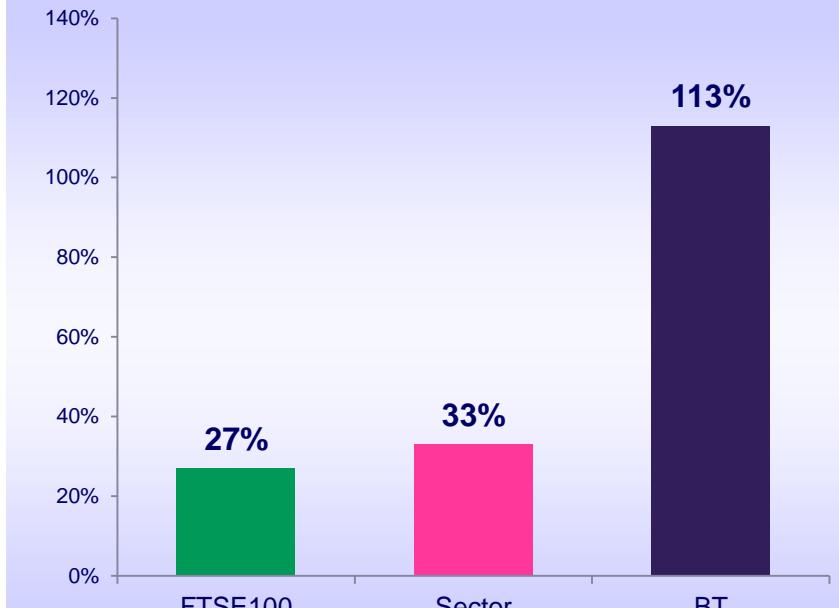


Share price performance

Since last AGM¹



Last 3 financial years¹



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

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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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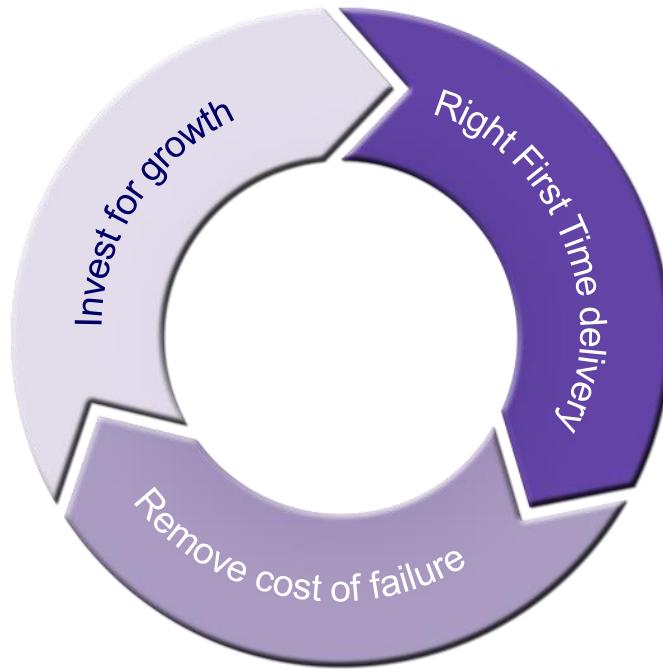
Leading global companies

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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Leading
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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 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

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

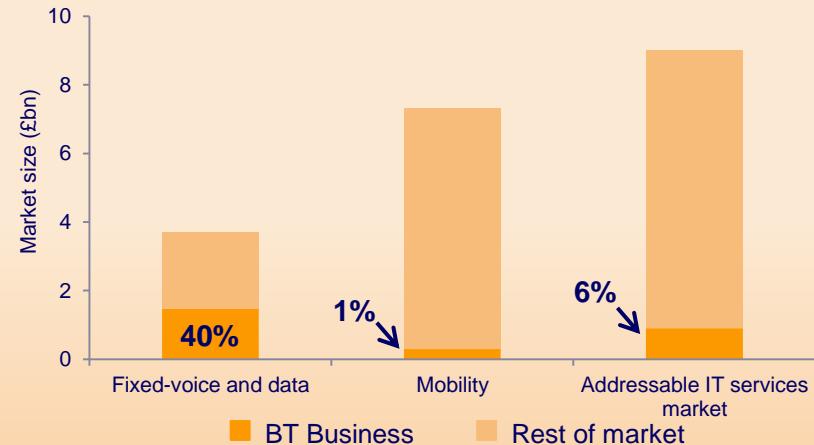


Rolls-Royce



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



Unilever



BOSCH



DE BEERS
GROUP OF COMPANIES



Telefónica



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
16th 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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