Annual General Meeting 202;

Jan du Plessis
Chairman

Thank you very much Iain. Good morning ladies and gentlemen. Thank you for joining BT's annual general meeting today. Needless to say, I am very disappointed that I cannot be with you in person today. This will be my last as chairman of this great company, and I would've loved to do so. But, when I had to do a test this morning it started as a standard procedure to make sure that I'm not Covid-19 positive. I'm afraid I got the wrong answer, and we had to quickly rearrange some of our logistics for today.

Thank you to Iain for standing in on short notice to chair our proceedings. Between Ian and Phillip, and myself and the rest of the team, we will do our best to handle questions the best that we can. If from time to time there is a technical blip, I am sure shareholders will understand that.

This is of course, our first hybrid AGM. With only a small number of shareholders in the room, and the majority of shareholders joining electronically. It's very much a new experience for most of us. Although it might be awkward for some of you, I expect us to continue with hybrid meetings in the future. And given how we have all in a few ways adjusted, I do apologize.

Given how we have now adjusted to our hybrid lives in recent months, I would not be surprised if AGM's in this format simply become the norm.

On behalf of the board, I would like to welcome Sara Weller and Sir Ian Cheshire who are attending their first BT AGM. As a result of international travel restrictions due to Covid-19, Allison Kirby and Adel El Saleh were unable to be present in the room today, but both are joining and participating remotely. Further, because of specific personal reasons, neither Isabel Hudson nor Mike Inglis, were able to join us. Both have asked me to apologise for their absence.

The twelve months since our last AGM have been extraordinary. The Covid-19 pandemic has dominated almost everything; the pace of technological change in all walks of life has accelerated; and dependency on the connectivity we provide our customers has become absolute – today's meeting being yet another example of this.
The pandemic has been gruelling for everybody and BT has more than played its part in the national and international effort to deal with its consequences.
Our vital services helped to improve things for those in their time of greatest need, keeping friends, families, businesses and crucial Government services – including the NHS – connected.

The way BT has managed through the pandemic whilst progressing its business modernisation programme is a significant achievement. It is the commitment of the whole BT team that made this possible, best illustrated by the award of no fewer than 13 Queen's Honours awards to BT colleagues in recognition of their efforts since the start of the pandemic.
Despite the resilience of our colleagues and our networks, our financial performance during the year was impacted by the pandemic.

Although in line with expectations, adjusted revenue and EBITDA were both down 6% compared to last year and normalised free cash flow was 27% lower than the previous year.

We know that our customers and you, our shareholders, understand that BT must modernise to maintain its leadership position and return to financial strength.
This is why transforming BT is a core part of the company's revised strategic framework which was launched last year. It is central to how we will improve our offer to customers and generate value for our shareholders, and our CEO Philip Jansen will elaborate on this when he addresses you shortly.
However, ladies and gentlemen, of equal importance are the investments we're making in our networks.

Investing in our broadband and mobile networks is investing in the future of BT.
The past year was of vital importance in this regard: we committed to make investments that will be the foundation of BT's success over the long-term and which will in turn underpin much of the UK's future economic prosperity.

In March this year, Ofcom published the outcome of its wholesale fixed telecoms market review (the so called, 'WFTMR'). With it came the regulatory certainty we required on your behalf to confirm our FTTP investment plans and, latterly, increase and accelerate our target from passing 20 million to passing 25 million premises by December 2026.
The WFTMR shows that Ofcom has clearly moved to a regulatory regime that encourages network builders to invest in the UK's digital infrastructure. This should be welcomed by everybody, including investors in BT and the UK telecoms market more generally, given the importance of outstanding connectivity to the country's future prosperity.
BT will complete this build over the next five and a half years at an overall cost of some £15bn. As you know, we had to take the tough decision to suspend, cancel and rebase the dividend in order to create the headroom required to make this very considerable commitment. And on that note, let me reiterate that it remains the Board's intention to reinstate the dividend during this financial year at 7.7 pence per share.

BT's full fibre build programme is the single largest investment in the country's digital infrastructure for a generation and I believe it will not only underpin the UK's transition to a gigabit economy, but provide a firm foundation for the company's financial success over the long term.

Investing for the future must also include the collective and individual steps we take on climate change and in supporting our society and communities. As we build back better from this awful pandemic, progress against both these imperatives couldn't be more important.

BT has pledged to be a net zero business by 2045. In November, we reached the milestone of sourcing 100% of our electricity, worldwide, from renewable sources.
At the same time, we announced our ambition to move nearly all of BT Group's 33,000 vehicles – the UK's second largest commercial fleet — to electric and alternative fuels by 2030.

While climate change has been high on our agenda for a number of years, 2020 also put digital inclusion at the heart of UK politics. Our Lockdown Learning and Standout Skills campaigns are examples of the support we provided customers on digital inclusion and skills training during the year.

I am pleased to be able to tell you that by March 2021 – five years ahead of target – we hit our goal of reaching 10 million people with help to improve their digital skills and we have now extended that target to a more stretching ambition to reach 25 million people by March 2026.

Let me now give you an update on changes to the BT Board.

We are today saying farewell to Mike Inglis, who decided in May not to put himself forward for re-election as a non-executive director today.

Mike has served as a highly active member of the Board for six years, sitting at various times as a member of virtually all our committees. On behalf of the Board, I would like to thank Mike for his service and wise counsel over those years.

As announced in early March, I will be retiring as chairman of the company on the appointment of my successor.

Chairing the board of BT has been a tremendous privilege. BT is a truly unique and special business. What this company does really matters to so many people, which is precisely what makes chairing it as complex as it is rewarding.

That said, having served as a FTSE chairman for the last 17 years, I know that personally the time is now right for me to focus on other interests.

The search for my successor is being led by Iain Conn, our senior independent director, and in the meantime I want to assure you that I am fully committed to serve as your chairman during an orderly transition process and until my successor is in place.
In reflecting on my time since joining the Board of BT and becoming chairman, there can be no denying the overall decline in our share price – a decline which in fact stretches back a full five years.

I know you will derive little comfort from the knowledge that much of this decline reflects trends seen across our sector, but I am pleased that since last autumn our share price has performed much better, effectively doubling from the depressed levels at which we traded during the summer of last year.

Much of that recovery reflects the tremendous dedication and hard work of the management team in recent years, together with some real improvements in the fundamental prospects of our business.
Our relationship with Ofcom has improved significantly since 2017 and the business case for FTTP is now clearly positive. In a few short years, the number of premises passed by Openreach has increased more than tenfold, from 420,000 premises to more than five

million today. And Openreach is now aiming to ramp up its build rate to pass four million homes and businesses every year.

Our Global business has stabilised following the significant problems some years ago. The current leadership team has worked tirelessly to divest networks and operations in around 20 countries globally and they are successfully executing their new strategy of focusing capabilities on today's software-defined world. Global is now making a positive and valuable contribution to the Group.

In our Consumer division we are seeing the benefits of some significant long-term investments aimed at improving customer experience. We have on-shored our customer service teams; we are levelling up the gap between new and existing customer pricing; and we are now starting to see the first wave of truly converged products that use the combined power of BT's fixed and mobile networks coming to market. We have now seen almost five years of consecutive improvements in our quarterly customer satisfaction surveys and, most recently, record net promotor scores for both the BT and EE brands.

As I approach the end of my career in business, I cannot but be struck by the significant change in corporate landscape we have seen since I was first appointed as executive director of a FTSE company more than 30 years ago. Whilst not all changes were for the better, most certainly were, and if one compares the corporate governance regime of today with what was the accepted norm at the time, it is hard to believe that it really was once common practice for the chairman to fill board vacancies with his friends – all of them of course men, because to find even a single woman on a public company board was very much the exception.

However, by far the most profound change I have witnessed is around our attitude to environmental sustainability and climate change. When meeting an institutional shareholder in the City twenty years ago, it would have been unthinkable that they may show the slightest interest in this incredibly important topic. Even as recent as ten years ago, one could sense that their questions around sustainability were largely perfunctory and mostly designed to allow them to tick a few boxes. Today though, to my delight, it would be unthinkable that sustainability and action on climate change did not feature prominently in any serious inter-action with shareholders. As the ultimate providers of capital, society at large are now applying significant pressure on companies for serious commitment and real action. I have every confidence that this will continue, although whether this was possibly a case of too little too late, only time will tell.
Ladies and gentlemen, let me conclude.

Your Board and management know there is a huge amount of work that remains to modernise the business to ensure we can provide brilliant service to our customers in a highly competitive industry and in a fast-changing world.

However, whilst we are fully aware of the scale of the challenge, we are at the same time excited by the opportunities ahead of us.

BT has a strong and diverse board at the helm and an outstanding leadership team under our Chief Executive, Phillip Jansen. We are executing a clearly articulated strategy, aimed at achieving our ultimate purpose as a company: to connect for good.

I am proud to have played my part to put in place these building blocks, and I have every confidence that BT is well-placed for the next stage in its development towards consistent and predictable growth over the long-term.

Ladies and gentlemen, thank you for your attention. Iain will take over in a moment. I will complete my remarks and I will hand over to Philip who will share his impressions of last year, and explain why he is confident why BT is now poised for a pivot to growth.