



Annual General Meeting 2022

Philip Jansen speech

Ladies and gentlemen, thank you for attending our 2022 AGM – either virtually or here in Birmingham.

This is now my fourth AGM and as I think about the state of the business today compared to my first AGM with you, it's clear that BT Group is emerging as a stronger organisation with brighter prospects and one that has continued to push forward despite the immense challenges thrown at us all over the last few years.

What's most striking, is that throughout that period of adversity and uncertainty, BT Group has not only continued to deliver but we've ramped up and accelerated our investment in building the connectivity the UK needs for its future. We're getting on with our plans, and that includes rewarding your trust in us by reinstating our dividend this year – as we said we would.

Of course, the challenges of the global economy have made their presence felt in all walks of life. BT Group was not immune but despite an overall decline in revenue, prudent management, careful cost control and savings from our transformation programmes have delivered EBITDA growth.

We are achieving record customer satisfaction scores across all our brands; we have stepped up our modernisation agenda to strengthen, simplify and sharpen the group's focus; and we continue to push ahead with our full fibre and 5G build programmes.

Ladies and gentlemen, if there's one message I want you – the owners of this business – to come away with today, it's that your money is invested in a strong, resilient organisation that has a clear purpose – we connect for good – and that has proved its grit and determination to get the job done no matter what.

Openreach is now around 30% of the way through our full fibre broadband build, having passed 7.2m premises and building faster, cheaper and at a higher quality than any other operator. There are now almost 1.8m FTTP end user connections on the network with 42 different communications providers.

From a standing start three years ago, EE's 5G network now covers more than 50% of the UK population – 12 months ahead of target – and we've grown our 5G-ready customer base to 7.2m.

Building a bright sustainable future for BT Group is about our long-term growth and prosperity. Our Digital unit will be at the centre of this, with a dual-track role to cut back our reliance on complex, costly legacy systems and to create new growth opportunities.

Outstanding connectivity will always be our beating heart and it's the engineering excellence within BT Group that will keep us at the leading edge of technological developments and ensure our lasting competitiveness.

To do this, we'll deliver on five key priorities.

Number one: We will drive Consumer growth through converged solutions. EE will

become our flagship brand for consumers, leading our approach to future innovation, convergence and services beyond connectivity. This will help us to build deeper relationships with customers by giving them exceptional experiences.

Two: We will capitalise on Enterprise and Global's unrivalled assets to restore growth. BT will be our flagship brand for Enterprise and Global under the new heading, BT Means Business. Enterprise and Global have a strong portfolio of next generation services and we will capitalise on these to drive market share in fast-growing areas.

Third: We'll deliver Openreach growth and strong returns on FTTP. Openreach has a strong and growing customer connection rate of 25% to the new FTTP network. At such an early stage in this asset's life, it's an encouraging indicator of the long-term economic return we'll generate on this once-in-a-generation investment. But it's also a reminder that we need to stay sharp to be competitive. Scale, quality of service and cost of delivery remain our most effective levers to ensure we maintain and grow our leadership position.

Four: We will digitise, automate and reskill to transform our cost base and improve productivity. Half-way through financial year 2022 we achieved our £1bn gross annualised cost savings target – 18 months ahead of schedule. This has enabled us to bring forward our £2bn savings target by a year to financial year 2024, and for us to aim for further savings to reach a new total of £2.5bn by the end of March 2025.

And lastly: We will optimise our business portfolio and capital allocation. We're sharpening our focus to make sure we are adapting to the changing markets we operate in and funding the right assets and initiatives for growth.

To that end, we finalised the BT Sport joint venture with Warner Bros. Discovery to improve our content offering to customers, aligning our business with a new global content powerhouse and reducing our exposure to future broadcasting rights auctions.

Separately, we extended our reciprocal channel supply deal with Sky into the next decade and Openreach and Sky have also signed an MOU allowing Sky engineers to complete home FTTP installations. These deals strengthen our strategic relationship with a key partner, and are mutually beneficial, delivering value to all of our customers.

As the world of technology evolves, the weight of societal responsibility on companies like ours becomes ever greater and more complex. We will only succeed if we help solve some of the problems faced by the customers and societies we serve.

As Adam mentioned, we launched the BT Group Manifesto in December, setting out how we'll accelerate responsible, inclusive and sustainable growth over the next decade.

As you would expect given the forward-looking nature of this work, we have set a number of demanding goals:

- We need to ensure that our customers have the necessary skills for their own digital futures – whether that's giving parents help to get their children online safely or giving elderly customers the confidence to make a FaceTime call to relatives. Our

target is to help 25m people improve their digital skills by the end of March 2026 and we're already more than half-way there.

- We have set out clear diversity and inclusion targets for our workforce. These are very stretching but we're determined to pursue them and champion an inclusive culture that celebrates our differences; and
- We have brought forward our net zero target by 15 years – to March 2031 for our own emissions and March 2041 for our supply chain and customer emissions. By embracing new technologies such as full fibre, 5G, cloud computing and IoT, we will help customers avoid 60m tonnes of carbon emissions by 2030.

I have spoken a lot today – and in the past – about BT Group's resilience. That strength in adversity comes, in the most part, from our colleagues across the business and there is no better example of this than the support we gave to our customers and the UK during – and since – the pandemic. Cometh the hour, cometh the men and women of BT Group.

For our frontline and team member colleagues, we recognised this with a 1.5% pay rise in 2020 and a special cash and share bonus of £1,500 in 2021. We froze manager pay in those years in light of the financial pressure we were under.

This year, we awarded our highest pay rise in more than 20 years: £1,500 for all Team Member and frontline colleagues. That's an 8% increase for the lowest paid and around a 5% rise on average. We did this in full recognition that with inflation at its current levels, things are tough for everybody.

After many weeks of negotiation with the CWU, it became clear we were not going to be able to reach an accord. We decided to go ahead and make the pay rise effective from the 1st of April in order to get the money into our colleagues' pockets without delay.

Our unions are hugely important partners for BT Group and while there will naturally be times when our relationship is tested, in a stakeholder business as complex as ours we need to keep the BT boat balanced whilst also needing to build boat speed at BT. I place immense value in my teams and colleagues across the business but we have competing demands from a myriad of stakeholders and we need to take account of all of them.

I make no apology for recognising our obligation to build a BT Group that is primed for growth and prosperity, not one that is merely getting by. This business needs to go faster so that we continue to deliver for our customers, for you, our shareholders, but also for our colleagues.

To put it another way, and to continue the boating analogy: we're sailing in choppy waters against some strong competition and we need to do everything in our power to stay ahead.

Before I close, I'd like to say a quick word on the cost-of-living crisis for our customers.

The majority of our revenue base is now inflation-linked and customers are on clear, predictable and transparent pricing plans. Annual data consumption has more than doubled in the last five years and with the once-in-a-generation network upgrades

needed to support this, it's critical that our pricing structures are fit for purpose and can fund these investments. We must also carefully balance our own operating costs which are also exposed to inflation.

That said, while our products represent outstanding value and a small proportion of household bills relative to other services, in the current inflationary environment we know that every penny counts for our customers. That's why we haven't and won't increase social tariff prices this year and we are working with Government and Ofcom on what more we can do to promote these tariffs across the industry.

Whilst we are keenly aware of the economic context, we are committed to our pricing structure for next year. Our focus is to deliver exceptional value for money for our customers and to build their loyalty. Although achieving the highest customer satisfaction scores across the Group for many years is a significant milestone, our aim is to improve this even further. Getting better should never stop which is why we aim to provide new and exciting propositions for our customers that make the experience of dealing with BT second to none.

So, to close:

Thanks to your support of our investment plans, BT Group has emerged from the global pandemic a better, stronger organisation with a clear path to future enduring success.

- This year we expect to deliver revenue growth and an EBITDA result of at least £7.9bn;
- We have reinstated our dividend and set out a long-term vision that will underpin our progressive policy into the next decade and beyond; and
- We have continued to make big investments in the long-term future and prosperity of BT Group – on your behalf, and on behalf of our customers, our colleagues and the whole of the UK.

I thank you again for coming today, for your interest and for your ongoing support.

I'll now pass back to Adam.