



# BT Group Investor Relations Bulletin

News and events during Q4 2020/21

1 April 2021

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## **Upcoming events**

- BT intends to publish its Q4 and FY 2020/21 results on 13 May 2021

## **BT Group – BT Board and Executive Committee changes**

- On 1 March, [BT announced that Chairman Jan du Plessis informed the Board of his intention to retire in 2021 once a successor has been appointed](#)
- On 11 March, [BT announced it had appointed former Bharti Airtel Group CIO Harmeet Mehta to lead its new Digital unit as its Chief Digital and Innovation Officer from 1 April 2021](#)
  - BT also announced that Chief Strategy and Transformation Officer Mike Sherman is leaving, and that responsibility for corporate strategy will move to CFO Simon Lowth
- On 23 March, [BT announced that its Regulatory Affairs Director Cathryn Ross is stepping down to accept a role outside of the sector](#). Cathryn Ross will remain at BT until the end of May

## **BT Group – Environmental, Social, Governance**

- On 8 January, [BT announced its Lockdown Learning support scheme to help disadvantaged children continue their education while schools remain closed](#). Support measures included free unlimited mobile data for families and carers supporting children with no internet access, and zero rating some of the most popular education websites
- On 13 January, [Openreach adopted a new linguistic approach to recruitment, designed to reduce coded gender bias, to help it recruit a minimum of 20% females into new roles this year](#)
- On 15 January, [BT extended its Unlimited Data Offer for EE customers working for the NHS until June 2021](#)
- On 20 January, BT launched its [Standout Skills](#) campaign to help people's job searches

- On 25 January, [Corporate Knights ranked BT as the most sustainable telecommunications company in the world](#)
- On 26 January, [BT announced partnerships with iOpt and Everimpact to develop new joint products and services aimed at supporting public sector customers transition to Net Zero](#)
- On 25 March, [BT](#) and [Openreach](#) published their 2020 Gender Pay Gap reports

#### **BT Group – BT announces new Digital unit**

- On 11 January, BT announced the creation of a new technology unit named Digital to lead its digital innovation agenda, effective from 1 April 2021. Digital will be led by Harmeem Mehta
- BT also established its new Technology Advisory Board to provide insight to the Executive Committee on emerging technologies

#### **BT Group – BT proposes special bonus to reward frontline and key workers**

- On 24 March, BT proposed to offer its frontline workers a special bonus of £1,500 (£1,000 immediately in cash and £500 in shares after 3-years<sup>1</sup>) to recognise their efforts to keep customers and the country connected during Covid-19
- No change to BT's full year 2020/21 financial outlook is expected as a result of this bonus payment

#### **Government – Super-deduction**

- On 3 March, Government in its 2021 Budget announced a new 130% first-year capital allowance for qualifying plant and machinery assets; and a 50% first-year allowance for qualifying special rate assets
- BT welcomes the Government's support for new investment, specifically tax deductions on certain qualifying investments in plant and machinery. We are expecting to invest significant amounts of capex in plant and machinery over the next several years, and to the extent this proves to be eligible for the super-deduction it could result in a significant reduction in BT's corporation tax bill for its 2021/22 and 2022/23 financial years. This would be offset in later years by the subsequent increase in the corporation tax rate to 25% from April 2023

#### **Government – Project Gigabit: Phase One Delivery Plan**

- On 19 March, DCMS<sup>2</sup> published its Phase One Delivery Plan for its £5bn Project Gigabit which targets a minimum of 85% gigabit-capable UK broadband coverage by 2025. Alongside other measures it confirmed:
  - A £210m extension to its rural Gigabit Voucher scheme
  - And £110m to connect up to 7k rural GP surgeries, libraries, and schools

#### **Regulation – Ofcom publishes its quarterly telecoms and pay TV complaints**

- On 2 February, Ofcom published its telecoms and pay TV complaints data for Q3:
  - The BT brand was close to the average for broadband, landline, and mobile complaints, but above the average for pay-TV complaints
  - The EE brand was below the average for broadband, landline, and mobile complaints

#### **Regulation – Ofcom publishes its WFTMR<sup>3</sup> statement**

- On 18 March, Ofcom published its statement on its Wholesale Fixed Telecoms Market Review
- Some of the key points from the statement include:
  - Ofcom does not expect to introduce cost-based price controls until at least 2031
  - Beyond 2031, if Ofcom sees a need to move to cost-based regulation, Ofcom states it will “honour the fair bet principle. In setting controls, we would expect to allow BT to keep the upside (i.e. returns in excess of its cost of capital it has earned up to that point), as well as ensuring it can earn its cost of capital going forwards”
  - In considering further regulation in the future, Ofcom would consider a range of market circumstances including:

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<sup>1</sup> The £500 share payment is a discretionary award made under our previously announced YourShare scheme.

<sup>2</sup> Department for Digital, Culture, Media, and Sport

<sup>3</sup> [Wholesale Fixed Telecoms Market Review](#)

- Beyond 2031, if investment and competition continue, then Ofcom would look to regulate in a way that supported this, while ensuring that consumers continue to be protected
- In areas absent investment and competition, Ofcom expects to look at consumer outcomes, noting that consumers could still benefit from competition through a common pricing approach (i.e. Openreach adopts the same prices in these areas as in more competitive areas), in which case Ofcom states light touch regulation (or even no price regulation) is appropriate
- Ofcom will allow Openreach to increase its regulated prices in-line with inflation
- Ofcom expects the same wholesale access prices to apply throughout the whole of the UK
- Ofcom will allow a price premium of £1.70 pm for the baseline FTTP product over an equivalent speed FTTC product
- Ofcom will allow Openreach to begin the copper stop-sell process in an exchange area once it has built FTTP to 75% of premises in that exchange area
- **BT's response (18 March):** "Based on our initial assessment, BT believes that the document is broadly in line with the expectations laid out at our Q3 2020/21 financial results and, when taken as a whole, will allow BT to earn a fair return on its c.£12 billion FTTP investment. As a result, BT is today confirming its plan to build FTTP to 20 million premises by the mid- to late-2020s"
- **Openreach's response (18 March):** "Today's regulation will allow us to ramp up to 3 million premises per year providing vital next generation connectivity for homes and business right across the UK. We've now passed almost 4.5 million premises and are building faster, at lower cost and higher quality than anyone else in the UK"

#### **Regulation – Ofcom publishes statement on protecting voice-only landline customers**

- On 25 March, Ofcom published its statement on protecting voice-only landline customers. In the statement it noted that voluntary commitments made by BT to protect the prices voice-only landline customers pay will expire at the end of March 2021
- In the statement Ofcom accepted BT's voluntary commitment to continue with these protections for an additional five years

#### **Regulation – Ofcom publishes statement on Wholesale Voice Markets**

- On 31 March, Ofcom published its statement on Wholesale Voice Markets. In the statement its decisions include deregulating the wholesale market for landline call origination, and the continuation of caps on the charges for terminating landline and mobile calls in the UK
- Ofcom is looking to move the focus of regulation from traditional landline to modern IP interconnection, and will regulate BT IP interconnection on fair, reasonable and non-discriminatory terms. In order to encourage the move to modern interconnection BT must offer IP interconnection from 2025
- The financial impact of Ofcom's decisions on BT is expected to be broadly neutral

#### **Consumer – BT launches BT Halo 3+**

- On 3 February, BT announced the launch of BT Halo 3+ which introduces its new Hybrid Connect device allowing customers to get same day broadband access with an unbreakable Wi-Fi connection through convergence of its fixed and mobile networks
- Halo 3+ customers also receive an upgrade to BT Full Fibre where available, BT Complete Wi-Fi, giving a reliable wi-fi signal in every room, BT's Home Tech Expert support, as well as the BT Halo Price Promise and BT and EE mobile benefits

#### **Consumer – BT adds Eurosport to its TV proposition**

- On 1 March, BT expanded its TV proposition with the addition of Eurosport to flexible packages with no increase in monthly costs for Big Sport and VIP package customers

#### **Consumer – Consumer CEO Marc Allera calls for changes to net neutrality rules**

- On 9 March, BT published a blog by Consumer CEO Marc Allera, in which he highlighted some of his comments from the Enders' Media and Telecoms 2021 & Beyond conference:
  - That Covid-19 has shown that there are very good reasons to enable preferential access to certain platforms
  - That current net neutrality arrangements put pressure on networks to sustain the rise and rise of the most popular content and gaming platforms

- That adjustments to current net neutrality rules could help create a more connected, and digitally-inclusive UK

### **Consumer/Enterprise – Mobile network**

- On 14 January, [BT switched on 5G in 13 new UK towns, bringing its total coverage to 125 towns and cities. BT's EE brand was also named as the UK No.1 network for gaming by RootMetrics](#)
- On 20 January, [BT's EE brand won RootMetrics' best network for the 15th consecutive time, and was found to have higher 5G availability than all other MNOs in the UK's four capital cities](#)
- On 23 February, [RootMetrics found that EE's network had the highest 5G availability of all the MNOs in 15 of the UK's 16 biggest cities](#)
  - Following the update from RootMetrics, [Consumer CEO Marc Allera published a blog calling for credible network claims, which use independent, objective, and consistent testing](#)
- On 24 February, [BT announced it will expand its 4G coverage in more than 500 areas in 2021 to improve rural connectivity across the UK as part of the Shared Rural Network programme](#)
- On 17 March, [BT secured 40MHz of 700MHz spectrum, and 40MHz of 3.6-3.8GHz spectrum in Ofcom's 5G spectrum auction for a total of £452m prior to the assignment round](#)
  - We expect the post auction trades to be approved and traded licenses issued by mid-May

### **Enterprise – 5G use cases**

- On 19 January, [BT partnered with AE Aerospace and W5G on three new 5G use cases](#). Under the partnership AE Aerospace will become the first UK SME with a 5G private network
- On 10 March, [BT in partnership with North Lanarkshire Council and Interactive Immersive Classroom brought the UK's first 5G-enabled immersive classroom to Scotland](#)

### **Enterprise – BT and Digital Boost launch free mentoring programme for SMEs**

- On 25 January, as part of its Small Business Support Scheme, BT partnered with Digital Boost to launch a free mentoring programme for at least 1,000 firms across the UK

### **Enterprise – BT connects over 110 vaccination centres across England and Wales**

- On 15 February, BT announced it has brought high-speed and Wi-Fi connectivity to over 110 vaccination centres across England and Wales
- BT has also prioritised the connection of smaller NHS vaccination centres across England and Wales, and is providing enhanced levels of customer service to any vaccination centres which rely on BT, EE or Plusnet products

### **Global – Announced contract wins and renewals**

- On 21 January, [BT announced that it signed a contract, valued at EUR 33m over four years, with the Dutch Ministry of Foreign Affairs](#) to provide communications services to its embassies and consulates in 120 countries. Under the contract BT will provide WAN, LAN and Wireless LAN services using the latest SDWAN technology
- On 9 February, [BT announced a new, multi-year agreement with Walgreens Boots Alliance to continue as its network partner](#), supporting its digital transformation of customer experience in the UK and Ireland
- On 16 March, [BT announced an extension of its 20 year relationship with Syngenta to enable secure networking and collaboration services](#)
- On 25 March, [BT announced a five-year contract with Alstom](#), one of the world's leading providers of systems, equipment and services for the mobility sector, to upgrade its global network with the latest cloud-optimised connectivity solutions

### **Global – Survey of Chief Information Security Officers shows increasing needs**

- On 1 February, BT published the results of a global survey of over 7,000 business leaders, employees, and consumers. The survey revealed that despite 76% of business executives rating their organisation's IT strategy as excellent/good, that 84% of executives also stated their organisation had suffered from data loss or security incident in the last two years

### **Openreach – Copper stop sell**

- On 25 January, Openreach notified its CPs that it will stop selling copper products in an additional 51 exchanges from 25 January 2022, bringing the total to 220 exchanges

### **Openreach – Openreach FTTP to be mandatory for new Barratt home developments**

- On 26 January, BT partnered with Barratt Developments, to make Openreach FTTP mandatory across all of its new home developments (c.15k new homes per annum)

### **Openreach – Openreach passes 4.5m premises with FTTP**

- On 25 March, Openreach passed 4.5m premises with FTTP just ahead of its 31 March target, and despite the impact of Covid-19

### **Openreach – Openreach announces changes to its wholesale prices**

- On 31 March, following adjustments by Ofcom to price regulation in its WFTMR statement, Openreach announced a number of pricing changes effective 1 July 2021 including:
  - An increase of 0.9% to MPF Rental
  - An increase of 5.4% to SMPF Rental
  - An increase of 4.6% to WLR Rental
  - An increase of 0.9% to FTTC 40/10 Rental
  - An increase of 14.9% to FTTP 40/10 Rental where FTTC 40/10 Rental is not available
  - An increase of 1.2% to SOGEA 40/10 Rental
  - An increase of 3.0% to PIA Single Bore
- Openreach also announced a 58% reduction to its PIA multi end user pole attachment product effective 5 July 2021

### **Other news**

- On 27 January, [BT announced plans to recruit over 400 apprentices and graduates in 2021](#)
- On 9 February, [BT launched Advanced Digital Home Phone with Alexa built-in](#)
- On 18 February, [BT began a recruitment drive for its new procurement company](#)
- On 25 February, [BT partnered with Code First Girls to help close the UK gender skills gap in tech](#)