Trading update

Results for the nine months to 31 December 2020
BT Group plc
4 February 2021

BT Group plc (BT.L) today announced its trading update for the nine months to 31 December 2020.

Key strategic developments:

- Creation of a new technology unit - Digital - to lead our digital innovation agenda from 1 April 2021; Digital will lead the IT, process and business transformation of BT and develop and deliver new growth products, platforms and services
- Sale agreed of selected business units in Italy
- Continued progress on our wider modernisation programme including the creation of a standalone procurement company

Operational:

- Openreach's FTTP network now reaches 4.1m premises, built at an average run rate of 42k premises passed per week in the quarter; remains on track to achieve 4.5m by March 2021
- Openreach's first copper stop-sell now live in Salisbury, extending to 2.2m premises by January 2022
- FTTP commercial offers extended; all of Openreach's major communications provider customers now selling FTTP with strong increase in sales in Q3; Openreach achieved record 17k FTTP orders per week
- 5G in 125 locations and 5G ready customer base now over 2.1m; EE has taken top spot in Rootmetrics' latest national results for the 15th consecutive time with 5G in more places than any other network according to Rootmetrics
- Consumer fixed ARPC down 5.8% year on year due to commitments to meet our fairness agenda, investment in our long term strategic base and declining voice usage; postpaid mobile ARPC down 6.9% year on year due to increased SIM-only mix, decline in roaming and out of bundle revenue
- In Consumer, BT brand at its highest NPS[1] ever, as evidenced by strong BT sales and churn performance
- Enterprise retail and wholesale order intakes up 8% to £3.2bn and 5% to £1.2bn respectively on a 12-month rolling basis
- Global order intake up 1% to £4.1bn on a 12-month rolling basis

Financial:

- Revenue £16,058m, down 7% due primarily to the impact of Covid-19 on Consumer and our enterprise units, ongoing legacy product declines and divestments of domestic businesses in Spain, Latin America and France
- Adjusted[1] EBITDA £5,603m, down 5%, driven by the fall in revenue, partially offset by H1 sports rights rebates, savings from our modernisation programme and other cost initiatives including Covid-19 mitigating actions
- Reported profit before tax £1,591m, down 17%, due to reduced EBITDA
- Normalised free cash flow[1] £830m, down 17%, due to reduced EBITDA and higher cash capital expenditure, offset by a cash receipt from the monetisation of a non-strategic revenue stream generated from our building infrastructure and timing of tax payments
- Capital expenditure up 5% to £3,030m, primarily driven by increased fixed and mobile network investment
- Outlook for 2020/21: Unchanged except for lower end of normalised free cash flow[1] outlook range raised to £1.3bn; revised range £1.3bn-£1.5bn; the EBITDA outlook range remains at £7.3bn-£7.5bn

Philip Jansen, Chief Executive, commenting on the results, said

During the current Covid-19 pandemic, BT has continued to deliver for our customers and invest in our networks, our modernisation programme, and our products and services in recognition of the ever increasing need for improved and faster connectivity. We delivered results in line with our expectations for the third quarter and remain on track to deliver our 2020/21 outlook despite even greater Covid-19 restrictions than previously forecast. BT has shown again that it has the spirit and determination to step up and deliver for our customers, keeping them connected with a range of initiatives. I am particularly proud of the ongoing work and investments we are making to support school children, SMEs and the NHS during the pandemic.

We continue to make significant investments in our industry leading networks; with FTTP having now passed over 4m premises and 5G available in 125 towns and cities, we're firmly on track to deliver our March 2021 targets. Openreach FTTP orders accelerated even further to reach another record level of 17k per week. We have demonstrated continued improvement in our operational performance, including acceleration of FTTP and 5G take-up, and customer satisfaction metrics. This reflects our progress in creating valued, reliable, stand out customer experiences and propositions; the next evolution of our flagship convergence proposition, Halo 3+, will drive even further progress.

As the WFTMR[2] consultation process draws to a close we're focused on ensuring the new regulation will create an environment to allow for fair returns across our industry including the additional significant network investment we are poised to undertake. The latest proposals from Ofcom are positive for investment in many areas, but there are key points of clarity still needed to unlock the fibre investment the country needs; and we still need to see concrete progress from Government on the things they can do to support the fibre roll out.

With no material impact expected from the Brexit deal and our resilient results so far this year I remain confident in our EBITDA expectation of at least £7.9bn for 2022/23. Looking further ahead our new Digital unit will enable us to accelerate our digital and business transformation programmes and to deliver digital platforms that bring together best-in-class services for our customers, further securing a brighter and more sustainable future for the group.

Nine months to 31 December	2020	2019	Change
	£m	£m	%
Reported measures			
Revenue	**16,058**	17,246	(7)
Profit before tax	**1,591**	1,911	(17)
Profit after tax	**1,276**	1,526	(16)
Capital expenditure	**3,030**	2,877	5
Adjusted measures			
Adjusted[1] Revenue	**16,084**	17,192	(6)
Adjusted[1] EBITDA	**5,603**	5,900	(5)
Normalised free cash flow[1]	**830**	1,000	(17)
Net debt[1]	**17,294**	18,234	£(940)m

[1] See Glossary on page 5
[2] Wholesale Fixed Telecoms Market Review

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Overview of the nine months to 31 December 2020

CUSTOMER-FACING UNIT UPDATES

	Adjusted[1] revenue			Adjusted[1] EBITDA		
Nine months to 31 December	**2020**	2019[2]	Change	**2020**	2019[2]	Change
	£m	£m	%	**£m**	£m	%
Consumer	**7,494**	7,895	(5)	**1,610**	1,800	(11)
Enterprise	**4,086**	4,445	(8)	**1,268**	1,436	(12)
Global	**2,823**	3,280	(14)	**440**	459	(4)
Openreach	**3,898**	3,817	2	**2,211**	2,139	3
Other	**18**	21	(14)	**74**	66	12
Intra-group items	**(2,235)**	(2,266)	1	**—**	—	—
Total	**16,084**	17,192	(6)	**5,603**	5,900	(5)
Third quarter to 31 December						
Consumer	**2,621**	2,701	(3)	**535**	620	(14)
Enterprise	**1,376**	1,458	(6)	**435**	481	(10)
Global	**907**	1,084	(16)	**151**	155	(3)
Openreach	**1,313**	1,281	2	**758**	722	5
Other	**6**	7	(14)	**3**	(1)	n/m
Intra-group items	**(746)**	(752)	1	**—**	—	—
Total	**5,477**	5,779	(5)	**1,882**	1,977	(5)

n/m = not meaningful

Unless otherwise stated, the following commentary relates to the nine months to 31 December 2020

Consumer: Strong service performance, Covid-19 headwinds continue

Revenue declined year on year as the negative impact of Covid-19 resulted in the continued partial closure of retail stores and pubs & clubs regionally. Further pressures on mobile revenue were reduced roaming and lower out of bundle usage; reduced prepaid activity and increased SIM-only mix diluting postpaid ARPC, which were partly offset by higher equipment revenue. Fixed revenue declined through lower out of contract price rises and copper price reductions to address back book pricing combined with a continued decline of our voice only customer base and call volumes. EBITDA declined in line with lower revenue and continued customer investment in both copper to fibre migrations and growth of our FTTP base, partially offset by H1 sports rights rebates and tight cost management, boosted by our transformation programme. Broadband base growth helped offset the ARPC decline aided by our largest quarterly increase of 88k in the FTTP base which now stands at 686k. Our 5G ready customer base has increased to over 2.1m and 5G is now live in 125 towns and cities. Our exclusive Full Works Plan for iPhone supported a successful iPhone 12 launch, with EE customers enjoying Apple Music, Apple TV+ and Apple Arcade for the duration of their plan, along with unlimited mobile data on the UK's number one network. Lockdown restrictions in Q4 are expected to further impact trading performance with almost our entire retail estate closed in addition to all pubs and clubs.

Enterprise: Continued Covid-19 impacts but ongoing focus on transformation, innovation and partnerships

Revenue was down predominantly due to continued impacts from Covid-19 and ongoing declines in legacy products. Excluding the divestments of Fleet and Tikit in the prior year, revenue was down 6% and EBITDA was down 11%. The decline in profit was mainly a result of Covid-19, partly offset by lower costs from our transformation programme. In the quarter, cash benefited from the monetisation of a non-strategic revenue stream generated from our building infrastructure. Retail order intake increased 8% to £3.2bn and wholesale order intake increased 5% to £1.2bn on a 12-month rolling basis, both helped by a strong performance in the third quarter. Since the relaunch of our Halo business product last year as part of our Small Business Support Scheme, 25k businesses are now able to stay better connected to their customers when working remotely or on the move. We have strengthened our support for SMEs, adding a new mentoring programme in partnership with Digital Boost. We also collaborated with the University of Warwick and Warwickshire County Council to switch on the UK's first dedicated public 5G network for a connected campus, bringing ultrafast 5G mobile to students and staff through our EE mobile network, as well as providing a series of 5G led use cases. We extended our partnership with RingCentral, combining the best of BT's network leadership and resources with RingCentral's industry-leading technology. Our 'Cloud Work provided by RingCentral' offering provides UK businesses and public sector customers with a seamless communications experience for distributed workforces to collaborate effectively. We expect Covid-19 to impact trading and business insolvencies, particularly our direct and indirect SME customers, in Q4 and into 2021/22. In addition, we expect to see some opex investment in Q4 as part of our transformation plans. In the quarter we also exercised our call option to purchase the remaining 30% non-controlling interest in BT OnePhone Limited. We expect to finalise the purchase in H1 2021/22, the purchase price will be based on independent valuations.

[1] See Glossary on page 5. Commentary on revenue and EBITDA is based on adjusted measures.
[2] On 1 April 2020, Supply Chain and Pelipod, which serve several parts of BT, were transferred from Enterprise to the central procurement team and as a result will now be reported in Group 'Other' financial results. The prior year comparative for the Enterprise and Other CFU results has been restated to reflect this. Refer to the announcement on 29 June 2020 for further information.

Global: Continued execution of strategy helping to reduce Covid-19 impact

Revenue was negatively impacted by Covid-19, divestments of domestic businesses in Spain, Latin America and France, mature and legacy portfolio declines and an £8m negative impact from foreign exchange movements. Revenue excluding divestments and foreign exchange was down 10%. EBITDA was down reflecting the impact of divestments, prior year favourable one-offs and a £4m negative impact from foreign exchange movements. EBITDA, excluding divestments, one-offs and foreign exchange was up 6%. The negative impact of Covid-19 on revenue was more than offset by lower operating costs reflecting ongoing transformation and Covid-19 mitigation actions. Order intake in the quarter was £1.2bn, up 1% despite the impact of Covid-19. On a 12-month rolling basis it was £4.1bn, also up 1% year on year. During the quarter we completed the sale of selected domestic operations and infrastructure in Latin America and France. We also agreed the sale of selected business units in Italy serving domestic public administration and SMEs. The transaction is subject to regulatory approval and is expected to complete in Q1 2021/22. We continue to see a reduction in spending and a more cautious approach from our multinational customers resulting in cancellations and delays to purchasing cycles, which will negatively impact revenue and EBITDA in Q4 and subsequent periods.

Openreach: FTTP build remains on track

Revenue growth was driven by higher rental bases in fibre-enabled products[1], up 17%, and Ethernet, up 8% at quarter end. This was partially offset by a decline in legacy copper products. Openreach achieved record FTTP orders of 17k per week in the quarter, and announced it will be extending several commercial FTTP offers, including its FTTP-only offer. EBITDA grew 3% slightly ahead of revenue growth. Operating costs were broadly flat, with higher service costs as we continue to deliver against our customers' increasing service expectations, increased FTTP provisions and pay inflation, broadly offset by ongoing efficiency programmes. Openreach's FTTP rollout reached record levels in the third quarter, building at an average run rate of 42k premises passed per week and reaching 4.1m premises at quarter end. Openreach signed its third R100 contract, covering the North of Scotland, extending a long-standing partnership with the Scottish Government to connect thousands of the hardest-to-reach premises. Looking ahead, we do not anticipate any material trading impacts arising as a result of the latest Coronavirus restrictions across the UK in the current financial year, although we do expect some impact on FTTP and Gfast provisioning volumes, having temporarily paused non-essential work inside customers' premises. Our FTTP build remains on track to reach 4.5m premises by March 2021, despite the latest restrictions.

[1] FTTP, FTTC and Gfast (including Single Order migrations).

RESPONSE TO COVID-19

BT has played a critical role in keeping our customers and the country connected throughout the pandemic with a wide range of support programmes, including a number of recent initiatives during Q3 and since the period end.

In response to tighter restrictions around Covid-19 and schools closing, we have launched a 'Lockdown Learning' support scheme, and announced plans to zero rate some of the most popular educational content websites designed to support home learning for all EE, BT Mobile and Plusnet Mobile customers, allowing customers and their children to access educational content even if they have run out of data.

We have also been working with the Department for Education to ensure school children can continue to learn online whilst face to face learning has been paused. We are giving unlimited mobile data to children who need it the most, as well as thousands of free WiFi vouchers to schools and charities to distribute to families without an internet connection. We want our offer to be nationwide and we are looking at the quickest route to extending the mobile data programme to administrations in Northern Ireland, Scotland and Wales.

In addition, we have launched our Stand Out Skills Campaign. This initiative provides job-seekers of all ages with free tips, resources and advice to help them build confidence and stand out in a job search.

We have worked with the NHS to connect vaccination centres up and down the country and our Life Lines Project, which allows relatives to see and speak to their loved ones in intensive care units via a video-enabled tablet, has now enabled more than 65k virtual visits in NHS hospitals, accounting for more than 400k call minutes across 180 hospitals.

FINANCIALS FOR THE NINE MONTHS TO 31 DECEMBER 2020

Income statement

Reported revenue was £16,058m, down 7%, due primarily to the impact of Covid-19 on Consumer and our enterprise units, ongoing legacy product declines and divestments of domestic businesses in Spain, Latin America and France, but was partially offset by higher rental bases of fibre-enabled products and Ethernet in Openreach.

Adjusted[1] EBITDA of £5,603m was down 5% or £297m, mainly driven by the fall in revenue; partially offset by H1 sports rights rebates, savings from our modernisation programme and other cost initiatives including Covid-19 mitigating actions.

Reported profit before tax was £1,591m, down 17% or £320m, primarily reflecting the decline in adjusted EBITDA.

Tax

The effective tax rate was 19.8% on reported profit and 19.9% on adjusted[1] profit, based on our current estimate of the full year effective tax rate.

Capital expenditure

Capital expenditure was £3,030m (2019/20: £2,877m). Network investment was up 10% to £1,669m, largely due to increased network investment in FTTP. Other capital expenditure components were largely flat, with £715m spent on customer-driven investments, £558m on systems and IT, and £88m on non-network infrastructure.

Normalised free cash flow

Normalised free cash flow[1] declined by £170m to an inflow of £830m due to reduced EBITDA and higher cash capital expenditure, offset by a cash receipt from the monetisation of a non-strategic revenue stream generated from our building infrastructure and timing of tax payments.

[1] See Glossary on page 5.

Net debt and liquidity

Net financial debt (which excludes lease liabilities) at 31 December 2020 was £11.0bn, £0.3bn lower than 31 March 2020 (£11.3bn), with net cash inflow from operating activities and net proceeds from disposal of subsidiaries offsetting net capital expenditure, net interest payments and lease payments.

Net debt[1] including lease liabilities was £17.3bn at 31 December 2020, £0.7bn lower than at 31 March 2020 (£18.0bn).

Outlook

No change to FY20/21 revenue, EBITDA or Capex guidance. The EBITDA outlook range remains at £7.3bn-£7.5bn.

As a result of a cash receipt from the monetisation of a non-strategic revenue stream generated from our building infrastructure in Enterprise that more than offsets the negative cash impact of Brexit planning and the Huawei pre-buy, we are narrowing our FY20/21 normalised free cash flow guidance range to £1.3bn-£1.5bn (from £1.2bn-£1.5bn).

[1] See Glossary on page 5.

OTHER DEVELOPMENTS

Regulation

Wholesale Fixed Telecoms Market Review (WFTMR) 2021-2026

In November, Ofcom published a further consultation on remedies. We expect Ofcom to finalise its overall WFTMR proposals prior to April 2021.

Broadband universal service obligation (USO)

In October, Ofcom opened an investigation into BT's compliance with its obligations as a Universal Service provider. Ofcom is gathering evidence and expects to provide an update by March 2021.

Spectrum auction

In December, we applied to bid in Ofcom's 700MHz and 3.6GHz spectrum auction process. On 25 January, Ofcom announced that it is planning for the principal stage of the auction (the start of bidding) to begin in March 2021.

Consumer fairness

In November, we reported to Ofcom our adherence to its Fairness for Customers commitments, in preparation for Ofcom's industry report planned for Q4 2020/21. In December, Ofcom published research on the affordability of telecoms services, calling on communications providers (CPs) to do more to support customers in financial difficulty. We are developing BT's new social tariff, and we have continued to take action to address the Competition and Markets Authority's "loyalty penalty" concerns. We committed to carrying out regular account reviews for vulnerable customers, to ensure they are on the best package to suit their needs.

European Electronic Communications Code (EECC)

We have made good progress in scoping and implementing the EECC end-user rights. We are meeting with Ofcom to seek its view on how it would assess compliance in areas that we have encountered practical difficulties in implementing the requirements.

Wholesale Voice Markets Review

In November, we responded to Ofcom's Wholesale Voice Markets Review consultation. The consultation covered mobile termination rates, non-UK calls, point of interconnection migration, IP interconnection services to wholesale call origination. This is a critical piece of work from Ofcom as it regulates wholesale voice services for the next five years when BT is planning an important set of migrations and portfolio simplifications towards all-IP. The ability to navigate this period with minimal and clear regulation is essential for our business. Key risks we are seeking to mitigate include revenue loss connected with lower termination charges, and potential costs related to the introduction of new rules on IP interconnection and uncertainty with the IP migration mentioned above. Ofcom's final statement will be published in March 2021.

Other matters

Brexit

A post-Brexit deal on trade and other issues was agreed in December between the UK and the EU. While there is clearly more for the UK and EU to work through, we believe that the deal as agreed, coupled with our own contingency planning, means we do not currently expect any material financial or operational impact resulting from Brexit. We're confident that we can continue supporting and delivering great products and services for our UK and global customers.

Government publishes draft telecommunications (security) bill & spending review

In November, the Government published its draft telecommunications (security) bill, which proposes to grant the Government powers to enforce a ban on the use of high-risk vendor equipment in UK telecommunications networks. It is understood that the bill will go through the various parliamentary stages in early 2021. The costs to adhere with the draft telecommunications bill are included within our outlook.

In November, the Government also published its spending review. It committed £250m of funding to help diversify the UK 5G supply chain; it changed its 2025 gigabit coverage target from all of the UK to 85% of the UK; and it announced a plan to spend £1.2bn of its committed £5bn rural subsidy for gigabit broadband by 2025, which DCMS outlined in more detail on 22 December.

Contingent liabilities

The group is involved in various proceedings, including actual or threatened litigation, and government or regulatory investigations. Save for the updates provided below, there have been no material updates relating to the legal proceedings and regulatory matters as disclosed in our 31 March 2020 Annual Report and our 30 September 2020 half year report.

Legal proceedings

In respect of each of the claims below, the nature and progression of such proceedings and investigations can make it difficult to predict the impact they will have on the group. There are many reasons why we cannot make these assessments with certainty, including, among others, that they are in early stages, no damages or remedies have been specified, and/or the often slow pace of litigation.

Brazilian tax claims

In October, the sale of BT Latam Inc. and its subsidiaries to CIH Telecommunications Americas LLC was completed. As a result of the sale the entities liable for the majority of all ICMS and FUST/FUNTTEL matters are no longer a part of BT Group plc and it will have no ongoing exposure with respect to those matters. The retained business continues to be responsible for three ICMS cases with a current estimated potential value of £11m, and 17 FUST/FUNTTEL cases with a current estimated potential value of £4m. Other than these BT Group plc retains no material direct exposures.

Class action claim

In January, law firm Mishcon de Reya applied to the Competition Appeal Tribunal to bring a proposed class action claim for damages estimated at £589 million on behalf of BT's landline-only customers alleging anti-competitive behaviour through excessive pricing by BT to customers with certain residential landline services. BT intends to defend itself vigorously and regrets being drawn into litigation on a topic which Ofcom considered more than three years ago. At that time, Ofcom's final statement made no finding of excessive pricing or breach of competition law more generally. The claim seeks to hold against BT the fact that it implemented a voluntary commitment to reduce prices for customers that have a BT landline only and not to increase those prices beyond inflation (CPI).

Regulatory and compliance matters

Northern Ireland Public Sector Shared Network contract

In December, Ofcom issued a final Confirmation Decision that BT had contravened SMP Condition 5 (which requires BT to provide network access on an 'Equivalence of Inputs' basis) in relation to the above tender process. BT entered into a voluntary agreement with Ofcom and paid a penalty of £6.3 million (which included a 30% discount for cooperating with Ofcom's investigation).

Other regulatory and compliance matters

In the ordinary course of business, we are periodically notified of regulatory and compliance matters and investigations. We hold provisions reflecting management's estimates of regulatory and compliance risks across a range of issues, including price and service issues. The precise outcome of each matter depends on whether it becomes an active issue, and the extent to which negotiation or regulatory and compliance decisions will result in financial settlement.

Glossary

Adjusted	Before specific items. Adjusted results are consistent with the way that financial performance is measured by management and assist in providing an additional analysis of the reporting trading results of the group.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
Adjusted EBITDA	EBITDA before specific items, share of post tax profits/losses of associates and joint ventures and net non-interest related finance expense.
Free cash flow	Net cash inflow from operating activities after net capital expenditure.
Capital expenditure	Additions to property, plant and equipment and intangible assets in the period.
Group NPS	Group NPS measures Net Promoter Score in our retail business and Net Satisfaction in our wholesale business.
Normalised free cash flow	Free cash flow after net interest paid and payment of lease liabilities, before pension deficit payments (including the cash tax benefit of pension deficit payments) and specific items.
Net debt	Loans and other borrowings and lease liabilities (both current and non-current), less current asset investments and cash and cash equivalents, including items which have been classified as held for sale on the balance sheet. Currency denominated balances within net debt are translated into sterling at swapped rates where hedged. Fair value adjustments and accrued interest applied to reflect the effective interest method are removed.
Specific items	Items that in management's judgement need to be disclosed separately by virtue of their size, nature or incidence. In the current period these relate predominantly to retrospective regulatory charges, restructuring charges linked with our modernisation programme and other cost initiatives, and divestment related items.

Our commentary focuses on the trading results on an adjusted basis, which is a non-GAAP measure, being before specific items. The directors believe that presentation of the group's results in this way is relevant to an understanding of the group's financial performance as specific items are those that in management's judgement need to be disclosed by virtue of their size, nature or incidence. This is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee and assists in providing a meaningful analysis of the trading results of the group. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Reported revenue, reported operating costs, reported operating profit and reported profit before tax are the equivalent unadjusted or statutory measures.

Enquiries

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We will hold a conference call for analysts and investors in London at 9am today and a simultaneous webcast will be available at www.bt.com/results

We are scheduled to announce the full year results for 2020/21 on 13 May 2021.

Forward-looking statements – caution advised

This results release contains certain forward-looking statements which are made in reliance on the safe harbour provisions of the US Private Securities Litigation Reform Act of 1995. These statements relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements include, without limitation, those concerning: the potential impact of Covid-19 on our people, operations, suppliers and customers, and BT's response to Covid-19; the potential impact of Brexit on our people, operations, suppliers and customers; current and future years' outlook; revenue and revenue trends; EBITDA and profitability; free cash flow; capital expenditure and costs; return on capital employed; return on investment; shareholder returns including dividends and share buyback; net debt; credit ratings; capital markets; our group-wide transformation and restructuring programme (including the establishment of any new business units), cost transformation plans and restructuring costs; investment in and roll out of our fibre network and its reach, innovations, increased speeds and speed availability; our broadband-based service and strategy; investment in and rollout of 5G; the investment in converged network; improvements to the customer experience and customer perceptions; our investment in TV, enhancing our TV service and BT Sport; the recovery plan, operating charge, regular cash contributions and interest expense for our defined benefit pension schemes; effective tax rate; growth opportunities in technologies, networked IT services, the pay-TV services market, broadband, artificial intelligence and mobility and future voice; growth of, and opportunities available in, the communications industry and BT's positioning to take advantage of those opportunities; expectations regarding competition, market shares, customers (including spend), prices and growth; expectations regarding the convergence of technologies; plans for the launch of new products, platforms and services; retail and marketing initiatives including pricing and account reviews; network performance and quality; the impact of regulatory and/or legislative initiatives, decisions and outcomes on operations; BT's possible or assumed future results of operations and/or those of its associates and joint ventures; investment plans (including mergers and acquisitions); modernisation plans; adequacy of capital; financing plans and refinancing requirements; divestments; demand for and access to broadband and the promotion of broadband by third-party service providers; improvements to the control environment; digital skills, climate/environment, responsible tech/human rights and diversity/inclusion targets (including plans in respect of operations, progress monitoring/reporting, engagement, resources, training and recruitment); investigations and litigation; and those statements preceded by, followed by, or that include the words 'aims', 'believes', 'expects', 'anticipates', 'intends', 'will', 'should', 'plans', 'strategy', 'future', 'likely', 'seeks', 'projects', 'estimates' or similar expressions.

Although BT believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. Factors that could cause differences between actual results and those implied by the forward-looking statements include, but are not limited to: the duration and severity of Covid-19 impacts on our people, operations, suppliers and customers; failure to respond effectively to intensifying competition and technology developments; failure to address the lingering perception of slow pace and connectivity in broadband and mobile coverage, which continues to be raised at a UK parliamentary level; undermining of our strategy and investor confidence caused by an adversarial political environment; challenges presented by Covid-19 around network resilience, support for staff and customers, data sharing and cyber security defence; unfavourable regulatory changes; attacks on our infrastructure and assets by people inside BT or by external sources like hacktivists, criminals, terrorists or nation states; a failure in the supplier selection process or in the ongoing management of a third-party supplier in our supply chain, including failures arising as a result of Covid-19; risks relating to our BT transformation plan; failure to successfully manage our large, complex and high-value national and multinational customer contracts (including the Emergency Services Network and the Building Digital UK (BDUK) programme) and deliver the anticipated benefits; changes to our customers' needs, budgets or strategies that adversely affect our ability to meet contractual commitments or realise expected revenues, profitability or cash generation; customer experiences that are not brand enhancing nor drive sustainable profitable revenue growth; pandemics, natural perils, network and system faults, malicious acts, supply chain failure, software changes or infrastructure outages that could cause disruptions or otherwise damage the continuity of end to end customer services including network connectivity, network performance, IT systems and service platforms; insufficient engagement from our people; adverse developments in respect of our defined benefit pension schemes; risks related to funding and liquidity, interest rates, foreign exchange, counterparties and tax; failures in the protection of the health, safety and wellbeing of our employees or members of the public or breaches of health and safety law and regulations; financial controls that may not prevent or detect fraud, financial misstatement or other financial loss; security breaches relating to our customers' and employees' data or breaches of data privacy laws; failure to recognise or promptly report wrongdoing by our people or those working for us or on our behalf (including a failure to comply with our internal policies and procedures or the laws to which we are subject); and the potential impacts of climate change on our business.

BT undertakes no obligation to update any forward-looking statements whether written or oral that may be made from time to time, whether as a result of new information, future events or otherwise.

About BT

BT Group is the UK's leading telecommunications and network provider and a leading provider of global communications services and solutions, serving customers in 180 countries. Its principal activities in the UK include the provision of fixed voice, mobile, broadband and TV (including Sport) and a range of products and services over converged fixed and mobile networks to consumer, business and public sector customers. For its global customers, BT provides managed services, security and network and IT infrastructure services to support their operations all over the world. BT consists of four customer-facing units: Consumer, Enterprise, Global and its wholly-owned subsidiary, Openreach, which provides access network services to over 650 communications provider customers who sell phone, broadband and Ethernet services to homes and businesses across the UK.

For the year ended 31 March 2020, BT Group's reported revenue was £22,905m with reported profit before taxation of £2,353m.

British Telecommunications plc is a wholly-owned subsidiary of BT Group plc and encompasses virtually all businesses and assets of the BT Group. BT Group plc is listed on the London Stock Exchange.

For more information, visit www.bt.com/about.