Forward-looking statements caution

Certain information included in this presentation is forward looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward looking statements. Forward looking statements cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and BT’s plans and objectives for future operations. Forward looking statements can be identified by the use of forward looking terminology, including terms such as ‘believes’, ‘estimates’, ‘anticipates’, ‘expects’, ‘forecasts’, ‘intends’, ‘plans’, ‘projects’, ‘goal’, ‘target’, ‘aim’, ‘may’, ‘will’, ‘would’, ‘could’ or ‘should’ or, in each case, their negative or other variations or comparable terminology. Forward looking statements in this presentation are not guarantees of future performance. All forward looking statements in this presentation are based upon information known to BT on the date of this presentation. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward looking statements, which speak only at their respective dates. Additionally, forward looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), BT undertakes no obligation to publicly update or revise any written or oral forward looking statement, whether as a result of new information, future events or otherwise. Nothing in this presentation shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.
Agenda

1. Market Potential
   - Ashish Gupta, COO
   - Macro environment, customer dynamic, market growth

2. Strong Competitive Position
   - Ashish Gupta, COO & Howard Watson, Group CTO
   - Who we are, our assets, our market position

3. Strategy for Growth
   - Rob Shuter, CEO
   - Our strategy, our priorities for pivoting to growth

4. Commercial Priorities
   - Chris Sims, Pete Oliver, Dean Terry & Rob Shuter
   - How we accelerate and grow in each segment

5. Financial Plan
   - Damien Maltarp, CFO
   - Our performance to date, our medium-term plan, our financial position

6. Q&A
Enterprise overview

Customer numbers, BT revenue and estimated market share of addressable market

Revenue in each of our Customer segments

800k Customers
£0.5 bn 28% share*

200k Customers
£1.1 bn 26% share*

15k Customers
£2.1 bn 16% share*

>1k Customers
£0.3 bn 9% share**

>1k Customers
£1.5 bn 35% share***

Enterprise contributes 23% of BT Group EBITDA and 49% of the cash generated by the trading units

Source: 20/21 BT revenues based on 0-5/ 6-249 and 250+ employee split across SoHo, SME and CPS respectively
Market share based on 19/20 addressable market (see Appendix)
**BT Ireland share based on Ireland B2B domestic market. ***BT Wholesale share market based on fixed market segment.
From managing decline to pursuing growth in attractive markets

- Growing market, highly relevant services
- Strong competitive position, unrivalled assets
- Operational performance stabilising, controllable execution levers
- Refined operating model, sharper segment and commercial focus
- Clear strategy, return to growth
Market Potential
Macro environment is improving

Market returning to growth

- UK GDP growth range from 4.9% to 8.1%, Ireland +4.6% in 2021
- UK Inflation CPI forecast to grow 1.5% to 3.7%
- Increase of SME failure rate offset by spike in business creation (net increase of 11k businesses in 2020)

Business confidence on the rise

- The current environment has led to increased optimism across all groups
- SME confidence is improving, however, less than half of SMEs feel confident

Spend increasing in communications and IT

- In line with ICT spend, core telecommunication spend is growing 1% to 2.5% in the 2020-23 period
- Customers migrating their services to the cloud is driving increased network, professional service and managed services spend

Source: Yonder Consulting – BT Brand Tracker, All SMEs (712), Corporates (404), Major Corporates (202), Public Sector (252)
Source: IDC Worldwide Black Book, 2021, year on year growth rate in %
Communication services are more critical than ever

- Technology is creating new opportunities and disruption
- Customers are accelerating their digital transformation
- Communication services are more critical than ever
Communication services are more critical than ever

- **Technology is creating new opportunities and disruption**
  - +70% Decision makers indicate digital as preferred interaction*
  - +21% Increase in IoT connections**
  - Multiplication of devices
  - +148% Increase in ransomware attacks***

- **Customers are accelerating their digital transformation**
  - **Workplace revolution:** multiple devices and apps, hybrid working
  - **Productivity & flexibility imperatives:** flexible and resilient systems and processes, frontline digital transformation
  - **Process optimisation, digitalisation and move to sustainable alternatives**

- **Communication services are more critical than ever**
  - Underlying need for ubiquitous, reliable connectivity and converged experiences
  - Need for higher bandwidth
  - Investment in security and cloud to counter growing cyber security risk and increase flexibility

---

*McKinsey 2020 post COVID survey
** IoT connections forecast, ABI, UK based
*** McAfee, 2021
This is driving growth in UK B2B and wholesale markets

2021 market revenues by segment and CAGR 2021-26

Growth across retail customer segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>2021 Revenue (£m)</th>
<th>CAGR 2021-26</th>
</tr>
</thead>
<tbody>
<tr>
<td>SoHo</td>
<td>£1.6 bn</td>
<td>+1%</td>
</tr>
<tr>
<td>SME</td>
<td>£4.1 bn</td>
<td>+2%</td>
</tr>
<tr>
<td>Corporate &amp; Public Sector</td>
<td>£13 bn</td>
<td>+8%</td>
</tr>
<tr>
<td>MNCs</td>
<td>£10 bn</td>
<td>+6%</td>
</tr>
<tr>
<td>Fixed Wholesale</td>
<td>£3.8 bn</td>
<td>+2.5%</td>
</tr>
<tr>
<td>Mobile wholesale (incl. MVNO)</td>
<td>£4.1 bn</td>
<td></td>
</tr>
<tr>
<td>Backhaul</td>
<td></td>
<td></td>
</tr>
<tr>
<td>999 Services</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: BT Data with inputs from IDC. CAGR from 2020/21 to 2025/26 View based on addressable markets. Total market value £30bn in the UK MNCs market data estimated for UK MNCs and served in BT Global
And growth in demand for communication solutions

Market value by category in 2021

Current value in our portfolio categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional voice</td>
<td>1.4 bn</td>
</tr>
<tr>
<td>IP Voice, Unified Communications</td>
<td>2 bn</td>
</tr>
<tr>
<td>Fixed Networking</td>
<td>2.7 bn</td>
</tr>
<tr>
<td>Mobile</td>
<td>3.5 bn</td>
</tr>
<tr>
<td>Managed Services, Security, Cloud</td>
<td>8 bn</td>
</tr>
<tr>
<td>IoT</td>
<td>1 bn</td>
</tr>
</tbody>
</table>

Source: BT Data with inputs from IDC & Cavell
And growth in demand for communication solutions

Current value in our portfolio categories

<table>
<thead>
<tr>
<th>Category</th>
<th>£m's</th>
<th>Growth 2021 to 26 Absolute Value Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional voice</td>
<td>3,000</td>
<td>+17% CAGR</td>
</tr>
<tr>
<td>IP Voice, Unified Communications</td>
<td>5,000</td>
<td>+9% CAGR</td>
</tr>
<tr>
<td>Fixed Networking</td>
<td>7,000</td>
<td>+3% CAGR</td>
</tr>
<tr>
<td>Mobile</td>
<td>9,000</td>
<td>+2% CAGR</td>
</tr>
<tr>
<td>Managed Services, Security, Cloud</td>
<td>11,000</td>
<td>+8% CAGR</td>
</tr>
<tr>
<td>IoT</td>
<td>13,000</td>
<td>+17% CAGR</td>
</tr>
</tbody>
</table>

Source: BT Data with inputs from IDC
And growth in demand for communication solutions

Market value by category in 2021

Current value in our portfolio categories

<table>
<thead>
<tr>
<th>Category</th>
<th>2021 Value (£m)</th>
<th>2021-26 CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional voice</td>
<td>1,000</td>
<td>(17%)</td>
</tr>
<tr>
<td>IP Voice, Unified Communications</td>
<td>1,000</td>
<td>+9%</td>
</tr>
<tr>
<td>Fixed Networking</td>
<td>1,000</td>
<td>+3%</td>
</tr>
<tr>
<td>Mobile</td>
<td>5,000</td>
<td>+2%</td>
</tr>
<tr>
<td>Managed Services, Security, Cloud</td>
<td>7,000</td>
<td>+8%</td>
</tr>
<tr>
<td>IoT</td>
<td>9,000</td>
<td>+17%</td>
</tr>
</tbody>
</table>

Source: BT Data with inputs from IDC
Strong Competitive Position
Broad portfolio and leading investment plan

Strong brands and unparalleled distribution reach

Partner of choice

Unmatched depth and reach in network infrastructure

Wholesaler of choice

Enterprise is uniquely positioned
Unmatched depth and reach in network infrastructure

Scale of BT Group network

- Unique scale in the UK for benefit of BT and wholesale partners
- UK’s largest core network
- Largest high bandwidth footprint up 10 Gbps access
- 4G Geographic coverage 85.56%. 2,500 sq. miles larger than nearest competitor
- 5G in 160 towns and cities
Unmatched depth and reach in network infrastructure

Mobile Leadership

- Highest quality 5G coverage
- Leading spectrum holding
- Best 4G network for 7 years in a row*
- 99% coverage of all mainland UK major and minor roads
- Customers perceive EE and BT as clear network leaders**

* Rootmetrics dashboard May 2021
** Yonder Consulting – BT Brand Tracker, who is the best provider for 5G, EE 35%, Vodafone 16%

Source: coverage trackers from EE and competitors
Unmatched depth and reach in network infrastructure

Reliable and secure network

- Core network performance
- Highly Resilient architecture
- Better than 99.999% core availability
- ESN investment
  - Power resilience: batteries & generators
  - Backhaul diversity
  - Temporary sites and rapid response vehicles (RRVs)
- 99.74% availability road coverage

Resilient topology and dual redundant architecture

1,900 High bandwidth Ethernet Exchanges
Unmatched depth and reach in network infrastructure

Leading investment in future platforms

- Mobile “Leapfrog” plan
  - 5G on every site
  - Up to 3x as much spectrum after upgrade
  - Nationwide 700 MHz 5G deployment
  - Enabling NB – IoT* and e-MTC**
- Future proofed Core network
  - Network cloud platform
  - Edge cloud - Private, Public & On-premise
  - Content networks (Media/Broadcast)

* Narrow Band Internet of Things. ** Enhanced Machine Type Communication
### Broadest portfolio and leading investment plan

<table>
<thead>
<tr>
<th></th>
<th>SoHo</th>
<th>SME</th>
<th>CPS</th>
<th>Wholesale</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Traditional &amp; IP Voice</strong></td>
<td>Unrivalled expertise in moving customers from traditional voice to IP services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unified Communications</strong></td>
<td></td>
<td>Strongest line-up of partners</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mobile</strong></td>
<td>Full suite of mobile products on an award winning network</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed &amp; Networking</strong></td>
<td>From market leading broadband through to dedicated wide-area networking for our largest customers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Security, Cloud &amp; IOT</strong></td>
<td>Enabling digital transformation for all sizes of customers, from business applications through to dedicated industry-specific solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Managed Services</strong></td>
<td>From Expert Set-up for our small customers through to fully managed services for our largest corporates and public sector</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Competition:
- **IP centric players**
- **Mobile centric players**
- **Local IT Resellers & SIs**

**Leading investment plan:** £4.9 bn Group, £0.5 bn Enterprise
Strong brands and unparalleled distribution reach

First Choice Consideration for all business customers

<table>
<thead>
<tr>
<th>Brand/Competitor</th>
<th>BT</th>
<th>E</th>
<th>Competitor A</th>
<th>Competitor B</th>
<th>Competitor C</th>
</tr>
</thead>
<tbody>
<tr>
<td>29</td>
<td></td>
<td></td>
<td>12</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>14</td>
<td></td>
<td></td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>

Strongest distribution reach to convert demand in sales

- **550+** Retail Points
- **3,000+** Call Centre service agents
- **1,000+** Field service agents

Presence in all UK nations

Source: BT Enterprise Brand and Comms Tracker – Yonder – May 2021, 1,570 respondents
UK Partner of choice

Partner Value Chain

- Applications
- Connectivity
- Platform
- Devices

Natural partner across the ecosystem

Wholesaler of choice

- vodafone
- AT&T
- Gamma

UK Partner of choice

- Mitel
- AtoS
- RingCentral
- AWS
- Cisco
- Microsoft
- Google
- Samsung
- Dell
- Apple
- HP
Wholesaler of choice

Wholesale’s role is to maximize value for BT Group by driving scale through broader reach

**Fixed**
- Connectivity, voice, equipment and professional services to Tier 1 operators and smaller resellers
- We support more than 1,000 service providers
- Market share 30-40%

**Mobile Network Operator**
- Backhaul and small cell solutions sold directly to mobile operators to support roll out of 4G and 5G
- We help underpin all the UK MNOs with critical national infrastructure
- Market share 30% - 50%

**Mobile Virtual Network Operator**
- We underpin 30 UK MVNOs
- Market share 20-30%

Enabling the whole UK connectivity and digital ecosystem

Exploit the opportunities created by the market evolution

Mature/Legacy ‘waning’ markets

Curve 1

Core connectivity products of yesterday / today, established within a market (mature) or in decline (legacy). Based on old copper / physical technology

Example Products:
- PSTN, Ethernet, Landlines, PAYM, MVNO, 4G

Next gen ‘waxing’ markets

Curve 2

Core connectivity products of tomorrow, launched to supersede existing products. Based on digital / software-based technology

Example Products:
- Ultrafast broadband (FTTP), SD-WAN, Hybrid & Private Cloud, 5G

New vertical ‘nascent’ markets

Curve 3

Adjacent markets beyond connectivity, typically digital/data enabled businesses meeting new customer needs not directly linked to connectivity

Example Products:
- Edge, 5G & IoT Industry solutions, Drones, Security Threat Management
Pivot to growth

- Refine operating model, sharper segment and commercial focus
- Complete portfolio for next generation services
- Improve inflow market shares
- Accelerate simplification & digitalisation to improve customer experience and efficiency
- Focused investment in high-growth adjacencies
Refine operating model, sharper segment and commercial focus

- **SoHo**: 800k Customers
- **SME**: 200k Customers
- **Corporate & Public Sector**: 15k Customers
- **Wholesale**: >1k Customers

- **SME**: Pete Oliver (Indirect)
- **Corporate & Public Sector**: Dean Terry
- **Wholesale**: Alex Tempest

- **0-100 Employees**
- **100+ Employees**
Refine operating model, sharper segment and commercial focus

- **SoHo**
  - 800k Customers
  - Chris Sims
  - 0-5 Employees

- **SME**
  - 200k Customers
  - Pete Oliver
  - 6-249 Employees

- **Corporate & Public Sector**
  - 15k Customers
  - Dean Terry
  - 250+ Employees

- **Wholesale**
  - >1k Customers
  - Alex Tempest
  - TBC

- **Division X**
  - Solution selling
  - Solution development

- **28** Customers
  - 15k
  - 200k
  - 800k
  - >1k
Refine operating model, sharper segment and commercial focus

- **SoHo**
  - 800k Customers
  - Chris Sims
  - 0-5 Employees

- **SME**
  - 200k Customers
  - Pete Oliver
  - Indirect
  - 6-249 Employees

- **Corporate & Public Sector**
  - 15k Customers
  - Dean Terry
  - BT Ireland ESN
  - 250+ Employees

- **Wholesale**
  - >1k Customers
  - Alex Tempest
  - TBC
  - Solution selling
  - Solution development

Division X

Key: 

= Changes in 2021
Complete portfolio for next generation services

Best Full Fibre & Mobile convergence
• Market leading Halo for Business converged proposition now with 500 & 900 Full Fibre speeds
• Full fibre regional offers in key cities
• Exclusive Full Fibre offers for EE customers

Industry leading portfolio in VoIP
• Leading collaboration tools integrated with every IP proposition including Cisco Webex in SME and Wholesale
• Key partnerships with Microsoft, Ring Central, Cisco and Mitel
• Focus on customer migration experience to help customers realise the benefits of moving from legacy voice to IP and UC

Intelligent Connectivity Solutions
• Campus coverage solutions LAN, WAN, SD-WAN, Edge, 5G
• Targeted approach in Health
• Smart places plan for Central Government
Improve inflow market shares

BT revenues and estimated market shares of addressable market per category

Market Share from our key portfolio categories

High share in large mature markets

- Traditional Voice: 41%
- Fixed Networking: 25%
- Mobile: 30%

Room for growth in next generation and emerging categories

- IP Voice, Unified Comms: 10%
- IoT, M2M: 3%
- Managed Services, Security & Cloud: 13%

Source: BT shares calculated based on BT data and BT revenues for 19/20
Accelerate our simplification and digitalisation agenda
Transform Enterprise to be easier to do business with and deliver market leading customer experience

From:
<10% Digital
Total Share of Business Currently

Agent-led sales
Low digital adoption at 10%
100’s products and 1000’s of variants, many stacks
Low NPS
High cost base

digitalisation

Product simplification

> Product rationalisation
> Move to repeatable, modular solutions
Recent improvements:
- reduced number of product variants

Systems & IT

> System rationalisation and decommissioning
> Process automation
Recent improvements:
- reduced lead time by a third for major tech changes
- automated mobile order journeys

To:
+30% Digital
Total Share of Business 2025

Digital 1st end to end journeys
70% base digitally engaged
Less products and variants on fewer stacks
Market leading NPS
Lower cost base

Recent improvements:
- time to onboard partners reduced by 70%
- new bid process delivering +13pts win rate
Division X
Focused investment in high growth adjacencies

5G Private networks
Edge
IoT

Media & Broadcast
Redcare
Street & Directory Solutions

Health
Transport & Logistics

Key Verticals
SoHo
Chris Sims
SoHo

Key opportunities for growth

1. SoHo ARPU are strong, but many small businesses take consumer contracts

<table>
<thead>
<tr>
<th>No of employees</th>
<th>Broadband on consumer contract</th>
<th>Mobile on consumer contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>70%</td>
<td>67%</td>
</tr>
<tr>
<td>1-9</td>
<td>31%</td>
<td>46%</td>
</tr>
</tbody>
</table>

Source: BT quantitative surveys

2. We can increase sales in key channels

3. We have opportunities in adjacencies

- Business ARPU c.£5-£10 above consumer ARPU
- Focus on differentiated offerings for home-based businesses and business premises
SoHo

Key opportunities for growth

1. SoHo ARPU:s are strong, but many small businesses take consumer contracts

2. We can increase sales in key channels

3. We have opportunities in adjacencies

- Growing digital by investing in self-service journeys
- More retail business consultants in stores
SoHo
Key opportunities for growth

1. SoHo ARPU's are strong, but many small businesses take consumer contracts

2. We can increase sales in key channels

3. We have opportunities in adjacencies

Usage of business tools by SoHos

- Accounting: 54%
- Sales/Orders: 36%
- Payment processing: 34%
- Advertising and promotion: 31%
- Collaboration (i.e. video calls): 27%
- Managing PCs + tech devices: 23%
- Customer databases / CRM: 21%
- Managing IT security: 19%
- HR / Payroll: 18%
- Booking appointments: 16%

- SoHos increasingly more dependent on cloud-based business technology
- BT can provide additional features and richer service to support this growing dependence

Source: BT quantitative research 2020
SoHo
Priorities to win

1. Broaden our proposition to SoHos

2. Maximise Return on BT and EE Brand

3. Grow value in the mobile base

- Halo for Business is a market leading converged solution
- Returning our broadband business to growth, driving take-up of FTTP
SoHo
Priorities to win

1. Broaden our proposition to SoHos

2. Maximise Return on BT and EE Brand
   - Less than 20% of customers take both fixed and mobile from us – focused cross-sell under way
   - Investing in tools and incentives to better manage the base

3. Grow value in the mobile base
SoHo
Priorities to win

1. Broaden our proposition to SoHos

2. Maximise Return on BT and EE Brand

3. Grow value in the mobile base

- 0-100 mobile base has grown, despite the pandemic
- Driving success through device relationships, best network, compelling propositions, and careful base management

Source: BT Commercial data, 2021
SME

Pete Oliver
SME

Key opportunities for growth

1. SME is an attractive, growing market with rapidly changing needs

2. The market is fragmented with many small players

3. Our share in the 100-250 sub-segment is particularly low

- Rapid move to more digital and flexible ways of working
- Customers building out digital infrastructure for websites, payments and online marketing

% of SMEs using software in Europe.

Source: Omdia Digitalizing European SMEs in the time of pandemic. Dec 2020
SME

Key opportunities for growth

1. SME is an attractive, growing market with rapidly changing needs

2. The market is fragmented with many small players

3. Our share in the 100-250 sub-segment is particularly low

- The most fragmented sub segment is 10-100 employees with many small players
- Smaller players have gaps in product offering and limited sales coverage

Source: BT estimates built on IDC market size data
SME

Key opportunities for growth

1. SME is an attractive, growing market with rapidly changing needs

2. The market is fragmented with many small players

3. Our share in the 100-250 sub-segment is particularly low

Estimated market share

- Our market share is smaller for larger SMEs with more to spend
- We are growing sales headcount and improving propositions for this segment

Source: BT estimates built on IDC market size data
SME
Priorities to win

1. Invest in the best product foundations

2. Create differentiated solutions

3. Enhance our sales coverage

   - **Networking**: most comprehensive, 10GB+ dedicated circuits to multi-site broadband backed up by 4G
   - **IP Voice**: expert migration experience, integrated digital phone, video, collaboration, and call centre
   - **Mobile**: best network, flexibility to add new employees, finance devices and share data
Priorities to win

1 Invest in the best product foundations

2 Create differentiated solutions

3 Enhance our sales coverage

• Moving from selling products to selling flexible solutions combining BT’s wide portfolio with integrated service

• For schools, offers from connectivity to security to voice

Create differentiated solutions
Priorities to win

1. Invest in the best product foundations

2. Create differentiated solutions

3. Enhance our sales coverage
   - Best sales coverage across the whole of the UK
   - Creating a seamlessly integrated sales model with best-in-class application of sales tools
CPS
Key opportunities for growth

1. Core telco leadership provides the opportunity to grow

2. Managed services support organisations to digitally revolutionise at pace

3. Security is front of mind for all our customers

Key categories growing in core communications in CPS markets
(CAGR 2020/21 - 2024/25)

- Opportunity in mobile in public and private sectors
- IP Voice and UC market growing strongly with potential to grow share

Source: BT Data with inputs from IDC
CPS
Key opportunities for growth

1. Core telco leadership provides the opportunity to grow

2. Managed services support organisations to digitally revolutionise at pace

3. Security is front of mind for all our customers

- Customers’ buying behaviours changing towards flexible, pay as you consume, digital models
- Demand in managed networking, cloud, managed security, managed mobility

Source: BT Data with inputs from IDC
CPS
Key opportunities for growth

1. Core telco leadership provides the opportunity to grow

2. Managed services support organisations to digitally revolutionise at pace

3. Security is front of mind for all our customers

Needs from providers for business 250+ employees*

#1 Reliability
Our organisation needs to function at all times, and we rely on our telecoms

31%

#2 Protection
Need a provider that can help us protect our business

30%

#3 Flexibility
A supplier who can be flexible when our needs change

26%

- Pandemic accelerated move to cloud, creating opportunities in networking, security and hybrid cloud
- Total security market growing at 6% per year **

Source: *BT Qualitative research, B2B Usage and attitude
** CAGR 2020/21-2024/25 based on BT data built on IDC (see Appendix)
CPS
Our priorities to win

1. Grow share in core telecommunications

2. Leverage our existing position to innovate into adjacent markets
   - Lead in mobile, 5G and managed mobility
   - Be the partner of choice for the journey to IP
   - Maximise our fibre roll-out to increase local reach

3. Continue investing into our sales model
Leverage our existing position to innovate into adjacent markets

• Achieve #1 position in security by attaching security to our existing products and services
• 5G, Edge and private network to drive customers’ business outcomes
• Doubling down on health
CPS
Our priorities to win

1. Grow share in core telecommunications

2. Leverage our existing position to innovate into adjacent markets

3. Continue investing into our sales model

- Focus on our top accounts through “CPS One” programme
- Central Government business development plan
- Investment in new Consulting Practice

+50% pipeline
+15pts win rate
Wholesale
Key opportunities for growth

1. MVNO and M2M market reset

2. All IP and digital transformation driving value in fixed market

3. 5G and technology innovation driving significant MNO growth

Future Growth Opportunities

- New growth opportunities in business market
- M2M demand driven by emerging IoT market
Wholesale
Key opportunities for growth

1. MVNO and M2M market reset

2. All IP and digital transformation driving value in fixed market

3. 5G and technology innovation driving significant MNO growth

- All IP convergence is becoming #1 priority for partners
- Increasing demand for Full Fibre
Wholesale
Key opportunities for growth

1. MVNO and M2M market reset

2. All IP and digital transformation driving value in fixed market

3. 5G and technology innovation driving significant MNO growth
   - 5G continues to drive significant investment
   - Ultra-low latency services driving new partnerships
Wholesale
Our priorities to win

1. Converged offers to maximise value

2. Digital Partner programme

3. Investment to future proof our portfolio

- Bundle solutions of core products packaged together
- Webex launch with appeal to a broader base
Wholesale

Our priorities to win

1. Converged offers to maximise value

2. Digital Partner programme

3. Investment to future proof our portfolio

- New partner programme for wholesale customers
- End to end digital zero-touch customer journey
Our priorities to win

1. Converged offers to maximise value
2. Digital Partner programme
   • Continue to enable the roll-out of 5G
   • Launch leading Edge commercial and partnerships
3. Investment to future proof our portfolio

Take to the street to meet mobile bandwidth demands

Investment to future proof our portfolio
Looking back:
in the last few years we have seen our underlying EBITDA trend improve helped by cost reduction and a moderating revenue decline (excl. Covid-19)

1. The underlying Enterprise revenue decline has been improving, but 20/21 was hit by Covid-19

2. We have focused on simplifying our business and reducing our costs. Our headcount has reduced by 2000 FTE through planned transformation

3. Cost reduction has helped improve our underlying EBITDA trend. We estimate EBITDA would have declined 1% in 20/21 ex-Covid-19
Looking back: we have made good progress towards building a platform for growth

1. Customer experience has improved...

2. ...which has contributed to an improvement in churn

3. We have grown key customer bases...

4. ...while slowing the decline in others
Looking forward: our focus is on pivoting the business to revenue growth

We have five priorities to support revenue growth over our medium-term plan...

Pivot to Growth

- Refine operating model, sharper segment and commercial focus
- Complete portfolio for next generation services
- Improve inflow market shares
- Simplification & digitalisation to improve customer experience
- Focused investment in high-growth adjacencies

...while navigating through some shorter-term challenges

- Loss of Virgin Mobile MVNO
- Traditional line & call decline
- Price pressure in networking & mobile

---

67
Our revenue profile will change over the coming years, with overall growth coming from Next Gen and New Verticals.

**Revenue profile over the medium-term**

1. **Mature/Legacy ‘waning’ markets**
   - Mature and legacy products such as PSTN, copper landlines/broadband, Ethernet, MVNO, 4G
   - Will decline over time as customers move to Next Gen versions

2. **Next Gen ‘waxing’ markets**
   - Mainly new generations of existing products such as VoIP, fibre broadband and 5G mobile
   - Expected to grow at least in lock-step with the decline in Mature/Legacy
   - Focus on growing share in these markets

3. **New vertical ‘nascent’ markets**
   - 5G Campus networks, Edge computing, IoT, Health, Security
   - Will supplement growth in our Next Gen markets to support overall revenue growth for Enterprise
A changing revenue mix is likely to impact EBITDA margins; we are focused on cost reduction and our Simplification and digitalisation programmes to counter this

**Examples of cost and transformation initiatives**

**SG&A**
- Covid-19 has shown we can operate with lower travel costs
- Tighter management of IT costs and platforms; fewer IT/billing systems

**Labour Costs**
- Sales - Digitise sales journeys; more online / self-serve sales
- Customer Service - fewer systems and fewer manual processes (e.g. Robotics Process Automation)
- Support functions - Offshoring of some activities

**Internal Costs**
- Optimising selection of Openreach products (drive best value for customer and Enterprise)
- Better timing alignment between incurring Openreach costs and earning revenue on ceases and new services

**Third Party**
- Expanded supplier/partnership team to make sure rebates fully earned and drive more effective supplier negotiation
- Creation of BT Sourced; better use of external procurement platforms such as Suplari and Fairmarkit
- Rationalisation of long tail of suppliers
Our medium-term plan

- Pivot the business to revenue growth
- Cost reduction to protect EBITDA margins and invest in sales
- Short-term capex increase to invest in new growth areas, digitalisation & simplification
- Long-term sustainable cash flow growth
From managing decline to pursuing growth in attractive markets

- Growing market, highly relevant services
- Strong competitive position, unrivalled assets
- Operational performance stabilising, controllable execution levers
- Refined operating model, sharper segment and commercial focus
- Clear strategy, return to growth
Market growth forecasted £4.8 bn, 6% CAGR 2020/21 to 2024/25

<table>
<thead>
<tr>
<th>SEGMENTS</th>
<th>MARKET VALUE 2021</th>
<th>CAGR</th>
<th>MARKET VALUE 2021</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>RETAIL</td>
<td></td>
<td></td>
<td>WHOLESALE</td>
<td></td>
</tr>
<tr>
<td><strong>MARKET CATEGORIES</strong></td>
<td></td>
<td></td>
<td><strong>WHOLESALE</strong></td>
<td></td>
</tr>
<tr>
<td>SoHo (0-5 employees)</td>
<td>£ 1.6 bn</td>
<td>+1%</td>
<td>£ 3.8 bn market (+2.5% CAGR)</td>
<td></td>
</tr>
<tr>
<td>SME (6-249 employees)</td>
<td>£ 4.1 bn</td>
<td>+2%</td>
<td>(+backhaul + 999 Services)</td>
<td></td>
</tr>
<tr>
<td>CPS* (250+ employees)</td>
<td>£ 13 bn</td>
<td>+8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traditional voice</td>
<td>£ 1.4 bn</td>
<td>-17%</td>
<td>£ 0.6 bn</td>
<td>-14%</td>
</tr>
<tr>
<td>IP Voice &amp; Unified</td>
<td>£ 2.0 bn</td>
<td>+9%</td>
<td>£ 1.2 bn</td>
<td>+9%</td>
</tr>
<tr>
<td>Communications</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed etworking</td>
<td>£ 2.7 bn</td>
<td>+3%</td>
<td>£ 1.5 bn</td>
<td>+1%</td>
</tr>
<tr>
<td>Mobile &amp; B2B MVNO</td>
<td>£ 3.5 bn</td>
<td>+2%</td>
<td>£ 0.5 bn</td>
<td>+6%</td>
</tr>
<tr>
<td>Managed Services, Security, Cloud</td>
<td>£ 8 bn</td>
<td>+8%</td>
<td>£ 1.4 bn</td>
<td>+12%</td>
</tr>
<tr>
<td>IoT</td>
<td>£ 1 bn</td>
<td>+17%</td>
<td>£ 0.5 bn</td>
<td>+30%</td>
</tr>
</tbody>
</table>

Source: BT Data with inputs from IDC. CAGR from 2020/21 to 2024/25

* Excluding Global, BT Republic of Ireland