



Good morning everyone. Thank you for joining our first half results call and to any of you who are observing it today, Happy Diwali. Simon Lowth, our CFO, is with me on the call and we'll be happy to take questions after I've made a few brief remarks.

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BT is continuing to accelerate the digitisation of Britain and the modernisation of our business. Our financial results for the six-months to 30th September were overall in-line with our expectations and we are today reiterating our full year financial outlook.

Adjusted revenue for the half year was £10.3 billion, down 3%, as growth in Openreach was offset by declines in our enterprise businesses. Consumer revenue was flat for the half year.

Operating costs were down 3% and adjusted EBITDA for the half year was £3.7 billion, that's up 1%.

We are also today reinstating the dividend at 7.7 pence per share, with an interim payment of 2.31 pence per share, as we said we would in May last year. Indeed, that epitomises our focus: doing what we've said; delivering on the strategy we set out.

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We're focused on our core strengths of fibre and 5G:

Openreach has now built full fibre broadband to nearly 6 million premises (more than the competition combined). The average cost to pass each premises is now 15% lower than previous guidance, which contributes to a £200 million reduction in Group capex from next year.

There are now 1.3 million customers connected to our FTTP network and we're driving even faster take-up through the recently launched 'Equinox' FTTP pricing offer.

Openreach's three largest customers – including Sky and Talk Talk – are among the ten customers who have already signed up to this deal and while this is clearly good news, don't misread it as a sign of complacency. Ultrafast broadband in the UK is set to be a very competitive market, and we will offer keen pricing and compete hard on customer service to fill the platform and ensure the best return on our full fibre investment – the biggest of its kind for a generation.



Above all, though, it's the pace of build and the national reach of our network that will allow us to compete most effectively. We're not building the country's first nationwide FTTP network for bragging rights; we're building to 25 million premises by 2026 to ensure we have the most compelling offer for our customers.

On 5G, our network now covers around 40% of the UK's population and we currently have 5.3 million 5G ready customers. Together, we're providing our customers with an unrivalled level of connectivity. The partnership we've now signed with OneWeb takes this even further with extra-terrestrial connectivity soon available to customers anywhere around the world.

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As take-up of our next generation networks accelerates, so too will adoption of our Consumer converged propositions – offerings such as Halo which is already our highest customer satisfaction and highest ARPU Consumer product.

In B2B, we are strengthening next generation services with the launches of Webex, Zoom, Microsoft Operator Connect, a new line-up of Halo for Business products and the Digital Marketing Hub to give SMEs a platform to access digital advertising.

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While we are serving our customers better than ever, BT is also changing rapidly internally.

We are transforming our cost base and improving productivity. We are confirming that we've hit our FY23 target for £1 billion of gross annualised savings 18 months early and we're bringing forward our £2 billion FY25 savings target to FY24 with further savings in FY25.

We are also changing the way we work, with our newly-opened, modern workplaces having a profound effect on the culture of BT.

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We are exploring all opportunities to ensure that the shape of our business best equips us for growth. In this context, we've decided not to pursue the FTTP JV on the additional 5 million premises build we announced in May. We've done a lot of work on the potential joint venture, including discussions with prospective investors. But with FTTP build costs coming



down and take up ahead of expectations, we think that the best decision for shareholders is to retain 100% of the project and its returns.

I know you'll want to know whether there is an update regarding the future of BT Sport – the short answer is 'not yet'; discussions are ongoing and we'll provide an update at the appropriate time.

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As we look further ahead, a number of drivers will support our growth in the medium- to long-term:

- Record and rising demand for connectivity
- Huge scope for growth in the coverage and adoption of next generation networks in the UK
- A regulatory regime that supports investment
- And most of our revenues now inflation-linked, supporting consistent and predictable growth.

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So, in summary: Our vision is clear and consistent: a leaner, more efficient BT delivering faster and further for our customers, for shareholders and for the UK.

We are on track:

- results in-line with our expectations;
- the dividend reinstated;
- investing in the UK's leading next generation network, faster than anyone else;
- transforming our culture and bringing down costs ahead of schedule; and
- BT set for consistent and predictable growth.

Operator, can we please open the lines for questions?