



BT Group plc FY22 results

12 May 2022

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 forward looking statement, whether made in this presentation or verbally in connection with it, and 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.

Philip Jansen

Chief Executive

Highlights | Strong operating performance, accelerating execution

Operationally performed well in Q4, outturn for the year in-line with outlook

Continue to deliver against our strategy and accelerate pace of execution

Finalised joint venture with Warner Bros. Discovery, combining BT Sport and Eurosport UK

Finalised agreement with Sky on a reciprocal channel supply and signed an MoU¹ on a framework on FTTP² co-provisioning

Full year dividend, as promised, of 7.7pps³

¹ Memorandum of Understanding; ² Fibre-to-the-premises; ³ Pence per share

Simon Lowth

Chief Financial Officer

FY22 results overall in line with our expectations

	FY22 £bn	FY21 £bn	% Change	FY22 Outlook
Adjusted revenue ¹	20.8	21.4	(2)	Down c.2%
Adjusted operating costs before depreciation and amortisation ¹	(13.3)	(14.0)	(5)	n/a
Adjusted EBITDA ²	7.6	7.4	2	£7.5bn - £7.7bn
Capex excluding spectrum	4.8	4.2	14	c.£4.9bn
Normalised free cash flow	1.4	1.5	(5)	£1.1bn - £1.3bn

¹ Before specific items; ² Before specific items, share of post tax profits/losses of associates and joint ventures and net non-interest related finance expense

Summary of FY22 customer facing units

	Adjusted Revenue ¹				Adjusted EBITDA ²			
	Q4 FY22 £m	% Change YoY	FY22 £m	% Change YoY	Q4 FY22 £m	% Change YoY	FY22 £m	% Change YoY
Consumer	2,416	1	9,858	Flat	557	8	2,262	6
Enterprise	1,290	(5)	5,157	(5)	384	(12)	1,636	(4)
Global	837	(8)	3,362	(10)	135	(13)	456	(23)
Openreach	1,373	2	5,441	4	811	12	3,179	8
Other	7	40	27	17	(18)	25	44	(12)
Intra-group	(755)	(4)	(3,000)	(1)	-	-	-	-
Total	5,168	(2)	20,845	(2)	1,869	3	7,577	2

¹ Before specific items; ² Before specific items, share of post tax profits/losses of associates and joint ventures and net non-interest related finance expense

Outlook reiterated

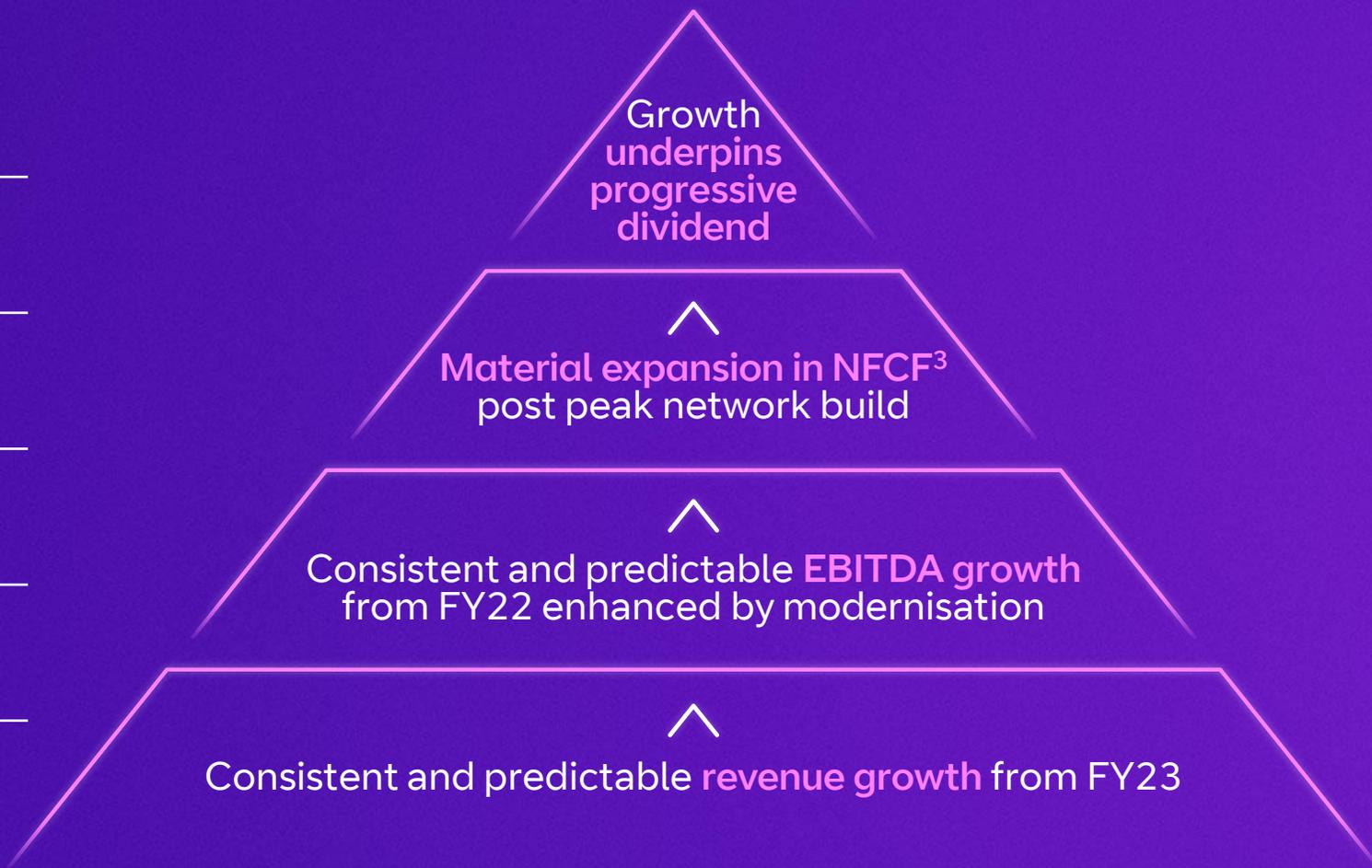
FY23 outlook

Change in adjusted revenue¹ **Growth**

Adjusted EBITDA¹ **at least £7.9bn**

Capital expenditure **around £4.8bn**

Normalised free cash flow² **£1.3bn - £1.5bn**



¹ Before specific items; ² 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;

³ Normalised free cash flow

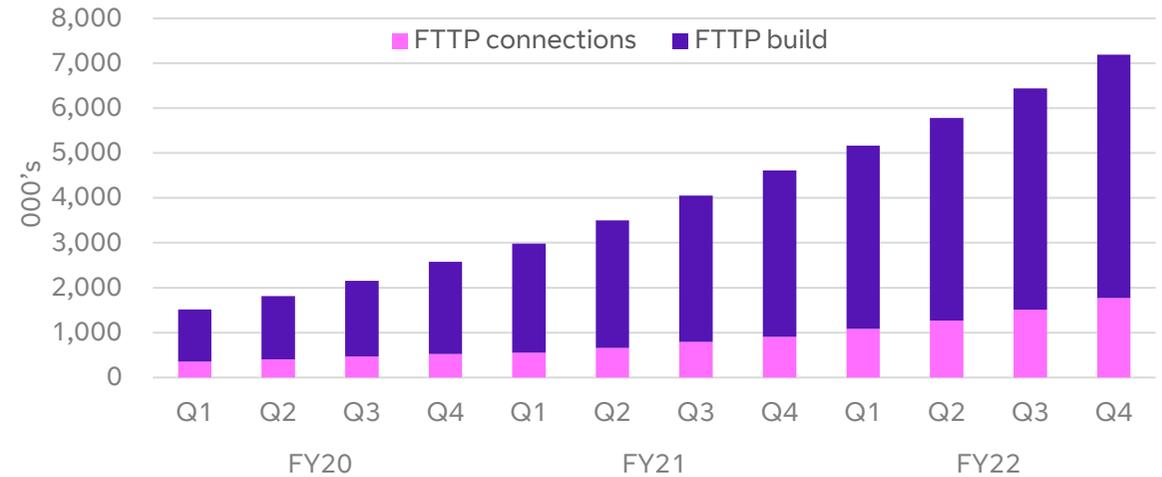
Philip Jansen

Chief Executive

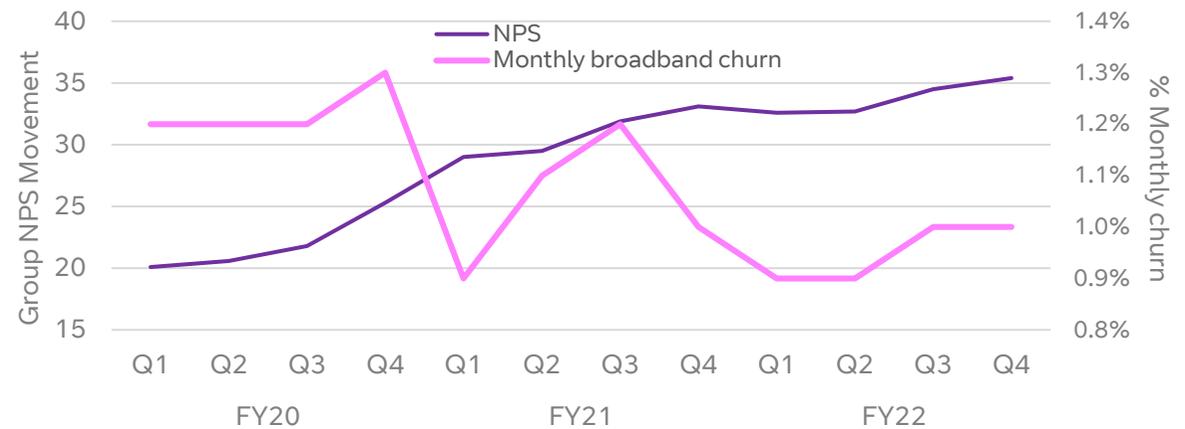
Proven track record supports future delivery

- ✓ Strengthened relationships with Ofcom and Government, supporting 25m FTTP commitment
- ✓ 5G spectrum secured to support 5G leadership position; 5G covers >50% of the population
- ✓ Renewed customer focus delivering strong leading indicators
- ✓ £1.5bn gross annualised savings to date, expect £2.5bn by end FY25 with the cost to achieve total savings remaining at £1.3bn
- ✓ Enduring pension settlement to reduce risks
- ✓ Launched our Manifesto to ensure our growth is responsible, inclusive and sustainable

Continued acceleration in FTTP build and take-up



Movement in BT Group NPS¹ and Consumer broadband churn



¹ Group NPS shows the cumulative movement in our customers' perception of BT since April 2016. It's a combined measure of 'promoters' minus 'detractors' across our business units



A compelling market opportunity for growth

Demand for our products and services expected to significantly increase

Next generation network coverage and take-up in UK expected to significantly increase

Supportive, pro-investment and stable regulatory environment

Constructive and sustainable pricing model

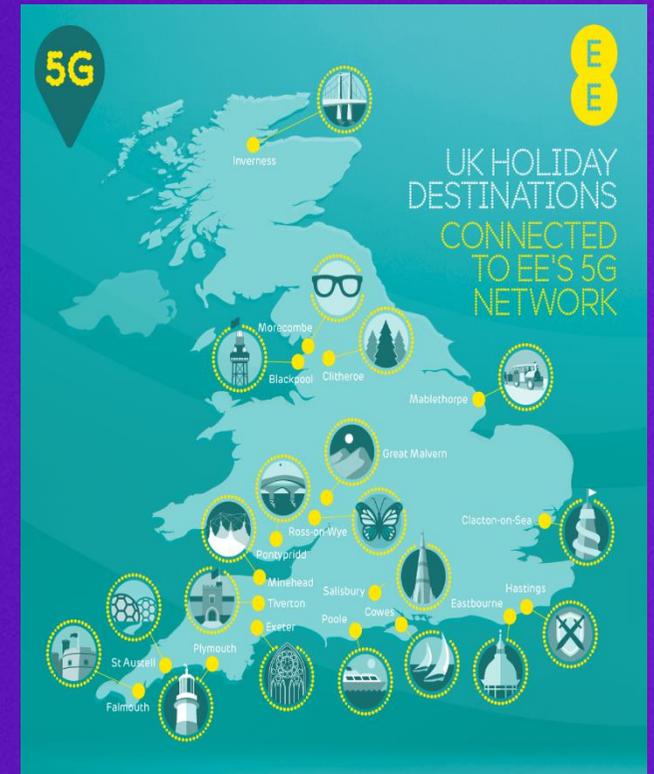


Bristol, tower above slow speeds with our fastest ever business fibre broadband.

All business. No drama.

- Full Fibre – a direct connection to your business
- Fastest speeds of up to 900Mbps
- Our lowest ever price

Search BT Business Full Fibre 900



5G

EE

UK HOLIDAY DESTINATIONS CONNECTED TO EE'S 5G NETWORK

Map locations: Inverness, Morecombe, Blackpool, Clitheroe, Mablethorpe, Great Malvern, Clacton-on-Sea, Raseon-Wye, Penryn, Minehead, Tiverton, Salisbury, Pool, Exeter, Plymouth, St Austell, Falmouth, Eastbourne, Hastings, Cowes.



We have unique assets and improving competitiveness to grow value

Market share leader in UK retail markets

Relationship with over 50% of households

Market leading networks and converged core by 2023

Broadest portfolio of next generation products

Ever-improving service

Unrivalled geographic sales, marketing and service reach

Leading fixed-access wholesaler

National superfast fixed-access network

Over 7m FTTP premises passed

Deep systems and networks integration with CPs¹

Sharp price points

In-house engineering capability

Relentless focus on simplifying our products, processes and systems

Strong balance sheet and clear capital allocation policy

¹ Communications provider

Five clear priorities to drive sustainable growth

Drive
Consumer growth
through converged
propositions and
services

Capitalise
on Enterprise and
Global's unrivalled
assets to
restore growth

Deliver Openreach
growth and strong
returns on FTTP

Digitise, automate and reskill to transform our cost base and improve productivity

Optimise our business portfolio and capital allocation

Capitalise on Enterprise and Global's unrivalled assets to restore growth

B2B¹'s unique strengths

Depth and reach of network infrastructure

Broad portfolio of next generation products

Strong brands and unrivalled distribution reach

Wholesaler of choice

KPIs & Success Metrics²

How we will achieve growth



Expanding customer base and improving inflows

- 3,937k Mobile customers
- 728k Broadband customers
- 83 new logos for CPS³ & Global Q4 FY22



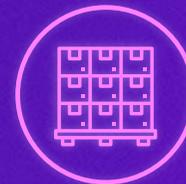
Re-focusing to next generation growth portfolio

- 1,067k IP voice seats
- £936m Global growth revenue
- £486m Global growth order intake
- 5 5G Mobile Private Networks



Investing in high-growth adjacencies

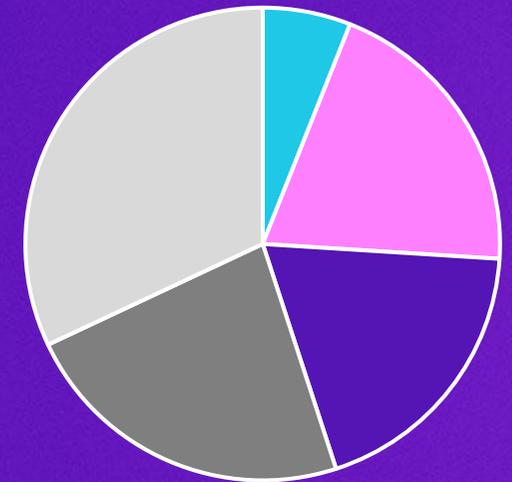
- £650m Security revenue
- £136m Health revenue



Simplifying and digitising to lower costs and improve customer experience

- 73 legacy systems closed
- 149 product variants closed
- Enterprise NPS 14.9
- Global NPS 44.2

B2B EBITDA⁴



- Security
- SME/SoHo
- Public Sector
- Wholesale
- UK corporate & MNC⁵

Deliver Openreach growth and strong returns on FTTP

Openreach unique strengths

Nationwide fixed access wholesaler with the largest FTTP footprint

Strong, established relationships with CPs

Large, highly skilled direct workforce

Fastest, lowest cost and highest quality builder of FTTP in UK

KPIs & Success Metrics

How we will achieve growth



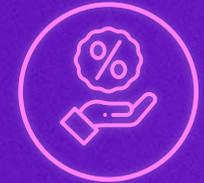
Building FTTP at pace



Migrating customers rapidly



Delivering great service



Pricing fairly and transparently

- 7.2m premises passed with FTTP
- Premises passed annual run rate >3m in Q4
- Cost per FTTP premises passed £250 - £350

- 1.8m Total FTTP connections
- FTTP platform take-up 25%

- 30/30 Copper Quality of Service standards

- FTTP ARPU £18.1¹

¹ FTTP Average Revenue Per User calculation includes both FTTP connection and rental revenue

Digitise, automate and reskill to transform our cost base and improve productivity

What we are doing?



Simplifying our product portfolio



Dramatically transforming our customer journeys



Shutting down legacy IT and moving to strategic digital tech



Migrating our customers onto our strategic products and networks

How we are doing it?

- ✓ Modernising BT and righting our cost model
- ✓ Transforming our ways of working
- ✓ Doubling our digital channel share
- ✓ Delivering growth through Platform Thinking
- ✓ Incubating new ideas in new sectors

How we are progressing?

- £1.5bn gross annualised savings delivered
- c.13k gross headcount reduction
- 65% zero touch journeys
- >200 legacy apps closed this year

£2.5bn target cost savings by end FY25¹

Optimise our capital allocation

Capital allocation framework

Invest for growth
c.£4.8bn peak capex

Support pension funds
£1.1bn annual payments reducing to £0.8bn p.a. from
FY24

Maintain strong balance sheet
BBB+ through cycle ratings target. Long-dated debt
maturity profile

**Reward investors through progressive dividend
policy**
7.7pps reinstated dividend for FY22

Optimise our business portfolio

Partnering and investing to optimise our portfolio and deliver our growth ambitions



Sports JV with Warner Bros. Discovery to reduce risk and enhance customer offering

Google Cloud



Strategic partnership with Google Cloud and AWS to accelerate our digital transformation

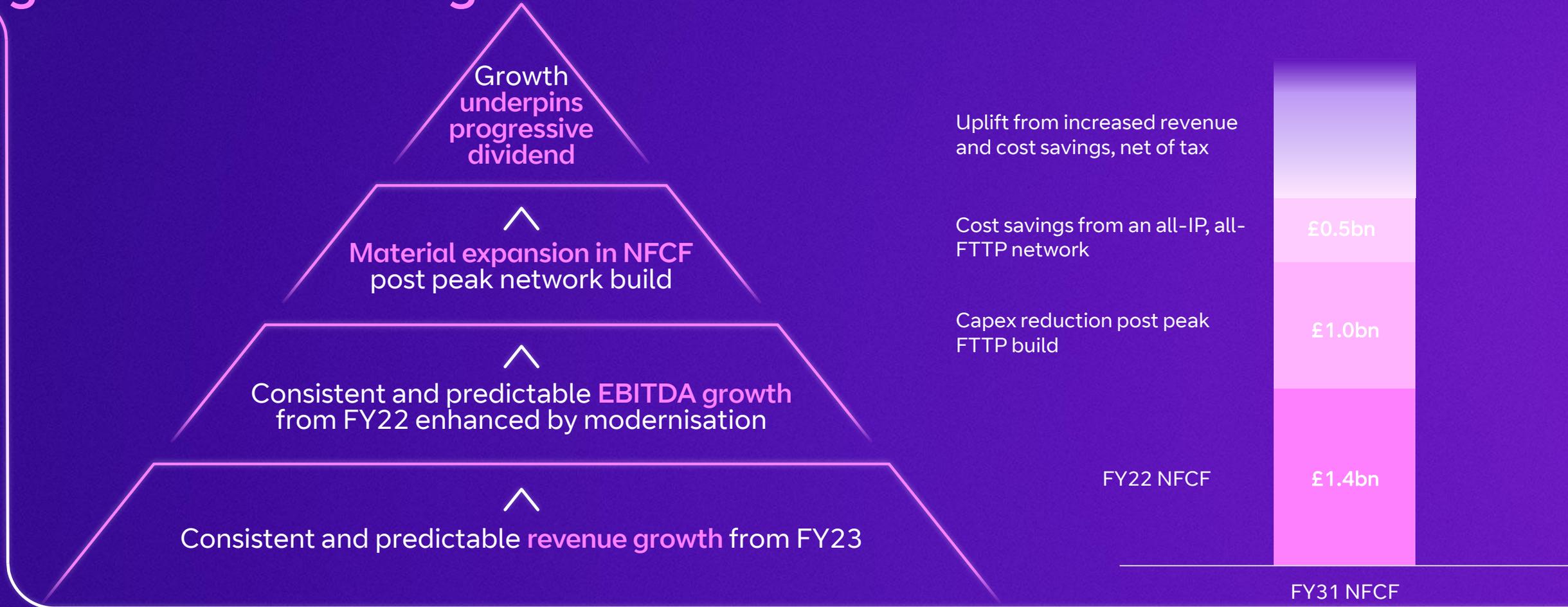


Investment in Distributed to extend our tech talent pool



Partnership with Microsoft's Operator Connect to provide our customers with seamlessly enabled network and voice services

BT's five priorities will drive sustainable revenue, EBITDA and NFCF growth to create significant value for our shareholders



Summary

Strong overall performance in FY22 with positive and accelerating momentum

Strengthening and simplifying the organisation – expect £2.5bn of gross cost savings by end FY25

Continued market growth and our unique assets ensure enduring success

Focus on five priorities will see BT return to revenue growth and achieve at least £7.9bn EBITDA this year

Confident in delivering significant and sustainable long-term growth and value to shareholders

