

**BT Group**



# BT Group plc FY23 results

18 May 2023



# Forward looking statements caution

Certain information included in this announcement 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 the Company'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 announcement are not guarantees of future performance. All forward looking statements in this announcement are based upon information known to the Company on the date of this announcement.

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), the Company undertakes no obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events or otherwise. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.





**Philip Jansen**  
**Chief Executive**



# Highlights | Continued strong delivery against strategy

## Delivered FY23 results in-line with our outlook

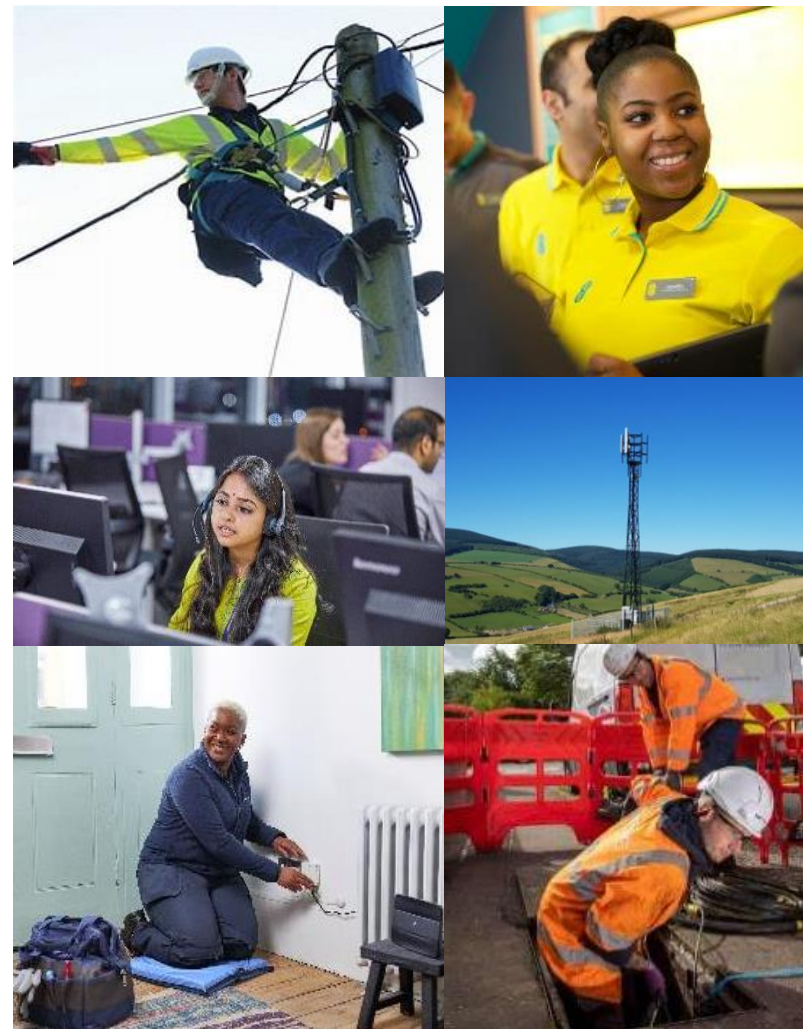
- Maintained full year dividend at 7.7pps<sup>1</sup>

## Strong delivery against our strategy

- FTTP<sup>2</sup> build up 43% to 10.3m premises; take up 3.1m
- Consumer FTTP connections up 50% to 1.7m
- 5G now covers 68% of UK population
- Completed BT Sport JV
- Formed market-leading Business CFU<sup>3</sup>
- £2.1bn gross annualised cost savings at cost of £1.1bn

## Stepping up pace of delivery

- Accelerating pace of FTTP connections
- Migrating customers, at pace, to next generation networks
- Continuing to drive transformation at pace
- Remaining responsible, inclusive and sustainable



<sup>1</sup> Pence per share; <sup>2</sup> Fibre-to-the-premises; <sup>3</sup> Customer facing unit



# Simon Lowth

## Chief Financial Officer

# FY23 results in line with outlook

	FY23 Pro forma		FY23 Reported		FY23 Outlook	
	£m	Change YoY %	£m	Change YoY %		
Adjusted revenue <sup>1</sup>	20,431	1	20,669	(1)	Growth on a pro forma basis	✓
Adjusted EBITDA <sup>1</sup>	7,999	3	7,928	5	At least £7.9bn	✓
Reported capex	5,056	5	5,056	5	c.£5.0bn	✓
Normalised free cash flow <sup>2</sup>	1,328	(5)	1,328	(5)	Lower end of £1.3bn-1.5bn range	✓
Dividend (pps)	7.70	-	7.70	-	Progressive	✓

<sup>1</sup> Before specific items; <sup>2</sup> 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

# FY23 summary of customer facing units

	FY23 Adjusted Revenue <sup>1,3</sup>		FY23 Adjusted EBITDA <sup>2,3</sup>	
	£m	Change YoY %	£m	Change YoY %
Consumer	9,499	2	2,694	9
Enterprise	4,962	(4)	1,394	(15)
Global	3,328	(1)	458	0
Openreach	5,675	4	3,449	8
Other	27	0	4	(91)
Intra-group	(3,060)	2	-	-
<b>Total</b>	<b>20,431</b>	<b>1</b>	<b>7,999</b>	<b>3</b>

<sup>1</sup> Before specific items; <sup>2</sup> Before specific items, share of post tax profits/losses of associates and joint ventures and net non-interest related finance expense; <sup>3</sup> All numbers are on a pro forma basis

# FY24 outlook and beyond

	FY24	Beyond
Adjusted Revenue <sup>1</sup>	Growth on a pro forma basis	Consistent and predictable growth
Adjusted EBITDA <sup>1</sup>	Growth on a pro forma basis	Consistent and predictable growth enhanced by cost transformation
Reported capex <sup>2</sup>	£5.0bn - £5.1bn	£5.0bn - £5.1bn to FY26 Reduces by >£1bn post peak FTTP build
Normalised free cash flow <sup>3</sup>	£1.0bn - £1.2bn	At least £1.5bn incremental by end of decade <sup>4</sup>
Dividend	Progressive dividend	Growth underpins progressive dividend

<sup>1</sup> Before specific items; <sup>2</sup> Excluding spectrum payments; <sup>3</sup> 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; <sup>4</sup> Versus FY22





**Philip Jansen**  
**Chief Executive**

# A compelling market opportunity for continued growth

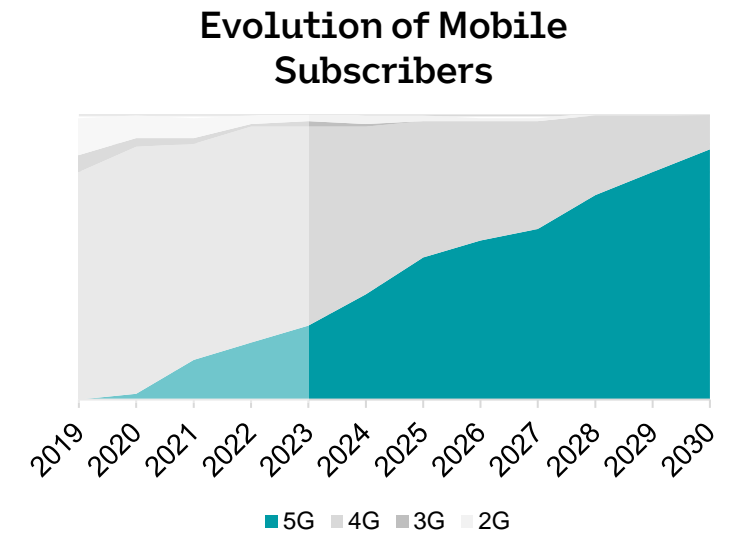
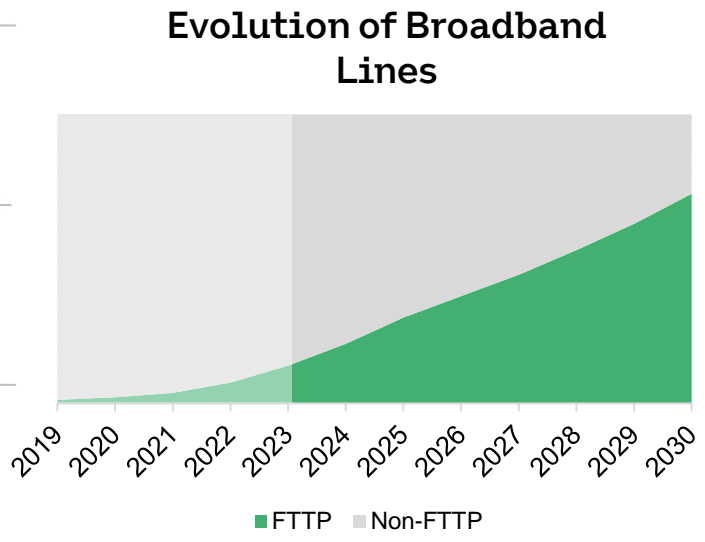
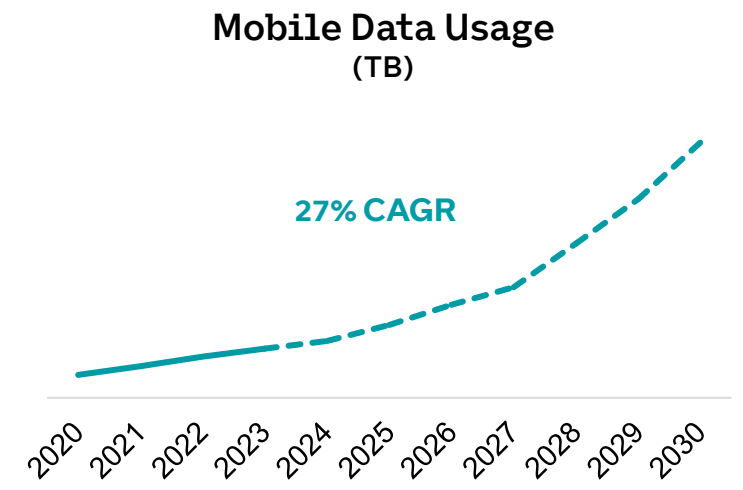
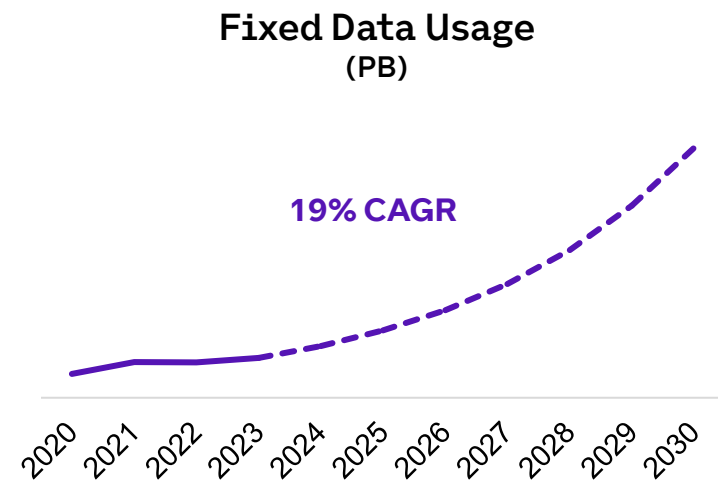
Continued strong demand for our core products and services

Next generation network coverage and take up in UK increasing significantly

Constructive, fair and transparent pricing model

Growing scope for value-added services


Pro-investment and stable regulatory environment



# Unique assets to deliver future BT Group


**Leading fixed-access wholesaler**

National superfast fixed network reaches 29m premises

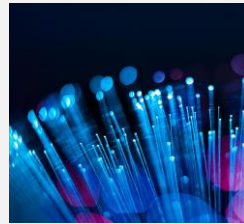


**Market share leader in UK retail markets**


Relationship with 25m subscriptions; 1.2m businesses



Fastest FTTP take up, now 30.4%



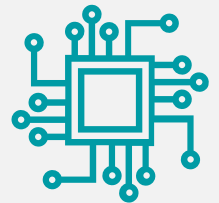
Over 10m FTTP premises passed



Market-leading networks; converged core now live




Broadest portfolio of next generation products



Deep relationship and networks integration with CPs<sup>1</sup>




Skilled in-house engineering capability



Unrivalled geographic sales, marketing and service reach



Ever-improving service



**Digital capabilities driving a relentless focus on simplifying our products, processes and systems**

**Strong balance sheet, unrivalled scale and technical capabilities, strong Manifesto commitments**

<sup>1</sup> Communications provider

# Five clear priorities to drive sustainable growth

Drive **Consumer** growth through **converged propositions** and **services**

Capitalise on **Business's unrivalled assets** to restore growth

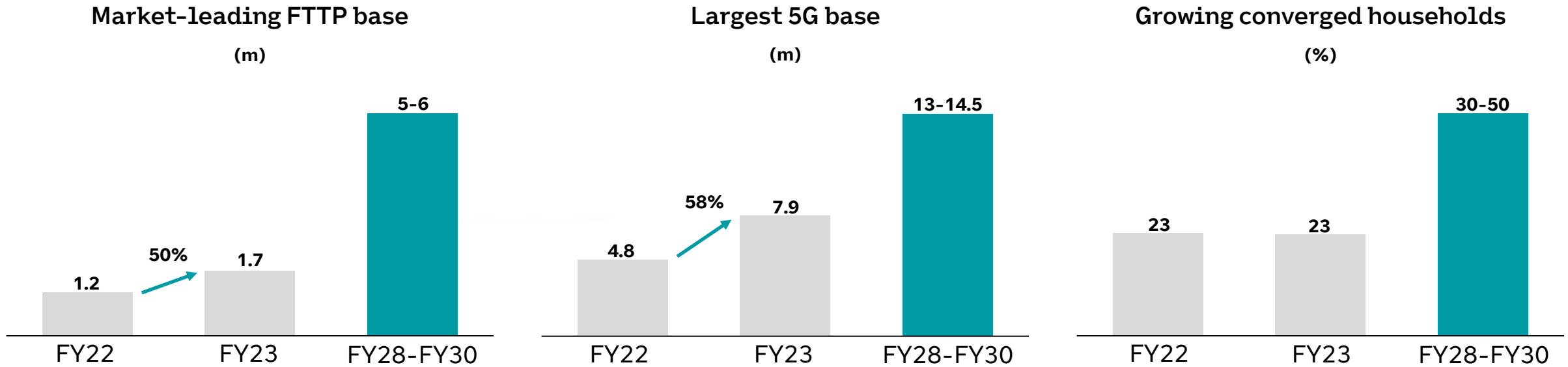
Deliver **Openreach growth** and **strong returns on FTTP**

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

**Optimise our business portfolio** and **capital allocation**

# Drive Consumer growth through converged propositions and services

<b>Key Growth Drivers</b>	Drive FTTP and 5G penetration	Drive convergence take up	Deliver best in class customer experience	Price fairly and transparently
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**E**  
Low churn  
Stable share

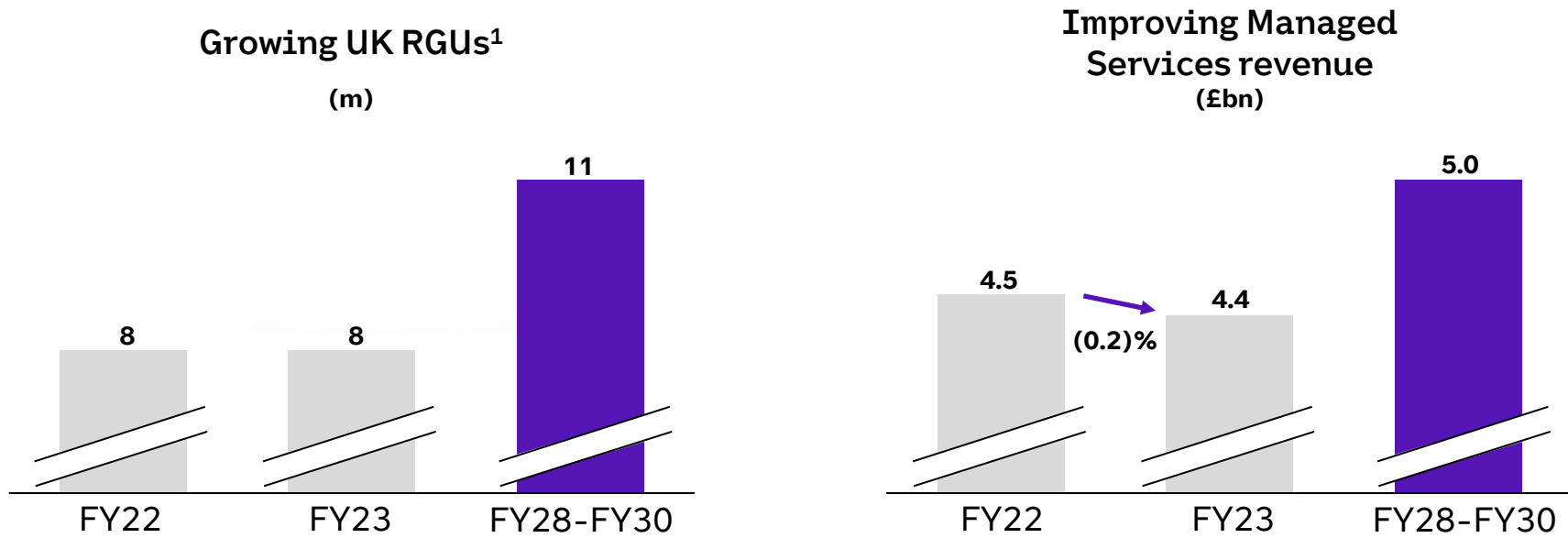
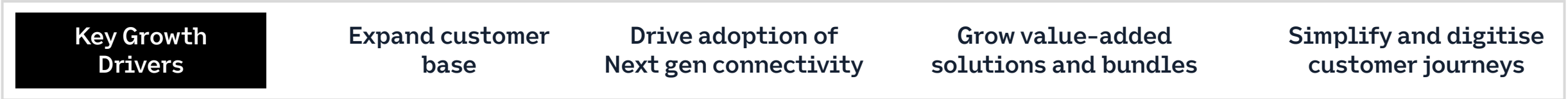
High NPS

New digital platform

Leading multi-channel sales and services


**Leading UK-wide connectivity and digital services platform**


# Capitalise on Business's unrivalled assets to restore growth



 Low churn

 High NPS

 Leading converged base

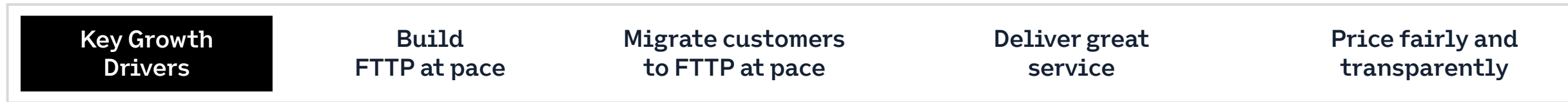
 Growth in security revenue to exceed market

**Leading connectivity and digital services platform for UK enterprises and MNCs<sup>2</sup>**

<sup>1</sup> Revenue generating customer units; <sup>2</sup> Multinational companies

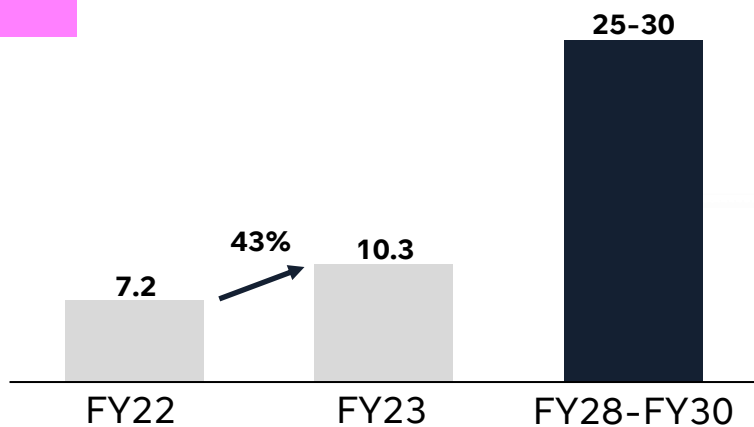


# Deliver Openreach growth and strong returns on FTTP



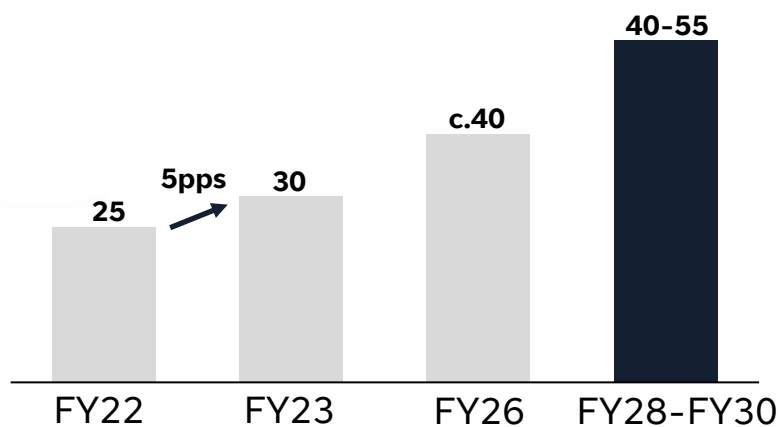
Passing 25m-30m premises with FTTP

(m)



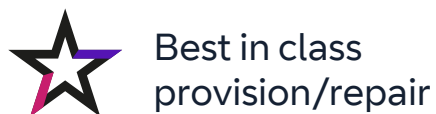
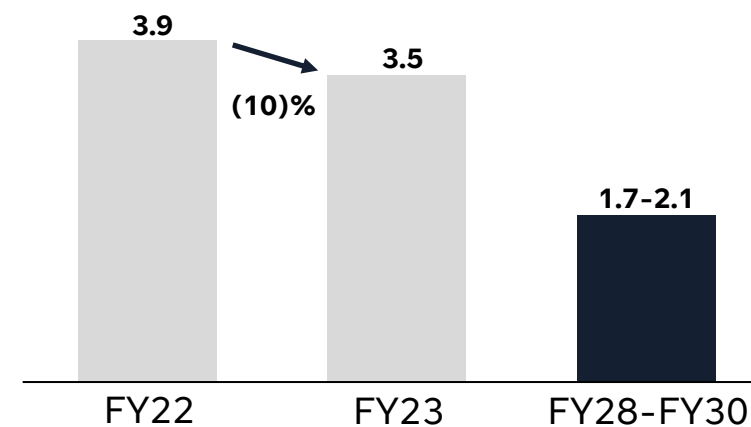
Accelerating FTTP take up

(%)



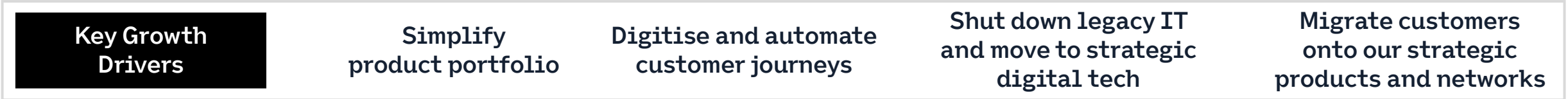
Reducing repair volumes

(m)

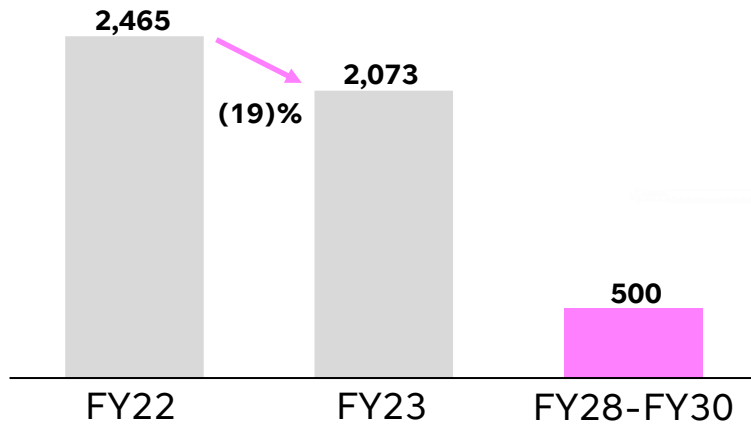


Leading UK-wide fixed digital access wholesaler

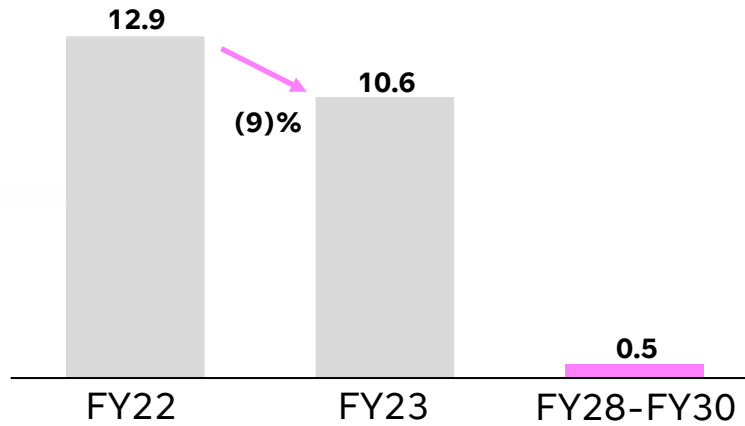
# Digitise, automate and reskill to transform our cost base and improve productivity



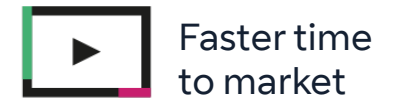
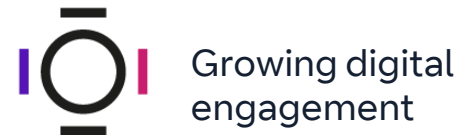
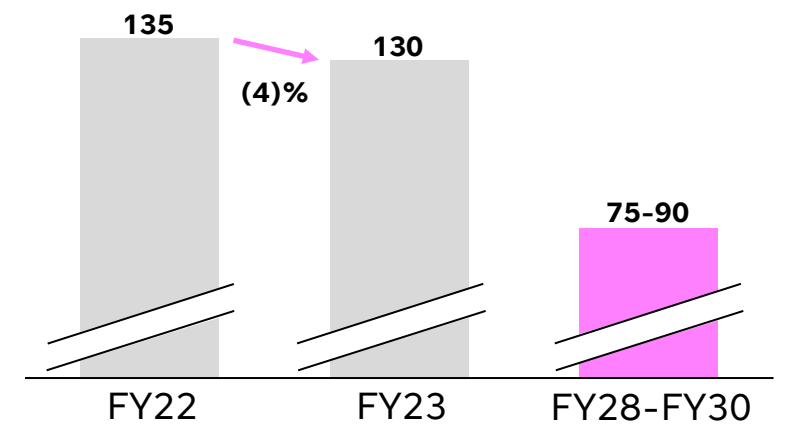
Closing business applications



Migrating units off legacy networks (m)



Reducing total headcount (k)



Lean, agile and inclusive organisation with market-leading capabilities and deep automation

# BT Group of the future – we connect for good

 <p>The leading UK-wide <b>fixed access wholesaler</b></p>	 <p><b>Consumer:</b> The UK's leading <b>connectivity and digital services platform</b></p>	 <p><b>Business:</b> The leading <b>connectivity and digital services platform</b></p>
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**Networks**

<p>Nationwide <b>FTTP</b></p>	<p>Best performing <b>fixed</b> connectivity</p>
<p>Best <b>Ethernet</b></p>	<p>Market-leading <b>mobile</b> connectivity</p>
<p>Simple <b>exchange footprint</b></p>	<p>Most reliable <b>converged core network</b></p>

**Customer**

<p><b>Fast, flexible, industry-leading service</b> for CPs and end-customers</p>	<p><b>Trusted, secure and personalised</b> omni-channel customer experiences with <b>leading digital touch-points</b></p>
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**Efficiency**

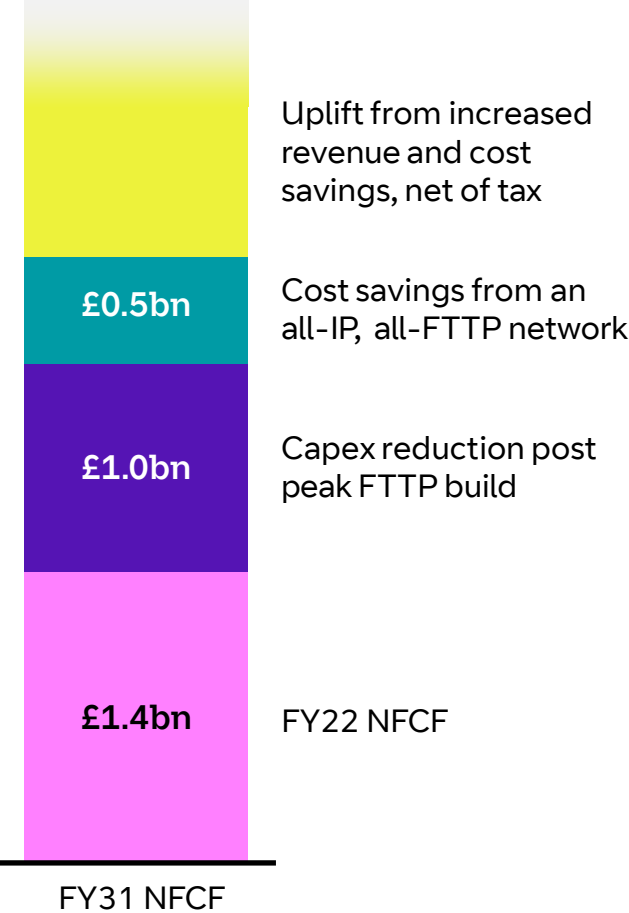
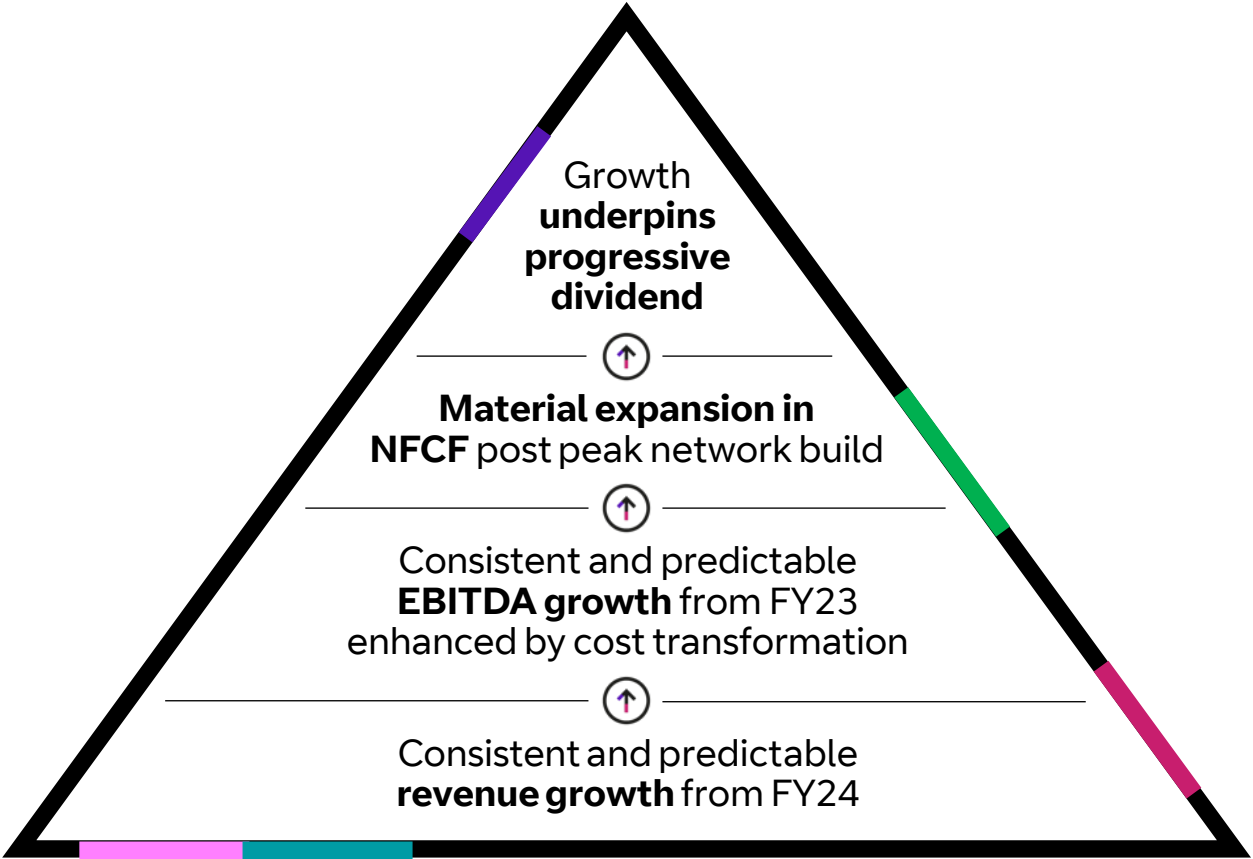
**Lean and agile** organisation with **superior digital, AI and automation capabilities**  
**Responsible, inclusive and sustainable** business

# Strategic metrics – Much done, much more to do

		Actuals		Future BT Group
		FY19	FY23	FY28-FY30
Networks	Openreach FTTP premises passed	1.2m	10.3m	25m-30m
	Openreach FTTP take up	25%	30%	40-55%
	5G UK population coverage	0%	68.1%	>98%
Customer	Retail FTTP take up <sup>1</sup>	284k	1.8m	6.5m-8.5m
	5G connections <sup>1</sup>	0m	8.6m	13.0m-14.5m
	Convergence households	23%	23%	30-50%
	Group NPS	+11.7	+22.1	+30.0-35.0
Efficiency	Units on legacy networks	>16m <sup>2</sup>	10.6m	<500k
	Total headcount	130k <sup>3</sup>	130k	75k-90k

<sup>1</sup> Consumer & Business connections; <sup>2</sup> Formal tracking began in FY20 with a baseline of 16.2m; <sup>3</sup> Formal tracking of subcontractors began after FY19

# Successful execution drives enhanced cash flow and returns



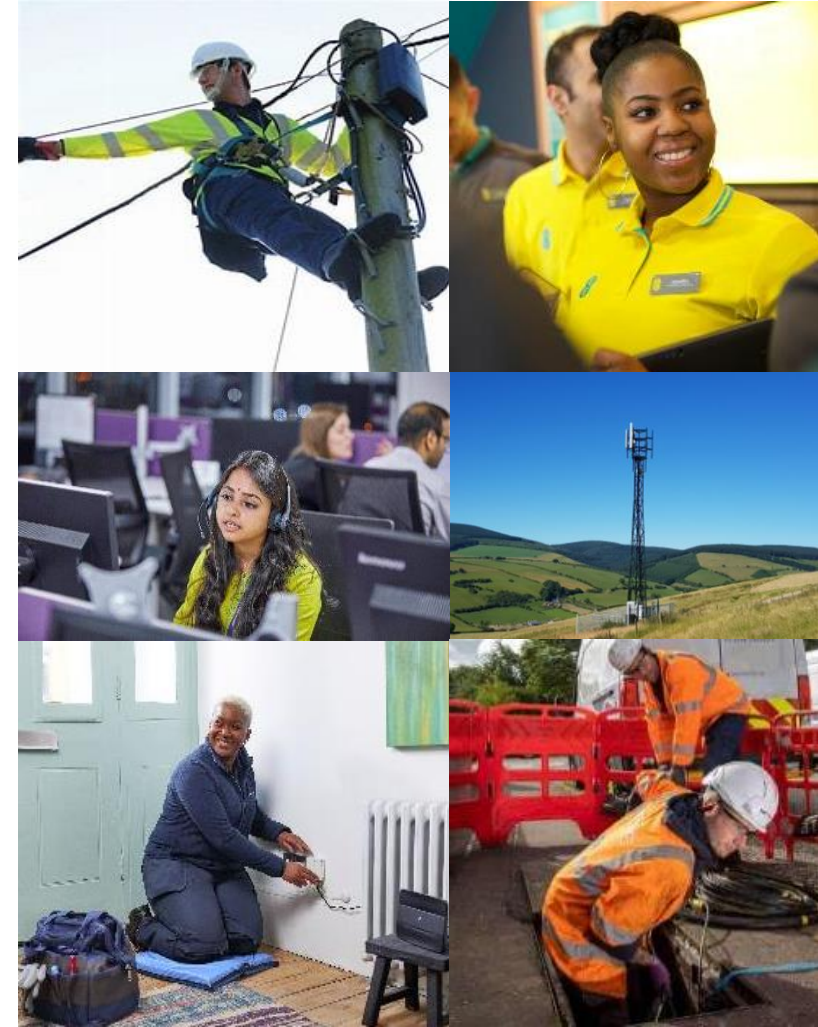
# Summary | much done, much more to do

## Delivered FY23 results in-line with our outlook

- Maintained full year dividend at 7.7pps

## Strong delivery...and stepping up pace

- Market-leading FTTP and 5G networks
- Industry-leading customer experience
- Lean, agile and efficient organisation
- Digital and automated processes
- Higher revenue, lower costs and more cash



**Future BT Group to be a leaner business with a brighter future,  
delivering sustainable growth and value**



**BT Group**



# BT Group plc FY23 results

18 May 2023





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# Strategic metrics – definitions

	metric	Definition
Network	<b>Openreach FTTP premises passed</b>	Total Openreach premises passed
	<b>Openreach FTTP take up</b>	% Openreach FTTP take up - Openreach connections as proportion of Openreach premises passed
	<b>5G UK population coverage</b>	Population coverage of 5G network based on postcode
Customer	<b>Retail FTTP take up</b>	Enterprise and Consumer customers on FTTP
	<b>5G connections</b>	5G customers (SIM + Handset or SIMO)
	<b>Convergence households</b>	% of total Consumer households (excl. solus voice) that have either EE or BT broadband and PAYM mobile
	<b>Group NPS</b>	BT Group net promoter score
Efficiency	<b>Units on legacy networks</b>	Number of unique users or circuits run over legacy networks
	<b>Total headcount</b>	Total number of full time equivalent employees plus implied (derived from cost) sub contractors