# BT Group

## Trading update for the three months to 30 June 2023

**BT Group plc - 27 July 2023**

**Philip Jansen, Chief Executive, commenting on the results, said**
"We've made a strong start to the year, in what remains a very competitive market, with improved customer satisfaction, pro forma revenue growth in all of our business units and pro forma group EBITDA up by 5%. Openreach is now 44% of the way through its full fibre build, and customer demand has continued to grow with a total network take-up rate of 32%. Consumer is seeing solid pro forma growth driven by pricing and mix, as customers choose higher performance connections; and Business grew its order book, driving revenue growth for the combined unit. We continue to drive transformation across the group, and while there remains much to do it's clear that our strategy is working and BT Group is set up for success."

**Strong start to the year:**

- **FTTP footprint** expanded to 11m premises, 44% completion of 25m target, with a further c.6.2m where initial build is underway; 718k premises passed in the quarter at an average build rate of 55k per week
- **Customer demand in Openreach for FTTP** increased with Q1 orders up 34% year-on-year and net adds of 383k, bringing network take-up rate to 32%; total **FTTP connections** grew to 3.5m
- **Openreach broadband ARPU** grew by 10.2% year-on-year due to price rises and increased volumes of FTTP; **Openreach broadband base** down 126k in Q1 due to competitor losses combined with a weak broadband market and communications providers ceasing copper lines; we continue to expect the Openreach broadband base to decline by around 400k in FY24
- **Consumer broadband ARPU** increased 5% year-on-year to £42.0 and **Consumer postpaid mobile ARPU** increased 9% year-on-year to £19.7, both driven by CPI-linked pricing; **churn** remains stable for broadband and postpaid mobile at 1.1% and 1.0% respectively
- **Retail FTTP base** grew year-on-year by 50% to 2.0m of which **Consumer** 1.9m and **Business** 0.1m; **5G base** 9.2m, up 53% year-on-year
- **Business performance** reflects positive momentum in SMB but declines in CPS, Global and Wholesale due to higher input costs and legacy high-margin managed contract declines
- Continued focus on customer satisfaction and delivery of excellent value for money with **BT Group NPS** of 23.7 up 1.8pts year-on-year

**Continued pro forma revenue and EBITDA growth:**

- **Pro forma adjusted[1] revenue** £5.2bn, up 4% on Q1 FY23 due to increased fibre-enabled product sales and price increases in Openreach, increased service revenue in Consumer with 2023 annual contractual price rises being aided by higher FTTP base and higher roaming, and improved equipment trading in Business, offset partially by legacy product declines; **reported revenue** was up 1%
- **Pro forma adjusted[1] EBITDA** £2.0bn, up 5% with revenue flow through and cost control more than offsetting cost inflation; Business EBITDA decline due to increased input costs and legacy high-margin managed contract declines
- **Reported profit before tax** of £536m, up 11% primarily due to EBITDA growth partially offset by specific items
- Reconfirming all FY24 **outlook** metrics

| | Adjusted[1] revenue | | | Adjusted[1] EBITDA | | |
|---|---|---|---|---|---|---|
| **First quarter to 30 June** | **2023** | 2022 Pro forma[1] restated[1] | Change | **2023** | 2022 Pro forma[1] restated[1] | Change |
| | **£m** | £m | % | **£m** | £m | % |
| Consumer | **2,423** | 2,348 | 3 | **673** | 632 | 6 |
| Business | **2,027** | 1,967 | 3 | **386** | 434 | (11) |
| Openreach | **1,526** | 1,417 | 8 | **965** | 863 | 12 |
| Other | **5** | 7 | (29) | **9** | 16 | (44) |
| Intra-group items | **(817)** | (760) | (8) | **—** | — | — |
| **Total** | **5,164** | 4,979 | 4 | **2,033** | 1,945 | 5 |

[1] See Glossary on page 2

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## Glossary

Our commentary focuses on the trading results on an adjusted pro forma basis. Reported revenue and reported profit before tax are the equivalent unadjusted or statutory measures and are reconciled in pages 233 to 235 of the Annual Report 2023.

| | |
|---|---|
| **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. |
| **Adjusted EBITDA** | Earnings before interest, tax, depreciation and amortisation, before specific items, share of post tax profits/losses of associates and joint ventures and net finance expense. |
| **Pro forma** | Pro forma results estimate the impact on the group as if trading in relation to BT Sport had been equity accounted for in Q1 FY23, akin to the BT Sport joint venture being in place historically.<br><br>Please refer to the press release of 3 November 2022 for a bridge between financial information on a reported basis and a Sports JV pro forma basis at the half year to 30 September 2022. |
| **Restated** | Results were restated in June 2023 to reflect:<br>i) the merger of our Global and Enterprise units to form Business; and<br>ii) the change in our methodology used to allocate shared Network, Digital and support function costs across our units, reported within operating costs and capex (to more closely align the recharges received by each unit to their actual consumption).<br><br>Please refer to disclosures published for the formation of Business and adjustments to central cost allocations on 27 June 2023. |
| **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 to changes to our assessment of our provision for historical regulatory matters, restructuring charges, divestment-related items and net interest expense on pensions. |

## Enquiries


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We are scheduled to announce the second quarter and half year results for FY24 on 2 November 2023.

## Forward-looking statements – caution advised

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.