

BT Group

Trading update for the nine months to 31 December 2023

BT Group plc - 1 February 2024

Allison Kirkby, Chief Executive, commenting on the results, said

"BT Group has delivered another quarter of revenue and EBITDA growth, while rapidly building and upgrading customers to our full-fibre broadband and 5G networks, and we continue to be on track to achieve our financial outlook for the year.

"We are providing great digital connectivity and services, while laying the foundations for future growth that will benefit our customers, investors and the UK. As I assume the role of Chief Executive, we remain committed to our purpose and our strategic focus, and I am looking forward to leading BT Group into its next phase of development."

Continued strong execution of our strategy

- **FTTP build rate** accelerated to 73k per week delivering a record of 950k premises passed in the quarter. **FTTP footprint** is now expanded to 13m premises with a further 6m where initial build is underway
- **Strong Openreach customer demand for FTTP** with net adds of 432k in Q3. Total premises connected now 4.4m with increased take-up of 34%
- **Openreach broadband ARPU** grew by 10% year-on-year due to price rises and increased volumes of FTTP; Openreach broadband lines losses of 369k year to date, a 2% decline in the broadband base; ongoing weak broadband market conditions mean losses will exceed 400k in FY24
- **Consumer broadband ARPU** increased 5% year-on-year and **Consumer postpaid mobile ARPU** increased 8% year-on-year; **monthly churn** for the quarter remained stable in a competitive market with broadband and postpaid mobile at 1.1% and 1.2% respectively
- **Business financial performance** continues to be impacted by higher input costs, legacy declines and prior year one-offs, partly offset by cost transformation and growth in Small & Medium Business (SMB) and Security
- **Retail FTTP base** grew year-on-year by 46% to 2.4m of which Consumer 2.3m and Business 0.1m; 5G base 10.3m, up 30% year-on-year. RootMetrics named EE the UK's best mobile network for the 21st time running
- **BT Group NPS** of 25.7, up 3.6pts year-on-year, further improving customer experience

Continued pro forma revenue and EBITDA growth year to date:

- **Pro forma adjusted¹ revenue** £15.8bn, up 3% on Q3 FY23 due to price increases and fibre-enabled product sales in Openreach, increased service revenue¹ in Consumer with 2023 annual contractual price rises being aided by higher roaming and increased FTTP connections, and SMB trading momentum and price rises in Business, offset partially by legacy product declines; **reported revenue** was up 1%
- **Pro forma adjusted¹ EBITDA** £6.1bn, up 3% with revenue flow through and cost control more than offsetting cost inflation and one-off items in the prior year
- **Reported profit before tax** of £1,498m, up 15%
- **Reconfirming all FY24 financial outlook metrics**

Nine months to 31 December	Adjusted ¹ revenue			Adjusted ¹ EBITDA		
	2023	2022 Pro forma ¹ re-presented ¹	Change	2023	2022 Pro forma ¹ re-presented ¹	Change
	£m	£m	%	£m	£m	%
Consumer	7,463	7,193	4	2,008	1,930	4
Business ²	6,127	6,143	—	1,209	1,390	(13)
Openreach	4,574	4,255	7	2,903	2,606	11
Other	12	24	(50)	2	25	(92)
Intra-group items ²	(2,418)	(2,273)	(6)	—	—	—
Total	15,758	15,342	3	6,122	5,951	3

¹ See Glossary on page 2

² Q3 results include a correction of H1 FY24 revenue across Openreach and Business, with no impact on total group revenue. £38m external wholesale revenue was incorrectly recognised by Business in H1 FY24. There is no impact on Openreach segmental results as the revenue was previously classified as internal so was already included in Openreach results; there is a contra entry through intra-group items. H1 FY24 results have not been restated; the correction has been booked within Q3 FY24 to ensure the results for the nine months to 31 December 2023 are correctly stated. The impact on the prior period is immaterial.

Third quarter to 31 December 2023	Adjusted ¹ revenue			Adjusted ¹ EBITDA		
	2023	2022 re-presented ¹	Change	2023	2022 re-presented ¹	Change
	£m	£m	%	£m	£m	%
Consumer	2,560	2,439	5	661	634	4
Business ²	2,027	2,102	(4)	403	487	(17)
Openreach	1,521	1,419	7	967	871	11
Other	4	10	(60)	(3)	15	(120)
Intra-group items ²	(768)	(758)	(1)	—	—	—
Total	5,344	5,212	3	2,028	2,007	1

¹ See Glossary below

² See footnote 2 on previous table. Excluding the £38m correction booked in Q3 FY24, Business revenue would be £2,065m and intra-group items would be £806m.

Glossary

Our commentary focuses on the trading results on an adjusted pro forma basis. This is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee and assists in providing a meaningful analysis of the trading results of the group. 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 revenue	Adjusted revenue is 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 H1 FY23, akin to the BT Sport joint venture being in place historically. The pro forma adjustment to Consumer and group revenue and EBITDA for the 9 months to 31 December 2022 is a decrease of £238m and an increase of £71m respectively. Please refer to the press release dated 18 October 2022 for more information on the adjustments.
Re-presented	FY23 comparatives have been re-presented to reflect: (i) the merger of our Global and Enterprise business units to form Business; and (ii) the change in our methodology used to allocate shared Network, Digital and support function costs across our units. Please refer to disclosures published for the formation of Business and adjustments to central cost allocations on 27 June 2023.
Service revenue	Earned from services delivered using our fixed and mobile network connectivity, including but not limited to, broadband, calls, line rental, TV, residential sport subscriptions, mobile data connectivity, incoming & outgoing mobile calls and roaming by customers of overseas networks.
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 and property matters, restructuring charges, divestment-related items and net interest expense on pensions. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

About BT Group

BT Group is the UK's leading provider of fixed and mobile telecommunications and related secure digital products, solutions and services. We also provide managed telecommunications, security and network & IT infrastructure services to customers across 180 countries.

BT Group consists of three customer-facing units: Consumer serves individuals and families in the UK; Business covers companies and public services in the UK and internationally; Openreach is an independently governed, wholly owned subsidiary wholesaling fixed access infrastructure services to its customers - over 650 communications providers across the UK.

British Telecommunications plc is a wholly owned subsidiary of BT Group plc and encompasses virtually all businesses and assets of the BT Group. BT Group plc is listed on the London Stock Exchange.

For more information, visit www.bt.com/about

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We are scheduled to announce the full year results for FY24 on 16 May.

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.