

BT Group

Trading update for the three months to 30 June 2024

BT Group plc - 25 July 2024

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

“We’ve made a solid start to the year, with excellent growth in both fibre build and connections, and increased EBITDA.

“Openreach continues to build at pace and with even more efficiency, passing the milestones of 5 million connections and - just yesterday - 15 million premises built. In Consumer, the widespread availability of FTTP and 5G combined with our new EE propositions has contributed to an improved trend in our customer base, in what remains a very competitive market. In Business, we also saw improved trends, as we continue to modernise our portfolio and our operations towards a simpler business, delivering secure, cloud-based connectivity and communication services for all our customers.

“Our ongoing cost transformation contributed to EBITDA growth, and more than offset the expected revenue declines in Consumer and Business in the quarter. There is much more to do to simplify BT Group and deliver for our customers. We remain on track to deliver our financial outlook for this year and our cash flow inflection to c. £2.0bn in 2027 and c. £3.0bn by the end of the decade.”

Strategic priorities delivering to plan:

- **Record FTTP build** of over 1m premises passed in the quarter at an average build rate of 78k per week; **FTTP footprint** is now 15m with 4.2m rural premises passed and around a further 6m where initial build is underway
- **FTTP customer base** surpassed 5m during the quarter; strong FTTP demand with orders up 29% year-on-year; take up rate is at 34% with continued strong net adds of 387k
- **Openreach broadband ARPU** grew by 6% year-on-year due to price rises and increased volumes of FTTP; Openreach broadband line losses of 196k, with moderately higher competitor losses combined with a weaker overall broadband and new homes market
- **Consumer broadband ARPU** up 1% year-on-year to £42.4 and **Consumer postpaid mobile ARPU** increased 0.5% year-on-year to £19.8, with positive mix effects offsetting the expected tougher pricing comparative
- **Consumer base** trend improved despite a competitive market, with the broadband base down 28k quarter-on-quarter (0.3% decline) and postpaid mobile base down 15k quarter-on-quarter (0.1% decline)
- **Business financial performance** continues to be impacted by legacy managed contract declines, reduced low margin sales activity and contraction in the portfolio unit offset by cost transformation
- **Retail FTTP base** grew year-on-year by 36% to 2.7m of which Consumer 2.6m and Business 0.1m; **5G base** 11.3m, up 22% year-on-year
- **BT Group NPS** of 25.1, up 0.3pts year-on-year, demonstrating further improving customer experience
- BT Group has been recognised by TIME Magazine and Statista as one of the “**World’s Most Sustainable Companies 2024**”

Transformation and tight cost control delivers EBITDA growth:

- **Adjusted¹ revenue** £5.1bn, down 2% on Q1 FY24 due to legacy managed contract declines, reduced low margin sales activity and contraction in the portfolio unit within Business, and the continued shift to mobile SIM only and a lower CPI benefit in a competitive market in Consumer. This is partly offset by price increases and FTTP and Ethernet base growth in Openreach; **reported revenue** £5.0bn was down 2%
- **Adjusted¹ EBITDA** £2.1bn, up 1% with transformation and tight cost control, including lower staff costs, partly offset by revenue decline
- **Reported profit before tax** of £520m, down 3%, with decreased revenue broadly offset by reduction in reported operating costs
- Reconfirming all **FY25** financial outlook metrics

Three months to 30 June 2024	Adjusted ¹ revenue			Adjusted ¹ EBITDA		
	2024	2023	Change	2024	2023	Change
	£m	£m	%	£m	£m	%
Consumer	2,399	2,423	(1)	659	673	(2)
Business	1,933	2,027	(5)	378	386	(2)
Openreach	1,558	1,526	2	1,021	965	6
Other	3	5	n/m	3	9	n/m
Intra-group items	(841)	(817)	(3)	—	—	—
Total	5,052	5,164	(2)	2,061	2,033	1

¹ See Glossary on page 2
n/m: comparison not meaningful

Glossary

Our commentary focuses on the trading results on an adjusted 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 231 to 233 of the Annual Report 2024.

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.
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. 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 700 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

Registered in England and Wales no. 4190816

Enquiries

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We are scheduled to announce the second quarter and half year results for FY25 on 7 November 2024.

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.