

BT Group H1 FY26 Results Presentation

6 November 2025

Slide 1: Cover

Slide 2: Forward looking statements

Slide 3: Allison Kirkby title slide

Good morning, everyone and welcome. Thank you for joining us for our half year results.

In terms of the presentation this morning, I will start by setting out the progress we have made against our strategic priorities so far this year, Simon will update on the financials and then we very much look forward to taking your questions after a quick recap from myself.

Slide 4: Delivering on our strategy in a competitive market

In summary, it has been another period of solid delivery despite the competitive markets we operate in, with clear progress in the UK, while we have also worked to manage headwinds from our accelerated migration away from legacy products and in our International markets.

Let me begin with some highlights:

Our leadership in Fibre, 5G and secure networking has strengthened further since the start of the year.

Openreach achieved another set of records on full fibre build and take-up, with even better efficiency.

Consumer gained customers in all its key segments – broadband, mobile and TV, and grew its number of converged households.

Business is showing a stabilising performance, for the first time in many years.

And we continue to press ahead with our £3bn **transformation** programme, offsetting some of the cost headwinds we are facing, including higher labour-related costs incurred since the beginning of this tax year.

In addition, we have agreed or completed our targeted disposals outside of the UK; and having carved it out, with dedicated leadership, we are accelerating the reshaping of our International business.

As a result, we are today reconfirming all of our guidance metrics for the year and beyond, including our target of £2bn in Normalised Free Cash Flow next year and £3bn in FY30; and our interim dividend is rising 2%.

Slide 5: A better BT for all of us

As I set out in May, our ambition is to become the UK's most trusted connector of people, business and society, guided by our purpose to connect for good.

Our strategy focuses on three things:

- **Building** the best, most trusted digital networks;
- **Connecting** customers so they thrive, as we grow, in a digital world;
- And **Accelerating** our modernisation to restore leadership in everything we do.

By the end of the decade, this strategy will have delivered for all of us, including meeting our financial commitments of service revenue growth, EBITDA growth ahead of revenue, and a doubling of this year's normalised free cash flow.

Slide 6: Our key strategic deliveries in H1 FY26

So how are we doing so far this year? Well, I am pleased that we continue to deliver on the key levers that will realise our short, medium and long-term ambitions – specifically:

- A focus on the UK;
- Building the UK's only nationwide digital backbone;
- A growing customer base as result of a much-improved customer & product experience;
- All enabled by a radically simpler and better BT.

On **BUILD**:

- Our nationwide reach expanded further;
- The Openreach team hit a new record of 2.2 million homes passed;
- On mobile, we won best network with RootMetrics for the 12th year in a row, and we lifted our 5G+ coverage by 23 percentage points to reach 66% of the UK's population;
- And today we are announcing a new strategic agreement with Starlink so we can offer the best broadband connectivity in the hardest places to reach.

On **CONNECT**:

- We connected a record 1.1 million Openreach customers to full fibre and we've lifted our market leading take-up rate to 38%;
- Our Consumer customer base grew, again, with customer growth in broadband for a third quarter in a row, and further growth in both mobile and TV. Our decision to adopt a multi-brand strategy is clearly paying off, allowing us to reach more market segments without diluting our premium position;
- Customer satisfaction also rose again, with growth in converged homes too, building customer loyalty and lifetime value;
- And our sales orders in Business grew, with clear demand coming from British businesses for more secure and resilient networking solutions.

And finally **ACCELERATE**:

- Our cost transformation is allowing us to offset margin pressures as they arise and still grow our EBITDA. And there is much more to come;
- We have achieved £1.2bn in annualised cost savings in the first 18 months of our 5-year programme, with particularly solid progress in our Networks and Digital units during the first half of this year;
- We have exited businesses outside the UK that do not fit with International's mission to serve multinational companies;
- And in International, now that it is carved out, we have clearer and more accelerated plans to simplify our product portfolio, and reshape our office footprint;
- Finally, we continue to carefully migrate customers off the PSTN ahead of closure in January 2027, investing to support the elderly and the vulnerable, in particular, and we are leading in safety with the launch of our Safer SIMs product for children as we build the best, most trusted network for families.

On the next slide...

Slide 7: Building the best networks

...It is worth stepping back to look at the longer-term achievement of our Openreach and Networks teams.

We are the only operator building fibre at scale, with nationwide reach. And we are well on track to achieve our target build of 25 million premises passed by December 2026, with an ambition to reach 30 million by FY30, assuming a stable and pro-investment environment.

And we remain on course to earn good returns for our shareholders and create one of Europe's most attractive fibre infrastructure assets, whether in a competitive market or one regulated under Ofcom's "fair bet".

Why is that? Returns in network businesses depend on building at the right price and quality, with the best take-up and a reasonable cost of capital. **We compare very well on all four of those metrics**, and continue to build within the cost ranges we aimed for at the beginning of our rollout, with excellent quality and resilience.

And on mobile we have a growing 5G connected base, with 89% population coverage, 66% 5G+ (our name for 5G standalone) coverage, and well on track to reach 99% 5G+ coverage by FY30, almost 4 years ahead of the other networks.

We are super proud of the network credentials we have built over the last 12 years, but I can assure you we are NOT resting on our laurels and are always working on ways to improve customer experience, including deploying the millimetre wave spectrum we purchased in mid-October for high density locations, and in reapplying what we learn from uniquely running the Emergency Services Network, into building the most trusted and resilient network experience for everyone.

Moving on to each of our Customer Facing Units in turn, starting with Openreach...

Slide 8: Openreach | Record FTTP build and take-up; continued EBITDA growth

As I have said, we continue to build full fibre at pace, and now pass over 20 million premises, of which we had already connected 7.9 million at the end of last week.

Broadband line losses were 242,000 in the quarter, similar to Q4 last year, and in line with what we expected. Within that, **we estimate that the broadband market remained flat to slightly down** as new home building is still running around 100,000 a year below the government's target. Meanwhile, **competitor losses** for Openreach are little changed half on half, but with a tilt towards wholesale operators rather than retail.

Quarter to quarter there will always be some natural variability based on competitor build and promotions. The guidance we gave in May – of last year's second half run rate continuing for the full year – therefore remains unchanged, but it's worth saying that October has progressed well.

After quarter end we launched new offers to stimulate Fibre migration, which our CPs have welcomed. And we made good progress to be ready to launch XGS-PON next year.

In our operations, our repair volumes decreased 13% year on year due to the shift to full fibre.

And we reduced our headcount by 11% year on year as we upgrade our network and transform our operations, and as we ensure we have the right resourcing for when the fibre build steps down during next year.

Thanks to the strong demand for our fibre and the impressive build and connect progress made by our Openreach team, we are maintaining steady revenues, with ARPU growth of 4% offsetting line losses, and good growth still in ethernet revenues of 5%. And, we are delivering continued EBITDA growth.

Moving to Consumer on the next slide...

Slide 9: Consumer | Winning customers in a competitive market, with accelerating fibre and converged households

Our strategy is clear. Having invested in and built the UK's only nationwide networks **we intend to get back to sustainable service revenue growth**. This starts with growing our customer base, by leveraging convergence, our breadth of household relationships, and all three brands to ensure we compete carefully on value, not just price.

So, it's good to report that our Consumer business is continuing to win customers in the first half of this year, despite competitive pressures.

Convergence, multi-SIM household tariffs and leveraging all three of our retail brands has helped us grow the broadband base for a third consecutive quarter, our mobile base for a second consecutive quarter, and our TV base for the fifth quarter in a row.

We are achieving excellent levels of fibre take-up, with almost half of our BB base now on full fibre. Broadband continues to grow in our mobile base, and so our converged customers have grown, to almost 26% of all broadband and mobile customers, up almost three points in the last year. And we are seeing a steep increase in customers moving on to EE One, our main convergence offer.

All of this, plus our renewed focus on customer experience, has helped improve customer satisfaction, which was flat or up in all three brands in the last 6 months, resulting in stable churn rates at relatively low levels across mobile and broadband.

While the customer base grew, service revenue was stable excluding a 1% drag from legacy voice.

Admittedly there has been some ARPU pressure, which is mainly a result of coming off the high price rises of the last few years into a more competitive market. As inflation stabilises and we move to Pounds & Pence, this "saw-tooth" effect should dissipate.

And, the equipment sales market has been slower too, as consumers now keep their handsets for 48 months, hence why total revenue was also down in the period. But we are now seeing excellent performance by EE on recent new device launches.

At EBITDA we were able to offset almost all the lower revenue and the higher input costs from Openreach with disciplined cost control.

Additional headwinds from the rise in National Insurance and National Living Wage, combined with the ongoing transition to Digital Voice accounted for over two-thirds of our EBITDA decline.

With the progress made in the first half, and the run-rate we are now seeing, we remain confident that Consumer will – as it did last year – return to year on year service revenue and EBITDA growth in the second half as a result of the levers I just mentioned – customer experience, convergence, and our multi-brand strategy.

Moving to Business on slide 10...

Slide 10: Business | Financials close to stabilising, as transformation kicks in

As you know, since the start of the fiscal year we have focussed Business on the UK, improving our ability to develop and deliver the best products and services for UK-based companies across the private and public sectors.

The levers to growth and transformation remain the same: simplifying our product portfolio, migrating customers off legacy systems and products, and radically improving customer journeys and satisfaction on the back of digitalisation of our processes and journeys, and secure and resilient “by design” products.

Our delivery in Corporate and Public Sector improved, with sales orders up 16% year on year, including new business in the industrial sector.

In broadband, we increased our fibre connections by over 40% and 5G connections by over 30%. NPS also improved.

Our modernisation agenda continued, with another ten products retired in the half year taking us below 200 products (down by a third in just 2 years), and units on legacy networks fell by 40% - a nearly half a million reduction.

It is still early days for Jon and the team, but I am pleased that in the half, the financial performance was more stable, especially considering the drag from legacy voice is still sizeable.

We have a robust pipeline in Corporate and Public Sector and have launched new offers for smaller businesses, reinforcing our ‘most trusted’ status – including last week’s cyber defence exclusive with CrowdStrike, and our announcement just yesterday to place Business experts in all of our high street stores. I’m confident BT Business is at the start of its long-awaited turnaround.

Moving to our Transformation on slide 11...

Slide 11: Transformation: Solid progress, ahead of plan

We are making solid progress against our transformation agenda. This includes £247m run-rate savings delivered in the past six months, taking us to £1.2bn achieved in the first 18 months of our 5-year £3bn programme.

We continue to drive most of the cost savings from four key programmes:

- Shutting down legacy networks;
- Simplifying our products;
- Scaling the use of fewer, shared platforms; and
- Deepening our data and AI capabilities.

With respect to our H1 cost savings:

- We migrated over one million customers away from legacy networks;
- We reduced our energy consumption by 54 gigawatt hours, or 5% year on year;
- We cut the number of applications we use by nearly 20%;
- And as a result of all of these initiatives, our total labour resource dropped by 5,000 in the half, across all divisions.

With the arrival of our new Chief Digital Officer Peter Leukert on the first of September, I know that we will build further on this progress.

Part of this will be to ensure we take full advantage of the capabilities of AI, where we see significant potential in:

- Better, and more efficient, customer care;
- higher, more personalised marketing velocity; and
- greater efficiency across all areas of our corporate functions.

Turning to the transformation of International...

Slide 12: Strategically reshaping International and simplifying BT Group

We have successfully agreed or completed our targeted disposals.

This is the end of a long process that began in 2019 but which had paused in recent years.

And from 1st July, International has been carved out, giving it much greater strategic focus and clarity to become the global leader in secure, multi-cloud connectivity, anchored by next-generation platforms Global Fabric and Global Voice.

There is, naturally, a transition period between moving from the existing MPLS-based services to the new Global Fabric network, but having carved the unit out, we are accelerating our plans to reshape it, including a reduction in the number of office locations and radically simplifying the product and service set.

This will help deliver EBITDA growth from next year and ensure that in the mid-term, International is no longer a drag on group cash flow, allowing for clearer optionality for future partnerships, which we still believe are possible.

And with that let me hand you over to Simon who will talk through the financials in some greater detail...

Slide 13: Simon Lowth title slide

Thank you Allison.

I will take you through our Group level results before explaining the performance of our Customer Facing Units in more detail.

Slide 14: Financial performance in line with the plan

First half UK Service Revenues were £7.7bn, down 1%.

This was driven principally by a reduction in legacy voice revenues of about £100m. Price pressure in retail fixed and mobile was largely offset by growth in our retail connectivity bases and Openreach revenue.

First half total Adjusted Revenue fell by 3% to £9.8bn.

In addition to the lower UK service revenue, this was driven by lower sales of UK equipment, particularly mobile handsets, and International revenues.

We reduced Operating Costs before depreciation by 5% due to the strong progress of our cost transformation programmes, supported by tight expenditure controls.

As a result, Adjusted EBITDA in the period was flat at £4.1bn. Adjusted EBITDA in our UK businesses, excluding the International Unit, increased by 0.5%.

Reported Capex increased by 8%, or £171m, to £2.4 billion, driven by higher FTTP build and provision in Openreach, as we ramp up our build to up to 5 million premises this year and drive take-up of our fast-expanding FTTP footprint.

Openreach has continued to drive efficiencies in its unit costs of build and provision through engineering innovation and dynamic management of the supply chain. Our build and provision costs have consistently been within the ranges we have set, despite the significant inflation over recent years.

Cash Capex was slightly higher than reported capex due to the timing of capital creditor payments and £60 million of grant funding gainshare.

Normalised Free Cash Flow was in line with our plan at £408m. This was £300m lower than last year due in largely equal measure to higher cash capex, the prior year tax refund and reduced working capital funding due to lower handset volumes. We remain confident of our outlook for £1.5bn in the full year.

As Allison just announced, our interim Dividend is up 2% year-on-year to 2.45 pence per share, in line with our policy of paying 30% of the previous year's full year dividend.

The IAS19 Pension Deficit fell to £3.8bn from £4.1bn at the FY25 year end. Scheduled contributions of just under £800m were offset by a decrease in credit spreads. The IAS 19 deficit does not drive our cash contributions; these are determined by actuarial valuation which will be determined at the triennial review next year.

Moving now to performance of the Customer Facing Units...

Slide 15: Summary of customer facing units in H1 FY26

Openreach revenue was flat year on year at £3.1bn. Inflation-linked price rises and the increasing FTTP mix in broadband were offset by the lower broadband customer base.

Openreach EBITDA again grew ahead of revenue, up 4% to £2.1bn. We continue to reduce our operating costs through a combination of labour efficiencies, and lower repair and energy volumes as we transition to FTTP, offset by inflation in pay and non-commodity energy costs.

Consumer service revenue was down 1%, the same as last year, to £3.9bn. ARPU declines, reflecting the higher prior year comparator and competitive markets, combined with reduced legacy voice revenues as we migrate off the PSTN, were only partially offset by the stabilising Broadband base, growing mobile base and increased FTTP mix within broadband – now up to 45% of the base. We will continue to compete to defend and, where we see value, grow our customer base, and will protect and grow our margins through cost transformation.

Consumer total revenue declined by 3% to £4.7bn due to Service Revenue and reduced sales volumes in the mobile handset market, as customers retain their devices for longer, and with many of our own customers already on three-year Flexpay contracts.

Consumer EBITDA fell by 4% to £1.3bn. Our transformation programmes and tight cost controls successfully mitigated most of gross margin pressure from reduced revenues and higher Openreach input costs. However, as Allison said, we were impacted by the significant increases in National Insurance and National Living Wage, and by additional costs incurred in the accelerated migrations to Digital Voice. These headwinds will be progressively offset with cost reduction and, in the case of the Digital Voice migration, will end with the closure of the PSTN as we move into FY28.

Business Service Revenue was £2.4bn, down 1%, driven principally by lower voice revenues as we migrate off legacy voice to Voice over IP. Service revenues in connectivity, secure networking and managed services were broadly flat, with some growth in SMB and Wholesale offsetting a decline in CPS.

Business Total Revenue fell by 2% to £2.6bn, with lower equipment sales adding to the Service Revenue decline.

Business EBITDA was down 1% to £647m, with the impact of lower revenues partially offset by cost transformation and the benefits of cost phasing, which reverse in the second half of the year.

International Revenues were £1.1bn. Revenue declines in businesses whose sale has either been agreed or completed accounted for about 4 percentage points of the 9% fall; and adverse foreign exchange accounted for a further 1 percentage point. The remainder was driven by legacy product declines on the renewal of several managed services contracts.

International EBITDA declined 27% to £66m, due to lower revenues, cost inflation and increased investment in Global Fabric, partially offset by transformation programmes and tight cost control. As Allison has said, we are accelerating our restructuring and cost transformation programmes in International to ensure that the business moves rapidly to generate positive cashflow.

We expect to complete all of the announced divestments within International before the end of this financial year. We do not anticipate that these divestments will have a major impact on EBITDA and NCF in either FY26 or FY27. While the divestments will have some impact on total revenue in FY27 and beyond, which we will share when all disposals are complete, there will clearly be no impact on UK service revenue.

And with that I will hand back to Allison to conclude.

Slide 16: Allison Kirkby title slide

Thank you, Simon.

Slide 17: Outlook: All metrics reaffirmed

As I said earlier, we are reconfirming the FY26 outlook which we gave in May, of revenue around £20bn, UK service revenue of £15.3 to 15.6bn, adjusted EBITDA between £8.2bn and £8.3bn, capex at £5bn, and normalised free cash flow of around £1.5bn.

And we expect, as last year, that revenues in the second half of this financial year will be slightly stronger than the first half.

Our outlook beyond FY26 remains unchanged for all metrics and in all years and we are confidently progressing towards our BBB+ credit rating target.

Slide 18: Delivering on our strategy in a competitive market

So, to conclude

Our ambition to create the UK's most trusted connector of people, business and society is on track.

The pace in **Openreach** is exceptional.

We are winning customers in **Consumer** across all key segments.

Business is showing greater stability in the UK, as we reshape our International operations.

And we are diligently addressing our cost base, quarter on quarter, year on year.

There is still a huge amount to do, to accelerate our transformation, keep differentiating our brands and propositions, and to improve our delivery for all our customers.

But we have the team and the plan to succeed and to create a Better BT for all.

Thank you for listening. We will now move to Q&A which will be audio only. If you can try to keep it to one question each, that will leave time for everyone.

First question please.