

We connect for good

BT Group plc FY24

Who we are and what we sell to our customers

BT Group



Revenue
£20.8bn

EBITDA
£8.1bn

Normalised free cash flow
£1.3bn



Consumer



Business

openreach

Revenue

£9.8bn

£8.1bn

£6.1bn

EBITDA

£2.7bn

£1.6bn

£3.8bn

Normalised FCF

£1.0bn

£0.4bn

£0.6bn

Customers

UK consumers

UK SMB¹, Corporates, Public Sector,
Comms. Providers, MNCs²

Communication Providers

Products

Mobile, voice lines,
broadband, TV, TNT Sport

Broadband, networking, voice,
mobile, IT services, Ethernet
Secure multi-cloud access, security
and vertical solutions

Fibre and copper broadband, voice,
Ethernet

Revenue and EBITDA adjusted for specific items.

¹ Small medium business, ² Multinational customers

Continued strong delivery against our strategy

Solid operational and financial performance

Delivered ahead of guidance

Growth in revenue and EBITDA

Improving customer experience

BT Group NPS up 1.0pts YoY to

24.0

Reduced capex to £4.9bn, driving increased normalised free cash flow to

£1.3bn



Achieved gross annualised cost savings 12 months early of

£3bn

Peak capex passed, normalised free cash flow to increase from here



Increased full-year dividend to

8.0 pps¹



Our existing strategy is driving long term value

Our ambition

To be the world's most trusted connector of people, devices and machines

Our strategy

Build the strongest foundations

Create standout customer experiences

Lead the way to a bright, sustainable future

Strategic priorities

Deliver Openreach growth and strong returns on FTTP

Drive Consumer growth through converged solutions

Capitalise on Business's unrivalled assets to restore growth

Digitise, automate and reskill to transform the cost base and improve productivity

Optimise the business portfolio and capital allocation

Our strategy remains, with sharpened focus to accelerate

Our ambition

To be the UK's most trusted connector of people, devices and machines

Strategic priorities

Deliver Openreach growth and strong returns on FTTP

Drive Consumer growth through converged solutions

Capitalise on Business's unrivalled assets to restore growth

Digitise, automate and reskill to transform the cost base and improve productivity

Optimise the business portfolio and capital allocation

⇩
Sharper focus
⇩

Focus going forward

Peak capex passed

Converged customer experience

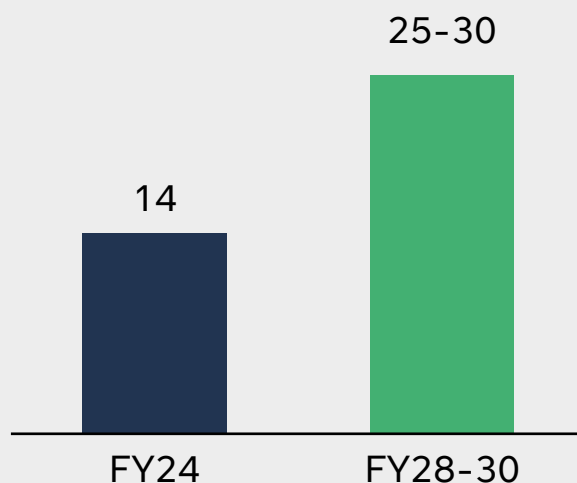
UK focus

Further £3bn cost savings

Mid-term NCF guidance

Deliver Openreach growth and strong returns on FTTP

Building FTTP at pace (m)

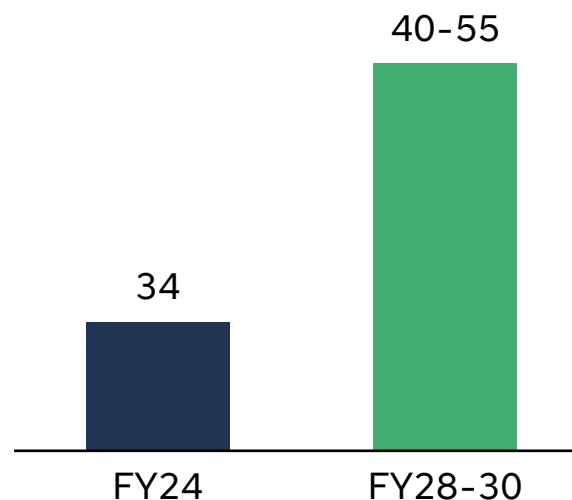


Build FTTP at pace, nationwide

Sustain best-in-class build costs

Continue to deliver superior network quality

Accelerating FTTP take up (%)



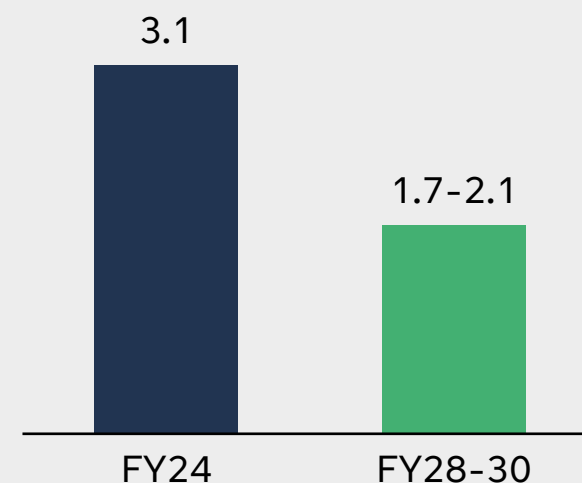
Migrate customers to FTTP at pace

Leverage full integration with CPs

Achieve best-in-class provision costs and customer experience

Drive ARPU growth through indexation and mix

Reducing repair volumes (m)



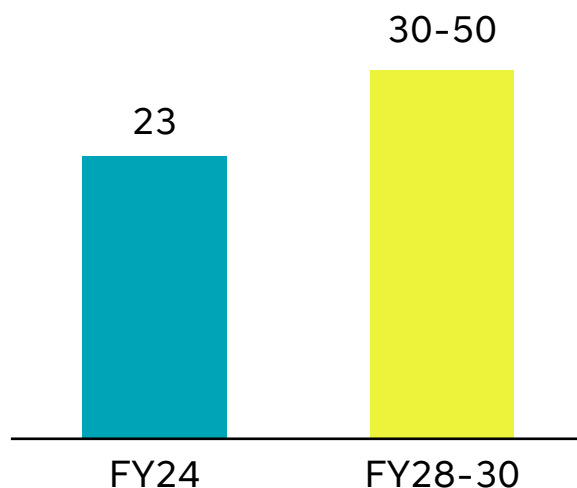
Provide excellent service levels

Drive best-in-class repairs

Reduce operating costs

Drive Consumer growth through converged propositions and services

Growing converged households (%)

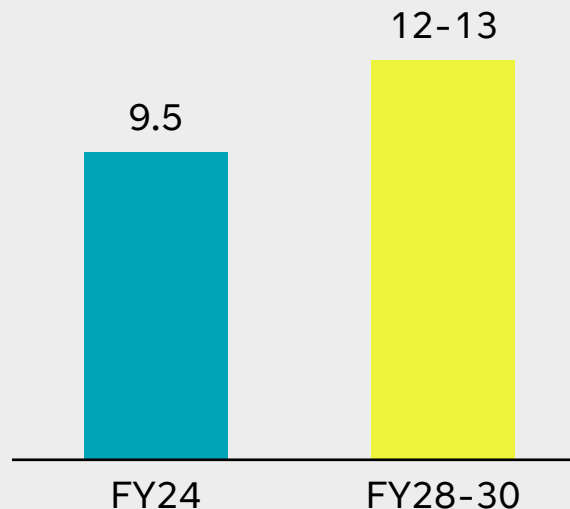


Drive convergence of fixed, mobile and services across base

Leverage brand portfolio, omnichannel, digitalisation and marketplace

Drive customer loyalty and reduce churn

Largest 5G base¹ (m)

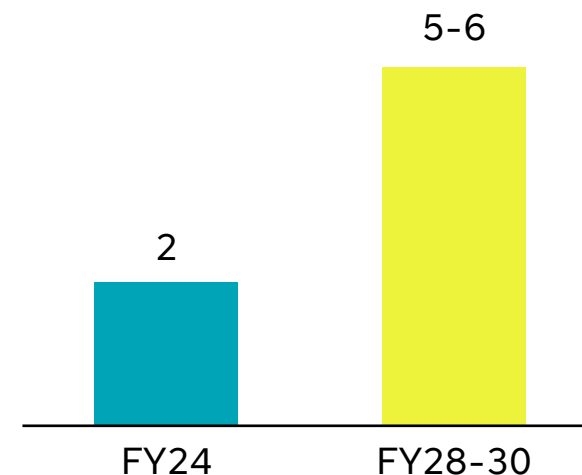


Migrate customers at pace

Drive ARPU growth through upgrades and pricing

Leverage convergence, our differentiated network and brilliant customer experience

Market-leading FTTP base (m)



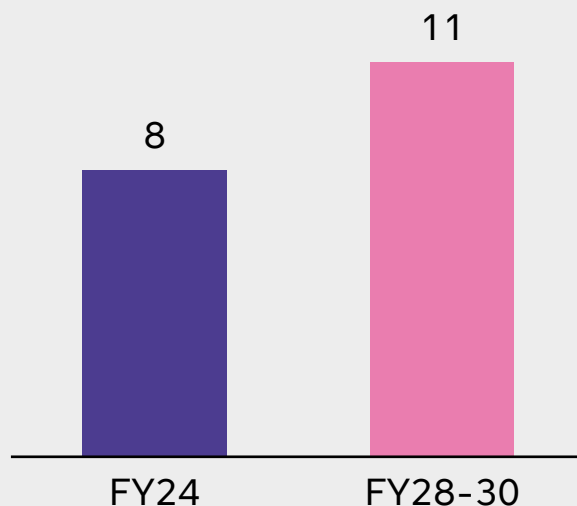
Migrate customers at pace

Drive ARPU growth through upgrades and pricing

Leverage convergence, our differentiated network and brilliant customer experience

Capitalise on Business's unrivalled assets to restore growth

Growing UK RGUs¹ (m)



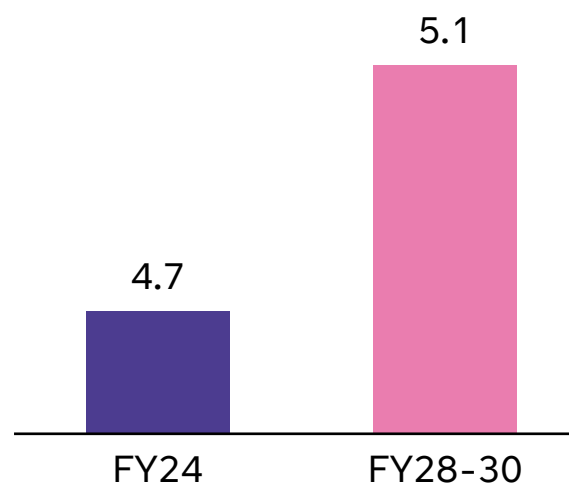
Standardise and scale product portfolio

Drive ARPU growth through convergence, upgrades and pricing

Enhance CX³ through digitalisation

Reduce churn to grow our customer base

Improving Managed services revenue (£bn)

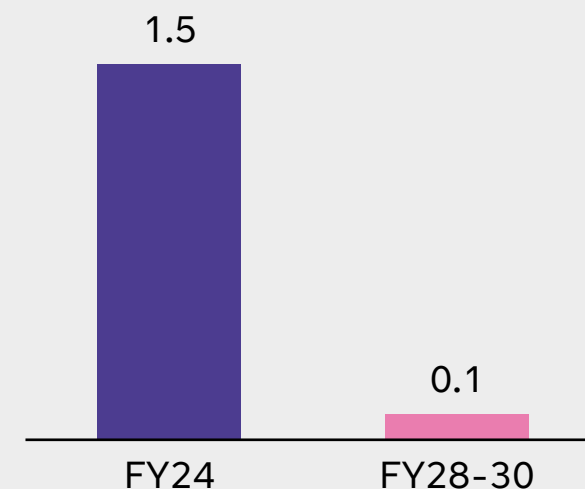


Leverage our differentiated secure cloud connectivity capability

Drive digital workplace, security and ESG initiatives to deliver for our customers

Maintain and grow our strong customer relationships

Migrating units off legacy networks² (k)



Migrate customers to next generation products and services

Transform our cost base through modernisation and closure of legacy networks/IT

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

Gross annualised cost savings (£bn)

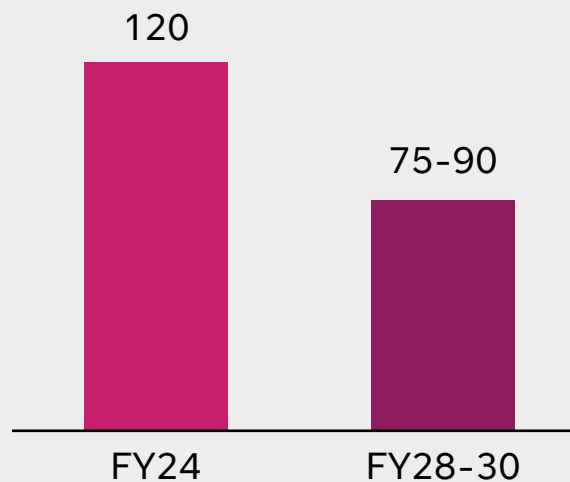


Complete the FTTP build and drive lower fault rates in Openreach

Leverage brand digitalisation in Consumer

Transform product, process and technology in Business

Reducing total headcount (k)

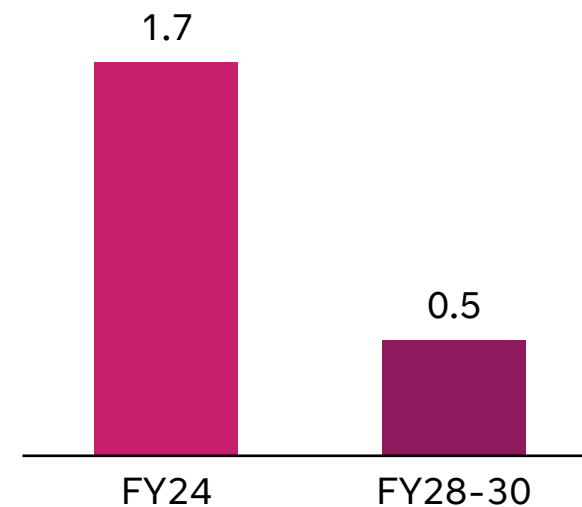


Implement new technology to digitalise customer journeys

Transform product, process and technology in Business

Reskill colleagues and streamline organisation

Closing business applications (m)

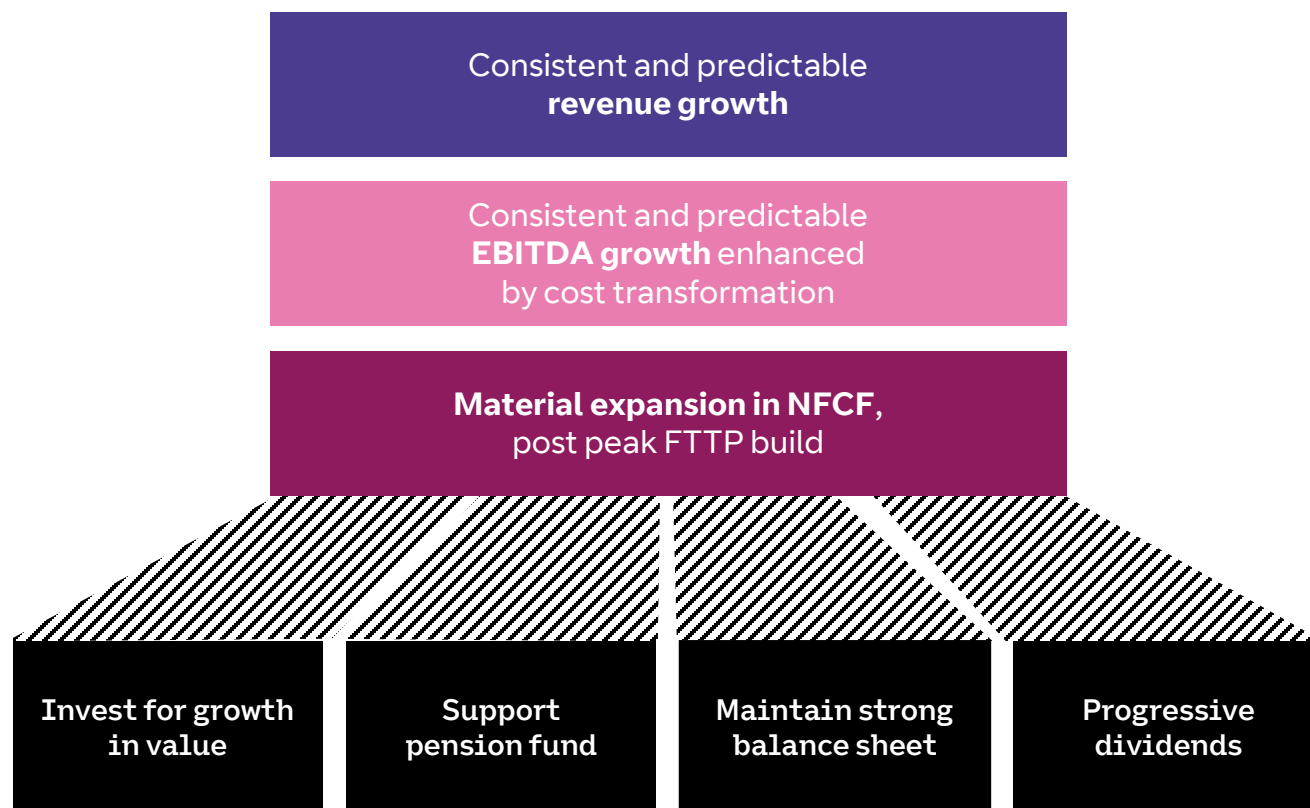


Migrate to new products and platforms

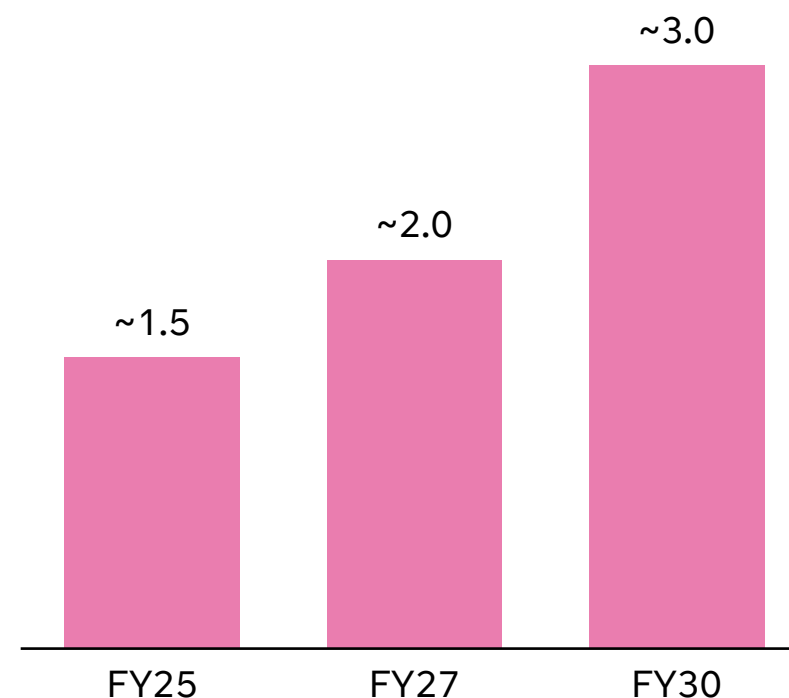
Close legacy IT and networks

Optimise the business portfolio and capital allocation

Disciplined approach to capital allocation



NFCF growth from FY25 (£bn)



Successful execution drives enhanced cash flow and returns

Outlook | Driving consistent and predictable growth in value

	FY25	End of decade
Adjusted revenue ¹	0 – 1.0%	Consistent and predictable growth
Adjusted EBITDA ¹	~£8.2bn	Consistent and predictable growth ahead of revenue enhanced by cost transformation
Reported capex ²	<£4.8bn	<£4.8bn to FY26 reduces by ~£1bn post peak FTTP build
Normalised free cash flow ³	~£1.5bn	~£2.0bn in FY27 ~£3.0bn by end of decade
Dividend	8.0pps	Progressive

1. Before specific items; 2. Excluding spectrum payments; 3. 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.

Annex

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.

BT Group Manifesto: Our ESG strategy in action

Our Manifesto is overseen by the Responsible Business Committee (a Board sub-committee)

Highlights for FY24

- We're making good progress on the BT Group Manifesto - our commitment to **accelerating growth through technology that's responsible, inclusive and sustainable**
- **We've cut our carbon emissions intensity by 61%, against our target to deliver an 87% cut by March 2031 (compared to 2017 levels).¹**
- **We've now helped 23 million people improve their digital skills since FY15 – reaching 3.7 million people in the last year. We're on track to reach 25 million by March 2026.**

Responsible

New tech must earn people's trust and transform lives for the better

- We published our approach to **children's digital rights**. The **2023 Global Child Forum Benchmark Report** rated BT Group as one of Europe's top performing companies and as a **global leader in the telecoms sector**
- We launched a **'worker's voice' pilot** in five supplier factories, to understand the experience of people working in our supply chain
- We continued to conduct **due diligence** on our direct tier 1 manufacturing supply chain
- We published an **AI standard** for colleagues to ensure our use, development, purchase and sale of AI is consistent with our responsible tech principles
- We enhanced our **sales due diligence** in Business, helping us assess any **potential human rights risks** through the life of a customer's contract.

Inclusive

The future of tech must be inclusive and diverse for everyone to benefit

- We're making progress in **ethnic minority** representation, but have more to do to build a **truly equitable and inclusive culture** across BT Group
- Our **EE Hope United** campaign helped **3.5 million people** with digital skills to help tackle online hate
- In partnership with **AbilityNet**, we've helped around **3,000** digitally-excluded over-65s build their confidence and develop digital skills
- We helped over **200,000 small business** owners and their employees with free digital skills support this year, reaching over one million in total since FY15
- We continue to support around **one million** low income and vulnerable customers with discounted broadband and calls
- With **Home-Start UK**, we supported socially excluded households with gift in-kind contributions, fund-raising and donations totalling £134,000 this year.

Sustainable

Tech must accelerate the journey to net zero emissions and a circular world

- **We cut our carbon emissions intensity by 61%¹** - adding more than 1,700 electric vehicles (EVs) this year (over 4,100 in our commercial fleet in total). We also launched a pilot to provide **EV charging points** through **our street cabinets**
- We've **reduced our supply chain emissions by 25%** since FY17 against a 42% reduction target by 2031
- We launched a campaign asking our suppliers to **set science-based targets**, and to report on progress annually
- To support our goal to enable a circular economy², we've collected nearly **2.6m electronics devices** through our various trade-in and take-back schemes
- This year, we helped our **customers avoid more than 1.5m tonnes of carbon emissions** (3.8m tonnes since 2021) through technologies including full fibre broadband, mobile solutions and cloud computing
- We remained on **CDP's A list** for our climate disclosures, and achieved an 'Advanced' score with EcoVadis.

¹ Scope 1 and 2 greenhouse gases per unit of gross value added.

² We want to become a circular business by March 2030 and build towards a circular tech ecosystem by March 2040.

Openreach | Strong performance driven by CPI linked pricing and growth in sales of FTTP¹ and Ethernet

FTTP footprint now **14.0m** premises

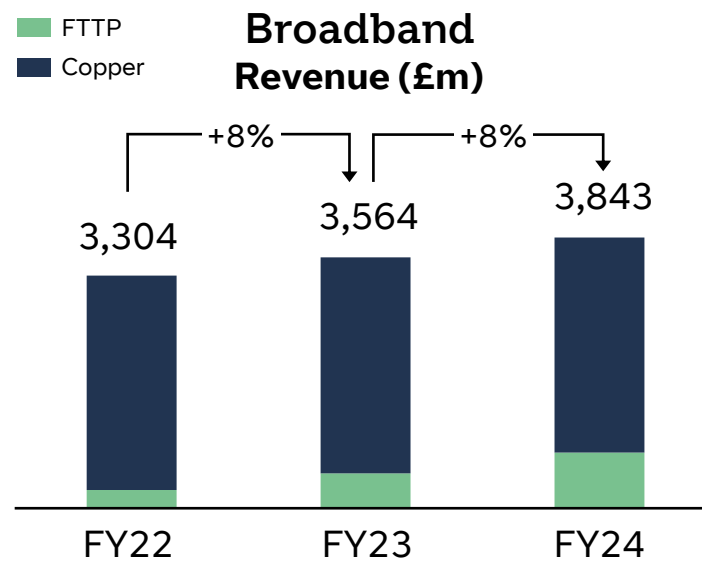
Achieved **4m** annualised build rate in Q4

Market-leading FTTP take up of **34%**

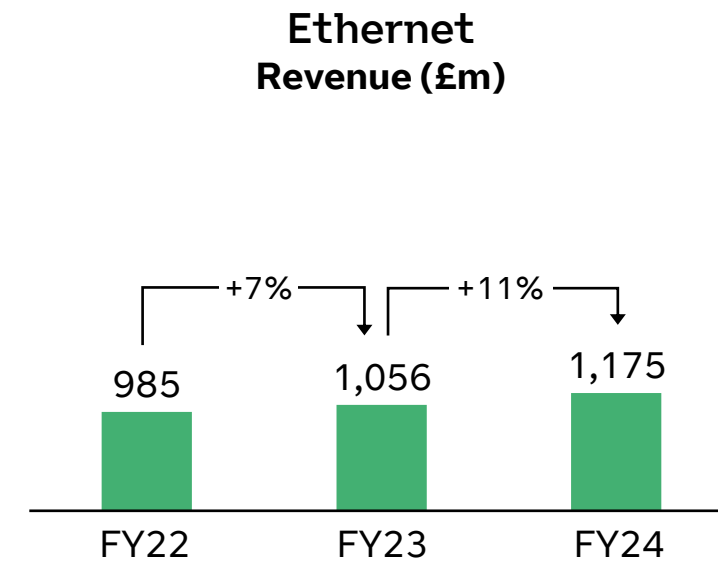
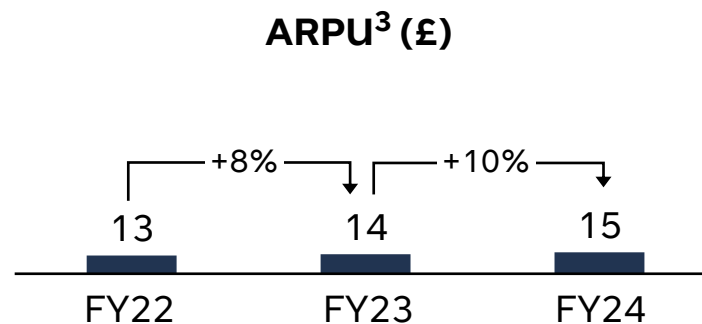
“Excellent” Trustpilot rating

Preferred bidder for Project Gigabit (Type C)²

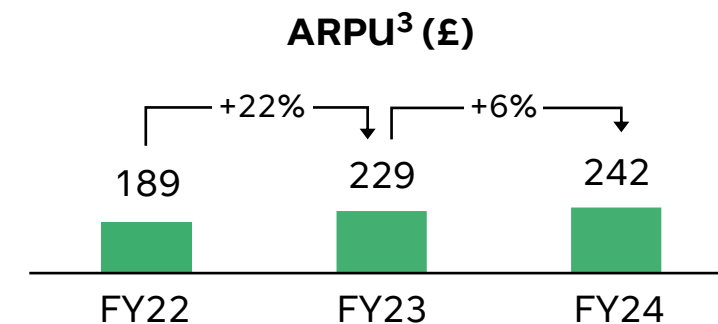
1. Fibre to the premises; 2. Subject to contract signing; 3. Excluding connections



Base (k)		
21,667	21,457	20,966



Base (k)		
374	394	410



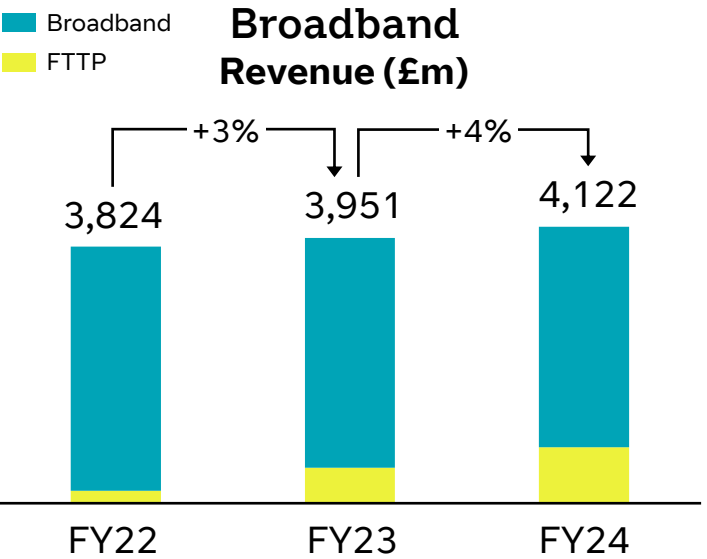
Consumer | Growth delivered through CPI linked pricing, increased roaming and FTTP connections

Launched new EE digital platform and new pricing mechanic

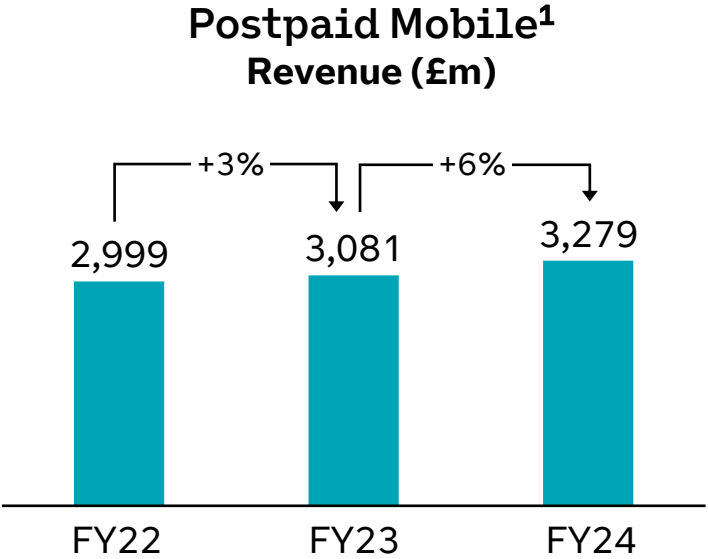
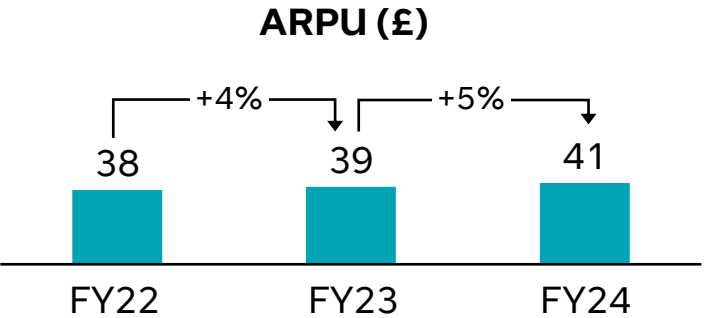
Increased FTTP connections up **39%**

5G connections up **22%**

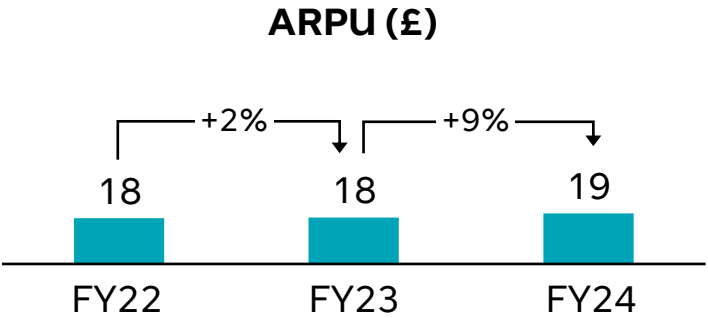
Ofcom complaints equal to or lower than industry average²



Base (k)		
8,445	8,373	8,283



Base (k)		
14,428	14,307	13,859



1. Postpaid includes Plusnet mobile, discontinued in FY24. FY23 base of ~400k 2. For mobile, broadband and landline

Business | Legacy declines and higher input costs partially offset by growth in SMB¹ and security

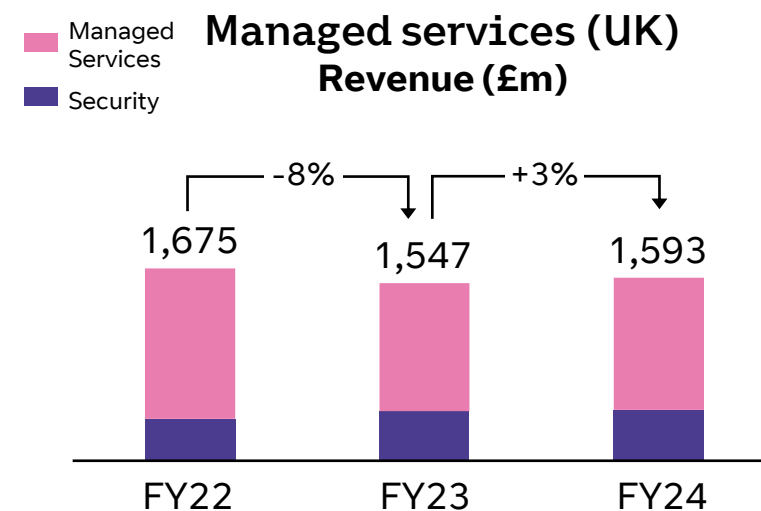
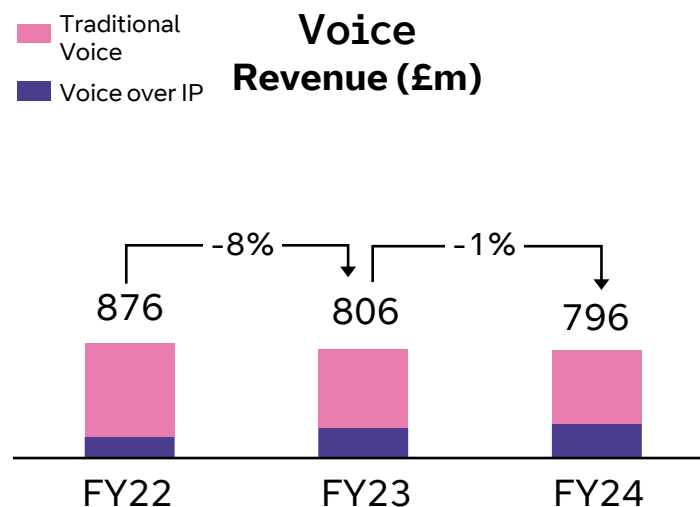
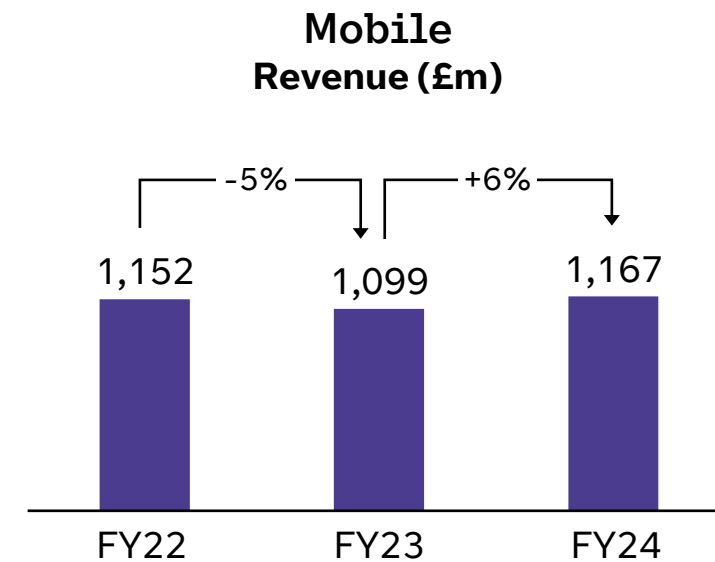
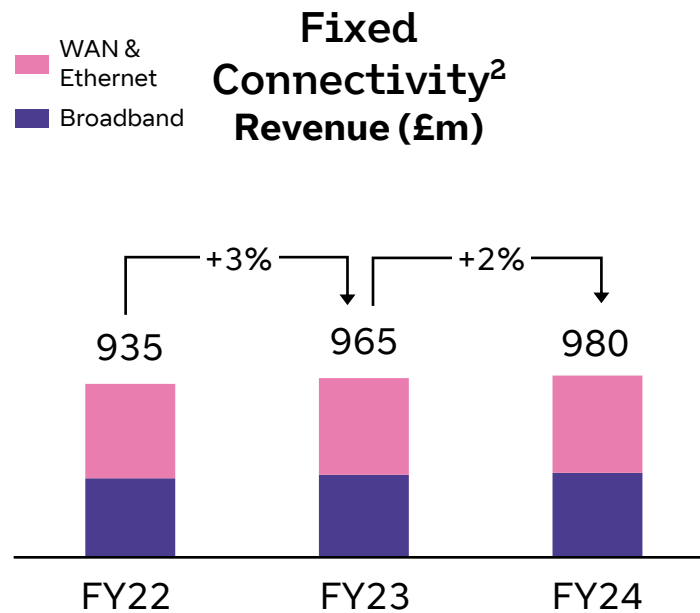
Improving rate of decline and showing signs of operational improvement

FTTP base up **58%** and 5G base up **80%**

Security growth up **11% YoY**

Strong NPS of **29.6**

1. Small and Medium Businesses; 2. Broadband and WAN & Ethernet revenue



Strategic enablers driving future growth

Networks

	Actuals		Future BT Group
	FY23	FY24	FY28-FY30
Openreach FTTP premises passed	10.3m	13.8m	25m-30m
Openreach FTTP take up	30%	34%	40-55%
5G UK population coverage	68.1%	75%	>98%

Customer

Retail FTTP take up ¹	1.8m	2.6m	6.5m-8.5m
5G connections ¹	8.6m	11.1m	13.0m-14.5m
Convergence households	23%	23%	30-50%
Group NPS	+22.1	+24.0	+30.0-35.0

Efficiency

Units on legacy networks	10.5m	6.5m	<500k
Total headcount	130k	120k	75k-90k

Strategic metrics – definitions

Networks

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

Customer

Efficiency

FY24 Additional IR Data

Strong cash position and credit rating targets confirmed

Net financial debt (excluding leases) was £14.5bn at 31 March 2024.

Cash and current investments of £2.8bn at 31 March 2024.

Undrawn revolving credit facility of £2.1bn matures in March 2027.

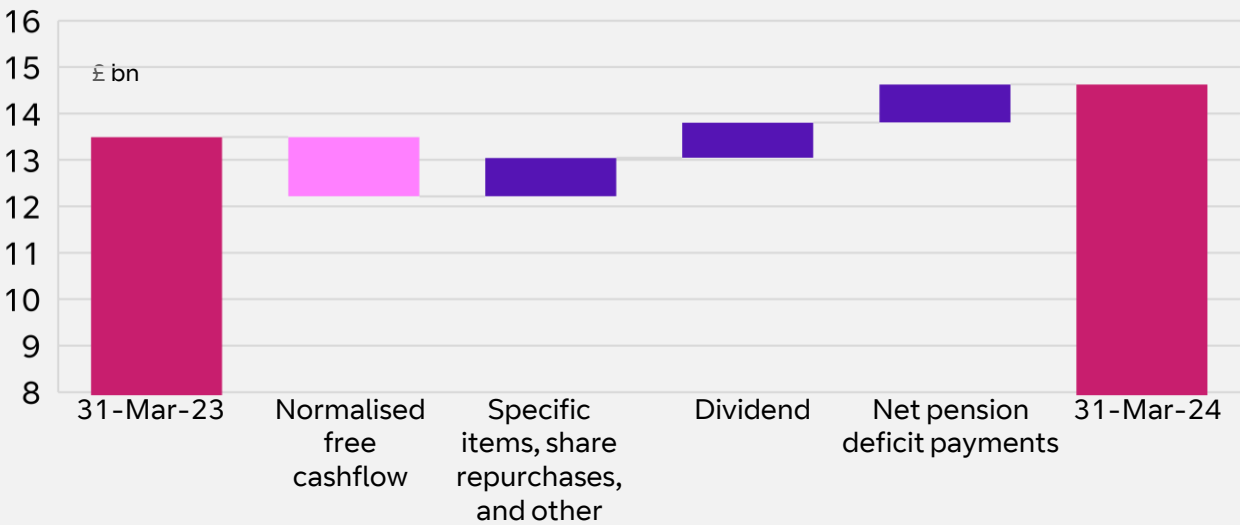
Smooth, long-dated term debt maturity profile. Weighted average debt maturity of >7yrs.

Minimum 70% of debt maintained at fixed rate. Weighted average cost of debt 4.9%.

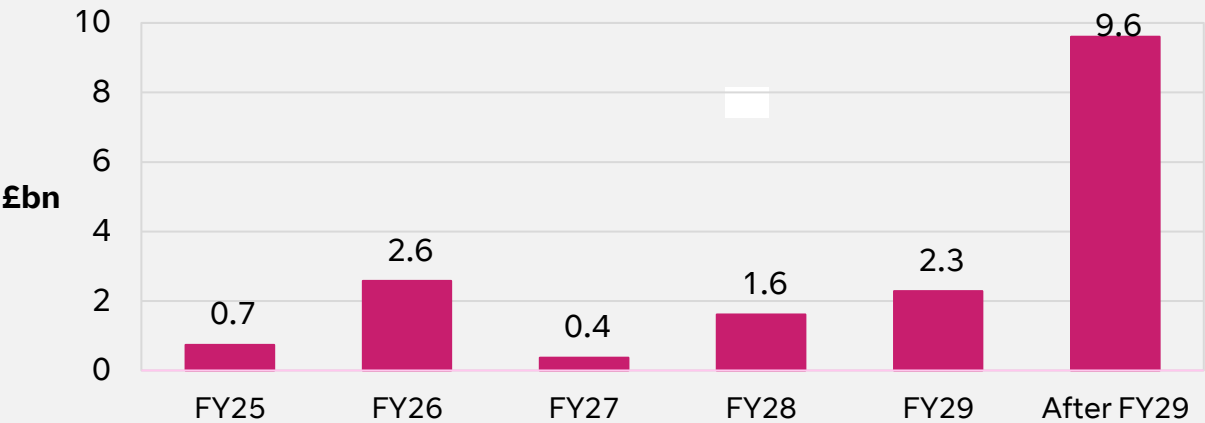
Board committed to medium-term credit rating target of BBB+, with a minimum rating of BBB.

- Moody’s: Baa2, stable outlook
- S&P: BBB, stable outlook
- Fitch: BBB, stable outlook

Movements in net financial debt as at 31 March 2024

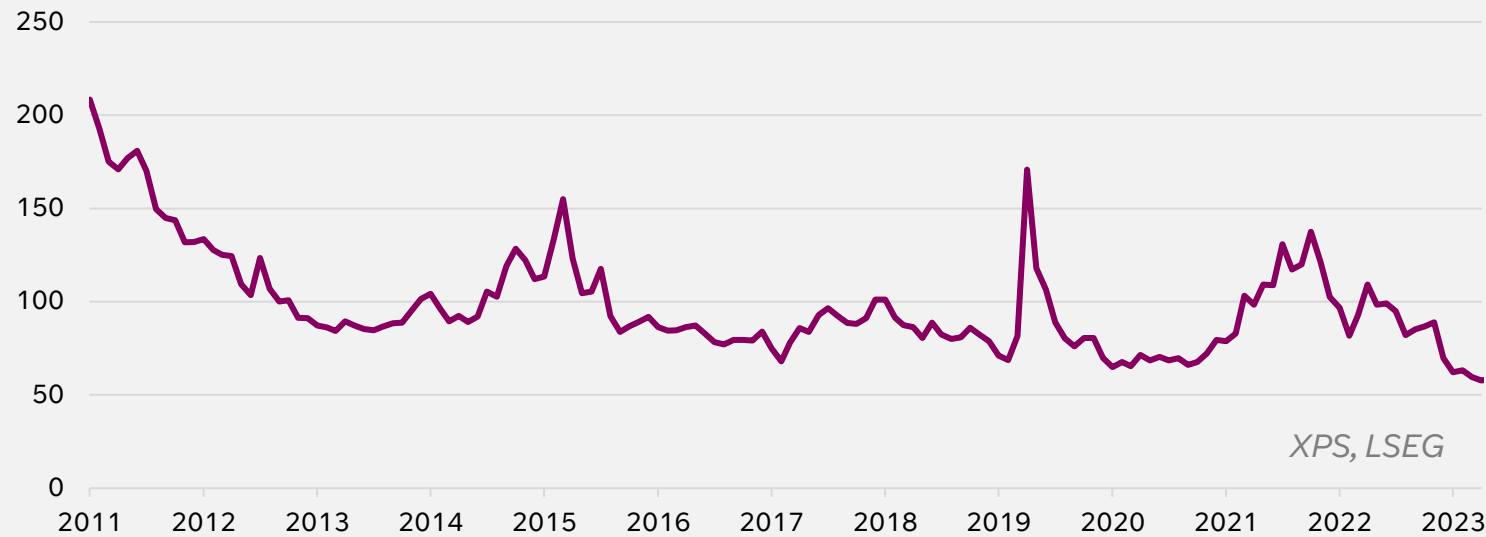


Term debt maturity profile as at 31 March 2024

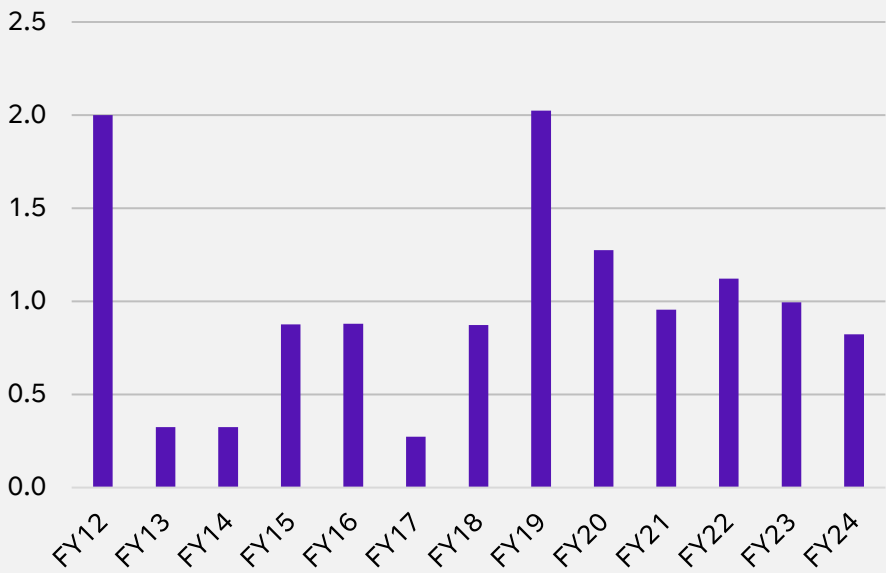


Pensions

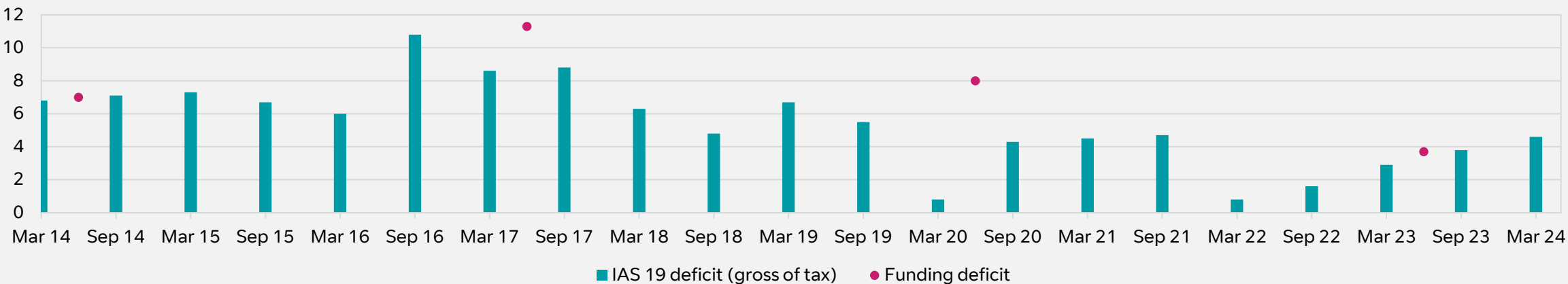
AA corporate bond index spread



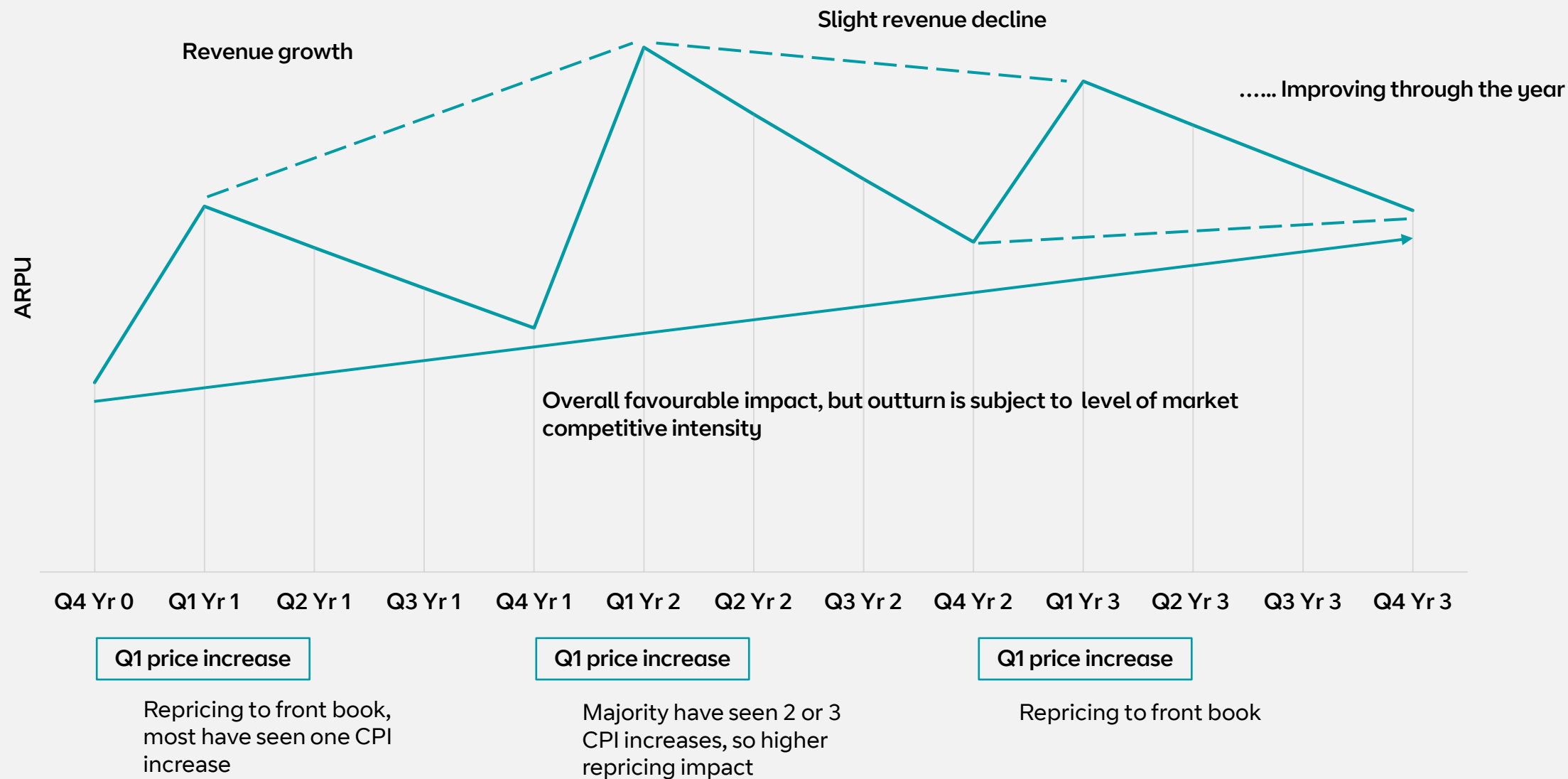
BT Group - pension deficit contributions



BT Pension Scheme IAS 19 and funding deficits



Consumer pricing: illustrative example of in-contract price rises



Disclaimer

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Website: www.bt.com/about/investors

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 and 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