

BT Group



BT Group plc

Investor meeting slide pack

February and March 2023



Who we are and what we sell to our customers



	B2C	UK B2B	Global B2B	Fixed Access Network
Divisions	Consumer	Enterprise¹	Global¹	Openreach
Revenue	£9.3bn	£5.2bn	£3.4bn	£5.4bn
EBITDA	£2.5bn	£1.6bn	£0.5bn	£3.2bn
Normalised FCF	£0.8bn	£0.8bn	£0.1bn	£0.4bn
Customers	UK consumers	UK SoHos ² and SMEs ³ Corporates, Public Sector, Communications Providers	Multi-National Customers	Communication Providers
Products	Mobile, voice lines, broadband, TV, BT Sport	Broadband, networking, voice, mobile, IT services, Ethernet	Secure multi-cloud access, security and vertical solutions	Fibre and copper broadband, voice, Ethernet

All FY22 pro forma financials for BT Sport JV; both Revenue and EBITDA adjusted for specific items.

¹Enterprise and Global are being integrated to form BT Business. BT Business will commence reporting as a single unit from 1 April 2023

²Small office, Home office; ³Small-medium enterprises

Q3 FY23 Highlights

Solid business performance despite current market conditions

Record quarterly FTTP¹ build. Now reaching 9.6m premises with take up increased to 29%

A number of major CPs intending to sign up to Equinox 2 post Ofcom review

Consumer price rise of 14.4% (CPI +3.9%) to offset inflation and support investment. Record FTTP¹ take up; 5G coverage now 60% of UK population

Integrating Enterprise and Global divisions to form BT Business

Cost of living payment agreed with union partners, benefitting 85% of our UK colleagues

Reaffirming all outlook metrics for this year and beyond

¹Fibre-to-the-premises; ²Before specific items

FY23 outlook

Adjusted revenue²

Growth on a proforma basis

Adjusted EBITDA²

At least £7.9bn

Capex excluding spectrum

c.£5.0bn

Normalised free cash flow

Lower end of
£1.3bn - £1.5bn
range

Dividend policy

Progressive

Five clear priorities to drive sustainable growth



Drive Consumer Growth through converged propositions and services



Capitalise on Enterprise and Global's unrivalled assets to restore growth



Deliver Openreach growth and strong returns on FTTP



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



Optimise our business portfolio and capital allocation

Drive Consumer growth through converged propositions and services

B2C¹ unique strengths

UK's best mobile network²

#1 market share across mobile and broadband combined³

Market leading brands

Nationwide multi-channel sales and service network

How we will achieve growth



Driving FTTP and 5G penetration



Driving convergence take up



Delivering best in class omnichannel customer experience



Pricing fairly and transparently

KPIs & Success Metrics

1.6m FTTP customer take-up
8.5m 5G ready customers

Fixed and Mobile Convergence
21.6%
Revenue generating units per address
2.36

Consumer NPS **14.2**⁴
BT broadband complaints **10 per 100k**⁵
EE mobile complaints **1 per 100k**⁵
Consumer monthly churn, Broadband at **1.1%** and Postpaid Mobile at **1.0%**

Majority of customer base on inflation linked pricing
Broadband ARPC⁶ **£37.4 per month**
Postpaid Mobile ARPC **£17.8 per month**



¹Business to Customer; ²According to RootMetrics, for a 19th time running; ³BT internal estimates; ⁴Three month rolling average;

⁵Ofcom Telecoms and pay-TV complaints: July–September 2022; ⁶Average Revenue Per Customer

Capitalise on Enterprise and Global's unrivalled assets to restore growth

B2B¹ unique strengths

Depth and reach of network infrastructure

Broad portfolio of next generation products

Strong brands and unrivalled distribution reach

Wholesaler of choice

How we will achieve growth



Expanding customer base and improving inflows



Re-focusing to next generation growth portfolio



Investing in high-growth adjacencies



Simplifying and digitising to lower costs and improve customer experience

KPIs & Success Metrics²

4,002k Mobile customers

719k Broadband customers

52 new logos for CPS³ & Global

1,160k IP voice seats

£293m Global growth revenue

£281m Global growth order intake

11 5G Mobile Private Networks

£182m Security revenue

£32m Health revenue

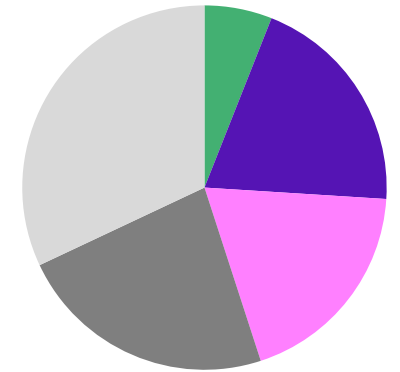
23 legacy systems closed

6 product variants closed

Enterprise NPS **18.7**

Global NPS **40.1**

B2B EBITDA⁴



- Security
- SME/SoHo
- Public Sector
- Wholesale
- UK corporate & MNC⁵

¹Business to Business; ²All metrics for Q3 FY23; ³Corporate and Public Sector; ⁴FY22 EBITDA; ⁵Multi National Corporation

Deliver Openreach growth and strong returns on FTTP

Openreach unique strengths

Nationwide fixed access wholesaler with the largest FTTP footprint

Strong, established relationships with CPs

Large, highly skilled direct workforce

Fastest, lowest cost and highest quality builder of FTTP in UK

How we will achieve growth



Building FTTP at pace



Migrating customers rapidly



Delivering great service



Pricing fairly and transparently

KPIs & Success Metrics

9.6m premises passed with FTTP

Premises passed annualised run rate **3.2m** in Q3

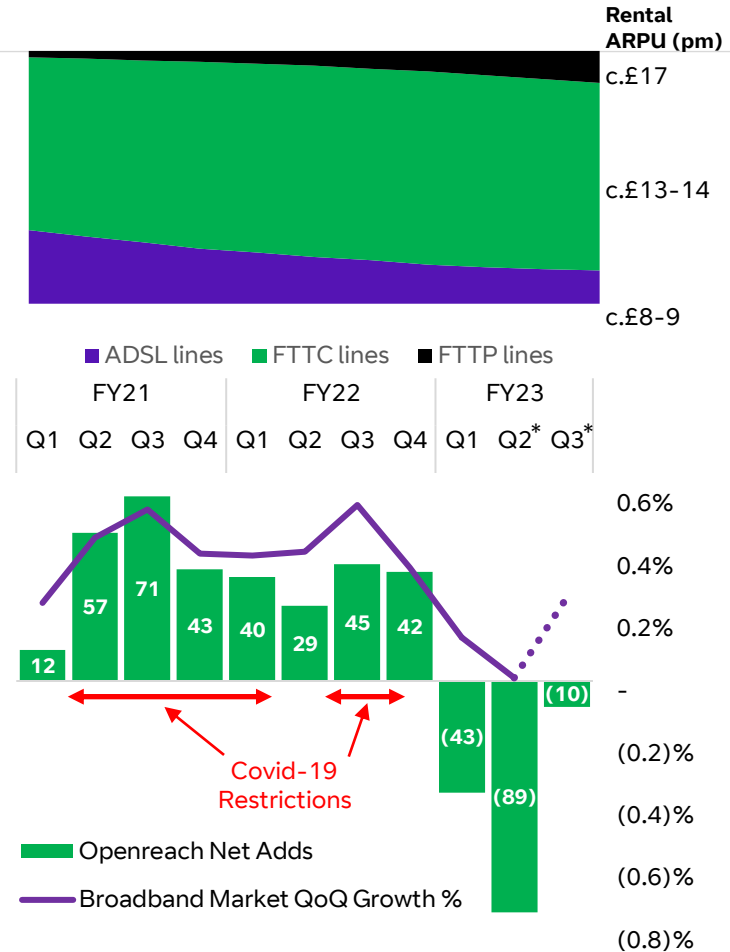
Cost per FTTP premises passed **£250 - £350**

2.7m Total FTTP connections

FTTP platform take-up **29%**

19/30 Copper Quality of Service standards¹ in H1

FTTP Rental ARPU **£17.1**



¹Impacted by industrial action in H1

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

What we are doing

Integrating Enterprise and Global divisions to form BT Business

Simplifying our product portfolio

Dramatically transforming our customer journeys

Shutting down legacy IT and moving to strategic digital tech

Migrating our customers onto our strategic products and networks

How we are doing it

Modernising BT and righting our cost model

Transforming our ways of working

Doubling our digital channel share

Delivering growth through Platform Thinking

Incubating new ideas in new sectors

How we are progressing¹

£1.7bn

gross annualised savings delivered

69%

zero touch journeys

c.15k

gross headcount reduction

11%

reduction in legacy apps

Gross annualised cost savings target of £3.0bn by end FY25

¹All metrics as at H1 FY23

Optimise our capital allocation

Capital allocation framework

Invest for growth

FY23 capex of c.£5.0bn; capex for remainder of peak FTTP build retained at c.£4.8bn

Support pension funds

June 2022 funding deficit £4.4bn; stable through gilt market volatility

IAS 19 deficit £1.7bn at H1 FY23

Maintain strong balance sheet

BBB+ through cycle ratings target

Long-dated debt maturity profile

Reward investors through progressive dividend policy

7.7pps reinstated dividend in FY22

2.31pps interim dividend for FY23

Optimise our business portfolio

Partnering and investing to optimise our portfolio and deliver our growth ambitions



Sports JV with Warner Bros. Discovery to reduce risk and enhance customer offering



EE Smart Home Security and EE Cyber Security powered by Verisure and Norton



Google enabled Sweeper app contributing new homes to fibre build



Partnership with Tata Consultancy Services to transform our approach to legacy IT estate

Delivering to plan; reaffirming long-term ambition

Strengthening our competitive position by:

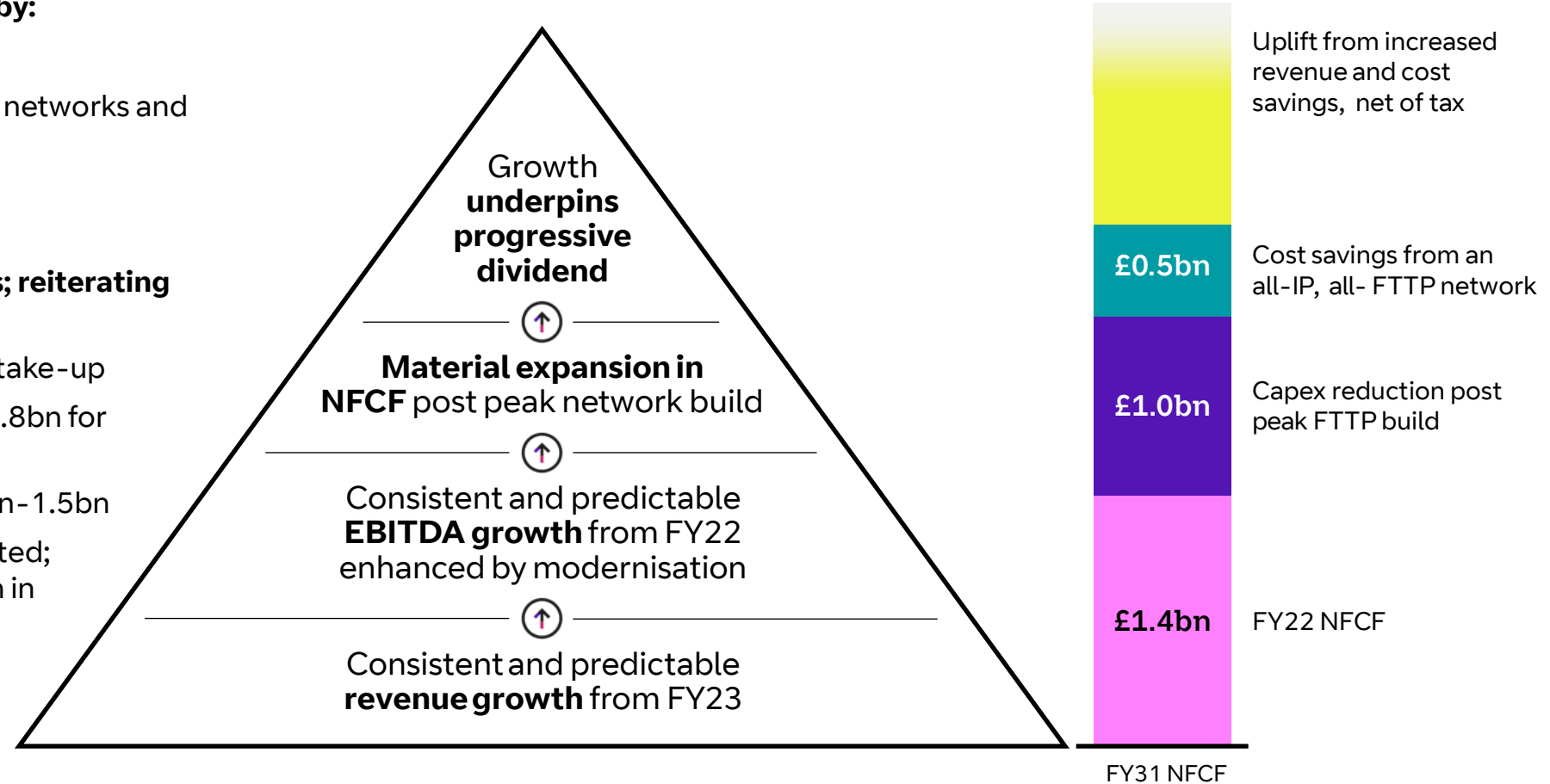
- Accelerating our growth strategy
- Investing heavily in our next generation networks and digitalisation
- Increased focus on our cost base

FTTP connections ahead of expectations; reiterating FY23 outlook

- Sharpening FTTP pricing to accelerate take-up
- FY23 capex now c.£5.0bn; remains c.£4.8bn for remainder of peak build
- FY23 NCF towards lower end of £1.3bn-1.5bn
- FY23 revenue / EBITDA outlook reiterated; Consistent revenue and EBITDA growth in subsequent years

Progressive dividend policy

- Interim dividend of 2.31pps



Appendix



Summary of Q3 FY23 customer facing units

	Adjusted Revenue ¹			Adjusted EBITDA ¹		
	Q3 FY23 £m	Q3 FY22 £m	% Change YoY	Q3 FY23 £m	Q3 FY22 £m	% Change YoY
Consumer	2,439	2,435	-	669	663	1
Enterprise	1,253	1,295	(3)	350	400	(13)
Global	857	871	(2)	114	114	-
Openreach	1,419	1,360	4	859	807	6
Other	10	6	66	15	11	36
Intra-group	(766)	(749)	2	-	-	-
Total	5,212	5,219	-	2,007	1,995	1

¹Before specific items, FY22 pro forma figures

BT Group Manifesto: Our ESG strategy in action

Highlights for Q3

- We're making good progress on the BT Group Manifesto - our commitment to **accelerating growth through tech that's responsible, inclusive and sustainable**
- BT Group hosted its **Manifesto ESG business briefing** on 30 November. The event was led by the BT Group CEO, supported by the Chair of the DISC, Corporate Affairs, HR and CFU representatives. The materials and replay of the event can be found on the [BT Group Investor Relations site](#).

Responsible

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

- As part of the BT Group Manifesto hero initiative 'BT Accelerate Digital', **over 1,000 learners** started on the latest cohort of the FastFutures programmes on 31 October, helping drive a diverse pipeline of digital talent for BT Group and the UK.
- Digital launched the **AI Accelerator**: a new internal Machine Learning Operations platform which accelerates time to value for new AI use cases, with built-in triggers to ensure the **safe** and **responsible use** of AI across the business.
- In Q3, the Responsible Tech Steering Group focused on embedding **responsible design** into our **new products** and **innovation** – to build trust, drive growth and differentiate.

Inclusive

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

- BT Group won the **Connected Britain award** for our **digital skills work** over the past year helping **millions of people** learn new digital skills across four audiences: children & parents, older & digitally excluded people, job seekers and small businesses.
- Enterprise took part in the **Small Business Saturday Tour**, a campaign to spotlight Britain's small businesses. 23 places were visited around the UK, with thousands of businesses reached with daily advice and support.
- We continue to support vulnerable customers with discounted broadband through **BT Home Essentials** and with discounted mobile through the recently launched **EE Basics** social mobile tariff.

Sustainable

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

- BT Group was awarded an **A rating** on climate performance and disclosure for the seventh year running by CDP, and was ranked 25th (up from 84th last year) in the Corporate Knights **Global 100** list of the world's most sustainable companies.
- Enterprise signed the **UK Government Digital Sustainability Alliance Partnership Charter**, agreeing to continue working with DEFRA **to drive positive environmental actions through technology**.
- New digital tools launched in Global to help multinational customers reduce energy and carbon use across multi-cloud networks – contributing to our Manifesto target **to help customers avoid 60 million tonnes of CO2e by 2030**.

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.

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