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</tbody>
</table>
Overview and Strategy
### Who we are and what we sell to our customers

**BT Group**

<table>
<thead>
<tr>
<th>Divisions</th>
<th>Revenue</th>
<th>EBITDA</th>
<th>Normalised FCF</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B2C</strong></td>
<td>£10.4bn</td>
<td>£6.0bn</td>
<td>£1.4bn</td>
<td>Mobile, voice lines, broadband, TV, BT Sport</td>
</tr>
<tr>
<td><strong>UK B2B</strong></td>
<td>£6.0bn</td>
<td>£1.9bn</td>
<td>£1.4bn</td>
<td>Broadband, networking, voice, mobile, IT services, Ethernet</td>
</tr>
<tr>
<td><strong>Global B2B</strong></td>
<td>£4.4bn</td>
<td>£0.6bn</td>
<td>£0.3bn</td>
<td>Managed network, IT services, Security products</td>
</tr>
<tr>
<td><strong>Openreach</strong></td>
<td>£5.1bn</td>
<td>£2.9bn</td>
<td>£0.6bn</td>
<td>Fibre and copper broadband, voice, Ethernet</td>
</tr>
</tbody>
</table>

**Overview and Strategy**

- **Consumer**
  - UK consumers
  - Mobile, voice lines, broadband, TV, BT Sport

- **Enterprise**
  - UK SMEs, Corporates, Public Sector, Communications Providers
  - Broadband, networking, voice, mobile, IT services, Ethernet

- **Global**
  - Multi-National Customers
  - Managed network, IT services, Security products

- **Openreach**
  - Communications Providers
  - Fibre and copper broadband, voice, Ethernet

---

All FY 2019/20 financials; both Revenue and EBITDA adjusted for specific items.

1 Small-medium enterprises
Our three-pillar strategy is how we’ll realise our ambition, growing value for all stakeholders

**Purpose**
Why we exist
We connect for good

**2030 Ambition**
Who we must become
To be the world’s most trusted connector of people, devices and machines

**Values**
What will guide us
Personal, Simple, Brilliant

**Strategy**
How we’ll grow value for all our stakeholders

1. Looking in
   - Build the strongest foundations
2. Looking out
   - Create standout customer experiences
3. Looking to the future
   - Lead the way to a bright, sustainable future
BT – strong market position, uniquely positioned

**Overview and Strategy**

**BT is a clear market leader**
- 28m B2C relationships
- 1m+ B2B relationships
- 800 MNC relationships

**BT has a portfolio of strong brands**

Positioned across fixed, mobile and strategic partnerships

| Fixed infrastructure | • Superfast speeds: c.90% coverage  
|                      | • Ultrafast speeds: 6.3m premises passed  
| Mobile infrastructure | • Award-winning 4G and 5G network  
|                      | • 5G now in 112 towns and cities  
| Strategic partnerships | • Content, technology, device and service vendors  

Multi-channel sales and service

- 100% UK & Ireland contact centres
- Over 500 BT/EE dual-branded stores
- Launched a team of Home Tech Experts to help install the latest BT technology
- Apps: MyBT (5.2m subs.) MyEE (12.7m subs.) Plusnet Mobile Business mobile

1 Multi-national customers
H1 2020/21 highlights

- Confidence in operational performance:
  - Q2 and H1 2020/21 results in-line with expectations
  - continued successful execution against strategy despite pandemic
- Improved FY 2020/21 outlook and providing medium-term EBITDA outlook:
  - FY 2020/21 EBITDA outlook: £7.3bn - £7.5bn, from £7.2bn - £7.5bn
  - FY 2022/23 EBITDA outlook: at least £7.9bn
  - FY 2022/23 EBITDA underpins planned reinstated dividend of 7.7 pence per share and value-creating investment plans
Dividend – creating capacity for value creative investments

• Suspended the final dividend for 2019/20 and all dividends for 2020/21
  – To be reinstated at 7.7pps in 2021/22 with a progressive dividend policy beyond this
  – c.£2.5bn from suspended dividends over next 18 months and c.£750m pa beyond this

• Creates capacity for investment and enables the Group to deal confidently through the Covid-19 crisis

• Provides clarity on our dividend intentions

• Reinstated level more sustainable allowing for future growth

• Commitment to BBB+ through cycle and minimum BBB credit rating ensures financial strength and flexibility, gives customers confidence and supports a stronger covenant for the pension
FTTP – future proof network technology

Building across UK, at high quality and competitive cost
- 3.5m premises passed: minimum 2m in 2020/21, 4.5m by March 2021
- Target to pass 20m by mid- to late-2020s
- Average build cost of £300-£400 per premises passed across 20m
- Average connection cost of c.£250-£300 per premises connected with scope to reduce cost further

Driving customers onto the FTTP network
- All major CPs on Openreach network selling FTTP
- Successfully launched FTTP-only offer
- Copper stop-sell live in 169 exchanges area from September 2021 latest

Enablers to support a fair return on investment
- WFTMR a significant step forward
- Constructive discussions with Ofcom and Government
- Critical that regulation implemented as expected

Estimated mid-case project returns 10%-12%

---

1 The gross build costs in schemes supported by public subsidy which we also expect to contribute to the 20m plan are significantly higher than this range; the build cost of FTTP deployed at new housing sites which also contributes to the 20m is also higher since the build and provision stages are typically collapsed into one phase and there is less existing passive infrastructure available to use
2 Communications Providers
3 Wholesale Fixed Telecoms Market Review
4 Pre-tax nominal internal rate of return
Solid progress on the modernisation of BT

• Examples of modernisation progress so far:
  – continued to simplify our organisational structure, standardise and automate our end to end processes, and further leverage shared services
  – retired eight legacy broadband products of 25 in total
  – doubled the percentage of Ethernet orders fast-tracked to use existing nearby fibre to c.40% of all orders
  – signed a number of deals with leading software vendors in order to supply our modular IT architecture
• Launched review of UK redundancy and paid leaver terms
• Challenging every element of our cost base and taken actions to reduce discretionary costs to mitigate impacts of Covid-19
• Net reduction in Group full time equivalent roles of 3,600 since year end
• Moving forwards with targeted disposals:
  – completed the sale of selected domestic operations and infrastructure in Latin America

<table>
<thead>
<tr>
<th>Modernisation of BT</th>
<th>Targets</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>March 2023</td>
<td>March 2025</td>
</tr>
<tr>
<td>Annualised gross savings</td>
<td>£1.0bn</td>
<td>£2.0bn</td>
</tr>
<tr>
<td>Cost to achieve</td>
<td>£0.9bn</td>
<td>£1.3bn</td>
</tr>
</tbody>
</table>
Embarking on the next phase of modernisation

New outcomes …

- Customer Experience
  - Industry leading
- Colleague Experience
  - Best place to work
- Productivity
  - Industry top quartile

… realised by end-to-end value streams …

- Consumer
- SME
- Corporate and public sector
- Wholesale
- Multi-national Customers

Customer journeys

- Learn
- Buy
- Get
- Use
- Pay
- Support

… focused on four missions

- Simplify product portfolio
- Transform end-to-end customer journeys
- Accelerate modernisation of digital and IT architecture
- Migrate customers from and decommission legacy networks
## H1 2020/21 results in line with expectations

<table>
<thead>
<tr>
<th></th>
<th>H1 2020/21</th>
<th>H1 2019/20</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted revenue</strong>¹</td>
<td>£10,607m</td>
<td>£11,413m</td>
<td>(7)%</td>
</tr>
<tr>
<td><strong>Operating costs</strong>²</td>
<td>(£6,886)m</td>
<td>(£7,490)m</td>
<td>(8)%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong>¹</td>
<td>£3,721m</td>
<td>£3,923m</td>
<td>(5)%</td>
</tr>
</tbody>
</table>

¹ before specific items  
² before specific items and depreciation and amortisation
### Adjusted Revenue

<table>
<thead>
<tr>
<th>Segment</th>
<th>2020/21</th>
<th>Change YoY</th>
<th>2020/21</th>
<th>Change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>£4,873m</td>
<td>(6) %</td>
<td>£1,075m</td>
<td>(9) %</td>
</tr>
<tr>
<td>Enterprise³</td>
<td>£2,710m</td>
<td>(9) %</td>
<td>£833m</td>
<td>(13) %</td>
</tr>
<tr>
<td>Global</td>
<td>£1,916m</td>
<td>(13) %</td>
<td>£289m</td>
<td>(5) %</td>
</tr>
<tr>
<td>Openreach</td>
<td>£2,585m</td>
<td>2%</td>
<td>£1,435m</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>£12m</td>
<td>(14) %</td>
<td>£71m</td>
<td>6%</td>
</tr>
<tr>
<td>Intra-group</td>
<td>(£1,489)m</td>
<td>2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£10,607m</strong></td>
<td>(7) %</td>
<td><strong>£3,721m</strong></td>
<td>(5) %</td>
</tr>
</tbody>
</table>

1 Before specific items.
2 EBITDA before specific items, share of post tax profits/losses of associates and joint ventures and net non-interest related finance expense.
3 On 1 April 2020, Supply Chain and Pelipod, which serve several parts of BT, were transferred from Enterprise to the central procurement team and as a result are now reported in Group 'Other' financial results. The prior year comparative for the Enterprise and Other CFU results has been restated to reflect this. Refer to the announcement on 29 June 2020 for further information.

---

**Overview and Strategy**
2020/21 EBITDA outlook narrowed & outlook for 2022/23 of £7.9bn

<table>
<thead>
<tr>
<th>2020/21 outlook</th>
<th>Adjusted EBITDA progression to 2022/23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in adjusted revenue&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Down 5% to 6%</td>
</tr>
<tr>
<td>Adjusted EBITDA&lt;sup&gt;1&lt;/sup&gt;</td>
<td>£7.3bn - 7.5bn</td>
</tr>
<tr>
<td>Reported capex</td>
<td>£4.0bn - 4.3bn</td>
</tr>
<tr>
<td>Normalised free cash flow&lt;sup&gt;2&lt;/sup&gt;</td>
<td>£1.2bn - 1.5bn</td>
</tr>
</tbody>
</table>

Expect adjusted EBITDA<sup>1</sup> of at least £7.9bn in 2022/23 and sustainable growth thereafter

---

<sup>1</sup> before specific items

<sup>2</sup> 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
Consumer
The Consumer Division

- **The UK’s largest fixed and mobile customer base**
  - 8m Broadband customers
  - 14m PAYM mobile customers
  - >50% Presence in UK households

- **46%** of BT Group revenue\(^1\)
- **31%** of BT Group EBITDA\(^1\)

<table>
<thead>
<tr>
<th>Best 4G and 5G network</th>
<th>Access to largest superfast and FTTP network</th>
<th>Nationwide multi-channel service</th>
<th>Unique platform for partnerships</th>
<th>Growing marketplace platform</th>
</tr>
</thead>
</table>

- UK’s no.1 network seven years in row
- No.1 for 5G

**Overview and Strategy**

- **No.1 for 5G**
- **Welcome to Halo**

**Platform transactions**

- 2018: c.60% run rate
- 2020 run rate: c.60%

---

\(^1\) FY2019/20
Leading propositions and capabilities to win in convergence

We have a significant opportunity…
- 6m BT/EE broadband only households (incl. landline only)
- 3m BT/EE broadband and mobile households
- 13m Homes with no relationship with Consumer brands

We have strong brands and propositions

… and we have built the capabilities to execute
- Data
- Channels
- Systems
- Digital
Consumer – foundation for strategic growth in place but headwinds remain

- Revenue down 6%:
  - BT Sport impact, including pubs & clubs
  - roaming significantly lower
  - declining voice only base
- EBITDA down 9%:
  - revenue decline partly offset by sports rights rebates, tight management of costs including lower headcount
  - higher bad debt
- H2 headwinds expected from:
  - lower pubs & clubs sport revenue, lower roaming and higher costs from major handset launches
  - investment in fairness commitments
- Broadband and mobile churn both at 1.1%, down 0.1ppt YoY
- 5G ready base >1.2m; 600,000 customers now on FTTP
- Standardised CPI+3.9% annual pricing starting 31 March 2021:
  - phased migration from September as customers join and regrade across all products and brands

<table>
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<tr>
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<th>Change</th>
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<td>Revenue</td>
<td>£4,873m</td>
<td>£5,194m</td>
<td>(6)%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>£1,075m</td>
<td>£1,180m</td>
<td>(9)%</td>
</tr>
<tr>
<td>Capex</td>
<td>£505m</td>
<td>£455m</td>
<td>11%</td>
</tr>
</tbody>
</table>

Customer migration to contractual CPI+3.9% pricing

% Base with CPI+3.9% contracts

- Sep-20
- Mar-21
- Mar-22
Enterprise
Enterprise – customers include over half the FTSE 350

Revenue by sales channel¹ and customers

Products:
Broadband, Mobile, Networking, IT services, Business apps and Phone Systems including cloud-based and on premise

Broadband with built-in 4G
Assure backup

5G mobile on the UK’s no.1 network

1 FY 2019/20
Enterprise – at a glance

1. 26% of group revenue in FY 2019/20
2. 24% of group EBITDA in FY 2019/20
3. 1.2m Customers

Enterprise Priorities

1. Maximise our market reach
2. Provide straightforward and reliable customer experience
3. Simplify operations and optimise sales
4. Lead the migration to IP
5. Innovate in converged products and new propositions
6. Leverage the UK’s best networks

Enterprise operating costs

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2018/19</th>
<th>2019/20</th>
<th>2020/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>1,200</td>
<td>1,150</td>
<td>1,100</td>
</tr>
<tr>
<td>Q2</td>
<td>1,100</td>
<td>1,050</td>
<td>1,000</td>
</tr>
<tr>
<td>Q3</td>
<td>1,000</td>
<td>950</td>
<td>900</td>
</tr>
<tr>
<td>Q4</td>
<td>950</td>
<td>900</td>
<td>850</td>
</tr>
</tbody>
</table>

Voice lines – 000s lines/seats

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2017/18</th>
<th>2018/19</th>
<th>2019/20</th>
<th>2020/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>1,500</td>
<td>1,450</td>
<td>1,400</td>
<td>1,350</td>
</tr>
<tr>
<td>Q2</td>
<td>1,450</td>
<td>1,400</td>
<td>1,350</td>
<td>1,300</td>
</tr>
<tr>
<td>Q3</td>
<td>1,400</td>
<td>1,350</td>
<td>1,300</td>
<td>1,250</td>
</tr>
<tr>
<td>Q4</td>
<td>1,350</td>
<td>1,300</td>
<td>1,250</td>
<td>1,200</td>
</tr>
</tbody>
</table>

- Traditional voice lines
- VoIP seats

26% of group revenue in FY 2019/20
24% of group EBITDA in FY 2019/20
1.2m Customers

Overview and Strategy
Financials
Consumer
Enterprise
Global
Openreach
Appendix
Enterprise – reducing cost base, supporting SMEs, commercialising 5G

- Revenue down 9%:
  - Covid-19 related impact on business activity
  - ongoing declines in legacy products
- EBITDA down 13%:
  - lower revenue partially offset by reduced operating costs
- Further impacts of Covid-19 from business insolvencies expected in H2, particularly SME customers
- Rolling 12-month order intakes: retail up 3%; wholesale down 1%
- Small Business Support Scheme progress:
  - partnership with Square announced to help customers accept contactless mobile payments
  - bursary scheme launched
- 5G development extended:
  - landmark partnership agreed with Belfast Harbour
  - partnership with Stirling University on its ‘Living Laboratory’ project

<table>
<thead>
<tr>
<th></th>
<th>H1 2020/21</th>
<th>H1 2019/20¹</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>£2,710m</td>
<td>£2,987m</td>
<td>(9)%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>£833m</td>
<td>£955m</td>
<td>(13)%</td>
</tr>
<tr>
<td>Capex</td>
<td>£229m</td>
<td>£229m</td>
<td>-</td>
</tr>
</tbody>
</table>

¹On 1 April 2020, Supply Chain and Pelipod, which serve several parts of BT, were transferred from Enterprise to the central procurement team and as a result are now be reported in Group ‘Other’ financial results. The prior year comparative for Enterprise and Other CFU results has been restated to reflect this. Refer to the announcement on 29 June 2020 for further information.

²Small-medium enterprise
Global
Global – provides managed security and infrastructure services to MNCs globally

<table>
<thead>
<tr>
<th>Our ecosystem services</th>
<th>Why customers choose us</th>
<th>How we make money</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Global networking</td>
<td>• Global scale</td>
<td>• Network usage</td>
</tr>
<tr>
<td>• Edge networking</td>
<td>• Security</td>
<td>• Voice usage</td>
</tr>
<tr>
<td>• Digital workplace</td>
<td>• Cumulated expertise</td>
<td>• License &amp; equipment resale</td>
</tr>
<tr>
<td>• Security</td>
<td>• Curation</td>
<td>• Service integration and management</td>
</tr>
<tr>
<td>• Hybrid cloud solutions</td>
<td>• Integration</td>
<td>• Adoption</td>
</tr>
</tbody>
</table>

Our ecosystem services

- Global networking
- Edge networking
- Digital workplace
- Security
- Hybrid cloud solutions

Why customers choose us

- Global scale
- Security
- Cumulated expertise
- Curation
- Integration
- Economics

How we make money

- Network usage
- Voice usage
- License & equipment resale
- Service integration and management
- Adoption
Global – repositioning, focusing on core MNCs, differentiating

We are radically repositioning our business around our core markets.

We are future-proofing Global by building value in strategically selected areas of growth.

We are moving at pace to reduce risk and deliver higher returns.

### Industry Verticals

- Banking & Financial Services
- Resources, Manufacturing & Logistics
- Technology, Life Sciences & Business Services

### Key Figures

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue FY 2019/20</td>
<td>£4.4bn</td>
</tr>
<tr>
<td>Total customers served</td>
<td>c.5,200</td>
</tr>
<tr>
<td>Core MNC customers</td>
<td>800</td>
</tr>
<tr>
<td>Countries we deliver services in</td>
<td>&gt;180</td>
</tr>
<tr>
<td>Security professionals</td>
<td>c.3,000</td>
</tr>
<tr>
<td>Security Operation Centres (SOCs)</td>
<td>16</td>
</tr>
<tr>
<td>Protect BT from over 125,000 cyber attacks each month</td>
<td>125,000</td>
</tr>
</tbody>
</table>

Globally Managed MNCs 200 customers

Other Focus MNCs 600 customers

Regional Enterprise 4,400 customers

Protect BT from over 125,000 cyber attacks each month

Security professionals: 16

Security Operation Centres (SOCs): 125,000

Protect BT from over 125,000 cyber attacks each month

Globally Managed MNCs 200 customers

Other Focus MNCs 600 customers

Regional Enterprise 4,400 customers

We are moving at pace to reduce risk and deliver higher returns.
Global – EBITDA progression despite impact of Covid-19 and divestments

- Revenue down 13%:
  - Covid-19 related lower non-contracted business, and milestone slippage
  - divestments, legacy portfolio declines and FX movements
  - excluding divestments and FX revenue was down 10%
- EBITDA down 5%:
  - revenue decline, divestments, prior year favourable one-offs, and FX movements
  - offset by transformation and Covid-19 mitigation actions
  - excluding divestments, one-offs, and FX, EBITDA was up 6%
- Completed the sale of selected domestic operations and infrastructure in Latin America
- Continued headwind from reduced spend and a cautious approach from MNCs due to Covid-19
- Rolling 12-month order intake up 10%

### Global’s H1 revenue and EBITDA movements

<table>
<thead>
<tr>
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<th>H1 2019/20</th>
<th>Change</th>
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<tbody>
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<td>£1,916m</td>
<td>£2,196m</td>
<td>(13)%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>£289m</td>
<td>£304m</td>
<td>(5)%</td>
</tr>
<tr>
<td>Capex</td>
<td>£81m</td>
<td>£96m</td>
<td>(16)%</td>
</tr>
</tbody>
</table>
Openreach
Openreach – at a glance

- Independent, wholly owned subsidiary of BT Group plc
- Maintains and builds an access network between homes and business and exchanges; huge engineering operation
- Ofcom regulates >90% of Openreach revenue
- Commitment to serving >600 CPs nationwide on equal access terms
- >28m premises passed with superfast fibre broadband network, maximising the value of the network
- 6.3m premises passed with ultrafast broadband network, including 3.5m FTTP
Openreach – Full Fibre ambition

- Continue to raise service levels, eliminating failure costs
- Maximise value of the FTTC platform:
  - multi-year offers with volume, mix and forecasting commitments for long-term discounts to drive superfast and ultrafast take-up launched in August 2018
- Build FTTP infrastructure faster, cheaper and to high quality
- Work with Communications Provider customers to drive rapid FTTP take-up
- ‘Fibre First’ target to deliver FTTP to 4.5m premises by March 2021 and for 20m by mid-to late-2020s, on the assumptions we get the critical enablers
- Work hard to secure critical fibre ‘enablers’ from Regulator and Government

---

1 Reported total Lightning build (includes cable & FTTP)
2 Virgin Media total footprint based on 700k reported FTTP build at end of Q4 19/20 (March 2020), plus internal estimate of build since (based on company reports). Other values based on independent estimates (ThinkBroadband) and internal estimates to bring up to date.
Openreach – FTTP build on track, looking forward to clarity on rural subsidy and regulation

- Revenue up 2%:
  - higher fibre and Ethernet volumes
  - partly offset by declines in legacy copper products
- EBITDA up 3%:
  - revenue growth
  - partly offset by investment in people to deliver a better service
- Delivered reductions in discretionary spend during H1
- Further 51 exchange areas to stop selling legacy copper services:
  - total number of exchange locations up to 169 over the next 12 months, covering 1.8m premises
- Looking forward to clarity on £5bn Government subsidy allocation in rural areas and WFTMR\(^1\) from Ofcom

<table>
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<td>Revenue</td>
<td>£2,585m</td>
<td>£2,536m</td>
<td>2%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>£1,453m</td>
<td>£1,417m</td>
<td>3%</td>
</tr>
<tr>
<td>Capex</td>
<td>£1,072m</td>
<td>£1,015m</td>
<td>6%</td>
</tr>
</tbody>
</table>

FTTP connected premises

\(^1\) Wholesale Fixed Telecoms Market Review
Appendix
Focused on sustainable growth in value

- **Drive sustainable growth in value**
  - **Grow EBITDA**
  - **Grow free cash flow**
  - **Invest for growth**
  - **Support pension fund**
  - **Progressive dividends**
  - **Maintain strong balance sheet**

- **Overview and Strategy**
- **Consumer**
- **Enterprise**
- **Global**
- **Openreach**
- **Appendix**

1. **BT pension scheme**

- Target 4.5m FTTP by end 2020/21, 20m by mid- to late- 2020s
- Aim to double 5G footprint by end 2020/21
- Modernisation programmes

- Fair and affordable recovery plan
  - £2bn bonds issued to BTPS\(^1\) in 2018/19
  - £900m payment to BTPS\(^1\) in 2020/21

- Suspended final dividend for 2019/20 and all dividends for 2020/21
  - Planned reinstatement at 7.7pps in FY2021/22 with a progressive dividend policy beyond this

- Smooth long-dated debt maturity profile
  - Commitment to BBB+ through cycle and minimum BBB credit rating

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\(^1\) BT pension scheme
Strong cash position and credit ratings confirmed

- Net financial debt £11.3bn:
  - payments into pension schemes offset by normalised free cash flow
- Remain well placed for any period of uncertainty in capital markets
- Cash and current investments of £6.5bn and undrawn credit of £2.1bn
- Credit ratings confirmed:
  - Fitch at BBB, outlook stable
  - Moody's at Baa2, outlook negative
  - S&P Global at BBB, outlook stable
IAS 19 pension deficit increase due to reversion in credit markets, and triennial negotiations progressing

- IAS 19 deficit of £4.0bn, net of tax, at 30 September 2020, up £3.0bn since 31 March 2020, reflecting:
  - decrease in the real discount rate, reflecting a fall in credit spreads
  - partially offset by deficit contributions over the period, and higher than expected asset returns
- Discussions with the BT Pension Scheme trustee on triennial funding valuation progressing; aiming to conclude in first half of 2021
- Considering a number of options for funding the deficit including potentially non-cash contributions

Yields shown are indicative only and not representative of actual discount rates used
Pension – reached agreement in May 2018 on June 2017 triennial

2017 recovery plan, £11.3bn deficit

- FY18 + FY20 cash payments total £2.1bn in line with prior agreement
- Funded from issuance of bonds to the Scheme
- 13 year plan, maintains end-date. £0.4bn of FY21 payment by 30 June 2020

Movements in IAS 19 and actuarial pension deficits

- Increase/(decrease) in IAS 19 and actuarial pension deficits from 30 June 2019

2019/20 BT Pension Scheme sensitivity analysis

- Increase/(decrease) in actuarial liabilities from 30 June 2019
- Increase/(decrease) in assets from 31 March 2020

Impact of illustrative scenarios which might occur no more than once in every 20 years. The impact shown under each scenario looks at each event in isolation – in practice a combination of events could arise.

Source: BT Annual Report 2020, p169-170

1Assets valued using IAS 19 methodology
Capex increase from investments in FTTP and mobile

- Reported capex £2.0bn, up 5%
- Capex components:
  - capacity/network: £1.1bn, up 9%
  - customer driven: £455m, up 2%
  - systems/IT: £364m, up 3%
  - non-network infrastructure: £52m, down 32%
- Continue to expect reported capex for the full year to be between £4.0bn and £4.3bn

Capital expenditure\(^1\)

\(^1\)2018/19 and 2019/20 capital expenditures exclude BDUK clawback
Taken significant steps towards our ambition to deliver FTTP across the UK

<table>
<thead>
<tr>
<th>Enabler</th>
<th>Current position</th>
<th>BT view</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indexation of legacy services</td>
<td>CPI indexation of legacy services in competitive and prospectively competitive areas</td>
<td></td>
</tr>
<tr>
<td>Premium for FTTP</td>
<td>Premium of £1.50 to £1.85 per month for the 40/10 Mbps FTTP anchor product with pricing flexibility above the anchor product</td>
<td></td>
</tr>
<tr>
<td>Switchover</td>
<td>Legacy copper stop-sell at 75% ultrafast coverage by exchange area. Further two years to withdraw legacy copper services regulation</td>
<td></td>
</tr>
<tr>
<td>Geographic pricing flexibility</td>
<td>Only allowed on case-by-case basis. Commercial deals subject to Ofcom approval</td>
<td></td>
</tr>
<tr>
<td>Fair Bet</td>
<td>Commitment to the principle but no firm commitment to a period of minimum forbearance or guidance on an allowable return</td>
<td></td>
</tr>
<tr>
<td>Area 3</td>
<td>Openreach committed to 3.2m build in area 3, following Ofcom consultation on extending the enablers to costliest final 30% of the UK</td>
<td></td>
</tr>
<tr>
<td>Barrier busting</td>
<td>Welcome changes to wayleaves, building access and mandating FTTP to new premises</td>
<td></td>
</tr>
<tr>
<td>Cumulo business rates</td>
<td>Requested commitment to exempt FTTP from business rates, engaging via HMT’s ongoing broad-based Business Rates Review</td>
<td></td>
</tr>
<tr>
<td>Long-term contracts</td>
<td>Solid interest in 12 month offers to test the market. Ongoing discussions on Ofcom’s proposed notification and assessment framework for ‘other commercial terms’</td>
<td></td>
</tr>
</tbody>
</table>

1 Our view is based on Ofcom’s latest consultations (except for Cumulo and barrier busting which are dependent on Government)

2 Consumer price index
Global – increasing asset-light operation with improved returns

Illustrative projection

- Revenue
  - £
  - TIME

- Operating costs
  - £
  - TIME

- Capex
  - £
  - TIME

Expected outcomes

- EBITDA
- Improving ROCE
- Free Cashflow

1 Return on capital employed
More choice and better experience for our TV customers

2 years ago

Lack of key pay-TV content

Today

Flexible BT TV

SVoD providers

Netflix
Amazon
BritBox

All premium Sky content

NOW TV

sky Cinema
AMC
GOLD
Discovery

Pay channels

amc
GOLD
Discovery

BT Sport

Future

Converged viewing experience

Seamless TV in and out of the home

Wireless

Device evolution

Multi room capability

Elevating partner content

One personalised subscription

Evolution of sport and entertainment
In support of BT’s purpose, goal and strategy, we’re leading the way to a bright and sustainable future

**Our focus areas:**

### Tackling climate change and environmental challenges
- BT now sources **100% renewable electricity globally**, where markets allow.
- With the **UK Electric Fleets Coalition**, we’re calling on the UK Government for a faster phase-out of petrol and diesel vehicles and support for charging infrastructure. The coalition has 27 members, with 400,000+ vehicles.
- BT Pension Scheme has announced plans to be net zero by 2035. We’re on track to achieve our target to become a **net zero carbon emissions business by 2045**.
- Our **Green Tech Innovation Platform** aims to uncover the latest technologies from tech scale-ups that could support BT and its customers transition to net zero. Plans are progressing well, with scale-up partners to be announced in December.
- BT joined **Count Us In**, a global campaign inspiring one billion people to reduce their carbon emissions.

### Building better digital lives
- Our **Skills for Tomorrow** programme is aiming to empower **millions of people** to make the most of life in the digital world.
- The **Skills for Tomorrow online portal** offers free access to some of the best resources in one place, including 100 new, free BT resources to support children learning at home or at school, and jobseekers of all ages.
- Our new digital-first approach in response to Covid-19 is helping families, communities and **thousands of small businesses** with Skills for Tomorrow playing a key role delivering BT’s Small Business Support Scheme.

### Responsible tech and human rights
- We’re ensuring we develop, use, buy and sell technology in a way that benefits people and minimises harm.
- Our approach is steered by the **UN Guiding Principles on Business and Human Rights**.
- We shape debate through collaborations like the **Global Network Initiative**.
- A founding partner of **UK Modern Slavery Helpline** and **Tech Against Trafficking**.
- We consider our impacts on **people**, online and offline.

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1 Skills for Tomorrow portal: [https://www.bt.com/skillsfortomorrow/](https://www.bt.com/skillsfortomorrow/)
Investor Relations – contact details

tel: +44 (0) 20 7356 4909
email: ir@bt.com
web: www.bt.com/ir

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