



Portfolio of strong brands



UK's leading telecoms provider and leading provider of global communications services

- 90% superfast coverage; 8m ultrafast premises
- 4G & 5G network leadership; 5G in 160 towns & cities
- Able to serve customers in 180 countries
Global provider of managed security

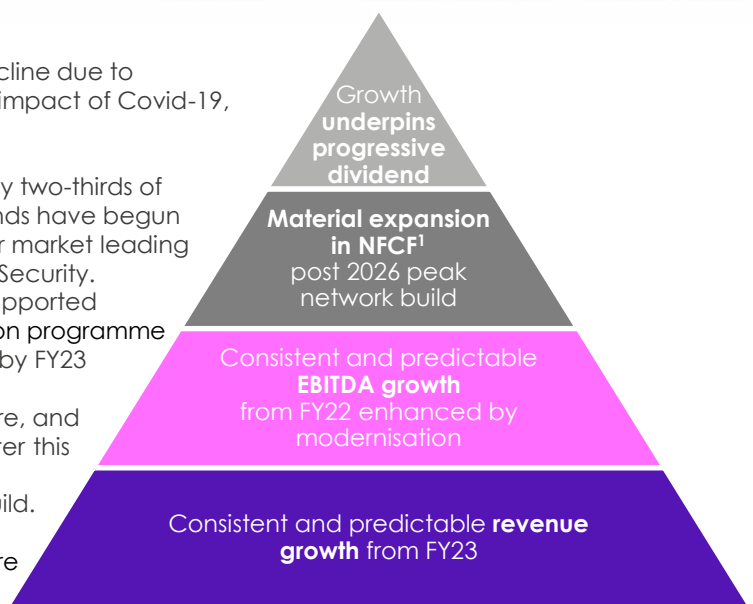
Our strategy



After a number of years of revenue and earnings decline due to regulation, legacy declines, and in the last year, the impact of Covid-19, **BT has now begun its path to growth.**

We expect **revenue growth** from next year with nearly two-thirds of revenue indexed at or above CPI. Covid-19 headwinds have begun reversing this year, and we are increasing sales of our market leading strategic products, including FTTP², 5G, SDWAN, and Security. We expect to deliver **EBITDA growth** from this year, supported by growing revenue and delivery of our modernisation programme which will take £1bn of gross cost out of the business by FY23 and £2bn by FY25.

We are investing heavily in the UK's connectivity future, and building FTTP to 25m premises by December 2026. After this date we expect a material expansion of normalised **free cash flow** of over £1bn as we ramp down the build. All of this together supports the resumption of our **progressive dividend** with a dividend of 7.7p per share from this year.



Key financial measures and outlook

Full year to 31 March	FY20	FY21	FY22 outlook
Adjusted revenue ¹	£22,824m	£21,370m	Broadly flat
Adjusted EBITDA	£7,907m	£7,415m	£7.5bn-7.7bn
Cash capital expenditure	£(4,099)m	£(4,200)m	c.£4.9bn
Normalised free cash flow	£2,011m	£1,459m	£1.1bn-1.3bn
Dividend per share	4.62p	nil	7.70p
Net financial (debt)/cash	£(11.3)bn	£(11.7)bn	-
Pension funding deficit ³	£(8.0)bn	-	-

Long term credit ratings | Moody's Baa2 | S&P BBB | Fitch BBB | **Target rating:** BBB+

¹ Normalised free cash flow | ² Fibre-to-the-premises | ³ Funding deficit as at 30 June 2020

Building better digital lives

Our ambition:

Reach 25m people in the UK with help to improve their digital skills by end March 2026

Championing responsible tech and human rights

Our ambition:

Develop, use, buy and sell technology in a way that benefits people and minimises harm

Tackling climate change & environmental challenges

Our ambition:

Adopt a sector-leading approach to climate action, with a target to become a net zero carbon emissions business by 2045¹

Leading the way to a bright sustainable future for our stakeholders and our business

- We've **reached 10.1m people** in the UK with help to improve their digital skills since 2014/15
- Our **Top Tips on Tech** campaign alone reached 5.7m this year and our 10m target five years early, which is now extended to 25m people in the UK by March 2026
- **Building digital skills helps us:**
 - Grow by enabling wider use of our services
 - Develop the tech savvy talent we need now and in the future
 - Build and enhance our reputation
- We're **tackling big issues** like modern slavery, privacy and free expression through partnerships like Tech Against Trafficking and the Global Network Initiative
- We check for **human rights risks** in our supply chain, mapping suppliers down to tier 4 for branded products
- **A responsible approach helps us:**
 - Support growth and innovation by differentiating existing solutions
 - Take a lead in future growth areas like smart cities and healthcare
 - Build trust and protect our reputation
- We're using **100% renewable** electricity worldwide, cut supplier emissions by 19% since 2016/17 and reduced our carbon intensity by 57%
- We partner with the UK Electric Fleets Coalition and aim to transition most of our **fleet to EVs¹** by 2030
- **Tackling climate change helps us:**
 - Get ahead of stakeholder demands for climate action
 - Grow through existing and new carbon-reducing solutions
 - Attract and retain top talent

BT Group Customer Facing Units

Q1 FY22	Adjusted revenue	Adjusted EBITDA	KPIs ¹	Customers	Products
<u>Consumer</u>	£2,382m	£523m	Broadband churn: 0.9% Postpaid mobile churn: 0.9%	UK consumers	Lines, mobile, broadband, TV, BT Sport
<u>Enterprise</u>	£1,287m	£429m	WAN and Ethernet circuits: 138k	Communications Providers, Corporates, and Public Sector	Broadband, Ethernet, voice, mobile, ventures services, networking, IT services
<u>Global</u>	£785m	£102m	Growth product revenue: 26%	Global MNCs ²	Managed network IT services
<u>Openreach</u>	£1,347m	£773m	FTTP deployment: 5.2m premises	Communications Providers	Fibre and copper broadband, Ethernet

¹ Selected KPIs | ² Multinational corporations

