BT Group plc
Q1 FY22 trading update

29 July 2021

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Philip Jansen
Chief Executive

Q1 highlights

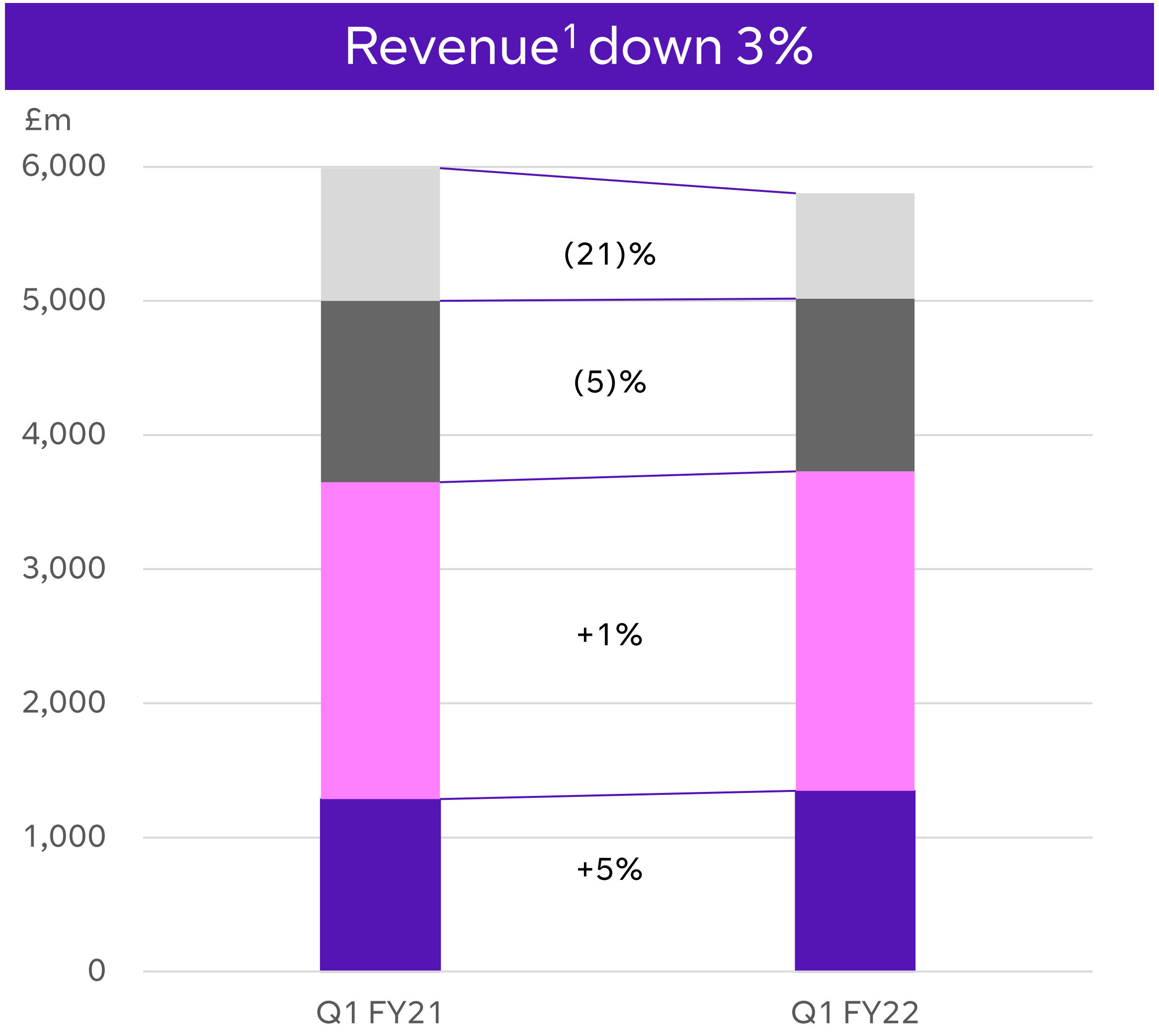
- Results overall in line with our expectations
- Revenue down 3%:
  - increased revenue in Consumer and Openreach, more than offset by:
    - ongoing legacy product declines in Enterprise
    - prior year divestments and more challenging than expected market conditions in Global's markets
- EBITDA up 3%:
  - growth in Consumer, Enterprise and Openreach
- Delivered strong cost control across the Group
- Strengthened our strategic partnership with Microsoft, underpinning over £1bn of revenue over the next seven years
- Covid-19 bounce-back in the UK

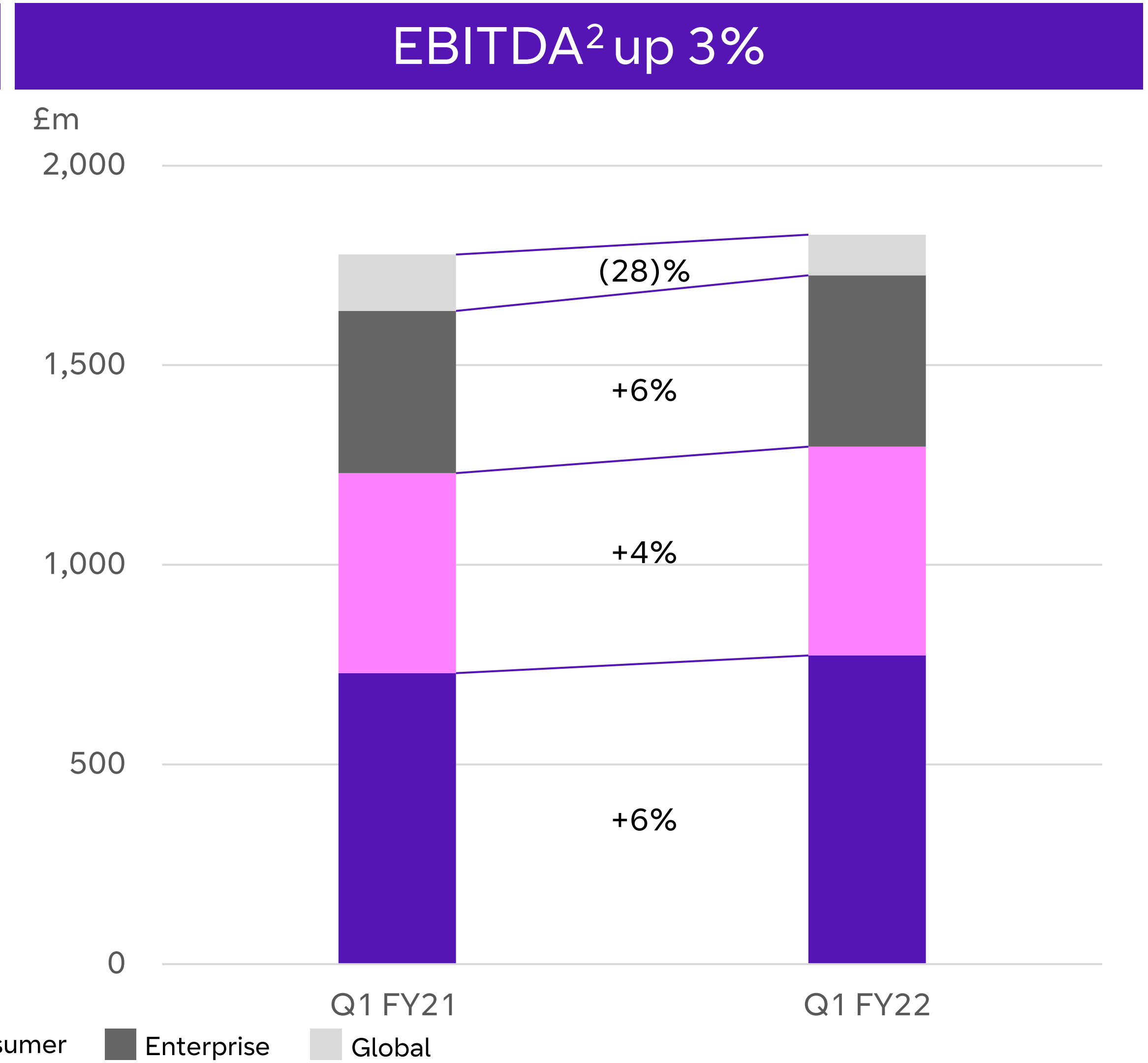
	Q1 FY22	Q1 FY21	Change
Adjusted revenue[1]	£5,070m	£5,250m	(3)%
Adjusted EBITDA[2]	£1,866m	£1,813m	3%
Reported profit after tax	£2m	£448m	(100)%
Capital expenditure excluding spectrum	£1,011m	£927m	9%
Normalised free cash flow[3]	£(43)m	£(49)m	12%

Firmly on track to deliver our outlook for this year and beyond

[1] Before specific items; [2] Before specific items, share of post tax profits/losses of associates and joint ventures and net non-interest related finance expense
[3] Free cash flow 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

Customer facing units summary

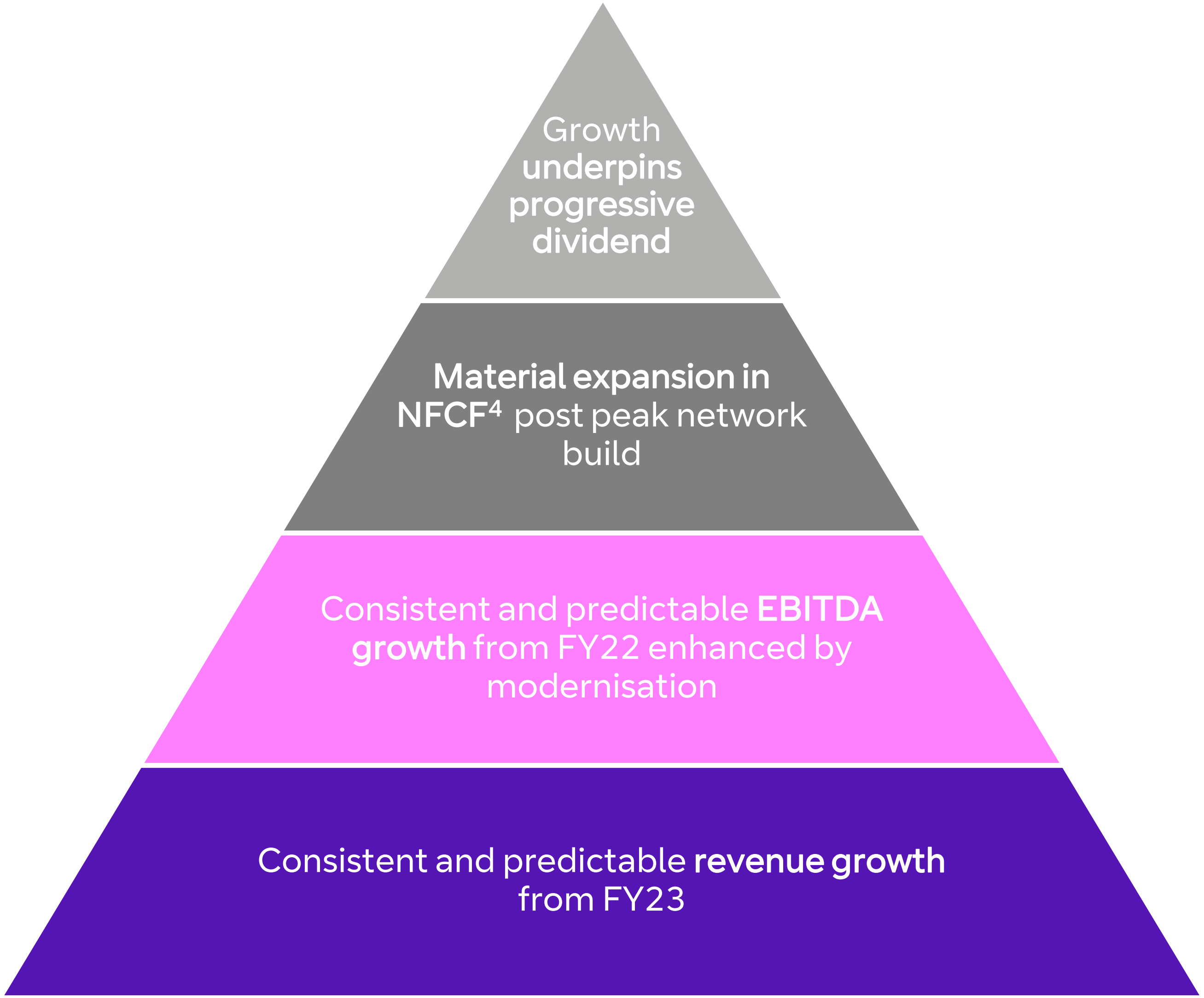




[1] Before specific items. Excludes Intra-group items and Other revenue;
[2] Before specific items, share of post tax profits/losses of associates and joint ventures and net non-interest related finance expense. Excludes Other EBITDA

A clear path to growth

- FTTP[1]:
  - 555 thousand premises passed in the quarter
  - increased our commercial rural build target to 6.2m
  - published a new long-term FTTP pricing offer for CPs[2]
- Mobile:
  - ranked as the UK's number one network for the eighth year running by RootMetrics
  - over 4,500 square miles of new rural 4G coverage by 2025
  - growing our 5G network to cover half of the UK population by 2023, and over 90% of UK landmass by 2028
- A new 5G core network control system will launch by 2023, bringing together all of our digital networks
- Launched Hope United campaign using the power of football to tackle online hate
- Published our first Diversity and Inclusion report
- Reached an agreement with the CWU[3], recognising the need for change



[1] Fibre-to-the-premises; [2] Communications Provider
[3] Communications Workers Union; [4] Normalised free cash flow

Summary

- Results overall in line with our expectations
  - EBITDA growth in Consumer, Openreach and Enterprise
- Leading indicators across the business reflect the positive progress we've made:
  - Consumer's churn levels stayed at near all-time-lows
  - Strong NPS[1] performance across the Group
- Inflation-linked pricing across around two thirds of our revenue
- Continue to deliver our transformation plans
- Anticipate some recovery in Global's markets through the second half of the year
- Making solid progress against our strategic agenda

Firmly on track to deliver our outlook for this year and beyond

[1] Net Promoter Score