BT Group plc
Q3 FY22 Trading update

3 February 2022

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Philip Jansen
Chief Executive

Highlights – positive operational and commercial momentum

- Good overall operational performance in Q3
- Openreach saw record FTTP[1] build in the quarter taking current footprint to over 6.5m premises
- Openreach FTTP net adds up 37% in Q3
- Group NPS[2] at an all-time high; churn and complaints continue at low levels
- Consumer saw record FTTP net adds in the quarter, now with over 1m connections
- Good progress against our accelerated modernisation targets
- Reached agreement in principle with Sky to extend our current reciprocal channel supply agreement
- Entered exclusive discussions with Discovery to create a joint venture with BT Sport and Eurosport UK

	FY22 outlook	FY23 outlook
Change in adjusted revenue[3]	Down c.2%	Growth
Adjusted EBITDA[4]	£7.5bn-£7.7bn	At least £7.9bn
Capital expenditure[5]	c.£4.9bn	≤£4.8bn
Normalised free cash flow	£1.1bn-£1.3bn	n/a

Committed to 'at least' £7.9bn of EBITDA in FY23

[1] Fibre-to-the-premises; [2] Net Promoter Score; [3] Change in revenue before specific items; [4] Before specific items, share of post tax profits/losses of associates and joint ventures and net non-interest related finance expense; [5] Excluding spectrum

Q3 financial highlights – revenue headwinds offset by strong cost control

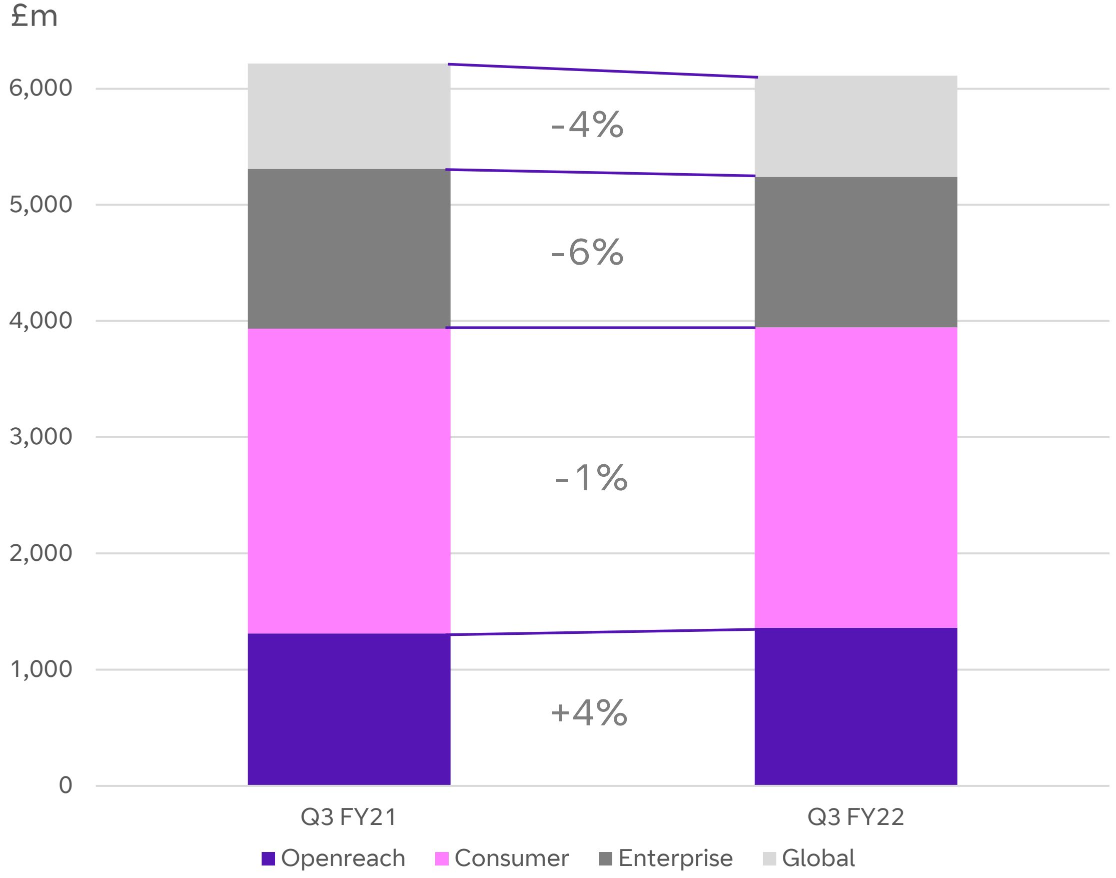
- Revenue down 2%:
  - declines primarily in Enterprise and Global, partially offset by increased revenue in Openreach
- EBITDA up 4%:
  - growth in Consumer and Openreach
  - strong cost control across the Group
- Capex up 14%:
  - driven by accelerated fibre build and investment in our mobile network
- Normalised free cash flow up 27%:
  - driven by lower cash tax, increased EBITDA and improved working capital movements, partially offset by increased capex

	Q3 FY22	Q3 FY21	Change
Adjusted revenue[1]	£5,369m	£5,477m	(2)%
Adjusted EBITDA[2]	£1,960m	£1,882m	4%
Capital expenditure[3]	£(1,206)m	£(1,061)m	14%
Normalised free cash flow[4]	£518m	£408m	27%

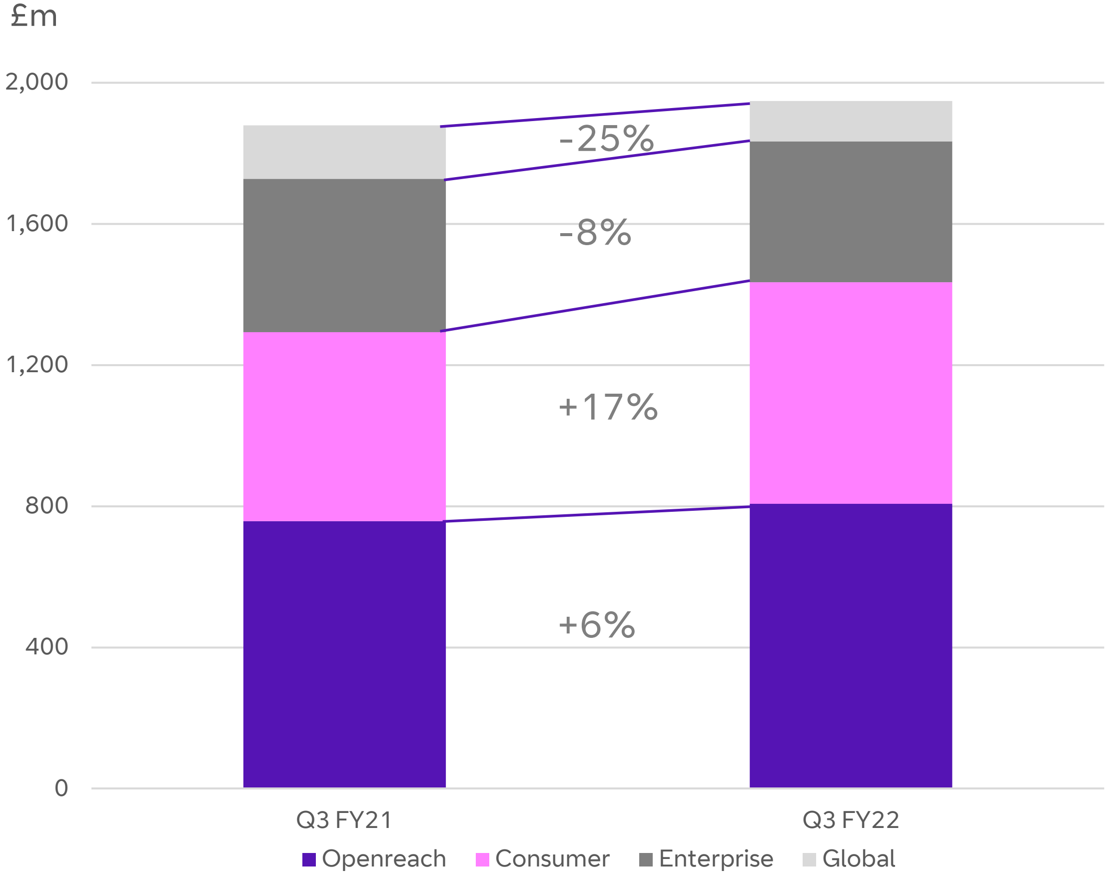
[1] Before specific items; [2] Before specific items, share of post tax profits/losses of associates and joint ventures and net non-interest related finance expense; [3] Excluding spectrum
[4] Free cash flow after net interest paid and payment of lease liabilities, before pension deficit payments (including the cash tax benefit of pension deficit payments) and specific items

Q3 CFU[1] summary – establishing the foundations to accelerate growth

Revenue[2] down 2%



EBITDA[3] up 4%

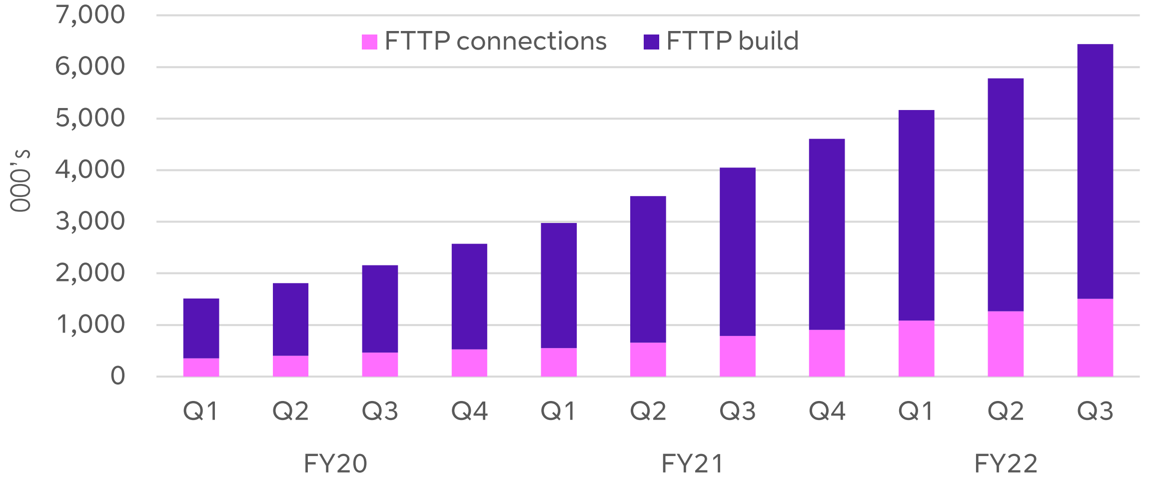


[1] Customer Facing Unit; [2] Before specific items. Excludes Intra-group items and Other revenue; [3] Before specific items, share of post tax profits/losses of associates and joint ventures and net non-interest related finance expense. Excludes Other EBITDA

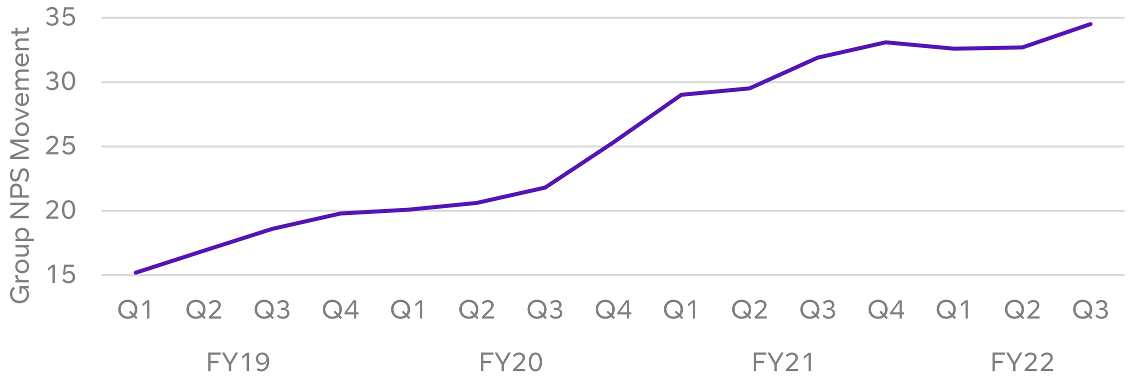
Accelerating pace of delivery against our strategic priorities

- FTTP:
  - build rate in the quarter over 50k premises per week
  - 6.5m premises passed, including 2m rural premises
  - 1.5 million customers connected to our FTTP network
  - net adds running at 20k a week at the end of the quarter
- Mobile:
  - upgrading 4G coverage in more than 2,000 areas
  - Rootmetrics rank EE as having best 4G and 5G networks
- Highest ever NPS result for BT Group
  - churn and complaints levels remain low
- Consumer FTTP base now over 1m; 5G ready base over 6.4m
- Multi-year partnership with Rackspace Technology
- Major contracts signed with BAI Communications and DHL
- Manifesto for responsible, inclusive and sustainable growth
- Reached agreement in principle with Sky to extend our current reciprocal channel supply agreement
- Entered exclusive discussions with Discovery to create a joint venture with BT Sport and Eurosport UK

Continued acceleration in FTTP rollout and take-up



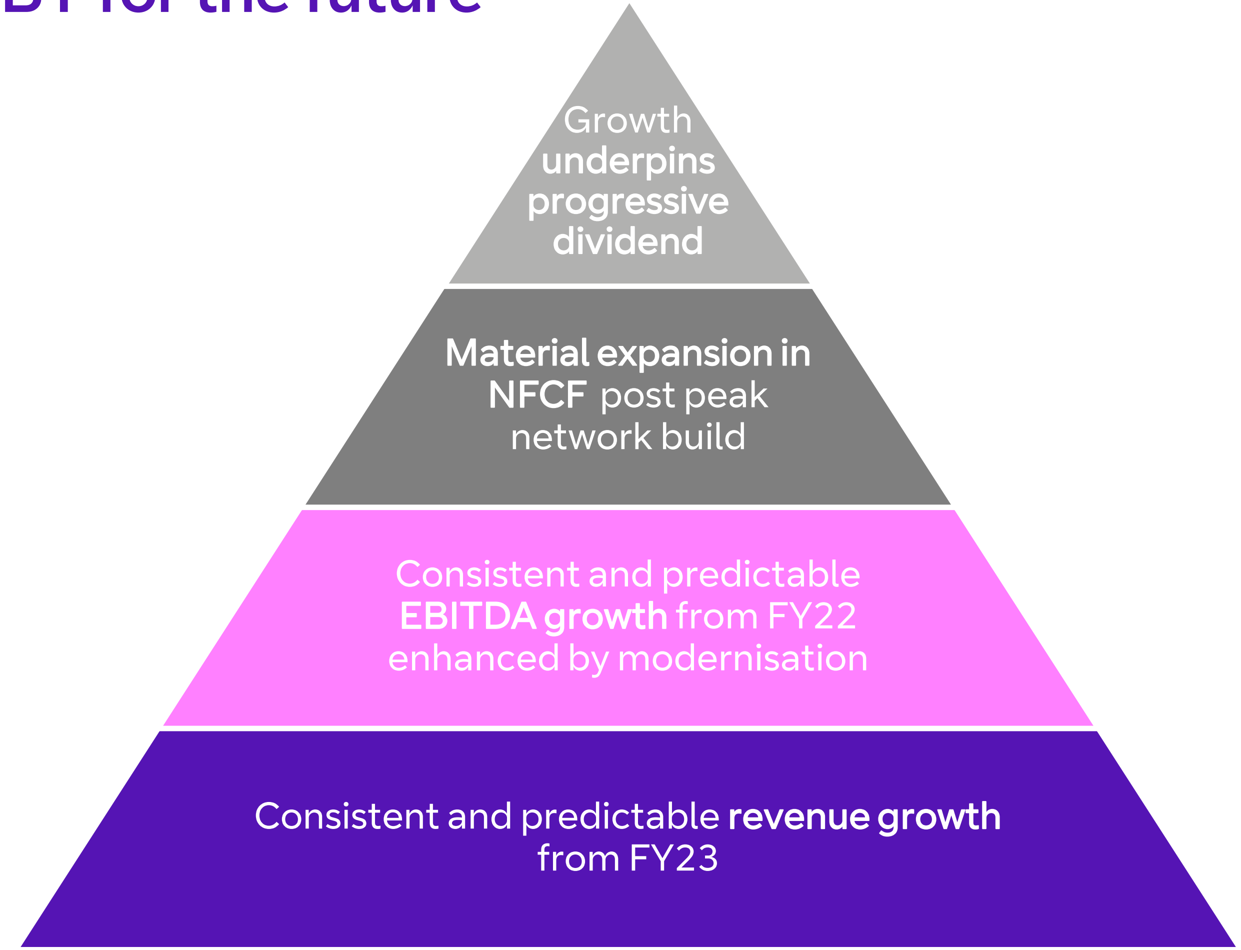
Movement in BT Group NPS[1]



[1] Group NPS shows the cumulative movement in our customers' perception of BT since April 2016. It's a combined measure of 'promoters' minus 'detractors' across our business units

Summary – building a better, stronger BT for the future

- Good overall performance in Q3 despite softer market
- Positive momentum in operational performance
- Strong cost control
- Accelerating progress against our strategic priorities
- Reached agreement in principle with Sky to extend our current reciprocal channel supply agreement
- Entered exclusive discussions with Discovery to create a joint venture with BT Sport and Eurosport UK
- Expansion of at least £1.5bn in NFCF[1] compared to FY22 by the end of the decade
- Committed to revenue and EBITDA growth in FY23 and our progressive dividend policy



Committed to 'at least' £7.9bn of EBITDA in FY23

[1] Normalised free cash flow