



BT Group plc H1 FY23 results

3 November 2022



Forward looking statements caution

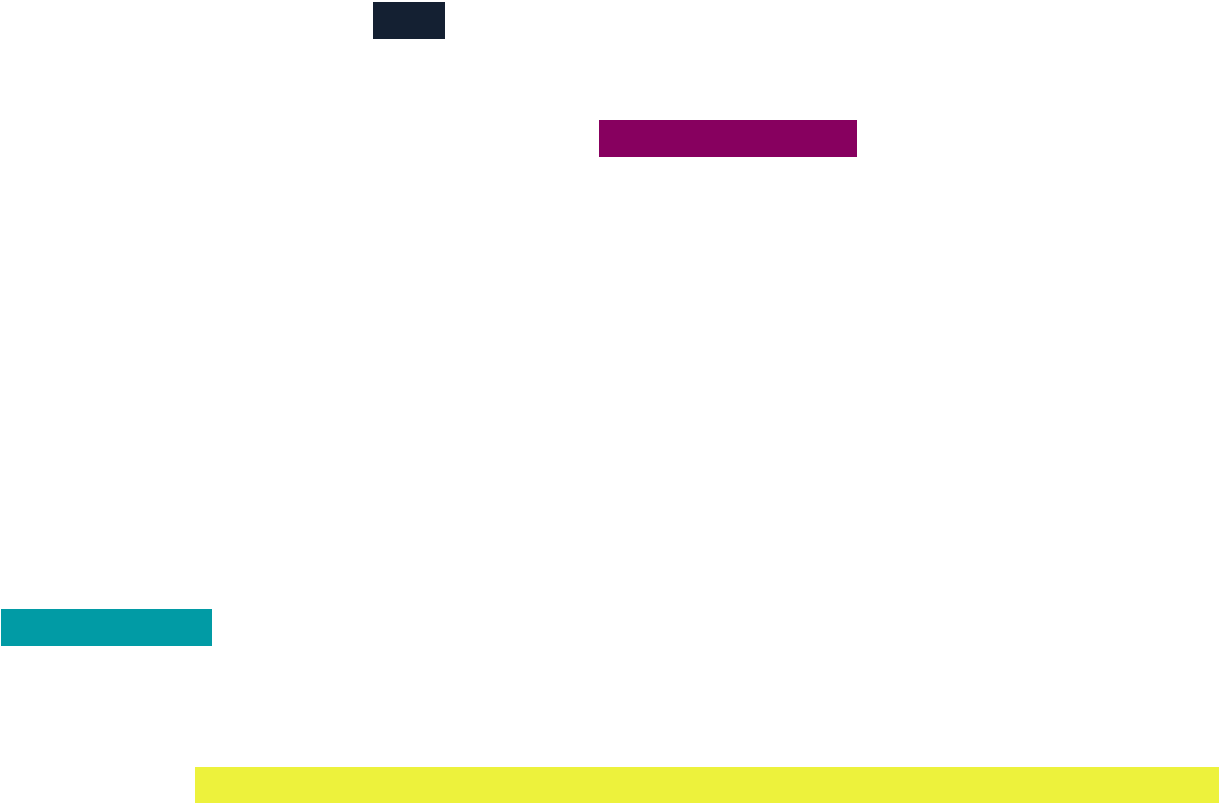
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Philip Jansen

Chief Executive



Delivering to plan; reaffirming long-term ambition

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Strong Q2 financial and operational performance; reiterated FY23 commitment of at least £7.9bn EBITDA

Strengthening our competitive position in challenging market conditions; cost savings target increased by £500m to £3.0bn by end FY25

FTTP¹ strategy delivering ahead of expectations

FY23 capex now c.£5.0bn, FY23 NFCF² lower end of £1.3bn- 1.5bn range

Reaffirming long-term ambition; continue to expect at least £1.5bn NFCF expansion by FY31³

¹ Fibre-to-the-premises; ² Normalised free cash flow ; ³ Compared to FY22 before any benefit from revenue and EBITDA growth net of tax

Strong Q2 performance supports FY23 commitment of at least £7.9bn EBITDA ⁵

	Pro forma FY23				Reported FY23				Outlook
£m	Q2	Change %	H1	Change %	Q2	Change %	H1	Change %	FY23
Adjusted revenue ¹	5,151	1	10,130	1	5,235	-	10,368	1	Growth on a pro forma basis
Adjusted EBITDA ¹	1,999	4	3,944	2	1,970	5	3,873	3	At least £7.9bn
Reported capex	-	-	2,612	26	-	-	2,613	26	c.£5.0bn
Normalised free cash flow	269	(33)	64	(82)	269	(33)	64	(82)	Lower end of £1.3bn-1.5bn range
Dividend (pps ²)	-	-	2.31	-	-	-	2.31	-	Progressive

¹ Before specific items; ² Pence per share

Strengthening our competitive position

Accelerating our growth strategy:

- Record Openreach Q2 fibre net adds of 331k; 27% take-up; sharpening FTTP pricing to further accelerate take-up
- Record Consumer Q2 fibre net adds of 121k; 308k new 5G connections
- Q2 Security growth of 10%
- Global growth portfolio growing ahead of market

Investing heavily in our next generation networks and digitalisation:

- On track to build 25m FTTP footprint by December 2026, with 9m footprint today and a further c.6m already in progress
- 5G deployed in nearly all major towns and cities

Increased focus on our cost base to offset macro challenges:

- Cost savings target up £500m to £3bn by end FY25, costs to achieve of £1.6bn
- 26% decline in non-FTTP Openreach capex



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

1.4m FTTP customer take-up
8.2m 5G ready customers

Fixed and Mobile Convergence
21.7%
Revenue generating units per address
2.38

Consumer NPS **14.3**⁴
BT broadband complaints **8 per 100k**⁵
EE mobile complaints **1 per 100k**⁵
Consumer monthly churn, Broadband at **1.1%** & Postpaid Mobile at **1.0%**

Majority of customer base on inflation linked pricing
Broadband ARPC⁶ **£37.80 per month**
Postpaid Mobile ARPC **£18.20 per month**



¹ Business to Customer; ² According to RootMetrics, for the last 9 years; ³ BT internal estimates; ⁴ Net Promotor Score, three month rolling average; ⁵ Ofcom Telecoms and pay-TV complaints: Q2 (April - June) 2022; ⁶ Average Revenue Per Customer on a pro forma basis

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

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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 digitalising to lower costs and improve customer experience

KPIs & Success Metrics²

4,023k Mobile customers

725k Broadband customers

82 new logos for CPS³ & Global in Q2 FY23

1,133k IP voice seats

£285m Global growth revenue

£412m Global growth order intake

11 5G Mobile Private Networks

£166m Q2 FY23 Security revenue

£31m Q2 FY23 Health revenue

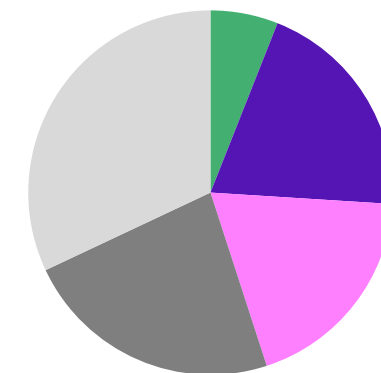
51 legacy systems closed in Q2 FY23

No product variants closed in Q2 FY23

Enterprise NPS **16.2**

Global NPS **39.1**

B2B EBITDA⁴



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

¹ Business to Business; ² All revenue for Q2 FY23; ³ Corporate and Public Sector ⁴ FY22 EBITDA; ⁵ Multi 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

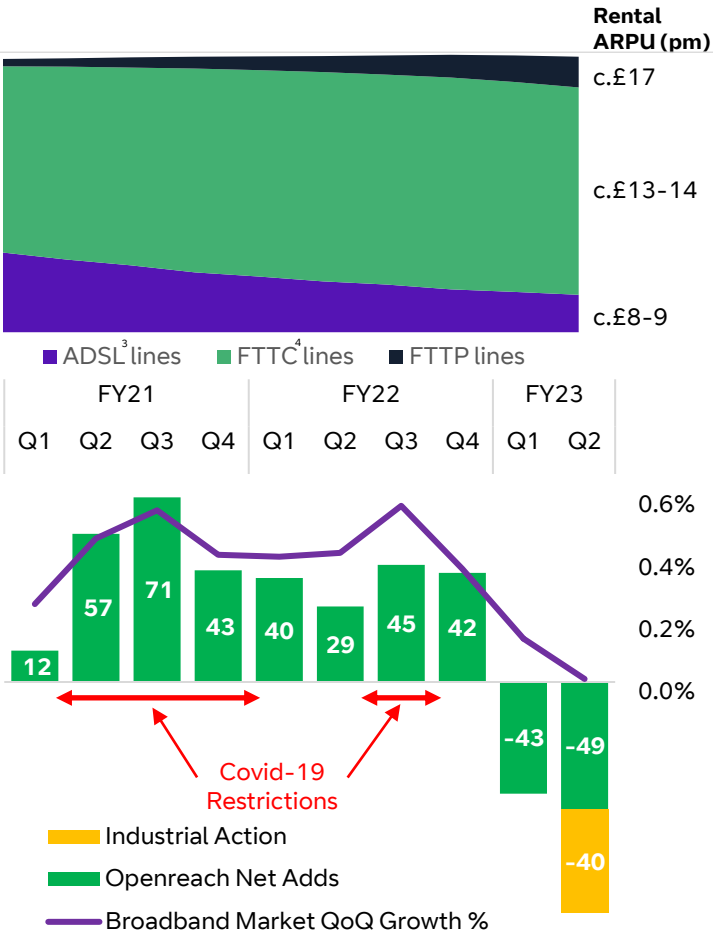
KPIs & Success Metrics

8.8m premises passed with FTTP
Premises passed annual run rate **3.2m** in Q2
Cost per FTTP premises passed **£250 - £350**

2.4m Total FTTP connections
FTTP platform take-up **27%**

19/30 Copper Quality of Service standards¹

FTTP Rental ARPU² **£17.0**



¹ Impacted by industrial action in H1; ² Average Revenue Per Unit; ³ Asymmetric Digital Subscriber Line; ⁴ Fibre-to-the-cabinet

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

What we are doing

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 progressing

£1.7bn
gross annualised savings delivered

69%
zero touch journeys

c.15k
gross headcount reduction

11%
H1 reduction in legacy apps

Cost savings target up £500m to £3.0bn by end FY25¹

¹ Gross annualised cost savings

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 per annum

Support pension funds

June 2022 funding deficit £4.4bn; stable through recent market volatility
IAS 19 deficit remains relatively low at £1.7bn

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



WARNER BROS.
DISCOVERY

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



verisure



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



Google Cloud

Google enabled Sweeper app contributing new homes to fibre build



JUST EAT

Checkatrade

Just Eat and Checkatrade added as new partnerships to Enterprise's Customer Charter

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; refining 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

