We connect for good

BT Group plc FY24 results

BT Group

Forward looking statements caution

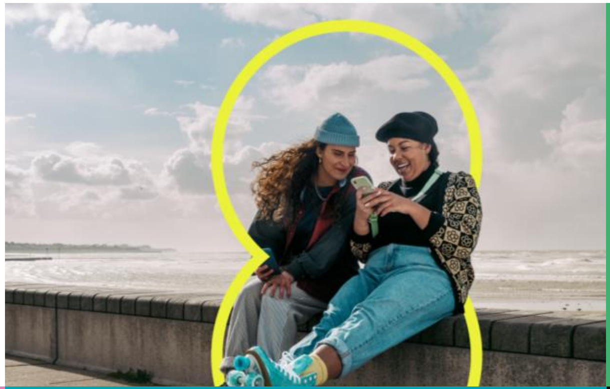
Certain information included in this announcement is forward looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward looking statements. Forward looking statements cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations. Forward looking statements can be identified by the use of forward looking terminology, including terms such as 'believes', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'plans', 'projects', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology. Forward looking statements in this announcement are not guarantees of future performance. All forward looking statements in this announcement are based upon information known to the Company on the date of this announcement.

Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward looking statements, which speak only at their respective dates. Additionally, forward looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events or otherwise. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

Allison Kirkby

Chief Executive

Continued strong delivery against our strategy



Achieved gross annualised cost savings 12 months early of

£3bn

Solid operational and **financial performance**

Delivered ahead of guidance

Growth in revenue and **EBITDA**

Reduced capex to £4.9bn, driving **increased normalised free cash flow** to

£1.3bn

Peak capex passed, normalised free cash flow to **increase from here**

Improving customer experience

BT Group NPS up 1.0pts YoY to

24.0

Increased full-year dividend to

8.0pps[1]

1. Pence per share

Openreach | Strong performance driven by CPI linked pricing and growth in sales of FTTP[1] and Ethernet

FTTP footprint now **14.0m** premises

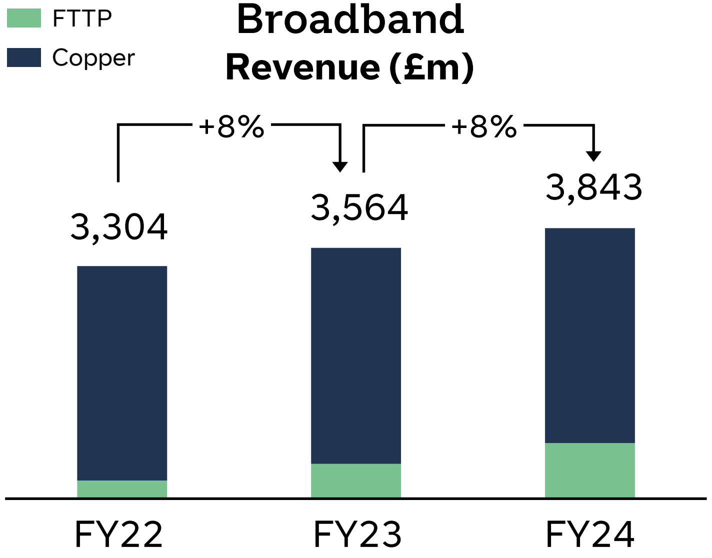
Achieved **4m** annualised build rate in Q4

Market-leading FTTP take up of **34%**

"Excellent" Trustpilot rating

Preferred bidder for Project Gigabit (Type C)[2]

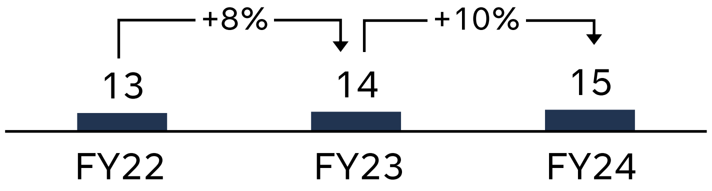
Broadband Revenue (£m)



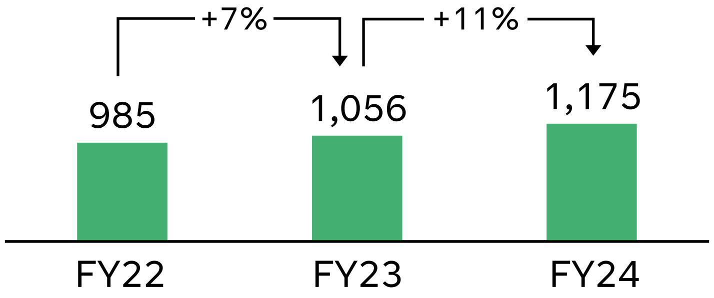
Base (k)

21,667	21,457	20,966

ARPU[3] (£)



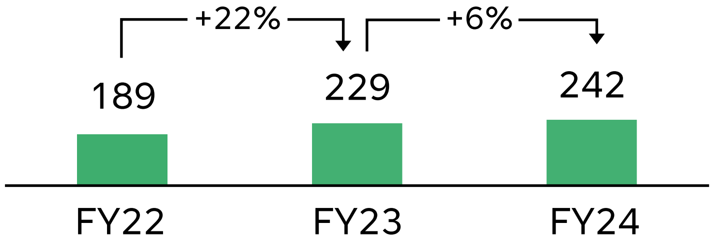
Ethernet Revenue (£m)



Base (k)

374	394	410

ARPU[3] (£)



1. Fibre to the premises; 2. Subject to contract signing; 3. Excluding connections

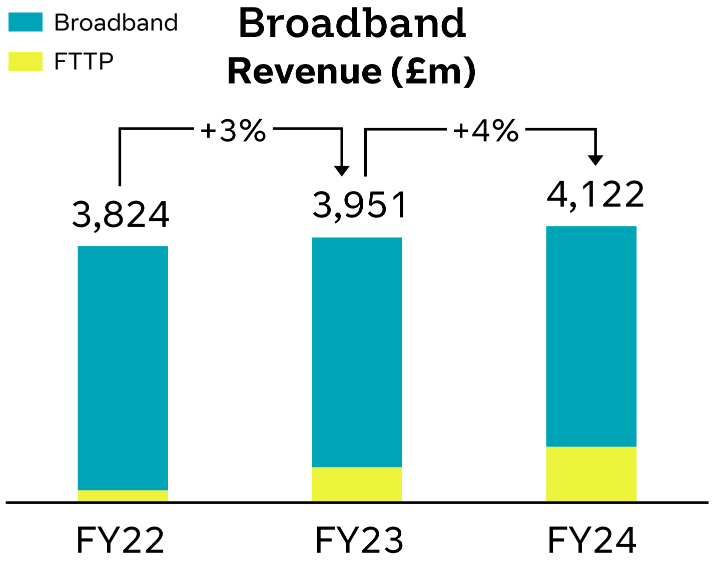
Consumer | Growth delivered through CPI linked pricing, increased roaming and FTTP connections

Launched new EE digital platform and new pricing mechanic

Increased FTTP connections up **39%**

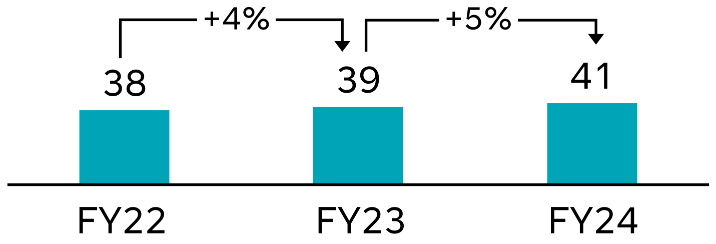
5G connections up **22%**

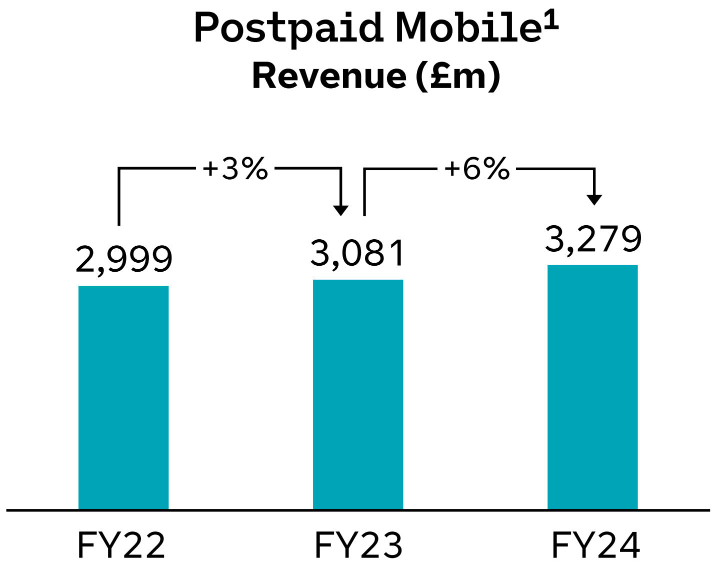
Ofcom complaints equal to or lower than industry average[2]



Base (k)		
8,445	8,373	8,283

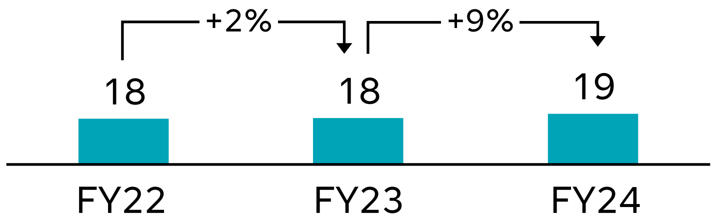
ARPU (£)





Base (k)		
14,428	14,307	13,859

ARPU (£)



1. Postpaid includes Plusnet mobile, discontinued in FY24. FY23 base of ~400k 2. For mobile, broadband and landline

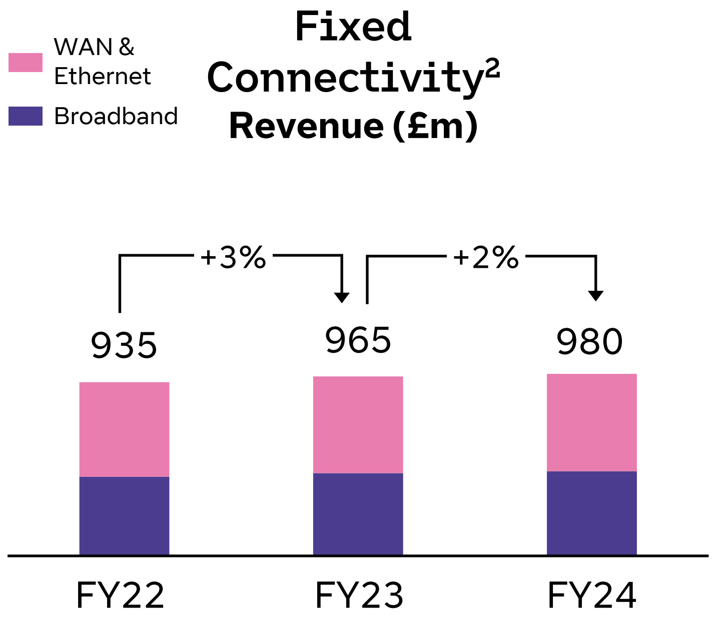
Business | Legacy declines and higher input costs partially offset by growth in SMB[1] and security

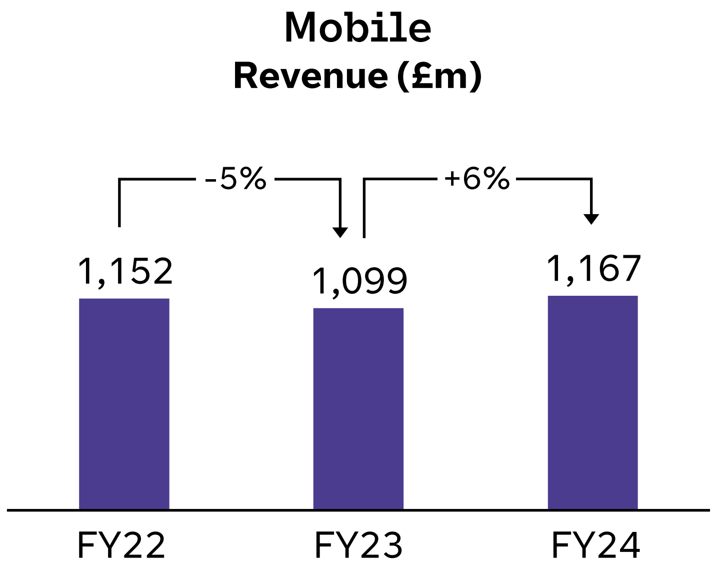
Improving rate of decline and showing signs of operational improvement

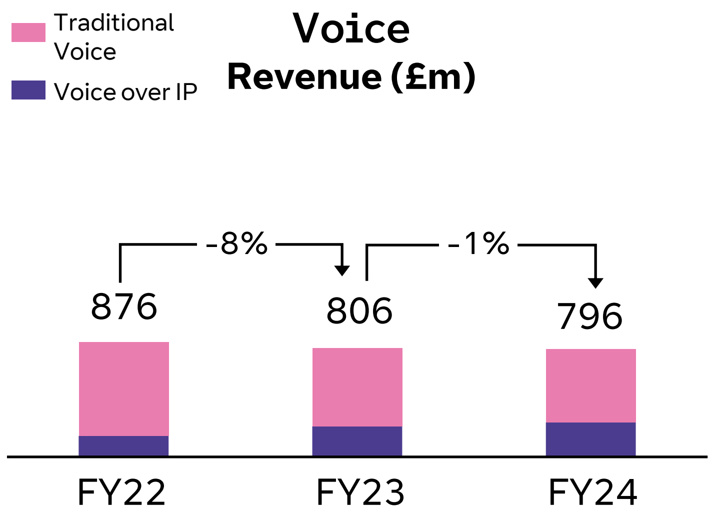
FTTP base up **58%** and 5G base up **80%**

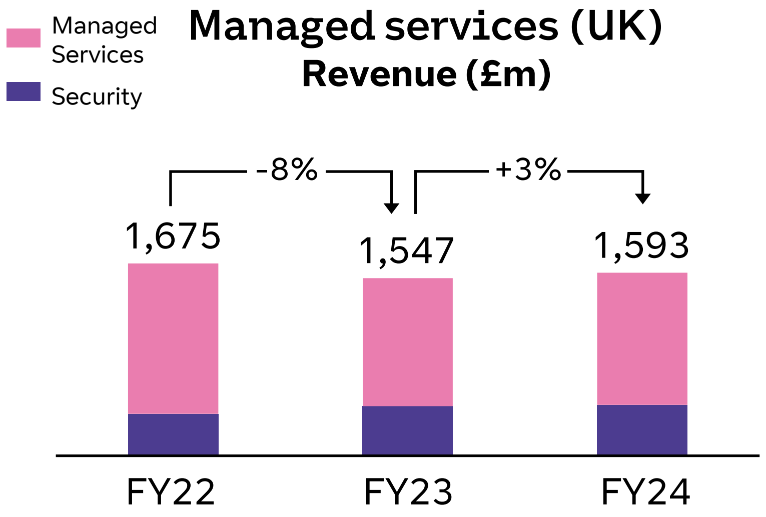
Security growth up **11%** YoY

Strong NPS of **29.6**









1. Small and Medium Businesses; 2. Broadband and WAN & Ethernet revenue

Simon Lowth

Chief Financial Officer

Delivered in line with our outlook across the CFUs

	FY24 Adjusted Revenue[1]		FY24 Adjusted EBITDA[2]	
	£m	Change YoY %[3]	£m	Change YoY %[3]
Consumer	9,833	4	2,672	5
Business	8,128	(2)	1,630	(16)
Openreach	6,077	7	3,827	9
Other	16	(41)	(29)	Nm
Intra-group items	(3,219)	(6)	-	-
Total	**20,835**	**2**	**8,100**	**1**

1. Before specific items; 2. Before specific items, share of post tax profits/losses of associates and joint ventures and net finance expense; 3 On a pro forma basis

Delivered ahead of our outlook with lower capex supporting increased NFCF[3]

	FY24 £m	FY24 Change YoY%[1]	Vs FY24 Outlook
Adjusted revenue[2]	20,835	2	✓
Adjusted EBITDA[2]	8,100	1	✓
Reported capex	4,880	(3)	✓ ✓
Normalised free cash flow[3]	1,280	(4)	✓ ✓
Dividend (pps)	8.0	4	✓

1. On a pro forma basis; 2. Before specific items; 3. 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

Allison Kirkby

Chief Executive

BT Group has a unique set of assets

UK's leading fixed-access wholesaler

14m
FTTP premises passed

34%
Market-leading FTTP take up

>400k
Ethernet lines

openreach

- Openreach has deep relationships and networks integration with CPs[1]
- Skilled in-house engineering capability
- Lowest cost, highest quality and fastest FTTP build

Market share leader in UK retail markets

1.2m
Relationships with UK organisations

25m
Customer connections

+24NPS
With excellent customer service

BT EE plusnet

- Market-leading mobile networks
- Established and trusted brands
- Unrivalled geographic sales, marketing and service reach
- Market-leading NaaS[2] proposition, Global Fabric

Extensive digital and people capabilities with relentless focus on simplifying our products, processes and systems

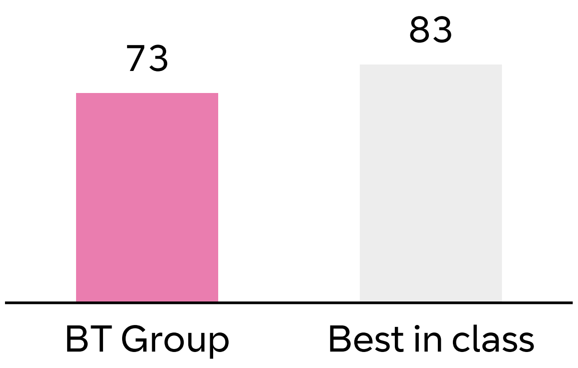
Robust balance sheet and strong ESG commitments

1. Communications providers; 2. Network-as-a-Service

Successful telcos are national champions who leverage their assets to create value for all

Engaged and empowered colleagues

Engagement[1] (%)

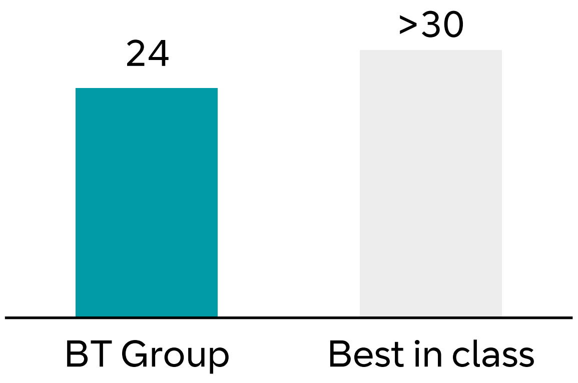


Enablers

- Strong sense of purpose
- Customer-centric culture
- Excellence in execution
- Diverse, inclusive workplace

Enabling customers to live and work better

NPS (%)

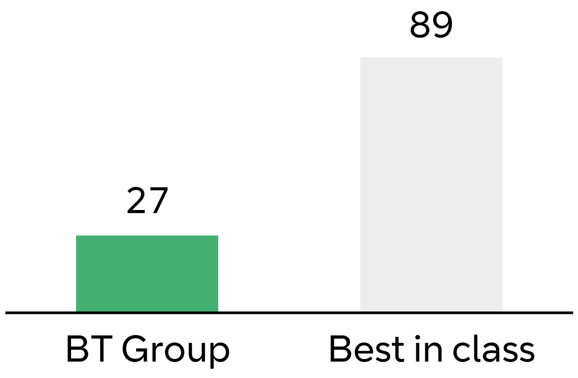


Enablers

- Best customer experience
- Best digital innovation
- Best personalisation
- Omnichannel strength

Positively impacting society

Population with >100Mbps connections (%)

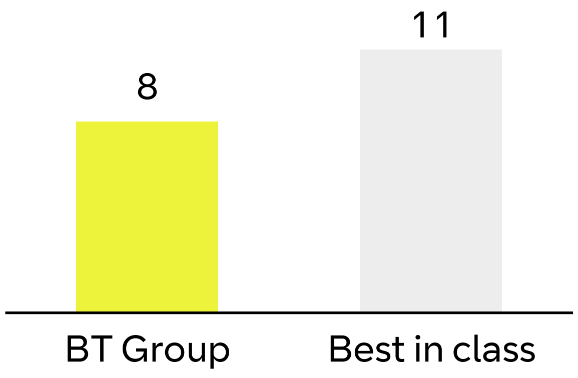


Enablers

- Strong brand equities
- Best networks
- Sustainability leader
- Recognised as critical to the nation

Generating sustainable shareholder returns

ROCE[2] (%)



Enablers

- Revenue and EBITDA growth focus
- Cost conscious
- Disciplined capital allocation
- ROCE mindset

1. Usually reported as satisfaction; 2. Pre-tax return on capital employed. Note best-in-class is defined as the average of the Top 3 scoring peers in the different categories.
The peers benchmarked are AT&T, Deutsche Telekom, KPN, Orange, Proximus, Spark, Swisscom, TDCnet, Telefonica, Telenor, Telia, Telstra, Three, Verizon, VMO2, Vodafone

Our existing strategy is driving long term value

Our ambition

To be the world's most trusted connector of people, devices and machines

Our strategy

- Build the strongest foundations
- Create standout customer experiences
- Lead the way to a bright, sustainable future

Strategic priorities

- Deliver Openreach growth and strong returns on FTTP
- Drive Consumer growth through converged solutions
- Capitalise on Business's unrivalled assets to restore growth
- Digitise, automate and reskill to transform the cost base and improve productivity
- Optimise the business portfolio and capital allocation

Our strategy remains, with sharpened focus to accelerate

Our ambition

To be the UK's most trusted connector of people, devices and machines

Strategic priorities

- Deliver Openreach growth and strong returns on FTTP
- Drive Consumer growth through converged solutions
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- Digitise, automate and reskill to transform the cost base and improve productivity
- Optimise the business portfolio and capital allocation

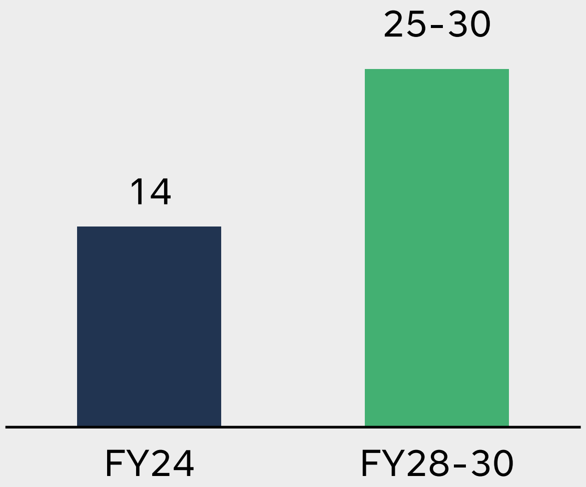
Sharper focus

Focus going forward

- Peak capex passed
- Converged customer experience
- UK focus
- Further £3bn cost savings
- Mid-term NFCF guidance

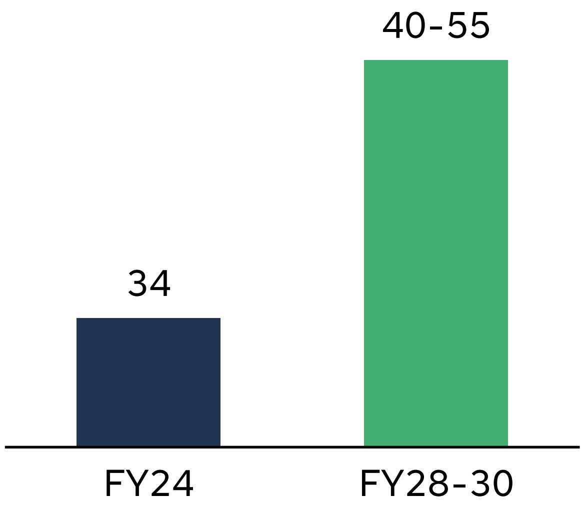
Deliver Openreach growth and strong returns on FTTP

Building FTTP at pace (m)



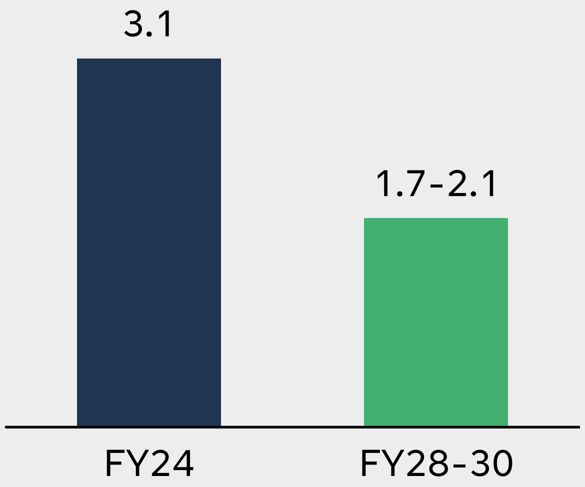
- Build FTTP at pace, nationwide
- Sustain best-in-class build costs
- Continue to deliver superior network quality

Accelerating FTTP take up (%)



- Migrate customers to FTTP at pace
- Leverage full integration with CPs
- Achieve best-in-class provision costs and customer experience
- Drive ARPU growth through indexation and mix

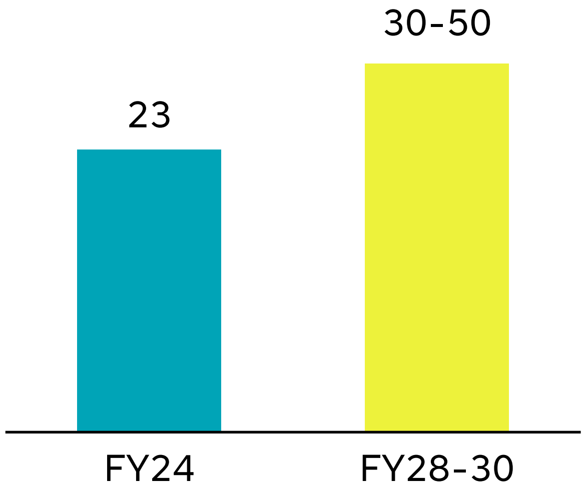
Reducing repair volumes (m)



- Provide excellent service levels
- Drive best-in-class repairs
- Reduce operating costs

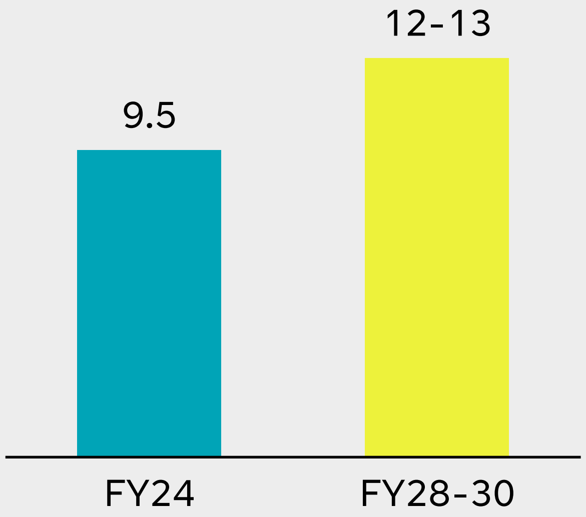
Drive Consumer growth through converged propositions and services

Growing converged households (%)



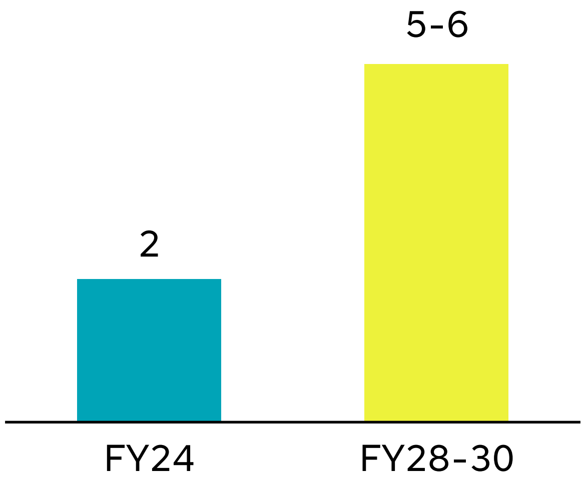
- Drive convergence of fixed, mobile and services across base
- Leverage brand portfolio, omnichannel, digitalisation and marketplace
- Drive customer loyalty and reduce churn

Largest 5G base[1] (m)



- Migrate customers at pace
- Drive ARPU growth through upgrades and pricing
- Leverage convergence, our differentiated network and brilliant customer experience

Market-leading FTTP base (m)

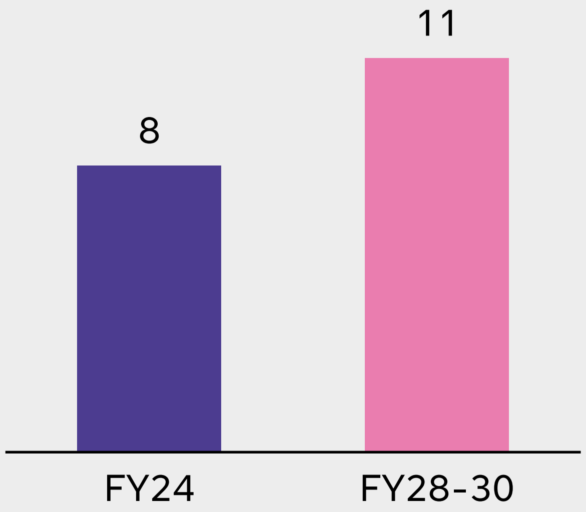


- Migrate customers at pace
- Drive ARPU growth through upgrades and pricing
- Leverage convergence, our differentiated network and brilliant customer experience

1. Consumer connections

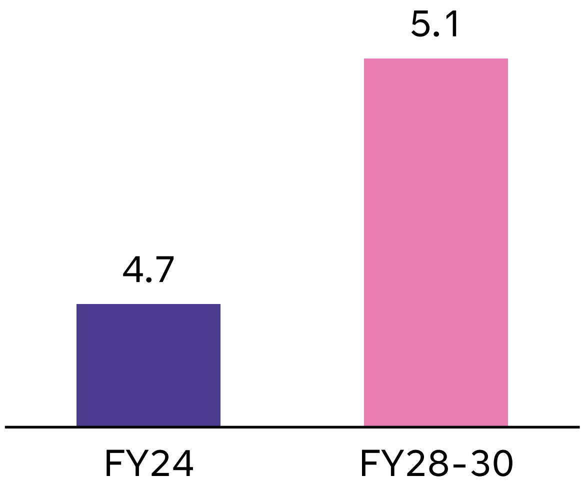
Capitalise on Business's unrivalled assets to restore growth

Growing UK RGUs[1] (m)



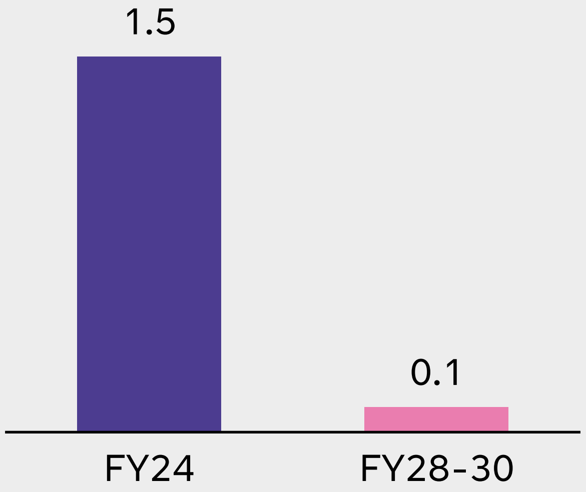
- Standardise and scale product portfolio
- Drive ARPU growth through convergence, upgrades and pricing
- Enhance CX[3] through digitalisation
- Reduce churn to grow our customer base

Improving Managed services revenue (£bn)



- Leverage our differentiated secure cloud connectivity capability
- Drive digital workplace, security and ESG initiatives to deliver for our customers
- Maintain and grow our strong customer relationships

Migrating units off legacy networks[2] (k)

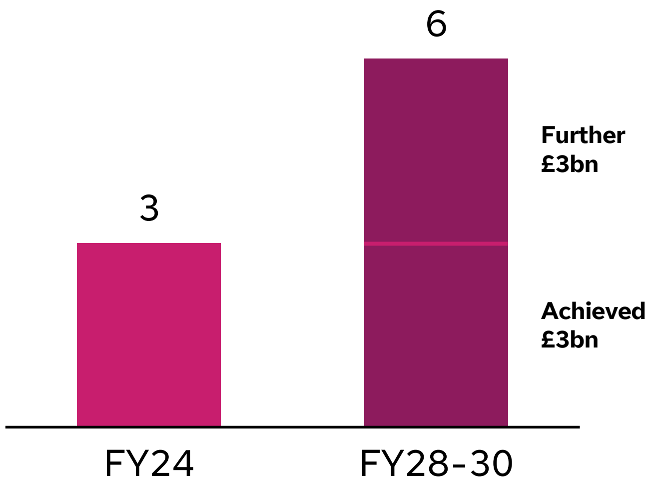


- Migrate customers to next generation products and services
- Transform our cost base through modernisation and closure of legacy networks/IT

1. Revenue generating units; 2. Units on ten legacy networks we plan to retire and decommission such as 3G and PSTN; 3. Customer experience

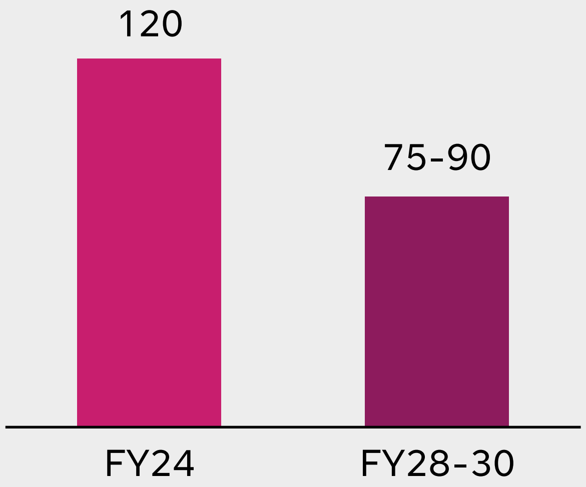
Digitise, automate and reskill to transform cost base and improve productivity

Gross annualised cost savings (£bn)



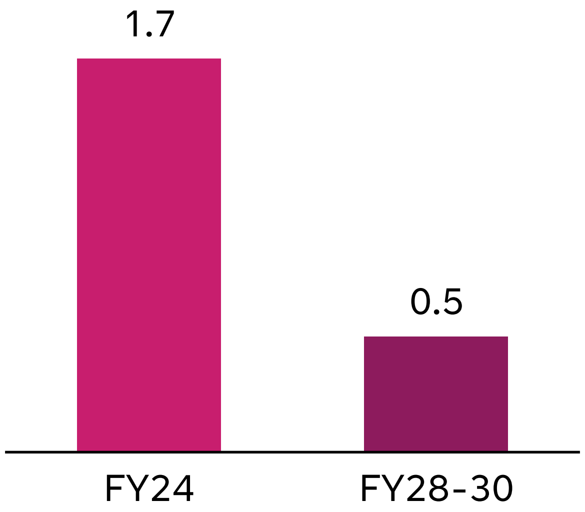
- Complete the FTTP build and drive lower fault rates in Openreach
- Leverage brand digitalisation in Consumer
- Transform product, process and technology in Business

Reducing total headcount (k)



- Implement new technology to digitalise customer journeys
- Transform product, process and technology in Business
- Reskill colleagues and streamline organisation

Closing business applications (k)



- Migrate to new products and platforms
- Close legacy IT and networks

Simon Lowth

Chief Financial Officer

Optimise the business portfolio and capital allocation

Disciplined approach to capital allocation

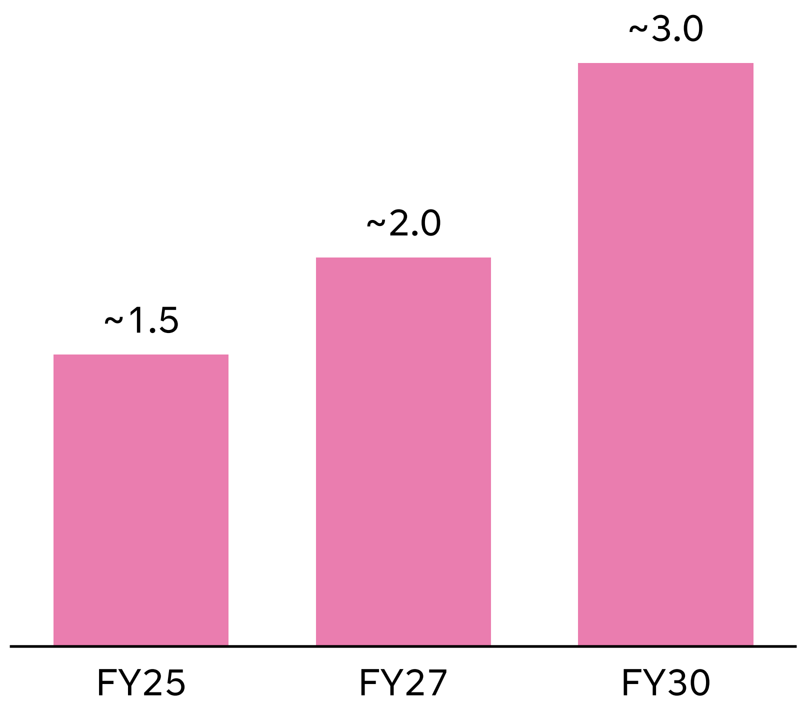
Consistent and predictable **revenue growth**

Consistent and predictable **EBITDA growth** enhanced by cost transformation

Material expansion in NFCF, post peak FTTP build

- Invest for growth in value
- Support pension fund
- Maintain strong balance sheet
- Progressive dividends

NFCF growth from FY25 (£bn)



Successful execution drives enhanced cash flow and returns

Outlook | Driving consistent and predictable growth in value

	FY25	End of decade
Adjusted revenue[1]	0 – 1.0%	Consistent and predictable growth
Adjusted EBITDA[1]	~£8.2bn	Consistent and predictable growth ahead of revenue enhanced by cost transformation
Reported capex[2]	<£4.8bn	<£4.8bn to FY26 reduces by ~£1bn post peak FTTP build
Normalised free cash flow[3]	~£1.5bn	~£2.0bn in FY27 ~£3.0bn by end of decade
Dividend	8.0pps	Progressive

1. Before specific items; 2. Excluding spectrum payments; 3. 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.

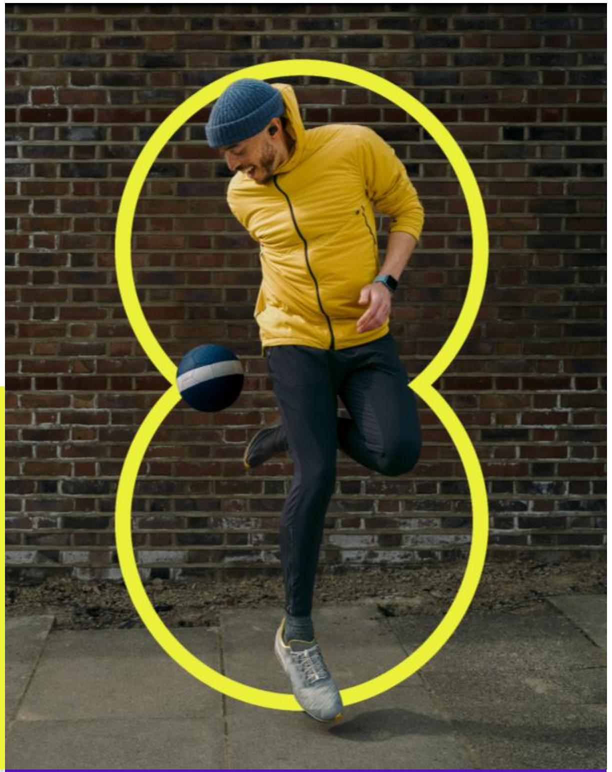
Allison Kirkby

Chief Executive

Fully focussed on creating value

Sharpened focus on becoming **the UK's most trusted connector** of people devices and machines

Peak investment has now **passed** driving a **significant cashflow inflection**



Investment into **next generation digital infrastructure** continues

Disciplined approach to capital allocation will enable growth for all - our customers, the country, our owners

BT Group

Strategic enablers driving future growth

		Actuals		Future BT Group
		FY23	FY24	FY28-FY30
Networks	Openreach FTTP premises passed	10.3m	13.8m	25m-30m
	Openreach FTTP take up	30%	34%	40-55%
	5G UK population coverage	68.1%	75%	>98%
Customer	Retail FTTP take up[1]	1.8m	2.6m	6.5m-8.5m
	5G connections[1]	8.6m	11.1m	13.0m-14.5m
	Convergence households	23%	23%	30-50%
	Group NPS	+22.1	+24.0	+30.0-35.0
Efficiency	Units on legacy networks	10.5m	6.5m	<500k
	Total headcount	130k	120k	75k-90k

1. Consumer & Business connections