

## Chairman's message

**This past financial year has been an exciting one for the communications industry, and particularly for BT. For some while, we have been hearing about the impact that new communications technologies like mobile and, more recently, the Internet will have on our lives at work and at home. Now we have begun to experience that impact first-hand.**

BT's UK network, for example, now carries more data than voice traffic. And Internet usage accounts for some 18 per cent of our local UK network traffic.

In response to such changes, your Board has reviewed BT's vision statement – the single sentence that sums up our aims and aspirations. For the past several years, we have aimed “to become the most successful worldwide telecommunications group”. That was an ambitious objective when we set it – in fact many people found it startling – but it is increasingly clear that it is no longer sufficiently comprehensive. Our aim now is “to be the most successful worldwide *communications* group”.

I believe the past year has shown that we are well placed to succeed.

- Our European alliances and ventures are beginning to punch their weight.
- We have laid the foundations of our global venture with AT&T.
- We increased our activities in the Asia-Pacific region, and the momentum has continued into the current financial year with the three-way BT, AT&T, Japan Telecom alliance.
- And, in the UK, innovative marketing, price cuts and the rapid increase in Internet usage and mobile communications all contributed to a strong performance, despite increasing competition.

The figures tell the story. Your group's turnover, including BT's share of its ventures' turnover, grew last year by 13.6 per cent to £18.2 billion. Our new ventures in Europe and Asia Pacific accounted for over £800 million of this increase in turnover, and both mobile and fixed network calls in the UK made strong contributions.

BT's share price grew by 55 per cent in the financial year, compared with only five per cent for the FT-SE 100 index. Earnings per share before exceptional items were

34.7 pence. Your Board is pleased to recommend a final dividend for the year of 12.3 pence per share, which brings the total dividend for the year to 20.4 pence per share, an increase of 7.4 per cent over 1997/98.

Yet a company can only achieve great things through the actions of its people and I would like to record here my thanks to BT people for all their efforts.

I would also like to thank two directors who retired from the Board during the year, Malcolm Argent and Sir Ewen Fergusson. Both made a notable contribution during their terms of office. Sir Ewen joined the Board as a non-executive director in 1993. Malcolm was appointed to the Board in 1989, becoming a non-executive director in 1994, and played a major part in BT's transformation into the global communications company it is today.

During the year, we welcomed Helen Alexander, Neville Isdell and Sir John Weston to the Board.

BT has made great progress over the past two decades. Now, with our new vision, we will continue to move forward, building on our success and positioning ourselves for the challenges and opportunities of the new Millennium.



**Sir Iain Vallance**

*Chairman*

25 MAY 1999

