

# BT Group plc

*Bringing it all together*  
- an overview

Updated – June 2008



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**BT Group is listed on the London and New York stock exchanges.**

Company ticker: BT.A (Reuters) or BT/A LN (Bloomberg) BTY (for ADRs)



# About us ~ the Group

BT is one of the world's leading providers of communications solutions serving customers in Europe, the Americas and Asia Pacific. Its principal activities include networked IT services, local, national and international telecommunications services, and higher-value broadband products and services.

In the UK, BT serves over 18 million business and residential customers with more than 28 million exchange lines, as well as providing network services (such as broadband, WLR and LLU) to other licensed operators.

BT's strategy is to build long-term partnerships with our customers. With their support, we aim to maximise the potential of our traditional business – through a combination of enhanced quality of service, creative marketing, innovative pricing and cost efficiency – while pursuing profitable growth by migrating our customers to new wave products and services such as networked IT services, broadband, mobility and managed services.

The Group consists principally of four customer facing lines of business: BT Retail, BT Wholesale and Openreach operate almost entirely within the UK, addressing the consumer, business and wholesale markets, and offer a broad spectrum of communications products and services. BT Global Services addresses the networked IT services needs of multi-site organisations.

# About us ~ our lines of business

**BT Retail** is the UK's largest communications service provider, by market share, to the consumer and small business markets. It supplies a wide range of communication products and services, including voice, data, internet and multimedia services, and offers a comprehensive range of managed and packaged communications solutions.

**BT Wholesale** provides network services and solutions within the UK, including ADSL, conveyance, transit and bulk delivery of products. It serves over 700 communication companies.

**Openreach** operates the physical assets of the local access and backhaul networks providing products such as Wholesale Line Rental and Local Loop Unbundled lines to around 400 communication providers.

**BT Global Services** targets the top 10,000 global multi-site organisations worldwide. It provides global reach and a complete range of networked IT solutions and services.

Two operational units support these lines of business

**BT Design** is responsible for the design and development of the platforms, systems and processes which will support our services

**BT Operate** is responsible for the deployment and operation of the services



# About us ~ our executive directors



**Sir Michael Rake**  
Chairman ~ BT Group



**Ian Livingston**  
CEO ~ BT Group



**Hanif Lalani**  
CFO ~ BT Group



**Gavin Patterson**  
BT Retail CEO



**Francois Barrault**  
BT Global Services CEO

# Our Strategy ~ focus & enablers

## Defend traditional

- Improved service
- Price innovation
- Reduce costs / improve margin
- Creative marketing



Long term  
Partnership  
with our  
customers

## Grow New Wave

- Networked IT services
- Broadband
- Mobility Solutions



21<sup>st</sup> Century Network

Delivering Shareholder **Value**



# Our Strategy ~ focus & enablers

## Our strategy

Pursue profitable growth in  
new wave services

Defend our traditional business

Transform our networks,  
systems and services  
for the 21<sup>st</sup> century

Create long-term partnerships  
with our customers

## Our principal activities

Networked IT services

Local, national & international  
telecommunication services

Broadband and internet services

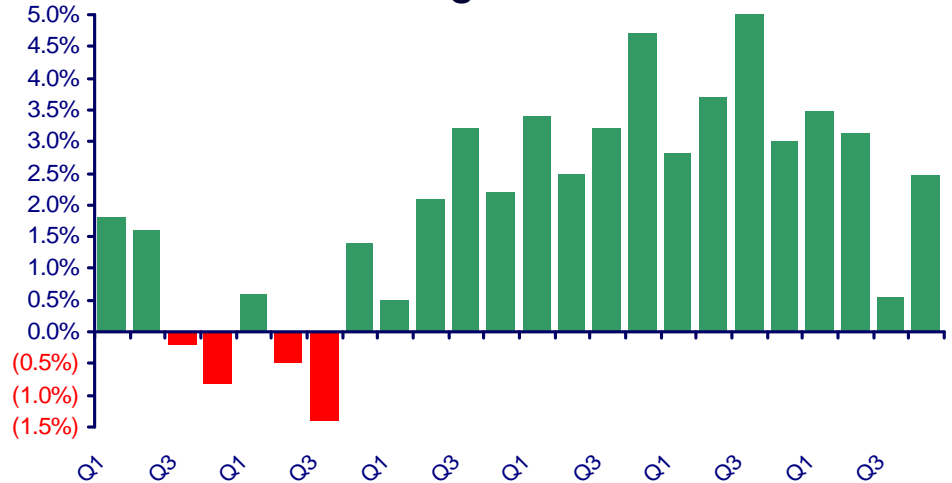
Converged fixed /mobile  
solutions and services

# Headline financials - latest quarterly results

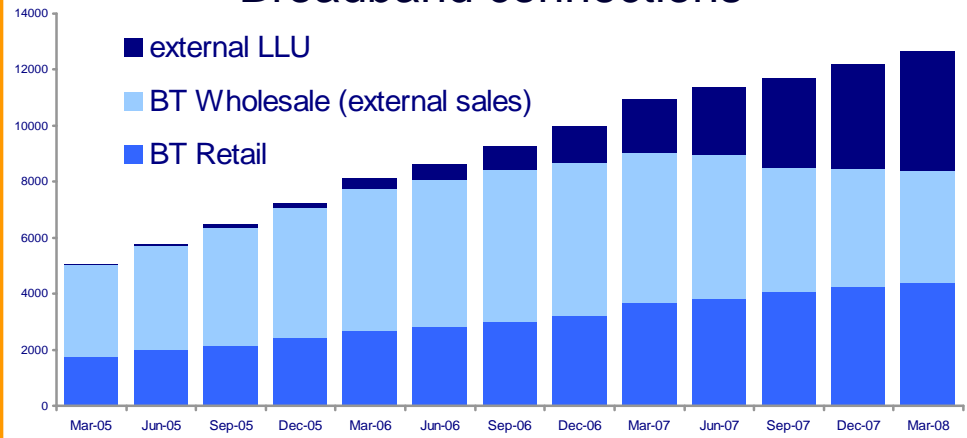
## Q4 ended 31 March '08

- Group revenue **up 2%** at **£5.4bn**
- EBITDA\* **£1.6bn up 2%**
- Profit before tax\* **£0.7bn up 3%** on last year
- Free cash flow **£1.7bn up 9%**
- EPS\* **7.0 pence up 11%** on prior year
- **12.7m** broadband connections (inc DSL & LLU) - *BT Retail market share 35%*

### Revenue growth trend



### Broadband connections



\* Before specific items and leaver costs

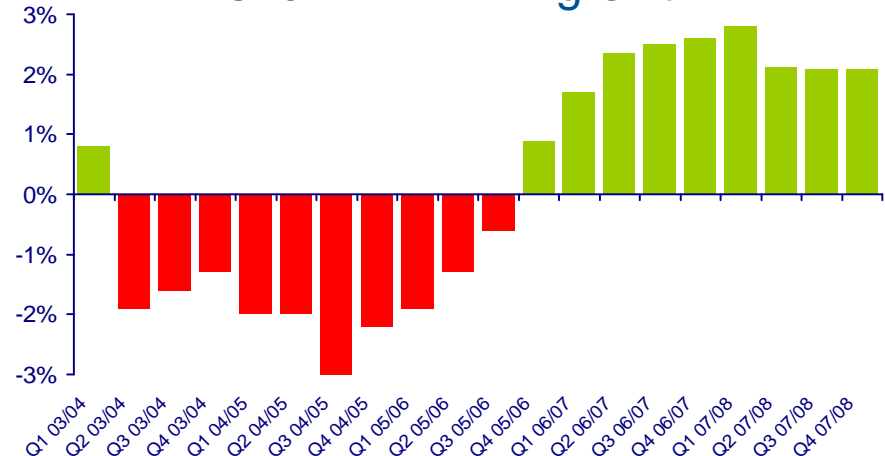
# Headline financials - last financial year

## Full Year - 31 March '08

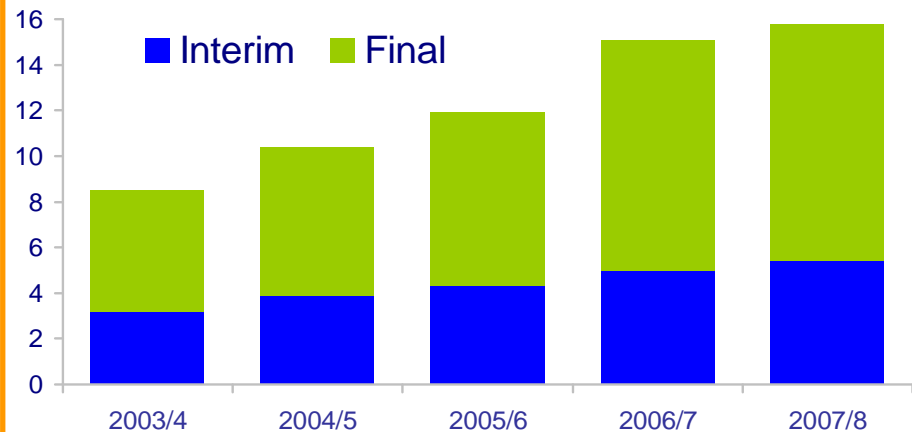
- Group revenue up 2% at **£20.7bn**
- EBITDA\* **£5.8bn up 3%** on last year
- EPS\* **23.9 pence up 5%** on prior year
- Free cash flow **£1.5bn up 11%** on previous year
- Full year dividend **15.8p up 5%** on last year

\* Before specific items

### Trend in EBITDA growth



### Dividends (pence)



# Headline financials - lines of business

## Last financial year ending 31/03/08

	Revenue £m	EBITDA* £m	Operating Profit/(Loss)* £m	Capital Expenditure £m	Operating FCF ** £m
BT Global Services	7,889	861	117	784	77
BT Retail	8,477	1,495	1,050	361	1,134
BT Wholesale	4,959	1,395	502	663	732
Openreach	5,266	1,911	1,222	1,073	838
Others	28	122	(535)	458	(77)
Intra-group items	(5,915)	--	--	--	--
<b>Total</b>	<b>20,704</b>	<b>5,784</b>	<b>2,356</b>	<b>3,339</b>	<b>2,445</b>

## Previous financial year ending 31/03/07

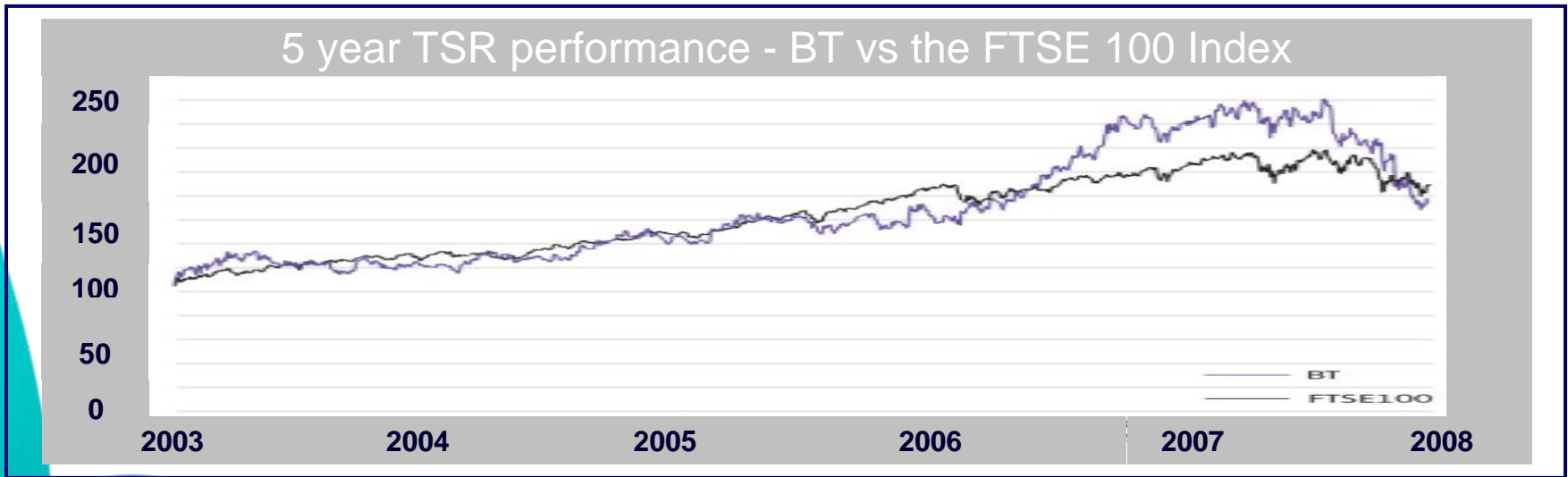
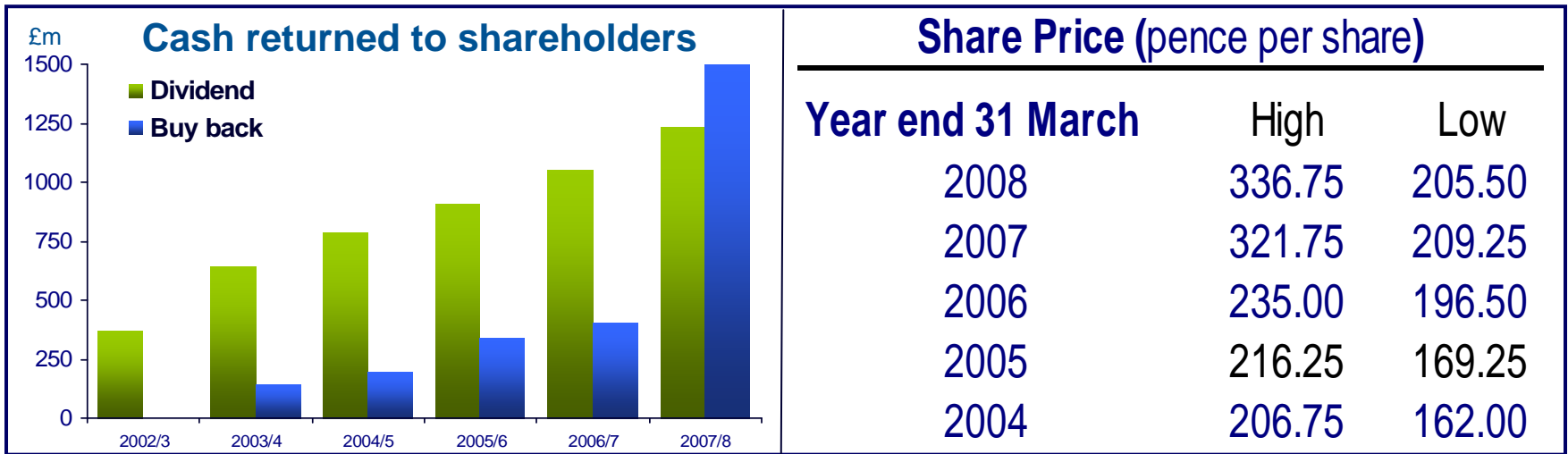
	Revenue £m	EBITDA* £m	Operating Profit/(Loss)* £m	Capital Expenditure £m	Operating FCF ** £m
BT Global Services	7,312	735	70	671	64
BT Retail	8,346	1,357	912	347	1,010
BT Wholesale	5,386	1,500	592	623	877
Openreach	5,223	1,927	1,220	1,108	819
Others	17	114	(253)	498	(384)
Intra-group items	(6,061)	--	--	--	--
<b>Total</b>	<b>20,223</b>	<b>5,633</b>	<b>2,541</b>	<b>3,247</b>	<b>2,386</b>

\* Before specific items

\*\* Operating free cash flow (EBITDA less capital expenditure)



# Headline financials - historical summary



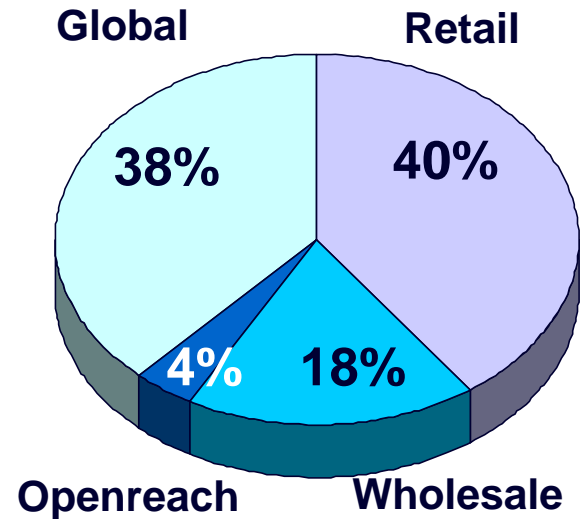
# Snapshot – behind the numbers

Year end 31 March	2007/8 £m	2006/7 £m
<b>Group revenue</b>	20,704	20,223
UK	17,186	17,241
Europe	2,510	2,174
Americas	847	711
<b>Operating costs *</b>	18,168	17,746
Wages & Salaries	4,242	4,099
Research & Development	857	692
Depreciation	2,324	2,420
Payments to other operators	4,237	4,162
<b>Capital expenditure</b>	3,339	3,247
<b>Free cash flow</b>	1503**	1,354**

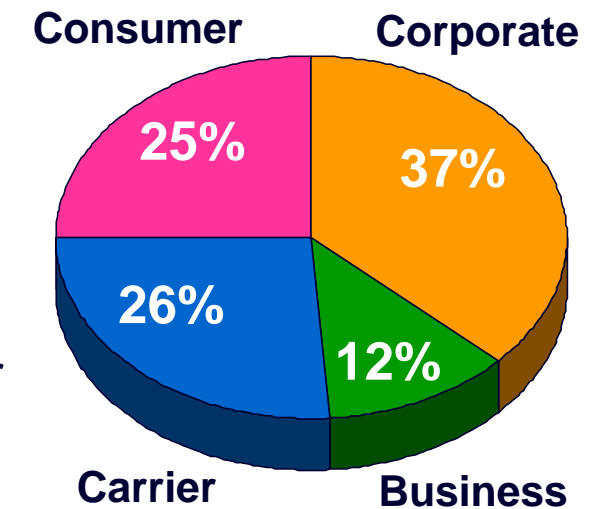
\* Before specific items

\*\* After making deficiency pension contributions of £320m (07/08) and £520m (06/07)

**2007/8**  
Group revenue by line of business



**2007/8**  
Group revenue by customer



# Snapshot - non financial statistics

Year end 31 March	2005	2006	2007	2008
<b>PSTN/ISDN connections ('000)</b>	27,878	25,709	23,900	22,543
Business	8,358	7,797	7,264	6,750
Residential	19,520	17,912	16,636	15,793
<b>Broadband customers ('000)</b>	5,064	8,116	10,737	12,684
LLU lines	41	356	1,910	4,300
BT Retail	1,780	2,668	3,659	4,402
<b>Employees ('000)</b>	102.1	104.4	106.2	111.9
UK	90.8	92.7	92.8	91.4
non-UK	11.3	11.7	13.4	20.5

## CSR Facts

Dow Jones Telecom Sustainable Index Award **winner** for **seven** consecutive years

Winner of the Golden Peacock Global Award for CSR **2007**

Reduced CO<sub>2</sub> emissions by **58%** since 1996 / Recycled **46%** of total waste last year

Commit a minimum of **1%** of UK pre-tax profits in support of society (£22.3m in 2007/8)



# Additional information - contacts & links

## Shareholder helpline:

**within the UK**  
**outside the UK**  
**e-mail**

**0808 100 4141**  
**+44 121 415 7178**  
[bt@equiniti.com](mailto:bt@equiniti.com)

## ADR depositary:

**within the US**  
**outside the US**  
**e-mail**

**1-800-634-8366**  
**+1-201-680-6630**  
[jpmorganadr@mellon.com](mailto:jpmorganadr@mellon.com)

## On-line resources:

**website**  
**investor centre**  
**quarterly results**  
**e-mail**

**www.btplc.com**  
**/sharesandperformance**  
**/Quarterlyresults/Quarterlyresults**  
**investorrelations@bt.com**

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BT Group is registered in England and Wales - No 4190816.

