



# Key Performance Indicators Q4 2016/17

For the quarter ended 31 March 2017. Published 11 May 2017.

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On 29 June 2016, we issued restated 2014/15 and 2015/16 financial information to reflect our new organisational structure and internal model changes, which came into effect on 1 April 2016. The results include EE from when we acquired it on 29 January 2016. Unless noted otherwise, the comparatives do not include EE prior to 29 January 2016.

Within our Q3 2016/17 Key Performance Indicators published on 27 January 2017, certain results were revised to reflect the outcome of the investigation into our Italian operations. This includes information included on Sheets 1, 5 and 10 for periods prior to Q1 2016/17.

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1. Group income statement £m unless otherwise stated	2015/16	YoY	2016/17	2015/16	YoY	2016/17	2015/16	YoY	2016/17	2015/16	YoY	2016/17	2015/16	YoY	2016/17	
	Q1	Change %	Q1	Q2	Change %	Q2	Q3	Change %	Q3	Q4	Change %	Q4	Full Year	Change %	Full Year	
<b>Revenue<sup>1</sup></b>																
Consumer	1,076	9.2	1,175	1,129	10.8	1,251	1,208	4.5	1,262	1,195	4.3	1,246	4,608	7.1	4,934	
EE	-	-	1,243	-	-	1,277	-	-	1,311	841	49.7	1,259	841	505.2	5,090	
Business and Public Sector	990	18.1	1,169	1,026	14.7	1,177	1,035	15.0	1,190	1,243	(1.7)	1,222	4,294	10.8	4,758	
Global Services	1,193	4.8	1,250	1,209	16.5	1,409	1,299	7.6	1,398	1,373	3.6	1,422	5,074	8.0	5,479	
Wholesale and Ventures	578	(10.4)	518	575	(9.2)	522	578	(8.7)	528	543	(0.4)	541	2,274	(7.3)	2,109	
Openreach	1,249	0.2	1,252	1,267	0.5	1,273	1,294	(0.8)	1,284	1,290	(0.1)	1,289	5,100	0.0	5,098	
Other	3	-	3	0	-	1	4	-	2	4	-	4	11	-	10	
Eliminations	(814)	2.6	(835)	(829)	3.4	(857)	(831)	2.2	(849)	(849)	0.7	(855)	(3,323)	2.2	(3,396)	
<b>Total</b>	<b>4,275</b>	<b>35.1</b>	<b>5,775</b>	<b>4,377</b>	<b>38.3</b>	<b>6,053</b>	<b>4,587</b>	<b>33.6</b>	<b>6,126</b>	<b>5,640</b>	<b>8.7</b>	<b>6,128</b>	<b>18,879</b>	<b>27.6</b>	<b>24,082</b>	
- of which transit	109		102	99		112	102		102	109		90	419		406	
<b>Underlying revenue<sup>2</sup> excl. transit (YoY)</b>	<b>0.0%</b>		<b>0.4%</b>	<b>2.0%</b>		<b>1.1%</b>	<b>4.6%</b>		<b>-1.5%</b>	<b>1.0%</b>		<b>-0.9%</b>	<b>1.9%</b>		<b>-0.2%</b>	
<b>EBITDA<sup>1</sup></b>																
Consumer	258	(7.4)	239	205	22.9	252	274	(5.1)	260	318	(17.9)	261	1,055	(4.1)	1,012	
EE	-	-	281	-	-	282	-	-	277	173	82.7	316	173	568.2	1,156	
Business and Public Sector	297	20.2	357	321	20.6	387	341	15.2	393	455	(14.1)	391	1,414	8.1	1,528	
Global Services	70	70.0	119	93	41.9	132	131	(69.5)	40	185	10.3	204	479	3.3	495	
Wholesale and Ventures	185	7.6	199	175	16.6	204	182	15.9	211	213	3.3	220	755	10.5	834	
Openreach	638	(0.9)	632	646	(2.5)	630	677	(0.1)	676	698	(0.4)	695	2,659	(1.0)	2,633	
Other	(22)	-	(9)	(19)	-	1	(21)	-	13	(14)	-	(18)	(76)	-	(13)	
<b>Total</b>	<b>1,426</b>	<b>27.5</b>	<b>1,818</b>	<b>1,421</b>	<b>32.9</b>	<b>1,888</b>	<b>1,584</b>	<b>18.1</b>	<b>1,870</b>	<b>2,028</b>	<b>2.0</b>	<b>2,069</b>	<b>6,459</b>	<b>18.4</b>	<b>7,645</b>	
Depreciation and amortisation <sup>1</sup>	(628)	36.1	(855)	(623)	39.5	(869)	(593)	50.9	(895)	(787)	13.2	(891)	(2,631)	33.4	(3,510)	
<b>Operating profit<sup>1</sup></b>	<b>798</b>	<b>20.7</b>	<b>963</b>	<b>798</b>	<b>27.7</b>	<b>1,019</b>	<b>991</b>	<b>(1.6)</b>	<b>975</b>	<b>1,241</b>	<b>(5.1)</b>	<b>1,178</b>	<b>3,828</b>	<b>8.0</b>	<b>4,135</b>	
Net finance expense <sup>1</sup>	(131)	17.6	(154)	(113)	29.2	(146)	(95)	56.8	(149)	(144)	0.7	(145)	(483)	23.0	(594)	
Share of post tax profits/losses of associates & joint ventures <sup>1</sup>	5	-	(7)	(1)	-	0	2	-	0	0	-	(2)	6	-	(9)	
<b>Profit before tax<sup>1</sup></b>	<b>672</b>	<b>19.3</b>	<b>802</b>	<b>684</b>	<b>27.6</b>	<b>873</b>	<b>898</b>	<b>(8.0)</b>	<b>826</b>	<b>1,097</b>	<b>(6.0)</b>	<b>1,031</b>	<b>3,351</b>	<b>5.4</b>	<b>3,532</b>	
Specific items	(7)	-	(33)	(8)	-	(149)	(11)	-	(247)	(197)	-	(540)	(223)	-	(969)	
Net interest on pensions	(55)	-	(52)	(56)	-	(53)	(55)	-	(53)	(55)	-	(51)	(221)	-	(209)	
Total specific items	(62)	-	(85)	(64)	-	(202)	(66)	-	(300)	(252)	-	(591)	(444)	-	(1,178)	
<b>Reported profit before tax</b>	<b>610</b>	<b>17.5</b>	<b>717</b>	<b>620</b>	<b>8.2</b>	<b>671</b>	<b>832</b>	<b>(36.8)</b>	<b>526</b>	<b>845</b>	<b>(47.9)</b>	<b>440</b>	<b>2,907</b>	<b>(19.0)</b>	<b>2,354</b>	
Tax - excluding tax on specific items	(132)	9.1	(144)	(129)	20.9	(156)	(173)	(1.2)	(171)	(173)	11.0	(192)	(607)	9.2	(663)	
Tax on specific items	11	-	15	12	-	51	107	-	19	36	-	132	166	-	217	
Tax rate	19.6%	-	18.0%	18.9%	-	17.9%	19.3%	-	20.7%	15.8%	-	18.6%	18.1%	-	18.8%	
<b>Net income</b>	<b>489</b>	<b>20.2</b>	<b>588</b>	<b>503</b>	<b>12.5</b>	<b>566</b>	<b>766</b>	<b>(51.2)</b>	<b>374</b>	<b>708</b>	<b>(46.3)</b>	<b>380</b>	<b>2,466</b>	<b>(22.6)</b>	<b>1,908</b>	
<b>EPS<sup>1</sup> (p)</b>	<b>6.5</b>	<b>1.5</b>	<b>6.6</b>	<b>6.7</b>	<b>7.5</b>	<b>7.2</b>	<b>8.7</b>	<b>(24.1)</b>	<b>6.6</b>	<b>9.7</b>	<b>(13.4)</b>	<b>8.4</b>	<b>31.8</b>	<b>(9.1)</b>	<b>28.9</b>	
<b>Reported EPS (p)</b>	<b>5.9</b>	<b>0.0</b>	<b>5.9</b>	<b>6.0</b>	<b>(5.0)</b>	<b>5.7</b>	<b>9.2</b>	<b>(58.7)</b>	<b>3.8</b>	<b>7.5</b>	<b>(49.3)</b>	<b>3.8</b>	<b>28.5</b>	<b>(32.6)</b>	<b>19.2</b>	
<b>Dividend per share (p)</b>	-	-	-	4.40	10.2	4.85	-	-	-	9.60	9.9	10.55	14.00	10.0	15.40	
<b>Average number of shares in issue (m)</b>	<b>8,330</b>	-	<b>9,933</b>	<b>8,339</b>	-	<b>9,932</b>	<b>8,356</b>	-	<b>9,943</b>	<b>9,457</b>	-	<b>9,945</b>	<b>8,619</b>	-	<b>9,938</b>	
<b>Group free cash flow</b>																
EBITDA <sup>1</sup>	1,426	27.5	1,818	1,421	32.9	1,888	1,584	18.1	1,870	2,028	2.0	2,069	6,459	18.4	7,645	
Capital expenditure <sup>3,5</sup>	(623)	14.1	(711)	(593)	26.6	(751)	(582)	29.0	(751)	(633)	43.1	(906)	(2,431)	28.3	(3,119)	
Interest <sup>1</sup>	(183)	2.7	(188)	(65)	44.6	(94)	(181)	2.8	(186)	(112)	37.5	(154)	(541)	15.0	(622)	
Tax (excluding cash tax benefit of pension deficit payments)	(88)	-	(147)	(91)	-	(159)	(142)	-	(175)	(138)	-	(180)	(459)	-	(661)	
Change in working capital & other <sup>5</sup>	(426)	-	(324)	(103)	-	10	225	-	(152)	374	-	5	70	-	(461)	
<b>Normalised free cash flow<sup>4</sup></b>	<b>106</b>	<b>322.6</b>	<b>448</b>	<b>569</b>	<b>57.1</b>	<b>894</b>	<b>904</b>	<b>(33.0)</b>	<b>606</b>	<b>1,519</b>	<b>(45.1)</b>	<b>834</b>	<b>3,098</b>	<b>(10.2)</b>	<b>2,782</b>	
Cash tax benefit of pension deficit payments	69	-	44	46	-	44	44	-	11	44	-	11	203	-	110	
Purchases of telecoms licences	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	
Specific items	(52)	-	(52)	(30)	-	(62)	(18)	-	(32)	(132)	-	(59)	(232)	-	(205)	
<b>Reported free cash flow</b>	<b>123</b>	<b>257.7</b>	<b>440</b>	<b>585</b>	<b>49.7</b>	<b>876</b>	<b>930</b>	<b>(37.1)</b>	<b>585</b>	<b>1,431</b>	<b>(45.1)</b>	<b>786</b>	<b>3,069</b>	<b>(12.4)</b>	<b>2,687</b>	
Gross pension deficit payment	(625)	-	(5)	0	-	(8)	0	-	(6)	(255)	-	(255)	(880)	-	(274)	
<b>Free cash flow (post pension deficit payments)</b>	<b>(502)</b>	<b>(186.7)</b>	<b>435</b>	<b>585</b>	<b>48.4</b>	<b>868</b>	<b>930</b>	<b>(37.7)</b>	<b>579</b>	<b>1,176</b>	<b>(54.8)</b>	<b>531</b>	<b>2,189</b>	<b>10.2</b>	<b>2,413</b>	
<b>Net debt</b>	<b>5,814</b>	<b>64.6</b>	<b>9,572</b>	<b>5,913</b>	<b>61.8</b>	<b>9,567</b>	<b>5,015</b>	<b>79.1</b>	<b>8,981</b>	<b>9,838</b>	<b>(9.2)</b>	<b>8,932</b>	<b>9,838</b>	<b>(9.2)</b>	<b>8,932</b>	

Note: Certain results were revised to reflect the outcome of the investigation into our Italian business

<sup>1</sup> before specific items

<sup>2</sup> excludes specific items, foreign exchange movements and disposals, and from Q1 2016/17 onwards is calculated as though EE had been part of the group from 1 April 2015

<sup>3</sup> before purchases of telecommunications licences

<sup>4</sup> before specific items, purchases of telecommunications licences, pension deficit payments and the cash tax benefit of pension deficit payments

<sup>5</sup> 2015/16 Capital expenditure and Change in working capital & other have been revised at Q4 2016/17 to reflect the outcome of the investigation into our Italian business, with other revisions having been made at Q3 2016/17

<sup>6</sup> revised at Q4 2016/17 to reflect a reclassification of £1m from Net interest on pensions to Specific items

<sup>7</sup> revised at Q4 2016/17 for consistent methodology relating to minority interests

2. Consumer	2014/15					2015/16					2016/17				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
<b>Financial</b>															
<b>Revenue (£m)</b>															
Calls & lines	641	641	648	657	<b>2,587</b>	644	650	678	672	<b>2,644</b>	661	697	698	688	<b>2,744</b>
YoY						0.5%	1.4%	4.6%	2.3%	2.2%	2.6%	7.2%	2.9%	2.4%	3.8%
Broadband & TV	377	387	403	414	<b>1,581</b>	405	452	497	495	<b>1,849</b>	489	527	535	531	<b>2,082</b>
YoY						7.4%	16.8%	23.3%	19.6%	17.0%	20.7%	16.6%	7.6%	7.3%	12.6%
Other (incl. eliminations)	30	29	35	31	<b>125</b>	27	27	33	28	<b>115</b>	25	27	29	27	<b>108</b>
YoY						-10.0%	-6.9%	-5.7%	-9.7%	-8.0%	-7.4%	0.0%	-12.1%	-3.6%	-6.1%
<b>Total</b>	<b>1,048</b>	<b>1,057</b>	<b>1,086</b>	<b>1,102</b>	<b>4,293</b>	<b>1,076</b>	<b>1,129</b>	<b>1,208</b>	<b>1,195</b>	<b>4,608</b>	<b>1,175</b>	<b>1,251</b>	<b>1,262</b>	<b>1,246</b>	<b>4,934</b>
YoY						2.7%	6.8%	11.2%	8.4%	7.3%	9.2%	10.8%	4.5%	4.3%	7.1%
- of which internal	14	15	16	17	<b>62</b>	15	16	17	17	<b>65</b>	16	16	15	16	<b>63</b>
YoY						7.1%	6.7%	6.3%	0.0%	4.8%	6.7%	0.0%	-11.8%	-5.9%	-3.1%
<b>EBITDA (£m)</b>															
	<b>241</b>	<b>228</b>	<b>255</b>	<b>320</b>	<b>1,044</b>	<b>258</b>	<b>205</b>	<b>274</b>	<b>318</b>	<b>1,055</b>	<b>239</b>	<b>252</b>	<b>260</b>	<b>261</b>	<b>1,012</b>
YoY						7.1%	-10.1%	7.5%	-0.6%	1.1%	-7.4%	22.9%	-5.1%	-17.9%	-4.1%
<b>Operating profit (£m)</b>															
	<b>186</b>	<b>174</b>	<b>205</b>	<b>261</b>	<b>826</b>	<b>208</b>	<b>147</b>	<b>224</b>	<b>269</b>	<b>848</b>	<b>187</b>	<b>200</b>	<b>208</b>	<b>208</b>	<b>803</b>
YoY						11.8%	-15.5%	9.3%	3.1%	2.7%	-10.1%	36.1%	-7.1%	-22.7%	-5.3%
<b>Capex (£m)</b>															
	<b>39</b>	<b>52</b>	<b>47</b>	<b>69</b>	<b>207</b>	<b>52</b>	<b>56</b>	<b>46</b>	<b>53</b>	<b>207</b>	<b>58</b>	<b>53</b>	<b>54</b>	<b>72</b>	<b>237</b>
YoY						33.3%	7.7%	-2.1%	-23.2%	0.0%	11.5%	-5.4%	17.4%	35.8%	14.5%
<b>Operating free cash flow (£m)</b>															
	<b>229</b>	<b>109</b>	<b>278</b>	<b>212</b>	<b>828</b>	<b>215</b>	<b>56</b>	<b>353</b>	<b>157</b>	<b>781</b>	<b>298</b>	<b>90</b>	<b>162</b>	<b>159</b>	<b>709</b>
YoY						-6.1%	-48.6%	27.0%	-25.9%	-5.7%	38.6%	60.7%	-54.1%	1.3%	-9.2%
<b>Operational</b>															
<b>Consumer ARPU (£ per month)</b>															
	<b>33.2</b>	<b>33.6</b>	<b>34.2</b>	<b>34.6</b>		<b>34.9</b>	<b>35.6</b>	<b>36.6</b>	<b>37.1</b>		<b>37.8</b>	<b>38.8</b>	<b>39.4</b>	<b>39.9</b>	
YoY						5.1%	6.0%	7.0%	7.2%		8.3%	9.0%	7.7%	7.5%	

3. EE	2015/16		2016/17				
	Q4	FY	Q1	Q2	Q3	Q4	FY

## Financial

Revenue (£m)							
Postpaid mobile	682	682	1,018	1,038	1,049	1,035	4,140
Prepaid mobile	68	68	100	105	104	93	402
Fixed	47	47	63	69	70	74	276
Equipment	44	44	62	65	88	57	272
<b>Total</b>	<b>841</b>	<b>841</b>	<b>1,243</b>	<b>1,277</b>	<b>1,311</b>	<b>1,259</b>	<b>5,090</b>
<i>Underlying revenue<sup>1</sup> (YoY)</i>			-2.2%	0.0%	1.9%	2.5%	0.6%
<b>EBITDA (£m)</b>	<b>173</b>	<b>173</b>	<b>281</b>	<b>282</b>	<b>277</b>	<b>316</b>	<b>1,156</b>
<i>Underlying EBITDA<sup>1</sup> adjusted for acquisition of EE (YoY)</i>			11%	-1%	-7%	27%	6%
<b>Operating profit (£m)</b>	<b>27<sup>2</sup></b>	<b>27</b>	<b>84</b>	<b>83</b>	<b>74</b>	<b>135</b>	<b>376</b>
<b>Capex (£m)</b>	<b>96</b>	<b>96</b>	<b>150</b>	<b>149</b>	<b>153</b>	<b>164</b>	<b>616</b>
<b>Operating free cash flow (£m)</b>	<b>238</b>	<b>238</b>	<b>187</b>	<b>135</b>	<b>141</b>	<b>107</b>	<b>570</b>

Note: EE's Q4 and FY 2015/16 results account for the period from acquisition on 29 January 2016 to 31 March 2016

<sup>1</sup> excludes specific items, foreign exchange movements and disposals, and for Q1 2016/17 is calculated as though EE had been part of the group from 1 April 2015

<sup>2</sup> corrected at Q4 2016/17 for consistency with other divisions

4. Business and Public Sector	2014/15					2015/16					2016/17				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
<b>Financial</b>															
<b>Revenue (£m)</b>															
Public Sector & Major Business (ex RoI)	579	570	569	625	2,343	534	540	557	604	2,235	487	484	471	518	1,960
YoY						-7.8%	-5.3%	-2.1%	-3.4%	-4.6%	-8.8%	-10.4%	-15.4%	-14.2%	-12.3%
Corporate	125	127	122	122	496	118	121	126	185	550	191	188	188	185	752
YoY						-5.6%	-4.7%	3.3%	51.6%	10.9%	61.9%	55.4%	49.2%	0.0%	36.7%
SME	281	279	287	275	1,122	277	293	290	381	1,241	415	421	433	425	1,694
YoY						-1.4%	5.0%	1.0%	38.5%	10.6%	49.8%	43.7%	49.3%	11.5%	36.5%
Republic of Ireland	81	80	85	83	329	80	97	82	93	352	86	97	101	96	380
YoY						-1.2%	21.3%	-3.5%	12.0%	7.0%	7.5%	0.0%	23.2%	3.2%	8.0%
Other (incl. eliminations)	(13)	(7)	(16)	(7)	(43)	(19)	(25)	(20)	(20)	(84)	(10)	(13)	(3)	(2)	(28)
YoY						46.2%	257.1%	25.0%	185.7%	95.3%	-47.4%	-48.0%	-85.0%	-90.0%	-66.7%
<b>Total</b>	<b>1,053</b>	<b>1,049</b>	<b>1,047</b>	<b>1,098</b>	<b>4,247</b>	<b>990</b>	<b>1,026</b>	<b>1,035</b>	<b>1,243</b>	<b>4,294</b>	<b>1,169</b>	<b>1,177</b>	<b>1,190</b>	<b>1,222</b>	<b>4,758</b>
YoY						-6.0%	-2.2%	-1.1%	13.2%	1.1%	18.1%	14.7%	15.0%	-1.7%	10.8%
- of which internal	21	25	26	27	99	24	25	26	24	99	37	24	28	33	122
YoY						14.3%	0.0%	0.0%	-11.1%	0.0%	54.2%	-4.0%	7.7%	37.5%	23.2%
- of which transit	10	10	10	10	40	10	10	9	9	38	9	8	6	5	28
YoY						0.0%	0.0%	-10.0%	-10.0%	-5.0%	-10.0%	-20.0%	-33.3%	-44.4%	-26.3%
<b>Underlying revenue<sup>1</sup> excluding transit (YoY)</b>						-5.2%	-1.6%	-0.4%	-1.3%	-2.1%	-3.5%	-6.6%	-5.8%	-6.4%	-5.6%
<b>EBITDA (£m)</b>	<b>343</b>	<b>331</b>	<b>342</b>	<b>364</b>	<b>1,380</b>	<b>297</b>	<b>321</b>	<b>341</b>	<b>455</b>	<b>1,414</b>	<b>357</b>	<b>387</b>	<b>393</b>	<b>391</b>	<b>1,528</b>
YoY						-13.4%	-3.0%	-0.3%	25.0%	2.5%	20.2%	20.6%	15.2%	-14.1%	8.1%
<b>Underlying EBITDA<sup>1</sup> adjusted for acquisition of EE (YoY)</b>											-5%	-5%	-8%	-19%	-10%
<b>Operating profit (£m)</b>	<b>285</b>	<b>276</b>	<b>278</b>	<b>306</b>	<b>1,145</b>	<b>233</b>	<b>250</b>	<b>283</b>	<b>364</b>	<b>1,130</b>	<b>271</b>	<b>297</b>	<b>305</b>	<b>303</b>	<b>1,176</b>
YoY						-18.2%	-9.4%	1.8%	19.0%	-1.3%	16.3%	18.8%	7.8%	-16.8%	4.1%
<b>Capex (£m)</b>	<b>30</b>	<b>45</b>	<b>41</b>	<b>44</b>	<b>160</b>	<b>30</b>	<b>38</b>	<b>38</b>	<b>47</b>	<b>153</b>	<b>56</b>	<b>56</b>	<b>74</b>	<b>89</b>	<b>275</b>
YoY						0.0%	-15.6%	-7.3%	6.8%	-4.4%	86.7%	47.4%	94.7%	89.4%	79.7%
<b>Operating free cash flow (£m)</b>	<b>179</b>	<b>237</b>	<b>234</b>	<b>420</b>	<b>1,070</b>	<b>111</b>	<b>254</b>	<b>289</b>	<b>447</b>	<b>1,101</b>	<b>252</b>	<b>306</b>	<b>302</b>	<b>433</b>	<b>1,293</b>
YoY						-38.0%	7.2%	23.5%	6.4%	2.9%	127.0%	20.5%	4.5%	-3.1%	17.4%
<b>Operational</b>															
<b>Order intake (£m)</b>	<b>890</b>	<b>731</b>	<b>990</b>	<b>1,170</b>	<b>3,781</b>	<b>586</b>	<b>981</b>	<b>738</b>	<b>858</b>	<b>3,163</b>	<b>652</b>	<b>847</b>	<b>856</b>	<b>1,014</b>	<b>3,369</b>
YoY						-34.2%	34.2%	-25.5%	-26.7%	-16.3%	11.3%	-13.7%	16.0%	18.2%	6.5%

Note: Financial and operational measures include EE's business customers from 29 January 2016 (partway through Q4 2015/16) onwards

<sup>1</sup> excludes specific items, foreign exchange movements and disposals, and for Q1 2016/17 is calculated as though EE had been part of the group from 1 April 2015

5. Global Services	2014/15					2015/16					2016/17				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
<b>Financial</b>															
<b>Revenue (£m)</b>															
UK	375	365	352	397	1,489	336	368	375	412	1,491	363	419	419	416	1,617
YoY						-10.4%	0.8%	6.5%	3.8%	0.1%	8.0%	13.9%	11.7%	1.0%	8.5%
Continental Europe	481	470	508	493	1,952	433	439	473	516	1,861	479	530	502	520	2,031
YoY						-10.0%	-6.6%	-6.9%	4.7%	-4.7%	10.6%	20.7%	6.1%	0.8%	9.1%
US, Canada & LatAm	278	304	322	320	1,224	285	268	280	282	1,115	263	294	298	302	1,157
YoY						2.5%	-11.8%	-13.0%	-11.9%	-8.9%	-7.7%	9.7%	6.4%	7.1%	3.8%
AsiaPac & MEA	117	131	140	165	553	139	134	171	163	607	145	166	179	184	674
YoY						18.8%	2.3%	22.1%	-1.2%	9.8%	4.3%	23.9%	4.7%	12.9%	11.0%
<b>Total</b>	<b>1,251</b>	<b>1,270</b>	<b>1,322</b>	<b>1,375</b>	<b>5,218</b>	<b>1,193</b>	<b>1,209</b>	<b>1,299</b>	<b>1,373</b>	<b>5,074</b>	<b>1,250</b>	<b>1,409</b>	<b>1,398</b>	<b>1,422</b>	<b>5,479</b>
YoY						-4.6%	-4.8%	-1.7%	-0.1%	-2.8%	4.8%	16.5%	7.6%	3.6%	8.0%
- of which transit	88	88	93	84	353	72	71	73	84	300	78	90	86	73	327
YoY						-18.2%	-19.3%	-21.5%	0.0%	-15.0%	8.3%	26.8%	17.8%	-13.1%	9.0%
<b>Underlying revenue<sup>1</sup> excluding transit (YoY)</b>						-1.1%	-0.7%	3.0%	-0.6%	0.2%	0.3%	3.7%	-7.1%	-4.4%	-2.0%
<b>EBITDA (£m)</b>	<b>58</b>	<b>90</b>	<b>124</b>	<b>193</b>	<b>465</b>	<b>70</b>	<b>93</b>	<b>131</b>	<b>185</b>	<b>479</b>	<b>119</b>	<b>132</b>	<b>40</b>	<b>204</b>	<b>495</b>
YoY						20.7%	3.3%	5.6%	-4.1%	3.0%	70.0%	41.9%	-69.5%	10.3%	3.3%
<b>Underlying EBITDA<sup>1</sup> adjusted for acquisition of EE (YoY)</b>											41%	24%	-78%	-1%	-11%
<b>Operating profit (£m)</b>	<b>(61)</b>	<b>(18)</b>	<b>16</b>	<b>84</b>	<b>21</b>	<b>(35)</b>	<b>(9)</b>	<b>31</b>	<b>70</b>	<b>57</b>	<b>13</b>	<b>24</b>	<b>(77)</b>	<b>96</b>	<b>56</b>
YoY						n/m	n/m	93.8%	-16.7%	171.4%	-137.1%	-366.7%	-348.4%	37.1%	-1.8%
<b>Capex (£m)</b>	<b>95</b>	<b>96</b>	<b>104</b>	<b>111</b>	<b>406</b>	<b>78</b>	<b>95</b>	<b>89</b>	<b>93</b>	<b>355</b>	<b>91</b>	<b>100</b>	<b>69</b>	<b>101</b>	<b>361</b>
YoY						-17.9%	-1.0%	-14.4%	-16.2%	-12.6%	16.7%	5.3%	-22.5%	8.6%	1.7%
<b>Operating free cash flow (£m)</b>	<b>(353)</b>	<b>(23)</b>	<b>20</b>	<b>384</b>	<b>28</b>	<b>(279)</b>	<b>35</b>	<b>23</b>	<b>372</b>	<b>151</b>	<b>(283)</b>	<b>58</b>	<b>(115)</b>	<b>95</b>	<b>(245)</b>
YoY						n/m	n/m	15.0%	-3.1%	439.3%	n/m	65.7%	n/m	n/m	n/m
<b>Operational</b>															
<b>Order intake (£m)</b>	<b>798</b>	<b>1,092</b>	<b>1,592</b>	<b>1,518</b>	<b>5,000</b>	<b>1,077</b>	<b>1,363</b>	<b>1,423</b>	<b>1,261</b>	<b>5,124</b>	<b>960</b>	<b>1,501</b>	<b>1,230</b>	<b>913</b>	<b>4,604</b>
YoY						35.0%	24.8%	-10.6%	-16.9%	2.5%	-10.9%	10.1%	-13.6%	-27.6%	-10.1%

Note: Certain results have been revised to reflect the outcome of the investigation into our Italian business.

Note: Financial and operational measures include EE's business customers from 29 January 2016 (partway through Q4 2015/16) onwards

<sup>1</sup>excludes specific items, foreign exchange movements and disposals, and from Q1 2016/17 onwards is calculated as though EE had been part of the group from 1 April 2015

n/m = not meaningful

6. Wholesale and Ventures	2014/15					2015/16					2016/17				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
<b>Financial</b>															
<b>Revenue (£m)</b>															
Managed services	133	137	144	154	568	152	149	160	108	569	97	90	96	96	379
YoY						14.3%	8.8%	11.1%	-29.9%	0.2%	-36.2%	-39.6%	-40.0%	-11.1%	-33.4%
Data & broadband	159	150	152	151	612	142	150	153	147	592	139	143	140	141	563
YoY						-10.7%	0.0%	0.7%	-2.6%	-3.3%	-2.1%	-4.7%	-8.5%	-4.1%	-4.9%
Voice	183	182	179	217	761	186	178	169	143	676	134	129	129	133	525
YoY						1.6%	-2.2%	-5.6%	-34.1%	-11.2%	-28.0%	-27.5%	-23.7%	-7.0%	-22.3%
Mobile	1	1	1	2	5	2	1	1	33	37	54	54	58	57	223
YoY						n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m
Ventures	69	77	75	76	297	66	71	72	83	292	69	82	77	84	312
YoY						-4.3%	-7.8%	-4.0%	9.2%	-1.7%	4.5%	15.5%	6.9%	1.2%	6.8%
Other	28	32	31	27	118	30	26	23	29	108	25	24	28	30	107
YoY						7.1%	-18.8%	-25.8%	7.4%	-8.5%	-16.7%	-7.7%	21.7%	3.4%	-0.9%
<b>Total</b>	<b>573</b>	<b>579</b>	<b>582</b>	<b>627</b>	<b>2,361</b>	<b>578</b>	<b>575</b>	<b>578</b>	<b>543</b>	<b>2,274</b>	<b>518</b>	<b>522</b>	<b>528</b>	<b>541</b>	<b>2,109</b>
YoY						0.9%	-0.7%	-0.7%	-13.4%	-3.7%	-10.4%	-9.2%	-8.7%	-0.4%	-7.3%
- of which internal	19	18	20	23	80	20	21	21	32	94	27	39	35	37	138
YoY						5.3%	16.7%	5.0%	39.1%	17.5%	35.0%	85.7%	66.7%	15.6%	46.8%
- of which transit	46	43	38	35	162	27	18	20	16	81	15	14	10	12	51
YoY						-41.3%	-58.1%	-47.4%	-54.3%	-50.0%	-44.4%	-22.2%	-50.0%	-25.0%	-37.0%
<b>Underlying revenue<sup>1</sup> excluding transit (YoY)</b>						4.6%	3.9%	2.6%	-7.7%	-0.3%	-5.5%	-4.6%	-3.1%	0.0%	-3.2%
<b>EBITDA (£m)</b>	<b>161</b>	<b>172</b>	<b>186</b>	<b>227</b>	<b>746</b>	<b>185</b>	<b>175</b>	<b>182</b>	<b>213</b>	<b>755</b>	<b>199</b>	<b>204</b>	<b>211</b>	<b>220</b>	<b>834</b>
YoY						14.9%	1.7%	-2.2%	-6.2%	1.2%	7.6%	16.6%	15.9%	3.3%	10.5%
<b>Underlying EBITDA<sup>1</sup> adjusted for acquisition of EE (YoY)</b>											-14%	-2%	-4%	-2%	-6%
<b>Operating profit (£m)</b>	<b>97</b>	<b>110</b>	<b>125</b>	<b>169</b>	<b>501</b>	<b>119</b>	<b>112</b>	<b>125</b>	<b>146</b>	<b>502</b>	<b>123</b>	<b>129</b>	<b>135</b>	<b>141</b>	<b>528</b>
YoY						22.7%	1.8%	0.0%	-13.6%	0.2%	3.4%	15.2%	8.0%	-3.4%	5.2%
<b>Capex (£m)</b>	<b>56</b>	<b>58</b>	<b>67</b>	<b>113</b>	<b>294</b>	<b>56</b>	<b>53</b>	<b>45</b>	<b>55</b>	<b>209</b>	<b>50</b>	<b>51</b>	<b>53</b>	<b>72</b>	<b>226</b>
YoY						0.0%	-8.6%	-32.8%	-51.3%	-28.9%	-10.7%	-3.8%	17.8%	30.9%	8.1%
<b>Operating free cash flow (£m)</b>	<b>42</b>	<b>115</b>	<b>137</b>	<b>122</b>	<b>416</b>	<b>111</b>	<b>108</b>	<b>166</b>	<b>151</b>	<b>536</b>	<b>134</b>	<b>155</b>	<b>151</b>	<b>147</b>	<b>587</b>
YoY						164.3%	-6.1%	21.2%	23.8%	28.8%	20.7%	43.5%	-9.0%	-2.6%	9.5%
<b>Operational</b>															
<b>Order intake (£m)</b>	<b>262</b>	<b>245</b>	<b>433</b>	<b>947</b>	<b>1,887</b>	<b>336</b>	<b>344</b>	<b>341</b>	<b>400</b>	<b>1,421</b>	<b>333<sup>3</sup></b>	<b>320<sup>3</sup></b>	<b>961<sup>3</sup></b>	<b>342</b>	<b>1,956</b>
YoY						28.2%	40.4%	-21.2%	-57.8%	-24.7%	-0.9%	-7.0%	181.8%	-14.5%	37.6%
<b>Ethernet Circuits ('000)</b>	<b>26.5</b>	<b>28.2</b>	<b>30.1</b>	<b>31.7</b>		<b>33.6</b>	<b>35.5</b>	<b>37.5</b>	<b>38.5</b>		<b>40.3</b>	<b>41.5</b>	<b>42.8</b>	<b>43.8</b>	
Net adds in quarter		1.7	1.9	1.6		1.9	1.9	2.0	1.6 <sup>2</sup>		1.8	1.2	1.3	1.0	

Note: Financial and operational measures include EE as an external customer up to 29 January 2016 (partway through Q4 2015/16) but do not after that point

<sup>1</sup> excludes specific items, foreign exchange movements and disposals, and from Q1 2016/17 onwards is calculated as though EE had been part of the group from 1 April 2015

<sup>2</sup> Ethernet circuits include volumes from EE as an external customer up to 29 January 2016. Q4 2015/16 net adds include EE net adds for January, but not for February and March

<sup>3</sup> Q1, Q2 and Q3 2016/17 restated to align methodology consistently across the division

n/m = not meaningful

7. Openreach	2014/15					2015/16					2016/17				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
<b>Financial</b>															
<b>Revenue (£m)</b>															
WLR	509	497	497	493	1,996	483	480	478	474	1,915	461	468	467	461	1,857
YoY						-5.1%	-3.4%	-3.8%	-3.9%	-4.1%	-4.6%	-2.5%	-2.3%	-2.7%	-3.0%
LLU	296	294	298	292	1,180	298	297	309	299	1,203	289	285	290	282	1,146
YoY						0.7%	1.0%	3.7%	2.4%	1.9%	-3.0%	-4.0%	-6.1%	-5.7%	-4.7%
Ethernet	222	218	224	227	891	220	227	225	228	900	199	194	192	198	783
YoY						-0.9%	4.1%	0.4%	0.4%	1.0%	-9.5%	-14.5%	-14.7%	-13.2%	-13.0%
Fibre broadband	104	119	124	140	487	148	164	180	185	677	197	224	235	258	914
YoY						42.3%	37.8%	45.2%	32.1%	39.0%	33.1%	36.6%	30.6%	39.5%	35.0%
Other	114	117	112	114	457	100	99	102	104	405	106	102	100	90	398
YoY						-12.3%	-15.4%	-8.9%	-8.8%	-11.4%	6.0%	3.0%	-2.0%	-13.5%	-1.7%
<b>Total</b>	<b>1,245</b>	<b>1,245</b>	<b>1,255</b>	<b>1,266</b>	<b>5,011</b>	<b>1,249</b>	<b>1,267</b>	<b>1,294</b>	<b>1,290</b>	<b>5,100</b>	<b>1,252</b>	<b>1,273</b>	<b>1,284</b>	<b>1,289</b>	<b>5,098</b>
YoY						0.3%	1.8%	3.1%	1.9%	1.8%	0.2%	0.5%	-0.8%	-0.1%	0.0%
- of which internal	769	764	764	767	3,064	755	766	768	769	3,058	747	767	761	761	3,036
YoY						-1.8%	0.3%	0.5%	0.3%	-0.2%	-1.1%	0.1%	-0.9%	-1.0%	-0.7%
<b>EBITDA (£m)</b>															
YoY	624	625	651	697	2,597	638	646	677	698	2,659	632	630	676	695	2,633
YoY						2.2%	3.4%	4.0%	0.1%	2.4%	-0.9%	-2.5%	-0.1%	-0.4%	-1.0%
<b>Operating profit (£m)</b>															
YoY	275	290	319	365	1,249	303	317	357	381	1,358	300	297	327	340	1,264
YoY						10.2%	9.3%	11.9%	4.4%	8.7%	-1.0%	-6.3%	-8.4%	-10.8%	-6.9%
<b>Capex (£m)</b>															
YoY	258	246	300	278	1,082	402	348	321	376	1,447	337	357	409	470	1,573
YoY						55.8%	41.5%	7.0%	35.3%	33.7%	-16.2%	2.6%	27.4%	25.0%	8.7%
<b>Operating free cash flow (£m)</b>															
YoY	297	338	470	392	1,497	269	327	419	400	1,415	235	456	362	296	1,349
YoY						-9.4%	-3.3%	-10.9%	2.0%	-5.5%	-12.6%	39.4%	-13.6%	-26.0%	-4.7%
<b>Operational</b>															
<b>Internal physical lines ('000)</b>															
	12,594	12,453	12,367	12,274		12,179	12,127	12,107	12,915		12,845	12,795	12,762	12,657	
<b>External physical lines ('000)</b>															
	4,551	4,543	4,551	4,509		4,501	4,457	4,439	3,563		3,560	3,553	3,562	3,541	
<b>Fully unbundled physical lines (MPF) ('000)</b>															
	8,013	8,180	8,371	8,586		8,688	8,798	8,874	8,921		8,934	8,950	9,023	9,047	
<b>Total physical lines ('000)</b>															
	25,159	25,176	25,289	25,370		25,368	25,382	25,420	25,398		25,340	25,298	25,348	25,245	
Net adds in quarter		17	113	81		-1	14	38	-22		-58	-42	50	-103	

EE lines are shown as internal for the whole period, as prior to acquisition they were included within BT Wholesale's numbers as a customer



8. Broadband, TV and Lines (across BT)	2014/15				2015/16				2016/17			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

### Broadband ('000)

#### Total retail broadband

<b>Total retail broadband</b>	<b>7,385</b>	<b>7,473</b>	<b>7,592</b>	<b>7,713</b>	<b>7,796</b>	<b>7,879</b>	<b>7,996</b> <sup>4</sup>	<b>9,041</b> <sup>6</sup>	<b>9,117</b>	<b>9,193</b>	<b>9,276</b>	<b>9,276</b> <sup>13</sup>
<i>Net adds</i>	104	88	119	121	83	82	130	105 <sup>7</sup>	76	76	83	29
<b>Total retail share of DSL + fibre net adds</b>	<b>64%</b>	<b>48%</b>	<b>46%</b>	<b>49%</b>	<b>56%</b>	<b>51%</b>	<b>71%</b>	<b>81%</b>	<b>79%</b>	<b>65%</b>	<b>44%</b>	<b>35%</b>
<b>Total retail share of DSL + fibre installed base</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>45%</b>	<b>46%</b>	<b>46%</b>	<b>46%</b>	<b>46%</b>

Of which:												
<b>Total retail fibre base</b>	<b>2,332</b>	<b>2,535</b>	<b>2,744</b>	<b>3,010</b>	<b>3,226</b>	<b>3,438</b>	<b>3,689</b>	<b>4,076</b> <sup>8</sup>	<b>4,257</b>	<b>4,473</b>	<b>4,733</b>	<b>4,935</b> <sup>14</sup>
<i>Net adds</i>	226	203	209	266	217	212	250	214 <sup>7</sup>	181	216	260	211

### Wholesale and Ventures

<b>Wholesale and Ventures external broadband</b>	<b>1,866</b>	<b>1,859</b>	<b>1,873</b>	<b>1,831</b>	<b>1,842</b>	<b>1,847</b>	<b>1,853</b> <sup>4</sup>	<b>906</b> <sup>6</sup>	<b>885</b> <sup>11</sup>	<b>882</b>	<b>865</b>	<b>886</b> <sup>15</sup>
<i>Net adds</i>	-5	-8	14	-42	11	5	-6	-8 <sup>9</sup>	-2	-3	-17	-5

### Openreach<sup>1</sup>

Internal DSL & fibre broadband (sold to other BT lines of business)	9,252	9,332	9,465	9,544	9,639	9,726	9,850	9,947	10,002 <sup>11</sup>	10,074	10,141	10,162
Full LLU (MPF)	8,013	8,180	8,371	8,586	8,688	8,798	8,874	8,921	8,934	8,950	9,023	9,047
Shared LLU (SMPF) + external fibre on WLR lines	1,353	1,288	1,222	1,175	1,128	1,091	1,073	1,059	1,067	1,094	1,144	1,181
<b>Total DSL + fibre</b>	<b>18,618</b>	<b>18,800</b>	<b>19,058</b>	<b>19,306</b>	<b>19,455</b>	<b>19,615</b>	<b>19,797</b>	<b>19,927</b>	<b>20,003</b> <sup>11</sup>	<b>20,119</b>	<b>20,308</b>	<b>20,390</b>
<i>Net adds</i>	163	182	258	248	149	160	182	130	95	116	189	82

Of which:												
<b>Openreach fibre base</b>	<b>3,019</b>	<b>3,363</b>	<b>3,738</b>	<b>4,193</b>	<b>4,582</b>	<b>4,997</b>	<b>5,492</b>	<b>5,907</b>	<b>6,239</b>	<b>6,679</b>	<b>7,177</b>	<b>7,698</b>
<i>Net adds</i>	341	344	375	455	389	415	494	415	333	440	498	520

### TV (Consumer and EE)

<b>TV customers ('000)</b>	<b>1,007</b> <sup>2</sup>	<b>1,045</b>	<b>1,090</b>	<b>1,142</b>	<b>1,202</b>	<b>1,308</b>	<b>1,397</b> <sup>5</sup>	<b>1,561</b>	<b>1,620</b>	<b>1,684</b>	<b>1,736</b>	<b>1,747</b>
<i>Net adds</i>	40	38	45	52	60	106	97	74 <sup>10</sup>	59	64	52	11

### Lines

<b>Lines sold through BT lines of business ('000)</b>												
Total Consumer/EE lines	9,839	9,754	9,694	9,633	9,574	9,522	9,528	10,411	10,392	10,376	10,369	10,313
<i>QoQ</i>		-85	-60	-61	-59	-52	6	-5 <sup>10</sup>	-19	-16	-7	-56
Business/Corporate lines	3,671	3,603	3,518	3,481	3,403	3,368	3,307	3,228	3,130 <sup>12</sup>	3,068	3,003	2,937
<i>QoQ</i>		-68	-85	-70 <sup>3</sup>	-79	-34	-61	-87	-82	-62	-66	-66
<b>Total</b>	<b>13,510</b>	<b>13,357</b>	<b>13,212</b>	<b>13,114</b>	<b>12,977</b>	<b>12,890</b>	<b>12,835</b>	<b>13,639</b>	<b>13,522</b> <sup>12</sup>	<b>13,445</b>	<b>13,372</b>	<b>13,250</b>
<i>QoQ</i>		-153	-145	-132 <sup>3</sup>	-137	-86	-56	-92 <sup>10</sup>	-101	-77	-73	-121

<sup>1</sup> Openreach figures include Northern Ireland

<sup>2</sup> base adjusted to remove 35k inactive customers

<sup>3</sup> excludes 34k lines relating to reporting adjustment

<sup>4</sup> adjusted for 13k account move

<sup>5</sup> base adjusted to remove 7k inactive customers

<sup>6</sup> base reflects 951k EE broadband lines transferred from Wholesale external broadband base to retail broadband base

<sup>7</sup> net adds includes EE net adds since 29 January 2016 and BT net adds since 31 December 2015

<sup>8</sup> base includes 184k EE fibre broadband lines, transferred from Wholesale external broadband base

<sup>9</sup> net adds adjusted for transfer of EE from base to BT retail. Includes EE's net adds for January

<sup>10</sup> net adds adjusted to remove impact of EE base being added from 29 January 2016 onwards

<sup>11</sup> 19k base adjustment following base review

<sup>12</sup> 16k base adjustment largely related to inclusion of EE now as internal

<sup>13</sup> 29k base adjustment following base review, including 26k moved to Wholesale and Ventures external broadband

<sup>14</sup> 9k base adjustment following base review, a subset of the 29k adjustment in <sup>13</sup>

<sup>15</sup> 26k base adjustment following base review

<b>9. Mobile (across BT)</b>	<b>2015/16 Q4</b>	<b>2016/17</b>			
		<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>Mobile base ('000)</b>					
Postpaid mobile	<b>16,113</b>	<b>16,168</b> <sup>1</sup>	<b>16,448</b>	<b>16,724</b>	<b>16,916</b>
<i>Net adds</i>	165	244	280	276	192
Prepaid mobile	<b>8,251</b>	<b>7,960</b>	<b>7,635</b>	<b>7,309</b>	<b>6,921</b>
<i>Net adds</i>	-426	-291	-325	-326	-388
Machine-to-Machine	<b>2,361</b>	<b>2,384</b>	<b>2,392</b>	<b>2,361</b>	<b>2,439</b>
<i>Net adds</i>	86	23	8	-31	78
MVNO	<b>3,720</b>	<b>3,756</b>	<b>3,773</b>	<b>3,774</b>	<b>3,760</b>
<i>Net adds</i>	28	36	17	1	-14
<b>Total</b>	<b>30,445</b>	<b>30,268</b> <sup>1</sup>	<b>30,248</b>	<b>30,168</b>	<b>30,036</b>
<i>Net adds</i>	-147	12	-20	-80	-132
<b>Mobile churn<sup>2</sup></b>					
Total	n/a	n/a	n/a	2.1%	2.1%
Postpaid	n/a	n/a	n/a	1.1%	1.1%
<b>Mobile ARPU (£ per month)<sup>3</sup></b>					
Postpaid	26.0	26.2	26.3	26.7	26.3
Prepaid	4.0	4.1	4.4	4.7	4.4
<b>Total base</b>	<b>18.3</b>	<b>18.8</b>	<b>19.2</b>	<b>19.9</b>	<b>19.8</b>

Note: Base comprises all BT Group mobile customers

Note: Q4 2015/16 net adds comprise 3 months of BT branded mobile net adds and 2 months of EE net adds since acquisition on 29 January 2016

<sup>1</sup> base adjusted to remove 189k inactive customers

<sup>2</sup> reported on a BT Group mobile basis from Q3 2016/17; previously published figures referred to EE only and have been removed to avoid inconsistency

<sup>3</sup> reported on a BT Group mobile basis

10. Costs	2014/15					2015/16					2016/17				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
<b>Operating costs (£m)</b>															
Direct labour costs before leaver costs	1,177	1,154	1,121	1,091	4,543	1,142	1,141	1,074	1,173	4,530	1,274	1,307	1,270	1,252	5,103
Indirect labour costs	200	190	200	185	775	184	186	172	192	734	194	208	222	238	862
Leaver costs	2	1	1	4	8	16	20	62	11	109	40	14	14	18	86
<b>Gross labour costs</b>	<b>1,379</b>	<b>1,345</b>	<b>1,322</b>	<b>1,280</b>	<b>5,326</b>	<b>1,342</b>	<b>1,347</b>	<b>1,308</b>	<b>1,376</b>	<b>5,373</b>	<b>1,508</b>	<b>1,529</b>	<b>1,506</b>	<b>1,508</b>	<b>6,051</b>
Capitalised labour	(260)	(260)	(273)	(349)	(1,142)	(289)	(290)	(286)	(286)	(1,151)	(279)	(309)	(330)	(358)	(1,276)
<b>Net labour costs</b>	<b>1,119</b>	<b>1,085</b>	<b>1,049</b>	<b>931</b>	<b>4,184</b>	<b>1,053</b>	<b>1,057</b>	<b>1,022</b>	<b>1,090</b>	<b>4,222</b>	<b>1,229</b>	<b>1,220</b>	<b>1,176</b>	<b>1,150</b>	<b>4,775</b>
Payments to telecommunications operators	530	552	550	512	2,144	496	533	517	637	2,183	635	692	682	644	2,653
Property and energy costs	244	241	238	245	968	245	241	247	291	1,024	291	309	302	300	1,202
Network operating and IT costs	159	153	153	140	605	136	163	152	193	644	220	235	253	275	983
Programme rights charges	78	83	84	85	330	86	135	162	161	544	163	177	187	187	714
Other costs	807	836	851	922	3,416	833	827	903 <sup>1</sup>	1,240	3,803 <sup>1</sup>	1,419	1,532	1,656	1,503	6,110
<b>Operating costs before depreciation and specific items</b>	<b>2,937</b>	<b>2,950</b>	<b>2,925</b>	<b>2,835</b>	<b>11,647</b>	<b>2,849</b>	<b>2,956</b>	<b>3,003</b>	<b>3,612</b>	<b>12,420</b>	<b>3,957</b>	<b>4,165</b>	<b>4,256</b>	<b>4,059</b>	<b>16,437</b>
Depreciation and amortisation	652	618	618	650	2,538	628	623	593 <sup>1</sup>	787	2,631 <sup>1</sup>	855	869	895	891	3,510
<b>Total operating costs before specific items</b>	<b>3,589</b>	<b>3,568</b>	<b>3,543</b>	<b>3,485</b>	<b>14,185</b>	<b>3,477</b>	<b>3,579</b>	<b>3,596</b>	<b>4,399</b>	<b>15,051</b>	<b>4,812</b>	<b>5,034</b>	<b>5,151</b>	<b>4,950</b>	<b>19,947</b>
Specific items	44	112	48	177	381	89	84	53	122	348	33	103	278	534	948
<b>Total operating costs</b>	<b>3,633</b>	<b>3,680</b>	<b>3,591</b>	<b>3,662</b>	<b>14,566</b>	<b>3,566</b>	<b>3,663</b>	<b>3,649</b>	<b>4,521</b>	<b>15,399</b>	<b>4,845</b>	<b>5,137</b>	<b>5,429</b>	<b>5,484</b>	<b>20,895</b>
<b>Capital expenditure (£m)</b>															
<b>Capital expenditure by line of business</b>															
Consumer	39	52	47	69	207	52	56	46	53	207	58	53	54	72	237
EE	-	-	-	-	-	-	-	-	96	96	150	149	153	164	616
Business and Public Sector	30	45	41	44	160	30	38	38	47	153	56	56	74	89	275
Global Services	95	96	104	111	406	78	95	89	93	355	91	100	69	101	361
Wholesale and Ventures	56	58	67	113	294	56	53	45	55	209	50	51	53	72	226
Openreach	258	246	300	278	1,082	402	348	321	376	1,447	337	357	409	470	1,573
Other	35	35	37	61	168	37	37	41	40	155	35	37	40	54	166
<b>Total</b>	<b>513</b>	<b>532</b>	<b>596</b>	<b>676</b>	<b>2,317</b>	<b>655</b>	<b>627</b>	<b>580</b>	<b>760</b>	<b>2,622</b>	<b>777</b>	<b>803</b>	<b>852</b>	<b>1,022</b>	<b>3,454</b>

Note: Certain results have been revised to reflect the outcome of the investigation into our Italian business.

<sup>1</sup> revised at Q4 2016/17 to reflect a reclassification of £1m from Other costs to Depreciation and amortisation

## 11. Glossary

Consumer	
All measures include consumers in Northern Ireland, and Plusnet's consumer business	
<b>Revenue</b>	
Calls & lines	Calls revenue is local and national geographic calls, international direct dial, fixed to mobile, other non-geographic calls and revenue from call packages sold to consumers in the UK. Lines revenue is rentals, connections and calling features revenue for analogue and digital lines sold to consumers in the UK. Also includes revenue from BT Mobile plans.
Broadband & TV	Revenue from broadband sold to consumers in the UK. Includes BT Infinity; BT TV; and retail, wholesale and commercial BT Sport.
Other (incl. eliminations)	Mainly sales of telephones and other equipment, BT Wi-fi direct revenue from the sale of wi-fi vouchers to customers, and wi-fi revenue from corporate customers.
Internal	Mainly BT Wi-fi revenue from services sold by Global Services on certain contracts; services and applications sold by Plusnet to Global Services.
<b>Operational</b>	
Consumer ARPU	12 month rolling consumer revenue, less mobile POLOs, less BT Sport revenue from: satellite customers paying for the channels, our wholesale deals and from commercial premises. This is divided by the average number of primary lines and then by 12 to give a monthly figure.

EE	
<b>Revenue</b>	
Postpaid mobile	The revenue from postpaid customers (voice, data and messaging) generated through use of the mobile network, including revenues generated by incoming and outgoing calls, network access fees, roaming revenues from customers of other networks and revenues from value-added services
Prepaid mobile	The revenue from prepaid customers (voice, data and messaging) generated through use of the mobile network, including revenues generated by incoming and outgoing calls, network access fees, roaming revenues from customers of other networks and revenues from value-added services
Fixed	Revenue from fixed line services sold to consumers in the UK
Equipment	Revenues from the sale of handsets, tablets and other mobile devices
Underlying revenue excluding transit	The YoY change in underlying revenue excluding transit. Excludes specific items, foreign exchange movements and disposals, and for Q1 2016/17 is calculated as though EE had been part of the group from 1 April 2015

Business and Public Sector	
<b>Revenue</b>	
Public Sector & Major Business (ex Rol)	Revenue from parts of the former BT Global Services line of business that are UK focused, including a large proportion of public sector. In Northern Ireland, includes revenue from the corporate sector, the public sector plus internal charges related to usage of the network. Also includes revenue from BT Expedite, Fresca and BT IT Services
Corporate	Revenue from products sold to mid-tier corporates in Great Britain under the BT brand, including, but not exclusively, calls, lines, broadband, mobile including EE, ICT and managed network services. Also includes revenues from BT Business Direct.
SME	Revenue from products sold to SMEs in the UK under both the BT and Plusnet brands, including, but not exclusively, calls, lines, broadband, mobile including EE, ICT and managed network services.
Republic of Ireland	Republic of Ireland includes revenue from the corporate sector, the public sector and from wholesale network services.
Other (incl. eliminations)	Includes eliminations of revenue shown gross in the reported channels from internal BPS trading, such as through Expedite and usage of the network in Northern Ireland.
Internal	Contains BT Expedite revenue from Global Services and internal charges to other parts of BT relating to usage of the network in Northern Ireland.
Transit	Ireland revenues from the carriage of telecoms traffic across BT's network where neither the originating nor the terminating network is owned or controlled by BT (including the pass through of mobile terminating traffic)
Underlying revenue excluding transit	The YoY change in underlying revenue excluding transit. Excludes specific items, foreign exchange movements and disposals, and for Q1 2016/17 is calculated as though EE had been part of the group from 1 April 2015
<b>Operational</b>	
Order intake	Orders for calls & lines, broadband, mobile, Data Networks, Outsourcing Solutions, IT services and EE Mobile Services sold by Business & Public Sector and EE Business in the UK and Ireland. Includes all connections, installations and one-off charges, plus all recurring charges for the term of the contract. Excludes orders for volume products such as calls & lines and broadband ordered directly through our outbound sales desks. EE Business sales order value only included from 1 February 2016 onwards

Global Services	
<b>Revenue</b>	
	As a principle, the geographic split of revenue is based on the country of origin from which the customer is invoiced. Where a customer relationship is in one country and the billing is across a number of jurisdictions, the geographic split is based on where the primary customer relationship is held. Reported growth rates are not adjusted for the effect of foreign exchange movements.
Underlying revenue excluding transit	The YoY change in underlying revenue excluding transit. Excludes specific items, foreign exchange movements and disposals, and for Q1 2016/17 is calculated as though EE had been part of the group from 1 April 2015
<b>Operational</b>	
Order intake	Orders for all business types including new business, growth, renewals and extensions. Where a renewal or extension overlaps with a previous contract value reported as Order intake, only the incremental increase is included.

Wholesale and Ventures	
<b>Revenue</b>	
Managed services	Managed network services, which includes Mobile Ethernet Access Services (MEAS)
Data & broadband	Fixed Ethernet and Wholesale Broadband Connect revenue from sales to external CP customers including those not deemed managed services. Excludes managed broadband network service contracts. Includes other wholesale data revenue - IPStream Connect, Datastream and MPLS products such as SHDS (Short Haul Data Services) & IP Clear
Voice	Direct (TDM call traffic generating revenue for Wholesale and Ventures) and indirect conveyance (CPs and Indirect access to other CPs), wholesale calls (not sold as part of a managed service) and interconnect circuits. Also includes Voice over IP services (including IP Exchange) and smaller voice products including Directories and Other Voice (for e.g. Fixed Lines SMS and Advanced Voice Services). Includes transit revenue.
Mobile	Wholesale of voice minutes, SMS, and data through a range of products from radio network access through to fully managed services, mobile network provider to MVNOs, mobile data analytics and Machine to Machine.
Ventures	Includes a number of standalone businesses: Voice (Directory Enquiries, Operator Assistance, Next Generation Text), Phonebooks, Payphones, Redcare Fire and Security, BT Fleet, Supply Chain, Cables, Tikit - a provider of technology solutions and services to legal and professional services firms, and Pelipod - a secure storage business that speeds up and simplifies the supply chain
Other	Includes Media and Broadcast, Equipment
Internal	Revenue from other lines of business, largely driven by Ventures businesses
Transit	UK revenues from the carriage of telecoms traffic across BT's network where neither the originating nor the terminating network is owned or controlled by BT (includes the pass through of mobile terminating traffic)
Underlying revenue excluding transit	The YoY change in underlying revenue excluding transit. Excludes specific items, foreign exchange movements and disposals, and for Q1 2016/17 is calculated as though EE had been part of the group from 1 April 2015
<b>Operational</b>	
Order intake	Orders for all business types including new business, growth, renewals and extensions.
Ethernet circuits	Rental Systems Size reflects the amount of connected circuits

Openreach	
<b>Revenue</b>	
WLR	Internal and external WLR connection and rental revenue
LLU	Internal and external SMPF and MPF connection and rental revenue, co-location connection and rental revenue, copper port build, tie cables and TAMs
Ethernet	Internal and external Ethernet connection and rental revenue
Fibre broadband	Internal and external Fibre connection and rental revenue
Other	Primarily revenue from service-based activity and some legacy connectivity products
Internal	Primarily rental and connection revenue related to WLR, SMPF, Ethernet and fibre supplied to the customer-facing BT lines of business
<b>Operational</b>	
Internal physical lines	Lines provided by Openreach to other BT lines of business - including EE, Plusnet and physical lines operated by Consumer and Business and Public Sector in Northern Ireland (includes analogue lines and ISDN lines provided over copper (WLR) and FTTP, but excludes non-equivalent traded products and ISDN30)
External physical lines	Lines provided by Openreach to external CPs (includes analogue and ISDN lines provided over copper (WLR), but excludes full LLU (MPF) and ISDN30)
Fully unbundled physical lines (MPF)	MPF lines provided by Openreach to external CPs

Broadband, TV and Lines (across BT)	
<b>Total retail broadband</b>	
Total retail broadband	BT's total retail broadband base (including retail fibre) - Consumer (including Plusnet and Northern Ireland), EE, Business and Public Sector, and broadband lines sold by Global Services
Total retail fibre base	BT's total retail fibre base - Consumer (including Plusnet and Northern Ireland), EE, and Business and Public Sector. Included within retail broadband numbers
<b>Wholesale and Ventures</b>	
Wholesale and Ventures external broadband	Total broadband lines sold by Wholesale and Ventures to external CP customers
<b>Openreach</b>	
Internal DSL & fibre broadband (sold via other BT lines of business)	Total broadband (including fibre) lines sold via BT lines of business. Calculated as the sum of 'Total retail broadband' base + 'Wholesale and Ventures external broadband' base
Full LLU (MPF)	MPF lines provided by Openreach to other external CPs
Shared LLU (SMPF) + external fibre on WLR lines	SMPF lines provided by Openreach to other external CPs - includes fibre provided by Openreach to other CPs on WLR lines
Total DSL + fibre	Total number of broadband lines sold by Openreach both internally and externally. Includes fibre. Calculated as the total of the 3 rows above
Openreach fibre base	Total fibre lines sold by Openreach, both internally to BT lines of business and externally to other CPs. Included within the 'Total DSL + fibre' number
<b>TV</b>	
TV additions	Total number of customers, with either a BT Vision, YouView or EE TV box, that are registered & enabled to receive video on demand. Includes YouView TV from Plusnet.
<b>Lines</b>	
Consumer / EE lines	Total number of UK consumer analogue lines and ISDN channels (WLR) sold by Consumer and EE. Includes consumers in Northern Ireland and Plusnet.
Business / Corporate lines	Total lines (analogue lines and ISDN channels (WLR)) sold by Global Services, Business and Public Sector and Wholesale and Ventures

Mobile (across BT)	
Postpaid mobile	Customers with whom BT/EE has a formal contractual agreement. The customer is billed on a monthly basis for access fees and any additional voice or data use. Excludes MVNO customers. Includes EE, Consumer, Business and Public Sector and UK-based Global Services customers.
Prepaid mobile	Customers who pay in advance for any data or voice use. All customers are in EE only. Excludes MVNO customers.
Machine-to-machine	The number of individual machine-to-machine devices connected to the network
MVNO	The number of mobile virtual network customers connected to the network, reported a quarter in arrears
Churn	Total number of customers who disconnect or are considered to have disconnected from our network, voluntarily or involuntarily (excluding money-back return and fraudulent connections) for the period divided by the weighted average number of customers over the same period, stated as a monthly average
Mobile ARPU	Total mobile operating revenues (i.e. excluding equipment revenues) divided by mobile base. This excludes MVNO/M2M revenue and bases.

Costs	
Indirect labour costs	Labour costs that relate to agency and subcontract
Direct labour costs	Total gross costs associated with wages and salaries, social security costs, pension costs, employee profit share and share based payments