



Revised pro forma historical financial information for BT and EE group

For the years ended 31 March 2016 and 31 March 2015. Published on 10 February 2017.

Sheet 1	Basis of preparation
Sheet 2	Impact of Italy adjustments
Sheet 3	Revised pro forma historical

From 1 April 2016, we reorganised our divisions and made some changes to our internal trading model. We prepared pro forma historical financial information for the years ended 31 March 2016 and 31 March 2015 under both this new organisational structure and our previous organisational structure, and as though EE had been part of the group from 1 April 2014.

Within this document we've revised the pro forma information of our Global Services division to reflect the outcome of the investigation into our Italian business, impacting previously published pro forma historical information for the group in both the old and new organisational structures.

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1. Basis of preparation

Overview

This document shows the impact of adjustments made following investigations into our Italian business, as disclosed on 24 January 2017.

Sheet 2. Impact of Italian adjustments: this shows revised pro forma historical financial information in our current organisational structure having adjusted the previously published version for the impact of investigations into our Italian business.

The previously published pro forma historical financial information in our current organisational structure itself reflected an estimate of what BT results would have been, had EE always been a part of the group, and adjusting for the organisational and internal trading model changes which came into effect on 1 April 2016.

Sheet 3. Revised pro forma historical: this shows revised pro forma historical financial information in both our former and current organisational structures having adjusted the previously published versions for the impact of investigations into our Italian business.

The previously published pro forma historical information in our former organisational structure itself reflects an estimate of what BT results would have been, had EE always been a part of the group, but before the organisational and internal trading model changes which came into effect on 1 April 2016.

Background

On 29 June 2016, we published restated historical financial information to reflect organisational changes that came into effect on 1 April 2016.

Previously, our six customer-facing divisions were BT Global Services, BT Business, BT Consumer, EE, BT Wholesale and Openreach (EE Limited having been acquired by the group on 29 January 2016). As announced on 1 February 2016, with effect from 1 April 2016, we reorganised the group and our customer-facing divisions business are now: Global Services, Business and Public Sector, Consumer, EE, Wholesale and Ventures, and Openreach.

Alongside these changes, EE's MVNO operations and a number of specialist ventures within the group (including Fleet, Redcare, Directories, Payphones, Tikit and Cables) were moved into Wholesale and Ventures.

At the same time, we took steps to simplify our internal trading model, including moving to a cost-recovery model for certain intra-group revenues. Neither the organisational or internal trading changes had any impact on the total group results.

We published on our website (www.btplc.com) restated historical financial information to reflect these changes, showing EE consolidated as part of the group since the date we acquired it on 29 January 2016.

Basis of preparation

In addition to the above restatements, we provided pro forma historical financial information by division under the new organisational structure, and prepared as though EE had been part of the group from 1 April 2014. The pro forma historical financial information shows EE's historical results adjusted to reflect BT's accounting policies. In the consolidated group total, we eliminated historical transactions between BT and EE as though they had been intercompany transactions. We did not make any adjustments to reflect the allocation of the purchase price for EE. All deal and acquisition-related costs were treated as specific items and therefore didn't impact the pro forma.

This document includes the previously published pro forma historical information revised for the impact of the investigation into our Italian business, as detailed on pages 5 and 20 of our Q3 2016/17 press release. Our investigations revealed inappropriate behaviour, improper accounting practices and the need to reassess the financial position of our Italian business in light of its economic outlook and a more cautious view in light of the losses generated by that business. The improper practices included a complex set of improper sales, purchase, factoring and leasing transactions. With the investigation into the financial position of our Italian business substantially complete, our pro forma revenue for 2015/16 and 2014/15 has been reduced by £30m and £11m respectively. Our pro forma EBITDA for 2015/16 and 2014/15 has been reduced by £122m and £78m respectively. There is also a corresponding reduction in our previously published pro forma capex for 2015/16 and 2014/15 of £28m and £8m respectively.

2015/16 Pro forma historical financial information

£m unless otherwise stated	Pro forma - new organisational structure ¹					Adjustments for Italy ²					Pro forma - new organisational structure ¹ revised for Italy ²				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue^{3,4}															
Consumer	1,076	1,129	1,208	1,195	4,608	0	0	0	0	0	1,076	1,129	1,208	1,195	4,608
EE	1,271	1,277	1,286	1,228	5,062	0	0	0	0	0	1,271	1,277	1,286	1,228	5,062
Business and Public Sector	1,206	1,245	1,261	1,310	5,022	0	0	0	0	0	1,206	1,245	1,261	1,310	5,022
Global Services	1,211	1,226	1,323	1,394	5,154	(3)	(4)	(7)	(16)	(30)	1,208	1,222	1,316	1,378	5,124
Wholesale and Ventures	557	551	553	546	2,207	0	0	0	0	0	557	551	553	546	2,207
Openreach	1,249	1,267	1,294	1,290	5,100	0	0	0	0	0	1,249	1,267	1,294	1,290	5,100
Other	3	0	4	4	11	0	0	0	0	0	3	0	4	4	11
Eliminations	(857)	(860)	(867)	(858)	(3,442)	0	0	0	0	0	(857)	(860)	(867)	(858)	(3,442)
Total	5,716	5,835	6,062	6,109	23,722	(3)	(4)	(7)	(16)	(30)	5,713	5,831	6,055	6,093	23,692
YoY	-1.6%	-0.5%	1.4%	1.2%	0.1%						-1.7%	-0.5%	1.4%	1.0%	0.1%
EBITDA^{3,4}															
Consumer	258	208	277	320	1,063	0	0	0	0	0	258	208	277	320	1,063
EE	254	284	299	249	1,086	0	0	0	0	0	254	284	299	249	1,086
Business and Public Sector	375	406	429	483	1,693	0	0	0	0	0	375	406	429	483	1,693
Global Services	100	120	168	236	624	(23)	(21)	(30)	(48)	(122)	77	99	138	188	502
Wholesale and Ventures	230	209	220	224	883	0	0	0	0	0	230	209	220	224	883
Openreach	641	649	679	701	2,670	0	0	0	0	0	641	649	679	701	2,670
Other	(20)	(18)	(18)	(15)	(71)	0	0	0	0	0	(20)	(18)	(18)	(15)	(71)
Total	1,838	1,858	2,054	2,198	7,948	(23)	(21)	(30)	(48)	(122)	1,815	1,837	2,024	2,150	7,826
YoY	3.8%	3.9%	1.9%	1.4%	2.7%						3.7%	3.8%	1.4%	0.1%	2.1%
Capex^{4,5}															
Consumer	54	58	48	54	214	0	0	0	0	0	54	58	48	54	214
EE	99	127	148	132	506	0	0	0	0	0	99	127	148	132	506
Business and Public Sector	40	51	52	51	194	0	0	0	0	0	40	51	52	51	194
Global Services	81	97	96	109	383	(3)	(2)	(7)	(16)	(28)	78	95	89	93	355
Wholesale and Ventures	63	62	55	57	237	0	0	0	0	0	63	62	55	57	237
Openreach	402	348	321	376	1,447	0	0	0	0	0	402	348	321	376	1,447
Other	38	37	43	42	160	0	0	0	0	0	38	37	43	42	160
Total	777	780	763	821	3,141	(3)	(2)	(7)	(16)	(28)	774	778	756	805	3,113
YoY	21.2%	17.6%	-2.6%	4.5%	9.3%						21.1%	17.7%	-3.2%	2.7%	8.7%

¹ reflects an estimate of what BT results would have been, had EE always been a part of the group, and adjusts for the organisational and internal trading model changes which came into effect on 1 April 2016

² Adjustments to reflect the revised pro forma information as a result of the investigation into our Italian business

³ before specific items

⁴ EE's results (as reported or as provided by management, where not previously published), adjusted for BT's accounting policies

⁵ before purchases of telecommunications licences

2014/15 Pro forma historical financial information

£m unless otherwise stated	Pro forma - new organisational structure ¹					Adjustments for Italy ²					Pro forma - new organisational structure ¹ revised for Italy ²				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue^{3,4}															
Consumer	1,048	1,057	1,086	1,102	4,293	0	0	0	0	0	1,048	1,057	1,086	1,102	4,293
EE	1,288	1,307	1,327	1,254	5,176	0	0	0	0	0	1,288	1,307	1,327	1,254	5,176
Business and Public Sector	1,258	1,256	1,263	1,311	5,088	0	0	0	0	0	1,258	1,256	1,263	1,311	5,088
Global Services	1,267	1,286	1,340	1,391	5,284	(2)	(3)	(3)	(3)	(11)	1,265	1,283	1,337	1,388	5,273
Wholesale and Ventures	552	562	566	605	2,285	0	0	0	0	0	552	562	566	605	2,285
Openreach	1,245	1,245	1,255	1,266	5,011	0	0	0	0	0	1,245	1,245	1,255	1,266	5,011
Other	5	3	5	2	15	0	0	0	0	0	5	3	5	2	15
Eliminations	(852)	(854)	(865)	(893)	(3,464)	0	0	0	0	0	(852)	(854)	(865)	(893)	(3,464)
Total	5,811	5,862	5,977	6,038	23,688	(2)	(3)	(3)	(3)	(11)	5,809	5,859	5,974	6,035	23,677
EBITDA^{3,4}															
Consumer	242	228	255	321	1,046	0	0	0	0	0	242	228	255	321	1,046
EE	233	229	332	231	1,025	0	0	0	0	0	233	229	332	231	1,025
Business and Public Sector	405	396	408	437	1,646	0	0	0	0	0	405	396	408	437	1,646
Global Services	82	115	150	218	565	(20)	(20)	(19)	(19)	(78)	62	95	131	199	487
Wholesale and Ventures	193	208	227	262	890	0	0	0	0	0	193	208	227	262	890
Openreach	627	629	654	700	2,610	0	0	0	0	0	627	629	654	700	2,610
Other	(12)	(16)	(10)	(2)	(40)	0	0	0	0	0	(12)	(16)	(10)	(2)	(40)
Total	1,770	1,789	2,016	2,167	7,742	(20)	(20)	(19)	(19)	(78)	1,750	1,769	1,997	2,148	7,664
Capex^{4,5}															
Consumer	40	54	48	70	212	0	0	0	0	0	40	54	48	70	212
EE	106	111	157	91	465	0	0	0	0	0	106	111	157	91	465
Business and Public Sector	41	55	55	53	204	0	0	0	0	0	41	55	55	53	204
Global Services	97	98	106	113	414	(2)	(2)	(2)	(2)	(8)	95	96	104	111	406
Wholesale and Ventures	63	65	77	119	324	0	0	0	0	0	63	65	77	119	324
Openreach	258	246	300	278	1,082	0	0	0	0	0	258	246	300	278	1,082
Other	36	34	40	62	172	0	0	0	0	0	36	34	40	62	172
Total	641	663	783	786	2,873	(2)	(2)	(2)	(2)	(8)	639	661	781	784	2,865

¹ reflects an estimate of what BT results would have been, had EE always been a part of the group, and adjusts for the organisational and internal trading model changes which came into effect on 1 April 2016

² Adjustments to reflect the revised pro forma information as a result of the investigation into our Italian business

³ before specific items

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⁵ before purchases of telecommunications licences

2015/16 Revised pro forma historical financial information

Em unless otherwise stated	Pro forma - previous organisational structure ¹ revised for Italy ³					Adjustments					Em unless otherwise stated	Pro forma - new organisational structure ² revised for Italy ³				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY		Q1	Q2	Q3	Q4	FY
Revenue^{4,5}											Revenue^{4,5}					
BT Global Services	1,540	1,555	1,668	1,737	6,500	(332)	(333)	(352)	(359)	(1,376)	Global Services	1,208	1,222	1,316	1,378	5,124
BT Business	749	781	779	821	3,130	457	464	482	489	1,892	Business and Public Sector	1,206	1,245	1,261	1,310	5,022
BT Consumer	1,074	1,127	1,205	1,192	4,598	2	2	3	3	10	Consumer	1,076	1,129	1,208	1,195	4,608
EE	1,575	1,584	1,605	1,543	6,307	(304)	(307)	(319)	(315)	(1,245)	EE	1,271	1,277	1,286	1,228	5,062
BT Wholesale	530	520	527	509	2,086	27	31	26	37	121	Wholesale and Ventures	557	551	553	546	2,207
Openreach	1,249	1,267	1,294	1,290	5,100	0	0	0	0	0	Openreach	1,249	1,267	1,294	1,290	5,100
Other	16	19	21	17	73	(13)	(19)	(17)	(13)	(62)	Other	3	0	4	4	11
Eliminations	(1,020)	(1,022)	(1,044)	(1,016)	(4,102)	163	162	177	158	660	Eliminations	(857)	(860)	(867)	(858)	(3,442)
Total	5,713	5,831	6,055	6,093	23,692	0	0	0	0	0	Total	5,713	5,831	6,055	6,093	23,692
YoY	-1.7%	-0.5%	1.4%	1.0%	0.1%							-1.7%	-0.5%	1.4%	1.0%	0.1%
EBITDA^{4,5}											EBITDA^{4,5}					
BT Global Services	167	195	246	318	926	(90)	(96)	(108)	(130)	(424)	Global Services	77	99	138	188	502
BT Business	240	261	268	307	1,076	135	145	161	176	617	Business and Public Sector	375	406	429	483	1,693
BT Consumer	254	202	270	311	1,037	4	6	7	9	26	Consumer	258	208	277	320	1,063
EE	389	416	441	383	1,629	(135)	(132)	(142)	(134)	(543)	EE	254	284	299	249	1,086
BT Wholesale	140	127	135	140	542	90	82	85	84	341	Wholesale and Ventures	230	209	220	224	883
Openreach	639	648	677	700	2,664	2	1	2	1	6	Openreach	641	649	679	701	2,670
Other	(14)	(12)	(13)	(9)	(48)	(6)	(6)	(5)	(6)	(23)	Other	(20)	(18)	(18)	(15)	(71)
Total	1,815	1,837	2,024	2,150	7,826	0	0	0	0	0	Total	1,815	1,837	2,024	2,150	7,826
YoY	3.7%	3.8%	1.4%	0.1%	2.1%							3.7%	3.8%	1.4%	0.1%	2.1%
Capex^{5,6}											Capex^{5,6}					
BT Global Services	83	105	96	103	387	(5)	(10)	(7)	(10)	(32)	Global Services	78	95	89	93	355
BT Business	35	37	35	31	138	5	14	17	20	56	Business and Public Sector	40	51	52	51	194
BT Consumer	52	56	46	52	206	2	2	2	2	8	Consumer	54	58	48	54	214
EE	119	151	176	156	602	(20)	(24)	(28)	(24)	(96)	EE	99	127	148	132	506
BT Wholesale	44	46	41	46	177	19	16	14	11	60	Wholesale and Ventures	63	62	55	57	237
Openreach	402	348	321	376	1,447	0	0	0	0	0	Openreach	402	348	321	376	1,447
Other	39	35	41	41	156	(1)	2	2	1	4	Other	38	37	43	42	160
Total	774	778	756	805	3,113	0	0	0	0	0	Total	774	778	756	805	3,113
YoY	21.1%	17.7%	-3.2%	2.7%	8.7%							21.1%	17.7%	-3.2%	2.7%	8.7%

¹ reflects an estimate of what BT results would have been, had EE always been a part of the group, but before the organisational and internal trading model changes which came into effect on 1 April 2016

² reflects an estimate of what BT results would have been, had EE always been a part of the group, and adjusts for the organisational and internal trading model changes which came into effect on 1 April 2016

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2014/15 Revised pro forma historical financial information

£m unless otherwise stated	Pro forma - previous organisational structure ¹ revised for Italy ³					Adjustments					£m unless otherwise stated	Pro forma - new organisational structure ² revised for Italy ³				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY		Q1	Q2	Q3	Q4	FY
Revenue^{4,5}											Revenue^{3,4}					
BT Global Services	1,645	1,646	1,691	1,786	6,768	(380)	(363)	(354)	(398)	(1,495)	Global Services	1,265	1,283	1,337	1,388	5,273
BT Business	762	789	789	805	3,145	496	467	474	506	1,943	Business and Public Sector	1,258	1,256	1,263	1,311	5,088
BT Consumer	1,046	1,056	1,083	1,100	4,285	2	1	3	2	8	Consumer	1,048	1,057	1,086	1,102	4,293
EE	1,562	1,588	1,621	1,541	6,312	(274)	(281)	(294)	(287)	(1,136)	EE	1,288	1,307	1,327	1,254	5,176
BT Wholesale	525	529	532	571	2,157	27	33	34	34	128	Wholesale and Ventures	552	562	566	605	2,285
Openreach	1,245	1,245	1,255	1,266	5,011	0	0	0	0	0	Openreach	1,245	1,245	1,255	1,266	5,011
Other	19	16	20	18	73	(14)	(13)	(15)	(16)	(58)	Other	5	3	5	2	15
Eliminations	(995)	(1,010)	(1,017)	(1,052)	(4,074)	143	156	152	159	610	Eliminations	(852)	(854)	(865)	(893)	(3,464)
Total	5,809	5,859	5,974	6,035	23,677	0	0	0	0	0	Total	5,809	5,859	5,974	6,035	23,677
EBITDA^{4,5}											EBITDA^{3,4}					
BT Global Services	193	206	242	328	969	(131)	(111)	(111)	(129)	(482)	Global Services	62	95	131	199	487
BT Business	240	258	266	277	1,041	165	138	142	160	605	Business and Public Sector	405	396	408	437	1,646
BT Consumer	238	225	251	317	1,031	4	3	4	4	15	Consumer	242	228	255	321	1,046
EE	335	339	449	348	1,471	(102)	(110)	(117)	(117)	(446)	EE	233	229	332	231	1,025
BT Wholesale	126	125	136	174	561	67	83	91	88	329	Wholesale and Ventures	193	208	227	262	890
Openreach	624	627	651	698	2,600	3	2	3	2	10	Openreach	627	629	654	700	2,610
Other	(6)	(11)	2	6	(9)	(6)	(5)	(12)	(8)	(31)	Other	(12)	(16)	(10)	(2)	(40)
Total	1,750	1,769	1,997	2,148	7,664	0	0	0	0	0	Total	1,750	1,769	1,997	2,148	7,664
Capex^{5,6}											Capex^{5,6}					
BT Global Services	104	114	119	123	460	(9)	(18)	(15)	(12)	(54)	Global Services	95	96	104	111	406
BT Business	24	32	42	89	187	17	23	13	(36)	17	Business and Public Sector	41	55	55	53	204
BT Consumer	39	52	47	69	207	1	2	1	1	5	Consumer	40	54	48	70	212
EE	125	130	184	108	547	(19)	(19)	(27)	(17)	(82)	EE	106	111	157	91	465
BT Wholesale	53	53	49	55	210	10	12	28	64	114	Wholesale and Ventures	63	65	77	119	324
Openreach	258	246	300	278	1,082	0	0	0	0	0	Openreach	258	246	300	278	1,082
Other	36	34	40	62	172	0	0	0	0	0	Other	36	34	40	62	172
Total	639	661	781	784	2,865	0	0	0	0	0	Total	639	661	781	784	2,865

¹ reflects an estimate of what BT results would have been, had EE always been a part of the group, but before the organisational and internal trading model changes which came into effect on 1 April 2016

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