



Global Business Briefing

2 December 2020

Forward-looking statements caution

This presentation contains certain forward-looking statements which are made in reliance on the safe harbour provisions of the US Private Securities Litigation Reform Act of 1995. These statements relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements include, without limitation, those concerning: the potential impact of Covid-19 on our people, operations, suppliers and customers; current and future years' outlook; revenue and revenue trends; EBITDA and profitability; free cash flow; capital expenditure and costs; return on capital employed; return on investment; shareholder returns including dividends and share buyback; net debt; credit ratings; capital markets; our group-wide transformation and restructuring programme, cost transformation plans and restructuring costs; investment in and roll out of our fibre network and its reach, innovations, increased speeds and speed availability; our broadband-based service and strategy; investment in and rollout of 5G; the investment in converged network; improvements to the customer experience and customer perceptions; our investment in TV, enhancing our TV service and BT Sport; the recovery plan, operating charge, regular cash contributions and interest expense for our defined benefit pension schemes; effective tax rate; growth opportunities in technologies, networked IT services, the pay-TV services market, broadband, artificial intelligence and mobility and future voice; growth of, and opportunities available in, the communications industry and BT's positioning to take advantage of those opportunities; expectations regarding competition, market shares, customer spend, prices and growth; expectations regarding the convergence of technologies; plans for the launch of new products and services; retail and marketing initiatives; network performance and quality; the impact of regulatory initiatives, decisions and outcomes on operations; BT's possible or assumed future results of operations and/or those of its associates and joint ventures; investment plans; modernisation plans; adequacy of capital; financing plans and refinancing requirements; divestments; demand for and access to broadband and the promotion of broadband by third-party service providers; improvements to the control environment; digital skills, climate/environment, responsible tech/human rights and diversity/inclusion targets (including plans in respect of operations, progress monitoring/reporting, engagement, resources, training and recruitment); and those statements preceded by, followed by, or that include the words 'aims', 'believes', 'expects', 'anticipates', 'intends', 'will', 'should', 'plans', 'strategy', 'future', 'likely', 'seeks', 'projects', 'estimates' or similar expressions.

Although BT believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. Factors that could cause differences between actual results and those implied by the forward-looking statements include, but are not limited to: the duration and severity of Covid-19 impacts on our people, operations, suppliers and customers; failure to respond effectively to intensifying competition and technology developments; failure to address the lingering perception of slow pace and connectivity in broadband and mobile coverage, which continues to be raised at a UK parliamentary level; undermining of our strategy and investor confidence caused by an adversarial political environment; challenges presented by Covid-19 around network resilience, support for staff and customers, data sharing and cyber security defence; unfavourable regulatory changes; attacks on our infrastructure and assets by people inside BT or by external sources like hacktivists, criminals, terrorists or nation states; a failure in the supplier selection process or in the ongoing management of a third-party supplier in our supply chain, including failures arising as a result of Covid-19; risks relating to our BT transformation plan; failure to successfully manage our large, complex and high-value national and multinational customer contracts (including the Emergency Services Network and the Building Digital UK (BDUK) programme) and deliver the anticipated benefits; changes to our customers' needs, budgets or strategies that adversely affect our ability to meet contractual commitments or realise expected revenues, profitability or cash generation; customer experiences that are not brand enhancing nor drive sustainable profitable revenue growth; pandemics, natural perils, network and system faults, malicious acts, supply chain failure, software changes or infrastructure outages that could cause disruptions or otherwise damage the continuity of end to end customer services including network connectivity, network performance, IT systems and service platforms; insufficient engagement from our people; adverse developments in respect of our defined benefit pension schemes; risks related to funding and liquidity, interest rates, foreign exchange, counterparties and tax; failures in the protection of the health, safety and wellbeing of our employees or members of the public or breaches of health and safety law and regulations; financial controls that may not prevent or detect fraud, financial misstatement or other financial loss; security breaches relating to our customers' and employees' data or breaches of data privacy laws; failure to recognise or promptly report wrongdoing by our people or those working for us or on our behalf (including a failure to comply with our internal policies and procedures or the laws to which we are subject); and the potential impacts of climate change on our business.

BT undertakes no obligation to update any forward-looking statements whether written or oral that may be made from time to time, whether as a result of new information, future events or otherwise.



Global: our transformation so far

Bas Burger
CEO



Our strategy for growth

Maria Grazia Pecorari
MD, Strategy & DigiCo



Kevin Brown
MD, BT Security



Our financial progress & outlook

Martin Smith
CFO

Wrap-up & Q&A

Foundation

Over the last two years Global has reduced exposure to risk, increased focus and become more profitable

Strategy

Drive over-the-top networking and security services, deliver platform-based modular solutions

Ambition

Pivot to our Growth Portfolio, creating standout customer experiences and sustainable, profitable growth

Market trends have accelerated

Two years ago

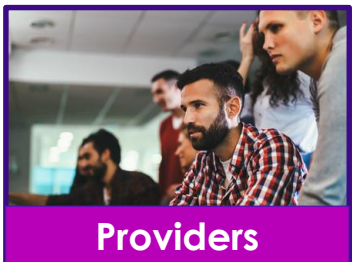
Today



- Tech drives customer competitiveness
- Innovation across the telco ecosystem
- Shift to OTT products and services



- Customers punish commercial rigidity
- Stretched CIO budgets
- Focus on trusted partners



- Proliferation of providers / suppliers
- Shift from hardware to software models

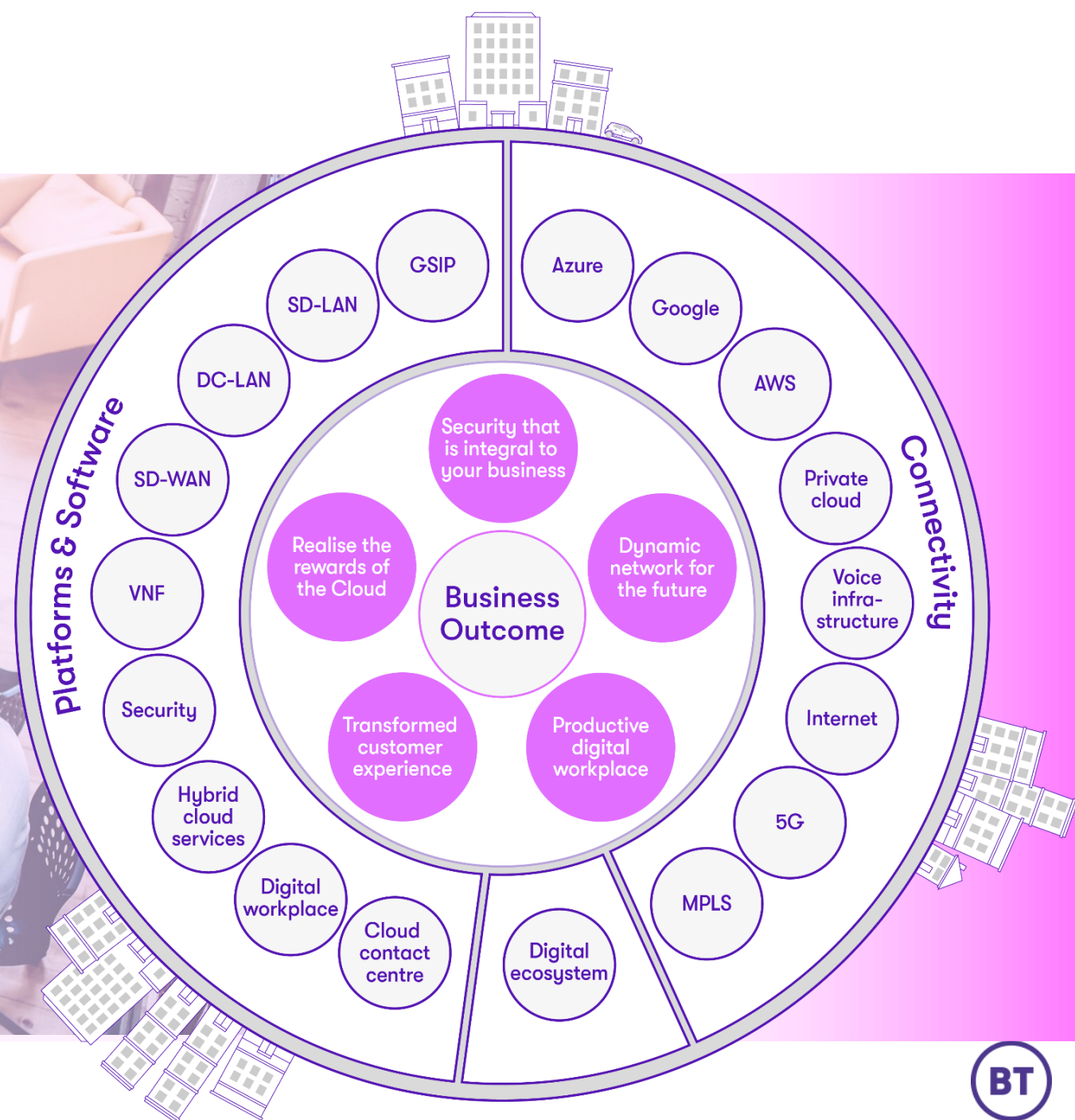
- 'As a service' becoming the standard
- Emergence of platform-based solutions
- Network & data management critical
- Customer demand commercial flexibility
- Demonstrable 'value-add' is key
- Trust a key purchasing criteria
- Explosion of new software players
- Integration and interoperability fundamental

Focused on business outcomes

Technology is critical to MNCs

Choice leads to complexity

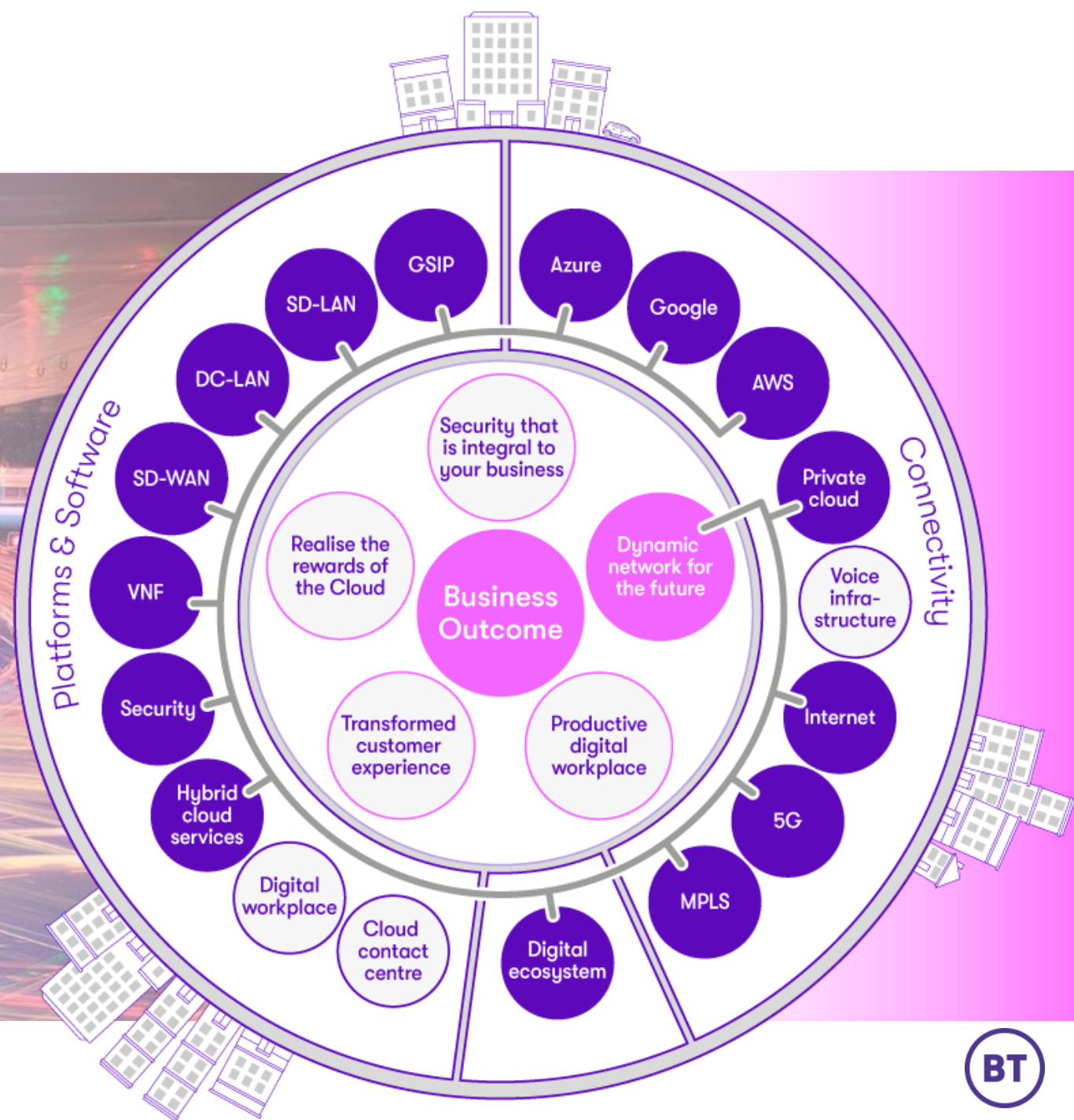
Global is solution-orientated



Dynamic networks for the future

Primary objectives:

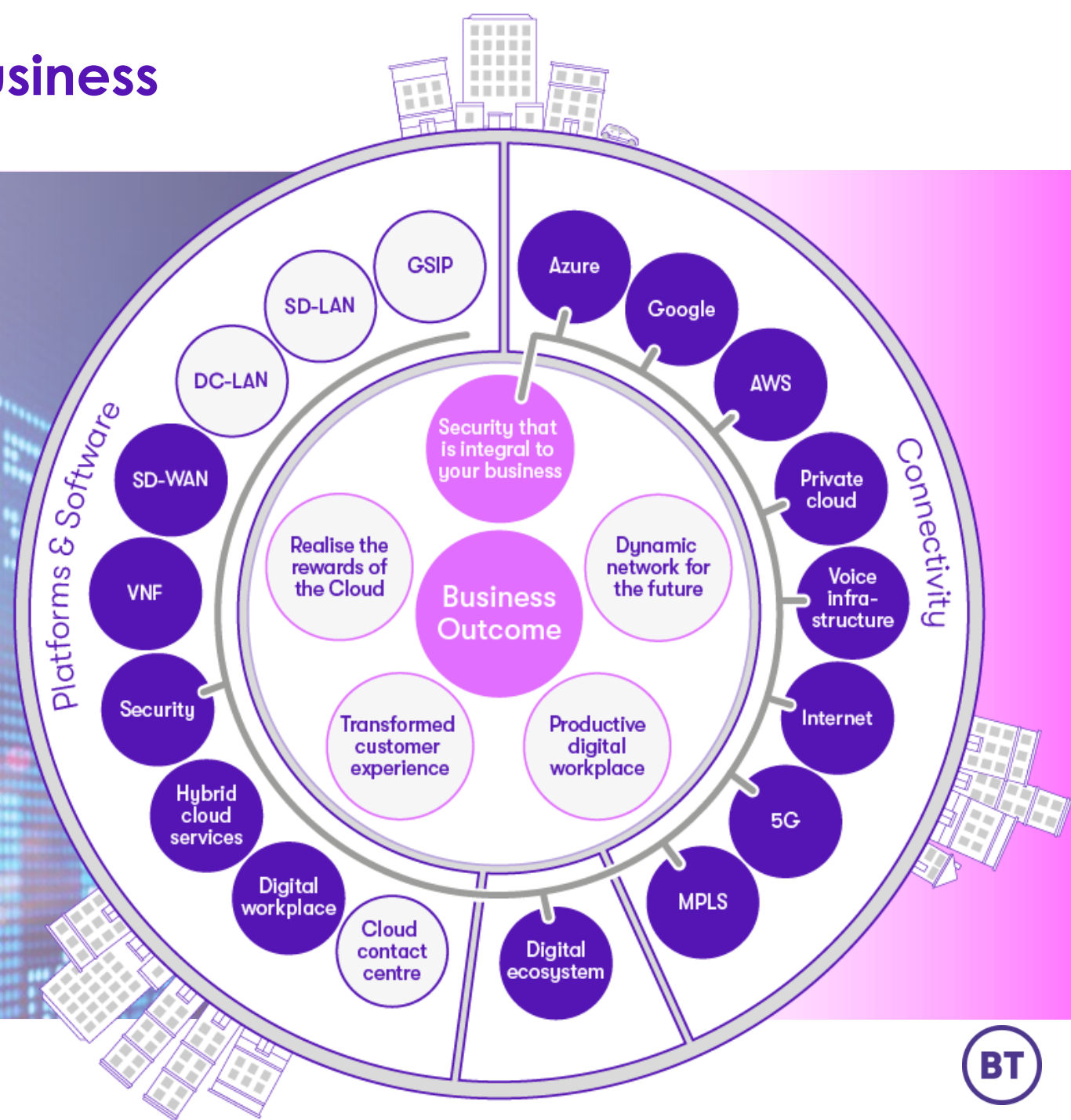
- Enable multiple applications
- Connect to the hybrid-cloud
- Ensure security & performance



Make security integral to your business

Primary objectives:

- Embed security in the network
- Proactive threat intelligence
- Dynamic responses



icare[™]

Why Global: six key differentiators

Trust



Won through deep customer relationships, reliable service quality and leading security

Choice



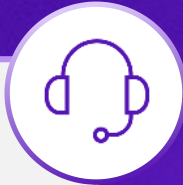
The freedom to choose from a range of innovative technology vendors and switch if needed

Integration



Ensuring that the ecosystem of different providers and tools work well together

Customer experience



The methodology & technical expertise to deliver a smooth technology transformation

Global reach



Globally consistent services, delivered with a deep understanding of local markets

Commercial flexibility



Lower cost to serve than 'DIY', made possible by scale and relevance to tech partners

Deep capability and market knowledge

In September 2018 we set out three business directives

We are radically **repositioning** our business around our core markets

We are **future-proofing** Global by building value in strategically selected areas of growth

We are moving at pace to **reduce risk** and deliver **higher returns**

Global is now more focused on the core



...on global, not national, solutions

Recent divestments

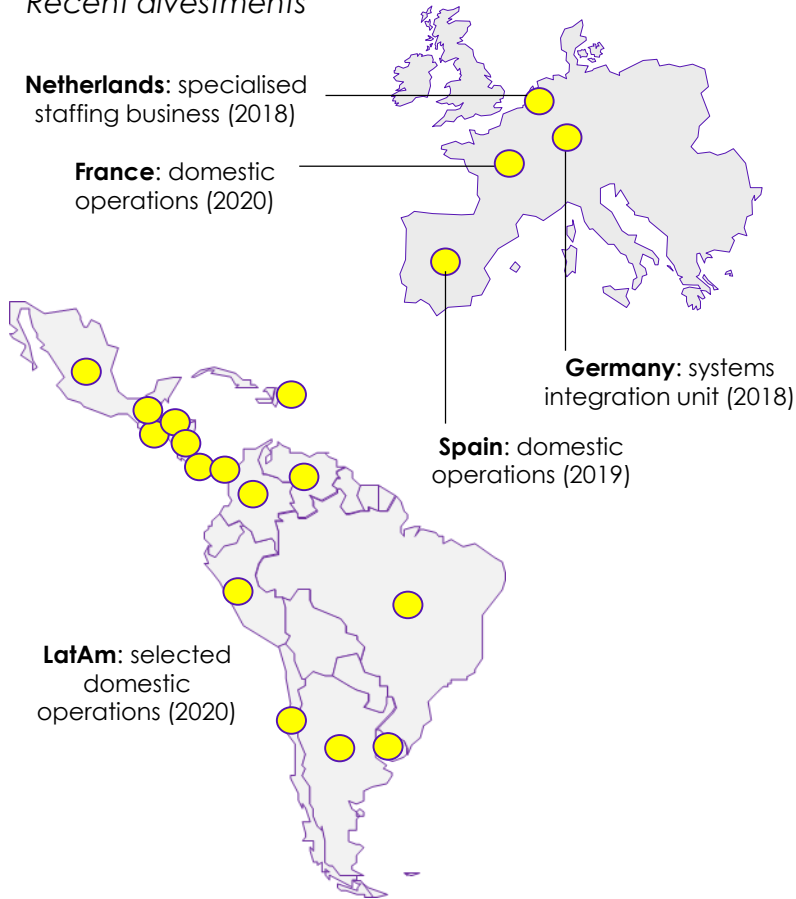
Netherlands: specialised staffing business (2018)

France: domestic operations (2020)

Germany: systems integration unit (2018)

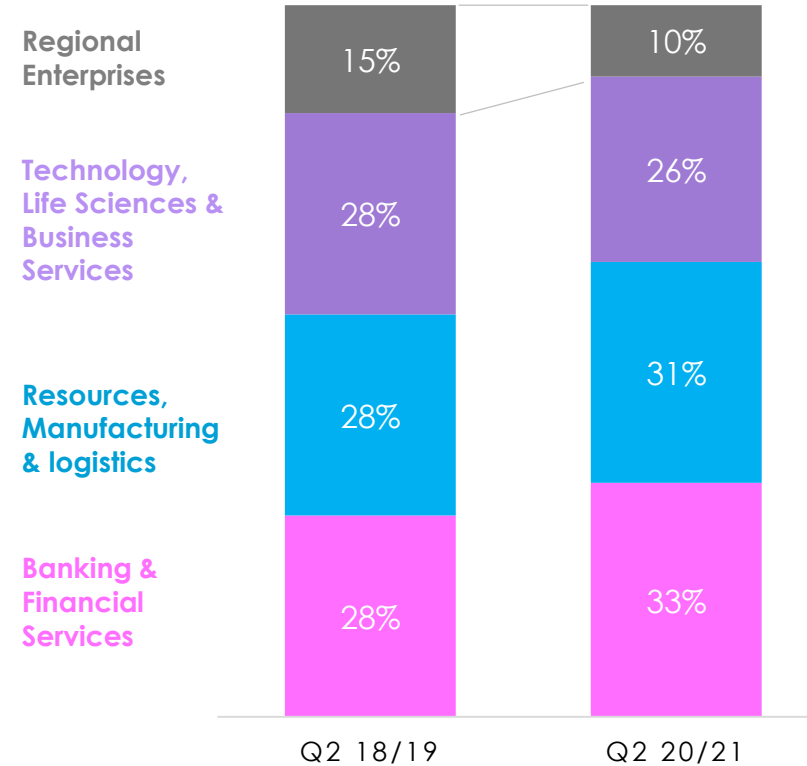
Spain: domestic operations (2019)

LatAm: selected domestic operations (2020)



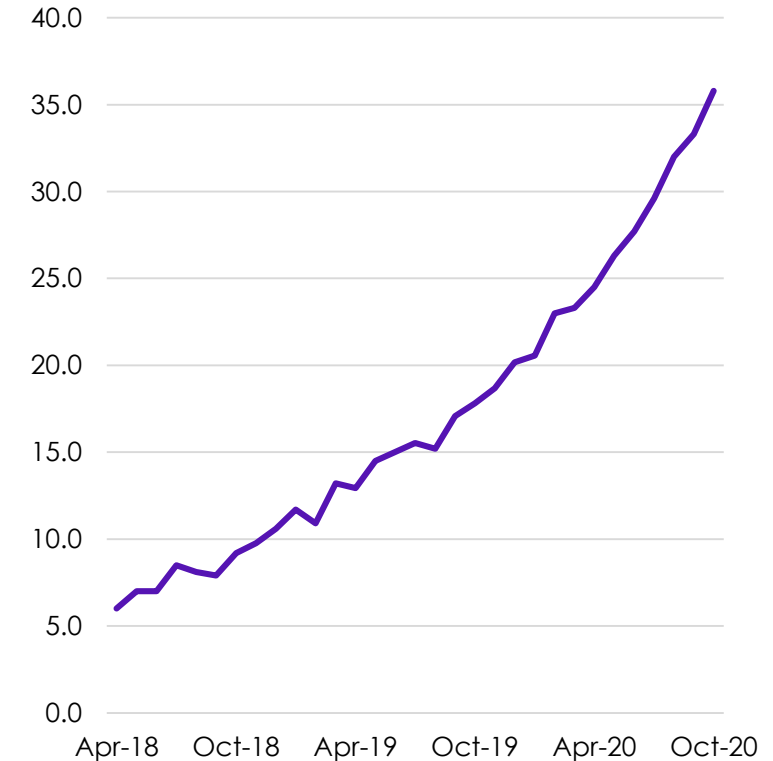
...on MNCs

Revenue by customer segment (%)

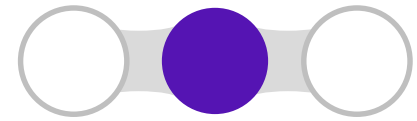


....on customer experience

Net Promoter Score (12 month rolling average)



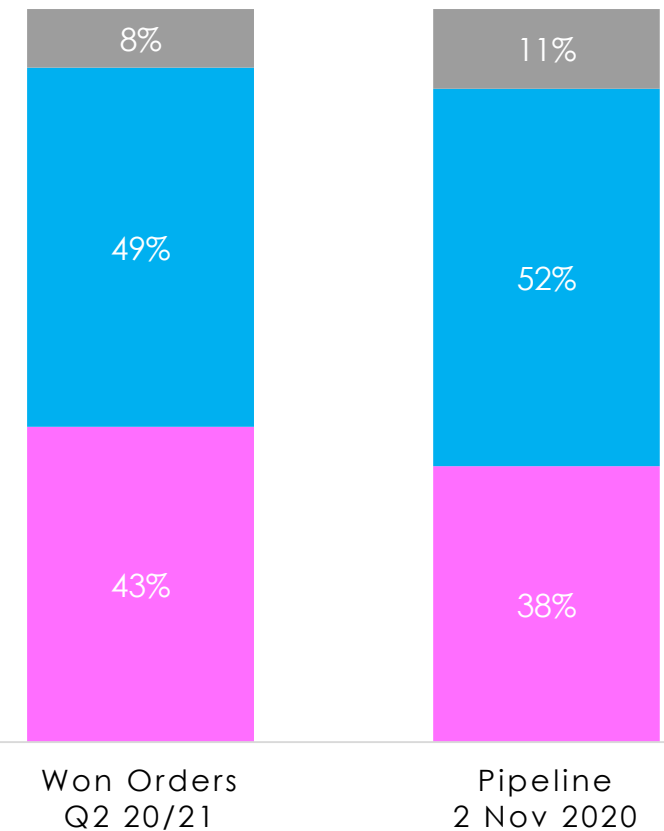
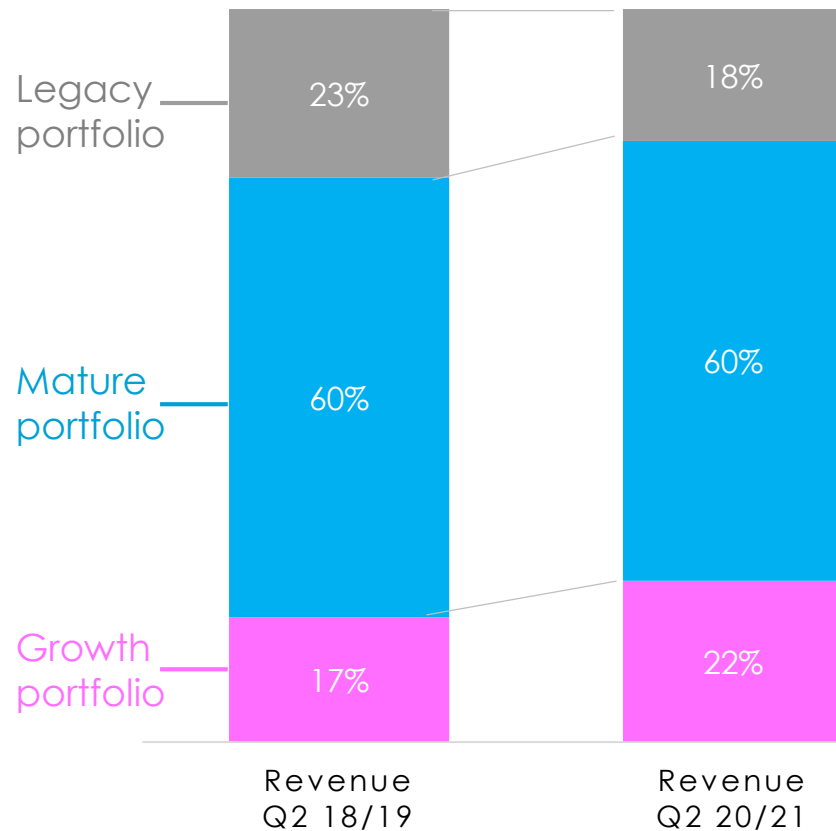
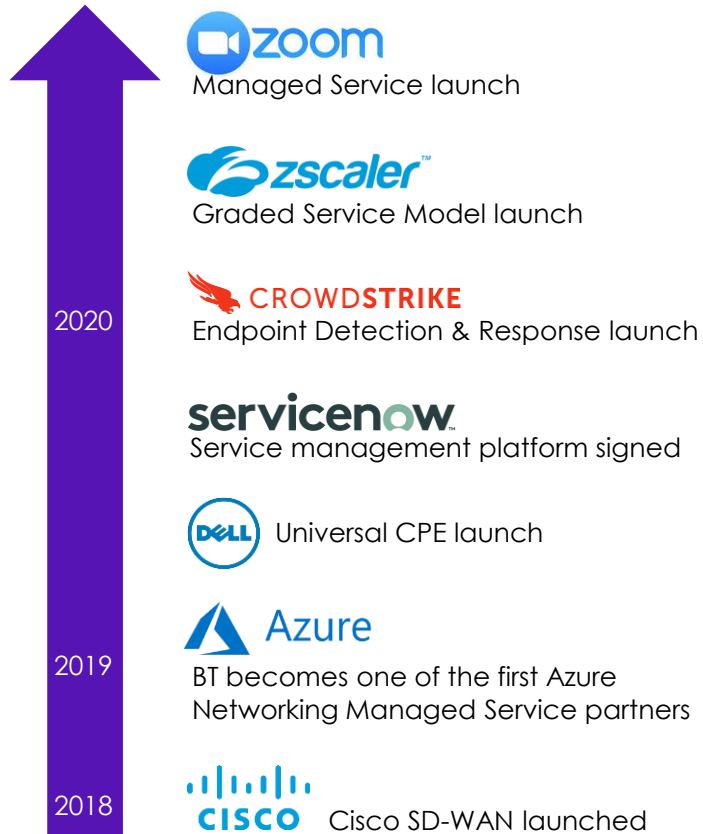
The business has pivoted to growth technologies



Better serving our customers with a strong network of partners

Our Growth portfolio now represents almost a quarter of revenue

...and our sales engine is driving future growth



Our divestments and wider transformation programme have simplified our business and reduced our risk profile



More standardised solutions

- Revenue from bespoke solutions down to 11%
- Reliability metrics up 14%



Rationalised supplier base

- Supplier base reduced by 30%



Simpler operating model

- Organisation redesigned, roles & responsibilities clarified
- Number of statutory entities reduced by 25%



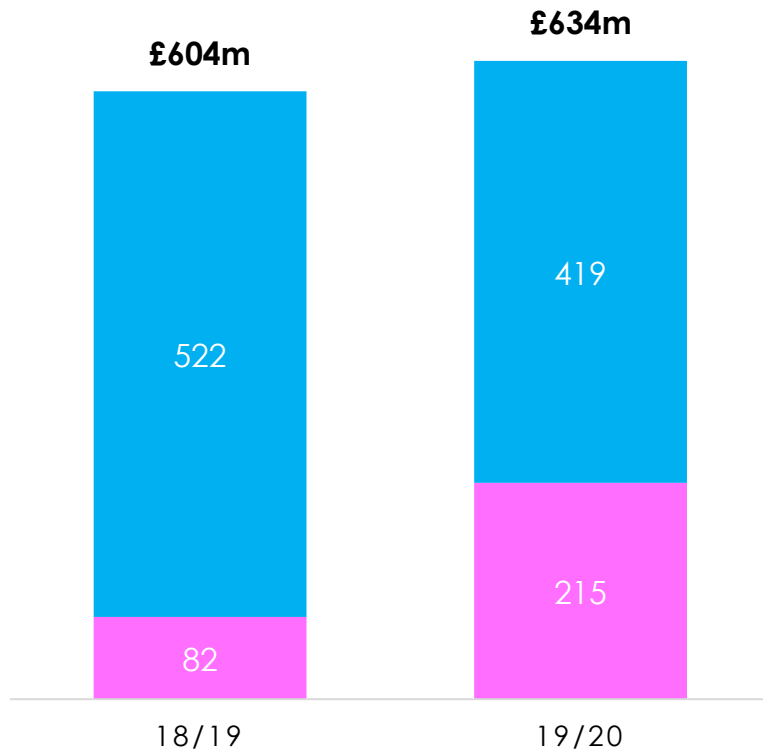
Automated and simplified processes

- Bid turnaround reduced by 18 days
- Average delivery reduced by 25 days

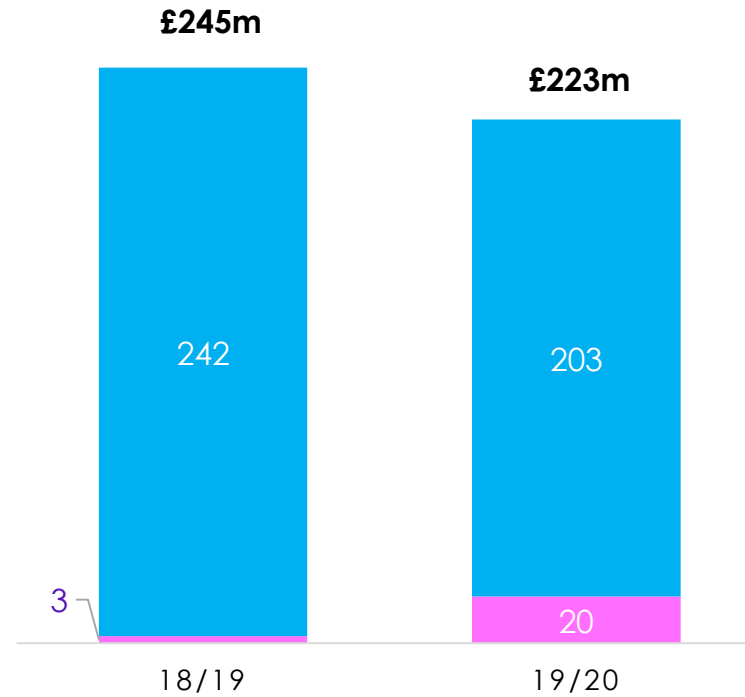
Our transformation has improved our financial returns



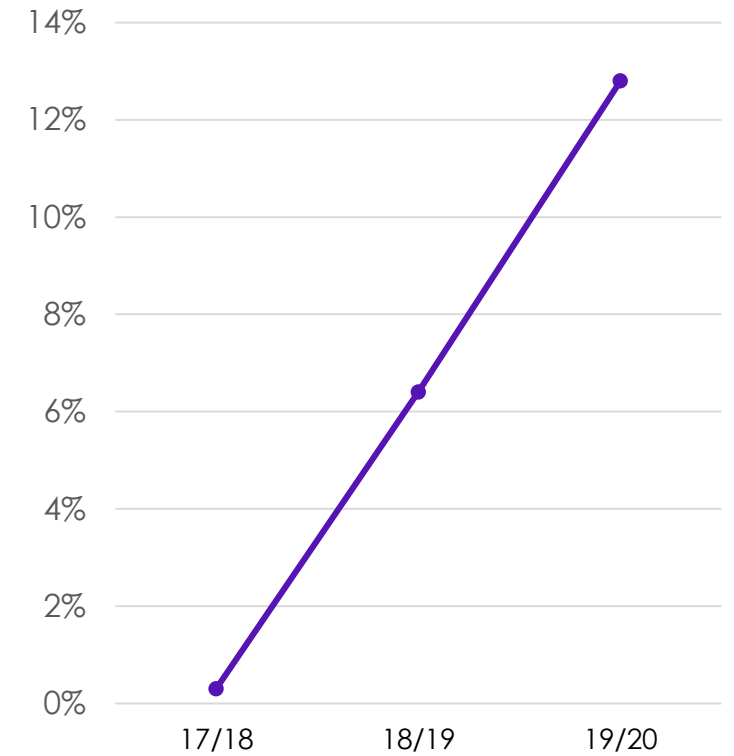
Higher EBITDA




Lower capex



Higher ROCE¹



 Contribution from transformation savings

 Transformation capex

¹ FY 17/18: IFRS 15 pro forma. FY 18/19: IFRS 16 and changes to internal shared cost allocations pro forma. FY 19/20: as reported.

Global was able to respond with agility to customer challenges during the pandemic by leveraging our scale and expertise



Increased remote access by 20k-30k, in days not months



Trading from home enabled using soft-turrets & mobile call recording

Multinational tech conglomerate

Critical bandwidth upgrades delivered in 60 hours



Delivered 10x current bandwidth in three days



Doubled remote access capability to 22k employees, within a week



6k extra contact centre licences delivered



Enabled remote work for 130k employees across 170 countries



Delivered Zoom Video for 'townhall' with 3k staff, within 60 minutes

Rapid transition to a remote working

Upsurge in digital sales and CRM channels

Heavy fluctuations in demand

Increased need for supply chain resilience

Foundation

Over the last two years Global has reduced exposure to risk, increased focus and become more profitable

Strategy

Drive over-the-top networking and security services, deliver platform-based modular solutions

Ambition

Pivot to our Growth Portfolio, creating standout customer experiences and sustainable, profitable growth

Our strategy for growth



Maria Grazia Pecorari - MD Strategy & DigiCo



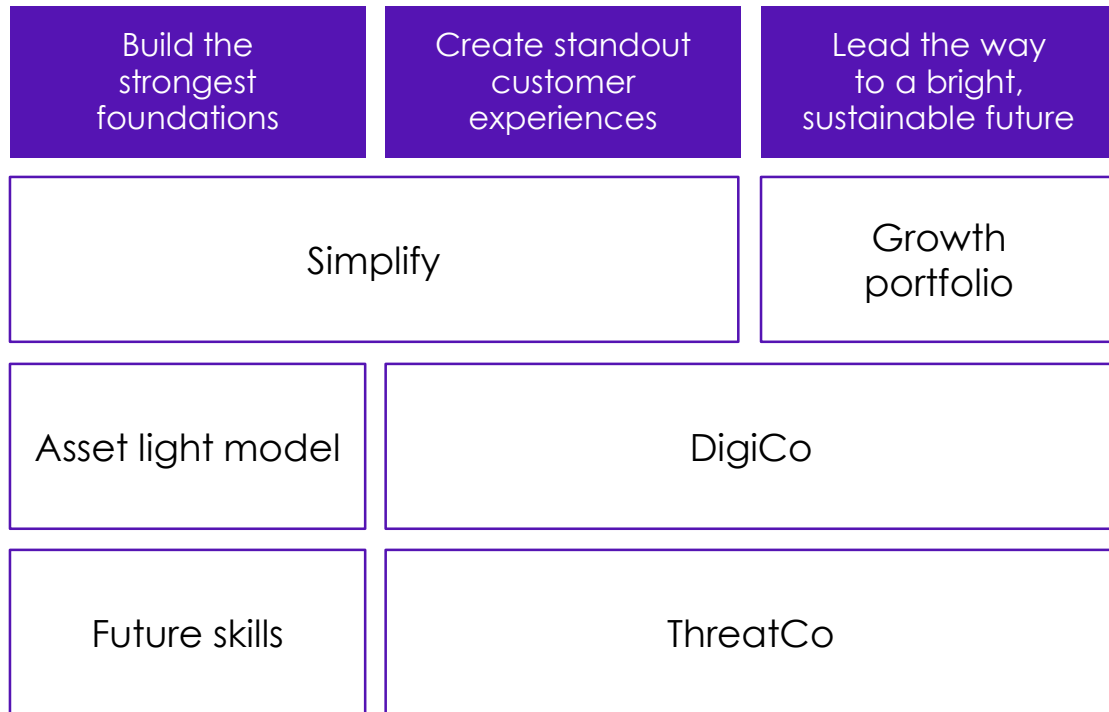
Kevin Brown - MD BT Security

Global's role in delivering BT Group's strategy

2030 Ambition

To be the world's most trusted connector of people, devices & machines - for MNCs and governments

Global strategy



Global goals

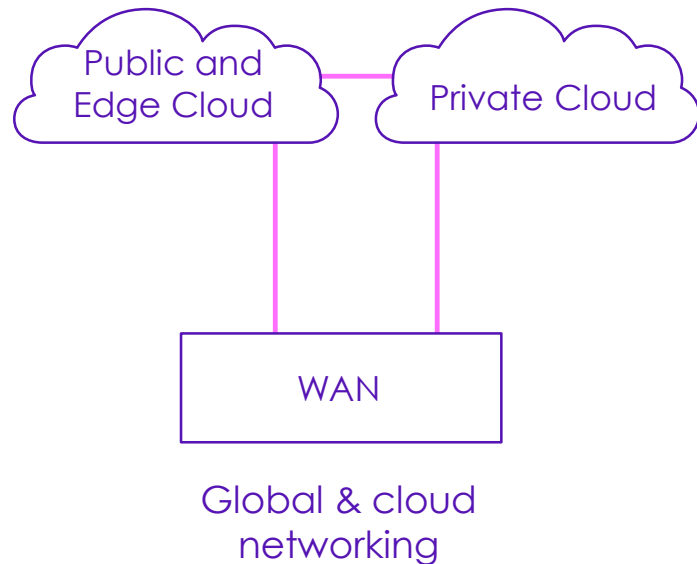


Global integrates, secures and manages network & cloud infrastructure and services for MNCs and governments in the UK and around the world

Our ecosystem

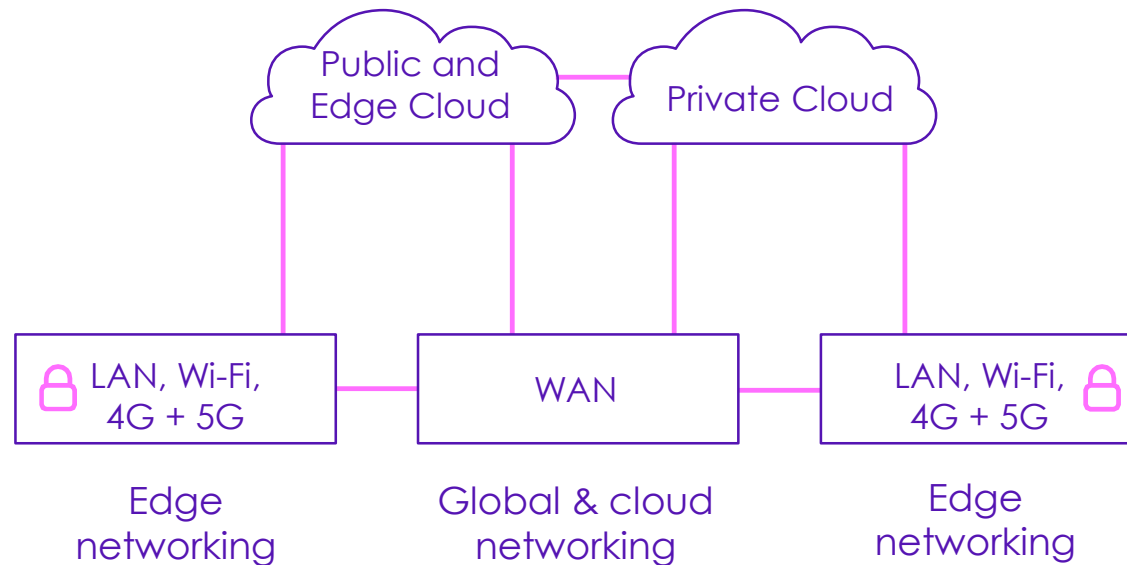
Global & cloud networking

Connect to sites and to the cloud, securely, with high performance, flexibility and end to end SLAs.



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Our ecosystem



Global & cloud networking

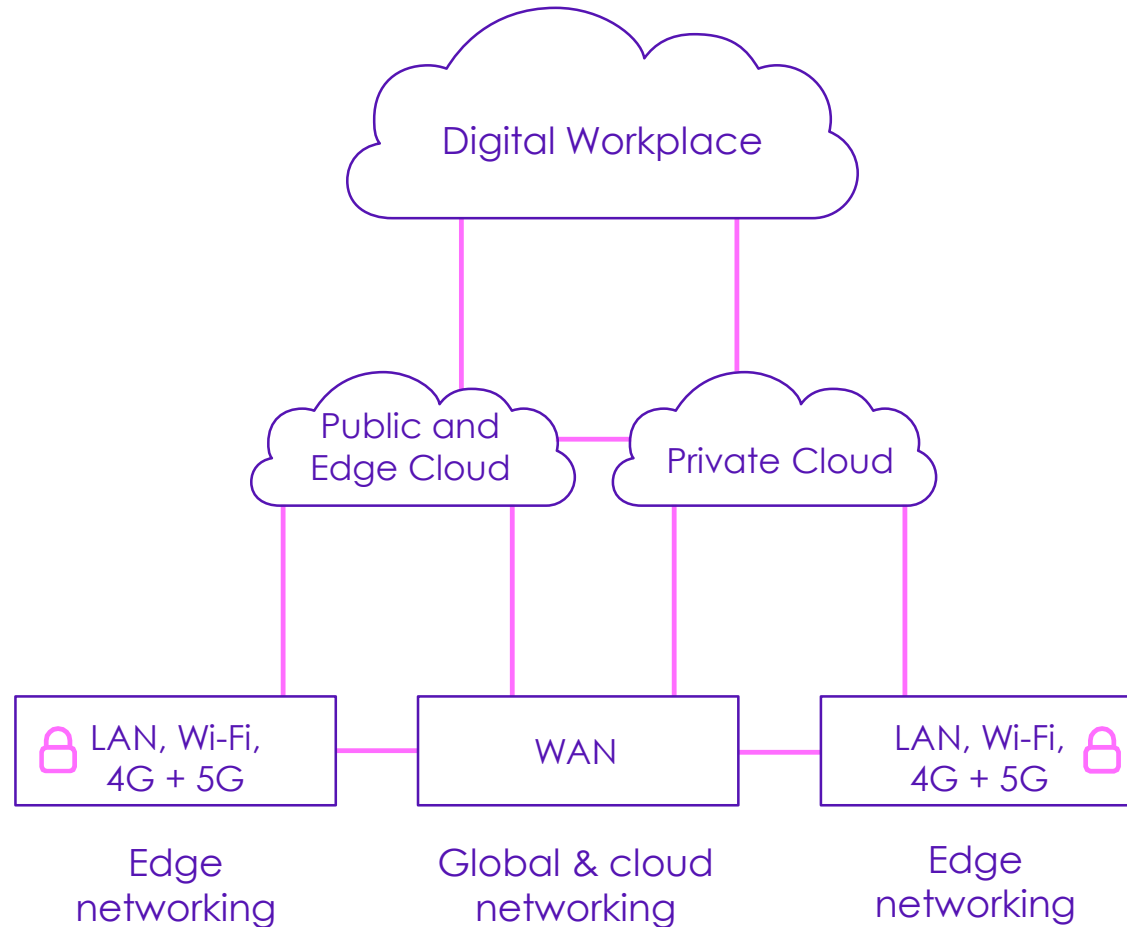
Connect to sites and to the cloud, securely, with high performance, flexibility and end to end SLAs.

Edge networking

Provide and manage connectivity in local areas, securely, across multiple devices, operating systems and networks.

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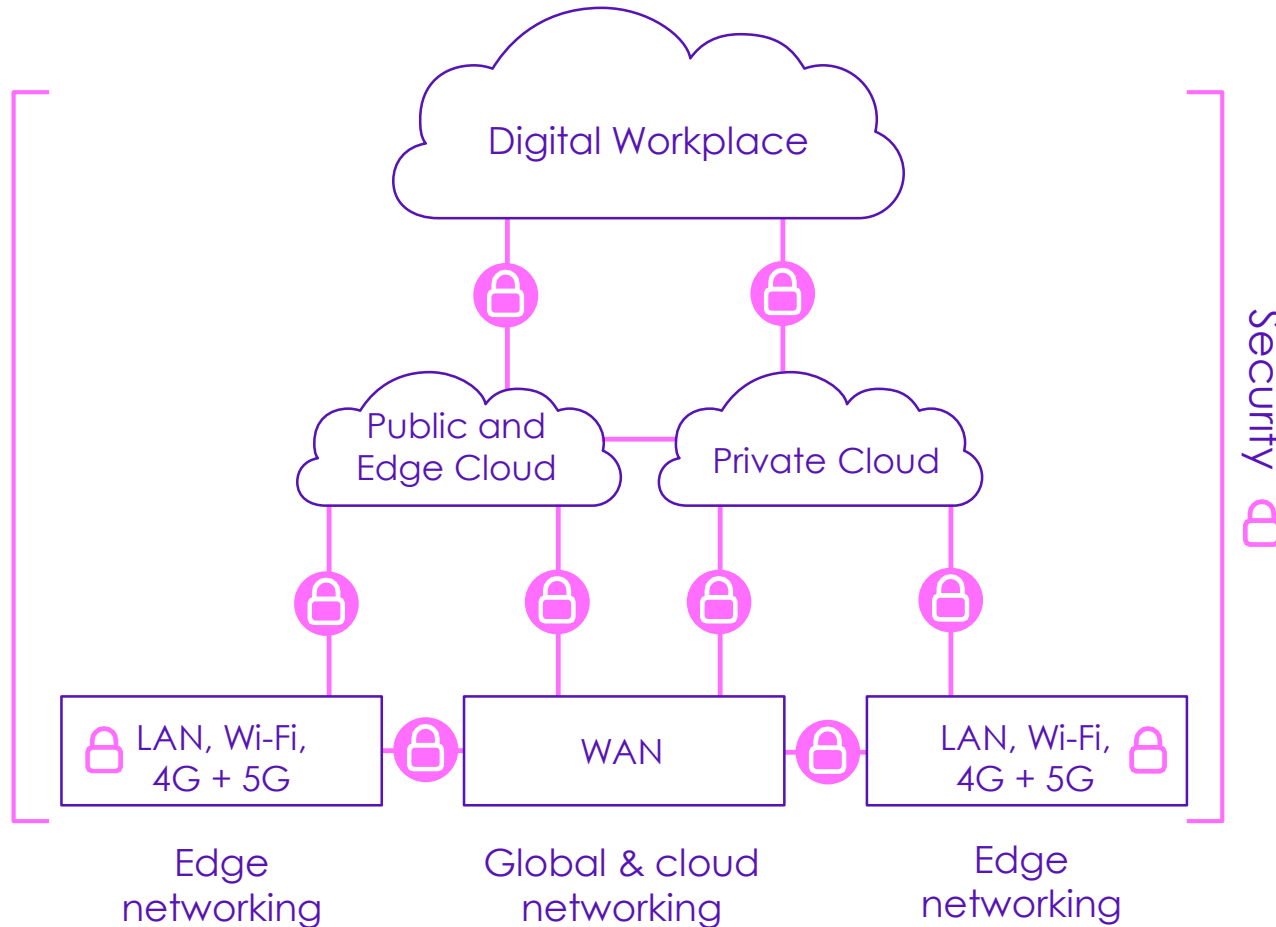
Provide and manage connectivity in local areas, securely, across multiple devices, operating systems and networks.

Digital workplace

Deploy, manage and secure collaboration and contact centre services, with integrated voice-over-IP services globally.

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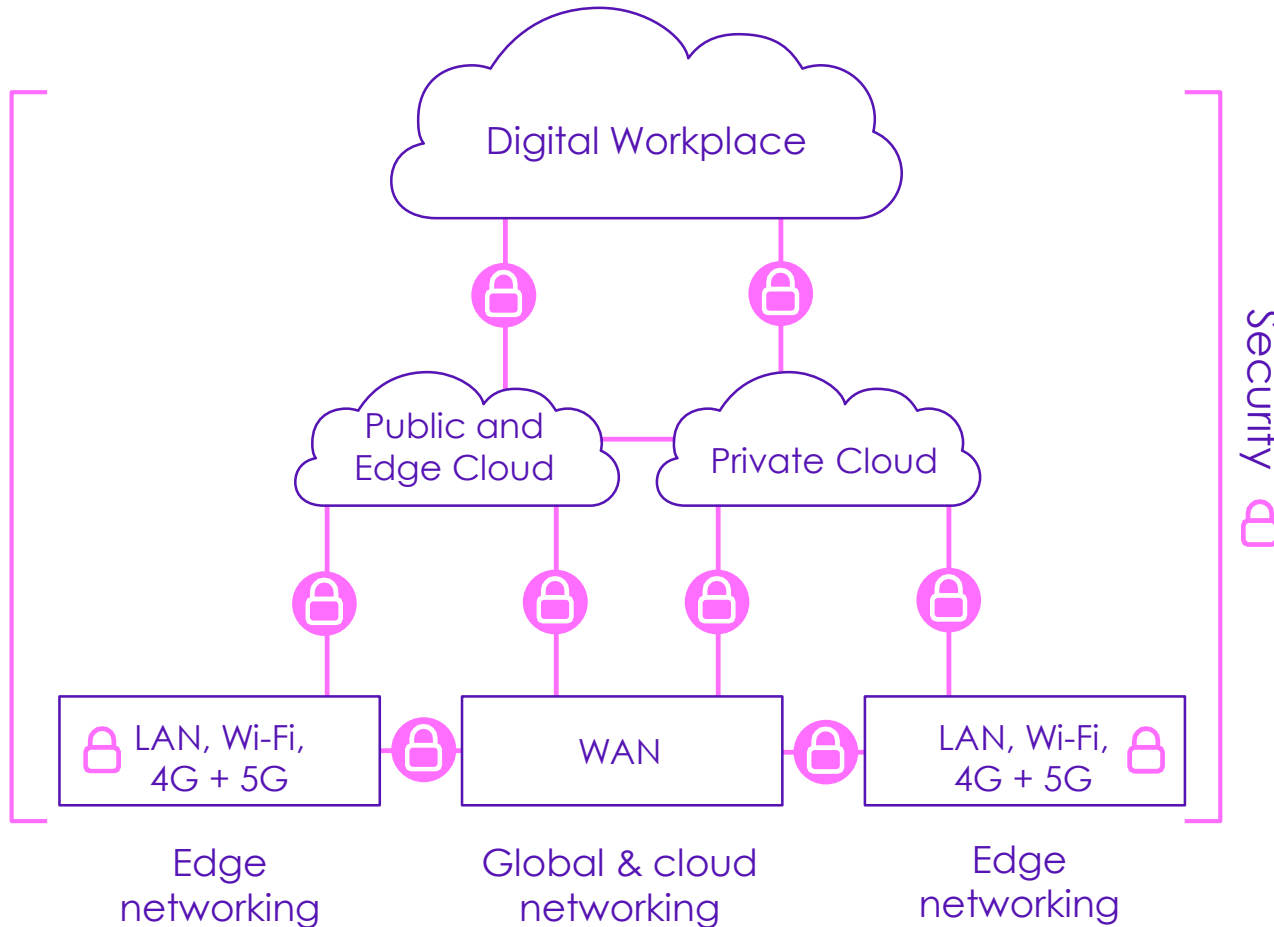
Deploy, manage and secure collaboration and contact centre services, with integrated voice-over-IP services globally.

Security

Secure customers' journey to the cloud, protect their data and assets, anticipate and ward off cyber threats, with threat prevention and security control services.

Our ecosystem is in transition

Our ecosystem



Global & cloud networking

- Multi-cloud connectivity
- CNFs and hyper-scalers
- Hybrid networking

- Software Defined Networking (SDN)

Edge networking

- Device proliferation
- Consumerisation
- IOT

Digital workplace

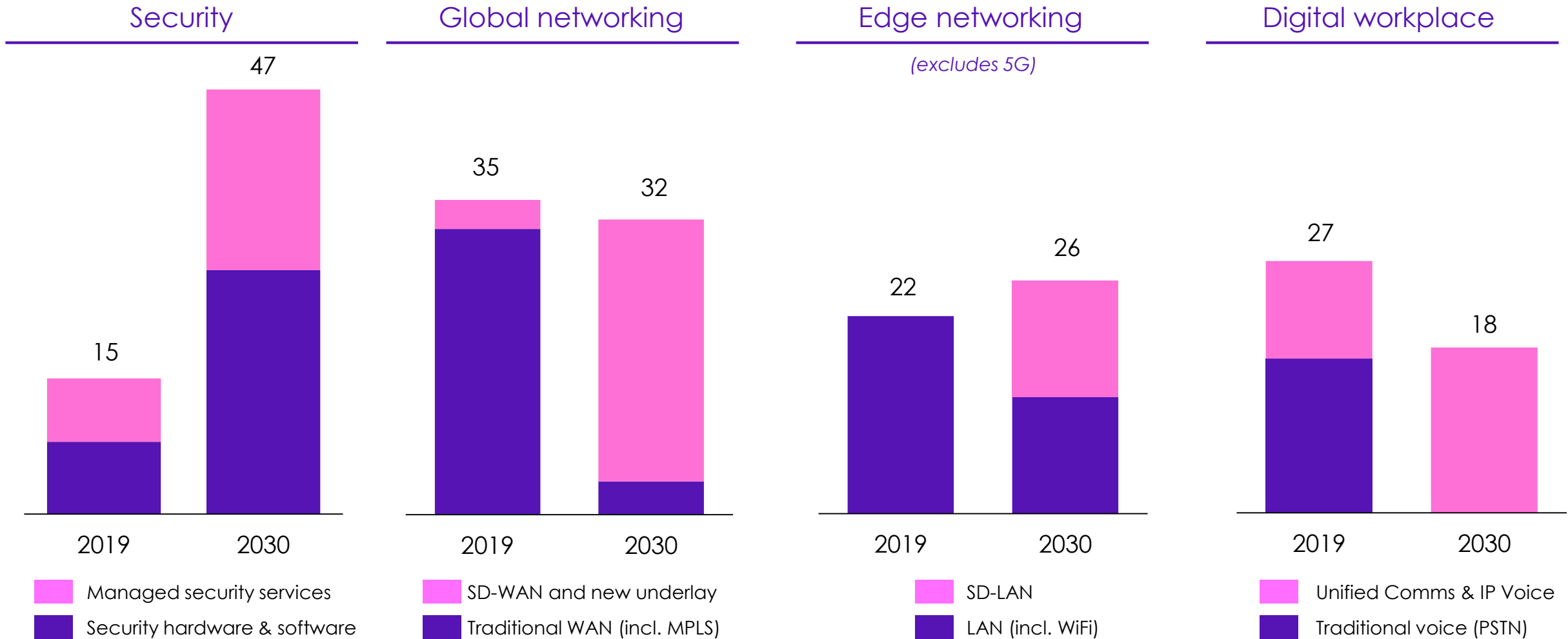
- Cloud applications and vendor growth
- AI

Security

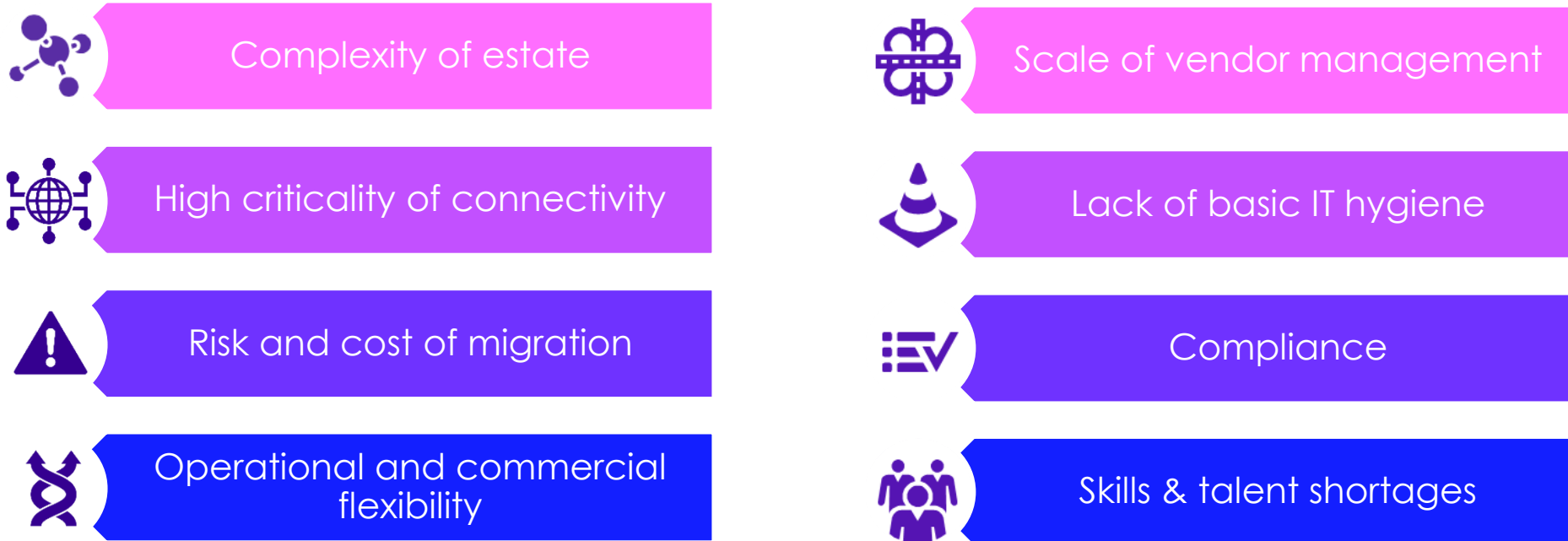
- Vendor proliferation
- Expanding threat landscape

Customer spend is shifting to security, to software-defined and cloud services, and to new network underlay infrastructure

MNC market, £bn

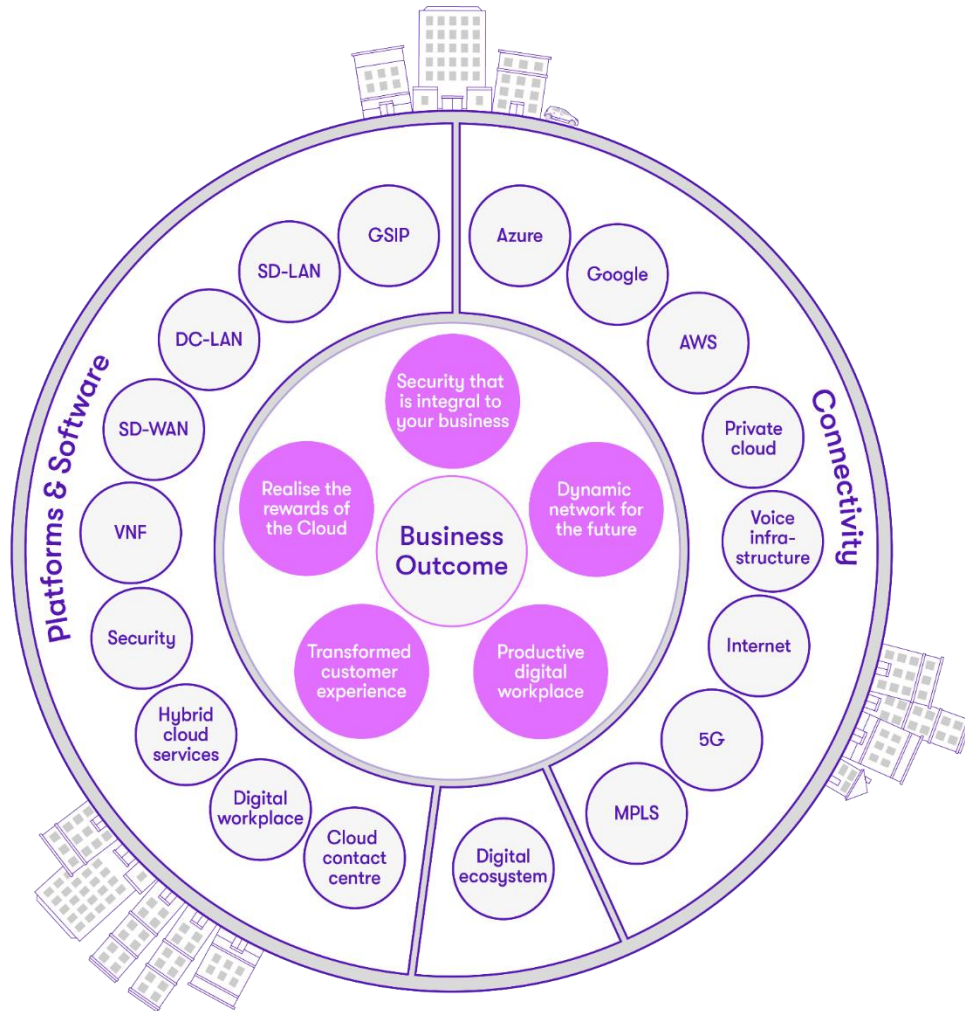


This shift creates cost, risk and complexity for CIOs and CISOs



This new complexity creates a market opportunity for BT

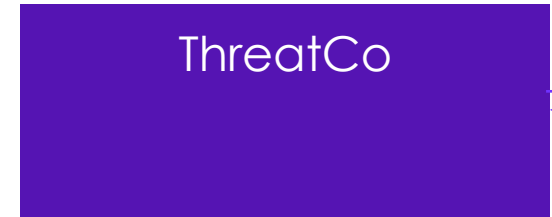
Technology change brings more, interdependent choices for our customers



Step change in our portfolio & IT architecture to make these work brilliantly

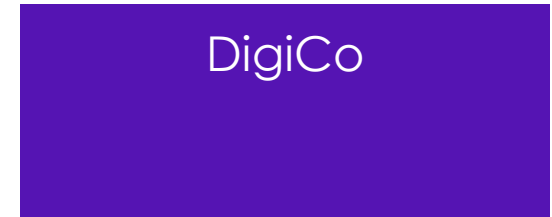
Platform & Software

Threat management & remediation



ThreatCo

Network management, cloud and primary controls



DigiCo

Connectivity

BT and third party



NetCo

Connectors and data flows



DigiCo: we are driving a step change in innovation to accelerate our growth in secure, network and cloud managed services

DigiCo: create the next generation of secure network and cloud managed services, with superior economics, differential customer experience, a high degree of commercial flexibility, fast speed of innovation, and with a deep ecosystem of vendors integrated in our services.

Growth portfolio focus

Over the top, cloud based and software defined

State of the art IT

Cloud native, API and micro-services architecture, Agile and DevOps

Modularity

“Lego like” product and IT approach

Powered-up ecosystem engagement

Vendor curation and co-creation.
Channel-to-market

Digital-native

Automation, simplicity, re-use. Design-thinking and customer co-creation

Data-centric

Strong foundations. Persona and use case based.

This approach amplifies our differentiation: BT Meetings example



EXPERIENCE



CHOICE



SECURITY



FLEXIBILITY

What matters to customers

Seamless experience across collaboration apps.

Choice of apps and avoidance of vendor lock in.

Scale the service securely.

Costs that scale up or down with use base.

BT focus

We integrate, deploy, migrate, monitor and manage the entire experience consistently across different vendors and BT's network.

We provide choice of platform and vendor with the freedom to move.

We provide additional security features and include them in our standard packages, with optional enhanced features for key personas.

We use our scale to differentiate via flexible pricing.

Roadmap focus

One, digitally enabled experience
Automatic eBonding in customers' ServiceNow instance
Insights and metrics cross-services.

One way to manage all collaboration apps
Integrated BT voice across all
Interoperable service - providing "on net" voice experience and easy user migration across apps.

Advanced fraud detection capability
Digital identity management "add ons"
Option of MPLS /dedicated gateways.

Simple pricing per user, per month for our managed service, with flexible volumes and terms.



Four key pillars driving Security as the enabler for growing Global

Leadership

Guiding customers through a fragmented market

CISO Boardrooms



Market Analysts



Market Recognition



Trust

A partner to rely on

Advisory



Governments & MNCs



Partners



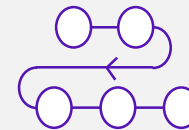
Choice

Selecting the best vendors from a crowded market

Customer propositions



Customer Journeys



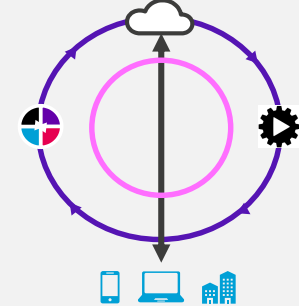
Portfolio



Innovation

Tooling addressing capacity challenges

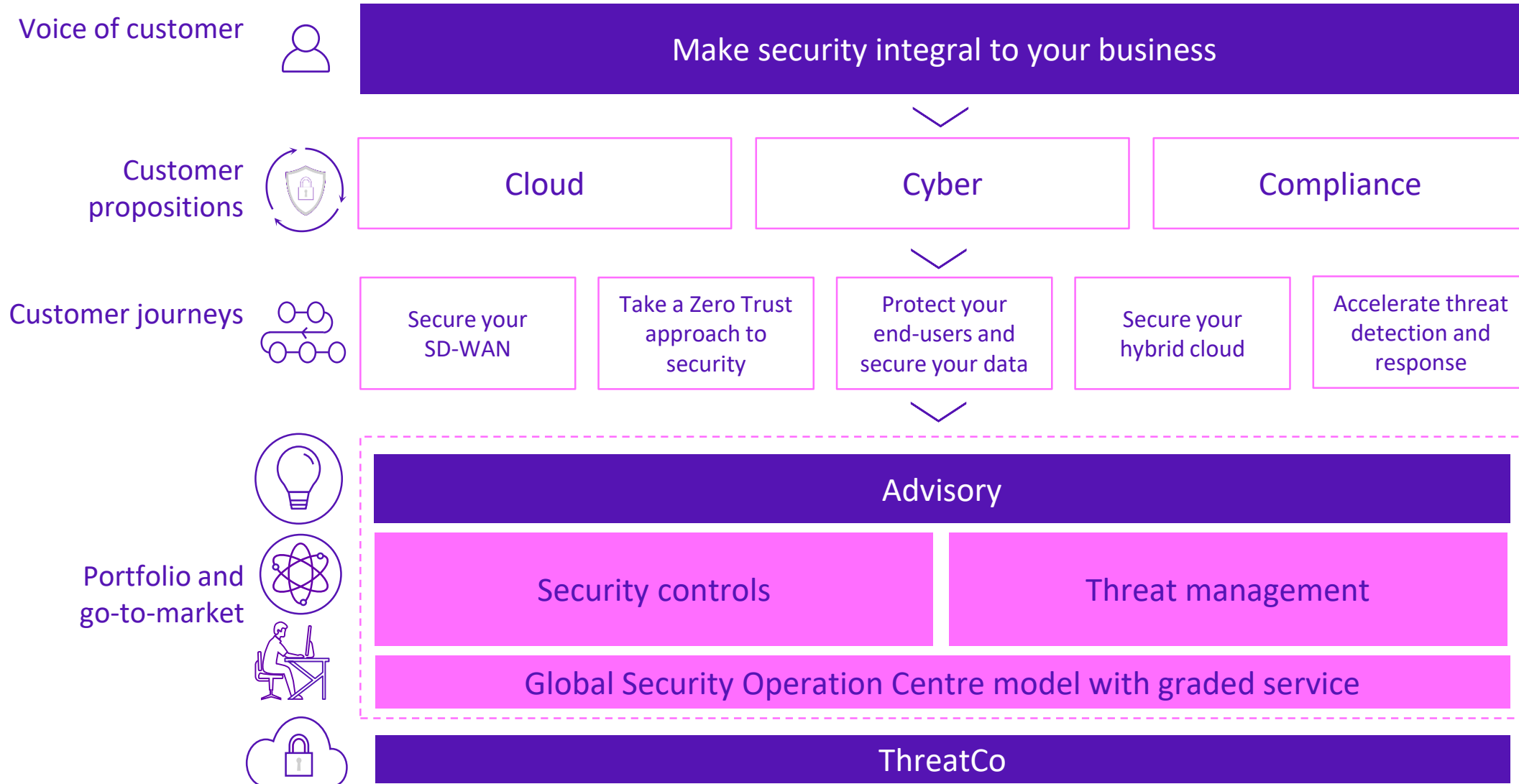
Ecosystems



Leveraging partner innovation



The customer is the centre of our world to give them the choice they need

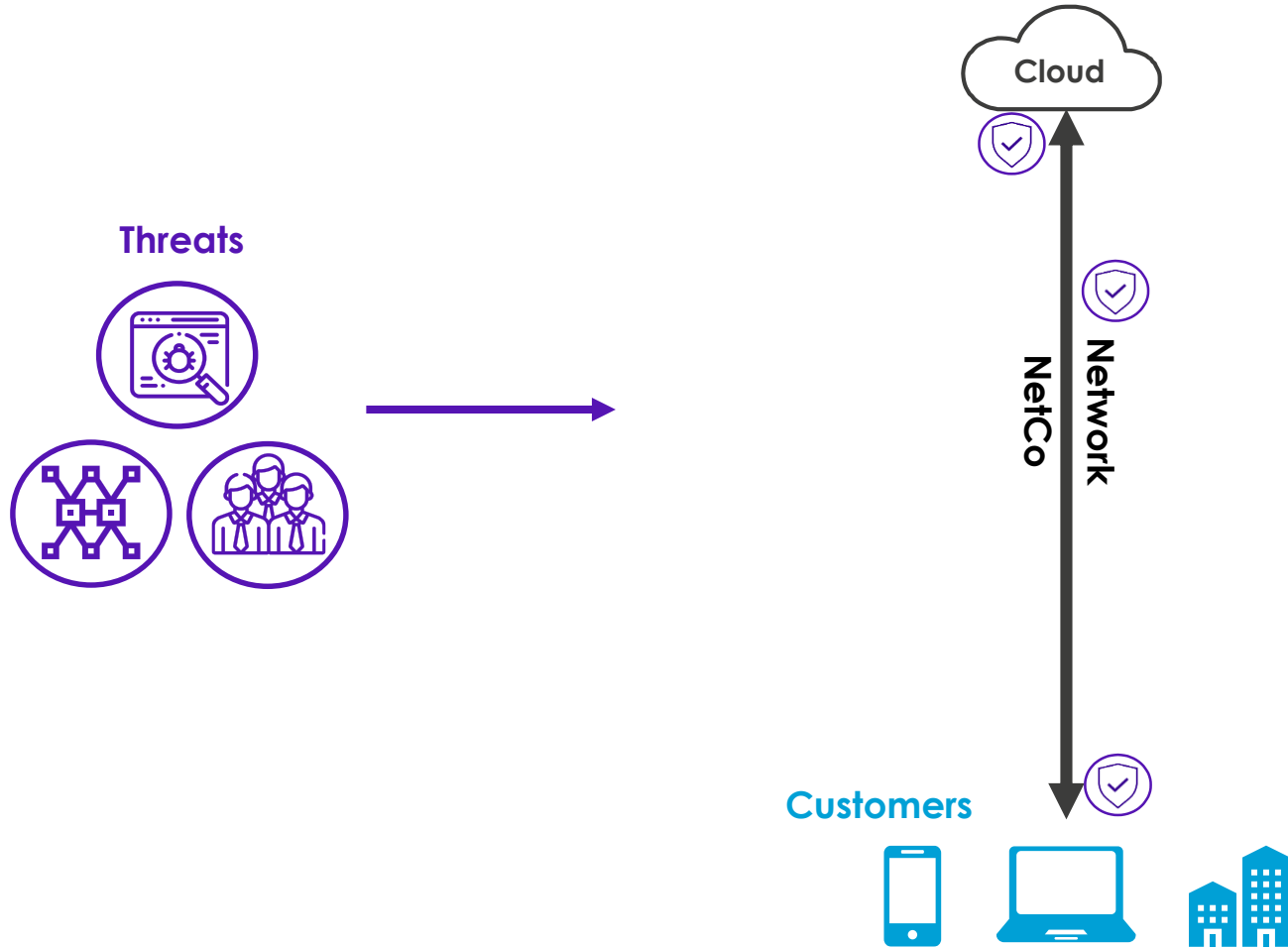


Eagle-i is the first step in the execution of our strategy, providing rapid proactive protection to reduce risk likelihood

Threats

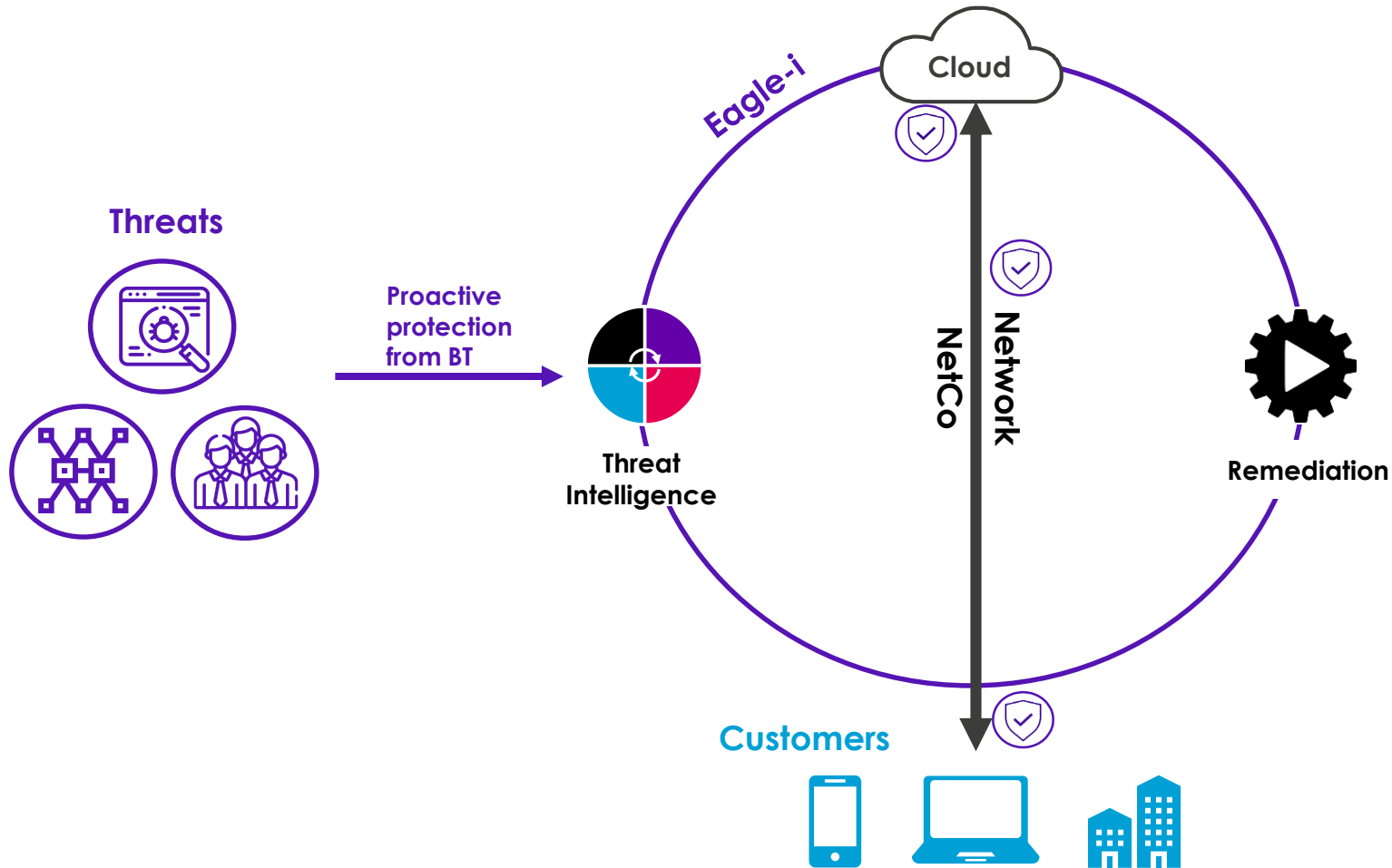


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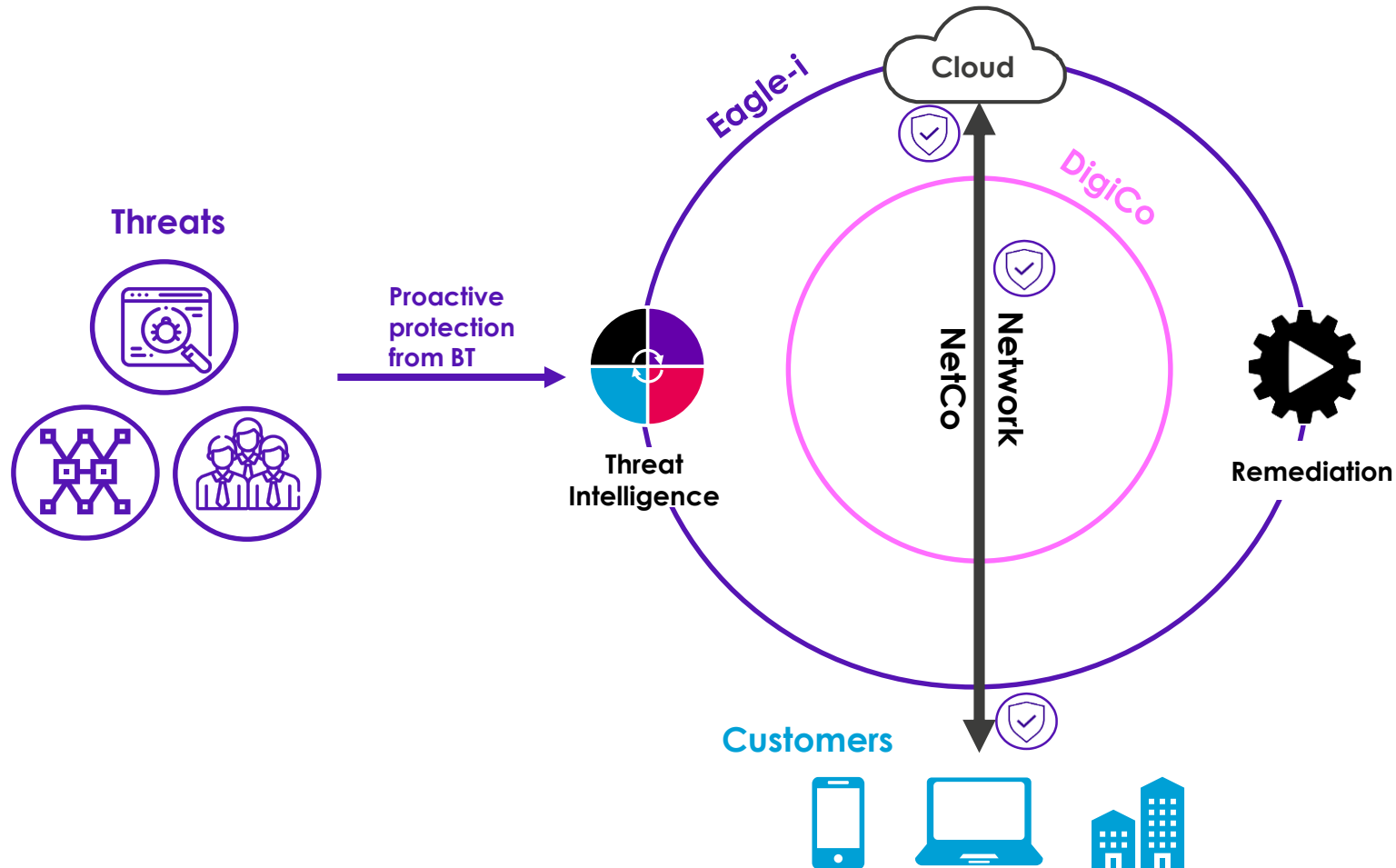
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Eagle-i better accelerates threat detection and response...



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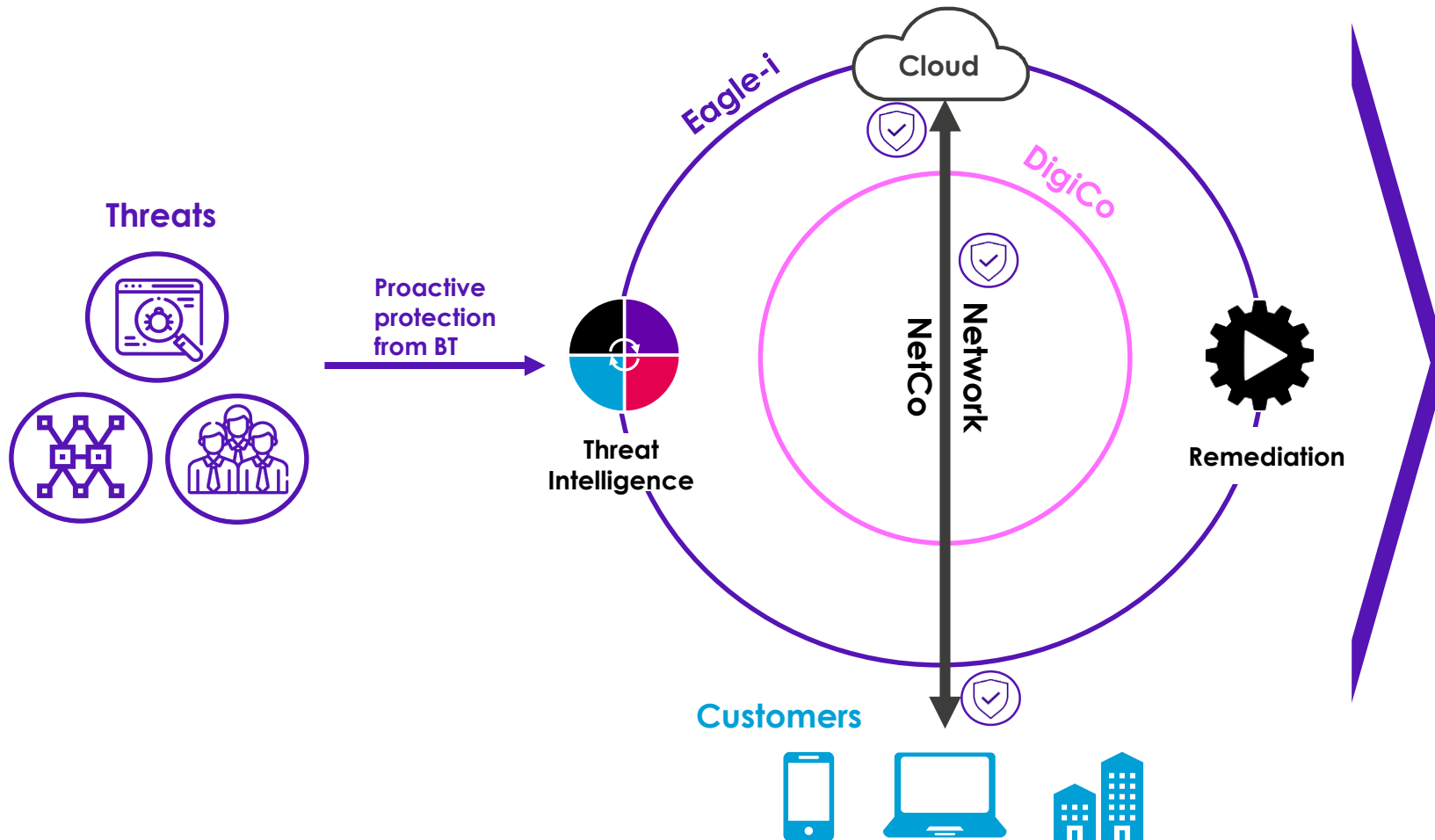
Eagle-i better accelerates threat detection and response...



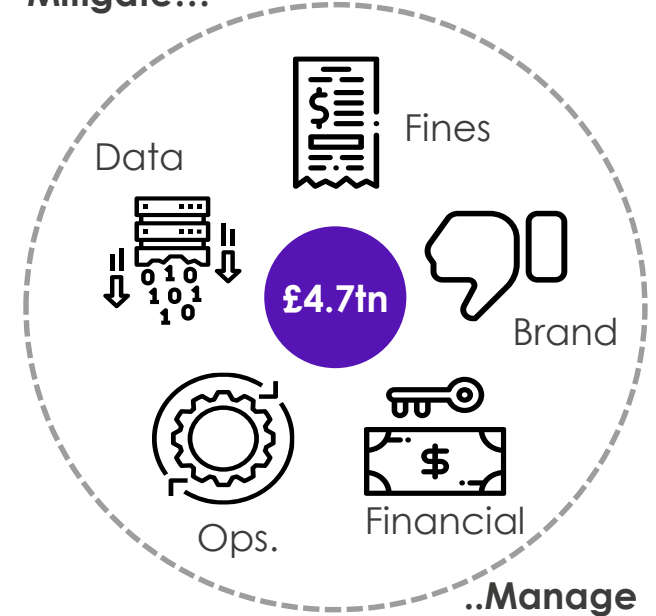
Eagle-i is the first step in the execution of our strategy, providing rapid proactive protection to reduce risk likelihood

Eagle-i better accelerates threat detection and response...

...to better manage cyber-risks



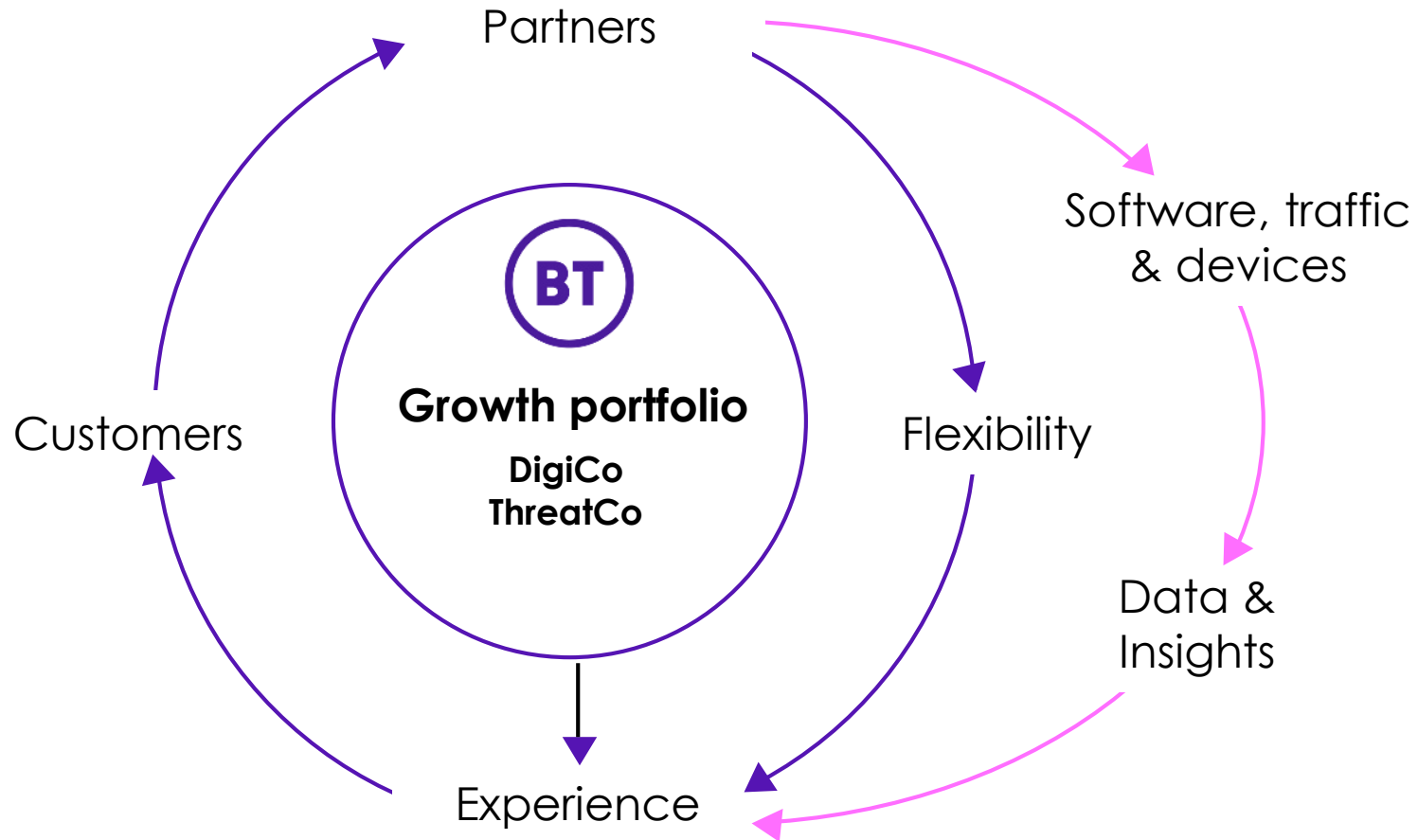
Mitigate...



Example KPIs

- ↑ Speed of detection
- ↑ Speed of response
- ↑ % Security control device coverage
- ↓ Likelihood against risk

The step change in innovation in our Growth portfolio amplifies its differentiation



Our strategy for growth

Our Growth portfolio is well positioned to address the market opportunity

Security is at the core of the portfolio and a critical growth driver

DigiCo and ThreatCo:

- **Platform based approach bringing to bear the benefits of digital**
 - **Step change in innovation**

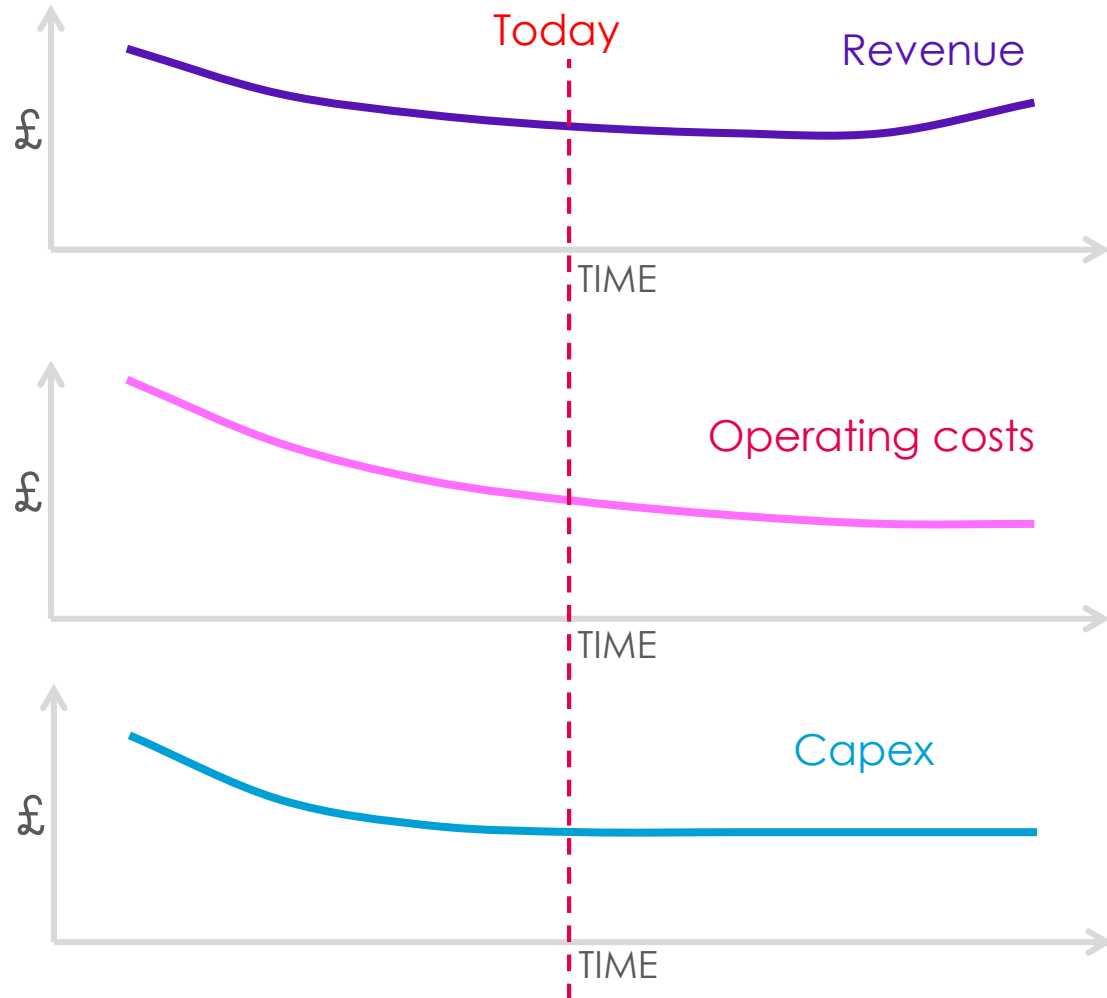


Our financial progress & outlook

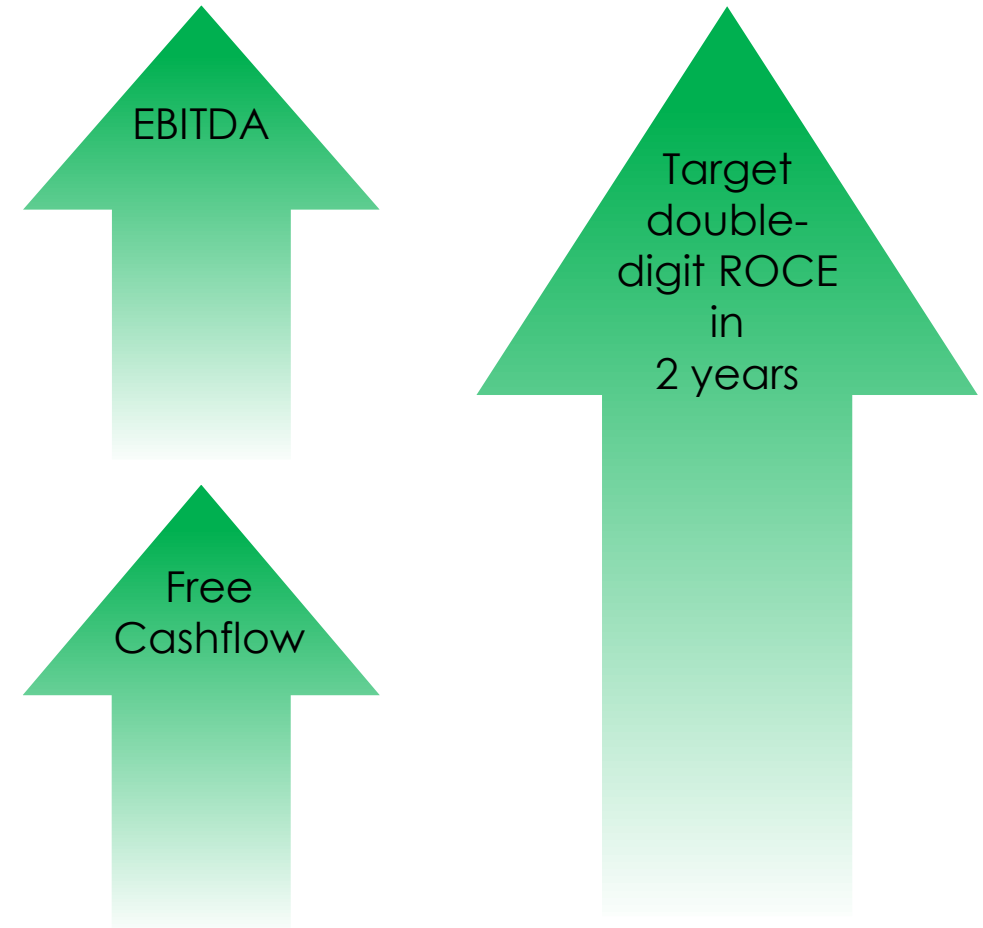
Martin Smith – CFO

In September 2018 we set out the financial projections for our business

Illustrative projection



Projected outcomes



We have successfully delivered the first two years of our strategic transformation and achieved our double-digit ROCE target

Global reported and proforma financials, FY18 to FY20

£m	FY18 ²	FY19 ¹	YoY (£m)	YoY	FY19 ²	FY20 ¹	YoY (£m)	YoY
External Revenue	5,019	4,735	(284)	(6)%	4,735	4,361	(374)	(8)%
<i>of which GWV³</i>	418	293	(125)	(30)%	293	164	(129)	(44)%
Operating Costs	4,589	4,230	(359)	(8)%	4,131	3,727	(404)	(10)%
EBITDA	430	505	75	17%	604	634	30	5%
Capex	278	245	(33)	(12)%	245	223	(22)	(9)%
NFCF	115	296	181	157%	235	255	20	9%
ROCE	0.3%	7.9%	+7.6pp		6.4%	12.8%	+6.4pp	

¹ As reported

² Pro forma (IFRS 15 pro forma for FY18, IFRS 16 and changes to internal shared cost allocations pro forma for FY19)

³ Global Wholesale Voice

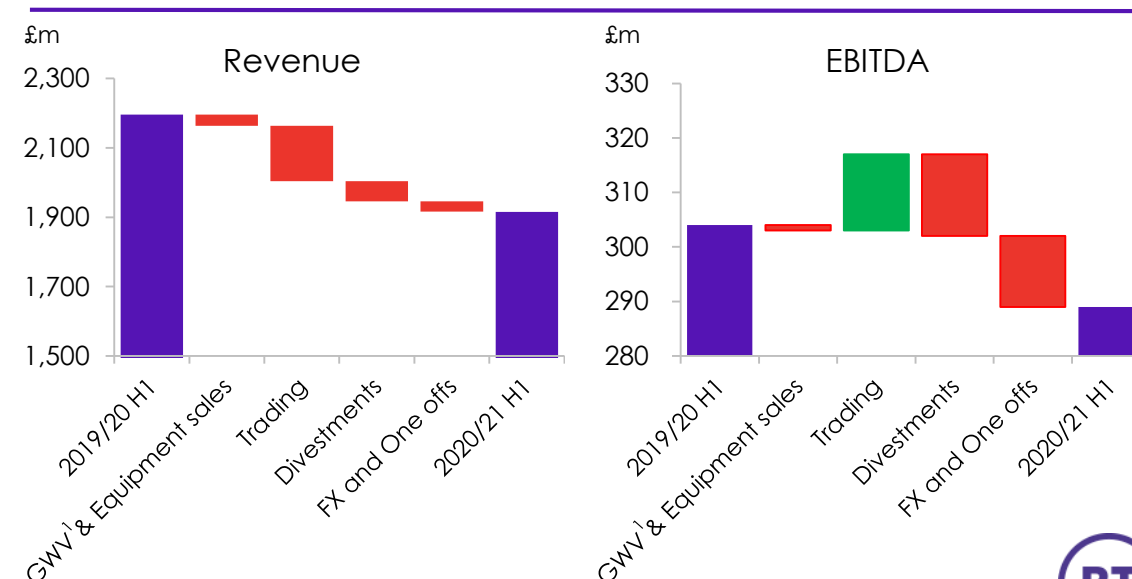
Our financial performance remains robust in FY21 despite Covid-19, reflecting business resilience and mitigating actions we are taking

Global FY21 H1 performance

- Revenue down 13%:
 - Covid-19 related lower non-contracted business, and milestone slippage
 - divestments, legacy portfolio declines and FX movements
 - **excluding divestments and FX revenue was down 10%**
- EBITDA down 5%:
 - revenue decline, divestments, prior year favourable one-offs, and FX movements
 - offset by transformation and Covid-19 mitigation actions
 - **excluding divestments, one-offs, and FX, EBITDA was up 6%**
- Completed the sale of our domestic operations and infrastructure in Latin America
- Continued headwind from reduced spend and a cautious approach from MNCs² due to Covid-19
- Rolling 12-month order intake up 10%

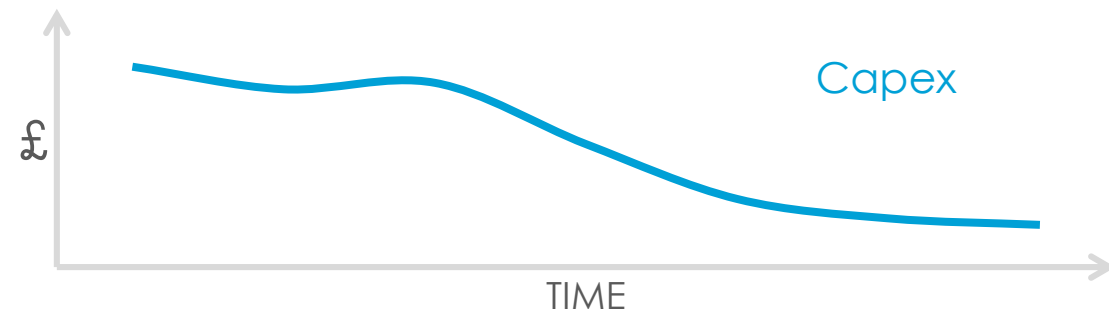
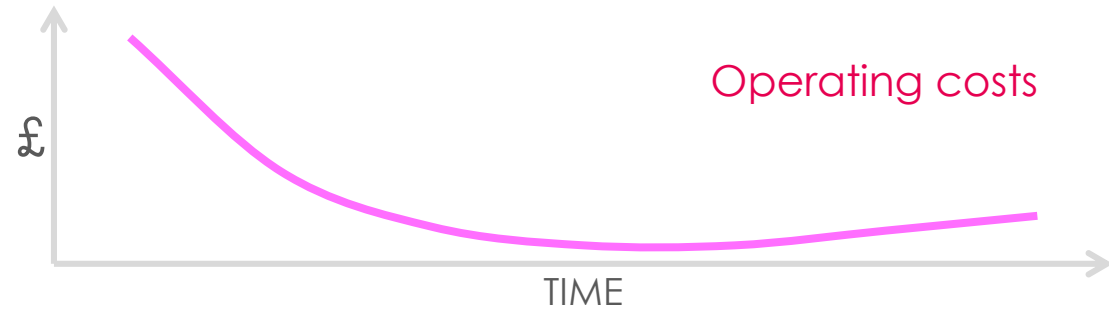
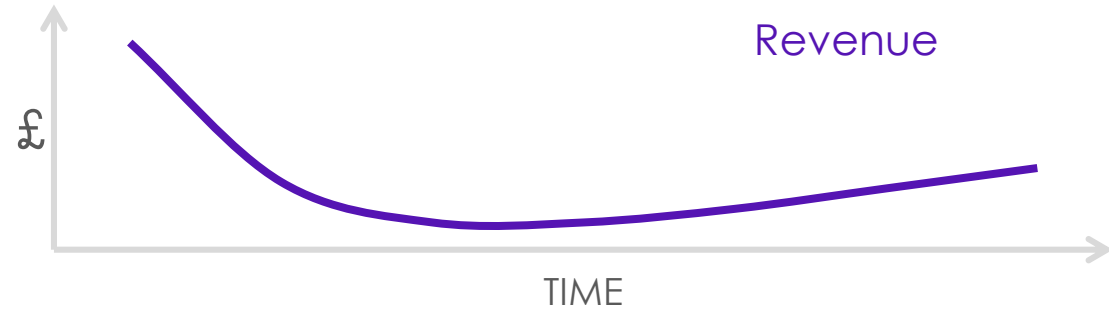
	H1 FY21	H1 FY20	Change
Revenue	£1,916m	£2,196m	(13)%
EBITDA	£289m	£304m	(5)%
Op Profit	£94m	£57m	65%
Capex	£81m	£96m	(16)%
NFCF	£57m	£40m	43%

Global's H1 revenue & EBITDA movements



Our strategic transformation has evolved, our financial ambitions increased and we aim to pivot to sustainable, profitable growth

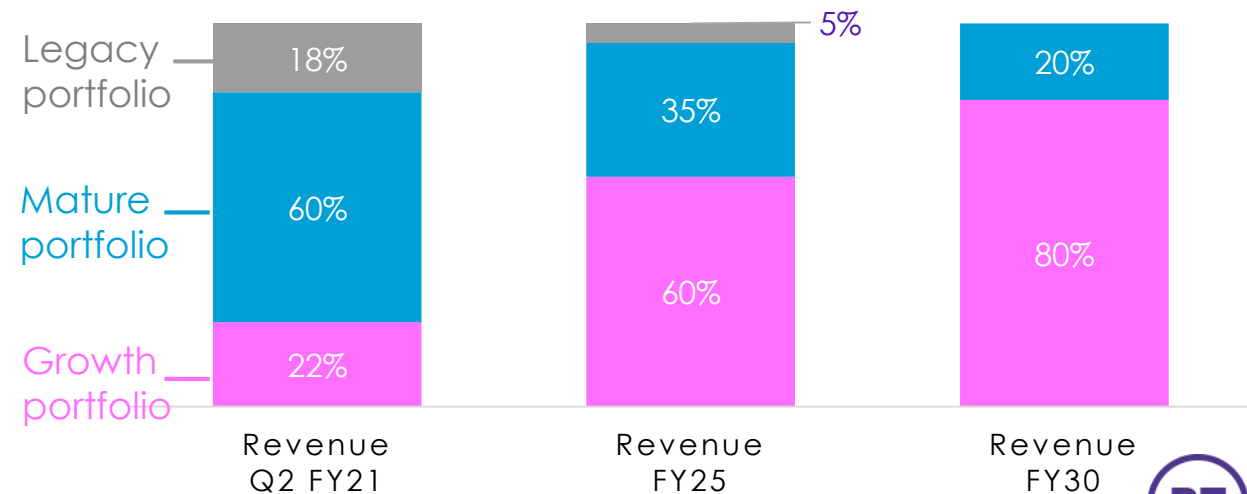
Illustrative projection



Projected outcomes



Pivot to Growth portfolio



Foundation

Over the last two years Global has reduced exposure to risk, increased focus and become more profitable

Strategy

Drive over-the-top networking and security services, deliver platform-based modular solutions

Ambition

Pivot to our Growth Portfolio, creating standout customer experiences and sustainable, profitable growth



Glossary

API: application programming interface. A computing interface that defines interactions between software intermediaries

AWS: Amazon Web Services

CIO: Chief Information Officer

CISO: Chief Information Security Officer

Cloud: on-demand availability of computer system resources, especially data storage and computing power

Cloud, edge: decentralized processing power at the edge of a network

Cloud, private: cloud services dedicated to a single user or organisation

Cloud, public: cloud services open to multiple users or organisations

CNF: carrier neutral facility. Typically a data centre open to hosting multiple organisations' processing power and data

CRM: customer relationship management (system)

DevOps: a set of practices that combines software development and IT operations, shortening the systems development life cycle

GSIP: global session initiation protocol (trunking). Enables a user to make calls over the internet or private WAN

LAN: local area network. A group of devices that share a common communications line to a server within a distinct geographic area

LAN, DC-: data centre local area network

LAN, SD-: software-defined local area network

Micro-services: a series of decentralized, small, adaptable applications which combine to provide a service useful to the user

MNC: multi-national corporation

MPLS: multi-protocol label switching. A network routing technique that directs data from one node to the next based on short path labels

Over-the-top (application): an application or service that provides a product over the internet and bypasses traditional distribution

PSTN: public switched telephone network. Network of telephone lines, core networks and switching centres to allow telephones to connect to each other, typically for voice communications

SLAs: service-level agreement. A commitment (usually contractual) between a service provider and a customer

SOC: security operations centre

VNF: virtual network function. A software application that has well defined interfaces and provides network services

Voice-over-IP / IP voice (VoIP): a method and group of technologies for the delivery of voice communications and multimedia sessions over internet protocol networks, such as the internet

WAN: wide area network. A network that extends over a large geographic area to connect multiple LANs and devices together

WAN, SD-: software-defined wide area network