



Pro forma restated historical financial information for BT Group

For the years ended 31 March 2018 and 31 March 2019

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Disclaimer

All pro forma financial information contained in this document is unaudited. The pro forma results are presented to investors and analysts as an indication of trend only.

The financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and have not been audited by BT's independent auditors.

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1. Basis of preparation

Background

We have adjusted the methodologies which we use to recharge our shared fixed costs, reported within EBITDA, to refine the allocation of costs across our operating units following the recent creation and development of the Consumer and Enterprise units as well as the formation of Openreach Limited as part of the implementation of the Digital Communication Review Commitments. These changes impact operating unit financials only and have no impact on the reported Group financials. The revised methodology better aligns our segmental reporting with the regulatory financial statements. The methodology change took place from 1 April 2019. We have restated the 2017/18 and 2018/19 financial years in this document to reflect how the results for those years would have been presented under the new allocation methodology.

On 1 April 2019, we transferred the Emergency Services Network ("ESN") contract from Consumer to Enterprise. We have restated our 2017/18 and 2018/19 segmental results to reflect this change.

On 1 April 2019 we adopted IFRS 16, the new accounting standard for leases. We have recognised right-of-use assets and lease liabilities for arrangements that meet the IFRS 16 lease definition. EBITDA will increase because operating lease expense has been replaced by interest expense and depreciation. We have adopted the standard on a modified retrospective basis without restating the comparative periods. On the next tabs we have presented pro forma financial information for the period ended 31 March 2019 to show what the impact of IFRS 16 would have been on the 2018/19 financial year.

We have published revised historical financial information to reflect the impact of these changes had they been effective for the period ended 31 March 2019 (for all changes) and the period ended 31 March 2018 (for the change in recharge methodology and transfer of the ESN contract). We have published on our website (<https://btplc.com/Sharesandperformance/Financialreportingandnews/Quarterlyresults/index.htm>) restated historical financial information to reflect these changes.

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Unaudited

2017/18 pro forma historical financial information KPI 'A' - post recharge changes/ESN transfer and pre IFRS 16

2017/18 revenue and EBITDA £m unless otherwise stated	Previously reported ²					Change in recharge methodology & transfer of ESN contract					Restated results				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Adjusted¹ revenue															
Consumer	2,540	2,587	2,680	2,572	10,379	(1)	(7)	(27)	(29)	(64)	2,539	2,580	2,653	2,543	10,315
Enterprise	1,647	1,673	1,654	1,679	6,653	1	7	27	29	64	1,648	1,680	1,681	1,708	6,717
Global	1,246	1,265	1,265	1,243	5,019	-	-	-	-	-	1,246	1,265	1,265	1,243	5,019
Openreach	1,287	1,299	1,379	1,320	5,285	-	-	-	-	-	1,287	1,299	1,379	1,320	5,285
Other	2	4	2	2	10	-	-	-	-	-	2	4	2	2	10
Eliminations	(887)	(893)	(915)	(890)	(3,585)	-	-	-	-	-	(887)	(893)	(915)	(890)	(3,585)
Total Group	5,835	5,935	6,065	5,926	23,761	0	0	0	0	0	5,835	5,935	6,065	5,926	23,761
Adjusted¹ EBITDA															
Consumer	556	575	558	680	2,369	(28)	(34)	(54)	(55)	(171)	528	541	504	625	2,198
Enterprise	493	520	512	535	2,060	(35)	(29)	(10)	(8)	(82)	458	491	502	527	1,978
Global	73	81	141	135	430	(15)	(15)	(15)	(15)	(60)	58	66	126	120	370
Openreach	644	653	747	675	2,719	79	79	80	80	318	723	732	827	755	3,037
Other	19	(9)	(22)	11	(1)	(1)	(1)	(1)	(2)	(5)	18	(10)	(23)	9	(6)
Total Group	1,785	1,820	1,936	2,036	7,577	0	0	0	0	0	1,785	1,820	1,936	2,036	7,577

¹ Before specific items

² As reported in published Q4 2018/19 KPIs

Unaudited

2018/19 pro forma historical financial information KPI 'A' - post recharge changes/ESN transfer and pre IFRS 16

2018/19 revenue and EBITDA £m unless otherwise stated	Previously reported ²					Change in recharge methodology & transfer of ESN contract					Restated results - pre IFRS 16				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Adjusted¹ revenue															
Consumer	2,591	2,681	2,785	2,638	10,695	(21)	(27)	(28)	(28)	(104)	2,570	2,654	2,757	2,610	10,591
Enterprise	1,567	1,606	1,555	1,564	6,292	21	27	28	28	104	1,588	1,633	1,583	1,592	6,396
Global	1,147	1,185	1,202	1,201	4,735	-	-	-	-	-	1,147	1,185	1,202	1,201	4,735
Openreach	1,255	1,293	1,256	1,271	5,075	-	-	-	-	-	1,255	1,293	1,256	1,271	5,075
Other	1	1	2	(1)	3	-	-	-	-	-	1	1	2	(1)	3
Eliminations	(845)	(858)	(818)	(820)	(3,341)	-	-	-	-	-	(845)	(858)	(818)	(820)	(3,341)
Total Group	5,716	5,908	5,982	5,853	23,459	0	0	0	0	0	5,716	5,908	5,982	5,853	23,459
Adjusted¹ EBITDA															
Consumer	610	611	643	670	2,534	(46)	(52)	(53)	(52)	(203)	564	559	590	618	2,331
Enterprise	480	505	501	504	1,990	(25)	(19)	(18)	(18)	(80)	455	486	483	486	1,910
Global	95	113	147	150	505	(15)	(15)	(15)	(16)	(61)	80	98	132	134	444
Openreach	591	634	603	595	2,423	80	80	80	81	321	671	714	683	676	2,744
Other	24	12	(16)	(80)	(60)	6	6	6	5	23	30	18	(10)	(75)	(37)
Total Group	1,800	1,875	1,878	1,839	7,392	0	0	0	0	0	1,800	1,875	1,878	1,839	7,392

¹ Before specific items

² As reported in published Q4 2018/19 KPIs

2018/19 pro forma historical financial information KPI 'B' - post recharge changes/ESN transfer and post IFRS 16

IFRS 16					Revised pro forma results - post IFRS 16				
Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
					2,570	2,654	2,757	2,610	10,591
					1,588	1,633	1,583	1,592	6,396
					1,147	1,185	1,202	1,201	4,735
					1,255	1,293	1,256	1,271	5,075
					1	1	2	(1)	3
					(845)	(858)	(818)	(820)	(3,341)
					5,716	5,908	5,982	5,853	23,459
					56	58	56	57	227
					31	31	30	30	122
					39	38	41	42	160
					46	47	48	49	190
					8	9	9	9	35
					180	183	184	187	734
					620	617	646	675	2,558
					486	517	513	516	2,032
					119	136	173	176	604
					717	761	731	725	2,934
					38	27	(1)	(66)	(2)
					1,980	2,058	2,062	2,026	8,126

Unaudited

Pro forma historical financial information KPI 'A' - post recharge changes/ESN transfer and pre IFRS 16

2017/18 and 2018/19 capex and normalised free cash flow
£m unless otherwise stated
All numbers are stated before specific items.

	17/18 H1	17/18 H2	17/18 Full year	18/19 H1	18/19 H2	18/19 Full year
Capex						
Consumer	461	458	919	401	593	994
Enterprise	237	255	492	218	283	501
Global	128	150	278	99	146	245
Openreach	808	891	1,699	1,055	1,026	2,081
Other	59	75	134	60	82	142
Total Group	1,693	1,829	3,522	1,833	2,130	3,963
Normalised free cash flow						
Consumer	663	691	1,354	677	646	1,323
Enterprise	669	900	1,569	646	837	1,483
Global	(133)	248	115	(44)	340	296
Openreach	523	639	1,162	287	398	685
Other	(477)	(750)	(1,227)	(592)	(755)	(1,347)
Total Group	1,245	1,728	2,973	974	1,466	2,440

Previously reported¹

	17/18 H1	17/18 H2	17/18 Full year	18/19 H1	18/19 H2	18/19 Full year
Consumer	461	458	919	401	593	994
Enterprise	237	255	492	218	283	501
Global	128	150	278	99	146	245
Openreach	808	891	1,699	1,055	1,026	2,081
Other	59	75	134	60	82	142
Total Group	1,693	1,829	3,522	1,833	2,130	3,963
Consumer	663	691	1,354	677	646	1,323
Enterprise	669	900	1,569	646	837	1,483
Global	(133)	248	115	(44)	340	296
Openreach	523	639	1,162	287	398	685
Other	(477)	(750)	(1,227)	(592)	(755)	(1,347)
Total Group	1,245	1,728	2,973	974	1,466	2,440

Change in recharge methodology & transfer of ESN contract

	17/18 H1	17/18 H2	17/18 Full year	18/19 H1	18/19 H2	18/19 Full year
Consumer	(61)	(44)	(105)	(28)	(22)	(50)
Enterprise	61	44	105	28	22	50
Global	-	-	-	-	-	-
Openreach	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Group	0	0	0	0	0	0
Consumer	8	(75)	(67)	(60)	(97)	(157)
Enterprise	(134)	(52)	(186)	(82)	(45)	(127)
Global	(30)	(30)	(60)	(30)	(31)	(61)
Openreach	159	159	318	161	160	321
Other	(3)	(2)	(5)	11	13	24
Total Group	0	0	0	0	0	0

Restated results

	17/18 H1	17/18 H2	17/18 Full year	18/19 H1	18/19 H2	18/19 Full year
Consumer	400	414	814	373	571	944
Enterprise	298	299	597	246	305	551
Global	128	150	278	99	146	245
Openreach	808	891	1,699	1,055	1,026	2,081
Other	59	75	134	60	82	142
Total Group	1,693	1,829	3,522	1,833	2,130	3,963
Consumer	671	616	1,287	617	549	1,166
Enterprise	535	848	1,383	564	792	1,356
Global	(163)	218	55	(74)	309	235
Openreach	682	798	1,480	448	558	1,006
Other	(480)	(752)	(1,232)	(581)	(742)	(1,323)
Total Group	1,245	1,728	2,973	974	1,466	2,440

Pro forma historical financial information KPI 'B' - post recharge changes/ESN transfer and post IFRS 16

IFRS 16

	17/18 H1	17/18 H2	17/18 Full year	18/19 H1	18/19 H2	18/19 Full year
Consumer	-	-	-	-	-	-
Enterprise	-	-	-	-	-	-
Global	-	-	-	-	-	-
Openreach	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Group	0	0	0	0	0	0
Consumer	-	-	-	-	-	-
Enterprise	-	-	-	-	-	-
Global	-	-	-	-	-	-
Openreach	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Group	0	0	0	0	0	0

Revised pro forma results - post IFRS 16

	17/18 H1	17/18 H2	17/18 Full year	18/19 H1	18/19 H2	18/19 Full year
Consumer	400	414	814	373	571	944
Enterprise	298	299	597	246	305	551
Global	128	150	278	99	146	245
Openreach	808	891	1,699	1,055	1,026	2,081
Other	59	75	134	60	82	142
Total Group	1,693	1,829	3,522	1,833	2,130	3,963
Consumer	671	616	1,287	617	549	1,166
Enterprise	535	848	1,383	564	792	1,356
Global	(163)	218	55	(74)	309	235
Openreach	682	798	1,480	448	558	1,006
Other	(480)	(752)	(1,232)	(581)	(742)	(1,323)
Total Group	1,245	1,728	2,973	974	1,466	2,440

¹ As reported in published Q4 2018/19 KPIs.