

Results for the full year to 31 March 2025

BT Group plc
22 May 2025

Allison Kirkby, Chief Executive, commenting on the results, said

"BT Group delivered strong progress against its strategic priorities in FY25, as we stepped up the pace of build of the UK's leading next generation networks. We set new record build and connect highs: our full fibre network now reaches more than 18m homes and businesses, with more than 6.5m already connected, and we were awarded the country's best mobile network for the 11th year in a row recognising EE's clear leadership in 5G. We also accelerated the pace of simplification and transformation, agreeing asset sales, improving customer satisfaction across all of our brands and business segments, and delivering over £900m of annualised cost savings.

"Although revenue declined year-on-year driven mainly by lower international sales and handsets, strong cost control and a step-up in focus and transformation resulted in growth in both EBITDA and normalised free cash flow, allowing us to increase our dividend for FY25 by 2% to 8.16p per share.

"The momentum in, and impact of, our full fibre programme is such that we are now raising our build target by 20% to up to 5m UK premises in FY26, keeping us comfortably on track to reach 25m by the end of 2026, while maintaining our cash flow guidance. We are now only one year away from our inflection to £2bn of normalised free cash flow, our target for FY27, and remain on track to deliver £3bn by the end of the decade.

"With the leadership team now in place to take our strategy forward, I am confident that as we build and connect at pace, our transformation will accelerate and deliver a better BT for all of us - our customers, our colleagues, the country and our owners."

Strong delivery against our strategy

- **Record FTTP build of 4.3m** premises passed in the year; FTTP footprint reached more than 18m premises, of which 4.9m in rural locations
- **Record demand for Openreach FTTP** with quarterly net adds above 500k for the first time; total premises connected over 6.5m, increasing our market-leading take up rate to 36%; Openreach broadband ARPU in the year grew by 6% to £16.0, driven by higher FTTP take-up, speed mix and CPI
- **Openreach broadband lines** fell 243k in Q4, driven by losses to competitors and a weaker broadband market; expect the H2 run rate to continue through FY26
- **New FTTP build target of up to 5m announced for FY26, to accelerate FTTP benefits** including take-up and underpinning the December 2026 target of 25m
- **UK's best mobile network** for the eleventh consecutive year as awarded by RootMetrics; tenth year of best network with unlaut connect; best 5G availability with speedtest; 5G standalone rolled out across 50 major UK towns and cities, covering over 40% of the population
- **Retail FTTP base** grew by 33% year-on-year to 3.4m, of which Consumer was 3.2m and Business was 0.2m; **5G base** reached 13.2m, up 15% year-on-year
- **Consumer customer bases relatively stable** in the year with a return to growth in the broadband base in Q4; Consumer broadband ARPU¹ up 2.4% year-on-year to £42.2; Consumer postpaid mobile ARPU¹ £19.4 in line year-on-year; Consumer fixed and mobile convergence grew to 24.6% from 22.9% last year
- **Business continued to refocus on the UK** with disposals of operations in Ireland and, after the period end, Italy; the Emergency Services Network contract was secured for another seven years
- **Transformation delivering ahead of plan** with £913m of gross annualised cost savings during FY25 at a cost to achieve in line with our plan of £448m; energy usage in our networks was down 4% and total labour resource was down 3% to 116k; we achieved a 10% reduction in Openreach repair volumes
- **BT Group NPS improved to 29.5**, up 4.7pts year-on-year, demonstrating further improving customer experience across all three customer facing units

Continued EBITDA growth in FY25 and normalised free cash flow² ahead of guidance

- **Reported and adjusted² revenue** £20.4bn, down 2%, mainly due to continued challenging trading conditions in our Global and non-UK Portfolio channels and weaker handset trading in Consumer, offsetting the benefit of FTTP growth in Openreach and price increases;
- **Adjusted UK service revenue²** £15.6bn, down 1%, largely due to legacy voice declines
- **Adjusted² EBITDA** £8.2bn, up 1%, driven by strong cost transformation
- **Reported profit before tax** £1.3bn, up 12%, primarily due to goodwill impairment in the prior year, offset by higher specific costs and net finance expense
- **Capital expenditure² ('capex')** £4.9bn broadly in line with the prior year
- **Net cash inflow from operating activities** £7.0bn; **normalised free cash flow²** £1.6bn, up 25% due to higher EBITDA and a lower working capital outflow
- **Net debt** £19.8bn (31 March 2024: £19.5bn), increased mainly due to our scheduled pension scheme contributions of £0.8bn partly offset by free cash flow
- **Gross IAS 19 pension deficit** of £4.1bn, a decrease from £4.8bn at 31 March 2024 mainly due to scheduled contributions
- **Final dividend** of 5.76 pence per share (pps) up from 5.69pps, bringing the full year dividend to 8.16pps, up 2%
- **FY26 Outlook:** Adjusted² group revenue c£20bn and adjusted² UK service revenue of £15.3-£15.6bn and EBITDA of £8.2-8.3bn; capital expenditure excluding spectrum c. £5.0bn; normalised free cash flow² c. £1.5bn
- **Mid-term guidance:** Adjusted² group revenue and adjusted² UK service revenue sustained growth from FY27 and EBITDA growth ahead of revenue, enhanced by cost transformation; capital expenditure excluding spectrum reducing by more than £1bn from FY26 level; normalised free cash flow² of c. £2.0bn in FY27 and c. £3.0bn by the end of the decade

¹ Consumer have reassessed the treatment of EE One and more specifically the standalone selling price of each good and service provided to the customer under the converged offering, and as such the allocation of the total transaction price to be received under the contract to each distinct product. This has resulted in a reclassification of revenues between product types.

² See Glossary on page 8.

| Full year to 31 March | 2025 | 2024 | Change |
|---|--------|--------|--------|
| Reported measures | £m | £m | % |
| Revenue | 20,358 | 20,797 | (2) |
| Profit before tax | 1,334 | 1,186 | 12 |
| Profit after tax | 1,054 | 855 | 23 |
| Basic earnings per share | 10.8p | 8.7p | 24 |
| Net cash inflow from operating activities | 6,989 | 5,953 | 17 |
| Normalised free cash flow ² | 8,160 | 6,600 | 24 |

| | | | |
|---------------------|-------|-------|---|
| Full year dividend | 8.10p | 8.00p | £ |
| Capital expenditure | 4,857 | 4,880 | - |

| Adjusted measures | £m | £m | % |
|--|--------|--------|-----|
| Adjusted ¹ revenue | 20,370 | 20,835 | (2) |
| Adjusted UK service revenue ¹ | 15,582 | 15,727 | (1) |
| Adjusted ¹ EBITDA | 8,209 | 8,100 | 1 |
| Adjusted ¹ basic earnings per share | 18.8p | 18.5p | 2 |
| Normalised free cash flow ¹ | 1,598 | 1,280 | 25 |
| Net debt ¹ | 19,816 | 19,479 | 2 |

Customer-facing unit updates

| | Adjusted ¹ revenue | | | Adjusted UK service revenue ¹ | | |
|-----------------------|-------------------------------|---------------|------------|--|---------------|------------|
| Full year to 31 March | 2025 | 2024 | Change | 2025 | 2024 | Change |
| | £m | £m | % | £m | £m | % |
| Consumer | 9,695 | 9,833 | (1) | 7,888 | 7,916 | - |
| Business | 7,842 | 8,128 | (4) | 4,861 | 4,937 | (2) |
| Openreach | 6,156 | 6,077 | 1 | 6,156 | 6,077 | 1 |
| Other | 12 | 16 | n/m | 12 | 11 | n/m |
| Intra-group items | (3,335) | (3,219) | (4) | (3,335) | (3,214) | (4) |
| Total | 20,370 | 20,835 | (2) | 15,582 | 15,727 | (1) |

| | Adjusted ¹ EBITDA | | | Normalised free cash flow ¹ | | |
|-----------------------|------------------------------|--------------|----------|--|--------------|-----------|
| Full year to 31 March | 2025 | 2024 | Change | 2025 | 2024 | Change |
| | £m | £m | % | £m | £m | % |
| Consumer | 2,644 | 2,672 | (1) | 1,025 | 1,023 | - |
| Business | 1,536 | 1,630 | (6) | 506 | 431 | 17 |
| Openreach | 4,029 | 3,827 | 5 | 839 | 590 | 42 |
| Other | - | (29) | n/m | (772) | (764) | n/m |
| Total | 8,209 | 8,100 | 1 | 1,598 | 1,280 | 25 |

| | Adjusted ¹ revenue | | | Adjusted UK service revenue ¹ | | | Adjusted ¹ EBITDA | | |
|----------------------------|-------------------------------|--------------|------------|--|--------------|----------|------------------------------|--------------|----------|
| Fourth quarter to 31 March | 2025 | 2024 | Change | 2025 | 2024 | Change | 2025 | 2024 | Change |
| | £m | £m | % | £m | £m | % | £m | £m | % |
| Consumer | 2,361 | 2,370 | - | 1,928 | 1,909 | 1 | 659 | 664 | (1) |
| Business | 1,993 | 2,001 | - | 1,214 | 1,191 | 2 | 380 | 421 | (10) |
| Openreach | 1,505 | 1,503 | - | 1,505 | 1,503 | - | 942 | 924 | 2 |
| Other | 2 | 4 | n/m | 2 | 3 | n/m | (7) | (31) | n/m |
| Intra-group | (812) | (801) | 1 | (812) | (801) | (1) | - | - | - |
| Total | 5,049 | 5,077 | (1) | 3,837 | 3,805 | 1 | 1,974 | 1,978 | - |

Performance against FY25 outlook

| | FY25 outlook | FY25 performance |
|---|--------------|------------------|
| Change in adjusted ¹ revenue | Down 1-2% | Down 2% |
| Adjusted ¹ EBITDA | c. £8.2bn | £8.2bn |
| Capital expenditure ¹ | <£4.8bn | £4.9bn |
| Normalised free cash flow ¹ | c. £1.5bn | £1.6bn |

¹ See Glossary on page 8.

n/m: comparison not meaningful

Overview of the full year to 31 March 2025

Progress against our strategic priorities

Our ambition is to become the UK's most trusted connector of people, business and society. By the end of the decade we aim to pass up to 30 million premises with full fibre, have over 30 million retail customer connections to our products and solutions, and generate £3bn of normalised free cash flow.

During FY25, we made strong progress against our strategic targets for FY28-FY30:

- FTTP premises passed increased by 4.3m to 18.1m; target of 25-30m
- Openreach take-up increased to 36% and retail take-up increased by 0.8m to 3.4m; targets of 40-55% and 6.5-8.5m respectively
- 5G UK population coverage increased to 85% and 5G retail connections increased by 1.7m to 13.2m; targets of >98% and 13.0m-14.5m respectively
- Total labour resource decreased by 4k to 116k; target of 75-90k
- Group Net Promoter Score of 29.5; target of 30-35

We are on track to deliver on our five-year £3bn cost reduction programme to FY29, with 30% of our target or £0.9bn gross annualised cost savings achieved in FY25 at a cost to achieve in line with our expectations of £0.4bn. The remainder of the c£1.0bn cost to achieve will be reasonably evenly spread across the remaining years. We now expect to have migrated all customers off the PSTN by the end of January 2027, allowing us to align the programme with full fibre broadband customer upgrades where available.

We disposed of non-UK assets in Ireland in FY25, and Italy after period end.

We are taking advantage of the efficiency of our full fibre build and provisioning machine and raising our build target for this financial year by 20% to up to 5 million homes and businesses as well as connecting customers beyond our initial targets. By the end of the decade capex will then decline by >£1bn from the FY26 level.

Financial outlook

- We remain well positioned to deliver a strong increase in cash flow and value through delivery of our focused strategy. Our outlook is

underpinned by confidence in our unrivalled assets, leading network position, strong brands, ever-improving customer experience and continued focus on transformation.

- In FY26 we expect adjusted¹ group revenue of c. £20bn and adjusted UK service revenue¹ of between £15.3bn and 15.6bn, with adjusted¹ EBITDA between £8.2bn and £8.3bn. Capital expenditure excluding spectrum is expected to be around £5.0bn as we accelerate our FTTP build, offset by c. £100m of forward copper sales, with normalised free cash flow around £1.5bn.
- From FY27 to FY30, we expect sustained adjusted¹ group revenue and adjusted UK service revenue¹ growth as legacy voice drags abate, and EBITDA growth ahead of revenue enhanced by cost transformation. Capital expenditure will reduce by more than £1bn from the FY26 level. We expect to deliver c. £2.0bn in normalised free cash flow in FY27 and c. £3.0bn by the end of the decade.

| | FY26 outlook | End of decade |
|--|---------------------|--|
| Adjusted¹ group revenue | c. £20bn | Sustained growth from FY27 |
| Adjusted UK service revenue¹ | £15.3-£15.6bn | Sustained growth from FY27 |
| Adjusted¹ EBITDA | £8.2-£8.3bn | Consistent and predictable growth ahead of revenue enhanced by cost transformation |
| Capital expenditure¹ | c. £5.0bn | Reduces by >£1bn from FY26 level |
| Normalised free cash flow¹ | c. £1.5bn | c. £2.0bn in FY27 c. £3.0bn by end of decade |

Dividend

- In line with our policy, we are today declaring a final dividend of 5.76 pence per share (pps), increasing our full year dividend to 8.16pps, a year-on-year increase of 2% (FY24: 8.00pps).
- We reconfirm our progressive dividend policy which is to maintain or grow the dividend each year whilst taking into consideration a number of factors including underlying medium-term earnings expectations and the level of business reinvestment
- The Board expects to continue with this policy for future years, and to declare two dividends per year with the interim dividend being fixed at 30% of the prior year's full year dividend
- The dividend will be paid on 10 September 2025 to shareholders on the register of members on 8 August 2025. The ex-dividend date will be 7 August 2025

¹ See Glossary on page 8.

http://www.ms-pdf.londonstockexchange.com/ms/6927J_1-2025-5-21.pdf

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