

Pre Q2 2018/19 Consensus Summary

INCOME STATEMENT £m unless otherwise stated	Q2 2018/19 Consensus				2018/19 Consensus				2019/20 Consensus				2020/21 Consensus			
	Mean	Median	High	Low	Mean	Median	High	Low	Mean	Median	High	Low	Mean	Median	High	Low
<b>Revenue</b>																
Consumer	2,616	2,621			10,521	10,535			10,656	10,669			10,789	10,813		
Business and Public Sector	1,102	1,099			4,392	4,390			4,321	4,343			4,279	4,321		
Wholesale and Ventures	478	478			1,911	1,906			1,856	1,847			1,816	1,804		
Global Services	1,161	1,156			4,655	4,667			4,491	4,489			4,406	4,391		
Openreach	1,215	1,217			4,877	4,858			4,839	4,821			4,887	4,882		
Other	3	3			10	9			9	9			10	10		
Eliminations	(789)	(790)			(3,153)	(3,150)			(3,127)	(3,119)			(3,134)	(3,152)		
<b>Total Group Revenue<sup>1</sup></b>	<b>5,786</b>	<b>5,796</b>	<b>5,854</b>	<b>5,722</b>	<b>23,213</b>	<b>23,219</b>	<b>23,363</b>	<b>22,980</b>	<b>23,045</b>	<b>23,059</b>	<b>23,251</b>	<b>22,593</b>	<b>23,052</b>	<b>23,122</b>	<b>23,425</b>	<b>22,185</b>
Underlying revenue YoY <sup>2</sup>	(2.4)%	(2.5)%			(2.2)%	(2.2)%			(0.6)%	(0.6)%			(0.0)%	0.1%		
<b>EBITDA<sup>1</sup></b>																
Consumer	606	600			2,506	2,500			2,590	2,581			2,673	2,654		
Business and Public Sector	349	350			1,399	1,404			1,382	1,387			1,364	1,354		
Wholesale and Ventures	173	173			698	699			682	674			671	667		
Global Services	86	85			451	454			458	471			468	483		
Openreach	555	558			2,248	2,232			2,201	2,197			2,233	2,221		
Other	0	0			24	24			12	0			10	0		
<b>Total</b>	<b>1,769</b>	<b>1,766</b>	<b>1,836</b>	<b>1,710</b>	<b>7,326</b>	<b>7,330</b>	<b>7,389</b>	<b>7,203</b>	<b>7,325</b>	<b>7,333</b>	<b>7,443</b>	<b>7,127</b>	<b>7,419</b>	<b>7,454</b>	<b>7,584</b>	<b>7,037</b>
YoY	(2.3)%	(2.5)%			(2.8)%	(3.2)%			(0.0)%	(0.0)%			1.1%	1.2%		
Margin	30.6%	30.5%			31.6%	31.5%			31.8%	31.7%			32.2%	32.2%		
Adjusted profit before tax	735	723			3,242	3,228			3,172	3,155			3,272	3,328		
Reported net income	441	407			2,062	1,984			2,122	2,094			2,395	2,408		
<b>INCOME STATEMENT</b> £m unless otherwise stated																
	H1	H1	H1	H1	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
<b>Total Group revenue<sup>1</sup></b>	<b>11,496</b>	<b>11,505</b>			<b>23,213</b>	<b>23,219</b>			<b>23,045</b>	<b>23,059</b>			<b>23,052</b>	<b>23,122</b>		
Operating costs before D&A and specific items	(7,931)	(7,929)			(15,887)	(15,891)			(15,720)	(15,738)			(15,633)	(15,641)		
<b>Total Group EBITDA<sup>1</sup></b>	<b>3,565</b>	<b>3,565</b>			<b>7,326</b>	<b>7,330</b>			<b>7,325</b>	<b>7,333</b>			<b>7,419</b>	<b>7,454</b>		
Depreciation and amortisation <sup>1</sup>	(1,742)	(1,740)			(3,497)	(3,500)			(3,528)	(3,515)			(3,516)	(3,508)		
<b>Adjusted operating profit</b>	<b>1,823</b>	<b>1,816</b>			<b>3,829</b>	<b>3,832</b>			<b>3,797</b>	<b>3,819</b>			<b>3,903</b>	<b>3,940</b>		
Net finance expense <sup>1</sup>	(272)	(285)			(587)	(597)			(625)	(624)			(631)	(632)		
Share of post tax profits/losses of associates & joint ventures <sup>1</sup>	0	0			0	0			0	0			0	0		
<b>Adjusted profit before tax</b>	<b>1,551</b>	<b>1,539</b>	<b>1,657</b>	<b>1,494</b>	<b>3,242</b>	<b>3,228</b>	<b>3,402</b>	<b>3,125</b>	<b>3,172</b>	<b>3,155</b>	<b>3,373</b>	<b>2,993</b>	<b>3,272</b>	<b>3,328</b>	<b>3,530</b>	<b>2,890</b>
Total specific items	(301)	(331)			(638)	(675)			(533)	(545)			(330)	(344)		
Of which impact operating profit	(205)	(234)			(446)	(480)			(359)	(400)			(166)	(170)		
Of which net interest on pensions	(96)	(95)			(192)	(199)			(174)	(175)			(164)	(170)		
<b>Reported profit before tax</b>	<b>1,250</b>	<b>1,218</b>			<b>2,604</b>	<b>2,550</b>			<b>2,639</b>	<b>2,600</b>			<b>2,942</b>	<b>2,985</b>		
Tax - excluding tax on specific items	(310)	(316)			(654)	(668)			(602)	(607)			(595)	(592)		
Tax rate before specific items	20.1%	20.5%			20.2%	20.6%			19.0%	19.0%			18.2%	18.0%		
Tax on specific items	50	58			112	125			85	84			48	44		
<b>Reported net income</b>	<b>990</b>	<b>956</b>			<b>2,062</b>	<b>1,984</b>			<b>2,122</b>	<b>2,094</b>			<b>2,395</b>	<b>2,408</b>		
Adjusted basic earnings per share (pence)	12.4	12.5			26.0	25.7			25.9	25.9			26.9	27.1		
Reported basic earnings per share (pence)	9.9	9.7			20.6	20.1			21.3	21.2			24.1	24.1		
Dividend per share (p)	4.75	4.83			15.40	15.40			14.85	15.40			15.07	15.40		
Average number of shares in issue (m)	9,911	9,911			9,911	9,911			9,915	9,911			9,914	9,911		
<b>CASH FLOW &amp; NET DEBT</b> £m unless otherwise stated																
	Q2	Q2	Q2	Q2	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
Cash capital expenditure	(954)	(949)			(3,762)	(3,778)			(3,748)	(3,752)			(3,730)	(3,721)		
Normalised free cash flow	477	576			2,333	2,327			1,995	1,959			2,514	2,472		
Net (debt)/cash	(11,819)	(11,782)			(11,117)	(11,059)			(12,402)	(12,401)			(12,451)	(12,528)		
<b>CASH FLOW &amp; NET DEBT</b> £m unless otherwise stated																
	H1	H1	H1	H1	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
<b>EBITDA<sup>1</sup></b>	<b>3,565</b>	<b>3,565</b>			<b>7,326</b>	<b>7,330</b>			<b>7,325</b>	<b>7,329</b>			<b>7,419</b>	<b>7,449</b>		
Interest	(280)	(284)			(579)	(577)			(620)	(577)			(623)	(619)		
Tax (excluding cash tax benefit of pension deficit payments)	(330)	(337)			(742)	(733)			(997)	(1,011)			(565)	(571)		
Change in working capital	(142)	(118)			64	81			24	30			5	0		
Change in other	0	0			26	0			11	0			8	0		
<b>Cash available for investment and distribution</b>	<b>2,813</b>	<b>2,846</b>			<b>6,095</b>	<b>6,092</b>			<b>5,743</b>	<b>5,733</b>			<b>6,244</b>	<b>6,233</b>		
Cash capital expenditure	(1,828)	(1,823)			(3,762)	(3,778)			(3,748)	(3,752)			(3,730)	(3,721)		
<b>Normalised free cash flow</b>	<b>985</b>	<b>1,083</b>			<b>2,333</b>	<b>2,327</b>			<b>1,995</b>	<b>1,959</b>			<b>2,514</b>	<b>2,472</b>		
Payments for the acquisition of spectrum	(17)	0			(44)	0			(495)	(500)			(137)	0		
Net cash flow from specific items	(232)	(230)			(477)	(480)			(364)	(370)			(161)	(157)		
<b>Reported free cash flow</b>	<b>736</b>	<b>773</b>			<b>1,812</b>	<b>1,801</b>			<b>1,136</b>	<b>1,142</b>			<b>2,216</b>	<b>2,196</b>		
Equity dividends paid	(1,022)	(1,045)			(1,516)	(1,523)			(1,507)	(1,526)			(1,479)	(1,533)		
Repurchase of ordinary share capital	(28)	(10)			(52)	(27)			(52)	0			(61)	(25)		
<b>Residual free cash flow</b>	<b>(314)</b>	<b>(294)</b>			<b>244</b>	<b>243</b>			<b>(423)</b>	<b>(413)</b>			<b>676</b>	<b>615</b>		
Cash tax benefit of pension payments	148	114			242	271			303	327			153	167		
Gross pension deficit payment	(1,980)	(2,000)			(1,982)	(2,000)			(1,197)	(1,250)			(886)	(900)		
<b>Free cash flow post pension deficit payments</b>	<b>(2,146)</b>	<b>(2,150)</b>			<b>(1,496)</b>	<b>(1,435)</b>			<b>(1,317)</b>	<b>(1,331)</b>			<b>(57)</b>	<b>(124)</b>		
Other	(46)	0			6	0			32	0			8	0		
<b>Change in net debt</b>	<b>(2,192)</b>	<b>(2,156)</b>			<b>(1,490)</b>	<b>(1,432)</b>			<b>(1,285)</b>	<b>(1,301)</b>			<b>(49)</b>	<b>(179)</b>		
Net (debt)/cash	(11,819)	(11,782)			(11,117)	(11,059)			(12,402)	(12,401)			(12,451)	(12,528)		
MEMO: IAS19 pension deficit (£bn, net of tax)	3.7	3.7			3.6	3.6			3.2	2.7			2.6	2.0		
MEMO: Actuarial pension deficit (£bn, gross)																

1 Adjusted, i.e. before specific items

2 Including transit, but excluding specific items, foreign exchange movements and the effect of acquisitions and disposals