



Key Performance Indicators Q2 2016/17

For the quarter ended 30 September 2016. Published 27 October 2016

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On 29 June 2016, we issued restated 2014/15 and 2015/16 financial information to reflect our new organisational structure and internal model changes, which came into effect on 1 April 2016. The results include EE from when we acquired it on 29 January 2016. Unless noted otherwise, the comparatives do not include EE prior to 29 January 2016.

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1. Group income statement £m unless otherwise stated	2015/16 Q1	YoY Change %	2016/17 Q1	2015/16 Q2	YoY Change %	2016/17 Q2	2015/16 Q3	2015/16 Q4	2015/16 Full Year
Revenue¹									
Consumer	1,076	9.2	1,175	1,129	10.8	1,251	1,208	1,195	4,608
EE	-	n/m	1,243	-	n/m	1,277	-	841	841
Business and Public Sector	990	18.1	1,169	1,026	14.7	1,177	1,035	1,243	4,294
Global Services	1,196	4.5	1,250	1,212	16.3	1,409	1,307	1,388	5,103
Wholesale and Ventures	578	(10.4)	518	575	(9.2)	522	578	543	2,274
Openreach	1,249	0.2	1,252	1,267	0.5	1,273	1,294	1,290	5,100
Other	3	0.0	3	0	n/m	1	4	4	11
Eliminations	(814)	2.6	(835)	(828)	3.5	(857)	(832)	(848)	(3,322)
Total	4,278	35.0	5,775	4,381	38.2	6,053	4,594	5,656	18,909
- of which transit	109		102	99		112	102	109	419
Underlying revenue² excl. transit (YoY)	0.0%		0.4%	2.0%		1.1%	4.7%	1.3%	2.0%
EBITDA¹									
Consumer	258	(7.4)	239	205	22.9	252	274	318	1,055
EE	-	n/m	281	-	n/m	282	0	173	173
Business and Public Sector	297	20.2	357	321	20.6	387	341	455	1,414
Global Services	93	28.0	119	113	16.8	132	162	233	601
Wholesale and Ventures	185	7.6	199	175	16.6	204	182	213	755
Openreach	638	(0.9)	632	646	(2.5)	630	677	698	2,659
Other	(22)	n/m	(9)	(18)	n/m	1	(23)	(14)	(77)
Total	1,449	25.5	1,818	1,442	30.9	1,888	1,613	2,076	6,580
Depreciation and amortisation ¹	(628)	36.1	(855)	(623)	39.5	(869)	(592)	(787)	(2,630)
Operating profit¹	821	17.3	963	819	24.4	1,019	1,021	1,289	3,950
Net finance expense ¹	(132)	16.7	(154)	(112)	30.4	(146)	(95)	(144)	(483)
Share of post tax profits/losses of associates & joint ventures ¹	5		(7)	(1)		0	2	0	6
Profit before tax¹	694	15.6	802	706	23.7	873	928	1,145	3,473
Specific items	(7)		(33)	(8)		(149)	(11)	(197)	(223)
Net interest on pensions	(55)		(52)	(56)		(53)	(55)	(55)	(221)
Total specific items	(62)		(85)	(64)		(202)	(66)	(252)	(444)
Reported profit before tax	632	13.4	717	642	4.5	671	862	893	3,029
Tax - excluding tax on specific items	(132)	9.1	(144)	(129)	20.9	(156)	(173)	(173)	(607)
Tax on specific items	11		15	12		51	107	36	166
Tax rate	19.0%		18.0%	18.3%		17.9%	18.6%	15.1%	17.5%
Net income	511	15.1	588	525	7.8	566	796	756	2,588
EPS ¹ (p)	6.7	(1.5)	6.6	6.9	4.3	7.2	9.0	10.2	33.2
Reported EPS (p)	6.1	(3.3)	5.9	6.3	(9.5)	5.7	9.5	8.0	29.9
Dividend per share (p)	-		-	4.40	10.2	4.85	-	9.60	14.00
Average number of shares in issue (m)	8,330		9,933	8,339		9,932	8,356	9,457	8,619
Group free cash flow									
EBITDA ¹	1,449		1,818	1,442		1,888	1,613	2,076	6,580
Capital expenditure ²	(626)	13.6	(711)	(595)	26.2	(751)	(589)	(649)	(2,459)
Interest	(183)	2.7	(188)	(65)	44.6	(94)	(181)	(112)	(541)
Tax (excluding cash tax benefit of pension deficit payments)	(88)		(147)	(91)		(159)	(142)	(138)	(459)
Change in working capital & other	(446)		(324)	(122)		10	203	342	(23)
Normalised free cash flow³	106	322.6	448	569	57.1	894	904	1,519	3,098
Cash tax benefit of pension deficit payments	69		44	46		44	44	44	203
Purchases of telecoms licences	0		0	0		0	0	0	0
Specific items	(52)		(52)	(30)		(62)	(18)	(132)	(232)
Reported free cash flow	123	257.7	440	585	49.7	876	930	1,431	3,069
Gross pension deficit payment	(625)		(5)	0		(8)	0	(255)	(880)
Free cash flow (post pension deficit payments)	(502)	n/m	435	585	48.4	868	930	1,176	2,189
Net debt	5,819	64.6	9,579	5,919	61.7	9,573	5,021	9,845	9,845

¹ before specific items

² excludes specific items, foreign exchange movements and disposals, and from Q1 2016/17 onwards is calculated as though EE had been part of the group from 1 April 2015

³ before purchases of telecommunications licences

⁴ before specific items, purchases of telecommunications licences, pension deficit payments and the cash tax benefit of pension deficit payments

n/m = not meaningful

2. Consumer	2014/15					2015/16					2016/17	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
Financial												
Revenue (£m)												
Calls & lines	641	641	648	657	2,587	644	650	678	672	2,644	661	697
YoY						0.5%	1.4%	4.6%	2.3%	2.2%	2.6%	7.2%
Broadband & TV	377	387	403	414	1,581	405	452	497	495	1,849	489	527
YoY						7.4%	16.8%	23.3%	19.6%	17.0%	20.7%	16.6%
Other (incl. eliminations)	30	29	35	31	125	27	27	33	28	115	25	27
YoY						-10.0%	-6.9%	-5.7%	-9.7%	-8.0%	-7.4%	0.0%
Total	1,048	1,057	1,086	1,102	4,293	1,076	1,129	1,208	1,195	4,608	1,175	1,251
YoY						2.7%	6.8%	11.2%	8.4%	7.3%	9.2%	10.8%
- of which internal	14	15	16	17	62	15	16	17	17	65	16	16
YoY						7.1%	6.7%	6.3%	0.0%	4.8%	6.7%	0.0%
EBITDA (£m)	241	228	255	320	1,044	258	205	274	318	1,055	239	252
YoY						7.1%	-10.1%	7.5%	-0.6%	1.1%	-7.4%	22.9%
Operating profit (£m)	186	174	205	261	826	208	147	224	269	848	187	200
YoY						11.8%	-15.5%	9.3%	3.1%	2.7%	-10.1%	36.1%
Capex (£m)	39	52	47	69	207	52	56	46	53	207	58	53
YoY						33.3%	7.7%	-2.1%	-23.2%	0.0%	11.5%	-5.4%
Operating free cash flow (£m)	229	109	278	212	828	215	56	353	157	781	298	90
YoY						-6.1%	-48.6%	27.0%	-25.9%	-5.7%	38.6%	60.7%
Operational												
Consumer ARPU (£ per month)	33.2	33.6	34.2	34.6		34.9	35.6	36.6	37.1		37.8	38.8
YoY						5.1%	6.0%	7.0%	7.2%		8.3%	9.0%

3. EE	2015/16		2016/17	
	Q4	FY	Q1	Q2

Financial

Revenue (£m)				
Postpay mobile	682	682	1,018	1,038
Prepay mobile	68	68	100	105
Fixed	47	47	63	69
Equipment	44	44	62	65
Total	841	841	1,243	1,277
<i>Underlying revenue¹ (YoY)</i>			-2.2%	0.0%
EBITDA (£m)	173	173	281	282
<i>Underlying EBITDA¹ adjusted for acquisition of EE (YoY)</i>			11%	-1%
Operating profit (£m)	(44)	(44)	84	83
Capex (£m)	96	96	150	149
Operating free cash flow (£m)	238	238	187	135

Note: EE's Q4 and FY15/16 results are for the 2 months from acquisition on 29 January 2016

¹ excludes specific items, foreign exchange movements and disposals, and from Q1 2016/17 onwards is calculated as though EE had been part of the group from 1 April 2015

4. Business and Public Sector	2014/15					2015/16					2016/17	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
Financial												
Revenue (£m)												
Public Sector & Major Business (ex RoI)	579	570	569	625	2,343	534	540	557	604	2,235	487	484
YoY						-7.8%	-5.3%	-2.1%	-3.4%	-4.6%	-8.8%	-10.4%
Corporate	125	127	122	122	496	118	121	126	185	550	191	188
YoY						-5.6%	-4.7%	3.3%	51.6%	10.9%	61.9%	55.4%
SME	281	279	287	275	1,122	277	293	290	381	1,241	415	421
YoY						-1.4%	5.0%	1.0%	38.5%	10.6%	49.8%	43.7%
Republic of Ireland	81	80	85	83	329	80	97	82	93	352	86	97
YoY						-1.2%	21.3%	-3.5%	12.0%	7.0%	7.5%	0.0%
Other (incl. eliminations)	(13)	(7)	(16)	(7)	(43)	(19)	(25)	(20)	(20)	(84)	(10)	(13)
YoY						46.2%	257.1%	25.0%	185.7%	95.3%	-47.4%	-48.0%
Total	1,053	1,049	1,047	1,098	4,247	990	1,026	1,035	1,243	4,294	1,169	1,177
YoY						-6.0%	-2.2%	-1.1%	13.2%	1.1%	18.1%	14.7%
- of which internal	21	25	26	27	99	24	25	26	24	99	37	24
YoY						14.3%	0.0%	0.0%	-11.1%	0.0%	54.2%	-4.0%
- of which transit	10	10	10	10	40	10	10	9	9	38	9	8
YoY						0.0%	0.0%	-10.0%	-10.0%	-5.0%	-10.0%	-20.0%
Underlying revenue¹ excluding transit (YoY)						-5.2%	-1.6%	-0.4%	-1.3%	-2.1%	-3.5%	-6.6%
EBITDA (£m)	343	331	342	364	1,380	297	321	341	455	1,414	357	387
YoY						-13.4%	-3.0%	-0.3%	25.0%	2.5%	20.2%	20.6%
Underlying EBITDA¹ adjusted for acquisition of EE (YoY)											-5%	-5%
Operating profit (£m)	285	276	278	306	1,145	233	250	283	364	1,130	271	297
YoY						-18.2%	-9.4%	1.8%	19.0%	-1.3%	16.3%	18.8%
Capex (£m)	30	45	41	44	160	30	38	38	47	153	56	56
YoY						0.0%	-15.6%	-7.3%	6.8%	-4.4%	86.7%	47.4%
Operating free cash flow (£m)	179	237	234	420	1,070	111	254	289	447	1,101	252	306
YoY						-38.0%	7.2%	23.5%	6.4%	2.9%	127.0%	20.5%
Operational												
Order intake (£m)	890	731	990	1,170	3,781	586	981	738	858	3,163	652	847
YoY						-34.2%	34.2%	-25.5%	-26.7%	-16.3%	11.3%	-13.7%

Note: Financial and operational measures include EE's business customers from Q1 2016/17 onwards

¹ excludes specific items, foreign exchange movements and disposals, and from Q1 2016/17 onwards is calculated as though EE had been part of the group from 1 April 2015

5. Global Services	2014/15					2015/16					2016/17	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
Financial												
Revenue (£m)												
UK	375	365	352	397	1,489	336	368	375	412	1,491	363	419
YoY						-10.4%	0.8%	6.5%	3.8%	0.1%	8.0%	13.9%
Continental Europe	483	473	511	496	1,963	436	442	481	531	1,890	479	530
YoY						-9.7%	-6.6%	-5.9%	7.1%	-3.7%	9.9%	19.9%
US, Canada & LatAm	278	304	322	320	1,224	285	268	280	282	1,115	263	294
YoY						2.5%	-11.8%	-13.0%	-11.9%	-8.9%	-7.7%	9.7%
AsiaPac & MEA	117	131	140	165	553	139	134	171	163	607	145	166
YoY						18.8%	2.3%	22.1%	-1.2%	9.8%	4.3%	23.9%
Total	1,253	1,273	1,325	1,378	5,229	1,196	1,212	1,307	1,388	5,103	1,250	1,409
YoY						-4.5%	-4.8%	-1.4%	0.7%	-2.4%	4.5%	16.3%
- of which transit	88	88	93	84	353	72	71	73	84	300	78	90
YoY						-18.2%	-19.3%	-21.5%	0.0%	-15.0%	8.3%	26.8%
Underlying revenue¹ excluding transit (YoY)						-1.1%	-0.7%	3.4%	0.4%	0.5%	0.0%	3.5%
EBITDA (£m)	78	110	143	212	543	93	113	162	233	601	119	132
YoY						19.2%	2.7%	13.3%	9.9%	10.7%	28.0%	16.8%
Underlying EBITDA¹ adjusted for acquisition of EE (YoY)											7%	0%
Operating profit (£m)	(40)	1	36	103	100	(13)	12	61	119	179	13	24
YoY						n/m	1100.0%	69.4%	15.5%	79.0%	n/m	100.0%
Capex (£m)	97	98	106	113	414	81	97	96	109	383	91	100
YoY						-16.5%	-1.0%	-9.4%	-3.5%	-7.5%	12.3%	3.1%
Operating free cash flow (£m)	(353)	(23)	20	384	28	(279)	35	23	372	151	(283)	58
YoY						n/m	n/m	15.0%	-3.1%	439.3%	n/m	65.7%
Operational												
Order intake (£m)	798	1,092	1,592	1,518	5,000	1,077	1,363	1,423	1,261	5,124	960	1,501
YoY						35.0%	24.8%	-10.6%	-16.9%	2.5%	-10.9%	10.1%

Note: Financial and operational measures include EE's business customers from 29 January 2016 (partway through Q4 2015/16) onwards

¹excludes specific items, foreign exchange movements and disposals, and from Q1 2016/17 onwards is calculated as though EE had been part of the group from 1 April 2015

n/m = not meaningful

6. Wholesale and Ventures	2014/15					2015/16					2016/17	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
Financial												
Revenue (£m)												
Managed services	133	137	144	154	568	152	149	160	108	569	97	90
YoY						14.3%	8.8%	11.1%	-29.9%	0.2%	-36.2%	-39.6%
Data & broadband	159	150	152	151	612	142	150	153	147	592	139	143
YoY						-10.7%	0.0%	0.7%	-2.6%	-3.3%	-2.1%	-4.7%
Voice	183	182	179	217	761	186	178	169	143	676	134	129
YoY						1.6%	-2.2%	-5.6%	-34.1%	-11.2%	-28.0%	-27.5%
Mobile	1	1	1	2	5	2	1	1	33	37	54	54
YoY						n/m	n/m	n/m	n/m	n/m	n/m	n/m
Ventures	69	77	75	76	297	66	71	72	83	292	69	82
YoY						-4.3%	-7.8%	-4.0%	9.2%	-1.7%	4.5%	15.5%
Other	28	32	31	27	118	30	26	23	29	108	25	24
YoY						7.1%	-18.8%	-25.8%	7.4%	-8.5%	-16.7%	-7.7%
Total	573	579	582	627	2,361	578	575	578	543	2,274	518	522
YoY						0.9%	-0.7%	-0.7%	-13.4%	-3.7%	-10.4%	-9.2%
- of which internal	19	18	20	23	80	20	21	21	32	94	27	39
YoY						5.3%	16.7%	5.0%	39.1%	17.5%	35.0%	85.7%
- of which transit	46	43	38	35	162	27	18	20	16	81	15	14
YoY						-41.3%	-58.1%	-47.4%	-54.3%	-50.0%	-44.4%	-22.2%
Underlying revenue¹ excluding transit (YoY)						4.6%	3.9%	2.6%	-10.2%	-0.3%	-5.5%	-4.6%
EBITDA (£m)	161	172	186	227	746	185	175	182	213	755	199	204
YoY						14.9%	1.7%	-2.2%	-6.2%	1.2%	7.6%	16.6%
Underlying EBITDA¹ adjusted for acquisition of EE (YoY)											-14%	-2%
Operating profit (£m)	97	110	125	169	501	119	112	125	146	502	123	129
YoY						22.7%	1.8%	0.0%	-13.6%	0.2%	3.4%	15.2%
Capex (£m)	56	58	67	113	294	56	53	45	55	209	50	51
YoY						0.0%	-8.6%	-32.8%	-51.3%	-28.9%	-10.7%	-3.8%
Operating free cash flow (£m)	42	115	137	122	416	111	108	166	151	536	134	155
YoY						164.3%	-6.1%	21.2%	23.8%	28.8%	20.7%	43.5%
Operational												
Order intake (£m)	262	245	433	947	1,887	336	344	341	400	1,421	312	302
YoY						28.2%	40.4%	-21.2%	-57.8%	-24.7%	-7.0%	-12.4%
Ethernet Circuits ('000)	26.5	28.2	30.1	31.7		33.6	35.5	37.5	38.5		40.3	41.5
Net adds in quarter		1.7	1.9	1.6		1.9	1.9	2.0	1.6 ²		1.8	1.2

Note: Financial and operational measures include EE as an external customer up to 29 January 2016 (partway through Q4 2015/16). It is not longer included after that point

¹ excludes specific items, foreign exchange movements and disposals, and from Q1 2016/17 onwards is calculated as though EE had been part of the group from 1 April 2015

² Ethernet circuits include volumes from EE as an external customer up to 29 January 2016. Q4 2015/16 net adds include EE net adds for January, but not for February and March

n/m = not meaningful

7. Openreach	2014/15					2015/16					2016/17	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
Financial												
Revenue (£m)												
WLR	509	497	497	493	1,996	483	480	478	474	1,915	461	468
YoY						-5.1%	-3.4%	-3.8%	-3.9%	-4.1%	-4.6%	-2.5%
LLU	296	294	298	292	1,180	298	297	309	299	1,203	289	285
YoY						0.7%	1.0%	3.7%	2.4%	1.9%	-3.0%	-4.0%
Ethernet	222	218	224	227	891	220	227	225	228	900	199	194
YoY						-0.9%	4.1%	0.4%	0.4%	1.0%	-9.5%	-14.5%
Fibre broadband	104	119	124	140	487	148	164	180	185	677	197	224
YoY						42.3%	37.8%	45.2%	32.1%	39.0%	33.1%	36.6%
Other	114	117	112	114	457	100	99	102	104	405	106	102
YoY						-12.3%	-15.4%	-8.9%	-8.8%	-11.4%	6.0%	3.0%
Total	1,245	1,245	1,255	1,266	5,011	1,249	1,267	1,294	1,290	5,100	1,252	1,273
YoY						0.3%	1.8%	3.1%	1.9%	1.8%	0.2%	0.5%
- of which internal	769	764	764	767	3,064	755	766	768	769	3,058	747	767
YoY						-1.8%	0.3%	0.5%	0.3%	-0.2%	-1.1%	0.1%
EBITDA (£m)												
	624	625	651	697	2,597	638	646	677	698	2,659	632	630
YoY						2.2%	3.4%	4.0%	0.1%	2.4%	-0.9%	-2.5%
Operating profit (£m)												
	275	290	319	365	1,249	303	317	357	381	1,358	300	297
YoY						10.2%	9.3%	11.9%	4.4%	8.7%	-1.0%	-6.3%
Capex (£m)												
	258	246	300	278	1,082	402	348	321	376	1,447	337	357
YoY						55.8%	41.5%	7.0%	35.3%	33.7%	-16.2%	2.6%
Operating free cash flow (£m)												
	297	338	470	392	1,497	269	327	419	400	1,415	235	456
YoY						-9.4%	-3.3%	-10.9%	2.0%	-5.5%	-12.6%	39.4%
Operational												
Internal physical lines ('000)												
	12,594	12,453	12,367	12,274		12,179	12,127	12,107	12,915		12,845	12,795
External physical lines ('000)												
	4,551	4,543	4,551	4,509		4,501	4,457	4,439	3,563		3,560	3,553
Fully unbundled physical lines (MPF) ('000)												
	8,013	8,180	8,371	8,586		8,688	8,798	8,874	8,921		8,934	8,950
Total physical lines ('000)												
	25,159	25,176	25,289	25,370		25,368	25,382	25,420	25,398		25,340	25,298
QoQ ('000)		17	113	81		-1	14	38	-22		-59	-42

EE lines are shown as internal for the whole period, as prior to acquisition they were included within BT Wholesale's numbers as a customer

8. Broadband, TV and Lines (across BT)	2014/15				2015/16				2016/17	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Broadband ('000)										
Total retail broadband										
Total retail broadband	7,385	7,473	7,592	7,713	7,796	7,879	7,996 ⁴	9,041 ⁶	9,117	9,193
Net adds in quarter	104	88	119	121	83	82	130	105 ⁷	76	76
Total retail share of DSL + fibre net adds	64%	48%	46%	49%	56%	51%	71%	81%	79%	65%
Total retail share of DSL + fibre installed base	40%	40%	40%	40%	40%	40%	40%	45%	46%	46%
Of which:										
Total retail fibre base	2,332	2,535	2,744	3,010	3,226	3,438	3,689	4,076 ⁸	4,257	4,473
Net adds in quarter	226	203	209	266	217	212	250	214 ⁷	181	216
Wholesale and Ventures										
Wholesale and Ventures external broadband	1,866	1,859	1,873	1,831	1,842	1,847	1,853 ⁴	906 ⁶	885 ¹¹	882
Net adds in quarter	-5	-8	14	-42	11	5	-6	-8 ⁹	-2	-3
Openreach¹										
Internal DSL & fibre broadband (sold to other BT lines of business)	9,252	9,332	9,465	9,544	9,639	9,726	9,850	9,947	10,002 ¹¹	10,074
Full LLU (MPPF)	8,013	8,180	8,371	8,586	8,688	8,798	8,874	8,921	8,934	8,950
Shared LLU (SMPF) + external fibre on WLR lines	1,353	1,288	1,222	1,175	1,128	1,091	1,073	1,059	1,067	1,094
Total DSL + fibre	18,618	18,800	19,058	19,306	19,455	19,615	19,797	19,927	20,003 ¹¹	20,119
Net adds in quarter	163	182	258	248	149	160	182	130	95	116
Of which:										
Openreach fibre base	3,019	3,363	3,738	4,193	4,582	4,997	5,492	5,907	6,239	6,679
Net adds in quarter	341	344	375	455	389	415	494	415	333	440
TV (Consumer and EE)										
TV customers ('000)	1,007 ²	1,045	1,090	1,142	1,202	1,308	1,397 ⁵	1,561	1,620	1,684
Net adds in quarter	40	38	45	52	60	106	97	74 ¹⁰	59	64
Lines										
Lines sold through BT lines of business ('000)										
Total Consumer/EE lines	9,839	9,754	9,694	9,633	9,574	9,522	9,528	10,411	10,392	10,376
QoQ		-85	-60	-61	-59	-52	6	-5 ¹⁰	-19	-16
Business/Corporate lines	3,671	3,603	3,518	3,481	3,403	3,368	3,307	3,228	3,130 ¹²	3,068
QoQ		-68	-85	-70 ³	-79	-34	-61	-87	-82	-62
Total	13,510	13,357	13,212	13,114	12,977	12,890	12,835	13,639	13,522 ¹²	13,445
QoQ		-153	-145	-132 ³	-137	-86	-56	-92 ¹⁰	-101	-77

¹ Openreach figures include Northern Ireland

² Base adjusted to remove 35k inactive customers

³ Excludes 34k lines relating to reporting adjustment

⁴ Adjusted for 13k account move

⁵ Base adjusted to remove 7k inactive customers

⁶ Base reflects 951k EE broadband lines transferred from Wholesale external broadband base to retail broadband base

⁷ Net adds includes EE net adds since 29 January 2016 and BT net adds since 31 December 2015

⁸ Base includes 184k EE fibre broadband lines, transferred from Wholesale external broadband base

⁹ Net adds adjusted for transfer of EE from base to BT retail. Includes EE's net adds for January

¹⁰ Net adds adjusted to remove impact of EE base being added from 29 January 2016 onwards

¹¹ 19k base adjustment following base review

¹² 16k base adjustment largely related to inclusion of EE now as internal

9. Mobile (across BT) 000s	2015/16	2016/17	
	Q4	Q1	Q2
Mobile base ('000) - across BT			
Postpaid mobile	16,113	16,168 ¹	16,448
<i>Net adds</i>	165	244	280
Prepaid mobile	8,251	7,960	7,635
<i>Net adds</i>	-426	-291	-325
Machine-to-Machine	2,361	2,384	2,392
<i>Net adds</i>	86	23	8
MVNO	3,720	3,756	3,773
<i>Net adds</i>	28	36	17
Total	30,445	30,268¹	30,248
<i>Net adds</i>	-147	12	-20
Churn (%) - EE only			
Average monthly churn	2.8%	2.2%	2.4%
Postpaid mobile churn	1.1%	1.0%	1.0%
Mobile ARPU (£ per month)²			
Postpaid	26.7	27.2	27.4
Prepaid	3.9	4.1	4.4
Total base	18.6	19.2	19.7

Note: Base comprises all BT Group mobile

Note: Q4 net adds comprise 3 months of BT branded mobile net adds and 2 months of EE net adds since acquisition on 29 January 2016

¹ Base adjusted to remove 189k inactive customers

² Consistent with EE Limited ARPU calculation and excludes Consumer mobile customers, who are included in the Consumer ARPU calculation

10. Costs	2014/15					2015/16					2016/17	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
Operating costs (£m)												
Direct labour costs before leaver costs	1,177	1,154	1,121	1,093	4,545	1,142	1,141	1,074	1,173	4,530	1,274	1,307
Indirect labour costs ¹	200	190	200	184	774	184	186	172	192	734	194	208
Leaver costs	2	1	1	4	8	16	20	62	11	109	40	14
Gross labour costs	1,379	1,345	1,322	1,281	5,327	1,342	1,347	1,308	1,376	5,373	1,508	1,529
Capitalised labour	(261)	(260)	(273)	(349)	(1,143)	(290)	(291)	(287)	(288)	(1,156)	(279)	(309)
Net labour costs	1,118	1,085	1,049	932	4,184	1,052	1,056	1,021	1,088	4,217	1,229	1,220
Payments to telecommunications operators ¹	530	552	550	512	2,144	496	533	517	637	2,183	635	692
Property and energy costs ^{1,2}	244	241	238	245	968	245	241	247	291	1,024	291	309
Network operating and IT costs ^{1,2}	159	153	153	140	605	136	163	152	193	644	220	235
Programme rights charges	78	83	84	85	330	86	135	162	161	544	163	177
Other costs ^{1,2}	790	819	834	906	3,349	814	811	882	1,210	3,717	1,419	1,532
Operating costs before depreciation and specific items	2,919	2,933	2,908	2,820	11,580	2,829	2,939	2,981	3,580	12,329	3,957	4,165
Depreciation and amortisation	652	618	618	650	2,538	628	623	592	787	2,630	855	869
Total operating costs before specific items	3,571	3,551	3,526	3,470	14,118	3,457	3,562	3,573	4,367	14,959	4,812	5,034
Specific items	44	112	48	177	381	89	84	53	122	348	33	103
Total operating costs	3,615	3,663	3,574	3,647	14,499	3,546	3,646	3,626	4,489	15,307	4,845	5,137
Capital expenditure (£m)												
Capital expenditure by line of business												
Consumer	39	52	47	69	207	52	56	46	53	207	58	53
EE	-	-	-	-	-	-	-	-	96	96	150	149
Business and Public Sector	30	45	41	44	160	30	38	38	47	153	56	56
Global Services	97	98	106	113	414	81	97	96	109	383	91	100
Wholesale and Ventures	56	58	67	113	294	56	53	45	55	209	50	51
Openreach	258	246	300	278	1,082	402	348	321	376	1,447	337	357
Other	36	34	38	61	169	37	37	41	40	155	35	36
Total	516	533	599	678	2,326	658	629	587	776	2,650	777	802

¹ Q4 & FY 2015/16 have been restated to be presented on a consistent basis as Q2 2016/17

² Q1 2016/17 has been restated to be presented on a consistent basis as Q2 2016/17

11. Glossary

Consumer	
Revenue	
All measures include consumers in Northern Ireland, and Plusnet's consumer business	
Calls & lines	Calls revenue is local and national geographic calls, international direct dial, fixed to mobile, other non-geographic calls and revenue from call packages sold to consumers in the UK. Lines revenue is rentals, connections and calling features revenue for analogue and digital lines sold to consumers in the UK. Also includes revenue from BT Mobile plans.
Broadband & TV	Revenue from broadband sold to consumers in the UK. Includes BT Infinity; BT TV; and retail, wholesale and commercial BT Sport.
Other (incl. eliminations)	Mainly sales of telephones and other equipment, BT Wi-fi direct revenue from the sale of wi-fi vouchers to customers, and wi-fi revenue from corporate customers.
Internal	Mainly BT Wi-fi revenue from services sold by Global Services on certain contracts; services and applications sold by Plusnet to Global Services.
Operational	
Consumer ARPU	12 month rolling consumer revenue, less mobile POLOs, less BT Sport revenue from: satellite customers paying for the channels, our wholesale deals and from commercial premises. This is divided by the average number of primary lines and then by 12 to give a monthly figure.

EE	
Revenue	
Postpaid mobile	The revenue from postpaid customers (voice, data and messaging) generated through use of the mobile network, including revenues generated by incoming and outgoing calls, network access fees, roaming revenues from customers of other networks and revenues from value-added services
Prepaid mobile	The revenue from prepaid customers (voice, data and messaging) generated through use of the mobile network, including revenues generated by incoming and outgoing calls, network access fees, roaming revenues from customers of other networks and revenues from value-added services
Fixed	Revenue from fixed line services sold to consumers in the UK
Equipment	Revenues from the sale of handsets, tablets and other mobile devices
Underlying revenue excluding transit	The YoY change in underlying revenue excluding transit. Excludes specific items, foreign exchange movements and disposals, and for Q1 2016/17 is calculated as though EE had been part of the group from 1 April 2015

Business and Public Sector	
Revenue	
Public Sector & Major Business (ex Rol)	Revenue from parts of the former BT Global Services line of business that are UK focused, including a large proportion of public sector. In Northern Ireland, includes revenue from the corporate sector, the public sector plus internal charges related to usage of the network. Also includes revenue from BT Expedite, Fresca and BT IT Services
Corporate	Revenue from products sold to mid-tier corporates in Great Britain under the BT brand, including, but not exclusively, calls, lines, broadband, mobile including EE, ICT and managed network services. Also includes revenues from BT Business Direct.
SME	Revenue from products sold to SMEs in the UK under both the BT and Plusnet brands, including, but not exclusively, calls, lines, broadband, mobile including EE, ICT and managed network services.
Republic of Ireland	Republic of Ireland includes revenue from the corporate sector, the public sector and from wholesale network services.
Other (incl. eliminations)	Includes eliminations of revenue shown gross in the reported channels from internal BPS trading, such as through Expedite and usage of the network in Northern Ireland.
Internal	Contains BT Expedite revenue from Global Services and internal charges to other parts of BT relating to usage of the network in Northern Ireland.
Transit	Ireland revenues from the carriage of telecoms traffic across BT's network where neither the originating nor the terminating network is owned or controlled by BT (including the pass through of mobile terminating traffic)
Underlying revenue excluding transit	The YoY change in underlying revenue excluding transit. Excludes specific items, foreign exchange movements and disposals, and for Q1 2016/17 is calculated as though EE had been part of the group from 1 April 2015
Operational	
Order intake	Orders for calls & lines, broadband, mobile, Data Networks, Outsourcing Solutions, IT services and EE Mobile Services sold by Business & Public Sector and EE Business in the UK and Ireland. Includes all connections, installations and one-off charges, plus all recurring charges for the term of the contract. Excludes orders for volume products such as calls & lines and broadband ordered directly through our outbound sales desks. EE Business sales order value only included from 1 February 2016 onwards

Global Services	
Revenue	
As a principle, the geographic split of revenue is based on the country of origin from which the customer is invoiced. Where a customer relationship is in one country and the billing is across a number of jurisdictions, the geographic split is based on where the primary customer relationship is held. Reported growth rates are not adjusted for the effect of foreign exchange movements.	
Underlying revenue excluding transit	The YoY change in underlying revenue excluding transit. Excludes specific items, foreign exchange movements and disposals, and for Q1 2016/17 is calculated as though EE had been part of the group from 1 April 2015
Operational	
Order intake	Orders for all business types including new business, growth, renewals and extensions. Where a renewal or extension overlaps with a previous contract value reported as Order intake, only the incremental increase is included.

Wholesale and Ventures	
Revenue	
Managed services	Managed network services, which includes Mobile Ethernet Access Services (MEAS)
Data & broadband	Fixed Ethernet and Wholesale Broadband Connect revenue from sales to external CP customers including those not deemed managed services. Excludes managed broadband network service contracts. Includes other wholesale data revenue - IPStream Connect, Datastream and MPLS products such as SHDS (Short Haul Data Services) & IP Clear
Voice	Direct (TDM call traffic generating revenue for Wholesale and Ventures) and indirect conveyance (CPs and Indirect access to other CPs), wholesale calls (not sold as part of a managed service) and interconnect circuits. Also includes Voice over IP services (including IP Exchange) and smaller voice products including Directories and Other Voice (for e.g. Fixed Lines SMS and Advanced Voice Services). Includes transit revenue.
Mobile	Wholesale of voice minutes, SMS, and data through a range of products from radio network access through to fully managed services, mobile network provider to MVNOS, mobile data analytics and Machine to Machine.
Ventures	Ventures include: Voice business that include Directory Enquiries, Operator Assistance, Next Generation Text, Phonebook and Directory Solutions, Payphones, Redcare Fire and Security.
Other	BT Fleet supplies cars, commercial vehicles and related services in the UK to both BT and external customers. Supply Chain provides logistic services. BT Cables is a manufacturing operation producing cables. Tikit provides technology solutions and services to legal and professional firms.
Internal	Revenue from other lines of business, largely driven by Ventures businesses
Transit	UK revenues from the carriage of telecoms traffic across BT's network where neither the originating nor the terminating network is owned or controlled by BT (includes the pass through of mobile terminating traffic)
Underlying revenue excluding transit	The YoY change in underlying revenue excluding transit. Excludes specific items, foreign exchange movements and disposals, and for Q1 2016/17 is calculated as though EE had been part of the group from 1 April 2015
Operational	
Order intake	Orders for all business types including new business, growth, renewals and extensions.
Ethernet circuits	Rental Systems Size reflects the amount of connected circuits

Openreach	
Revenue	
WLR	Internal and external WLR connection and rental revenue
LLU	Internal and external SMPF and MPF connection and rental revenue, co-location connection and rental revenue, copper port build, tie cables and TAMs
Ethernet	Internal and external Ethernet connection and rental revenue
Fibre broadband	Internal and external Fibre connection and rental revenue
Other	Primarily revenue from service-based activity and some legacy connectivity products
Internal	Primarily rental and connection revenue related to WLR, SMPF, Ethernet and fibre supplied to the customer-facing BT lines of business
Operational	
Internal physical lines	Lines provided by Openreach to other BT lines of business - including EE, Plusnet and physical lines operated by Consumer and Business and Public Sector in Northern Ireland (includes analogue lines and ISDN lines provided over copper (WLR) and FTTP, but excludes non-equivalent traded products and ISDN30)
External physical lines	Lines provided by Openreach to external CPs (includes analogue and ISDN lines provided over copper (WLR), but excludes full LLU (MPF) and ISDN30)
Fully unbundled physical lines (MPF)	MPF lines provided by Openreach to external CPs

Broadband, TV and Lines (across BT)

Total retail broadband	
Total retail broadband	BT's total retail broadband base (including retail fibre) - Consumer (including Plusnet and Northern Ireland), EE, Business and Public Sector, and broadband lines sold by Global Services
Total retail fibre base	BT's total retail fibre base - Consumer (including Plusnet and Northern Ireland), EE, and Business and Public Sector. Included within retail broadband numbers
Wholesale and Ventures	
Wholesale and Ventures external broadband	Total broadband lines sold by Wholesale and Ventures to external CP customers
Openreach	
Internal DSL & fibre broadband (sold via other BT lines of business)	Total broadband (including fibre) lines sold via BT lines of business. Calculated as the sum of 'Total retail broadband' base + 'Wholesale and Ventures external broadband' base
Full LLU (MPF)	MPF lines provided by Openreach to other external CPs
Shared LLU (SMPF) + external fibre on WLR lines	SMPF lines provided by Openreach to other external CPs - includes fibre provided by Openreach to other CPs on WLR lines
Total DSL + fibre	Total number of broadband lines sold by Openreach both internally and externally. Includes fibre. Calculated as the total of the 3 rows above
Openreach fibre base	Total fibre lines sold by Openreach, both internally to BT lines of business and externally to other CPs. Included within the 'Total DSL + fibre' number
TV	
TV additions	Total number of customers, with either a BT Vision, YouView or EE TV box, that are registered & enabled to receive video on demand. Includes YouView TV from Plusnet.
Lines	
Consumer / EE lines	Total number of UK consumer analogue lines and ISDN channels (WLR) sold by Consumer and EE. Includes consumers in Northern Ireland and Plusnet.
Business / Corporate lines	Total lines (analogue lines and ISDN channels (WLR)) sold by Global Services, Business and Public Sector and Wholesale and Ventures

Mobile (across BT)

Postpaid mobile	Customers with whom BT/EE has a formal contractual agreement. The customer is billed on a monthly basis for access fees and any additional voice or data use. Excludes MVNO customers. Includes EE, Consumer, Business and Public Sector and UK-based Global Services customers.
Prepaid mobile	Customers who pay in advance for any data or voice use. All customers are in EE only. Excludes MVNO customers.
Machine-to-machine	The number of individual machine-to-machine devices connected to the network
MVNO	The number of mobile virtual network customers connected to the network, reported a quarter in arrears
Churn - EE only	Total number of customers who disconnect or are considered to have disconnected from its network, voluntarily or involuntarily (excluding money-back return and fraudulent connections) for the period divided by the weighted average number of customers over the same period, stated as a monthly average
Mobile ARPU	Total mobile operating revenues (i.e. excluding equipment revenues) divided by mobile base. This excludes MVNO/M2M revenue and bases.

Costs

Indirect labour costs	Labour costs that relate to agency and subcontract
Direct labour costs	Total gross costs associated with wages and salaries, social security costs, pension costs, employee profit share and share based payments