

Our key performance indicators

We have achieved our customer experience target for the year, but want to go further. Our results were in line with the financial guidance we set in May 2018 for adjusted EBITDA and normalised free cash flow. We exceeded our target for change in underlying revenue. Our capital expenditure (excluding BDUK clawback) was slightly ahead of our guidance as we accelerate our network investment.

We use four key performance indicators (KPIs) to measure progress against our strategy; one non-financial and three financial. Our non-financial KPI is improvement in customer service, which is measured using our Right First Time metric. Our financial KPIs are: change in underlying revenue; adjusted earnings per share; and normalised free cash flow.

As explained on page 16 we will be evolving our Right First Time metric for 2019/20 to reflect the commitments we make to customers and providing a more reliable service. This evolved measure will be renamed Keeping Our Promises.

We also measure customer experience through Net Promoter Score (NPS). This is up 6.5 points from last year and has improved over 11 consecutive quarters. From 2019/20 we will be reporting this as one of our non-financial KPIs.

As our strategy evolves we will continue to review these KPIs to make sure they are the best measures to reflect our performance against our strategy.

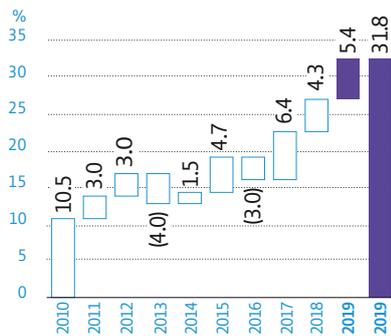
Customer service

Right First Time is our main measure of customer service. It tracks how often we keep our promises to customers. This could be keeping to appointment times, completing orders in the defined timeframe or fixing faults within an agreed period. As well as improving service and the customer experience, keeping our promises should reduce the work required to fix mistakes, and so reduce our costs.

+5.4%

Right First Time was up 5.4% (2017/18: up 4.3%).

Right First Time improvement^a
At 31 March



Improving the service we deliver is key. We're making good progress and every customer-facing unit has improved its Right First Time score. Despite these improvements, our strategic priority is to truly differentiate ourselves on customer experience, and we will keep looking for ways to do that. You can read more about our differentiated customer experience on page 16.

^a Cumulative improvement from 1 April 2009.

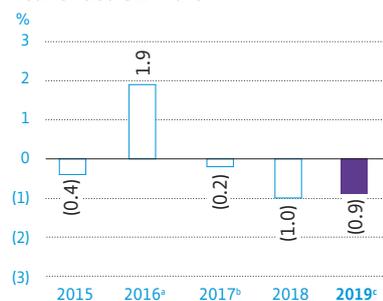
Change in underlying revenue

Underlying revenue reflects the underlying performance of the group that will contribute to long-term sustainable growth. We exclude the impact of specific items, foreign exchange movements, acquisitions and disposals.

(0.9)%

Change in underlying revenue was down 0.9% (2017/18: down 1.0%) which exceeds our outlook of down c2%.

Change in underlying revenue
Year ended 31 March



Change in underlying revenue was down as growth in our Consumer business was more than offset by regulated price reductions in Openreach and declines in our enterprise businesses. We explain more about the performance of our customer-facing units from page 40.

^a Calculated as though EE was not part of the group until 1 April 2016.

^b Calculated as though EE had been part of the group from 1 April 2015.

^c Calculated including the impact of transit, which is no longer material.

Adjusted earnings per share

Adjusted earnings per share is the adjusted profit after tax attributable to shareholders excluding the impact of specific items, divided by the weighted average number of issued shares. This makes it a comparable and consistent way of measuring our business performance over time.

26.3p

Adjusted earnings per share decreased 6% to 26.3p (2017/18: down 3% to 27.9p).

Adjusted earnings per share Year ended 31 March



Adjusted profit after tax decreased 6% to £2,611m this year, reflecting lower revenues partly offset by lower payments to telecommunications operators driven by Global Services strategy to de-emphasise low margin business.

Normalised free cash flow

Normalised free cash flow is free cash flow (net cash inflow from operating activities after capital expenditure) after net interest paid, before pension deficit payments (including the cash tax benefit of pension deficit payments) and specific items.

£2,440m

We generated normalised free cash flow of £2,440m. This was down £533m from last year and is in line with our outlook of £2.3bn to £2.5bn.

Normalised free cash flow Year ended 31 March



The fall of £533m or 18% in our normalised free cash flow mainly reflects increased cash capital expenditure as we increase our investment in fibre and 5G, decrease in EBITDA and higher tax payments.

Alternative performance measures

Reconciliations of these financial measures to the closest IFRS measure are set out in the **Additional Information** section from page 185.

Our performance as a sustainable and responsible business

Non-Financial Reporting Information Statement

Our integrated approach to reporting means that the requirements of the Non-Financial Reporting Directive are addressed throughout the **Strategic report**. For ease of reference, information pertaining to each of the matters addressed by the new regulation can be found on the following pages: Human rights (page 25); Our people (page 22); Social (page 24); Environmental (page 26); Anti-corruption and bribery (page 32).



For more information on our codes of practice and employee policies, see [btplc.com/the-group/policy-and-regulation/people](https://www.bt.com/the-group/policy-and-regulation/people)

For more information on human and digital rights, see [btplc.com/digital-impact-and-sustainability/human-rights/modern-slavery](https://www.btplc.com/digital-impact-and-sustainability/human-rights/modern-slavery)

Additionally, non-financial matters have long been embedded in our business model as stakeholder outcomes on page 13. Non-financial performance indicators are linked to our ambitions and foundation measures as a sustainable and responsible business and can be seen in the following table.

Anti-corruption and bribery

We follow local and international law, including anti-corruption and bribery laws. The UK Bribery Act and US Foreign Corrupt Practices Act (FCPA) have extraterritorial reach, so cover our global operations. We also have to make sure we follow trade sanctions and import and export controls.



Building better digital lives

Our ambitions^a

By 2025, to reach 10m people in the UK with digital skills training^b

2018/19 performance	Status
N/A	Reporting to start in 2019/20
new ambition	
2017/18: N/A	

By 2020, to help 5m children to receive better teaching in computer skills

2018/19 performance	Status
2m	To be subsumed into above target in 2019/20
children reached	
2017/18: 1.6m	



Tackling climate change and environmental challenges

Our ambitions

By 2045, to become a net zero carbon emissions business^c

2018/19 performance	Status
298,461	➤ ongoing target
tonnes CO ₂ e	
2017/18: 377,073	

By 2030, to cut our carbon emissions intensity^d by 87%, compared with 2016/17 levels

2018/19 performance	Status
25.7%	➤ ongoing target
reduction achieved	
2017/18: 7.1% (restated)	

By 2020, to enable customers to reduce their carbon emissions by at least three times the end-to-end carbon impact of our business

2018/19 performance	Status
2.6:1	➤ ongoing target
achieved	
2017/18: 2.4:1 (restated)	

By 2020, to buy 100% of our electricity worldwide from renewable sources, wherever markets allow

2018/19 performance	Status
87%	➤ ongoing target
bought from renewable sources	
2017/18: 80% (restated)	

^a As we direct our resources onto digital skills, we will no longer prioritise our fundraising ambition (by 2020, to use our skills and technology to help generate more than £1bn for good causes) but continue to report performance on page 25.

^b Revised target introduced to supersede our previous aim (by 2020, to help 10m people overcome social disadvantage through the benefits our products and services can bring).

^c Measured for scopes 1 and 2 greenhouse gases.

^d Measures for scopes 1 and 2 greenhouse gases, per unit of gross value added.

^e Senior management team: our top c600 leaders.



To find out more about our progress in these areas, see: [bt.com/digitalimpactandsustainability](https://www.bt.com/digitalimpactandsustainability)



Investment in society

Our ambitions

Societal investment: to be more than 1% of adjusted profit before tax (PBT)

2018/19 performance Status
0.83% >
 of PBT invested ongoing target
 2017/18: 1.02%

1.02%
 5-year average
 2017/18: 1.06%

Volunteering: by 2020, to inspire 66% (two-thirds) of our people to volunteer

2018/19 performance Status
26% To be replaced with new target in 2019/20
 of BT people volunteering
 2017/18: 39%



Employees

Our ambitions

Employee engagement index: to maintain or improve our relationship with our employees

2018/19 performance Status
77% ✓
 favourable target met
 2017/18: 74%

Gender: By end of 2020/21, we want 40% of our senior management team^e to be women

2018/19 performance Status
31% >
 Women on senior management team ongoing target
 2017/18: N/A

Sickness absence rate: to maintain or reduce percentage of calendar days lost to sickness

2018/19 performance Status
2.36% ✗
 calendar days target failed
 lost to sickness
 2017/18: 2.30%

Ethical perception: to maintain or improve our employees' perception of our ethical performance

2018/19 performance Status
86% ✓
 favourable target met
 2017/18: 83%



Supply chain

Our ambitions

Carbon emissions: by 2030, to reduce our supply chain carbon emissions by 29%, compared to 2016/17 levels.

2018/19 performance Status
7.3% >
 reduction achieved ongoing target
 2017/18: 5.1% (restated)