BT.A XLON BT Group PLC

Results for the half year to 30 September 2026 · RNS 8689B · 5 November 2026

BT holds full-year cash guidance as first-half free cash flow falls 59% to £236m

Share price	231.4p
Market cap	£23.1bn
52-week range	173p - 242.1p
Shares in issue	9967.6m
12-month change	+28.7%

Ticker Data API, as at 4 Nov 2026, 16:29

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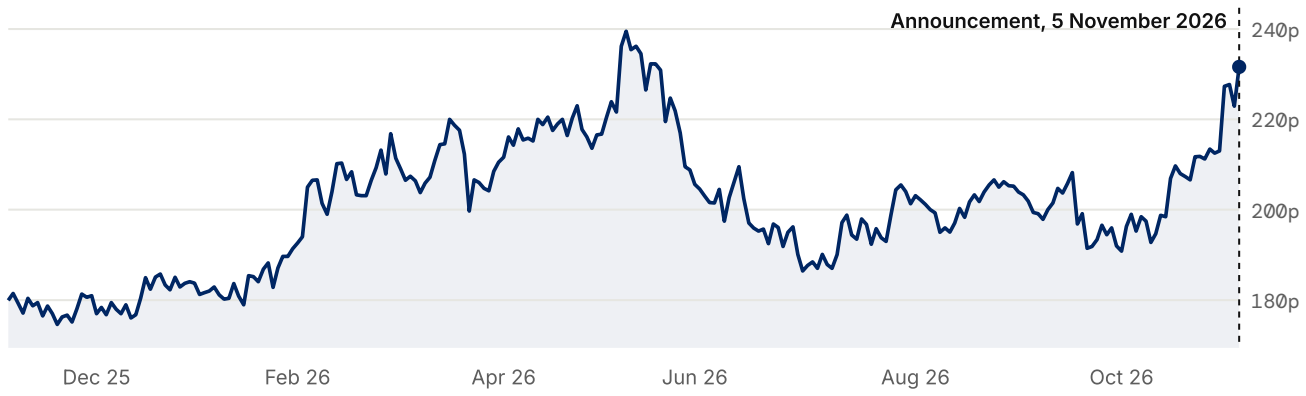

SUMMARY

BT's interim results today showed a business growing slowly on profit and struggling on cash. Adjusted EBITDA rose 1% to £4,097m and reported pre-tax profit rose 12%, but normalised free cash flow fell 59% to £236m and net debt climbed to £21,006m. BT reconfirmed its FY27 target of c.£2.0bn of normalised free cash flow, which excludes TalkTalk and leaves about £1.76bn to arrive in the second half. Openreach added a record 1.1m full fibre connections, take-up reached 41% and a pension agreement should cut the funding deficit to around £0.3bn. The longer-term case rests on fibre returns and lower capital spending later in the decade, and the second-half cash figure will show whether the guidance holds.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Adjusted EBITDA (continuing)	£4,097m	H1 FY27	Up 1% from £4,060m
Normalised free cash flow (continuing)	£236m	H1 FY27	Down 59% from £569m
Net debt	£21,006m	30 September 2026	Up 5% from £19,966m at 31 March 2026
FY27 normalised free cash flow guidance	c.£2.0bn	FY27	Reconfirmed, excludes TalkTalk
Reported profit before tax (continuing)	£1,071m	H1 FY27	Up 12% from £956m
Openreach FTTP net additions	1.1m	H1 FY27	Record; take-up 41%
Openreach broadband ARPU	£17.8	H1 FY27	Up 7% year on year
Interim dividend	2.50p	H1 FY27	Up 2% from 2.45p
Gross IAS 19 pension deficit	£3.2bn	30 September 2026	Down from £4.2bn at 31 March 2026
Estimated FY27 cash impact of TalkTalk acquisition	approximately £400 million	FY27	Excluded from guidance

Sources: Results RNS, 5 Nov 2026; TalkTalk and PlatformX acquisition RNS, 5 Oct 2026

THE ANNOUNCEMENT

- FY27 guidance reconfirmed, excluding TalkTalk: adjusted revenue £17.1-£17.6bn, adjusted EBITDA £8.1-£8.2bn, capital expenditure excluding spectrum £4.2-£4.3bn and normalised free cash flow c.£2.0bn. Mid-term guidance of c.£3.0bn normalised free cash flow by the end of the decade also stands.
- On a continuing basis (excluding International, now a discontinued operation ahead of the Verizon joint venture), revenue rose 1% to £8,753m, adjusted EBITDA rose 1% to £4,097m and adjusted service revenue fell 1%, with voice a 1 percentage point drag. Q2 adjusted EBITDA grew 3%.
- Normalised free cash flow fell 59% to £236m, which BT attributes to higher working-capital outflows and working-capital programmes. Net debt rose to £21.0bn from £20.0bn at 31 March after pension contributions and the final dividend.
- Openreach made a record 1.1m full fibre net additions, taking connections to 9.9m and take-up to 41%. Broadband ARPU (average revenue per user) rose 7% to £17.8, and the 25m-premises build target is now expected in March.
- A triennial pension agreement replaces most scheduled contributions with zero-coupon bonds and adds £0.3bn of funding in net present value terms, reducing the funding deficit to around £0.3bn. It includes enhanced dividend headroom.
- The interim dividend rises 2% to 2.50p, ex-dividend 24 December 2026 and payable 10 February 2027. TalkTalk, acquired out of administration on 5 October, awaits the conclusion of a regulatory review.

AGAINST GUIDANCE

Every FY27 and mid-term target was reconfirmed, and the operating guide held: Openreach still expects c.800k broadband line losses this year after 366k in the half, and the 25m fibre build is now expected in March. EBITDA has improved since the Q1 trading statement of 23 July, when it was down 1%; the half is now up 1%, with Q2 up 3%. The FY27 revenue and EBITDA ranges were lowered on 29 June only to strip out International. Cash is the weak spot. With £236m delivered in the first half, the c.£2.0bn target depends on a heavy second-half recovery, and BT has not quantified how much of the working-capital outflow will reverse. TalkTalk's effects on revenue, EBITDA and capital expenditure will be set out later this fiscal year.

BULL CASE

- Openreach is turning a mostly built network into earnings: record connections, 41% take-up and 7% ARPU growth lifted its H1 EBITDA 4% to £2,238m, and Q2 EBITDA grew 6%. A ShareCast report on 30 October that Virgin Media O2 is nearing a deal to use BT's network points to more volume on the same infrastructure, though nothing has been signed.
- The pension agreement removes a long-running claim on cash, cutting the funding deficit to £0.3bn and adding dividend headroom.
- The cost programme is running to plan: £312m of savings in the half takes the cumulative total to £1.7bn against a £3.5bn FY30 target, and total labour resource fell 11% to 90k. FY26 normalised free cash flow of £1.51bn shows the business can generate substantial cash over a full year.

BEAR CASE

- Cash is lagging profit. Cash generated from continuing operations fell 10% to £2,567m, Business free cash flow swung to minus £25m from £164m, and the full-year target now relies on £1.76bn in the second half with no quantified working-capital bridge.
- Capital spending does not fall away after March. FY27 guidance is still £4.2-£4.3bn, and the reduction of more than £1bn from the FY26 level is promised only by the end of the decade, while net debt has risen to £21.0bn with 2-year gilts at 4.89% and 10-year gilts at 5.55% on 30 October.
- Retail and business pricing remain under pressure: Consumer broadband ARPU fell 3%, Business EBITDA fell 7% and Openreach lost 366k lines in the half. The zero-coupon pension bonds change the timing and form of funding rather than removing it.
- TalkTalk adds an estimated £400 million of FY27 cash outflow outside guidance and still faces a regulatory review. Sky News reported on 9 October that Gamma had joined opposition to the deal.

WHAT TO WATCH

- The Q3 trading update, expected around 4 February 2027, is the first test of whether working capital is reversing and the c.£2.0bn free cash flow target remains intact.
- The outcome of the regulatory review of TalkTalk, and the acquisition accounting BT has promised later this fiscal year, which will show its effect on revenue, EBITDA, capital expenditure and cash.
- Whether a Virgin Media O2 wholesale agreement with Openreach is confirmed, and whether Openreach line losses stay within the c.800k guide as the 25m build completes in March.
- Terms of the pension zero-coupon bonds, due to be issued shortly, and the FY27 net debt figure against £21,006m at 30 September.

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