

press release

12 May 2011

BT reports results that exceed expectations

- BT reports a 71% rise in profits for the year
- BT's pension scheme is in better health
- The Share Centre continues to list BT as a 'hold' but may have a more positive stance if performance continues

As telecoms giant BT reported better than expected full year results, Nick Raynor, investment adviser at The Share Centre explains what this means for investors.

"Despite revenue falling by 4% for the year, BT's £1bn of cost savings saw the group report a 71% rise in profits. It is encouraging to see that it was not job losses that were the main driving force behind the increased efficiency.

"During the period BT also pumped £1bn into its pension scheme and reduced the deficit to less than £2bn. Debts remain a concern but the picture is improving, it now stands at £8.82bn which is roughly half of the company's market cap.

"Free cash flow for the year improved 6% from the year before and has almost trebled compared to 2009. The company has set high targets and expects 2012 and 2013 to see even higher levels.

"BT's continued strong performance in broadband has seen it achieve the highest quarterly share of DSL broadband net additions for eight years and has consolidated its position as the UK's leading provider. Also the company's Global Services division grew by 30% and an increased order intake turned cash flow positive a year ahead of plan.

“Investors will be pleased with the 7% increase in full year dividend and the plans to continue to grow profits and invest in the business for growth. Vodafone remains our preferred play in the sector due to offering a higher yield and its exposure to emerging markets. Although we continue to list BT as a ‘hold’ for now we may sway towards a more positive recommendation should its performance continue.”

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About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post)

and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPPs are also available.

The Share Centre's Advice team provides comment on market sectors, individual shares and funds on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#). The Share Centre blog is also available at <http://blog.share.com>.

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

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