

BT GROUP PLC
Form 6-K
July 31, 2008

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

**Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

31 July 2008

BT Group plc

(Translation of registrant's name into English)

**BT Centre
81 Newgate Street
London
EC1A 7AJ
England**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F..X... Form 40-F.....

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No ..X..

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- _____

Enclosures: 1. 1st Quarter Results announcement made on 31 July 2008

July 31, 2008

FIRST QUARTER TO JUNE 30, 2008 - KEY POINTS

- Revenue of £5,177 million, up 3 per cent

- EBITDA before specific items¹
and lever costs of £1,433 million, up 1 per cent

- Operating profit before specific items¹
and lever costs of £742 million, up 4 per cent

- Profit before taxation, specific items¹
and lever costs of £613 million, down 7 per cent

- Earnings per share before specific items¹
and lever costs of 6.1 pence, up 2 per cent

- Free cash outflow of £734 million

- 13.0 million broadband end users²
of which BT's retail share was 35 per cent, with 31 per cent of net additions in the quarter

The income statement, cash flow statement and balance sheet from which this information is extracted are set out on pages 17 to 22.

Chief Executive's statement

Ian Livingston, Chief Executive, commenting on the first quarter results, said:

"BT has continued to grow revenue, EBITDA

and earnings per share

in the first quarter.

BT Global Services has increased revenue by 13 per cent with strong growth of 33 per cent outside the UK

. We achieved total contract wins of £8.2 billion over the last twelve months, and the pipeline of new business remains strong.

BT Retail performed well with revenue growth of 3 per cent and double digit profit growth. BT Wholesale has won managed network solutions contracts of £1.2 billion over the last twelve months.

We are committed to delivering long term shareholder value and will continue to invest in the future growth of our business. We have announced plans to invest £1.5 billion to make fibre-based, super-fast broadband available to as many as 10 million homes in the

UK by 2012, dependent upon an appropriate regulatory environment.

Our full year guidance remains unchanged - we continue to expect to deliver growth in revenue, EBITDA

, earnings per share

and dividends per share in this financial year."

Specific items are significant one off or unusual items as defined in note 4 on pages 26 to 27.

DSL and LLU connections.

Before specific items and leaver costs.

RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2008

	First quarter		Year ended March 31	
	2008 £m	2007 £m	Better (worse) %	2008 £m
Revenue	5,177	5,033	3	20,704
EBITDA				
- before specific items and leaver costs	1,433	1,425	1	5,911
- before specific items	1,360	1,417	(4)	5,784
Operating profit				
- before specific items and leaver costs	742	716	4	3,022
- before specific items	669	708	(6)	2,895
- after specific items	642	658	(2)	2,356
Profit before taxation				

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- before specific items and leaver costs	613	658	(7)	2,633
- before specific items	540	650	(17)	2,506
- after specific items	513	600	(15)	1,976
Earnings per share				
- before specific items and leaver costs	6.1p	6.0p	2	25.0p
- before specific items	5.4p	5.9p	(8)	23.9p
- after specific items	5.1p	7.4p	(31)	21.5p
Capital expenditure	802	903	11	3,339
Free cash flow	(734)	(152) 1	-	1,503 1
Net debt	10,581	8,631	(23)	9,460

1

Includes tax receipts of £504 million and payment of pension deficiency contributions of £320 million.

The commentary focuses on the results before specific items and leaver costs. This is consistent with the way that financial performance is measured by management and we believe allows a meaningful analysis to be made of the trading results of the group. Specific items are defined in note 4 on pages 26 to 27.

The income statement, cash flow statement and balance sheet are provided on pages 17 to 22. A reconciliation of EBITDA before specific items and leaver costs to group operating profit is provided on page 31. A definition and reconciliation of free cash flow and net debt are provided on pages 28 to 30.

GROUP RESULTS

First quarter ended June 30, 2008

Revenue was 3 per cent higher at £5,177 million in the quarter with continued growth in managed solutions and broadband and convergence revenue. EBITDA before specific items and leaver costs increased by 1 per cent year on year. Earnings per share before specific items and leaver costs increased by 2 per cent to 6.1 pence.

Our BT Global Services business achieved contract wins of £1.9 billion in the first quarter, with £8.2 billion achieved over the last twelve months.

We had 13.0 million wholesale broadband connections (DSL and LLU) at June 30, 2008, including 4.8 million local loop unbundled lines. This represents an increase of 1.8 million wholesale broadband connections year on year. There were 338,000 net additional broadband connections in the quarter. Our retail share of those net additions was 103,000, being 31 per cent, and we remain the UK's number one retail broadband provider with a customer base of 4.5 million at June 30, 2008, which represents a market share of 35 per cent.

Our BT Wholesale managed network solutions business achieved contract wins of £490 million in the first quarter, with £1.2 billion achieved over the last twelve months.