

Proximus Group

Results presentation

Q3 2023

 27 October 2023



Guillaume Boutin, CEO

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Agenda

- Highlights Q3
- Execution bold2025
- Financial & Operational performance
- Outlook 2023
- Q&A

Highlights Q3

Guidance raise driven by outstanding commercial momentum

driving strong Domestic revenue and faster positive inflection in EBITDA trend

Excellent commercial momentum

@ **+11K**

🔗 **+31K**
Fiber activated retail lines

📱 **+60K**
Postpaid

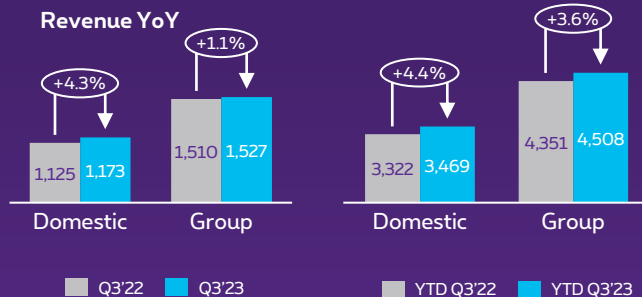
📺 **-12K**

📞 **+16K**
Convergent residential

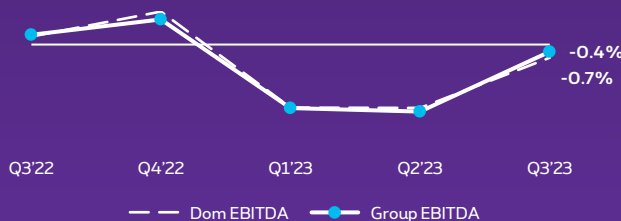
€ **+6.1%**
ARPC

+16%YoY
Telesign sales bookings

Strong domestic revenue growth driven by Services revenue

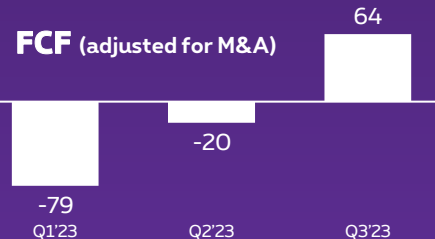


EBITDA YoY trend recovering on revenue growth and softer inflation impact



Revised FY 2023 guidance

- ✓ Domestic revenue improved to 'between **+3.5%** and **+4%**'
- ✓ Domestic and Group EBITDA Improved to 'around **-2%**'
- ✓ International Direct Margin (cc) moderated to 'between **+4%** and **+5%**' YoY
- ✓ Reiterating 'Capex around **1.3€bn**'



bold 2025 foundation year fully on track

Strong execution, with the right strategy in place

Domestic

strategy already
delivering

- ✓ Strong **customer gains and price indexations landing** well, driving revenue growth.
- ✓ Inflation headwind mitigated by **cost efficiencies**.
- ✓ **Proximus Fiber build** progressing well and pathway for a rational network **collaboration initiated**.
- ✓ **Prepared for arrival of** new entrant and secured **Mobile wholesale agreement**.

International

building blocks for accelerated
growth in place

- ✓ **Telesign** delivering growth and turning Ebitda-positive.
- ✓ Majority stake in **Route Mobile to create scale and deliver high synergy** potential. Reiterating at least **90€M of synergies**.
- ✓ **BICS progressing in Core and new businesses** while post-Covid tailwind unwinds.



Act for an inclusive **society** & be **sustainable** in everything we do



Roll out **#1 gigabit network** for Belgium



Delight customers with unrivalled experience



Engineer **technology assets** to enable digital ecosystems



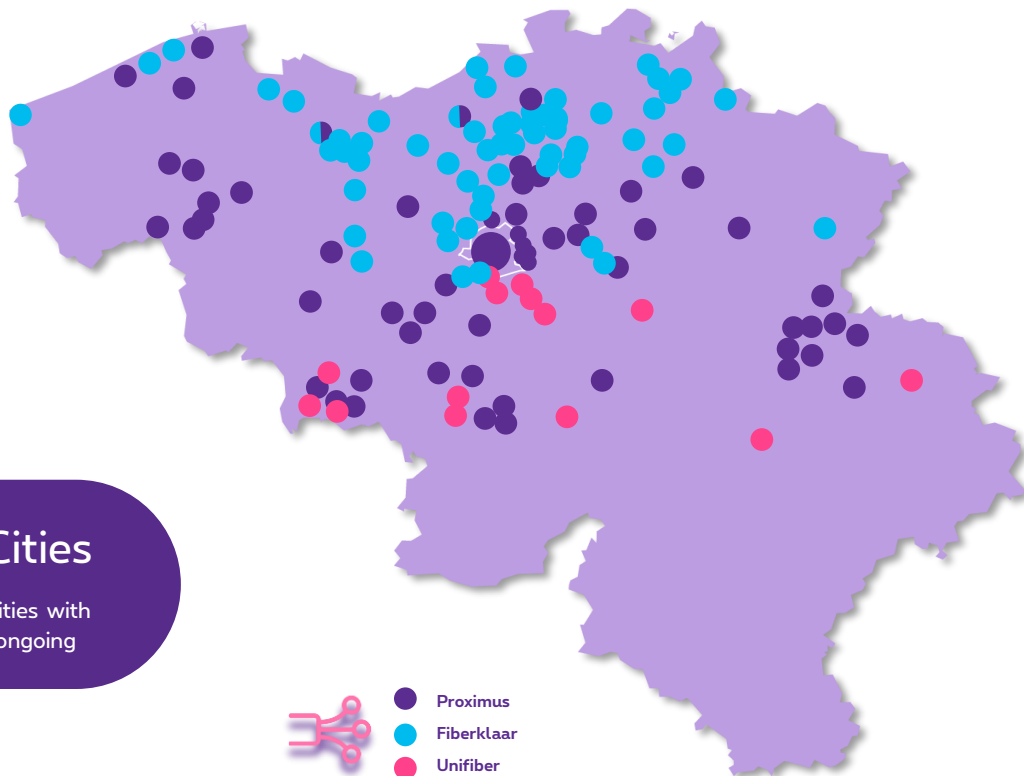
Grow profitably **locally & globally** through strong brands



Foster an engaging **culture** & empowering **ways of working**

Increasing Fiber footprint to 26% as of end-September 2023

Proximus and partners deploying Fiber in 133 cities



*BIPT announces 6-month
window to find
collaboration in Fiber*

*Proximus, strong believer in
Fiber collaboration and co-
investment framework in
Belgium*

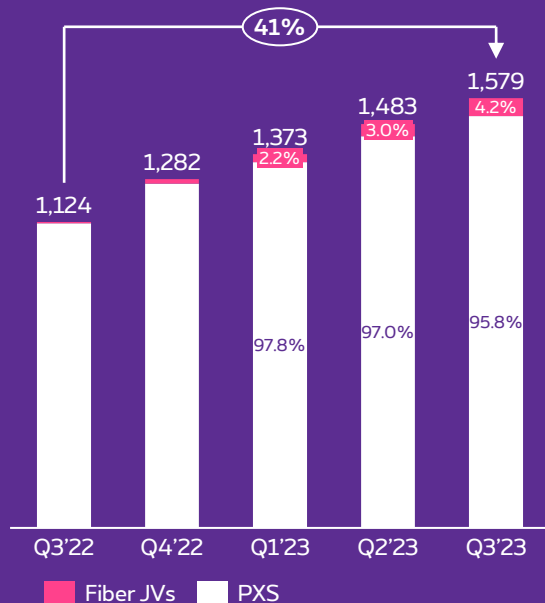
- ✓ BIPT confirms it will assess any agreement between operators (communication 12 Oct'23)
- ✓ Operators to come with proposal (BIPT target date 15th of May)

Nearing 1.6M Homes and Businesses passed at end-September

Filling rate increasing to 26%

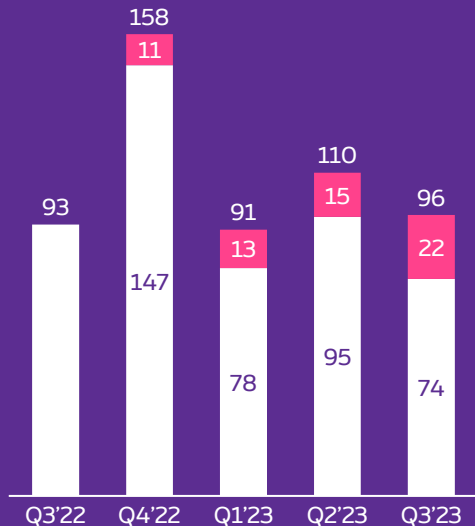
1,579k Fiber Homes & Businesses Passed

(in K, total base)



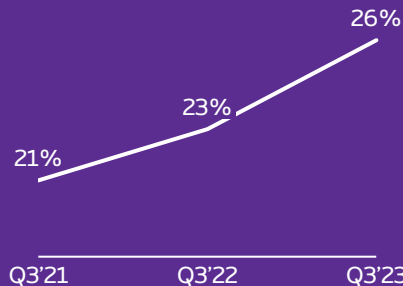
+96k Fiber Homes & Businesses Passed in Q3

(in K, additions in the period)



26%

Network filling rate*



“Fiber in the street” funnel now at ~**300k** living units. Including Fiber in the street, Fiber coverage close to **30%**

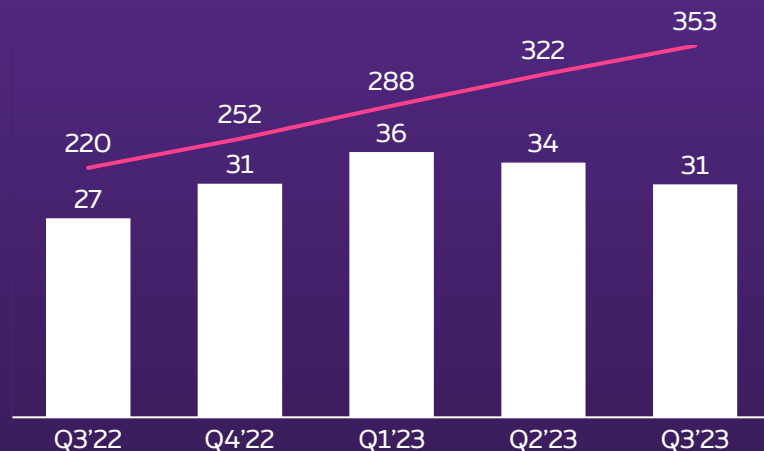
*Homes Activated / Total Homes Passed Ready for Termination (=connectable homes passed)

353k activated Fiber lines by the close of Q3 2023

Strong customer demand for Fiber, migration rate of 70%

fiber

Total park & net adds¹
(in K)

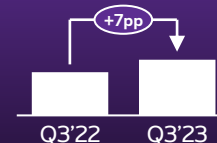


¹Residential + Business, incl. new & migrated customers

²Q3 2023 churn in fiberzones; average across different customer cohorts

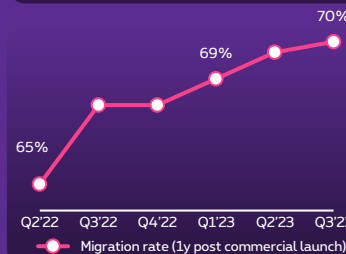
³Q3 2023 ARPC RES + SE uplift excluding promotions for customers with fixed internet

Increasing Fiber share
in total acquisitions

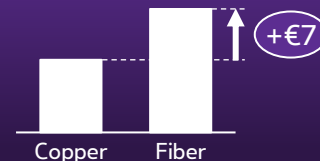


Lower churn
levels vs Copper

>30%²



ARPC in €³



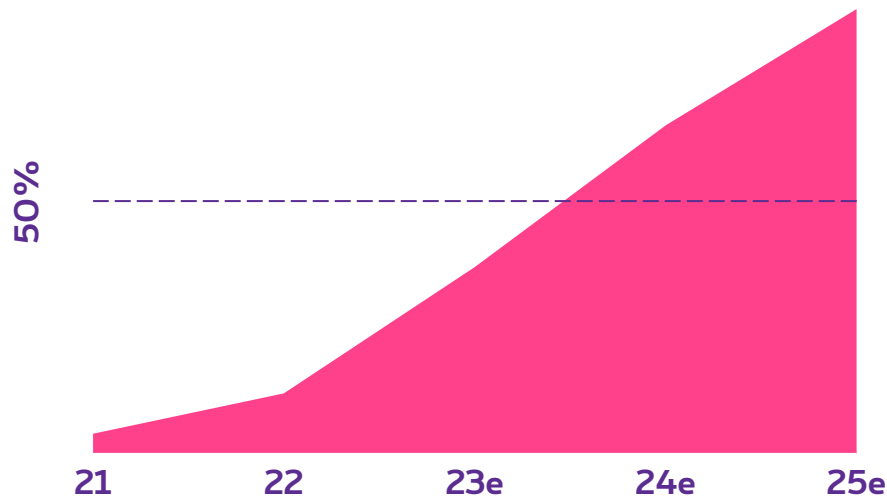
Proximus is recognized for its mobile network quality

which is set to further improve



- ✓ RAN swap to Nokia & network consolidation reaching cruise speed, expecting >40% of 4600 Mobile sites swapped by year-end.
- ✓ Move of Core network to Ericsson ongoing, key enabler for future 5G standalone services.
- ✓ Keeping high focus on customer experience during the vendor-swap.

5G outdoor population coverage



“The fastest overall experience is with Proximus;
Proximus has the most consistent experience in Belgium”

Opensignal – Belgium, September 2023, Mobile Network Experience

National wholesale services agreement with new entrant

Proximus ensures best position to compete

Exclusive 5-year agreement with Digi/Citymesh to offer Mobile wholesale access

Technically, wholesale network to be ready mid-2024

Reinforces Proximus' strong strategic position to compete, complementing retail readiness

400 decommissioned sites offered for sale



Only operator in Belgium to offer Google Pixel

Pioneering device offering

Can you keep a
secret?



Clarence, the joint venture of Proximus Luxembourg & LuxConnect, for a disconnected sovereign cloud



- ✓ State-of-the-art disconnected sovereign cloud solution, based on Google Cloud technology.
- ✓ Guaranteeing confidentiality and security of most sensitive information.
- ✓ Respecting highest ethical standards in data protection, confidentiality, transparency and regulatory compliance.



Route Mobile transaction progressing well

Closure expected end Q1'24

Deal rationale

- ✓ Expanding in **Fast-growing CPaaS market**
- ✓ Critical **scale and leading position** in global CPaaS and DI markets
- ✓ Highly **complementary product** portfolios and **geographical footprints**
- ✓ Confirming estimated **≥ 90€M run-rate EBITDA synergy** potential between Telesign & Route Mobile



3-Year ambition*

~2bn

Revenue, \$(1)

13-15%

EBITDA Margin

50-75%

Cash conversion

* Estimation, post-closing, Proximus Opal incl. synergies

Status process



(1) With TeleSign & Route Mobile each having a 3-year ambition of becoming a \$1bn revenue company

(2) Preparation activities conducted in respect of all regulatory constraints such as specific legal guardrails protecting against unauthorized exchanges of sensitive information

[For the full transaction presentation click here](#)

Our purpose, at the heart of our ESG strategy

...a connected world...

Building the best **gigabit network** for Belgium



Developing **digital solutions** for everyday life



Connecting people and devices **worldwide**



...that people trust...

Ensuring **cybersecurity** for our **customers**



Supporting Europe in achieving **sovereignty**



Embedding highest **ethics and compliance** standards



...so society blooms.

Going all in in the **fight against global warming**



Investing in **digital accessibility, inclusiveness and upskilling**



Stimulating an **inspiring and inclusive work environment**



Financial & Operational performance

Domestic

Outstanding commercial performance

on combined success of Mobile and Fiber product superiority



Internet base **2,251K**;
+44k YoY
+2.0% YoY



TV base **1,682K**;
-36k YoY
-2.1% YoY



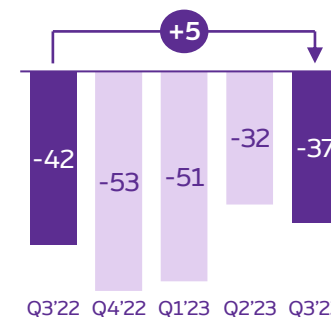
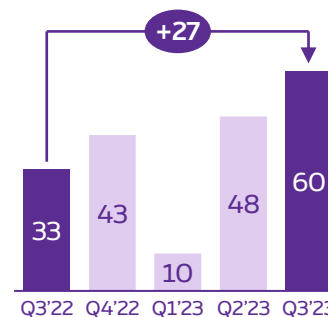
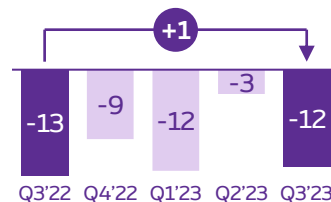
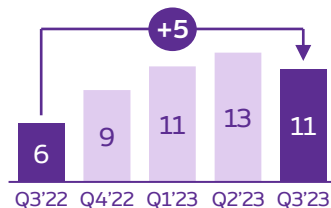
Postpaid

Postpaid base **4,935K**;
+160k YoY
+3.4% YoY



Fixed Voice **1,690K**;
-173k YoY
-9.3% YoY

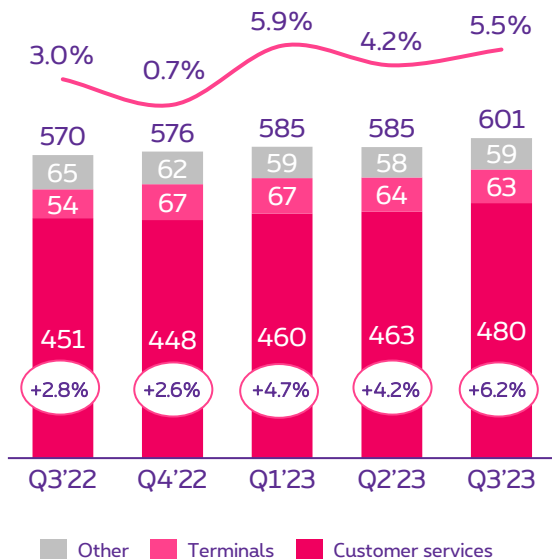
Net adds;
 Group ('000)



Residential revenue Q3'23 up by +5.5% YoY

Services revenue growth improving to +6.2% YoY

Residential revenue (€M, YoY)

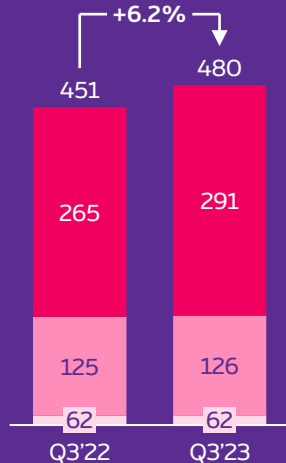


- **Customer Services revenue +6.2%**
 - ✓ Excellent customer growth for Mobile postpaid (Q3 +49,000) and Internet (Q3 +10,000)
 - ✓ Convergent Customer growth (Q3 +16,000)
 - ✓ Well managed price indexations, with churn level under control
- **Terminals revenue +18.0%** driven by high-end devices

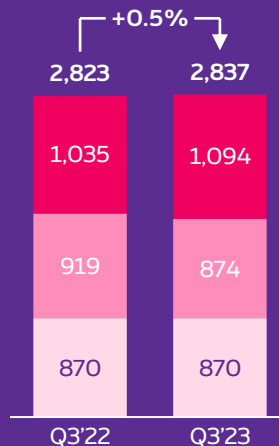
Growing Convergent base and higher ARPC

driving Residential customer services revenue increase

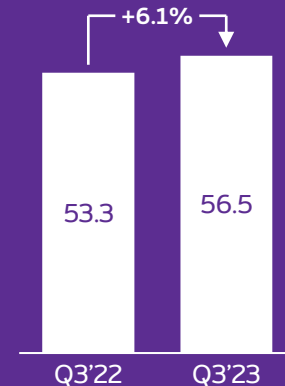
+6.2% Customer services revenue (in €M)
Incl. **+10.0%** Convergent revenue



Customers (in K)
Growing **Convergent** base:
+5.7% YoY



+6.1% ARPC (overall, €)
Supported by price indexations ,
upsell to convergent offers and
Fiber



Convergent Fixed only Mobile postpaid only

Successful value management supported by product superiority

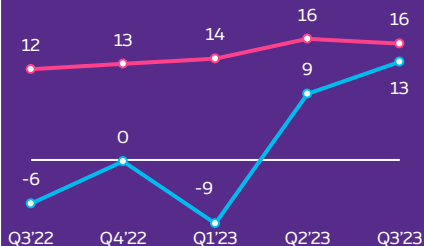
Strong ARPC, managed churn and accelerated customer growth

—○— Convergent

—○— Convergent + Fixed only + Mobile only

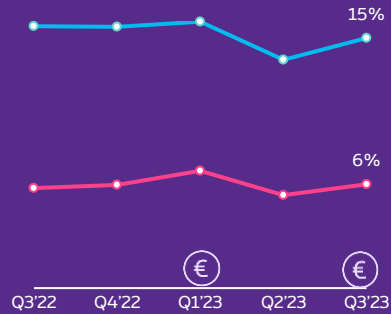
Sustaining a
positive customer
trend

Net adds '000



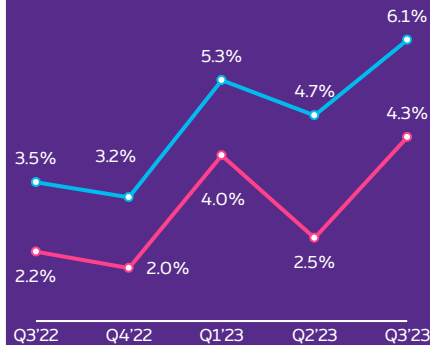
Price rises having
only **constrained**
churn effect

Full churn rate



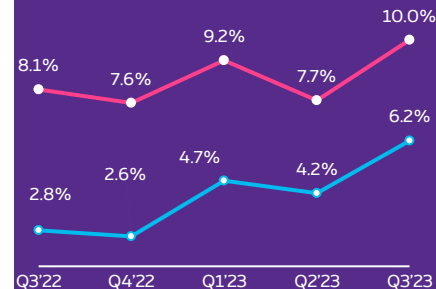
While driving
meaningful **ARPC**
uplift

YoY ARPC evolution



Empowering **high**
pace revenue
growth

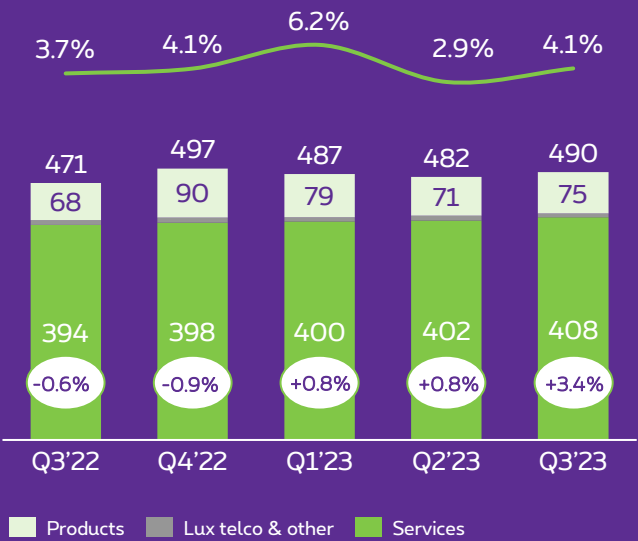
Residential Services revenue
YoY evolution



Business revenue grows +4.1% YoY

mainly driven by outstanding Services revenue growth

Business revenue (€M, YoY)



Q3 revenue

Services revenue +3.4%,
Solid growth in IT Services, Fixed Data and Mobile Services outpacing a moderating Fixed Voice erosion

Products revenue +10.6%,
driven by IT products performance +16.3%

Customer wins*

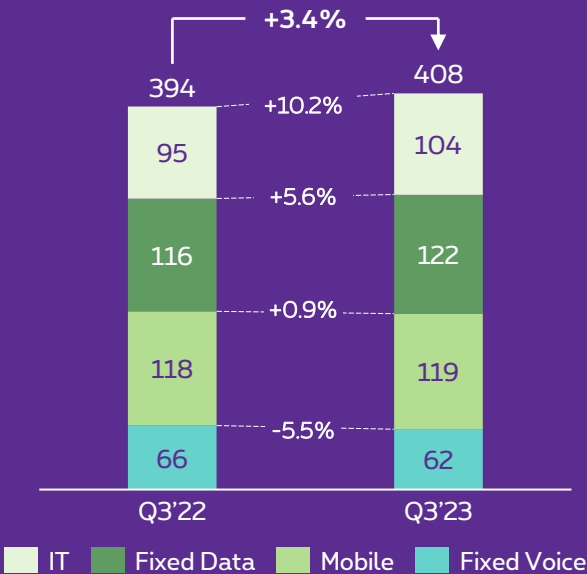


*limited to those with customer's consent

Solid continued B2B Services revenue growth in Q3

IT Services, Fixed Data and Mobile growth outpacing mitigated Fixed Voice erosion

Business Services revenue (€M)



Q3

+10.2% IT Services driven by growth in Cloud & Security, Smart Network, Smart Mobility and Advanced Workplace

+5.6% Fixed Data

- > Internet revenue up: +8.0% ARPU & stable base with growing share of Fiber
- > Slightly growing data connectivity revenue, managing value in the transition to SD-WAN services

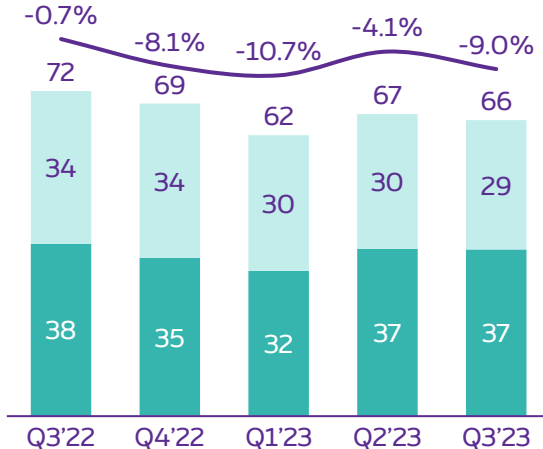
+0.9% Mobile

- > Customer base +1.4% YoY
- > Mobile ARPU turning positive driven by price indexations

Wholesale Q3 Services revenue – 1€M

continued decline in interconnect revenue

Wholesale revenue (€M, YoY)



Interconnect Fixed & Mobile services Other operating income

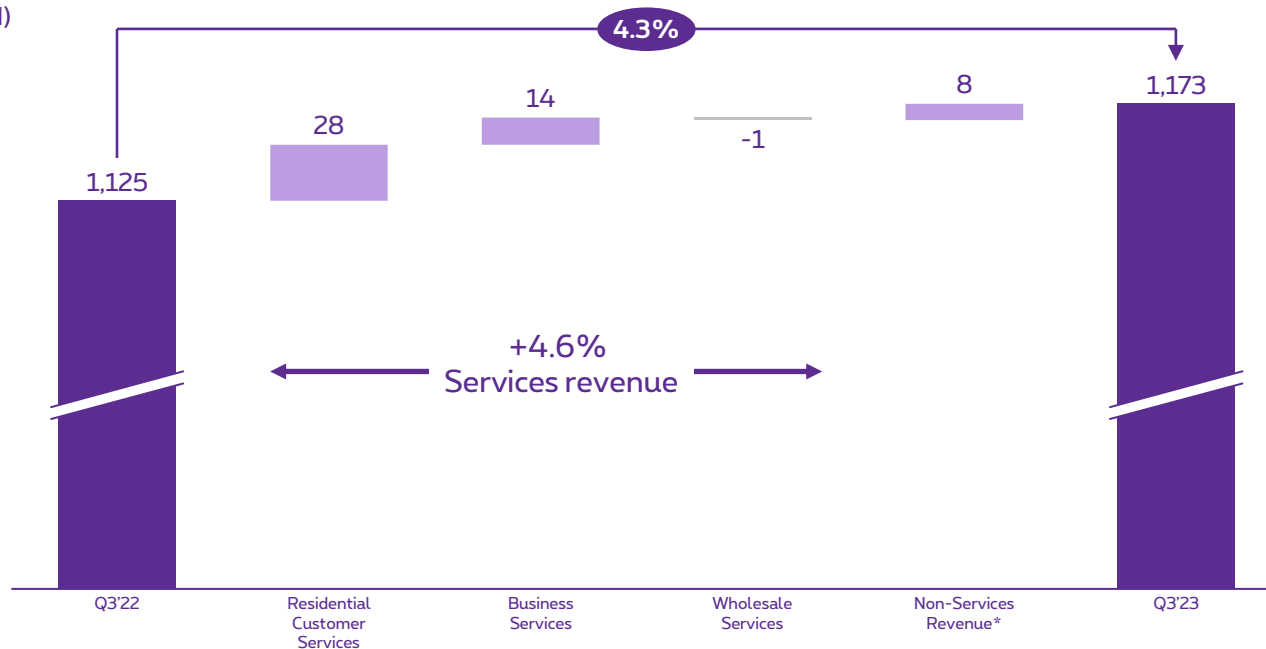
- **Q3 Fixed & Mobile Services revenue**
- **-3.2%:**
 - > Annualization of a large contract negatively impacting revenue
 - > Higher visitor roaming revenue
 - > Growing JVs services revenue
- **Interconnect revenue -15.5% (no meaningful margin impact)**
 - > EU MTR regulation impact (-1€M)
 - > Ongoing decline in traditional messaging revenue

Sustained strong Domestic revenue growth, +4.3% YoY

revenue from Services up by +4.6% YoY

Q3

Revenue
(underlying, €M)



Residential and Business Services delivering strong revenue growth

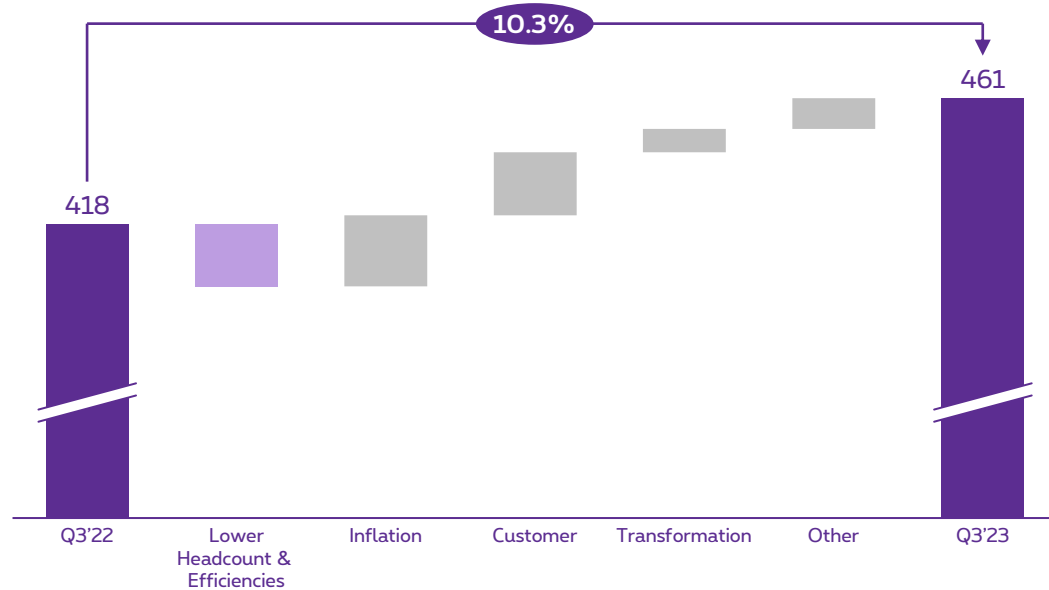
Continued cost efficiency delivery moderates inflation effect

Customer opex increases driven by strong commercial momentum

Q3

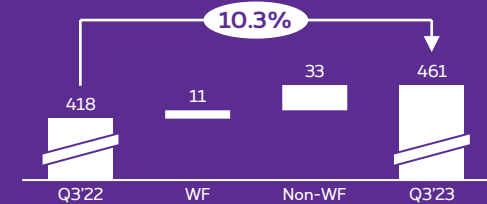
OPEX

(management view, underlying, €M)



Q3

Domestic Opex (€M)



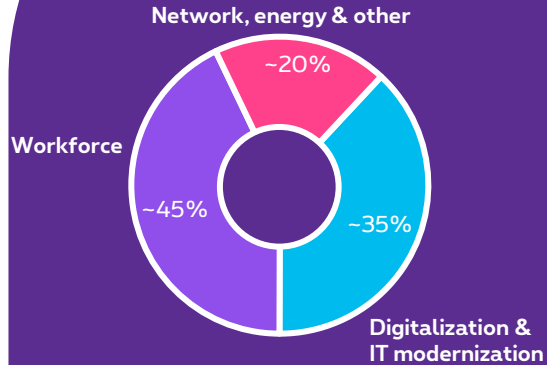
- Inflation: mainly wage indexations (Sep'22/Dec'22/Jan'23), energy costs and other inflationary costs increases
- Customer related costs: contact center volumes, commercial means and billable manpower related to delivered customer IT-services
- Other: incl. amongst others rental of buildings and cost related to electrification of fleet

Efficiencies on track with bold2025 ambition

Wage and energy inflation mitigating, growth related Opex increasing

Efficiencies delivered

Efficiencies have lowered the Q3 2023 Opex by >20€M

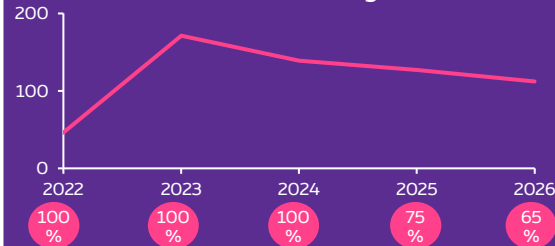


Inflationary costs mitigating

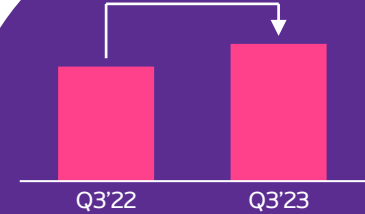
Wage inflation impact YoY, €M
inflation-based wage indexations impacting the quarter



Average commodity price
€/MwH - % hedged



Customer Opex increasing



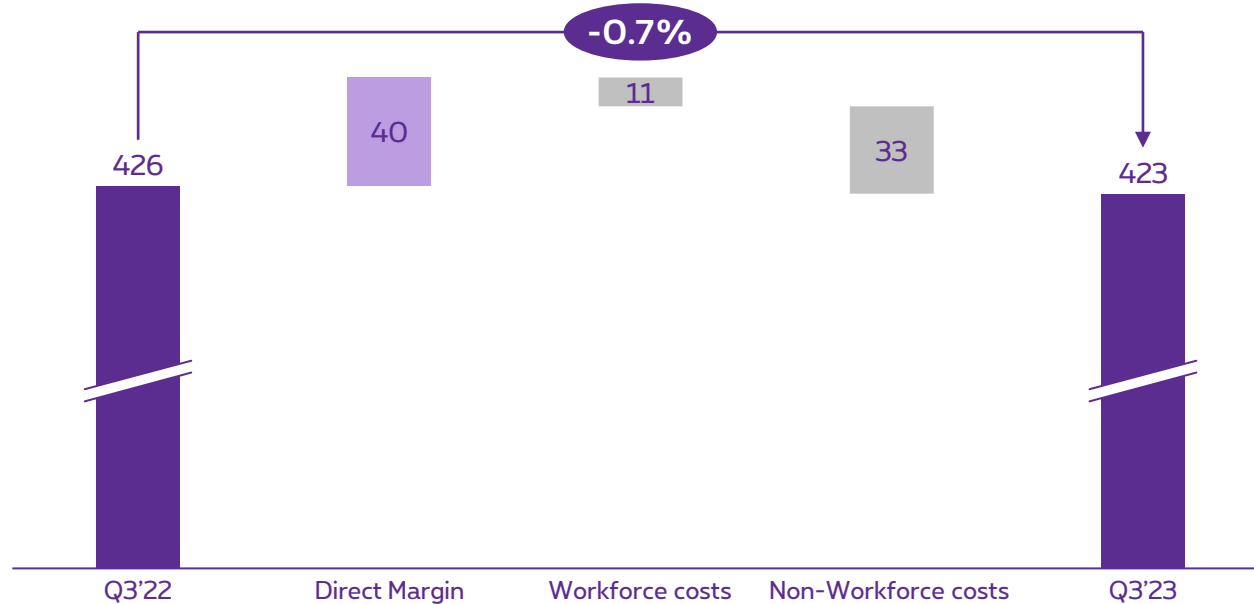
- ✓ Fiber home activations YoY, +13% migration and +93% winbacks
- ✓ Variable **marketing** and **sales** costs increase due to **outstanding commercial momentum**

Domestic EBITDA trend sequentially improved

strong Direct Margin growth and mitigation of inflationary and volume impacts

Q3

EBITDA
(underlying, €M)



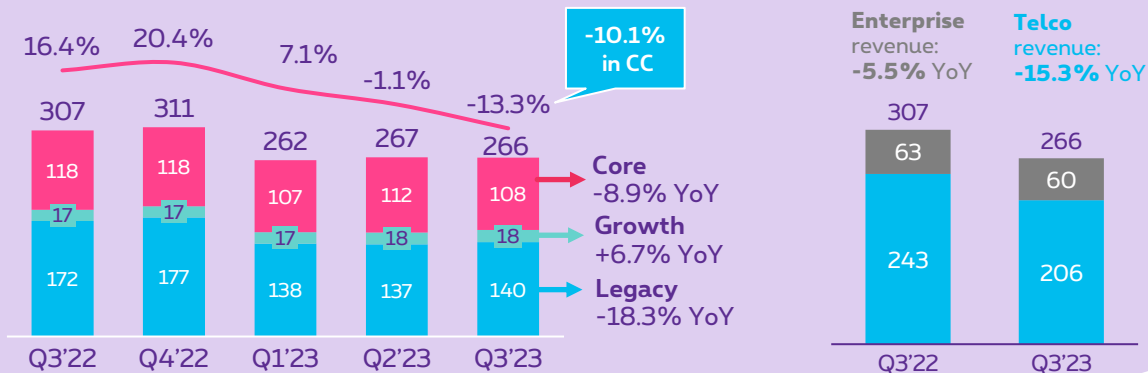
International

BICS EBITDA remaining robust against high comparable base

Revenue decrease had limited impact on Direct Margin

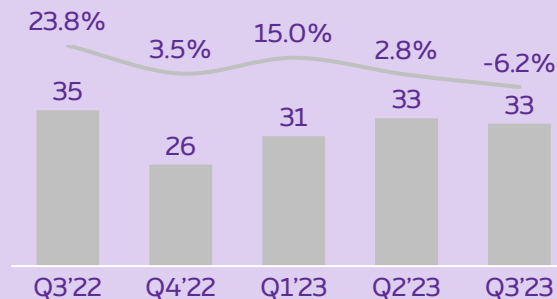
Revenue (€M, YoY)

- > High comparable base with 2022 boosted by post-Covid travel
- > USD exchange headwinds
- > Legacy Voice: OTT substitution and destination mix (neglectable margin impact)



Ebitda (€M, YoY)

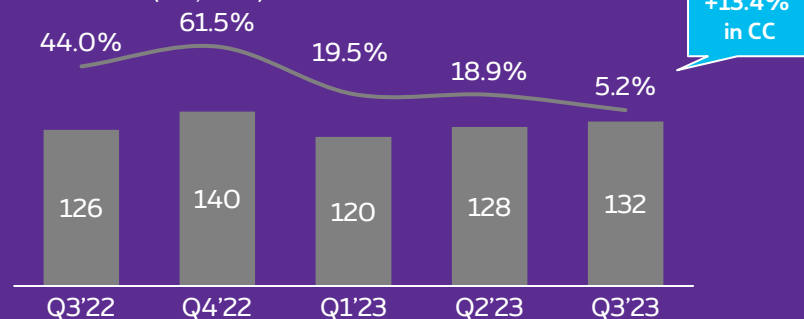
- > Direct Margin down -3€M from a record high Q3'22
- > YoY decreasing opex with wage indexation being offset by performance-related labor expense reversal



Telesign Q3 revenue +5.2%, EBITDA turning positive

Continued growth for both Digital Identity and Communication

Revenue (€M, YoY)

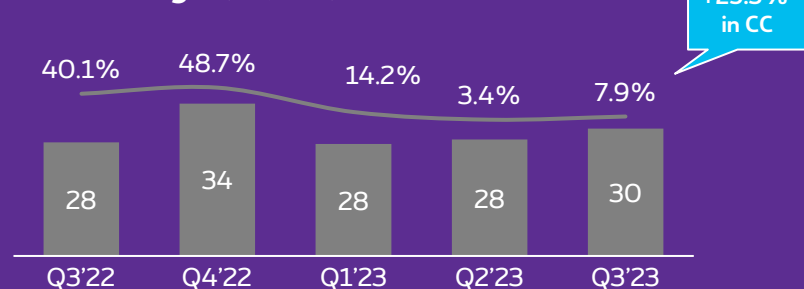


Digital identity growth driven by expansion of customer base outside the U.S.

Communication positively impacted by strong performance of largest U.S. customers.

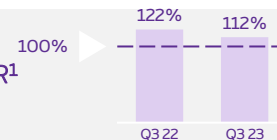


Direct Margin (€M, YoY)

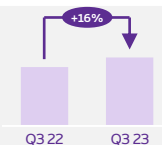


Q3 EBITDA 2€M, material investments in Telesign reached peak

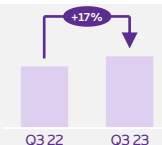
Keeping healthy NRR¹ of **112%**



+16% YoY Sales bookings²



+17% YoY volumes



¹ Net Revenue Retention

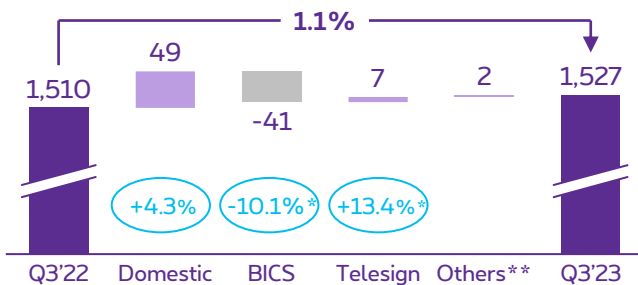
² Estimated monthly DM value of a won. The nature of these bookings can vary between monthly recurring opportunities or short-term commercial opportunities

Group

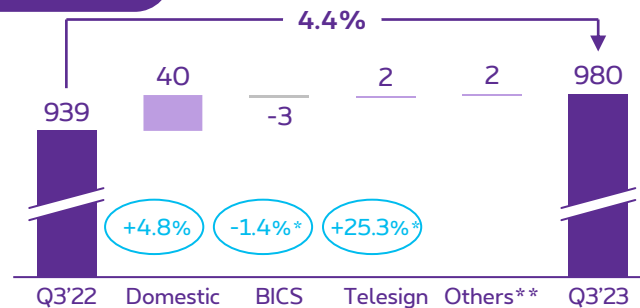
Group EBITDA nearly stable (-0.4%)

Direct Margin growing, inflationary pressure starting to moderate

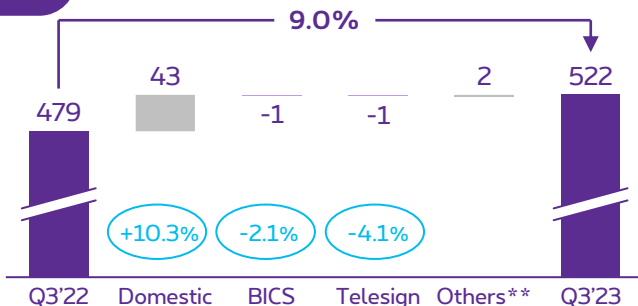
Revenue



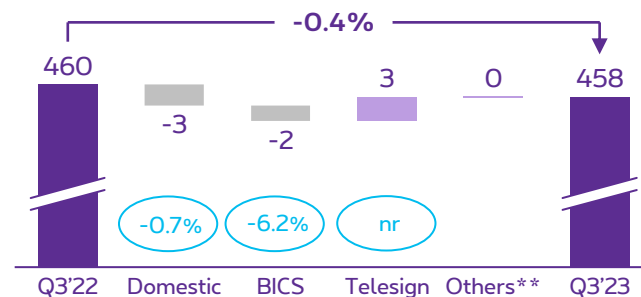
Direct Margin



Opex



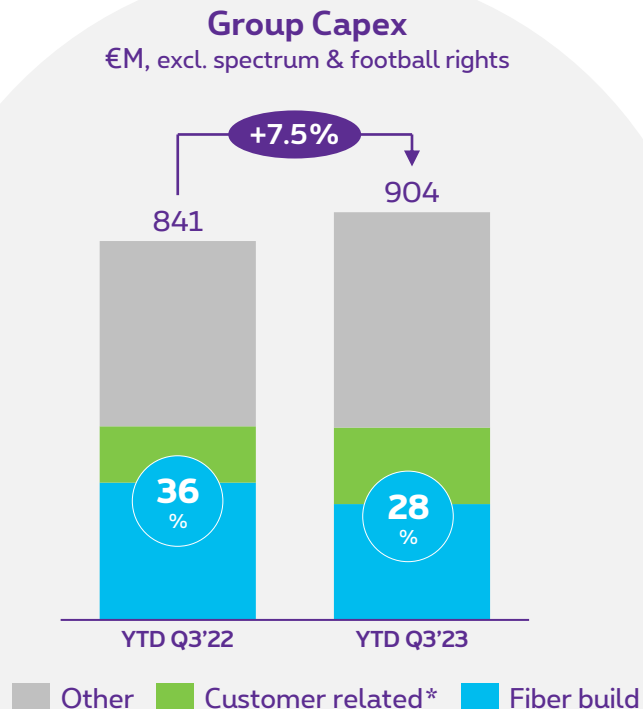
Ebitda



(all underlying, €M)
 *In Constant Currency
 **Intercompany eliminations

Investments tracking on plan to be around 1.3€bn by year-end

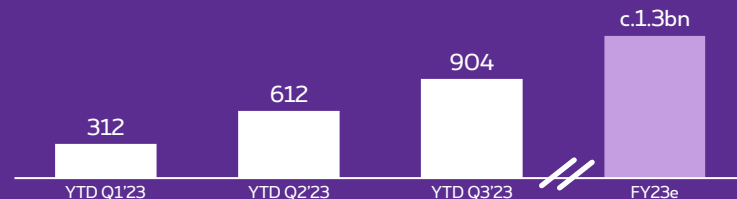
YTD-September Capex of 904€M



- Proximus **Fiber build volumes reducing**
- Fiber **customer termination and activation cost rising**
- **Other capex relates to IT**, **content** timing effects and the ongoing implementation of **Mobile network consolidation**

Capex on track for FY guidance

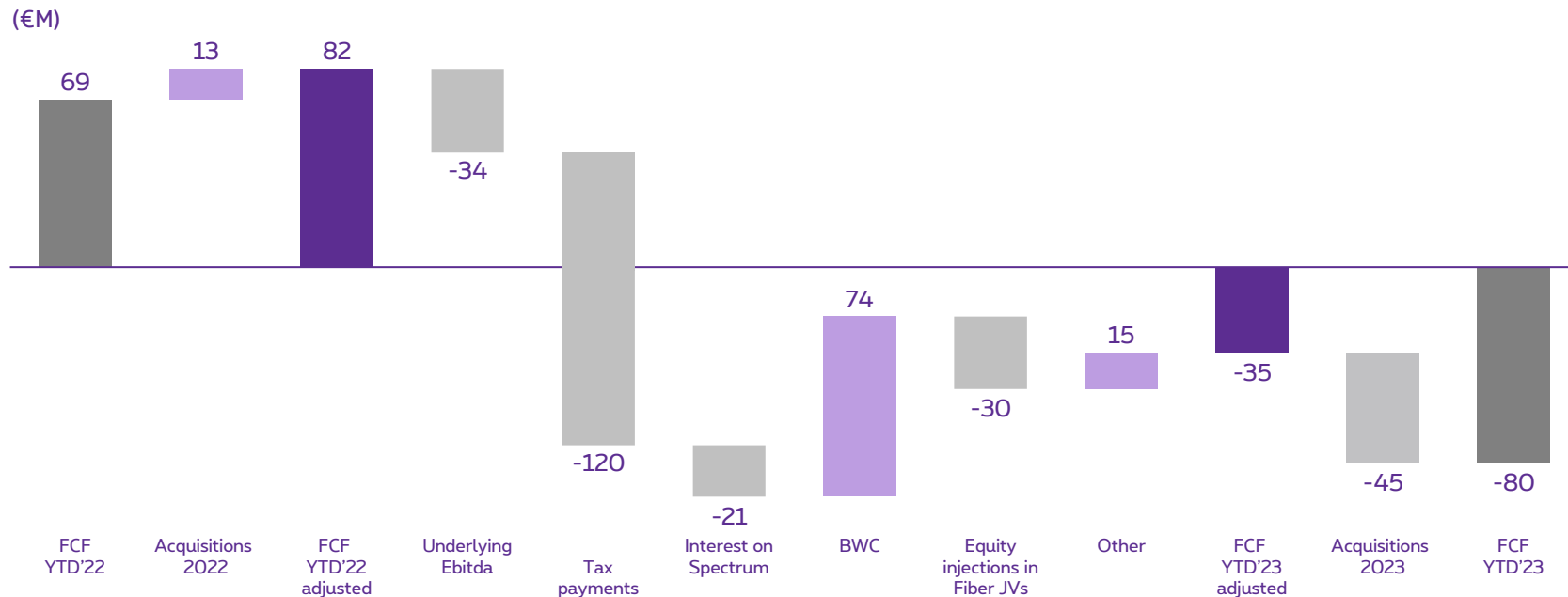
Capex YTD, €M



* Customer capex related to connection and activation of Fiber and Copper customers , and equipment (Modems, Decoders, Wi-Fi repeaters,...)

Q3'23 adjusted FCF of +64€M, YTD September -35€M

Tax impacts, lower EBITDA and equity injections partially offset by favorable BWC



- The FCF graph represents a management view. The composition reflects the main components, sometimes in aggregate, and might differ from the Consolidated Cash Flow statement
- Free Cash Flow adjusted: excludes M&A transactions and as of Q3'23 directly related cash effects (mainly related to transaction with Route Mobile)
- FCF includes the lease payments and Fiber JV equity injections Tax payments include different tax items such as: income tax, withholding taxes and VAT payments (impacted YoY by the end of Covid related government support measures)

Managing successfully maturity and average coupon

Group 36

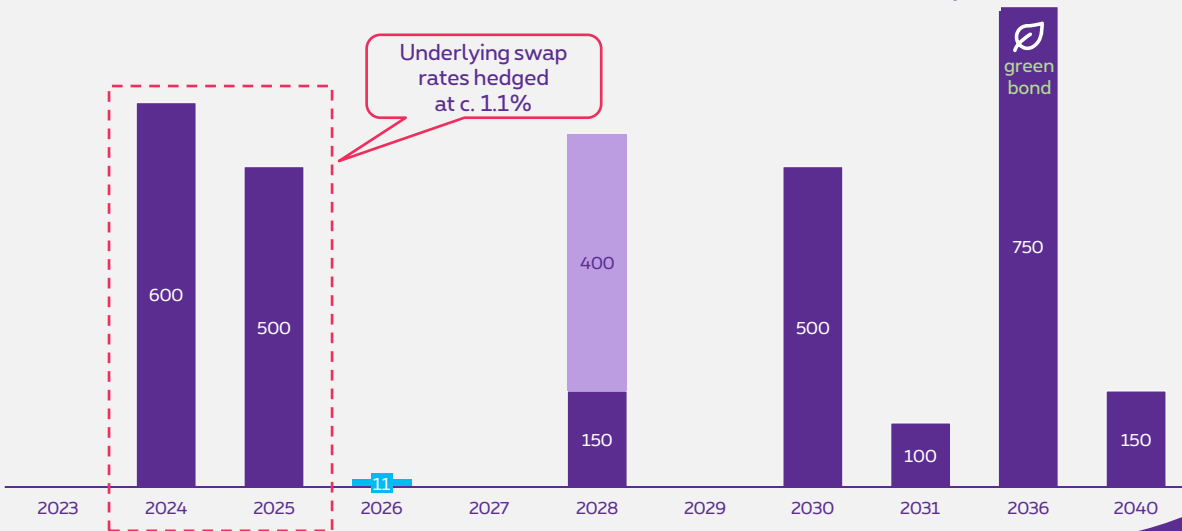
Hedges will allow to effectively refinance 2024 and 2025 maturities in line with current average finance cost of circa 2%

Debt maturity schedule (€M)

~35% in next 2yrs

~65% in ≥ 5yrs

Underlying swap rates hedged at c. 1.1%



□ Institutional Eurobonds (EMTN) ■ Yen private placement ■ Investment loans

Credit ratings

S&P BBB+ (stable outlook)
Moody's A2 (stable outlook)

2.0 %

Weighted average coupon
(long-term only)

6.5 Yr

Weighted average debt duration
(long-term only)

Upward revision of 2023 guidance

Better than expected Domestic revenue growth, combined with cost control

Guidance metrics	FY2022	YTD 2023	Outlook FY 2023	Outlook FY 2023 Revised 27 Oct 2023
Underlying Domestic revenue	€ 4,478M	+4.4% YoY	Upper end of +1% to +3% YoY	Between +3.5% and +4% YoY
Underlying Domestic EBITDA	€ 1,665M	-2.5% YoY	Around -3% YoY	Around -2% YoY
International Direct Margin* (ex-currency effects)	€ 377M	+6.3% YoY (in cc)	High single-digit Growth	Between +4% and +5% YoY
Underlying Group EBITDA	€ 1,786M	-2.5% YoY	Around -3% YoY	Around -2% YoY
Capex (excl. Spectrum & football rights)	€ 1.3Bn	€904M	Peak at around € 1.3bn	Peak at around € 1.3bn
Net debt / EBITDA	1.5X (Proximus) 2.3X (S&P)	NR	Around 2.6X (S&P)	Around 2.6X (S&P)

Dividend over 2023 result

Intention to pay **annual gross dividend** over 2023 result of **€1.2/share**, in line with announced 3-year dividend policy (2023-2025).

Proximus Board of Directors approved the **interim dividend** over the result of 2023 for **€0.5/share gross**.

- Ex-coupon date : 6 Dec 2023
- Payment date : 8 Dec 2023

*International Direct Margin: Aggregate of Telesign and BICS Direct Margin
Company FY projections on DM exclude currency fluctuations

Well positioned for ambitious growth track

Strong execution, with
the right strategy in
place



Sustained outstanding commercial momentum, driving revenue growth



Inflation impact moderates, and realizing significant cost efficiencies



Readying for Digi-launch & secured Wholesale revenue/ebitda



Capex reaching peak in 2023 and set to decrease



BIPT acknowledged need for Fiber collaboration and ready to assess any agreement between operators



Route Mobile transaction on track to close end Q1'24, minimum of 90€M of annual EBITDA synergies confirmed

Q&A

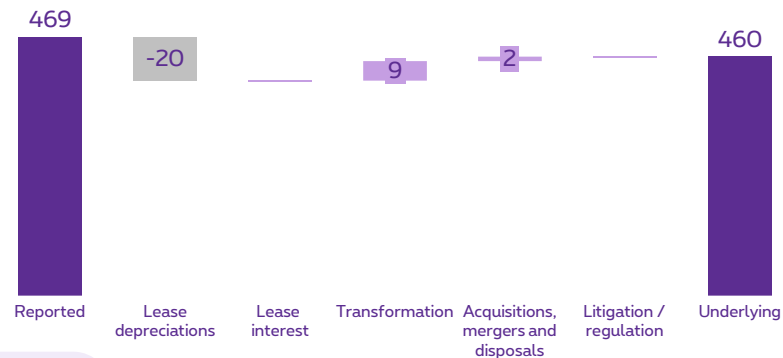
To ask a question, join the conference call

→ Register [here](#) for the Q&A to receive your dial-in details.

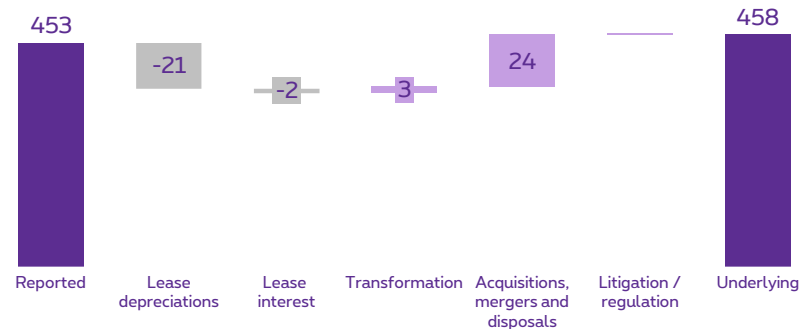
Appendix

From reported to underlying – EBITDA adjustments

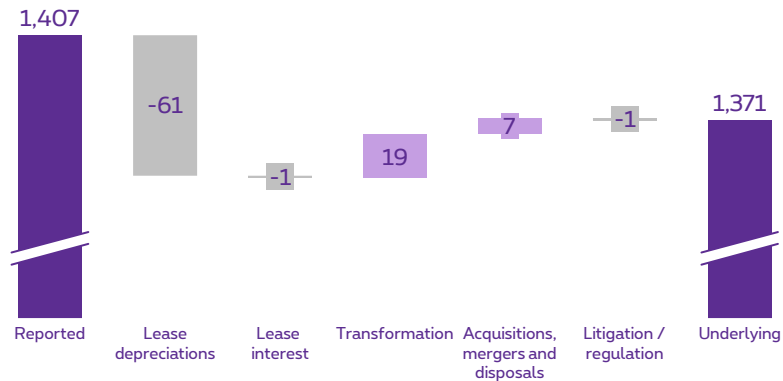
Q3'22



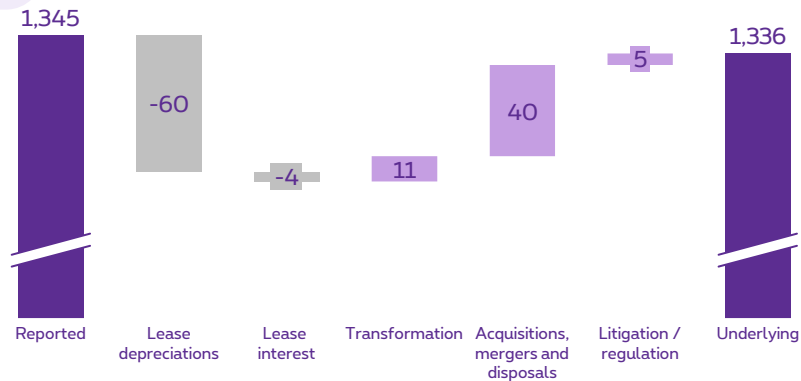
Q3'23



YTD 22

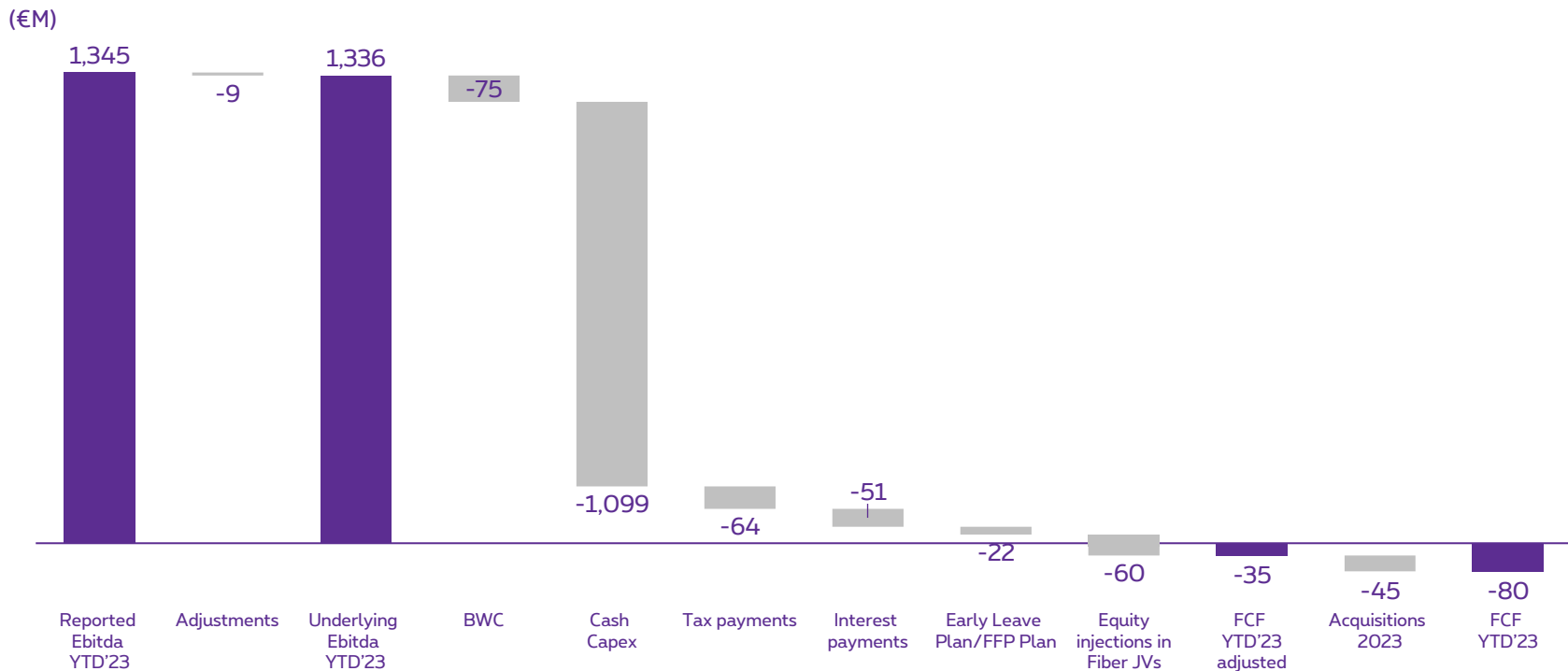


YTD 23



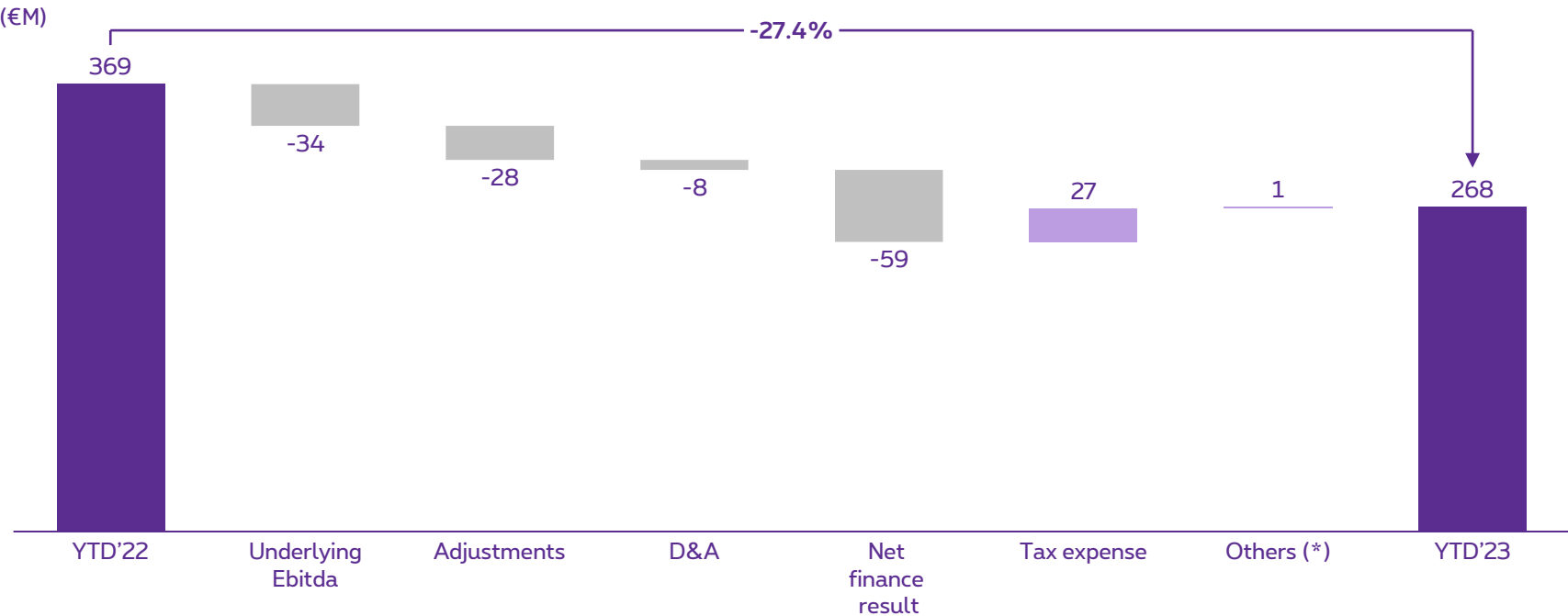
EBITDA conversion to FCF

YTD 23



• Early leave plan refers to voluntary early leave before retirement and FFP plan to the Fit for Purpose transformation plan

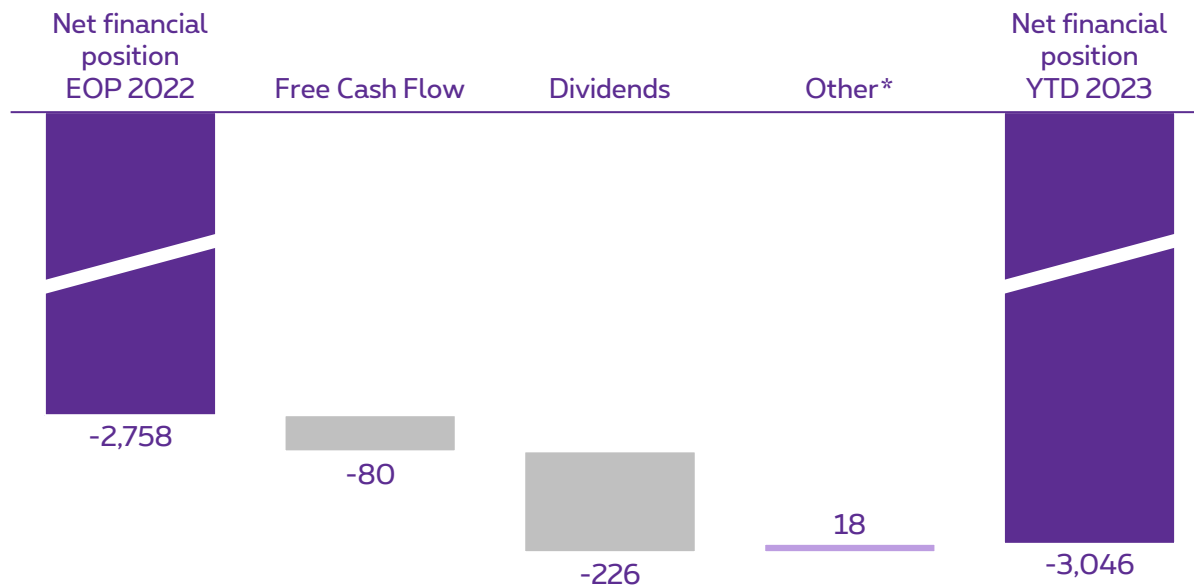
Net income (Group share)



* Includes Non-controlling interests and Share of loss from associates

Adjusted Net Financial Position (excl. lease liabilities) (€M)

YTD 23



* Mainly remeasurement to fair value of cash flow hedge instrument for future LT debt, net of debt issuance and repayment

Shareholder structure

Status 30/09/2023

Total number of shares

338,025,135

Free-float

42%

Belgian Government

54%

Market Capitalization

~€ **2.5Bn**

Dividend yield

~**15.5%**

	Number of shares	% shares	% Voting rights	% Dividend rights	Number of shares with voting rights	Number of shares with dividend rights
Belgian state	180,887,569	53.51%	56.09%	55.97%	180,887,569	180,887,569
Proximus own shares	15,520,245	4.59 %	0.00 %	0.21 %	0	693,702
Free-float	141,617,321	41.90 %	43.91 %	43.82 %	141,617,321	141,617,321
Total	338,025,135	100.00 %	100.00 %	100.00 %	322,504,890	323,198,592

The voting rights of all treasury shares are suspended by law. Proximus has 14,826,543 treasury shares that are not entitled to dividend rights and 693,702 treasury shares that are entitled to dividend rights.

Transparency declarations: According to Proximus' bylaws, the thresholds as from which a shareholding needs to be disclosed have been set at 3% and 7.5%, in addition to the legal thresholds of 5% and each multiple of 5%.

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