

Proximus Group

Results presentation

Q3 2022

 28 October 2022



Guillaume Boutin, CEO

This presentation is a subset of the company's results release.
Please consult proximus.com/investors for the overall disclosed information.

Cautionary statement

This communication may include some forward-looking statements, without limitation, regarding Proximus' financial or operational results, certain strategic plans or objectives, macro-economic trends, regulation, future market conditions and other risk factors. These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside Proximus' control. Therefore, the actual future results may differ materially from those expressed in or implied by the statements. Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication. Except as required by applicable law, Proximus disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Content

- Key events Q3
- #inspire2022 strategy
- Financial & Operational performance
- Appendix

Key events Q3

Delivering +7.8% Group revenue growth for Q3, continued commercial traction & EBITDA growth.

Key strategic developments

- 1,124K Fiber HP or +93K in Q3
- Fiber-PPP **German-speaking Community closed.**
- 10 Gbps Fiber launch
- International businesses accelerating Proximus profitable growth
- 1st Bel 20 company with **Net-Zero targets** scientifically validated by SBTi

Continued strong commercial traction



+6K



+27K

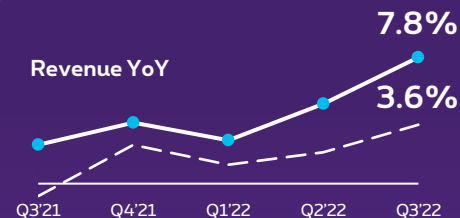
Fiber activated retail lines

+33K
Postpaid

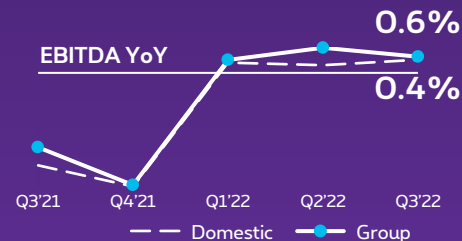
-13K

+12K
Convergent residential+50% YoY
BICS
cloud usage+89% YoY
TeleSign
sales bookings

Accelerated revenue growth in Q3.



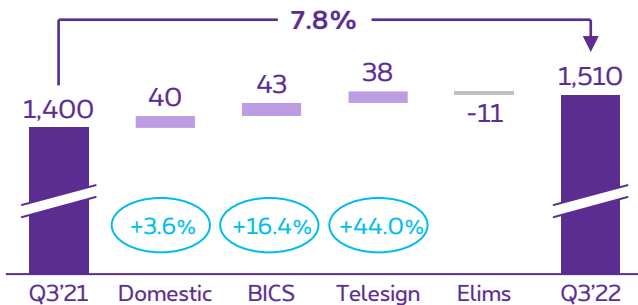
Maintaining positive EBITDA trend.



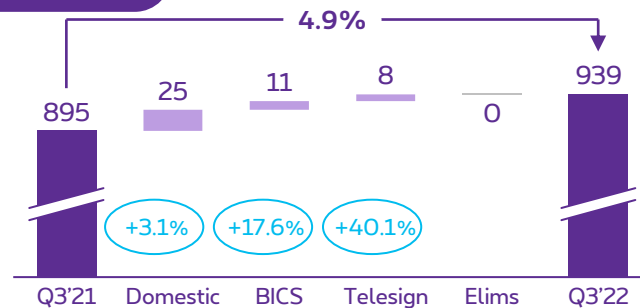
Strong revenue & Direct Margin growth for all segments.

Revenue

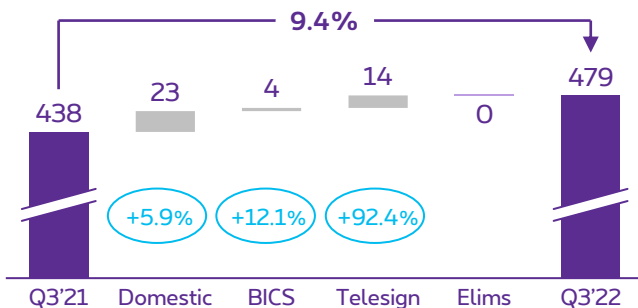
(underlying, €M)



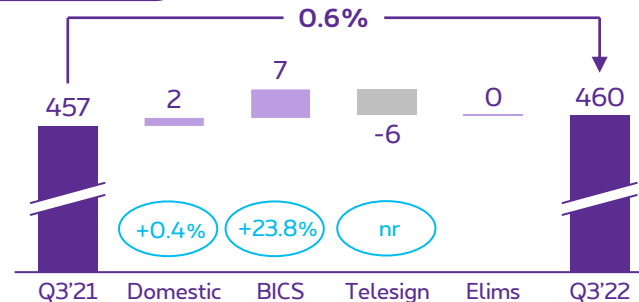
Direct Margin



Opex



Ebitda



Delivering on our #inspire2022 strategy



Build the best
GIGABIT NETWORK
for Belgium



Operate like a
“**DIGITAL** native”
company



GROW PROFITABLY
through partners
& ecosystems



Act for a
GREEN and
digital society

Product superiority leaps forward by 10 Gbps

La Fibre 10 Gbps*

* By far the fastest network in Belgium

Introducing 10 Gbps across 5 cities

Nation-wide upgrade by summer 2023

Network was built 10 Gbps ready

Continuously improving product portfolio, supporting strong NPS trends for all brands

Contact center volumes c. -10% down YoY



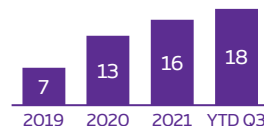
Launch of 10 Gbps Fiber offer

Proximus Pickx will broadcast the new season of 'The Handmaid's Tale', exclusively on Pickx+

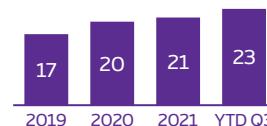


Disney+ now available as a separate TV option & permanently included in the TV options Pickx All Stars and Pickx All Stars & Sports

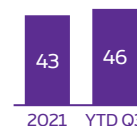

proximus
Convergent




scarlet




MOBILE VIKINGS



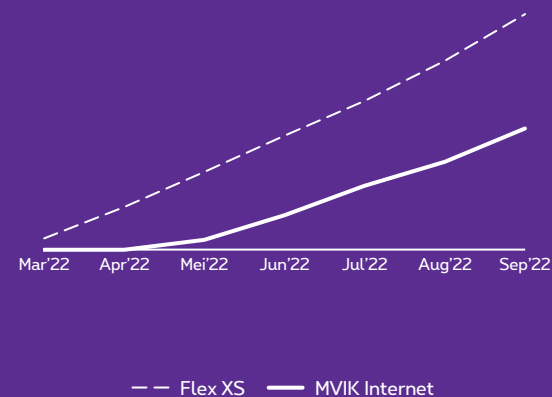
Skinny offers successfully addressing evolving needs of certain customer segments

BB + Mobile
Budget family-offer



Mobile Vikings bringing
Fixed Internet offer to the
Belgian market

Uptake of skinny offers
within the Proximus family



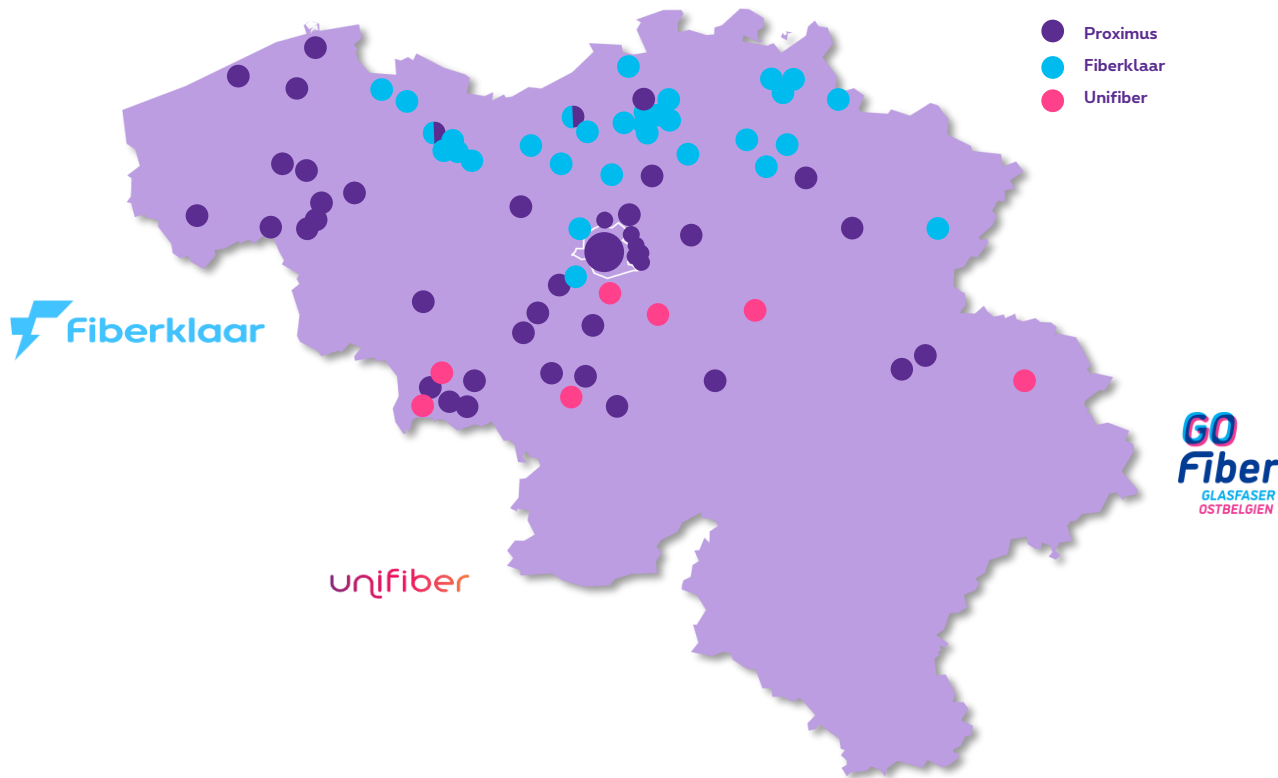
19% fiber coverage end-September, well on track to meet year-end target of 22%



77
Cities

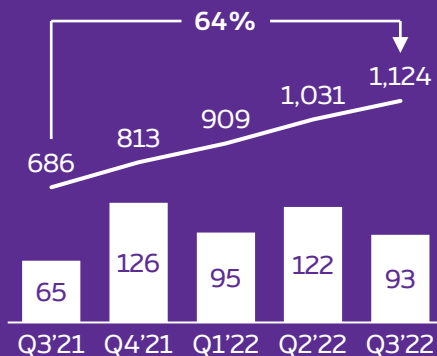
22%

Fiber coverage
target
end-2022

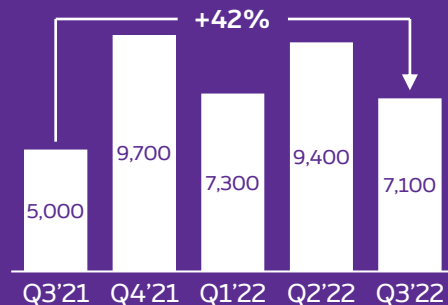


1,124M Fiber Homes Passed end-September, +93K added during summer holiday period.

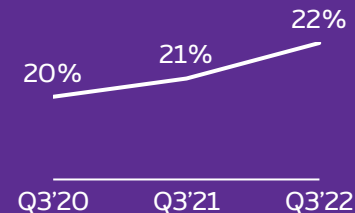
Fiber Homes & Businesses
Passed
(in K)



7.1k
weekly rollout
(rounded, HP)

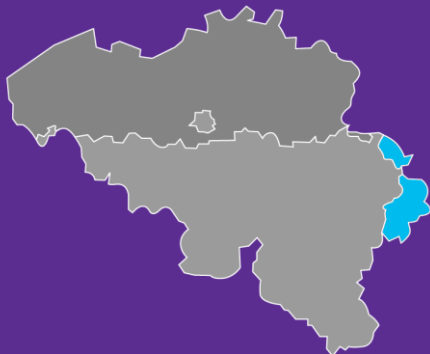


22%
Network filling rate*



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

Fiber deployment in the German-speaking Community through PPP



GO Fiber
GLASFASER
OSTBELGIEN

50%
-2 shares

1 share

50%
+1 share



proximus

Ostbelgien



ethias

- ✓ Shareholder
- ✓ Customer
- ✓ Services

PPP

PPP - Ethias, GSC & Proximus:
"Glasfaser Ostbelgien company", brand name "GO Fiber"

Roll-out

Ambition to cover c. 40K LUs (nearly all premises)
Build to start in 2023 until 2026

Funding

€ 130-140M funding need of which

- € 40M of subsidies (European recovery plan funds); support of €1000/HP
- remaining through PPP Construction loan (c. 70%), non-recourse.
- Equity injections of both parents

Technology

P2P technology through massive **aerial deployment** using electricity poles

Ownership

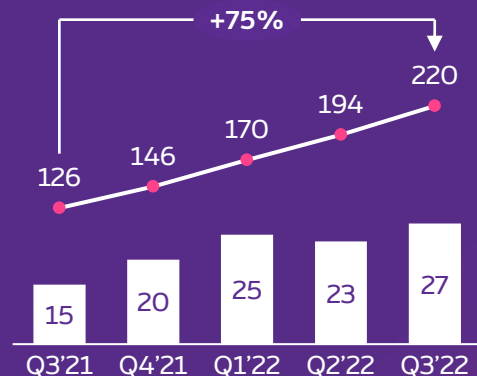
Proximus **minority** shareholder (50%-2 shares; off balance sheet)
> 10 yrs Prox call option to gain control (3 shares up to 25%, nominal value)

Next steps

Subject to EU approval, expected before year-end

Strong customer demand for Fiber: 220k activated Fiber lines end Q3

Fiber park & net adds*
(in K)



Increasing Fiber share
in total acquisitions



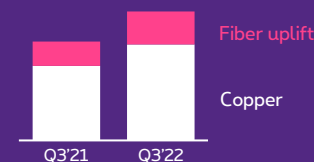
Lower churn
levels



68%

Migration rate
(1 year post
commercial launch)

ARPC in € (Res)



*Residential + Business, incl. new & migrated customers

Innovative 5G network slicing successfully tested

New important milestone in our ambition to build the best network for Belgium and bring next-generation experiences to our customers



Proximus one of the first operators worldwide to successfully test the simultaneous creation of different network slices on a single device.

Network slicing will result in substantial benefits for consumers, enterprises, industry and society.

A large, stylized "5G" graphic composed of glowing, multi-colored lines (purple, blue, green, and yellow) that form the letters. The graphic is set against a background of a city skyline at dusk or dawn, with a prominent church spire visible on the left.

Net-Zero targets scientifically validated by SBTi

1st large Belgian company and the 3rd telco worldwide



Net-Zero
greenhouse
gas emissions
by 2040

More info:
proximus.com/esg

Targets validated by the SBTi (Science Based Targets initiative)

Overall

- ✓ Net-zero greenhouse gas (GHG) emissions across the value chain by 2040

Near-Term

- ✓ Reduce absolute the scope 1 GHG emissions by 95% by 2030*
- ✓ Continue sourcing 100% renewable electricity annually until 2030
- ✓ Reduce absolute scope 3 GHG emissions by 60% by 2030*

Long-Term

- ✓ Maintain a minimum of 95% absolute scope 1 and 2 GHG emission reductions by 2030 through 2040*
- ✓ Reduce absolute scope 3 GHG emissions by 90% by 2040*

*from a 2020 base year

Financial & Operational performance

Domestic

Growing Internet & Mobile base.

Emerging trend towards products with no TV subscription reflected in a changing acquisition mix.



Internet base **2,207K**;
+ 44k YoY
+2.0% YoY



TV base **1,718K**;
+ 11k YoY
+0.6% YoY



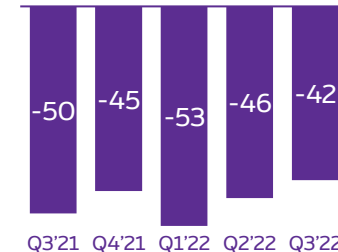
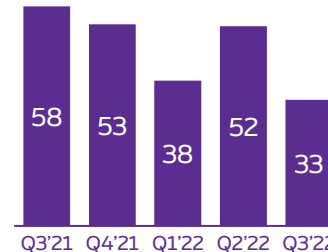
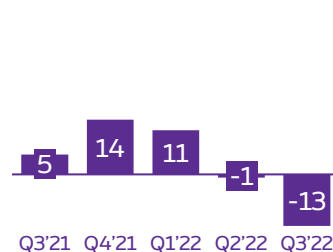
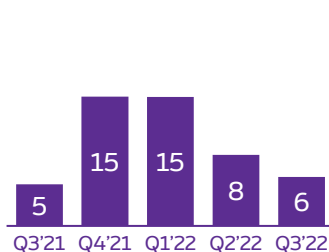
Postpaid

Postpaid base **4,775K**;
+ 177k YoY
+3.8% YoY



Fixed Voice **1,863K**;
-186k YoY
-9.1% YoY

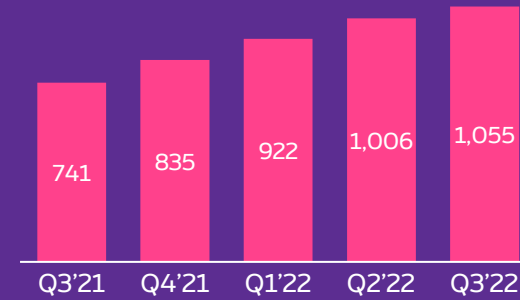
Net adds; Group ('000)



Flex convergent offers at 1,055K subscribers.



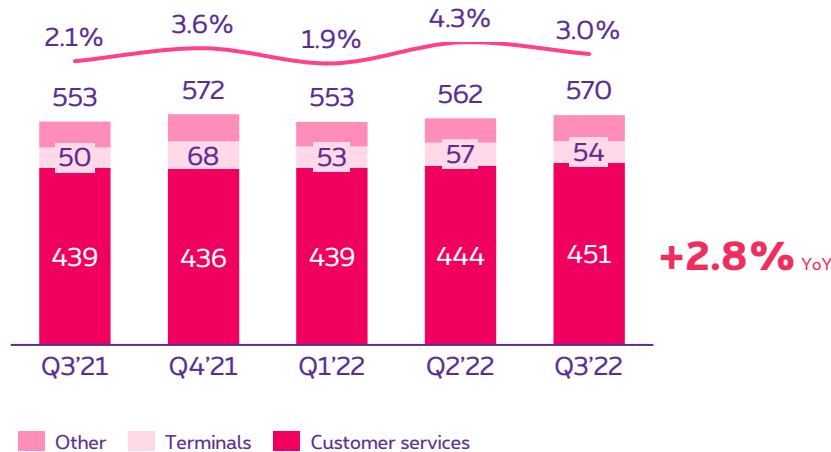
Flex subscriptions* (in K)



*Number of Flex packs include both Residential & Business Customers

Residential revenue Q3 +3.0%, including +2.8% for Customer Services Revenue

Residential revenue (€M, YoY)

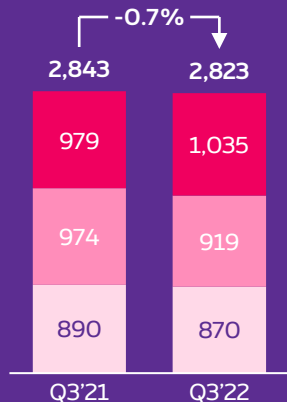


- Inorganic contribution Mobile Vikings fully annualized
- Customer Services revenue growth sequentially improving from +1.6% organic in Q2
 - ✓ Convergent Customer growth
 - ✓ Pricing optimization

Residential customer services revenue +2.8% YoY, with ARPC up +3.5%

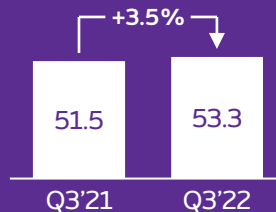
Customers (in K)

Growing Convergent base,
+**12,000** net adds in Q3 or +**5.7%** YoY



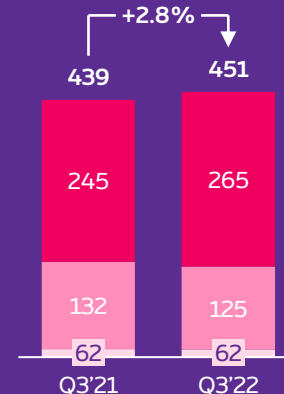
ARPC (overall, €)

Supported by Jan'22 & May'22
price indexation & upsell to
convergent offers.



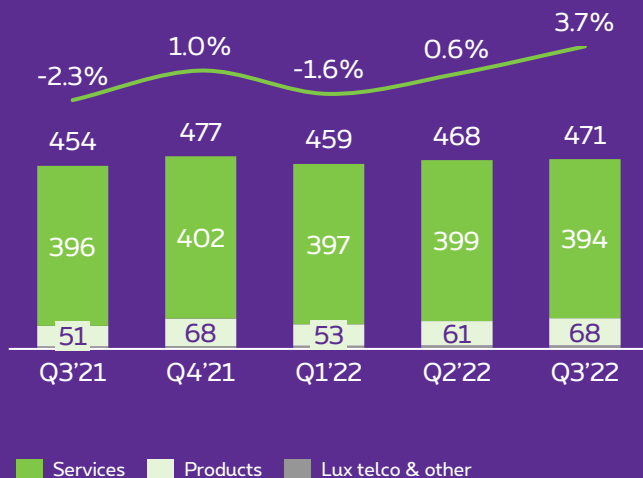
Customer services revenue (in €M)

Incl. +**8.1%** Convergent revenue



Q3'22 Business revenue +3.7%, Including strong IT products revenue and well managed services revenue

Business revenue (€M, YoY)



Q3 results

Services revenue -0.6%,
growth in Fixed Data and Mobile off-set by Fixed Voice erosion.

Products revenue +34.4%,
driven by IT product growth +45.8%.

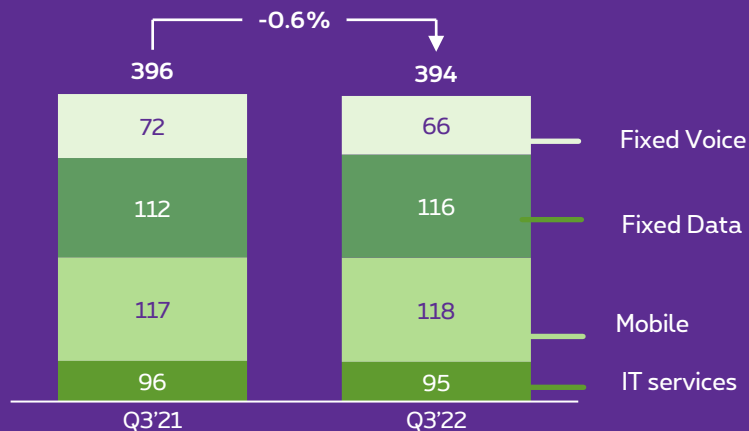
Customer wins*



*limited to those with customer's consent

Continued B2B transformation with good momentum in Fixed Data, balancing competitive pressure and legacy erosion

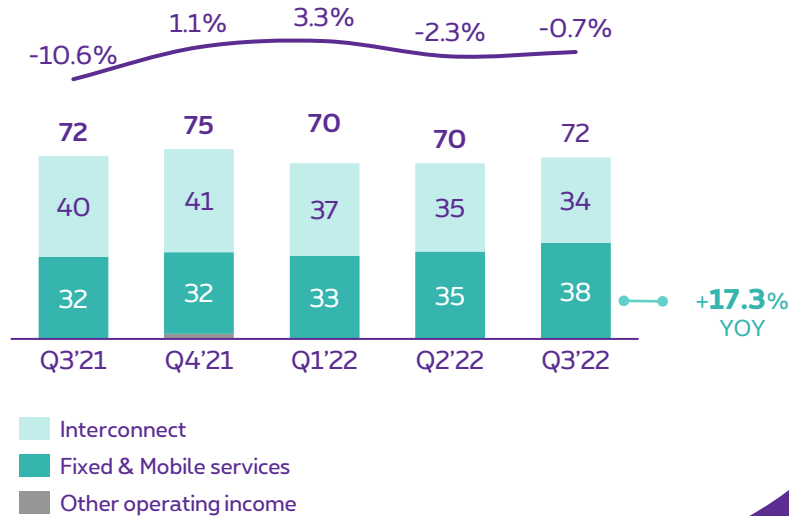
Business Services revenue (€M)



- **+3.9% Fixed Data** - Internet supported by pricing, while managing value in the transition to SD-WAN services.
- **+0.8% Mobile** - supported by growing customer base & roaming.
- **-1.1% IT Services** - Growing recurring IT services offset by less one-shot revenues.
- **-9.0% Fixed Voice** - continuing eroding FV park & comparable base normalizing from Covid-19 tailwind.

Wholesale continued positive track for Services revenue, benefitting from open network approach

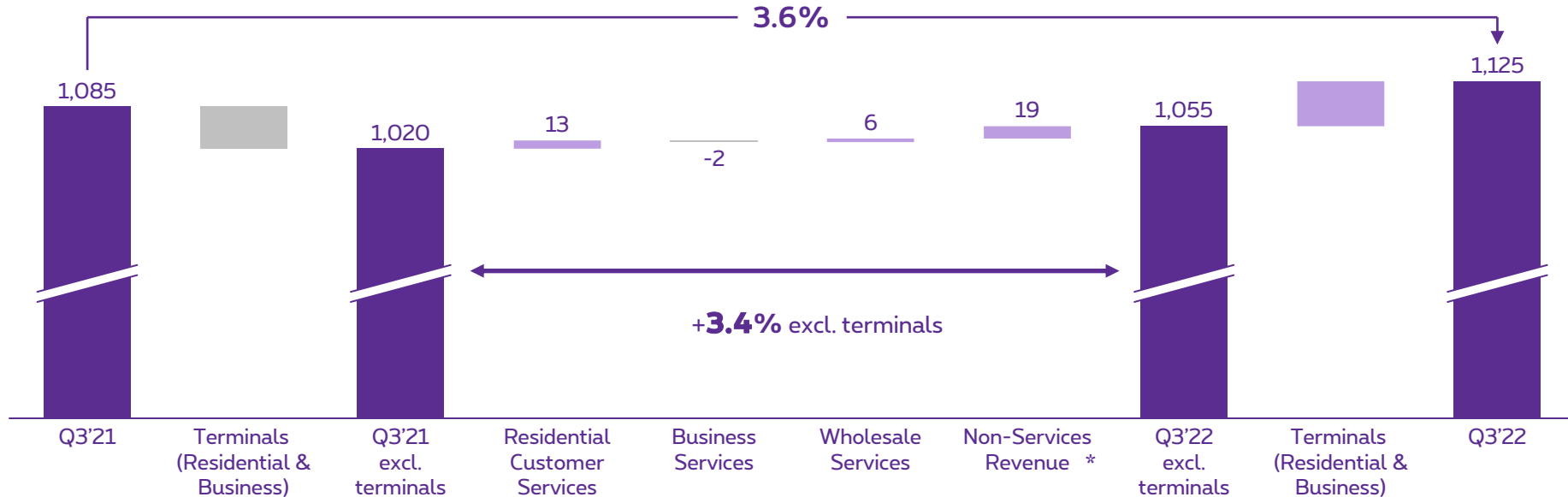
Wholesale revenue (€M, YoY)



- **Fixed & Mobile Services revenue +17.3%:**
 - ✓ rising number of MVNO customers,
 - ✓ more roaming revenue
 - ✓ increasing JV services revenue
- **Interconnect revenue -15.2%,** reflecting the ongoing decline in traditional messaging revenue & regulation impact

Sustained domestic revenue growth, accelerating to +3.6%YoY excl. terminals +3.4%

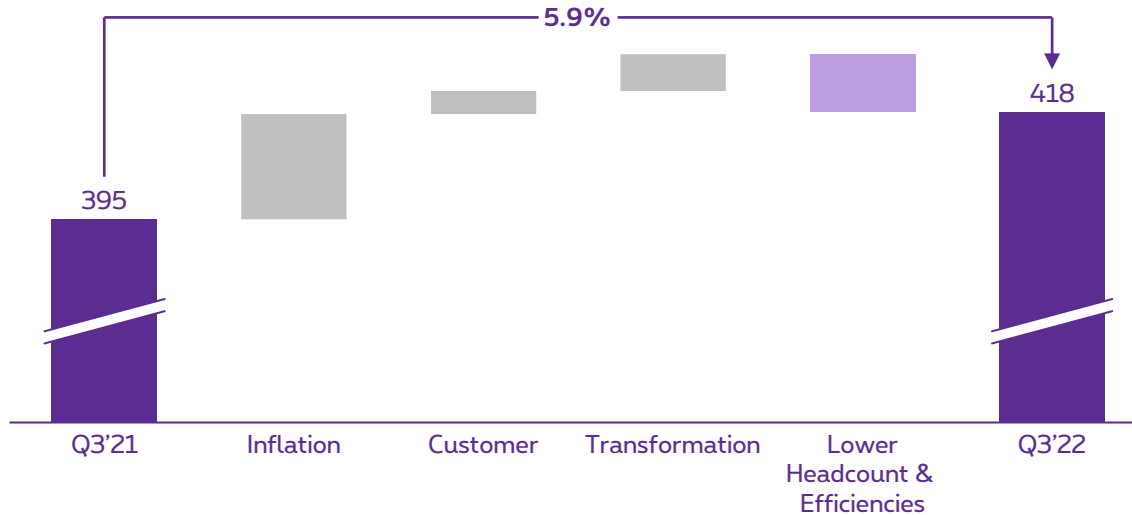
(underlying, €M)



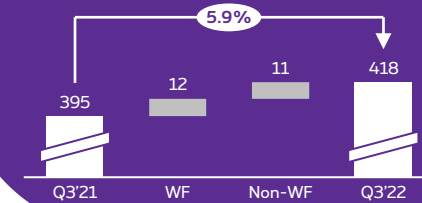
* Aggregate of Residential Prepaid, Business IT products, Wholesale Interconnect, Lux. Telco, Others revenue & Other Operating income revenue

Inflationary impacts, customer and transformation costs partially off-set by cost efficiencies

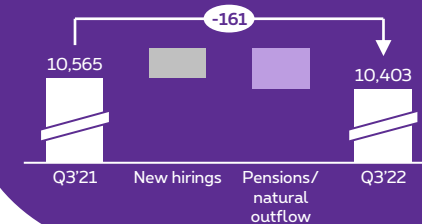
(underlying, €M)



Domestic Opex (€M)



Domestic headcount (FTE)

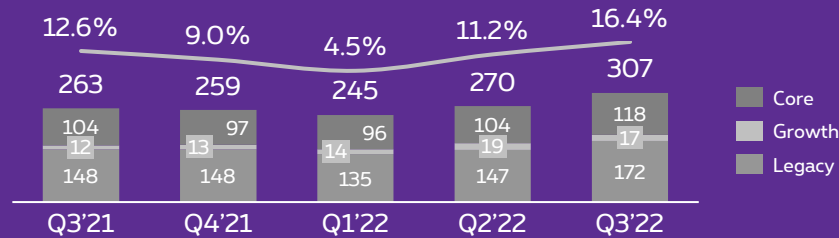


- The Opex graph represents a management view.
- Inflation mainly including wage indexation (Oct'21/Feb'22/Apr'22/ Jun'22/Sep'22)
- Customer Opex including Direct, Customer related & Other Opex

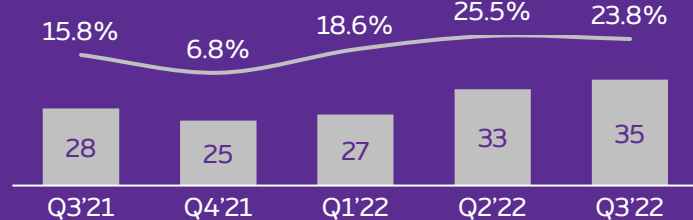
International

BICS continued strong EBITDA growth, +23.8% in Q3

Revenue (€M, YoY)

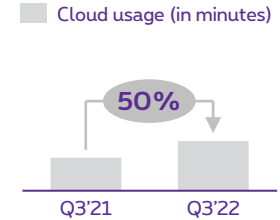
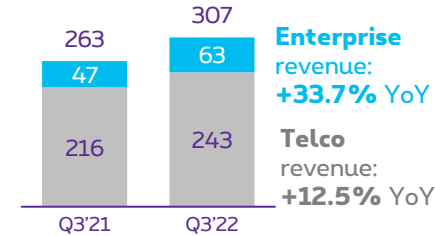


Ebitda (€M, YoY)



BICS revenue +16.4% YoY

- **Core +13.4%**
Increased post-Covid-19 traveling
- **Growth +44.3%:**
Strong cloud communication
- **Legacy: +16.2%**
Summer travel catch up & favorable destination mix



Strategic partnerships secured in Q3:

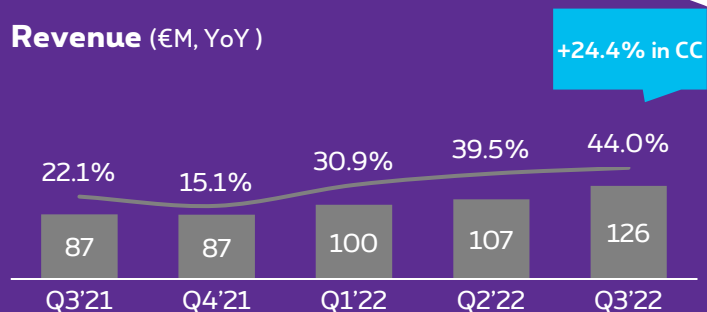


THALES

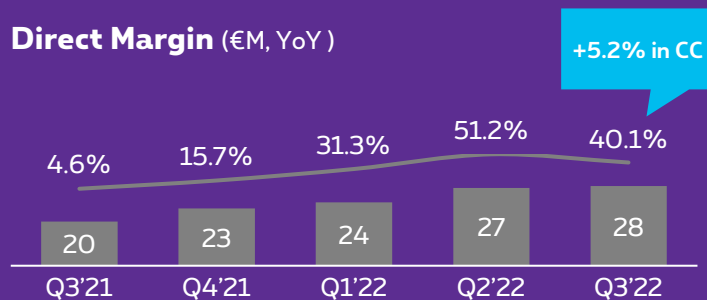


Telesign Q3 revenue +44.0%, representing another milestone in its growth journey.

Revenue (€M, YoY)



Direct Margin (€M, YoY)



Q3 DM trending better than initial '22 growth plan

- **Digital Identity** revenue & DM increasing on strong volume growth (new & existing customers)
- **Communications** revenue & DM increasing on price increase in certain markets & favorable currency movements.

Keeping
high NRR*
of **122%**

18% YoY
Cumulative
volumes**

+89% YoY
Sales bookings

Q3 EBITDA -1M€

incl. increased investments in R&D and Go to market

Telesign gained recognition from leading industry analysts:

Gartner

FORRESTER®











S&P Global

* Net Revenue Retention

** adjusted for volatility within Telesign's communication business in India

Group

Multiple safeguards in place to manage inflation, challenges being actively monitored.

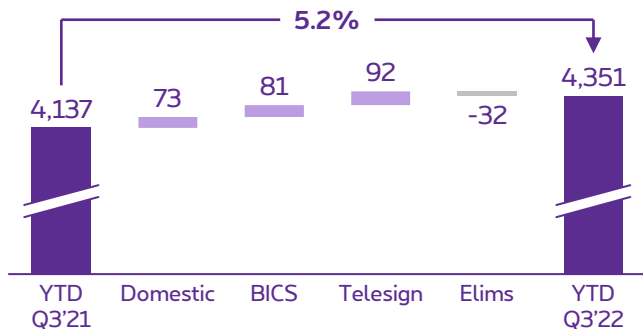
		As % of rev.*	Mitigation actions
	Revenue		<ul style="list-style-type: none"> Pricing Optimization / Value Management
	Opex - Energy		<ul style="list-style-type: none"> Energy: 2022 c.100% hedged & 2023 >90% hedged with average price level < 160€/MWh**.
	Opex - WF costs		<ul style="list-style-type: none"> Consumption reduction program 400M€ Gross cost savings program Continued strong focus on Internal & External workforce
	Capex		<ul style="list-style-type: none"> 2022: Inflation impact managed in total Capex envelope Long duration fixed Proximus fiber contracts Continued focus on effectient capex deployment
	Finance costs - Interest rates		<ul style="list-style-type: none"> >99% of the outstanding LT debt is at fixed rate Refinancing of 2024 & 2025 bonds hedged in Q1 2022 at low interest rates

*Based on 2021 figures

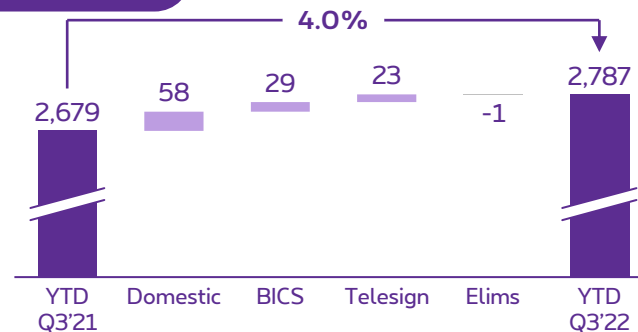
**Commodity price

YTD Domestic Revenue & Group EBITDA outperforming

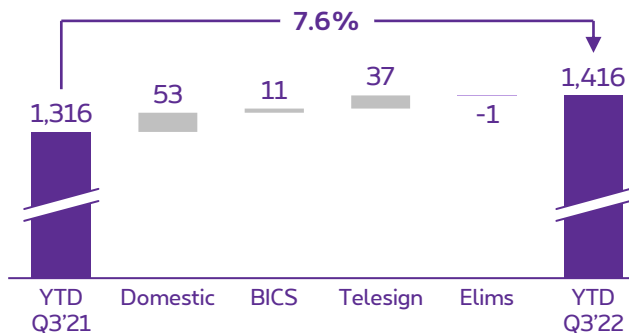
Revenue



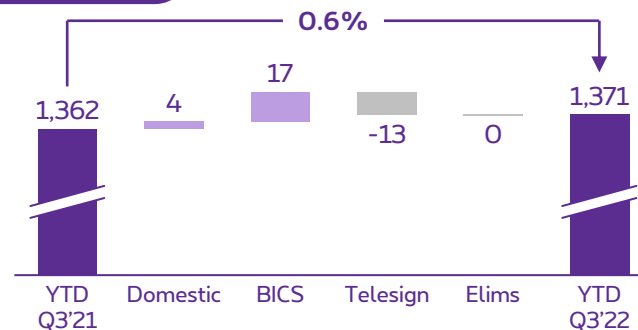
Direct Margin



Opex



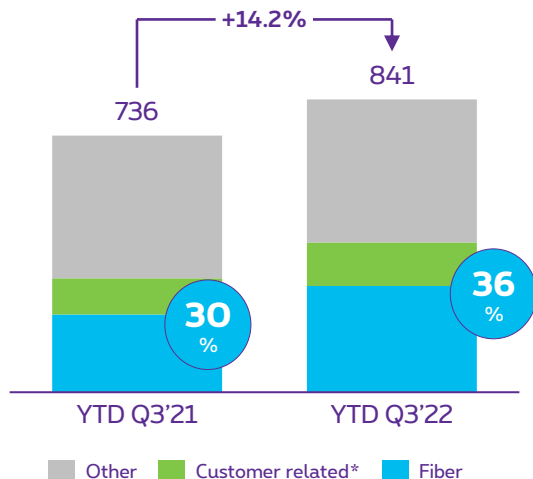
Ebitda



Capex tracking on plan, with year-to date €841M.

Group Capex

€M, excl. spectrum & football rights

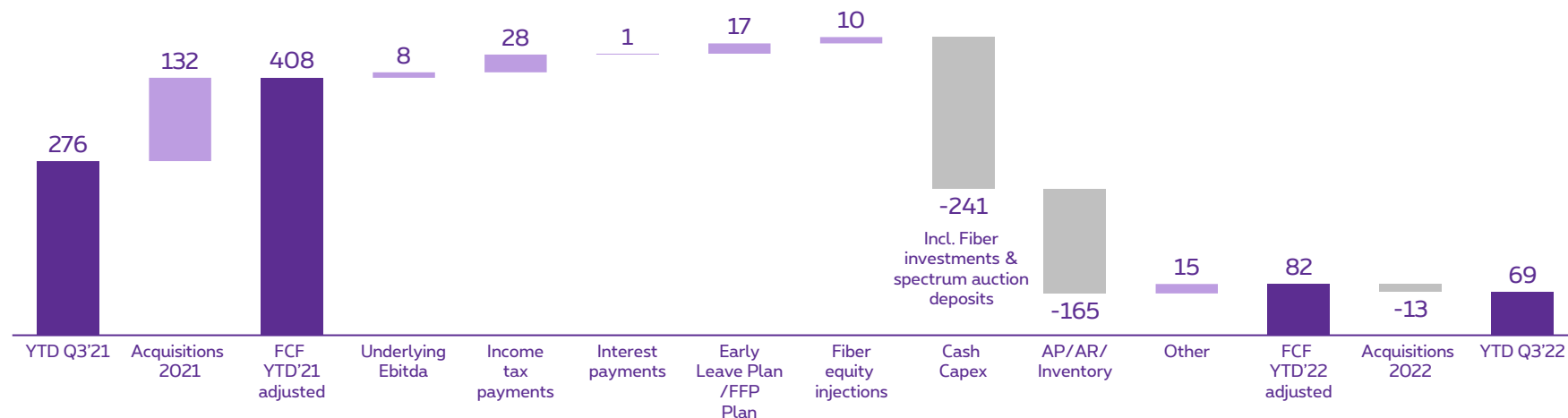


- Strong YOY increase in Proximus **Fiber HP**
- Increase in Fiber customer **termination and activation cost**
- **IT**-transformation and Digitalization
- Ongoing implementation of **Mobile network consolidation**.

* Customer capex related to customer equipment (Modems, Decoders, Wi-Fi repeaters...) and termination & activation CAPEX for Fiber and Copper customers

YTD FCF reflects accelerated Fiber investments and unfavorable YoY evolution of BWC

(€M)



- 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
- Early leave plan refers to voluntary early leave before retirement and FFP plan to the Fit for Purpose transformation plan
- FCF includes the lease payments
- Other: aggregate of smaller items
- Acquisitions incl. M&A related transaction costs

2022 outlook

Raising Domestic revenue guidance; Group EBITDA to be at upper-end of range.

Guidance metrics	Outlook FY 2022	Revised Outlook 29 July 2022	YTD Sep. 2022	Revised Outlook 28 October 2022
Underlying Domestic revenue excl. Terminals	Growing up to 1% YoY	Growing by 1%-2% YoY	+2.5% YoY	Growing around +2% YoY
Underlying Domestic EBITDA	Growing up to 1% YoY	Upper range of 'Growing up to 1% YoY'	+0.3% YoY	Reiterating Upper range of 'Growing up to 1% YoY'
Underlying Group EBITDA	Around -1% YoY	Growing up to 1% YoY	+0.6% YoY	Upper range of 'Growing up to 1% YoY'
Capex (excl. Spectrum & football rights)	Close to € 1.3Bn	Reiterating 'close to € 1.3Bn'	€ 841M	Reiterating 'close to € 1.3Bn'
Net debt / EBITDA	Around 1.6X	Reiterating 'around 1.6X'	nr	Reiterating 'around 1.6X'

Shareholder return

Annual gross dividend over result of **€ 1.2/share**, in line with announced 3-year dividend policy (2020-2022).

Interim dividend of gross **€0.50/share** payable 9 December 2022.



Save the date:

Capital Markets Day

Monday 16 January 2023

Q&A

Join the conference call:

Dial-in UK	+44 20 7194 3759
Dial-in USA	+1 646 722 4916
Dial-in Europe	+32 2 403 5816

Code 17629917#

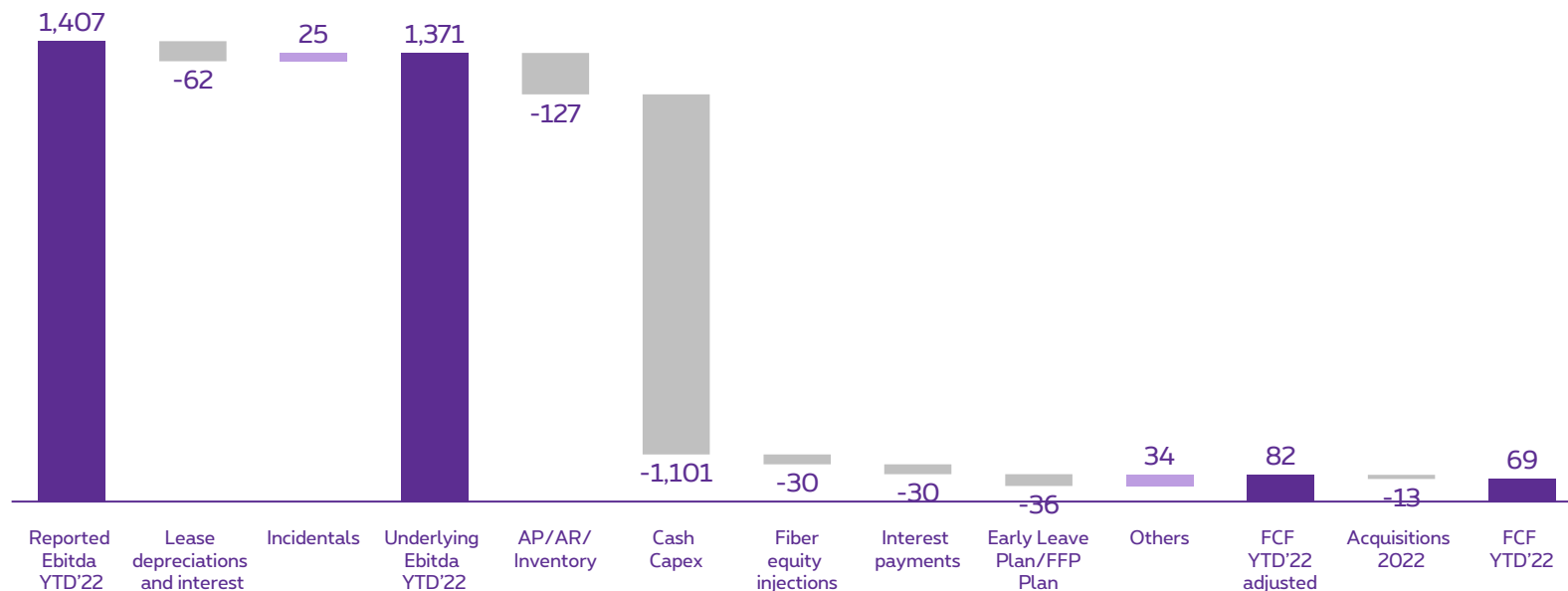
Appendix

From reported to underlying

(EUR million)	GROUP Revenue		GROUP EBITDA		GROUP Revenue		GROUP EBITDA	
	Q3 '21	Q3 '22	Q3 '21	Q3 '22	YTD '21	YTD '22	YTD '21	YTD '22
Reported	1,401	1,511	466	469	4,138	4,355	1,403	1,407
Adjustments	-1	-1	-9	-10	-1	-4	-40	-37
Underlying	1,400	1,510	457	460	4,137	4,351	1,362	1,371
Adjustments	-1	-1	-9	-10	-1	-4	-40	-37
Lease Depreciations			-20	-20			-60	-61
Lease Interest							-1	-1
Transformation			3	9			5	19
Acquisitions, mergers and disposals	-1	-1	2	2	-1	-4	10	7
Litigation/regulation			6				6	-1

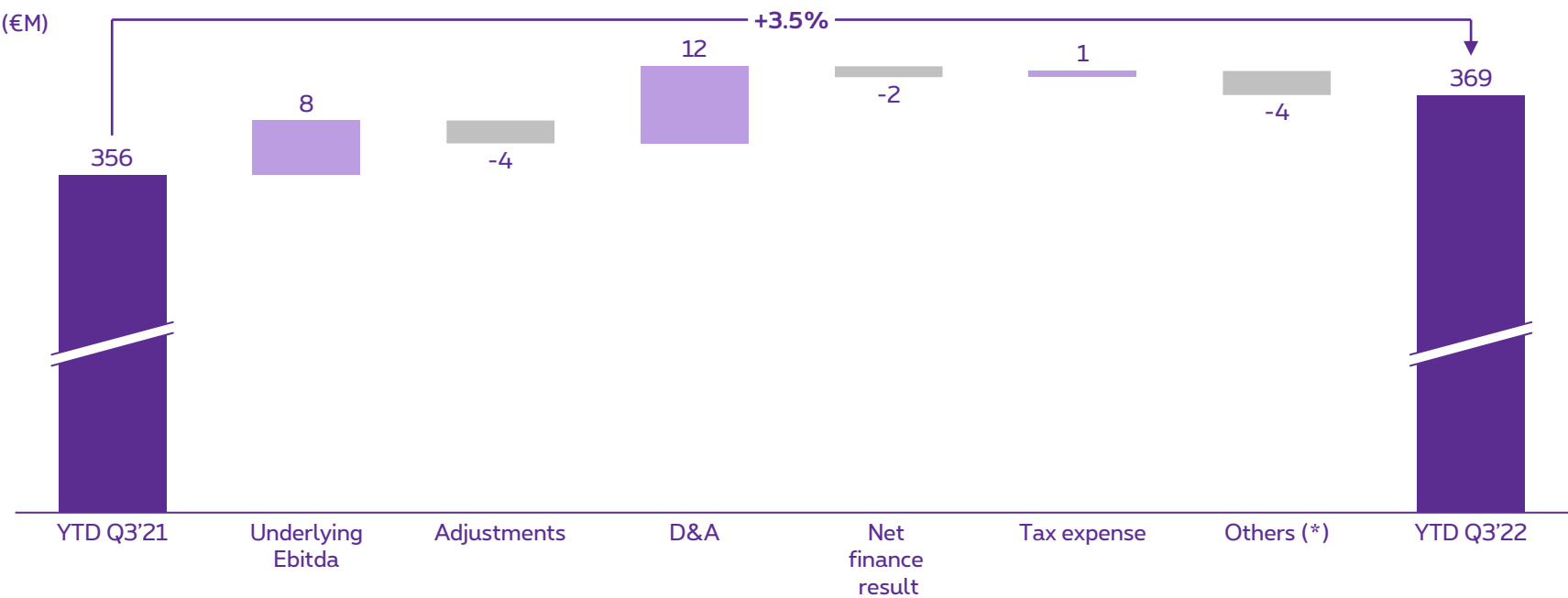
EBITDA conversion to FCF

(€M)



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

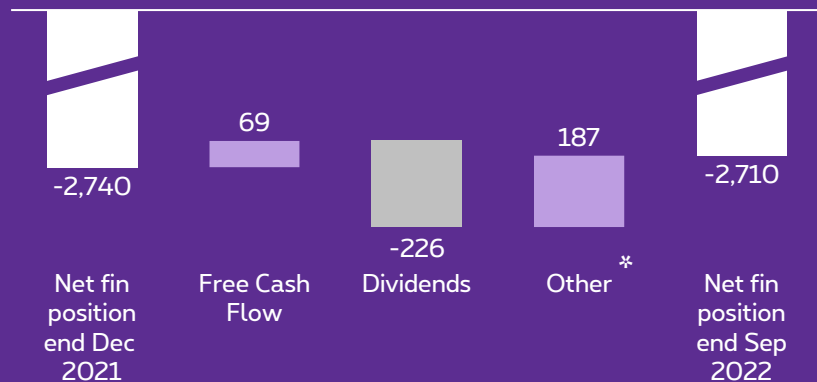
Net income (Group share)



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

Proximus continues to manage a sound financial position

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



Credit ratings

S&P A- (stable outlook)
Moody's A1 (stable outlook)

1.64 %

Weighted average coupon
(long-term only)

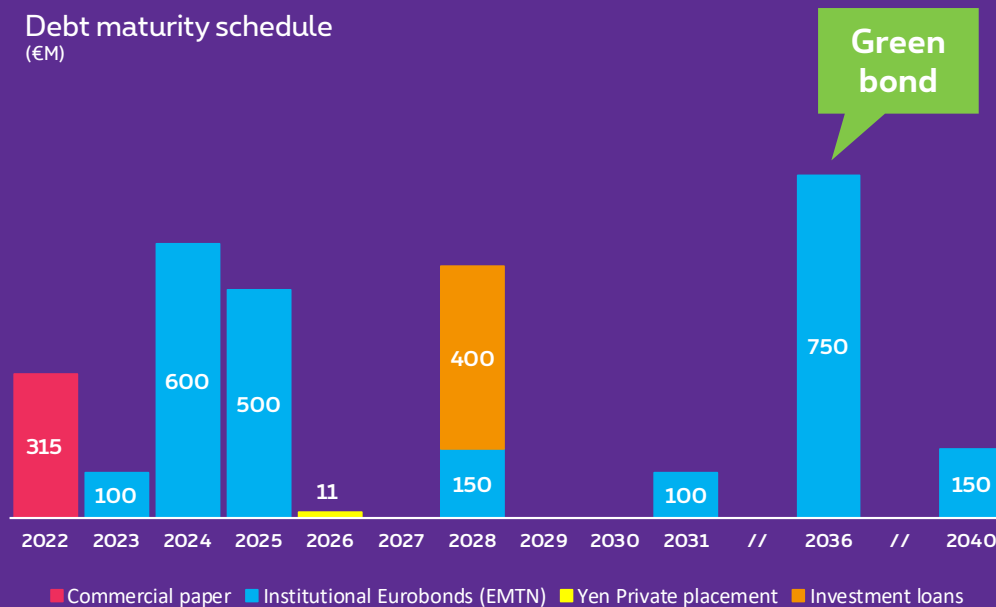
7.2 Yr

Weighted average debt duration
(long-term only)

* Mainly remeasurement to fair value of cash flow hedge instrument for future LT debt

... and secured its long term debt

Debt maturity schedule
(€M)



- **>99%** of the outstanding LT debt is at fixed rate
- Refinancing of **2024 & 2025 bonds** hedged in Q1 2022 at low interest rates.

Shareholder structure

Status 30/09/2022

Total number of shares

338,025,135

Free-float

42%

Belgian Government

54%

Market Capitalization

~€ **3.4Bn**

Dividend yield

~**11.3%**

	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%	56.11%	55.99%	180,887,569	180,887,569
Proximus own shares	15,653,271	4.63%	0.00%	0.21%	0	693,702
Free-float	141,484,295	41.86%	43.89%	43.79%	141,484,295	141,484,295
Total	338,025,135	100.00%	100.00%	100.00%	322,371,864	323,065,566

The voting rights of all treasury shares are suspended by law. Proximus has 14,959,569 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%.

Contact Investor Relations



Call:

+32 2 202 82 41

+32 2 202 62 17



E-mail:

investor.relations@proximus.com



Proximus Investor
Relations website:

www.proximus.com/en/investors