

Proximus Capital Markets Day

proximus

Agenda

#inspire2022
Guillaume Boutin, CEO



The Gigabit Network for Belgium
Geert Standaert, CTO



Financial strategy & outlook
Sandrine Dufour, CFO



2.30 pm CET : Start Q&A

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Guillaume Boutin
Chief Executive Officer

proximus

Supporting our stakeholders through difficult times

Keeping people and businesses connected



Free mobile to fix and fix to fix calls



Unlimited fixed internet volumes



Free extra mobile data



Free TV content & push of educational programs

Cybersecurity action plans sent to business customers
Enabling remote collaboration with cloud based tools, incl. 6 months free Teams offer of Microsoft
Answering critical needs of business & public sector customers e.g. WiFi for screening points & field hospitals
Proximus network name on screens adapted to “StayHome Proximus”
Proximus Wi-Fi opened to non customers for pupils and students without Internet at home
Tablets and smartphones provided to hospitals and nursing homes
Partnership with Doctena (online doctors’ booking platform) to support video consultation

➤ Business continuity is ensured, with focus on critical sectors

Protecting our employees

Travel restricted, events cancelled and shops closed ahead of government decision
Critical teams split in 2 separate teams
More than 10.000 employees in homeworking
Only repair and urgent provisioning by field technicians
Supply-chain is operational and no delivery issues to date

High-quality networks providing strong support in exceptional conditions

Coping with strong usage increase



Fixed Voice
+50%



Mobile Voice
+60%
(extra traffic licences activated)



TV
+20%
PVR/Replay/VOD



Fixed Internet
+50%



Mobile data
stable



Netflix
+50%



Permanent monitoring of network stability and capacity and daily coordination with regulator

Contributing mobile location data insights

Project with the Minister of Health and the Minister of Telecom and other Belgian operators to use anonymized telecom data, combined with epidemiological data, to study population movements and help take decisions to contain virus spread.

Proximus performed well in previous years

Consistent

**delivery on
guidance**

Strong

balance sheet

with **1.7X** (S&P) average financial
leverage in 2019

Growing
customer base



+2%



+3%



+3%

Postpaid
excl. M2M

CAGR '16-'19 despite strong position in B2B and B2C

Stable dividend

€ 1.50

2017-2019

covered by Free Cash Flow

It is time for a step change in Proximus strategy



New investment cycle for networks

- Fiber, 5G and Edge computing offer **new leadership and growth opportunities**
- Gigabit networks **unlock innovation** and **increase efficiency**
- Clarification of Belgian **regulatory** framework for fiber wholesale prices



Digital (platforms) economy

- **Businesses** shift to virtualized & cloud services and embed digital tech in operations
- **Data-driven ecosystems** and business model innovation
- Battle for **customer ownership** and redefined customer experience standards



Changing face of competition

- Strengthening **local telco competition** in consumer and **even more in enterprise**
- Disruption by global hypergiants lead to **new coopetition models & local alliances**
- Prospect of gigabit networks returns attract **new players** (utilities, IT integrators...)



Societal responsibility takes center stage

- **Climate change** as major collective challenge
- Stakeholders demand **transparency & responsibility**
- Geopolitical tensions, fake news and privacy concerns push **local** governments to intervene

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Our purpose: opening up a world of digital opportunities so people live better and work smarter

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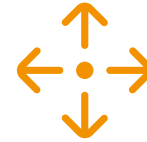
WE RAISE THE BAR AND COMMIT TO



Build the best
GIGABIT NETWORK
for Belgium



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



GROW PROFITABLY
through partners
& ecosystems



Act for
SUSTAINABILITY
& digital inclusion

EXECUTION EXCELLENCE WITH **FOCUS ON IMPACT**

OPTIMIZED **CAPITAL ALLOCATION** TO BOOST RETURN ON CAPITAL INVESTED

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Build the best
GIGABIT NETWORK
for Belgium

2.4M gigabit homes
enabled by Proximus by 2025
(iso 2030)

Undisputed
mobile leadership with **5G**

Open networks to grow
wholesale revenues



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

Top 1 or 2 telco **NPS**,
driven by superior user
experience, by 2022

-40% in
IT cost by 2025
with **legacy-free IT**

Train and attract best
Belgian **digital talents**



GROW PROFITABLY
through partners
& ecosystems

>€ 100M additional revenues
from new non-telco by 2022

>2.1M internet lines
(Consumer segment) by 2022

>3M unique
Proximus active monthly apps
users* by 2022

*including web apps



Act for
SUSTAINABILITY
& digital inclusion

Sustainability and circularity
embedded in
everything we do

Net positive CO2 impact
and truly **circular** company
by 2030

Support digital reskilling
of **1000+** Belgian job
seekers yearly

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STRATEGIC PILLARS

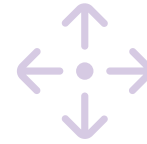


Build the best
GIGABIT NETWORK
for Belgium

1



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



GROW PROFITABLY
through partners
& ecosystems



Act for
SUSTAINABILITY
& digital inclusion

The most future-proof network for a digital Belgium

1

A unique **open** infrastructure

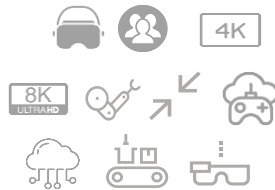
To offer the best speed...

10 Gbps
Ready Network

...and the lowest latency

45% better
Latency vs. coax

...enabling Network-as-a-service, with 5G and edge computing



Cornerstone of Proximus **long term returns**

Most **future-proof** infrastructure for long lasting **leading** position in Belgium

Open to **strategic partnerships** to optimize roll-out costs

Compelling economics through reduced operating costs and additional retail and wholesale revenues

For long-lasting benefits **for Belgium**

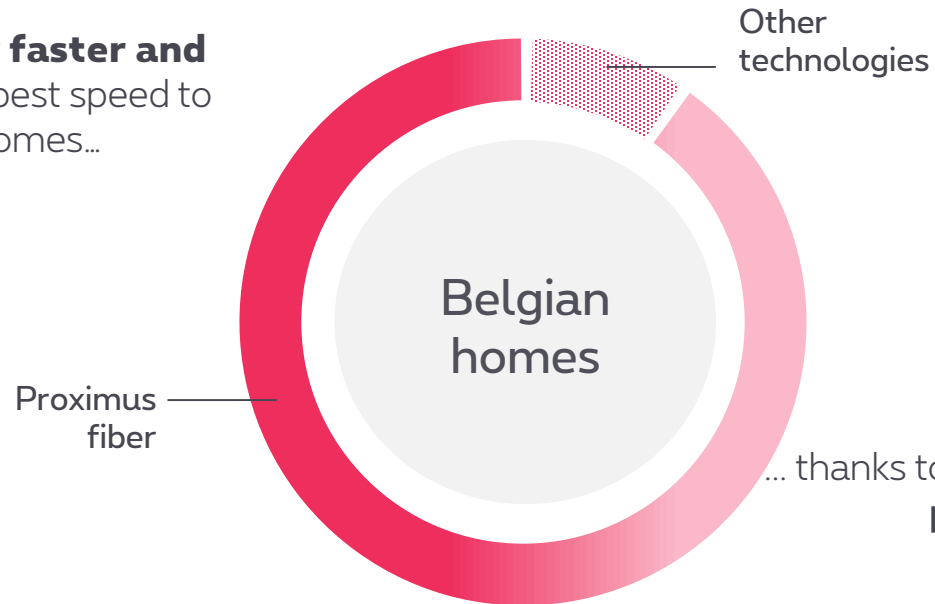
100% high speed Internet target

Catalyst for **local economy** and innovation

Thousands of **jobs** created

We accelerate fiber deployment and aim for broader coverage, with partners

We will **deploy fiber faster and smarter** to offer the best speed to most Belgian homes...



... thanks to our **synergetic investment partnership** models

Creation of a **Network Business Unit** reporting to the CEO to drive optimal value from invested capital and manage relationship with local partners

1

Our 5G ambition is to ...

1

...be the **first to launch a 5G** commercial service, supported by a substantial 5G coverage as from April 1st

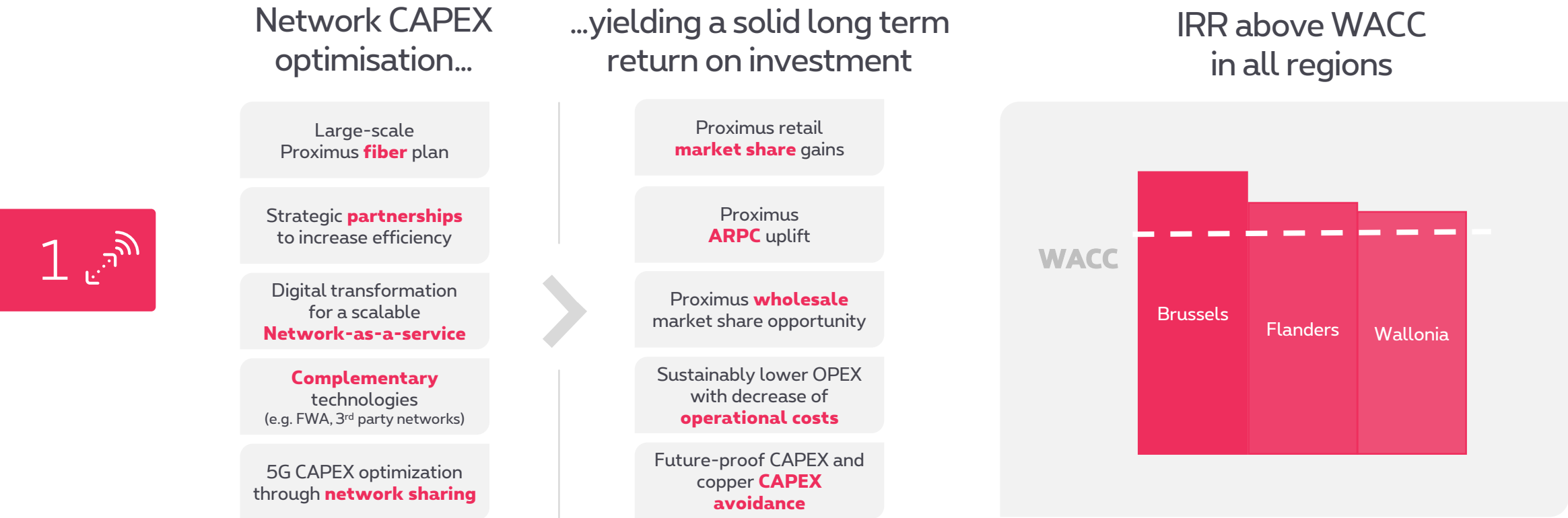
...bring a **full 5G gigabit experience** to our enterprise and residential clients, after the spectrum auction, by investing in a digital infrastructure to enable new services and use cases

...offer the **broadest 5G coverage in Belgium**, leading on all important 5G KPIs

...be recognized as the **go-to partner for 5G** products and services



A clear plan for gigabit connectivity for Belgium, generating an attractive return



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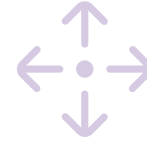


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Operate like a
“**DIGITAL** native”
company

2



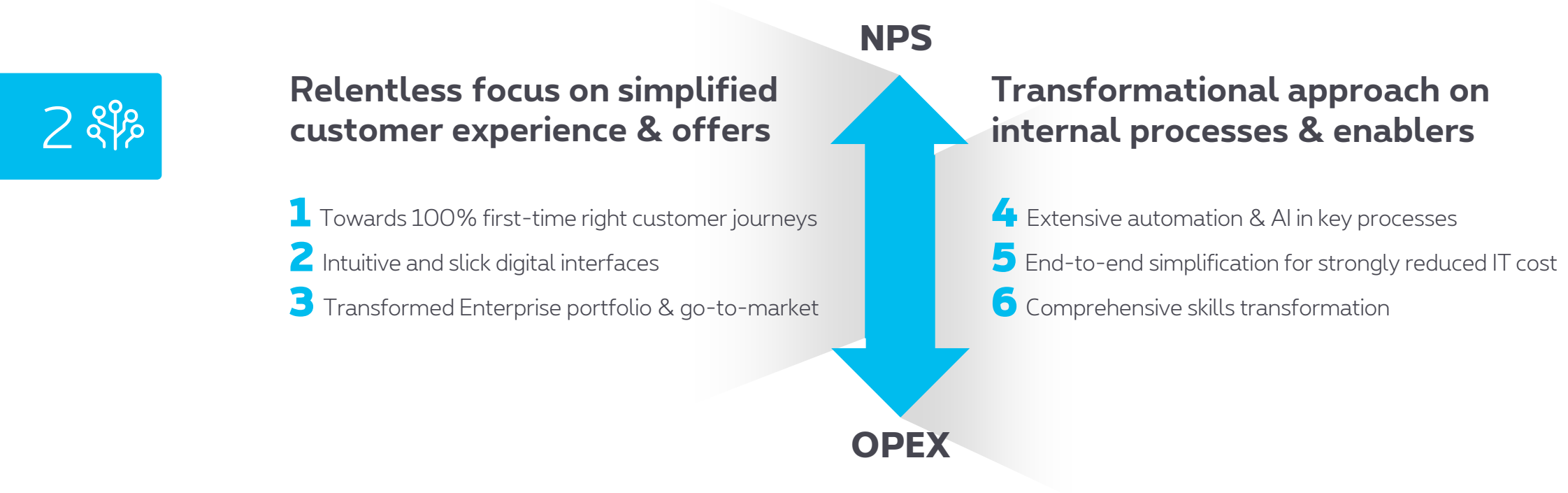
GROW PROFITABLY
through partners
& ecosystems



Act for
SUSTAINABILITY
& digital inclusion

A fundamental transformation of our operating model for structural efficiency gains and a better NPS

6 main transformation levers to grow our NPS, deliver -1%/-2% net indirect OPEX reductions p.a. by 2022 and bring higher efficiency beyond 2022:



Towards 100% first-time right customer journeys

2

Towards
**preventive and
proactive care**

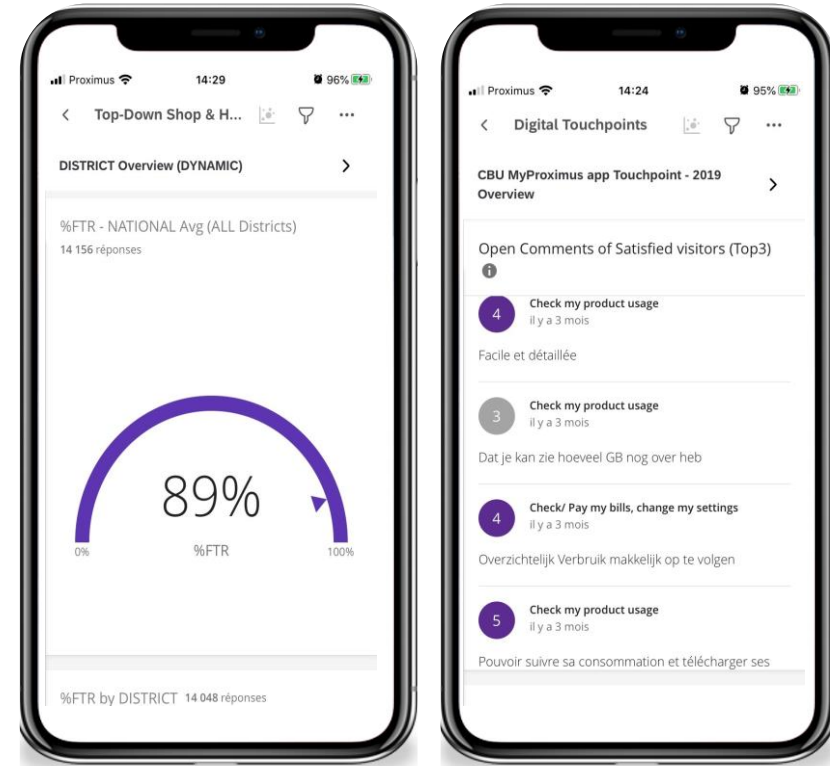
e.g. Wi-Fi improvement
recommendations
via MyProximus app

Towards
**digital-first
customer journeys**

e.g. 40% shops footprint
decrease by end 2021

Towards
**100% first
time right**

e.g. For complex demands, we are
piloting a new model of multi-skilled
autonomous teams providing end-
to-end solutions to clients, with
ambition to scale-up to all after-
sales service by 2022



qualtrics.^{XM}

Powered by **data and AI**

e.g. Already 60% of Next Best Offers in channels based on advanced analytics in 2019 – towards >95% by 2022

Intuitive digital interfaces for customer autonomy and satisfaction

Active monthly
MyProximus app users

2019 2022

1.2M 2M

Digital sales

18% 30%

Digital bills

40% 70%

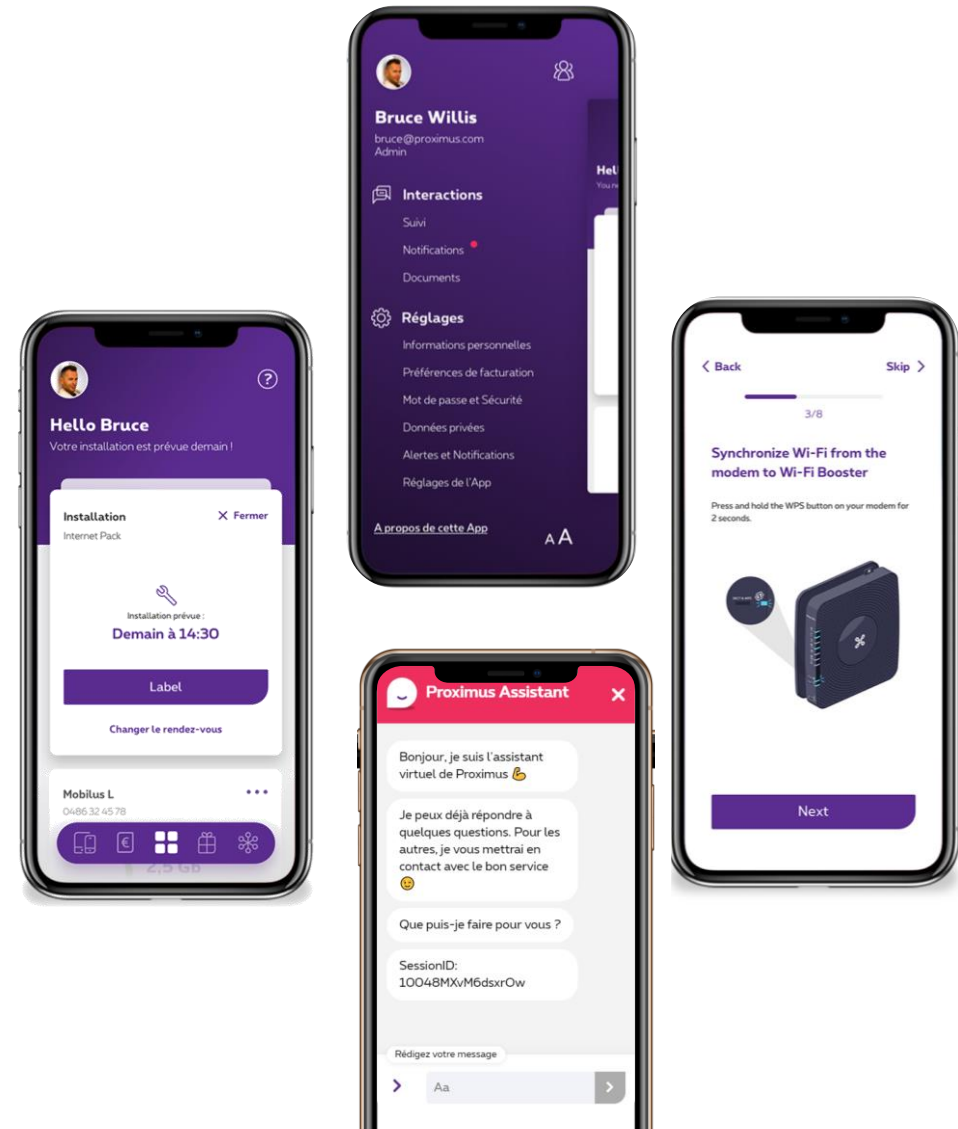
Digital self-service
interactions in Enterprise

2% 40%

Commercial & technical calls
incl. fiber migration impact

100 index -50%
vs 2019 base

CUSTOMERS ADOPTING OUR DIGITAL SERVICES
ALREADY SHOW A 29 NPS POINTS UPLIFT



Transformed Enterprise portfolio and go-to-market



Future-proof portfolio

Modular & templated solutions

Convergence telco & ICT

Pro-active move to next gen connectivity
(e.g. 60% top fixed data customers migrated to SD-x)

Top-tier in public and hybrid cloud

Top-tier in Cybersecurity

Next gen go-to-market



Segment-specific: from 6 to 12 segments

Opti-channel with x2 indirect channel reach and strong digital presence

Increased focus on mid-market

Strong partnerships

Co-creation with customers

Proximus Enterprise as a **smart integrator** a broad, segmented and modular next gen portfolio

2

Automation and AI leading to >€ 100M value as from 2022

Zoom on fixed
network in next slide

2 

Automation through machine learning in key domains

Network design and monitoring

Field services

Contact center operations

Customer Value Management

Energy consumption
(network & buildings)

Fraud & revenue assurance

Forecasting & logistics

Enabled by strong focus on data foundations

Data Governance: Proximus is
one of the most active customers
of Collibra

Data Quality: Thorough action
plan resulting a.o. in reduction of
50% of customer issues in
ordering chain in 2019

Data Architecture fully reviewed
in 2019 and implementation
started

Highest standards for **Data
Privacy** and consent management

Automation through bots in front-end and support functions

Scaling of Robotics Process
Automation in back-office and
support functions

Scaling of Chatbots in customer
front-ends

Introducing Robotics Desktop
Automation in front-ends

Gross OPEX savings, cost avoidance and extra revenue uplift

Example of our machine learning use cases in fixed network design, monitoring and repair



Proactively prevent issues from happening

Predict incidents weeks in advance based on sensor data
=> Continuous monitoring of customer lines with 500+ technical measurements



Predict best solution to solve a technical issue

Predict right type of technician for field intervention
Predict need for modem swap instead of field intervention
Predict incident location



Detect technical issues in real-time

Detect general power outage
Detect collateral damage in case of technician intervention
Early detection of network issues from customers' calls to call center



Guide fixed network investment decisions

Predict copper maintenance needs to guide fiber investments



Increase efficiency of supporting operations

Predict field intervention time
Control field interventions through image recognition
Improve call center routing

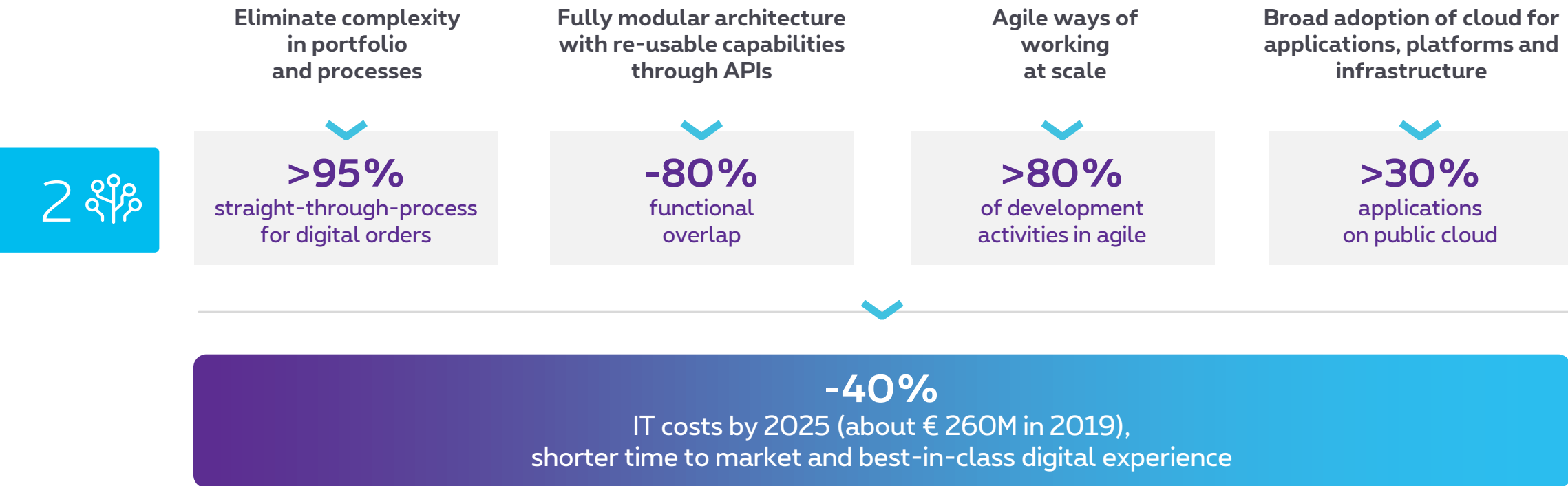
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Use cases already in production resulting in 2019 in:

- About 20,000 avoided interventions at customer premises
- 80-90% correct root cause prediction
- Improved customer experience by avoiding negative event
- Improved employee experience: better sense of control (better diagnosis) and less customer complaints to manage

Use cases starting or in Minimum Viable Product phase

End-to-end simplification drives strong reduction of IT costs



Comprehensive skill transformation effectively combining selected hiring, train the trainer and upskilling

Extensive capability building with a lot of upskilling and very selective hiring

2 

50+

Key experts will be hired in 2020 for critical roles like Ux designers, data governance experts, data scientists, cybersecurity experts, conversational UI experts, ...

2000+

Employees trained through train-the-trainer approach to spread new capabilities in agile, lean, design thinking and change management

€ 40M

Upskilling & reskilling budget increased to over € 40M in 2020 and 2021. 90% of employees followed at least one training in 2019 with average of 5 days/ employee /year.

100 +

Hours of training on targeted topics for certification in cybersecurity engineering, data engineering, network design, digital marketing, Ux design, data & analytics, cloud, etc.

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through partners
& ecosystems



Act for
SUSTAINABILITY
& digital inclusion

3

The largest telco customer base in Belgium and top apps as cornerstone for growth in Consumer

Growing Internet and mobile postpaid **customer base** in Consumer

Internet lines
(Consumer segment)

1.92M

>2.1M



2019



2022

Convergence rate

+7 p.p.



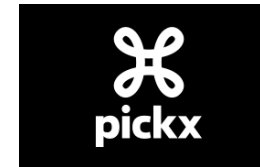
2019



2022

Fueled by strong brands, compelling segmented offers and fiber & 5G

Growing number of **unique app users**



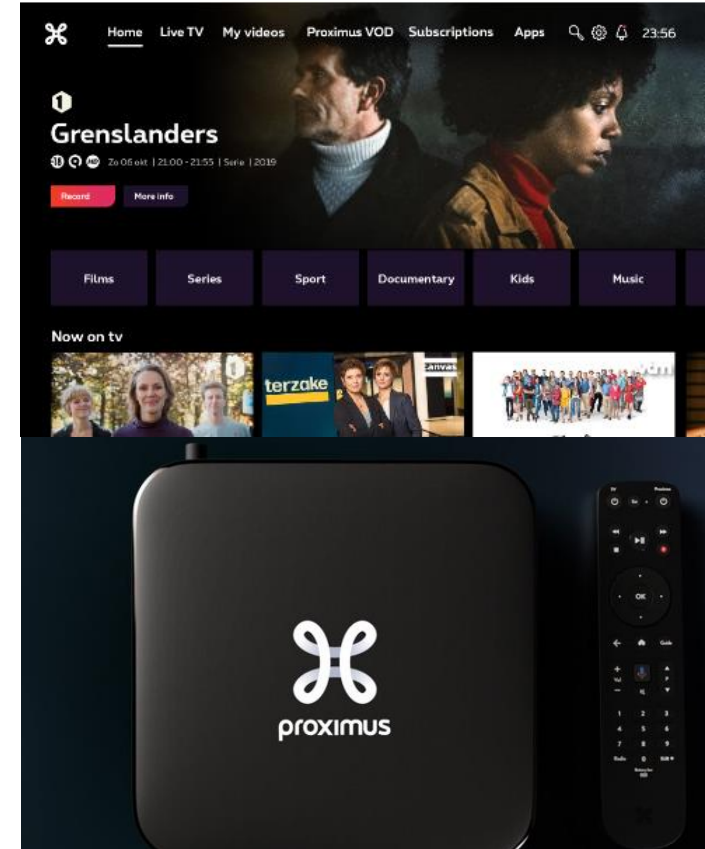
>3M users
by 2022



2M users
by 2022

Fueled by great user experience and new services for higher relevance and daily usage

Partnerships increase relevance for customers, and benefit local ecosystems



Partnerships open new sources of revenues for Proximus and its local partners



MyProximus app will evolve to play a central role in our users' lives

From **aggregation**

Standalone services

- Service 1
- Service 2
- Service ...

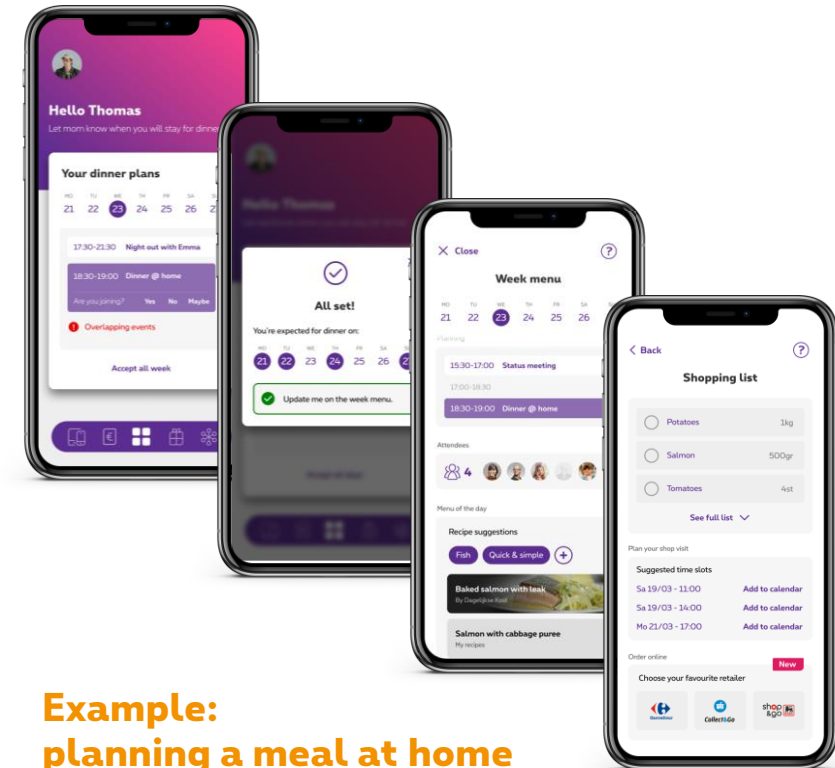
A **mobile application** to manage your **customer-relation with Proximus**, with a limited number of additional services

To **integration**

All-round experiences



An ecosystem platform that **plays a central role** in our users' lives, effectively connecting digital services in user-oriented experiences

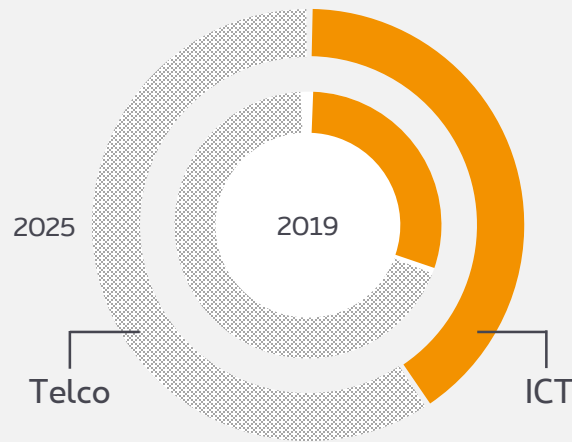


Example:
planning a meal at home

Shift to next-generation ICT to adapt to market value transfer to virtualized & cloud services (1/2)

Embracing the shift to next-gen ICT in Enterprise

Evolution of **revenue mix**
(Belgium, Enterprise segment)



Grow our technology **consulting** capabilities

Build **public cloud & edge** business and scale professional services on Microsoft Azure

Lead in the **cyber security** market

Develop new value streams leveraging **5G**

To be the **trusted partner** in digital transformation

Example of Brussels Airport

Strategic collaboration between Proximus and Brussels airport covering:



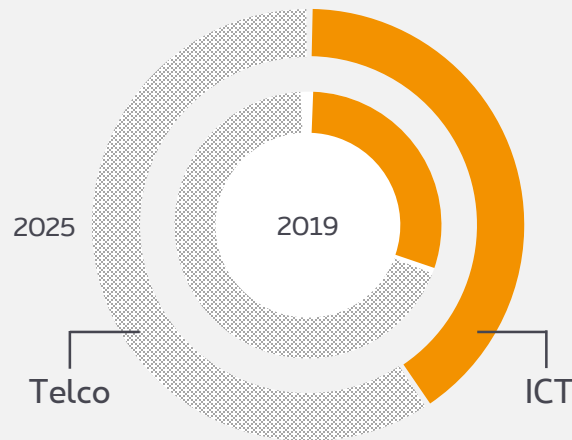
- ✓ **IoT solutions** to improve passenger experience and operational efficiency
- ✓ **End-to-end security solutions** (identity & access management, end-point security, etc)
- ✓ **5G indoor coverage** for passenger areas

“ The collaboration with Proximus will help us accelerate our digital development and provide new services to our clients, passengers and airlines. It is key for us to work with such a leading Belgian company as Proximus that offers supplementary expertise in areas that are highly relevant to the aviation sector. This partnership will accelerate our digital transformation ambitions and facilitate the development and implementation of integrated digital solutions. ”
Arnaud Feist, CEO Brussels Airport Company

Shift to next-generation ICT to adapt to market value transfer to virtualized & cloud services (2/2)

Embracing the shift to next-gen **ICT** in Enterprise

Evolution of **revenue mix**
(Belgium, Enterprise segment)



Grow our technology **consulting** capabilities

Build **public cloud & edge** business and scale professional services on Microsoft Azure

Lead in the **cyber security** market

Develop new value streams leveraging **5G**

One of the first operators in the world to launch Azure Edge computing



- ✓ Strengthening partnership in **cloud** (state of the art Azure Data Center), **security** (#1 Microsoft security solutions in Belgium) and **workplace** (O365 and Teams)
- ✓ Proximus becomes **Azure Expert Microsoft Service Partner**
- ✓ Proximus will embed **Azure Edge computing** in its network

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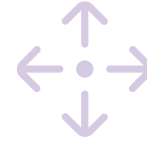
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Operate like a
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GROW PROFITABLY
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Act for
SUSTAINABILITY
& digital inclusion

4

Become a net positive & truly circular company by 2030



Already leading in sustainability

Carbon neutrality

- -70% carbon emission between 2007 and 2015
- **CO2 neutral since 2016**
- 100% electricity from renewables
- -30% energy consumption over past 10 years

Sustainable supply chain

- **100% vendors contracts containing** social, ethical and environmental **standards**
- CDP Supplier Engagement leader in 2019

Circular economy

- 87% of waste recycled, reused or composted
- **>336k modem and decoders refurbished in 2019**
- >31k mobile phones recycled in 2019

Raising the bar for a greener future

Net positive

- **-30% carbon emissions by 2025**
- **-10% indirect carbon emissions by 2025**
- Aiming for the first Belgian CO2 neutral supply chain
- Towards 100% green energy and fossil fuel phase out

Truly circular

- Become a zero waste company
- **Green network** with 100% recycling rates
- **Circular data centers**
- Phone recycling as a new normal – ambition to recycle min. 100,000 mobile phones in 2020

Embedding sustainability at the core of the strategy

Contribute to digital inclusion



Support alternative digital education

19

Founding partner
(15% students without secondary school diploma)



Founding partner of
Technobel Competence
Center, with Le Forem



Partner in digital education
program & start-up incubator

Make **digital** accessible to all

diggit

Reverse mentoring of seniors
by kids, school projects,
5000+ seniors trained



Partner, connecting sick
children with their class - used
by **1 in 4 schools**



100% of accessible devices
tested

Improve connectivity in **rural and white zones**

4G

99.6% 4G indoor coverage
end 2019

4G

100% 4G outdoor coverage
end 2019



79Mbps average fixed
internet speed on copper

Manage for impact, manage responsibly

MANAGE FOR IMPACT

Hands-on priority setting and impact tracking of 60 clearly defined workstreams

Disciplined capital allocation and cash flow management

Flatter organization and leadership coaching to instill new behaviors

MANAGE RESPONSIBLY

Social dialogue, corporate governance, compliance and business ethics

Data privacy and security

Diversity in our management and in our Board

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TO THE BENEFIT OF OUR STAKEHOLDERS



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Act for
SUSTAINABILITY
& digital inclusion

Loyal and satisfied customers in all segments

Engaged employees and partners

Sustainable and attractive remuneration for shareholders

A prosperous digital Belgium

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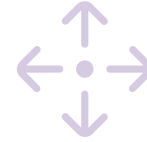


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1



Operate like a
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GROW PROFITABLY
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Act for
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The Gigabit Network for Belgium

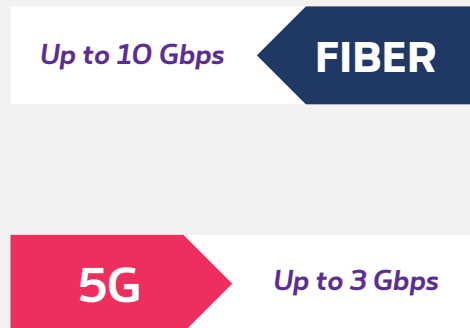
Geert Standaert

Chief Technology Officer

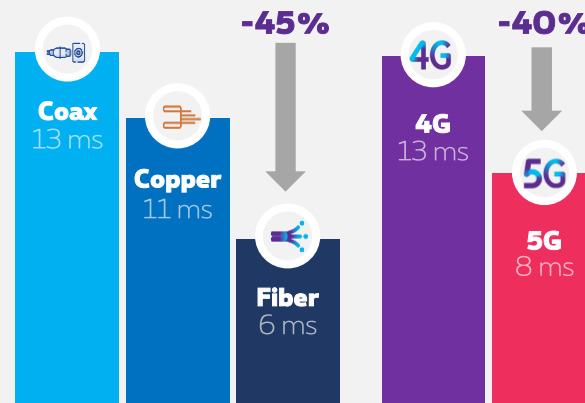
proximus

Investing in best-in-class networks ...

Highest speed...



...lowest latency...



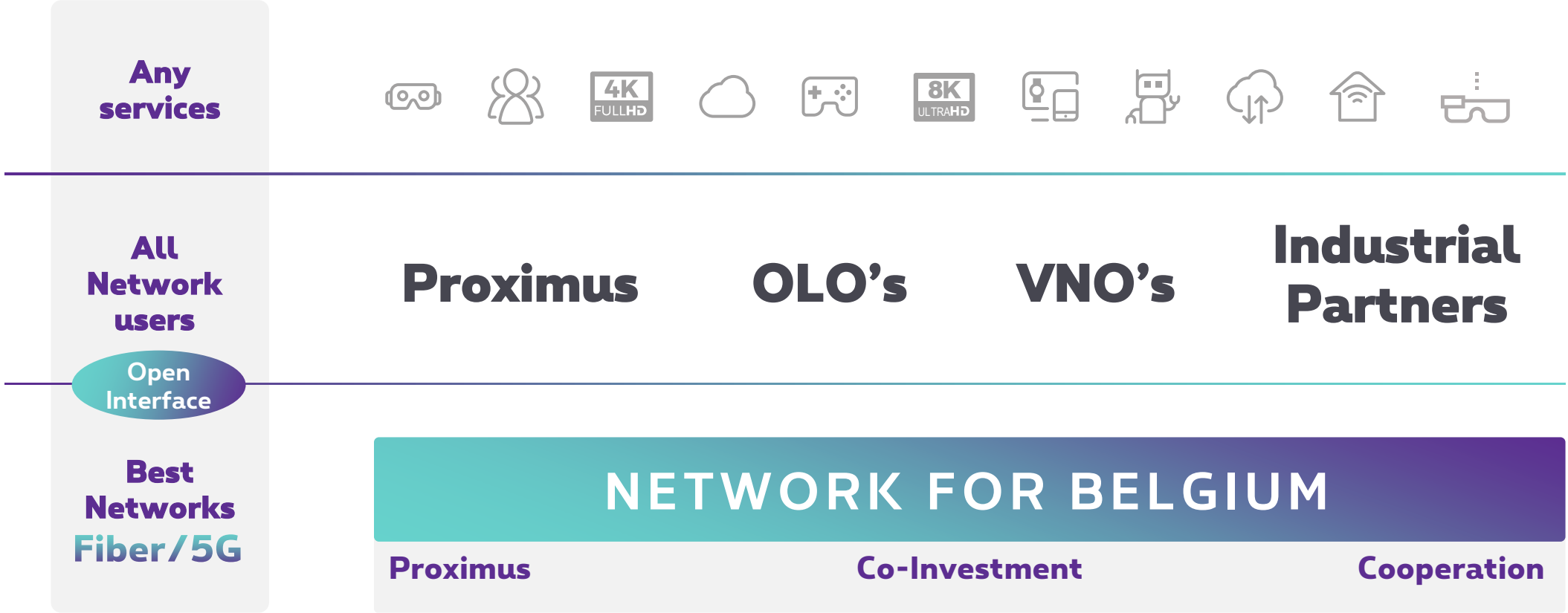
...best digital experience

Open interface

On demand
Scalable
Automated

...ready for the experience of the future

Our vision of Network for Belgium...



...for all our customers & partners

Stimulating partnership for co-building to go faster and broader



Leverage each other assets for **win-win**
Increase return through higher utilization rate



Network innovation available to all

Enable **differentiation** for wholesale partners
E2E slicing and Edge computing

Seamless digital experience



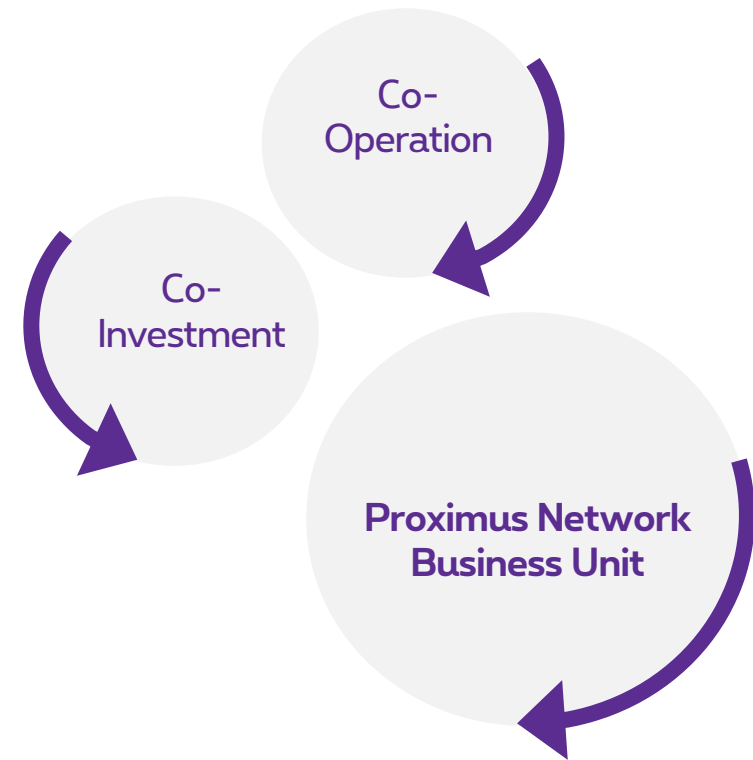
Programmable Network through API
Frictionless delivery across partners footprint



Open to all operators and welcoming new partners

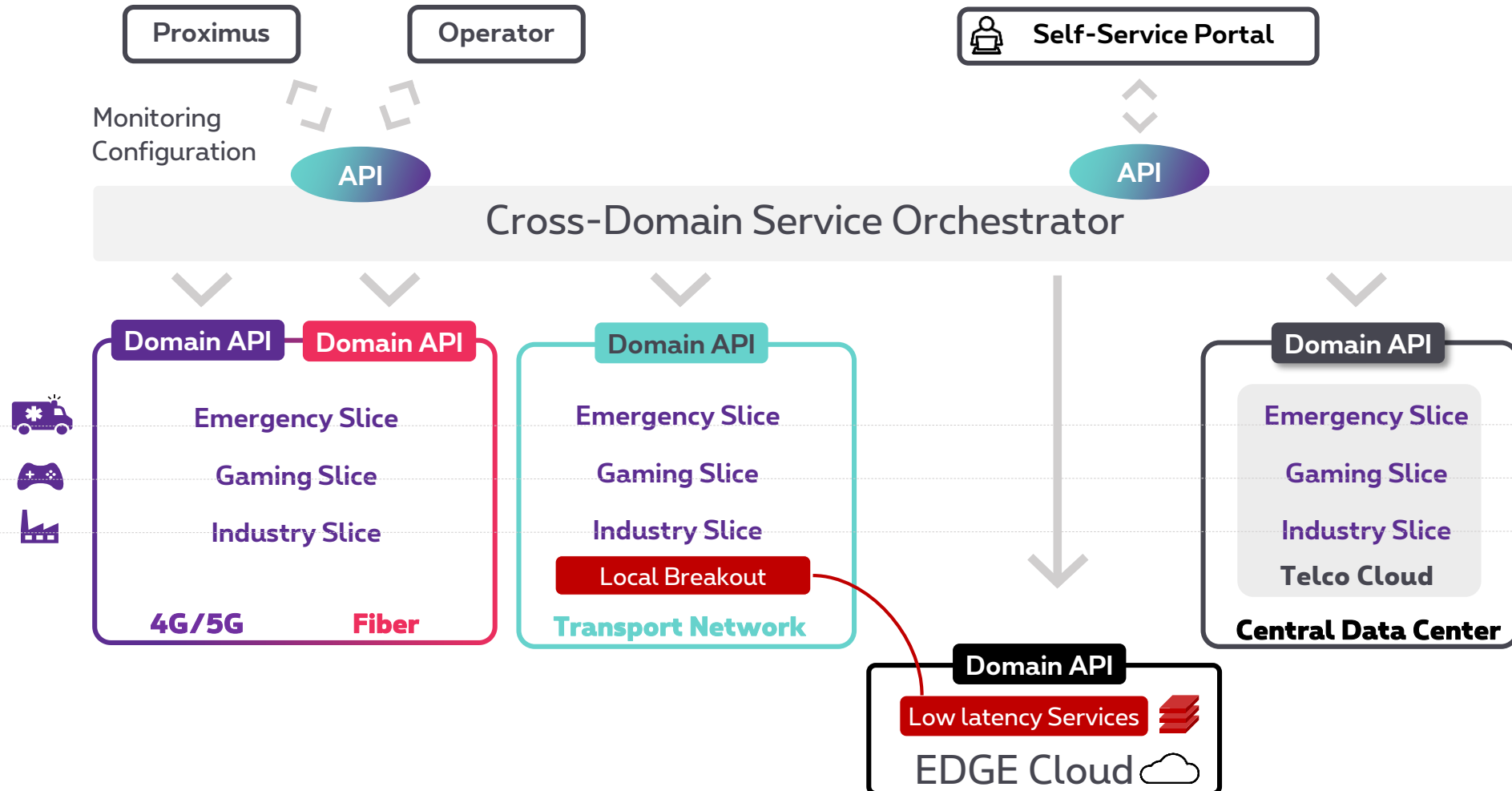
Industrial vertical **use cases**
Mission critical services

A new Network Business Unit to bring high speed internet to the whole of Belgium...



...and become the Digital Network reference

**Network-as-a-Service
through end-to-end slices
on fiber & 5G**



Proximus contribution to Fiber Network for Belgium

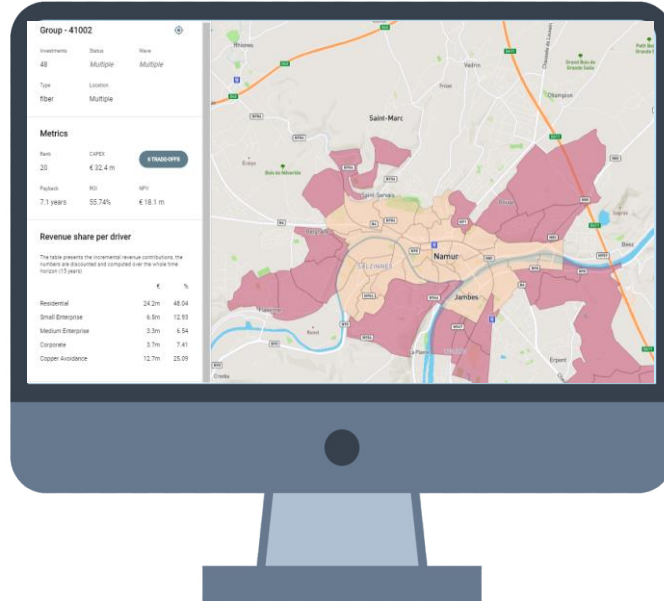
We leverage data analytics to invest smartly

We plan roll-out based on the expected return on investment of each zone

Detailed costs

Population density

Estimated revenues

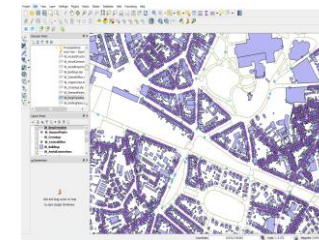


Our network design is automated and the topology is optimized

Data

Geographical data
Trajectory data
Survey
Design rules

Visualization
& Calculation



Result

High-level design
Budget



Fast and city-friendly deployment with facade mounting

Discreet position on the facade



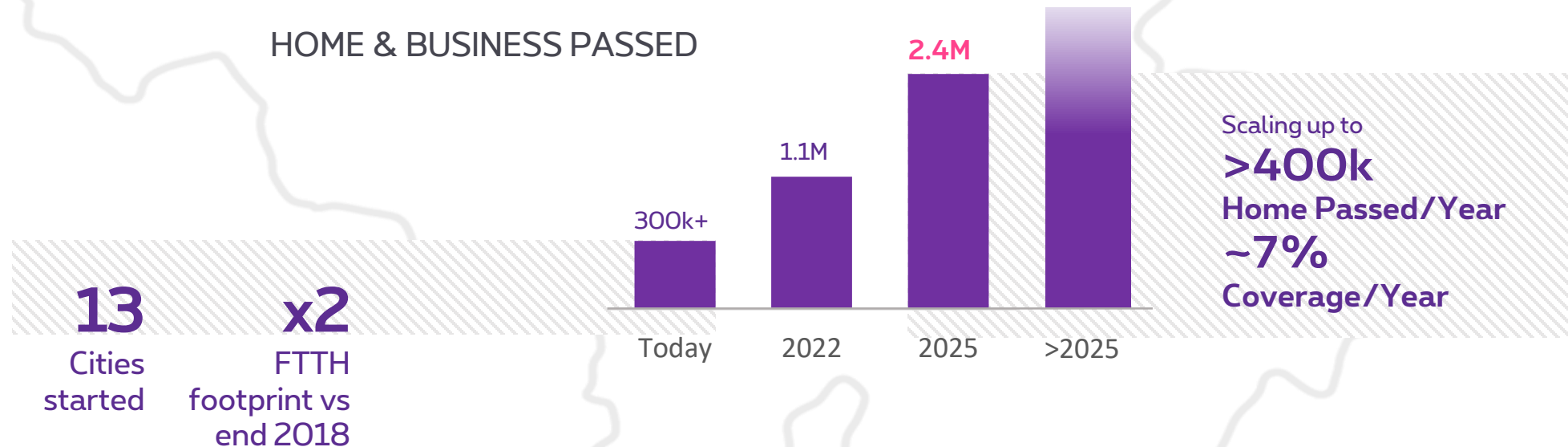
Low impact in the street



1 Home Passed
every
43 seconds

1 Activation
every
2 minutes

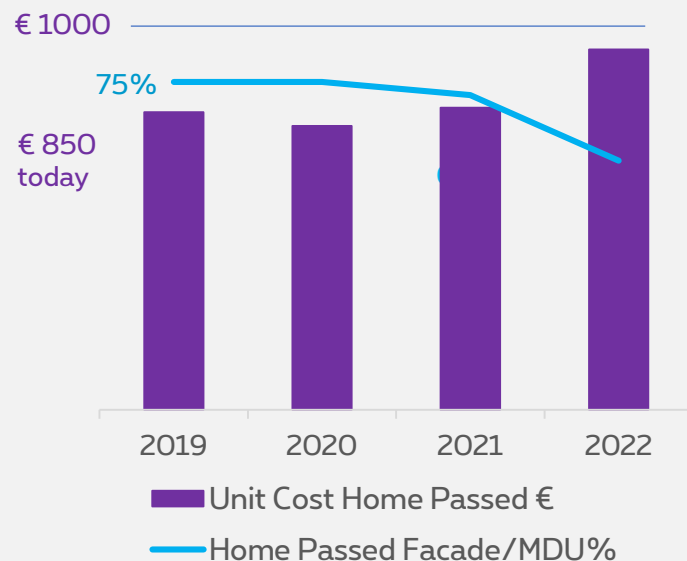
We are committed to Network for Belgium...



...and will invest in 2.4M fiber Homes Passed by 2025

We can build at scale, with predictable costs...

We compensate for lower density



Short & mid-term levers

- Continuously **optimize and simplify the processes**
- Introduce **new materials, design and deployment methods** (aerial, more facade,...)
- **New mechanism** to allocate our deployments lots geographically to our construction partners
- Conduct **termination activities** of customers only **after completion of sale**
- Leveraging **innovative multi-technology portfolio** to optimise gigabit coverage

...through industrialisation and efficiency improvements

This plan is achieved together with our construction partners...



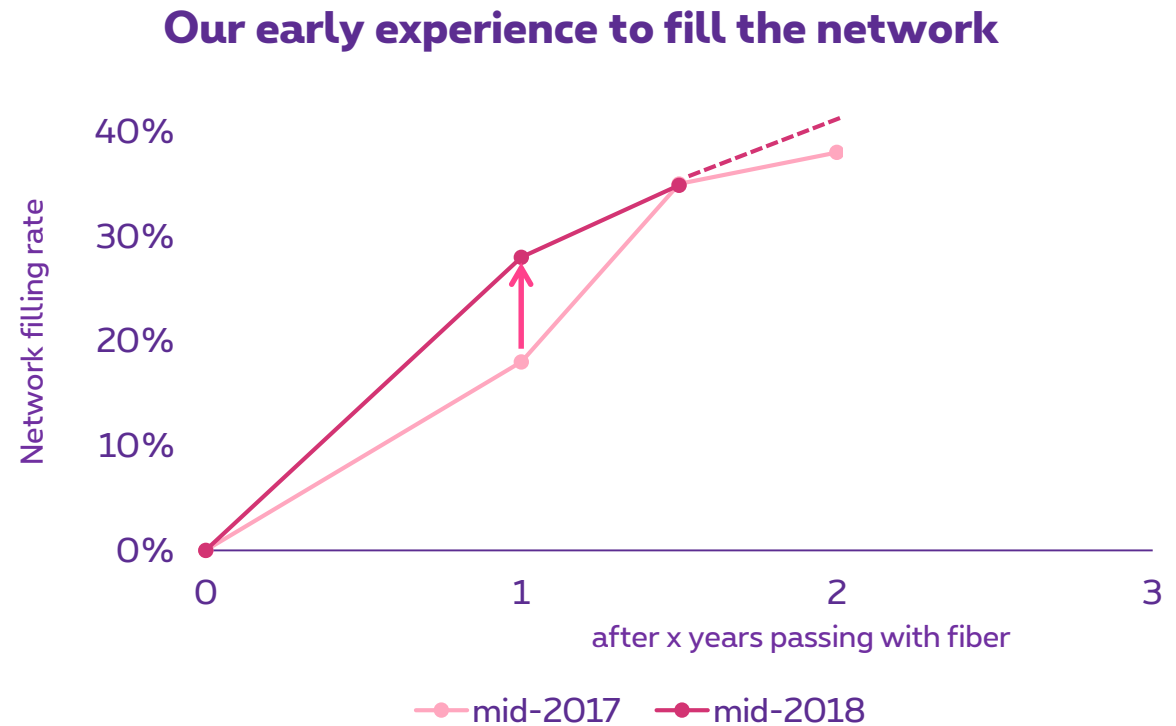
We signed an **MOU** stating a shared intent to:

- Further scale up **joint build process**
- Secure **construction volume** with long term demand
- Increase our joint effort to make fiber roll-out a **positive experience for the Belgian municipalities**
- Joining forces to develop **local talent programs** and ensure sourcing of **trained technical manpower**

...with favorable & open environment to stimulate investments

We work on co-creating the right frameworks to facilitate networks in Belgium with regions, cities, communes and key stakeholders

Proximus as valuable anchor customer of Network for Belgium



Automation and Copper outphasing for lowest cost to operate

Improved operations

- Full remote provisioning once fiber in the home
- Proactive monitoring and accurate diagnosis
- Automation and orchestration of network deployment

Copper retirement

Year 0 – Start construction

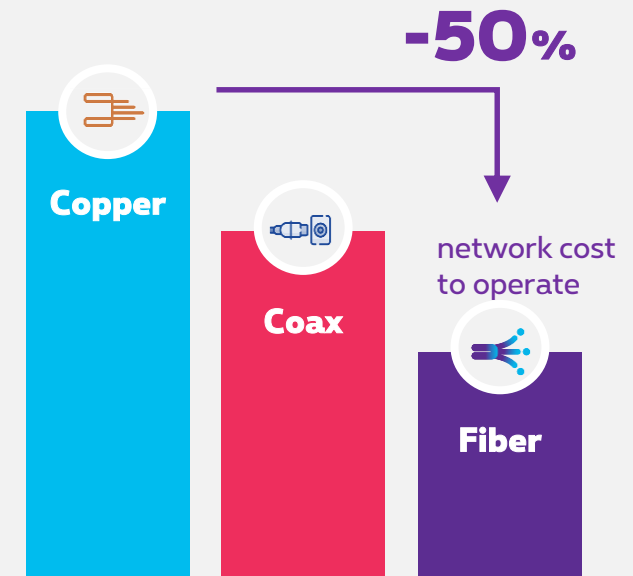
Step 1 – Notification to BIPT

Step 2 – Stop selling copper products

Step 3 – Stop servicing, forced migrations

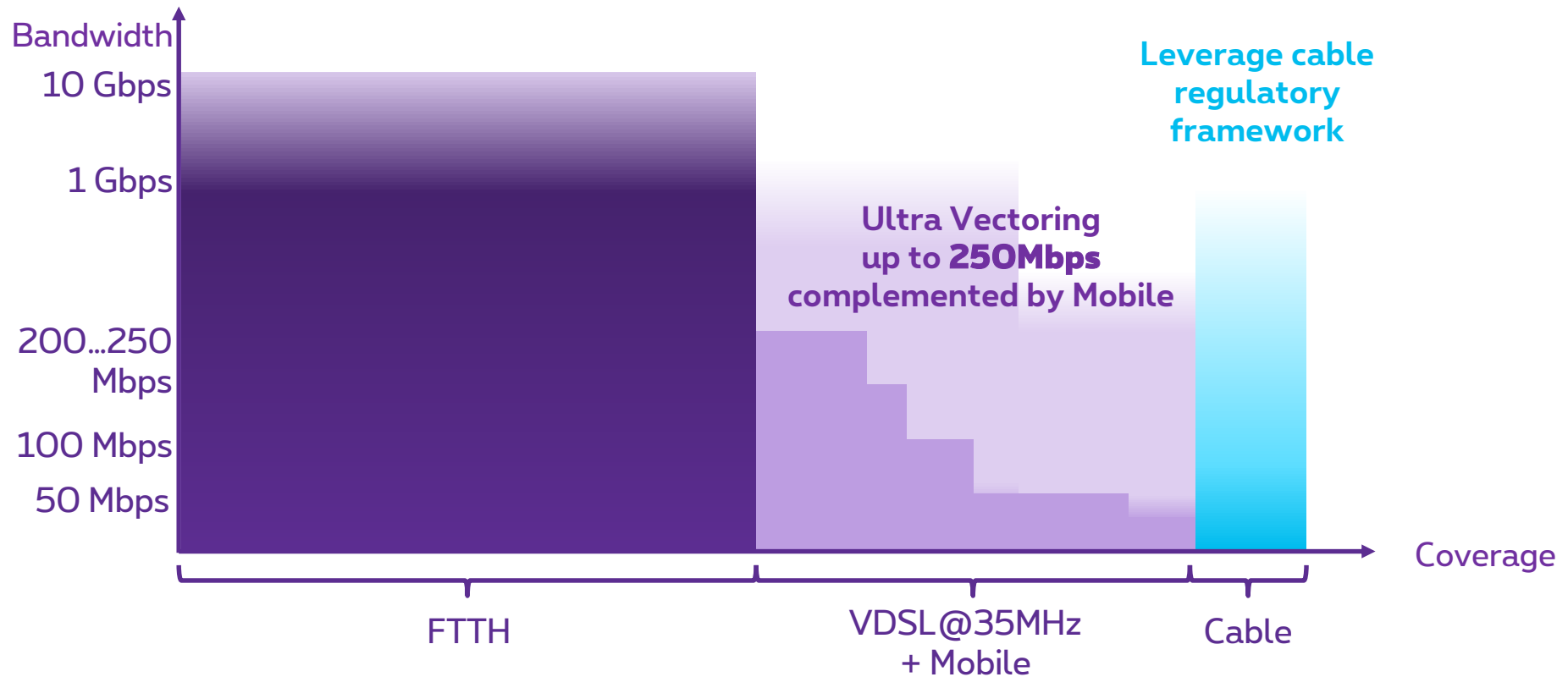
Year+5 – Copper phased out

Best TCO



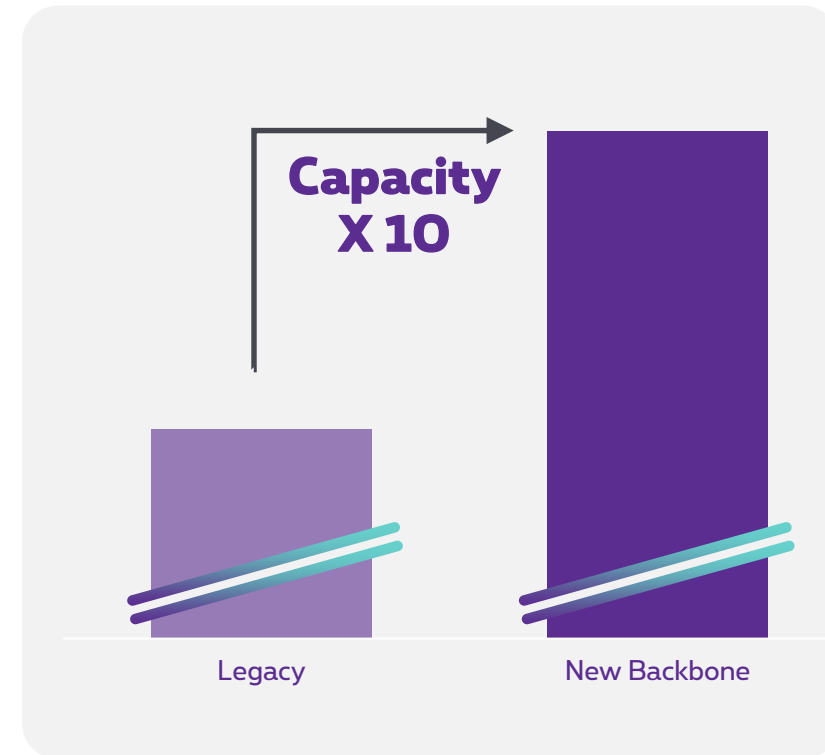
Multi-technology approach to complement fiber

Expected broadband coverage by 2025



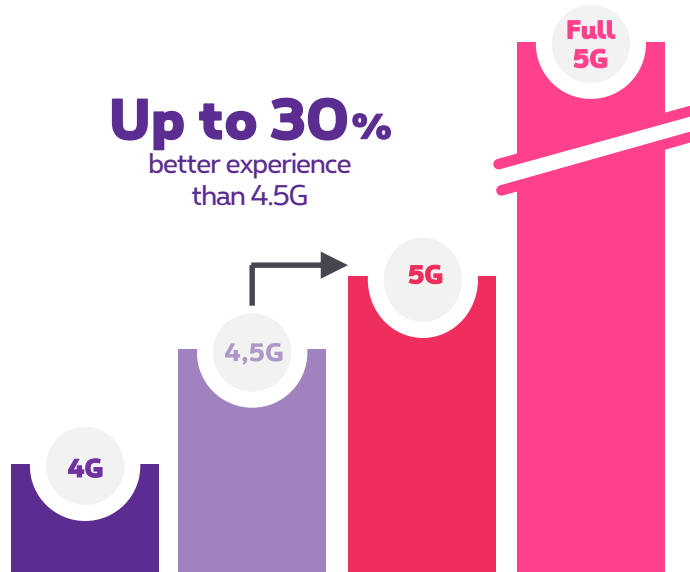
Relying on a new hyperscale backbone network

- **Breakthrough evolution**
 - Multi-terabit IP routers
 - Hyper Dense Optical Network
 - Simpler and greener
- **Automation, Resilience and Protection**
 - Network Function Virtualization
 - Network Distributed Architecture
 - High scale protection against attack



Building the leading 5G Network for Belgium

We are the first to launch 5G on April 1st



- ✓ First to commercially launch 5G
- ✓ First taste of 5G benefits for our customers
- ✓ Several cities across Belgium
- ✓ Usage of Sub-3GHz spectrum make it possible without new spectrum allocation & new EMF norms
- ✓ Once 5G dedicated spectrum becomes available, extension of network to deliver “gigabit” experience

Our customers 5G experience will constantly evolve

5G launch

April 1st

Proximus launch of 5G (existing spectrum and EMF norms)

- The future starts now
- First to launch 5G in Belgium with improved speed and latency

5G spectrum

Summer 2020

Limited “temporary” spectrum awarded by BIPT (EMF norms required)

- First commercial 5G enterprise use cases
- Faster 5G experience

Future 5G experience

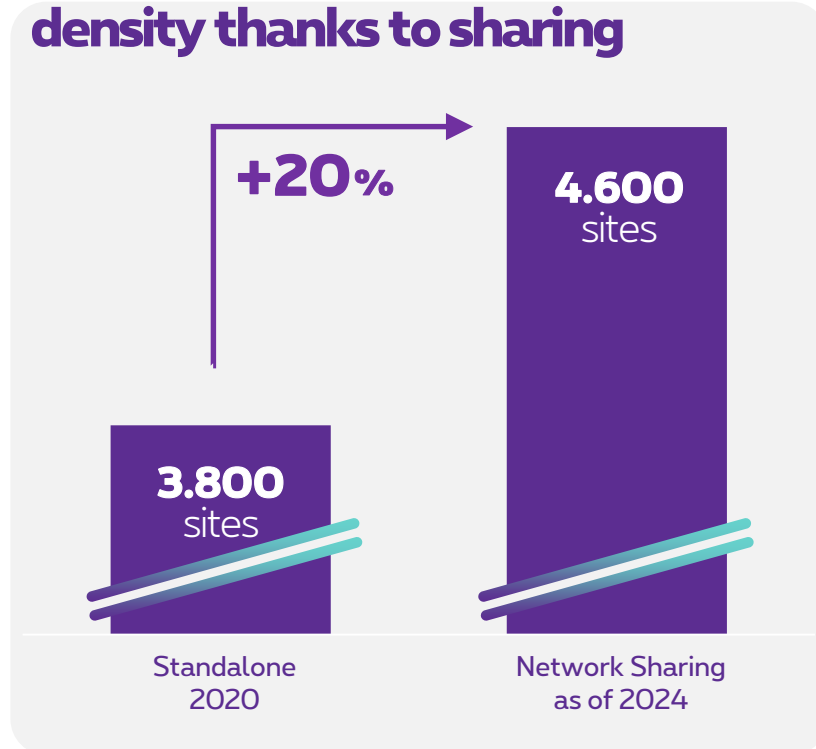
After spectrum auction

Full 5G spectrum auctioned and updated EMF norms

- Best 5G coverage and experience
- Broad range of 5G enterprise use cases

Our Radio Access Network Sharing partnership is a milestone...

Leap forward in mobile network density thanks to sharing



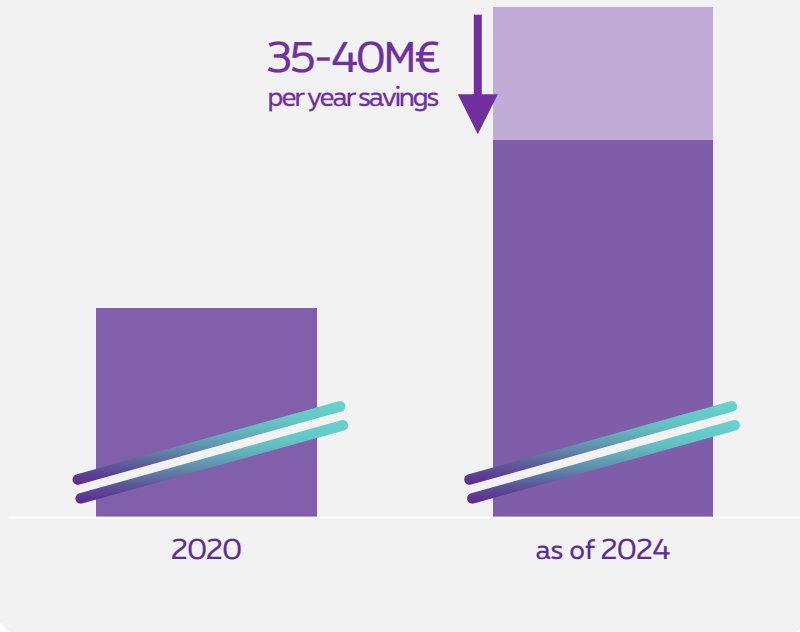
End User Benefits

- Broad deep indoor coverage
- Higher speed
- Longer battery duration as less average distance between mobile and antenna

...with clear benefits in terms of experience

...with reduced cost and driving accretive value


Mobile sharing reduces TCO versus standalone



Value creation

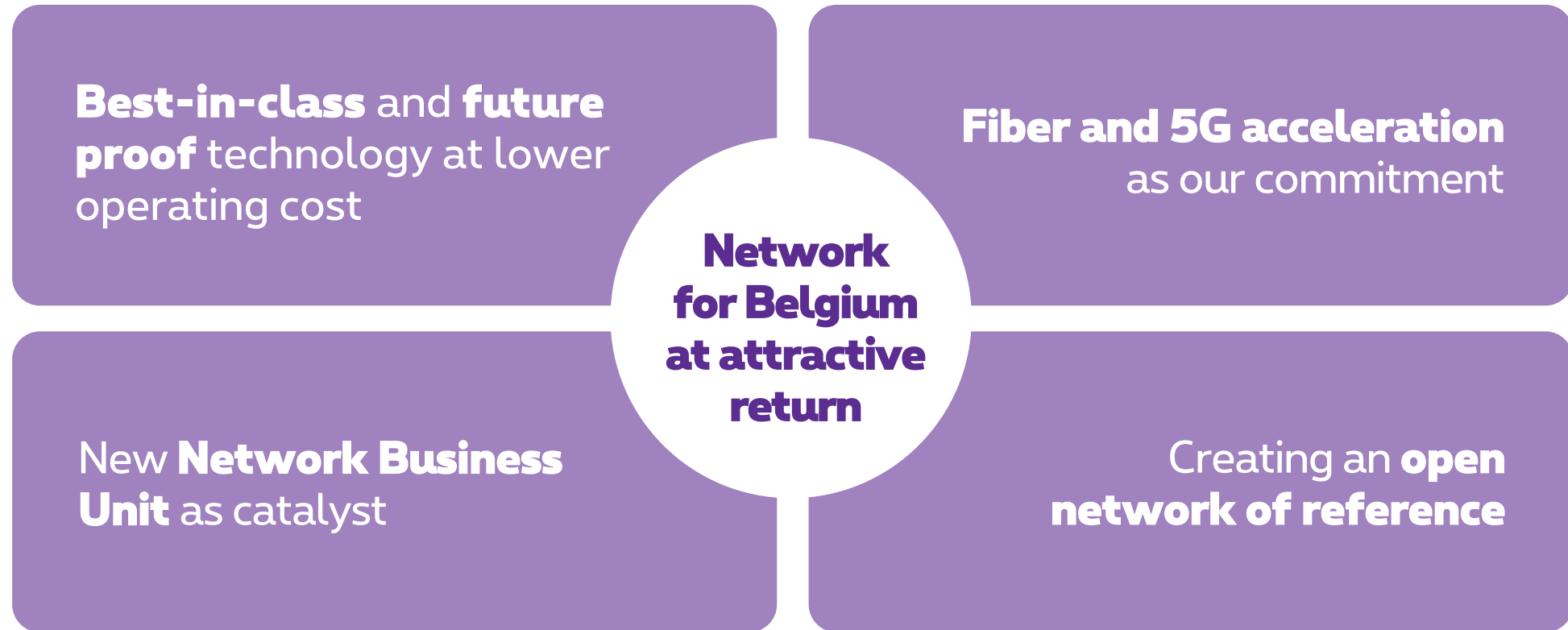
- Each operator bears 40% less sites while enjoying a greater grid.
- Common grid with higher radio quality and lower operating costs
- IRR is a multiple of WACC

We retain ability to differentiate

| | | |
|------------------------------|--|---|
| Devices |  | Device choice and strategy are independent – we select and validate the best devices for our customers |
| Spectrum |  | Spectrum is not shared, independent decision on refarming |
| Radio access |  | Coverage and capacity differentiation through unilateral sites and band additions New mobile technologies and features launched independently |
| Transport |  | Scalable terabit transport network |
| Core network & digital layer |  | Mobile core is not shared allowing end to end service differentiation through slicing, edge and local breakouts Digital experience and network on-demand to meet applications requirements |

**Building together the
Network for Belgium...**

...to go faster and broader, more efficiently



With our partners we can achieve the widest coverage and best Network for Belgium

Financial strategy & outlook

Sandrine Dufour

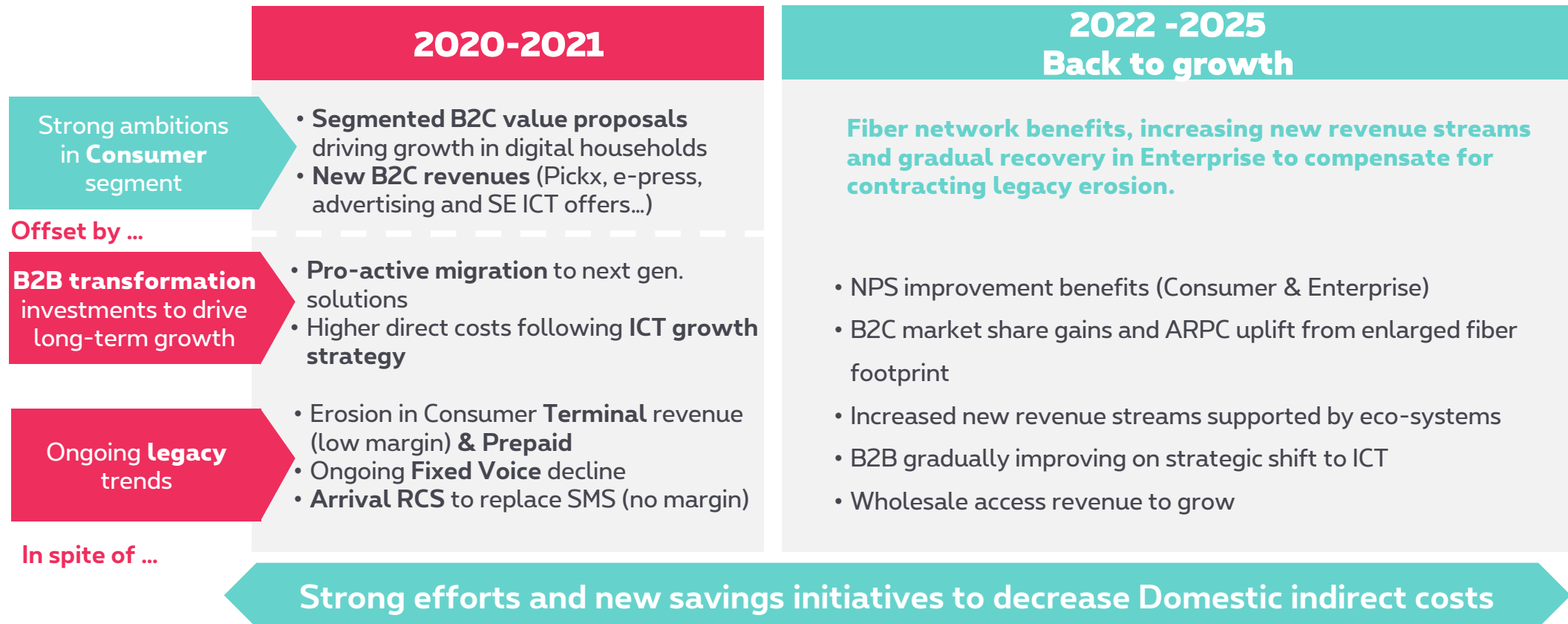
Chief Financial Officer

proximus

A path to turn the company back to growth, while ensuring a sustainable return for our shareholders

- We expect **over 2020-2021 some financial pressure**, especially within Proximus Enterprise, which will undergo a massive transformation before returning to growth, with a strong strategic shift from Telco to ICT.
- To support this, we increase **IT investments in the short term**, reducing strongly the full IT cost afterwards.
- To extract benefits sooner, we accelerate our **value-accretive network investments**, with a pull-forward of fiber coverage and building the best 5G network.
- At the same time we will **realize strong cost reductions**.
- As a result, we expect to **return to topline and EBITDA growth as of 2022** for our Domestic operations.
- The expected **significant step up in financing needs** over 2020-2025, will be funded **through efficient capital reallocation and exploring strategic partnerships** to co-invest while securing fiber coverage.
- We **rebase our dividend** to a sustainable level, creating a path to return to dividend coverage.

Our ambition is to return the company back to growth

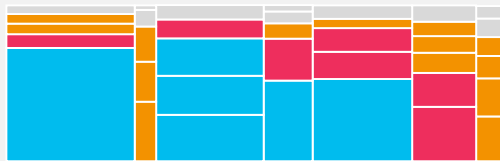


Clear company-wide program driving cost efficiencies over the next years in indirect OPEX

Structured approach to address all major cost buckets with targeted initiatives...

Based on in-depth cost analysis and benchmarking

- Workforce cost (Fit for purpose plan)
- Efficient advertising and trade marketing
- Promo & commissioning cost initiatives
- Last mile provisioning (self-install)
- Network operation/maintenance cost
- Call center volumes (customer self-help)
- Shops (customer self-help)
- Procurement savings
- Power cost optimization
- Logistics costs optimization
- Zero-based budgeting



... combined with most impactful transversal transformational levers...

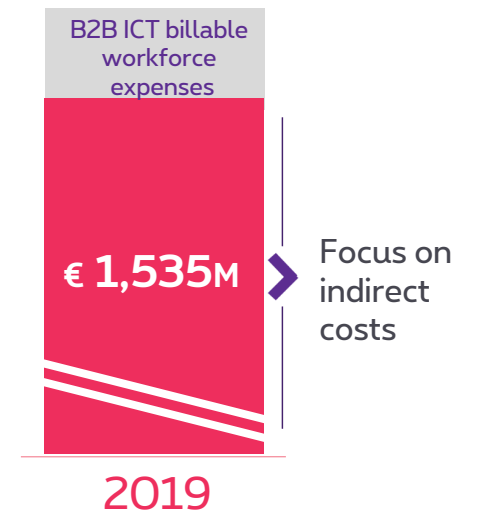
Relentless focus on simplified customer experience & offers

- 1 Towards 100% first-time right customer journeys
- 2 Intuitive and slick digital interfaces
- 3 Transformed Enterprise portfolio & go-to-market

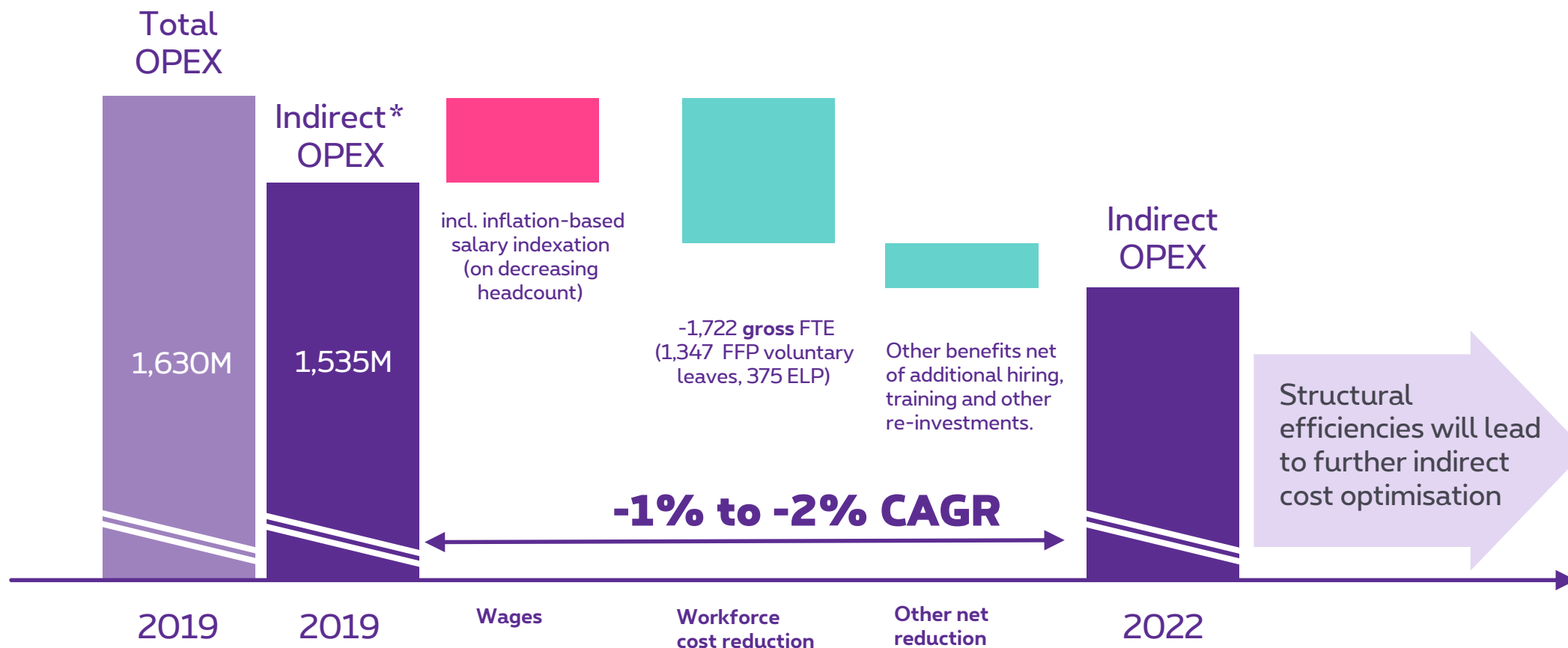
Transformational approach on internal processes & enablers

- 4 Extensive automation & AI in key processes
- 5 End-to-end simplification for strongly reduced IT cost
- 6 Comprehensive skills transformation

... for short and mid-term sustainable reduction of indirect OPEX



We target an indirect OPEX reduction of 1%-2% CAGR over the next 3 years, while reinvesting to support growth



Investing substantially in the best networks in Belgium

Accelerated fiber
coverage, moving
CAPEX forward

5G investments
(2021-2023)

IT Transformation
(2020-2022)

CAPEX*

€ 1.3Bn

€ 1Bn

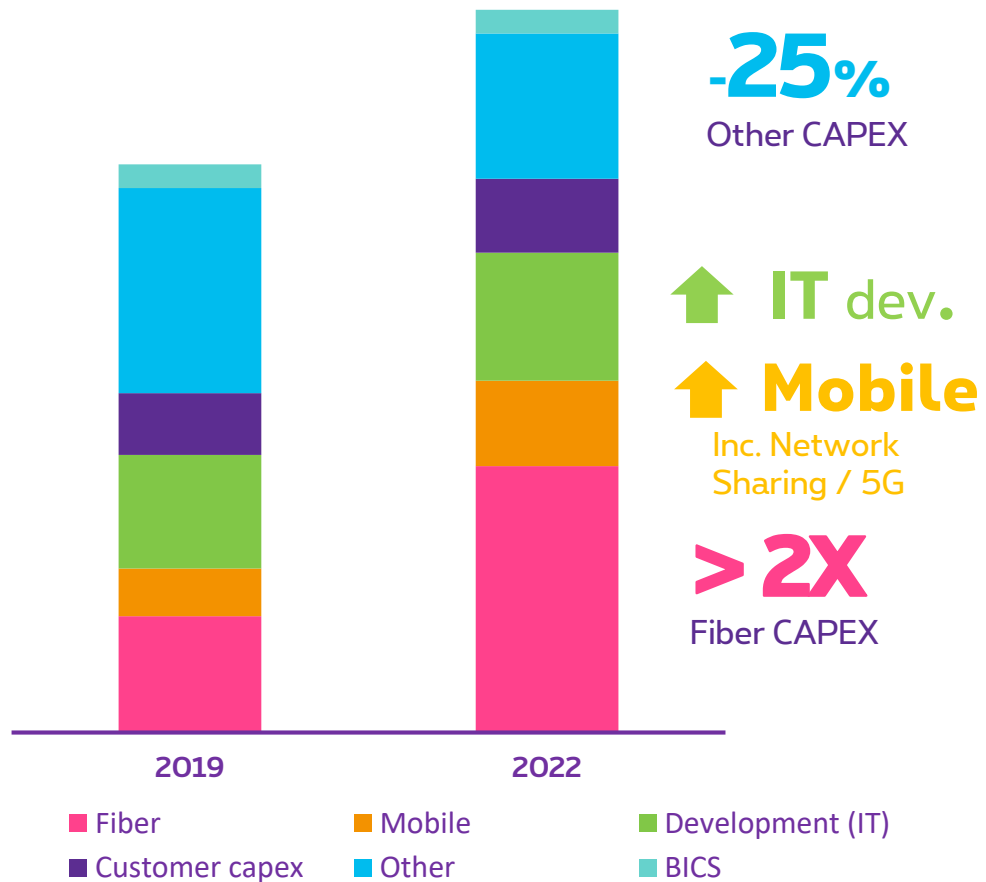


2.4M HP
in fiber

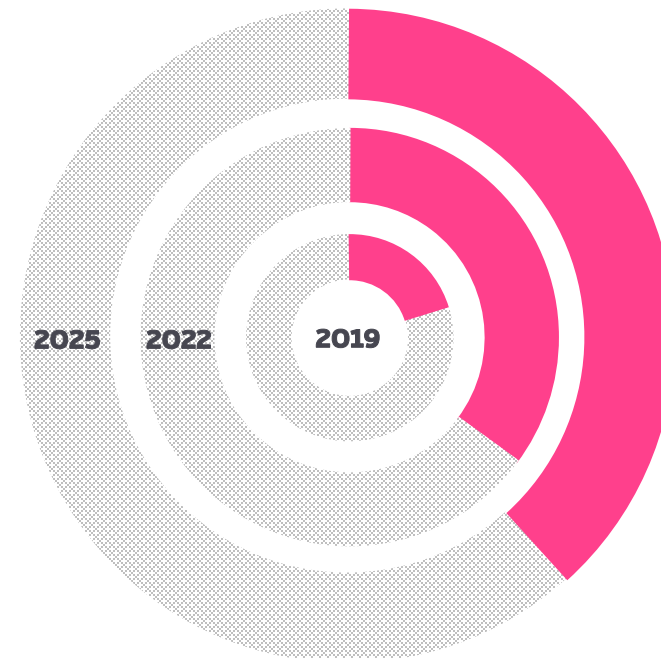
Including potential
partnerships
Ambitioning a wider
fiber footprint, in an
economical way.

*accrued, excl. spectrum and football rights

Rebalancing the annual CAPEX envelope, with significant increase in fiber CAPEX while strongly managing down all other CAPEX



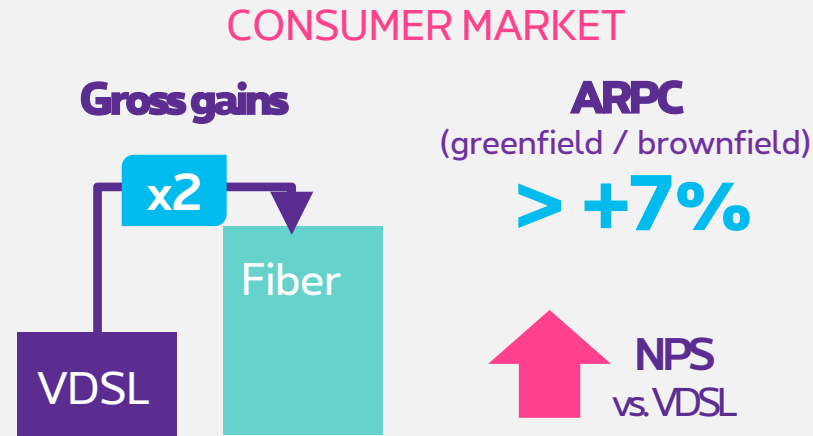
Growing fiber CAPEX to **40%** of total envelope by 2025



Extract the fiber benefits sooner, reinforcing our market position, and advance operational benefits

Solid commercial fiber results

(in current fiber footprint, fiber vs VDSL)



ENTERPRISE MARKET

Migration rate
(within 2 years)

60%

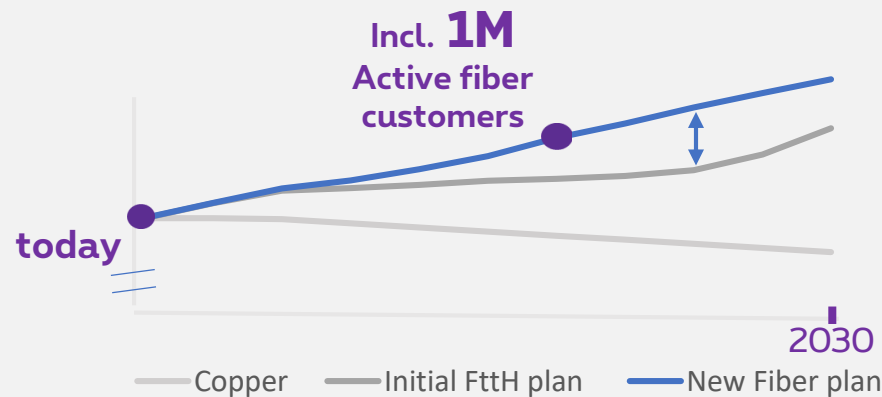
Fixed Data ARPU
(mono-site)

+26%

Fiber acceleration also...

1. Brings market share gains sooner on growing population

Indicative 10yr market share evolution



2. speeds up the path to a more efficient network

Network cost to operate

-50%
(in fiber zone +5 yr)

3. avoids spending CAPEX to upgrade and renew copper network.

We have comfort in a profitable roll-out to the benefit of our retail and wholesale customers

- Commercial wholesale prices for fiber to the Home since 2017
- BIPT to regulate the wholesale prices under a regime of fair pricing
- In permanent dialogue with the regulator on the positioning of our wholesale offer

New commercial wholesale Fiber line prices as of 12 March 2020

- 150 Mbps line speed at € 23
- 500 Mbps line speed at € 28
- 1 Gbps line speed at € 36

Keep a sound financial position through disciplined capital re-allocation

€ 1.4Bn

Extra funding needed
2020-2025



We have concrete
financing means



Optimized **capital structure**



Dispose of **assets**



Strategic **partnerships**

Zoom-in: capitalize on our excellent credit ratings

€ 2,185M

Net debt end-2019
excluding lease liabilities

1.2X

Unadjusted
financial leverage

1.8%

2019 low weighted
average Coupon

1.7X

S&P financial leverage

A/stable (S&P)

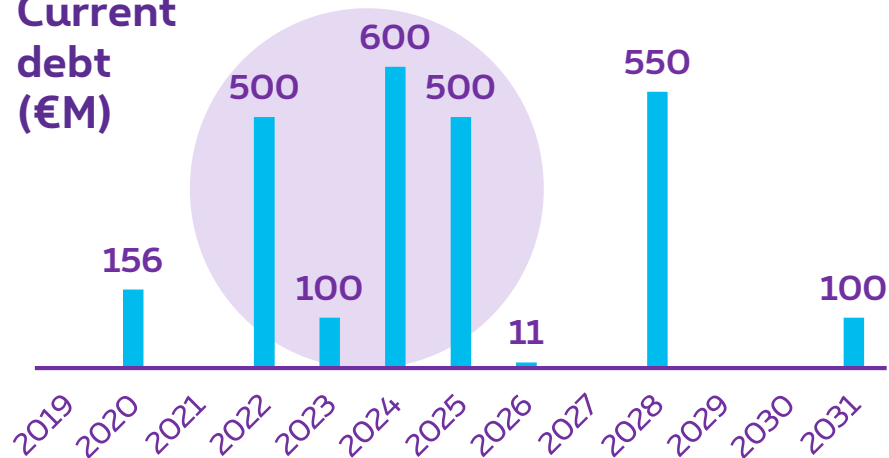
A1/stable (Moody's)

Zoom-in: Optimized capital structure with up to € 600M additional debt

Refinance

€ 1.7Bn

Current debt (€M)



Up to

€ 600M

additional debt capacity,

keeping Net debt/EBITDA ratio just below 2.0X, maintaining strong credit ratings.

2X S&P leverage

1.7X

Today 2023 2024 2025

Extend maturity profile

+ / - 5 years

End 2019

Zoom-in: Assets disposal

Proximus disposes of various assets (real estate, ...) which will be monetized to support our strategy.

Up to

€700M

proceeds

- ✓ Multi-year divestment program
- ✓ Covering part of our investment need
- ✓ Redeploy capital to higher return assets

No short-term dependency on debt capital market

- ✓ € 700M Revolving Credit Facilities (RCF) in place to fund all short term needs
- ✓ First bond to refinance matures in March 2022
- ✓ No need to execute disposal of assets before 2023

We remain committed to an attractive shareholder return

We rebase our dividend to a sustainable level, creating a path to return to FCF dividend coverage.

Over the result of 2020, 2021 and 2022 we intend to return a stable dividend of **€ 1.2 per share**, to be considered as a floor.

- € 0.50/share paid as interim Dividend in December of the same year
- € 0.70/share in April of the following year

Dividend policy

Proximus anticipates a substantial increase in network investments over the coming years, replacing a significant part of its historical copper network with future proof fiber. The elevated investment level is considered as being of exceptional nature, and will for a large part be funded by means of an optimized capital structure and by selected asset sales. Committing to an attractive Remuneration Policy for its shareholders, while creating a path towards a return to dividend coverage by FCF, Proximus rebases its annual dividend to a sustainable level. **Therefore Proximus intends to return over the result of 2020, 2021 and 2022 an annual gross dividend of € 1.2 per share, to be considered as a floor.**

On an annual basis, the proposed dividend will be reviewed and submitted to the Board of Directors, in order to keep strategic financial flexibility for future growth, organically or via selective M&A, with a clear focus on value creation. This also includes confirming appropriate levels of distributable reserves.

The shareholder remuneration policy is based on a number of assumptions regarding future business and market evolutions and may be subject to change in case of unforeseen risks or events outside the company's control.

Covid-19 measures influencing our business in several ways

- Temporary **proactive** measures to secure the safety of our customers & employees
 - Unlimited calls to fixed lines and additional 10 GB of mobile data, free content.
 - Shops closed, focus on repair actions towards customers
- **Other impacts**
 - Lower Roaming, both Proximus and visitor roaming
 - Delayed/cancelled ICT projects
 - Lower GG, partially off-set by lower Churn / SAC
 - Increased credit risk
 - Outside network build on hold
- Ongoing **containment actions**
 - Economical unemployment / External workforce reduction
 - Supplier renegotiations
 - Close monitoring of cash flow
 - Close of (administrative) buildings

Guidance 2020

Including best estimate Covid-19 impact

- Some negative EBITDA effect to be expected
- Level of CAPEX requirements likely go down as well



Impact on EBITDA-CAPEX expected to be largely contained.

Estimated underlying Group EBITDA-CAPEX*

€ 780-800M
for 2020

* ACCRUED CAPEX
Excl. spectrum & football rights

Unchanged dividend intention 2020-2022:
Annual gross dividend of € 1.2/share

Committed to bringing value for our shareholders

| | Guidance 2020 | Drive Domestic EBITDA growth | | | Optimize capital allocation | | |
|---|-----------------------------|-----------------------------------|---------------------------------|-----------------|--|--|-----------------|
| | Group EBITDA-CAPEX | Domestic Revenues excl. terminals | Domestic Indirect OPEX | Domestic EBITDA | Rebalance CAPEX (Accrued CAPEX) | Increase debt | Asset disposals |
| 2020 | € 780-800M as best estimate | | Reduce by -1% to -2% (3YR CAGR) | | | Extra debt capacity of up to € 600M | |
| 2021-2022 | | Grow as of 2022 | | Grow as of 2022 | Maximum of € 1.3Bn per year incl. fiber & 5G | Net debt/EBITDA ratio just below 2.0x (S&P leverage) | Up to € 700M |
| 2023-2025 | | | Further indirect OPEX decrease | | | | |
| We rebase our dividend to a sustainable level, creating a path to return to FCF dividend coverage | | | | | | | |
| Over the result of 2020/2021/2022 annual dividend of € 1.2 gross/share, considered as a floor | | | | | | | |

Guillaume Boutin

CEO

#inspire2022

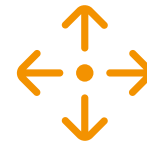
WE RAISE THE BAR AND COMMIT TO



Build the best
GIGABIT NETWORK
for Belgium



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



GROW PROFITABLY
through partners
& ecosystems



Act for
SUSTAINABILITY
& digital inclusion

EXECUTION EXCELLENCE WITH **FOCUS ON IMPACT**

OPTIMIZED **CAPITAL ALLOCATION** TO BOOST RETURN ON CAPITAL INVESTED

Q&A session

start 2:30 PM CET

- **You can ask questions by registering to the Q&A conference call via the link on the Proximus IR website.**
- **To ask a question, please press *1 on your telephone keypad.**

**The presentation and video are available on
www.proximus.com/en/investors**

For further information:



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proximus

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Glossary

- VNO = Virtual Network Operator (Mobile MVNO, Fixed FVNO)
- MDU = Multiple Dwelling Unit
- API = Application Program Interface
- MoU = Memorandum of Understanding