

Transcription
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Presentation

Operator

Ladies and gentlemen, good afternoon and welcome to the Proximus Q2 2021 Conference Call. For your information, this conference is being recorded. At this time, I would like to turn the call over to Nancy Goossens, Director of Group Investor Relations. Please go ahead.

Nancy Goossens

Thank you. Welcome everyone. Thank you for joining us. We will start this session with an introduction by the CEO, Guillaume Boutin. And after this, we will turn to your questions. For the Q&A session, we are joined also by Mark Reid, our new CFO, so his first Proximus call; Jim Castele, the Chief of the Consumer Segment; Anne-Sophie Lotgering, the Chief of the Enterprise Segment; CTO, Geert Standaert; Dirk Lybaert, the Chief Corporate Affairs; and Matteo Gatta, the CEO of BICS.

They will all be taking your questions in a moment. But first, Guillaume will take you through the highlights of today. So Guillaume, please go ahead.

Guillaume Boutin

Thank you, Nancy. Good afternoon to you all and good morning to those joining from the US. Welcome to this webcast on the Proximus second quarter results. Before getting into the financials, let me take you through the progress we made in our #inspire2022 strategy. As a reminder, we have built our strategy around four pillars. For each of these, we have been making some nice progress over the past three months. Let me zoom in on a number of achievements.

We are on track with our fibre plan with further acceleration of the build during the second quarter. The average weekly deployment increased to 7,400 homes and business passed. With this, we passed almost 90,000 new premises with fibre. And this brings the total homes passed to 621,000, just over 10% of all Belgium premises. So we are really fast-tracking our fibre rollout and we are shaping up to go even faster with our partners.

Earlier this week the clearance was given by the European authorities for the creation of a JV in the southern part of the country. This JV is called Unifiber and we'll be deploying fibre for at least 500,000 premises by 2028 in the South of Belgium. Similar to Fiberklaar in the north, Unifiber will be building an open P2P passive fibre infrastructure. Between our own deployment and the two JVs, we are well on track to realise our ambition to pass a total of 4.2 million premises in Belgium by 2028, meaning a coverage of 70% of the country.

With the recent showcase in Antwerp, we are underlining the superiority of fibre by activating the first 25 GPON network worldwide, a real technological leap forward and a key enabler for the future virtual digital society. And I want to stress this; fibre is not only about speed but also about ultra-low latency, stability. There will be a speed element in demonstrating the fibre superiority against other technologies. But this will not be the only one. Low latency, stability for video calls and home working, home schooling are also key features that cannot be matched by coax networks. Already today, we see that the superiority of fibre starts to materialise with a number of customers standing up for consumer fibre offers, including by 14,000 for the second quarter of 2021, and that's just a start.

Besides fibre, 5G is a key to our business strategy. It's a combination of fibre, 5G and Edge Computing that allow us to build a robust, reliable and energy-efficient gigabit network for the country. 5G opens up a new world of possibilities especially for business customers. And with our new 5G innovation platform, our partners and customers can try and explore the unlimited potential of this technology. For instance, in the agriculture domain, for which a more sustainable weed control tested successfully, thanks to accomplishment of drones, AI and 5G. As for the consolidation of the mobile network, Mwingz has now completed the consolidation of a first cluster of mobile antennas with some good results in terms of coverage and speed for our customers.

Looking at the services we provide, we see growing traction on our digital apps that are used every day by millions of customers. With inspire2022, we want to use this engaged customer base and use the diversification of our service offering as an engine for growth. To that end, we have, for instance, recently launched the doktr app. Through the doktr app, anyone can have a direct access to a qualified doctor via the smartphone in a few minutes. But we have also made progress on Banx, the bank imagined by Proximus and that will be powered by our partner, Belfius.

With our digital ecosystems, we are preparing the growth of tomorrow. But today, our results come from our successful multi-brand strategy. In the past quarter, we received a green light from the Belgium Competition Authority to acquire Mobile Vikings

and the 330,000 customers. Mobile Vikings is nicely complementing our Scarlet and Proximus offers with a focus on the digital and data lovers.

We have a strong mobile-only offer in the north today, which means several avenues for upsell and growth. The Mobile Vikings customers will be migrated in a seamless way to our own Proximus network somewhere in the first half of next year. As of then we'll be realising a very nice network cost synergies.

Our fourth and last pillar of the strategy covers our ambitions on the sustainability, and we are making this part of everything we do. End May, we published our Sustainable Finance Framework. We also made good progress on some of the key initiatives that we have launched such as the recycling of mobile phones.

Last but certainly not least, in view of the recent devastating floods in Belgium, we have taken up the important societal role we play not only by our critical infrastructure and the connectivity it provides, but also by helping impacted employees and citizens. These recent events underlines the relevance of our sustainability ambition as part of our strategy.

Let me take you through some of the key financial achievements over the second quarter of 2021. Overall, I'm very pleased with the results that we have achieved in the second quarter, and especially our commercial results, which remains a main driver of our top line.

We posted growth for all our main customer bases. We increased our tele base by 12,000 subscriptions, our internet customer base by 10,000 new customers and closed another strong quarter for mobile growing the postpaid customer base by 48,000 new customers. This commercial success is especially driven by high value customer growth. For consumer, a growth is, of course, relying on our brands and our proven convergence track record.

Specifically, our convergent customer base continues to grow nicely adding 18,000 customers over the second quarter, meaning that we manage to grow this segment of customers characterised by a higher than average ARPC. As a result, our convergent revenue grew by 3.3% year-on-year.

These trends are supported by the Flex range. Over the second quarter, we attracted 142,000 customers to one of the Flex offers being a mix of new customers and migration of existing customers from legacy offers. The ongoing success proves Flex is really answering changing customer needs. There is less and less appetite for a fixed voice line, which is reflecting the fixed line erosion. But there is a growing appetite for multi-mobile and other value-added services.

Besides Flex, I explained earlier that fibre is becoming a key selling point for us. End of June, we had a total of 90,000 fibre customers within our Consumer segment. We added 14,000 net new fibre customers compared to 5k last year. We expect, of course, this trend to further accelerate in the coming months and years.

Now taking a look at our Enterprise segment. It's clear from the second quarter results that we're holding up quite well in the B2B market. Overall, the Enterprise segment revenue grew by 3.5% from the 2022 level. This was supported by a 2.9% revenue growth from telecom services, and of course, on a low comparable base. The ongoing transformation of our B2B is being well managed, as demonstrated by our growing higher margin ICT service revenues.

The recent trends in digital adoption are bringing structural opportunities with a particular focus on cloud, security, IoT and collaboration. In this context, our converged, telco, ICT solutions and our emerging end-to-end servicing offers are gaining traction.

This brings me to the total domestic revenue for the second quarter, which was up by 2.4%. When taking out the revenue contribution of Mobile Vikings for the month of June, the revenue was up by 2% on an organic basis.

Looking now beyond our domestic operations. For TeleSign, the accelerated digital adoption worldwide is bringing great opportunities. For example, cybercrime and digital identity theft is increasingly a major problem. TeleSign is bringing the right solutions and benefits from its unique position being at the intersection between digital identity and secure CPaaS. TeleSign sees a number of transactions on its platform growing rapidly, which then feeds back in the platform and improves further the accuracy of risk cost required for fraud management.

And this success is translating into TeleSign's top line. TeleSign's revenues continued to show strong growth, up by 22.5% on a constant currency basis. This was driven by both programmable communications and digital identity services. We also recorded strong forward booking in Q2, which will support a continued double-digit revenue trajectory for the rest of the year. As said before, we are really investing now in the growth trajectory of TeleSign. This entails a reinforcements mainly of the go to market and the product development.

Turning now to BICS. We have a 2.5% revenue growth. BICS is impacted significantly by the low travel volume, and with this impact now annualising, the underlying business trend is becoming more evident. So to be clear, the good performance of the quarter is not linked to back-to-normal of travel patterns. So some elements needs to be highlighted. Revenue from legacy services for mainly voice shows further decline but at a lower pace and with a strong unit margin. For its core services, BICS achieved a very nice growth over the second quarter, mainly driven by strong performance in messaging, serving both telecom operators but also digital enterprises.

In cloud communications and IoT, BICS posted higher revenue and is now recognised in the Gartner Magic Quadrant in both domains. This growth however was offset by Fraud prevention services, which continues to grow, but has been impacted by the loss of a top customer last year. Together with strong cost managements, this translated into 2.6% increase in the BICS EBITDA for the quarter.

Moving now to the operating cost of the Group, here I just want to highlight that the steep year-on-year increase is due to exceptionally low 2020 baseline. Remember that Q2 last year from a cost perspective was positively impacted by the COVID-19 restrictions and also included a one-off provision release. This together accounted for nearly €20 million on one-off positive. This aside, our expenses are still increases slightly because of increased customer interactions. What we mean are cost related to migrating customers to fibre, migration to the new Flex portfolio, technical support of customers working from homes, all customers related costs.

Also, as we announced before, we have some costs related to our ongoing transformation and some cloudification effects. At the same time, we continue with our cost efficiency programmes, which is focusing on other areas, so typically on areas not related to customer volumes. This brings me to the EBITDA for the Group totalling for the second quarter €459 million, a decrease from last year by 3.7%. If I exclude the one-offs of last year, the increase of direct margin is partly offset by customer costs linked to our good commercial momentum and fibre migrations and our investments in the growth of TeleSign.

With the fibre project accelerating, we also see that CapEx rising over the first half of 2021, all according to plan. Fibre is now representing 32% of the total CapEx envelop. Besides fibre, we also stepped up investments in the area of digitisation and IT transformation, and we also have some more CapEx coming from the increased customer installations. At the same time, we are rationalising own CapEx for less strategic areas to manage the overall envelop and put all of our focus on strategic investments.

The free cash flow generation remains strong with our normalised basis over the first half of this year a total of €262 million, which is above the normalised free cash flow over the first half of 2020.

So in conclusion, we are very pleased with the strategic progress we are making and also with the financial results achieved so far. We are, therefore, comfortable in confirming our outlook for the year, despite of some ongoing uncertainty on the speed of recovery from COVID-19 restrictions.

With this, I've come to the end of my introduction and can now go to your questions. Thank you.

Question & Answer Session

Operator

Thank you. Ladies and gentlemen, if you have a question, please press 01 on your telephone keypad. Your first question from David Vagman from ING. Please go ahead.

David Vagman

Yes. Thank you. Good afternoon, everyone, and thanks for taking my question. I've got three. First, on consumer services revenues. How do you analyse the flat performance in customer services during Q2, in particular in light of the quite strong commercial success of Flex I think? We see convergence ARPC still declining. So what are your expectation especially for H2 and then following the launch of Telenet One and One Up? So that's my first question.

Then secondly on fibre. How can we best model the evolution of the take-up rate of fibre going forward? So what are your expectation, and what can you do to accelerate it?

And then third on the mobile spectrum auction. How do you assess the political development there, so regarding the reservation of spectrum for a fourth player? What is, according to you, the chances of the draft law being voted as it is? Do you expect negotiation basically between the federal state and the Belgium region to negotiate, let's say, a stricter condition? Thank you.

Jim Castele

Hi David. So this is Jim Castele talking. So on your first question with multiple sub-questions, I would say, first on the consumer service revenue. So indeed, we have a service revenue that is flat year-over-year. So on the one hand, there is multiple elements that drive this. On the one hand, we see indeed convergent revenue growing, thanks to, like you said, our Flex solution. With more and more customers subscribing to those convergent offers, we, of course, see a decline in our fixed and mobile-only customer base, which is, to a certain extent, offsetting that convergent revenue growth.

And also what is important to note is that last year during COVID, we saw a temporary increase in traffic on fixed and mobile which has boosted the ARPC in 2020. We no longer observe this today. And so we actually already see the same trend in July when we look at July versus July last year. So these are the three elements that explain why the consumer service revenue is flat despite the fact that indeed we have a very strong performance on convergence driving our ARPC. So that's on your first question.

Then on the convergent ARPC as such. This is actually driven to the fact that, let's say, that – sorry. So this is linked to the change in the mix in the convergent ARPC. It's not only – typically we think it's only about internet TV and mobile, but in the convergent ARPC, we have historically also customers that still have fixed voice. And so with fixed voice declining in our customer base, we have less customers in convergence having fixed voice. And this is driving the area of ARPC of convergence down. The good news, of course, is that we still have a very good convergent ARPC of €93, which will help us to further boost the average ARPC as we drive convergence in the customer base.

And then I think your last question was on Telenet One. So there, I think, if you look at our commercial results, we are very, very happy with our performance. Flex continues to deliver very well in the premium segment of the market, which you see in our results on internet on postpaid but also on digital TV. So we feel that even after three months of launch of Telenet One, we still have the right offer in the market. Of course, as always, we continue to monitor this, and of course, H2 as always a very important commercial momentum and we're really convinced that we have the right offer to continue to have the traction that we see today.

David Vagman

Thanks. Thanks, Jim.

Guillaume Boutin

On the fibre, you have to realise that the acceleration of the rollout of the network is really extreme. Every week we are in accelerated trend. So the built of the network is really going at a very fast track. And we are building because we are ramping out that rollout. So compared to other geographies or other countries, it's difficult to compare Belgium compared to where other countries sometimes are. That said, if you look at the first cohorts in which we have rolled out fibre there, we see very nice win rate at par with the ambition we do have driven by lot of winbacks, very nice traction of the technology in the areas where we have rolled out fibre but also boosted by the migration initiatives that we do for existing copper customers.

And you know that we gave us five years to fully migrate the entire – the full copper customer base into the new technology after five years so that we can remove copper. So we gave to ourselves five year to do so. And we are on track to on the first areas where we have rolled out fibre to get to that copper switch off. That's a second element.

And operationally, we are also starting to organise ourself a bit differently. We have created fibre migration squad in the teams of Jim that is fully dedicated to work on the filling rate of the network, so winbacks but also migration of our copper customers to the new fibre network.

Last but not least, you know that we are rolling out a network that is open for others on the dense areas using FANS. On the less dense areas using a point-to-point passive infrastructure. So the network we built is open. And we are convinced that we're going to attract a lot of operators, customers, corporate customers, operator customers to our networks, fibre networks on the medium term. And that's already the case. We have a lot of smaller operators that are using our open network today, but of course at some point is going to be probably more massive or larger operators that might be willing to use our network. Again, our topology is fully open on the dense areas you can use FANS. On the less dense areas, you can use a passive access to the network.

On the auction, I think, Dirk will comment on your question, but we will say the same as our colleagues. You heard Orange Belgium and Telenet Monday and Thursday. So we're going to say exactly the same, but I will let Dirk confirm that to you.

Dirk Lybaert

Yeah. So yeah, maybe first on the timing of the auction. So the federal government has asked the advice of the council of state. Normally, this was expected before summer, so normally it was expected last week. It didn't come in. And what we hear is that this advice will only arrive September-October, which makes, of course, that the timing is a bit shifting again I would say.

Now on your question whether there will still negotiations between the federal and the regional level? Yes, because once that they have the advice of the council of state, we will have a new meeting of the consultation committee between regional and federal level. And what we hear is that indeed there are some objections from the regions. The Walloon region is focusing on the negative impacts on sustainability and green because having a fourth operator will increase the consumption of electricity. And so this is a bit going against the other objective that the government is putting forward.

The Brussels government still has issues with the radiation norms, because having a fourth operator in Brussels where you have very low radiation norms, even if there is now a political agreement to increase those radiation norms from six volt per metre to 14.5 volt per metre, it remains a low level of radiation compared to what we see in Europe and what the norms are of the World Health Organisation. So adding a fourth operator within those respective norms hampers, of course, the effective use of both our networks in Brussels.

And the last region, the Flemish region is still looking at the famous Article 52. And so the discussion of whether the current competitive environment in Belgium allows imposing discriminatory framework for a new operator. So that's a bit the discussions which are still ongoing.

David Vagman

Thank you very much. Do you expect like a compromise on this point, let's say, with stricter condition for the new entrant?

Dirk Lybaert

Very difficult to predict. But what we hope, because – and I think all three operators say the same. We are not afraid of competition. So having a fourth operator in Belgium, okay, the auction is open. So we are not afraid that the fourth operator would come in Belgium. And in fact, with Cegaka-Citymesh there is already such a fourth operator, but what we are against is the discriminatory conditions that such a fourth operator would benefit from. And so I think we'll often open auction. And yes, we can have a fourth operator but not with discriminatory conditions.

Guillaume Boutin

So you understood that it's difficult to make a prognostic on that one. I would just want to add that the conditions for fourth entrant in current market conditions is really – the business case is really hard to find probably, and way harder compared to the market condition four years ago. So I think it will be probably more difficult for a fourth entrant to make a business case out of this license.

David Vagman

Thank you, both. Thank you.

Operator

Thank you. Next question from Nicolas Cote-Colisson from HSBC. Please go ahead.

Nicolas Cote-Colisson

Thank you. I've got two questions starting with fibre and maybe a follow-up on Guillaume's previous answer. Because we have seen initiatives from Orange Belgium testing fibre in Brussels. We have Telenet which is still working on deal with Fluvius. So what's your view on the risks of overlaps eventually because that would reduce the business opportunity for an open network platform like yours? So that's the first question on fibre.

Then on TeleSign. Can you help us understanding how the pricing environment is going, because you are seeing good forward booking. I was wondering how profitable growth can be?

Same on TeleSign, product developments. Can you tell us a bit more how you can diversify from the, I would say, the commoditised solution that makes the bulk of the business today?

And very last on TeleSign still. Consolidation opportunities, that was something you mentioned back in February when you acquired the minority. So I wanted to find out what was your thinking around that? Thank you.

Guillaume Boutin

Okay. I start with your first question. For the moment, we are really the only operator rolling out fibre. And I think what we have to do is to concentrate on the acceleration of that rollout. As I said several times, there is a great first-mover advantage in fibre and there is a product superiority that you can see also in Belgium. And you can see that in the adoption of the – and the winbacks we are doing and on the fibre footprint in which we have really a great commercial momentum. So first-mover advantage is key to attract customers being retail customers or wholesale customers. So that's one. And for the moment, we are really the only one accelerating that rollout.

Second, I think we will have some overbuilt. I think you have overbuilt in every geographies. City centres, probably they will be overbuilt in fibre but I think it's good and healthy function in market, even if have overbuilt, you can still have a rational – if you overbuilt in city centres, you still have rational and healthy market structure. So I'm not afraid of overbuilt in city centres. That's probably what will happen in the – with Orange in Brussels or with other initiatives for Telenet and Fluvius on the medium term. So we don't have to be afraid of overbuilt especially in in these city centres where it's – there is a rationale and a business case to do so.

Of course, when you exceed those city centres, then the business case for business several networks is becoming more difficult, that's where our strategy to be the first one to rollout is quite important. And that's why we want to follow the plan that we have announced now one year ago to rollout 4.2 million of plugs by 2028. And again, here I think we are all rational players and I don't see why, at some point, we should not have other operators joining our network. Again, that network is fully open.

So let's see how it goes, but there will be some overbuilt. There will be probably some partnership agreements on the mid-term. And there will be wild zones, so probably we're going to have to organise public private partnerships in order to finalise the coverage of the country with the gigabit infrastructure. So that's the way I see it.

Again, we are open network. We are open for partnerships. And that's a message I'm conveying for 18 months now, and I think we first need to rollout and then discuss. So that's the first point.

Second point on TeleSign. As I said several times, TeleSign is a jewel. Is not only active in messaging. You have to understand that the main product development of TeleSign, this is digital identity platform. TeleSign is all about scoring your phone ID or your IP address in order to smoothen your authentication process, so that your customer experience is way better. That's why all the big names of the internet are using TeleSign as a provider to make sure that the onboarding journey of the customers is the smoothest journey as possible.

And the investment we do in the product is around the scoring machine of Telesign. So here, it's all about AI, low latency, answers to the request of the website at our customers. So improving the score and improving the response rate of the solicitation of the platform. That's really what we are focusing on. And, of course, then you have output of that score need to be delivered through different channels, WhatsApp, SMSs, voice.

That's the – I have to say, the less strategical part of the product. But that is still representing a big part of today's revenues. But the focus and the growth today is driven by the digital identity part, which is – with higher margin and more predictive revenue trends. And the growth is nice. The growth is – as I said in the slide, you have to expect a 20%; 10% year-over-year development of respectively revenues and direct margin for the year, which is quite nice and this is going to be even accelerated.

You have to also understand that we are today investing in those new product platforms and go to markets. So it takes a little bit of time. So that's the new sales guys and the new product features are fully implemented within the customer base. That's why having at the same time the transformation effort that we do and those growth rates, I'm really, really pleased with the performance. And we will continue invest in that growth because we are convinced that TeleSign will be a continuing profitable growth story for the years to come. So I think I touch your first two questions on TeleSign.

Then the third one, consolidation opportunities. Honestly, as I said also, we are really focusing on the growth, investing in the go to market, in the product. And the new management team is really doing an amazing job for that. And, of course, at some point, we cannot exclude that we might need some strategic partnership or strategic collaboration – combination and we will be of course open for that but focusing now on executing the growth plan and investing for the future growth of the company.

Nicolas Cote-Colisson

Thank you very much.

Operator

Thank you. Next question from Ulrich Rathe from Jefferies. Please go ahead.

Ulrich Rathe

Thank you. I have two questions, please. The first one is One – One UP. You commented earlier that you haven't actually seen that much of a competitive impact so far. But Telenet did sound little bit on their quarter that they're going to put more resources into this in the second half and that they haven't actually put that much resource into it in the quarter. So I was just wondering do you feel there is a potential bundle fight coming up there in the second half in particular in the third quarter in the back to school period, or are you quite relaxed into resource into the second half listening to your competitor talking about it?

The second question is on the flood cost. Do you have already sort of some message on that? And would you treat that as a non-recurring item, or would you leave that within EBITDA and the guidance perimeter? Thank you.

Jim Castele

So Ulrich, on the first question – so this is Jim speaking. First of all, I think if you look at the current performance, as I said, we're really satisfied with our performance both on internet on TV and on postpaid. Secondly, I think also it's a question we got last quarter as well when they just launched their offer. If you look at the price positioning of Telenet of their One and One Up, it's mainly a value based solution that they've put in the market and they also tried to fill the low end of the market with the €66 internet/ mobile.

Today, we have the advantage that we have several brands that we can put on the market with Scarlet, with Proximus, and of course, Mobile Vikings is today only a mobile brand but it's still a very strong brand that we can use. And if you look at the success of Flex, we were really convinced that we have found the right solution to answer the needs of families where they can really tailor to their own needs composing very nice proposition, adding mobiles depending on the number of people in the household.

So if you ask me, are we convinced that we have the right solutions to continue to drive the traction that we see in the market today? Yes, we are convinced of that. To the point of Guillaume, we're also continuing to deploy fibre and we see a very nice traction with Flex Fibre as well. And we all know that the back-to-school and the end of year are really important moments commercially. So we're fully geared up on that as well to have the right promotions in the market to continue to attract customers. So I'm pretty confident for the next quarters on our results.

Mark Reid

Ulrich, on the flooding question on cost, I think, first of all, I think Proximus has done a great job supporting the community in Belgium in coping with that. So I think that's a really important point. On the recurring nature of those, obviously, we're going to have some – we've got some limited customers without service, which we're supporting through extra mobile data. We've got some infrastructure repair work to do and some building repair work to do. Clearly, that's going to be non-recurring in nature.

And then just from the overall state of the evaluation still going on obviously. But from a Proximus Group perspective, we have insurance that covers those costs. And therefore, we fully expect it to be very immaterial in the second half of the year net of the insurance costs – insurance refunds.

Ulrich Rathe

Thank you very much for both answers. Thank you.

Operator

Thank you. Next question from Roshan Ranjit from Deutsche Bank. Please go ahead.

Roshan Ranjit

Great. Thank you for the questions. Afternoon. Just two from me. Quickly to follow-up on the fibre, one of the previous questions. We've seen the slight pick-up in the rollout rate. And obviously, I guess, we're going to see that really kick on in the second half of the year, given the JV that's already closed and one expected, I think, in the coming days maybe. How should we think about that rollout run rate for the coming quarters? I mean, I guess, we shall expect above 100,000 or so by the end of the year on a quarterly run rate? Is that fair?

And secondly, Guillaume, you mentioned some of the discussions around the open network. And at the moment, I think it's still from the smaller operators. Are the discussions changing versus what they were, I don't want to say last year. And again, I

appreciate the rollout – coverage is 10%, so still relatively limited. But are some of the operators trying to focus on shorter timeframes or maybe longer timeframes? Anything you could say there would be very helpful. Thank you.

Geert Standaert

Okay. This is Geert speaking. On the rollout, as you said, we are perfectly on plan. You know that we've announced figures for this year and we are spot on, I would say. So you can count on what we have communicated there. And then indeed, we are going to catch up. So we're going to catch up through the JVs, but also by further increasing our standalone rollout. And we've always said publicly that we want to move to a rate which is about covering 10% of the country per year. So towards next year we kind of will double the pace versus last year. And for next year, we have plus/minus the same ambition.

The JVs, with respect to your remark. Yes, indeed, the JVs are in the air. We will start deploying already in quarter four of this year, but the kick in of the JVs you should mostly think of that for next year.

Guillaume Boutin

And just on your second question about the discussions between operators to access different networks, of course, I cannot comment on that today. But I will just restate what I said before, is I think we have been in a network which is an open one. We are welcoming operators, whatever the size. And I think that building that network and being the first to build that network could provide us a nice advantage for us for retail operations but also for wholesale discussions as well.

Roshan Ranjit

Okay. That's great. Thank you.

Operator

Thank you. Ladies and gentlemen, if you have a question, please press 01 on your telephone keypad. You have to press 01 on your telephone keypad. Ladies and gentlemen, if you have another question, you have to press 01 on your telephone keypad. Looks like we don't have any more question. We have a new question arriving. We have a new question once again from Nicolas Cote-Colisson from HSBC. Please go ahead.

Nicolas Cote-Colisson

Thank you. Very short one. Can we have an update on the phasing on the implementation costs and eventually savings for the network sharing because sort of the initial delays. I just want to make sure that the phasing is still the same or has changed?

Mark Reid

Yeah. So in terms of the overall programme, the programme is ramping up and we are slightly, I'd say, in the terms of the number of sites behind for this year, but the overall longer term plan is still on track. And therefore, the overall savings from our perspective are in line with what we've previously communicated with.

Nicolas Cote-Colisson

And in terms of the integration costs or the upfront costs, do you think they will be going through 2021? Or there could be a bit less this year and still a bit for next year?

Mark Reid

Yeah. So on the overall integration cost, we are seeing some of that and I think we communicated that earlier as part of our overall OpEx development in the year. So we are seeing some of that. There is possibly an immaterial movement between '21 and '22 that will happen because of the slightly slower ramp up, but overall it's not material at the Proximus level.

Nicolas Cote-Colisson

Okay. Thank you.

Operator

Thank you. It looks like we don't have any more questions. Back to you for the conclusion.

Nancy Goossens

Thank you all for your participation. As usual, should you have any follow-up question, you can address this to the investor relations team. And I wish you all a very good weekend. Bye.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you all for your participation. You may now disconnect your lines.