Proximus acquiring 100% of BICS

Guillaume Boutin – CEO Proximus
Joseph Burton – CEO TeleSign
Matteo Gatta – CEO BICS

Proximus announcement
9 February 2021
**BICS’ operating assets**
are well positioned to benefit from further acceleration in digital growth markets

Fast growing leader in digital identity services to internet properties, digital champions and cloud native businesses and with a growth path in programmable communications.

![TeleSign](image)

**26%**

Of total Direct Margin 2020 (or €78M)*

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Global leader in digital communications, cloud communication, Mobility, Roaming and IoT, targeting the business-critical needs of telco operators, xVNOs, enterprise software providers and global enterprises.

![bics](image)

**74%**

Of total Direct Margin 2020 (or €225M)*

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*Financial split between BICS & TeleSign is based on unaudited internal management reporting; more information in appendix.*
BICS has an appealing cash flow profile

Enjoying robust and growing cash flows and low capex.

+56% TeleSign, Revenue CAGR ‘18-'20

€101M BICS, EBITDA ‘20

€64M BICS + TeleSign, FCF ‘20
stable vs ‘19 (€64M) despite Covid-19

+56% TeleSign, Revenue CAGR ‘18-'20

€101M BICS, EBITDA ‘20

€64M BICS + TeleSign, FCF ‘20
stable vs ‘19 (€64M) despite Covid-19

Indicative
Proximus acquiring full ownership of BICS

Obtaining necessary flexibility to execute BICS transformation.

Proximus to obtain a 100% stake in BICS by acquiring Swisscom’s 22.4% and MTN’s 20.0% stake. (Closing transaction subject to customary approvals.)

Full strategic flexibility to execute BICS’ growth plan.

BICS and TeleSign, focused execution in respective markets while maximising operational synergies.

MTN & Swisscom to remain important commercial partners of BICS going forward.
For Proximus...
the transaction increases our exposure at attractive multiple while maintaining our financial trajectory

**€569M**
Enterprise Value
to acquire minority participation, implying a 4.4x EBITDA 2020 multiple

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Increased exposure to a business we know, at an attractive entry point ...

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**€217M**
Total Cash outflow
Expected, Proximus 2021

- Limited impact on leverage (approx. 0.1x Net Debt / EBITDA)
- No impact on Proximus dividend policy

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**FCF Yield**
Proximus: 6%
BICS: 11%

PXS based on 2019 FCF and current EV; BICS is 2020 FCF (€64M) divided by EV (€569M).

... without negatively altering our financial profile and trajectory
TeleSign, a fast growing leader...
... in digital identity solutions and programmable communications towards digital service providers & enterprises

Digital Identity
Description: Enterprise solutions to streamline account registration, fight fraud, and deliver actionable KYC insights.

Typical use cases: account take-over & fraud prevention, issue resolution, customer trust scoring, financial risk using alternative source of data.

Programmable Communication
Description: Users engagement throughout the entire customer lifecycle with customizable APIs leveraging voice, SMS, and omnichannel strategies.

Typical use cases: API based registration verification (2FA), alerts, reminders, notifications, 2-way communication.
We manage broad identity data to provide trusted validation services

Anna’s Digital Identity
Phone: +16505555555
Email: Anna@gmail.com
IP: 172.16.254.1
Address: 1 First St Oakland, CA
Twitter: @sallysue
Instagram: @anna7
WhatsApp: +16505554444
... and more
TeleSign...

... has shown a solid growth trajectory

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues (€M)</th>
<th>Growth (CAGR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>112</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>174</td>
<td>+56%</td>
</tr>
<tr>
<td>2020</td>
<td>273</td>
<td></td>
</tr>
</tbody>
</table>

Perspective on ‘20-’25 growth
Continue to enjoy solid double-digit momentum across both revenue streams (Programmable Comm. & Digital Identity)

... and is operating in large, fast growing markets

<table>
<thead>
<tr>
<th>Year</th>
<th>CPaaS market (€B)</th>
<th>Growth (CAGR)</th>
<th>Identity Access Management market (€B)</th>
<th>Growth (CAGR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>4</td>
<td></td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>4</td>
<td>+35%</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>6</td>
<td></td>
<td>25</td>
<td></td>
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<tr>
<td>2022</td>
<td>8</td>
<td></td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>11</td>
<td></td>
<td>32</td>
<td></td>
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<tr>
<td>2024</td>
<td>15</td>
<td></td>
<td>36</td>
<td></td>
</tr>
</tbody>
</table>

Source: IDC (CPaaS market); OWI (Identity Access Management market), USD/€ at 1.2 flat; post 2022 extrapolated from 2017-2022 growth.
<table>
<thead>
<tr>
<th>Trusted by Global World Leaders</th>
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<tbody>
<tr>
<td>affirm</td>
</tr>
<tr>
<td>ByteDance</td>
</tr>
<tr>
<td>Gett</td>
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<tr>
<td>Upwork</td>
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<tr>
<td>inDriver</td>
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</tbody>
</table>
“At Affirm, we have the best algorithms for evaluating financial risk and TeleSign has the best digital identity solutions to recognize possible fraud.”

Head of Financial Partnerships
Playbook for future growth

Product innovation

- Extending our services beyond phone numbers to include other digital identity nodes i.e. email, IP, name/address, and others to capture larger market opportunity
- Drive differentiation leveraging nearly 5B unique phone numbers from proprietary data sets and intelligent consortium
- Launch Score 2.0 models incorporating even more exclusive data enhancing unique value of intelligence provided

Geographic expansion

- Currently, TeleSign is well penetrated in the North American market
- Plans to increase sales efforts and product competitiveness globally with a focus on fast-growing, digital-first markets such as Asia Pacific and Europe

TeleSign-wide, superior network through quality, scale, and reach.
BICS is a global leader...
in digital communications, cloud communication, Mobility and IoT.

Legacy

1. Voice Communications
   - Strong cash flow generation, funding Core & Growth ambitions

Core

2. Infrastructure
3. Mobility & Messaging
   - Selective M&A and investment in product leadership for Mobility

Growth

4. Cloud Communications
5. Roaming & IoT
   - Move up the value add in Cloud Comm. & CPaaS
     - Turnkey Enterprise IoT

Global Network reach and Delivery Platforms at High Operating Leverage
Core business end-markets enjoy growing volumes, legacy (Voice) declining

**Legacy**

**Key use case**
Next-Gen capable voice hubbing with 700+ direct routes

**Market trend**
Structural Decline
Market to consolidate

**Voice Communications**

**Infrastructure**
120 POPs, 330K km submarine cable, reaching 200+ countries

**Core**

**Mobility**
- Signalling and Data For Roaming
- Signalling
- Roaming data

**Messaging**
- Low latency two-way SMS exchange with more than 1,000 mobile operators and MVNOs worldwide
- API based A2P (Application to Person) messaging

**Market trend**
Strong growth in demand (40% YoY*), partially offset by pricing pressure.

Data roaming growth (16% CAGR ’19-’24) offsets price pressure.

Strong Covid-19 impact, expected to return to pre-covid-19 growth trajectory.

A2P Growth in volume on the back of CPaaS market growth but subject to increasing competition.

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*: Telageography, Primetrica
Growth areas end-market volumes turbocharged by Covid-19, M2M/IoT and eSim

Key use case

Cloud communications

Roaming

IoT

Enterprise digitalization driving Cloud Communication services adoption with strong acceleration due to Covid-19.

Part of the CPaaS (33% CAGR ‘19 – ‘24) market.

Growth in MVNOs and emergence of alternative roaming services by eSim.

5G all-in roaming for industrial use-cases and MPN.

High growth market (2.6bn$ in 2019, CAGR ‘19–‘24 is 28%) due to proliferation of M2M, IoT connections and eSim.
BICS Growth Areas will be cornerstone of future value creation, while Core is expected to recover gradually from ’18-’20 shock.

BICS underlying business mix becoming more resilient & future proof.

<table>
<thead>
<tr>
<th>BICS Direct Margin Mix evolution (€M)</th>
<th>Perspective on ’20-’25 growth (CAGR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DM ’18</td>
<td>DM ’20</td>
</tr>
<tr>
<td>Growth</td>
<td>7%</td>
</tr>
<tr>
<td>Core (Messaging &amp; Mobility)</td>
<td>37%</td>
</tr>
<tr>
<td>Core (Infrastructure)</td>
<td>12%</td>
</tr>
<tr>
<td>Legacy</td>
<td>44%</td>
</tr>
</tbody>
</table>

BICS Direct Margin Mix evolution (€M)
BICS playbook for future growth

**Legacy Business**
- Strict focus on capital allocation & costs.
- Participate in in-market consolidation of international voice to lower cost to serve.

**Core Business**
- Further strengthen leadership in mobility with organic and inorganic initiatives
- Messaging bundling with growing CloudCom.
- Capture the growing demand on Infrastructure

**Growth Areas**
- Grow the value add in the Cloud Comm (CPaaS market space)
- Accelerate growth in IoT & Roaming

BICS and TeleSign to synergize on scale and capabilities build up for differentiation
Concluding transaction highlights

Gaining full ownership...
- **Proximus to obtain a 100% stake** in BICS by acquiring MTN’s 22.4% and Swisscom’s 20.0% stake.
- **Full strategic flexibility** to execute BICS’ growth plan.
- **MTN & Swisscom to remain important commercial partners** of BICS going forward.

at an attractive valuation...
- Enterprise Value of €569M: **attractive** 4.4x 2020 EBITDA multiple and **cash flow accretive** as of year 1.
- Total expected cash outlay of €217M in 2021 - limited increase by c.0.1X of PROX current S&P leverage.
- Proximus remains **committed to its overall capital allocation strategy** as presented during the Fiber Update.
- **No impact** on Proximus’ 3-year stable dividend intention of 1.2€/share.

with a clear path to accelerate BICS & TeleSign growth strategy.
- **BICS and TeleSign: focused execution** in respective markets while maximizing operational synergies.
- **Accelerate organic investments** in TeleSign and in BICS **growth** domains.
- Focus on **cash generation** within BICS while capturing in-market consolidation opportunities.

This transaction will create value for Proximus shareholders.
Q&A
Appendix
# Acquisition at an attractive multiple of the BICS

An asset light company with strong underlying cash flow generation

<table>
<thead>
<tr>
<th>BICS simplified FCF statement</th>
<th>2019FY</th>
<th>2020FY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Underlying Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BICS</td>
<td>1,301</td>
<td>1,194</td>
</tr>
<tr>
<td>TeleSign</td>
<td>1,126</td>
<td>921</td>
</tr>
<tr>
<td><strong>Underlying Direct Margin</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BICS</td>
<td>325</td>
<td>303</td>
</tr>
<tr>
<td>TeleSign</td>
<td>260</td>
<td>225</td>
</tr>
<tr>
<td><strong>Underlying EBITDA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BICS</td>
<td>153</td>
<td>131</td>
</tr>
<tr>
<td>TeleSign</td>
<td>126</td>
<td>101</td>
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<tr>
<td><strong>Capex</strong></td>
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<td></td>
<td>(39)</td>
<td>(44)</td>
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<tr>
<td><strong>FCF</strong></td>
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<td></td>
<td>64</td>
<td>64</td>
</tr>
<tr>
<td><strong>Dividend to Minorities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>29</td>
<td>26</td>
</tr>
</tbody>
</table>

1. Split between BICS & TeleSign is based on unaudited internal management reporting; 2. BICS is managed on Direct Margin; low-relevance of revenue seeing exposure to regulatory pricing, outside of BICS’ control.
# Glossary

<table>
<thead>
<tr>
<th><strong>KYC</strong></th>
<th><strong>TAM</strong></th>
<th><strong>IAM</strong></th>
<th><strong>API</strong></th>
<th><strong>SDK</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Know Your Customer</td>
<td>Total Addressable Market</td>
<td>Identity and Access Management</td>
<td>Application Programming Interface</td>
<td>Software Development Kit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>CPaaS</strong></th>
<th><strong>A2P</strong></th>
<th><strong>P2P</strong></th>
<th><strong>SIP Trunking</strong></th>
<th><strong>2FA</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications Platform as a Service</td>
<td>Application to Person traffic</td>
<td>Person to Person traffic</td>
<td>Session Initiation Protocol Trunking</td>
<td>Two-factor authentication</td>
</tr>
</tbody>
</table>