Presentation

Operator
Good afternoon, ladies and gentlemen. And welcome to the Proximus Conference Call on the Q4 2021 Results. For your information, this conference is being recorded. At this time, I would like to turn the call over to the Proximus CEO, Guillaume Boutin. Sir, please go ahead.

Guillaume Boutin
Thank you, Clotilde. Good afternoon to all of you, and also from my side, welcome to this conference call on the Proximus fourth quarter results.

Let me kick off with this slide summarising some of our key achievements, achievements we can be proud of and that all have contributed to achieving the goals we had set for ourselves for 2021. I will come back on this in more detail in a few minutes.

An important achievement, of course, is meeting the guidance for 2021, with the company delivering on all metrics. I’m also pleased to announce that the Board of Directors approved to propose to the Assemblée Générale of April to return to our shareholders a promised dividend of €1.2 gross per share.

Before taking a closer look at the results of 2021, let me walk you through some noteworthy steps for what we have taken in our Inspire 2022 Strategy. With climate change remaining a key concern, I’m pleased we have made further progress to help where we can on that front. In every decision-making process, we embed green ideas, but we also have taken specific actions to reduce our own carbon footprint and help our customers to reduce emissions on their side too. Thanks to the green bond we issued in November, we can sustainably invest in our future-proof and energy-friendly gigabit networks.

On the fibre front, I’m very proud of how our deployment is evolving. Proximus fibre is being rolled out in 35 cities as we speak, and our fibre partners too have now started civil works in 10 cities. So really moving fast, and we are ready to further scale up this capacity with the ambition to grow our footprint by 10% on an annualised basis as from end 2022.

Over the last three months of 2021, we have achieved a significant step-up in our fibre rollout, passing an additional 126,000 homes and businesses, beating our own objectives. With this, our footprint reached 813,000 homes and businesses, meaning close to 14%, 1-4, of all Belgian premises. For 2022, we’ll add to this more than 500,000 additional homes, and hence, we’ll move our fibre footprint above the 20% mark by end of this year.

At the same time, we have been able to keep the build cost well under control. We continuously look for ways to optimise our construction costs and for 2021 our cost per home passed in the so-called brownfields stayed on average below €800, which is 5% better versus what we had planned before.

Overall, our goal is to become and remain the undisputed network leader in Belgium. So not only will we broaden our fibre footprint, we will also further improve our offer. Over the coming next ten months, we have several launches in the pipeline. Already in a few weeks from now, customers will be enjoying higher upstream speeds. In the May timeframe, we launched a brand new Wi-Fi fixed gateway, which will be the first Wi-Fi fixed gateway of the Belgium market. And by the end of the year, we aim to activate ten gig specs in the first couple of fibre cities.

Our network leadership ambition also applies for mobile. Already today, Proximus is recognised for its very good 4G connections. To keep up the superior mobile experience, we also invest in the deployment of our 5G network with the objective to reach national indoor coverage for Belgium by 2024. In the meantime, we have already demonstrated multiple use cases with business customers, and this in a wide range of sectors.

Over the past year, we also realised major milestones in terms of digital innovations, bringing us closer to becoming the digital companion of our customers. For example, by improving access to healthcare through our teleconsultation solution, Doktr, but also by better protecting our customers in an increasingly digital world by developing expertise in cybersecurity. We have also closed partnerships to support our business customers in the digital transformation, just to name a few, with basics through aug-e, joint-venture with HCL to develop hybrid cloud solutions.
As a final point on the first part, as we have announced in December, we are in the process of taking TeleSign public through a business combination with NAAC. Transaction that implies a pro forma enterprise value of TeleSign of €1.3 billion. The transaction is ongoing, and we expect to close this in Q2 2022 with the listing of TeleSign on NASDAQ.

Turning now to the second part of my introduction. One of the goals we had set to ourselves was to improve our Net Promoter Score, NPS. I'm very pleased that the many initiatives that we have taken on this front have clearly delivered, as you can see on the slide, especially as a better customer experience is key in our ambition to further grow our customer basis.

As you can see on the chart, we had a strong commercial momentum on all fronts over the fourth quarter. Including the good momentum in the Enterprise segment, we grew the Group mobile post-paid by 53,000 cards, which represents the strongest growth in ten years.

With our fibre footprint increasing, our consumer unit sees an increasing traction for its fibre offers. By end of 2021, 123,000 customers had the fibre subscription with typically a higher ARPC and lower churn. Also, we see a swift technology switch in the fibre zones with 65% of our customers having moved to fibre one year after we started selling fibre in that particular zone.

From a revenue perspective, our consumer unit showed a nice trajectory, as shown on the chart. We closed the last quarter of 2021 with a 2.7% revenue growth, while remaining stable on organic basis. Convergence remains core to our strategy with sustained support for Flex offers. We continued to attract multi-mobile customers in our base, which benefits the overall ARPC growing year-on-year by 0.7%.

Now turning to our B2B unit, which continued to perform very well. The fourth quarter revenue grew by 1.9%, and this despite the ongoing intense competitive dynamics in the market. But let’s first have a look at the ICT domain. The positive evolution on the chart is proof of the good progress we are making on the B2B transformation. The ICT services revenue is showing sequential growth. In contrast, revenue for low-margin ICT products remain stable with the global chip shortage continuing to affect some of our hardware suppliers.

On the telecom side, for B2B, we also maintain a good revenue momentum with good results for internet and especially for mobile, with a 3.6% revenue growth.

Turning to our wholesale unit. As shown on the chart at the right, we turned around a historical declining trend in our wholesale broadband park supported by our fibre rollout. Wholesale revenues from fixed and mobile services were up by 6.4%. Of course, today is still on limited total revenue, but I remain convinced there is a great growth opportunity in wholesale on the midterm.

This brings me to the total domestic revenue for the last quarter of the year, which was up in total by 2.4%, and higher by 1% on an organic basis. On the international front, I’m very pleased with the growth in revenue and EBITDA for BICS, which resulted from a strong performance in A2P messaging, cloud communication and a gradual recovery of roaming.

Following the completion of the acquisition of 3m Digital Networks, BICS is well-positioned to address new digital communication use cases in the enterprise market. For 2021, the Enterprise revenue represented already well above 20% of the total revenue of BICS. As for the legacy voice and message business, this continued to benefit from the favourable destination mix, reflecting the trading nature of this part of the business.

Turning to our other international platform, TeleSign. TeleSign had a strong fourth quarter performance, especially on digital identity. It proves for TeleSign an important step in its view to become the global leader in that area. With a good sales performance over the last quarter, TeleSign achieved, for the full year 2021, nearly 23% revenue growth on constant currency.

Moving now to the operating cost of the Group. Here, I just want to highlight that our domestic OpEx was up by 3.4% on an organic basis with our ongoing cost efficiency programme offsetting in part of the higher costs related, amongst others, the inflation based wage indexation, but also some phasing impacts, costs related to higher customer volumes and cloudification effects.

As you can see on the chart, the year-on-year increase in domestic OpEx was the main driver for the lower fourth quarter Group EBITDA, while the domestic direct margin was positive. Our full year CapEx level came in as expected at €1.2 billion. The increase from last year was largely driven by investments in the gigabit networks with the fibre-related investments now representing 31% of the total CapEx envelope.

Including the significant investments in our networks and the equity injections in the two fibre JVs, our full year free cash flow for the year 2021 was solid at €376 million on a normalised basis, and hence covering for our annual dividend.
The financial position of the company remains very solid, with our net debt on EBITDA ratio end 2021 at 1.55 times. So that is it for the 2021 results, and that leads me to give a quick view on our expectation for 2022. We are now entering the final year of the #Inspire2022 strategic cycle, and this is on a solid trajectory of the past year. 2022 is already bringing some fresh challenges with steep inflation rates. Nonetheless, we keep our ambitions very high. We'll continue to focus on the domestic growth for which we expect both revenues, including terminals, and underlying EBITDA to grow by up to 1%.

Including TeleSign and BICS, we anticipate the underlying Group EBITDA to be down by around minus 1%. In line with our announced fibre rollout strategy, the Group CapEx for 2022 is expected to rise to close to €1.3 billion and our debt ratio to be around 1.6 times EBITDA.

And as a final remark, we reiterate our commitment to an attractive shareholder return with the aim of paying an annual gross dividend of €1.2 per share for the 2022 result, which is in line with our announced three-year dividend policy over the 2020-2022 period.

Thank you. And now it's time for questions.

Q&A Session

Operator
Thank you sir. Ladies and gentlemen, if you wish to ask a question, you may press 01 on your telephone keypad. The first question is from Mr Nicolas Cote-Colisson from HSBC. Sir, please go ahead.

Nicolas Cote-Colisson
Thank you. Hi, Guillaume. One question on TeleSign, or maybe two actually. The market has been quite tough with peers year-to-date. So I wonder if you could come back on the technical aspects of the IPO, what could go wrong from a process point of view or from a pricing point of view? Because you agreed on €1.3 billion to secure 67% stake. I just wanted to check these numbers can remain.

And the second question on TeleSign is I'm trying to understand the volume and price dynamics there, if it makes any sense, because I've got no doubt about the volume trajectory, but on pricing, I've got more doubt. So any colour on this would be helpful. And I may have a short follow-up on the guidance. Thank you.

Guillaume Boutin
Mark, do you want to take this one?

Mark Reid
Yeah. Thanks, Guillaume. Thanks, Nicolas. So, on the process, I think we are progressing well. We filed the company's S-4 in December, and we're currently closing the year, the audited financials for TeleSign, and we will progress to filing a public S-4 in due course. Initial discussions with the SEC are going well.

In terms of the overall process, we will start to engage with investors through March and April with an intended vote around mid-April. So at this point, we're cognisant of the various elements going on in the market. But at this point, from a TeleSign process perspective, we feel everything is in line and going as we expected.

In terms of the overall results, again, I think you saw Q4 was in line with what we expected and what TeleSign guided broadly. And so that business, we feel, is progressing operationally exactly as we expected, and we're pleased with the performance so far.

In terms of performance, I think, as we said, overall from a CPaaS perspective, it was slightly lighter and that was related to one specific client in terms of which shows, from a profitability perspective, not to pursue on CPaaS side. Then on digital identity side, you can see from our Q4 results, we're very pleased with the volume transactions that are ramping on digital identity. So that overall TeleSign and the process towards IPO is progressing well, albeit, the market conditions are volatile to a certain extent.

Nicolas Cote-Colisson
Okay. That's very helpful. So the 67% stake is something that will not move whatever it takes?
Mark Reid
No, we don’t expect so. Now again, as always, there is factors in the SPAC process in terms of the overall redemption profile that will come through, and we don’t necessarily have influence over that. And we’ll be discussing with investors in terms of what that looks like. But as I said, the pro forma conditions that we set out in December remain as is.

Nicolas Cote-Colisson
Okay. Many thanks. That’s very helpful. And my follow-up is super short. Just on the Group EBITDA, the pro forma revenue and EBITDA guidance, how do you take into account for the pro forma Mobile Vikings? So are you taking Mobile Vikings contribution for the full year 2021?

Mark Reid
Yeah, exactly. Yes. So Mobile Vikings is in our full year guidance. And in terms of the contribution, I think you – there’s numbers out there that you’ll be able to work that through. But from a top line perspective, revenue guidance on domestic includes Mobile Vikings, and including that, we will still see a growing underlying domestic business augmented by the Mobile Vikings.

Nicolas Cote-Colisson
Okay. And Mobile Vikings also for the full of 2021 for the sake of the comparison?

Mark Reid
Sorry, so for comparison, no. The comparison period is the stop period that we owned it only. So ’22 is fully in.

Nicolas Cote-Colisson
Okay. So ’22 takes 100% of – I mean, the full year of –

Mark Reid
Exactly.

Nicolas Cote-Colisson
Mobile Vikings when 2021, the comparison basis is only, call it, six months.

Mark Reid
Exactly.

Nicolas Cote-Colisson
Okay. Thank you. Thanks for the presentation.

Guillaume Boutin
Just for the sake of clarity, even if we exclude Mobile Vikings for the guidance, we plan to grow domestically next year on both revenues and EBITDA.

Nicolas Cote-Colisson
Okay. Thank you.

Guillaume Boutin
So Mobile Vikings is just an accelerator to that return to growth story.

Mark Reid
It augments the underlying consumer business, correct.

Nicolas Cote-Colisson
Got it. Thank you, both.

Operator
Thank you sir. Next question is from Mr David Vagman from ING. Sir, please go ahead.
David Vagman
Yes, good afternoon, everyone, and thanks for taking my question. First, concerning the 2022 domestic EBITDA guidance, and let's say, the building blocks. What type of commercial net adds dynamic are you counting on for 2022? I've got a bit impression that the broadband market, let's say, the COVID boost all play is kind of slowing down or nearing the end. And then in terms of net savings, so for 2022, what should we expect now, if we could get some kind of update of your savings plan, especially taking into account the acceleration of the inflation, the wage inflation, maybe some word on energy as well. So that's my first question.

Second and last question, concerning fibre Fiberklaar and Eurofiber. And maybe it's a bit early for 2022, but I'm also curious for 2023 and beyond. How should we best model the rental costs that I think from an accounting point of view, you'll have to book these two networks. Could you give us a sense of the economics basically and the margin impact with some indication also maybe of the phasing of this impact over the coming years? Thank you.

Mark Reid
Hi, David. Let me start and maybe Jim, you can jump on in the net add dynamics. So I think you saw from our Q4 numbers, I think the momentum, certainly the Subscriber numbers continue. So we're very pleased with the park and net add dynamics, both on mobile, on internet, on fibre and TV. So that's great. We continue to – we don't see that trading away immediately. I think our guidance continues to assume that we get momentum and certainly early trading in January continues to do that. So we feel good on that. Maybe, Jim, I'll let you come back in.

Maybe on net savings, I don't think we're disclosing overall net savings elements. But in terms of our €400 million gross savings plan, we are very well on track with that. And I think I'm sure we're going to get a discussion on inflation. We are clearly looking at whether we can accelerate some of those elements into '22 to offset some of the more recent indexation elements. And I think we feel confident that we'd be able to do that to a good extent. So that's that.

In terms of Fiberklaar and Eurofiber, I said we haven’t gone into any detail in terms of how that's going to affect it, but it won’t have a significant operating expense for Proximus in '22 at all – and margin 'in 23. So I think that's where we are on JVs. Jim, do you want to talk any more on dynamics?

Jim Casteele
Yes, Mark. Thank you. So David, on the commercial part. So, of course, we continue to build on the traction that we have seen in Q4, and we expect to continue to see that growth also continuing in 2022. As you know, fibre is going to become more and more omnipresent in Belgium as well. And we really see a good traction of fibre from a commercial perspective as well. So we indeed continue to expect to have the performances that we have seen in Q4 going forward as well.

Guillaume Boutin
And just to add a last colour on the market dynamics. I think the good performance of Proximus in Q4 is not linked to unusual promotional activities. It’s really linked to the thing that you – that we shared in the slides. Better NPS. I think the very important progress we made on NPS are starting to pay off. This is the work that we are doing on the brands and the different brands that we have around Proximus, Mobile Vikings now, and Scarlet that is starting to pay off. Also the effort we make in digital experiences that is also starting to make a difference. And last but not least, the product superiority of our networks.

We have the best mobile network of the country. And now with fibre, the perception that Proximus also in the north of the country is really providing the best connectivity is starting to be present. And now, there is a debate actually, as we speak, in Belgium around what is the best technology between coax and fibre. That debate was not happening months ago, one year ago, two years ago. Now the debate is happening. And, of course, our fibre technology is going to be the best one.

So it’s really important for you that you understand that we are convinced that we want to grow, thanks to our product superiority and not thanks to aggressive promotional activities. That’s really important to note.

David Vagman
Thank you very much. And if I may, a very quick follow-up on exactly on this point. How do you see the take-up rate of fibre evolving now that you have, let's say, again, 12 months or if not more track record on that. So based on, let's say, the installation you have and then, I don't know, let's say, one year later, the take-up rate, I mean also beyond your own customer base.

Jim Casteele
So when you look at the filling rate that we see today on the fibre network 12 months after deployment, we are fully in line with the ambitions that we have set at the Capital Market Days in 2020, where we now reach 29% of penetration on the fibre network.
one year after deployment. So we’re really seeing the traction that we want to have. I think we’re also – like Guillaume said at the beginning of that fibre supremacy, we announced this morning that we’re going to launch a 10-gigahertz GPON capable technology by the end of 2022. And so we’re really convinced that we’re going to continue to build on the good traction that we see in the market today.

David Vagman
Thank you very much.

Operator
Thank you sir. Next question is from Mr Roshan Ranjit from Deutsche Bank. Sir, please go ahead.

Roshan Ranjit
Great. Afternoon. Thank you for the questions. Just three quick ones, please. Just a follow-up on the previous point. On the broadband market, I think you said really good KPIs, which I think your peers have also reported through last week. And if I think back maybe a couple of quarters, I think everyone was maybe cautioned in on that tailwind continuing through FY ’22, but it seems to – the momentum is there. Can I ask then on price increases? I see you put your typical inflation-linked price increase at the beginning of the year. But do you think that there was a scope of further price increases through the year, particularly as you said, your NPS scores are quite good on the initial fibre take-up?

Secondly, moving to the OpEx. Now you mentioned some of the, I guess, items affecting your OpEx trend this quarter. Can I check what kind of component of that will be carrying forward? I guess, clearly, the inflation-based wage indexation and energy. You also mentioned some volumes reflecting in the commercial momentum. I assume that will ramp up. So, any additional info you can give there will be good.

And lastly, just to check on the CapEx. Now this year for 2022, you’re guiding to €1.3 billion. If I think back to your fibre update, you said this was the kind of peak level we should think, so is it fair to assume €1.3 billion for FY ’23 and maybe also FY ’24? Thank you.

Guillaume Boutin
On the broadband market, indeed, we have experienced a nicely growing broadband market over the past 18 months or past two years, I would say, with the COVID crisis kicking in. But I think that going forward, the good thing about that market is, I think there is enough room for growth for all operators probably. And that’s also why all operators are – have a rational behaviour in terms of marketing strategies.

I think that what you see since a few quarters now is that Proximus is really winning the high end of the market, that dynamic. So we are more and more attracting the best customers of the country. And that is related to product superiority, the brand perception of Proximus, which is really increasing on the market, and all the effort we put, as I said before, in customer experiences. So that’s a little bit – to your point, there is room for everyone to grow, but I think we are making some good and nice progress in the high end of the market. And you can also see that on the TV net adds and the fibre take up, which is also really important.

In terms of our ability to increase pricing, I think this is clearly something that we have in mind. Why is that? Because indeed, we are in the context of very high inflation rates. As you know, there is no automatic pricing indexation of the telco contracts in Belgium as opposed to some other countries. But with the NPS that we have, with the strength of the – of our brands, I think we have some pricing power, and we might move in H1 in some price increases on some products. And on OpEx, I would leave the floor to Mark.

Mark Reid
Yes, I’ll take that Guillaume. Thanks. Thank you, Roshan. So on OpEx, maybe start off a little bit with the inflation pressures we’re feeling. So we are clearly open to the indexation on internal wage costs. So I think that’s something that – let me come back to that.

On energy, I think we said before, energy, in the short term, we’ve got a limited exposure to. We’re hedged through Q1 2023. So I think, although there’s a small part un-hedged in 2022, it’s not as material effect as you would think. And then in terms of our contractual positions with some of the external contracts, we’re in a reasonably good position. So overall, inflationary exposure is primarily on the wage-related part, but it is a reasonably material number. So that’s maybe the first part.

On customer, as you said, yes, we had good momentum in Q4. Those customer costs are coming through, specifically kind of the installation type cost of migration. So that’s one part. We also have, and I think we’ve been clear on that through the year in terms
of transformation costs on digital, on MWings, and then we’ve also got some kind of cloudification costs coming through from just kind of transfer from CapEx.

So those are the kind of – that’s the way I would kind of think it through. And then in Q4, I’d also maybe just point out, we also had, I’d say kind of phasing or non-recurring in nature amounts, round about €6 to 8 million related to workforce provisions that we’ve made and also start-up costs – some of the start-up costs for programmes like our HCL programme. So I think that’s maybe how you could think about it.

In terms of the inflationary part in terms of the Q4 increase, you probably think through somewhere around a quarter of that increase was inflation related. So I hope that gives you some guidance to think through for 2022.

On CapEx, the question there on, yeah, €1.3 billion being the peak. I think again if you look back at our Capital Markets Day disclosures, €1.3 billion was the peak that we disclosed at that point. We continue to believe that’s the case. 2023 will be broadly the same. It will not be higher than 2022. And then as we get into ’24 and beyond, we see that moderating quite quickly down to a more normalised run rate, if you look back in history in terms of what Proximus would normally want that. So that’s roughly where we are.

Roshan Ranjit
That’s perfect. Thank you very much, guys.

Operator
Thank you sir. Next question is from Mr Polo Tang from UBS. Sir, please go ahead.

Polo Tang
Yeah. Hi. Just have a few questions. The first one is on broadband. So Orange Belgium has increased broadband prices by 5% at the start of this year. So I’m just interested to know what impact does this had on the markets? And have you noticed any shifts in gross adds or NPS between operators in terms of January, February?

And the second question is really just about Voo. So with Orange Belgium acquiring Voo, what impact do you think this will have in terms of the competitive dynamics in Wallonia? And how do you think about the impact on the broader Belgium market? Thanks.

Jim Casteele
So thanks for the question. So, on the first question, on the indexation that we did in January, that was actually an indexation that we did on the tariffs that are in the – I would say, the non-commercialised tariffs, and that was an indexation that was more on the level of 2% on those tariffs. And so as these are not commercialised tariffs, of course, this hasn’t impacted the commercial dynamics that we have seen in January, February. So we’re still very satisfied with the performance, like I said on Q4, and like Guillaume mentioned as well. We have very good dynamics for the moment on the different brands on the markets. Fibre is going to continue to feed those dynamics. So we’re really comfortable going forward on that performance.

And then on the potential impact of Voo-Orange. As you know, in Proximus, we have the benefit of being able to work with the three strong brands with Proximus mainly working on the convergence, Scarlet on the low cost and then Mobile Vikings more on the data-savvy customer base. Each have very strong NPS performances as well. And through those brands, we can really address the market in a very segmented way. And so we’re confident that with the offers that we have today in the market, we will be able to continue to win the market also in Wallonia.

Guillaume Boutin
And just to add, because I think on OBEL price increased 5%, because I think it was your initial question. But as you can see, Jim hasn’t noticed it, so apparently no impact on the market at all. And I think no impact for OBEL, neither for us. This is really not a big theme here in Belgium that price increase.

And just one additional comment on Voo because sometimes I’m hearing that Voo was not a good competitor, but this is not completely correct, and Voo was not a bad competitor. And even sometimes a little bit aggressive in terms of marketing strategies. So I think that the Voo acquisition is rather a good news. It was not a mystery that it was not the worst scenario for Proximus that Voo to be acquired by Orange.

I think it strengthened the case of a continued rationality for the market and also a case for us to really work on that product superiority, thanks to the rollout of our fibre in the Walloon region as well.
Polo Tang
Thanks.

Operator
Thank you sir. Next question is from Mr Joshua Mills from Exane BNP Paribas.

Joshua Mills
Hi guys. Thanks very much. Two questions from my side. The first is just trying to get a bit more colour on how you see the revenue dynamics developing in consumer versus enterprise as we go into '22? I guess going back to one of the earlier questions, if I take Mobile Vikings out of the guidance and kind of normalise for that, I suppose you're basically looking at somewhere between 0.5% and 1% revenue growth domestically next year, which is a touch lower than the 1% underlying organic you delivered in 2021. So is that that the Enterprise segment, which did quite well in '21 is maybe going to be a bit slow in '22 or is the slowdown in consumer? Just love to get your thoughts on that.

And then the second question is around your fibre strategy and then partnership with either Telenet or Orange Belgium. So both management teams, I think, on recent calls have talked about the opportunity of getting into the trenches and the duct when you dig them up to do your own fibre build and using that as an opportunity to upgrade their own cable systems. Could you give us a sense of how much money you could make from that? How it works? Do they pay you when they get into the ducts? Do they share the cost of the labour? And ultimately, could this be an opportunity for you to reduce the CapEx burden and the fibre-to-the-home contract costs going forward? It looks like you've already done. Thanks very much.

Mark Reid
So maybe I'll take the first one and then, I don't know, Jim will take the second one. So, on overall growth, I think, Joshua, I think you're kind of close to it. I think consumer, we see a continued growth next year supported by the momentum that we've seen in the market and the momentum we continue to experience that we expect next year, some pricing, fibre monetisation, fibre migration. So consumer, we think is on a good track.

In terms of Enterprise, and maybe I'll let Anne-Sophie talk a little bit more about the operational dynamics. But Enterprise, very pleased with the last two quarters. I think we've seen and talking about that, the resilience, the management of the telco business. I think the team has done a very, very good job there. The ICT world continues to progress in the way that we want to. But we're still in a transition period for the Enterprise business, and we're still not view that it will fully transition to back to growth in 2023.

2021 did have some following wins in terms of some of the COVID impacts in terms of usage and also, to a certain extent, the supply chain constraints on some of the box moving type equipment will continue into 2022. So Enterprise will, again, continue to, in our view, be a transition year through '22. But maybe I'll pause there. And Anne-Sophie, do you want to put any further colour on that before we turn to the fibre question?

Guillaume Boutin
Just one additional comment on the consumer dynamics, because it was also the centre of your question. In 2022, you're going to have only but accelerated trends consumer revenue dynamics, excluding Mobile Vikings.

Geert Standaert
Okay. And on your second question, so when we deploy fibre that is always a mix of – in the deployment on façade but also deployment through trenching. Now in Belgium, it’s as such that these trenches, they are always open for synergies. And what we see that is indeed in a part of the streets that we open up for our fibre deployment that Telenet is sometimes following to anticipate probably a number of things.

Now what is important to mention there is that it's a normal way of working that happens in a good operational collaboration. So this is not causing us any delay at all. So the machine, we keep on speeding up our machine. And indeed, on the opposite, I would say, it enables us to kind of co-finance some of those trenches. So typically, when you have to – say, if you have two parties following in a trench, well, there are kind of cost distribution rules that you cut at that moment in time for the trenching part, the cost in half. And that is then, I would say, the opposite, the positive side of this all.

But in a sense, what is important is that we see in a fraction where we open up the fleet that's happening. Our network is a combination of façade and trenching. So following us in part of the trenching doesn't make another fibre network either.
Joshua Mills
And maybe just one clarification, because I think Telenet on one of their conference calls have said that they think about 25% of their network is fully ducted and 45% or so is on facades and for the rest aerial. Is that broadly the same with your network? I'm just trying to think about what longer term assuming you and Telenet do want to partner the – how much of your fibre upgrade could potentially be cheaper if you do those partnerships? If it's that 25% or not?

Guillaume Boutin
I think it's a bit too early to comment on those kind of dynamics. I think we're really focusing on rolling out our own network for the moment. And I think we're going to have time for discussing those elements later on, but it's a bit too early to discuss these kind of metrics with you.

Joshua Mills
Got it. Thanks very much.

Operator
Thank you sir. Next question is from Mr. Martin Hammerschmidt from Citi.

Martin Hammerschmidt
Yeah. Thank you for taking my questions. I have a couple. The first one is, could you walk us through the mechanics of like how wages is going to increase in line with the health index? Do you increase them every time as soon as the full month average exceeds 2%, which means there might be another adjustment coming in April and then maybe even another one if inflation comes further down in the year? And in your domestic EBITDA guidance, how many more rate increases have you backed in?

And then on TeleSign. I think you just mentioned that you're going to engage with investors in March and April. Could you give us a timeline on when you expect to list TeleSign? And to what extent will you know if there might be redemptions – more redemptions coming that you might expect? So I think we have seen one of the telco services SPACs in the US was cancelled because redemptions were too high. I think that happened last week.

And then the third one is on CapEx. You mentioned in your presentation that your rollout costs per home is 5% better than you initially planned. At the same time, you still sort of guide for sort of fully €1.3 billion CapEx. Is that a function of you rolling out faster than you might have expected at the beginning? Or where are those rollout savings going to be invested instead? Thank you.

Mark Reid
Let me take the wages and the TeleSign question. Maybe Geert can take the CapEx one, the rollout one. So yeah, Martin, on the wages. So effectively, the mechanism is once the health index reaches a specific level, it triggers the automatic wage indexation in Belgium. So in terms of what we've got in our guidance, we had one of those in October, and that's fully in. We've got one in February and one in April. Both of those are fully in the guidance.

There's a discussion of a third one towards the latter end of the year. But given that it's likely to be the tail end of the year, it's going to be immaterial in nature. So that's full year. And as I said earlier, our overall gross savings programme is such that we use that in terms of prioritising and accelerating as we can to mitigate those where we can. So I think that's where we are in terms of the overall wage indexation.

In terms of timeline, as I said, we are on track for a mid-April closing, and that will follow various investor engagements in March, a proxy discussion or a proxy vote with the NAAC shareholders through kind of end of March into April. We saw the recent market developments on there. But again, as I said, TeleSign is a different company and has its own merit. So the feedback we're getting from investors so far is very positive. So we will wait and see how that process runs out. But at the moment, we're fully believe we’re on track for net April listing.

In terms of CapEx, do you want to take that one, or do you want me to?

Geert Standaert
No. It's fine, Mark. I can't take that. You can add something if you want. So if you look, in fact, at the speed that we realised last year – well, in fact, we went as fast as we could. That was the idea. And it's true that we went a bit faster than what we've planned, but it was not seen in the CapEx figures due to indeed that we were capable in addition to as well do it at better unit cost.
Now for next year, our intention is still to keep on working on both elements. Of course, you have seen next year, we’re doing again about times two. We go as well from higher dense to more less dense, meaning that it’s more metres of trenching per home pass, etc. So at work volume, the times two is even underestimated. And at the same time, we will keep on searching to do better on the unit cost.

**Martin Hammerschmidt**

Thank you. And if I could just add a quick one real quick, in your domestic revenue guidance, you’ve talked about a possible price increase. Is the price increase included in your 1% growth guidance? Or would there be an upside?

**Guillaume Boutin**

The guidance both some price increases for some products are including the guidance and all the worst case scenario on the wages indexation.

**Mark Reid**

The guidance, correct.

**Martin Hammerschmidt**

Thank you.

**Operator**

Thank you sir. Next question is from Mr Alexander Caldwell from Jefferies.

**Alexander Caldwell**

Hi. Thank you for taking my questions. I mean, most of them would have been asked, but I have a few. So Telenet talked about having a 5G CapEx step up in 2022. I wondered if you could talk around how much CapEx you have budgeted for 5G next year?

And then my second question would just be on the supply chain issues. I wondered if they are having any potential impacts on your fibre rollout plans for 2022? And then also, if you could just talk around how much equity injections would be needed for the two JVs next year? Thank you.

**Mark Reid**

So let me – on the 5G CapEx, we don’t disclose the value, but there is a step up, but it’s fairly immaterial at the overall Group level. But yeah, we do see a step up in the year in 2022. That’s included in our €1.3 billion guidance.

In terms of the supply chain, Geert, I’ll maybe let you comment on that. In terms of the equity injections needed for 2022, there is a further equity injection expected in 2022, but sort of the same magnitude as we’ve done in 2021. So I think you can get that from our disclosures.

**Geert Standaert**

Then on your second question with respect to the supply chain, of course, we see higher delays in getting material, but we have anticipated on that. So we have a plan in place where you know that we are even right now already looking at volumes that we’re going to do in ’23. And we are anticipating and preparing all the necessary steps, not only for the months to come but in fact, we’re also already today looking at our plan of ’23. So in that sense, this is not a hindering element towards our rollout.

**Alexander Caldwell**

Okay. Thank you.

**Operator**

Thank you sir. Next question is from Mr Simon Coles from Barclays. Sir, please go ahead.

**Simon Coles**

Hi, it’s Simon from Barclays. Thanks for taking my questions and the colours on the other questions. I had two, please. Just on the free cash flow bridge into 2022 because when I look at company consensus that has quite a material drop in – in free cash flow, which looks largely linked to the step-up in CapEx. But you obviously came in higher than what people were expecting for 2021. So I’m just wondering on the moving parts, working capital, tax, interest, etc. It sounds like equity injections are the same like you said, €100 million extra for CapEx, but those other lines, it would be great to get some additional colour, please.
And then just secondly, on the – I mean, Guillaume you said that they’ve been aggressive at times and they’ve always been a strong operator. But could you give us a bit more colour between consumer and enterprise because I think from the outside, our expectation would be that it’s largely a consumer operator and never really played in enterprise. But now it’s potentially going to get bought by OBEL. Is that something that could change? And how have you seen them in the enterprise segment in the past? Thank you.

Mark Reid
Simon, let me take the free cash flow. So, indeed, for 2021, we were slightly higher than consensus. I think you’re going to look a little beyond the pure accounting CapEx numbers and the cash CapEx doesn’t necessarily follow the accrued CapEx. So there’s certainly a part of that in ’21, which will reverse out into 2022. We do continue to concentrate on business working capital, and we did see some improvements. We have structural programme looking at, as you’d expect, on AP accounts receivable inventories. And so that was a little bit also of where we had some benefit in ’21, which, again, I would see repeating in ’22.

So I think in terms of how to get to ’22, I think generally, the consensus is in the right direction. We are going to have a step down primarily because of the increase in CapEx. I do think we will have a timing effect of the better cash CapEx that we had in 21’ in reversing out in 2022. Again, in terms of magnitude, it’s €40 million, €50 million in that kind of range.

And so I think that’s the way that I would think about it. But definitely, the consensus is going in the right direction. And as you said, is primarily related to our investment ramp up and the cash timing of that.

On the second question, Guillaume, do you want to take that?

Anne-Sophie Lotgering
Yeah, Mark, maybe it’s Anne-Sophie. I can take the second question. So, hello, Simon. I’m responsible for the Enterprise unit here at Proximus. With regards to Voo, I have to say that we’ve hardly seen them in the enterprise market thus far, if at all. We’re, of course, going to be looking very carefully at what Orange decides to do, but we don’t expect any material impact.

Simon Coles
That’s great. Thank you. Sorry, Mark. Can I just follow-up? Cash taxes was obviously very different this year versus the year before. Is there any reason to expect that changes in ’22?

Mark Reid
Yes. As I said, the cash CapEx –

Simon Coles
Sorry, cash tax.

Mark Reid
Cash tax? Again, we kind of look at that on a timely basis as and when. So I wouldn’t – yes, we were not disclosing fully any significant movement on that. But as I said, I think we tend to make a decision on that on a cash basis as the year progresses. So I think that’s probably – the biggest movements that you need to think through are really the cash CapEx pieces as well I would think. The working capital on tax effects will generally neutralise themselves out in our planning at this point.

Simon Coles
That’s great. Thank you so much.

Operator
Thank you sir. We have one last question from Mr Emmanuel Carlier from Kempen.

Emmanuel Carlier
Yes. Hi. Good afternoon. Yeah. My question has actually already been answered, but maybe you can still clarify it a little bit. It’s on the guidance on EBITDA. During the call, I think you mentioned several times that you might raise some prices during 2022. I just want to know, is that already included in the guidance or not?
Guillaume Boutin
I think I said it twice already. So I would repeat indeed. This is including, in the guidance, both the worst case scenario in terms of wages indexation that we could have this year but also some price adjustments in – for some packages.

Emmanuel Carlier
Yeah. Okay. Thanks.

Operator
Thank you sir. We have no other questions. Ladies and gentlemen, I would like to remind you that if you wish to ask one, you may press 01 on your telephone keypad. We have another question from Mr Alexandre Roncier from Bank of America.

Alexandre Roncier
Hi, guys. Thanks for taking the question. I just wanted to ask on the dividend. And obviously, we are at the end of the 2019, 2022 by commitment on the €1.2. I was just wondering what’s really stopping you from renewing that commitment heading into ’23, given that, well, you’ve already planned the sale of partial divestment of TeleSign and you’ve already made all those private joint venture plans. So what’s really the framework you’re thinking about in terms of shareholder distribution from 2023 onwards? Thank you.

Guillaume Boutin
Yes, good question. I think it’s a little bit early to discuss that matter. It’s a Board discussion that needs to happen. But what word I just can say that as already stated in our Capital Markets Day and something that I also repeated several times, we are committed to come back to free cash flow coverage in mid-term at the current level of dividend payments. And that commitment, I think, still remains.

Alexandre Roncier
All right. Thank you.

Operator
Thank you sir. We have no other questions. Back to you for the conclusion.

Nancy Goossens
Thank you all for participating in this call. So should you have any follow-up questions, you can address those to me. Wish you all a very great weekend.

Guillaume Boutin
And happy birthday, Nancy.

Operator
Ladies and gentlemen, this concludes the conference call. Thank you all for your participation. You may now disconnect.