

**Transcription**  
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## Presentation

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### Operator

Good morning, ladies and gentlemen, and welcome to the Proximus Conference Call. For your information, this conference is being recorded. At this time, I would like to turn the call over to Madam Nancy Goossens, Director, Group Investor Relations. Madam, please go ahead.

### Nancy Goossens

Thank you. Hello. Welcome all. Let me just quickly introduce the participants on our side. So, we have on the call, Guillaume Boutin, CEO of Proximus. We have the newly appointed CEO of BICS, Matteo Gatta. And we have, out of the West Coast, Joe Burton, the CEO of TeleSign. They are the three presenters for today's session. After the presentation, we will open the line for the Q&A. And to that end, we have also Katleen Vandeweyer, the CFO, a.i; and Dirk Lybaert, the Chief Corporate Affairs joining us. So, I suggest we just jump to the presentation now.

Guillaume, please go ahead.

### Guillaume Boutin

Thank you, Nancy. And good morning to all of you. I hope you are all keeping well. Thank you for taking the time to join on this conference call. I rely that the news that we are acquiring full ownership of BICS was maybe not exactly what you expected. But with this presentation, we'll first give you the reasons why we are so excited to have concluded this agreement, acquiring full ownership of BICS Group, whose businesses are very close to our core and more importantly that we know how to run.

With this transaction that we concluded at a material discount when compared to the intrinsic value of TeleSign and BICS, we are regaining a full strategic agility for those two assets and can now engage in a value creative development plan for the two companies.

Now switching to the next slide. As a reminder, BICS is – as a company is, in fact, composed of two large activities. The first asset is TeleSign, which represents a quarter of the direct margin. And next to TeleSign, we have the other part, let's call it BICS, which represents the remaining three quarters of the direct margin. I will let my two colleagues get into more details of each of those two businesses. But from a high-level perspective, TeleSign is a fast-growing innovative leader in the digital identity and CPaaS space. They service digital and cloud native businesses and internet properties and they are based in the US West Coast. As for BICS, this is a global leader in digital communications, cloud communications, mobility, roaming and IoT. They service a wide range of clients including telco and virtual network operators and enterprise software providers.

Now moving to the next slide. Those two quite different activities translate into an appealing and complementary cash flow profile as we illustrated on the slide. TeleSign is a fast-growing asset, which enjoys a strong revenue momentum, growing 56% a year for the last two years. Top line growth and more precisely to be able to gain shares in the fast-developing market of CPaaS and digital identity is probably the most important focus for TeleSign.

At the same time, BICS delivers a robust underlying EBITDA with an EBITDA slightly north of €100 million in 2020. A large chunk of the value generated by the two activities is translated into free cash flow, thanks to a low CapEx requirement. The CapEx envelop for 2020 was €44 million, which means a CapEx to revenue ratio of about 4%. So indeed, a totally different CapEx profile compared to the Proximus domestic operations.

The free cash flow of TeleSign and BICS for 2020 totalled €64 million, which is a stable level compared to 2019. This is an amazing result despite the challenging economic environment and the travel ban in a lot of countries that deeply affected the volumes of traffics at BICS. This also proves the robustness and the resilience of BICS and TeleSign cash flow profile.

Now turning to the next slide. And as you may recall, last summer, we informed you that the shareholders of BICS were exploring a potential sale of 52% of the company's shares. Following this decision, we have been investigating different possible scenarios. We concluded that the best way to execute upon the growth plan of BICS and TeleSign was to secure ourselves 100% ownership of BICS.

To do so, we'll acquire the minority participations of Swisscom and MTN. While there won't be shareholders anymore, we are very pleased they will be remaining within the BICS ecosystem going forward as important commercial partners. That move was needed. With this transaction, we first increase the strategic flexibility of both TeleSign and BICS. Second, we do believe going forward in the growth potential of the two companies, TeleSign and BICS.

And last and not to be forgotten are the prospects of a gradual recovery of the COVID-19 pandemic. With all these combined elements, we see material upside related to the transaction price, and thus a strong opportunity to create long-term value for Proximus shareholders.

Now moving to the next slide. So, with this background, let's take a look at what this transaction means for the Proximus Group. I would like to stress two things. First, these transactions will allow us to increase our exposure to business we already master and this, at an entry point, we judge to be very attractive. Since the price value of the transaction is just below €570 million, which is equivalent to a multiple of 4.4 times 2020 EBITDA. This valuation translates into a comfortable free cash flow yield of 11%, which is almost twice the one of the Proximus Group.

As I already said, this transaction conditions leads[?] material upside to generate strong value creation for Proximus shareholders. Second, we remain committed to our capital allocation strategy that we announced in March and confirmed during the Fibre Updates in January. The cash flow – the cash outflow following this transaction of €217 million will have only a limited impact on our leverage and will of course not impact our dividend policy.

But let's now take a closer look at the two businesses. And I will let Joe, the CEO of TeleSign take you through the TeleSign business. Joe, over to you.

### Joseph Burton

Thank you, Guillaume, and good morning, everyone. Moving to slide seven. TeleSign is a fast-growing, innovative leader in two major markets – digital identity and programmable communications, also known as CPaaS. To create our innovative products, we have three logical layers of software we've built as shown on the slide. First, at the bottom of the diagram, we have our API layer. This layer aggregates data from many sources, including phones, email, messaging platforms, carrier networks through our integration with BICS and many other sources. Additionally, our API layer allows us to interact with billions of users on their phone via messaging even over social media and other communication channels both now and in the future.

Second, the second layer that you see in the middle is the machine learning and artificial intelligence layer. This is where the magic really happens for TeleSign. This is where we use our proprietary algorithms to combined rank and score information in behavioural patterns of users' mobile networks and much more to determine with confidence that a user really is who we think they are and the best device to interact with them on at a given time.

Using all of this, we can move up to layer three, the application layer, digital identity and programmable communications. We use the insights already described to establish digital identity for our business customers. They can use it to securely register new accounts, prevent fraud, reduce financial risk and much more. With our programmable communications functionality, they can also easily interact with users on their device of choice.

Moving onto slide eight. I'd like to stress the wide range of digital touchpoints that we can manage which puts TeleSign at the centre of the digital identity validation chain that is crucial for all our commerce on the internet to really work well. By understanding a user's phone number, device footprint, network settings and increasingly their email identity IP address and social and applications communications habits, TeleSign is able to connect and protect digital companies to their customers wherever they choose to interact online.

Next slide. As we can see on slide nine, TeleSign has been growing very nicely with a compound annual growth rate of about 56%. And the markets that we operate in are large. CPaaS is forecast to be about €15 billion in market size by 2024, with digital identity growing to over €36 billion. Additionally, the part of the digital identity market that we are most interested in, the digital native market, is expected to grow over 30%.

Moving to slide 10. We can actually – we can see that TeleSign is already trusted by some of the biggest digital brands in the world, including the ones on the slide, and many other digital-native well-known fast-growing companies that have put their trust in TeleSign.

On slide 11, a concrete and great example that we can talk about publicly is Affirm. Affirm is a very popular next-general financial services company, where digital identity and fraud protection are absolutely key to their entire business. We are proud that Affirm has put their trust in TeleSign to help them grow and to help their customers have a seamless and secure experience.

Now let's quickly look at how Telesign will grow into the future on slide 12. Going forward, we really see TeleSign growing in at least three ways. First and foremost, through product innovation. By extending our services beyond phone numbers to other identity signals including email, IP addresses, name and address info and much more, we can serve both more of the market and help our customers with new use cases.

Secondly, we'll grow through geographic expansion. While we have a great presence everywhere, we're very well penetrated in North America. With additional focus in Europe, Asia and emerging markets being key to our plans, we think we can have very nice growth.

Lastly, we will continue to leverage our connection to BICS to get network access at a quality scale and reach that is best in the industry.

With that, I'll turn the presentation over to Matteo to tell us about BICS. Matteo?

### Matteo Gatta

Good morning. So, let's take some minutes to – thank you, Joe. Let's take few minutes to understand the business of BICS. BICS is a global leader. As you can see from the chart, we looked at the business from three different perspective, but underlying those three-business line, there is one operating platform with high leverage next to a very global reach.

On the legacy side, well, this is the traditional voice international communication. That is a business in structural decline where the BICS today is one of the top five players. So, it's already fragmented market where our scale, together with our ability to master this business, continue to generate strong cash flow. In our core, this diversification of BICS started already when BICS was founded in 2005. And that diversification has led to BICS becoming – having 30% market share of our mobility, which is a business-critical connectivity needs to enable roaming worldwide.

Next to it we have been growing messaging and we continue to leverage our network to – for capacity services as we bring the developing countries in connections with the developed nations. Also, we have been growing new area of business in the cloud comm in a complementary manner to TeleSign. This cloud communication is essentially, we will explain a little bit later in detail. But it's actually growing on the back of digitisation, that is a clear trend in the industry. Next to it, we also see the global IoT, which is a turnkey proposition for enterprise, to mobilise the interacted[?] assets worldwide.

I move onto slide number 15. A little bit more in details about BICS. As you can see, the legacy business, as we said, is a business in structural decline, but BICS has a strong track record of being able to consolidate traffic stream based on commercial outsourcing agreement or M&A deals, as we have done in the past with Swisscom and MTN. Our scale helps us consolidating traffic stream without increasing our operating cost. And that is part of our leverage. So, we are best positioned to participate into the market consolidation as several underperforming subscale operations struggles also with the impact of COVID.

On the infrastructure side, we benefit. We continue to increase the utilisation rate on our network and we're benefiting from the growth in terms of demand of capacity as many – to enable the connectivity towards cloud. And in our core, as we said before, basically we are a leader in this market in terms of business-critical services. We also know that, I mean, mobility and roaming overall have been impacted by COVID, but we expect – our capabilities is strong and we expect to recover going forward on that.

And when it comes to messaging, well, messaging is, for BICS, a combination of two activity. We leverage our global network that deliver low latency two-way SMS connectivity and messaging connectivity above all, which also TeleSign benefits from. And this two-way low latency is also a tremendous platform to grow A2P, Application-to-Person messages as a part of the CPaaS market.

I am now on slide 16. So just maybe a few words about cloud communication. Cloud communication is actually a smart bridge, consists of two capabilities, capabilities of cloud numbers which these are local geographical and mobile numbers capable of two-way communication, which connects – basically it's a smart bridge between user worldwide and cloud communication. Cloud communication platforms that you see some example in the chart, basically more and more communication get embedded into

the digital applications. And we are there to build this bridge. There've been, in the past, also success. This is a growth area for BICS and BICS has grown 50% in the past year. And we expect to continue our growth going forward.

When it comes to roaming, we have two roaming. These are propositional roaming. It's actually an all-in turnkey proposition for service provider or new MVNOs or smaller operator in countries, whereby literally with – in a glimpse of an eye, we can deliver global coverage of roaming services, voice and data, leveraging our global networking agreements. And this is sort of tremendous advantage to more and more companies that wants to offer their capabilities. It's also the underlying connectivity layer, an application layer that also enable the global IoT. As you might expect that 5G will be an important growth driver for that, as in 5G, we will see more and more mobile private network across the globe that will need to be interconnected as well.

And IoT is a proposition, which is very interesting, is actually we are able to through virtual SIM and SIM to embed our connectivity and also settle tough extreme through OEM agreements. So, we are able – we are part of the ecosystem of IoT globally whether in roaming or in permanent roaming.

I am now on slide 17. Just maybe a little bit of history. When BICS was created in 2005 – you don't have the bar chart on the – the bar on the chart. But the total business of BICS was about legacy. That has now come down. And you see that the trend going forward is irreversible. And as the legacy in the mix decreases, the value of BICS increases because the growth is all about – is partially predictable if the business model is based on predictable fee and transaction fee, as I explained before.

When it comes to message and mobility, that is about business-critical services and it is largely made of fixed predictable recurring fee. Core is only made of fixed predictable fees. And legacy, on the legacy side, which is voice, is also changing as a mix because the more – it continues to become more and more predictable through outsourcing agreement and traffic commitment. So, we expect overall, which is probably most interesting for the audience, to see that mix to continue to improve. And if – as soon as we recover from the pandemic, we will also see our core mobility to return to a pre-pandemic growth trajectory together with our growth areas which will grow at high double-digit. We will see in the mix a low mid-single digit growth at the level of direct margin, which, coupled with our constant focus on cost structure and our operating scale, will continue to deliver solid cash flow.

In terms of playbook for the future, we also have three axes. It's about legacy, where legacy as I explained, we are strongly positioned to consolidate the market. And this is inevitable. It will happen as many subscale operations are suffering from the impact that we have seen.

Also, our core. In our core, we will strengthen our leadership. We'll develop further capabilities in the area of 5G enablement across the globe. We will also leverage our A2P traffic footprint, also traffic volume to bundle together with our cloud comm as we move into CPaaS areas in a complementary manner to TeleSign. We will also grow – we will capture the growth in demand – growing demand on infrastructure.

And when it comes to core business, we're also looking at inorganic initiatives, especially in the mobility space, where today we are still the largest – one of the largest players and we want to continue to strengthen leadership. And the growth area, well, as I mentioned before, our aim is to definitely growing exposure to the CPaaS market space, UCaaS or CCaaS, leveraging on the assets that we have, leveraging also in the collaboration we have with TeleSign.

And when it comes to IoT and roaming, the underlying volume growth and the shift towards 5G will also be a growth driver. So, there we continue to execute, trying to also accelerate where needed on the basis of the opportunity that would present themselves.

And lastly, a small comment or small important comment. I believe that BICS and TeleSign have been collaborating in the past years successfully. We will continue to do so. We believe that TeleSign can take advantage of the large reach of BICS, and BICS can also take advantage of the – or some of the synergies with TeleSign because we will continue to enjoy certainly at the level of platforms. And we've built together a capability that is going to serve both markets. And this is an effort that, together with Joe, we're going to undertake as we go forward. Guillaume?

## Guillaume Boutin

Thank you, Matteo. This indeed brings us to nearly the end of this session. Let me just quickly recap the main takeaways from this transaction. First of all, it's a unique opportunity for us, as Proximus Group, to fully capture the value of BICS ambitions and it allows us to execute the BICS strategy seamlessly. Second, the price point at which we obtain full ownership is attractive and it's

a great starting point to create value. And next to that and very importantly, the cash outflow will not alter our overall capital allocation strategy.

Last, BICS and TeleSign are complementary businesses, as Matteo said, with operational synergies, and we will accelerate the respective development by investing in organic and inorganic opportunities. Net-net, I firmly believe that this asset and this transaction will create value for all our shareholders.

With this, we are at the end of this presentation and we can go to the Q&A part.

## Question & Answer Session

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### Operator

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

### Nicolas Cote-Colisson

Hi. Thank you. I'll start with a blunt question. What let you buy after considering selling your stake? So, what did you see you didn't know a few months ago?

Secondly on – you mentioned at a few occasions that further acquisition opportunities would be presented to BICS. How do you see financing this? Would you consider monetising some of TeleSign given the multiples with peers at present that are pretty high?

And last I've got a few questions on TeleSign. If you can provide us more colour around what the proportion of top clients in your revenue? How long the contracts are typically signed for? And what's the barrier to entry? Thank you.

### Guillaume Boutin

So, on the first – so good morning, Nicolas. On your first question of why buying now the shares of MTN and Swisscom? So, as we indicated to you, we tested several alternative options for BICS. Our objective was already to maintain a significant economic interest in BICS Group, we always stated that and we had discussion around the concept of partnering up with a financial investor, that in that case would have acquired a 51% stake in BICS, buying out the stakes of MTN and Swisscom and some shares of Proximus as well.

But in the end, we concluded that the terms of a potential partnerships were not sufficiently balanced while we considered the valuation that we have today as a very attractive entry point on which we do believe and we are convinced there is a plenty of room for upside. And also, it's also important, I said that also during the presentation, we know the business, we master the expertise, and we know how to conduct those businesses.

So as such, we also have a clear view on the past to execute the virtual strategy of both businesses on a standalone basis. And what is quite important, and it will probably link to you second question, is that we regain full strategic flexibility which is needed in the current market situation. So that's for your first question.

The second question probably on how to finance it if we have to do an external strategic move. First, we want to focus on organic growth. That's also a message I would like to pass today. We need to, first, execute on the different growth pathways of both businesses, on TeleSign and BICS. So that's for me the main objective of the coming quarters. But as I said, we will stay pragmatic. And there might be, especially on the voice businesses, some smart move to do in terms of inorganic scenario and potential M&A.

You know that BICS is operating today in a very fragmented market and we are such in a position, such as a leader in that space that indeed we could be the consolidator of the market for the core, for the voice business of BICS. And here we will be really pragmatic. You know that the synergy in those domains is quite massive and they can be repaid in a very, very, very small amount of time.

So, I'm not worried at all in playing that role of consolidator of the market for the voice business. We'll find ways, clever ways to do it. We're open to all scenarios. We can do it leveraging the synergies. But we are – if the deal would be of a bigger size, we could, of course, be open to have some – or to use some different solutions like giving (BICS) shares. But today really message is we will focus first on organic growth and execution on the growth pathways of both entities.

On the third part, on the third question, maybe Joe you want to answer or Matteo you want to answer?

### Joseph Burton

I can answer part of that, Guillaume. And then if you or Matteo have other information, certainly fine to add. So, your question around the proportion of our revenue that was with top customers. Certainly, we haven't disclosed in the past our precise customer counts or the concentration. But our customer base includes both large customers and is also quite broad. So, we don't have concern around concentration. We think we have a nice diverse customer base.

I believe the other question was around our competitive advantage. We see our competitive advantage to both the, I guess, I would say very rich through the scoring mechanisms. I briefly described earlier, and I love to talk about technologies, so we can maybe talk more about it some other time. But our ability to leverage the data that we've mastered over the years, our experience and expertise, tuning all that to create a digital identity solution that we think is second to no one in the industry, is a great advantage. And of course, our other advantage comes through our reach, through our partnership with BICS, our ability to deliver those messages with confidence wherever our customers are, I guess, is the part of your question I remembered anyway.

### Nicolas Cote-Colisson

No, that's perfect. Thank you.

### Joseph Burton

I'll stop there.

### Nicolas Cote-Colisson

Look, I can just add one thing. Can you provide us, as a percentage of sales, you are achieving in the US or North America, please?

### Joseph Burton

I don't have that at the top of my – at my fingertips. I don't know if we have disclosed that previously, Guillaume.

### Guillaume Boutin

No. We did not disclose that share of sales for the business updates regarding North America. So, we cannot disclose that number today, Nicolas.

### Nicolas Cote-Colisson

Understood. Thank you, everyone. Cheers.

### Operator

Thank you, sir. We have a next question from Mr David Vagman from ING. Please go ahead.

### David Vagman

Yes. Good morning to everyone. Thanks for taking my question. It is basically one, let's say, last question. So, you did recently the acquisition of Mobile Vikings. Now we have the investment in BICS. Of course, they're not transformative M&A. But to which extent will these deals affect your disposal programme? I think it was estimated at €700 million. And does it affect your leverage targets? And basically, will it make you willing to sell a stake in MWings in basically to monetise your tower assets? Thank you.

### Guillaume Boutin

On the first question I can start, and Katleen you can complement, if needed. So, you may have noted that the impact on the net –debt ratio of that – of those transactions are very, very limited, almost inexistent I have to say. So also, as I said during the presentation, it does not affect our ability to deliver the strategies that we explained during the Fibre Update or last year during the Capital Markets Day of March 2020.

So that's really non-transformative acquisition, as you mentioned. There is no – almost a very, very limited impact on our net debt ratio or ability to serve our dividend policy. In terms of how does that interfere with the divestment programme that we have in mind, there is no – I will let Katleen, but there is no impact on that programme. As we already stated, that it's going to be a mix of financing through our net debt and disposal of non-core assets. And we do consider that TeleSign and BICS are very close to our core.

### Katleen Vandeweyer

Good morning, David. So indeed, I think we have several potential asset disposals. And the fact that we are now buying out the minority shareholder for BICS and as well Mobile Vikings deals, that really doesn't affect our assets and disposal programme. So, in January back at the occasion of the Fibre Update, we already indicated that we have an under-levered balance sheet, which we will use for financing our fibre programme. And this will be completed with the disposal of less strategic assets. And BICS, we do consider as strategic assets. So, this will not affect our asset disposal programme.

And then as to your question how this – will this affect our leverage targets. I think as we have indicated here that acquiring the minority shareholders of BICS will have a very, very minor impacts on our leverage ratio of 0.1, so this is really minimal.

### Guillaume Boutin

On your question, the – our willingness to sell stake in MWings. This is not at all in our plan as we speak.

### David Vagman

And the tower assets – so also when you say MWings, it also includes, let's say, potentially selling your tower on the side, let's say?

### Guillaume Boutin

No. On this one, first, I think we are quite aligned with the comment of Orange of last week saying that we need first to focus on the execution of the MWings, so the active part of the network sharing. And then we will see what we can do, if needed, or if and when with the tower asset in Belgium, which is, as you know, in a very specific – under a very specific regulatory framework in terms of access to operators to the mast. So, I think the first really important point for us is to execute the consolidation of the network, active consolidation of the – the consolidation of the active part of the network through the MWings joint venture with Orange.

### David Vagman

No. Very clear. And final, final clarification. On the disposal programme of €700 million, if the amount is correct, do we have to think that it's not related to be settled, so I understand. So, is it still valid that amount? Do we have to review it downward? What else should we think about that amount? Thank you.

### Guillaume Boutin

No, I think what is important to have in mind is that also what we said during the Fibre Update is that we have a combination of debt and disposal that we're going to be using in the future for a total amount of €1.3 billion to fund our fibre trajectory. That amount that you have to really have in mind. It could be more disposal, less disposal, more debt, less debt. But we have a commitment to have a net debt ratio to EBITDA at around two times EBITDA to – net debt to EBITDA ratio. That's also the metric that you have to keep in mind.

### David Vagman

Okay. Thank you. Very clear. Thank you.

### Operator

Thank you, sir. Next question is from Madam Nawar Cristini from Morgan Stanley. Madam, please go ahead.

### Nawar Cristini

Good morning. Thank you very much for the presentation. I have two questions, please. Firstly, looking this morning at different reactions from the buyers and the sellers, it's interesting to see a divergence of a view between Proximus and Swisscom on how they regard BICS. So, Swisscom has been highlighting that it invests in only strategic and relevant businesses. And for you guys, BICS is quite core. So, it would be helpful if you could walk us a little bit through this divergence of view? Is it because it's basically less core for Swisscom but there are some synergies for Proximus to have more of BICS? Is it because simply it's different strategies,



or is it because you have also a higher economic interest on BICS or a combination of those? So, it will be really interesting to hear your thoughts on that?

And secondly – I'll let you answer this one and then I'll come back to my second question probably.

### Guillaume Boutin

Okay. I'll start with your first question, Nawar. Indeed, we are not starting for the same position. Today, we are consolidating today fully the BICS Group businesses. We are the majority shareholder. And Swisscom and MTN, we're minority shareholders. So, I think the starting point of the two companies are quite different.

Second, as I said, the valuation, the price we paid to buyout those 42% of the shares is quite attractive and a very nice entry point to regain full strategic flexibility. And with strong minority shareholders, it was not that easy for us to navigate strategically and to do everything that we wanted to do as a majority shareholder. So, we regained full flexibility. We have a very attractive entry point to further develop the strategy of TeleSign and BICS.

And the good thing is that we are also good friends. It means that we will continue to have a strong commercial relationship with both MTN and Swisscom, which is also quite important for the future of BICS. So, I think we are combining the best of all worlds, regaining strategic flexibility, good starting point to create very significant value for Proximus shareholders and also maintaining a strong commercial relationship with two strong partners that are MTN and Swisscom. I think we are all benefitting from that transaction.

### Nawar Cristini

Very clear. Thank you very much, Guillaume. And it's an excellent transition to my second question. On the flexibility point, could you perhaps elaborate a little bit on some of the aspects that you can execute on today, which were not particularly exist in the past? Thank you.

### Guillaume Boutin

Sure. I think we have to really see BICS as a combination of two different assets with very two different growth profile. TeleSign is a software company which is focused on the market, which is a very fast developing market. We are here competing with the Sinch, the Twilio of this world that are company that are listed today in the US, where we need really to have the best product development. We need to accelerate in the go-to-market to catch and to accompany the growth of the market. Those markets are growing at more than 30% a year. So that's quite a different dynamic from the one of the more legacy part of BIC Group, that we call BICS today in the presentation, where we, of course, have legacy businesses, core businesses but also growing businesses.

And we do consider, and that is also probably the discussion we have had in the past with MTN and Swisscom that we might need to accompany the growth of TeleSign. So, it means that sometimes we need to invest in the products. You need to be open to different types of partnerships that are far from the – what you need to consider as a strategic for the BICS part of the asset, which is indeed quite different and we're probably more the type of businesses that Swisscom or MTN as shareholder are more okay to follow or to accompany as – and to lead for cash generation. And we do believe that, of course, we have strong cash generation but also, we see growth in BICS as well. So that's ultimately the debate we had. And if we want to move, if we want to be the consolidator of the market for the voice part of the BICS business today, we need to sometimes to accelerate strategically. And that's what we want to be able to do seamlessly, which was not fully the case in a more complex shareholdership structure.

### Nawar Cristini

Very helpful. Thank you very much.

### Operator

Thank you, Madam. We have no other questions. Ladies and gentlemen, I would like to remind you that if you wish to ask a question, you may press 01 on your telephone keypad. So, it's 01 on your telephone keypad. We have another question from Mr Paul Sidney from Credit Suisse. Sir, please go ahead.

### Paul Sidney

Thank you. Can you hear me okay?

**Guillaume Boutin**

Yes, we do.

**Paul Sidney**

Great. Thank you. Just a couple of very quick questions. Firstly, I think you mentioned this is an opportunity to potentially consolidate sort of legacy voice market and create some synergies there. I was just wondering what sort of opportunities are there in Europe in that space and perhaps even globally?

And then just secondly, the multiple of four times actually looks pretty attractive when you look at Telia's carrier and the sale of that business last year at around 19 times. I think that was pre-IFRS 16. But just wondering if there's any particular differences in the businesses that would explain the big gap in the valuation for those assets? Thank you.

**Matteo Gatta**

Matteo speaking. So, with respect to your first question, I think the opportunity – so the voice markets continue to be very fragmented. We have seen in the past at the level of the large operator groups in sourcing of this activity, but there have been a lot of – and still there are a lot of operations which are sub-scale. BICS actually is being one of the top five players in this space and managing carefully the cash flow generation, thanks to return to operating leverage at the level of our platforms and cost control, it's best positioned to basically participate into the market consolidation of the sub-scale operations.

Our platform has reached that level of scale that we can absorb traffic stream without material impact on our fixed cost. And this is the opportunity at hand which means that we can add basically the contribution margin of those extra minutes and create the material synergies with a very short payback. So, this – we are there. We'll be looking for these opportunities. We know there are some places out there that have been suffering through the pandemic. So, we're happy to have conversations on that.

**Guillaume Boutin**

And on your second question, I think again that's why we do think, we do believe that we are taking full ownership at a very attractive entry point. But also, just to put a little bit of context to the multiples we paid, I think that you have to also see BICS as a much more diversified business – carrier business compared to the more traditional carrier businesses that you can see elsewhere. The other carrier businesses are either focusing on purely international voice termination, which only represent 25% of BICS Group today in 2020. And we have also very strong position in growing market, mobility, roaming, cloud numbering and those services are barely present in the business of other operators.

And last element, we have also TeleSign in that deal. And TeleSign operates in a completely different domain than the traditional carrier business. It's active, as Joe mentioned; and as I said as well, in a very fast-growing segments of CPaaS and digital identity. And there, the typical valuation metric for these types of businesses are also not the same that we are used – that are used for typical telecommunication operators.

Just take a look at the valuation multiples of some of TeleSign's key competitors which are listed on the stock exchange like Sinch or Twilio. So, you have combination of activities, businesses that could be looked from a different perspective as far as value multiples are concerned. So that's a little bit what we wanted also to explain today. We are acquiring a very diverse combination of businesses, and each business has to follow its own development track and for you to assess the value of each businesses. But I think the sum of the part of all the business – the value of the sum of the part of all those businesses is quite, for me, significant. And that's why we are quite happy to do that deal at this valuation level.

**Paul Sidney**

That's really helpful. Thank you very much.

**Operator**

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

**Nancy Goossens**

Yes. Thank you all for your attention and your questions. Our next session will be in a couple of weeks from now when we release our Q4 results. So, guess we will speak then. And keep safe. Bye.

**Operator**

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