

Proximus Group

Results presentation

Q4 & FY 2022

 17 February 2023



Guillaume Boutin, CEO

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Agenda

- Highlights Q4
- Financial & Operational performance
- bold2025
- Outlook 2023
- Q&A

Highlights Q4

Proximus Group delivering +8.1% revenue and +1.4% EBITDA growth for Q4, and continued commercial traction

Key strategic developments

Successfully delivered last Q of **#Inspire2022**

>21% Fiber HP footprint
+158K HP in Q4

Record breaking Q for international revenue **€451M**, +31% YoY

Introduced **bold2025**

Inclusion in **BEL ESG** Index

Continued strong commercial momentum

+**9K**

+**31K**
Fiber activated retail lines

+**43K**
Postpaid

-**9K**

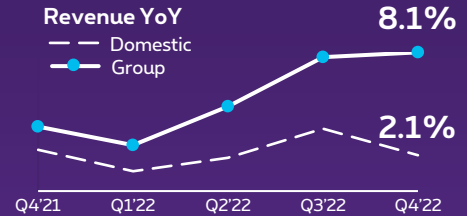
+**13K**
Convergent residential

+**3.2%**
ARPC

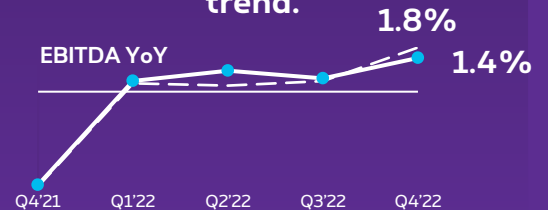
+**32%** YoY
BICS cloud usage

+**118%** YoY
Telesign sales bookings

Sustained strong Group revenue growth in Q4...



...and improved EBITDA trend.



Proximus one of the 20 companies selected to be part of the new BEL ESG index

EMPOWERING ■■■■
SUSTAINABLE GROWTH

Introducing the new BEL[®] ESG Index



BEL ESG
by EURONEXT

More info:
proximus.com/esg

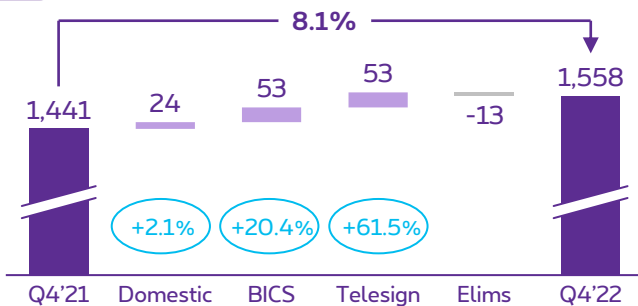
Tracking Brussels listed companies that demonstrate the best ESG practices

Inclusions based on broad ESG standards and approaches adopted by institutional and private investors

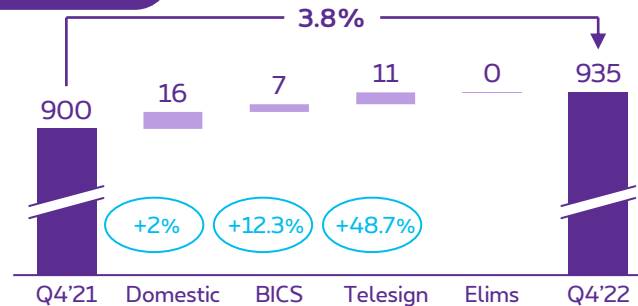
- ✓ 20 companies scoring best on Environmental, Social, and corporate Governance (ESG) criteria
- ✓ ESG risk rated by Sustainalytics, a leading global provider of ESG research and assessments
- ✓ Methodology will evolve to integrate new EU regulations and standards as they emerge

Strong Q4 revenue & Direct Margin growth for all segments

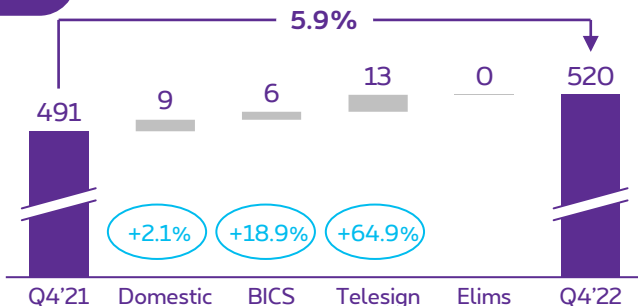
Revenue



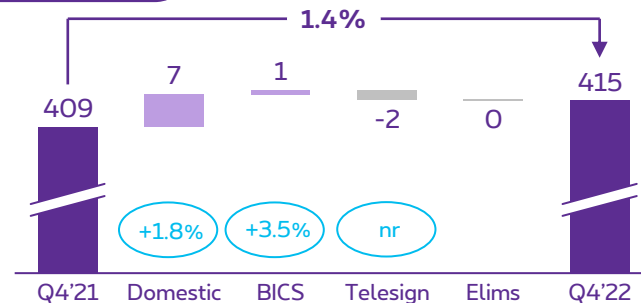
Direct Margin



Opex



Ebitda



(all underlying, €M)

Inspire2022 successfully concluded with a return to growth

Guidance metrics	Outlook FY 2022 Revised upward 28 October 2022	Result FY 2022	
Underlying Domestic revenue Excl. terminals	Growing around +2% YoY	€ 4,176M +2.5%	✓
Underlying Domestic EBITDA	Upper range of 'Growing up to 1% YoY'	€ 1,665M +0.7%	✓
Underlying Group EBITDA	Upper range of 'Growing up to 1% YoY'	€ 1,786M +0.8%	✓
Capex (excl. Spectrum & football rights)	'close to € 1.3Bn'	€ 1.3Bn	✓
Net debt / EBITDA	'around 1.6X'	1.5X (Proximus) 2.3X (S&P)	✓



Build the best
GIGABIT NETWORK
for Belgium



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

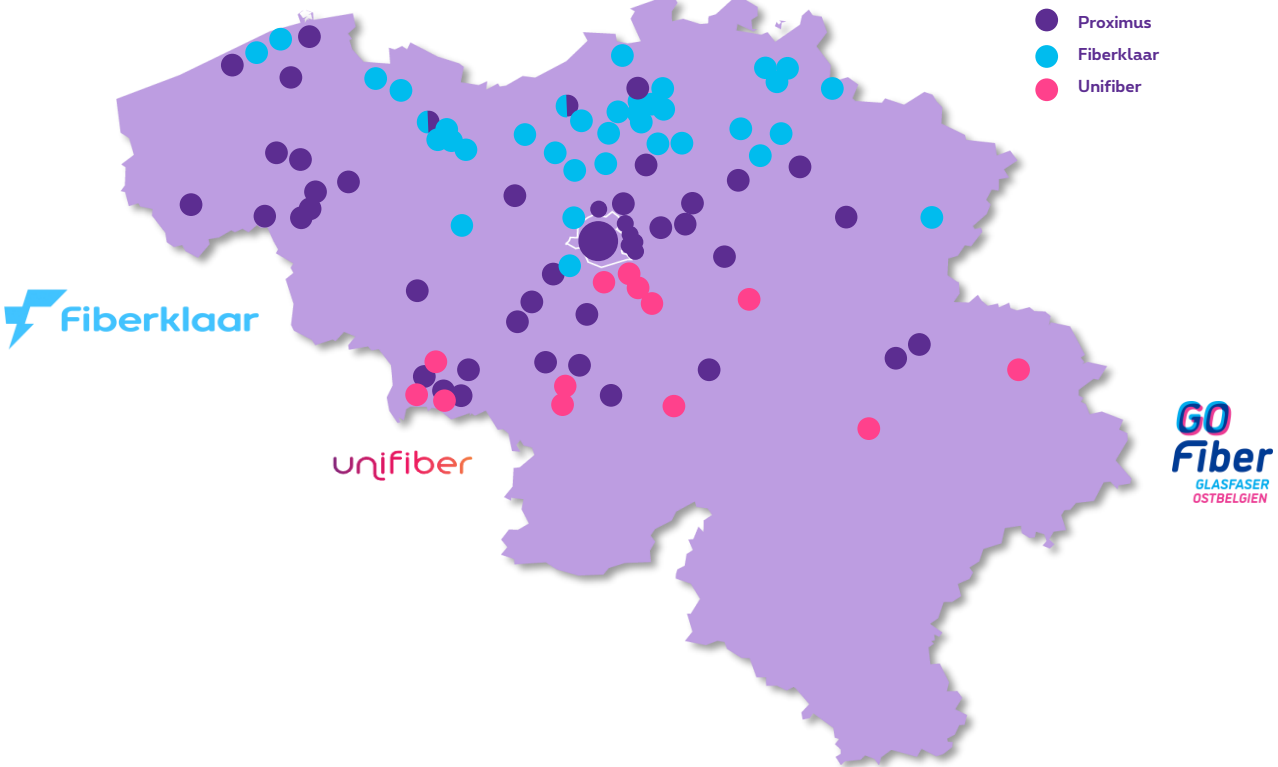


Act for a
GREEN and
digital society



GROW PROFITABLY
through partners
& ecosystems

Closing the year 2022 with > 21% fiber coverage



93
Cities

50%

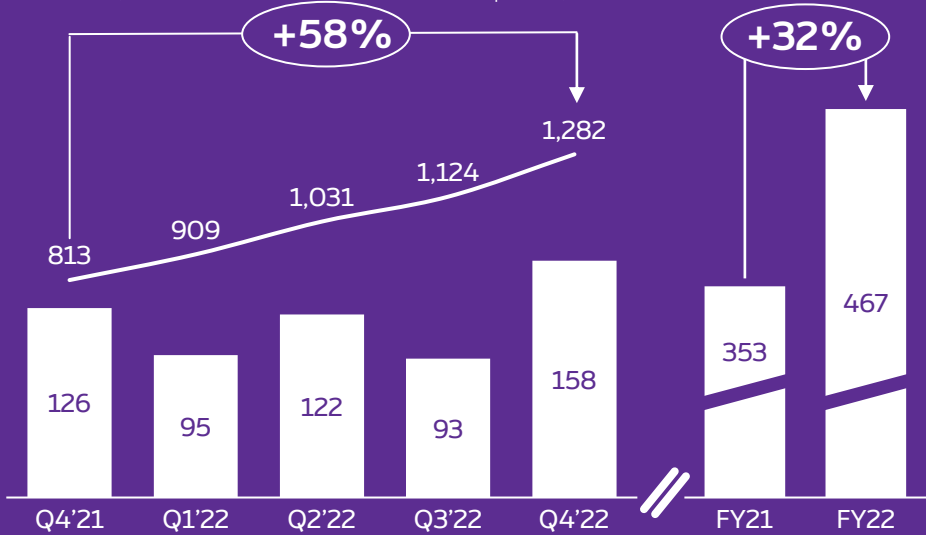
Fiber coverage
target
end-2025

We closed 2022, with a total of 1.3M Fiber Homes Passed, in Q4 we added a record +158K new Homes Passed

1.3M

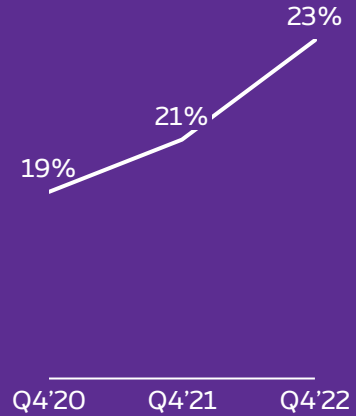
Fiber Homes & Businesses Passed

(in K, total base and additions in the period)



23%

Network filling rate*

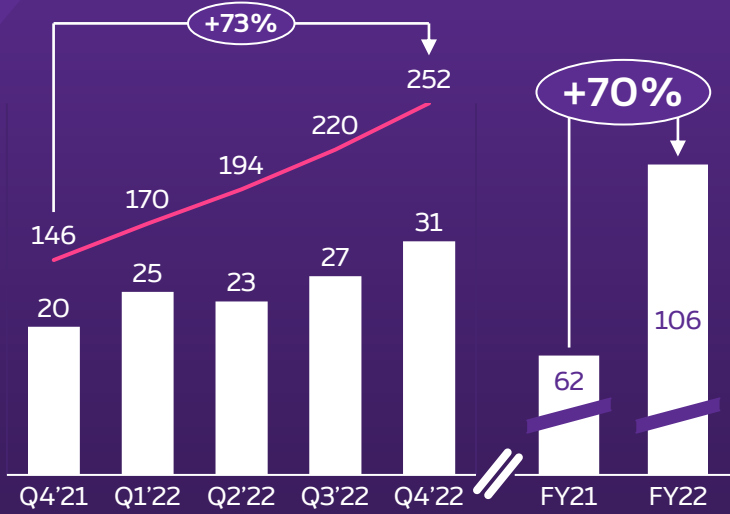


* Homes Activated / Total Homes Passed Ready for Termination (=connectable homes passed)

Strong customer demand for Fiber, **252k activated Fiber lines** by the close of the year 2022

fiber

Total park & net adds¹
(in K)



Increasing Fiber share in total acquisitions

Q4'21 Q4'22

Lower churn levels vs Copper

>30%²

68%
Migration rate
(1 year post commercial launch)

ARPC in €³

Copper Fiber

>+€7

¹Residential + Business, incl. new & migrated customers
²Q4 2022 churn in fiberzones; average across different customer cohorts
³Q4 2022 ARPC RES + SE uplift excluding promotions for customers with fixed internet

Widening product superiority, targeted segmental offers and focus on customer satisfaction



Superior connectivity

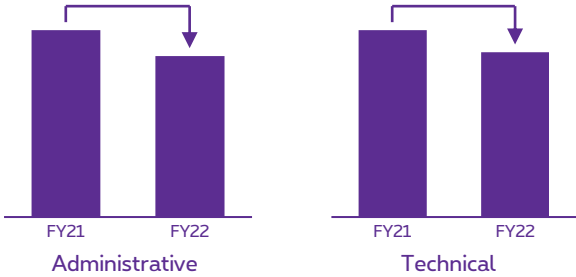
fibre 10 Gbps + wifi 6



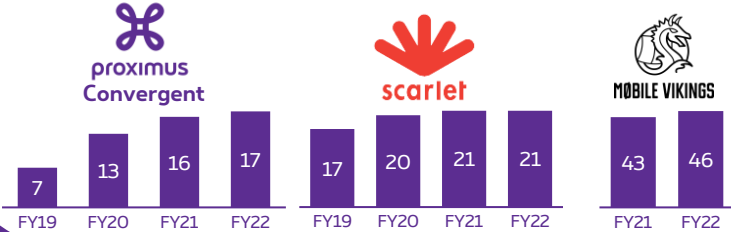
Accommodating fast evolving customer needs



Contact center volumes (per purpose)



Higher Consumer NPS retained, while cost of living impacts customer sentiment



¹Satisfaction drivers fixed internet in Flanders

Financial & Operational performance

Domestic

Continue strong demand for Internet & Mobile, TV decline moderated from Q3



Internet base **2,216K**;
+ **38k** YoY
+1.7% YoY



TV base **1,710K**;
- **11k** YoY
-0.7% YoY



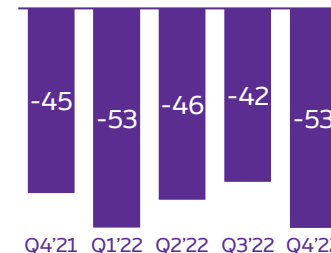
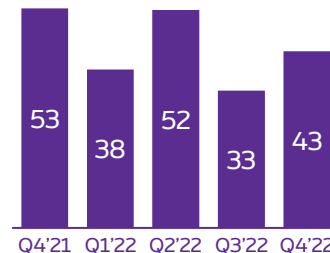
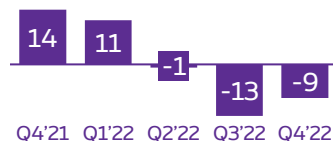
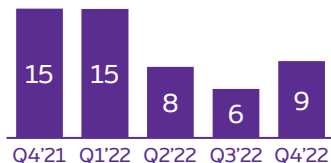
Postpaid

Postpaid base **4,817K**;
+ **166k** YoY
+3.6% YoY



Fixed Voice **1,810K**;
- **195k** YoY
-9.7% YoY

Net adds; Group ('000)



Growth supported by our complementary brands, new targeted offers addressing all segments in the market

New in 2022

Product & care seekers

Early adopters & cord cutters

For price seekers

proximus

Flex XS




Mar'22 Dec'22

Premium solutions through convergent and multi-mobile packs

MOBILE VIKINGS

MVIK Internet




Mar'22 Dec'22

Innovative digital experience

scarlet

TRIO Mobile

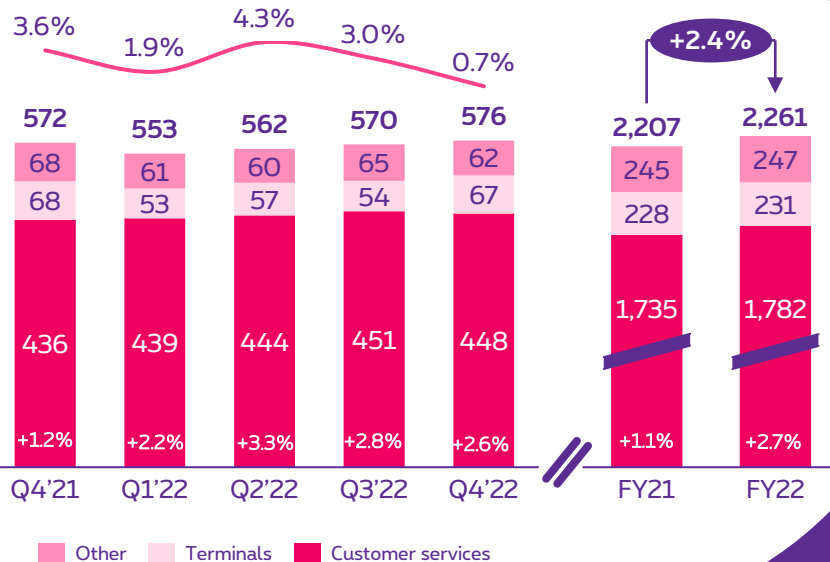


Mar'22 Dec'22

Price focus with no frills experience. Increased download speeds as of 1st Feb

Residential services revenue Q4 +2.6%, total +0.7%

Residential revenue (€M, YoY)

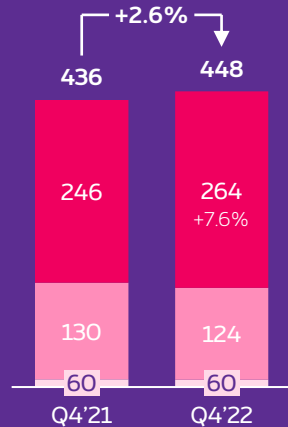


- **Customer Services revenue +2.6%**

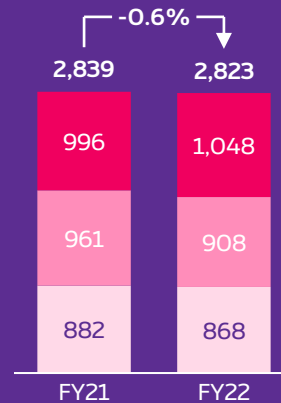
- ✓ Continued good customer growth for Mobile postpaid (Q4 +23,000) and Internet (Q4 +9,000).
- ✓ Convergent Customer growth
- ✓ Price indexations managed with limited churn impacts
- Q4 slower growth rate from previous quarters mainly resulted from Terminals revenue and including adjustments for inter-Group interconnect in 'Other' revenue.

Growing Convergent base and higher ARPC driving Residential customer services revenue increase

+2.6% Customer services revenue (in €M)
Incl. **+7.6%** Convergent revenue



Customers (in K)
Growing Convergent base,
+52,000 net adds over 2022 or
+5.2% YoY



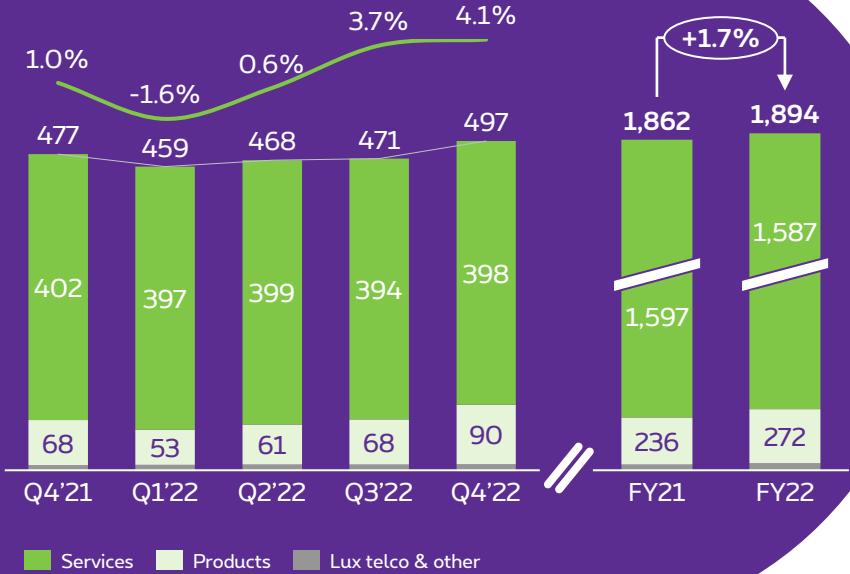
+3.2% ARPC (overall, €)
Supported by Jan'22 & May'22
price indexation & upsell to
convergent offers.



Convergent Fixed only Mobile postpaid only

Q4'22 Business revenue +4.1%, including strong IT products revenue

Business revenue (€M, YoY)



Q4 revenue

Services revenue -0.9%,
growth in Fixed Data and IT services, off-set by Fixed Voice erosion.

Products revenue +31.9%,
driven by IT product growth +45.8%, continued catch-up in chip-supply affected customer installations.

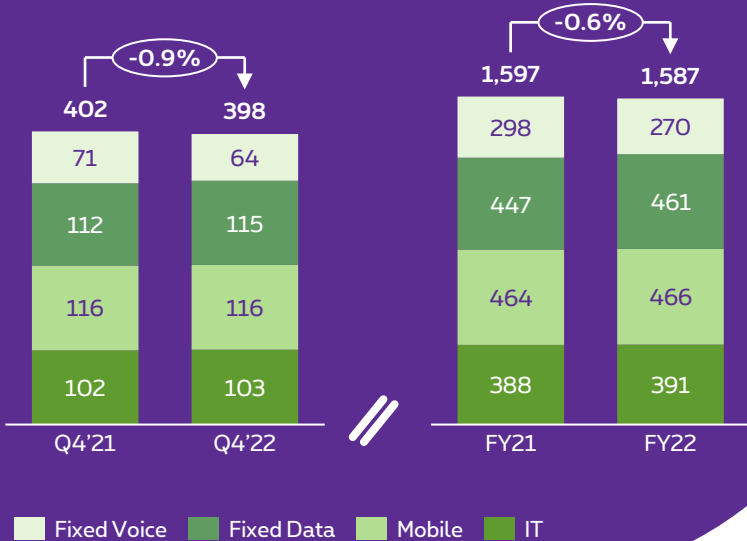
Customer wins*



*limited to those with customer's consent

B2B continued to see positive Fixed Data and recurring IT services growth, for large part offsetting Fixed Voice erosion

Business Services revenue (€M)



Q4

+2.7% Fixed Data

- > Internet revenue up: +4.6% ARPU & base +0.7% YoY
- > Growing share of Fiber in total internet base
- > Stable data connectivity revenue, managing value in the transition to SD-WAN services

Stable Mobile

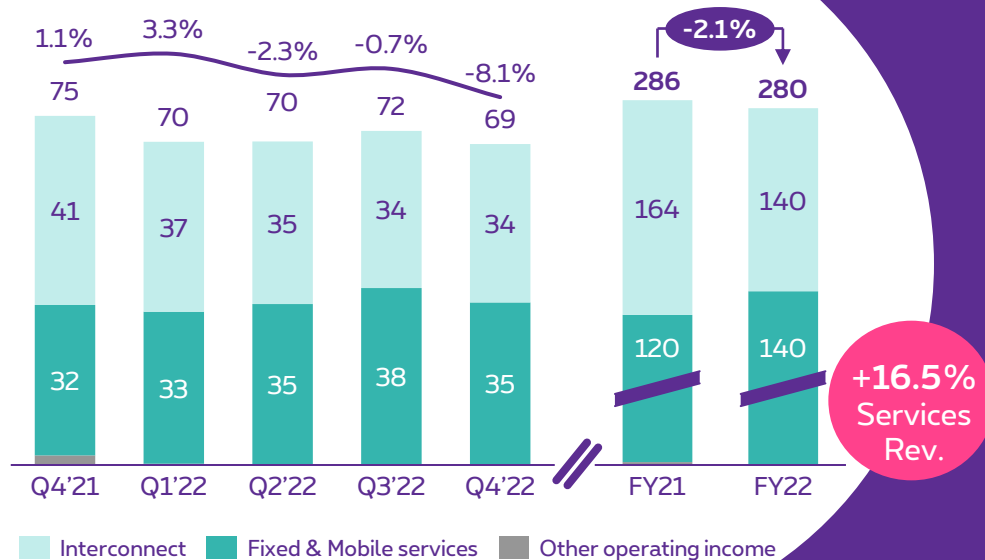
- > Customer base +2.9% YoY & limited ARPU decline of -1.2%
- > Mobile network services down from high base*

+1.0% IT Services on growing high-value recurring services, good performance in Cloud and Security services

*A2P messaging was high in context of Covid19

Wholesale continued positive track for Services revenue, sustained decline in interconnect revenue

Wholesale revenue (€M, YoY)



- **Q4 Fixed & Mobile Services revenue +7.8%:**

- > Mobile revenue
- > JV services revenue

- **Interconnect revenue -16.2%,**

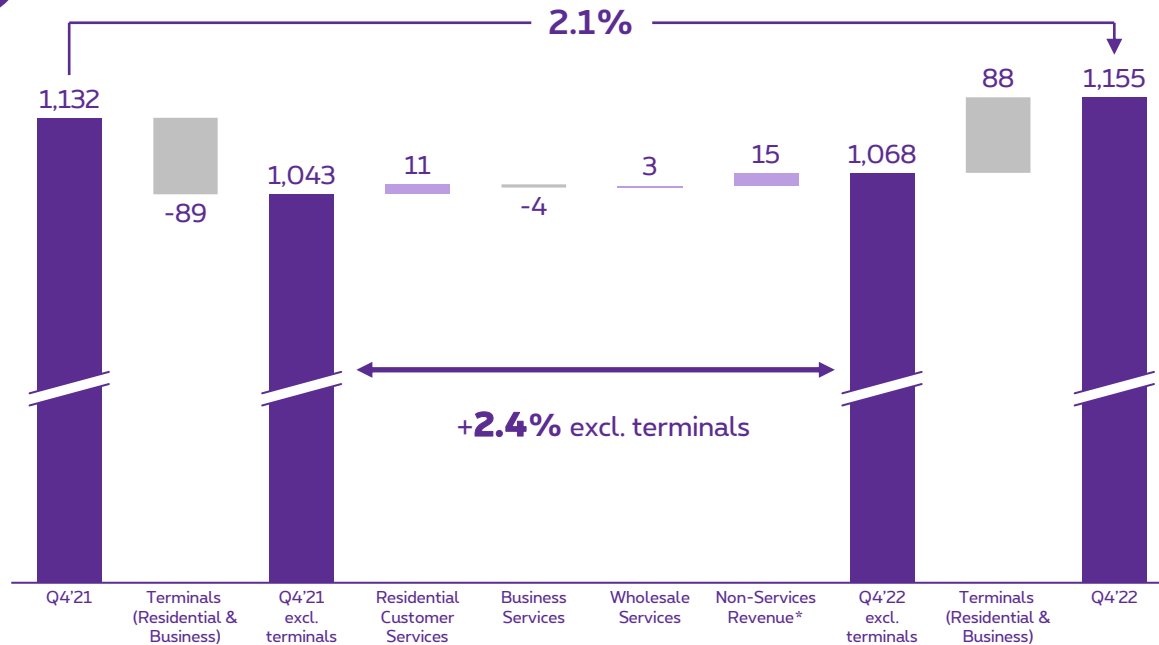
- > ongoing decline in traditional messaging revenue
- > regulation impact

Domestic business

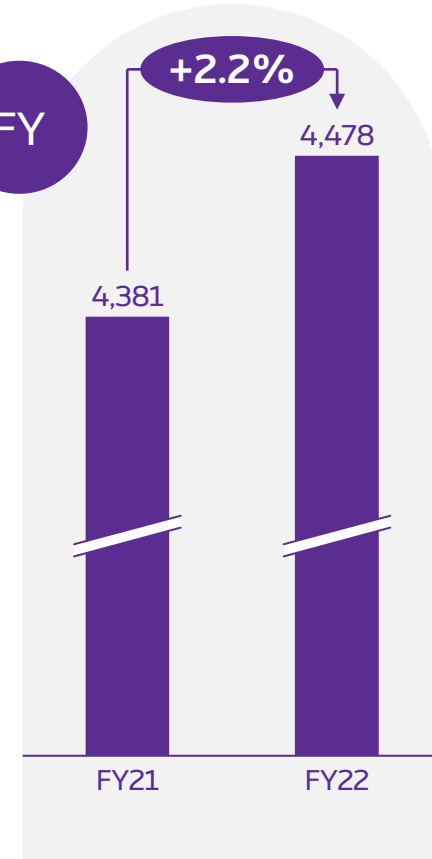
delivered continued top line growth in Q4

Q4

Revenue
(underlying, €M)



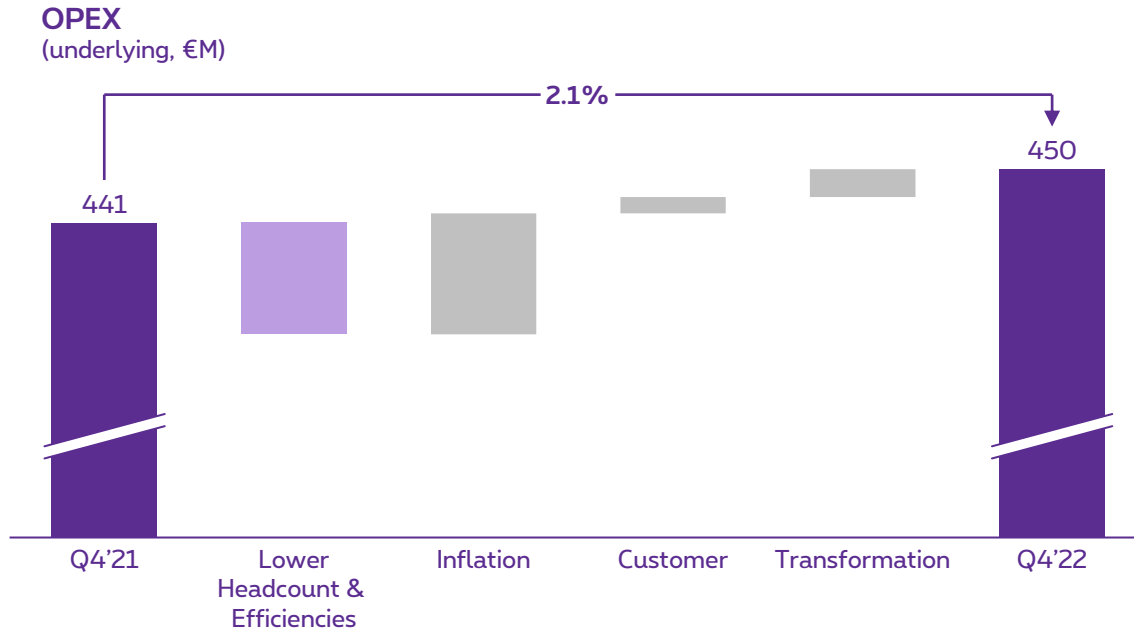
FY



Continued delivery of cost efficiency savings

partially offset inflationary impacts

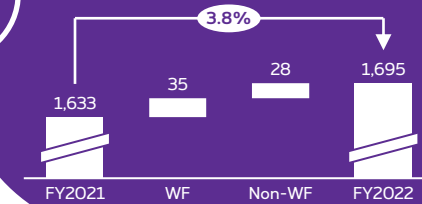
Q4



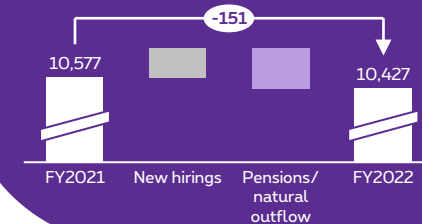
- The Opex graph represents a management view.
- Inflation mainly including wage indexation (Feb'22/Apr'22/Jun'22/Sep'22/Dec'22)
- Customer Opex including Direct, Customer related & Other Opex

FY

Domestic Opex (€M)



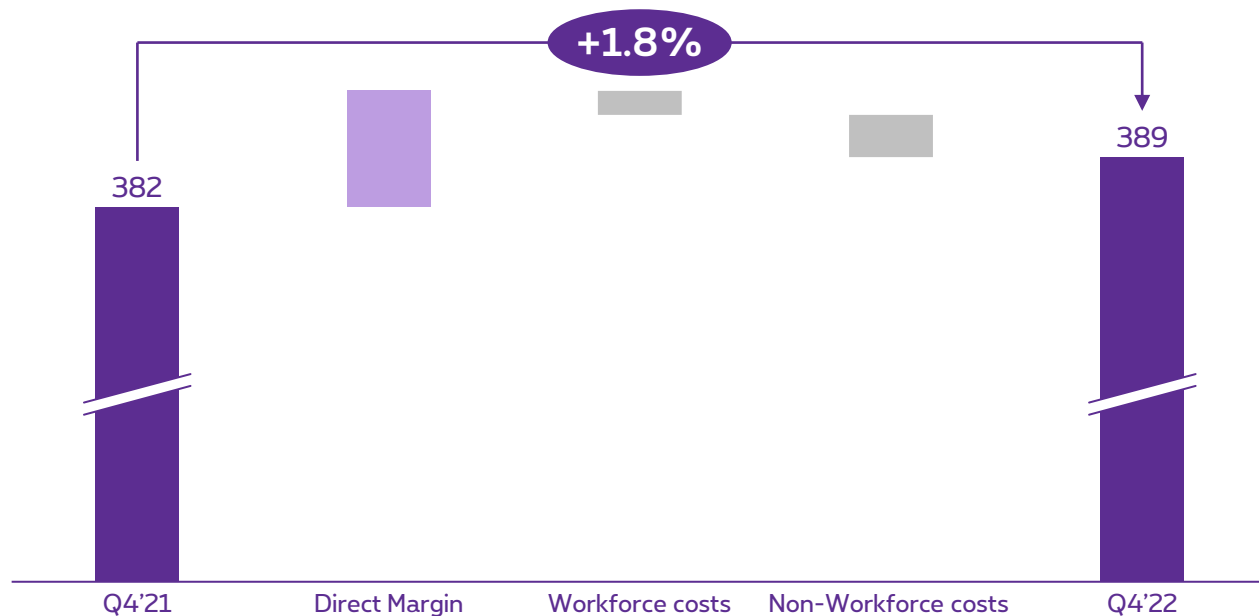
Domestic headcount (FTE)



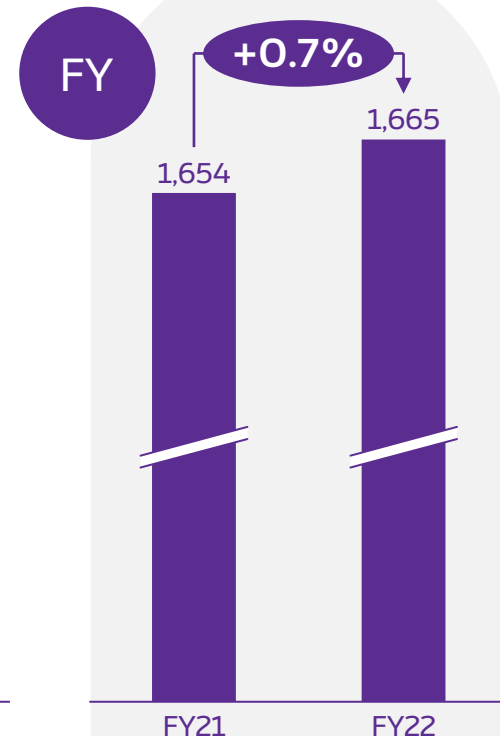
Direct Margin growth and effective inflation mitigation drove **+1.8% Domestic EBITDA growth in Q4**

Q4

EBITDA
(underlying, €M)

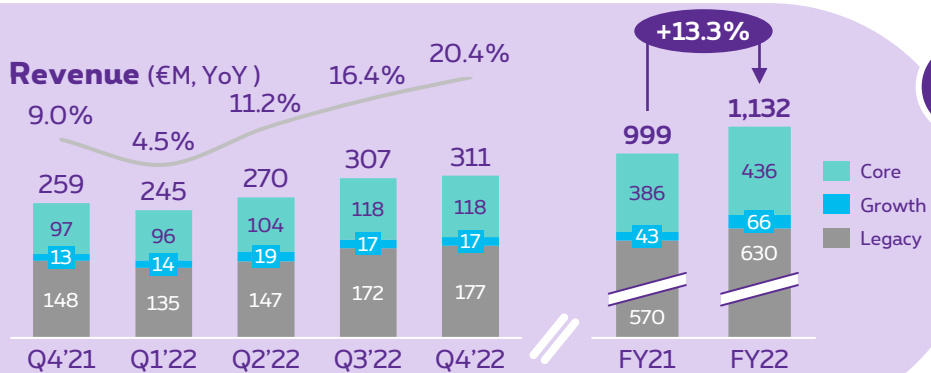


FY



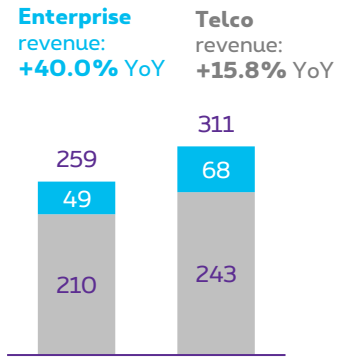
International

BICS delivered a record revenue growth in Q4 of +20.4%



Q4

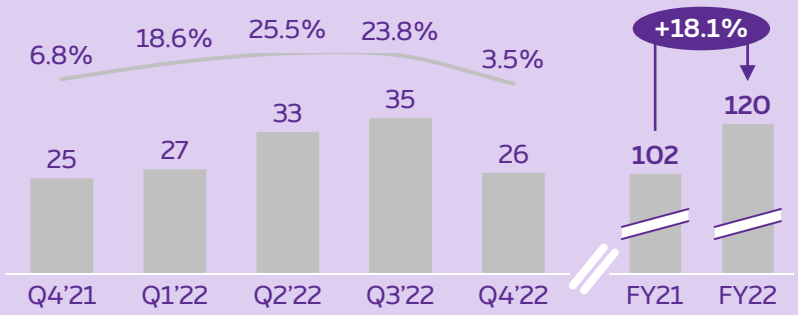
- > **Core +20.6%**
Increased post Covid 19 traveling
- > **Growth +30.5%**
Strong cloud communication, minutes of Cloud usage +32%
- > **Legacy +19.3%**
Favorable destination mix



Q4

- > **Cost impacted by**
 - > Energy & wage costs
 - > € 4M non-structural expenses (incl. performance-related)
- > **+3.5% EBITDA YoY**
 - > Similar trend to previous quarters when excluding non-structural expenses

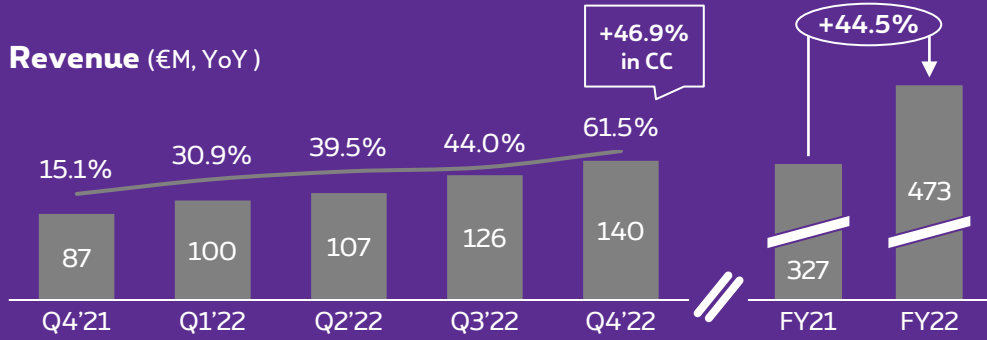
Ebitda (€M, YoY)



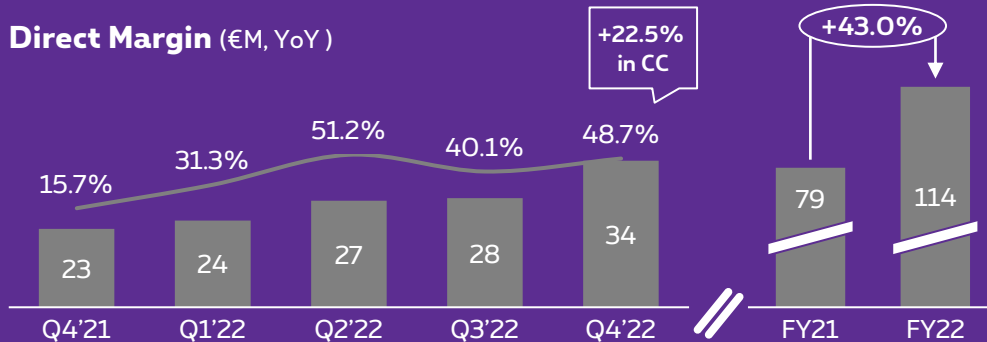
Telesign Q4 revenue +61.5%

continued growth in sales bookings and NRR rising to 147%

Revenue (€M, YoY)



Direct Margin (€M, YoY)

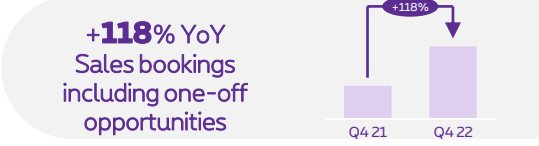
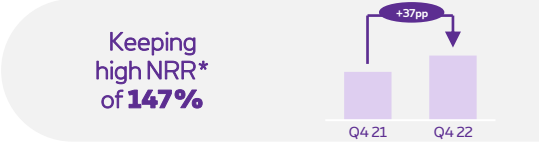


Q4 EBITDA
0M€ incl. substantial R&D and Go to Market investments

+40%
 FTE YoY

➤ **Strong quarter** for both **Communication** and **Digital Identity**,

➤ Communication performance driven by e-commerce seasonality (Black Friday, Thanksgiving, Christmas)

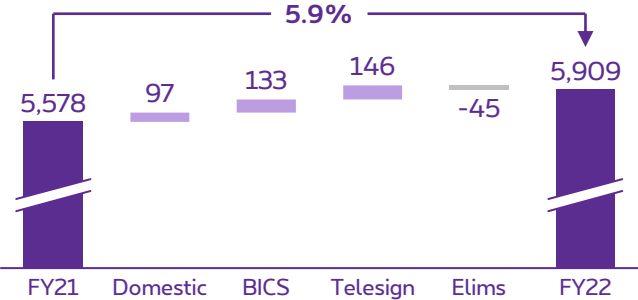


* Net Revenue Retention
 ** adjusted for volatility within Telesign's communication business in India

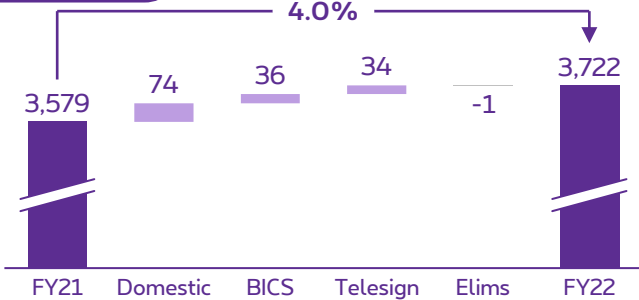
Group

At Group level for 2022, we delivered **strong revenue growth and a return to EBITDA growth**

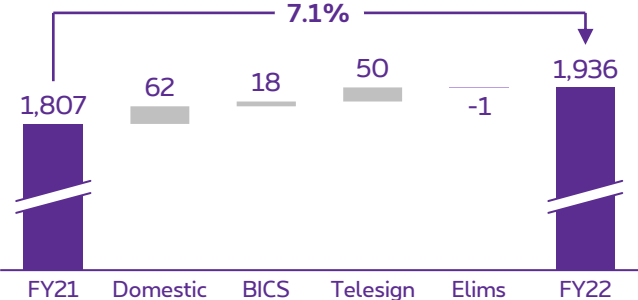
Revenue



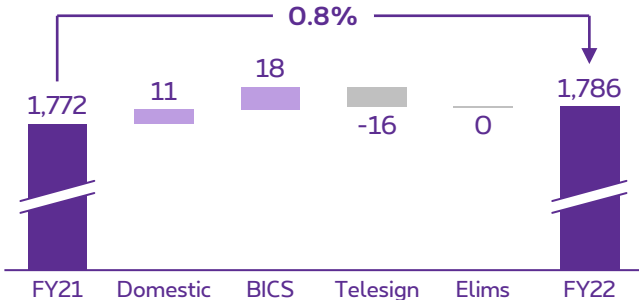
Direct Margin



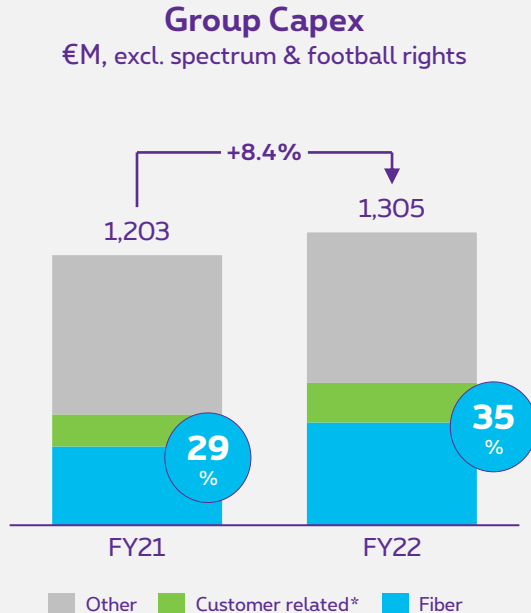
Opex



Ebitda

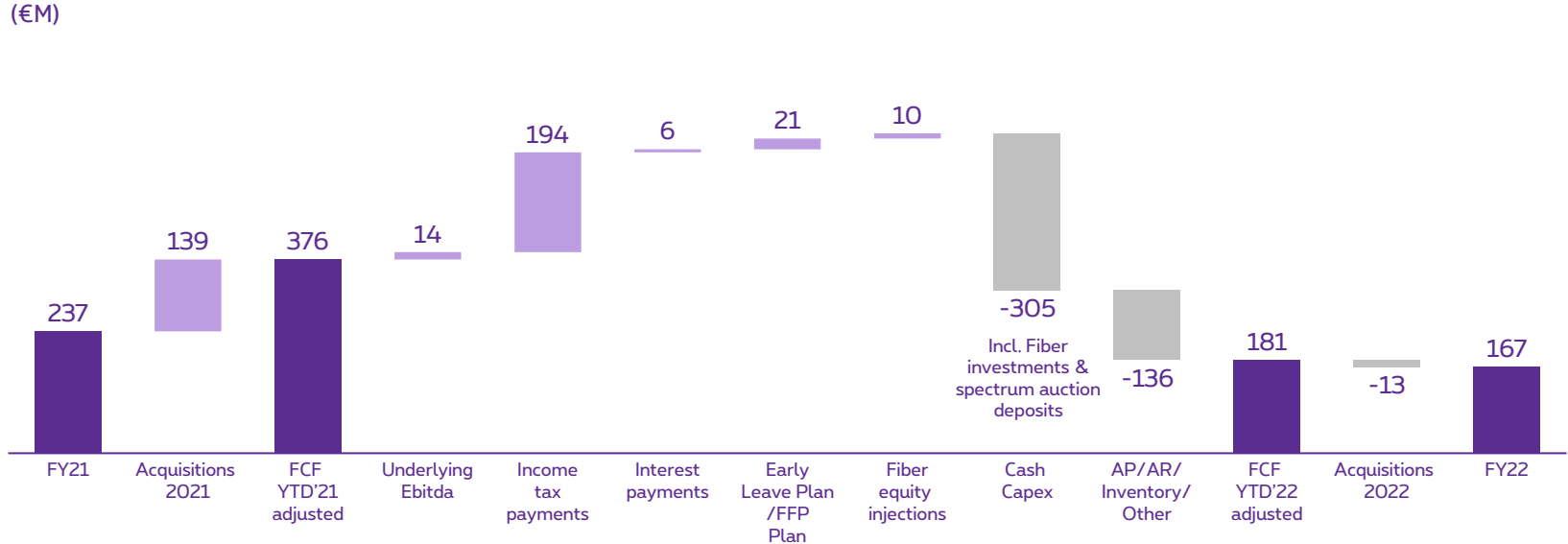


FY'22 Capex of €1.3bn



- Strong YOY increase in Proximus **Fiber HP**
- Increase in Fiber customer **termination and activation cost**
- **IT**-transformation and Digitalization
- Ongoing implementation of **Mobile network consolidation.**

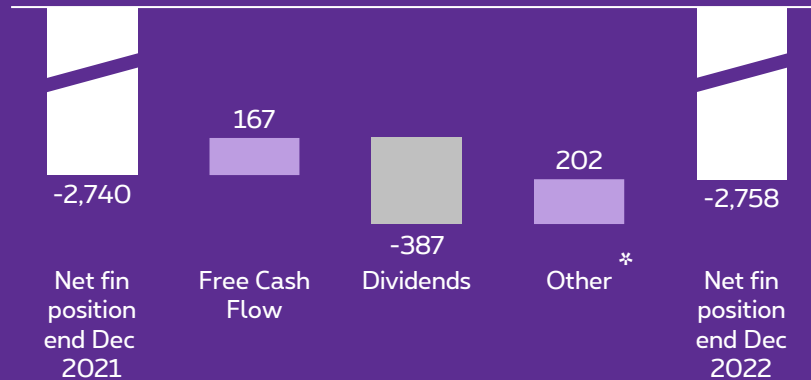
2022 FCF reflects accelerated Fiber investments and unfavourable YoY evolution of BWC



- The FCF graph represents a management view. The composition reflects the main components, sometimes in aggregate, and might differ from the Consolidated Cash Flow statement
- Early leave plan refers to voluntary early leave before retirement and FFP plan to the Fit for Purpose transformation plan
- FCF includes the lease payments
- Other: aggregate of different items, including government support measures, with delayed payment of VAT and Social Security
- Acquisitions incl. M&A related transaction costs

Proximus continues to manage a sound financial position

Adjusted Net Financial Position (excl. lease liabilities)
(YTD, €M)



* Mainly remeasurement to fair value of cash flow hedge instrument for future LT debt

2.3X

Net debt / EBITDA (S&P definition) at year-end 2022

Credit ratings

S&P BBB+ (stable outlook)
Moody's A2 (stable outlook)

1.7%

Weighted average coupon
(long-term only)

7 Yr

Weighted average debt duration
(long-term only)

Our 2025 ambition

bold 2025

**Boldly building a
connected world
that people trust
so society blooms**

We deliver
great value for
our stakeholders



Act for an inclusive **society** &
be **sustainable** in everything we do



Delight customers with
unrivalled experience



Grow profitably **locally** &
globally through strong brands

through **exceptional
strengths**



Roll out **#1 gigabit network**
for Belgium



Engineer **technology assets**
to enable digital ecosystems



Foster an engaging **culture** &
empowering **ways of working**

2023 outlook

Guidance metrics	FY2022	Outlook FY 2023 16 January 2023
Underlying Domestic revenue	€ 4,478M	+ [1-3%] YoY
Underlying Domestic EBITDA	€ 1,665M	Around -3% YoY
International Direct Margin ¹	€ 377M	High single digit growth
Underlying Group EBITDA	€ 1,786M	Around -3% YoY
Capex (excl. Spectrum & football rights)	€ 1.3Bn	Peak at around € 1.3Bn
Net debt / EBITDA	1.5X (Proximus) 2.3X (S&P)	Around 2.6X (S&P)

Dividend over 2022 result

Annual gross dividend over result of € **1.2/share**, in line with announced 3-year dividend policy (2020-2022)

Dividend of gross €0.70/share payable 28 April 2023²

Dividend over 2023 result

Annual gross dividend over 2023 result of € **1.2/share**, in line with new announced 3-year dividend policy (2023-2025)

¹International Direct Margin: Telesign Direct Margin plus BICS Direct Margin

²Pending AGM approval on 19 April 2023

Q&A

To ask a question, join the conference call

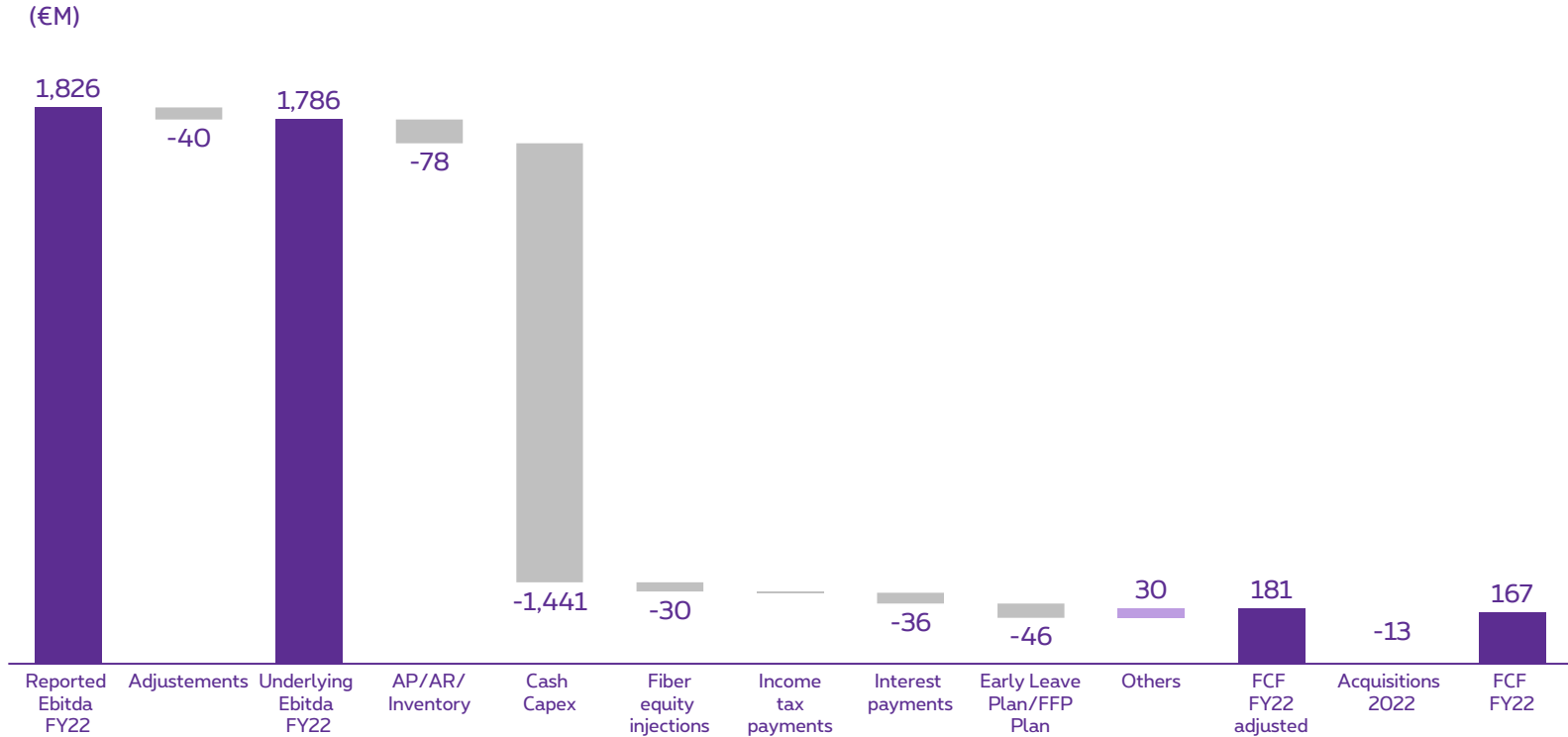
→ Register [here](#) for the Q&A to receive your dial-in details.

Appendix

From reported to underlying

(EUR million)	GROUP Revenue		GROUP EBITDA		GROUP Revenue		GROUP EBITDA	
	Q4 '21	Q4 '22	Q4 '21	Q4 '22	YTD '21	YTD '22	YTD '21	YTD '22
Reported	1,441	1,559	425	419	5,579	5,914	1,828	1,826
Adjustments	0	-1	-16	-4	-1	-5	-56	-40
Underlying	1,441	1,558	409	415	5,578	5,909	1,772	1,786
Adjustments	0	-1	-16	-4	-1	-5	-56	-40
Lease Depreciations			-20	-22			-80	-83
Lease Interest				-1			-2	-2
Transformation			5	19			10	39
Acquisitions, mergers and disposals		-1	3		-1	-5	12	7
Litigation/regulation			-3	-1			3	-2

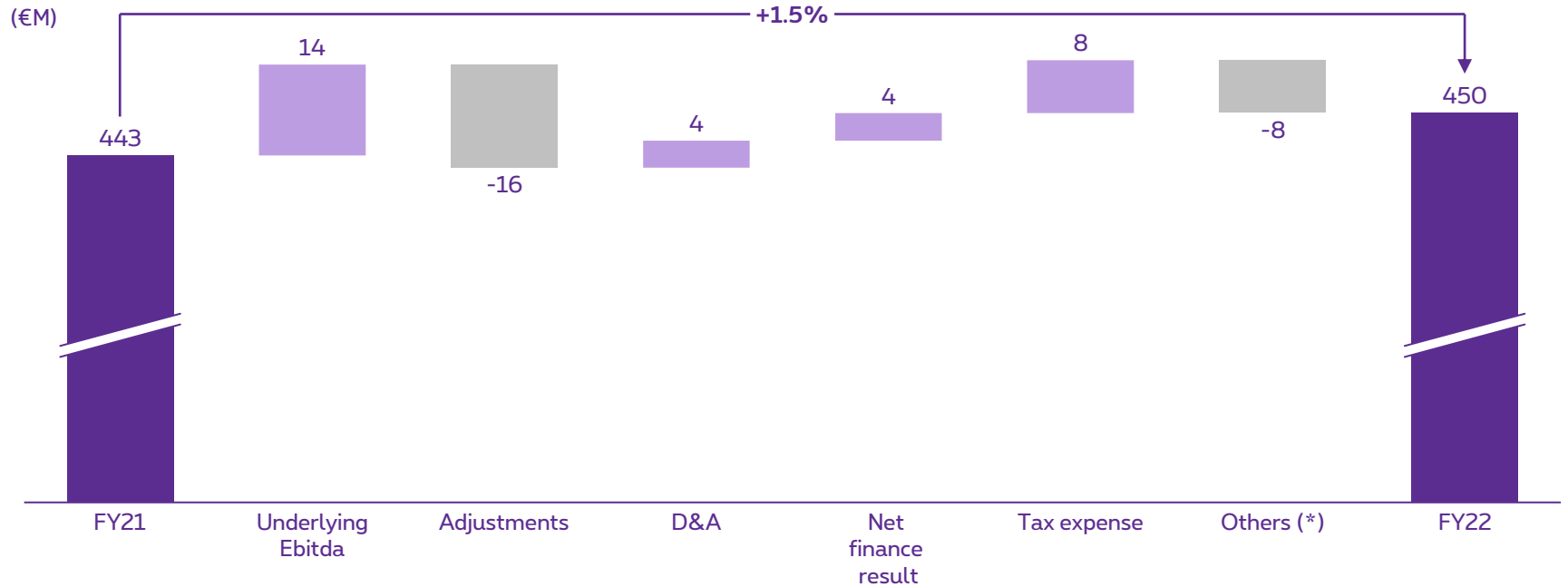
EBITDA conversion to FCF



• Early leave plan refers to voluntary early leave before retirement and FFP plan to the Fit for Purpose transformation plan

Net income

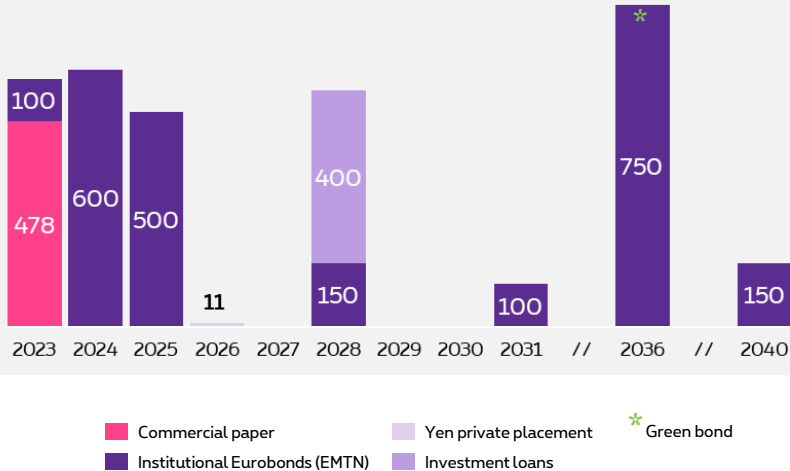
(Group share)



* Includes Non-controlling interests and Share of loss from associates

Continued access to credit markets & near term refinancing secured at low interest rates

Debt maturity schedule (€M)



- > >99% of outstanding LT debt at **fixed rate**
- > Refinancing of 2024 & 2025 bonds hedged in Q1'22 at **low interest rates**
- > Average debt maturity of **7 years**
- > Weighted cost of debt at **1.7%**
- > **Strong liquidity position** of €1B (cash + available undrawn credit facilities)

Shareholder structure

Status 31/12/2022

Total number of shares

338,025,135

Free-float

42%

Belgian Government

54%

Market Capitalization

~€ **2.9**Bn

Dividend yield

~**13.3%**

	Number of shares	% shares	% Voting rights	% Dividend rights	Number of shares with voting rights	Number of shares with dividend rights
Belgian state	180,887,569	53.51%	56.11%	55.99%	180,887,569	180,887,569
Proximus own shares	15,632,628	4.62%	0.00%	0.21%	0	693,702
Free-float	141,504,938	41.86%	43.89%	43.80%	141,504,938	141,504,938
Total	338,025,135	100.00%	100.00%	100.00%	322,392,507	323,086,209

The voting rights of all treasury shares are suspended by law. Proximus has 14,938,926 treasury shares that are not entitled to dividend rights and 693,702 treasury shares that are entitled to dividend rights.

Transparency declarations: According to Proximus' bylaws, the thresholds as from which a shareholding needs to be disclosed have been set at 3% and 7.5%, in addition to the legal thresholds of 5% and each multiple of 5%.

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