

# **Proximus Capital Markets Day**

**Tuesday, 31<sup>st</sup> of March**

*(transcript- edited for inaudible parts)*

# Introduction

## Slide 1

**Nancy:** Welcome all to our Capital Markets Day, be it in a different format that we had planned for. With the increasing COVID concerns and measures being implemented, and especially in the best interest of everyone's health and safety, we have decided to keep the CMD yet to turn it into a Webcast-only event.

So, you can all now watch and listen in all safety from either home or your office.

## Slide 2

**Nancy:** So, the event for this afternoon consists of two parts.

We will start with 3 presentations, followed by a short break, after which we will take your questions in the Q&A session.

We count on starting the Q&A as of 2:30 PM CET.

So, but first 3 presentations for you: we will start with the CEO Guillaume who will present the strategy, our CTO Geert will then tell you about the Gigabit Network plans, and then our CFO Sandrine will take you through the Financial strategy and Outlook.

Let's start with the first one. Guillaume you can go ahead.

## Slide 3

**Guillaume:** Good afternoon to you all and good morning to those listening from the US or Canada. Welcome you all to our Capital Markets Day.

First of all, I hope that you, your families, your friends are in good health.

The Covid-19 pandemic has been shaking us all to our core and is a very humbling case of unpredictability for us all.

After careful consideration, I decided with my management team to maintain this Capital Markets Day despite the exceptional circumstances, be it unfortunately not with a live audience in our headquarters in Brussels.

This global sanitary crisis impacts us as individuals and impacts the way we work and live. It is also a defining moment for our sector. Our industry demonstrated, more than ever, its customer relevance and the central role it plays in today's world for consumers, companies, governments and more generally the entire society.

Proximus acted swiftly, ahead of official guidelines and ahead of peers, to protect its employees, to support customers enduring strict social distancing and confinement, to enable businesses and public authorities to continue to operate. I strongly believe that we owe it to all our stakeholders to not only support them through the crisis but also to act now to contribute to a better future for all.

Moving forward with our transformation and strategic investments is of the essence. It will make us more resilient to face the next unpredictable event in this complex world.

So here we are, to talk about the future of Proximus, to present our Inspire2022 plan, in an adapted setting as you notice, but with a reinforced conviction about our ability to create and capture value to the benefit of all our stakeholders.

## Slide 4

**Guillaume:** Let's first briefly come back on the current crisis. As I said, this crisis is a defining moment for Proximus. Our customers, our employees, our business partners are redefining what is critical for them and every action, every communication is critical.

And I am convinced that we did the right things in the last weeks to remind to every individual and every company that Proximus is essential to them.

So, we took very early, very strong measures to first protect its employees, ensure business continuity with a focus on critical sectors. We immediately put in place a crisis nerve center at Exco level to monitor all aspects of the crisis.

But as importantly, we manage to communicate the right way, both internally and externally: we took many actions to be true citizens: encouraging people to work from home, limiting customer contacts, postponing meetings...

Ahead of government guidelines, we put more than 10k employees in homeworking, restricted all travels, close our shops before being asked to do it. In parallel, we took strong actions towards our customers so that they stay connected with their loved ones and also entertained from home: offering free mobile to fix and fix to fix calls, unlimited fixed internet volumes, free extra mobile data and also free access to TV content.

## Slide 5

**Guillaume:** But the most important, the most critical aspect of what we are doing during the crisis is our ability to maintain high-quality networks despite exceptional conditions. And this is being noticed, especially by our customers.

In this crisis moment, where all our points of reference are lost, there is one thing that I am fully convinced will remain for the telco industry: network superiority is key and will remain a key enabler of differentiation in the coming years.

And the Proximus networks have been remarkably resilient. We constantly monitor the situation and are in daily contact with the regulator to ensure stability and answer to the capacity needs.

Last but not least, we are also in sync with the government and the Belgian Corona crisis team in order to use our location data and as such to best monitor the effect of the lock-down measures.

I am truly convinced that Proximus can emerge stronger from the crisis and I am putting 100% of my management focus to contain the effect of the crisis but also to make sure that Proximus will be in a better position when we are back to more stable and normal business conditions. In that context, our ability to absorb this volume growth and to be essential to our customers will be a key foundation to strengthen our customer relevance. And so far, I trust that we are taking an edge compared to our competitors.

## Slide 6

**Guillaume:** Let's now move to our strategic plan for the coming years.

And if we first take a step back and look at how Proximus performed in previous years, we can conclude that that we consistently delivered on our guidance; we grew our customer base in Internet, TV and mobile post-paid with convergent offers and we kept a strong position in the Enterprise market.

Proximus offered an attractive and stable shareholder return. Also, very important in the current context and for our future investments, our balance sheet is one of the strongest in the sector.

## Slide 7

**Guillaume:** In 2019, we started a transformation journey which included the Fit for Purpose plan. After a long negotiation period, the plan switched into execution phase – the first phase being the voluntary departure plan – which resulted in 1347 FTEs opting for a voluntary leave.

We now want to step up and accelerate our transformation. We need to adapt to the evolutions in our sector, and I want to stress four macro trends in particular:

One, a new investment cycle for next generation networks with the combination of Fiber, 5G and Edge computing that unlocks new growth and efficiency opportunities.

Two, the new digital platform economy fuelled by data and the growing role to play for trusted local data-rich players among which telecom operators have a key role to play

Three, the rise of new forms of competition and the increasing pressure in the Enterprise market linked to the softwarization of the network access.

And four, the central role that societal responsibility should take in everything we do. It is true in the battle against digital exclusion and discrimination, in the war against the current global pandemic but also in the seemingly less immediate threat of climate change.

In a fast-changing sector and particularly in those uncertain times, we aim to embrace those trends, to embrace change, to lead and not to follow.

It's not an evolution of our current strategy. And if we will build on strong foundations, this plan is really a step change in the vision, in the way we see assets, in the way we look at our capabilities and in the way we will execute.

I have decided to call our strategic plan "Inspire 2022" to convey our ambition and to inject new energy into the Proximus organization. The 2022 date is important as it is the date we have set to return to profitable growth. As you will see, we sometimes refer to a longer time horizon of 2025-2026 when we talk about network investments or for long term simplification and transformation like the complete revamp of our IT. For our sustainability targets, we even have a longer time horizon of 2030, even if we are constantly looking for ways to bring that date forward and reach our objectives earlier.

## Inspire 2022 – CEO Guillaume Boutin

### Slide 8

We have a new plan and a new ambition, but we stay true to our great sense of purpose: opening up a world of digital opportunities so people live better and work smarter.

The experience of the pandemic reinforces our belief in this inspiring mission.

### Slide 9

With the Inspire 2022 plan, we raise the bar for Proximus' transformation. To put it simply, I want to make Proximus a reference operator in Europe.

We will reach that ambition thanks to 4 pillars:

- We will Build the best Gigabit Network for Belgium, through a strong acceleration of our Fiber and 5G roll-out. In the context of Belgium, this network will be unmatched in terms of capabilities, unavoidable on the long run and open to all.
- We will Operate like a "digital native" company, becoming leaner, legacy free and truly fit for a digital world.
- Our plan is a growth plan. Leveraging our customer bases and our technology leadership, we will Grow our profitability through the development of partnership & ecosystems. And get back to profitable growth trends as from 2022
- A major pillar of this plan will be to Act for sustainability and digital inclusion. More importantly, to embed this ambition in everything we do.

With the executive team, we are managing, and will continue to manage, for impact. We focus our time and our energy on what makes the difference and we are setting ourselves up for execution excellence. The last few weeks have been a good test for that!

And last but not least, we will put a renewed focus on capital allocation optimization to fund that journey.

### Slide 10

Our Inspire 2022 plan is first an industrial plan with our ambition to build the future proof network for Belgium with 100% coverage in High Speed Internet in the long run and a complete review of our operating model:

To build the best Gigabit Network for Belgium, we will deploy fiber faster and smarter and seek strategic partners that are willing to co-operate and co-invest. Compared to our previous plan, we accelerate the deployment of Fiber with more than 800k Home Passed by 2025. This way, we plan to reach 2,4m homes by 2025, instead of 2030, as was in the original Fiber plans. At cruise speed, in 2023, we will pass as many as 7% of total Belgium premises per year.

At the same time, we will strengthen our mobile leadership by leading in 5G: our network partnership with Orange is the right strategy: it allows us to differentiate and at the same time to reduce significantly the cost to deploy.

A major shift in our strategy will also rely on our willingness to open our networks and to be wholesale-friendly to maximize asset utilization and guarantee a good long-term return, significantly above our cost of capital.

Second, to operate like a “digital native” company, we will fundamentally transform our operating model with 2 important benefits: on one hand, we will drive structural efficiency gains and on the other hand construct the leading NPS – meaning top1 or top2 - in all segments. By 2025, we will be a legacy-free operator, while reducing the Total cost of ownership of our IT by 40%.

Our ambition is here to operate like an OTT player on our network, thus driving speed and agility. We will also put a lot of energy to achieve a comprehensive skills transformation that will make of Proximus a reference employer for Belgian digital talents.

This plan is also a growth plan. Despite a lot of headwinds coming from the Enterprise segment, we will get back to profitable growth as soon as 2022 with accelerated growth trends as from 2023, fueled by our increased investments in Fiber and 5G. We will grow profitably, not alone but with and through partners & ecosystems. With the largest telco customer base in Belgium and strong digital assets like our apps, Proximus has a pivotal role in local ecosystems to enable data-driven innovation in B2C and B2B2C. We will carve new paths for growth and generate revenues from new sources to fuel our topline with partnerships asset-light business models.

In Enterprise, by embracing the shift to virtualized & cloud services, we will be the local partner of choice for global hyperscalers - we are announcing today a strategic deal with Microsoft that allows us deliver edge computing - and enable the digital transformation of our existing customers, which is as you know, thanks to our unique position in the Enterprise segment, a great opportunity to grow after an unavoidable transition period.

Acting for sustainability and digital inclusion and embedding this in everything we do, is also fully part of our growth plan. It is a new normal, also in those abnormal times. We commit to a net positive CO2 contribution and true circularity by 2030. We continue our efforts in inclusiveness as well as in digital education in Belgium with a focus on job seekers.

## **Pillar 1: Build the best Gigabit network for Belgium**

### Slide 11

Geert will tell you more about it later but let’s zoom a bit into the first pillar. This is about our ambition to build the best gigabit network for Belgium. I insist, for Belgium. Not for Proximus only but to the benefit of the whole country.

### Slide 12

Over the next 10 years, Proximus will build the most, and more importantly, the only, future proof network for Belgium.

So, what’s new?

First, It’s a strong acceleration compared to existing plans: pulling forward capex to the period 2020-2025, so we get to 2.4 M of Home Passed by end of this period. Compared to our initial ambition, it’s an additional 1M Home Passed to be delivered over the next 6 years.

It’s the creation of a unique infrastructure. It cannot be matched by coax technology in the long run. This means we have significant wholesale opportunities to increase the utilization of this network. I would like to stress that this network approach is brand new one for Proximus: I might even say that it is a complete shift in the way we used to see networks. Because as I said, we are building an open network, to be used by all partners, being existing operators or even new type of partners. For us, on the long run, this is a massive opportunity to develop wholesale revenues. But also, to boost our B2B and B2C value proposition;

Last but not least: with this ambition to reach 100% of coverage and with the combination of 5G, Fiber and Edge for a big part of the country, this network will be a catalyst for the Belgian economy and in particular innovation

### Slide 13

Of course, this ambition implies that we can deploy in the most efficient way. Our objective is to be able to pass 400k homes per year with our Fiber as from 2023. For that we have put in place a new set-up that Geert will describe in a minute but more importantly we will be looking for some strategic partners. I insist, we are not looking for pure financial partners but strategic partners that will help us reduce the cost to roll-out the network.

### Slide 14

When we talk about Gigabit networks, it of course also implies 5G. To put it simply, we will lead in 5G in Belgium. And I am very happy and proud to announce that we are launching 5G today in more than 30 communes with a coverage of 5% of the population.

It's the first concrete proof of our leadership strategy: Proximus will lead in networks. And thus, we will be the first to launch commercially in Belgium to give our customers a first taste of that technology with devices, price plans and a coverage that is comparable to what we had at 4G launch. It's just a start: in the coming months, we will use temporary licenses until auctioned spectrum to provide the best 5G gigabit experience. Furthermore, as I said before, our access network sharing agreement with Orange allows us to do that while controlling the overall cost to roll-out 5G. You should all be convinced by this: 5G is not just a better 4G. In combination with fiber, 5G will fundamentally change the way we will do business, with a network-as-a-service model offering end to end low latency network slices.

It is not a small step; this is the creation of a new operating system for the economy! And Proximus will embrace it to create value.

A brand-new example: "Proximus and the Flemish public broadcaster VRT have signed a Memorandum of Understanding for testing 5G applications in the media sector. Within the framework of this cooperation, both partners will examine how 5G technology can transform the production of live broadcasts at events on the basis of concrete applications."

### Slide 15

Talking about value creation, our network investments are coming at an attractive yield. We have listed some important ones in the right column.

As we have said before, our decision to go faster with Fiber would depend on the commercial benefits we are seeing in the deployed Fiber zones. And the benefits are definitely here: we see higher market shares in our fiber footprint, we see better revenues per customer and a higher NPS. There is also a great opportunity for our wholesale segment going forward.

At the same time, there is another opportunity as we will, in time, considerably lower the cost to operate our network.

As a last point important point, where Fiber is built, we will obviously avoid having to invest and maintain copper.

Of course, networks require an investment phase, but once deployed and as the network fills up with wholesale clients and as copper is decommissioned, the yield increases.

The indicative graph on the right shows the IRR tops the WACC and this for all 3 regions; with the best IRR for Brussels thanks to its higher population density.

Geert will come back in more detail on how we will deliver the best gigabit network for Belgium, while Sandrine will cover in a bit more detail the financial benefits.

## Pillar 2: Operate like a digital native company

### Slide 16

The second pillar of our plan is that we want to operate like a digital native company, be truly fit for the digital world.

### Slide 17

Beyond the usual cost focus and the obvious customer experience improvements that all telcos pursue, we will fundamentally transform our operating model.

We aim to grow our NPS in all customer segments and lead in NPS in all segments with our different brands by 2022. We go for a net Opex reduction of between -1 to -2% CAGR by 2022 and further efficiencies beyond 2023. We will achieve this with 6 main transformation levers.

### Slide 18

The first lever is to revamp our customer journeys with an ambitious objective of close to 100% first time right.

To get there, we will first try to prevent and proactively solve as many issues as possible to avoid any source of complaint or useless interaction. For example, since end of 2019, we can proactively manage and optimize our subscribers home Wi-Fi. Through Wi-Fi improvement recommendations via our My Proximus app, we will offer the possibility to manage Wi-Fi credentials, share them and control internet access on family devices. We target to have 80% of our customers claiming to have a perfect Wi-Fi coverage by end of 2022.

Next, we continue to remodel customer journeys to make them digital-first. In 2019, we tackled the "I become a new customer journey" with great improvement of the Customer effort score. This allows us to be quite confident to maintain the same level of commercial performance while strongly reducing the number of physical shops. We already reduced from 231 exclusive shops end 2017 to 176 end 2019. This number will go down to 134 by end 2021.

Finally, for complex questions that cannot easily be solved digitally, we make sure that we can address them first time right. To that end, we are piloting a new model of multi-skilled teams in call centres.

All those initiatives are powered by data analytics and AI. We have rolled-out the Qualtrics platform that helps us constantly monitor the 6 main customer journeys, allowing us to steer very precisely and real-time our customers' experience and perceptions. We collect more than 30.000 customer feedbacks per month and proactively contact 6,000 customers back about open issues. A second concrete example is that we are leveraging advanced analytics to power our Next Best Action CRM systems: already today more than 60% of the Next best offer in channels are based on advanced analytics.

### Slide 19

The second lever to transform our operating model is to excel in digital interfaces. We want to be a front-runner when it comes to digital experience on app and web, to drive more self-service and satisfaction.

This will obviously translate into increased digital adoption, higher satisfaction and lower costs, amongst other by reduced call volume.

We will commit to ambitious targets given the Belgian context: 2M monthly app users for our servicing app, 30% e-share of sales, 70% of our bills fully digital or a decrease of commercial and technical calls by 50% by 2022.

I realize our target for e-sales might look low for some of you coming from other countries but I can assure you that in the context of Belgium, lagging a little bit behind in terms of digital adoption those numbers are quite ambitious and will require a transformational approach in the way we operate

and deal today with customer journeys. For app usage, as it's key to ensure customer relevance, we are raising the bar and for sure we will be leading in Europe with a disruptive strategy.

### Slide 20

A third transformation domain concerns our Enterprise segment.

And as mentioned, we will transition in that segment in the next 4 years. We have been highly successful in that segment so far, but it requires now that we rethink fundamentally our operating model: we are still too complex and too reliant on physical channels and back-end support.

To stay relevant for our customers, we will build adapt our value prop with a future-proof portfolio.

This will also help us to operate more digitally and turn our Enterprise business into a Smart operator, enabling the digital transformation of our customers with ultimately more added value at lower cost.

### Slide 21

A fourth transformation lever is automation and AI. There is a significant untapped potential from data, artificial intelligence and automation. We have built very strong internal capabilities in this field. We have several hundreds of data workers of which about 20 top machine learning experts. As we understood early that data foundations were of the essence, we are removing a lot of the traditional hurdles for automation and machine learning.

Our machine learning deployment is really at scale. Our initial estimate amounts to min 100 million gross savings, cost avoidance and extra revenue uplift on top of our existing Next best offer system that I have already mentioned.

But we are constantly re-assessing as we investigate some really cool and very valuable use cases. In the coming years, we will harvest opportunities in every domain across the value chain, from network design to customer value management or energy consumption. It goes without saying that we will also increase automation in frontline and in support functions through bots. We aim for a minimum of 200.000 hours of workload reduction per year thanks to bots.

### Slide 22

I will not go into detail here for the sake of time, but this is just an example of how comprehensive our approach is. I really believe we are very advanced compared to peers and that we are a clear leader in Belgium for machine learning, at scale, in production.

### Slide 23

A 5<sup>th</sup> really important transformation lever is the revamp and modernization of our IT, to make it adaptive and legacy-free. In non-technical terms, it means that our B2C and B2B services will behave just like an OTT service on our networks.

This does not happen with a magic wand. It requires a holistic end-to-end approach and takes time.

And also, a change in organization: I will adapt the organization around IT as from tomorrow to ensure that we put all necessary management focus on that domain.

Our objective is to reduce the total IT cost of ownership (Opex and capex) by 40% by 2025, with material savings starting as from this year.

We will achieve that through a combination of:

- simplification on the business and process sides to increase straight through processing
- architecture improvements with the ambition to go beyond 80% in the re-use of IT components
- agile ways of working at scale in development teams, with more than 80% of the team working in agile
- broad adoption of cloud with more than 30% of all applications on public cloud

This will also obviously contribute to our capex efficiency and make room for the next-generation network investments.

#### Slide 24

Last but not least in that domain, our people and their talents & skills are the key enabler to reach our transformation objectives. We try to hire a small amount of people, about 50 of them, in areas where we really need to build new capabilities. And then we invest in training and train-the-trainer systems to spread the new capabilities throughout the organization and – for example- avoid dependency from external coaches in agile or design thinking. More than 2000 employees will be trained that way. We are building a plan to reinforce mid and long-term employability of our workforce with more than 40M euros per year of training budget in 2020 and 2021, and see how we can shift more of our people to the growth areas.

In short, and at a time where we will be reinvesting in future proof network and digital, our employees will also benefit from the opportunities of our industrial plan.

### **Pillar 3: Grow profitably through partners & ecosystems**

#### Slide 25

As previously mentioned, 'Inspire 2022' is also a growth plan. Our third pillar is to bring this company back to profitable growth trends as from 2022: it means concretely to get back to growth at revenues level but also at Ebitda level. And this despite the transition period in our Enterprise business.

#### Slide 26

So, what's our plan?

We will rely on our two main strategic assets in an increasingly horizontal digital economy that are 1) our customer bases with a billing relationship with close to half of the Belgium homes and more than 70% of Belgium Enterprises and 2) our digital reach, that is to say – for the consumer business, our apps: Pickx, that we launched last year and My Proximus, our self-servicing app.

Our undisputed network leadership thanks to our strong plan in Fiber and 5G will gradually fuel the growth of our consumer customer base and we intend to pass the 2.1M consumer internet lines by 2022. More volumes, more customers. But also, higher value thanks to our ability to tier-up our customer base and maintain some pricing power.

Customer relevance will be also achieved through the quality of the interfaces and the relevance of the content and functionalities. In that domain, we will relentlessly have an innovative, sometimes disruptive approach. We will announce more news in that domain in the coming months. This will boost the usage of our apps massively and we will have at the very least 3M active monthly users, generating valuable log data.

#### Slide 27

Let's start first with our entertainment platform. As you know, we completely revamped our entertainment platform in 2019 with the launch of Pickx. After some interesting discussions with all of our partners, we now clearly have a content experience that compares with that of over the top players like Netflix and Apple TV and continuously improve it. Talking about Netflix, we were one of the first to onboard their top international content on the Pickx platform. In March, we have brought this partnership to the next level, with the launch of our 'All Stars' package. "All Stars" brings together a wide range of theme channels, an extensive offering of films and series on demand plus Netflix in a single subscription.

We are also looking for new partnerships. Much More to be announced in coming months...

We have the best content from local content players too, both in live and replay. Flemish customers are particularly keen on local content and we therefore will offer the "Flemish Netflix" of DPG media on our platform. We also have great quality content produced in French speaking Belgium.

By attracting customers on our platform and understanding what they like thanks to our data, we can recommend relevant local content and reinforce our local entertainment ecosystem. We address the issue of “agony” of choice” between all the available content out there through qualitative curation and editorialization.

We also offer, already today, innovative cloud computing for gaming services through Shadow and we are working on further extension of the services on our Pickx platform.

To make sure we can bring this innovative and superior experience, we are convinced we need to partner with class-leading platforms. As a small company, we will be able to leverage attractive platform innovations like voice control. This is why the future Pickx devices will be built upon Android TV operator tier – which means that we control fully the experience - as key platform.

Last but not least, Proximus will be one of the first operator in Europe offer Apple TV 4K as the main set-top-box for those customers willing to do so. This will be available before summertime. As from May, all our customers will be able to use Apple TV as a second set-top-box.

## Slide 28

Our platforms, apps and reach open up new sources of revenues, again thanks to local partnerships. A first nice example that has started to deliver significant revenues is the ePress initiative. Thanks to the partnership with Rossel in Wallonia and DPG Media in Flanders, we offer our customers free access to the paying digital newspaper subscription. This is even more relevant in difficult times of disruption like we face today. We also play a central role in the creation of a local data alliance, between telco’s and broadcasters. Our ambition is to create a local technological stack for targeted advertising, next to Google and Facebook. We want to bring back local advertising to local platforms. We do this by sharing common capabilities in data, technology, platforms, communication and advertising inventory. In the context of a new EU framework around data, challenge around digital identity and mistrust in some international brands, Proximus is ideally positioned to get advantage at this new digital paradigm where we might see a new value trade-off in between hyperscalers and local players, starting with targeted TV advertising. Proximus is a frontrunner in those new domains that could generate significant value creation in the coming years for us.

## Slide 29

Next to Pickx, we of course have our MyProximus app. Today this is a servicing app that manages your relationship with Proximus. But we know that some of the current use cases will become less relevant as time evolves, like checking your mobile data allowance. We want to transform MyProximus into an app that plays a central role in the digital life of our customers.

We don’t want to build a platform on a platform, where we reference other apps. We want to create end-to-end journey experiences on specific use cases that require strong local ecosystems and trust for data privacy & compliance. Just to give one example, one of those “journeys” could be planning dinner with group of people -a family or a group of friends- living together. So in one simple user journey, we bring together multiple partners: FamilyWall (for agenda, planning), local cooking shows on local broadcaster's chanel, Delhaize, Carrefour, our existing Proximus Pickx platform. Last but not least, the use of those services generates data that further help tune recommendations and service innovation.

## Slide 30

Let's now switch to our B2B segment. Headwinds in Enterprise segment are seen on all telco markets. As you know we are very strong on this market but that also unfortunately means we could have more to lose from disruption. We don’t want to hang to the legacy and wait for disruption to hit us. We take the lead and we want to further embrace the shift to next-generation ICT.

As explained on the slide, we want to be, firstly, proactive in migrating our customers to more modular next gen solutions and, secondly, radically scale our digital go to market. Going forward, our growth in ICT will fuel our top line and progressively compensate the erosion on telco legacy

revenues with a shift towards ICT. Of course, the shift from legacy telco to ICT, combined to needed investments to transform our Enterprise model will weigh on the contribution of the Enterprise BU in the coming years. But with our new strategy; we want to move faster than previously planned so that we can go back to growth as from 2023 faster.

Moving faster means higher relevance for our customers as illustrated by the collaboration we are setting up with Brussels Airport in IOT, end-to-end security solutions and 5G indoor coverage.

Proximus will strike many more partnerships like this one, leveraging our unique position in Belgium in the B2B: this will be a key factor of success in the battle for customer relevance around the new capabilities offered by the 5G network. Moving faster also means we reinforce our attractiveness as partner of choice for the global tech players to drive value together for local enterprise customers.

### Slide 31

As proof point of this, it's my great pleasure to unveil that we just signed a new strategic partnership with Microsoft. After being recognized as "Microsoft partner of the year" last year, we will be the first operator in Europe to enable edge computing at any location of our network, thanks to the integration in our network capabilities of Microsoft Azure. Combining the high speed, low latency & secure Fiber and 5G networks from Proximus with the Microsoft Edge compute technology to unlock/enable many innovative new use cases impossible until this day. This strategic partnership will also strengthen the collaboration and joint go to market between Microsoft & Proximus on key digital transformation domains in enterprise such as digital workplace, security & cloud (IaaS & PaaS based on Azure).

## Pillar 4: Act for sustainability & digital inclusion

### Slide 32

Our 4th pillar, will be to act for sustainability and digital inclusion. On that front, we are demonstrating our commitment to people and planet daily for the moment. But we also keep our focus on our longer-term objectives. Acting for sustainability and digital inclusion is simply our duty, to remain relevant in society, make our mark but it also protects us from reputation risks.

### Slide 33

Our first step is that we aim not only to remain CO2 neutral, but to become a net positive, truly circular enterprise by 2030. We want to embed sustainability in everything we do. By 2025 already, we will have cut direct carbon emissions by 30% and indirect emissions by 10%. We move towards 100% green energy and fossil fuel phase out. Circularity will not just be about becoming zero-waste in our offices, it is also about how we manage our networks and data centers. You might also have spotted our recent "Don't miss the call" initiative where we encourage consumers to recycle their mobile phones. We are well on track to reach our 100.000 phones collected for 2020.

### Slide 34

Another very important role for Proximus is to continue to support education and allow access to digital for all, reduce the digital divide. We will do this by supporting digital education with notably our involvement in School19, by making digital accessible to all but also improving connectivity in rural and white zones. This is a particularly tangible issue in times of confinement...

### Slide 35

Let's move to another thing that is really important to me. I will relentlessly focus on the quality of our execution. A key driver of success will be our capacity to further change the company culture, starting at management level, with more focus on impact and execution excellence. My n-1 organization will be adapted to reflect our strategic choices and facilitate the strategy execution. We have decided create of a Network BU which includes wholesale activities, a Digital Platforms &

Experience team, an Architecture & Data team and an IT solutions team, resulting in a flatter organization with more and better focus on networks, IT and digital. The way of working of the executive committee is changing with a more hands-on prioritization and follow-up on strategy delivery. The dialogue with our Unions is re-established after the rough patch of the Fit of Purpose plan and it is absolutely key for us to keep that constructive dialogue for the future. Compliance, ethics, diversity and the highest standards of corporate governance, are historical strengths of our company and we will naturally keep that very much alive.

## Slide 36

To summarize, our strong Inspire 2022 plan will benefit all of our stakeholders, including our shareholders. This plan is firstly an industrial plan with accelerated investment to take an undisputed leadership in next generation networks: Fiber, 5G and edge computing. Network superiority will be the key foundation of value creation: for the Proximus brands but also beyond. With our new approach, which is to build the Gigabit network for Belgium, a network open to all, we will create new ways to monetize our investments on the medium term.

Second, it's a transformational plan: Proximus takes true and concrete commitments, like never before, to deliver ambitious targets in both customer preference and efficiency gains: in 3 years from now, we want to lead in NPS in all segments.

For the next 3 years, we commit to a net decrease of indirect Opex of between -1 and -2% with clear and ambitious KPIs on digitalization of our operations. By 2025, we will be a legacy IT – free operator, delivering a decrease of 40% of our core IT spending's.

Then, this plan is also a growth plan that we will bring Proximus back to profitable growth as from 2022, and despite a B2B segment that will be in transition. Levering our customer base, our brands, and our ability to play a central in customers and company's daily digital lives.

Last, this plan is up to date, embracing the societal trends: companies have a role to play to help this world be a better place. This is fully embedded in our plan and strategy. In the current context but more importantly in our new society post corona, this will be even more important.

This ambitious strategy requires significant financing needs over the next 6 years, so the period 2020-2025. Sandrine will come back to this in more details but to fund this plan: we will use our very strong balance sheet, we will put a renewed focus on efficient capital reallocation allowing for significant disposals, as well as exploring, down the road strategic partnerships to co-invest in fiber and support Fiber coverage extension.

Last, with the increased finance needs over the next years, our funding strategy, and our estimated trajectory of FCF, we announce today that we rebase our dividend to a sustainable level, creating a path to return to dividend coverage. But before deep diving into our financial outlook and strategy with Sandrine, I will leave the floor to Geert, our CTO, that will go through our network strategy and ambition in more details.

## Build the Gigabit network for Belgium – CTO Geert Standaert

### Slide 37

/

### The gigabit network for Belgium

### Slide 38

Hi, I'm Geert. I'm the CTO. First of all, I hope you and your loved ones are in good health and will suffer no severe consequences from the virus that is spreading amongst us.

In the next part, I will give you some more insights in how we will build the best Gigabit Network for Belgium

## Slide 39

We will build this best-in-class network based on Fiber and 5G

...bringing the highest download speed up to 10Gbps for Fiber and up to 3Gbps for 5G

...bringing the lowest latency by improving by more than 40% the latency of today

...providing the best digital experience

Not only for today's applications, because both fiber and 5G are 'the' future proof technologies ready to support the experiences of the future

## Slide 40

Our vision is to build the reference next generation network for Belgium

2 elements are key: partnerships and openness. As such, we maximize the return of existing assets and future investments.

- Proximus will contribute to Network for Belgium through proprietary deployments, while being open for co-investment and co-operations
- The Network for Belgium is a fully open access platform, welcoming all network users and of course with Proximus as important anchor.

## Slide 41

Partnerships are at the core of our network strategy to go faster and broader

We want to be the preferred choice for all network service providers by offering best network performance and capabilities on mobile and fix ; by ensuring latest innovation like E2E slicing and Edge Computing; by enabling differentiation for our wholesale partners with a seamless digital experience and by welcoming new partners to explore the opportunities 5G and Fiber will bring

## Slide 42

To realize all the above, we create a new Network Business Unit , bringing high speed internet to the whole of Belgium and creating the necessary eco-system and the necessary stakeholders support

## Slide 43

We will build this Gigabit Network for Belgium like a Network -as-a-Service for our customers and partners. Based on their demands, a Cross-Domain Service Orchestrator will translate their specifications into end-to-end slices on Fiber and 5G. Our EDGE Cloud extends the infrastructure to where the business happens. Bringing compute, storage and processing closer to the end-user, opening up a wealth of new service opportunities. It nicely complements our fiber and 5G connectivity layers and enables an E2E architecture for ultra-low latency.

## **Proximus contribution to Fiber network for Belgium**

### Slide 44

We have a short video that illustrates how we industrialized our rollout capabilities and how we are ready to deliver acceleration at scale. This video is available on the website and should you not have seen it yet; I invite you to have a look during the break or after this webcast. It illustrates nicely what I will be covering in the next couple of slides.

### Slide 45

Fiber represents a massive investment for Proximus. It's therefore critical to prioritize smartly where we deploy. As shown in our video, our digital tools help us here.

A first one is used at the beginning of the chain. It leverages all our data, enriched with external data, to know the profile of each zone in Belgium and calculates an expected return on investment. Based on this input, the algorithm iterates to create addressable clusters with their value. Another essential input is of course the cost: how much will it cost to deploy in a specific zone? To know this, we use another tool that estimates the design of the network in an automated way. This takes into account the topology of the zone and the infrastructure of our existing network to calculate for example the meters of cable we will need to deploy, the number of boxes to place, etc

### Slide 46

Once we have decided on optimal planning, we want to move as fast as possible. For this, we leverage a multitude of deployment methods. Facade mounting when feasible is highly welcomed by communes and cities. We do our utmost to ensure discrete positioning hardly visible. It goes fast and it is less disturbing for citizens. Our Fiber machinery is ready to scale. This year, and of course depending on the duration of current crisis, we'll achieve a pace of one home passed every 43 seconds and a customer activated every 2 minutes!

### Slide 47

And we want to go further. We will increase our deployment speed to more than 400k homes passed per year. This is around 7% of the whole country in only one year. This will enable us to reach the point of 2,4M homes passed by 2025.

### Slide 48

On the built, we have many initiatives ongoing to further to reduce our costs. To do so, we tuned our processes, reviewed the material we use, adapted the design of our network. We do termination only when we have a sale. We look at introducing alternative deployment methodologies and ways to reduce trenching and its cost. Tomorrow we will also leverage 5G Fixed Wireless Access to optimize the gigabit coverage.

### Slide 49

To ensure the necessary built capacity, we've signed an MOU with our construction partners. We commit together to a joint effort to make an efficient fiber roll-out: keep up with the volume pace, bring a positive experience to the Belgian municipalities and ensure the sourcing of trained technical manpower. In addition, we are also engaging with regions and cities and other stakeholders to further facilitate the fiber build in Belgium

### Slide 50

We became better in filling the network. If we consider a zone that was built in mid-2017 and we take a picture 1 year later, we see that it was about 18% filled. For zones built one year later, it's not 18% but about 28% filled! If we keep up with our expected ramp-up, we will have more than 1M active lines by 2026.

### Slide 51

Our network is designed to outperform the TCO of all other technologies with 50% lower cost than the copper network. This lowest TCO to operate is enabled by 2 major initiatives: First by improved operations: fiber allows to do full remote provisioning, proactive monitoring and accurate diagnosis up to the cm. Moreover, automation and orchestration of network deployment allow to drastically lower the cost to operate the new network.

Secondly by copper retirement. We decommission the copper within 5 years after construction. Once notified to BIPT, we stop the selling of copper products, then trigger the forced migrations before the copper is fully phased out.

### Slide 52

And this is the coverage picture we aim to get by 2025. In the upcoming years, we will complement fiber through a multi-technology approach: We deploy Ultra Vectoring up to 250Mbps to upgrade our copper network and complement this with mobile where and when it is needed. We leverage the cable regulatory framework in challenging profitability areas.

### Slide 53

To enable this multi-gigabit revolution, we need to rely on a hyperscale backbone network. Deployment started 3 years ago and will be finalised in 2021. This new backbone allows to increase the capacity by factor 10 to sustain the needs of the all future gigabit applications; Proximus was the very first in Europe to introduce Nokia's multi-Terabit routers. This new transport network allows to simplify and out phase at the same time all the more energy-hungry legacy generations. With virtualization and distributed functions this offers a top resilient backbone with high scale protection against attacks & unforeseen incidents like the one we encounter right now.

## Building the leading 5G network for Belgium

### Slide 54:

We are proud to announce that we are launching 5G today as first Operator in Belgium

### Slide 55

This commercial launch brings a first taste of 5G to our customers. We have an initial coverage in more than 30 Belgian communes across the country to start with. We're using the 2.1Ghz spectrum available today prior to the new 3GHz spectrum Auction. With our offering we will bring up to 30% better experience than current 4.5G.

### Slide 56

This launch is only a start! As soon as we will get the new temporary spectrum awarded by BIPT, we will be able to improve further the 5G experience and increase the speed while bringing other 5G enterprise use cases. When the 5G spectrum will be finally auctioned, we will be able to demonstrate the 5G full experience with broad coverage and broad range of 5G enterprise use cases including end-to-end slicing

### Slide 57

Last week, we also got the positive news we can move on with our Mobile Sharing Partnership. Our Ran Sharing partnership is a milestone ... with clear benefits in terms of experience. We'll leap forward in mobile network density, thanks to sharing. With 20% more sites than in standalone and providing a broad deep indoor coverage, higher speed and longer battery duration

### Slide 58

This Mobile Sharing partnership will allow to reduce our Total Cost of Ownership on the mobile network by 35-40M€ per year savings and is driving value. Each operator bears 40% less sites while enjoying a greater grid. The common grid has higher radio quality and lower operating costs. Furthermore, network sharing also generates environmental benefits as it reduces the number of antenna sites, leading to less visual burden and decreases the total energy consumption by approximately 20%.

## Slide 59

We fully keep our network leadership position by differentiating on what matters for the customers. Spectrum is not shared, by example we can independently decide on refarming. The coverage and capacity differentiation remains through unilateral sites and band additions. New mobile technologies and features can be launched independently. The Mobile core is not shared allowing end to end service differentiation through slicing, edge and local breakouts

## **Building together the network for Belgium**

### Slide 60

We are building together the Network for Belgium... Through partnerships and openness, to maximize the return by obtaining lower costs through mutualization of assets, enabling more future business, delivering synergies between fixed and mobile, and securing high utilization rate.

### Slide 61

We are building together the Network for Belgium  
To go faster, broader and more efficiently, we'll build the Best-in-class and only future proof network. We will be delivering Fiber and 5G acceleration as our commitment. We will form a new Network Business Unit as catalyst and we want to become "the" Open network of reference

## Financial Strategy – CFO Sandrine Dufour

### Slide 62

Ladies and gentlemen, good afternoon and good morning to those following from America. Indeed, a very unimaginable timing for us to take you through our strategy and quite a short-term unpredictable situation. However, we feel it's important to share with you how we see the shape of our financial trajectory, and the expected impact of our accelerated transformation. And how we plan to fund this ambitious strategy. Let me take you through the key underlying components of our financial strategy and I will further deep dive in each of them as we go further into the presentation.

### Slide 63

We aim to turn the company back to growth while we ensure a sustainable return for our shareholders. For 2020 and 2021, before taking into account COVID19, we expected some limited financial pressure, largely coming from the Enterprise part of our company. As Guillaume explained, we will massively transform our Enterprise Business Unit. This in our portfolio, our go to market, our digitalization and we aim to return to growth with a strong strategic shift from Telco business to ICT. We will try to guide you for the current year in the very unpredictable new environment. We will increase our IT investments in the short term, with the ambition to strongly decrease the full IT costs afterwards.

As largely explained by Geert, we will accelerate our networks investments. We will achieve our fiber coverage ambition earlier than initially planned and we aim to build the best 5G network. We will look at what it means in terms of capex.

I will take you through our strong cost reductions forecast as well and through the expected profile of our domestic top line and EBITDA trajectory with a return to growth as of 2022. This strategy requires significant financing needs over the next 6 years, so the period 2020-2025. We have a very strong balance sheet, and we will fund such needs through efficient capital reallocation as well as exploring, down the road strategic partnerships to co-invest in fiber and support Fiber coverage extension. With the increased finance needs over the next years, our funding strategy, and our estimated trajectory of FCF, we announce today that we rebase our dividend to a sustainable level, creating a path to return to dividend coverage. I will take now you through these components in more detail.

### Slide 64

Let me first zoom-in on our financial expectations for the coming years. To do so, we distinguish 2 time periods. The first part is over the next two years, so covering 2020/2021. After this period, so starting as of 2022, our ambition is to return the company back to growth. So for this year and the next, we expected– and again this is before any impact from Covid 19- some negative impacts for our B2B business. At the same time the erosion of our legacy products such as fixed voice is to continue, and we did not expect this to be fully compensated by the strong ambitions we have set for our Consumer segment in this period. The expected positive evolution in our Consumer segment is mainly based on our segmented and convergence approach, and this for our two brands, which proved successful over the past years, as well as the new B2C revenues such as e-press, which will support this growth ambition.

However, all in all, we expected the Domestic revenue and EBITDA to be slightly down during this 2-year period, - again before taking into account any COVID 19 impact - amplified by impact of no margin revenue decrease such as inbound revenue for instance (RCS replacing SMS), and in spite of the cost efforts we will deliver.

As of 2022, we see multiple factors to support a return to growth:

We will capture the benefits of our NPS improvements, as well as fiber acceleration both in terms of market share and revenue per customer. We expect some new revenue streams through our partnership approach. And we will see some trends as well reversing, specifically in the B2B, with

our shift to ICT. We also expect a positive evolution for our Wholesale business, thanks to our open network strategy. Throughout the entire 2020-2025 period, the objective is to relentlessly focus on decreasing costs, specifically what we call the indirect costs.

### Slide 65

On our cost efficiency program, we leave no stone unturned. We have a very structured data-driven approach with workstreams to address all major cost buckets, and I won't name them all, but they are in all cost categories and all parts of the company, from workforce cost, to advertising, network, call centre, shops and so on. Guillaume already explained the 6 transformation levers around 1/ The simplified customer experience and offers on the one side and 2/ on the other side, the transformation approach on internal processes and enablers will support how we deliver on our cost ambition. Our total addressable Opex base is what we call indirect Opex which for 2019 totalled 1535M€. This addressable base excludes the B2B ICT billable workforce expenses, seeing our growth ambitions in this area.

### Slide 66

With all of the identified cost efforts we target an indirect Opex reduction by 1 to 2% CAGR over the next 3 years, while we reinvest to support our ambitious growth trajectory. You can see on the chart that we will more than compensate for the indexation that we have to undergo on wages. Even if this becomes less because of the decreasing headcount, it remains an important rise in cost on which we have little to no influence. However, thanks to the workforce reduction we have announced, and all other savings that will more than compensate for the reinvestments, we are convinced to be able to bring down the indirect OPEX. Regarding reinvestments, these are for example the hiring of new profiles, some Opex related to the Mobile Network Sharing, and Opex related to Fiber. Let's now move to capex.

### Slide 67

To support our growth trajectory, it's vital to have the best networks in Belgium and to transform our IT systems, as was explained earlier by Guillaume and Geert. This is translated into an increase in capex needs over the coming years.

By 2025, our ambition is to reach 2.4m homes passed with Fiber, with the annual capex not passing the 1.3bn bar. This by leveraging potential partnerships, which we think are also essential to continue to build fiber beyond 2025 and expand coverage in an economical way.

### Slide 68

An important ambition that we have to limit the overall capex increase as much as possible is by rebalancing our total capex envelope over the coming years. Compared to where we were for 2019, the capex for Fiber will more than double by 2022. In 2022, there will also be more Capex for Mobile. As we have communicated before, the Mobile Network Sharing agreement will also require some initial investments, which will be concentrated in the period 2021-2023. The IT transformation we have talked about will require some temporary additional capex means; concentrated over the next two years. At the same time, we will have a very strong discipline on all other capex which will decrease by 25% during that same period. The rebalancing towards Fiber capex will increase over the years, so that by 2025 this part will represent about 40% of our total capex envelope.

### Slide 69

A very important driver for our decision to increase the Fiber capex is the positive results that we have generated from our current Fiber footprint.

Based on the obtained results, we are confident that the acceleration of fiber investments will bring strong benefits, on our market position, on revenues and our cost to operate. And of course, as we replace copper by Fiber, we avoid spending capex on renewing and upgrading copper.

What we have seen in the covered zones so far is, for the consumer market, in a Fiberized zone, we obtain double as many gross customer gains compared to that same zone in copper and the average revenue per Customer increases by more than 7%. We also see a very nice NPS uplift versus copper, a trend which we think will be improving as we continue to mature and improve our processes and services such as monitoring of line, care calls, wifi actions etc.

In the enterprise market; we migrated 60% of EBU mono sites to Fiber and have observed a 26% increase of our fixed data Arpu for mono site enterprises.

With this acceleration, vs our previous fiber roll-out plan, we can generate a better return as we also accelerate the operating benefits.

For example, we will obtain our ambitioned higher market share sooner, and will be able to benefit from much lower network cost to operate, which is realized 5 years after the rollout in a fiber zone.

Of course, we also compare it to a situation of no fiber investment, in which case we would face a slow but inevitable erosion of our customer base. So overall, we have tangible evidence that supports our investment decision and its expected solid return.

### Slide 70

Our Fiber network is open for other operators and we have commercial wholesale prices for Fiber to the Home since 2017. The Belgian regulator, BIPT, decided in 2018 to regulate the wholesale prices under a regime of fair pricing. This means that we have flexibility to set the prices but there must be a link with the underlying cost of providing the service. We therefore maintain a permanent dialogue with the regulator on the positioning of our wholesale offer. On the slide you see our recently updated prices to offer an attractive proposition to the market offering a great opportunity to other operators selling FTTH services. These prices are the rental for a bitstream line up to one of our technical buildings (excluding VAT). It includes now the 1Gbps line speed that Proximus will launch in April. The regulator has welcomed the recent price decreases in our wholesale offer. We feel comfortable that the pricing is in line with the fair pricing rule. We discussed the prices with the BIPT, and the regulator did not raise any objections to apply these prices as of 12 March. The BIPT continuously monitors the conditions of the offer, and thus we intend to manage the offer also in the future in a correct dialogue with the regulator. We have comfort in a profitable roll-out to the benefit of our retail and wholesale customers. BIPT has planned to issue a draft decision on the FTTH rental prices in the second quarter and a final approval in Q4 for this year.

### Slide 71

Turning to the topic on how we will fund this strategy and the related increase in Capex.

In total we need to find extra funding for € 1.4Bn over the next 6 years, this is largely related to the higher capex, but also, as we have communicated, the cash out related to the headcount reduction plan. We plan to have a balanced approach, meaning that we will leverage the strength of our balance sheet, while at the same time keeping a sound financial position. We will also reallocate capital within our balance sheet.

We have a 3-pronged approach: Optimize our capital structure, Dispose of assets and explore strategic partnerships.

I will zoom on the first 2 items as the last one has been covered by Guillaume and is - in all transparency - still too premature to provide any financial details at this stage.

### Slide 72

So, the first one is about the capital structure. As you know we have a very low leverage of 1,2x unadjusted and 1,7x with S&P metrics. We have strong rating, Single A stable and A1, so we can take on additional debt without jeopardizing the solidity of our balance sheet, and would even optimize our capital structure.

### Slide 73

On top of the 1.7bn debt maturing between 2022 and 2025, that we need to refinance, we plan to increase the total debt by up to 600M€ and extend our maturity which was 5 years end of 2019. Under our assumptions, we can maintain an adjusted ratio below 2x, as such maintaining a strong credit rating.

### Slide 74

Beyond the planned debt increase, we also plan to dispose of various assets. This way we will reallocate less productive capital to our long-term accretive fiber plan. We comfortably identified up to 700M€ of possible proceeds. We still have large real estate assets for example. While we have concrete plans, it's bit too premature to be more precise on the nature at this stage. We will come back to you in due time, yet, know that -especially in the current environment- there is no immediate time pressure.

### Slide 75

You could ask yourselves the question whether it is the right timing to accelerate our investments and increase our debt considering the unprecedented crisis we are in. I would like to reassure you that we have no short-term dependency on debt capital market. We have a 700M€ revolving credit facility that we can draw down to cover our short-term financing needs and that can replace the commercial paper issuance that we would normally do to cover short term needs. Our first bond to refinance matures in March 2022 and we have no short-term debt outstanding. And as I just said there is no need – in case the market turned illiquid – to execute asset disposals before 2023. In other words, we could fund our plan via debt increase up to 600M€ before starting the execution of our disposal program.

### Slide 76

In this context, we can still commit to an attractive dividend for our shareholders. Therefore, in spite of the strong pressure on Free cash-flow generation following the capex increase, we intend to return a stable dividend of 1.2€ per share over the financial result of 2020, 2021 and 2022, which you should take as a floor. Considering the magnitude of the acceleration as well as the short-term EBITDA profile, we have rebased our dividend to a sustainable level, creating a path to return to FCF dividend coverage. There shouldn't be any impact in the total cash return in 2020 as the plan is to maintain a share of interim dividend this year in December and 70 cents in April the next year.

### Slide 77

This slide is just to show you the completely new dividend policy for the coming 3 years. I won't read it out loud of course, but this way you have the full version. It's also published on the website.

### Slide 78

Before moving to our Guidance for 2020 I would like to comment a bit on the potential impact from Covid19. While it's very difficult to have a clear view what the overall impact will be, it is clear that it influences our business in many ways. As from the start, our focus was on protecting our employees and customers where we can. We have taken some temporary proactive measures for our customers, such as giving more mobile data, unlimited calling to Fixed and unlimited Fixed internet at home. These measures have been extended now until 19<sup>th</sup> of April.

We also decided to close all shops, and are promoting our digital channels. We have limit customer operations to strict necessary.

Because of travel bans which means we are losing roaming revenues as we don't have any out of bundle anymore, especially in non-EU zones, ICT project installations will be delayed, or the most affected economic sectors asking for credit notes or service interruption, or payment delays,

specifically for SE and ME which could increase bad debt as well. On the other hand, we see some lower churn levels as well in some part of our portfolio and lower gross gains.

We have put in place a biweekly finance committee to trade, assess and decide on all part of the business that have impacts on financials as well as working capital and to make sure we have a coordinated approach and also make sure we take into account the situation of our customers. At the same time, we have thoroughly reviewed where we can take some cost containment actions, reducing external WF costs, delaying some initiatives, shaping discretionary cost or stop operations which is the case for all non-critical field activities, whether in deployment or provisioning. So, it will for sure impact our business in many ways, and it there will be an impact on financials. We have our 1st quantification / sensitivity analysis and as you can image, we have more data every day. In a scenario of a Q2 hit. What we can say is that the impact we see on our revenues/EBITDA which is linked to the temporary advantage granted to customers, to roaming traffic, and to ICT impacted as well is more than compensated by the decrease of capex.

### Slide 79

Therefore, in the current environment, we decided to guide for 2020 on group EBITDA – Capex. We have made an estimate of a crisis impact for Q2. If it was to be prolonged, we consider that capex adjustment would compensate the negative impact of Ebitda. So, for 2020 we estimate the EBITDA –Capex to end between 780 to 800M€. And again, for our shareholders we intend to return a stable 3-year dividend of 1,2€.

### Slide 80

This brings me to the overall financial picture, including our view beyond 2020. We aim to drive growth for Domestic EBITDA by 2022, based on a turnaround in topline, and lowering our costs. Beyond 2022 we intend to further grow, as our topline is expected to continue to grow, and we see further decreases in our Domestic OPEX. The table also recaps our capital allocation. Our capex is expected to go up as explained earlier, with a maximum annual capex of EUR 1,3Bn. Our total funding needs over the next years we will cover by increasing our debt, while keeping the S&P adjusted ratio below 2X times Ebitda, and by looking into disposing some of our assets. As a closure, on the bottom, our intended dividend of 1.2€ per share over the next 3 yrs.

## Slot: Guillaume

### Slide 81-82

Thank you, Sandrine.

Just a quick word of conclusion before we take a break and dial in for the Q&A.

Our plan for Proximus is an industrial plan: a truly ambitious investment plan driven by the very DNA of this company. It is also a growth and development plan: for Proximus and its employees, and beyond that, an accelerator of the country's digital competitiveness.

Proximus is building the best Gigabit network for Belgium, investing faster and smarter in fiber and 5G. This network will be unmatched in terms of capabilities, unavoidable on the long run and open to all. With our new approach, which is to build the Gigabit network for Belgium, a network open to all, we will create new ways to monetize our investments on the medium term.

We are making concrete commitments to transform into a leaner, legacy free company, truly fit for a digital world. Then, this plan is also a growth plan. Thanks to our customer bases and our technology leadership, we develop partnerships & local ecosystems. That will bring us back to profitable growth trends as from 2022. And we will embrace our societal role, in these difficult times more than ever, and embed sustainability and digital inclusion in everything we do. To fund our value accretive investment plan, we will leverage the strength of our balance sheet whilst keeping a very sound position, and we will dispose of various assets. Our plan allows us to commit to an attractive dividend for our shareholders. I will be uncompromising on execution excellence. Even more so in

the current difficult circumstances where our responsibility is huge! Tomorrow is built today. We need to look forward. This is a conviction that is shared by our Board, our management team and all Proximus employees. Many thanks to all of you. We will take your questions in a moment.

## Proximus Capital Markets Day - Q&A

**Nancy Goossens:** I hope you can hear me now. We had a little bit of an audio issue here, we've tried to solve it, so I hope it's a bit better. My understanding is that part of Sandrine's presentation was not very clear, from a sound perspective, so I suggest that if you have specific questions, that you can ask them now, as we will be opening the lines for your questions. Operator, can you tell us how to do that? Thank you.

**Operator:** Welcome back to the Proximus Capital Markets Day. If you would like to ask a question, please press star one on your telephone keypad. To withdraw your question, please press star two. You will be advised when to ask your question.

As a reminder, if you would like to ask a question, please press star one on your telephone keypad. To withdraw your question, please press star two. You will be advised when to ask your question.

Our first question is coming from the line of Ruben Devos from KBC Securities. Please go ahead.

**Ruben Devos (KBC Securities):** Yes, hello, do you hear me? You are having some technical issues and I'm not sure whether you hear me right now.

**Operator:** We can hear you clearly.

**Ruben Devos:** Okay, great. I've got some questions. The first one, actually, relates to the Network business unit. So, it's interesting to see that you decided to create a new unit there. I was curious whether you could walk us through, sort of, the thought process for the set-up of that new structure?

**Operator:** Looks like you're having a technical problem, if you press star one again, I will get you back on. Until then, we will take a question from Ulrich Rathe from Jefferies. Please go ahead.

**Ulrich Rathe (Jefferies):** Yeah, thanks very much. So, my first question would be on strategic partners: you talked about the attempts to partner strategically, first – and I think it's already in the guidance. Could you confirm that and also, are you actually in talks with any material partners and you made a comment during the prepared remarks that you're not looking for financial partners; could you explain the thoughts – the thought process behind that? And my second question, if I may just start with two: you talk about the return to revenue growth by 2022. Could you – could you sort of drill that down into the divisions? Does this essentially mean that all units will be, sort of, closer to growth or contributing to growth, or is this a trajectory that's very heavily weighted to one of the operating divisions? Thank you.

**Guillaume Boutin:** I mean, first, answering on the question about strategic partners, indeed, what I've mentioned during the presentation, that we are not looking for pure and only financial partners. We will be looking for partners that bring – they could bring also financial interest but they have to bring the way to get efficiencies for the rolling out of the network in every aspect, so that's really important in the type of partner that we looking for. That's one. Second, I cannot be specific in where we are in terms of discussions today but we are in talks with several of them, but I cannot update more than that as of today. I hope to come back with more news in the coming months. I think, for the second question you had, on the growth, indeed we need – we want to return to growth patterns as from 2022, both on revenue and EBITDA and this growth will be mostly driven by the Consumer business unit and the Wholesale business unit. As you know, as we explained, we have a transition period to go through on the B2B segment.

**Ulrich Rathe:** Thank you. Could you just put one sentence in why exactly financial partners are not a good idea, given that you are driving up leverage in the firm right now?

**Guillaume Boutin:** I'll let Geert answer your question, yeah. Geert, do you want to?

**Geert Sandaert:** Okay, so on the first question, so what is the organisation of the Network business unit looking like? **Geert Standaert:** Okay, so on the first question, so what is the organisation of the Network business unit looking like? So, in fact, in there, we will have – we will run and operate all the infrastructures. It means the fixed network, it means the mobile network, the transport network but as well as data centres and for those data centres, this includes the whole management of what we will be running in our own data centres, what we will be running in the public cloud and what we will move into our edge cloud infrastructure. It will include, as well, the network IT part, all the intelligence platforms that are running on top of the networks.

Now, the main tasks are set this year to support and – the acceleration of building the gigabit networks in Belgium, initiated the partnerships in connections and ensuring that we get the necessary support of different stakeholders, meaning at a regional level and at a city level, to ensure that we get what I would call cyber-friendly regulation with respect to permits, etcetera.

**Guillaume Boutin:** And just to come back on the last part of the second question, sorry, so I'm not saying that there is no value in bringing pure financial partners. I was saying that, in terms of priorities, we would like to first – to strike agreements and deals with partners that could bring, in addition to financial capabilities, efficiencies and synergies in terms of fibre rollout.

**Ulrich Rathe:** Alright, thank you.

**Operator:** The next question is coming from Ruben Devos.

**Operator:** Please go ahead.

**Ruben Devos:** Yes, good afternoon. I've got two. Just the first one related to the new Network business unit: interesting to see that set up. I was curious whether you could walk us through sort of the thought process for the set up for that new structure. And in the presentation, you also pointed to asset monetisation across partner footprints. I was wondering whether you could, you know, add some colour on that comment, please?

And then, secondly, just regarding the mobile network sharing agreement, we've had an update of the competition authorities a few weeks ago. At this stage, I was wondering whether you could share your thoughts on – you know, on the legal risks, still? Is there much risk, in your view, that you would need to award concessions of any kind and apart from the regulator's view, is there a possibility that you could ultimately come to a sort of commercial agreement with the other operators?

Thank you.

**Geert Standaert:** So, the – with respect to the Network business unit, so the domain that the Network business unit will cover is, in fact, all the infrastructure part. It's the fixed part, the mobile part, the transport but as well, the data centres. And as we have announced on our data centres, this includes public cloud, but it includes now, as well, our edge cloud architecture that we will build up. This Network business unit will be operational as of tomorrow. And the task we see there is of course the acceleration of the fibre rollout to ensure that, with respect to the deployment

acceleration, we can give there all the necessary – all – do all the necessary to keep up with the acceleration in pace of deployment. But as well, what we do in this unit is all the interaction, the initiation of partnerships discussions and ensuring that we get the necessary stakeholder support from cities, communes, regional level, this to create regulation which is fibre friendly.

**Operator:** The next question is coming from Nicolas Cote-Colisson from HSBC. Please go ahead.

**Nicolas Cote-Colisson (HSBC):** Thank you, hi. Hello, thank you. Can I come back on your co-investment scheme because it took years to establish a working procedure in France, so how far do you think this could be achieved in Belgium and how is it reflected in your CAPEX budget, because I'm not sure if the target which has been presented to us includes or doesn't include co-investment? And maybe a second question is just to come back on your comments, Sandrine, because you were cutting off. Just on COVID – just, yeah, on the specific effect of COVID, could you repeat the comment you made on slide 79 about EBITDA minus CAPEX? Did you say that the lower EBITDA due to COVID impact is not fully offset by the delayed CAPEX? And also, if you could repeat your comment about the roaming – or the impact of the COVID on roaming? Thank you.

**Sandrine Dufour:** So, on the CAPEX budget, co-investment, what we are announcing is taking into account the very long-term – the impact on the co-investment, so not on the first three years, so till 2022 there is no benefit of co-investment, it's only starting late in the plan and to a certain level of assumptions.

And your second question, regarding the COVID: What I said is that what we see today is that we have impacts on our financials which are coming from the fact that we have taken some favourable and temporary proactive measures for our customers by providing them mobile data and unlimited calls and unlimited fixed internet, so this has a negative impact on our revenue. What we see, as well, is that the traffic for roaming is really strongly decreasing, so this means that we are losing revenue on the roaming side. We don't have any more out-of-bundle. This has an impact especially in the non-EU zones but also in the roaming and the instant roaming domains. What we see, as well, is that there are delays for the ICT project installations, so all these three elements have impacts. Of course, we also expect to see that the small enterprises, the medium enterprises, which are in the most affected economic sectors, such as restaurants, hotels, etcetera, we see some of them asking for service interruption, or credit notes, or payment delays, so we expect to see a bit of an increase of bad debt as well. What we've seen, as well, is that we have lower churn but we have also lower gross gains. So when we try and assess what is the impact of all this, in front of all the actions that we are taking on the costs – and we are taking some proactive actions on cutting some costs, on cutting some, you know, discretionary costs and – but we also see that operations have stopped, anything which is related to field activities in deployment or provisioning, this has stopped. So, combining all that, we expect to see a negative EBITDA impact but at the same time, we expect, as well, to see a lower level of CAPEX.

And all in all, that's why we guide on a group EBITDA minus CAPEX and we expect that more or less the impact of negative EBITDA is compensated by the decrease of CAPEX and that's why we've provided with a range of €780–800 million.

**Nicolas Cote-Colisson:** Thank you, can I just have a very quick follow-up. On BICS, can you tell us about your intentions regarding the minority stake you have – or sorry, the minority stake outside your stake – and how much the transit business is important to you for your future plans and maybe how TeleSign is doing? Thank you.

**Sandrine Dufour:** So, we do not comment on the, you know, intention and the evolution on the shareholdership of BICS. The transit business is worldwide, so it's – what we see today and the

impact of the crisis on BICS is different depending on the geographies and is quite minimal at this stage but it's also factored in the global guidance that I have just given to you. And what was your last question, Nicolas, I missed what you said, the last thing?

**Nicolas Cote-Colisson:** Just on how TeleSign was working

**Sandrine Dufour:** Yeah, well, in TeleSign, before crisis, we saw very nice traction, with the increased usage of the A2P these days, specifically in US institutions. Now, TeleSign had some nice growth ambitions, to develop new products and with the current crisis, these are potentially developments which are being slowed down.

**Nicolas Cote-Colisson:** Thank you.

**Geert Standaert:** Okay and this is Geert coming back on the question for the sharing deal with Orange. So, two weeks ago, indeed, we got the confirmation from the Belgian competition authority that they saw no more reasons to continue the suspension of the deal, so we are starting now to integrate the business. This being said, there is of course still the investigation by itself and for that we received, last week, a questionnaire from the competition council, which is the normal typical questionnaire for all competition-sensitive deals. So, our assessment is that, for the moment, our position is that we don't expect legal issues at the end. We are still in that position.

**Operator:** The next question is coming from the line of Michael Bishop from Goldman Sachs. Please go ahead.

**Michael Bishop (Goldman Sachs):** Thanks, good afternoon; just a couple of questions, please. Firstly, picking up on your guidance for domestic revenue declines in 2020 and 2021, it sounds like the majority of that is driven by your commentary around the Enterprise segment. So, I was just wondering if you could flesh that out a bit and just explain exactly what pressure you see in Enterprise. And I think you mentioned that it wouldn't be necessarily as bad as some of the peers we've seen in Europe. Could you just elaborate on that comment, as well, because we clearly have a sort of – I guess a range of almost flat to -10% in Europe in B2B over the last few years, as people see this migration.

And then the second question is around your confidence with the fibre acceleration around Wholesale deals. Could you just give us a bit more granularity on that, because I guess I'm struggling to see, given how low, potentially, Cable Wholesale is whether, given your Wholesale pricing, which is materially higher, how you can drive a lot of incremental volume, particularly from the existing players, such as the likes of Orange Belgium? Thanks very much.

**Bart Van Den Meersche:** Yes, this is Bart speaking. For your first question, it is indeed so that we are – as already confirmed by, as well, Guillaume and Sandrine, we're planning a transformation in the B2B business. Why is that so? Because, you know, we have been very successful in the past years and we have built strong leadership in the B2B, but we also expect some fundamental changes in the market. Of course, there is fixed voice, the continued erosion of fixed voice, that is happening. But in mobile, where we have a strong leadership, we expect also some competitive pressure on the shorter term, on the ARPU and also because of the all-including bundles. And then, in fixed data, we actually plan a proactive migration of our fixed data, 'Explore' customers to the next-generation connectivity, being the SDWAN and that together with migration to – or growth in ICT, we will have a portfolio mix shift that is going to impact us in the first years, until we get back to growth. And maybe there I can just, how would I say, clarify a little bit in terms of the strategy, because your question is how we – do we compare with other operators in Europe? I can tell you that Proximus B2B has always been – I mean has been very successful in the past years because our strategy has

always been based on differentiation and anticipation to stay ahead of competition and we have the firm ambition to continue to do so. The foundation of our strategy has always been and will always be our network leadership and this is again confirmed by our substantial investments in fibre and in 5G. They are the only future-proof technologies.

We have also always driven differentiation through convergence: convergence of fixed mobile, voice, data but also with ICT. And within there I think it's important for us always to build on our strong reliability: the reliability of our networks, the SLAs, which has again been proven in these difficult times that we're living today.

Now, it is our ambition to increase our relevance to our customers and therefore we have the ambition to be the trusted and the preferred partner of our customers in the digital transformation and therefore we invest in our relevance to our customers, next to the connectivity. So we invest in cybersecurity, we invest in IOT and data analytics and application integration and move to public cloud. And therefore, we are going through an important transformation, again, in our business model. So, one, we go to a new industry segment and go to market, where we adapt our sales and marketing and solutions portfolio depending on the customer industry and size. We have this proactive move to our fixed data – of our fixed data customers to the next-generation solutions, being SDWAN, which will have, in the shorter term an impact but in the longer term will secure our customers. We have, of course, a fibre and 5G acceleration, where we built on specific use cases, as for instances the Brussels Airport, the Port of Antwerp, of VRT, but this also takes some time to be rolled out.

We have – we're really focusing on the migration to public cloud and so Guillaume has elaborated on our partnership with Microsoft, where we will indeed be one of the first operators to merge our assets, being our network assets with the Microsoft edge computing. And we will further reinforce our leadership in cybersecurity. And for all that, around all that, we will build strong, professional services to take the integrator role in the current, fast and exponentially evolving, technology. So that's a little, how would I say, some context on the evolution of the B2B business.

**Guillaume Boutin:** On the fibre acceleration and the Wholesale opportunity, what we are doing with the acceleration of our investments in fibre is that we are building the best gigabit network for Belgium. It means that, in the long run, this network cannot be matched in terms of capabilities, cannot be matched by coax, cannot be matched by copper; it's going to be the unavoidable network for Belgium in terms of ultra-high speed and ultra-low latency.

So, the ambition of Proximus is to build that network and we are building that network for the next 70 years. It means that we want to maximise the utilisation of that network in the long run and given the specificities and the capabilities of that network, I am very confident that we will maximise the utilisation of that fibre network in the long term. This is one.

Second, this is really a shift of mindset. We just created a Network business unit in order to maximise the monetisation of our network assets. As I said, longer term but also shorter term. And we do see some, also, opportunities to better monetise our mobile 5G network. We launch our mobile network tomorrow in 5G, and this network will be also open for partners and for other operators if they want to access it.

So, it's a total shift in the way we are looking at our assets, in the way we want to monetise that asset, going forward. That's how we see the Wholesale opportunity, shorter term and longer term.

**Michael Bishop (Goldman Sachs):** Thanks and maybe just one quick follow-up on the 2020 and 2021 guidance. Could you give us any indication around what sort of level of pressure you see on domestic revenues across the divisions? Thanks.

**Guillaume Boutin:** On the breakdown on the revenues, I will let Sandrine answer the question.

**Sandrine Dufour:** Yes, I think – I don't know if it was heard but what I said before is that before the impact of the COVID-19, our guidance, at least for 2020, would have been of a slight – very slight decrease of our revenue for domestic revenues and it's excluding terminals and I'm not breaking it down by business unit but I think you understand that we were expecting some pressure on the B2B segment. As for the Consumer, we have quite strong ambition on the Consumer but we expect it to be hit down the road by the fact that RCS will progressively replace the SMS and that is putting us with some pressure, without any margin impact but it's putting pressure as well on the top line for the Consumer segment.

**Michael Bishop:** Thanks, that's all really helpful.

**Operator:** The next question is coming from Roshan Ranjit from Deutsche Bank. Please go ahead.

**Roshan Ranjit (Deutsche Bank):** Great, thank you for the questions, good afternoon. Two from me, please, on the fibre investment. You are guiding to fibre CAPEX being around, I think, 40% by 2025; just on some rough calculations, I guess, in the near-term ramp-up, that is then closer to 25% or 30% on my calculations. Correct me if I'm wrong there. Is it fair to assume, then, that the bulk of the CAPEX, fibre CAPEX at the moment, is still fibre to the business park, which you said back in 2016 was the focus? And can you give us an update as to what coverage of the fibre business parks you have got to, please?

And secondly, when you have brought forward the residential coverage to 50% by 2025, you've also got a slide showing the super vectoring and also the use of cable. Is it fair to assume, then, that you see, basically residential fibre coverage topping out at 50%, or is that just the kind of longer-term target by 2025 and there's scope to go even further beyond that? Thank you.

**Geert Standaert:** Okay. So, with respect to your second question on the residential coverage, the 50% by 2025, this is not where we are going to end. So we are planning to go beyond that but there the partnerships will play a crucial role. The super vectoring is something that we will do to ensure that, in the meanwhile we can keep up with the demand of our customers. With respect to your question on the business side, there it is as such that today we have covered most of the industrial zones, so there we still have to continue part of that but the investments related to that, they become more minor.

Of course, what you have in the Belgian topology is that, also, a big part of the enterprise sites are in the high-density areas and as such, while we will implement the fibre to the home, of course, we connect as well enterprise sites on fibre.

**Roshan Ranjit:** So, just a follow up, so basically the bulk of the business park investment is done and that's on the way down and then, clearly, residential fibre is going to be picking up?

**Geert Standaert:** So, with respect to B2B – so as I said there, industrial zones, that's almost done and then the other part we will do, we will take along, while we are doing the deployment of our fibre to the home rollout.

So, in Belgium, there is about 25% –30% of enterprise sites that are sitting mainly in industrial zones but the rest we will take along with the normal fibre to the home rollout, unless that there are, of course, critical needs, then of course we take those reactively and then we handle that with our point-to-point fibre offer.

**Roshan Ranjit:** Okay, that's very clear. Thank you.

**Operator:** We will move on to the next question, coming from Nayab Amjad from Citi. Please go ahead.

**Nayab Amjad (Citi):** Hi, thank you for taking my question. So, on slide 14, we can see that the IRR was – the average cost of capital is the highest for Brussels, followed by Flanders and then Wallonia. Does that imply that you've been building more fibre in Brussels and Wallonia – sorry, Brussels and Flanders, because the IRR is higher there?

And my second question is that you mentioned that you had the regulator input on current Wholesale prices by Proximus. Can you elaborate on the discussions with the regulator further and how do you see the FTTH Wholesale prices going forward, given that cable Wholesale prices have been cut?

And my final question is on B2B. What proportion of revenue is related to the SME segment? Thank you.

**Sandrine Dufour:** So, I may add, on your question on the IRR. So, the way we've calculated that is that we've taken into account our assumptions of the country coverage and it's actually higher in Brussels and it's also where we have the highest population density. So typically, it's where the average home passed unit cost is the lowest and that's why you have an IRR which is higher. And I could say, for Wallonia, it's the inverse. That's where the density is the lowest in the country and that's why you have this lower level.

I'll take your third question, as well, on the exposure to the SME segment. We typically do not give this number, but I think, with the exception of the COVID impact, we're ready to share with you that the combination of the SE market and the ME segment market represents a bit more than 20% of our revenue.

**Guillaume Boutin:** And on the regulatory framework for FTTH, you know that, since 2018, we are under a regime of fair pricing and we did update, as Sandrine mentioned during her presentation, our prices to offer an attractive proposition for other operators to access our FTTH services. And in details, now, we have a price of €23 for 150 megabits per second; we have €28 for a Wholesale fibre line, at 500 megabits per second and we have an offer at €36 for a fibre line at 1 gigabit per second, all prices being excluding VAT.

And what I can say today, that the regulator has welcomed the recent price decreases in the Wholesale offer and that we feel comfortable that the pricing is in line with the fair pricing rule. And we have discussed the prices with BIPT, and the regulator didn't raise any objections.

Of course, BIPT continuously monitors the conditions of the offer and thus we intend to manage the offer, also, in the future in a correct dialogue with the regulator. But, today, we have a comfort in profitable rollout to the benefit of our Retail and Wholesale customers for our fibre network.

In terms of planning BIPT has planned to issue a draft decision on the FTTH vendor prices in Q2 and a final approval in Q4 for this year.

**Nayab Amjad:** Just wanted to follow up on my first question. Given that the IRR is higher in Flanders, would you be building more fibre there, compared to Wallonia?

**Sandrine Dufour:** That's not in our intention; we have a global approach for the country.

**Nayab Amjad:** Thank you.

**Operator:** The next question is coming from Emmanuel Carlier from Kempen.

**Emmanuel Carlier:** – good afternoon. Hi, good afternoon. A couple of questions, one on free cash flow and a few small ones on the fibre rollout.

So, on free cash flow, I think you literally mentioned that the intention is to cover the dividend by the free cash flow in the near term but if I look at your guidance for €1.3 billion in CAPEX and EBITDA

only returning to growth by 2022, it looks like the dividends will not be covered at all by 2022 and it might take – yeah – towards 2023 or even 2024. So, could you maybe just clarify that a little bit and maybe it is related to disposals, which you include in the free cash flow? So, that's question one. And then, on the fibre rollout, could you share with us the cost per fibre home today and how you expect that to evolve?

Then, another question on the fibre rollout is: how many homes will you cover by 2025, if you exclude any partnership?

And then, lastly, do you consider to use, in some regions, the cable network as a starting point and use that starting point, then, to move towards fibre, like some of your peers are trying to do? Thank you.

**Sandrine Dufour:** So, Emmanuel, it's Sandrine. I will clarify the point on your first question. I don't think we have said that we had the intention to cover the dividend in the near term. I think we have the intention to return to dividend coverage, but this is certainly in the midterm, so your assumption is correct. It's not something that will happen over the next years.

**Geert Standaert:** Okay, then with respect to the fibre rollout costs, as you have seen, our cost for a fibre to the home pass today is around €850. What I can give you, as a guidance, is that by 2025, we want to do 2.4 million homes and we will have deployed around €2.5 billion of capital to cover these homes passed.

When you then – another point that I can give you is that to do the 2.4 million homes passed and activate 800,000 customers on that by the same years, that we plan for a total of around €3 billion to get that done.

With respect to the request on the coverage target by 2025, this is our target and that target remains, with or without partnerships. But, as said, we have initiated some of those talks right now and we are pretty confident that some of this will lead to a positive outcome.

Then, on your last question, with respect to cable, yes, indeed, it is our intention in those copper zones where it's hard for us to reach the necessary high speeds, that we will use the cable network. We are in connection with the cable operators today. There is still some discussion ongoing with respect at which level of – we can connect on the technology; these discussions are ongoing. Now the intention is there to use it for about 10–15% of the population, to use this technology. Is this a starting point to move forward afterwards? Mainly for those regions we believe will not be the first ones that we will be tackling in fibre but of course we're looking towards, also, the evolution of other technologies, like fixed wireless access and this might be, in time, a complementary technology.

**Emmanuel Carlier:** And do you intend to use the cable network to upgrade it towards fibre?

**Geert Standaert:** No, so where we – where we're using the cable network, it's really the intention there that – at this stage, that these are the zones where, typically, the cost to deploy fibre is too high and so there is no intention at this stage, there, to bring fibre in these zones.

**Emmanuel Carlier:** Thank you.

**Operator:** The next question comes from Matthijs Van Leijenhorst from Kepler Cheuvreux. Please go ahead.

**Matthijs Van Leijenhorst (Kepler Cheuvreux):** Yes, good afternoon. Three questions from my side. The first one is you foresee quite a significant step-up in your internet net-adds. I was wondering where you expect these net-adds will come from?

Secondly, it's regarding your infrastructure. You're putting this in a separate entity. What is your view on spinning over, ultimately monetising, these infrastructure assets, like we see in some other countries?

And last but not least, this – in the context of this virus, it basically has shown that telecommunication networks are pretty vital for modern society and in this respect, do you foresee policymakers to reassess their approach towards telecommunication providers, so moving away from protecting consumers to more incentivising investments, for example? What is your view on the regulatory environment, given this context.

**Jim Castele:** Good afternoon, this is Jim Castele; I'm going to take the first question on the ramp-up of the internet net-adds. So, indeed, for the coming years we have ambitions to further boost our internet penetration, with 2.1 million homes by 2022. As you have seen in the presentations of Sandrine and Geert, we have quite a good performance on gains in fibre zones, versus VDSL. Next to that, with the launch of 5G as a brand, we reconfirm the premiumness of the Proximus brand and as you know, we also invest quite a lot in our digital platforms because that's where we really create the relevance of the brand, based on essential connectivity. So the investment that we did, on the one hand, on the fixed and the mobile platform, where it is also now by having [inaudible] experience in other JVs and there is also the fact that we're going to evolve our Pickx application towards a central role in the daily lives of our customers. So I think all these elements together will be a further boost on our brand and allow us to grow internet.

**Matthijs Van Leijenhurst:** Could you explain it by region?

**Jim Castele:** Our ambition is to do this nationwide, as a fibre network we're going to build out in the country.

**Guillaume Boutin:** On the second question, on the Network business unit, there is no intention today to carve out the network from the service part of Proximus. The reason why we decided to create that Network BU is to really have a full management team to focus on the rollout of the network. It's also a way for us to change the mindset in which we see our networks in order to monetise them in a better way and ensure, in the long run, that we will be value-accretive in terms of rolling out those future-proof networks.

That's for the second question. For your third question, on the policymakers...

**Geert Standaert:** I can tell you that in some cities we've obtained those agreements, that, for example, we get one permit to cover a large part of the city. Now, these types of frameworks, MOUs, with the cities, we would like to get these realised, I would say, at the different regional levels. That is, of course – that is linked with getting permits to do the structured fibred cabling into the MDUs but where we're making progress and where, of course, we believe that once we can get these policies in place, this will, for sure, as well, help us in our cost-reduction initiatives.

**Matthijs Van Leijenhurst:** And as a very quick follow-up on that, you don't include any partnership benefit in your CAPEX guidance?

**Sandrine Dufour:** So, as I said on the CAPEX guidance, we have not included any partnership benefit over the next three years. Over the period since 2025, we captured some benefits at the end of the period but to a level which is quite minimal as part of the total investment.

**Matthijs Van Leijenhurst:** Thank you very much.

**Operator:** The next question is coming from Simon Coles from Barclays. Please go ahead.

**Simon Coles (Barclays):** Hi, thanks for taking the questions. Just on edge computing, you've mentioned it quite a few times, is that part of the ICT growth that you're talking about, which helps enterprise start to recover in, some would say, 2022 or 2023 onwards?

And then, just secondly, you seem to be a lot more willing to embrace allowing Wholesale partners to use your fixed and mobile networks, but we've obviously seen that be deflationary in other European markets. Is there any reason that makes you believe Belgium will be more resilient, or rational? Thank you.

**Bart Van Den Meersche:** On your first question, so it's indeed so that the enterprise plan, there is an ambition to grow our ICT business. Next to the telco business that remains, of course, very important. And we see – so we plan, also, a shift in our portfolio mix. On average, we have, today – on our domestic business, ICT represents about 40% of the total and telco 60%, so it might – so we have a – it might shift to 70/30, so – sorry, from 70/30 to 60/40, yeah? Now, what is important is that this growth, again, comes together with a lot of relevance towards our customers that will also, let us say, at the same time, protect our core telco business. So when I talked about cybersecurity, when I talked about IOT, data analytics applications, integration, move to public cloud, all those different – and integration services, all those services are of course very important to what I said in the beginning: to differentiate ourselves and sustain our leadership in the market by bringing much more relevance to our customers than our competitors do, for the time being.

**Guillaume Boutin:** And on your second question, on the resilience of the Belgian market for mobile offers, the only thing I can say is that we will be also a rational player in terms of Wholesale pricing to access our network, which will help maintain a rational market overall.

**Simon Coles:** Okay, thank you very much.

**Operator:** The next question is coming from Stefaan Genoe from Degroof Petercam. Please go ahead.

**Stefaan Genoe (Degroof Petercam):** Yes, thank you. Two questions. You mentioned in the call that for Wallonia, the southern part of the country, you target stable market share, given your high market share already. Can you indicate what kind of potential change in the competitive environment you have taken into account if Providence will acquire VOO? And related to that, does your business plan also take into account a potential new entrant in mobile?

And then, the second question: I assume that the EBITDA guidance you talked about in the press release and in the documentation does not include capital gains from the sale of buildings? Thank you.

**Jim Castele:** So, this is Jim Castele talking again, so on your first question, related to potential changes in competitive environments, of course we know what is going to happen with Providence and VOO, so yes, we have taken that into account in our ambitions.

The way we address this as a company – and as you know, we have a multi-brand strategy, with Proximus and Scarlet that allows us to cover the whole part of the market, Scarlet being the brand which a no-frills brand that targets more the price-seeker segment. And at the same time, what we're doing now, intensively, is strengthening the Proximus brand, as I said, through the digital platforms that we're building but at the same time also making sure that the Proximus brand, more and more, also becomes a purposeful brand. We are actually building a brand that is more resilient to disruptions in the brand by making sure that we act on a societal level next to on an industrial level, like we have been doing over the last years. I think, there, everything we do related to

sustainability is something that we believe will also help in building a relationship with our customers that goes beyond what a traditional company is doing. So these are the elements that we put in place to make sure that we can face the markets ahead of us. And then, on the question related to a potential new entrant, I think there Guillaume is going to take over that.

**Guillaume Boutin:** On the second question, our outlook does not include a potential disruption linked to a new entrant on the mobile market. Clearly, on your last question, our EBITDA guidance does not include, indeed, capital gains of sale of buildings.

**Stefaan Genoe:** Okay, thank you.

**Operator:** We have no further questions, so I'll hand you back to your hosts to conclude today's conference.

**Nancy Goossens:** Thank you all for your participation. You can send your questions or call me or Eline, obviously, afterwards, especially Paul and so we will be in contact directly. Thank you very much, have a nice day. Bye.

**Operator:** Thank you for joining today's call. We are sorry for the technical issues. You may now disconnect. Hosts, please stay connected.