

Strategic move towards becoming one of the global leaders in digital communications and digital identity

17 July 2023 | Guillaume Boutin, CEO | Mark Reid, CFO



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Agreement for the acquisition of a majority stake in Route Mobile

Key highlights

Transaction

- > **Acquiring controlling interest (57.56%) in Route Mobile. Net Cash consideration of –€343.4M, post re-investment by founding shareholders of Route Mobile in Proximus OPAL¹**
 - Route Mobile is listed on NSE/BSE with a market capitalization of €1.1 Bn (as of 14 July 2023).
 - Acquiring 57.56% (fully diluted) of Route Mobile through Proximus Opal, for ~ INR 59,224M (~€643.0M²) cash consideration, no premium to 10D VWAP.
 - Proximus Opal to launch MTO³ for up to 26% of FDSO⁴ at the same acquisition price (i.e INR 1,626.4/share).
 - Founding shareholders of Route Mobile to re-invest ~€299.6M million in Proximus Opal, for up to 14.5% interest in Proximus Opal.
- > The re-investment by Route Mobile Founding shareholders **values Telesign at €1.4B.**
- > **Transaction values Route Mobile at a multiple of 11X EV/OpFCF, post-synergies.**
- > **Conclusion of transaction expected within 6 to 9 months;** upon completion of the regulatory approvals and MTO.

Strategic rationale

- > Highly value accretive transaction with **estimated EBITDA synergies of at least €90M** to be realized in 3 years post closing.
- > **Creating global leader, 3rd largest player worldwide in terms of messaging volume, in a large and rapidly growing CPaaS market.**
- > **Route Mobile has track record of above market level revenue and gross margin growth** because of its unique geographic exposure which enabled it to deliver positive and growing EBITDA, and strong cash conversion.
- > **High complementarity** in terms of product offerings and geographic footprints between Route Mobile and Telesign.


Financial impact


- > **Materially scaling Proximus Group Digital Identity and CPaaS business** with Route Mobile and Telesign jointly delivering annual revenue of around €900M. Including synergies, the combined **EBITDA margin is expected to grow to a best-in-class 13%-15%.**
- > **Business combination will drive significant value creation through high synergy potential** between Telesign and Route Mobile.
- > **Financing fully secured, no meaningful impact on Net debt/EBITDA ratio** for Proximus, remaining within comfort zone of < 3.0X⁵


1. Proximus Opal, is the legal entity holding the ~58% of Route Mobile shares in addition to 100% shares of Telesign
 2. Exchange rate of 0.010857834 INR/EUR
 3. Mandatory Take Over


4. Fully Diluted Shares Outstanding
 5. Net debt / Ebitda, S&P definition


Creating a global leader in communication solutions, in line with our international strategy

- A**  Value accretive and efficient capital investment in the **fast-growing CPaaS market.**

- B**  Route Mobile delivering consistent strong **financial track record.**

- C**  Proximus Group to **gain critical scale and leading position** in the global CPaaS and DI markets.

- D**  Highly **complementary product portfolios and geographical footprints** create a robust platform for growth.

- E**  At least 90M€ run-rate EBITDA **synergy potential at run rate** between Telesign and Route Mobile.

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“International
frontrunners in
digital identity &
digital
communications”

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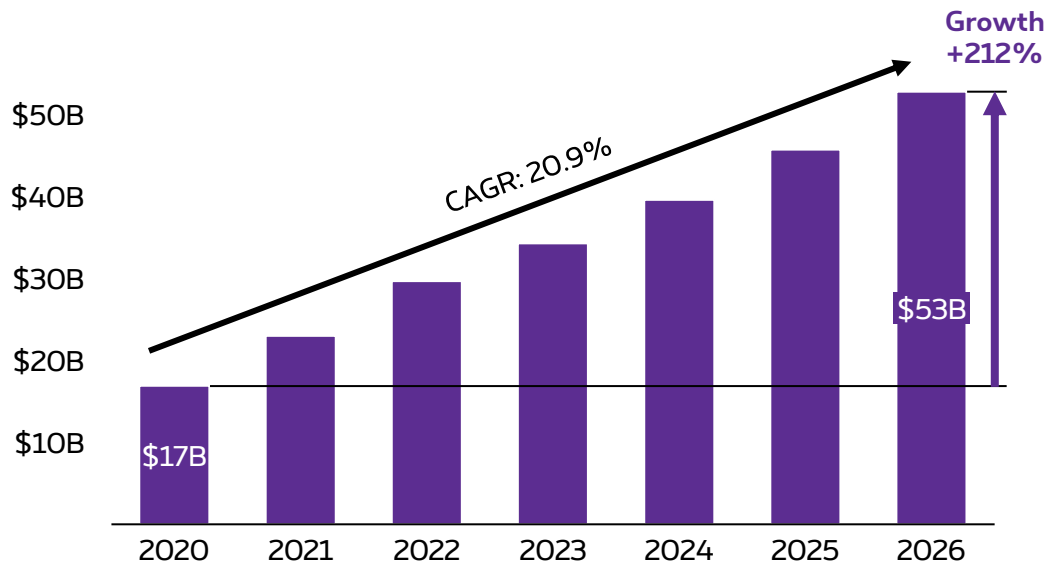
Route Mobile operates in a large and rapidly growing CPaaS market, which is expected to grow to \$53B in 2026

4

CPaaS market trends

- The CPaaS Market continues to grow driven by rising demand for Cloud communication and overall increase in digital customer engagement
- Omnichannel capability has become a key driving force behind the growth of Cloud communications
- SMS remains the top CPaaS channel, followed by voice and social messaging
- CPaaS fuelled by AI to deliver timely, customized and highly relevant communication

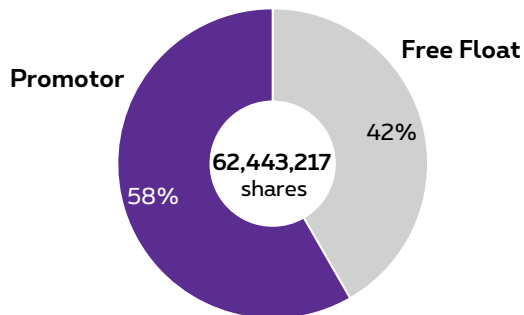
CPaaS – Total addressable market



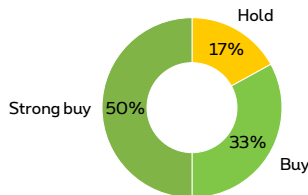
Source: Mobilesquared

Route Mobile is a global, high growth and profitable player in the CPaaS segment

Route Mobile is listed on the Indian Stock Exchanges (NSE & BSE), is majority owned by its founders and has 41.7% of free float



- Ticker: BOM: 543228/NSE:ROUTE
- Market cap: EUR 1.1 Bn
- Analyst coverage:



Word class executive team in CPaaS ecosystem

Sandipkumar Gupta
Co-Founder, Chairman & Director

Suresh Jankar
CFO

Rajdipkumar Gupta
Co-Founder, CEO & Managing Director

Gautam Badalia
Group Chief Strategy Officer & Chief Investor Relations

Source: Company information



20+ locations globally



3,000+ active clients (enterprises, OTTs and mobile operators)



60 multi-million dollar accounts in 2023 improving diversification



+700 employees globally



8.9+ Bn transactions/month

Route Mobile omnichannel communication platform

enables enterprises to interact seamlessly with their customers

Hospitality



Manage promotions, giveaways or customized marketing messages to **enhance customer retention**.

E-Commerce



Notify customers of their order status, delivery and process at **appropriate milestones**.

Healthcare



Schedule appointments and be notified of next appointments, **find previous medical records**.

Telcos



Safeguard customers from **unwanted spam** and **malicious messages**.

Finance



Detect potential fraud and prevent **from suspicious transactions**.

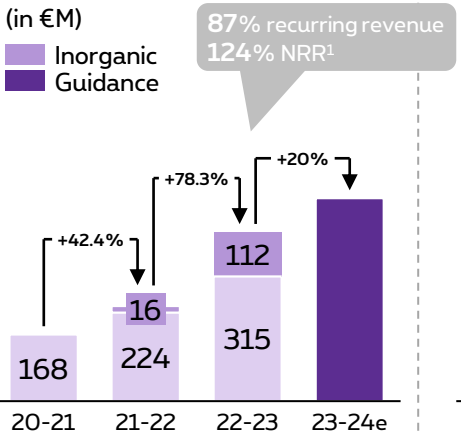
Route Mobile's omnichannel solutions notably include automated SMS, WhatsApp and other IP based messaging channels, Voice and Email notifications for order updates, appointment reminders and promotions.

Route Mobile has delivered a firm growth track record with 55% revenue CAGR and 66% EBITDA CAGR over FY 2020-2023

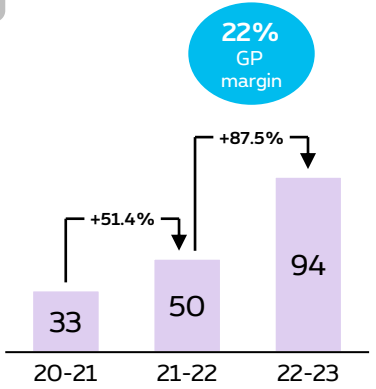
Route Mobile guidance

- ✓ 20% organic revenue growth for FY23-24
- ✓ Cash conversion of more than 50% for FY23-24
- ✓ Mid-term ambition to become a ~\$1B revenue company

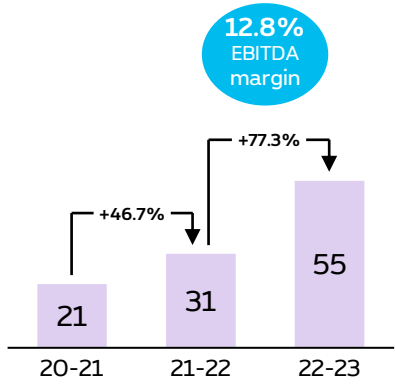
Revenue from operations FY22-23 +78.3%, of which +41% organic growth



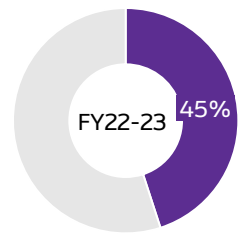
Gross Profit FY22-23 +87.5%



EBITDA FY22-23 +77.3%



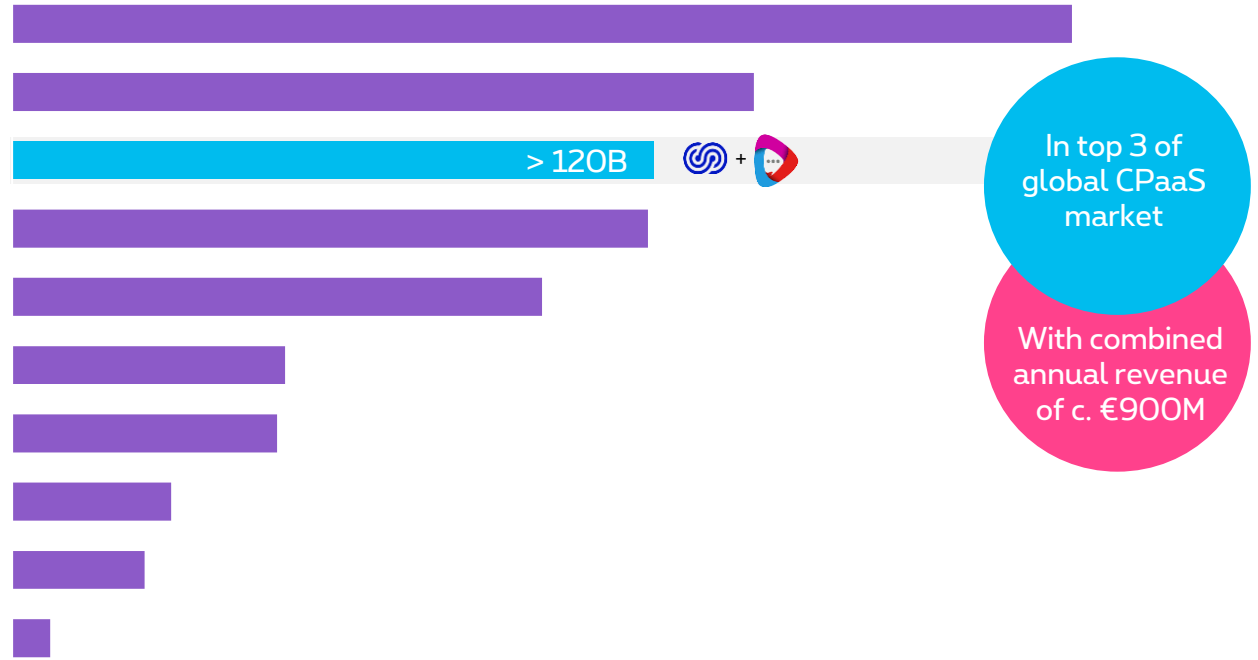
Strong cash conversion
normalized OCF/EBITDA of 45%, impacted by one offs, expected to return to normal levels of 50-75% in FY24



(1) NRR = Net Revenue Retention
 (2) Mid-term ambition comprising strategic blend of organic and inorganic growth
 Source: Route Mobile Company information, INR/EUR average daily exchange rate for FY2023: 0.011972 INR

Proximus Group will hold a top 3 position in the global CPaaS space

CPaaS player volumes, in billion aggregated messages



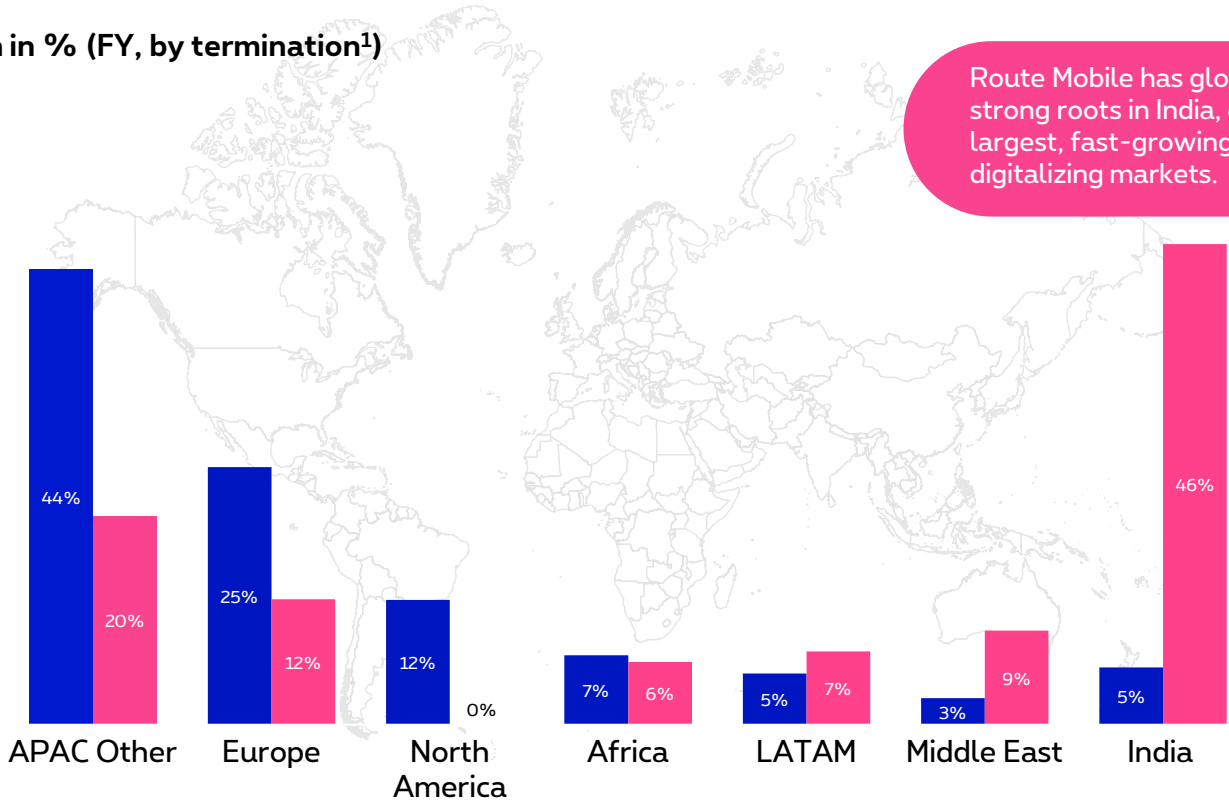
Source: Company estimates

Strong geographical complementarity to Telesign, with enhanced exposure to higher growth geographies

Revenue distribution in % (FY, by termination¹)

Route Mobile's presence is complementary to that of Telesign, strongly active in Europe and North America

Route Mobile has global presence with strong roots in India, one of world's largest, fast-growing and rapid digitalizing markets.



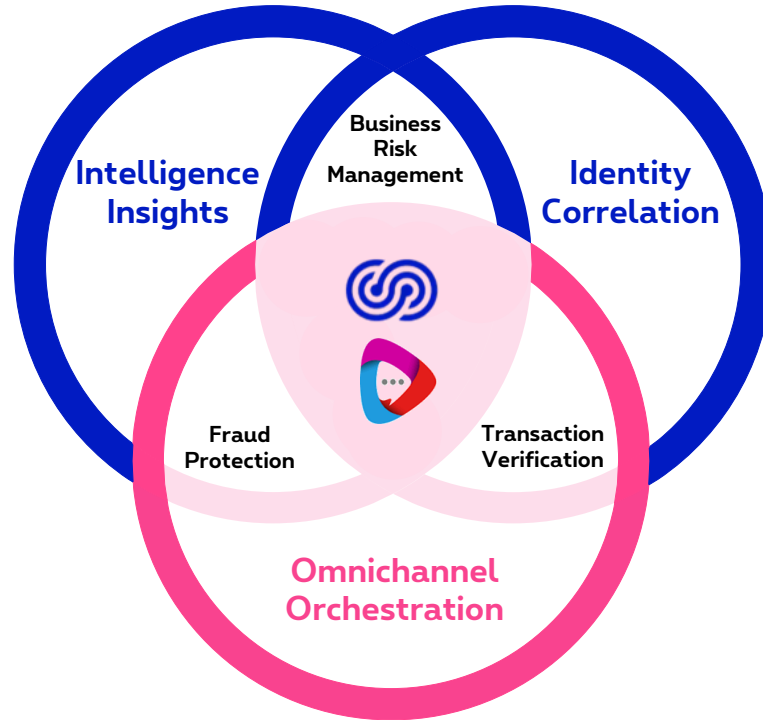
¹ Route Mobile, top 50 countries by termination, contributing c. 94% of FY22-23 revenue from operations. Telesign based on FY 2022 revenue distribution.

Significant revenue growth opportunities through cross-selling highly complementary product portfolios of Telesign and Route Mobile



- **Resell** expanded **verification and fraud protection services** worldwide
- **Resell** new **Insights and Identity services** in markets not serviced by Telesign today
- Bring **new business risk management services** to customers

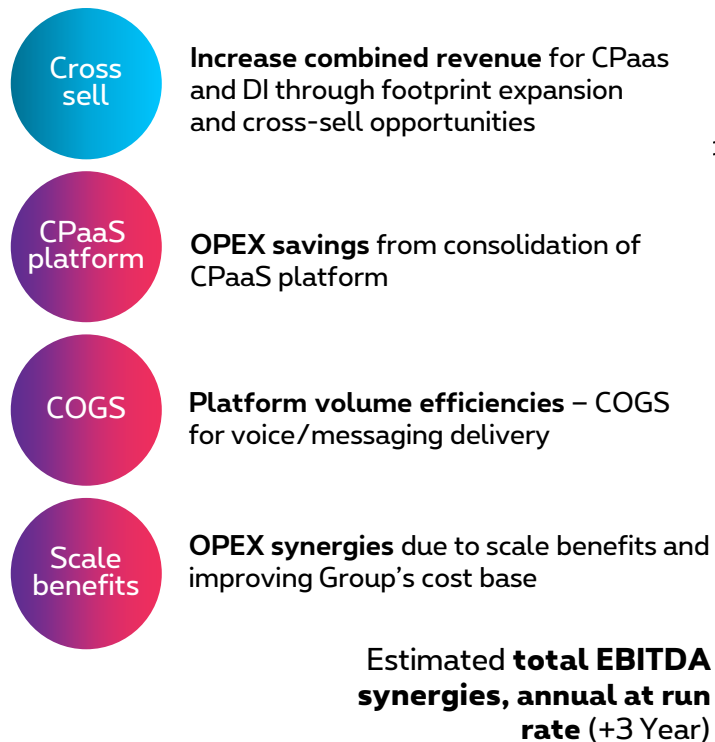
Group CPaaS activities will be led by **Rajdip Gupta**, current CEO of Route Mobile.



- **Resell omnichannel** orchestration services worldwide.
- **Expand** Intelligence, Identity products, verification and fraud protection services **with more insights**, from more channels in diversified markets

Group Digital Identity activities will be led by **Joe Burton**, current CEO of Telesign.

Combination creates significant cost-synergy potential in addition to the revenue expansion

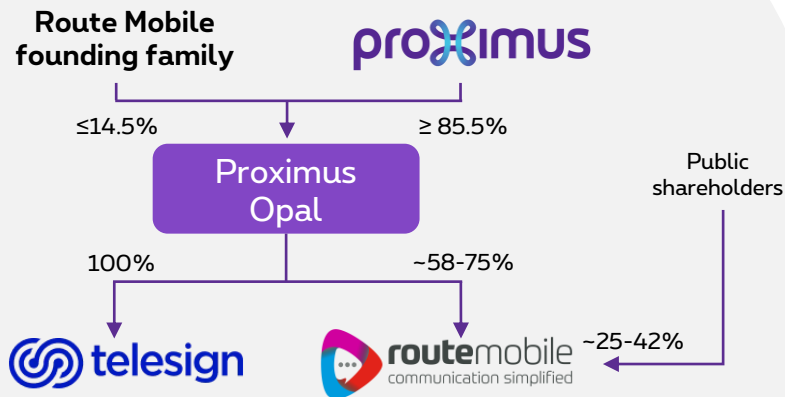


~75% of estimated synergies are cost-related, providing high-realizable value capture for Proximus Group.

Synergies to benefit both Route Mobile and Telesign

Proximus acquires 57.56% of Route Mobile shares, valued at ~€643M, for ~€343M net¹ in Cash and an up to 14.5% equity stake in Proximus Opal

Shareholder structure



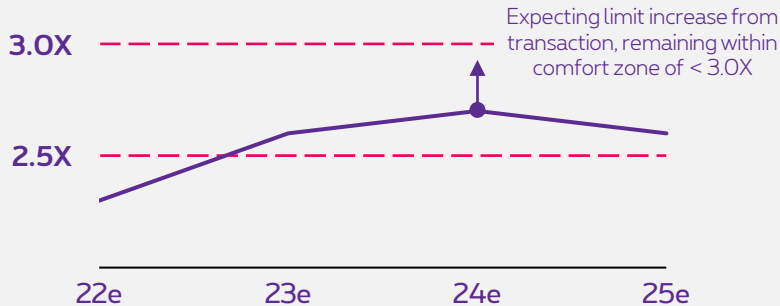
Agreements

- Proximus Group acquires 57.56% of Route Mobile (fully diluted) through Proximus Opal, for ~INR 59,224M (~€643.0M) cash at no premium to 10D VWAP of INR 1,626.4 per share.
- Proximus Opal will launch an MTO for up to 26% of the fully diluted outstanding shares for the same price, INR 1,626.4 per share. Total cash consideration depends upon the effective MTO take-up³.
- Founding shareholders of Route Mobile to re-invest ~€299.6M million in Proximus Opal, for up to 14.5%⁴ of the shares.
- With the reinvestment, **the net cash consideration for Proximus prior to MTO amounts to ~ €343.4M.**
- Transaction implies a valuation of **Telesign at €1.4B.**
- Transaction closure is contingent upon receipt of regulatory approvals and completion of the MTO.
- Transaction completion expected in 6-9 months.

1. Net cash impact for Proximus Group refers to impact post investment of the founding shareholders of Route Mobile into Proximus OPAL (~€643.0M cash-out by Proximus; ~€299.6M invested in Proximus OPAL by Route Mobile's founding shareholders)
2. 10 Day Volume Weighted Average Price
3. Indian regulatory body SEBI prescribes a minimum threshold of 25% of public shareholding. Final ownership of Proximus OPAL in Route Mobile could go up to 75%. Should the MTO result in exceeding this, Proximus Opal will need to sell-down the stake in Route Mobile such that the ownership is 75% within 12 months.
4. Founding shareholders ownership in Proximus OPAL to be diluted depending outcome of MTO.

Proximus Group leverage ratio expected to remain within comfort zone, with temporary increase, to improve on EBITDA generation and synergies

Net Debt/EBITDA outlook, as was presented during CMD
(S&P definition*)



*S&P definition, with ratio adjusts for spectrum liabilities, post retirement compensation, available cash and 50% of fiber JV debt

- Proximus current S&P credit rating of BBB+, stable outlook
- No meaningful impact on leverage ratio for Proximus Group, **remaining within comfort zone of < 3.0X, independent of MTO outcome**
- Transactions lead to **Cash outlay of –€ 343.4M (ex-MTO)**
- Transaction financing secured through bridge facility, which shall be financed by new bond issuance.
- Currency hedging for the full consideration

In conclusion, paving the way to become a global CPaaS and DI leader, in line with our bold2025 strategy

Underpinned by 4 value creators:



Scaling
in large and growing
CPaaS market



Cross-access to
world-class
technology



Customer base &
geographic
expansion



Significant
synergies

Creating an International frontrunner in digital identity & digital communications.

What is next?

Our focus will be on...



Closing the Route Mobile transaction and be geared up to deliver growth and synergies



Maintaining the strong Domestic commercial performance, driven by Gigabit network superiority (5G and fiber)



Be fully prepared to mitigate the effects of the new entrant



Striving for the creation of a supportive framework for fiber development in Belgium

Q&A

To ask a question, join the conference call

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

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