

Proximus announcement

9 February 2021

Proximus acquiring 100% of BICS

Guillaume Boutin – CEO Proximus

Joseph Burton – CEO TeleSign

Matteo Gatta – CEO BICS

proximus



BICS' operating assets

are well positioned to benefit from further acceleration in digital growth markets



Fast growing leader in digital identity services to internet properties, digital champions and cloud native businesses and with a growth path in programmable communications.

26%

Of total Direct Margin 2020
(or €78M)*

74%

Of total Direct Margin 2020
(or €225M)*

Global leader in digital communications, cloud communication, Mobility, Roaming and IoT, targeting the business-critical needs of telco operators, xVNOs, enterprise software providers and global enterprises.



*Financial split between BICS & TeleSign is based on unaudited internal management reporting; more information in appendix.

BICS has an appealing cash flow profile

Enjoying robust and growing cash flows and low capex.



+56% TeleSign, Revenue CAGR '18-'20

€101M BICS, EBITDA '20

€44M BICS + TeleSign, Capex '20

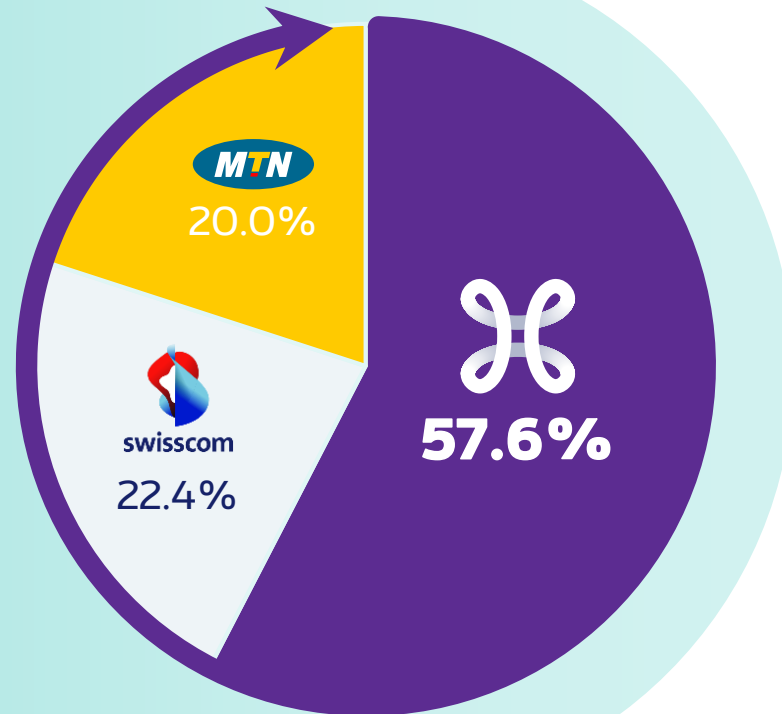
€64M BICS + TeleSign, FCF '20
stable vs '19 (€64M) despite Covid-19

Proximus acquiring full ownership of BICS

Obtaining necessary flexibility to execute BICS transformation.

Proximus to **obtain a 100% stake in BICS** by acquiring Swisscom's 22.4% and MTN's 20.0% stake.

(Closing transaction subject to customary approvals.)



Full strategic flexibility to execute BICS' growth plan.

BICS and TeleSign, focused execution in respective markets while **maximising operational synergies**.

MTN & Swisscom to **remain important commercial partners** of BICS going forward.

For Proximus...

the transaction increases our exposure at attractive multiple while maintaining our financial trajectory

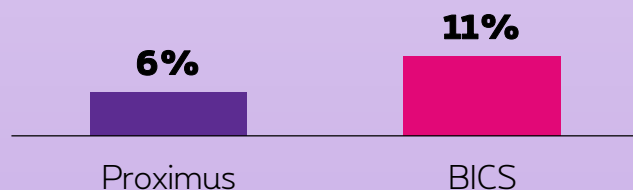
Increased exposure to a business we know, at an attractive entry point ...

€569M

Enterprise Value

to acquire minority participation, implying a **4.4x** EBITDA 2020 multiple

FCF Yield



PXS based on 2019 FCF and current EV; BICS is 2020 FCF (€64M) divided by EV (€569M).



... without negatively altering our financial profile and trajectory

€217M

Total Cash outflow

Expected, Proximus 2021

- ✓ Limited impact on leverage (approx. 0.1x Net Debt / EBITDA)
- ✓ No impact on Proximus dividend policy



TeleSign, a fast growing leader...

... in **digital identity solutions** and **programmable communications** towards digital service providers & enterprises

Digital Identity

Description:

Enterprise solutions to streamline account registration, fight fraud, and deliver actionable KYC insights.

Typical use cases:

account take-over & fraud prevention, issue resolution, customer trust scoring, financial risk using alternative source of data.

Digital Identity

Programmable Communication

Machine Learning / Artificial Intelligence Layer

Communication & Authentication API layer



SMS



Voice



Mail



Messaging apps

Converged Data Platform

Programmable Communication

Description:

Users engagement throughout the entire customer lifecycle with customizable APIs leveraging voice, SMS, and omnichannel strategies.

Typical use cases:

API based registration verification (2FA), alerts, reminders, notifications, 2-way communication.

We manage broad identity data to provide trusted validation services



Anna's Digital Identity

Phone: +16505555555

Email: Anna@gmail.com

IP: 172.16.254.1

Address: 1 First St Oakland, CA

Twitter: @sallysue

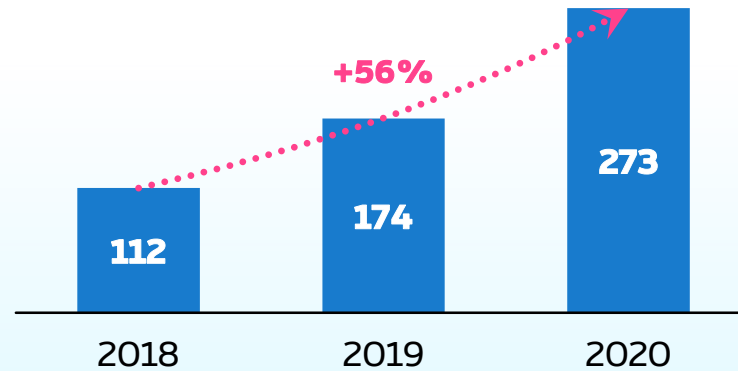
Instagram: @anna7

WhatsApp: +16505554444

... and more

... has shown a solid growth trajectory

TeleSign Revenues (€M) and Growth (CAGR)

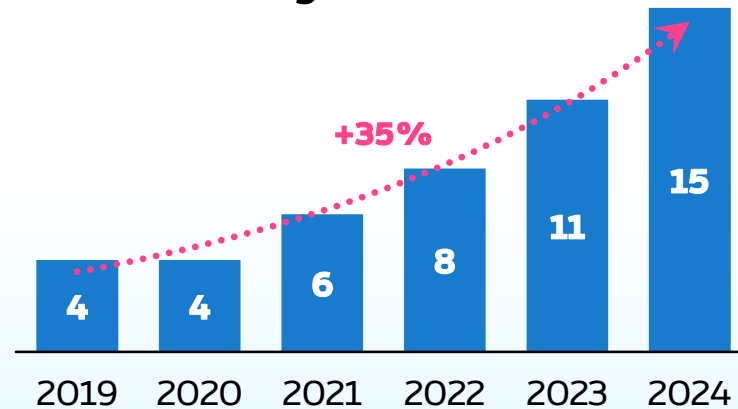


Perspective on '20-'25 growth

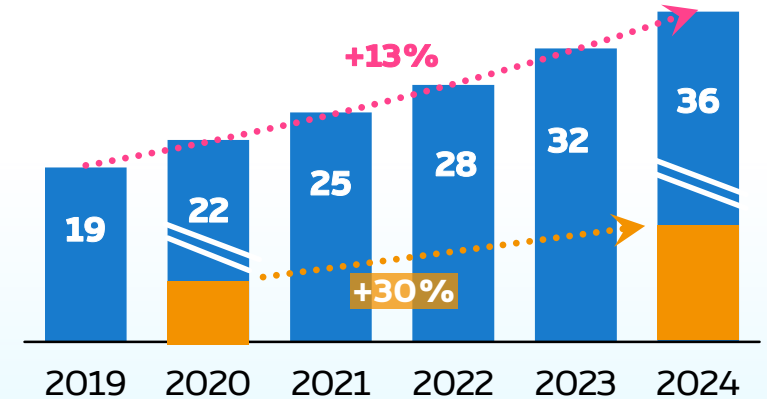
Continue to enjoy solid **double-digit** momentum across both revenue streams (Programmable Comm. & Digital Identity)

... and is operating in large, fast growing markets

CPaaS market (€B) and growth (CAGR)



Identity Access Management market (€B) and growth (CAGR)



Digital Native subsegment

Trusted by Global World Leaders



Typical use case



“At Affirm, we have the best algorithms for evaluating financial risk and TeleSign has the best digital identity solutions to recognize possible fraud.”

Head of Financial Partnerships



Playbook for future growth

Product innovation

- Extending our services beyond phone numbers to include **other digital identity nodes** i.e. email, IP, name/address, and others to capture larger market opportunity
- **Drive differentiation** leveraging nearly 5B unique phone numbers from proprietary data sets and intelligent consortium
- Launch Score 2.0 models **incorporating even more exclusive data** enhancing unique value of intelligence provided

Geographic expansion

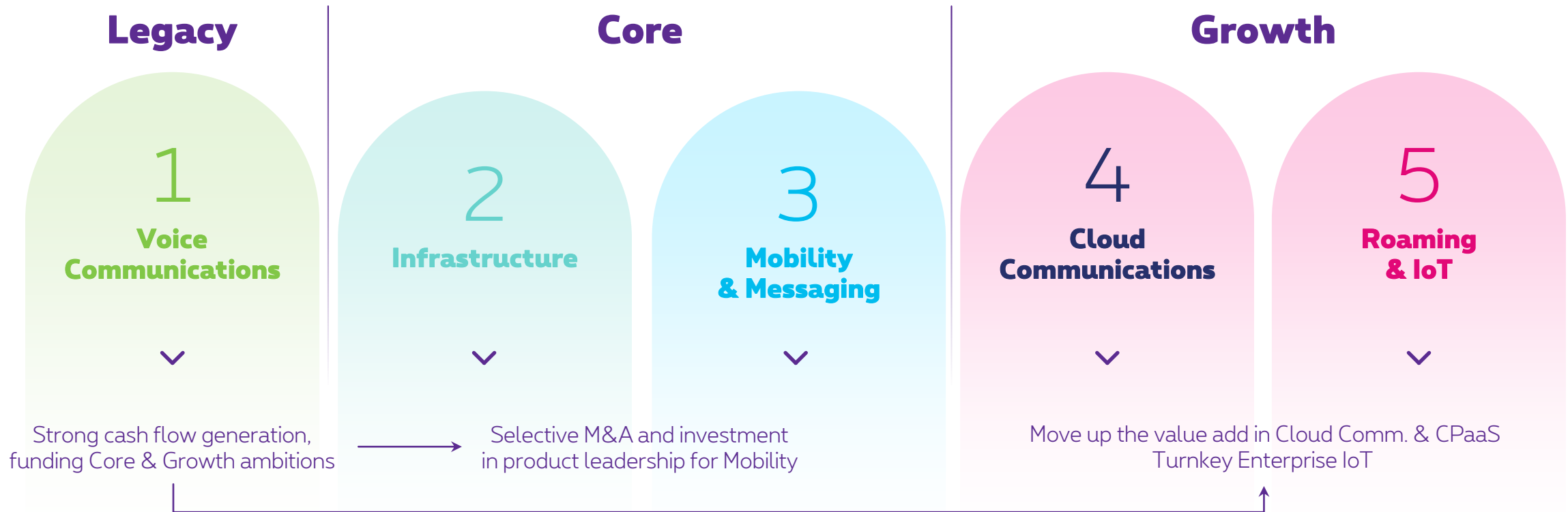
- Currently, TeleSign is well penetrated in the North American market
- Plans to increase sales efforts and product competitiveness globally with a **focus on fast-growing, digital-first markets** such as Asia Pacific and Europe

TeleSign-wide, superior network through quality, scale, and reach.



BICS is a global leader...

in digital communications, cloud communication, Mobility and IoT.



Global Network reach and Delivery Platforms at High Operating Leverage

Core business end-markets enjoy growing volumes, legacy (Voice) declining

Key use case

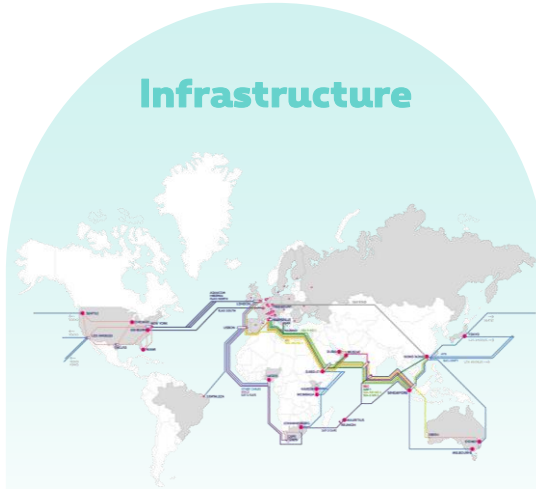
Legacy

Voice Communications



Next-Gen capable voice hubbing with 700+ direct routes

Infrastructure



120 POPs, 330K km submarine cable, reaching 200+ countries

Core

Mobility



Signalling and Data For Roaming

Messaging



Low latency two-way SMS exchange with more than 1,000 mobile operators and MVNOs worldwide

API based A2P (Application to Person) messaging

Market trend

Structural Decline
Market to consolidate

Strong growth in demand (40% YoY*), partially offset by pricing pressure.

Data roaming growth (16% CAGR '19-'24) offsets price pressure.

Strong Covid-19 impact, expected to return to pre-covid-19 growth trajectory.

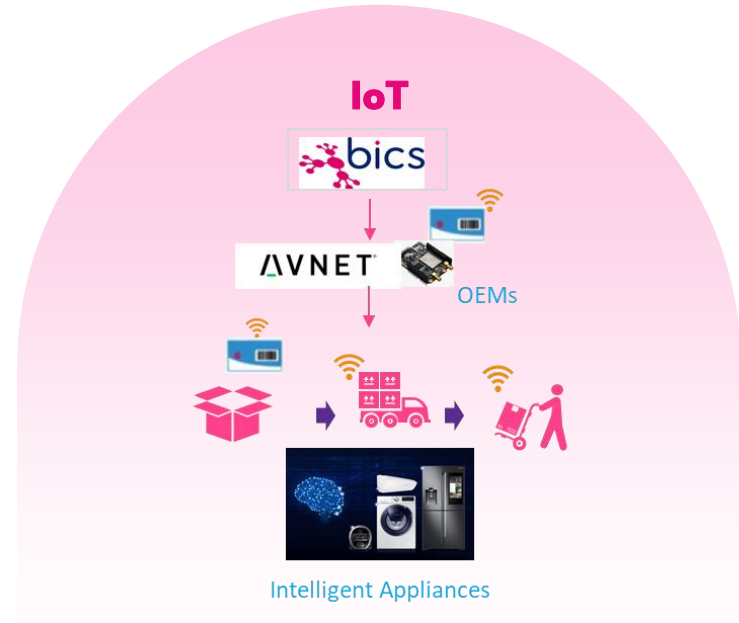
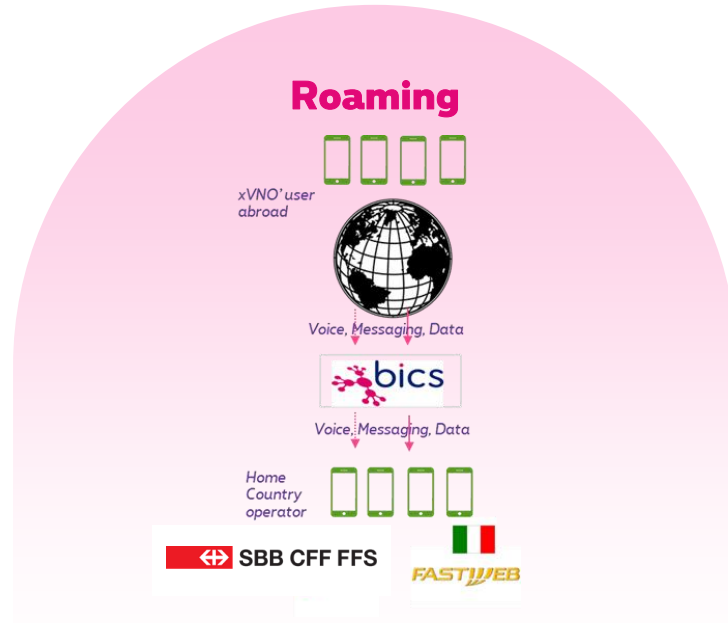
A2P Growth in volume on the back of CPaaS market growth but subject to increasing competition.

*: Telegeography, Primetrica

Growth areas end-market volumes turbocharged by Covid-19, M2M/IoT and eSim

Growth

Key use case



Market trend

Enterprise digitalization driving Cloud Communication services adoption with strong acceleration due to Covid-19.

Part of the CPaaS (33% CAGR '19 – '24) market.

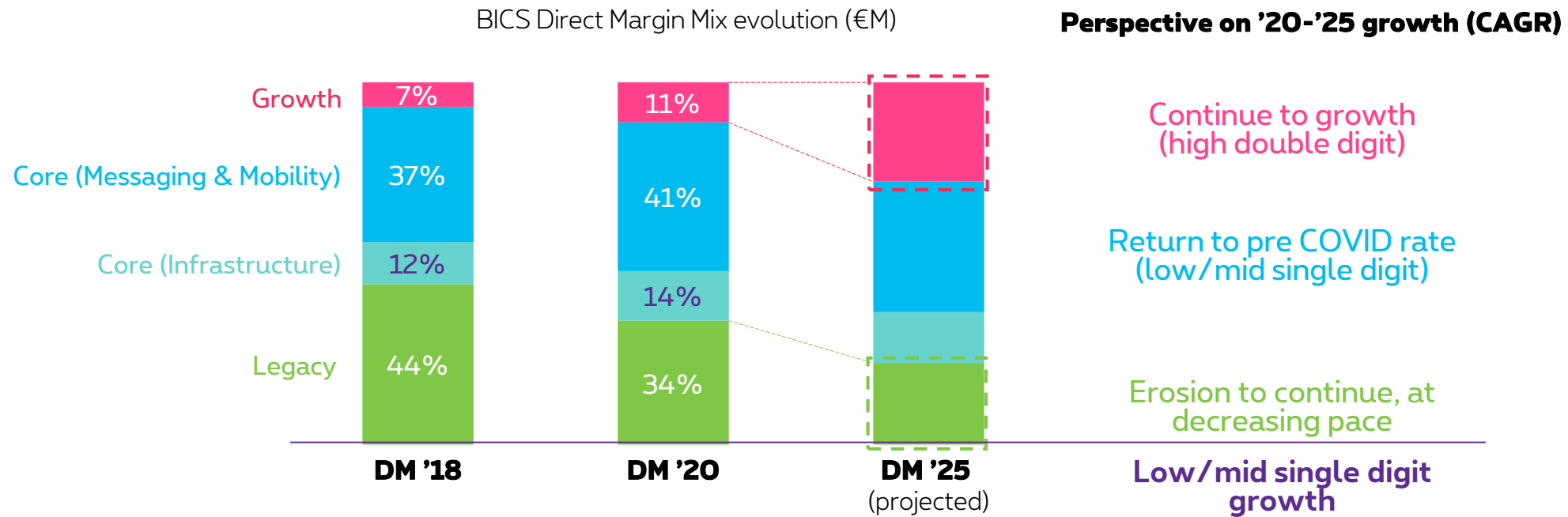
Growth in MVNOs and emergence of alternative roaming services by eSim.

5G all-in roaming for industrial use-cases and MPN.

High growth market (2,6bn\$ in 2019, CAGR '19-'24 is 28%) due to proliferation of M2M, IoT connections and eSim

BICS Growth Areas will be cornerstone of future value creation, while Core is expected to recover gradually from '18-'20 shock

BICS underlying business mix becoming more resilient & future proof



BICS playbook for future growth

Legacy Business

- Strict **focus on capital allocation & costs.**
- Participate in **in-market consolidation** of international voice to lower cost to serve.

Core Business

- Further **strengthen leadership in mobility** with organic and inorganic initiatives
- **Messaging bundling** with growing CloudCom.
- Capture the **growing demand on Infrastructure**

Growth Areas

- Grow the **value add in the Cloud Comm** (CPaaS market space)
- **Accelerate growth in IoT & Roaming**

BICS and TeleSign to synergize on scale and capabilities build up for differentiation

Concluding transaction highlights

Gaining full ownership...

- **Proximus to obtain a 100% stake** in BICS by acquiring MTN's 22.4% and Swisscom's 20.0% stake.
- Full **strategic flexibility** to execute BICS' growth plan.
- **MTN & Swisscom to remain important commercial partners** of BICS going forward.

at an attractive valuation...

- Enterprise Value of € 569M: **attractive** 4.4x 2020 EBITDA multiple and **cash flow accretive** as of year 1
- Total expected cash outlay of € 217M in 2021 - limited increase by c.0.1X of PROX current S&P leverage.
- Proximus remains **committed to its overall capital allocation strategy** as presented during the Fiber Update
- **No impact** on Proximus' 3-year stable dividend intention of 1.2€/share

with a clear path to accelerate BICS & TeleSign growth strategy.

- BICS and TeleSign: **focused execution** in respective markets while maximizing operational synergies.
- Accelerate **organic investments** in TeleSign and in BICS **growth** domains.
- Focus on **cash generation** within BICS while capturing in-market consolidation opportunities.

This transaction will create value for Proximus shareholders

Q&A

Appendix

Acquisition at an attractive multiple of the BICS

An asset light company with strong underlying cash flow generation

	(In €M, unaudited ¹)	2019FY	2020FY
BICS simplified FCF statement	Underlying Revenues	1,301	1,194
	BICS ²	1,126	921
	TeleSign	174	273
	Underlying Direct Margin	325	303
	BICS	260	225
	TeleSign	65	78
	Underlying EBITDA	153	131
	BICS	126	101
	TeleSign	27	30
	Capex	(39)	(44)
FCF	64	64	
Dividend to Minorities	29	26	

1. Split between BICS & TeleSign is based on unaudited internal management reporting ; 2. BICS is managed on Direct Margin: low-relevance of revenue seeing exposure to regulatory pricing, outside of BICS' control.

Glossary

KYC

Know Your Customer

TAM

Total Addressable Market

IAM

Identity and Access Management

API

Application Programming Interface

SDK

Software Development Kit

CPaaS

Communications Platform as a Service

A2P

Application to Person traffic

P2P

Person to Person traffic

SIP Trunking

Session Initiation Protocol Trunking

2FA

Two-factor authentication