

# Proximus group

## Results presentation

Q2 2022

 29 July 2022



Guillaume Boutin, CEO

This presentation is a subset of the company's results release.  
Please consult [proximus.com/investors](https://proximus.com/investors) for the overall disclosed information.

# Cautionary statement

This communication may include some forward-looking statements, without limitation, regarding Proximus' financial or operational results, certain strategic plans or objectives, macro-economic trends, regulation, future market conditions and other risk factors. These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside Proximus' control. Therefore, the actual future results may differ materially from those expressed in or implied by the statements. Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication. Except as required by applicable law, Proximus disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This document and the Q&A session may contain summarized, non-audited or non-GAAP financial information. The information contained herein should therefore be considered in conjunction with all the public information regarding the Proximus Group available, including, if any, other documents released by the company that may contain more detailed information. Information related to Alternative Performance Measures (APM) used in this presentation are included in the consolidated management report.

# Content

- Key events Q2
- #inspire2022 strategy
- Financial & Operational performance
- Appendix

# Key events Q2

# Q2 delivered strong financial growth & continued commercial traction. Revising FY Guidance upwards.

## Key strategic developments

- Substantive spectrum rights acquired for € 600M
- >**1M** Fiber HP or 17% end-Q2
- **95%** Fiber coverage ambition by 2032
- **BICS** secures Ooredoo partnership
- Proximus fully committed to support **Telesign's** growth plan

## Continued strong commercial traction

 +**8K**

 +**23K**  
Fiber activated retail lines

 +**52K**  
Postpaid

 -**1K**

 +**11K**  
Convergent residential

+**25%** YoY  
BICS  
cloud usage

+**60%** YoY  
Telesign  
sales bookings

## Strong Q2 financials

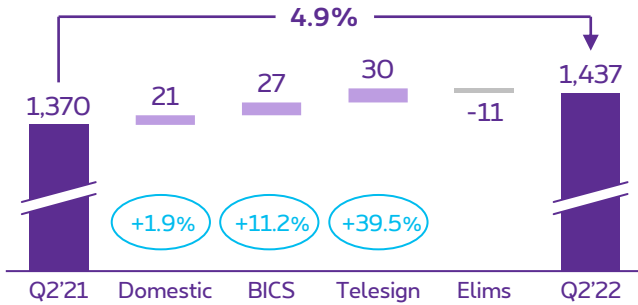
- +**4.9%** Group Revenue
- +**4.7%** Group DM
- +**0.3%** Domestic EBITDA
- +**0.9%** Group EBITDA
- Revising FY **Guidance upwards**

# Q2 Group Revenue +4.9%; EBITDA +0.9% YoY

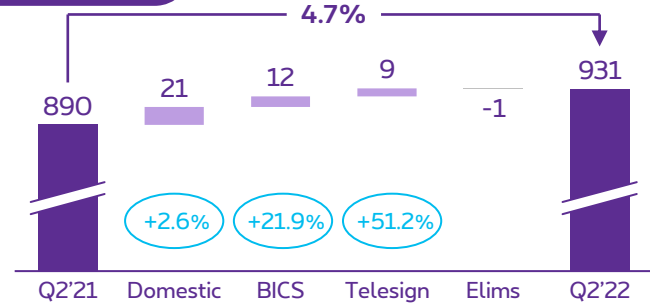
EBITDA growth for Domestic & BICS. Telesign executing growth plan.

## Revenue

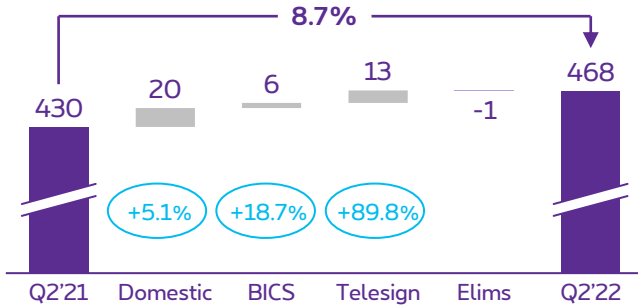
(underlying, €M)



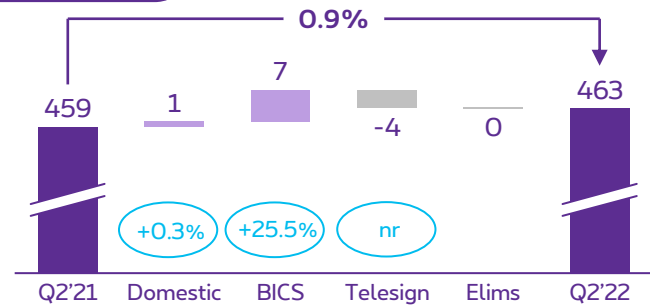
## Direct Margin



## Opex



## Ebitda



# Delivering on our #inspire2022 strategy



Build the best  
**GIGABIT NETWORK**  
for Belgium



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



**GROW PROFITABLY**  
through partners  
& ecosystems



Act for a  
**GREEN** and  
digital society

# Proximus well positioned for an evolving Domestic market

1

## Strengthening Mobile network superiority

Secured **spectrum** will allow for continued quality differentiation over next 20 years

Mobile network consolidation through Mwingz, with **access to 4600 mobile sites**

2

## Towards Fixed network superiority

Rolling-out **Fiber across Belgium** with significant head-start to competition.

3

## Residential

**63% convergence rate**, customers combining Fixed & Mobile

**Attractive mobile pricing in Pack.**

**Multi-brand strategy**



4

## Business

**Robust telco customer base**, with IT upsell potential

Strong expertise in **Cloud/Security**

Transformation to **Managed Services**

Continued focus on customer & experiences, reflecting in our strong NPS



# Further improving NPS trends for all brands increases customer loyalty

New offers launched in Q2, addressing different customer needs



Launching Flex XS offer



Mobile Vikings bringing Fixed Internet offer to the Belgian market



Integrating Wi-Fi 6 into new Internet Box

Value management executed well with low churn levels and reduced contact center volumes

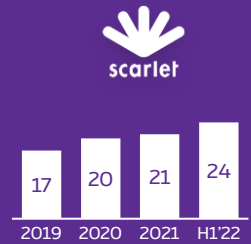
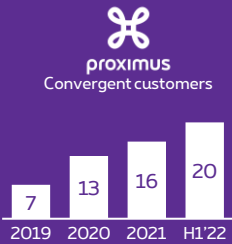
Internet churn (RES)



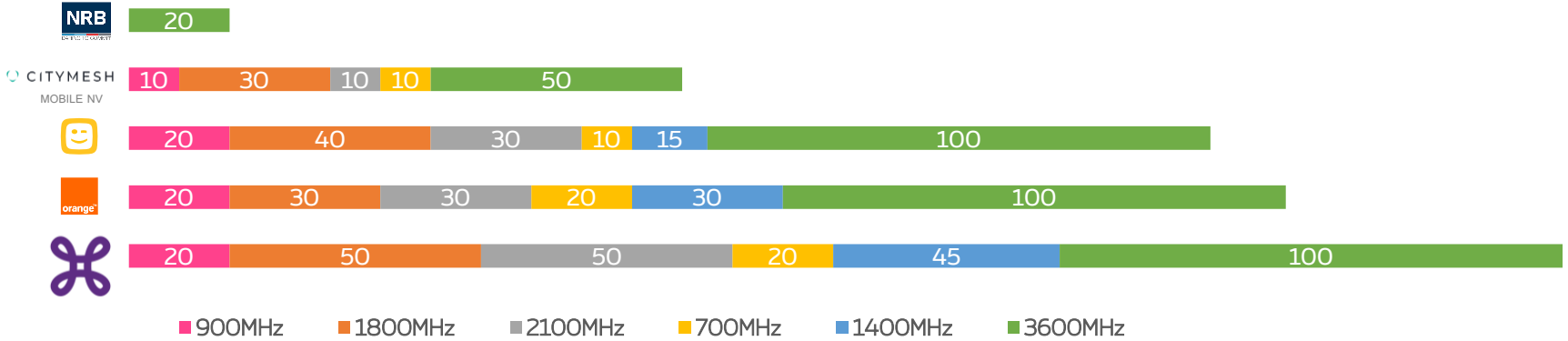
Contact center volumes



NPS continued to improve for all brands

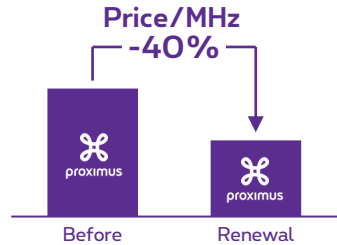


# Proximus secures differential spectrum package for next 20 years



←
→
**Renewed spectrum**

←
→
**New spectrum**



Of all spectrum auctioned\*, Proximus obtained **50%**

**285MHz** secured over 20 years for **€ 600M**

\* Out of the total of 860Mhz distributed, 240Mhz was reserved, 620Mhz has been auctioned. Proximus obtained 50% of spectrum in which it could differentiate (excl. reserved spectrum & excl. 3600MHZ)

# Ambition to extend **fiber coverage to 95%** of Belgian premises by 2032

## Benefits:

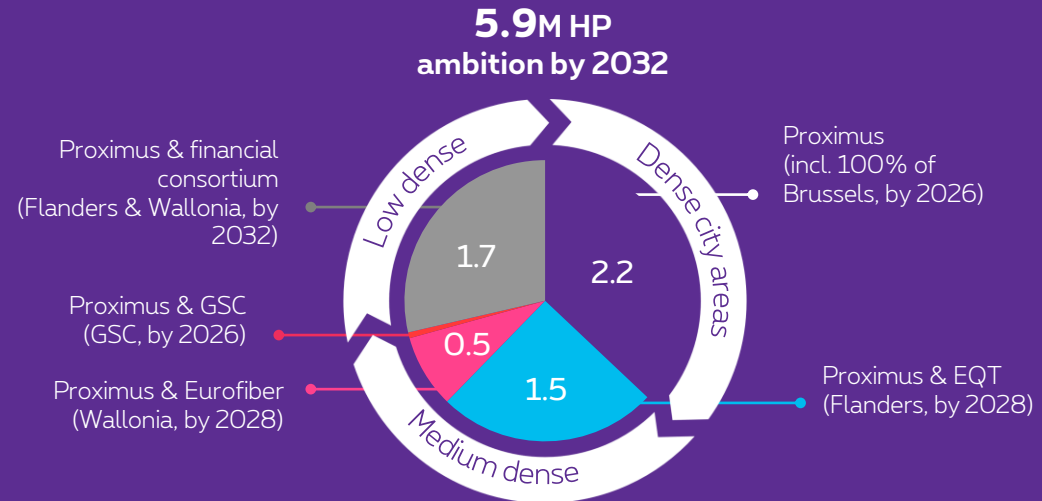
- ✓ 1<sup>st</sup> mover advantage
- ✓ Long term security for Fiber partners ensuring better capacity & prices
- ✓ Customer acquisition/retention
- ✓ Scale of build efficiency
- ✓ Copper decommissioning

**MoU signed** with consortium of Belgian financial partners, I4B as anchor investor

**+1.7M HP ambition by 2032**, on top of existing roll-out plans of Proximus, Fiberklaar & Unifiber.

Total Joint Venture investment of approx. **€ 4Bn**

Open to onboard new partners to build a non-discriminatory Fiber network.



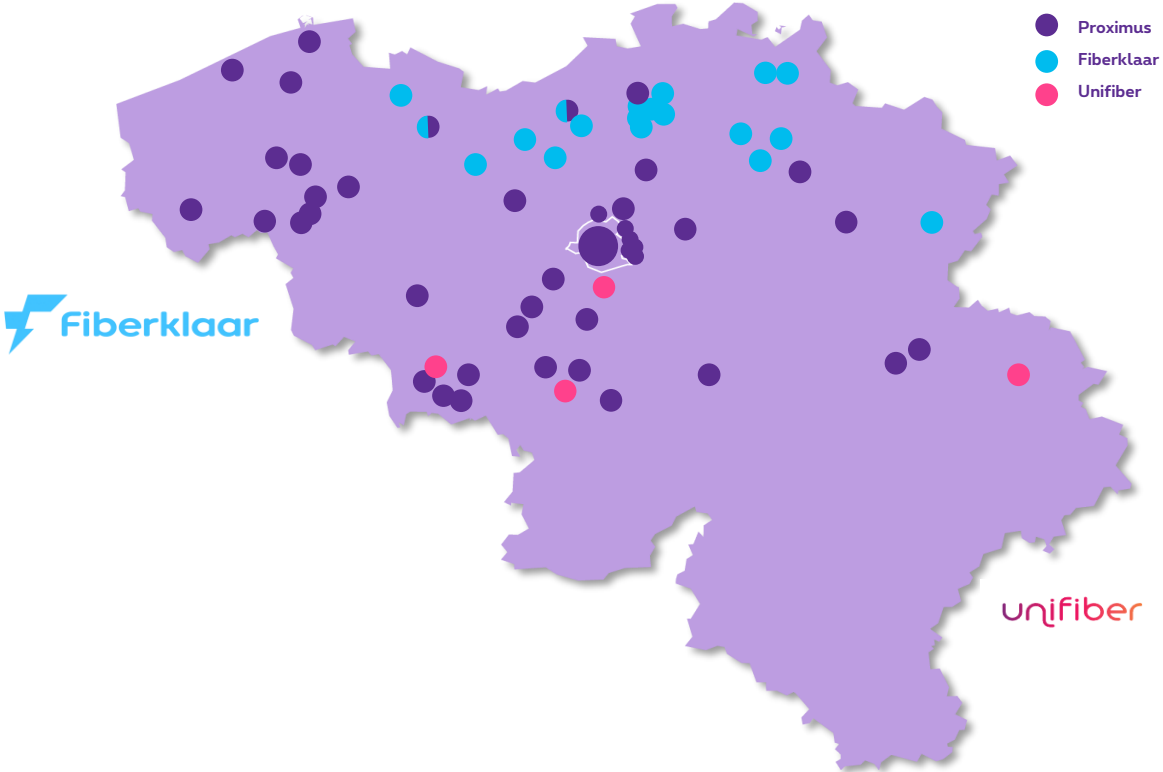
# With 17% fiber coverage end-June, Proximus is well on track to meet year-end target of 22%



62  
Cities

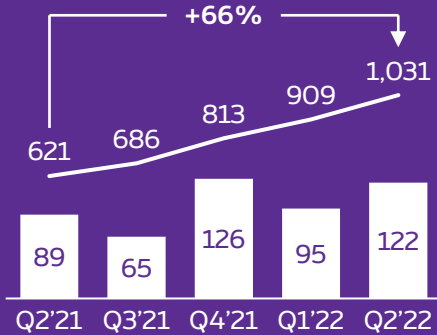
22%

Fiber coverage  
target  
end-2022

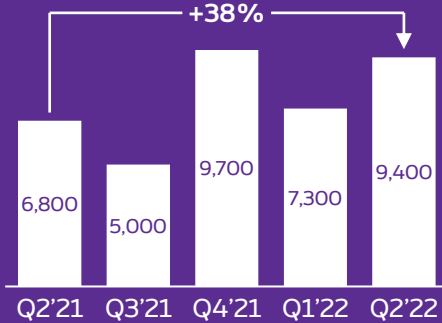


# Passing the 1M Fiber Homes Passed milestone in June, +122K in Q2

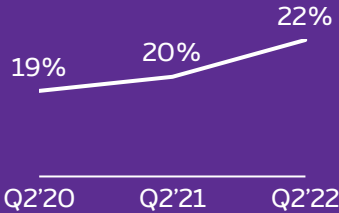
Fiber Homes & Businesses Passed (in K)



9.4k weekly rollout (rounded, HP)



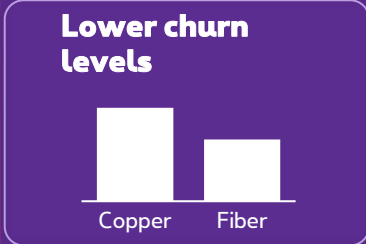
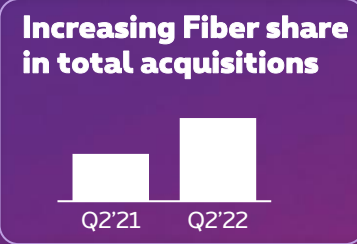
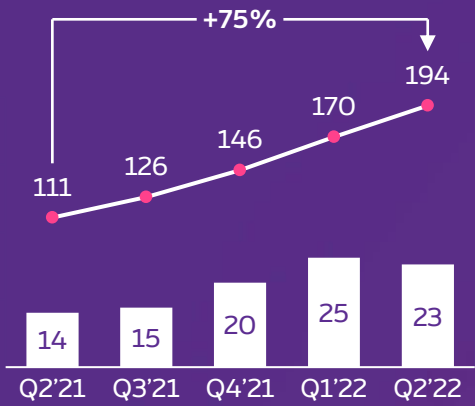
22% Network filling rate\*



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

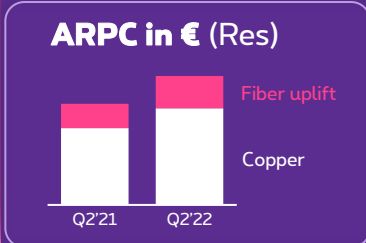
# Strong customer demand for Fiber: 194k activated Fiber lines end Q2

Fiber park & net adds\*  
(in K)



## 65%

Migration rate  
(1 year post commercial launch)



\*Residential + Business, incl. new & migrated customers

# Strengthening B2B offers

## Strategic partnerships



### Microsoft

**Build a Sovereign Cloud Solution**

- Meeting privacy and sovereignty challenges in public and regulated sectors
- Combining Microsoft's Azure hyperscale capabilities with Proximus's hybrid capabilities

### odoo

**Provide SME/SE more digital tools**

- Trustworthy digital partners
- Integrated business apps covering all company needs:
  - CRM,
  - eCommerce,
  - accounting, etc.



Logistics companies testing  
5G-Mobile Private Networks (MPN)

**howest**  
hogeschool

Creating 5G lab for companies and industry partners



Integrating e.g. augmented reality into tourist attractions

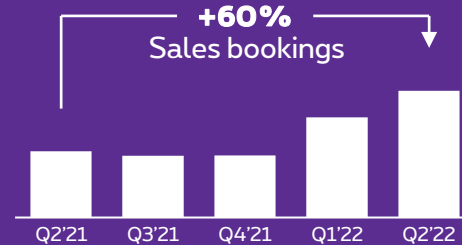
# On track to execute Telesign growth plan

## Telesign ready for public listing, when markets turn more favorable

- Scaling Go-to-market & Product Development teams: +158 talents joined Telesign over the past 12 months
- Executing on strategy to become a Digital Identity leader:
  - New regions
  - New products and use cases
  - New logos
- On track to deliver growth plan



## Telesign momentum continues:



## Proximus to fully support Telesign's organic growth plan:

- ✓ Funding limited to max. \$ 90M over 2022-2024
- ✓ Different routes for funding considered



# BICS becomes Ooredoo Group's trusted communication partner

**BICS to manage voice services** across Ooredoo Group's operations



Innovative voice business model includes new solutions in **AI, machine learning & fraud protection**



Offer future-proof quality, stability, and protection to operator networks and subscribers, in **consolidating voice market**.



**Multiyear** agreement with phased deployment until year end



More information on BICS: [www.BICS.com](http://www.BICS.com)



# Proximus plays an active role in contributing to a greener and more digital society



**EV** – Ambition to provide at least 15,000 additional charging points for Electric Vehicles by 2028



**Eco Rating label** – Introduced for smartphones, informing consumers on the environmental impact of smartphones



**DigitAll** – Broad coalition of private, social, and public companies with Proximus & BNP Paribas as pioneers - launched a campaign making people aware of the risks of digital exclusion

**ISO**

Data Center is **ISO 14001** certified for its environmental management



**Award**

Distribution center has received the **Lean & Green 3 stars** label for its environmental efforts



More info: [proximus.com/esg](https://proximus.com/esg)

# Financial & Operational performance

# Domestic

# Internet & Mobile growth continues strongly.



Internet base **2,202K**;  
**+ 43k** YoY  
**+2.0%** YoY



TV base **1,731K**;  
**+ 29k** YoY  
**+1.7%** YoY



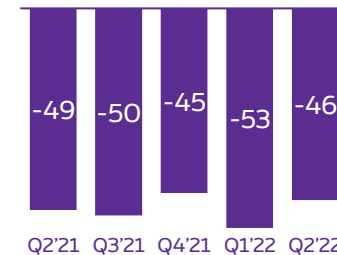
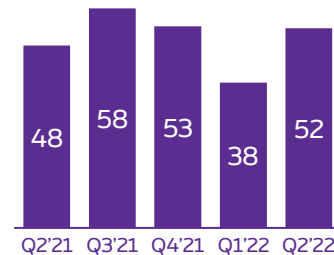
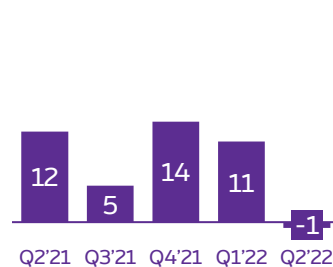
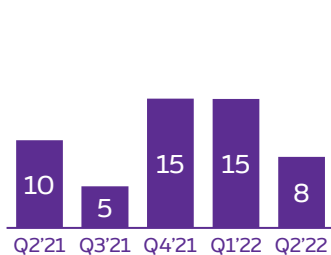
**Postpaid**

Postpaid base **4,741K**;  
**+ 201k** YoY  
**+4.4%** YoY

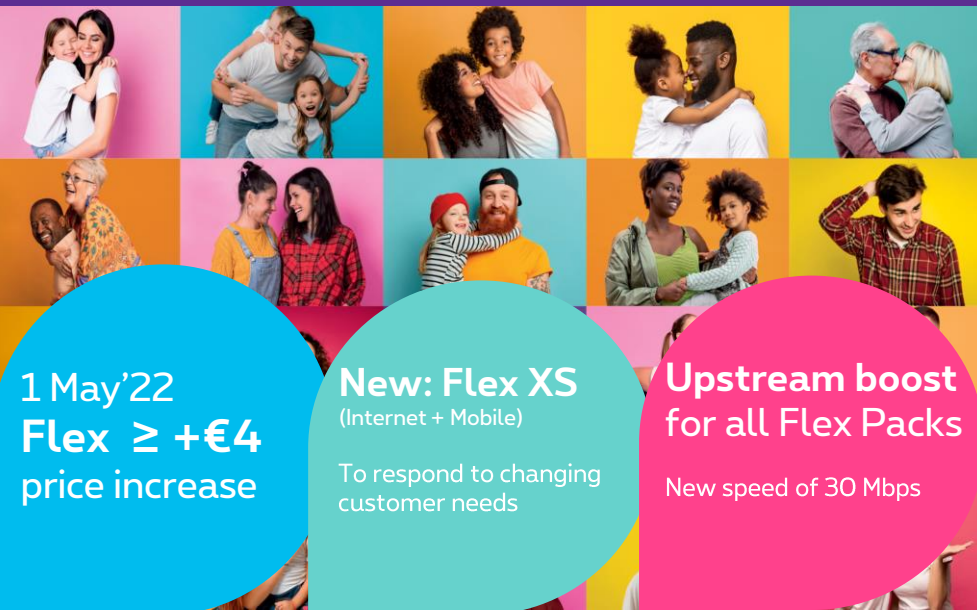


Fixed Voice **1,905K**;  
**-194k** YoY  
**-9.3%** YoY

## Net adds; Group ('000)



# Flex convergent offer passes 1M subscribers.



1 May'22  
Flex  $\geq$  +€4  
price increase

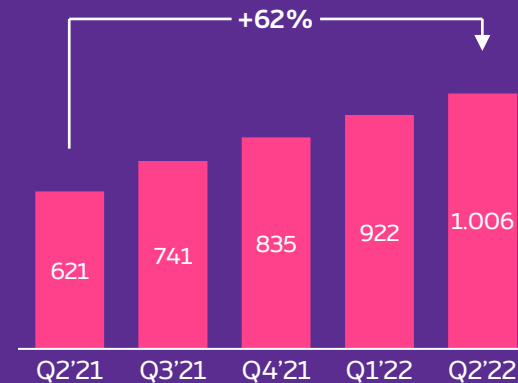
**New: Flex XS**  
(Internet + Mobile)

To respond to changing  
customer needs

**Upstream boost**  
for all Flex Packs

New speed of 30 Mbps

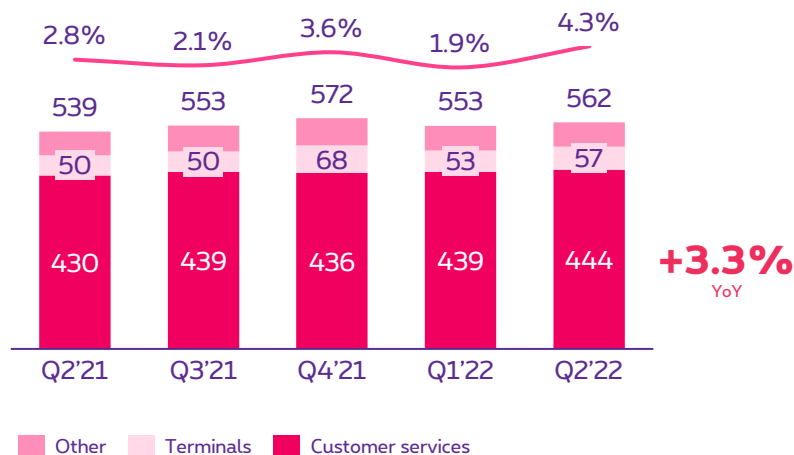
Flex subscriptions\* (in K)



\*Number of Flex packs include both Residential & Business Customers

# Residential revenue Q2 growing by +4.3%

Residential revenue (€M, YoY)



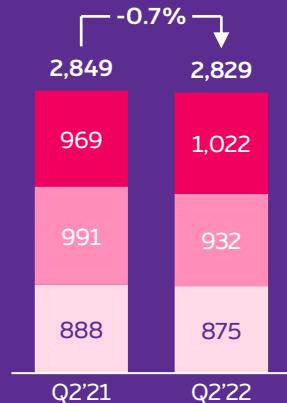
- Strong increase in **Customer services revenue**
  - May'22 price increase
  - Traction of multi-mobile Flex offers
  - Mobile Vikings contribution
- Higher terminals revenue
  - Low comparable base,
  - Q2'22 supported by uptake of high-end mobile devices combined with subscriptions

# Residential customer services revenue +3.3% YoY

## On organic basis: +1.6% revenue , +3.7% ARPC

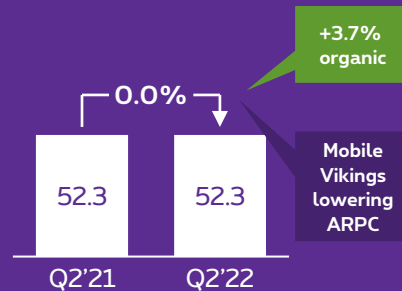
### Customers (in K)

Growing Convergent base, Mobile Vikings contribution annualized 1 June

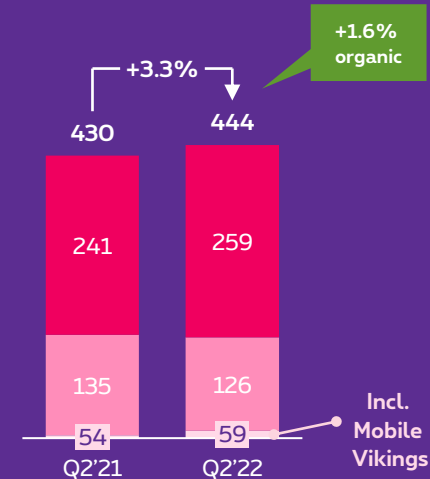


### ARPC (in €)

Supported by Jan'22 & May'22 price increase, customers moving to convergent offers at higher ARPC



### Residential customer services revenue (in €M)

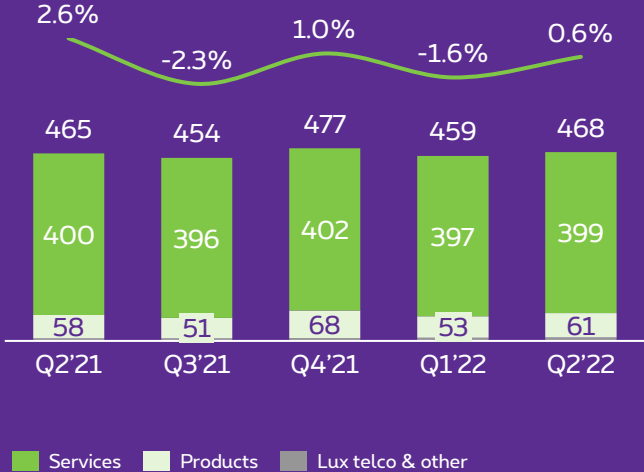


Convergent Fixed only Mobile postpaid only



# Q2'22 Business revenue +0.6%, mainly driven by Internet services & strong IT products revenue

Business revenue (€M, YoY)



## Q2 results

### Services revenue -0.4%,

Growth in Fixed Data, Mobile & IT services off-set by Fixed Voice erosion

### Products revenue +5.0%,

driven by IT product growth +21.7%.

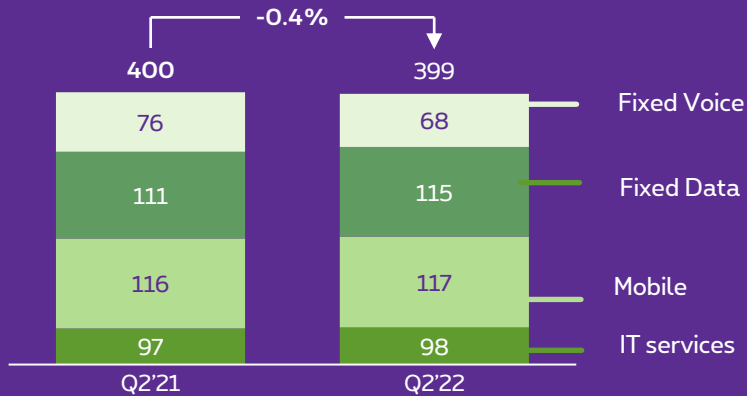
## Customer wins\*



\*limited to those with customer's consent

## Continued B2B transformation with good momentum in Fixed Data & IT services, balancing competitive pressure and legacy erosion

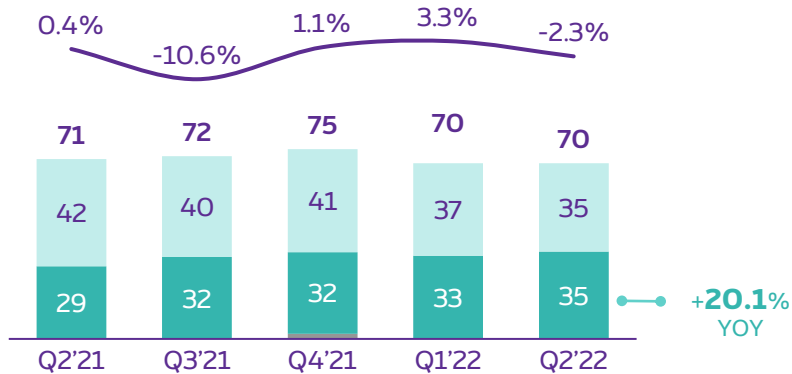
Business Services revenue (€M)



- **+3.6% Fixed Data growth** - Internet supported by pricing, while managing value in the transition to SD-WAN services
- **+1.1% Mobile revenues** - supported by price increases & growing customer base
- **+1.2% IT Services** - especially in Cloud services
- **-10.6% Fixed Voice** - continuing eroding FV park with vaccination center traffic fading away

# Wholesale continued positive track for Services revenue, benefitting from open network approach

Wholesale revenue (€M, YoY)



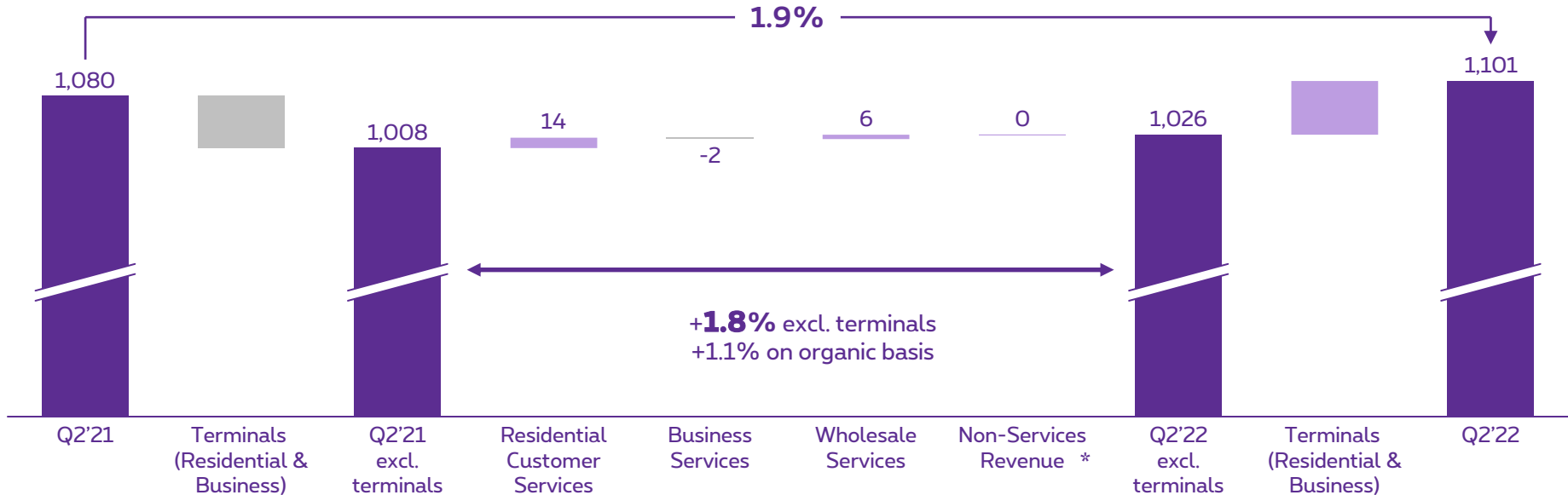
■ Interconnect  
■ Fixed & Mobile services  
■ Other operating income

- Fixed & Mobile Services revenue +20.1%:
  - ✓ rising number of MVNO customers,
  - ✓ more roaming revenue
  - ✓ increasing JV services revenue
- Interconnect revenue -17.5% on high-comparable base and impacted by regulation

# Domestic revenue Q2 +1.9%

## excl. terminals +1.8%

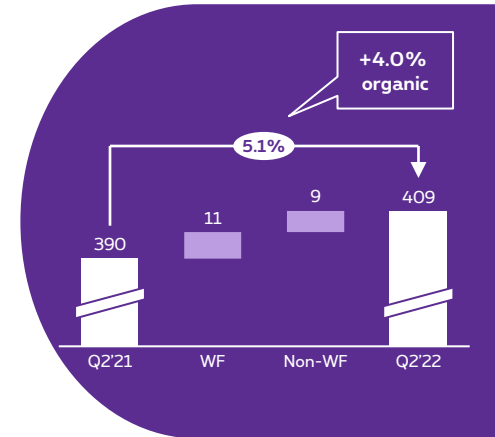
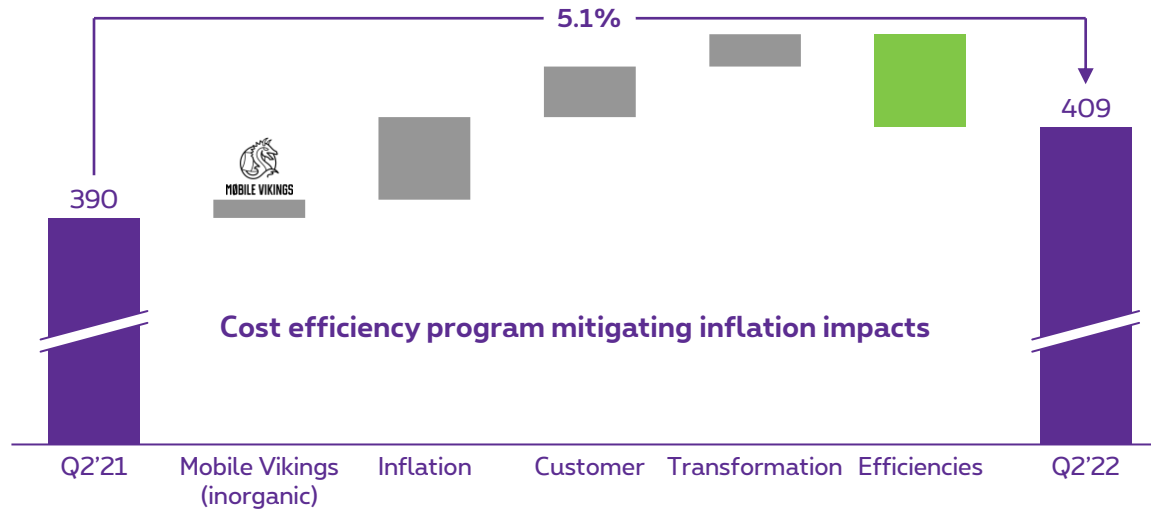
(underlying, €M)



\*Aggregate of Residential Prepaid, Business IT products, Wholesale Interconnect, Lux. Telco, Others revenue & Other Operating income revenue

# Inflationary impacts, customer and transformation costs partially off-set by cost efficiencies

(underlying, €M)

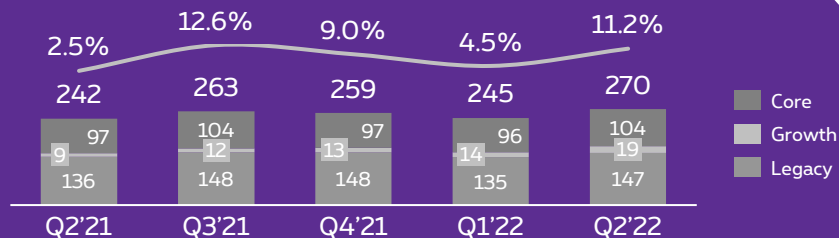


- The Opex graph represents a management view.
- Inflation mainly including wage indexation (Oct'21/Feb'22/Apr'22/ Jun'22)
- Customer Opex including Direct, Customer related & Other Opex

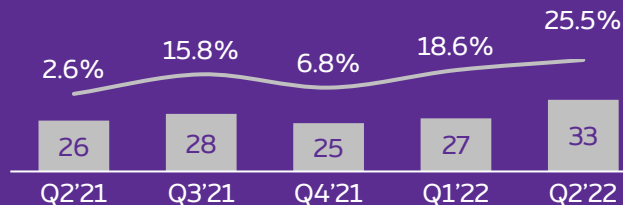
# International

# Continued BICS EBITDA growth, +25.5% in Q2

## Revenue (€M, YoY)

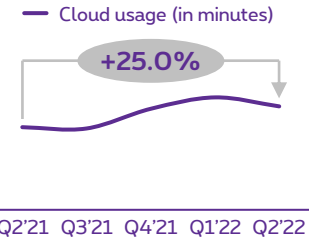
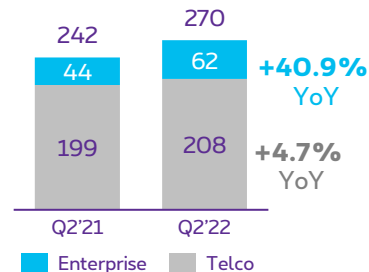


## Ebitda (€M, YoY)



## BICS revenue +11.2% YoY

- **Core +6.8%**  
higher Mobility services & messaging revenue
- **Growth > 2X:**  
strong cloud communication
- **Legacy: +8.1%**  
destination mix and increase in travel



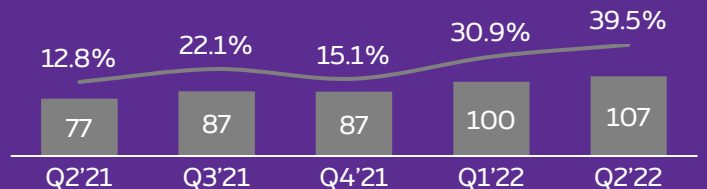
## BICS Ebitda +25.5% YoY,

higher DM, in part offset by higher Opex

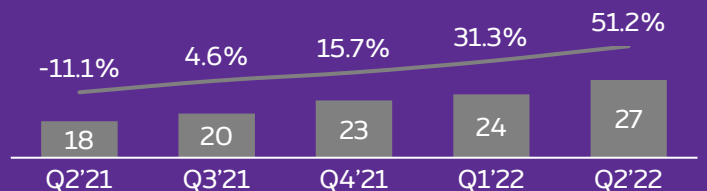
~2X Cloud numbers

# Telesign Q2 revenue +39.5%, representing another milestone in its growth journey.

## Revenue (€M, YoY)



## Direct Margin (€M, YoY)



## Q2 in line with growth plan

- **Digital Identity** revenue & DM increasing on strong volume growth (new & existing customers)
- **Communications** revenue & DM increasing on price increases in certain markets & higher demand of several large customers, as well as favorable currency movements.

**125%**  
NRR\*  
+3pp YoY

c. **20%** YoY  
Cumulative  
volumes\*\*

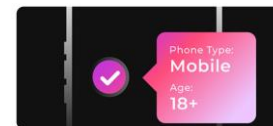
c. **+60%** YoY  
Sales bookings

## Q2 EBITDA OM€

incl. increased investments in Go to market

**New !**

**Launch of Age  
Verify & Silent  
Verification**



\* Net Revenue Retention

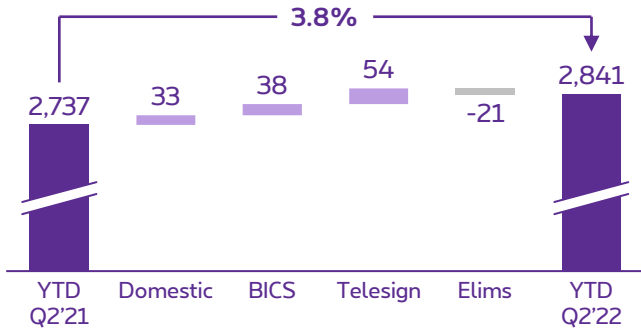
\*\* adjusted for volatility within Telesign's communication business in India



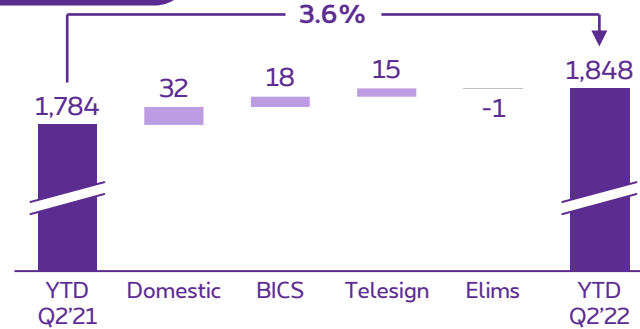
# Group

# Group Revenue & EBITDA delivered growth in H1.

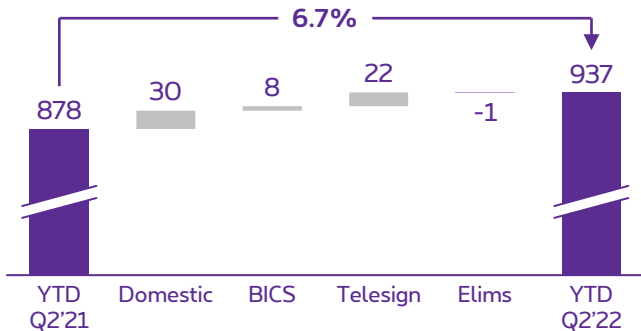
## Revenue



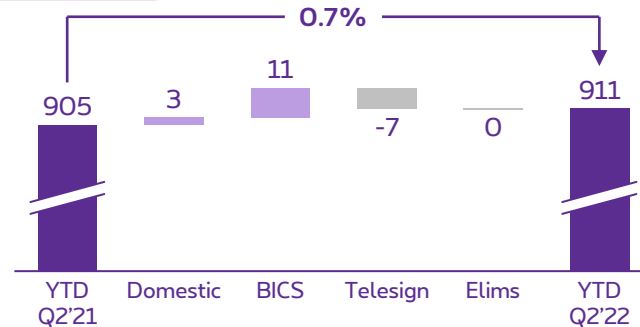
## Direct Margin



## Opex



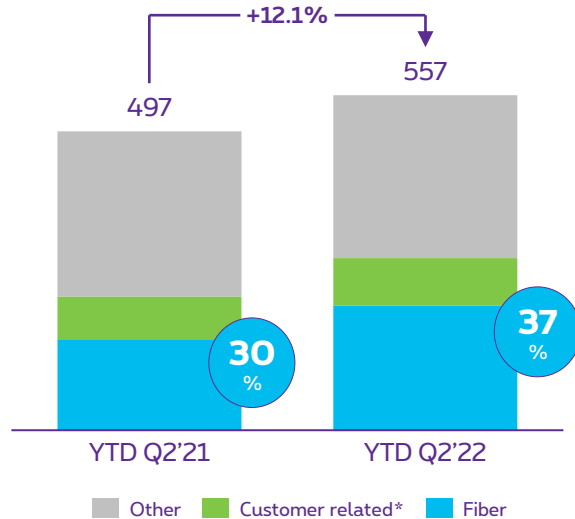
## Ebitda



# Increasing investments in our accelerated Fiber roll out

## Group Capex

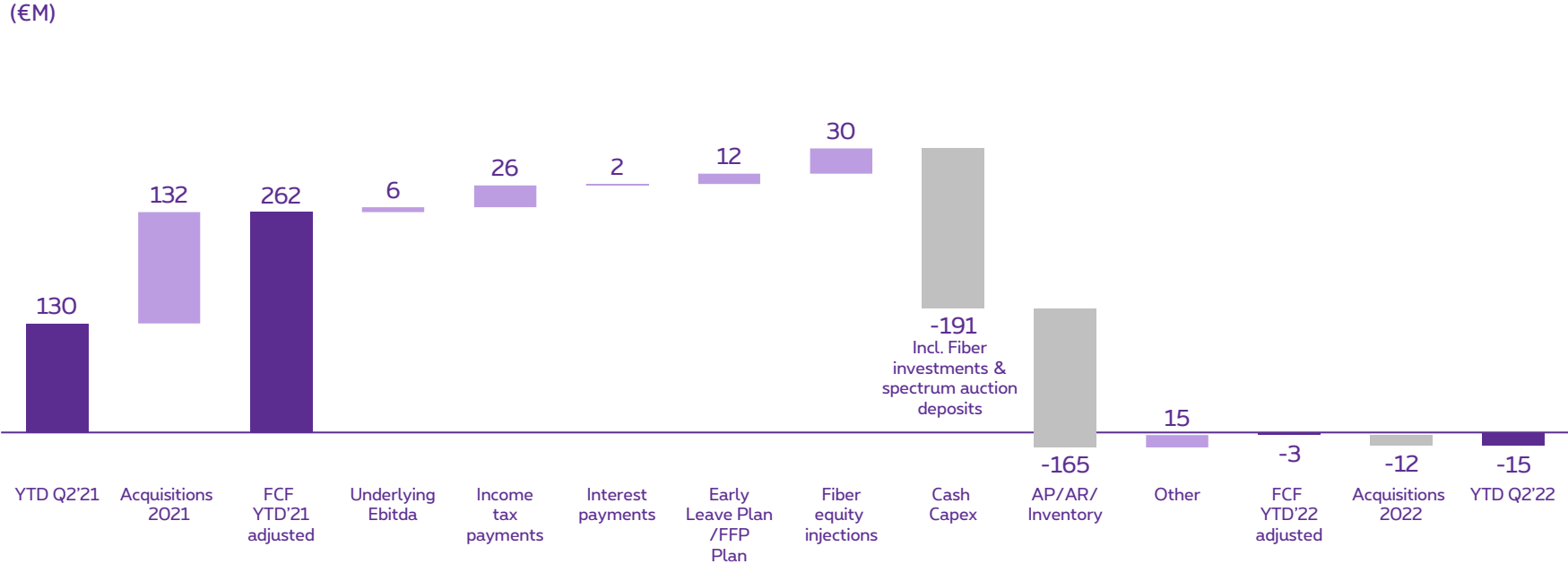
€M, excl. spectrum & football rights



- Strong increase in Proximus **Fiber** HP
- **Volume** related capex on higher Customer installations
- **IT**-transformation and **Digitalization**

\* Customer capex related to customer equipment (Modems, Decoders, Wi-Fi repeaters...) and termination & activation CAPEX for Fiber and Copper customers

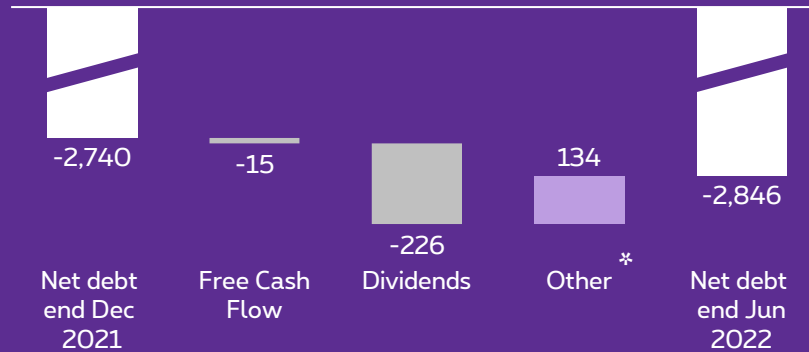
# YTD FCF reflects accelerated Fiber investments and unfavorable YoY evolution of BWC



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

# Proximus continues to manage a sound financial position

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



## Credit ratings

S&P A- (stable outlook)  
Moody's A1 (stable outlook)

## 1.64%

Weighted average coupon  
(long-term only)

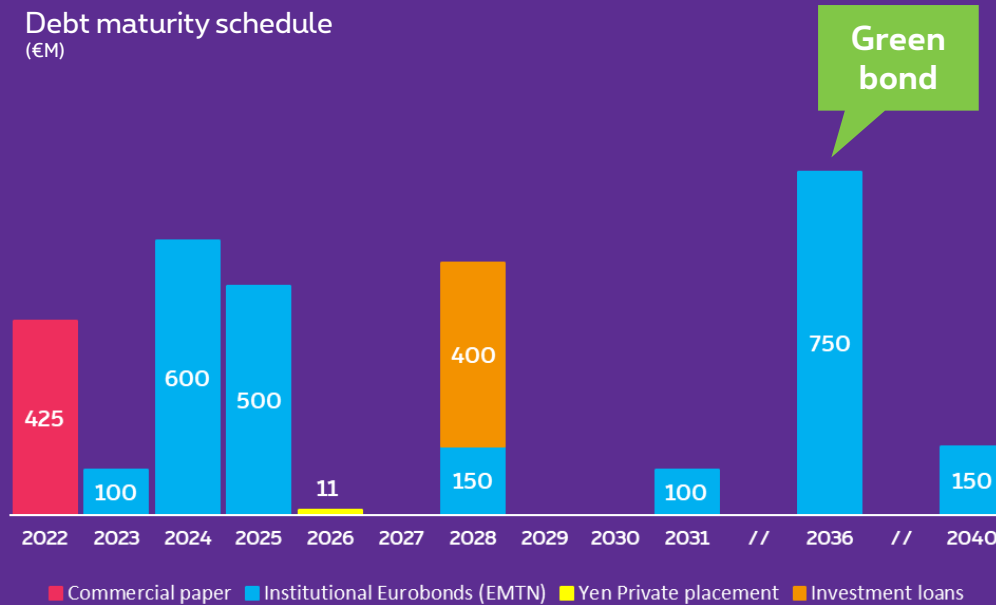
## 7.5 Yr

Weighted average debt duration  
(long-term only)

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

# ... and secured its long term debt

Debt maturity schedule  
(€M)



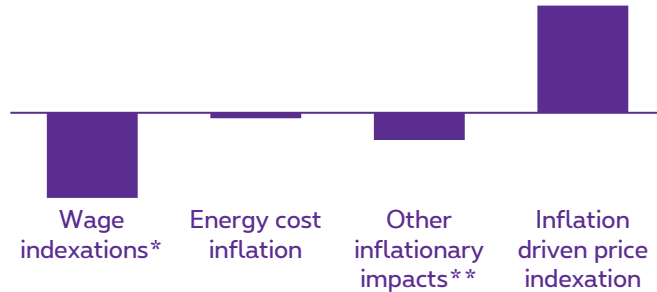
- **>99%** of the outstanding LT debt is at fixed rate
- Refinancing of **2024 & 2025 bonds** hedged in Q1 2022 at low interest rates.

# Strong performance allows for upward revision of FY 2022 Guidance

## Domestic

Better than expected customer ARPC and churn off-setting inflationary cost effects

Estimated YOY impacts on 2022 Domestic EBITDA



## International

Better than expected YTD EBITDA performance for BICS & Telesign

bics

- Strong H1 EBITDA:**
- travel uptake supporting messaging, roaming and legacy Voice
  - favorable destination mix
  - strong cloud communication

telesign

Anticipating a more moderate YoY EBITDA decline vs. Dec'21 investor presentation

\* Oct'21/Feb'22/Apr'22/Jun'22 & additional wage indexation following anticipated crossing of health index (Oct)

\*\* Other incl. inflation on external & non-WF costs excl. energy costs

# Revised outlook FY 2022

Guidance metrics	Outlook FY 2022	YTD 2022	Revised Outlook FY 2022
Underlying Domestic revenue excl. Terminals	Growing up to 1% YoY	+2.0% YoY	Growing by 1%-2% YoY
Underlying Domestic EBITDA	Growing up to 1% YoY	+0.3% YoY	Upper range of 'Growing up to 1% YoY'
Underlying Group EBITDA	Around -1% YoY	+0.7% YoY	Growing up to 1% YoY
Capex (excl. Spectrum & football rights)	Close to € 1.3Bn	€ 557M	Reiterating 'close to € 1.3Bn'
Net debt / EBITDA	Around 1.6X	nr	Reiterating 'around 1.6X'

## Dividend 2022

*Proximus intends to return over the result of 2022 an annual gross dividend of € 1.2/share, in line with announced 3-year dividend policy (2020-2022).*



# Q&A

## Join the conference call:

Dial-in UK            +44 20 7194 3759  
Dial-in USA           +1 646 722 4916  
Dial-in Europe       +32 2 403 5816

Code 14090008#

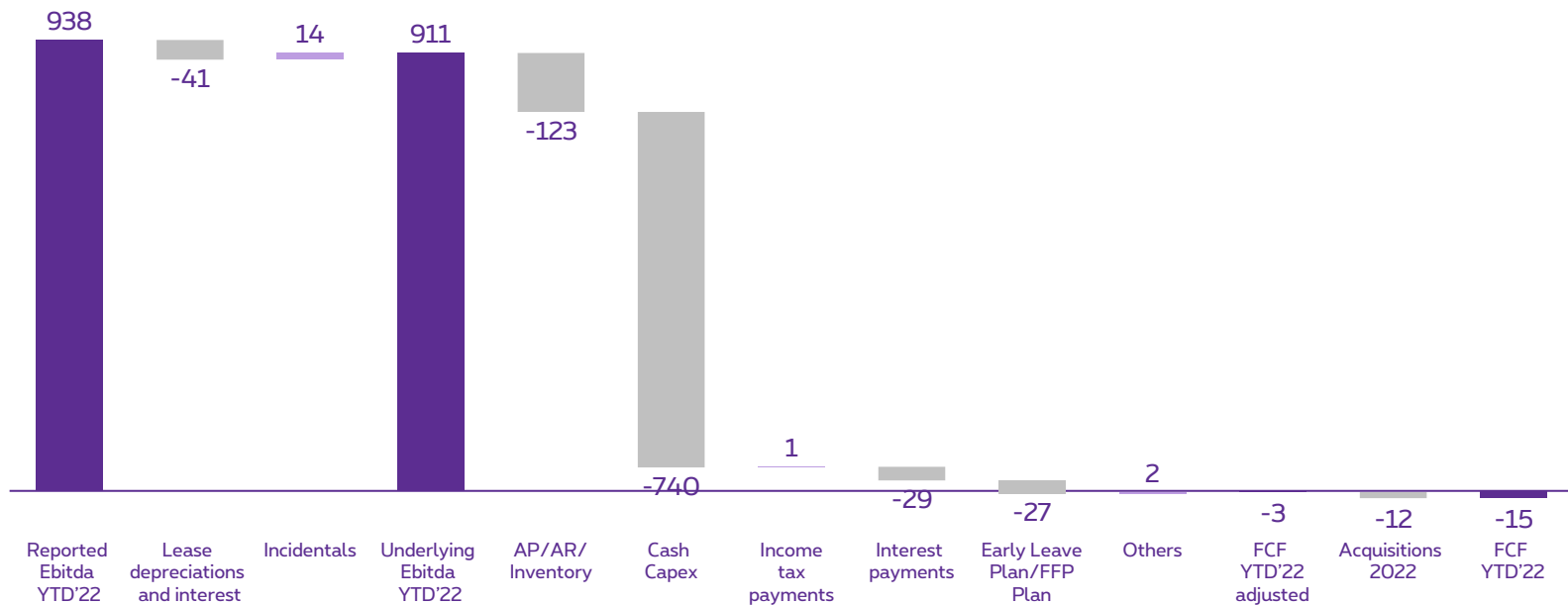
# Appendix

# From reported to underlying

(EUR million)	GROUP Revenue		GROUP EBITDA		GROUP Revenue		GROUP EBITDA	
	Q2 '21	Q2 '22	Q2 '21	Q2 '22	YTD '21	YTD '22	YTD '21	YTD '22
Reported	1,370	1,440	476	473	2,737	2,844	936	938
Adjustments	0	-2	-17	-10	0	-3	-31	-27
Underlying	1,370	1,437	459	463	2,737	2,841	905	911
<b>Adjustments</b>	<b>0</b>	<b>-2</b>	<b>-17</b>	<b>-10</b>	<b>0</b>	<b>-3</b>	<b>-31</b>	<b>-27</b>
Lease Depreciations			-20	-20			-40	-41
Lease Interest							-1	-1
Transformation			1	6			3	11
Acquisitions, mergers and disposals		-2	3	3		-3	8	5
Litigation/regulation				2				-1

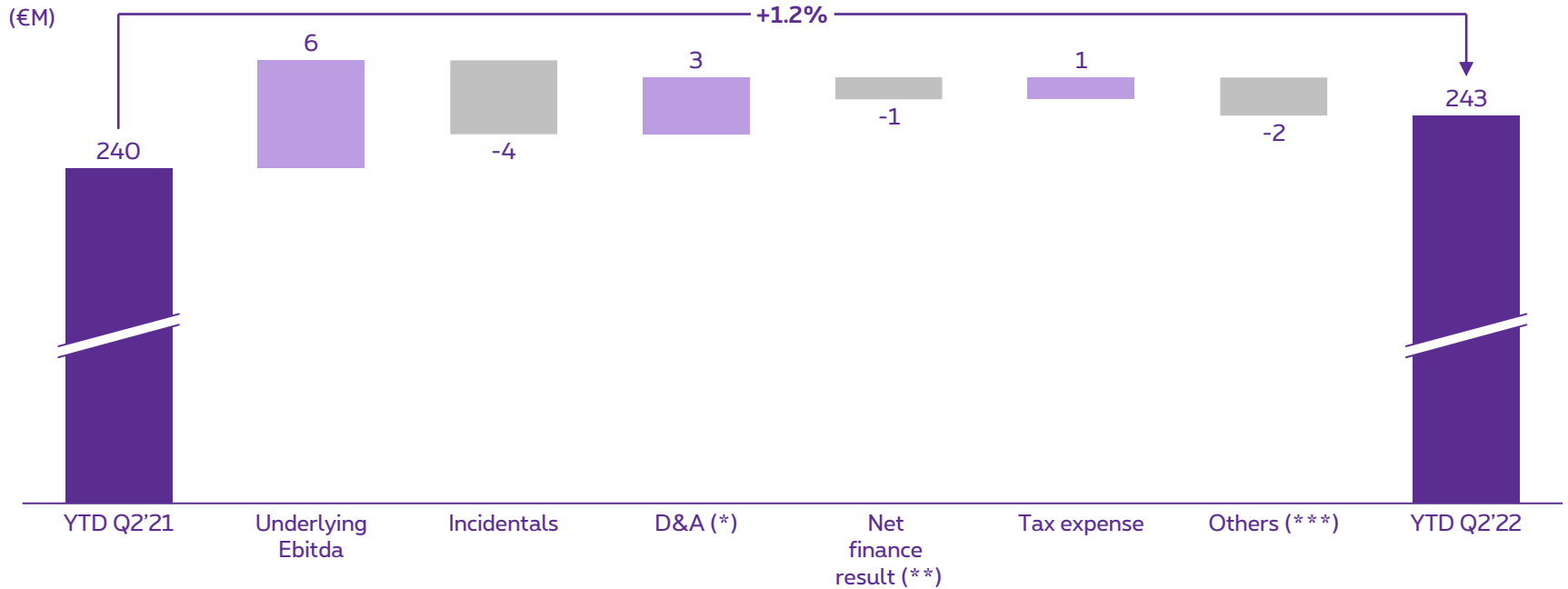
# EBITDA conversion to FCF

(€M)



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

# Net income (Group share)



\* Excluding Lease depreciations

\*\* Excluding Lease interests

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

# Shareholder structure

(\*status 30/06/2022)

Total number of shares

**338,025,135**

Free-float

**42%**

Belgian Government

**54%**

Market Capitalization\*

~€ **5.0**Bn

Dividend yield\*

~**7.8%**

	Number of shares	% shares	% Voting rights	% Dividend rights	Number of shares with voting rights	Number of shares with dividend rights
<b>Belgian state</b>	180,887,569	53.51%	56.10%	55.98%	180,887,569	180,887,569
<b>Proximus own shares</b>	15,602,189	4.62%	0.00%	0.21%	0	693,702
<b>Free-float</b>	141,535,377	41.87%	43.90%	43.80%	141,535,377	141,535,377
<b>Total</b>	<b>338,025,135</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>322,422,946</b>	<b>323,116,648</b>

The voting rights of all treasury shares are suspended by law. Proximus has 14,908,487 treasury shares that are not entitled to dividend rights and 693,702 treasury shares that are entitled to dividend rights.

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

# Contact Investor Relations



Call:

+32 2 202 82 41

+32 2 202 62 17



E-mail:

[investor.relations@proximus.com](mailto:investor.relations@proximus.com)



Proximus Investor  
Relations website:

[www.proximus.com/en/investors](http://www.proximus.com/en/investors)