Transcription

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Presentation

Operator

Good afternoon, ladies and gentlemen, and welcome to the Proximus Q4 2020 Results Conference Call. For your information, this conference call is being recorded. At this time, I would like to turn the call over to Madam Nancy Goossens, Director, Group Investor Relations. Madam, please go ahead.

Nancy Goossens

Yes. Thank you. We will start this call with some slides from the CEO, Guillaume Boutin. The first part is what you received actually in the deck this morning. So after the introduction, we will go to your questions. For the Q&A session, we have here also Katleen Vandeweyer, the CFO a.i; Jim Casteele, the Chief Consumer segment. We have Anne-Sophie Lotgering, the Chief of the Enterprise Segment; Geert Standaert, the CTO; Dirk Lybaert, the Chief Corporate Affairs; and Matteo Gatta from BICS. They will take your questions in a moment.

But before we get to that, Guillaume, please start with your introduction. Thank you.

Guillaume Boutin

Thank you, Nancy. Welcome, ladies and gentlemen. And thank you for joining us on this Q4 conference call. If I go to the next slide. When looking back on 2020, we cannot but stand still for a moment on how exceptional this year has been. During this pandemic, the telecom industry, more than ever, has shown the vital role it plays in modern society.

We have kept people and businesses connected every day. Increased calling and the massive number of video meetings has boosted the traffic networks. The sanitary crisis has accelerated digital adoption across all domains and age groups, opening up new opportunities for e-commerce, e-educations and many other domains. The increased need for connectivity has also pushed the growth up in the Belgium internet market.

Now moving to slide three. And Proximus, as a large Belgium company, we were very serious in taking up our societal role. We have launched several initiatives to support our customers and the specific actions we took for the most affected industries like education, hospitals, culture and healthcare are still ongoing.

Now moving to the next slide. And it's within this sanitary crisis, we have been building on our growth strategies. We launched many initiatives and achieved good progress in our key strategic pillars. We have listed, on this page, a number of examples around our networks, around our digital transformation, around also the diversification of our activities. And also on the commercial portfolio revamp, that as you’re going to see in a few minutes, generated quite traction on the customer numbers.

But we have communicated though these topics before, some even quite recently. So I will not take you through all of them. But looking at this non-exhaustive list is how we're clear that we have been taking meaningful steps in executing our strategy and are preparing the path to return to growth as of 2022.

Next slide. Now, before turning to the more financials and operational results, I'd like to highlight some achievements in the sustainability domain I am particularly proud of. Our climate deserves our greatest attention. Here in Belgium, we had probably the warmest week of the history for a month of February. And global warming has become a reality and we have to deal with.

For Belgium, Proximus has an important role to play in reconciling the digitalisation of our economy with these environmental challenges we are facing. We have set the bold ambition to make a net positive contribution to a net zero planet and this by 2030. To get there, we need to do more good and less bad for the environment, meaning that we need to enable our customers to reduce their carbon footprint through our products and services. This is the Scope 4 on the right side of the slide.

At the same time, we also need to do less bad, meaning we need to act upon our total carbon footprint, which includes our own direct and indirect emissions, so Scope 1 and Scope 2, as well as our indirect emissions throughout the value chain, so Scope 3. I truly believe we have an enabling role to play to our society by providing products and solutions that can reduce our customer carbon footprint. We work together with them to develop innovative solutions enabling the decarbonisation of our customers' footprint. As such, we can help make positive changes for the climate outside our own value chain.

Turning to the next slide for some achievements. We are proud to have met, in 2020, our carbon footprint objective that we set for 2025. We have reduced our emissions by 105 kilotons. While the conditions were obviously quite exceptional, this acceleration proves that real change is within reach. At the same time, our footprint clearly shows, we already strongly reduced our own emissions over the last decade. Our ambition is to go beyond our own operations to support our customers, as I said, and suppliers in embracing more sustainable habits.

To that extent, we have rollout our circular manifesto. This is a commitment of Proximus and the supplier to collaborate in the implementation of projects and initiatives in order to design together sustainable products. We aim to continue the good trend and still on track towards making a net positive contribution, which is a very bold objective to a net zero planet by 2030.

Now moving to the next slide. As a telco, we have an enabling role to play in the greenification of our society, as I said. Products and solutions that will enable the enterprise and public sector to decarbonise the footprint are, for example, and to be a little bit more concrete, a smart packing app that saves our customers time and fuel which cuts back CO2 emission; traffic management systems attract the emission of company cars and optimise their usage; audio and video conference tools to avoid traveling and especially flying; monitoring devices for efficient energy consumption; IoT solutions such as smart buildings, smart city, smart agriculture to enable better energy management and so on and so forth.

Besides the work being done for B2B, we also need to create awareness amongst consumers on how to improve the carbon footprint in their daily life. By teaming up with Doconomy, we have kicked off the creation of an ecosystem of like-minded companies with the ambition to empower our consumers to make them aware of the daily carbon impact.

The first objective is to help raise awareness about the urgency of climate change and our shared responsibility to act. Proximus and Doconomy will start by offering Proximus customers digital tools to track their carbon footprint. The second step is to enable them to opt for a more sustainable only lifestyle. We are the first telco player in the world to team up with Doconomy and to engage our customers in climate action.

Now moving to the next slide. We have set to ourselves the ambition to become truly circular by 2030 and are gradually saying goodbye to the current economic system of take, make, waste. The circular economy is based on the idea of no longer eating up raw materials, but extending their life span by reusing, repairing and recycling them. We have been collecting and refurbishing modems and decoders since 2014. We are granting the second life to 90% of all devices which corresponds to two million refurbishments. 489,000 devices have been prepared for a second life in the course of 2020 and we ambition to do even slightly more in 2021.

One material we have been recovering on the grand scale is copper. In 2020, 994 tonnes of copper were recovered. That is because we are gradually replacing our copper networks with a fiber network, and we'll come back to that. And we are in the process of outphazing certain buildings. 2020 was a rather exceptional year as we outphazed two large buildings which explains why we have a low objective for 2021.

On this slide as well, I'd like to mention the Don't Miss the Call initiative, which is a large campaign to raise awareness about phone recycling and to motivate people to return the old devices. The valuable and increasingly scarce raw materials can be reused in new phones. Our goal was to collect 100k phones in 2020, but then COVID interfered with these plans. Nonetheless, we still collected 55 phones which is an amazing performance over the last past year. And we are extending the campaign in 2021 with the objective to collect 150k units in this year.

Going to the next slide, and let me turn for a moment to our financial and operational results. And I have first a word on the operational results with the customer growth of the Group and – which is quite solid despite challenging circumstances. I'm now on slide 10, that is showing that over the past year we have kept a strong commercial momentum in a very competitive setting, growing our core customer base with a specific focus on value customers, as you can see in the very nice trend that we have on TV customers.

So I'm very especially pleased that we have been able to show a very nice improvement from the growth we had achieved in 2019. And this is true for all our three core products that we are putting on the market. And we have achieved these good results for a number of reasons. First, we are benefiting from the effort that we have done in terms of network investments. The high-quality was proved during the confinements and lockdowns with our networks rolling up very well in spite of the steep increase in usage.

Besides our networks, we offer our TV customers with Pickx, a wide variety of content. We are, for the moment, the only one to really showcase this surplus, for example, for our customers. And we continue to play a content aggregator role. As a last point, but having a very good contribution to our customer acquisition, are the offers that we have launched on the market. We see for the Proximus brand a very, very strong commercial traction for the new convergent offering, Flex, that we have launched on 1st July 2020, while our Scarlet brand continues to thrive in the market for cost conscious customers.

Moving to the next slide. With this very nice traction for Flex, we had ended 2020 with 317,000 subscribers for the Flex offer. This success is also driving an increase in our convergence rate now reaching 60% of all multi-play customers. Flex is also driving a higher number of multi-mobile customers and hence leading to positive impact on the RGUs, and therefore, on the average revenue per customer, which is, for the fourth quarter, up by 1.5%.

Moving to the next slide. What is more, is that with the rollout of our fiber network and with the acceleration of this rollout, we also start to see the positive effect of customers signing up for fiber. End 2020, we had a total of 65,000 fiber customers within our consumer segment. As we'll continue and accelerate the coverage, we see more and more customers coming on the fiber network.

And now going to the slide 14. Taking a look at our business segment. As you know, the sanitary crisis has made the economic environment quite challenging. And in this setting, the enterprise segment has shown quite good resistance in terms of volumes, keeping good growth in its mobile base and keeping its internet base fairly stable. This, in spite of competition on the Belgian market, which is heating up for the enterprise segment. The competitive pressure is mainly shown in the mobile ARPU trend, which besides the effect of COVID-19 on roaming is also reflecting some ongoing pricing pressure.

Now moving to the next slide. ICT was also, of course, exposed to the sanitary situation and the impact of the economy. But while there was, for sure, exposure, all in all, the ICT revenues are still head up pretty well in 2020, showing small growth from the prior year and now representing 40% of the revenues. In several key transformation areas, we are gaining traction, supported by strategic and IoT developments.

Let's now take a quick look at the domestic revenues, and moving to slide 16. So our total domestic revenues for 2020 was down by 2.3%. The chart shows the main elements of this decrease. But the first three are, I would say, our core revenues, being the revenue telecommunication services and ICT from both our consumer and business segments. This includes the mobile revenues which were significantly impacted by lower roaming traffic as a result of the COVID-related travel decrease.

And if we take out the roaming out revenue from both 2019 and 2020, you can see that the services revenues would have been up by 0.6%, instead of the 0.6% decline. Another important driver of the domestic revenue decline was inbound revenue at low to zero margin for us. And further roaming IN and other product revenue, which included some temporary negative effects on a year-over-year comparison.

This was for the domestic revenues. We now have a look at BICS and TeleSign on the next slide. And as we have announced a few weeks back, we have acquired the full ownership of BICS. As a reminder, BICS, as a company, is in fact, composed of two large activities: TeleSign and BICS standalone.

And as we explained the day of that announcement, TeleSign is a fast-growing leader in the digital identity space and in a programmable communications space. Its revenue grew over 2020 by nearly 57% driven by authentification and mobile identity services. BICS' standalone direct margin declined by 13.6% over the year carrying the largest part of the COVID-19 impact. In addition to these adverse COVID-19 effects, the underlying direct margin was further impacted by MTN insourcing process, emphasising the structure voice revenue decline. In contrast growth was noted – linked to the expansion of BICS' activities in the clouds communication business.

Now moving to slide 18. We have closed the year with a strong reduction of our cost. For the domestic cost, we achieved a 3.9% decrease, of which €45 million is a structural reduction and is largely the results of our headcount programme we launched in March 2020. In terms of that, we also had some benefits from COVID-19, which were rather of temporary nature.

Putting all together, this brings me to the Group EBITDA on slide 19. And here again, negative effects from COVID-19 have played a significant role in the decline. The Group EBITDA for the full year 2020 ended €34 million below the one of 2019, including an estimated negative impact from COVID-19 on our operation for almost €50 million.

On the next slide, you can see the Capex and investment side, on slide 20, we have a fiber rollout that is progressing very, very well. We ended the year with a total number of 460,000 homes passed, an increase by 69,000 in the last quarter of 2020. As you can see on the chart, we have increased our weekly pace significantly, reaching 5,000 per week in the fourth quarter. Hence, we are well on our way to realise our announced acceleration of this fiber rollout.
On slide 21, you see that including our fiber investments, our Capex for 2020 reached exactly €1 billion, which was slightly above our estimation due to some additional customer Capex in the last months of 2020, driven by the success of Flex, the Fiber uptake and some wins in ICT domains.

The normalised free cash flow for 2020 ended at €354 million, and as shown on the graph, the main driver for the lower free cash flow level compared to 2019 was the additional cash out related to the headcount programmes with especially the high cash out for the Fit for Purpose plan.

I'm on slide 23 now. So with €836 million of EBITDA minus Capex, we have delivered upon our guidance for the year, this in spite of a bit higher than anticipated Capex, as I said before. This brings me to the last part of this introduction.

And now looking at 2021 and beyond, and now moving to slide 25 to the guidance. And as we set out during our CMD in March 2020, the year 2021 will be a transformational year for the company. It remains for 2021 high uncertain on what will be the level and duration of COVID-19. And what will be the related impact of this sanitary situation. In our assumption, we have anticipated a gradual recovery of roaming volumes in the second part of 2021. This included we expect the 2021 underlying domestic revenues to remain rather close to the 2020 level supported by a further customer growth in the consumer market, TV and mobile post-paid base and by a carefully managed transition within the enterprise segment.

For wholesale segment, we expect a continued impact from eroding SMS inbound traffic, but, as you know, this has a neutral effect on domestic margin. To build the foundations for a growth trajectory, we anticipate, in 2021, some additional expenditures. For domestic operations, this is related to fiber migration and IT transformation. Also cloudification, which is a trend industry and the rollout of the shared mobile network by Mwingz will have the effect of increasing Opex, while reducing Capex, so no impact on the cash.

At the same time, we expect less cost benefit from COVID-19 related measures in comparison to 2020. All these elements account for a total of around €50 million of operational expenses that will impact our domestic operations. This aside will continue our tight cost control in other areas and work on cost efficiencies to further digitalisation, automation and simplification of operations.

So this brings us to the underlying Group EBITDA for 2021, which we expected to range between €1,750 million and €1,775 million. Our Group Capex is estimated to land close to €1.2 billion for 2021. As we announced at our Fiber Update in January, we are aiming to double the rollout of speeds of fiber compared to 2020. In addition, we'll be investing, amongst other things, in the mobile network as well as in IT transformation.

And with regards to our debt level, we anticipate that for 2021, our net debt to EBITDA ratio will remain below 1.6 times. This takes into account equity injections in the fiber JVs, the acquisition of the minority shareholders of BICS. And of course, the acquisition of Mobile Vikings, pending the approval of the competition authorities.

Now moving to Slide 26. We confirm our ambition from our Inspire2022 strategy bring the domestic operations back to top line and EBITDA growth as from 2022. We also confirm our indirect Opex ambition for 2022 being a net indirect Opex reduction of between minus 1% to minus 2% CAGR and this over the three-year period 2020 till 2022. With digitalisation benefits coming sooner than expected, this cost objective was already largely reached in 2020.

So in a view of obtaining structural cost efficiencies, we are shaping up a new company-wide cost programme in which we are ambitioning total of gross cost savings for about €400 million. Roughly half of this is reflected today with the 2020-2022 cost objective and the remainder is to come in the 2023 to 2025 period.

This brings me to my very last point. I am pleased to announce that our Board of Directors approved to propose to the AGM to return to our shareholders a gross total dividend of €1.2, of which €0.50 was returned as interim dividend in December 2020. We also reiterate our intention to return over the result of 2021 and 2022, a gross dividend of €1.2 per share to be considered as a floor.

With this, I have come to the end of the presentation. So we can now open the line for your questions. Thank you.

Question & Answer Session

Operator
Thank you, sir. Ladies and gentlemen, if you wish to ask a question, you may press 01 on your telephone keypad. We have one first question from Mr David Vagman from ING. Sir, please go ahead.

David Vagman
Thank you. Good afternoon, everyone. Can you hear me?

Nancy Goossens
Yes, we can.

David Vagman
Yes. Okay. Thank you. Thanks for taking my questions. So I've got two main questions. First, concerning your disposal programme. Once your Mwingz JV is fully operational, so after the integration, and given the very strong appetite from investors on the rich valuation for towers, would you consider selling part of your tower assets or a stake in Mwingz? So that's my first question.

And then secondly, on the free cash flow investment in 2020-2021, could you elaborate on the total Capex guidance and the equity cash injection for fiber in 2021? I thought there would be a reduction in 2021 Capex compared to the initial Capital Market Day guidance. And this, thanks to the JVs. In the end you still guide for Capex close of €1.2 billion, which to me seems a bit on the high side. So is it related to additional investment not necessarily fiber-related, or is it simply phasing or customer premise equipment, so market share-related. And so – as I said, so if you could also quantify the equity cash injection of 2021, and whether this is basically essentially front-end loaded? Thank you.

Guillaume Boutin
Okay. First on your first question, as you said, the focus for 2021 is really to execute on the Mwingz joint-venture and to really work on the combination how the active mobile network of Proximus and Orange. That's really the focus of 2021. That said, you also know that the regulatory context of the Belgium market is a little bit more unfavourable compared to other markets in terms of towers.

But that said, I think, we – it's fair to say that all options need to be kept open and that we will consider that possibility not being a short-term focus for us, but we want to keep all options open. So we definitely also work and prepare and do some preparatory work. But as I said, we have also operations in Luxembourg that could be the test market for us on that matter. And we will focus on Mwingz and so on, the combination of the active part of the network in Belgium. And all options are still kept open for the towers in Belgium.

I will also start on your second question and then let the floor to Katleen. And we'll start with the Capex question. I think the €1.2 billion reflects really the acceleration we want to do first ourselves. You know that we are first rolling out ourselves the more dense areas of Belgium. And indeed this is ambitious in terms of rollout, because we want to rollout 300,000 new homes next year with our own fiber. So that is a very ambitious acceleration.

So the level of Capex will be also depending on our ability to reach that very ambitious acceleration of the rollout. But I think this is a good investment. So if we can really meet that objective and we'll be happy to reach the €1.2 billion of Capex next year, of course, depending on the achievements in terms of FTTH net new homes, the level of Capex will be adapted.

Katleen Vandeweyer
And so as to your question on the free cash flow. Looking at the free cash flow consensus, which is €330 million, I don't think we will be that far off. So what is the free cash flow composed of, is of course the EBITDA minus the Capex, but we have as well several cash outs for the BICS acquisition for Mobile Vikings, but we will, ..and the equity injections in the JVs which should be still quite

limited in ’21. But we have as well some good news. Some good news related to some timing on tax payments, as well less restructuring payments that we will have to pay in ‘21 compared to 2020.

David Vagman
Okay. Thank you. So you are saying that looking at the leverage of 1 point – sorry, the leverage net debt on EBITDA indication that it would remain below 1.6. Because this is quite – it seems if we would put ourselves at 1.5, it could still be quite above consensus it seems to me. It's not because of some equity cash injection in the JV.

Katleen Vandeweyer
So the leverage of 1.6 takes into account of course our free cash flow. But it takes into account as well the acquisitions to acquire the minority shareholders of BICS, Mobile Vikings and limited injections in the fiber JVs. But this is being offset by some timing and tax payments and as well the restructuring payments.

David Vagman
Okay. Thank you very much.

Guillaume Boutin
Yeah. So just to add, as Katleen said, if you look at the consensus on free cash flow today, I think the vision was quite clear is that we will not land far of that consensus in 2021.

David Vagman
Very clear. Thank you.

Operator
Thank you, sir. Next question is from Mr Nicolas Cote-Colisson from HSBC. Sir, please go ahead.

Nicolas Cote-Colisson
Thank you. Hi, everyone. Back on the EBITDA bridge to 2021. First, can you explain better the €50 million linked to fiber migration, IT transformation, cloudification. Can you be a bit more precise on that? And if you also can say if it is impacting the gross margin, or is it below that?

Secondly on network sharing. I thought the plan was for Opex and Capex incremental cost of €75 million in ‘21 to ’23. Has this changed? And how does this contribute to the previously mentioned €50 million extra cost?

And third and last, what is the impact of fixed and mobile commission rates cuts expected for ‘21 and ’22? Was it incremental EBITDA pressure you had to factor in, in your new guidance? Thank you.

Guillaume Boutin
Okay. I will take your first and your third question. On the first one on the €50 million linked to fiber, cloudification, you can consider one-third is one-offs, mostly link to COVID. One-third is transitory costs for transformation. We have a little bit boosted our plan to transform our IT systems. And this will be a bump in Opex also linked to the Capex spend on IT transformation. You know that a part of your Capex needs to be as a consequence on your Opex line for IT transformation. And one-third is more structural linked to fiber migration of customers and it is really customer Opex, when you migrate a customer from the copper network to the fiber network, you have an Opex cost associated. And so the migration is going to be starting to be significant in 2021, and will continue in the coming years.

And then you have the cloudification effect. When you are moving to cloud your information systems, you are switching Capex costs to Opex cost, and of course with no impact on the cash. But in the way, you are accounting for those cloud-based IT systems has an impact on your Opex base. So just to summarise, one-third – one-offs – one-third transition cost not to be replicated after 2023, and one-third of more structural increase of our cost. But as said, our guidance of net decrease of our indirect cost of in between minus 1% to minus 2% CAGR decrease between ‘20 and ‘22 includes all those elements. So there is also that to be taken into account.

On the FTR, and fixed and mobile termination rates, for us is to be very, very low impact on the direct margin, only a small impact on the revenue side and no impact on the direct margin. And one question I forgot to answer on the first one. So it's mainly below the direct margin this effect of €50 million. So it's no impact on direct margin, mostly below direct margin that you're going to see those €50 million next year. And on the network sharing?

Katleen Vandeweyer

And so on the network sharing, indeed, we do have some investments to make in order to make the mobile network sharing agreements upon rolling, and those investments are included in the Capex as well as on the Opex part. And so they are included in our guidance. And the numbers haven't changed compared to our previous guidance.

Nicolas Cote-Colisson

But – sorry to follow-up on that. Within the €50 million in the one-third, one-third, one-third, is there anything for this Mobile sharing start-up costs?

Katleen Vandeweyer

There is a part included. This is – yeah, it's a small part which is included in the temporary impact that we will have for a short period. And so, of course, once that, the mobile home sharing is up and running, those costs will disappear.

Nicolas Cote-Colisson

Okay. Perfect. Thank you, Katleen. Thank you.

Operator

Thank you, sir. And next question is from Mr Emmanuel Carlier from Kempen. Sir, please go ahead.

Emmanuel Carlier

Hi. Good afternoon. Thanks for taking my questions. I have two. The first one is on fixed voice. So we saw accelerated losses in 2020 year-over-year. So the question is, what is driving that? And do you believe that the 2020 trend will continue in the coming years? And then the second question is about the EBITDA guidance. So if we compare consensus return midpoint of the EBITDA guidance, there is 80 – yeah, more or less €80 million difference. So €50 million is related to the additional expenses. But what is in your view the other €30 million that is missing? Thank you.

Jim Casteele

Good afternoon, Emmanuel. Jim Casteele speaking. So indeed, we see, in the consumer segment, a declining appetite for fixed voice. This is also why we have launched mid last year our new Flex offer which is addressing this new trend and it is actually also delivering, as Guillaume already mentioned, very good operational results. Going forward for the coming quarters, I don't expect any real changes on this trend. So I expect this trend to be similar to what we have been seeing over 2020.

What is important for us, and which we really look at, is the ARPC, so the average revenue per customer. And as you know, our 3P convergent ARPC is around €92, which is much higher than the current ARPC of €59. So we still create a lot of value with our 3P mobile Flex solutions. And we also see on our Q4 results that we have been able with Flex to capture the valuable part of the market as we have delivered very strong performances both on internet, but also on digital TV and on mobile post-paid.

Guillaume Boutin

On the EBITDA of 2021 compared to the consensus, I think, indeed, you have the €50 million that could be part of the explanation. Second thing probably that could explain the difference is related to BICS and TeleSign. Now we still have an expected roaming impact for BICS, because we have one initial quarter of COVID impact and all Q1 is compared to last year. Second at TeleSign, you see the growth numbers. And if we want to continue and to accelerate that growth, we need to reinvest a little bit in the growth, in the product, in the go-to-market of TeleSign to deliver a strategic growth year-over-year for TeleSign next year. That also implies some investments in product and go-to-market. So that the second element BICS and TeleSign, probably that has been a little bit different from what we have in mind and the guidance. And the last element probably, but to be confirmed that the transition at the B2B businesses even if we are really trying to do it as smooth as possible, this transition the price pressure on the B2B market is there and could be one last explanation of the difference in between the consensus and our guidance.

Emmanuel Carlier
Thank you for that. Maybe one other question I have is on the free cash flow. So you commented on free cash flow, but to me was not very clear. Did you give a bit more precise guidance on 2021 free cash flow expectations?

Guillaume Boutin
What we did is that we’re just mentioning that the consensus today is at €330 million for our free cash flow for 2021. And what we just said is that we should not land far off that number.

Emmanuel Carlier
I still have a bit difficulties to understand exactly why. With the EBITDA being lower and Capex higher? Could you maybe quantify some of the variables like the cash taxes that will be lower?

Katleen Vandeweyer
So let me try to answer this. I think in terms of EBITDA, we gave the guidance, as well in terms of Capex, we are guiding as well. But on top of it you will have some extra cash outs for the BICS acquisition for Mobile Vikings and a small limited amount of equity injections in the fiber JVs. But at the other end we will have dividend payment of course. But on the other hand, we will no longer have some important cash outs for the headcount transformation plan. And we will have some good news in terms of tax payments.

Emmanuel Carlier
Could you be a bit more precise on the tax guidance, because that's one-off cost?

Katleen Vandeweyer
No. We don't disclose that. I can only repeat that we think that we won't be too far off from the free cash flow consensus of €330 million.

Emmanuel Carlier
Okay. Thank you.

Operator
Thank you, sir. Next question is from Mr Michael Bishop from Goldman Sachs. Sir, please go ahead.

Michael Bishop
Yeah. Thanks very much. Good afternoon. Just a question on the top line guidance please. It sounds like, from the presentation, you’re suggesting that consumer growth can remain quite robust with the tailwinds from the better subscriber growth this year. But I was just wondering, what are we thinking? Is consumer growth going to be enough to offset the tailwinds – or sorry, the headwinds in enterprise? How will the two dynamics playout in 2021 within the guidance? Thanks.

Guillaume Boutin
That's exactly correct. I think that we indeed are having a very nice traction on the consumer part. And we are transitioning at the enterprise segment. And we do think that the growth in the consumer activity will partly offset or all offset, because it's roughly in line with this year. Two elements, of course, the continued transitioning on a transition period at enterprise, but also a continued decline on mobile incoming revenues. Do not forget that SMS mobile traffic will continue to decrease, so we also have to offset that decrease in mobile SMS incoming revenues.

Michael Bishop
Okay. So you are saying basically that you can be flattish, or is this sort of approaching flat guidance?

Guillaume Boutin
Yes. Sorry, I was muted. So, yes, that's what we guided. So I think this is quite clear.

Michael Bishop
Okay. Thanks very much.

Operator
Thank you, sir. Next question is from Mr Ruben Devos from KBC Securities. Sir, please go ahead.

Ruben Devos
Yes. Good afternoon. Two questions, first one relates to a guidance on the net debt to EBITDA ratio. Thanks for providing that. I was curious, where this ratio aside from cash out from acquisitions that have been announced, if it also includes some assumptions on proceeds from future asset disposals in line with the Inspire2022 objectives. For instance thinking about, the intention to downsize the headquarters in Brussels or the sale of other activities such as Be-Mobile? That's the first one.

Second one actually relates to COVID mostly. Yeah, Belgium has been in a quite stringent – there have been some quite stringent lockdown measures in place. Initially most of your shops closed but then later reopened. Your commercial performance did not suffer too much in Q4, on the contrary. But related to customer installations and deployment of fiber, just wondering how much of a challenge or the current measures today? And then more broadly, yeah, you've managed to very much quantify the overall impact of COVID-19 in 2020. Obviously curious for 2021, what are sort of your assumptions this time around? Thank you.

Guillaume Boutin
So on the net debt to ratio EBITDA, there is, of course, the cash out – for the acquisition, but there is no – nothing is coming from disposal of assets. And the headquarter in Brussels, this is a long – it's going to be a long story, because we are not planning to move before 2024-2025 timeframe. So Be-Mobile is no more to sell. So I think this is really only the disposal of – the acquisition of Vikings and BICS that is reflective in that guidance point. On the customer installations and fiber rollout, I have to say that we – thanks to the to the team – Geert is here. Geert can answer the question.

Geert Standaert
Hi there. So with respect to fiber deployment and installation, I can tell you we're on a good track. It was in fact last year that we had an impact of COVID because you might remember that during a series number of weeks, we were no longer permitted to do road works and trenching, which is not happening today. On the contrary, we see that we have some flexibility, more flexibility for example in city centres that – the permits we're getting to intervene now and do as much as possible while it's calmer in the streets and in the centres is just a positive for deployment. So at this moment in time, I can tell you for 2021, we are on track with the plan, which is the doubling of what we did last year.

Ruben Devos
Okay. Thanks.

Katleen Vandeweyer
And to your second question, of course, it's very difficult to forecast what international travel will be going forward. But what we can say is that we will have one more quarter, the first quarter of COVID impact compared to last year. But right now, we think that there might be a slight recovery of travel as of the second half. And for BICS, of course, where we have exposure to COVID here in Belgium coming out. But for BICS we have a worldwide footprint. But here we are foreseeing some prudent incremental patterns as of Q2.

Ruben Devos
All right. Thank you. And just quickly come back on the net debt to EBITDA ratio. It includes Mobile Viking, and therefore, price consideration is €130 million. But yeah, that assumes that we should also take into account EBITDA impact from Mobile Vikings. Would it be possible to disclose that as it still depends on timing of the approval?

Guillaume Boutin
No, of course, it depends on the timing of the approval. So there is only the cash out effect in that guidance. And it's going to be a limited impact for – even if you managed to close the operations by mid-year is going to be very much small impact on the EBITDA. Also knowing that the synergies can be executed as from 2021, the network synergies because you know that – 2022 sorry, next year. As we – Mobile Viking customers are not on the Proximus network. So this is additional synergies for us as from 2022.

Ruben Devos
All right. Thank you.

Operator

Thank you sir. Next question is from Madam Nayab Amjad from Citi. Please go ahead.

Nayab Amjad

Hi. Thank you for taking my question. So I had a couple of questions. One of the cost savings you mentioned that half of was related to – up to the period 2022 and most of it has realised in 2020. So is it fair to assume there will be no cost savings benefit at all in 2022, and also if you could just clarify the drivers for top line and EBITDA growth in 2022?

And my second question is what's the update on the sale of VOO? And what will be profitable from Proximus perspective of VOO-Telenet combination or VOO- Orange Belgium combination? Thank you.

Guillaume Boutin

On the cost savings, indeed, we said that most of it have been realised in 2020, but you saw a similar in the communication we made this morning that we have adverse cost to overcome, €15 million of customer costs. Some are one-offs, some are, as I said, transition costs and some others are structural cost increase. But so that to overcome that cost increase we need to continue decrease on indirect cost. That's why we have launched another cost-cutting plan programme, which is an enterprise plan to substantiate the ‘21 to 2022 evolution of our costs, but also to prepare for further control of our costs after 2022.

So that's really why we have launched it, because now to decrease the cost in 2023, you need to work now in the transformation of your systems over the IT platforms to prepare for 2023. It's not like you can decrease your cost over a month. So this is why we have launched this new plan. And that is also why we will continue to be very, very focused on executing on cost efficiencies going forward.

The second question on the VOO sale process. Honestly, this is not my concern today. My concern is to really execute on the inspire2022 plan. We have so many things to do. We need to continue the customer tractions. We need to accelerate the fiber rollout. We need to position the EBU segments. So this is what we are really focusing on where we speak. And we'll be ready to win that market whoever is the owner of VOO. That’s really – I cannot say more other than that.

Operator

Next question is from Mr Roshan Ranjit from Deutsche Bank. Sir, please go ahead.

Roshan Ranjit

Great. Thank you. Afternoon, everyone. Two questions from me, please. Just on the ICT unit. You say that you, I think, increased your share. Is it possible just to give us some thoughts looking into ‘21? Obviously, there was some volatility through the year, tougher comps in certain quarters. Should we be thinking about, I guess, relatively flat profile through 2021, or is that going to be a bit more lumpy? Anything you can say there would be helpful.

And secondly, just circling back to maybe one of the previous questions. On the €50 million domestic cost now, I think it's quite clear for us to get a sense of how the fiber migration costs will go across in the coming years. But on the cloudification, is there any variability there? I think that you said capitalisation of hardware. So outside of the MWingz, is there any scope for any variability in that number translating between Opex and Capex beyond FY21? Thank you.

Anne-Sophie Lotgering

So good afternoon. It's Anne-Sophie Lotgering responsible for the Enterprise Business Unit. Thank you very much for your question on ICT. As you did see indeed, we were able to increase our ICT share for total revenues in 2020 and we anticipate that we can do that again in 2021.

What's very important for us is the mix of the ICT revenue because as we've been able to demonstrate in Q4 of this year, it's very important that our services contribution increase versus the product contribution. So as part of the transformation of our business moving forward, our ability to increase the services contribution out of the total ICT contribution is absolutely key moving forward as well. So that's what I can say in terms of guidance for 2021.

Roshan Ranjit

And just in terms of taking share, what type of customer base and who you're taking share from? Can you elaborate on that, please?

Anne-Sophie Lotgering

Sorry, I didn't quite catch the question. You were very faint. May I ask you to repeat it? I apologise.

Roshan Ranjit

Sure, no worries. It was just on taking the share. What type of customers and who are you taking share from, please?

Anne-Sophie Lotgering

So traditionally, our biggest share of ICT business has been our top customers. But one of the main areas as part of our transformation is to make sure that we're also able to address the smaller type of customers with more standardised ICT offers, and that's also part of the transformation of the business moving forward. I hope that answers your question.

Roshan Ranjit

Yeah. No, that's fair. Thank you.

Geert Standaert

Yeah. And this is Geert speaking on your question on cloudification. Let me maybe put some more context first around that. So it is as such that we, as Proximus, we pursue what we call a hybrid multi-cloud strategy. So that implies in fact that we organise our internal IT across multiple platforms. And that means traditional onsite platforms, fully virtualised onsite environments, but also different onsite private clouds, but also different public cloud players.

And so the financial impact that we are referring here to is in fact that financial impact of cloudification towards public cloud players. In that sense when you move workloads to the public cloud, then, of course, at one end you avoid Capex investment on your own infrastructure, you avoid renewal of your own infrastructure, but of course that implies then a higher renting fee for consuming the resources in – of those public cloud players and that goes into Opex.

At this moment for '21, that is indeed a trajectory, where we are moving gradually more and more of our workloads towards the public cloud. So in that sense, yes, you already have an impact in 2021 and where we assume that a certain single-digit percentage of our IT is moving towards public, but this will further grow in the outer years.

Guillaume Boutin

And just to add, when you are a small player like Proximus, you really need to leverage the R&D capabilities of public cloud providers, if you want to continue to be more and more efficient on the years to come. So this is also part of further overall efficiencies of the total cost of ownership of our IT systems. So that's really why we are very happy to take that road even if this is a little bit weighting on our Opex cost.

Roshan Ranjit

Great. That's very helpful. Thank you.

Operator

Thank you. The next question is from Mr Ben Lyons from Credit Suisse. Sir, please go ahead.

Ben Lyons

Hello. Thank you for taking my questions. I have a few, if I may. So the first is on the wholesale, as you've already expressed maybe a bit weak based on roaming and travel possibly not coming back until H2. But do you have, in your expectation, any pickup in wholesale fiber revenues? And are you probably speaking to any significant wholesale partners given that cable prices are going up could possibly be a tailwind?

And also on BICS. Do you have any internal or target? Have you said anything publicly about when you expect TeleSign growth to offset legacy decline?

And lastly just on TV. Have you seen any impact from the streamz launch, that would be quite interesting given their outlook quite strong last year? Thank you.

Guillaume Boutin

So just on your question on wholesale, of course, we are not going to be specific on numbers around our expectation for the different topic. You mentioned roaming, travels, etc., etc. But indeed the specificity of Proximus with the fiber development compared to other operators, that we are not shifting copper wholesale revenues towards fiber wholesale revenues because we do not have fixed copper wholesale revenue today, or very limited fixed copper wholesale revenue today.

So that's indeed an opportunity for us, if we manage to meet the acceleration of the rollout of the fiber network. We could have more and more customers on our fiber network. And it's not going – it's not to be material for next year. But on the long run this could be indeed an opportunity for us also compared to other geographies where fiber has been rolled out. On the BICS, I will let the floor to Matteo.

Matteo Gatta

Thank you for the question. I'd like you to actually restate the question because I didn't catch the second part of it.

Ben Lyons

Sure. I'm just wondering if you had any targets for TeleSign growth as to offset legacy decline in that business? Thank you.

Matteo Gatta

Okay. So I think your question is about EBITDA most likely, but I would like to remind you that basically the TeleSign is operating in a market which is CPaaS market, is delivering above-market rate in terms of growth and we expect that – of course, we expect that to continue.

On the BICS side, as we have explained also in our call on 9th February, basically BICS consists itself in three areas of the business. Legacy, where you have a structural voice decline, where we continue to optimise margin awaiting to participate in consolidation. The core business, which has been impacted by COVID, and that is the recovery is linked to the COVID – to the recovery of the COVID, which from a BICS perspective is a global matter a fairly complex to predict. Therefore, we are very disciplined and prudent on that front.

We expect scattered and very diversified recovery of COVID across the globe. And then the growth areas where we intend to announce our exposure to the cloud comm is CPaaS enablement market. And we have already – we're building on that on the basis of what has been built in BICS in the past months.

Jim Casteele

So this is Jim speaking, on your last question on streamz. So, as you know, our latest TV offer is building on Android TV as a platform. And one of the big advantages of Android TV is that we are able to very quickly onboard new content partners. And so this has actually allowed us as of launch of streamz in the Flanders region to offer streamz as a service also to Proximus customers. So we didn't have a negative impact of the launch of streamz. It's actually furthermore a positive impact because we can now offer to our customers content that in the past was not available to them.

Ben Lyons

Great. Thank you.

Operator

Thank you, sir. We have another question from Mr Nicolas Cote-Colisson from HSBC. Sir, please go ahead.

Nicolas Cote-Colisson

Sorry, Nic here. It's going to be short. On KPIs, any explanations around the full year 4-play customer base in the last couple of quarters? Is it a change in market dynamics, because I can see an increase in triple-play parallel. So what product clients are talking? Thank you.

Jim Casteele
So this is Jim, again. So indeed as you can see in the quarterly evolution of fixed voice, actually this is also what you see coming back in our quad-play. But as said, our triple-play Flex offer is really driving a lot of value with a very strong ARPC. And so we're really happy with that performance, but so indeed the impact on quad-play is linked to fixed voice being less and less appetite for the consumer segment.

Nicolas Cote-Colisson
Okay. That makes sense. And do I understand correctly that you said about the TV trends that what we have seen in the last couple of quarters is something we should also see in terms of net adds for 2021.

Jim Casteele
That's indeed the ambition and that's a trend that we have been seeing over the last months. So we will continue to drive the market and our customer acquisition in that sense.

Nicolas Cote-Colisson
Thank you. That's it from me.

Operator
We have one last question from Madam Nayab Amjad from Citi. Please go ahead. Madam, Amjad, your micro has been opened.

Nayab Amjad
Hi. Can you hear me?

Operator
Yes.

Nayab Amjad
Hello? Yeah. So just one quick question. Would you consider co-investing with Telenet and Flanders or having some sort of collaboration with them rather than both of you overbuilding each other's network?

Guillaume Boutin
Nayab, I'm sure you understand, but I cannot be precise. I cannot answer very precisely on that question. But what we are doing is leading this fiber network. And we always stated that this fiber network is an open network. So we'll be more than happy to welcome Telenet on this network. And we are also hoping for a rational behaviour of all players in the infrastructure play. So we see what would be also the outcome of the discussion between Telenet and Fluvius. Let's see how it goes. But we are quite confident that we are building the best network, the best infrastructure. And it's an open infrastructure. So there is no reason why we should not be in a position to welcome Telenet or others on our network.

Nayab Amjad
Thank you.

Operator
Thank you. We have no more questions. Back to you for the conclusion.

Nancy Goossens
Yes. Thank you all for your participation. Should you have any follow-up questions, you can contact the Investor Relations team. Thanks. Bye.

Operator
Ladies and gentlemen, this conference call is concluded. Thank you all for your participation. You may now disconnect.