

**Transcription**  
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## Question & Answer Session

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### Operator

Ladies and gentlemen, thank you for joining us for the Q&A session on the Proximus Fibre Update. If you would like to ask a question, please press 01 on your telephone keypad and you will enter the queue. After you are announced, please ask your question. We kindly ask you not to use the microphone or headset when asking your question. We have one first question from Mr David Vagman from ING. Sir, please go ahead.

### David Vagman

Yes. Good afternoon, everyone. So first of all, thank you for the presentation, which I was – I think was very insightful, I think. I have a couple of questions. So first in the medium term – the medium to long-term, let's say, what is the activation rate that you target? So I think you use to target one million lines by 2026. And then when looking at these activated lines, what would be the split between the retail portion of this client and then the wholesale client? And could you explain the different dynamic, let's say, Flanders and then Wallonia because I think they must be quite different given your market share in the two regions?

And then my last question. Looking at your wholesale business, what would be the pricing strategy of DELTA Fibre versus Eurofiber? And are you close to signing some large B2C operator, say, Orange Belgium for instance? Thank you.

### Guillaume Boutin

Good afternoon, David. You asked two very precise questions. I'm afraid I won't be able to answer that precisely to those two precise questions. But I can give you some colour of what we do think about the filling rate of the network. As you heard during the presentation, what we want to ensure, it's to maximise our chances to have the best filling rate possible on our fibre network, that's why we do think that speed is quite important.

And the more we are going to be able to plant our fibre flag in maximum cities as fast as possible, the more probability you're going to have to fill your fibre network to the maximum. So we are clearly shooting for a filling rate that is close to what you see in other geographies, so in the 60/70% rate.

### David Vagman

Okay. Thank you. And that would be for the whole of Belgium?

### Guillaume Boutin

That would be for the whole of Belgium, yes.

### Geert Standaert

Yeah. Then with respect to your second question on wholesale pricing for the JV, it's also a bit premature at this point because with that as part of clearance process and so it's for us not possible to disclose all details and underlying assumptions because they have to be treated in confidentiality. But the underlying idea is however to – that we ensure a consistent coherence cross footprint conditions. While at one hand we consider, of course, the specificities of the deployment areas. As you can imagine, there is a difference in the cost to rollout in those areas, high dense, medium dense, north and south, and at the other hand, with respect to the pricing, we want as well our offering to be attractive so that we reach substantial penetration rate of the different platforms, FTTH platforms that we will be running.

### David Vagman

Okay. And could you just explain me whether, let's say, the strategy – how could the strategy differ between, let's say, DELTA Fibre and Eurofiber?

### Geert Standaert

Sorry, in both parties, they will build in fact a passive infrastructure. So the product that will be sold through the JVs is, in fact, a passive product. It's different. As Proximus, we will be putting onto that passive infrastructure our active infrastructure. So our wholesaling proposition will be through Belgian-wide active layer. What the JVs will be doing? They will be delivering a passive

product and it might be that, for example, some larger service providers that are willing to invest in their own active equipment. Yeah, they will sign up for a passive product coming from the JV.

You've seen as well that we've signed up with what I would call the smaller service providers, already 28 right now. These 28 through a connection on the active layer, they will get reach to the full nationwide footprint. And each JV, of course, but it's too soon to say because we're in the clearance process. But as of the moment that we are cleared, then of course we will be – can be more specific on the conditions of these respective platforms.

### David Vagman

Thank you very much. And one very last question. At the CMD, you disclosed, let's say, this ambition to increase your internet clients I think from 1.9 million to 2.1 million. So 200,000 increase. Can you come back on this, so provide us with some comments?

### Jim Castelee

Hi David, this is Jim Castelee. So indeed during the April Capital Markets Day last year, we have put forward that ambition. And this ambition, of course, is a mix of several elements. You have, of course, still a market that is slightly growing in terms of households taking internet. So part of that growth of course Proximus is continue to take. And then on top of that, we have of course also the growth of our market share, which is again a mix of several elements. And of course the fibre network plays an important part in that market share ambition. But as you know, we also have other brands there to be activated and that also plays into that overall ambition to go to 2.1 million lines by end 2022.

### David Vagman

Okay. Thank you very much.

### Operator

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

### Michael Bishop

Yes. Thanks very much. Just a couple of questions from me. Firstly, in terms of your charts showing there copper to fibre migration, but then also the wholesale and market share gains. I was just wondering whether you have any specific targets in terms of market share gains and also – well, I think you've already answered this slightly but in terms of the extra wholesale opportunity.

And then just as a quick sort of technical follow-up on the retail market share gains. I think you mentioned in the slides that you had a 29% win back in Mechelen in the first 12 months. So could you just sort of kind of give more details about what that metric is because clearly we don't know what your broadband penetration is in Mechelen. So has that already in 12 months exceeded your retail broadband share before fibre, or do you have any set of expectations about where your retail market share might go beyond your broadband penetration in regions like Mechelen? **[N.B. IR- The 29% is not on Mechelen only but across the current Fiber footprint]**

And then my final question is just around how can you be comfortable that the JV partners can build, I guess, 15-20% sort of cheaper on a per home basis, that seems to be what you're suggesting in the slides? Could you just give us a little bit more colour and insight there as to why they are so much more efficient than Proximus' own build? Thanks.

### Geert Standaert

Okay. So this is Geert again. With respect to the wholesale market gains, we cannot give specific number there. But first of all, you see that we already signed up more 28 wholesale deals and others are coming. These are constantly deals that we have with, I would say, smaller players, niche players, B2B type of players. These are all customers on our active layer. As I explained in the presentation, on the passive layer, the both JV platforms we'll be building, we also will implement our active layer, means that those players they will get immediately access to fibre across the whole nation, or meaning on our own standalone footprint and the footprints that we build together with the JVs.

Of course, we've always said that our platforms are as well open for the larger service providers, meaning our platform is open for Orange, our platform is open for Telenet. And there, there will be options. First of all on the active layer, we will virtualise our active layer, which means that if they would love to enter in an easy way and get a large footprint, all the fibre footprint that we build, access to that footprint, it can happen through the active layer with full differentiation capabilities, through virtualisation,

also an optical active layer can be today virtualised and we want to become reference there with respect to openness. And so we will have openness on the active layer.

The other element is they can, of course, as well opt for installing, implementing an active layer themselves on the passive layers that we will be building through together with the JVs in the south and the north or they can make a combination of that. We built an open platform not only for all what I would call and that the smaller players, smaller sized players, niche players but this platform is as well open for an Orange and Telenet.

### Jim Castele

So Michael on the question linked to the 29% in Mechelen. Actually, this is the take rate on the network, which is a combination of migrations of our existing customers combined with win back. So this is not only a win back. It's a combination of migration and win back, but it gives you an idea on what we can realise after 12 months as a filling rate with what we have today. And of course, as you say yourself, this will always depend a bit on local conditions, so you cannot necessary extrapolate this for the whole country.

### Geert Standaert

On your last question with respect to the cheaper building by the JV partners or with the JV partners, first of all, so we will be building in dense areas. Dense areas meaning where you have very specific situation, where for example you can do a lot of the deployment there that can happen on façade. At the other sites, you have a very complex underground situation. You have a lot of works that happened there before by other utility companies, where you have to respect some kind of timing before you can start trenching yourself.

We have been putting in place a machinery, a fibre machinery, that is really a machinery that can work at scale now in high dense. In that high dense situation, we opted for a point to multipoint architecture because this is the architecture that is well suited for the specific topology.

When we're moving now more to the medium dense area, in fact, you get a very different situation. The percentage that you can do there in façade due to the topology itself is not as big. The opportunity is not as big. The way of trenching there and the tiling, how tiling is done versus in city centres, you have expensive tiling, it's very different in medium dense. So trenching becomes kind of – you can do it in a more efficient way.

The most suited model there in the medium dense is point-to-point. Point-to-point is more efficient than in these areas than a point-to-multipoint. Nevertheless for us, we do not – we want to go fast. As Guillaume explained, we want not only to go broad but we also want to go fast. The partners that we want to work with and start up these JVs are partners that have specific experience in P2P. If I'm thinking about EQT and DELTA Fibre, they have in very specific experience in low dense. And they have existing P2P platforms. So the way to design the IT capabilities, etc. We don't want to go back again to a kind of learning curve. If these partners are crucial to us because if we bring together our capabilities and their capabilities, we have in fact the local know-how. We know how to deal with utilities, spare periods, etc., but they bring the immediate capabilities of a point-to-point platform and it's that mix that makes one plus one is three. And that is why you have seen as well year-per-year what are the volumes that we want to do. Learning curves, you have seen as well on point-to-multipoint that in three, four years, we constantly are capable to improve our unit costs. Well, we do not want to go through that learning curve again. We want to grasp all those that expertise that is out there now and together one plus one is two. And that's why we can do this in a more – in a cheaper way.

These companies they come as well with, of course, capacity, that capacity construction partners that they typically work with. Don't forget we're talking as well about the pace at a certain moment in time 600,000 homes passed per year. As I said, this is a market where all that capacity you need to find it, you need to train it, you need to get that certified. So also there, we're counting on – yeah, capacity, additional capacity that these partners will bring along.

### Michael Bishop

Thanks. And can I just follow-up, because you said that effectively when you were thinking about the 29% penetration, that's migration and win back. So do you have how much of that 29% is win backs versus migration?

### Jim Castele

This is information that we don't share.

**Michael Bishop**

Okay. No problem. Thanks for the rest of the answers.

**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. What are the next steps from a regulatory point of view? I'm thinking back to the access terms and conditions for third parties? And maybe linked to this, have you at some point considered co-investment and why not choosing that route eventually? And last, how does this fibre plan and your footprint articulate to reserve Fluvius and Telenet plans? Thanks.

**Geert Standaert**

Maybe on your first question with respect to the next steps, so what you have to know is that for both files that we have in fact – and that the European Commission already received our draft notification at the end of last year. So for both European Commission is now of course asking additional questions and we are replying to these questions as they come in.

We expect that we can do the formal notification by the end of February, which brings us with – to the end of March for a first phase of clearance ultimately. So that is the – that are the next steps that we get and this is crucial, of course, that these JVs get first cleared by European Commission.

Okay. I'll take your third question because on the co-investment I did not capture fully the question maybe. But on your third question how does this fit with the VDSL plan. So for us of course it's crucial that we can bring a minimum hygienic speed towards all our customers. So also on VDSL, what we are doing there is that we are increasing our VDSL capabilities as well to higher speed. But of course, we're taking into account. We look at the complementarity between what we are doing in fibre and what we are doing in VDSL.

The plans with respect to Telenet and Fluvius, I'll pass the word to Guillaume.

**Guillaume Boutin**

On that one, of course, I cannot comment for Telenet and Fluvius. This is something that you need to ask to them. But the message that I will pass that – and this is also the message that Geert explained a few minutes ago is that we are building an open network. And we are willing to create a rationale market in Belgium. So we are more than happy to accept other large operators on our fibre network. And that's where we stand today.

On your co-investment questions, Nicolas, we do not get what you wanted to ask.

**Nicolas Cote-Colisson**

Yeah. There was just – I was just asking whether you thought about co-investment afterwards some countries that have taken that particular route, you have decided to go with joint ventures. This is not completely different. But a kind of a French type of a rollout. Did you think about it and any reasons why you decided to do differently?

**Guillaume Boutin**

Yeah, sure. Of course, we assessed all options before deciding to go to that model. And what for us is the most important is, of course, to maximise the opportunity to create value and to maximise that, the main element is speed. And with the setup that we have put in place, we are maximising our ability to rollout that network as we think as fast as possible. And we all know that being the first to rollout a fibre network in less dense areas is a key factor to maximise again the chances to fill that network the more. So that's why we decided to opt for that combination of standalone acceleration and partnering with EQT and DELTA Fibre and Antin and Eurofiber. That's the way for us to maximise value creation.

**Nicolas Cote-Colisson**

Okay. That makes a lot of sense. Just allow for a very quick follow-up on the active and passive offers; is that fair to assume that both from the JV networks and your Proximus network, third parties will have access to both active and passive offers?

**Guillaume Boutin**

For our own network, third-party will have access to the active layer. And for the less dense areas, so that they're called, we are building with our partners. They have the choice to access either the active layer of Proximus or to connect their own active layer to the passive network.

**Nicolas Cote-Colisson**

And you think it's fine from a regulatory point of view for you not to offer passive access too?

**Guillaume Boutin**

Yes, we do.

**Nicolas Cote-Colisson**

Okay. That's clear. Thanks, Guillaume.

**Operator**

Thank you sir. Next question is from Mr Paul Sidney from Credit Suisse. Sir, please go ahead.

**Paul Sidney**

Yeah. Thank you very much. I had a couple of questions, please. Firstly, yeah, can I just clarify, do you say that net debt EBITDA will peak at two times over the fibre investment period? And just a follow-on from that. If that's true, does that imply that the JV equity injections are upfront and then the CapEx savings sort of are spread over the next five years as you set out?

And then just secondly a follow up on the Telenet-Fluvius question. They're obviously in talks in their own fibre plans. I wondered, is there any flexibility in your build or the JV contracts that you signed to take account of any overbuild that may occur? Obviously, your build out for 2028 it covers quite a long period of time. But are there any – is there any flexibility within this target? And should we view that 70% target is what makes commercial sense, if there's no overbuild? Sorry, that's quite a complicated question.

**Katleen Vandeweyer**

So indeed what we're saying is that we will be financing this fibre plan through a combination of assets at disposal and debt raising up to the €1.3 billion. And we're very confident that our net debt to EBITDA leverage will stay around two times the S&P metrics. And this is during the rollout phase.

And so as to your question will the JV equity injection will occur upfront, so yeah, it is important to say that the financing of the JVs will happen in the first instance by their own EBITDA generation. And then secondly via raising debt by the JVs. And then if there is still a need, that will be complemented by the equity injections from the parent. But in the first instance, those – from the needs of the JVs will be financed through their own EBITDA generation and the debt that they will be raising on a non-recourse basis.

**Guillaume Boutin**

On the question around the flexibility on the contract, for obvious reasons I cannot share that information, especially in the context of the clearance process. But of course, what – we do believe that we are going to build the best infrastructure for less dense areas. And on that part of the country, we are quite convinced that we will attract a lot of customers, including wholesale customers. That's really what we do believe on the long run. And, of course, you might see some overbuild is more in more dense areas in the city centres. They will be overbuild. And I think it's healthy also for the competitiveness of the markets.

**Paul Sidney**

Can I just follow-up? Sorry, I maybe didn't ask it in a very good way. But the sort of 70% target, does that assume a bit of overbuild in dense areas, and, i.e., does it still make commercial sense if you see a little bit of overbuild?

**Guillaume Boutin**

It still makes sense if there is a little bit of overbuilt as you mentioned. So that's why we are confident on the pathway that we took. Of course, overbuild does not makes sense if you exceed 34-35% of the homes. That's for sure. But in city centres, it make

sense. In different other cities is making less and less sense to overbuild. And that's why our ability to go fast is quite important to win that market.

**Paul Sidney**

Okay. That's great. Thank you very much.

**Operator**

Thank you sir. Next question is from Mr Matthijs Van Leijenhorst from Kepler Cheuvreux. Sir, please go ahead.

**Matthijs Van Leijenhorst**

Yeah. It's a bit of a follow-up on the previous question. It's regarding the win backs. Honestly I still don't understand. Let me rephrase the question. In those areas where you have rolled out fibre 12 months ago, do you see an increase in penetration? And if so, how much is that? And on top of that, in those areas where you have rolled out fibre, do you see an ARPU uplift?

And the final question is when you have finalised your fibre rollout, what will be the CapEx to sales ratio according to you?

**Jim Castele**

Hi Matthijs. So Jim speaking. On the first question, so indeed in the 12 months after rolling out fibre, we see indeed a clear impact on win back. We see double as much gross gains as we see in copper zone. So that clearly shows that we have a better market share on acquisition in those areas. And this is only possible, of course, thanks to better win back results. At the same time, we have also a better revenue per customer in those areas, 10% better than in comparable customers in a copper zone.

And then lastly what we also see, and this also, of course, influences the market share in those fibre zones, is that thanks to the fibre technology, we are also able to reduce the churn with 25%.

**Katleen Vandeweyer**

As to your second question, once the rollout is finalised, there will be no longer any major CapEx that we will need to do. There will still be some maintenance CapEx with linked CapEx investments. And as to the sales, yeah, the revenue will increase of course with market share and wholesale revenue and ARPU uplift.

**Guillaume Boutin**

Yeah. We cannot disclose today the CapEx to sales ratio of the company after the fibre rollout, it was the question. We're not giving that information today.

**Matthijs Van Leijenhorst**

Okay. Then let me put it differently. How much of your current CapEx is related to fibre?

**Katleen Vandeweyer**

Yeah, that's 20% as of today and it's going to be 40% in 2025.

**Matthijs Van Leijenhorst**

Thank you.

**Operator**

Thank you sir. Next question is from Mr Ulrich Rathe from Jefferies. Sir, please go ahead.

**Ulrich Rathe**

Yeah. Thanks very much. Two questions please. The first one is with regards to this overbuild question in particular in Flanders. Could you maybe indicate whether the return expectations you have in the JVs is similar in Flanders to the one in Wallonia?

And my second question is with regard to the €500 million CapEx savings versus the earlier plans over 2020 to 2025, could you sort of explain whether that came at the expense of higher future minority dividend leakage towards the private equity part? You seem to say that a part of this CapEx savings are actually offloading of own areas into the partner areas, which suggests that you also



changed your plans vis-à-vis the amount of leakage that will then in the overall plan sort of go to the private equity fund that are involved? Thank you.

### Geert Standaert

I'll take the first question. First of all, I want to say that our return expectations are above WACC in all regions and in all setups. So it means that it's above WACC in Flanders, above WACC in Wallonia, above WACC in Brussels. And of course above WACC whatever the setup we use, so standalone rollout by Proximus or the rollout with partners, which is the first element I wanted to mention. Second element I have to say that our expectation of return are quite similar in the north of the country and the south of the countries, so in Flanders and in Wallonia.

### Katleen Vandeweyer

As to your second question regarding the CapEx savings compared to the plan that we announced in the March CMD. So indeed that will be up €500 million and that will be composed of the offload from CapEx to the JVs. Unit cost savings on our own footprint. And then as well some savings related to better mobile hub sharing investments.

As to your question whether there will be dividend leakage to the minorities, indeed, there will be dividend leakage to the minorities up to 20% of our network ownership. But we will be more than offsetting this leakage – this network leakage through increased gains from the higher footprint as we've demonstrated on the NPV graph. And we will have as well an option to acquire 10% additional stake in the Flanders JV. And as was explained by Geert, we will have as well, have 100% ownership of the active network. So the definite leakage to the minority shareholders will be more than offset by the increased gains from the larger footprint.

### Ulrich Rathe

Thank you. Can I just follow-up with one question there is I was specifically interested that when you present the CapEx envelop as €500 million lower than when you last talked to us about this in July, whether that is specifically also coming together with a change in the profile of the leakage or whether this is just as you narrowed down the plans, the way they came out was that you just managed to sort of do this with €500 million plus CapEx in the envelope and everything else is more or less the same as you envisaged in July? Thank you.

### Katleen Vandeweyer

So we have €500 million savings compared to the plan that we announced in July. And indeed, we will have to do equity injections in JV. And so all in all, as we've explained over the first five years of the rollout, the free cash flow generation will be fully neutral compared to the plan that we announced back in July. And as explained for the dividend leakage to the minority shareholders, the dividend leakage will be more than offset by the extra gains, thanks to rolling out for the two millions of homes passed instead of 2.8 million of homes passed.

### Guillaume Boutin

Just to clarify; so the two elements are not linked. There is no link in the change of profile of the leakage and the €500 million lower CapEx compared to the capital markets day. Just to reclarify that question.

### Ulrich Rathe

Thank you very much.

### Operator

Thank you sir. Ladies and gentlemen, I would like to remind you that if you wish to ask a question, you may press 01 on your telephone keypad. We have a next question from madam Nawar Cristini from Morgan Stanley. Madam, please go ahead.

### Nawar Cristini

Thank you very much for the presentation. Slide 30 is basically helpful because it works us through the moving parts and the free cash flow impact. So we understand the moving parts from a mix perspective. I guess the bottom line of that slide is to say that the cumulative free cash flow impact is neutral, which is in line with your previous message. It will be interesting to give us a little bit of colour of this slide but more on a year per year basis. If I understand right from a previous question, the equity injection seems to be more backend loaded if my understanding is right. So then how do we think about the free cash flow in 2021, '22, etc. Does it mean that we should expect an increase of the free cash flow versus the previous plan and then a reduction towards the



end of the period or how should we think about this? So I guess to summarise my question, how should we think about the impact of the JVs on the saving of the free cash flow?

And then just a quick question on the ARPU uplift, please, of €7. Could you walk us a little bit about how you calculate the €7? Is that a mix of what you see at the moment in the current fibre footprint? Does it include also a projection of what the flex fibre plan will bring to the table? Does it include any value-added services, etc.? So any colour that you can give us on how we should think about the €7 ARPU uplift will be particularly helpful. Thank you very much.

### Katleen Vandeweyer

So Nawar, I will be answering the first question. So indeed we said that the cumulative free cash flow impact over the period '21 to '25 of this new plan compared to our CMD plan is all in all neutral. But in the beginning, we will have a slight negative free cash flow impact. And then afterwards it will become more positive in order to bring it all in all to a neutral basis. And why is it slightly negative in the first period? The reason is that in the first period in our previous plan, there were still foreseen to rollout on our own dense area of homes passed. And it was only to the outer areas that we were foreseeing to go to less dense areas. So only when we were going to the – in the outer areas to the less dense areas we have the CapEx outflow. So this explains that in the first years we have a slight negative free cash flow impact, which will be fully and entirely offset in the outer years in order to bring us all-in-all to free cash flow neutral impact.

### Nawar Cristini

Thank you. And sorry, just to follow up on that. Is my understanding right about the timing of the equity injections that are more backend loaded?

### Katleen Vandeweyer

Indeed.

### Nawar Cristini

Okay. Thank you. And the ARPU question?

### Jim Castele

So Nawar, on the ARPU uplift, we see indeed today, so this is based on actual results, but only on digital customers because we don't have the full customer base on fibre yet. But if we look at the digital customers on fibre, we indeed see €7 ARPU uplift versus copper, and this is again a mix of different elements. And like you say yourselves, we have the fact that flex fibre is €5 more expensive than on copper. Then also thanks to fibre, we can reintroduce split between the different tiers of flex, which we weren't able to do on VDSL. So this also creates additional value. Like Guillaume explained, €11 more when you go to the second tier, of course, there are other elements also in the second tier that we use. And then finally a one-off option of €15 to get to one gigabit. And then finally, this ARPU uplift is also linked to the fact that we see an increase in number of place for those customers but it doesn't include value-added services like potentially more content options and things like that.

### Nawar Cristini

Okay. Thank you.

### Operator

Thank you, madam. Next question is from Simon Coles from Barclays. Please go ahead.

### Simon Coles

Good afternoon. Thanks for taking the questions. It's probably just a couple of clarifications. A follow-up on the FCF mix slide. Can I just confirm that that doesn't include any copper switch off savings? And if it doesn't, are you able to give us any sort of information or colour around how we could think about how large the savings that could be? I know you've given some numbers on how fibre is more efficient than copper. So it's 55% per consumer. But any colour on the potential copper switch off savings would be very useful.

A second question is just a clarification on the option for acquiring another 10% in Flanders, is there any cash outlay for Proximus in that situation? I know when you or as I understand that when you consolidate the networks in the future, it's only a nominal amount that gets exchanged as part of the mechanism for the deal?

And then there's just one clarification on the CapEx. Connection CapEx, you've excluded it from slide 29. I'm talking about €5 billion that's needed. Presumably it's correct that the JV will pay a connection CapEx for any customers that are connected, say, it's not like Proximus or the wholesale partners would have to pay for that, isn't it? Thank you.

### Katleen Vandeweyer

So the copper switch offer savings, they're indeed included in the present value. So we have given an indication that the cost to operate the fibre network are cheaper than the copper network. But I can't give any more precise savings. I do think that I can add that on top of this, we will have future CapEx avoidance on the copper network once the copper network will become older or will become damaged.

So your second question as to the option to acquire 10% additional stake in the Flanders JV. This was seen in the agreements that we will have this option to acquire 10% additional stake in Flanders JV. And this will happen at fair market value. But this option is not included in our plans that we presented to you today.

And then as to your last question, it is indeed correct that the termination CapEx is excluded from the envelope of €5 billion. So you will need – you will have to add these termination CapEx to the €5 billion envelop. But this termination CapEx will only be done once that we activate the customers on our footprint – on the JV footprint.

### Simon Coles

Very clear. Thank you 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. Just regarding the expected rate of rollout. Curious whether you could talk a bit about phasing. When you expect to be fully up and running to achieve the rollout of 600K homes passed per year? And maybe more importantly, what are sort of the key milestones along the way that will sort of propel an acceleration of that rollout? First question.

The second one is just for clarification. I'm looking at slide 16 where you sort of give the brownfield unit costs in dense areas for the Proximus footprint. How should we interpret this one? I think you just talked about termination CapEx. We see an average unit cost of about 850 for 2019. But it's not that we could simply like multiply the average unit costs by the homes passed to get to the €5 billion envelope, right. There's other CapEx involved as well. Thank you.

### Geert Standaert

Okay. Ruben, so with respect to the rollout. So for '21, in fact, in last year we doubled in fact our production capacity on brownfield fibre to the home. So we went to about 150,000 homes in brownfield that we deployed. And on top you have to count our greenfield implementations.

This year we will double those volumes, those brownfield volumes in our standalone rollout. As I said in our previous question, so the pre-notification is ongoing. For the other JVs, if everything goes well, we expect to be in the air with the JVs by the end of March, meaning of course that only at that moment you can start being active on the markets; and that starts of course with interactions with cities, communes, design, etc. So the volume that we will be deploying through the JVs in '21 will still be limited, but we want to scale there very fast.

And if we then take the combination of what we do in standalone, together with what we are doing with the JVs, we will reach the 600K homes passed rollout pace at 2023. The good thing about adding now as well the larger footprint is that, of course, this is a positive message towards our construction partners because they know that if they invest now in further scaling of the capacity, well, there is indeed more potential for a longer period into the market.

We have about one million homes passed that for the coming three years is already committed by our construction partners. So that is already committed now. On top, of course, our JV partners. They will add new partners on it. We have been interacting with all the local regional agencies, employment agencies, FOREM, Actiris, Bruxelles-Formation, etc., to find people into the Belgian market. Together with our partners, we also, of course, look at foreign workforce that we can introduce. We're talking about a

massive number of people we will onboard. So we're talking about thousands of people in trenching, in blowing, in mounting façade. For all these profiles, well, plans are in place to recruit, to train, to get them certified. But so maximum at the high pace, we will be running as of 2023 due to everything that still has to be additionally done there.

With respect to the brownfield unit cost in dense area, indeed, we have given some indications on the graph. And you can calculate in a bit what the euros are. First of all, 10% improvement versus what we've announced to you in March. So there you see that we're still constantly learning and improving. So very happy that, for example, now per homes passed in the dense area, we can do it with one metre less trenching per home passed but that makes the difference.

Trenching in Belgium. There is no underground tubes. So the underground is not withstand under the tiles, so you can use no brushing, etc. So everything that you can save on trenching kilometres, etc., is of course a very positive. The further we go from high dense to medium dense, of course, the less that can happen on façade. So that is something. The cost that you see there on the €850 are home passed costs, ready for termination. But the termination cost in itself and activation cost of that customer, you have that to count that on top of that amount. So what we're having here is homes passed cost for deploying the network industries, the passive infrastructure that we're putting there in the streets. So it's the built of the network, so that it's ready for termination.

On top, you need to count their termination cost. That can be per customer. But where also together with our JV partners we will be looking at other type of models, where eventually maybe in some regions, etc., we will pre-terminate some customers if this is leading to more efficient way of rolling out, and of course which then takes away some of the sometimes – yeah, work that still has to be done that the customer says, okay, if the rollout is already terminated, it is easier then, of course, to go into a conversation with that customer to activate and to bring that customer along fibre.

So, but we're looking at both models. We balance that to make that – to do that in the most efficient way. But so termination, you have to count on top of the 850 as Katleen explained. You have to count that on top of the €5 billion. So that comes on top. So there you need to bring a certain amount for termination and activation of our customer base in addition to the numbers you see there.

### Ruben Devos

Okay. Very clear. Thank you very much, Geert.

### Operator

Thank you sir. There are currently no more questions on the queue. Ladies and gentlemen, I would like to remind you that if you wish to ask one, you may press 01 on your telephone keypad. So it's 01 on your telephone keypad. We have one last question from Russell Waller from New Street Research. Please go ahead.

### Russell Waller

Yeah. Hi everyone. Thank you. I had two quick questions please. Just on the free cash flow saving, you've said that it's going to be negative initially and then positive. Could you quantify that, please? So what sort of order of magnitude will it be negative initially?

And then second question is just on net debt to EBITDA. You've said it will peak at two times. Which year is that please, and how should we think of net debt to EBITDA after the peak; so at the end of the roll 2026, for example, where do you think net debt to EBITDA will be? Thank you.

### Katleen Vandeweyer

So indeed I explained that in terms of free cash flow savings, initially it will be negative and then afterwards it will be positive. And all in all, it will be free cash flow neutral compared to previous plan. But I think we gave enough elements to do the math results. So as to your question on the net debt to EBITDA level, when will it peak and what will be it after the peak, that we're not disclosing now.

### Russell Waller

Okay. Thank you.

**Operator**

Thank you sir. We have no other questions. Ladies and gentlemen, if you wish to ask one, you may press 01 on your telephone keypad. There are no more question in the queue. We will therefore hand over the call to Madam Nancy Goossens, Director of Group Investor Relations for closing comments.

**Nancy Goossens**

Okay. Thank you. Thank you all for attending. Thank you for your questions. I hope you found this session interesting. So should you have any follow-up questions, you can obviously address them to the investor relations team. Yes, have a good afternoon. Bye.

**Operator**

Ladies and gentlemen, this concludes the conference call. Thank you all for your participation. You may now disconnect.