

Proximus Group

Results presentation

Q1 2023

 28 April 2023



Guillaume Boutin, CEO

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Agenda

- Highlights Q1
- Financial & Operational performance
- Outlook 2023
- Q&A

Highlights Q1

Proximus Group delivering strong +5.9% revenue growth while EBITDA landing in line with expectations

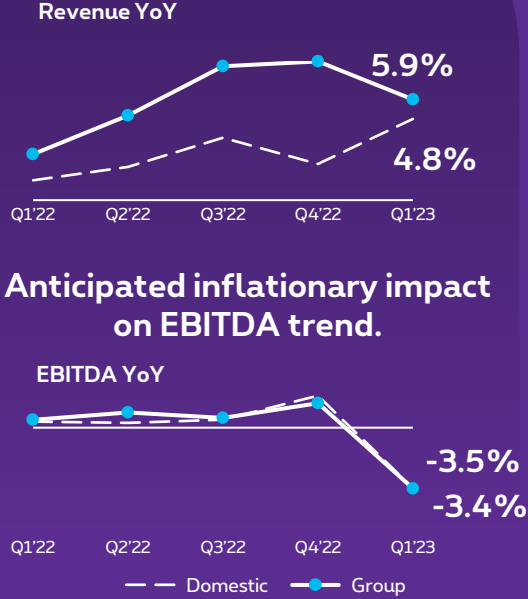
Key strategic developments

Launched **bold2025**
23% Fiber HP footprint
+91K HP in Q1
 International DM **€95M**,
 +13.1% YoY
Deploying fiber in 106 cities and municipalities
Acquired edpnet for €20.5M

Continued strong commercial momentum

+11K Fiber activated retail lines
+36K Fiber activated retail lines
+10K Postpaid
-12K ARPC
+14K Convergent residential
+5.3% ARPC
+16% YoY BICS cloud usage
+28% YoY Telesign sales bookings

Sustained strong revenue growth in Q1



New bold2025 strategy launched

We deliver **great value** for our stakeholders

through **exceptional strengths**



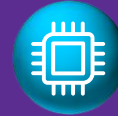
Act for an inclusive **society** & be **sustainable** in everything we do



Roll out **#1 gigabit network** for Belgium



Delight customers with unrivalled experience



Engineer **technology assets** to enable digital ecosystems



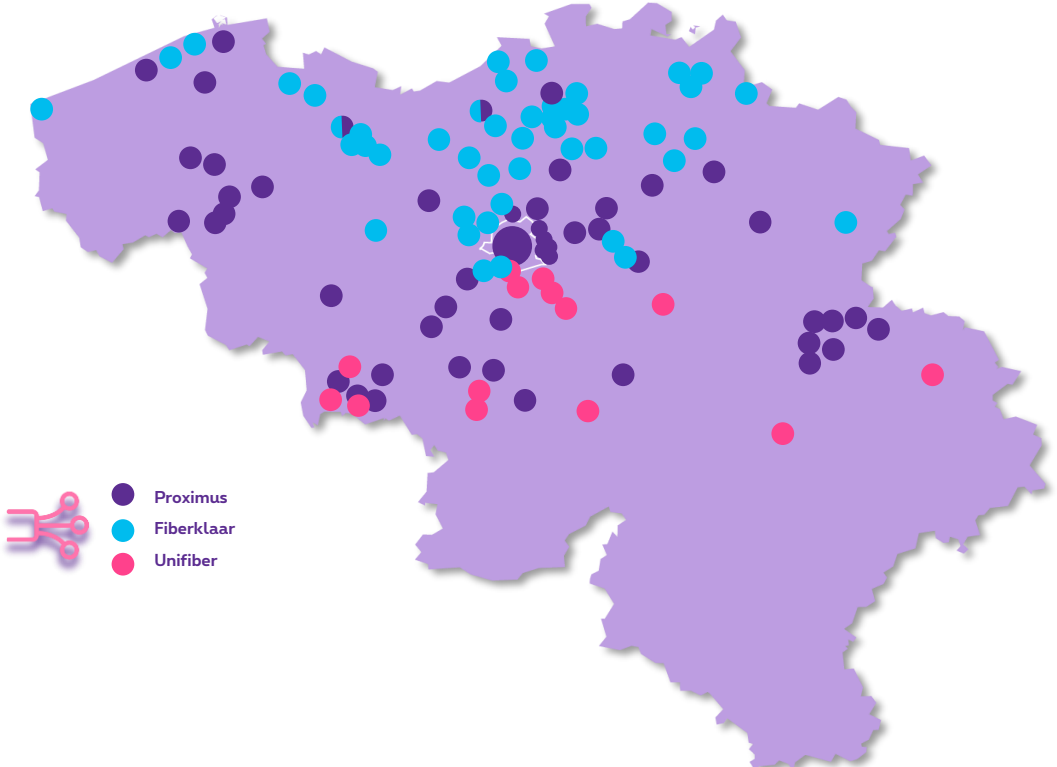
Grow profitably **locally** & **globally** through strong brands



Foster an engaging **culture** & empowering **ways of working**

Increasing our Fiber footprint to 23% end-March 2023

Proximus and partners deploying Fiber in 106 cities

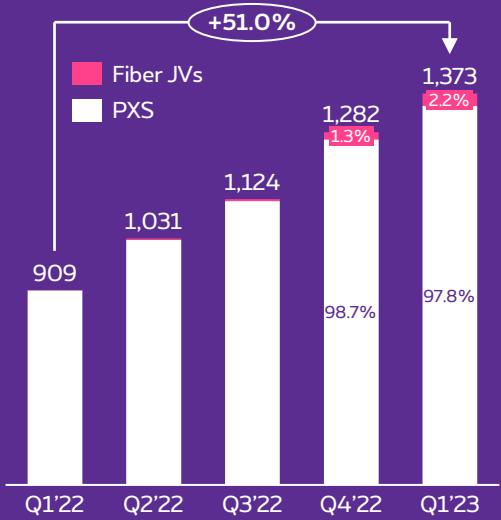


106 Cities
and municipalities with
Fiber works ongoing

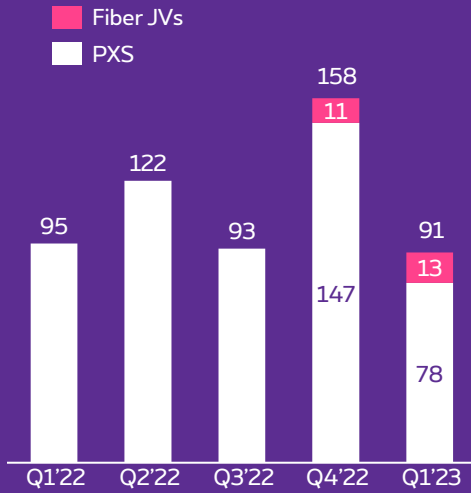
>50%
Brussels region
Covered with Fiber

We pass nearly 1.4M premises with Fiber JVs picking up pace and set to drive total HP higher in 2023

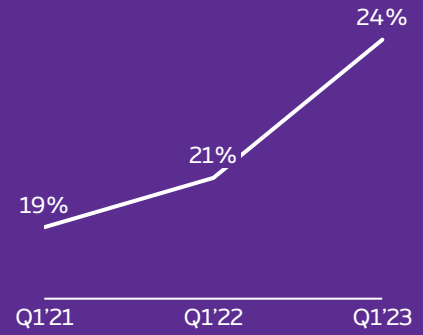
1,373k Fiber Homes & Businesses Passed
(in K, total base)



+91k Fiber Homes & Businesses Passed
(in K, additions in the period)



24%
Network filling rate*



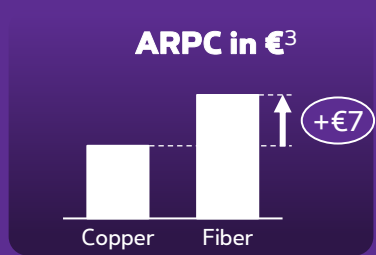
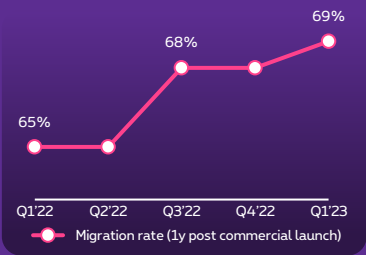
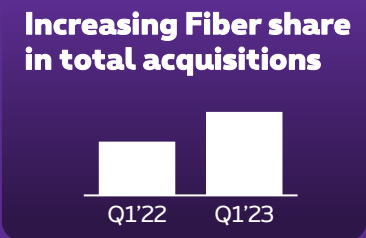
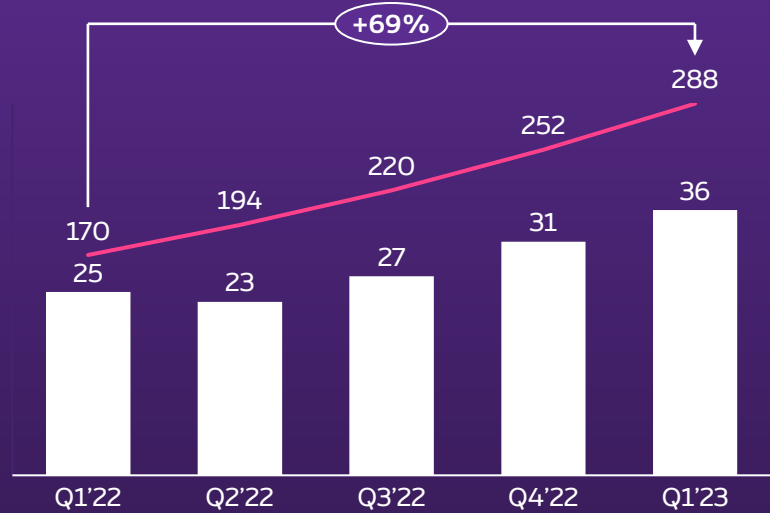
“fiber in the street” funnel now at ~220k living units, for our JVs

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

Strong customer demand for Fiber, 288k activated Fiber lines by the close of Q1 2023

fiber

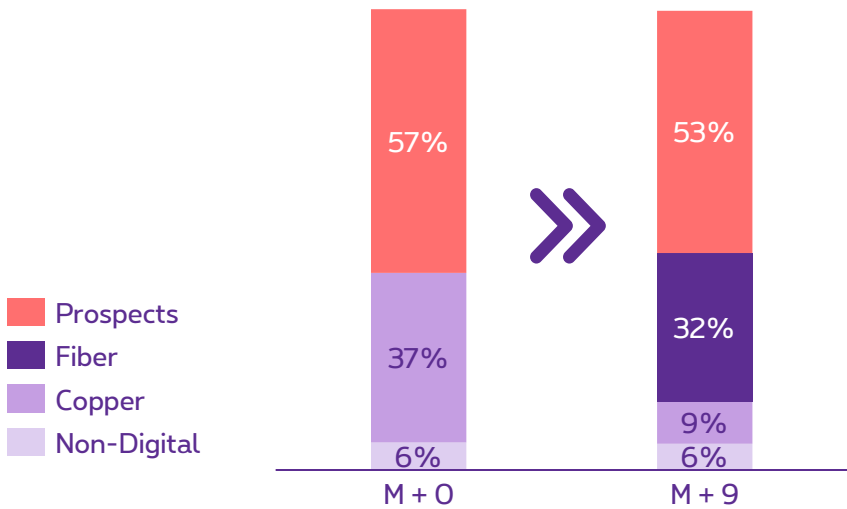
Total park & net adds¹
(in K)



¹Residential + Business, incl. new & migrated customers
²Q1 2023 churn in fiberzones; average across different customer cohorts
³Q1 2023 ARPC RES + SE uplift excluding promotions for customers with fixed internet

Fiber development – Zooming on a City


Braine-le-Comte



+4p.p. market share gain

~75% Migration Rate

- ✓ 5,210 living units
- ✓ 5,110 Homes Passed as of today
- ✓ 32% Network filing rate


 May 2021
 Project launched


 June 2022
 First HP built


 June 2023
 Project to be fully delivered

All brands supportive of customer growth , addressing all segments in the market

Product &
care
seekers

proximus

10
Gbps

Premium solutions
through convergent and
multi-mobile packs

Early
adopters &
cord
cutters



MØBILE VIKINGS

INTERNET AT HOME + MOBILE NUMBERS

SURF TOO FAST,
JUST DON'T GET CAUGHT

Innovative
digital experience

For price
seekers



scarlet

TV

Internet

Mobile

€50 /month

Price focus with no-frills
experience. Increased
download speeds as of 1st Feb

We recently acquired edpnet, matching to our multi-brand strategy

- Largest independent fixed internet player in Belgium fitting Proximus multi-brand strategy
- Enriching Proximus offering in tech-savvy residential customers and SMEs segment
- Separate entity ensuring continuity while benefiting from synergies to continue growth
- Acquired 100% for €20.5M.
- Consolidation as from 1 April 2023.
- Fully cooperating to ongoing BCA* review.



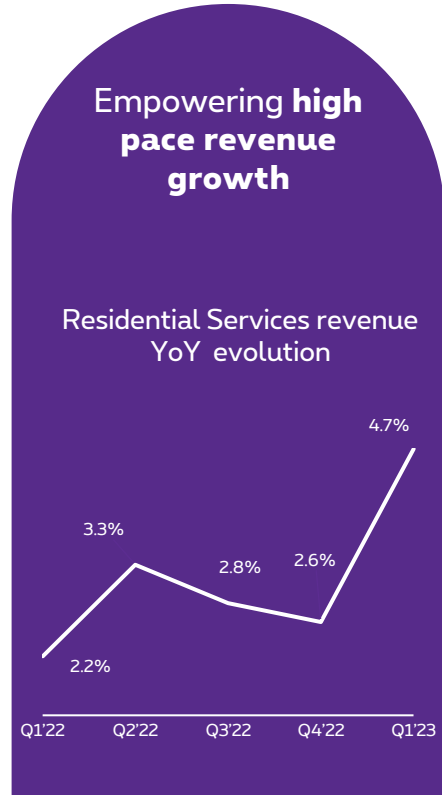
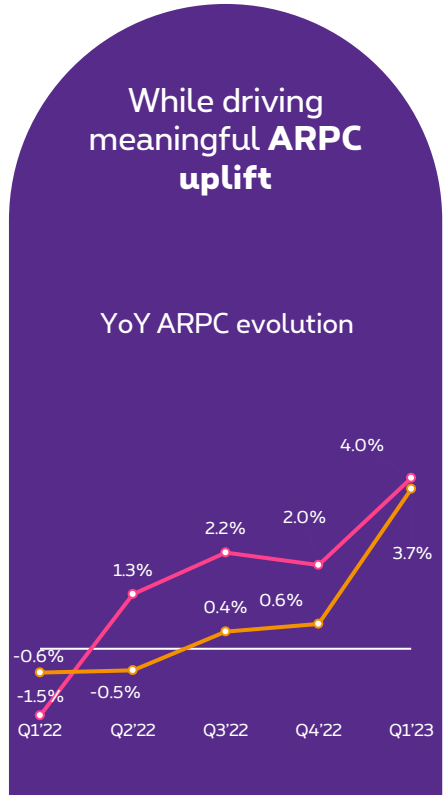
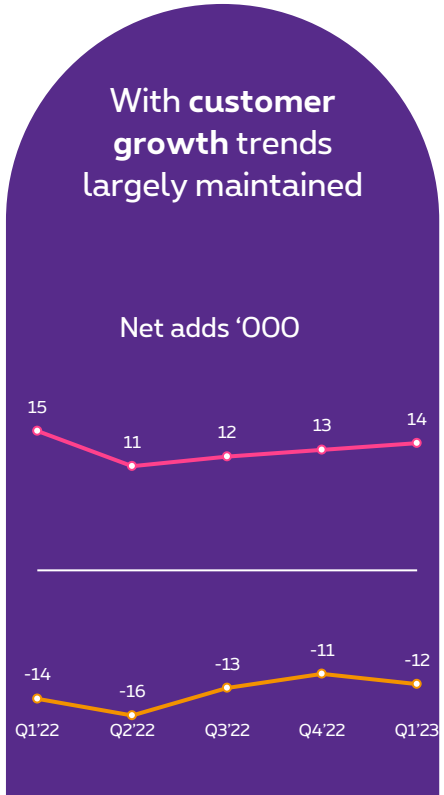
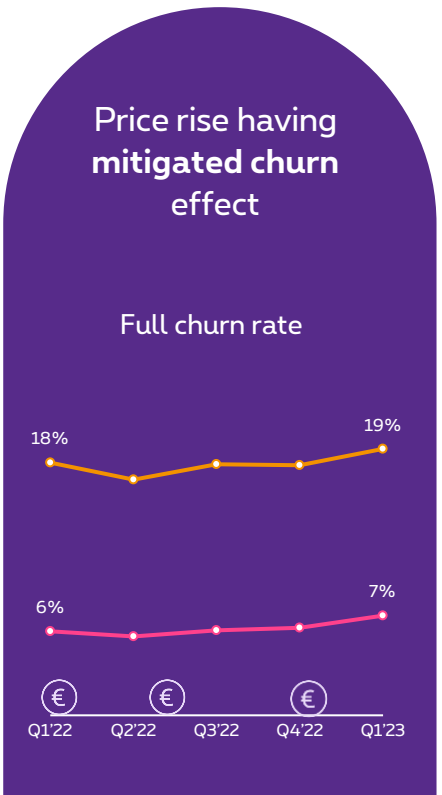
~46k fixed
internet
customers

~13.5k
mobile
customers

Managing value, supported by our brand segmentation

balancing pricing , volumes and churn

- Fixed only
- Convergent



Our portfolio will undergo price changes on 1 July 2023

with average inflation impact on our cost base remaining high in 2023

1 July 2023



Scope



Proximus brand
Legacy and commercialized
Standalone and Packs
Copper and Fiber

Targeted price increases across corporate product range*



Impact



Around 4%
Largely 'more for more',
With Mobile data boost;
reinforcing competitive position.

Contractual inflation-based indexation

* (Except Mobile commercialized voice and data bundles amongst others)

For mobile, we renew the Proximus branded portfolio

Boosting mobile data

- ✓ Offering more value by increasing data significantly
- ✓ Besides data, price tiering through 5G accessibility & speed
- ✓ Commercial 'hero' price points (★) moving up in 'more for more' approach
- ✓ Proximus Flex Packs become even more attractive for multi-mobile
- ✓ Complementary to the pricing of Scarlet (as of 8€) & Mobile Vikings (as of 15€)

2 May 2023

Legacy mobile offers no longer commercialized.
No automatic migration.

Residential*



16.99€ new
5GB
150min

Mobile Essential

★
19.99€ new
10GB
5G 200Mbps

Mobile Easy

★
29.99€ new
50GB
5G 500Mbps

Mobile Maxi

49.99€
300GB
5G max speed

Mobile Unlimited

Flex S 10 GB
Flex M 75 GB

* Business SE mobile offers undergoing similar changes

Proximus to play a leading role in data security, privacy protection and cyber defense

- Selected alongside 10 companies to co-develop with Microsoft a sovereign cloud solution
- Partnership with Google Cloud to provide sovereign disconnected cloud services in Belgium and Luxembourg



Meeting specific needs of most demanding customers in public and private sectors



ESG commitments

Setting an example on the environmental front



Signed “Brussels Green Deal”

- Committing to the Collaborative Urban Logistics and Transport
- Ensuring more efficient and ecological parcel delivery
- Going for a greener utility fleet



Reviewed “Supplier Code of Conduct”

- Setting ambitious environmental expectations
- Leading suppliers to monitor emissions, use renewable energy and set targets

Aiming to reduce scope 3
GHG emissions by

✓ **60%** by 2030

✓ **90%** by 2040

Financial & Operational performance

Domestic

Maintaining commercial traction as market growth moderates



Internet base **2,227K**;
+ 34k YoY
+1.6% YoY



TV base **1,697K**;
- 35k YoY
-2.0% YoY



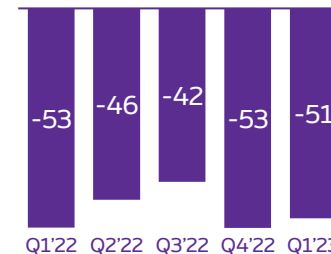
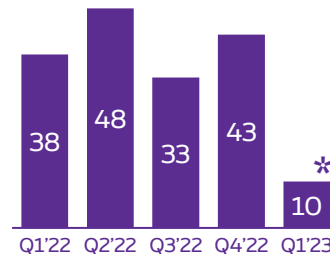
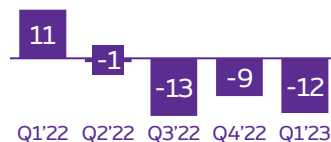
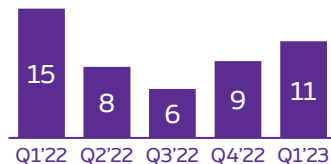
Postpaid

Postpaid base **4,827K**;
+ 138k YoY
+2.9% YoY



Fixed Voice **1,759K**;
-192k YoY
-9.9% YoY

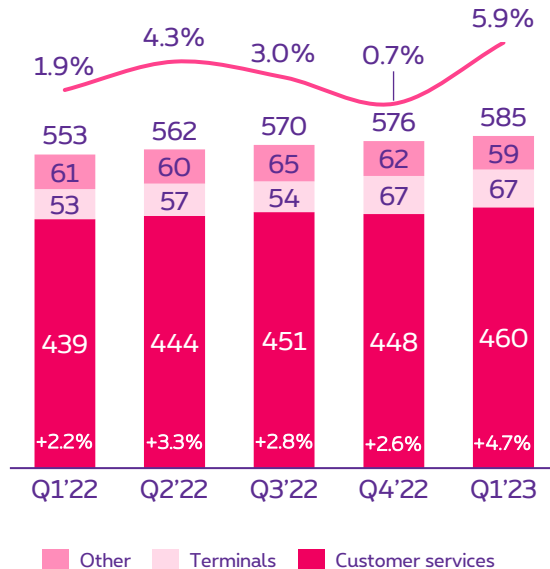
Net adds; Group ('000)



*Including 4k loss following cleaning of inactive enterprise cards

Residential revenue Q1 +5.9%, Services revenue +4.7%

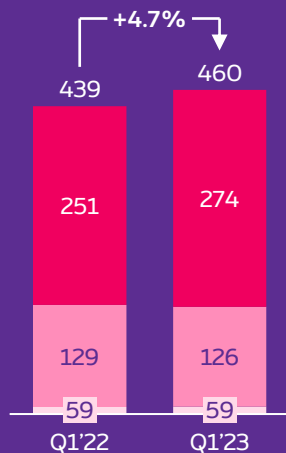
Residential revenue (€M, YoY)



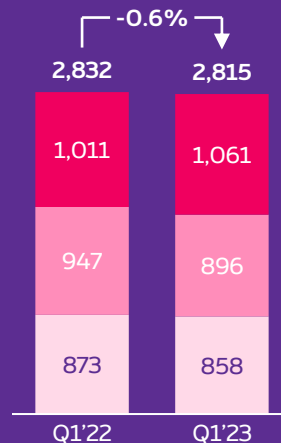
- **Customer Services revenue +4.7%**
 - ✓ Continued customer growth for Mobile postpaid (Q1 +9,000) and Internet (Q1 +11,000)
 - ✓ Convergent Customer growth (Q1 +14,000)
 - ✓ Price indexations managed with limited churn impacts
- **Terminals revenue +26.2%** driven by high-end devices

Growing Convergent base and higher ARPC driving Residential customer services revenue increase

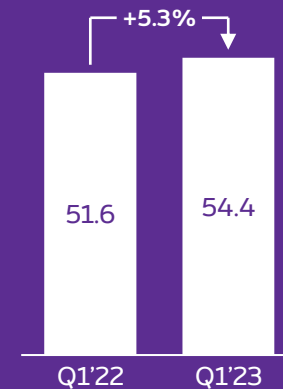
+4.7% Customer services revenue (in €M)
Incl. +9.2% Convergent revenue



Customers (in K)
Growing Convergent base:
+5.0% YoY



+5.3% ARPC (overall, €)
Supported by price indexations & upsell to convergent offers

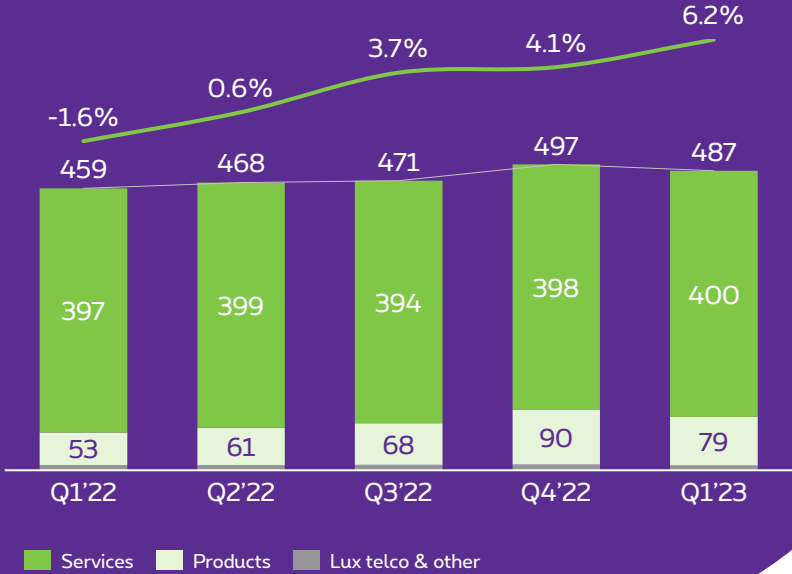


Convergent Fixed only Mobile postpaid only

Strong increase in Business revenue, +6.2% YoY.

Growing Services revenue, IT products further catching up

Business revenue (€M, YoY)



Q1 revenue

Services revenue +0.8%,
growth in Fixed Data, Mobile and IT services outpacing Fixed Voice erosion

Products revenue +48.6%,
driven by IT product growth +64.1%, continued catch-up in chip-supply

Customer wins*

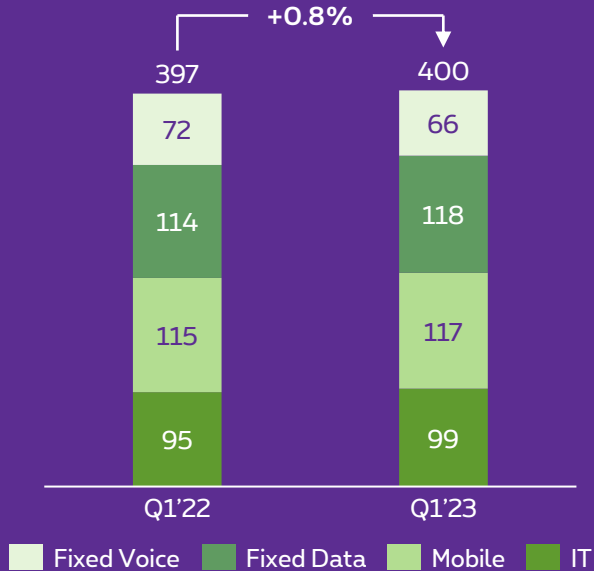


*limited to those with customer's consent

Q1 B2B Service revenue slightly up YoY

Fixed Data, IT and Mobile Services growth, outpacing Fixed Voice erosion

Business Services revenue (€M)



Q1

+3.3% Fixed Data

- > Internet revenue up: +7.5% ARPU & stable base
Growing share of Fiber in total internet base
- > Stable data connectivity revenue, managing value in the transition to SD-WAN services

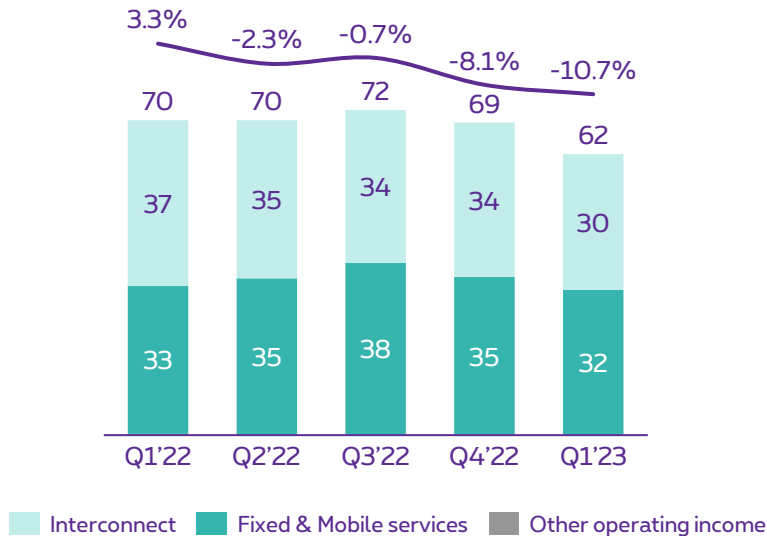
+1.8% Mobile

- > Customer base +2.2% YoY
- > Improving ARPU trend

+3.6% IT Services, especially Cloud, Advanced workplace, Smart mobility, Smart network services and Security recurring services

Wholesale Q1 Services -2.1%, mainly reflecting ongoing decline in interconnect revenue

Wholesale revenue (€M, YoY)



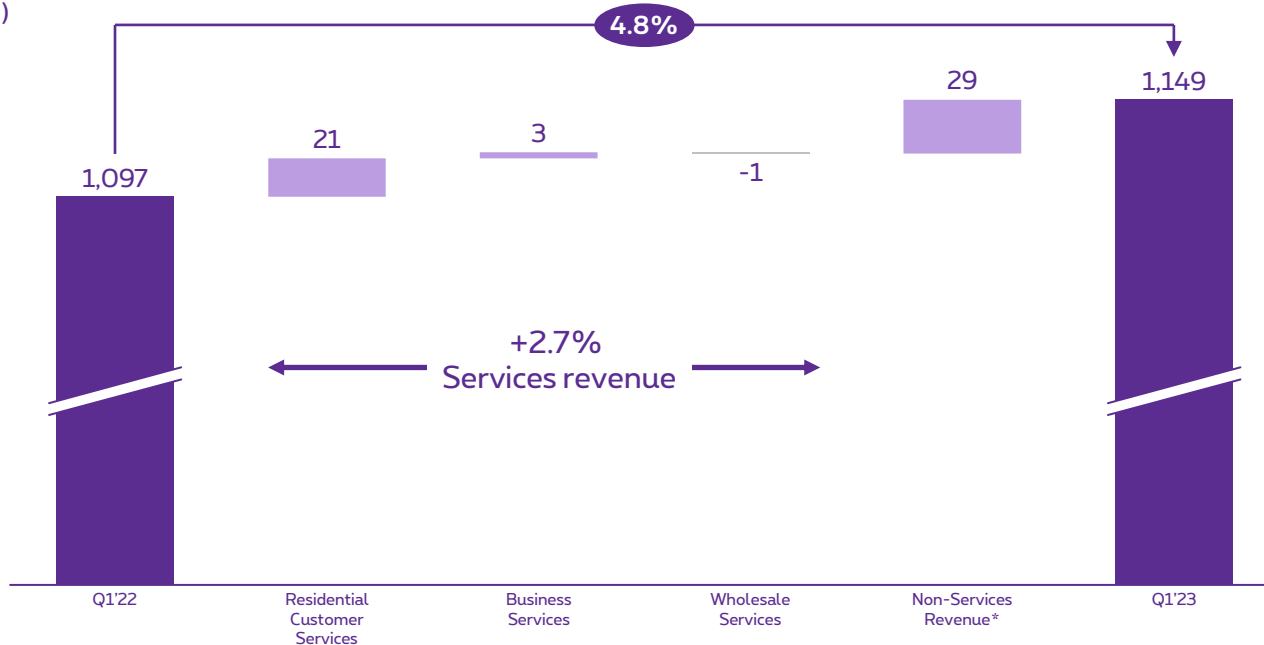
- **Q1 Fixed & Mobile Services revenue -2.1%.**
 - > Stable excluding one-off phasing in JV revenue
 - > Mobile revenue moderating on annualization of large contract
- **Interconnect revenue -17.9%,**
 - > Ongoing decline in traditional messaging revenue
 - > EU regulation impact on MTR
 - > No meaningful impact on margin

Domestic business +4.8% top line growth in Q1

reflecting commercial success and pricing effects

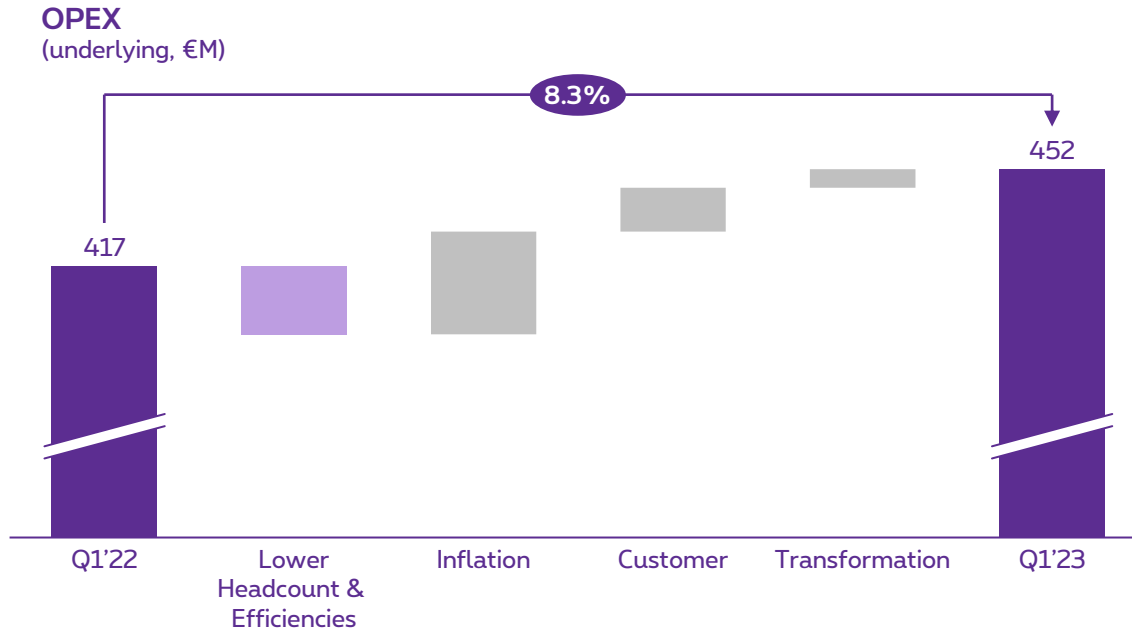
Q1

Revenue
(underlying, €M)



Continued delivery of cost efficiency savings partially offset steep inflationary impact in Q1

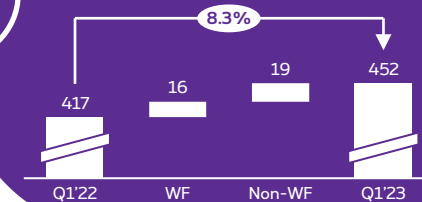
Q1



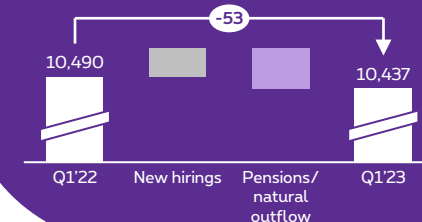
- The Opex graph represents a management view
- Inflation mainly including wage indexation (Feb'22/Apr'22/Jun'22/Sep'22/Dec'22/Jan'23) and energy cost
- Customer Opex including Direct, Customer related & Other Opex

Q1

Domestic Opex (€M)

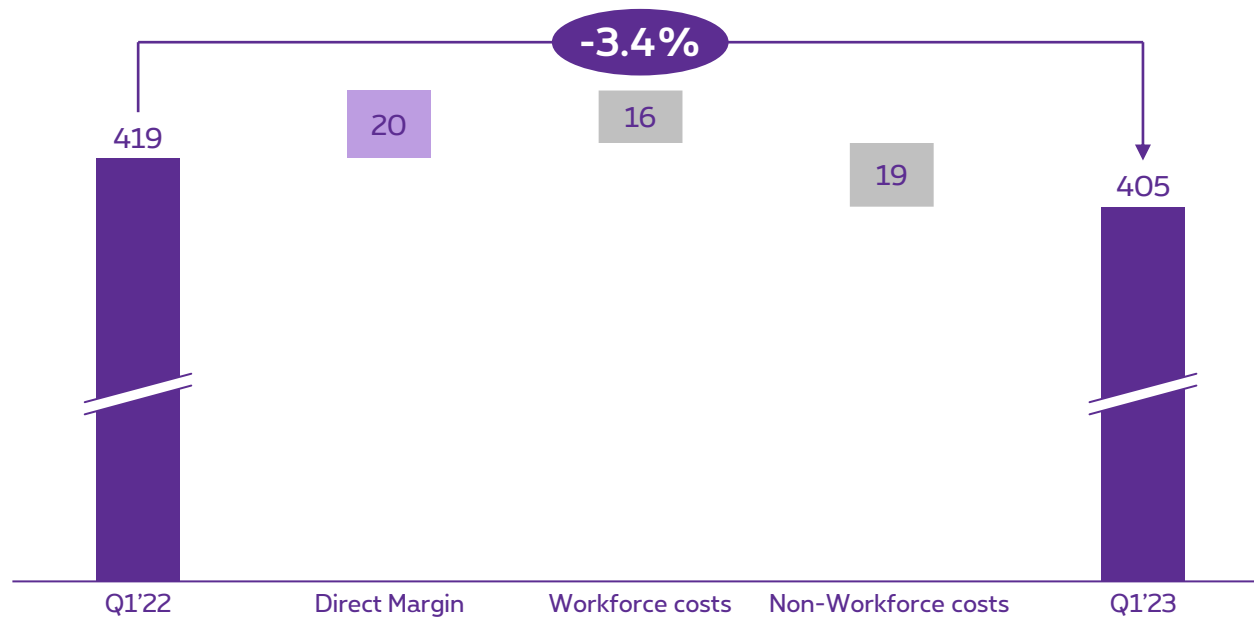


Domestic headcount (FTE)



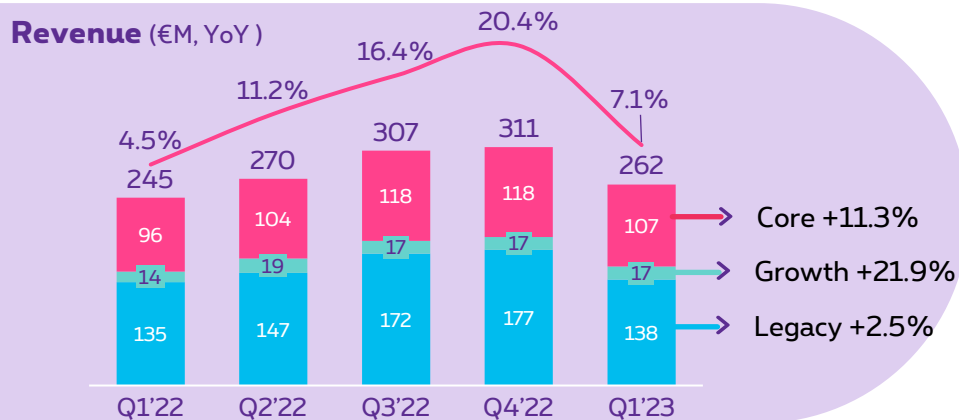
Domestic EBITDA reflecting inflation impacts, partially offset by improved direct margin

Q1

EBITDA
(underlying, €M)

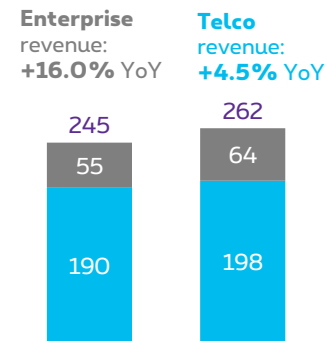
International

BICS grew Q1 EBITDA by 15%, despite wage-inflation impact



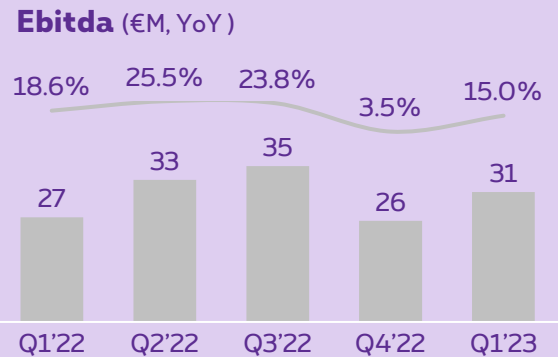
Q1

> Revenue trend reflecting a normalizing 2022 comparable base from Covid-related travel restrictions.



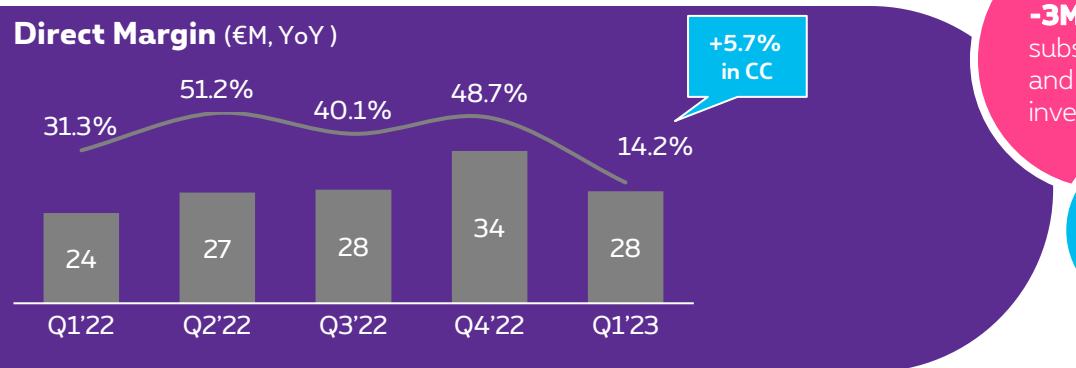
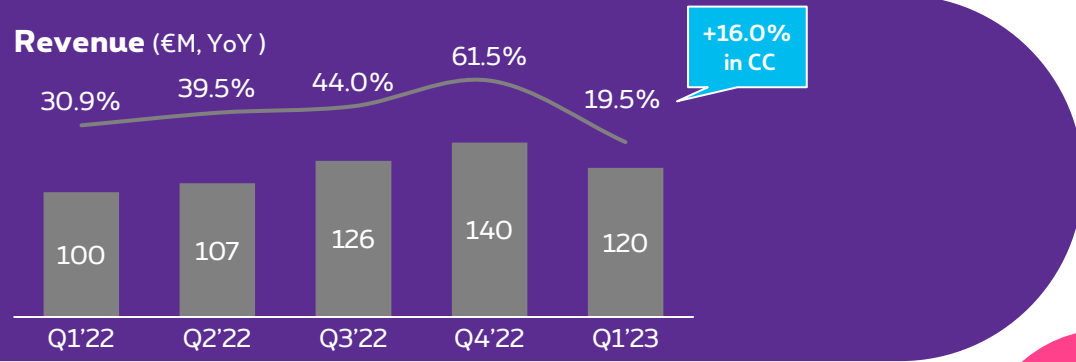
Q1

- > Direct margin growing +12.7% YoY
- > Operating cost up on inflation-based wage indexation of 1 January 2023
- > +15.0% EBITDA YoY



Telesign Q1 revenue +19.5%

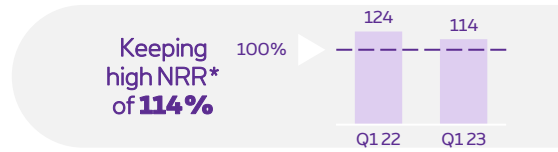
Continued growth for both Digital Identity and Communication



Q1 EBITDA -3M€ incl. substantial R&D and Go to Market investments

+36% FTE YoY

- **Digital identity** growth driven by expansion of customers base in new geographies, launch of Silent Verification in 14 markets
- **Communication** positively impacted by largest US clients while volatility remained high in Asia

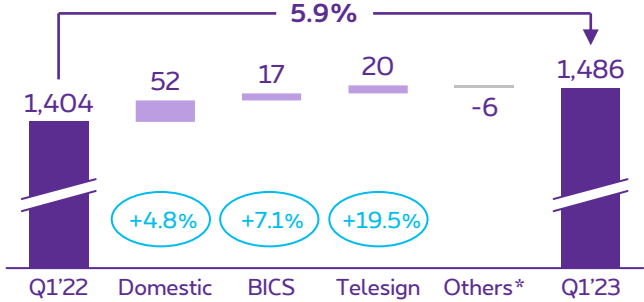


* Net Revenue Retention
 ** adjusted for volatility within Telesign's communication business in India

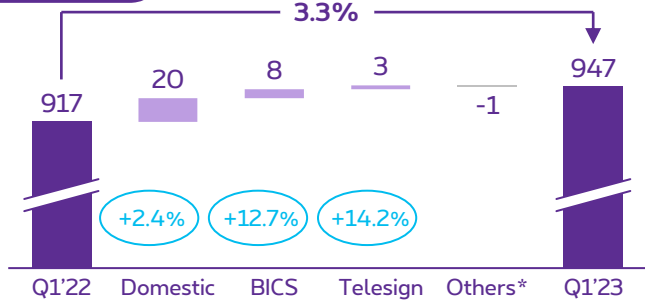
Group

Revenue & Direct Margin growth for all segments in Q1, anticipated inflationary pressure mainly affects domestic EBITDA

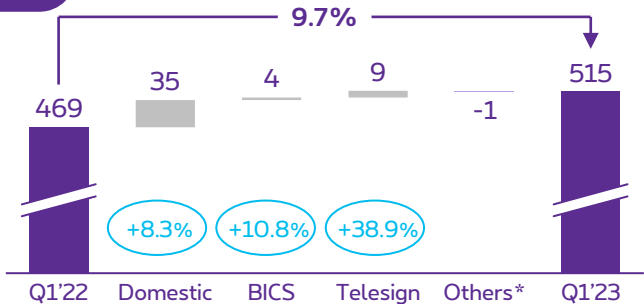
Revenue



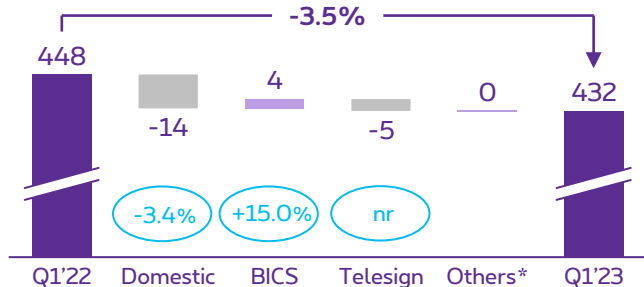
Direct Margin



Opex



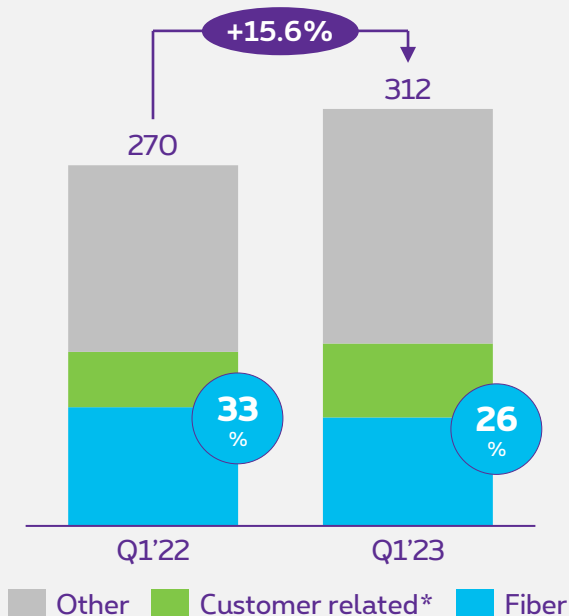
Ebitda



(all underlying, €M)
*Intercompany eliminations

Q1'23 Capex of €312M

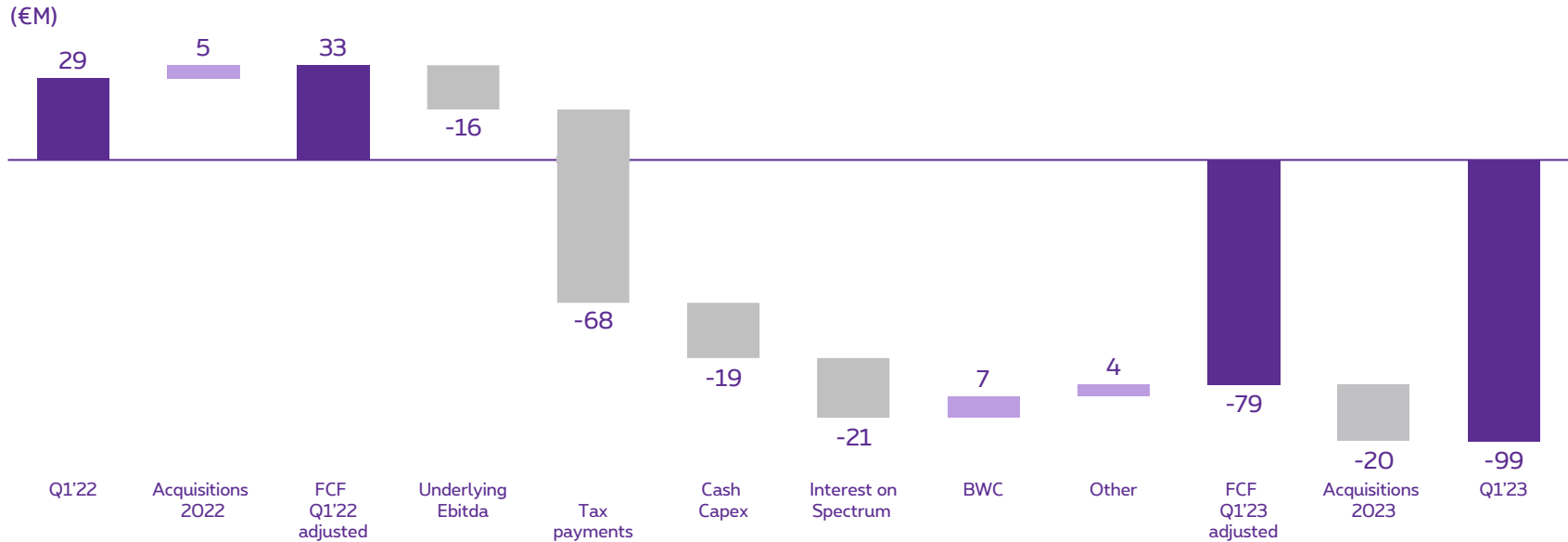
Group Capex
€M, excl. spectrum & football rights



- Proximus **Fiber HP starting to come down**
- Fiber **customer termination and activation cost rising**
- **Other capex:**
 - **IT** and **content** timing effects
 - Ongoing implementation of **Mobile network consolidation**

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

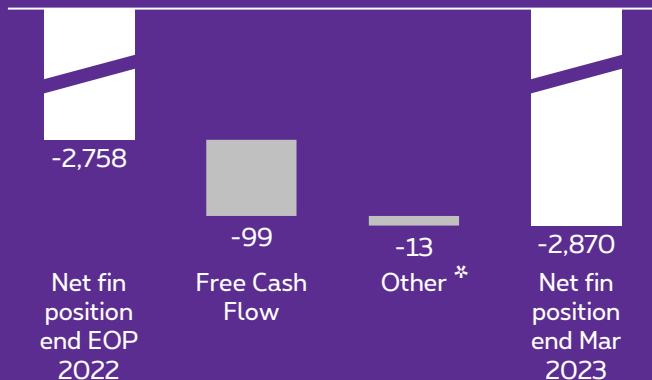
Q1 2023 FCF mainly impacted by time shifts in payments from '22, increased cash capex & lower Ebitda result



- 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
- Tax payments include different tax items such as: income tax (for EUR -9 million), withholding taxes and VAT payments (impacted by YoY end of Covid related government support measures)
- FCF includes the lease payments
- Other: aggregate of different items
- Acquisitions incl. M&A related transaction costs

Proximus continues to manage a sound financial position

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



* Mainly remeasurement to fair value of cash flow hedge instrument for future LT debt, net of debt issuance and repayment

Credit ratings

S&P BBB+ (stable outlook)
Moody's A2 (stable outlook)

2.0%

Weighted average coupon
(long-term only)

7 Yr

Weighted average debt duration
(long-term only)

Re-iterating 2023 outlook

Guidance metrics	FY2022	YTD 2023	Outlook FY 2023 16 January 2023
Underlying Domestic revenue	€ 4,478M	+4.8% YoY	+1% to +3% YoY
Underlying Domestic EBITDA	€ 1,665M	-3.4% YoY	Around -3% YoY
International Direct Margin*	€ 377M	+13.1% YoY	High single digit growth
Underlying Group EBITDA	€ 1,786M	-3.5% YoY	Around -3% YoY
Capex (excl. Spectrum & football rights)	€ 1.3Bn	€312M	Peak at around € 1.3Bn
Net debt / EBITDA	1.5X (Proximus) 2.3X (S&P)		Around 2.6X (S&P)

Dividend over 2022 result

AGM approved annual gross dividend over result 2022 of **€ 1.2/share**.

Payment remaining normal gross dividend of **€0.70/share** 28 April 2023

Dividend over 2023 result

Intention to pay annual gross dividend over 2023 result of **€ 1.2/share**, in line with new announced 3-year dividend policy (2023-2025)

Q&A

To ask a question, join the conference call

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

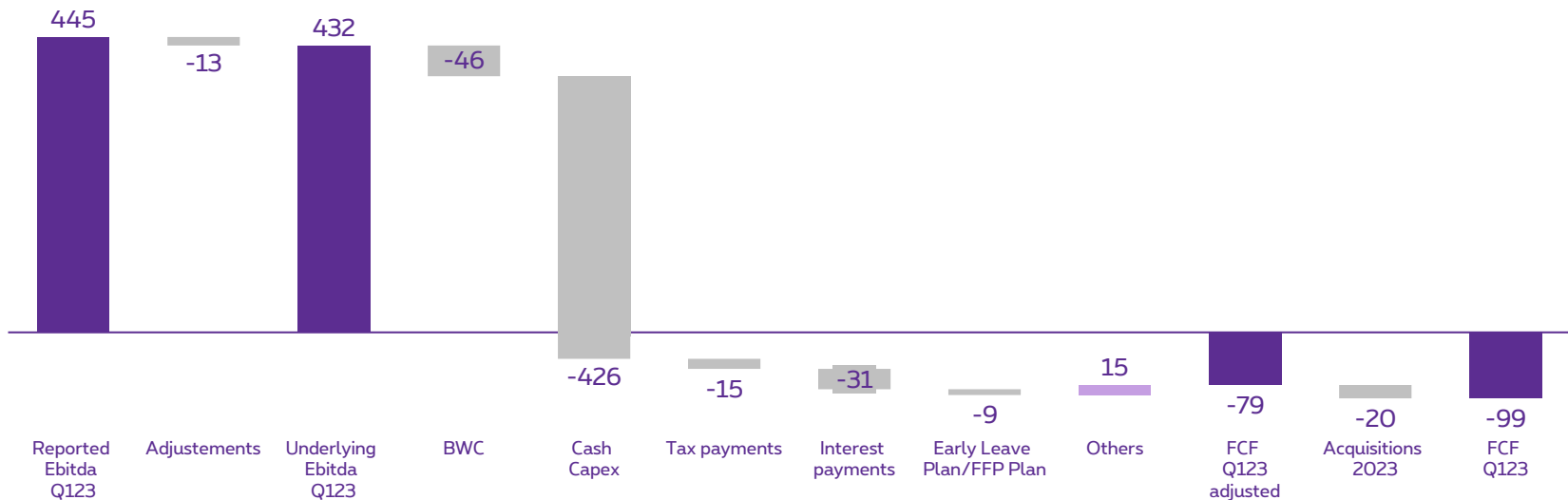
Appendix

From reported to underlying

(EUR million)	GROUP Revenue		GROUP EBITDA	
	Q1 '22	Q1 '23	Q1 '22	Q1 '23
Reported	1,405	1,486	465	445
Adjustments	-1	0	-18	-13
Underlying	1,404	1,486	448	432
Adjustments	-1	0	-18	-13
Lease Depreciations			-20	-20
Lease Interest				-1
Transformation			4	4
Acquisitions, mergers and disposals	-1		1	4
Litigation/regulation			-3	

EBITDA conversion to FCF

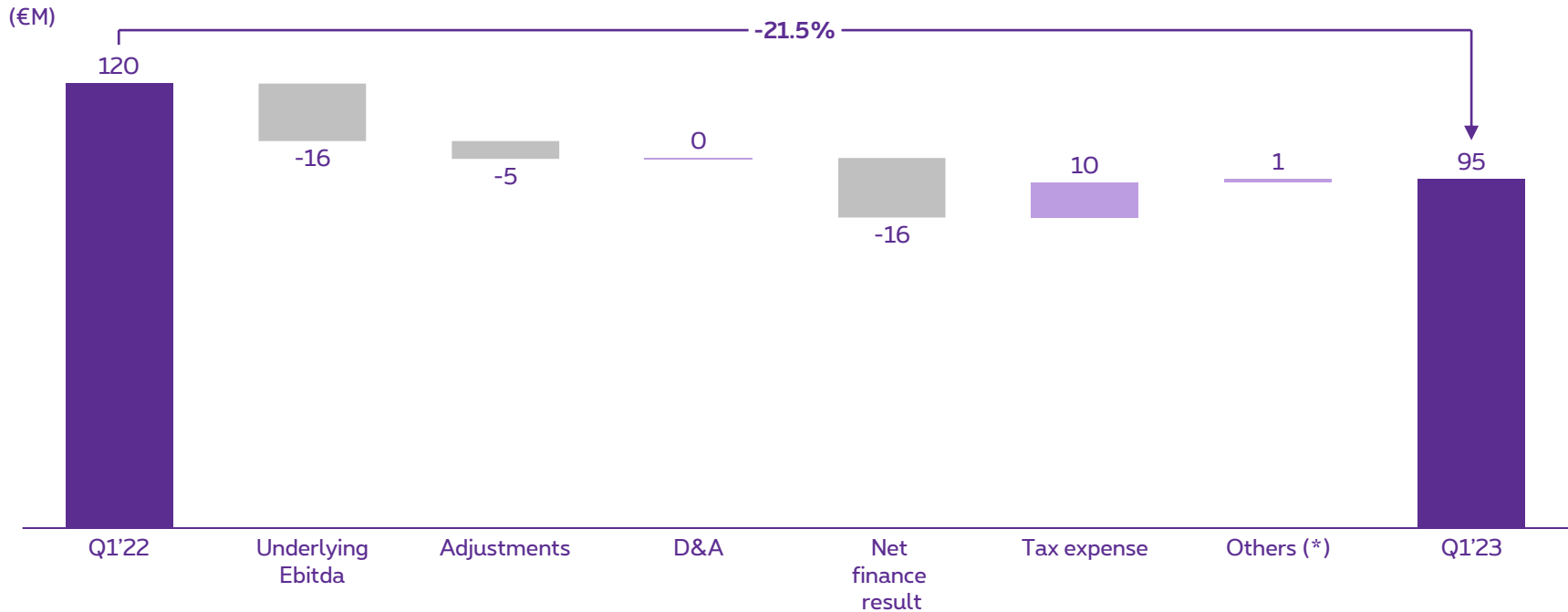
(€M)



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

Net income

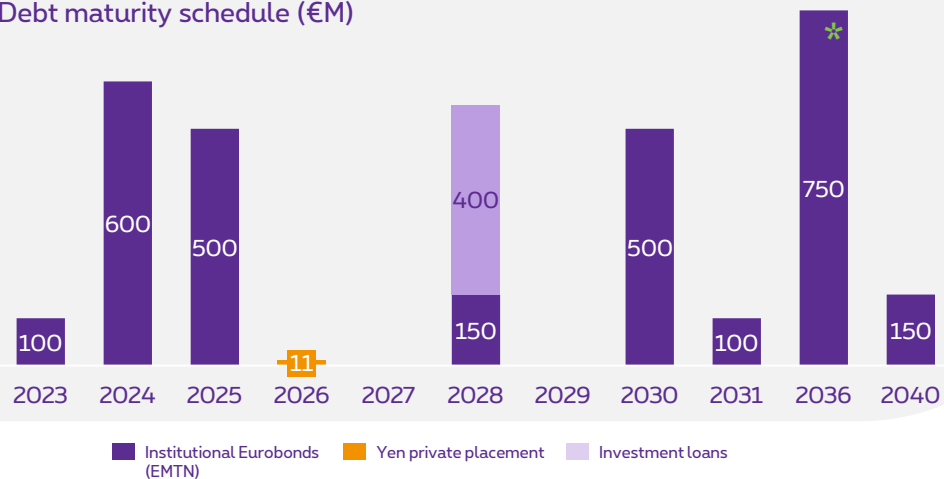
(Group share)



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

Continued access to credit markets & near term refinancing secured at low interest rates

Debt maturity schedule (€M)



- > >99% of outstanding LT debt at **fixed rate**
- > **7 years** weighted average debt duration¹
- > **2%** weighted average coupon¹
- > Proximus issued successfully a **new €500M 7y bond early March 2023**

¹Long term debt

Shareholder structure

Status 31/03/2023

Total number of shares

338,025,135

Free-float

42%

Belgian Government

54%

Market Capitalization

~€ **3Bn**

Dividend yield

~**13.5%**

	Number of shares	% shares	% Voting rights	% Dividend rights	Number of shares with voting rights	Number of shares with dividend rights
Belgian state	180,887,569	53.51%	56.11%	55.99%	180,887,569	180,887,569
Proximus own shares	15,622,931	4.62 %	0.00 %	0.21 %	0	693,702
Free-float	141,514,635	41.87 %	43.89 %	43.80 %	141,514,635	141,514,635
Total	338,025,135	100.00 %	100.00 %	100.00 %	322,402,204	323,095,906

The voting rights of all treasury shares are suspended by law. Proximus has 14,929,229 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%.

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