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PRESENTATION

Operator

Hello, and welcome to the Proximus Q4 2024 results conference. My name is Sergey, and I will be your coordinator for today's event. Please note this conference is being recorded. (Operator Instructions)

I will now hand you over to your host, Nancy Goossens, Investor Relations Lead, to begin today's conference. Thank you.

Nancy Goossens - Proximus NV - Head of Investor Relations

Thank you. Welcome, everyone. Thank you for joining us on this Proximus results webcast. We're keeping our usual format, starting the webcast by an introduction by the CEO, Guillaume Boutin, after which we will open the line for your questions. Before handing over to Guillaume, let me introduce you the other participants for this call on our side.

Today, we are joined by the Secretary General, Dirk Lybaert, and from the leadership squad, we have the CFO, Mark Reid; the Residential Lead, Jim Casteele; the IT Business Lead, Anne-Sophie Lotgering; and the Corporate Affairs lead, Ben Appel. They will be taking your questions in a moment, but first, Guillaume will take us through the highlights of today. Guillaume, please go ahead.

Guillaume Boutin - Proximus NV - Chief Executive Officer, Member of the Executive Committee, Director

Thank you, Nancy, and hello, everyone. Thank you for joining us today, and welcome to our results presentation. We have a comprehensive agenda, so let's begin. Over the past year, we continued executing on our bold 2025 strategy, which delivered some great achievements. We are particularly proud of our commercial performance.

As you will see, we outperformed our competitors in Belgium, and we delivered best-in-class results among our European peers. These fantastic results translate in solid financial performance, but let's go into more details directly.

The Domestic segment reported another strong revenue quarter, leading to a 3.4% revenue growth for the full year of 2024, exceeding our expectations. Domestic EBITDA was stable in Q4, and we closed the year with a total growth of 2.8%, achieving the bold 2025 target one year earlier than foreseen. For the Global segment, the fourth quarter showed strong performance in Communications and Data with high direct margin growth contributing to an overall increase in EBITDA, which amounts to 6.2% for the full year on a pro forma basis.

This resulted in an annual group EBITDA growth of 3.1%. Capital expenditures, CapEx were in line with our expectations, and the year concluded with adjusted free cash flow of EUR 58 million. In summary, Proximus is in great shape. Throughout 2024, there has been consistent strong commercial performance that we succeeded in maintaining in Q4 despite the launch of Digi mid-December. The year-over-year growth of our Internet and mobile base, up by respectively, 2% and 2.5%, along continued adoption of convergent offers continued to be a significant revenue driver.

Focusing on the residential market, the growth of our primary customer base is a consistent trend for several years. This indicates that our strategy has been effective. We are proud to report that once again in 2024, we have captured a significant portion of the net market growth. On the residential mobile and postpaid market, the share of net adds captured by the Proximus brands was 56% and for the fixed Internet market, even 66%.

Even better, we managed to increase our customer base and the satisfaction of our customers in parallel.

Our customers love our brands and products as demonstrated by sustained strong Net Promoter Score results. This despite an avoidable impact from inflation-related price increases.

Proximus strategy to delight our customers relies on offering access to the best networks. Our 5G indoor coverage now reaches 68%, driving high customer satisfaction with an NPS of 69% for heavy 5G users. The future quality of our mobile services is ensured by the significant spectrum we secured, giving us a competitive edge.

Our network partnerships through MWingz will further benefit our mobile network as we consolidate our sites with the ones of Orange. Today, we have already consolidated more than 3,000 sites, and we expect to complete this program by end of 2026. In parallel, we have also dismantled 580 of our own sites that were redundant in the consolidation.

On the fixed side, in 2024, we significantly expanded our fiber coverage. Currently, fiber deployment projects are ongoing in 171 cities and municipalities.

By the end of 2024, we passed over 2.2 million homes and businesses with fiber, covering more than 37% of the population. The coverage rate for fiber in the street stands at 42%.

Fiber remains a significant contributor to our commercial success. By the end of 2024, we have activated 564,000 customers on fiber, reflecting a growth of 45,000 in the last quarter of 2024. The densely populated areas of the country, such as city centers, we have now reached a fiber coverage of more than 80%.

Moreover, we have achieved more than 75% coverage in the Brussels region. In mid-dense and rural regions, we are continuing efforts to finalize fiber collaboration negotiations. For Flanders, we still foresee a conclusion by the end of Q2, while negotiations in Wallonia are ongoing.

Our strategic execution has positioned us well to compete, including against the new entrants. While we acknowledge the challenges posed by the new market structure, we are well equipped to compete, thanks to our investments in networks, brands, convergent offers and customer satisfaction.

As planned, we rolled out a multi-brand response with stable headline pricing to maintain market value. For the premium brand Proximus, we are enhancing our differentiators. Furthermore, while we are mitigating in the short-term the impact on our retail business, we have protection through the wholesale agreement. As demonstrated in the bottom left chart, we have observed a slowdown and stabilization in customer mobile ports to Digi. They are now below 1/3 of the peak seen at the launch despite the increased advertising presence during the same period.

We are now two months in the first quarter, and we anticipate to close Q1 with a growing mobile postpaid customer base. In the midterm, we anticipate that the competitive environment will return to more stable conditions as has been observed in other markets.

In the B2B market, business under the 'Proximus Next' brand performed very well in 2024, thanks to our convergent telco IT value propositions. We secured several significant deals with a selection shown on the left and adding recently the largest public cybersecurity contract in Belgium, which we signed with the Belgium Federal government.SECaaS2is a seven-year contract worth over EUR100 million, offering 75 managed cybersecurity services to improve cyber resilience and support NIS2 compliance. The new contract underscores the government's confidence in Proximus's next expertise and commitment to enhancing cybersecurity for critical operations.

In terms of efficiency, the Domestic segment will benefit from the continuation of our cost-efficiency program.

For 2025, we project an additional savings of EUR70 million on top of the EUR150 million already achieved in 2023 and 2024. These savings will help mitigate anticipated cost pressures such as inflation, customer-related expenses, and transformation costs.

Looking ahead, the forthcoming increase in retirements presents an opportunity for further efficiency improvements. Current projections indicate approximately 2,500 retirements over the next decade. Enhancing efficiency through further digitization, AI and automation will enable the company to operate in a leaner way.

Moving to our International segment. Our strategy with the establishment of Proximus Global marks the beginning of a new growth phase.

In the fourth quarter of 2024, Proximus Global achieved a 16% increase in direct margin growth for communications and data surpassing listed peers. For P2P voice and messaging, we managed to reduce the decline in a market that is inherently decreasing. The strength of Proximus Global lies in its diverse product range, providing opportunities to leverage combined capabilities on a larger scale.

We remain confident in achieving our synergy commitment of over EUR100 million at the EBITDA level by focusing on revenue opportunities through strategic partnerships as well as cross-selling, upselling, and, of course, optimizing efficiencies.

As a final point on the strategic achievements before discussing the results, we continued our active management of non-core assets. This initiative is projected to generate over EUR500 million by the end of 2027, thereby supporting the group's free cash flow during the elevated investment phase for fiber build-out. At the end of 2024, we signed 2 agreements, one concerning data center and another regarding mobile towers in Luxembourg, with expected total proceeds of EUR238 million over the next 2 months. Additionally, the sale of our headquarters is now in its final stage before signing.

Let's now review the results.

And assuming you have seen the earnings release, I will proceed quickly on this part. Beginning with the domestic revenue, which demonstrated a substantial growth of 3.2% in the last quarter of 2024, including a notable increase in our services revenue. We reported a 3.2% increase in revenue for our residential units in the last quarter, resulting in a 4.3% growth for the full year of 2024. A significant portion of this growth is attributed to services revenue as illustrated on the next slide.

And the services portion of the residential revenue increased by 4.1% for the last quarter of 2024, driven by a 7.8% increase in convergent revenue.

The significant and increasing portion of the revenue generated by convergent customers gives the residential services revenue a stable profile, which is even more beneficial during periods of increased competition. Our B2B unit increased fourth-quarter revenue by 2.1% with broadly stable revenue from services, while revenue from products was up just over 12%.

Revenue from Business Services saw a notable increase in IT services and a modest rise in fixed data revenue. This growth more than offset the adverse effects of a 4.4% decline in mobile services revenue and the continued decrease in fixed voice revenue, which dropped by 7%. Overall, the termination of the contract with the Flemish government resulted in a loss of 44,000 mobile cards albeit at a lower ARPU. However, we experienced growth with an addition of 12,000 mobile cards from other customers.

The wholesale unit saw continued growth in services revenue driven by roaming and services to JVs.

However, this growth was fully offset by a decline in interconnect revenue, which does not affect the margin.

Regarding operating expenses, about 1/3 of the increase is due to consolidating Fiberklaar since August 2024 and higher cross-charging of mobile pilons from the joint operations with Orange Belgium,MWingz, which is EBITDA neutral.

Another significant impact was higher performance-related HR provisions. The remainder relates to customer-related OpEx linked to a strong quarter for business IT services and ongoing customer migration to the fiber network. Lastly, wages and inflationary effects impacted year-over-year OpEx but were offset by the cost-efficiency program. Higher revenue drove an increase in direct margin, which fully offset the higher operating expenses in the fourth quarter, resulting in a stable Q4 EBITDA.

For the full year, we ended 2.8% above the previous year. And with an EBITDA of EUR1,682 million, we also surpassed the 2022 EBITDA of EUR1,665 million, thereby achieving our bold 2025 target ahead of schedule.

Turning now to Proximus Global. Given the structural shift in the CPaaS industry and the changing market dynamics, Proximus Global is uniquely positioned to turn these changes into opportunities. By leveraging its extensive reach with telecom companies worldwide, Proximus Global stands as a trusted partner for businesses across the globe. The diversified portfolio across the group provided a total revenue increase of 1.9% in Q4 2024 at constant currency.

With growth especially coming from higher-margin revenue, the direct margin increased by 9.3% on constant currency. This was driven by the Communications and Data Product Group with direct margin rising by 16.1%. Strong growth in CPaaS services came along with strong performance from mobility services like signaling, roaming, and IoT solutions.

The Proximus Global EBITDA increased by 6.6% year-over-year with direct margin growth exceeding the rise in OpEx. For the last quarter of 2024, OpEx increased year-over-year with an increase mainly attributed to currency impact. Additionally, the rise in OpEx reflects wage indexations and provisions related to incentive schemes for Proximus Global. As a reminder, Proximus Global is an asset-light operation. The cash conversion is high for 2024, a total of EUR 90 million of free cash flow, overachieving the expectations we had set at the International Capital Markets Day of June 2024.

At group level, the capital expenditure for 2024 was EUR1,355 million, consistent with our provided guidance. Fiber coverage in dense areas is largely complete, resulting in a decrease in fiber constructions in these areas where it increases in medium dense areas. Overall, we consider the 2024 booked CapEx to be at its peak level. Adjusted for M&A transactions, the free cash flow was EUR 58 million for 2024, which is slightly lower than in 2023. The increase in group underlying EBITDA and the reduction in equity injections due to the consolidation of Fiberklaar were counterbalanced by a decrease in working cap and an increase in interest payments, higher income tax payments and increased cash CapEx.

In summary, for 2024, we have met our guidance, supported by consistently strong commercial performance, successful price indexations and an effective cost control. For 2025, the focus will be on several key elements. First, maintaining a strong position in a more competitive domestic market by leveraging our multi-brand approach, reinforcing Proximus as a premium brand and maintaining market value. Secondly, finalizing and operationalizing the fixed network collaboration agreements; thirdly, strengthening the position in B2B telco and IT and improving profitability; lastly, enhancing global digital communications leadership and continuing to grow at the top of the market. All this will be underlined by a very strong cost control.

This brings me to the final slide on our outlook for 2025. Despite the new and challenging market structure, we expect to keep the domestic revenue and EBITDA broadly stable year-over-year. For Proximus Global, we expect a strong EBITDA growth of around 20% compared to 2024 on a pro forma basis, reflecting the continued organic growth while synergies will accelerate. The Proximus Group EBITDA, therefore, is expected to grow around 2% year-over-year. Regarding the booked CapEx, excluding football and spectrum rights, we expect for 2025 to be close to EUR1.3 billion. On an organic basis, meaning excluding any proceeds from the ongoing sale of assets, we expect that adjusted group free cash flow for 2025 to remain broadly stable to 2024.

The debt ratio is expected to be around 3x. Furthermore, in line with the 3-year dividend policy, we expect to return a stable gross dividend of EUR0.6 per share over the result of 2025. With this, we can move to your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Dhruva Shah, UBS.

Dhruva Shah - UBS Limited - Analyst

Apologies for that delay but I have 3 questions, if that's okay. The first is on Digi's impact. So recent headlines have suggested that Digi faces management issues, questions on its fiber rollout method faces rising debt as well as customer service and network issues. But I wanted to see your perspective in terms of what you've seen on Digi's fiber rollout and how big of an impact they're having on fixed line where they have already rolled out their network? Second, just more broadly on competitive dynamics and pricing.

How have you seen your price rises of plus 3% from January land so far this year? And given Digi's entry, are you seeing a higher level of churn just on the lower end or across all segments in the market? In Slide 12, you broke out quite usefully the slower mobile ports from Digi. And with that and with wholesale revenues in from Digi, is there a chance that you could actually see domestic revenue grow next year?

And finally, just on CapEx and leverage. Having passed a CapEx peak, how should we think of the CapEx profile of the company longer term? And what are the different moving parts within that? And separately, with leverage now at 3x, are you comfortable with this range? Or what are the puts and takes to bring leverage down from here?

Guillaume Boutin - Proximus NV - Chief Executive Officer, Member of the Executive Committee, Director

I'll take the first one on the Digi bad press of the week and on the Internet and the fiber rollout of Digi. So, so far, they are only active in a very limited numbers of streets, and we don't see any effect today of Digi being active on the Internet. I think on the price rise, I think as you saw in the slides and what I said as well that we expect to have a growing mobile postpaid customer base for the quarter. So in terms of effect of the spillover effect of price rises for Q1, we are very good at landing price increases and price indexations, and we don't see any particular effect of those movements on the churn level of the Proximus brand, especially on the premium brand Proximus. Overall, you have a bit more rotation on the market, that's for sure.

But again, when you look at the effect so far of Digi on the market, they are quite acceptable for us and fully aligned with what we were expected. So as a conclusion so far, so good. I think we are managing the way it should the Digi launch. We have made some adjustments that are putting us in a good shape for the quarter and the rest of the year. We are, of course, monitoring quite carefully the evolution of the -- and the dynamics of the different customer bases.

But so far, we are quite confident that there is not a massive disruption on the market to the contrary, and that's just another brand launching but without a disruptive effect on the operations of the company so far. On the guidance, thanks to that message, do we see our domestic revenue growing this year? I think we're going to stick to the guidance message of today. So broadly stable is where we expect our revenue to be for the year. And I leave the floor to Mark for the CapEx.

Mark Reid - Proximus NV - Finance Lead, Member of the Executive Committee

Thank you for the question. On the CapEx profile, I think we've seen a couple of things. We haven't seen broadly any significant changes than when we talked to you last time. I think we're a little lower than in '25 than we indicated. I think we continue, as you'd expect us to continue to look at CapEx allocation, CapEx efficiencies.

And so that's helped us in '25. In terms of further field than that, we would continue to expect it to be around that level until the kind of later parts of '28, '29 once the fiber build starts to come off. So I think there's nothing materially changed there. I think we continue to find efficiency where we can in the near term.

In terms of leverage, again, we're comfortable around the 3 element at the moment.

Again, we see that broadly stable in the next 12, 18 months. In terms of the component parts, clearly, the domestic business. And again, I'm sure we're going to get on to that in this call. We had a fantastic set of results in 2024. You've seen the initial numbers on Digi and our reaction to that in terms of our guidance.

So we feel confident about the trajectory and that we've got the projections there correct in terms of our outlook. International, clearly, you see the guidance there, and we think that's quite positive with a double-digit growth. So that is clearly a moving part, and I touched on the CapEx. So I think that's really how we see both CapEx and debt in the kind of near to midterm.

Operator

Nicolas Cote-Colisson, HSBC.

Nicolas Cote-Colisson - HSBC Bank Plc - Analyst

Two questions, please. Can you come back on your fiber JV strategy, please? Because I understand the fiberklaar reconsolidation was driven essentially to ease your negotiations with Wyre. But now you are explicitly saying that you are discussing with Orange. So, do you feel the need to reconsolidate Unifiber to facilitate any co-investment scheme?

And my second question is more regarding your KPIs. Network filling rate is up about 4 percentage points in the last 12 months to 31%. I can't see any acceleration in terms of pace versus 2020 '23. So, how do you see this evolving? Is there a kind of a tipping point in terms of penetration that gets you into an acceleration phase? Because I'm also trying to reconcile this with your 67% migration rate. So given you have a leading market share, why is the filling rate not higher?

Guillaume Boutin - Proximus NV - Chief Executive Officer, Member of the Executive Committee, Director

So on your first question, Nicolas, as I said several times, we have no plan to have the same strategy in the South and to replicate what we have done in the North for the South. So, there is different market shares of Proximus in the South compared to the North, a different situation from a market structure perspective. So there is no plan whatsoever to buy out the stake in Unifiber. So that's super clear for us and hopefully clear for you as well. So, second, on the KPI, Jim, do you want to answer that question?

Jim Casteele - Proximus NV - Consumer Market Lead, Member of the Executive Committee

So thank you for the question, Nicolas. So first, I'm really happy that we're able to continue to grow our network filling rate with about 4% per year, knowing that Geert (CTO),of course, is continuing to deploy at a high speed. So with a high deployment still in Belgium, being able to fill the network faster than the deployment of Geert, I think I'm really happy with that. And of course, once the deployment rate of fiber is going to go down, then you're going to start to see the filling rate accelerating because then, of course, we're going to be able to catch up faster versus the deployment speed of Geert.

Nicolas Cote-Colisson - HSBC Bank Plc - Analyst

That makes a lot of sense. Just a very short follow-up on Digi. Is your wholesale contract excludes 5G? Or is it an option available to Digi eventually?

Guillaume Boutin - Proximus NV - Chief Executive Officer, Member of the Executive Committee, Director

The contract we have today is a 4G contract.

Nicolas Cote-Colisson - HSBC Bank Plc - Analyst

Is there an option? Or obviously, you can't tell too much, but...

Guillaume Boutin - Proximus NV - Chief Executive Officer, Member of the Executive Committee, Director

I don't disclose commercial terms of contract. But today, it's a 4G contract.

Operator

David Vagman, ING.

David Vagman - ING FM - Analyst

The first on the fiber cooperation agreement between Proximus and Wyre. And I know it's a sensitive topic, but could you give us a high-level understanding of why the approval is taking longer than initially anticipated? And do you have a high degree of confidence of achieving the approval by end of Q2? And related to that a bit more in the actually in Wallonia. So could it be possible to give us a timeline for a similar deal in Wallonia?

Second question on the CapEx guidance, slightly cut actually from the EUR1.36 billion to EUR1.3 billion.

Could you explain us a bit the modeling behind it? And what does it mean also in terms of long-term free cash flow guidance? And last point, assuming the cooperation agreement are approved, what could be then the speed of the migration of Proximus towards the new networks outside of your own fiber network?

Guillaume Boutin - Proximus NV - Chief Executive Officer, Member of the Executive Committee, Director

On your first question, David, I think we are making progress day after day in Flanders to get to a collaboration agreement. You probably heard the comments of Liberty last week or the week before. We are all making a lot of effort to make those discussions progress as fast as possible, but it's a complex setup. You have 2 regulators, you have 2 parties, and you have a lot of paperwork as well to prep. So there is a lot of things still to discuss, but we are making progress, and we are confident, level of confidence is difficult to always to state, but we are confident that we can get to a launch of a market test by the end of Q2.

Then you have end of Q1, sorry, being Q2. And then you have to do the market test in order to close the agreement. So that will take another 2 to 3 months to get there.

But as always, we think it's a win-win-win deal for North of Belgium and the regulators, and the industrial players. So there is no reason why we should not be able to land the discussions.

On Wallonia, I don't want to comment because we are less advanced, but we are discussing and progressing. Timing-wise, I would say before the end of the year, we should be able to get to a signing of an agreement.

Mark Reid - Proximus NV - Finance Lead, Member of the Executive Committee

David, on the CapEx, so it's fairly straightforward, right? We continue to focus on deploying efficiently, effectively. So we're continuously looking at fiber build costs in terms of what we can do there in terms of efficiently rolling that out, content options in terms of deployment of the mobile network. So those elements allowed us to effectively get to EUR1.3 billion for 2025.

Again, we're suggesting that's the level you should think of through the medium term. It would be plus EUR10 million, EUR20 million either way on that EUR1.3 billion going forward.

So that's how you should think about it in your free cash flow models. I think that's the way that I would do from here. In terms of free cash flow, look, we'll come back and give longer-term free cash flow guidance when we think we're comfortable to do that, and that will hinge on a lot on the fiber collaboration deals. So that's the way I would think about it.

David Vagman - ING FM - Analyst

Okay. And on the speed of the migration, once you have an approval, how fast could it go basically? Would it be a very long and slow process? Or could it be quite quick?

Guillaume Boutin - Proximus NV - Chief Executive Officer, Member of the Executive Committee, Director

I think it's too early to disclose. I think if you look at the presentation we made last summer, you have some indication on the migration speed, but I would not comment further today. It will really depend on the deal we'll get in the next weeks.

Operator

Roshan Ranjit, Deutsche Bank.

Roshan Ranjit - Deutsche Bank - Analyst

I've got 3, please. Firstly, thanks for all the details on the churn from Digi. Is it possible to get a sense of the mix shift, if any, within your brands. And again, I know you don't disclose the absolute numbers, but has there been a change from the headline Proximus brands within Mobile Vikings and Scarlet? Anything you could say there would be super helpful, please.

Secondly, on the mobile network partnership, you are looking to reduce the number of mobile sites by around 40%. Is there scope for any sales to Digi? And could we check to see if any of these sales are included within the EUR500 million disposal target, please?

And finally, there's been a lot of news noise, I should say, maybe over the last few weeks, few months from your main shareholder. I think, Guillaume, you've gone in and had a number of kind of discussions with them.

Is it possible to get a sense of what the kind of issues that they had, any path going forward or any ways to kind of change your approach? Any details you could give there would be very helpful.

Jim Casteele - Proximus NV - Consumer Market Lead, Member of the Executive Committee

So Roshan, I'll take the first question. So of course, it's only 2 months after the launch. But I would say directionally, what we see is that indeed, the alternative brands, Mobile Viking, Scarlet are more exposed together also with our prepaid customer base. On the premium brand, we see a much better or lower churn performance compared to the other brands, mainly also because we have, of course, there's the convergence element that plays, the fact that we have with fiber a premium experience.

And then also, what we also see is that our joint offer customers are also better protected from Digi.

So I say that actually, I would see it like this. And on the Proximus brand, it's also there indeed the low end of the price points that are most under pressure.

Roshan Ranjit - Deutsche Bank - Analyst

And just to check on that, sorry, are you seeing any customers move from the headline Proximus brand down to Mobile Vikings or Scarlet?

Jim Casteele - Proximus NV - Consumer Market Lead, Member of the Executive Committee

Not significantly, no. And again, if you have a EUR10 to EUR12 price difference between the A brand and the B brand, you are in good shape to justify the price difference between your A brand value proposition and your B brand value proposition.

This is really what we try to maintain and to feed and to nourish -- and for the moment, we are able to justify the price premium for the quality of the service of Proximus, access to human service, access to shops, access to devices. So that's the different barriers between A brands and B brands are well managed and well also communicated to our customer base, which allows us to really create a true difference between A brand value proposition and B brand value proposition.

Mark Reid - Proximus NV - Finance Lead, Member of the Executive Committee

Roshan, let me take the question on mobile network. So yes, we do have some sites that you could be interested in and -- but it's very small. And I think we've got some agreements, but it's low single-digit millions. So it's not really a number in our -- it's not included in our overall EUR500 million asset sales. It's too small.

It's more the major divestments that are included in that number.

Guillaume Boutin - Proximus NV - Chief Executive Officer, Member of the Executive Committee, Director

I think on the main shareholder governments, I think it's difficult for me to comment on this. I would just refer to the latest communication for the government, which is a press release of the minister in charge of Proximus this morning, which is really supporting and sharing the good results of the company and the good strategic direction of the company. So I would refer to that press release of this morning if you want to have the latest development around government positions around the company.

Operator

(Operator Instructions) Kris Kippers, Degroof Petercam.

Kris Kippers - Banque Degroof Petercam (Research) - Analyst

First question would be on the synergies for Global. We've now seen a bit more details on the -- when the timing of these synergies are. It does seem that the initial year is quite limited. Could you share with us why that is given the signing and the integration has already been done quite some time ago and how much was booked in '24?

Then my second question, interesting slide you showed on the natural churn in the FTEs and indeed with a quarter, you could say, going to retirement roughly in the next decade or so.

That's, of course, quite some optionality there on the cost side. But looking at 2024, that number of reduction, is that something we should use going forward, let's say, a 1% reduction per annum? Is that feasible?

And then a third question, coming back on the situation in the southern part of the country. To what extent or to what kind of amounts are we talking about in terms of potential collaboration savings on CapEx vis-a-vis the agreement in the north of the country?

Mark Reid - Proximus NV - Finance Lead, Member of the Executive Committee

Kris, let me take those. So first of all, on the synergies, you're right, there was an amount, but it was kind of, again, mid-single digits in that kind of range in 2024. Again, in terms of the overall ramp-up, we're super confident of getting to the EUR100 million, and you'll start to see more of that come through in '25. So that's baked into our guidance, which you can see hopefully is very attractive for '25. In terms of the natural churn, again, we started to give you a view of what that could look like in the years to come.

I think the 1% in '25 is probably, again, a good proxy, but I think we've got optionality there, which we continue to look at.

And then on the South in terms of the CapEx saving, again, we're not really kind of giving any specific guidance on that. It clearly we're still in negotiation with Orange in that part of the territory. Hope that's helpful.

Operator

There are no further questions. So I'll hand back to your host to conclude today's conference. Thank you.

Nancy Goossens - Proximus NV - Head of Investor Relations

Okay. Thank you all for joining this conference call. Should there be any follow-up questions, please contact us beingAdrien or myself. Thank you. Bye.

Operator

Thank you for joining today's call. You may now disconnect.
