

Proximus group

Results presentation

Q1 2022

 29 April 2022



Guillaume Boutin, CEO

This presentation is a subset of the company's results release.
Please consult proximus.com/investors for the overall disclosed information.

Cautionary statement

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

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Content

- Key achievements Q1
- #inspire2022 strategy
- Financial & Operational performance
- Appendix

Key achievements Q1

Positive momentum in Q1

On track to deliver #inspire2022

- Total of 909k Fiber HP end Q1
- Launch of Proximus Ada
- Agreement with ImmoBel on Proximus HQ
- TeleSign ready for public markets
- Mobile Vikings customers migrated to Proximus network

Commercial traction continues

 +15K

 +11K

 +38K
Postpaid

 +15K
Convergent residential

 +25K
Fiber activated retail lines

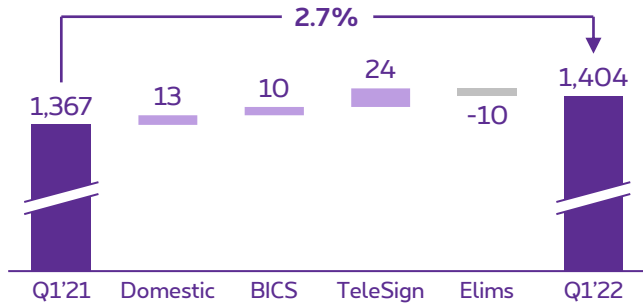
+20% BICS cloud usage YoY
X2 TeleSign sales bookings YoY

Good start to reach 2022 guidance

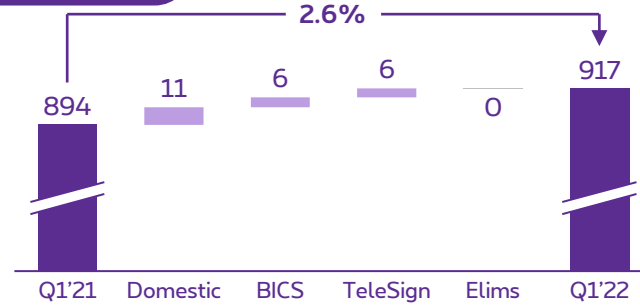
- Domestic, BICS & TeleSign all growing Q1 revenue
- Managing inflation risk
- On track for FY net debt level around 1.6X (interest rate exposure fully hedged through 2025)

Good start to meet our 2022 Guidance

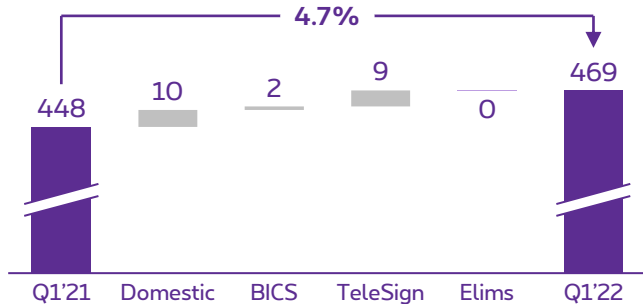
Revenue



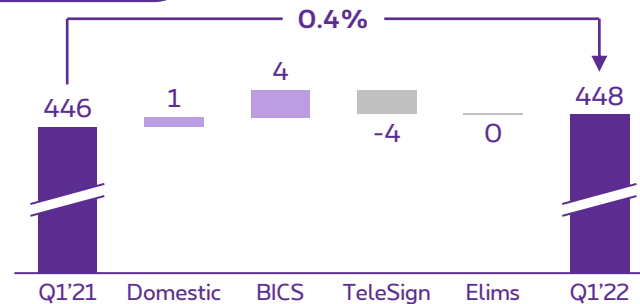
Direct Margin



Opex



Ebitda



€ 270M
Capex

€ 33M
Adjusted
FCF

Delivering on our #Inspire2022 strategy

Become the reference operator in Europe



Build the best
GIGABIT NETWORK
for Belgium



Operate like a
“DIGITAL native”
company



GROW PROFITABLY
through partners
& ecosystems



Act for a
GREEN and
digital society

Proximus taking up its societal role, supporting Ukrainian people and launching several new solidarity actions



Discover the Proximus ESG KPIs on [Proximus.com](https://www.proximus.com)

- **Support actions for Ukraine**
 - ✓ Free communications to/from Ukraine
 - ✓ 10 GB Prepaid cards for Ukrainian refugees
 - ✓ Accommodation for Ukrainian families
- **Internet for All** - Internet connection for thousands of economically disadvantaged Belgians
- **DigitAll** - Launched MobiDig, a mobile toolkit that social organizations can use to promote digital literacy
- **CULT partnership** - Started combined city deliveries in Antwerp: driving -25%; emissions -90%

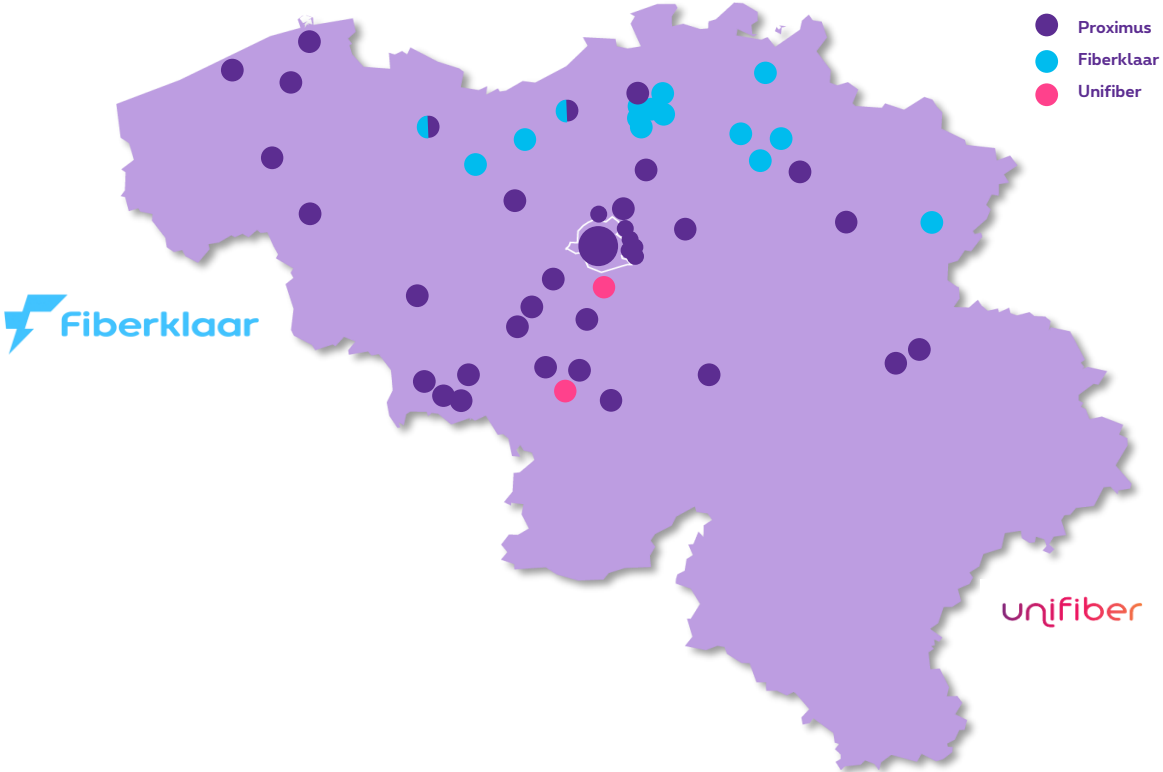


Fiber roll out well on track to meet year-end target of 22% Fiber coverage

 **50**
Cities

Copper
outphasing of
1st Fiber area in
Brussels started

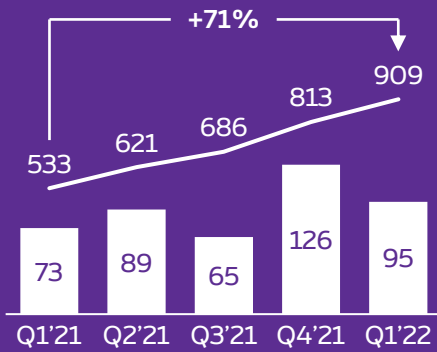
Trenching km
X 4 YoY



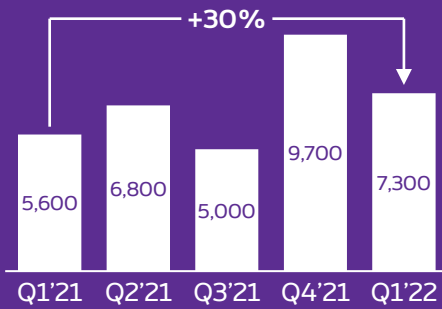
22%
Fiber
coverage
target
end-2022

> 900k Fiber HP in Q1, +95K in Q1 after seasonally high Q4

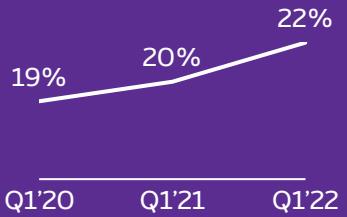
Fiber Homes & Businesses Passed
(in K)



7.3k
weekly rollout
(rounded, HP)



22%
Network filling rate*

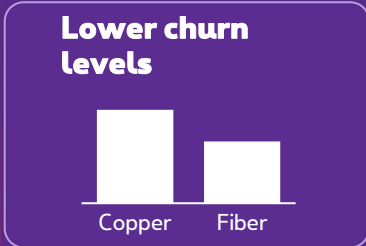
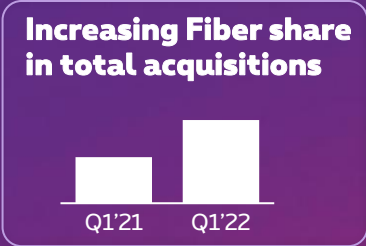
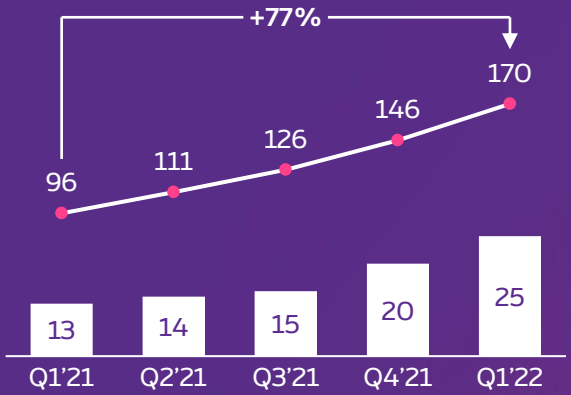


> 1M HP
before summertime

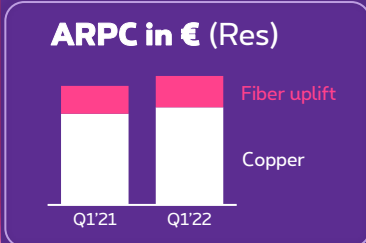
* Homes Activated / Total Homes Passed Ready for Termination (=connectable homes passed)

Strong customer demand for Fiber: 170k activated Fiber lines end Q1

Fiber park & net adds*
(in K)



65%
Migration rate
(1 year post commercial launch)



*Residential + Business, incl. new & migrated customers

Targeted value propositions & continued customer focus drives better NPS

Solutions for each segment through our different brands

proximus Flex

scarlet Scarlet Trio Mobile €50 / maand

MOBILE VIKINGS

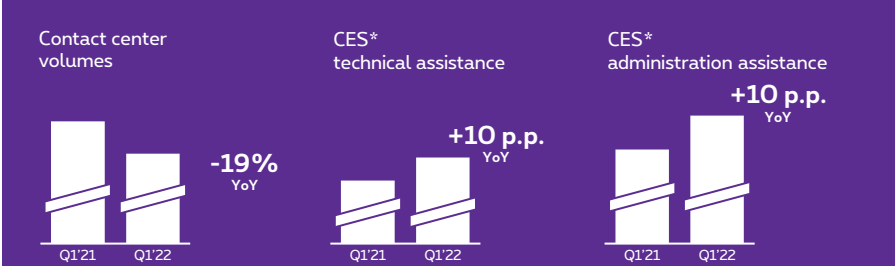
Bringing relevant digital solutions

> 1M Active users MyProximus App

~1M Unique visitors Pickx App & Web

banx doktr 4411

Improved customer experience



Driving better NPS



*CES: Customer effort score for technical & administration assistance journey (% TOP 2 out of 5)

Proximus launches Proximus Ada, 1st Belgian center of excellence combining artificial intelligence and cybersecurity



100%

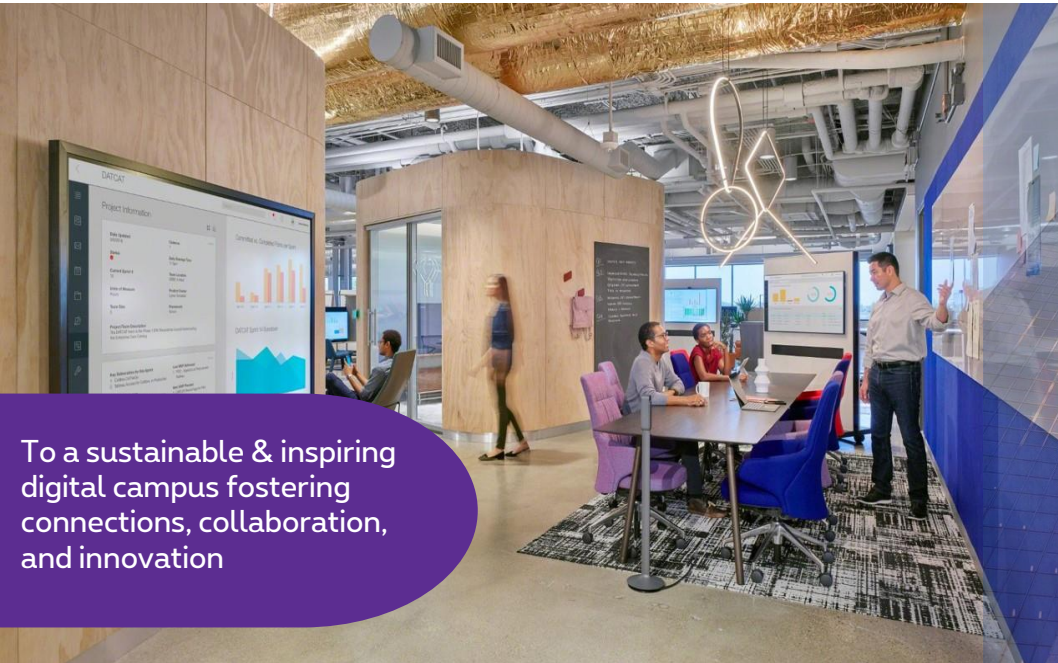
owned subsidiary of Proximus

50

Experts in artificial intelligence and cybersecurity,

X3 over the next 3 years.

Proximus and Immoebel reach binding agreement on redevelopment of Proximus' headquarters



To a sustainable & inspiring digital campus fostering connections, collaboration, and innovation

- HQ's to be sold for approx. € 143M
- New office space <50k m² from +110k m²
- Lease-back agreement for remaining office space
- Rent-free period
- Immoebel fit-out contribution of €20M to Proximus

On track to unleash full potential of TeleSign

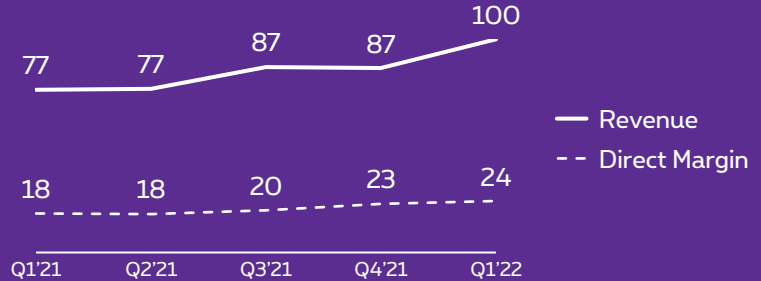
TeleSign ready for public markets:

- Registration Statement (S-4) filed with SEC
- 18 May 2022 , Special Meeting of NAAC shareholders to approve the proposed business combination

\$ 1.3Bn EV
Pro Forma, TeleSign

Implies **2.2x**
EV/Revenue 2023E

TeleSign momentum continues:



Company is prepared for further growth:

- ✓ Strategy in place
- ✓ New management team executing to plan
- ✓ Strong investments in international Go to market & DI product development

Financial & Operational performance

Domestic

Continued good growth for main customer bases



Internet base **2,193K**;
+ 45k YoY
+2.1% YoY



TV base **1,732K**;
+ 43k YoY
+2.5% YoY



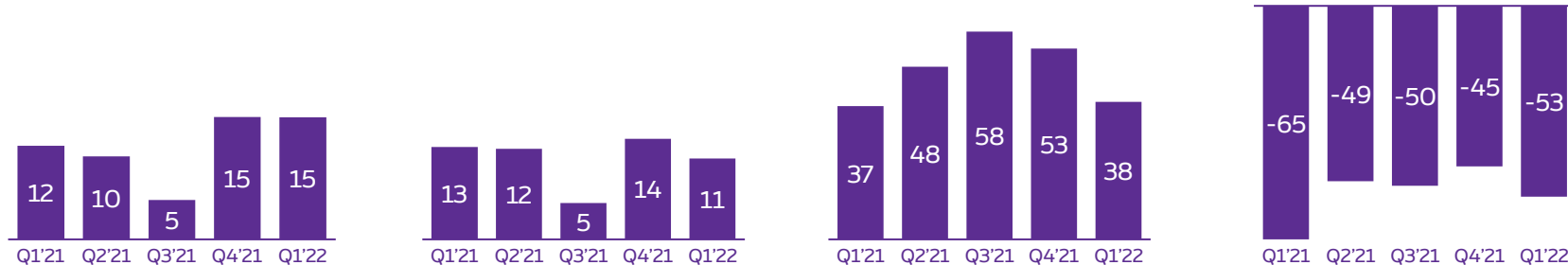
Postpaid

Postpaid base **4,689K***;
+ 388k YoY*
+9.0% YoY*



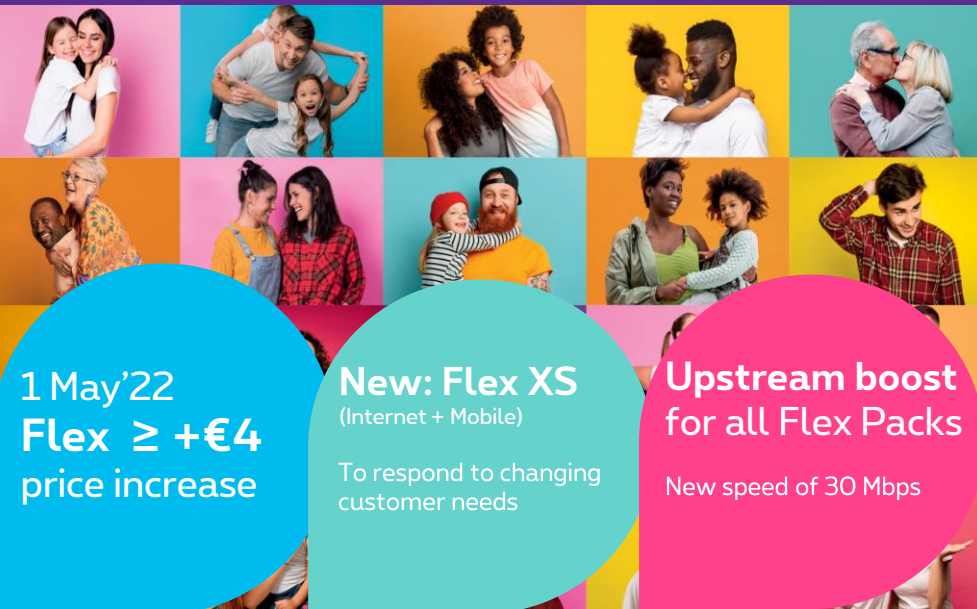
Fixed Voice **1,951K**;
-197k YoY
-9.2% YoY

Net adds; Group ('000)



*incl. Mobile Vikings

Proximus-branded flagship convergent offer Flex continues growth to 922k subscribers



1 May'22
Flex \geq +€4
price increase

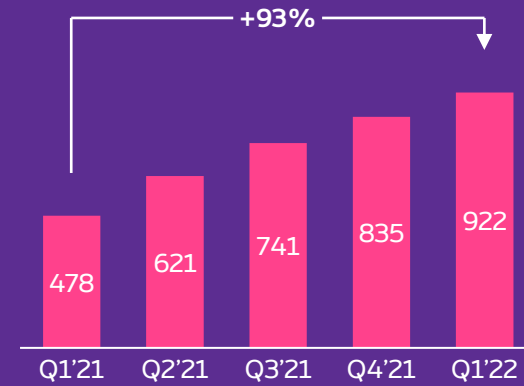
New: Flex XS
(Internet + Mobile)

To respond to changing
customer needs

Upstream boost
for all Flex Packs

New speed of 30 Mbps

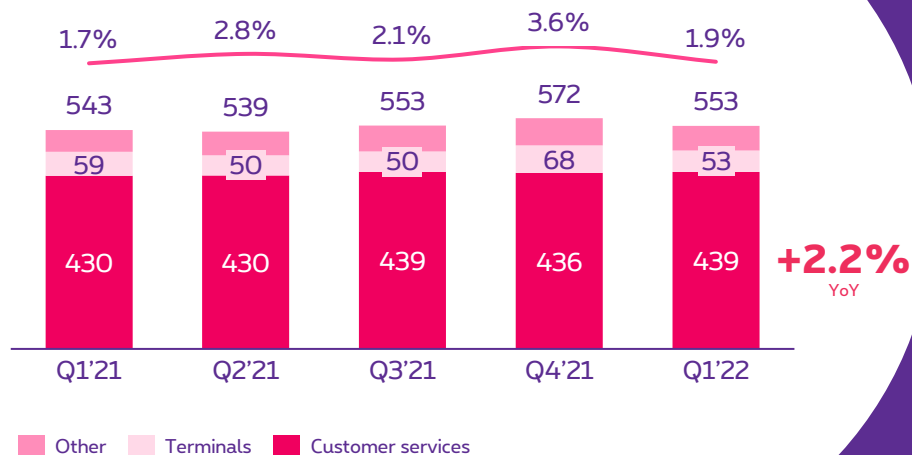
Flex subscriptions* (in K)



*Number of Flex packs include both Residential & Business Customers

Residential revenue Q1 growing by +1.9%

Residential revenue (€M, YoY)



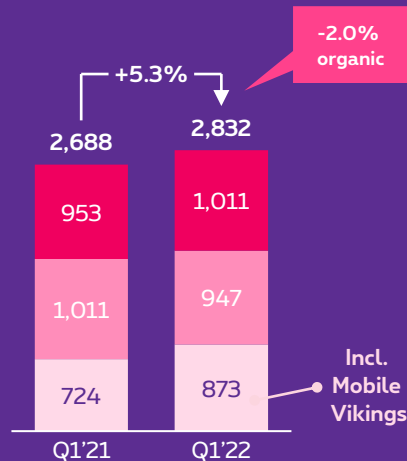
Revenue growth mainly related to

- Increasing residential customer services revenue (strong increase in Convergent revenue and Mobile Vikings pushing up the Mobile-only revenue)
- Partly offset by less Terminals revenue, at low margin

Residential customer services revenue +2.2% YoY, on organic basis nearly stable revenue, ARPC +2.1%

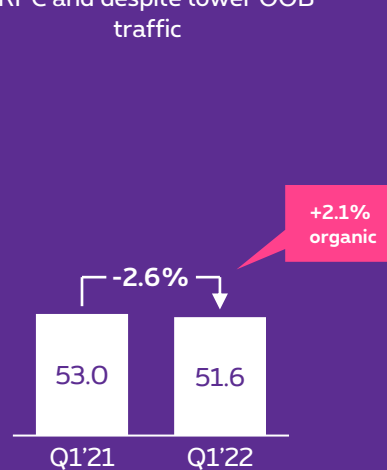
Customers (in K)

Growing Convergent base and inclusion of Mobile Vikings

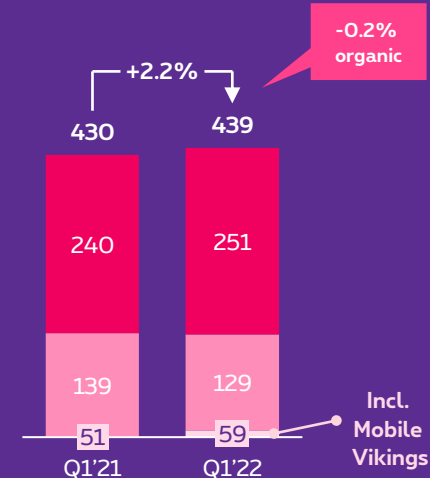


ARPC (in €)

Supported by Jan'22 price increase, customers moving to convergent offers at higher ARPC and despite lower OOB traffic



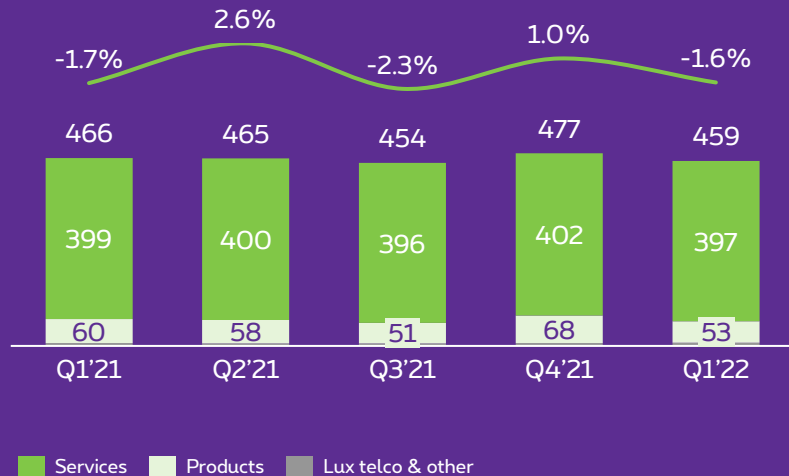
Residential customer services revenue (in €M)



Convergent Fixed only Mobile postpaid only

Q1'22 Business revenue -1.6%, mainly driven by low margin products revenue

Business revenue (€M, YoY)



Q1 results:

- **Services revenue -0.5%**, Fixed Data & IT services growth nearly off-setting Fixed Voice erosion
- Low-margin **Products revenue € -6M**:
 - IT products -6.7%, continued headwinds in chip supply chain
 - Terminals -18.9%, on less mobile terminals deals

Some noticeable new contract wins*

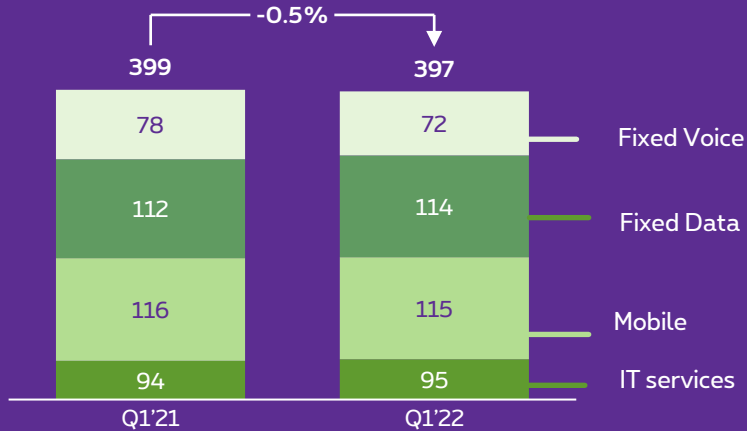
deceuninck



*with customer's consent

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

Business Services revenue (€M)

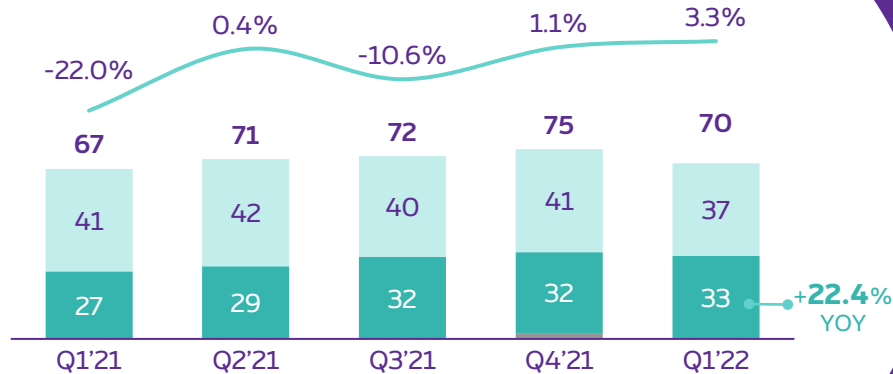


Business Services revenue **-0.5%** YoY in Q1

- **Fixed Data growth** - increasing Internet ARPU & Park, while managing value in the transition to SD-WAN services
- **Stable Mobile revenues** - growing customer base and favorable mobile managed & network services evolution, offset by ARPU pressure
- **Good performance in high value IT Services**, especially in Security, Cloud & Smart Mobility
- **Fixed Voice** - growth in PABX services offset by Fixed Voice park erosion, while managing ARPU

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

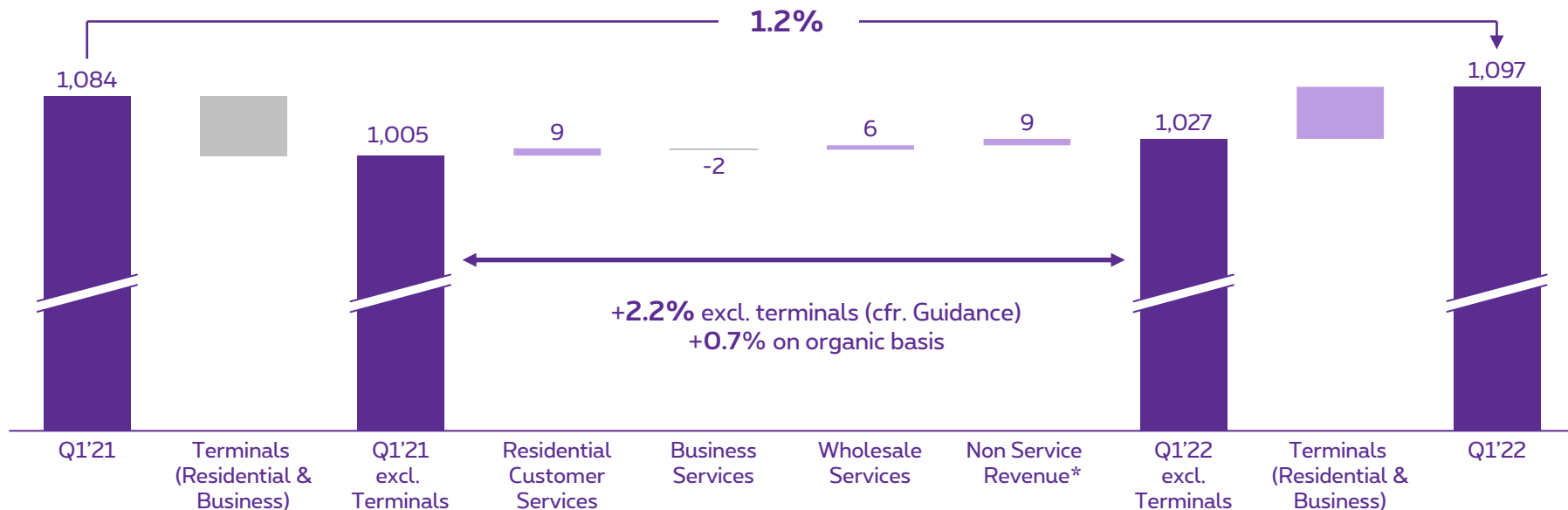
Wholesale revenue (€M, YoY)



- Fixed & Mobile Services revenue +22.4%, with increased number of MVNO customers & higher roaming revenue
- Interconnect revenue -9.8% impacted by regulation

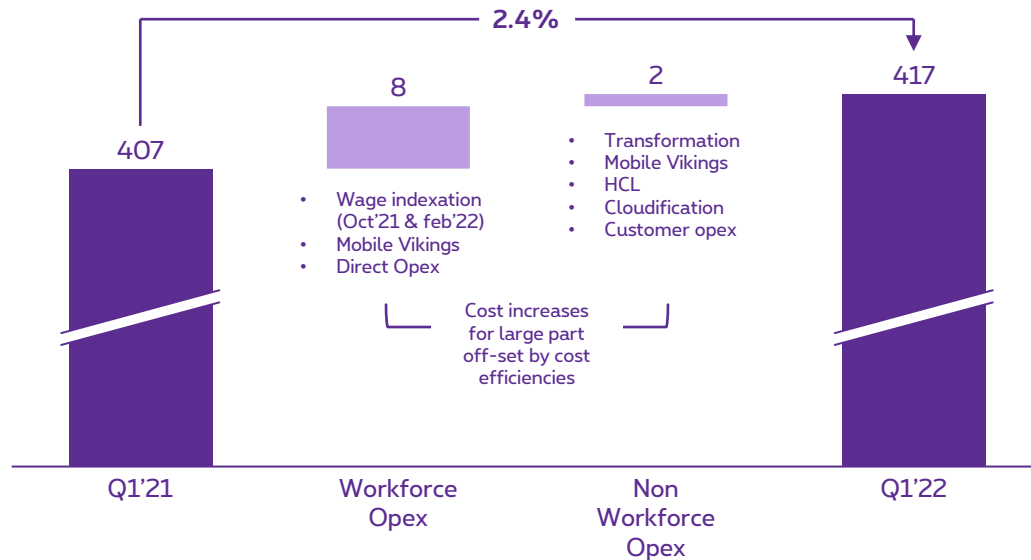
Domestic revenue Q1 excl. terminals +2.2%, +0.7% on organic basis

(underlying, €M)



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

Managing Domestic Opex in challenging inflationary context



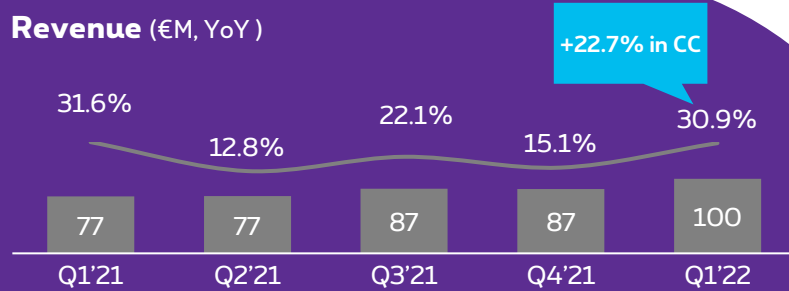
Organic Q1
Domestic Opex
+1.5% YoY

Cost efficiency
program will further
mitigate the inflation
impacts

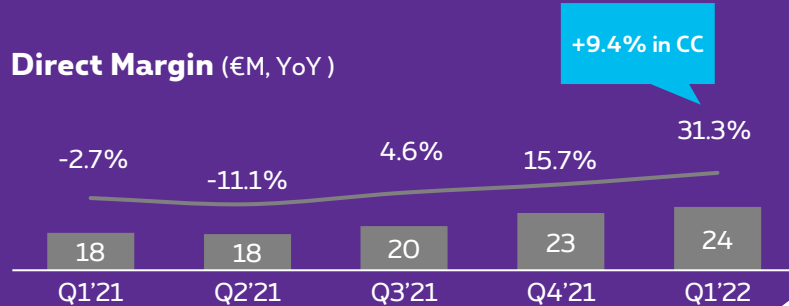
International

TeleSign Q1 revenue +30.9%, representing another milestone in its journey to become the global leader in DI

Revenue (€M, YoY)



Direct Margin (€M, YoY)



Q1 in line with growth plan

- **Digital Identity** revenue & DM increasing driven by strong volume growth (new & existing customers)
- **Communications** revenue & DM increasing driven by incremental demand of several large customers

Strong NRR*
124%
(vs. 123% end 2021)

Cumulative volumes
nearly +20% YoY**

Strongest sales quarter ever,
sales bookings x2 YoY

**Expansion and reinforcement of
geographical coverage**

**Q1 EBITDA
2M€**

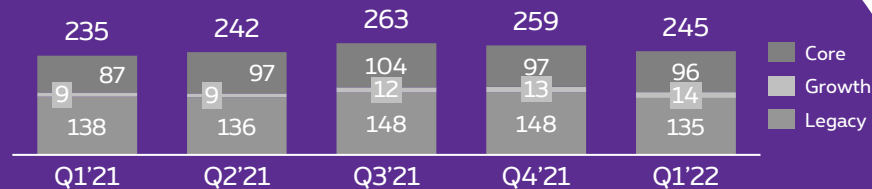
Incl. increased
investments in Go
To Market

* net revenue of retention

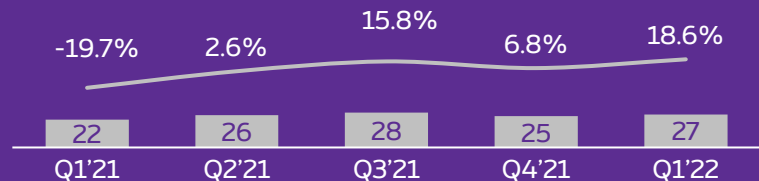
** adjusted for volatility within TeleSign's communication business in India

BICS Q1 EBITDA + 18.6% YoY on low comparable base

Revenue (€M, YoY)

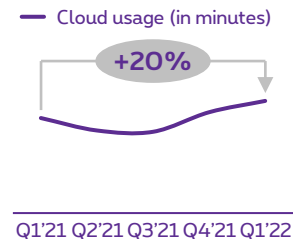
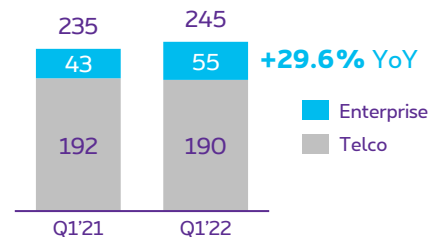


Ebitda (€M, YoY)



BICS revenue +4.5% YoY

- **Core:** +10.4%, partially supported by improving trends in world-wide travel
- **Growth:** +49.5%, on strong cloud communication traction amongst world leading digital companies.
- **Legacy:** -2.3% down in declining market, while preserving direct margin



BICS Ebitda +18.6% YoY, on low comparable base

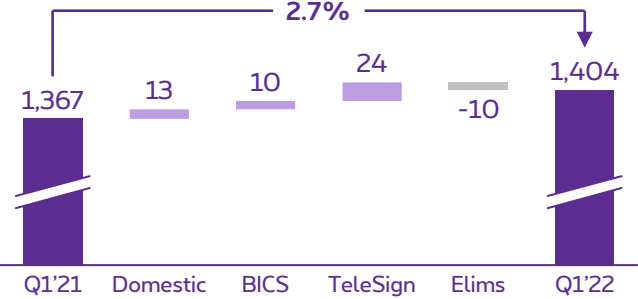
+20% Cloud Usage & ~2X Cloud numbers

Group

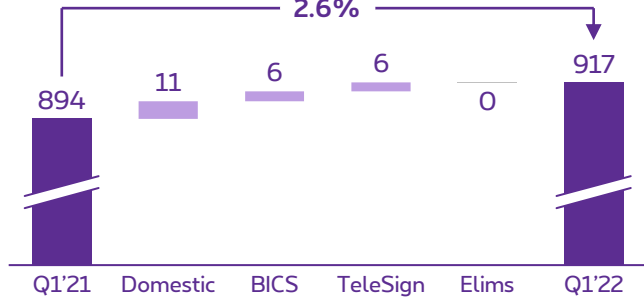
Group EBITDA +0.4%, growth Domestic and BICS partly offset by TeleSign's growth investments

Revenue

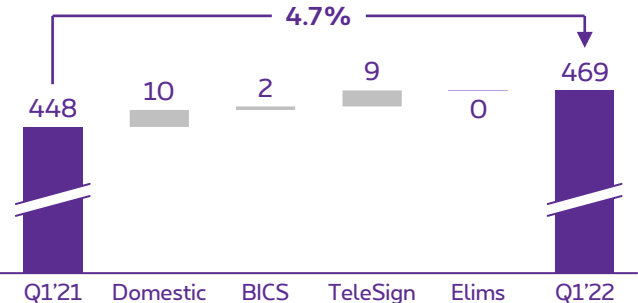
(underlying, €M)



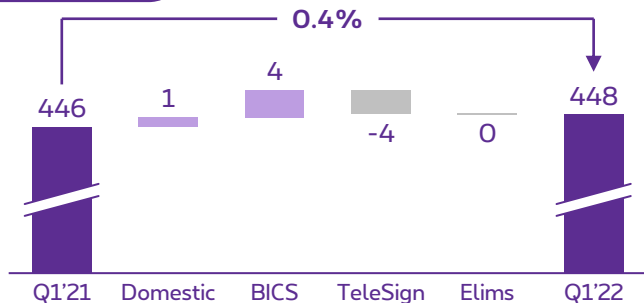
Direct Margin



Opex



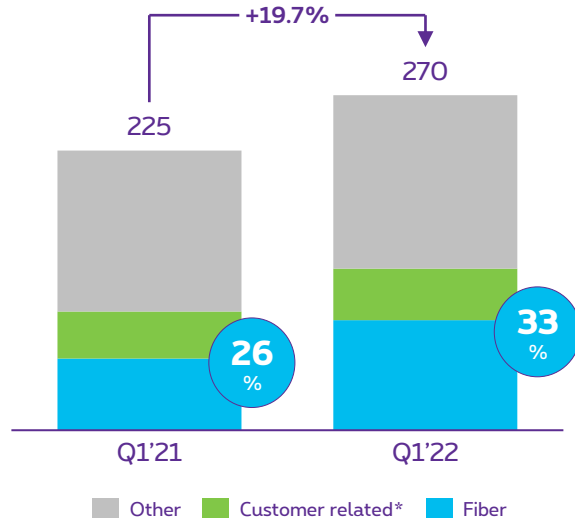
Ebitda



Increasing investments in our accelerated Fiber roll out

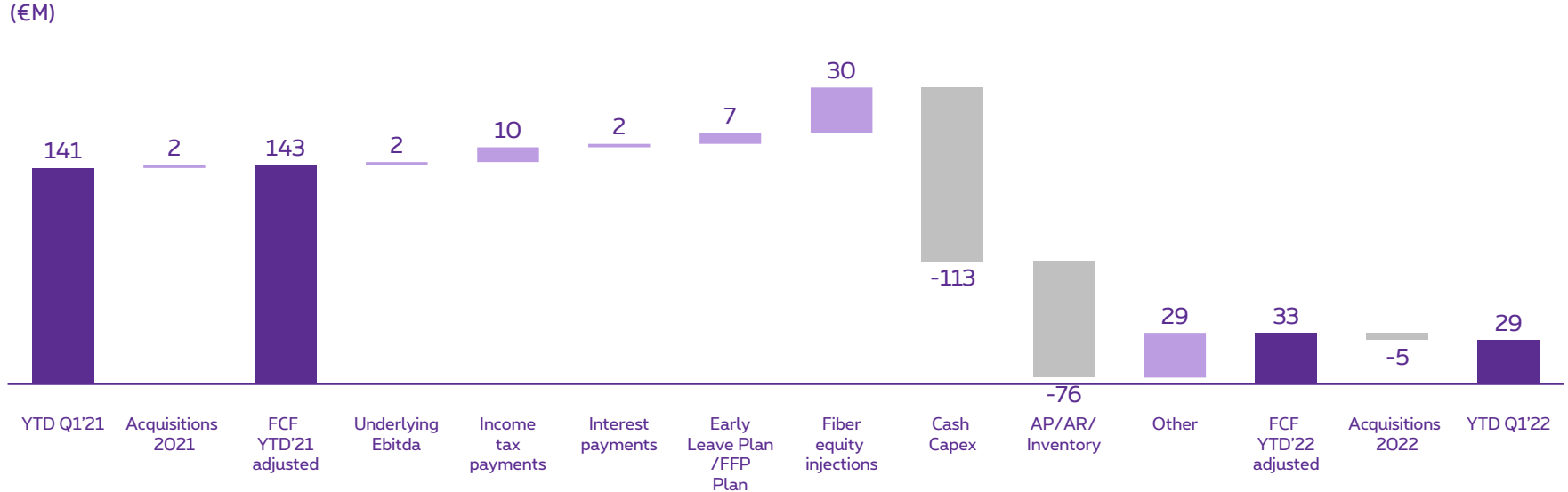
Group Capex

€M, excl. spectrum & football rights



- Strong increase in Proximus **Fiber** HP
- Timing effect **Content** contract renewals
- **Volume** related capex on higher Customer installations

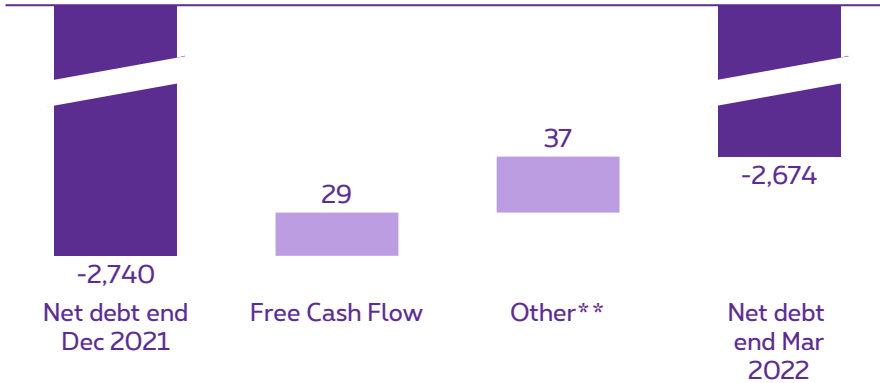
FCF Q1 impacted by spill-over effect of steep Fiber investments end-2021



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

Keeping a sound financial position

Adjusted Net Debt*
(YTD, €M)



*Excluding Lease Liabilities

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

7.7 Yr

Weighted average debt duration
(long-term only)

1.64 %

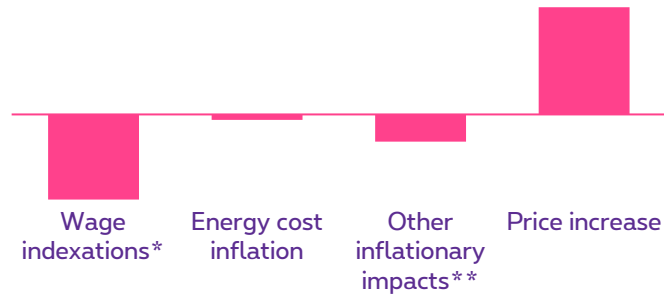
Weighted average coupon
(long-term only)

Credit ratings

- Standard & Poor's A (negative outlook)
- Moody's A1 (stable outlook)

Containing net impact of inflation on 2022 financials

Estimated YOY impacts on 2022 Domestic EBITDA



* Oct'21/Feb'22/Apr'22/Jun'22

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

2022

- **Impact of inflation on EBITDA** fully reflected in guidance
 - Wage indexations
 - Energy consumption almost fully hedged (>90%)
 - Price increase on legacy & commercialized offers
 - Cost efficiency program will further mitigate the inflation impacts
- **Capex envelope** closely monitored, with Fiber build capacity and prices secured in long term commitments
- **Long term debt** fully hedged at fixed rate

2023 & beyond

- Cost efficiency program provides flexibility on managing costs
- Over 50% energy consumption hedged in 2023
- Refinancing in 2024 & 2025 hedged in Q1 2022 at current interest rates

On track for 2022 Guidance

Guidance metrics	Outlook FY 2022	Q1 2022
Underlying Domestic revenue excl. Terminals	Growing up to 1% YoY	+2.2% YoY
Underlying Domestic EBITDA	Growing up to 1% YoY	+0.3% YoY
Underlying Group EBITDA	Around -1% YoY	+0.4% YoY
Capex (excl. Spectrum & football rights)	Close to € 1.3Bn	€ 270M
Net debt / EBITDA	Around 1.6X	nr

Dividend 2022

*Proximus remains committed to an attractive remuneration for its shareholders and intends to return over the result of 2022 an annual gross dividend of **€ 1.2 per share**, in line with Proximus' announced 3-year dividend policy over the period 2020-2022.*

Normal dividend 0.70€/share:

Ex-Coupon: 27 April 2022

Record date : 28 Apr 2022

Payment date : 29 Apr 2022

Q&A

Join the conference call:

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

Code 89873490#

Appendix

Unit reporting changes in Q1

RESIDENTIAL

- Former consumer unit excl. SE
- Revenue from **Mobile Vikings** is reported in the respective residential product groups:
 - Residential Customer Services (X-Play) (postpaid)
 - Prepaid
 - Other (interconnection)

BUSINESS

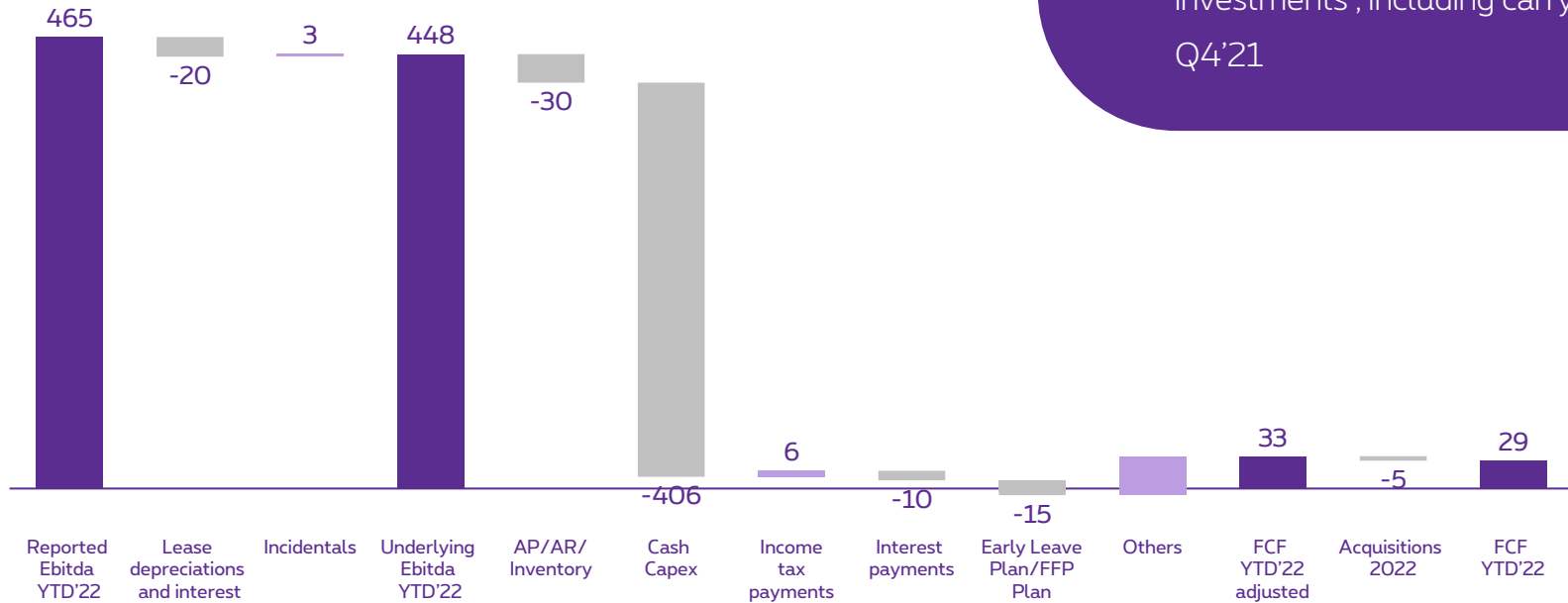
- Former enterprise unit + SE (businesses < 10 employees)
- **New revenue structure:**
 - Services revenue
 - Product revenue
 - Luxembourg Telecom
- **Business Mobile ARPU** – No longer incl. network services revenue (independent from the number of mobile postpaid cards).

From reported to underlying

(EUR million)	GROUP Revenue		GROUP EBITDA	
	Q1 '21	Q1 '22	Q1 '21	Q1 '22
Reported	1,367	1,405	460	465
Adjustments	0	-1	-14	-18
Underlying	1,367	1,404	446	448
Adjustments	0	-1	-14	-18
Lease Depreciations			-20	-20
Lease Interest			-1	
Transformation			2	4
Acquisitions, mergers and disposals		-1	5	1
Litigation/regulation				-3

Ebitda conversion to FCF

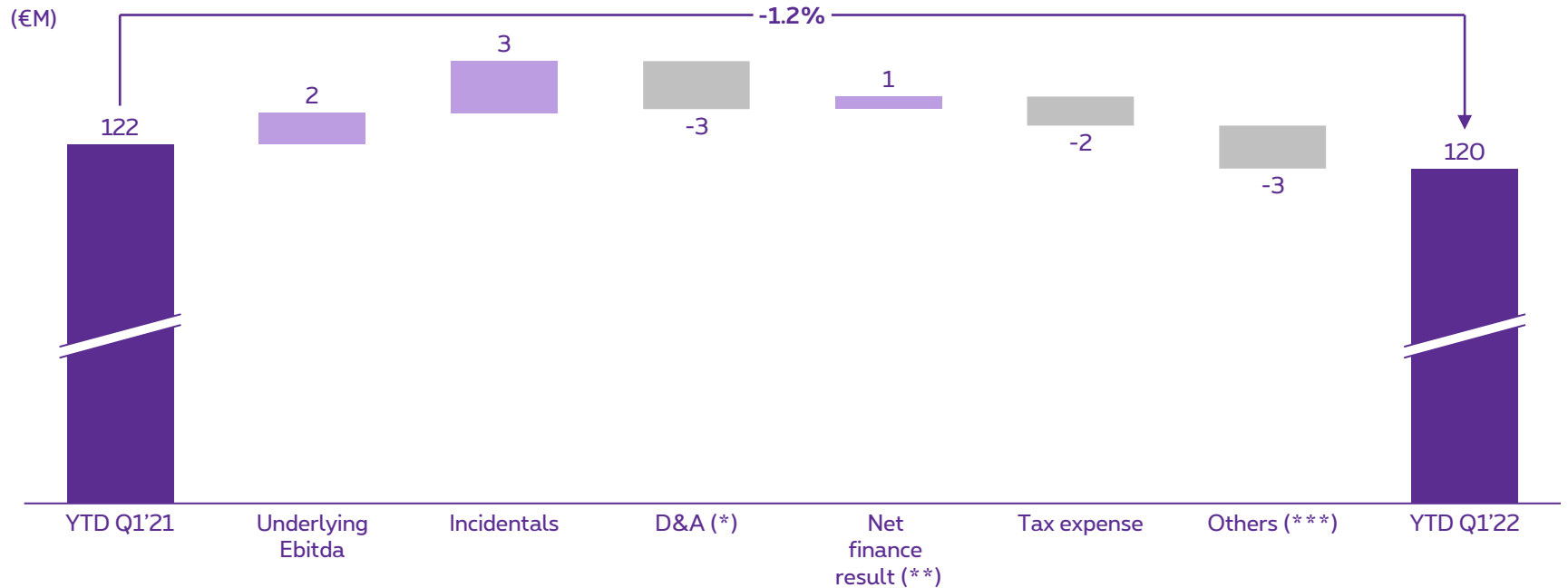
(€M)



High capex cash out related to Fiber investments, including carry-over effect of Q4'21

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

Net income



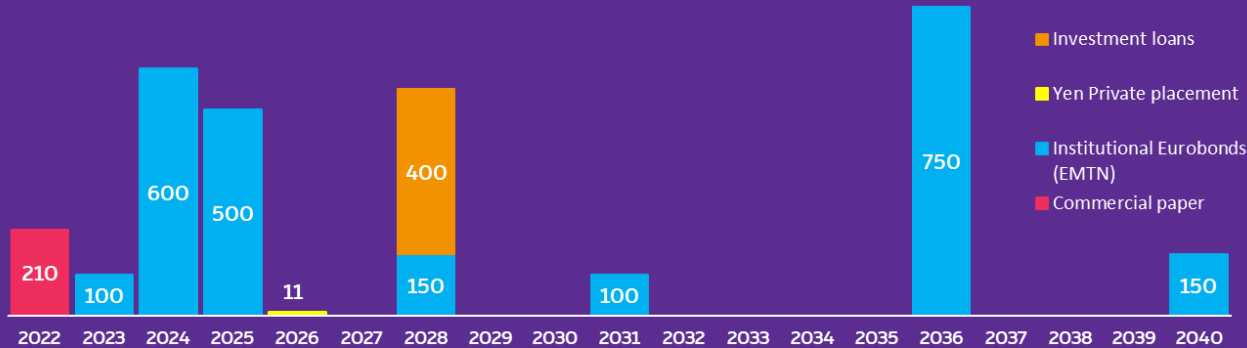
* Excluding Lease depreciations

** Excluding Lease interests

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

Debt maturity schedule

(€M)



Proximus actively manages its long-term debt portfolio by having hedged its interest rate exposure of the bonds maturing in 2024 and 2025

Liquidity end-March 2022

- €249M investments, cash & cash equivalents (incl. derivatives)
- Capital markets funding
 - EMTN Program €3,500M (€2,350M drawn)
 - Commercial Paper Program €1,000M (€210M drawn)
- Committed credit facilities: €750M (€0M drawn)

Shareholder structure

(*status 31/03/2022)

Total number of shares

338,025,135

Free-float

42%

Belgian Government

54%

Market Capitalization*

~€ **5.4**Bn

Dividend yield*

~**7.1%**

	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%	56.06%	55.94%	180,887,569	180,887,569
Proximus own shares	15,334,000	4.54%	0.00%	0.21%	0	693,702
Free-float	141,803,566	41.95%	43.94%	43.85%	141,803,566	141,803,566
Total	338,025,135	100.00%	100.00%	100.00%	322,691,135	323,384,837

The voting rights of all treasury shares are suspended by law. Proximus has 14,640,298 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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