Press release

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Proximus Group financial results – Fourth quarter and full-year 2023

Proximus closes 2023 with sustained excellent commercial momentum, beating its Revenue and EBITDA guidance

- **Sustained excellent commercial performance in Q4: Mobile postpaid +38,000, Internet +16,000 and convergent customers +19,000, net loss in TV base contained, -8,000.**
- **Fiber scaling: 34% of "fiber in the street"[1] +44,000 activated Fiber lines in Q4, total of 397,000 end-2023.**
- **Domestic revenue +3.5% to EUR 1,196 million in Q4, incl. Residential Services +6.7% and Business +3.6%.**
- **Q4'23 underlying Domestic EBITDA of EUR 392 million, YoY trend turning positive with +0.9%.**
- **Q4'23 EBITDA for International segments BICS at EUR 30 million and Telesign at EUR -1 million.**
- **Proximus Group Q4'23 underlying revenue of EUR 1,534 million, -1.6% YoY, underlying EBITDA of EUR 421 million, +1.4%.**
- **FY'23 Domestic revenue +4.2% YoY, Domestic EBITDA -1.7% YoY, Group EBITDA -1.6% YoY.**
- **FY'23 Capex at EUR 1,325 million and adjusted FCF at EUR 61 million, including EUR 96 million for Q4.**
- **Board proposes gross dividend over 2023 result of EUR 1.20/share, EUR 0.70 to be paid in April 2024.**
- **For 2024, Proximus confirms its bold2025 ambition to return to growth for Domestic and Group EBITDA.**

Read the full Q4 Financial Report here

Highlights Q4 2023

- Proximus' Domestic segment closed the fourth quarter of 2023 with continued **strong growth in Mobile Postpaid, +38,000 net adds,** supported by the new mobile portfolio released in May 2023 and a superior mobile network. Proximus' Fiber footprint reaches meaningful coverage levels of 1,748,000 homes and businesses passed by end-2023, supporting an excellent growth for its **Internet base (+16,000)**. **Residential convergent offers grew by +19,000** customers to a total of 1,112,000, a +6.2% year-on-year increase. End-December 2023, the number of **active Residential and Business Fiber lines totalled 397,000**, of which +44,000 were added in the fourth quarter 2023. The **net subscription loss for both TV and Fixed Voice remained contained,** down respectively by -8,000, and -39,000.

- Proximus' fourth quarter 2023 **Domestic underlying revenue was up by +3.5% to EUR 1,196 million**. The **Residential unit posted a +8.3%** revenue increase, with its Customer Services revenue sequentially improving to a +6.7% growth, and revenue from Terminals year-on-year higher by EUR 18 million. Convergent revenue was up +10.7%, driven by further customer growth and the inflation-based price increases. The **Business unit revenue was down by -0.5% year-on-year,** impacted by low-margin Products revenue which was EUR -17 million below a high comparable base in 2022. Business Services revenue sustained its solid growth trend, up by +3.6%. This was driven by IT Services (+7.1%), Fixed Data (+6.3%) and Mobile Services (+2.2%), more than compensating a moderating Fixed Voice revenue erosion. Proximus' **Wholesale unit posted an overall -8.3% revenue decrease** resulting from the loss of low margin interconnect revenue (EUR -6 million), while Wholesale Services revenue was up by +2.3%.

- The fourth-quarter 2023 **Domestic EBITDA totaled EUR 392 million, a +0.9% increase** from the same period in 2022. The sequential improvement from the previous three quarters reflects the higher direct margin, up by +4.7%, ongoing company-wide cost efficiencies and softening inflationary effects on wages.

[1] 1.75 million homes and businesses passed + JV's fiber in the street funnel of 300,000 living units.

- The fourth quarter 2023 saw Telesign cycling against an elevated 2022 comparable, while facing some macro headwinds and an accelerated move of customers to omnichannel message delivery. **Telesign's revenue was down -15.8% year-on-year to EUR 118 million, with EUR 31 million Direct Margin.** This was the highest quarterly margin of 2023, though down by 9.3% from a high basis. On constant currency basis, Revenue was down -11.6% and Direct margin nearly stable (-0.1%). With material investments in Telesign's growth strategy beyond their peak, year-on-year the OPEX was -4.9% lower, overall resulting in an EBITDA negative by EUR -1 million over the fourth quarter 2023.

- For the fourth quarter of 2023, **BICS posted revenue of EUR 256 million, a -17.7%** decrease from an exceptionally strong fourth quarter of 2022. In addition to a USD currency headwind (-15.5% at constant currency), the decrease resulted from lower messaging volumes and legacy Voice services returning to their inherently declining trend. This was reinforced by a change in destination mix, though with limited margin impact. BICS' Direct Margin stood at EUR 65 million, down -0.6% from a high base (+0.9% at constant currency). **BICS' EBITDA totaled EUR 30 million, +15.0%** from a low base in 2022.

- In aggregate, the Proximus **Group underlying revenue totaled EUR 1,534 million** for the fourth quarter of 2023, **down -1.6%** due to lower International revenue, with limited impact on direct margin. The underlying **Group EBITDA totaled EUR 421 million, up by +1.4%**.

- The **Proximus Group CapEx** for the full year 2023 totaled EUR 1,325 million, compared to EUR 1,305 million one year back, excluding spectrum and football broadcasting rights. The Group CapEx over the last 3 months of 2023 was EUR 421 million, EUR 43 million below the comparable period in 2022. CapEx for Proximus' own fiber build is coming down from its peak in 2022, while the capex to connect and activate customers increases.

- **At year-end, the FCF when adjusting for M&A related cash-out stood at EUR +61 million (EUR +18 million, on reported basis), including adjusted FCF of EUR 96 million for the fourth quarter 2023.** On adjusted basis, the 2023 FCF decreased by EUR 119 million compared to 2022. Apart from the lower underlying EBITDA, the year-on-year decrease was mainly related to higher tax related payments, interest-related payments incl. on spectrum rights and higher capital injections in the fiber joint ventures. This was partly compensated by lower year over year business working capital needs and the irrevocable payment of EUR 30 million received from Immobel in December 2023, related to the sales process of the Proximus headquarters.

Guillaume Boutin, CEO of the Proximus Group

"We are closing the foundation year of our bold2025-strategy on a strong note, with outstanding commercial results driving better than expected Domestic revenue and EBITDA."

"We are delighted to report once again an excellent domestic commercial performance. The last quarter of 2023 was marked by a continued traction of our Mobile portfolio, resulting in a strong growth for our Mobile Postpaid base by 38,000. For Internet, we achieved the best quarterly growth in 5 years, adding 16,000 new Internet customers. We also welcomed no less than 44,000 active customers on our Fiber network over the fourth quarter of 2023, bringing the total to 397.000.

Our commercial achievements reflect the substantial progress made in deploying our Gigabit networks. Today we undoubtedly have the best mobile and fixed products on the Belgian market. We finished 2023 with over 1.7 million homes and businesses across 147 cities passed with Fiber. Overall, including the contribution of our joint ventures, we brought Fiber "in the street" of 34% of Belgian homes and businesses, encouraging innovation and supporting an attractive Belgium. Another supportive factor is the ongoing discussions towards achieving fiber cooperation agreements in the country following the Belgian regulator's comments in October.

As for our Mobile network upgrade, we have been stepping up our pace in 2023, and achieved a 40% 5G coverage by year-end. We are proud that our mobile network continues to be recognized as the fastest in Belgium by independent speed tests. The most speaking being Ookla that revealed Proximus download speeds were up to 50% above our mobile network competitors.

The core strengths of our Fiber and Mobile networks, along with an effective multi-brand strategy and well-calibrated value management, contributed to a 3.5% rise in the fourth quarter 2023 Domestic revenue, including a notable 8.3% growth for the Residential unit. Our ongoing cost efficiency program met our expectations in 2023 and enabled the Domestic business to return to EBITDA growth by 0.9% in the fourth quarter 2023.

On the International front, the fourth quarter 2023 financial performance cycled against a strong comparative in 2022 and faced some global macro headwinds end-2023. Moreover, the last quarter of 2023 was impacted at the topline level by an accelerated shift from SMS as a main channel of communication towards omnichannel delivery models (SMS, WhatsApp, Viber, Voice, RCS) with limited impact on Direct margin. At Telesign, Digital Identity continued to grow, with strong performance among FinTech customers. For 2024, Telesign is confident to deliver a double-digit Direct margin growth, thanks to a continued strong sales performance.

The agreement signed in July 2023 to acquire a majority stake in Route Mobile provides the building blocks needed to move towards becoming one of the worldwide leaders in digital communications and digital identity. With remaining regulatory approvals anticipated to be granted in the near term, we expect the transaction closure in the April-May timeframe.

Summing up for the year 2023, I am very pleased that we were able to exceed the initial financial objectives we had set, despite the challenging inflationary macroeconomic environment. Proximus Domestic 2023 revenue grew by +4.2%, our underlying Domestic EBITDA decline from 2022 was limited to -1.7% and the Group EBITDA decline to -1.6%. We closed 2023 with CapEx of EUR 1.325 billion excluding spectrum and football broadcasting rights, and a Net Debt-to-EBITDA ratio of 2.6X.

The closing of 2023 also marks the successful completion of the first year of our strategic plan, bold2025. The focused execution in 2023 set us firmly on track to meet our Market commitments. Going forward, we expect a growth of up to 1% for our Domestic segment revenue and EBITDA in 2024, in spite of anticipated initial headwinds from the new entrant. Including BICS and Telesign, we confirm our ambition to return the Group EBITDA to growth, up to 1% for 2024 on an organic basis. We will update the market on our International and Group expectations post-closure of the Route Mobile transaction. As for our annual Group CapEx, we have now passed the peak in 2023 and we project the 2024 CapEx to moderate to around EUR 1.2 billion.

To conclude, our Board of Directors approved to propose to the Annual General Shareholders' Meeting to return a gross dividend of EUR 1.20 per share over the result of 2023, with EUR 0.70 per share to be paid in April 2024. Furthermore, in line with our 3-year dividend policy, we expect to return over the result of 2024 a gross dividend of EUR 0.60 per share."

Key figures

Operationals ('000)	Net adds in the quarter			Park at end of quarter		
	2022	2023	%	2022	2023	%
Fiber						
Homes Passed	158	169		1,282	1,748	36.3%
Activated retail lines	31	44		252	397	57.5%
Residential customers						
Convergent	13	19		1,048	1,112	6.2%
Group (subscriptions/SIM cards)						
Internet	9	16		2,216	2,267	2.3%
TV	-9	-8		1,710	1,674	-2.1%
Fixed Voice	-53	-39		1,810	1,651	-8.8%
Mobile Postpaid (excl. M2M)	43	38		4,817	4,973	3.2%
M2M	63	26		3,976	4,247	6.8%
Prepaid	-19	-20		621	548	-11.8%

Financials (EUR million)	4th Quarter			Year-to-date		
	2022	2023	% Change	2022	2023	% Change
Group Revenue (underlying)	**1,558**	**1,534**	**-1.6%**	**5,909**	**6,042**	**2.2%**
of which Domestic	1,155	1,196	3.5%	4,478	4,665	4.2%
of which BICS	311	256	-17.7%	1,132	1,051	-7.2%
of which Telesign	140	118	-15.8%	473	497	5.1%
Group Direct Margin (underlying)	**935**	**971**	**3.9%**	**3,722**	**3,849**	**3.4%**
of which Domestic	839	878	4.7%	3,360	3,481	3.6%
of which BICS	66	65	-0.6%	263	268	1.9%
of which Telesign	34	31	-9.3%	114	117	3.0%
Group Expenses (underlying)	**-520**	**-550**	**5.8%**	**-1,936**	**-2,091**	**8.0%**
of which Domestic	-450	-486	8.0%	-1,695	-1,845	8.9%
of which BICS	-40	-35	-10.9%	-143	-142	-1.2%
of which Telesign	-34	-32	-4.9%	-112	-122	8.6%
Group EBITDA (underlying)	**415**	**421**	**1.4%**	**1,786**	**1,757**	**-1.6%**
as % of revenue	**26.6%**	**27.4%**	**0.8 p.p.**	**30.2%**	**29.1%**	**-1.1 p.p.**
of which Domestic	389	392	0.9%	1,665	1,636	-1.7%
of which BICS	26	30	15.0%	120	127	5.5%
of which Telesign	0	-1	nr	1	-5	nr
Group EBITDA (reported)	**419**	**441**	**5.4%**	**1,826**	**1,786**	**-2.2%**
Net income	**81**	**90**	**10.7%**	**450**	**357**	**-20.6%**
Accrued capex (excl. spectrum & foo rights)	**464**	**421**	**-9.3%**	**1,305**	**1,325**	**1.6%**
FCF (adjusted)	**99**	**96**	**-2.7%**	**181**	**61**	**-66.0%**
Adjusted net fin position (excl. liabilities)	**n.r.**	**n.r.**		**-2,758**	**-3,131**	**-13.5%**

- Group revenue, Direct margin, Operating Expenses and EBITDA include intersegment eliminations
- Adjusted FCF excludes M&A impacts but includes Fiber equity injections.

Beating revised 2023 revenue and EBITDA guidance

Supported by bold2025, the new 3-year strategy Proximus Group embarked on this year, all guidance metrics set for 2023 were achieved, with Domestic revenue and EBITDA even outperforming initial estimates.

Proximus Domestic revenue for full-year 2023 grew by +4.2%, the decline from 2022 in underlying Domestic EBITDA was limited to -1.7% and for the Group EBITDA to -1.6%.

With the Fiber rollout progressing well, Proximus ended 2023 with CapEx of EUR 1.325 million excl. spectrum and football broadcasting rights. The 2023 net debt-to-EBITDA ratio reached 2.6X (S&P definition).

Guidance metric	FY22 Actuals	FY23 Outlook	FY23 Outlook revised 27 Oct 2023	FY23 Actuals
Underlying Domestic revenue	EUR 4,478 million	Upper end of +1% to +3% YoY	+3.5% to +4% YoY	+4.2% YoY
Domestic underlying EBITDA	EUR 1,665 million	Around -3% YoY	Around -2% YoY	-1.7% YoY
International Direct Margin	EUR 377 million	High single-digit growth	+4% to +5% YoY	+4.9% YoY
Underlying Group EBITDA	EUR 1,786 million	Around -3% YoY	Around -2% YoY	-1.6% YoY
Capex (ex. Spectrum & football rights)	EUR 1.3 billion	Peak at around EUR 1.3 billion	Peak at around EUR 1.3 billion	EUR 1.325 billion
Net debt / EBITDA (As per S&P definition)	1.5x (Proximus) 2.3X (S&P)	Around 2.6X	Around 2.6X	2.6X

Full-year guidance 2024

In line with its bold2025 ambitions, **Proximus** expects its **Domestic revenue to grow by up to 1% in 2024** compared to the previous year, driven by continued commercial momentum fuelled by its 1st mover advantage in Fiber, effective value management, convergence leadership and its multi-brand strategy, while anticipating some initial headwinds from the new market entrant.

In line with the Domestic revenue growth, Proximus expects the **underlying Domestic EBITDA to grow by up to 1% from 2023**. The inflationary headwind on operating expenses is expected to come down from its peak in 2023, driven in part by a more moderate inflation on wages and with energy costs fully hedged for 2024. Proximus will further progress in its cost efficiency program, targeting a total of EUR 220 million savings over the 3-year period 2023-2025. This will continue to mitigate remaining inflationary cost effects as well as customer-acquisition driven costs.

As for the Group underlying EBITDA, Proximus confirms its bold2025 ambition **to return to growth, up to +1% for** 2024, on an organic basis. On this same basis, the Group Net Debt to EBITDA ratio is expected to be around 2.7X. With the closing of the transaction with Route Mobile, in which Proximus Group will obtain a majority stake, expected in the April-May timeframe, **Proximus will update the market post-closing with its financial expectations for its International segment, Group EBITDA and Net Debt/EBITDA ratio,** including the Route Mobile consolidation, and expected initial synergies.

Reflecting a further decrease in Proximus' own Fiber build, while Fiber JVs are increasing their pace, the Group **Capex** is expected to decrease from its peak in 2023 and be **around EUR 1.2 billion for 2024**

Guidance metric	FY23 Actuals	FY24 Outlook
Underlying Domestic revenue	EUR 4,665 million	Growing up to 1%
Domestic underlying EBITDA	EUR 1,636 million	Growing up to 1%
Underlying Group EBITDA	EUR 1,757 million	Growing up to 1%*
Capex (excluding Spectrum & football rights)	EUR 1,325 million	Around EUR 1.2 billion
Net debt / EBITDA (as per S&P definition)	2.6X	Around 2.7X*

*After closure of Route Mobile acquisition, these metrics will be updated to reflect the full parameters of that acquisition.

Shareholder return

Dividend over the result of 2023

The Proximus Board of Directors approved on 22 February 2024 to propose to the Annual General meeting of 17 April 2024 to return a total gross dividend of EUR 1.2 per share over the result of 2023. Subject to this approval, the normal dividend of EUR 0.70 per share will be payable in April 2024, and completes the interim dividend of EUR 0.50 gross per share which was paid on 8 December 2023. This brings the total declared dividend over the 2023 result to EUR 387 million.

Coupon #: 38

Gross dividend: EUR 0.70/share

Net dividend (30% withholding tax assumed): EUR 0.49/share

- Ex-coupon date: 24 April 2024
- Record date: 25 April 2024
- Payment date: 26 April 2024

Shareholders return policy 2024-2025

In line with the Capital Markets Day announcement in January 2023, **Proximus will rebase its dividend level to EUR 0.60 per share for the years 2024 and 2025**. The rebased dividend level incorporates all currently known macro and inflationary headwinds, as well as expected changes in market structure. The proposed dividend is reviewed and submitted to the Board of Directors on an annual basis, in order to keep strategic financial flexibility for future growth, organically or via selective M&A, with a clear focus on value creation. This also includes confirming appropriate levels of distributable reserves.

The **dividend of EUR 0.60 per share over the result of 2024** is expected to be returned in two tranches, with a gross interim dividend of EUR 0.50 per share payable in December 2024 and the remaining normal gross dividend of EUR 0.10 per share in April 2025.

Nancy Goossens **Adrien Peillon**

E-mail:
investor.relations@proximus.com

Investor Relations : +32 (2) 202 82 41
investor.relations@proximus.com

About Proximus

Proximus Group (Euronext Brussels: PROX), headquartered in Brussels, is a provider of future-proof connectivity, IT and digital services, operating in the Benelux and global markets. The Group is actively engaged in building a connected world and in ensuring the trustworthiness, security and sovereignty of digital services, to the benefit of society.

Proximus has the ambition to build the #1 gigabit network for Belgium and plays a central role in creating inspiring digital ecosystems, while fostering an engaging culture and empowering ways of working. Building upon these strengths, Proximus aims to contribute to an inclusive and sustainable digital society, delight customers with an unrivalled experience and achieve profitable growth both locally and internationally to deliver long-term value for stakeholders.

In Belgium, Proximus' core products and services are offered under the Proximus, Mobile Vikings, Scarlet and Proximus NXT brands. The Group is also active in Luxembourg (Tango and Telindus Luxembourg) and in the Netherlands (Telindus Netherlands). The Group's international carrier activities are managed by BICS, a leading international communications enabler, one of the key global voice carriers and the leading provider of mobile data services worldwide. With Telesign, the Group also encompasses a fast-growing leader in authentication and digital identity services, serving the world's largest internet brands, digital champions and cloud native businesses.

With 11,654 employees, imbued with Proximus' Think Possible mindset and all engaged to offer a superior customer experience, the Group realized an underlying Group revenue of EUR 6,042 million end-2023.

For more information, visit www.proximus.com & www.proximus.be.