



# Telenet partners with Fluvius to realize the ‘data network of the future’

Investor & Analyst presentation



July 19, 2022

# Safe harbour disclaimer

## Private Securities Litigation Reform Act of 1995

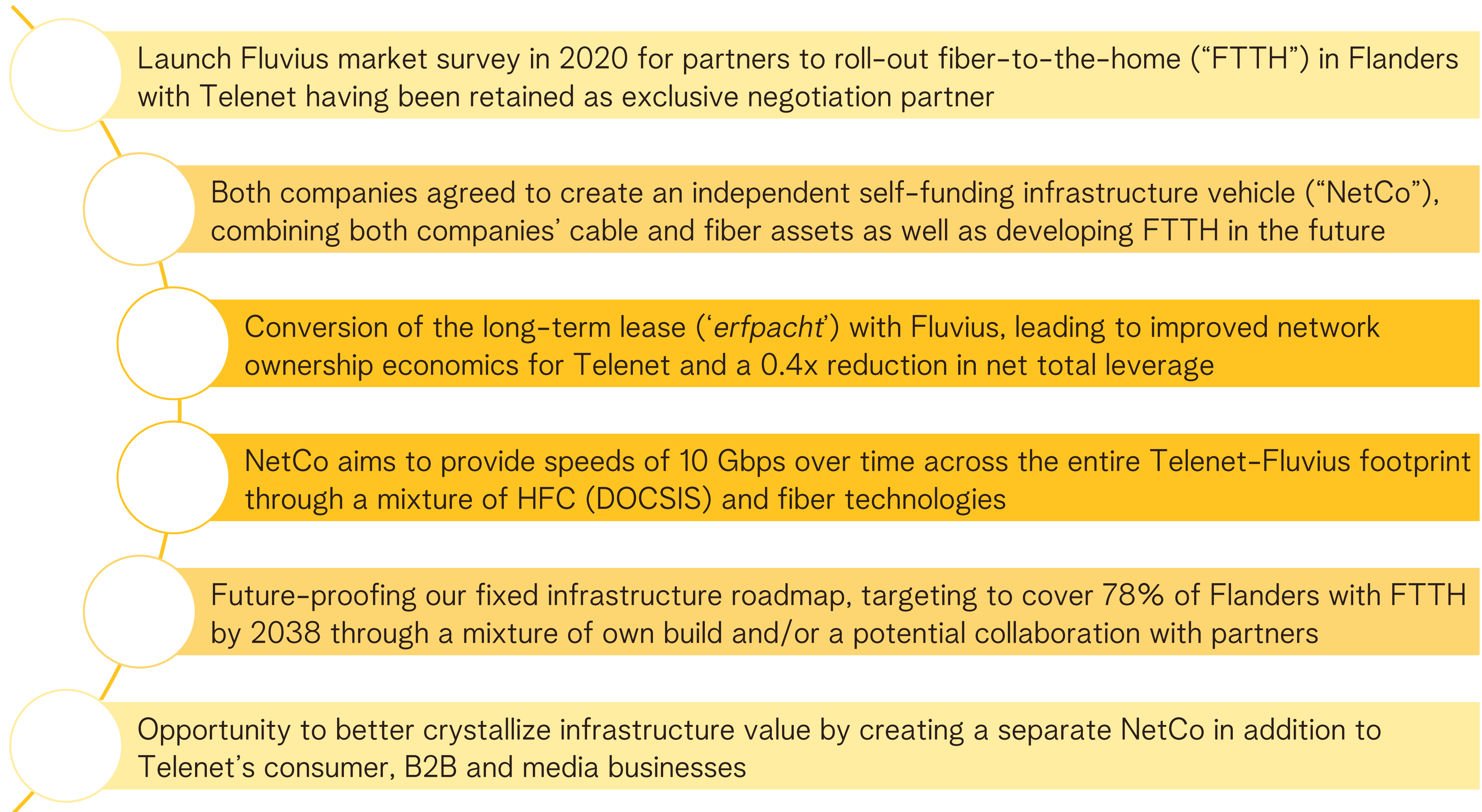
Various statements contained in this document constitute “forward-looking statements” as that term is defined under the U.S. Private Securities Litigation Reform Act of 1995. Words like “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expects,” “estimates,” “projects,” “positioned,” “strategy,” and similar expressions identify these forward-looking statements related to our financial and operational outlook; future growth prospects; strategies; product, network and technology launches and expansion and the anticipated impact of acquisitions on our combined operations and financial performance, which involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted whether expressed or implied, by these forward-looking statements. These factors include: potential adverse developments with respect to our liquidity or results of operations; potential adverse competitive, economic or regulatory developments; the potential adverse impact of the recent outbreak of the novel coronavirus (COVID-19) pandemic, our significant debt payments and other contractual commitments; our ability to fund and execute our business plan; our ability to generate cash sufficient to service our debt; interest rate and currency exchange rate fluctuations; the impact of new business opportunities requiring significant up-front investments; our ability to attract and retain customers and increase our overall market penetration; our ability to compete against other communications and content distribution businesses; our ability to maintain contracts that are critical to our operations; our ability to respond adequately to technological developments; our ability to develop and maintain back-up for our critical systems; our ability to continue to design networks, install facilities, obtain and maintain any required governmental licenses or approvals and finance construction and development, in a timely manner at reasonable costs and on satisfactory terms and conditions; our ability to have an impact upon, or to respond effectively to, new or modified laws or regulations; our ability to make value-accretive investments; and our ability to sustain or increase shareholder distributions in future periods. We assume no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

Adjusted EBITDA and Adjusted EBITDA less property & equipment additions (previously referred to as Operating Free Cash Flow), Adjusted Free Cash Flow and net total leverage are non-GAAP measures as contemplated by the U.S. Securities and Exchange Commission’s Regulation G. For related definitions and reconciliations, see the Investor Relations section of the Liberty Global plc website (<https://www.libertyglobal.com>). Liberty Global plc is the Company’s controlling shareholder.



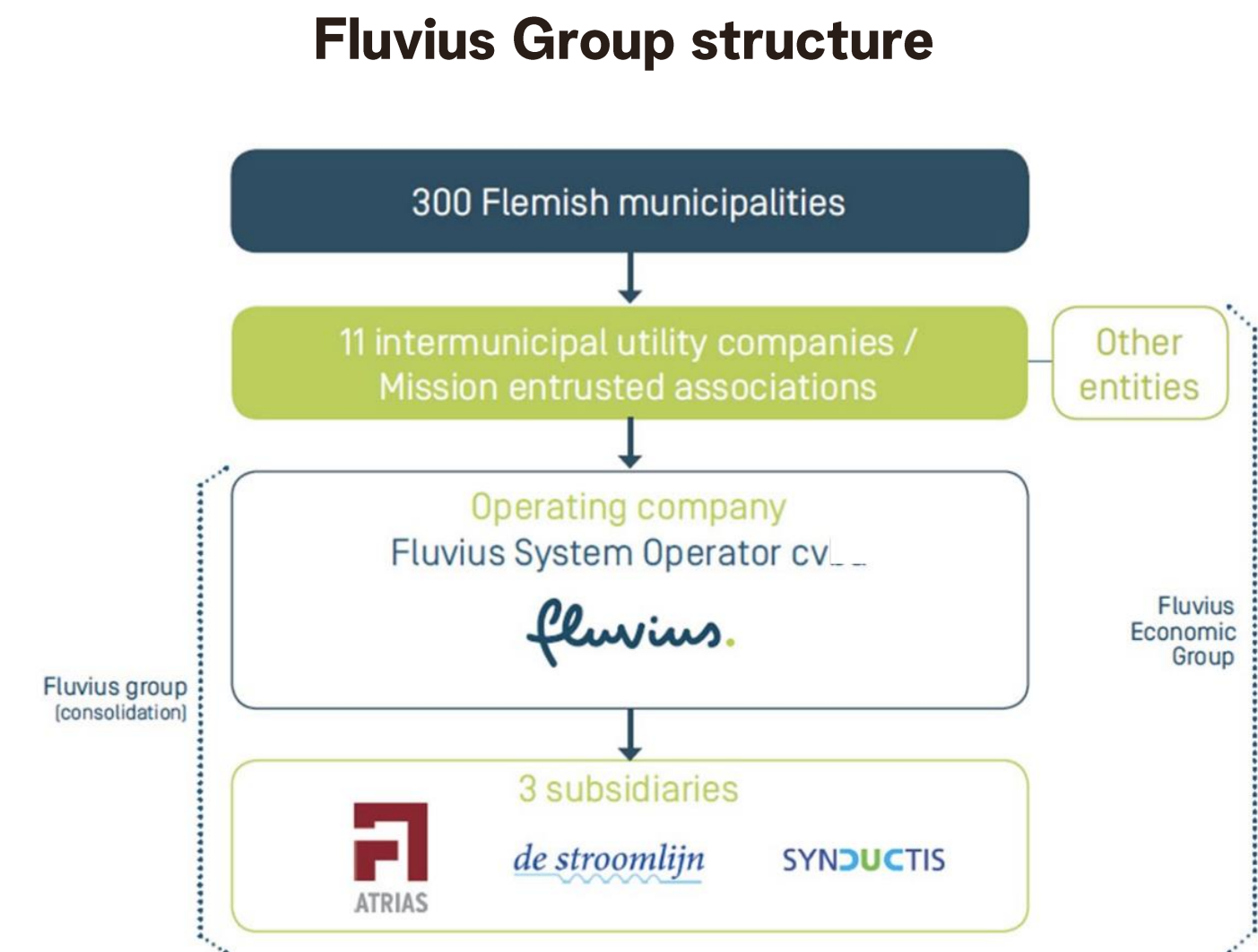


# Telenet & Fluvius continued commitment to the leading next-generation network in Flanders

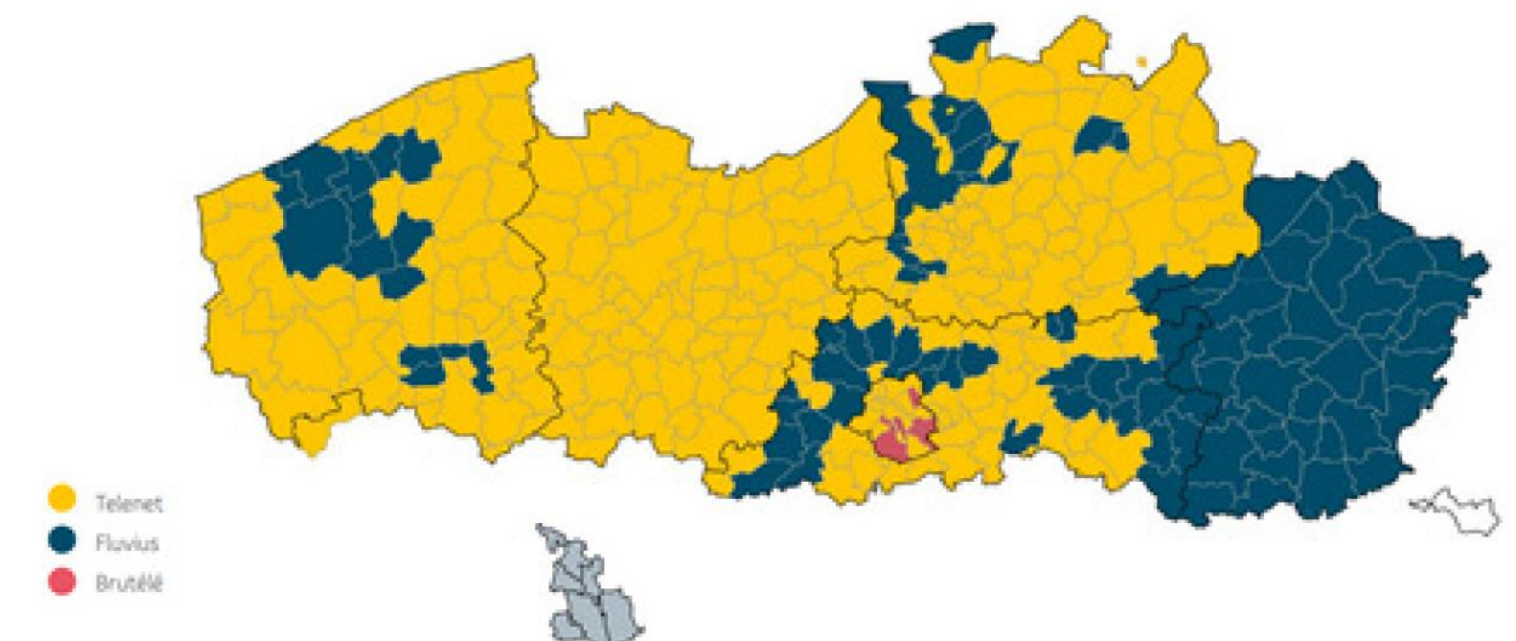


# Long-term partnership with Fluvius since 1996 through network lease in around one-third of Flanders

- Fluvius regroups 11 Flemish intermunicipal utility companies
- Extensive and demonstrated expertise in utility services:
  - Serves approximately 3.6 million access points for electricity, 2.3 million for gas, 1.1 million for cable services, 0.6 million for sewerage and operates 1.2 million public lighting points
  - Fluvius's utility services cover all 300 Flemish municipalities, making it the largest utility company in Flanders
- Solid financials and credit rating: €3.8 billion operating revenue and €0.6 billion of net cash flow in FY 2021 – rated A3 at Moody's<sup>1</sup>
- Fluvius owns the hybrid fiber coaxial (“HFC”) network in around one-third of Flanders, covering 103 municipalities
- Long-standing partnership with Telenet since 1996: commercial operations on Fluvius's cable network run by Telenet through long-term emphyteutic lease agreement (*'erfpacht'*) until 2046
- Fluvius started venturing into fiber in 2018 with a €30 million pilot project involving roll-out of FTTH in five test areas with around 15,000 homes involved
- Telenet & Fluvius started talks in June 2020 for the roll-out of FTTH technology after being selected as partner following a market survey



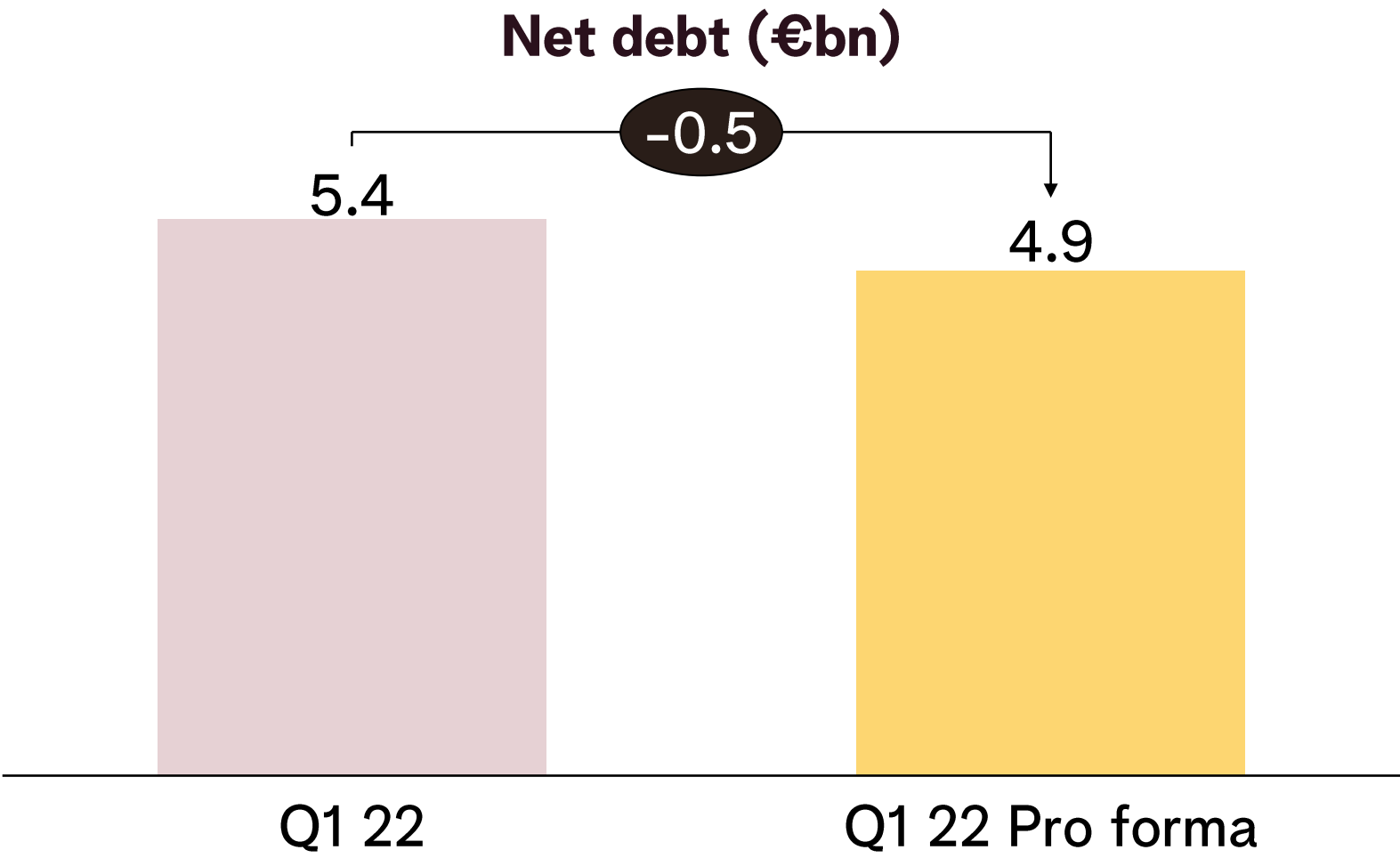
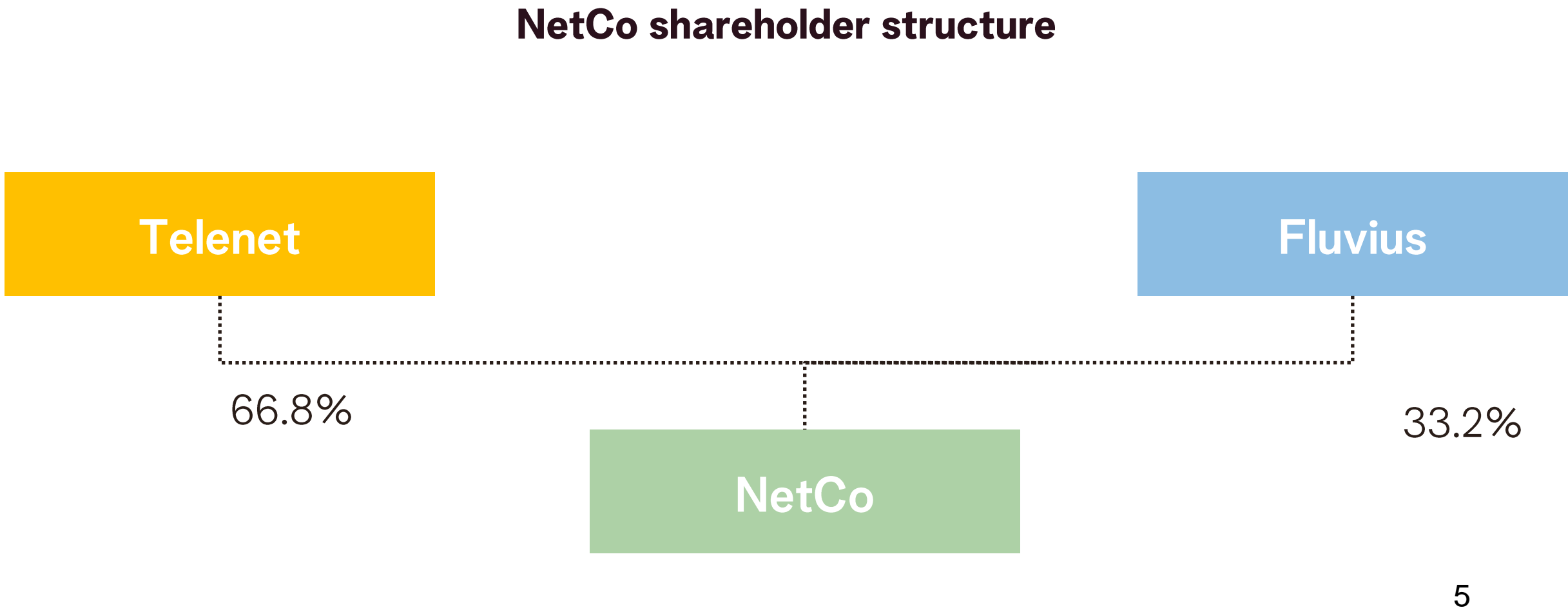
**Telenet utilizes the Fluvius network in around one-third of Flanders through a long-term lease agreement**



<sup>1</sup> Source: Fluvius Investor presentation 2021

# Creating a fully funded 5.0x levered NetCo, leading to improved network ownership economics for Telenet

- Telenet and Fluvius will create a new self-funding independent infrastructure company (“NetCo”), contributing their existing HFC and fiber assets as well as developing new build fiber assets in the future
- Fluvius will also contribute the long-term lease agreement (*erfpacht*), covering approximately one-third of the Flemish footprint
- The lease agreement will cease to exist as of closing and decreases Telenet’s pro forma net debt by approximately €0.5 billion, leading to a reduction in pro forma net total leverage of around 0.4x
- The conversion of the lease agreement will result in improved network ownership economics for Telenet as opposed to current rental economics under the long-term lease ending in 2046
- Telenet will retain a 66.8% in NetCo with Fluvius owning the remaining 33.2%





# Open access network with a market-leading network penetration rate of close to 60%

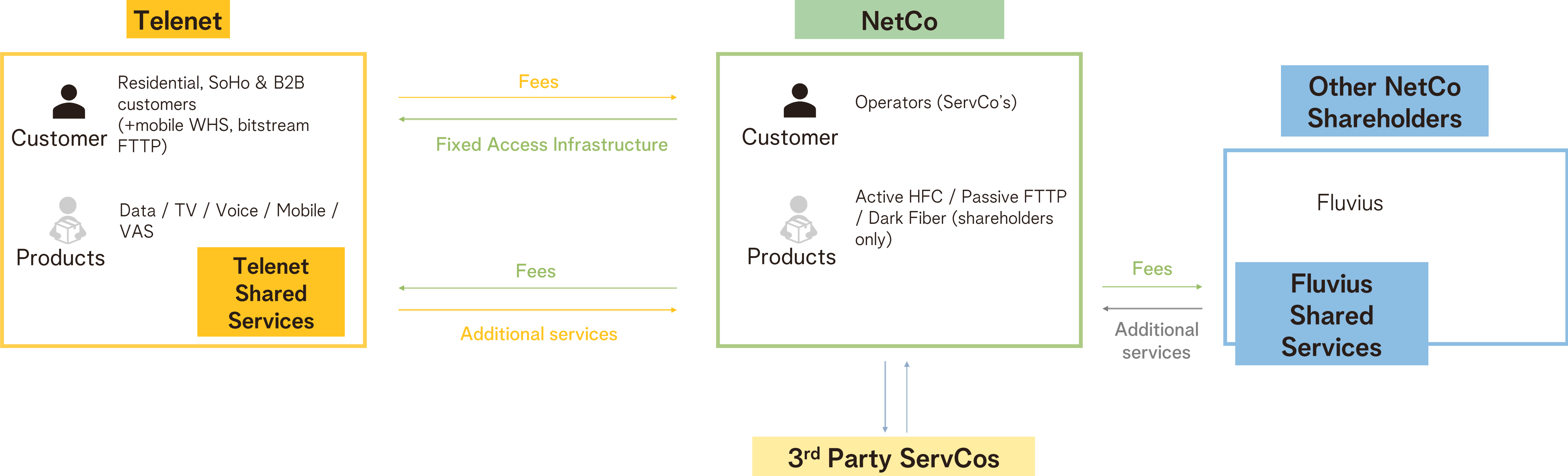
## OPEN ACCESS NETWORK WITH...

## ...MARKET-LEADING NETWORK PENETRATION

## WELL-POSITIONED TO ATTRACT ADDITIONAL INVESTORS

- NetCo is intended to be a multiparty partnership, i.e. open to further partnering with both strategic and/or financial partners
- NetCo will operate a fully open access network with non-discriminatory access conditions, providing wholesale access to Telenet and other telco operators
- Telenet will act as a robust, highly credible tenant serving its 2 million customer relationships, generating recurring income to NetCo
- Given a market-leading network penetration rate of close to 60%, NetCo will generate revenue and attractive cash flows as from the start
- As such, NetCo is well positioned to attract additional strategic and/or financial partners over time

# Clear demarcation lines between both entities with full business model autonomy and separate governance



# Fully funded investment plan with an ambition to cover 78% of Flanders with FTTH by 2038

- **Clear fixed network infrastructure roadmap:** NetCo has the ambition to provide speeds of 10 Gbps across the entire footprint in time through a mixture of HFC (DOCSIS) and fiber technologies, for which there is a clear roadmap
- **Ambition to cover 78% of Flanders with FTTH by 2038:** NetCo will gradually evolve its current HFC network in the combined Telenet-Fluvius footprint to FTTH technology, intending to cover 78% of Flanders by 2038
- **Total investment of up to maximum €2.0 billion<sup>1</sup>,** of which the majority will be addressed within the first eight years
- **In the most strategic efficient way:** This will be realized through own build and/or a potential collaboration with partners in the most strategic efficient way
- **Favorable roll-out dynamics:** More than 50% of homes passed in NetCo's footprint are very economic to cover with FTTH with an estimated cost per premise of around €650<sup>1</sup>. This results in attractive returns given NetCo's market-leading utilization rate
- **Fully funded investment plan:** CAPEX financed from NetCo's robust cash flow and additional intragroup financing facilities, including Telenet's €745.0 million proceeds from the recent tower divestment
- **Fully de-risked from obtaining external financing:** As such, NetCo will be fully funded and there is no dependency on obtaining incremental external financing

<sup>1</sup> Excluding termination capital expenditures



# **Reset dividend floor to €1.0 per share (gross) during the build period, targeting net total leverage of around 4.0x**

Fully funded investment plan – no reliance on external debt markets for incremental funding

Consolidated net total leverage maintained around 4.0x throughout the CAPEX-intensive build period, in line with Telenet's current leverage framework

Retaining additional financial flexibility for prospective value-accretive strategic opportunities going forward

Balancing continued recurring dividends to shareholders, whilst investing for growth

Reset dividend floor to €1.0 per share (gross) over the 2023-2029 period, effectively immediately, to be paid annually in May

As CAPEX intensity is expected to materially decrease after the build period, returning to normalized historical levels, we see scope for substantial Adjusted FCF growth leading to higher shareholder disbursements

# Transaction anticipated to close early next year

## Capital Markets Day intended around end-Sept. 2022

- NetCo expected to launch in early 2023
- Telenet and Fluvius are in constructive discussions with the competition authorities regarding this transaction
- NetCo's CEO will be appointed upon proposal by NetCo's board of directors
- The employment of approximately 170 current Telenet employees will transfer to the new company, which intends to hire an additional 50 employees
- Fluvius will not transfer any employees to NetCo, but will ensure a smooth transition



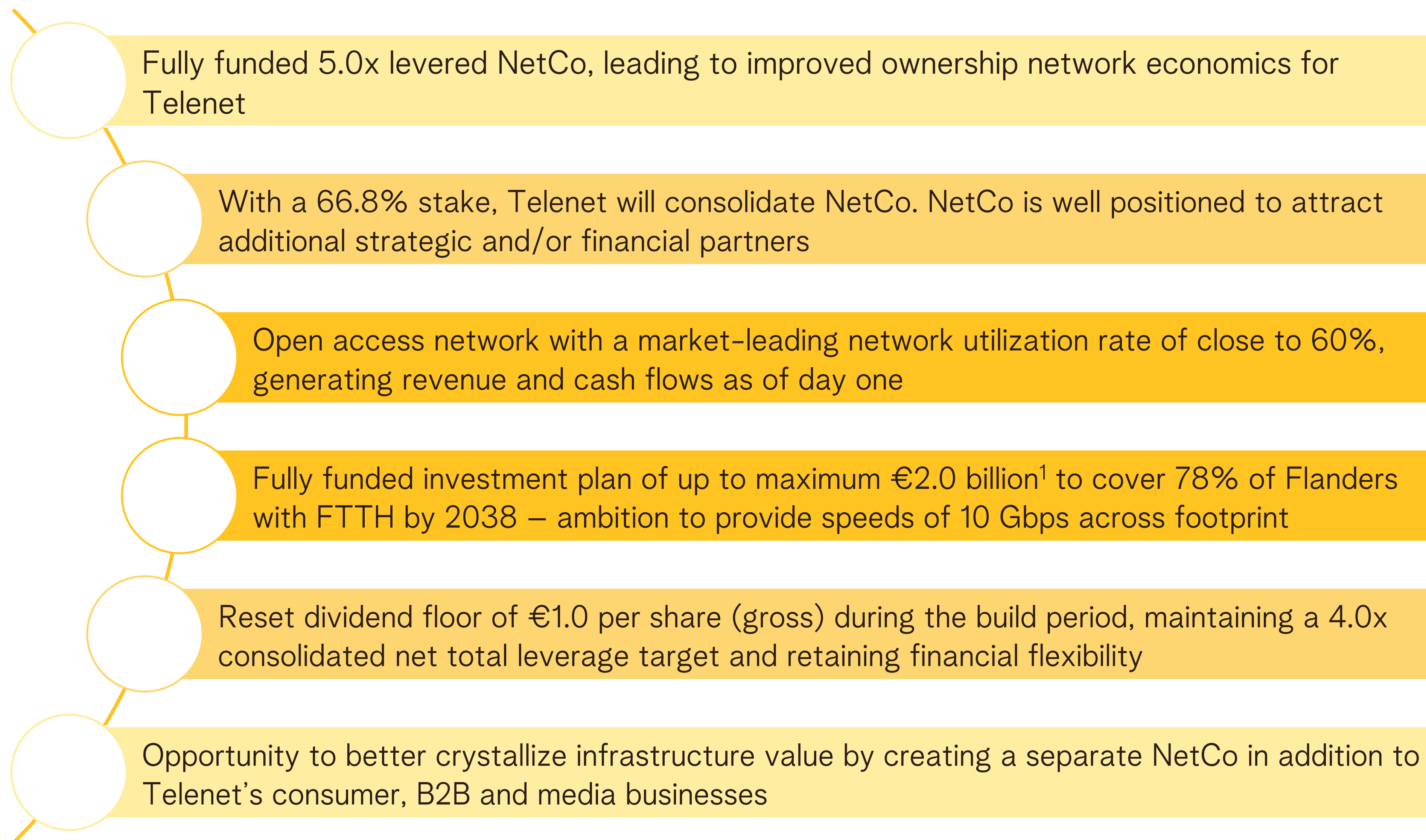
Partnering to realize the data network of the future



**Save The Date**

**CMD 2022: end-September 2022**

# Key take-aways of today's announcement



<sup>1</sup> Excluding termination capital expenditures



# Q&A







## **Telenet Investor Relations**

Rob Goyens

Vice-President Treasury & Investor Relations

[rob.goyens@telenetgroup.be](mailto:rob.goyens@telenetgroup.be)

Bart Boone

Manager Investor Relations

[bart.boone@telenetgroup.be](mailto:bart.boone@telenetgroup.be)

[Investor Relations | Telenet Group Holding NV](#)

