



## Press release

# Telenet and Fluvius have reached a binding agreement to partner on 'the data network of the future'

*The enclosed information constitutes regulated information as defined in the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market. Inside information.*

Mechelen, July 19, 2022 – Telenet Group Holding NV ('Telenet' – Euronext Brussels: TNET) and Fluvius System Operator ('Fluvius') have entered into a binding agreement to take a joint next step in the realization of the data network of the future. Both companies' ambition is to provide speeds of 10 Gbps across the entire footprint in time, for which there is a clear roadmap. As announced in October last year, both companies will incorporate a new independent self-funding infrastructure company (working name "NetCo"), of which Telenet will own 66.8% and Fluvius 33.2%. Combining both companies' fixed network assets, NetCo will invest in the gradual evolution of their current hybrid fiber coaxial ("HFC") network infrastructure into a Fiber-To-The-Home ("FTTH") network, targeting 78% of their combined footprint in Flanders by 2038, through a combination of own build and/or a potential collaboration with external partners. Telenet's footprint in parts of Brussels and Wallonia will also be included in NetCo and be part of NetCo's investments. The estimated investment of up to maximum €2.0 billion<sup>1</sup> will be funded through NetCo's cash flow as well as additional intragroup financing facilities and will therefore not require any incremental external financing. The majority of this investment will be done within the next eight years. NetCo will also focus on upgrading the existing HFC network with DOCSIS technology in areas where FTTH will not be deployed. This will ensure that everyone in Flanders will continue to enjoy the fastest and most reliable internet connection.

### Data traffic still rapidly increasing

Internet use is intensifying, digital applications are continuously developing and the speed and stability requirements for data networks continue to increase. The data usage per fixed broadband connection grew to an average of 239 gigabytes (GB) per month, i.e., more than doubled versus three years ago<sup>2</sup>.

Telenet is already providing gigaspeed connectivity across its entire footprint following continuous investments over the past decades. These were done across Telenet's own network as well as the network which Telenet leases from Fluvius through a long-term lease agreement ('*erfpacht*') in around one-third of Flanders. To maintain this leadership position, Fluvius and Telenet now intend to cooperate even more closely through NetCo, a new company that will develop, operate, maintain and upgrade the data network of the future.

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

<sup>2</sup> Source: BIPT, June 13, 2022 – Investments in the telecom market at a historically high level

### Smart investments in an open network

Both Telenet and Fluvius will transfer their existing HFC network and fiber assets to NetCo. Fluvius will also contribute the aforementioned long-term lease (*'erfpacht'*), which will cease to exist as of closing. Telenet will own 66.8% of NetCo and will therefore consolidate NetCo into its financial accounts. Fluvius will own the remaining 33.2%. As announced in October last year, both NetCo shareholders remain open to welcome new strategic and/or financial partners and NetCo is well positioned to do so given its strong fundamentals.

It is expected that the new company will start operations in the beginning of 2023. Telenet and Fluvius are in constructive talks with the competition authorities in relation to this transaction. NetCo's CEO will be appointed by NetCo's board of directors. At launch, the employment of approximately 170 current Telenet employees will transfer to NetCo, which also aims to hire an additional 50 people. Fluvius will not transfer personnel, but will ensure a smooth transition of the relevant activities. Its current telecom employees will assume other tasks within Fluvius in the future against the backdrop of the challenges in terms of energy transition.

NetCo will continue to invest in the upgrade of the current HFC network with DOCSIS technology. At the same time, it targets to cover 78% of Flanders through FTTH by 2038, investing up to maximum €2.0 billion<sup>3</sup>. NetCo will actively pursue opportunities to further optimize its network roll-out plan and associated CAPEX through a combination of own build and/or a potential collaboration with external partners. More than 50% of homes passed in NetCo's footprint are very economic to pass with FTTH at an estimated cost per premise of around €650<sup>3</sup>. This results in attractive returns given NetCo's market-leading network penetration rate. The majority of this investment will be done within the next eight years. This will be realized through a combination of own build and/or a potential collaboration with external partners in the most efficient way and at the lowest societal cost. Telenet's footprint in parts of Brussels and Wallonia will also be included in NetCo and its investments.

NetCo will operate an open network and will provide non-discriminatory access to it: Telenet and other operators will be provided with network access on the basis of wholesale agreements. Thanks to a strong wholesale customer base with a market-leading network penetration rate of close to 60% from the start, and the associated income from the wholesale operations, NetCo will generate revenue from day one. In addition to these cash flows, NetCo will rely on intragroup financing facilities, removing the need for incremental external financing. NetCo will carry a net total leverage close (defined as Net Total Debt divided by the Last Two Quarters' Annualized Adjusted EBITDA) to 5.0x as of incorporation, equivalent to approximately €2.4 billion.

NetCo's ambition is to provide speeds of 10 Gbps across the entire footprint in time, for which there is a clear roadmap. For Telenet customers, this means that the network they are already using today will remain well placed to cater to their digital lifestyle. This way, all Telenet business and residential customers will be able to rely on reliable, giga-fast data networks in the future. Fluvius and Telenet are thereby aiming to minimize the risk of a digital divide.

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<sup>3</sup> Excluding termination capital expenditures

*“This partnership kickstarts our next investment cycle and will ensure that our state-of-the art networks continue to be in the vanguard: remember that we provide already today 1 Gbps speeds across our entire footprint to all our customers.” emphasizes John Porter, Telenet CEO. “Using a mixture of both HFC and fiber technologies, we have a clear roadmap to offer all our customers speeds of 10 Gbps. With Fluvius as a strong partner, we will continue to develop our HFC infrastructure and implement as well new fiber technology, mainly in the last parts of our network, from the street into the homes. This ensures that our customers will continue to enjoy the network experience, providing them peace of mind, as we make the right technology choices in terms of fixed, mobile and in-home connectivity. We are known for this and will continue to be so.”*

*“At Fluvius, we are very pleased that in this partnership with Telenet, we can prepare Flanders for the digital life of tomorrow. The data network of the future will avoid a new digital divide and ensure that all Flemish families and companies can count on super-fast data connections in the world of tomorrow. We want to realize an open and non-discriminatory network at the lowest possible social cost.” says Fluvius CEO Frank Vanbrabant.*

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#### Investor & Analyst call

Telenet will host a webcast and conference call for institutional investors and analysts at 7:30am CET.

For details and webcast links, please visit <https://investors.telenet.be> or click on the following link to register [Register | Company Webcast BV \(loopup.com\)](#).

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#### Media

**Press moment to ask questions:** John Porter, CEO of Telenet, and Frank Vanbrabant, CEO of Fluvius, will answer your questions today between 10.30–11.15 am CET via an online call. As a journalist you are most welcome.

**Audiovisual media:** Both CEOs are available for short quotes and statements at the Hotel Van der Valk (Rode Kruisplein 1-4, Mechelen) after the question time.

**About Telenet** – As a provider of entertainment and telecommunication services in Belgium, Telenet Group is always looking for the perfect experience in the digital world for its customers. Under the brand name Telenet, the company focuses on offering digital television, high-speed Internet and fixed and mobile telephony services to residential customers in Flanders and Brussels. Under the brand name BASE, it supplies mobile telephony in Belgium. The Telenet Business department serves the business market in Belgium and Luxembourg with connectivity, hosting and security solutions. More than 3,000 employees have one aim in mind: making living and working easier and more pleasant. Telenet Group is part of Telenet Group Holding NV and is quoted on Euronext Brussel under ticker symbol TNET. For more information, visit [www.telenet.be](http://www.telenet.be). Liberty Global – one of the world's leading converged video, broadband and communications companies, innovating and empowering people in six countries across Europe to make the most of the digital revolution – owns a direct stake of 58.9% in Telenet Group Holding NV (including any treasury shares held by the latter from time to time).

**About Fluvius** – Fluvius is the network company that is responsible for installing, operating and maintaining distribution networks for electricity, natural gas, the sewage system, cable distribution and heat. Fluvius also manages the communal public lighting park. The company manages a total of 230,000 kilometres of utility lines and 7 million connections. Fluvius is operating in all 300 Flemish cities and municipalities.

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