CONFIDENTIAL

MAY 2023

INDEPENDENT EXPERT REPORT

Delivered in the Framework of the Public Take-over of Telenet Group Holding NV to its Independent Directors

LAZARD

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I Introduction

Context & Background

- **Liberty Global plc ("LG") indirectly, through affiliate Liberty Global Belgium Holding B.V. (the "Bidder"), owns 59.2% of Telenet Group Holding NV (the "Company" or "Telenet") share capital and is contemplating making a voluntary public takeover for all the outstanding equity securities of Telenet (the "Potential Transaction") that the Bidder or persons affiliated with it (i.e., Telenet) do not already own**
- **In anticipation of a potential proposal by LGI, the independent directors of Telenet have appointed Lazard BV/SRL ("Lazard") as independent expert pursuant to applicable regulation:**
  - As the voluntary public take-over would be launched by a bidder who controls the target company, Articles 20 to 23 of the Royal Decree of 27 April 2007 on takeover bids (the "Royal Decree") will apply. These require a report be issued by an independent expert appointed by the independent directors of the Company. The fees of the independent expert are to be borne by the Bidder
- **Lazard final report has been submitted on April 5th, 2023 to the independent members of the Board of directors of Telenet**
- **In the context of its assignment, Lazard had access to a data room containing a business plan and other information on Telenet. In addition, a due diligence session took place on March 2nd, 2023 with Telenet's management.**
- **Lazard report includes an introduction on the Belgian telecom market with recent developements, recent share price performance, our view on Telenet financial forecasts and finally a valuation exercise providing Lazard views on Telenet share price and feedback on the Bidder price**
- **Separately from Lazard's engagement, Telenet has hired Goldman Sachs as adviser on the Potential Transaction and Freshfields Bruckhaus Deringer as legal adviser; the independent directors are being advised by Baker McKenzie as legal advisor**
- **Liberty Global plc is advised by J.P. Morgan and Allen & Overy**

Disclaimer

- **The Report is being provided by Lazard in accordance with Articles 20 to 23 of the Royal Decree**
- **The Report has been prepared solely for the purposes of Articles 20 to 23 of the Royal Decree in connection with the Transaction and the Report is not intended to be used for any other purpose. Under no circumstances shall Lazard have any liability for any use made of the Report for any purpose other than that for which it was provided**
- **Shareholders should consider the information contained in the report and in the prospectus issued by the Bidder carefully, and make their own decisions on whether to enter into the contemplated transaction, having regard to their particular circumstances**
- **In preparing the Report, Lazard has relied upon (and has not sought to verify and does not accept responsibility or assume any obligation for damages for) the accuracy and completeness of all historic financial, accounting, tax and legal information in respect of the Company or the Bidder, as the case may be, provided to it by or on behalf of the Company or the Bidder, as the case may be, as requested by Lazard, and Lazard has assumed the accuracy and completeness of all such information for the purposes of rendering this Report. No party shall have any right of action against Lazard as a result of any of the information referred to above being inaccurate or incomplete in any respect**

Disclaimer (Cont'd)

- **In preparing its Report Lazard has selected information from independent external sources of quality which it considers relevant for the valuation. Lazard has relied on and assumed the accuracy and completeness of the used external sources for market studies, information on comparable companies and multiples of listed companies or takeover transactions, and has not verified the correctness of this information and can therefore not take any responsibility therefor**
- **Lazard's Report is necessarily based on economic, monetary, market and other conditions as of the dates reflected herein, and otherwise on the information made available to it until May 30th, 2023. Consequently, any subsequent change in these conditions, as well as any event after the date of this Report, may affect the estimated value of the Company**
- **Lazard confirms that the assumptions made and methodologies applied in the Report are reasonable and relevant. (art. 23 Royal Decree)**

II Overview of Belgian Market & Telenet

A Belgian Market Overview

Introduction

- **Until the entry of Citymesh Mobile, the Belgian market was essentially a 3-player market with 3 convergent operators:**
  - Proximus, the incumbent operating in fixed and mobile
  - Telenet, cable operator in Flanders with nationwide mobile operations through BASE
  - Orange Belgium, nationwide mobile operator having acquired the largest cable operator in Wallonia (VOO) and in Brussels (Brutélé) in December 2021 (transaction approved by the European Commission with closing expected by end of Q2 2023)
- **The market is going through very significant changes:**
  - Citymesh was awarded a mobile license on June 21st, 2022 and is planning to enter the mobile market in Belgium in Q4 2023. Citymesh is also expected to enter the fixed-line Belgian market in the long-run
  - The historical cable operators (Telenet in Flanders and Orange / VOO in Wallonia) are going to transition their fixed infrastructure from DOCSIS to FTTH
  - Telenet and Orange will open their network on a wholesale basis and have signed a 15-year reciprocal agreement (see Appendix) pursuant to which Telenet will be a customer of Orange and vice-versa
- **As a result of these changes, Telenet is expected to face significant evolution of its business in the coming years**

At ServCo Level	• Defend itself against a new entrant (firstly in mobile) (which means pressure on the top line) • Enter the Wallonia market in fixed, using Orange / VOO's infrastructure

At NetCo Level	• Complete ServCo / NetCo separation • Possibly sell equity stake in NetCo • Transition its network technology from Docsis (Cable) to FTTH (fiber) (which means heavy capex; see further down in the Report) • Continue evolving the business model of its network to full wholesale (and thus facilitate expansion in Flanders of Orange and possibly others)

Belgian Telecom Market – Snapshot

Belgian Telecom Market Growth Driven by Increasing Urbanization, Rising Adoption of Smartphones and Transition to Gigabit Networks

- Belgium telecom market has witnessed strong growth in recent years, and it is expected to keep the pace in the near-term future
- Growth mainly explained by increasing urban population, rising adoption of smartphones and transition to high-speed networks (DOCSIS 3.1 and FTTH)
- Further growth forecasted due to adoption of IoT and further transition onto FTTH networks

Mobile market currently comprises of three MNOs whilst a new entrant, Citymesh mobile, is expected to launch in Q4-23

- Market currently comprises of three MNOs: Proximus, Telenet and Orange Belgium
- The Belgian regulator, in its efforts to lower consumer prices and increase service level competition, reserved spectrum for a potential new entrant in the Jun-22 spectrum auctions
- Citymesh mobile, a JV between Citymesh and Digi, acquired such spectrum and is expected to enter the mobile market in Q4-23. Citymesh, a B2B operator, will focus on the B2B market whilst international telecom operator, Digi, will focus on the consumer side
- Digi has established itself as a price-competitive player. The company aims to capture c.10% market share in mobile B2C within the first five years of its operations

The race to build FTTH Drives Overbuild Risk

- Belgium has historically had the highest cable footprint coverage in Europe – former superiority of HFC, along with Proximus' hesitation to invest due to high dividend payout, have left Belgium well-behind European peers in terms of FTTH deployment
- However, Belgium is currently the fastest-growing EU market in terms of FTTH roll-out, ahead of Switzerland, the UK and Germany
- Market players are making financial efforts towards extending FTTH coverage either on a standalone basis or through JVs
- Proximus has already announced its plans to cover c.6.0m homes (c.95% coverage) with FTTH by 2032E of which c.3.8m through JVs (EQT, Eurofiber)
- In Jun-22, Telenet announced the creation of a NetCo with utility player Fluvius. NetCo will invest in the gradual evolution of current hybrid fiber coaxial ("HFC") network infrastructure into a Fiber-To-The-Home ("FTTH") network, targeting 78% of combined footprint in Flanders by 2038, through a combination of own build and/or a potential collaboration with external partners, once regulatory approvals by the EC are cleared (foreseen before summer 2023)

Consolidated Market, Latest With Orange Acquisition of Wallonia Cable Operator VOO and Brutélé

- With the acquisition of MVNO Mobile Vikings by Proximus in Dec-20, there is now a limited number of sizeable MVNOs with Lycamobile being the most significant, operating on Telenet's network
- In Dec-21, Orange Belgium announced the acquisition of 75% less one share of cable operator, VOO as well as Brutélé (which is expected to close at the end of Q2 2023 following approval of the acquisition by the European Commission). In Jan-23 and on the back of this transaction, Orange Belgium and Telenet agreed to provide access to each other's fixed broadband networks on a commercial basis for a 15-year period

Belgian Telecom Market – Side-By-Side

- **3-player converged telecom market (Proximus, Telenet and Orange Belgium) – Fixed-mobile convergence is key with c.40% subscribers taking a broadband / mobile bundle**
- **Incumbent Proximus holds c.45% market share in both mobile and broadband and benefits from the strong Belgian champion image and premium quality offering. Orange Belgium is the market's key challenger with a strong focus on discounted pricing compared to its competitors. Telenet has market shares >55% across both mobile and broadband in Flanders**

Belgium Telecom Data

		proximus	orange Belgium	telenet
Ownership (%)		Belgian Government (majority) / Public	Orange via ASB(1) (majority) / Public(2)	Liberty Global (majority) / Public
Mobile	Mobile Subscriptions	5.1m	3.2m	2.9m
	Market Share	46%	28%	26%
Fixed Broadband	Fixed Subscriptions	2.2m	1.0m(3)	1.7m
	Market Share	45%	20%(3)	35%
	Technology	Copper, FTTH	Copper, Cable(4), FTTH	Cable, FTTH (starting 2023E)
Financials	2022A Revenues	€5,909m	€1,926m(5)	€2,665m
	2022A EBITDAaL *Margin*	€1,786m *30.2%*	€564m(5) *26.9%*	€1,246m *46.8%*

Source: TeleGeography, Fitch, Market Research, Company Reports
(1) Atlas Service Belgium is the Belgian holding company and international financing vehicle of the Orange group
(2) Other includes Polygon Global Partners (5%), UBS Group AG (5%) and free float (13%)
(3) Combined subscriptions of Orange Belgium and VOO given announced acquisition as at Dec-22
(4) through wholebuy from Telenet in Flanders as well as own infrastructure once VOO acquisition is closed
(5) PF for VOO acquisition – 2021 Revenues and EBITDAaL of €535m and €190m, respectively, as per Barclays (Jan-22). 2022 figures not available

Fourth Mobile Operator – Citymesh Mobile

Company Overview

Citymesh Mobile, a JV between Citymesh and Digi applies for the new entrant spectrum reserved by the regulator

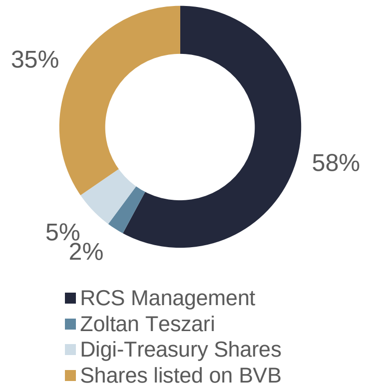
- In June 2022, Citymesh Mobile, a JV between operator Digi and Belgian B2B player Citymesh, was formed to bid for spectrum reserved by regulator for a 4th entrant
- It acquired an aggregate 110MHz in the 700MHz, 900MHz, 1800MHz, 2100MHz and 3600MHz bands for a total of €114.3m
- Citymesh Mobile has confirmed its intention to deploy nationwide 5G network with Citymesh focusing on B2B and Digi on B2C

Implications for the Belgian mobile market

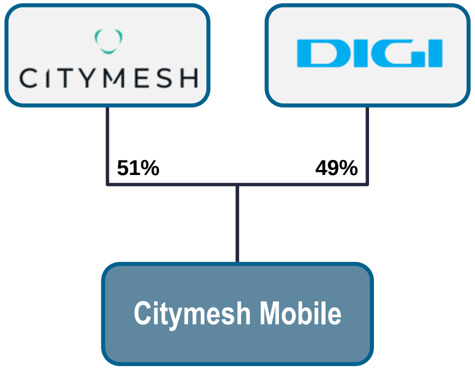
- Citymesh Mobile is expected to enter the Belgian mobile market at the end of 2023 or in early 2024
- Citymesh Mobile aspires to capture 10% market share in the consumer mobile market within the first five years of its operations
- Digi is also expected to enter the fixed-line Belgian market in the long-run

Digi-Citymesh JV Shareholder Structure

Digi Communications Shareholding (%)



Citymesh Mobile Structure



Broker Commentary on Fourth Mobile Operator

BARCLAYS

"We believe the hope had been that any potential new entrants would be focused only on the B2B market. We believe the involvement of Digi adds further evidence that this is not the case and that Citymesh will target consumer as well after all. The reserved spectrum comes with population coverage obligations of 30% after 3 years, 70% after 6 years and 99.5%/99.8% after 8 years. The key question from here is who will give Citymesh a roaming agreement and on what terms."

BARCLAYS, 21 JUNE 2022

J.P.Morgan

"Whilst we acknowledge the clear risks that Digi poses, our analysis suggests technical and administrative challenges in Belgium could lead a complete network deployment taking years." Digi can only access national roaming after covering 20% of the population. Permits to build sites are extremely onerous and strict radiation limits could also lead to delays. Digi's experience in Portugal, where the build has not begun even after c.1 year from the auction, shows that a network build can be a slow process."

J.P. MORGAN, 5 OCTOBER 2022

Jefferies

"Citymesh, the existing B2B reseller, obtains 110MHz of spectrum across bands for €114m - notably in each available band, including 20MHz in the sub-1GHz "coverage" bands. We view this allocation as not quite enough for a disruptive new entry into the mass market, but also clearly above that required for a niche urban (or campus) B2B network. There may be relatively benign intent behind this strategy - such as, a potential attempt to use spectrum as a negotiating chip for partnering with one of the incumbent operators. However, there are clearly less benign scenarios, and we believe the future strategy of Citymesh remains a risk to the market."

JEFFERIES, 6 JUNE 2022

HSBC

"Belgium, a market that has enjoyed good equilibrium based on three operators per region, is about to face a new entrant backed by an experienced telecom operator (Digi Communications), and we expect serious disruption ahead."

HSBC, 22 JUNE 2022

Source: *TeleGeography, Brokers' research*

Telenet & Orange Belgium Sign & 15-Year Wholesale Agreement for Fixed Broadband Access

Main Terms of the Agreement

- Orange Belgium and Telenet have signed wholesale agreements that will see both operators provide access to each other's fixed networks. The two commercial agreements will last for 15 years
- The deals were subject to the completion of Orange's acquisition of VOO and Brutélé which has received European Commission approval and is expected to close by Q2 2023
- Since 2016, Orange Belgium has provided fixed internet and TV services on Telenet's HFC network through the regulated open access model
- Upon closing of the NetCo joint venture with Fluvius (pending EC regulatory approval), this agreement will transfer to NetCo strengthening NetCo's fundamentals and attractiveness to potential strategic and/or financial partners

- Orange has secured access to **Telenet's HFC network and its future FTTH network**
- Telenet's HFC network numbers 3.4m HP in the Flanders and Brussels regions

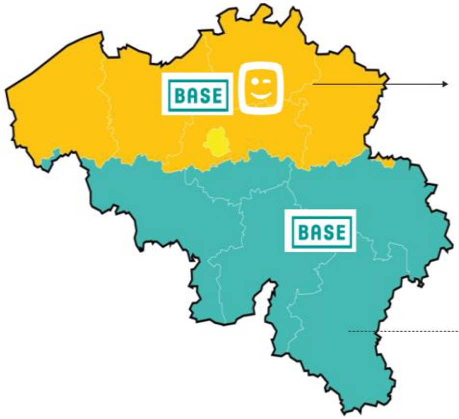
- Telenet will gain access to **VOO's and Brutele's HFC network in Wallonia and 1/3 of Brussels, covering around 1.8m HP**
- Access to future FTTH deployments

✓
- Fostering competition in the Belgian telecoms market, **expanding customers' freedom of choice through at least three nationwide FMC providers**

✓
- Following the agreement and expanded network access, **Telenet will become a nationwide FMC provider, being able to access VOO's current HFC and future FTTH network**

✓
- Orange Belgium will **remain/become a wholesale customer on Telenet's HFC and future FTTH network**, leading to increased network penetration and improved returns on scheduled fibre investments

Telenet to Become a Nationwide Fixed-Mobile Convergence Provider



- 3.4m homes passed
- ~2.0m unique customers
- >800k FMC subscribers
- 50-60% regional broadband and video market shares[1]
- 20-30% regional mobile market share[1]

- 1.8m homes passed
- 0-10% regional mobile market share through the BASE brand[1]

It is a major step forward in the deployment of our leading nationwide multi-gigabit strategy. With the acquisition of VOO, we have an ambitious investment plan to upgrade the network and to provide multi-gigabit connectivity to our customers

XAVIER PICHON, CEO OF ORANGE BELGIUM

Through the Agreements, we now have a clear path to wholesale access in the south of Belgium, complementing our existing fixed footprint in Flanders, parts of Brussels, and the boot of Hainaut in Wallonia in addition to our nationwide mobile network coverage. This will enable us to grow into a nationwide FMC player and provide more choice for customers

JOHN PORTER, CEO OF TELENET

Source: Company, public info

B Telenet Overview

Telenet At A Glance

- **Belgian operator currently active in Flanders, Brussels and also active in the Booth of Hainaut in Wallonia with owned cable network, offering mobile and fixed services (including TV/Entertainment) to both residential and B2B customers**

Overview

- **Telenet** is a **Belgian cable company** operating in **Flanders** and in **Brussels**, offering mobile and fixed services
- **Largest provider of video services in Belgium** through its hybrid fiber-coaxial ("HFC") cable network spanning the Flanders region (including Brussels), covering c.61% of Belgium households
- It offers **enhanced video** including HD, pay television and VOD services, **high-speed broadband internet**, **fixed-line** and **mobile services** to residential subscribers (also through converged offers). It also offers **voice & data services**, as well as cloud, hosting and security solutions to SMEs and large-sized businesses in Belgium and Luxembourg
- The company employs **over 3,400 people** and is headquartered in Mechelen, Belgium
- Telenet Group Holding's shares are **listed on the Euronext Brussels** Stock Exchange

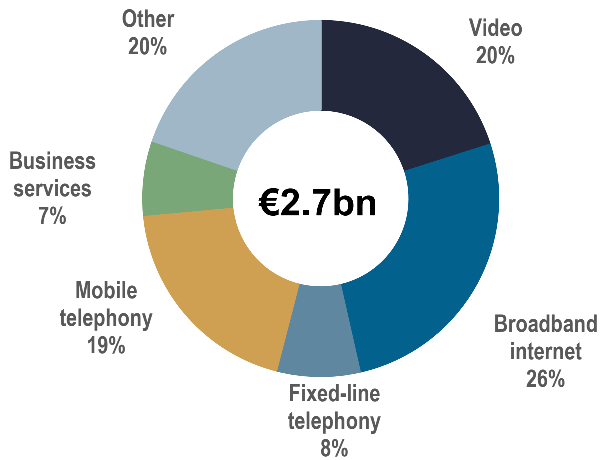
Key Financials

in €m	2020A	2021A	2022A
Revenues	**2,575**	**2,630**	**2,665[2]**
% Growth	*(1.9%)*	*2.1%*	*1.3%*
Adjusted EBITDA	**1,378**	**1,365**	**1,374**
% Margin	*53.5%*	*51.9%*	*51.5%*
Adjusted EBITDAaL	**n.a.**	**1,234**	**1,246**
% Margin	*n.a.*	*46.9%*	*46.8%*
Accrued Capex[3]	**591**	**543**	**656**
% Revenues	*22.9%*	*20.6%*	*24.6%*
Leverage[4]	**4.1x**	**4.0x**	**3.9x**

Telenet Key KPIs (2022A)

- **824k** *FMC customers*
- **2.0m** *Total customer relationships*
- **2.2** *# of services per customer*
- **€ 60.3 / month** *ARPU[1] per customer*
- **1.0m** *Fixed-line subscribers*
- **1.7m** *Broadband internet subscribers*
- **1.7m** *Video subscribers*
- **2.9m** *Total mobile subscribers*

Financial Split by Nature (2022A)



Source: *Company*

(1) Average Revenue Per Unit ("ARPU") refers to the average monthly subscription revenue per average customer relationship
(2) Reflecting (i) the sale of mobile tower business on June 1, 2022 and (ii) the acquisition of Caviar Group on October 1, 2022
(3) Excluding the recognition of football broadcasting rights, mobile spectrum licenses and certain lease-related capital additions
(4) As reported by Telenet (Net Total Debt divided by the last two quarters' Consolidated Annualized Adjusted EBITDA)

Key Events Since Creation of Telenet

1996

Sep-1996
Foundation Telenet. Main shareholders are MediaOne (25%), GIMV (20%), intermunicipal corporations (35%) and a financial consortium (20%)

Feb-2001
Callahan Associates takes a 54.2% stake in Telenet for €998m.

Oct-2003
Telenet acquires the Wi-Fi hotspots of Sinfilo, complementing its existing cable internet service

Oct-2004
Liberty Media International (Liberty Global) becomes shareholder of Telenet by partly buying out Callahan. LMI holds a c.14% indirect interest

Oct-2005
Telenet lists on Euronext Brussels at an offering price of €21 per share (€2.1bn). Liberty Global bought shares to keep stake at c.21%, while existing shareholders' combined stake was reduced from 78% to 28%

Nov-2006
Liberty Global increases stake by 6.7% for a consideration of €135m

Jun-2007
Liberty Global increases stake to 49.7% for a consideration of €467m

Sep-2012
Liberty Global launches voluntary & conditional cash offer for the shares of Telenet at €35.00 per share representing a premium of c.14% over the adjusted average volume weighted closing price for the one-month period to 18 Sep-12
Jan-13
Liberty Global increases ownership to 58% following cash offer

Mar-2013
Duco Sickinghe announces resignation and John Porter is appointed as new CEO of Telenet

Aug-2014
Telenet announces that it will invest a total of €500m to upgrade the cable network in Flanders to a Giga network to support broadband speeds of at least 1 Gigabit per second

Apr-2015
Telenet announces final agreement to take over BASE from KPN for €1.3bn (8x 2015E EBITDA[1])

Dec-2016
Telenet finalizes agreement to takeover SFR BeLux from Altice for a total consideration of €400m (6.5x 2016E EBITDA[2]), extending its cable presence in Brussels, Wallonia and the Grand Duchy of Luxembourg

2020
Wholesale agreement with Orange on cable, following the regulatory obligation ("2018 Decision[3]")

Mar-2022
DigitalBridge acquires 100% of Telenet's mobile telco tower business for €745m (25.1x EV/2021 EBITDAaL[4])

Jul-2022
Telenet (66.8%) & Fluvius (33.2%) entered into a binding agreement to evolve their HFC network infrastructure, including FTTH

Jan-2023
Telenet and Orange Belgium sign two commercial wholesale agreements, providing access to each other's fixed networks for a 15-year period

Present

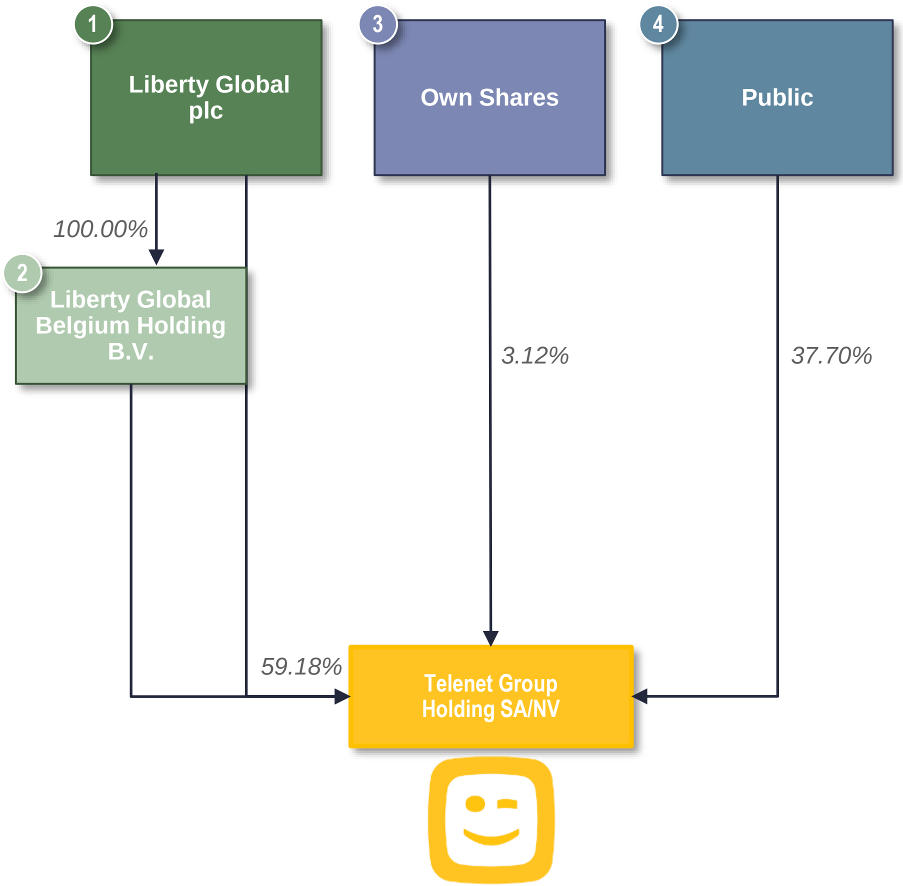
Corporate | M&A | Infrastructure

Source: Press releases, mergermarket
(1) 8.0x BASE Company's 2015E EBITDA as adjusted by Telenet and 5.0x Adjusted EBITDA, as adjusted for projected annual run-rate synergies and one-off investments
(2) Adjusted EBITDA (adjusted by Telenet for projected annual run-rate synergies, based on SFR Belux's management's forecasts)
(3) Imposes TNET to (i) provide third-party operators with access to digital television platform and (ii) make available to third-party operators a bitstream offer of broadband internet access
(4) Adjusted EBITDAaL (Adjusted EBITDA after leases) is defined as Adjusted EBITDA further adjusted to include lease-related depreciation and interest expense

Telenet Ownership Structure

- **Telenet is indirectly, through its wholly owned subsidiary Liberty Global Belgium Holding B.V., majority owned by Liberty Global plc holding 59.18% of the share capital with the Company holding 3.12% in auto-control and remaining 37.70% within public**

Shareholding Structure[1]



Overview

- Telenet Group Holding SA/NV ("**Telenet**") has a total shares outstanding 112,110,000[1]
- 1 Liberty Global plc. ("**Liberty**") is indirectly, through its wholly owned subsidiary Liberty Global Belgium Holding B.V., the majority shareholder of Telenet and owns **59.18%** of the shares
  - 2 Among the 66,342,037 shares owned by Liberty, 94,827 are **Liquidation Dispreference Shares** owned by Liberty Global Belgium Holding B.V. (a subsidiary of Liberty)
  - – The Liquidation Dispreference Shares which have the same rights as the ordinary shares except that they are subject to an €8.02 liquidation dispreference. They may be converted into ordinary shares at a rate of 1 to 1
- 3 Telenet has 3,500,526 of **Treasury Shares** corresponding to **3.12%** of the share capital
  - – In accordance with Belgian Corporate law, the voting rights attached to treasury shares are suspended and any dividend rights on such shares (if applicable) are cancelled while they remain in the Company's possession
- 4 The remaining **37.70%** of the shares are **public**
  - – This includes **42,267,390** listed shares on Euronext Brussels
  - – This includes **16 Liquidation Dispreference Shares** held by Interkabel CV
  - – This includes **30 Golden Shares** held by the intermunicipalities which are Fluvius Antwerpen, Intergem, IKA, Iverlek, Imewo and Gaselwest
    - The Golden Shares have the same rights as the ordinary shares and give their holders the right to appoint representatives to the Regulatory Board, which oversees the public interest guarantees related to Telenet's offering of digital television

Source: Company
(1) As of 06-Dec-2022

Telenet Governance Structure

- **Executive Board composed of 9 members and led by John Porter, Company's CEO. The Board of Directors consists of 12 members (including one observer), with four independent directors and six nominated by Liberty Global**

Executive Management

John Porter
CEO

- Since 2013
- Previously: Chairman at Enero Group, Chairman at oOh!media, CEO at Austar

Erik Van den Enden
CFO

- Since 2018
- Previously: VP Finance Transformation & Carve-Outs at Anheuser-Busch InBev

Luk Bruynseels
Chief Product & Technology Officer

- Since 2021
- Previously: Network M&A lead in BASE merger & several roles in Engineering department

Micha Berger
Chief Network Expansion

- Since 2013
- Previously: VP at Liberty Global Group

Ann Caluwaerts
EVP People, Brand & Corporate Affairs

- Since 2020
- Previously: Chief Corporate Affairs & Wholesale at Telenet

Dieter Nieuwdorp
EVP Residential & SOHO

- Since 2022
- Previously: SVP Strategy & Corporate Development at Telenet

Geert Degezelle
EVP Telenet Business SME & LE

- Since 2021
- Previously: VP Sales Telenet Business at Telenet

Benedikte Paulissen
EVP Customer Journey Digital & Data

- Since 2020
- Previously: Chief Customer Officer at Telenet

Jeroen Bronselaer
EVP Media

- Since 2020
- Previously: SVP Residential Marketing at Telenet

Board of Directors

Jo Van Biesbroeck ★ *Chairman*	**Lieve Creten** ★ *Director*	**Dirk Van den Berghe** ★ *Director*	**John Gilbert** ★ *Director*	**Amy Blair** *Director*	**John Porter** *Managing Director*
Charles H. Bracken *Director*	**Madalina Suceveanu** *Director*	**Manuel Kohnstamm** *Director*	**Severina Pascu** *Director*	**Enrique Rodriguez** *Director*	**André Sarens** *Observer*

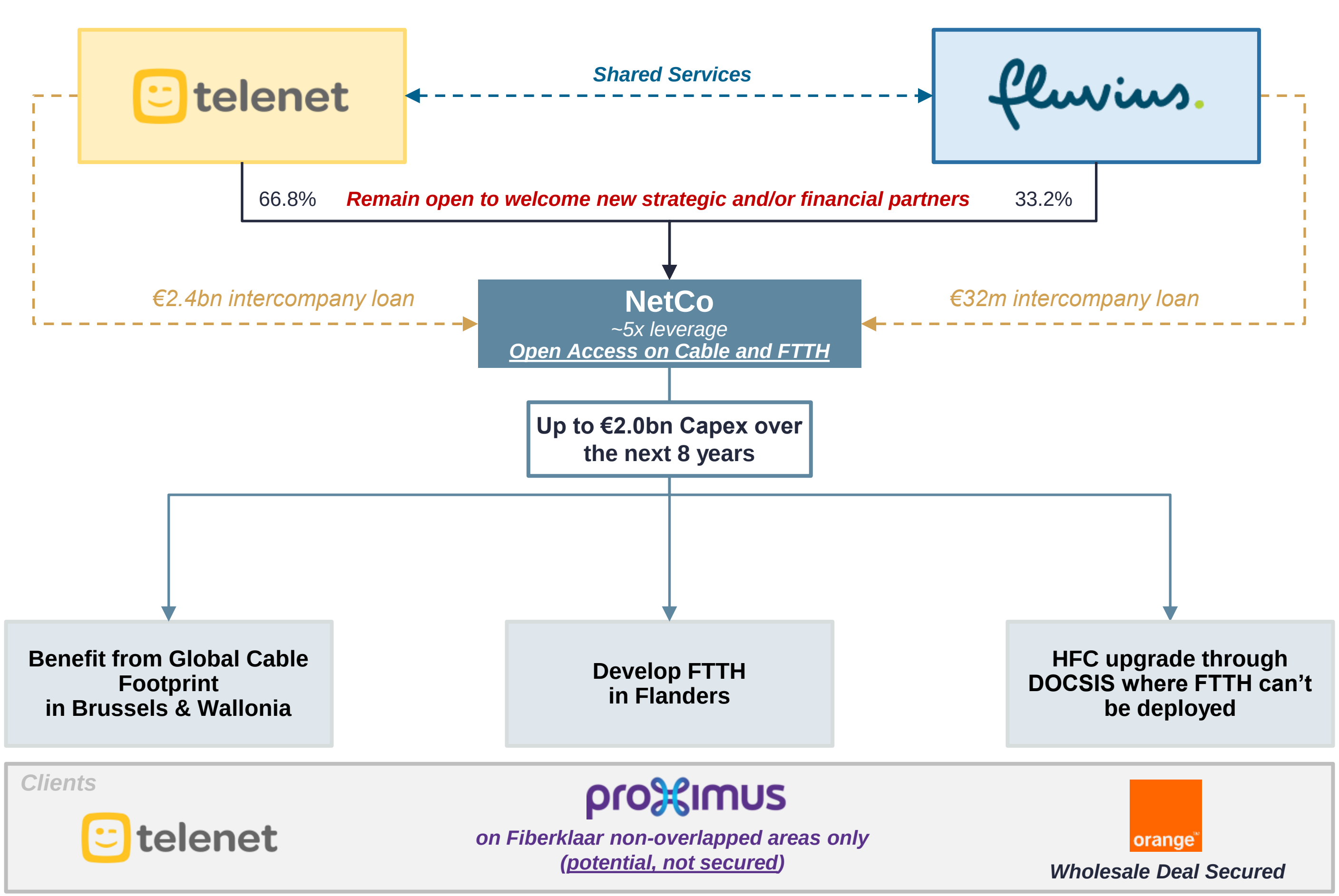
Chairman — Also part of Management — Nominated by Liberty Global — ★ Independent Director

Source: Company

Telenet / Fluvius NetCo Overview

- **Joint Venture to build the future data network of Flanders in Belgium**
- **Both companies' ambition is to provide speeds of 10 Gbps across the entire region over time through a mixture of FTTH and HFC technologies**

Transaction Structure



Comments

- 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%**
- Both Telenet and Fluvius will **transfer their existing HFC network and fiber assets** to NetCo
- NetCo partnership with Fluvius **eliminates the complexities of the "erfpacht"**, creating a valuable digital infra business, with both erfpacht and clientele / annuity fee cancelled
- 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**
- Fully self-funded investment plan of up to **€2.0bn**, supported by (i) NetCo's cash flow, (ii) proceeds from sale of tower portfolio, and (iii) sustainable reset of dividend level. It will therefore **not require any incremental external financing**
- NetCo is currently expected to start operations in the summer of 2023

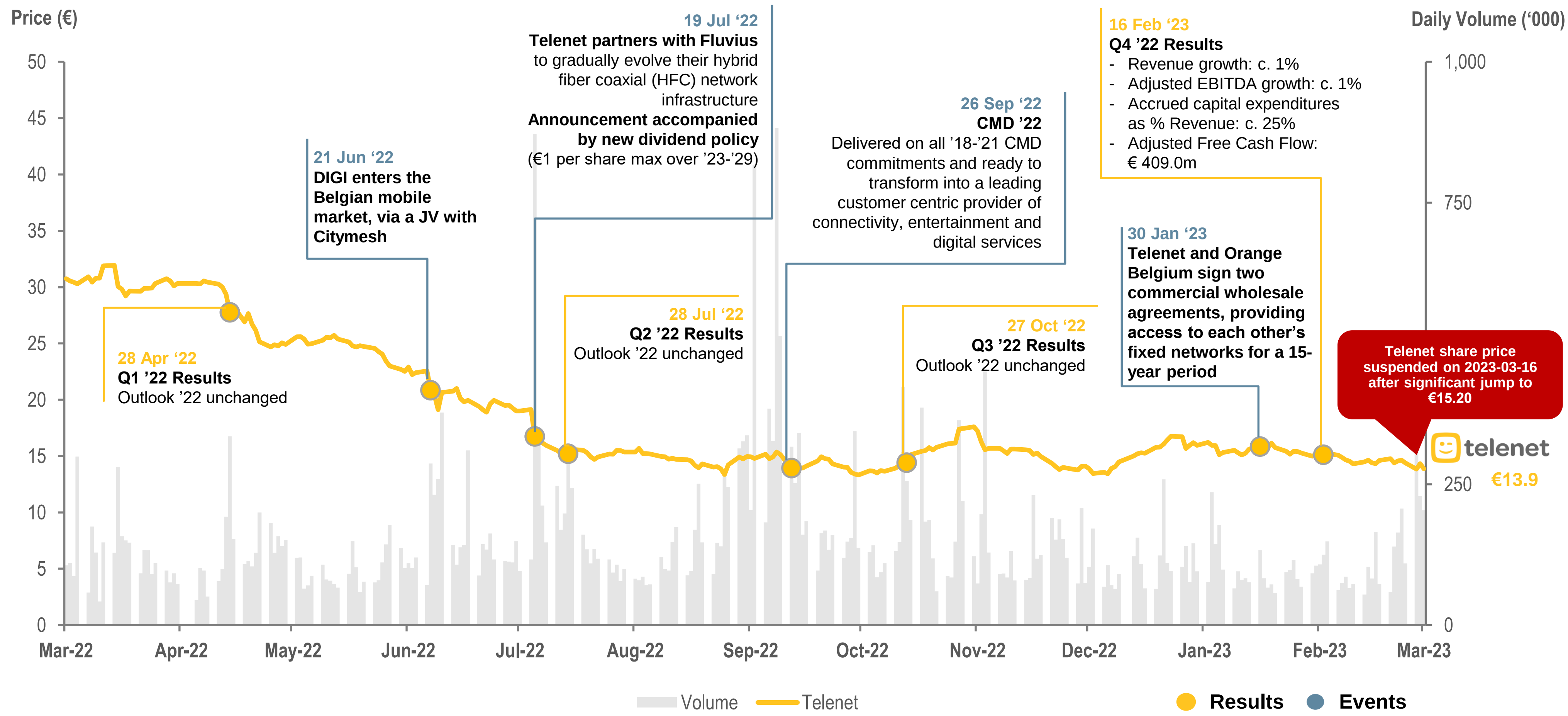
Source: Company

III Share Price Performance and Market Perception

Telenet Last Twelve-Month Evolution

- **Over the LTM, Telenet's share price has strongly declined (from c.€30 to €13.9 as of March 15th, 2023) despite financial results broadly in line with outlook, on the back of investor's increased scrutiny with regards to Fluvius NetCo Capex requirements notably**

Last Twelve-Months Telenet Share Price (€m)



Source: *FactSet as of 15-Mar-23*
Note: Q4 '21 Result were published on 10 Feb. '22

Telenet Key Competitive Attributes

- **The combination of leading fixed broadband position in Flanders (with a need to transition to FTTH) with a national presence in mobile (although with Citymesh as new entrant) makes Telenet's profile unique in Europe**
- **In the long run, the Belgian market is likely to see all players offering FTTH + Mobile on a nation-wide basis, with access to open FTTH platforms. The challenge is in executing the right moves to navigate this transition successfully, whilst maintaining Telenet's competitiveness**

Network	Topic	Market Sentiment	Comments
Fixed Broadband	Strong Market Share	*Overall Positive*	• One of the strongest competitive positions in Europe on its footprint with more than 50% market share in Flanders • Telenet has historically been a strong fixed player in Flanders which has translated into sound margins; on the other hand, Telenet faces strong competition from others (Proximus and Orange) who will benefit from access to FTTH networks
	Need to transition from Docsis to FTTH	*Overall Negative*	• All the battles being fought between FTTH and Cable – whether in Europe or the US – show FTTH leading over cable • The threat to DOCSIS platforms is two-fold : – Top line : Market share loss if Telenet does not migrate its customer base – Cash flows : Cost of deploying its own fiber infrastructure
Mobile	Impact of new entrant	*Overall Negative*	• Obvious risk of market share loss • Risk of decline in overall market ARPU
Fixed & Mobile	Regional in Fixed vs. National in Mobile	*Overall Positive*	• Telenet can increasingly become a national player in fixed broadband – top line and costs synergies with nation-wide mobile operations • Move should be facilitated by access to open FTTH platforms in Wallonia

Key Challenges as Perceived by Investors

- **Two issues are of concern to analysts & investors: (i) the mobile new entrant and, (ii) high Capex due to 5G and FTTH**
- **Other current market concerns (e.g. higher interest charges, inflation/energy costs, risk of recession) apply to all players and are not specific to Telenet**
- **It is hard for investors to get excited by Telenet's upsides in today's environment – however, certain brokers do mention Wallonia entry and NetCo monetization as potential catalysts**

- MOBILE NEW ENTRANT

"We believe new entrants such as Digi/Citymesh will likely focus on convergent products, and as such the wholesale fibre plans in fact help new entrants prepare for retail disruption [...] The new entrant uncertainty has arguably increased given Digi has partnered with Citymesh. We note the existing operators are increasing tariffs for FY23, the outlook appears more competitive going forward, given that Digi/Citymesh are set to begin commercial operators by this year end or early next year

21 FEB 2023

BARCLAYS

- HIGH CAPEX (5G AND FTTH)

"Fiber is the issue that the existing operators have the greatest control over and it was made clear during the Q&A it is the biggest focus of investors. We continue to believe that too much capital is flowing into Belgium fiber (>€12bn) and this would require consumer prices to go up €20/ month to justify those investments. Incremental fiber Capex has weighed heavily on Telenet's stock as it has been seen as a defensive move after Proximus has sped up its rollout through two off balance sheet JVs"

27 SEP 2022

CREDIT SUISSE

+ WALLONIA ENTRY

"With the agreement, Telenet will nevertheless be able to finally start offering the broadband in Wallonia as well as convergent offers. Recall that today, Telenet only has mobile offerings in Wallonia with Base, accounting for a market share of 0-10%. Over time, Telenet aims to also increase its fixed market share to around 10%, after an expected launch in early 2024."

30 JAN 2023

KBC

+ NETWORK MONETIZATION / DECONSOLIDATION

"A value story trapped for now To fence off competition, Telenet is investing into fiber - hereby constraining FCF on already relatively high leverage (but there are compelling benefits, see our end of the cable honeymoon report). Nevertheless, we are adamant the Fluvius deal was only stage 1, meaning a potential network monetization in time"

28 OCT 2022

BANK OF AMERICA

"We see a few positive catalysts in the near term that could potentially drive a re-rating of the shares, including: (1) A "mini CMD" post the Fluvius deal closure in early 2023, and (2) a potential partial stake sale of NetCo (post deal close) that could help crystallise the value of NetCo and also offer scope for any extraordinary shareholder returns"

31 JAN 2023

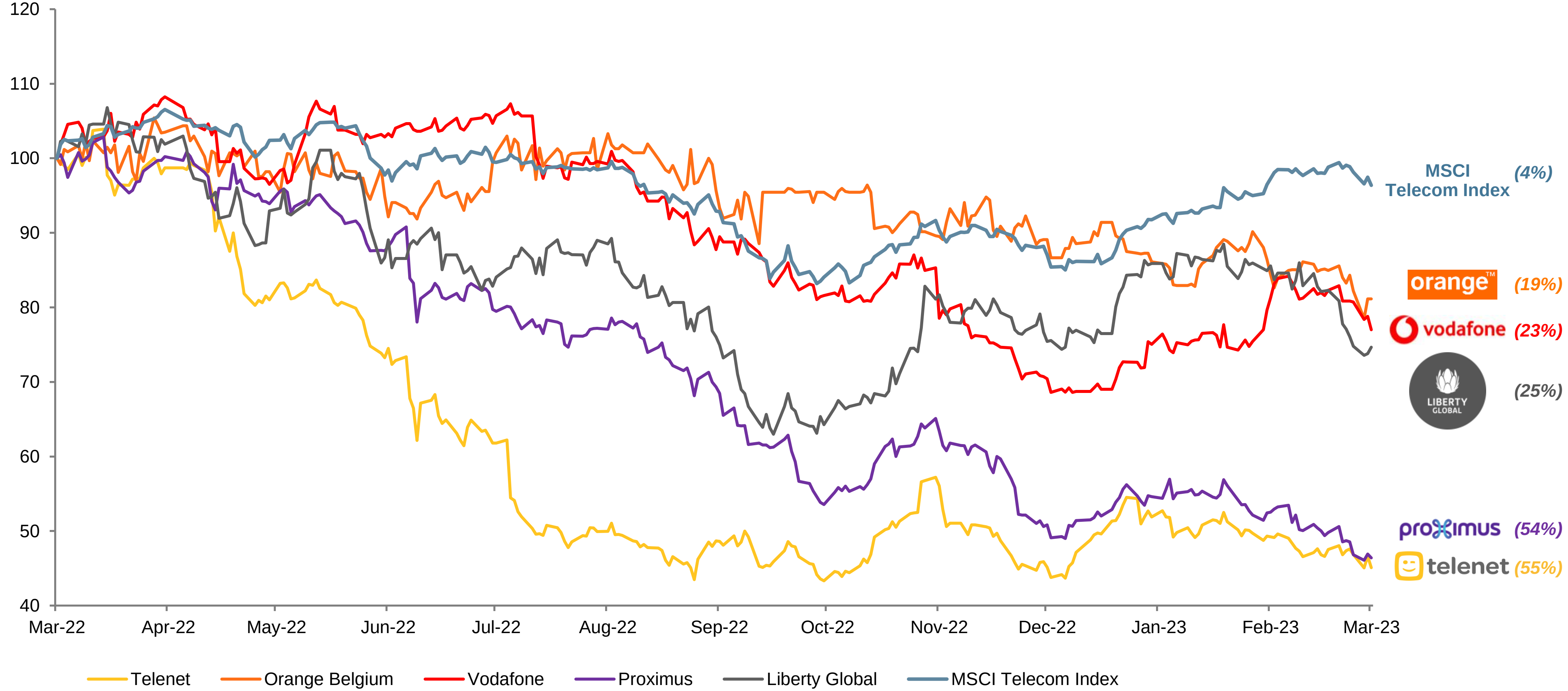
J.P.Morgan

Source: Brokers' research

Telenet Share Price in Context

- **Over the last year, Telenet share price has continued to underperform vs. peers even in market recent recovery**

Telenet's LTM Share Price Evolution Versus Peers – Rebased to 100 as of 15-Mar-22

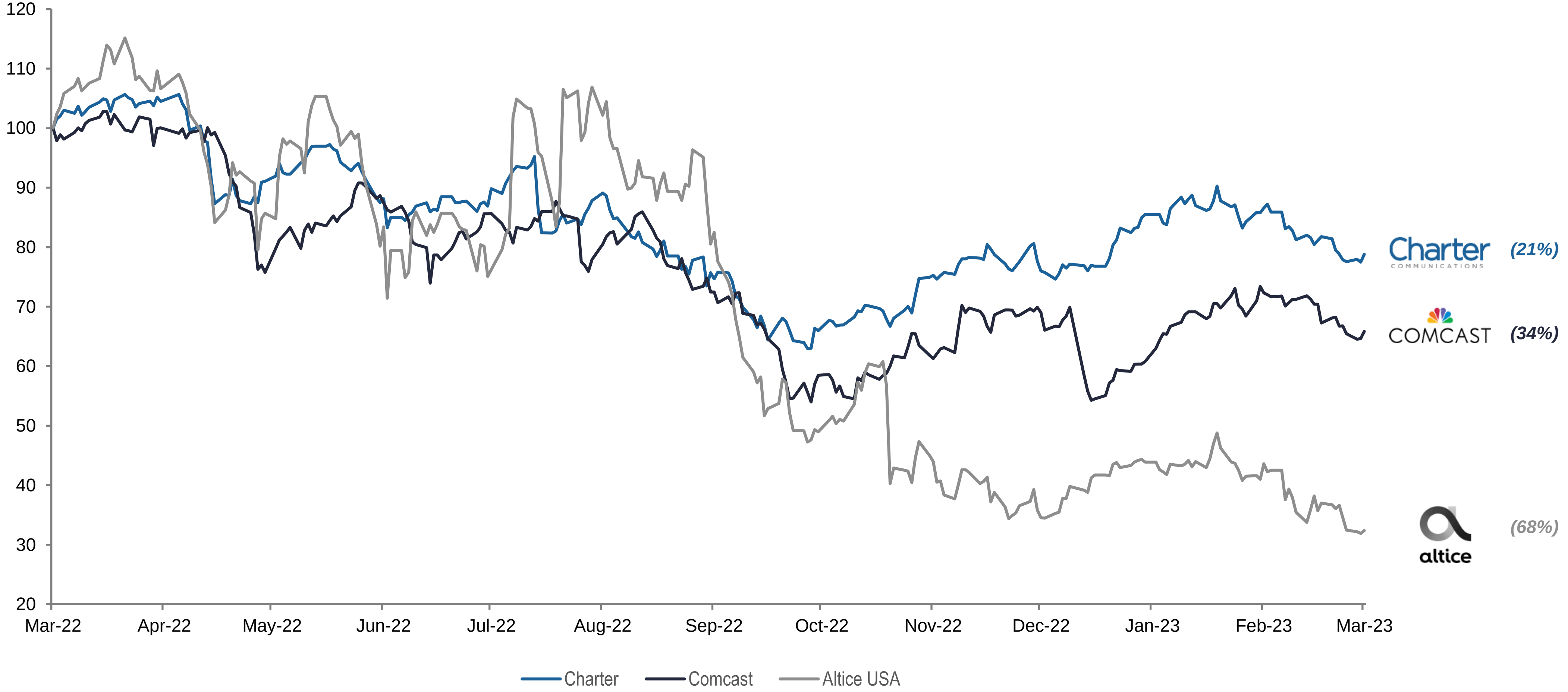


Source: *FactSet as of 15-Mar-23*
Note: Share prices rebased 100 as of 15-Mar-22

Change of Market Sentiment Vis-à-Vis CableCos – Risk of Market Share Loss

- **All CableCos around the world are facing the threat of fiber. Even US Cable giants – who had never experienced any real threats so far – are under pressure**

CableCos LTM Share Prices Evolution – Rebased to 100 as of 15-Mar-22



Source: FactSet as of 15-Mar-23
Note: Share prices rebased 100 as of 15-Mar-22

Change of Market Sentiment vis-à-vis CableCos – Risk of « FTTH » Capex Liability

- **Like Vodafone, CableCos are facing a « FTTH » Capex liability linked to network upgrading costs**

Vodafone Constructs FTTH Network Across 7m Homes In Germany

"We also discussed **the need for Capex to overbuild fibre in Germany** and VOD has since announced a deal with Altice to cover up to 7m homes.
[…]
Thus there is an argument that Vodafone is in the eye of the storm, so to speak, and that measures are in place to support growth recovery and a more sustainable financial footing moving forward. Consensus forecasts look to be up with events. Nevertheless we reiterate our Neutral rating as VOD still needs to prove itself with a recovery through H2. **And we maintain that VOD remains exposed to incremental Capex needs to further build fibre and Germany**, but also in its JV with Liberty Global in Holland"

15 NOV 2022

BANK OF AMERICA

"Our bearish view on Vodafone was predicated on weak commercial outlook in Germany and rest of Europe (Warning Signs), which would **require re-investment in price, Opex and Capex at a time when macro** and inflation are biting and balance sheets are coming under closer scrutiny. We have now seen Vodafone commercial momentum slow, a step up in Opex investment (handset subsidies) in Germany/UK, VOD warn on Energy costs, downgrade FY23 guidance and **set up a FTTH JV with Altice in Germany (off balance sheet Capex warning)**.
[…]
To re-invigorate commercial momentum, we think Vodafone will need to invest more (Opex/Capex) in Germany, whilst growing competitor FTTH build, the end of their housing association rental privilege and a slew of Capex warnings for cable peers suggest German Capex will have to rise soon"

BNP PARIBAS EXANE 16 NOV 2022

"**Going from DOCSIS path to FTTH**
On 17 Oct Vodafone announced the creation of a 50/50 fiber JV in Germany together with Altice.
[…]
We assume a cost per home passed of €1,000. This is implicit in the guidance of **€7bn for 7m homes. This means that the cumulative Capex is €7bn by 2030.**
[…]
The move overall is value destructive for the overall Vodafone group. This might still be better than the alternative, ie doing nothing and being overbuilt by DT with FTTH, ie large-scale loss of the retail customer base. But it highlights the value challenges of a fiber JV as this is in large part a transfer of value one entity (ServCo) to another (NetCo)"

19 OCT 2022

CREDIT SUISSE

"VOD announces a 50/50 JV with Altice to construct FTTH network across 7m homes in Germany.
[…]
Investment is guided as €7bn over 6 years, o/w 70% to be non-recourse debt funding.
[…]
Defensive move. A consequence of the German Telecom law is that the ability of MDU landlords to bundle basic cable TV into mandatory tenancy charges is being phased out by 2024. We estimate that~4m of VOD Germany's ~8m cable BB subs receive basic cable TV through a collective contract, contributing service revenue of ~€1.8bn pa. **Freeing MDU tenants from forced cable access will level the competitive playing field to DTE's benefit. Against this backdrop, we regard today's announcement as a defensive move**"

17 OCT 2022

Jefferies

Source: Brokers' research

Telenet Trading Peers Multiples

	Company	EV / EBITDA IFRS16		EV / (EBITDA IFRS16 – Capex)	
		2023E	2024E	2023E	2024E
Single Country PTOs(1)	BT	4.9x	4.8x	12.6x	11.9x
	elisa	13.1x	12.7x	20.5x	19.7x
	kpn	7.6x	7.4x	14.3x	13.6x
	orange Polska	3.7x	3.9x	0.0x	0.0x
	OTE	4.4x	4.3x	8.4x	8.1x
	proximus	3.6x	3.7x	12.6x	12.4x
Challenger MNOs(2)	Cyfrowy Polsat	5.0x	4.6x	n.m.	21.7x
	1&1 Drillisch	5.9x	5.8x	18.0x	13.2x
	Liberty Global	4.0x	3.9x	8.8x	9.3x
	NOS	5.5x	5.3x	13.5x	11.4x
	orange Belgium	3.9x	3.8x	8.1x	8.0x
	Telefónica Deutschland	4.9x	4.8x	8.8x	8.4x
	TELE2	9.0x	8.7x	12.9x	12.1x
	vodafone	3.6x	3.7x	6.1x	6.3x
	telenet	5.6x	5.8x	12.3x	22.3x

Source: Companies, FactSet as of 15-Mar-2023

- EBITDA IFRS16 corresponds to EBITDA for which lease costs are recognized within balance sheet through a right-of-use and lease debt and are not accounted as a cost (above EBITDA) but below as depreciation & amortization as well as interests on leases. EBITDAaL means that costs related to leases are accounted above EBITDA (as per before implementation of IFRS16 rule). EBITDA-Capex IFRS16 follows the same logic as Capex are not impacted by IFRS16 rule which means that the impact is only done at EBITDA level

(1) PTO: Public Telecommunications Operator
(2) MNO: Mobile Network Operator

IV Telenet Business Plan

Business Plan Key Considerations

- **Management LRP Plan communicated to Lazard on 28 February 2023, also containing the ServCo / NetCo split**
- **Plan covers 2022A – 2032E with P&L and Cash Flows for ServCo, NetCo as well as in a Consolidated view**
- **Management business plan provided in US GAAP with further IFRS16 and EBITDAaL figures provided on a Consolidated basis on March 20th, 2023 – Lazard has therefore made slight adjustments to allocate IFRS16 / after lease figures between ServCo and NetCo (assuming full impact at ServCo level, i.e., leases impacts at ServCo level and not at NetCo level as ServCo is the operating company on which most/all operational leases are). We believe this is the proper allocation as assets like NetCo do not generally include any leases falling within the IFRS16 rule in the Telenet context – leases here are mostly comprising wholesale costs from NetCo and TowerCo**
- **Telenet management business plan takes into account all material future events that would have an impact on the company's performance:**
  - New entrant (Citymesh) and its impact on the market and Telenet
  - ServCo's expansion into Wallonia
  - ServCo / NetCo separation
  - NetCo's wholesale open access business model with Orange as customer pursuant to the Telenet/Orange agreement
- **In addition, Lazard has been provided with minutes of the Board of Directors dated March 29th, 2023, in which it states that Management LRP is "*voluntaristic and ambitious*" and has various execution risks that were flagged when it was shared with the Board, "*including the cost of the fibre roll-out, the impact of the fourth entrant*" – specific extract below**

"In this context the Board discussed the management LRP (of which the first three years, PoR 23-25, were approved by the Board in December 2022), and that it is based on an optimistic assessment of certain execution risks and certain other external elements, as also discussed between the Board and management when the PoR was prepared and the first three years approved (see e.g. Board minutes and presentations of 2022 in annex). The independent directors inform the Board that this was also Lazard's preliminary assessment of the management LRP. The Board considers that the management LRP is voluntaristic and ambitious (as the Board has historically encouraged management to be), so should be interpreted in the context of for instance a DCF valuation as being subject to (i) the various execution risks that were flagged when it was shared with the Board, including the costs of the fibre-roll out, the impact of the fourth entrant and the ability of management to achieve the lower long-term capex outlook included in the management LRP; (ii) significant reliance on long-term terminal value in DCF calculation given the FCF profile contained in the management LRP and the need for higher discounting of those future cash flows; and (iii) increased recent market volatility and the impact that has on WACC. The Board therefore agrees that the management LRP, including the first three years as approved by the Board, does not affect its endorsement of the offer price."

Note: - The introduction of IFRS 16 improves the transparency of leasing policies and the comparability of listed companies: (i) The distinction between a financial and an operating lease disappears [in the lessees financial statements], making financial debts (including leases) a stronger measure of capital intensity (external resources used by a company to finance its operating assets). It is therefore no longer possible to hide part of the costs related to productive assets in operating costs by means of operating leases; (ii) All operating lease costs disappear from EBITDA, making EBITDA a more comparable measure of operational profitability. Differences in productivity (EBITDA / Invested Capital) become clearer as a result

Management LRP Overview

- **Business plan as provided by management with further adjustments provided for IFRS16 on a consolidated basis – 2022A EBITDAaL as provided by management which differs from reported numbers due to recent acquisitions done in 2022 ((e.g. Eltrona and Caviar cf. slide 23) included on a pro forma basis from the beginning of 2022)**
- **ServCo refers to as Telenet retail operations for which fixed infrastructure (broadband) is sourced from NetCo (which is ServCo provider). As NetCo is consolidated by Telenet, there is an intercompany elimination done at EBITDAaL / EBITDA level which is also the reason why on the revenues side, the sum of NetCo and ServCo does not equal Consolidated revenues**

	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
ServeCo (Retail Operations)											
Revenues	2,743	2,776	2,770	2,780	2,820	2,868	2,919	2,980	3,038	3,089	3,153
% Growth		*1%*	*(0%)*	*0%*	*1%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*
EBITDA	892	859	811	812	859	880	894	916	937	955	994
% Margin	*33%*	*31%*	*29%*	*29%*	*30%*	*31%*	*31%*	*31%*	*31%*	*31%*	*32%*
EBITDAaL	677	708	729	729	775	796	809	831	852	870	907
% Margin	*25%*	*26%*	*26%*	*26%*	*28%*	*28%*	*28%*	*28%*	*28%*	*28%*	*29%*
Capex	533	531	521	531	437	502	492	486	474	469	459
% Revenues	*19%*	*19%*	*19%*	*19%*	*16%*	*17%*	*17%*	*16%*	*16%*	*15%*	*15%*
NetCo (Fixed Infrastructure - Transaction with Fluvius)											
Revenues	642	691	704	715	737	756	781	816	857	890	909
% Growth		*8%*	*2%*	*2%*	*3%*	*3%*	*3%*	*4%*	*5%*	*4%*	*2%*
EBITDA	494	517	526	528	518	530	562	609	634	678	703
% Margin	*77%*	*75%*	*75%*	*74%*	*70%*	*70%*	*72%*	*75%*	*74%*	*76%*	*77%*
EBITDAaL	494	517	526	528	518	530	562	609	634	678	703
% Margin	*77%*	*75%*	*75%*	*74%*	*70%*	*70%*	*72%*	*75%*	*74%*	*76%*	*77%*
Capex	140	195	433	490	520	629	565	420	252	217	162
% Revenues	*5%*	*7%*	*16%*	*18%*	*18%*	*22%*	*19%*	*14%*	*8%*	*7%*	*5%*
Consolidated											
Revenues	2,813	2,858	2,866	2,894	2,955	3,024	3,098	3,180	3,266	3,340	3,416
% Growth		*2%*	*0%*	*1%*	*2%*	*2%*	*2%*	*3%*	*3%*	*2%*	*2%*
EBITDA	1,386	1,375	1,337	1,339	1,377	1,410	1,455	1,526	1,571	1,633	1,697
% Margin	*49%*	*48%*	*47%*	*46%*	*47%*	*47%*	*47%*	*48%*	*48%*	*49%*	*50%*
EBITDAaL	1,171	1,225	1,255	1,257	1,293	1,327	1,371	1,441	1,486	1,548	1,610
% Margin	*42%*	*43%*	*44%*	*43%*	*44%*	*44%*	*44%*	*45%*	*45%*	*46%*	*47%*
Capex	672	727	954	1,021	957	1,130	1,057	906	727	687	621
% Revenues	*25%*	*26%*	*34%*	*37%*	*34%*	*39%*	*36%*	*30%*	*24%*	*22%*	*20%*

Source: Company

Management LRP Underlying Assumptions

- **The table below aims at providing qualitative information on Management LRP assumptions based on call held with Telenet management**

Context	• Telenet has built a first version of the business plan over the summer 2022 which was presented to the Board in October 2022 for which certain assumptions were made regarding fiber investments (and spectrum auctions) that have been considered outdated afterwards • At the end of 2022, two main events / overlays have triggered a change in the business plan: NetCo and Orange Belgium wholesale agreement – Other events were also included as part of this business plan update, mainly full inclusion of Eltrona and stake increase in Caviar
Revenues	**Residential Revenues** • Sustained growth expected over the business plan period, broadly in line with Company's past performance and guidance • Growth explained by management via two drivers: subscribers' dynamic and value dynamic – Subscribers' dynamic: continuing growth in mobile and broadband penetration with migration towards fiber combined with declining fixed telephony and basic television – Value dynamic: growth in value through better services (fiber, 5G, value added services) **B2B (Business) Revenues** • Management considers further opportunities in the B2B segment as the company will be in a position to tackle further customers thanks to fiber development
Costs	• On the costs side, Management is confident on Company's ability to maintain / increase profitability in the coming years • Management expects erosion of profitability due to both impact from new entrant as well as Wallonia development (through a wholebuy business model) to be compensated by important positive drivers such as increased digitization, as the Company is trying to move away from expensive channels (i.e., increase e-sales and e-care, online management, process simplification, IT simplification, etc.)

Management LRP Underlying Assumptions (Cont’d)

- **The table below aims at providing qualitative information on Management LRP assumptions based on call held with Telenet management**

Capex	• Management has indicated its detailed analysis on NetCo Capex envelope and evolution, ServCo Capex having been done separately as an overlay • On the NetCo side, €650 capex per home passed for first 50% roll-out given density of areas deployed with average Capex home passed on the entire plan de facto higher given it includes less dense areas • Management has also assumed a decommissioning ramp up over time, based on the region to be developed and customers’ behavior in the upgraded areas – Lazard has not been provided with the details around such plan, but this consists in the switch-off of cable network and, depending on company’s objective, to excavate (remove if aerial) the cable links • On the ServCo side, all IT development / CRM system will remain within ServCo with 5G being a large share of Capex in the coming years • In addition, Management has indicated that the Company is currently migrating customers to latest video platforms, motivating customers to swap legacy box to new tech box, with all video customer to be migrated by end 2025E which drives Capex increase • Management anticipates Capex to drop in 2026 on the back of above-mentioned initiatives followed by additional investments in 2027 as the Company anticipates further move to fiber products leading to switch in active equipments for instance (modems)
Other	• 4^{th} entrant: Business plan fully takes into account the 4th entrant with impacts having been precisely quantified on the back of previous European experience (Italy, Spain), though management noting several mitigating factors (unsuccessful commercial operations, delay in network roll-out, low service penetration, uneconomical profile (in an increasing costs environment) notably) • Such impacts include loss of mobile and fixed subscribers as well as decline in ARPU

Lazard Comments on Management LRP Business Plan

Short Term (until 2026)

- **The LRP is broadly in line with the broker consensus, with flattish revenues and EBITDA/aL, and similar Capex profile overall**

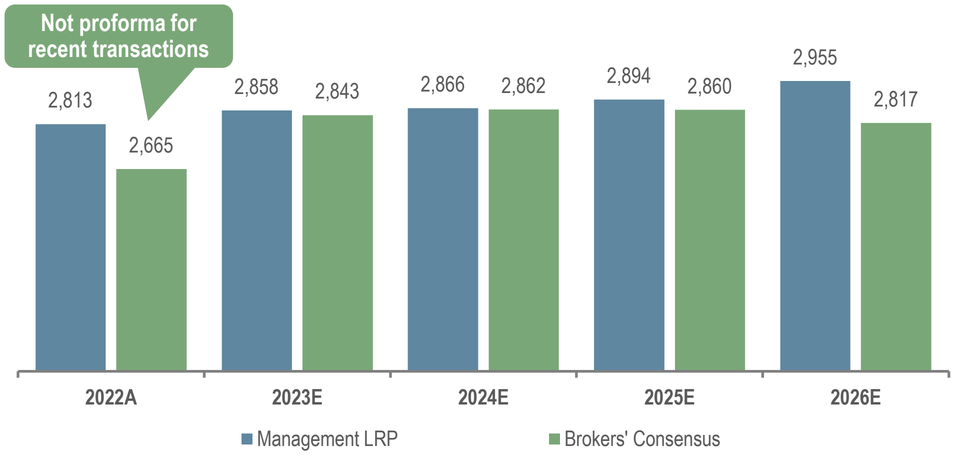
Long Term (2026 - 2032)

- **The top line starts increasing significantly after 2026, with annual growth of 2% on average**
- **In parallel, EBITDAaL margin picks up, leading to a CAGR of 4% from 2026 to 2032**
- **This increase in EBITDAaL, together with a significant decrease in Capex following the roll-out period, leads to a staggering 20% cash flow CAGR from 2026 to 2032**
- **While we recognize the very likely decline in Capex post roll-out, we believe the top line and EBITDA assumptions may be optimistic:**
  - The impact of new entrant may have a more negative impact than in the LRP (see page 30 and 31)
  - Cable customers may switch to competition pending the completion of the FTTH roll-out (and we see many cable operators in Europe and the U.S. seeing significant top line pressure)
  - While Telenet's EBITDA margin is historically high and consistant with usual cable operators' margin, it appears quite high compared to other telecom operators and may decline in the context of a switch to FTTH (peers median EBITDA margin is c.33%)
- **We believe Management LRP assumptions are optimistic especially given fourth entrant as well as fiber plan, a comment also expressed by the Board of Directors as indicated on page 21 of the report**

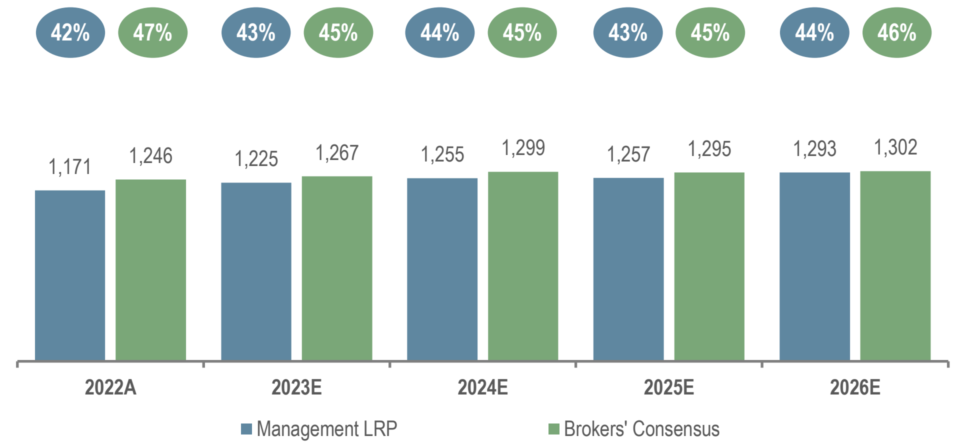
Management Forecasts vs. Broker Consensus

- **In order to have comparable business plans, we have retained brokers' EBITDAaL forecasts**

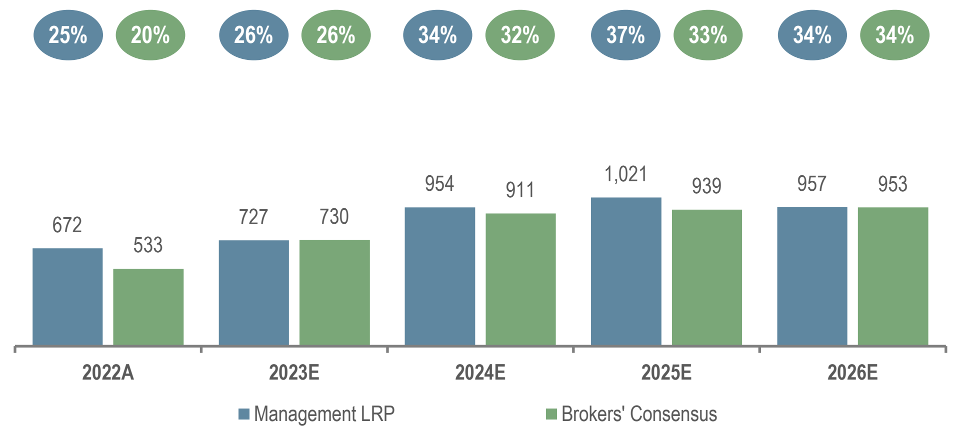
Revenues



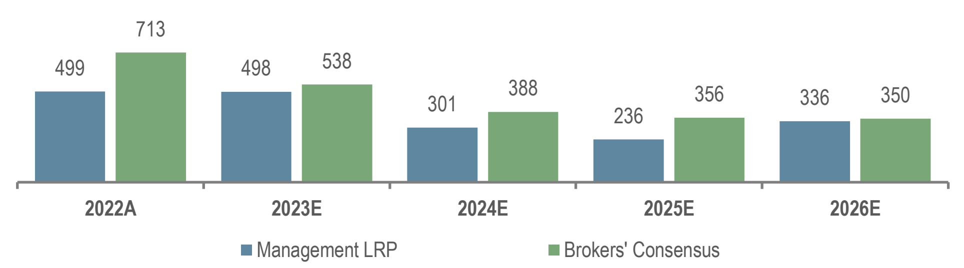
EBITDAaL / % Margin



Capex / % of Revenues



EBITDAaL – Capex



Source: Company, Brokers' research

V Telenet Valuation Overview

A Valuation Methodologies & Summary

Valuation Methodology Overview

- **The following paragraphs aim to explain the functioning of the valuation methods we have used for our analysis, as well as their limitations**

VALUATION METHODOLOGY		Methodology	Comments / Limitations
	DISCOUNTED CASH FLOWS ***(Primary Method)***	• Calculates the present value of the Company's unlevered free cash flows over a long term forecasted period and the terminal value, discounted at the weighted average cost of capital	• Relies on accurately predicting medium to long term free cash flows • Highly sensitive to assumptions retained for WACC and perpetual growth rate
	ANALYSTS' TARGET PRICES ***(Secondary Method)***	• Analysis of latest target prices from research analysts covering the Company • Analysts typically use several valuation methods to value a company, including DCF and Trading Comparables amongst others • Provides a useful benchmark when a company is actively covered by a large pool of analysts from different investment banks and independent research firms	• Most recent information regarding all valuation assumptions used by analysts may be insufficient • However, a wide coverage generally provides a "consensus" view which may give a basis of comparison
	TRADING COMPARABLES ***(Secondary Method)***	• Market based valuation methodology, using and comparing listed peers' valuation multiples • Valuation multiples to compare equity valuations to financial performance vary but include EV / EBITDA, P / E, P / B, depending on the company's operations and business model	• Relative valuation vs. absolute • Availability of relevant and wide set of listed comparable companies needs to be considered • Degree of comparability of peers is subjective

Valuation Methodology Overview

- **NB: Due to Company's current structure, even a limited variation in EV terms may have a significant impact on implied share price valuation**
- **We have retained DCF as a primary method in our valuation exercise which is also the methodology commonly used by analysts in brokers' reports and which leads to a range of €20 to €25 per share for Telenet (pre dividend of €1.00 approved on April 26th), emphasizing the alternative case (correction to the management LRP as explained on following pages) and the broker consensus (given Telenet's high degree of disclosure to the market)**
- **Lazard has also run secondary valuation exercise to provide additional context in the preparation of the report**

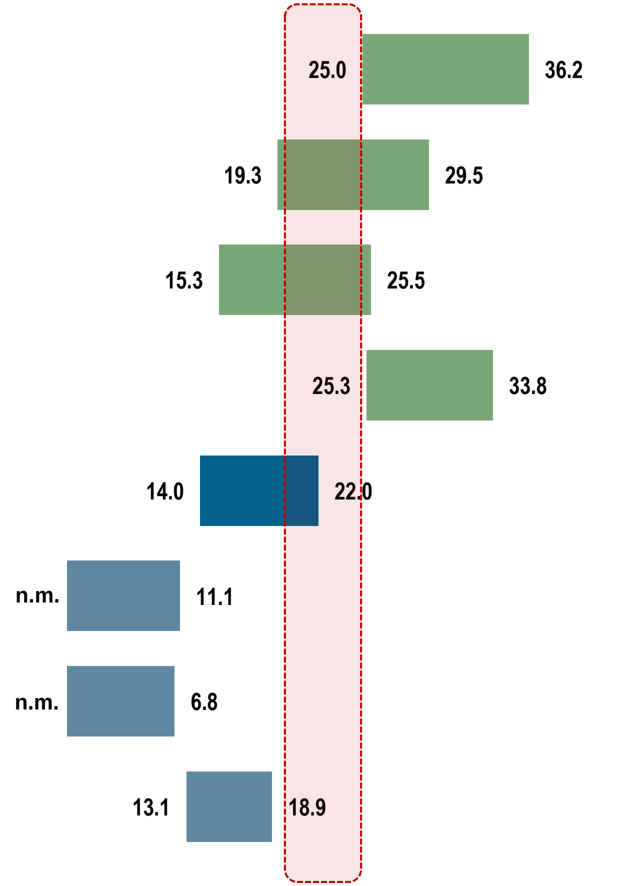
VALUATION METHODOLOGY		Methodology	Comments / Limitations
	DISCOUNTED CASH FLOWS *(Primary Method)*	• We selected the DCF analysis as the leading valuation method for Telenet considering the Company's outlook and its ability to generate future cash flows. Additionally, the DCF analysis is the most widely used valuation method in the telecom sector as reported by several Telenet brokers' reports • LRP DCF: Explicit cash flows until 2032. WACC: 6.75%-7.25%; PGR: 0.25%-0.75% • DCF Alternative case: Explicit cash flows until 2032. WACC: 6.75%-7.25%; PGR: 0.25%-0.75% • Brokers' Consensus DCF: Consensus until 2026. Lazard extrapolation for 2027 & 2028. WACC: 6.75%-7.25%; PGR: 0.25%-0.75% • LRP SOTP DCF: For ServCo, explicit cash-flows until 2032. WACC: 7.75%-8.25%; PGR: (0.25)%-0.25%. For NetCo, explicit cash-flows until 2032. WACC: 6.25%-6.75%; PGR: 0.50%-1.00%	• Bottom WACC computation, in line with brokers' consensus (see page 43) • Business is going through profound changes (new entrant and NetCo separation) which may warrant higher WACC than peers • Valuation highly sensitive to assumptions retained for WACC and PGR • See limitation of SOTP-based valuation on page 34
	ANALYSTS' TARGET PRICES *(Secondary Method)*	• The Brokers' TP provide a useful benchmark of Telenet's value considering the strong and active coverage with over 10 recent broker target prices available • Target prices post Q4 2022 results	• The company is followed by 18 analysts • 14 different brokers have provided target prices opinion post Q4 2022 with specific comments re new entrant and NetCo separation
	TRADING COMPARABLES *(Secondary Method)*	• Next to the DCF analysis, we have retained the trading comparables as a secondary valuation method considering the availability of a relevant and wide set of listed comparable companies active in the European telecom sector • European operators with over €1 bn market capitalization as well as Orange Belgium but excluding incumbent PTOs with international footprint • Multiples: EBITDA and EBITDA - Capex for 2023E and 2024E	• Very few true comparables. Only Orange Belgium faces two similar issues as Telenet: new entrant and HFC to FTTH conversion • Please note that the multiples are computed on an IFRS16 basis as several operator do not report EBITDAaL figures

Valuation Summary

- **Based on multicriteria methodologies and on pre-IFRS16 (except for trading multiples) metrics, we consider that Telenet value per share lies within a range of €20 to €25 illustratively showed in red below (pre dividend of €1 per share approved in April 2023)**

	Methodology	Enterprise Value (€m) Central	Equity Value (€m) Central	Price Per Share (€) Central	Premium Over Spot (%) Central
Discounted Cash Flows	**DCF Management LRP** *See previous page for WACC and PGR assumptions*	8,387	3,291	30.2	*118.0%*
	DCF Alternative Case *See previous page for WACC and PGR assumptions*	7,708	2,612	24.0	*73.0%*
	DCF Brokers' Consensus *See previous page for WACC and PGR assumptions*	7,277	2,181	20.0	*44.5%*
	SOTP of DCF Management LRP for ServCo and NetCo *See previous page for WACC and PGR assumptions*	8,168	3,181	29.2	*110.7%*
Target Prices	**Target Prices from Analysts** Median Target Prices from Analysts (Post Q4 2022 Results) - Min/Max range	6,893	1,797	16.5	*19.0%*
Trading Comparables	**EV / 23E EBITDA (IFRS16) Multiple** Median of Peer Group for 23E (+/- 0.5x): 4.9x	6,738	517	4.7	*(65.7%)*
	EV / 24E EBITDA (IFRS16) Multiple Median of Peer Group for 24E (+/- 0.5x): 4.8x	6,293	72	0.7	*(95.3%)*
	EV / 23E EBITDA-Capex (IFRS16) Multiple Median of Peer Group for 23E (+/- 0.5x): 12.7x	7,960	1,739	16.0	*15.2%*
	EV / 24E EBITDA-Capex (IFRS16) Multiple Median of Peer Group for 24E (+/- 0.5x): 11.9x	4,115	(2,107)	(19.3)	*(239.5%)*

Share Price Range (€)



Source: Company, Brokers' research, Bloomberg, FactSet as of 15-Mar-2023
Note: Valuation as of end-2022

Conclusion Regarding the Share Price Valuation of the Company

- **As explained at the beginning of the section, Lazard has retained the Discounted Free Cash Flow analysis as a primary valuation method as it reflects the intrinsic value of Telenet and is the methodology generally used in Telenet brokers' reports. The brokers' target prices and trading multiples methodologies were retained as secondary valuation methods and provides a market-based value of Telenet**
- **The precedent transactions analysis based on precedent European telecom transactions was not retained considering the limited number of relevant transactions and the limited comparability of these transactions with Telenet**
- **We estimate the Equity Value per share of Telenet share within the range of €20.0 to €25.0 (before €1.0 dividend approved in April 2023)**
- **Based on the aforementioned valuation range, we can conclude that the Bidder Price is within our valuation range. Our other valuation references yield valuation points below or close to the Offer Price (target prices and trading comparables)**
- **Hence, in the context of the intended conditional voluntary public takeover bid announced by the Bidder on all the shares of Telenet that it does not yet own, we believe that the Offer Price does not disregard the interests of the minority shareholders**

Valuation Summary

- **The table below provides an <u>illustrative view ONLY</u> on where the underlying valuation methodologies are within a spectrum of premium**

Telenet share price as of March 15th, 2023

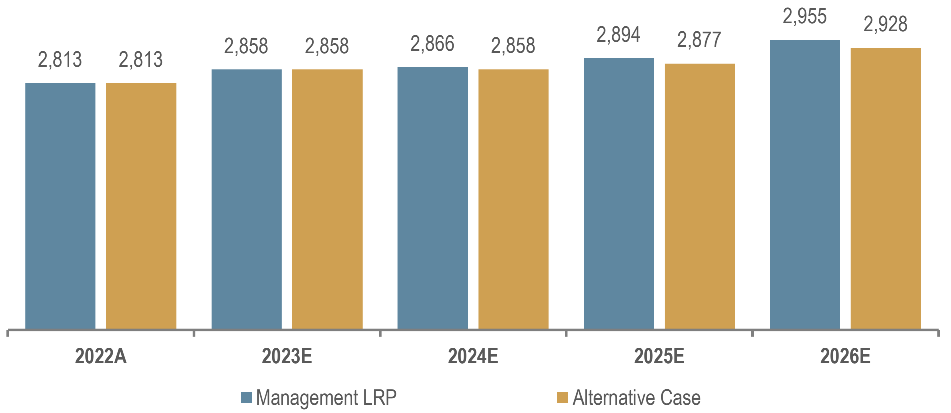
Key Metrics		Unit	ANALYSIS AT VARIOUS PRICES													
Premium Over Spot		%	**0.0%**	**10.0%**	**20.0%**	**30.0%**	**40.0%**	**50.0%**	**60.0%**	**70.0%**	**80.0%**	**90.0%**	**100.0%**	**110.0%**	**120.0%**	**130.0%**
Price per Share		€	13.86	15.25	16.63	18.02	19.40	20.79	22.18	23.56	24.95	26.33	27.72	29.11	30.49	31.88
Premium Over Share Price	Premium Over Spot	%	*0.0%*	*10.0%*	*20.0%*	*30.0%*	*40.0%*	*50.0%*	*60.0%*	*70.0%*	*80.0%*	*90.0%*	*100.0%*	*110.0%*	*120.0%*	*130.0%*
	VWAP 1-Month	%	*(4.9%)*	*4.6%*	*14.1%*	*23.6%*	*33.1%*	*42.6%*	*52.1%*	*61.6%*	*71.1%*	*80.6%*	*90.1%*	*99.6%*	*109.1%*	*118.7%*
	VWAP 3-Month	%	*(8.1%)*	*1.0%*	*10.2%*	*19.4%*	*28.6%*	*37.8%*	*47.0%*	*56.1%*	*65.3%*	*74.5%*	*83.7%*	*92.9%*	*102.1%*	*111.3%*
	VWAP 6-Month	%	*(7.5%)*	*1.8%*	*11.1%*	*20.3%*	*29.6%*	*38.8%*	*48.1%*	*57.3%*	*66.6%*	*75.8%*	*85.1%*	*94.3%*	*103.6%*	*112.9%*
	VWAP 12-Month	%	*(25.7%)*	*(18.3%)*	*(10.9%)*	*(3.5%)*	*4.0%*	*11.4%*	*18.8%*	*26.3%*	*33.7%*	*41.1%*	*48.5%*	*56.0%*	*63.4%*	*70.8%*
NoSh		#m	109	109	109	109	109	109	109	109	109	109	109	109	109	109
Equity Value		**€m**	**1,510**	**1,661**	**1,812**	**1,963**	**2,114**	**2,265**	**2,416**	**2,567**	**2,718**	**2,869**	**3,020**	**3,170**	**3,321**	**3,472**
Net Debt (Excluding Leases)		€m	3,911	3,911	3,911	3,911	3,911	3,911	3,911	3,911	3,911	3,911	3,911	3,911	3,911	3,911
Other EqV-to-EV Items		€m	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185
Enterprise Value (Excluding Leases)		**€m**	**6,606**	**6,757**	**6,908**	**7,059**	**7,210**	**7,361**	**7,512**	**7,663**	**7,814**	**7,965**	**8,116**	**8,267**	**8,418**	**8,568**
Implied Mutiples	EBITDA/aL 2022A	x	*5.6x*	*5.8x*	*5.9x*	*6.0x*	*6.2x*	*6.3x*	*6.4x*	*6.5x*	*6.7x*	*6.8x*	*6.9x*	*7.1x*	*7.2x*	*7.3x*
	EBITDA/aL 2023E	x	*5.4x*	*5.5x*	*5.6x*	*5.8x*	*5.9x*	*6.0x*	*6.1x*	*6.3x*	*6.4x*	*6.5x*	*6.6x*	*6.8x*	*6.9x*	*7.0x*
	EBITDA/aL 2024E	x	*5.3x*	*5.4x*	*5.5x*	*5.6x*	*5.7x*	*5.9x*	*6.0x*	*6.1x*	*6.2x*	*6.3x*	*6.5x*	*6.6x*	*6.7x*	*6.8x*
	EBITDA/aL-Capex 2022A	x	*13.2x*	*13.5x*	*13.8x*	*14.2x*	*14.5x*	*14.8x*	*15.1x*	*15.4x*	*15.7x*	*16.0x*	*16.3x*	*16.6x*	*16.9x*	*17.2x*
	EBITDA/aL-Capex 2023E	x	*13.3x*	*13.6x*	*13.9x*	*14.2x*	*14.5x*	*14.8x*	*15.1x*	*15.4x*	*15.7x*	*16.0x*	*16.3x*	*16.6x*	*16.9x*	*17.2x*
	EBITDA/aL-Capex 2024E	x	*22.0x*	*22.5x*	*23.0x*	*23.5x*	*24.0x*	*24.5x*	*25.0x*	*25.5x*	*26.0x*	*26.5x*	*27.0x*	*27.5x*	*28.0x*	*28.5x*
			Trading Comparables				**DCF Brokers' Consensus**			**DCF Alternative Case**				**DCF LRP SOTP**	**DCF LRP Mgmt.**	

Source: Company, FactSet as of 15-Mar-2023
Note: - Spot price as of March 15th, 2023

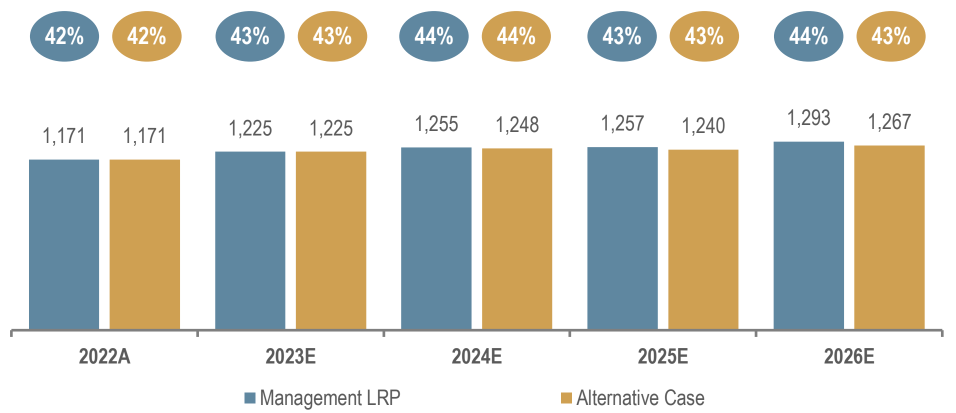
Views on Alternative Case

- **Alternative case assuming c.20% ARPU decline in mobile only based on the most recent market entry, i.e., Iliad in Italy (making the decline lower on a consolidated basis), as we believe the Management LRP case which assumes a 10% decline in ARPU, underestimates the impacts which is evidenced supported by precedent cases abroad as well as Board specific comment on the topic as indicated on page 21 of the report**
- **Given other business plan areas (such as fiber roll-out) can have downwards and upwards, we have limited our analysis to ARPU decline only as this is the most likely outcome**
- **Impact is evolving overtime due to ramp-up assumed by management in the management plan**

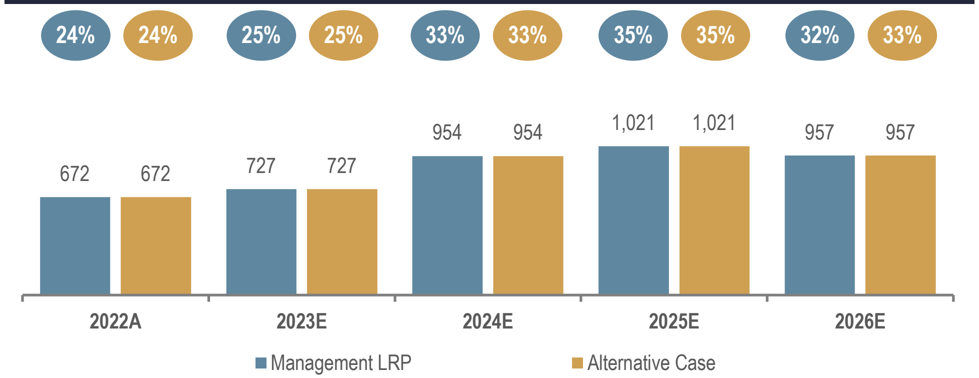
Revenues



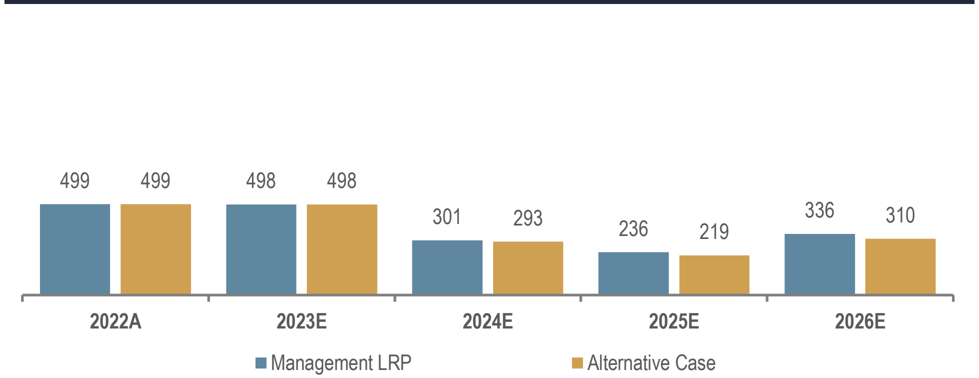
EBITDAaL / % Margin



Capex / % of Revenues



EBITDAaL – Capex



LAZARD

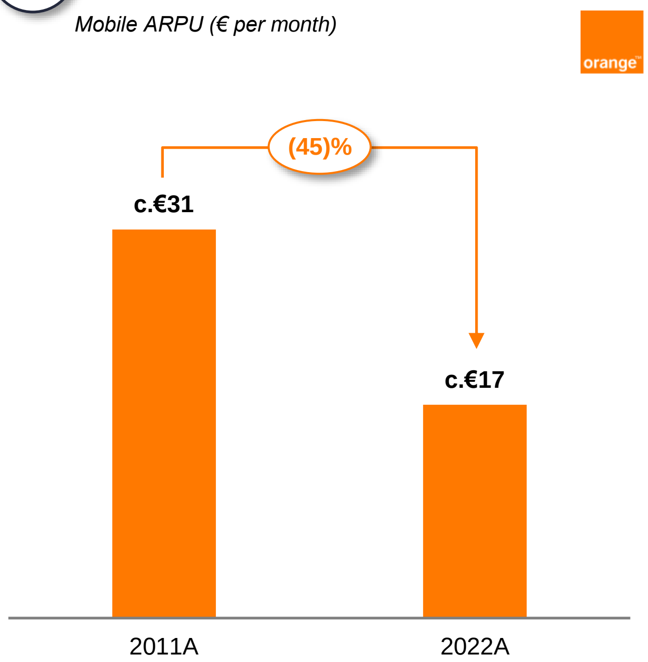
Source: Company, Alternative case

Focus on Precedent European New Entrants Impact on Mobile ARPUs

- **Whether in France, Spain or Italy, the entry of a new operator with aggressive pricing strategy has led to significant drop in established players mobile ARPUs**

French Case Study

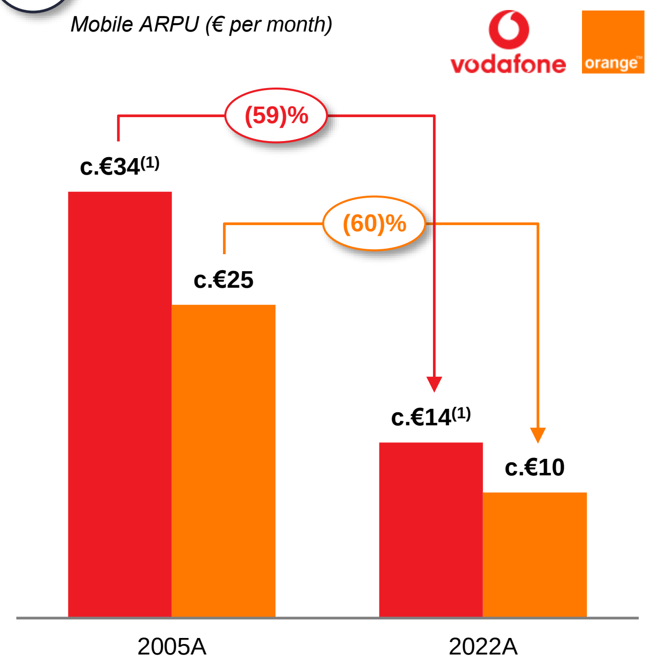
Mobile ARPU (€ per month)



- **€31 mobile ARPU before Iliad entry into mobile**
- **Free mobile has successfully disturbed the French market leading to overall lower ARPU on less than 15 years, the incumbent Orange having lost 45% on mobile blended ARPU**

Spanish Case Study

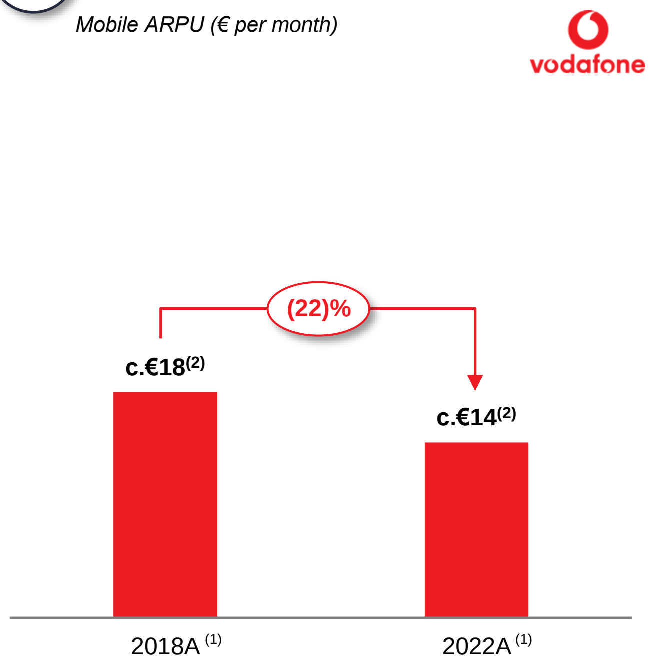
Mobile ARPU (€ per month)



- **ARPU range of €34-€25 for Vodafone and Orange respectively before Masmovil entry on the Spanish market in 2006**
- **Masmovil, with its consumer-oriented strategy has led to a strong erosion of competitors ARPUs of around 60% in 17 years**

Italian Case Study

Mobile ARPU (€ per month)



- **Italy has historically been very prepaid oriented**
- **Iliad with its entry on the Italian market has focused its offering on postpaid mobile services and has followed a similar strategy as to France**
- **Vodafone, which is the only operator disclosing postpaid ARPU has lost 22% value in 4 years**

Source: Companies
(1) Financial Year ends in March
(2) Postpaid ARPU

Lazard View on SOTP Valuation

- **As the Management of Telenet has provided a breakdown of the LRP between ServCo and NetCo, we have performed a DCF analysis of both components, in a typical sum-of-the-parts approach**
- **We note that the overall EBITDA margin in the LRP plan is significantly higher than peers**
- **While we believe that the NetCo can be successful as an independent FTTH wholesale vehicle – especially following the agreement with Orange – we note however that there is significant execution risk attached to the plan as is the case in all precedents, to our knowledge:**
  - Potential cost overruns with regards to conversion of cable to fiber
  - We don't know whether the demand assumptions taken in the LRP are realistic:
    - If Orange is not successful enough in Flanders, Telenet may be the only meaningful NetCo customer, which would not lead to significant NetCo growth
    - Conversely, if Orange is highly successful, it will have a negative impact on Telenet's retail business and cash flows
    - Also, we note that Proximus has stated its intention to fully cover Belgium, which, if completed, will lead to a full overbuild situation between Telenet NetCo and Proximus
  - Rolling-out a full FTTH network has its risks (potential delays, labor and fiber shortages, costs over-run etc.) and there are many European fiber companies which are significantly below plan and more recently have been in very difficult financial situation (notably due to Capex overruns)
- **Regarding valuation, we also note that the reference to other fiber transactions can be misleading:**
  - Most announced fiber transactions in Europe were "pure" fiber vehicles, and not HFC infrastructures having the intention to transition into FTTH (what we call "Cable-to-FTTH NetCos") and for the most successful ones (in terms of multiples), with specific underlying characteristics (favorable regulatory situation, no existing overlap nor threat, strong third-party demand potential, visibility on capex, etc.)
  - From our point of view, previous "fiber" multiples are therefore not comparable to the NetCo unless the vehicles were HFC networks
  - To our knowledge, there has been only two so-called "Cable-to-FTTH NetCos " deals in Europe: Infravia/Play Fiber in Poland; and Vodafone/Altice in Germany but relevant financial figures are not public

B Key Assumptions and Computations

From Enterprise Value to Equity Value – Bridge Items and Number of Shares Outstanding

- **Overall, €5.0bn adjustment from market capitalization to enterprise value (assuming brokers' value of NetCo of €4.8bn enterprise value)**

Enterprise Value to Equity Value Bridge

- **Bridge items sourced from Telenet's latest annual accounts (FY 2022A) as well as brokers' research**

In €m, except if stated otherwise		Dec-22A
Senior Credit Facility		4,574
Vendor financing commitments		346
Mobile Spectrum		–
Other liabilities (excluding leases)		55
Leases		–
Cash and cash equivalents		(1,064)
Net Financial Debt	A	**3,911**
Spectrum Liability		400
Tax Assets		(172)
Pro forma NetCo deconsolidation		–
Recent Transactions Adjustment		–
Minorities		790
Debt-like liabilities	B	**1,018**
Associates		(46)
Pensions & Others (Other Minority, Provisions & Fluviu		213
Other		–
Other Items	C	**167**
Adj. Net debt		**5,096**

Comments

- **Assuming fully diluted NOSH of 108.9m as confirmed by Management**

A **As of FY22, Telenet had a net financial debt(1) position of €3,911m (c.3.2x FY22 EBITDAaL), and consisting of:**
- €4,574m Senior Credit Facility
- €346m Vendor financing commitments
- €55m Other liabilities
- (€1,064m) Cash and cash equivalents

B **Debt-like liabilities**
- €415m Spectrum Liability and €172m Tax Assets (consisting of tax loss carried-forward), based on broker consensus for spectrum(2) and Telenet reporting for Tax Assets
- €790m Minorities corresponding to the median of NetCo valuation(3) from brokers(4) that use a specific NetCo DCF model, multiplied by (1-Telenet's stake in the NetCo of 66.8%) – this amount has been used in all valuation methodologies except SOTP for which we have re-computed the value of minorities based on NetCo DCF value

C **Other items include Other Minorities, Associates, Pensions and Payments to Fluvius (NPV of payments discounted at 7.00% rate) notably**

LAZARD

Source: Company, FactSet, Brokers' research
(1) Excluding leases (c.€1bn) as we have run our valuation analysis based on an EBITDAaL which already takes into account the effect of leases
(2) Brokers include Berenberg, Barclays, ING and HSBC
(3) Based on a Median NetCo EV from brokers of €4.8bn and an Equity Value of €2.4bn (on a 100% basis)
(4) Brokers include Bank of America, Barclays, ING, HSBC and Deutsche Bank

Discounted Cash Flow – Key Considerations

Management Consolidated LRP	• Management has analyzed in detail the potential impact of the new entrant and the NetCo separation • We consider that risk is mostly on the downside for 2 reasons: – Low impact of new entrant on Mobile ARPU: we note it has been meaningfully higher in France (-45%), Italy (-22%) and Spain (-60%)(1) – There is significant uncertainties associated with the roll-out of such a large FTTH infrastructure especially with regards to delay and capex overruns • We have therefore computed an alternative case which assumes a c.20% discount on ARPU (higher impact compared to Management LRP)
Brokers' Consensus	• We consider that key material BP assumptions are known to the market: – New entrant risk is well known to equity research analysts (even though we note that historically they have under-estimated that risk in France, Italy and Spain) – NetCo's key assumptions are public
Management Sum-of-The-Parts LRP	• Our DCF of NetCo leads to an implied EBITDA multiple of approximately 8x • This multiple is lower than previous European NetCo multiples communicated by Telenet (first in the context of its CMD and then in its results presentation) • However, we consider such multiple realistic: – The NetCo multiples that Telenet is mentioning apply to Fiber NetCos and not to "HFC to FTTH" NetCos which are intrinsically riskier – There is only one real precedent in Europe of "HFC to FTTH" NetCo which is Play/UPC/Infravia in Poland which was done at around 8x EBITDA(2). For full disclosure, there is also Vodafone/Altice in Germany but for which structure was highly particular as no real contribution of cable homes passed and subscribers to NetCo

Source: Companies, market reports

(1) For France: Orange ARPU growth between fiscal year 2011 and fiscal year 2022; for Italy: Vodafone postpaid ARPU evolution between FY2018 and FY2022 (fiscal year ending in March); for Spain: Average loss of mobile ARPU between 2005 and 2021/2022 for Vodafone Spain and Orange Spain

(2) Computed as PLN3,550 Enterprise Value multiplied by 80% (corresponding to share of Brownfield infrastructure contributed at closing within NetCo valuation) and divided by NetCo EBITDA at announcement (consisting of cable EBITDA given no FTT deployment done)

Discounted Cash Flow – LRP Case

- **Assuming a 6.75%-7.25% WACC range and 0.25%-0.75% PGR range for Management LRP Case, Telenet would be worth between €25.0 and €36.2 per share, to be compared to March 15th, 2023 Telenet share price of €13.9**

DCF

	MANAGEMENT										
31-12-N - In €m	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	TV
Revenues	**2,858**	**2,866**	**2,894**	**2,955**	**3,024**	**3,098**	**3,180**	**3,266**	**3,340**	**3,415**	**3,415**
Growth	*1.6%*	*0.3%*	*1.0%*	*2.1%*	*2.3%*	*2.4%*	*2.7%*	*2.7%*	*2.3%*	*2.3%*	
EBITDAaL	**1,225**	**1,255**	**1,257**	**1,293**	**1,327**	**1,371**	**1,441**	**1,486**	**1,548**	**1,611**	**1,611**
Margin	*42.9%*	*43.8%*	*43.4%*	*43.8%*	*43.9%*	*44.3%*	*45.3%*	*45.5%*	*46.3%*	*47%*	*47%*
D&A	(713)	(936)	(1,001)	(938)	(1,108)	(1,036)	(889)	(712)	(673)	(609)	(692)
% of Capex	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*100.0%*
Restructuring Charges	(7)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	-
EBIT	505	314	251	350	213	330	547	768	869	998	920
Margin	*17.7%*	*11.0%*	*8.7%*	*11.8%*	*7.1%*	*10.6%*	*17.2%*	*23.5%*	*26.0%*	*29.2%*	*26.9%*
Tax	(126)	(79)	(63)	(88)	(53)	(82)	(137)	(192)	(217)	(249)	(230)
Tax Rate	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*
Change in Working Capital and Other FCF	(2)	76	74	32	89	33	19	13	42	26	-
Capex	**(727)**	**(954)**	**(1,021)**	**(957)**	**(1,130)**	**(1,057)**	**(906)**	**(727)**	**(687)**	**(621)**	**(692)**
% of Revenues	*25.4%*	*33.3%*	*35.3%*	*32.4%*	*37.4%*	*34.1%*	*28.5%*	*22.2%*	*20.6%*	*18%*	*20.3%*
Free Cash Flow	**363**	**293**	**242**	**276**	**227**	**260**	**411**	**575**	**680**	**763**	**690**
Growth	*n.a.*	*(19.3%)*	*(17.3%)*	*14.0%*	*(17.8%)*	*14.7%*	*58.2%*	*39.8%*	*18.3%*	*12.1%*	

Summary (€m)	
Σ PV of FCF	2,778
PV of TV	5,609
Enterprise Value	**8,387**
EV/EBITDA 23E	**6.8x**
EV/EBITDA 24E	**6.7x**
Equity Value	**3,291**
Value Per Share (€)	**30.2**

Implied EV (€m)

		PGR		
		0.25%	0.50%	0.75%
WACC	6.50%	8,933	9,203	9,495
	6.75%	8,534	8,778	9,042
	7.00%	8,166	8,387	8,626
	7.25%	7,825	8,027	8,243
	7.50%	7,509	7,692	7,890

Implied Share Price (€)

		PGR		
		0.25%	0.50%	0.75%
WACC	6.50%	35.2	37.7	40.4
	6.75%	31.6	33.8	36.2
	7.00%	28.2	30.2	32.4
	7.25%	25.0	26.9	28.9
	7.50%	22.1	23.8	25.6

vs. Telenet's share price of €13.9 as of March 15th, 2023

Source: *LRP (Pre-IFRS16), Damodaran, Bloomberg, FactSet as of 15-Mar-2023*
Note: Valuation as of end-2022

Alternative Case DCF

- **Assuming a 6.75%-7.25% WACC range and 0.25%-0.75% PGR range for Alternative Case, Telenet would be worth between €19.3 and €29.5 per share, to be compared to March 15th, 2023 Telenet share price of €13.9. Please refer to slide 32 and 33 for underlying assumptions**

DCF

	ALTERNATIVE CASE										
31-12-N - In €m	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	TV
Revenues	**2,858**	**2,858**	**2,877**	**2,928**	**2,988**	**3,051**	**3,123**	**3,199**	**3,263**	**3,337**	**3,337**
Growth	*1.6%*	*0.0%*	*0.7%*	*1.8%*	*2.0%*	*2.1%*	*2.4%*	*2.4%*	*2.0%*	*2.3%*	
EBITDAaL	**1,225**	**1,248**	**1,240**	**1,267**	**1,290**	**1,324**	**1,384**	**1,419**	**1,471**	**1,533**	**1,533**
Margin	*42.9%*	*43.7%*	*43.1%*	*43.3%*	*43.2%*	*43.4%*	*44.3%*	*44.3%*	*45.1%*	*46%*	*46%*
D&A	(713)	(936)	(1,001)	(938)	(1,108)	(1,036)	(889)	(712)	(673)	(609)	(692)
% of Capex	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*100.0%*
Restructuring Charges	(7)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	-
EBIT	505	307	234	323	177	283	490	701	793	919	841
Margin	*17.7%*	*10.7%*	*8.1%*	*11.0%*	*5.9%*	*9.3%*	*15.7%*	*21.9%*	*24.3%*	*27.5%*	*25.2%*
Tax	(126)	(77)	(58)	(81)	(44)	(71)	(123)	(175)	(198)	(230)	(210)
Tax Rate	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*
Change in Working Capital and Other FCF	(2)	76	74	32	89	33	19	13	42	26	-
Capex	**(727)**	**(954)**	**(1,021)**	**(957)**	**(1,130)**	**(1,057)**	**(906)**	**(727)**	**(687)**	**(621)**	**(692)**
% of Revenues	*25.4%*	*33.4%*	*35.5%*	*32.7%*	*37.8%*	*34.6%*	*29.0%*	*22.7%*	*21.1%*	*19%*	*20.3%*
Free Cash Flow	**363**	**287**	**229**	**256**	**199**	**225**	**369**	**525**	**623**	**703**	**631**
Growth	*n.a.*	*(20.8%)*	*(20.2%)*	*11.6%*	*(22.1%)*	*12.9%*	*63.8%*	*42.4%*	*18.7%*	*12.9%*	

Summary (€m)	
Σ PV of FCF	2,581
PV of TV	5,128
Enterprise Value	**7,708**
EV/EBITDA 23E	**6.3x**
EV/EBITDA 24E	**6.2x**
Equity Value	**2,612**
Value Per Share (€)	**24.0**

Implied EV (€m)

		PGR		
		0.25%	0.50%	0.75%
WACC	6.50%	8,207	8,453	8,721
	6.75%	7,843	8,065	8,307
	7.00%	7,506	7,708	7,927
	7.25%	7,194	7,378	7,577
	7.50%	6,905	7,073	7,254

Implied Share Price (€)

		PGR		
		0.25%	0.50%	0.75%
WACC	6.50%	28.6	30.8	33.3
	6.75%	25.2	27.3	29.5
	7.00%	22.1	24.0	26.0
	7.25%	19.3	21.0	22.8
	7.50%	16.6	18.1	19.8

vs. Telenet's share price of €13.9 as of March 15th, 2023

Source: *LRP (Pre-IFRS16), Damodaran, Bloomberg, FactSet as of 15-Mar-2023*
Note: Valuation as of end-2022

Discounted Cash Flow – Broker Case

- **Assuming a 6.75%-7.25% WACC range and 0.25%-0.75% PGR range for Brokers' consensus (average), Telenet would be worth between €15.3 and €25.5 per share, to be compared to March 15th, 2023 Telenet share price of €13.9. Lazard extrapolation based on views on further growth and profitability given very limited brokers go beyond 2026E. Assuming similar WACC and PGR as for Management LRP discounted cash flow**
- **Assuming D&As represent 100% of Capex in the long-run to reflect stabilized investment pattern**

DCF

	BROKERS OUTLOOK				EXTRAPOLATION		
31-12-N - In €m	2023E	2024E	2025E	2026E	2027E	2028E	TV
Revenues	**2,843**	**2,862**	**2,860**	**2,817**	**2,831**	**2,859**	**2,859**
Growth	*6.7%*	*0.7%*	*(0.1%)*	*(1.5%)*	*0.5%*	*1.0%*	
EBITDAaL	**1,267**	**1,299**	**1,295**	**1,302**	**1,309**	**1,322**	**1,322**
Margin	*44.6%*	*45.4%*	*45.3%*	*46.2%*	*46.2%*	*46.2%*	*46%*
D&A	(730)	(738)	(792)	(803)	(807)	(815)	(579)
% of Capex	*100.1%*	*81.0%*	*84.3%*	*84.3%*	*84.3%*	*84.3%*	*100.0%*
EBIT	537	561	503	499	501	506	743
Margin	*0.0%*	*19.6%*	*17.6%*	*17.7%*	*17.7%*	*17.7%*	*26.0%*
Tax	(134)	(140)	(126)	(125)	(125)	(127)	(186)
Tax Rate	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*
Change in Working Capital and Other FCF	(0)	1	15	20	-	-	-
Capex	**(730)**	**(911)**	**(939)**	**(953)**	**(958)**	**(967)**	**(579)**
% of Revenues	*25.7%*	*31.8%*	*32.8%*	*33.8%*	*33.8%*	*33.8%*	*20.3%*
Free Cash Flow	**403**	**249**	**246**	**245**	**226**	**228**	**557**
Growth	*n.a.*	*(38.2%)*	*(1.3%)*	*(0.3%)*	*(7.7%)*	*1.0%*	

Summary (€m)

Σ PV of FCF	1,339
PV of TV	5,938
Enterprise Value	**7,277**
EV/EBITDAaL 23E	**5.7x**
EV/EBITDAaL 24E	**5.6x**
Equity Value	**2,181**
Value Per Share (€)	**20.0**

Implied EV (€m)

		PGR		
		0.25%	0.50%	0.75%
WACC	6.50%	7,676	7,955	8,260
	6.75%	7,347	7,602	7,879
	7.00%	7,043	7,277	7,530
	7.25%	6,761	6,976	7,208
	7.50%	6,500	6,698	6,911

Implied Share Price (€)

		PGR		
		0.25%	0.50%	0.75%
WACC	6.50%	23.7	26.3	29.0
	6.75%	20.7	23.0	25.5
	7.00%	17.9	20.0	22.3
	7.25%	15.3	17.3	19.4
	7.50%	12.9	14.7	16.7

vs. Telenet's share price of €13.9 as of March 15th, 2023

Source: *Brokers' research, Damodaran, Bloomberg, FactSet as of 15-Mar-2023*
Note: Valuation as of end-2022

Discounted Cash Flow – SOTP Valuation (ServCo + NetCo) – ServCo DCF

- **In our SOTP, the Discounted Cash Flow Method (LRP Case) for ServCo, using a 8.00% WACC and 0.00% PGR (which reflects higher risk given retail operations notably), results in a ServCo EV of €3.7bn. For more information, please refer to slide 34 of the report**

ServCo DCF

	MANAGEMENT										LAZARD
31-12-N - In €m	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	TV
Revenues	**2,777**	**2,771**	**2,782**	**2,821**	**2,869**	**2,921**	**2,982**	**3,040**	**3,090**	**3,154**	**3,154**
Growth	*1.2%*	*(0.2%)*	*0.4%*	*1.4%*	*1.7%*	*1.8%*	*2.1%*	*1.9%*	*1.7%*	*2.1%*	
EBITDAaL	**708**	**729**	**729**	**775**	**796**	**809**	**831**	**852**	**870**	**907**	**907**
Margin	*25.5%*	*26.3%*	*26.2%*	*27.5%*	*27.8%*	*27.7%*	*27.9%*	*28.0%*	*28.1%*	*29%*	*29%*
D&A	(521)	(511)	(521)	(429)	(492)	(482)	(477)	(465)	(460)	(450)	(473)
% of Capex	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*100.0%*
EBIT	180	213	203	342	300	322	350	382	404	452	434
Margin	*6.5%*	*7.7%*	*7.3%*	*12.1%*	*10.4%*	*11.0%*	*11.7%*	*12.6%*	*13.1%*	*14.3%*	*13.8%*
Tax	(45)	(53)	(51)	(85)	(75)	(81)	(87)	(95)	(101)	(113)	(109)
Tax Rate	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*
Change in Working Capital and Other FCF	(28)	32	61	26	60	52	57	57	54	42	-
Capex	**(531)**	**(521)**	**(531)**	**(437)**	**(502)**	**(492)**	**(486)**	**(474)**	**(469)**	**(459)**	**(473)**
% of Revenues	*19.1%*	*18.8%*	*19.1%*	*15.5%*	*17.5%*	*16.8%*	*16.3%*	*15.6%*	*15.2%*	*15%*	*15.0%*
Free Cash Flow	**97**	**182**	**204**	**274**	**275**	**284**	**310**	**334**	**348**	**372**	**326**
Growth	*n.a.*	*88.1%*	*12.0%*	*34.6%*	*0.5%*	*3.3%*	*9.1%*	*7.6%*	*4.2%*	*6.9%*	

Summary (€m)

Σ PV of FCF	1,749
PV of TV	1,959
Enterprise Value	**3,708**
EV/EBITDA 23E	**5.2x**
EV/EBITDA 24E	**5.1x**

Implied EV (€m)

WACC \ PGR	(0.25%)	0.00%	0.25%
7.50%	3,901	3,977	4,058
7.75%	3,769	3,838	3,912
8.00%	3,644	3,708	3,777
8.25%	3,527	3,587	3,649
8.50%	3,417	3,472	3,530

Implied EV/EBITDA ’23E Multiples

WACC \ PGR	(0.25%)	0.00%	0.25%
7.50%	5.5x	5.6x	5.7x
7.75%	5.3x	5.4x	5.5x
8.00%	5.1x	5.2x	5.3x
8.25%	5.0x	5.1x	5.2x
8.50%	4.8x	4.9x	5.0x

Source: *LRP (Pre-IFRS16)*
Note: Valuation as of end-2022

Discounted Cash Flow – SOTP Valuation (ServCo + NetCo) – NetCo DCF

- **In our SOTP, the Discounted Cash Flow Method (LRP Case) for NetCo, using a 6.50% WACC and 0.75% PGR (which reflects the infrastrucrure nature of the asset with low risk profile and better growth forecasts as open access business model), results in a NetCo EV of €4.5bn**
- **Note: Sum of NetCo and ServCo revenues does not corresponds to consolidated revenues given intercompany revenues are eliminated at consolidated level**

NetCo DCF

	MANAGEMENT										LAZARD
31-12-N - In €m	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	TV
Revenues	**691**	**704**	**715**	**737**	**756**	**781**	**816**	**857**	**890**	**909**	**909**
Growth	*7.6%*	*1.9%*	*1.5%*	*3.1%*	*2.6%*	*3.3%*	*4.4%*	*5.1%*	*3.9%*	*2.2%*	
EBITDAaL	**517**	**526**	**528**	**518**	**530**	**562**	**609**	**634**	**678**	**703**	**703**
Margin	*74.8%*	*74.7%*	*73.8%*	*70.3%*	*70.1%*	*71.9%*	*74.7%*	*74.0%*	*76.2%*	*77%*	*77%*
D&A	(192)	(425)	(481)	(510)	(616)	(554)	(412)	(247)	(213)	(158)	(217)
% of Capex	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*100.0%*
EBIT	325	101	47	8	(86)	8	197	386	465	545	486
Margin	*47.1%*	*14.4%*	*6.6%*	*1.1%*	*(11.4%)*	*1.0%*	*24.2%*	*45.1%*	*52.2%*	*59.9%*	*53.4%*
Tax	(81)	(25)	(12)	(2)	-	(2)	(49)	(97)	(116)	(136)	(121)
Tax Rate	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*
Change in Working Capital and Other FCF	26	43	12	6	29	(19)	(39)	(43)	(12)	(16)	-
Capex	**(195)**	**(433)**	**(490)**	**(520)**	**(629)**	**(565)**	**(420)**	**(252)**	**(217)**	**(162)**	**(217)**
% of Revenues	*28.3%*	*61.5%*	*68.6%*	*70.5%*	*83.1%*	*72.3%*	*51.5%*	*29.5%*	*24.4%*	*18%*	*23.9%*
Free Cash Flow	**266**	**111**	**38**	**2**	**(70)**	**(24)**	**101**	**241**	**332**	**390**	**364**
Growth	*n.a.*	*(58.3%)*	*(65.4%)*	*(95.5%)*	*(4125.4%)*	*n.m.*	*n.m.*	*138.6%*	*37.7%*	*17.3%*	

Summary (€m)

Σ PV of FCF	949
PV of TV	3,510
Enterprise Value	**4,459**
EV/EBITDA 23E	**8.6x**
EV/EBITDA 24E	**8.5x**

Implied EV (€m)

		PGR		
		0.50%	0.75%	1.00%
WACC	6.00%	4,802	4,995	5,206
	6.25%	4,542	4,714	4,903
	6.50%	4,305	4,459	4,628
	6.75%	4,087	4,226	4,378
	7.00%	3,887	4,013	4,150

Implied EV/EBITDA '23E Multiples

		PGR		
		0.50%	0.75%	1.00%
WACC	6.00%	9.3x	9.7x	10.1x
	6.25%	8.8x	9.1x	9.5x
	6.50%	8.3x	8.6x	9.0x
	6.75%	7.9x	8.2x	8.5x
	7.00%	7.5x	7.8x	8.0x

Source: *LRP (Pre-IFRS16)*
Note: Valuation as of end-2022

Discounted Cash Flow – SOTP Valuation (ServCo + NetCo) – Summary

- **ServCo and NetCo discounted cash flow analysis would result in Telenet being worth between €25.3 and €33.8 per share (sum of Enterprise values or various WACC and PGR, adjusted for EV-to-EqV bridge items) to be compared to €13.9 March 15th, 2023 share price**
- **SOTP discounted cash flow slightly differing from Consolidated LRP discounted cash flow given various assumptions of WACC and PGR as well as terminal value (EBITDA margin, Capex as a % of revenues notably)**

ServCo and NetCo DCF Outputs

Enterprise Value (€m)

ServCo	WACC	PGR (0.25%)	PGR 0.00%	PGR 0.25%
	7.50%	3,901	3,977	4,058
	7.75%	3,769	3,838	3,912
	8.00%	3,644	3,708	3,777
	8.25%	3,527	3,587	3,649
	8.50%	3,417	3,472	3,530

+

Enterprise Value (€m)

NetCo	WACC	PGR 0.50%	PGR 0.75%	PGR 1.00%
	6.00%	4,802	4,995	5,206
	6.25%	4,542	4,714	4,903
	6.50%	4,305	4,459	4,628
	6.75%	4,087	4,226	4,378
	7.00%	3,887	4,013	4,150

SOTP Valuation (ServCo + NetCo)

Enterprise Value (€m)

8,703	8,971	9,264
8,311	8,552	8,815
7,949	8,168	8,404
7,614	7,813	8,028
7,305	7,486	7,680

Share Price (€)

33.1	35.0	37.0
30.3	32.0	33.8
27.7	29.2	30.9
25.3	26.7	28.2
23.0	24.3	25.7

vs. Telenet's share price of €13.9 as of March 15th, 2023

Premium / (Discount) over Spot

138.7%	152.2%	166.9%
118.4%	130.6%	143.8%
99.6%	110.7%	122.7%
82.3%	92.4%	103.2%
66.1%	75.3%	85.2%

LAZARD

Source: *LRP (Pre-IFRS16)*
Note: Valuation as of end-2022

Weighted Average Cost of Capital Computation

We assume a WACC[(1)] of 7.0% based on a Cost of Equity of 8.6% and a Post-Tax Cost of Debt of 4.6%

Formula Breakdown	
WACC	Cost of Equity
$R_{WACC} = R_E * \frac{E}{D+E} + R_D * \frac{D*(1-T)}{D+E}$	$R_E = R_F + \beta_L *\ ERP$

Parameters	Assumptions	Comments
Unlevered Beta Telecom Sector	0.52	*Median Predicted World Predicted Barra Beta on Comps Set*
Gearing (D/E)	62.1%	*Median from Comps Set*
Leverage (D/(D+E))	38.3%	
Corporate Tax Rate (T)	25.8%	*LT Corporate income Tax*
Levered Beta Telecom Sector	**0.76**	
Risk-Free Rate (R_F)	3.3%	*Generic Belgium Government 10-Year Yield*
Equity Risk Premium (ERP)	7.0%	*Damodaran*
Cost of Equity	**8.6%**	
Risk-Free Rate (RF)	3.3%	
Corporate Default Spread	2.9%	
Pre-Tax Cost of Debt (R_D)	6.1%	*Telenet €1.1bn 2020 Bond Yield-to-Maturity (2029 Maturity)*
Corporate Tax Rate (T)	25.8%	
Cost of Debt	**4.6%**	

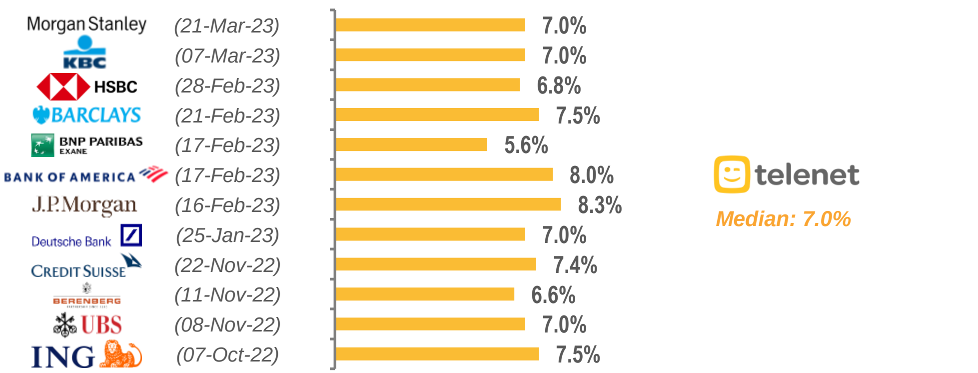
WACC (R_{WACC})	**7.0%**	*In line with Median from Brokers*
Perpetual Growth Rate	**0.5%**	*Median from Brokers*

Source: *Barra Betas, Bloomberg as of 15-Mar-2023*
(1) Weighted Average Cost of Capital

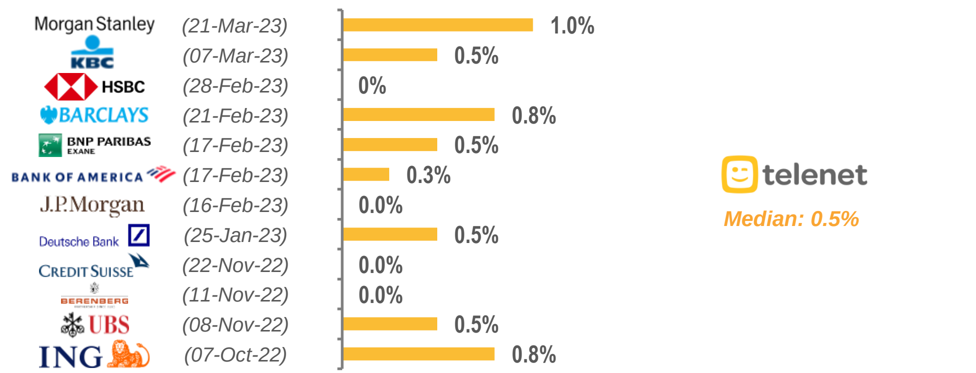
Weighted Average Cost of Capital & PGR Benchmark

The median of WACC used by brokers stands at 7.0%, in line with key European Incumbents' WACC (7.0%) and slightly below Challengers' (7.5%). Median TGR is 0.5%, on the lower side of both European Incumbents (0.8%) and Challengers (1.0%)

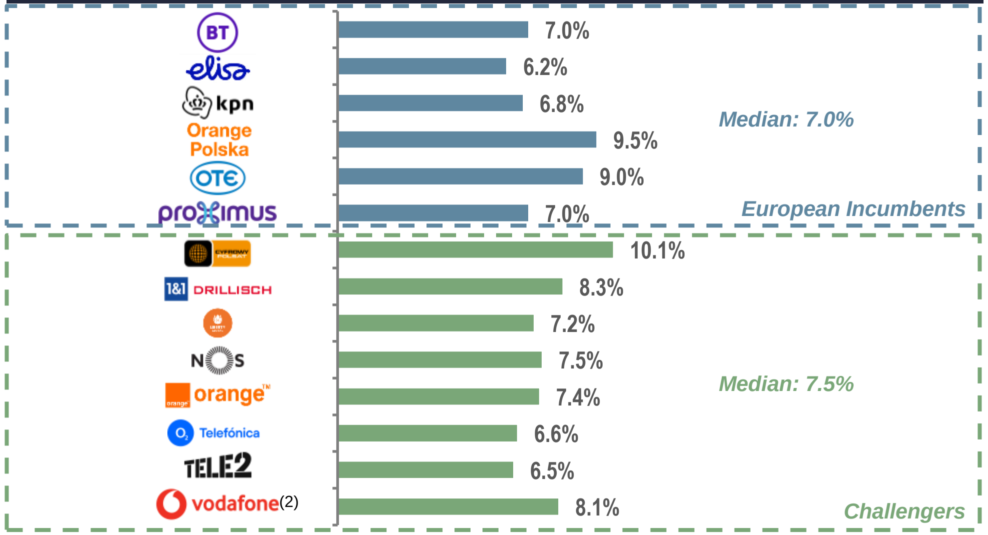
WACC Benchmark Telenet



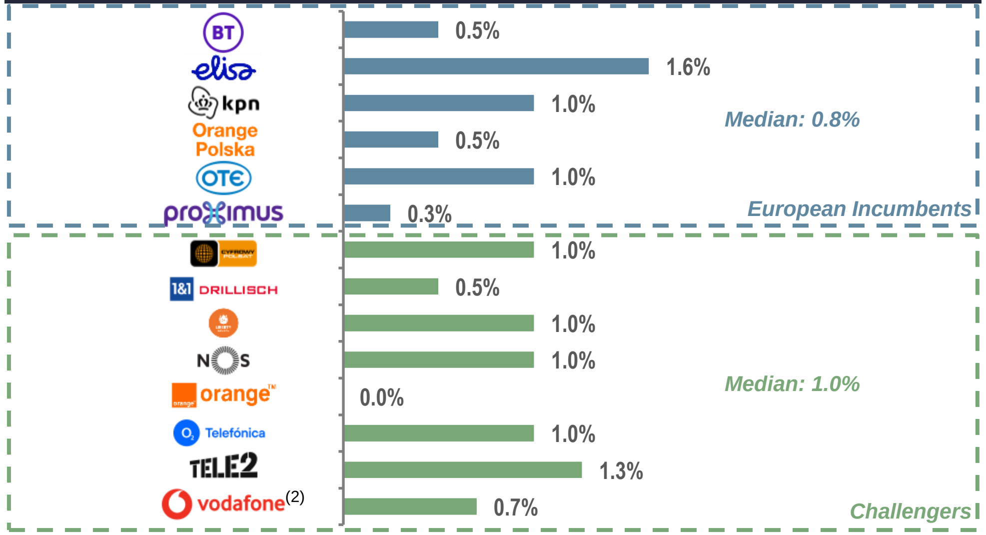
TGR Benchmark Telenet



WACC Benchmark Key Peers(1)



TGR Benchmark Key Peers(1)



Source: Broker reports
(1) TGR per key peer calculated as median values found in broker reports
(2) TGR for Vodafone are calculated as a weighted average of the WACCs and TGRs per EV per geography

Telenet Target Prices and Brokers' Last Twelve-Month Recommendation Evolution

- **The table below shows 14 brokers having issued their Target Prices since Telenet's Q4 2022 results – based on this sample, Telenet's median share price stands at €16.5 (min of €14.0 and max of €22.0)**

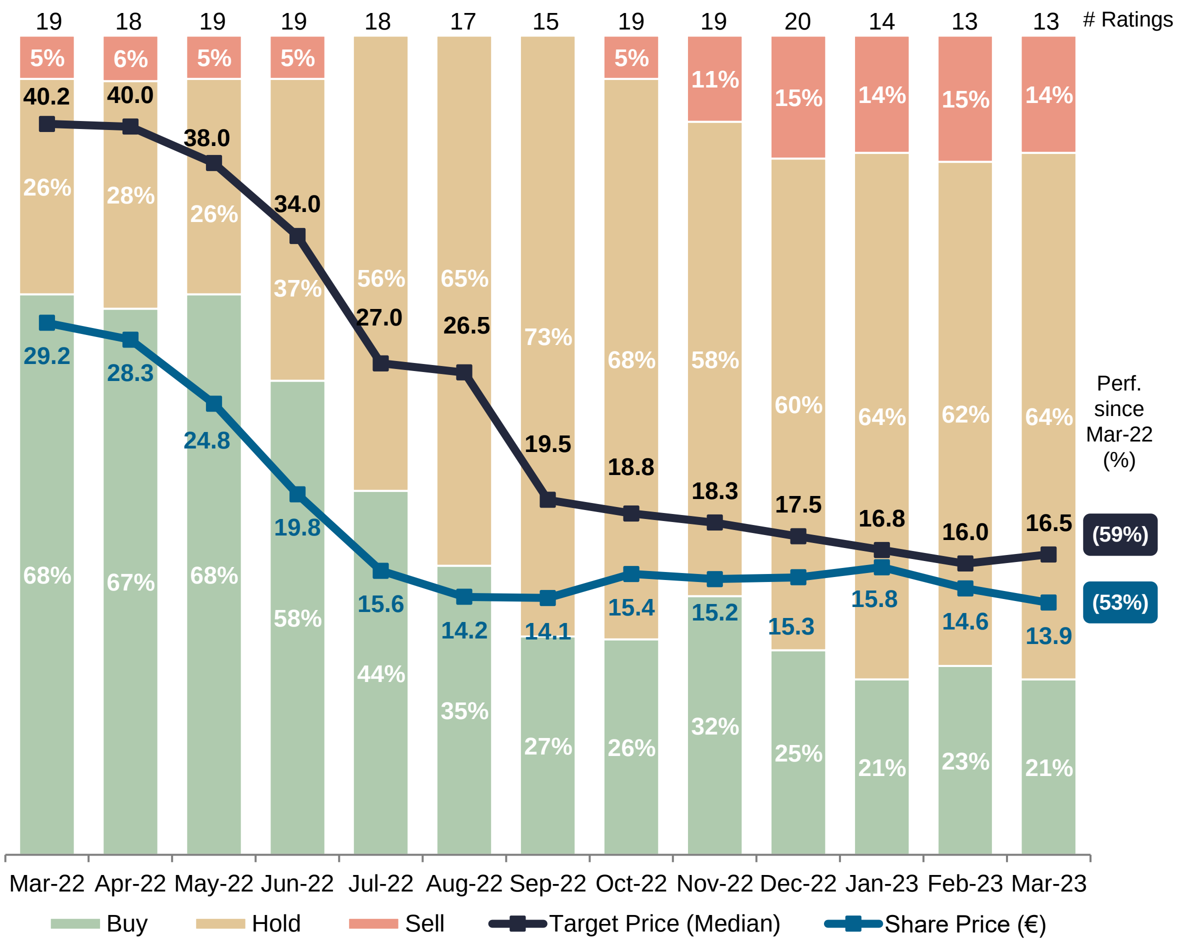
Broker Target Prices

Broker	Report Date	Target Price (€)	vs. Spot (15/03/23)
Deutsche Bank	16 Feb '23	€ 22.0	45.7%
citibank	16 Mar '23	€ 21.0	51.5%
J.P.Morgan	21 Mar '23	€ 19.0	37.1%
Morgan Stanley	21 Mar '23	€ 19.0	25.8%
BARCLAYS	21 Feb '23	€ 18.0	21.0%
Degroof Petercam	16 Feb '23	€ 17.5	15.9%
ING	17 Mar '23	€ 17.0	22.7%
KBC (1)	07 Mar '23	€ 16.0	11.2%
UBS	16 Feb '23	€ 16.0	6.0%
ODDO BHF	20 Mar '23	€ 15.5	11.8%
BNP PARIBAS EXANE	17 Feb '23	€ 15.0	(1.6%)
HSBC	27 Feb '23	€ 15.0	3.6%
BANK OF AMERICA	17 Feb '23	€ 14.0	(8.2%)
CREDIT SUISSE	16 Feb '23	€ 14.0	(7.3%)

Median

	Target Price (€)	Premium / (Discount) Over Spot
Min.	**14.00**	**1.0%**
Median	**16.50**	**19.0%**
Average	**17.07**	**23.2%**
Max.	**22.00**	**58.7%**

Evolution of Broker Recommendations (Per Month)



Source: *Brokers' research, FactSet as per 15-Mar-2023*

(1) KBC uses an absolute rating system including terms such as Buy, Accumulate, Hold, Reduce and Sell. On 7 February 2023, Telenet was rated as "Accumulate" by KBC (expected total return, including dividends, between 0% and 15% over a 6-month period)

Trading Multiples – Key Considerations

Peer Group Selection Approach

- **We have retained European "single country" PTOs and challengers in order to have a broad sample**
- **We note that the two groups (PTOs and challengers) have similar median multiples**
- **On the network side, the most comparable companies are "Cable" operators facing transition to FTTH = Orange Belgium, Liberty, NOS, Tele2, Vodafone**
- **Among those, only Orange Belgium faces a new entrant in mobile**
- **We have nevertheless opted to take the sector median with the risk of having the Telenet valuation on the high side**
- **Regarding the choice of multiples, we believe that EBITDAx (the methodology which is most commonly used in Telecom) is the most appropriate**
  - EBITDA-Capex does not really work for Telenet as in 2023, Telenet's Capex is "abnormally high" as Telenet has not really started its Capex plan to transition to FTTH; and
  - In 2024, EBITDA-Capex is "abnormally low" as the FTTH Capex is fully launched and reduces considerably Telenet's cash flows
- **Given most of trading comparables are disclosing post IFRS16 metrics, we have applied the multiples to Telenet IFRS16 EBITDA and have included in the EV-to-EqV bridge €(1)bn additional lease liability to be consistent with the retained EBITDA**

Trading Multiples – Selected Peers Group Multiples

	Company	EV / EBITDA IFRS16		EV / (EBITDA IFRS16 – Capex)	
		2023E	2024E	2023E	2024E
Single Country PTOs[1]	BT	4.9x	4.8x	12.6x	11.9x
	elisa	13.1x	12.7x	20.5x	19.7x
	kpn	7.6x	7.4x	14.3x	13.6x
	orange Polska	3.7x	3.9x	0.0x	0.0x
	OTE	4.4x	4.3x	8.4x	8.1x
	proximus	3.6x	3.7x	12.6x	12.4x
Median (Single Country PTOs)		4.7x	4.6x	12.6x	12.4x
Challenger MNOs[2]	Cyfrowy Polsat	5.0x	4.6x	n.m.	21.7x
	1&1 Drillisch	5.9x	5.8x	18.0x	13.2x
	Liberty Global	4.0x	3.9x	8.8x	9.3x
	NOS	5.5x	5.3x	13.5x	11.4x
	orange Belgium	3.9x	3.8x	8.1x	8.0x
	Telefónica Deutschland	4.9x	4.8x	8.8x	8.4x
	TELE2	9.0x	8.7x	12.9x	12.1x
	vodafone	3.6x	3.7x	6.1x	6.3x
Median (Challenger MNOs)		4.9x	4.7x	8.8x	10.4x
Median All		4.9x	4.7x	12.6x	11.9x

Source: Companies, FactSet as of 15-Mar-2023

EBITDA IFRS16 corresponds to EBITDA for which lease costs are recognized within balance sheet through a right-of-use and lease debt and are not accounted as a cost (above EBITDA) but below as depreciation & amortization as well as interests on leases. EBITDAaL means that costs related to leases are accounted above EBITDA (as per before implementation of IFRS16 rule). EBITDA-Capex IFRS16 follows the same logic as Capex are not impacted by IFRS16 rule which means that the impact is only done at EBITDA level

(1) PTO: Public Telecommunications Operator

(2) MNO: Mobile Network Operator

Trading Multiples – Focus on Single Country PTOs

Single Country PTOs[1]

Company	Single Country?	Incumbent?	Fixed Infrastructure	Deconsolidated Fiber Joint Venture?	Main Countries of Operations	Snapshot
BT	✓	✓	▪ Copper ▪ FTTH	▪ None ▪ FTTH deployment done through Openreach		▪ UK Incumbent providing fixed-line, broadband and mobile services, as well as subscription television and IT services
elisa	✓	✓	▪ Copper ▪ Cable ▪ FTTH	▪ Most of fiber roll-out done internally ▪ Additional fiber joint venture with Lounea		▪ Elisa provides fixed and mobile, broadband as well as cable-tv subscriptions
kpn	✓	✓	▪ Copper ▪ FTTH	▪ Fiber joint venture with APG for c.0.9m residential and B2B fiber passings		▪ Dutch incumbent offering all types of telecom services to B2C and B2B on owned copper and FTTH infrastructures
orange Polska	✓	✓	▪ Copper ▪ FTTH	▪ Urban and sub-urban fiber roll-out done on balance sheet ▪ Rural deployment through JV with APG		▪ Polish incumbent offering convergent telecom services to B2C and B2B on owned infrastructure
OTE	✓	✓	▪ Copper ▪ FTTH	▪ Fiber roll-out done on balance sheet		▪ Greek incumbent operator mainly owned by Deutsche Telecom serving B2C and B2B on owned infrastructure (Copper and FTTH)
proximus	✓	✓	▪ Copper ▪ FTTH	▪ Fiber roll-out strategy done both on balance sheet and off balance sheet though JV with EQT (Fiberklaar)		▪ Belgian incumbent providing all telecom services on owned copper and FTTH infrastructure

Source: *Companies,Telegeography*
(1) PTO: Public Telecommunications Operator

Trading Multiples – Focus on Challenger MNOs

Challenger MNOs[(1)]

Company	Single Country?	Incumbent?	Fixed Infrastructure	Deconsolidated Fiber Joint Venture?	Main Countries of Operations	Snapshot
Cyfrowy Polsat	✓	✗	▪ Copper ▪ Cable (Netia) ▪ FTTH	▪ Fiber mainly done through wholebuy agreements	🇵🇱	▪ Group born from combination of various telecom assets in Poland offering various telecom services (including Cable TV)
1&1 Drillisch	✓	✗	▪ Copper ▪ FTTH	▪ Fiber deployment mainly done on-balance sheet	🇩🇪	▪ Convergent operator having acquired 5G spectrum (MVNO beforehand) and majority owned by United Internet
Liberty Global	✗	✗	▪ Cable ▪ FTTH (UK JV)	▪ Most of fiber roll-out done through joint ventures (UK notably)	🇬🇧 🇨🇭 🇳🇱 🇧🇪	▪ Multi-brand converged group present in multiple geographies with mostly challenger positioning
NOS	✓	✗	▪ Cable ▪ FTTH	▪ Fiber expansion done on-balance sheet and through agreement with MEO	🇵🇹	▪ Leading challenger on the Portuguese market on both mobile and broadband (after MEO) with owned infrastructure
orange Belgium	✓	✗	▪ Cable (VOO & Telenet Wholebuy)	▪ No fiber infrastructure (plan to upgrade VOO cable network once EU cleared)	🇧🇪	▪ #3 operator in mobile ▪ Recently announced the acquisition of VOO (#1 cable operator in Wallonia)
O2 Telefónica Deutschland	✓	✗	▪ Cable[(2)] ▪ Copper[(3)] ▪ FTTH (UGG)	▪ Fiber joint venture with Allianz (UGG) in rural areas	🇩🇪	▪ Provides mostly mobile services to B2C and B2B and resells fixed services notably from DT and Vodafone
TELE2	✗	✗	▪ Cable ▪ Copper ▪ FTTH	▪ No specific fiber joint venture	🇸🇪 🇱🇹	▪ Provides fixed broadband via all infrastructures as well as fixed telephony and mobile services
vodafone	✗	✗	▪ Cable ▪ Copper[(3)] ▪ FTTH[(4)]	▪ Fiber joint venture in Ireland (SIRO) and in Germany (with Altice)	🇮🇹 🇩🇪 🇬🇧 🇪🇸	▪ Vodafone provides mostly mobile fixed services worldwide combined with fixed services mainly on cable infrastructure

Source: Companies
(1) MNO: Mobile Network Operator
(2) Through wholesale agreement with Vodafone
(3) Through wholesale agreement with Deutsche Telekom in Germany
(4) FTTH wholebuy in the UK and Ireland for instance and recent JV with Altice for FTTH roll-out in Germany
(5) Not exhaustive

Trading Multiples – Share Price Computation

- **Using the peers' median EV / EBITDA 2023E and 2024E, Telenet value per share would be €4.7 and €0.7, respectively**
- **Using the peers' median EV / EBITDA 2023E, Telenet value per share would be €16.0**

	Methodology (IFRS16)	Year	Peers' median	Enterprise Value (€m)	Equity Value (€m)	Price Per Share (€)	Premium Over Spot (%)
Trading comparables	EV / EBITDA	2023E	**4.9x**	6,738	517	4.7	(65.7%)
		2024E	**4.7x**	6,293	72	0.7	(95.3%)
	EV / (EBITDA – Capex)	2023E	**12.6x**	7,960	1,739	16.0	15.2%
		2024E	**11.9x**	4,115	(2,107)	n.m.	(239.5%)

Source: Company, FactSet, Brokers' research

Note: Valuation as of end-2022

EBITDA IFRS16 corresponds to EBITDA for which lease costs are recognized within balance sheet through a right-of-use and lease debt and are not accounted as a cost (above EBITDA) but below as depreciation & amortization as well as interests on leases. EBITDAaL means that costs related to leases are accounted above EBITDA (as per before implementation of IFRS16 rule). EBITDA-Capex IFRS16 follows the same logic as Capex are not impacted by IFRS16 rule which means that the impact is only done at EBITDA level

Delta in EV to EqV bridge corresponding to integration of €1bn lease liability as methodology done on an IFRS16 basis

VI Potential Upsides / Downsides

Potential Upsides / Downsides

- **In such transformational era, we have identified various upsides and downsides to the execution of the Management Business Plan and the Company's upcoming performance**

NetCo

- NetCo will focus on the transition from HFC to FTTH targeting 78% of their (Telenet and Fluvius) combined footprint in Flanders by 2038
- **<u>Potential Upside</u>**
  - ✓ Faster penetration ramp-up driving Telenet retail operations notably
  - ✓ Favorable regulatory framework
  - ✓ Operational efficiency driving profitability
- **<u>Potential Downside</u>**
  - × Capex overruns factoring active equipment spending and current inflation trend
  - × Telenet customer loss with no wholesale compensation
  - × Workforce / fiber shortfall

4th Entrant

- Through the acquisition of mobile spectrum in June 2022, Citymesh Mobile is expected to launch mobile services by end-2023 and eventually fixed services on a mid/long run
- **<u>Potential Upside</u>**
  - ✓ Wholesale potential in particular on the fixed side especially should these be from other operators' networks
  - ✓ Fourth entrant risk not materializing
- **<u>Potential Downside</u>**
  - × New entrant being stronger than anticipated both in mobile and in fixed
  - × Investing faster and more on its own mobile infrastructure and develops an opportunistic approach in fixed broadband by deploying fixed infrastructure

Management Views on Long Term Growth Rate

- **As mentioned in the document, the Management LRP covers the 2022-2032 period (only traditional 3-year LRP approved by the Board)**
- **However, Management has communicated to us that they had views on the cash flows growth rate between 2032 and 2040**
- **Specifically, they have communicated the following 2032-40 yearly levered FCF growth rates for the various entities:**
  - Consolidated: 4.5% CAGR
  - ServCo: 2.4% CAGR
  - NetCo: 5.8% CAGR
- **For illustrative purposes we show on the next page the outcome of the DCF where we take into account such growth rate for the consolidated LRP**
  - Note that the 4.5% CAGR on a levered FCF basis as provided by management translates into 3.7% on an unlevered basis
- **We do not consider this approach as relevant for our valuation work for the following reasons:**
  - As mentioned previously, Telenet is facing significant changes in its business with a new entrant + the NetCo FTTH transformation and separation, which creates significant uncertainty as to the financial forecasts
  - The 2023-2032 period is already unusually long for a business plan forecast period in the telecom sector, where the past few years have shown significant volatility in the cash performance of telecom operators in general and Telenet in particular
  - Telenet brokers on average assume that the perpetual growth after 2025E – 2026E is around 0.5%. By assuming such higher perpetual growth rate from 2032 onwards (i.e., 3.7%), we are already pushing the DCF above the market views as the LRP 2025E – 2032E CAGR is around 32%, i.e., significantly above 0.5%

Management LRP DCF With Management View on Business Plan Growth Rate

- **DCF extended to 2040E for FCF purposes, as per Management view, and factoring management FCF CAGR over the period**

Terminal Value FCF as per 2040E Value

DCF											
US GAAP	MANAGEMENT										
31-12-N - In €m	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	TV
Revenues	**2,858**	**2,866**	**2,894**	**2,955**	**3,024**	**3,098**	**3,180**	**3,266**	**3,340**	**3,415**	
Growth	*1.6%*	*0.3%*	*1.0%*	*2.1%*	*2.3%*	*2.4%*	*2.7%*	*2.7%*	*2.3%*	*2.3%*	
EBITDAaL	**1,225**	**1,255**	**1,257**	**1,293**	**1,327**	**1,371**	**1,441**	**1,486**	**1,548**	**1,611**	
Margin	*42.9%*	*43.8%*	*43.4%*	*43.8%*	*43.9%*	*44.3%*	*45.3%*	*45.5%*	*46.3%*	*47%*	
D&A	(713)	(936)	(1,001)	(938)	(1,108)	(1,036)	(889)	(712)	(673)	(609)	
% of Capex	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	*98.0%*	
Restructuring Charges	(7)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	
EBIT	505	314	251	350	213	330	547	768	869	998	
Margin	*17.7%*	*11.0%*	*8.7%*	*11.8%*	*7.1%*	*10.6%*	*17.2%*	*23.5%*	*26.0%*	*29.2%*	
Tax	(126)	(79)	(63)	(88)	(53)	(82)	(137)	(192)	(217)	(249)	
Tax Rate	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	
Change in Working Capital and Other FCF	7	38	12	(21)	39	(19)	(38)	(43)	(11)	-	
Capex	**(727)**	**(954)**	**(1,021)**	**(957)**	**(1,130)**	**(1,057)**	**(906)**	**(727)**	**(687)**	**(621)**	
% of Revenues	*25.4%*	*33.3%*	*35.3%*	*32.4%*	*37.4%*	*34.1%*	*28.5%*	*22.2%*	*20.6%*	*18%*	
Free Cash Flow	**372**	**255**	**179**	**223**	**177**	**208**	**355**	**519**	**628**	**736**	**986**
Growth	*n.a.*	*(31.3%)*	*(29.7%)*	*24.0%*	*(20.7%)*	*17.9%*	*70.3%*	*46.4%*	*20.8%*	*17.3%*	

Summary (€m)	
Σ PV of FCF	5,171
PV of TV	4,665
Enterprise Value	**9,836**
EV/EBITDA 23E	**8.0x**
EV/EBITDA 24E	**7.8x**
Equity Value	**4,740**
Value Per Share (€)	**43.5**

Implied EV (€m)				
		PGR		
		0.3%	0.5%	0.8%
WACC	6.5%	10,668	10,901	11,154
	6.8%	10,139	10,346	10,569
	7.0%	9,652	9,836	10,035
	7.3%	9,202	9,367	9,544
	7.5%	8,786	8,933	9,092

Implied Share Price (€)				
		PGR		
		0.3%	0.5%	0.8%
WACC	6.5%	51.2	53.3	55.6
	6.8%	46.3	48.2	50.2
	7.0%	41.8	43.5	45.3
	7.3%	37.7	39.2	40.8
	7.5%	[illegible]	[illegible]	36.7

vs. Telenet's share price of €13.9 as of March 15th, 2023

Source: *LRP (Pre-IFRS16), Damodaran, Bloomberg, FactSet as of 15-Mar-2023*
Note: Valuation as of end-2022

VII Bidder Valuation Overview

Analysis of the Valuation Made by the Bidder

- **Lazard has reviewed the bid price justification of the Bidder as described in the chapter "Offer Price and Justification" of the draft prospectus shared on May 30th, 2023. The findings of this review are listed in this section – as a reminder, Lazard consider Telenet price per share to range between €20.0 and €25.0 (before €1.0 dividend)**
- **The Bidder used the following valuation methods to either determine the bid price per share or provide context to the offer price:**
  - Analysis of discounted cash flows (DCF) based on 2023E-2032E financial forecasts provided by the Management of Telenet (*main methodology*)
  - Analysis of the trading multiples of comparable listed companies *(providing context to the offer price)*
  - Analysis of the volume-weighted average share prices and historical share price performance *(providing context to the offer price)*
  - Analysis of broker target prices *(providing context to the offer price)*
- **Lazard has broadly used the same intrinsic valuation methods as the Bidder. However, Lazard notes the following differences between the Bidder methodologies and Lazard methodologies:**
  - Use of analysis of the volume-weighted average share prices and historical share price performance for the Bidder which Lazard has not retained
  - Use of restricted trading multiples set of comparable listed companies in the Bidder's valuation consisting of Orange Belgium and Proximus which do not purely reflect Telenet business / competitive positioning
- **We also note the following underlying differences in terms of assumptions between the Bidder valuation base and Lazard valuation base:**
  - Difference in terms of diluted number of shares outstanding reflecting use of 1.0m dilutive impact of unvested equity awards for the Bidder and 0.3m dilutive impact in Lazard valuation consisting in potential dilution from unvested restricted shares (Lazard has excluded ESOP and Performance Shares from the computation as they are either not in the money or performance linked for which we have no indication that they would be realized (probable realization has not been retained by Lazard))
  - Difference in terms of bridge from equity value to enterprise value as the Bidder uses a proportionate methodology for NetCo whereas Lazard uses a consolidated methodology with treatment of NetCo through minorities (both methodologies being valid). In addition, Lazard has assumed €172m tax assets (as per Telenet balance sheet) not valued in the Bidder computation which we consider conservative as Telenet management, in its annual report, computes in its best opinion, what is the amount of tax loss carried forward that it could use in the future

Analysis of the Valuation Made by the Bidder (Cont'd)

- **The table below aims at providing Lazard views on the valuation made by the Bidder**

2023E – 2032E Discounted Cash Flow ***(Main Valuation Methodology)***	• The Bidder has used the Business Plan provided by Telenet management and approved by the board for the next 3-year period with the extension to 2032 only communicated to the board and not formally approved – however, the Bidder has used the US GAAP version of the LRP which has, as a result, several differences with IFRS (after lease payments) "IFRS / aL" metrics. • On the Lazard side, similar LRP has been used but in its IFRS / aL format • Regarding the technical parameters retained for the DCF: – Lazard has used a WACC range of 6.75% to 7.25% with a mid-point WACC of 7.00% which is fully in line with brokers' benchmark (pre or post Q4 2022 results), while the Bidder has used a WACC range of 7.25% to 8.25% with a mid-point WACC of 7.75% – The Bidder believes such level of WACC reflects appropriately the execution risk in the business plan related to the NetCo / ServCo carve-out, fibre overbuild risk, potential impact of the fourth mobile entrant and high inflationary outlook – While the approach is understandable, Lazard has taken a different approach which is to explicitly build business plan scenario reflecting the risk of new entrant. In addition, Lazard does not agree that business plan execution risk is embedded in the Bidder WACC computation as the underlying parameters are objective and not related to company's execution risk – The Bidder has used a 0.5% PGR, in line with Lazard and brokers' benchmark • The Bidder has run a proportionate DCF analysis whereas Lazard has run a consolidated analysis which de facto does not make the results comparable – both methodologies are acceptable and Lazard recognizes that the Bidder has appropriately factored this methodology in the Equity Value to Enterprise Value bridge • The Bidder has finally developed various sensitivities around terminal value risk as well as terminal value EBITDAaL margin / Terminal value Capex to Sales. We consider those sensitivity relevant and appropriate in the appreciation of underlying price per share for Telenet, especially in the context of the ability of the company to maintain its profitability as well as reduce its investments on the long run, post NetCo deployment

Analysis of the Valuation Made by the Bidder (Cont'd)

- **The table below aims at providing Lazard views on the valuation made by the Bidder**

Historical Share Price Performance ***(Context of Offer Price Only)***	• Such analysis has not been retained by Lazard in its exercise • However, having run the same analysis, we agree with the one conducted by the Bidder and have obtained similar premia on a VWAP basis
Target Prices from Equity Research Analysts ***(Context of Offer Price Only)***	• The Bidder considered target prices issued by equity research analysts starting February 16th, 2023, date at which Telenet published its annual results – Lazard has also considered target prices issued following that date • Lazard notes that the Bidder has not retained Degroof Petercam (€17.5) and Oddo BHF (€15.5) target prices • As most of target prices are however within the same range, Bidder results (€16.5 median) and Lazard results (€16.5 median) are similar
Trading Multiples of Comparable Listed Companies ***(Context of Offer Price Only)***	• In terms of comparable companies selected, Lazard's peer group is broader than the Bidder's. Despite the fact that Lazard does not believe that such restricted sample appropriately reflect Telenet particularities ("incumbent-like operator"), Lazard however recognizes the relevance of Orange Belgium and Proximus as they are the only peers to reflect the specific Belgian risk of a new mobile entrant • The Bidder has selected EBITDAaL and EBITDAaL-Capex as reference metrics which Lazard fully agrees on

Bridge Comparison Overview

Lazard Enterprise Value to Equity Value Bridge

In €m, except if stated otherwise	Dec-22A
Senior Credit Facility	4,574
Vendor financing commitments	346
Mobile Spectrum	–
Other liabilities (excluding leases)	55
Leases	–
Cash and cash equivalents	(1,064)
Net Financial Debt	**3,911**
Spectrum Liability	400
Tax Assets	(172)
Pro forma NetCo deconsolidation	–
Recent Transactions Adjustment	–
Minorities	790
Debt-like liabilities	**1,018**
Associates	(46)
Pensions & Others (Other Min., Provisions & Fluvius Payments)	213
Other	–
Other Items	**167**
Adj. Net debt	**5,096**

Consolidated Bridge

Bidder Enterprise Value to Equity Value Bridge

In €m, except if stated otherwise	Dec-22A
Senior Credit Facility	4,574
Vendor financing commitments	346
Mobile Spectrum	400
Other liabilities (excluding leases)	55
Leases	–
Cash and cash equivalents	(1,064)
Net Financial Debt	**4,311**
Spectrum Liability	–
Tax Assets	–
Pro forma NetCo deconsolidation	(789)
Recent Transactions Adjustment	124
Minorities	20
Debt-like liabilities	**(645)**
Associates	(46)
Pensions & Others (Other Min., Provisions & Fluvius Payments)	116
Other	15
Other Items	**85**
Adj. Net debt	**3,751**

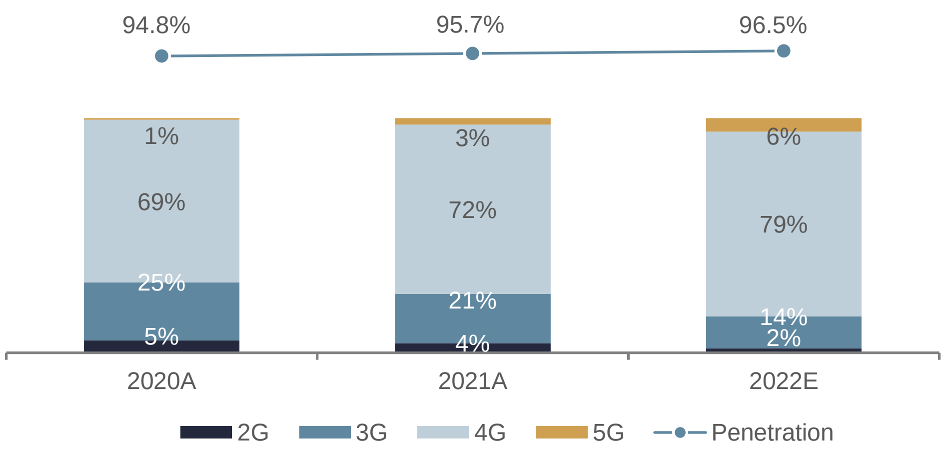
Proportionate Bridge

Appendix

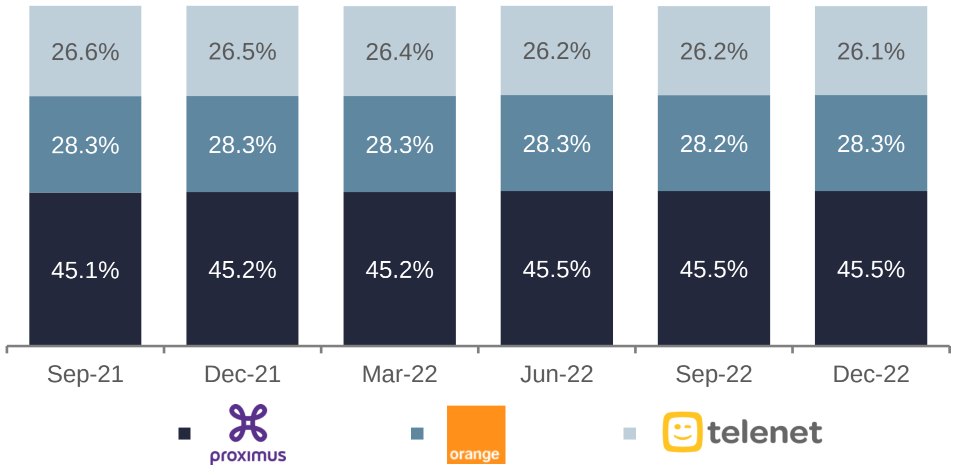
A Additional Materials On Belgian Market

Belgian Mobile Market – Historical Evolution

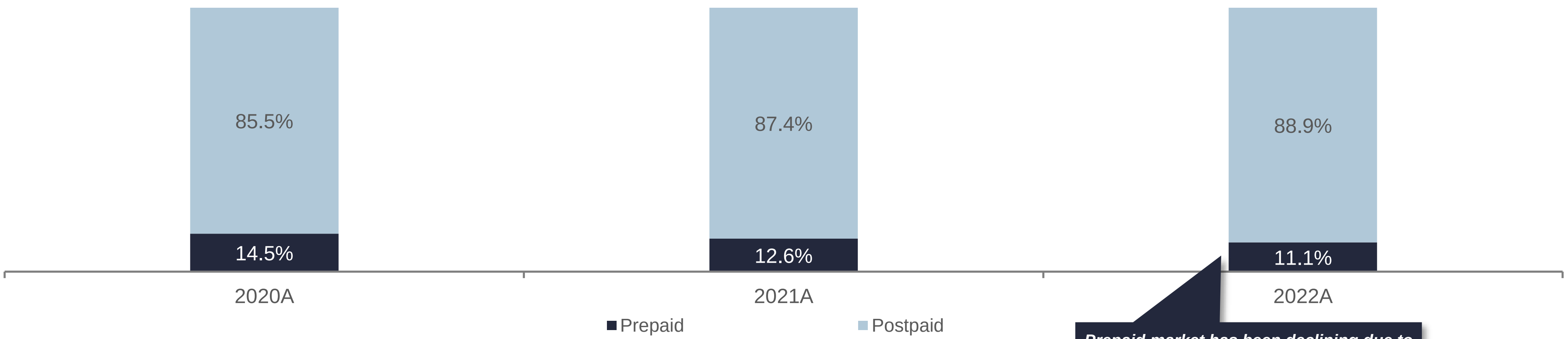
Mobile Subscriber Split by Technology & Penetration Evolution(1)



Mobile Market Share Evolution



Prepaid vs. Postpaid Subscriber Share

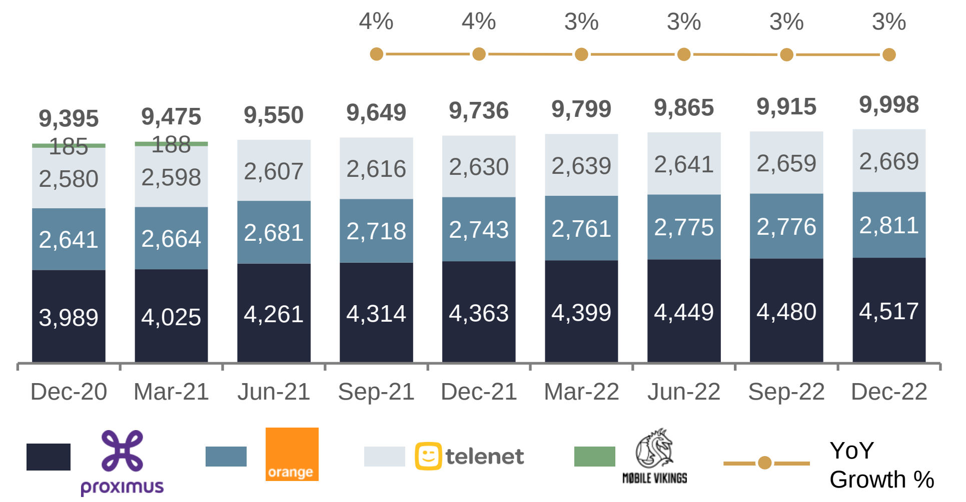


Prepaid market has been declining due to the migration from prepaid to postpaid

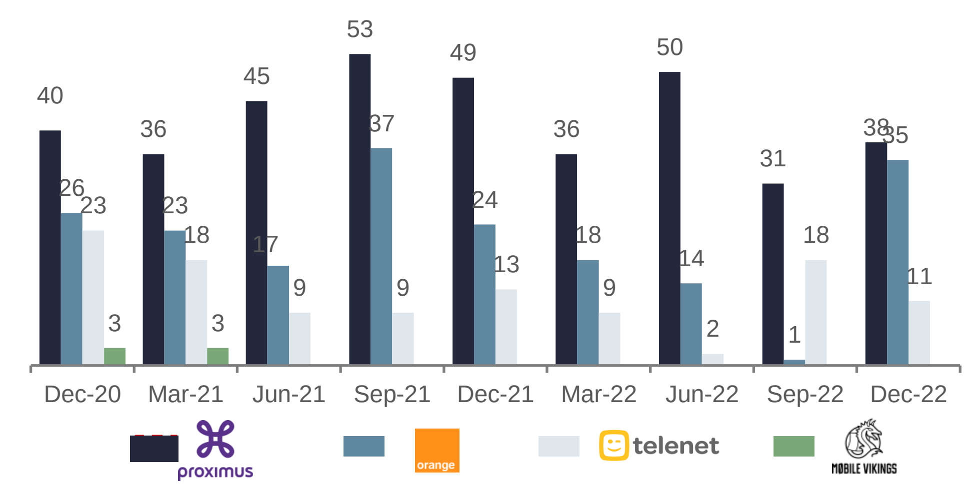
Source: Companies, TeleGeography, marker research
(1) 2022A mobile subscriber split by technology not available

Belgian Mobile Market – Focus on Postpaid

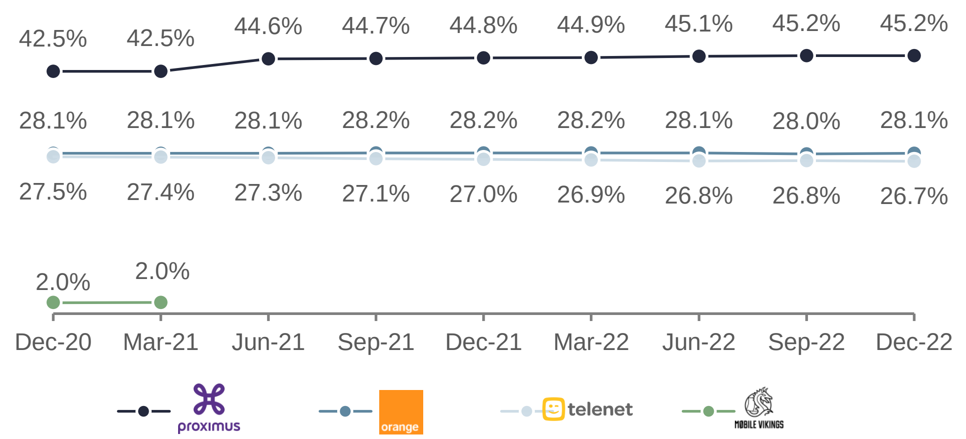
Postpaid Subscribers [(1) (2)] ('000) and Growth YoY (%)



Organic Postpaid Subscriber Net Adds[(2)] ('000)



Postpaid Subscribers Market Share (%)[(1)(2)]



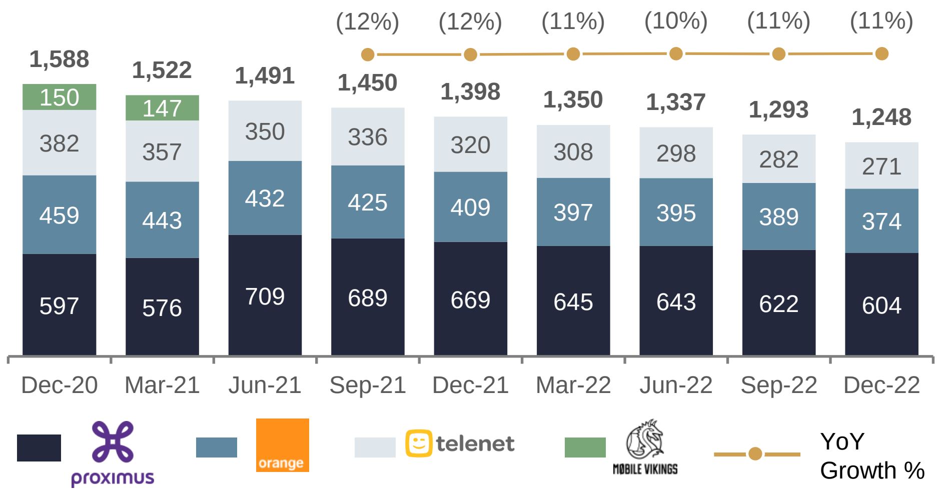
Commentary

- Proximus continues to dominate the mobile postpaid market with c. 45% share as of Q4 2022, followed by Orange Belgium (c. 28%) and Telenet (c. 27%)
- Mobile postpaid net adds remain resilient, primarily driven by increasing addition of SIMs through convergent bundles
- In Dec-20, Proximus announced the acquisition of MVNO Mobile Vikings and integrated its operations from Q2-21 onwards; +191 postpaid mobile customers
- The entry of a fourth mobile player, Citymesh Mobile (a JV between Citymesh and Digi), may have a substantial impact on the mobile post-paid market. The new mobile entrant aspires to capture a c. 10% of the consumer mobile market within the first five years of its operations

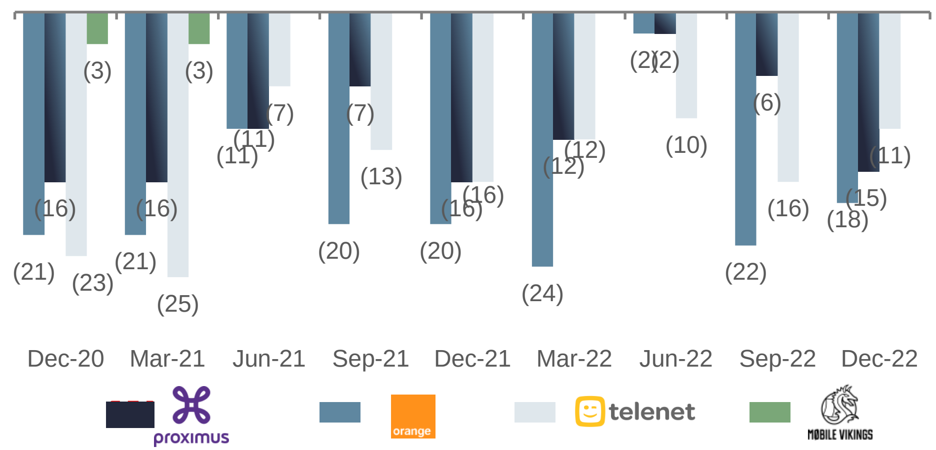
Source: Company, TeleGeography
(1) Excludes M2M
(2) In Q2-21, Proximus integrated its recent acquisition, MVNO Mobile Vikings

Belgian Mobile Market – Focus on Prepaid

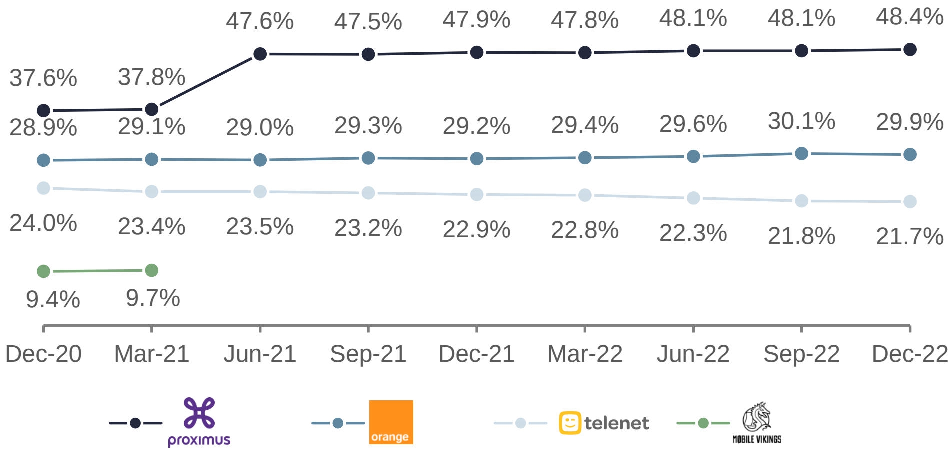
Prepaid Subscribers[(1)(2)] ('000) and Growth YoY (%)



Organic Prepaid Subscriber Net Adds[(2)] ('000)



Prepaid Subscribers Market Share (%)[(1) (2)]



Commentary

- Prepaid mobile subscribers decline at a run rate of c. 200k p.a. driven by an increased shift to fixed-mobile convergent bundles and SIM only
- Prepaid mobile subscribers currently represent c. 11% of the country's mobile subscribers
- Proximus is the prepaid mobile market share leader with >48% share, whilst Orange Belgium and Telenet follow with a 30% and 22% market share, respectively
- In Dec-20, Proximus announced the acquisition of MVNO Mobile Vikings and integrated its operations from Q2-21 onwards; +191 postpaid mobile customers

Source: Company, TeleGeography
(1) Excludes M2M
(2) In Q2-21, Proximus integrated its recent acquisition, MVNO Mobile Vikings

Belgian Mobile Market – Spectrum Auction (1/2)

Key Highlights

- **Feb-20**: to enable an initial rollout of 5G, Belgian regulator invited operators to apply for short-term user rights to 200MHz of frequencies in the 3.6GHz band, which were to remain valid until a traditional auction could be organised

- **Apr-20:** with the planned auction of 5G spectrum delayed, due to a federal and regional governmental dispute concerning the split of auction revenues, Proximus leveraged its existing spectrum and infrastructure to launch the country's first commercial 5G services

- **Jun-22:** 5G auction occurred 3 years after expected timeline
- Proximus slightly increased its amount of spectrum holdings compared to prior auctions (excluding 3.6GHz); Orange Belgium and Telenet have slightly decreased their holdings, but spent significantly less as a result

- Telenet launched commercial 5G services in Dec-2021, initially with limited coverage, but extended to several other cities by late 2022. Orange Belgium activated its own network in Feb-2022 and has since increased its footprint to cover wider areas

- Significant network expansion is expected following the completion of the 5G auction as well as the approval by the Wallonia parliament in Dec-2022 of a decree that harmonised the region's cell tower radiation standards with those applied in Flanders

- Entry of a 4th mobile player (JV between Citymesh and Digi) is expected to focus on winning market share

orange

"The spectrum obtained will allow us to implement our 5G ambitions and deploy innovative and future technologies to continue providing the best experience to our customers in an efficient and sustainable way"

XAVIER PICHON, CEO, ORANGE BELGIUM, 21 JUNE 2022

telenet

"I am very happy with the outcome of this spectrum auction. We have been able to acquire as much as 200 MHz of spectrum for a very competitive price.
This result is a key milestone in the 5G journey. Thanks to the newly acquired frequencies, we now enter a new phase of expansion of our 5G network, which will in the end provide higher speeds, capacity, lower latency and more stability to consumers as well as businesses on the whole Belgian territory"

JOHN PORTER, CEO, TELENET, 21 JUNE 2022

proximus

"We have acquired a valuable spectrum package for the next 20 years that allows us to make a substantial difference in network quality and remain leading in terms of mobile experience in Belgium. At the same time, the newly acquired spectrum in the 700 and 3600 MHz band will finally make it possible to bring the benefits of 5G to the entire Belgian population. As far as the implementation of 5G technology is concerned, it's safe to say that we have been a frontrunner so far, and we are very eager to leverage the full potential of 5G."

GUILLAUME BOUTIN, CEO, PROXIMUS GROUP, 21 JUNE 2022

ING

"The big surprise of the spectrum auction in Belgium has been the participation of a fourth mobile operator, Digi, which is both experienced and entrepreneurial. Although the balance sheet impact for the existing operators should be manageable, we expect the impact on mobile revenues to be material. This is particularly relevant for Proximus, since its credit rating is currently on negative outlook at S&P"

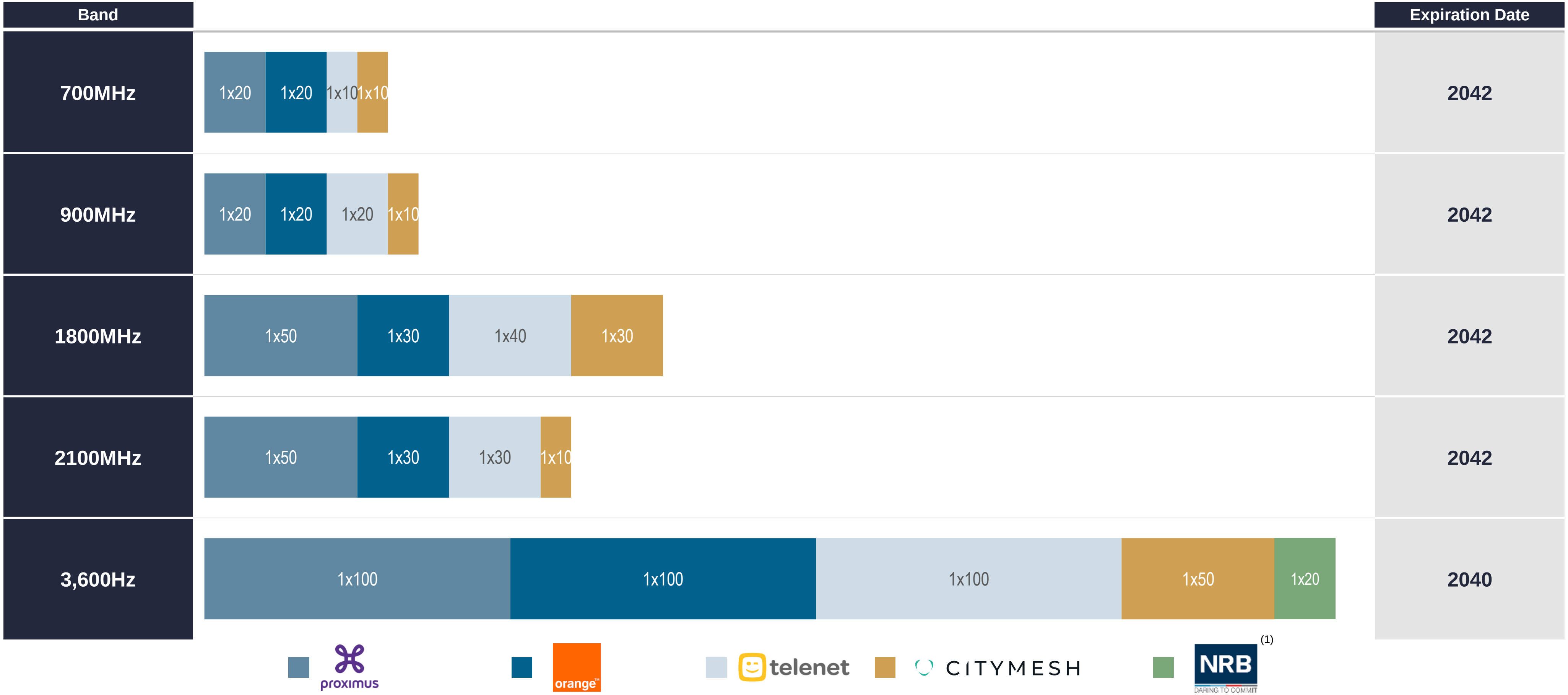
ING, 28 JUNE 2022

Source: TeleGeography, Brokers' research

Belgian Mobile Market – Spectrum Auction (2/2)

Despite being delayed by three years, the spectrum auction took place in June 2022 raising a total €1.2bn

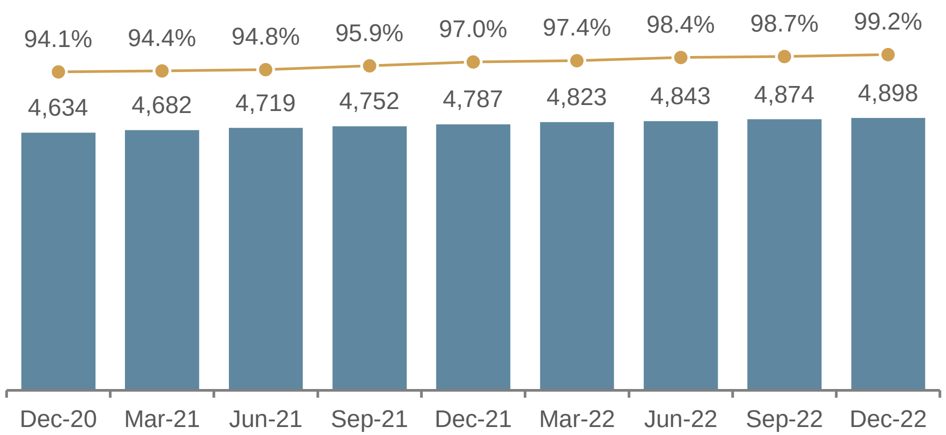
- **Proximus secured a total of 240MHz whilst 200MHz were secured by both Orange Belgium and Telenet**
- **A fourth mobile entrant, Citymesh Mobile (a JV between Citymesh and Digi), secured a total of 110MHz across all five spectrum bands**



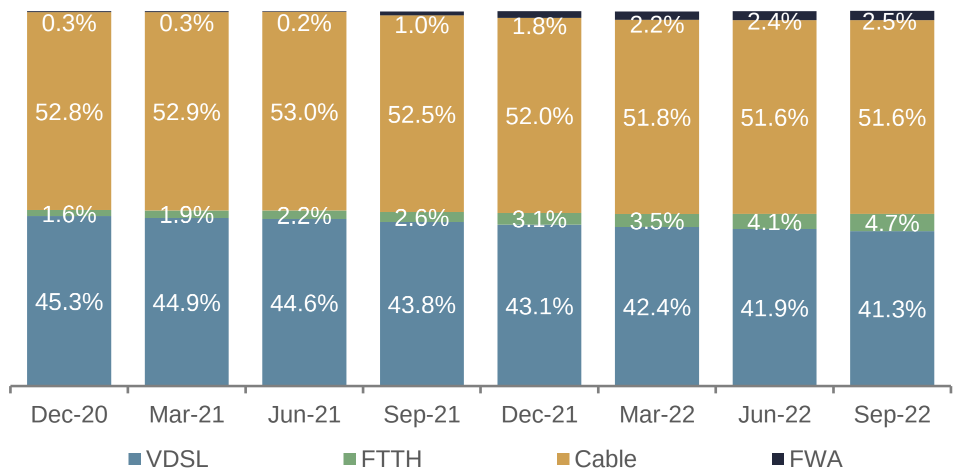
Source: *TeleGeography, Brokers' research*
(1) Network Research Belgium; an IT services provider in Belgium

Belgian Broadband Market – Historical Evolution

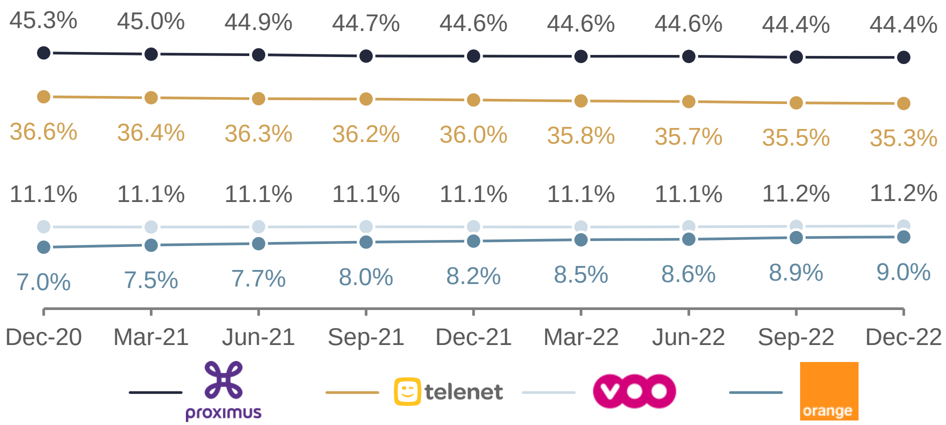
Broadband Subscribers ('000) and Household Penetration (%)



Broadband Subscribers Split by Technology[1] (%)



Broadband Subscriber Market Share By Operator (%)



Commentary

- As of Q4-22, Belgian broadband penetration was at c. 99%
- Main players are Proximus (VDSL / FTTH nationally) and cable operator Telenet (DOCSIS 3.1 in Flanders and 2/3 of Brussels)
- VOO is a cable operator (combination of DOCSIS 3.0 and 3.1 in Wallonia and 1/3 of Brussels) whilst Orange Belgium has been whole buying its fixed broadband offering from Telenet, VOO and Proximus
- In Dec-21, Orange Belgium announced the acquisition of 75% less one share of VOO with an EU competition decision pending in Q2-23
- Although cable and VDSL are Belgium's dominant broadband technologies, this is expected to change in the medium-term, as both Proximus and Telenet embark on their announced FTTH roll-out plans

Source: *Companies, TeleGeography*
(1) December figures not available

Fixed Network Strategy – Proximus

proximus

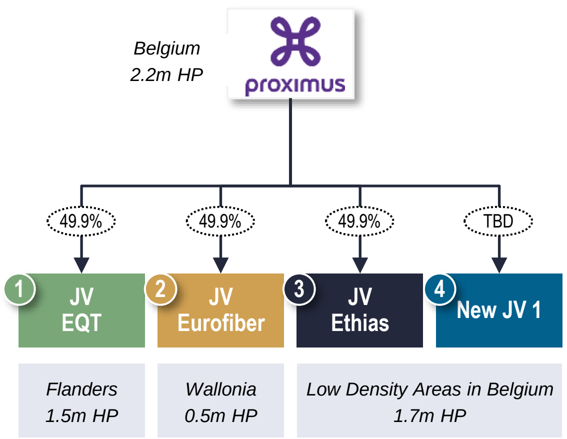
Proximus aims to become the #1 Gigabit broadband provider in the country. For that purpose, a plan which envisions the rollout of c. 6m HP across Belgium has been announced and is in the process of being implemented

- **Proximus plans to reach 50% FTTH coverage by 2025, 70% by 2028 and 95% by 2032. In doing so, the incumbent is leveraging on the support of financial partners through the creation of four fibre JVs**

Overview of Proximus Roll-out Plans

- Proximus plans to rollout 37% of the country's households with FTTH on its own (around 2.2m HP) whilst it is leveraging on two JV structures with EQT and Eurofiber to roll out to an additional 33%
- Moreover, Proximus has recently announced the creation of two additional JVs which would extend the FTTH rollout to an additional 1.7m premises and cover an additional 25% of the country's households with FTTH. Further details have yet to be disclosed
- Whilst the existing JVs with Eurofiber and EQT focus on Wallonia and Flanders respectively, the upcoming new JVs will put the focus on rolling out across Belgium's low-density rural areas

Structure of the JVs



1. JV EQT: Proximus holds golden share rights plus a call option for an additional 10% stake in the JV
2. JV Eurofiber: Proximus holds the golden share plus rights to gain majority in the FibreCo
3. JV Ethias: recently approved by the EC, details to be disclosed
4. New JV1: to be agreed - currently in MoU phase

Key Parameters of Proximus Roll out Plans

	Type of Rollout	Target Year	Technology	Region	HP (m)	Regional Coverage (%)	Belgium Coverage (%)	Capex to Upgrade (€m)	Capex per Premise (€)
Proximus by its Own	Own rollout	2026	XGS-PON	National	2.2	37%	37%	2,262	1,011
JV with EQT	Operating JV	2028	XGS-PON	Flanders	1.5	44%	25%	2,500	1,667
JV with Eurofiber	Operating JV	2028	XGS-PON	Wallonia	0.5	26%	8%	800	1,600
JV Ethias / **New JV1**	Details TBD	2032	XGS-PON	National	1.7	[TBD]	25%	4,080	2,400
Subtotal					**5.9**	**n.m.**	**95%**	**9,642**	**1,634**

Source: *Proximus press release, brokers' research, industry reports*

Fixed Network Strategy – Orange Belgium

Orange Belgium has historically leveraged on Belgium's tight fixed broadband wholesale regulation to provide national converged services to its customer base. In Dec-22, and in an effort to improve its network economics, the company announced the acquisition of Wallonian cable operator VOO

Orange Belgium's Broadband Strategy

- National converged-player which owns its mobile network but whole buys access to fixed broadband from its competitors
- Orange Belgium has historically leveraged on the strict Belgian fixed broadband policy regulating access and pricing on cable and FTTH networks
- Since entering the market, in 2016, Orange Belgium has been challenging market share from incumbent Proximus and Telenet through a combination of new product offerings and attractive pricing. Most notably, Orange Belgium was the first operator to introduce a broadband-only (without fixed telephony) product offering in 2020

1 **Dec-22:** Aiming to improve its network economics and following pressure from the telecoms regulator to invest in its own infrastructure, in Dec-22, Orange Belgium announced the acquisition of 75% less one share of VOO at an enterprise value of €1.8bn for 100% of the capital

2 **Jan-23:** Orange and Telenet have signed a 15-year commercial wholesale agreement which would provide both parties access to each other's HFC and FTTH networks

1 Orange Belgium acquires 75% less one share of VOO

- **Valuation**: €1.8bn for 100% of capital (9.5x EV/ LTM EBITDAaL pre synergies; 6.5x post)
- **Regulatory issues**: the regulator did show concerns on the collusion effects on the market. Final deadline for approval set for April 2023. EC's concerns have been alleviated with the agreement signed with Telenet, which will give the latter access to VOO's network in Wallonia and 1/3 of Brussels
- **Strategic rationale**: OBEL set to become a fixed infrastructure owner in Wallonia and Brussels, therefore improving network economics and reinforcing its convergent strategy

2 Orange Belgium and Telenet Agree Mutual Wholesale Pact

- Orange Belgium and Telenet agree to provide access to each other's fixed broadband networks on a commercial basis for a 15-year period
- The agreement will cover both current cable and future FTTH deployments in both network areas
  - Telenet will have access to VOO's cable in Wallonia and the remaining 1/3 of Brussels where it is not currently active (c. 1.8m HP)
  - OBEL will have access to Telenet's future FTTH network at pre-agreed terms and, upon approval of the JV with Fluvius, the agreement will transfer to the NetCo

Source: Company, public info

Fixed Broadband Regulatory Framework in Belgium

Belgian telecoms regulator, BIPT, determines Belgium's broadband strategy, incorporated within its broader policy strategy "Digital Belgium"

- **Belgium's fixed broadband market is characterized by its tight regulatory environment whereby both cable and FTTH networks are regulated on access and pricing**

Digital Belgium As The Agenda For The Elimination Of White Areas Across the Territory	• 'Digital Belgium' is an action plan which sets out country's long-term digital vision by breaking down the specific objectives. The aim is to improve Belgium's digital field by (i) focusing on the digital and infra economy, (ii) developing digital skills and jobs, (iii) generating trust in digital security and (iv), digitalizing the public authorities • A special broadband cell and broadband competence office was set up to closely monitor developments and bring together all relevant powers in one administration which could closely monitor the implementation of the EU Connectivity Toolbox guides • A plan was developed to map-out all white zones across Belgium to ease roll-out while stimulating further investments by the operators
Open Access Requirement for Cable and Broadband Alternative Operators	• In an aim to (i) democratize infrastructure, (ii) increase competition among market players and (iii) uplift broadband uptake, BIPT has historically placed focus on enabling alternative operators accessing MNO's infrastructure at regulated prices under the 'fair' principle • In 2015 the Belgian Court of Appeal upheld a 2014 BIPT ruling, forcing regional cable, mobile and broadband operators to open-up their networks to rivals on a wholesale scheme. This decision benefitted Orange Belgium which re-entered the FBB and TV markets, which it had exited in 2013 • In 2018, the CRC (composed of a group of telecom and media regulators including the BIPT) concluded that Proximus, Telenet and VOO had significant market power, therefore their respective networks had to be forcedly wholesaled on a cost plus basis
Ability to Control on Tariffs for Wholesale Access FTTH Networks	• The regulator closely monitors monthly prices offered to operators by making sure these never exceed the costs of an efficient operator plus a reasonable margin (i.e. 2.5% to 5% depending on the speed) • The regulator encourages ISPs to negotiate conditions for the access of FTTH networks, while requiring a public consultation • Wholesale access prices were reduced in August 2018 by ~20% after a decision published by the CRC
Wholesale Pricing Regulation: FTTH and Cable	• Cable Wholesale Access Pricing: current regime has been in place since 2020 and runs through to the end of 2023. Price mainly depends on the speed category and tiering and consumption (Mbps). Average rental cost is currently estimated at €20-25/month[1] • FTTH Wholesale Access Pricing: there are two main components of the line rental, which are (i) the price of the local loop and (ii) the price of ethernet transport (local exchange to service Point of Presence (PoP)) to where ISPs can access the line

Source: Regulatory Authority (BIPT) Brokers' research, public information, Credit Suisse

(1) As estimated by Credit Suisse and corresponding to a bitstream service (active wholesale service, enabling to repackage in a retail broadband product and sell to consumers)

Telenet x Orange Belgium Wholesale Agreement Press Release (30 January 2023)

Telenet and Orange Belgium sign two commercial wholesale agreements, providing access to each other's HFC and FTTH networks for a 15-year period

Telenet x Orange Belgium Wholesale Agreement

- **Mechelen, January 30, 2023 - Telenet BV, a wholly owned indirect subsidiary of Telenet Group Holding NV ("Telenet" or the "Company") (Euronext Brussels: TNET) and Orange Belgium NV (Euronext Brussels: OBEL) have signed two commercial fixed wholesale agreements (the "Agreements"), subject to the completion of the VOO acquisition by Orange Belgium. The Agreements will provide access to each other's fixed networks on a commercial basis for a 15-year period and will remain in force independently on the evolution of the current regulated open access model. Furthermore, the Agreements cover both current hybrid-fiber coaxial ("HFC") and future fiber-to-the-home ("FTTH") technologies in both network areas. Telenet strongly believes the Agreements will foster competition in the Belgian telecoms market, expanding customers' freedom of choice in terms of telecom operators and service offerings through at least three nationwide FMC providers**

- **Highlights**
  - Through the Agreements, Telenet will be able to access for the first time the VOO cable network in Wallonia and the remaining one-third of Brussels, covering around 1.8 million homes passed today and which is in the process of being acquired by Orange Belgium. The Agreements will also include access to future FTTH deployments. Combined with Telenet's existing nationwide mobile network and its fixed network in Flanders, parts of Brussels and the boot of Hainaut in Wallonia, Telenet will be able to provide fixed-mobile converged services in the whole of Belgium. Telenet's commercial and go-to-market strategy is already well developed with an ambitious plan to reach a regional off-footprint fixed market share of around 10% over the medium term. Telenet expects to launch in early 2024 following certain investments in IT and product development in the course of 2023. Telenet will provide more details closer to the launch date
  - Since 2016, Orange Belgium has provided fixed internet and TV services on Telenet's HFC network through the regulated open access model. Today's commercial arrangement will strengthen this existing relationship for another 15 years. Furthermore, Orange Belgium will become a wholesale customer on Telenet's future FTTH network at pre-agreed terms, increasing network penetration and improving the return on investment on Telenet's investments in fiber. Upon closing of the NetCo joint venture with Fluvius, which is pending EC regulatory approval expected by summer this year, this Agreement will transfer to NetCo, hence strengthening NetCo's fundamentals and attractiveness to potential strategic and/or financial partners

Source: Company

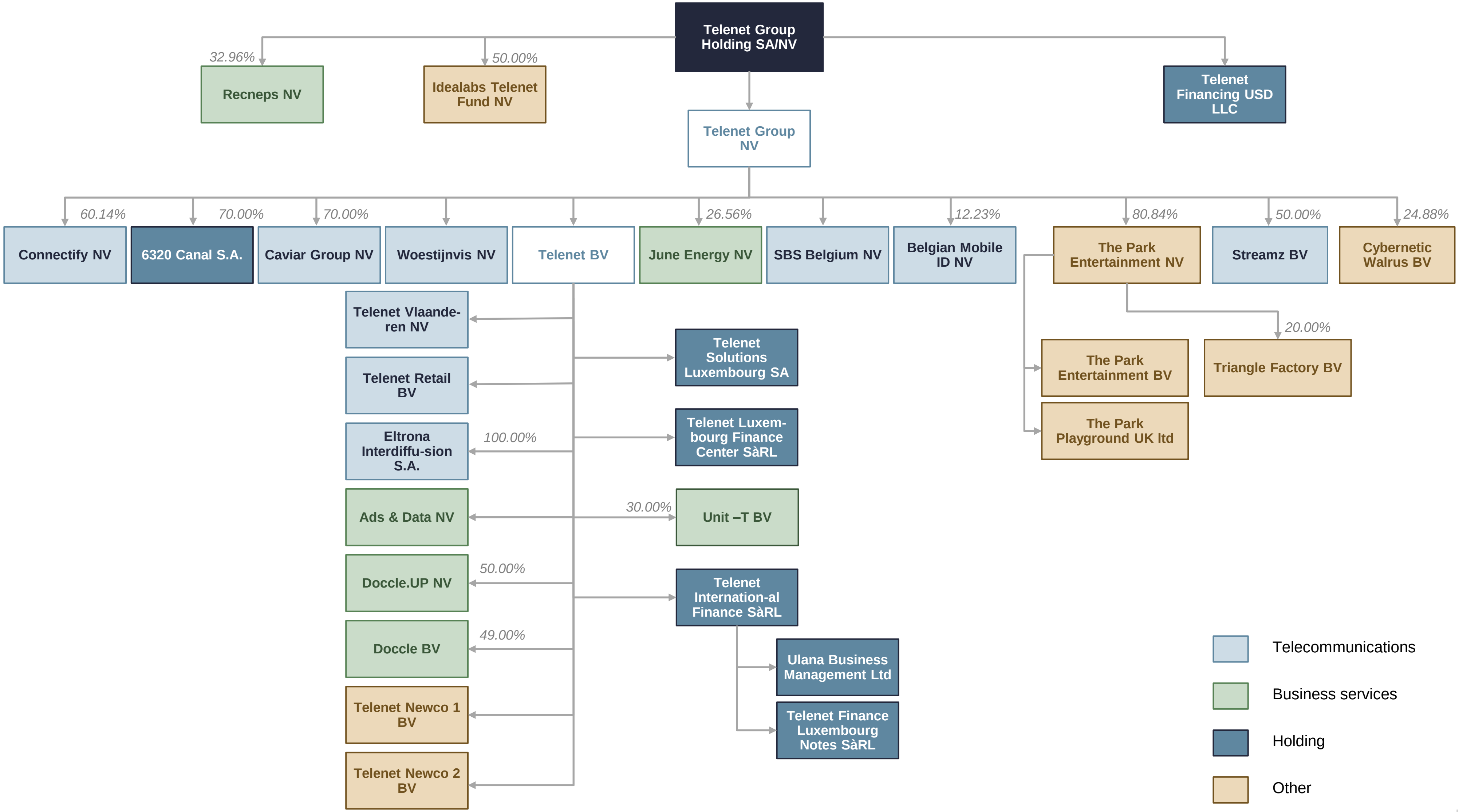
B Additional Materials On Telenet

Telenet Business Segments

	Broadband Internet	Video	Fixed telephony	Mobile	Other	B2B Services
Revenue (€m)	2020A: 655 2021A: 680 2022A: 703	2020A: 559 2021A: 549 2022A: 535	2020A: 225 2021A: 216 2022A: 202	2020A: 451 2021A: 492 2022A: 520	2020A: 477 2021A: 512 2022A: 526	2020A: 208 2021A: 181 2022A: 180
Overview	• Services offered with owned HFC network • Download speeds of up of 1 Gbps • Targeting transition to Fiber	• Basic video: cable television services with several owned content • Enhanced video: OTT[1] video app and digital TV platform	• Local, national and international long distance fixed-line telephony services • Declining trend towards VoIP	• Mobile telephony services under Telenet and BASE brands • Several wholesale partnerships with MVNO	• Interconnection services for other operators • Advertising from media businesses (e.g. Caviar) • Including mobile handset, product activation and installation fees • Wholesale business (Orange cable wholesale services)	• Non-coax products, including fiber and leased DSL lines • Mobile telephony services for SMEs • Carrier business and value-added services

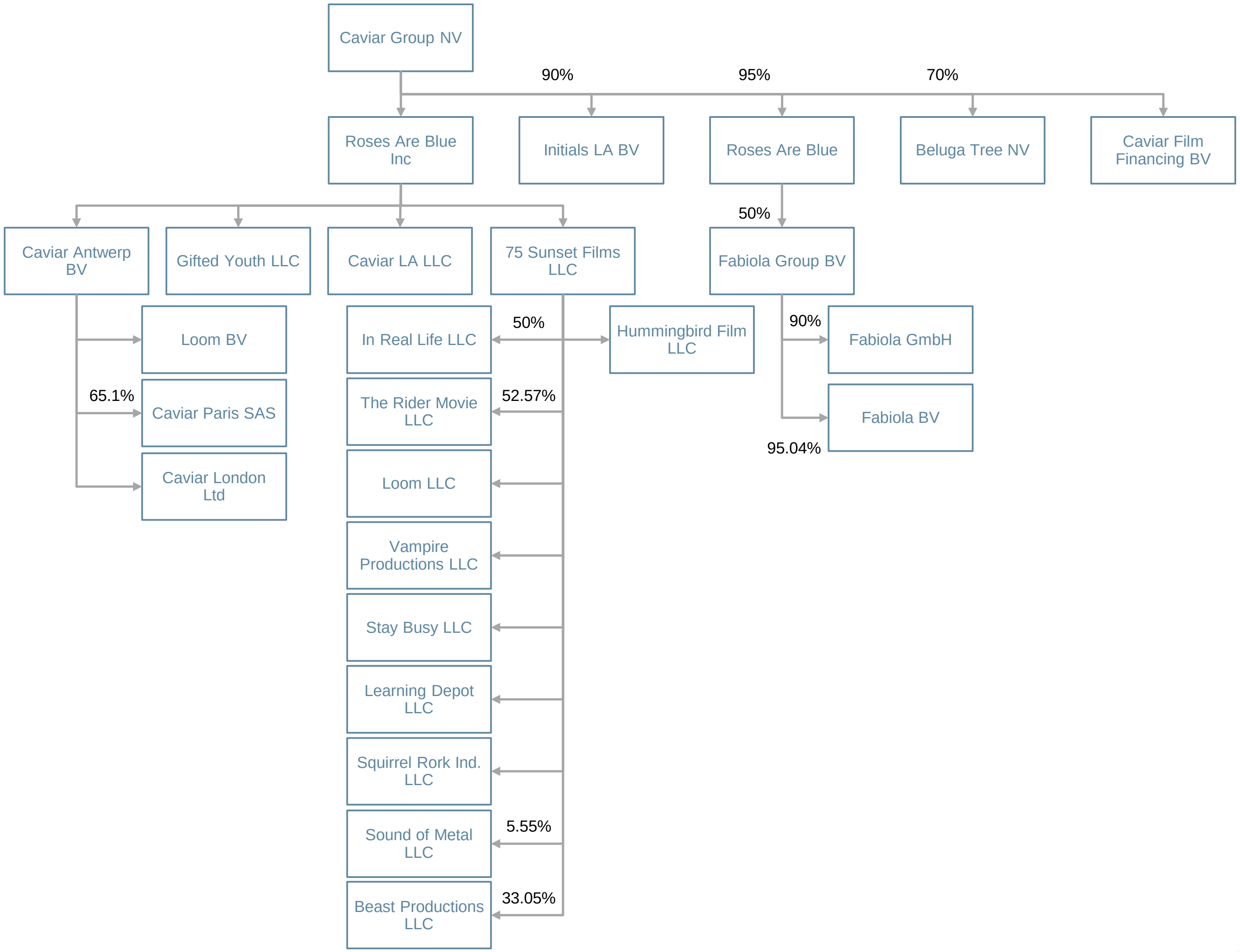
Source: Company
(1) Over-the-top

Simplified Telenet Legal Structure Overview



Source: Company

Telenet Legal Structure Overview – Focus on Caviar



Source: Company

Q4 and FY 2022 Results (Telenet Press Release, 16 February 2023)

Full year 2022 results are in line with outlook on all metrics despite inflationary headwinds, following a solid second semester

Q4 and FY 2022 Results

- **Mechelen, February 16, 2023 – Telenet Group Holding NV ("Telenet" or the "Company") (Euronext Brussels: TNET) announces its unaudited consolidated results under International Financial Reporting Standards as adopted by the European Union ("EU IFRS") for the year ended December 31, 2022**
- **Highlights**
  - Resilient operational performance with 73,800 net FMC subscriber additions for FY 2022 (Q4 2022: 19,000), including robust organic growth of our mobile postpaid customer base with 45,300 net adds (Q4 2022: 10,500). Our broadband customer base further expanded with 5,000 net subscribers (Q4 2022: 1,700), while we continue to see a contraction of both our video and fixed-line telephony RGU base driven by the current macro-economic environment and shifting consumer preferences
  - Revenue of €2,665.0 million for the year ended December 31, 2022, up nearly 3% and over 1% year-on-year on a reported and rebased basis, respectively, with a clear acceleration in H2 following the mid-June 2022 price adjustment (Q4 2022: €712.9 million,+7% and nearly +2% year-on-year on a reported and rebased basis, respectively) and in line with our FY 22 outlook
  - Net profit of €997.0 million for the year ended December 31, 2022 (Q4 2022: €0.9 million). The robust 153% year-on-year increase was attributable to a gain on disposal of assets related to the TowerCo transaction as well as a significantly improved financial result due to a non-cash gain on our interest derivatives
  - Adjusted EBITDA of €1,373.8 million for the year ended December 31, 2022, which was broadly stable on a reported basis and up nearly 1% year-on-year on a rebased basis despite the impact of inflation on our staff-related expenses and higher energy costs and including €2.6 million costs to capture for the NetCo launch. Improved trend in Q4 2022 with Adjusted EBITDA up nearly 5% versus Q4 2021 on both a reported and rebased basis to €355.9 million
  - Adjusted EBITDAaL for the year ended December 31, 2022 reached €1,246.1 million, which was broadly stable year-on-year on a reported basis and up 1% versus last year on a rebased basis

Source: Press Release

Q4 and FY 2022 Results (Telenet Press Release, 16 February 2023) (Cont'd)

Dividend per share of €1.0 in 2023 is well covered by the Adjusted Free Cash Flow (€409m in '22 equivalent to €3.8 per share) while its liquidity profile remains robust at €1.6bn (of which €1bn of cash)

Q4 and FY 2022 Results

- **Highlights (continued)**
  - Accrued capital expenditures[1] for the year ended December 31, 2022 reached €1,419.3 million and included the recognition of the recently acquired mobile spectrum licenses and the tower lease. Excluding the recognition of certain football broadcasting rights, mobile spectrum licenses and certain lease-related capital additions impacts, as per our FY 2022 guidance, our accrued capital expenditures were €656.3 million, equivalent to approximately 25% of revenue, in line with our guidance
  - Adjusted EBITDA less property & equipment additions[2] (previously referred to as Operating Free Cash Flow) of €717.5 million for the year ended December 31, 2022, marking a 13% year-on-year decrease driven by higher accrued capital expenditures as a result of increased capital intensity as explained above
  - Net cash from operating activities, net cash from investing activities and net cash used in financing activities of €1,092.6 million, €180.0 million and €347.7 million, respectively, for the year ended December 31, 2022. Adjusted Free Cash Flow[5] of €409.0 million, which was broadly stable compared to last year, in line with our outlook
  - Robust debt and liquidity profile characterized by (i) no debt maturities until March 2028, (ii) weighted average maturity of 5.5 years, (iii) fully hedged debt profile with weighted average cost of debt (including hedges) of around 3.2%, (iv) full access to €555.0 million of untapped liquidity under our revolving credit facilities and (v) €1,064.4 million of cash and cash equivalents at December 31, 2022
  - In line with our updated shareholder remuneration framework, the board of directors will propose to the April 2023 Annual General Shareholders' Meeting a gross dividend per share of €1.0, equivalent to €108.6 million in aggregate. Our dividend floor remains well covered by both our Adjusted Free Cash Flow and net total leverage of 3.4x on an Adjusted EBITDAaL basis.

Source: Press Release

C Additional Materials on Valuation Assignment

Telenet Fully Diluted Shares

- **Telent's ESOP plan has not dilution effect, given that all options are out-of-the-money at current share price**
- **However, Telenet's Restricted Performance Shares 2021 and 2022 have a potential net dilution (assuming vesting at current share price) of 47,988 (RSP 2021) and 271,468 (RSP 2022) shares**
- **Adding the Net New Shares from the RSU 2021 and 2022, we get to a fully diluted Number of Shares of 108.9m**

Dilution effect	# Outstanding	Strike Price	# New Shares	Cash Proceeds	# Buy-backs	Net New Shares
RSU 2021	47,988	-	47,988	-	-	47,988
RSU 2022	271,468	-	271,468	-	-	271,468
Total			**319,456**			**319,456**

NoSh Issued (m)	112.1
Treasury Shares (m)	(3.5)
Stock Options (m)	0.3
Fully Diluted NoSh (m)	**108.9**

Source: Company Bloomberg
(1) Lazard analysis run with Bloomberg warrant valuation tool which is based on Black & Scholes methodology
(2) X = Exercise Price of different Option Plans, t = Time until expiration of different Option Plans,
(3) One Business Day prior to the First Telenet Offer Announcement

Telenet Warrants Valuation

- **On 31 December 2022, there are 2,364,533 options outstanding as part of the Employee Stock Option Plans ("ESOP"), of which 2,030,177 are exercisable.**
- **The options that are not yet granted, the Performance Shares, the Restricted Shares and the Compensation Restricted Shares are outside of the scope of the offer.**
- **At Prices (O) of €20.00 to €30.00 per share, all options are out-of-the-money and have no intrinsic value.**
- **The Black & Scholes formula used for warrant price (W) computation is the following:** $W = O\,N(d_1) - Xe^{-R_F t}N(d_2)$ [(1)]
- **Key Assumptions used:**
  - Valuation as of 13 March 2023
  - 28.4% dividend pay-out
  - Risk Free Rate (RF) = 3.3% based on the current 10-year Belgian Government Bond yield
  - Volatility (σ) = 30.1% based on historical volatility of the Telenet shares over one-year period preceding one business day prior to First Telenet Offer Announcement
- **The main characteristics of the warrants and their valuation are summarized in the table below**

	Option Underlyings						Option Implied Value - Black & Scholes (€)				
Class of options	Nb of options exercisable	Valuation Date	Expiry Date	Remaining Life of Option	Correlation (%)	Exercise Price (€)	20.00	22.50	25.00	27.50	30.00
ESOP 2018	691,047	Mar 2023	May 2023	0.2 years	1.9%	37.91	0.00	0.00	0.00	0.00	0.03
ESOP 2018 bis	53,781	Mar 2023	Oct 2023	0.6 years	5.7%	44.62	0.00	0.00	0.00	0.01	0.03
ESOP 2019	594,733	Mar 2023	Apr 2024	1.1 years	10.2%	46.54	0.00	0.00	0.01	0.02	0.04
ESOP 2020	690,616	Mar 2023	Apr 2025	2.1 years	19.3%	35.17	0.02	0.04	0.08	0.14	0.24
Total	**2,030,177**										

Source: Company Bloomberg
(1) X = Exercise Price of different Option Plans, t = Time until expiration of different Option Plans,

D Additional Materials With Regards to Lazard Assignment

Lazard Statement of Independence

- **Lazard BV/SRL ("Lazard") is part of the Lazard Group which is one of the world's leading financial advisory and asset management firms, advising on mergers, acquisitions, restructuring, capital structure and strategy.**
- **We confirm that as of today, all members of the Lazard team assigned to this project are independent of the Bidder, Telenet and their affiliated companies and do not have a conflict of interest which could compromise the objectivity of Lazard in evaluating the takeover bid of the Bidder for the Telenet shares.**
- **Lazard has not conducted any other engagement for the Bidder, Telenet or any of their affiliated companies during the past two years other than this mandate. (cf. agreed form independence statement).**
- **It is possible that certain companies of the Lazard Group may trade in shares and other securities of Telenet and/or LGI for their own account or on the account of their clients, but the members of the Lazard team carrying out this assignment are not officers or employees of such companies.**
- **Lazard declares that none of the above situations indicate a relationship with the Bidder, Telenet or their affiliated companies which could compromise the independence of Lazard with respect to this Report.**

Lazard Statement of Independence (Cont'd)

- **In addition, with reference to article 22 of the Takeover Decree, Lazard confirms:**
  - not to have exercised a mandate as statutory auditor or accountant of the Bidder, Telenet, or any of their affiliated companies;
  - not to have an employment contract or a professional collaboration relationship, within the meaning of article 3:62, §4 of the Belgian Code of companies and associations, with the statutory auditor or accountant of the Bidder, Telenet, or their affiliated companies;
  - not to receive any fee from the Bidder, Telenet, or their affiliated companies for any assignment in the context of the Transaction, other than the fixed fee for its assignment as independent expert;
  - not to have a legal or shareholding link with the Bidder, Telenet, or their affiliated companies or their advisors;
  - not to have a financial interest in the success of the [Offer], other than its remuneration for this assignment;
  - not to have any receivable or debts towards the Bidder, Telenet, or their affiliated companies, to the extent these would be of such nature as to create an economic dependency;
  - that there is no other situation of dependency or conflict of interest vis-à-vis the Bidder, Telenet, or their affiliated companies (other than those listed in this Independence Statement and which do not compromise the independence of [Lazard]);
  - given what is mentioned above, that it possesses the requisite skills and appropriate experience with respect to the valuation of companies, including in relation to companies of the same size and active in the same sector as Telenet, and that its structure and organisation are adapted to the size of the assignment it intends to complete.
- **Lazard benefits from all necessary expertise and adequate experience in the field of business valuation, in particular for companied of the same size and sector as the offeree company. Lazard is a global financial advisor active in asset management and investment banking. It is therefore actively involved in a large number of financial transactions for which it is able to provide services to clients such as valuation services. Lazard has notably advised on the very similar situation, the independent directors of Telenet in 2012 and has also been involved in other recent similar transactions in telecom**

Other Information on Lazard Scope of Work

Fees

- For its exercise, Lazard will receive a fee equal to €2.0m

Time and Resources

- In the context of its assignment, Lazard has dedicated a full team for the last 6 weeks, consisting of 2 Managing Directors, 1 Vice President, 1 Associate and 3 Analysts
- The project has also been discussed on several occasions with Lazard's European Opinion Committee, consisting of 11 Managing Directors which has also reviewed the report and contributed to its finalization

List of Information Received

General Information

- Global VDR access was granted to Lazard on 23-Feb-23
- Contents of the VDR include, a.o.,:
  - Company legal information;
  - Legal information related to the TowerCo deal;
  - Financial information related to NetCo; and
  - Broker reports

Company BP-related Information Shared with Lazard

Date Published	Date Uploaded to VDR	Item
16-Feb-23	17-Feb-23	**LRP building blocks**
16-Feb-23	17-Feb-23	**Free cash flow analysis**
27-Feb-23	28-Feb-23	**Updated LRP building blocks**
27-Feb-23	28-Feb-23	**LRP including NetCo / ServCo split**
01-Mar-23	01-Mar-23	**Updated Free cash flow analysis**
n.a.	09-Mar-23	**Long-term FCF CAGRs**
n.a.	09-Mar-23	**NetCo Pro Forma Model 2022 – 2040**
n.a.	20-Mar-23	**IFRS16 LRP Adjustments on a Consolidated Basis**

Glossary

ARPU	Average Revenue per User
BVB	Bucharest Stock Exchange
CMD	Capital Market Day
DOCSIS	Data Over Cable Service Interface Specification
FBB	Fixed Broadband
FMC	Fixed-Mobile Convergence
FTTH	Fiber-To-The-Home
HFC	Hybrid Fiber Coaxial
LGI	Liberty Global Inc. (abbreviation commonly used to refer to Liberty Global group)
LRP	Long Range Planning
MNO	Mobile Network Operator
MVNO	Mobile Virtual Network Operator
PGR	Perpetual Growth Rate
SOTP	Sum-Of-The-Parts
TV	Terminal Value
VDR	Virtual Data Room
XGS-PON	10 Gigabits Symmetric Passive Optical Network