

Deep dive into Solutions30 business model

Investor Webinar

13 December 2023



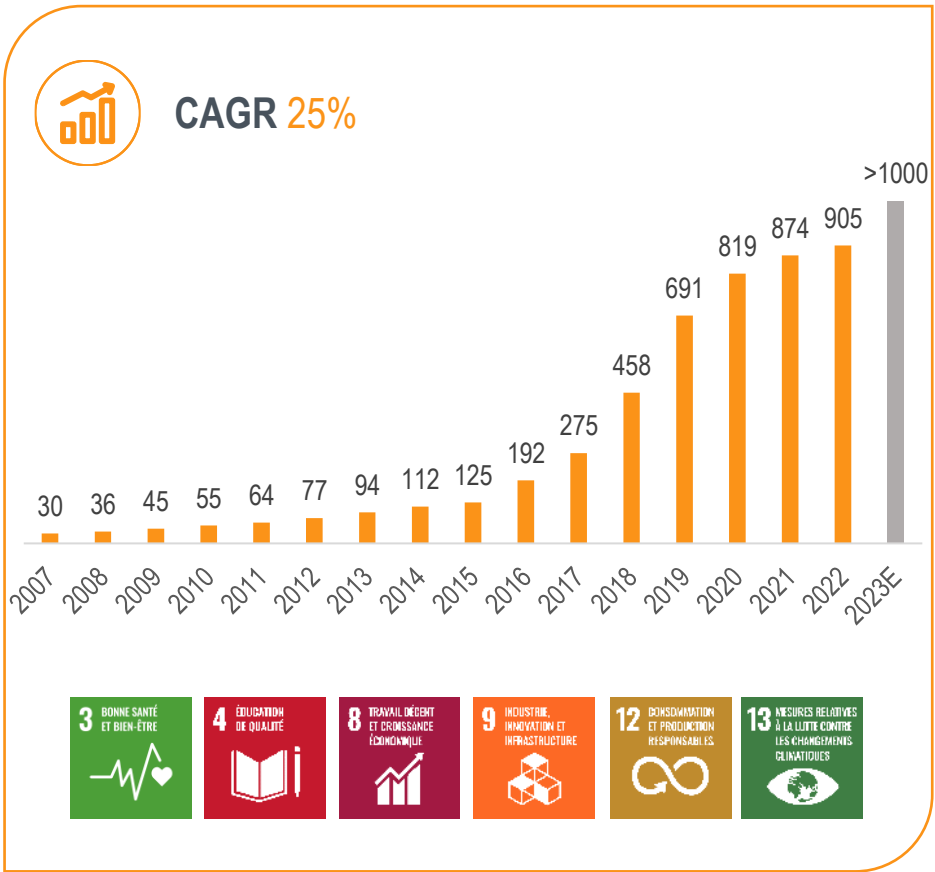
Introduction

Gianbeppi Fortis

Solutions30

Solutions for New Technologies

Introducing Solutions30



Deep dive into Solutions30 Business Model



- Key factors driving margins and ongoing programs to improve them
- Priority geographies with related challenges and opportunities
- Key actions per country to increase margins
- Tools and solutions to improve efficiency and build a long-lasting client relationship
- Group financing strategy
- Q&A

Introduction to the team



CEO:
Gianbeppi Fortis



COO:
Wojciech Pomykala



**Group Secretary
General:**
Amaury Boilot



CRO:
Luc Brusselaers



CFO:
Jonathan Crauwels



Key factors driving margins

Wojciech Pomykala

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Key factors driving margins

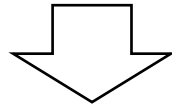


Market Programs: An innovation model from concept to launch

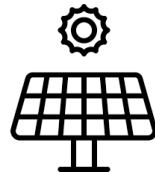
Market Programs to standardize & speed-up implementation

Standardize and speed-up roll-out:

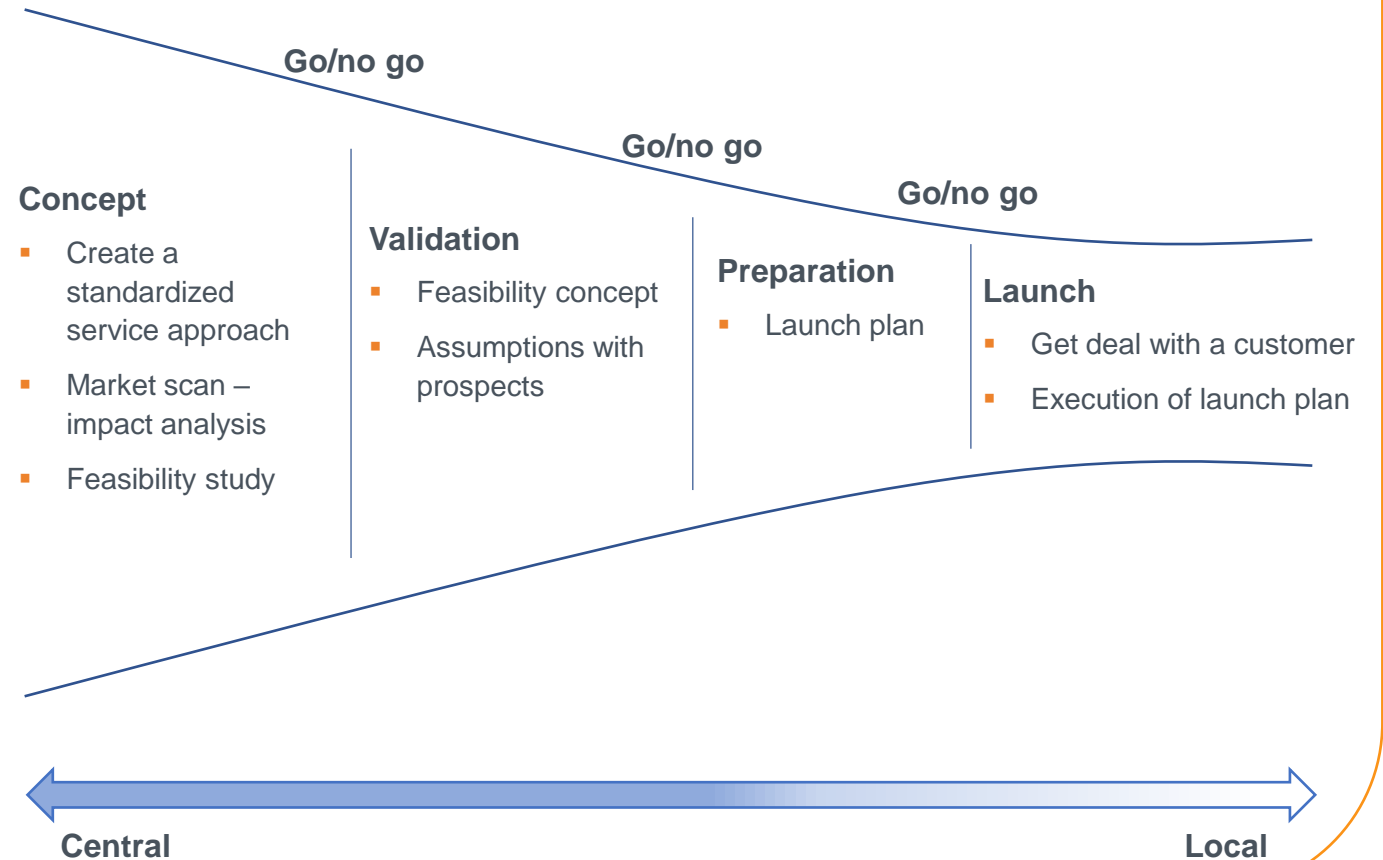
- Increase speed of roll-out
- Lower costs of implementation
- Best Practice sharing – first time right
- Increase quality of delivery
- Resulting in increased profitability



Current priorities



Our stage-gate process



New resources – recruitment

Our industry is facing several challenges:

- “Era of People” = global talent shortage + increased mobility of workforce
- Changing workforce composition (moving away from payroll staff towards external workforce)
- Shortage of skilled people (technicians)
- Uncertain economic climate & need for flexibility



New employees

- Internal recruiters → full time employees searching
- „Skilled” technicians → Highly competitive market
- „Unskilled” technicians → Our unique training capabilities



‘Internal’ subcontractor sourcing

- Internal recruiters full time subcontractors searching
- Verification of competences & capabilities
- Internal training course at Solutions30 Academies
- International recruitment available



- Unique concept enabling us to find the right resources
- Streamlined screening of subcontractors & technicians
- Compliance guaranteed



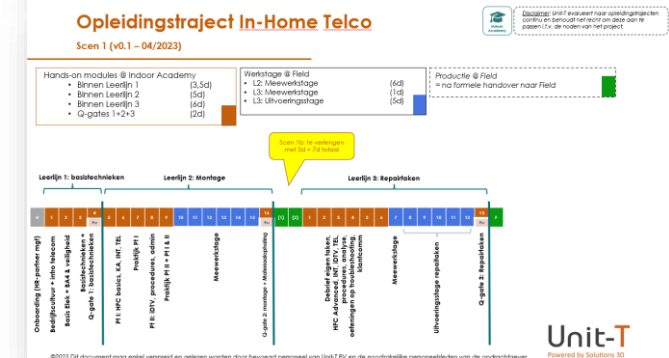
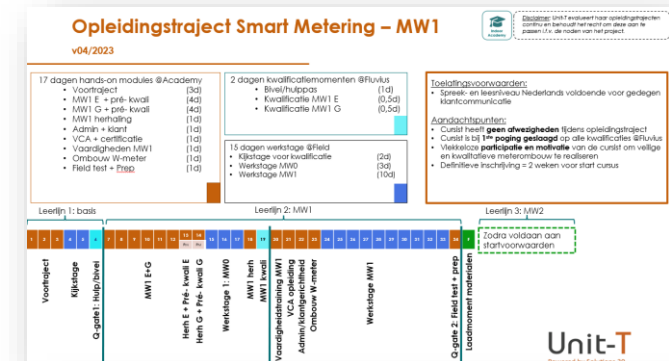
New resources – training

We have developed a network of training academies to develop first-class talent for our industries:

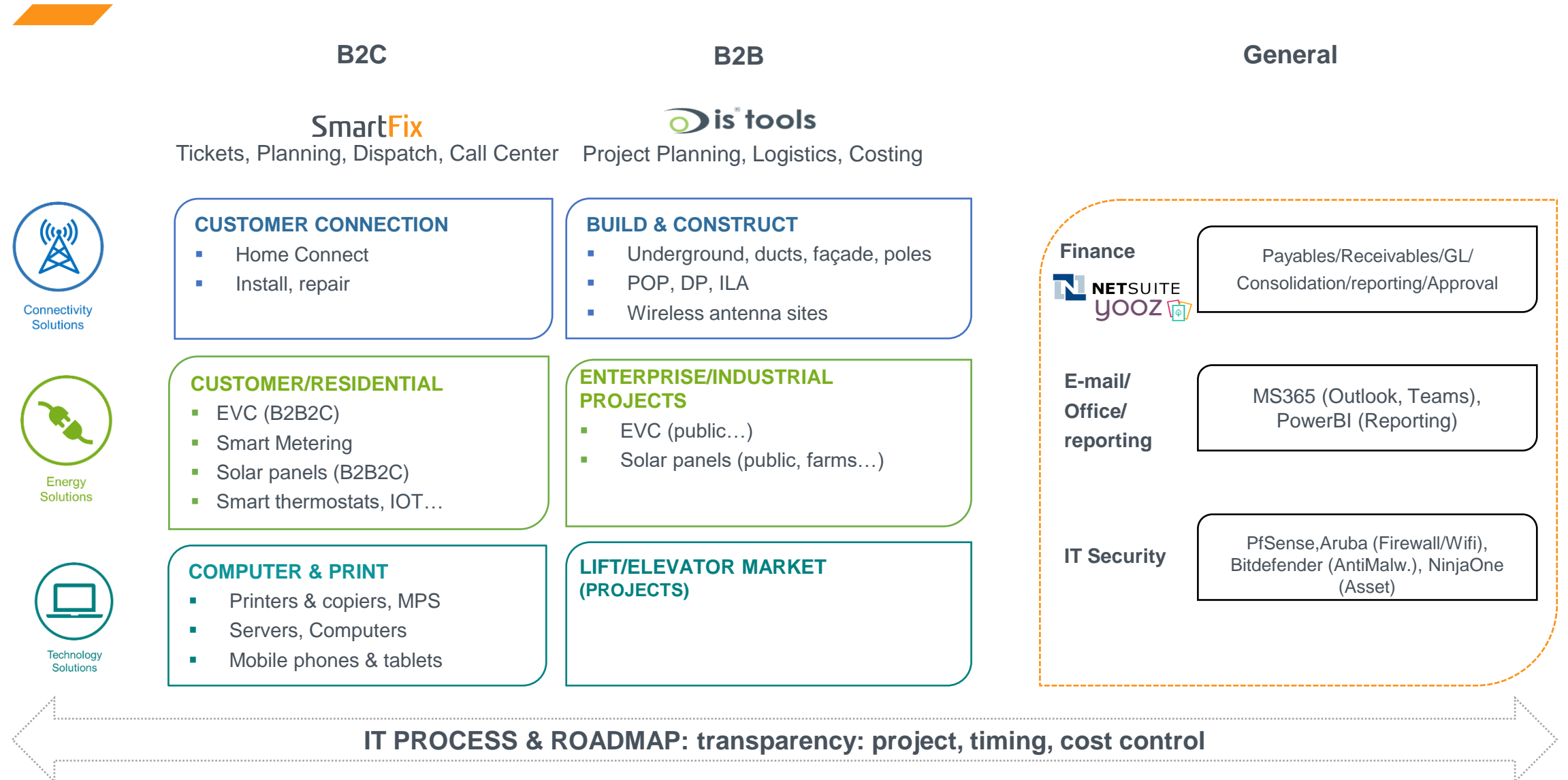
- Practical skills:
 - reconnecting a cable in open ground,
 - working with an excavator,
 - laying embroidery, etc.
- Practical training:
 - FTTX,
 - EVC installation,
 - gas and electricity metering,
- VCA-B, VCA-VOL
- Customer-oriented thinking and acting

2023:

> 180 000 hours of training
25,5 hours of training per person



Standardization of operations – Group IT Model & Tooling



Off-Shore locations – the gate to growth and profitability

- Operational efficiency requires cost-efficiency of simple services
- Growth and volume fluctuations requires flexibility of resource allocation
- Quality of service requires stability of service and KPI measurements
- Different locations deliver skill resources (language) adequately

Shared service centres setup

- Combination of internal & external
- Ensures lowest costs in EU
- Possibility for scaling
- Remain flexible between centres
- FTTH/Mobile/EV design services

		Country of Operations							
		FR	BeLux	NL	DE	ESP	IT	PL	UK
Shared / Business Service Centre	Portugal								
	Tunisia								
	Mauritius								
	Algeria								
	Marocco								
	Greece								
	Poland								
	Moldavia								



Extensive monitoring enabling continuous EBITDA management

KPI tracking

Revenue
Number of installations / repairs / households passed
KPI1 : Customer satisfaction
KPI2 : % Done
KPI3 : First time Right

Fiber

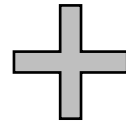
Revenue
Number of installations / repairs / households passed
KPI1: NPS
KPI2: Efficiency

Traditional

Revenue
Number of installations / repairs / households passed
KPI1: NPS
KPI2 : W

Mobile

Revenue
Number of installations / repairs / households passed
KPI1 : Efficiency of Failure Removal
KPI2 :Timeliness of Failure Reporting



Margin reports on technicians

MARGIN ON OWN TECHNICIANS

REVENUE

Revenue [monthly, EUR]
Number of own technicians
Monthly revenue per technician [EUR]
Average daily revenue per technician [EUR]
Average daily revenue per TOP 20% technicians [EUR]
Average daily revenue per LOWER 20% technicians [EUR]

COST

Monthly cost of all own technicians [EUR]
Monthly cost per technician [EUR]

MARGIN

Margin on all technicians [%]
Margin on TOP 20% technicians [EUR]
Margin on the LOWEST 20% technicians [EUR]

SUBCONTRACTORS

AMOUNT

Total number of subcontractors
Total number of subcontractors' FTE
Number of subcontractors - SELF-EMPLOYED
Share of subcontractors - SELF-EMPLOYED
Number of subcontractors - 2-5 EMPLOYEES
Number of subcontractors' FTE - 2-5 EMPLOYEES
Share of subcontractors - 2-5 EMPLOYEES

MARGIN

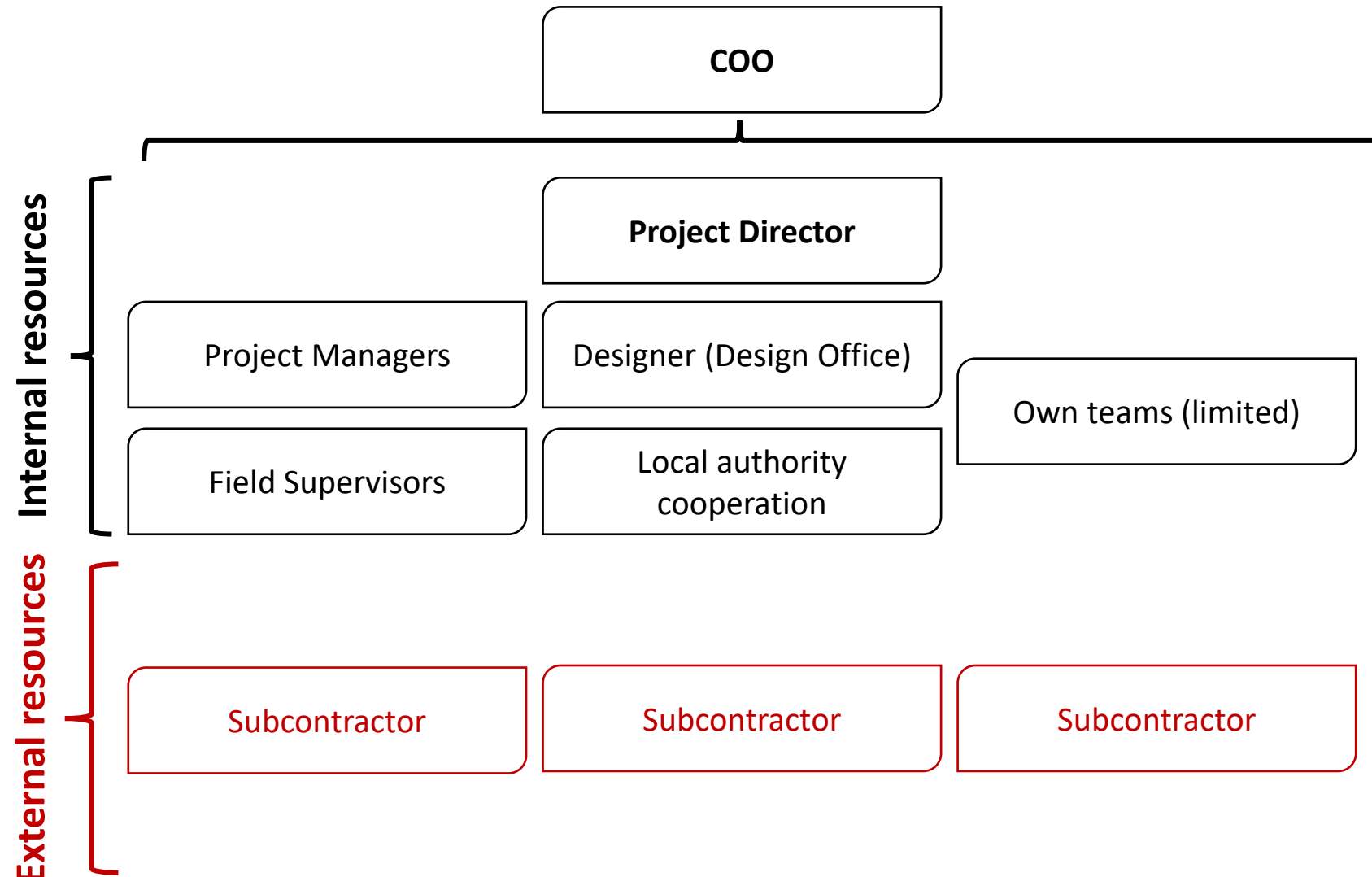
Margin on subcontractors [%]



Continuous EBITDA monitoring

TOTAL INCOME
FIELD COSTS
Working materials
Hired technicians/subco
Payroll technicians
Field Supervisors
Travel and lodging
Other direct field costs
FIELD MARGIN
% FM
DIRECT OVERHEAD
Logistics
Project Management
Productivity
IT Development
Quality Assurance
DIRECT MARGIN
% DM
SG&A
SG&A%
Corporate
Finance
HR
IT Support
Legal
Sales & Marketing
Procurement
General
EBITDA
% EBITDA

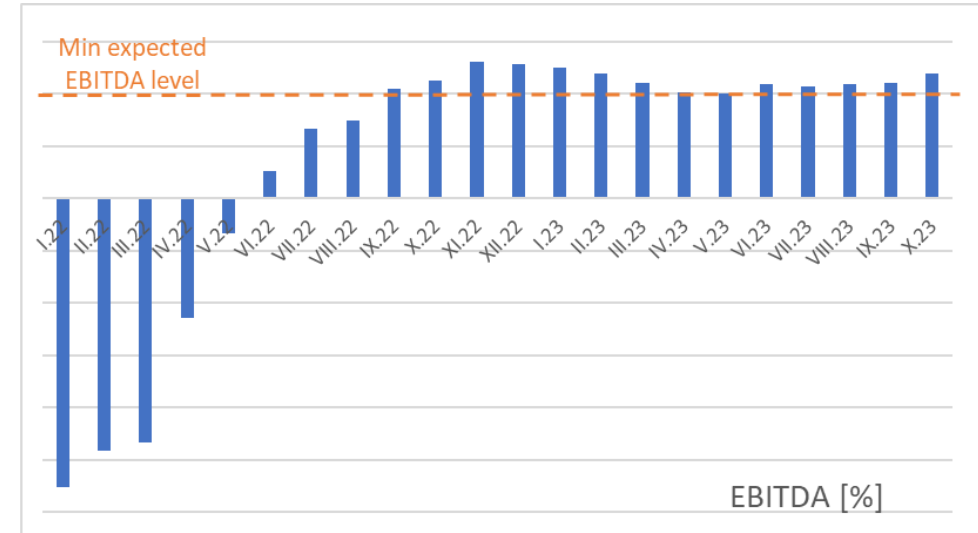
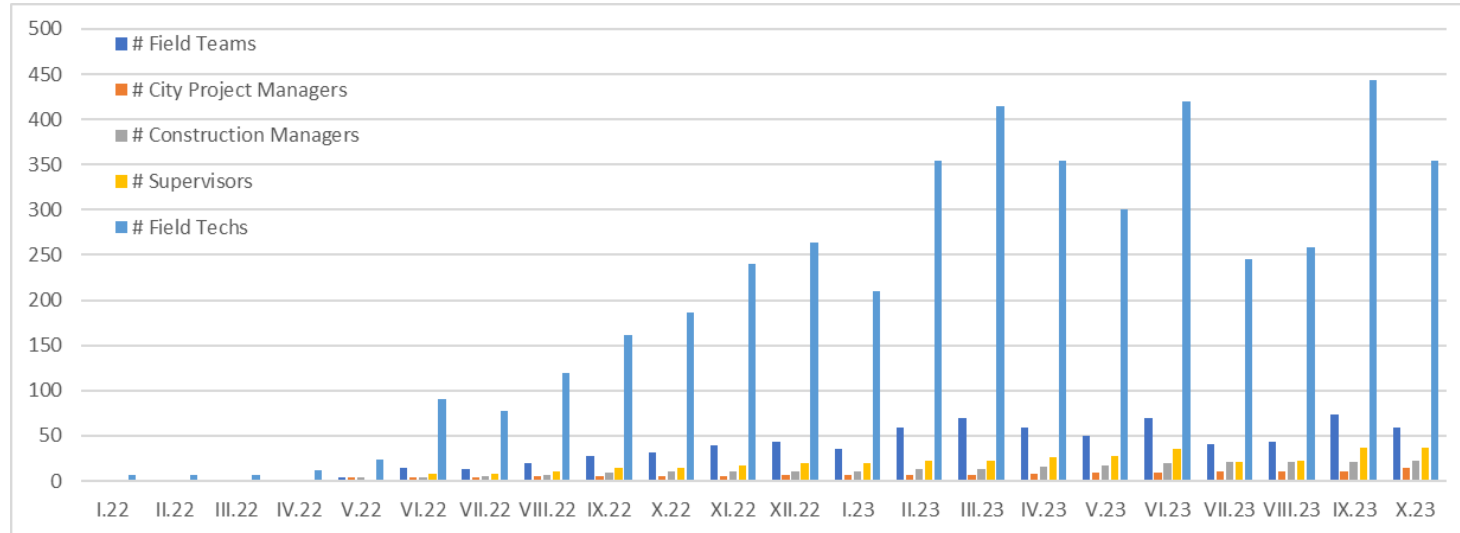
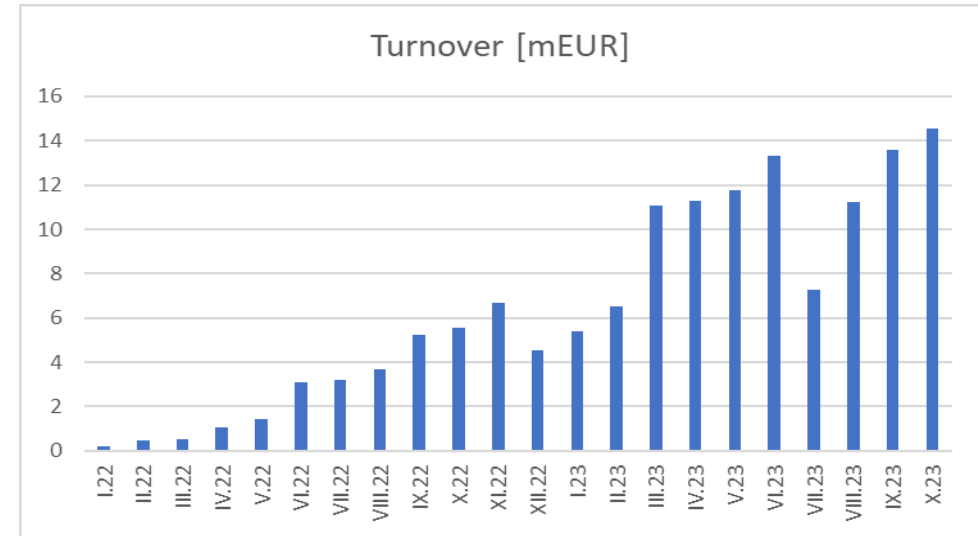
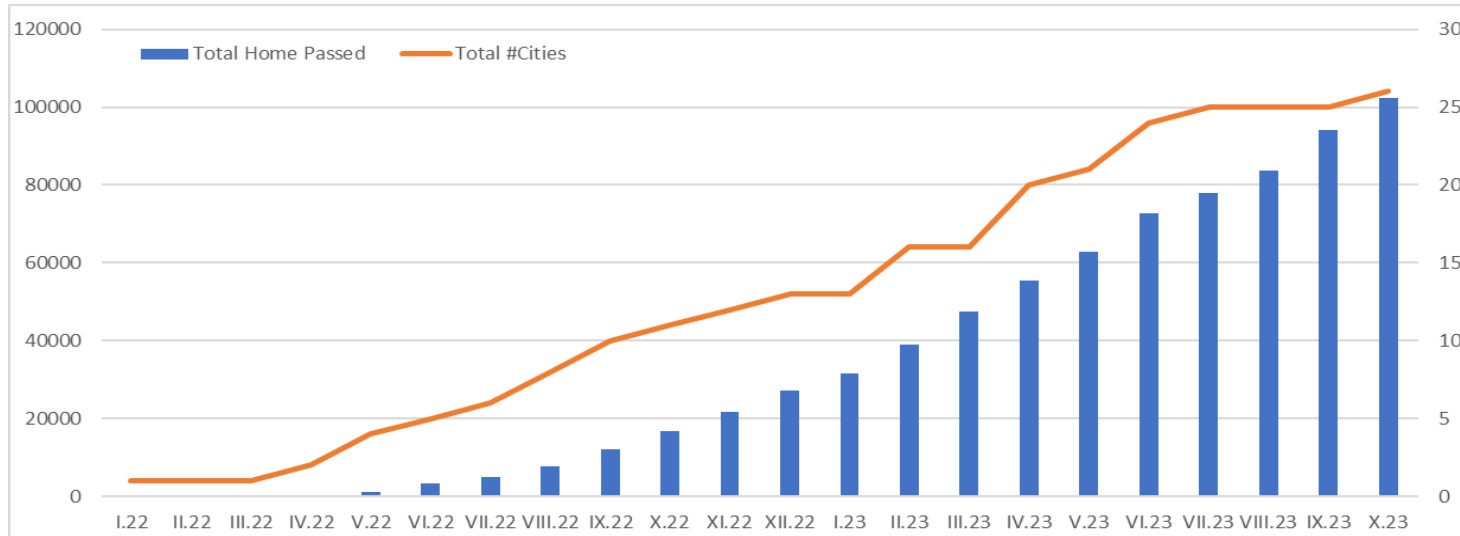
Standardized approach to project's organizational structure



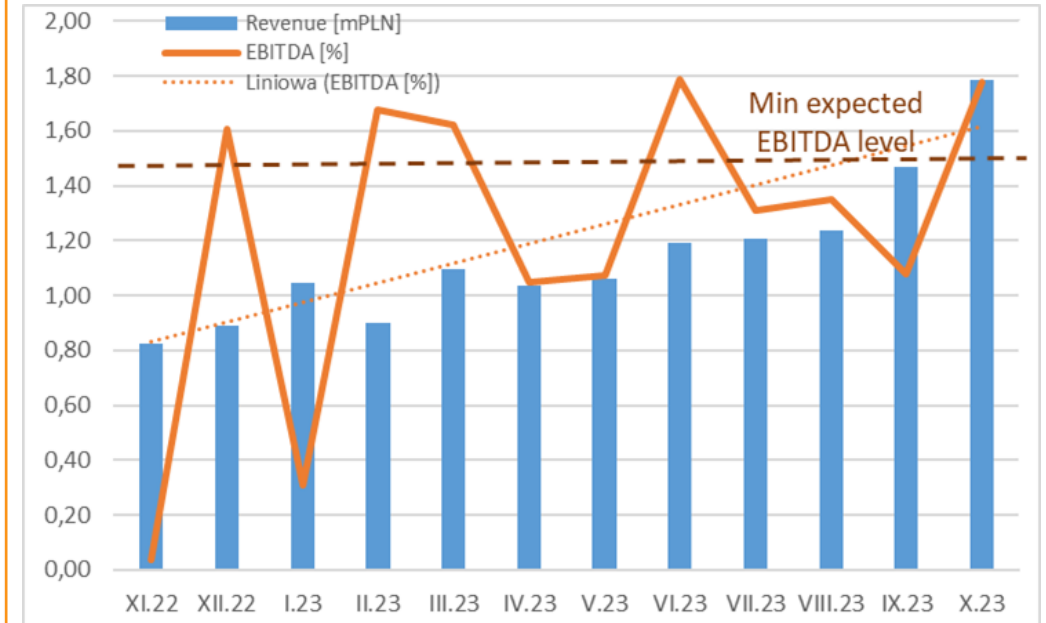
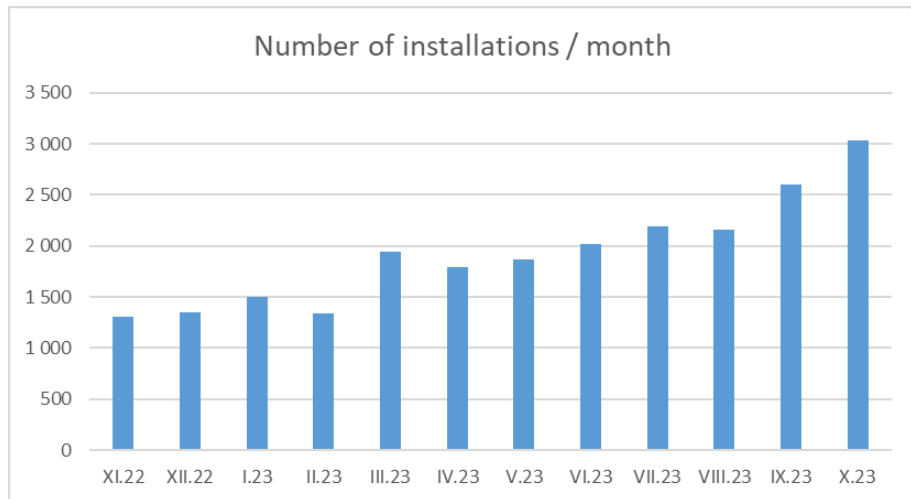
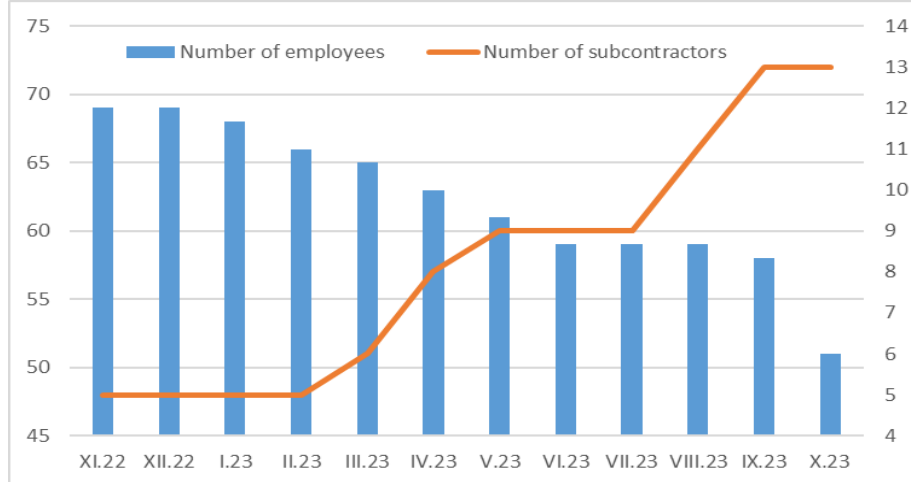
1. Key competences of project delivery internalized.
2. Volume increase does not require change of org. structure and significant FTE growth.

1. Non-highly qualified work.
2. Easy to adjust to project volume.
3. Low risk to P&L.

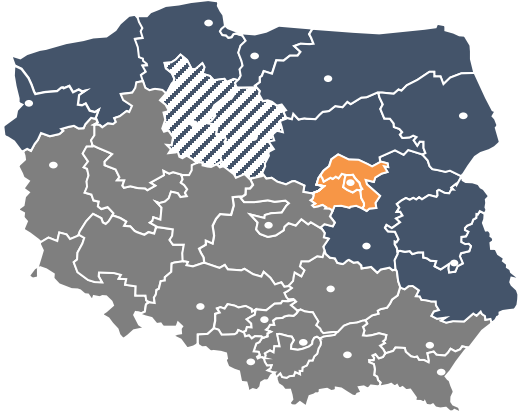
EXAMPLE 1 – Growth of FTTH Network Deployment (BE)



EXAMPLE 2 – Growth of FTTH Cust. Connect. (PL)

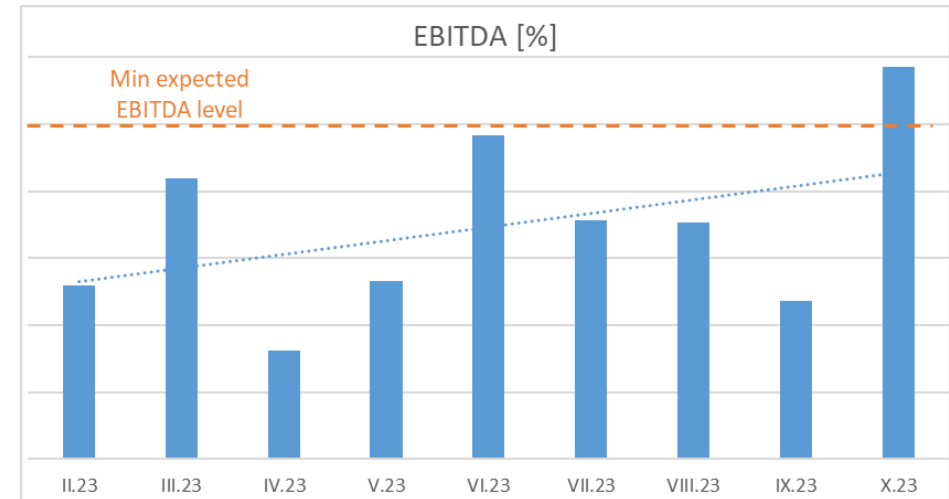
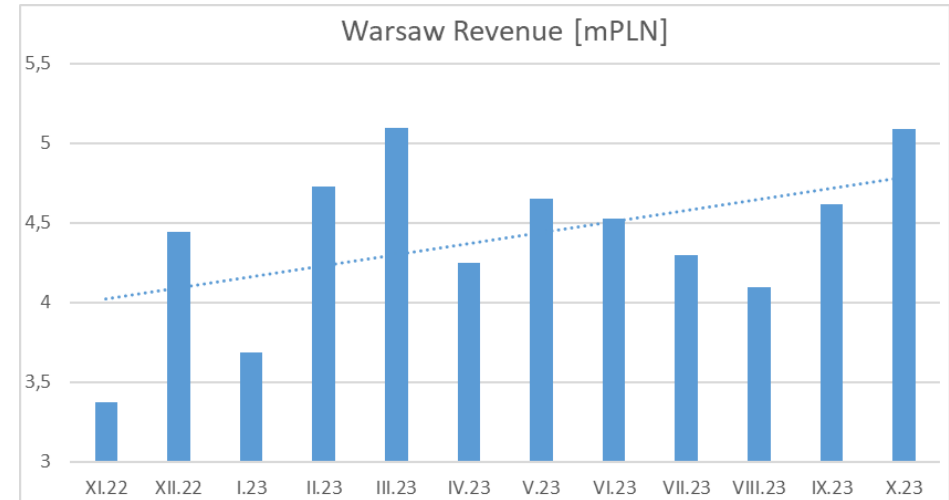


EXAMPLE 3 – M&A: take over of Warsaw business (PL)



In 2022 Orange Poland (OPL) decided to externalize part of its subsidiary to some trusted partners and S30 got the main part

- New contracts for 5 years
- Take over of 353 employees (340 from temporary agency)
- 340 temporary employees insourced at 1.06.2023
- Purchase of equipment at very good conditions
- Significant increase of FTTH installations volume
- Maintenance productivity increase
- Copper decommissioning extension





Key actions per countries to improve margins

Amaury Boilot


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Development of Business lines in mid-term

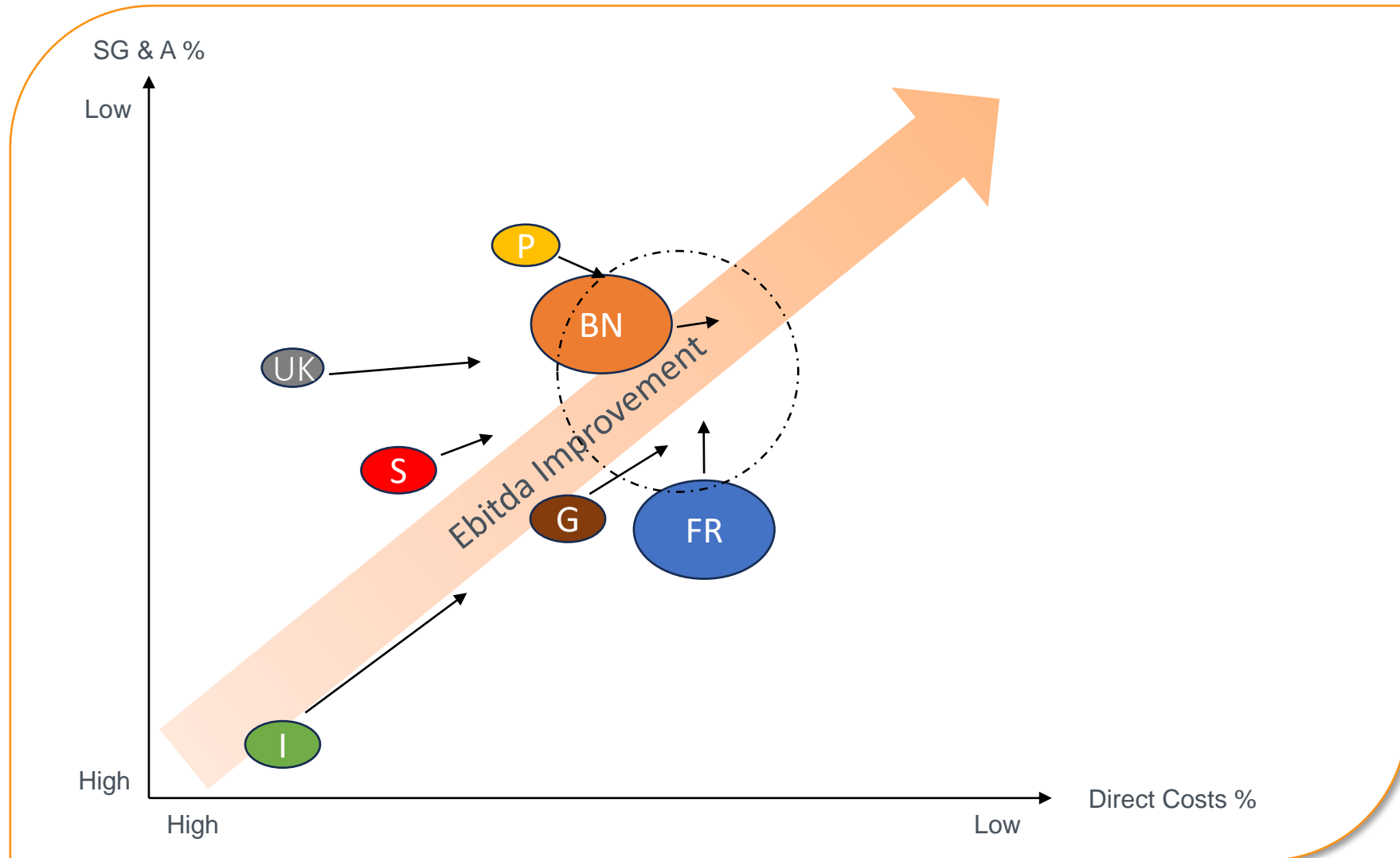
MID-TERM PLAN	FR	BeLux	NL	DE	ESP	IT	PL	UK
<i>Connectivity</i>								
Fiber NW constr.								
Fiber Cust conn.								
Legacy Fixed								
Copper exit								
Mobile								
<i>Energy</i>								
S Meters								
EVC B2C								
EVC B2B and collective								
PV B2B and Power plants								
Mass market energy transition								
Power grid								
<i>Technology</i>								
IT & Retail								
Enterprise Networking								
Others (eg railways, lift, ...)								

 Current business lines per country

 Business lines with significant growth in mid-term, with well know business model

 New Business lines in mid-term, based on solid existing experiences in the group

Margin improvement challenges differ from country to country



Right place to be:
double digit EBITDA
margin

Solutions30 has a clear operating strategy to improve margins

Tier 1 countries

▶ Network density



▶ Level of industrialization



▶ Leverage on shared services



▶ Market outlook



Ongoing optimization of cost structure:

1. Increase process industrialization
2. Cost optimization
3. Increase diversification of activities

FRANCE



- ▶ Strengthening the pooling of technicians' skills in order to secure the ramp up phases in the new Energy market
- ▶ Greater automation of processes and decrease in back-office headcount
- ▶ Optimization of central costs

BENELUX



- ▶ Optimization of operational management processes and further automation of tasks after a rapid ramp-up phase
- ▶ Rationalization of central costs between different activities
- ▶ Continued business diversification

Solutions30 has a clear operating strategy to improve margins

Tier 2 countries

▶ Network density



▶ Level of industrialization



▶ Leverage on shared services



▶ Market outlook



Scale up the business and develop economies of scale

1. Increase the volumes of intervention
2. Develop the workforce
3. Automatize the processes
4. Keep central costs under control

GERMANY



- ▶ Increased network density due to growth in fiber business volumes
- ▶ Sourcing of technicians in Eastern Europe
- ▶ Centralization of support functions and economies of scale
- ▶ Nearshoring of back-office functions

POLAND



- ▶ Continued growth and diversification of activities to reduce the share of SG&A

UK



- ▶ Business volume growth in the profitable Fiber and Energy activities
- ▶ Greater density of the technician's network
- ▶ Increased mutualization of the technicians
- ▶ Industrialization of processes
- ▶ Centralization at HQ level of some support functions

Solutions30 has a clear operating strategy to improve margins

Tier 3 countries

▶ Network density



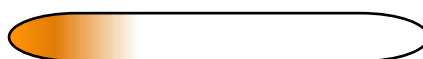
▶ Level of industrialization



▶ Leverage on shared services



▶ Market outlook



Focus on contractual conditions and costs control:

1. Focus on most profitable contracts and business opportunities
2. Ensure flexibility of the cost structure

ITALY



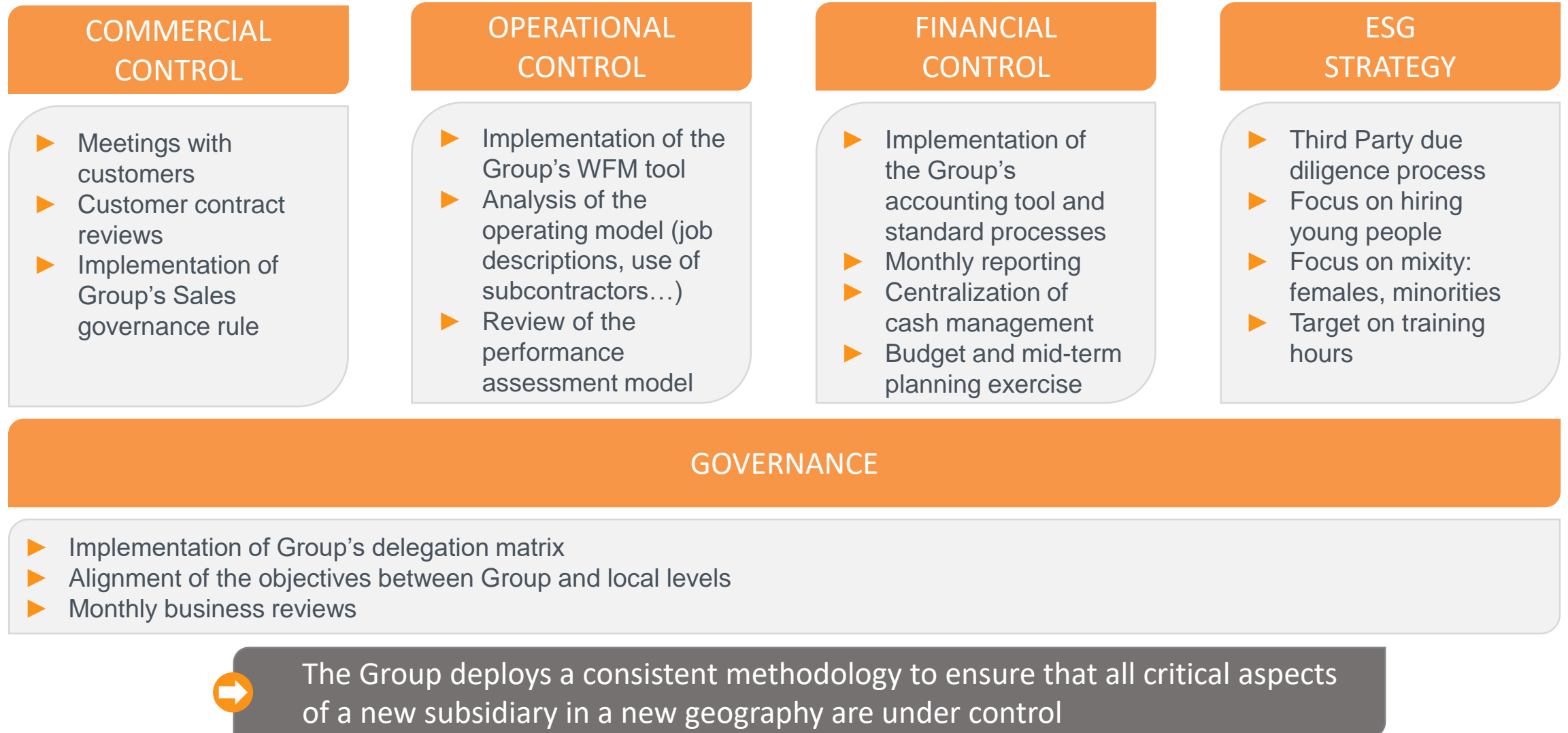
- ▶ Development of the structure's flexibility by increasing the share of subcontracting activity with the implementation of a back-to-back invoicing mechanism to reflect our customers' contractual conditions
- ▶ Negotiate with customers on contractual conditions (price increases, payment deadlines, operational processes)
- ▶ Control structure costs in a context of growth

SPAIN



- ▶ Restructuring of the business portfolio and focus on the most profitable contracts, especially on the Energy market

Solutions30 has an extensive expertise in the integration of new geographies





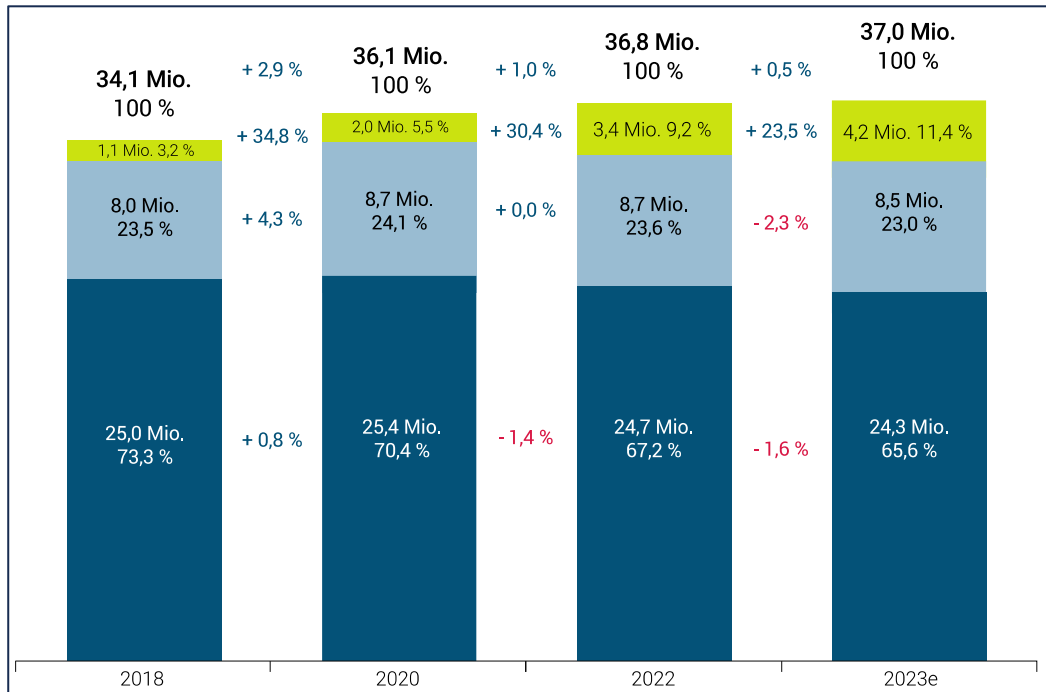
Germany update

Luc Brusselaers

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German FTTX market (source: Dialog Consult/VATM Daten)

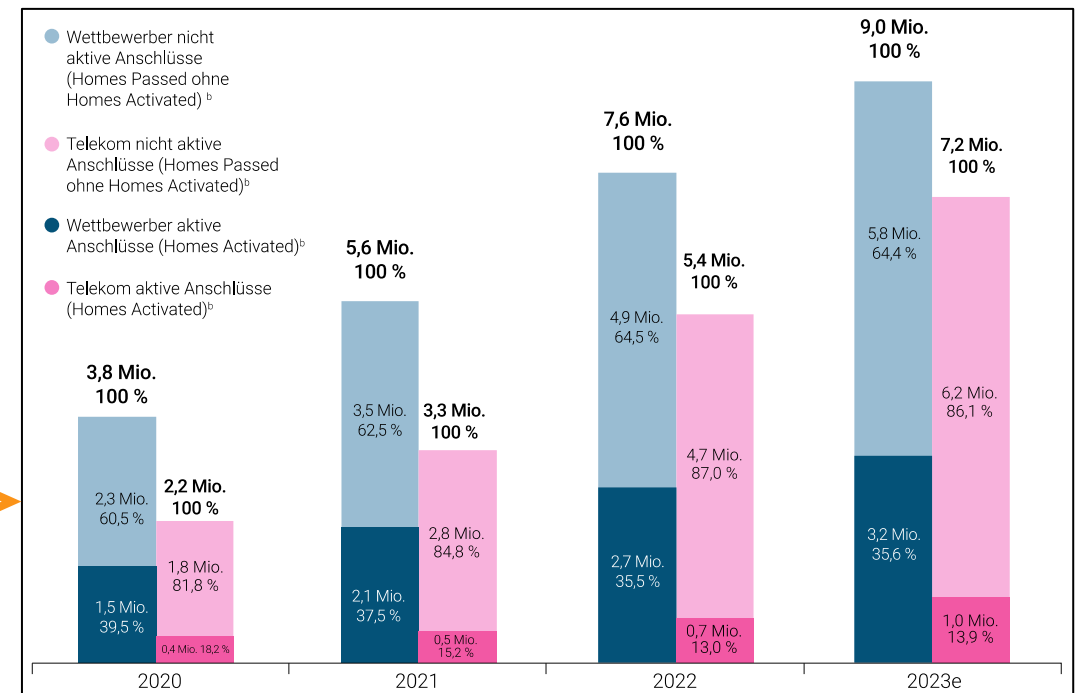


IP enabled customer connections

- Of 46,6m active customer connects, 37m full IP
- FTTX is minor portion of Gigabit enabled HC
- HFC (coax) still largest Gigabit provider
- HC migration to FTTX at expense of DSL and HFC

Room to improve HC take-up% in FTTH

- Strong growth of HP: YoY 2023 from 13 to 16,2m
- HC Take up across Germany 25,9%
- Deutsche Telekom HP to HC 13,9%
- Other providers are 35,6% conversion of HP to HC



Ability to deliver rapid growth with double digit margins after scale-up



Turnkey HP+HC	SDU NE4	MDU NE4	FTTS	In-Home
X	X	X		X
	X	X		
		X	X	
X	X	X		
X	X	X	X	
X				

Solutions 30 advantages


- Ability to deliver full turnkey: design => HC
- Access to design & project specialists, field labour
- Experience in NE4 - HC for SDU/MDU

Growth expectations

- High double-digit growth for next 3-5 years
- HP Until +2030, HC until +2035
- HP/HC price in Germany well above RoE average

Elements defining HP/HC cost

- Area density (HC/HP)
- Surface (asphalt, paving, soil, rocks)
- Topology (trench, façade, pole)
- Regulation and permits
- Labour costs

A close-up photograph of a person's hands working on a laptop. The left hand is on the keyboard, and the right hand is holding a white pen over a tablet. The laptop screen displays various data visualizations, including a pie chart, a line graph, and a globe. A white text box with a teal accent is overlaid on the left side of the image.

Tools and solutions to improve efficiency and client satisfaction

Luc Brusselaers

Solutions30

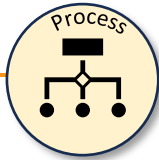
Solutions for New Technologies

Innovation to reduce costs, and increase revenues & customer satisfaction

Services Innovation \neq invention.

Our innovation focusses on optimizing **costs**, accelerating **revenues & customer satisfaction** and enabling **new business models**.

We focus on three types of innovation:



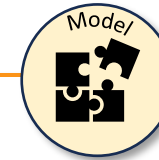
Process Innovation

Make our processes smarter and use the latest technologies



Service Innovation

Rethink the way we offer our services, and leverage group strengths

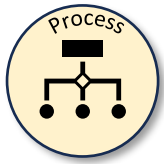


Business Model Innovation

Innovate how we collaborate with our clients, rethink our propositions

SmartFix Visual A.I. for smart meter (E+G+W) deployments

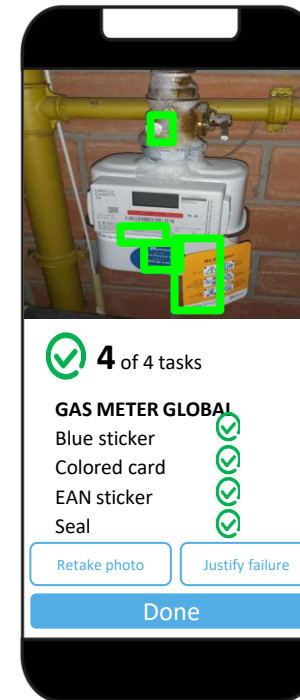
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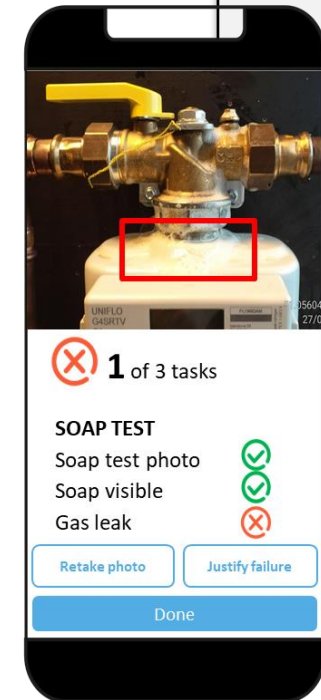
fluvius.
Tot bij u

5,1 million Belgian houses of which:
100% with Electricity meter
68% with Gas meter

42% being rolled out by Solutions30
≈360 technician needed at top of program
5-year program, plus **7-year** sanitization long tail

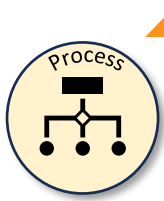


- ✓ Up to 25 visual control points automatically checked
- ✓ Live feedback to technician
- ✓ Guaranteeing installation safety



- ✓ Documenting safety procedure
- ✓ Identifying causes of errors
- ✓ Saving costs by preventing second service professional visit

Repeat visits down to 0 and gas leak detection accuracy from 45 to 80%



SCALED & COST-EFFICIENT QUALITY CONTROL

- Quick IT implementation, large dataset training takes a few weeks
- 15% installations verified before the project vs **100%** now
- **x5** meter installations, **without expanding** the back-office team

REPORTING & SERVICE CONFORMITY

- Photo conformity **98%**
- **+11%** installation correctness for electricity meters after 2 months
- **+20%** installation conformity for gas meters after 2 months

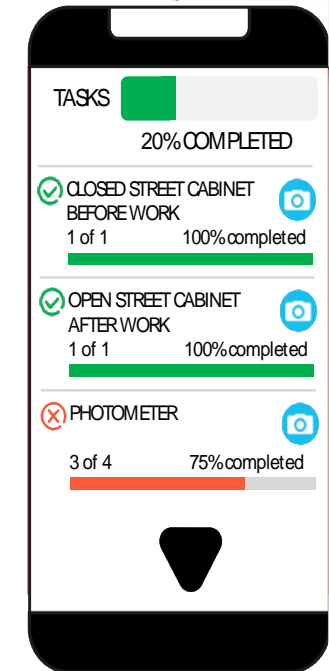
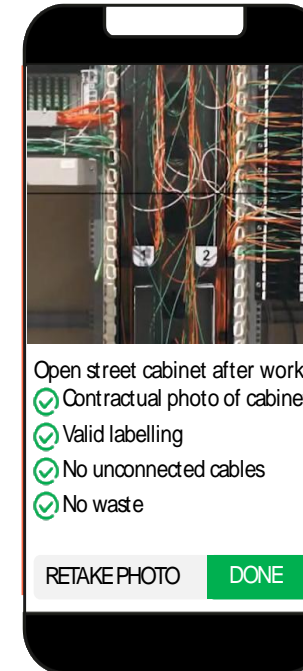
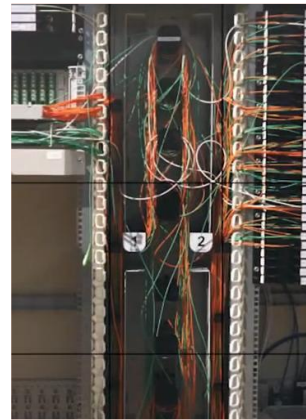
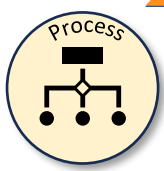
TECHNICIAN'S PRODUCTIVITY

- Repeat visit rate **down to 0**
- **-25%** time spent by technician doing reporting
- Gas leak detection accuracy from **45%** to **80%** eliminating needs for 4-eye principle in 1 month

95% accuracy of AI, and increasing continuously

Smartfix visual A.I. supporting Fiber roll-out projects

Powered by Deepomatic



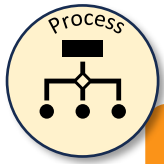
Unifiber: JV Eurofiber and Proximus
600 000 HP in Wallonia, provincial cities
From 2022 until 2028 – **7 years**

Solutions30 delivering **255 000 HP**

Full Turnkey: design, city management, project management, civils and civils management, as built

Pictures analysed and stored
Geotag is applied to each picture
Validation if pictured provide a clear image
Images stored for future reference and quality control

Full visibility on quality deliverables, monitoring evolution of the FTTX network



STAKEHOLDER DISPUTES

- Proof of site status before, during and after works
- Complaints management with municipalities, residents, traffic authorities, ...
- Manhole chambers, Distribution Points, POP locations, home UTP

FIRST TIME RIGHT

- Trenching depth, poles, manhole chambers in good condition
- ODTR measures and labelling of POP, DP and in-home FTU

EASE OF PROOF

- As built acceptance made easier leading to quicker customer implementations
- Safety and traffic management measures
- Evolution of DP over time to avoid DP that are not tidy or organized

Timelapse of photos showing equipment physical state, providing a visual operation history



SmartFix Remote – optimize intervention time, First time Fix

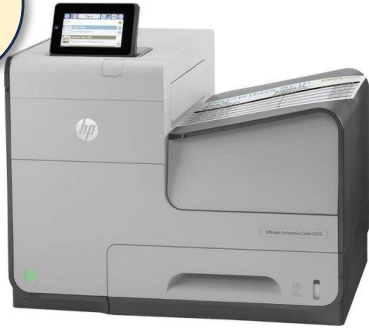
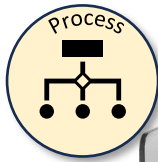
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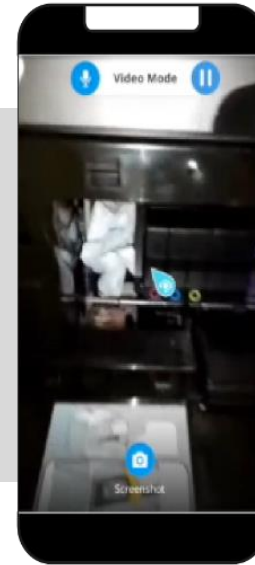
Connectivity
Solutions



Technology
Solutions



- ✓ Remote support by service professional to end-customer



- ✓ Reduced intervention time
- ✓ Increased First time Fix
- ✓ Reduced 2nd line escalations time as pictures have already been taken

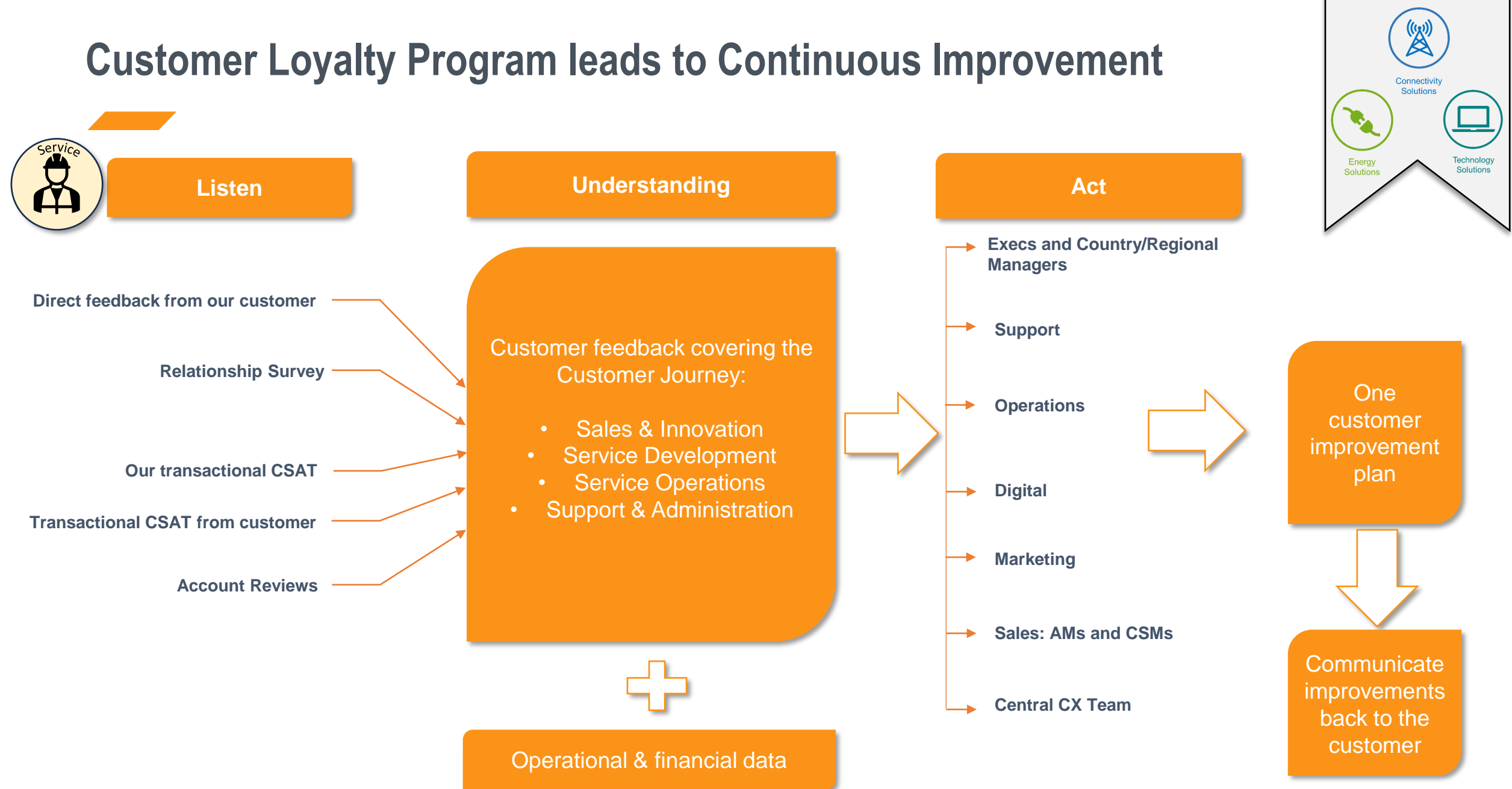


- ✓ Reducing professional onboarding by virtual preparations
- ✓ Increased scaling of professionals for clients

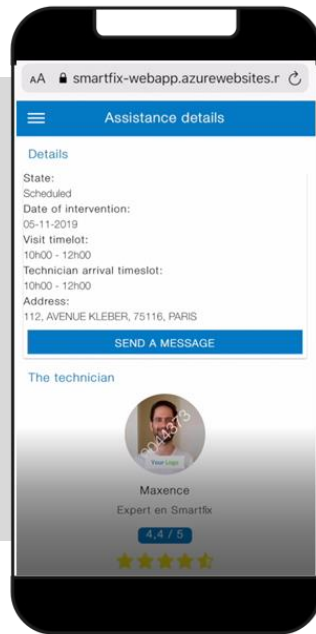
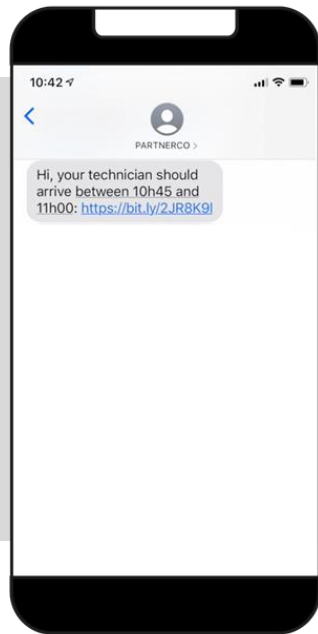


- ✓ Remote support of end-customer or junior technician for accelerated onboarding, improved costs and increased safety

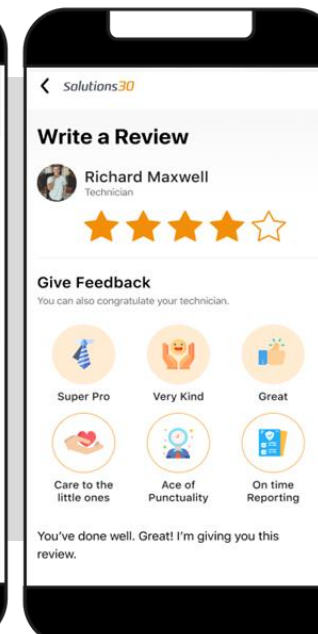
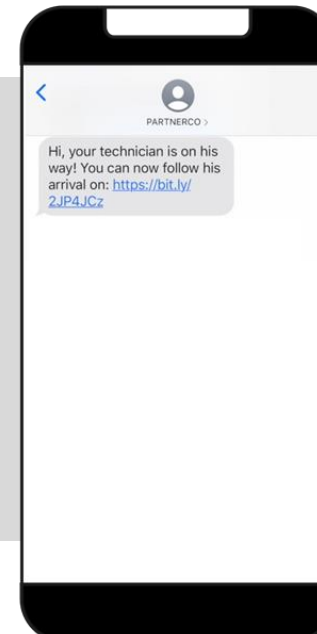
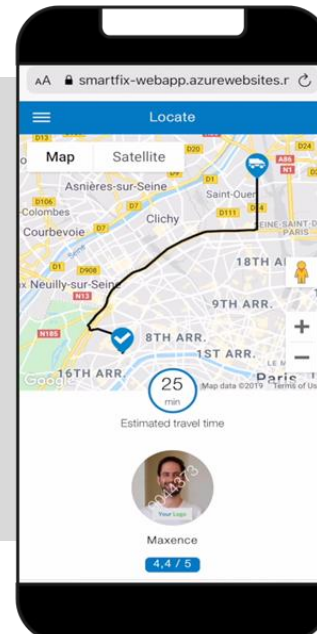
Customer Loyalty Program leads to Continuous Improvement



SmartFix Follow the Tech, real-time customer ETA updates & NPS

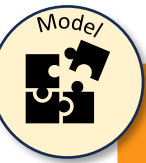


- ✓ End-customer updates of timeslot to end-customer
- ✓ Photo of the technician
- ✓ Overall Technician satisfaction score

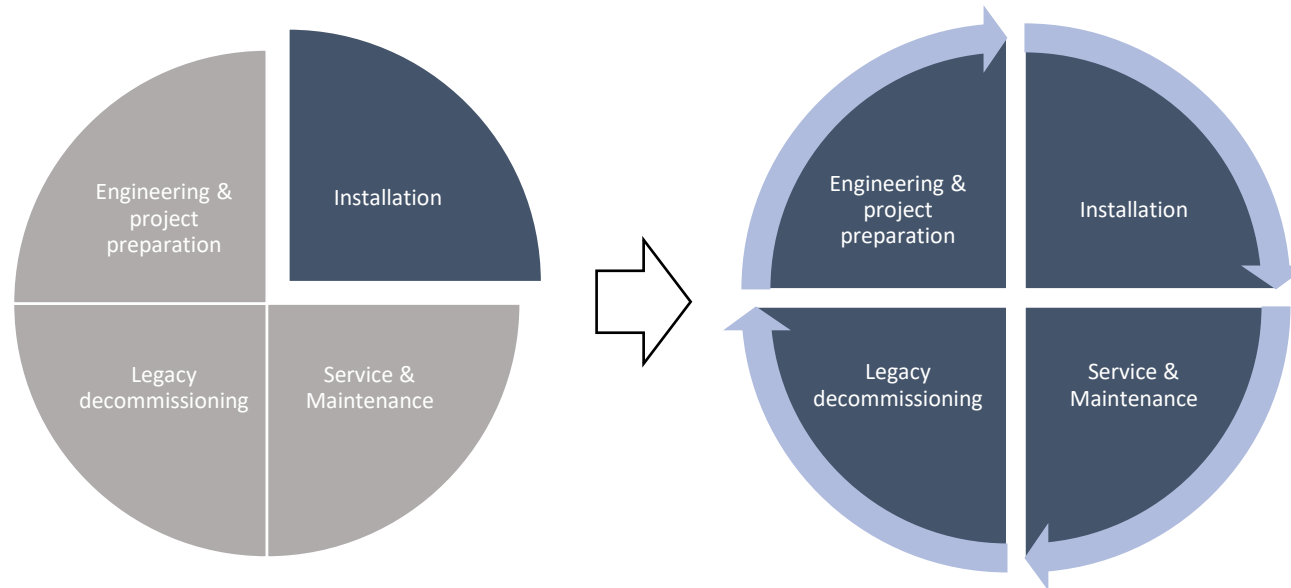


- ✓ Realtime tracking of service professional by end-customer
- ✓ Leading to increased end-customer satisfaction
- ✓ Customer satisfaction survey to improve our services

Customer demand shifting towards turnkey solutions



Clear shift in customer demand from single service transactional solutions to full turnkey solutions



Examples in all three segments



Shift from HP focus to turnkey solutions including HC and copper decommissioning

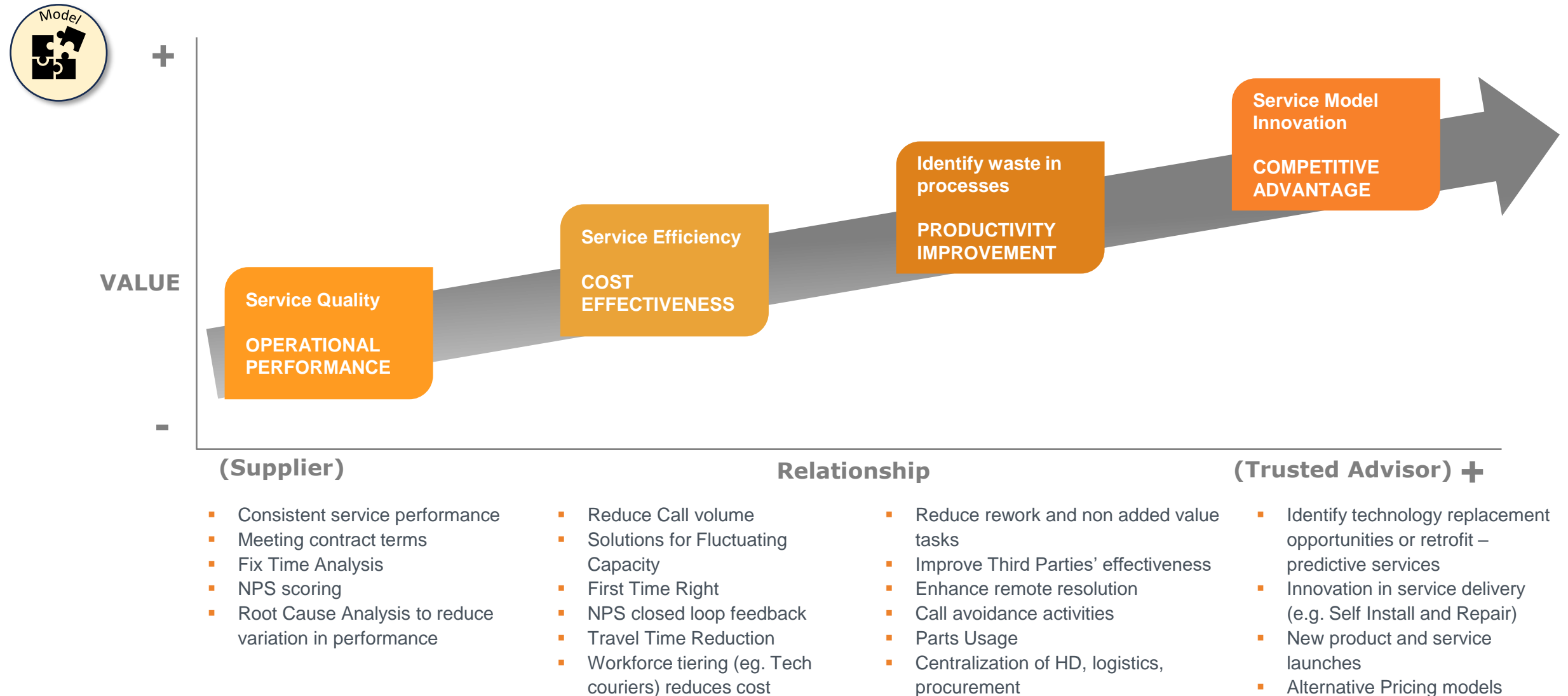


From just EVC installation to focus services including service & maintenance

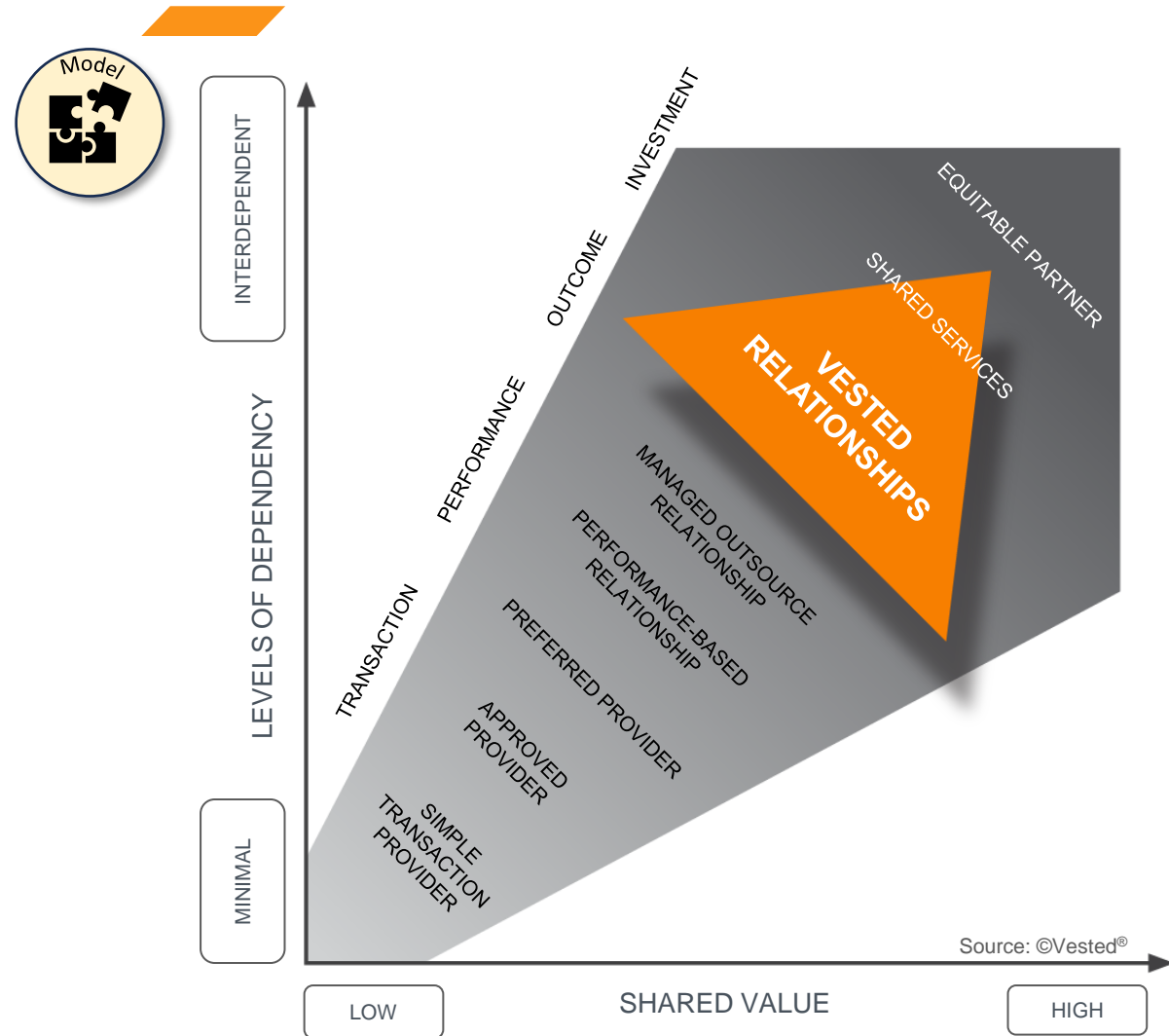


In the IT market from break-fix to DaaS solutions

Collaboration models: from Reporting for Insight to Innovation for Competitive Advantage



Vested outsourcing as S30's distinctive collaboration model



5 Vested rules:

1. Outcome based instead of transactional based
2. Focus on the 'what' not the 'how'
3. Clearly defined and measurable desired outcomes
4. Pricing model with incentives: 'cost = cost plus' model
5. Insight instead of oversight governance

Signed Vested Outsourcing deals, while more negotiations underway:





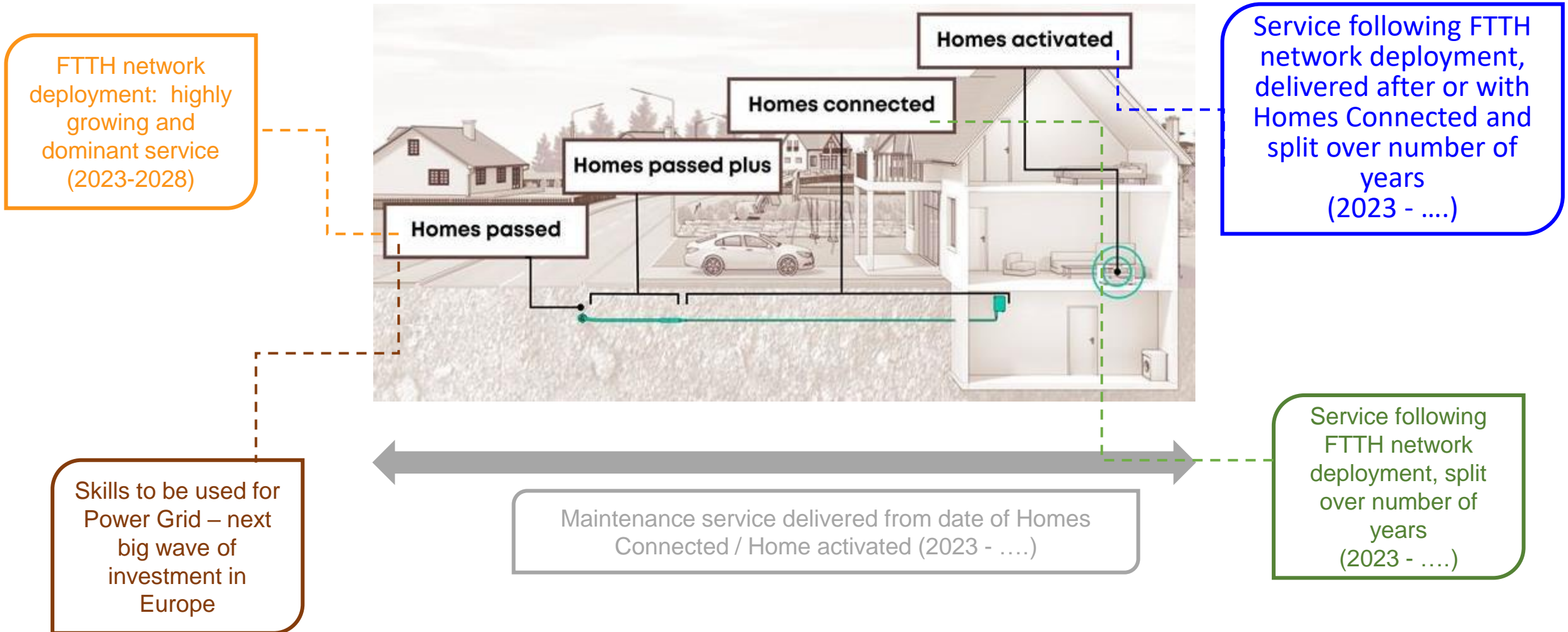
Margin improvement and financing plan

Jonathan Crauwels

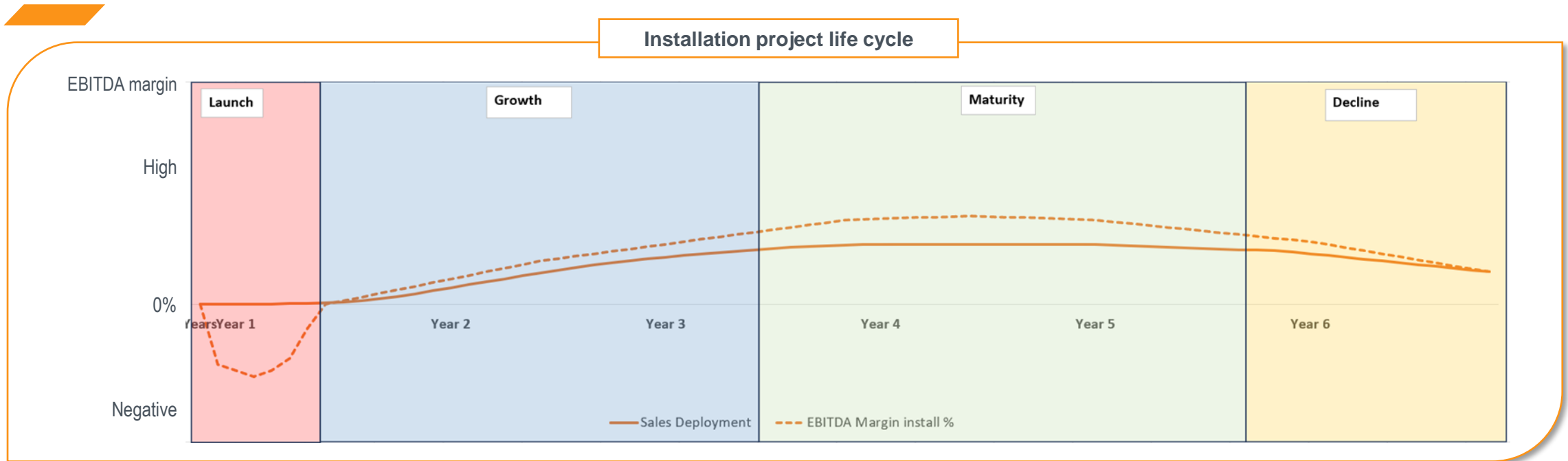
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The four waves of the FTTH cycle



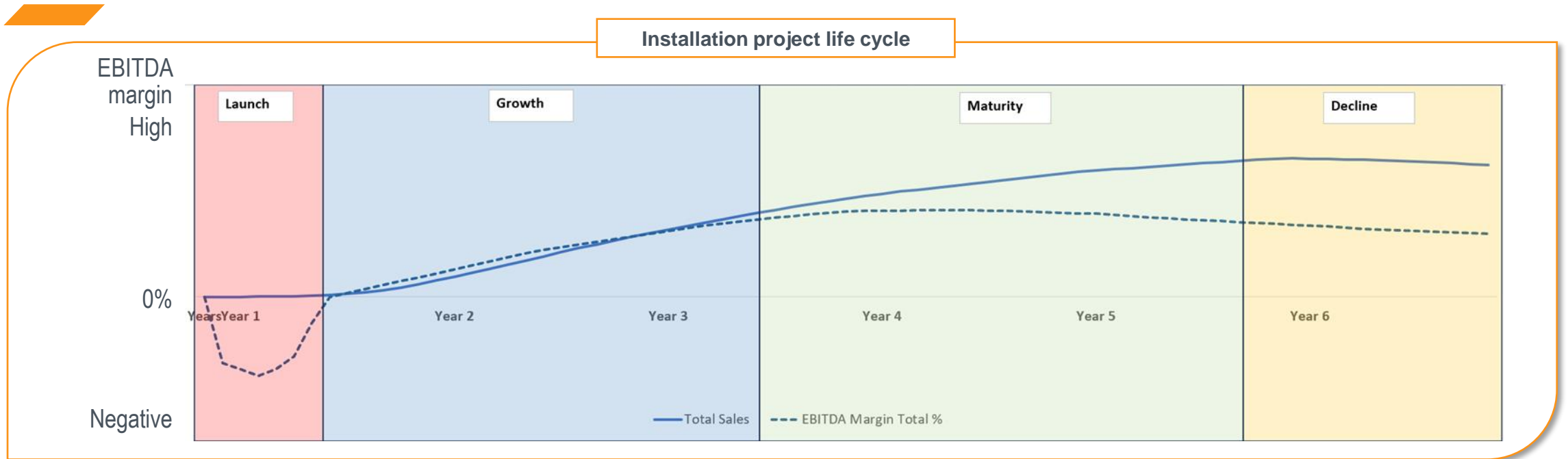
Fiber installation project life cycle



Deep dive

- **Launch**, first 6-12 months: low sales volumes and high start-up costs leading to negative EBITDA margins
- **Growth**, around the next 2 years: rising volumes and margins
- **Maturity**, around the next 2 years: optimal production and sales with high margins
- **Decline**, after around 5 to 6 years: decline in volumes and margins

Fiber installation AND maintenance life cycle



Deep dive

- **Launch and growth phases:** similar evolutions as in the projection of the deployment life cycle
- **Maturity:** ability to also offer installation and assistance to the clients, allowing sales to stabilize
- **Decline:** Limited margin decline

More stable margins throughout the full life cycle

Ways to finance our activities



Retained earnings

Reinvesting our profits instead of paying dividends, allowing the company to fund its growth efficiently



Debt financing

Using debt financing to finance external growth



Solid financial position

Our solid financial position allows us to grow without having to increase the capital

Limited cash requirement to finance growth

Solutions30 is able to finance its ambitious plan without raising extra capital

Low cash requirements per EUR growth

Limited WC requirements
1.5% to 2% on yearly growth of revenue

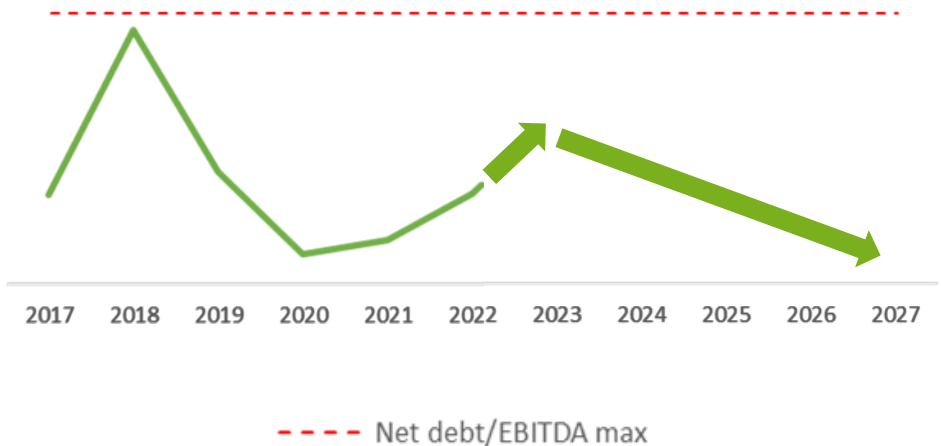


Low CAPEX requirements
1% to 2% of yearly revenue



Low cash requirement to finance growth
c. €35m needed to grow €500m in revenue

Leverage ratio net debt/EBITDA under 2 times



Several tools to fund the ramp up expenses during the launch phase

Funding tools in launch phase

- **Advanced payments from clients**, to cover ramp up expenses
- **Own cash** used to invest in new projects
- **External CAPEX funding** through banking debts (e.g. Leasing the car park, financing equipment sets of the technicians,...)
- **Group deconsolidating factoring program** to minimize the impact on working capital.

Launch phase deep dive

- Hiring and training of technicians
- Buying equipment sets for the technicians
- Upstaffing support functions (dispatch, call center, logistics, project management,...)
- WIP (Works performed but not yet finalized)

Strict control of Working Capital Requirement

Reducing WIP with 70%

- Increasing WIP (Work in Progress) during the Launch phase
- 70% reduction of WIP after the first year, thanks to strict focus on invoicing and cash collection

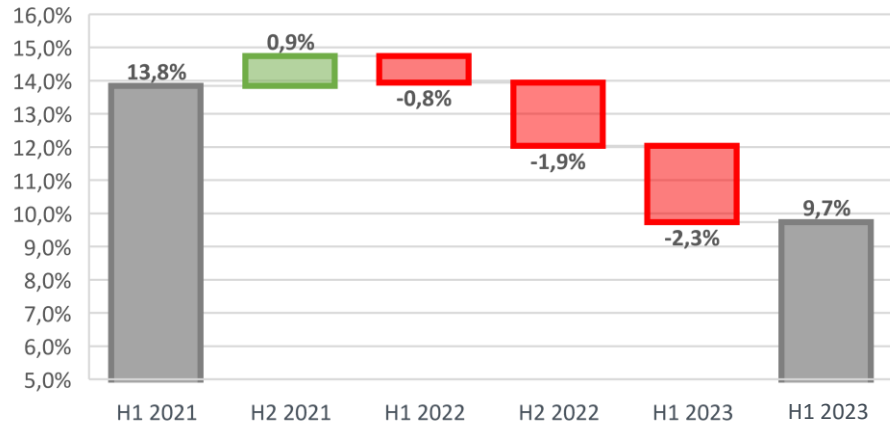
WIP deep dive

- Average time between the first invoice send and the start of the project is 130 days. During this period WIP accounts for the following expenses:
 - Technicians (Hiring, training, toolkits,...)
 - Backoffice
 - Works performed (Design, First digging,...)
- Actions to reduce WIP by 70% after the first year
 - Setting up and training on invoice approval flows (weekly checklists, exchanges with clients)
 - Setting up and automation of invoice exchange flows (Going from Mail-Excel exchange to automated interfacing)

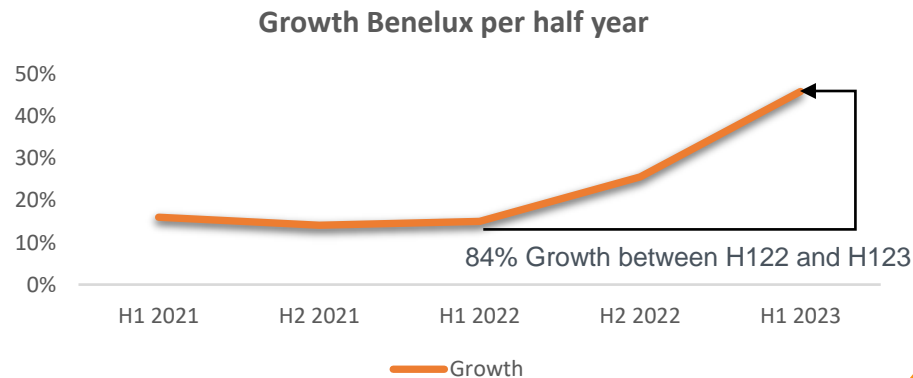


Evolution margin Benelux 2021 – H1 2023

Margin development Benelux '21-'23



Revenue Growth Benelux '21-'23



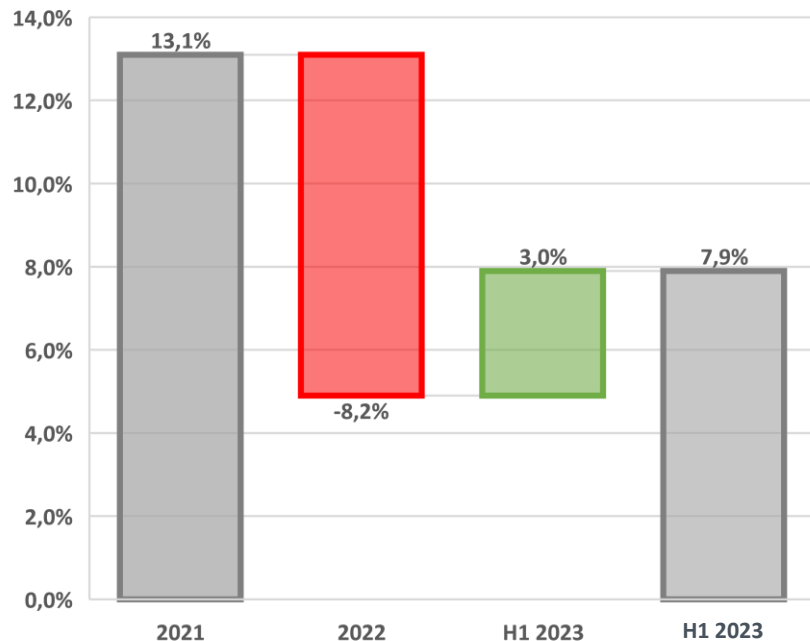
Benelux Margin analysis

- Margins of H1-2023 going down by 4.1 points compared to H1-2021:
 - Startup of the Fiber business.
 - High ramp up costs of new projects: investments in training, hiring, equipping of technicians
 - Investment in back-office to sustain future growth
 - Investment in productivity of the field force

**Critical size in Benelux now reached
with increasing margin to come**

Evolution margin France 2021 – H1 2023

Margin development France '21-'23



France Margin analysis

- **Margins in 2022 dropped significantly in comparison with 2021, due to the combination of 2 exceptional factors**
 - Reorganization due to geographical redistribution in the telecom business and bankruptcy of a competitor
 - Discontinuation of smart meter roll-outs
- **First half 2023 recovery of the profitability has started**
 - Integration of Scopelec has been finished
 - Reorganization has taken place preparing France to move to new activities
- **Fast reaction of the team to turnaround the margins**



Wrap-up

Gianbeppi Fortis

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Wrap-up



- A proven customer-centric business model, solid execution, standardized operations, and rigorous monitoring of KPIs , now rolled out across Europe
- Ability to attract talents, train technicians and expand subcontracting
- Clear operating strategy to improve EBITDA margins towards double-digit
 - France and Benelux: Cost optimization and business diversification
 - Germany, Poland UK: Scaling up the business, along with strict cost control
 - Italy and Spain: Focus on most profitable contracts while ensuring cost structure flexibility
- Cutting-edge IT and operational tools dedicated to Process, Services and Business innovation
- Solid financial structure and limited cash requirement to finance growth



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**THANK
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