

# Analyst round table session

Topic: Improving quality, reducing spend

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# Execution of strategy on track



Further strengthening our Company

SIMPLIFY

GROW

INNOVATE

Commercial

Digital & simple service and delivery

Converged Telco & IT services

Excellent user experience

Operational

Flexible & simplified networks and operating model

Best-in-class secured integrated networks

Applying innovative technologies

Financial

Lean cost structure

Value management & predictable cash generation

Invested ahead of the curve

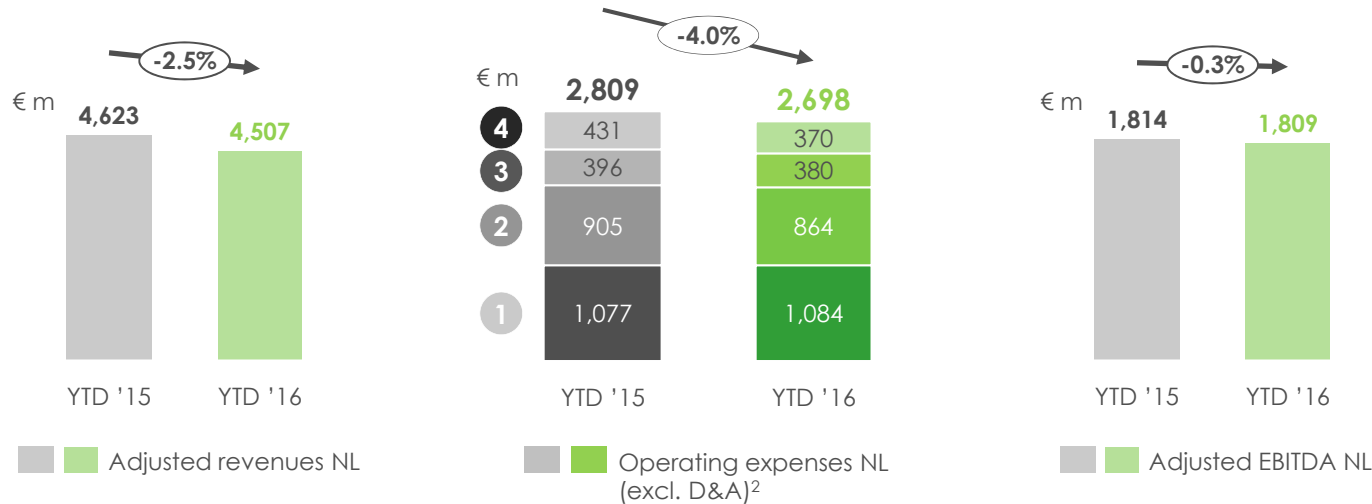
CEO

Shareholder value creation

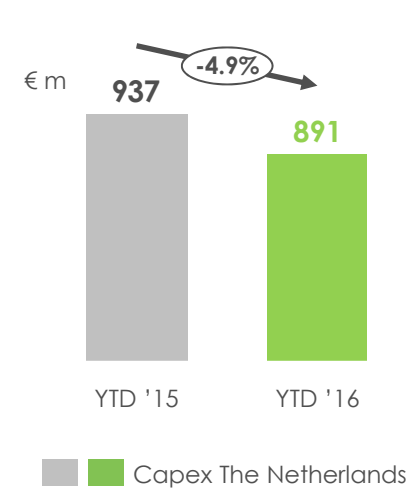
# Strong progress in reducing spend levels<sup>1</sup>



## Q3 '16 YTD opex reduction (€ 111m) supporting margins



## Solid Capex reduction



Category	% Change	Sub-categories	% Change
<b>1 Cost of goods &amp; services</b>	<b>+0.6%</b>	Traffic	▼
		Cost of goods sold	▼
		SAC/SRC	▲
<b>2 Personnel expenses</b>	<b>-4.5%</b>	Own personnel	▼
		External personnel	▲
<b>3 IT/TI expenses</b>	<b>-4.0%</b>	Savings mainly from decommissioned legacy IT systems	▼
<b>4 Other opex</b>	<b>-14%</b>	Marketing & Comm.	▼
		Billing & Collection	▼
		Housing Facilities	▼

▼▲ Low-to-mid single digit %    ▼▲ Mid-to-high single digit %    ▼▲ Double digit %

<sup>1</sup> All figures based on continuing operations, unless stated otherwise  
<sup>2</sup> The presented categories show adjusted numbers and differ from the opex breakdown as presented in KPN's Integrated Annual Report 2015

# Reduced personnel expenses in all layers of the organization

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Quality programs in customer service driving down personnel expenses

Increased span of control BoM, reduction management layers NL

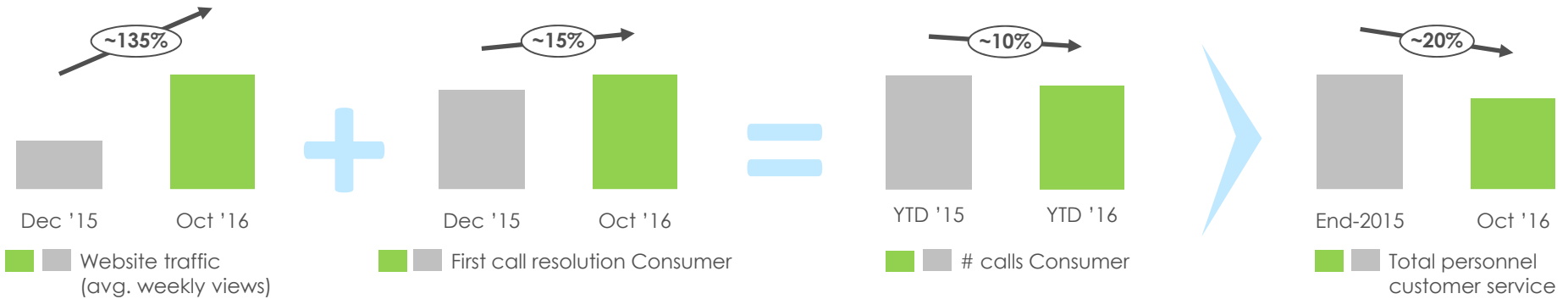
Old



New



Successful quality programs in place to prevent and handle Consumer calls<sup>1</sup>

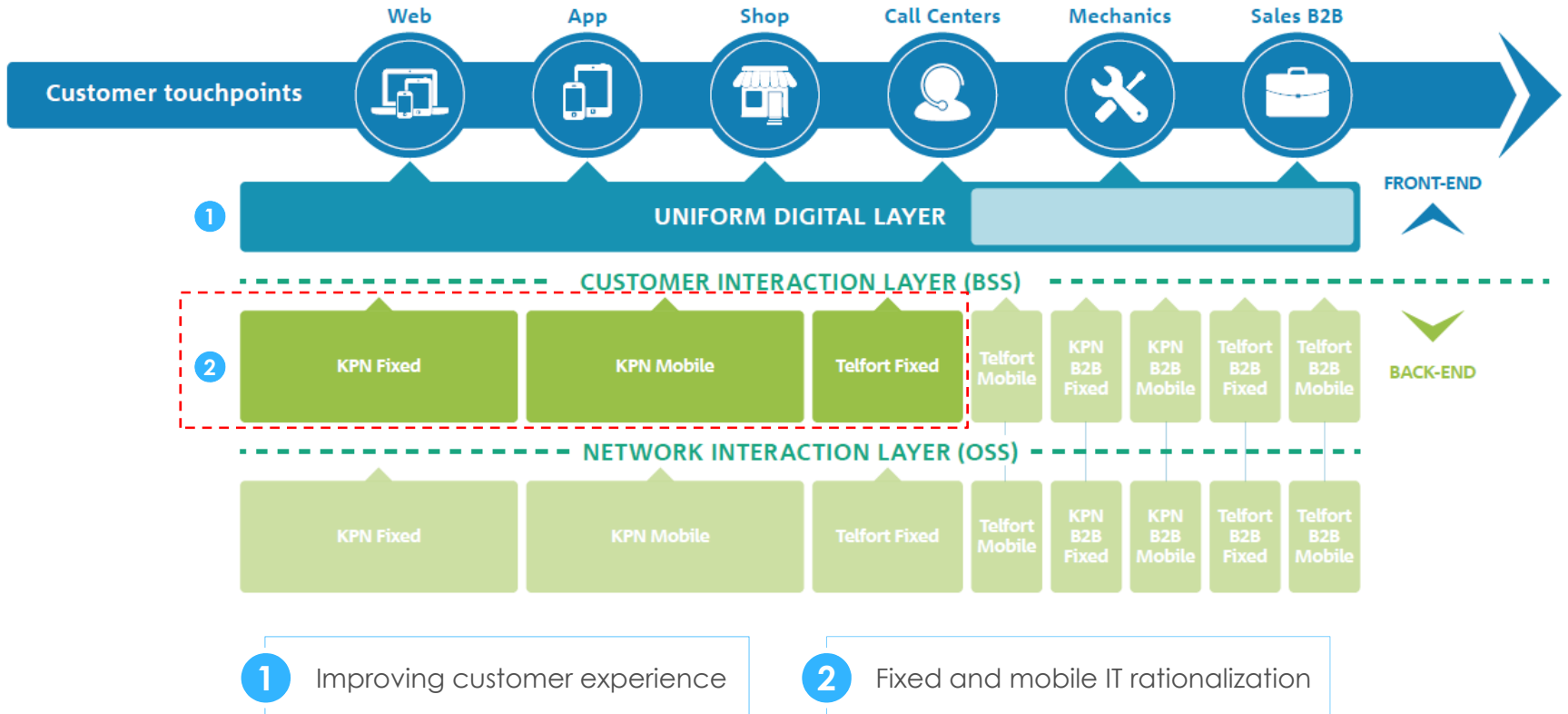


<sup>1</sup> Management estimates

# Improving customer experience while rationalizing IT

Combining traditional and disruptive approaches in Simplification program

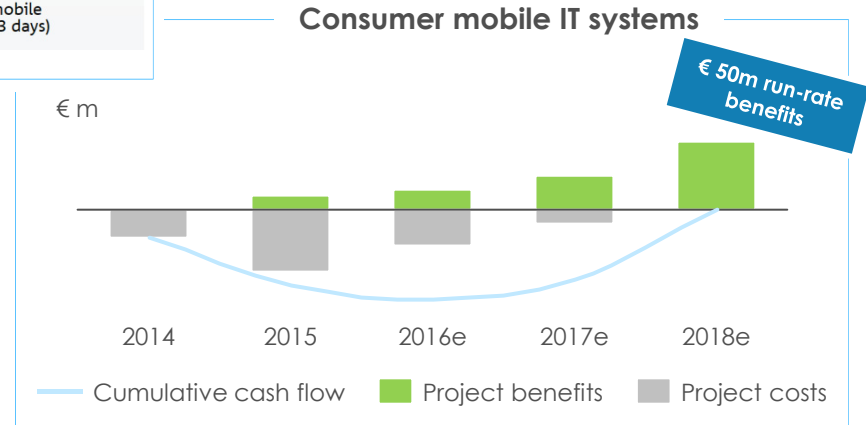
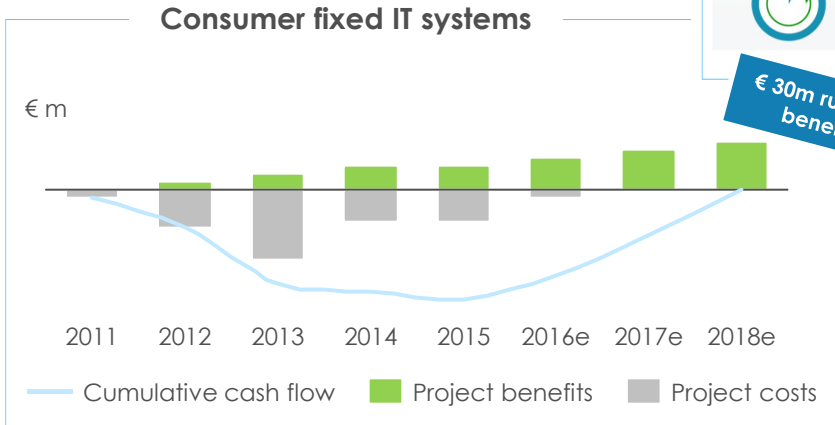
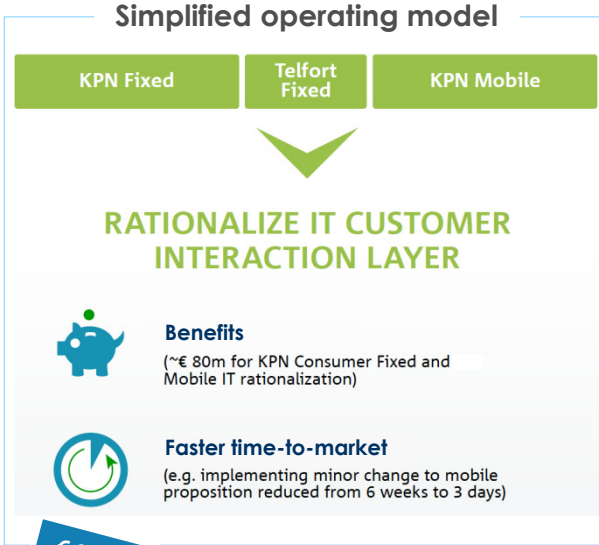
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# A complete overhaul of our fixed and mobile IT landscape

Leading to significant benefits for customers and organization

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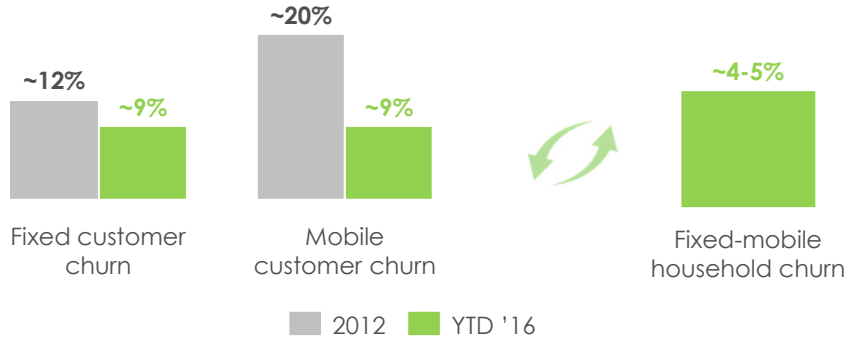
# Lower marketing, billing and housing expenses

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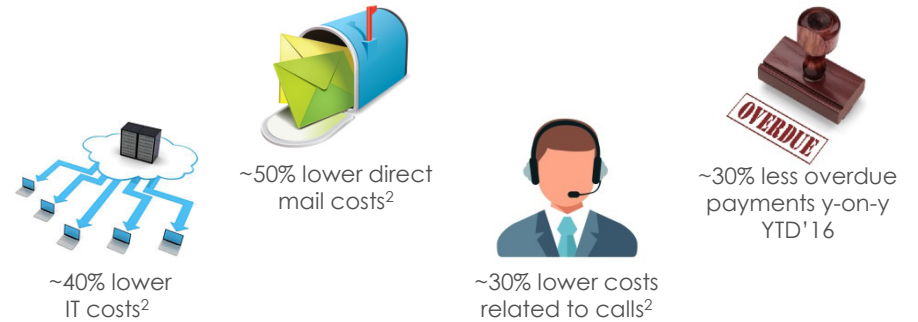


Driven by increased loyalty, improved processes and less floor space

## Reduced marketing costs due to lower churn levels<sup>1</sup>

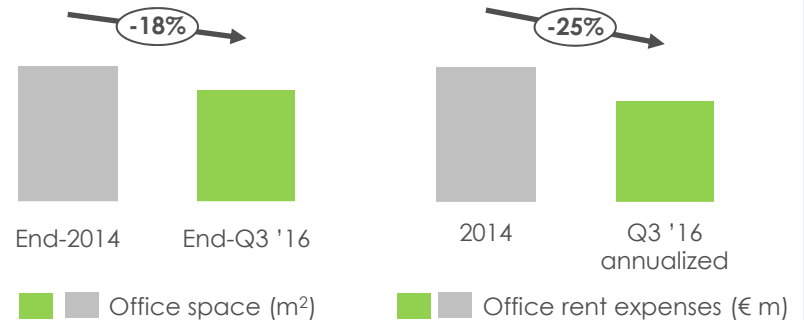


## Improved billing processes leading to lower costs



## Lower housing expenses driven by store transformation and office rationalization

- Focus on online customer sales & service
  - ~33% stores closed since 2014;
  - ~25% cost reduction
- New Experience Centers in larger shopping areas



<sup>1</sup> Annualized gross churn KPN brand  
<sup>2</sup> Related to Billing & Collection, Q3 '16 annualized compared to 2012

# Summary

Improving quality, reducing spend



We are delivering on our strategy

Continuously simplifying and innovating



Enhanced customer experience

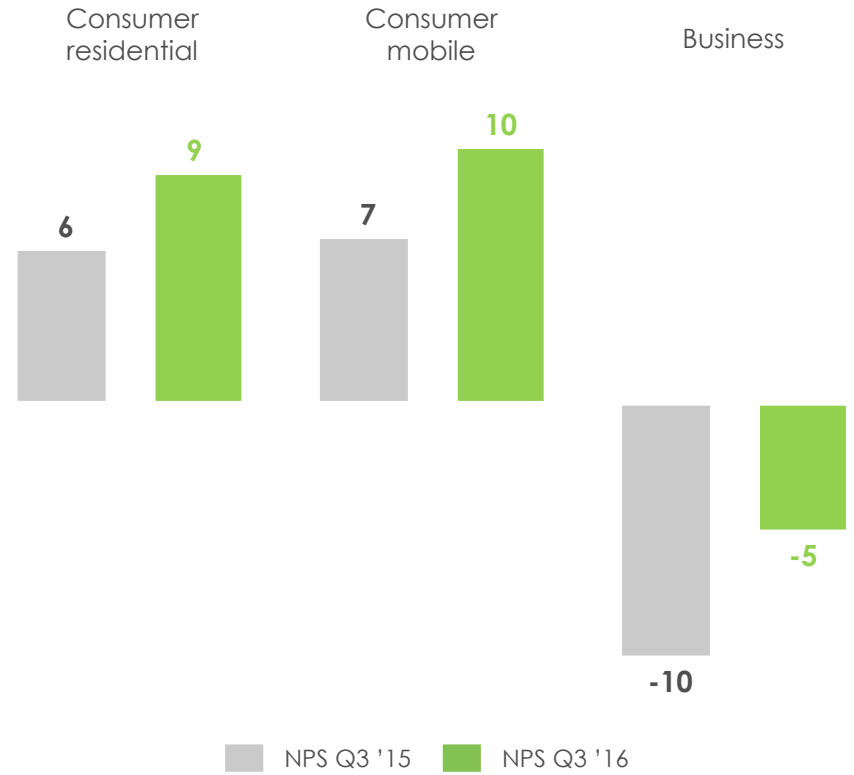


Increased customer loyalty



Lower cost of service

NPS scores improved across all business lines<sup>1</sup>



<sup>1</sup> Source: TNS NIPO. Consumer residential (all brands), Consumer mobile (all brands), Business (KPN brand)