Strategy

Strategic choices embedded in organization

Further strengthening our Company

- SIMPLIFY
  - Digital & simple service and delivery
- GROW
  - Converged Telco & IT services
  - Excellent user experience
- INNOVATE
  - Flexible & simplified networks and operating model
  - Best-in-class secured integrated networks
  - Applying innovative technologies

Commercial

Operational

Financial

CEO

Shareholder value creation
External environment reassuring
Macro-economy stabilizing with improving competitive position

**COMPETITIVE ECONOMIC POSITION¹**

<table>
<thead>
<tr>
<th>Country</th>
<th>'15-'16</th>
<th>vs. '14-'15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>4</td>
<td>+1</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>5</td>
<td>+3</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>10</td>
<td>-1</td>
</tr>
<tr>
<td>Denmark</td>
<td>12</td>
<td>+1</td>
</tr>
<tr>
<td>Belgium</td>
<td>19</td>
<td>-1</td>
</tr>
</tbody>
</table>

**IMPROVING MACRO-ECONOMY**

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Growth NL¹</th>
<th>Unemployment NL¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>-0.7%</td>
<td>7.3%</td>
</tr>
<tr>
<td>2014</td>
<td>0.9%</td>
<td>7.4%</td>
</tr>
<tr>
<td>2015</td>
<td>1.9%</td>
<td>6.9%</td>
</tr>
<tr>
<td>2016E</td>
<td>2.1%</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

1 CBS and CBP (issued 2015)
### External environment reassuring (cont’d)

**KPN strongly positioned as only integrated service provider**

<table>
<thead>
<tr>
<th>Fixed network</th>
<th>FttC, FttH</th>
<th>Coax</th>
<th>Wholesale KPN</th>
<th>N/A</th>
<th>Wholesale KPN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadband market share¹</td>
<td>41%</td>
<td>43%</td>
<td>N/A</td>
<td>N/A</td>
<td>4%</td>
</tr>
<tr>
<td>TV product perception²</td>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>TV market share¹</td>
<td>29%</td>
<td>52%</td>
<td>N/A</td>
<td>N/A</td>
<td>2%</td>
</tr>
<tr>
<td>Mobile network quality³</td>
<td></td>
<td></td>
<td>35%</td>
<td>21%</td>
<td>N/A</td>
</tr>
<tr>
<td>Mobile market share⁴</td>
<td>44%</td>
<td>N/A</td>
<td>35%</td>
<td>21%</td>
<td>N/A</td>
</tr>
<tr>
<td>Fixed-mobile convergence</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business market presence</td>
<td>SME, LE, Corporate</td>
<td>SME</td>
<td>SME, LE, Corporate</td>
<td>SME, LE</td>
<td>SME, LE</td>
</tr>
<tr>
<td>Business market capabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trusted brand</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Telecompaper (Q4 2015)
2. Independent market survey (Consumentenbond; Q3 2015)
3. Independent market survey (Q4 2015)
4. Total Dutch (Consumer and Business) mobile service revenue market share (Q4 2015)
Transforming into Business ICT service provider

1. Realize growth by strengthening and deepening customer relations
2. Clear market segmentation with a targeted sales approach
3. Strengthen portfolio & distribution via partnerships
4. Rationalize & simplify products and services to create standardized building blocks
5. Operational excellence to improve customer experience
6. De-risk revenue profile

Improve profitability and stabilize revenues
Strengthening & deepening customer relations

Leverage leading position in Telco to grow market share in IT

<table>
<thead>
<tr>
<th>ADDRESSABLE MARKET</th>
<th>2015 (~€ 13bn)</th>
<th>2020 (~€ 14bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telco market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed, Mobile</td>
<td>Market share &gt;50%</td>
<td>Slightly declining Telco market¹</td>
</tr>
<tr>
<td>IT market</td>
<td>Market share &lt;5%</td>
<td>Growing IT market¹</td>
</tr>
<tr>
<td>UC / Workspace, Cloud, Security, Virtualization of services, Internet of Things / M2M, Housing &amp; Hosting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ambition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retain value and maintain market leading positions in Telco services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leverage leading market positions to drive cross- and upsell in IT market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obtain leading positions in Cloud, Workspace and Security</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strengthen position in other IT domains via partnerships</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ Gartner management estimates
KPN well positioned to deliver on customer needs
Standardized building blocks to deliver productivity

**Applications & Data**
- Data Management & Analytics
- Hosted & Cloud Applications
- App Development (with partners)
- Cloud Contact Center

**Cloud Infrastructure & Hosting**
- (Mission) Critical Hosting
- CloudNL
- Storage & Backup
- Colocation

**Digital Workspace**
- Workspace as a Service
- Unified Communications
- Modular & Hybrid
- Omni Support

**Access & Connectivity**
- 2G / 3G / 4G, VDSL, Fiber
- Private Connect, VPN, Network
- IoT, LoRa, M2M, Internet
- Service Operator
Finalizing transformation is key priority
De-risk revenue profile and stabilize revenues in medium-term

<table>
<thead>
<tr>
<th>Category</th>
<th>% y-on-y growth FY 2015</th>
<th>% of total revenues FY 2015</th>
<th>% of total revenues FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mainly SME</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single play wireless</td>
<td>-10%</td>
<td>24%</td>
<td>15-20%</td>
</tr>
<tr>
<td>Traditional fixed</td>
<td>-21%</td>
<td>18%</td>
<td>5-10%</td>
</tr>
<tr>
<td>Multi play</td>
<td>37%</td>
<td>4%</td>
<td>10-15%</td>
</tr>
<tr>
<td><strong>Mainly LE &amp; Corporate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Network &amp; IT services</td>
<td>-11%</td>
<td>23%</td>
<td>25-30%</td>
</tr>
<tr>
<td>Customized solutions</td>
<td>-5.2%</td>
<td>23%</td>
<td>25-30%</td>
</tr>
<tr>
<td>New services</td>
<td>30%</td>
<td>4%</td>
<td>10-15%</td>
</tr>
</tbody>
</table>
Finalizing transformation is key priority (cont’d)
Improve profitability by stabilizing revenues and reducing indirect costs

Reduce indirect costs

Simplification program

- Portfolio rationalization
- Automation of delivery and service
- Online self-care portal
- First Time Right
- Agile working environment
- FTE reductions in supporting roles

CAGR -4.5%
Key priorities for the coming years in Consumer

Consumer strategy centered around household

1. Increase penetration of fixed-mobile bundles
2. Reduce churn by increasing loyalty and customer satisfaction
3. Accelerate up- and cross-sell in bundles
4. Grow in TV via cloud-based IPTV platform
5. Benefit from growing mobile data usage
6. Further improve excellent customer experience

Grow revenues, increase loyalty and reduce cost to serve
Successful bundling strategy...

Strong increase fixed-mobile penetration

Steady growth bundling in fixed

- 2011: 26%
- 2015: 56%
- 2015: 28%

Triple play as % of broadband customers

Fixed-mobile bundles as % of broadband customers

Strong growth bundling in mobile

- 2011: 33%
- 2015: 33%

Mobile-only

Fixed-mobile bundles

Other customers

~60%

Medium-term ambition

1 Retail/postpaid customers
Household at center of service model in Consumer

Significant opportunities to increase share of wallet per household

- Cross-sell fixed-only to mobile
- Upsell value-added services
- Upsell Smart life services
- Deep-sell by increasing SIMs
- Cross-sell mobile-only to fixed
- Upsell security services
- Cross-sell fixed-only to mobile
Strong competitive positioning in Dutch market
Covering all segments: focus on fixed-mobile bundling and high value

High

Value

Low

Fixed-mobile integration

Size

Total revenues

Strong shift to high value KPN brand

Retail postpaid net adds (k)

Q1 '14  Q2 '14  Q3 '14  Q4 '14  Q1 '15  Q2 '15  Q3 '15  Q4 '15

KPN brand  No frills brands

31  59  70  80  80  70  80  80

Broadband net adds (k)

Q1 '14  Q2 '14  Q3 '14  Q4 '14  Q1 '15  Q2 '15  Q3 '15  Q4 '15

-7  6  31  33  40  40  40  40
Content aggregation via smart partnerships
Revenue share model facilitating popular content via IPTV platform

Strong focus on partnerships to deliver rich content offering

**Basic content**
- Partnerships with broadcasters
- Attractive interactive functionalities for customers

**Upsell content**
- Revenue share model
- Access OTT services & Pay-TV packages via IPTV user interface

**Exclusive content**
- Smart partnerships
- Only available for KPN customers

**Revenue share model**

**Contract content supplier**
- Non-exclusive agreement✓
- Integrated in IPTV user interface✓
- Consumer fee € 10
- Revenue share KPN 50%

ILLUSTRATIVE
Expanding superior network position

1. Simplify operating model to improve customer experience and operational effectiveness

2. Expand superior access position by deploying innovative technologies and increasing fiber penetration

3. Finalize build of flexible and simplified integrated network

Ensuring best-in-class customer experience
Simplifying our operating model

Second wave of Simplification program to deliver significant savings

SIMPLIFICATION PROGRAM RUN-RATE OPEX AND CAPEX SAVINGS (in m)

FIRST WAVE
FROM PRODUCT CENTRIC TO CUSTOMER CENTRIC
END 2013 END 2015

SECOND WAVE
TO NEXT GENERATION TELCO
END 2016 END 2019

~€ 280 ~€ 170 ~€ 450

> € 300 > € 750

~€ 280 ~€ 170 ~€ 450
Best mobile access provider

Investment-led strategy enabling superior customer experience

Most time spent on LTE¹

<table>
<thead>
<tr>
<th></th>
<th>KPN</th>
<th>NL</th>
<th>SE</th>
<th>DK</th>
<th>CH</th>
<th>AU</th>
<th>BE</th>
<th>DE</th>
<th>UK</th>
<th>FR</th>
</tr>
</thead>
<tbody>
<tr>
<td>86%</td>
<td>84%</td>
<td>79%</td>
<td>70%</td>
<td>69%</td>
<td>66%</td>
<td>66%</td>
<td>56%</td>
<td>53%</td>
<td>51%</td>
<td></td>
</tr>
</tbody>
</table>

Competitive speeds on LTE²

<table>
<thead>
<tr>
<th></th>
<th>KPN</th>
<th>Average NL</th>
</tr>
</thead>
<tbody>
<tr>
<td>41.4Mbps</td>
<td>40.4Mbps</td>
<td></td>
</tr>
</tbody>
</table>

Best network for mobile services³

<table>
<thead>
<tr>
<th></th>
<th>KPN</th>
<th>Competitor 1</th>
<th>Competitor 2</th>
<th>Competitor 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>52%</td>
<td>27%</td>
<td>18%</td>
<td>3%</td>
<td></td>
</tr>
</tbody>
</table>

¹ OpenSignal; The state of LTE (December 2015)
² Ookla (December 2015)
³ Independent market survey (Q4 2015)
Staying ahead of demand for mobile data

Fully utilizing spectrum position for excellent customer experience

**4G Capacity Roll-out Ahead of Data Growth**

- Indicative 4G site roll-out planning
  - LTE 800 sites
  - LTE 1800 sites
  - LTE 2100 sites
  - LTE 2600 sites

**Utilizing Full Spectrum to Deploy Carrier Aggregation**

- ACTIVE: 10MHz LTE 800, 20MHz LTE 1800
- MEDIUM-TERM: 10MHz LTE 800, 20MHz LTE 1800, 10MHz LTE 2100, 10MHz LTE 2600

Increasing capacity and enabling download speeds up to 400Mbps

1. Rebased to LTE 800 sites end 2014
2. Excluding small cells
Best fixed access provider

Investment-led strategy enabling superior customer experience

Rising FttC / FttH penetration

<table>
<thead>
<tr>
<th></th>
<th>End 2015</th>
<th>Q3 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>FttC</td>
<td>36%</td>
<td>49%</td>
</tr>
<tr>
<td>FttH</td>
<td>29%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Percentage of households FttC / FttH

Driving coverage 100Mbps

<table>
<thead>
<tr>
<th></th>
<th>End 2015</th>
<th>Q3 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>68%</td>
<td>74%</td>
</tr>
</tbody>
</table>

Percentage of households 100Mbps

Best fixed network quality according to customers

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>KPN</td>
<td>55%</td>
</tr>
<tr>
<td>Competitor 1</td>
<td>34%</td>
</tr>
<tr>
<td>Other competitors</td>
<td>11%</td>
</tr>
</tbody>
</table>

1 Independent market survey (Q4 2015)
Ready to upgrade if demand changes
Cost and time efficient upgrades with FttC investments largely completed in 2016

Costs per home:
- Roll-out Negligible
- Activation ~€ 50
- Roll-out Negligible
- Activation ~€ 100

Household coverage progression
- >40Mbps: 84%, 89%
- >100Mbps: 68%, 74%
- >200Mbps: 57%, 62%

VDSL2 (from CO)
- 50Mbps

FttC & Vectoring
- 100Mbps

VPLUS
- 200Mbps

Bonded VPLUS
- 400Mbps
Build flexible and simplified integrated network

Three steps to achieve objective

1. Rationalize
   - Simplify and reduce spend
   - Started 2010
   - Expected completion 2019

2. Decentralize
   - Content closer to customer
   - Started 2015
   - Expected completion 2017

3. Virtualize
   - Increase network efficiency & effectiveness
   - Scope mainly 2017 and onwards
Network rationalization to prepare for virtualization

Reducing complexity and associated costs to enable flexibility

IP TRANSFORMATION

RATIONALIZING & MODERNIZING LEGACY

-200GWh + ~€ 35m
Reduced energy consumption ²
Run-rate opex savings ³

RATIONALIZING & CONSOLIDATING IP-CORE

- Integrating fixed and mobile backbones
- Moving towards single IP core
~€ 25m
Run-rate opex savings ³

ENABLING ACCESS INDEPENDENT SERVICES

VOIP, TV, Internet, KPN Play

1 Subject to regulatory approval
2 Reduced energy consumption FY 2015 vs. FY 2010 level
3 Run-rate opex savings FY 2019 level vs. FY 2014 level
Ahead of the Capex curve

KPN built strong fundamentals in past years

KPN INVESTED AHEAD OF THE CURVE

REDUCING CAPEX

1 Capex adjusted to include Reggefiber Capex before consolidation
2 Euro Telco sector based on company reports, management estimates
Growing free cash flow to drive shareholder value
Developing towards highly cash generative company

**Strong free cash flow potential**

1. Grow revenues in Consumer, stabilize in Business
2. Rigorous focus on driving down costs
3. Capex levels trending down
4. Lower interest payments going forward
5. Limited cash taxes in The Netherlands

**Solid financial position**

- Committed to investment grade credit profile
- 15.5% Telefónica Deutschland stake provides additional financial flexibility

**Commitment to growing shareholder returns**

- Free cash flow growth to drive growing shareholder remuneration
- Intention to distribute large part of excess cash to KPN shareholders
Medium-term ambitions

Ambition for coming three to five years

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>Consumer growing</td>
</tr>
<tr>
<td></td>
<td>Business stabilizing</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Adjusted EBITDA margin The Netherlands ≥ 3%-points increase vs. 2015</td>
</tr>
<tr>
<td>Capex</td>
<td>Capex The Netherlands trending down towards 15-17% of sales</td>
</tr>
<tr>
<td>Dividend</td>
<td>Growing in line with free cash flow growth profile</td>
</tr>
<tr>
<td>Excess cash</td>
<td>Potential additional shareholder remuneration via 15.5% stake in Telefónica Deutschland</td>
</tr>
</tbody>
</table>
Key priorities for the coming years

- Simplify
- Grow
- Innovate

Accelerate up- and cross-sell in bundles
Grow in TV and IT services
Finalize Business transformation
Expand superior access position by deploying innovative technologies and increasing fiber penetration
Finalize build of flexible and simplified integrated network and operating model
Finalize balance sheet transformation
Grow dividend and distribute large part of excess cash to shareholders
Contents

1 Strategy

2 Performance

3 Appendix
Value focus reflected in new consumer propositions

Enrichment of bundles in combination with price adjustments

1 July
- Internet security service added to bundled packages
- Prices KPN residential bundles +€ 2.50

26 September
- New mobile line-up launched
- EU roaming included in premium bundles

22 August
- Live Dutch football included in fixed-mobile bundles

24 October
- Integrated FttH / copper proposition
- Pricing of packages aligned
Continued growth of fixed-mobile bundles in Consumer

Over half of KPN brand postpaid customers in fixed-mobile bundles

Households in fixed-mobile bundles

- Q3 '15: 689k
- Q3 '16: 944k
- Q3 '16: 1,003k

Postpaid customers in fixed-mobile bundles

- KPN brand: 28% in Q3 '15, 35% in Q3 '16
- All brands: 40% in Q3 '15, 28% in Q3 '16

Net adds vs Base

1 As % of broadband customers
Bundled residential services driving RGUs per household

ARPU per household supported by price adjustments

Triple play growth...

<table>
<thead>
<tr>
<th></th>
<th>Q3 '15</th>
<th>Q2 '16</th>
<th>Q3 '16</th>
</tr>
</thead>
<tbody>
<tr>
<td>k</td>
<td>3,746</td>
<td>3,684</td>
<td>3,655</td>
</tr>
<tr>
<td></td>
<td>1,401</td>
<td>1,224</td>
<td>1,180</td>
</tr>
<tr>
<td></td>
<td>768</td>
<td>766</td>
<td>767</td>
</tr>
<tr>
<td></td>
<td>1,577</td>
<td>1,694</td>
<td>1,708</td>
</tr>
</tbody>
</table>

q-on-q

-44k

+1k

+14k

Q3 '15 // Q2 '16 // Q3 '16

...driving RGU and ARPU per household growth

<table>
<thead>
<tr>
<th></th>
<th>Q3 '15</th>
<th>Q2 '16</th>
<th>Q3 '16</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.04</td>
<td>2.13</td>
<td>2.14</td>
<td></td>
</tr>
</tbody>
</table>

Continued growth bundled service revenues

<table>
<thead>
<tr>
<th></th>
<th>Q3 '15</th>
<th>Q2 '16</th>
<th>Q3 '16</th>
</tr>
</thead>
<tbody>
<tr>
<td>€41</td>
<td>€40</td>
<td>€39</td>
<td></td>
</tr>
</tbody>
</table>

y-on-y growth

+2.5%

+1.1%

+3.1%

% y-on-y

-13%

+8.2%


euro million

467

458

453

15

14

16

+8.2%

+3.1%

+2.5%

+1.1%

Consumer Residential

Bundled

Not-bundled

Other

y-on-y growth

Not-bundled households

Dual play households

Triple play households

Not-bundled

Dual play

Triple play
Continued value focus in Consumer mobile

Strong competitive position driven by high value KPN brand and fixed-mobile bundles

---

**Customer base growth**

- Q3 '15: 80
- Q2 '16: 23
- Q3 '16: 36

**Committed ARPU stable y-on-y**

- Q3 '15: €28
- Q2 '16: €26
- Q3 '16: €26

**Postpaid net adds**

- Q3 '15: +2.1%
- Q2 '16: +0.7%
- Q3 '16: +1.8%

**Continued service revenue growth**

- Q3 '15: €309 m
- Q2 '16: €290 m
- Q3 '16: €302 m

---

1 Reported net adds of +1k were adjusted for a 22k one-off impact for KPN brand related to migration to new order management IT platform
Migration to multi play in SME providing up- and cross-sell opportunities…

Traditional telco

Repricing

Migration to KPN ONE

Multi play
Hosted voice

50% RGU uplift

Up- and cross-sell

Multi play
Additional services

Ongoing decline in fixed-only voice lines…

<table>
<thead>
<tr>
<th></th>
<th>Q3 ’15</th>
<th>Q2 ’16</th>
<th>Q3 ’16</th>
</tr>
</thead>
<tbody>
<tr>
<td>k</td>
<td>626</td>
<td>530</td>
<td>506</td>
</tr>
</tbody>
</table>

-24

...but multi play seats in SME increasing

<table>
<thead>
<tr>
<th></th>
<th>Q3 ’15</th>
<th>Q2 ’16</th>
<th>Q3 ’16</th>
</tr>
</thead>
<tbody>
<tr>
<td>k</td>
<td>56</td>
<td>276</td>
<td>289</td>
</tr>
</tbody>
</table>

RoutIT consolidation

+13

1 Management estimate
...but challenges in Business remain
Impact from repricing and migration to IP-based services

<table>
<thead>
<tr>
<th>Business revenue growth drivers</th>
<th>Q3 ’16 adjusted y-on-y growth</th>
<th>Q3 ’16 % of total adjusted revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business total</td>
<td>-7.0%</td>
<td></td>
</tr>
<tr>
<td>Single play wireless</td>
<td>-13%</td>
<td>23%</td>
</tr>
<tr>
<td>Traditional fixed</td>
<td>-18%</td>
<td>16%</td>
</tr>
<tr>
<td>Multi play</td>
<td>+25%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Network &amp; IT services</td>
<td>-9.9%</td>
<td>22%</td>
</tr>
<tr>
<td>Customized solutions</td>
<td>+1.5%</td>
<td>24%</td>
</tr>
<tr>
<td>New services</td>
<td>+7.1%</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

1. Single play wireless impacted by repricing, lower roaming fees and migration to multi play and customized solutions
2. Strategic focus on integrated offerings driving growth in multi play and customized solutions
3. Price pressure on Network services and lower hardware sales

![Further progress reducing indirect costs](image)

<table>
<thead>
<tr>
<th>Year</th>
<th>Indirect costs Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
</tr>
</tbody>
</table>

- CAGR: -4.5%
- YTD ’16: -5.1% y-on-y
Customer satisfaction improving further

Strong improvement in Business driven by dedicated NPS programs

NPS Consumer residential

<table>
<thead>
<tr>
<th></th>
<th>Q3 ’15</th>
<th>Q3 ’16</th>
<th>+3 ▲</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td></td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

NPS Consumer mobile

<table>
<thead>
<tr>
<th></th>
<th>Q3 ’15</th>
<th>Q3 ’16</th>
<th>+3 ▲</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td></td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

NPS Business

<table>
<thead>
<tr>
<th></th>
<th>Q3 ’15</th>
<th>Q3 ’16</th>
<th>+5 ▲</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>-5</td>
<td></td>
</tr>
</tbody>
</table>

Source: TNS NIPO. Consumer residential (all brands), Consumer mobile (all brands), Business (KPN brand)
Revenue trend improving

Adjusted revenues\(^1\) declined by 3.0%

1. Customer base growth and improving ARPU trend
2. Impact of repricing and migrations to IP-based services
3. Market share growth offset by declining wholesale voice carrier market size

\(^1\) All figures based on continuing operations, unless stated otherwise
Adjusted EBITDA\(^1\) improving

Supported by positive impact of cost savings related to Simplification program

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

1. Savings from reduction in own and external personnel
2. Savings mainly from decommissioned legacy IT systems
Free cash flow\(^1\) impacted by changes in working capital

1. Changes in working capital related to lower spend levels, phasing within the year and reduced payment terms

2. \(~85\%\) of expected interest payments for FY '16 already paid, including accrued interest related to the bond tender

---

1 All figures based on continuing operations, unless stated otherwise
2 Consisting of €40m working capital impact related to reduced payment terms and €23m additional interest related to the bond tender
3 Adjusted EBITDA minus Capex
Solid financial position

Successful bond tender and new issue will result in lower interest payments

### Lower gross debt y-on-y

<table>
<thead>
<tr>
<th></th>
<th>Q3 '15</th>
<th>Q2 '16</th>
<th>Q3 '16</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ bn</td>
<td>8.6</td>
<td>7.5</td>
<td>8.0</td>
</tr>
<tr>
<td>2.8x</td>
<td>2.8x</td>
<td>3.0x</td>
<td>0.9</td>
</tr>
</tbody>
</table>

#### Debt portfolio further optimized

- **Successful bond tender and new issue in September**
  - Issued € 625m 0.625% bond due 2025 and € 625m 1.125% bond due 2028
  - Repurchased € 1.0bn of bonds with maturities between 2017 and 2024
  - Average coupon senior bonds 4.1% (Q2 '16: 5.0%)

- **Net debt € 0.3bn higher vs. Q2 '16**
  - Premiums and accrued interest related to bond tender
  - Payment € 3.3ct per share interim dividend over 2016 in August

#### Financial flexibility

- **Additional financial flexibility via 15.5% stake in Telefónica Deutschland**

---

1. Gross debt defined as the nominal value of interest bearing financial liabilities, excluding derivatives and related collateral, representing the net repayment obligations in Euro, taking into account 50% of the nominal value of the hybrid capital instruments.

2. Including short-term investments (not taking into account 15.5% Telefónica Deutschland stake).
Contents

1  Strategy
2  Performance
3  Appendix
## KPN ADR program

KPN has a sponsored Level 1 ADR program

### ADR program

<table>
<thead>
<tr>
<th><strong>Bloomberg ticker</strong></th>
<th>KKPNY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trading platform</strong></td>
<td>Over-the-counter (OTC)</td>
</tr>
<tr>
<td><strong>CUSIP</strong></td>
<td>780641205</td>
</tr>
<tr>
<td><strong>Ratio</strong></td>
<td>1 ADR : 1 Ordinary Share</td>
</tr>
<tr>
<td><strong>Depositary bank</strong></td>
<td>Deutsche Bank Trust Company Americas</td>
</tr>
<tr>
<td><strong>Depositary bank contact</strong></td>
<td>Jonathan Montanaro</td>
</tr>
<tr>
<td><strong>ADR broker helpline</strong></td>
<td>+1 212 250 9100 (New York) +44 207 547 6500 (London)</td>
</tr>
<tr>
<td><strong>E-mail</strong></td>
<td><a href="mailto:adr@db.com">adr@db.com</a></td>
</tr>
<tr>
<td><strong>ADR website</strong></td>
<td><a href="http://www.adr.db.com">www.adr.db.com</a></td>
</tr>
<tr>
<td><strong>Depositary bank’s local custodian</strong></td>
<td>Deutsche Bank, Amsterdam</td>
</tr>
</tbody>
</table>
Corporate Social Responsible Strategy

Successful CSR strategy

2015

- 18% Energy reduced vs. 2010
- 77% Engaged employees vs. 70% end 2014
- 73% Secure connectivity vs. 69% end 2014

Social and environmental achievements in 2016

- KPN included in CDP’s Climate A list
  - Leading the corporate response to climate change
- Included in Dow Jones Sustainability World Index for the fifth consecutive time
- #1 position transparency & anti-corruption in The Netherlands
  - Transparency International, leading indicator corporate integrity
- KPN joined the ‘Circular Coalition’
  - Initiative of 50+ larger corporates to accelerate the transition to a circular economy
- Rijksmuseum and KPN extended their partnership by 3 years
- KPN launched a secured messenger-app for medical personnel to safely exchange information
  - Messages are encrypted and handled via KPN’s cloud

---

1 As disclosed in KPN’s Integrated Annual Report 2015
2 Dutch people that believe their data is safe with KPN
### Dutch wireless disclosure

<table>
<thead>
<tr>
<th>Service revenues (€ m)</th>
<th>Q3 '16</th>
<th>Q3 '15</th>
<th>y-on-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>302</td>
<td>309</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Business(^1)</td>
<td>174</td>
<td>179</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Other(^2)</td>
<td>42</td>
<td>37</td>
<td>14%</td>
</tr>
<tr>
<td>KPN The Netherlands</td>
<td>518</td>
<td>525</td>
<td>-1.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SAC/SRC per subscriber (€)</th>
<th>Q3 '16</th>
<th>Q3 '15</th>
<th>y-on-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer (postpaid)(^3)</td>
<td>203</td>
<td>193</td>
<td>5.2%</td>
</tr>
<tr>
<td>Business (mobile only – mainly SME)</td>
<td>203</td>
<td>218</td>
<td>-6.9%</td>
</tr>
</tbody>
</table>

---

1. Includes mobile-only (mainly SME) service revenues and partial allocation of multi play (mainly SME) and customized solutions (mainly LE/Corporate) revenues to mobile service revenues
2. Includes amongst other Wholesale mobile service revenues and visitor roaming
3. Including handset subsidies, commissions and SIM costs
Debt portfolio

Breakdown of €9.0bn nominal debt\(^1\) including hybrid bonds

**Breakdown nominal debt\(^1\) (total €9.0bn)**

- Hybrid bonds: 22%
- Global bonds: 8%
- Other: 2%
- Euro bonds: 68%

**Nominal debt by currency**

- EUR: 64%
- USD\(^2\): 14%
- GBP\(^2\): 22%

**Bond redemption profile**

- €bn: 1.0, 0.8, 0.6, 0.6, 0.6, 0.6, 0.5, 0.6, 0.5, 0.4, 0.6, 0.9, 1.1, 0.7
- **Key Dates**: 2017–2032
- USD hybrid (1st call), GBP hybrid (1st call), EUR hybrid (1st call)

**Fixed vs. floating interest**

- Fixed: 100%

---

1. Based on the nominal value of interest bearing liabilities after swap to EUR, including EUR 1.1bn hybrid bond, GBP 400m hybrid bond and USD 600m hybrid bond
2. Foreign currency amounts hedged into EUR
3. Excludes bank overdrafts
Fixed infrastructure

Next round of upgrades

- **Download speed (up to)**
  - 50Mbps
  - 100Mbps
  - 120Mbps
  - 240Mbps
  - 400Mbps
  - >1Gbps
  - 1Gbps

- **Active in Network**
  - ✓

- **Vectoring**
- **Bonded vectoring**
- **Bonded VPLUS**
- **NG.PON**
- **FHH**

- **Fiber**
- **Copper**
Non-GAAP measures and management estimates
This financial report contains a number of non-GAAP figures, such as EBITDA and Free Cash Flow (‘FCF’). These non-GAAP figures should not be viewed as a substitute for KPN’s GAAP figures and numerical reconciliations are included in KPN’s quarterly factsheets. KPN defines EBITDA as operating result before depreciation (including impairments) of PP&E and amortization (including impairments) of intangible assets. Note that KPN’s definition of EBITDA deviates from the literal definition of earnings before interest, taxes, depreciation and amortization and should not be considered in isolation or as a substitute for analyses of the results as reported under IFRS as adopted by the European Union. In the Net Debt / EBITDA ratio, KPN defines Net Debt as the nominal value of interest bearing financial liabilities excluding derivatives and related collateral, representing the net repayment obligations in Euro, taking into account 50% of the nominal value of the hybrid capital instruments, less net cash and short-term investments, and defines EBITDA as a 12 month rolling total excluding restructuring costs, incidentals and major changes in the composition of the Group (acquisitions and disposals). Free Cash Flow is defined as cash flow from continuing operating activities plus proceeds from real estate, minus capital expenditures (Capex), being expenditures on PP&E and software. Revenues are defined as the total of revenues and other income unless indicated otherwise. Adjusted revenues and adjusted EBITDA are derived from revenues (including other income) and EBITDA, respectively, and are adjusted for the impact of restructuring costs and incidentals. The term service revenues refers to wireless service revenues.
All market share information in this financial report is based on management estimates based on externally available information, unless indicated otherwise. For a full overview on KPN’s non-financial information, reference is made to KPN’s quarterly factsheets available on ir.kpn.com

Forward-looking statements
Certain statements contained in this financial report constitute forward-looking statements. These statements may include, without limitation, statements concerning future results of operations, the impact of regulatory initiatives on KPN’s operations, KPN’s and its joint ventures’ share of new and existing markets, general industry and macro-economic trends and KPN’s performance relative thereto and statements preceded by, followed by or including the words “believes”, “expects”, “anticipates”, “will”, “may”, “could”, “should”, “intends”, “estimate”, “plan”, “goal”, “target”, “aim” or similar expressions.
These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside KPN’s control that could cause actual results to differ materially from such statements and speak only as of the date they are made. A number of these factors are described (not exhaustively) in the Integrated Annual Report 2015.