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## Strategy

Strategic choices embedded in organization

<table>
<thead>
<tr>
<th>SIMPLIFY</th>
<th>GROW</th>
<th>INNOVATE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial</strong></td>
<td><strong>Operational</strong></td>
<td><strong>Financial</strong></td>
</tr>
<tr>
<td>Digital &amp; simple service and delivery</td>
<td>Converged Telco &amp; IT services</td>
<td>Excellent user experience</td>
</tr>
<tr>
<td>Flexible &amp; simplified network and operating model</td>
<td>Best-in-class secured integrated networks</td>
<td>Applying innovative technologies</td>
</tr>
<tr>
<td>Lean cost structure</td>
<td>Value management &amp; predictable cash generation</td>
<td>Invested ahead of the curve</td>
</tr>
</tbody>
</table>

Further strengthening our Company

---

Value creation
Simplification and digitalization embedded in organization

Driving revenue opportunities and lower spend

Use data & analytics
- Targeted household marketing
- Optimized customer service
- Smarter network investments

Simplify portfolio and operations
- Fewer propositions
- Creation of uniform digital layer
- BSS/OSS IT integration

Provide services closer to customers
- Improved (metro) core network
- First 5G technology use cases
- Higher network efficiency

Increase network efficiency and effectiveness
- Flexible on-demand capacity and services
- Self-healing and self-optimizing networks

ENABLING IMPROVED CUSTOMER EXPERIENCE

Removing complexity for customers
- Single ID, omnichannel experience, e-care

On-demand virtualized services
- Instant provisioning, real-time scaling

DRIVING PERFORMANCE

Revenue opportunities
- Fixed-mobile-IT convergence
- Additional value added services (incl. partnerships such as Netflix and WeChat)
- Infrastructure as a Service
- Data & Analytics as a Service

Lower spend
- Marketing, call center, engineers
- Personnel, IT/TL, maintenance, energy
- SAC/SRC, connection fees, traffic
- Cheaper generic hardware

Investor presentation | Strategy | Simplification & Digitalization | 4
External environment reassuring
Growing macro-economy with strong competitive position

**FAVOURABLE MACRO ECONOMY**

**GDP growth NL**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017E</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth%</td>
<td>2.3%</td>
<td>2.2%</td>
<td>3.2%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

**Unemployment NL**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017E</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>6.9%</td>
<td>6.0%</td>
<td>4.9%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

**STRONG COMPETITIVE POSITION**

<table>
<thead>
<tr>
<th>Country</th>
<th>'17-'18</th>
<th>vs. '16-'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Netherlands</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Germany</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>8</td>
<td>-1</td>
</tr>
<tr>
<td>Denmark</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>Belgium</td>
<td>20</td>
<td>-3</td>
</tr>
</tbody>
</table>

1. CPB (issued December 2017)
KPN strongly positioned as leading integrated service provider

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile network quality</td>
<td><img src="Image" alt="Green" /></td>
<td><img src="Image" alt="Green" /></td>
<td><img src="Image" alt="Green" /></td>
<td><img src="Image" alt="Green" /></td>
</tr>
<tr>
<td>Mobile market share</td>
<td>43%</td>
<td>30%</td>
<td>20%</td>
<td>7%</td>
</tr>
<tr>
<td>Fixed network</td>
<td>FttC, FttH</td>
<td>Coax</td>
<td>Wholesale KPN</td>
<td>Wholesale KPN</td>
</tr>
<tr>
<td>Broadband market share</td>
<td>41%</td>
<td>44%</td>
<td>N/A</td>
<td>4%</td>
</tr>
<tr>
<td>TV product perception</td>
<td><img src="Image" alt="Green" /></td>
<td><img src="Image" alt="Green" /></td>
<td>N/A</td>
<td><img src="Image" alt="Green" /></td>
</tr>
<tr>
<td>TV market share</td>
<td>32%</td>
<td>53%</td>
<td>N/A</td>
<td>2%</td>
</tr>
<tr>
<td>Fixed-mobile convergence</td>
<td><img src="Image" alt="Green" /></td>
<td><img src="Image" alt="Green" /></td>
<td><img src="Image" alt="Green" /></td>
<td><img src="Image" alt="Green" /></td>
</tr>
<tr>
<td>Business market presence</td>
<td>SME, LE, Corporate</td>
<td>SME, LE, Corporate</td>
<td>SME, LE</td>
<td>SME, LE</td>
</tr>
<tr>
<td>Business market capabilities</td>
<td><img src="Image" alt="Green" /></td>
<td><img src="Image" alt="Green" /></td>
<td><img src="Image" alt="Green" /></td>
<td><img src="Image" alt="Green" /></td>
</tr>
<tr>
<td>Trusted brand</td>
<td><img src="Image" alt="Green" /></td>
<td><img src="Image" alt="Green" /></td>
<td><img src="Image" alt="Green" /></td>
<td><img src="Image" alt="Green" /></td>
</tr>
</tbody>
</table>

1 % of clients that agree on the reputation statement that their operator has the best network; Kantar TNS (Q4 2016)
2 Total Dutch (Consumer and Business) mobile service revenue market share (Q3 2017)
3 Telecompaper (Q3 2017)
4 Independent market survey (Consumentenbond; Q4 2016)
Strong progress in Simplify, Grow, Innovate strategy

Key priorities on track

- Accelerate up- and cross-sell in bundles
- Grow in TV and IT services
- Finalize Business transformation
- Finalize build of flexible and simplified integrated network and operating model
- Expand superior access position by deploying innovative technologies and increasing fiber penetration
- Optimize financial framework and grow dividend
Further strengthening convergence position in Consumer

Clear benefits from targeted household approach

Customers in fixed-mobile bundles

<table>
<thead>
<tr>
<th></th>
<th>Households</th>
<th>Postpaid customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 '17: 64k net adds</td>
<td>42%</td>
<td>51% all brands</td>
</tr>
<tr>
<td>Q4 '17: 95k net adds</td>
<td></td>
<td>65% KPN brand</td>
</tr>
</tbody>
</table>

Higher NPS² (Q4 '17)

- Consumer total (all brands): 13
- Fixed-mobile bundles: 25

Increasing SIMs per household³

- Q4 '16: 1.47
- Q4 '17: 1.51 (+2.7%)

Lower churn⁴ (Q4 '17)

- Consumer total: ~9%
- Fixed-mobile bundles: ~5%

Lower marketing expenses⁵

- FY '16: ~5%
- FY '17: ~5% (-12%)

1 As % of broadband customers
2 Source: Kantar TNS
3 Based on fixed-mobile households
4 KPN brand
5 Consumer Marketing & Communication expenses
Household at center of service model in Consumer

Strong focus to increase share of wallet per household

Skinny bundles increasing upsell opportunities

Higher margins from improved up- and cross-sell

Lower inflow ARPU per household from unbundling content

Higher inflow ARPU from value added services

Higher inflow margin per household

Investor presentation | Strategy | Consumer | 9
Strong competitive positioning in Dutch market

Covering all segments: focus on fixed-mobile bundling and high value

Leading converged position

Higher market share through increasing KPN share in brand mix

42% 43% ~43%

~23% ~22% ~21%

~77% ~78% ~79%

Q4 '16 Q3 '17 Q4 '17

Mobile service revenues KPN brand
Mobile service revenues no frills brands

1 Management estimates
Digitalization strengthening customer relationships
Data & analytics supporting value per household

Creation of uniform digital layer completed...

...enabling data & analytics for targeted household approach

- Targeted marketing
  - Enables personalized actions and campaigning
- Improving customer service
- Improving quality of InHome connection
  - Identify individual churn probability and driver

Encouraging results from proactively upgraded InHome quality

Higher InHome speed reduces churn

- ~50% lower churn
- Control group: Churn rate 43
- Upgraded customers: Churn rate 13

Higher NPS

- ~13% lower churn
- Control group: NPS 43
- Upgraded customers: NPS 13
Targeted household marketing drives customer loyalty and convergence

Using smart analytics to drive value

**Step 1:** Creation of uniform digital layer completed

**Step 2:** Use Data & Analytics to optimize
- Customer service
- Up- and cross-sell
- Network investments while preserving privacy

**Benefits**

- New (3) Offered (0)
- Client advice (automatically shown to customer service)
- Client has the right for KPN Veilig to be installed on 2 devices
- 0 installed
- We can enhance the client's connection (speed/stability) by switching WiFi channels
- Upgrade to Alles-in-1 Standaard, from Internet+Bellen
- Household value
- Convergence penetration
- Churn
- Marketing expenses
Simplified Business portfolio in 2017

Added scale and capabilities to strengthen position as leading ICT service provider

Changing customer needs...

...require a simple and customer focused portfolio

<table>
<thead>
<tr>
<th>Propositions</th>
<th>KPN small business</th>
<th>KPN ÉÉN SME</th>
<th>LE &amp; Corporate</th>
<th>Industry propositions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt;5 employees</td>
<td>5-150 employees</td>
<td>&gt;150 employees</td>
<td>Healthcare, Government &amp; Manufacturing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication services</td>
</tr>
<tr>
<td>IT services</td>
</tr>
<tr>
<td>Professional services &amp; Consultancy</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distribution platform</th>
</tr>
</thead>
<tbody>
<tr>
<td>kpn</td>
</tr>
</tbody>
</table>
Transformation to leading Business ICT provider on track
Supported by Simplification

Migration of KPN Business Mobile clients completed

Customer interaction layer (BSS)

KPN Fixed

KPN Mobile

Network interaction layer (OSS)

Integrating Mobile IT systems delivers ~€ 50m run-rate savings in total from decommissioned legacy IT

Benefits:
- Improved time-to-market
- Integrating Mobile IT systems delivers ~€ 50m run-rate savings in total from decommissioned legacy IT

Focus to further improve Business NPS\(^1\)

Source: Kantar TNS

Source: Dutch IT Partner Preference Survey

Source: Giarte, annual client satisfaction benchmark Dutch IT outsourcing market

Best ICT service provider

#1 ICT service provider in NL\(^2\)

100% outsourcing recommendation score for KPN Workspace\(^3\)
Improved positioning in growing IT market

Leverage leading position in communication services to grow market share in IT

- **Security**
- **Digital workspace**
- **Cloud**

**Strong growth in workspaces**

<table>
<thead>
<tr>
<th>Year</th>
<th>Managed workspaces</th>
<th>Addressable IT market for KPN</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td></td>
<td>6.8</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td>7.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>CAGR</th>
<th>Addressable IT market for KPN</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td></td>
<td>9.6</td>
</tr>
</tbody>
</table>

Expanding growth in Internet of Things with fully integrated solution

- Easy integration of devices and applications
- Best-in-class connectivity and services
- Combined consulting, data and security services

1 Gartner, management estimates; addressable market includes Cloud infra & Hosting, Consulting & Professional Services, Digital Workspace, Application & Data
Expanding superior network position

- Simplify operating model to improve customer experience and operational effectiveness
- Expand superior access position by deploying innovative technologies and increasing fiber penetration
- Finalize build of flexible and simplified integrated network

Ensuring best-in-class customer experience
Second wave Simplification program ahead of schedule
Run-rate savings target raised to at least €350m by end 2019

Simplification program run-rate opex and Capex savings

€ m

End 2016
2017 ~110
2018 - 2019 >240
End 2019 >350

SECOND WAVE

Customer centric
Next generation Telco
Fully virtualized
Gradual approach to simplify operating model

BSS integration nearly completed, starting OSS integration in 2018

BSS integration
~€ 80m run-rate savings\(^1\) from KPN
Consumer Fixed and Mobile IT rationalization

OSS integration
~€ 30m run-rate savings\(^1\) from consolidation of network interaction layer

---

\(^1\) Run-rate savings per end 2019
Gradual approach to simplify operating model (cont’d)

2017-2019: Evolving into next generation Telco

- Customer touchpoints: Web, App, Shop, Call Centers, Mechanics, Sales B2B

- UNIFORM DIGITAL LAYER:
  - Customer interaction layer (BSS)
  - Network interaction layer (OSS)

- CONSUMER FIXED-MOBILE
- BUSINESS FIXED-MOBILE
- CONSUMER & BUSINESS FIXED-MOBILE

OTT Services

Investor presentation | Strategy | Network, Operations & IT | 19
Ready to upgrade if demand changes

Dense fiber network reaching ~80% of households (FttH / FttC)

Cost and time efficient upgrades

Vplus delivering highest stable speeds without changing network architecture

Source: Nokia; bonded speeds based on KPN management estimate
Converging fixed and mobile network technologies

Mix of technologies to deliver best customer experience

- Launch of 4G 50 Mbps
- LTE 1800 225 Mbps
- LoRa
- Triple carrier aggregation
- LTE-M
- 5G use cases
- Core network 100 Gbps
- SDN / NFV
- VPlus
- FttS / FttB / FttH technologies
- FttC / FttH

Fixed-wireless convergence

FttC / FttH

Decentralized CDN

Core network 100 Gbps

SDN / NFV

VPlus

FttS / FttB / FttH technologies

Fixed-wireless convergence

Mobile Access

Fixed infrastructure
Determining value of 5G technologies through use cases
Starting several pilots with business partners

Urban areas
- Virtual reality
- 4k / 8k television
- Crowd control

Rural applications
- Precision farming
- Fixed wireless internet
- Drone surveillance

Transport & Logistics
- Cargo / asset tracking
- Predictive maintenance
- Increase asset utilization

Automotive
- Truck platooning
- Green light optimal speed advice
- Automated valet parking
Continued investments to further improve customer experience

Core network important differentiator for quality of service

Changing customer behavior, data demand increasing rapidly

Upgraded core network, roll-out decentralized CDN on track

Supporting customer experience, strong increase NPS IPTV

- CAGR ~52%
  - 2014: 0.4
  - 2015: 0.7
  - 2016: 1.1
  - 2017: 1.6

- CAGR ~40%
  - 2014: 1.1
  - 2015: 1.8
  - 2016: 2.2
  - 2017: 3.1

- Upgrade core network completed
- 161 Metro Core Locations
- Providing significant cost reduction

1 KPN brand, source: Kantar TNS

Unicast IPTV traffic (Tbps)

OTT traffic (Tbps)

Core location

Metro-Core location

Street cabinet or Mobile base station

14

21

Q4 ’16

Q4 ’17

Investor presentation | Strategy | Network, Operations & IT | 23
Network rationalization to prepare for virtualization
Reducing complexity and associated costs to enable flexibility

IP transformation on track

Decentralize, bringing services closer to customers

Amount of network equipment¹

<table>
<thead>
<tr>
<th>Year</th>
<th>Legacy</th>
<th>IP-based</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 Network</td>
<td>~35%</td>
<td>100%</td>
</tr>
<tr>
<td>2016 Network</td>
<td>~55%</td>
<td>~62%</td>
</tr>
<tr>
<td>2019 Network</td>
<td>~35%</td>
<td>~100%</td>
</tr>
</tbody>
</table>

¹ Rebased (amount of network equipment used in 2010 = 100%)
Gradually moving to a software defined network

Providing flexible on-demand capacity and new services, faster and at lower costs

<table>
<thead>
<tr>
<th>BSS</th>
<th>OSS</th>
<th>Network</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

UNIFORM DIGITAL LAYER (API)

Legacy network

- Dedicated hardware for different network functions

Software Defined Network

- Generic hardware
- Virtualized network functions

ON-DEMAND VIRTUALIZED SERVICES

- Fast delivery
- Real-time scaling
- Intuitive user experience
- Near real-time updates

DRIVING PERFORMANCE

- Infrastructure as a Service
- Flexible capacity
- Highly automated maintenance
- Self-healing and self-optimizing networks
Ahead of the Capex curve
KPN built strong fundamentals in past years

KPN INVESTED AHEAD OF THE CURVE

REDUcing CAPEX

Investor presentation | Strategy | Financial performance | 26
Growing free cash flow to drive value

**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 from elevated levels
4. Lower interest payments going forward
5. Limited cash taxes

**Solid financial position**

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

**Commitment to growing shareholder returns**

- Free cash flow growth to drive growing shareholder remuneration
Contents

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Continued growth fixed-mobile bundles in Consumer
Successful up- and cross-sell of additional SIMs per household

Households in fixed-mobile bundles

- Q4 '17: 64k net adds
- Q4 '16: 37%
- 2017: 42%

Postpaid customers in fixed-mobile bundles

- Q4 '17: 95k net adds
- Q4 '16: 51%
- 2017: 43%
- KPN brand: 65%

1 As % of broadband customers

Investor presentation | Performance | Consumer | 29
Strong household proposition supporting value creation

Continued revenue growth in Consumer Residential

Successful launch of new line-up

Bundled services driving continued revenue growth

<table>
<thead>
<tr>
<th></th>
<th>Q4 '16</th>
<th>Q3 '17</th>
<th>Q4 '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bundled</td>
<td>472</td>
<td>482</td>
<td>484</td>
</tr>
<tr>
<td>€ m</td>
<td>375</td>
<td>390</td>
<td>394</td>
</tr>
<tr>
<td>Not-bundled</td>
<td>83</td>
<td>79</td>
<td>78</td>
</tr>
<tr>
<td>Other</td>
<td>14</td>
<td>13</td>
<td>12</td>
</tr>
</tbody>
</table>

-6.0% y-on-y growth

Consumer Residential
Gaining market share through continued value focus in Mobile

Regulation and shift from handset to SIM-only propositions impacting service revenue trend

Shift to SIM-only, regulation and lower base growth...

...impacting mobile service revenues...

...but higher market share through increasing KPN share in brand mix

Growth of mobile service revenues
(Excluding regulation & SIM-only shift)

1 Excluding migrations and clean-ups
2 Management estimates

<table>
<thead>
<tr>
<th></th>
<th>Q4 '16</th>
<th>Q3 '17</th>
<th>Q4 '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile service revenues</td>
<td>299</td>
<td>283</td>
<td>276</td>
</tr>
<tr>
<td>€ m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LTM postpaid base growth1</td>
<td>57%</td>
<td>61%</td>
<td>62%</td>
</tr>
<tr>
<td>% SIM-only of total postpaid base</td>
<td>114</td>
<td>42</td>
<td>14</td>
</tr>
<tr>
<td>k</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Investor presentation | Performance | Consumer | 31
Migrations in Business on track, lower exposure to traditional services

On track for revenue stabilization in Business

<table>
<thead>
<tr>
<th>Business revenue growth drivers</th>
<th>Steadily improving revenue trend</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Q4 ’17 adjusted y-on-y growth</strong></td>
<td><strong>FY ’15</strong></td>
</tr>
<tr>
<td><strong>FY ’15 % of total adjusted revenues</strong></td>
<td><strong>FY ’17 % of total adjusted revenues</strong></td>
</tr>
<tr>
<td><strong>Business total</strong></td>
<td>-1.4%</td>
</tr>
<tr>
<td><strong>Multi play</strong></td>
<td>42%</td>
</tr>
<tr>
<td><strong>Traditional fixed</strong></td>
<td>-19%</td>
</tr>
<tr>
<td><strong>Single play wireless</strong></td>
<td>-24%</td>
</tr>
<tr>
<td><strong>Network &amp; IT services</strong></td>
<td>8.1%</td>
</tr>
<tr>
<td><strong>Customized solutions</strong></td>
<td>0.7%</td>
</tr>
<tr>
<td><strong>New services</strong></td>
<td>38%</td>
</tr>
</tbody>
</table>

Mainly SME

Mainly LE&Corporate
Ready to accelerate growth of multi play in SME
Continued growth KPN ÉÉN adds to IT up- and cross-sell potential

Strengthened delivery chain supporting strong pick up...

...and driving clear benefits

- Successful pilot ISDN migrations to KPN ÉÉN
- ~90% migrating to 3-year contract vs. 1-year pre-migration

1 NPS for service/delivery of KPN ÉÉN SME via direct channels
Strong momentum in converged communications & IT services

Several landmark corporate deals in 2017 driving increased order intake

Continued growth order intake

Order intake LE & Corporate

+14%

2016 2017

DC LAN and Security services
Managed Internet VPN

ABN·AMRO

JUMBO

All connectivity in trains and stations
IT workspace management

Investor presentation | Performance | Business
Simplification driving quality improvements at improved margins
Solid progress in further reducing spend levels

FY '17 opex reduction (€ 138m) supporting margins

1 Cost of goods & services -3.7%
   Traffic
   Cost of goods sold
   SAC/SRC

2 Personnel expenses -2.6%
   Own personnel
   External personnel

3 IT/TL expenses -8.2%
   Savings mainly from decommissioned legacy IT systems

4 Other opex -2.0%
   Marketing & Comm.
   Billing & Collection
   Housing & Facilities

The presented categories show adjusted numbers and differ from the opex breakdown as presented in KPN’s Integrated Annual Report 2016.
**Adjusted revenues NL declined by 2.5%**

- **€ m**
  - Adj. revenues NL Q4 '16: 1,519
  - Consumer: 11
  - Business: 8
  - Wholesale: 23
  - Other (incl. eliminations): 4
  - Adj. revenues NL Q4 '17: 1,481

**Growth of adjusted revenues NL, excluding € 27m regulation impact**

- **%**
  - Wholesale: -0.7%

**Adjusted revenues KPN Group**

- **€ m**
  - Q4 '16: 1,704
  - Q4 '17: 1,614
  - Change: -5.3%

**Adjusted revenues iBasis**

- **€ m**
  - Q4 '16: 210
  - Q4 '17: 146
  - Change: -30%
Q4 ’17 adjusted EBITDA impacted by regulation and cost phasing

Higher marketing expenses and customer driven investments related to order intake in Business

Adjusted EBITDA NL declined by 1.3%\(^1\)

€ m

<table>
<thead>
<tr>
<th>Adj. EBITDA NL Q4 ’16</th>
<th>Revenues</th>
<th>Cost of goods &amp; services</th>
<th>Personnel expenses</th>
<th>IT/TI</th>
<th>Other operating expenses</th>
<th>Adj. EBITDA NL Q4 ’17</th>
</tr>
</thead>
<tbody>
<tr>
<td>602</td>
<td>38</td>
<td>3</td>
<td>14</td>
<td>3</td>
<td>4</td>
<td>594</td>
</tr>
</tbody>
</table>

Adjusted EBITDA margin The Netherlands

\(-0.7\%

Growth of adjusted EBITDA NL, excluding € 4m regulation impact (roaming & MTA / FTA)

1. Lower traffic, partly offset by higher cost of goods sold
2. Ongoing Simplification savings
3. Lower costs for housing, offset by higher marketing expenses

\(^1\) The presented categories show adjusted numbers and differ from the opex breakdown as presented in KPN’s Integrated Annual Report 2016
Growing free cash flow1

Free cash flow growth driven by lower interest and Capex

Growing free cash flow

<table>
<thead>
<tr>
<th></th>
<th>FY '16</th>
<th>FY '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ m</td>
<td>683</td>
<td>745</td>
</tr>
</tbody>
</table>

+9.1% increase

Free cash flow components

<table>
<thead>
<tr>
<th>Component</th>
<th>FY '16</th>
<th>FY '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported EBITDA FY '17</td>
<td>2,306</td>
<td></td>
</tr>
<tr>
<td>Change in provisions</td>
<td>4</td>
<td>69</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>349</td>
<td>13</td>
</tr>
<tr>
<td>Interest paid</td>
<td>1,139</td>
<td></td>
</tr>
<tr>
<td>Taxes paid</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Capex</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>745</td>
</tr>
</tbody>
</table>

FCF excl. TEFD dividend FY '17

1 Excluding TEFD dividend: FY '16 excludes € 52m negative impact from cash optimization actions
Solid financial position

Lower debt y-on-y

<table>
<thead>
<tr>
<th>€ bn</th>
<th>Q4 '16</th>
<th>Q3 '17</th>
<th>Q4 '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross debt</td>
<td>8.1</td>
<td>7.3</td>
<td>7.2</td>
</tr>
<tr>
<td>Net debt</td>
<td>6.8</td>
<td>6.3</td>
<td>6.0</td>
</tr>
<tr>
<td>Net debt / EBITDA</td>
<td>2.8x</td>
<td>2.6x</td>
<td>2.5x</td>
</tr>
</tbody>
</table>

- Net debt € 0.3bn lower vs. Q3 '17 mainly due to free cash flow generation
- Average coupon senior bonds 3.9% (Q4 '16: 4.1%)
- Additional financial flexibility via stake in TEFD

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.
Contents

1 Strategy

2 Performance

3 Appendix
## KPN ADR program

KPN has a sponsored Level 1 ADR program

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bloomberg ticker</strong></td>
<td>KKPNY</td>
</tr>
<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)</td>
</tr>
<tr>
<td></td>
<td>+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>
Successful CSR strategy delivering benefits for customers and KPN

Recognition by leading benchmarks

Less energy consumption despite rising data volumes

<table>
<thead>
<tr>
<th>Year</th>
<th>Data Volume</th>
<th>Energy Consumption (petajoules)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>100</td>
<td>4.3</td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td>4.0</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td>3.8</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td>3.7</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td>3.5</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td>3.5</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>3.4</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td>3.2</td>
</tr>
</tbody>
</table>

Helping customers to reduce energy usage

Customers saved ~1.9 PJ energy in 2017 = Equivalent to ~€70m

1 2017 based on management estimate

Dow Jones Sustainability Indices
Member of

Most sustainable Telco in the world

#1 Industry Leader

A List constituent
(Climate)

Investor presentation | Appendix | CSR | 42
## Dutch wireless disclosure

### Service revenues (€ m)

<table>
<thead>
<tr>
<th></th>
<th>Q4 '17</th>
<th>Q4 '16</th>
<th>y-on-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>276</td>
<td>299</td>
<td>-7.7%</td>
</tr>
<tr>
<td>Business(^1)</td>
<td>158</td>
<td>162</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Other(^2)</td>
<td>45</td>
<td>40</td>
<td>13%</td>
</tr>
<tr>
<td><strong>KPN The Netherlands</strong></td>
<td>479</td>
<td>501</td>
<td>-4.4%</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 others Wholesale mobile service revenues and visitor roaming

\(^3\) Including handset subsidies, commissions and SIM costs

### SAC/SRC per subscriber (€)

<table>
<thead>
<tr>
<th></th>
<th>Q4 '17</th>
<th>Q4 '16</th>
<th>y-on-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer (postpaid)(^3)</td>
<td>191</td>
<td>218</td>
<td>-12%</td>
</tr>
</tbody>
</table>

### FY '17 vs FY '16

<table>
<thead>
<tr>
<th></th>
<th>FY '17</th>
<th>FY '16</th>
<th>y-on-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Service revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer</td>
<td>1,154</td>
<td>1,179</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Business(^1)</td>
<td>639</td>
<td>678</td>
<td>-5.8%</td>
</tr>
<tr>
<td>Other(^2)</td>
<td>159</td>
<td>155</td>
<td>2.6%</td>
</tr>
<tr>
<td><strong>KPN The Netherlands</strong></td>
<td>1,952</td>
<td>2,012</td>
<td>-3.0%</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 others Wholesale mobile service revenues and visitor roaming

\(^3\) Including handset subsidies, commissions and SIM costs
Debt portfolio

**Breakdown nominal debt**
- Hybrid bonds: 24%
- Global bonds: 9%
- Other: 2%
- Euro bonds: 65%

**Nominal debt by currency**
- EUR: 61%
- USD: 15%
- GBP: 24%

**Bond redemption profile (€ bn)**
- '18: 0.6
- '19: 0.9
- '20: 0.6
- '21: 0.6
- '22: 0.5
- '23: 0.4
- '24: 0.6
- '25: 0.5
- '26: 0.6
- '27: 1.0
- '28: 0.8
- '29: 0.1

**Fixed vs. floating interest**
- Fixed: 92%
- Floating: 8%

1. Based on the nominal value of interest bearing liabilities after swap to EUR, including €1.1bn hybrid bond, GBP 400m hybrid bond and USD 600m hybrid bond
2. Foreign currency amounts hedged into EUR
3. Excludes bank overdrafts
Estimated IFRS 15 impact for FY 2017
Different timing revenue recognition impacting revenues and EBITDA

<table>
<thead>
<tr>
<th>FY ’17 (€ m)</th>
<th>IAS 18 (actual)</th>
<th>IFRS 15 (estimated delta)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted revenues KPN Group</td>
<td>6,500</td>
<td>~ -130</td>
</tr>
<tr>
<td>Adjusted EBITDA KPN Group</td>
<td>2,417</td>
<td>~ -100</td>
</tr>
<tr>
<td>Free Cash Flow (excl. TEFD dividend)</td>
<td>745</td>
<td>No change</td>
</tr>
<tr>
<td>Equity (per 01/01/2017)</td>
<td>3,601</td>
<td>~ +285</td>
</tr>
</tbody>
</table>

**Main changes IFRS 15 vs. IAS 18**

1. Handset transactions via direct channels:
   - Handset revenues directly recognized as non-service revenues in P&L at date of transaction, matching associated handset costs
2. Handset transactions via indirect channels:
   - Handset (non-service) revenues and handset fees (SAC) no longer recognized in P&L; reported in balance sheet
3. Higher threshold probability in revenue related disputes (variable consideration):
   - Revenues only recognized when highly probable (>75%) vs. >50% previously
## Spectrum in The Netherlands

<table>
<thead>
<tr>
<th>Frequency (MHz)</th>
<th>Operator 1</th>
<th>Operator 2</th>
<th>Operator 3</th>
<th>Operator 4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>800 (Paired)</td>
<td>Tele2</td>
<td>VodZig</td>
<td>KPN</td>
<td></td>
<td>2*30</td>
</tr>
<tr>
<td>900 (Paired)</td>
<td>VodZig</td>
<td>KPN</td>
<td>T-Mob</td>
<td></td>
<td>2*15</td>
</tr>
<tr>
<td>1.8 (Paired)</td>
<td>KPN</td>
<td>VodZig</td>
<td>T-Mob</td>
<td></td>
<td>2*20</td>
</tr>
<tr>
<td>2.1 (Paired)</td>
<td>VodZig</td>
<td>KPN</td>
<td>T-Mob</td>
<td>KPN</td>
<td>2*10</td>
</tr>
<tr>
<td>2.6 (Unpaired)</td>
<td>T-Mob</td>
<td></td>
<td></td>
<td>KPN</td>
<td>1*60</td>
</tr>
<tr>
<td>2.6 (Paired)</td>
<td>VodZig</td>
<td>T-Mob</td>
<td>KPN</td>
<td>Tele2</td>
<td>2*20</td>
</tr>
<tr>
<td>Total</td>
<td>KPN</td>
<td>VodZig</td>
<td>T-Mob</td>
<td>Tele2</td>
<td>578.8MHz</td>
</tr>
</tbody>
</table>
Fixed infrastructure

Download speed

- VDSL2: ~50Mbps
- VDSL2 pair bonding: ~100Mbps
- Vectoring: ~120Mbps
- Bonded vectoring: ~240Mbps
- Bonded VPLUS: ~400Mbps
- NG.PON: >1Gbps
- FttH: ~1Gbps

Active in Network:

- VDSL2: ✔
- VDSL2 pair bonding: ✔
- Vectoring: ✔
- Bonded vectoring: ✔
- Bonded VPLUS: ✔
- NG.PON: ✔
- FttH: ✔
Alternative performance measures and management estimates

This financial report contains a number of alternative performance measures (non-GAAP figures) to provide readers with additional financial information that is regularly reviewed by management, 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 are not uniformly defined by all companies including KPN’s peers. Numerical reconciliations are included in KPN’s quarterly factsheets and in the Integrated Annual Report 2016. KPN’s management considers these non-GAAP figures, combined with GAAP performance measures and in conjunction with each other, most appropriate to measure the performance of the Group and its segments. The non-GAAP figures are used by management for planning, reporting (internal and external) and incentive purposes. KPN’s main alternative performance measures are listed below.

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. Operating free cash flow is defined as adjusted EBITDA minus Capex. 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 2016.