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2 Performance
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<table>
<thead>
<tr>
<th>Strategy</th>
<th>Strategic choices embedded in organization</th>
</tr>
</thead>
</table>

**Commercial**
- SIMPLIFY: Digital & simple service and delivery
- GROW: Converged Telco & IT services
- INNOVATE: Excellent user experience

**Operational**
- SIMPLIFY: Flexible & simplified network and operating model
- GROW: Best-in-class secured integrated networks
- INNOVATE: Applying innovative technologies

**Financial**
- SIMPLIFY: Lean cost structure
- GROW: Value management & predictable cash generation
- INNOVATE: Invested ahead of the curve

---

**Value creation**
External environment reassuring
Stable macro-economy with strong competitive position

**STABLE MACRO ECONOMY**

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP growth NL</th>
<th>Unemployment NL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1.4%</td>
<td>7.4%</td>
</tr>
<tr>
<td>2015</td>
<td>2.0%</td>
<td>6.9%</td>
</tr>
<tr>
<td>2016</td>
<td>2.1%</td>
<td>6.0%</td>
</tr>
<tr>
<td>2017E</td>
<td>2.1%</td>
<td>4.9%</td>
</tr>
</tbody>
</table>

**STABLE MACRO ECONOMY**

GDP growth NL

Unemployment NL

**STRONG COMPETITIVE POSITION**

<table>
<thead>
<tr>
<th>Country</th>
<th>'16-'17</th>
<th>vs. '15-'16</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Netherlands</td>
<td>4</td>
<td>+1</td>
</tr>
<tr>
<td>Germany</td>
<td>5</td>
<td>-1</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>7</td>
<td>+3</td>
</tr>
<tr>
<td>Denmark</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>Belgium</td>
<td>17</td>
<td>+2</td>
</tr>
</tbody>
</table>

1 CPB (issued March 2017)
External environment reassuring (cont’d)

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><strong>Mobile network</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile network quality¹</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
</tr>
<tr>
<td>Mobile market share²</td>
<td>42%</td>
<td>32%</td>
<td>19%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Fixed network</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broadband market share³</td>
<td>40%</td>
<td>44%</td>
<td>N/A</td>
<td>4%</td>
</tr>
<tr>
<td>TV product perception⁴</td>
<td>⬤</td>
<td>⬤</td>
<td>N/A</td>
<td>⬤</td>
</tr>
<tr>
<td>TV market share³</td>
<td>31%</td>
<td>54%</td>
<td>N/A</td>
<td>2%</td>
</tr>
<tr>
<td>Fixed-mobile convergence</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
</tr>
<tr>
<td><strong>Business market presence</strong></td>
<td>SME, LE, Corporate</td>
<td>SME, LE, Corporate</td>
<td>SME, LE</td>
<td>SME, LE</td>
</tr>
<tr>
<td><strong>Business market capabilities</strong></td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
</tr>
<tr>
<td><strong>Trusted brand</strong></td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</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 (Q4 2016)
3. Telecompaper (Q4 2016)
4. Independent market survey (Consumentenbond; Q4 2016)
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
Continued growth of fixed-mobile bundles in Consumer

Clear benefits from convergence strategy

Customers in fixed-mobile bundles

<table>
<thead>
<tr>
<th>Households</th>
<th>Postpaid customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 '16</td>
<td>40%</td>
</tr>
<tr>
<td>Q2 '17</td>
<td>47%</td>
</tr>
<tr>
<td>Q2 '16</td>
<td>33%</td>
</tr>
<tr>
<td>Q2 '17</td>
<td>38%</td>
</tr>
</tbody>
</table>

61% KPN brand

Multi-brand strategy to drive convergence further

Higher NPS2 (Q4 '16)

<table>
<thead>
<tr>
<th>Consumer total (all brands)</th>
<th>Fixed-mobile bundles3</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>23</td>
</tr>
</tbody>
</table>

Lower churn3 (Q4 '16)

<table>
<thead>
<tr>
<th>Consumer total</th>
<th>Fixed-mobile bundles</th>
</tr>
</thead>
<tbody>
<tr>
<td>~10%</td>
<td>~5%</td>
</tr>
</tbody>
</table>

Lower marketing expenses4

<table>
<thead>
<tr>
<th>FY '15</th>
<th>FY '16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-34%</td>
</tr>
</tbody>
</table>

1 As % of broadband customers  3 KPN brand
2 Source: Kantar TNS  4 Consumer Marketing & Communication expenses
Household at center of service model in Consumer

Significant opportunities to increase share of wallet per household
Strong competitive positioning in Dutch market
Covering all segments: focus on fixed-mobile bundling and high value

Leading converged position

Growing Customer Lifetime Value in mobile

Example

Actuals Q4 '16 y-on-y

- 2yr handset contract
- One-off handset fee
- SAC/SRC
- Traffic & Other
- CLV
TV focus point in household centered strategy

Highest quality of service through differentiated functionalities and leading network

**Best-in-class IPTV services...**

**High quality Content Delivery Network**
- 161 Metro Core Locations
- Superior stable access speeds

**Superior functionality**
- In-app personalized TV offering
- Integrated access OTT services
- Available everywhere, incl. 4G

**Content aggregation**

- **Basic content**
- **Upsell content**
- **Selective exclusive content**

**Best rated TV services¹**
- “Most stable TV connection”
- “Highest quality equipment”

¹ For nationwide operators, source: Dutch Consumers’ Association (Consumentenbond), January 2017

...driving continued TV growth

<table>
<thead>
<tr>
<th></th>
<th>Q2 ’16</th>
<th>Q1 ’17</th>
<th>Q2 ’17</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,315</td>
<td>2,336</td>
<td>2,346</td>
<td></td>
</tr>
<tr>
<td>2,865</td>
<td>2,885</td>
<td>2,893</td>
<td></td>
</tr>
</tbody>
</table>

69% 70% 71%

Total TV base (k)
Broadband base (k)
% IPTV of broadband base
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

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><strong>Telco market</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Fixed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Mobile</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market share &gt;50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Slightly declining Telco market¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IT market</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• UC / Workspace</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Cloud</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Security</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Virtualization of services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Internet of Things / M2M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Housing &amp; Hosting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market share &lt;5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growing IT market¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ambition</strong></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
Strengthening business market portfolio and infrastructure
Leading infrastructure and strengthened market positioning

Further strengthening infrastructure
Deploying successful hybrid access strategy used in Consumer
Deregulation of FttO supports investments in business areas

Leading IoT infrastructure

Leading cloud & data center services
Carrier & cloud neutral colocation services
Managed Hybrid Cloud
For Your Business
Launched in 2016

Expanding scale and capabilities

Nationwide LoRa network
Strong base growth M2M

Distribution
Cloud services
Security
Transformation to leading Business ICT provider on track
Supported by Simplification

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\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>Q2 '16</th>
<th>Q2 '17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(9)</td>
<td>-6</td>
</tr>
</tbody>
</table>

KPN awarded #1 ICT service provider in NL in 4 categories:
- IT services
- Telecom
- Mobility
- Internet

1 Source: Kantar TNS
2 Source: Dutch IT Partner Preference Survey
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

2. Finalize build of flexible and simplified integrated network

Ensuring best-in-class customer experience
Gradual approach to simplify operating model

Starting second wave of Simplification program

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

Customer interaction layer (BSS):
1. KPN Fixed
2. KPN Mobile
3. Telfort Fixed

Network interaction layer (OSS):
1. KPN Fixed
2. KPN B2B Fixed
3. Telfort B2B Fixed

Integration:
1. Integration Consumer BSS finalized
2. Starting integration Business BSS
3. Starting with OSS Simplification
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)

CONSUMER FIXED-MOBILE

BUSINESS FIXED-MOBILE

Network interaction layer (OSS)

CONSUMER & BUSINESS FIXED-MOBILE

OTT Services
Simplifying our operating model
Second wave of Simplification program to deliver significant savings

Simplification program run-rate opex and Capex savings

€m


~140  ~140  ~180  ~460  >300  >760

FIRST WAVE  SECOND WAVE

FROM  Product centric  TO  Customer centric  TO  Next generation Telco
Best mobile access provider

Investment-led strategy enabling superior customer experience

Most time spent on LTE

KPN: 86%
NL: 84%
NO: 82%
SE: 81%
FI: 76%
CH: 72%
DK: 71%
BE: 70%
AT: 66%
UK: 58%
DE: 57%
FR: 49%

Best mobile network according to customers

KPN: 90%
Competitor 1: 72%
Competitor 2: 70%
Competitor 3: 61%

Competitive speeds on LTE

KPN: 54.8Mbps
Average NL: 50.2Mbps

---

1 OpenSignal: The state of LTE (November 2016)
2 Ookla (April 2017)
3 % of clients that agree on the reputation statement that their operator has the best network: Kantar TNS (Q4 2016)
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\(^{1,2}\)

- LTE 800
- LTE 1800
- LTE 2100
- LTE 2600

2014 2016 2018 2020

\(^{1}\) Rebased to LTE 800 sites end 2014
\(^{2}\) Excluding small cells

UTILIZING FULL SPECTRUM TO DEPLOY CARRIER AGGREGATION

ACTIVE
- 10MHz LTE 800
- 20MHz LTE 1800

IN PROGRESS
- 10MHz LTE 800
- 20MHz LTE 1800
- 10MHz LTE 2100
- 10MHz LTE 2600

Increasing capacity and enabling download speeds up to 400Mbps
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>End 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of households FttC / FttH</td>
<td>~71%</td>
<td>~78%</td>
</tr>
</tbody>
</table>

Driving coverage 100Mbps

<table>
<thead>
<tr>
<th></th>
<th>End 2015</th>
<th>End 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of households ( \geq )100Mbps</td>
<td>~68%</td>
<td>~75%</td>
</tr>
</tbody>
</table>

Best fixed network according to customers\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>KPN</th>
<th>Competitor 1</th>
<th>Competitor 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>90%</td>
<td>70%</td>
<td>64%</td>
</tr>
</tbody>
</table>

\(^1\) % of clients that agree on the reputation statement that their operator has the best network; Kantar TNS (Q4 2016)
Ready to upgrade if demand changes
Large step taken with FttC upgrades in 2016

Cost and time efficient upgrades

Vplus delivering highest stable speeds without changing network architecture\(^1\)

1 Source: Nokia; bonded speeds based on KPN management estimate
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 on track

Decentralize, bringing services closer to customers

1 Rebased (amount of network equipment used in 2010 = 100%)
Continued investments to further improve customer experience

Core network important differentiator for quality of service

Changing customer behavior, data demand increasing rapidly

- CAGR ~65%
  - 2014: 0.4 Tbps
  - 2015: 0.7 Tbps
  - 2016: 1.1 Tbps
  - Q2 '17: 1.4 Tbps

Unicast IPTV traffic (Tbps)

- CAGR ~45%
  - 2014: 1.1 Tbps
  - 2015: 1.8 Tbps
  - 2016: 2.2 Tbps
  - Q2 '17: 2.8 Tbps

OTT traffic (Tbps)

Upgraded core network, roll-out decentralized CDN on track

- Upgrade core network completed
- 161 Metro Core Locations
  - 141 decentralized Content Delivery Network locations
- Providing significant cost reduction

Supporting customer satisfaction, NPS IPTV doubled¹

- Q2 '16: 11
- Q2 '17: 22

KPN brand, source: Kantar TNS

¹
Ahead of the Capex curve
KPN built strong fundamentals in past years

KPN INVESTED AHEAD OF THE CURVE

REDUCING CAPEX

Towards 15-17%

---

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
- 9.5% Telefónica Deutschland stake provides additional financial flexibility

Commitment to growing shareholder returns

- Free cash flow growth to drive growing shareholder remuneration
Key priorities for the coming years

1. Accelerate up- and cross-sell in bundles
2. Grow in TV and IT services
3. Finalize Business transformation
4. Finalize build of flexible and simplified integrated network and operating model
5. Expand superior access position by deploying innovative technologies and increasing fiber penetration
6. Optimize financial framework and grow dividend

Simplify  Grow  Innovate
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1 Strategy

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Continued growth of fixed-mobile bundles in Consumer

Differentiates KPN from commoditized mobile-only players

Customers in fixed-mobile bundles

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<thead>
<tr>
<th></th>
<th>Households</th>
<th>Postpaid customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 ’16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40%</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Q2 ’17</td>
<td>47%</td>
<td>38%</td>
</tr>
<tr>
<td>40%</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Q2 ’17: 34k net adds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>47% all brands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40%</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Q2 ’17: 61k net adds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>61% KPN brand</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Convergence provides significant benefits

<table>
<thead>
<tr>
<th></th>
<th>Higher NPS²</th>
<th>Lower churn³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 ’17</td>
<td>13</td>
<td>~9%</td>
</tr>
<tr>
<td>Fixed-mobile bundles³</td>
<td>27</td>
<td>~5%</td>
</tr>
<tr>
<td>Consumer total (all brands)</td>
<td>Q2 ’17</td>
<td>Q2 ’17</td>
</tr>
</tbody>
</table>

1 As % of broadband customers
2 Source: Kantar TNS
3 KPN brand
Strong household proposition supports continued revenue growth

Fixed revenue growth driven by bundled services

<table>
<thead>
<tr>
<th></th>
<th>Bundled</th>
<th>Not-bundled</th>
<th>Mobile service revenues</th>
<th>y-on-y growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 '16</td>
<td>457</td>
<td>86</td>
<td>290</td>
<td>2.5%</td>
</tr>
<tr>
<td>Q1 '17</td>
<td>467</td>
<td>79</td>
<td>298</td>
<td>1.0%</td>
</tr>
<tr>
<td>Q2 '17</td>
<td>464</td>
<td>76</td>
<td>297</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

- Excluding VAT benefit and regulation impact

Solid performance in competitive mobile environment

<table>
<thead>
<tr>
<th></th>
<th>Mobile service revenues</th>
<th>y-on-y growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 '16</td>
<td>290</td>
<td>2.5%</td>
</tr>
<tr>
<td>Q1 '17</td>
<td>298</td>
<td>1.0%</td>
</tr>
<tr>
<td>Q2 '17</td>
<td>297</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

1. y-on-y growth
Business revenues impacted by rationalization and migrations

Growth in IT related services, IoT and Security

<table>
<thead>
<tr>
<th>Q2 ’17 adjusted revenues</th>
<th>y-on-y growth</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business total</td>
<td>-5.9%</td>
<td></td>
</tr>
<tr>
<td>Multi play</td>
<td>34%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Traditional fixed</td>
<td>-19%</td>
<td>15%</td>
</tr>
<tr>
<td>Single play wireless</td>
<td>-16%</td>
<td>20%</td>
</tr>
<tr>
<td>Customized solutions</td>
<td>0.7%</td>
<td>26%</td>
</tr>
<tr>
<td>Network &amp; IT services</td>
<td>-7.1%</td>
<td>22%</td>
</tr>
<tr>
<td>New services</td>
<td>14%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

Strong growth multi play revenues, 39k multi play net adds

Traditional fixed voice revenues impacted by rationalization and migrations to KPN ÉÉN (Multi play)

Single play wireless revenues mostly impacted by migration of LE & Corporate customers to KPN ÉÉN LE (Customized solutions)

Mobile-only customer base (mainly SME)

LE & Corporate (k) 1,264
SME (k) 1,074

Q2 ’16 Q2 ’17

LE & Corporate customized solutions supported by migrations from single play wireless, but impacted by rationalization and repricing

Strong growth KPN ÉÉN LE seats

Important client wins

Migration of legacy network services to new technologies impacting revenues, growth in IT services

Growth of Internet of Things and Security

Q2 ’16 Q2 ’17

+40%
SME: migrations from traditional fixed to multi play on track

Continued growth in multi play seats

Rationalization and migration of traditional fixed voice

Continued growth KPN ÉÉN...

...adds to IT up- and cross-sell potential

<table>
<thead>
<tr>
<th></th>
<th>Q2 '16</th>
<th>Q1 '17</th>
<th>Q2 '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>k</td>
<td>530</td>
<td>449</td>
<td>427</td>
</tr>
<tr>
<td></td>
<td>211</td>
<td>247</td>
<td>259</td>
</tr>
</tbody>
</table>

Traditional fixed-only voice lines

Fixed voice lines in multi play (SME)

<table>
<thead>
<tr>
<th></th>
<th>Q2 '16</th>
<th>Q1 '17</th>
<th>Q2 '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>k</td>
<td>7</td>
<td>36</td>
<td>39</td>
</tr>
</tbody>
</table>

Net adds multi play seats (SME)

Leading reseller in The Netherlands

Cloud solutions

Security solutions
Revenue trend The Netherlands

Adjusted revenues NL declined by 2.1%

Adjusted revenues KPN Group

€ m

Q2 '16 1,676
Q2 '17 1,623

-3.2%

Adjusted revenues iBasis

€ m

Q2 '16 218
Q2 '17 192

-12%
Adjusted EBITDA margin improved further

Simplification driving lower personnel and IT/TI expenses

Adjusted EBITDA NL increased by 1.7%

- Lower SAC/SRC and lower traffic, partly offset by higher content costs
- Structural benefits from Simplification
- Less marketing expenses

1 The presented categories show adjusted numbers and differ from the opex breakdown as presented in KPN’s Integrated Annual Report 2016
Strong free cash flow growth
Supported by different intrayear phasing compared to last year

Growing operating free cash flow$^1$…

\[
\begin{align*}
\text{€ m} & \quad \text{H1 '16} & \quad \text{H1 '17} \\
530 & & 681 \\
+28\% & & \\
\end{align*}
\]

…and free cash flow$^2$

\[
\begin{align*}
\text{€ m} & \quad \text{H1 '16} & \quad \text{H1 '17} \\
104 & & 261 \\
+151\% & & \\
\end{align*}
\]

Free cash flow components

\[
\begin{align*}
\text{€ m} & \quad \text{Reported EBITDA H1 '17} & \quad \text{Change in provisions} & \quad \text{Change in working capital} & \quad \text{Interest paid} & \quad \text{Taxes received (paid)} & \quad \text{Capex} & \quad \text{Other} & \quad \text{FCF excl. TEFD dividend H1 '17} \\
1,143 & & 6 & & 169 & & 194 & & 13 & & 504 & & 4 & & 261 \\
\end{align*}
\]

$^1$ Adjusted EBITDA minus Capex
$^2$ Excluding TEFD dividend
Solid financial position

Lower debt y-on-y

<table>
<thead>
<tr>
<th></th>
<th>Q2 ’16</th>
<th>Q1 ’17</th>
<th>Q2 ’17</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ bn</td>
<td>7.8</td>
<td>6.8</td>
<td>7.3</td>
</tr>
<tr>
<td>2.8x</td>
<td>2.7x</td>
<td>2.5x</td>
<td></td>
</tr>
</tbody>
</table>

Debt portfolio

- Net debt € 0.3bn lower vs. Q1 ’17
  - Sale of Telefónica shares completed in Q2 ’17
  - Free cash flow generated in Q2 ’17
  - Partly offset by:
    - Final dividend payment of € 6.7ct per share
    - Share buyback ~60% completed end Q2 ’17
- Average coupon senior bonds 4.1% (Q2 ’16: 5.0%)

Financial flexibility

- Additional financial flexibility via 9.5% stake in TEFD
- Maturity of € 1.25bn credit facility extended to July 2022

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.
Contents

1 Strategy

2 Performance

3 Appendix
KPN ADR program

KPN has a sponsored Level 1 ADR program

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

- Long-term energy target to stay climate neutral until at least 2050 acknowledged by Science Based Targets initiative
- KPN co-developed a smart bicycle lock preventing mobile phone usage during cycling
- Pilot for network engineers to use bicycles in cities instead of cars

**Social and environmental achievements**

- 79% of Business customers agree that KPN has the best fixed network
- 20% Less energy consumption vs. 2010
- 96% of customers who were infected by malware helped within 8 hours

---

1 As disclosed in KPN’s Integrated Annual Report 2016
### Service revenues (€ m)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q2 ’17</th>
<th>Q2 ’16</th>
<th>y-on-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>297</td>
<td>290</td>
<td>2.4%</td>
</tr>
<tr>
<td>Business&lt;sup&gt;1&lt;/sup&gt;</td>
<td>163</td>
<td>167</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Other&lt;sup&gt;2&lt;/sup&gt;</td>
<td>36</td>
<td>39</td>
<td>-0.8%</td>
</tr>
<tr>
<td><strong>KPN The Netherlands</strong></td>
<td>496</td>
<td>496</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

<sup>1</sup> 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

<sup>2</sup> Includes amongst others Wholesale mobile service revenues and visitor roaming

<sup>3</sup> Including handset subsidies, commissions and SIM costs

### SAC/SRC per subscriber (€)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q2 ’17</th>
<th>Q2 ’16</th>
<th>y-on-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer (postpaid)&lt;sup&gt;3&lt;/sup&gt;</td>
<td>192</td>
<td>225</td>
<td>-15%</td>
</tr>
<tr>
<td>Business (mobile only – mainly SME)</td>
<td>217</td>
<td>240</td>
<td>-9.6%</td>
</tr>
</tbody>
</table>
Debt portfolio

Breakdown nominal debt (total € 8.3bn)

- Euro bonds: 65%
- Hybrid bonds: 24%
- Global bonds: 9%
- Other: 2%

Nominal debt by currency

- EUR: 61%
- GBP: 24%
- USD: 15%

Bond redemption profile (€ bn)

- 2018: 1.1
- 2019: 0.9
- 2020: 0.6
- 2021: 0.6
- 2022: 0.6
- 2023: 0.5
- 2024: 0.4
- 2025: 0.6
- 2026: 0.5
- 2027: 0.6
- 2028: 1.0
- 2029: 0.8
- 2030: 0.1

- USD hybrid (1st call)
- GBP
- EUR hybrid (1st call)
- EUR
- USD

Fixed vs. floating interest

- Fixed: 100%

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
Spectrum in The Netherlands

- **800MHz (Paired)**
  - Tele2: 2*10
  - VodZig: 2*10
  - KPN: 2*10

- **900MHz (Paired)**
  - VodZig: 2*10
  - KPN: 2*10
  - T-Mob: 2*15

- **1.8GHz (Paired)**
  - KPN: 2*20
  - VodZig: 2*20
  - T-Mob: 2*30

- **2.1GHz (Paired)**
  - VodZig: 2*14.6
  - KPN: 2*14.8
  - T-Mob: 2*10
  - KPN: 2*5
  - VodZig: 2*5
  - T-Mob: 2*10

- **2.6GHz (Unpaired)**
  - T-Mob: 25
  - KPN: 30
  - Tele2: 5

- **2.6GHz (Paired)**
  - VodZig: 2*30
  - T-Mob: 2*5
  - KPN: 2*10
  - Tele2: 2*20

- **Total**
  - KPN: 169.6MHz
  - VodZig: 179.2MHz
  - T-Mob: 165MHz
  - Tele2: 65MHz

- **Total**
  - 578.8MHz
Fixed infrastructure

- **CO**
  - **VDSL2**
    - **VDSL2 pair bonding**
      - **Vectoring**
        - **Bonded vectoring**
          - **Bonded VPLUS**
            - **NG.PON**
              - **FttH**

**Download speed**

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

**Active in Network**

- **Fiber**
- **Copper**
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.