Contents

1 Strategy
2 Performance
3 Appendix
Simplification and digitalization embedded in organization

Driving revenue opportunities and lower spend

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

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

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

**Virtualize**
- 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/TI, maintenance, energy
  - SAC/SRC, connection fees, traffic
  - Cheaper generic hardware
### External environment reassuring
Growing macro-economy with strong competitive position

#### FAVOURABLE MACRO ECONOMY

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Growth NL(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2.3%</td>
</tr>
<tr>
<td>2016</td>
<td>2.2%</td>
</tr>
<tr>
<td>2017</td>
<td>3.1%</td>
</tr>
<tr>
<td>2018E</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Unemployment NL(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>6.9%</td>
</tr>
<tr>
<td>2016</td>
<td>6.0%</td>
</tr>
<tr>
<td>2017</td>
<td>4.9%</td>
</tr>
<tr>
<td>2018E</td>
<td>3.9%</td>
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</table>

#### STRONG COMPETITIVE POSITION

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

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1. CPB (Issued March 2018)
2. World Economic Forum; The Global Competitiveness Report 2017-2018

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KPN strongly positioned as leading integrated service provider

<table>
<thead>
<tr>
<th></th>
<th></th>
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<tbody>
<tr>
<td>Mobile network quality¹</td>
<td><img src="image" alt="Score" /></td>
<td><img src="image" alt="Score" /></td>
<td><img src="image" alt="Score" /></td>
<td><img src="image" alt="Score" /></td>
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<tr>
<td>Mobile market share²</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 share³</td>
<td>41%</td>
<td>44%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>TV product perception⁴</td>
<td><img src="image" alt="Score" /></td>
<td><img src="image" alt="Score" /></td>
<td>N/A</td>
<td><img src="image" alt="Score" /></td>
</tr>
<tr>
<td>TV market share³</td>
<td>32%</td>
<td>52%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Fixed-mobile convergence</td>
<td><img src="image" alt="Score" /></td>
<td><img src="image" alt="Score" /></td>
<td><img src="image" alt="Score" /></td>
<td><img src="image" alt="Score" /></td>
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<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>
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<td><img src="image" alt="Score" /></td>
<td><img src="image" alt="Score" /></td>
<td><img src="image" alt="Score" /></td>
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<tr>
<td>Trusted brand</td>
<td><img src="image" alt="Score" /></td>
<td><img src="image" alt="Score" /></td>
<td><img src="image" alt="Score" /></td>
<td><img src="image" alt="Score" /></td>
</tr>
</tbody>
</table>

1 Independent market survey (Q1 2018)
2 Total Dutch (Consumer and Business) mobile service revenue market share (Q4 2017), based on IAS 18 mobile service revenues
3 Telecomwrapper (Q1 2018)
4 Independent market survey (Consumentenbond; Q1 2018)
Key priorities on track

- Simplify
- Grow
- Innovate

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

Increasing SIMs per household leading to lower churn

Customers in fixed-mobile bundles

<table>
<thead>
<tr>
<th>Households</th>
<th>Postpaid customers</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Q2 '18: 19k net adds</th>
<th>Q2 '18: 46k net adds</th>
</tr>
</thead>
<tbody>
<tr>
<td>44%</td>
<td>54%</td>
</tr>
<tr>
<td>40%</td>
<td>47%</td>
</tr>
</tbody>
</table>

Q2 '17: 47% all brands

67% KPN brand

Clear convergence benefits

Increasing SIMs per household

<table>
<thead>
<tr>
<th>Q2 '14</th>
<th>Q2 '16</th>
<th>Q2 '18</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.36</td>
<td>1.47</td>
<td>1.52</td>
</tr>
</tbody>
</table>

+12%

Lower churn (Q2 '18)

- Broadband-only: ~50%
- F-M bundles (1 SIM): ~50%
- F-M bundles (≥2 SIMs):

---

1 As % of broadband customers
2 Based on fixed-mobile households
3 KPN brand
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

~4%

Q4 '16
Q4 '17

Higher inflow ARPU from value added services

~+60%

Q4 '16
Q4 '17

Higher inflow margin per household

~+4%

Q4 '16
Q4 '17

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Q4 '16
Q4 '17
New Consumer fixed propositions reflecting value focus

More-for-more at KPN brand

+ € 2.50

New Telfort propositions focus on convergence

Internet only Internet & TV Basic Internet & TV Standard Internet & 4K TV Premium

KPN brand as per 1 July 2018, Telfort brand as per 16 April 2018

1 € 5/month discount on fixed subscription
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

1 Management estimates, based on IAS 18 mobile service revenues
Enabling digital customer interaction
Driving cost savings and potential new revenue streams

Increase of digital customer interaction
supporting lower contact center costs in Consumer

Q1 '17 Q1 '18
+11%
-21%
-14%

Online contact\(^1,2\)
Incoming calls\(^2\)
Contact center costs

WeChat Go Europe platform offering in-app purchases

KPN enabled app and connectivity for Chinese tourists travelling to Europe
Revenue share of tickets sold and financial transactions

\(^1\) Webcare and chat contact via online customer service channels
\(^2\) KPN brand
Optimizing customer journey
Using Data & Analytics to prevent online-to-offline leakage and deploy best call center agents

- Expected annual savings from optimized customer journey: ~€ 10m

Facilitating online self-help

30% of interruption calls cause 80% of costs

Routing calls to most suitable agents

- Main drivers:
  - Use of mechanics
  - Hardware swaps

<table>
<thead>
<tr>
<th>Decile</th>
<th>Total costs (related to interruptions)</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>~80%</td>
</tr>
<tr>
<td>2</td>
<td>~40%</td>
</tr>
<tr>
<td>3</td>
<td>~30%</td>
</tr>
<tr>
<td>4</td>
<td>~15%</td>
</tr>
<tr>
<td>5</td>
<td>~15%</td>
</tr>
<tr>
<td>6</td>
<td>~60%</td>
</tr>
<tr>
<td>7</td>
<td>~85%</td>
</tr>
<tr>
<td>8</td>
<td>~85%</td>
</tr>
<tr>
<td>9</td>
<td>~70%</td>
</tr>
<tr>
<td>10</td>
<td>~85%</td>
</tr>
</tbody>
</table>

~€ per journey vs. avg

-27%

Top-20% agents

+35%

Bottom-20% agents

xx%: 2018
xx%: 2016

~15% ~60%
~85% ~40%
~15% ~30%
~85% ~70%
Targeted household approach yielding tangible results
Smart analytics driving increased convergence penetration and lower churn

**Step 1:** Created uniform digital layer

- Web
- App
- Shop
- Call Centers
- Mechanics
- Sales B2B

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

**Step 3:** Reaping the benefits

- Reducing churn
  - Broadband
    - Control group
    - Targeted advice
    - ~6.5%

- Increasing convergence penetration
  - Mobile adding broadband
    - Control group
    - Targeted advice
    - ~95%
  - Broadband adding mobile
    - Control group
    - Targeted advice
    - ~40%

Unique targeted client advice (shown to customer service):

- New (3)
- Offered (0)
  - Customer can upgrade connection to fiber
  - Customer has KPN fixed and mobile services, but has not activated converged benefits
  - We can enhance the customer's WiFi connection (speed/stability) by switching channels

---

1 Measured in Q1 2018
Simplified Business portfolio in 2017

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

Changing customer needs...

Tailor made single play solutions
Standardized bundled services
Traditional on-premise services
Cloud-based (IT) services
Platform specific access
Shared access & OTT (IPVPN, SDN)

...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>

Portfolio

Communication services
IT services
Professional services & Consultancy

Distribution platform

kpn
RoutIT
kpn
@divider
QSight IT
dearBytes
KPN well positioned to cater to smaller businesses

Encouraging take-up of new small business proposition

Good broadband inflow

<table>
<thead>
<tr>
<th></th>
<th>Q1 '18</th>
<th>Q2 '18</th>
</tr>
</thead>
<tbody>
<tr>
<td>k</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>1</td>
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</tr>
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<td>2</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
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</tr>
</tbody>
</table>

Migrations margin accretive

- Margin on Consumer proposition
- Margin uplift ~€ 5-10
- Margin on small business proposition

- Migrations from Consumer
- Migrations from Business
- New small business customers
Growth in IT services and IoT

Nationwide IoT network supporting leading position

Upsell security portfolio through KPN ÉÉN SME

Full IoT service offering leading to strong growth

- Data driven solutions
- KPN Things services
- Connectivity
- Hardware
- Professional services

Offered as plug & play end-to-end solution or modular building blocks

Nationwide IoT coverage

KPN IoT M2M base (m)

- LoRa
- LTE-M
- 4G M2M

<table>
<thead>
<tr>
<th>Year</th>
<th>Q2 '17</th>
<th>Q2 '18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,1</td>
<td>4,3</td>
</tr>
</tbody>
</table>
Several landmark corporate deals in converged communication & IT services

KPN recognized as #1 Business service provider in The Netherlands for second consecutive year\(^1\)

Amongst others

- Telecom
- Mobility
- Datacenters
- IT Services Management
- IT Development
- IT Infrastructure

\(^1\) Source: Dutch IT Partner Preference Survey
Simplifying operating model and 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 on track
Run-rate savings realized of ~€ 175m

Simplification program run-rate opex and Capex savings

€ m

End 2016

End 2019

2017

H1 '18

>350

~175

~65

~110

SECOND WAVE

Customer centric

Next generation Telco

Fully virtualized

Investor presentation | Strategy | Network, Operations & IT | 19
More flexible and simplified network and operating model

Mobile BSS integration completed with migration of Telfort mobile base

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
Gradually moving to a software defined network
Providing flexible on-demand capacity and new services, faster and at lower costs

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

Legacy network
- Dedicated hardware for different network functions

Software Defined Network
- Virtualized network functions
- Generic hardware
- Flexible capacity
- Highly automated maintenance
- Self-healing and self-optimizing networks
Ready to upgrade if demand changes

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

Cost and time efficient upgrades

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

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

Costs per home: Roll-out Negligible
Activation Negligible

VDSL2 (from CO)  FttC & Vectoring  VPLUS  Bonded VPLUS

Costs per home: Roll-out Negligible
Activation Negligible

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

Aggregate bitrate (Mbps)

Loop length (m)

1 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
- SDN / NFV
- VPlus
- FttS / FttB / FttH technologies
- Fixed-wireless convergence
- Decentralized CDN
- Core network 100 Gbps
- FttC / FttH
- Investor presentation | Strategy | Network, Operations & IT | 24
Determining value of 5G technologies through use cases

Starting several pilots with business partners

<table>
<thead>
<tr>
<th>Urban areas</th>
<th>Transport &amp; Logistics</th>
<th>Automotive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virtual reality</td>
<td>Cargo / asset tracking</td>
<td>Truck platooning</td>
</tr>
<tr>
<td>4k / 8k television</td>
<td>Predictive maintenance</td>
<td>Green light optimal speed advice</td>
</tr>
<tr>
<td>Crowd control</td>
<td>Increase asset utilization</td>
<td>Automated valet parking</td>
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<td></td>
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<tr>
<td>Rural applications</td>
<td></td>
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<tr>
<td>Precision farming</td>
<td></td>
<td></td>
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<tr>
<td>Fixed wireless internet</td>
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<tr>
<td>Drone surveillance</td>
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</tbody>
</table>
Contents

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

Households in fixed-mobile bundles

- Q2 '18: 19k net adds
- Q2 '17: 40%
- Q2 '18: 44%

Postpaid customers in fixed-mobile bundles

- Q2 '18: 46k net adds
- Q2 '17: 54%
- All brands: 47%
- KPN brand: 67%

1 As % of broadband customers
Continued focus on value in competitive Consumer environment

Mobile service revenues impacted by regulation and price pressure in mobile-only

-9.2% 231 208 209
Q2 '17 Q1 '18 Q2 '18

-3.5%
Growth of mobile service revenues (Excluding regulation)

Continued fixed revenue growth

+1.7% 464 472
Q2 '17 Q2 '18
**Business transformation taking shape**

### Business revenue growth drivers

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Q2 '18 adjusted y-on-y growth</th>
<th>H1 '18 adjusted y-on-y growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Communication Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile service revenues</td>
<td>-6.2%</td>
<td>-7.0%</td>
</tr>
<tr>
<td>IoT</td>
<td>8.3%</td>
<td>22%</td>
</tr>
<tr>
<td>Broadband &amp; Network services</td>
<td>-1.4%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Fixed voice</td>
<td>-15%</td>
<td>-15%</td>
</tr>
<tr>
<td>Other</td>
<td>-13%</td>
<td>-18%</td>
</tr>
<tr>
<td><strong>IT Services (a.o. security, cloud, workspace)</strong></td>
<td>28%</td>
<td>23%</td>
</tr>
<tr>
<td><strong>Professional Services &amp; Consultancy</strong></td>
<td>9.1%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Business total</td>
<td>0.3%</td>
<td>-1.1%</td>
</tr>
</tbody>
</table>
Adjusted revenue trend improving compared to Q1 ’18

Adjusted revenues declined by 1.5%¹

Growth of adjusted revenues, excluding € 29m regulation impact
(roaming & MTA / FTA)

¹ vs. Q1 2018: -3.4%
Adjusted EBITDA growth driven by Simplification and digitalization

Adjusted EBITDA increased by 1.3%

€ m

<table>
<thead>
<tr>
<th>Adj. EBITDA Q2 ’17</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 Q2 ’18</th>
</tr>
</thead>
<tbody>
<tr>
<td>569</td>
<td>22</td>
<td>19</td>
<td>3</td>
<td>10</td>
<td>3</td>
<td>577</td>
</tr>
</tbody>
</table>

1. Lower traffic costs due to reduction MTA tariffs
2. Ongoing Simplification and digitalization savings

Growth of adjusted EBITDA, excluding € 5m regulation impact (roaming & MTA / FTA)
Free cash flow growth driven by lower interest paid and higher EBITDA

Growing free cash flow

<table>
<thead>
<tr>
<th>Year</th>
<th>Free Cash Flow (€ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 '17</td>
<td>248</td>
</tr>
<tr>
<td>H1 '18</td>
<td>347</td>
</tr>
</tbody>
</table>

Free cash flow components

<table>
<thead>
<tr>
<th>Component</th>
<th>H1 '18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported EBITDA H1 '18</td>
<td>1,110</td>
<td></td>
</tr>
<tr>
<td>Change in provisions</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Change in working capital</td>
<td>98</td>
<td></td>
</tr>
<tr>
<td>Interest paid</td>
<td>162</td>
<td></td>
</tr>
<tr>
<td>Taxes paid</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Other Capex</td>
<td>481</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>FCF excl. TEFD dividend H1 '18</td>
<td>347</td>
<td></td>
</tr>
</tbody>
</table>

1 Excluding TEFD dividend
Solid financial position

Intention to redeem €1.1bn hybrid bond from existing cash

Lower debt level

<table>
<thead>
<tr>
<th></th>
<th>€ bn</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 '17</td>
<td>7.3</td>
<td>6.2</td>
<td>2.6x</td>
</tr>
<tr>
<td>Q1 '18</td>
<td>7.2</td>
<td>5.8</td>
<td>2.5x</td>
</tr>
<tr>
<td>Q2 '18</td>
<td>7.2</td>
<td>5.8</td>
<td>2.5x</td>
</tr>
</tbody>
</table>

Hybrid redemption at first call date

- Successful execution of strategy since issuance in 2013
- Realignment proportion hybrid capital to balance sheet
- Saving €67m annual coupon from 2019 onwards

Debt portfolio

- Net debt in line with Q1 '18
  - Free cash flow generated in Q2 '18
  - Partial sale of TEFD stake
  - Final dividend over 2017 paid to shareholders
- Average coupon senior bonds 3.8% (Q2 '17: 4.1%)

---

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 First call date: 14 September 2018
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)</td>
</tr>
<tr>
<td></td>
<td>+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 delivering benefits for customers and KPN

Recognition by leading benchmarks

Less energy consumption despite rising data volumes

Helping customers to reduce energy usage

Customers saved

Equivalent to

~1.9 PJ energy in 2017

~€ 70m

1 2017 based on management estimate
### Dutch mobile service revenues

<table>
<thead>
<tr>
<th>Service revenues (€ m)</th>
<th>Q2 '18</th>
<th>Q2 '17</th>
<th>y-on-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>209</td>
<td>231</td>
<td>-9.2%</td>
</tr>
<tr>
<td>Business¹</td>
<td>141</td>
<td>148</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Other²</td>
<td>41</td>
<td>36</td>
<td>15%</td>
</tr>
<tr>
<td><strong>KPN The Netherlands</strong></td>
<td>391</td>
<td>414</td>
<td>-5.6%</td>
</tr>
</tbody>
</table>

1. Includes M2M service revenues
2. Includes amongst others Wholesale mobile service revenues and visitor roaming
Debt portfolio

Breakdown nominal debt\(^1\) (total € 8.3bn)

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

Nominal debt by currency

- EUR 61%
- USD\(^2\) 15%
- GBP\(^2\) 24%

Bond redemption profile (€ bn)

- Floating 15%
- Fixed 85%

Fixed vs. floating interest\(^3\)

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
IFRS 15 changed revenue recognition rules

Example 1: Handset sales via own channels

### Accounting for this example

<table>
<thead>
<tr>
<th>Contract components (€)</th>
<th>Value</th>
<th>Revenue / cost</th>
<th>Revenue / cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract duration (months)</td>
<td>24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly subscription</td>
<td>50</td>
<td>1,200</td>
<td></td>
</tr>
<tr>
<td>Initial handset payment</td>
<td>48</td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>Handset value</td>
<td>528</td>
<td>-528</td>
<td></td>
</tr>
<tr>
<td>EBITDA contract lifetime</td>
<td>720</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(€)</th>
<th>Month 1</th>
<th>Month 2</th>
<th>...</th>
<th>Month 24</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-service revenue (handset)</td>
<td>528</td>
<td>-</td>
<td>...</td>
<td>-</td>
<td>528</td>
</tr>
<tr>
<td>Service revenues</td>
<td>30</td>
<td>30</td>
<td>...</td>
<td>30</td>
<td>720</td>
</tr>
<tr>
<td>Total revenues</td>
<td>558</td>
<td>30</td>
<td>...</td>
<td>30</td>
<td>1,248</td>
</tr>
<tr>
<td>Opex (SAC)</td>
<td>-528</td>
<td>-</td>
<td>...</td>
<td>-</td>
<td>-528</td>
</tr>
<tr>
<td>EBITDA</td>
<td>30</td>
<td>30</td>
<td>...</td>
<td>30</td>
<td>720</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contract asset (working capital)</th>
<th>Month 1</th>
<th>Month 2</th>
<th>...</th>
<th>Month 24</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add: handset receivable</td>
<td>480</td>
<td>-</td>
<td>...</td>
<td>-</td>
<td>480</td>
</tr>
<tr>
<td>Less: monthly billing</td>
<td>-20</td>
<td>-20</td>
<td>...</td>
<td>-20</td>
<td>-480</td>
</tr>
<tr>
<td>Closing balance</td>
<td>460</td>
<td>440</td>
<td>...</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Under IFRS 15:**
- Handset delivery at purchase is accounted for as non-service revenues.
- Handset revenues consist of:
  - Initial payment (€ 48)
  - Amount to be recovered over the contract period (€ 480)
- No impact on free cash flow from accounting change.
  - Higher EBITDA in month 1 (€ 460) is offset by change in working capital.
IFRS 15 changed revenue recognition rules (cont’d)

Example 2: Handset sales via third parties

<table>
<thead>
<tr>
<th>Contract components (€)</th>
<th>Value</th>
<th>Revenue / cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract duration (months)</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Monthly subscription</td>
<td>50</td>
<td>1,200</td>
</tr>
<tr>
<td>Dealer fee (handset)</td>
<td>480</td>
<td>-480</td>
</tr>
<tr>
<td>Dealer fee (subscription)</td>
<td>120</td>
<td>-120</td>
</tr>
<tr>
<td>EBITDA contract lifetime</td>
<td></td>
<td>600</td>
</tr>
</tbody>
</table>

Under IFRS 15:

- At purchase, dealer fees are recognized on the balance sheet
  - Handset revenues and handset dealer fee are no longer included in revenue and SAC
- Dealer subscription fee is spread over the contract lifetime as SAC
- No impact on free cash flow from accounting change
  - Higher EBITDA in month 1 (€ 575) is offset by change in working capital (contract asset) and change in provisions (non-current assets)

### P&L

<table>
<thead>
<tr>
<th>(€)</th>
<th>Month 1</th>
<th>Month 2</th>
<th>...</th>
<th>Month 24</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service revenues</td>
<td>30</td>
<td>30</td>
<td>...</td>
<td>30</td>
<td>720</td>
</tr>
<tr>
<td>Total revenues</td>
<td>30</td>
<td>30</td>
<td>...</td>
<td>30</td>
<td>720</td>
</tr>
<tr>
<td>Opex (SAC)</td>
<td>-5</td>
<td>-5</td>
<td>...</td>
<td>-5</td>
<td>-120</td>
</tr>
<tr>
<td>EBITDA</td>
<td>25</td>
<td>25</td>
<td>...</td>
<td>25</td>
<td>600</td>
</tr>
</tbody>
</table>

### Contract asset (working capital)

<table>
<thead>
<tr>
<th>(€)</th>
<th>Month 1</th>
<th>Month 2</th>
<th>...</th>
<th>Month 24</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add: handset receivable</td>
<td>480</td>
<td>-</td>
<td>...</td>
<td>-</td>
<td>480</td>
</tr>
<tr>
<td>Less: monthly billing</td>
<td>-20</td>
<td>-20</td>
<td>...</td>
<td>-20</td>
<td>-480</td>
</tr>
<tr>
<td>Closing balance</td>
<td>460</td>
<td>440</td>
<td>...</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Contract cost (non-current)

<table>
<thead>
<tr>
<th>(€)</th>
<th>Month 1</th>
<th>Month 2</th>
<th>...</th>
<th>Month 24</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add: contract cost</td>
<td>120</td>
<td>-</td>
<td>...</td>
<td>-</td>
<td>120</td>
</tr>
<tr>
<td>Less: amortization</td>
<td>-5</td>
<td>-5</td>
<td>...</td>
<td>-5</td>
<td>-120</td>
</tr>
<tr>
<td>Closing balance</td>
<td>115</td>
<td>110</td>
<td>...</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### IAS 18

<table>
<thead>
<tr>
<th>(€)</th>
<th>Month 1</th>
<th>Month 2</th>
<th>...</th>
<th>Month 24</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service revenues</td>
<td>50</td>
<td>50</td>
<td>...</td>
<td>50</td>
<td>1,200</td>
</tr>
<tr>
<td>Total revenues</td>
<td>50</td>
<td>50</td>
<td>...</td>
<td>50</td>
<td>1,200</td>
</tr>
<tr>
<td>Opex (SAC)</td>
<td>-600</td>
<td>-</td>
<td>...</td>
<td>-</td>
<td>-600</td>
</tr>
<tr>
<td>EBITDA</td>
<td>-550</td>
<td>50</td>
<td>...</td>
<td>50</td>
<td>600</td>
</tr>
</tbody>
</table>
### Spectrum in The Netherlands

<table>
<thead>
<tr>
<th>Frequency Range</th>
<th>Operator 1</th>
<th>Operator 2</th>
<th>Operator 3</th>
<th>Operator 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>800MHz (Paired)</td>
<td>Tele2 2*10</td>
<td>VodZig 2*10</td>
<td>KPN 2*10</td>
<td>2*30</td>
</tr>
<tr>
<td>900MHz (Paired)</td>
<td>VodZig 2*10</td>
<td>KPN 2*10</td>
<td>T-Mob 2*15</td>
<td>2*35</td>
</tr>
<tr>
<td>1.8GHz (Paired)</td>
<td>KPN 2*20</td>
<td>VodZig 2*20</td>
<td>T-Mob 2*30</td>
<td>2*70</td>
</tr>
<tr>
<td>2.1GHz (Paired)</td>
<td>VodZig 2*14.6</td>
<td>KPN 2*14.8</td>
<td>T-Mob 2*10</td>
<td>2*59.4</td>
</tr>
<tr>
<td>2.6GHz (Unpaired)</td>
<td>T-Mob 25</td>
<td>KPN 30</td>
<td>Tele2 5</td>
<td>1*60</td>
</tr>
<tr>
<td>2.6GHz (Paired)</td>
<td>VodZig 2*30</td>
<td>T-Mob 2*5</td>
<td>KPN 2*10</td>
<td>Tele2 2*20</td>
</tr>
<tr>
<td>Total</td>
<td>KPN 169.6MHz</td>
<td>VodZig 179.2MHz</td>
<td>T-Mob 165MHz</td>
<td>Tele2 65MHz</td>
</tr>
</tbody>
</table>
Fixed infrastructure

Download speed

- VDSL2 pair bonding: ~50Mbps
- Vectoring: ~100Mbps
- Bonded vectoring: ~120Mbps
- Bonded VPLUS: ~240Mbps
- NG.PON: ~400Mbps
- FttH: >1Gbps
- Fiber Copper Investor presentation | Appendix | Fixed infrastructure | 42
Safe harbor

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 2017. 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. The figures shown in this report were rounded in accordance with standard business principles. As a result, totals indicated may not be equal to the precise sum of the individual figures.

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 2017.