



# Citi European & Emerging Markets Telecoms Conference

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## Safe harbor

Certain statements contained in this presentation 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, its 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" 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 our control that could cause actual results to differ materially from such statements. A number of these factors are described (not exhaustively) in the 2008 Annual Report.

All figures in this presentation are unaudited and based on IFRS. This presentation contains a number of non-GAAP figures, such as EBITDA and free cash flow. These non-GAAP figures should not be viewed as a substitute for KPN's GAAP figures.

All market share information in this presentation is based on management estimates based on externally available information, unless indicated otherwise.

## Disclaimer

We define EBITDA as operating result before depreciation and impairments of PP&E and amortization and impairments of intangible assets. Note that our 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. In all cases, a reconciliation of EBITDA and the nearest GAAP measure (operating result) is provided. In the net debt/EBITDA ratio, we define EBITDA as a 12 month rolling average excluding book gains, release of pension provisions and restructuring costs, all over EUR 20m. For 2008 and subsequent years, free cash flow is defined as cash flow from operating activities plus proceeds from real estate, minus capital expenditures (Capex), being expenditures on PP&E and software, and excluding tax recapture at E-Plus.

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# Agenda

Highlights
Operating review the Netherlands
Operating review Mobile International
Concluding remarks

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## Highlights 2008

- Solid FY 2008 results, guidance met on all metrics
- EBITDA inflection in the Netherlands
- Continued profitable growth at Mobile International
- Getronics on track, iBasis goodwill impaired
- 2010 outlook confirmed

### Financial highlights:

- FCF of € 2.6 bn in 2008, ahead of guidance of >€ 2.4 bn
- Working capital improvement of € 418 mn
- Solid financial profile with Net debt / EBITDA ratio of 2.2x per Q4 '08
- € 1 bn buyback for 2009 started in November 2008, >35% completed to date
- Dividend per share proposed of € 0.60 for FY 2008, up 11%

## Impact of economic downturn

- Limited impact from economic downturn in 2008
  - No significant impact on FY '08 results, except for real estate disposals
  - Small increase in average interest paid on bonds during 2008
  - Early warning indicators being tracked continuously, no material issues yet
  
- Pre-emptive measures taken in Q4, in order to be prepared if conditions worsen
  - Reduced number of external staff and tariffs for freelance workers
  - Renegotiation of large supplier contracts
  - Efficiency improvements across the group
  
- Risks and opportunities further detailed
  - € 120 mn additional cash contribution for pensions in 2009
  - Well positioned as incumbent in the Netherlands and challenger abroad
  - Possible revenue pressure to be compensated by additional cost reductions and selective price increases

# Outlook

Confirming outlook for 2010, as announced with 'Back to Growth' strategy

	Reported 2008	Outlook 2010
Revenues and other income	€ 14.60 bn	> € 15 bn
EBITDA	€ 5.06 bn	> € 5.5 bn
Capex	€ 1.93 bn	~ € 2 bn
Free cash flow <sup>1</sup>	€ 2.60 bn	> € 2.4 bn
Dividend per share	€ 0.60	€ 0.80

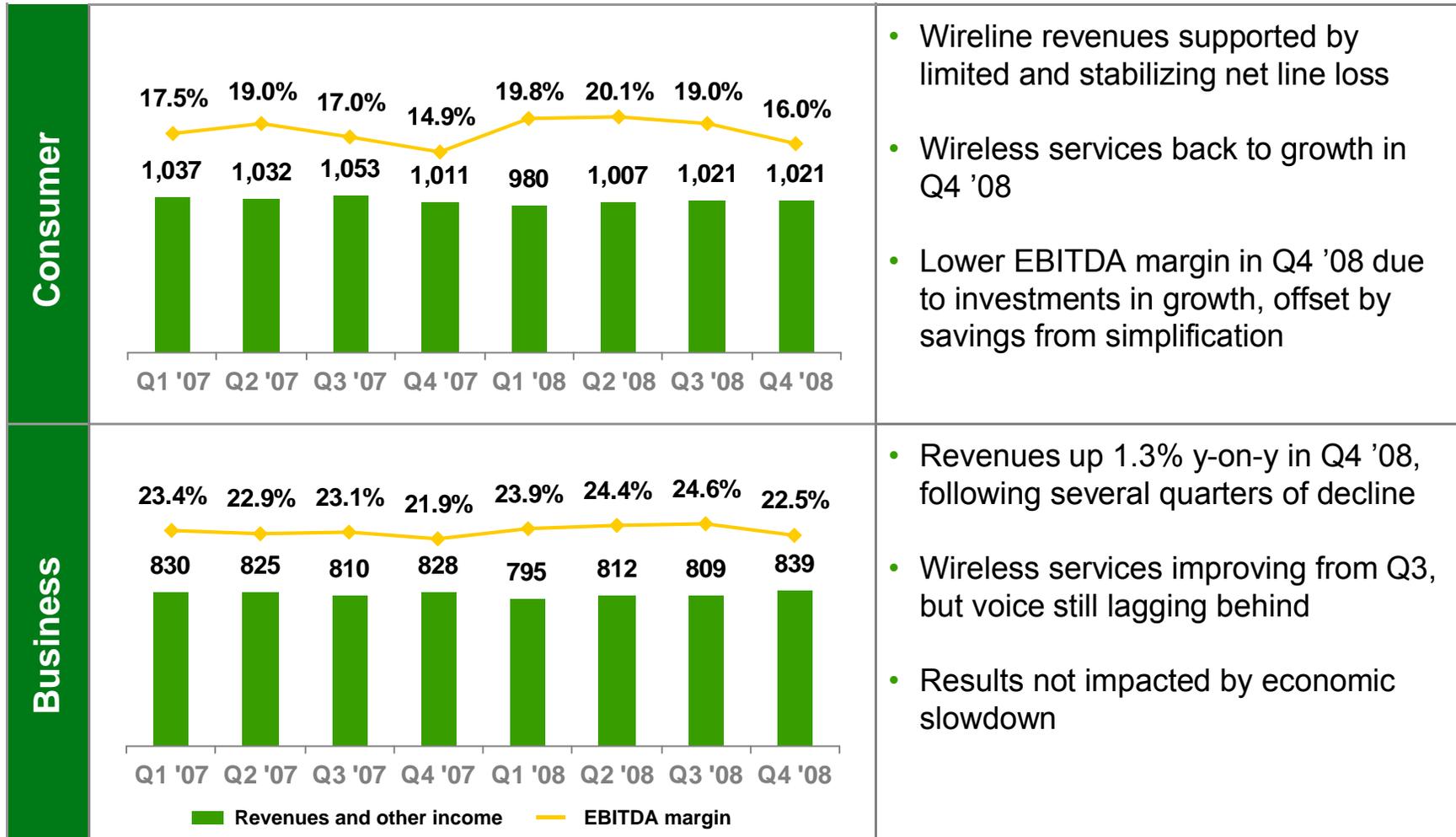
## Outlook 2009

- Meaningful progress towards EBITDA target for 2010
- Free cash flow of ~€ 2.4 bn in 2009
  - Despite expected € 120 mn cash impact from pensions and regulatory developments
  - Despite reversal of € 150 mn non-structural working capital improvements of Q4 '08
  - Anticipating proceeds from real estate disposals of similar magnitude to that of 2008
  - Negative impact from seasonality in Q1 '09

<sup>1</sup> Free cash flow defined as cash flow from operating activities, plus proceeds from real estate, minus Capex and excluding tax recapture at E-Plus

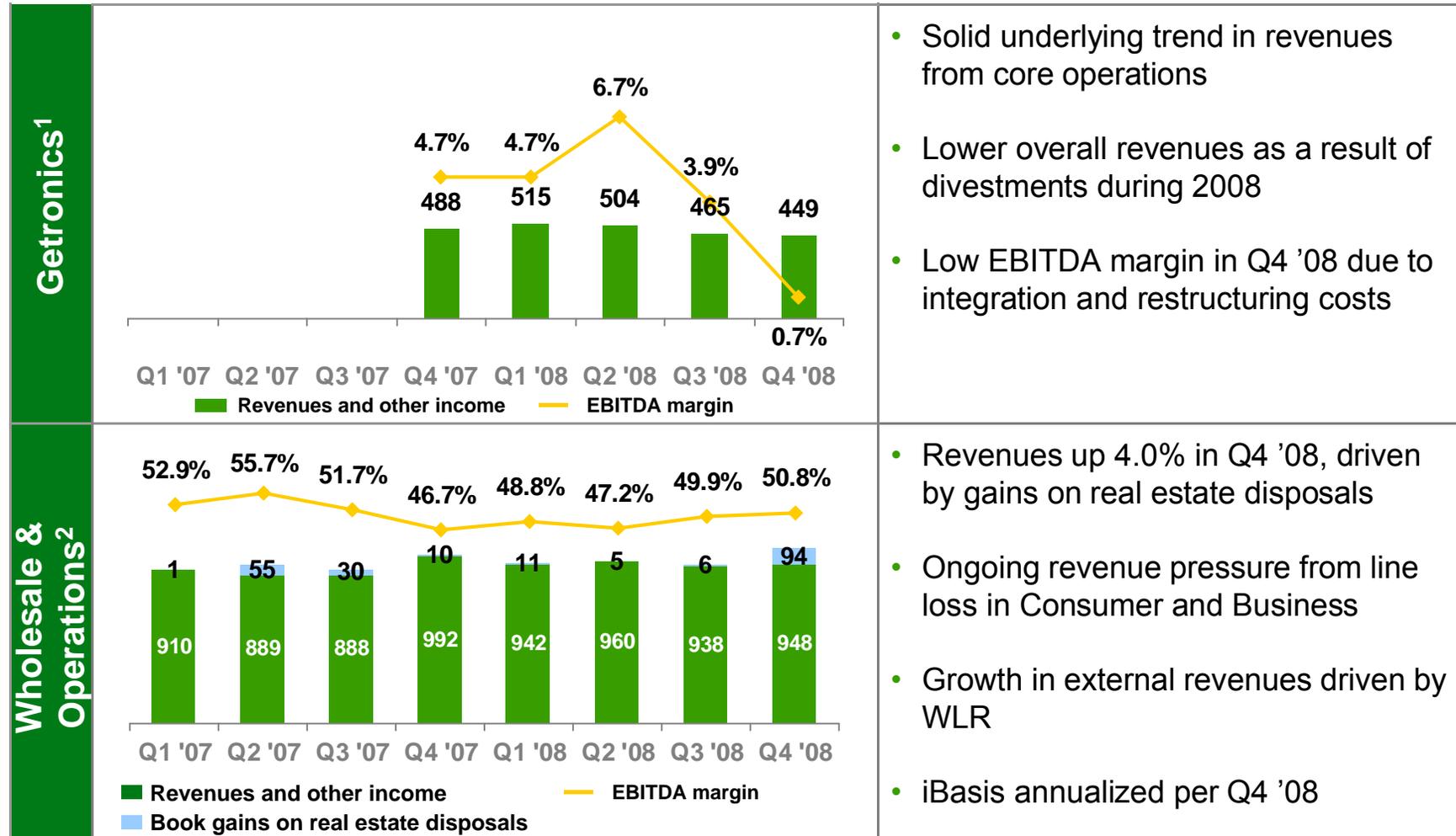
# Financial review the Netherlands by segment

Revenue decline in Consumer stopped, solid trends in Business



# Financial review the Netherlands by segment (cont'd)

Getronics results impacted by restructuring costs, W&O resilient



1 Consolidated per 23 October 2007

2 iBasis consolidated per 1 October 2007, revenues and other income and EBITDA in Q4 '07 excluding € 66 mn book gain

# Strategic progress Consumer

Strong improvement in Consumer segment, strategy delivering results

## 'Back to Growth' strategy

**Strengthen position as  
leading consumer  
service provider**

**Market share growth in  
broadband and  
strengthening wireless**

**Reach inflection in  
EBITDA**

## Achievements 2008

- Consumer strategy delivering results
  - Revenue decline stopped per Q4 '08
  - Shift to customer value
  - Investments for growth (wireless, TV, fiber)
  - Supported by simplification program
- Net line loss improved to low levels
- 11% market share in TV
- Position in wireless improving during 2008
  - Higher quality net adds
  - Service revenues back to growth in Q4 '08

# Fiber

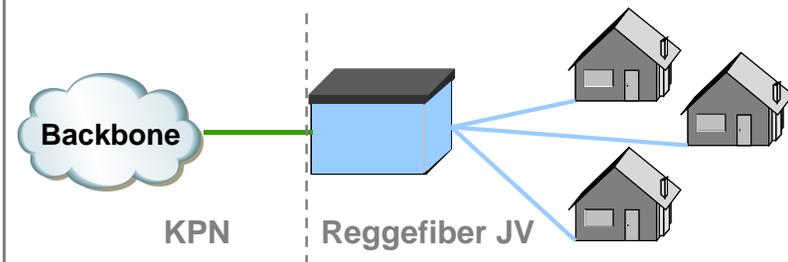
Focus on 5 cities with FttC and 5 cities with FttH

## Fiber approach



- Simple product portfolio with three distinct propositions
  - Differentiation on bandwidth, value-added services and content
- Targeting penetration and ARPU uplift
  - Initially 5 cities FttC and 5 cities FttH
  - Decision on rollout speed and direction in H2 '09
- Local marketing approach for fiber
  - Demonstrating fiber possibilities in 'House of Opportunities'

## Reggefiber JV



- FttH rolled out through Reggefiber JV
  - KPN owning 41% of JV that constructs and operates passive infrastructure
  - Majority of FttH investments shared in JV, not on KPN's balance sheet
  - € 100 mn payment to JV in Q4 '08
- Open network with access to passive infrastructure regulated by OPTA
  - Access fee of € 12-17.50 / month, depending on Capex per home passed
  - Multiple service providers (incl. KPN)

## Strategic progress Business

Leading managed ICT service provider, upside from Getronics integration

### 'Back to Growth' strategy

Leading managed ICT  
service provider

Preferred supplier for  
business market

Revenue growth with  
'best-in-class' margins

### Achievements 2008

- Solid revenue and profitability trends
- Stable market shares in most segments
- Tapping growth potential in wireless data and housing & hosting
- Fully prepared for integration with Getronics in 2009

## Strategic progress Getronics

Restructuring on track, overall solid profitability for ongoing business

### 'Back to Growth' strategy

**Benelux market leader**

**Expand global  
workspace management**

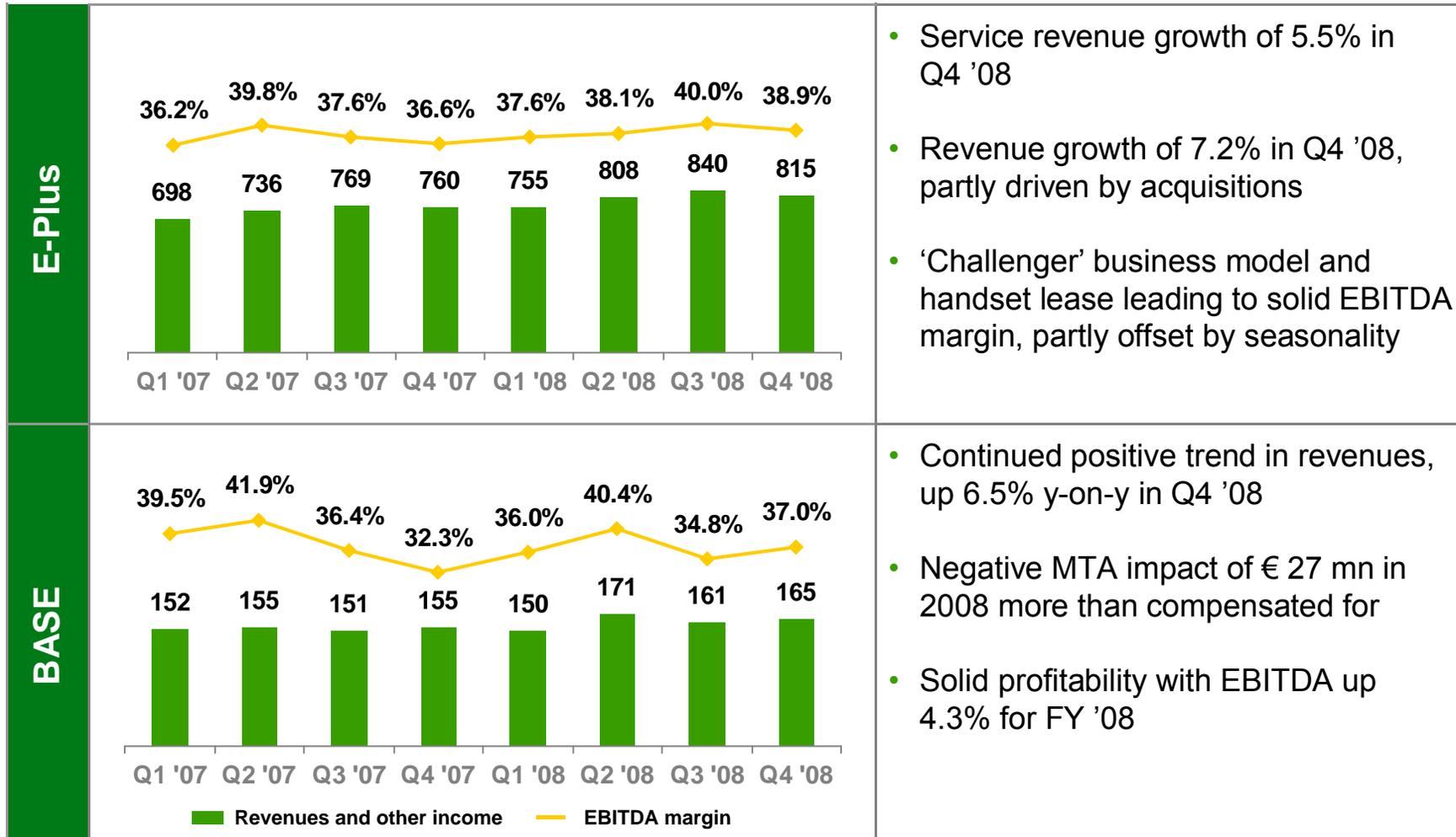
**'Best-in-class' margins**

### Achievements 2008

- Successful transition during 2008
- Timely disposals at good prices
  - Focus on workspace management
  - Total consideration of disposals >€ 500 mn
- Cost reductions on track
  - Headquarters moved to lower-cost location
  - Lower overhead from integration with KPN
- Deal pipeline unimpaired despite restructuring and market environment
- Fully prepared for integration of part of Business market operations into Getronics

# Financial review Mobile International by segment

Profitable growth at both E-Plus and BASE

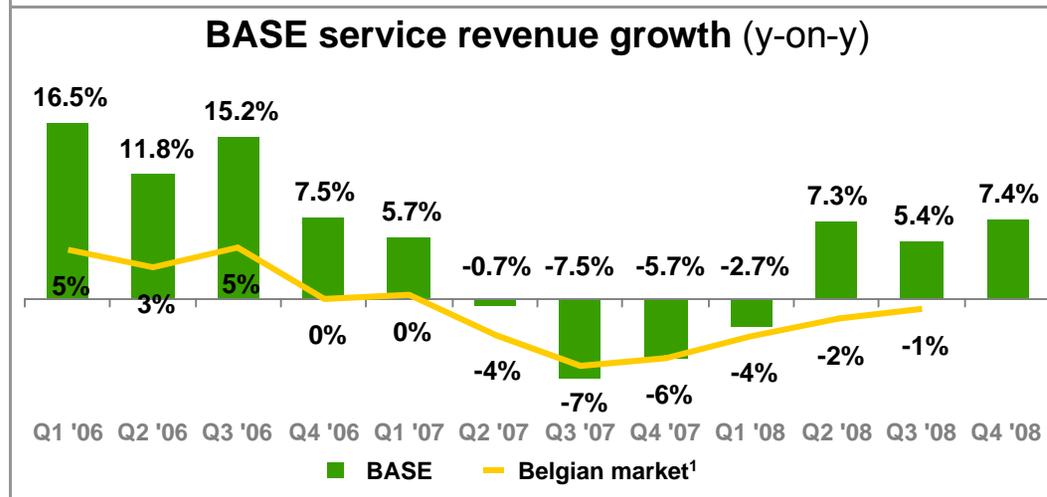
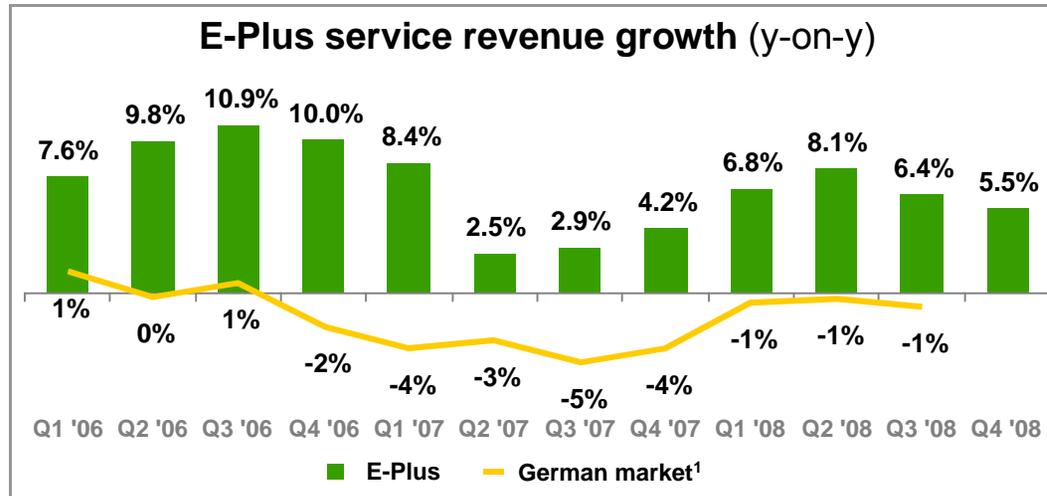


- Service revenue growth of 5.5% in Q4 '08
- Revenue growth of 7.2% in Q4 '08, partly driven by acquisitions
- 'Challenger' business model and handset lease leading to solid EBITDA margin, partly offset by seasonality

- Continued positive trend in revenues, up 6.5% y-on-y in Q4 '08
- Negative MTA impact of € 27 mn in 2008 more than compensated for
- Solid profitability with EBITDA up 4.3% for FY '08

# Market outperformance

Service revenue growth consistently higher than overall market growth



- E-Plus ~8% ahead of market growth in past years
- Market contraction in 2007 mainly due to MTA and VAT effects

- BASE ahead of market growth in most quarters
- Tailwind from more favourable MTA ruling in Belgium since Q2 '08

<sup>1</sup> Management estimates

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## Concluding remarks

- Solid FY 2008 results, guidance met on all metrics, dividend up 11%
- EBITDA inflection in the Netherlands
- Continued profitable growth at Mobile International
- Getronics on track, iBasis goodwill impaired
- 2010 outlook confirmed



## Q&A

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