## Strategy

Strategic choices embedded in organization

### SIMPLIFY

<table>
<thead>
<tr>
<th>Commercial</th>
<th>Operational</th>
<th>Financial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital &amp; simple service and delivery</td>
<td>Flexible &amp; simplified network and operating model</td>
<td>Lean cost structure</td>
</tr>
<tr>
<td>Converged Telco &amp; IT services</td>
<td>Best-in-class secured integrated networks</td>
<td>Value management &amp; predictable cash generation</td>
</tr>
</tbody>
</table>

### GROW

- Excellent user experience
- Applying innovative technologies

### INNOVATE

- Invested ahead of the curve

---

**Further strengthening our Company**

**Value creation**
Simplification and digitalization embedded in organization

Driving revenue opportunities and lower spend

**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

**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

**Digitalize**

**Rationalize**

**Decentralize**

**Virtualize**
External environment reassuring
Growing macro-economy with strong competitive position

FAVOURABLE MACRO ECONOMY

<table>
<thead>
<tr>
<th>GDP growth NL¹</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2.3%</td>
<td>2.2%</td>
<td>3.1%</td>
<td>3.2%</td>
</tr>
<tr>
<td>2016</td>
<td>2017</td>
<td>2018E</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Unemployment NL¹

<table>
<thead>
<tr>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<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>The Netherlands</th>
<th>'17-'18</th>
<th>vs. '16-'17</th>
</tr>
</thead>
<tbody>
<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 March 2018)
2 World Economic Forum; The Global Competitiveness Report 2017-2018
**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>Mobile network quality¹</td>
<td>![Green]</td>
<td>![Green]</td>
<td>![Green]</td>
<td>![Green]</td>
</tr>
<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>![Green]</td>
<td>![Green]</td>
<td>N/A</td>
<td>![Green]</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>![Green]</td>
<td>![Green]</td>
<td>![Green]</td>
<td>![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>![Green]</td>
<td>![Green]</td>
<td>![Green]</td>
<td>![Green]</td>
</tr>
<tr>
<td>Trusted brand</td>
<td>![Green]</td>
<td>![Green]</td>
<td>![Green]</td>
<td>![Green]</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 Telecompaper (Q1 2018)
4 Independent market survey (Consumentenbond; Q1 2018)
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

Simplify  Grow  Innovate
Further strengthening convergence position in Consumer
Clear benefits from targeted household approach

Customers in fixed-mobile bundles

- Households1: 43% all brands, 39% Q1 ’17, 45% Q1 ’18
- Postpaid customers: 53% all brands, 43% Q1 ’17, 53% Q1 ’18

Q1 ’18: +28k net adds

Clear convergence benefits

- Higher NPS2 (Q4 ’17): 13 vs. 25
- Increasing SIMs per household3: 1.47 vs. 1.51 (+2.7%)
- Lower churn4 (Q4 ’17): ~9% vs. ~5%
- Lower marketing expenses5: -12%

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

Investor presentation | Strategy | Consumer | 8
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
  - Q4 '16
  - Q4 '17

- Higher inflow ARPU from value added services
  - Q4 '16
  - Q4 '17

- Higher inflow margin per household
  - Q4 '16
  - Q4 '17

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

1 Management estimates
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
---|---
Online contact\(^1\)\(^2\)  | +11%  |
Incoming calls\(^2\)  | -21%  |
Contact center costs  | -14%  |

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
Digitalization strengthening customer relationships
Data & analytics supporting value per household

Creation of uniform digital layer completed...

- 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

<table>
<thead>
<tr>
<th>Higher InHome speed</th>
<th>Higher NPS</th>
<th>Lower churn</th>
</tr>
</thead>
<tbody>
<tr>
<td>reduces churn</td>
<td></td>
<td>~13% Control group</td>
</tr>
<tr>
<td>~50%</td>
<td>43</td>
<td>~3% Upgraded customers</td>
</tr>
</tbody>
</table>

- 0-10 Mbps: Churn rate = ~50%
- 20-30 Mbps: Churn rate
- >50 Mbps: Churn rate

- 13 Consumer total
- 43 Upgraded customers
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

**Client situation**

**Data pool**

**Client advice** (automatically shown to customer service)

<table>
<thead>
<tr>
<th>New</th>
<th>Offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

- 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

**Benefits**

- Net Promoter Score
- Convergence penetration
- Household value
- 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>
<th>Communication services</th>
<th>IT services</th>
<th>Professional services &amp; Consultancy</th>
</tr>
</thead>
</table>

Distribution platform:

- kpn
- RoutIT
- kpn Internet Services
- @divider
- QSight IT
- dearBytes

Investor presentation | Strategy | Business | 14
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)

KPN B2B Mobile

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

Source: Kantar TNS
Source: Dutch IT Partner Preference Survey
Source: Giarte, annual client satisfaction benchmark Dutch IT outsourcing market

#1 ICT service provider in NL

100% outsourcing recommendation score for KPN Workspace

Investor presentation | Strategy | Business | 15
Improved positioning in growing IT market
Leverage leading position in communication services to grow market share in IT

Increasing share in IT services...

Expanding growth in Internet of Things with fully integrated solution

Security  Digital workspace  Cloud

Strong growth in workspaces

<table>
<thead>
<tr>
<th>Year</th>
<th>Addressable IT market for KPN</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>6.8</td>
</tr>
<tr>
<td>2017</td>
<td>7.2</td>
</tr>
<tr>
<td>2022</td>
<td>9.6</td>
</tr>
</tbody>
</table>

CAGR +5.0%

Gartner, management estimates; addressable market includes Cloud infra & Hosting, Consulting & Professional Services, Digital Workspace, Application & Data

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

Managed workspaces

~75%

Connectivity  Full solution

ARPU x3
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

Nationwide IoT coverage

KPN IoT M2M base (m)

- LoRa
- LTE-M
- 4G M2M

Q1 '17

Q1 '18

2.8

4.0

Offered as plug & play end-to-end solution

or modular building blocks

Investor presentation | Strategy | Business
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 ahead of schedule
Run-rate savings target raised to at least €350m by end 2019

Simplification program run-rate opex and Capex savings

<table>
<thead>
<tr>
<th>Year</th>
<th>Savings (€ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>End 2016</td>
<td>~110</td>
</tr>
<tr>
<td>2017</td>
<td>&gt;240</td>
</tr>
<tr>
<td>2018-2019</td>
<td>&gt;350</td>
</tr>
<tr>
<td>End 2019</td>
<td></td>
</tr>
</tbody>
</table>

Customer centric

Next generation Telco

Fully virtualized
Gradual approach to simplify operating model

BSS integration nearly completed, starting OSS integration in 2018

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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

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

2017-2019: Evolving into next generation Telco

Investor presentation | Strategy | Network, Operations & IT | 21
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

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
- Core network
  100 Gbps
- SDN / NFV
- VPlus
- FttS / FttB / FttH technologies
- Fixed-wireless convergence
- Decentralized CDN
- FttC / FttH
## 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

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

Unicast IPTV traffic (Tbps)

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

OTT traffic (Tbps)

Upgraded core network, roll-out decentralized CDN on track

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

Supporting customer experience, strong increase NPS IPTV

- Q4 '16: 14
- Q4 '17: 21

1 KPN brand, source: Kantar TNS

Investor presentation | Strategy | Network, Operations & IT | 25
Network rationalization to prepare for virtualization
Reducing complexity and associated costs to enable flexibility

IP transformation on track

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

Decentralize, bringing services closer to customers

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

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
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
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Continued focus on value in competitive Consumer mobile environment

KPN brand resilient through high convergence penetration

Service revenues impacted by regulation and price pressure in mobile-only

Growth of mobile service revenues (Excluding regulation)

Focus on retention of high value customers...

...through successful convergence strategy

Investor presentation | Performance | Consumer | 30
Sustained revenue growth in Consumer residential
Continuously improving excellent customer experience

Further fixed-mobile households growth

Q1 ’17: 39%
Q1 ’18: 43%

Continued fixed revenue growth

€ m

Q1 ’17: 467
Q1 ’18: 476
+2.1%

New fully integrated TV-offering

New IPTV app with leading user interface
Offering excellent customer experience on all devices

1 As % of broadband customers
Good progress in Business transformation

Simplified portfolio driving improved customer satisfaction

Business revenue growth drivers

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Q1 '18 adjusted y-on-y growth</th>
<th>Q1 '18 % of total adj. revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication Services</td>
<td>-8.7%</td>
<td>63%</td>
</tr>
<tr>
<td>Mobile service revenues</td>
<td>-7.9%</td>
<td>24%</td>
</tr>
<tr>
<td>IoT</td>
<td>40%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Broadband &amp; Network services</td>
<td>-1.5%</td>
<td>17%</td>
</tr>
<tr>
<td>Fixed voice</td>
<td>-14%</td>
<td>13%</td>
</tr>
<tr>
<td>Other</td>
<td>-22%</td>
<td>7.3%</td>
</tr>
<tr>
<td>IT Services (a.o. security, cloud, workspace)</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>Professional Services &amp; Consultancy</td>
<td>4.8%</td>
<td>21%</td>
</tr>
<tr>
<td>Business total</td>
<td>-2.4%</td>
<td></td>
</tr>
</tbody>
</table>

Improving customer satisfaction

Q1 '17

-3

Q1 '18

(6)

Source: Kantar TNS (KPN brand)
Adjusted revenues NL declined by 3.4%

Growth of adjusted revenues NL, excluding € 31m regulation impact (roaming & MTA / FTA)
Adjusted EBITDA growth driven by Simplification and digitalization

Adjusted EBITDA NL increased by 2.2%

<table>
<thead>
<tr>
<th>Adj. EBITDA NL Q1 '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 NL Q1 '18</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ m</td>
<td>556</td>
<td>28</td>
<td>3</td>
<td>17</td>
<td>20</td>
<td>569</td>
</tr>
<tr>
<td>€ m</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

1. Lower traffic costs due to reduction MTA tariffs
2. Ongoing Simplification and digitalization savings
3. Lower costs for billing & collection, marketing and housing

Growth of adjusted EBITDA NL, excluding € 9m regulation impact (roaming)

Adjusted EBITDA margin The Netherlands 3.8%
Solid financial position supported by growing free cash flow

### Growing free cash flow

<table>
<thead>
<tr>
<th></th>
<th>€ m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 '17</td>
<td>29</td>
</tr>
<tr>
<td>Q1 '18</td>
<td>122</td>
</tr>
</tbody>
</table>

### Lower debt level

<table>
<thead>
<tr>
<th></th>
<th>€ bn</th>
<th>Net debt / EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 '17</td>
<td>7.4</td>
<td>2.8x</td>
</tr>
<tr>
<td>Q4 '17</td>
<td>7.2</td>
<td>2.6x</td>
</tr>
<tr>
<td>Q1 '18</td>
<td>7.2</td>
<td>2.5x</td>
</tr>
</tbody>
</table>

1. All figures based on continuing operations. iBasis classified as discontinued operations.
2. 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.

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**Investor presentation | Performance | Financial performance**
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## 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Data Volume (2010 = 100)</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>4.0</td>
<td>3.8</td>
</tr>
<tr>
<td>2012</td>
<td>3.8</td>
<td>3.7</td>
</tr>
<tr>
<td>2013</td>
<td>3.7</td>
<td>3.5</td>
</tr>
<tr>
<td>2014</td>
<td>3.5</td>
<td>3.5</td>
</tr>
<tr>
<td>2015</td>
<td>3.4</td>
<td>3.2</td>
</tr>
<tr>
<td>2016</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>~1,050</td>
<td></td>
</tr>
</tbody>
</table>

Helping customers to reduce energy usage

Customers saved ~1.9 PJ energy in 2017

Equivalent to ~€ 70 m

1 2017 based on management estimate
Dutch mobile service revenues

<table>
<thead>
<tr>
<th>Service revenues (€ m)</th>
<th>Q1 '18</th>
<th>Q1 '17</th>
<th>y-on-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>208</td>
<td>228</td>
<td>-9.0%</td>
</tr>
<tr>
<td>Business(^1)</td>
<td>137</td>
<td>145</td>
<td>-5.2%</td>
</tr>
<tr>
<td>Other(^2)</td>
<td>36</td>
<td>37</td>
<td>-4.2%</td>
</tr>
<tr>
<td><strong>KPN The Netherlands</strong></td>
<td><strong>381</strong></td>
<td><strong>411</strong></td>
<td><strong>-7.2%</strong></td>
</tr>
</tbody>
</table>

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

Breakdown nominal debt¹ (total € 8.3bn)

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

Nominal debt by currency

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

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: 0.6
- '30: 0.5
- '31: 0.1

Fixed vs. floating interest³

- Fixed: 85%
- Floating: 15%

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
**IFRS 15 changed revenue recognition rules**

**Example 1: Handset sales via own channels**

<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>Initial handset payment</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td>Handset value</td>
<td>528</td>
<td>-528</td>
</tr>
<tr>
<td>EBITDA contract lifetime</td>
<td></td>
<td>720</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

### Accounting for this example

<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><strong>Total revenues</strong></td>
<td><strong>558</strong></td>
<td>30</td>
<td>...</td>
<td>30</td>
<td><strong>1,248</strong></td>
</tr>
<tr>
<td>Opex (SAC)</td>
<td>-528</td>
<td>-</td>
<td>...</td>
<td>-</td>
<td>-528</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>30</td>
<td>30</td>
<td>...</td>
<td>30</td>
<td>720</td>
</tr>
</tbody>
</table>

### Balance Sheet

<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><strong>Closing balance</strong></td>
<td>460</td>
<td>440</td>
<td>...</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### 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>Non-service revenues (handset)</td>
<td>48</td>
<td>-</td>
<td>...</td>
<td>-</td>
<td>48</td>
</tr>
<tr>
<td>Service revenues</td>
<td>50</td>
<td>50</td>
<td>...</td>
<td>50</td>
<td>1,200</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>98</strong></td>
<td>50</td>
<td>...</td>
<td>50</td>
<td><strong>1,248</strong></td>
</tr>
<tr>
<td>Opex (SAC)</td>
<td>-528</td>
<td>-</td>
<td>...</td>
<td>-</td>
<td>-528</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>-430</td>
<td>50</td>
<td>...</td>
<td>50</td>
<td>720</td>
</tr>
</tbody>
</table>
**IFRS 15 changed revenue recognition rules (cont’d)**

**Example 2: Handset sales via third parties**

### Contract components (€)

<table>
<thead>
<tr>
<th>Component</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><strong>EBITDA contract lifetime</strong></td>
<td></td>
<td><strong>600</strong></td>
</tr>
</tbody>
</table>

### Accounting for this example

**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>

### 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)

---

**IFRS 15**

**Balance Sheet**

**IAS 18**

**P&L**

---

**Investor presentation** | **Appendix** | **IFRS 15** | **42**
<table>
<thead>
<tr>
<th>Frequency Range</th>
<th>Operator</th>
<th>800MHz (Paired)</th>
<th>900MHz (Paired)</th>
<th>1.8GHz (Paired)</th>
<th>2.1GHz (Paired)</th>
<th>2.6GHz (Unpaired)</th>
<th>2.6GHz (Paired)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tele2</td>
<td>2*10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spectrum in The Netherlands</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>VodZig</td>
<td>2*10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>KPN</td>
<td>2*10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>800MHz (Paired)</td>
<td>Tele2</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>VodZig</td>
<td>2*10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>KPN</td>
<td>2*10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>900MHz (Paired)</td>
<td>VodZig</td>
<td>2*10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>KPN</td>
<td>2*10</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>T-Mob</td>
<td>2*15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.8GHz (Paired)</td>
<td>KPN</td>
<td>2*20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>VodZig</td>
<td>2*10</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>T-Mob</td>
<td>2*30</td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>2.1GHz (Paired)</td>
<td>VodZig</td>
<td>2*14.6</td>
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</tr>
<tr>
<td></td>
<td>T-Mob</td>
<td>2*10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>KPN</td>
<td>2*5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>VodZig</td>
<td>2*5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>T-Mob</td>
<td>2*10</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2.6GHz (Unpaired)</td>
<td>T-Mob</td>
<td>25</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>KPN</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tele2</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.6GHz (Paired)</td>
<td>VodZig</td>
<td>2*30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>T-Mob</td>
<td>2*5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>KPN</td>
<td>2*10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tele2</td>
<td>2*20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>KPN</td>
<td>169.6MHz</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>VodZig</td>
<td>179.2MHz</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>T-Mob</td>
<td>165MHz</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tele2</td>
<td>65MHz</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>578.8MHz</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Fixed infrastructure

- **Download speed**
  - ~50Mbps
  - ~100Mbps
  - ~120Mbps
  - ~240Mbps
  - ~400Mbps
  - >1Gbps
  - ~1Gbps

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

- **Active in Network**
  - Yes

- **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.