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 fact sheets and in the Integrated Annual Report 2018. 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 financial report are based on continuing operations and 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.

Financial information is based on KPN's interpretation of IFRS as adopted by the European Union as disclosed in the Integrated Annual Report 2018 and do not take into account the impact of future IFRS standards or interpretations. Note that certain definitions used by KPN in this report deviate from the literal definition thereof and should not be considered in isolation nor as a substitute for analyses of the results as reported under IFRS as adopted by the European Union. KPN defines revenues as the total of revenues and other income. Adjusted revenues are derived from revenues (including other income) and are adjusted for the impact of incidents. KPN defines EBITDA as operating result before depreciation (including impairments) of PPE & amortization (including impairments) of intangible assets. Adjusted EBITDA after leases (‘adjusted EBITDA AL’) are derived from EBITDA and are adjusted for the impact of restructuring costs and incidents (‘adjusted’) and for lease costs, including depreciation of right-of-use assets and interest on lease liabilities (‘after leases’ or ‘AL’). KPN defines Gross Debt as the nominal value of interest-bearing financial liabilities representing the net repayment obligations in Euro, excluding derivatives, related collateral, and leases, taking into account 50% of the nominal value of the hybrid capital instruments. In its Leverage Ratio, KPN defines Net Debt as Gross Debt less net cash and short-term investments, divided by 12 month rolling adjusted EBITDA AL, excluding major changes in the composition of the Group (acquisitions and disposals). The Lease adjusted leverage ratio is calculated as Net Debt including lease liabilities divided by 12 month rolling adjusted EBITDA excluding major changes in the composition of the Group (acquisitions and disposals). Free Cash Flow (FCF) is defined as cash flow from continuing operating activities plus proceeds from real estate, minus capital expenditures (Capex), being expenditures on PPE and software and adjusted for repayments of lease liabilities.

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 fact sheets 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. A number of these factors are described (not exhaustively) in the Integrated Annual Report 2018. All forward-looking statements and ambitions stated in this financial report that refer to a growth or decline, refer to such growth or decline relative to the situation per 31 December 2018, unless stated otherwise.

Comparative figures regarding IFRS 16 and amendment IAS 12

The impact of the adoption of IFRS 16 is unaudited and may be subject to change until the publication of KPN’s Financial Statements 2019.
STRATEGY
2019-2021

Summary presentation
Capital Markets Day
28 November 2018
ORGANIC SUSTAINABLE GROWTH

Value over volume. Lean operating model.
The ecosystem is evolving:
key enabling technologies

- Fiber
- 4G/5G
- Virtualization & Cloud

HYBRID NETWORKS & PLATFORMS
The Dutch telecom market: mature and dynamic

Leading broadband performance in Europe

Average 4G throughput of **42Mbps**

>98% of population has at least **100Mbps** capable broadband connection

**Highly regulated market**

Fixed access regulation

One of the most competitive markets

Revenue growth:

- Europe: **+0.4%**
- Netherlands: **-2.2%**

Sources: Digital Economy and Society Index 2018 – Open Signal The State of LTE (February 2018) – EC Broadband coverage in Europe report – Company data FY 2018 y-on-y, NL excl. Tele2
The best converged smart infrastructure.

Focus on profitable growth segments.

Acceleration of simplification and digitalization.
The best converged smart infrastructure

Fiber roll-out acceleration
+1 million FttH households by end 2021

Full mobile network modernization
100% 5G ready by end 2021

Moving to All-IP
100% by end 2021

Stable Capex envelope: substantial shift in mix
Building the digital highway of the Netherlands
the benefits of fiber to society

Economy
Cities
Households

FUTURE PROOF TECHNOLOGY
10 GIGABIT NETWORK AND MUCH MORE
Strong improvement FttH return profile

**Lower roll-out spend** due to reduced average costs per home passed

**Better utilization rate** supported by data driven smart regional approach

**Payback period reduced by ~50%**

**Strong commercial benefits**

- +15% NPS
- +€ 6 ARPU
- -34% Churn
- +9%pt Broadband market share

---

1. Q3 2018, >200Mbps households vs. <200Mbps households
2. KPN brand, source: Kantar TNS
Acceleration of simplification & digitalization

From **20 to 2** converged IT stacks

From **5 core networks to 1**

**Simplified** end-to-end organization

**~€ 350 million**

2019-2021 new net opex savings program¹

¹ Indirect opex after leases adjusted for the impact of restructuring costs and incidentals
**Business segment strategy 2019 – 2021**

**Vision**

#1 business service provider in the Netherlands.

A premium connectivity leader, offering undisputed quality in terms of **service, experience & security**

**Mission**

We create value to our customers with technology that enables them to run their business safely – anytime, anywhere.

**VALUES**

<table>
<thead>
<tr>
<th>Premium</th>
<th>Trusted</th>
<th>Personal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best smart converged infrastructure to provide high-quality connectivity</td>
<td>Best-in-class, secure &amp; smartly bundled services for exceptional customer experience</td>
<td>Optimally serve customers by understanding their needs and providing best-fitted propositions</td>
</tr>
</tbody>
</table>
Business go-to-market strategy
smartly positioned solutions for every customer
Transformation of operating platform
KPN EEN

Migrations¹

100%

SME mid 2020
LE in 2020

Clear operational benefits post migration

+10 NPS²

2x faster
Time-to-market

~5% Churn

Example
Improved customer lifetime value

Repricing at migration
Reduced cost to serve
Up and cross-sell services
Reduced churn

¹ Traditional fixed voice and legacy broadband
² Management estimate
Network, Operations & IT

The best converged smart infrastructure.
Enable innovative technologies.
Accelerate simplification of operating model.

Consumer

Best household access and customer experience.
Growing converged base and product penetration.
Focus on delivering value.

Business

Converged simplified product portfolio.
Transformation of operating platform.
Lean and digital operations.
Convergence & value focus driving revenue stabilization.

New multi-year sustainable opex reduction supports organic Adj. EBITDA AL growth.

Stable Capex envelope: substantial shift in the mix.

Organic sustainable Adj. EBITDA and FCF growth contributing to progressive dividend and deleveraging.
Convergence & value focus
driving revenue stabilization

**Consumer**
Grow base and value of converged households

**Business**
Accelerate growth in convergence
Selective growth in IT
Value over volume

**Wholesale**
Grow WBA/VULA
Maintain disciplined strategy
Acceleration of simplification
Digitalization & virtualization

1. Rationalization and simplification of portfolio.
2. End-to-end digitalization and automation front-end and back-end.
3. All-IP network and virtualization.
4. IT landscape rationalization.
5. Organizational effectiveness.
Stable Capex envelope
€ 1.1bn per annum in 2019-2021

Substantial shift in the mix enabling higher investments in access
Committed to solid financial profile

**Solid investment grade credit profile**

- **Moody’s**: Baa3 / Stable
- **S&P Global Ratings**: BBB / Stable
- **Fitch Ratings**: BBB / Stable

**Optimized balance sheet position**

- Interest payments: -55%

**Medium-term leverage**

- Net debt (excl. all leases) / Adjusted EBITDA AL: <2.5x
Q3 2019 RESULTS

25 October 2019
Highlights Q3 2019

Strong cost management

Net indirect opex savings

€ 37m

€ 103m YTD 2019

Smart converged infrastructure

Successful

5G test

~70k

FttH homes passed YTD

Recognized for sustainability efforts

#2

most sustainable telco worldwide

Dow Jones Sustainability Index
The best converged smart infrastructure.

Focus on profitable growth segments.

Acceleration of simplification and digitalization.
Update: accelerated fiber roll-out strategy

Further ramping up capacity

>60 projects up and running

Connecting more and more homes

~70k homes passed YTD

Using latest technology

~1Gbps
First live G-PON connection with customers
## Update: mobile network modernization

first sites upgraded in The Hague area

<table>
<thead>
<tr>
<th>Typical current site</th>
<th>Typical modernized site</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4</strong> frequency bands</td>
<td><strong>6-8</strong> frequency bands</td>
</tr>
<tr>
<td><strong>2x2</strong> MIMO</td>
<td><strong>4x4</strong> or higher order MIMO</td>
</tr>
<tr>
<td><strong>1Gbps</strong> backhaul</td>
<td><strong>10Gbps</strong> backhaul</td>
</tr>
<tr>
<td><strong>2</strong> antennas</td>
<td><strong>1</strong> antenna</td>
</tr>
<tr>
<td><strong>Not</strong> 5G ready</td>
<td><strong>5G</strong> ready</td>
</tr>
<tr>
<td>~<strong>150</strong> site configurations</td>
<td><strong>3</strong> site configurations</td>
</tr>
<tr>
<td>~<strong>80%</strong> FttS</td>
<td>~<strong>95%</strong> FttS</td>
</tr>
</tbody>
</table>
Best household access and customer experience.

Growing converged base and product penetration.

Focus on delivering value.
Introduced a new converged proposition: KPN Hussel targeting higher Customer Lifetime Value

Fully **flexible household proposition:** complete freedom to mix & match services

One **converged customer journey**

Introducing new **benefits** including **unlimited mobile data** and **kids SIM**

**ONE-STOP-SHOP:** BROADBAND + MOBILE + TV + ENTERTAINMENT
Customer experience & recognition
record-high Consumer NPS

Consumer NPS¹

<table>
<thead>
<tr>
<th>Quarter</th>
<th>NPS 2018</th>
<th>NPS 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2018</td>
<td>17</td>
<td>18</td>
</tr>
</tbody>
</table>

Business NPS¹

<table>
<thead>
<tr>
<th>Quarter</th>
<th>NPS 2018</th>
<th>NPS 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2018</td>
<td>-2</td>
<td>-1</td>
</tr>
</tbody>
</table>

Awards

#1 Strongest Dutch brand²

Best retail chain³

¹ 2018 restated as a result of recalibration of relative weights of underlying businesses, source: Kantar TNS
² Source: Brand Finance
³ Category: Telecoms, source: Retailer of the Year (Q&A)
## Consumer convergence in the quarter

<table>
<thead>
<tr>
<th>Household</th>
<th>Postpaid</th>
<th>SIM cards</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>+5k</strong> converged households</td>
<td><strong>+15k</strong> converged postpaid base</td>
<td><strong>1.60</strong> SIMs per household</td>
</tr>
<tr>
<td>1,404k total converged households</td>
<td>2,246k total converged SIMs</td>
<td>Q3 2018: 1.53</td>
</tr>
<tr>
<td><strong>49%</strong> converged broadband customers</td>
<td><strong>62%</strong> converged all brands</td>
<td>Q3 2018: 45%</td>
</tr>
<tr>
<td>Q3 2018: 45%</td>
<td>Q3 2018: 56%</td>
<td></td>
</tr>
<tr>
<td><strong>73%</strong> converged KPN brand</td>
<td></td>
<td>Q3 2018: 68%</td>
</tr>
</tbody>
</table>
Consumer Fixed in the quarter

**Broadband base**

-17k

Impacted by brand strategy

**Fixed ARPU**

€ 48  +5.4% y-on-y

Price increase effective from 1 June 2019

**Fixed revenues**

Flat y-on-y

Bundled services ↑
Traditional voice + Digitenne ↓

---

1. Corrected for migrations to and new customers of small business propositions (7k)
Consumer Mobile in the quarter

Growing postpaid base KPN brand

+36k net adds KPN brand
Q2 2019: +17k
-3k customer base all brands

Postpaid ARPU stable q-on-q

€ 17
Q3 2018: € 18
-6.3% y-on-y

Mobile service revenues

€ 194m
Q3 2018: € 210m
-7.6% y-on-y
### Adjusted revenues y-on-y growth trend

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication Services</td>
<td>-8.9%</td>
</tr>
<tr>
<td>Mobile service revenues</td>
<td>-7.7%</td>
</tr>
<tr>
<td>IoT</td>
<td>24%</td>
</tr>
<tr>
<td>Broadband &amp; Network Services</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Fixed Voice</td>
<td>-21%</td>
</tr>
<tr>
<td>Other</td>
<td>-17%</td>
</tr>
<tr>
<td><strong>IT Services</strong> (a.o. security, cloud, workspace)</td>
<td><strong>1.2%</strong></td>
</tr>
<tr>
<td><strong>Professional Services &amp; Consultancy</strong></td>
<td><strong>9.3%</strong></td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>-3.6%</strong></td>
</tr>
</tbody>
</table>

Revenue y-on-y trend Q3 2019 considerably impacted by migrations & ‘value over volume’

---

1. Based on management estimates
Migrations from legacy portfolio

**SME customers**

- **68%** SME base migrated
- **Q2 2019:** 59%

**LE customers**

- **45%** LE base migrated
- **Q2 2019:** 33%

**Small business portfolio**

- **35%** converged customers
- **Q2 2019:** 34%

**Other notes**

- **100%** mid-2020
- **100%** in 2020
- **+7k** net adds in Q3 2019

---

1 Migrated from traditional fixed voice and legacy broadband services
Financial highlights Q3 2019

Adjusted revenues
€ 1,372m
-1.8% y-on-y
Q3 2018: € 1,398m

Adjusted EBITDA after leases
€ 599m
+2.9% y-on-y
Q3 2018: € 582m

Free Cash Flow (excl. TEFD dividend)
€ 226m
-2.2% y-on-y
Q3 2018: € 231m
# Financial performance Q3 and YTD 2019

## key P&L metrics

<table>
<thead>
<tr>
<th>€ m</th>
<th>Q3 2018</th>
<th>Q3 2019</th>
<th>Δ y-on-y</th>
<th>YTD 2018</th>
<th>YTD 2019</th>
<th>Δ y-on-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>748</td>
<td>731</td>
<td>-2.2%</td>
<td>2,230</td>
<td>2,182</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Business</td>
<td>520</td>
<td>502</td>
<td>-3.6%</td>
<td>1,589</td>
<td>1,514</td>
<td>-4.7%</td>
</tr>
<tr>
<td>Wholesale</td>
<td>157</td>
<td>166</td>
<td>5.2%</td>
<td>465</td>
<td>482</td>
<td>3.6%</td>
</tr>
<tr>
<td>Other</td>
<td>-28</td>
<td>-26</td>
<td>-4.6%</td>
<td>-81</td>
<td>-85</td>
<td>4.6%</td>
</tr>
<tr>
<td><strong>Adjusted revenues</strong></td>
<td><strong>1,398</strong></td>
<td><strong>1,372</strong></td>
<td><strong>-1.8%</strong></td>
<td><strong>4,202</strong></td>
<td><strong>4,093</strong></td>
<td><strong>-2.6%</strong></td>
</tr>
<tr>
<td>Adjusted direct costs</td>
<td>330</td>
<td>328</td>
<td>-0.7%</td>
<td>978</td>
<td>939</td>
<td>-3.9%</td>
</tr>
<tr>
<td>Adjusted indirect costs after leases</td>
<td>486</td>
<td>446</td>
<td>-8.3%</td>
<td>1,505</td>
<td>1,398</td>
<td>-7.1%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA after leases</strong></td>
<td><strong>582</strong></td>
<td><strong>599</strong></td>
<td><strong>2.9%</strong></td>
<td><strong>1,720</strong></td>
<td><strong>1,756</strong></td>
<td><strong>2.1%</strong></td>
</tr>
</tbody>
</table>

### Reported

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>588</td>
<td>808</td>
<td>37%</td>
</tr>
<tr>
<td>EBIT</td>
<td>202</td>
<td>429</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Net profit</td>
<td>94</td>
<td>314</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>EBIT</td>
<td>635</td>
<td>839</td>
<td>32%</td>
</tr>
<tr>
<td>Net profit</td>
<td>338</td>
<td>530</td>
<td>57%</td>
</tr>
</tbody>
</table>

1 Adjusted for the impact of restructuring costs and incidentals
Adjusted revenues declined y-on-y

-1.8%

€m

1,398 - Consumer - 17

19 - Business

8 - Wholesale

1 - Other (incl. eliminations)

1,372 - Adj. revenues Q3 2019
Solid growth Adjusted EBITDA AL
supported by simplification and digitalization

€ m

Adj. EBITDA after leases Q3 2018: 582
Revenues: -26
Cost of goods & services: 2
Personnel expenses: 28
IT/TI: 11
Other operating expenses\(^1\): 1
Adj. EBITDA after leases Q3 2019: 599

\(^1\) Incl. lease-related expenses
Indirect opex savings program on track

€103m
net savings YTD

~€350m
target 2019 – 2021
### FCF Q3 and YTD 2019

YTD mainly impacted by change in working capital

<table>
<thead>
<tr>
<th>€ m</th>
<th>Q3 2018</th>
<th>Q3 2019</th>
<th>Δ y-on-y</th>
<th>YTD 2018</th>
<th>YTD 2019</th>
<th>Δ y-on-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA after leases</td>
<td>582</td>
<td>599</td>
<td>2.9%</td>
<td>1,720</td>
<td>1,756</td>
<td>2.1%</td>
</tr>
<tr>
<td>Interest lease liabilities</td>
<td>8</td>
<td>7</td>
<td>-11%</td>
<td>25</td>
<td>22</td>
<td>-12%</td>
</tr>
<tr>
<td>Depreciation right-of-use asset</td>
<td>37</td>
<td>34</td>
<td>-7.6%</td>
<td>111</td>
<td>104</td>
<td>-5.8%</td>
</tr>
<tr>
<td>Restructuring</td>
<td>-39</td>
<td>-23</td>
<td>-42%</td>
<td>-74</td>
<td>-93</td>
<td>25%</td>
</tr>
<tr>
<td>Incidentally²</td>
<td>-</td>
<td>190</td>
<td>n.m.</td>
<td>-</td>
<td>190</td>
<td>n.m.</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>588</td>
<td>808</td>
<td>37%</td>
<td>1,782</td>
<td>1,980</td>
<td>11%</td>
</tr>
<tr>
<td>Interest paid / received</td>
<td>-85</td>
<td>-97</td>
<td>14%</td>
<td>-262</td>
<td>-265</td>
<td>1.3%</td>
</tr>
<tr>
<td>Tax paid / received</td>
<td>-</td>
<td>-</td>
<td>n.m.</td>
<td>-25</td>
<td>-7</td>
<td>-71%</td>
</tr>
<tr>
<td>Change in provisions²</td>
<td>27</td>
<td>-36</td>
<td>n.m.</td>
<td>36</td>
<td>-32</td>
<td>n.m.</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>-16</td>
<td>8</td>
<td>n.m.</td>
<td>-98</td>
<td>-157</td>
<td>60%</td>
</tr>
<tr>
<td>Other movements (incl. TEFD dividend)³</td>
<td>1</td>
<td>-170</td>
<td>n.m.</td>
<td>44</td>
<td>-146</td>
<td>n.m.</td>
</tr>
<tr>
<td><strong>Net CF from operating activities</strong></td>
<td>515</td>
<td>513</td>
<td>-0.3%</td>
<td>1,477</td>
<td>1,372</td>
<td>-7.1%</td>
</tr>
<tr>
<td>Capex</td>
<td>-257</td>
<td>-262</td>
<td>2.2%</td>
<td>-737</td>
<td>-793</td>
<td>7.6%</td>
</tr>
<tr>
<td>Proceeds from real estate</td>
<td>-</td>
<td>-</td>
<td>n.m.</td>
<td>5</td>
<td>-</td>
<td>-100%</td>
</tr>
<tr>
<td>Repayments of lease liabilities</td>
<td>-27</td>
<td>-25</td>
<td>-7.2%</td>
<td>-116</td>
<td>-114</td>
<td>-1.7%</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>231</td>
<td>226</td>
<td>-2.2%</td>
<td>628</td>
<td>466</td>
<td>-26%</td>
</tr>
<tr>
<td>TEFD dividend</td>
<td>-</td>
<td>-</td>
<td>n.m.</td>
<td>54</td>
<td>24</td>
<td>-56%</td>
</tr>
<tr>
<td><strong>Free cash flow (excl. TEFD dividend)</strong></td>
<td>231</td>
<td>226</td>
<td>-2.2%</td>
<td>574</td>
<td>442</td>
<td>-23%</td>
</tr>
</tbody>
</table>

1. Q3 2019 and YTD 2019 incl. € 171m book profit from the sale of NLDC
2. Q3 2019 and YTD 2019 incl. € 20m release of revenue related provisions
3. Q3 2019 incl. € 20m release of revenue related provisions
FCF development YTD 2019

YTD 2019
-€132m y-on-y

YTD 2018: €574m

Adj. EBITDA AL YTD 2019
1,756

Lease-related expenses
126

Restructuring & incidentals\(^1\)
98

EBITDA YTD 2019
1,980

Change in provisions\(^2\)
32

Change in working capital
157

Interest paid
265

Taxes paid
7

Capex
793

Other\(^3\)
283

FCF (excl. TEFD dividend) YTD 2019
442

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1. Incl. €171m book profit from the sale of NLDC in Q3 2019
2. Incl. €20m release of revenue related provisions in Q3 2019
3. Incl. repayments of lease liabilities
Solid financial position

Q3 2019 leverage ratio

2.3x

Q2 2019: 2.4x
## Outlook 2019 and 2019 – 2021 ambitions

### organic sustainable growth

<table>
<thead>
<tr>
<th></th>
<th>Outlook 2019</th>
<th>2019 – 2021 ambitions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted EBITDA AL</strong></td>
<td>Slightly growing compared with 2018</td>
<td>Organic growth</td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>€ 1.1bn</td>
<td>Stable at € 1.1bn annually</td>
</tr>
<tr>
<td><strong>FCF</strong> (excl. TEFD dividend)</td>
<td>At least € 700m$^1$</td>
<td>Three-year mid-single digit CAGR$^2$ driven by EBITDA AL growth</td>
</tr>
<tr>
<td><strong>Regular DPS</strong></td>
<td>€ 12.5 cents</td>
<td>Progressive dividend, supported by FCF</td>
</tr>
</tbody>
</table>

$^1$Previous outlook “Incidentally lower FCF compared with 2018 due to front-end loaded restructuring charges and adverse phasing of working capital”

$^2$Three-year CAGR calculated from the end of 2018 to the end of 2021
Value over volume.
Lean operating model.
INFORMATION PACK

CSR
New converged proposition
Tax
KPI overview
Debt portfolio
Treatment of hybrid bonds
Fixed infrastructure
Spectrum
Doing business in a sustainable manner

**Leading position in benchmarks**

**Member of**

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

**Euronext Vigeo Eiris Indices**

**Reputation ranking**

#1 Dutch companies

RepTrak Pulse 2019

**Achievements in Q3 2019**

**Reuse & recycle**

KPN introduces improved and more economical TV receiver with recycled plastic

**Awards**

KPN again in top 3 most sustainable telecom companies in the world (DJSI)

76 New KlasseContact placements in Q3 2019

---

1 Industry adjusted, source: Reputation institute
# New converged proposition set-up

**FMC benefits on Mobile and/or Entertainment**

<table>
<thead>
<tr>
<th>Broadband</th>
<th>Mobile</th>
<th>TV</th>
<th>Entertainment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Speed</strong></td>
<td><strong>Data</strong></td>
<td><strong>€ / month</strong></td>
<td><strong>Options</strong></td>
</tr>
<tr>
<td>50 Mbps</td>
<td>1GB</td>
<td>7.50</td>
<td>1 STB</td>
</tr>
<tr>
<td></td>
<td>0GB</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>100 Mbps</td>
<td>2GB</td>
<td>15</td>
<td>4K</td>
</tr>
<tr>
<td>200 Mbps</td>
<td>5GB</td>
<td>17.50</td>
<td>Recording</td>
</tr>
<tr>
<td>500 Mbps</td>
<td>10GB</td>
<td>22.50</td>
<td>&gt;1 STB</td>
</tr>
<tr>
<td>Tech desk</td>
<td>Unlimited</td>
<td>36</td>
<td></td>
</tr>
</tbody>
</table>

---

1. Internet-only pricing; expert customer service desk available + € 5/m
2. Kid SIM and Unlimited only available as converged customer; pricing incl. convergence discount (€ 5/m on bundles of 0-10GB, € 7.50/m on 20GB); double mobile data FMC benefit removed
3. Incl. 65 channels, replay, on-demand options, Fox 1
4. Free TV channels FMC benefit removed

€ 5 FMC benefit on one entertainment option
Example new propositions: KPN Hussel

**Singles (example)**
- Mobile: 10GB
- Broadband: 50Mbps
- TV: 1x STB
- Entertainment: Spotify
- €79

**Couples (example)**
- Mobile: 10GB+5GB
- Broadband: 100Mbps
- TV: 2x STB
- Entertainment: Netflix
- €105.5

**Family (example)**
- Mobile: 10GB+5GB+2x kids
- Broadband: 200Mbps
- TV: 3x STB+4K Netflix+Fox Sports
- Entertainment: €144.5

**SoHo (example)**
- Mobile: 4x Unlimited
- Broadband: 100Mbps
- TV: 2x STB
- Voice mail: VoIP
- Service desk: 24/7
- Business
- €192 excl. VAT

---
1. Previous proposition includes mobile 10GB+4GB
2. Previous proposition includes mobile 10GB+4GB+2x 0GB+100 min/text
3. Previous proposition includes mobile 4x100GB

vs. €815 for previous proposition vs. €105.5 for previous proposition
vs. €136.5 for previous proposition
vs. €187 for previous proposition
## Tax Q3 and YTD 2019

<table>
<thead>
<tr>
<th>Regions (€ m)</th>
<th>P&amp;L</th>
<th>Cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Netherlands</td>
<td>-23</td>
<td>-42</td>
</tr>
<tr>
<td>Other</td>
<td>-3</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total reported tax</strong></td>
<td><strong>-26</strong></td>
<td><strong>-42</strong></td>
</tr>
<tr>
<td>Of which discontinued operations</td>
<td>-3</td>
<td>-</td>
</tr>
<tr>
<td><strong>Reported tax from continuing operations</strong></td>
<td><strong>-23</strong></td>
<td><strong>42</strong></td>
</tr>
<tr>
<td>Effective tax rate continuing operations</td>
<td>20.2%</td>
<td>11.7%</td>
</tr>
</tbody>
</table>

The effective tax rate for Q3 2019 was mainly influenced by the participation exemption and the Innovation Box facility

Without one-off effects the effective tax rate would have been ~23% in Q3 2019

For 2019, the effective tax rate is expected to be ~23% excluding one-off effects

---

1. Among others, tax law changes, settlements with tax authorities, impairments, revaluations
## KPI overview

### Consumer fixed

<table>
<thead>
<tr>
<th>Household base (k)</th>
<th>Q3 2018</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-M households</td>
<td>1,325</td>
<td>1,404</td>
</tr>
<tr>
<td>Fixed-only households</td>
<td>2,139</td>
<td>1,877</td>
</tr>
<tr>
<td><strong>Total households</strong></td>
<td><strong>3,464</strong></td>
<td><strong>3,281</strong></td>
</tr>
<tr>
<td>F-M penetration broadband base</td>
<td>45%</td>
<td>49%</td>
</tr>
<tr>
<td>Bundled</td>
<td>2,551</td>
<td>2,518</td>
</tr>
<tr>
<td>Not-bundled (BB-only)</td>
<td>388</td>
<td>361</td>
</tr>
<tr>
<td>Not-bundled (PSTN &amp; Digittenne)</td>
<td>525</td>
<td>402</td>
</tr>
<tr>
<td><strong>Total households</strong></td>
<td><strong>3,464</strong></td>
<td><strong>3,281</strong></td>
</tr>
<tr>
<td><strong>Net adds (k)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broadband</td>
<td>-8</td>
<td>-24</td>
</tr>
<tr>
<td>IPTV</td>
<td>10</td>
<td>-2</td>
</tr>
<tr>
<td>Fixed ARPU (€)</td>
<td>45</td>
<td>48</td>
</tr>
</tbody>
</table>

### Consumer mobile

<table>
<thead>
<tr>
<th>Postpaid base (k)</th>
<th>Q3 2018</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-M postpaid customers</td>
<td>2,032</td>
<td>2,246</td>
</tr>
<tr>
<td>Mobile-only postpaid customers</td>
<td>1,598</td>
<td>1,357</td>
</tr>
<tr>
<td><strong>Total postpaid base</strong></td>
<td><strong>3,630</strong></td>
<td><strong>3,602</strong></td>
</tr>
<tr>
<td>F-M penetration postpaid base</td>
<td>56%</td>
<td>62%</td>
</tr>
<tr>
<td><strong>Net adds (k)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Postpaid</td>
<td>-14</td>
<td>-3</td>
</tr>
<tr>
<td>Prepaid</td>
<td>-39</td>
<td>-48</td>
</tr>
<tr>
<td>Postpaid ARPU (€)</td>
<td>18</td>
<td>17</td>
</tr>
<tr>
<td>Wireless service revenues (€ m)</td>
<td>210</td>
<td>194</td>
</tr>
</tbody>
</table>

### Business

<table>
<thead>
<tr>
<th>Customer base (k)</th>
<th>Q3 2018</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile</td>
<td>1,863</td>
<td>1,819</td>
</tr>
<tr>
<td>Traditional Fixed voice</td>
<td>310</td>
<td>193</td>
</tr>
<tr>
<td>VoIP</td>
<td>532</td>
<td>606</td>
</tr>
<tr>
<td>Broadband</td>
<td>287</td>
<td>315</td>
</tr>
<tr>
<td><strong>ARPU (€)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile</td>
<td>22</td>
<td>21</td>
</tr>
<tr>
<td>Traditional Fixed voice</td>
<td>49</td>
<td>50</td>
</tr>
<tr>
<td>VoIP</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Broadband</td>
<td>73</td>
<td>69</td>
</tr>
</tbody>
</table>
Debt portfolio

Nominal debt\(^1\) by type

- Eurobonds: 74%
- Global bonds: 29%
- Hybrid bonds: 11%
- Other: 14%
- Total: €6.5bn

Nominal debt by currency

- EUR: 52%
- GBP\(^2\): 19%
- USD\(^3\): 29%
- Total: €6.5bn

Fixed vs. floating interest\(^3\)

- Fixed: 81%
- Floating: 19%
- Total: €6.5bn

Bond redemption profile

- '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: 0.8
- '28: 1.0
- '29: 0.1
- '30: 0.1
- '31: 0.1
- '32: 0.1

1. Based on the nominal value of interest-bearing liabilities after swap to EUR, including GBP 400m hybrid bond and USD 600m hybrid bond
2. Foreign currency amounts hedged into EUR
3. Excludes bank overdrafts
Treatment of hybrid bonds

**KPN & credit rating agencies**

Each tranche of the hybrid bonds is recognized as 50% equity and 50% debt by the rating agencies

Definition of KPN net debt includes: ‘[...], taking into account 50% of the nominal value of any hybrid capital instrument’

- Hybrid bonds are part of KPN’s bond portfolio
- Independent of IFRS classification
- In line with treatment by credit rating agencies

**IFRS**

GBP and USD tranche have 60 years specified maturity, accounted for as financial liability

- Coupon payments treated as regular bond coupon, hence expensed through P&L, included in FCF

<table>
<thead>
<tr>
<th>Tranche</th>
<th>Nominal</th>
<th>KPN net debt</th>
<th>Maturity</th>
<th>Rates (swapped)</th>
<th>IFRS principal</th>
<th>IFRS coupon</th>
</tr>
</thead>
<tbody>
<tr>
<td>GBP 0.4bn 6.875%</td>
<td>€ 460m</td>
<td>€ 230m</td>
<td>60 years (1st-call Mar-2020)</td>
<td>6.777%</td>
<td>Liability</td>
<td>Interest paid (incl. in FCF)</td>
</tr>
<tr>
<td>USD 0.6bn 7.000%</td>
<td>€ 465m</td>
<td>€ 233m</td>
<td>60 years (1st-call Mar-2023)</td>
<td>6.344%</td>
<td>Liability</td>
<td>Interest paid (incl. in FCF)</td>
</tr>
</tbody>
</table>

**Total**

|             | € 925m | € 463m |

---

1 USD tranche has semi-annual coupon payments (March / September); GBP tranche has annual coupon payments in March
Fixed infrastructure

- CO to VDSL2: ~50Mbps
- CO to VDSL2 pair bonding: ~100Mbps
- SC to Vectoring: ~120Mbps
- SC to Bonded vectoring: ~240Mbps
- SC to Bonded VPlus: ~400Mbps
- PoP to FttH – P2P: ~1Gbps
- CO to Passive split to FttH – G-PON: ~1Gbps
- CO to Passive split to FttH – XGS-PON: Up to 10Gbps

Legend:
- Fiber
- Copper

Active in network:
- CO to VDSL2: ✔
- CO to VDSL2 pair bonding: ✔
- SC to Vectoring: ✔
- SC to Bonded vectoring: ✔
- SC to Bonded VPlus: ✔
- PoP to FttH – P2P: ✔
- CO to Passive split to FttH – G-PON: ✔
- CO to Passive split to FttH – XGS-PON: ✔
Spectrum in the Netherlands

**800MHz (Paired)**
- T-Mob: 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
- T-Mob: 5

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

**Total**
- KPN: 169.6MHz
- VodZig: 179.2MHz
- T-Mob: 230MHz

T-Mobile including Tele2