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 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 incidentals. 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 incidentals (‘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 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. 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.

IFRS 16

KPN applies IFRS 16 using the full retrospective approach. The implementation of the standard had not been fully completed at the date of publication of KPN’s restated figures, so that certain management estimates have been made with respect to 2018. 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

FUTURE PROOF TECHNOLOGY
10 GIGABIT NETWORK AND MUCH MORE
FttH access investments
driving higher returns

+15%  
NPS

+€6  
ARPU

-34%  
Churn

+9% opt  
Broadband market share

Q3 2018, >200Mbps households vs. <200Mbps households
1 KPN brand, source: Kantar TNS
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% ³

Strong commercial benefits¹

<table>
<thead>
<tr>
<th>+15%</th>
<th>+€ 6</th>
<th>-34%</th>
<th>+9%pt</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPS²</td>
<td>ARPU</td>
<td>Churn</td>
<td>Broadband market share</td>
</tr>
</tbody>
</table>

1 03 2018, >200Mbps households vs. <200Mbps households
2 KPN brand, source: Kantar TNS
3 2019 – 2021 vs. 2012
# Focus on profitable growth segments

<table>
<thead>
<tr>
<th>Consumer</th>
<th>Business</th>
<th>LE &amp; Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>+300k</td>
<td>SME base 100% on KPN EEN by mid 2020</td>
<td>Value over volume</td>
</tr>
<tr>
<td>Converged households by end 2021</td>
<td>70% Postpaid base converged in 2021</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stabilized end-to-end Adjusted EBITDA AL 2 mid 2020</td>
<td></td>
</tr>
</tbody>
</table>

1 Traditional fixed voice and legacy broadband.
2 End-to-end Adjusted EBITDA AL refers to the new segment reporting after the change in the organizational structure per 1 January 2019.
Transformation of operating platform
KPN EEN

Migrations to KPN EEN

- **100%**
  - SME mid 2020
  - LE in 2020

Clear operational benefits post migration

- **+10 NPS**
  - 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
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 program

---

1. Indirect opex after leases adjusted for the impact of restructuring costs and incidentals
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

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody's</td>
<td>Baa3 / Stable</td>
</tr>
<tr>
<td>S&amp;P Global Ratings</td>
<td>BBB / Stable</td>
</tr>
<tr>
<td>Fitch Ratings</td>
<td>BBB / Stable</td>
</tr>
</tbody>
</table>

Optimized balance sheet position

-55%

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
</tr>
</tbody>
</table>

Medium-term leverage

Net debt (excl. all leases) / Adjusted EBITDA AL

<2.5x
Premium.

Value.

Innovative operating model.

Focus.

&

commercial approach.

Lean.

ORGANIC SUSTAINABLE GROWTH
Q1 2019 RESULTS

26 April 2019
Highlights Q1 2019

Solid start new cost savings program

€ 27m net indirect opex savings\(^1\)

On track to realize full-year outlook

Adjusted EBITDA after leases -0.3% y-on-y
Q1 2019: € 563m

Sale iBasis completed

FULL FOCUS ON THE NETHERLANDS

---

\(^1\) Indirect opex after leases, adjusted for the impact of restructuring costs and incidentals
The best converged smart infrastructure.

Focus on profitable growth segments.

Acceleration of simplification and digitalization.
Strong start to converged infrastructure roll-out

Started accelerated FttH roll-out

11 new projects up and running

Ramping up for +1m FttH households

Future proof technology

Up to 10 Gbps Symmetrical

Partnering with Nokia to deploy latest technologies G-PON & XGS-PON

‘Outstanding’ rating in mobile P3 test

961 points

2018: 940 points
Continuously improving customer experience
record-high NPS in both segments

Consumer NPS\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2019</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>11</td>
<td></td>
</tr>
</tbody>
</table>

Business NPS\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2019</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>-5</td>
<td></td>
</tr>
</tbody>
</table>

Reputation award\(^2\)

---

1. 2018 restated as result of recalibration of relative weights of underlying businesses; source: Kantar TNS
2. Industry adjusted; source: Reputation institute
Brand strategy
one strong powerful brand: KPN

Quality & time-to-market

Accelerate on convergence

Signature features of all brands under one brand

EFFICIENT OPERATING MODEL
Solid results in Consumer Fixed

Converged households: +14k

Broadband base\(^1\): +1k

Fixed ARPU: €46, +5.4% y-on-y

---

\(^1\) Corrected for migrations to, and new customers of, small business proposition launched in Q4 2017 (8k)
Solid KPN brand
in competitive mobile market

Postpaid ARPU under pressure

€ 17 -5.0% y-on-y
Q1 2018: € 18

Stabilizing postpaid base KPN brand

-1k net adds KPN brand
Q4 2018: -8k

Converged postpaid base

All brands

59%

KPN brand

70%
Strategic actions impacting Business revenue
migrations accelerating, core IT services growing

Adjusted revenues y-on-y growth trend

<table>
<thead>
<tr>
<th>Service</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication Services</td>
<td>-7.6%</td>
</tr>
<tr>
<td>Mobile service revenues</td>
<td>-8.8%</td>
</tr>
<tr>
<td>IoT</td>
<td>5.8%</td>
</tr>
<tr>
<td>Broadband &amp; Network Services</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Fixed voice</td>
<td>-15%</td>
</tr>
<tr>
<td>Other</td>
<td>-3.6%</td>
</tr>
<tr>
<td>IT Services (a.o. security, cloud, workspace)</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Professional Services &amp; Consultancy</td>
<td>3.6%</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>-4.9%</td>
</tr>
</tbody>
</table>

Strategic actions

50% SME base migrated\(^1\)

Q4 2018: 41%

Revenue y-on-y trend Q1 2019

considerably

impacted by migrations & ‘value over volume’\(^2\)

---

1. Migrated from traditional fixed voice and legacy broadband services
2. Based on management estimates
Solid progress small business migrations
value accretive

Strong **converged**
penetration

33% of small business broadband base

ARPU **accretive** migrations

<table>
<thead>
<tr>
<th>ARPU Consumer proposition</th>
<th>ARPU uplift</th>
<th>ARPU small business proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ 5-10</td>
<td></td>
</tr>
</tbody>
</table>
Lean and digital operations

Cost to serve KPN EEN

>25% lower by 2021

KPN EEN significantly lowers complexity

-75% of IT systems by 2021

Simplified end-to-end organization

New management structure & accelerate integration of recent acquisitions

STABILIZED END-TO-END ADJUSTED EBITDA AL MID-2020
IFRS 16
four financial KPIs introduced

Adjusted EBITDA after leases
(‘Adjusted EBITDA AL’)

Adjusted indirect opex after leases

Free cash flow\(^1\)
(‘FCF’)

Leverage ratio
‘Net debt (excl. all leases)’ divided by
‘Adjusted EBITDA AL’

---

1. Including repayments of lease liabilities
Financial highlights Q1 2019

Adjusted revenues

€ 1,362m
-2.9% y-on-y

Q1 2018: € 1,402m

Adjusted EBITDA after leases

€ 563m
-0.3% y-on-y

Q1 2018: € 565m

Free Cash Flow (excl. TEFD dividend)

€ 69m
-43% y-on-y

Q1 2018: € 121m
# Financial performance Q1 2019

## key P&L metrics

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2019</th>
<th>Δ y-on-y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer</strong></td>
<td>744</td>
<td>728</td>
<td>-2.1%</td>
</tr>
<tr>
<td><strong>Business</strong></td>
<td>533</td>
<td>506</td>
<td>-4.9%</td>
</tr>
<tr>
<td><strong>Wholesale</strong></td>
<td>152</td>
<td>157</td>
<td>3.0%</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>-26</td>
<td>-30</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Adjusted revenues</strong></td>
<td>1,402</td>
<td>1,362</td>
<td>-2.9%</td>
</tr>
<tr>
<td><strong>Adjusted direct costs</strong></td>
<td>321</td>
<td>309</td>
<td>-3.8%</td>
</tr>
<tr>
<td><strong>Adjusted indirect costs after leases</strong></td>
<td>516</td>
<td>489</td>
<td>-5.2%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA after leases</strong></td>
<td>565</td>
<td>563</td>
<td>-0.3%</td>
</tr>
<tr>
<td><strong>Reported</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>598</td>
<td>570</td>
<td>-4.7%</td>
</tr>
<tr>
<td>EBIT</td>
<td>216</td>
<td>189</td>
<td>-12%</td>
</tr>
<tr>
<td>Net profit</td>
<td>99</td>
<td>89</td>
<td>-10%</td>
</tr>
</tbody>
</table>

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

-2.9%

€ m

1,402

Consumer

15

Business

26

Wholesale

5

Other (incl. eliminations)

3

1,362

Adj. revenues Q1 2018

Adj. revenues Q1 2019
Adjusted EBITDA AL in line with last year
supported by simplification and digitalization

€ m

565

-41

12

6

20

1

563

Adj. EBITDA after leases Q1 2018
Revenues
Cost of goods & services
Personnel expenses
IT/TI
Other operating expenses\(^1\)
Adj. EBITDA after leases Q1 2019

1 Incl. lease-related expenses
Net indirect opex savings

Solid start new cost savings program

€ 27m
net savings in Q1 2019

Target 2019 – 2021: ~€ 350m

Basis for net opex reduction program savings target

€ 2,015m
FY 2018 total adjusted indirect operating expenses after leases

1 Indirect opex adjusted for the impact of restructuring costs and incidentals
## Financial performance Q1 2019 – FCF

y-on-y mainly impacted by restructuring & Capex

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2019</th>
<th>Δ y-on-y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>€ m</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITDA after leases</td>
<td>565</td>
<td>563</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Interest lease liabilities</td>
<td>9</td>
<td>8</td>
<td>-12%</td>
</tr>
<tr>
<td>Depreciation right-of-use asset</td>
<td>38</td>
<td>35</td>
<td>-7.5%</td>
</tr>
<tr>
<td>Restructuring</td>
<td>-13</td>
<td>-36</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Incidentals</td>
<td>-</td>
<td>-</td>
<td>n.m.</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest paid / received</td>
<td>-127</td>
<td>-126</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Tax paid / received</td>
<td>-5</td>
<td>-</td>
<td>n.m.</td>
</tr>
<tr>
<td>Change in provisions</td>
<td>9</td>
<td>3</td>
<td>-65%</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>-75</td>
<td>-62</td>
<td>-17%</td>
</tr>
<tr>
<td>Other movements (incl. TEFD dividend)</td>
<td>-4</td>
<td>1</td>
<td>n.m.</td>
</tr>
<tr>
<td><strong>Net CF from operating activities</strong></td>
<td>397</td>
<td>387</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Capex</td>
<td>-236</td>
<td>-261</td>
<td>11%</td>
</tr>
<tr>
<td>Proceeds from real estate</td>
<td>4</td>
<td>-</td>
<td>-97%</td>
</tr>
<tr>
<td>Repayments of lease liabilities</td>
<td>-44</td>
<td>-57</td>
<td>29%</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TEFD dividend</td>
<td>-</td>
<td>-</td>
<td>n.m.</td>
</tr>
<tr>
<td><strong>Free cash flow (excl. TEFD dividend)</strong></td>
<td>121</td>
<td>69</td>
<td>-43%</td>
</tr>
</tbody>
</table>
FCF impacted by intra-year phasing in Q1

<table>
<thead>
<tr>
<th>Component</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA AL Q1 2019</td>
<td>563 m</td>
</tr>
<tr>
<td>Lease-related expenses</td>
<td>43 m</td>
</tr>
<tr>
<td>Restructuring</td>
<td>36 m</td>
</tr>
<tr>
<td>EBITDA Q1 2019</td>
<td>570 m</td>
</tr>
<tr>
<td>Change in provisions</td>
<td>3 m</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>62 m</td>
</tr>
<tr>
<td>Interest paid</td>
<td>126 m</td>
</tr>
<tr>
<td>Taxes paid</td>
<td>0 m</td>
</tr>
<tr>
<td>Capex</td>
<td>261 m</td>
</tr>
<tr>
<td>Other1</td>
<td>56 m</td>
</tr>
<tr>
<td>FCF (excl. TEFD dividend) Q1 2019</td>
<td>69 m</td>
</tr>
</tbody>
</table>

Q1 2019: -43% y-on-y
Q1 2018: € 121m

1. Incl. repayments of lease liabilities
Solid financial position

Senior bond redeemed

€ 465m
7.5% coupon

EIB facility signed on 1 April 2019

€ 300m
for mobile network investments
Leverage ratio reflects leases as operational rather than core financing instrument

**Leverage ratio Q1 2019**

Net debt excluding leases
Lease expenses considered opex

\[
\frac{\text{Net debt (excl. all leases)}}{\text{Adjusted EBITDA AL}} = 2.5x
\]

Q4 2018: 2.5x

\(< 2.5x\)

medium-term leverage

**Lease adjusted Q1 2019**

\[
\frac{\text{Net debt incl. all leases}}{\text{Adjusted EBITDA}} = 2.7x
\]

Q4 2018: 2.7x
## 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>Adjusted EBITDA AL</td>
<td>In line with 2018</td>
<td>Organic growth</td>
</tr>
<tr>
<td>Capex</td>
<td>€ 1.1bn</td>
<td>Stable at € 1.1bn annually</td>
</tr>
<tr>
<td>FCF</td>
<td>Front-end loaded restructuring charges leading to</td>
<td>Three-year mid-single digit CAGR(^1) driven by</td>
</tr>
<tr>
<td>(excl. TEFD dividend)</td>
<td>incidentally lower FCF compared with 2018</td>
<td>EBITDA AL growth</td>
</tr>
<tr>
<td>Regular DPS</td>
<td>€ 12.5 cents</td>
<td>Progressive dividend, supported by FCF</td>
</tr>
</tbody>
</table>

\(^1\) Three-year CAGR calculated from the end of 2018 to the end of 2021
Value over volume.
Lean operating model.
INFORMATION PACK

CSR
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

Achievements in Q1 2019

Reuse & recycle
KPN takes back customer’s old mobile phones

Digital for life
Teaching method for digital skills launched by KPN Mooiste Contact Fonds and Foundation Lezen & Schrijven

Reputation ranking
#1 Dutch companies
RepTrakPulse2019

161 New KlasseContact placements in Q1 2019

1. Industry adjusted, source: Reputation institute
Tax Q1 2019

<table>
<thead>
<tr>
<th>Regions (€ m)</th>
<th>P&amp;L</th>
<th>Cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1 2018</td>
<td>Q1 2019</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>-28</td>
<td>-24</td>
</tr>
<tr>
<td>Other</td>
<td>-1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total reported tax</strong></td>
<td><strong>-29</strong></td>
<td><strong>-24</strong></td>
</tr>
<tr>
<td>Of which discontinued operations</td>
<td>-1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Reported tax from continuing operations</strong></td>
<td><strong>-28</strong></td>
<td><strong>-24</strong></td>
</tr>
<tr>
<td>Effective tax rate continuing operations</td>
<td>22.0%</td>
<td>21.2%</td>
</tr>
</tbody>
</table>

The effective tax rate for Q1 2019 was mainly influenced by corporate income tax rate adjustments, other one-off effects and the Innovation Box facility

- Without one-off effects the effective tax rate would have been ~23% in Q1 2019

For the 2019, the effective tax rate is expected to be -23% excluding one-off effects and the potential impact of the intended Dutch corporate tax rate change

---

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>Q1 2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-M households</td>
<td>1,280</td>
<td>1,358</td>
</tr>
<tr>
<td>Fixed-only households</td>
<td>2,256</td>
<td>2,037</td>
</tr>
<tr>
<td><strong>Total households</strong></td>
<td><strong>3,536</strong></td>
<td><strong>3,395</strong></td>
</tr>
<tr>
<td>F-M penetration broadband base</td>
<td>43%</td>
<td>46%</td>
</tr>
<tr>
<td>Bundled</td>
<td>2,564</td>
<td>2,555</td>
</tr>
<tr>
<td>Not-bundled (BB-only)</td>
<td>395</td>
<td>379</td>
</tr>
<tr>
<td>Not-bundled (PSTN &amp; Digittenne)</td>
<td>577</td>
<td>461</td>
</tr>
<tr>
<td><strong>Total households</strong></td>
<td><strong>3,536</strong></td>
<td><strong>3,395</strong></td>
</tr>
</tbody>
</table>

### Consumer mobile

<table>
<thead>
<tr>
<th>Postpaid base (k)</th>
<th>Q1 2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-M postpaid customers</td>
<td>1,934</td>
<td>2,126</td>
</tr>
<tr>
<td>Mobile-only postpaid customers</td>
<td>1,721</td>
<td>1,480</td>
</tr>
<tr>
<td><strong>Total postpaid base</strong></td>
<td><strong>3,655</strong></td>
<td><strong>3,606</strong></td>
</tr>
<tr>
<td>F-M penetration postpaid base</td>
<td>53%</td>
<td>59%</td>
</tr>
</tbody>
</table>

### Net adds (k)

| Postpaid | -20 | -6 |
| Prepaid  | -50 | -110 |
| Postpaid ARPU (€)                      | 18    | 17 |
| Wireless service revenues (€ m)       | 208   | 198 |

### Business

<table>
<thead>
<tr>
<th>Customer base (k)</th>
<th>Q1 2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile</td>
<td>1,858</td>
<td>1,829</td>
</tr>
<tr>
<td>Traditional Fixed voice</td>
<td>356</td>
<td>262</td>
</tr>
<tr>
<td>VoIP</td>
<td>503</td>
<td>562</td>
</tr>
<tr>
<td>Broadband</td>
<td>283</td>
<td>294</td>
</tr>
</tbody>
</table>

| ARPU (€)                            | Q1 2018 | Q1 2019 |
| Mobile                              | 23      | 21      |
| Traditional Fixed voice             | 48      | 49      |
| VoIP                                | 12      | 11      |
| Broadband                           | 73      | 73      |
Debt portfolio

Nominal debt\(^1\) by type

- Eurobonds: 74%
- Global bonds: 11%
- Hybrid bonds: 14%
- Other: 1%

Nominal debt by currency

- EUR: 51%
- GBP\(^2\): 18%
- USD\(^3\): 30%

Fixed vs. floating interest\(^3\)

- Fixed: 81%
- Floating: 19%

Bond redemption profile

- € bn
- 19: 0.1
- 20: 0.9
- 21: 0.6
- 22: 0.6
- 23: 0.5
- 24: 0.5
- 25: 0.6
- 26: 1.0
- 27: 0.8
- 28: 0.1
- 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>
<tr>
<td><strong>Total</strong></td>
<td><strong>€ 925m</strong></td>
<td><strong>€ 463m</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

- CO → VDSL2
- CO → VDSL2 pair bonding
- SC → Vectoring
- SC → Bonded vectoring
- SC → Bonded VPlus
- PoP → FttH – P2P
- CO → Passive split → FttH – XGS / GPON

Download speed: ~50Mbps (Active in network)
~100Mbps (Active in network)
~120Mbps (Active in network)
~240Mbps (Active in network)
~400Mbps (Active in network)
~1Gbps (Active in network)
Up to 10Gbps
## Spectrum in The Netherlands

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Provider A</th>
<th>Provider B</th>
<th>Provider C</th>
<th>Provider D</th>
</tr>
</thead>
<tbody>
<tr>
<td>800MHz</td>
<td>T-Mob 2*10</td>
<td>VodZig 2*10</td>
<td>KPN 2*10</td>
<td>T-Mob 2*30</td>
</tr>
<tr>
<td>900MHz</td>
<td>VodZig 2*10</td>
<td>KPN 2*10</td>
<td>T-Mob 2*15</td>
<td>T-Mob 2*35</td>
</tr>
<tr>
<td>1.8GHz</td>
<td>KPN 2*20</td>
<td>VodZig 2*20</td>
<td>T-Mob 2*30</td>
<td>T-Mob 2*70</td>
</tr>
<tr>
<td>2.1GHz</td>
<td>VodZig 2*14.6</td>
<td>KPN 2*14.8</td>
<td>T-Mob 2*10</td>
<td>KPN 2*5</td>
</tr>
<tr>
<td>2.6GHz</td>
<td>T-Mob 25</td>
<td>KPN 30</td>
<td>T-Mob 5</td>
<td>T-Mob 1*60</td>
</tr>
<tr>
<td>2.6GHz</td>
<td>VodZig 2*30</td>
<td>T-Mob 2*5</td>
<td>KPN 2*10</td>
<td>T-Mob 2*65</td>
</tr>
</tbody>
</table>
| Total     | KPN 169.6MHz | VodZig 179.2MHz | T-Mob 230MHz |}

T-Mobile including Tele2

578.8MHz
Contact Information:
KPN Investor Relations

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