Press release
27 July 2016

Second Quarter 2016 Results

Highlights

- Strong growth of bundled services in Consumer driven by excellent customer experience
  - Fixed-mobile bundles now represent 38% of postpaid base (Q2 2015: 26%) and 33% of broadband base (Q2 2015: 23%)
  - +15k broadband net adds, +33k IPTV net adds and +23k postpaid net adds[1] driven by ongoing focus on high value KPN brand
  - NPS for Consumer improved further (Residential NPS: 8, Mobile NPS: 10)
- Solid growth in multi play and IT related services in Business offset by continued rationalization and repricing of traditional telco services
  - Good progress on reducing indirect costs
  - Dedicated programs in place to improve NPS for Business (-9)
- Simplification program delivered approximately EUR 350m run-rate savings by end Q2 2016
- EUR 35.5 cents per share returned to shareholders in Q2 2016; interim dividend of EUR 3.3 cents per share to be paid in August

Key figures* (from continuing operations)

Group financials (unaudited) *(in EUR m, unless stated otherwise)*	**Q2 2016**	**Q2 2015**	**Δ y-on-y**	**YTD 2016**	**YTD 2015**	**Δ y-on-y**
Revenues	1,676	1,741	-3.7%	3,365	3,499	-3.8%
Adjusted revenues**	**1,676**	**1,751**	**-4.3%**	**3,365**	**3,509**	**-4.1%**
EBITDA	579	568	1.9%	1,138	1,144	-0.5%
Adjusted EBITDA**	**592**	**602**	**-1.7%**	**1,160**	**1,197**	**-3.1%**
Adjusted EBITDA margin The Netherlands	***39.5%***	***38.8%***		***38.5%***	***38.5%***	
Operating profit (EBIT)	205	169	21%	346	344	0.6%
Profit for the period (net profit)	162	160	1.3%	210	183	15%
Capex	**312**	**306**	**2.0%**	**630**	**640**	**-1.6%**
Free cash flow	**254**	**232**	**9.5%**	**214**	**262**	**-18%**

* All non-IFRS terms are explained in the safe harbor section
** 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. Reconciliations to be found on page 7 and 8

Financial performance

- Adjusted revenues were 4.3% lower y-on-y in Q2 2016. In Consumer, the positive impact of base growth was offset by lower hardware sales during the quarter and the absence of a tax benefit recorded in Q2 2015. In Business, growth in multi play and IT related services was offset by the decline of traditional telco services
- Adjusted EBITDA decreased by 1.7% y-on-y in Q2 2016. This was a result of lower revenues in Business and investments in subscriber retention in Consumer, partly offset by the positive impact of cost savings
- Operating profit increased by 21% y-on-y driven by lower depreciation and restructuring costs
- Capex in H1 2016 decreased by 1.6% due to lower customer Capex and structurally lower network investments which follows a period of elevated investment levels
- Free cash flow (excl. TEFD dividend) in H1 2016 of EUR 104m was influenced by phasing of costs, Capex and working capital within the year

[1] Reported net adds of 1k were adjusted for a 22k one-off impact related to migration to a new order management IT platform

Message from the CEO, Eelco Blok

"The execution of our strategy "Simplify, Grow, Innovate" we presented in March is firmly on track. In the second quarter of 2016 we again saw strong growth of our bundled services, delivered over our best-in-class networks and supported by continued product innovations. We launched a 4K TV pilot in the Consumer market and introduced our managed hybrid cloud proposition in the business market. Furthermore, we concluded several important multi-year agreements with major business customers, illustrating our growth in the IT market.

In the first half of this year we completed the migration of the majority of our Consumer customers to a new integrated order management IT platform, which is an important milestone in our Simplification program. Together with the execution of other parts of the program and strong commercial progress, this is expected to support our financial performance in the second half of this year.

Outlook and shareholder remuneration

2016 (continuing operations)

- Adjusted EBITDA in line with 2015
- Capex ~EUR 1.2bn
- Free cash flow (excl. TEFD dividend) > EUR 650m
- Additional cash flow via dividend from 15.5% stake in Telefónica Deutschland

KPN intends to pay a total regular dividend per share of EUR 10 cents in respect of 2016 and grow the dividend in line with its free cash flow growth profile thereafter. EUR 3.3 cents per share will be paid as an interim dividend in August of this year. The ex-dividend date is 29 July 2016 and the payment date is 3 August 2016.

The remaining 15.5% stake in Telefónica Deutschland is treated as a financial investment. KPN benefits from dividend payments by Telefónica Deutschland and additional financial flexibility.

KPN remains committed to an investment grade credit profile and expects to utilize excess cash for operational and financial flexibility, (small) in-country M&A and/or shareholder remuneration.

All related documents can be found on KPN's website:
ir.kpn.com

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Safe harbor

Non-GAAP measures and management estimates

This financial report contains a number of non-GAAP figures, 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 numerical reconciliations are included in KPN's quarterly factsheets. 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.* ***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. A number of these factors are described (not exhaustively) in the Integrated Annual Report 2015.

Financial and operating review by segment

Consumer

KPN's strategic focus on delivering leading services centered around households resulted in another quarter of strong growth in bundled services. KPN's focus on the high value segment of the market results in continued innovation and improvement in customer experience while being able to adjust prices. In the second quarter, KPN announced a broader set of television channels, added its internet security service to all bundled packages and launched a 4K TV pilot. In addition, KPN introduced full HD for its OTT TV service; Play. by KPN. The ongoing focus on the high value KPN brand resulted in increased loyalty evidenced by lower churn. Ongoing competition in the no frills segment of the mobile market impacted the performance of Telfort and Simyo.

Consumer *(in EUR m)*	**Q2 2016**	**Q2 2015**	**Δ y-on-y**	**YTD 2016**	**YTD 2015**	**Δ y-on-y**
Revenues	767	774	-0.9%	1,538	1,524	0.9%
Of which: Consumer Residential	*458*	*447*	*2.5%*	*918*	*898*	*2.2%*
Of which: Consumer Mobile	*309*	*327*	*-5.5%*	*620*	*626*	*-1.0%*
Adjusted revenues	**767**	**774**	**-0.9%**	**1,538**	**1,524**	**0.9%**
EBITDA (contribution margin)	446	460	-3.0%	895	889	0.7%
Adjusted EBITDA (contribution margin)	**450**	**461**	**-2.4%**	**900**	**893**	**0.8%**

Adjusted revenues in Consumer decreased by 0.9% y-on-y in Q2 2016. Growth in residential revenues was offset by a decline in mobile due to lower service revenues (-2.0%) and lower hardware sales. Mobile service revenue growth was negatively impacted by a tax benefit of EUR 11m in Q2 2015; excluding the impact of the tax benefit, mobile service revenues increased by 1.8%. The positive impact of the high value base growth on mobile service revenues was partly offset by lower roaming fees and lower above bundle usage.

Adjusted EBITDA (contribution margin) decreased by 2.4% due to lower revenues and higher operating expenses as a result of higher subscriber retention costs due to a higher out of contract base compared to the same period last year. The adjusted EBITDA margin was 58.7% (Q2 2015: 59.6%).

The number of fixed-mobile households grew to 944k, representing 33% of the broadband customer base (Q2 2015: 23%). The number of postpaid customers in fixed-mobile bundles grew by 98k to 1,384k, equivalent to 38% penetration of the postpaid base at the end of Q2 2016 (Q2 2015: 26%). Already more than half (51%) of all KPN brand postpaid customers were part of a fixed-mobile bundle at the end of Q2 2016.

KPN's net adds in broadband of 15k and IPTV of 33k in Q2 2016 were driven by growth in the high value KPN brand. Triple play net adds were 24k, resulting in a 59% penetration of the broadband customer base (Q2 2015: 55%) and a growing number of RGUs per household (2.13 vs. 2.00 in Q2 2015). This led to a 5.3% y-on-y increase in the ARPU per household to EUR 40 (Q2 2015: EUR 38). Furthermore, KPN continued to grow its mobile customer base with 23k postpaid net adds (reported net adds of 1k were adjusted for a 22k one-off impact related to migration to a new order management IT platform). Growth of the postpaid base was entirely driven by the high value KPN brand, partly offset by a decrease in the no frills customer base. The continued high value postpaid net adds had a positive effect on ARPU in Q2 2016, but this was offset by the absence of the tax benefit recorded in Q2 2015 and lower roaming fees. The ARPU decreased to EUR 26 in Q2 2016, compared to EUR 27 in the same quarter last year. The committed part of postpaid ARPU increased to approximately 85%, up 7%-points y-on-y.

Business

KPN is expanding its capabilities in the business market by building on its strong position in access and connectivity with a strengthened position in the IT segment. In May 2016, KPN launched a managed hybrid cloud proposition, combining KPN's high quality datacenters with integrated solutions of leading international third party IT companies. This is resulting in growth in serviced workspaces and in new services. In Q2 2016, a number of new multi-year contracts were signed, including hosting services on top of more than 10,000 managed workspaces for a large corporate client, and managed hybrid cloud services for the city of Amsterdam.

KPN operates in a business environment where market dynamics are changing, driven by technological developments and evolving customer needs. The financial performance in Business is still impacted by declining traditional Telco services, yet supported by growth in multi play and IT related services, and continued successful execution of the Simplification program.

Business *(in EUR m)*	**Q2 2016**	**Q2 2015**	**Δ y-on-y**	**YTD 2016**	**YTD 2015**	**Δ y-on-y**
Revenues	573	608	-5.8%	1,162	1,240	-6.3%
Adjusted revenues	**573**	**618**	**-7.3%**	**1,162**	**1,250**	**-7.0%**
EBITDA (contribution margin)	351	341	2.9%	703	720	-2.4%
Adjusted EBITDA (contribution margin)	**347**	**374**	**-7.2%**	**702**	**760**	**-7.6%**

Adjusted revenues declined by 7.3% y-on-y in Q2 2016 due to lower revenues from traditional services, partly offset by growth in multi play and new services. Adjusted EBITDA decreased by 7.2% y-on-y in Q2 2016 driven by lower revenues, partly offset by lower personnel costs. This resulted in an adjusted EBITDA margin of 60.6% (Q2 2015: 60.5%).

In SME, single play wireless revenues decreased by 15% due to the impact of repricing, lower roaming fees and the migration to multi play and LE & Corporate customized solutions. Traditional fixed-only services (-17%, adjusted for a EUR -10m incidental in Q2 2015) continued to be impacted by rationalization and the ongoing migration towards VoIP and multi play. Multi play revenues grew by 26% driven by KPN's successful integrated service KPN ONE.

In LE & Corporate, revenues from Network & IT services (-11%) remained under pressure due to relatively low sales last year as a result of the slow economy and lower hardware sales this year. Revenues from customized solutions were relatively stable (-0.7%) supported by migrations from singe play wireless and traditional fixed.

Revenues from new services showed high growth (38%) due to higher cloud revenues.

Wholesale

The migration of wholesale customers from regulated ULL (Unbundled Local Loop) services to commercially agreed VULA (Virtual Unbundled Local Access) and WBA (Wholesale Broadband Access) services continued in Q2 2016.

Wholesale *(in EUR m)*	**Q2 2016**	**Q2 2015**	**Δ y-on-y**	**YTD 2016**	**YTD 2015**	**Δ y-on-y**
Revenues	184	184	0.0%	364	368	-1.1%
Adjusted revenues	**184**	**184**	**0.0%**	**364**	**368**	**-1.1%**
EBITDA (contribution margin)	128	125	2.4%	253	250	1.2%
Adjusted EBITDA (contribution margin)	**128**	**125**	**2.4%**	**253**	**250**	**1.2%**

Adjusted revenues were stable in Q2 2016 and adjusted EBITDA increased by 2.4% y-on-y. This resulted in an adjusted EBITDA margin for Q2 of 69.6% (Q2 2015: 67.9%).

Network, Operations & IT

KPN continued to invest in its best-in-class networks and IT infrastructure. In fixed, the selective FttH roll-out is combined with the roll-out of fiber to the street cabinets. This resulted in an increase in coverage to approximately 72% of Dutch households with access to speeds of at least 100Mbps (Q2 2015: 60%). KPN continued to increase capacity and download speeds of its mobile network by implementing carrier aggregation and rolling out fiber to the sites. KPN's high fiber penetration in the fixed network brings significant advantages when connecting mobile sites with fiber.

In Q2 2016, KPN reached nationwide coverage with its LoRa network for Internet of Things (IoT) applications as the first operator in the world. Already 1.5m devices have been signed up to be connected to the network and this is expected to grow rapidly.

Network, Operations & IT *(in EUR m)*	**Q2 2016**	**Q2 2015**	**Δ y-on-y**	**YTD 2016**	**YTD 2015**	**Δ y-on-y**
Revenues	5	3	67%	9	7	29%
Adjusted revenues	**5**	**3**	**67%**	**9**	**7**	**29%**
EBITDA (contribution margin)	-287	-292	-1.7%	-594	-593	0.2%
Adjusted EBITDA (contribution margin)	**-276**	**-291**	**-5.2%**	**-581**	**-588**	**-1.2%**

Costs at Network, Operations & IT were EUR 13m lower y-on-y in Q2 2016 when adjusted for restructuring and incidentals. This was mainly driven by lower costs related to own and external personnel, housing and energy. In the first half of 2016, migration of the majority of Consumer customers to a new integrated order management IT platform was completed, which is an important milestone in the Simplification program. Rationalization of legacy IT platforms will yield significant savings in the remainder of the year.

iBasis

In the second quarter, iBasis continued to build its customer base in international LTE data traffic, securing a number of new key customers. iBasis was successful in gaining market share in the wholesale voice carrier market. However, the decline in the wholesale voice carrier market resulted in revenue pressure while traffic volumes were flat.

iBasis *(in EUR m)*	**Q2 2016**	**Q2 2015**	**Δ y-on-y**	**YTD 2016**	**YTD 2015**	**Δ y-on-y**
Revenues	218	234	-6.8%	433	461	-6.1%
Adjusted revenues	**218**	**234**	**-6.8%**	**433**	**461**	**-6.1%**
EBITDA (contribution margin)	6	6	0.0%	12	11	9.1%
Adjusted EBITDA (contribution margin)	**6**	**6**	**0.0%**	**12**	**11**	**9.1%**

Adjusted revenues at iBasis decreased by 6.8% y-on-y in Q2 2016, including an unfavorable currency effect of 1.2% in Q2 2016. The adjusted EBITDA margin in Q2 2016 of 2.8% was higher y-on-y (Q2 2015: 2.6%) as a result of continued cost focus.

Analysis of adjusted results Q2 2016

The following table shows the key items between reported and adjusted revenues.

Revenues *(in EUR m)*	Q2 2016 reported	Incidentals	Q2 2016 adjusted	Q2 2015 reported	Incidentals	Q2 2015 adjusted	Δ y-on-y reported	Δ y-on-y adjusted
Consumer	767	-	767	774	-	774	-0.9%	-0.9%
Business	573	-	573	608	-10	618	-5.8%	-7.3%
Wholesale	184	-	184	184	-	184	0.0%	0.0%
Network, Operations & IT	5	-	5	3	-	3	67%	67%
Other (incl. eliminations)	-43	-	-43	-37	-	-37	16%	16%
The Netherlands	**1,486**	**-**	**1,486**	**1,532**	**-10**	**1,542**	**-3.0%**	**-3.6%**
iBasis	218	-	218	234	-	234	-6.8%	-6.8%
Other activities	-	-	-	2	-	2	-100%	-100%
Intercompany revenues	-28	-	-28	-27	-	-27	3.7%	3.7%
KPN Group	**1,676**	**-**	**1,676**	**1,741**	**-10**	**1,751**	**-3.7%**	**-4.3%**

The following table specifies the revenue incidental in more detail.

Revenue incidentals *(in EUR m)*	**Segment**	**Q2 2016**	**Q2 2015**
Revenue related provision	Business	-	-10
KPN Group		**-**	**-10**

The following table shows the key items between reported and adjusted EBITDA.

EBITDA *(in EUR m)*	Q2 2016 reported	Incidentals	Restruc-turing	Q2 2016 adjusted	Q2 2015 reported	Incidentals	Restruc-turing	Q2 2015 adjusted	Δ y-on-y reported	Δ y-on-y adjusted
Consumer *(contribution margin)*	446	-	-4	450	460	-	-1	461	-3.0%	-2.4%
Business *(contribution margin)*	351	6	-2	347	341	-10	-23	374	2.9%	-7.2%
Wholesale *(contribution margin)*	128	-	-	128	125	-	-	125	2.4%	2.4%
Network, Operations & IT *(cost center)*	-287	-	-11	-276	-292	6	-7	-291	-1.7%	-5.2%
Other *(incl. eliminations)*	-64	-	-2	-62	-67	-	3	-70	-4.5%	-11%
The Netherlands	**574**	**6**	**-19**	**587**	**567**	**-4**	**-28**	**599**	**1.2%**	**-2.0%**
iBasis	6	-	-	6	6	-	-	6	0.0%	0.0%
Other activities	-1	-	-	-1	-5	5	-7	-3	-80%	-67%
KPN Group	**579**	**6**	**-19**	**592**	**568**	**1**	**-35**	**602**	**1.9%**	**-1.7%**

The following table specifies the EBITDA incidentals in more detail.

EBITDA incidentals *(in EUR m)*	**Segment**	**Q2 2016**	**Q2 2015**
Revenue related provision	Business	-	-10
Release of provision	Business	6	-
Release of asset retirement obligation	Network, Operations & IT	-	6
Release of provision	Other activities	-	5
KPN Group		**6**	**1**

The following table shows the key items between reported and adjusted revenues.

Revenues *(in EUR m)*	YTD 2016 reported	Incidentals	YTD 2016 adjusted	YTD 2015 reported	Incidentals	YTD 2015 adjusted	Δ y-on-y reported	Δ y-on-y adjusted
Consumer	1,538	-	1,538	1,524	-	1,524	0.9%	0.9%
Business	1,162	-	1,162	1,240	-10	1,250	-6.3%	-7.0%
Wholesale	364	-	364	368	-	368	-1.1%	-1.1%
Network, Operations & IT	9	-	9	7	-	7	29%	29%
Other (incl. eliminations)	-84	-	-84	-74	-	-74	14%	14%
The Netherlands	**2,989**	**-**	**2,989**	**3,065**	**-10**	**3,075**	**-2.5%**	**-2.8%**
iBasis	433	-	433	461	-	461	-6.1%	-6.1%
Other activities	1	-	1	29	-	29	-97%	-97%
Intercompany revenues	-58	-	-58	-56	-	-56	3.6%	3.6%
KPN Group	**3,365**	**-**	**3,365**	**3,499**	**-10**	**3,509**	**-3.8%**	**-4.1%**

The following table specifies the revenue incidental in more detail.

Revenue incidentals *(in EUR m)*	**Segment**	**YTD 2016**	**YTD 2015**
Revenue related provision	Business	-	-10
KPN Group		**-**	**-10**

The following table shows the key items between reported and adjusted EBITDA.

EBITDA *(in EUR m)*	YTD 2016 reported	Incidentals	Restruc-turing	YTD 2016 adjusted	YTD 2015 reported	Incidentals	Restruc-turing	YTD 2015 adjusted	Δ y-on-y reported	Δ y-on-y adjusted
Consumer *(contribution margin)*	895	-	-5	900	889		-4	893	0.7%	0.8%
Business *(contribution margin)*	703	6	-5	702	720	-10	-30	760	-2.4%	-7.6%
Wholesale *(contribution margin)*	253	-	-	253	250	-	-	250	1.2%	1.2%
Network, Operations & IT *(cost center)*	-594	-	-13	-581	-593	6	-11	-588	0.2%	-1.2%
Other *(incl. eliminations)*	-125	-	-3	-122	-129	-	2	-131	-3.1%	-6.9%
The Netherlands	**1,132**	**6**	**-26**	**1,152**	**1,137**	**-4**	**-43**	**1,184**	**-0.4%**	**-2.7%**
iBasis	12	-	-	12	11	-	-	11	9.1%	9.1%
Other activities	-6	-	-2	-4	-4	5	-11	2	50%	n.m.
KPN Group	**1,138**	**6**	**-28**	**1,160**	**1,144**	**1**	**-54**	**1,197**	**-0.5%**	**-3.1%**

The following table specifies the EBITDA incidentals in more detail.

EBITDA incidentals *(in EUR m)*	**Segment**	**YTD 2016**	**YTD 2015**
Revenue related provision	Business	-	-10
Release of provision	Business	6	-
Release of asset retirement obligation	Network, Operations & IT	-	6
Release of provision	Other activities	-	5
KPN Group		**6**	**1**

Group review and other developments

Group financial review (continuing operations)

Adjusted revenues for the Group were 4.3% lower y-on-y in Q2 2016. Adjusted revenues for The Netherlands were 3.6% lower y-on-y. In Consumer, the positive impact of base growth was offset by lower hardware sales during the quarter and a tax benefit of EUR 11m recorded in Q2 2015. In Business, growth in multi play and IT related services was offset by decline of traditional services.

Adjusted EBITDA for the Group decreased by 1.7% y-on-y in Q2 2016. Adjusted EBITDA for The Netherlands decreased by 2.0%. The positive impact of lower marketing, housing, energy and personnel expenses was offset by the revenue decline in Business and higher operating expenses resulting from a higher number of retentions in Consumer. The adjusted EBITDA margin for The Netherlands in Q2 2016 was 39.5% (Q2 2016: 38.8%).

Group operating profit (EBIT) increased by EUR 36m y-on-y to EUR 205m due to lower depreciation and restructuring costs in Q2 2016. Higher operating profit was mostly offset by higher income taxes as a result of a low effective tax rate in Q2 2015 (14.9%) caused by one-off items, leading to 1.3% higher net profit y-on-y at EUR 162m.

Capex in Q2 2016 increased by 2.0% y-on-y due to different timing of network investments compared to last year. Capex in H1 2016 decreased by 1.6% due to structurally lower network investments following a period of elevated investment levels.

KPN is on track with its Simplification program to realize run-rate savings (opex and Capex) of approximately EUR 450m by the end of 2016, compared to the end of 2013. The savings are primarily realized through simplification and rationalization of IT processes and systems, and network infrastructure. By the end of Q2 2016, KPN had realized run-rate opex and Capex savings of approximately EUR 350m since the end of 2013.

Free cash flow (excl. TEFD dividend) in Q2 2016 of EUR 144m and in H1 2016 of EUR 104m was influenced by phasing of costs, Capex and working capital within the year. In Q2 2016, KPN received EUR 110m dividend from its shareholding in Telefónica Deutschland.

Net debt to EBITDA

Net debt amounted to EUR 6.8bn at the end of Q2 2016, EUR 1.4bn higher compared to the end of Q1 2016. The increase in net debt was mainly driven by the EUR 1.2bn capital repayment in June 2016 and payment of the final dividend of EUR 213m over 2015 in April 2016. The net debt ratio at the end of Q2 2016 was 2.8x, stable compared to Q1 2016 (pro forma capital repayment).

On 1 July 2016, KPN signed a new committed revolving credit facility for EUR 1.25bn with 12 banks at improved terms, with an initial 5-year term. The new facility replaces the EUR 2.0bn facility which had been in place since 2011. The facility will be used for general corporate purposes.

KPN has additional financial flexibility via the remaining 15.5% stake in Telefónica Deutschland.

KPN has credit ratings of Baa3 with a stable outlook by Moody’s and BBB- with a stable outlook by Standard & Poor's. In Q2 2016, Fitch Ratings upgraded KPN’s credit rating to BBB with a stable outlook.

Other developments

For further details refer to KPN’s Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2016.