

Fourth Quarter and Annual Results 2015

Highlights

- Rising customer satisfaction supporting continued strong base growth in Consumer in Q4 2015 and FY 2015
 - +40k broadband net adds (FY 2015: +139k) and +69k IPTV net adds (FY 2015: +265k)
 - +80k postpaid net adds (FY 2015: +289k) in Consumer Mobile
 - Fixed-mobile bundles now represent 33% of retail postpaid base (Q4 2014: 21%) and 28% of broadband base (Q4 2014: 17%)
 - NPS for both Consumer Residential and Consumer Mobile increased to +9 (Q4 2014: +2)
- Transformation Business segment ongoing; declining traditional services and repricing in mobile, partly offset by growing multi play and new services
- Simplification program delivered approximately EUR 280m run-rate savings by end Q4 2015
 - Savings target upgraded to approximately EUR 450m by end 2016

Key figures* (from continuing operations)

Group financials** (unaudited)	Q4 2015	Q4 2014	Δ y-on-y	FY 2015	FY 2014	Δ y-on-y
<i>(in EUR m, unless stated otherwise)</i>						
Revenues	1,745	1,933	-9.7%	7,008	7,409	-5.4%
Adjusted revenues***	1,745	1,898	-8.1%	7,018	7,352	-4.5%
EBITDA	578	656	-12%	2,324	2,866	-19%
Adjusted EBITDA***	582	630	-7.6%	2,419	2,417	0.1%
<i>Adjusted EBITDA margin The Netherlands</i>	<i>37.8%</i>	<i>38.9%</i>		<i>39.6%</i>	<i>38.2%</i>	
Operating profit (EBIT)	160	235	-32%	708	1,212	-42%
Profit for the period (net profit)	254	-16	n.m.	524	261	>100%
Capex	355	414	-14%	1,300	1,239	4.9%
Free cash flow****	223	-179	n.m.	698	-151	n.m.

* All non-IFRS terms are explained in the safe harbor section

** BASE Company classified as discontinued operations as per 15 April 2015

*** 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 8 to 11

**** Free cash flow FY 2015 was EUR 552m, excluding Telefónica Deutschland dividend of EUR 146m

Financial performance

- Adjusted revenues declined 8.1% y-on-y in Q4 2015. Without the tax settlement benefit (EUR 44m) in Q4 2014, adjusted revenues would have been down 5.9% y-on-y. Growing Consumer revenues were offset by the impact of the ongoing decline of the business market size and lower revenues at iBasis. Adjusted revenues FY 2015 decreased by 4.5% compared to last year
- Adjusted EBITDA decreased by 7.6% y-on-y in Q4 2015. Without the tax settlement benefit (EUR 44m) in Q4 2014, adjusted EBITDA would have been down 0.7% y-on-y. Customer base growth and the positive impact of cost savings were offset by the impact of declining revenues in Business and higher subscriber acquisition costs in Consumer Mobile. Adjusted EBITDA FY 2015 increased by 0.1% compared to last year
- Net profit increased by EUR 270m y-on-y to EUR 254m in Q4 2015, mainly due to improved net finance results driven by a realized book gain on the sale of Telefónica Deutschland shares (EUR 184m) and a lower gross debt level in Q4 2015, and bond tender premiums in Q4 2014. Net profit FY 2015 was EUR 263m higher y-on-y at EUR 524m
- Capex in Q4 2015 was 14% lower y-on-y due to different intrayear phasing. Capex FY 2015 was 4.9% higher compared to last year due to Reggefiber consolidation per 1 November 2014
- Free cash flow FY 2015 of EUR 552m (excluding EUR 146m Telefónica Deutschland dividend) was EUR 703m higher compared to last year driven by lower interest payments in 2015 and a large number of non-recurring items (EUR 574m) impacting free cash flow in 2014

Message from the CEO, Eelco Blok

“We achieved strong customer base growth in Consumer in 2015 as a result of our focus on delivering an excellent customer experience, supported by our best-in-class networks and innovative services. The continued successful uptake of our differentiating fixed-mobile bundles has driven a significant reduction in churn. We continue to operate in a challenging business market where customer needs are changing from traditional to new services. We are rationalizing and standardizing the Business organization to deliver an improvement in customer satisfaction, capture growth in new services and support profitability going forward. Supported by our strong commercial momentum in Consumer and strict cost focus across the Dutch business, we delivered an improved financial performance in 2015. Our main priorities in 2016 will be growing the number of services and revenues per household in Consumer, the ongoing transformation of the Business segment and execution of our Simplification program.

We sold 5% of Telefónica Deutschland shares last quarter and will return 70% of the proceeds to our shareholders in 2016, illustrating our strong commitment to shareholder returns, while maintaining a solid financial profile.”

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 expected dividend from 15.5% stake in Telefónica Deutschland

KPN intends to pay a regular dividend per share of EUR 8.0 cents in respect of 2015 (not including dividend related to Telefónica Deutschland). The final dividend of EUR 5.0 cents per share is expected to be paid in April 2016. 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.

In November 2015, KPN successfully completed an accelerated bookbuild offering to institutional investors of 150 million shares in Telefónica Deutschland at a price of EUR 5.37 per share, realizing EUR 805m of proceeds. KPN will distribute approximately 70% of the proceeds of the transaction to its shareholders in the form of a capital repayment. The capital repayment of EUR 13 cents per share is subject to shareholder approval at the AGM on 13 April 2016. KPN expects to execute the capital repayment in June 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. 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 2014.

Financial and operating review by segment

Consumer Residential

In the fourth quarter, KPN further strengthened its position as the leading converged operator in the Dutch market by generating strong growth of its fixed-mobile base. KPN commercially launched 'Play. by KPN', its innovative OTT TV application. To further improve customer experience, popular OTT-apps such as Netflix and YouTube have been integrated in KPN's IPTV platform, demonstrating KPN's position as the leading innovator in the Dutch TV market. Differentiation through innovative services has driven an improved customer satisfaction (Q4 2015: NPS +9 compared to +2 in Q4 2014), a continued high customer intake and a growing market share.

Consumer Residential (in EUR m)	Q4 2015	Q4 2014	Δ y-on-y	FY 2015	FY 2014	Δ y-on-y
Revenues	491	480	2.3%	1,938	1,916	1.1%
Adjusted revenues	491	480	2.3%	1,938	1,916	1.1%
EBITDA	99	96	3.1%	415	404	2.7%
Adjusted EBITDA	100	97	3.1%	419	412	1.7%

Adjusted revenues at Consumer Residential increased by 2.3% y-on-y in Q4 2015 supported by continued customer base growth, partly offset by the ongoing decline of traditional voice services. Adjusted EBITDA increased by 3.1% y-on-y as a result of higher revenues, partly offset by higher operating expenses resulting from the large number of customer additions. This resulted in an adjusted EBITDA margin of 20.4% (Q4 2014: 20.2%).

KPN's broadband (+40k) and IPTV (+69k) net adds remained high in Q4 2015. Broadband market share grew to 41% (Q4 2014: 40%) and TV market share increased to 29% (Q4 2014: 26%). ARPU per customer remained stable at EUR 44 in Q4 2015. Triple play net adds were 46k, resulting in 56% penetration of the broadband customer base (Q4 2014: 50%) and growth in the number of RGUs per household. The strong uptake of fixed-mobile bundles (Q4 2015: 142k net adds) led to a fixed-mobile base of 811k at the end of Q4 2015 (Q4 2014: 485k), representing 28% of the broadband customer base (Q4 2014: 17%). Churn reduction is a key benefit of KPN's continuing focus on increasing the fixed-mobile penetration in its customer base.

Consumer Mobile

In the fourth quarter, KPN continued the strong base growth supported by its nationwide 4G network, attractive data-centric propositions and differentiating fixed-mobile bundles. Base growth was driven by the continued inflow of high value customers. KPN's strong focus on offering an excellent customer experience led to an increase in customer satisfaction (Q4 2015: NPS +9 compared to +2 in Q4 2014). Churn for retail postpaid customers of the KPN brand was significantly lower at 9% in Q4 2015 (Q4 2014: 12%).

Consumer Mobile (in EUR m)	Q4 2015	Q4 2014	Δ y-on-y	FY 2015	FY 2014	Δ y-on-y
Revenues	367	352	4.3%	1,461	1,407	3.8%
Adjusted revenues	367	352	4.3%	1,461	1,407	3.8%
EBITDA	47	39	21%	272	191	42%
Adjusted EBITDA	49	39	26%	282	192	47%

Adjusted revenues at Consumer Mobile increased by 4.3% y-on-y in Q4 2015, driven by service revenue growth and higher hardware revenues. Service revenues increased 2.6% y-on-y (Q4 2014: -4.3% y-on-y) driven by continued high postpaid net adds. The tax benefit included in service revenues in previous quarters was not recorded in Q4 2015 following a change in (lower) legislation, but discussions with the Dutch tax authorities are ongoing. KPN's total Dutch mobile market share rose to 44% in Q4 2015 (Q4 2014: 42%). In the fourth quarter, subscriber retention and acquisition costs were higher than in previous quarters as a result of the introduction of the iPhone 6s in October 2015 and more handset transactions due to a higher end of contract base. The investments in customer base growth drive value creation, illustrated by approximately 50% of KPN brand postpaid sales consisting of 5GB and 10GB data bundles in Q4 2015 (Q4 2014: approximately 30%). Adjusted EBITDA increased by 26% y-on-y in Q4 2015. This led to an adjusted EBITDA margin of 13.4% in Q4 2015 (Q4 2014: 11.1%).

In Q4 2015, KPN continued to show high retail postpaid net adds (+80k) driven by attractive data-centric propositions, leading 4G network quality and uptake of fixed-mobile bundles. Retail postpaid ARPU (EUR 25) decreased slightly compared to the same quarter last year (Q4 2014: EUR 26). This was mainly due to lower above bundle usage y-on-y, partly offset by continued high value postpaid net adds. The committed part of retail postpaid ARPU increased to approximately 83%, up 3%-points y-on-y. The number of retail postpaid customers in fixed-mobile bundles showed strong growth of 175k in Q4 2015 (Q3 2015: 106k), leading to 33% penetration of the retail postpaid base at the end of Q4 2015 (Q4 2014: 21%).

Business

KPN operates in a business market environment where customer needs are changing, from traditional services towards multi play and new services. KPN will continue to focus on the ongoing transformation of the Business segment by rationalizing and standardizing its products and services portfolio, and continue the implementation of its Simplification program. Combined with growth in multi play and new services this is expected to deliver an improvement in customer satisfaction, opportunities to benefit from growth in new services and a structurally lower fixed cost base.

Business (in EUR m)	Q4 2015	Q4 2014	Δ y-on-y	FY 2015	FY 2014	Δ y-on-y
Revenues	672	752	-11%	2,659	2,920	-8.9%
Adjusted revenues	672	747	-10%	2,669	2,910	-8.3%
EBITDA	112	146	-23%	439	590	-26%
Adjusted EBITDA	115	149	-23%	489	606	-19%

Adjusted revenues at Business declined by 10% y-on-y in Q4 2015 driven by lower revenues from traditional services being partly phased out, repricing of the mobile base and lower hardware revenues in Q4 2015, partly offset by growth in multi play and new services. Adjusted EBITDA decreased by 23% y-on-y in Q4 2015 driven by the decline of traditional services, investments in new services and Simplification of the organization, and some smaller positive incidentals in Q4 2014, partly offset by lower personnel costs. Consequently, the adjusted EBITDA margin declined to 17.1% (Q4 2014: 19.9%). KPN expects that cost savings, such as the Simplification program, will support profitability of the Business segment in 2016.

In the fourth quarter, customer satisfaction for the Business segment improved to an NPS of -10 (Q4 2014: -13). Multi play seats increased by 42k in Q4 2015 to 472k, equivalent to 21% of the wireless customer base. The wireless customer base showed negative net adds of 4k in Q4 2015. The wireless single play ARPU decreased to EUR 33 in Q4 2015 (Q4 2014: EUR 37). Traditional wireline voice services were impacted by rationalization and the ongoing migration towards VoIP and multi play, and total access lines fell to 719k (Q4 2014: 864k). Traditional voice ARPU was stable y-on-y at EUR 51.

NetCo

KPN continued to invest in its high quality networks and IT infrastructure. In fixed, the selective FttH roll-out is combined with the roll-out of fiber to the street cabinets, which in combination with vectoring and pair bonding increases the available speeds. This resulted in 65% FttC/FttH penetration at the end of the fourth quarter (Q4 2014: 53%) and 68% coverage of Dutch households with access to speeds of at least 100Mbps (Q4 2014: 51%). KPN is currently testing the VPlus technology in its network, which in combination with pair bonding can generate speeds of 400Mbps over its copper network. KPN aims to start roll-out of this technology in 2016.

KPN continued to increase capacity and download speeds of its mobile network by rolling out 1800MHz sites combined with carrier aggregation. This led to a strong increase in average 4G download speed to 50Mbps at the end of the fourth quarter (end Q4 2014: 20Mbps), despite a three times higher 4G data volume y-on-y.

In the fourth quarter, KPN launched its LoRa (long range low power) network in Rotterdam and The Hague, and by the end of the second quarter 2016 the LoRa network will reach nationwide coverage. LoRa allows connection of millions of low powered devices to the Internet, which will be essential to boost applications related to the Internet of Things.

NetCo (in EUR m)	Q4 2015	Q4 2014	Δ y-on-y	FY 2015	FY 2014	Δ y-on-y
Revenues	547	566	-3.4%	2,186	2,262	-3.4%
Adjusted revenues	547	566	-3.4%	2,186	2,245	-2.6%
EBITDA	328	321	2.2%	1,283	1,241	3.4%
Adjusted EBITDA	331	322	2.8%	1,291	1,228	5.1%

Adjusted revenues at NetCo decreased by 3.4% y-on-y in Q4 2015 driven by the ongoing decline of traditional services and lower traffic across segments. The adjusted EBITDA margin of 60.5% was higher compared to Q4 2014 (56.9%), mainly driven by cost savings from the Simplification program and the consolidation of Reggefiber, partly offset by the decline of traditional services.

iBasis

iBasis is actively building market share as a provider to OTT services and as a facilitator of international LTE data traffic. In the fourth quarter, iBasis continued to expand the global reach of its LTE roaming service and is now the third largest LTE signaling provider in terms of direct number of connected mobile operators.

iBasis (in EUR m)	Q4 2015	Q4 2014	Δ y-on-y	FY 2015	FY 2014	Δ y-on-y
Revenues	218	248	-12%	920	948	-3.0%
Adjusted revenues	218	248	-12%	920	948	-3.0%
EBITDA	6	6	0.0%	23	23	0.0%
Adjusted EBITDA	6	6	0.0%	23	23	0.0%

Adjusted revenues at iBasis decreased 12% y-on-y in Q4 2015. A favorable currency effect of 7.2% was offset by lower traffic and lower average revenue per minute in a competitive market in Q4 2015. The adjusted EBITDA margin in Q4 2015 of 2.8% was somewhat higher y-on-y (Q4 2014: 2.4%) driven by a strong cost focus.

Belgium (discontinued operations)

On 20 April 2015, KPN announced the sale of BASE Company. As per Q2 2015, BASE Company is reported as discontinued operations. BASE Company continues to be included in KPN's segment reporting until the sale is completed. The European Commission is currently reviewing the transaction and has set a provisional deadline of 17 March 2016 to make a final decision.

BASE Company's network investments led to approximately 90% 4G coverage of the Belgian population at the end of Q4 2015.

Belgium <i>(in EUR m)</i>	Q4 2015	Q4 2014	Δ y-on-y	FY 2015	FY 2014	Δ y-on-y
Revenues	240	180	33%	748	711	5.2%
Adjusted revenues	174	178	-2.2%	682	709	-3.8%
EBITDA	144	34	>100%	262	149	76%
Adjusted EBITDA	52	38	37%	170	156	9.0%

Adjusted revenues decreased by 2.2% y-on-y in Q4 2015. This was mainly due to phasing out of the fixed offering SNOW. Service revenues were stable y-on-y at EUR 152m in Q4 2015. Adjusted EBITDA increased 37% y-on-y, supported by a strong cost focus, phasing out of SNOW and the absence of site tax expenses compared to the same period last year as the expenses for the full year 2015 were recorded in Q1 2015. This resulted in an adjusted EBITDA margin of 29.9% (Q4 2014: 21.3%).

BASE Company's postpaid subscriber base remained relatively stable (Q4 2015: -1k net adds). Postpaid ARPU remained stable y-on-y at EUR 30 in Q4 2015.

In Q4 2015, KPN, BASE Company, Mobistar and Proximus agreed to settle all outstanding litigation between BASE Company, Mobistar and Proximus related to the practice of applying tariffs from the past for mobile telecommunication services that are differentiated between on-net and off-net voice communications. The settlement proceeds amounted to EUR 120m of which EUR 66m was paid to BASE Company.

Analysis of adjusted results Q4 2015

The following table shows the key items between reported and adjusted revenues. BASE Company continues to be included in KPN's segment reporting until the sale is completed.

Revenues (in EUR m)	Q4 2015 reported	Incidentals	Q4 2015 adjusted	Q4 2014 reported	Incidentals	Q4 2014 adjusted	Δ y-on-y reported	Δ y-on-y adjusted
Consumer Mobile	367	-	367	352	-	352	4.3%	4.3%
Consumer Residential	491	-	491	480	-	480	2.3%	2.3%
Business	672	-	672	752	5	747	-11%	-10%
NetCo	547	-	547	566	-	566	-3.4%	-3.4%
Other	-524	-	-524	-461	30	-491	14%	6.7%
The Netherlands	1,553	-	1,553	1,689	35	1,654	-8.1%	-6.1%
iBasis	218	-	218	248	-	248	-12%	-12%
Belgium (discontinued operations)	240	66	174	180	2	178	33%	-2.2%
Other activities	3	-	3	34	-	34	-91%	-91%
Intercompany revenues	-36	-	-36	-46	-	-46	-22%	-22%
KPN Group	1,978	66	1,912	2,105	37	2,068	-6.0%	-7.5%
<i>Of which discontinued operations</i>	233	66	167	172	2	170	35%	-1.8%
KPN Group continuing operations	1,745	-	1,745	1,933	35	1,898	-9.7%	-8.1%

The following table specifies the revenue incidentals in more detail.

Revenue incidentals (in EUR m)	Segment	Q4 2015	Q4 2014
Change in revenue related provision	Business	6	-
Adjustment deferred revenues	Business	-6	5
Tax settlement related to 2013	Other (The Netherlands)	-	30
Settlement claim	Belgium	66	-
Phase out SNOW	Belgium	-	2
KPN Group		66	37
<i>Of which discontinued operations</i>		66	2
KPN Group continuing operations		-	35

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

EBITDA (in EUR m)	Q4 2015 reported	Incidentals	Restruc- turing	Q4 2015 adjusted	Q4 2014 reported	Incidentals	Restruc- turing	Q4 2014 adjusted	Δ y-on-y reported	Δ y-on-y adjusted
Consumer Mobile	47	-	-2	49	39	-	-	39	21%	26%
Consumer Residential	99	-	-1	100	96	-	-1	97	3.1%	3.1%
Business	112	-1	-2	115	146	5	-8	149	-23%	-23%
NetCo	328	-	-3	331	321	-	-1	322	2.2%	2.8%
Other The Netherlands	-8	-	-	-8	54	30	-13	37	n.m.	n.m.
	578	-1	-8	587	656	35	-23	644	-12%	-8.9%
iBasis	6	-	-	6	6	-	-	6	0.0%	0.0%
Belgium (discontinued operations)	144	93	-1	52	34	-3	-1	38	>100%	37%
Other activities	-5	11	-6	-10	-5	-21	-7	-19	0.0%	-47%
KPN Group	723	103	-15	635	691	53	-31	669	4.6%	-5.1%
<i>Of which discontinued operations</i>	<i>145</i>	<i>93</i>	<i>-1</i>	<i>53</i>	<i>35</i>	<i>-3</i>	<i>-1</i>	<i>39</i>	<i>>100%</i>	<i>36%</i>
KPN Group continuing operations	578	10	-14	582	656	56	-30	630	-12%	-7.6%

The following table specifies the EBITDA incidentals in more detail.

EBITDA incidentals (in EUR m)	Segment	Q4 2015	Q4 2014
Change in revenue related provision	Business	6	-
Adjustment deferred revenues	Business	-7	5
Tax settlement related to 2013	Other (The Netherlands)	-	30
Settlement claim	Belgium	66	-
Release tax accruals	Belgium	27	-
Phase out SNOW	Belgium	-	-3
Change in provisions	Other activities	11	-
Release of pension provision	Other activities	-	26
Book loss related to asset held for sale classification SNT Deutschland	Other activities	-	-5
KPN Group		103	53
<i>Of which discontinued operations</i>		<i>93</i>	<i>-3</i>
KPN Group continuing operations		10	56

Analysis of adjusted results FY 2015

The following table shows the key items between reported and adjusted revenues. BASE Company continues to be included in KPN's segment reporting until the sale is completed.

Revenues (in EUR m)	FY 2015 reported	Incidentals	FY 2015 adjusted	FY 2014 reported	Incidentals	FY 2014 adjusted	Δ y-on-y reported	Δ y-on-y adjusted
Consumer Mobile	1,461	-	1,461	1,407	-	1,407	3.8%	3.8%
Consumer Residential	1,938	-	1,938	1,916	-	1,916	1.1%	1.1%
Business	2,659	-10	2,669	2,920	10	2,910	-8.9%	-8.3%
NetCo	2,186	-	2,186	2,262	17	2,245	-3.4%	-2.6%
Other	-2,068	-	-2,068	-2,050	30	-2,080	0.9%	-0.6%
The Netherlands	6,176	-10	6,186	6,455	57	6,398	-4.3%	-3.3%
iBasis	920	-	920	948	-	948	-3.0%	-3.0%
Belgium (discontinued operations)	748	66	682	711	2	709	5.2%	-3.8%
Other activities	37	-	37	186	-	186	-80%	-80%
Intercompany revenues	-157	-	-157	-217	-	-217	-28%	-28%
KPN Group	7,724	56	7,668	8,083	59	8,024	-4.4%	-4.4%
<i>Of which discontinued operations</i>	716	66	650	674	2	672	6.2%	-3.3%
KPN Group continuing operations	7,008	-10	7,018	7,409	57	7,352	-5.4%	-4.5%

The following table specifies the revenue incidentals in more detail.

Revenue incidentals (in EUR m)	Segment	FY 2015	FY 2014
Change in revenue related provision	Business	-4	-
Adjustment deferred revenues	Business	-6	5
Sale of fixed assets (hardware)	Business	-	5
Change in provision	NetCo	-	17
Tax settlement related to 2013	Other (The Netherlands)	-	30
Settlement claim	Belgium	66	-
Phase out SNOW	Belgium	-	2
KPN Group		56	59
<i>Of which discontinued operations</i>		66	2
KPN Group continuing operations		-10	57

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

EBITDA (in EUR m)	FY 2015 reported	Incidentals	Restruc- turing	FY 2015 adjusted	FY 2014 reported	Incidentals	Restruc- turing	FY 2014 adjusted	Δ y-on-y reported	Δ y-on-y adjusted
Consumer Mobile	272	-	-10	282	191	-	-1	192	42%	47%
Consumer Residential	415	-	-4	419	404	-	-8	412	2.7%	1.7%
Business	439	-11	-39	489	590	10	-26	606	-26%	-19%
NetCo	1,283	6	-14	1,291	1,241	17	-4	1,228	3.4%	5.1%
Other The Netherlands	-42	-	-8	-34	24	30	-15	9	n.m.	n.m.
	2,367	-5	-75	2,447	2,450	57	-54	2,447	-3.4%	0.0%
iBasis	23	-	-	23	23	-	-	23	0.0%	0.0%
Belgium (discontinued operations)	262	93	-1	170	149	-3	-4	156	76%	9.0%
Other activities	-64	10	-25	-49	393	472	-26	-53	n.m.	-7.5%
KPN Group	2,588	98	-101	2,591	3,015	526	-84	2,573	-14%	0.7%
<i>Of which discontinued operations</i>	264	93	-1	172	149	-3	-4	156	77%	10%
KPN Group continuing operations	2,324	5	-100	2,419	2,866	529	-80	2,417	-19%	0.1%

The following table specifies the EBITDA incidentals in more detail.

EBITDA incidentals (in EUR m)	Segment	FY 2015	FY 2014
Change in revenue related provision	Business	-4	-
Adjustment deferred revenues	Business	-7	5
Sale of fixed assets (hardware)	Business	-	5
Release of asset retirement obligation	NetCo	6	-
Change in provisions	NetCo	-	17
Tax settlement related to 2013	Other (The Netherlands)	-	30
Settlement claim	Belgium	66	-
Release tax accruals	Belgium	27	-
Phase out SNOW	Belgium	-	-3
Change in provisions	Other activities	10	-
Release of pension provision	Other activities	-	477
Book loss related to asset held for sale classification SNT Deutschland	Other activities	-	-5
KPN Group		98	526
<i>Of which discontinued operations</i>		93	-3
KPN Group continuing operations		5	529

Group review and other developments

Group financial review (continuing operations)

Adjusted Group revenues were 8.1% lower y-on-y in Q4 2015. Without the benefit of the tax settlement (EUR 44m) in Q4 2014, adjusted Group revenues would have been down 5.9% y-on-y. KPN continued to grow its Consumer base, however this was offset by the impact of the ongoing decline of the business market size and lower revenues at iBasis. Full year adjusted Group revenues were 4.5% lower y-on-y.

Adjusted Group EBITDA decreased by 7.6% y-on-y in Q4 2015. Without the tax settlement benefit (EUR 44m) in Q4 2014, adjusted EBITDA would have been down 0.7% y-on-y. Customer base growth and the positive impact of cost savings were offset by the revenue decline in Business and higher subscriber acquisition and retention costs in Consumer Mobile driven by the higher end of contract base. Adjusted Group EBITDA margin for Q4 2015 of 33.4% was relatively stable y-on-y (Q4 2014: 33.2%). The adjusted EBITDA margin for The Netherlands in Q4 2015 decreased to 37.8% (Q4 2014: 38.9%). Without the tax settlement benefit in Q4 2014, the adjusted EBITDA margin for The Netherlands in Q4 2014 would have been 37.3%. Adjusted Group EBITDA for full year 2015 of EUR 2,419m was slightly higher than full year 2014 (EUR 2,417m). The adjusted EBITDA margin for full year 2015 increased to 34.5% (FY 2014: 32.9%). The adjusted EBITDA margin for The Netherlands for full year 2015 increased to 39.6% (FY 2014: 38.2%).

Group operating profit (EBIT) decreased by EUR 75m y-on-y in Q4 2015 to EUR 160m. Net profit amounted to EUR 254m in Q4 2015, EUR 270m higher y-on-y. The increase in net profit was mainly driven by improved net finance results compared to the same period last year. Net finance results mainly improved due to a lower gross debt level and a realized book gain on the sale of 5% Telefónica Deutschland shares (EUR 184m) in Q4 2015 and higher financial expenses related to the bond tender (EUR 211m) in Q4 2014. EBIT for the full year 2015 decreased by EUR 504m (-42% y-on-y) due to non-recurring items supporting full year 2014, such as release of pension provisions (EUR 477m) and tax settlement benefit related to 2013 and 2014 (EUR 74m). Full year 2015 net profit was EUR 524m, EUR 263m higher y-on-y mainly driven by improved net finance results, which also included EUR 146m dividend received on KPN's stake in Telefónica Deutschland in Q2 2015.

Capex increased to EUR 1,300m for full year 2015 compared to EUR 1,239m in full year 2014 due to the Reggefiber consolidation per 1 November 2014. Capex in The Netherlands would have declined by EUR 141m to EUR 1,285m (FY 2014: EUR 1,426m), when including Reggefiber Capex also before consolidation (1 November 2014). Capital intensity is still relatively high due to investment programs in network capacity and speed, and investments related to the Simplification program. In fixed, FttC/FttH investments will drive fiber penetration to approximately 80% of Dutch households by the end of 2016, which is expected to result in approximately 85% coverage of households with access to speeds of at least 100Mbps. In mobile, additional investments to increase available download speeds via carrier aggregation with 1800MHz are expected to be largely completed by the end of 2016. Finally, IT investments related to the Simplification program were higher in 2015, which will drive Capex savings in 2016 and beyond.

KPN made further progress with its Simplification program in Q4 2015 and has realized run-rate Capex and opex savings of approximately EUR 280m, and approximately 1,450 FTE reductions since the end of 2013. KPN has increased its annual run-rate savings target related to the Simplification program from more than EUR 400m to approximately EUR 450m by 2016 versus 2013 due to IT savings potential. Furthermore, KPN continues to target 2,000-2,500 FTE reductions by 2016 versus the level at the end of 2013.

Free cash flow for full year 2015 was EUR 849m higher y-on-y at EUR 698m. Excluding the EUR 146m dividend received from Telefónica Deutschland, free cash flow for full year 2015 was EUR 552m, EUR 703m higher y-on-y. The increase was mainly driven by EUR 172m lower interest paid as a result of the lower gross debt level and EUR 574m of non-recurring items impacting full year 2014 free cash flow, partly offset by EUR 61m higher Capex. Excluding the non-recurring items, full year 2014 free cash flow would have been EUR 423m. These non-recurring items in 2014 included EUR 242m payment related to reduced supplier payment terms, EUR 235m payment related to pension agreements and settlement of legal claims (EUR 80m).

Net debt to EBITDA

Net debt amounted to EUR 6.5bn at the end of Q4 2015, EUR 1.0bn lower compared to the end of Q3 2015 (EUR 7.5bn). The decrease in net debt was mainly driven by EUR 805m proceeds from the sale of 150 million shares in Telefónica Deutschland and KPN's free cash flow generation in Q4 2015, partly offset by the net debt/working capital settlement (EUR 112m) with Telefónica Deutschland related to the completion of the sale of E-Plus. The net debt to EBITDA ratio was lower at 2.5x at the end of Q4 2015 (Q3 2015: 2.8x). KPN expects to distribute approximately 70% of the proceeds from the sale of approximately 5% Telefónica Deutschland shares to its shareholders in June 2016. KPN has additional financial flexibility via the remaining 15.5% stake in Telefónica Deutschland and expected cash proceeds related to the sale of BASE Company in 2016.

KPN has credit ratings of Baa3 with a stable outlook by Moody's, BBB- with a stable outlook by Standard & Poor's and BBB- with a positive outlook by Fitch Ratings.

Other developments

For further details refer to KPN's Condensed Consolidated Interim Financial Statements for the full year 2015.