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 or 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 PP&E and 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 PP&E 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.

Comparative figures regarding IFRS 16 and amendment IAS 12

Please note that non-material adjustments have been made to the 2018 financial figures, based on the latest insights from the IFRS 16 adoption and on the amendment to 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.
**Highlights Q2 2019**

- **Strong cost management**
  - Net indirect opex savings\(^1\)
  - €40m
  - €66m YTD

- **Brand strategy: Telfort integration**
  - +54k converged postpaid customers

- **Fiber roll-out in progress**
  - ~40k homes passed YTD
  - +38k converged households

\(^1\) 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.
Update: accelerated fiber roll-out strategy

Started accelerated **FttH** roll-out

Ramping up **FttH** roll-out capacity

Finalizing **FttC** roll-out

**19**
projects up and running

**x4**
homes passed per week by end of 2019

**+180k**
homes passed YTD

Testing first **XGS-PON** connections with customers

vs. **current** run rate

Part of **+500k households** ambition by end 2019
All-IP migration on track

Number of legacy lines steadily declining

<table>
<thead>
<tr>
<th></th>
<th>Q4 2018</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSTN / ISDN</td>
<td>~580</td>
<td>~400</td>
</tr>
<tr>
<td>Other lines</td>
<td>~195</td>
<td>~125</td>
</tr>
<tr>
<td></td>
<td>~775</td>
<td>~275</td>
</tr>
</tbody>
</table>

Shutting down legacy networks

PSTN  SDH  ISDN  3G
Copper in fiber areas

1 Core, ASAM, Epacity
Customer experience & recognition

Consumer NPS

Q2 2019: 13
Q2 2018: 13

Business NPS

Q2 2019: 1
Q2 2018: -4

Leading Business awards

Global Microsoft Security & Compliance Partner of the Year 2019 award

KPN EEN nominated best offer for SME customers

1. 2018 restated as result of recalibration of relative weights of underlying businesses, source: Kantar TNS
2. Source: Computable awards
# Brand strategy update: Telfort integration

**Strengthened household relationships**

<table>
<thead>
<tr>
<th>Impact customer acquisition</th>
<th>Simplification</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Postpaid</strong> customer base</td>
<td><strong>FTE</strong> rationalization</td>
</tr>
<tr>
<td><strong>Broadband</strong> customer base</td>
<td><strong>All Telfort shops closed</strong> as of 1 May 2019</td>
</tr>
<tr>
<td>ARPU mix effect</td>
<td><strong>Lower</strong> IT spend</td>
</tr>
<tr>
<td></td>
<td><strong>Faster</strong> innovation</td>
</tr>
</tbody>
</table>

**Converged customer base**

- All Telfort shops closed as of 1 May 2019
- Lower IT spend
- Faster innovation
## Consumer convergence
solid performance, partially due to Telfort integration

### Households

<table>
<thead>
<tr>
<th></th>
<th>+41k converged households(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,399k total converged households</td>
</tr>
</tbody>
</table>

|        | 48% converged broadband customers |
|        | Q2 2018: 44% |

### Postpaid

<table>
<thead>
<tr>
<th></th>
<th>+104k converged postpaid base(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,230k total converged SIMs</td>
</tr>
</tbody>
</table>

|        | 62% converged all brands |
|        | Q2 2018: 54% |

|        | 72% converged KPN brand |
|        | Q2 2018: 67% |

### SIM cards

|        | 1.59 SIMs per household |
|        | Q2 2018: 1.52 |

\(^1\) 38k fixed-mobile households and 54k fixed-mobile postpaid customers related to Telfort integration
Convergence offers clear benefits

Market leading NPS\(^1\)

+23 +13 Consumer total

Higher value per household

>10% Fixed ARPU

Lower mobile churn

\(-75\%\)
Consumer Fixed

Broadband base: -24k
Partly impacted by brand strategy & price adjustments

Fixed ARPU: €46, +6.0% y-on-y
Price increase effective from 1 June 2019

Residential revenues: +0.8% y-on-y
Bundled services: Traditional voice + Digittenne

1. Corrected for migrations to and new customers of small business propositions (7k) launched in Q4 2017
Growing postpaid base KPN brand

Postpaid ARPU stable q-on-q

Mobile service revenues

+17k net adds KPN brand

Q1 2019: -1k

€ 17

Q2 2018: € 18

€ 197m

Q2 2018: € 209m

flat customer base all brands

-5.6% y-on-y

-5.8% y-on-y
**Business revenue trend**

**Adjusted revenues y-on-y growth trend**

<table>
<thead>
<tr>
<th>Service</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Communication Services</strong></td>
<td>-8.0%</td>
</tr>
<tr>
<td>Mobile service revenues</td>
<td>-8.4%</td>
</tr>
<tr>
<td>IoT</td>
<td>11%</td>
</tr>
<tr>
<td>Broadband &amp; Network Services</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Fixed voice</td>
<td>-17%</td>
</tr>
<tr>
<td>Other</td>
<td>-8.9%</td>
</tr>
<tr>
<td><strong>IT Services (a.o. security, cloud, workspace)</strong></td>
<td>-3.1%</td>
</tr>
<tr>
<td><strong>Professional Services &amp; Consultancy</strong></td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>-5.5%</td>
</tr>
</tbody>
</table>

Revenue y-on-y trend Q2 2019 considerably impacted by migrations & ‘value over volume’

+9% y-on-y IT Services excluding hardware & licenses revenues

---

1. Based on management estimates
Migrations from legacy portfolio accelerating

**SME customers**

- **59%** SME base migrated¹
  - Q1 2019: 50%
  - 100% mid-2020

**LE customers**

- **33%** LE base migrated¹
  - Q1 2019: 25%
  - 100% in 2020

**Small business portfolio**

- **34%** converged customers
  - Q1 2019: 33%
  - +7k net adds in Q2 2019

¹ Migrated from traditional fixed voice and legacy broadband services
KPN’s value over volume strategy
premium, value, trustworthy, focus

Customer retention

Increase share of wallet

Improve customer lifetime value

Strong customer relationships

Up and cross-sell services
(e.g. cloud, security, workspace)

Higher NPS

Reduced churn

Reduced cost to serve
Financial highlights Q2 2019

Adjusted revenues

€ 1,359m
-3.1% y-on-y

Q2 2018: € 1,402m

Adjusted EBITDA after leases

€ 594m
+3.6% y-on-y

Q2 2018: € 573m

Free Cash Flow (excl. TEFD dividend)

€ 147m
-34% y-on-y

Q2 2018: € 222m
# Financial performance Q2 and H1 2019

## key P&L metrics

<table>
<thead>
<tr>
<th></th>
<th>€ m</th>
<th>Q2 2018</th>
<th>Q2 2019</th>
<th>Δ y-on-y</th>
<th>H1 2018</th>
<th>H1 2019</th>
<th>Δ y-on-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td></td>
<td>738</td>
<td>722</td>
<td>-2.1%</td>
<td>1,481</td>
<td>1,450</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Business</td>
<td></td>
<td>536</td>
<td>507</td>
<td>-5.5%</td>
<td>1,069</td>
<td>1,013</td>
<td>-5.2%</td>
</tr>
<tr>
<td>Wholesale</td>
<td></td>
<td>155</td>
<td>159</td>
<td>2.4%</td>
<td>308</td>
<td>316</td>
<td>2.7%</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>-27</td>
<td>-29</td>
<td>6.0%</td>
<td>-53</td>
<td>-58</td>
<td>-9.4%</td>
</tr>
<tr>
<td><strong>Adjusted revenues</strong></td>
<td>1</td>
<td>1,402</td>
<td>1,359</td>
<td>-3.1%</td>
<td>2,804</td>
<td>2,721</td>
<td>-3.0%</td>
</tr>
<tr>
<td><strong>Adjusted direct costs</strong></td>
<td>1</td>
<td>326</td>
<td>302</td>
<td>-7.3%</td>
<td>648</td>
<td>611</td>
<td>-5.6%</td>
</tr>
<tr>
<td><strong>Adjusted indirect costs after leases</strong></td>
<td>1</td>
<td>502</td>
<td>463</td>
<td>-7.9%</td>
<td>1,019</td>
<td>952</td>
<td>-6.5%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA after leases</strong></td>
<td>1</td>
<td>573</td>
<td>594</td>
<td>3.6%</td>
<td>1,138</td>
<td>1,157</td>
<td>1.7%</td>
</tr>
<tr>
<td><strong>Reported</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td></td>
<td>596</td>
<td>602</td>
<td>1.1%</td>
<td>1,194</td>
<td>1,172</td>
<td>-1.8%</td>
</tr>
<tr>
<td>EBIT</td>
<td></td>
<td>218</td>
<td>221</td>
<td>1.6%</td>
<td>433</td>
<td>410</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Net profit</td>
<td></td>
<td>142</td>
<td>128</td>
<td>-9.8%</td>
<td>245</td>
<td>217</td>
<td>-11%</td>
</tr>
</tbody>
</table>

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

1,402
-3.1%
1,359

Adj. revenues Q2 2018
Consumer
Business
Wholesale
Other (incl. eliminations)
Adj. revenues Q2 2019

€ m
Solid growth Adjusted EBITDA AL supported by simplification and digitalization

€ m

Adj. EBITDA after leases Q2 2018 573
Revenues 43
Cost of goods & services 24
Personnel expenses 24
IT/IT 10
Other operating expenses\(^1\) 6
Adj. EBITDA after leases Q2 2019 594

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

€ 66m net savings YTD\(^1\)

~€ 350m target 2019 – 2021\(^1\)

\(^1\) Indirect opex after leases, adjusted for the impact of restructuring costs and incidentals
## Financial performance Q2 and H1 2019 – FCF

y-on-y mainly impacted by working capital

<table>
<thead>
<tr>
<th>€ m</th>
<th>Q2 2018</th>
<th>Q2 2019</th>
<th>Δ y-on-y</th>
<th>H1 2018</th>
<th>H1 2019</th>
<th>Δ y-on-y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted EBITDA after leases</strong></td>
<td>573</td>
<td>594</td>
<td>3.6%</td>
<td>1,138</td>
<td>1,157</td>
<td>1.7%</td>
</tr>
<tr>
<td>Interest lease liabilities</td>
<td>8</td>
<td>7</td>
<td>-14%</td>
<td>17</td>
<td>15</td>
<td>-13%</td>
</tr>
<tr>
<td>Depreciation right-of-use asset</td>
<td>36</td>
<td>35</td>
<td>-2.2%</td>
<td>74</td>
<td>70</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Restructuring</td>
<td>-22</td>
<td>-34</td>
<td>56%</td>
<td>-35</td>
<td>-70</td>
<td>100%</td>
</tr>
<tr>
<td>Incidentsals</td>
<td>-</td>
<td>-</td>
<td>n.m.</td>
<td>-</td>
<td>-</td>
<td>n.m.</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>596</td>
<td>602</td>
<td>1.1%</td>
<td>1,194</td>
<td>1,172</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Interest paid / received</td>
<td>-50</td>
<td>-43</td>
<td>-15%</td>
<td>-177</td>
<td>-168</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Tax paid / received</td>
<td>-20</td>
<td>-8</td>
<td>-61%</td>
<td>-25</td>
<td>-7</td>
<td>-70%</td>
</tr>
<tr>
<td>Change in provisions</td>
<td>-</td>
<td>-</td>
<td>n.m.</td>
<td>8</td>
<td>3</td>
<td>-60%</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>-18</td>
<td>-103</td>
<td>&gt;100%</td>
<td>-82</td>
<td>-165</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Other movements (incl. TEFD dividend)</td>
<td>47</td>
<td>23</td>
<td>-52%</td>
<td>43</td>
<td>24</td>
<td>-44%</td>
</tr>
<tr>
<td><strong>Net CF from operating activities</strong></td>
<td>554</td>
<td>472</td>
<td>-15%</td>
<td>962</td>
<td>859</td>
<td>-11%</td>
</tr>
<tr>
<td>Capex</td>
<td>-245</td>
<td>-269</td>
<td>9.9%</td>
<td>-481</td>
<td>-531</td>
<td>10%</td>
</tr>
<tr>
<td>Proceeds from real estate</td>
<td>-</td>
<td>-</td>
<td>n.m.</td>
<td>5</td>
<td>-</td>
<td>-93%</td>
</tr>
<tr>
<td>Repayments of lease liabilities</td>
<td>-34</td>
<td>-31</td>
<td>-6.5%</td>
<td>-89</td>
<td>-89</td>
<td>-0.1%</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>276</td>
<td>171</td>
<td>-38%</td>
<td>397</td>
<td>240</td>
<td>-40%</td>
</tr>
<tr>
<td>TEFD dividend</td>
<td>54</td>
<td>24</td>
<td>-56%</td>
<td>54</td>
<td>24</td>
<td>-56%</td>
</tr>
<tr>
<td>Free cash flow (excl. TEFD dividend)</td>
<td>222</td>
<td>147</td>
<td>-34%</td>
<td>343</td>
<td>216</td>
<td>-37%</td>
</tr>
</tbody>
</table>
FCF development in H1 2019

€ m

1,157 1,172
85 70
3

-37% y-on-y

H1 2018: € 343m

Adj. EBITDA AL H1 2019
Lease-related expenses
Restructuring
EBITDA H1 2019
Change in provisions
Change in working capital
Interest paid
Taxes paid
Capex
Other¹
FCF (excl. TEFD dividend) H1 2019

531 88 216
165
168 7

¹ Incl. repayments of lease liabilities
Solid financial position

- **Q2 2019 leverage ratio**: 2.4x
  - Q1 2019: 2.5x

- **Senior bond redeemed**
  - £96m
  - 6.0% coupon

1. Swapped to €123m with a fixed rate of 4.58%
### 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&lt;sup&gt;1&lt;/sup&gt;</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 (excl. TEFD dividend)</strong></td>
<td>Incidentally lower FCF compared with 2018 due to front-end loaded restructuring charges and adverse phasing of working capital&lt;sup&gt;2&lt;/sup&gt;</td>
<td>Three-year mid-single digit CAGR&lt;sup&gt;3&lt;/sup&gt; 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 Adjusted EBITDA AL outlook: “In line with 2018”
2. FCF outlook: Impact materially higher restructuring cash out in 2019 is partially mitigated by natural employee attrition, but this is in turn offset by change in working capital.
3. 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 Q2 2019

Reuse & Recycle
KPN and Apple started a collaboration on recycling iPhones

Society
Pilot to give emergency vehicles green traffic lights as they rush to an emergency

New KlasseContact placements in Q2 2019

1 Industry adjusted, source: Reputation institute
Tax Q2 and H1 2019

The effective tax rate for Q2 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 Q2 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>Q2 2018</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-M households</td>
<td>1,299</td>
<td>1,399</td>
</tr>
<tr>
<td>Fixed-only households</td>
<td>2,200</td>
<td>1,933</td>
</tr>
<tr>
<td><strong>Total households</strong></td>
<td>3,499</td>
<td>3,332</td>
</tr>
<tr>
<td>F-M penetration broadband base</td>
<td>44%</td>
<td>48%</td>
</tr>
<tr>
<td>Bundled</td>
<td>2,556</td>
<td>2,534</td>
</tr>
<tr>
<td>Not-bundled (BB-only)</td>
<td>391</td>
<td>369</td>
</tr>
<tr>
<td>Not-bundled (PSTN &amp; Digittené)</td>
<td>551</td>
<td>429</td>
</tr>
<tr>
<td><strong>Total households</strong></td>
<td>3,499</td>
<td>3,332</td>
</tr>
</tbody>
</table>

## Consumer mobile

<table>
<thead>
<tr>
<th>Postpaid base (k)</th>
<th>Q2 2018</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-M postpaid customers</td>
<td>1,980</td>
<td>2,230</td>
</tr>
<tr>
<td>Mobile-only postpaid customers</td>
<td>1,664</td>
<td>1,375</td>
</tr>
<tr>
<td><strong>Total postpaid base</strong></td>
<td>3,644</td>
<td>3,605</td>
</tr>
<tr>
<td>F-M penetration postpaid base</td>
<td>54%</td>
<td>62%</td>
</tr>
</tbody>
</table>

## Net adds (k)

| Broadband                  | -11     | -31     |
| IPTV                       | 10      | -7      |
| Fixed ARPU (€)             | 43      | 46      |

## Business

<table>
<thead>
<tr>
<th>Customer base (k)</th>
<th>Q2 2018</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile</td>
<td>1,865</td>
<td>1,811</td>
</tr>
<tr>
<td>Traditional Fixed voice</td>
<td>333</td>
<td>233</td>
</tr>
<tr>
<td>VoIP</td>
<td>515</td>
<td>579</td>
</tr>
<tr>
<td>Broadband</td>
<td>285</td>
<td>309</td>
</tr>
</tbody>
</table>

## ARPU (€)

| Mobile                     | 23      | 22      |
| Traditional Fixed voice    | 48      | 49      |
| VoIP                       | 11      | 11      |
| Broadband                  | 73      | 70      |
Debt portfolio

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 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>
</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>
</tr>
<tr>
<td>Total</td>
<td>€ 925m</td>
<td>€ 463m</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

- **Bonded vectoring**
  - VDSL2
  - VDSL2 pair bonding
  - Vectoring
  - Bonded vectoring
  - Bonded VPlus
  - FttH – P2P
  - FttH – XGS / GPON

**Download speed**

- ~50Mbps
- ~100Mbps
- ~120Mbps
- ~240Mbps
- ~400Mbps
- ~1Gbps
- **Up to 10Gbps**

**Active in network**

- ✓
- ✓
- ✓
- ✓
- ✓
- ✓
- ✓

**Network types**

- Fiber
- Copper
Spectrum in the Netherlands

<table>
<thead>
<tr>
<th>Frequency</th>
<th>T-Mobile</th>
<th>Vodafone</th>
<th>KPN</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>800MHz (Paired)</td>
<td>2*10</td>
<td>2*10</td>
<td>2*10</td>
<td>2*30</td>
</tr>
<tr>
<td>900MHz (Paired)</td>
<td>2*10</td>
<td>2*10</td>
<td>2*15</td>
<td>2*35</td>
</tr>
<tr>
<td>1.8GHz (Paired)</td>
<td>2*20</td>
<td>2*20</td>
<td>2*30</td>
<td>2*70</td>
</tr>
<tr>
<td>2.1GHz (Paired)</td>
<td>2*14.6</td>
<td>2*14.8</td>
<td>2*10</td>
<td>2*59.4</td>
</tr>
<tr>
<td>2.6GHz (Unpaired)</td>
<td>25</td>
<td>30</td>
<td>5</td>
<td>1*60</td>
</tr>
<tr>
<td>2.6GHz (Paired)</td>
<td>2*30</td>
<td>2*5</td>
<td>2*10</td>
<td>2*65</td>
</tr>
<tr>
<td>Total</td>
<td>169.6MHz</td>
<td>179.2MHz</td>
<td>230MHz</td>
<td>578.8MHz</td>
</tr>
</tbody>
</table>
Contact Information:
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ir.kpn.com