Press release
29 January 2020

Fourth quarter and full-year 2019 results

Operational highlights Q4 2019

- Execution of strategy on track
- Consumer performance impacted by strategic actions and ongoing competition
  - Record-high Consumer NPS of +19 (Q4 2018: +14)
  - Convergence: -2k fixed-mobile households, +59k in 2019, 49% of broadband base (Q4 2018: 46%); +9k fixed-mobile postpaid customers, +189k in 2019, 63% of postpaid base (Q4 2018: 57%)
  - Fixed: -16k[1] broadband net adds, -56k[1] in 2019; ARPU increased 5.2% y-on-y to € 48
  - Mobile: +28k KPN brand postpaid net adds, +80k in 2019; -14k postpaid customer base across all brands, -23k in 2019; postpaid ARPU at € 17 sequentially and 6.9% lower y-on-y
- Good progress with customer migrations in Business
  - 74% of SME and 53% of LE customers migrated from traditional fixed voice or legacy broadband services
  - Business NPS of -4 (Q4 2018: -1)
- Continued solid progress on simplification and digitalization
  - Net indirect opex savings of € 38m in Q4 2019, € 141m in 2019
  - Sale of International Network Services and Argeweb completed, sale of KPN Consulting announced and expected to close in Q1 2020

Key figures

Key figures for Q4 2018 and FY 2018 and y-on-y trend are not corrected for impact of closed divestments (NLDC, International Network Services and Argeweb). For information purposes only, Q4 and FY 2018 corrected for impact of divestments to be found on page 9.

Group financials (unaudited) *(in € m, unless stated otherwise)*	Q4 2018	Q4 2019	Δ y-on-y	FY 2018	FY 2019	Δ y-on-y
Adjusted revenues	1,436	1,393	-3.0%	5,639	5,486	-2.7%
EBITDA	571	598	4.7%	2,353	2,578	9.6%
Adjusted EBITDA after leases	**570**	**561**	**-1.6%**	**2,290**	**2,317**	**1.2%**
As % of adjusted revenues	*39.7%*	*40.3%*		*40.6%*	*42.2%*	
Operating profit (EBIT)	185	202	9.2%	820	1,041	27%
Net profit	-47	84	n.m.	292	614	>100%
Capex	368	322	-13%	1,106	1,115	0.8%
Free cash flow (excluding TEFD dividend and book profit from divestments)	**220**	**284**	**29%**	**795**	**726**	**-8.6%**

Financial highlights Q4 2019

- Adjusted revenues declined by 3.0% y-on-y[2]
  - Growth in bundled services in Consumer, and IT Services and Professional Services in Business, offset by lower revenues from legacy services, continued pressure in mobile
  - FY 2019 Adjusted revenues decreased by 2.7% y-on-y
- Adjusted EBITDA AL declined by 1.6% y-on-y
  - € 38m net indirect opex savings offset by € 6m negative impact from divestments[2], intra-year phasing of opex, and the effect of lower revenues
  - FY 2019 Adjusted EBITDA AL increased by 1.2% y-on-y, including € 6m negative impact from divestments[2]
- Net profit of € 84m, € 131m higher y-on-y
  - Results negatively impacted by € 95m finance expenses (pre-tax) related to a bond tender, € 48m positive DTA revaluation and € 29m book profit from the sale of International Network Services and Argeweb in Q4 2019, and a negative DTA revaluation of € 110m in Q4 2018
  - Excluding these one-off effects, net profit would have increased with € 14m (+22% y-on-y)
- FCF (excl. TEFD dividend and book profit from divestments) of € 284m increased by 29% y-on-y
  - Driven by positive change in working capital, lower Capex and lower interest paid, partly offset by higher change in provisions, less cash taxes received and € 4m negative impact from divestments[2]
  - FY 2019 FCF (excl. TEFD dividend and book profit from divestments) declined by 8.6% y-on-y to € 726m[2]

[1] Corrected for migrations to, and new customers of, small business proposition (7k in Q4 2019 and 29k in 2019)
[2] For information purposes only, Q4 and FY 2018 corrected for impact of divestments to be found on page 9

Message from the CEO, Joost Farwerck

"We are on track with the execution of our strategy. We delivered on our financial guidance aspects for 2019, whilst intra-year phasing of opex and divestments negatively impacted our performance in the fourth quarter. We are transforming the company to a flexible organization that is capable to have faster time-to-market, and to bring innovation faster to our customers. Furthermore, we streamlined our organization through the disposal of several non-core assets and through ongoing simplification and digitalization of our company and processes. Our strong and disciplined cost control resulted in € 38 million net indirect opex savings in the quarter, totaling € 141 million in 2019, positioning us well to deliver on our 2019 – 2021 savings program.

KPN is active in a highly competitive environment within an evolving landscape, which is reflected in lower net adds in Consumer and some pressure in mobile. On the other hand, solid Wholesale performance contributed to our strong position in the Netherlands.

We are accelerating roll out of fiber and added 50k households in Q4 2019, totaling 120k in 2019. It requires us to step up construction capacity and ramp up projects to further accelerate the fiber roll out to reach our ambition of 1 million additional households by the end of 2021. We position ourselves to become the undisputed quality leader in the Netherlands, which is the foundation of our strategy focused on driving organic sustainable growth.

In all, I am pleased with the overall progress made in 2019 and that we are recognized as one of the most sustainable telecom operators worldwide by several leading benchmarks. Together with our skilled and highly engaged employees we are committed to continue to execute and deliver on our strategy in 2020."

Outlook

Outlook is based on composition of the Group as per 31 December 2019, also taking into account the completion of the sale of KPN Consulting, which is planned in Q1 2020.

Outlook is based on comparable basis corrected for divestments. The historical comparable basis figures are based on management estimates and are not audited.

	Outlook 2020	2019 – 2021 ambitions
Adjusted EBITDA AL	Stable to slightly growing compared to 2019*	Organic growth
Capex	€ 1.1bn	Stable at € 1.1bn annually
FCF (excl. TEFD dividend)	At least mid-single digit percentage growth compared to 2019**	Three-year mid-single digit CAGR***
Regular DPS	€ 13.0 cents	Progressive dividend, supported by FCF

* FY 2019 Adjusted EBITDA AL of € 2,287m, corrected for divestments. This is € 30m lower compared to € 2,317m as reported for FY 2019

** FY 2019 FCF (excl. TEFD dividend) of € 718m, corrected for divestments. This is € 8m lower compared to € 726m as reported for FY 2019

*** Three-year CAGR calculated from the end of 2018 to the end of 2021, based on FY 2018 FCF of € 772m, corrected for divestments. This is € 23m lower compared to € 795m as reported for FY 2018

Shareholder remuneration and financial profile

KPN intends to pay a regular dividend per share of € 12.5 cents in respect of 2019. The final regular dividend of € 8.3 cents per share is subject to shareholder approval at the Annual General Meeting of Shareholders on 15 April 2020. The provisional ex-dividend date is 17 April 2020 and the provisional payment date is 22 April 2020.

Today, KPN announces its intention to redeem the outstanding £ 400m hybrid bond with a 6.875% coupon at its first call date (14 March 2020) in accordance with the terms and conditions of this security. The instrument was already refinanced by the issuance of a new € 500m perpetual hybrid bond with a coupon of 2.0% in November 2019. Through this refinancing KPN will significantly lower the costs of its outstanding hybrid capital while maintaining a similar level of equity credit.

KPN remains committed to an investment grade credit profile and aims for a leverage ratio of <2.5x in the medium-term (Q4 2019: 2.2x). KPN has a credit rating of BBB with a stable outlook from Standard & Poor's and Fitch Ratings, and Baa3 with a stable outlook from Moody's.

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

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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 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

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.

Additional information regarding impact of divestments on Q4 and FY 2018 financial figures

KPN's Q4 2019 Press Release and Q4 2019 Analyst Presentation include additional information regarding impact of divestments on the Q4 and FY 2018 comparative financial figures, as KPN's Board of Management deems it important to provide readers with additional information on the financial impact of the following divestments: NLDC, International Network Services and Argeweb.

The impact of divestments as mentioned represents the estimated financial impact (transfer of revenues, addition of COGS and transfer of indirect costs) of the combined completed divestments as if the actual transfer of shares (closing) had taken place 12 months earlier. This information has been included for comparison reasons only and is not considered to be an alternative performance measure. Please note that the financial impact of divestments is based on management estimates, which have not and will not be audited.

Financial and operating review KPN Group

(in € m)	Q4 2018	Q4 2019	Δ y-on-y	FY 2018	FY 2019	Δ y-on-y
Adjusted revenues						
Consumer	756	734	-2.9%	2,986	2,916	-2.3%
Business	548	528	-3.7%	2,137	2,042	-4.4%
Wholesale	158	146	-7.6%	623	628	0.7%
Network, Operations & IT	5	2	-69%	14	6	-60%
Other (incl. eliminations)	-31	-17	-46%	-121	-105	-13%
KPN Group	**1,436**	**1,393**	**-3.0%**	**5,639**	**5,486**	**-2.7%**

Consumer

KPN's strategic focus for Consumer is characterized by three key priorities: 1) invest in the best household access and customer experience, 2) grow the converged customer base with increased product penetration, and 3) focus on delivering value. KPN continues to leverage its strong market position to drive growth in convergence, further supported by an accelerated roll-out of fiber-to-the-home.

KPN launched a new fully converged proposition, KPN Hussel, at the beginning of October. This new proposition is the first fully flexible household proposition in the Netherlands, giving customers complete freedom to mix and match services to their needs. In Q4 2019, Consumer NPS increased to a record-high +19 (Q4 2018: +14).

KPN's converged household base declined by 2k in Q4 2019 (FY 2019: +59k) to 1,402k, representing 49% of broadband customers (Q4 2018: 46%). The converged postpaid customer base grew by 9k in Q4 2019 (FY 2019: +189k) to 2,254k, representing 63% of postpaid customers (Q4 2018: 57%). KPN's broadband net adds were -16k, adjusted for migrations from Consumer to the proposition for small businesses and new customers for this proposition (7k). The IPTV customer base declined by 14k. The decline in converged, broadband and IPTV customers was mainly driven by the integration of the Telfort brand as acquisition of customers at the lower end of the market was discontinued and by increased competition. Fixed ARPU increased 5.2% y-on-y to € 48 in Q4 2019, mainly driven by price adjustments effective 1 June 2019, higher inflow ARPU following the integration of Telfort and a declining customer base for PSTN and Digitenne services. Fixed revenues declined 0.9% y-on-y mainly due to lower revenues from legacy services.

The full focus on the high value KPN brand resulted in 28k postpaid net adds for the KPN brand in Q4 2019 (FY 2019: +80k). Ongoing dynamics in the no-frills market continued to impact Telfort and Simyo. Consequently, the total postpaid customer base declined by 14k in Q4 2019 (FY 2019: -23k). Postpaid ARPU remained at € 17 sequentially (-6.9% y-on-y). Mobile service revenues declined 7.9% y-on-y, mainly driven by lower postpaid ARPU and continued pressure on the prepaid customer base. Adjusted revenues in Consumer declined by 2.9% y-on-y in Q4 2019, fully driven by lower mobile service revenues and lower not-bundled Fixed revenues.

Business

In the Business segment KPN focuses on value-over-volume, a strategy designed to leverage KPN's leading market positions, high-quality brand perception, and solid reputation to develop more profitable revenues in the years to come. Part of this strategy is an emphasis on a future-proof, simplified product portfolio and network upgrades with improved access speeds. The focus is on providing standardized, modular and converged propositions that combine network, ICT and security services, designed to replace tailor made single-play services as customers are moving away from traditional on-premise IT environments to (public) cloud-based services.

Following the discontinuation announcement of ISDN (1/2) and PSTN services, most ISDN and PSTN customers have now switched to a future-proof alternative such as KPN EEN, KPN Kleinzakelijk (small business proposition), or KPN Smart Combinations. At the end of Q4 2019, 74% of SME customers and 53% of LE customers eligible for migration have migrated from traditional fixed voice or legacy broadband services. Although negatively impacting service revenues from Fixed Voice in the shorter term mainly due to rationalization, these migrations provide significant opportunities for up and cross-sell of additional network, ICT and security services and cost reductions from moving to lean and digital operations. In addition, it will support customer loyalty as the future-proof propositions improve customer experience. KPN upgraded the KPN EEN proposition with improved security by adding a DNS and web filter to ensure stable and safe connectivity for our customers. In Q4 2019, Business NPS was -4 (Q4 2018: -1), mainly driven by the negative impact of portfolio rationalization, migrations and temporary consequences of the ongoing restructuring of our organization.

Over the course of Q4 2019, KPN has taken further steps to focus on its core activities. During the quarter, the divestments of subsidiaries International Network Services and Argeweb were completed and the sale of KPN Consulting was announced. These transactions are in line with KPN's strategy to accelerate the simplification of the company and focus on a converged and simplified portfolio. Following the integration of security services subsidiaries into KPN Security earlier in 2019, KPN also integrated its IT Services subsidiaries such as RoutIT, Divider, Startready and InSpark into the KPN organization in Q4 2019.

In the fourth quarter, adjusted revenues in Business declined 3.7% y-on-y, driven by lower revenues from Communication Services and € 3m negative impact from divestments[3]. This decline was partially compensated by higher revenues from IT services and Professional Service & Consultancy. The revenue decline was impacted considerably by planned strategic actions KPN undertook in the segment, such as the mentioned migrations from traditional technology to KPN EEN. KPN continued to experience pressure in the LE & Corporate segment as customers focus on simplifying their IT landscape with a low cost focus.

In Q4 2019, adjusted revenues from Communication Services declined 9.1% y-on-y. This decline was mainly driven by lower revenues from Fixed Voice (-25% y-on-y) owing to pro-active migrations to KPN EEN cloud telephony. The decline was also impacted by lower mobile service revenues (-11% y-on-y) because of the ongoing competitive environment, particularly in the LE & Corporate segment. These effects were partly offset by growth of KPN's IoT solution (+19% y-on-y). Over the past 12 months KPN's M2M base grew with 1.3m to 6.3m SIMs end Q4 2019.

Adjusted revenues from IT Services increased 7.8% y-on-y in Q4 2019, mainly driven by security and workspace services. Adjusted revenues from Professional Services & Consultancy grew 2.3% y-on-y in the quarter. This was mainly driven by Professional Services (KPN's top-60 customers) which grew by 4.1% y-on-y, partly offset by a decline in Consultancy revenues (-7.1% y-on-y).

Wholesale

The sale of KPN's data center subsidiary NLDC was closed per 30 September 2019. Adjusted revenues in Wholesale decreased 7.6% y-on-y in Q4 2019, fully driven by € 12m negative impact from the sale of NLDC[3]. Higher mobile service revenues were driven by a higher number of data users and increasing data usage. Solid performance of KPN's Wholesale Broadband Access (WBA) portfolio was offset by the sale of NLDC, lower revenues from international and national terminating traffic, and from traditional fixed portfolio (WLR, MDF). In Q4 2019, Wholesale added 22k broadband lines to its portfolio.

Network, Operations & IT

In 2019, KPN made good progress with its accelerated fiber roll-out strategy, more than doubling the number of homes passed to approximately 120k additional households in 2019. Construction, or advanced preparation thereof has currently started in more than 70 areas, enabling KPN to deliver on the one million extra FttH households by end 2021. KPN will use G-PON technology, which will allow symmetrical up and download speeds of up to 10 Gbps. Furthermore, KPN announced that a 1 Gigabit proposition will be available for customers as of March 2020. KPN nearly finalized its FttC rollout in 2019 by making VDSL technically available at approximately 1,500 additional street cabinets and 390k homes. When commercially ready, this will enable significantly improved access speeds for customers.

KPN started the modernization of its mobile network in September 2019. At the end of Q4 2019, approximately 640 mobile sites were upgraded with the latest mobile RAN equipment, leading to significantly improved download speeds at these locations.

KPN also made good progress in its efforts to become All-IP by the end of 2021. Currently approximately 175k lines are left to be migrated (Q4 2018: 775k lines) to IP-based infrastructure and migration to emulated telephony services was finished in Q4 2019, a big step in order to phase out the legacy SDH/TDM network.

[3] For information purposes only, Q4 and FY 2018 corrected for impact of divestments to be found on page 9

Adjusted operating expenses[4]

(in € m)	Q4 2018	Q4 2019	Δ y-on-y	FY 2018	FY 2019	Δ y-on-y
Cost of goods & services	354	362	2.1%	1,332	1,301	-2.3%
Personnel expenses	272	254	-6.7%	1,103	1,027	-6.9%
IT/TI	101	84	-17%	412	353	-14%
Other operating expenses	95	93	-1.7%	322	323	0.0%
Total adjusted operating expenses	**823**	**793**	**-3.6%**	**3,169**	**3,004**	**-5.2%**
Depreciation right-of-use asset	36	33	-6.6%	146	138	-6.0%
Interest lease liabilities	8	6	-27%	33	28	-16%
Total adjusted indirect operating expenses after leases	**512**	**470**	**-8.1%**	**2,017**	**1,868**	**-7.4%**
Adjusted EBITDA after leases	**570**	**561**	**-1.6%**	**2,290**	**2,317**	**1.2%**

Adjusted EBITDA after leases declined 1.6% y-on-y in Q4 2019. The effect of intra-year phasing of opex, lower revenues and € 6m negative impact from divestments[4] were partly offset by indirect opex savings. In Q4 2019, KPN's adjusted EBITDA AL margin increased from 39.7% to 40.3% y-on-y. FY 2019 adjusted EBITDA after leases increased by 1.2% y-on-y (includes € 6m negative impact from divestments[4]). The FY 2019 adjusted EBITDA AL margin increased from 40.6% to 42.2% y-on-y.

Cost of goods & services increased 2.1% y-on-y in Q4 2019 due to the divestment of NLDC which causes a shift from indirect opex after leases (€ 7m negative impact from divestments[4]) to direct opex (€ 11m positive impact from divestments[4]) in Q4 2019. In Q4 2019, IT/TI expenses declined 17% y-on-y, largely driven by simplification of networks, IT rationalization, and contract renegotiations with suppliers. Personnel expenses declined 6.7% y-on-y in the fourth quarter, as the digital transformation of KPN led to a reduction in own and temporary personnel.

Accelerating simplification and digitalization drives substantial improvements in quality and customer experience and results in structural savings. In Q4 2019, the program realized net indirect opex savings of € 38m. Total net indirect opex savings for FY 2019 are € 141m. KPN expects to realize approximately € 350m net indirect opex savings after leases adjusted for the impact of restructuring costs and incidentals over the period 2019 – 2021.

[4] For information purposes only, Q4 and FY 2018 corrected for impact of divestments to be found on page 9

Profit, Capex, FCF and financial position KPN Group

In Q4 2019, Group operating profit (EBIT) increased € 17m y-on-y to € 202m. This was mainly driven by a book profit of € 25m on the sale of International Network Services and approximately € 4m book profit on the sale of Argeweb. Excluding this effect, EBIT would have declined by € 12m, driven by lower Adjusted EBITDA after leases and higher charges for depreciation and amortization, partly offset by lower P&L restructuring costs. FY 2019 EBIT of € 1,041m was € 221m (27%) higher y-on-y, mainly due to book profits on the sale of NLDC, International Network Services and Argeweb.

Q4 2019 net profit of € 84m was € 131m higher y-on-y. Higher operating profit was further supported by lower tax expenses, largely driven by a one-off € 110m revaluation of KPN's deferred tax asset in Q4 2018. This was partly offset by € 95m additional pre-tax finance expenses related to the repurchase of $ 405m senior bonds. Excluding the one-off effect of the book profit on divestments, effects of the bond tender in Q4 2019 and DTA revaluation in Q4 2018, net profit would have increased by € 14m (+22% y-on-y). FY 2019 net profit more than doubled y-on-y to € 614m. Excluding one-off effects, net profit would have increased by € 35m (+8.8%) y-on-y.

Capex decreased by 13% to € 322m in Q4 2019. Capex in FY 2019 increased by 0.8% to € 1,115m, mainly driven by higher access investments.

Free cash flow (excl. TEFD dividend) of € 284m in Q4 2019 was € 63m (29%) higher y-on-y. In FY 2019, free cash flow (excl. TEFD dividend) of € 726m was € 69m (8.6%) lower compared to FY 2018. Drivers of 2019 free cash flow were € 329m cash interest paid (FY 2018: € 339m), negative change in provisions of € 51m (FY 2018: € +56m), including an incidental € 20m release of revenue related provisions in Q3 2019 and € 133m restructuring cash out for FY 2019. The negative impact from change in working capital was € 9m (FY 2018: € -8m) as the effect of increased installments paid to fiber contractors was largely offset by enhanced working capital management.

As of 31 December 2019, net debt amounted to € 5,148m, € 158m lower compared to the end of Q3 2019. The movement in net debt was mainly driven by free cash flow generation during the quarter and proceeds from the sale of subsidiaries (International Network Services and Argeweb). This was partly offset by additional finance expenses related to the repurchase of $ 405m senior bonds. At the end of Q4 2019, KPN's leverage ratio was 2.2x (Q3 2019: 2.3x). This includes equity credit on the hybrid bonds representing 0.2x net debt to EBITDA. In Q4 2019, the average coupon on senior bonds was 3.2%, 60bps lower y-on-y.

At the end of Q4 2019, Group equity amounted to € 2,507m, € 666m higher compared to the end of Q3 2019. This was mainly driven by the issuance of a € 500m perpetual hybrid bond with a coupon of 2.0% in November 2019 and net profit generated during the quarter.

Analysis of adjusted results Q4 and FY 2019

The following table shows the reconciliation between reported revenues and adjusted revenues:

Revenues *(in € m)*	**Q4 2018**	**Q4 2019**	**Δ y-on-y**	**FY 2018**	**FY 2019**	**Δ y-on-y**
Consumer	756	734	-2.9%	2,986	2,916	-2.3%
Business	548	553	0.8%	2,137	2,067	-3.3%
Wholesale	158	146	-7.6%	623	818	31%
Network, Operations & IT	5	2	-69%	14	6	-60%
Other (incl. eliminations)	-31	-17	-46%	-121	-105	-13%
Total revenues	**1,436**	**1,418**	**-1.3%**	**5,639**	**5,702**	**1.1%**
Revenues incidentals						
Consumer	-	-	n.m.	-	-	n.m.
Business	-	25	n.m.	-	25	n.m.
Wholesale	-	-	n.m.	-	190	n.m.
Network, Operations & IT	-	-	n.m.	-	-	n.m.
Other (incl. eliminations)	-	-	n.m.	-	-	n.m.
Total revenues incidentals	**-**	**25**	**n.m.**	**-**	**215**	**n.m.**
Consumer	756	734	-2.9%	2,986	2,916	-2.3%
Business	548	528	-3.7%	2,137	2,042	-4.4%
Wholesale	158	146	-7.6%	623	628	0.7%
Network, Operations & IT	5	2	-69%	14	6	-60%
Other (incl. eliminations)	-31	-17	-46%	-121	-105	-13%
Total adjusted revenues	**1,436**	**1,393**	**-3.0%**	**5,639**	**5,486**	**-2.7%**

The following table specifies the revenue incidental in more detail:

Revenue incidentals *(in € m)*	**Segment**	**Q4 2018**	**Q4 2019**	**FY 2018**	**FY 2019**
Book gain on sale of International Network Services	Business	-	25	-	25
Book gain on sale of NLDC	Wholesale	-	-	-	171
Change in revenue related provision	Wholesale	-	-	-	20
Total revenue incidentals		**-**	**25**	**-**	**215**

The following table shows the reconciliation between reported EBITDA and adjusted EBITDA after leases:

(in € m)	**Q4 2018**	**Q4 2019**	**Δ y-on-y**	**FY 2018**	**FY 2019**	**Δ y-on-y**
EBITDA	**571**	**598**	**4.7%**	**2,353**	**2,578**	**9.6%**
Incidentals	16	-19	n.m.	16	-210	n.m.
Restructuring	27	22	-18%	101	115	13%
Lease-related expenses						
Depreciation right-of-use asset	-36	-33	-6.6%	-146	-138	-6.0%
Interest lease liabilities	-8	-6	-27%	-33	-28	-16%
Adjusted EBITDA after leases	**570**	**561**	**-1.6%**	**2,290**	**2,317**	**1.2%**

The following table specifies the EBITDA incidental in more detail:

EBITDA incidentals *(in € m)*	**Category**	**Q4 2018**	**Q4 2019**	**FY 2018**	**FY 2019**
Book gain on sale of International Network Services	Revenues	-	25	-	25
Book gain on sale of NLDC	Revenues	-	-	-	171
Change in revenue related provisions	Revenues	-	-	-	20
Change in provisions	Other opex	-5	-6	-5	-6
Addition to asset retirement obligation	Other opex	-11	-	-11	-
Total EBITDA incidentals		**-16**	**19**	**-16**	**210**

Q4 and FY 2018 corrected for impact of divestments

The following table shows the estimated adjustments of Q4 and FY 2018 results for the combined impact of completed divestments of NLDC (3 months), International Network Services (1 month) and Argeweb (1 month), as if the actual transfer of shares (closing) had taken place 12 months earlier:

Group financials (unaudited) *(in € m, unless stated otherwise)*	**Q4 2018**	Impact divestments	**Q4 2018** excl. divestments	**FY 2018**	Impact divestments	**FY 2018** excl. divestments
Consumer	756	-	756	2,986	-	2,986
Business	548	-3	545	2,137	-3	2,134
Wholesale	158	-12	146	623	-12	611
Network, Operations & IT	5	-	5	14	-	14
Other (incl. eliminations)	-31	+13	-18	-121	+13	-108
Adjusted revenues	**1,436**	**-2**	**1,434**	**5,639**	**-2**	**5,636**
Cost of goods & services (direct opex)	354	+11	365	1,332	+11	1,343
Personnel expenses	272	-2	271	1,103	-2	1,101
IT/TI	101	-1	100	412	-1	410
Other operating expenses	137	-1	137	439	-1	439
Lease-related expenses	44	-3	40	179	-3	176
Incidentals	-16	-	-16	-16	-	-16
Restructuring	-27	-	-27	-101	-	-101
Adjusted indirect opex after leases	**512**	**-7**	**505**	**2,017**	**-7**	**2,010**
Adjusted EBITDA after leases	**570**	**-6**	**564**	**2,290**	**-6**	**2,284**
Free cash flow (excl. TEFD dividend)	**220**	**-4**	**216**	**795**	**-4**	**790**