Program

13:00  WELCOME, GROUP STRATEGY
Maximo Ibarra
CEO

13:30  NETWORK, OPERATIONS & IT
Joost Farwerck
COO

14:00  CONSUMER
Jean-Pascal van Overbeke
Chief Consumer Market

14:15  BUSINESS
Maximo Ibarra
CEO and
a.i. Chief Business Market

14:30  BREAK

15:00  FINANCIALS
Jan Kees de Jager
CFO

15:30  FINAL REMARKS
Maximo Ibarra
CEO

15:40 - 17:30  Q&A
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 2017. 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 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 2017 and do not take into account the impact of future IFRS standards or interpretations. KPN defines EBITDA as operating result before depreciation (including impairments) of PP&E and amortization (including impairments) of intangible assets 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. Operating free cash flow is defined as adjusted EBITDA minus Capex. 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 2017. Forward-looking financial information do not take into account the impact of new IFRS standards or interpretations effective for future reporting periods (such as IFRS 16 Leasing). 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.
GROUP STRATEGY

Maximo Ibarra
Chief Executive Officer

Amsterdam
ORGANIC SUSTAINABLE GROWTH
有机可持续增长

价值超过体积。精益经营模型。
**Converged customer base growth**

**Stabilize EBITDA and service revenues**

**New multi-year opex reduction program**
The best converged smart infrastructure.

Focus on profitable growth segments.

Acceleration of simplification and digitalization.
The Netherlands. Ecosystem. Telecom market.
The Netherlands: strong external environment

Strong economy
High GDP growth 2.8%
Low unemployment rate 3.9%

Excellent infrastructure
Dense and small geography
Well connected to core Internet

Tech savvy
Country of early adopters

Ranked
#6 on The Global Competitiveness Index in 2018

Home of
#1 largest Internet exchange hub in Europe

Highest smartphone and Internet penetration in Europe
+225% mobile data usage growth (2015 - 2017)

Sources:
The ecosystem is evolving:
integrated converged propositions

Household
Business
Cloud
TV
Security
IoT

ONE STOP SHOP
The ecosystem is evolving:
key enabling technologies

Fiber
4G/5G
Virtualization & Cloud

HYBRID NETWORKS & PLATFORMS
The Dutch telecom market: mature and dynamic

Leading broadband performance in Europe

- Average 4G throughput of 42Mbps
- >98% of population has at least 100Mbps capable broadband connection

Highly regulated market

- Fixed access regulation

One of the most competitive markets

Revenue growth:

- Europe: +0.3%
- Netherlands: -2.0%

Sources:
- Digital Economy and Society Index 2018
- OpenSignal The state of LTE (February 2018)
- EC Broadband coverage in Europe report
- Company data YTD Q3 ’18 y-on-y
KPN today:
stronger and more flexible

Broadband footprint
~80%
FttH/FttC penetration

Market position
>40%
Market share in mobile & broadband\(^1\)

Innovative & skilled workforce
High employee engagement

Customer satisfaction
+12\(^{NL\text{ NPS}}\)\(^2\)
FMC leadership in Consumer & Business

Q3 2018
1 Mobile based on Q4 2017, broadband based on Q3 2018
2 Source: Kantar TNS (NPS)
KPN today: solid financial performance

- Adjusted EBITDA: In line
- Capex: ~€1.1bn
- Free Cash Flow: +10%

Adjusted EBITDA, Capex and FCF (excl. TEFD dividend) based on 2018 outlook
Doing business in a sustainable manner

100% green energy
2011

Climate neutral
2015

Energy reduction\(^1\)
2020

Circular
2025

Leading position in benchmarks

\(\text{MEMBER OF Dow Jones Sustainability Indices}\)

Reputation ranking
TOP 3 European Telcos
RepTrak Pulse 2017

1. Compared to 2010
The best converged smart infrastructure.

Focus on profitable growth segments.

Acceleration of simplification and digitalization.
### The best converged smart infrastructure
digital highway of the Netherlands

<table>
<thead>
<tr>
<th>Fiber roll-out acceleration</th>
<th>Full mobile network modernization</th>
<th>Moving to All-IP</th>
</tr>
</thead>
<tbody>
<tr>
<td>+1 million FttH households</td>
<td>100% 5G ready by end 2021</td>
<td>100% by end 2021</td>
</tr>
</tbody>
</table>

**Stable Capex envelope:** substantial shift in mix
Focus on profitable growth segments

**Consumer**

+300k converged households by end 2021

70% postpaid base converged in 2021

**Business**

SME base

100% on KPN EEN\(^1\) by mid 2020

LE & Corporate

Value over volume

Stabilized

end-to-end Adjusted EBITDA\(^2\) mid 2020

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1. Traditional fixed voice and legacy broadband
2. End-to-end Adjusted EBITDA refers to the new segment reporting after the change in the organizational structure per 1 January 2019
Acceleration of simplification & digitalization

From **20 to 2** converged IT stacks

From **5 core networks to 1**

**Simplified end-to-end organization**

~€350 million

2019 - 2021 new net opex savings program¹

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

Value. Innovative operating model.

Focus. commercial approach.

Lean.
NETWORK OPERATIONS & IT

Joost Farwerck
Chief Operating Officer
THE BEST CONVERGED SMART INFRASTRUCTURE
Strong network, IT integration on track

Dense fiber penetration

- ~30% FttH
- ~50% FttS
- ~80% FttC

Best customer experience on mobile network

Largely simplified operating model

1 Source: Independent market survey (Consumentenbond Q3 2018)
Enable innovative technologies.

Accelerate simplification of operating model.

The best converged smart infrastructure.
The best converged smart infrastructure
digital highway of the Netherlands

Fiber roll-out acceleration

Full mobile network modernization

Moving to All-IP

+1 million FttH households
by end 2021

100% 5G ready
by end 2021

100%
by end 2021
Increase availability 1Gbps access speeds

FttH as natural evolution of FttC

Finalize FttC roll-out
+500k households

+1 million FttH households

>40% of households by end 2021

Improving average access speeds

Technically possible speeds
Higher utilization rate and lower roll-out costs

Higher network utilization rate in fiber areas

Automated planning & design...

...contributing to lower average roll-out costs

+8%pt utilization rate¹

Time to design all NL non-fiber areas from 2 years to 20 hours

Significantly lower roll-out costs per home passed

1. Comparison with DSL, Q3 2018
Regional hybrid access approach

Fixed access roll-out
- Finalize FttC
- Accelerate FttH
- Roll-out hybrid fixed-mobile solutions

Regional access-to-activation
- Communication
- Marketing & sales
- Optimize current areas

In-home
- In-home WiFi coverage
- Do-it-yourself tooling
- In-home equipment

Copper phase-out
- Migrate copper base to fiber
- Switch-off copper

Technology
- Network topology (FttB / PON / G.Fast)
- In-home
- Hybrid solutions
Full mobile network modernization by 2021

Continued strong data growth...

...requires mobile equipment upgrade...

...to enable latest technologies

100%

Massive MIMO

5G ready

CAGR: ~55%

Mobile traffic KPN network (Tb/month)

15 16 17 18 19 20 21
Rationalize networks

Shutting down legacy networks

Moving to single core network

PSTN  SDH  ISDN  3G
Copper in fiber areas

28 GWh power savings (2019-2021)
Decentralize networks

(De)centralization

- Improved customer experience
-Offload core traffic network
- Low latency services
- Regional network upgrades at lower spend

Core location → Metro core → Mobile site

Bringing content closer to the customer → Moving mobile functions deeper into the network
Virtualize networks

~50% Virtualized network functions by end 2021 (<5% in 2018)

Through flexible, scalable and automated networks

- Perceived infinite bandwidth
- Personalized and adjustable
- Predictive and automated recovery
- Lower TCO
Accelerate simplification of operating model

Finalize IT integration

Moving to standard cloud building blocks

End 2021

Front-end
Digital layer
BSS
OSS

From 20 to 2 converged IT stacks

End 2021

Concentrating data centers

Significantly contributing to

~€ 350m

2019 - 2021 new net opex savings program¹

1. Indirect opex adjusted for the impact of restructuring costs and incidentals
~45% of households at >1Gbps

~70% of households at >200Mbps

~50% virtualized network functions
CONSUMER

Jean-Pascal van Overbeke
Chief Consumer Market

Haarlem
CONVERGED HOUSEHOLDS TO DRIVE GROWTH
Strong market positions with leadership in convergence

Broadband and mobile market share

>40%

Converged base

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>KPN Brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadband</td>
<td>45%</td>
<td>51%</td>
</tr>
<tr>
<td>Postpaid</td>
<td>56%</td>
<td>68%</td>
</tr>
</tbody>
</table>

Best-in-class NPS

+17 converged +28

Best all-in-one fixed provider
Best mobile provider³

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1. Mobile based on Q4 2017, broadband based on Q3 2018; based on Telecompaper & management estimates
2. Q3 2018; Sources: Kantar TNS
3. Independent market survey (Consumentenbond)
Best household access and customer experience.

Growing converged base and product penetration.

Focus on delivering value.
FttH access investments driving higher returns

+15%  
NPS

+€6  
ARPU

-34%  
Churn

+9%opt  
Broadband market share

Q3 2018, >200Mbps households vs. <200Mbps households
1. KPN brand, source: Kantar TNS
Best household access
and customer experience

Household-centric propositions and organization

Best in-home experience

Easily accessible self-service

Customer contact without human intervention

Q1 '17: ~2%
Q3 '18: ~12%
Convergence offers clear benefits

Market leading NPS¹

<table>
<thead>
<tr>
<th></th>
<th>Consumer total</th>
<th>Converged</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ 17</td>
<td></td>
<td>+ 28</td>
</tr>
</tbody>
</table>

Higher value per household

<table>
<thead>
<tr>
<th></th>
<th>Fixed-only household</th>
<th>Converged household</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>&gt;10%</td>
</tr>
</tbody>
</table>

Lower mobile churn

<table>
<thead>
<tr>
<th></th>
<th>Mobile-only</th>
<th>Converged household</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>~75%</td>
</tr>
</tbody>
</table>

KPN brand
1. Source: Kantar TNS
Targeted household approach to increase converged base by end 2021

Grow converged households...

...and SIMs per household...

...to drive higher converged postpaid base

+300k

>10%

56% 70%

Q3 2018 by end 2021

1. Q3 2018: 1,325k converged households
Data driven personalized campaigning
to increase up- and cross-sell

Offering tailored product and services advice...

...to further increase product penetration...

...driving high value inflow

Focused direct marketing

Regional approach

Successful up- and cross-sell

75% Mobile acquisitions from existing households

+5% Postpaid inflow ARPU (Sep '18 vs. Jan '18)

1. KPN brand, Q3 2018
Clear value focus
to drive sustainable service revenue growth

High-value broadband household growth

Growing converged KPN brand base

Clear benefits

80% 65%
Converged net adds broadband YTD '18
Converged net adds postpaid YTD '18

Supported by fiber roll-out

NPS
ARPU
Churn
Best household access and customer experience.

Growing converged base and product penetration.

Focus on delivering value.
BUSINESS

Maximo Ibarra
CEO and a.i. Chief Business Market

The Hague
Progress made, but still work to do

Declining organic revenues

-8.6%  -7.3%  -5.9%  -4.4%  
FY '15  FY '16  FY '17  YTD Q3 '18

Growing converged portfolio

Growing converged portfolio

Improving customer satisfaction (NPS)$^2$

-10
Q4 '15

$^1$ Revenues excluding M&A and hardware
$^2$ Source: Kantar TNS
Converged simplified product portfolio.

Transformation of operating platform.

Lean and digital operations.
Converged simplified product portfolio

- Improved delivery chain & NPS
  -50% products by end 2021

- Core IT services & pricing discipline
  Prioritize deal profitability & incentives on value

- Fiber upgrade business parks
  52% Today
  70% by end 2019

- >100Mbps coverage
**Fiber upgrade business parks**

to drive uptake of converged services

**Example**

Euregio business park Enschede

Increased bandwidth following upgrade...

<table>
<thead>
<tr>
<th></th>
<th>&lt;40 Mbps</th>
<th>&gt;100 Mbps</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Before</strong></td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>After</strong></td>
<td>0%</td>
<td>90%</td>
</tr>
</tbody>
</table>

...driving commercial success within 3 months of upgrade

29% of all customers moved to converged portfolio

~50%

Migrations - New customers
Transformation of operating platform
KPN EEN

Migrations to KPN EEN¹

100%

SME mid 2020

LE in 2020

Clear operational benefits post migration

+10 NPS²

2x faster

Time-to-market

~5% Churn

Example

Improved customer lifetime value

Repricing at migration

Reduced cost to serve

Up and cross-sell services

Reduced churn

1  Traditional fixed voice and legacy broadband
2  Management estimate
Lean and digital operations

Cost to serve
KPN EEN

KPN EEN significantly lowers complexity

Simplified end-to-end organization

>25% lower by 2021

-75% of IT systems by 2021

New management structure & accelerate integration of recent acquisitions
Stabilizing service revenues

SoHo ~350k customers
Grow revenues

SME ~225k customers
Stabilize and grow revenues

LE & Corporate ~2k customers
Slightly decrease revenues, stabilize margins

Market leader: >40% market share

Converged portfolio

Value over volume
Strategic priorities to deliver organic sustainable growth

**Stabilized**  
end-to-end  
Adj. EBITDA  
mid 2020

**Grow** profitable revenues by leveraging leading market positions

**Stabilizing**  
service revenues
FINANCIALS

Jan Kees de Jager
Chief Financial Officer
ORGANIC SUSTAINABLE EBITDA & FCF GROWTH
KPN today

Financial performance

-2.2% Revenues

In line Adj. EBITDA

~€ 1.1bn Capex

+10% FCF

Financial profile

€6.2bn Net debt

2.7x Leverage

Shareholder remuneration

€12ct Regular DPS

Revenues YTD Q3 ’18 y-on-y growth, Financial profile Q3 2018, EBITDA, Capex, FCF (excl. TEFD dividend) and shareholder remuneration based on 2018 outlook
Convergence & value focus driving revenue stabilization.

New multi-year sustainable opex reduction supports organic Adj. EBITDA growth.

Stable Capex envelope: substantial shift in the mix.

FCF growth drives progressive dividend and a solid financial profile.
Convergence & value focus
driving revenue stabilization

**Consumer**
Grow base and value of converged households

**Business**
Accelerate growth in convergence
Selective growth in IT
Value over volume

**Wholesale**
Grow WBA/VULA
Maintain disciplined strategy
Accelerate multi-year sustainable opex reductions

Realized ~€ 190m run-rate savings
2nd wave Simplification

95% Opex
5% Capex

New opex reduction program

~€ 350m
2019 - 2021 net savings

1. Realized: end Q3 ‘18 vs. end Q4 ‘16
2. Indirect opex adjusted for the impact of restructuring costs and incidentals
Acceleration of simplification
Digitalization & virtualization

1. Rationalization and simplification of portfolio.
2. End-to-end digitalization and automation front-end and back-end.
3. All-IP network and virtualization.
4. IT landscape rationalization.
5. Organizational effectiveness.
Portfolio rationalization and end-to-end digitalization

1. Standardize portfolio, selective growth in IT
   - Migrate to target portfolio platforms
   - Reduce complexity

2. Lean operating model
   - Digital customer journeys
   - Automate back-end tasks
All-IP network and virtualization

3

Migrate customers to all-IP network

Decommission legacy networks and systems

Virtualized and software defined networks

Example

Customer: Delivery of one new location

<table>
<thead>
<tr>
<th>Current IP-VPN</th>
<th>New SD-WAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical delivery</td>
<td>OTT delivery</td>
</tr>
<tr>
<td>&gt;12 weeks</td>
<td>&lt;1 day</td>
</tr>
<tr>
<td>21 manual actions</td>
<td>1 manual action (shipping)</td>
</tr>
</tbody>
</table>

Customer: 100 routers need updating

<table>
<thead>
<tr>
<th>Current IP-VPN</th>
<th>New SD-WAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 hours (~30 min per router)</td>
<td>4 hours</td>
</tr>
<tr>
<td>100 on-premise actions</td>
<td>1 remote action</td>
</tr>
</tbody>
</table>

Improved customer satisfaction
Improved flexibility
Substantially lower roll-out cost
Serve more customers in less time
IT rationalization and organizational effectiveness

4
- Consolidate IT platforms and decommission legacy
- Standardized solutions and hardware
- Vendor optimization

5
- Clear end-to-end responsibilities
- Delayer management and organizational simplification
- Automate processes
Restructuring accretive benefits back-end loaded

1. Restructuring recorded in P&L
2. Restructuring cash out
3. Restructuring accretive to financials

Impact on FCF

T = 0  T = 6 months  T > 12 months
Capex planning supported by data and zero-based budgeting

- **Smarter investments** supported by data-driven decision making process
- **Stacked ranking** based on ROCE and NPV of proposed investments
- **Reallocation of investments** enabling step-up in access investments
Strong improvement FttH return profile

**Lower roll-out spend** due to reduced average costs per home passed

**Better utilization rate** supported by data driven smart regional approach

**Strong commercial benefits**

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

**Payback period reduced by ~50%**

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1. Q3 2018, >200Mbps households vs. <200Mbps households
2. KPN brand, source: Kantar TNS
Stable Capex envelope
€ 1.1bn per annum in 2019-2021

Substantial shift in the mix enabling higher investments in access
Committed to solid financial profile

**Solid investment grade credit profile**

- **Moody’s**: Baa3 / Stable
- **S&P Global Ratings**: BBB- / Positive
- **Fitch Ratings**: BBB / Stable

**Optimized balance sheet position**

- Interest payments: -55%

**Medium-term leverage**

- Net debt / EBITDA: <2.5x

![Graph showing interest payments from 2014 to 2018 with a decrease of 55%](image)
### Organic and sustainable

Adj. EBITDA & FCF growth

<table>
<thead>
<tr>
<th></th>
<th>2018 outlook</th>
<th>2019 - 2021 ambitions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>In line with 2017</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>~€ 800m</td>
<td>Sustainable growth, driven by EBITDA</td>
</tr>
<tr>
<td><strong>Dividend</strong></td>
<td>€ 12ct per share</td>
<td>Progressive dividend, supported by FCF</td>
</tr>
</tbody>
</table>

- In line with 2017
- Stable at ~€ 1.1bn annually
- Sustainable growth, driven by EBITDA
- Progressive dividend, supported by FCF
Convergence & value focus driving revenue stabilization.

Accelerate multi-year sustainable opex reduction.

**Stable Capex envelope:** substantial shift in the mix.

Organic sustainable Adj. EBITDA and FCF growth contributing to progressive dividend and deleveraging.
FINAL REMARKS

Maximo Ibarra
Chief Executive Officer
ORGANIC SUSTAINABLE GROWTH
Value over volume. Lean operating model.
The best converged smart infrastructure.

Focus on profitable growth segments.

Acceleration of simplification and digitalization.
Solid & Attractive. Maximizing value.
Organic growth of Adjusted EBITDA

Stable Capex envelope

Sustainable FCF growth
THANK YOU

Duco Sickinghe
Chairman Supervisory Board