

Fiber JV with APG

23 March 2021

kpn. The network of the Netherlands



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 2020. 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 2020 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') is derived from EBITDA and is 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 AL excluding major changes in the composition of the Group (acquisitions and disposals). Operational Free Cash Flow is defined as adjusted EBITDA AL minus capital expenditures (Capex) being expenditures on PP&E and software. Free Cash Flow ('FCF') is defined as cash flow from continuing operating activities plus proceeds from real estate, minus Capex. Return on capital employed (ROCE) is calculated by the net operating profit less adjustments for taxes divided by capital employed, on a 4-quarter rolling basis. Net operating profit is the adjusted EBITA (excluding incidentals and amortization of other intangibles and including restructuring costs). KPN defines capital employed as the carrying amount of operating assets and liabilities, which excludes goodwill and the other intangibles. 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.

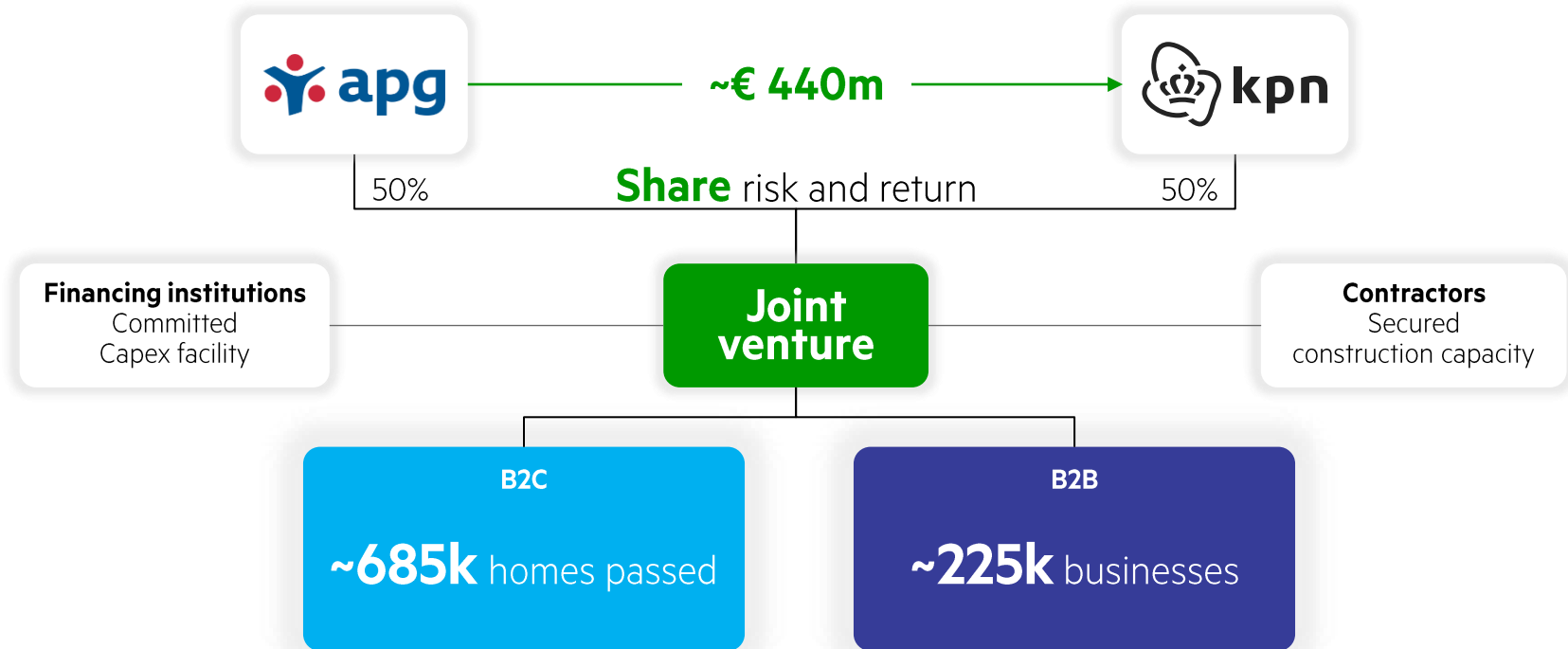
Forward-looking statements

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 2020. 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 2020, unless stated otherwise.

Enabling ~80% fiber coverage by 2026

- ▶▶ **Strengthening** strategy as leading fiber operator in the Netherlands
- ▶▶ **JV taking up** long tail, on top of KPN's existing plans
- ▶▶ **Further accelerating** fiber rollout to medium-dense areas and business parks
- ▶▶ **Crystallizing** the value of KPN's state-of-the-art fiber network

KPN & APG join forces to further accelerate the Dutch digitalization wave



Strong, reliable and mutually reinforcing partner with Dutch heritage



a good income for today, tomorrow, and beyond

~€ 575bn Assets under Management¹

Renowned infrastructure investor
with ~€ 16.5bn infra fund

Responsible ESG focused investor

Benefits for KPN

Access to institutional capital

Attractive terms

Strong Dutch partner

Long investment horizon

Expanding scope to further accelerate fiber rollout

2.8m_{HP}
existing FttH footprint
KPN (FY 2020)

2.5m_{HP}
Planned FttH rollout
KPN (2021-2025)¹

Scope JV

~685k HP in
medium-dense areas

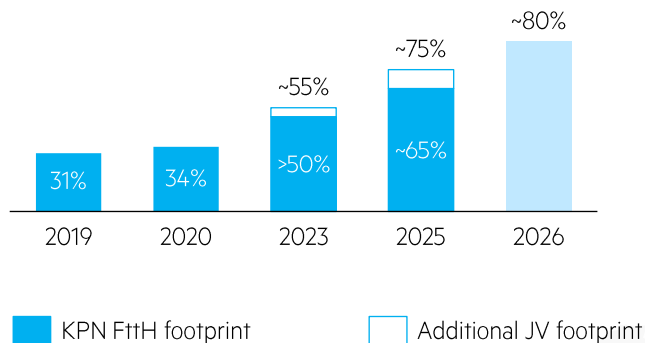
~225k businesses

Ambitious plans to rollout fiber (2021-2026), scope to finalize rollout in years thereafter

Expanding scope to medium-dense areas and business parks

JV takes up long tail on top of KPN's existing fiber rollout plans

Ambition to cover the Netherlands through fiber¹



Grow service revenues

Replace copper network

Strengthen customer footprint in less densely populated areas

Accelerate savings related to phasing out copper services

JV to operate passive infrastructure, KPN anchor tenant at arm's length

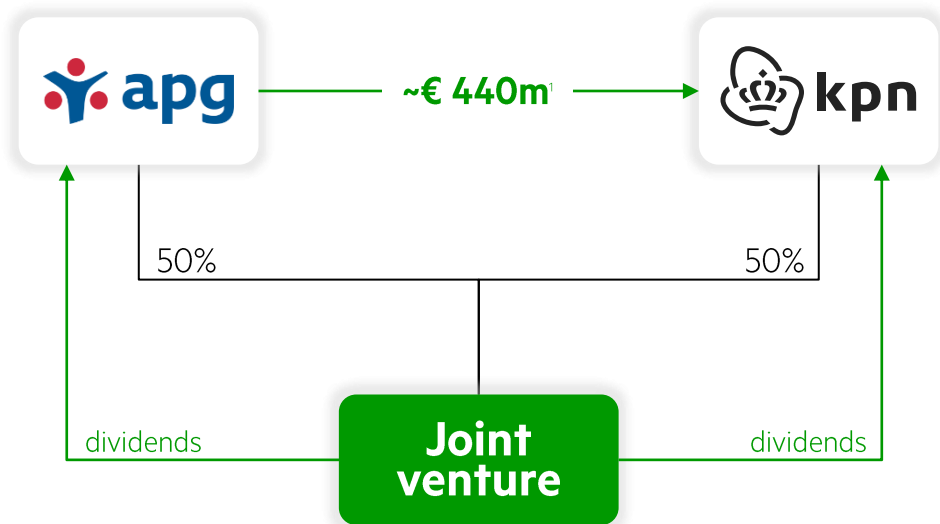


- Services provided at arm's length
- Allows JV to leverage KPN's rollout know-how

- Maintenance of passive infrastructure layer
- Direct contact with rollout partners
- Relationships with wholesale client base
- Administration and billing

- WBA services to JV at arm's length
- Operation of the active service layer
- Third-party wholesale access provided based on KPN's active services

Deal structure and financial terms



- Joint venture with co-controlling structure
 - APG to pay ~€ 220m (pre-tax) to KPN initially, and
 - ~€ 220m in annual installments as rollout progresses
- ~€ 1.2bn Capex largely debt financed (70%) on non-recourse basis
- KPN's additional equity contributions more than covered by initial payment
- JV to distribute dividends to KPN and APG when reaching cash flow positive (expected in year 5+)
- Initially deconsolidated from KPN's accounts
- KPN has a conditional call option on 1 share, providing the potential to obtain control and reconsolidate in the future
- Transaction subject to regulatory approval, expected to start operations in Q2 2021

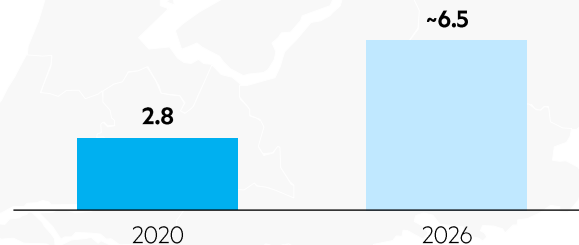
Crystallizing the value of fiber

~€ 880m equity value JV

~€ 970 equity value per line

Ambition to cover the Netherlands through fiber

(million HP)



FttH footprint KPN

KPN + JV FttH footprint

Closing remarks & Q&A

- ▶▶ **Strengthening** strategy as leading fiber operator in the Netherlands
- ▶▶ **JV taking up** long tail, on top of KPN's existing plans
- ▶▶ **Further accelerating** fiber rollout to medium-dense areas and business parks
- ▶▶ **Crystallizing** the value of KPN's state-of-the-art fiber network

A nighttime cityscape featuring a prominent skyscraper illuminated with a grid of green and blue lights. The building's facade is covered in a pattern of small, glowing dots. In the foreground, a modern architectural structure with a blue and white illuminated canopy is visible. The background shows other city buildings and streetlights under a dark sky.

Accelerate
to grow



KPN Investor Relations

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