

# INVESTOR PRESENTATION

Oct-Dec 2019



# 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](http://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

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.

# STRATEGY 2019-2021

Summary presentation  
Capital Markets Day  
28 November 2018



ORGANIC  
SUSTAINABLE  
GROWTH

**Value  
over  
volume.**

**Lean  
operating  
model.**

# The ecosystem is evolving:

key enabling technologies



Fiber



4G/5G



Virtualization  
& Cloud

## HYBRID NETWORKS & PLATFORMS

# The Dutch telecom market:

mature and dynamic

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**Leading  
broadband**  
performance in  
Europe

Average 4G throughput of **42Mbps**

>98% of population has at least  
**100Mbps** capable broadband  
connection

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**Highly regulated**  
market



Fixed access regulation

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One of the most  
**competitive**  
markets

Revenue growth:

▲ Europe: **+0.4%**  
▼ Netherlands: **-2.2%**

# STRATEGY 2019 2021

The best **converged smart infrastructure.**

Focus on **profitable growth** segments.

Acceleration of **simplification** and **digitalization.**

# The best converged smart infrastructure

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Fiber roll-out  
acceleration

**+1 million**  
FttH households  
by end 2021

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Full mobile network  
modernization

**100%**  
**5G** ready  
by end 2021

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Moving to All-IP

**100%**  
by end 2021

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



# Building the digital highway of the Netherlands

the benefits of fiber to society



**Economy**



**Cities**



**Households**

**FUTURE PROOF TECHNOLOGY  
10 GIGABIT NETWORK AND MUCH MORE**

# 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<sup>1</sup>**

+15%

NPS<sup>2</sup>

+€ 6

ARPU

-34%

Churn

+9%<sup>opt</sup>

Broadband  
market share

**Payback period  
reduced by ~50%<sup>3</sup>**

1 Q3 2018, >200Mbps households vs. <200Mbps households

2 KPN brand, source: Kantar TNS

3 2019 – 2021 vs. 2012

# 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 program<sup>1</sup>

<sup>1</sup> Indirect opex after leases adjusted for the impact of restructuring costs and incidentals

# Business segment strategy 2019 – 2021

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## Vision

**#1 business service provider in the Netherlands:**

A **premium** connectivity leader, offering undisputed quality in terms of **service, experience & security**

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## Mission

We create value to our customers with technology that enables them to run their business safely – anytime, anywhere.

## VALUES

### Premium

Best smart converged infrastructure to provide high-quality connectivity

### Trusted

Best-in-class, secure & smartly bundled services for exceptional customer experience

### Personal

Optimally serve customers by understanding their needs and providing best-fitted propositions

# Business go-to-market strategy

smartly positioned solutions for every customer

## Themes



Client Interaction



Organizational Performance



Employee Productivity & Collaboration

## Propositions



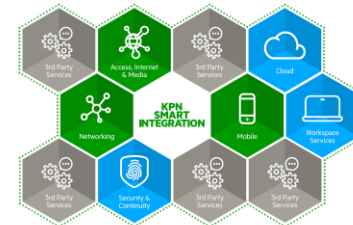
**KPN SMALL BUSINESS**



**KPN EEN MKB**



**KPN SMART COMBINATIONS**



**KPN SMART INTEGRATION**

## Portfolio



Access & Connectivity



Cloud & Workspace



Security & Business Continuity

# Transformation of operating platform

KPN EEN

Migrations<sup>1</sup>

100%

SME mid 2020

LE in 2020

Clear operational  
benefits post migration

+10  
NPS<sup>2</sup>

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**

<sup>1</sup> Traditional fixed voice and legacy broadband

<sup>2</sup> Management estimate

# STRATEGIC FOCUS 2019-2021

## Network, Operations & IT

The best **converged smart infrastructure.**

Enable **innovative technologies.**

Accelerate **simplification** of operating model.

## Consumer

Best **household access** and **customer experience.**

**Growing converged base** and product penetration.

Focus on **delivering value.**

## Business

**Converged simplified** product portfolio.

**Transformation** of operating platform.

**Lean and digital** operations.

# FINAN CIALS 2019 2021

Convergence & value focus  
driving **revenue  
stabilization.**

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

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

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



# 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

Acceleration of simplification  
Digitalization & virtualization

**opex  
reductions**

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.**

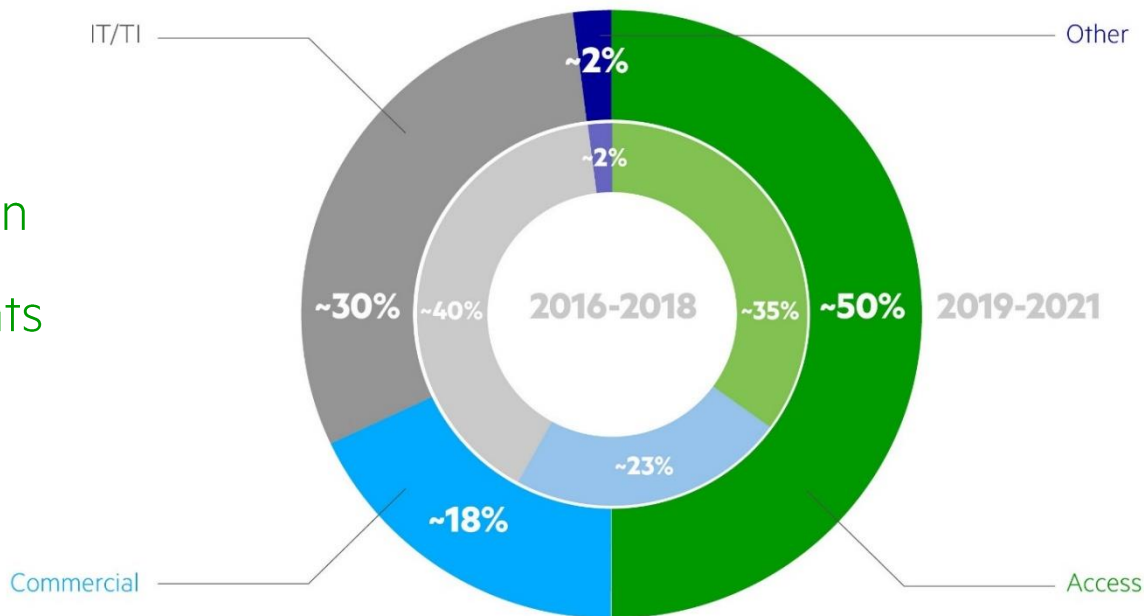
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**Organizational  
effectiveness.**

# 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

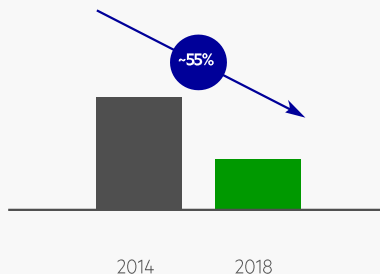
BBB / Stable

FitchRatings

BBB / Stable

## Optimized balance sheet position

Interest payments



## Medium-term leverage

Net debt (excl. all leases) /  
Adjusted EBITDA AL

<2.5x

# Q3 2019 RESULTS

25 October 2019

# Highlights Q3 2019

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Strong cost  
management

Net indirect opex savings

**€ 37m**

€ 103m YTD 2019

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Smart converged  
infrastructure

Successful

**5G test**

**~70k**

FttH homes passed YTD

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Recognized for  
sustainability efforts

**#2**

most sustainable telco worldwide

Dow Jones Sustainability Index

# STRATEGY 2019 2021

The best **converged smart infrastructure.**

Focus on **profitable growth** segments.

Acceleration of **simplification** and **digitalization.**

# Update: accelerated fiber roll-out strategy

Further ramping up capacity

**>60**

projects up and running

Connecting more and more homes

**~70k**

homes passed YTD

Using latest technology

**~1Gbps**

First live G-PON connection with customers



# Update: mobile network modernization

first sites upgraded in The Hague area

## Typical current site

**4** frequency bands

**2x2** MIMO

**1Gbps** backhaul

**2** antennas

**Not** 5G ready

**~150** site configurations

**~80%** FttS



## Typical modernized site

**6-8** frequency bands

**4x4** or higher order MIMO

**10Gbps** backhaul

**1** antenna

**5G** ready

**3** site configurations

**~95%** FttS

CONVERGED  
HOUSE  
HOLDS  
TO DRIVE  
GROWTH

Best **household access**  
and **customer**  
**experience.**

**Growing converged**  
**base** and product  
penetration.

Focus on **delivering**  
**value.**

# Introduced a new converged proposition: KPN Husseel

targeting higher Customer Lifetime Value

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Fully **flexible household proposition:**  
complete freedom to mix & match services

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One **converged customer journey**

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Introducing new **benefits** including **unlimited** mobile data and **kids SIM**

**ONE-STOP-SHOP: BROADBAND + MOBILE + TV + ENTERTAINMENT**

# Customer experience & recognition

record-high Consumer NPS

## Consumer NPS<sup>1</sup>

Q3 2019

18

17

Q3 2018

## Business NPS<sup>1</sup>

Q3 2019

-1

-2

Q3 2018

## Awards



**Strongest**  
Dutch brand<sup>2</sup>

**Best**  
retail chain<sup>3</sup>

1 2018 restated as a result of recalibration of relative weights of underlying businesses, source: Kantar TNS

2 Source: Brand Finance

3 Category Telecoms, source: Retailer of the Year (Q&A)

# Consumer convergence in the quarter

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## Households

**+5k** converged households

1,404k total converged households

**49%** converged broadband customers

Q3 2018: 45%

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## Postpaid

**+15k** converged postpaid base

2,246k total converged SIMs

**62%** converged all brands

Q3 2018: 56%

**73%** converged KPN brand

Q3 2018: 68%

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## SIM cards

**1.60** SIMs per household

Q3 2018: 1.53

# Consumer Fixed in the quarter

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Broadband base<sup>1</sup>

**-17k**

Impacted by brand strategy

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Fixed ARPU

**€ 48** +5.4%  
y-on-y

Price increase effective from  
1 June 2019

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Fixed revenues

**Flat** y-on-y

Bundled services **↑**  
Traditional voice + Digitenne **↓**

<sup>1</sup> Corrected for migrations to and new customers of small business propositions (7k)

# Consumer Mobile in the quarter

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Growing postpaid  
base KPN brand

**+36k** net adds  
KPN brand

Q2 2019: +17k

**-3k** customer base all brands

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Postpaid ARPU  
stable q-on-q

**€ 17**

Q3 2018: € 18

**-6.3%** y-on-y

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Mobile service  
revenues

**€ 194m**

Q3 2018: € 210m

**-7.6%** y-on-y

# Business revenue trend in the quarter

continues to be impacted by strategic actions

## Adjusted revenues y-on-y growth trend

	Q3 2019
<b>Communication Services</b>	<b>-8.9%</b>
Mobile service revenues	-7.7%
IoT	24%
Broadband & Network Services	-1.8%
Fixed Voice	-21%
Other	-17%
<b>IT Services (a.o. security, cloud, workspace)</b>	<b>1.2%</b>
<b>Professional Services &amp; Consultancy</b>	<b>9.3%</b>
<b>Total revenue</b>	<b>-3.6%</b>

Revenue y-on-y trend Q3 2019

**considerably**

impacted by migrations & 'value over volume'<sup>1</sup>

<sup>1</sup> Based on management estimates



# Migrations from legacy portfolio

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SME customers

**68%** SME base migrated<sup>1</sup>

Q2 2019: 59%

**100%** mid-2020

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LE customers

**45%** LE base migrated<sup>1</sup>

Q2 2019: 33%

**100%** in 2020

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Small business portfolio

**35%** converged customers

Q2 2019: 34%

**+7k** net adds in Q3 2019

<sup>1</sup> Migrated from traditional fixed voice and legacy broadband services

# Financial highlights Q3 2019

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Adjusted revenues

**€ 1,372m**

-1.8% y-on-y

Q3 2018: € 1,398m

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Adjusted EBITDA  
after leases

**€ 599m**

+2.9% y-on-y

Q3 2018: € 582m

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Free Cash Flow

(excl. TEFD dividend)

**€ 226m**

-2.2% y-on-y

Q3 2018: € 231m

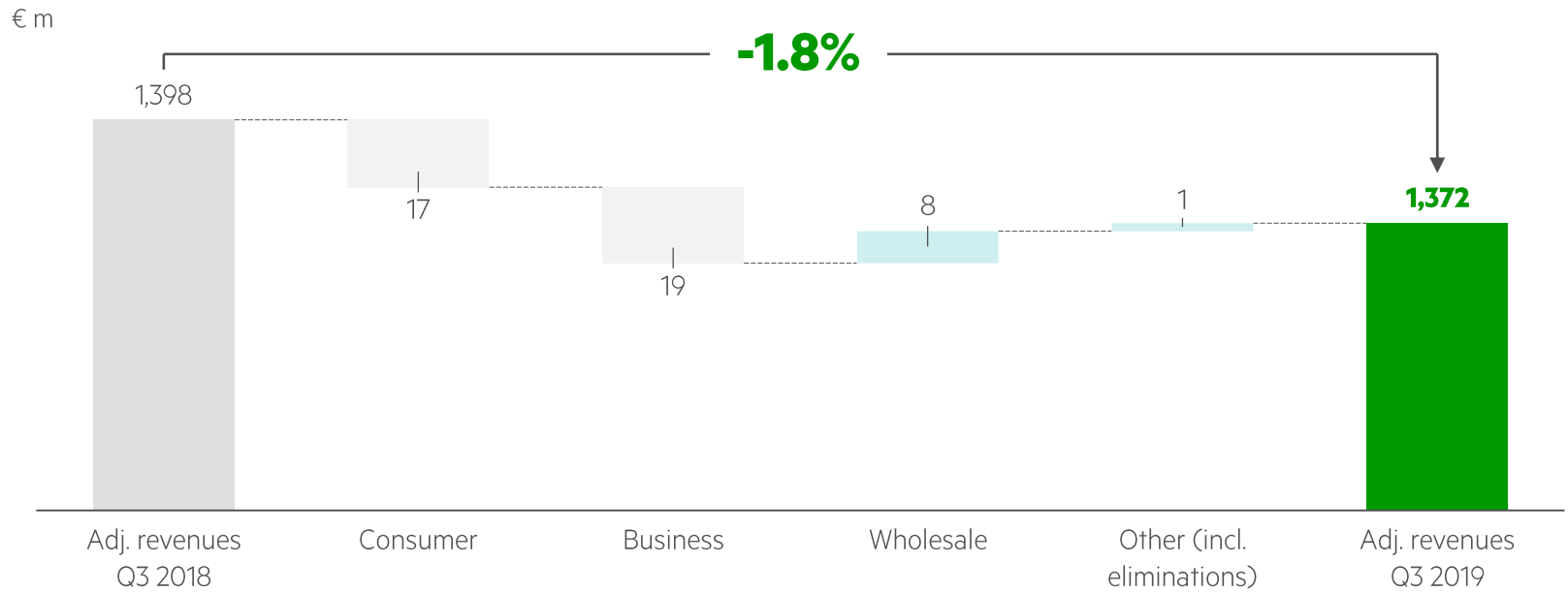
# Financial performance Q3 and YTD 2019

## key P&L metrics

€ m	Q3 2018	Q3 2019	Δ y-on-y	YTD 2018	YTD 2019	Δ y-on-y
Consumer	748	731	-2.2%	2,230	2,182	-2.1%
Business	520	502	-3.6%	1,589	1,514	-4.7%
Wholesale	157	166	5.2%	465	482	3.6%
Other	-28	-26	-4.6%	-81	-85	4.6%
<b>Adjusted revenues<sup>1</sup></b>	<b>1,398</b>	<b>1,372</b>	<b>-1.8%</b>	<b>4,202</b>	<b>4,093</b>	<b>-2.6%</b>
Adjusted direct costs <sup>1</sup>	330	328	-0.7%	978	939	-3.9%
Adjusted indirect costs after leases <sup>1</sup>	486	446	-8.3%	1,505	1,398	-7.1%
<b>Adjusted EBITDA after leases<sup>1</sup></b>	<b>582</b>	<b>599</b>	<b>2.9%</b>	<b>1,720</b>	<b>1,756</b>	<b>2.1%</b>
<b>Reported</b>						
EBITDA	588	808	37%	1,782	1,980	11%
EBIT	202	429	>100%	635	839	32%
Net profit	94	314	>100%	338	530	57%

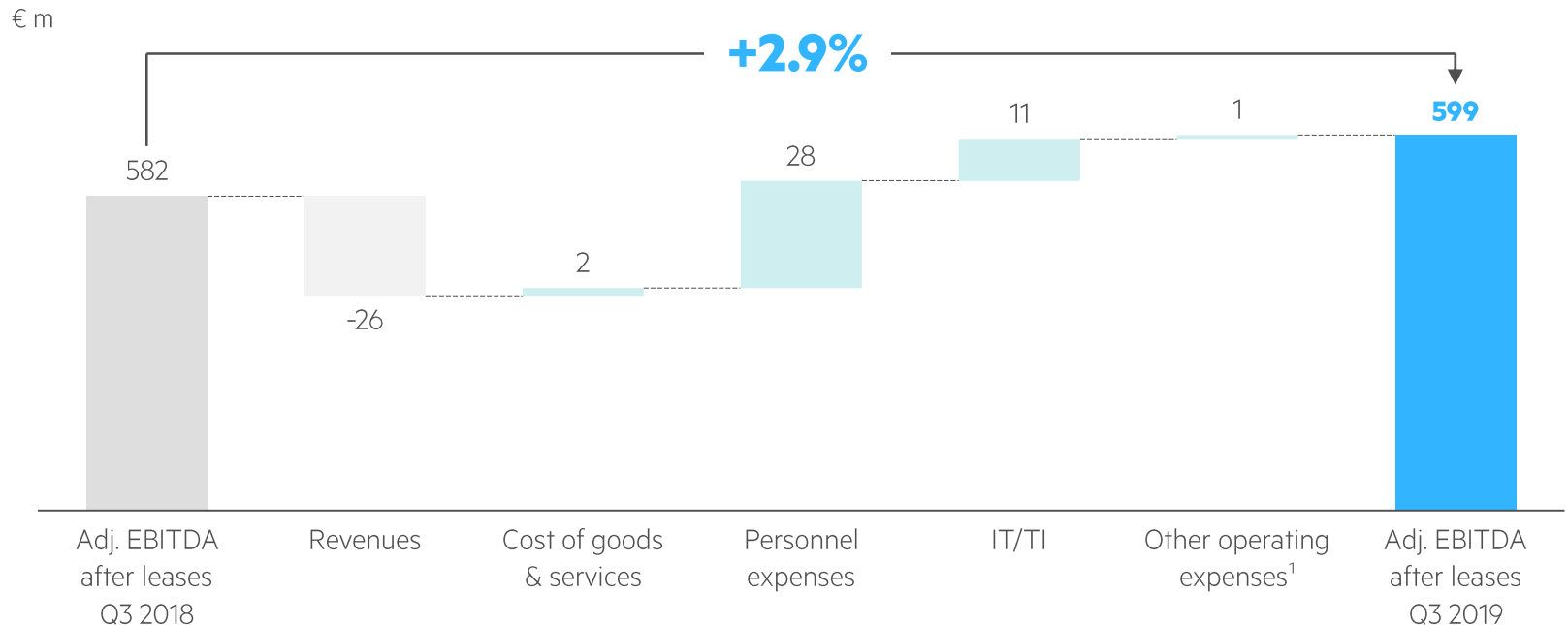
<sup>1</sup> Adjusted for the impact of restructuring costs and incidentals

# Adjusted revenues declined y-on-y



# Solid growth Adjusted EBITDA AL

supported by simplification and digitalization



<sup>1</sup> Incl. lease-related expenses

# Indirect opex savings program on track

**€ 103m**  
net savings YTD

**~€ 350m**  
target 2019 – 2021

# FCF Q3 and YTD 2019

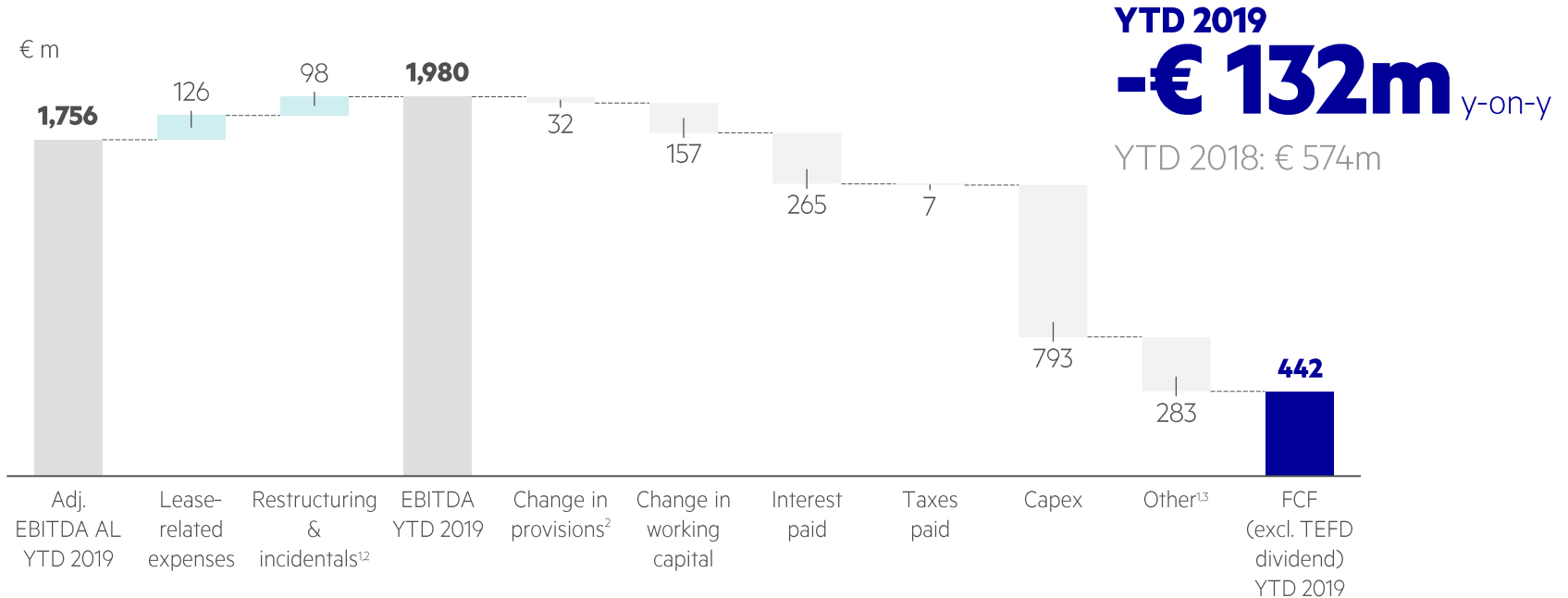
YTD mainly impacted by change in working capital

€ m	Q3 2018	Q3 2019	Δ y-on-y	YTD 2018	YTD 2019	Δ y-on-y
<b>Adjusted EBITDA after leases</b>	<b>582</b>	<b>599</b>	<b>2.9%</b>	<b>1,720</b>	<b>1,756</b>	<b>2.1%</b>
Interest lease liabilities	8	7	-11%	25	22	-12%
Depreciation right-of-use asset	37	34	-7.6%	111	104	-5.8%
Restructuring	-39	-23	-4.2%	-74	-93	25%
Incidentals <sup>12</sup>	-	190	n.m.	-	190	n.m.
<b>EBITDA</b>	<b>588</b>	<b>808</b>	<b>37%</b>	<b>1,782</b>	<b>1,980</b>	<b>11%</b>
Interest paid / received	-85	-97	14%	-262	-265	1.3%
Tax paid / received	-	-	n.m.	-25	-7	-71%
Change in provisions <sup>2</sup>	27	-36	n.m.	36	-32	n.m.
Change in working capital	-16	8	n.m.	-98	-157	60%
Other movements (incl. TEFD dividend) <sup>1</sup>	1	-170	n.m.	44	-146	n.m.
<b>Net CF from operating activities</b>	<b>515</b>	<b>513</b>	<b>-0.3%</b>	<b>1,477</b>	<b>1,372</b>	<b>-7.1%</b>
Capex	-257	-262	2.2%	-737	-793	7.6%
Proceeds from real estate	-	-	n.m.	5	-	-100%
Repayments of lease liabilities	-27	-25	-7.2%	-116	-114	-1.7%
<b>Free cash flow</b>	<b>231</b>	<b>226</b>	<b>-2.2%</b>	<b>628</b>	<b>466</b>	<b>-26%</b>
TEFD dividend	-	-	n.m.	54	24	-56%
<b>Free cash flow (excl. TEFD dividend)</b>	<b>231</b>	<b>226</b>	<b>-2.2%</b>	<b>574</b>	<b>442</b>	<b>-23%</b>

1 Q3 2019 and YTD 2019 incl. € 171m book profit from the sale of NLDC

2 Q3 2019 and YTD 2019 incl. € 20m release of revenue related provisions

# FCF development YTD 2019



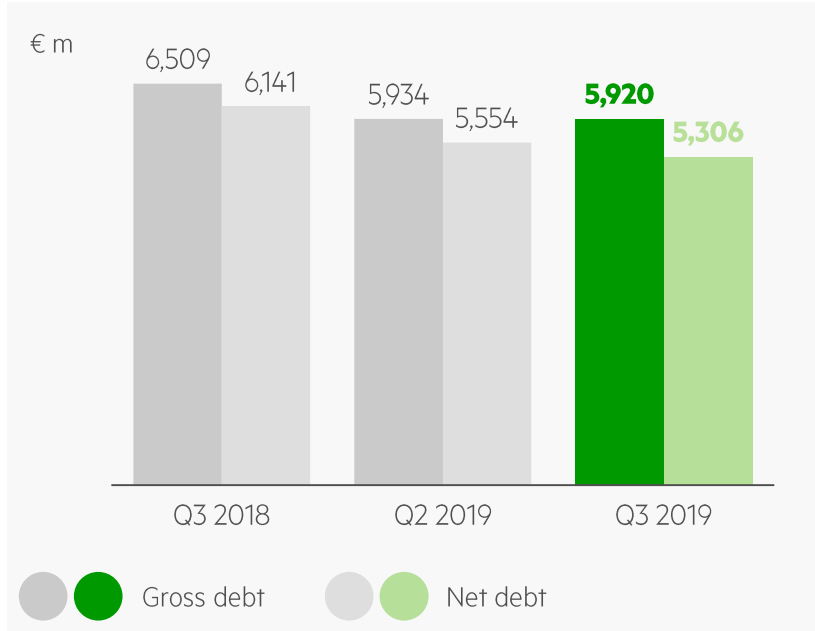
1 Incl. € 171m book profit from the sale of NLDC in Q3 2019

2 Incl. € 20m release of revenue related provisions in Q3 2019

3 Incl. repayments of lease liabilities



# Solid financial position



**Q3 2019 leverage ratio**

**2.3x**

Q2 2019: 2.4x

# Outlook 2019 and 2019 – 2021 ambitions

## organic sustainable growth

	Outlook 2019	2019 – 2021 ambitions
<b>Adjusted EBITDA AL</b>	Slightly growing compared with 2018	Organic growth
<b>Capex</b>	€ 1.1bn	Stable at € 1.1bn annually
<b>FCF</b> (excl. TEFD dividend)	At least € 700m <sup>1</sup>	Three-year mid-single digit CAGR <sup>2</sup> driven by EBITDA AL growth
<b>Regular DPS</b>	€ 12.5 cents	Progressive dividend, supported by FCF

<sup>1</sup> Previous outlook "Incidentally lower FCF compared with 2018 due to front-end loaded restructuring charges and adverse phasing of working capital"

<sup>2</sup> Three-year CAGR calculated from the end of 2018 to the end of 2021

ORGANIC  
SUSTAINABLE  
GROWTH

**Value  
over  
volume.**

**Lean  
operating  
model.**

# INFORMATION PACK

CSR  
New converged proposition  
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 



**Reputation ranking<sup>1</sup>**

**#1** Dutch  
companies  
RepTrak Pulse 2019

## Achievements in Q3 2019

### **Reuse & recycle**

KPN introduces improved and more economical TV receiver with recycled plastic

### **Awards**

KPN again in top 3 most sustainable telecom companies in the world (DJSI)

**76**

New KlasseContact placements in Q3 2019

<sup>1</sup> Industry adjusted, source: Reputation institute

# New converged proposition set-up

## FMC benefits on Mobile and/or Entertainment

### Broadband<sup>1</sup>

Speed	€/ month
<b>50 Mbps</b>	42.50
<b>100 Mbps</b>	47.50
<b>200 Mbps</b>	50
<b>500 Mbps</b>	55
<b>Tech desk</b>	5

### Mobile<sup>2</sup>

	Data	€/ month
<b>Kids SIM</b>	<b>1GB</b>	7.50 <small>2<sup>nd</sup> SIM only</small>
	<b>0GB</b>	10
	<b>2GB</b>	15
	<b>5GB</b>	17.50
	<b>10GB</b>	22.50
	<b>20GB</b>	24
	<b>Unlimited</b>	36 <small>FMC only</small>

### TV<sup>3</sup>

Options	€/ month
<b>1 STB</b>	10
<b>4K</b>	2.50
<b>Recording</b>	5
<b>&gt;1 STB</b>	5 each, incl recording

### Entertainment<sup>4</sup>

e.g.
<b>Spotify</b>
<b>Fox Sports</b>
<b>Film 1</b>
€ 5 FMC benefit on one entertainment option

<sup>1</sup> Internet-only pricing; expert customer service desk available +€ 5/m

<sup>2</sup> Kid SIM and Unlimited only available as converged customer; pricing incl. convergence discount (€ 5/m on bundles of 0-10GB, € 7.50/m on 20GB); double mobile data FMC benefit removed

<sup>3</sup> Incl. 65 channels, replay, on-demand options, Fox 1

<sup>4</sup> Free TV channels FMC benefit removed

# Example new propositions: KPN Husssel



## Singles (example)

Mobile	<b>10GB</b>
Broadband	<b>50Mbps</b>
TV	<b>1x STB</b>
Entertainment	<b>Spotify</b>

**€ 79**

vs. € 81.5 for previous proposition



## Couples (example)

Mobile	<b>10GB+5GB</b>
Broadband	<b>100Mbps</b>
TV	<b>2x STB</b>
Entertainment	<b>Netflix</b>

**€ 105.5**

vs. € 105.5 for previous proposition<sup>1</sup>



## Family (example)

Mobile	<b>10GB+5GB+ 2x kids</b>
Broadband	<b>200Mbps</b>
TV	<b>3x STB+4K</b>
Entertainment	<b>Netflix+ Fox Sports</b>

**€ 144.5**

vs. € 136.5 for previous proposition<sup>2</sup>



## SoHo (example)

Mobile	<b>4x Unlimited</b>
Broadband	<b>100Mbps</b>
TV	<b>2x STB</b>
Fixed voice	<b>VoIP</b>
Service desk	<b>24/7</b>
Voice mail	<b>Business</b>

**€ 192** excl. VAT

vs. € 187 for previous proposition<sup>3</sup>

1 Previous proposition includes mobile 10GB+4GB

2 Previous proposition includes mobile 10GB+4GB+2x 0GB+100min/text

3 Previous proposition includes mobile 4x100GB

# Tax Q3 and YTD 2019

Regions (€ m)	P&L				Cash flow			
	Q3 2018	Q3 2019	YTD 2018	YTD 2019	Q3 2018	Q3 2019	YTD 2018	YTD 2019
The Netherlands	-23	-42	-91	-103	-	-	-25	-7
Other	-3	-	-5	-	-1	-	-3	-
<b>Total reported tax</b>	<b>-26</b>	<b>-42</b>	<b>-96</b>	<b>-103</b>	<b>-1</b>	<b>-</b>	<b>-28</b>	<b>-7</b>
Of which discontinued operations	-3	-	-5	-	-1	-	-3	-
<b>Reported tax from continuing operations</b>	<b>-23</b>	<b>42</b>	<b>-91</b>	<b>-103</b>	<b>-</b>	<b>-</b>	<b>-25</b>	<b>-7</b>
Effective tax rate continuing operations	20.2%	11.7%	21.3%	16.2%				

## The effective tax rate for Q3 2019 was mainly influenced by the participation exemption and the Innovation Box facility

Without one-off effects<sup>1</sup> the effective tax rate would have been ~23% in Q3 2019

**For 2019, the effective tax rate is expected to be ~23%**, excluding one-off effects<sup>1</sup>

<sup>1</sup> Among others, tax law changes, settlements with tax authorities, impairments, revaluations



# KPI overview

## Consumer fixed

	Q3 2018	Q3 2019
<b>Household base (k)</b>		
F-M households	1,325	1,404
Fixed-only households	2,139	1,877
<b>Total households</b>	<b>3,464</b>	<b>3,281</b>
F-M penetration broadband base	45%	49%
Bundled	2,551	2,518
Not-bundled (BB-only)	388	361
Not-bundled (PSTN & Digitenne)	525	402
<b>Total households</b>	<b>3,464</b>	<b>3,281</b>
<b>Net adds (k)</b>		
Broadband	-8	-24
IPTV	10	-2
Fixed ARPU (€)	45	48

## Consumer mobile

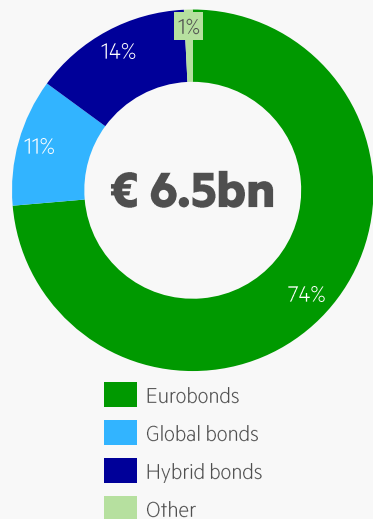
	Q3 2018	Q3 2019
<b>Postpaid base (k)</b>		
F-M postpaid customers	2,032	2,246
Mobile-only postpaid customers	1,598	1,357
<b>Total postpaid base</b>	<b>3,630</b>	<b>3,602</b>
F-M penetration postpaid base	56%	62%
<b>Net adds (k)</b>		
Postpaid	-14	-3
Prepaid	-39	-48
Postpaid ARPU (€)	18	17
Wireless service revenues (€ m)	210	194

## Business

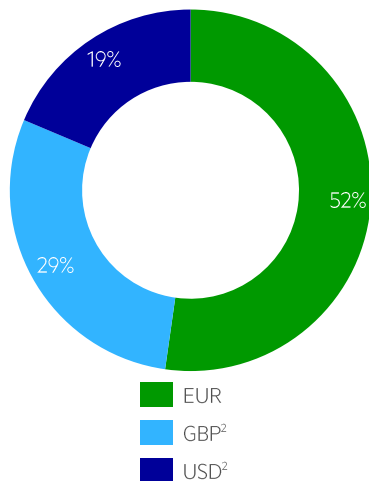
	Q3 2018	Q3 2019
<b>Customer base (k)</b>		
Mobile	1,863	1,819
Traditional Fixed voice	310	193
VoIP	532	606
Broadband	287	315
<b>ARPU (€)</b>		
Mobile	22	21
Traditional Fixed voice	49	50
VoIP	11	11
Broadband	73	69

# Debt portfolio

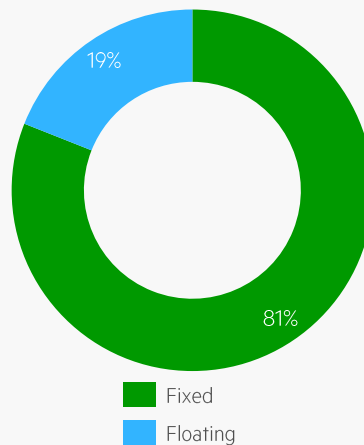
Nominal debt<sup>1</sup>  
by type



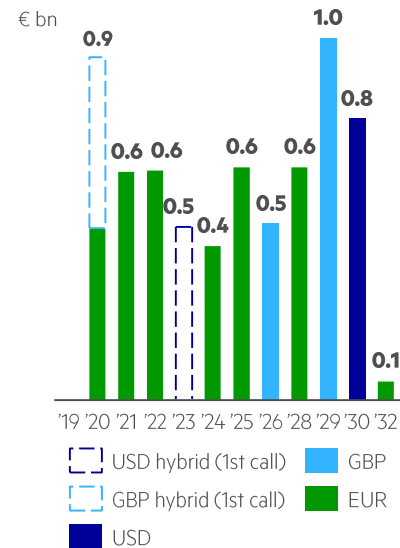
Nominal debt  
by currency



Fixed vs. floating  
interest<sup>3</sup>



Bond redemption  
profile



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

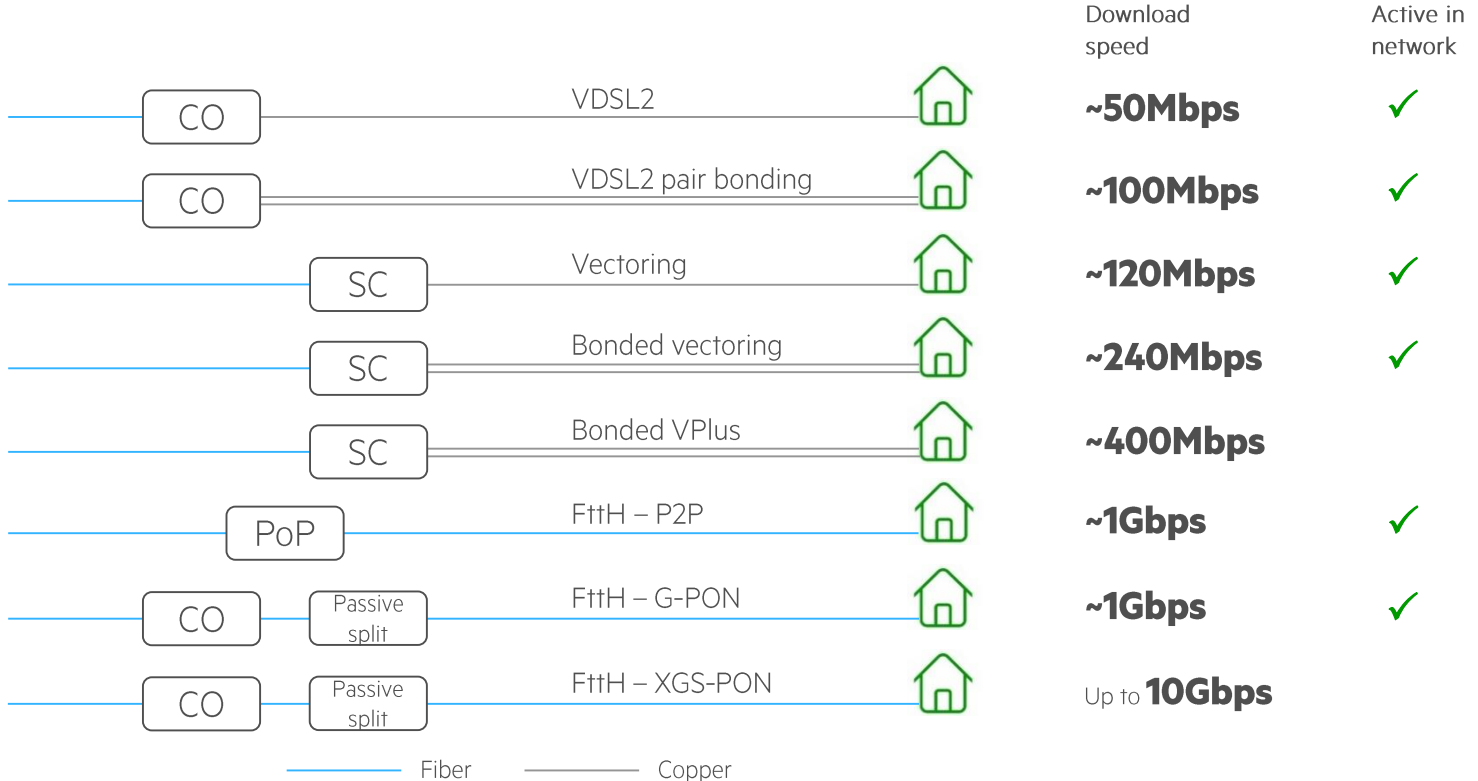
GBP and USD tranche have 60 years specified maturity, accounted for as financial liability

- Coupon payments treated as regular bond coupon, hence expensed through P&L, included in FCF

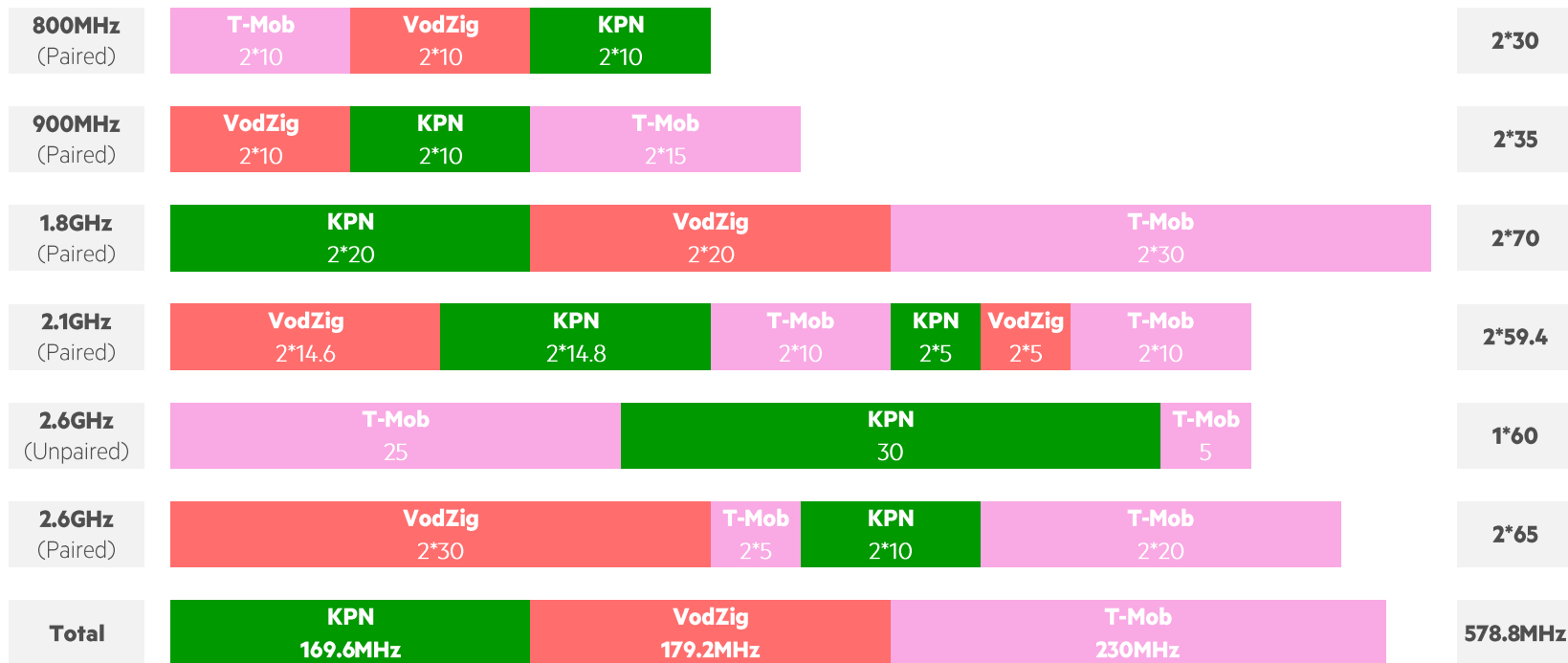
Tranche	Nominal	KPN net debt	Maturity	Rates (swapped) <sup>1</sup>	IFRS principal	IFRS coupon
GBP 0.4bn 6.875%	€ 460m	€ 230m	60 years (1st-call Mar-2020)	6.777%	Liability	Interest paid (incl. in FCF)
USD 0.6bn 7.000%	€ 465m	€ 233m	60 years (1st-call Mar-2023)	6.344%	Liability	Interest paid (incl. in FCF)
<b>Total</b>	<b>€ 925m</b>	<b>€ 463m</b>				

<sup>1</sup> USD tranche has semi-annual coupon payments (March / September); GBP tranche has annual coupon payments in March

# Fixed infrastructure



# Spectrum in the Netherlands



T-Mobile including Tele2



KPN Investor Relations

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