

Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of Koninklijke KPN N.V.

10 Nov 2021

Madrid, November 10, 2021 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of Koninklijke KPN N.V. and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review discussion held on 3 November 2021 in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

The Baa3 rating reflects KPN's leading position in the Dutch market, its integrated business model with a strong quality network, its good cash flow generation driven by high margins and past investments and its public target of maintaining net leverage below 2.5x in the medium term.

These strengths are balanced by Moody's expectation of declining revenue trend due to the highly competitive environment in the Dutch mobile market, structural pressures on the business segment and the company's relatively high dividend payout ratio which weighs on its retained cash flow/net debt metrics.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Telecommunications Service Providers published in January 2017. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non EU rated, non UK rated, non EU endorsed and non UK endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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