



KPN Q1 2020 RESULTS

30 April 2020

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 2019. 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 2019 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.

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 2019. 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 2019, unless stated otherwise.

Additional information regarding impact of divestments on Q1 2019 financial figures

KPN's Q1 2020 Press Release and Q1 2020 Analyst Presentation include additional information regarding impact of divestments on the Q1 2019 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 Argweb.

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.

1. HIGHLIGHTS

2. BUSINESS PERFORMANCE UPDATE

3. FINANCIAL RESULTS

Key highlights

- Q1 marks a solid start of the year
 - Solid performance, strong cost savings compensating (slowing) revenue decline
 - Well on track to deliver ~€ 350m indirect opex savings by end 2021 (€ 180m realized)
- Solid operational performance
 - Continued accelerated fiber roll-out: +58k households, half of 2019 production in one quarter
 - Executing brand strategy in Consumer, strong competition continued, impacting our customer base
 - On track with strategic actions in Business, sale of KPN Consulting closed per 1 April
 - Growing broadband portfolio in Wholesale; fixed regulation annulled
- Impact of COVID-19 limited in Q1 2020: premature to say what impact will be for the remainder of 2020
 - KPN's balance sheet and liquidity position remains strong, liquidity sufficient to cover debt maturities for the next three years

Key figures: solid performance in the first quarter

Adj. revenues

€ 1,329m
-2.4%

Q1 2019:
€ 1,362m

Adj. net ind. opex savings

€ 38m

Since January 2019
€ 180m

Adj. EBITDA AL

€ 575m
+2.1%

Q1 2019:
€ 563m

Net profit

€ 120m
+35%

Q1 2019:
€ 89m

Capex

€ 278m
+6.3%

Q1 2019:
€ 261m

Leverage ratio

2.2x

FY 2019:
2.2x

Operational free cash flow¹

€ 297m
-1.5%

Q1 2019:
€ 302m

Liquidity position

€ 2.2bn

Cash & short-term investments:
€ 696m
Committed undrawn facilities:
€ 1.25bn RCF, € 300m EIB

FCF

(excl. TEFD dividend)

€ 80m
+16%

Q1 2019:
€ 69m

Highlights in Q1 2020

- Adjusted revenues -2.4% y-on-y
 - **-1.9% excl. impact divestments**
 - Growth in Wholesale and Professional Services and Security in Business offset by lower revenues from KPN Consulting and continued pressure on fixed voice and mobile services
- Adjusted EBITDA AL +2.1% y-on-y
 - **+3.1% excl. impact divestments**
 - Effect of lower revenues more than offset by € 38m net indirect opex savings
- FCF of € 80m (+16% y-on-y)
 - **+23% excl. impact divestments**
 - Despite higher Capex and higher cash impact from change in working capital compared to Q1 2019
- Strong liquidity position of € 2.2bn

Key figures for Q1 2019 are not corrected for impact of closed divestments (NLDC, International Network Services and Argeweb)

1: Adjusted EBITDA AL -/- Capex

Premature to say what the total impact of COVID-19 measures will be for KPN for the remainder of the year

- **Solid Q1 2020 results; strong balance sheet and liquidity; relatively resilient business; on track with the execution of our strategy**
- However, **risks to our 2020 outlook increased** due to the COVID-19 situation
- Combination of our good start to the year and our lack of visibility into the remainder of 2020 means it would be premature to confirm whether our 2020 outlook need to be updated
- Expect to have a better visibility on potential operational and financial impact at the end Q2 2020
- Therefore, we **expect to be able to clarify our position at the end of the second quarter**

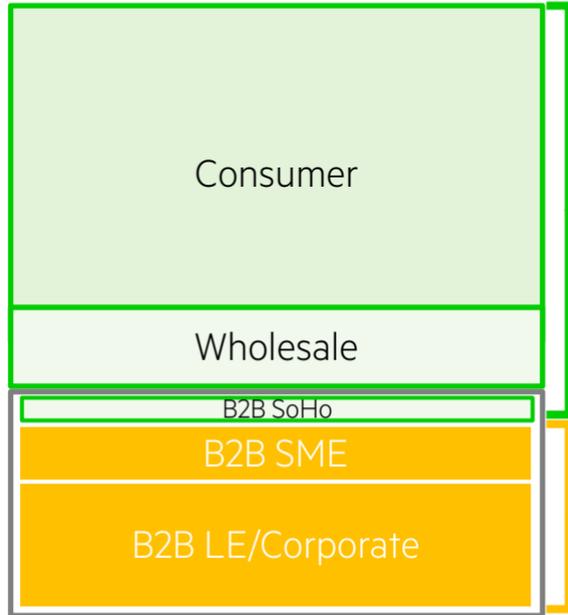
Meanwhile, we remain committed to our strategy and it is our ambition to reach our 2020 outlook as provided in January 2020, which as a reminder is as follows:

- Adjusted EBITDA AL: Stable to slightly growing compared to 2019¹
- Capex: € 1.1bn
- FCF (excl. TEFD dividend): at least mid-single digit percentage growth compared to 2019²
- Regular DPS: € 13.0 cents

1: FY 2019 Adjusted EBITDA AL of € 2,287m, corrected for divestments. This is € 30m lower compared to € 2,317m as reported for FY 2019
2: FY 2019 FCF (excl. TEFD dividend) of € 718m, corrected for divestments. This is € 8m lower compared to € 726m as reported for FY 2019

We continue to manage our business through the COVID-19 situation, closely monitoring a number of business drivers

Adjusted revenues KPN Group
(FY 2019): € 5,386m¹



- KPN provides essential connectivity services with predominantly long-term contracts
- Monitor payment behavior, net working capital and credit quality carefully
- In Q1, started to see limited impact for a period of two to three weeks; we remain alert throughout Q2
- Meanwhile we prepare to take more necessary measures

- **Consumer, Wholesale** and **B2B SoHo** customer segments account for ~65% of our revenue mix:
 - Impact here mostly visible in mobile through lower roaming revenues and lower handset sales
- Impact on **B2B SME** and **LE/Corporate** depends on duration of the crisis and short to mid-term effects on the Dutch economy
- Revenue in those customer segments that are most exposed to the negative impact of the COVID-19 measures, accounts for ~10% of total group revenue:
 - Sectors such as hospitality, leisure, travel, personal care, etc. represent a minority of our SME customer base
 - LE / Corporate customers may delay IT projects if crisis lasts longer, though many are active in the public sector

1: Corrected for impact of divestments

COVID-19: KPN measures for employees, customers, Dutch society and shareholders

Employees

- All office personnel working from home
- To minimize physical contact we closed all shops on 18 March
 - Reopened 16 XL shops on 20 March with safety precautions
- InHome mechanics and activities of field engineers restrained
- No physical sales meetings
- Delay of new reorganization requests until 1 June 2020
- Extra leave hours for all employees until 1 June 2020
- Wide range of vitality programs

Health sector

- Additional workplaces and network capacity to make health emergency locations digitally operational
- As hospital networks come under more pressure, we have ramped-up incident monitoring
- Fees waived for cyber security support for hospitals
- Free connectivity provided to general practitioners

Shareholders

- We paid the final dividend over 2019 of € 348m in April 2020

Customers

- Additional free TV content for IPTV customers until 1 June 2020
- Free conference numbers until end of April 2020
- Free anti-virus scanners using Trend Micro for six months
- No out-of-bundle costs for Corporate and KPN EEN customers until end of April 2020
- Payment of bill to SME suppliers within 30 days

Digital infrastructure

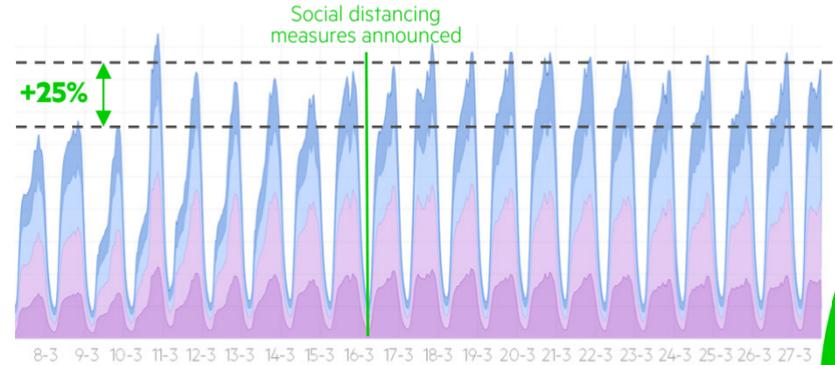
- Free WIFI for less fortunate children that need to be home schooled
- We are working with our main contractors to protect the 3,000 jobs involved in our fiber roll-out and maintain the expertise around network build-out in the Netherlands
- KPN's accelerated fiber roll-out will further strengthen Dutch digital infrastructure to support sectors such as healthcare and education in the future

COVID-19: ensuring connectivity in challenging times

Equipped for peak levels

- ~100% increase in mobile voice traffic vs. pre 16 March
- ~25% increase in broadband traffic vs. pre 16 March
- ~25% increase in streaming activity vs. pre 16 March
- Strong shift from office-use to home-use
- Coping well with increased demand

Broadband usage KPN network in March 2020



1. HIGHLIGHTS

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Strategic progress in the first quarter

1. The best converged smart infrastructure

Further expand leading NL fiber activities

- 58k FttH added in Q1, almost half of entire 2019
- 177k since start in 2019

Full mobile network modernization

- ~290 mobile network sites upgraded in Q1
- ~930 since September 2019

2. Focus on profitable growth segments

- Focus on high-value KPN brand, integrated Telfort mobile
- Continued good progress at planned customer migrations in Business
- Solid growth Wholesale broadband portfolio (WBA/VULA)

3. Acceleration of simplification and digitalization

- Net indirect opex savings of € 38m in Q1, € 180m since start in 2019
- Further scaled down in FTEs
- Sale of KPN Consulting closed on 1 April 2020

KPN has the largest fiber footprint in the Netherlands: >2.5m homes

- Accelerating fiber roll-out at fastest pace possible
 - Ambition to reach +1m households FttH end 2021 vs. end 2018
 - Investing in fast and reliable internet for Dutch society
 - Committed to digital infrastructure enhancement
- Significantly improving access speeds for our customers
 - 1Gbps proposition commercially available since March 2020¹
 - Ensuring local access with ODF deals on third party networks
- Able to self-fund large scale fiber roll-out

Strong fiber coverage in both urban and rural areas (Q1 2020)

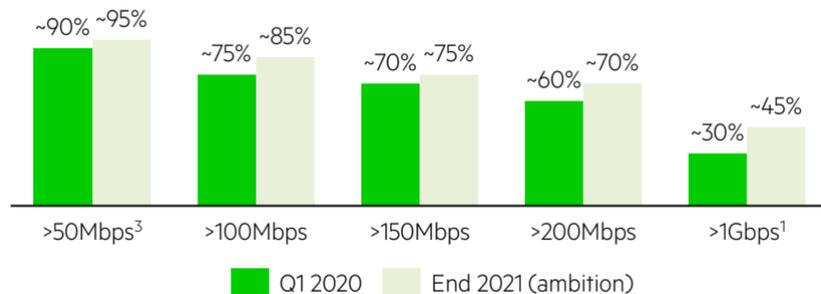


~30% FttH (~2.5m households)

~55% FttC (~4.4m households)

~87% FttS (~4,400 mobile sites)

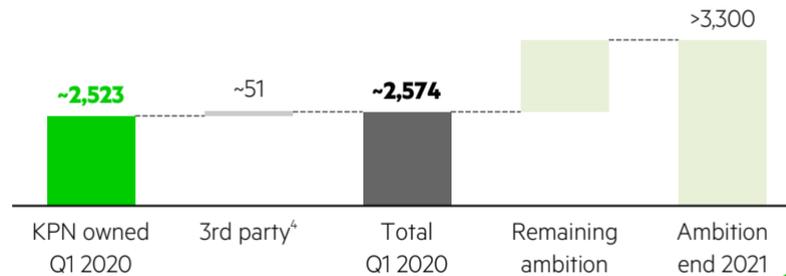
KPN aims to significantly improve average access speeds to households²



1: For designated FttH areas
2: Technically possible speeds

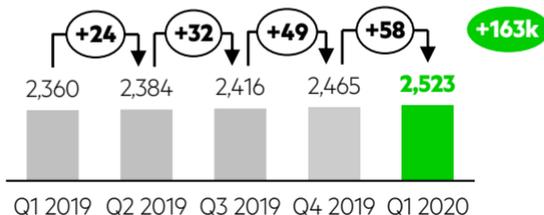
3: 50Mbps is measured excluding 4G/DSL hybrid solution
4: ODF access via third party fiber networks

Moving towards >40% fiber coverage per end 2021 (x 1,000 HP)



Ramping up fiber roll out, driving value for shareholders: 58k FttH homes passed in Q1 2020, nearly half of 2019 production

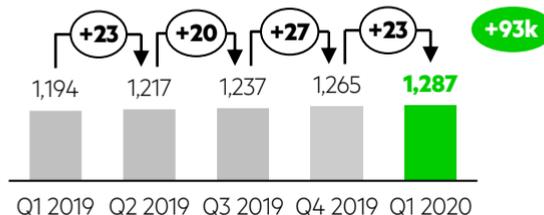
FttH homes passed (k)



- Solid fiber roll-out progress in Q1 2020
58k FttH homes passed
177k since start in 2019
~51k homes passed on 3rd party FttH access

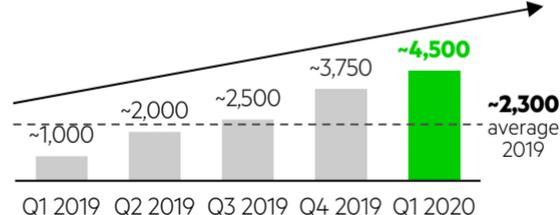
- Limited impact from COVID-19 measures on fiber roll-out

FttH homes activated (k)



- Strong fiber take-up in Q1 2020
~23k FttH homes activated¹
- LTM activation rate (HA/HP): ~57%;
- Activations not yet impacted by COVID-19 social distancing measures

Avg. FttH roll out per week (households)



- Accelerate fiber roll-out to reach +1 million target
- Currently active in 77 areas with a growing number of construction crews
- Obtaining permits in ~50 municipalities to start rolling out fiber this year
- Securing contracting capacity for future roll-out
- Network utilization growing with ~8% on average after one year when connecting the first home in an area

Fiber versus copper customers (Q1 2020)²

ARPU

- € 5 higher fixed inflow ARPU

Convergence penetration

- 6%pt higher convergence penetration

NPS

- 2 points higher NPS³

Churn

- 35% lower churn

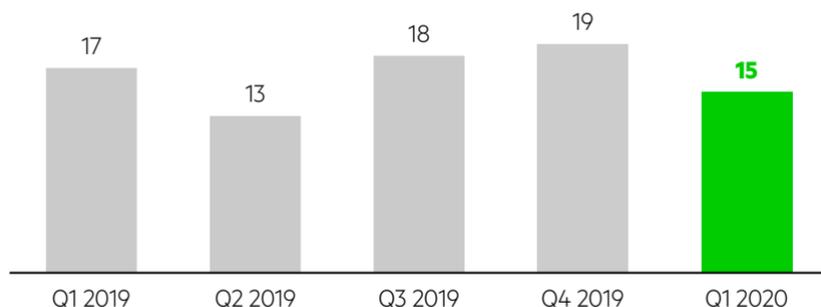
1: Including Wholesale
2: KPN brand
3: Q4 2019; Source: Kantar TNS

Consumer – Delivery Q1 2020

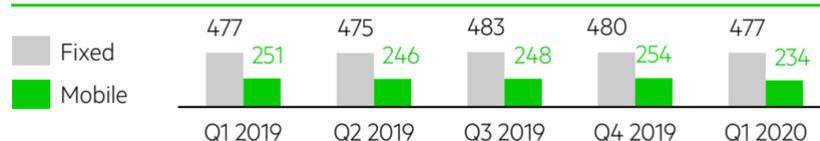
Highlights

- Mobile service revenue trend improving (rate of decline is slowing down)
- Market remained competitive, three players focusing on FMC, all operators offering Unlimited mobile data
- Introduced XS4ALL features, Super WIFI and 1Gbps proposition
- Executing on brand strategy, integrated Telfort mobile customers
- NPS +15, impacted by migration of Telfort mobile customers, customers continue to recognize KPN for its best-in-class network and service

Consumer NPS



Revenue trend (€ m)



Fixed Last Twelve Months y-on-y

+0.1%

0.0%

Mobile Last Twelve Months y-on-y

-6.7%

-6.8%

Adj. revenues Last Twelve Months y-on-y

-2.3%

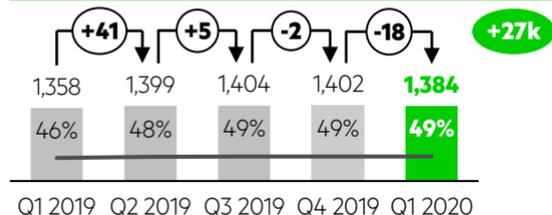
-2.4%

Segment financials (€ m)

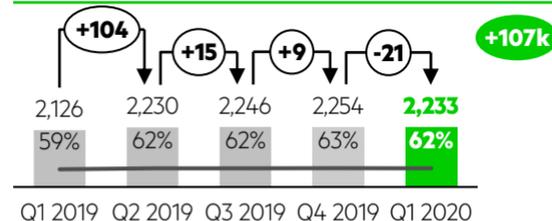
| | Q1 2019 | Q1 2020 | Δ y-on-y |
|-----------------------------|------------|------------|--------------|
| Fixed revenues | 477 | 477 | 0.0% |
| Mobile service revenues | 198 | 187 | -5.6% |
| Mobile non-service revenues | 53 | 47 | -12% |
| Adjusted revenues | 728 | 712 | -2.3% |

Consumer – KPIs Q1 2020

Converged households (k)

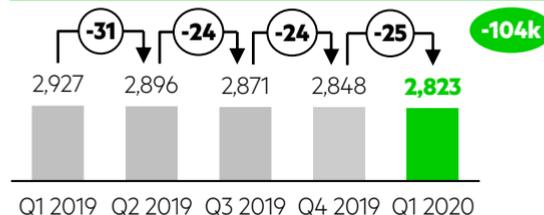


Converged postpaid customers (k)



- Converged household base declined 18k, driven by brand strategy and increased competition, penetration at 49% of broadband base
- Converged postpaid net adds of -21k, driven by Telfort, 62% penetration of postpaid base

Broadband base (k)

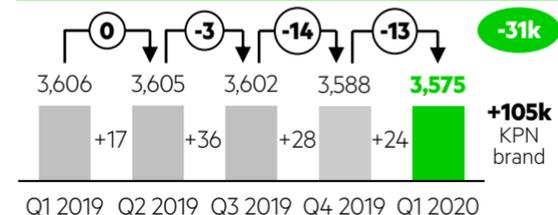


Fixed ARPU (€)



- Broadband base declined 25k, driven by brand strategy and increased competition
- Fixed ARPU increased 5.4% y-on-y to € 48, driven by price adjustments, higher inflow ARPU and declining base for PSTN and Digitenne services

Mobile postpaid base (k)



Postpaid ARPU (€)



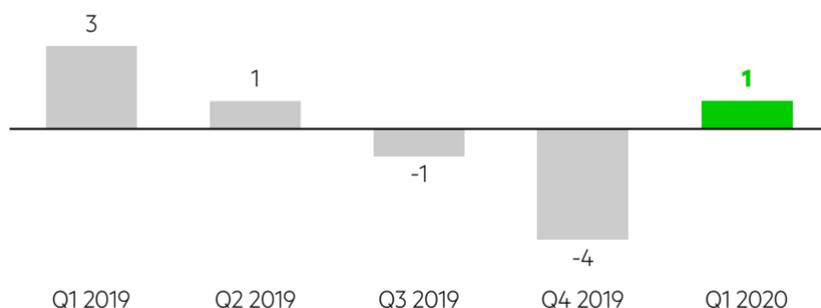
- Full focus on KPN brand resulted in +24k postpaid net adds KPN brand
- Total postpaid base -13k, driven by ongoing dynamics in no-frills market
- Postpaid ARPU remained stable at € 17 for the fifth consecutive quarter

Business – Delivery Q1 2020

Highlights

- Adjusted revenue trend corrected for impact of divestments gradually improving
- Strategic actions considerably impacted revenue trend; Last twelve months revenue trend excl. impact M&A improving
- Business NPS +1, sequential improvement mainly due to an increase at self-employed/Soho and Large Enterprise customers
- Divestment of KPN Consulting closed on 1 April 2020

Business NPS



1: Excluding the impact of NLDC, International Network Service and Argeweb, including KPN Consulting

Revenue trend (€ m)



Adj. revenues Last Twelve Months y-on-y

-4.4%

-4.6%

Adj. revenues Last Twelve Months y-on-y (excl. M&A¹)

-4.5%

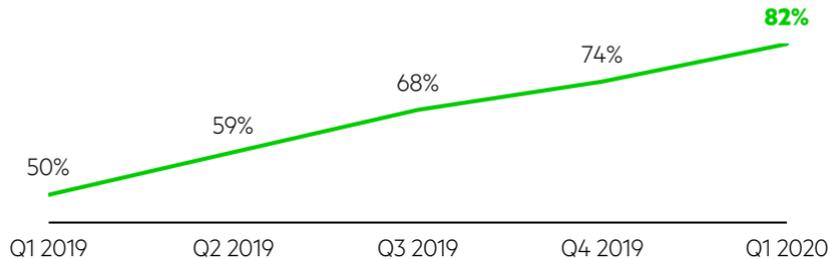
-4.1%

Segment financials (€ m)

| | Q1 2019 | Q1 2020 | Δ y-on-y | Δ y-on-y (excl. impact M&A ¹) |
|--------------------------|------------|------------|--------------|--|
| Communication Services | 326 | 288 | -12% | -9.5% |
| IT Services | 67 | 67 | 0.6% | 2.9% |
| Professional Services | 93 | 105 | 13% | |
| KPN Consulting | 20 | 17 | -16% | |
| Other | 0 | 1 | n.m. | |
| Adjusted revenues | 506 | 478 | -5.5% | -4.0% |

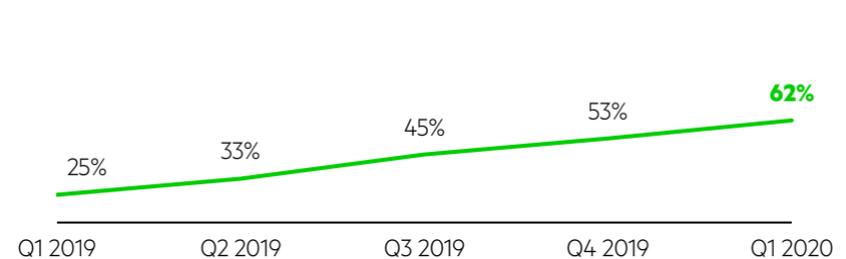
Business – KPIs Q1 2020

SME customer migrations¹



- 82% of SME customers eligible for migration have migrated
- KPN EEN platform offering opportunities for up and cross-sell
 - Introduced: extra safe internet, new SLA (getting customer back online within 8 hours, 24/7), managed workspace based on MS 365

LE/Corporate customer migrations¹



- 62% of LE customers eligible for migration have migrated
- Continuing to add services to Smart Combinations / Smart Integration propositions
 - Smart Combinations: introduced Secure Networking (SD-WAN, SD-LAN & Security), Cloud Communications (VoIP, UC & Mobile)
 - Smart Integration: introduced Fundamental, a modular service proposition focused on service integration

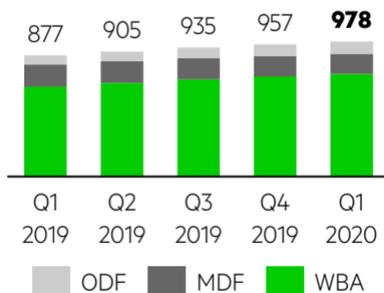
¹: Migrated from traditional fixed voice and legacy broadband services

Wholesale – Delivery and KPIs Q1 2020

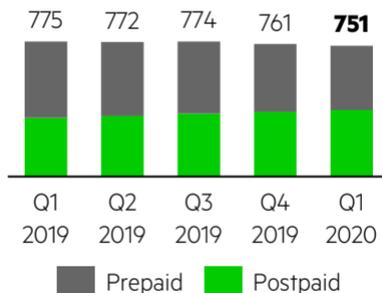
Highlights

- Strong adjusted revenue growth excluding impact divestments
- Solid performance in fixed (WBA and ODF access)
 - Added 21k broadband lines
- Continued growth in postpaid due to increasing base and data usage
 - Added 12k postpaid SIMs
- WFA tariff review discontinued following CBb court ruling

Broadband customers (k)



Mobile customers (k)



Revenue trend



Adj. revenues Last Twelve Months y-on-y

+0.7%

-0.6%

Adj. revenues Last Twelve Months y-on-y (excl. M&A¹)

+2.8%

+3.3%

Segment financials (€ m)

| | Q1 2019 | Q1 2020 | Δ y-on-y | Δ y-on-y (excl. impact M&A) |
|--------------------------|------------|------------|--------------|--------------------------------|
| Fixed revenues | 124 | 118 | +3.1% | |
| Mobile revenues | 34 | 35 | -4.8% | |
| Adjusted revenues | 156 | 153 | -2.4% | +5.2% |

1. HIGHLIGHTS & PROGRESS AGAINST STRATEGY

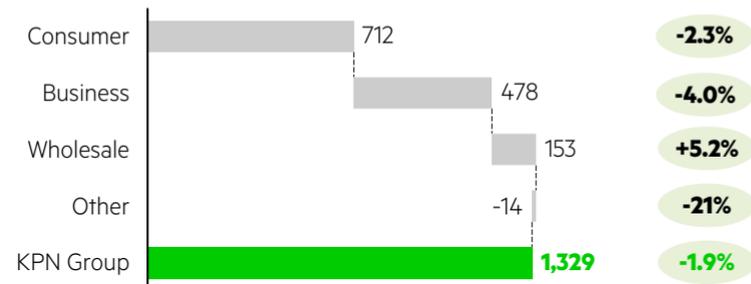
2. BUSINESS PERFORMANCE UPDATE

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Group financials

| (€ m) | Q1 2019 | Q1 2020 | Δ y-on-y | Δ y-on-y <small>excl. impact M&A</small> |
|---|--------------|--------------|--------------|---|
| Service revenues | 1,265 | 1,234 | -2.5% | -1.9% |
| Non-service & other | 96 | 95 | -1.4% | -1.4% |
| Adjusted revenues | 1,362 | 1,329 | -2.4% | -1.9% |
| Total adjusted opex | 756 | 715 | -5.4% | -5.6% |
| Lease related expenses | 43 | 39 | -8.6% | -7.3% |
| Total adjusted indirect opex after leases | 489 | 439 | -10% | -8.1% |
| Adjusted EBITDA after leases | 563 | 575 | +2.1% | +3.1% |
| <i>As % of adj. revenues</i> | 41.4% | 43.3% | | |
| <i>As % of adj. revenues Last Twelve Months</i> | 40.9% | 42.7% | | |
| Operating profit (EBIT) | 189 | 216 | +14% | |
| Net profit | 89 | 120 | +35% | |
| Capex | 261 | 278 | +6.3% | |
| <i>As % of adj. revenues</i> | 19.2% | 20.9% | | |
| Operational free cash flow | 302 | 297 | -1.5% | 0.0% |
| <i>As % of adj. revenues</i> | 22.2% | 22.4% | | |
| <i>As % of adj. revenues Last Twelve Months</i> | 20.7% | 22.0% | | |
| Free cash flow (excl. TEFD div) | 69 | 80 | +16% | +23% |
| <i>As % of adj. revenues</i> | 5.1% | 6.0% | | |

Adjusted revenues Q1 2020 excl. impact divestments Δ y-on-y

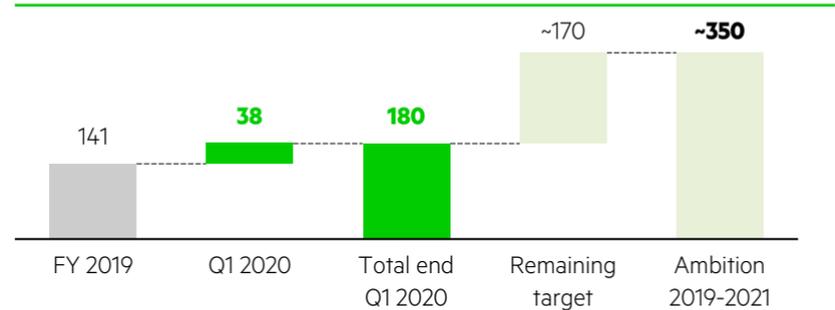


- Adjusted EBITDA AL margin improved 180bps over the last twelve months
- Operational free cash flow solid; margin improved 130bps over the last twelve months

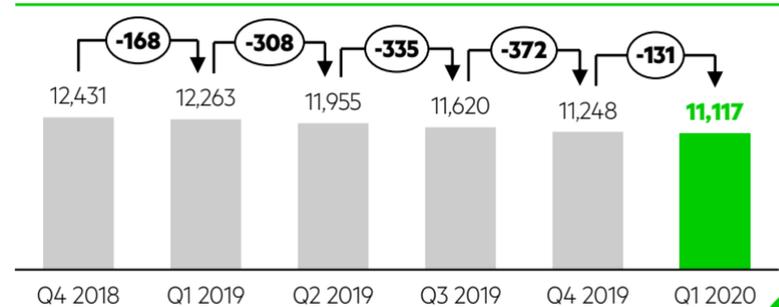
Strong and disciplined cost control

- € 180m net indirect opex savings realized since start in 2019¹
- Reduction driven by personnel and IT/TI expenses
- ~€ 170m net indirect opex savings to be realized of the target
- Confident to reach our target of ~€ 350m by the end of 2021

Net indirect opex savings (€ m)



FTE development (#)



¹: Net indirect opex savings are corrected for the impact of divestments

Strong underlying cash generation

| (€m) | Q1 2019 | Q1 2020 | Δ y-on-y |
|--|-------------|-------------|--------------|
| Adjusted EBITDA after leases | 563 | 575 | +2.1% |
| <i>As % of adj. revenues</i> | 41.4% | 43.3% | |
| Capex | -261 | -278 | +6.3% |
| Operational free cash flow | 302 | 297 | -1.5% |
| <i>As % of adj. revenues</i> | 22.2% | 22.4% | |
| Cash restructuring | -29 | -21 | -25% |
| Incidentals | - | - | n.m. |
| Change in provisions excl. restructuring | -4 | -15 | >100% |
| Interest received/(paid) excl. lease interest | -118 | -84 | -29% |
| Taxes received/(paid) | - | - | n.m. |
| Change in working capital | -62 | -86 | +38% |
| Other movements | -21 | -11 | -48% |
| Free cash flow (excl. TEFD dividend) | 69 | 80 | +16% |
| <i>As % of adj. revenues</i> | 5.1% | 6.0% | |
| TEFD dividend received | - | - | n.m. |
| Acquisitions & disposals | 85 | 9 | -89% |
| Change in short-term investments | 50 | - | n.m. |
| Other investing cash flow | -1 | 1 | n.m. |
| Dividends paid | - | - | n.m. |
| Other financing cash flow | -462 | -431 | -6.6% |
| Change in cash & cash equivalents | -220 | -343 | +56% |
| Cash & cash equivalents at end of period | 392 | 424 | +7.6% |
| Bank overdrafts | - | - | n.m. |
| Cash classified as held for sale | - | -2 | n.m. |
| Short-term investments | - | 275 | n.m. |
| Cash & short-term investments (balance sheet) | 392 | 696 | +78% |

Highlights

- Strong operational free cash flow driven by
 - Growing adj. EBITDA AL due to disciplined cost control
 - Offset by higher Capex due to intra-year phasing
 - Operational free cash flow flat y-on-y excl. impact divestments

- Free cash flow of € 11m higher y-on-y despite increase in Capex, a negative change in working capital and negative change in provisions
 - Growing adj. EBITDA AL due to disciplined cost control
 - Lower cash restructuring due to COVID-19 driven delay of new reorganization requests until 1 June
 - Lower cash interest paid due to bond redemptions in 2019

- Strong cash position at the end of the first quarter

Change in working capital

| Working capital (€ m) | Q4 2019 | Q1 2020 | Effect delta working capital |
|--|-------------|-------------|------------------------------|
| Current assets | | | |
| Inventories | 54 | 55 | -1 |
| Trade and other receivables | 508 | 481 | 27 |
| Prepayments and accrued income | 246 | 287 | -41 |
| Contract assets and contract costs | 37 | 44 | -7 |
| Current liabilities | | | |
| Trade payables | -550 | -448 | -102 |
| Accruals and deferred income | -729 | -752 | 23 |
| Contract liabilities | -204 | -201 | -3 |
| Total working capital | -639 | -534 | -105 |
| o/w change in accrued interest | | | -27 |
| Other cash flow adjustments | | | -8 |
| Change in working capital (cash flow statement) | | | -86 |

Highlights

- Main effects that impacted working capital movement in Q1 2020
 - Higher prepayments, partly in line with regular trend as invoice receipts for annual commitments are concentrated early in the year, partly by prepayments for licenses for Business customers
 - Lower trade payables, mainly driven by payment of end-of-year peak of incoming invoices
 - Higher accrued expenses, mainly driven by project related costs (accelerated fiber roll-out and mobile network modernization)
 - Correction for accrued interest, being part of accrued expenses on balance sheet but not part of working capital
 - Other cash flow adjustments, mainly related to working capital tied up in assets and liabilities held for sale following the sale of KPN Consulting

Liquidity position

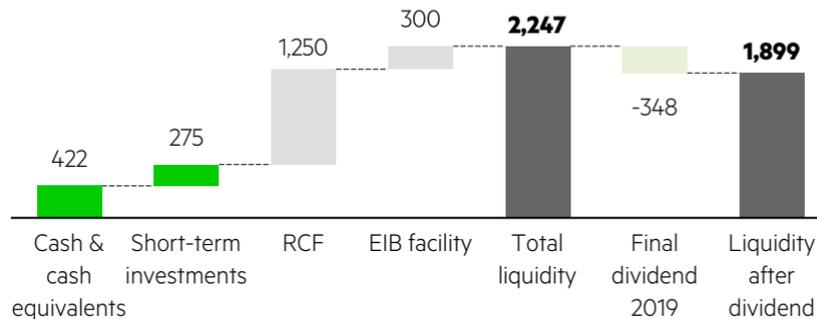
Liquidity considerations

- Total committed liquidity of € 2.2bn
 - € 696m in cash & short-term investments at hand
 - € 1.55bn of committed unused credit lines (€ 1.25bn RCF and € 300m EIB facility²)
- Liquidity is sufficient to cover debt maturities until the end of 2022
- GBP hybrid (€ 460m) with 6.875% coupon redeemed on 14 March
 - Refinanced with € 500m (2.0% coupon) perpetual hybrid bond issuance in November 2019
- Final dividend payment (€ 8.3 cents per share, total € 348m) paid on 22 April
- Multiband spectrum auction in June (700, 1400, 2100MHz)
 - Spectrum cash out cannot be estimated at this point
 - Auction rules specify that 50% of the auction price must be paid within 2 weeks after the auction whereas the payment of the remaining 50% may be deferred with a maximum of one year¹

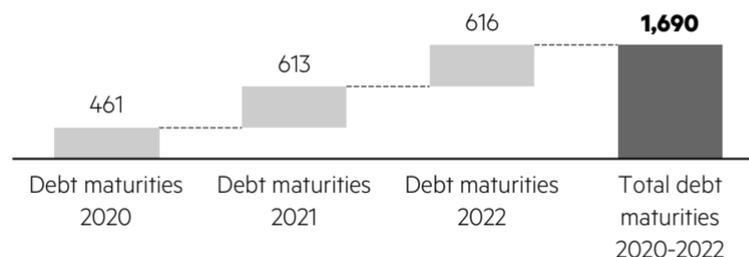
1: Deferred payment subject to statutory interest (2.0% per annum)

2: EIB facility was fully drawn on 2 April 2020

Liquidity schedule (€ m)

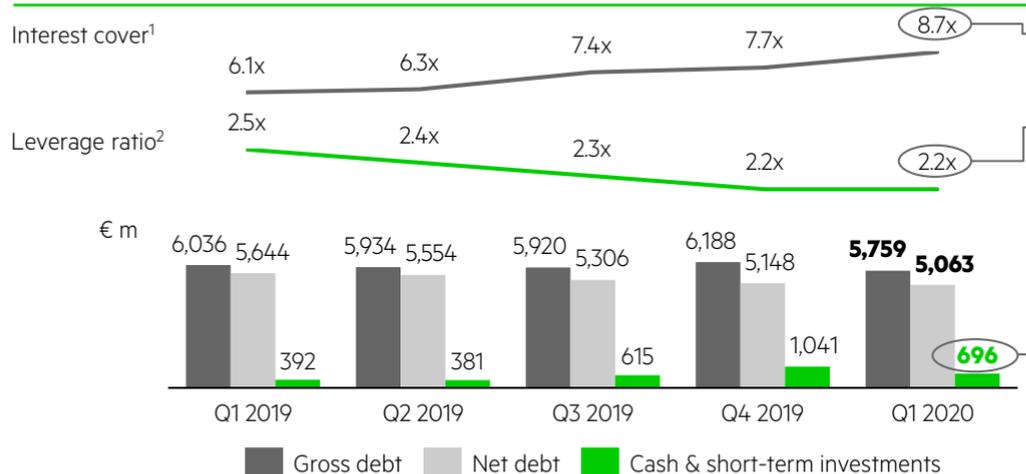


Debt maturity schedule (€ m)



Financial position

Financial position



Highlights

- Interest cover ratio was 8.7x at the end of the quarter (Q4 2019: 7.7x)
- KPN's leverage ratio was 2.2x (Q4 2019: 2.2x), including equity credit on the hybrid bonds (0.2x net debt to EBITDA AL)
- Strong liquidity position at € 2.2bn
 - € 696m cash and short-term investments
 - € 1.25bn undrawn RCF
 - € 300m undrawn EIB facility³
- The weighted average cost of senior debt was 3.2% in Q1 2020, 30bps lower y-on-y

Credit ratings

| | Rating | Outlook |
|-------------------|--------|---------|
| Standard & Poor's | BBB | Stable |
| Fitch ratings | BBB | Stable |
| Moody's | Baa3 | Stable |

1: LTM Adjusted EBITDA AL / LTM Net interest paid (excl. lease interest, incl. perpetual hybrid coupon)

2: Net debt (excl. leases) / LTM Adj. EBITDA AL, Q4 2018 based on management estimates

3: EIB facility was fully drawn on 2 April 2020

Disclosure agenda going forward: committed to continuously improving

Consumer

- New revenue breakdown to reflect focus on convergence
 - Fixed-mobile service revenues
 - Fixed-only broadband service revenues
 - Mobile-only postpaid service revenues
 - Legacy / non-service revenues
- New KPIs to reflect focus on households rather than individuals
 - # households replacing # RGUs
 - Average Revenue Per Address (ARPA) accompanying Average Revenue Per User (ARPU)

Other

- ROCE and segment Adjusted EBITDA after leases
 - Published with H1 and FY results

Business

- Reflect KPN's focus on converged portfolio for different customer segments, by providing further detail on revenue breakdown per customer segment, accompanying current product segmentation
- Disclose end-to-end Adjusted EBITDA after leases

Delivered this quarter

- More insight and additional KPIs in fiber activities ✓
- Operational free cash flow ✓
- Detailed insight in drivers of net cash position ✓
- Working capital details ✓

Closing remarks

- Q1 marks a solid start of the year
 - Solid performance, strong cost savings compensating (slowing) revenue decline
 - Well on track to deliver ~€ 350m indirect opex savings by end 2021 (€ 180m realized)
- Solid operational performance
 - Continued accelerated fiber roll-out: +58k households, half of 2019 production in one quarter
 - Executing brand strategy in Consumer, strong competition continued, impacting our customer base
 - On track with strategic actions in Business, sale of KPN Consulting closed per 1 April
 - Growing broadband portfolio in Wholesale; fixed regulation annulled
- Impact of COVID-19 limited in Q1 2020: premature to say what impact will be for the remainder of 2020
 - KPN's balance sheet and liquidity position remains strong, liquidity sufficient to cover debt maturities for the next three years



Q&A

Appendices

- I: Q1 2019 financials corrected for impact of divestments
- II: Tax
- III: Debt portfolio
- IV: Treatment of hybrid bonds
- V: Fixed infrastructure
- VI: Mobile infrastructure
- VII: Spectrum

I: Q1 2019 financials corrected for impact of divestments

| Income statement (€ m) | Q1 2019 | Impact divestments | Q1 2019 excl. divestments | Q1 2020 | Δ y-on-y excl. divestments |
|---|--------------|-----------------------|------------------------------|--------------|-------------------------------|
| Consumer | 728 | - | 728 | 712 | -2.3% |
| Business | 506 | -8 | 498 | 478 | -4.0% |
| Wholesale | 156 | -11 | 145 | 153 | +5.2% |
| Network, Operations & IT | 2 | - | 2 | 1 | -9.3% |
| Other (incl. eliminations) | -31 | +12 | -19 | -15 | -20% |
| Adjusted revenues | 1,362 | -7 | 1,354 | 1,329 | -1.9% |
| o/w Service revenues | 1,265 | -7 | 1,258 | 1,234 | -1.9% |
| o/w Non-service revenues & other | 96 | - | 96 | 95 | -1.4% |
| Cost of goods & services (direct opex) | 309 | +10 | 319 | 315 | -1.3% |
| Personnel expenses | 276 | -3 | 274 | 246 | -10% |
| IT/TI | 93 | -3 | 90 | 81 | -9.4% |
| Other operating expenses | 114 | -3 | 110 | 83 | -25% |
| Lease-related expenses | 43 | -3 | 40 | 39 | -1.3% |
| Incidentals | - | - | - | - | n.m. |
| Restructuring | -36 | - | -36 | -10 | -72% |
| Adjusted indirect opex after leases | 489 | -12 | 477 | 439 | -8.1% |
| Adjusted EBITDA after leases | 563 | -6 | 558 | 575 | +3.1% |
| Operational free cash flow | 302 | -4 | 298 | 297 | 0.0% |
| Free cash flow (excl. TEFD dividend) | 69 | -4 | 65 | 80 | +23% |

This table shows the estimated adjustments of Q1 2019 results for the combined impact of completed divestments of **NLDC** (3 months), **International Network Services** (3 months) and **Argeweb** (3 months), as if the actual transfer of shares (closing) had taken place 12 months earlier

II: Tax Q1 FY 2020

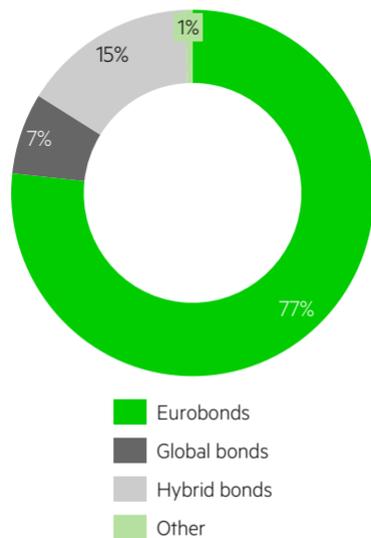
| Regions (€ m) | P&L | | Cash flow | |
|--|------------|------------|-----------|----------|
| | Q1 2019 | Q1 2020 | Q1 2019 | Q1 2020 |
| The Netherlands | -24 | -30 | - | - |
| Other | - | - | - | - |
| Total reported tax | -24 | -30 | - | - |
| Of which discontinued operations | - | - | - | - |
| Reported tax from continuing operations | -24 | -30 | - | - |
| Effective tax rate continuing operations | 21,4% | 21,1% | | |

- The effective tax rate for Q1 2020 was mainly influenced by the participation exemption and the Innovation Box facility
 - Without one-off effects¹ the effective tax rate would have been ~22% in Q1 2020
- For the 2020, the effective tax rate is expected to be ~22% excluding one-off effects¹

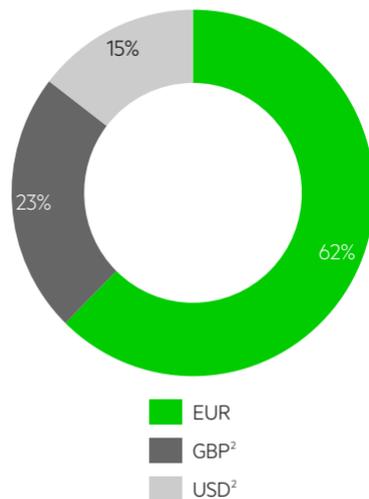
¹: Among others, tax law changes, settlements with tax authorities, impairments, revaluations

III: Debt portfolio

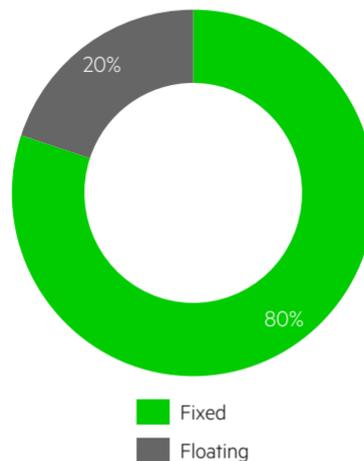
Nominal debt by type¹



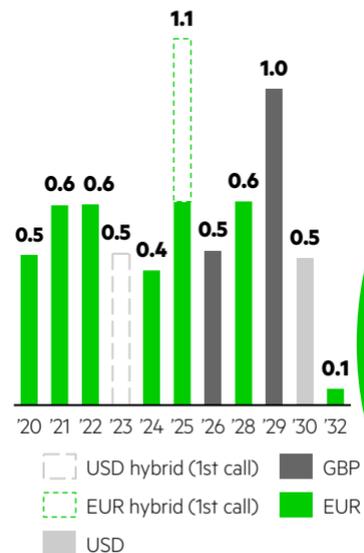
Nominal debt by currency¹



Fixed vs. floating interest³



Bond redemption profile (€ bn)



1: Based on the nominal value of interest-bearing liabilities after swap to EUR
 2: Foreign currency amounts hedged into EUR
 3: Excludes bank overdrafts

IV: Treatment of hybrid bonds

KPN & credit rating agencies

- Hybrid bonds are 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

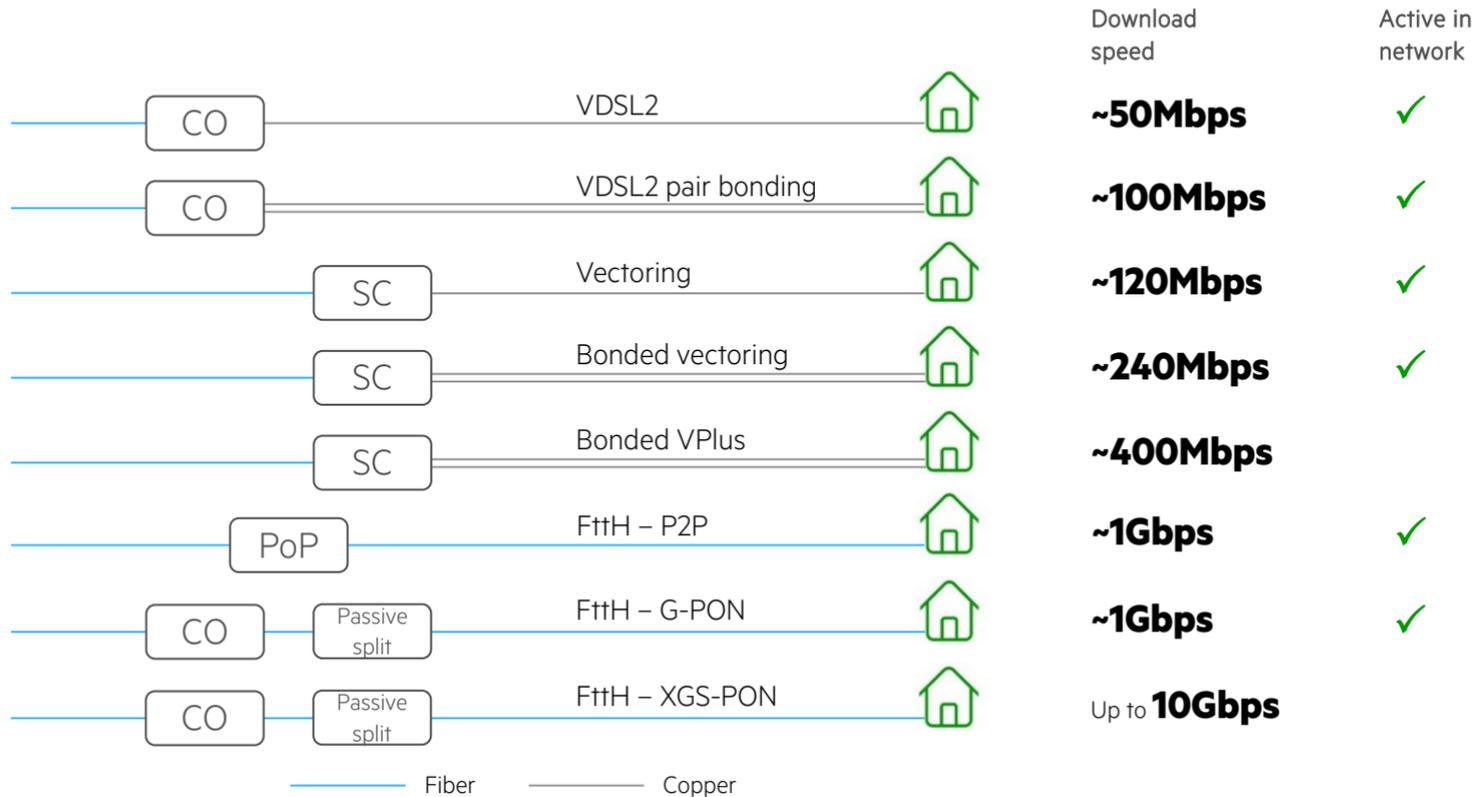
- EUR tranche is a perpetual instrument, accounted for as equity
Coupon payments treated as equity distribution (dividend), hence not expensed through P&L, not included in FCF, but in financing cash flow¹
- USD tranche have 60 years specified maturity, accounted for as financial liability
 - Coupon payments treated as regular bond coupon, hence expensed through P&L, included in FCF

| Tranche | Nominal | KPN net debt | Maturity | Rates ² | IFRS principal | IFRS coupon |
|------------------|---------------|---------------|-------------------------------|--------------------|----------------|---|
| USD 0.6bn 7.000% | € 465m | € 233m | 60 years (1st-call Mar-2023) | 6.344% | Liability | Interest paid (incl. in FCF) |
| EUR 0.5bn 2.000% | € 500m | € 250m | Perpetual (1st-call Feb 2025) | 2.000% | Equity | Financing cash flows (not incl. in FCF) |
| Total | € 965m | € 483m | | | | |

1: Cash flow item 'Paid coupon perpetual hybrid bonds'

2: Rates after swaps. USD tranche has semi-annual coupon payments (March / September);
EUR tranche has short first coupon in Feb 2020 (0.25 years) thereafter annual coupons in February

V: Fixed infrastructure



VI: Mobile infrastructure

Modernizing sites with the latest technologies, 5G ready

Typical current site

4 frequency bands
2x2 MIMO
1 Gbps backhaul
2 antennas
Not 5G ready
~150 site configurations
~80% FttS

Typical modernized site

6-8 frequency bands
4x4 or higher order MIMO
10 Gbps backhaul
1 antenna
5G ready
3 site configurations
~95% FttS

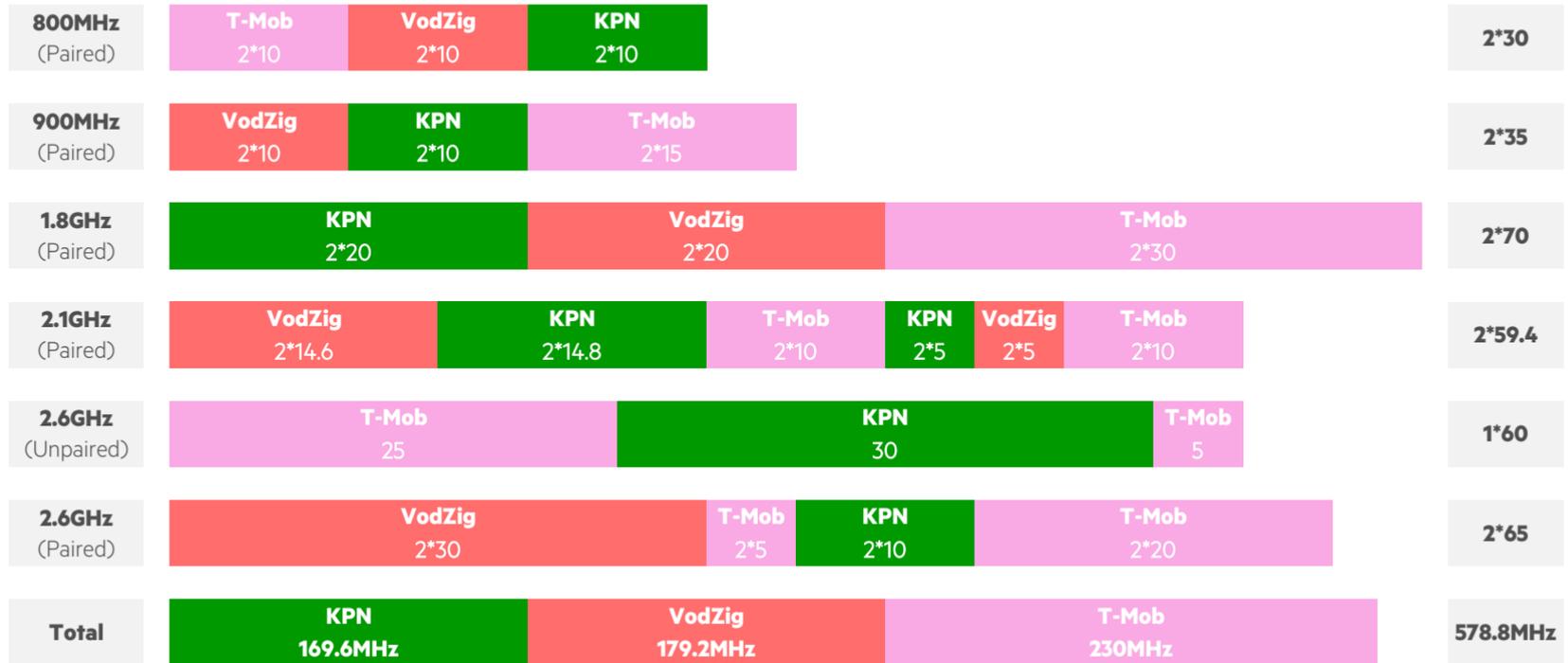
Upcoming spectrum auctions in NL

2020: Multi band auction (220 MHz in total)

- 700MHz: 6 blocks of 2x5MHz (new spectrum)
- 1400MHz: 8 blocks of 1x5 MHz (new spectrum)
- 2100MHz: 12 blocks of 2x5MHz (already in use by all operators)
- Duration of licenses is 20 years
- Spectrum caps of 40% of sub-1GHz and total spectrum

2022: 3.5GHz band (300MHz is expected to become available)

VII: Spectrum in the Netherlands





KPN Investor Relations

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