

Q2 2018 Results

26 July 2018





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 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.

KPN defines EBITDA as operating result before depreciation (including impairments) of PP&E and amortization (including impairments) of intangible assets. Note that KPN's definition of EBITDA deviates from the literal definition of earnings before interest, taxes, depreciation and amortization 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. In the Net Debt / EBITDA ratio, KPN defines Net Debt as the nominal value of interest bearing financial liabilities 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 and speak only as of the date they are made. A number of these factors are described (not exhaustively) in the Integrated Annual Report 2017.

Consumer

Key Figures KPN Second Quarter 2018

Business

Fixed-mobile households

+19k

Total 1,299k households

Broadband customers

-5k ⁽¹⁾

Total 2,940k customers

IPTV customers

+10k

Total 2,136k customers

Fixed-mobile postpaid customers

+46k

Total 1,980k bundles

Customer satisfaction
NPS Consumer

+14

versus +13 in Q2 '17

Business revenue IT Services

+28%

versus Q2 '17

Multi Play Seats
Business (SME)

+33k

Total 545k seats

Business revenue
Internet of Things (IoT)

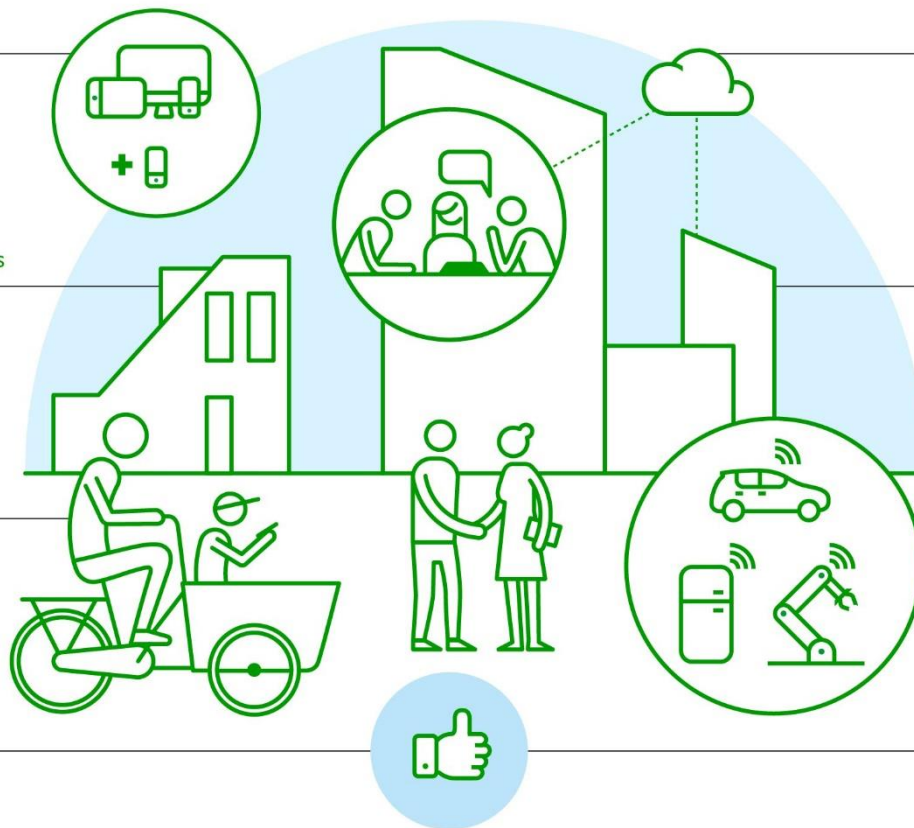
+8.3%

versus Q2 '17

Customer satisfaction
NPS Business

-5

versus -6 in Q2 '17



(1) See second quarter 2018 results publications for more information on this figure

Key Figures KPN Second Quarter 2018

Financial results (continuing operations)



Adjusted
Revenues Q2 '18
€ 1,402m
-1.5% y-on-y



Adjusted
EBITDA Q2 '18
€ 577m
1.3% y-on-y



Net Profit
Q2 '18
€ 137m
-15% y-on-y



Capex
YTD
€ 481m
-3.8% y-on-y



Free cash flow
YTD ⁽²⁾
€ 347m
YTD '17 € 248m



41.1%
Adjusted
EBITDA
margin



17.1%
Capex/sales
ratio

Simplification



Run-rate
savings
~€ 175m

End Q2 2018 vs end 2016
Savings target > € 350m
by year-end 2019

⁽²⁾ excl. TEFD dividend

Financial profile



Solid
financial
position
2.5x

Net debt/EBITDA ratio

Sustainability



MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



Outlook 2018

- Adjusted EBITDA in line with 2017
- Capex ~€ 1.1bn
- Free cash flow (excl. TEFD dividend) growing
- Intended DPS of € 12ct in respect of 2018

