Adjustments to reporting format

15 March 2016
Executive summary
Adjustments to reporting format per Q1 ’16

- Organizational change driving adjustments to reporting format
  - Management structure with CCO and COO managing Commercial and Operations respectively

- Adjustments to reporting format
  - Reporting segments
    - Commercial
      - Consumer
      - Business
    - Operations
      - Wholesale
      - Network, Operations & IT (mostly former NetCo)
  - Main changes in financial reporting
    - Elimination of internal revenues; Network, Operations & IT set up as a cost center
    - Consumer Residential and Consumer Mobile merged into Consumer segment
    - Consumer & Business operations (incl. field engineers) moved from Consumer and Business segments to Network, Operations & IT
    - Wholesale separated from Consumer Mobile and NetCo
    - Corporate Center transferred from Other activities to Other The Netherlands
    - New functional split in operating expenses
  - Main changes in segment revenue breakdown and KPI set
    - New bundle focused revenue split and KPI set for Consumer
    - Business revenue split and KPI set changed to reflect market segmentation approach

- Adjusted reporting format published ahead of Q1 ’16 results
  - Restated facts and figures per quarter provided for full year 2014 and 2015
  - Consensus request and Q1 ’16 results will be based on new reporting format
Revenue segmentation
Decoupling Commercial & Operations and eliminating internal revenues

**Old reporting**
Incl. internal revenues

- Consumer Mobile
- Consumer Residential
- Business
- NetCo
- Other (incl. eliminations)

**New reporting**
(Mostly) external revenues

- Consumer
- Business
- Wholesale
- Networks, Operations & IT
- Other (incl. eliminations)

**The Netherlands**

Colors:
- Green: Commercial
- Blue: Operations
- Red: Removed

Notes:
- Consumer merged
- Wholesale separated
- Consumer & Business operations moved
- Internal revenues (mostly) removed

The Netherlands
EBITDA segmentation

Changed EBITDA segment figures due to elimination internal revenues

Old reporting

- Consumer Mobile
- Consumer Residential
- Business
- NetCo
- Other (incl. eliminations)

New reporting

- Consumer EBITDA (Contribution margin)
- Business EBITDA (Contribution margin)
- Wholesale EBITDA (Contribution margin)
- Networks, Operations & IT EBITDA (Cost center)
- Other (incl. eliminations)

NetCo

- Operations transferred
- Simplification office moved
- Internal revenues (mostly) removed
- Corporate Center transferred

Consumer Residential

- Removed
- Transfer to NL
Opex split
Increasing cost visibility

Old reporting

Employee benefits
Cost of materials
Work contracted out and other expenses
Own work capitalized
Other operating expenses

Total opex (excl. D&A)

New reporting

Cost of goods & services
Personnel expenses
IT/TI
Other operating expenses

Total opex (excl. D&A)

Legend:
- Green: Cost of goods & services
- Blue: Personnel expenses
- IT/II: IT/II
- Black: Other operating expenses
# Consumer Residential KPIs

New KPI set addressing shift to bundles

## Old reporting

### KPN The Netherlands: Consumer Residential

<table>
<thead>
<tr>
<th>KPI</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Market penetration** | - Broadband  
  - VoIP |
| **Market share** | - Broadband - KPN ISP Retail (subscribers)  
  - TV (subscribers) |
| **Access Lines (\(*1,000\))** | - Traditional voice  
  - VoIP (package broadband, voice) |
| **Net line loss (\(*1,000\))** | |
| **RGUs per customer** | |
| **ARPU per customer** | |
| **Traditional voice ARPU** | |
| **Broadband ISP customers (\(*1,000\))** | |
| **Number of triple play (fixed) packages (\(*1,000\))** | |
| **% triple play (fixed) of total broadband customers** | |
| **Number of fixed-mobile bundles (\(*1,000\))** | - of which: in quad play packages (\(*1,000\))  
  - % fixed-mobile bundles of total broadband customers |
| **Broadband ARPU (blended)** | |
| **TV subscribers (\(*1,000\))** | - IPTV (copper & FttH)  
  - Other |
| **TV copper ARPU (blended)** | |
| **FttH (activated) (\(*1,000\))** | |

## New reporting

### Consumer Residential KPIs

<table>
<thead>
<tr>
<th>KPI</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Total Consumer Residential households (\(*1,000\))** | - Fixed-Mobile households  
  - Fixed-only households |
| **Market share** | - Broadband subscribers  
  - TV subscribers |
| **Households (\(*1,000\))** | - Unbundled  
  - of which: Broadband only  
  - of which: Traditional voice  
  - of which: Digitenne only  
  - Dual Play  
  - Triple Play |
| **ARPU per household** | |
| **Total RGUs (\(*1,000\))** | - Voice  
  - Broadband  
  - TV  
  - of which: IPTV  
  - of which: Other |
| **RGUs per household** | |
## Business KPIs

**New revenue split reflecting market segmentation approach**

### Old reporting

<table>
<thead>
<tr>
<th>Revenues - Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voice &amp; Internet wireline</td>
</tr>
<tr>
<td>Data network services</td>
</tr>
<tr>
<td>Wireless services</td>
</tr>
<tr>
<td>IT Solutions</td>
</tr>
<tr>
<td>Other income</td>
</tr>
<tr>
<td>Other revenues (incl. intercompany)</td>
</tr>
<tr>
<td><strong>Business</strong></td>
</tr>
</tbody>
</table>

### New reporting

<table>
<thead>
<tr>
<th>Business revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mainly SME</strong></td>
</tr>
<tr>
<td>Multi play revenues</td>
</tr>
<tr>
<td>Mobile-only revenues</td>
</tr>
<tr>
<td>Fixed-only revenues</td>
</tr>
<tr>
<td><strong>Mainly LE/Corporate</strong></td>
</tr>
<tr>
<td>Network and IT services</td>
</tr>
<tr>
<td>Customized solutions</td>
</tr>
<tr>
<td><strong>New services</strong></td>
</tr>
<tr>
<td><strong>Other</strong></td>
</tr>
<tr>
<td><strong>Total Business revenues</strong></td>
</tr>
<tr>
<td>- of which: total mobile Business service revenues</td>
</tr>
</tbody>
</table>
New KPI set reflecting market segmentation approach

### Old reporting

**KPN The Netherlands: Business Voice & Internet wireline**

- Access Lines (*1,000*)
  - Connections Traditional voice
  - Connections VoIP
- VPN connections (*1,000*)
- Business DSL (*1,000*)
- Traditional voice ARPU
  - Access
  - Traffic
- Traditional voice MoU (originating)

### New reporting

**New KPI set reflecting market segmentation approach**

**Business KPIs - aggregated**

- Total Mobile customer base (*1,000*)
  - Mainly SME
    - of which: Mobile in multi play
    - Mainly LE/Corporate
- Mainly SME - Fixed-Mobile KPIs
  - Multi play seats (*1,000*)
  - ARPU per multi play seat
- Mainly SME - Mobile-only KPIs
  - Mobile-only customers (*1,000*)
  - Mobile-only ARPU
  - SAC/SRC
- Mainly SME - Fixed-only traditional KPIs
  - Fixed-only voice lines (*1,000*)
  - Fixed-only voice ARPU
  - Fixed-only broadband lines (*1,000*)
  - Fixed-only broadband ARPU

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No separate KPI set for Large Enterprise/Corporate given majority of revenues is based on customized solutions.