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 2016. 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.

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 2016.
Highlights Q4 and 2017

Services & Innovation

- Strong improvement customer satisfaction
  - NPS Consumer: +13 (Q4 '16: +10)
  - NPS Business: -1 (Q4 '16: -3)

- Significant steps in convergence supported by data & analytics

- Leading ICT service provider in growing IT market

- Further strengthening leading IoT position through introduction LTE-M

- KPN’s position in CDP’s Climate A list confirmed

Operational

- Continued focus on value and convergence in Consumer
  - 51% of postpaid base in fixed-mobile bundles
  - 7k broadband net adds
  - 21k IPTV net adds
  - -9k postpaid net adds, KPN brand +8k
  - Postpaid ARPU 7.7% lower y-on-y
  - ARPU per household increased by 4.8% y-on-y

- Continued strong growth of multi play in SME, 38k net adds

- Strong momentum in converged communications & IT services
  - FY '17 order intake LE & Corporate +14% y-on-y

Financial

- FY '17 adjusted revenues NL excl. regulation -1.4% y-on-y
- FY '17 adjusted EBITDA NL excl. regulation +1.1% y-on-y

Second wave Simplification program: ~€ 110m run-rate savings realized, target raised to >€ 350m by end 2019

1 Source: Kantar TNS, Consumer (all brands), Business (KPN brand)
2 Excluding 6k clean-up
3 All figures based on continuing operations, unless stated otherwise
4 Q4 '16 excludes € 11m positive impact from cash optimization from bond tender in September; FY '16 excludes € 52m negative impact from cash optimization actions
5 End Q4 '17 vs. end Q4 '16
Strong progress in Simplify, Grow, Innovate strategy

Key priorities on track

- Accelerate up- and cross-sell in bundles
- Grow in TV and IT services
- Finalize Business transformation
- Finalize build of flexible and simplified integrated network and operating model
- Expand superior access position by deploying innovative technologies and increasing fiber penetration
- Optimize financial framework and grow dividend

Simplify | Grow | Innovate
Simplification and digitalization embedded in organization

Driving revenue opportunities and lower spend

Use data & analytics
- Targeted household marketing
- Optimized customer service
- Smarter network investments

Digitalize

Simplify portfolio and operations
- Fewer propositions
- Creation of uniform digital layer
- BSS / OSS IT integration

Rationalize

Provide services closer to customers
- Improved (metro) core network
- First 5G technology use cases
- Higher network efficiency

Decentralize

Increase network efficiency and effectiveness
- Flexible on-demand capacity and services
- Self-healing and self-optimizing networks

Virtualize

ENABLING IMPROVED CUSTOMER EXPERIENCE

Removing complexity for customers
- Single ID, omnichannel experience, e-care

On-demand virtualized services
- Instant provisioning, real-time scaling

DRIVING PERFORMANCE

Revenue opportunities
- Fixed-mobile-IT convergence
- Additional value added services (incl. partnerships such as Netflix and WeChat)
- Infrastructure as a Service
- Data & Analytics as a Service

Lower spend
- Marketing, call center, engineers
- Personnel, IT/TI, maintenance, energy
- SAC/SRC, connection fees, traffic
- Cheaper generic hardware

Q4 and FY 2017 Results | Simplification and digitalization | 5
Digitalization strengthening customer relationships

Data & analytics supporting value per household

Creation of uniform digital layer completed...

- Targeted marketing
  - Enables personalized actions and campaigning
- Improving customer service
- Improving quality of InHome connection
  - Identify individual churn probability and driver

...enabling data & analytics for targeted household approach

Encouraging results from proactively upgraded InHome quality

Higher InHome speed reduces churn

Higher NPS

Lower churn

Q4 and FY 2017 Results | Simplification and digitalization | 6
Successful up- and cross-sell further strengthening convergence position

Clear benefits from targeted household approach

Customers in fixed-mobile bundles

<table>
<thead>
<tr>
<th>Households¹</th>
<th>Postpaid customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 ’17: 64k net adds</td>
<td>Q4 ’17: 95k net adds</td>
</tr>
</tbody>
</table>

51% all brands

65% KPN brand

Clear convergence benefits

Higher NPS² (Q4 ’17)

- Consumer total (all brands)
- Fixed-mobile bundles⁴

<table>
<thead>
<tr>
<th>Q4 ’16</th>
<th>Q4 ’17</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>25</td>
</tr>
</tbody>
</table>

Increasing SIMs per household³

- Q4 ’16
- Q4 ’17

1.47

1.51

+2.7%

Lower churn⁴ (Q4 ’17)

- Consumer total
- Fixed-mobile bundles

<table>
<thead>
<tr>
<th>FY ’16</th>
<th>FY ’17</th>
</tr>
</thead>
<tbody>
<tr>
<td>~9%</td>
<td>~5%</td>
</tr>
</tbody>
</table>

Lower marketing expenses⁵

- FY ’16
- FY ’17

-12%

Q4 and FY 2017 Results  |  Convergence  | 7

---

¹ As % of broadband customers
² Source: Kantar TNS
³ Based on fixed-mobile households
⁴ KPN brand
⁵ Consumer Marketing & Communication expenses
Good results with new residential propositions
Strong focus to increase share of wallet per household

Skinny bundles increasing upsell opportunities

Higher margins from improved up- and cross-sell

Lower inflow ARPU per household from unbundling content
- Q4 '16: Lower
- Q4 '17: Higher

Higher inflow ARPU from value added services
- Q4 '16: Lower
- Q4 '17: Higher

Higher inflow margin per household
- Q4 '16: Lower
- Q4 '17: Higher
Gaining market share through continued value focus in Mobile
Regulation and shift from handset to SIM-only propositions impacting service revenue trend

Shift to SIM-only, regulation and lower base growth...

...impacting mobile service revenues...

...but higher market share through increasing KPN share in brand mix

Growth of mobile service revenues
(Excluding regulation & SIM-only shift)

1 Excluding migrations and clean-ups
2 Management estimates

Q4 and FY 2017 Results | Consumer | 9
## Migrations in Business on track, lower exposure to traditional services

On track for revenue stabilization in Business

### Business revenue growth drivers

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Q4 '17 adjusted y-on-y growth</th>
<th>FY '15 % of total adjusted revenues</th>
<th>FY '17 % of total adjusted revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business total</td>
<td>-1.4%</td>
<td>3.8%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Multi play</td>
<td>42%</td>
<td>19%</td>
<td>14%</td>
</tr>
<tr>
<td>Traditional fixed</td>
<td>-19%</td>
<td>24%</td>
<td>19%</td>
</tr>
<tr>
<td>Single play wireless</td>
<td>-24%</td>
<td>23%</td>
<td>23%</td>
</tr>
<tr>
<td>Network &amp; IT services</td>
<td>8.1%</td>
<td>23%</td>
<td>23%</td>
</tr>
<tr>
<td>Customized solutions</td>
<td>0.7%</td>
<td>23%</td>
<td>26%</td>
</tr>
<tr>
<td>New services</td>
<td>38%</td>
<td>3.9%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

### Steadily improving revenue trend

<table>
<thead>
<tr>
<th>Year</th>
<th>FY '15</th>
<th>FY '16</th>
<th>FY '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY '15</td>
<td>-8.6%</td>
<td>-7.3%</td>
<td>-4.8%</td>
</tr>
<tr>
<td>FY '16</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY '17</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Simplified Business portfolio in 2017
Added scale and capabilities to strengthen position as leading ICT service provider

Changing customer needs…

- Tailor made single play solutions
- Standardized bundled services
- Traditional on-premise services
- Cloud-based (IT) services
- Platform specific access
- Shared access & OTT (IPVPN, SDN)

…require a simple and customer focused portfolio

<table>
<thead>
<tr>
<th>Propositions</th>
<th>KPN small business</th>
<th>KPN ÉÉN SME</th>
<th>LE &amp; Corporate</th>
<th>Industry propositions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt;5 employees</td>
<td>5-150 employees</td>
<td>&gt;150 employees</td>
<td>Healthcare, Government &amp; Manufacturing</td>
</tr>
</tbody>
</table>

| Portfolio | Communication services | IT services | Professional services & Consultancy |

Distribution platform

Q4 and FY 2017 Results | Business | 11
Ready to accelerate growth of multi play in SME

Continued growth KPN ÉÉN adds to IT up- and cross-sell potential

Strengthened delivery chain supporting strong pick up...

...and driving clear benefits

- Successful cross-sell of services driving ARPU uplift
- ~90% migrating to 3-year contract vs. 1-year pre-migration

---

1. NPS for service/delivery of KPN ÉÉN SME via direct channels
Strong momentum in converged communications & IT services

Several landmark corporate deals in 2017 driving increased order intake

Continued growth order intake

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake LE &amp; Corporate</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

+14%
Improved positioning in growing IT market
KPN recognized as leading ICT service provider in Dutch market

Best ICT service provider

#1 ICT service provider in NL¹

100% outsourcing recommendation score for KPN Workspace²

Increasing share in IT services...

Security  Digital workspace  Cloud

Strong growth in workspaces

~75%

2016  2017

Managed workspaces

Addressable IT market for KPN³

CAGR +5.0%

2015  2017  2022

€ bn

6.8  7.2  9.6

¹ Source: Dutch IT Partner Preference Survey
² Source: Giarte, annual client satisfaction benchmark Dutch IT outsourcing market
³ Gartner, management estimates; addressable market includes Cloud infra & Hosting, Consulting & Professional Services, Digital Workspace, Application & Data

Q4 and FY 2017 Results  |  Business  |  14
Successful CSR strategy delivering benefits for customers and KPN

Recognition by leading benchmarks

Less energy consumption despite rising data volumes

Helping customers to reduce energy usage

Customers saved ~1.9PJ energy in 2017

Equivalent to ~€ 70m

1 2017 based on management estimate

Q4 and FY 2017 Results | Corporate Social Responsibility | 15
Q4 '17 adjusted revenues impacted by regulation

**Adjusted revenues NL declined by 2.5%**

<table>
<thead>
<tr>
<th>Component</th>
<th>Q4 '16</th>
<th>Q4 '17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. revenues NL Q4 '16</td>
<td>1,519</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adj. revenues KPN Group Q4 '16</td>
<td>1,704</td>
<td>1,614</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Adj. revenues iBasis Q4 '16</td>
<td>210</td>
<td>146</td>
<td>-30%</td>
</tr>
</tbody>
</table>

**Growth of adjusted revenues NL, excluding € 27m regulation impact**

(roaming & MTA / FTA)
Q4 ’17 adjusted EBITDA impacted by regulation and cost phasing

Higher marketing expenses and customer driven investments related to order intake in Business

Adjusted EBITDA NL declined by 1.3%¹

The presented categories show adjusted numbers and differ from the opex breakdown as presented in KPN’s Integrated Annual Report 2016

Adj. EBITDA NL

Q4 ’16

Revenues

Cost of goods & services

Personnel expenses

IT/TI

Other operating expenses

Adj. EBITDA NL

Q4 ’17

602

38

14

3

17

4

594

Growing of adjusted EBITDA NL, excluding €4m regulation impact (roaming & MTA / FTA)

1. Lower traffic, partly offset by higher cost of goods sold
2. Ongoing Simplification savings
3. Lower costs for housing, offset by higher marketing expenses

¹ The presented categories show adjusted numbers and differ from the opex breakdown as presented in KPN’s Integrated Annual Report 2016
Simplification driving quality improvements at improved margins

Solid progress in further reducing spend levels

FY '17 opex reduction (€138m) supporting margins

Cost of goods & services -3.7%

Personnel expenses -2.6%

IT/ITI expenses -8.2%

Other opex -2.0%

1 The presented categories show adjusted numbers and differ from the opex breakdown as presented in KPN’s Integrated Annual Report 2016.
Second wave Simplification program ahead of schedule
Run-rate savings target raised to at least €350m by end 2019

Simplification program run-rate opex and Capex savings

- End 2016: ~110
- 2017: >240
- 2018 - 2019: >350
- End 2019: >350

SECOND WAVE

Customer centric

Next generation Telco

Fully virtualized

Q4 and FY 2017 Results | Simplified network and operating model | 19
More flexible and simplified network and operating model

BSS integration nearly completed, starting OSS integration in 2018

BSS integration
~€ 80m run-rate savings\(^1\) from KPN
Consumer Fixed and Mobile IT rationalization

OSS integration
~€ 30m run-rate savings\(^1\) from consolidation of network interaction layer

---

1 Run-rate savings per end 2019
Improved customer experience from decentralized network

Metro core locations providing improved network efficiency and lower traffic spend

Decentralize, bringing services closer to customers

- KPN SERVICE PLATFORMS
- OTT SERVICES
  - Voice
  - IT
  - IPTV

4 locations

- CORE

161 locations

- METRO CORE

AREA POP/SC

Lower traffic spend

IPTV traffic partly through metro core locations

Improving customer experience

Highest in Netflix ISP Speed Index

1 National operators, source: Netflix (December 2017)
Gradually moving to a software defined network
Providing flexible on-demand capacity and new services, faster and at lower costs

ON-DEMAND VIRTUALIZED SERVICES
- Fast delivery
- Real-time scaling
- Intuitive user experience
- Near real-time updates

DRIVING PERFORMANCE
- Infrastructure as a Service
- Flexible capacity
- Highly automated maintenance
- Self-healing and self-optimizing networks
Converging fixed and mobile network technologies

Mix of technologies to deliver best customer experience

Launch of 4G 50 Mbps

LTE 1800 225 Mbps

LoRa

Triple carrier aggregation

LTE-M

5G use cases

Core network 100 Gbps

SDN / NFV

VPlus

VPlus

FttS / FttB / FttH technologies

Fixed-wireless convergence

Decentralized CDN

FttC / FttH

Fixed-wireless convergence

Q4 and FY 2017 Results | Simplified network and operating model | 23
### Determining value of 5G technologies through use cases

Starting several pilots with business partners

#### Urban areas
- Virtual reality
- 4k / 8k television
- Crowd control

#### Rural applications
- Precision farming
- Fixed wireless internet
- Drone surveillance

#### Transport & Logistics
- Cargo / asset tracking
- Predictive maintenance
- Increase asset utilization

#### Automotive
- Truck platooning
- Green light optimal speed advice
- Automated valet parking

Q4 and FY 2017 Results  |  Simplified network and operating model  |  24
Ahead of the Capex curve
Building on state of the art network and IT

Capex lower y-on-y

Elevated investments resulted in leading network and IT

- Fully integrated fixed and mobile core network
- High consumer fiber coverage
- High fiber backhaul penetration
- Leading nationwide 4G network

2018: Building on strong fundamentals

- Upgrade business parks via FttO and VDSL upgrades
- Continue FttC roll-out in residential areas
- Selective FttH roll-out
- Hybrid DSL/LTE solution in rural areas

### Group Capex (€ m)

<table>
<thead>
<tr>
<th></th>
<th>Fixed</th>
<th>Mobile access</th>
<th>Simplification &amp; IT</th>
<th>Customer driven</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>519</td>
<td>98</td>
<td>251</td>
<td>220</td>
<td>202</td>
</tr>
<tr>
<td>2017</td>
<td>407</td>
<td>140</td>
<td>251</td>
<td>213</td>
<td>128</td>
</tr>
<tr>
<td>2018</td>
<td>~1.1bn</td>
<td>1.14bn</td>
<td>~1.1bn</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Includes iBasis Capex

Capex / sales The Netherlands
Growing free cash flow¹

Free cash flow growth driven by lower interest and Capex

Free cash flow components

1 Excluding TEFD dividend; FY '16 excludes €52m negative impact from cash optimization actions
Solid financial position

Lower debt y-on-y

<table>
<thead>
<tr>
<th></th>
<th>Gross debt</th>
<th>Net debt / EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 '16</td>
<td>8.1</td>
<td>2.8x</td>
</tr>
<tr>
<td>Q3 '17</td>
<td>6.8</td>
<td>2.6x</td>
</tr>
<tr>
<td>Q4 '17</td>
<td>7.3</td>
<td>7.2</td>
</tr>
<tr>
<td></td>
<td>6.3</td>
<td>6.0</td>
</tr>
</tbody>
</table>

Debt portfolio

- Net debt €0.3bn lower vs. Q3 '17 mainly due to free cash flow generation
- Average coupon senior bonds 3.9% (Q4 '16: 4.1%)
- Additional financial flexibility via stake in TEFD

1 Gross debt defined 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.
## Estimated IFRS 15 impact for FY 2017

Different timing revenue recognition impacting revenues and EBITDA

<table>
<thead>
<tr>
<th>FY ’17 (€ m)</th>
<th>IAS 18 (actual)</th>
<th>IFRS 15 (estimated delta)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted revenues KPN Group</td>
<td>6,500</td>
<td>~ -130</td>
</tr>
<tr>
<td>Adjusted EBITDA KPN Group</td>
<td>2,417</td>
<td>~ -100</td>
</tr>
<tr>
<td>Free Cash Flow (excl. TEFD dividend)</td>
<td>745</td>
<td>No change</td>
</tr>
<tr>
<td>Equity (per 01/01/2017)</td>
<td>3,601</td>
<td>~ +285</td>
</tr>
</tbody>
</table>

### Main changes IFRS 15 vs. IAS 18

1. **Handset transactions via direct channels:**
   - Handset revenues directly recognized as non-service revenues in P&L at date of transaction, matching associated handset costs

2. **Handset transactions via indirect channels:**
   - Handset (non-service) revenues and handset fees (SAC) no longer recognized in P&L; reported in balance sheet

3. **Higher threshold probability in revenue related disputes (variable consideration):**
   - Revenues only recognized when highly probable (>75%) vs. >50% previously
Outlook 2018

Adjusted EBITDA in line with 2017

Capex ~€ 1.1bn

Free cash flow (excl. TEFD dividend) growing

Additional cash flow via potential dividend from stake in Telefónica Deutschland

Intended DPS of € 12ct in respect of 2018

Intention to grow regular DPS in line with FCF growth profile

Intention to pass-through TEFD dividend

Excess cash could be utilized for
  - Operational / financial flexibility
  - (Small) in-country M&A
  - Shareholder remuneration
Simplify

Accelerate up- and cross-sell in bundles

Grow in TV and IT services

Finalize Business transformation

Finalize build of flexible and simplified integrated network and operating model

Expand superior access position by deploying innovative technologies and increasing fiber penetration

Optimize financial framework and grow dividend

Grow

Innovate

Q&A

Q4 and FY 2017 Results | Key priorities | 30
Q4 2017 – Information Pack

For further information please contact

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ir@kpn.com
ir.kpn.com
Contents

1 KPN ADR Program
2 CSR strategy
3 Group results overview
4 Group KPI overview
5 Debt overview
6 Spectrum
7 Fixed infrastructure
8 Telefónica Deutschland stake
# KPN ADR program

KPN has a sponsored Level 1 ADR program

<table>
<thead>
<tr>
<th>Bloomberg ticker</th>
<th>KKPNY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading platform</td>
<td>Over-the-counter (OTC)</td>
</tr>
<tr>
<td>CUSIP</td>
<td>780641205</td>
</tr>
<tr>
<td>Ratio</td>
<td>1 ADR : 1 Ordinary Share</td>
</tr>
<tr>
<td>Depositary bank</td>
<td>Deutsche Bank Trust Company Americas</td>
</tr>
<tr>
<td>Depositary bank contact</td>
<td>Jonathan Montanaro</td>
</tr>
<tr>
<td>ADR broker helpline</td>
<td>+1 212 250 9100 (New York)</td>
</tr>
<tr>
<td></td>
<td>+44 207 547 6500 (London)</td>
</tr>
<tr>
<td>E-mail</td>
<td><a href="mailto:adr@db.com">adr@db.com</a></td>
</tr>
<tr>
<td>ADR website</td>
<td><a href="http://www.adr.db.com">www.adr.db.com</a></td>
</tr>
<tr>
<td>Depositary bank’s local custodian</td>
<td>Deutsche Bank, Amsterdam</td>
</tr>
</tbody>
</table>
Contents

1 KPN ADR Program
2 CSR strategy
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5 Debt overview
6 Spectrum
7 Fixed infrastructure
8 Telefónica Deutschland stake
Successful CSR strategy

- Quality & Reliability
  - 79% of Business customers agree that KPN has the best fixed network

- Environment
  - 20% Less energy consumption vs. 2010

- Privacy & Security
  - 96% of customers who were infected by malware helped within 8 hours

Recognition

Social and environmental achievements in 2017

- KPN included in Carbon Disclosure Project’s ‘Climate A list’ for second consecutive year
  ![CDP A List 2017](image)

- KPN strengthened e-health portfolio through partnership with Vital10
  - KPN’s secure Health Cloud (‘Zorgcloud’) enables cardiologist to remotely monitor patients

- 10 year anniversary of KPN’s charity fund: Mooiste Contact Fonds

- KPN launched educational campaign on children’s smartphone usage

---

1 As disclosed in KPN’s Integrated Annual Report 2016
3 Group results overview
## Group results Q4 ’17 (continuing operations)

<table>
<thead>
<tr>
<th>(€ m)</th>
<th>Q4 ’17</th>
<th>Q3 ’17</th>
<th>Q4 ’16</th>
<th>y-on-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>1,614</td>
<td>1,605</td>
<td>1,723</td>
<td>-6.3%</td>
</tr>
<tr>
<td>Adjusted revenues</td>
<td>1,614</td>
<td>1,615</td>
<td>1,704</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Operating expenses (excl. D&amp;A)</td>
<td>1,054</td>
<td>1,002</td>
<td>1,097</td>
<td>-3.9%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>560</td>
<td>603</td>
<td>626</td>
<td>-11%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>596</td>
<td>636</td>
<td>606</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>257</td>
<td>248</td>
<td>254</td>
<td>1.2%</td>
</tr>
<tr>
<td>Amortization</td>
<td>107</td>
<td>102</td>
<td>126</td>
<td>-15%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>1,418</td>
<td>1,352</td>
<td>1,477</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>196</td>
<td>253</td>
<td>246</td>
<td>-20%</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>-86</td>
<td>-82</td>
<td>-99</td>
<td>-13%</td>
</tr>
<tr>
<td>Share of profit of associates and joint ventures</td>
<td>1</td>
<td>-1</td>
<td>-1</td>
<td>n.m.</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>111</td>
<td>170</td>
<td>146</td>
<td>-24%</td>
</tr>
<tr>
<td>Income tax</td>
<td>-41</td>
<td>-38</td>
<td>-31</td>
<td>32%</td>
</tr>
<tr>
<td>Profit after taxes</td>
<td>70</td>
<td>132</td>
<td>115</td>
<td>-39%</td>
</tr>
</tbody>
</table>
## Group results FY '17  
(continuing operations)

<table>
<thead>
<tr>
<th>(€ m)</th>
<th>FY '17</th>
<th>FY '16</th>
<th>y-on-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>6,498</td>
<td>6,806</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Adjusted revenues</td>
<td>6,500</td>
<td>6,780</td>
<td>-4.1%</td>
</tr>
<tr>
<td>Operating expenses (excl. D&amp;A)</td>
<td>4,192</td>
<td>4,377</td>
<td>-4.2%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>2,306</td>
<td>2,429</td>
<td>-5.1%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>2,417</td>
<td>2,428</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,005</td>
<td>1,008</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Amortization</td>
<td>419</td>
<td>537</td>
<td>-22%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>5,616</td>
<td>5,922</td>
<td>-5.2%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>882</td>
<td>884</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>-241</td>
<td>-417</td>
<td>-42%</td>
</tr>
<tr>
<td>Share of profit of associates and joint ventures</td>
<td>1</td>
<td>-1</td>
<td>n.m.</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>642</td>
<td>466</td>
<td>38%</td>
</tr>
<tr>
<td>Income tax</td>
<td>-157</td>
<td>-96</td>
<td>64%</td>
</tr>
<tr>
<td>Profit after taxes</td>
<td>485</td>
<td>370</td>
<td>31%</td>
</tr>
</tbody>
</table>
### Group cash flow Q4 '17 (continuing operations)

<table>
<thead>
<tr>
<th>(€ m)</th>
<th>Q4 '17</th>
<th>Q4 '16</th>
<th>y-on-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA</strong></td>
<td>560</td>
<td>626</td>
<td>-11%</td>
</tr>
<tr>
<td>Interest paid/received</td>
<td>-71</td>
<td>-61</td>
<td>16%</td>
</tr>
<tr>
<td>Tax paid/received</td>
<td>-</td>
<td>6</td>
<td>-100%</td>
</tr>
<tr>
<td>Change in provisions¹</td>
<td>11</td>
<td>-19</td>
<td>n.m.</td>
</tr>
<tr>
<td>Change in working capital¹</td>
<td>113</td>
<td>127</td>
<td>-11%</td>
</tr>
<tr>
<td>Other movements</td>
<td>4</td>
<td>-2</td>
<td>n.m.</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td>617</td>
<td>677</td>
<td>-8.9%</td>
</tr>
<tr>
<td>Capex</td>
<td>-394</td>
<td>-298</td>
<td>32%</td>
</tr>
<tr>
<td>Proceeds from real estate</td>
<td>-</td>
<td>2</td>
<td>-100%</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>223</td>
<td>381</td>
<td>-41%</td>
</tr>
<tr>
<td>Coupon on perpetual hybrid</td>
<td>-</td>
<td>-</td>
<td>n.m.</td>
</tr>
</tbody>
</table>

¹ Excluding changes in deferred taxes
<table>
<thead>
<tr>
<th>(€ m)</th>
<th>FY '17</th>
<th>FY '16</th>
<th>y-on-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>2,306</td>
<td>2,429</td>
<td>-5.1%</td>
</tr>
<tr>
<td>Interest paid/received</td>
<td>-349</td>
<td>-460</td>
<td>-24%</td>
</tr>
<tr>
<td>Tax paid/received</td>
<td>-13</td>
<td>50</td>
<td>n.m.</td>
</tr>
<tr>
<td>Change in provisions(^1)</td>
<td>-4</td>
<td>-68</td>
<td>-94%</td>
</tr>
<tr>
<td>Change in working capital(^1)</td>
<td>-69</td>
<td>-121</td>
<td>-43%</td>
</tr>
<tr>
<td>Other movements</td>
<td>81</td>
<td>94</td>
<td>-14%</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td>1,952</td>
<td>1,924</td>
<td>1.5%</td>
</tr>
<tr>
<td>Capex</td>
<td>-1,139</td>
<td>-1,193</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Proceeds from real estate</td>
<td>2</td>
<td>10</td>
<td>-80%</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>815</td>
<td>741</td>
<td>10%</td>
</tr>
<tr>
<td>Coupon on perpetual hybrid</td>
<td>-67</td>
<td>-67</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

1 Excluding changes in deferred taxes
## Dutch wireless disclosure

<table>
<thead>
<tr>
<th>Service revenues (€ m)</th>
<th>Q4 '17</th>
<th>Q4 '16</th>
<th>y-on-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>276</td>
<td>299</td>
<td>-7.7%</td>
</tr>
<tr>
<td>Business(^1)</td>
<td>158</td>
<td>162</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Other(^2)</td>
<td>45</td>
<td>40</td>
<td>13%</td>
</tr>
<tr>
<td>KPN The Netherlands</td>
<td>479</td>
<td>501</td>
<td>-4.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY '17</th>
<th>FY '16</th>
<th>y-on-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,154</td>
<td>1,179</td>
<td>-2.1%</td>
</tr>
<tr>
<td>639</td>
<td>678</td>
<td>-5.8%</td>
</tr>
<tr>
<td>159</td>
<td>155</td>
<td>2.6%</td>
</tr>
<tr>
<td>1,952</td>
<td>2,012</td>
<td>-3.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SAC/SRC per subscriber (€)</th>
<th>Q4 '17</th>
<th>Q4 '16</th>
<th>y-on-y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer (postpaid)(^3)</td>
<td>191</td>
<td>218</td>
<td>-12%</td>
</tr>
</tbody>
</table>

---

1. Includes mobile-only (mainly SME) service revenues and partial allocation of Multi play (mainly SME) and Customized solutions (mainly LE & Corporate) revenues to mobile service revenues.
2. Includes amongst others Wholesale mobile service revenues and visitor roaming.
3. Including handset subsidies, commissions and SIM costs.
## Tax FY '17

<table>
<thead>
<tr>
<th>Regions (€ m)</th>
<th>P&amp;L FY '17</th>
<th>P&amp;L FY '16</th>
<th>Cash flow FY '17</th>
<th>Cash flow FY '16</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Netherlands</td>
<td>-140</td>
<td>-92</td>
<td>-14</td>
<td>52</td>
</tr>
<tr>
<td>Belgium</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-17</td>
<td>-4</td>
<td>1</td>
<td>-2</td>
</tr>
<tr>
<td><strong>Total reported tax</strong></td>
<td><strong>-157</strong></td>
<td><strong>-93</strong></td>
<td><strong>-13</strong></td>
<td><strong>50</strong></td>
</tr>
<tr>
<td>Of which discontinued operations</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Reported tax from continuing operations</strong></td>
<td><strong>-157</strong></td>
<td><strong>-96</strong></td>
<td><strong>-13</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>

*Effective tax rate continuing operations* 24.5% 20.6%

- The effective tax rate is influenced by one-off effects\(^1\) a change of the mix of profits and losses in the various countries
  - Without one-off effects, the FY '17 effective tax rate would have been ~22%

- For the 2018-2019 period, the effective tax rate is expected to be ~23%, excluding one-off effects\(^1\) and the potential impact of the intended Dutch corporate tax rate change

---

\(^1\) Amongst others, settlements with tax authorities, impairments, revaluations
Consumer

Fixed-Mobile KPIs

### Fixed-Mobile household development

- **Q4 '16**
  - F-M households: 2,543
  - F-M penetration broadband base: 1,077
  - Fixed-only households: 1,189

- **Q3 '17**
  - F-M households: 2,410
  - F-M penetration broadband base: 1,189
  - Fixed-only households: 1,253

- **Q4 '17**
  - F-M households: 2,321
  - F-M penetration broadband base: 1,253
  - Fixed-only households: 1,788

### Fixed-Mobile postpaid development

- **Q4 '16**
  - F-M postpaid base: 2,102
  - F-M penetration postpaid base: 1,583
  - Mobile-only postpaid base: 1,886

- **Q3 '17**
  - F-M postpaid base: 1,898
  - F-M penetration postpaid base: 1,791
  - Mobile-only postpaid base: 1,788

- **Q4 '17**
  - F-M postpaid base: 1,788
  - F-M penetration postpaid base: 1,788
  - Mobile-only postpaid base: 1,886

- **Q4 '16**
  - 37%

- **Q3 '17**
  - 40%

- **Q4 '17**
  - 42%

- **Q4 and FY 2017 Results**
- **Information Pack**
- **Group KPI overview**
Residential KPIs

**Household base (k)**

<table>
<thead>
<tr>
<th></th>
<th>Q4 '16</th>
<th>Q3 '17</th>
<th>Q4 '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bundled</td>
<td>2,484</td>
<td>2,564</td>
<td>2,570</td>
</tr>
<tr>
<td>Not bundled (PSTN &amp; Digitenne)</td>
<td>738</td>
<td>638</td>
<td>608</td>
</tr>
<tr>
<td>households</td>
<td>398</td>
<td>397</td>
<td>396</td>
</tr>
</tbody>
</table>

**RGUs and ARPU per household**

<table>
<thead>
<tr>
<th></th>
<th>Q4 '16</th>
<th>Q3 '17</th>
<th>Q4 '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARPU per household</td>
<td>€ 42</td>
<td>€ 43</td>
<td>€ 44</td>
</tr>
<tr>
<td>RGUs per household</td>
<td>2.16</td>
<td>2.19</td>
<td>2.19</td>
</tr>
</tbody>
</table>

**Broadband**

<table>
<thead>
<tr>
<th></th>
<th>Q4 '16</th>
<th>Q3 '17</th>
<th>Q4 '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bundled</td>
<td>40%</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td>Not bundled (BB only)</td>
<td>2</td>
<td>11²</td>
<td>7</td>
</tr>
</tbody>
</table>

**IPTV**

<table>
<thead>
<tr>
<th></th>
<th>Q4 '16</th>
<th>Q3 '17</th>
<th>Q4 '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bundled</td>
<td>31%</td>
<td>32%</td>
<td>21%</td>
</tr>
<tr>
<td>Not bundled</td>
<td>18</td>
<td>23²</td>
<td></td>
</tr>
</tbody>
</table>

1 Source: Telecompaper
2 Excluding Solcon consolidation (47k broadband and 17k IPTV customers)
Consumer (cont’d)

Mobile KPIs

Mobile net adds

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Postpaid net adds (k)</th>
<th>Prepaid net adds (k)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 '16</td>
<td>19</td>
<td>-9</td>
</tr>
<tr>
<td>Q3 '17</td>
<td>12</td>
<td>-2</td>
</tr>
<tr>
<td>Q4 '17</td>
<td>-9</td>
<td>-7</td>
</tr>
</tbody>
</table>

Mobile postpaid ARPU

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Committed ARPU</th>
<th>Non-committed ARPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 '16</td>
<td>€ 26</td>
<td>~88%</td>
</tr>
<tr>
<td>Q3 '17</td>
<td>€ 25</td>
<td>~88%</td>
</tr>
<tr>
<td>Q4 '17</td>
<td>€ 24</td>
<td>~88%</td>
</tr>
</tbody>
</table>

Wireless service revenues

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Service revenues (€ m)</th>
<th>Total market share NL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 '16</td>
<td>299</td>
<td>42%</td>
</tr>
<tr>
<td>Q3 '17</td>
<td>283</td>
<td>43%</td>
</tr>
<tr>
<td>Q4 '17</td>
<td>276</td>
<td>-7.7%</td>
</tr>
</tbody>
</table>

1 Excluding 6k clean-up

Q4 and FY 2017 Results | Information Pack | Group KPI overview | 46
Business

Total Business Mobile\(^1\)

\[
\begin{array}{ccc}
\text{Q4 '16} & \text{Q3 '17} & \text{Q4 '17} \\
1,820 & 1,887 & 1,906 \\
162 & 158 & 158 \\
\end{array}
\]

-2.5% y-on-y

\(^1\) Including migration of 15k from Consumer in Q2 '17 and 32k customers per Q3 '16 following acquisition of Dekatel

\(^2\) Includes mobile-only (mainly SME) service revenues and partial allocation of Multi play (mainly SME) and Customized solutions (mainly LE & Corporate) revenues to mobile service revenues

Mobile-only (mainly SME)\(^1\)

\[
\begin{array}{ccc}
\text{Q4 '16} & \text{Q3 '17} & \text{Q4 '17} \\
1,162 & 1,024 & 1,000 \\
31 & 30 & 29 \\
\end{array}
\]

Multi play (mainly SME)\(^2\)

\[
\begin{array}{ccc}
\text{Q4 '16} & \text{Q3 '17} & \text{Q4 '17} \\
316 & 436 & 474 \\
36 & 34 & 33 \\
\end{array}
\]

Fixed-only (mainly SME)

\[
\begin{array}{ccc}
\text{Q4 '16} & \text{Q3 '17} & \text{Q4 '17} \\
474 & 405 & 382 \\
48 & 47 & 47 \\
\end{array}
\]
Contents

1. KPN ADR Program
2. CSR strategy
3. Group results overview
4. Group KPI overview
5. **Debt overview**
6. Spectrum
7. Fixed infrastructure
8. Telefónica Deutschland stake
Debt portfolio

Breakdown nominal debt\(^1\) (total € 8.3bn)

- Hybrid bonds: 24%
- Global bonds: 9%
- Other: 2%
- Euro bonds: 65%

Nominal debt by currency

- EUR: 61%
- GBP\(^2\): 24%
- USD\(^2\): 15%

Bond redemption profile (€ bn)

- Year '18: 1.1
- Year '19: 0.9
- Year '20: 0.6
- Year '21: 0.6
- Year '22: 0.6
- Year '23: 0.5
- Year '24: 0.4
- Year '25: 0.6
- Year '26: 0.5
- Year '27: 0.6
- Year '28: 1.0
- Year '29: 0.8
- Year '30: 0.1
- Year '31: 0.6

Fixed vs. floating interest\(^3\)

- Floating: 8%
- Fixed: 92%

---

\(^1\) Based on the nominal value of interest bearing liabilities after swap to EUR, including € 1.1bn hybrid bond, GBP 400m hybrid bond and USD 600m hybrid bond.

\(^2\) Foreign currency amounts hedged into EUR.

\(^3\) Excludes bank overdrafts.
Treatment of hybrid bonds

- 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

- EUR tranche is a perpetual, accounted for as equity
  - Coupon payments treated as equity distribution, hence not expensed through P&L, not included in FCF, but in financing cash flow\(^1,2\)

- 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

<table>
<thead>
<tr>
<th>Tranche</th>
<th>Nominal</th>
<th>KPN net debt</th>
<th>Maturity</th>
<th>Rates (swapped)(^1)</th>
<th>IFRS principal</th>
<th>IFRS coupon</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR 1.1bn</td>
<td>€ 1,100m</td>
<td>€ 550m</td>
<td>Perpetual (first-call Sept-2018)</td>
<td>6.125%</td>
<td>Equity</td>
<td>Financing cash flow(^2) (not incl. in FCF)</td>
</tr>
<tr>
<td>GBP 0.4bn</td>
<td>€ 460m</td>
<td>€ 230m</td>
<td>60 years (first-call Mar-2020)</td>
<td>6.777%</td>
<td>Liability</td>
<td>Interest paid (incl. in FCF)</td>
</tr>
<tr>
<td>USD 0.6bn</td>
<td>€ 465m</td>
<td>€ 233m</td>
<td>60 years (first-call Mar-2023)</td>
<td>6.344%</td>
<td>Liability</td>
<td>Interest paid (incl. in FCF)</td>
</tr>
<tr>
<td>Total</td>
<td>€ 2,025m</td>
<td>€ 1,013m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) EUR tranche had short first coupon payment (0.5 years was payable in September 2013), annual coupon payments in September thereafter. USD tranche has semi-annual coupon payments (March / September); GBP tranche has annual coupon payments in March.

\(^2\) Cash flow item “Paid coupon perpetual hybrid bonds”
### Spectrum in The Netherlands

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Operator</th>
<th>800MHz (Paired)</th>
<th>900MHz (Paired)</th>
<th>1.8GHz (Paired)</th>
<th>2.1GHz (Paired)</th>
<th>2.6GHz (Unpaired)</th>
<th>2.6GHz (Paired)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>800MHz</td>
<td>Tele2</td>
<td>2*10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>VodZig</td>
<td>2*10</td>
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Contents

1 KPN ADR Program
2 CSR strategy
3 Group results overview
4 Group KPI overview
5 Debt overview
6 Spectrum
7 **Fixed infrastructure**
8 Telefónica Deutschland stake
Fixed infrastructure

Download speed

| CO | ~50Mbps | ✓  
| CO | ~100Mbps | ✓  
| SC | ~120Mbps | ✓  
| SC | ~240Mbps | ✓  
| SC | ~400Mbps | ✓  
| SC | >1Gbps | ✓  
| SC | ~1Gbps | ✓  
| ODF | Fiber  
| SC | Copper  

Q4 and FY 2017 Results | Information Pack | Fixed infrastructure
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Telefónica Deutschland stake

Accounting treatment

- Stake included as financial asset
  - Fair value of KPN’s stake based on Telefónica Deutschland’s share price and adjusted quarterly
    - Fair value movements recorded in other comprehensive income
    - Significant or prolonged value decreases booked as an impairment through the P&L within net finance costs

- Dividends received reported as finance income within net finance costs
- Upon sale of (part of) the stake, all related capital gains or losses recognized through the P&L as financial income
- Significant or prolonged value decreases booked as an impairment through the P&L within net finance costs

- Dividends received part of operating cash flow and free cash flow as dividends received

- Dividends, not qualifying as specific capital repayments, received and/or capital gains realized (proceeds above tax book value) on KPN’s stake are subject to Dutch corporate income tax
- Deferred tax asset can be utilized to offset income related to KPN’s stake

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1 Defined under IFRS as available-for-sale financial asset