



Q4 & FY 2022 results

31 January 2023

kpn. The network of the Netherlands

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 2021. 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 2021 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') are derived from EBITDA and are 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. Return on capital employed ('ROCE') is calculated by the net operating profit less adjustments for taxes ('NOPLAT') divided by capital employed, on a 4-quarter rolling basis. Net operating profit is the adjusted EBITA (excluding incidentals and amortization of other intangibles and including restructuring costs). KPN defines capital employed as the carrying amount of operating assets and liabilities, which excludes goodwill and the other intangibles.

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 2021. 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 2022, as included in this report, unless stated otherwise.

Highlights: Delivered on FY 2022 outlook

- ▶▶ **Continued Group** service revenue growth in Q4 (+1.5% y-on-y)
- ▶▶ **Turnaround Business** service revenues established driven by strong growth in SME
- ▶▶ **Strong service revenue growth** in B2C Mobile, fixed market remains competitive
- ▶▶ Solid FY 2022 **EBITDA growth** and **FCF generation**
- ▶▶ **Expanding fiber footprint** with +348k HP in 2022 (+544k HP incl. Glaspoort)
- ▶▶ Awarded **best mobile network** and **best All-in-1 broadband provider**
- ▶▶ Steadily **improving ROCE** to 13.1%, reflecting shareholder value creation
- ▶▶ **New € 300m SBB** in 2023 and 4.9% DPS growth, returning FCF to shareholders

Delivered on 2022 outlook

	Achievements FY 2022	Outlook FY 2022
Adjusted EBITDA AL	€ 2,404m	>€ 2,400m
Capex	€ 1,206m	€ 1.2bn
Free Cash Flow	€ 862m	~€ 850m
Regular DPS	€ 14.3 cents ¹	€ 14.3 cents
Share Buyback	€ 300m	€ 300m

Accelerate to grow supported by three key pillars

Three strategic pillars...

1. Leverage & expand superior networks

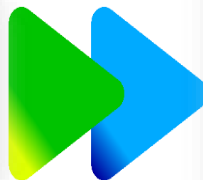
- Covering the Netherlands through fiber
- Low latency services via 5G and edge computing

2. Grow & strengthen customer footprint

- Outstanding digital experience
- Differentiated services for families and businesses

3. Simplify & streamline operating model

- New ways of digital working
- Continue strong and disciplined cost control program



...to support our ambition to

Connect the Netherlands to a sustainable future

- Leading the Dutch digitalization wave
- Recognized as ESG front runner

Grow mass-market service revenues and EBITDA

- Fiber fueling household revenue growth in B2C
- Segmented B2B approach, stabilize SME first (achieved)

Provide attractive shareholder returns

- Covered by growing Free Cash Flow
- Progressive dividend, +3-5% annually

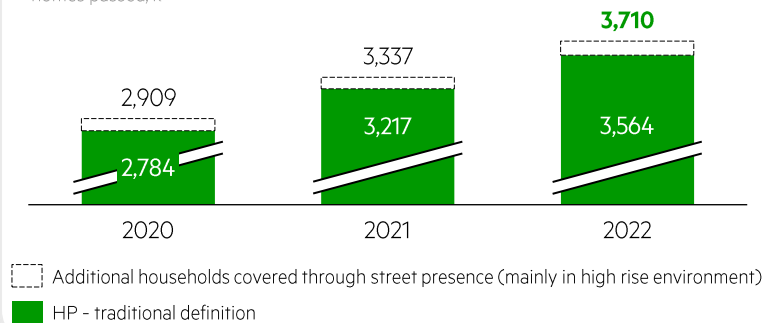


Expand
Superior network

Expand superior fiber network

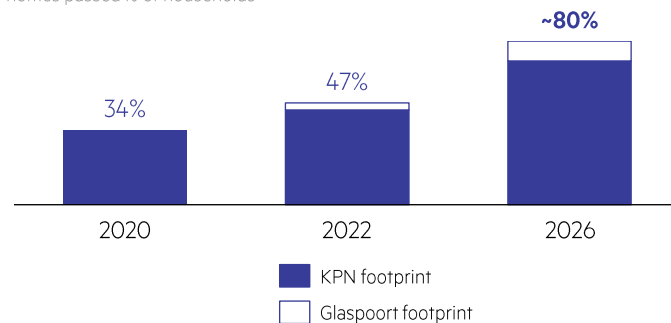
Continuously expanding fiber footprint (own rollout)

homes passed, k



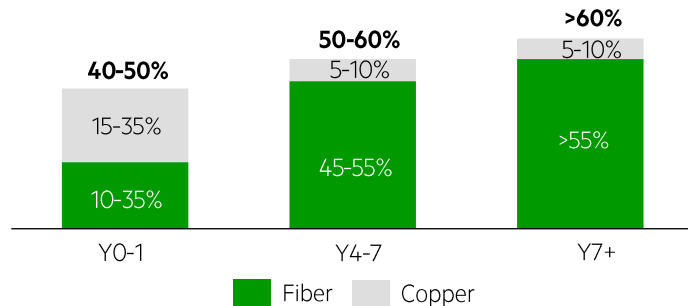
Leading position, jointly covering ~80% of NL by end 2026

homes passed % of households

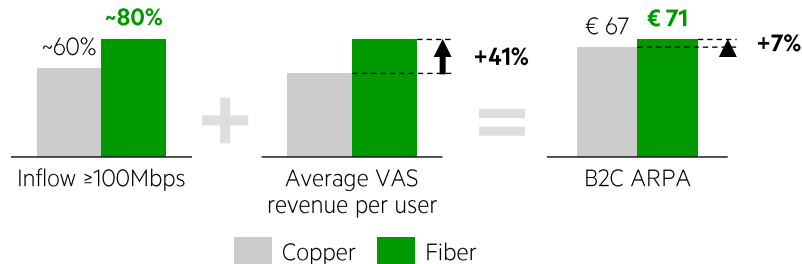


Expand superior network: Creating value through fiber investments

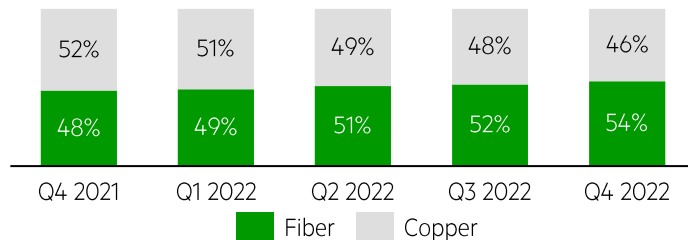
Growing network penetration over time (incl. Wholesale)¹



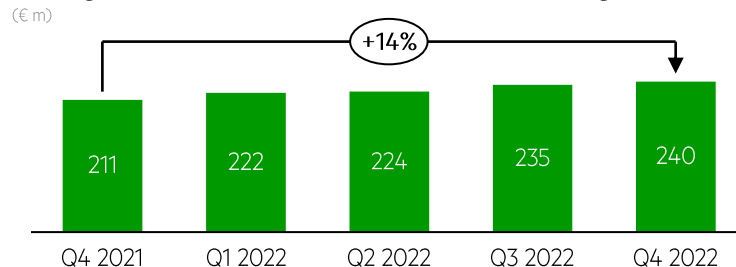
Customers increasingly willing to pay for quality



Retail fiber base surpassed copper base



Strong retail fiber broadband service revenue growth



Expand superior network: Recognition for best network and services

Best mobile network in the world

Umlaut Global Benchmark



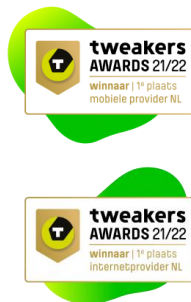
5x Best mobile network in the Netherlands

Ookla Speedtest



Best mobile service & fixed internet provider

Tweakers



Best all-in-one broadband provider

Dutch Consumers' Association





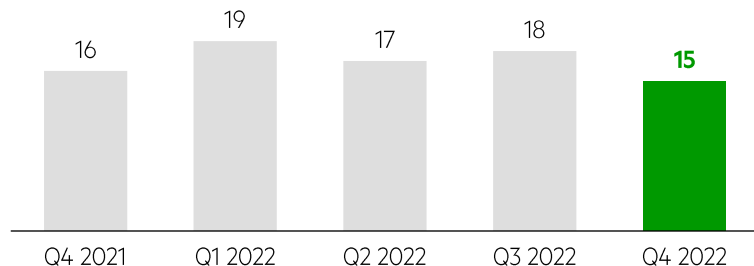
Enhance
Customer focus

B2C: Strong growth in mobile service revenues, fixed remains competitive

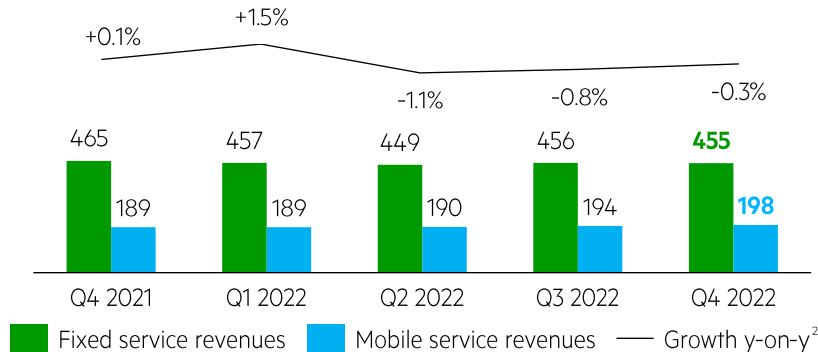
Key take-aways

- Continued growth in mobile service revenues, driven by indexation and base growth
- Fixed service revenues impacted by declining legacy, shift from Gross to Net accounting and increased competition
- Sum of Fiber and Copper broadband service revenues displaying slight growth
- Consumer NPS remains leading in the Dutch market, despite the rising cost of living impacting customer sentiment

Quality steering leading to industry leading Consumer NPS¹



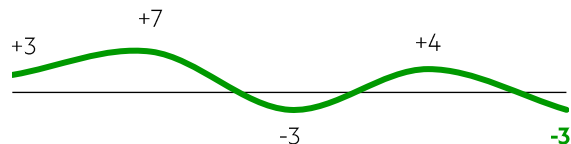
Service revenue trend (€ m)



Segment revenues (€ m)	Q4 2021	Q4 2022	Δ y-on-y	FY 2021	FY 2022	Δ y-on-y
Broadband service revenues	438	438	+0.1%	1,732	1,744	+0.7%
o/w Fiber broadband	211	240	+14%	795	920	+16%
o/w Copper broadband	227	199	-13%	937	824	-12%
Other fixed	27	16	-41%	109	73	-33%
Mobile	189	198	+4.7%	752	771	+2.6%
Adj. Consumer service revenues	655	653	-0.3%	2,592	2,588	-0.2%
Non-service & Other	76	71	-6.7%	265	269	+1.4%
Adj. Consumer revenues	731	724	-0.9%	2,857	2,857	0.0%

B2C: Strong mobile service revenue growth

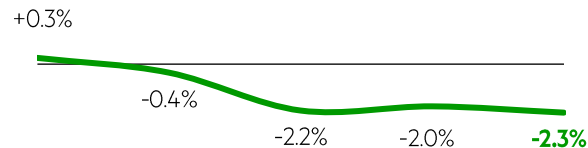
Small decline in broadband net adds (k)¹



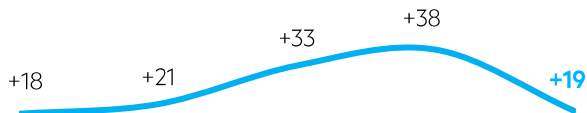
Broadly stable fixed ARPU

€ 53
+0.3% y-on-y

Lower fixed service revenues (y-on-y growth)²



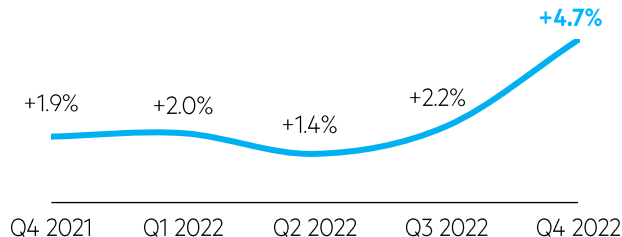
Continued growth postpaid net adds (k)



Growing mobile ARPU

€ 17
+2.0% y-on-y

Strong mobile service revenue trend (y-on-y growth)

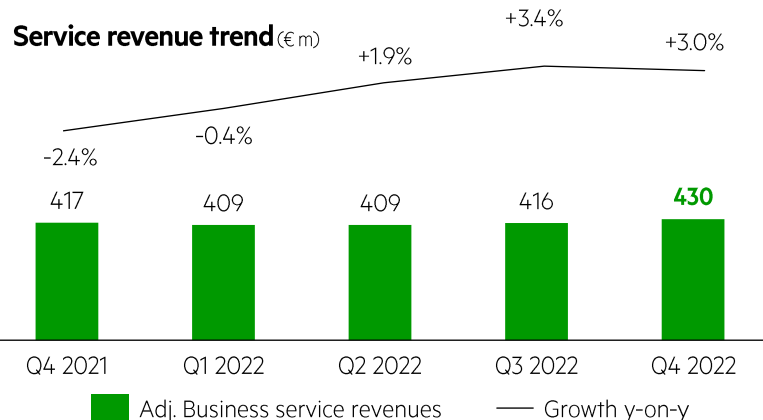
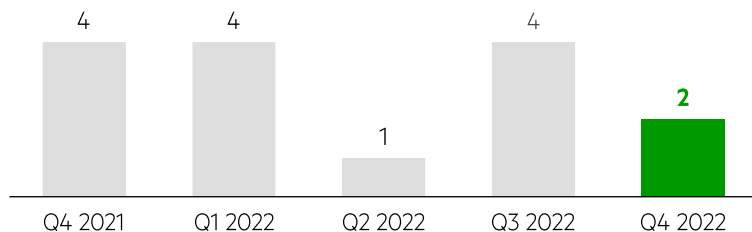


B2B: Turnaround service revenues established

Key take-aways

- Continued strong growth in SME service revenues, supported by ongoing commercial momentum in both broadband and mobile
- LCE service revenue trend continues to improve, driven by IoT, on track for sustainable inflection in 2023
- Tailored Solutions broadly stable, remains subject to timing in projects and related hardware sales
- Business NPS remains positive, despite challenging macro, driven by strong customer intimacy and product leadership

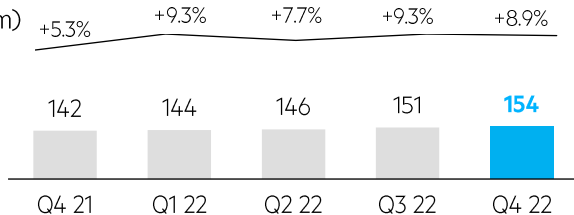
Business NPS remains positive¹



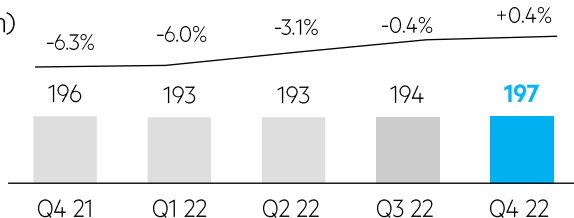
Segment revenues (€ m)	Q4 2021	Q4 2022	Δ y-on-y	FY 2021	FY 2022	Δ y-on-y
SME	142	154	+8.9%	548	596	+8.8%
LCE	196	197	+0.4%	795	776	-2.3%
Tailored Solutions	79	79	-0.7%	289	292	+0.8%
Adj. Business service revenues	417	430	+3.0%	1,632	1,664	+2.0%
Non-service & Other	48	42	-11%	130	134	+3.5%
Adj. Business revenues	464	472	+1.7%	1,762	1,798	+2.1%

B2B: Service revenues per segment

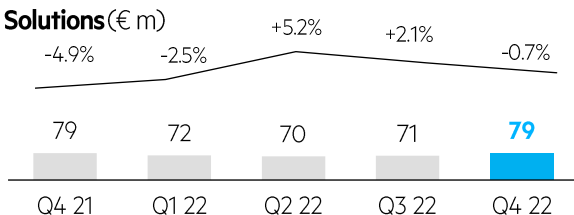
SME (€ m)



LCE (€ m)



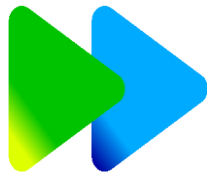
Tailored Solutions (€ m)



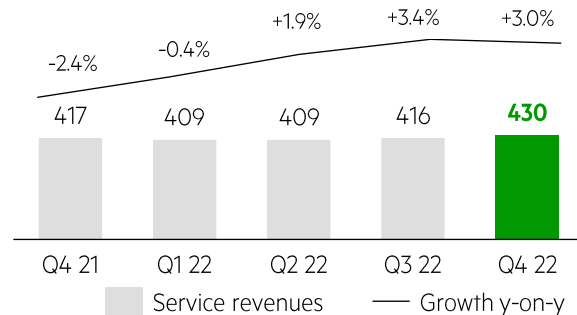
Service revenues



Growth y-on-y



Delivered turnaround in Business service revenues (€ m)



Service revenues

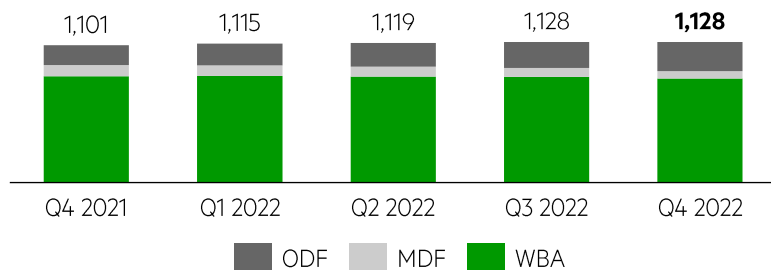
Growth y-on-y

Wholesale: Sustainable service revenue growth

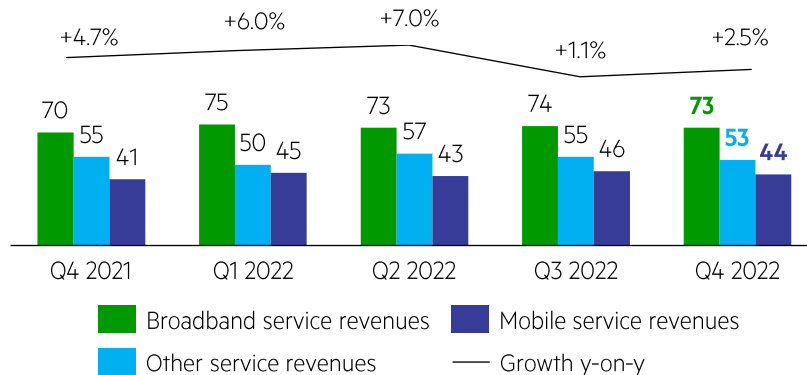
Key take-aways

- Continued service revenue growth, driven by mobile and broadband
- Added 84k postpaid customers and 27k broadband lines in 2022
- Other service revenues declined, mainly due to a decrease in low-margin interconnect revenues (lower regulated tariffs and less traffic)
- Successful open Wholesale policy, ensuring customers have abundant choice of service providers

Broadband customer base(k)



Service revenue trend (€ m)



Segment revenues (€ m)	Q4 2021	Q4 2022	Δ y-on-y	FY 2021	FY 2022	Δ y-on-y
Mobile	41	44	+8.4%	156	178	+14%
Broadband	70	73	+4.1%	272	296	+8.7%
Other	55	53	-4.8%	234	214	-8.4%
Adj. Wholesale service revenues	166	170	+2.5%	661	688	+4.1%
Non-service & Other	1	-	-73%	2	1	-46%
Adj. Wholesale revenues	167	171	+2.0%	663	689	+3.9%

ESG milestones and ambitions: Aiming for net zero emissions by 2040

Important milestones crossed...

Management
incentivized

2011 ✓

Carbon neutral
for own
operations

2015 ✓

>30% women
in senior
management

2023

All new cars
use non-fossil
fuel

2025

30% reduction
scope 3
emissions¹

2030

2011 ✓
100%
green energy

2020 ✓
>30% gender
diversity at
Board level

2025
~100%
circular

2040
Net zero
CO₂e emissions
in chain



...and an ambitious agenda

Rankings & awards





Deliver
Financial ambitions

Robust Q4 and FY 2022 results

Adjusted revenues

Q4 2022	FY 2022
€ 1,366m	€ 5,327m
+0.5%	+1.4%
Q4 2021 € 1,358m	FY 2021 € 5,255m

Adj. net indirect opex savings

Q4 2022	FY 2022
€ 4m	€ 38m

Adjusted EBITDA AL

Q4 2022	FY 2022
€ 598m	€ 2,404m
+2.4%	+2.4%
Q4 2021 € 584m	FY 2021 € 2,347m

Q4 adjusted revenues +0.5% y-on-y

- Growth in Consumer Mobile, SME and Wholesale, partly offset by lower revenues in Consumer Fixed and lower non-service revenues

Net profit

Q4 2022	FY 2022
€ 190m	€ 766m
21%	16% ¹
Q4 2021 € 157m	FY 2021 € 1,283m

ROCE

FY 2022
13.1%
+210bps
FY 2021: 11.0%

Leverage ratio

FY 2022
2.3x
FY 2021: 2.3x

Q4 adjusted EBITDA AL +2.4% y-on-y

- Adjusted EBITDA growth driven by higher service revenues and lower costs

Operational Free Cash Flow

Q4 2022	FY 2022
€ 207m	€ 1,199m
-18%	+6.0%
Q4 2021 € 252m	FY 2021 € 1,131m

Capex

Q4 2022	FY 2022
€ 391m	€ 1,206m
+18%	-0.8%
Q4 2021 € 332m	FY 2021 € 1,216m

Free Cash Flow

Q4 2022	FY 2022
€ 189m	€ 862m
-25%	+9.9%
Q4 2021 € 251m	FY 2021 € 784m

FY FCF of € 862m +9.9% y-on-y

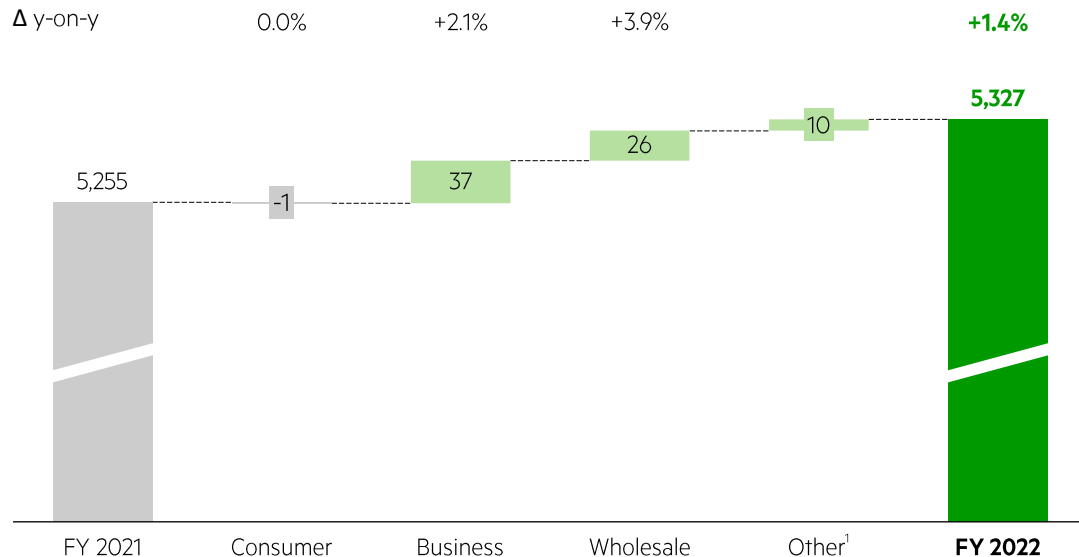
- Mainly driven by higher EBITDA and less cash taxes paid

ROCE of 13.1%

- +210bps y-on-y

Adjusted revenues: growth driven by Business and Wholesale

Adjusted revenues (€ m)



Consumer revenues flat as growth in mobile service revenues was offset by fixed service revenues

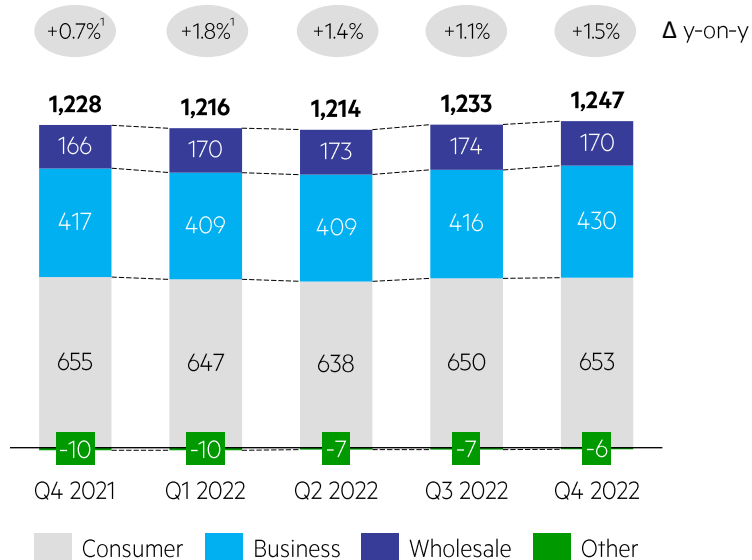
Business revenue growth mostly driven by strong SME performance

Wholesale revenue growth driven by Broadband and Mobile service revenues

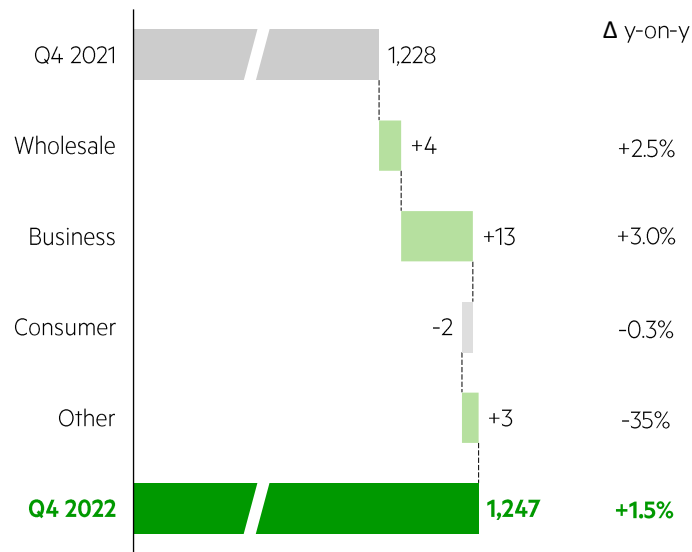
Other revenue growth mainly supported by lower intercompany charges (reduced regulated interconnect tariffs) and SLA fees Glaspoort

Delivering sustainable Group service revenue growth

Group service revenues (€ m)

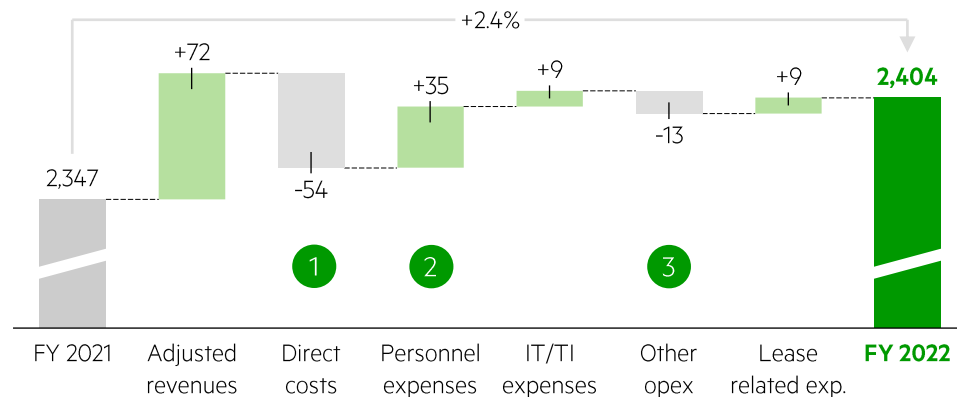


Growth driven by Business and Consumer mobile (€ m)



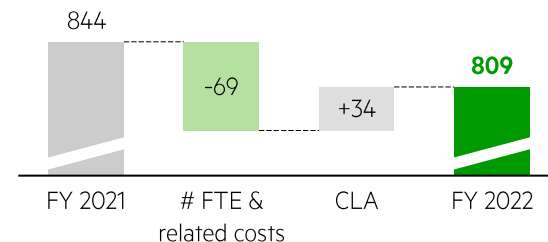
Sustainable adjusted EBITDA AL growth

Adjusted EBITDA AL (€ m)

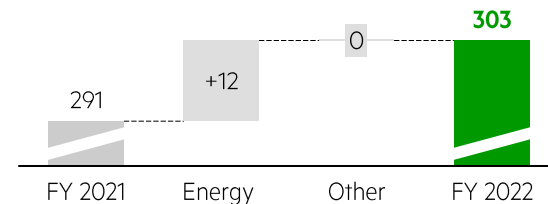


- Higher direct costs y-on-y
 - Higher non-service revenues
 - Glaspoort & other access costs
 - B2B service revenue mix

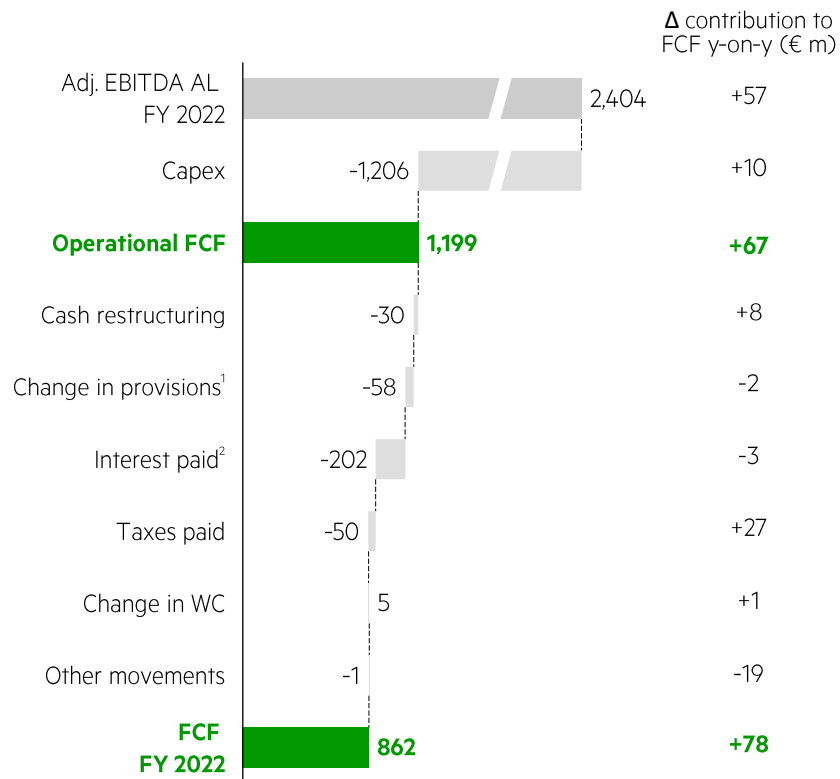
- Personnel expenses lower y-on-y



- Other opex higher y-on-y driven by energy



Strong underlying cash generation



►► Free Cash Flow of **€ 862m**, around 10% higher y-on-y

- EBITDA growth
- Less taxes paid
- Lower restructuring costs

Partly offset by

- Additional voluntary pension contribution of € 23m

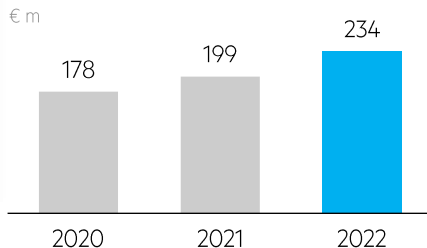
►► Cash & short-term investments of **€ 499m** per 31 December 2022

(€m)	FY 2021	FY 2022	Δ y-on-y
Free Cash Flow	784	862	+9.9%
As % of adj. revenues	14.9%	16.2%	
Acquisitions & disposals	-31	-56	+82%
Change in short-term investments	-30	200	n.m.
Other investing cash flow	61	-20	n.m.
Dividends paid	-554	-571	+3.1%
Share repurchase	-200	-300	+50%
Other financing cash flow	172	-504	n.m.
Total cash flow from discontinued operations	-4	-4	-12%
Change in net cash & cash equivalents	198	-394	n.m.

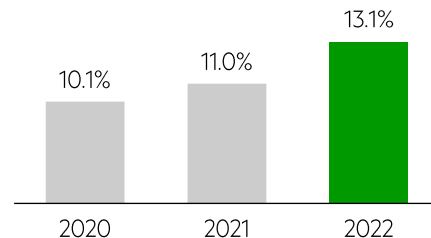
Steadily improving Return on Capital

NOPLAT

- ▶▶ Improving adjusted EBITDA AL
- ▶▶ Lower restructuring charges

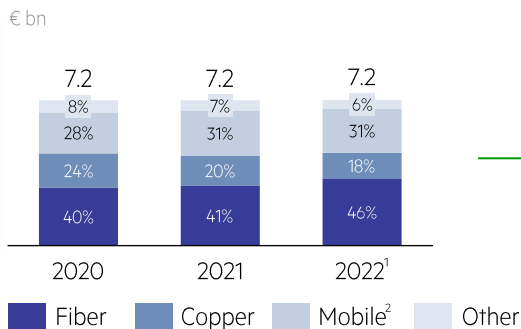


ROCE³



Capital employed

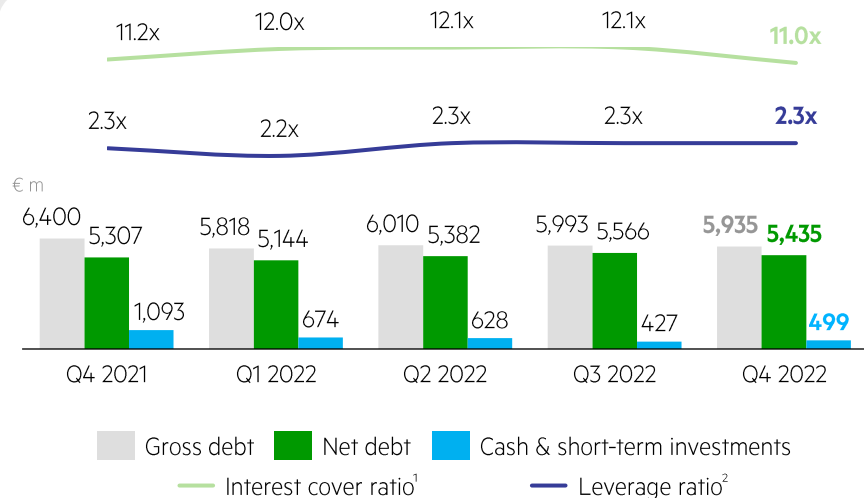
- ▶▶ Slight decrease due to depreciation



1. Split based on management estimates 2. Incl. licenses

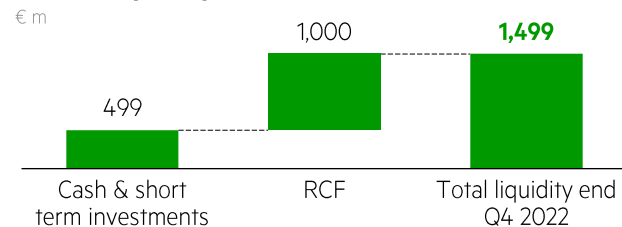
3. ROCE is calculated on a 4-quarter average rolling basis

Robust liquidity position, committed to investment-grade credit profile

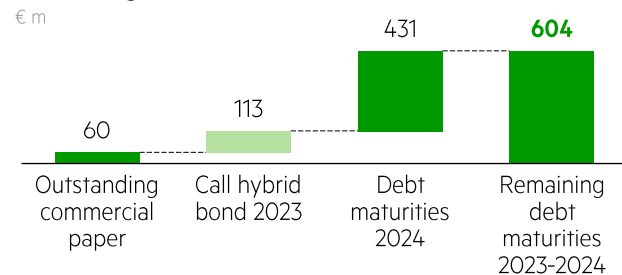


- ▶▶ Net debt € 131m lower q-on-q, driven by FCF generation
- ▶▶ Average cost of senior debt was 3.52% end Q4 2022, 83bps higher y-on-y

Robust liquidity...



...covering debt maturities until 2024



1. LTM adjusted EBITDA AL / LTM net interest paid (excl. lease interest, incl. perpetual hybrid coupon)

2. Net debt (excl. leases) / LTM adjusted EBITDA AL

2022 achievements and 2023 outlook

	Outlook FY 2022	Achievements FY 2022	Outlook FY 2023
Adjusted EBITDA AL	>€ 2,400m	€ 2,404m	~€ 2,410m
Capex	€ 1.2bn	€ 1,206m	€ 1.2bn
Free Cash Flow	~€ 850m	€ 862m	~€ 870m
Regular DPS	€ 14.3 cents	€ 14.3 cents ¹ +5.1% y-on-y	€ 15.0 cents +4.9% y-on-y
Share buyback	€ 300m	€ 300m	€ 300m

Disciplined financial framework aimed at long-term value creation

Successful strategy execution

1) Creating long-term value for stakeholders

2) Healthy multi-year cash generation perspective

Disciplined, value creating reinvestment

Capex: € 12bn

- Fiber ~€ 450m
- Other

Maintaining robust balance sheet

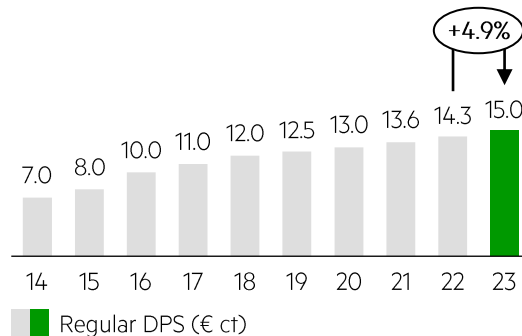
Leverage:

<2.5x

Q4 2022: 2.3x

Progressive regular dividend per share

- Targeting +3-5% growth annually
- 4.9% growth in 2023



Excess cash

Committed to distribute excess cash to shareholders

Value creating growth opportunities (e.g. M&A, spectrum)

Additional capital returns

structural part of shareholder remuneration

- € 200m share buyback in 2021
- € 300m share buyback in 2022
- Intention to buyback € 300m of shares in 2023

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- ▶▶ Awarded **best mobile network** and **best All-in-1 broadband provider**
- ▶▶ Steadily **improving ROCE** to 13.1%, reflecting shareholder value creation
- ▶▶ **New € 300m SBB** in 2023 and 4.9% DPS growth, returning FCF to shareholders



Accelerate
to grow

Appendices

- I Tax
- II Debt portfolio

I: Tax Q4 and FY 2022

Regions (€ m)	P&L		Cash flow		P&L		Cash flow	
	Q4 2021	Q4 2022	Q4 2021	Q4 2022	FY 2021	FY 2022	FY 2021	FY 2022
The Netherlands	-29	-54	-38	-20	-344	-227	-77	-50
Other	-	-	-	-	-	-	-	-
Total reported tax	-29	-54	-38	-20	-344	-227	-77	-50
Of which discontinued operations	-	-	-	-	-	-	-	-
Reported tax from continuing operations	-29	-54	-38	-20	-344	-227	-77	-50
Effective tax rate continuing operations	15.6%	22.4%			21.1%	23.0%		

The effective tax rate for Q4 & FY 2022 was mainly influenced by the Innovation Box facility and one-off effects

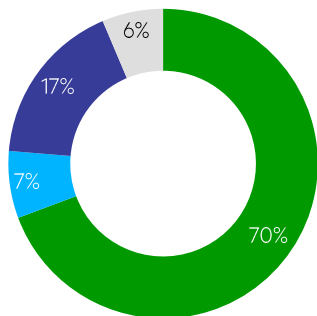
►► Excluding one-off effects¹ the effective tax rate would have been ~23% in Q4 2022

For 2023, the effective tax rate is expected to be ~23% excluding one-off effects¹

Next to the operating cash flow stated above, in 2022 an amount of € 34m was paid related to investing activities (Glaspoort), (2021: € 197m)

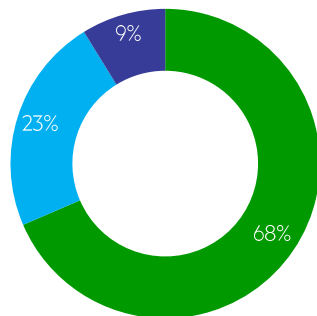
II: Debt portfolio

Nominal debt by type¹



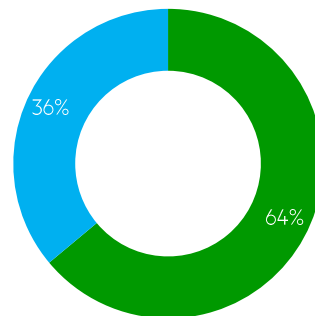
- Eurobonds
- Global bonds
- Hybrid bonds
- Loans & other

Nominal debt by currency¹



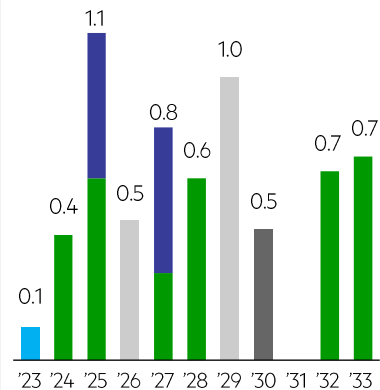
- EUR
- GBP
- USD

Fixed vs. floating interest¹



- Fixed
- Floating

Debt redemption profile² (€ bn)



- USD hybrid (1st call)
- EUR hybrid (1st call)
- GBP
- EUR
- USD



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