

Connect Activate Grow



**Q3 2024
results**

28 October 2024

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 2023. 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 2023 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, excluding M&A. 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 2023. 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 2023, unless stated otherwise.

Highlights Q3: Organic¹ growth across all segments, guidance confirmed

- ▶▶ **Group service revenue growth** (+3.7% y-on-y, or +3.4% organic)
- ▶▶ **Consumer service revenue growth** (+6.1% y-on-y, or +2.7% organic)
- ▶▶ **Ongoing commercial momentum** in Consumer postpaid; positive net adds broadband
- ▶▶ **Continued Business service revenue growth** (+5.0% y-on-y, or +5.9% organic)
- ▶▶ **Wholesale service revenues returned to growth** on an organic basis (+1.1% y-on-y)
- ▶▶ **Adj. EBITDA AL** +2.3% y-on-y, or +1.9% excl. YF; **YTD FCF** broadly stable y-on-y
- ▶▶ **Expanded fiber footprint** with +110k HP (+137k HP incl. Glaspoort)
- ▶▶ **Full-year 2024** outlook reiterated

Strategy 2024-2027: a mission to Connect, Activate & Grow

Purpose

We go all out to connect everyone in the Netherlands to a sustainable future

Strategic Missions

Connect

Connect with our customers to deliver on their needs
Earning our customers' loyalty through converged services & solutions that are truly relevant to them

Activate

Activate our best network, platforms, partners, & assets
Delivering the best digital experience to our customers over our world-leading, always-on networks

Grow

Grow KPN by modernizing and simplifying our business
Transforming our operating model with AI-powered automation and developing a future-ready workforce

Ambitions

Satisfied Loyal Customers • Engaged Society & People • Sustainable returns

Financial ambitions
2024-2027

Service revenues **CAGR ~3%** • Adj. EBITDA AL **CAGR ~3%** • Free Cash Flow **CAGR ~7%** • ROCE **growing to 15%**

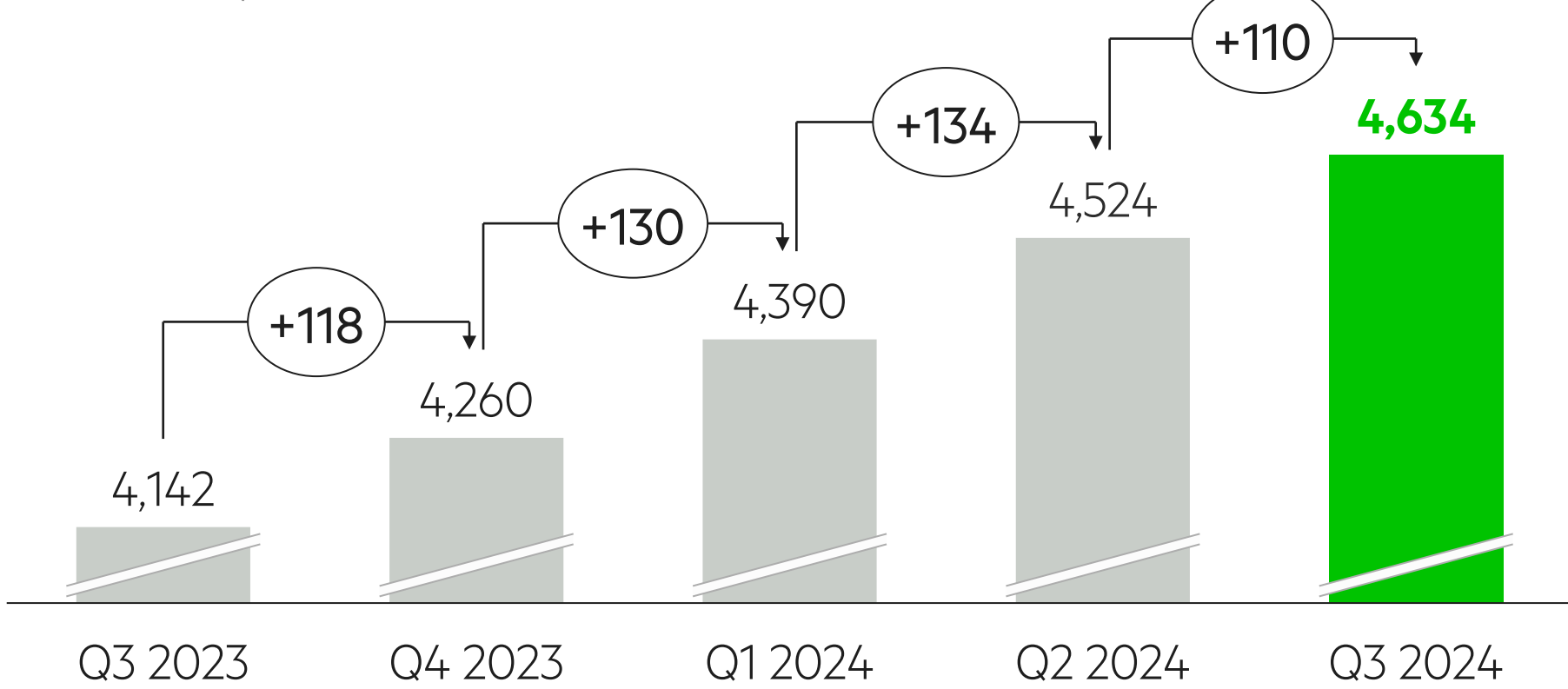


**Connect,
Activate &
Grow**

Fiber engine running

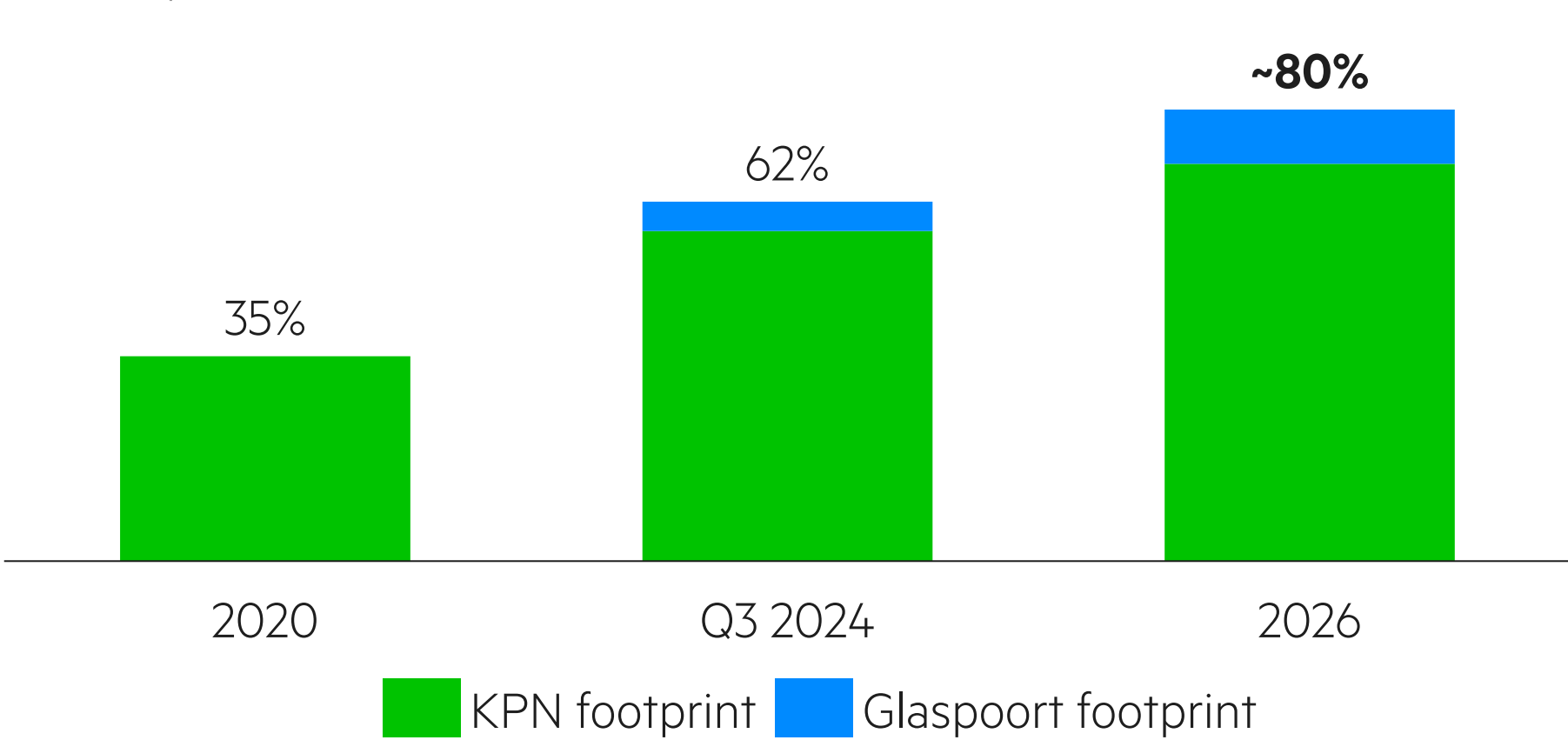
Continuously expanding fiber footprint

KPN homes passed (k)¹

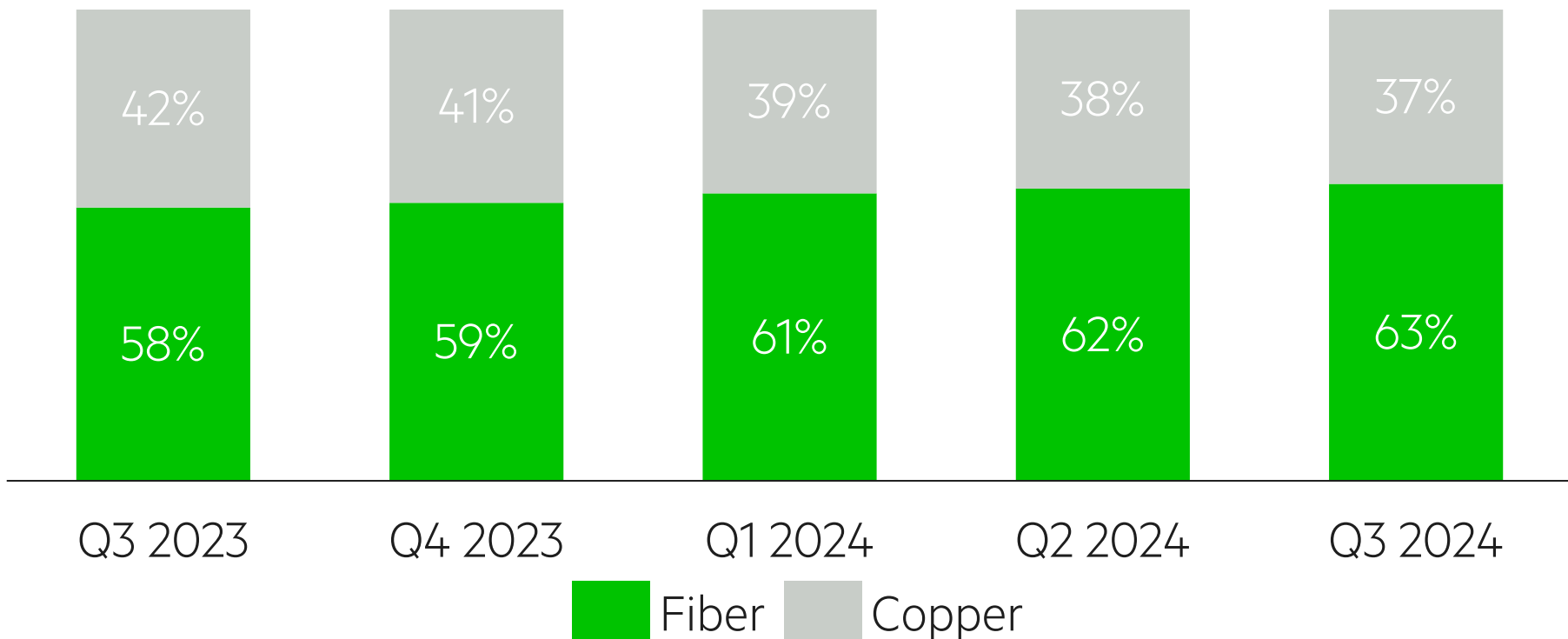


Leading fiber footprint

homes passed as a % of Dutch households

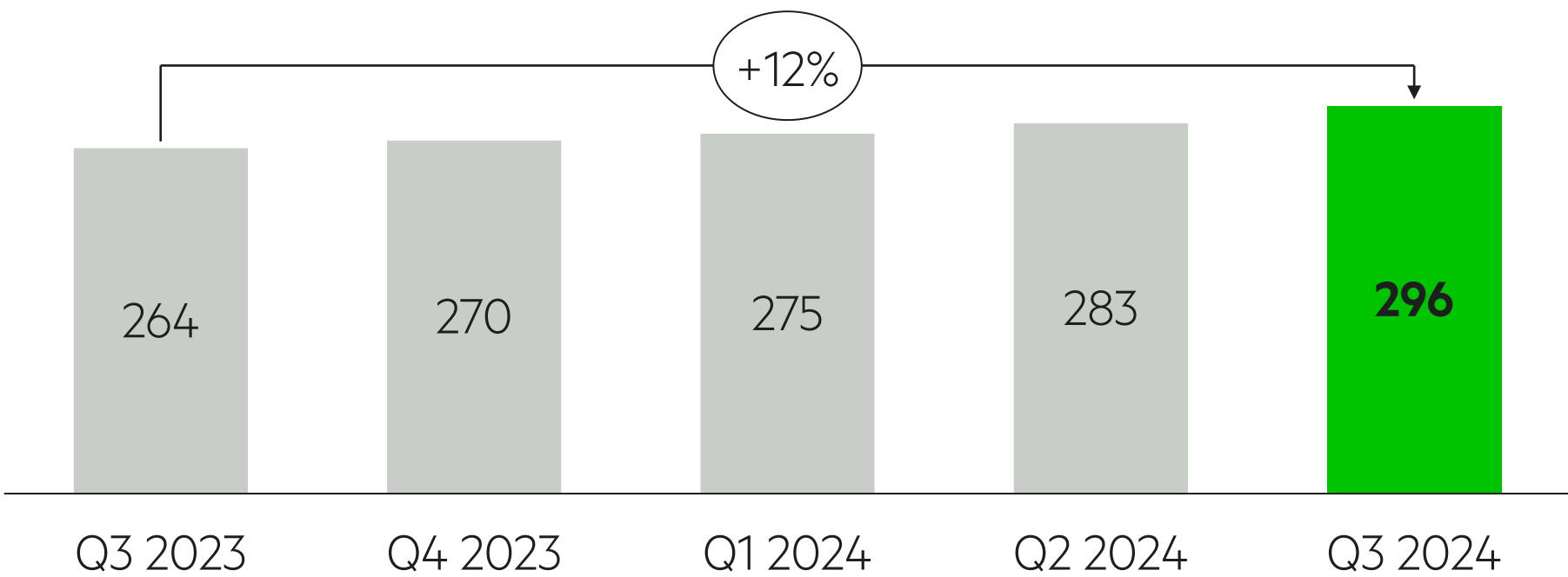


B2C broadband customer base mix



B2C fiber broadband service revenue growth

(€ m)



1. Including 21k in Q1 '24 related to Kabeltex and Coöperatie Glasvezel Noord and 4k in Q3 '24 related to Digitale Stad

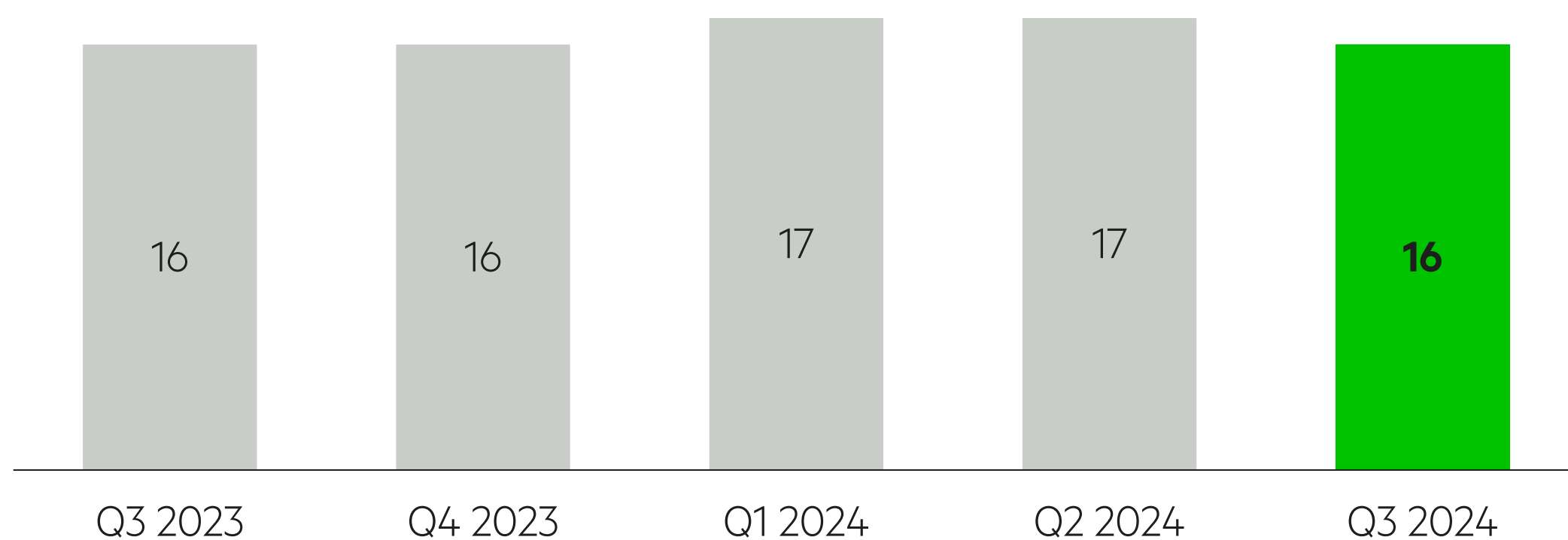
B2C: Continued service revenue growth

Key take-aways

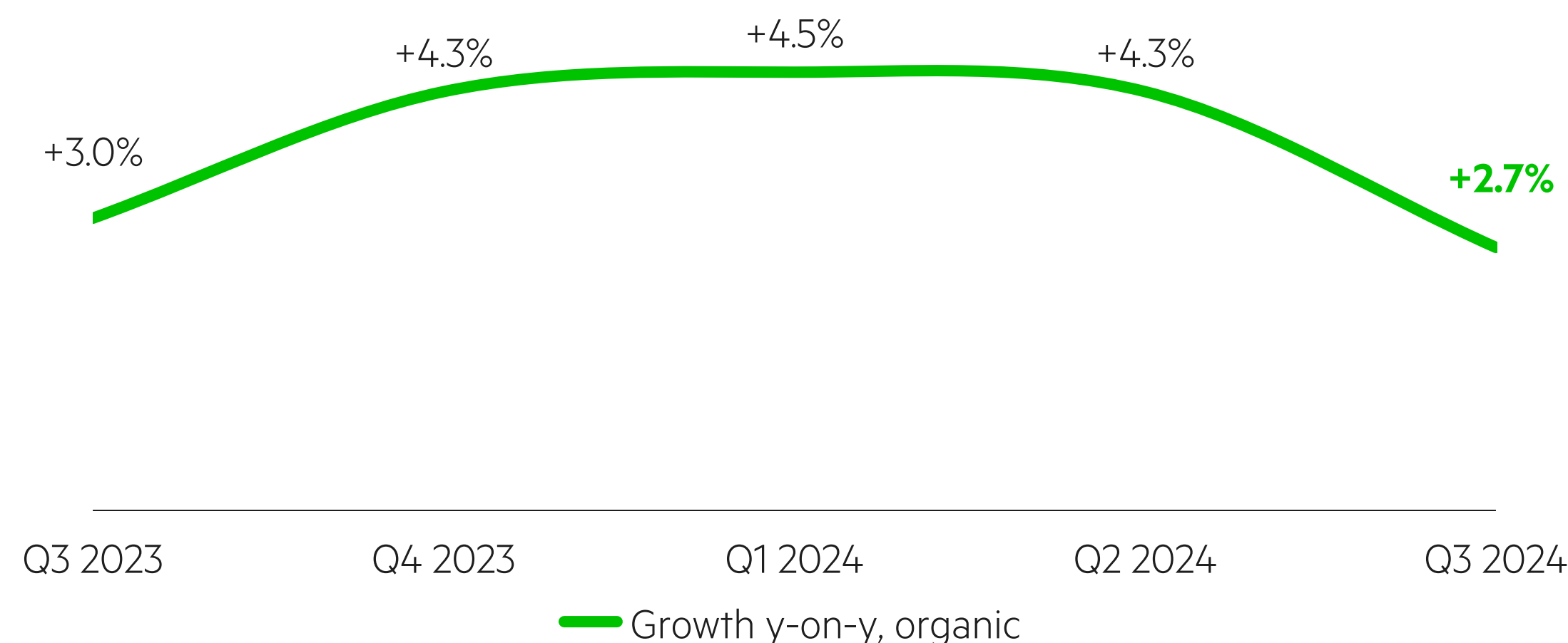
- Consumer service revenues grew 2.7% y-on-y organically, driven by Fixed and Mobile
- Fixed service revenues supported by fiber broadband service revenue growth. Broadband net adds +3k¹ in challenging competitive environment
- Continued strong Mobile service revenue growth
- Solid Mobile base inflow (+45k), partly supported by the launch of our Kids and Teens proposition
- While NPS remains leading, we have witnessed some adverse movements recently, which has our full attention

Leading NPS²

(YTD)

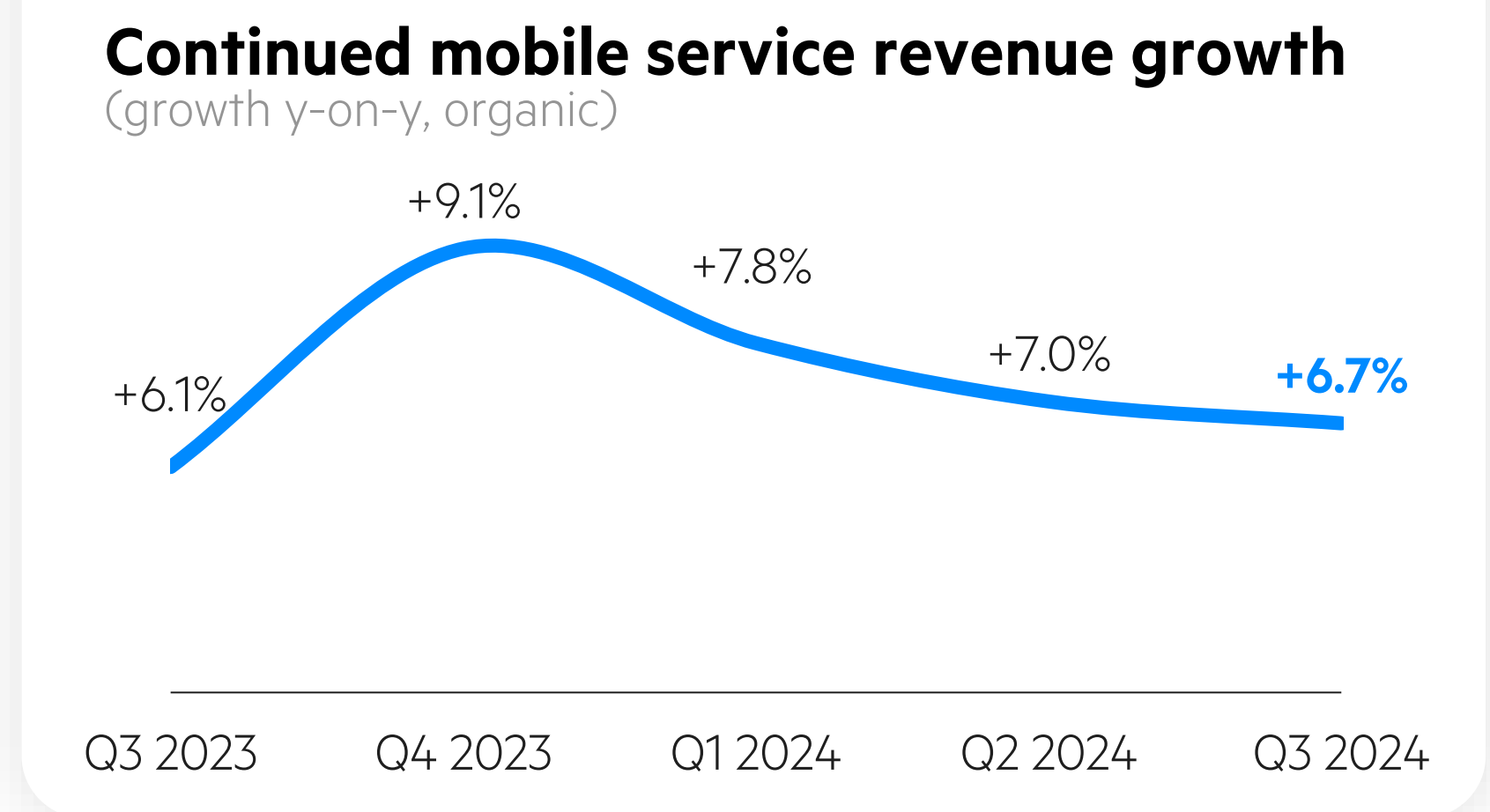
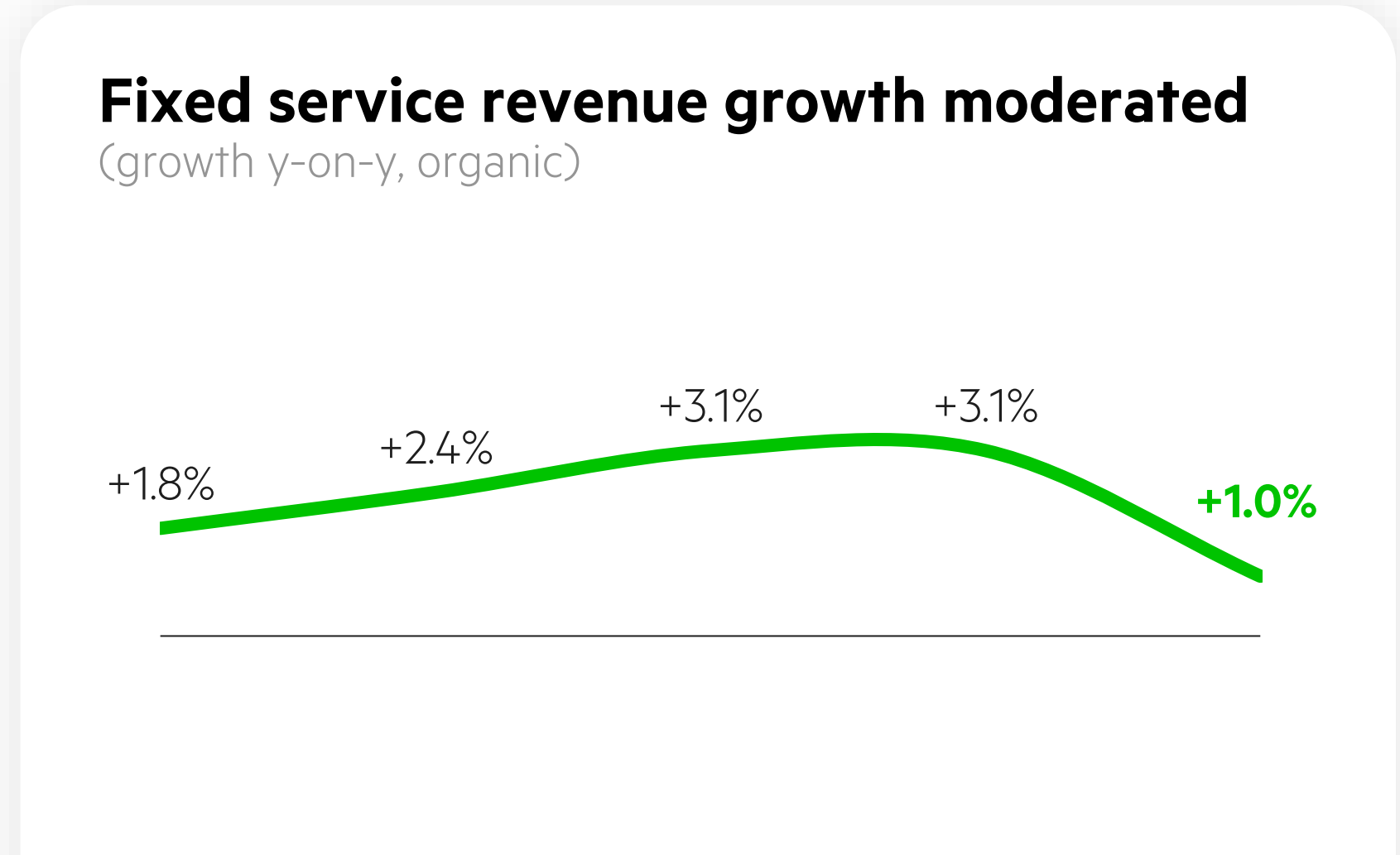
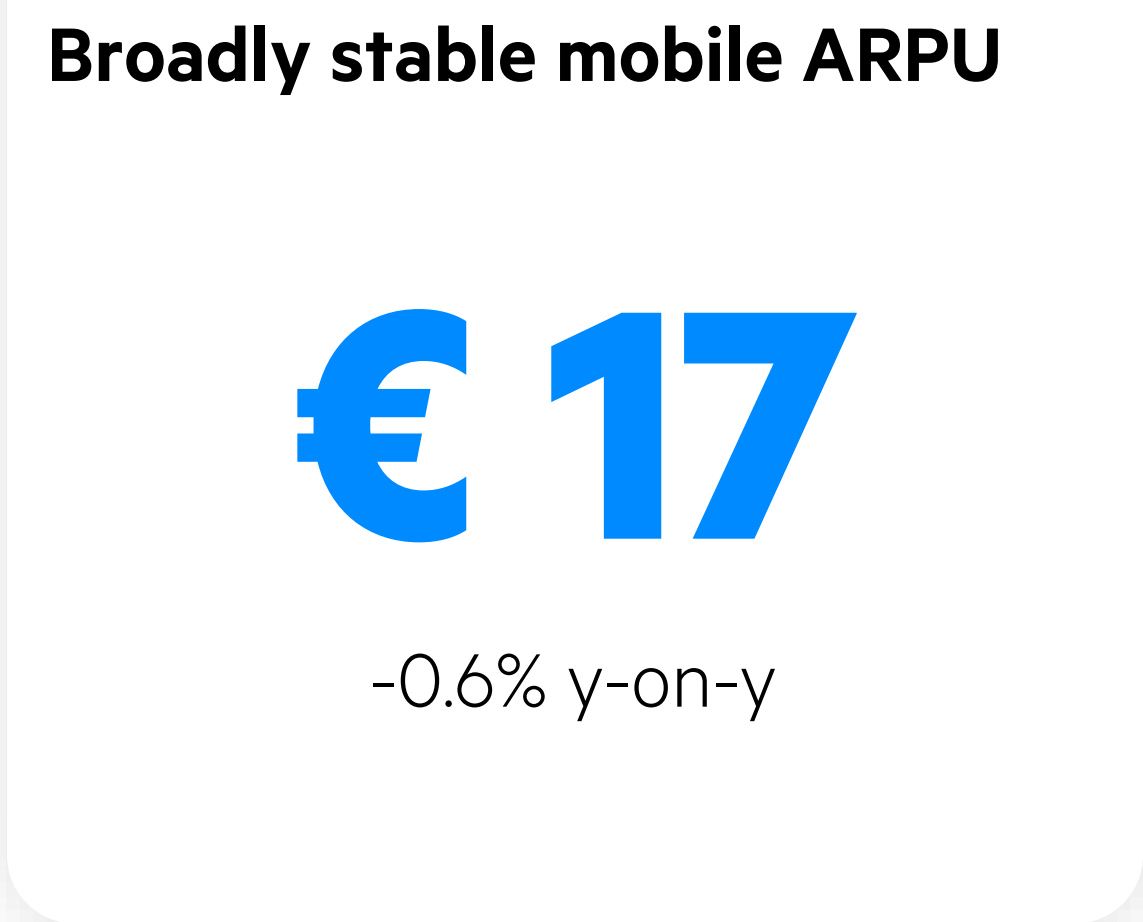
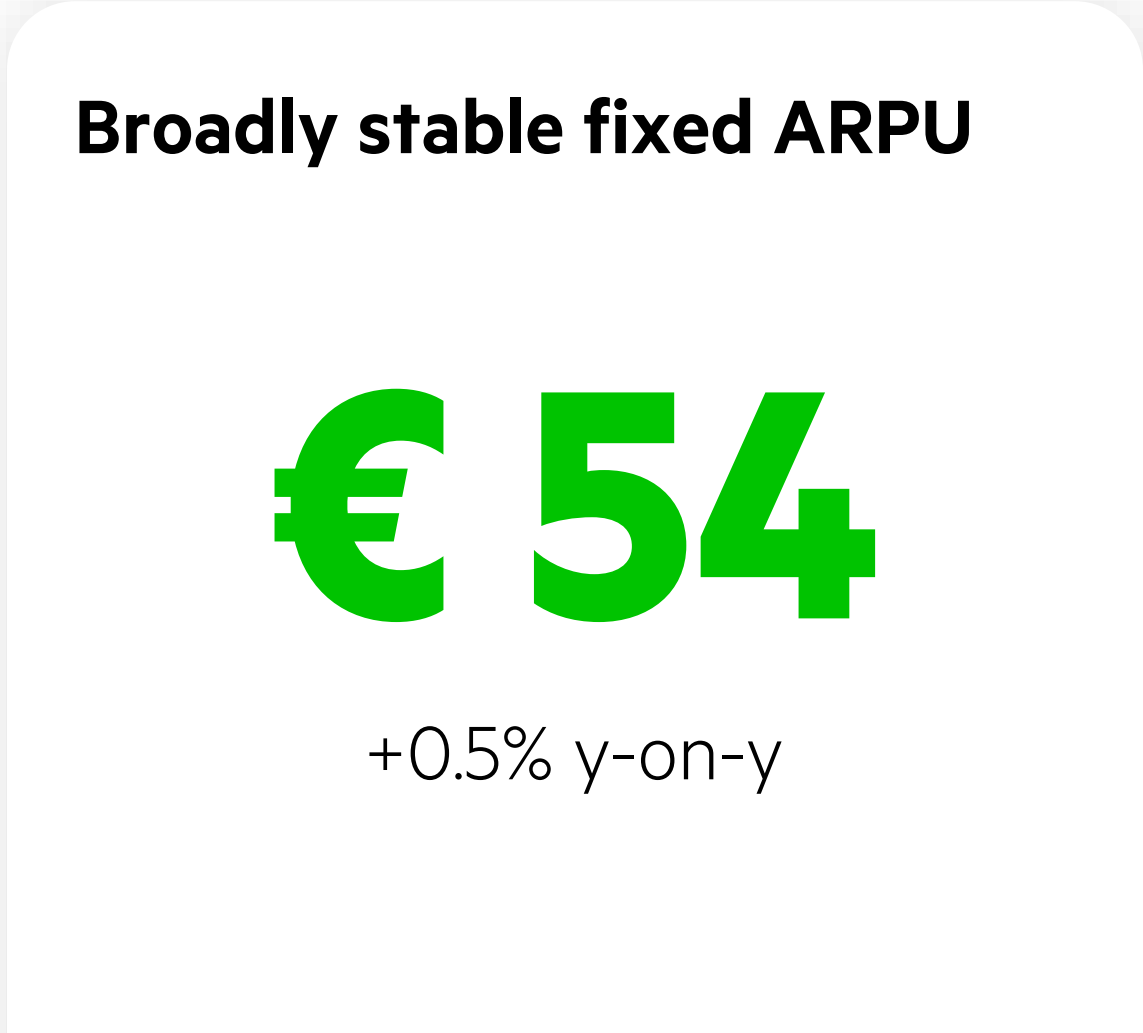
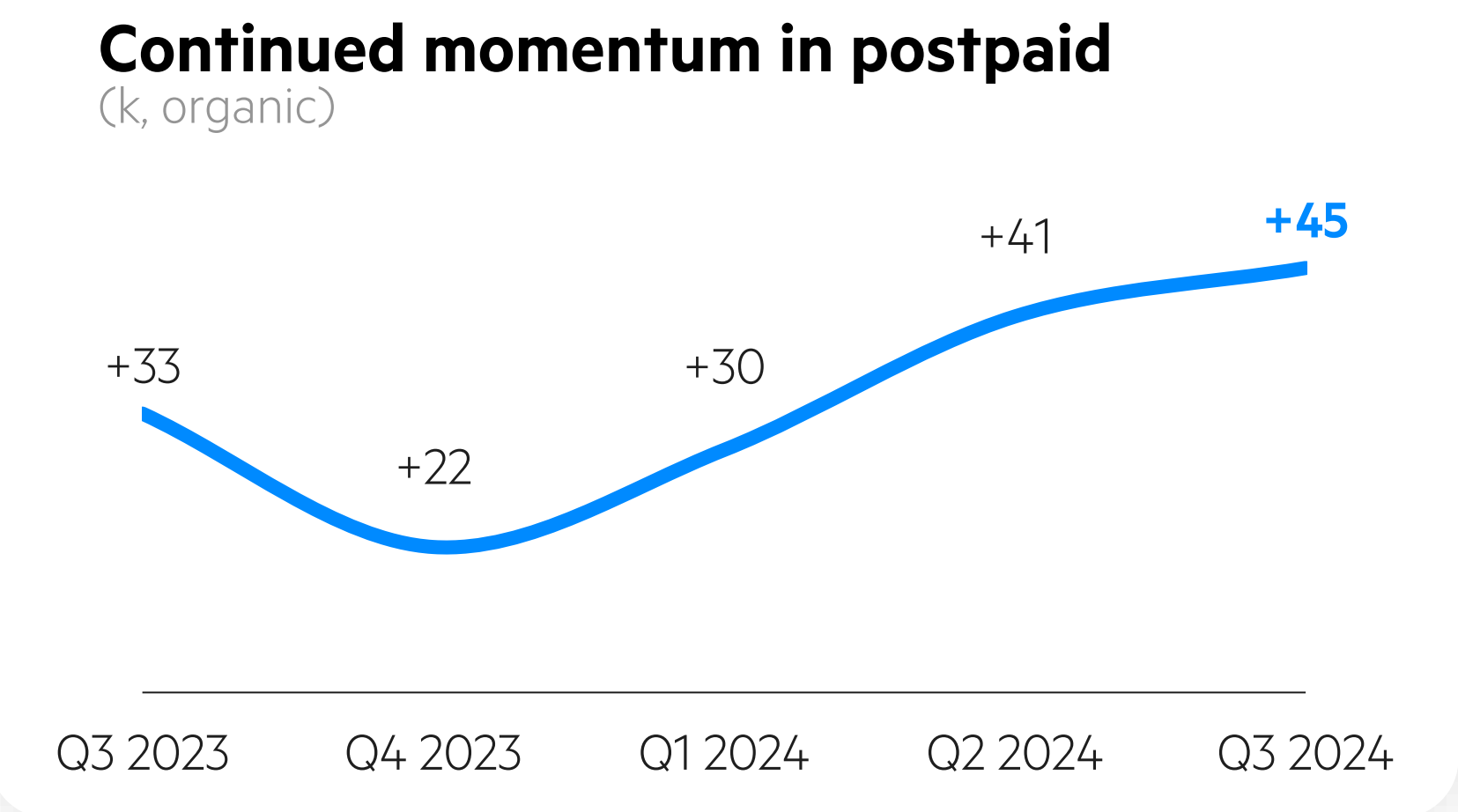
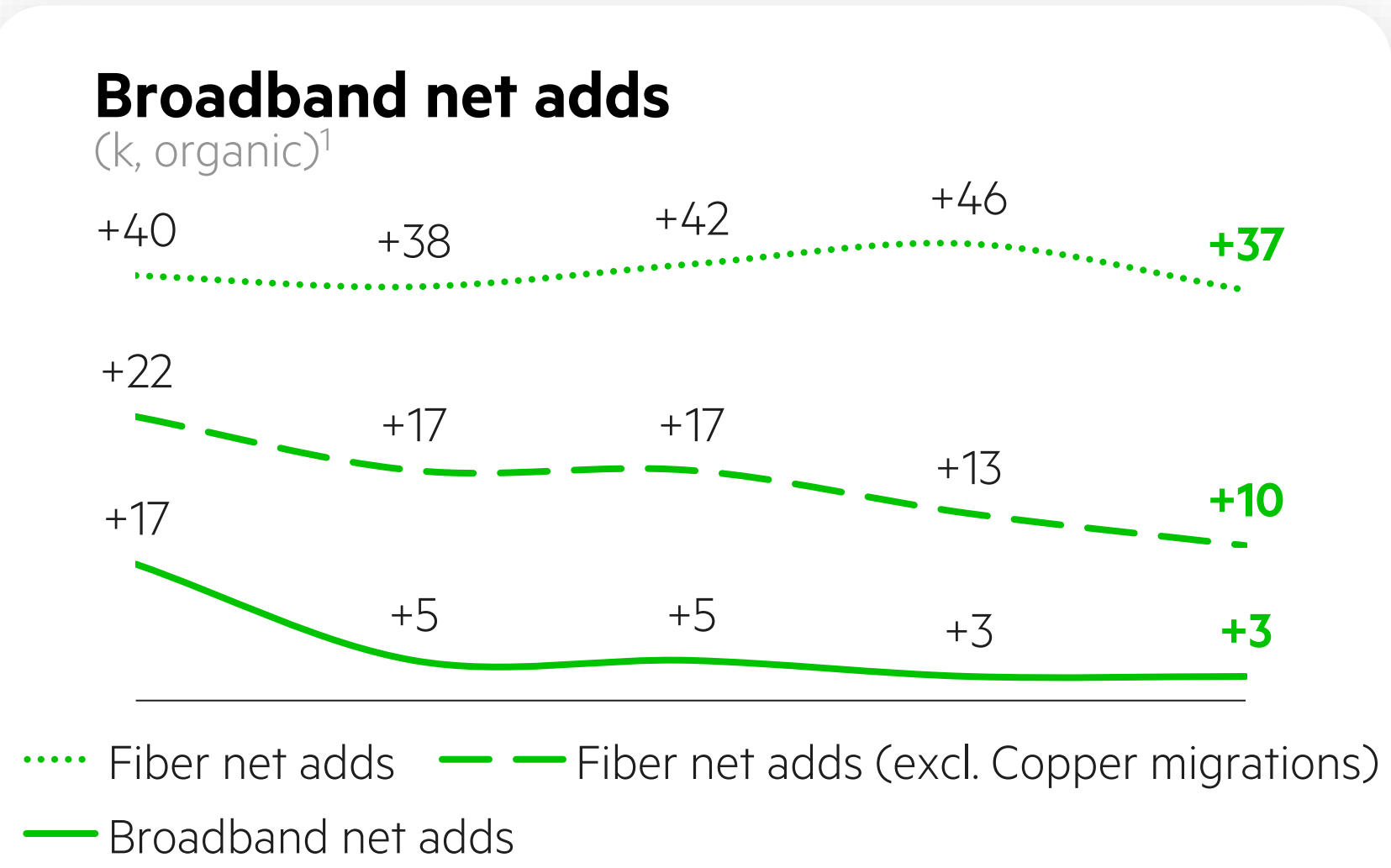


Adj. Service Revenue trend



Segment revenues (€ m)	Q3 2023	Q3 2024	Δ y-on-y	Organic
Fixed service revenues	464	475	+2.2%	+1.0%
o/w Fiber broadband	264	296	+12%	+12%
o/w Copper broadband	186	166	-11%	-13%
o/w Other Fixed	14	12	-16%	-16%
Mobile service revenues	197	227	+15%	+6.7%
Adj. Consumer service revenues	662	702	+6.1%	+2.7%
Non-service revenues & Other	62	63	+2.0%	+1.9%
Adj. Consumer revenues	724	765	+5.7%	+2.7%

B2C: Solid mobile and fiber base inflow driving service revenue growth

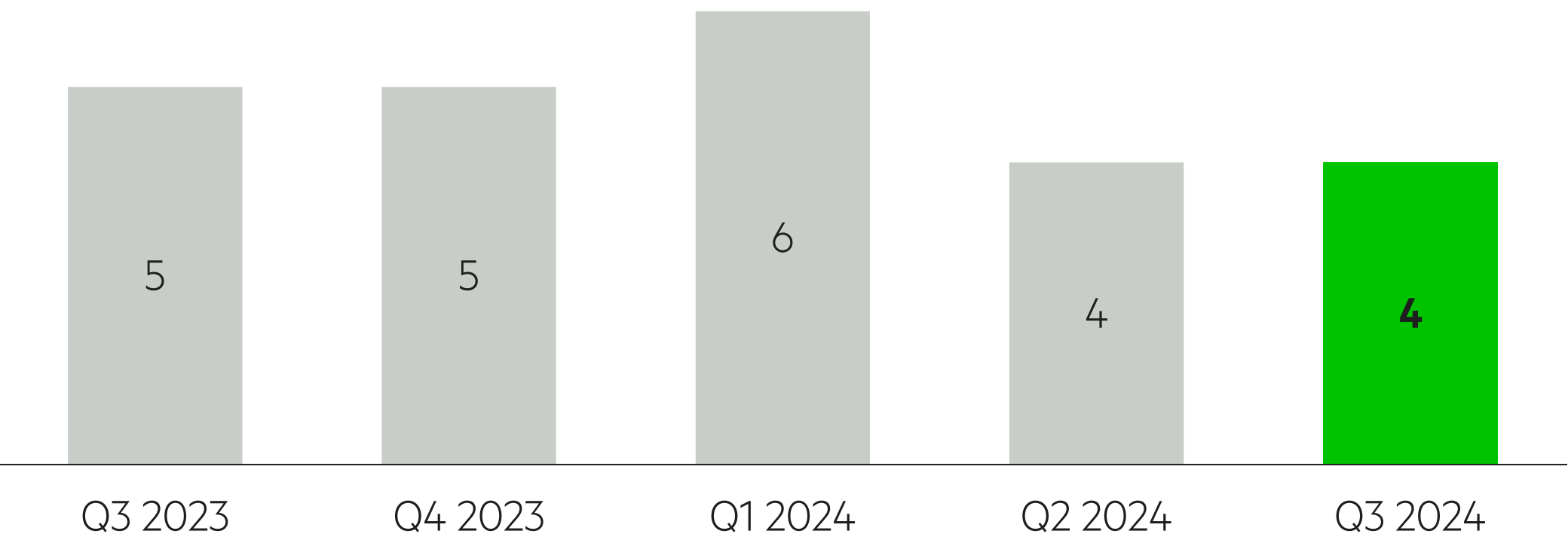


B2B: Service revenue growth came in strong once again

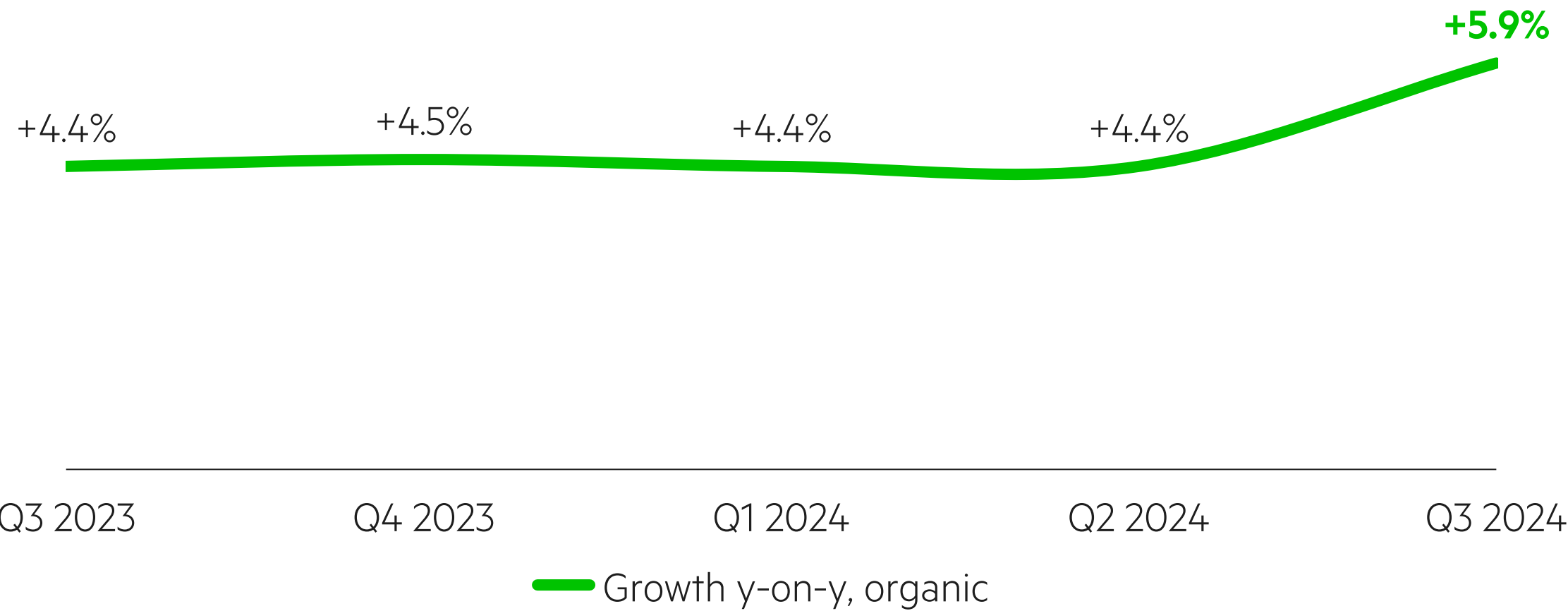
Key take-aways

- Business service revenues grew 5.9% y-on-y organically, driven by all segments
- Continued strong growth in SME, driven by Mobile, Broadband and Cloud & Workspace
- LCE service revenues growing, supported by IoT and roaming
- Tailored Solutions service revenues increased, driven by higher project-related business and services delivered by subcontractors
- While NPS remains leading, we have witnessed some adverse movements recently, which has our full attention

Industry-leading NPS¹ (YTD)



Adj. Service Revenue trend



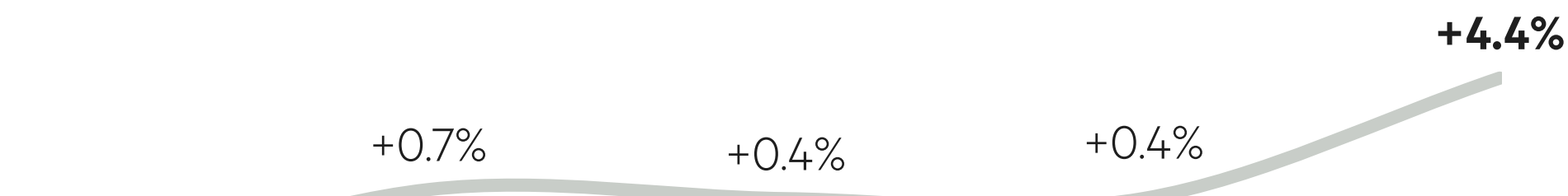
Segment revenues (€ m)	Q3 2023	Q3 2024	Δ y-on-y	Organic
SME	168	182	+8.1%	+6.7%
LCE	190	193	+1.4%	+4.4%
Tailored Solutions	74	80	+7.6%	+7.6%
Adj. Business service revenues	432	454	+5.0%	+5.9%
Non-service revenues & Other	19	22	+16%	+16%
Adj. Business revenues	452	477	+5.6%	+6.3%

B2B: All segments contributing

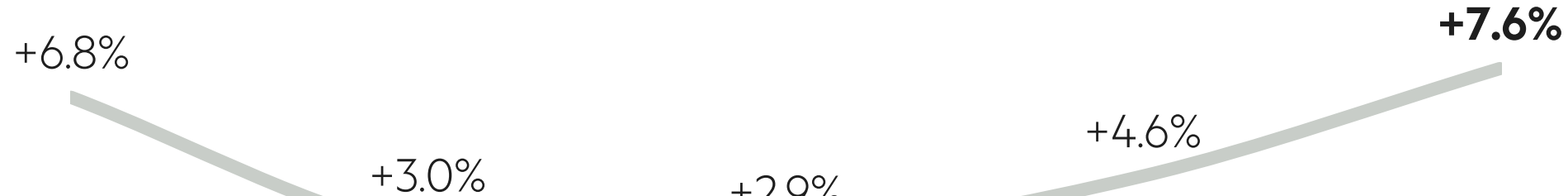
SME



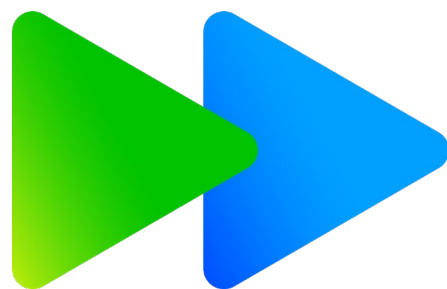
LCE



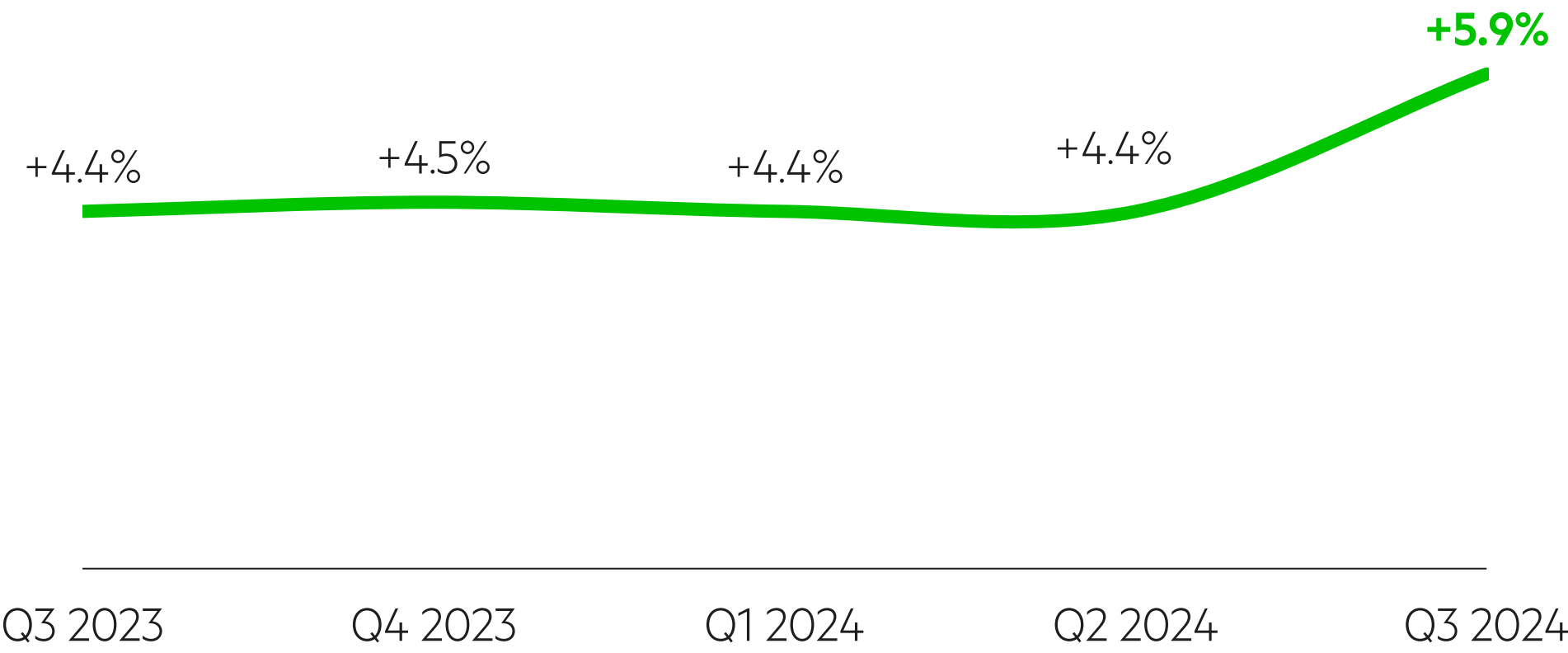
Tailored Solutions



— Growth y-on-y, organic



Total adj. Business service revenues



— Growth y-on-y, organic

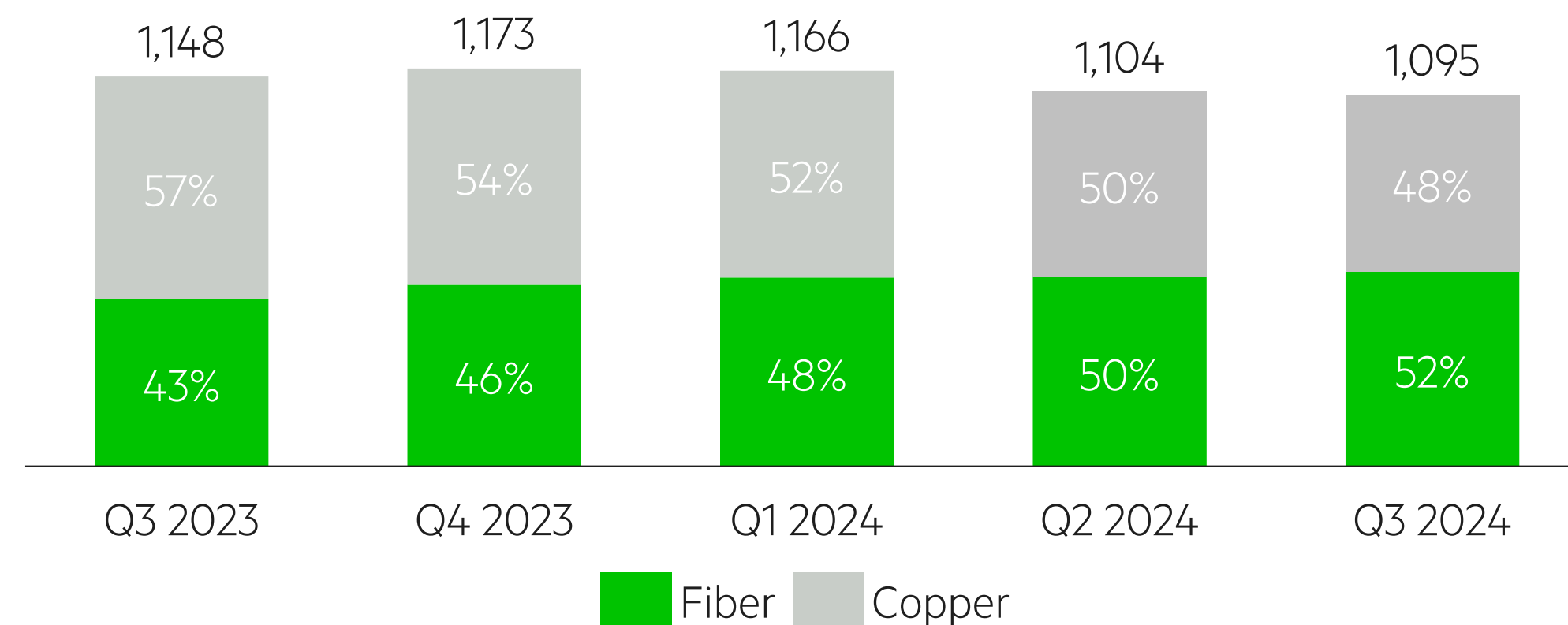
Wholesale: Service revenues returned to growth

Key take-aways

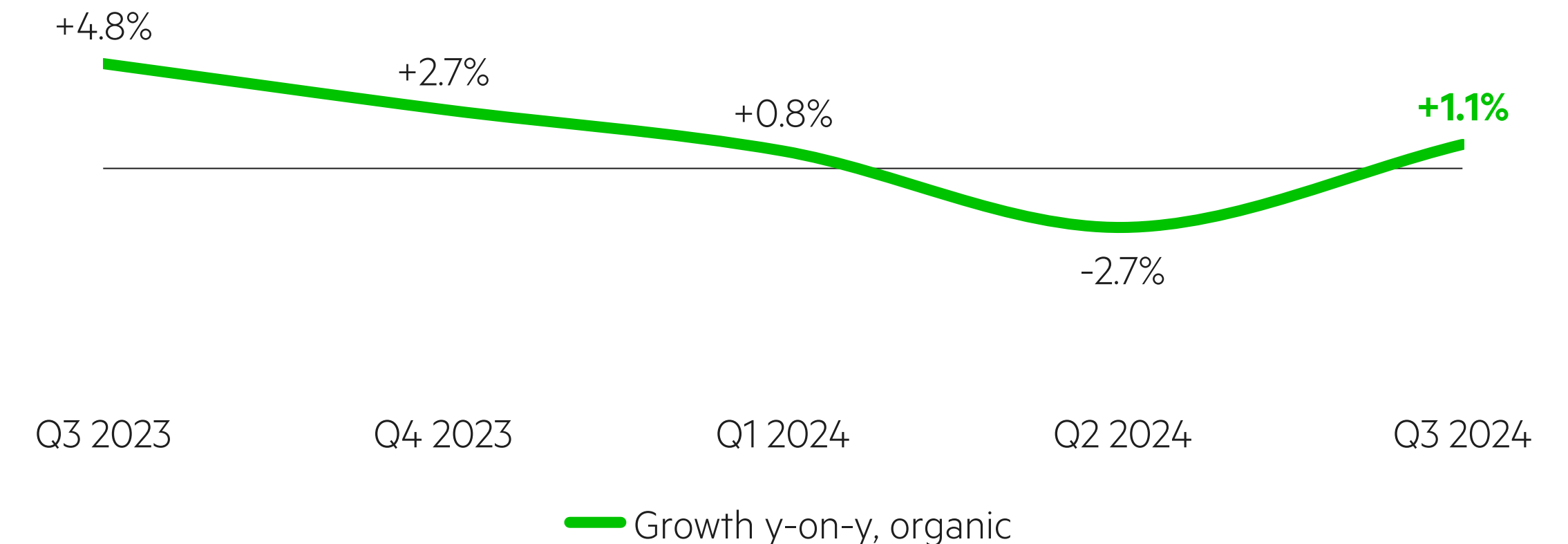
- Service revenues increased 1.1% y-on-y organically, driven by both Broadband and Mobile
- Broadband service revenues grew 4.4% y-on-y, mainly driven by higher service sales to Glaspoort and a negative one-off in Q3 '23
- Mobile service revenues grew 4.3% y-on-y, driven by a significant increase in international sponsored roaming volumes and base growth
- Other service revenues declined, mainly due to a decrease in low-margin interconnect revenues (lower regulated tariffs and less traffic)

Broadband customer base

(k)¹



Adj. Service Revenue trend



Segment revenues (€ m)

	Q3 2023	Q3 2024	Δ y-on-y	Organic
Broadband service revenues	79	78	-0.9%	+4.4%
<i>o/w Fiber</i>	35	39	+12%	+16%
<i>o/w Copper</i>	41	34	-15%	-9.2%
<i>o/w Other</i>	3	5	+42%	+42%
Mobile service revenues	49	40	-18%	+4.3%
Other service revenues	51	48	-6.2%	-6.2%
Adj. Wholesale service revenues	179	166	-7.2%	+1.1%
Non-service revenues & Other	0	1	n.m.	>100%
Adj. Wholesale revenues	180	167	-6.9%	+1.3%

Financial Performance



Summary: Q3 & YTD 2024 results

Adjusted revenues

Q3 2024	YTD 2024
€ 1,420m +4.2%	€ 4,189m +4.0%
Q3 2023 € 1,363m	YTD 2023 € 4,028m

Adj. net indirect opex AL

Q3 2024	YTD 2024
+€ 19m	+€ 47m

Adjusted EBITDA AL

Q3 2024	YTD 2024
€ 643m +2.3%	€ 1,878m +3.8%
Q3 2023 € 629m	YTD 2023 € 1,809m

Q3 adjusted revenues +4.2% y-on-y

- Driven by growth in Consumer and Business and higher non-service revenues

Net profit

Q3 2024	YTD 2024
€ 231m +3.0%	€ 632m -0.6%
Q3 2023 € 224m	YTD 2023 € 636m

Liquidity position

Q3 2024
€ 1.6bn

Cash & short-term investments: € 519m
Committed undrawn facilities: € 1,075m

Leverage ratio

Q3 2024
2.5x

Q3 2023
2.4x

Q3 adjusted EBITDA AL +2.3% y-on-y

- Healthy revenue growth, partly offset by higher cost base

Capex

Q3 2024	YTD 2024
€ 281m -7.5%	€ 920m +1.7%
Q3 2023 € 303m	YTD 2023 € 905m

Operational Free Cash Flow

Q3 2024	YTD 2024
€ 363m +11%	€ 958m +6.0%
Q3 2023 € 326m	YTD 2023 € 904m

Free Cash Flow

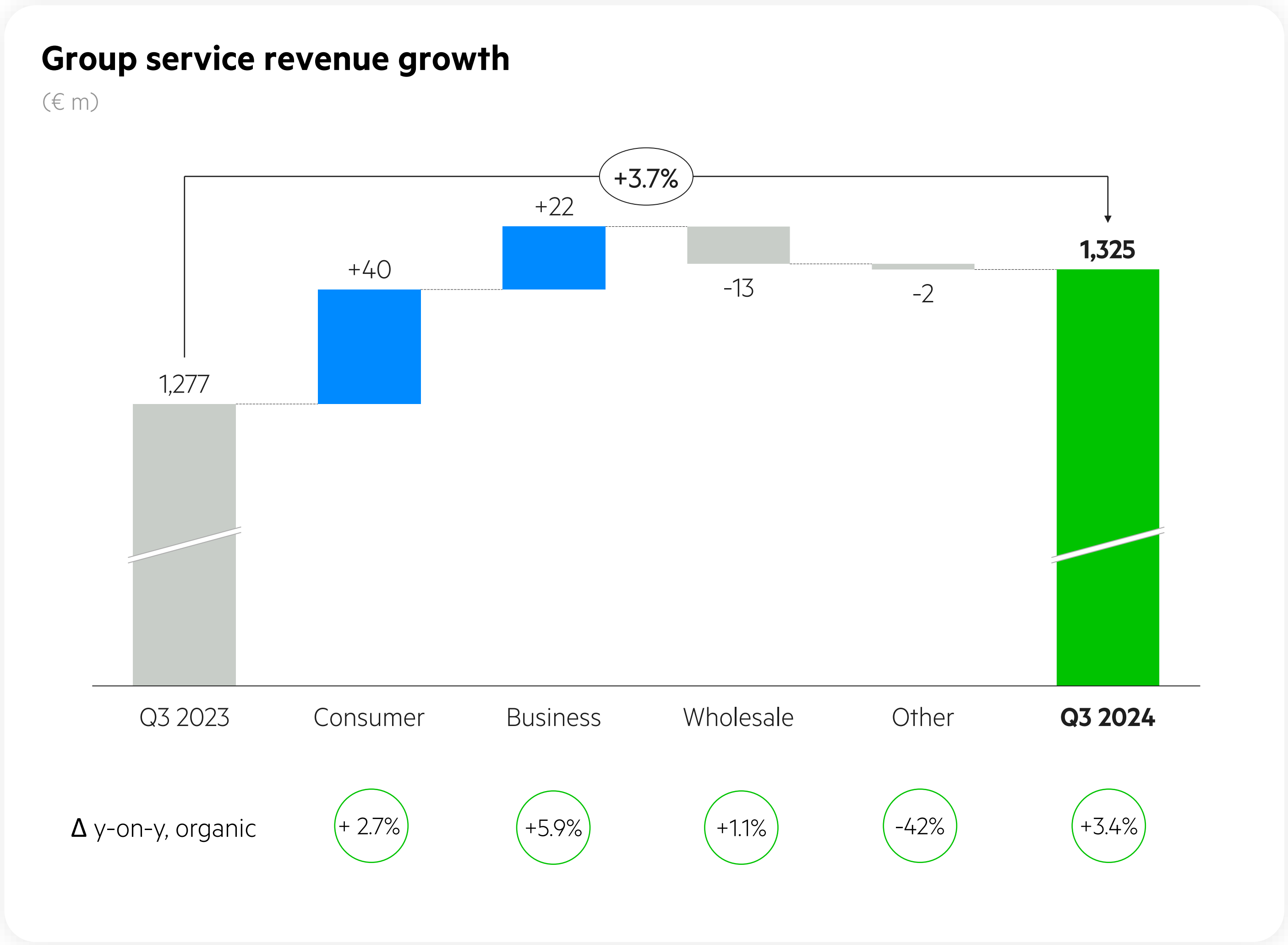
Q3 2024	YTD 2024
€ 178m -10%	€ 542m -1.7%
Q3 2023 € 198m	YTD 2023 € 552m

YTD FCF of € 542m (-1.7% y-on-y)

- EBITDA growth offset by Capex phasing, timing interest payments and higher cash taxes

Strong liquidity position of € 1.6bn

Group service revenue growth, with all segments contributing

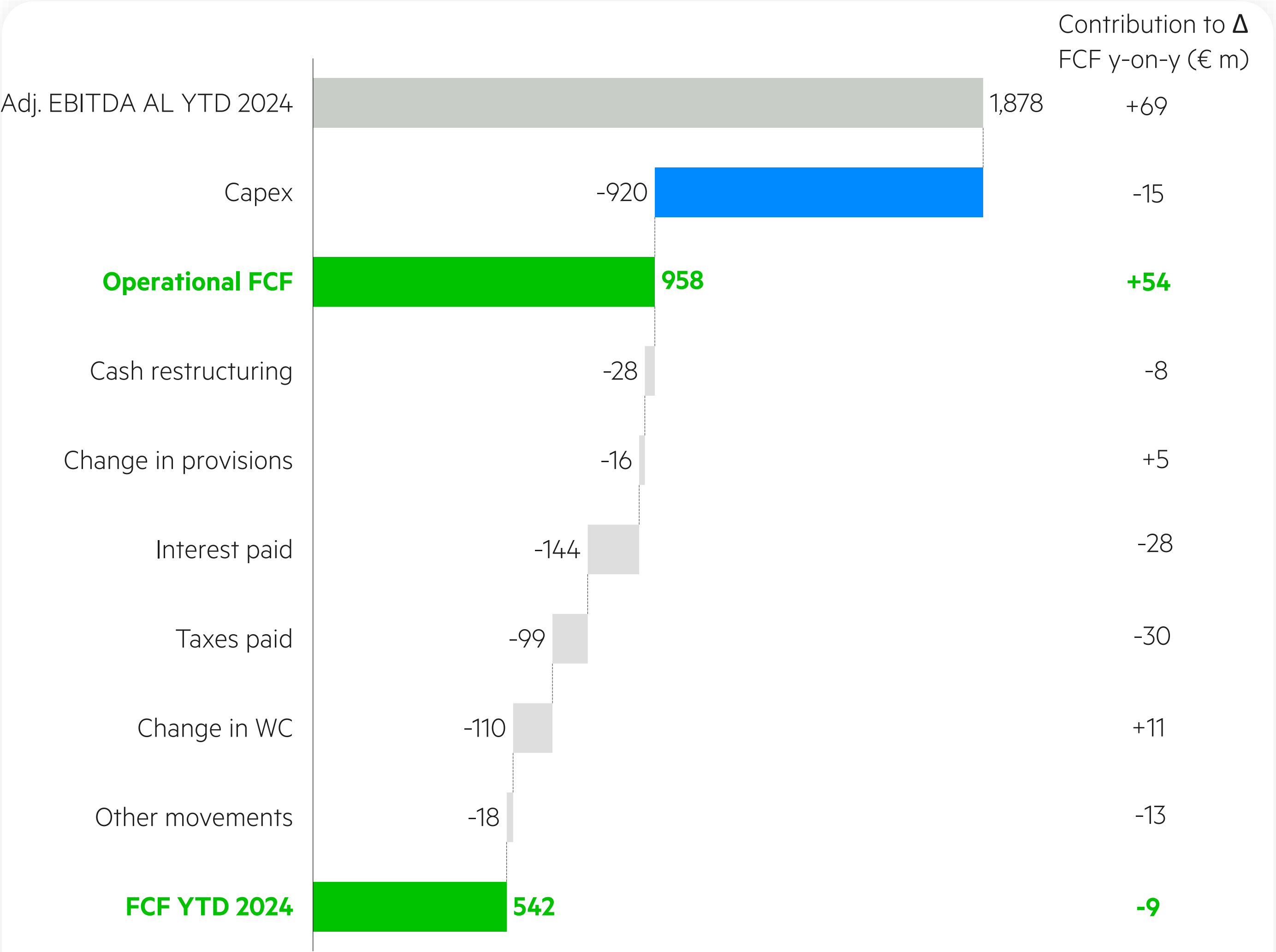


Consumer driven by strong Mobile and Fiber service revenue growth

Business with growth across the board

Wholesale returned to organic growth, driven by both Broadband and Mobile

YTD FCF generation broadly stable y-on-y



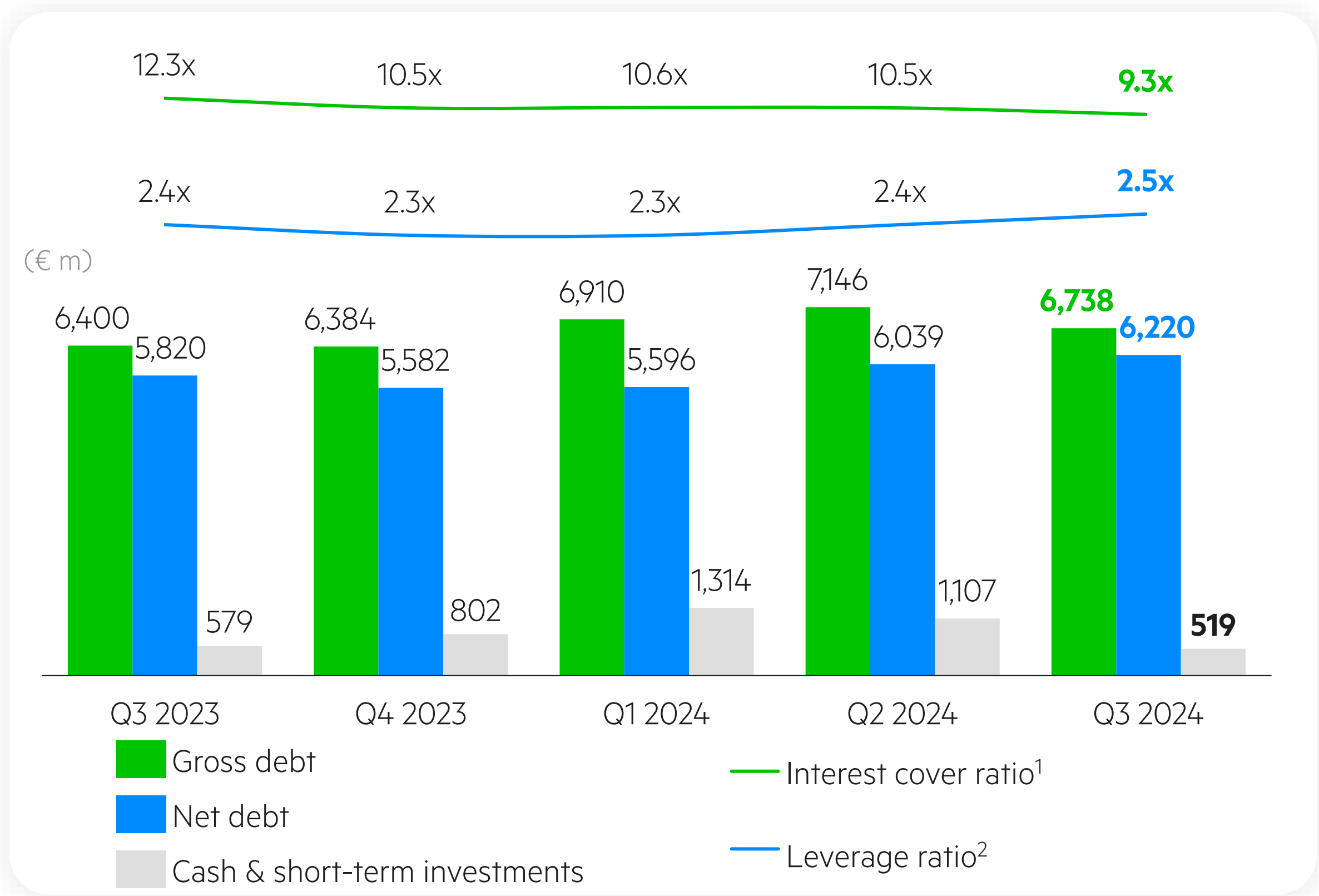
▶ **YTD 2024 FCF** of **€ 542m**, 1.7% lower y-on-y, as higher EBITDA was offset by:

- higher Capex
- timing interest payments
- higher cash taxes

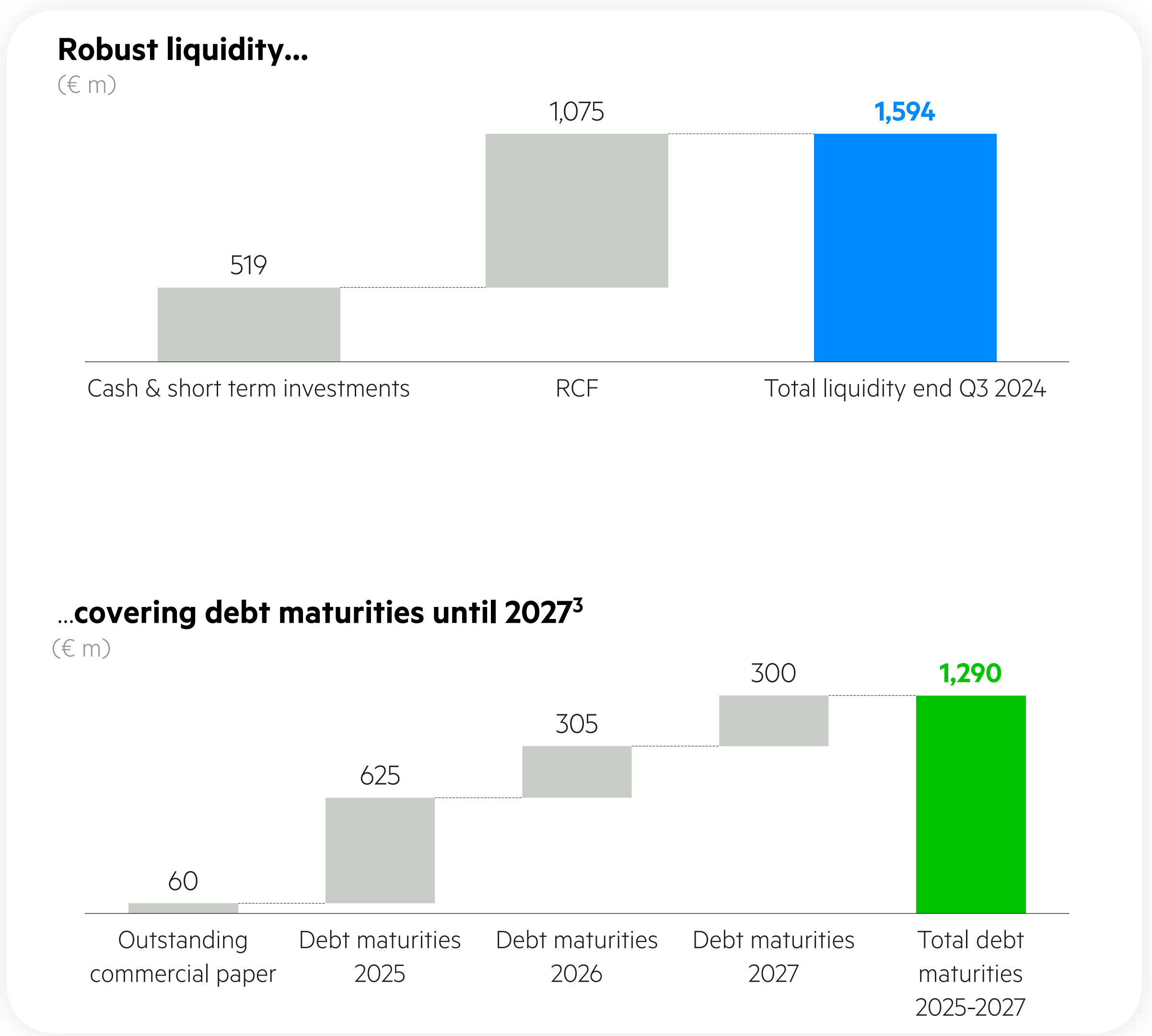
▶ Cash & short-term investments of **€ 519m** per 30 September 2024

(€m)	YTD 2023	YTD 2024	Δ y-on-y
Free Cash Flow	552	542	-1.7%
<i>As % of adj. revenues</i>	<i>13.7%</i>	<i>13.0%</i>	
Acquisitions & disposals	25	-183	n.m.
Change in short-term investments	-71	119	n.m.
Other investing cash flow	-45	-65	+45%
Dividends paid	-587	-646	+10%
Share repurchase	-300	-200	-33%
Other financing cash flow	452	268	-41%
Cash flow from discontinued operations	-16	-	-100%
Change in net cash & cash equivalents	9	-164	n.m.
Net cash & cash equivalents BoP	399	608	+52%
Change in net cash & cash equivalents	9	-164	n.m.
Net cash & cash equivalents EoP	408	445	+9.1%

Robust liquidity position, committed to investment-grade credit profile



- Net debt higher at € 6.2bn, gross debt decreased after bond redemption in Q3' 24
- Sequentially leverage ratio 0.1x higher at 2.5x, due to spectrum and dividend payment, partly offset by Free Cash Flow generation
- Strong liquidity position of € 1.6bn covering debt maturities until end of 2027
- Average cost of senior debt lower q-on-q at 3.86% (-30bps y-on-y)



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 3. Excluding optional call redemptions on hybrid bonds

FY 2024 outlook reiterated

Achievements YTD 2024

Outlook FY 2024

Ambitions FY 2027¹

Service revenues

+3.7%

~3%

~3% CAGR

Adj. EBITDA AL

€ 1,878m

~€ 2,500m

~3% CAGR

Capex

€ 920m

~€ 1.2bn

<€ 1.0bn

Free Cash Flow

€ 542m

>€ 890m

~7% CAGR

Highlights Q3: Organic¹ growth across all segments, guidance confirmed

- ▶▶ **Group service revenue growth** (+3.7% y-on-y, or +3.4% organic)
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- ▶▶ **Ongoing commercial momentum** in Consumer postpaid; positive net adds broadband
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- ▶▶ **Expanded fiber footprint** with +110k HP (+137k HP incl. Glaspoort)
- ▶▶ **Full-year 2024** outlook reiterated



Appendices

- I Tax
- II Debt portfolio
- III ESG dashboard

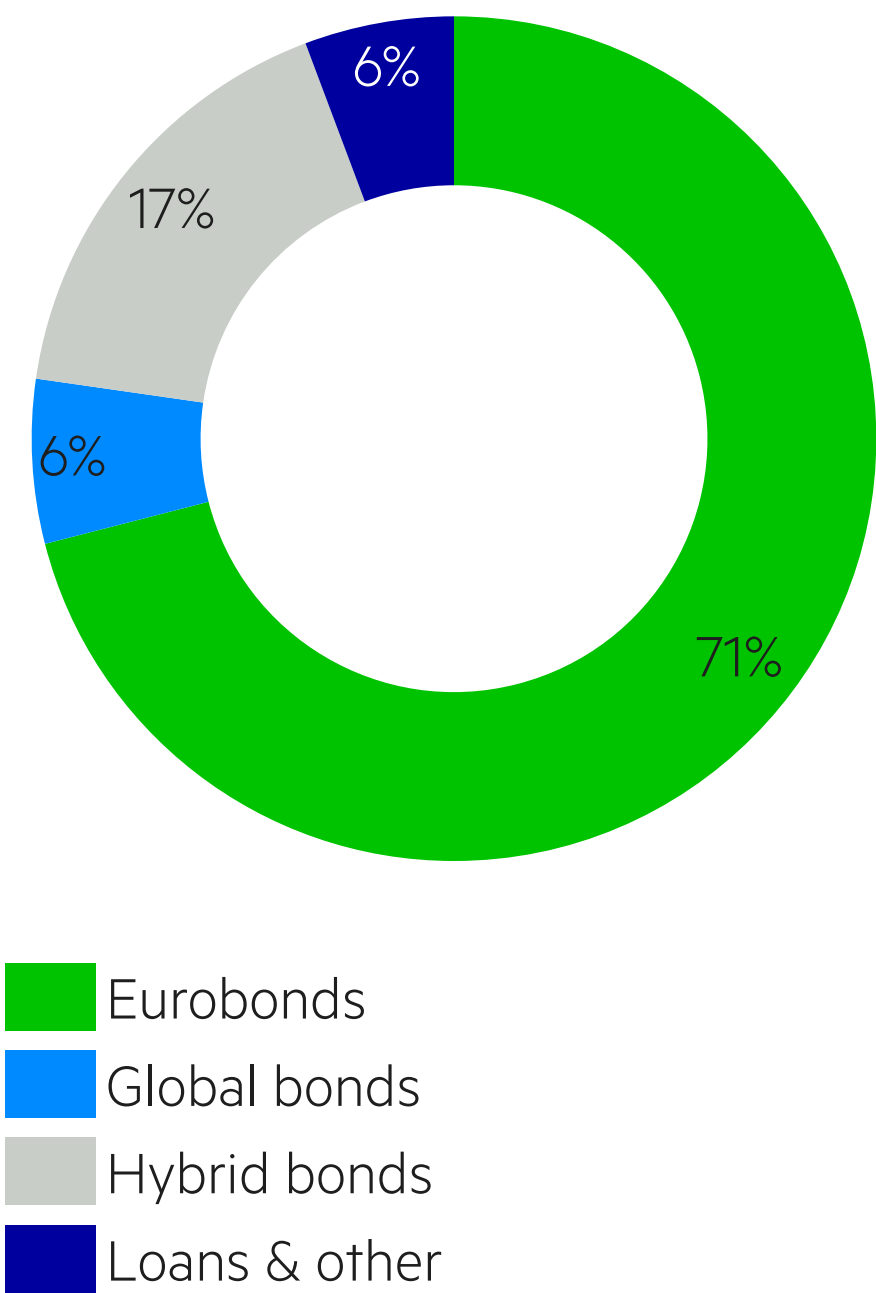
I. Tax Q3 2024

Regions (€ m)	P&L		Cash flow		P&L		Cash flow	
	Q3 2023	Q3 2024	Q3 2023	Q3 2024	YTD 2023	YTD 2024	YTD 2023	YTD 2024
The Netherlands	-69	-70	-26	-62	-190	-183	-69	-99
Other	-	-	-	-	-	-	-	-
Total reported tax	-69	-70	-26	-62	-190	-183	-69	-99
Of which discontinued operations	-	-	-	-	-	-	-	-
Reported tax from continuing operations	-69	-70	-26	-62	-190	-183	-69	-99
Effective tax rate continuing operations	23.1%	22.8%			22.8%	22.2%		

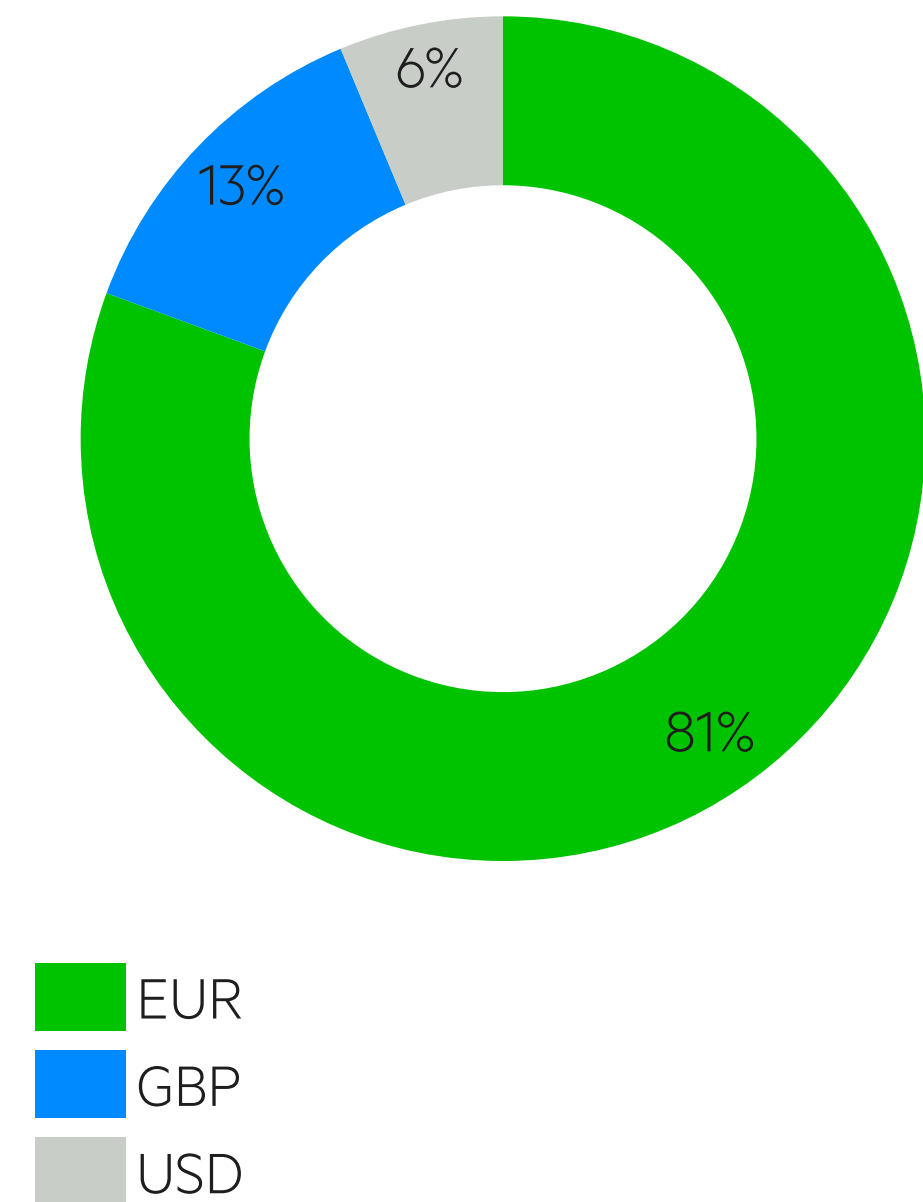
- The effective tax rate for Q3 2024 was mainly influenced by the Innovation Box facility, one-off effects¹ and the tax effect of perpetual hybrid bonds
- The normalized tax rate is ~23% for Q3 2024 (adjusted for iBox, one-off effects¹ and the tax effect of perpetual hybrid bonds)
- For FY 2024, the effective tax rate is expected to be **~23%**

II. Debt portfolio

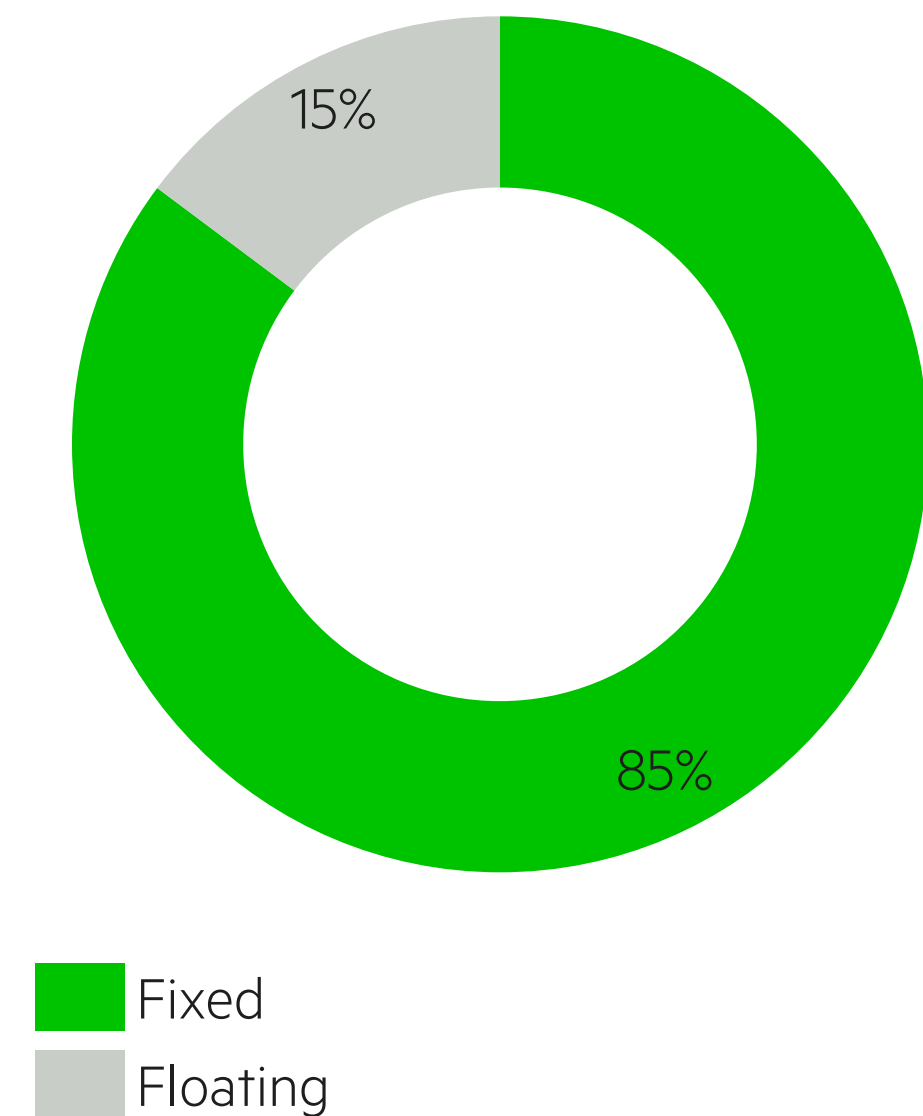
Nominal debt by type¹



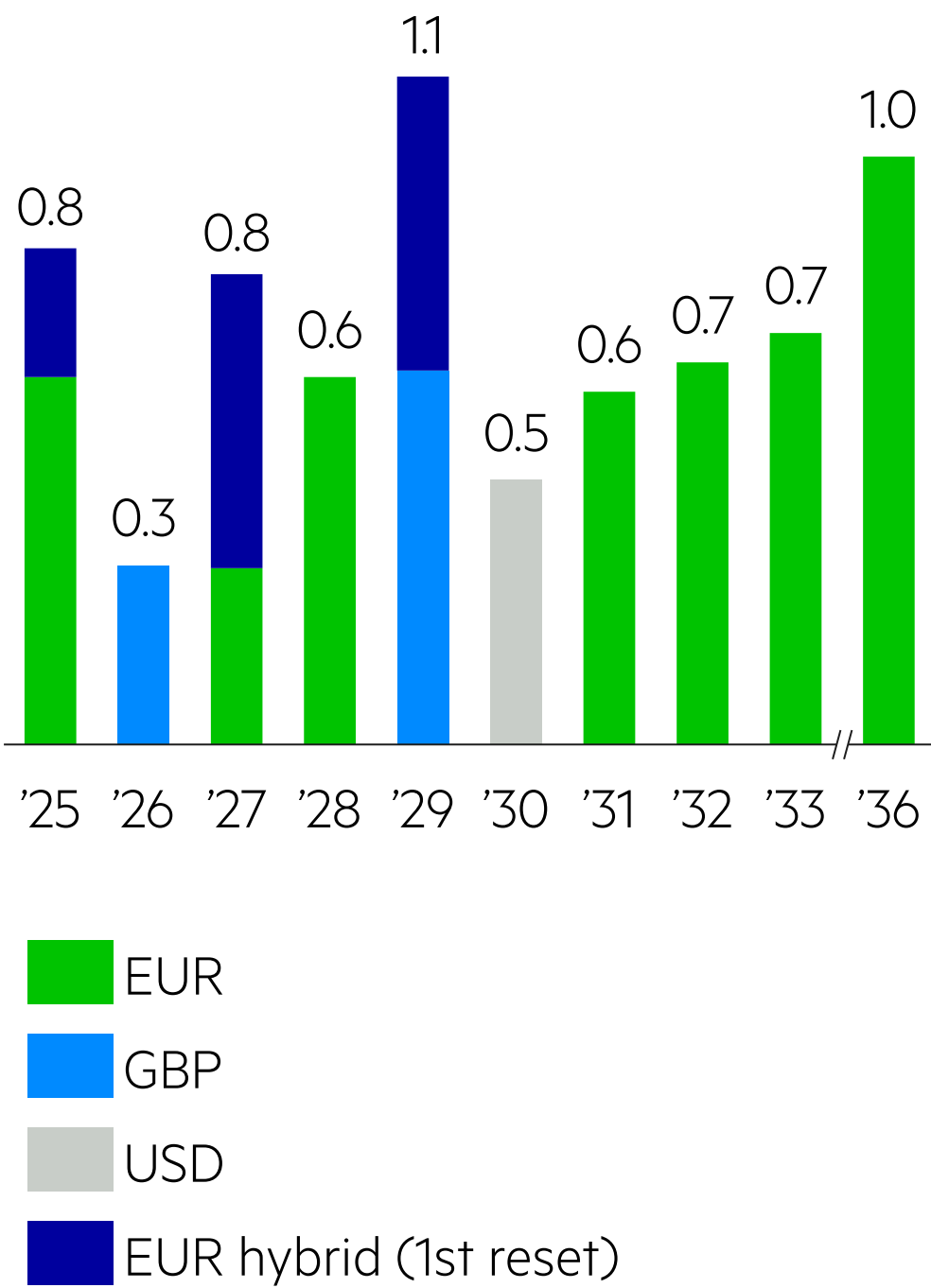
Nominal debt by currency¹



Fixed vs. floating interest¹



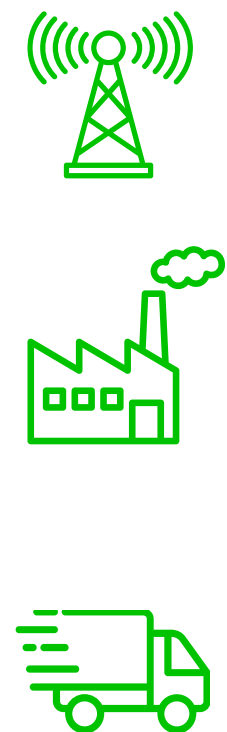
Debt redemption profile²



1. Based on the nominal value of interest-bearing liabilities after swap to EUR as per 30 September 2024
2. Includes outstanding bonds and loans, excluding commercial paper

III. ESG dashboard: continued progress on ambitions

In kTon CO₂e

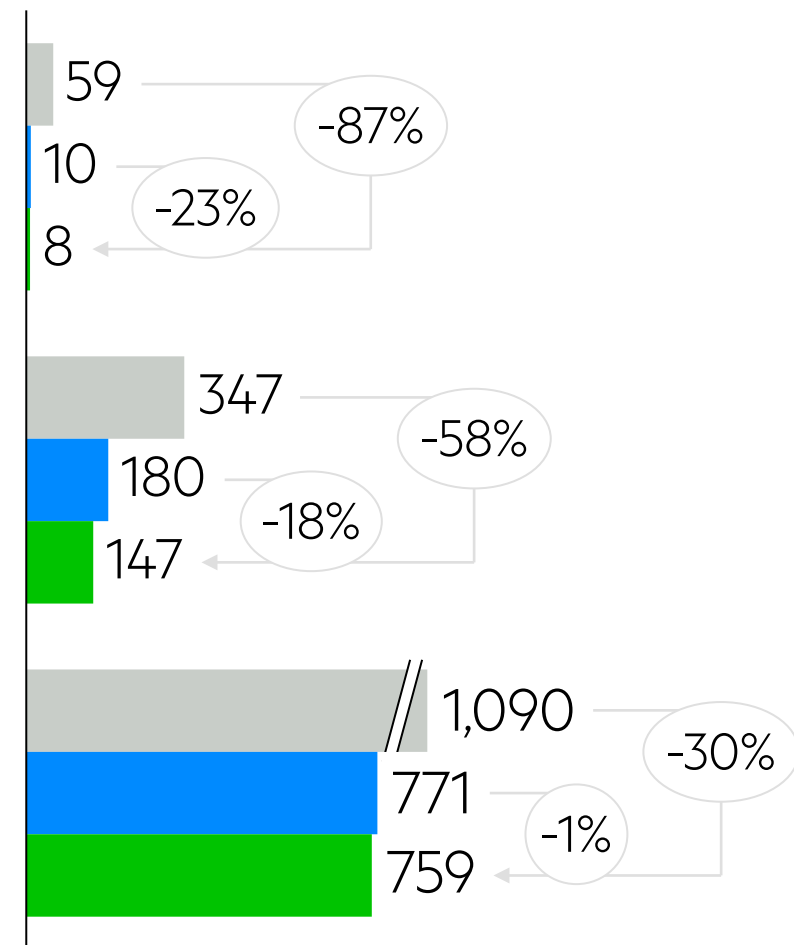


Scope 1

Scope 2

Scope 3²

Base year¹
LTM Q2 '23
LTM Q2 '24



Scope 1 – Direct emissions

- Gross emissions, relating to fuel consumption car fleet, heating of buildings, consumption of coolants, fuel consumption of emergency power generators
- Ambition: 99% fossil fuel free cars added to company fleet in 2025

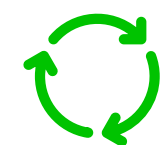
Scope 2 – Indirect emissions

- Location based emissions, relating to usage of electricity of fixed and mobile networks, offices and shops and district heating/cooling
- Ambition: electricity consumption by KPN Group in 2030 reduced to < 400 GWh

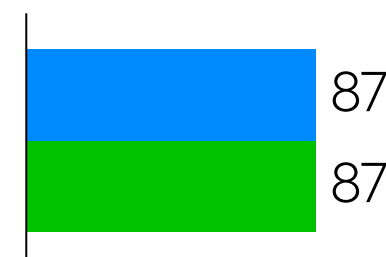
Scope 3 – Emissions in value chain

- Emissions in the upstream value chain (production phase at suppliers)
- Emissions in the downstream value chain (use phase, recycling and disposal)
- Ambition: net zero CO₂e emissions in 2040

in %



Circularity (R&R)



Circularity

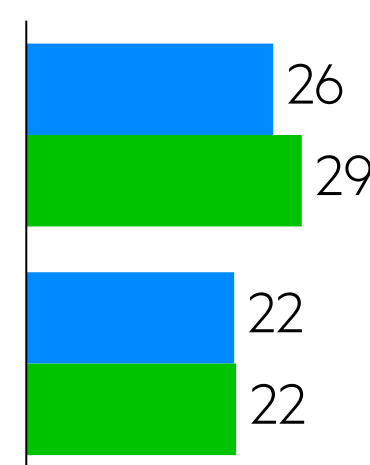
- Re-use and recycling (R&R) share of the outflow of KPN materials and waste destined to be reused, recycled, incinerated or landfilled
- Target: 86% re-use and recycling in 2025

in % (end of period)



Women in sub top³

Women at KPN



Diversity

- Achieved: Board of Management consists of 50% and Supervisory Board of 33% female members
- Ambition: 25% women at KPN and 35% women in sub top positions by 2025



KPN Investor Relations

 ir.kpn.com