



# **KPN Q4 & FY 2025 Results**

Wednesday, 28<sup>th</sup> January 2026

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**Operator:** Good afternoon, ladies and gentlemen. Welcome to KPN's Fourth Quarter Earnings Webcast and Conference Call. Please note that this event is being recorded. At this time, all participants are in listen-only mode. We will be facilitating a question-and-answer session towards the end of today's prepared remarks. If you would like to ask a question, you may do so by pressing pound key five on your telephone keypad.

I will now turn the call over to your host for today, Matthijs van Leijenhorst, Head of Investor Relations. You may now begin.

**Matthijs van Leijenhorst:** Yes. Thank you, operator. Good afternoon, ladies and gentlemen. Thank you for joining us today. Welcome to KPN's fourth quarter and full year 2025 results webcast.

With me today are Joost Farwerck, our CEO, and Chris Figee, our CFO. As usual, before we begin our presentation, I would like to remind you of the safe harbour on page two of the slides, which applies to any statements made during this presentation.

In particular, today's presentation may include forward-looking statements, including KPN's expectations regarding its outlook and ambitions, which were also included in the press release published this morning. All such statements are subject to the safe harbour.

Now, let me hand over to our CEO, Joost Farwerck.

**Joost Farwerck:** Thank you, Matthijs. Welcome, everyone. Let's start with some highlights of the fourth quarter and full year.

We delivered on our 2025 outlook and Group service revenues increased by 2.7% with all segments contributing. Adjusted EBITDA and Free Cash Flow exceeded guidance. We maintained strict cost control across the organization. Indirect costs were €10 million lower than last year, marking a clear turning point in indirect OPEX.

In the fourth quarter, we saw Consumer delivering another quarter of strong commercial momentum, especially in Broadband with record net additions for the full year. Business growth was mainly driven by SME, and Wholesale continued to grow mainly driven by sponsored roaming.

Last year, we expanded our footprint by adding 440,000 fiber homes and around 400,000 homes connect. We strengthened our mobile network with the launch of our tower company, Althio. Through ongoing investments in cybersecurity, we ensured a resilient network that protects all users.

For 2026, we expect service revenue growth of 2% to 2.5%, EBITDA AL of approximately €2.67 billion, CAPEX of about €1.25 billion and Free Cash Flow of more than €950 million.

Our dividend per share is expected to grow by 10%, and we intend a new share buyback of €250 million in 2026.

All in all, we closed the year in a good way, and we are well positioned to sustain healthy service revenue growth in the coming years, supported by our leading positions in Consumer and Business markets and continued growth in Wholesale. At the same time, we are accelerating our transformation to deliver around €100 million in annual net indirect OPEX savings by 2030. And reducing Capex below €1 billion by 2027 next year will drive strong cash generation and

deliver attractive shareholder returns. Later, Chris will give you more details on our financials and 2026 outlook.

We delivered on our 2025 outlook. Service revenues grew by around 3%. EBITDA slightly exceeded guidance. Free Cash Flow was strong at €952 million ahead of the upgraded outlook we gave at the half year results despite slightly higher Capex. We reiterate our dividend commitment, and we will pay a regular dividend per share of €0.182 over 2025 following AGM approval in mid-April.

At our Strategy Update in November, we reaffirmed that we are well on track to achieving our Connect, Activate and Grow strategy, which is supported by three key pillars: one, we continue to invest in the leading networks; two, we continue to grow and protect our customer base; and three, we further modernize and simplify our operating model. Together, these priorities support our ambition to grow service revenues and EBITDA by approximately 3% on average and Free Cash Flow by approximately 7% over the entire strategic period.

Let me now walk you through the operational performance in more detail.

We hold a clear lead in the Dutch fiber market, both in homes passed and connected and in business parks through our Joint Venture in Glaspoot. Together with Glaspoot, we now cover nearly six million Dutch homes or around 70% of the country. To maintain our network leadership, we further optimized our rollout process and shifted focus from passing homes to connecting and activating households.

This approach is paying off with a record number of homes connected in Q4 and continued growth in fiber broadband net adds.

Consumer service revenues continue to grow, driven by consistent Fiber and Mobile service revenue growth. Commercial momentum remained strong across both fixed and mobile with subscriber growth exceeding our fair share. Throughout the year, our Net Promoter Score improved, supported by operational excellence, our Combivoordeel offer and initiatives launched to strengthen digital engagement.

Now let's take a closer look at our fourth quarter KPIs.

Thanks to a strong execution and proactive base management, we delivered double-digit broadband net adds growth for the third quarter in a row, supported by a healthy inflow of new fiber customers. Our fixed ARPU held firm despite continued investments in our base and the competitive markets. Together, these achievements drove service revenues growth of 0.4%.

In Mobile, we added 24,000 postpaid subscribers and postpaid ARPU increased year-on-year, supported by the price increase in October, partly offset by the ongoing promotional activity in the no-frill segment. Combined, these factors led to 2.9% growth in mobile service revenue.

Now let's turn to B2B.

Business service revenues increased by 2.3% year-on-year, mainly driven by SME. Also here, Net Promoter Score improved throughout the year, reflecting the continued trust from our B2B customers for stability, reliability and the quality of our networks and services.

SME remains B2B's main growth engine driven by Broadband, Mobile and Cloud & Workspace. LCE service revenue growth trend remained relatively stable, supported by continued growth

in Unified Communications, CPaaS, IoT and a growing customer base, partially offset by continued price pressure in Mobile.

Finally, Tailored Solutions service revenues decreased, reflecting a focus on value steering. Wholesale continued to grow, mainly driven by the strong performance in Mobile. Broadband service revenues increased driven by fiber and the growth trend levelled off compared to previous quarters, driven by the decline in the Wholesale copper base.

Mobile remained strong, driven by continued growth in international sponsored roaming and other service revenues increased mainly due to an uptake in visitor roaming.

ESG remains a core element of our strategy. On this slide, we show you the progress on carbon reduction, circularity and diversity. To further reduce our carbon footprint across the value chain, we increased our green energy sourcing in 2025, supported by a solar energy partnership with Eneco. Our Scope 2 emissions have further decreased by 17% year-on-year, while Scope 3 emissions slightly increased, but this was due to an expanded scope.

Next to this, we, of course, remain committed to improving our diversity targets. Although achieving gender balance and recruitment remains challenging, diversity and inclusion continue to be a top priority for us.

To summarize, we ended 2025 in a strong position, and we carry that momentum into 2026. With strong commercial execution, a healthy base inflow and improving ARPUs, we are well positioned and confident in delivering on our 2026 outlook.

Now let me hand over to Chris to give you more details on the financials.

**Chris Figuee:** Thank you, Joost. Let me now take you through our financial performance.

First, let me summarize some key figures for the fourth quarter and the full year. First, the adjusted revenues were up 2.7% year-on-year in Q4, driven by service revenue growth across all segments and also higher non-service revenues. Second, our adjusted EBITDA after leases grew by 5.1% compared to last year, supported by higher revenues and lower indirect costs.

Underlying EBITDA AL growth, excluding Althio was 3.7% in Q4 and our EBITDA AL margin improved by 100 basis points to 44.6% of total adjusted revenues.

Third, our net profit increased 12% year-on-year, supported by a one-off tax gain of about €20 million from the recognition of a deferred tax asset.

Finally, for the full year, our Free Cash Flow increased by 5.8% year-on-year to €952 million, mainly driven by EBITDA growth. Also, our Free Cash Flow margin over total adjusted revenues grew by nearly 40 basis points. With our ongoing share buybacks, reducing the number of shares outstanding, our Free Cash Flow per share growth is even stronger at 7% year-on-year. I will share more detail on the underlying cash developments later in the presentation.

In the fourth quarter, Group service revenues grew by 1.8% year-on-year, supported by growth in all segments. In this mix, we saw Consumer service revenues increased by 1.2%, driven by continued solid commercial momentum in both Fixed and Mobile. For 2026, we expect Consumer service revenue growth about 1.5% year-on-year, supported by base growth and commercial improvements.

Business service revenue growth was 2.3% year-on-year, mainly driven by SME. Tailored Solutions remain negative, reflecting our focus on margins and contract quality. For 2026, we

expect B2B to grow about 3% year-on-year with growth weighted towards the second half of the year, given the segment's strong performance in the first half of 2025 and therefore, the comps that will weigh against Tailored Solutions revenue growth.

Our higher margin SME business will continue to show growth in the 5% region throughout the year.

Finally, Wholesale service revenues increased by 3.9% year-on-year, driven by ongoing growth in international sponsored roaming business. For '26, Wholesale is expected to grow by about 3%, supported by Mobile.

For the full year and on a like-for-like basis, so excluding IPR benefits and the contribution from Althio, our adjusted EBITDA AL grew by 3.1%, exceeding our 3% CMD hurdle. This growth was driven by higher service revenues and supported by strict cost control.

Direct costs or cost of goods sold increased mainly due to the Service Revenue mix effects in B2B and higher third-party access costs within Glaspoort. In 2025, we reduced indirect costs by about €10 million, marking a clear inflection point after two years of inflationary pressure. The savings came from disciplined cost management, automation, digitalization, lease portfolio optimization and workforce reductions of over 300 FTEs year-on-year, or more than 500 if we include contingent external staff.

As shared at our Strategy Update, we are targeting €100 million in net indirect Opex savings over the next five years under our transformation programs. In 2026, we expect about €15 million to €20 million in additional savings, driven by fast digital transformation, AI-enabled process improvements and continued cost base optimization. Our cost reduction program clearly builds momentum and will show gradually accelerating benefits over the coming years.

Our operational Free Cash Flow continues to show healthy growth of nearly 10% or about 6%, excluding IPR benefits and Althio. The growth was driven by EBITDA, while Capex was marginally higher than last year, primarily due to a non-cash accounting reassessment relating to cable damages.

For 2026 and on a like-for-like basis, so excluding IPR benefits and excluding IP sales, we expect to deliver a mid to high-single-digit growth in operational Free Cash Flow, in line with our CMD guidance. This underlying growth in operational Free Cash Flow will be driven by EBITDA growth and effectively stable Capex.

In 2026, after completing the heavy lifting phase of our fiber roll out, we expect and confirm a significant step down in Capex of about €250 million, bringing total Capex to below €1 billion. With EBITDA growth and this Capex step-down in 2027, operating Free Cash Flow is set to grow by about 10% annually on average over the strategic period. This strong cash conversion will lift operating Free Cash Flow margins from 24% today to about 30%, placing us among the top performers in Europe. This underpins our long-term value creation model and reinforces our confidence in delivering sustainable cash flow growth in the years ahead.

Turning now into the moving parts of our Free Cash Flow.

At €952 million, our Free Cash Flow was about 6% higher, driven by EBITDA growth and partially offset by changes in working capital and an increase in cash taxes and interest payments. Excluding the cash component of the IPR benefits, our Free Cash Flow grew at low

single-digit rate. Note that the delta provisions is related to lower pension provisions and some timing effects.

Our cash margin over revenues improved by nearly 40 basis points to 16.3%, reflecting the solid cash generation momentum of KPN, and we ended the year with a cash position of €552 million.

KPN remains focused on creating long-term value, which is evidenced also by the strong return on capital employed. Our ROCE improved by 30 basis points year-on-year to 14.7%, nearing and marching towards our mid-term ambition of 15%, driven by operational efficiency, demonstrating our continued commitment to create value through operations and investments.

We maintain a strong and resilient Balance Sheet, at year-end with a leverage ratio of 2.4x, stable compared to previous year and below our self-imposed ceiling of 2.5x. Our interest coverage ratio also remained strong. Our average cost of senior debt decreased by 30 basis points year-on-year, mainly due to optimization of our derivatives portfolio and our exposure to floating rates remains limited at 14%.

Our total liquidity position of around €1.6 billion remains strong, covering debt maturities until the end of 2028.

At our Strategy Update, we reaffirmed our mid-term 3-3-7 financial ambitions. We see healthy service revenue growth in the coming years while accelerating our transformation to deliver about €100 million in net indirect Opex savings annually by 2030, which means for 2026, Group service revenue growth is expected between 2% and 2.5% with all segments contributing.

We expect adjusted EBITDA after leases to be around €2.67 billion or around 3% growth on a like-for-like basis, i.e., excluding IPR benefits and IP sales and in line with our mid-term ambitions. Growth will be driven by continued service revenue growth and lower indirect costs. We anticipate net indirect Opex savings of €15 million to €20 million next year.

Throughout the year, EBITDA AL year-on-year growth is expected to be strong in Q1 and Q4, while Q2 and Q3 will face tougher comparisons. Capex will remain at around €1.25 billion, in line with our mid-term guidance. We expect a Free Cash Flow of over €950 million. On a like-for-like basis, so including the aforementioned one-off effects in 2025, our Free Cash Flow expected to grow low to mid-single digits, primarily driven by EBITDA growth, partly offset by higher cash taxes.

Finally, over the entire strategic period, we reiterate our financial ambitions to grow service revenues and adjusted EBITDA AL by 3% and Free Cash Flow by 7% per annum on average, as reflected in the 3-3-7 CAGR model.

Note that our underlying 2026 guidance and our daily trading are both in line and on track with this multiyear ambition, and we feel confident to reach our planned level of cash generation and shareholder distributions. On that very matter, our financial framework is centred on long-term value creation for all stakeholders. In this respect, we are committed to returning all Free Cash Flow to our shareholders.

Our Free Cash Flow per share was up 7% during the year, providing ample room for growth in our dividends per share as well, which means we intend to pay a regular dividend of €0.20 per share over 2026, up 10% compared to the DPS over 2025 and fully in line with what we communicated at our Strategy Update.

For 2027, we aim for a further increase to about €0.25 or 25% increase year-on-year. And in addition, as announced this morning, we will launch a share buyback program of €250 million in '25, notably starting tomorrow.

Let me conclude with some key takeaways. We delivered on our 2025 outlook, consistent service revenue growth across all segments. Adjusted EBITDA AL and Free Cash Flow came in slightly above guidance and disciplined cost management delivered a €10 million reduction in indirect Opex, marking a clear inflection point after two years of inflationary pressure.

We saw solid commercial momentum in Consumer and Business, including record broadband net adds in Consumer. And we continue to lead the Dutch fiber market with accelerated delivery of fiber connected and activated homes. Our strong progress in 2025 confirms the successful execution of our strategy and positions us for future growth.

We reaffirm our 3-3-7 financial framework, and the announced 2026 targets are fully aligned with this multi-year plan, including the Capex step-down in '27 to unlock enhanced cash conversion.

We are accelerating transformation, targeting €100 million in indirect Opex savings over the next five years. And beyond '27, we expect mid-single-digit Free Cash Flow growth, supported by strong fundamentals and disciplined execution. And cash momentum was very strong and solid going into '25, providing us with confidence.

Finally, we are committed to returning all Free Cash Flow to shareholders through growing dividends and buybacks and the latter starting tomorrow.

Thanks for listening. Now back to your questions.

**Matthijs van Leijenhorst:** Thank you, Joost and Chris. We will now start the Q&A session. Please limit your questions to two, please. Operator, could you please open the line for the Q&A? Thank you.

## Questions and Answers

**Operator:** Ladies and gentlemen, as you heard, we will start the question-and-answer session now. If you would like to ask a question, you may do so by pressing pound key five on your telephone keypad. The first question comes from Mr Polo Tang from UBS. Your line is open. Please go ahead.

**Polo Tang (UBS):** Afternoon. Thanks for taking the questions. I have two. The first one is just about Consumer broadband net adds. They've been very solid for the past three quarters at more than 10,000 a quarter. But do you think this level of net adds growth is sustainable going forward? I'm just asking the question because you referenced taking more than your fair share earlier in the presentation. Also, you've got Odido gaining subscribers with FWA. VodafoneZiggo seems to be making progress in stabilizing its broadband base and also start wholesaling in the Delta Fiber footprint. I'm just interested in how you're thinking about competitive dynamics for the broadband market going forward?

Second question is just on B2B. Do you think that B2B service revenues can grow in Q1 and Q2, given that you've got that tough comparable in Tailored Solutions? And what's your view on the Dutch macro environment? Are you seeing any signs of caution from your B2B clients? Thanks.

**Joost Farwerck:** Thanks for your questions, Polo. I'll start and then Chris will join me, I guess. Yeah, on Consumer broadband net adds, you're right, three strong quarters in a row. Meanwhile, we operate in a very competitive market, that remains competitive. This is more or less normal course of business for us nowadays.

I think what we can more or less conclude is that the new strategy of ours is working, where we focus on base management instead of acquiring new customers who leave again for free TV set from another service provider. We invest a lot in our customer base, and that seems to work. Is it sustainable, you said? Well, you mentioned FWA from Odido, changes in the VodafoneZiggo strategy.

I think FWA is a niche market. That's in a country where households have two or three fixed lines into a household where 1Gbp is the standard and 4Gbps is becoming quite normal fixed. Unlimited is the standard on mobile. Fixed wireless access as a broadband connection is more for a niche segment than anything else.

We more or less have, by the way, the same for rural areas. VodafoneZiggo, they are clearly now making noise around being a full always-on provider when it comes to quality and content. But let's see. I think for us, the best answer to everything for the last years was believe in your own plan, believe in your own strategy and execute on that. Last quarters were good. Of course, we plan to continue, perhaps not always above 10k, but we plan for strong growth, healthy growth on broadband this year as well.

On this B2B service revenues, I mean, the Dutch economy is growing and also expected to grow in 2026. SME is a very important segment for ours. That will grow probably around 5% like we did last year. Yeah, you see some changes in our top line in B2B because what we mentioned, focus on value steering. That is mainly in the Tailored Solutions part where we say goodbye to revenues that are not really contributing when it comes to margin. Of course, for us, very important to explain that to you in the quarters to come. But when it comes to healthy margin-rich revenues, I think we will do fine in B2B. Chris?

**Chris Figuee:** Yeah. Polo, on your first point on broadband, there's two points to add is that, obviously, the important drivers behind the solid net adds were lower churn and lower migration. Churn has been consistently lower and lowering or declining during the last half year. I think it also has to do with the fact that our copper base is gradually shrinking. So the vulnerable part of our business is declining.

Migrations from front to back book, we've managed that successfully. Combivoordeel will work. I would say the churn side has been very positive. If you look at our real net adds, fiber net adds excluding copper upgrades of clients moving from copper to fiber has been pretty consistent now for multiple quarters in a row. So I have no reason to see that stop.

On B2B, as Joost rightly pointed out, on the Tailored Solutions side, we've been focusing on value and margins, which means that SME will continue to grow north of 5% basically during the year. I mean that's the highest margin business that we have, and that continues to grow nicely across all quarters.

I expect the LCE business to also show positive growth across the quarters. Tailored Solutions will be negative, I guess, in the first half year due to the comps. That means that reporting-wise, B2B across the entire year, will be growing around 3% but heavily tilted towards the

second half of the year and then flattish, I guess, in the first half of the year. But that's really only a pure Tailored Solutions effect.

The high margin businesses, SME and LCE will continue to show steady growth throughout the year. Then when the comps start to work for us, you can see an acceleration of lease-up reported growth. But I mean the 3% for the year is pretty well supported. It just will be, as you rightly pointed out, tilted towards the second half of the year.

**Polo Tang:** Clear. Thank you very much.

**Operator:** The next question comes from Joshua Mills from BNP Paribas. Your line is open. Please go ahead.

**Joshua Mills (Exane BNP Paribas):** Hi guys. Thanks for the questions. A couple from me. The first one is on the Consumer side. I think, Chris, you might have mentioned that the annual service revenue guidance for Consumer. If you could just remind us of that. I assume it will be accelerating throughout the year. My question is what's going to drive that? Is it continued volume growth? Or are you also expecting ARPU to improve as well?

Then secondly, related to that, if I look at the price increases last year, you were broadly in line with both Odido and VodafoneZiggo on the broadband side. I think you're a bit ahead on the Mobile side. Now that you are outperforming your net add share relative to your market share in the Dutch market, given some of the more aggressive price increases we've seen from the likes of Swisscom yesterday and incumbents taking advantage of the network leadership to push prices up, how are you thinking about the value versus volume mix going forward? And is there the opportunity with these fiber networks to be a bit more ambitious on price take? Thanks.

**Chris Figue:** Yeah. On consumer, we guided 1.5% growth throughout the year. It will be a continuation of what we do today. I would say Mobile itself should continue to grow nicely, should be north of 3% during the year. We're now hovering around 3%. That should be fine continuing that with pretty healthy net add growth and supporting ARPU.

I think I picked something similar. Joost talked about the base dynamics, churn improvements and a flat to up ARPU. During the year, I'd expect a continuation of reasonable net add growth and flat to increasing ARPUs supported by some price indexations. Obviously, we're looking at back book and front book alike to make sure we are fully consistent with orienting with a value orientation. So strategy-wise, to also take on your second question, we are a value over volume business. We'd love to take a bit more than our running market share, which we do. I think that's a reflection of the networks and the quality that we've built.

We see some effects on network quality, both in Mobile and Fixed positively reflecting on us, that should allow us to get continued inflow of net adds. But it will remain value-oriented if anything else. And that means for consumer, 1.5% growth during the year. I would say, during the year, I would expect Mobile to be stronger in the first half of the year and the second half of the year, possibly some of the Combivoordeel effects will fade with Fixed carrying the baton from the second half of the year a bit more.

**Joost Farwerck:** On price increases, I mean, that's a call we make every second quarter of the year on broadband. Last years, it was more or less centred around the CPI, so inflation.

**Joshua Mills:** Got it. Thanks very much.

**Operator:** The next question comes from Siyi He from Citi. Your line is open. Please go ahead.

**Siyi He (Citi):** Thank you for taking my questions. I have two, please. The first one is just going back on the Consumer ARPU comment. And it seems that the Mobile ARPU has stabilized. And despite that you have the combo discount on the fixed products and you still delivered a stable fixed ARPU. Just wondering if you could comment on what you see in the ARPU development? Should we expect there is a solid reason for us to believe that ARPU is going to be stable and growing going forward?

The second question is really a quick one. Just wondering your feels on the increasing rigid stance from the EU on the Chinese vendors. If you could comment on what's your exposure there, and what do you think it could potentially impact your Capex plan? Thank you.

**Chris Figuee:** Yes. Siyi, let me take the first question on ARPU. I think for both Mobile and Fixed, we expect stable to a modest increase in ARPU. On Fixed, driven by price indexations, a shift towards higher speed levels that we have this year as well and a relatively manageable amount of migration from front to back book and the latter obviously margin dilutive, but the effects tend to be increasingly limited. We're able to manage that pretty well.

A big chunk of our broadband base is in contracts. So with that, I expect Fixed ARPU to be stable to have a modest growth over the year. Something similar for Mobile. Obviously, we had a step-down in Mobile in last year or at least lower growth, mostly in the no-frills part and driven by the non-committed part of the ARPUs. I think it feels like stabilization in that space.

What should drive mobile ARPU, it is indexations, for surely in back book possibly more. It is a gradual continued move to Unlimited customers. A significant amount of our new sales are now in Unlimited. We're basically at our targets and we won't have in Unlimited. And I think also a gradual stabilisation of the market in the no-frills segment with, I would say, less pressure on the non-committed part.

In summary, I'd expect both Fixed and Mobile ARPU to be at least stable or deliver some modest growth during the year.

**Joost Farwerck:** Yeah. On Chinese vendors, yes, we are well on track on implementing 5G toolbox swapping non-Western suppliers from critical systems while we introduce European vendors there. We already started down this path many years ago, and we are fully aligned with Dutch and EU security guidelines.

Of course, there's some discussion in the market about the Cybersecurity Act. It seems it's proposing a further ban on high-risk vendors. For me, too early to tell what the full consequences are, and I expect extensive debate there, and yeah, more finalization towards the end of 2027. But I think the main message is we already started this many years ago, and we follow this life cycle of assets in our approach. So we do not see any impact on our Capex envelope in the future.

**Siyi He:** Thank you.

**Operator:** Next question comes from Ajay Soni from JP Morgan. Your line is open. Please go ahead.

**Ajay Soni (JP Morgan):** Hi guys. Thanks for taking my questions. I've got a couple. The first is on your '26 Wholesale growth. You guided to 3%. Medium-term target here is 4%. What are the headwinds you see this year, which you expect to fade into the medium-term?

Then the second one is just around the convergent impact on your Fixed service revenue. Just wondering what the impact was in this quarter versus Q3, and then how you expect that impact to evolve over 2026? I think you already said it will kind of fade by H2. Just some clarity on that. Thank you.

**Chris Figuee:** Yes. Let me take both of them. On Wholesale Broadband and Mobile. Mobile is continuing to do well, both on the national solutions as well as our international sponsored roaming solution. There's a very good funnel of customers waiting to be connected or to be contracted.

In Broadband, we've seen a reasonable decline in our total base, mostly copper. So we declined in copper, increased in fiber. It has to do with our main Wholesale broadband customer shutting down a brand. That effect will probably continue into Q1, but then gradually expect it to fade towards the half year, although you should ask the client for more intel.

But I think that happened last year, and that effectively shows up in the numbers this year. So basically, a stabilization in this year will be supporting service revenue growth in 2027. There's always like a bit of a year lag between base development and what you actually report in terms of service revenue. So, in Wholesale it's moderation of broadband service revenue growth in this year and support next year as this brand effect starts to fade away supporting growth in '27 onwards and continuation of the sponsored roaming effect.

On the convergence, the Combivoordeel effect, we reported a fixed service revenue growth of 0.4% in Q4. If we hadn't made this investment, fixed service revenue would have been around 1% for the quarter as fixed only. That's kind of the magnitude of things. If you look at the total service revenues of next year, the total effect for the year is probably around 15 basis points of growth for KPN as a whole.

Look, it's a small amount, but as we're talking about a few digits after the comma, it actually has an effect. Basically, Fixed would have been around 1% in Q4, [instead of] 0.4%. And for the full year '26, I think the effect on service revenue growth of this investment is about 15 basis points of growth [for total KPN]. I expect this gradually to fade in the second half of the year, towards the end of the year. More like Q4, you'll see it less and less.

Basically, the investment will continue, but then the base that is subject to the plan will be big enough so you can see the effect of lower churn, already for those customers who've been part of Combivoordeel plan have shown markedly lower churn. That will start to weight in the numbers in the second half of the year. Let's be conservative more towards Q4 than Q3.

**Ajay Soni:** Great. Thank you.

**Operator:** The next question comes from Keval Khiroya from Deutsche Bank. Your line is open. Please go ahead.

**Keval Khiroya (Deutsche Bank):** Thank you. I've got two questions, please. Firstly, you talked about Mobile growth within consumer of 3% in 2026. Q4 was at that level, but benefited from quite an easy comp. Can you just elaborate a little bit more on what's going to drive the acceleration to that 3% in Mobile for 2026?

Secondly, Delta and ODF have now pretty much completed their fiber roll outs. What's happening to your customer churn in these areas? Is it slowing as they've ended their roll outs? Or is churn still at similar levels given they're still ultimately trying to penetrate these networks? Thank you.

**Chris Figue:** Well, look, on Mobile, actually you've got more challenging comps. But at last year, we've done both front book and back book repricing last year. We look at a More-for-More price increase last year, and we might as well just repeat that action this year. So there are a number of pricing actions we do on our Mobile business with gradual annexation and the More-for-More for existing customers. I think that's one.

Secondly, our base has grown. Our total mobile base has grown by 129,000 over the year. It's quite good. I mean '24 was a fantastic year. That makes '25 look like a lesser year. But remember, '25 was actually still a lot better than '23 and '22. So it's still one of the best mobile years in history in terms of net adds. Basically, next year, you have the benefit of a higher starting base to continue and base continues to grow in Q4 and also the first weeks in this year.

Then you have another round of price indexations and possibly a More-for-More indexation as well for customers. That should support mobile revenue growth. Secondly, obviously, the big unknown is the amount of traffic and uncommitted. That has declined a lot, but it feels that, hopefully, we reached the bottom of that as well. That gives us comfort that in general, Mobile growth should be healthy also in the tougher first half year comps.

**Joost Farwerck:** Yes, Keval, you're right. Delta and ODF are no longer expanding their fiber footprint. They're clearly focusing more on trying to connect households. These are footprints of different qualities. In the Delta footprint, we originally, in some places, have a lower market share and ODF built their footprint in mainly the strong Ziggo area, the larger cities. So it's a bit of different dynamics in both footprints.

In the ODF area, we're building as well. Yeah, our strategy there, of course, is to not only pass households but also connect and activate. I think that's a big difference between us and the others. So on fiber by overbuilding in the cities, we're doing good. And market shares on copper in other fiber areas are, of course, lower than where we have fiber but still doing okay.

I think expanding our footprint to 70% and connecting so many households. At the end, moving up to 85% makes the churn in the copper areas also slowing down.

**Keval Khiroya:** Thank you, both.

**Operator:** The next question comes from Paul Sidney from Berenberg. Your line is open. Please go ahead.

**Paul Sidney (Berenberg):** Thank you very much. Good afternoon. A couple of questions from me, please. Just the first one, just perhaps building on a few of the earlier questions around customer behaviour. You've made some very positive comments around churn, retention, network quality appreciation, especially interesting given the price increases that you've been putting through over the past few years. But just a very high-level question. Does this really suggest a wider appreciation of the services you provide for consumers and businesses?

The follow-on from that is, it feels like there's substantial room for price increases to continue for the next few years. Again, just going back to an earlier analyst comment around the

Swisscom move yesterday, it does feel like a bit of a shift, but I'm just interested to hear your comments around that.

Then just secondly, Chris, on capital allocation. Your decision to return all the Free Cash Flow to shareholders over '26. Is it a fair assumption that there is therefore no sort of small bolt-on acquisition opportunities on the horizon? Could there be such opportunities perhaps beyond 2026? Thank you.

**Joost Farwerck:** Yeah, Paul, I'll start. Yes. Well, I think one of the most important changes we started in our strategy beginning of '25 was that we said let's focus more on the customer base. So giving away discounts or Netflix for free or free TV sets to new customers while all loyal customers get a price increase every year is a bit annoying for the customer base. Since we represent the largest customer base, we shifted to building more quality in the base.

Combivoordeel is a service where you can combine your services, you get more loyalty points and at the end, you can get something for free. We launched a free security package for all households, they can activate themselves. We launched a new MijnKPN App where you can really organize everything yourself, order or de-order connectivity or whatever, very simple.

I think the whole message to our customers is we invest in you and we invest in your loyalty. That, of course, is something you can't measure on a daily basis, but acquisition you can. But after a couple of quarters, we can say the churn is really slowing down. Net Promoter Score went up. So doing things like that hand-in-hand with a price increase works much better. So I think this is an important switch we made, and we will continue to focus on this strategy because it's also far more positive.

**Chris Figue:** Yes. On the point also on network quality, network stability, we have seen, especially in the Business segment, some corporate customers turning to us recently. So more interest volume-wise for corporate customers to select KPN simply because of network quality, network stability, which I think is a positive, right? And that's a payoff. And not necessarily massive pricing power at least give you a volume and competitive advantage in that market.

On your second question, returning more cash to the shareholders, that's what we do. We ended the year with a 2.4 times leverage below our self-imposed ceiling of 2.5 times. We typically, by growing our EBITDA, delever by about 0.1 turn per year, right? But if we wouldn't return our cash to shareholders, we delever faster. But typically, if you grow your EBITDA, you delever by about 0.1 turn per year. That gives a reasonable headroom towards a self-imposed ceiling.

I think, Paul, our war chest is big enough for bolt-ons. That doesn't mean we're going on a massive acquisition spree. But if we bump into something interesting, we have the rooms and means to do it. Obviously, especially for bolt-ons, the first hurdle is, does it create value for us? Is it value-creating for shareholders, value-creating for the business? How does it compare to buying back shares? We always check whether an acquisition does something strategically and financially, and does the stack up to buying back our own shares.

But if we find opportunities, we have the room to do so simply because our balance sheet gives us sufficient headroom whilst returning all-cash to shareholders.

**Paul Sidney:** That's really helpful. Thank you very much.

**Operator:** The next question comes from Andrew Lee from Goldman Sachs. Your line is open. Please go ahead.

**Andrew Lee (Goldman Sachs):** Hi guys. I had two questions. One was just a follow-up on the Chinese vendor question that Siyi asked. Could you just help us understand, so does the extent of the risk extend to just you having to fast track the swap out you're doing anyway out to 2027, or could it mean even greater swap out of equipment? Can you just give us a sense as to the scale of that. If you were to fast track it and do it in one year, how much does that cost you? Any help on the scale would be useful.

Then just secondly, on the copper migration competition on Wholesale that a few questions have been asking around and specifically the ODF and Delta Fiber competition. Are you getting a sense that now that the build is slowing down or has slowed down, that the ability for those operators to actually win customers is starting to decrease? Or are you seeing no real let up in the near-term from their ability to gain customers? Thank you.

**Joost Farwerck:** Yeah, like I said, Andrew, with respect to Chinese vendors, in particular, I mean, we made good alignment with our government years ago and we're fully on track to move out, like we call the non-Western vendors out of the critical systems, mobile core, fixed core. Mobile core is Ericsson; fixed core is Nokia. That's all known in the market. We're almost done there.

So we're pretty good on track. And we do this, like I say, in the life cycle thing. When it comes to other assets, we're also good on track. And we do not see any acceleration or uplift in Capex on any risks. I mean there's a discussion around this Cybersecurity Act, but that's all taking time. Taking into account where we are and our plans are, we invest, by the way, every year in our Mobile network as well, and we have a multi-vendor approach. So we like to not be dependent on one vendor.

I can't give you all the details, but I think what I can tell you is that we're good on track, and we do not see any risks there in Capex uplifts in the coming years.

**Chris Figuee:** Andrew, we have a Capex envelope and a Capex level. So if we had to fit it in, we'd make it fit in. So you have to give priority to one project over others. So I would say with the visibility that we have today, whatever we have to do, as you said, it most likely fits within our life cycle plans anyway. If we had to fast track it, we'd make it fit into the Capex envelope and prioritize this thing over something else.

**Andrew Lee:** Thank you.

**Chris Figuee:** On your question on Wholesale and the overbuild of the Altnets, possibly probably yes. So that we are seeing less churn in our business altogether. I don't have a full econometric model explaining it to you, but I do relate to the fact that most people are effective in getting new customers up on rolling out fiber in the street. So you open the street, people are working there, and that's the moment it becomes visible and the moment you sell. That's the easiest way to sell fiber.

Once the rollout stops, actually getting new customers in is more difficult, certainly if you don't have a household brand.

Thirdly, also if you see the feedback from some of these parties, their door-to-door sales have not been very effective. I would say I don't have a full scientific proof for you, but it feels as if

that helps us. And in the Wholesale side, we also see most of our customers not actively migrating customers. So if you don't just start to migrate a customer from one network to another, the churn risk is way too high. So we do see that the end of the roll out of third parties benefits us on the churn side. So long story short, that we see, yes.

**Andrew Lee:** Thank you.

**Operator:** Next question comes from David Vagman from ING. The line is open. Please go ahead.

**David Vagman (ING):** Good afternoon, everyone, and thanks for taking my question. First one on Mobile. We recently saw VodafoneZiggo being more aggressive on speed. Do you expect speed tiering to become more difficult to monetize? Does this affect your view on mobile ARPU evolution?

Then my second question on the Glaspoort-Delta deal. What do you think is the end game here? Have you noticed any progress in the conversation with the regulator? Do they want remedies or something else? Thank you.

**Chris Figeer:** Shall I take the first one?

**Joost Farwerck:** Okay.

**Chris Figeer:** On the first one, on the speed tiering thing, well, I think the fact that some of our competitors do not have speed tiering, we don't see this as a sign of strength, the sign of the network from our point of view. At this point, no feedback on that, no market fallout from that. I think people do value and understand the quality of the KPN network.

Quality is speed, but it's also coverage, it's stability, the risk of disruptions and distortion. I think in a broader sense, not having speed tiering is not always a good sign because also we sign that you don't have the network to deliver it. But our view is that customers value the KPN network extensively and should be able to defend it off. Yeah. Not much of a change there.

**Joost Farwerck:** And on Glaspoort, yes, well, it was since December '24 that we're waiting for our regulator to come up with a verdict. It takes very long. So it's clear that they find it very difficult to give it a go. So we're still waiting. No news there. I think whatever the outcome will be, we'll decide on the next step.

Like we said before, it's not a super significant deal. It's about 200,000 households, which is representing more or less four months building. So yeah, in hindsight, it took us very long to get where we are today on the discussions with the government or the regulators. So probably they will come up with something in the coming months. But let's see. It's the Netherlands, everything takes long when it comes to legislation and decision-taking on the government side. So let's wait.

**David Vagman:** Okay. Thanks very much.

**Operator:** The final question comes from David Wright from Bank of America. Your line is open. Please go ahead.

**David Wright (Bank of America):** Thank you for taking my call. I just wondered if you could give us a little guidance into the cash flow, perhaps, Chris. Just where you're expecting that cash tax to come in. I know previously, you talked about €80 million or something like that. It looks like that could be a little lighter, where you might expect working capital to show? And KPN Q4 & FY 2025 Results

any other items that you might just be flagging in advance, it would just be super helpful for the modelling? Thank you.

**Chris Figuee:** David, thank you so much. I've been so much waiting for this question.

**Joost Farwerck:** There he goes.

**Chris Figuee:** There he goes. Let me give you a quick perspective on '25 and '26, right? So '25, we had EBITDA up by €129 million. Operating cash flow up €120 million. Positive on delta provisions basically means the cash quality of our earnings went up as well. So basically, more cash earnings this year and also 2025, interest was up €30 million, taxes up €32 million. So together, interest and taxes took more than €60 million and then working capital was flat. That gave you basically a €50 million Free Cash Flow increase in the year.

Obviously, there's some IPR benefits in there as well. So that means the way I look at it from '24 to '26, you get effectively a 2.7% annual CAGR. Next year or 2026, we said EBITDA will be €2.67 billion, obviously €33 million up, but including the fading of the IPR benefit. Capex is stable. It might be slightly down, expect stable. So that means operating cash flow up about €40 million if you take the guidance.

Cash restructuring will be around stable. I would say interest about stable towards this year, possibly a little lower. We're always trying to optimize our interest spend. Taxes, up €40 million, estimate about €225 million to €230-ish million next year. Working capital flat, possibly negative. We're cautious with working capital. And then others flat, that gives about €950 million. So just modelling-wise, EBITDA, €2.67 billion. CAPEX is stable, slightly down a few million. It gives you operating cash flow increasing of €40 million.

Interest stable, taxes up €40 million to €225 million. Cash restructuring stable and working capital flat to a small negative, gives you basically a flat Free Cash Flow, but that includes, of course, the compensation for the fact that we don't have IPR and IP benefits again this year, which means that effectively, we're growing our Free Cash Flow by 2.5% to 2.7% year-on-year from '24 to '25 to '26. So I can't make it more easy for you, David. This is, I think, a pretty clear guidance.

**David Wright:** Yeah. Job is done for me. Thank you so much.

**Matthijs van Leijenhorst:** Okay. Thank you all for your questions. This concludes today's session. In case of any questions, you know where to reach out. Thank you.

**Operator:** Ladies and gentlemen, this concludes today's presentation. Thank you for participating. You may now disconnect your lines. Have a nice day.

[END OF TRANSCRIPT]