



KPN Q1 2026 Results

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Operator: Good day, ladies and gentlemen. Welcome to the KPN's First Quarter Earnings Call Webcast and Conference Call. Please note that this event is being recorded. At this time, all participants are in listen only mode. We will facilitate 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 on your telephone keypad. I will now turn the call over to your host for today, Matthijs van Leijenhorst, Head of Investor Relations. Please go ahead.

Matthijs van Leijenhorst: Yeah. Thanks, operator. Good afternoon, ladies and gentlemen, and thank you for joining us for KPN's First Quarter Results Webcast. With me today are our CEO, Joost Farwerck, and our CFO, Chris Figee. Before we begin, please note the Safe Harbour statement on page two of the slides. Today's remarks may include forward looking statements, including KPN's expectations regarding its outlook and ambitions, as also set out in the press release published this morning. All such statements are subject to the Safe Harbour. With that, let me hand over to our CEO, Joost Farwerck.

Joost Farwerck: Thank you Matthijs and welcome, everyone. Let me start with the highlights of this first quarter of the year. Group service revenues increased by 0.6% with contributions from Consumer, SME and Wholesale. Consumer trends were positive, with healthy broadband and postpaid inflow reflecting our continued focus on loyalty, based management and secure propositions. In Business, SME remains strong, and as expected, overall growth was impacted by a decline in the low margin Tailored Solutions segment and Wholesale continued to grow, driven by international sponsored roaming mainly. We delivered solid EBITDA growth and maintained tight cost discipline with indirect costs down € 3 million year on year.

Year on year Free Cash Flow declined as expected due to the phasing of interest payments and working capital. Together with Glaspoot, our Joint Venture, we remain the clear leader in the Dutch fiber market. Once again, we received the Umlaut award for having the best mobile network in the Netherlands with the highest score worldwide as well. Overall, we remain on track with the execution of our strategy and therefore reiterate our full year 2026 outlook and mid-term ambitions. Chris will take you through the financials later. First, let me briefly revisit our strategy and operational performance.

At our Strategy Update in November last year, we confirmed we are well on track with our Connect, Activate and Grow strategy built on three pillars. One, we continue to invest in our leading networks. Two, we continue to grow and protect our customer base. And three, we further modernize and simplify our operating model. And 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 full strategic period.

Let me now walk you through our operational performance, starting with fiber. In the first quarter, we continued the fiber roll out with an increased focus on connecting and activating homes to support penetration and value creation. And this approach is paying off with continued

growth in fiber broadband net adds, which now represent 70% of our retail base. Consumer service revenues continued to grow, supported by the consistent fiber and mobile service revenue growth. Customer satisfaction, our Net Promoter Score improved again, driven by operational excellence, the success of our Combivoordeel offer, our secure propositions and seamless digital experience. Fixed mobile convergence remains a key strength, and now accounts for 61% of the broadband base and roughly two thirds of the mobile base.

Now, let's take a closer look at our KPIs for the quarter. In fixed, our focus on loyalty and base management resulted in 9 thousand broadband net adds. Fixed ARPU held firm, despite continued base investments and a competitive market, supporting service revenue growth of 0.8%. In mobile, the base development remains supportive. We added 19 thousand postpaid subscribers. Growth remains healthy in the high-end, with around half of the inflow via Unlimited. In the no-frills segment, we see promotional activities putting some pressure on ARPU, leading to 2.3% mobile service revenue growth in total.

Let's now turn to the B2B segment. As expected, Business service revenues declined by 0.6% year on year. The strong growth in SME was mainly offset by a decline in Tailored Solutions. At the same time, commercial momentum across both fixed and mobile remained solid. Customer satisfaction improved further, highlighting the quality of our network and services, and reinforcing KPN's position as a trusted and secure partner. And against this backdrop, data and operational sovereignty are becoming increasingly important for our customers, and we are well positioned to support them.

Within Business, growth continues to be driven by SME with strong demand across broadband, mobile and Cloud and Workspace. LCE growth moderated as continued IoT growth was offset by lower activity in low-margin Cloud and Workspace in LCE. Tailored Solutions declined as expected reflecting a strong prior year performance and the impact of contracts we decided not to renew. We expect revenue improvement in this segment in the second half of the year. Despite lower service revenues, the total contribution margin improved year on year in B2B, reflecting our focus on value steering.

Wholesale continued to grow, mainly driven by mobile. Broadband service revenues decreased due to the ongoing reduction of the copper base, partly offset by ongoing growth in fiber. Mobile remains strong, supported by international sponsored roaming and other service revenues declined due to lower traffic and softer visitor roaming, which we expect to recover from next quarter.

Then, ESG remains fully embedded in our strategy. Here we show you our progress across our three pillars responsible, inclusive and sustainable. On responsibility, we continue to deliver services that are secure and reliable by design. Our data safety reputation remains strong, supported by a growing number of security certified employees and secure by design services. Inclusivity also continues to improve with higher employee engagement in 2025, and Diversity remains a clear priority for us. And on sustainability, we again reduced scope 1 and 2 emissions year on year while maintaining high levels of reuse and recycling. In short, we are making steady progress across all ESG areas, reinforcing our long-term value creation. And with that, I'll hand it over to Chris for the financials.

Chris Figuee: Thank you, Joost. Just let me now take you through our financial performance. And let me first summarize some key figures for the first quarter. First, adjusted revenues were up 2.1% year on year in the first quarter, driven by service revenue growth and higher non-service revenues. Second, our adjusted EBITDA after leases grew by 3.1% compared to last year, supported by higher revenues and continued cost discipline. Our EBITDA margin improved by 40 basis points to 45.1% of total adjusted revenues. Our indirect expenses were € 3 million lower despite wage indexation, and we remain on track to deliver € 15 to € 20 million of indirect cost savings this year.

Elevated energy prices will have no material impact on our EBITDA this year. As previously highlighted, our full year EBITDA guidance assumes a U-shaped year on year growth pattern over the year, with somewhat lower growth in Q2 and Q3 and a planned pickup in Q4. Third, our net profit increased by 19% year on year, mainly driven by our higher operating profit. Partly reflecting the absence of prior year one-off costs related to the Althio acquisition. And finally, our Free Cash Flow declined by about 20% compared to last year, fully driven by timing effects that will reverse in Q2. And I'll explain this in more detail shortly.

In the first quarter, Group service revenues grew by 0.6% year on year, supported by Consumer, SME and Wholesale. We expect this lower level of top-line growth to continue into Q2, but with momentum then picking up again in the second half of the year. And within the mix, Consumer service revenues increased by 1.3% year on year, and we expect this trend to improve steadily. Business service revenues declined by 0.6% year on year, partially driven by Tailored Solutions and reflecting our focus on margins and contract quality. Excluding the Tailored Solutions business, B2B would have grown by about 2.5% year on year.

For the full year 2026, we expect B2B to recover with growth weighted towards the second half of the year. Our high-margin SME business will continue to show growth in the 5% region throughout the year. And finally, Wholesale grew by 0.8% year on year, driven by mobile while copper decline continues to weigh on broadband. Our Operational Free Cash Flow increased by 10% year on year. This was driven by EBITDA growth and temporarily lower Capex related to weather related delays in fiber roll out. For the full year, our Capex outlook remains unchanged. And on a like for like basis, that means excluding IPR benefits and IP sales, we remain confident in delivering the mid- to high-single-digit Operational Free Cash Flow growth, fully in line with our CMD guidance.

Let me now focus on the moving parts of Free Cash Flow. Our Free Cash Flow in Q1 came in at over €100 million, or around 7% of revenues, supported by EBITDA growth and lower Capex, But temporarily impacted by timing effects related to interest payments and working capital movements. Although our Free Cash Flow was lower in the first quarter, we expected it to recover in the second quarter as these interest cost effects reverse, leading to year on year growth in cash generation over the full first six months. From then on, cash generation normalizes and we stay fully on track to meet our full year Free Cash Flow guidance.

We ended the quarter as we started with a very strong balance sheet. At the end of March, with a leverage ratio of 2.4 times comfortably below our self-imposed ceiling of two and a half [times], and also our interest coverage remained strong. In Q2, our leverage ratio increased

somewhat due to shareholder distributions, and we expect to end the year at or below our 2.5 times ceiling. Our exposure to floating rates is limited, and the average cost of debt decreased further to around 3.5%. Liquidity remains strong at € 1.8 billion and early February we executed on our refinancing plan for the year and with that, we extended the average maturity of our debt at a lower average cost. Credit rating agencies acknowledge a strong balance sheet and market position, which is evidenced by solid ratings and stable outlook.

We remain on track to deliver our full year 2026 outlook. While quarterly facings may fluctuate, our full year expectations and mid-term ambitions remain unchanged.

So let me conclude with a few takeaways. We delivered solid commercial momentum across Consumer and Business, which we expect to continue into Q2. Customer satisfaction continued to improve with higher NPS scores in both Consumer and Business markets, reflecting the quality and reliability of our network and services. We remain the clear leader in the Dutch fiber market, with an increased focus on connecting and activating homes to drive value creation. Group level service revenue growth moderated, as expected, but is set to recover in the second half of the year.

Cost discipline remains strong and cash generation is solid, giving us confidence that our full year Free Cash Flow targets are well within reach. We're also making good progress with our share buyback program for the year, effectively again returning all our Free Cash Flow to our shareholders.

Overall, we remain on track with the execution of our Connect, Activate and Grow strategy. While the geopolitical and economic backdrop remains volatile, KPN's financial results have proven to be resilient. We therefore reiterate our full year 26 outlook and mid-year ambitions. Thanks for listening. With that, we're happy to take your questions.

Matthijs van Leijenhorst: Thank you, Chris. Operator, please open the floor for questions. Please keep your questions to two, please. Thank you.

Questions and Answers

Operator: Ladies and gentlemen, we are now ready to take your questions. If you would like to ask a question, please do so by pressing pound key five on your telephone keypad. Our first question comes from Samuel Bruce from Bank of America. Please go ahead.

David Wright (Bank of America): Oh, hello. It's actually David Wright here. I think I may have just taken Sam's login. I apologize for that. Yeah, a couple of questions for you, please. The Wholesale revenue growth versus maybe some of the softer guidance you gave last year. Chris, looks to be a little behind the curve, and I know you have indicated that could recover. So just a little help with the sort of moving parts there in terms of line loss mobile customers, et cetera. And then it's probably the same question really for B2B just looking a little behind the curve. Again, any sort of visibility you can give us on the jigsaw pieces on why and how that improves in the second half would be very much appreciated. Thank you.

Chris Figuee: Yep. Should I start with Wholesale? So David, on Wholesale, the moving parts are a couple of line items. On the broadband side we saw a decline in copper and some growth in fiber. I think we were affected by the final phasing out of the Tele2 brand, one of our main peers and obviously one of our main competitors, and clients suffered from cyber-attacks. And I think we also saw some of the outflows from that, mostly on the copper base. So you can see more copper outflow, less fiber inflow, that we relate to the phasing out of the Tele2 brand, which I think is basically nearly done, but also the market effects of the hack. So that affected basically Wholesale broadband service revenues.

Mobile and sponsored roaming continued strong. The biggest impact is expected in the second half of the year. We have quite a healthy funnel of clients to be onboarded. That's going to happen as of late Q2 and the second half of the year. So then you'll see more mobile sponsored roaming clients becoming connected on the system. And the third leg is visitor roaming, which is a bit less than we expected. It has to do, I think, with less tourist traffic to the Netherlands. It's early days. So if you look at those moving parts compared to expectation at the beginning of the year, I think, revenues from our largest customer and visitor roaming were less than what we expected, than we anticipated. On mobile, it's according to plan, but more tilted towards the second half of the year.

Joost Farwerck: Yeah. And David, to get to B2B most significant impact on the B2B service revenues was of course the -14% in Tailored Solutions. And that is related to two large contracts, we decided not to prolong or at least to increase tariffs to make sure that the margins would be better than we saw over the last years so these contracts are stopped and it doesn't have any impact on our margins. And I expect that in the third quarter to move up again because of the year on year effect. So without that Tailored Solutions effect, B2B service revenues would have been 2.5% this year. Total KPN, I think Chris mentioned it as well, 1.7%. So but this is really a temporary effect. So looking forward, we expect SME to continue to grow at 5%, around 5%. Tailored Solutions to move back in the plus in the third quarter. LCE will continue to move around the 0% growth in the coming quarters.

David Wright (Bank of America): And just very quickly on the Wholesale side. I think, Chris, you may have talked about potential targets if I remember rightly, around about 3% [growth] in Wholesale this year. Is that still achievable, or could we just be a little short of that, do you think?

Chris Figuee: I think given the effects that our main client is affecting that number. So you see Wholesale a bit lower effects in Q2 than picking up in the second half of the year. I would say probably around 2% [growth] for the year. Next year is a different story, but I think for this year, probably more around two-ish than three, I think. And I do think that the combination of visitor roaming and the effect of the broadband base from our main client are the key explaining factors for that.

David Wright (Bank of America): Okay. Thank you very much.

Operator: The next question comes from Paul Sidney from Berenberg. Please go ahead.

Paul Sidney (Berenberg): Thank you very much for taking the questions. I had two please. Fairly sort of high level, but it'd be great to get your thoughts. The first one is on mobile upsell. I just wondered, do you see an opportunity to drive additional revenue growth from upselling products to your customers, like data security, other services? I know in particular, Elisa has been very vocal about being able to monetize the upsell of security services. Just wondering if that's becoming more of a theme within KPN as a business, and maybe it applies to Business customers as well.

And just secondly, Chris, on capital allocation, we're seeing a bit of a flurry of M&A activity over the last couple of weeks, both in our sector but also across Europe. I was just wondering, is your view of M&A changing in light of this? I know you're giving Free Cash Flow back to shareholders pretty much everything in 2026. But looking at valuations in Europe potentially market bolt on acquisitions. Just wondering how you're thinking about potential opportunities for M&A, if there are any this year and beyond. Thank you.

Joost Farwerck: Yeah. So in general, our strategy is to enrich the mobile proposition for our customers. First of all, by combining it with broadband, of course, but also to enrich it with more services. We, we've been building a KPN app, which is facilitating our customers in a much easier way so they can upgrade or downgrade themselves. And the example you mentioned is one of the most important things we introduced lately that is a additional security package for mobile customers. We do it on broadband as well. So there's a free package which is more or less a base security environment, but taking into account how important cybersecurity is and everything that's happening in the market, we also introduced a package customers have to pay for. And so, not only making sure 50% of the inflow is Unlimited, but also by enriching our Unlimited propositions, it is our intention to upsell.

Chris Figue: Yes. Look, on M&A. Look, first of all, we have a fair amount of headroom on our balance sheet as we have today. And but most importantly, I think on M&A, it's important to be very disciplined and look at the value creation. And whenever every file you look at needs to meet ROCE or ROIC hurdle or a cash generation hurdle, right. And whatever is happening in Europe is not really affecting us. Maybe it's like you look, we always look out for interesting additions to our business. But from a very strict, disciplined perspective. So no, we're not especially active rather than last year at this point in time, given what's happening in Europe.

I think we've got the same level of scrutiny and the same level of, I would say, thresholds for transactions to occur. They need to make strategic sense, have a clear synergetic value and then meet clear ROIC and cash generation hurdles. And then firstly we have, if they were to occur with a significant headroom on our balance sheet. And then, yeah, in theory, of course, you could always say that's, instead of buying back shares, buy business, but the hurdle for that is quite high. So I would say in summary, no particular increased interest by KPN as a function of what's going on in the markets. Same level of intensity as always. The same framework as we always have.

Paul Sidney (Berenberg): Perfect. So is it fair to assume that if nothing is meeting your return on capital employed hurdle, then all the Free Cash Flow pretty much goes back to shareholders?

Chris Figuee: Yes.

Paul Sidney (Berenberg): Yes. Perfect. Thank you very much. Thank you.

Operator: The following question comes from Andrew Lee from Goldman Sachs. Please go ahead.

Andrew Lee (Goldman Sachs): Yeah. Good afternoon, everyone. I have two questions. One on Consumer price rises and one on cost efficiencies. On the Consumer price rises, has your expectation changed at all on your ability to land those price rises that have typically been more than offsetting cost inflation just in light of the competitive environment across your businesses? And on that subject, just note that at one point it had sounded like you'd expected a greater tailwind from a competitor's data issues. That doesn't appear to have transpired. And wondering whether that's due to greater competition. Anything changed in the inflationary environment you anticipate, it's a broad question there.

And then secondly, on cost efficiencies, a lot of European incumbents are increasingly noting lower Capex intensity requirements post the fiber build and growing Opex efficiencies as software-ization accelerates. We already had a Strategy or mini Strategy Update from you last year, but even in that time, other companies are finding new efficiencies. Are you finding your opportunities here are growing as you continue on that cost efficiency path? Any kind of color, that would be helpful. Thank you.

Joost Farwerck: Okay, Andrew, I will start and then Chris will follow up. I guess, yeah, on price increases in general, subscription-based business. Every year, we look at price increases. We did one in mobile on the front-book. And annually, we take decisions on price increases mainly to at least equalize the CPI impact. And I don't expect that to change. I think you mentioned the tailwind from things happening in the market on data breaches, or am I correct there?

Andrew Lee (Goldman Sachs): Yeah, exactly. Yeah. I think at one point a couple of months ago or a month and a bit ago, there was some optimism that that could present a greater tailwind. That seems to have transpired. I appreciate that some of that tailwind may slip into the second quarter, but it doesn't sound like it's as big a tailwind.

Joost Farwerck: Yeah. So I think it's important to stay focused on our strategy and not to jump on an event. Of course, a data breach in the market is not good. And it's clear how impactful security is and cybersecurity how relevant cybersecurity is for the whole society. This is where we are in pole position. This is our strategy. On broadband, on mobile, but also on B2B, we are the best, secured provider for the Netherlands. And that is clearly visible. So not related to pricing, but on the inflow, especially this quarter will probably be better, but that's a temporary event. But I think in general, you could say that KPN is the most secured connectivity provider for households, SME, B2B customers, the government, the Ministry of Defense selected us for a cloud solution. So, no matter what will happen in the market with competition, I think it's important for us that we understand the value of our strategy here.

And on cost efficiency, yeah, we have launched a couple of transformation programs, as we call it, and we think there's a huge potential in it. That's why we raised the bar for € 100 million net

[indirect] OPEX reduction in five years. That is not gross, but net because, I mean, the difference should be visible. And that's all related to a couple of big change programs, which is all about the operating model of KPN. It's more digital first and human assisted instead of the other way around.

We launched the first AI agents in the customer interface, and slowly we see traffic slowing down, traffic from customers coming in. So less tickets, less costs, less conversations. So that's kicking off quite well. We have a program called Autonomous Operations, which is really changing the way we run our technology in the company. So there's a lot in there, and at the end it all leads to less FTE and lower indirect OPEX. So € 100 million down in five years. If we think it could be more, of course we will grab it and increase the target. But let's first see how far we come here.

Chris Figee: Yeah. And on your question on the data breach effect, I mean, some of it will show up in Q2. Some of the increased new sales and improved order balance, these customers take a bit of time to be activated. Right. So my view is that the event led to some churn at the other side in the beginning that showed up on our side on Wholesale, but maybe lowest churn on our side in retail in the first quarter. I think that effect by large has faded, but we look at structurally improved order balances at this point in time. So a greater share of gross sales in the market and lower churn at KPN. And that will probably feed into the second quarter of the year. You can imagine if this thing happened at the end of February, early March, when sign up customers then are only activated in the second quarter. So some of that effect will show up in the second quarter.

Andrew Lee (Goldman Sachs): Thank you. That's really clear from both. Thank you.

Operator: The next question comes from Keval Khiroya from Deutsche Bank. Please go ahead.

Keval Khiroya (Deutsche Bank): Thank you. Two questions please. So with the full year results, you talked about 1.5% Consumer service revenue growth for the full year. Do you think that's still valid, or do you think there could be a bit of a higher number than that 1.5%? And any comment on fixed and mobile within that mix would be helpful. And secondly, you've done a good job at converting the copper base to FTTH. How much of that remaining copper base is currently covered by fiber or will be over the next three years, given I guess that's where you have the best scope to convert and protect that remaining copper base? Thank you.

Chris Figee: On the first one, I think there's upside for Consumer to do a bit better than 1.5% year on year. Again, that will show up mostly in the second half of the year. It has to do with the fact that I just explained to Andrew about some additional inflow from the data breach, but I think also structurally a better order balance that will show up really into the numbers into Q3. Right? Then you have a full quarter of all these benefits, and then the price indexation. And also, what Joost talked about, our ability to monetize some of the security features.

So I'd say for the Consumer side of things, I wouldn't be surprised if the second half of the year shows a run rate of growth higher than a 1.5%, so that's a bit of upside in there. On the copper question, at this point, 70% of our basis is fiber, 30% is on copper. So that's actually much reduced from the past. You can see the benefit from that churn on broadband is structurally

trending down. You can see the smaller copper base, the bigger churn, bigger share of fiber leads to a much improved churn position. How much of that remaining copper is yet to be converted to fiber? I don't know.

Joost Farwerck: Well, we cover 70% of the Netherlands on fiber and 70% of our broadband base is on fiber. But that's not the same 70%. So within the fiber footprint, we can uplift our base probably to around 80%. So I would say that in some areas, copper areas, we see, especially in the larger cities, the market share of 20% in KPN retail. Some it's a bit higher. So there's clearly an opportunity of migrating customers in some areas to fiber. It is also an opportunity to serve our customers better well on copper and in combination with Fixed Wireless Access or so to support the gateway. But there's a lot of potential in the current fiber footprint to move up more customers to fiber.

Keval Khiroya (Deutsche Bank): That's clear. Thank you both.

Operator: The following question comes from Polo Tang from UBS. Please go ahead.

Polo Tang (UBS): Hi. Thanks for taking the questions. I have two. The first one is just can you kind of a bigger picture question in terms of competitive dynamics? Can you comment on what you're seeing in terms of both the Consumer market and also the B2B market, and has there been any change going into Q2? My second question is really just on B2B trends. Are you seeing any change of behavior among SMEs or LCE clients just given the macro environment? Alternatively, are there any changes in consumer behavior just because of the current macro environment? Thanks.

Joost Farwerck: Yeah. Polo, you know the Dutch market and it remains competitive. But that we consider normal course of business. So from the first to the second quarter of this year, not a big change. Of course, on the broadband side, Delta and VodafoneZiggo being active. Odido on our network, but also on the Delta network nowadays. And on mobile, we see increased competition mainly on no-frills. So still, I would say the Unlimited market that is a healthy market where we see a strong inflow and most of the competition is really in the lower priced ranges, but that's already ongoing for a while.

And in B2B, that's different. We don't face one or two big competitors there. That's a fragmented market. In SME, we are super strong. We really worked on not only a very simple digital portfolio, but also on our go to market strategy. So we are in control of not only our own channels, but also third-party channels to reach out to our customers. And so, in SME, we expect ourselves to keep on growing. We don't see a lot of macro environment impact yet, I should say. So of course, we keep a close eye on that. But until now, we also expect Dutch economy to grow a bit. Not sure what, [~]1.5%. So it's super relevant because we're a SME economy in the Netherlands, but until now, we're in control.

Chris Figuee: I would say probably on the Consumer side, I mean, the effect of higher gas prices is really only felt for really lower income households, right? And that's typically not our customer base. So I would say the majority of Dutch people may have some impact, but relatively limited. And certainly not the customer base we typically target. In the corporate segment, I see SME growing nicely. I'd see some upside for SME to beat the 5% mark for this

year. From what I see is a more determination by our SME customers to digitize their business. So that's an opportunity for us as a response to any economic pressure. It is targeted by our clients to digitize their business, implement AI tools, enhance connectivity.

So actually, I think on the SME side, it's actually it's a positive. If anything, you could see a little bit more price orientation on the LCE side, if anything, but it's not there yet. But if I look forward, I would say on the SME part of the economy, that feels pretty strong and robust and SME growth could do better than 5% in this year. If anything, so I would say limited and maybe for ourselves, you haven't asked it, but I'm still answering the question is very limited, right? We basically hedged our energy exposure for the full year. We're very pleased with the solar PPA we have this year and with the wind one coming on-stream next year, which basically means that the energy impact on KPN is negligible and won't affect anything this year and also not next.

Polo Tang (UBS): Clear. Thank you.

Operator: Ladies and gentlemen, as a reminder, if you have a question, please press pound key five on your telephone keypad to enter the queue. Our following question comes from David Vagman from ING. Please go ahead.

David Vagman (ING): Yes. Good afternoon, everyone. Thanks for taking my questions. The first one on the Consumer ARPU side, can you give us an updated view of your view on how you expect them to evolve for mobile and fixed for this year? And then the second question, can we get your latest updated view on FTE's reduction for this year? Thank you.

Chris Figuee: Yeah, sure. I think on fixed and mobile ARPU, I think we're pretty positive on those. We will push through typical indexations for broadband in early July. Mobile tends to be October. Think about 3% range of indexations. We have yet to decide and communicate, but that's probably the range that we're thinking of. And then fixed ARPU developments in any case, have been quite positive in this year better than we planned. So I would say pretty upward potential on fixed ARPU.

On mobile, we've seen so far, I'd say good developments on the Unlimited side, a bit of pressure in the no-frills segment of the market. So I'd say a moderate improvement in ARPU in mobile driven from indexations, monetization of security features, an improved mix, and then against that, you'll see some continued pressure in the no-frills part of the market. And net net, I'd say reasonably positive outlook for mobile indexations. And on FTE reductions, I think we're now a good 400 below this time last year. I expect this the end of the year with certainly 400 below the [end of last] year as well. So basically, for the full year, around 400 FTE reductions.

Joost Farwerck: Yeah, I would say at least. I mean, we don't have a plan to suddenly do a big reorganization and reduce a couple of thousand FTE. We're step by step digitalizing the company in a prudent and healthy way. So currently good on track, a bit ahead of the plan, like Chris mentioned, -400 [FTEs], and of course we want to accelerate that. It's for us, not the most. I mean, it's not an FTE target we have, but an indirect OPEX target. And so, we have a bit less than 10,000 FTE in the company. But we also hire a lot of people every day. So there's

a flexible scale around that. We also keep an eye on because it's really about controlling indirect OPEX.

David Vagman (ING): Thanks very much.

Operator: The following question comes from Siyi He from Citi bank. Please go ahead.

Siyi He (Citi): Hello. Hi. Good afternoon. Thank you for taking my questions. I guess I have two follow-ups, please. And the first one is on the price increases. I mean, KPN has raised the front-book prices this year, and I'm just wondering if you can talk us through how it's landed and also whether you could consider making this also an annual exercise as well going forward. And the second question is on your answer on the fixed ARPU. I think a couple of quarters ago you mentioned that the fixed ARPU was affected by the combo discounts [Combivoordeel]. And I'm just wondering if you can give us some data on how far are you with pushing the discounts, and when do you think that this drag will start to lift off? Thank you.

Chris Figuee: Yes. On the front-book pricing, they landed really well. I mean, we went through unnoticed. What I think is on the positive side on mobile, we always look at [what] the renewal delta, which always tends to go up once you do your price indexation and then you work your way to get it down again. Because of this, it's actually much lower than it was the same time last year, I think about 40% reduced compared to last year. That does help any renewal leakage. So I think we're pretty happy with the front-book price increase and it landed well and it reduced that renewal delta significantly. Will we do one again next year? Ask me again next year. I mean, that's hard to predict. But so far, so far so good in terms of how this has landed.

On the fixed ARPU Combivoordeel, you're right. That feeds into the service revenues in fixed. So that effect will really wash out next year. We see next year the combination of the spend on the constructs that we have actually optimized and reduced a bit to optimize the structure, what the giveaways are against the cross-sell and lower churn levels. That is still planned to be positive next year. So that effect will wash out, and we'll have a positive contribution next year.

Having said that, I think we reported fixed service revenue growth around 0.8%. That was a bit better than we planned. So I think overall fixed service revenues will be better. It will be better than planned in any case. And I think the 0.8% of this quarter will be the lower bound of what we will communicate this year unless something really strange happens. But given current trends, I would say first of all, to answer your question precisely, the effect will wash out next year. But most importantly, we see some better fixed service revenue growth numbers than we anticipated.

Siyi He (Citi): Very clear. Thank you.

Operator: The last question comes from Ajay Soni from J.P. Morgan. Please go ahead.

Ajay Soni (J.P. Morgan): Hi, guys. Just two questions, please. My first is just to follow up on the fixed service revenue growth. So what was the headwind from the Combi discount [Combivoordeel] within Q1? My second one is around the H1 Free Cash Flow, which you mentioned will be higher versus the same period last year. So I think that implies Free Cash Flow in Q2 around well over € 200 million. Is this purely just coming from working capital and

interest being better versus last year, or is there anything else that we should be considering? Thank you.

Chris Figue: Well, on the fixed [question], I would estimate that the Combivoordeel discount is about 40 basis points in a quarter, roughly. That's kind of what I estimate it to be. I'll give you a feel that the underlying fixed service revenue growth excluding Combivoordeel is around 1.2-ish [%]. And that in terms of the H1 Free Cash Flow, like the effect, one is, of course, the interest rate payment. We did actually replace a bond with a coupon in April for a bond with the coupon in February. So basically, compared to last year, the coupon falls in the first and the second quarter. That's about a good € 27 million. And there will be working capital deltas. It has to do with specific salary and bonus payments, has to do with the cycle and the Capex flow throughout the year, Q4 last year through Q1 this year. Typically, I would say we always have particular situations where we pay more cash out in the first half of the year, in the first quarter of the year than the second quarter.

All in all, I would expect definitely Free Cash Flow in the second quarter to be materially higher than € 200 million. So I would say expect the full six months of the year to be up towards the full six months of last year. And that's interest, which is fully in the bag, which is certainly kind of sure going to happen. It is working capital shift that also for sure is going to happen. That too. And with that, for full year Free Cash Flow, our guidance was above € 950 [million]. We still feel confident and comfortable with that guidance, so we should definitely make that. Yes.

Ajay Soni (J.P. Morgan): Great. Thank you.

Matthijs van Leijenhorst: Okay all. Thanks for dialing in. I would like to conclude today's Q&A. As always, in case of any questions, feel free to reach out to the IR team. And yeah, see you soon. Cheers.

Joost Farwerck: Bye bye.

[END OF TRANSCRIPT]
