

A green oval logo with a white bar chart icon on the left. The text 'KPN Capital Markets Day 2014' is written in white on the right side of the oval.

KPN
Capital
Markets
Day 2014

A white oval callout bubble with a green border, containing the date '19 February' in green text.

19 February

Industry trends: Long term vision into action

KPN Capital Markets Day

19 February 2014

Erik Hoving
CTO KPN

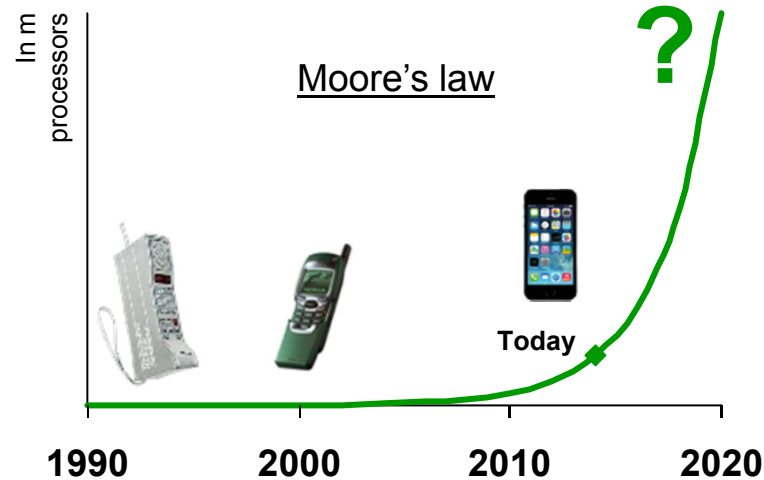


Turning point for Telco industry

From incremental steps towards exponential change

Turning point

Smartphone processing power to increase exponentially from now to 2020



Global Internet of Things



Connected devices¹

12.5bn **50**bn

2010 → 2020

Data traffic growth²

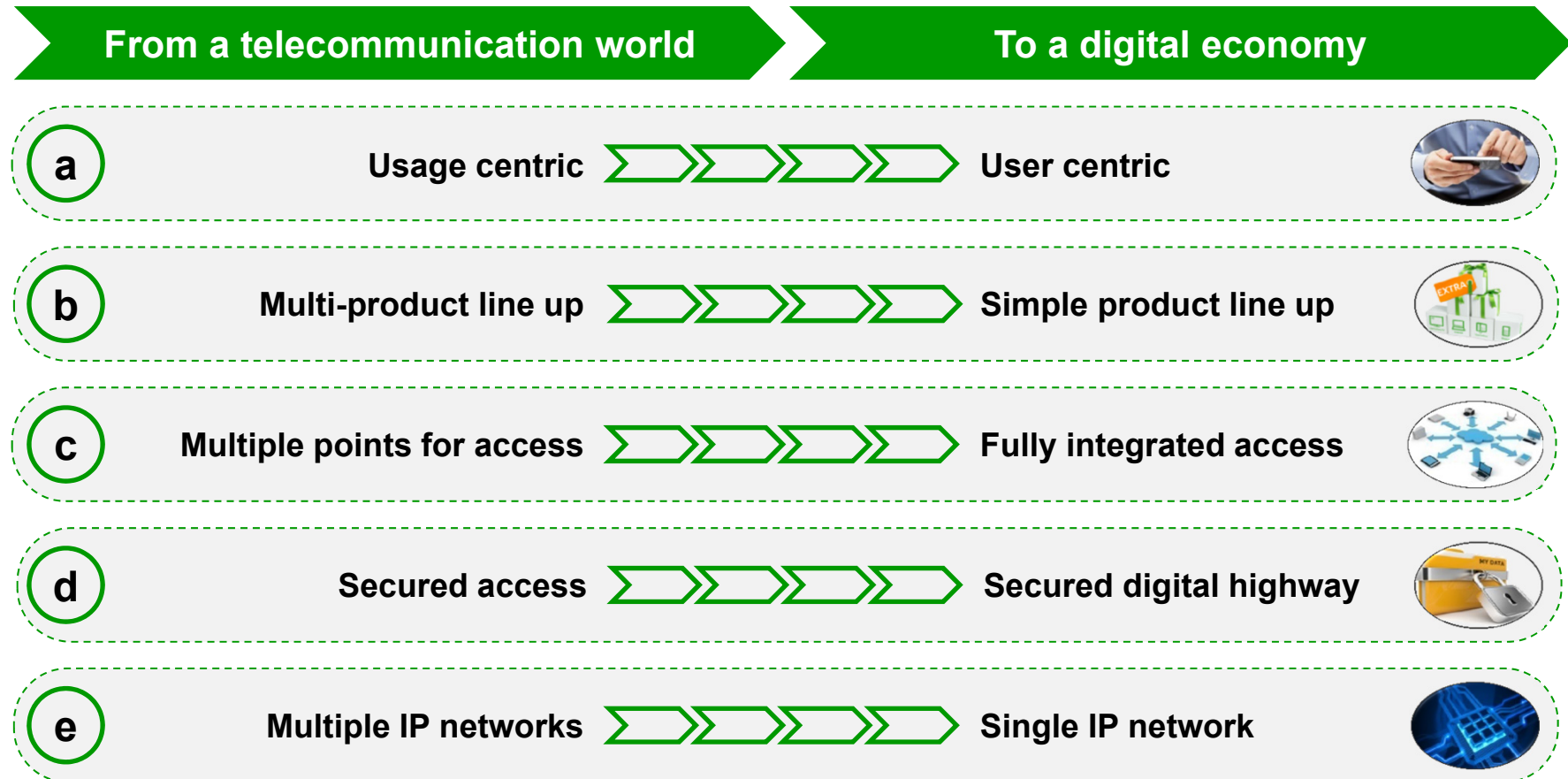
11x

2012 → 2020

¹ Worldwide connected devices; Source: Cisco "The Internet of everything", July 2013
² Worldwide data traffic; Source: GSMA "Vision 2020", February 2014

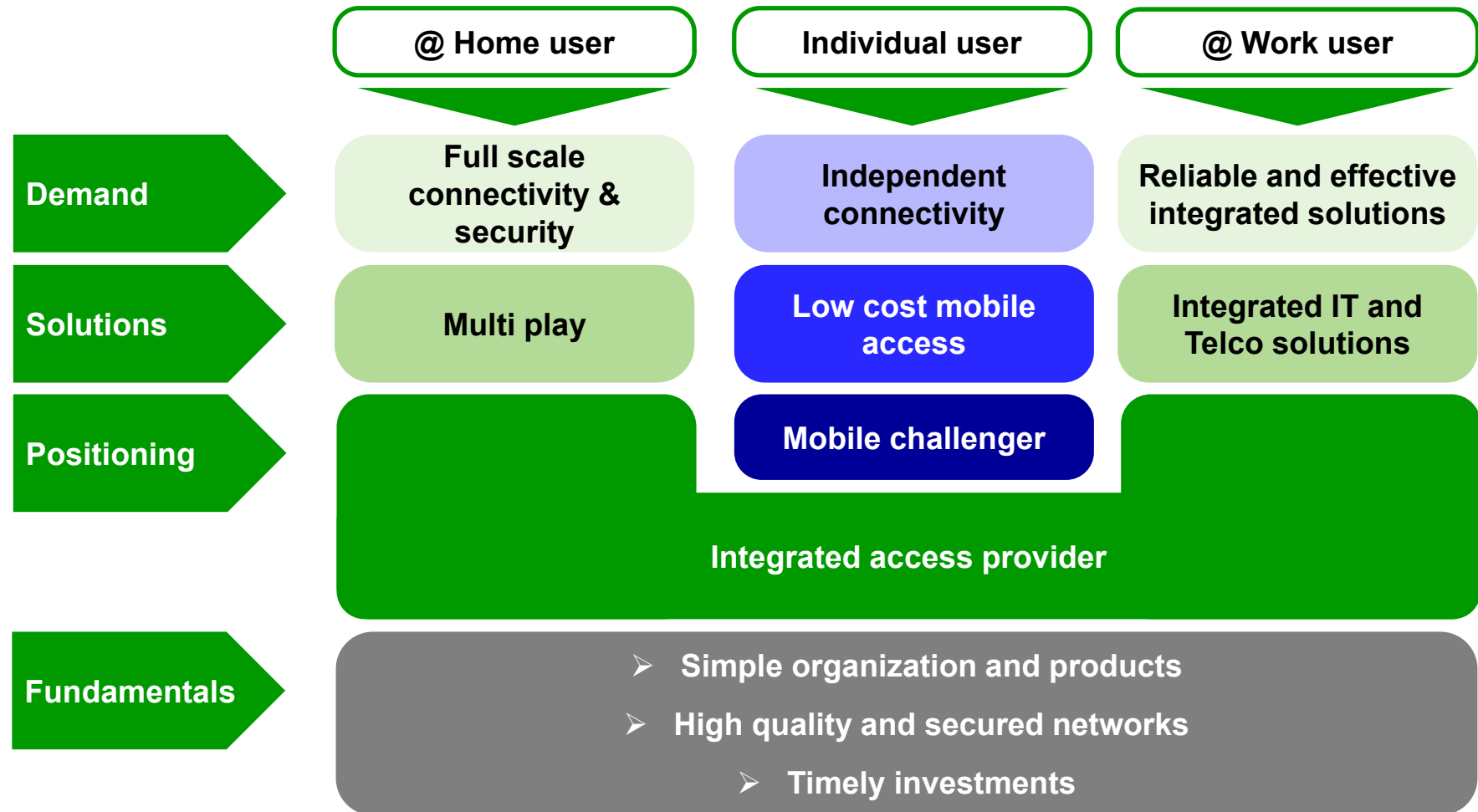
Vision for 2020

Highly trusted user centric access provider in digital world



KPN preparing for the future

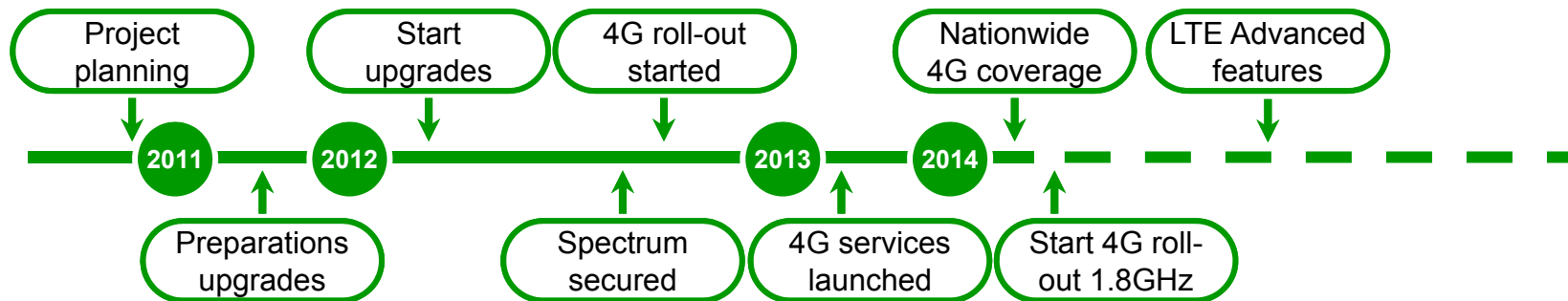
Positioning around customer demand



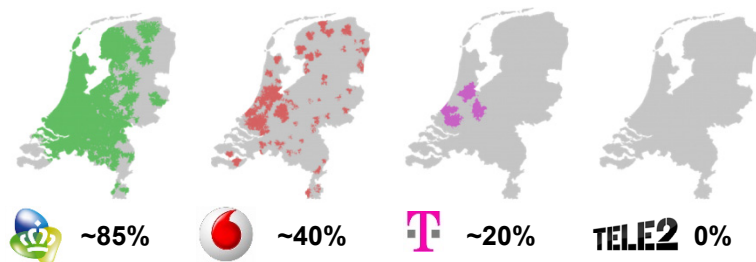
Vision into action (example I)

Modernizing 2G & 3G and upgrading to 4G simultaneously

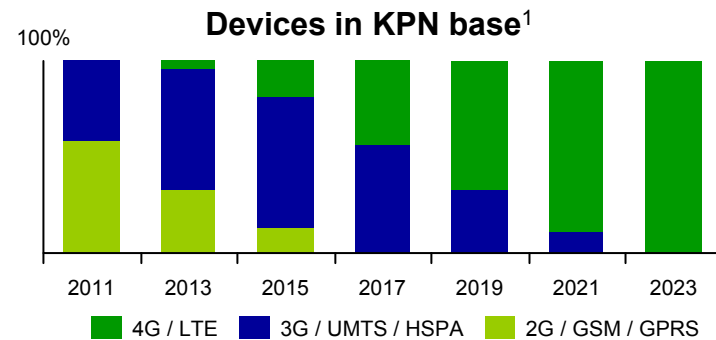
Early planning led to fast 4G roll-out in The Netherlands



Resulting in significant lead¹



Spectrum refarming and upgrades

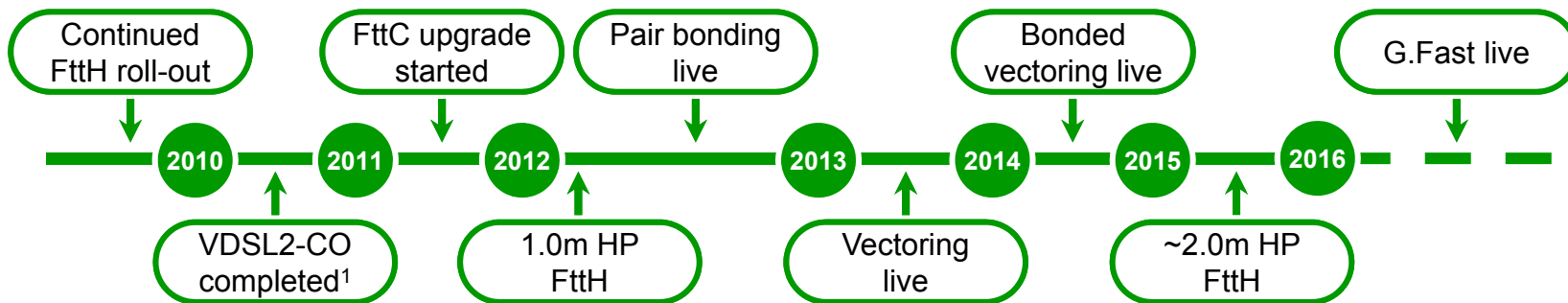


¹ Source: Company research

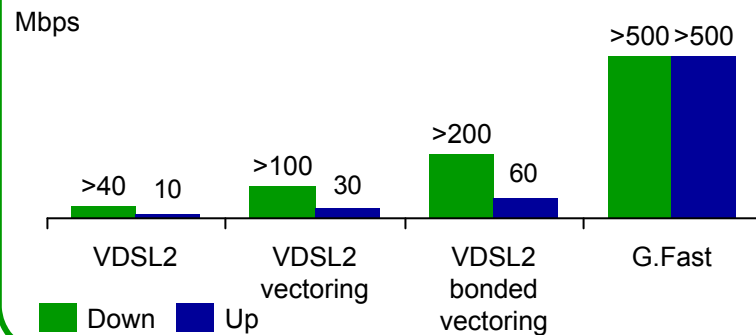
Vision into action (example II)

Hybrid upgraded copper / FttH strategy

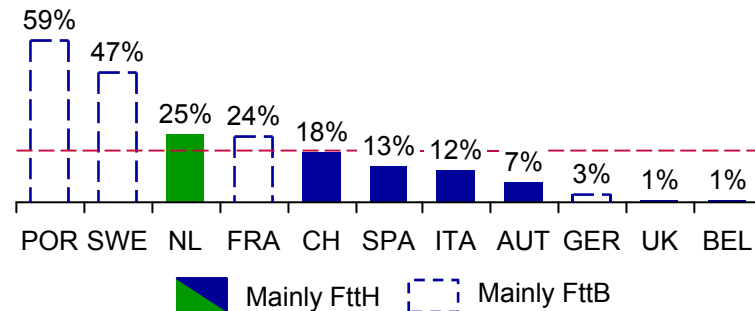
Leading the way in Europe with copper upgrades and FttH roll-out



Optimizing copper network²



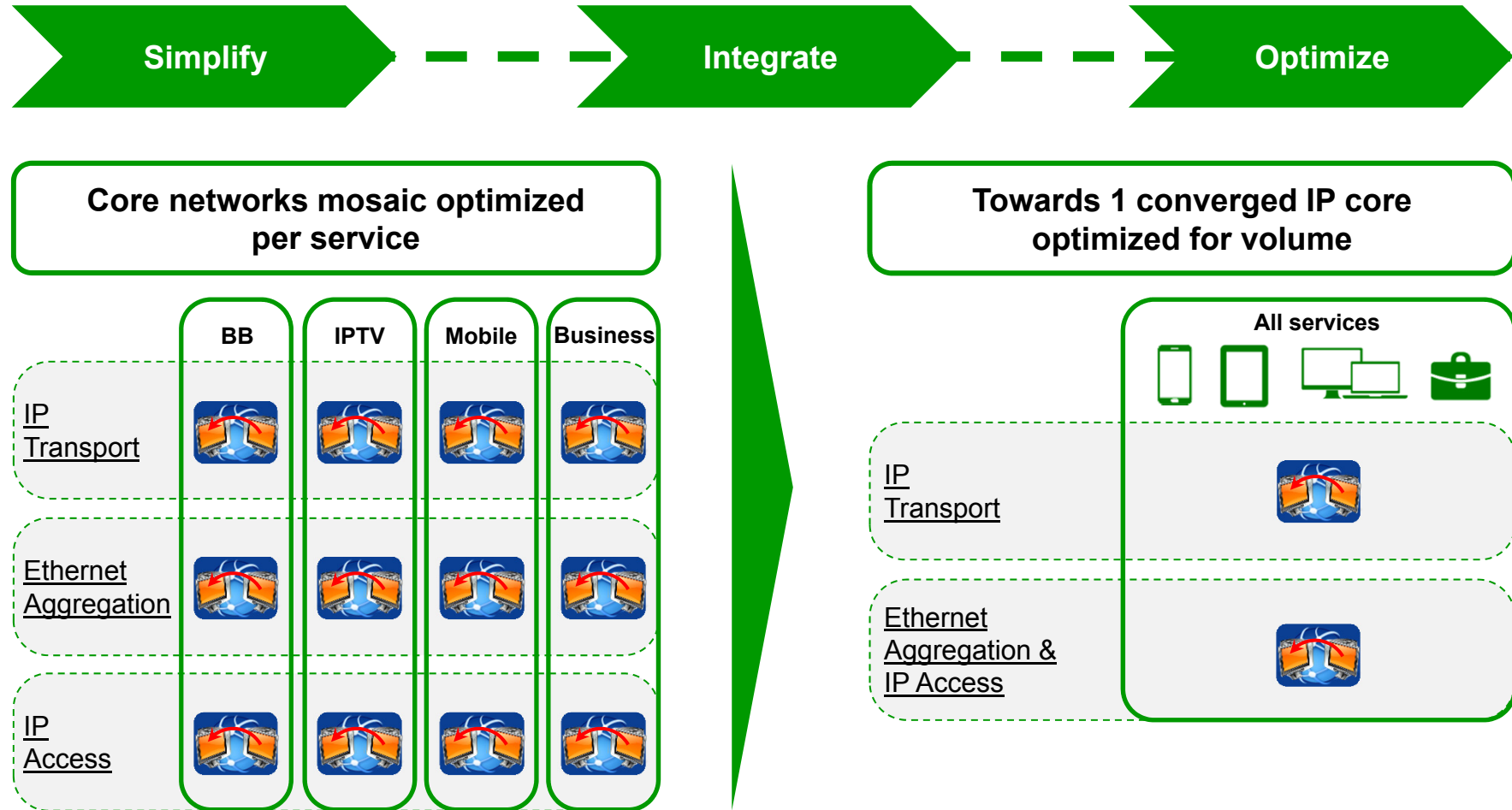
Largest FttH footprint³,⁴



1 Upgrade from ADSL2 to VDSL2 to Central Office
 2 All speeds excluding potential compression techniques
 3 Data relating to Fiber-to-the-Home and Fiber-to-the-Building coverage of broadband households
 4 Source: FttH council; country data based on latest available information

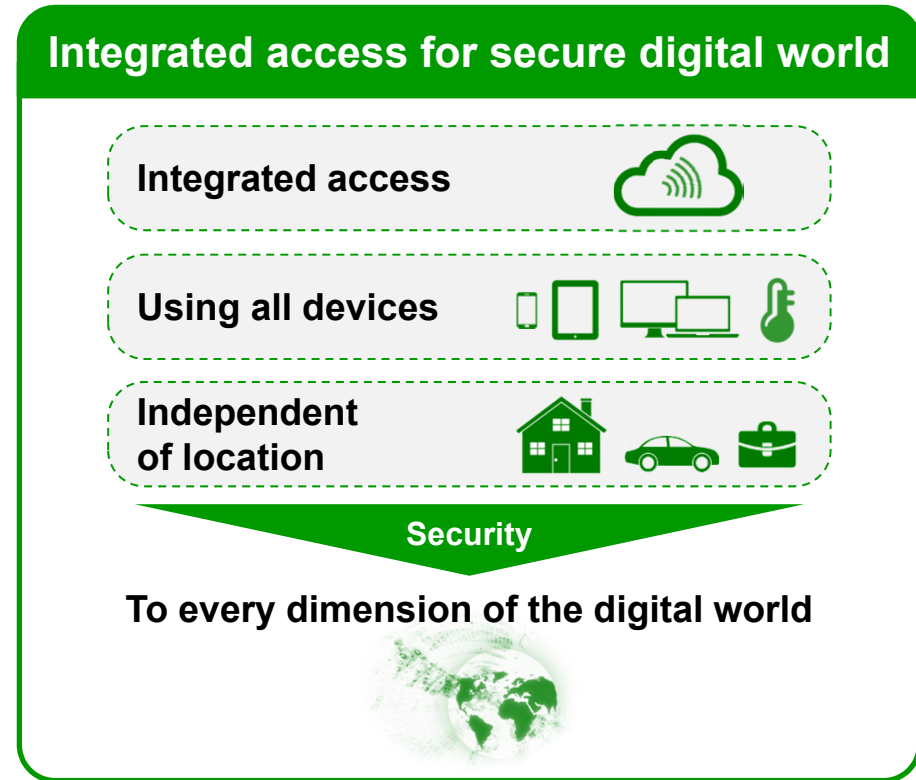
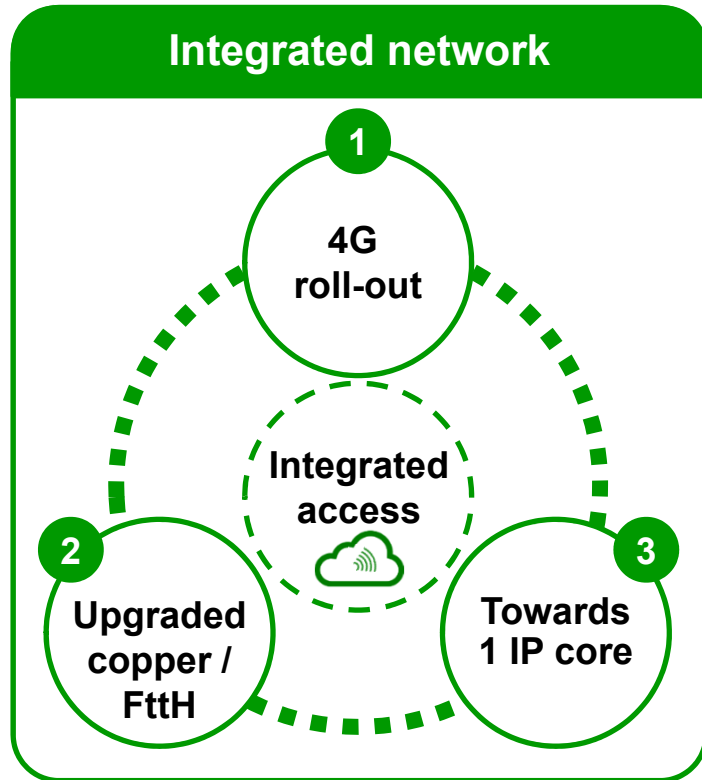
Vision into action (example III)

Moving towards 1 converged IP core for a simplified infrastructure



Building on strong fundamentals

Integrated access to service entire user spectrum



Strong fundamentals

- a Simple organization and products
- b High quality and secured networks
- c Timely investments

The Netherlands

KPN Capital Markets Day

19 February 2014

Joost Farwerck

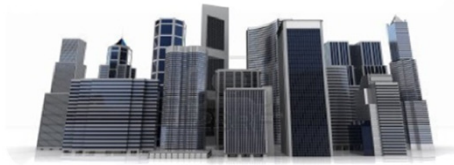
Managing Director The Netherlands



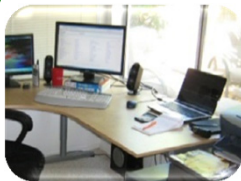
Building on strong fundamentals

Excellent position as the integrated access provider

- Leveraging unique assets; best-in-class fixed & mobile networks and ICT infrastructure
- Leading products in Business and Consumer markets
- Only operator in The Netherlands with converged in-house capabilities



Business



Fixed network



Mobile network



Consumer



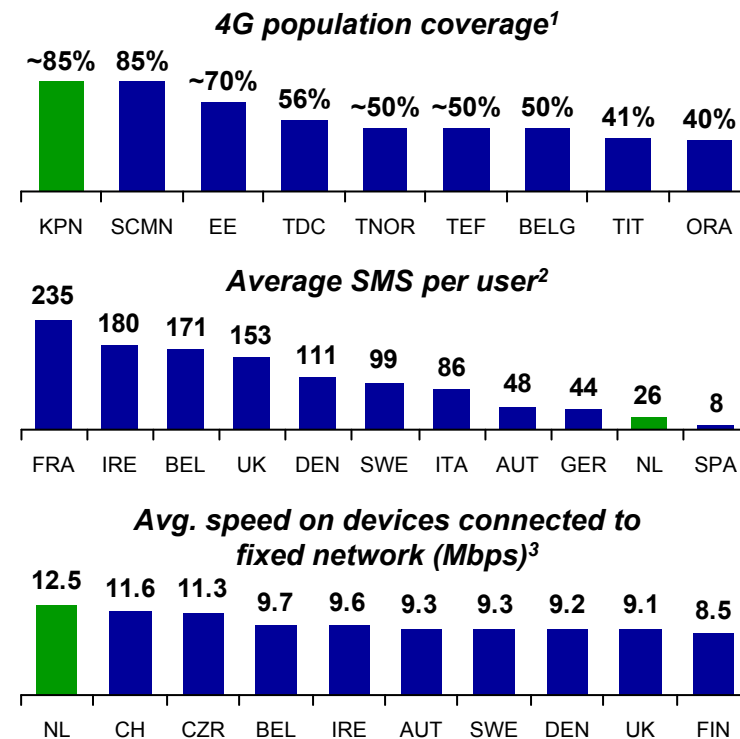
External environment

Dutch market ahead of the curve

Dutch market ahead of the curve...

- The Netherlands renown for early adopters
 - High broadband speeds
 - High smartphone penetration
 - Nationwide 4G coverage
 - Large FttH footprint
- Established mobile market
 - Largely through IP substitution
 - Mature MNOs and well developed MVNO market
- Advanced fixed market
 - High cable penetration
 - Advanced cable competition compared to European peers

...compared to European peers




1 Company research, based on latest available information

2 Telecompaper, 2013

3 Akamai, 2013

Operational progress across segments

	Consumer Residential	Consumer Mobile	Business
Today	<ul style="list-style-type: none"> ➤ Operational improvements <ul style="list-style-type: none"> • Inflection customer base • Inflection financial performance 	<ul style="list-style-type: none"> ➤ Competitive market, mainly in no frills segment ➤ Shift to SIM-only ➤ Less above bundle usage 	<ul style="list-style-type: none"> ➤ Difficult macro and competitive market ➤ Shift traditional services to IP ongoing ➤ Stable market positions
Strengths	<ul style="list-style-type: none"> ➤ Hybrid upgraded copper / FttH approach ➤ Leading position IPTV ➤ Excellently positioned for multi play 	<ul style="list-style-type: none"> ➤ Nationwide 4G coverage ➤ Improved positioning of propositions ➤ Bundling fixed & mobile ➤ Multi-brand approach 	<ul style="list-style-type: none"> ➤ Best-in-class fixed, mobile & ICT infrastructure ➤ Leading cloud services ➤ Introduction KPN ONE
Going forward	<ul style="list-style-type: none"> ➤ Continue positive momentum ➤ Grow multi play 	<ul style="list-style-type: none"> ➤ 4G driving operational improvements (net adds) ➤ Multi play reducing churn ➤ Optimize multi-channel approach 	<ul style="list-style-type: none"> ➤ Tailored approach across segments ➤ Best services and new innovative services supporting Telco core


Simplification across segments

Clear priorities in The Netherlands

Strong customer focus by offering best services over best networks

Strong customer focus, best services

- Focus on multi play *with*
- Market leading products *and*
- High quality customer service



Further strengthen best-in-class networks

- Hybrid upgraded copper / FttH approach *and*
- Nationwide 4G coverage *leading to*
- Best converged network and ICT assets



Towards lean operating model

- Simplified products and client processes *and*
- Reduction complexity of network & IT systems *leading to*
- Significant cost savings, further quality improvements



Towards stable financials

- Balancing market leading positions with solid profitability
- Simplification leading to cost efficient and effective organization
- Stable and cash generative company

Strong customer focus

Optimize customer lifetime value

Best products to drive multi play

- Strong customer focus and service
- Simplicity of products in everything (activation and usage)
- Focus on value added services for customers
- Provide market leading products to drive take-up of multi play



Market leading IPTV proposition¹



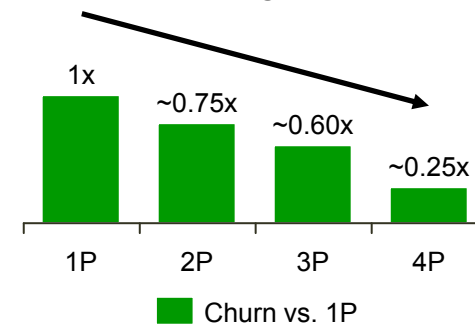
Excellent 4G services¹



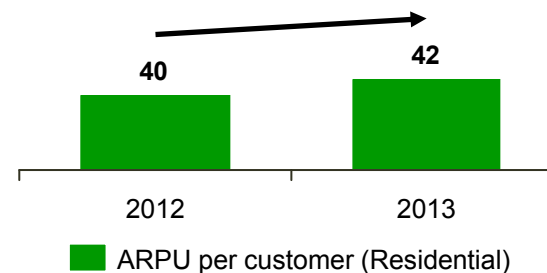
Leading cloud services

Multi play supporting profitability

Reducing churn



Increasing ARPU per customer



¹ Consumentenbond, the largest independent Dutch consumer organization

Best networks - Hybrid upgraded copper / FttH

Maintaining leading fixed network position

Today

- Premium triple play requires ~40Mbps
 - 70% access to download speeds >40Mbps
 - 70% access to upload speeds of 20Mbps

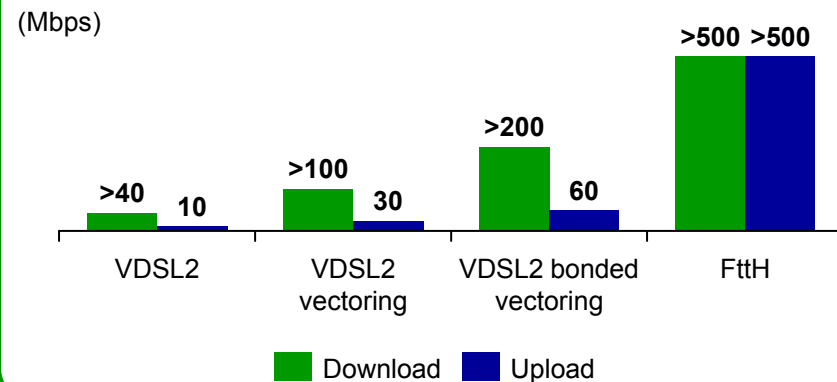
Network speeds ahead of demand

- Excellent position to capture bandwidth demand
 - ~55% access to download speeds of 200Mbps in 2015
 - ~65% access to upload speeds of 30Mbps in 2015

Access network speeds¹

Download speed	2013	2015
>40Mbps	~70%	~80%
100Mbps	~30%	~65%
200Mbps	~25%	~55%
500Mbps	~25%	~30%

Optimizing hybrid network



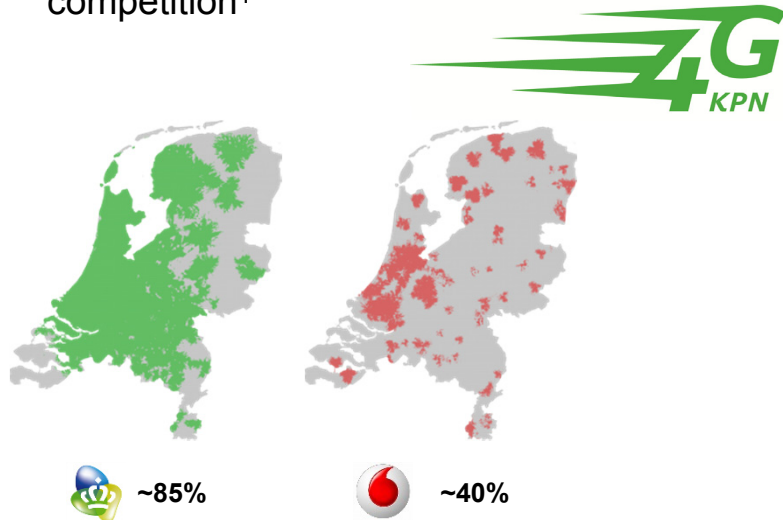
¹ Percentage of households

Best networks - Leading 4G network

Maintaining leading coverage and capacity position

Large 4G advantage

- Nationwide coverage, significantly ahead of competition¹

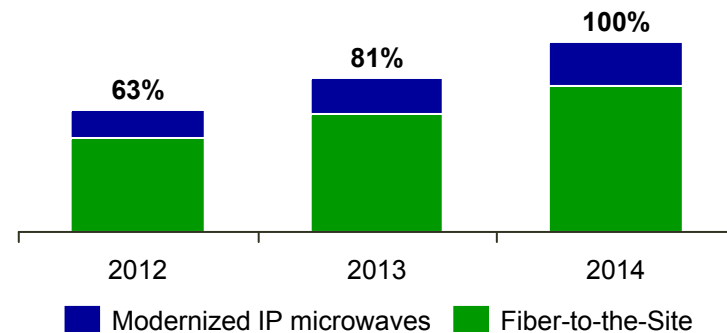


- Best mobile broadband network quality according to business customers²

Continued focus on network advantage

- Strong combination of 2G, 3G and 4G networks providing best customer services
- Secure and robust voice services via fully renewed 2G network (multi-RAN)

Fully modernized backhaul



¹ Company research

² Independent research (TNS NIPO survey)

Simple, low cost operating model

Key to outperformance in dynamic Telco landscape

1

Simplified product portfolio



2

Simplified client processes



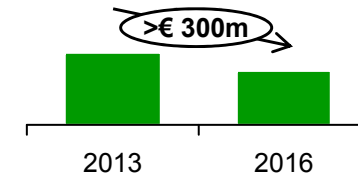
3

Simplified network & IT

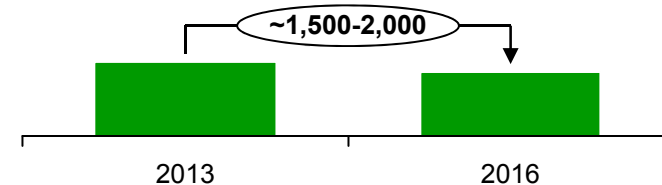


Significant cost savings

- >€ 300m run-rate Capex and opex savings by 2016



FTE reductions



Next wave quality improvements

- Faster time-to-market
- Increasing customer satisfaction

Simple, low cost operating model

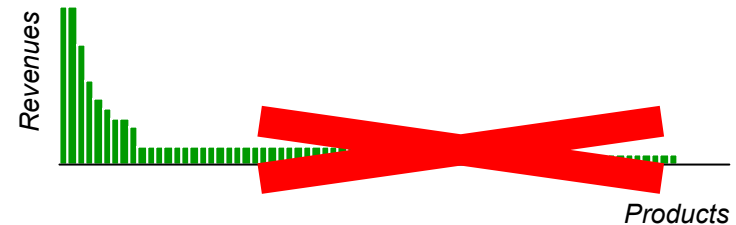
① Simple and flexible product portfolio

Simplified product portfolio

- Simple converged product line-up
- Strong focus on integrated bundles
 - KPN Compleet in Consumer market
 - KPN ONE in Business market
- Active product life cycle management
- Legacy portfolio rationalization

Phasing out products

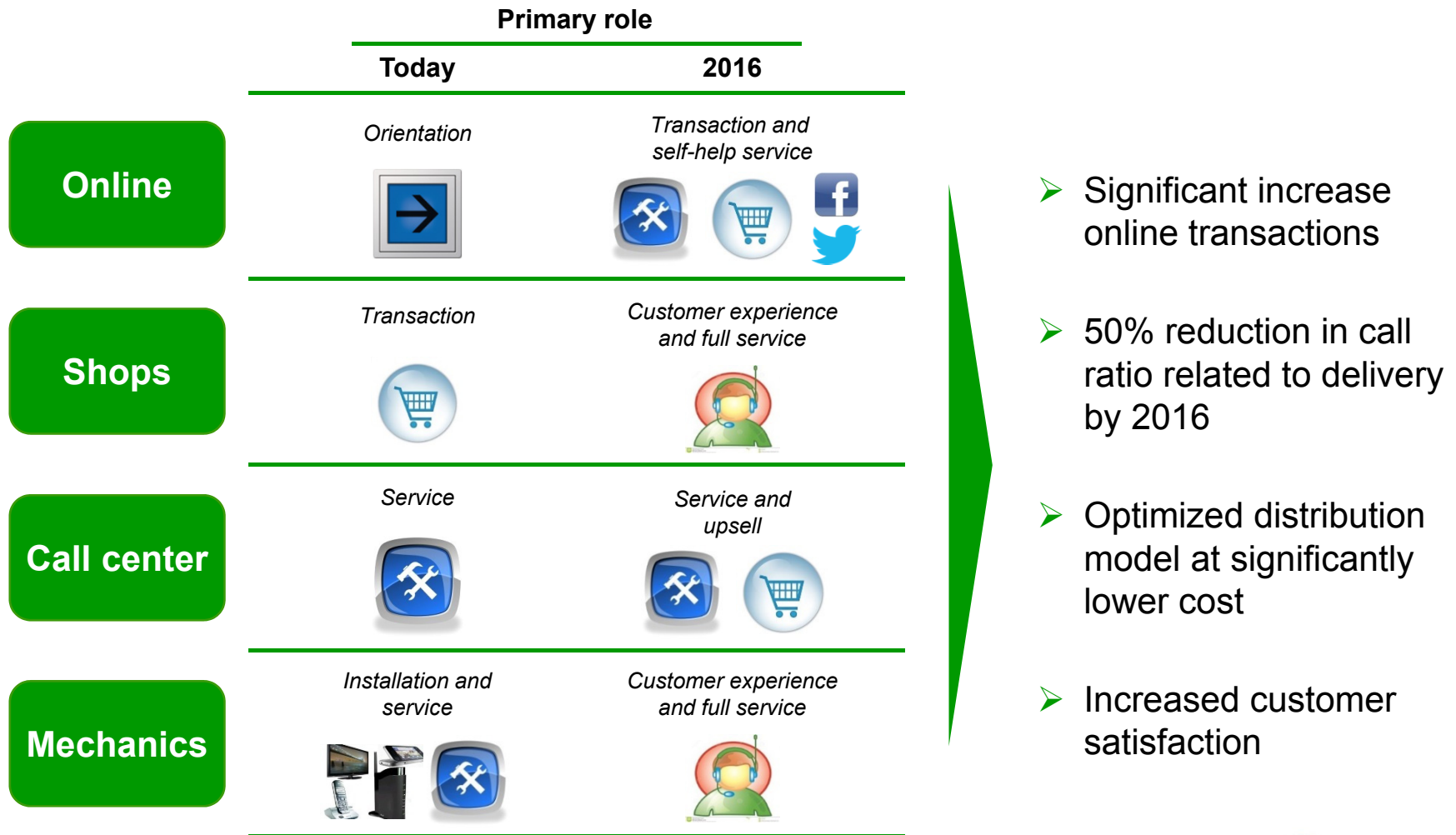
- ~10% of products generating 80% of revenues
 - Phase out ~40% of products by 2014
 - Phase out ~80% of products by 2015



- Example: 90% of broadband propositions phased out in Q1 2014

Simple, low cost operating model

② Focus on online client processes



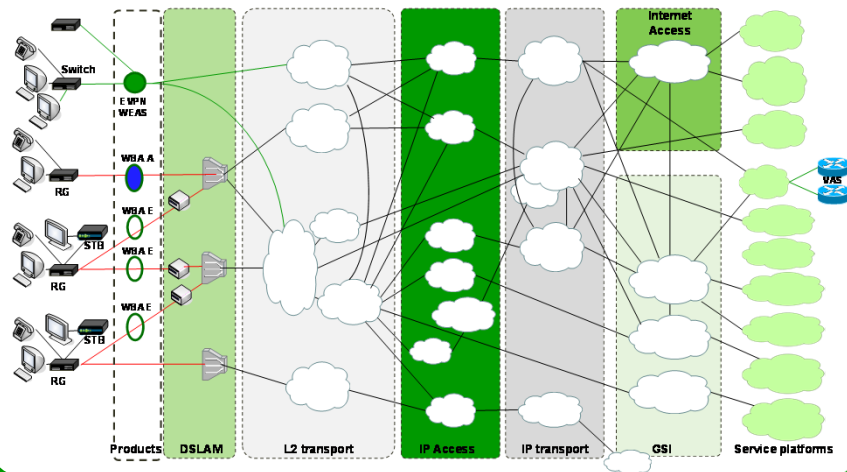
- Significant increase online transactions
- 50% reduction in call ratio related to delivery by 2016
- Optimized distribution model at significantly lower cost
- Increased customer satisfaction

Simple, low cost operating model

③ Reducing complexity by simplifying networks & IT

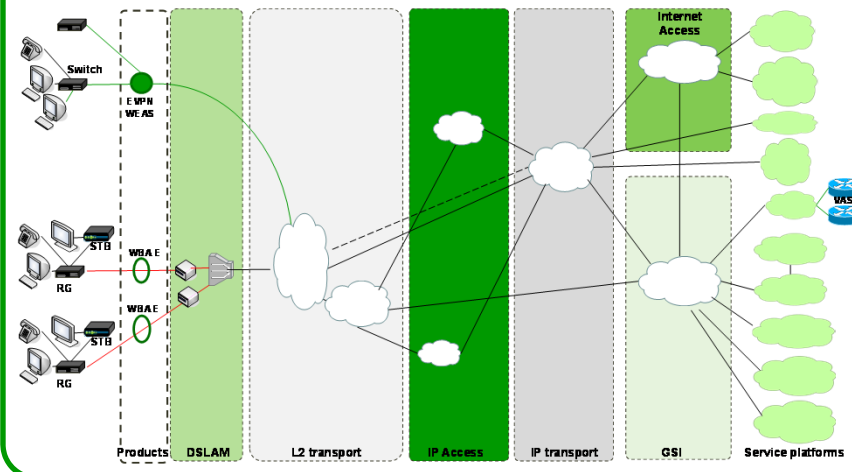
Today

- Customized and complex network and IT infrastructure
- Simplified portfolio and processes allowing reduction of complexity in IT & networks



Going forward

- Standardized IP based network and IT systems based on worldwide adopted technologies
- Rationalization and selective extended use of network assets

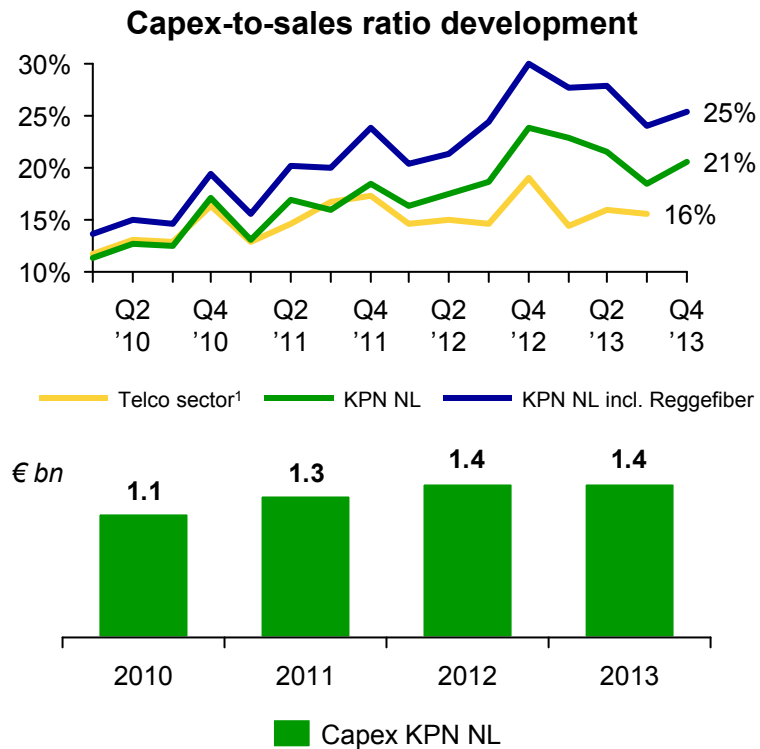


Lower costs and shorten release cycles

Capex at less elevated levels

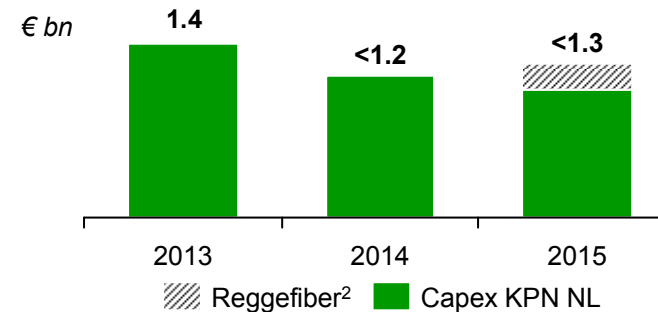
Towards stable financials

Increased investments since 2010



Continued investments

- High investments in recent years
- Maintain best quality networks, investments at less elevated levels
- Continued higher speeds on upgraded copper leading to lower pace FttH roll-out



¹ Euro Telco sector based on company reports, management estimates

² Reggefiber Capex included per 2015

Building on strong fundamentals

Towards stable financials

Excellently positioned as the integrated access provider

- Strong customer focus by offering best services over best networks
- Best products to drive take-up of multi play
- Multi play to reduce churn and support ARPU
- Simple, low cost operating model leading to >€ 300m run-rate Capex and opex savings
- Capex at less elevated levels going forward

Towards stable financials

- Financial performance stabilizing
- Stable and cash generative company

Consumer

KPN Capital Markets Day

19 February 2014

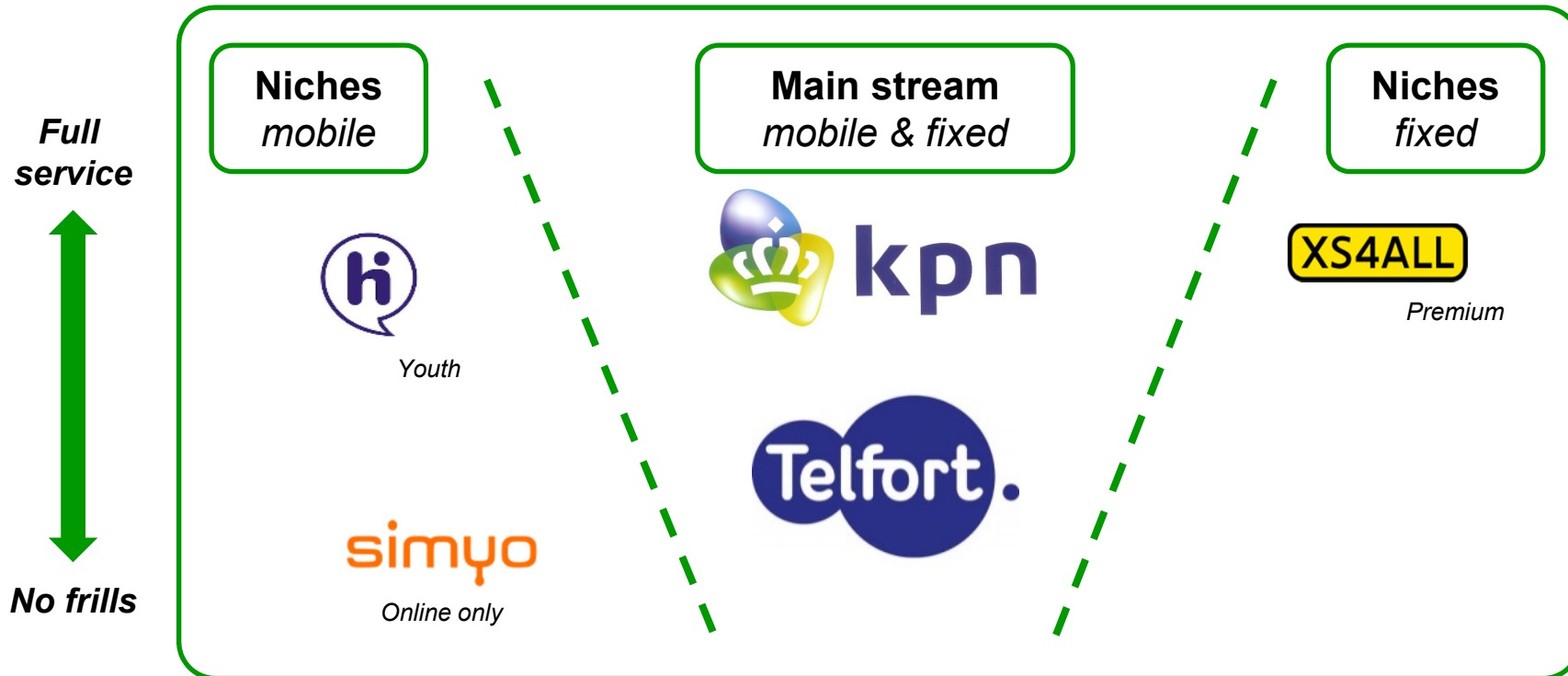
Jaap Postma

Head of Consumer



Dutch consumer market

Multi-brand approach to target all consumer segments



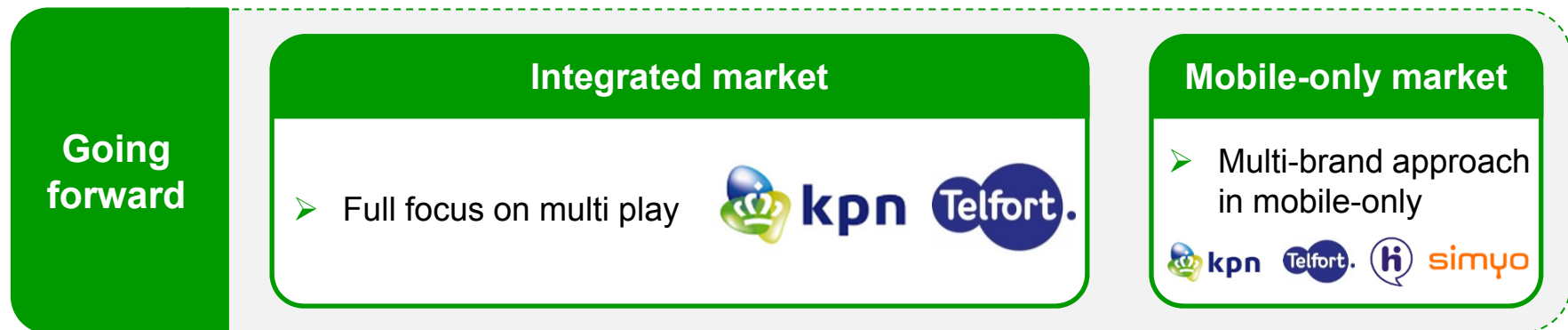
Targeting main stream markets with KPN and Telfort
and niche segments through sub-brands

Building on strong fundamentals

Uniquely positioned for move towards integrated market

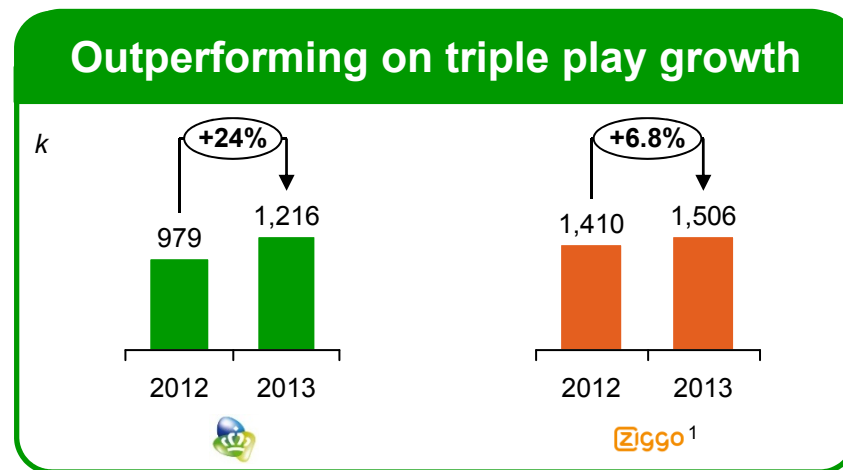
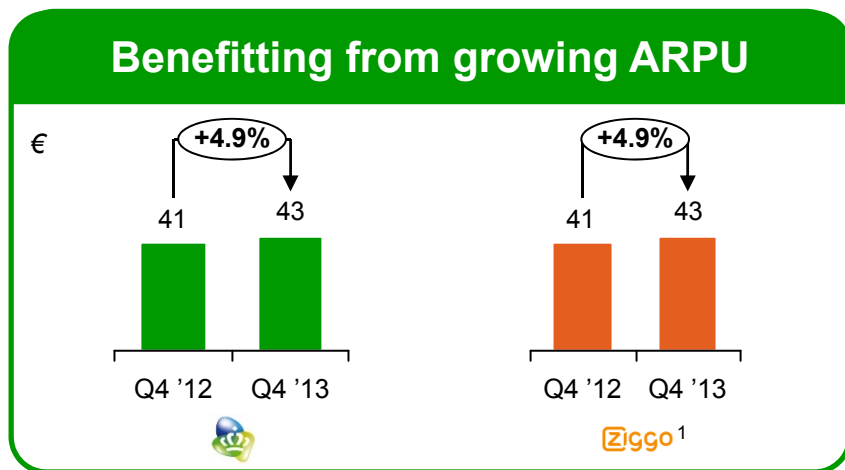
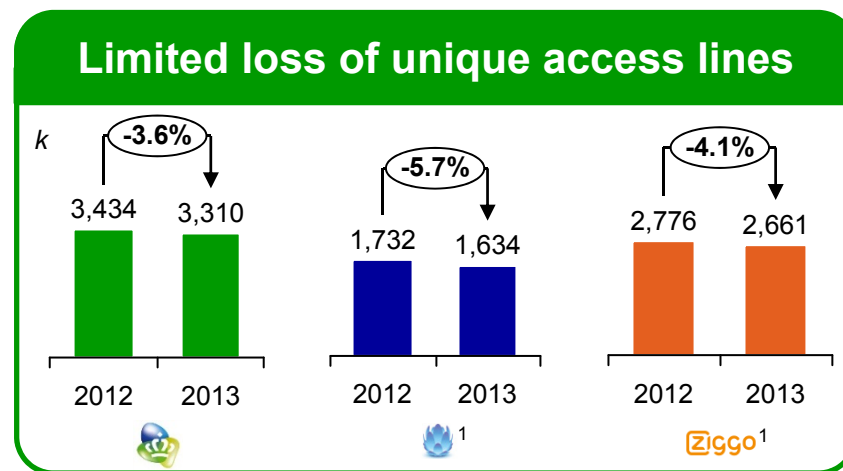
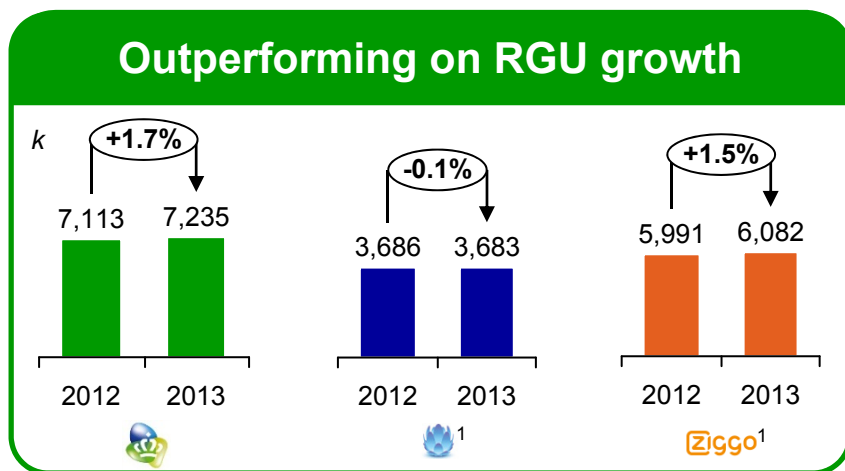


Multi play to focus on loyal customers and reduce churn



Residential market

Outperforming in advanced residential market



1 Management estimates

Residential - IPTV

Market leading IPTV proposition driving multi play

Largest interactive customer base

- IPTV fully interactive, KPN TV base 70% interactive
 - Interactive base Ziggo ~20% and UPC ~35%
- IPTV access at any time and on any device
 - Multi-channel recording, live pausing, start over TV

Most complete content package

- Driven by access, not exclusivity
- Partnerships with content providers



Best user experience leading to highest NPS

Reducing capital intensity

- Cloud based IPTV infrastructure resulting in simple and advanced STB
 - Centralized software upgrades
 - >50% reduction in costs per set-top box realized since 2011



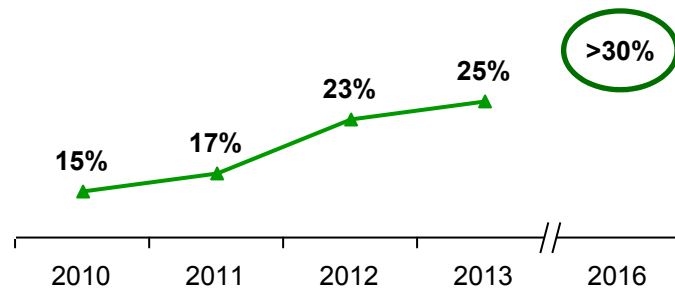
TV everywhere



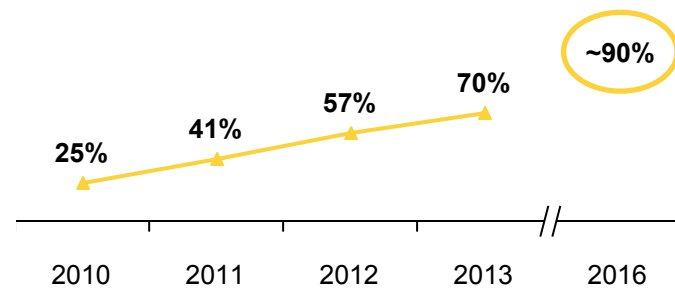
Residential - Triple play

Growing interactive TV base leading to increased triple play take-up

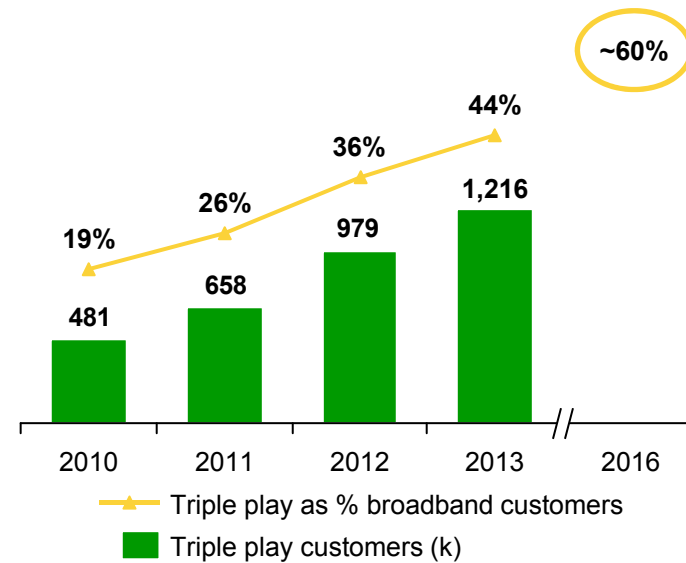
Growing TV market share



Growing interactive TV base¹



Increasing triple play packages



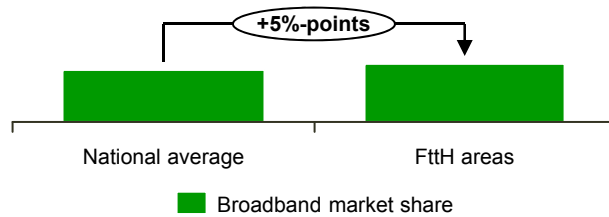
1 As percentage of total KPN TV base

Residential - Hybrid upgraded copper / FttH

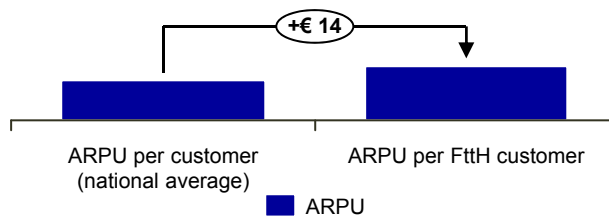
Successful in FttH areas and with copper upgrades

Successful in FttH areas...

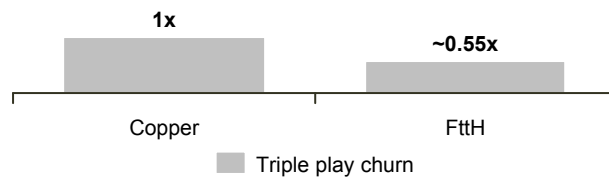
Above average market share



Above average ARPU

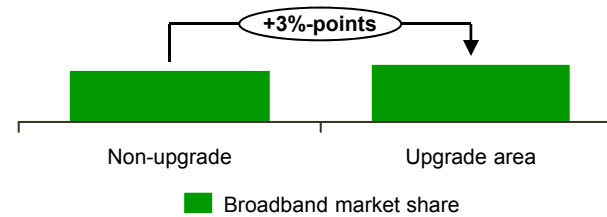


Lower churn

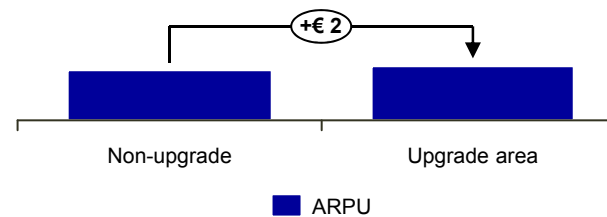


...and with outer ring upgrades (copper)

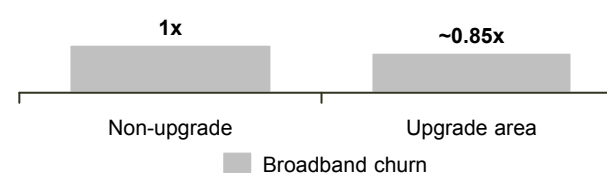
Higher market share



Higher ARPU



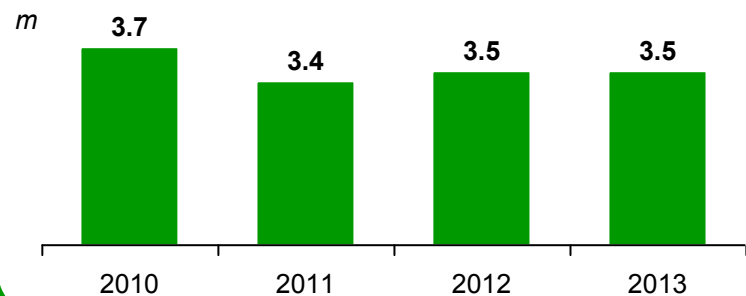
Lower churn



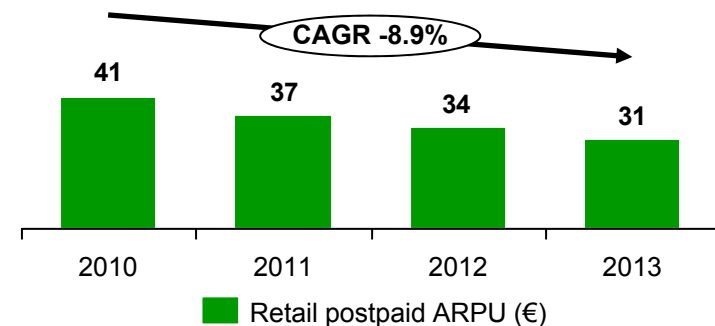
Mobile market

Challenges in KPN's mobile market

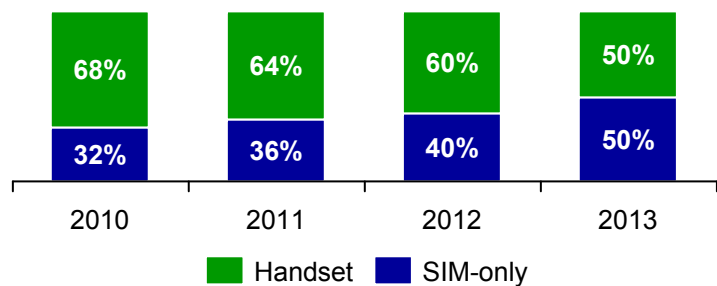
KPN maintaining postpaid base...



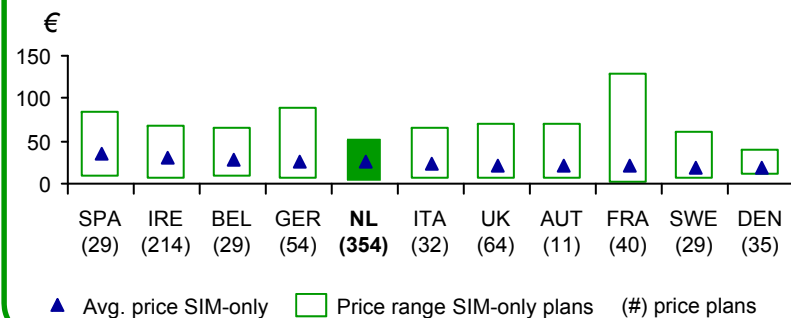
...but ARPU remains under pressure...



...also due to shift to SIM-only...



...but SIM-only price level already low¹



¹ Telecompaper: EU benchmark monitor 2013

Mobile - Market approach

Full service and no frills segments

Full service segment

- Focus on maintaining value in higher ARPU segment



% of revenues¹



% of subscribers²



No frills segment

- Focus on volumes in growing value for money segment



% of revenues¹



% of subscribers²



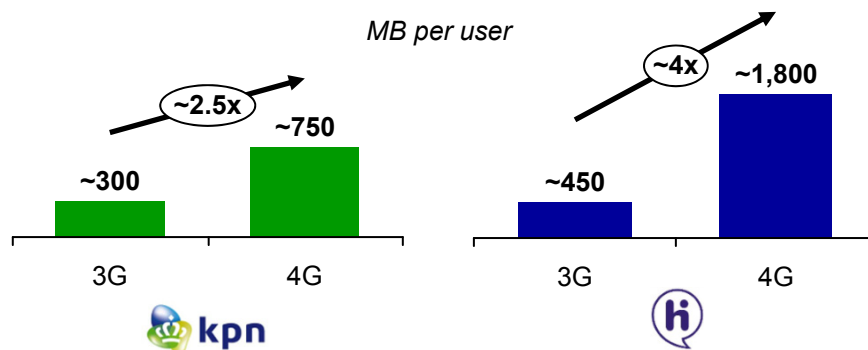
1 Based on total Consumer Mobile service revenues
2 Based on total Consumer Mobile subscribers

Mobile - 4G

Leverage impressive 4G head start

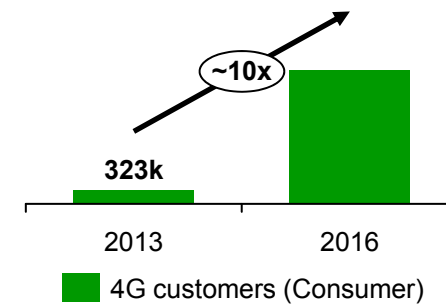
4G providing upsell opportunity to higher data bundles

- Nationwide 4G coverage, significantly ahead of competition
- 4G accessible for all customers
 - Included in all KPN and Hi propositions
 - Add-on available for no frills segment
- Significantly higher data usage 4G customers



Customer growth

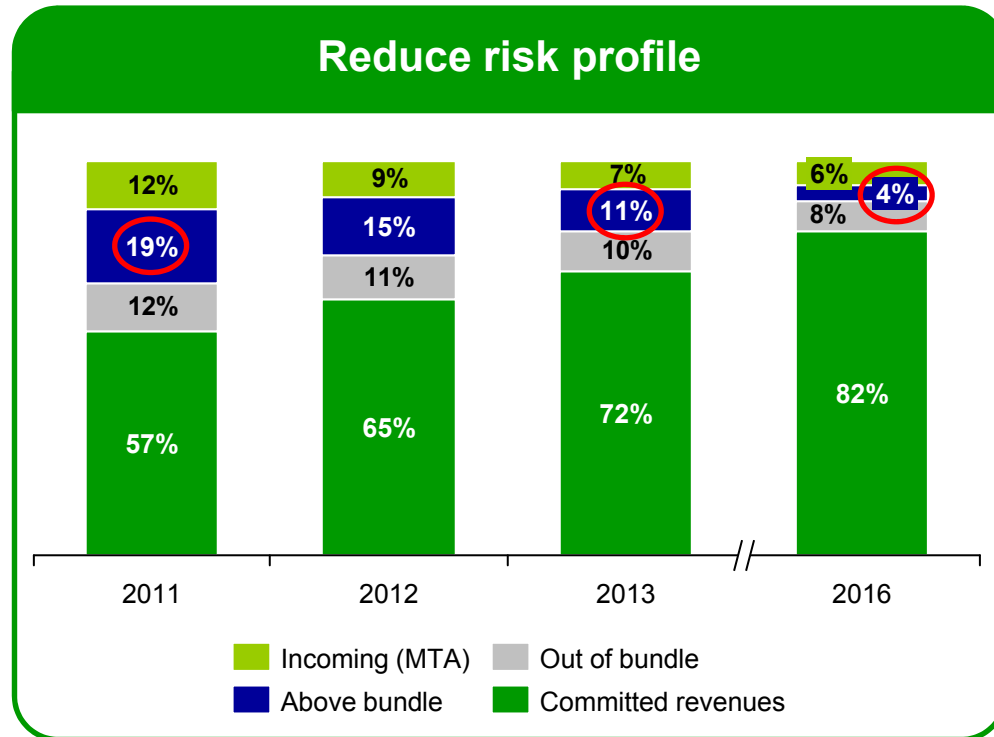
- 4G to support focus on increasing postpaid subscriber base



- Overall mobile NPS highest in the market supported by 4G

Mobile - Committed revenues

Reducing risk profile through focus on committed revenues



- Aim to further reduce risk profile towards sustainable committed ARPU
- Focus on committed revenues
- All-in-one bundles to drive increase in committed revenues

Integrated market - Multi-brand approach

Focus on loyal customers reducing churn



No discounts, value added services at marginal costs

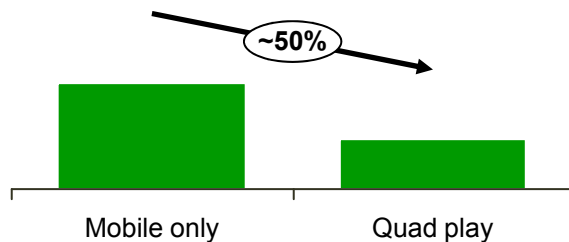


Attractive mobile offer for existing broadband customers

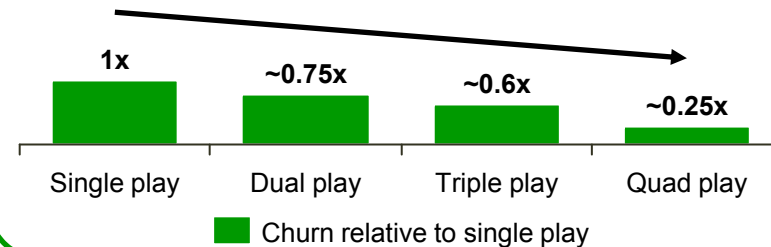
Mobile offer

300 min → 500 min
100 SMS → 1000 SMS
500MB → 1GB

Reduce mobile churn by leveraging fixed



Multi play significantly reduces fixed churn



Concluding remarks

- Investments in fixed and mobile networks have resulted in a strong competitive position
- KPN and Telfort integrated service offerings give us a unique position in The Netherlands
- Innovative and high quality IPTV product is driving growth in triple play
- We will leverage our impressive head start on 4G into quad play
- Multi play is significantly reducing churn

Business

KPN Capital Markets Day

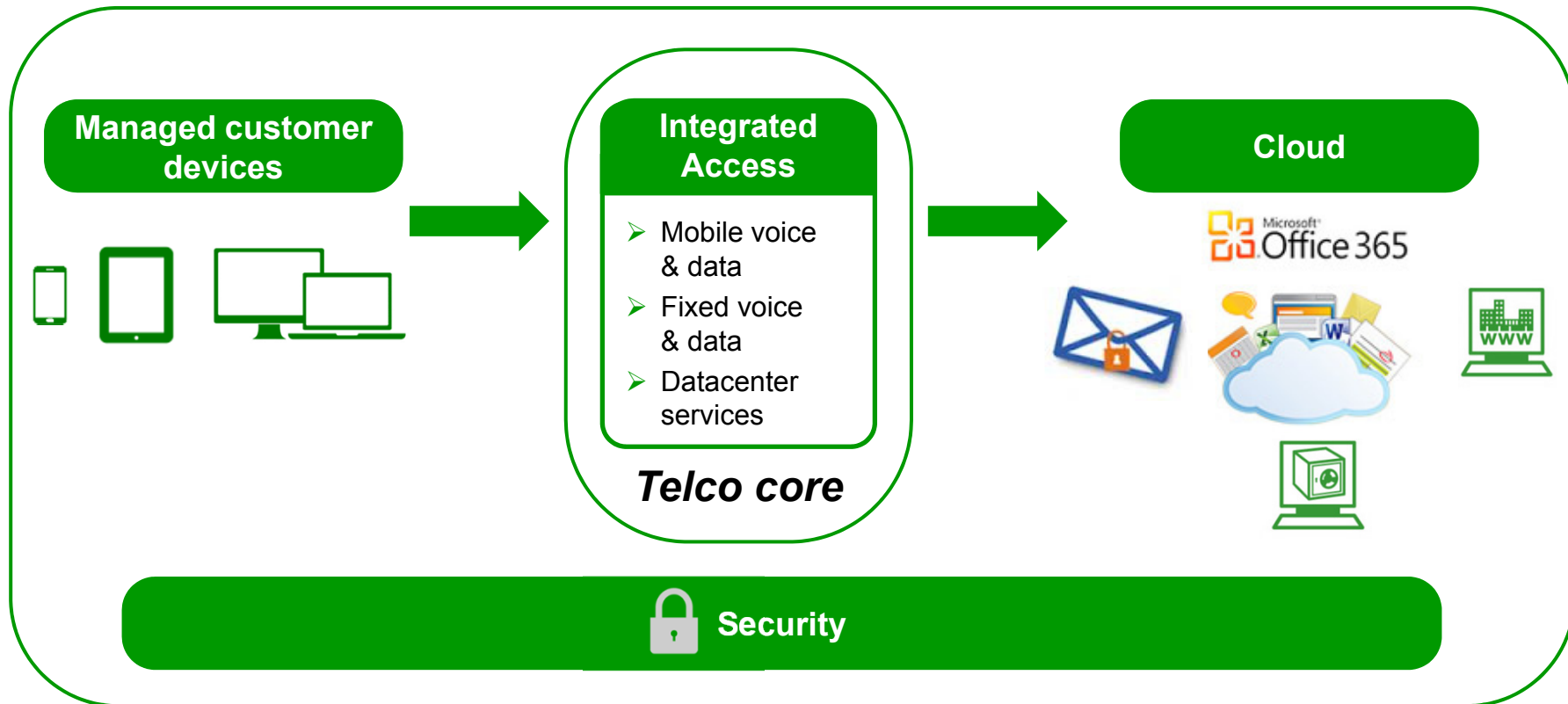
19 February 2014

John van Vianen
Head of Business



Business market positioning

Strong customer focus with innovative services



ICT, cloud, advisory and new applications to support Telco core

Business market positioning (cont'd)

Focus on 4 strategic building blocks

1. Tailored approach

- LME / Corporate
- SME
- SoHo

- Verticals

2. Best services



3. Innovative new services

- New revenue stream to offset decline Telco core



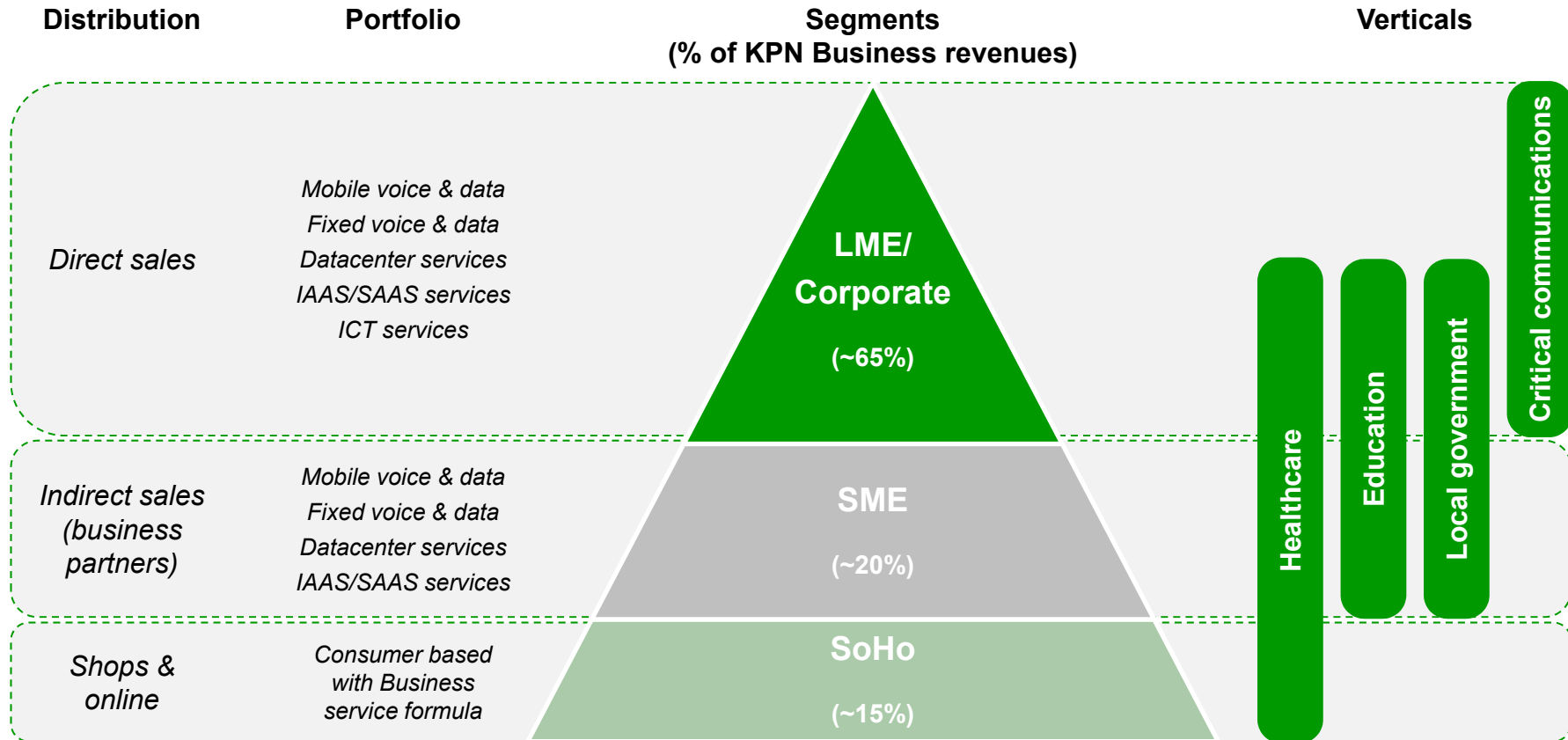
4. Strong cost focus

- Towards lean operating model
- Strong quality and cost focus to offset margin pressure



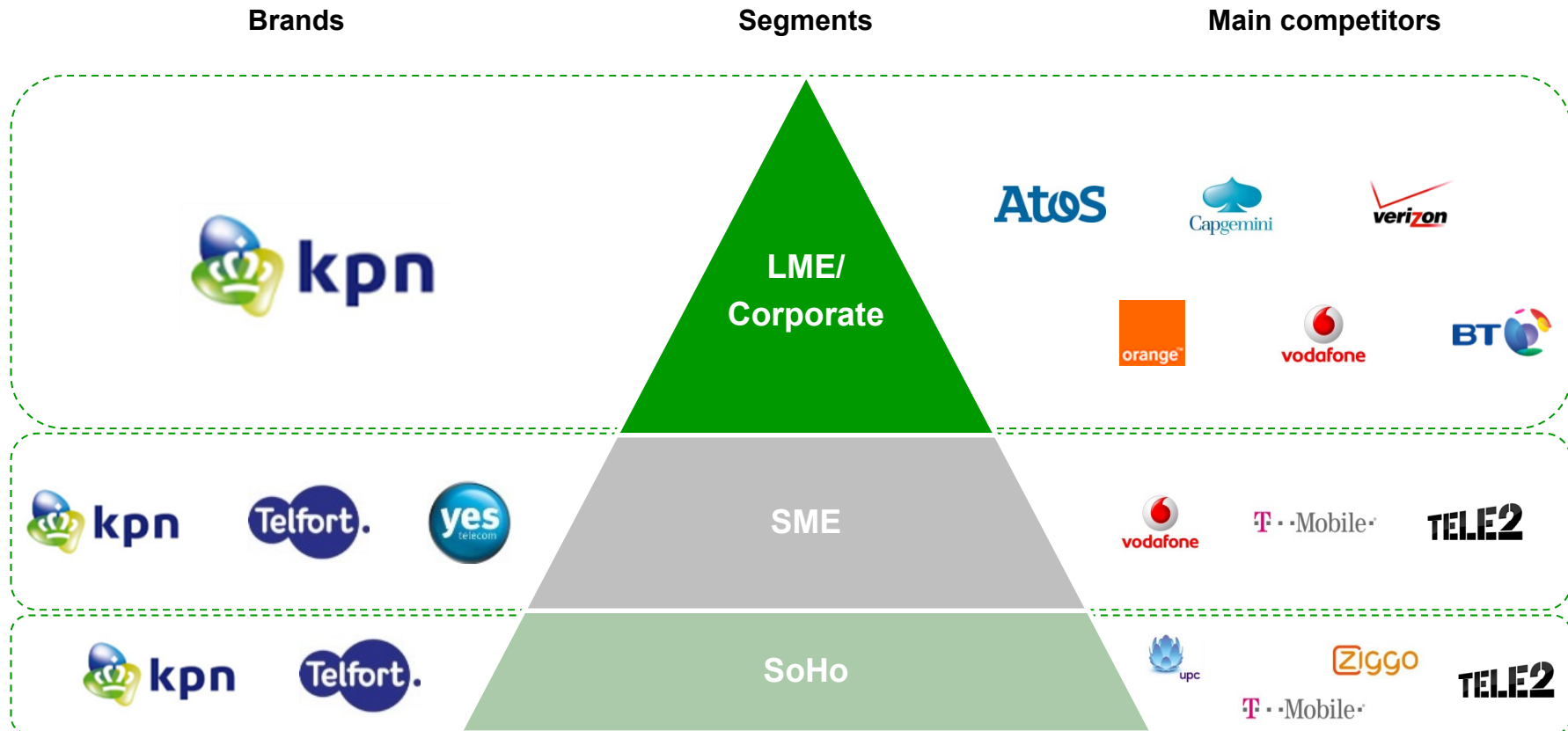
1. Tailored approach

Market approach focused on customer needs



1. Tailored approach (cont'd)

Stable market positions in competitive landscape



1. Tailored approach - Verticals

Customized sector approach

Customized approach

- Combining sales, marketing and product management
- Added value through customized sector approach and sector knowledge
- Dedicated sector solutions via integrated service portfolio
- Focus on dedicated sector solutions to support Telco core services

Verticals

Healthcare



Critical communications



Education



Local government



1. Tailored approach - Verticals (cont'd)

Example: Healthcare

CareSmart



*Contributes to labor productivity
by using ICT*

CareTogether



*Reduces healthcare errors by improving
exchange of healthcare information*

CareFree



*Increases comfort for patient
(living independently at home)*

Health cloud



*Access anywhere to healthcare
info (secure Dutch health cloud)*

Remote consult



*Remote consult for second opinions
(sharing medical images)*

Mobile alert, tracking & tracing



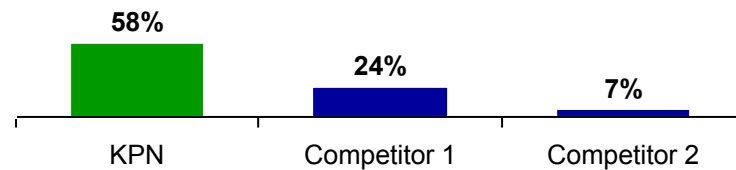
*Mobile devices used for tracking
& tracing (including geofencing)*

2. Best services

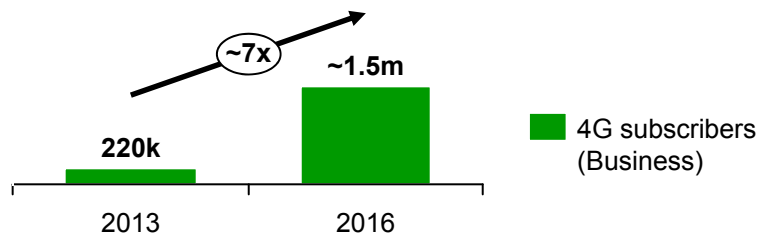
Strong customer focus by providing high quality services

Best mobile services

- Best mobile network quality according to business customers¹

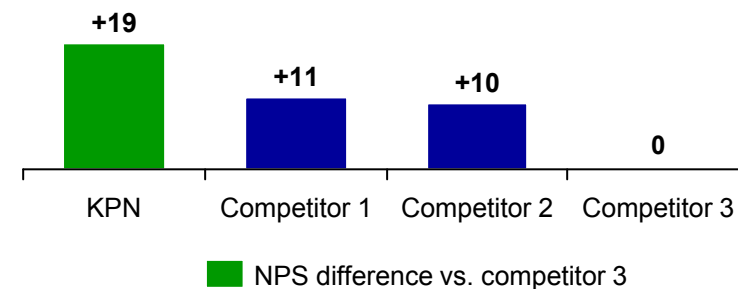


- All mobile data customers² expected to have 4G subscriptions by 2016



Strong customer recognition

- Best ICT service provider for SME³
- Best ICT company in The Netherlands⁴
- Better NPS than main Telco competitors⁵



1 Research TNS NIPO survey Q4 2013; % of respondents indicating which operator offers best mobile network quality; other representing 11%
2 Excluding M2M customers
3 Computable award 2013
4 Management team magazine (June 2013)
5 Research TNS; NPS Q4 2013

2. Best services (cont'd)

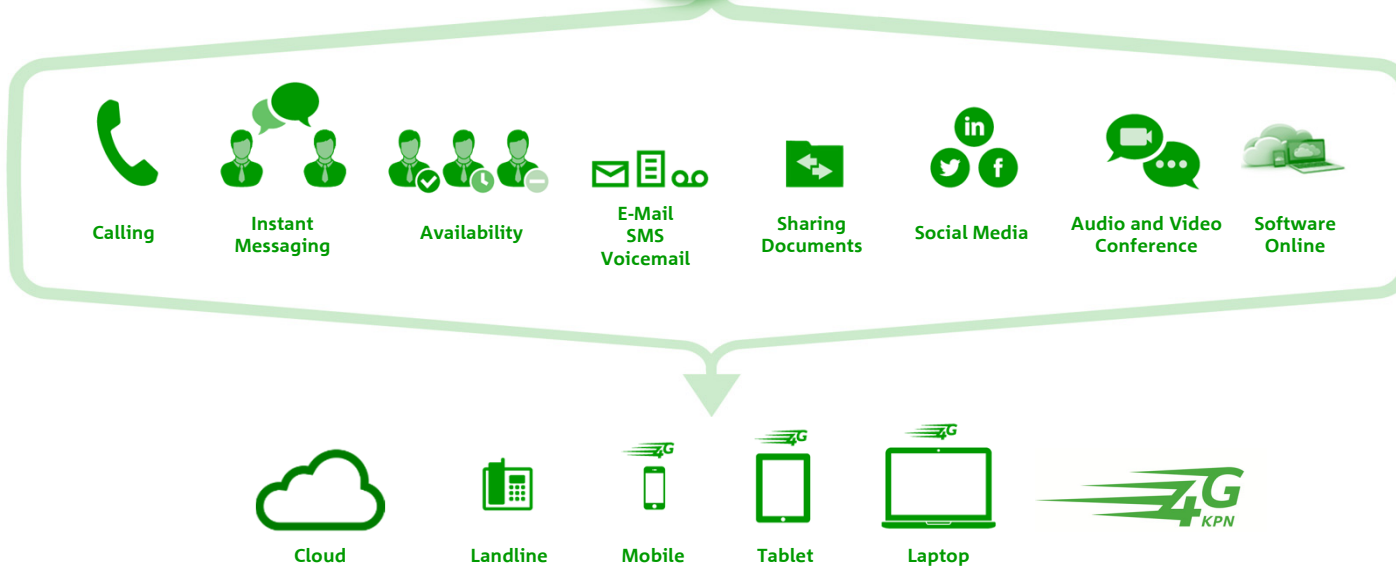
KPN best positioned to offer integrated services

KPN ONE

- One bill
- One contract
- One price/employee
- One helpdesk
- One contact



- One online service portal
- One address book
- One phone number
- One voicemail

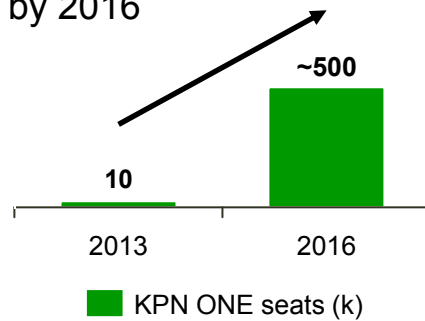


2. Best services (cont'd)

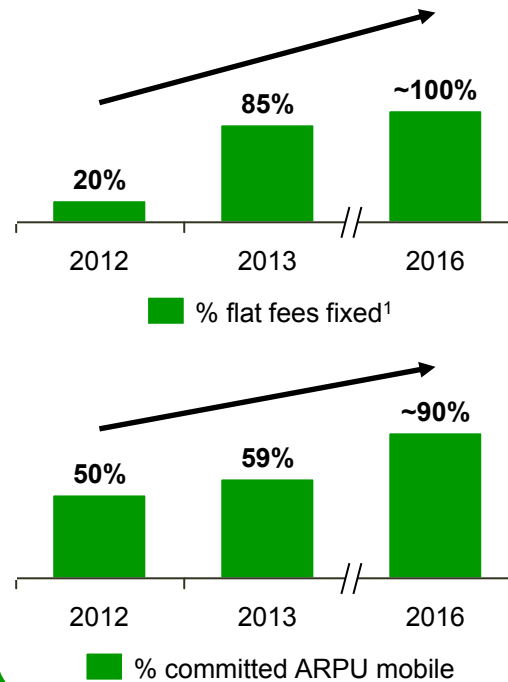
Major steps towards fully committed revenues

Grow bundled services

➤ KPN ONE to reach ~1/5 of addressable customer base by 2016



De-risking ARPU



De-risking Telco core revenues

¹ As % of addressable base

3. Innovative new services

To offset revenue decline Telco core

Cloud



Software Online

- 30% yearly growth achieved since 2007

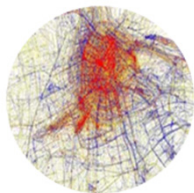
Mobile payments



Successful pilot

- Pilot for retailers & customers with leading Dutch banks

Big Data



Guiding customers

- Big data platform as a service (privacy ensured)
- Location based insights (privacy ensured)

Internet of Things



RFID Monitoring

- Passive RFID enable real-time monitoring of logistics and cargo conditions

4. Strong cost focus

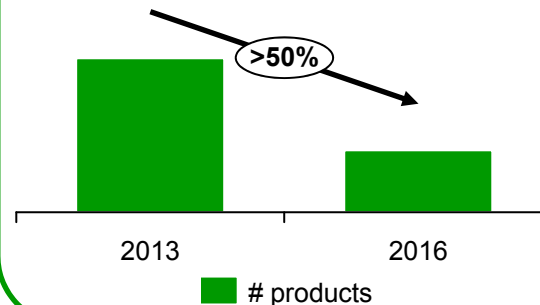
Strong quality and cost focus to offset margin pressure

Optimize end-to-end chains

- Improve delivery time by reducing handling time
- Offshoring with improving level of service
- Improve first-time-right
- Higher customer satisfaction

Simplification

- Reducing product portfolio
 - More than 50% reduction in products driven by focus on convergence



Integration IT Solutions

- Fits customer need for integrated Telco and ICT services
- Further efficiencies expected through FTE reductions

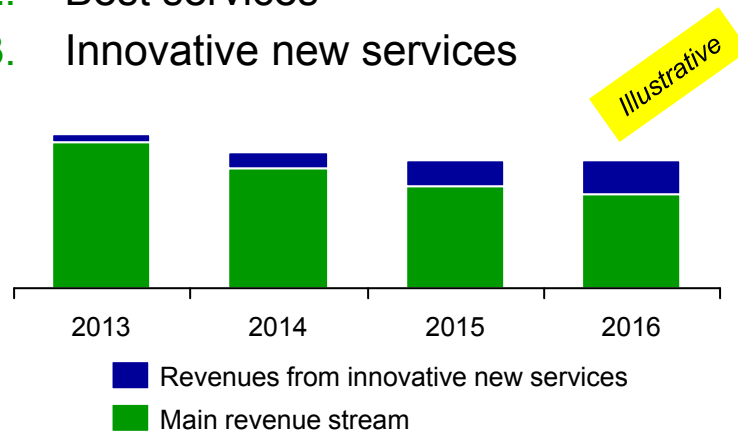
Strong contribution to Simplification program

Concluding remarks

Stabilizing financial performance

Stabilization of revenues

1. Tailored approach
2. Best services
3. Innovative new services



Strong quality and cost focus

- Towards lean operating model
 - I. Optimize end-to-end chains
 - II. Simplification product portfolio
 - III. Integration IT Solutions

- **Stable market positions in competitive landscape**
 - **Stabilizing financial performance**



BASE Company

KPN Capital Markets Day

19 February 2014

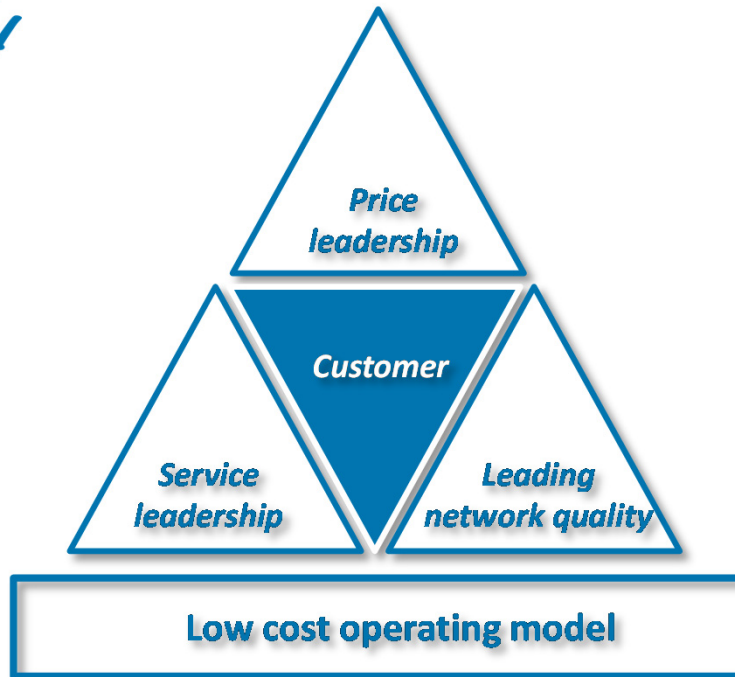
Jos Donvil

CEO BASE Company

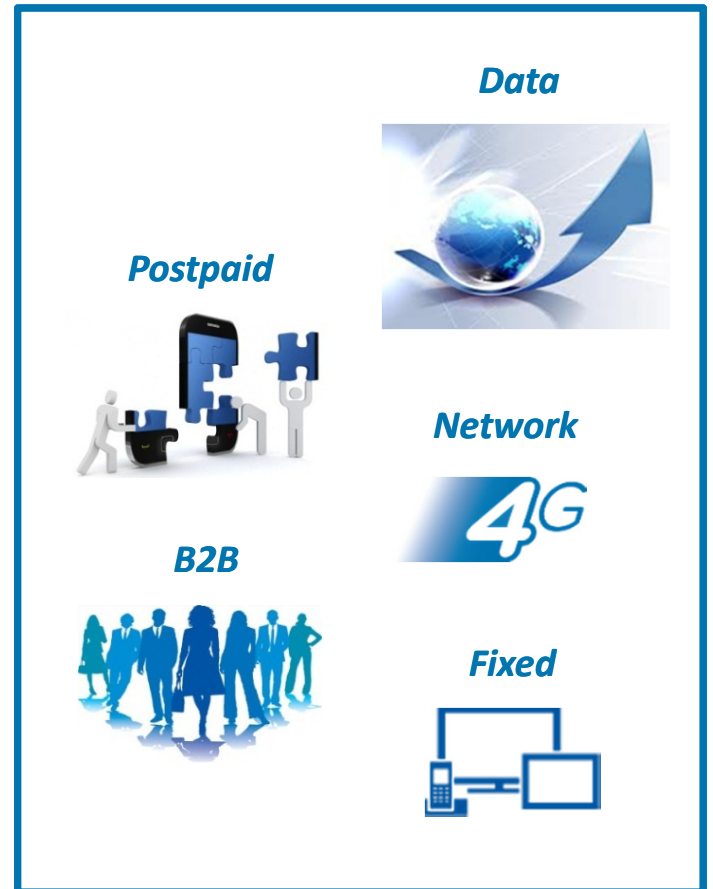
Fundamentals of the BASE Company strategy

Key building blocks for continued success

Mobile centric Challenger – Building blocks



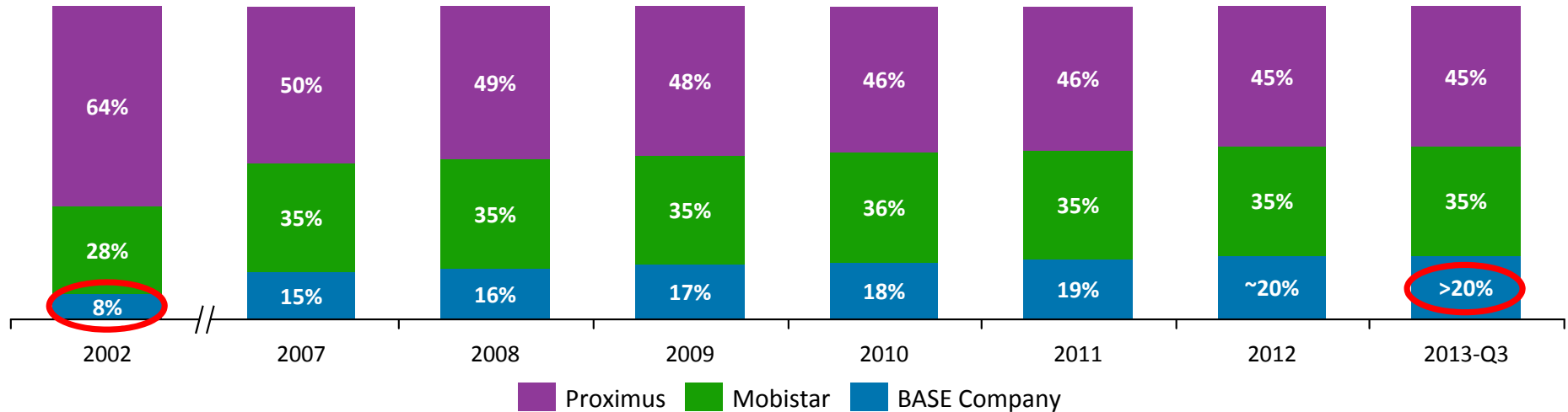
Fundamentals for continued growth



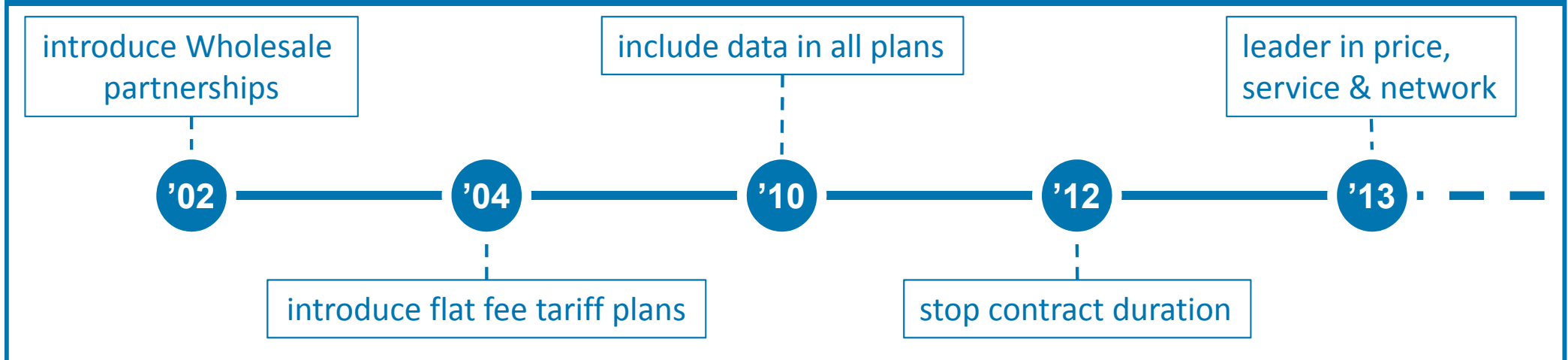
Successful Challenger strategy

Strong market outperformance

Service revenue market share growing



BASE Company's innovative offerings – BASE Company was first to...



Belgian mobile market has changed significantly

Since mid 2012, the mobile market transformed

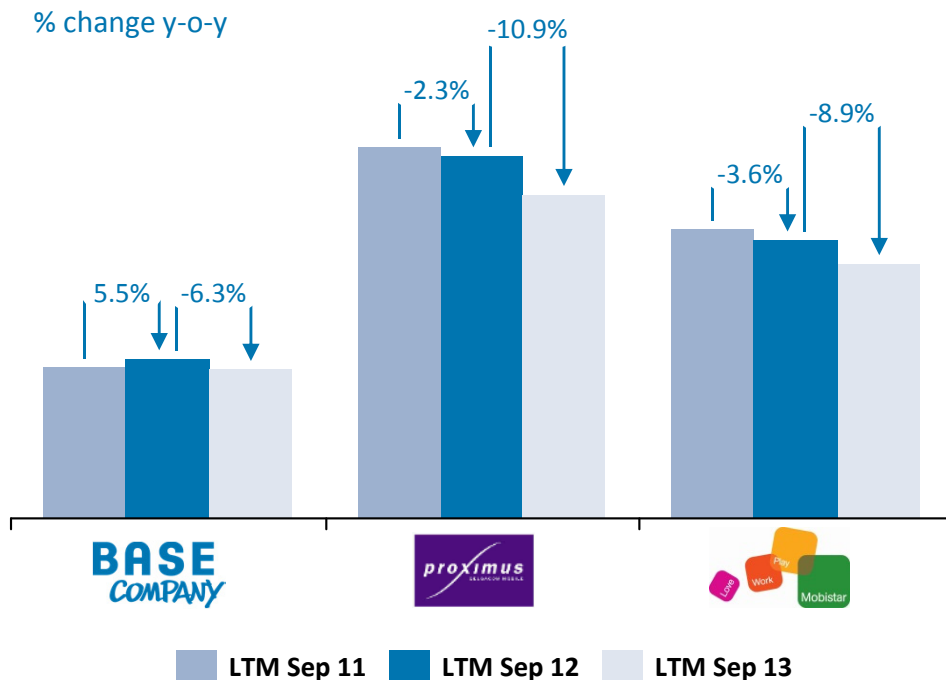
Key market developments

- Increased price competition
- Entrance of Telenet on mobile market
- Telecom law limiting contract duration to 6 months
- Dare-to-compare campaign

BASE Company's response to the changed market

- New mobile portfolio shifting focus to postpaid & data
- Launched 4G and 3G Dual Carrier
- Leadership in price, service & network quality
- Launch of SNOW challenging fixed market

Mobile service revenue evolution



Market positioning

	BASE COMPANY	belgacom	proximus	Low Work Play Mobistar	telenet
Mobile/fixed	Mobile centric	Fixed + mobile	Mobile	Fixed + mobile (MVNO)	
4G	✓	✓	~	X	
Network quality	✓	✓	~	~	
Price leadership	✓	X	~	X	
Service	✓	~	~	~	
Multi-brand	✓	X	~	X	

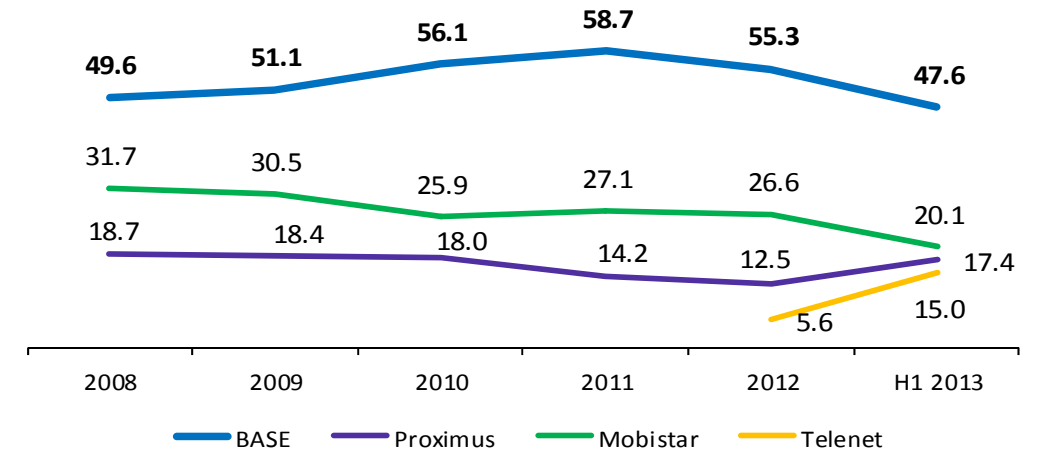
Clear market positioning

Recognized as leader in price, service and network quality



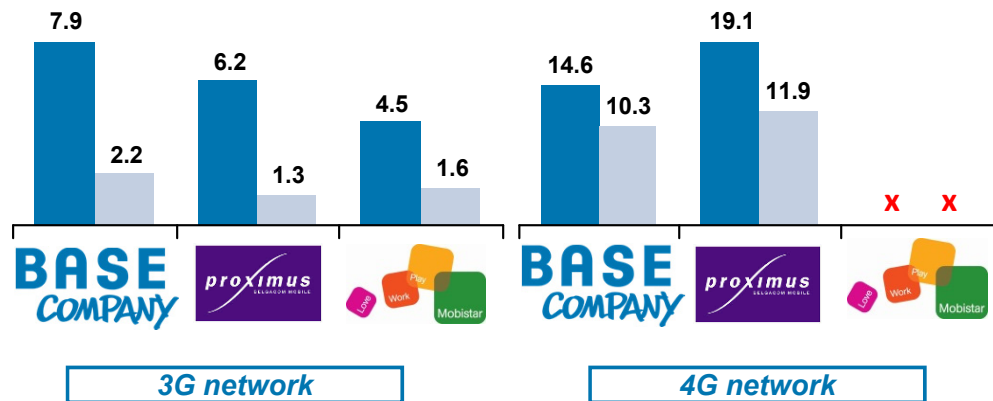
Price leadership¹

% of users recognizing price difference consider the operator the cheapest



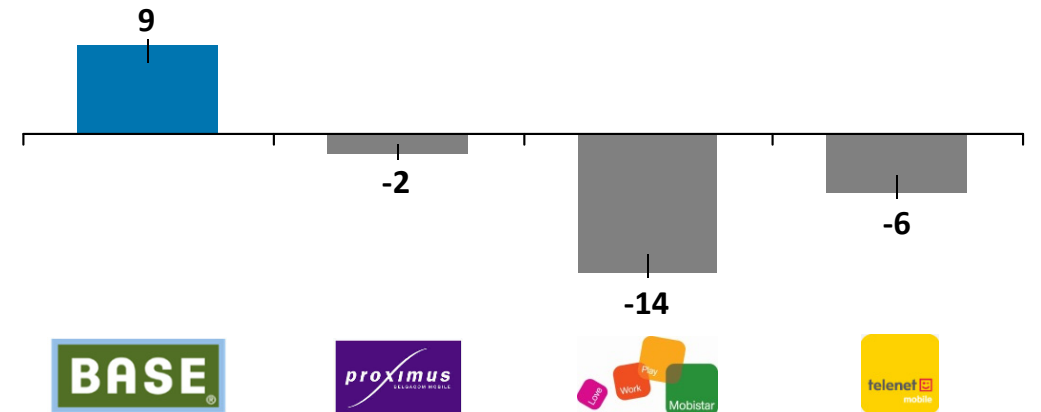
Leading network quality²

Download (Mbps) Upload (Mbps)



Service leadership¹

NPS scores December 2013



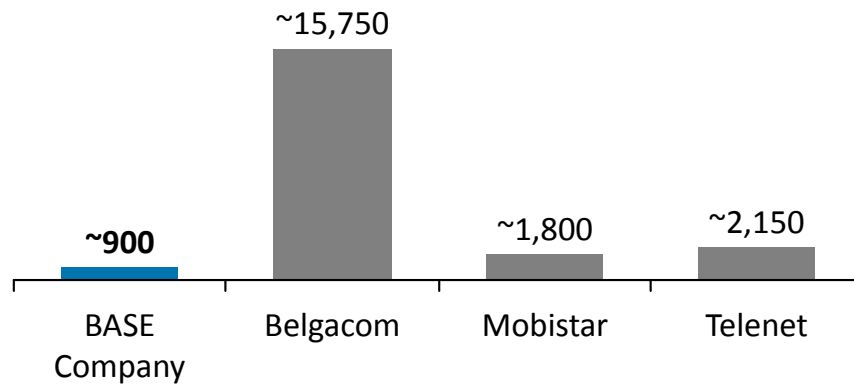
¹ Company research
² Commsquare October 2013

Low cost operating model

High quality at low costs

Small and flat organisation¹

FTE



Cost efficient growth by multi-brand strategy



Smart networks

- BASE Company spectrum management allows for cost efficient 3G and/or 4G roll-out
- Partnership deals with ZTE and TechMahindra - major challengers in IT and Network environment
- With less sites compared to competition achieving highest quality

Optimization of operating model

- Accelerate various lean initiatives in operations & overhead
 - Shift towards online customer service
 - Simplification & harmonization in G&A
- Optimize footprint & improve store concept
- Increase share of online sales

¹ Based on latest available information

Fundamentals for continued growth

Growth potential identified

i Postpaid



ii Data



iii Network



iv Fixed

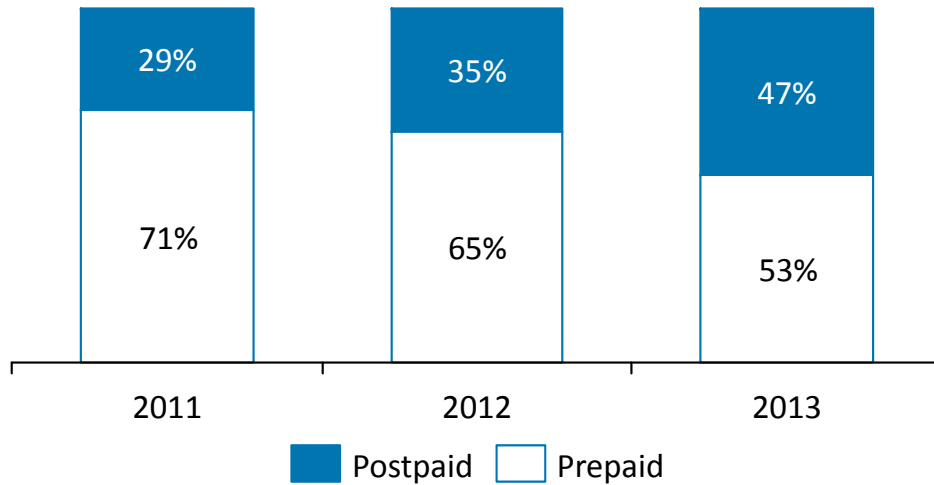


v B2B

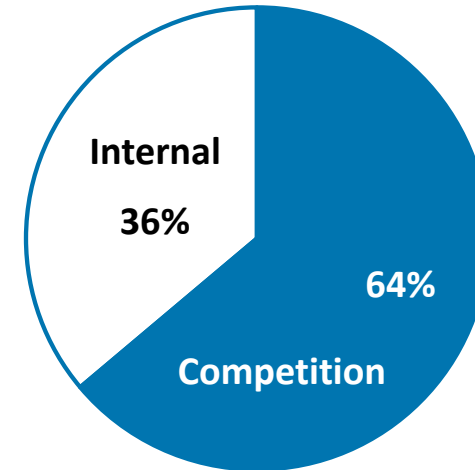
Fundamentals for continued growth (cont'd)

Building on strong postpaid and data strategy

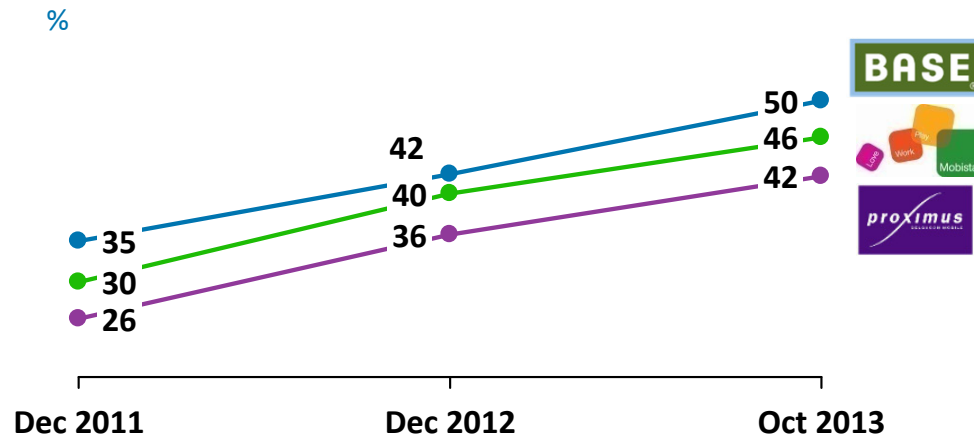
Strong evolution postpaid in retail sales



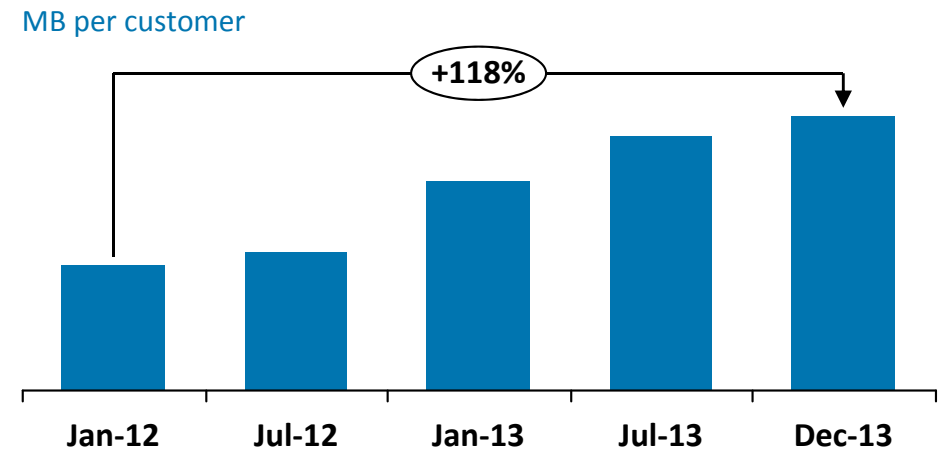
Origin postpaid gross adds Q4 2013



Highest smartphone penetration¹



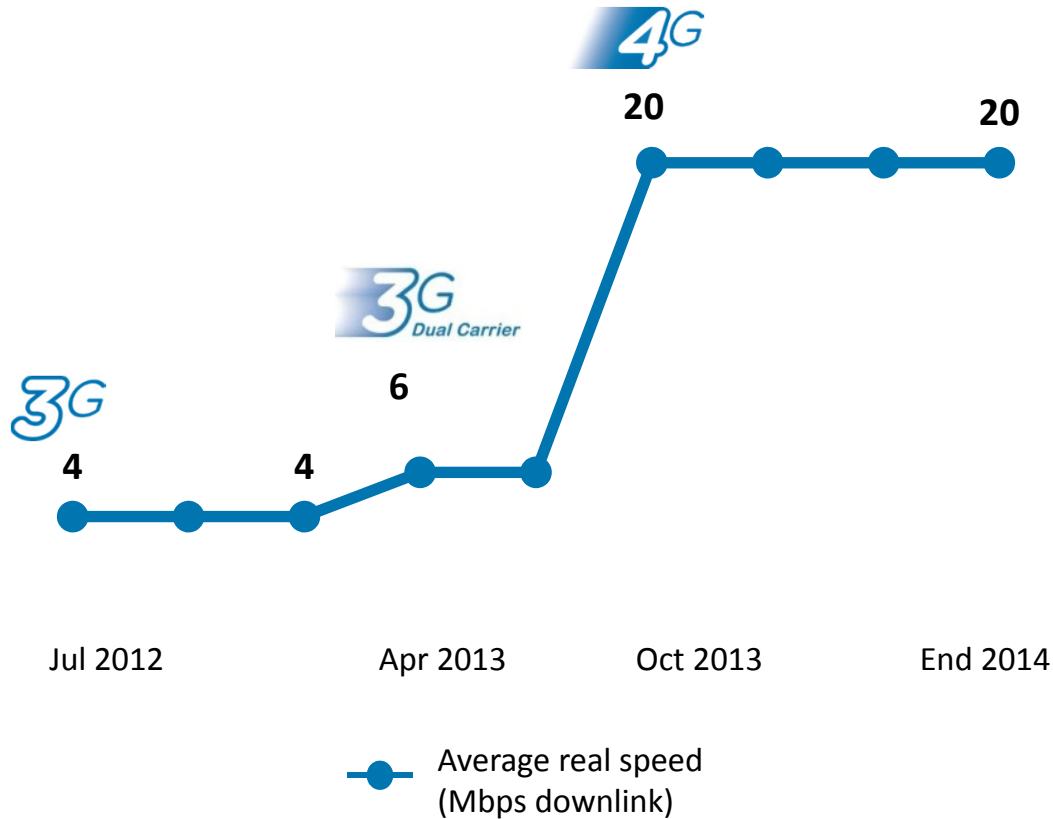
Growing data potential



Fundamentals for continued growth (cont'd)

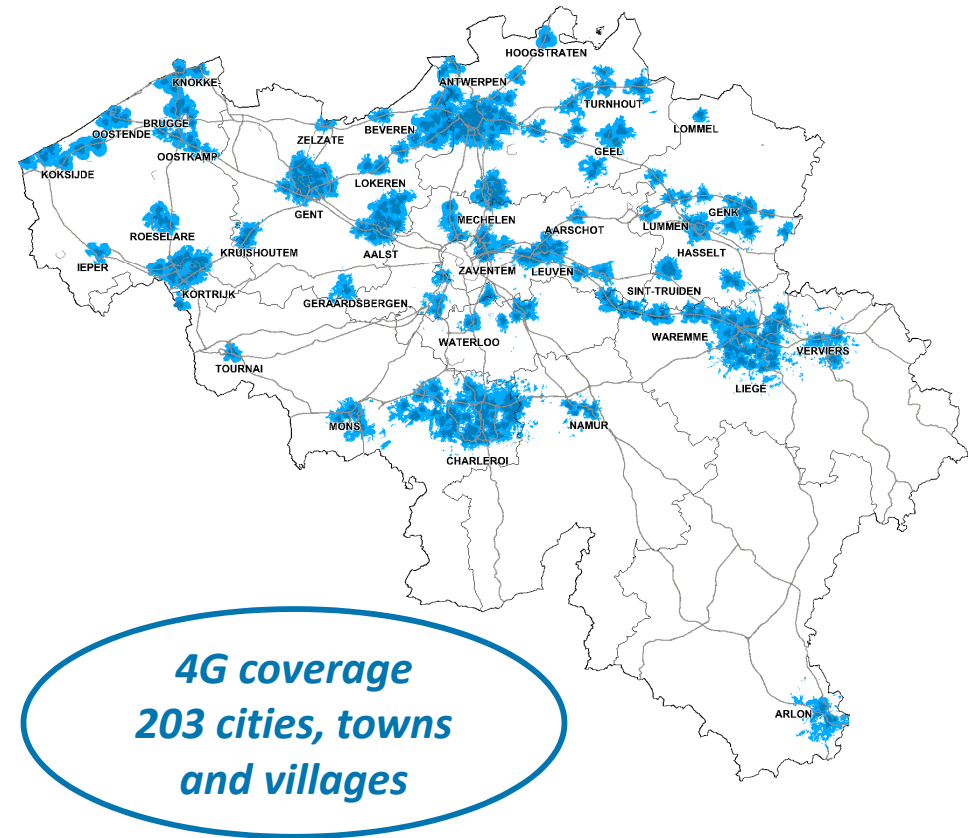
Building further on strong network

4G triples average real speed experience



Aim to obtain nationwide 4G coverage by end-2014










Per 31 Dec 2013



Fundamentals for continued growth (cont'd)

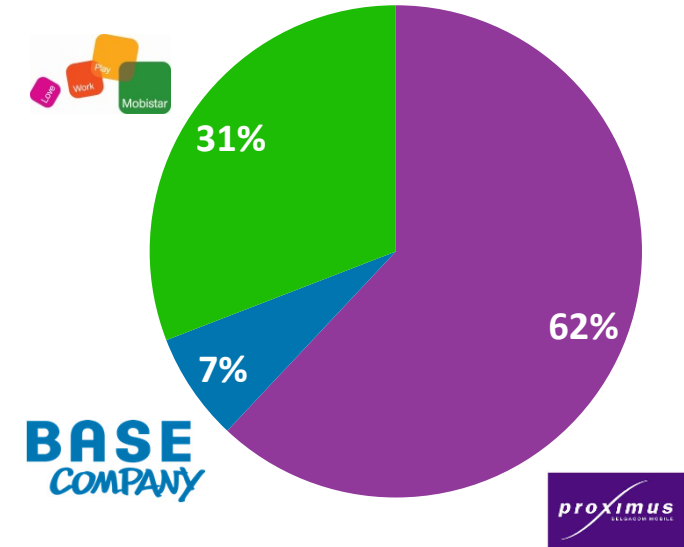
Building on additional growth opportunities

Competitive fixed line proposition¹

					
	Channels	D/L speed	Free fixed	Price	vs. SNOW
BASE SNOW	33	30		€ 39	
Belgacom Pack Start	> 70	30		€ 58	+49%
Telenet Whop	> 75	60		€ 62.50 ²	+60%
VOO Un Peu	> 65	30		€ 49 ²	+26%

Currently underrepresented in B2B

B2B market share 3Q 2013³



Fixed line growth potential

- Disrupt and challenge established premium priced fixed line duopoly
- Cross-selling BASE Company mobile customer base

B2B growth potential

- Apply successful consumer market formula: leadership in price, service & network quality
- Further growth in SOHO/SME market
- Broaden price leadership with innovative propositions

¹ Comparison at 1 Feb 2014, without temporary discounts

² Telenet incl. € 8.20 decoder rental fee ; VOO incl. € 16.86 cable TV subscription fee

³ Management estimates

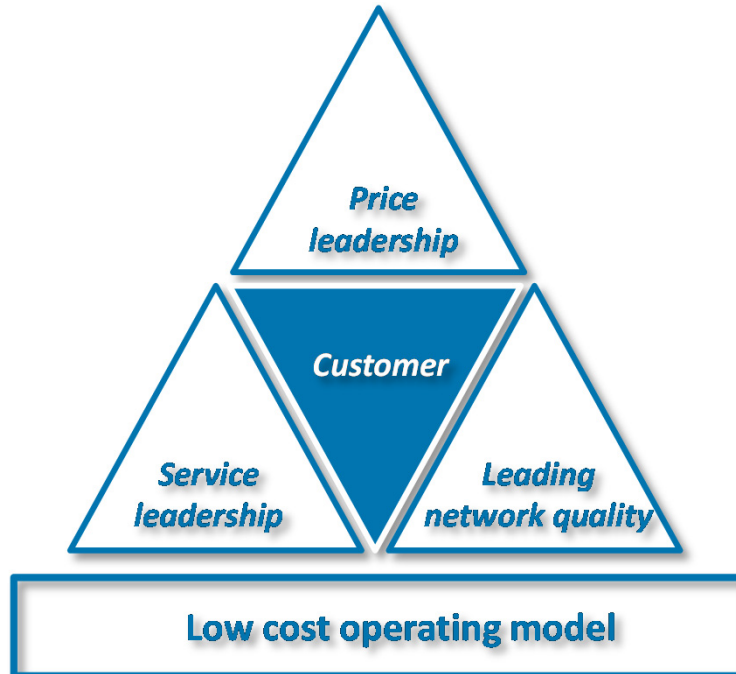
Fundamentals of the BASE Company strategy

Key building blocks for continued success

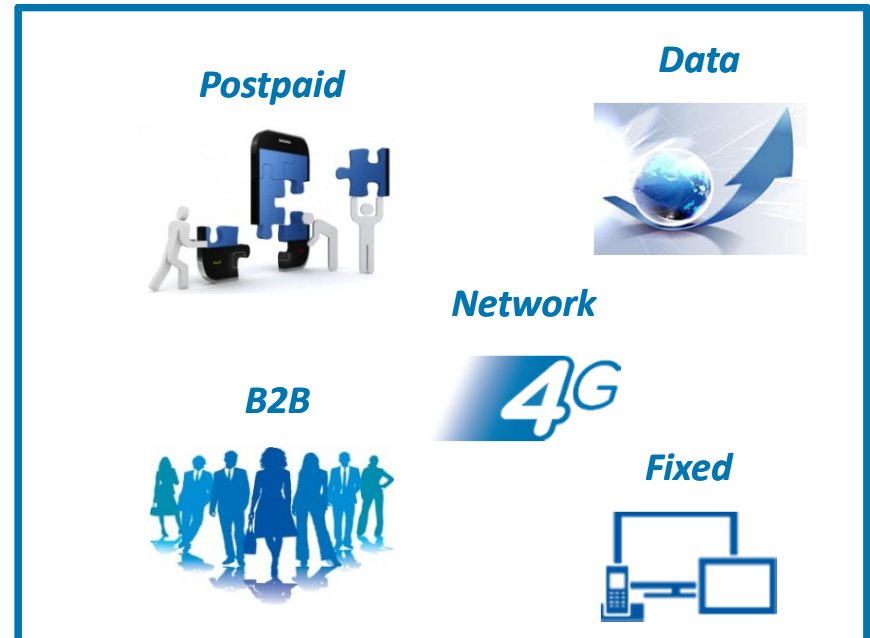
Reiterating ambitions

- Long-term market share¹ goal 25%
- 25-30 medium-term EBITDA margin²

Mobile centric Challenger – Building blocks



Fundamentals for continued growth



¹ Market share based on service revenues
² EBITDA margin excluding restructuring costs, if any

Building on strong fundamentals

KPN Capital Markets Day

19 February 2014

Eelco Blok
CEO KPN



Highlights of today

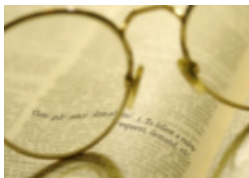
Building on strong fundamentals

- Major investments in networks and market positions significantly strengthened the Company
- KPN is now a frontrunner in Europe with 4G and fixed network upgrades
- Continued progress towards a lean operating model
- These strong fundamentals position KPN as a solid and cash generative company
- Sustainable and growing dividend balanced with a sound and stable financial profile
- Exposure to attractive growth and synergy potential through our 20.5% stake in Telefonica Deutschland

Building on strong fundamentals

A changing external environment

Regulation



Economy



Data growth



Technology



Competition



External environment

Regulatory impact largely absorbed; economy recovering

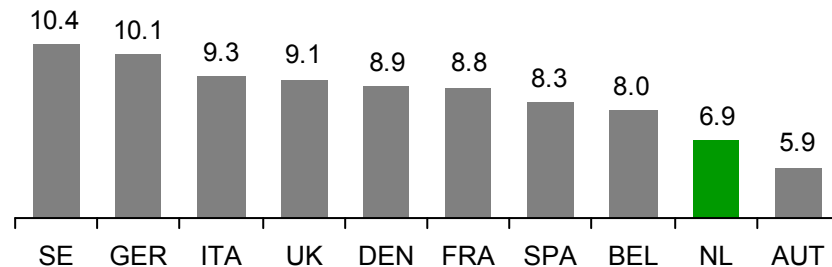
Strict regulation absorbed

- MTA rates reaching end of glide path
- ULL rates in The Netherlands amongst lowest in Europe
 - FttH ULL already regulated
- Key spectrum secured for foreseeable future

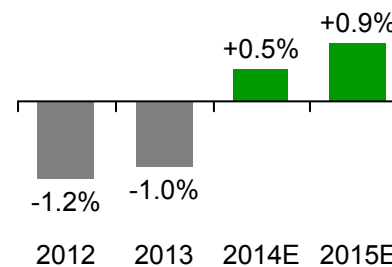
Economy recovering

- First signs of economic recovery in The Netherlands
- Belgian economy showing resilience to economic crisis

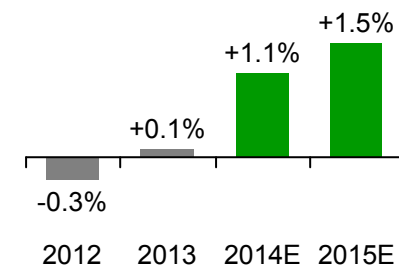
€ per line



EU fully unbundled (ULL) tariffs per month¹



GDP growth NL²



GDP growth BEL³

1 Source: EU Electronic communications market indicators July 2013

2 Source: DNB and ECB

3 Source: OECD Economic Outlook

External environment (cont'd)

Changing dynamics delivering new opportunities

Data growth

- Interconnectivity between devices / cloud
- OTT (mainly video)



Technology

- Greater capacity at lower cost per GB
- Faster copper techniques



Competition

- KPN best-placed for convergence



KPN ideally positioned for new opportunities

Convergence

Leveraging success

New services

Building on strong fundamentals

KPN today is stronger and future proof

Networks & products



Market positions



Operating model



E-Plus sale

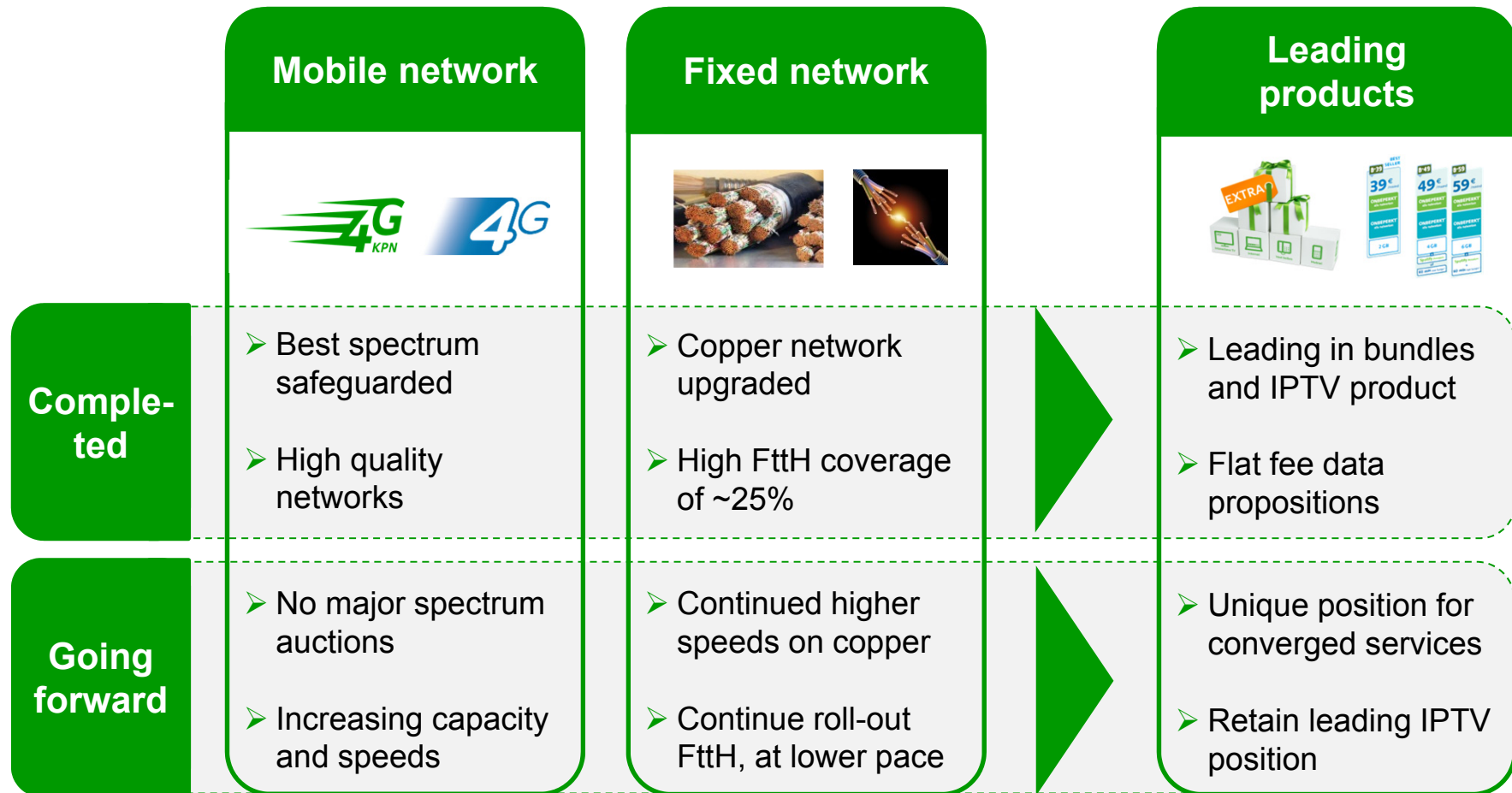
e-plus⁺

Financial profile



Strong fundamentals: networks and products

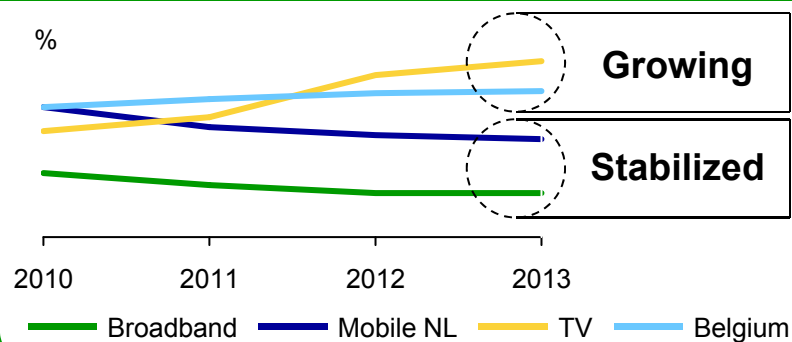
Best-in-class mobile and fixed networks; leading products



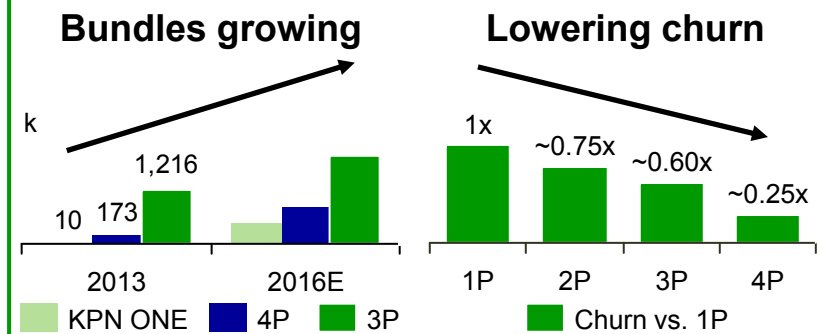
Strong fundamentals: market positions

Focusing on 4G, IPTV and bundles

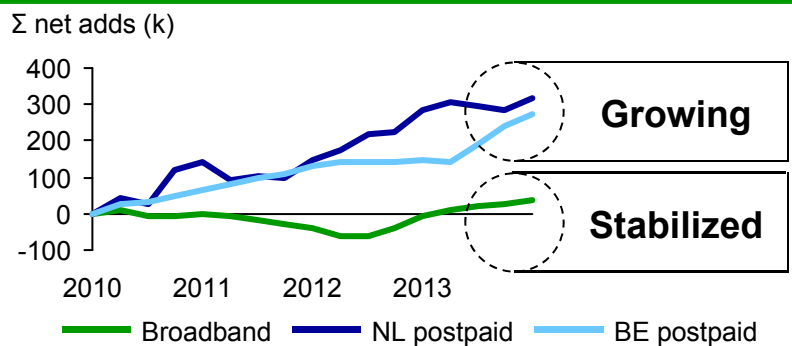
Market positions improved



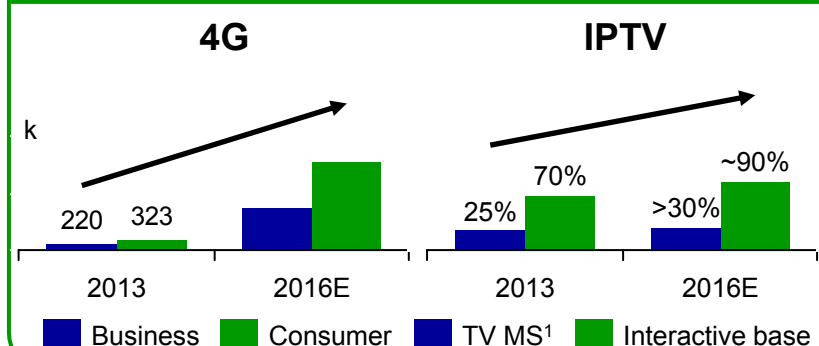
Focus on bundled services...



Customer trends improved



...and 4G and IPTV



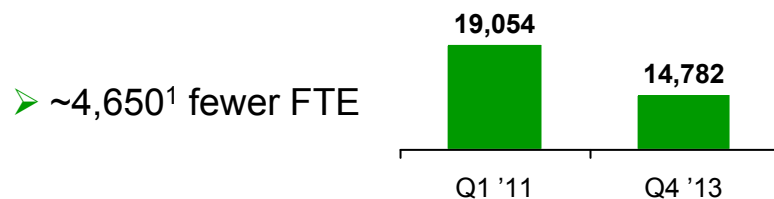
1 MS: Market share

Strong fundamentals: operating model

Towards a lean operating model

Completed

NL FTE reduction program



Streamlined portfolio

- Non-core, lower margin assets divested
- Focus on in-country M&A

Getronics
a KPN company

reggefiber

Going forward

Simplification program

- Simplified product portfolio
- Reducing Capex and opex
- Reduce complexity



Capex at less elevated level

- High quality networks in place
- Significant savings through Simplification program



¹ Adjusted for M&A and accelerated investment strategy

Strong fundamentals: operating model (cont'd)

KPN taking responsibility within society

Society



Healthcare



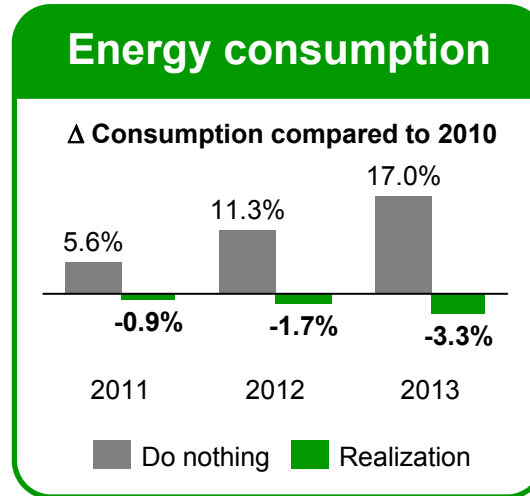
Security




Service



Sponsor




Employee engagement




Simplify



Perform



Work-Life



Vitality

External recognition CSR program



Dow Jones Sustainability Indexes

Top 10 ranking



WWF Climate Savers

Only Dutch partner ahead on all targets



Newsweek

Top 10 ranking



Transparency Benchmark

Top 3 position



Customer Appreciation

95% of Business customers appreciate CSR performance

Strong fundamentals: E-Plus sale

E-Plus sale strengthening KPN Group

Confident on regulatory approval

- Increased competitiveness due to creation of stronger player in size and market presence
- Review by European Commission due to relevance for European landscape

Substantial benefits

- Combination Telefónica Deutschland and E-Plus to realize substantial synergies
- KPN expected to benefit from (dividend payments via) 20.5% stake in Telefónica Deutschland

20 December 2013

EC decision to start phase II

11 February 2014

EGM Telefónica Deutschland authorized acquisition and financing

May 2014

Expected final EC decision¹

Mid 2014

Rights issue Telefónica Deutschland

Mid 2014

Completion sale of E-Plus

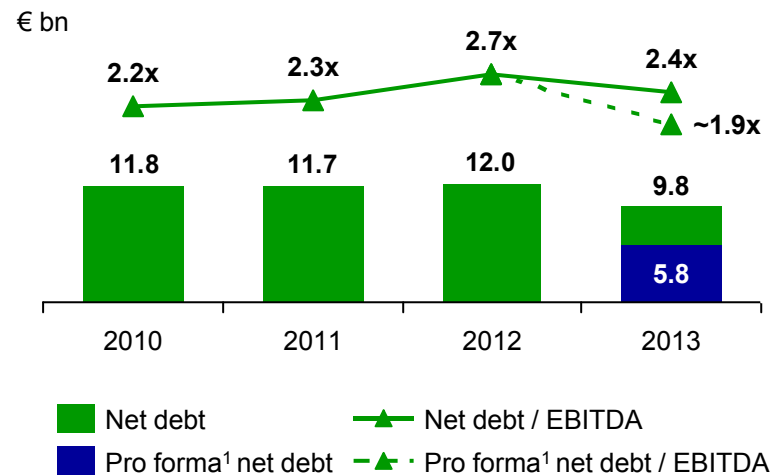
¹ European Commission indicated 14 May 2014, date subject to change

Strong fundamentals: financial profile

Sound and stable financial profile

Financial profile

- Sound and stable financial position
- Committed to investment grade credit profile



Shareholder remuneration

- Sustainable and growing DPS, subject to sale of E-Plus

2014	2015
€ 0.07	Growing

- Cash upside via potential dividend payments from 20.5% stake in Telefónica Deutschland
- Excess cash could be utilized for
 - Operational / financial flexibility
 - (Small) in-country M&A
 - Shareholder remuneration

¹ Including E-Plus sale and Reggefiber consolidation

Outlook (continuing operations)

2014

- Financial performance stabilizing towards the end of 2014
- Capex < € 1.4bn¹

2015

- Capex < € 1.5bn, including Reggefiber¹
- Free cash flow (excl. TEFD dividend)² growth expected in 2015
 - Limited tax cash out in The Netherlands in coming years due to tax loss on sale of E-Plus
 - Interest payments trending down due to reduction of gross debt in coming years
- Additional excess cash via potential dividend from 20.5% stake Telefónica Deutschland

¹ Assuming Reggefiber consolidation per 31 December 2014

² Free cash flow outlook defined as cash flow from operating activities, plus proceeds from real estate, minus Capex and excluding Telefónica Deutschland dividend

Highlights of today

Building on strong fundamentals

- Major investments in networks and market positions significantly strengthened the Company
- KPN is now a frontrunner in Europe with 4G and fixed network upgrades
- Continued progress towards a lean operating model
- These strong fundamentals position KPN as a solid and cash generative company
- Sustainable and growing dividend balanced with a sound and stable financial profile
- Exposure to attractive growth and synergy potential through our 20.5% stake in Telefonica Deutschland

Safe harbor

Non-GAAP measures and management estimates

This presentation contains a number of non-GAAP figures, such as EBITDA and free cash flow. These non-GAAP figures should not be viewed as a substitute for KPN's GAAP figures.

KPN defines EBITDA as operating result before depreciation and impairments of PP&E and amortization and impairments of intangible assets. Note that KPN's definition of EBITDA deviates from the literal definition of earnings before interest, taxes, depreciation and amortization and should not be considered in isolation or as a substitute for analyses of the results as reported under IFRS. In the net debt / EBITDA ratio, KPN defines Net Debt as the nominal value of interest bearing financial liabilities excluding derivatives and related collateral, representing the net repayment obligations in Euro, taking into account 50% of the nominal value of the hybrid capital instruments, less net cash and short-term investments, and defines EBITDA as a 12 month rolling total excluding restructuring costs, incidentals and major changes in the composition of the Group (acquisitions and disposals). Free cash flow is defined as cash flow from operating activities plus proceeds from real estate, minus capital expenditures (Capex), being expenditures on PP&E and software and excluding tax recapture regarding E-Plus. Underlying revenues and other income and underlying EBITDA are derived from revenues and other income and EBITDA, respectively, and are adjusted for the impact of MTA and roaming (regulation), changes in the composition of the group (acquisitions and disposals), restructuring costs and incidentals.

The term service revenues refers to wireless service revenues.

All market share information in this presentation 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 www.kpn.com/ir

Forward-looking statements

Certain statements contained in this presentation constitute forward-looking statements. These statements may include, without limitation, statements concerning future results of operations, the impact of regulatory initiatives on KPN's operations, KPN's and its joint ventures' share of new and existing markets, general industry and macro-economic trends and KPN's performance relative thereto and statements preceded by, followed by or including the words "believes", "expects", "anticipates", "will", "may", "could", "should", "intends", "estimate", "plan", "goal", "target", "aim" or similar expressions. These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside KPN's control that could cause actual results to differ materially from such statements and speak only as of the date they are made. A number of these factors are described (not exhaustively) in the Annual Report 2012.