Investor Presentation

September 2017



Contents

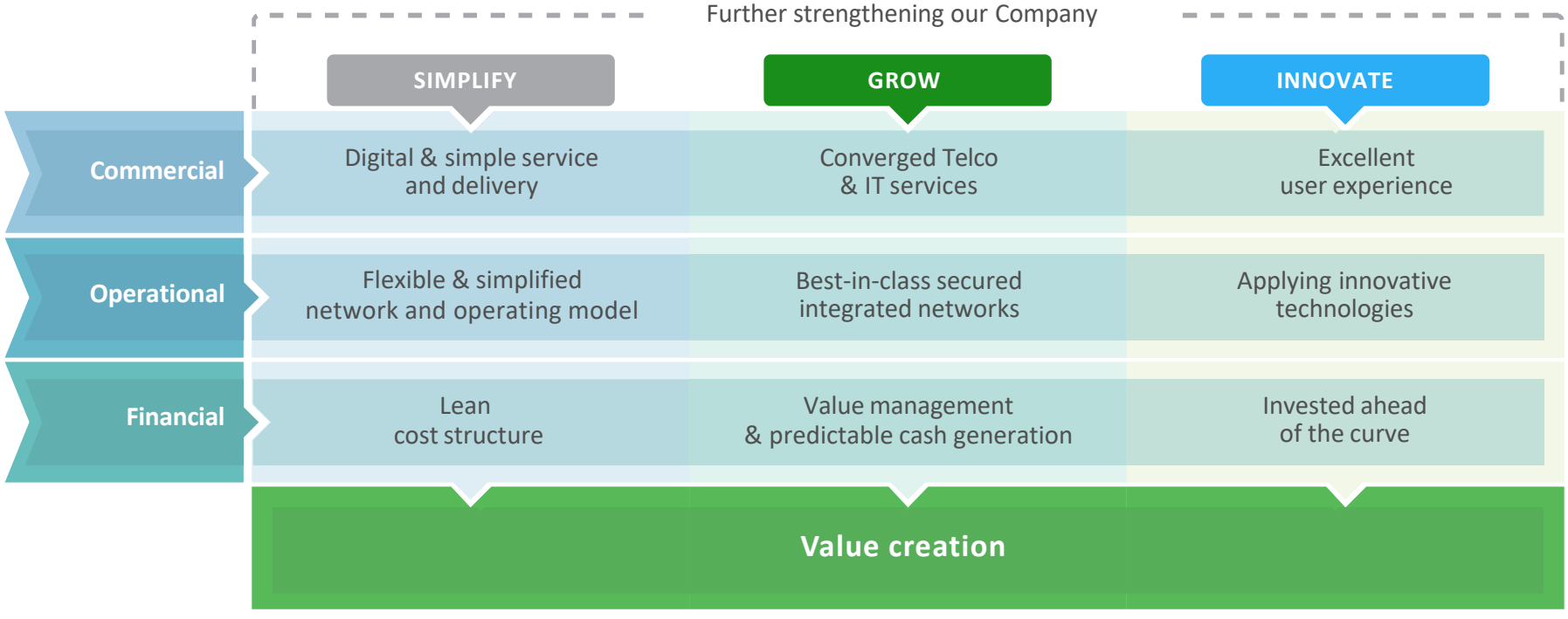
1 **Strategy**

2 Performance

3 Appendix

Strategy

Strategic choices embedded in organization

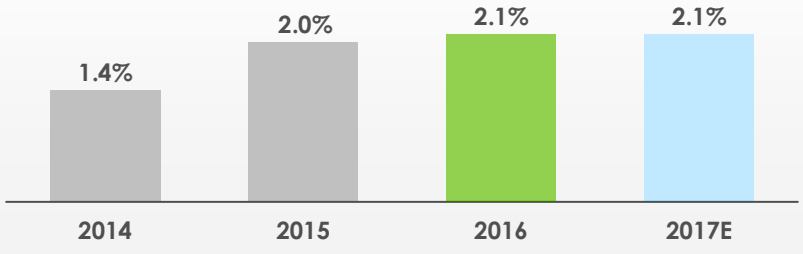


External environment reassuring

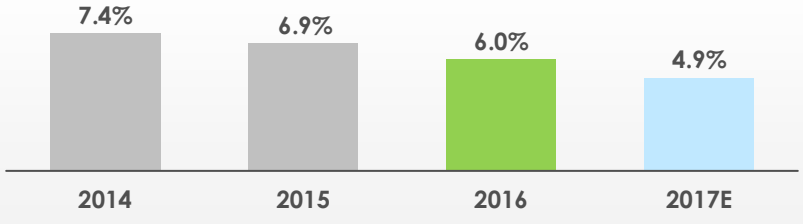
Stable macro-economy with strong competitive position

STABLE MACRO ECONOMY

GDP growth NL[1]



Unemployment NL[1]



STRONG COMPETITIVE POSITION

	'16-'17	vs. '15-'16
The Netherlands	**4**	**+1**
Germany	5	-1
United Kingdom	7	+3
Denmark	12	-
Belgium	17	+2

1 CPB (issued March 2017)
2 World Economic Forum; The Global Competitiveness Report 2016-2017

External environment reassuring (cont'd)

KPN strongly positioned as leading integrated service provider

	KPN	ZIGGO	T-MOBILE	TELE2
Mobile network	2G, 3G, 4G	2G, 3G, 4G	2G, 3G, 4G	4G + MVNO
Mobile network quality[1]	●	◕	◕	◑
Mobile market share[2]	42%	32%	19%	7%
Fixed network	FttC, FttH	Coax	Wholesale KPN	Wholesale KPN
Broadband market share[3]	40%	44%	N/A	4%
TV product perception[4]	●	◕	N/A	◕
TV market share[3]	31%	54%	N/A	2%
Fixed-mobile convergence	◕	◑	○	○
Business market presence	SME, LE, Corporate	SME, LE, Corporate	SME, LE	SME, LE
Business market capabilities	●	◑	◔	◑
Trusted brand	●	◕	◑	◔

1 % of clients that agree on the reputation statement that their operator has the best network; Kantar TNS (Q4 2016)
2 Total Dutch (Consumer and Business) mobile service revenue market share (Q4 2016)
3 Telecompaper (Q4 2016)
4 Independent market survey (Consumentenbond; Q4 2016)

Key priorities for the coming years in Consumer

Consumer strategy centered around household

1. Increase penetration of fixed-mobile bundles
2. Reduce churn by increasing loyalty and customer satisfaction
3. Accelerate up- and cross-sell in bundles
4. Grow in TV via cloud-based IPTV platform
5. Benefit from growing mobile data usage
6. Further improve excellent customer experience

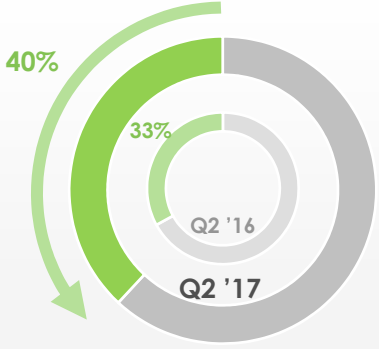
Grow revenues, increase loyalty and reduce cost to serve

Continued growth of fixed-mobile bundles in Consumer

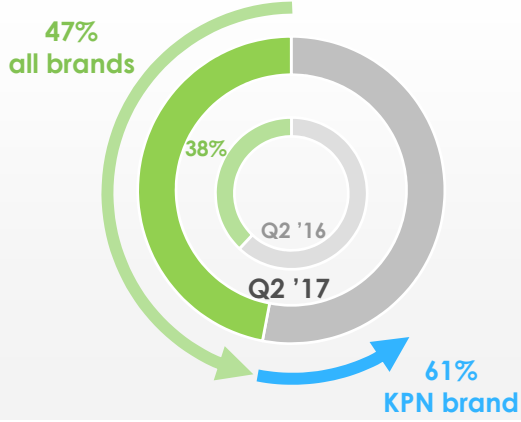
Clear benefits from convergence strategy

Customers in fixed-mobile bundles

Households[1]



Postpaid customers

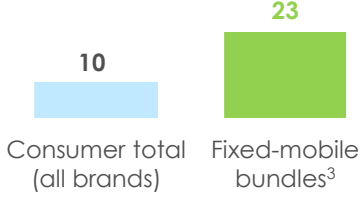


Multi-brand strategy to drive convergence further

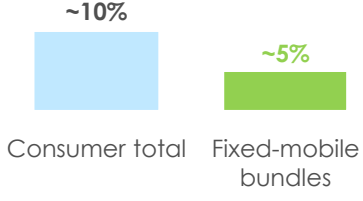
kpn | Telfort | XS4ALL + kpn

Clear convergence benefits

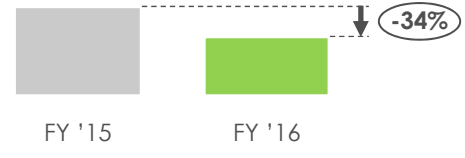
Higher NPS[2] (Q4 '16)



Lower churn[3] (Q4 '16)



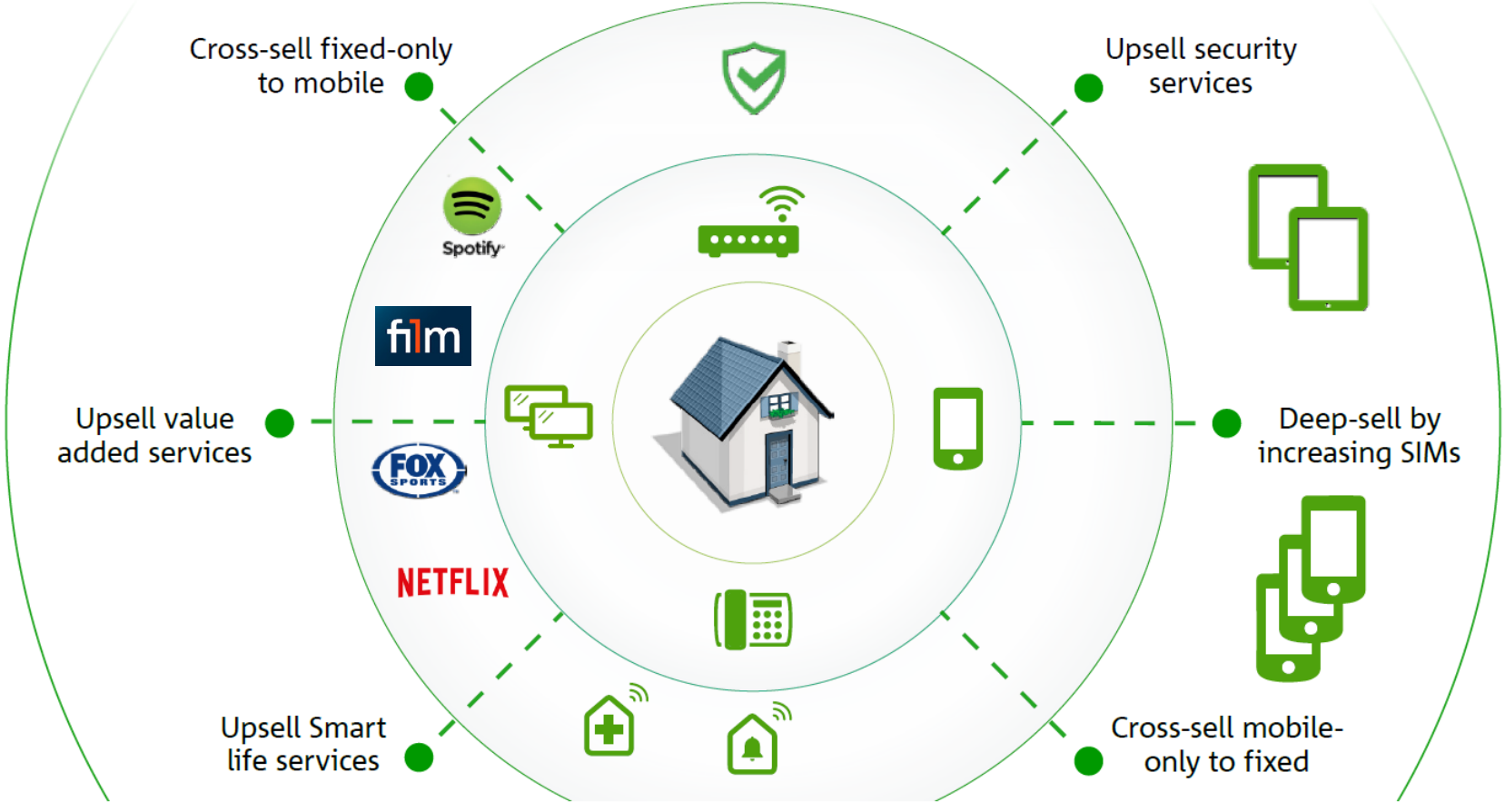
Lower marketing expenses[4]



1 As % of broadband customers
2 Source: Kantar TNS
3 KPN brand
4 Consumer Marketing & Communication expenses

Household at center of service model in Consumer

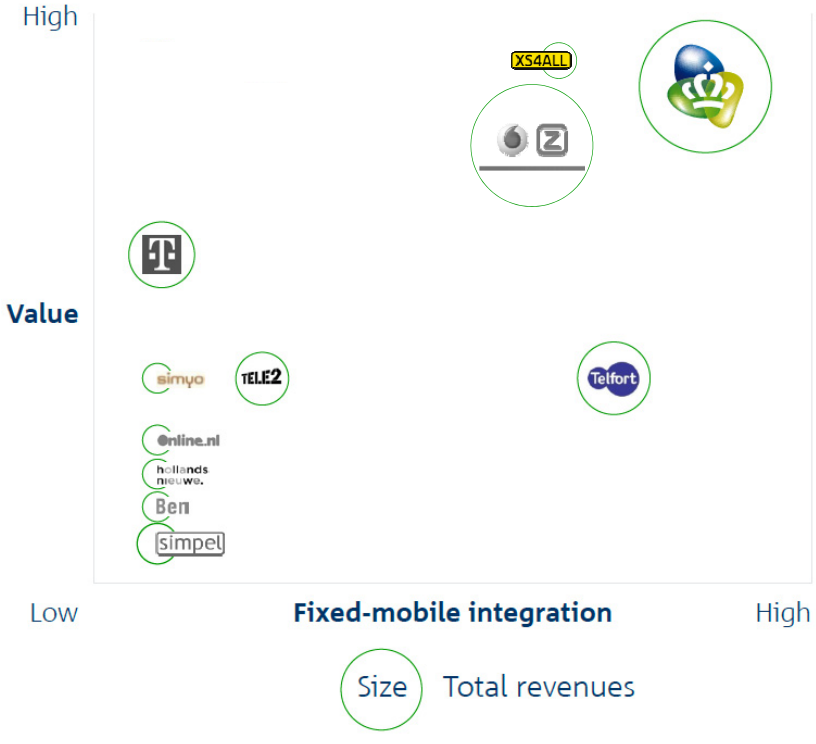
Significant opportunities to increase share of wallet per household



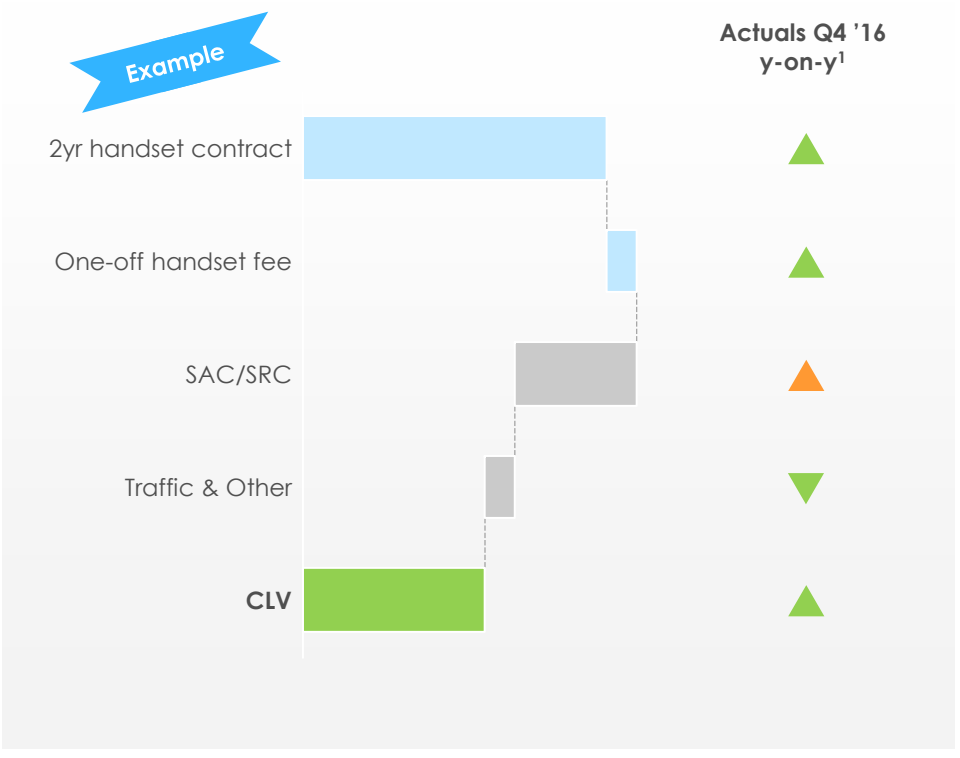
Strong competitive positioning in Dutch market

Covering all segments: focus on fixed-mobile bundling and high value

Leading converged position



Growing Customer Lifetime Value in mobile



TV focus point in household centered strategy

Highest quality of service through differentiated functionalities and leading network

Best-in-class IPTV services…

High quality Content Delivery Network

- 161 Metro Core Locations
- Superior stable access speeds

Superior functionality

- In-app personalized TV offering
- Integrated access OTT services
- Available everywhere, incl. 4G

Content aggregation

Basic content | **Upsell content** | **Selective exclusive content**

rtl, npo, SBS, FOX SPORTS EREDIVISIE, NETFLIX, KPN PRESENTEERT, BRUSSEL

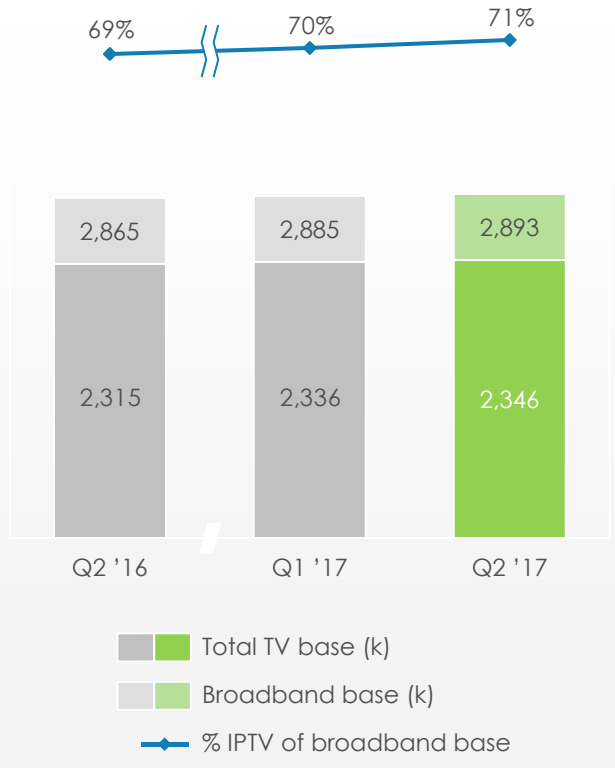
Best rated TV services[1]



"Most stable TV connection"

"Highest quality equipment"

…driving continued TV growth



1 For nationwide operators, source: Dutch Consumers' Association (Consumentenbond), January 2017

Transforming into Business ICT service provider

1. Realize growth by strengthening and deepening customer relations
2. Clear market segmentation with a targeted sales approach
3. Strengthen portfolio & distribution via partnerships
4. Rationalize & simplify products and services to create standardized building blocks
5. Operational excellence to improve customer experience

Improve profitability and stabilize revenues

Strengthening & deepening customer relations

Leverage leading position in Telco to grow market share in IT

ADDRESSABLE MARKET		2015 (~€ 13bn)	2020 (~€ 14bn)
Telco market	• Fixed • Mobile	Market share >50%	**Slightly declining Telco market[1]**
IT market	• UC / Workspace • Cloud • Security • Virtualization of services • Internet of Things / M2M • Housing & Hosting	Market share <5%	**Growing IT market[1]**
Ambition	• Retain value and maintain market leading positions in Telco services • Leverage leading market positions to drive cross- and upsell in IT market • Obtain leading positions in Cloud, Workspace and Security • Strengthen position in other IT domains via partnerships		

1 Gartner, management estimates

KPN well positioned to deliver on customer needs

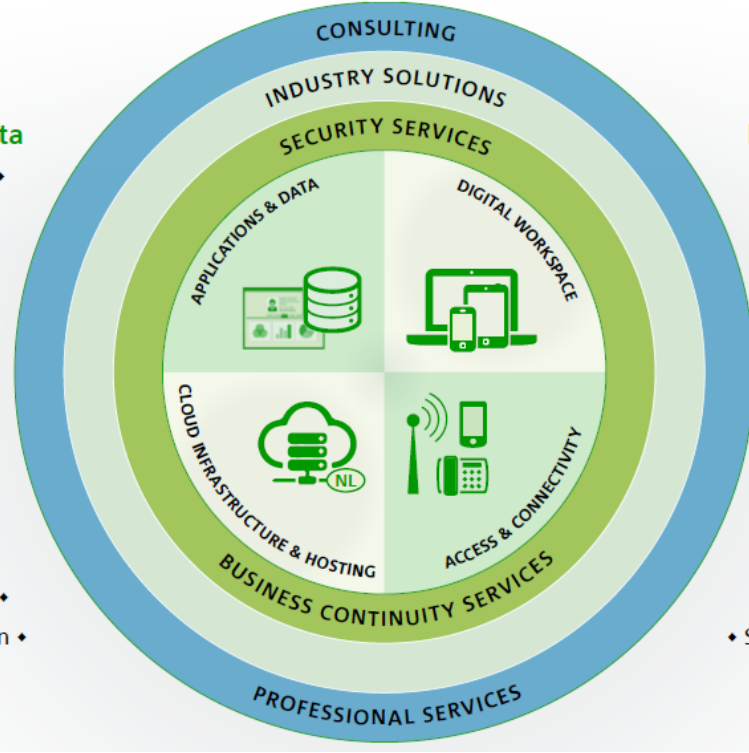
Standardized building blocks to deliver productivity

Applications & Data

Data Management & Analytics ◆
Hosted & Cloud Applications ◆
App Development (with partners) ◆
Cloud Contact Center ◆

Cloud Infrastructure & Hosting

(Mission) Critical Hosting ◆
CloudNL ◆
Storage & Backup ◆
Colocation ◆



Digital Workspace

◆ Workspace as a Service
◆ Unified Communications
◆ Modular & Hybrid
◆ Omni Support

Access & Connectivity

◆ 2G / 3G / 4G, VDSL, Fiber
◆ Private Connect, VPN, Network
◆ IoT, LoRa, M2M, Internet
◆ Service Operator

Strengthening business market portfolio and infrastructure

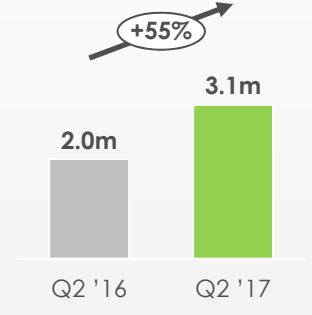
Leading infrastructure and strengthened market positioning

Further strengthening infrastructure

Deploying successful hybrid access strategy used in Consumer

Deregulation of FttO supports investments in business areas

Leading IoT infrastructure



Nationwide LoRa network

Strong base growth M2M

Leading cloud & data center services

NL|DC

Carrier & cloud neutral colocation services

Managed Hybrid Cloud
For Your Business

Launched in 2016

Expanding scale and capabilities

RoutIT

Distribution

internedservices
a KPN company

Cloud services

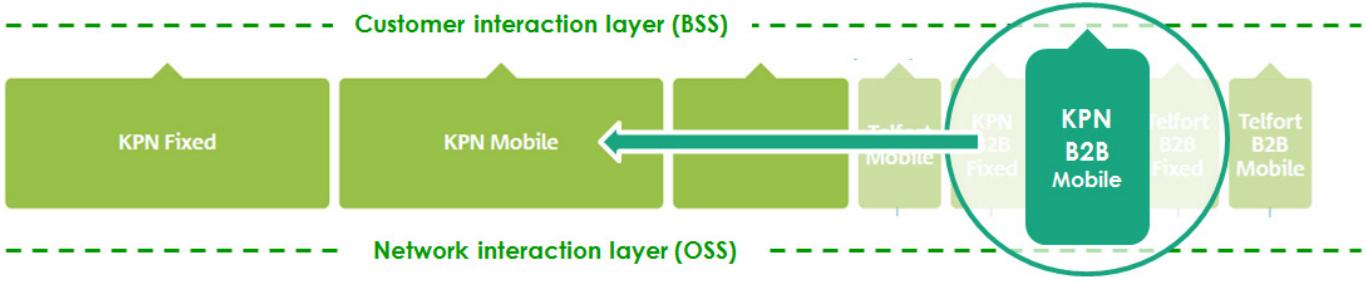
dearBytes

Security

Transformation to leading Business ICT provider on track

Supported by Simplification

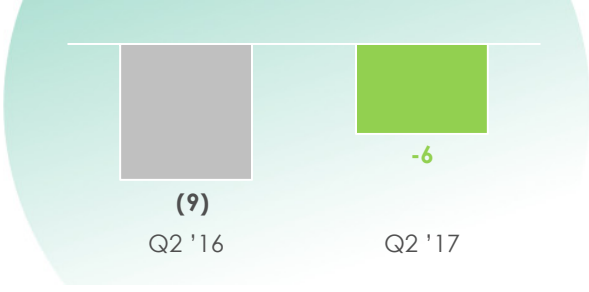
Migration of KPN Business Mobile clients completed



Benefits:

- Improved time-to-market
- Integrating Mobile IT systems delivers ~€ 50m run-rate savings in total from decommissioned legacy IT

Focus to further improve Business NPS[1]



Best ICT service provider[2]



1 Source: Kantar TNS
2 Source: Dutch IT Partner Preference Survey

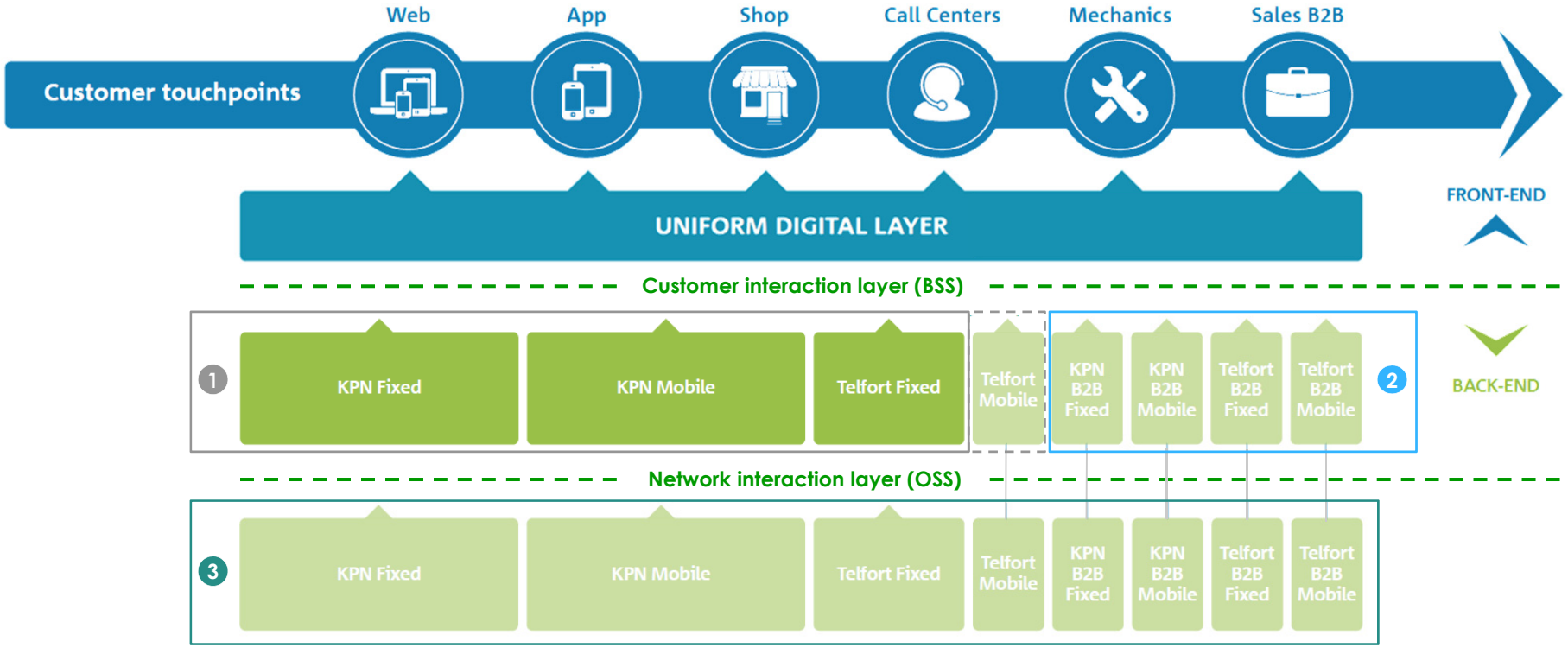
Expanding superior network position

1. Simplify operating model to improve customer experience and operational effectiveness
2. Expand superior access position by deploying innovative technologies and increasing fiber penetration
2. Finalize build of flexible and simplified integrated network

Ensuring best-in-class customer experience

Gradual approach to simplify operating model

Starting second wave of Simplification program



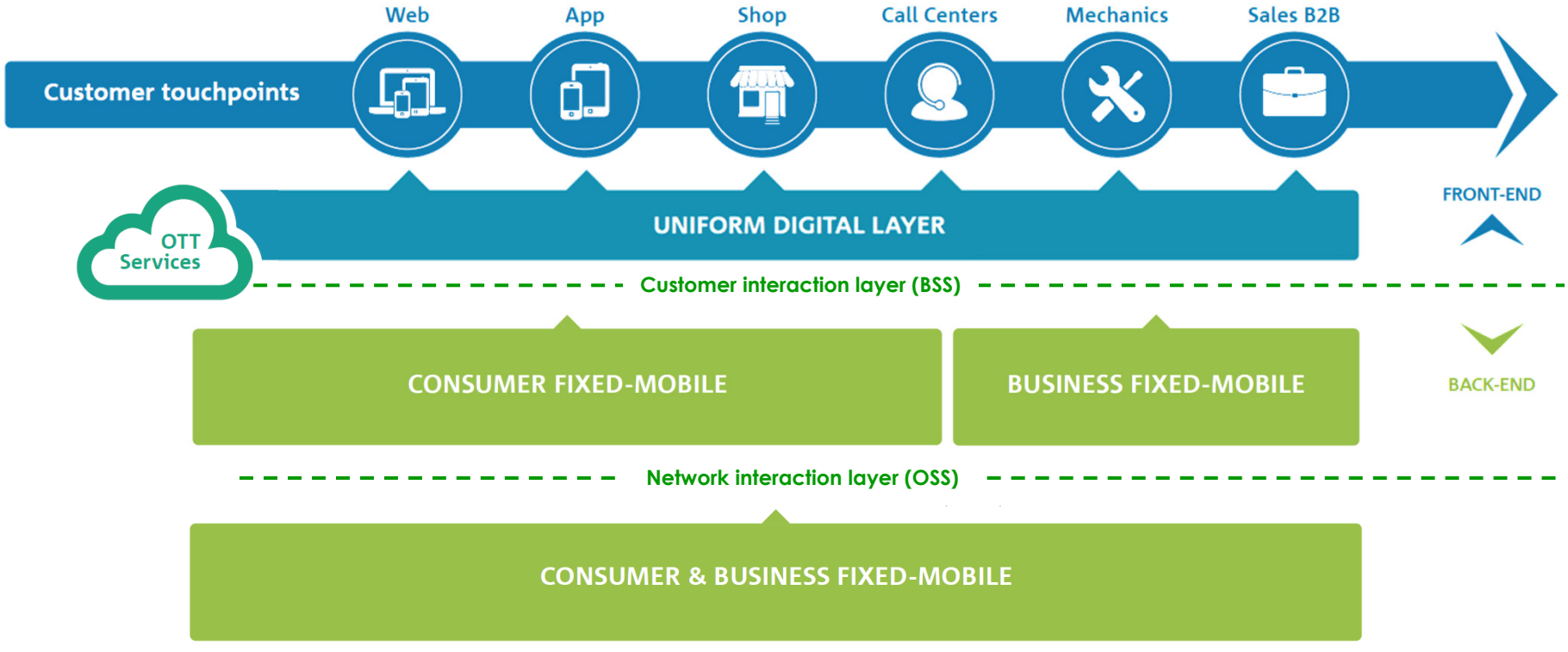
1 Integration Consumer BSS finalized

2 Starting integration Business BSS

3 Starting with OSS Simplification

Gradual approach to simplify operating model (cont'd)

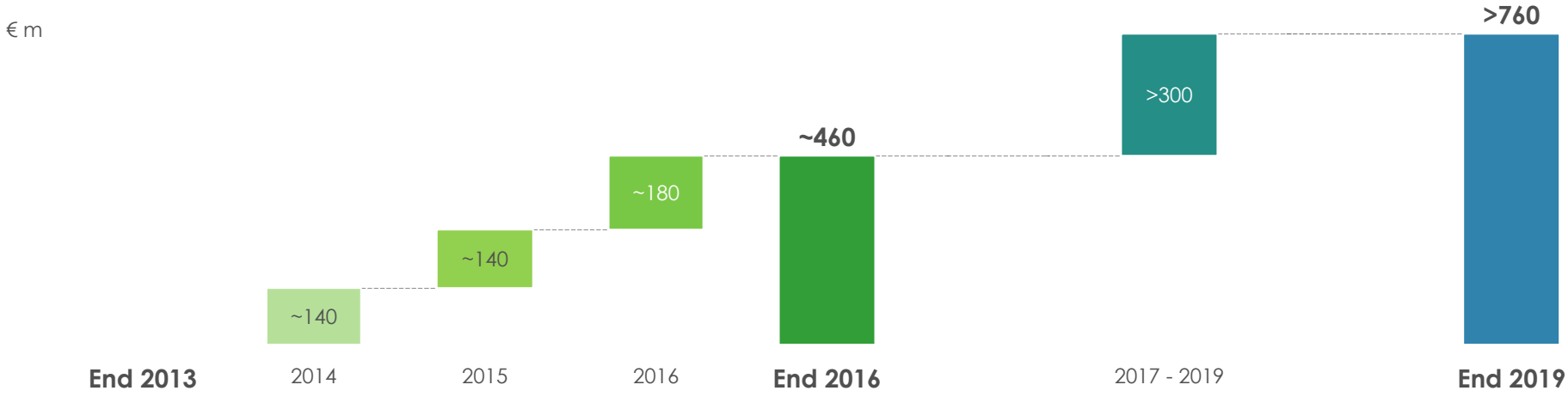
2017-2019: Evolving into next generation Telco



Simplifying our operating model

Second wave of Simplification program to deliver significant savings

Simplification program run-rate opex and Capex savings



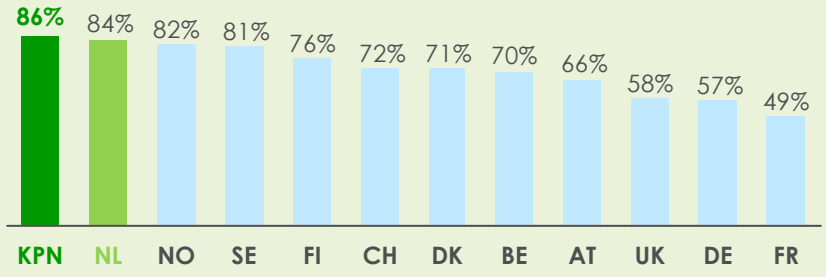
FIRST WAVE → **SECOND WAVE**

FROM Product centric **TO** Customer centric **TO** Next generation Telco

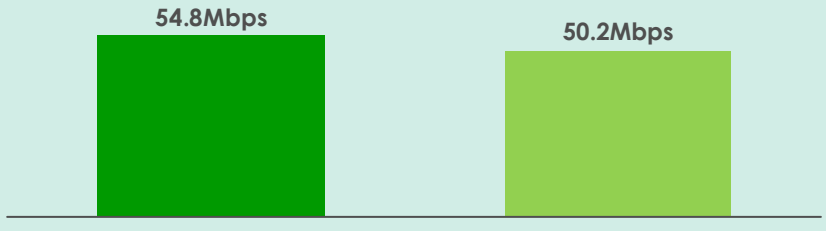
Best mobile access provider

Investment-led strategy enabling superior customer experience

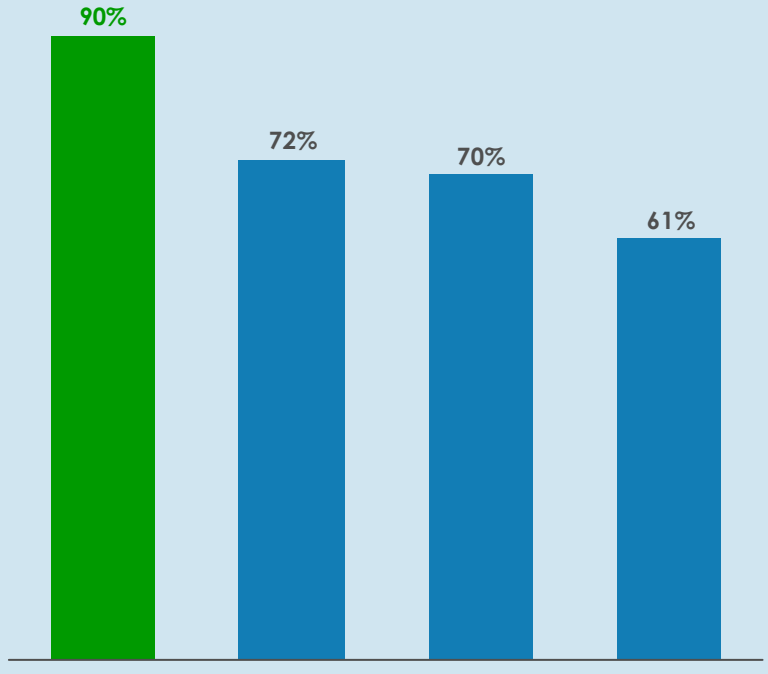
Most time spent on LTE[1]



Competitive speeds on LTE[2]



Best mobile network according to customers[3]

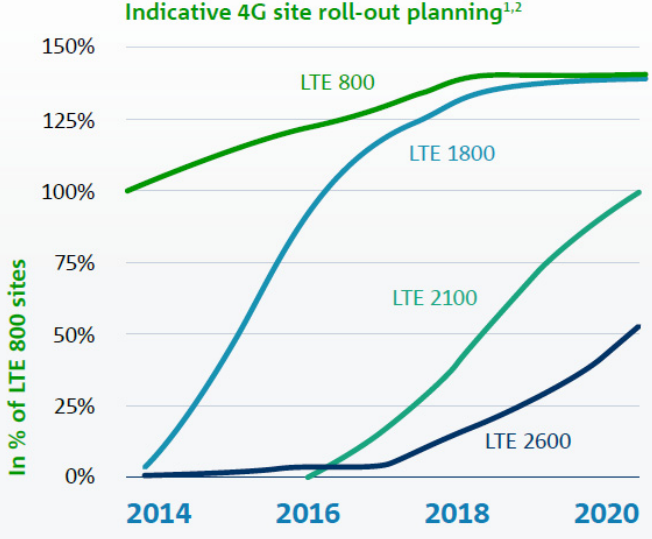


1 OpenSignal; The state of LTE (November 2016)
2 Ookla (April 2017)
3 % of clients that agree on the reputation statement that their operator has the best network; Kantar TNS (Q4 2016)

Staying ahead of demand for mobile data

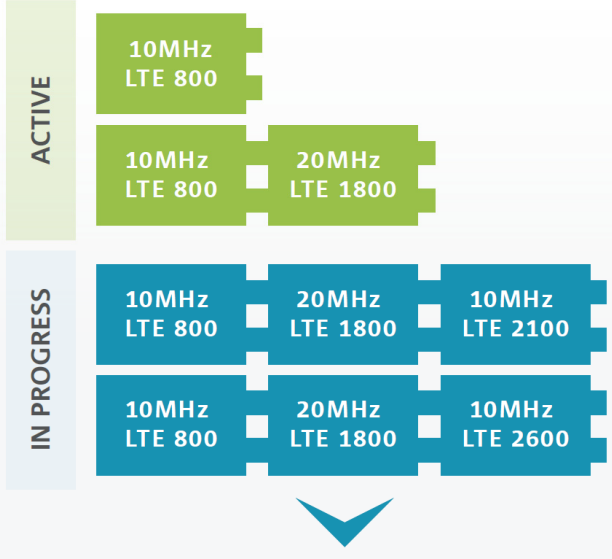
Fully utilizing spectrum position for excellent customer experience

4G CAPACITY ROLL-OUT AHEAD OF DATA GROWTH





UTILIZING FULL SPECTRUM TO DEPLOY CARRIER AGGREGATION



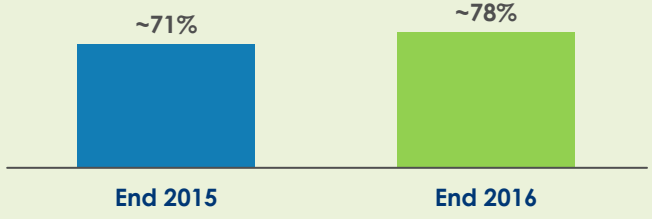
Increasing capacity and enabling download speeds up to 400Mbps

1 Rebased to LTE 800 sites end 2014
2 Excluding small cells

Best fixed access provider

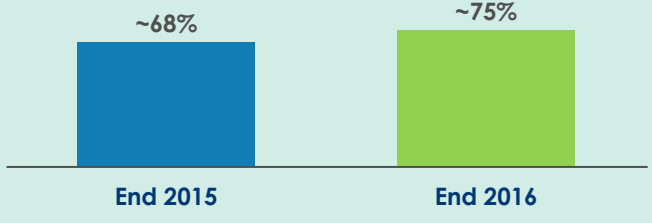
Investment-led strategy enabling superior customer experience

Rising FttC / FttH penetration



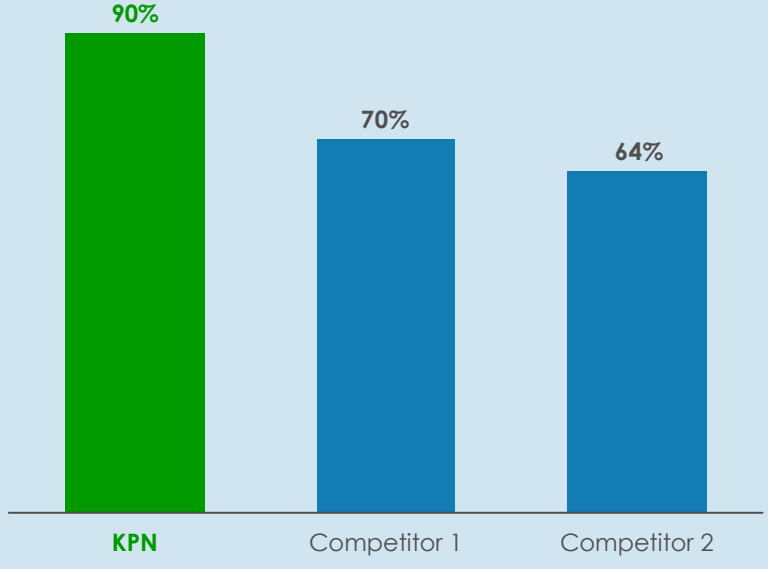
Percentage of households FttC / FttH

Driving coverage 100Mbps



Percentage of households ≥100Mbps

Best fixed network according to customers[1]

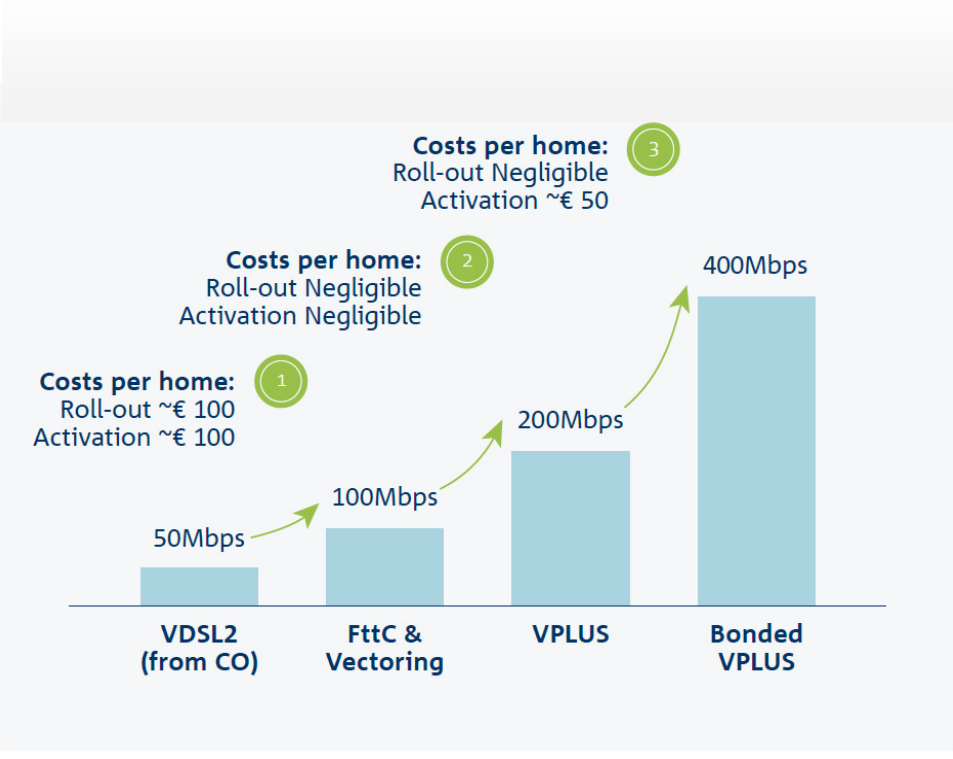


1 % of clients that agree on the reputation statement that their operator has the best network; Kantar TNS (Q4 2016)

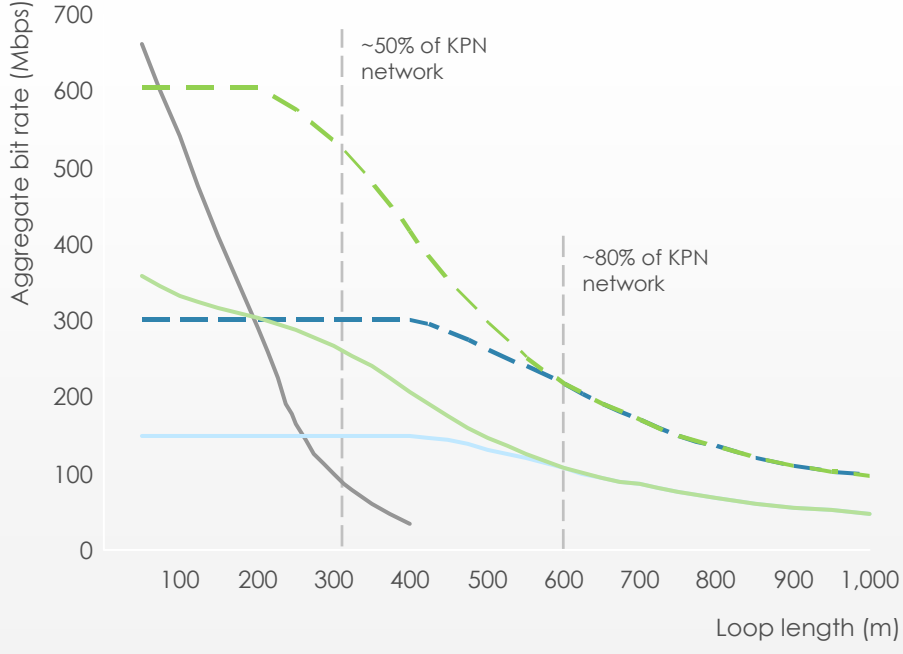
Ready to upgrade if demand changes

Large step taken with FttC upgrades in 2016

Cost and time efficient upgrades



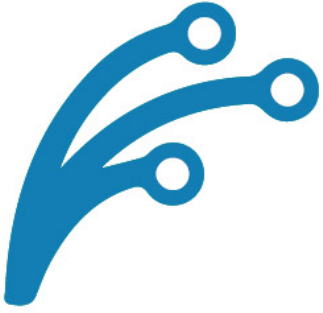
Vplus delivering highest stable speeds without changing network architecure[1]



1 Source: Nokia; bonded speeds based on KPN management estimate

Build flexible and simplified integrated network

Three steps to achieve objective



1 **Rationalize**

Simplify and reduce spend

Started 2010
Expected completion 2019



2 **Decentralize**

Content closer to customer

Started 2015
Expected completion 2017



3 **Virtualize**

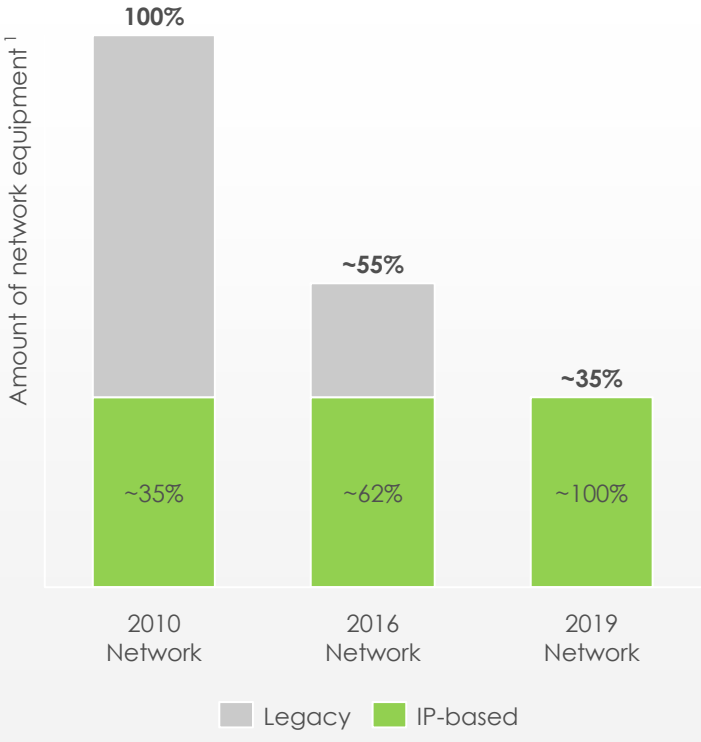
Increase network efficiency & effectiveness

Scope mainly
2017 and onwards

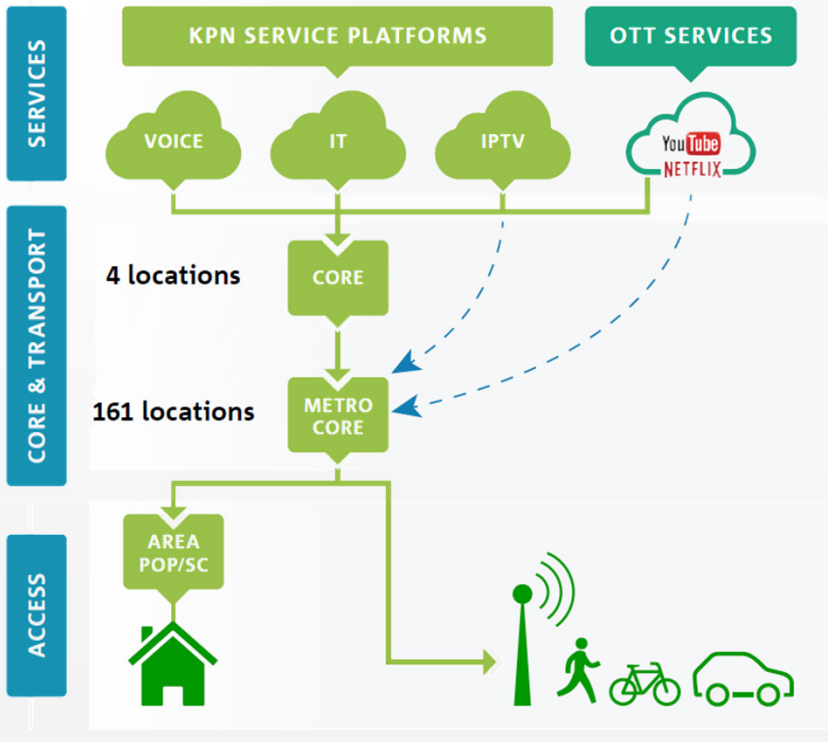
Network rationalization to prepare for virtualization

Reducing complexity and associated costs to enable flexibility

IP transformation on track



Decentralize, bringing services closer to customers

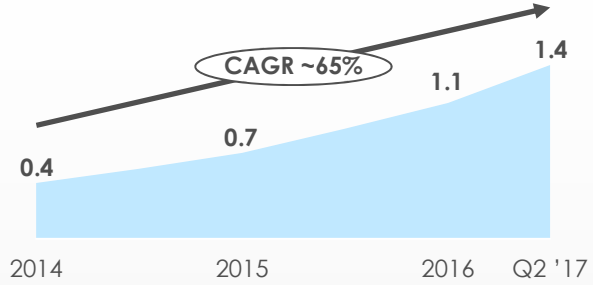


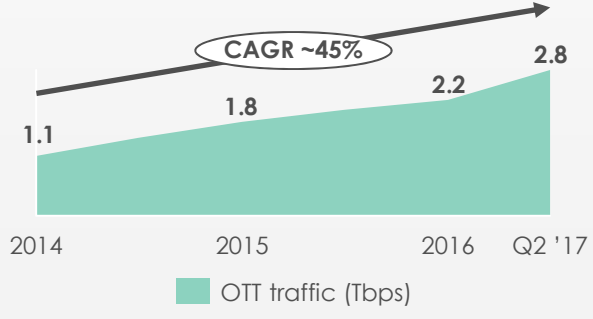
1 Rebased (amount of network equipment used in 2010 = 100%)

Continued investments to further improve customer experience

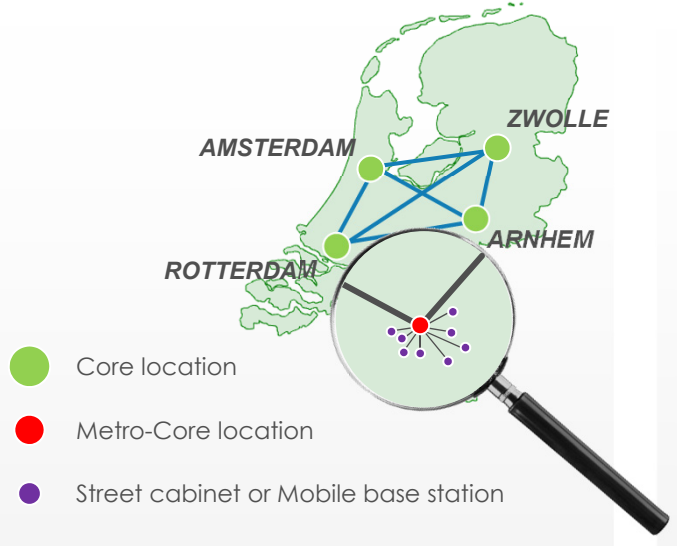
Core network important differentiator for quality of service

Changing customer behavior, data demand increasing rapidly



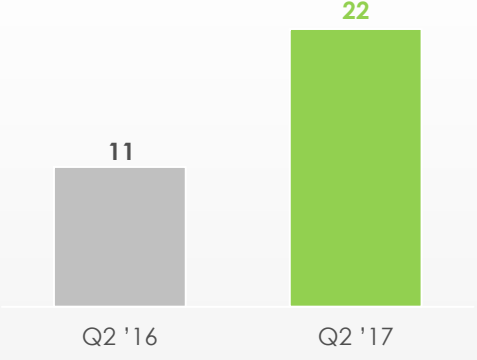


Upgraded core network, roll-out decentralized CDN on track



- Upgrade core network completed
- 161 Metro Core Locations
  - 141 decentralized Content Delivery Network locations
- Providing significant cost reduction

Supporting customer satisfaction, NPS IPTV doubled[1]

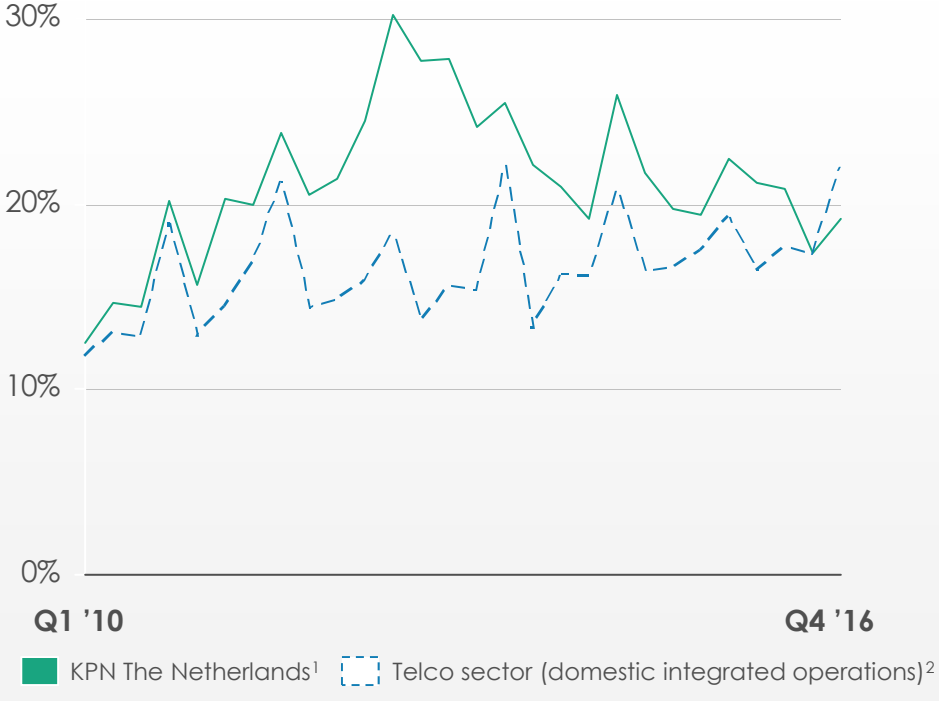


1 KPN brand, source: Kantar TNS

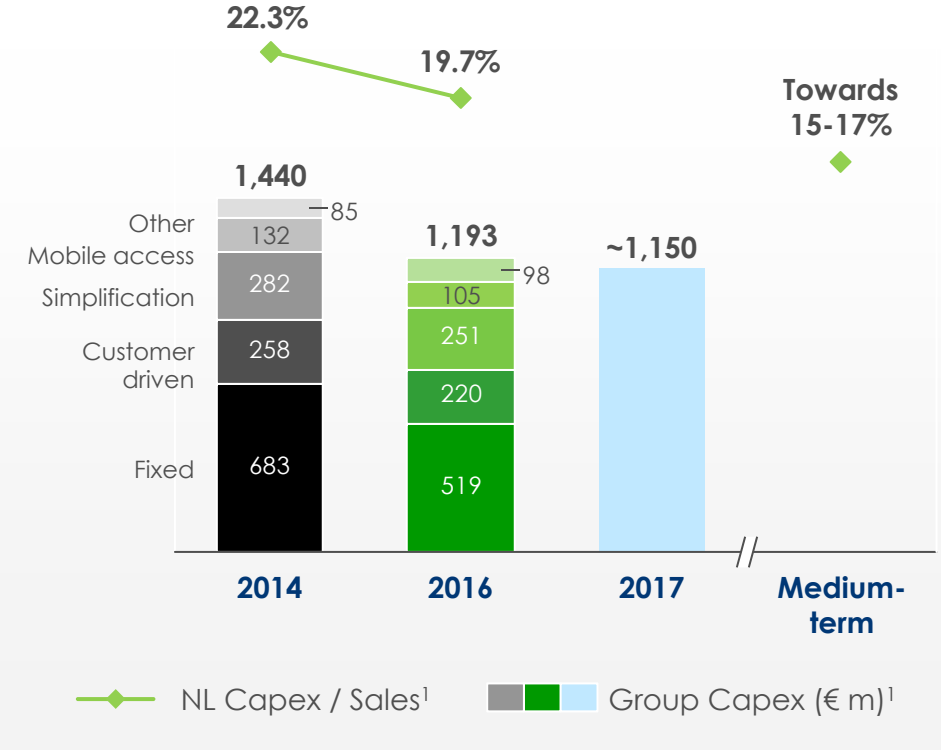
Ahead of the Capex curve

KPN built strong fundamentals in past years

KPN INVESTED AHEAD OF THE CURVE



REDUCING CAPEX



1 Capex adjusted to include Reggefiber Capex before consolidation
2 Euro Telco sector based on company reports, management estimates

Growing free cash flow to drive shareholder value

Developing towards highly cash generative company

Strong free cash flow potential

1. Grow revenues in Consumer, stabilize in Business
2. Rigorous focus on driving down costs
3. Capex levels trending down
4. Lower interest payments going forward
5. Limited cash taxes in The Netherlands

Solid financial position

- Committed to investment grade credit profile
- 9.5% Telefónica Deutschland stake provides additional financial flexibility

Commitment to growing shareholder returns

- Free cash flow growth to drive growing shareholder remuneration

Key priorities for the coming years

1. Accelerate up- and cross-sell in bundles
2. Grow in TV and IT services
3. Finalize Business transformation
4. Finalize build of flexible and simplified integrated network and operating model
5. Expand superior access position by deploying innovative technologies and increasing fiber penetration
6. Optimize financial framework and grow dividend

Simplify Grow Innovate

Contents

1 Strategy

2 Performance

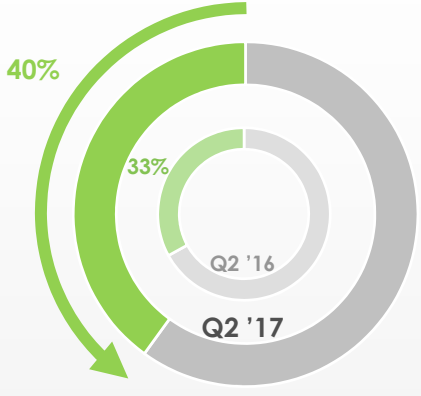
3 Appendix

Continued growth of fixed-mobile bundles in Consumer

Differentiates KPN from commoditized mobile-only players

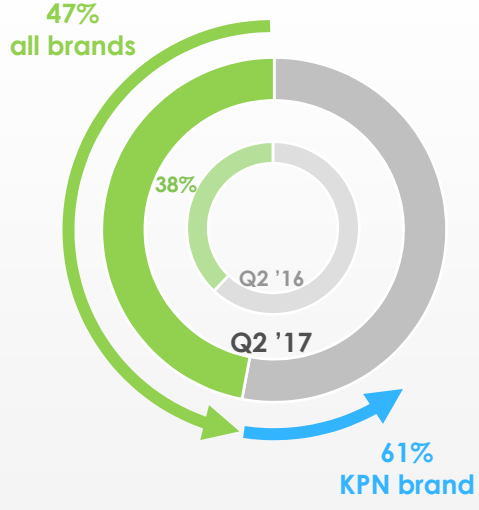
Customers in fixed-mobile bundles

Households[1]



Q2 '17: 34k net adds

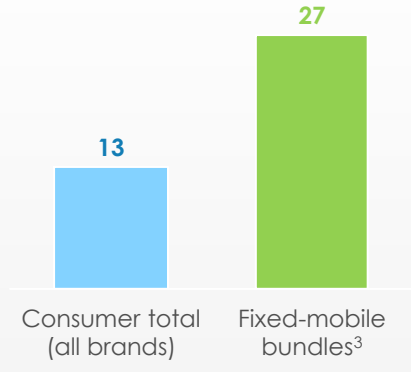
Postpaid customers



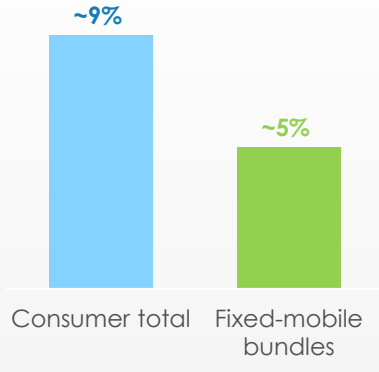
Q2 '17: 61k net adds

Convergence provides significant benefits

Higher NPS[2]



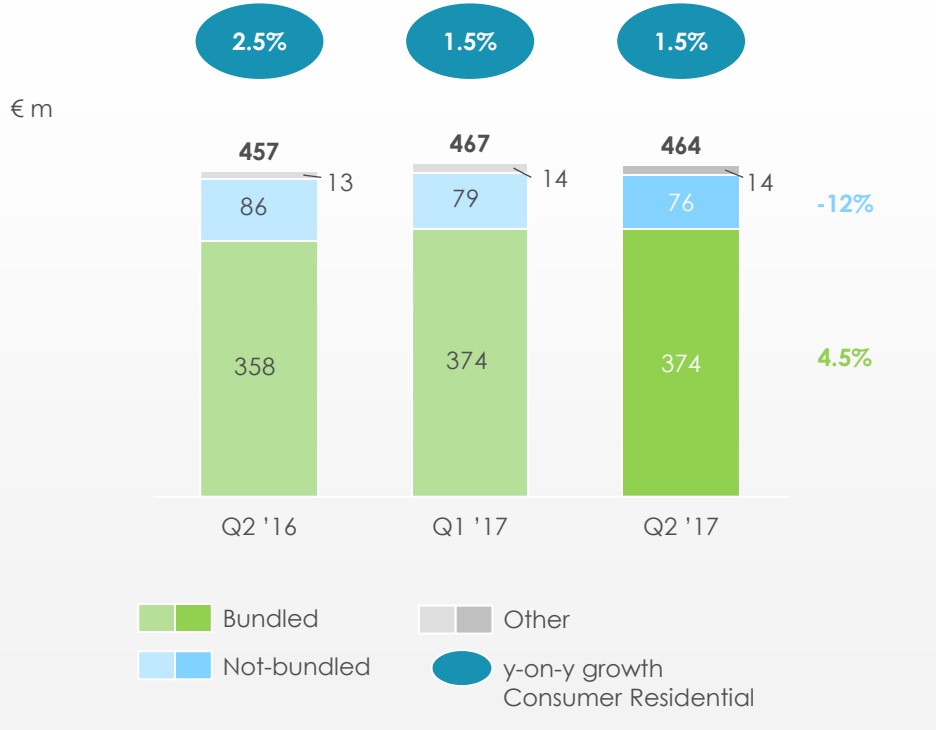
Lower churn[3]



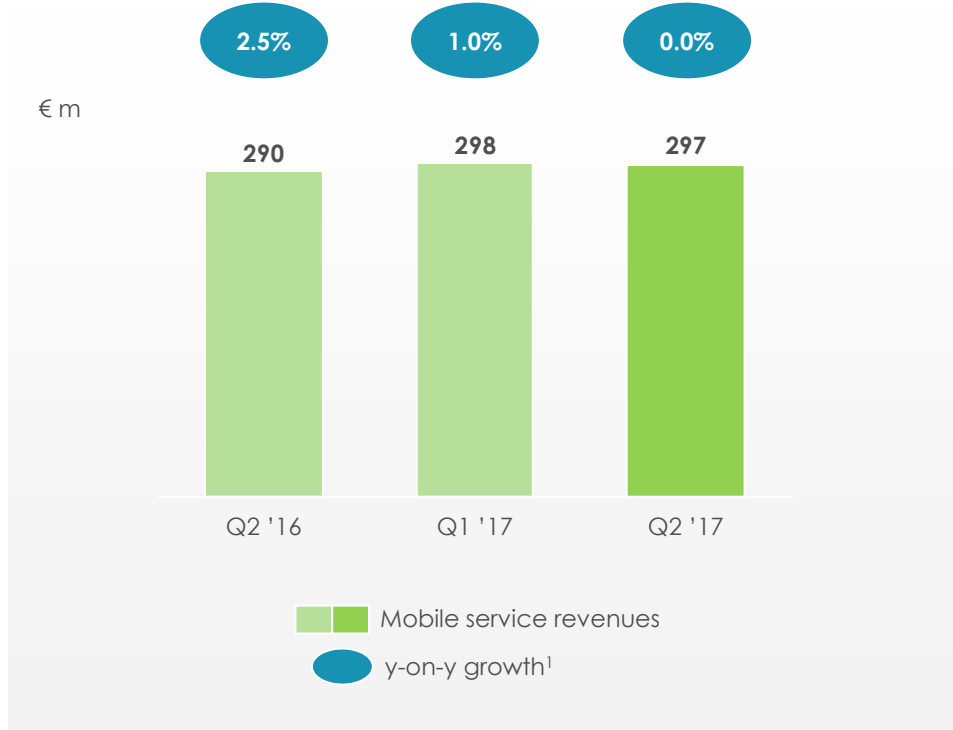
1 As % of broadband customers
2 Source: Kantar TNS
3 KPN brand

Strong household proposition supports continued revenue growth

Fixed revenue growth driven by bundled services



Solid performance in competitive mobile environment



1 Excluding VAT benefit and regulation impact

Business revenues impacted by rationalization and migrations

Growth in IT related services, IoT and Security

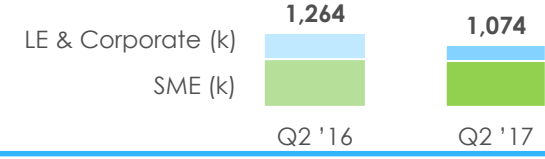
		Q2 '17 adjusted revenues	y-on-y growth	% of total
	Business total		-5.9%	
Mainly SME	Multi play		34%	7.2%
Mainly SME	Traditional fixed		-19%	15%
Mainly SME	Single play wireless		-16%	20%
Mainly LE&Corporate	Customized solutions		0.7%	26%
Mainly LE&Corporate	Network & IT services		-7.1%	22%
	New services		14%	5.9%

Strong growth multi play revenues, 39k multi play net adds

Traditional fixed voice revenues impacted by rationalization and migrations to KPN ÉÉN (Multi play)

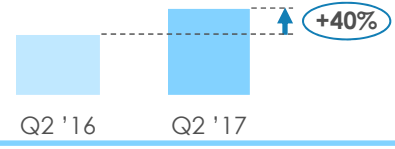
Single play wireless revenues mostly impacted by migration of LE & Corporate customers to KPN ÉÉN LE (Customized solutions)

Mobile-only customer base (mainly SME)



LE & Corporate customized solutions supported by migrations from single play wireless, but impacted by rationalization and repricing

Strong growth KPN ÉÉN LE seats



Important client wins

ICS INTERNATIONAL CARD SERVICES

VolkerWessels

NautaDutilh

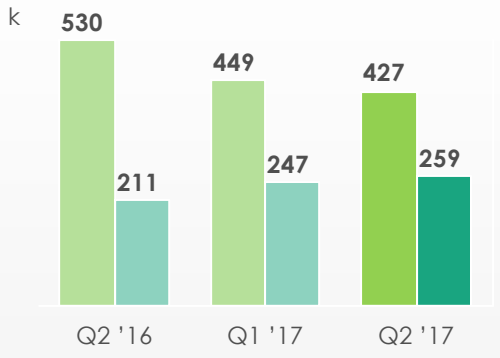
Migration of legacy network services to new technologies impacting revenues, growth in IT services

Growth of Internet of Things and Security

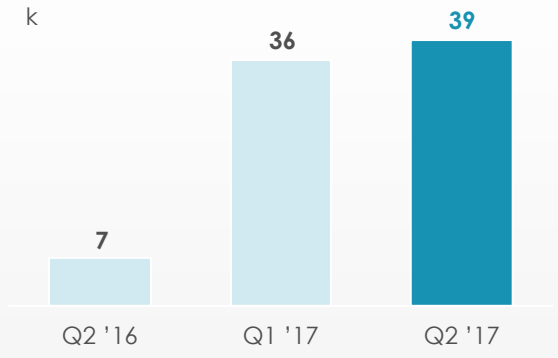
SME: migrations from traditional fixed to multi play on track

Continued growth in multi play seats

Rationalization and migration of traditional fixed voice



Continued growth KPN ÉÉN…



…adds to IT up- and cross-sell potential

Office 365

Leading reseller in The Netherlands

internedservices a KPN company

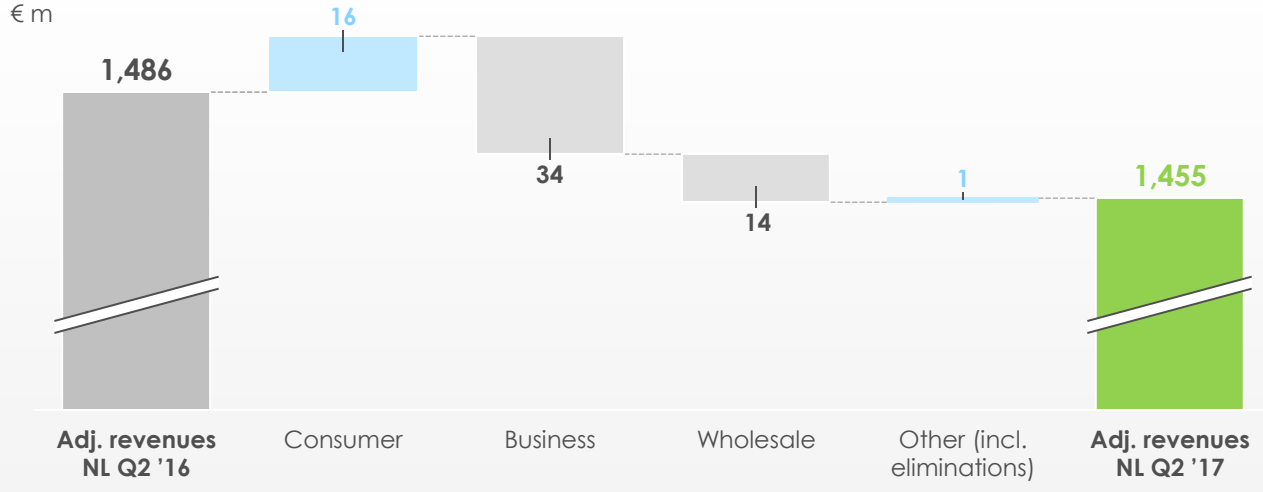
Cloud solutions

dearBytes

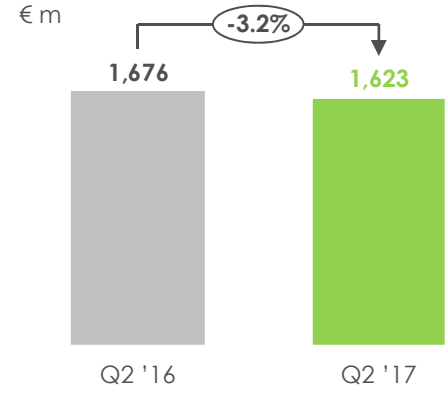
Security solutions

Revenue trend The Netherlands

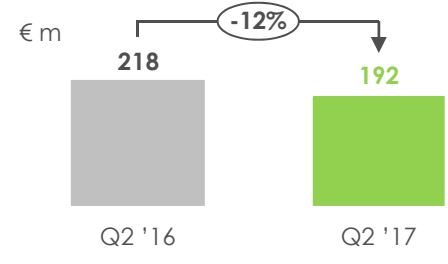
Adjusted revenues NL declined by 2.1%



Adjusted revenues KPN Group



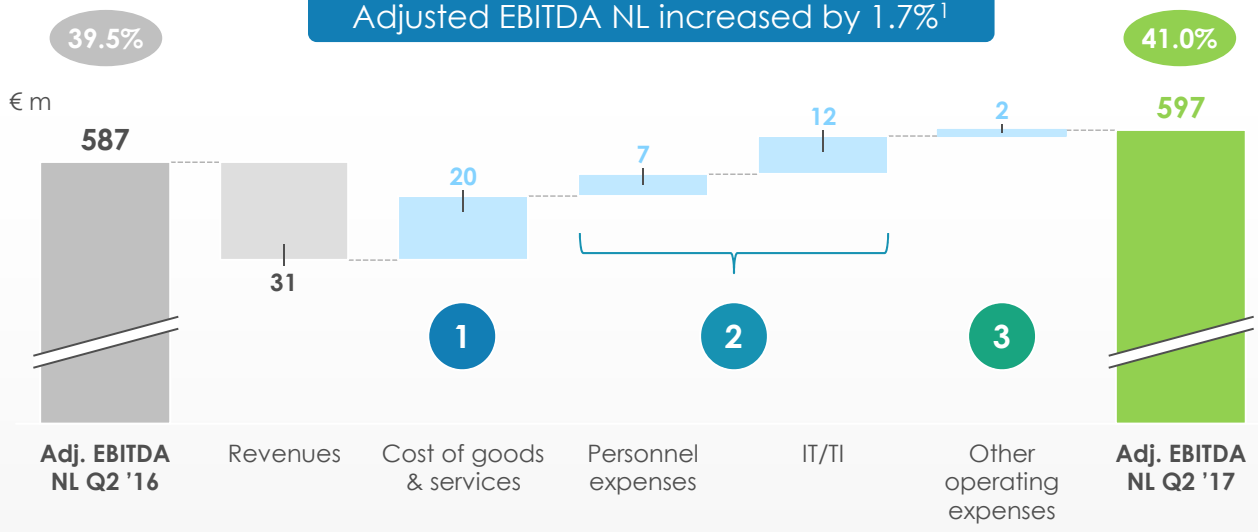
Adjusted revenues iBasis



Adjusted EBITDA margin improved further

Simplification driving lower personnel and IT/TI expenses

Adjusted EBITDA NL increased by 1.7%[1]

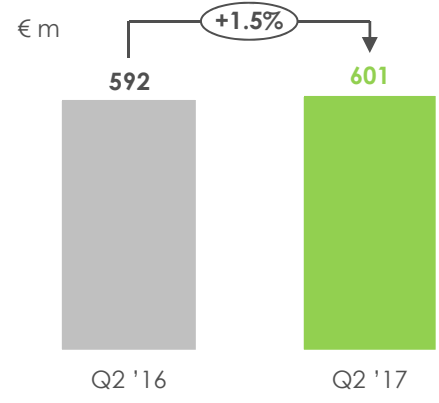


1 Lower SAC/SRC and lower traffic, partly offset by higher content costs

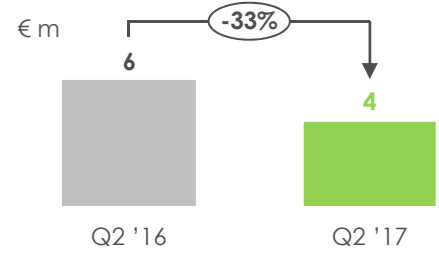
2 Structural benefits from Simplification

3 Less marketing expenses

Adjusted EBITDA KPN Group



Adjusted EBITDA iBasis

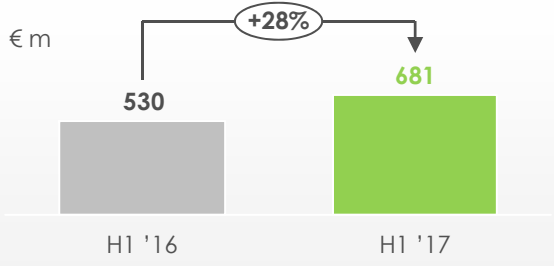


1 The presented categories show adjusted numbers and differ from the opex breakdown as presented in KPN's Integrated Annual Report 2016

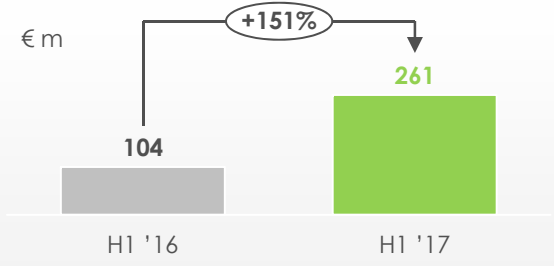
Strong free cash flow growth

Supported by different intrayear phasing compared to last year

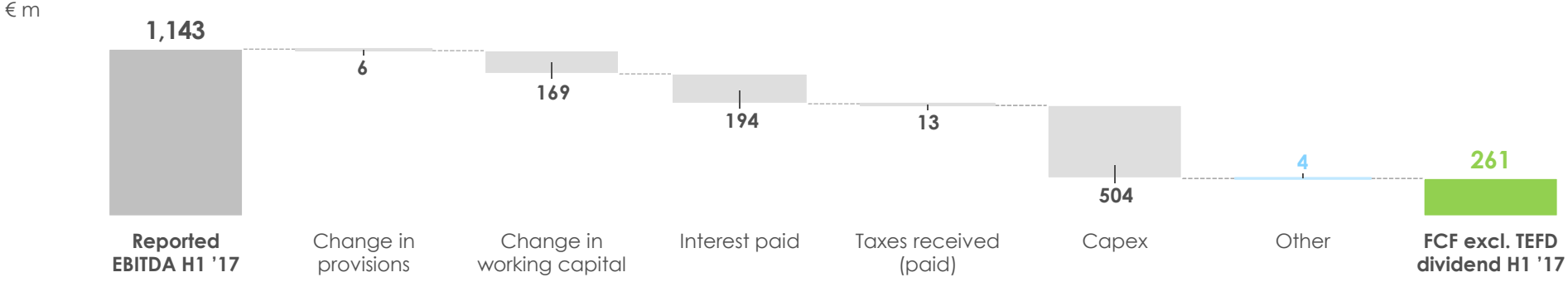
Growing operating free cash flow[1]…



…and free cash flow[2]



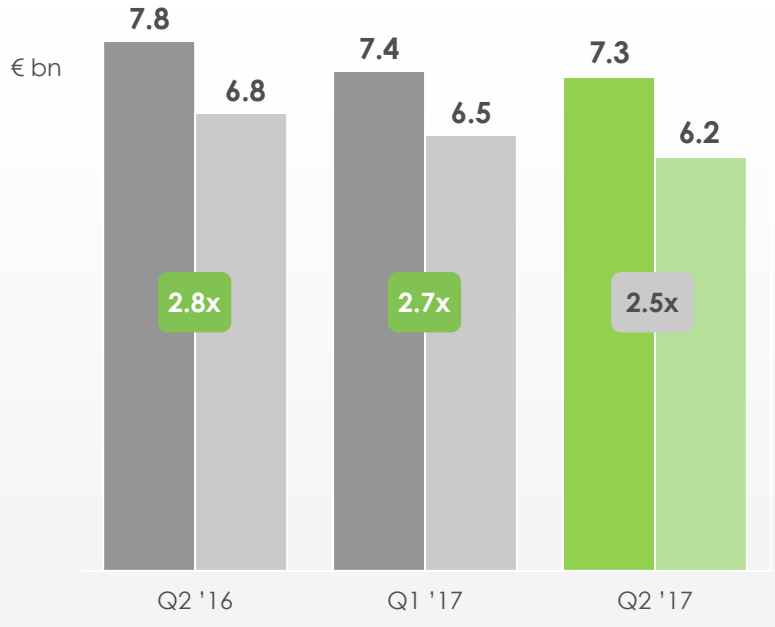
Free cash flow components



1 Adjusted EBITDA minus Capex
2 Excluding TEFD dividend

Solid financial position

Lower debt y-on-y



Debt portfolio

- Net debt € 0.3bn lower vs. Q1 '17
  - Sale of Telefónica shares completed in Q2 '17
  - Free cash flow generated in Q2 '17

  Partly offset by:
  - Final dividend payment of € 6.7ct per share
  - Share buyback ~60% completed end Q2 '17
- Average coupon senior bonds 4.1% (Q2 '16: 5.0%)

Financial flexibility

- Additional financial flexibility via 9.5% stake in TEFD
- Maturity of € 1.25bn credit facility extended to July 2022

1 Gross debt defined 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

Contents

1 Strategy

2 Performance

3 Appendix

KPN ADR program

KPN has a sponsored Level 1 ADR program

Bloomberg ticker	KKPNY
Trading platform	Over-the-counter (OTC)
CUSIP	780641205
Ratio	1 ADR : 1 Ordinary Share
Depositary bank	Deutsche Bank Trust Company Americas
Depositary bank contact	Jonathan Montanaro
ADR broker helpline	+1 212 250 9100 (New York) +44 207 547 6500 (London)
E-mail	adr@db.com
ADR website	www.adr.db.com
Depositary bank's local custodian	Deutsche Bank, Amsterdam

Leading in Corporate Social Responsibility

Successful CSR strategy[1]

2016

Quality & Reliability	Environment	Privacy & Security
79%	**20%**	**96%**
of Business customers agree that KPN has the best fixed network	Less energy consumption vs. 2010	of customers who were infected by malware helped within 8 hours

Recognition

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

PRIVACY WAARBORG

CDP A LIST 2016 CLIMATE

RE 100

NYSE EURONEXT vigeo

Social and environmental achievements

- Long-term energy target to stay climate neutral until at least 2050 acknowledged by Science Based Targets initiative

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- KPN co-developed a smart bicycle lock preventing mobile phone usage during cycling
- Pilot for network engineers to use bicycles in cities instead of cars

1 As disclosed in KPN's Integrated Annual Report 2016

Dutch wireless disclosure

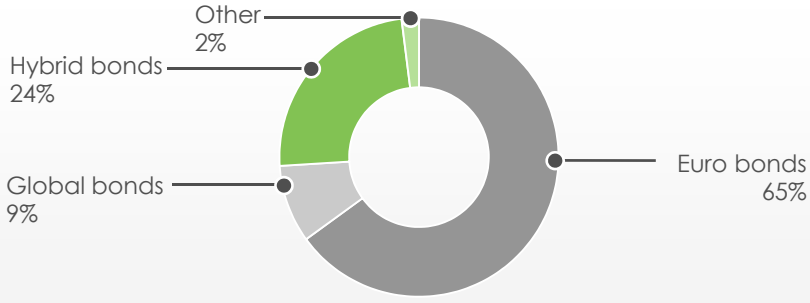
Service revenues (€ m)	Q2 '17	Q2 '16	y-on-y %
Consumer	297	290	2.4%
Business[1]	163	167	-2.4%
Other[2]	36	39	-0.8%
KPN The Netherlands	**496**	**496**	***0.0%***

SAC/SRC per subscriber (€)	Q2 '17	Q2 '16	y-on-y %
Consumer (postpaid)[3]	192	225	-15%
Business (mobile only – mainly SME)	217	240	-9.6%

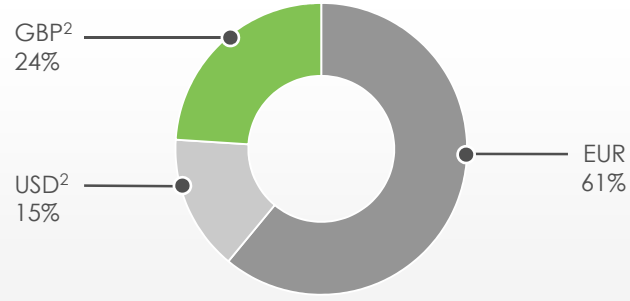
1 Includes mobile-only (mainly SME) service revenues and partial allocation of Multi play (mainly SME) and Customized solutions (mainly LE & Corporate) revenues to mobile service revenues
2 Includes amongst others Wholesale mobile service revenues and visitor roaming
3 Including handset subsidies, commissions and SIM costs

Debt portfolio

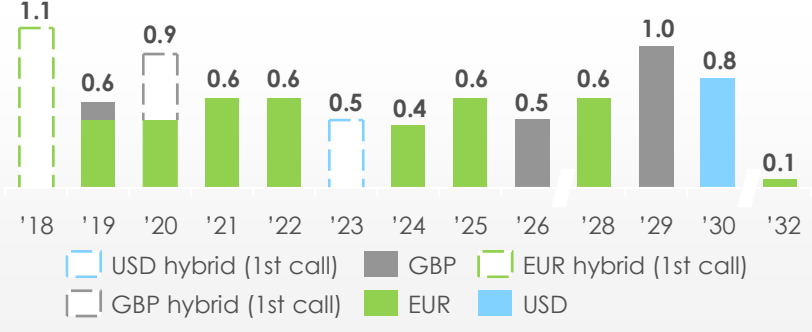
Breakdown nominal debt[1] (total € 8.3bn)



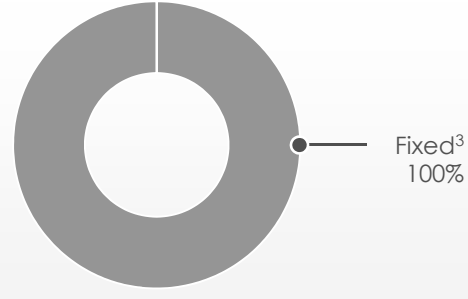
Nominal debt by currency



Bond redemption profile (€ bn)



Fixed vs. floating interest

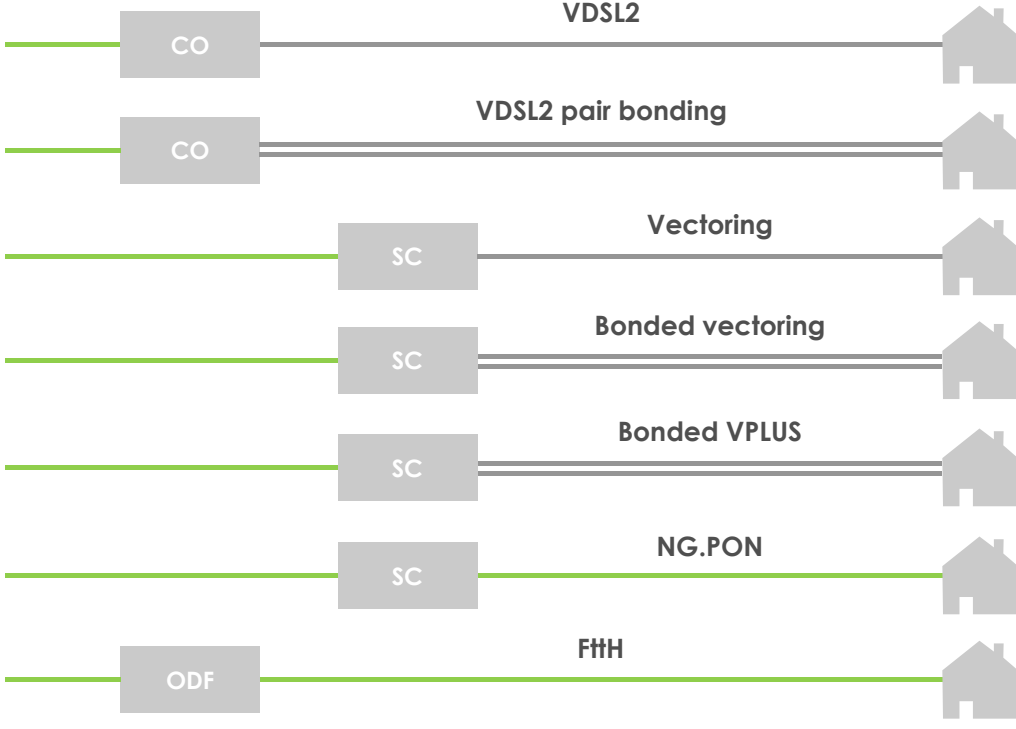


1 Based on the nominal value of interest bearing liabilities after swap to EUR, including € 1.1bn hybrid bond, GBP 400m hybrid bond and USD 600m hybrid bond
2 Foreign currency amounts hedged into EUR
3 Excludes bank overdrafts

Spectrum in The Netherlands



Fixed infrastructure



	Download speed	*Active in Network*
VDSL2	~50Mbps	✓
VDSL2 pair bonding	~100Mbps	✓
Vectoring	~120Mbps	✓
Bonded vectoring	~240Mbps	✓
Bonded VPLUS	~400Mbps	
NG.PON	>1Gbps	
FttH	~1Gbps	✓

Safe harbor

Alternative performance measures and management estimates

This financial report contains a number of alternative performance measures (non-GAAP figures) to provide readers with additional financial information that is regularly reviewed by management, such as EBITDA and Free Cash Flow ('FCF'). These non-GAAP figures should not be viewed as a substitute for KPN's GAAP figures and are not uniformly defined by all companies including KPN's peers. Numerical reconciliations are included in KPN's quarterly factsheets and in the Integrated Annual Report 2016. KPN's management considers these non-GAAP figures, combined with GAAP performance measures and in conjunction with each other, most appropriate to measure the performance of the Group and its segments. The non-GAAP figures are used by management for planning, reporting (internal and external) and incentive purposes. KPN's main alternative performance measures are listed below.

KPN defines EBITDA as operating result before depreciation (including impairments) of PP&E and amortization (including 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 as adopted by the European Union. 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 continuing operating activities plus proceeds from real estate, minus capital expenditures (Capex), being expenditures on PP&E and software. Operating free cash flow is defined as adjusted EBITDA minus Capex. Revenues are defined as the total of revenues and other income unless indicated otherwise. Adjusted revenues and adjusted EBITDA are derived from revenues (including other income) and EBITDA, respectively, and are adjusted for the impact of restructuring costs and incidentals. The term service revenues refers to wireless service revenues.

All market share information in this financial report is based on management estimates based on externally available information, unless indicated otherwise. For a full overview on KPN's non-financial information, reference is made to KPN's quarterly factsheets available on ir.kpn.com

Forward-looking statements

Certain statements contained in this financial report constitute forward-looking statements. These statements may include, without limitation, statements concerning future results of operations, the impact of regulatory initiatives on KPN's operations, KPN's and its joint ventures' share of new and existing markets, general industry and macro-economic trends and KPN's performance relative thereto and statements preceded by, followed by or including the words "believes", "expects", "anticipates", "will", "may", "could", "should", "intends", "estimate", "plan", "goal", "target", "aim" or similar expressions.

These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside KPN's control that could cause actual results to differ materially from such statements and speak only as of the date they are made. A number of these factors are described (not exhaustively) in the Integrated Annual Report 2016.