

Investor Presentation

February 2018

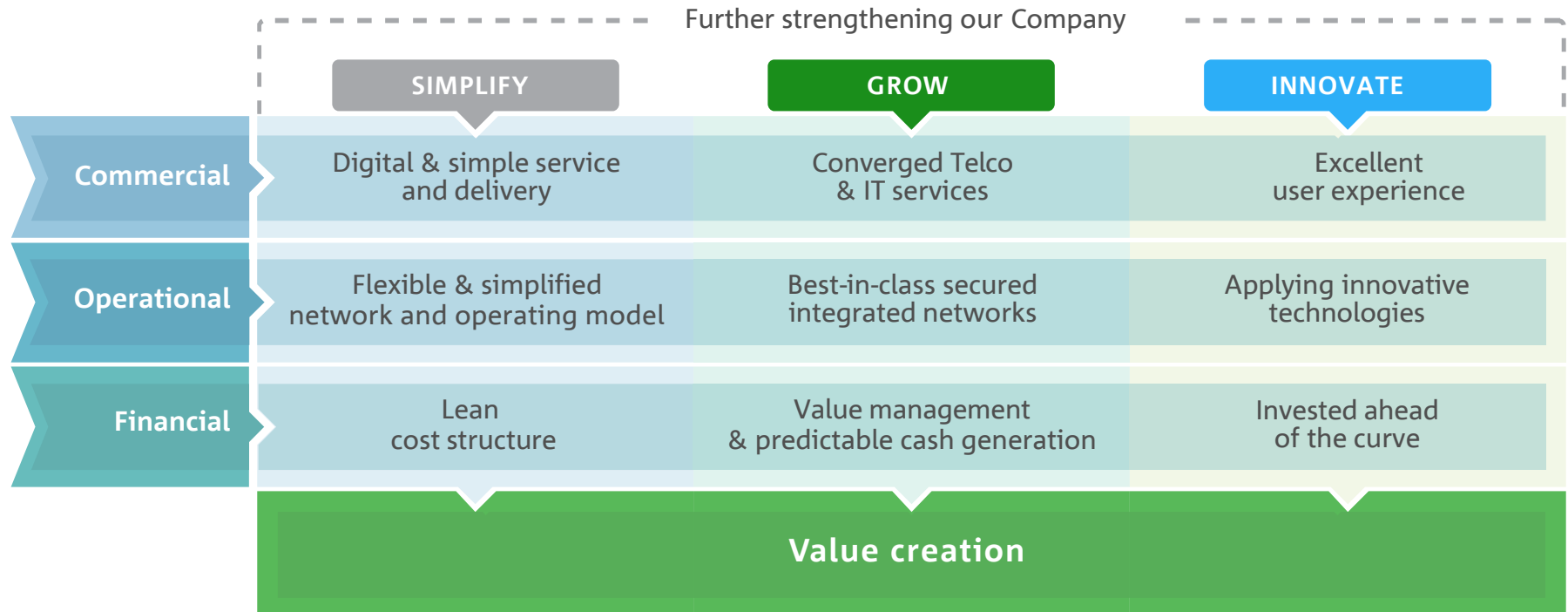


Contents

- 1 Strategy**
- 2 Performance
- 3 Appendix

Strategy

Strategic choices embedded in organization



Simplification and digitalization embedded in organization



Driving revenue opportunities and lower spend



Digitalize

Use data & analytics

- Targeted household marketing
- Optimized customer service
- Smarter network investments



Rationalize

Simplify portfolio and operations

- Fewer propositions
- Creation of uniform digital layer
- BSS / OSS IT integration



Decentralize

Provide services closer to customers

- Improved (metro) core network
- First 5G technology use cases
- Higher network efficiency



Virtualize

Increase network efficiency and effectiveness

- Flexible on-demand capacity and services
- Self-healing and self-optimizing networks

ENABLING IMPROVED CUSTOMER EXPERIENCE



Removing complexity for customers

- Single ID, omnichannel experience, e-care



On-demand virtualized services

- Instant provisioning, real-time scaling

DRIVING PERFORMANCE



Revenue opportunities

- Fixed-mobile-IT convergence
- Additional value added services (incl. partnerships such as Netflix and WeChat)
- Infrastructure as a Service
- Data & Analytics as a Service



Lower spend

- Marketing, call center, engineers
- Personnel, IT/TI, maintenance, energy
- SAC/SRC, connection fees, traffic
- Cheaper generic hardware

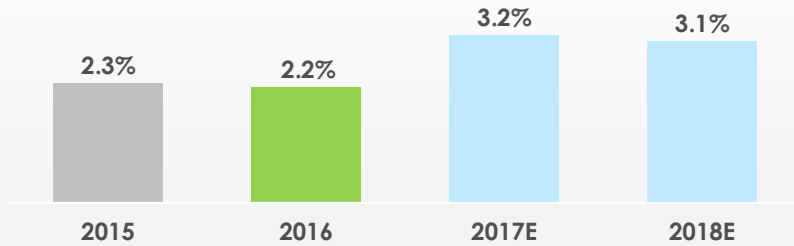
External environment reassuring

Growing macro-economy with strong competitive position

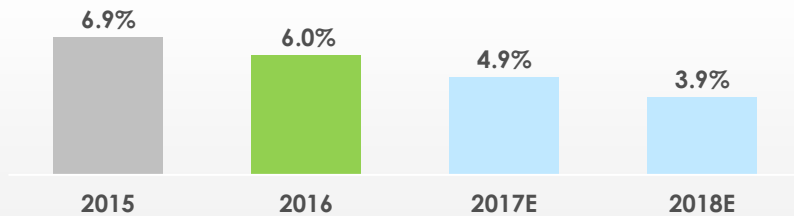


FAVOURABLE MACRO ECONOMY

GDP growth NL¹



Unemployment NL¹



STRONG COMPETITIVE POSITION

	'17-'18	vs. '16-'17
The Netherlands	4	-
Germany	5	-
United Kingdom	8	-1
Denmark	12	-
Belgium	20	-3
























¹ CPB (issued December 2017)

² World Economic Forum; The Global Competitiveness Report 2017-2018

External environment reassuring (cont'd)

KPN strongly positioned as leading integrated service provider



				
Mobile network	2G, 3G, 4G	2G, 3G, 4G	2G, 3G, 4G	4G + MVNO
Mobile network quality ¹				
Mobile market share ²	43%	30%	20%	7%
Fixed network	FttC, FttH	Coax	Wholesale KPN	Wholesale KPN
Broadband market share ³	41%	44%	N/A	4%
TV product perception ⁴			N/A	
TV market share ³	32%	53%	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 (Q3 2017)

³ Telecompaper (Q3 2017)

⁴ Independent market survey (Consumentenbond; Q4 2016)

Strong progress in Simplify, Grow, Innovate strategy

Key priorities on track



Accelerate up- and cross-sell in bundles

Grow in TV and IT services

Finalize Business transformation

Finalize build of flexible and simplified integrated network and operating model

Expand superior access position by deploying innovative technologies and increasing fiber penetration

Optimize financial framework and grow dividend

Simplify

Grow

Innovate

Further strengthening convergence position in Consumer

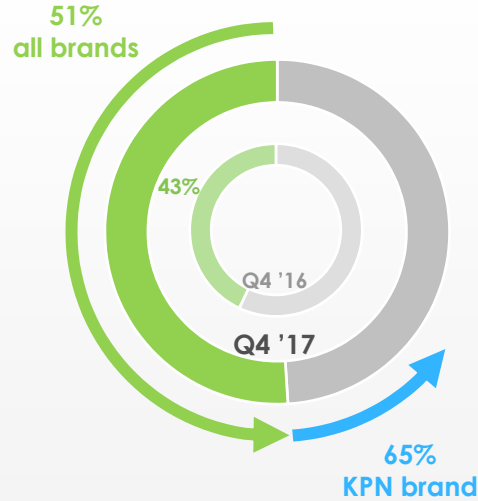
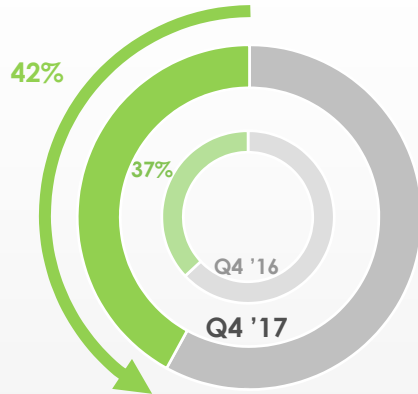
Clear benefits from targeted household approach



Customers in fixed-mobile bundles

Households¹

Postpaid customers



Q4 '17:
64k net adds

Q4 '17:
95k net adds

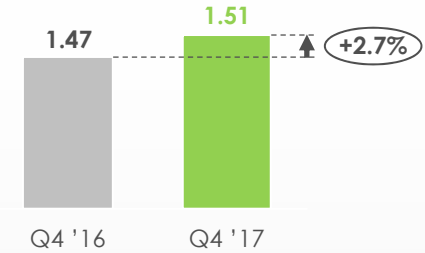
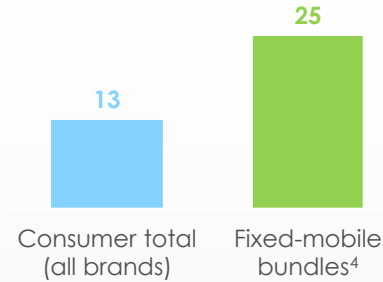
1 As % of broadband customers
2 Source: Kantar TNS
3 Based on fixed-mobile households

4 KPN brand
5 Consumer Marketing & Communication expenses

Clear convergence benefits

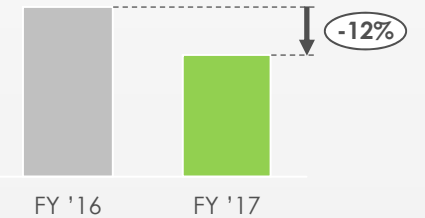
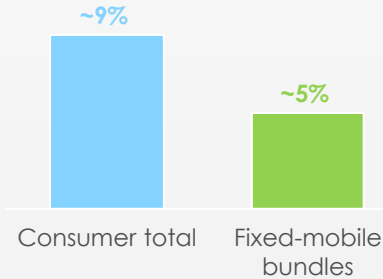
Higher NPS² (Q4 '17)

Increasing SIMs per household³



Lower churn⁴ (Q4 '17)

Lower marketing expenses⁵

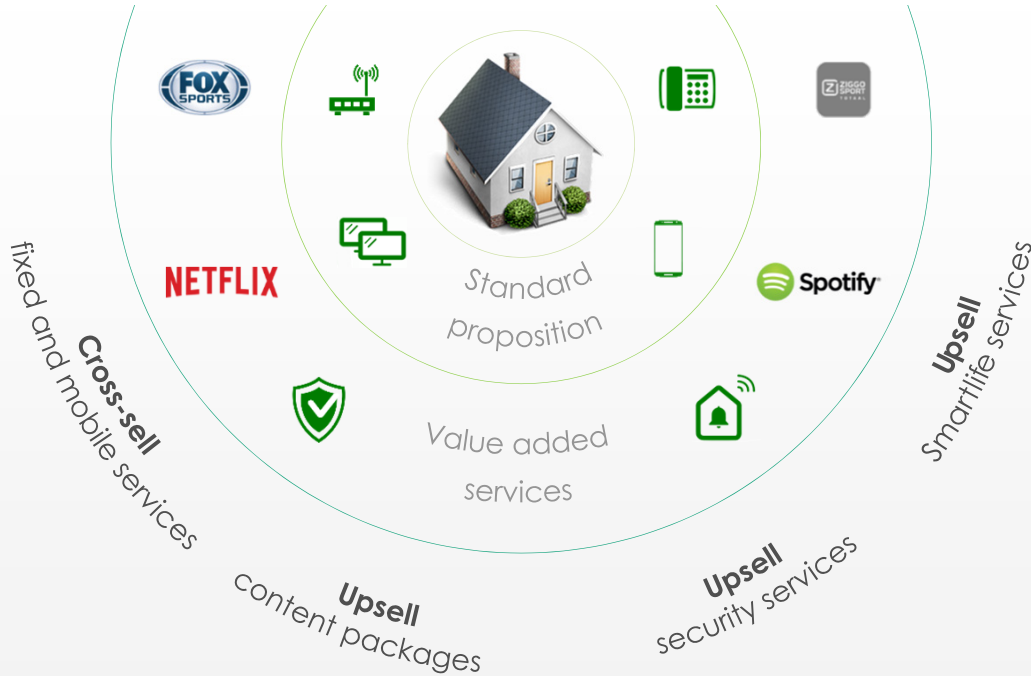


Household at center of service model in Consumer

Strong focus to increase share of wallet per household

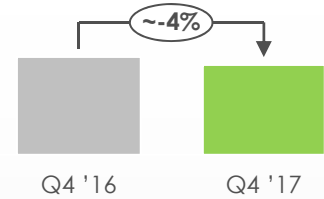


Skinny bundles increasing upsell opportunities

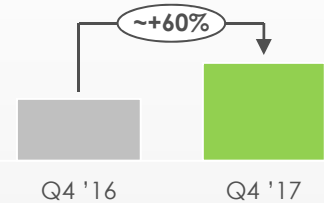


Higher margins from improved up- and cross-sell

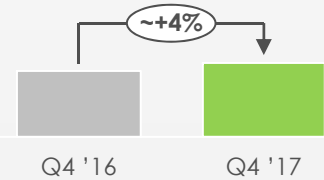
Lower inflow ARPU per household from unbundling content



Higher inflow ARPU from value added services



Higher inflow margin per household

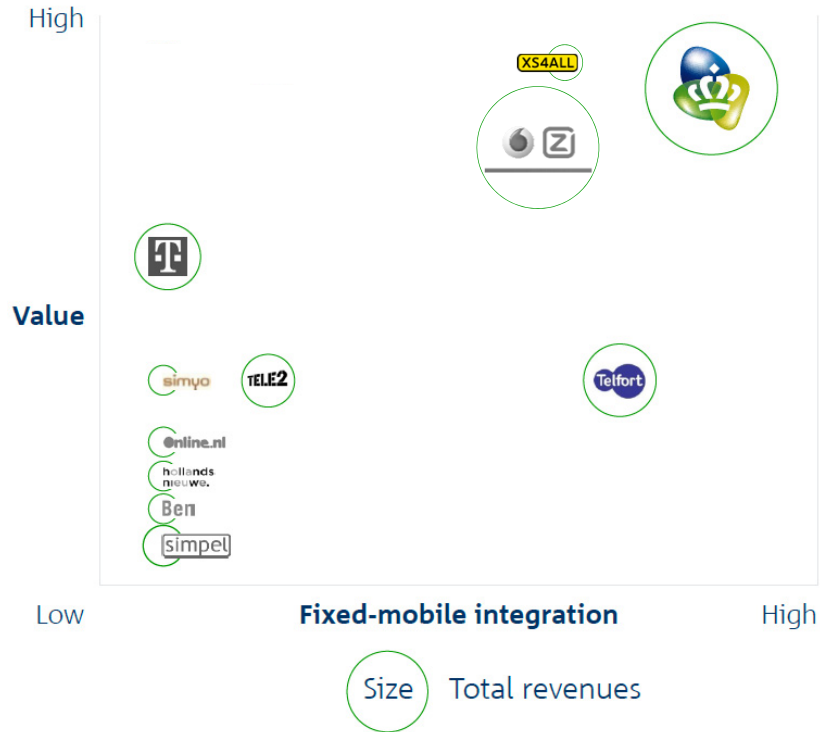


Strong competitive positioning in Dutch market

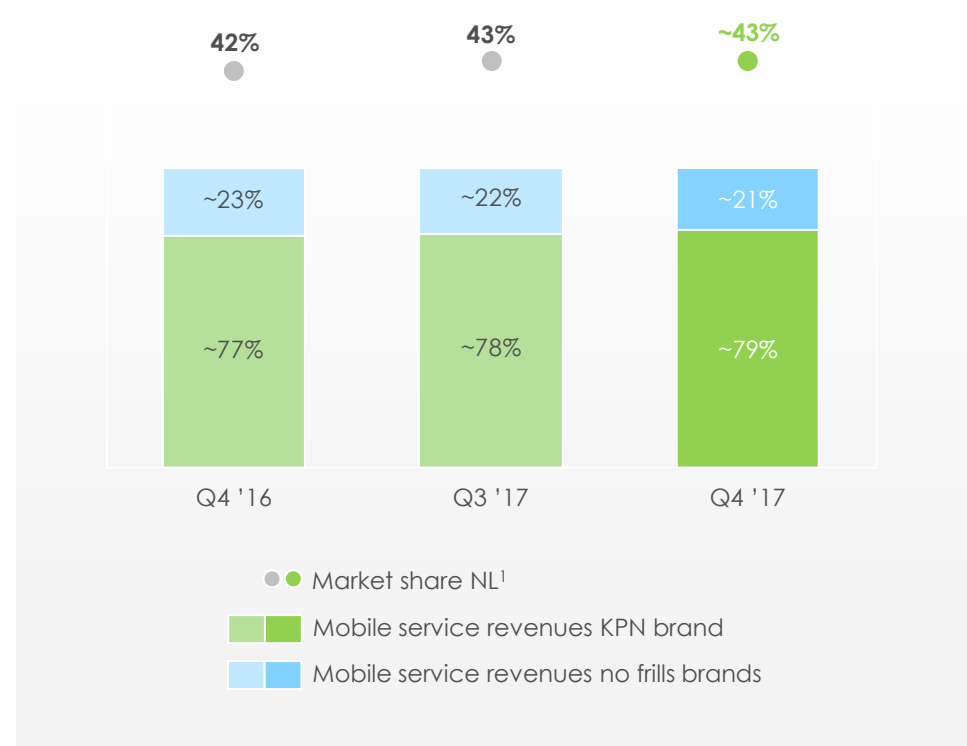
Covering all segments: focus on fixed-mobile bundling and high value



Leading converged position



Higher market share through increasing KPN share in brand mix



¹ Management estimates

Digitalization strengthening customer relationships

Data & analytics supporting value per household



Creation of uniform digital layer completed...

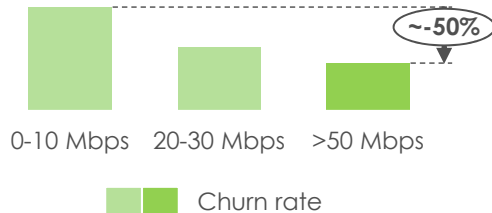


...enabling data & analytics for targeted household approach

- Targeted marketing
 - Enables **personalized** actions and campaigning
- Improving customer service
- Improving quality of InHome connection
 - Identify **individual** churn probability and driver

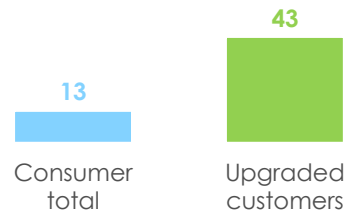
Encouraging results from proactively upgraded InHome quality

Higher InHome speed reduces churn

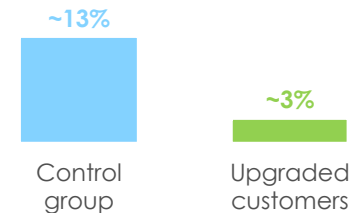


Example initial roll-out

Higher NPS



Lower churn



Targeted household marketing drives customer loyalty and convergence



Using smart analytics to drive value



Step 1: Creation of uniform digital layer completed



Step 2:

Use Data & Analytics to optimize

- Customer service
- Up- and cross-sell
- Network investments while preserving privacy

Client situation

Data pool

Client advice (automatically shown to customer service)

New (3)

Offered (0)

Client has the right for KPN Veilig to be installed on 2 devices
0 installed



We can enhance the client's connection (speed/stability) by switching WiFi channels



Upgrade to Alles-in-1 Standaard, from Internet+Bellen



Benefits

Net Promotor Score



Convergence penetration



Household value



Churn



Marketing expenses



Simplified Business portfolio in 2017

Added scale and capabilities to strengthen position as leading ICT service provider



Changing customer needs...



...require a simple and customer focused portfolio

Propositions

KPN small business

<5 employees

KPN ÉÉN SME

5-150 employees

LE & Corporate
7 focused propositions

>150 employees

Industry propositions

Healthcare, Government & Manufacturing

Portfolio

Communication services

IT services

Professional services & Consultancy

Distribution platform

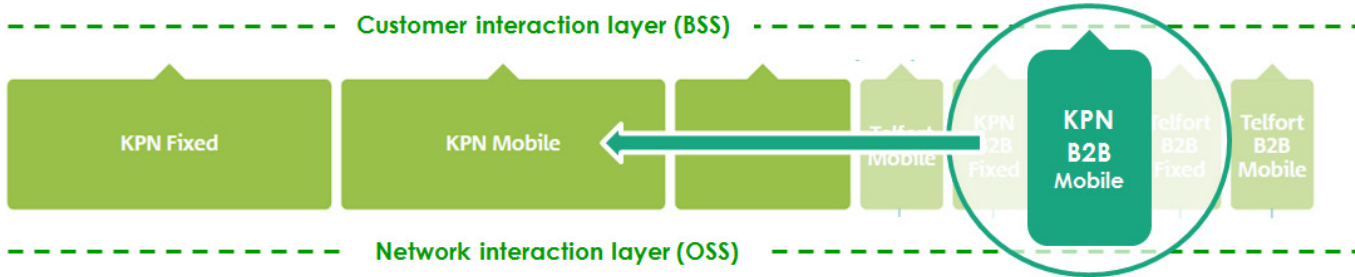


Transformation to leading Business ICT provider on track

Supported by Simplification



Migration of KPN Business Mobile clients completed



Benefits:

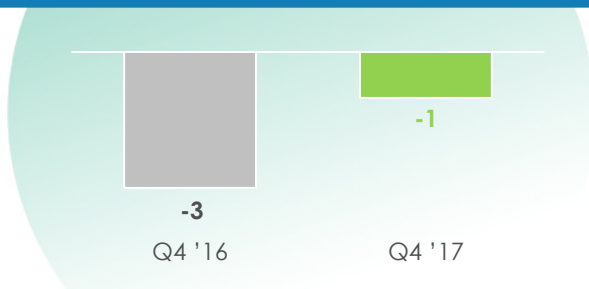


Improved time-to-market



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

Focus to further improve Business NPS¹



¹ Source: Kantar TNS

² Source: Dutch IT Partner Preference Survey

³ Source: Giarte, annual client satisfaction benchmark Dutch IT outsourcing market

Best ICT service provider



Improved positioning in growing IT market

Leverage leading position in communication services to grow market share in IT



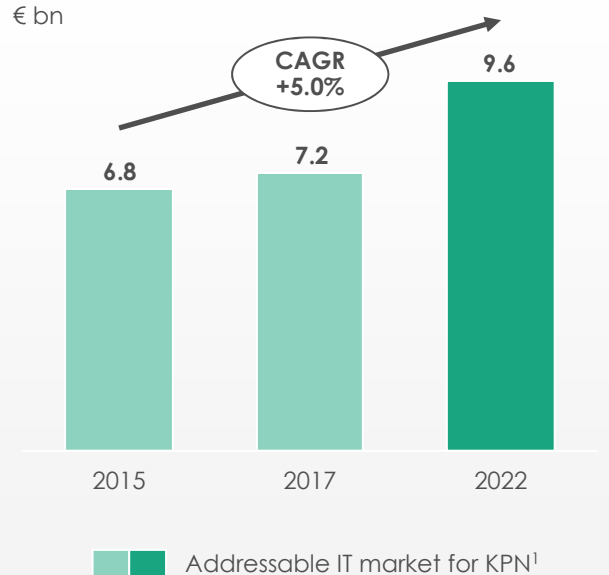
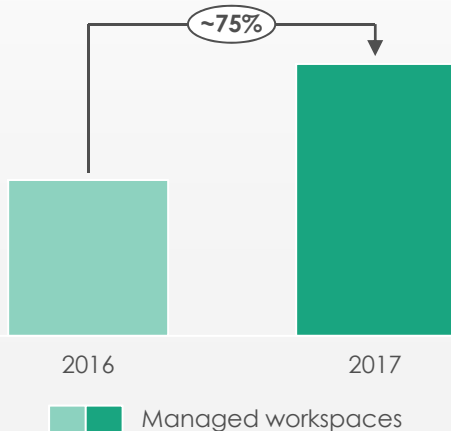
Increasing share in IT services...

...in growing IT market

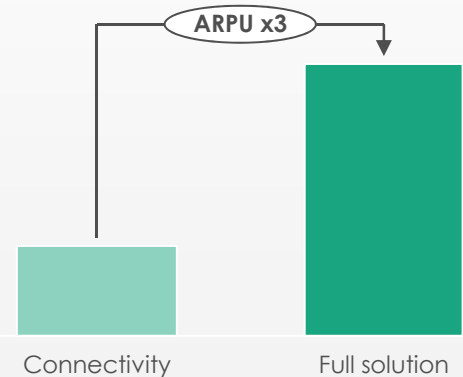
Expanding growth in Internet of Things with fully integrated solution

Security Digital workspace Cloud

Strong growth in workspaces



Easy integration of devices and applications
Best-in-class connectivity and services
Combined consulting, data and security services



¹ Gartner, management estimates; addressable market includes Cloud infra & Hosting, Consulting & Professional Services, Digital Workspace, Application & Data

Expanding superior network position



Simplify operating model to improve customer experience and operational effectiveness

Expand superior access position by deploying innovative technologies and increasing fiber penetration

Finalize build of flexible and simplified integrated network

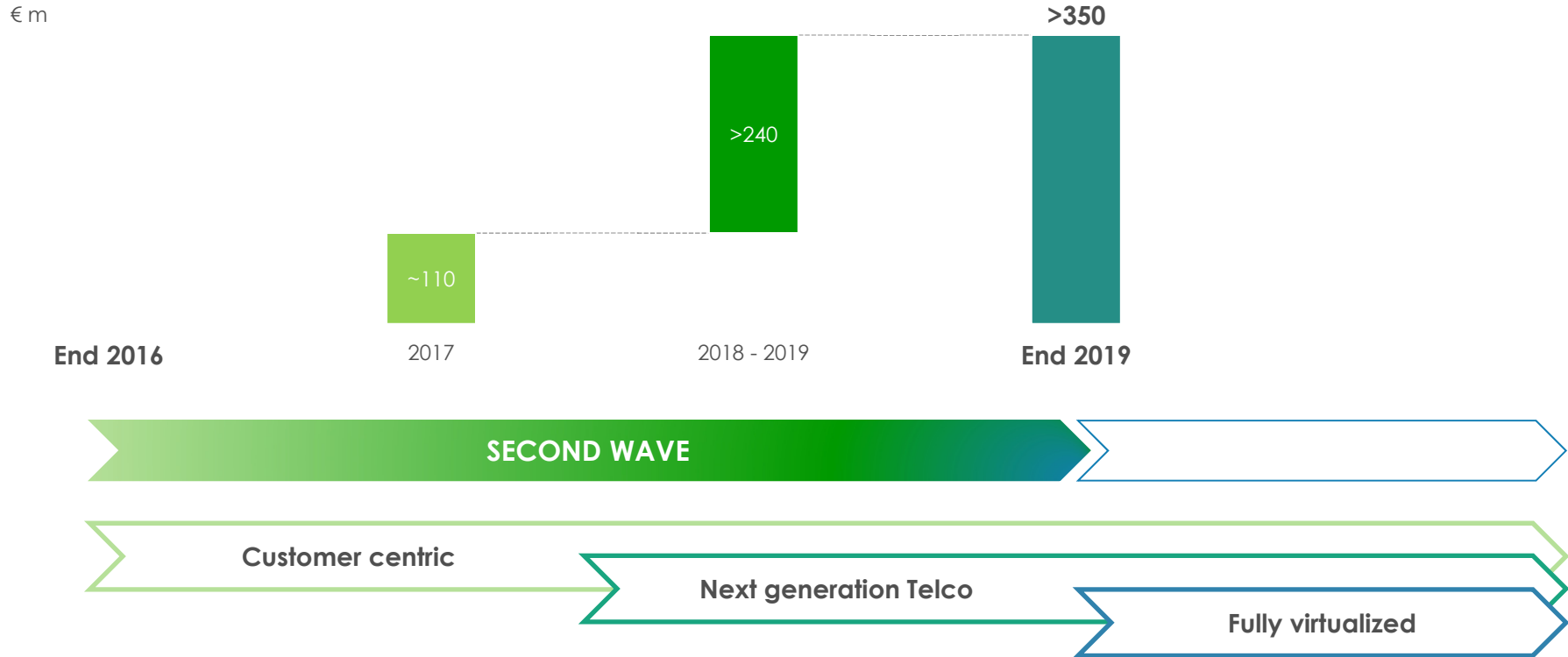
Ensuring best-in-class customer experience

Second wave Simplification program ahead of schedule

Run-rate savings target raised to at least € 350m by end 2019

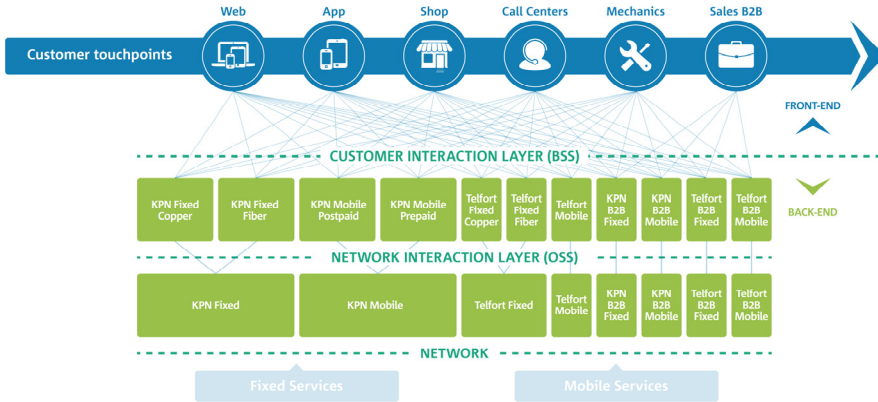


Simplification program run-rate opex and Capex savings



Gradual approach to simplify operating model

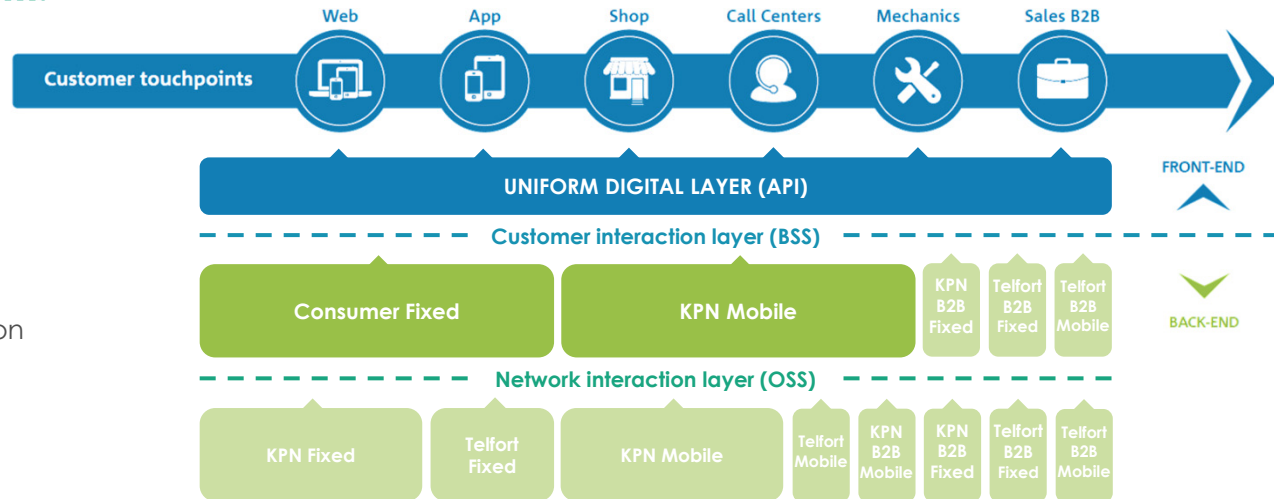
BSS integration nearly completed, starting OSS integration in 2018



End 2013



End 2017



BSS integration

~€ 80m run-rate savings¹ from KPN Consumer Fixed and Mobile IT rationalization

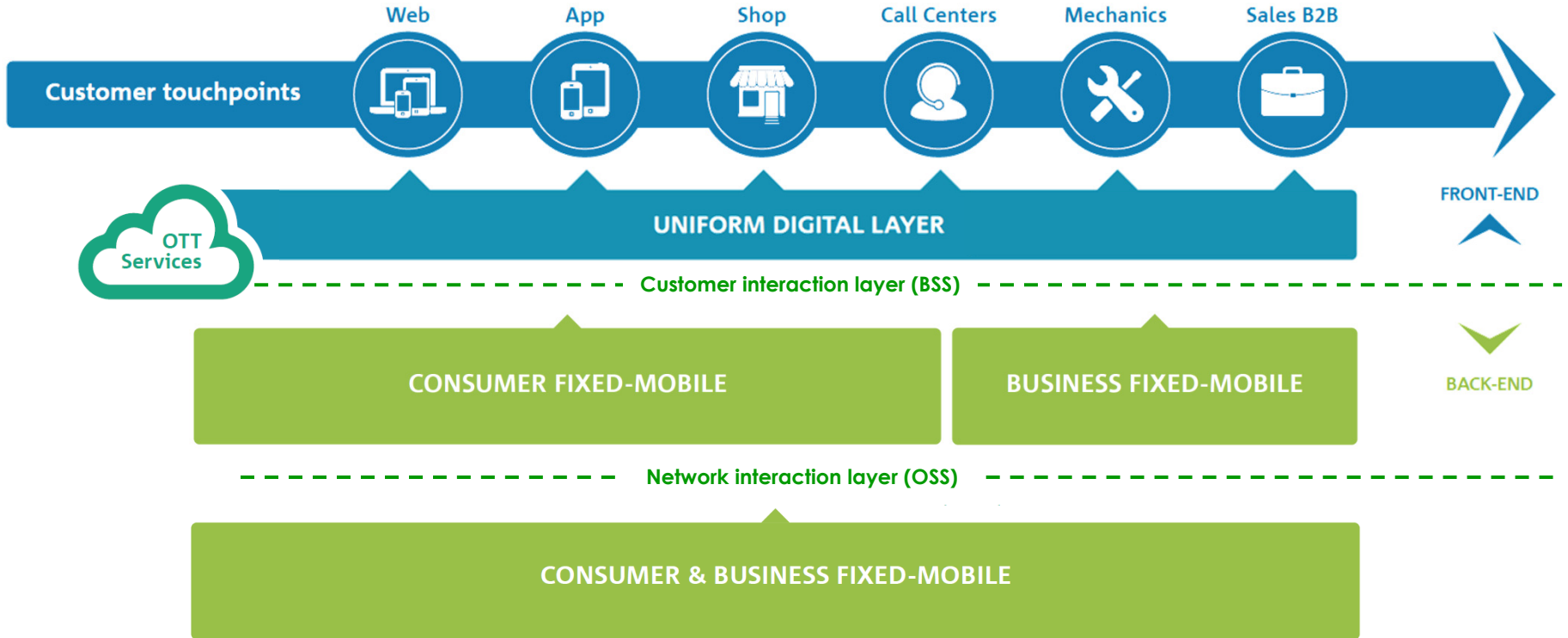
OSS integration

~€ 30m run-rate savings¹ from consolidation of network interaction layer

¹ Run-rate savings per end 2019

Gradual approach to simplify operating model (cont'd)

2017-2019: Evolving into next generation Telco

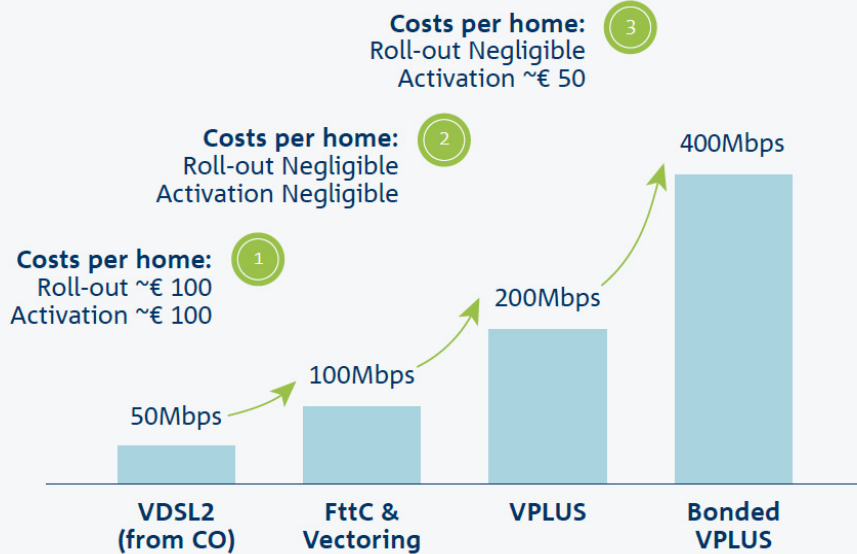


Ready to upgrade if demand changes

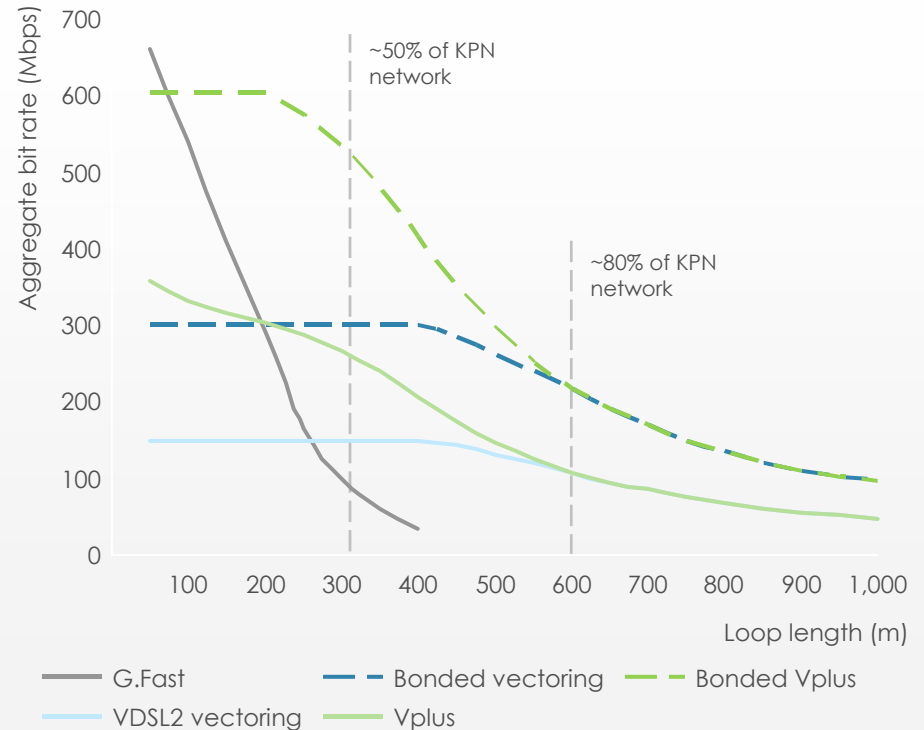
Dense fiber network reaching ~80% of households (FttH / FttC)



Cost and time efficient upgrades



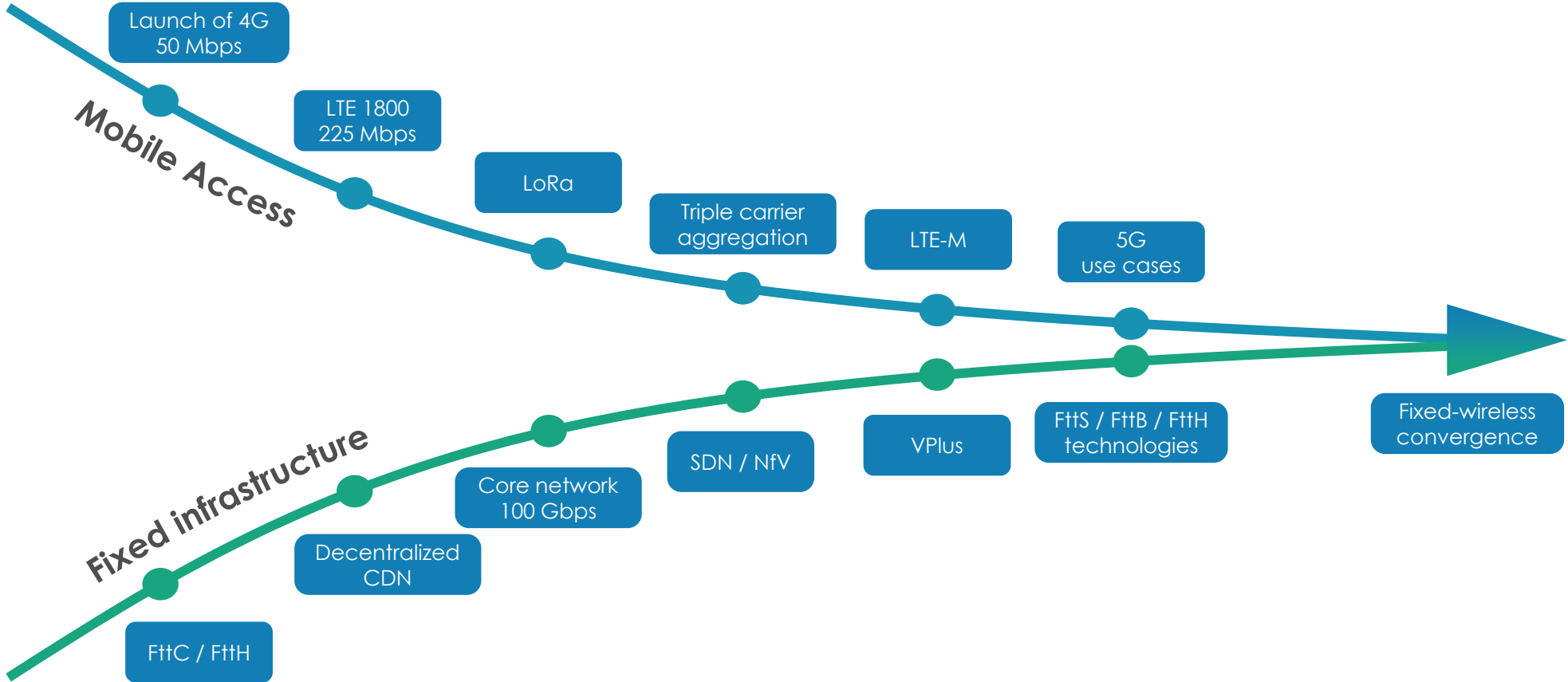
Vplus delivering highest stable speeds without changing network architecture¹



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

Converging fixed and mobile network technologies

Mix of technologies to deliver best customer experience



Determining value of 5G technologies through use cases

Starting several pilots with business partners



Urban areas

Virtual reality

4k / 8k television

Crowd control

Rural applications

Precision farming

Fixed wireless internet

Drone surveillance

Transport & Logistics

Cargo / asset tracking

Predictive maintenance

Increase asset utilization

Automotive

Truck platooning

Green light optimal speed advice

Automated valet parking

Continued investments to further improve customer experience

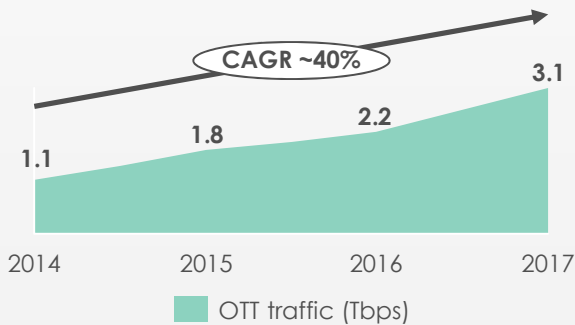
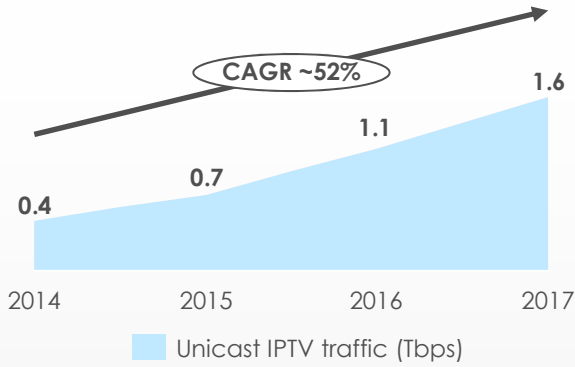


Core network important differentiator for quality of service

Changing customer behavior,
data demand increasing rapidly

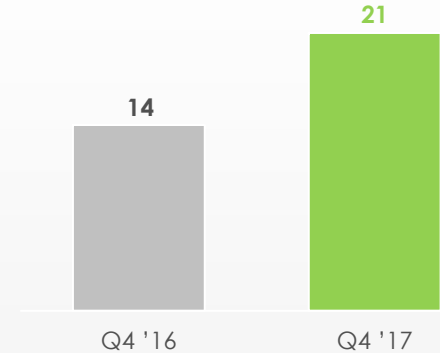
Upgraded core network,
roll-out decentralized CDN on track

Supporting customer experience,
strong increase NPS IPTV¹



- Core location
- Metro-Core location
- Street cabinet or Mobile base station

- Upgrade core network completed
- 161 Metro Core Locations
- Providing significant cost reduction



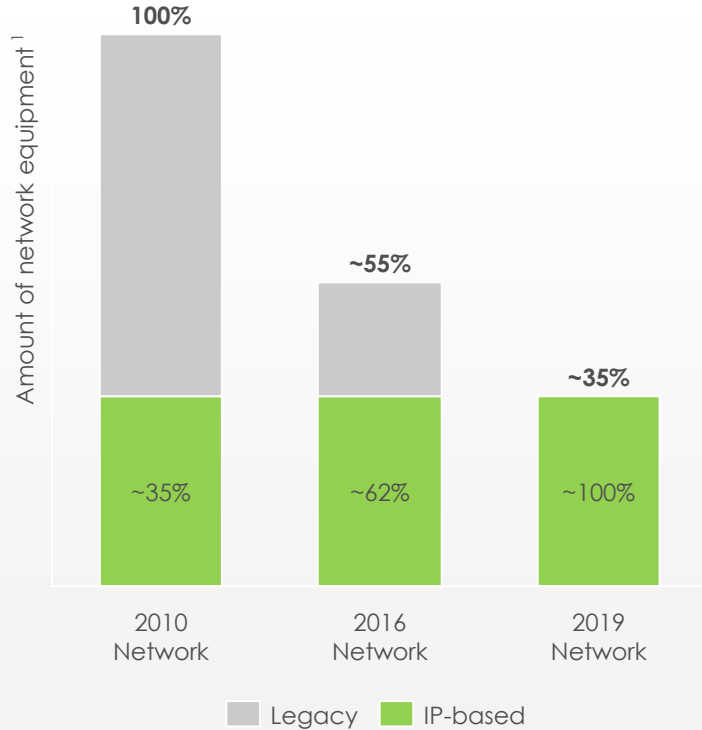
¹ KPN brand, source: Kantar TNS

Network rationalization to prepare for virtualization

Reducing complexity and associated costs to enable flexibility

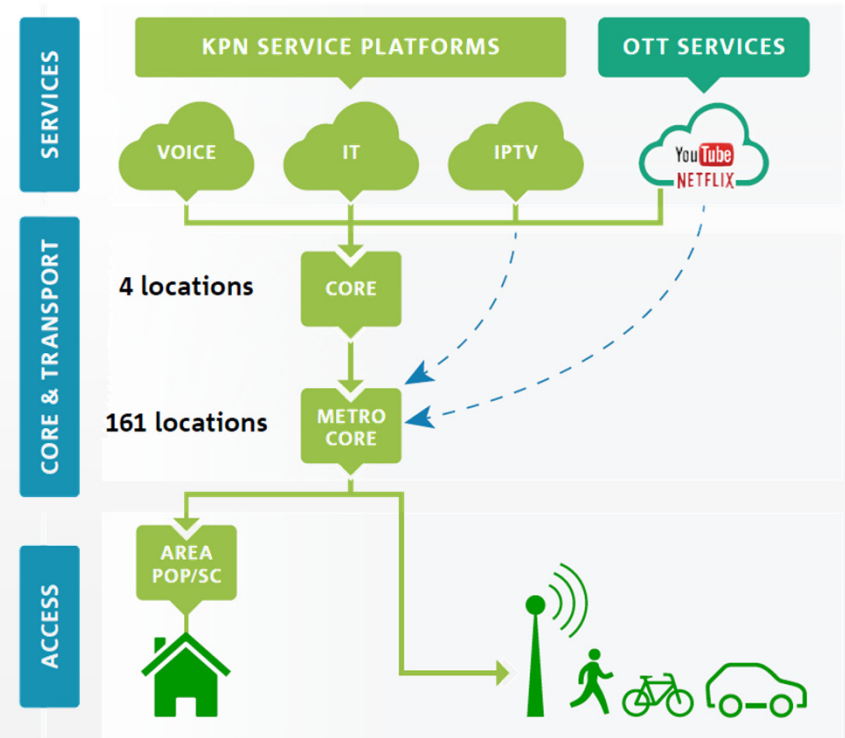


IP transformation on track



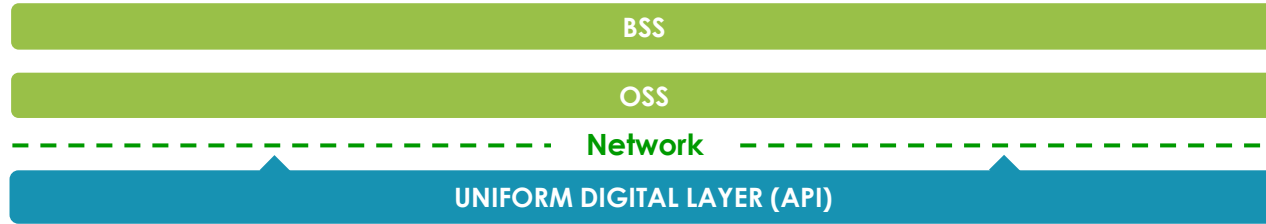
¹ Rebased (amount of network equipment used in 2010 = 100%)

Decentralize, bringing services closer to customers

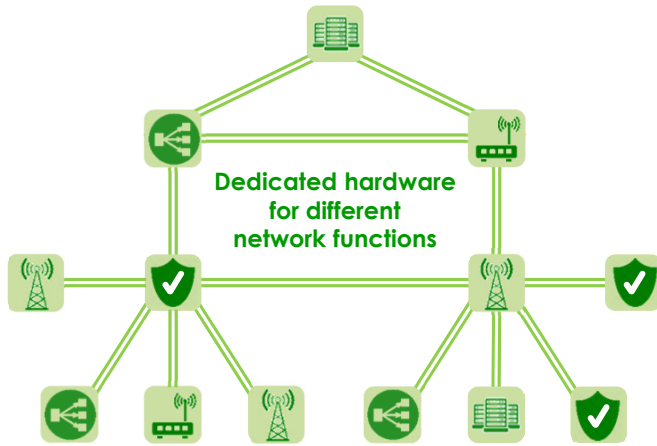


Gradually moving to a software defined network

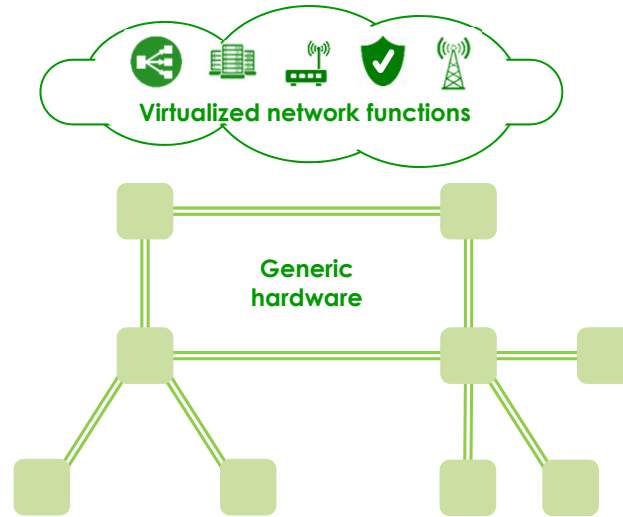
Providing flexible on-demand capacity and new services, faster and at lower costs



Legacy network



Software Defined Network



ON-DEMAND VIRTUALIZED SERVICES

- Fast delivery
- Real-time scaling
- Intuitive user experience
- Near real-time updates

DRIVING PERFORMANCE

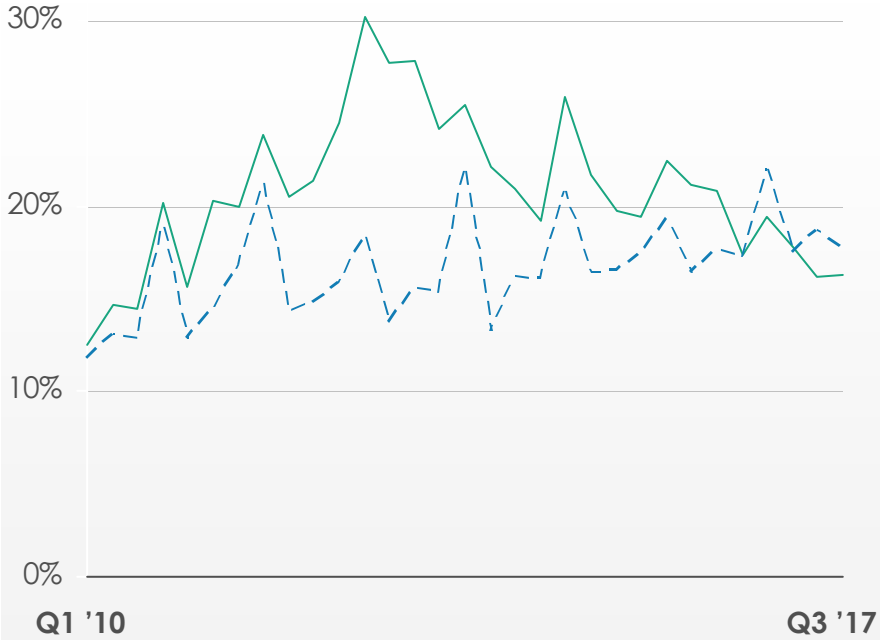
- Infrastructure as a Service
- Flexible capacity
- Highly automated maintenance
- Self-healing and self-optimizing networks

Ahead of the Capex curve

KPN built strong fundamentals in past years



KPN INVESTED AHEAD OF THE CURVE



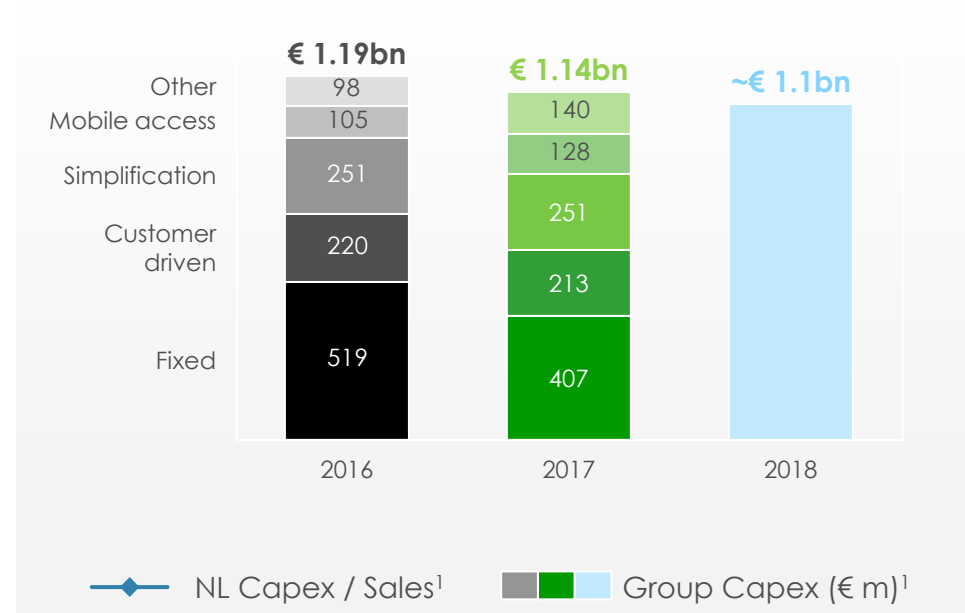
Q1 '10

Q3 '17

■ KPN The Netherlands¹ ▨ Telco sector (domestic integrated operations)²

REDUCING CAPEX

19.7% → 19.2%



◆ NL Capex / Sales¹ ■ Group Capex (€ m)¹

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



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 from elevated levels

4 Lower interest payments going forward

5 Limited cash taxes

Solid financial position

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

Commitment to growing shareholder returns

- Free cash flow growth to drive growing shareholder remuneration

Contents

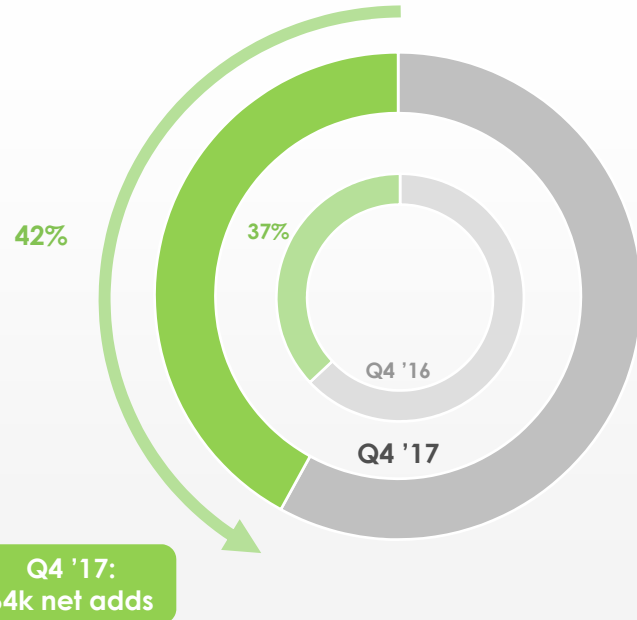
- 1 Strategy
- 2 Performance**
- 3 Appendix

Continued growth fixed-mobile bundles in Consumer

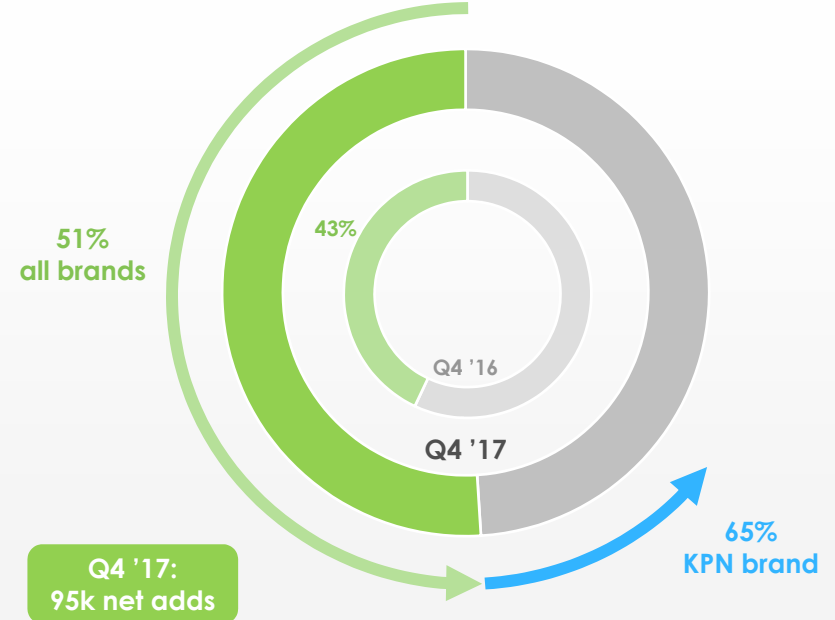
Successful up- and cross-sell of additional SIMs per household



Households in fixed-mobile bundles¹



Postpaid customers in fixed-mobile bundles



¹ As % of broadband customers

Strong household proposition supporting value creation

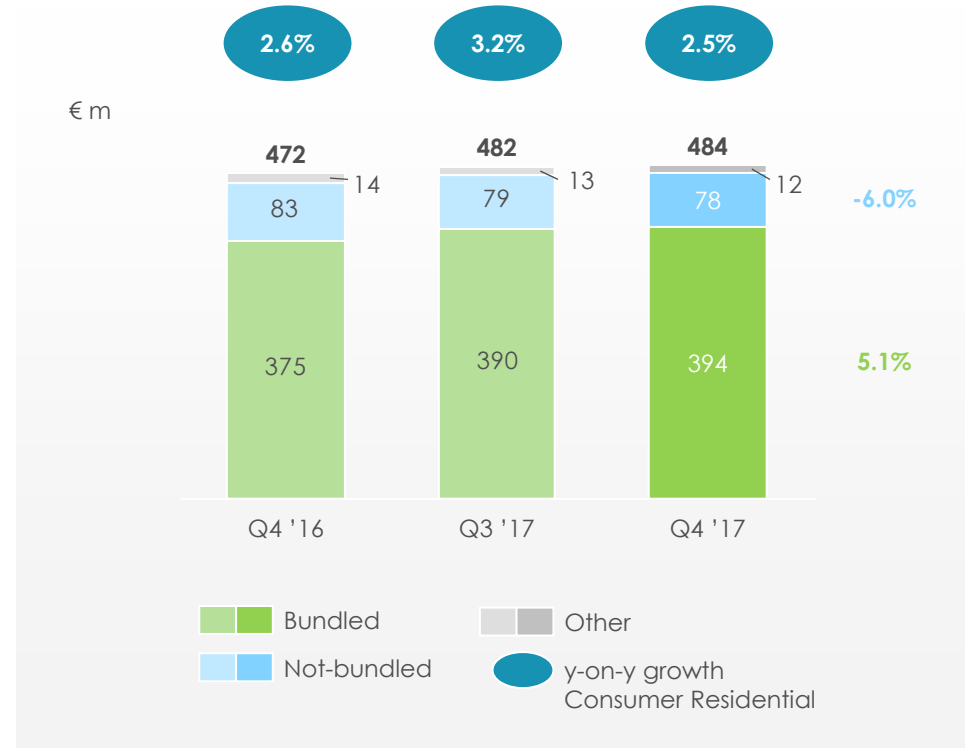
Continued revenue growth in Consumer Residential



Successful launch of new line-up



Bundled services driving continued revenue growth

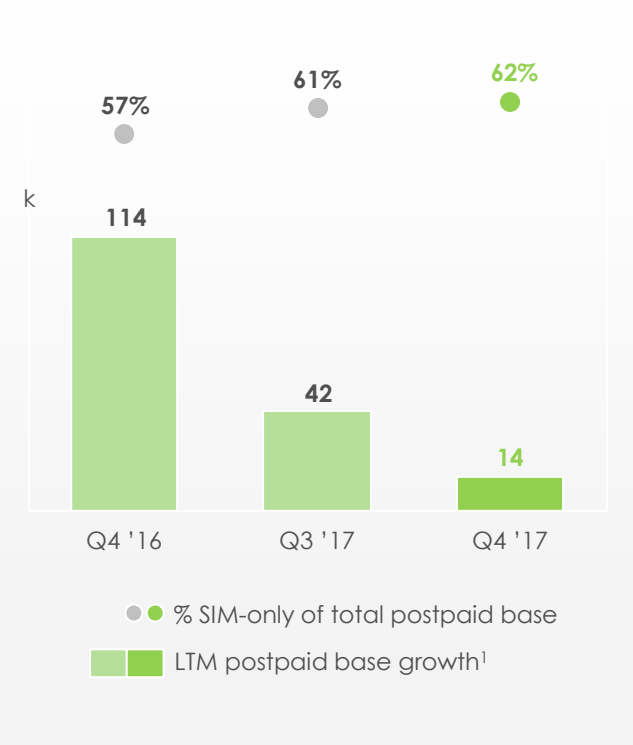


Gaining market share through continued value focus in Mobile

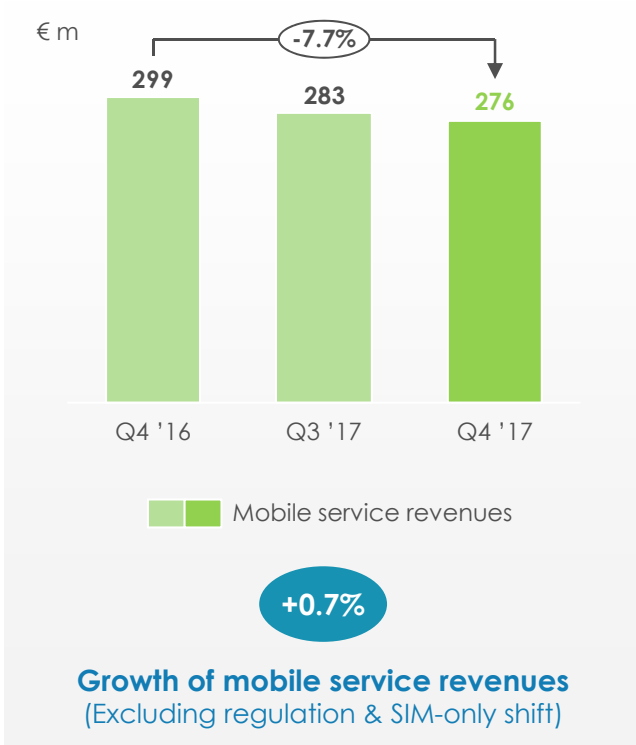


Regulation and shift from handset to SIM-only propositions impacting service revenue trend

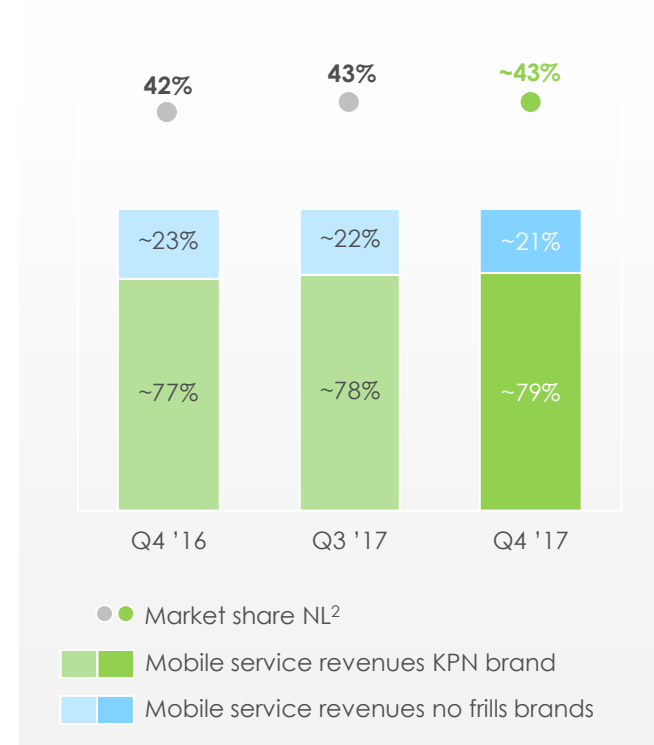
Shift to SIM-only, regulation and lower base growth...



...impacting mobile service revenues...



...but higher market share through increasing KPN share in brand mix



1 Excluding migrations and clean-ups
 2 Management estimates

Migrations in Business on track, lower exposure to traditional services

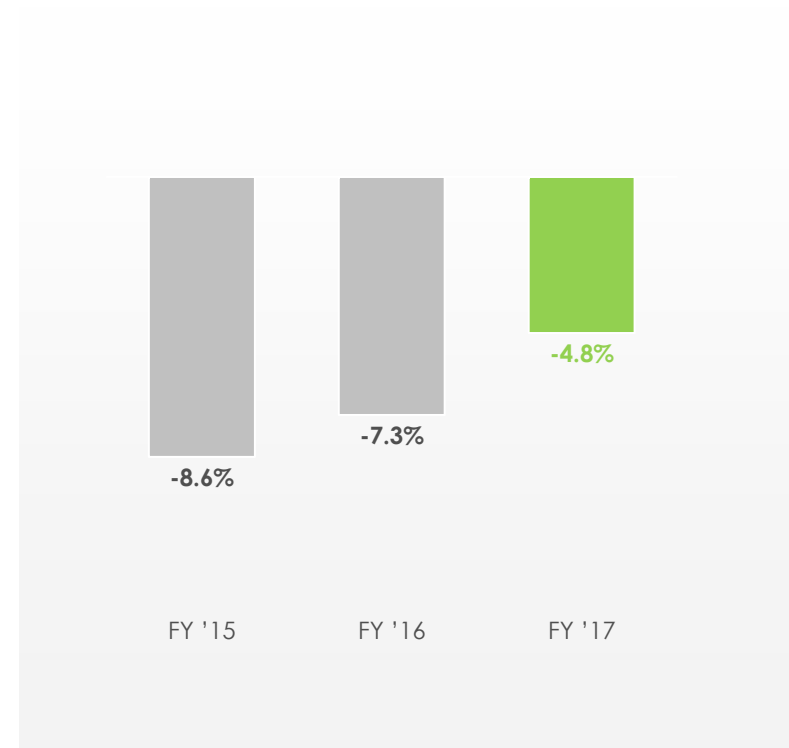


On track for revenue stabilization in Business

Business revenue growth drivers

	Q4 '17 adjusted y-on-y growth	FY '15 % of total adjusted revenues	FY '17 % of total adjusted revenues
Business total	-1.4%		
Mainly SME	Multi play	3.8%	7.5%
	Traditional fixed	-19%	19%
	Single play wireless	-24%	24%
Mainly LE&Corporate	Network & IT services	8.1%	23%
	Customized solutions	0.7%	26%
New services	38%	3.9%	6.1%

Steadily improving revenue trend



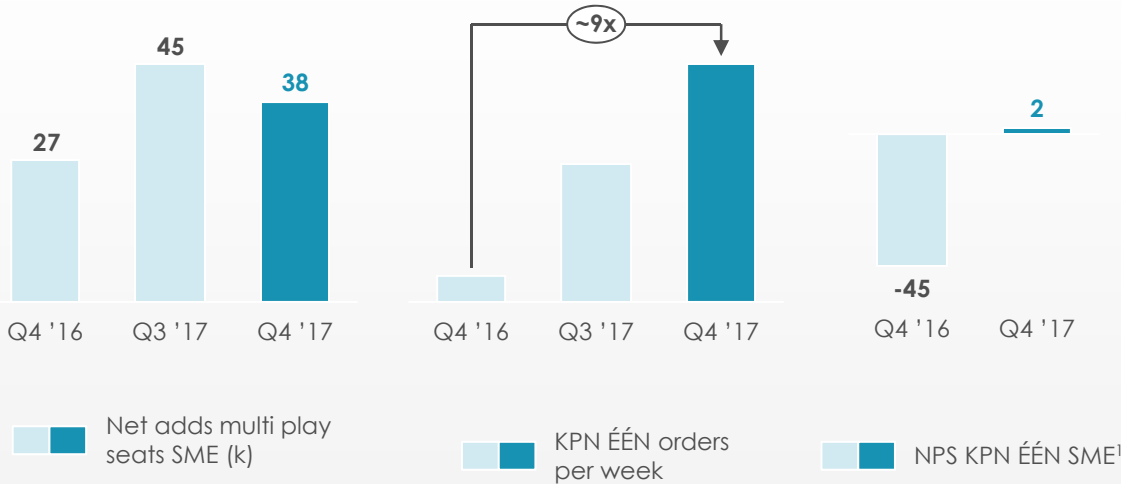
Ready to accelerate growth of multi play in SME

Continued growth KPN ÉÉN adds to IT up- and cross-sell potential



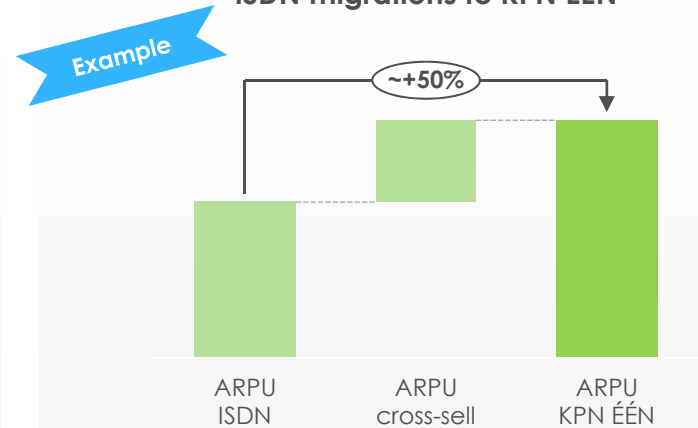
Strengthened delivery chain supporting strong pick up...

...and driving clear benefits



1 NPS for service/delivery of KPN ÉÉN SME via direct channels

Successful pilot ISDN migrations to KPN ÉÉN



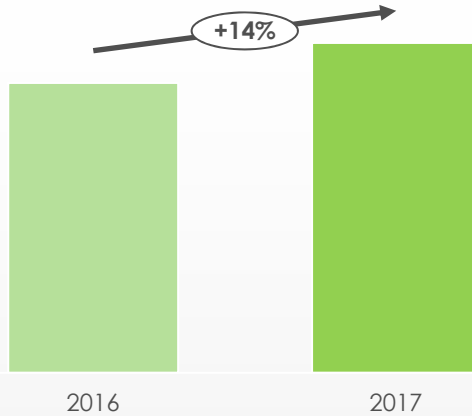
- Successful cross-sell of services driving ARPU uplift
- ~90% migrating to 3-year contract vs. 1-year pre-migration

Strong momentum in converged communications & IT services

Several landmark corporate deals in 2017 driving increased order intake



Continued growth order intake



Order intake LE & Corporate

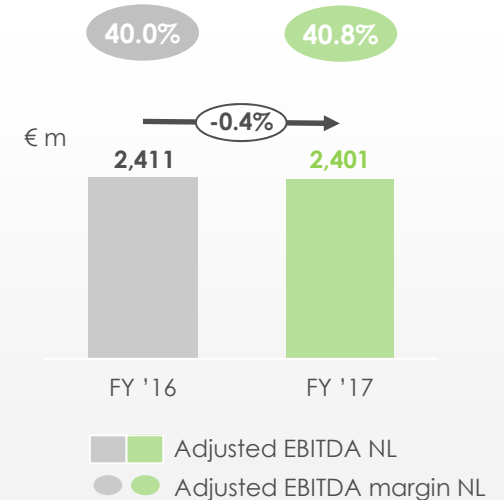
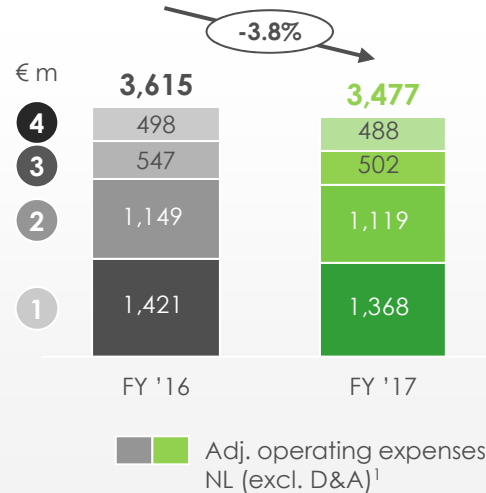
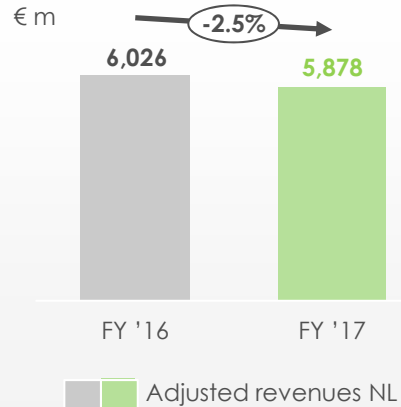


Simplification driving quality improvements at improved margins



Solid progress in further reducing spend levels

FY '17 opex reduction (€ 138m) supporting margins



- | | | | |
|---|--|---|--|
| <p>1 Cost of goods & services -3.7%</p> <ul style="list-style-type: none"> Traffic ▼ Cost of goods sold ▲ SAC/SRC ▼ | <p>2 Personnel expenses -2.6%</p> <ul style="list-style-type: none"> Own personnel ▲ External personnel ▼ | <p>3 IT/TI expenses -8.2%</p> <ul style="list-style-type: none"> Savings mainly from decommissioned legacy IT systems ▼ | <p>4 Other opex -2.0%</p> <ul style="list-style-type: none"> Marketing & Comm. ▼ Billing & Collection ▲ Housing & Facilities ▼ |
|---|--|---|--|

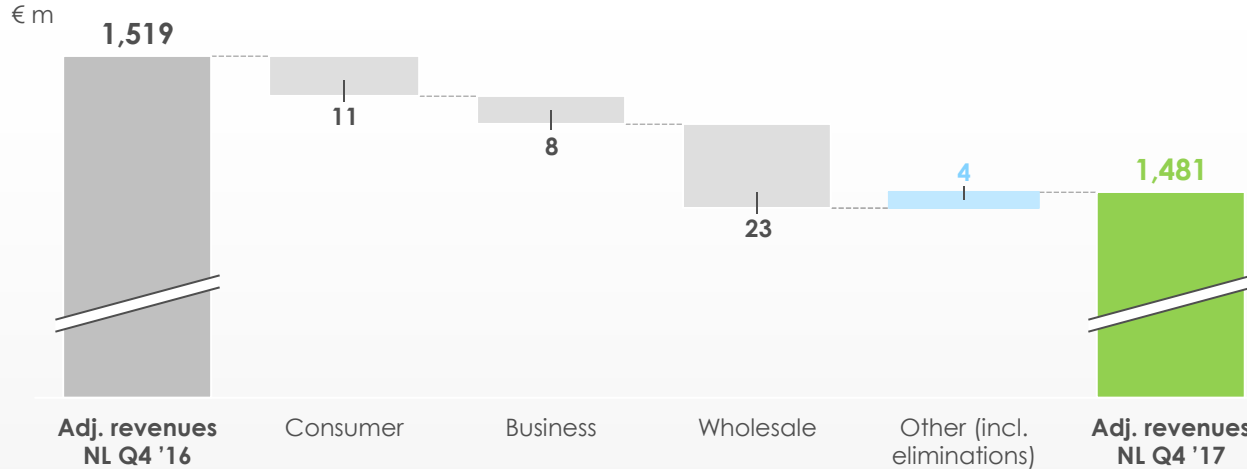
▼▲ Low-to-mid single digit % ▼▲ Mid-to-high single digit % ▼▲ Double digit %

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

Q4 '17 adjusted revenues impacted by regulation



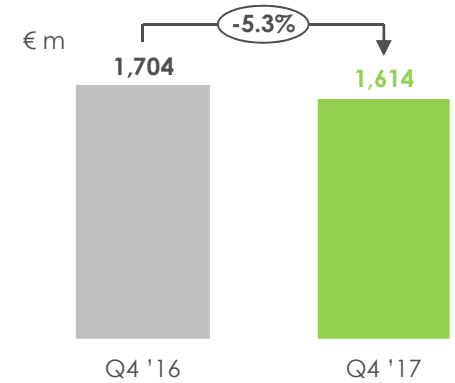
Adjusted revenues NL declined by 2.5%



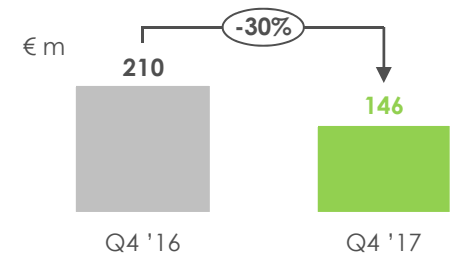
-0.7%

Growth of adjusted revenues NL, excluding € 27m regulation impact (roaming & MTA / FTA)

Adjusted revenues KPN Group



Adjusted revenues iBasis

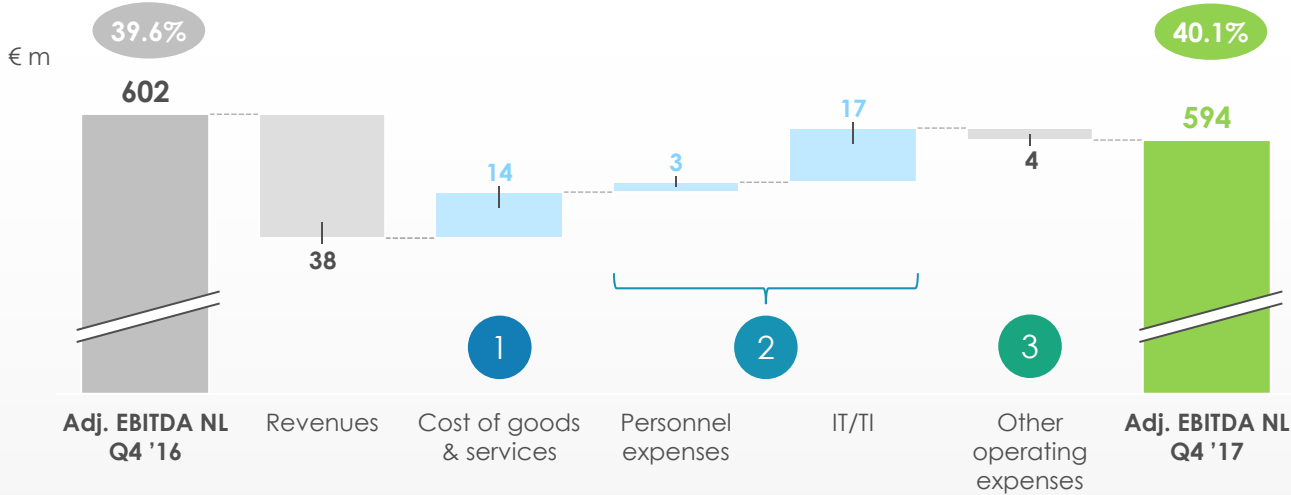


Q4 '17 adjusted EBITDA impacted by regulation and cost phasing



Higher marketing expenses and customer driven investments related to order intake in Business

Adjusted EBITDA NL declined by 1.3%¹



- 1 Lower traffic, partly offset by higher cost of goods sold
- 2 Ongoing Simplification savings
- 3 Lower costs for housing, offset by higher marketing expenses

Adjusted EBITDA margin The Netherlands

-0.7%

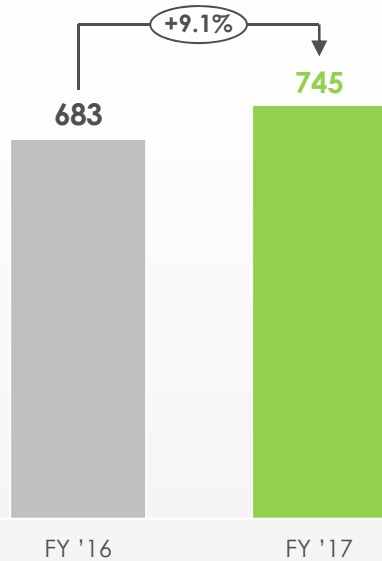
Growth of adjusted EBITDA NL, excluding € 4m regulation impact (roaming & MTA / FTA)

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

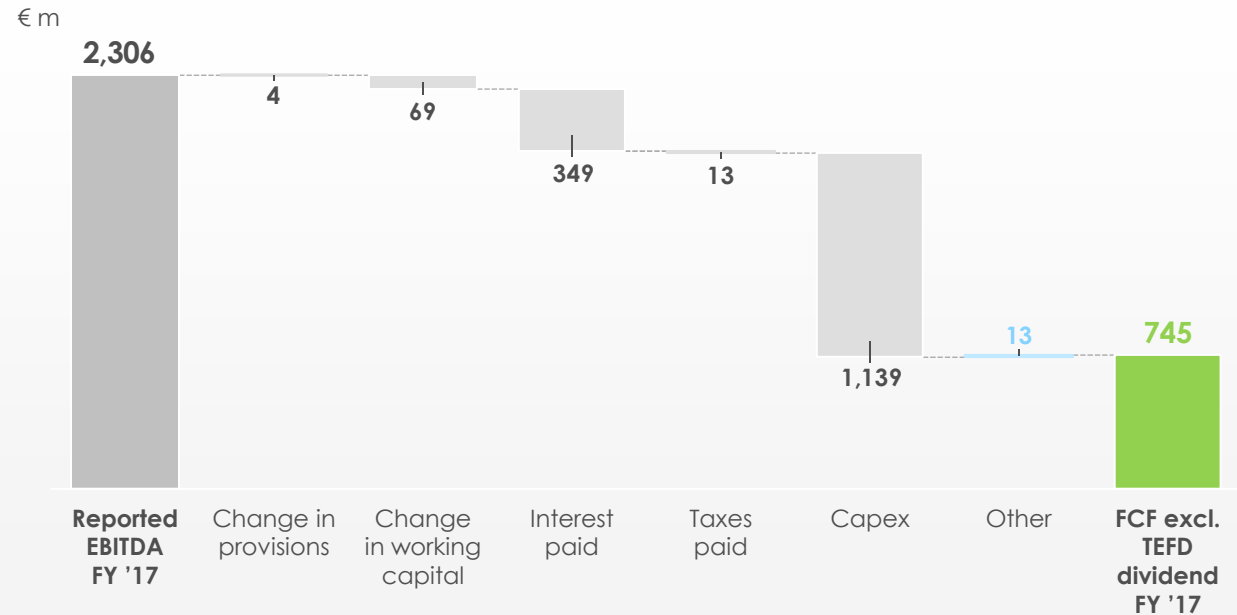
Free cash flow growth driven by lower interest and Capex



Growing free cash flow¹



Free cash flow components

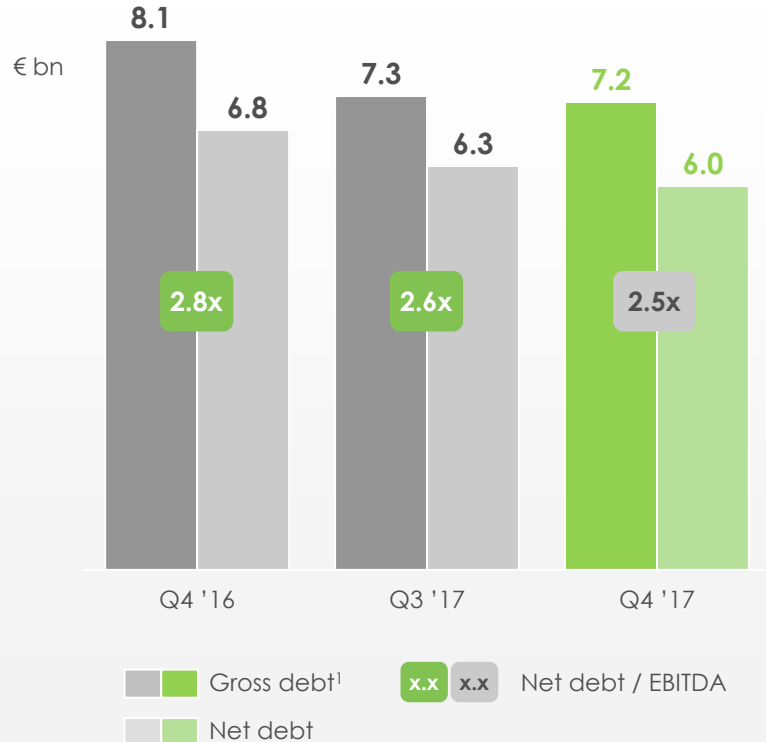


¹ Excluding TEFD dividend; FY '16 excludes € 52m negative impact from cash optimization actions

Solid financial position



Lower debt y-on-y



Debt portfolio

- Net debt € 0.3bn lower vs. Q3 '17 mainly due to free cash flow generation
- Average coupon senior bonds 3.9% (Q4 '16: 4.1%)

Financial flexibility

- Additional financial flexibility via stake in TEFD

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



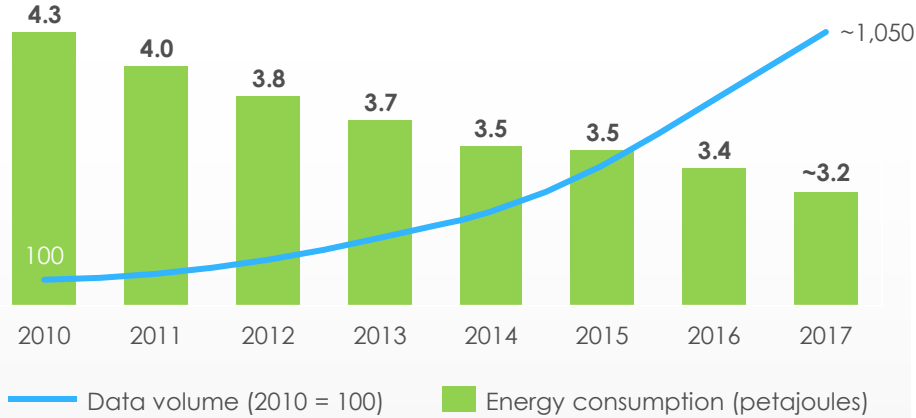
Bloomberg ticker	KKPNY
Trading platform	Over-the-counter (OTC)
CUSIP	780641205
Ratio	1 ADR : 1 Ordinary Share
Depository bank	Deutsche Bank Trust Company Americas
Depository bank contact	Jonathan Montanaro
ADR broker helpline	+1 212 250 9100 (New York) +44 207 547 6500 (London)
E-mail	adr@db.com
ADR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

Successful CSR strategy delivering benefits for customers and KPN



Recognition by leading benchmarks

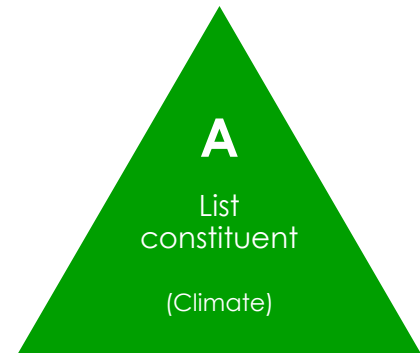
Less energy consumption despite rising data volumes¹



MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



Helping customers to reduce energy usage¹



¹ 2017 based on management estimate



Service revenues (€ m)	Q4 '17	Q4 '16	y-on-y %
Consumer	276	299	-7.7%
Business ¹	158	162	-2.5%
Other ²	45	40	13%
KPN The Netherlands	479	501	-4.4%

	FY '17	FY '16	y-on-y %
	1,154	1,179	-2.1%
	639	678	-5.8%
	159	155	2.6%
	1,952	2,012	-3.0%

SAC/SRC per subscriber (€)	Q4 '17	Q4 '16	y-on-y %
Consumer (postpaid) ³	191	218	-12%

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

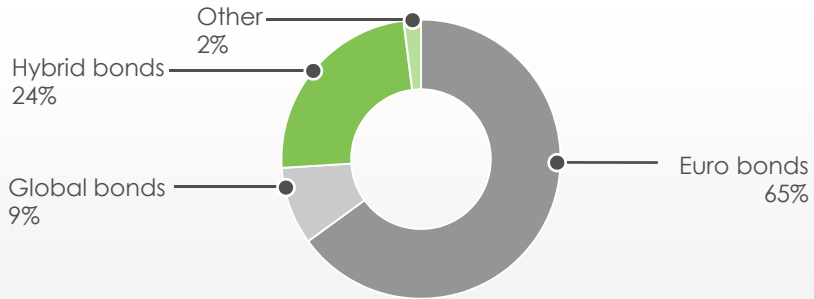
2 Includes amongst others Wholesale mobile service revenues and visitor roaming

3 Including handset subsidies, commissions and SIM costs

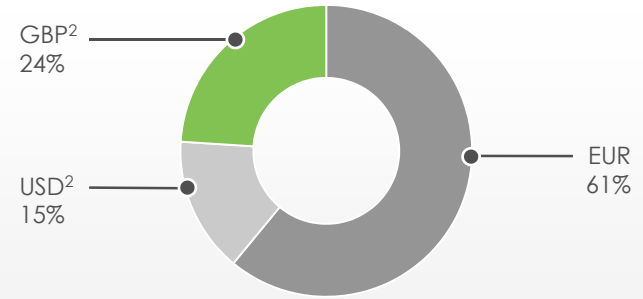
Debt portfolio



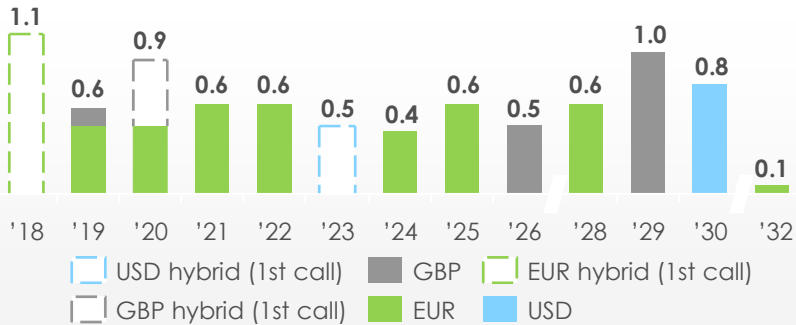
Breakdown nominal debt¹ (total € 8.3bn)



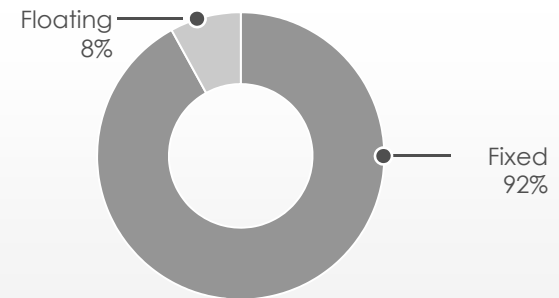
Nominal debt by currency



Bond redemption profile (€ bn)



Fixed vs. floating interest³



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

Estimated IFRS 15 impact for FY 2017

Different timing revenue recognition impacting revenues and EBITDA



FY '17 (€ m)	IAS 18 (actual)	IFRS 15 (estimated delta)
Adjusted revenues KPN Group	6,500	~ -130
Adjusted EBITDA KPN Group	2,417	~ -100
Free Cash Flow (excl. TEFD dividend)	745	No change
Equity (per 01/01/2017)	3,601	~ +285

Main changes IFRS 15 vs. IAS 18

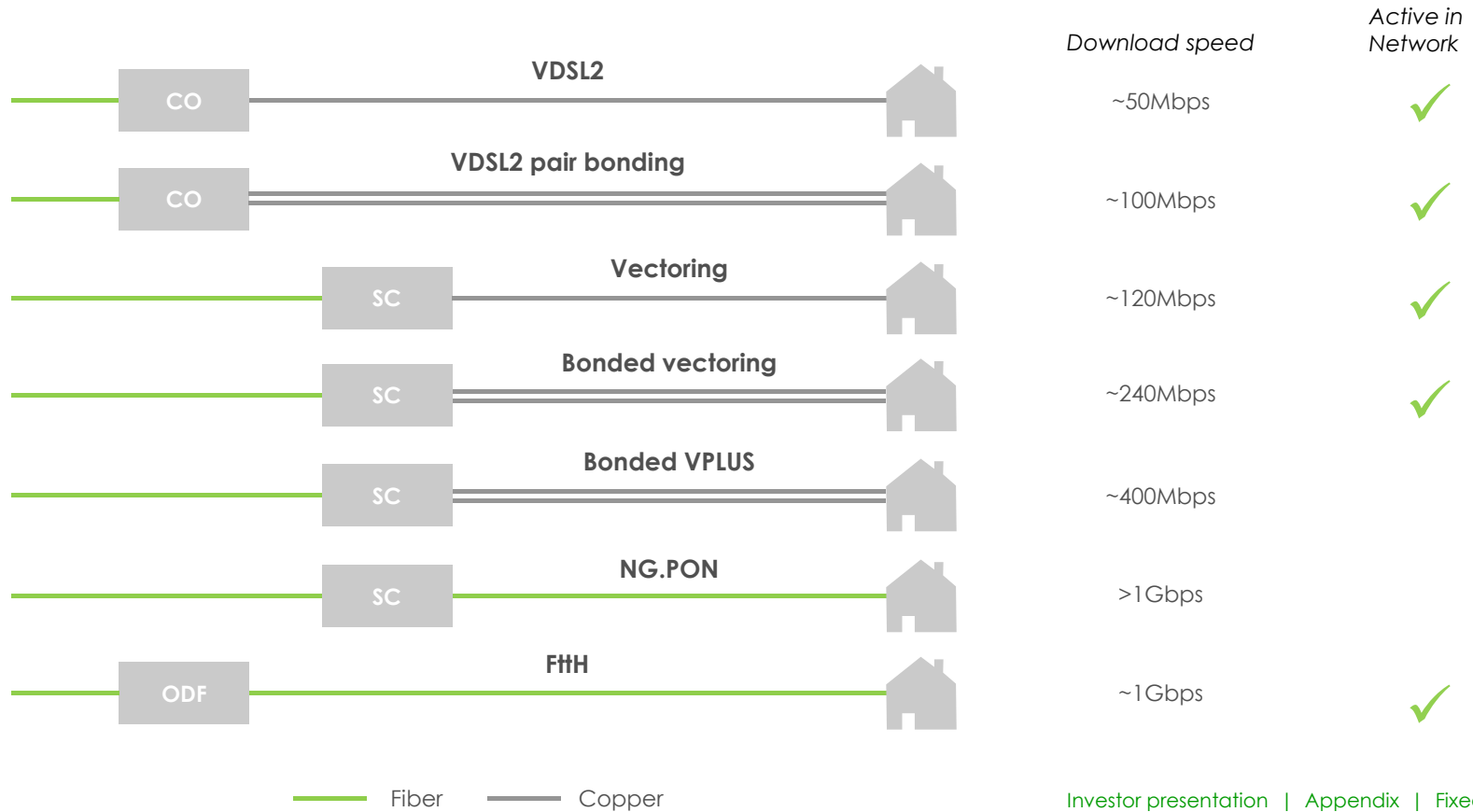
1. Handset transactions via direct channels:
 - Handset revenues directly recognized as non-service revenues in P&L at date of transaction, matching associated handset costs
2. Handset transactions via indirect channels:
 - Handset (non-service) revenues and handset fees (SAC) no longer recognized in P&L; reported in balance sheet
3. Higher threshold probability in revenue related disputes (variable consideration):
 - Revenues only recognized when highly probable (>75%) vs. >50% previously

Spectrum in The Netherlands



800MHz (Paired)	Tele2 2*10	VodZig 2*10	KPN 2*10						2*30
900MHz (Paired)	VodZig 2*10	KPN 2*10	T-Mob 2*15						2*35
1.8GHz (Paired)	KPN 2*20	VodZig 2*20	T-Mob 2*30						2*70
2.1GHz (Paired)	VodZig 2*14.6	KPN 2*14.8	T-Mob 2*10	KPN 2*5	VodZig 2*5	T-Mob 2*10			2*59.4
2.6GHz (Unpaired)	T-Mob 25	KPN 30	Tele2 5						1*60
2.6GHz (Paired)	VodZig 2*30	T-Mob 2*5	KPN 2*10	Tele2 2*20					2*65
Total	KPN 169.6MHz	VodZig 179.2MHz	T-Mob 165MHz	Tele2 65MHz					578.8MHz

Fixed infrastructure





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.