

A thick, vibrant green line graph that starts at the bottom left, rises to a peak, dips slightly, and then rises again towards the top right, crossing through the main text.

Connect Activate Grow



**Capital
Markets Day
2023**

7 November

kpn. The network of the Netherlands

Agenda

- 1 Reflect:** KPN today
- 2 Orientate:** Market landscape and dynamics
- 3 Envision:** Strategy 2024-2027 – Connect, Activate & Grow
- 4 Outlook:** Financial ambitions 2027
- 5 Q&A**



Our purpose: we go all out to connect the Netherlands to a sustainable future

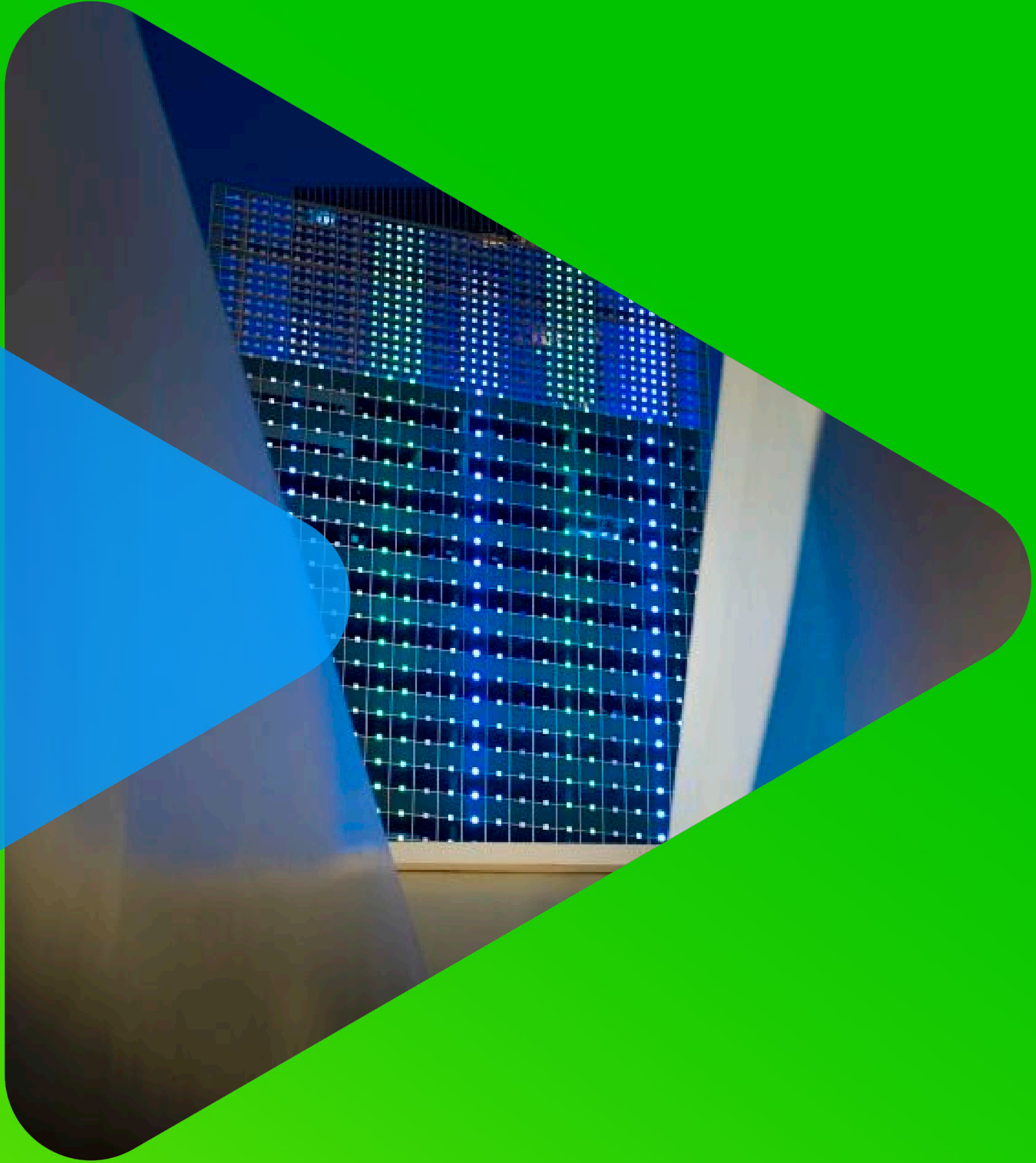
We...

 **Connect**  Households | Business | Society  **>15m** Customers served¹

 **Activate**  Customers | Workforce | Investments  **>3.5bn** Invested²

 **Grow**  Community | Innovation | Returns  **#1** ESG

...the Netherlands

A photograph of a modern building at night, illuminated with blue lights, viewed through a window. The image is framed by a large, stylized blue arrow pointing to the right, which is set against a green background.

1

Reflect:
KPN today

Delivered on the ambitions of our Accelerate to Grow strategy

Three strategic pillars...

...supported our ambitions

1

Leverage & expand superior network

- Covering the Netherlands through fiber
- Low latency services via 5G and edge computing

2

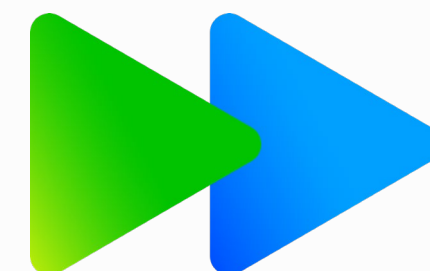
Grow & strengthen customer footprint

- Outstanding digital experience
- Differentiated services for families and businesses

3

Simplify & streamline operating model

- New ways of digital working
- Continue strong and disciplined cost control program



Connect the Netherlands to a sustainable future

- Leading the Dutch digitalization wave
- Recognized as ESG front runner

Grow mass-market service revenues and EBITDA

- Fiber fueling household revenue growth in B2C
- Segmented B2B approach, stabilize SME first

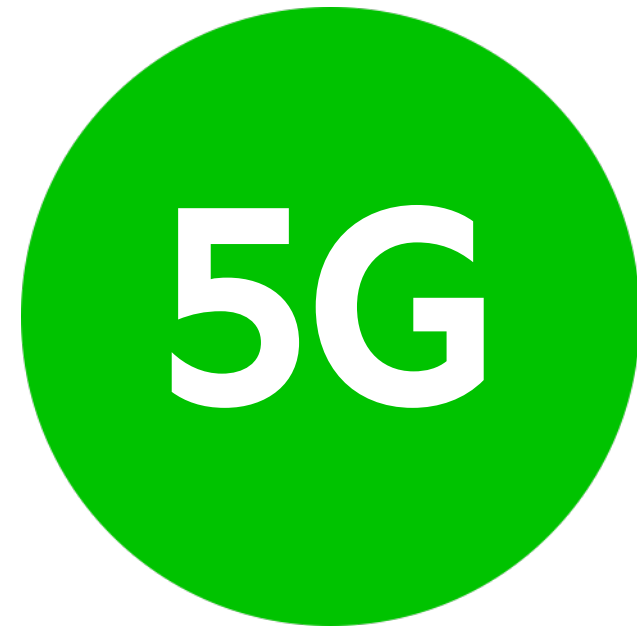
Provide attractive shareholder returns

- Covered by growing Free Cash Flow
- Progressive dividend, +3-5% annually

Pillar 1: leverage & expand superior network



55% fiber
household
coverage (Q3 '23)



Fully modernized
5G-ready network



Recognition for
best networks
& **services**



Security 1st
mindset

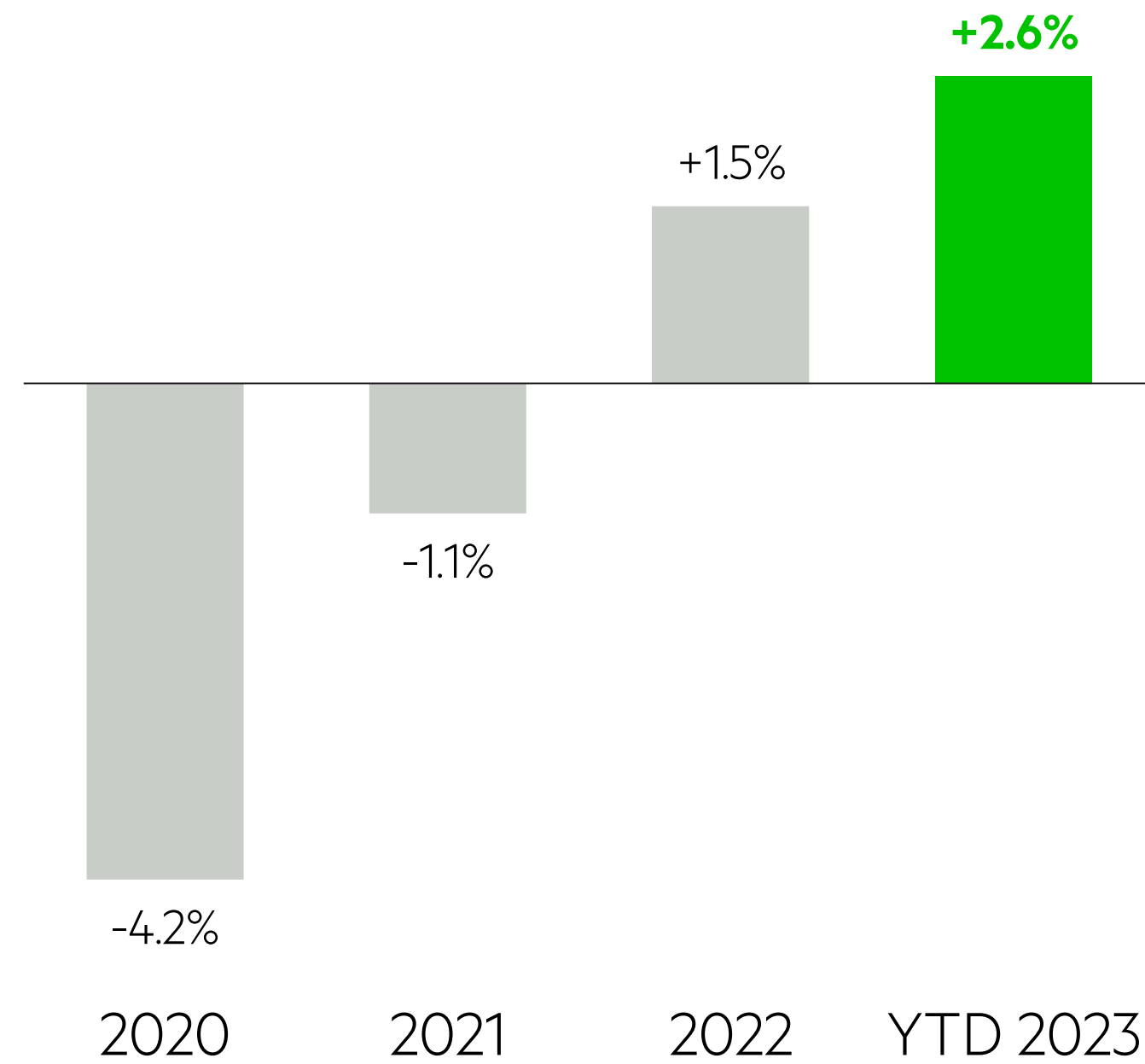


Regulatory clarity
fiber wholesale
until 2030

Pillar 2: grow & strengthen customer footprint

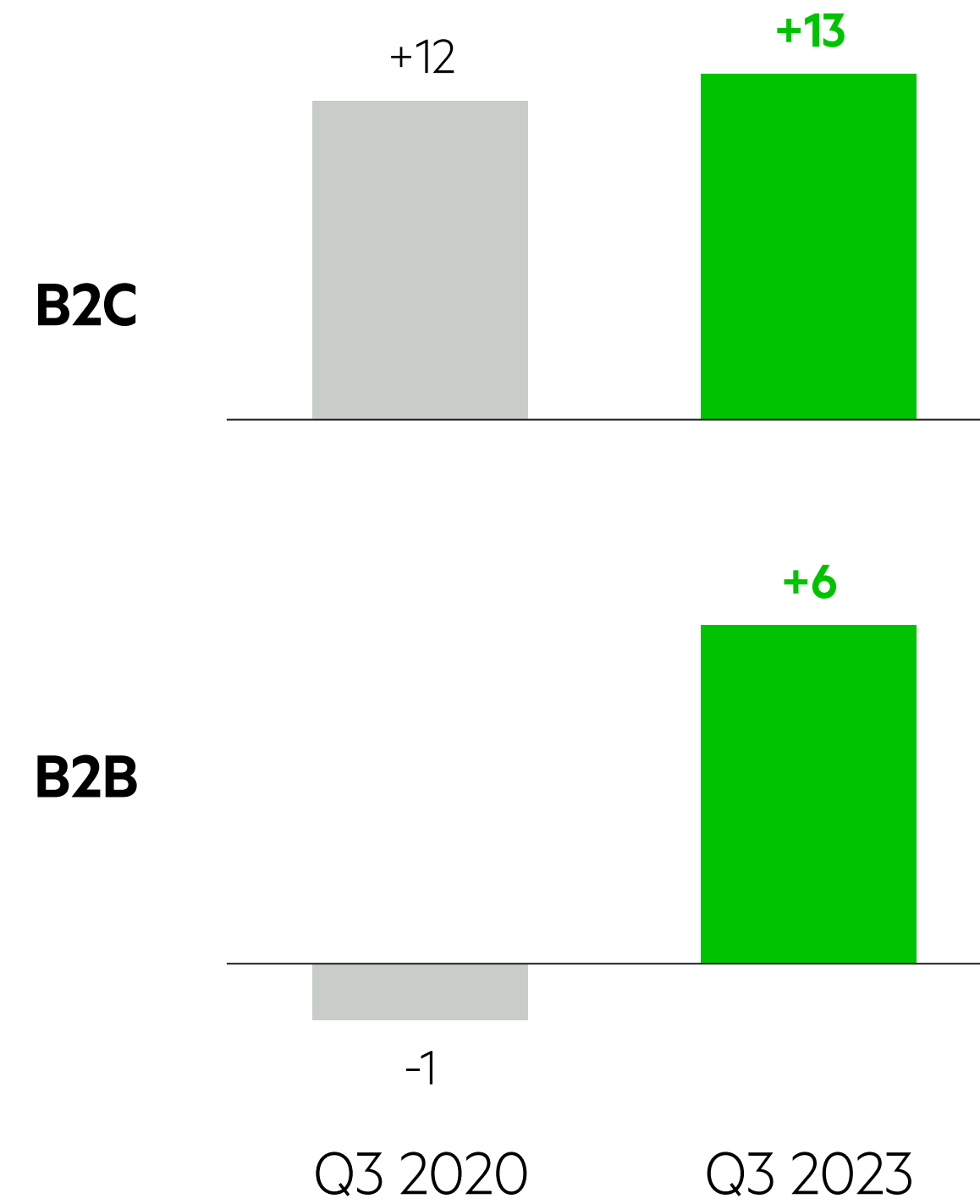
Returned to service revenue growth

Group service revenue growth (y-on-y)



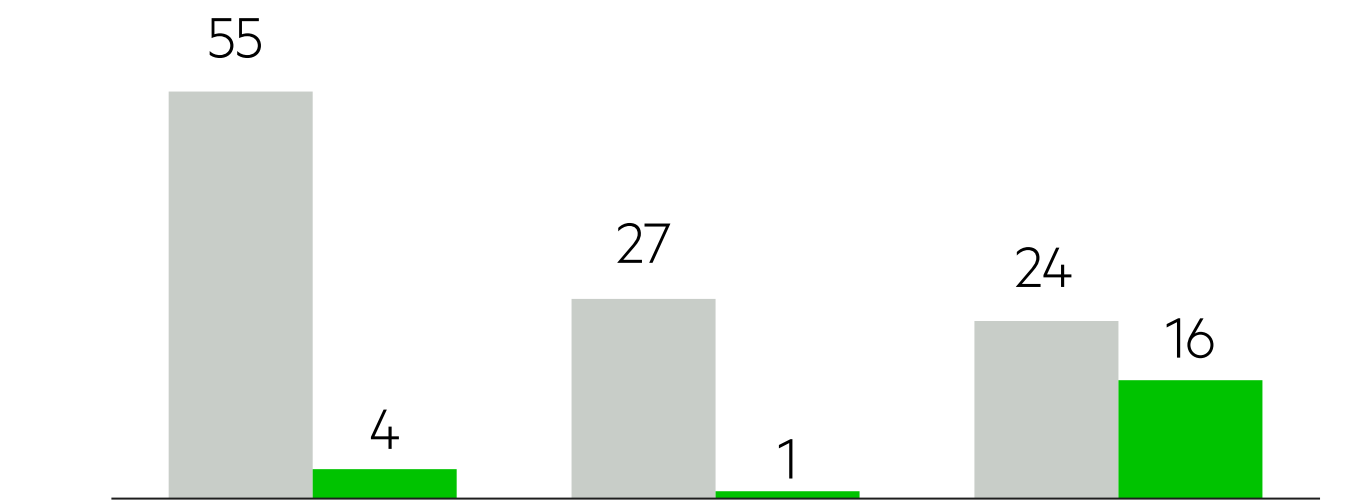
Industry-leading NPS¹

NPS per segment

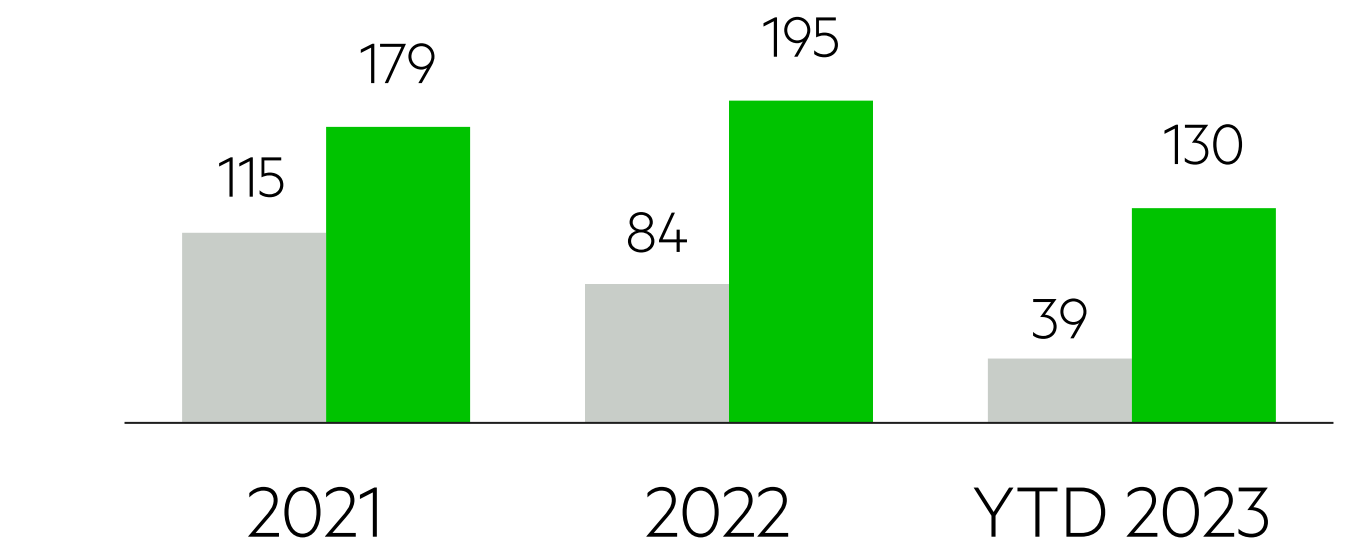


Base growth across all segments

Broadband net adds (k)



Postpaid net adds (k)



Wholesale Consumer & Business

Pillar 3: simplify & streamline operating model

Increased productivity¹
& high engagement



82%
Employee
engagement

Digitalization efforts



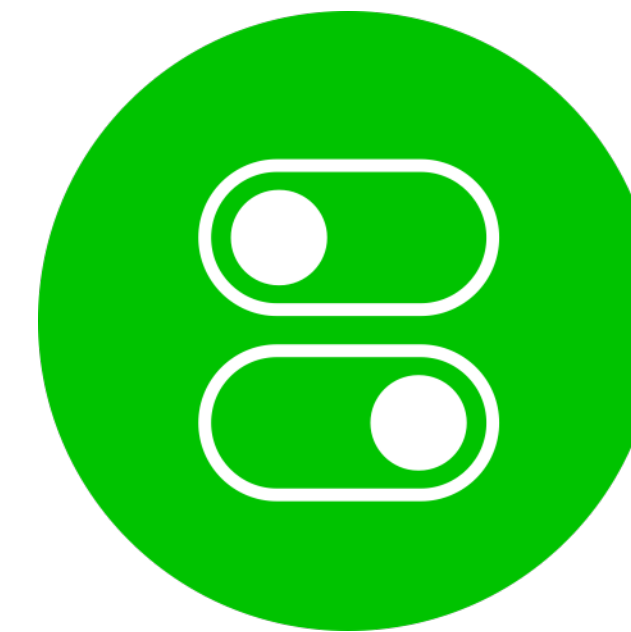
>50%
MijnKPN app
penetration

Innovative
aggregated services



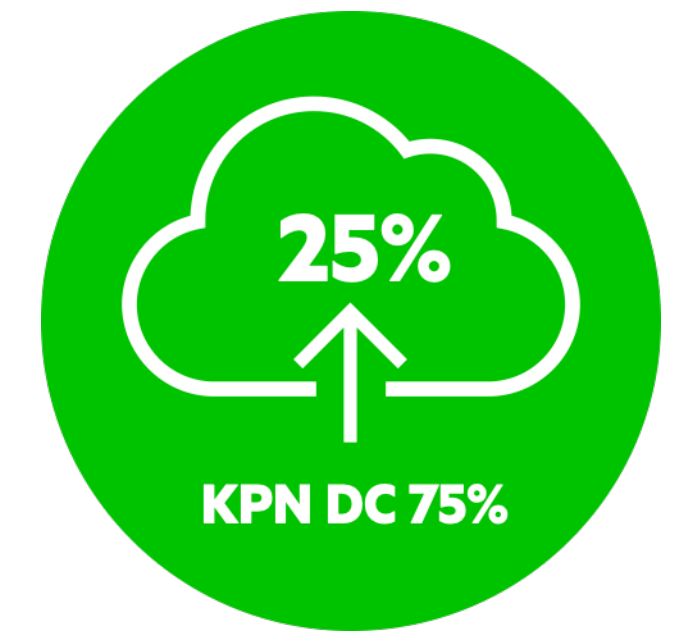
Next-gen TV
shift to Android
platform

Started switch off copper
network



~3m households
decommissioned
by end 2023

Cloudification

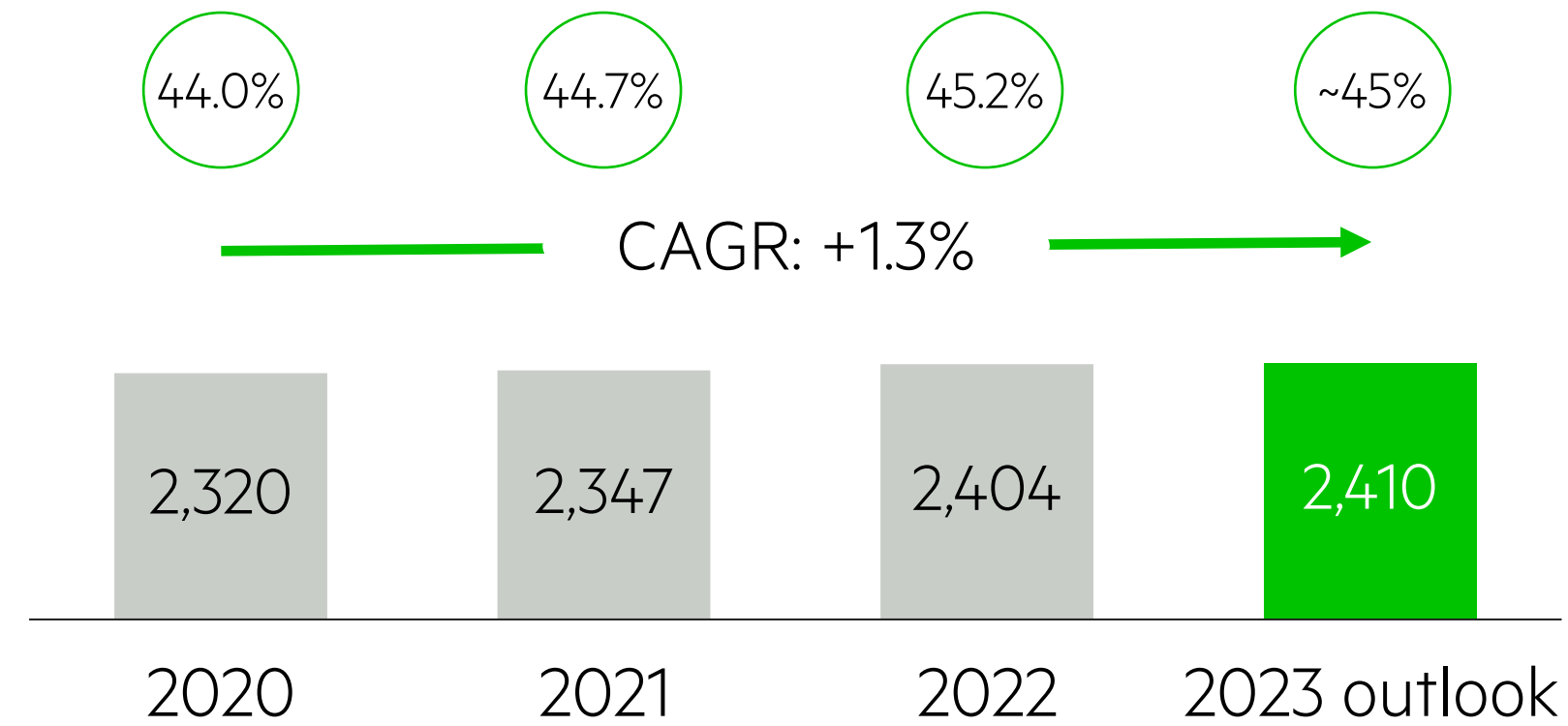


>400 out of ~1,600
applications moved
to Public Cloud

Accelerate to Grow: long-term value creation model is working

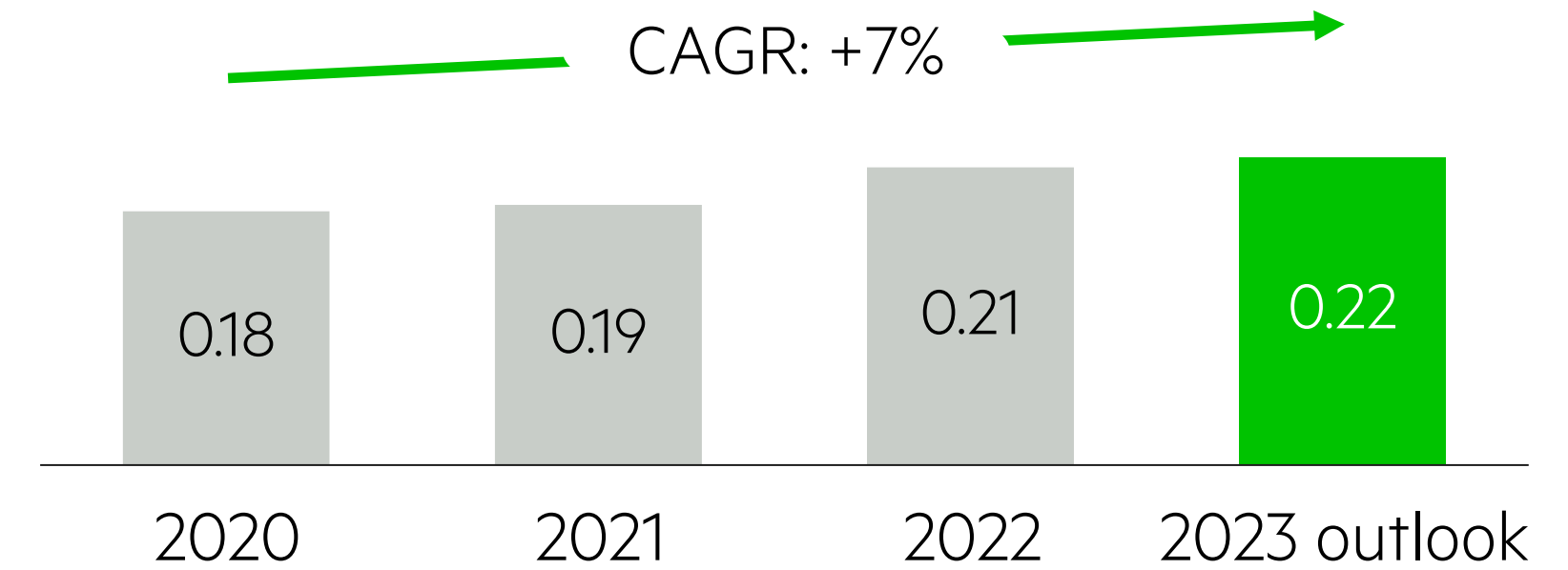
Growing EBITDA AL at healthy margin

(€ m)

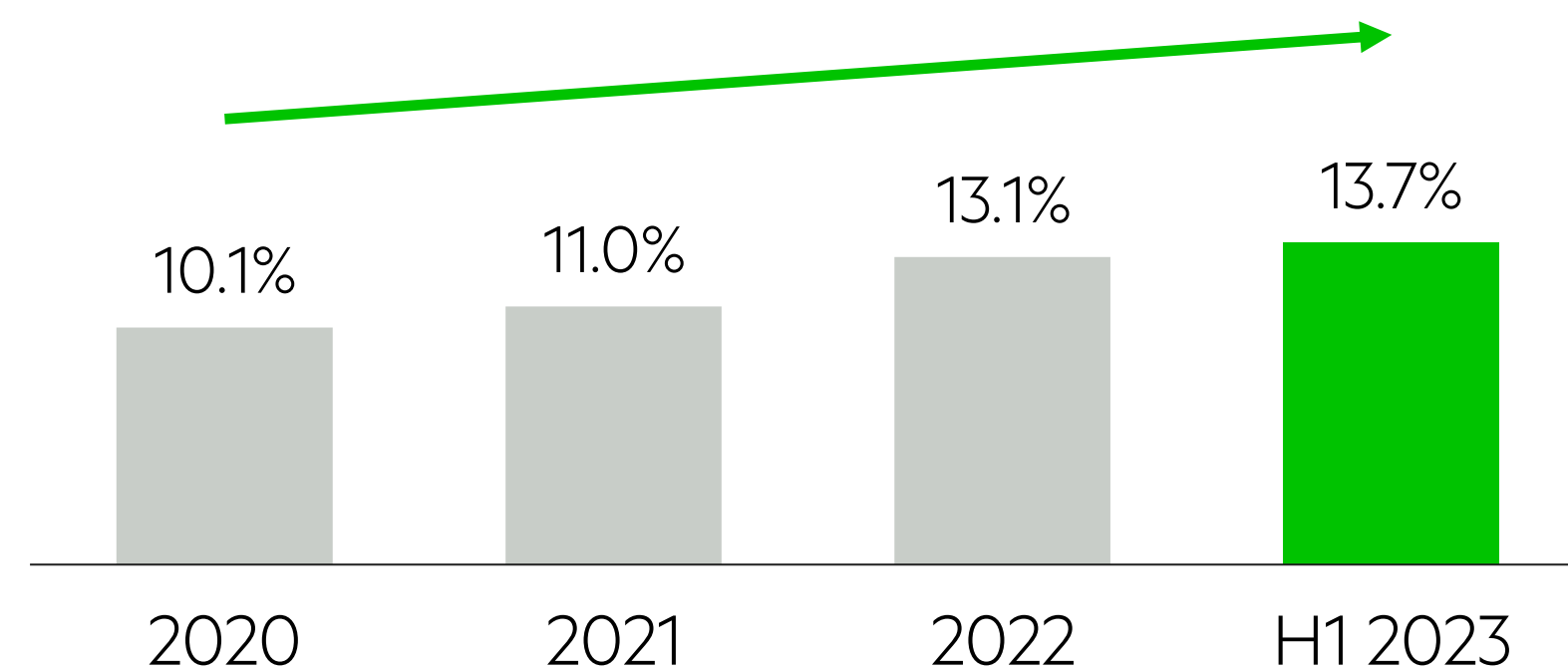


Solid FCF per share growth underpinned by share buybacks

(€ ct)

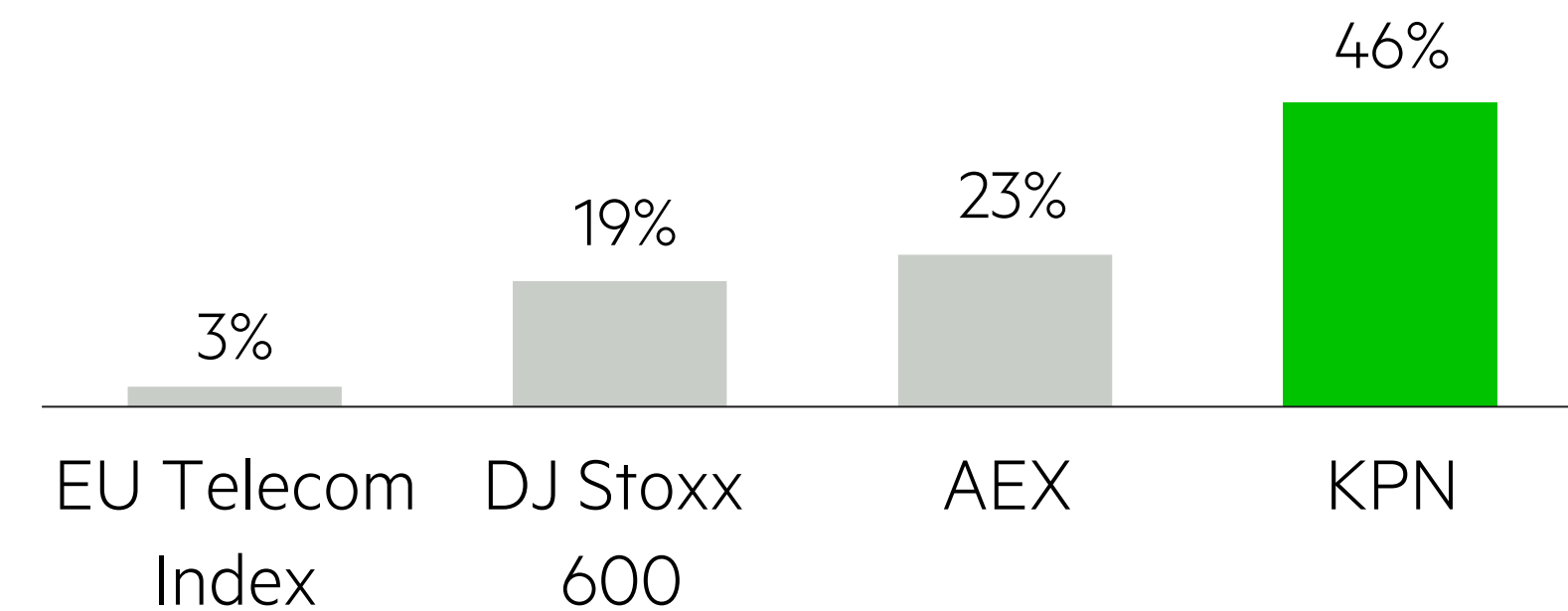


Steadily improving Return on Capital Employed



....reflected in best-in-class shareholder value creation

Total shareholder return (Jan '21 to Oct '23)





2

Orientate:

Market landscape
and dynamics

A snapshot of the Netherlands: a dynamic digital economy



High **GDP** growth **~4%**

#3

In **European Digital Economy and Society Index 2022**



~17.9m people with solid **population** growth **~1%**

~95%

Of population **uses the internet on a daily basis**



Low unemployment rate **~4%**

~95%

Of the population **has access to internet on their mobile device**

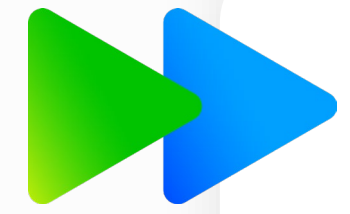


Small geography 4.2m hectare, one of the most **densely populated** countries in Europe

~72%

Of the population **is present on social media**

Key dynamics shaping Telco ecosystem



Customer needs

~52%

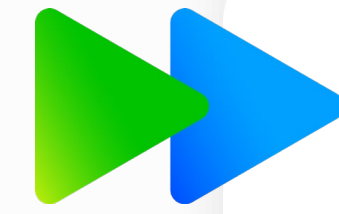
average
adult's time
spent digitally¹

17%

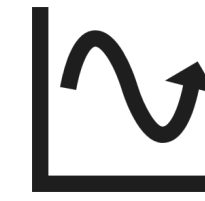
y-on-y increase
of OTT services
in traffic mix²

>2x

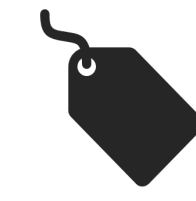
connected
devices
by 2027³



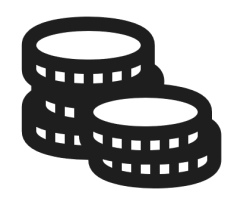
Volatile external environment



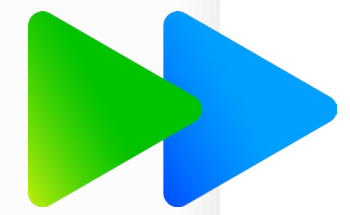
Macro-
economic
instability



Inflation and
energy prices
(margin squeeze)



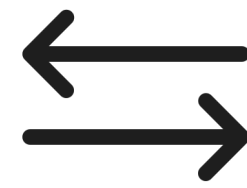
Cost of
Capital



Competitive Dynamics



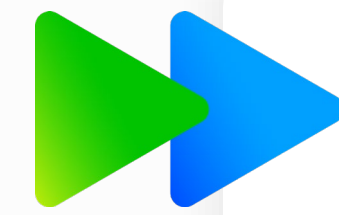
Continuing
pressure from
challengers



Changing nature
of competition



New market
players
(vendors, PE)



Societal & Regulatory Paradigms



Geopolitical
pressure



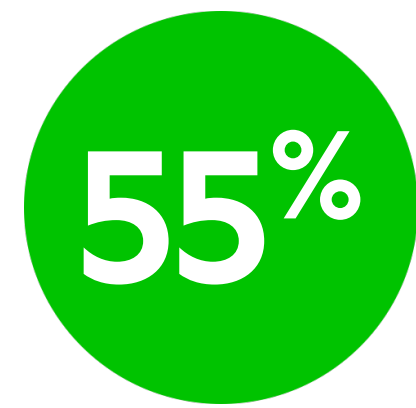
Tight
labor market



ESG
awareness

KPN: ready for traffic growth from technology innovations

Leading fiber footprint & best mobile network



Fiber footprint

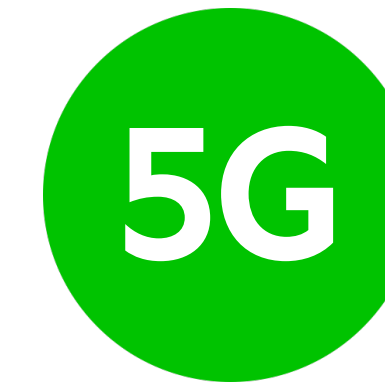


Best mobile network

Ready to support growth from technology innovations



Fiber



5G



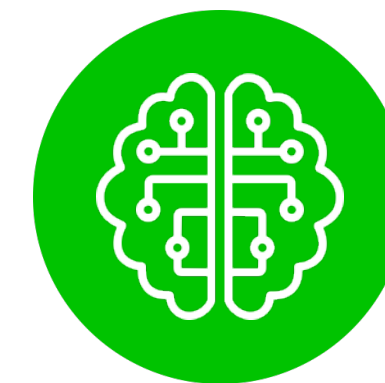
Cloud & Edge



IoT



Cyber security

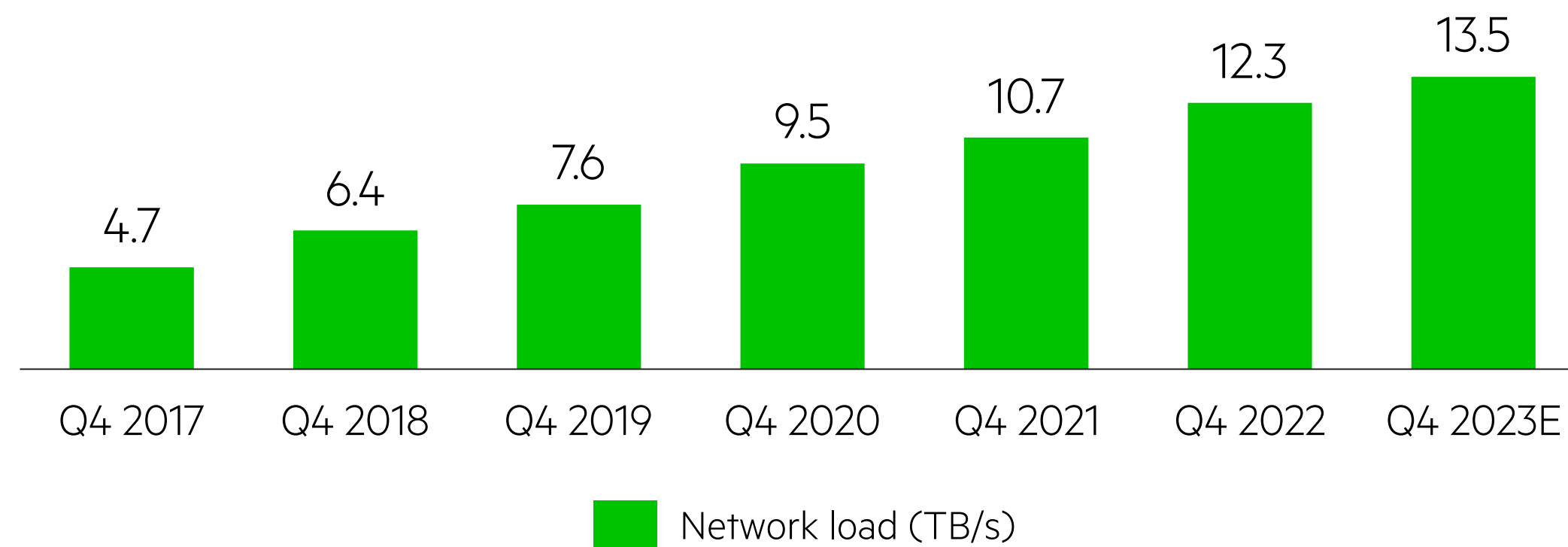


Data & AI

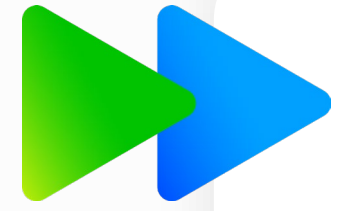


Entertainment 2.0

Network platforms well capable to handle traffic growth



KPN: well positioned in Dutch market



Solid market shares
in Dutch market¹

Consumer

29%

Mobile service
revenues

37%

Broadband
subscribers

Business

47%

Total
revenues

Network

51%

Broadband
subscribers²





3

Envision:

Strategy 2024-2027

Connect, Activate & Grow

Strategy 2024-2027: a mission to Connect, Activate & Grow

Purpose

We go all out to connect everyone in the Netherlands to a sustainable future

Strategic Missions

Connect

Connect with our customers to deliver on their needs

Earning our customers' loyalty through converged services & solutions that are truly relevant to them

Activate

Activate our best network, platforms, partners & assets

Delivering the best digital experience to our customers over our world-leading, always-on networks

Grow

Grow sustainably by modernizing and simplifying our business

Transforming our operating model with AI-powered automation and developing a future-ready workforce

Ambitions

Satisfied Loyal Customers

• Engaged Society & People

• Sustainable returns

Financial ambitions

Service revenues
CAGR ~3%

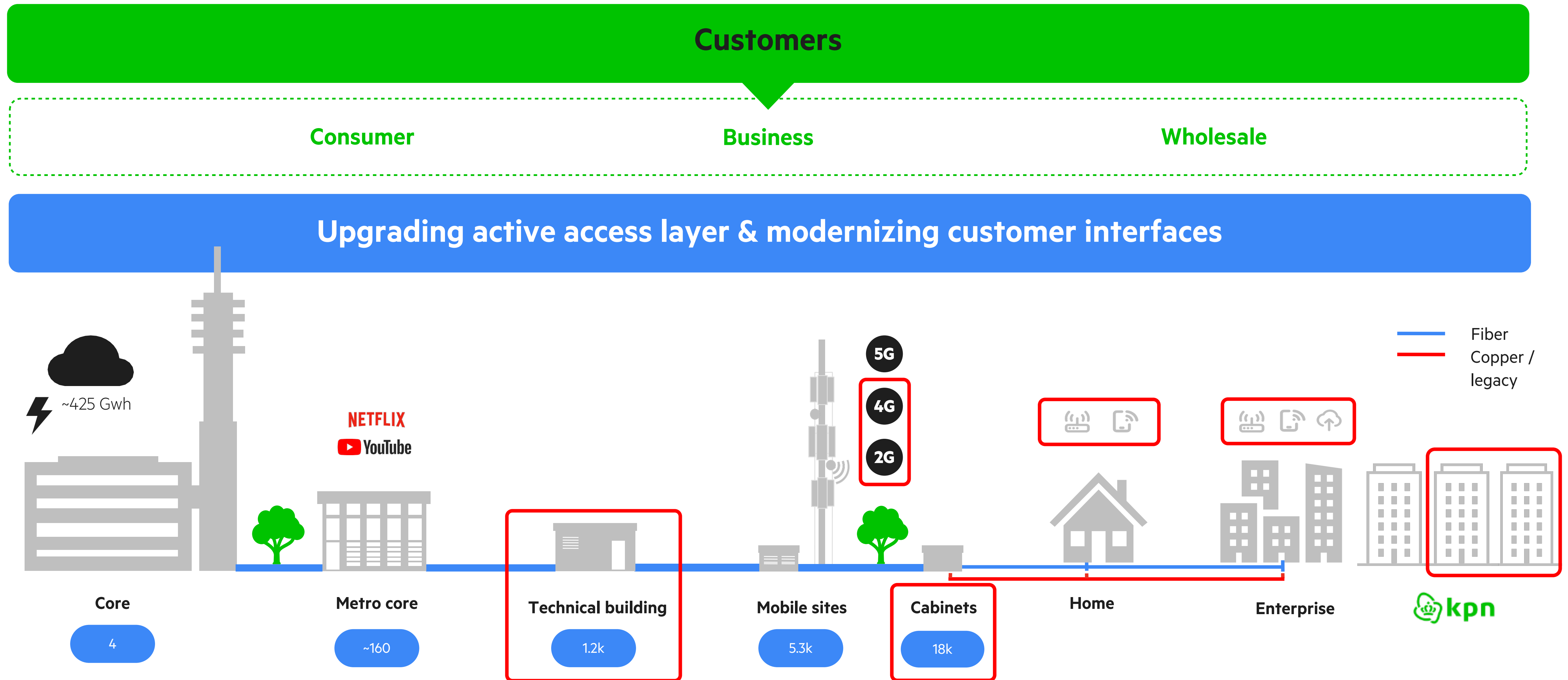
Adj. EBITDA AL
CAGR ~3%

Free Cash Flow
CAGR ~7%

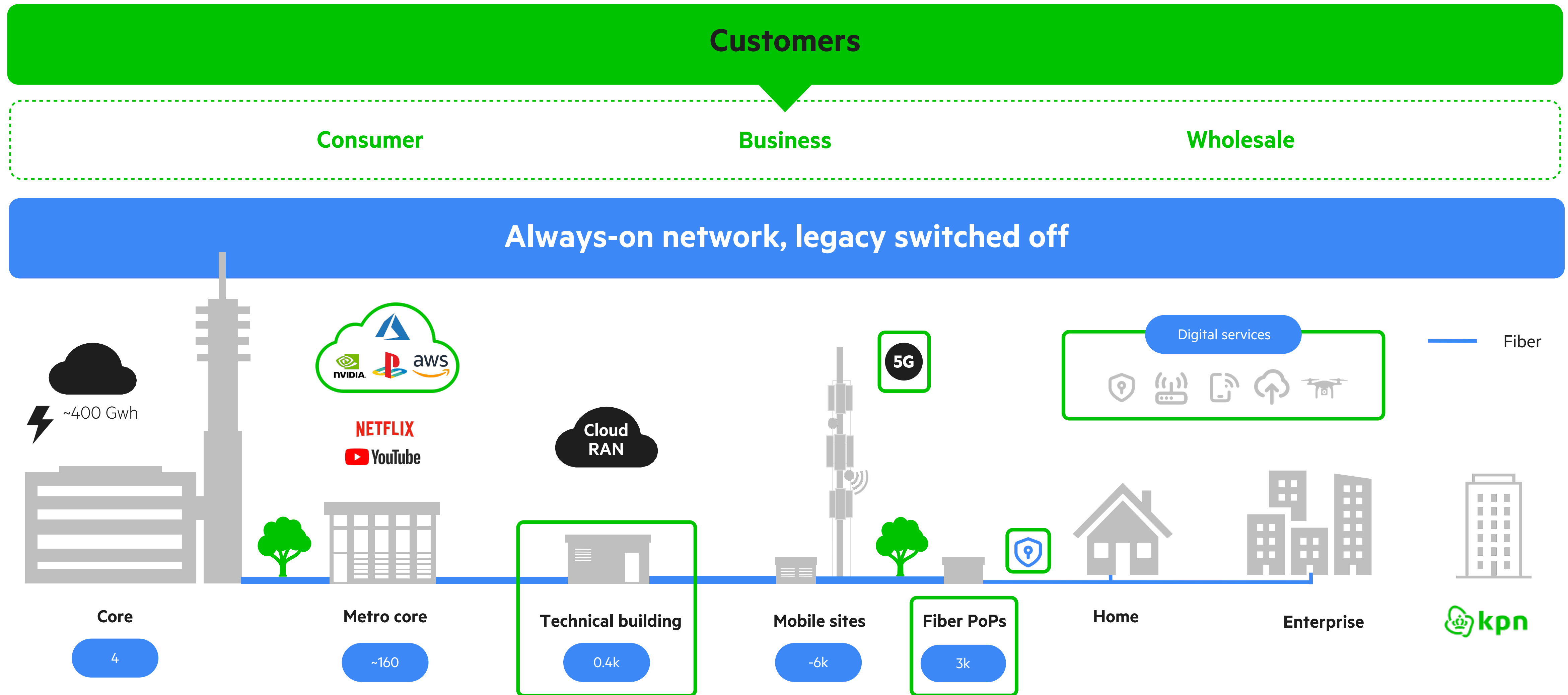
ROCE
growing to 15%

2024-2027

Future FiberCo will support growth in our segments...



...complemented by **network modernization**



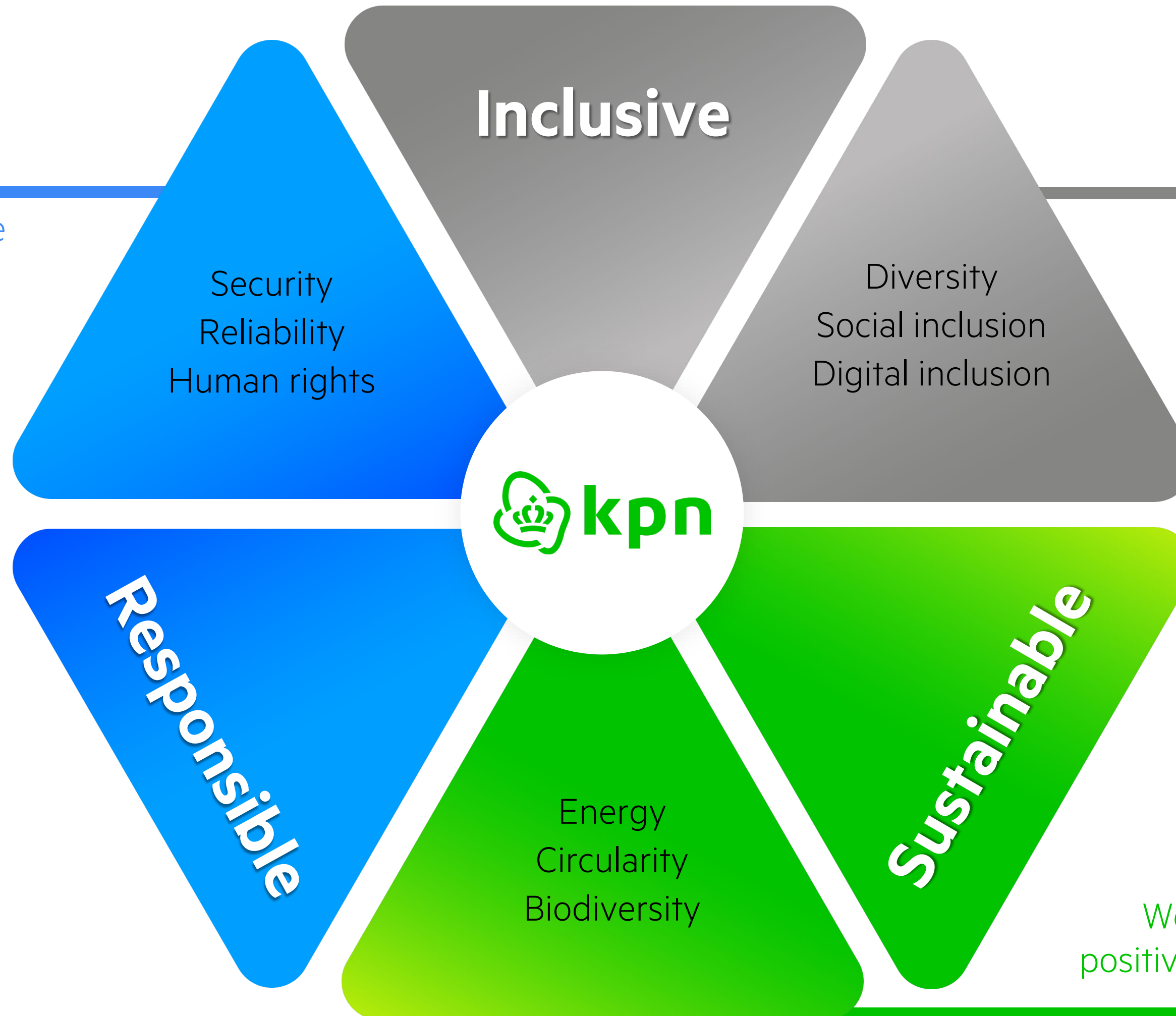
ESG fully embedded in strategy



We provide services that are reliable and secure by design. We operate with respect



We make it possible for everyone to participate in, and benefit from, a connected society



17 UN Sustainable Development Goals (SDGs)



We minimize our footprint, maximize our positive impact and respect the environment

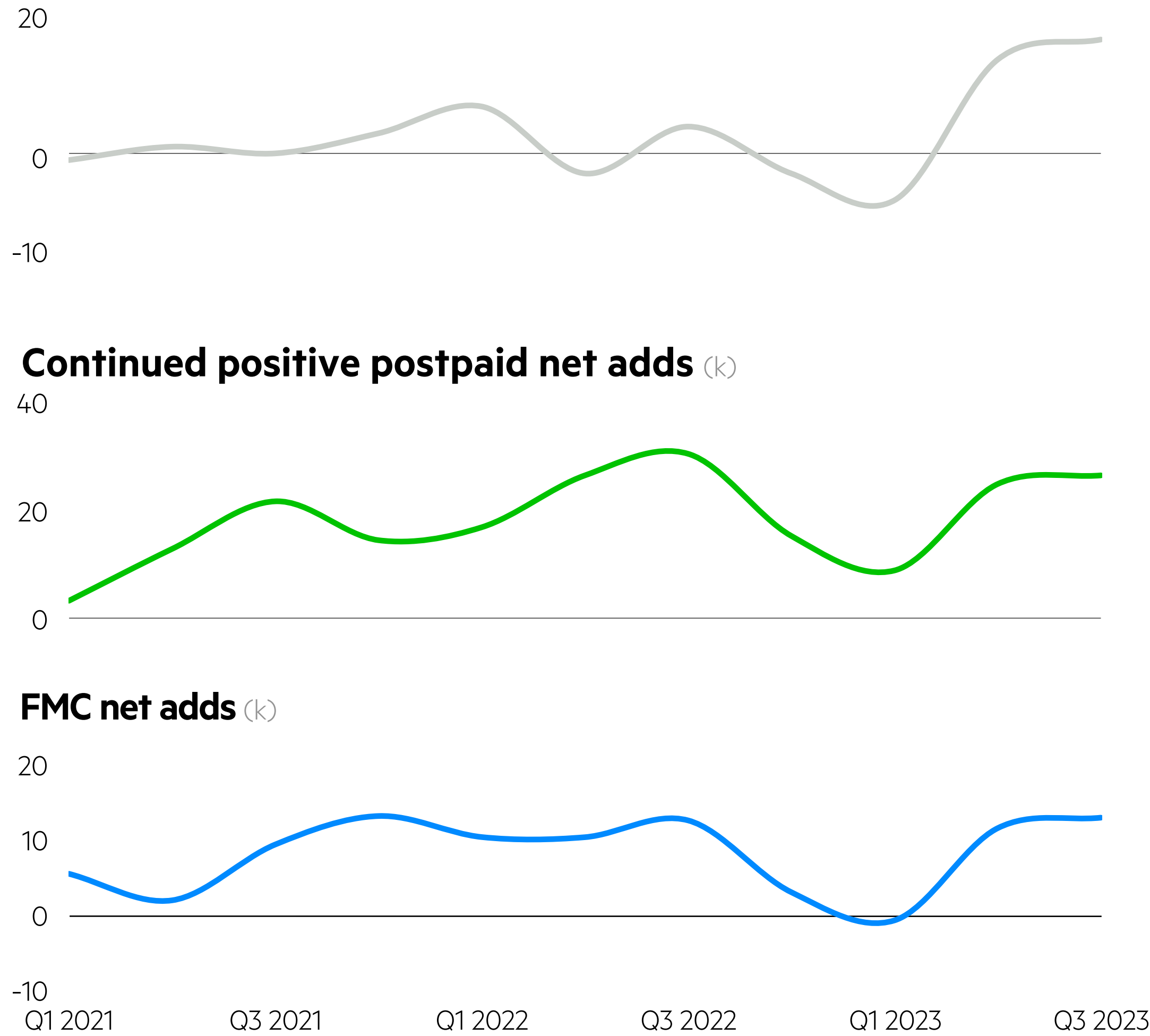


3.1

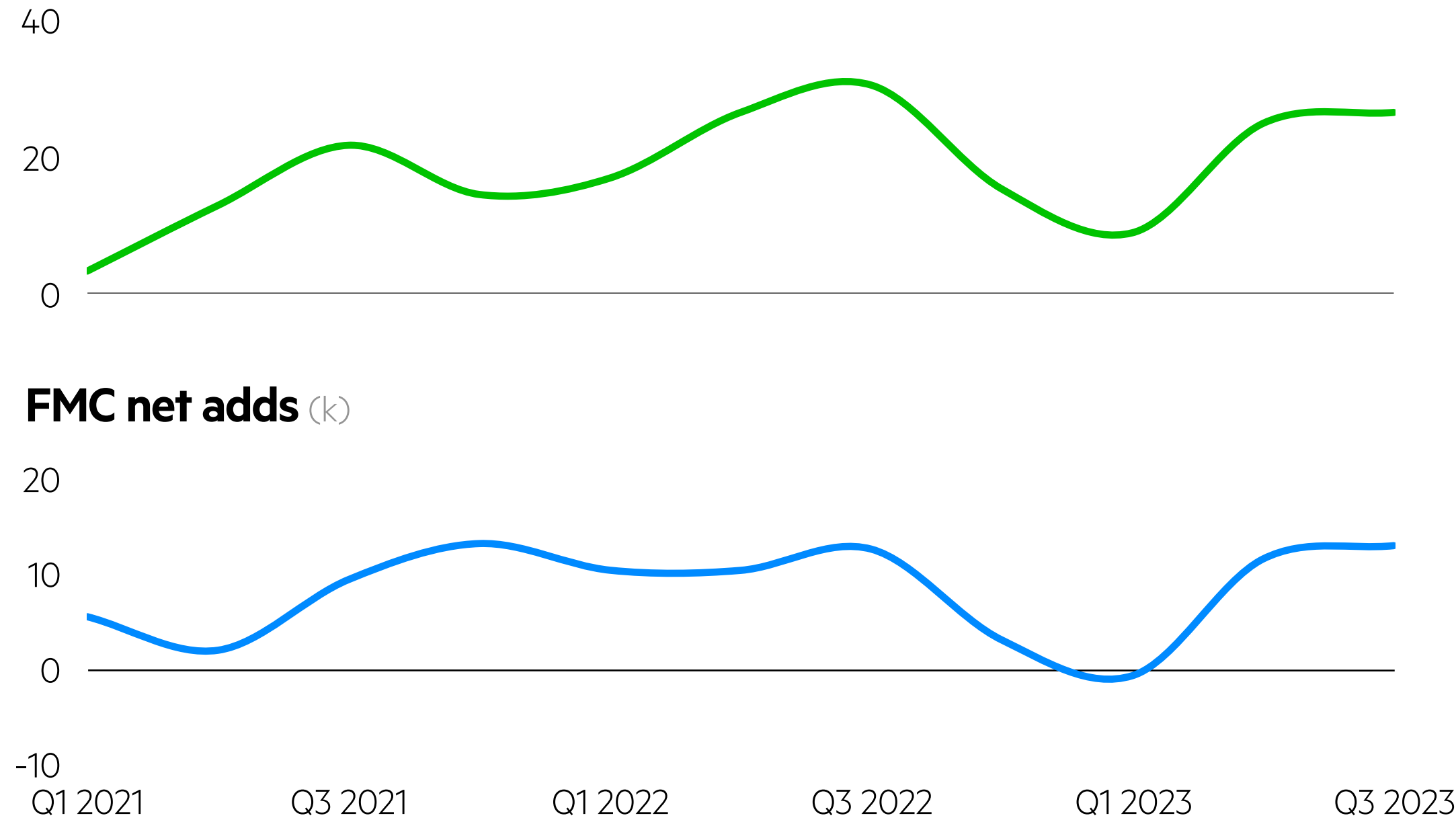
Consumer

B2C: Consumer service revenue growth established

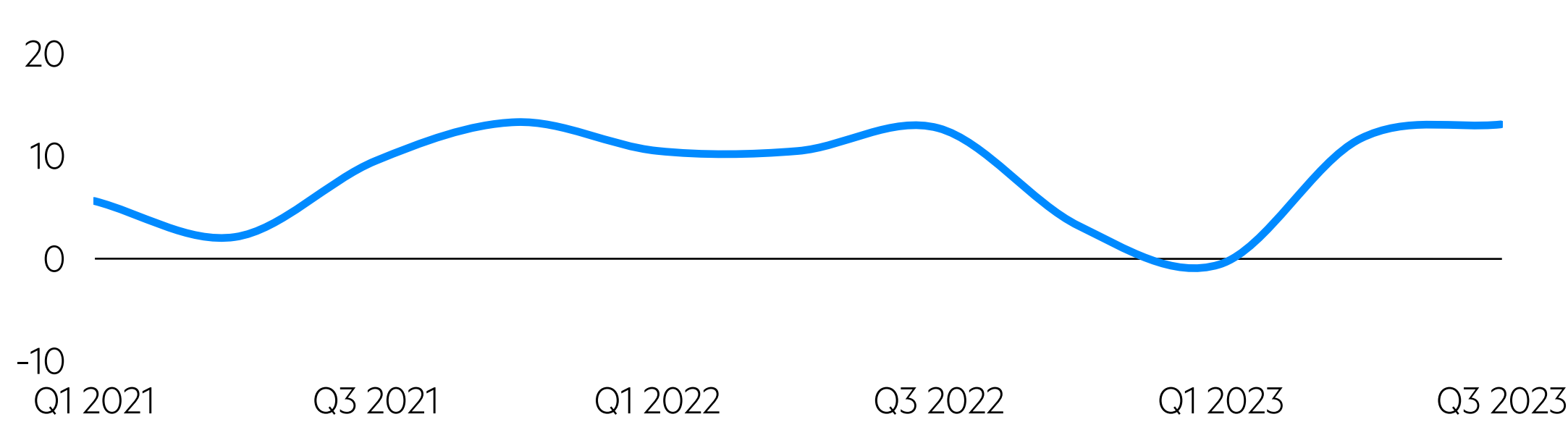
Back to growth in broadband net adds (k)¹



Continued positive postpaid net adds (k)

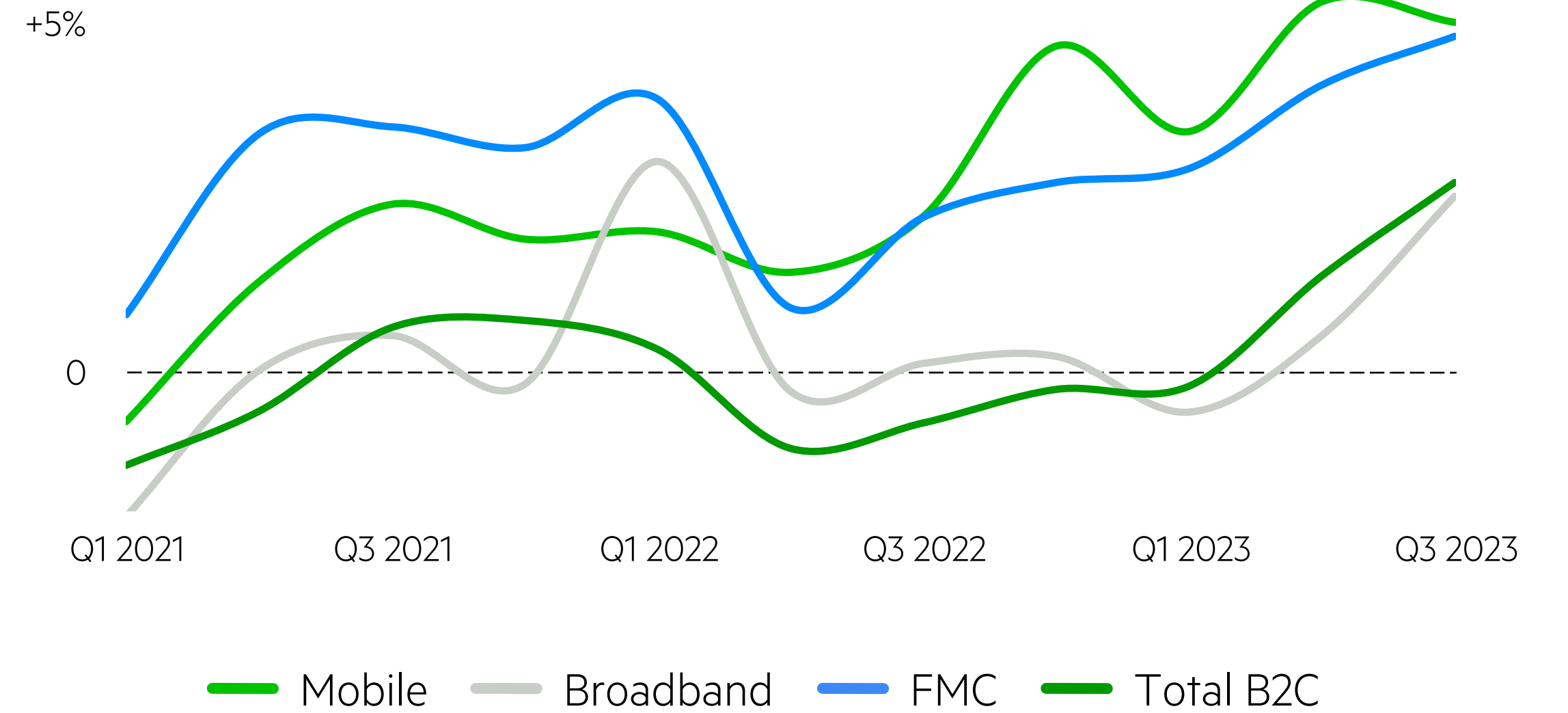


FMC net adds (k)



Service revenue trend improving over time

(y-on-y %)



B2C: to be the #1 in service revenue market share

Connect



Lead the fiber and 5G upgrade of the Netherlands

Activate



Redefine Converged with Household 3.0

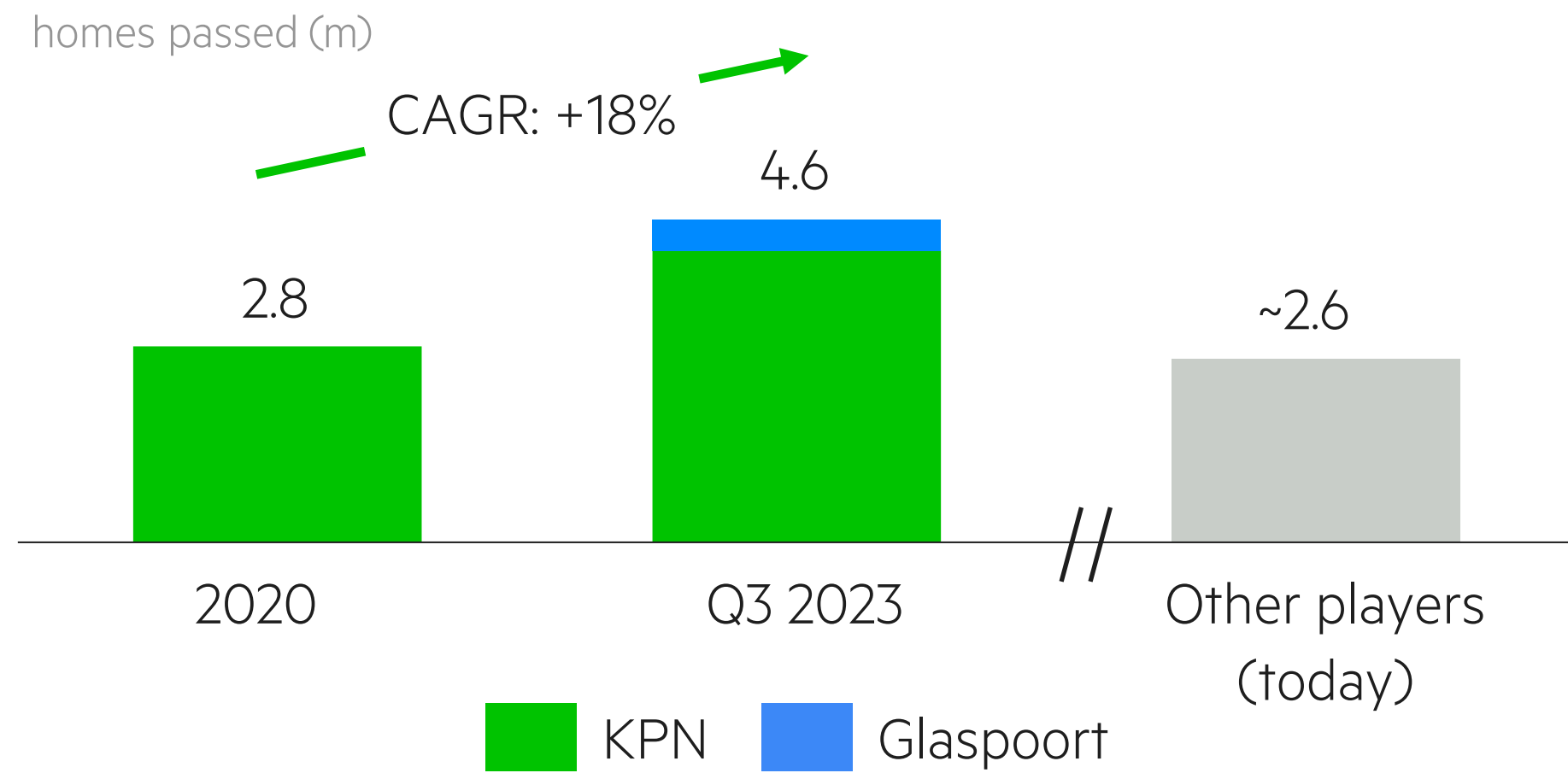
Grow



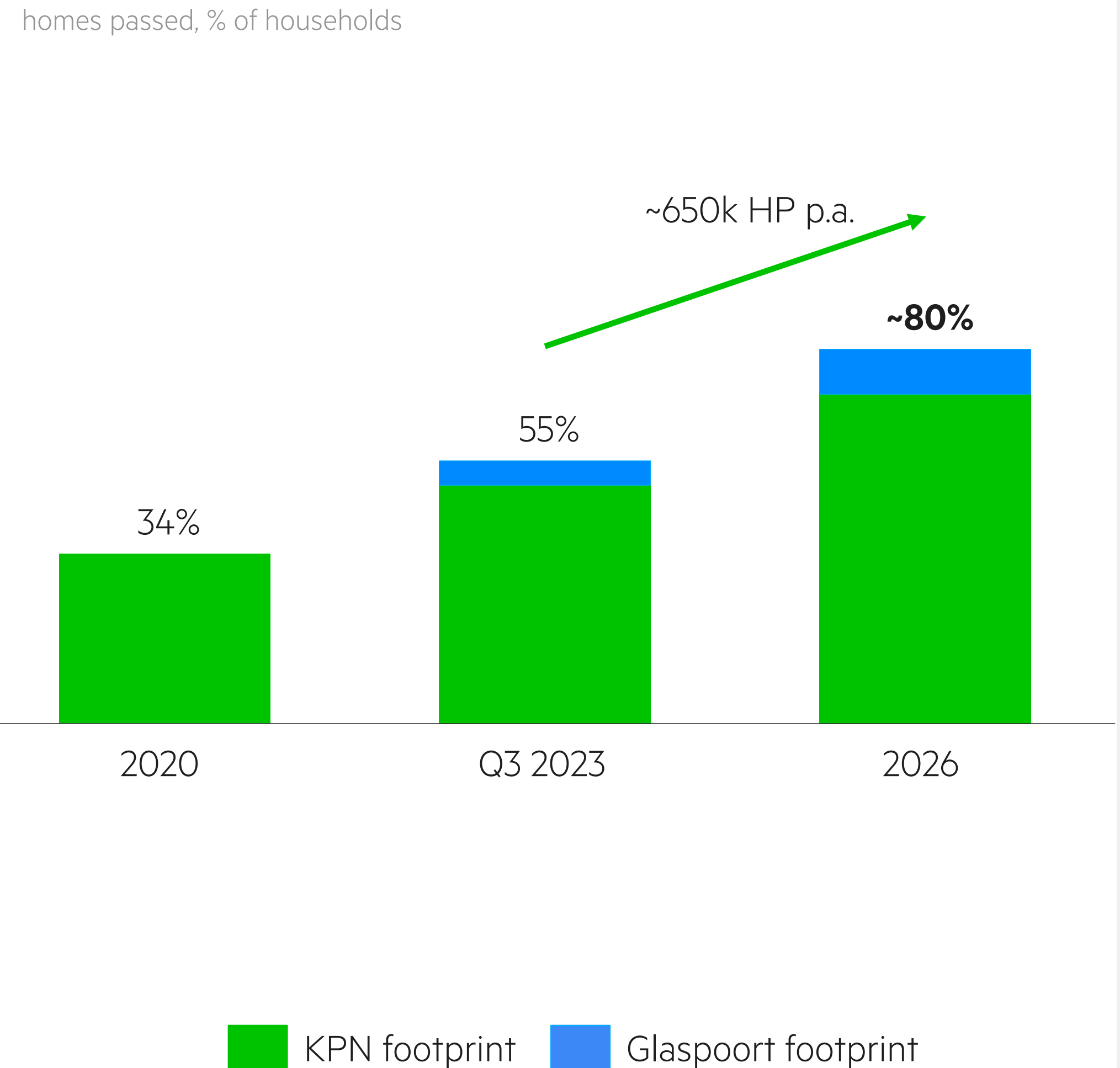
NextGen Digital Operating Model

Fiber engine at full speed

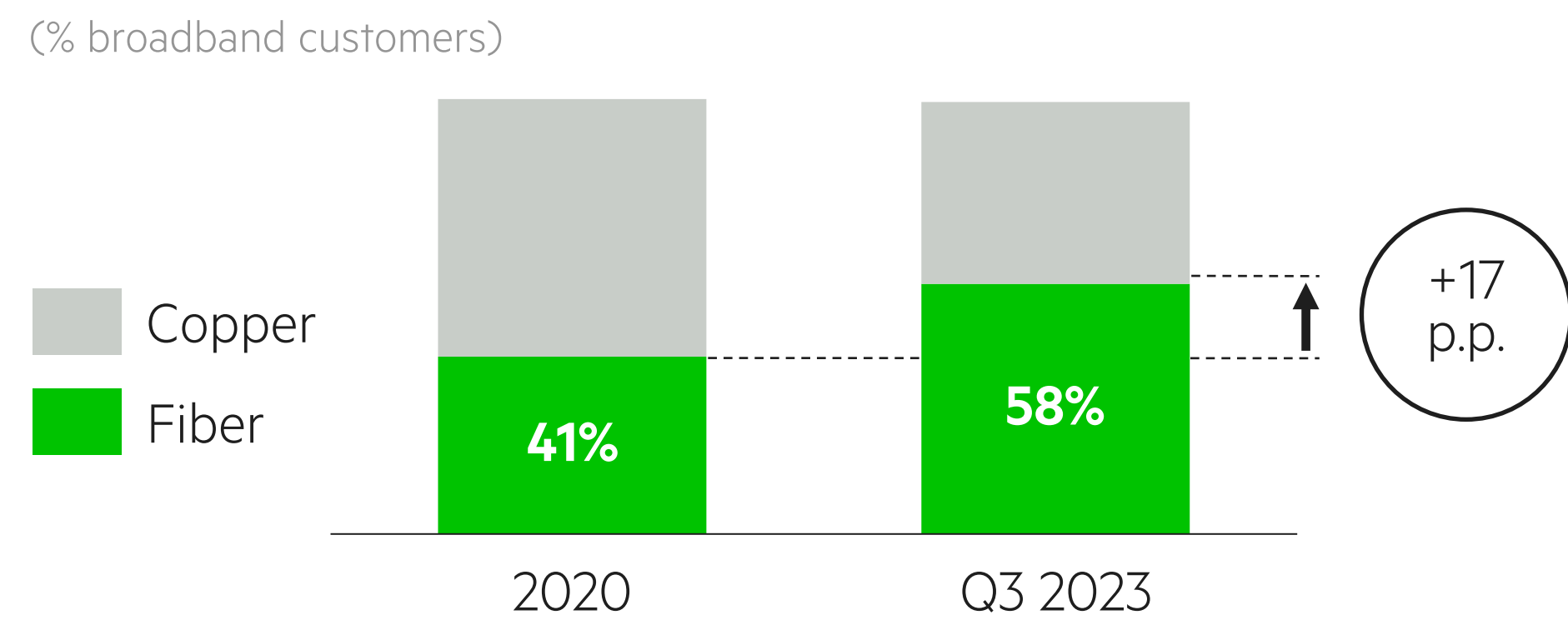
Leading fiber footprint



Continuously expanding fiber footprint



Copper / Fiber mix



HP on track, focus shifts to HC conversion



Largest producer of HC in NL

(m)

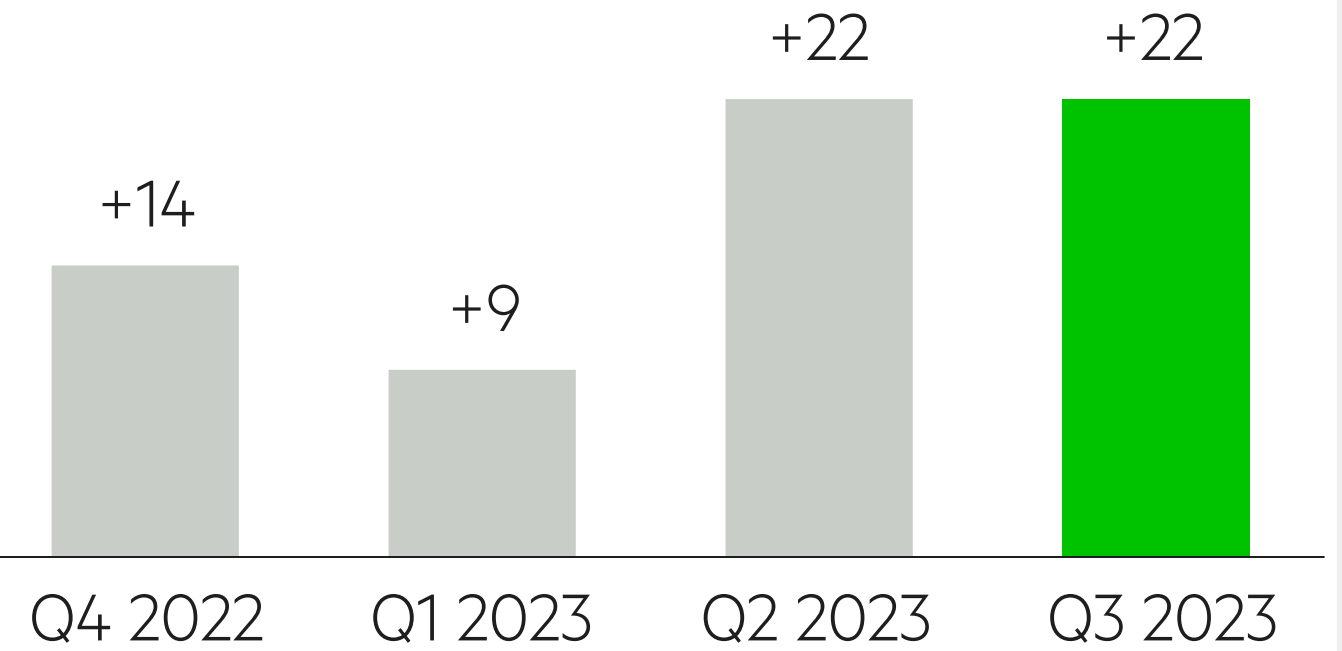


Five strategic priorities....

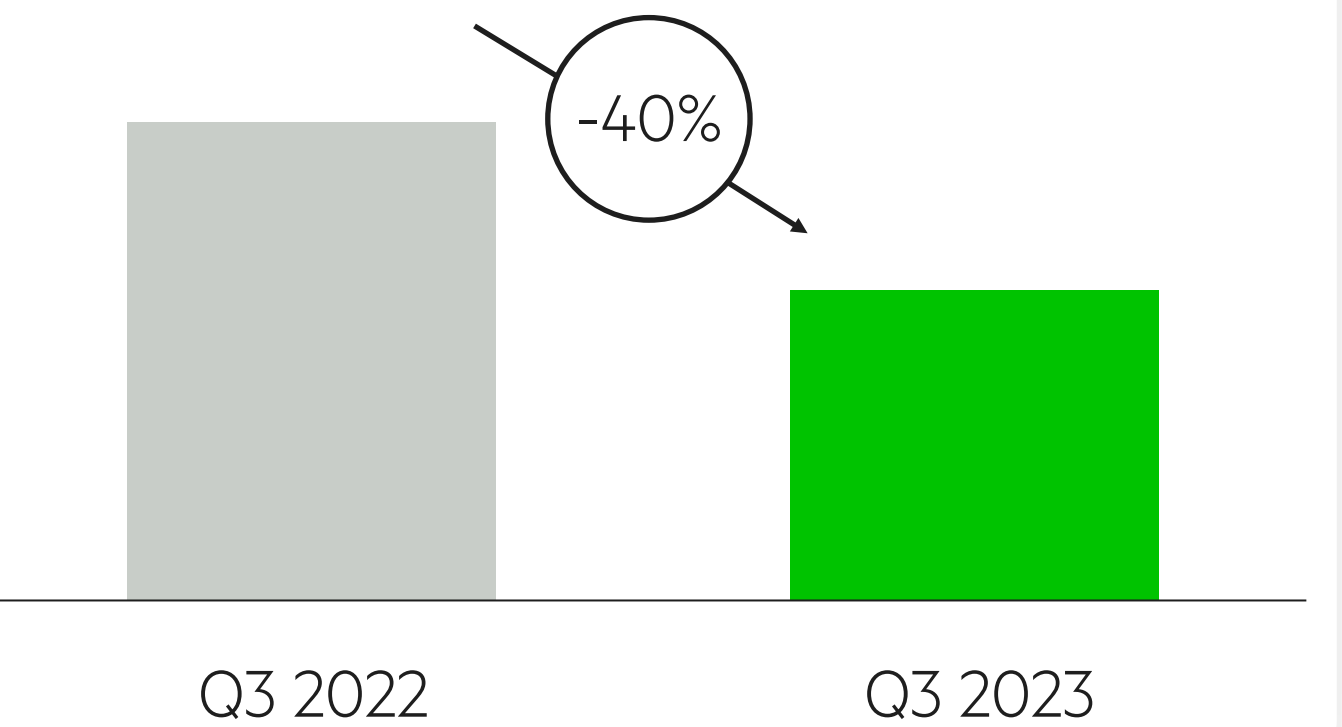
- Streamlined HP/HC process
- Value driven MDU² approach
- Build in-house capability
- Enhance customer experience
- Strengthen E2E fiber chain

...fiber positive impact visible

Fiber broadband net adds, excl. copper migrations (k)



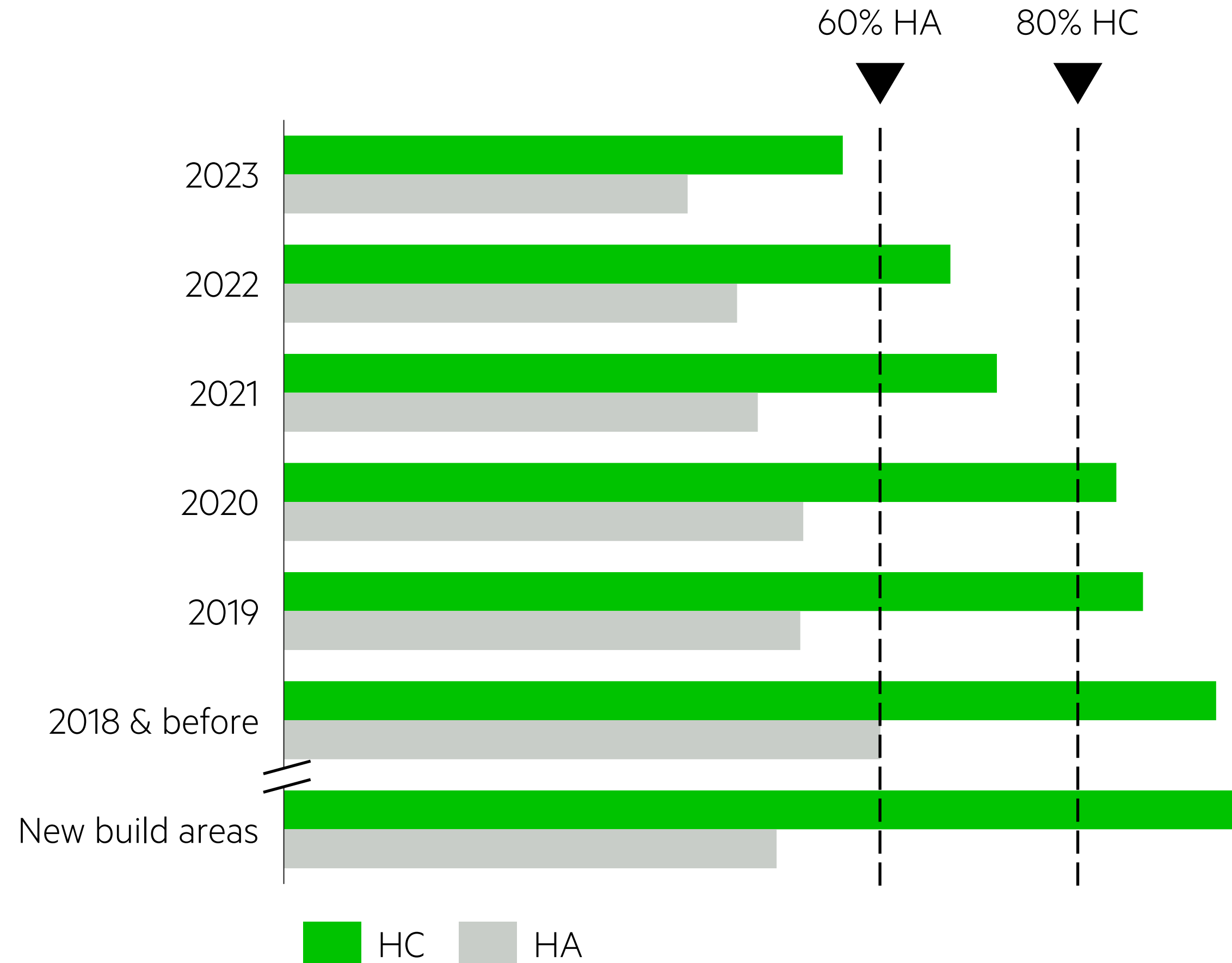
Weekly open orders (fiber activation time)



Fiber business case is working well

Homes Connected & Homes Activated performance¹

(% per rollout year)



~8%

Fiber-uptake after 1st year

>55%

Network penetration on fiber network over time

+€3

Retail ARPU uplift

€700-1,000

Construction cost per HP

B2C: segmented approach to ensure full appeal across all customers

Our go to market is supported by...

Flanker brands

to target specific market segment e.g. youngsters and price seekers



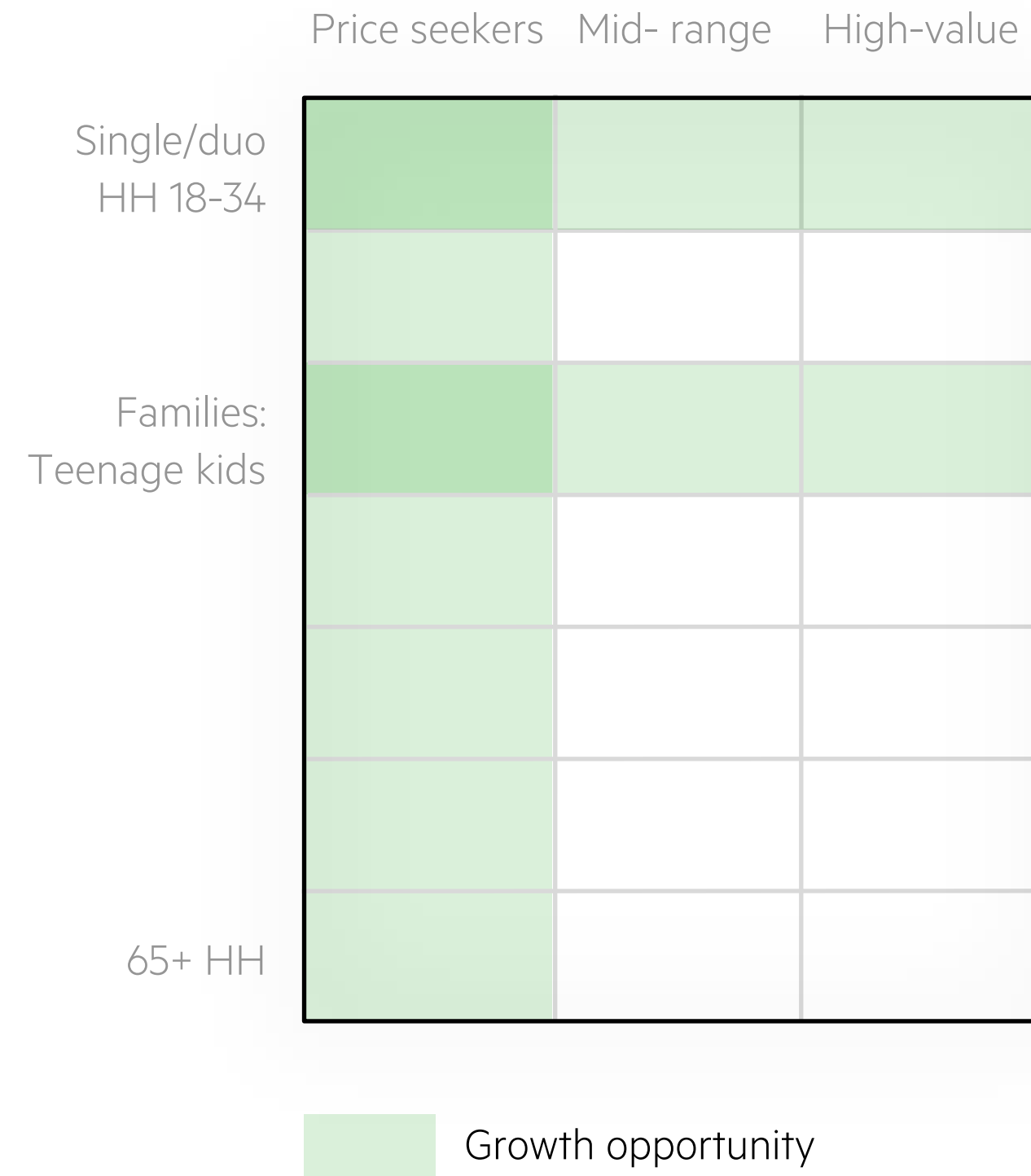
Segmented offerings

Targeting modern households

Local approach

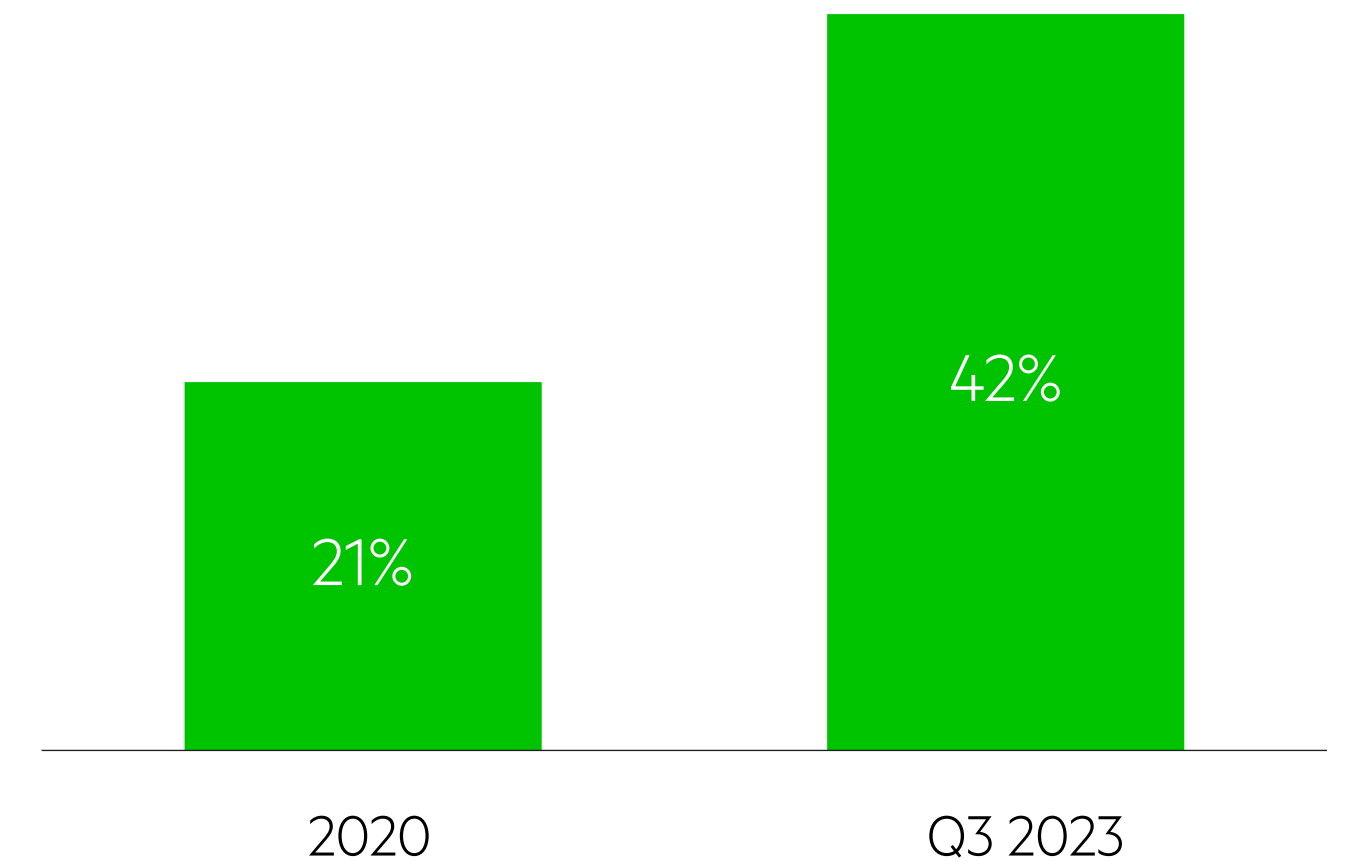
Enable tailored local marketing based on local dynamics

Growth opportunity in youngsters & price seekers



Customer base shifting to Unlimited

KPN Unlimited acquisition mix



~25% Unlimited customer base leaves plenty room for upsell, at >40% acquisition mix

Complement offering

with Value Added Services

B2C: Household 3.0 is redefining converged loyalty to enjoy connectivity

Customer promise

Connect:
Reliable & Secure

Activate:
Easy & Attentive

Grow:
Innovative & Responsible

Connectivity is core

Enabled by top-tier partners, innovation & loyalty

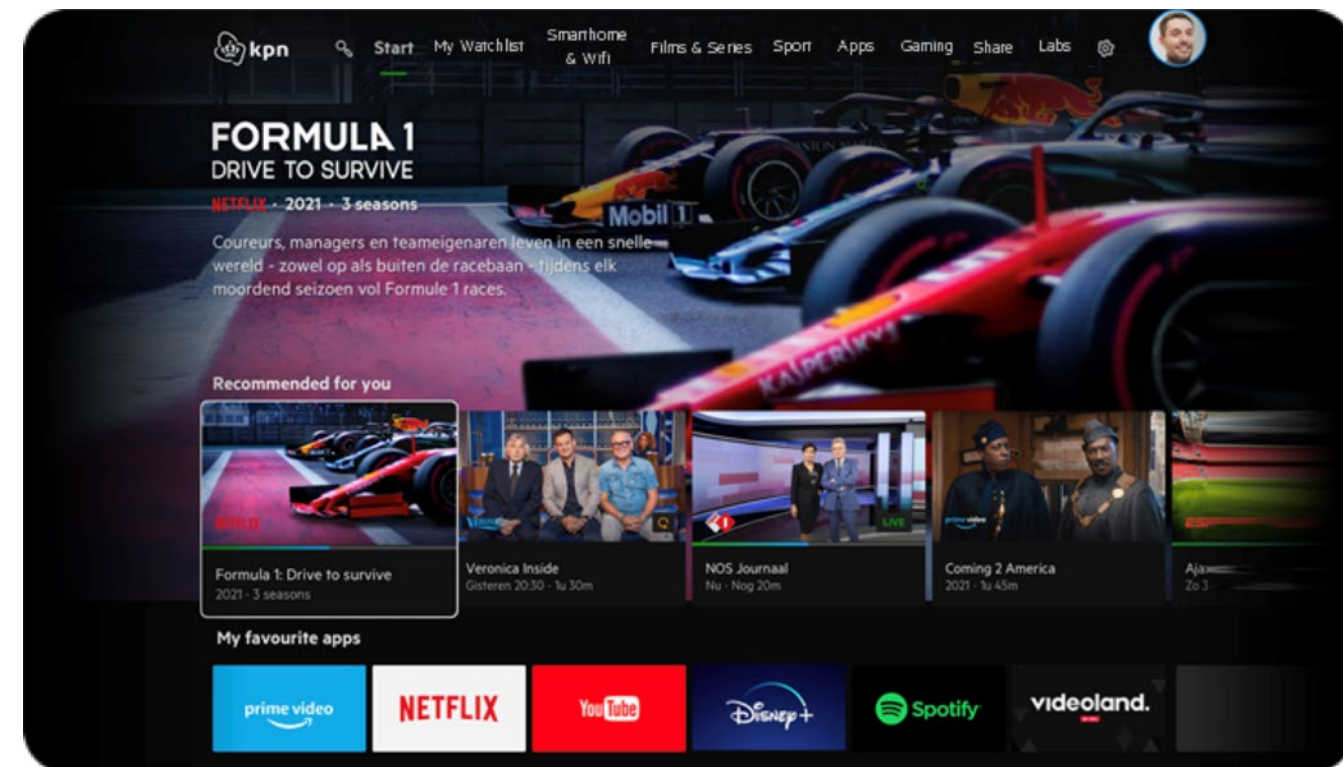
Continuously identifying new areas



B2C: leverage network investments to provide flawless in-home experience

Next-Gen TV

- Leveraging new Android based platform
- Streaming based on 4K and 8K technology
- Most extensive range of content
- Personal recommendations
- Best user experience



Unique gaming proposition

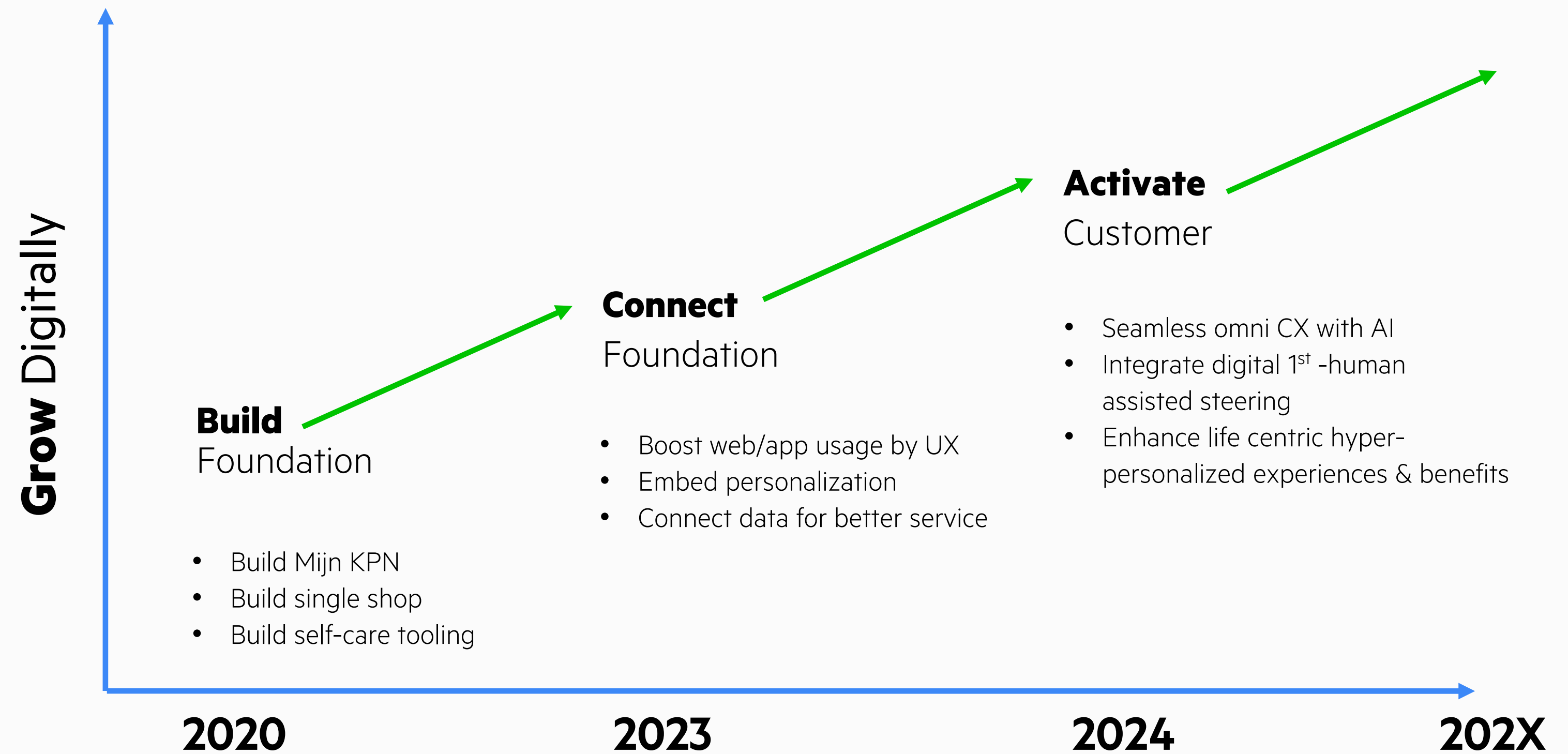
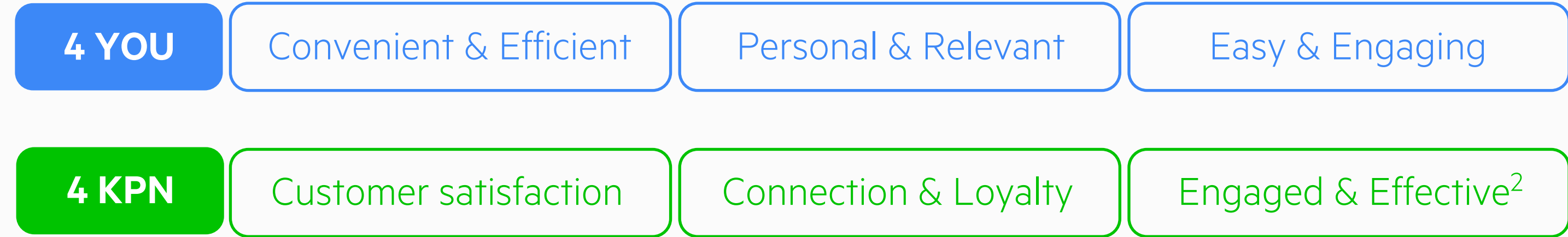
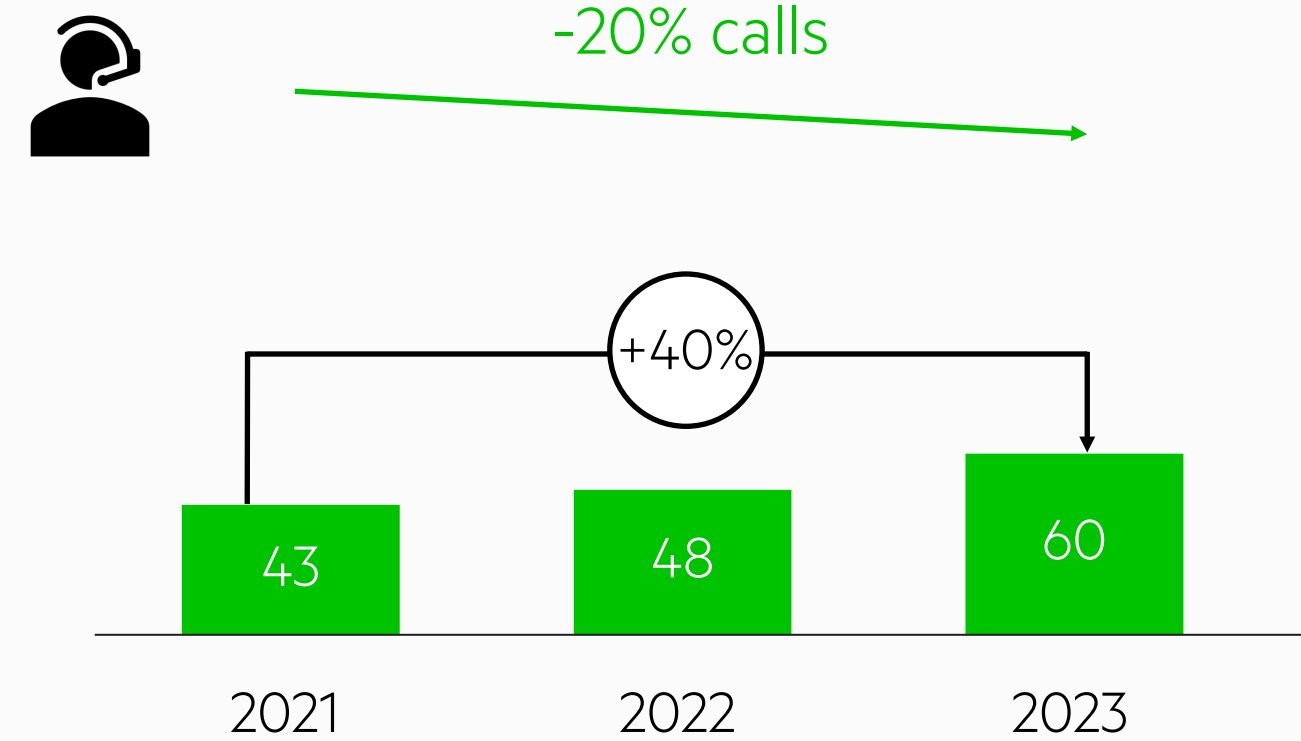
- Superior low latency, driving flawless gaming
- Best access to multiple suites of cloud gaming propositions
- Best cloud gaming experience



Customer propositions with a higher-than-average quality demand: introduced 4 Gbps broadband proposition

B2C: NextGen digital shift to enable convenience, connection & loyalty

Digital Adoption¹



1. Average % app and digital based channel usage of consumer base
 2. Cost reduction on service tickets, effective conversion and value-based channel steering



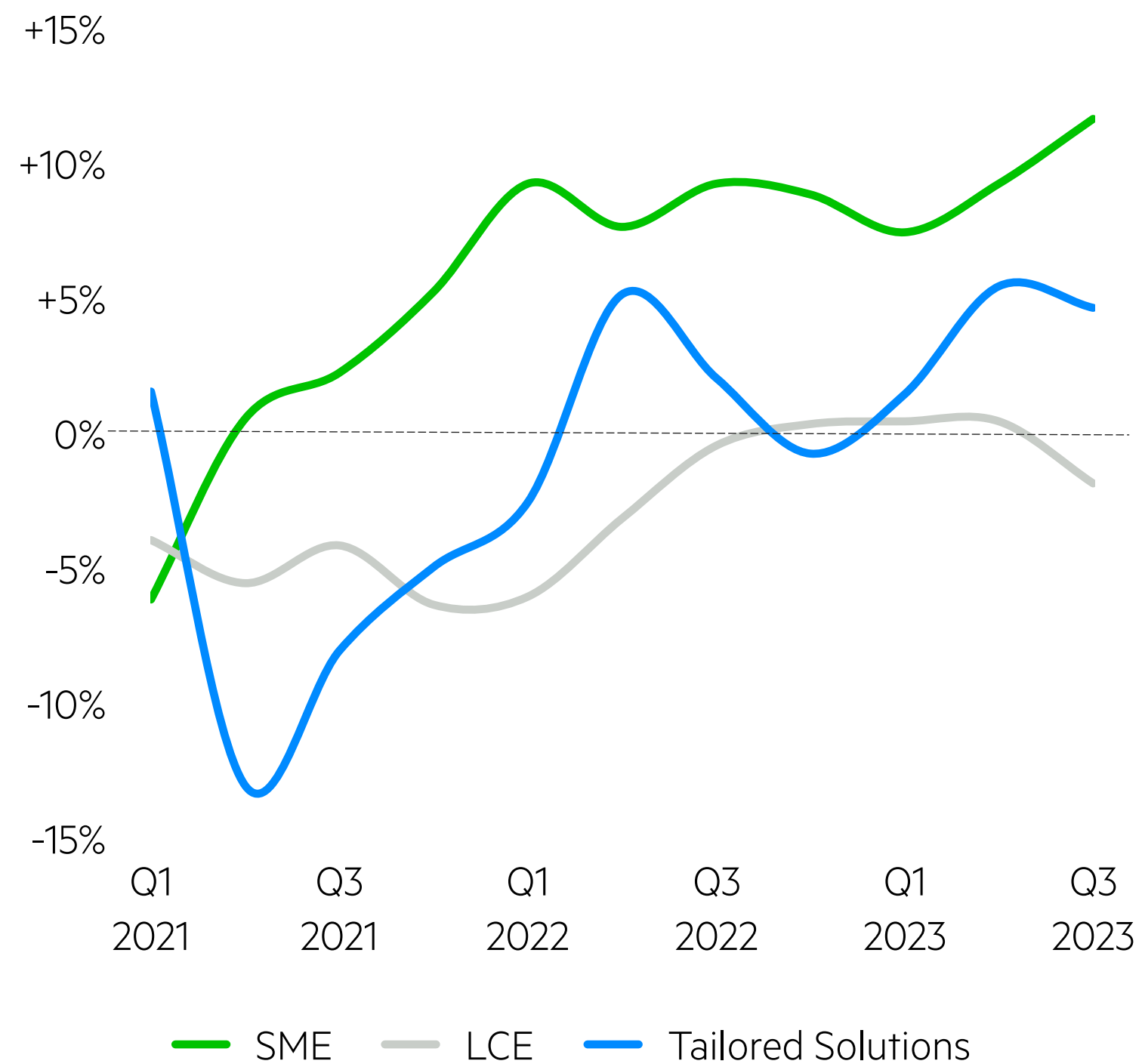
3.2

Business

B2B: turnaround delivered, focus on quality and sustainable growth

SME strong, LCE & Tailored Solutions...

Service revenue growth (% y-on-y)



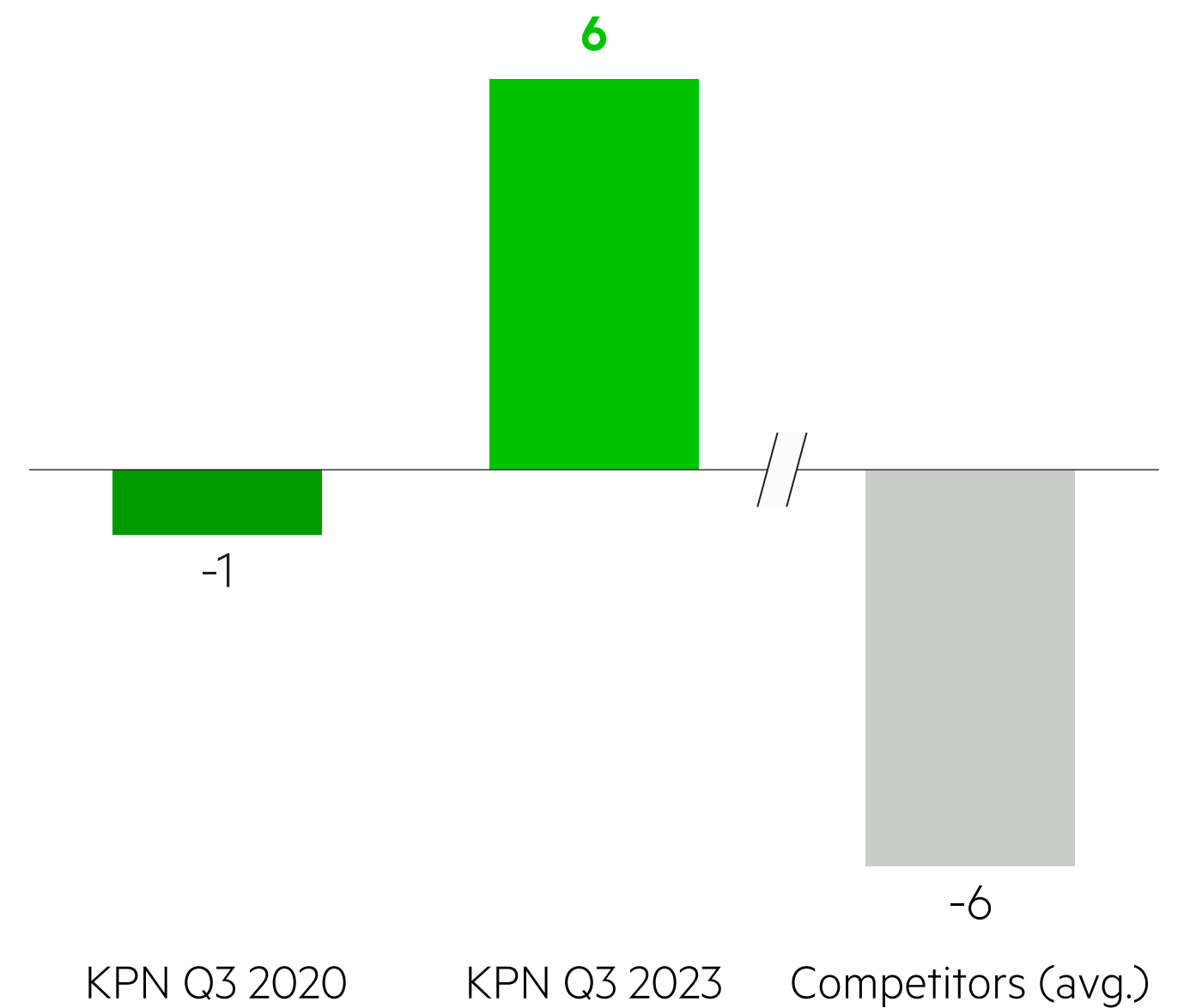
...also contributing to B2B turnaround

Service revenue growth (% y-on-y)

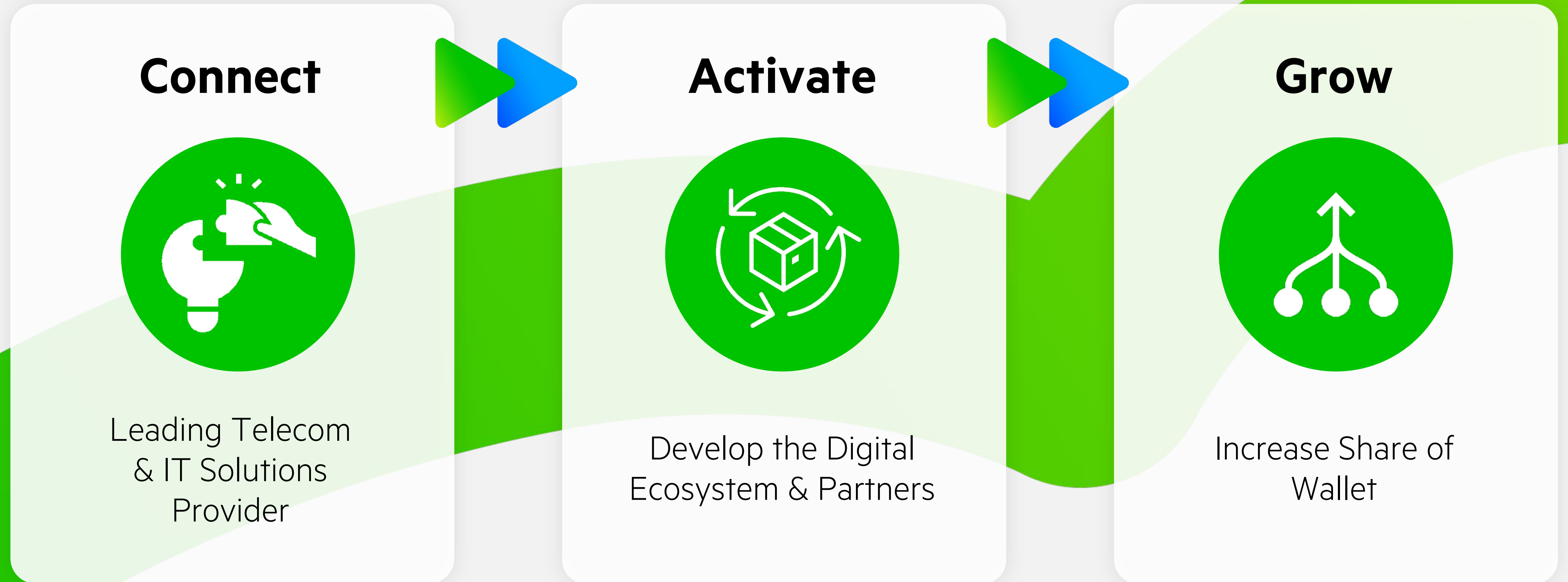


With best-in-class customer satisfaction

NPS¹



B2B: evolving from products to solutions focused propositions



B2B: connect solutions with converged propositions

Business outcomes

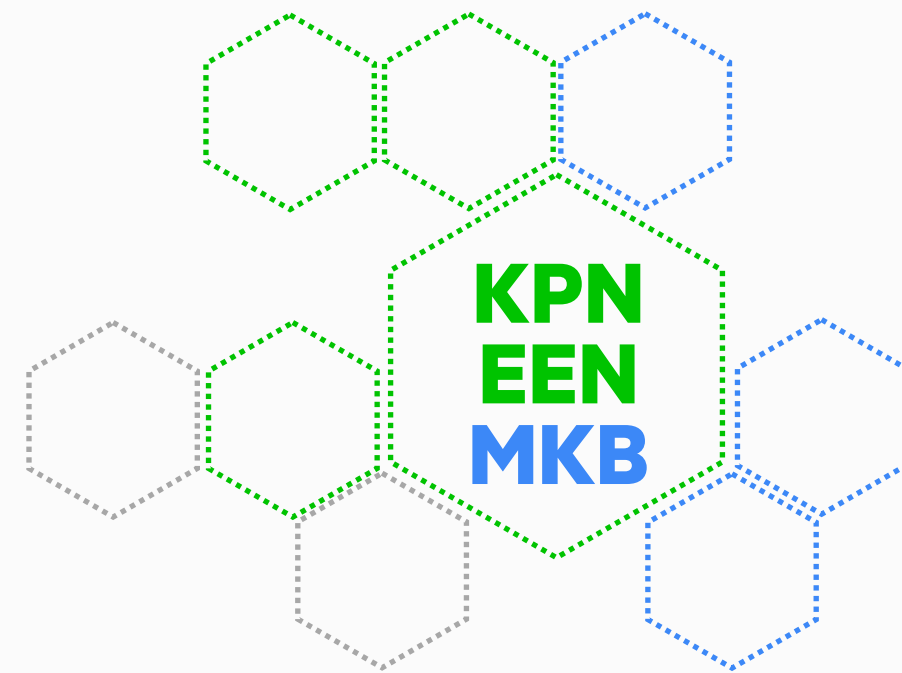
Client Interaction

Organizational Performance

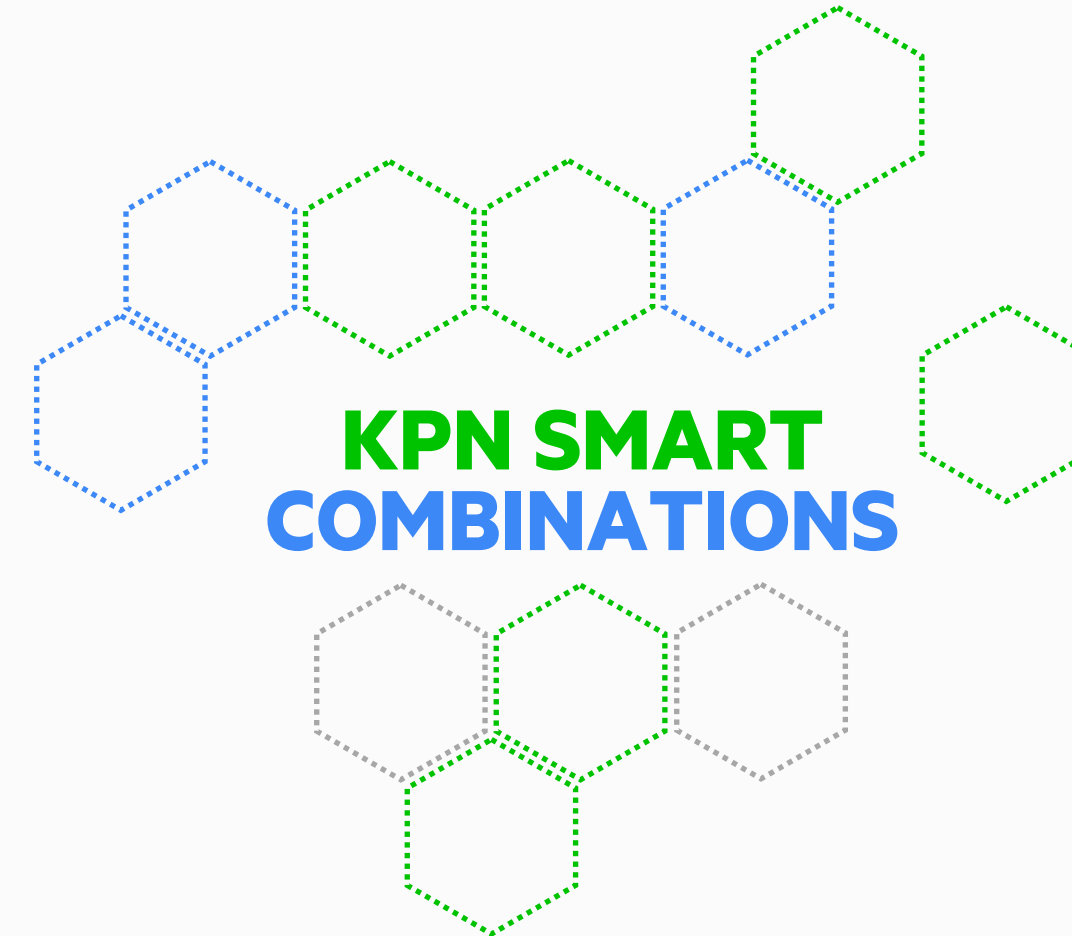
Employee Productivity

Propositions

SME



LCE



Tailored Solutions



Portfolio

Access & Connectivity

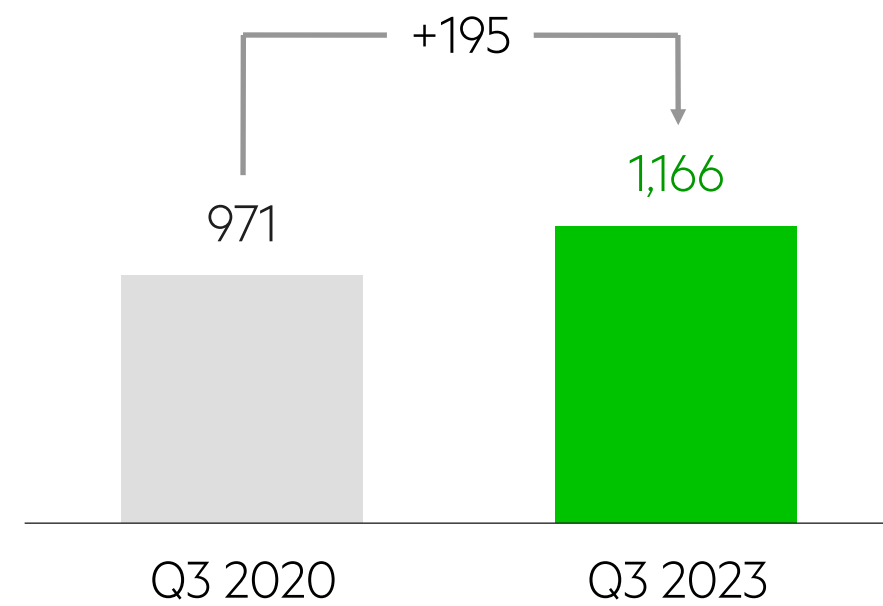
Cloud & Workspace

Security & Business Continuity

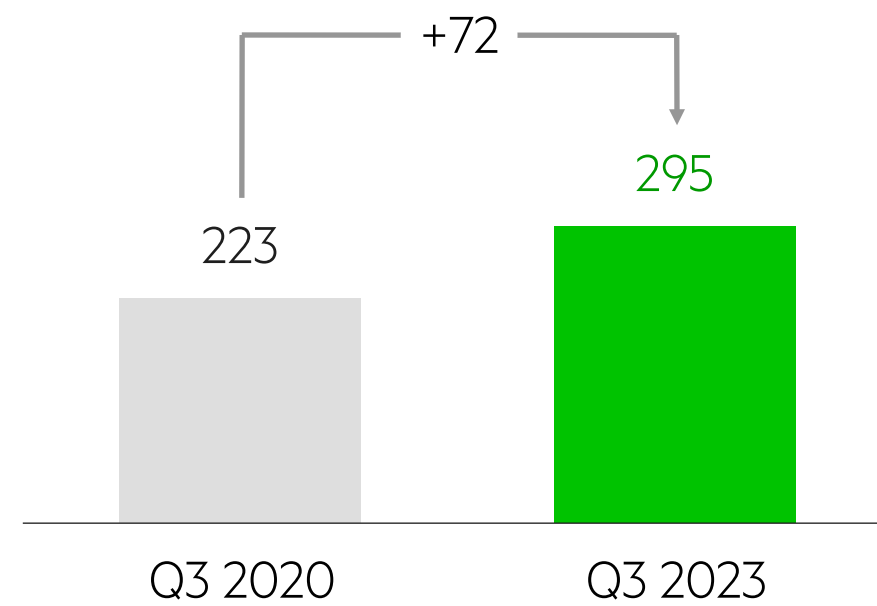
B2B: strong performance SME, leverage position to drive further growth

Standardized offering strengthened market position...

Mobile base (k)



Broadband base (k)

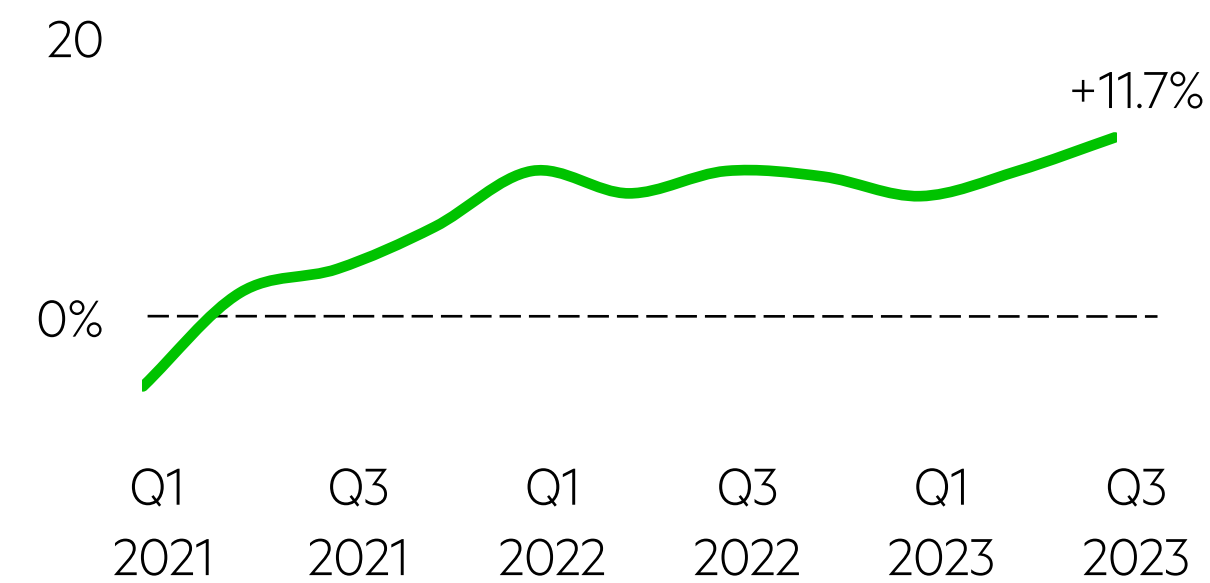


Market shares (%)¹



...leading to strong service revenue growth in SME

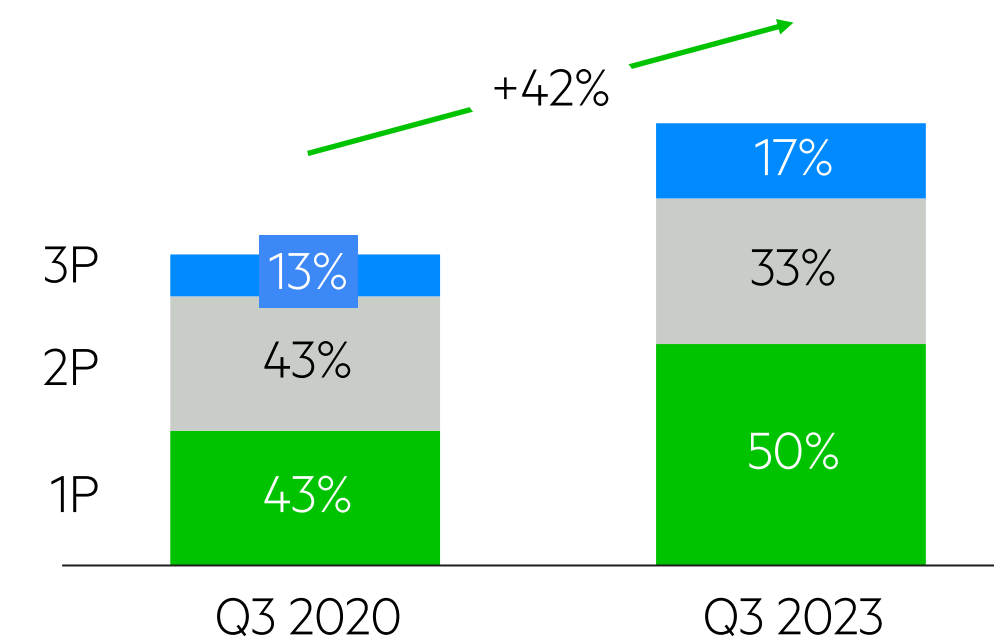
SME service revenue growth (% y-on-y)



SME service revenue growth mix Q3 2023

- ~67% Telco services
- ~33% ICT services

KPN EEN bundle mix



Growing share of wallet KPN EEN

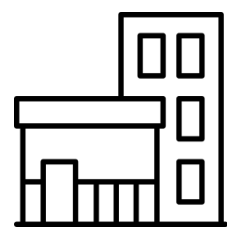
- Churn 6%
- NPS +4

B2B: SME provides one-stop ecosystem for small businesses

Target group



Self-Employed



**Small & Medium
Enterprises**

Platform Play

**Enrich connectivity services
with security and standardized
ICT building blocks**

- Easy-to-use integrated experience
- Increase share of wallet by integrating communication, workspace & security
- Increase loyalty, reduce churn
- Unique, differentiating security portfolio (Extra Veilig Internet)

Leverage platform play to connect customers, suppliers and partners



Optimize value play

Strong potential to increase share of wallet



Brand recognition

Strongest brand in the Netherlands



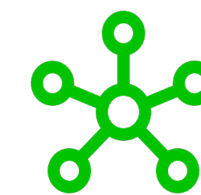
Strong distribution network

Combining direct sales channels with business partners



Digitalize

Fully unified commerce & service platform



Fiber to business parks opportunity

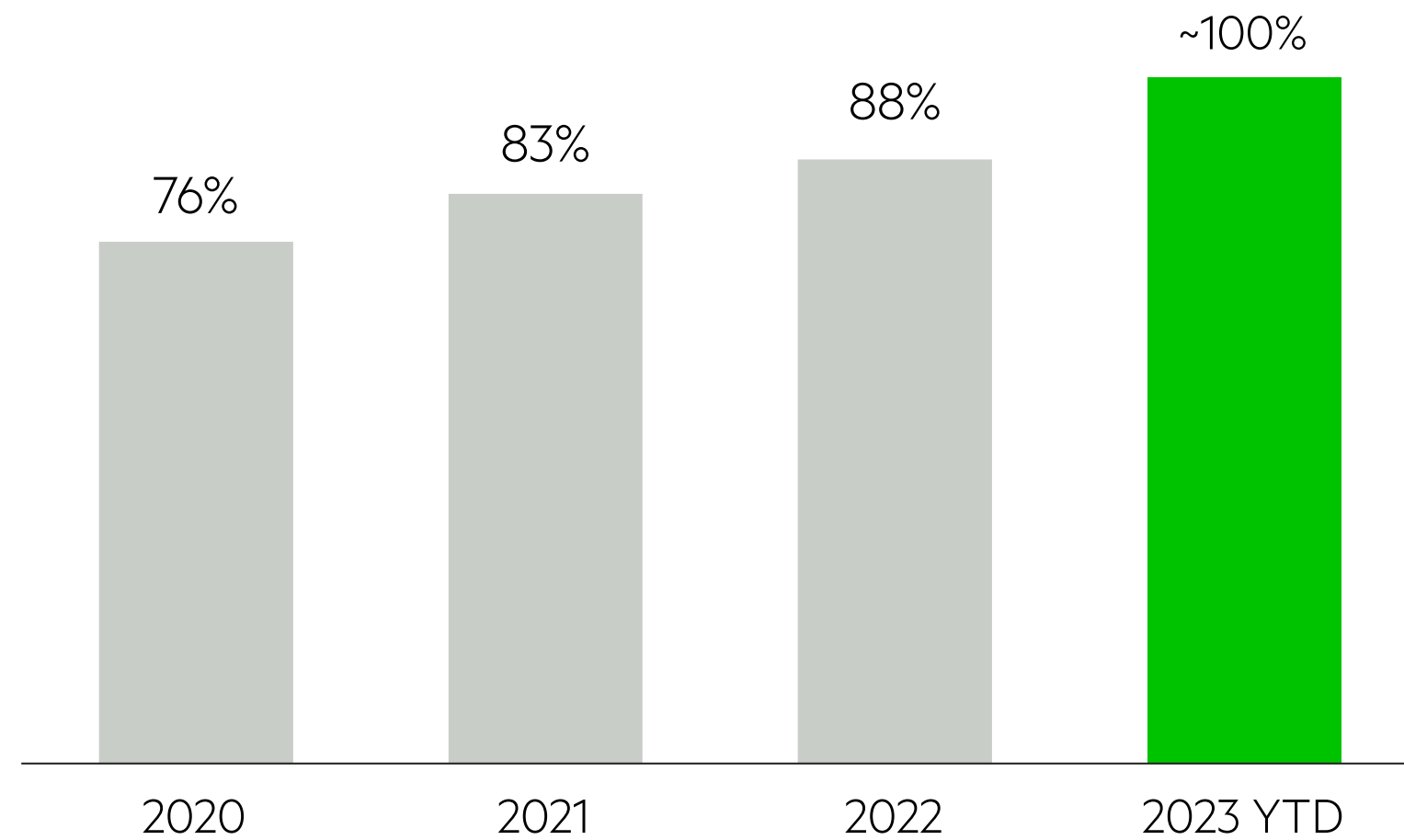
Tap into 225k business park connections by 2026 to gain broadband market share

B2B: LCE customer base migrated, leverage portfolio to grow share of wallet

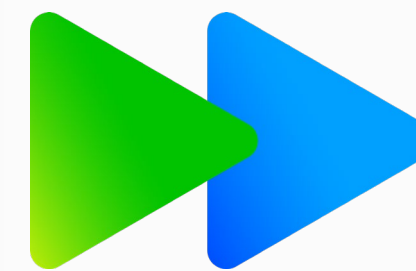
Leverage KPN Smart Combinations portfolio to drive growth

Cleaned up LCE legacy base¹

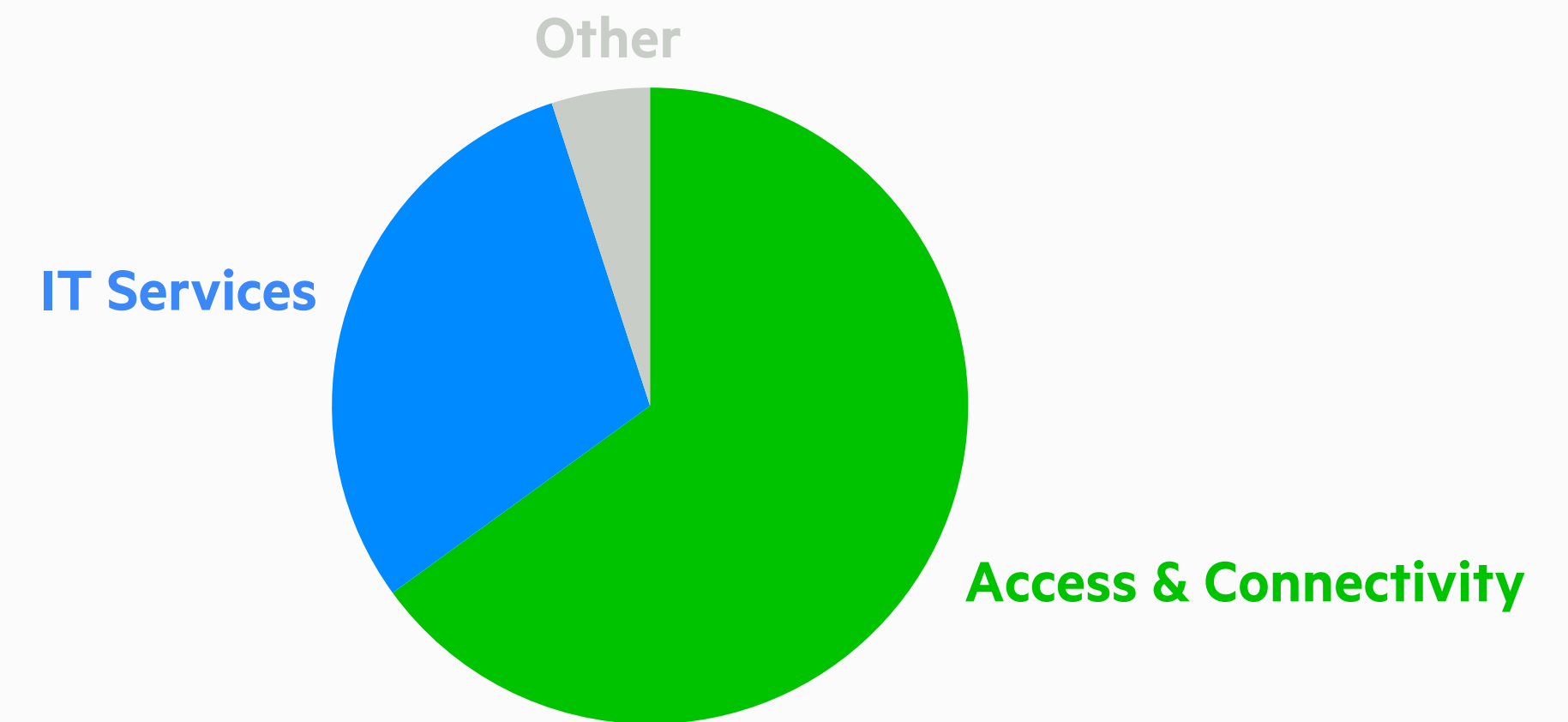
Customers migrated to target portfolio (%)



Customers on future proof portfolio

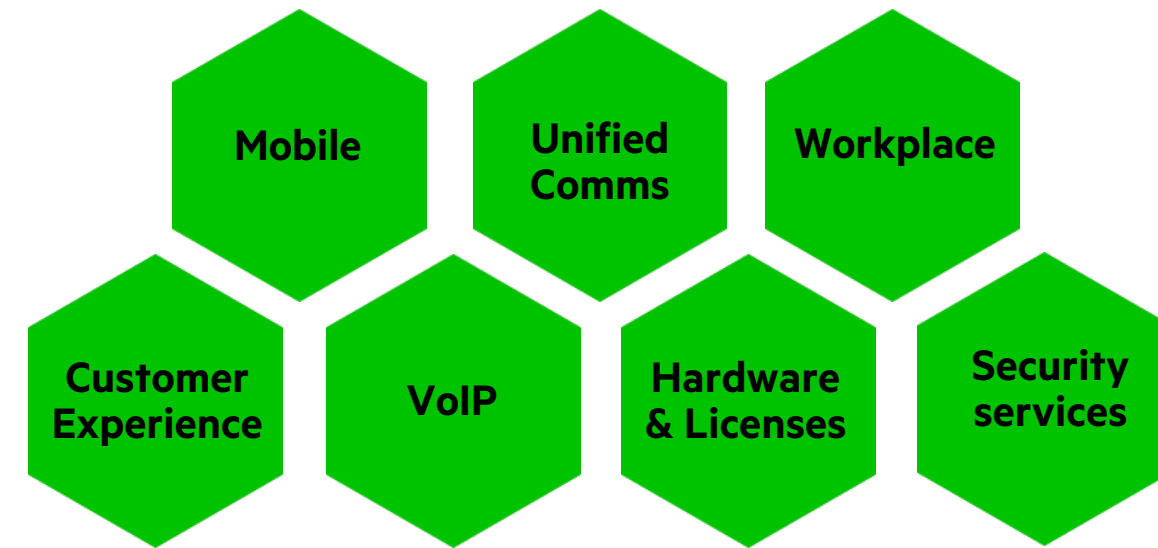


LCE service revenue distribution mix YTD 2023



B2B: delivering value through modular and secure propositions

Connected Employee



 **Secure & Compliant by design**

Connected Employee & Organization at heart of KPN Smart Combinations, complemented by unique value adding solutions

KPN Multi-cloud

- CloudNL - Public Cloud - Edge

Next-Gen Home (Secure Networking)

- Secure Connect - SD-WAN - Security - Elastic Interconnect (NL-IX)

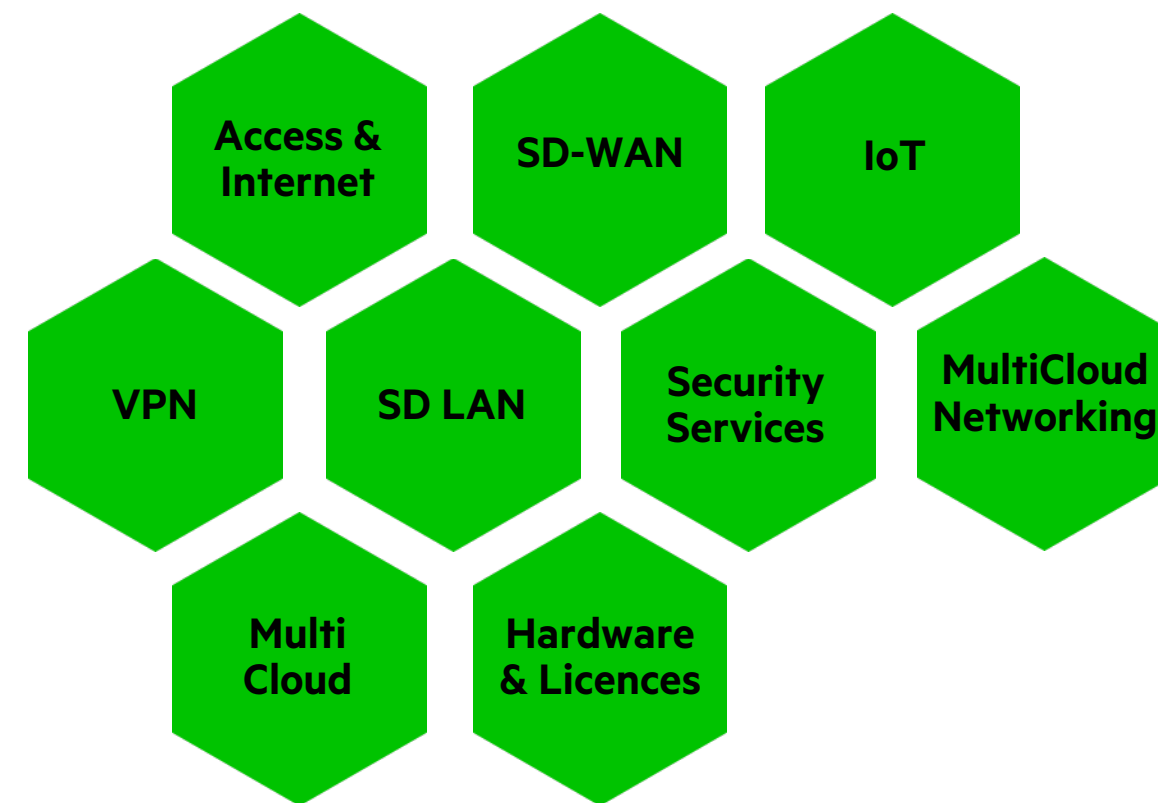
KPN Campus Network

- 5G - Localization - SD-LAN - Edge

KPN CPaaS Suite

- Messaging - Voice

Connected Organization



 **Secure & Compliant by design**

B2B: new solutions to strengthen and enrich our portfolio

Leveraging unique combination of Private 5G, Multi-Cloud & Networking to enable end-to-end business & mission critical use cases for our customers

KPN Campus

Onsite / Indoor



Private 5G



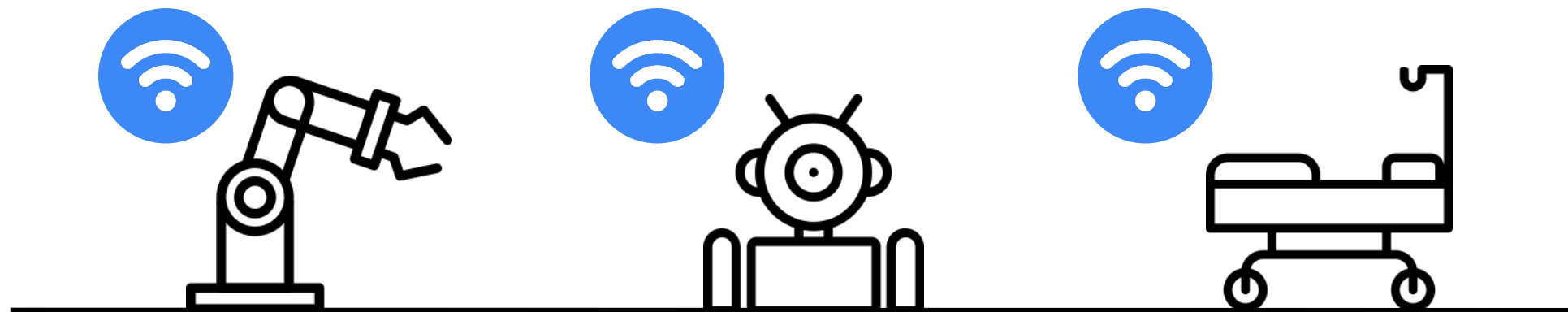
Localization



SD-LAN



Edge Computing



KPN Multi-cloud



Public Cloud



3rd Party SaaS



Private Cloud



Edge Computing

Multi-cloud Networking

B2B: accelerate platform & data play on strong connectivity base

Growth journey:

Leveraging networks, roaming partnerships and modular solutions

Built IoT foundation with core connectivity services

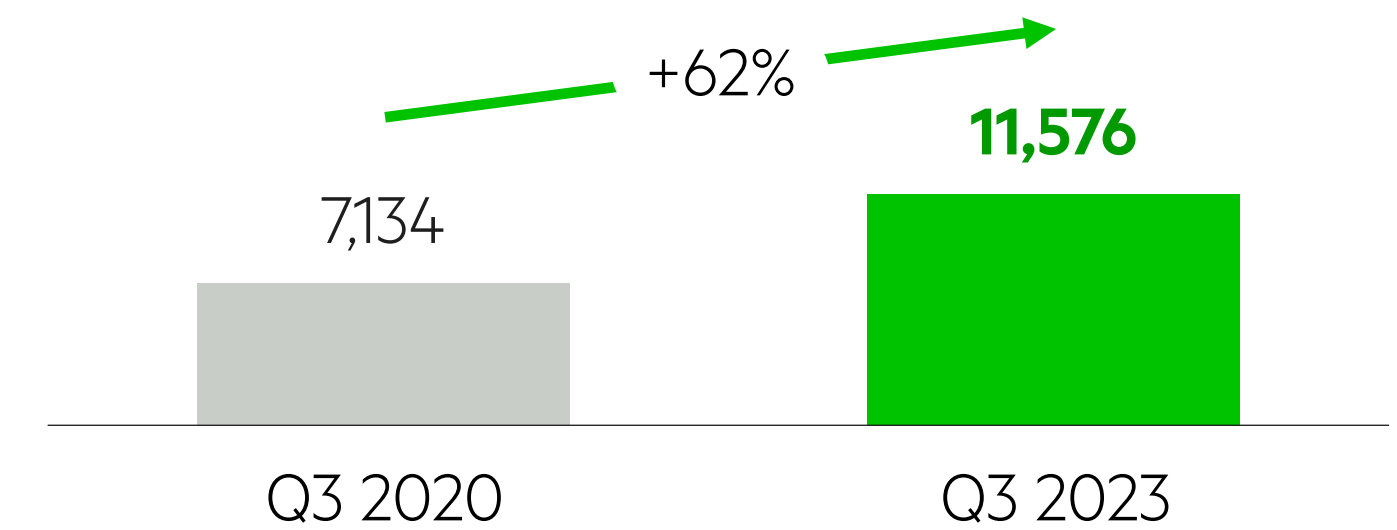
- Managed M2M proposition
- Full offering of IoT network solutions (LoRa, LTE-M and 5G)
- Value added services on 5G and eSIM
- International expansion through global connectivity based on roaming footprint

Value add platform play, accelerated through vertical solutions

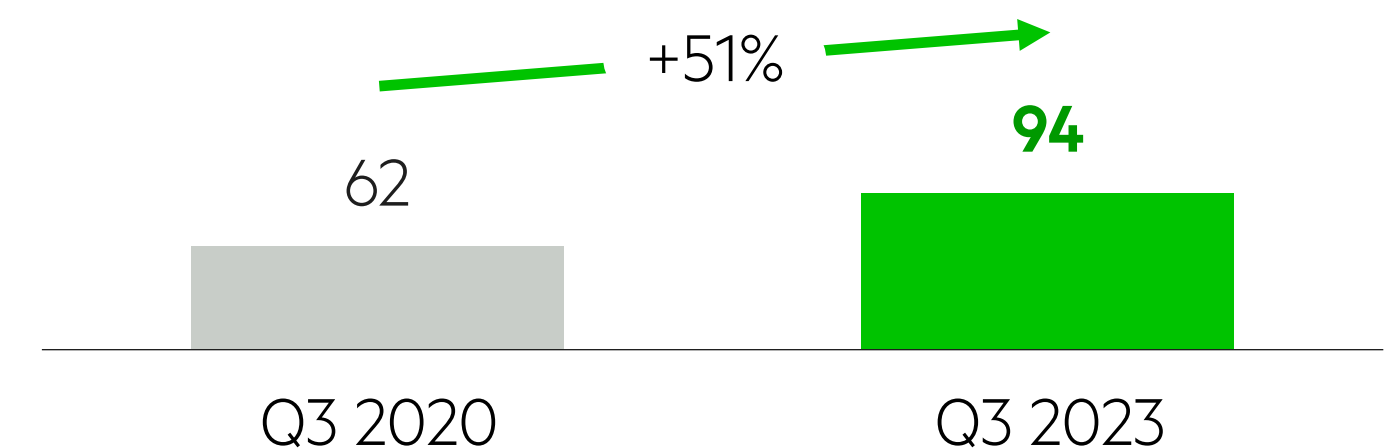
- Device and data management platform in an integrated portal (KPN Things)
- Streaming data sharing platform (Secure Data Exchange) to support data sharing in and between ecosystems
- Joint G2M with sector specific partners
- IoT as accelerator on existing KPN business

Strong growth in Internet of Things

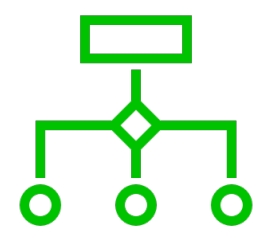
IoT M2M SIMs (k)



IoT revenues (annualized, € m)



B2B: delivering value-adding ICT solutions through Tailored Solutions



Focus markets

Main Ports & Logistics, Public Sector (critical),
Financial Services & Insurance



Increase share of wallet

Network, Security, Workplace, Cloud

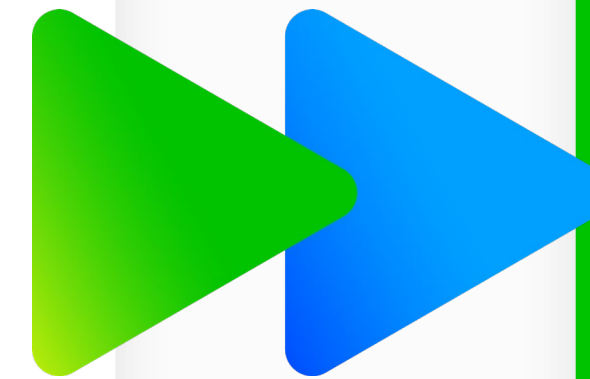


Orchestrate & integrate complex connectivity & ICT solutions

On-site co-creation customer relationships



Improving margins & increasing productivity



- **Position as strategic ICT services and integration partner for largest customers**
- **Capture market potential with a focused industry approach**



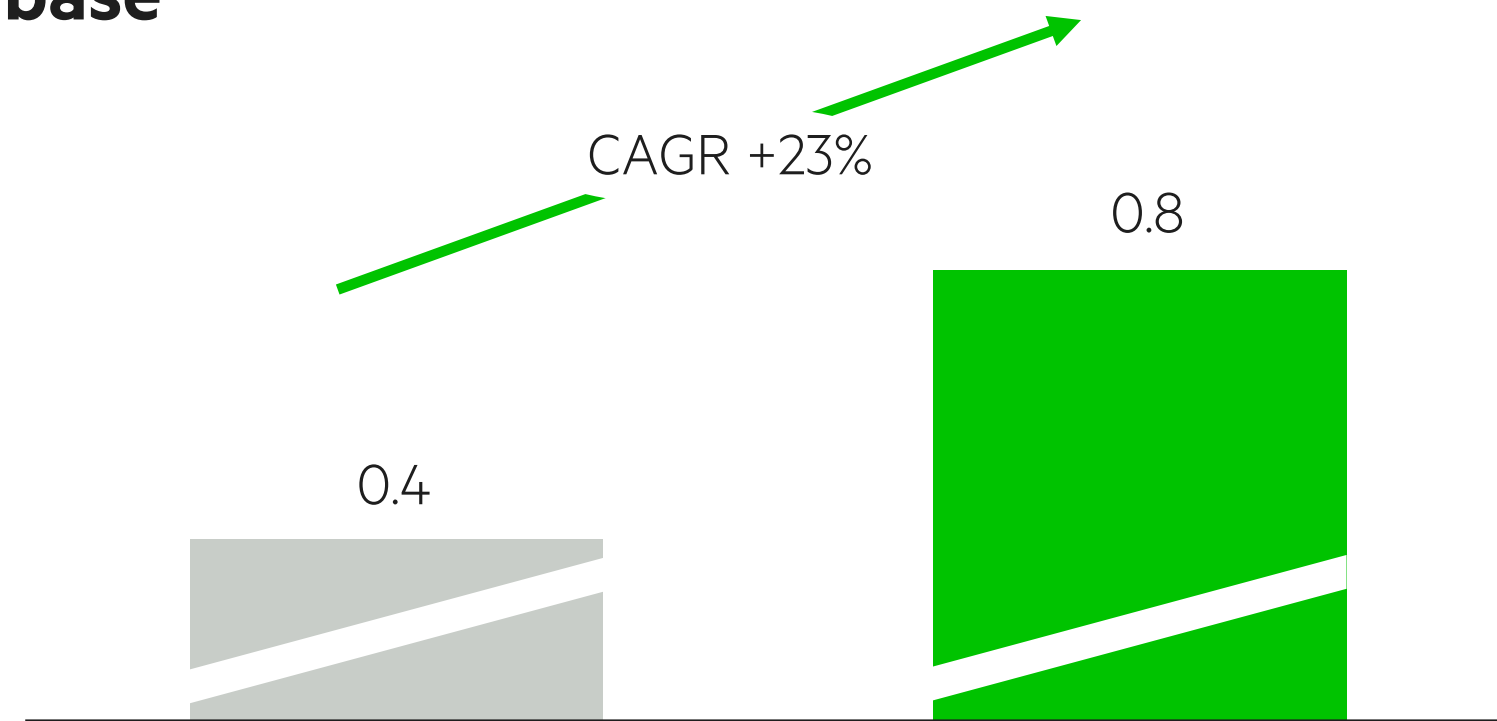
3.3

Wholesale

Wholesale: sustainable growth from open access portfolio

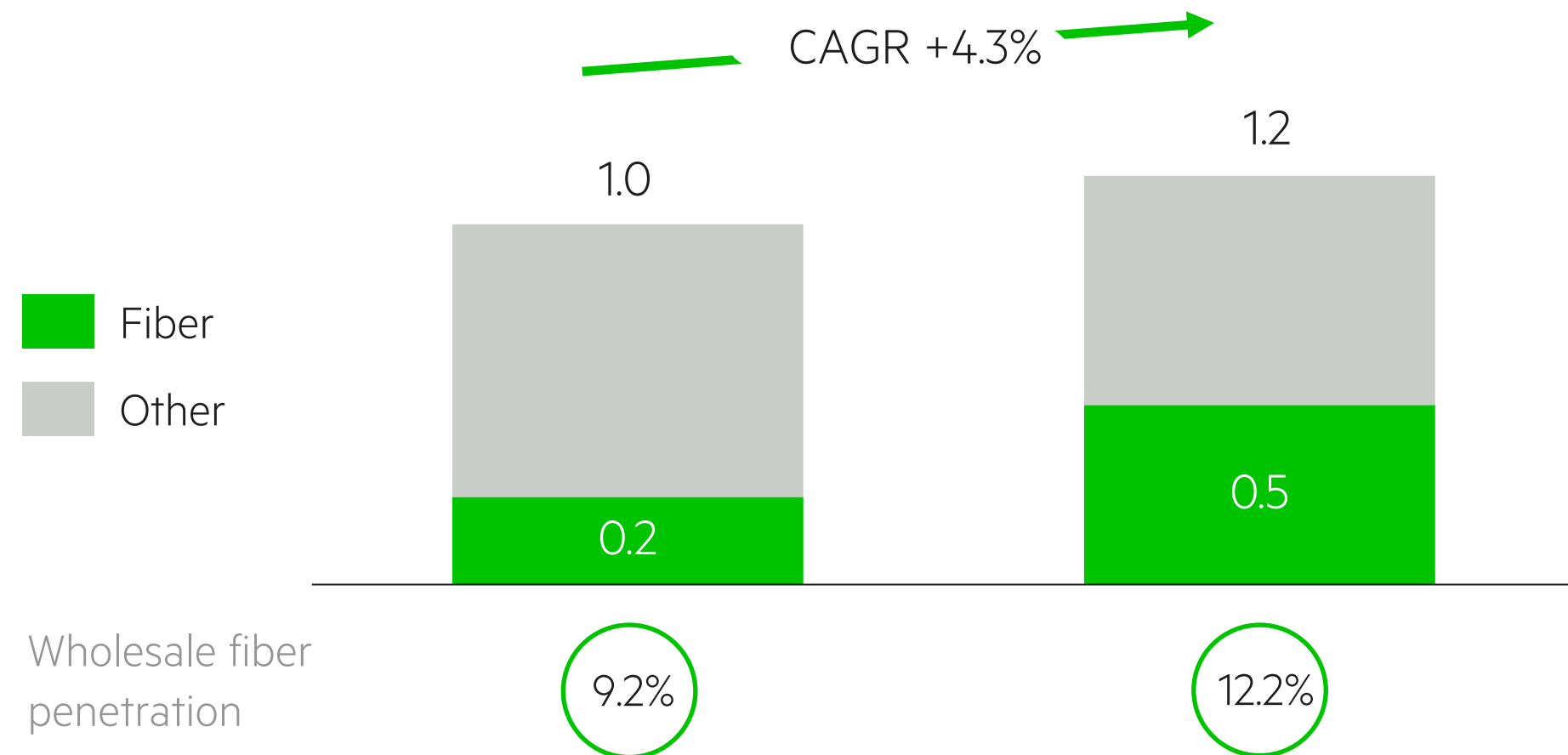
Postpaid base

(m subs)



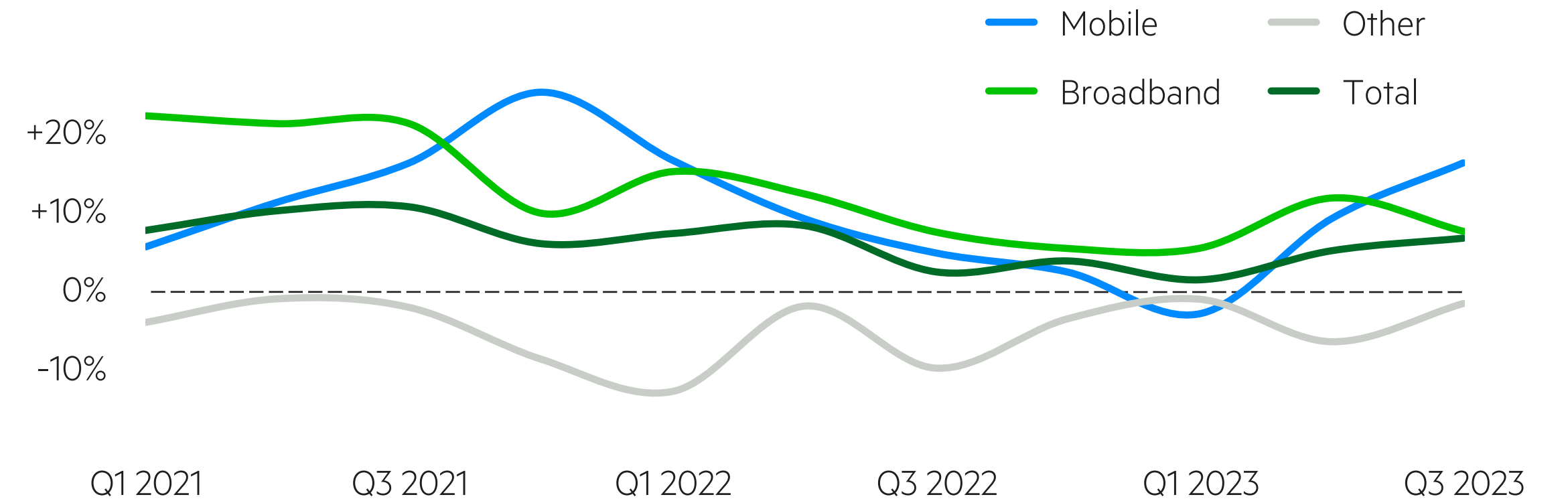
Broadband base

(m subs)



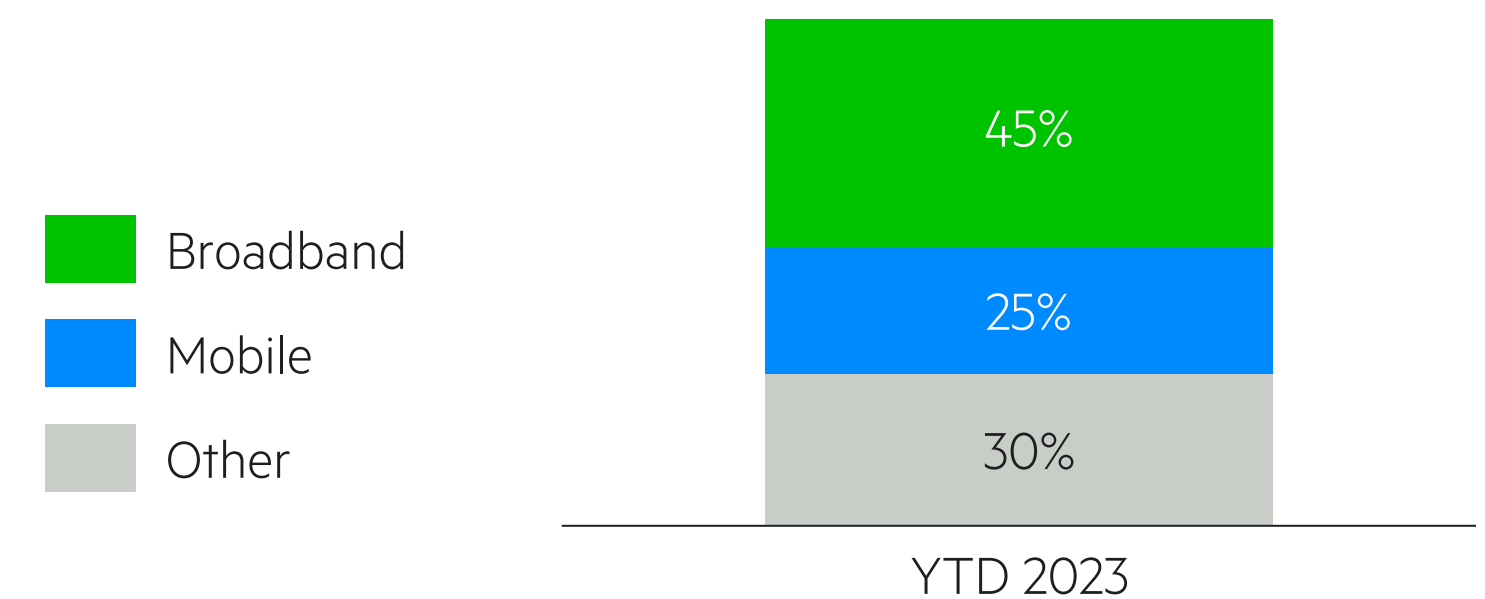
Wholesale service revenue growth

(% y-on-y)



Wholesale service revenue distribution

Wholesale service revenue distribution mix %

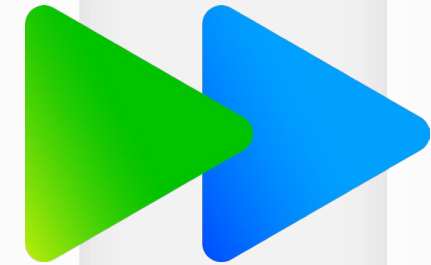


Wholesale: leverage unique assets, expand into new markets

Connect



Remain Preferred
Connectivity Partner



Activate



Create Innovative Building
Blocks for Industry
(B2B2X)



Grow



Leverage Innovation to
Grow with Industry
Partners

Wholesale: grow business through connectivity and new building blocks

Connect



Business Access VAS



Fixed access



Mobile access

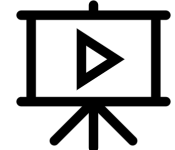
Activate



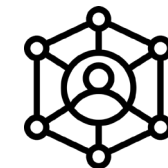
CPaaS API



Global Access



Media



Interconnect



Messaging



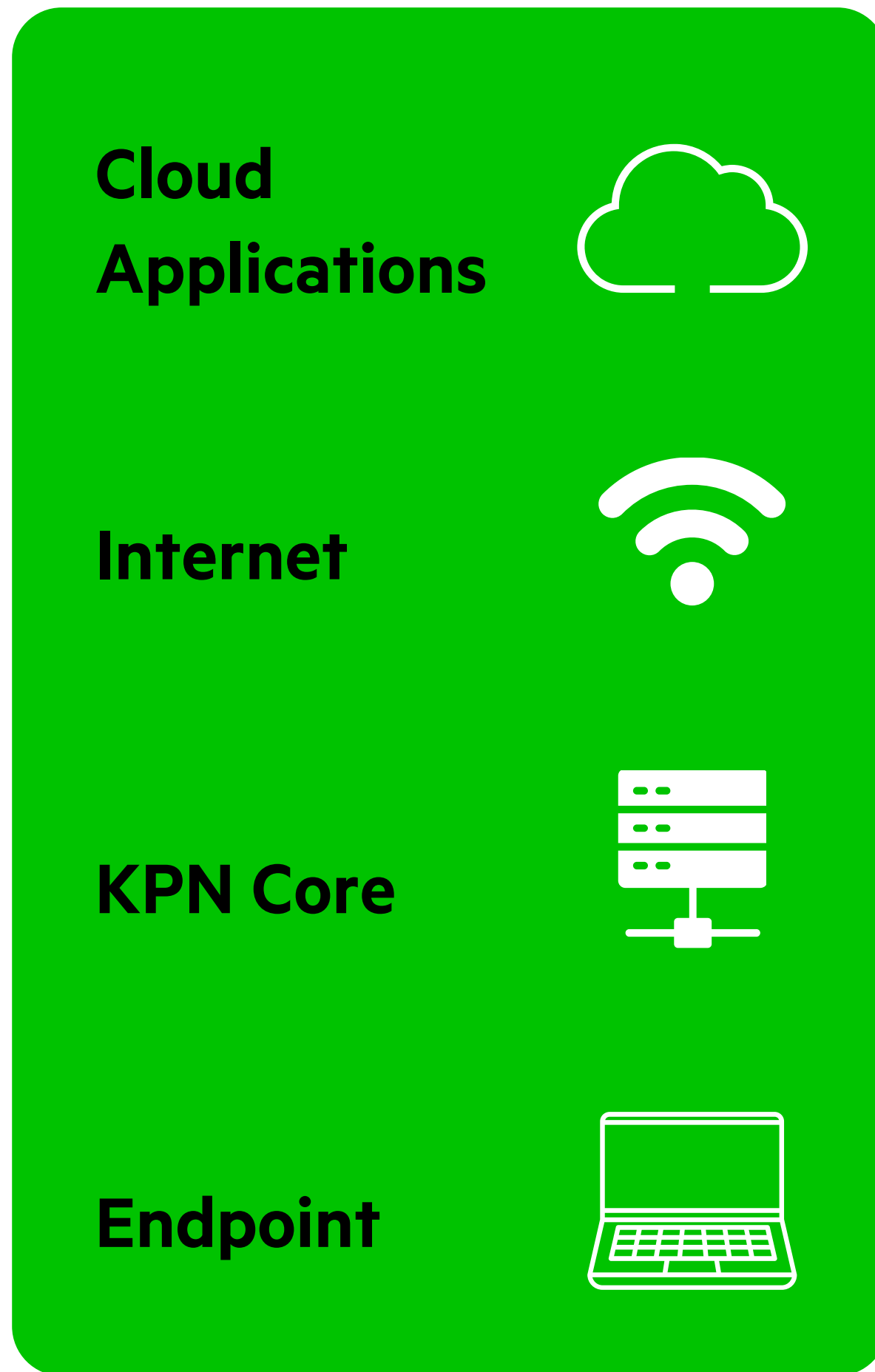
Voice



Roaming

Strong Foundation of Services

Leveraging KPN's **internet exchange** to deliver future distinctive solutions



KPN uniquely owns Internet Exchange (IX)

- Largest distributed IX in the world
- #4 in the world by traffic volume
- #6 in the world by connected networks
- Fully meshed low-latency network

Insert NL-IX into connection funnel

- Leverage NL-IX to enrich Business market solutions

Distributed B2B2X

- Via resell B2B and direct Wholesale



3.4

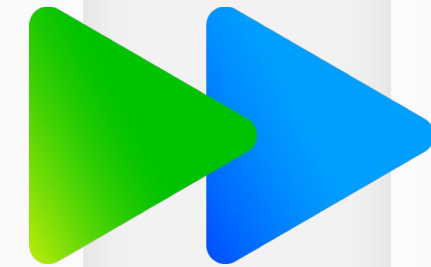
Tech & Digital

Building the best network and digital infrastructure of the Netherlands

Connect



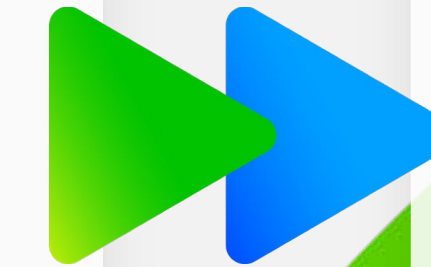
Leading
Infrastructure



Activate



Deliver Best Digital
Experience

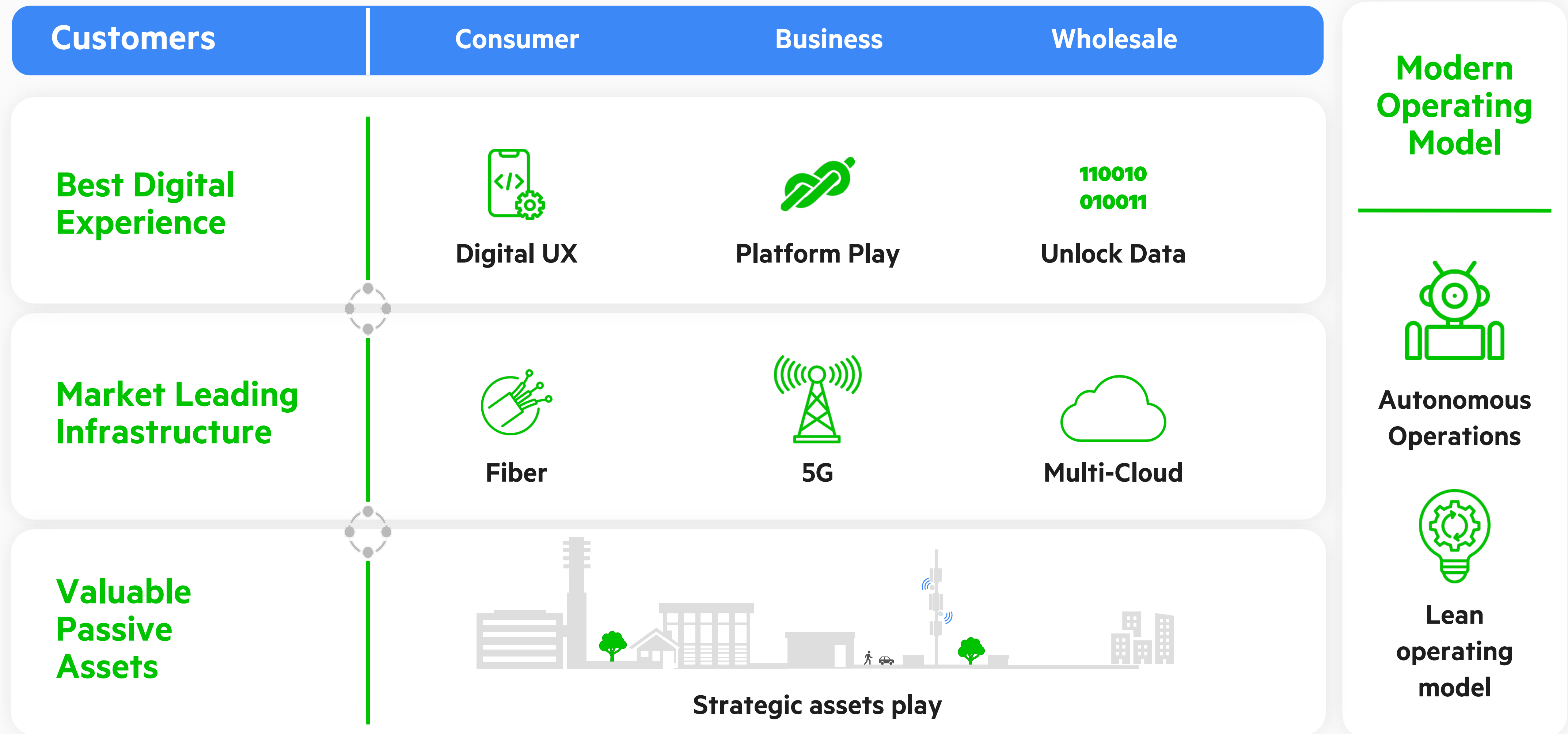


Grow



Maximize Value of
Passive Assets

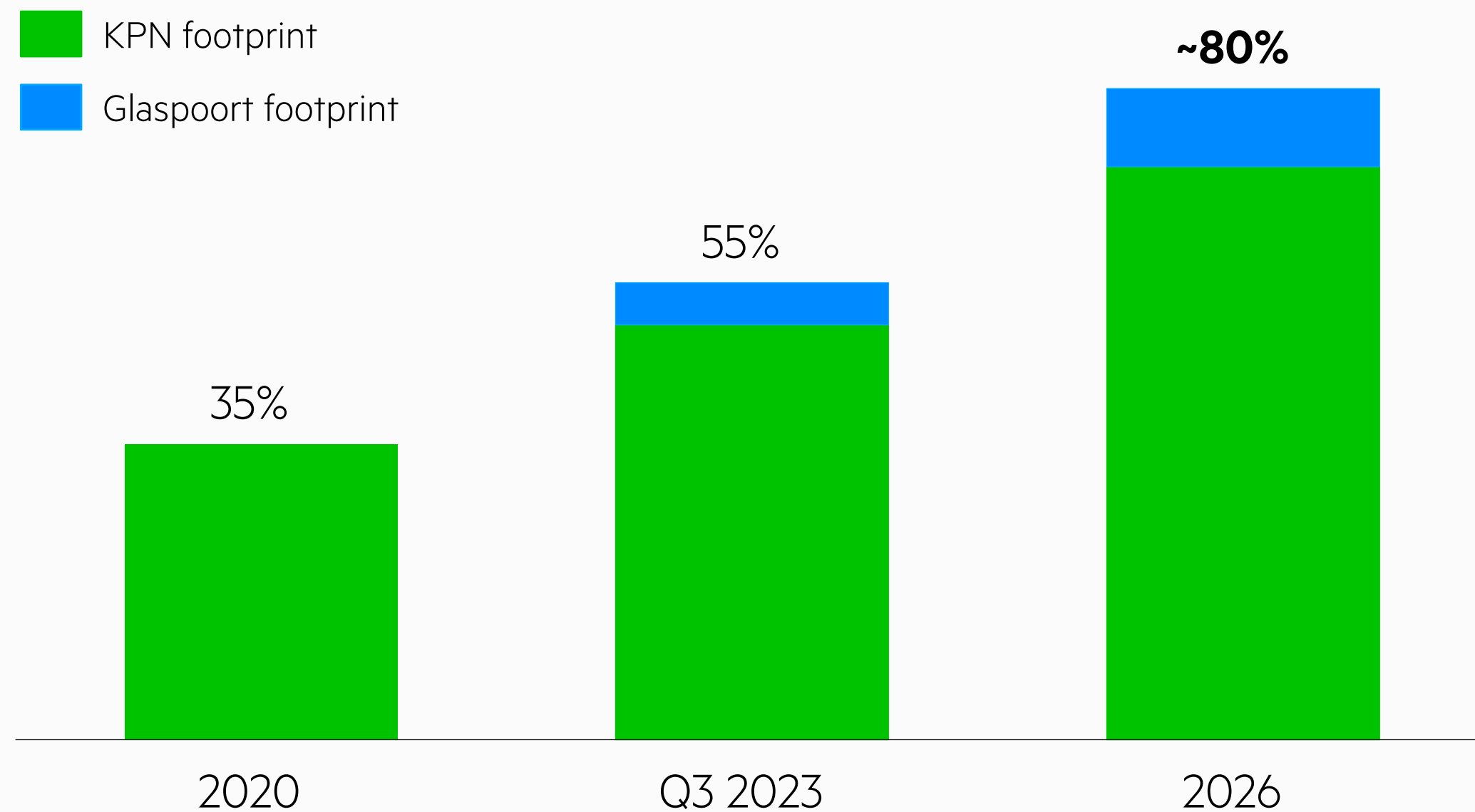
High-quality, secure network, enabling the best digital experience



Complete fiber roll out and leverage superior network

Complete roll out, jointly covering ~80% of NL by end-2026

Homes passed, % of households



While at the same time investing in superior customer experience

Remaining priorities on fiber by 2027

~85% of fiber households have access to 10 Gbps

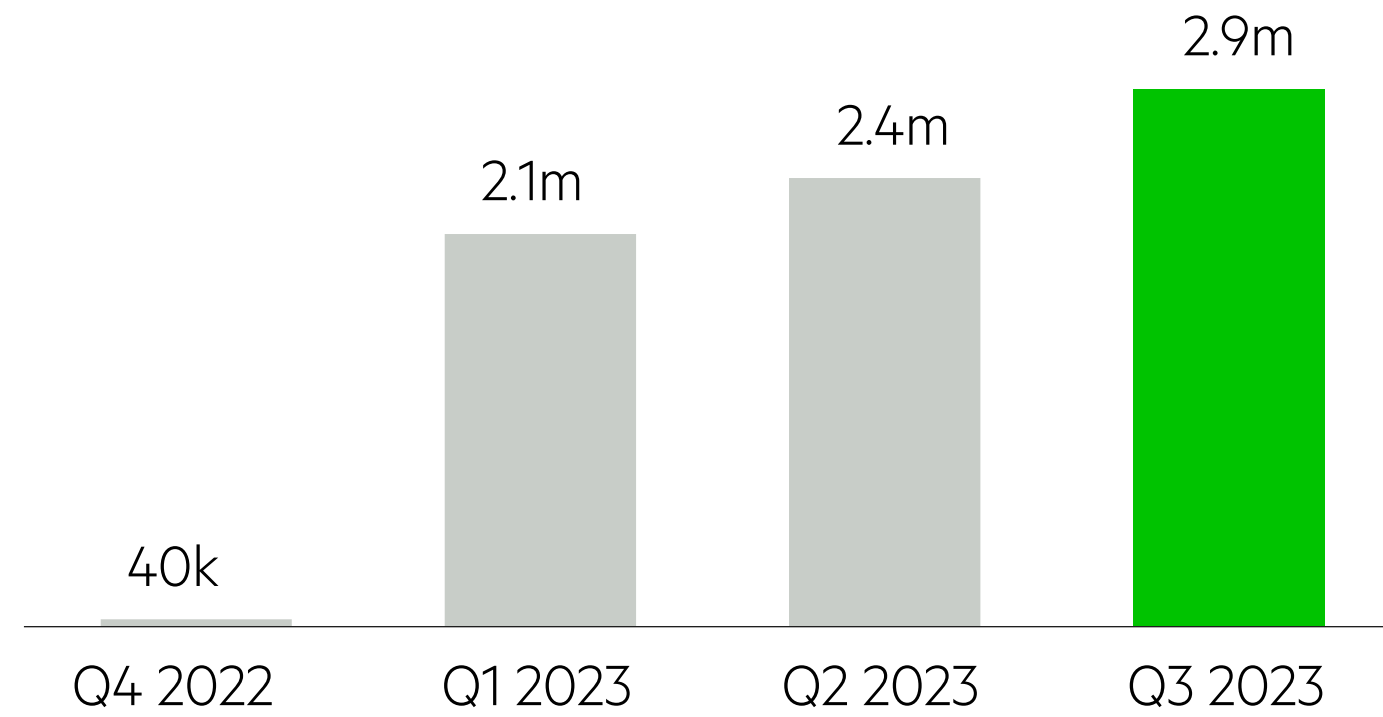
~70% of fiber households have on-demand access (always-on network)

~65% of copper network switched off

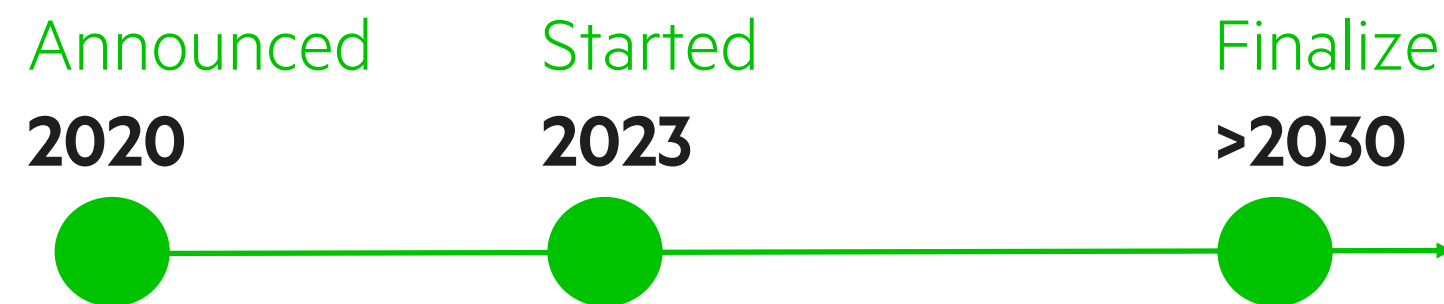


Gaining momentum in decommissioning copper and realizing savings

Ramping up decommissioned households



Indicative timeline copper switch off



Benefits

Service tickets



Energy Consumption



Maintenance Cost



Real-estate footprint



Potential Savings

~€ 25m

Copper opex 2023

~€ 70m

Copper Capex 2023

Stay ahead of the curve in our mobile network

2023-2024

5G Foundation

- Start 3.5Ghz network roll out
- 5G-SA core
- Campus 5G
- Introduce speed-tiering

2024-2027

5G Monetization

- 5G monetization services
- 5G slicing
- Edge services

>2027

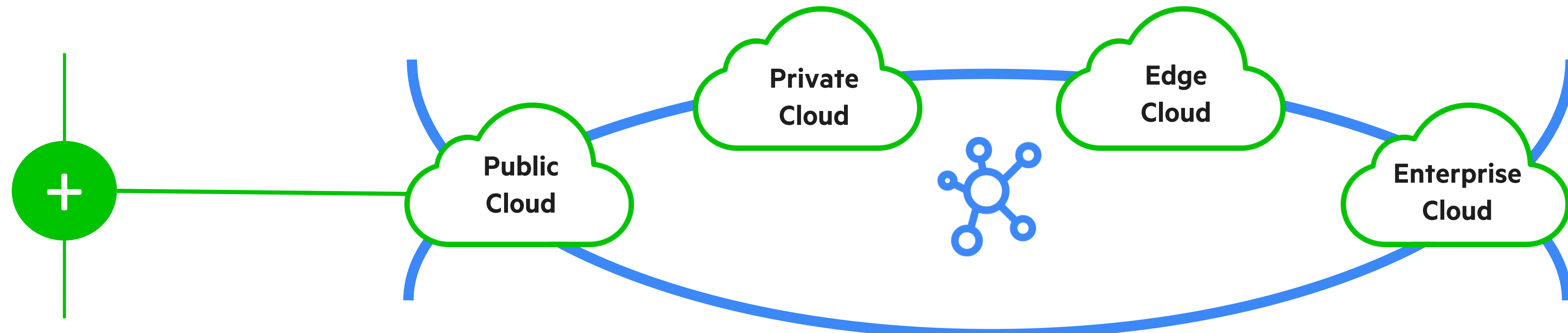
5G as a Platform

- 2G sunset
- Preparing for 6G
- 5G network API's

Leveraging our **Multi-Cloud & state-of-the-art Networking Fabric**

Any Cloud, anywhere

for both internal and external purposes

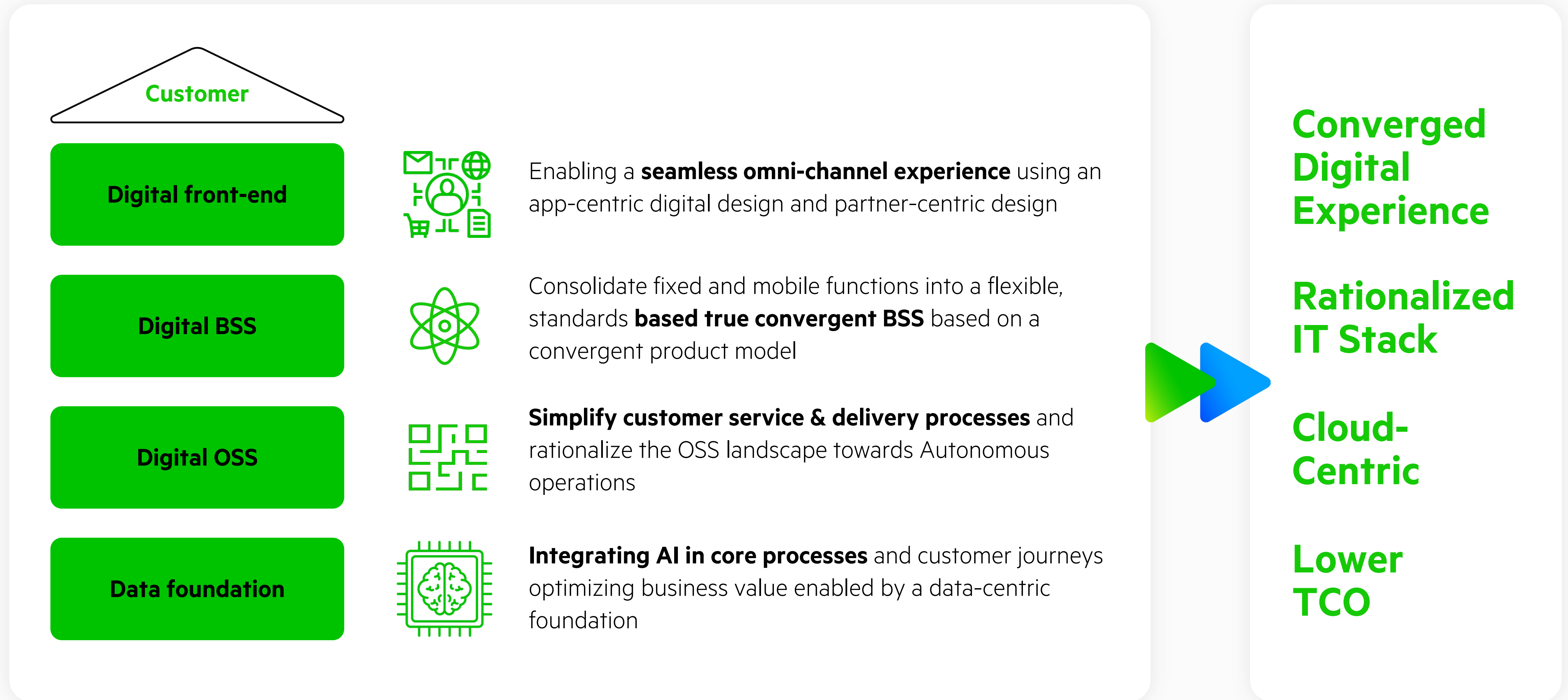


Multi-cloud Network

High capacity, reliable and secure Networking Fabric

Multi-Cloud Network

Best digital experience, fuelled by unlocking data and AI





3.5

Modern Operating Model

Leverage the power of data, automation and AI to modernize KPN

Focus areas to realize exceptional customer experience and net indirect opex step-down



Simplification

Simplify products and networks



Always-on automation

Deploy always-on and fully autonomous networks



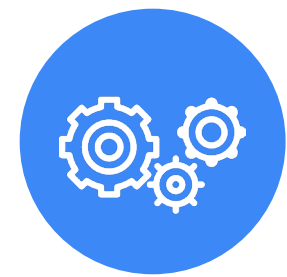
IT rationalization

Innovate on the cloud



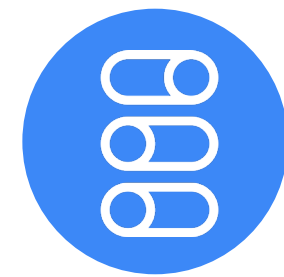
Energy reduction

Create a more sustainable and energy efficient network



Copper switch off

Reduce # of tickets, maintenance costs and energy usage



Digital & Personalization

Digitized customer interactions



Organization

Strategic set-up, office footprint



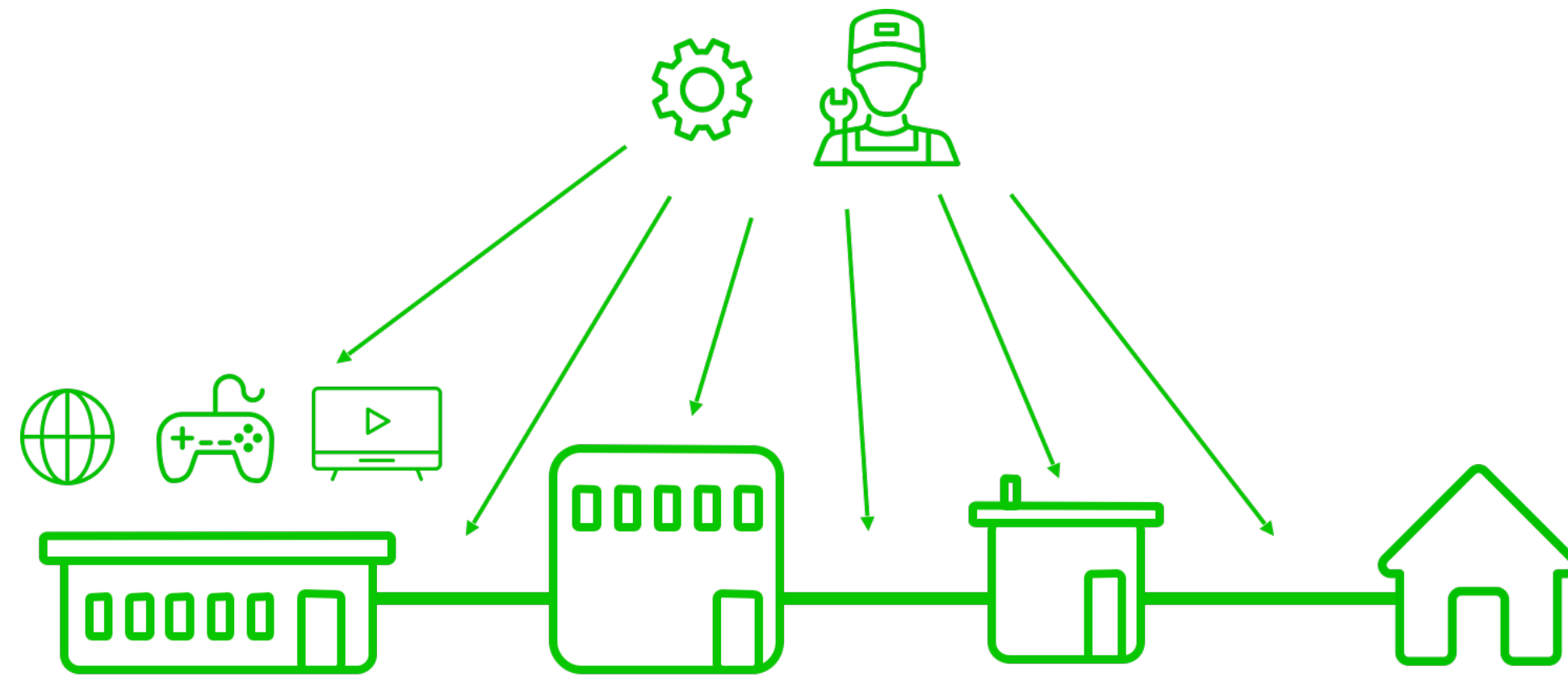
Innovation

Selective investments and venturing

Automation: always-on network offering ease, cost savings & satisfaction

Transform the customer activation process...

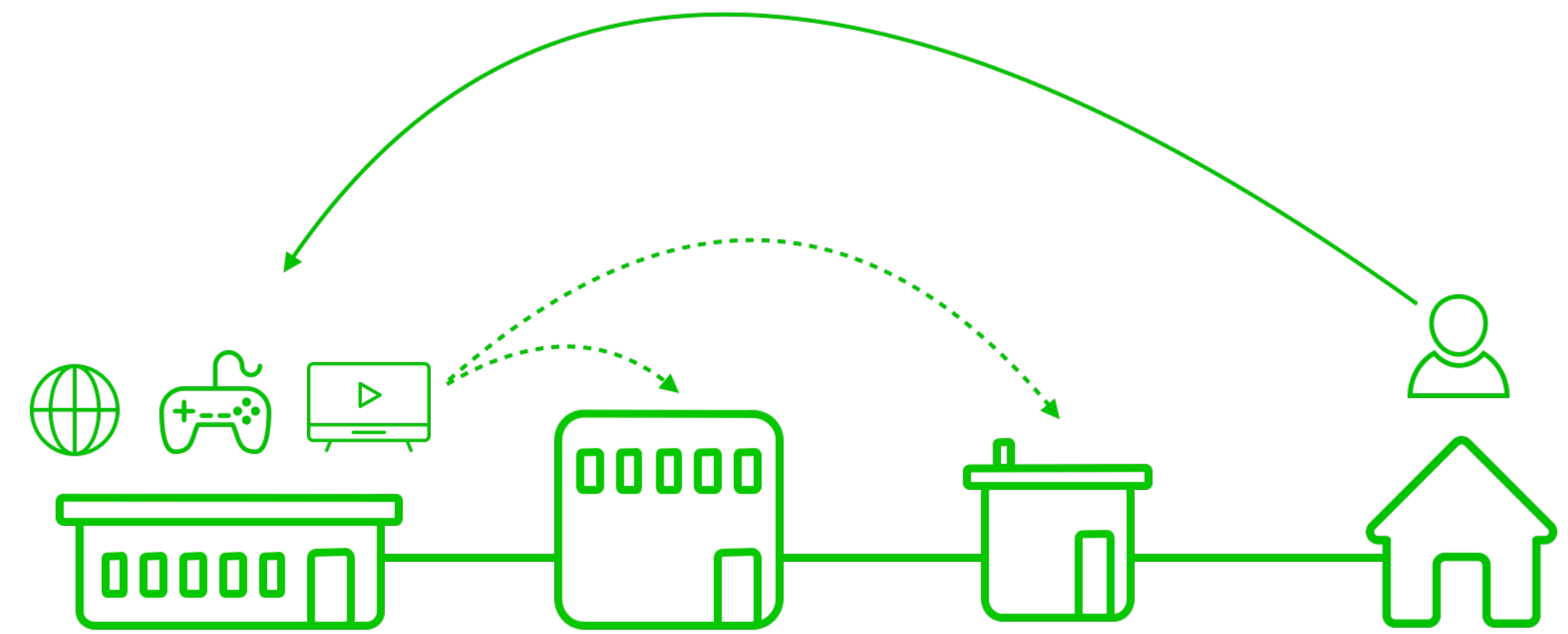
Current activation process



Order-driven, configuration of the E2E-network with customer specific configuration

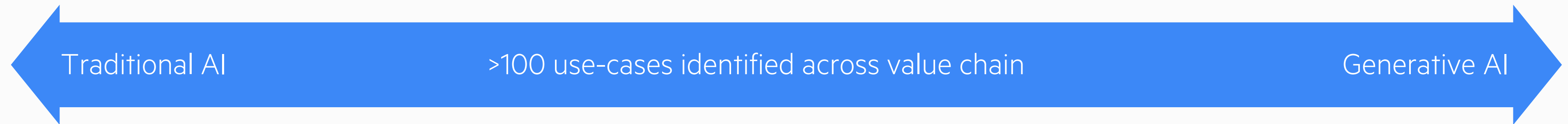
...to just simply log-in

New reversed on-demand access network



Just log-in and network is updated for the specific customer services

Automation: using AI to optimize KPN's customer service and reduce costs

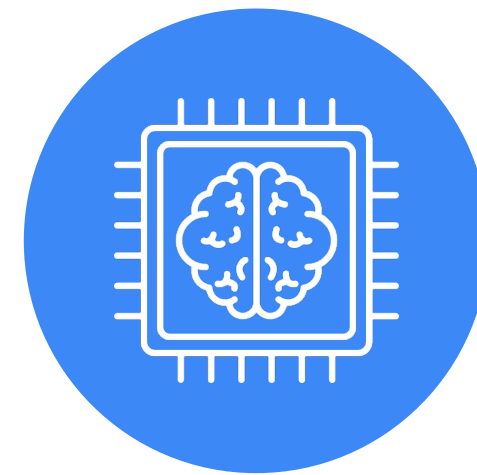


AI impacting E2E value chain

Customer service
Marketing & Sales
Operations
Investments

Responsible AI Framework in place

Started **Gen-AI lab** to develop Gen-AI solutions



Autonomous operations

AI-based service and infrastructure optimization

Potential to reduce >50% of manual operational activities by extensive AI-based automation

Higher efficiency ↗

Higher NPS ↗

Fewer calls ↘

Fewer incidents ↘



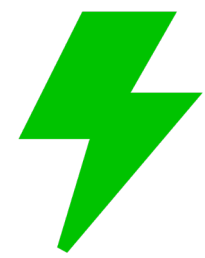
Customer contact analytics

e.g. insights from customer interaction provided to customer service agents

Potential to save 1hr/week/agent in transcribing key takeaways from the call and ~30sec on each repeat call

Methods to reduce energy spend

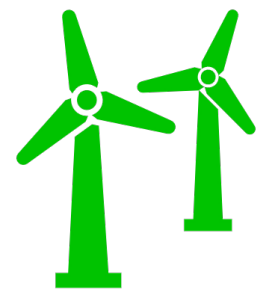
Direct savings



<400 GWh per 2027¹

Reduce energy consumption

- Network modernization and simplification
- Copper switch off
- Network functions virtualization
- Office space reduction



>200 GWh per 2027

Alternative energy sources

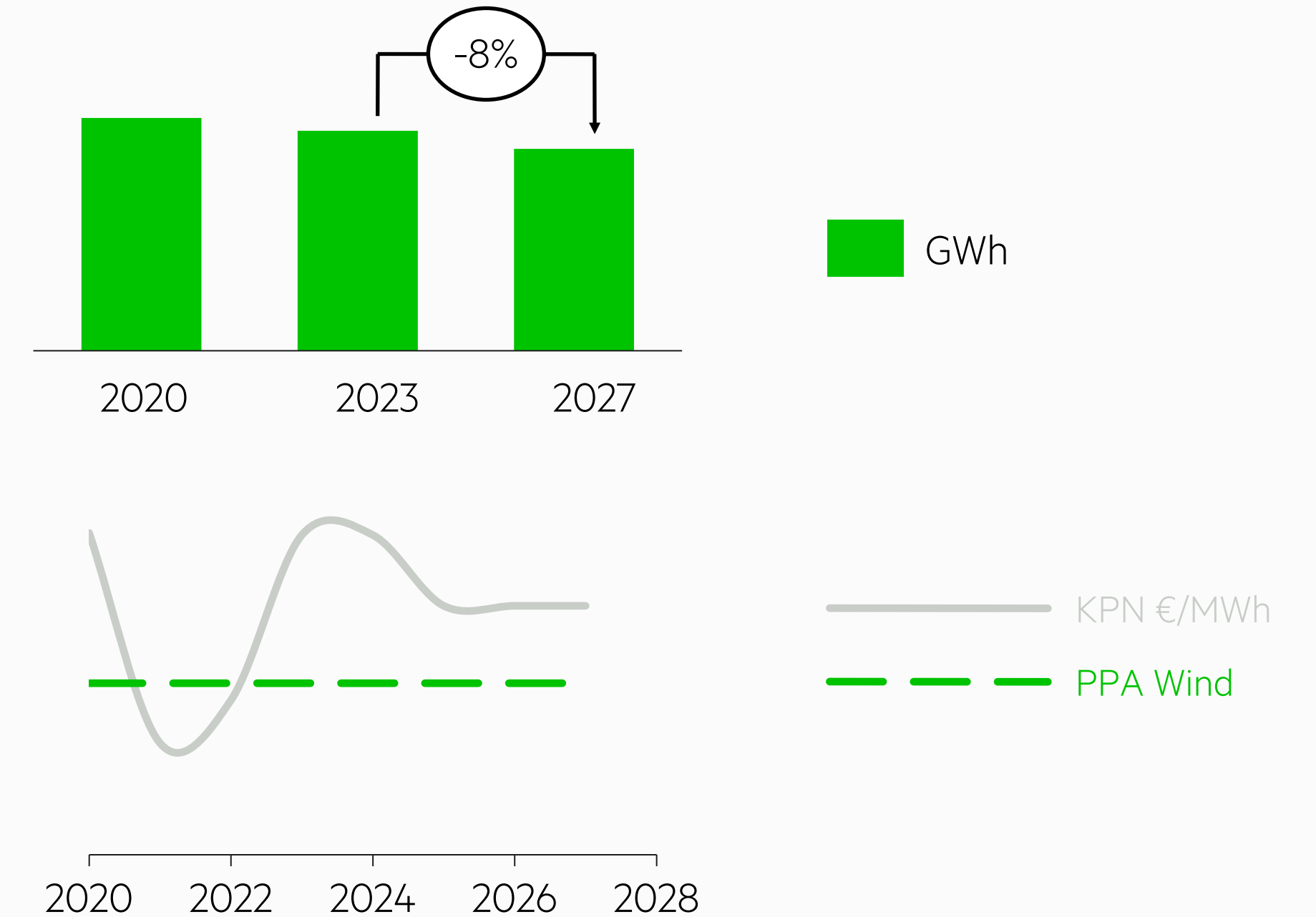
- PPA Wind - Eneco agreement delivers >200 GWh from 2027 at fixed price
- Solar partnerships under exploration

Indirect savings



Smart energy storage opportunities

- Smart Energy System matching supply and demand

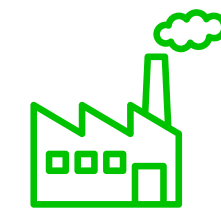


Solid progress on road towards net zero

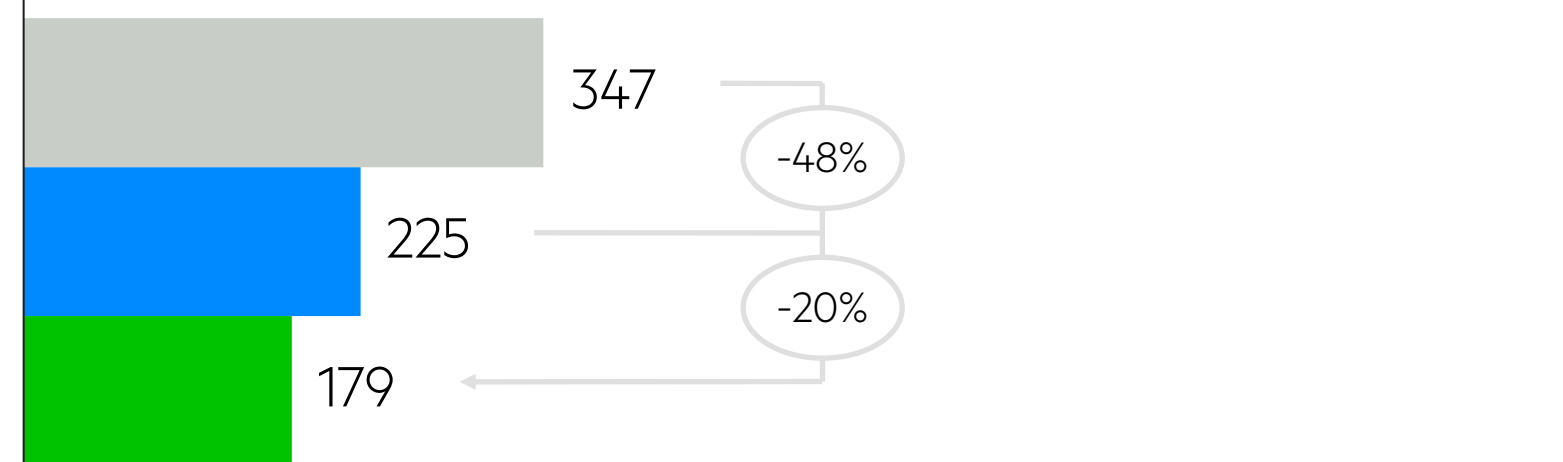
In kTon CO₂e



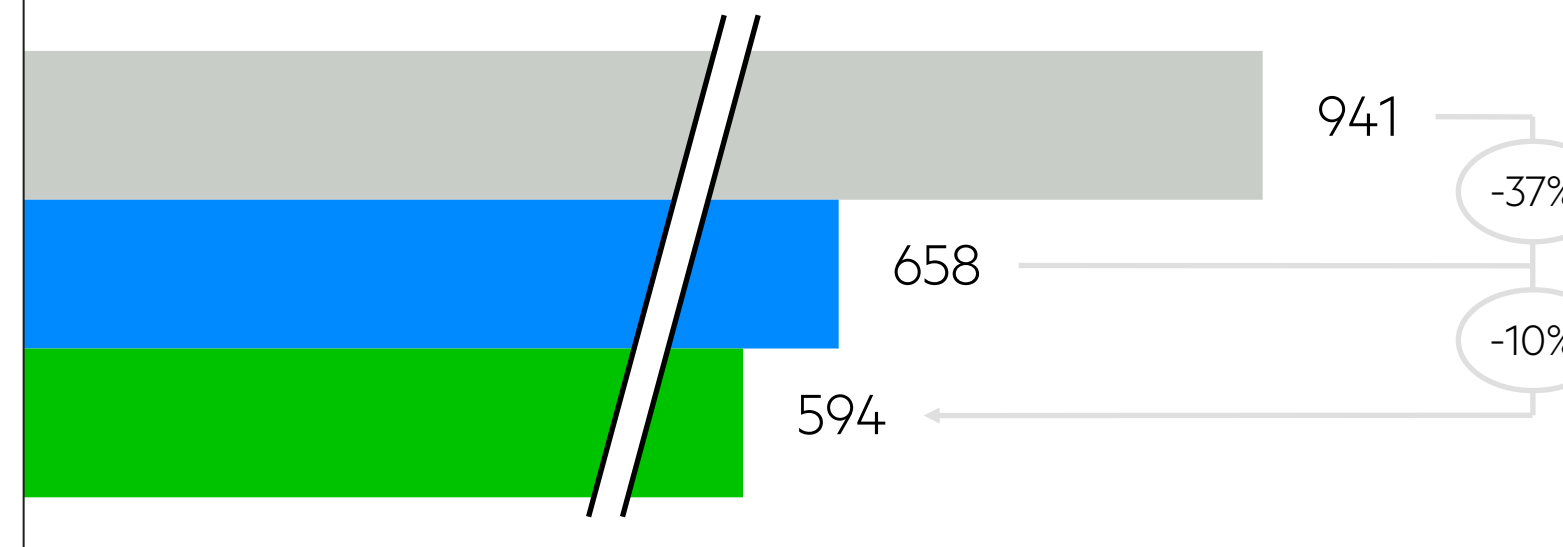
Scope 1



Scope 2



Scope 3²



Scope 1 - Direct emissions

- Gross emissions, relating to fuel consumption car fleet, heating of buildings, consumption of coolants, fuel consumption of emergency power generators
- Ambition: 98% fossil fuel free cars added to company fleet in 2025**

Scope 2 - Indirect emissions

- Location based emissions, relating to usage of electricity of fixed and mobile networks, offices and shops and district heating/cooling
- Ambition: electricity consumption by KPN Group in 2030 reduced to < 400 GWh**

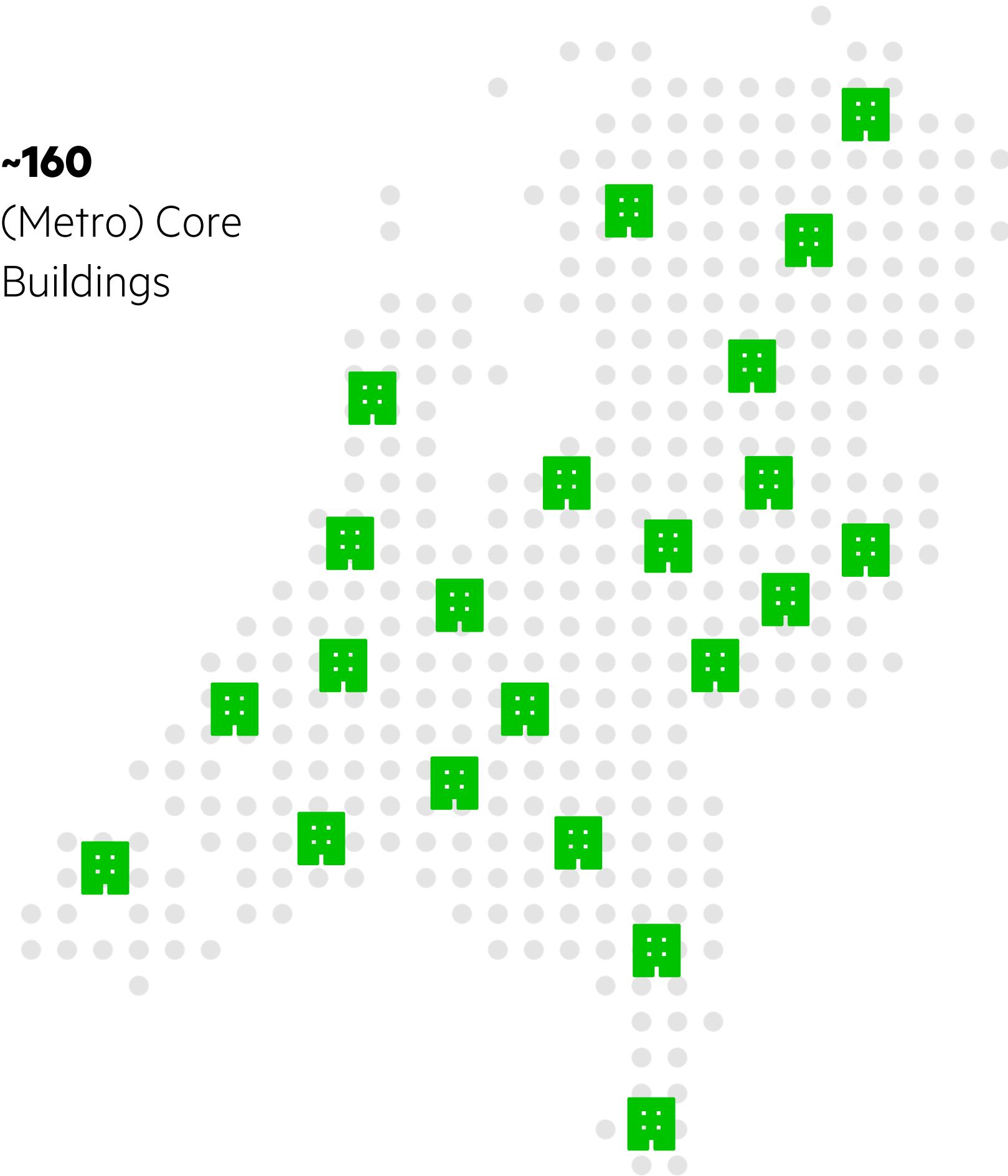
Scope 3 - Emissions in value chain

- Emissions in the upstream value chain (production phase at suppliers)
- Emissions in the downstream value chain (use phase, recycling and disposal)
- Ambition: net zero CO₂e emissions in 2040**

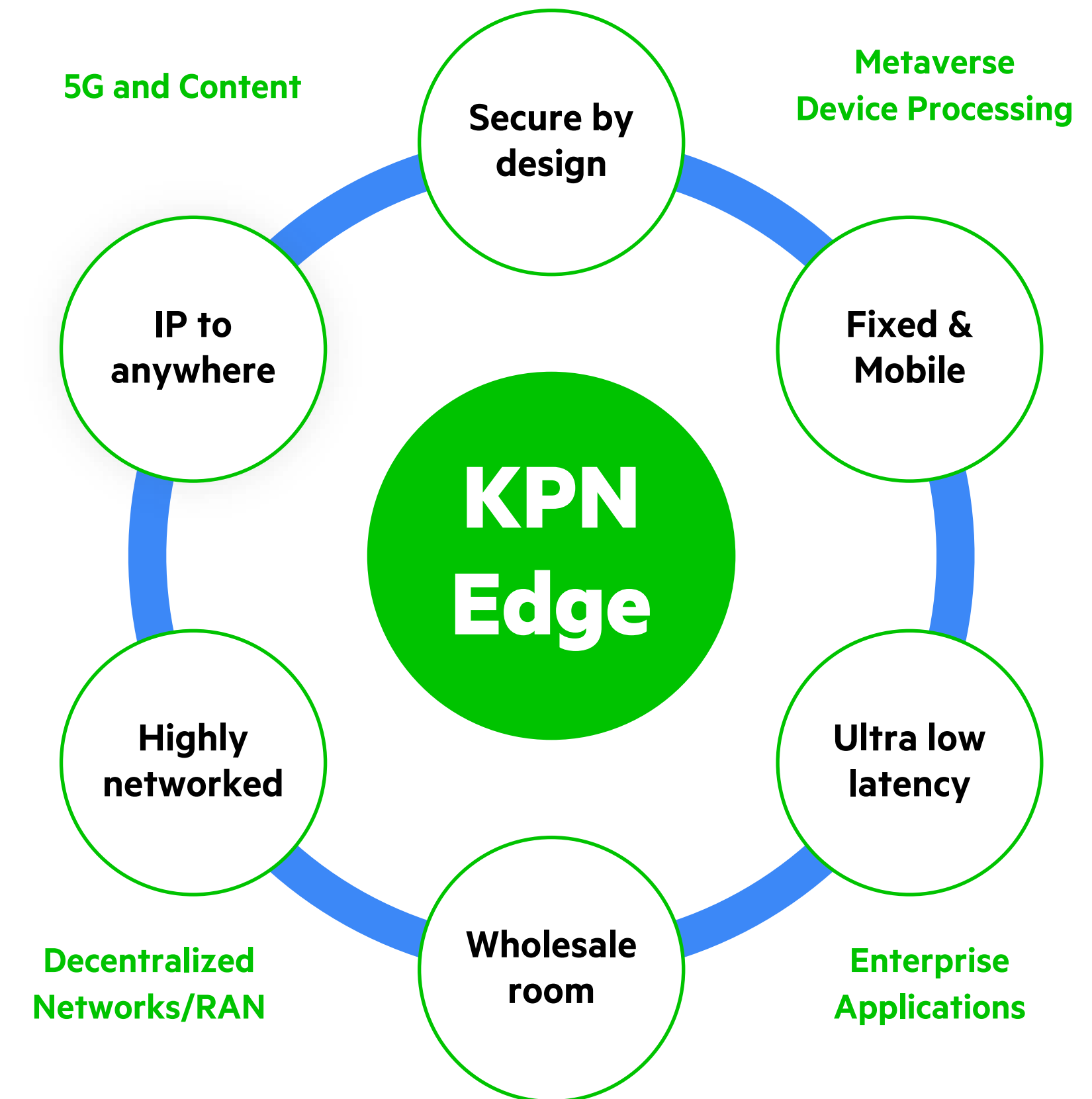
Emerging opportunities: gradually build Edge network of the Netherlands

Transform highly distributed infrastructure...

~160
(Metro) Core
Buildings



...to KPN Edge Locations



First pilots: applying AI tooling on real-time video streaming

Optimize value creation in passive network domains

Network layer

Fiber

Fully owned urban fiber network

Fiber lines KPN

4.14m

JV fiber semi rural network

Fiber lines JV

439k



Fiber infrastructure ownership core to strategy

Mobile

Active equipment (e.g. antennas)

Majority cell towers leased

Mobile sites

5,300

Own towers

~250

Rooftops

~1,900

Continuously optimize mobile sites ownership

Legacy Real Estate

Residual copper related real estate

~1,200

- Sell real estate not part of future footprint
- Explore partnerships around MA locations
- Explore e-Infra

DCs / MCs

Core Datacenters

4

Metro Core buildings

~160

Maintain optionality around Edge / MC locations

Infrastructure assets & footprint

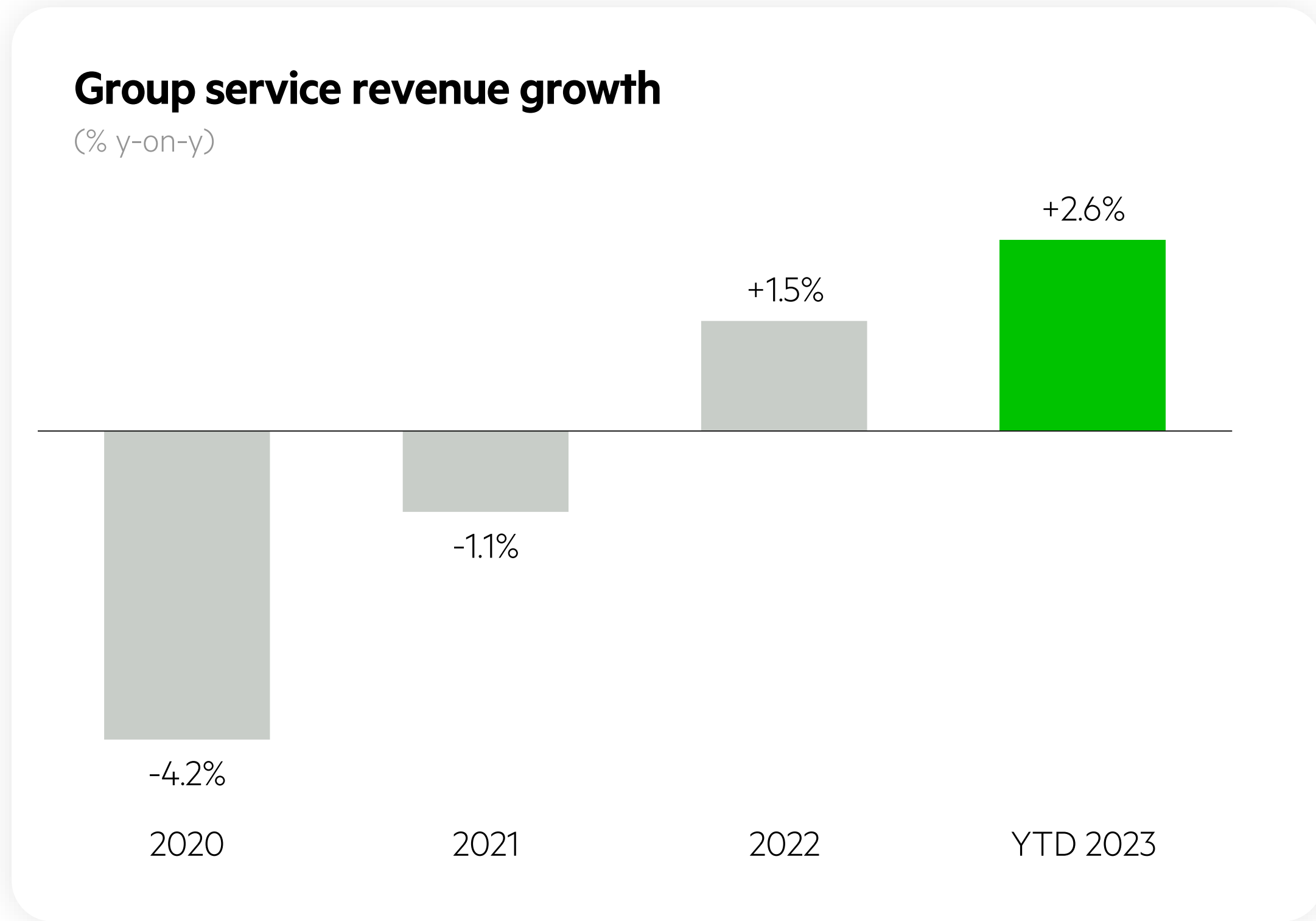
Portfolio management



4

Outlook: Financial ambitions 2027

Delivered accelerating service revenue growth at attractive margins



Contribution margin

(% of revenues)



EBITDA margin

(% of revenues)



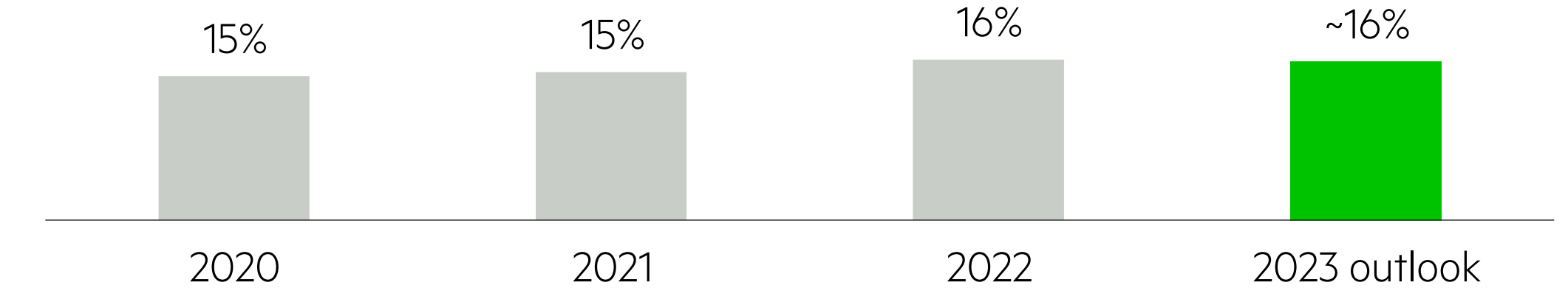
OpFCF margin

(% of revenues)



FCF margin

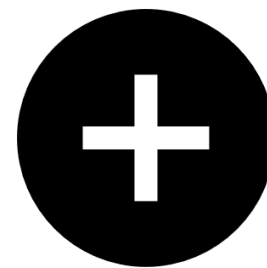
(% of revenues)



EBITDA growth driven by higher service revenues and cost program

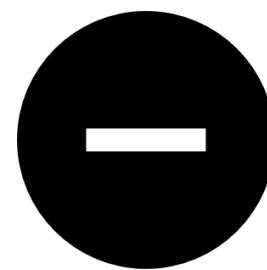
Targeting service revenue growth

CAGR: ~3% in 2024-2027



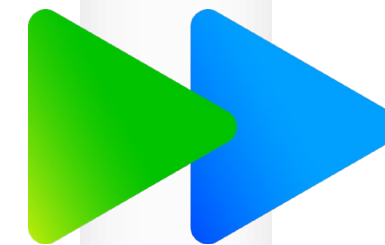
Net indirect cost savings

from modernizing operating model



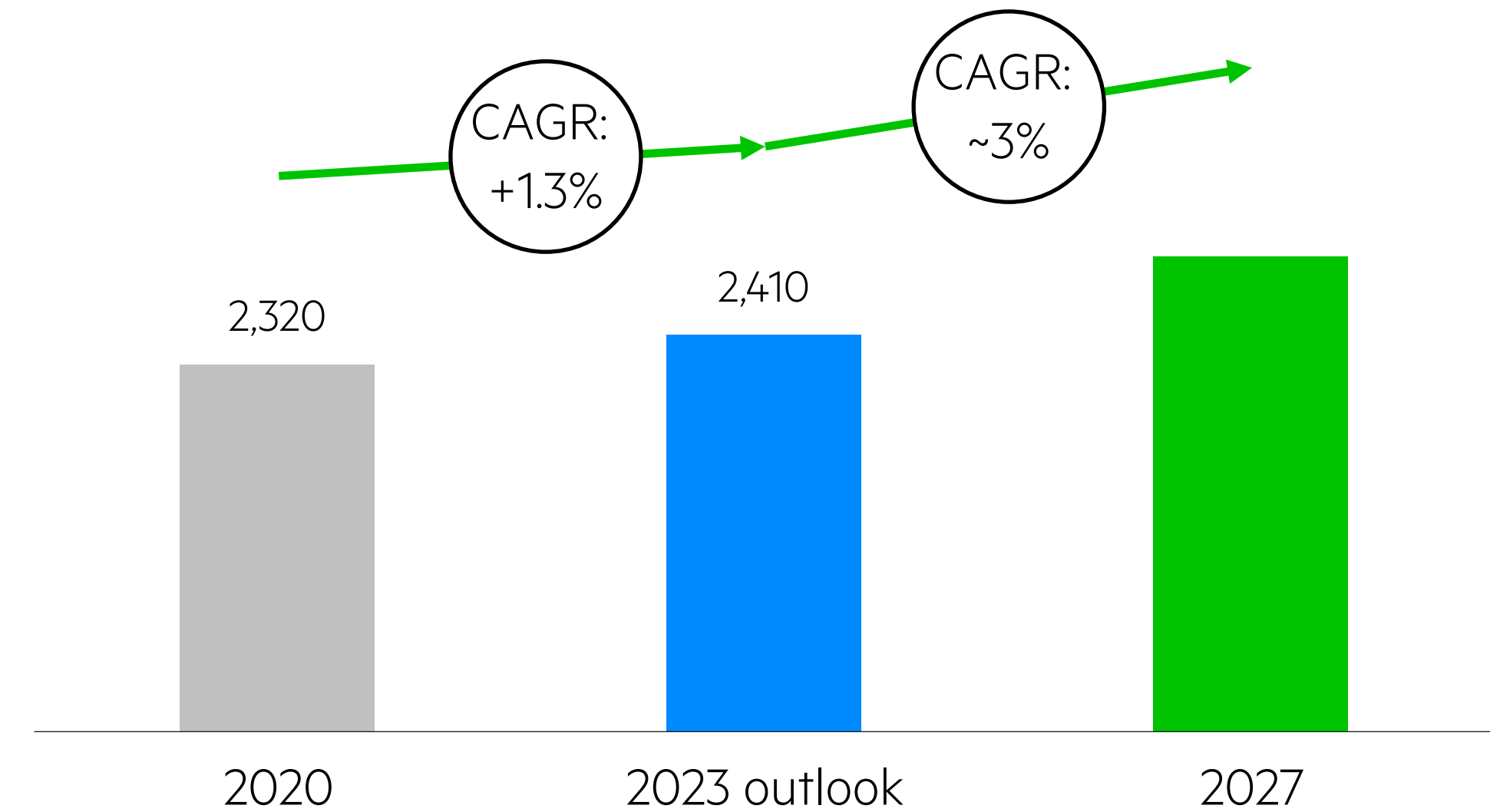
Direct cost increase

Glaspoort access costs
Service revenue mix
Inflationary effects



Growing adjusted EBITDA AL

(€ m)



ROCE

10.1%

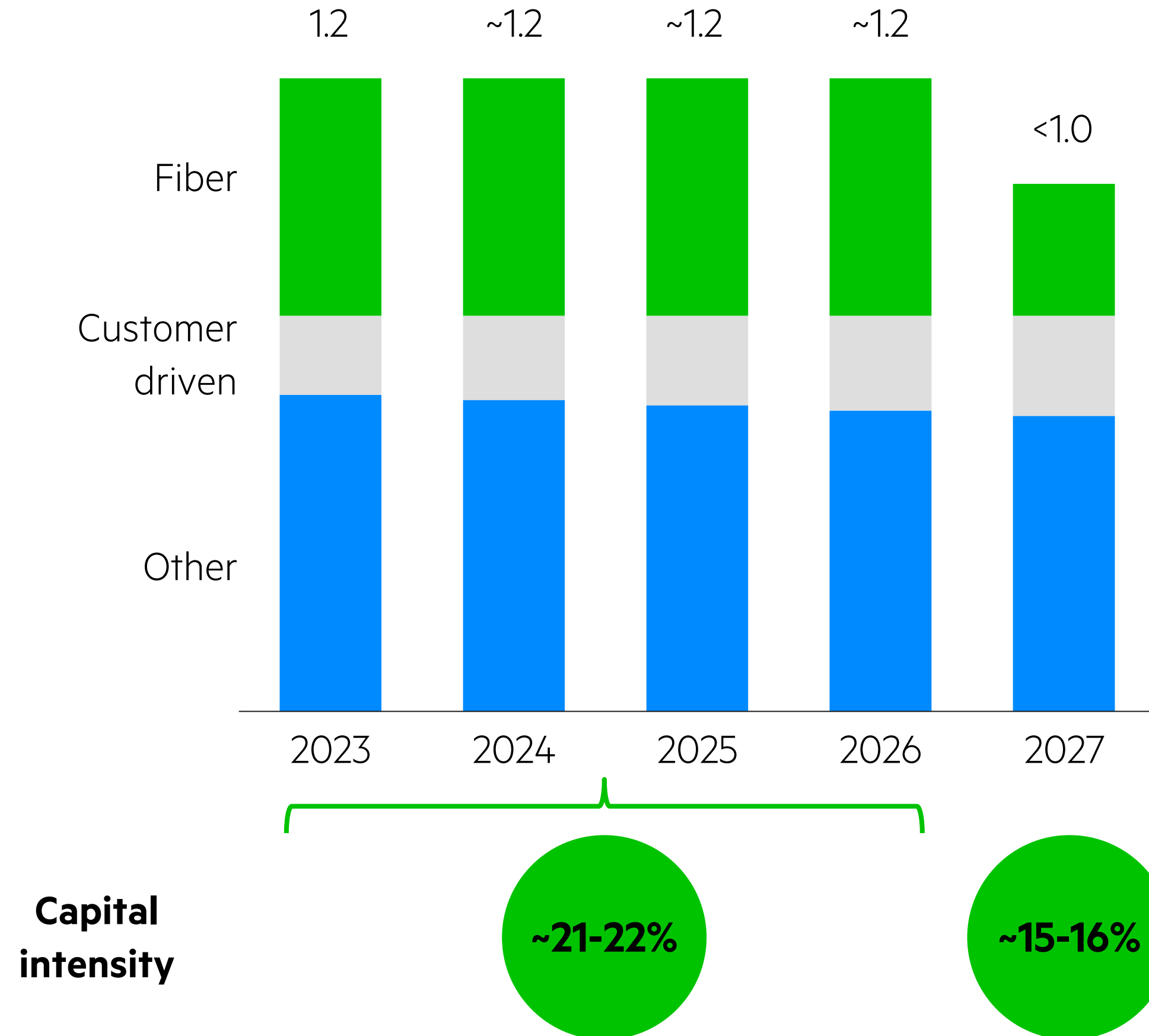
H1 '23:
13.7%

15%

Large scale fiber roll out at full pace until 2026, lower Capex as of 2027

Capex developments 2023-2027

(€ bn)



Fiber Capex ~€ 450-500m in 2023-2026, significantly lower as of 2027

Customer driven Capex, small increase driven by growing customer footprint

Mobile, Network & platforms Capex slightly lower due to rationalization and increased effectiveness in network infrastructure & IT

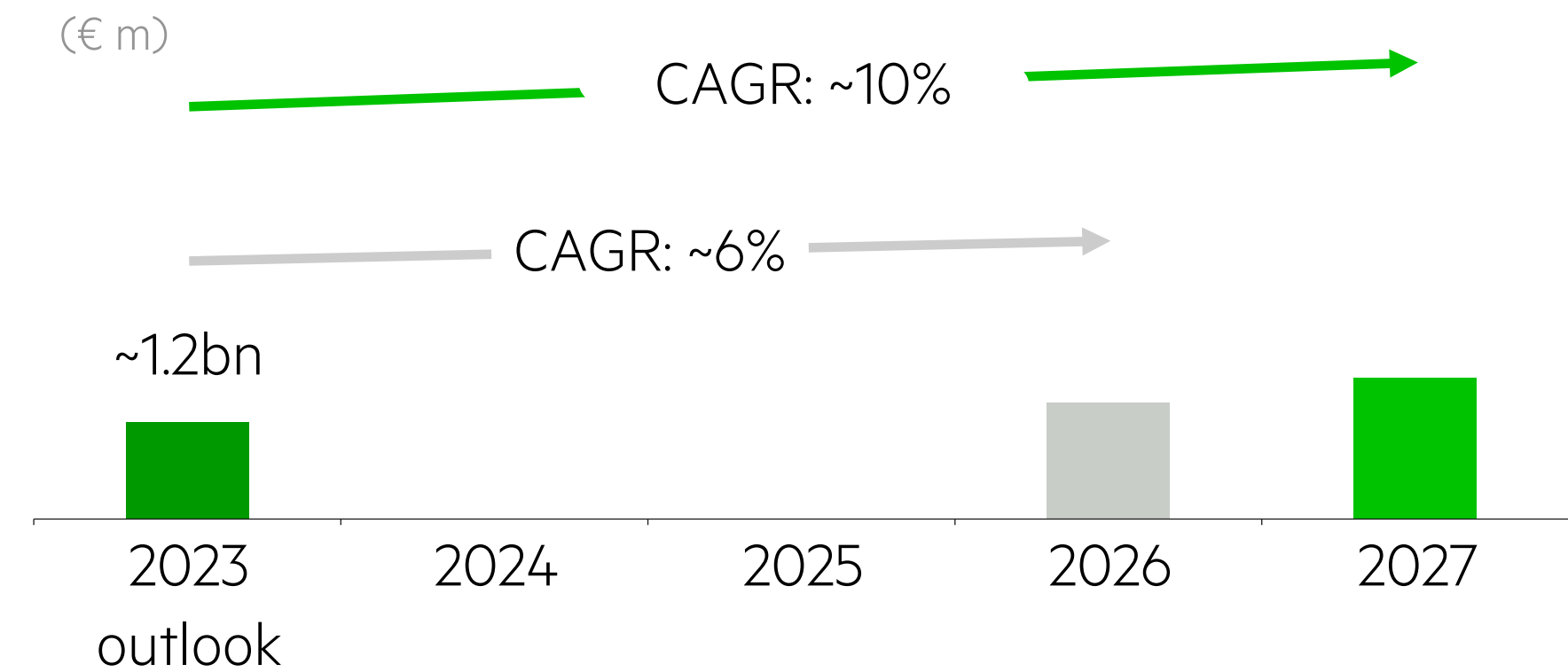
Strong underlying cash earnings growth, **Free Cash Flow step-up in 2027**

Free Cash Flow growth drivers

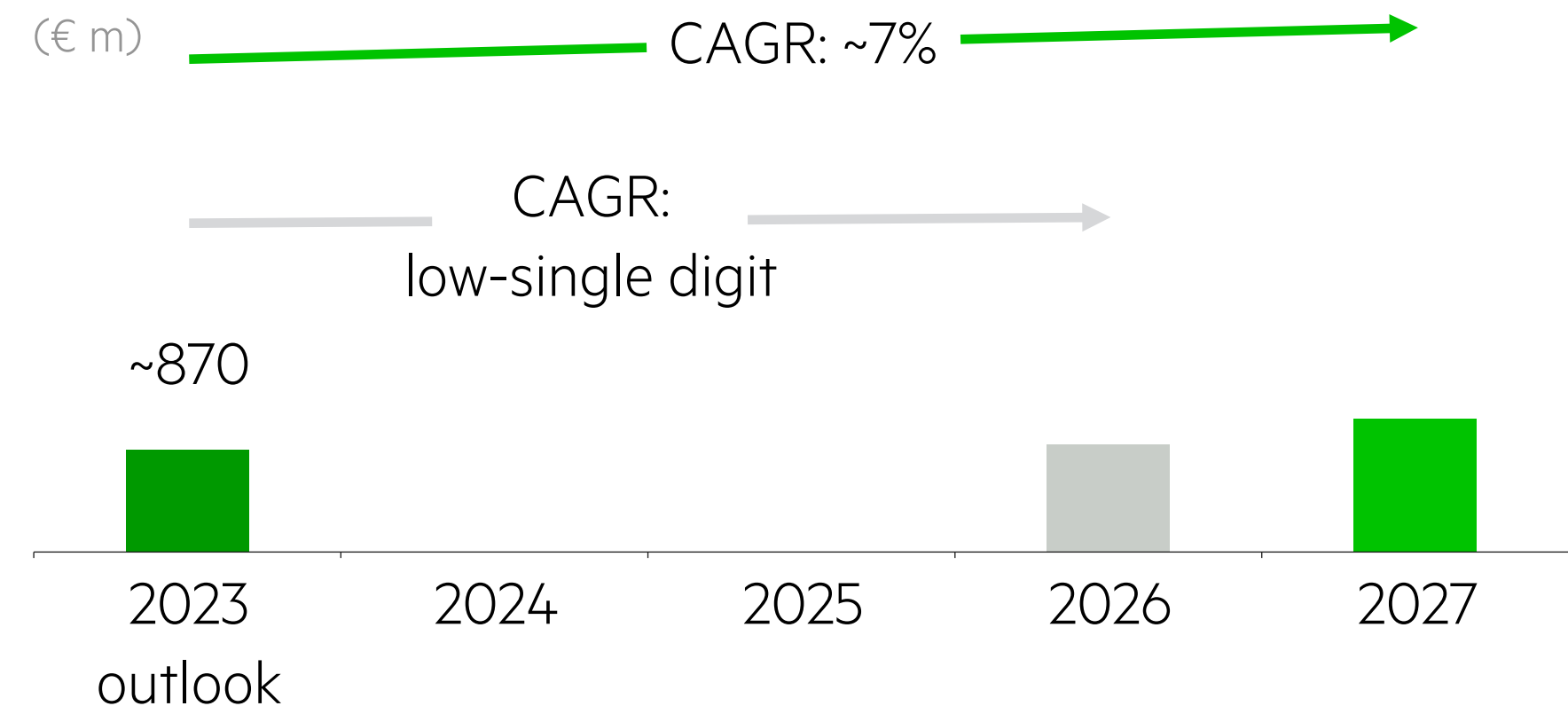


	2024	2027	
Adj. EBITDA AL	▲	▲	~3% CAGR
Capex	▶	▲	<€ 1bn as of 2027
OpFCF¹	▲	▲	
Taxes	▼	▼	From ~€ 110m (2023) to ~€ 300m (2027)
Interest	▼	▶	~€ 35m higher in 2024
Working capital	▲	▶	
Free Cash Flow	▶	▲	~7% CAGR

Operating Free Cash Flow¹



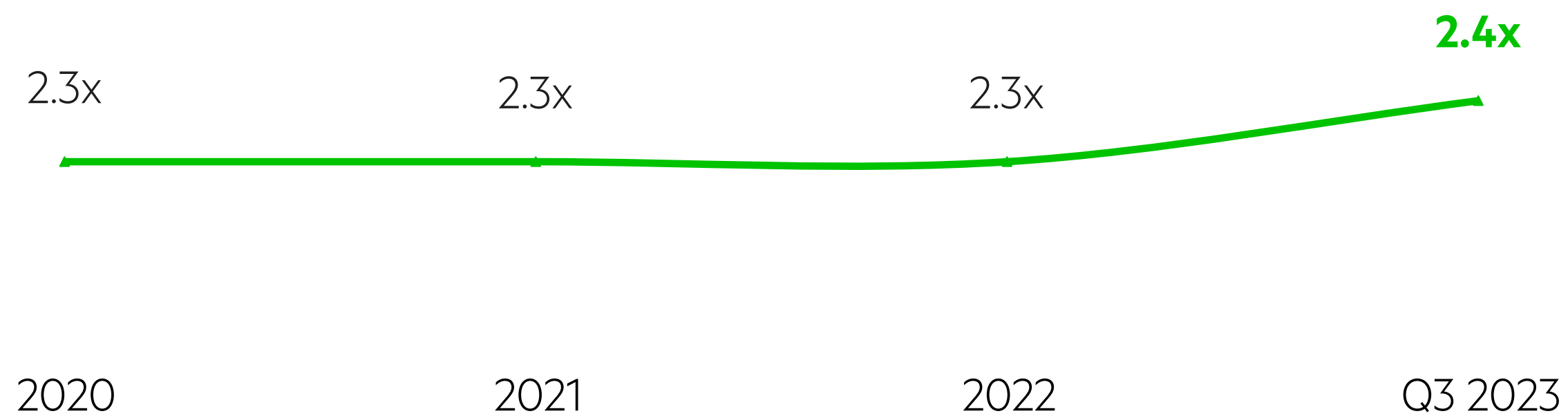
Free Cash Flow



KPN committed to maintain its **solid financial position**

Stable leverage ratio

Net debt / EBITDA AL



Investment grade ratings

S&P Global
Ratings

BBB / Stable

FitchRatings

BBB / Stable

MOODY'S

Baa3 / Stable

- Fully committed to an investment grade credit profile
- Targeting <2.5x leverage ratio in mid-term
- Well-spread maturity profile, weighted average maturity senior bonds 5.9 years
- Average cost of senior debt 4.14% at end Q3 2023
- Consider options to further optimize financial profile and manage interest rate risk

Outlook 2023 and ambitions 2027

**Outlook
FY 2023**

**Outlook
FY 2024**

**Ambitions
FY 2027¹**

Service revenues

~3%

~3% CAGR

Adj. EBITDA AL

~€ 2,410m

~€ 2,480m

~3% CAGR

Capex

€ 1.2bn

~€ 1.2bn

<€ 1.0bn

Free Cash Flow

~€ 870m

~€ 870m

~7% CAGR

Continue attractive shareholder returns, return FCF to shareholders

Capital allocation aimed at long-term value creation for all stakeholders

Disciplined, value creating reinvestment.
Capex at ~€ 1.2bn p.a. until 2026, **<€ 1.0bn in 2027**

Targeting solid balance sheet: **leverage <2.5x**

Room for value creating **growth opportunities**
(spectrum, buy vs. build M&A)

Shareholder remuneration policy

Full Free Cash Flow returned to shareholders over 2024-2027 period

- Targeting **~€ 3.8bn cumulative pay-out** to shareholders (~30% of current market cap)

Dividend step-up in 2024 (+13%)

- **2024: DPS € 17ct**
- DPS growth 2025-2027: ~7% CAGR

Remainder returned through share buybacks

- **2024: € 200m**
- Targeting cumulative SBB up to € 1.0bn (2024-2027)

Summary financial ambitions 2027

Service revenues CAGR

~3%

Adj. EBITDA AL CAGR

~3%

Free Cash Flow CAGR

~7%

ROCE growing to

15%

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 2022. 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. The figures shown in this financial report are based on continuing operations and were rounded in accordance with standard business principles. As a result, totals indicated may not be equal to the precise sum of the individual figures.

Financial information is based on KPN's interpretation of IFRS as adopted by the European Union as disclosed in the Integrated Annual Report 2022 and do not take into account the impact of future IFRS standards or interpretations. Note that certain definitions used by KPN in this report deviate from the literal definition thereof 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. KPN defines revenues as the total of revenues and other income. Adjusted revenues are derived from revenues (including other income) and are adjusted for the impact of incidentals. KPN defines EBITDA as operating result before depreciation (including impairments) of PP&E and amortization (including impairments) of intangible assets. Adjusted EBITDA after leases ('adjusted EBITDA AL') are derived from EBITDA and are adjusted for the impact of restructuring costs and incidentals ('adjusted') and for lease costs, including depreciation of right-of-use assets and interest on lease liabilities ('after leases' or 'AL'). KPN defines Gross Debt as the nominal value of interest-bearing financial liabilities representing the net repayment obligations in Euro, excluding derivatives, related collateral, and leases, taking into account 50% of the nominal value of the hybrid capital instruments. In its Leverage Ratio, KPN defines Net Debt as Gross Debt less net cash and short-term investments, divided by 12 month rolling adjusted EBITDA AL excluding major changes in the composition of the Group (acquisitions and disposals). The Lease adjusted leverage ratio is calculated as Net Debt including lease liabilities divided by 12 month rolling adjusted EBITDA AL excluding major changes in the composition of the Group (acquisitions and disposals). Operational Free Cash Flow is defined as adjusted EBITDA AL minus capital expenditures ('Capex') being expenditures on PP&E and software, excluding M&A. Free Cash Flow ('FCF') is defined as cash flow from continuing operating activities plus proceeds from real estate, minus Capex. Return on capital employed ('ROCE') is calculated by the net operating profit less adjustments for taxes ('NOPLAT') divided by capital employed, on a 4-quarter rolling basis. Net operating profit is the adjusted EBITA (excluding incidentals and amortization of other intangibles and including restructuring costs). KPN defines capital employed as the carrying amount of operating assets and liabilities, which excludes goodwill and the other intangibles.

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. A number of these factors are described (not exhaustively) in the Integrated Annual Report 2022. All forward-looking statements and ambitions stated in this financial report that refer to a growth or decline, refer to such growth or decline relative to the situation per 31 December 2022, unless stated otherwise.



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