

RESTATED FIGURES 2018

29 March 2019

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 2018. 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 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 2018 and do not take into account the impact of future IFRS standards or interpretations. 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.

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 2018. 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 2018, unless stated otherwise.

IFRS 16

KPN applies IFRS 16 using the full retrospective approach. The implementation of the standard has not been fully completed at the date of publication of these restated figures 2018, so that certain management estimates have been made. This estimated impact of the adoption of IFRS 16 is unaudited and may be subject to change until the publication of KPN's Financial Statements 2019.

IFRS 16



IFRS 16: all leases will be accounted for on-balance

KPN applies the full retrospective approach

Balance sheet

- Assets: KPN will recognize a “right-of-use asset” representing its right to use the underlying asset of the lease (€ 871m)
- Liabilities: KPN will recognize a lease liability for the present value of future lease payments (€ 944m)

P&L

- Former operating lease expenses will no longer be part of opex (€ 167m)
- Lease related depreciation expenses (€ 145m) will be part of total depreciation expenses. Lease related interest expenses (€ 33m) will be part of finance costs

Cash flow

- Repayments of lease liabilities transfer from CF from operating activities to CF from financing activities (€ 153m)
- Interest paid on lease liabilities will remain part of CF from operating activities
- No impact on total cash flow

As a result, KPN's reported EBITDA and FCF will increase.

On balance sheet recognition of all leases

IFRS 16 balance sheet adjustments

| Assets (€ m) | 01-Jan-18 | 31-Dec-18 |
|---------------------------------|------------------|------------------|
| Right-of-use asset ¹ | +971 | +871 |
| Deferred tax asset | +15 | +13 |
| Total assets | +986 | +884 |

| Equity & liabilities (€ m) | 01-Jan-18 | 31-Dec-18 |
|--|------------------|------------------|
| Group equity ² | -/- 52 | -/- 51 |
| Non-current lease liabilities ³ | +930 | +825 |
| Reversal IAS 17 positions | -/- 13 | -/- 9 |
| Current lease liabilities ³ | +121 | +119 |
| Total equity & liabilities | +986 | +884 |

1 KPN's leases include amongst others buildings, site rentals, mobile towers and vehicles

2 Lease liabilities are higher than right-of-use asset as a result of using the full retrospective approach; right-of-use asset is depreciated linearly, lease repayments are depreciated using a discount rate

3 Current liabilities will be paid within one year, non-current liabilities will be paid after one year

IFRS 16 figures 2018

adjusted EBITDA

| | IFRS 16 | IAS 17 |
|---|--------------|--------------|
| (€ m) | FY 2018 | FY 2018 |
| Revenues | 5,639 | 5,639 |
| Cost of goods & services | 1,302 | 1,302 |
| Personnel expenses ¹ | 1,103 | 1,141 |
| IT/TI | 442 | 442 |
| Other operating expenses ² | 439 | 569 |
| Operating expenses (excl. D&A) | 3,286 | 3,453 |
| EBITDA | 2,353 | 2,186 |
| Incidentals | 16 | 16 |
| Restructuring ³ | 101 | 102 |
| Adjusted EBITDA | 2,470 | 2,303 |
| - Adjusted EBITDA after leases | 2,292 | |

1 Transfer of lease expenses: cars

2 Transfer of lease expenses: e.g. buildings, shops, mobile sites

3 Provision for onerous lease terms no longer recognized

IFRS 16 figures 2018

free cash flow (excl. TEFD dividend)

| | IFRS 16 | IAS 17 |
|--|--------------|--------------|
| (€ m) | FY 2018 | FY 2018 |
| EBITDA | 2,353 | 2,186 |
| Interest received/(paid) ¹ | (339) | (310) |
| Taxes received/(paid) | (9) | (9) |
| Change in provisions ² | 55 | 53 |
| Change in working capital ³ | (4) | (7) |
| Other movements (incl. TEFD dividend) | 46 | 46 |
| Net cash flow from operating activities | 2,102 | 1,959 |
| Capex | (1,106) | (1,106) |
| Proceeds from real estate | 5 | 5 |
| Free cash flow from operations | 1,001 | 858 |
| Free cash flow (excl. TEFD dividend) | 947 | 804 |
| - <i>Free cash flow after leases (excl. TEFD dividend)</i> | <i>795</i> | |

1 Interest IFRS 16 lease liability

2 Removal provision onerous building leases



3 Removal accruals/deferrals for e.g. lease incentives

APPENDIX



Organizational changes

segment revenues

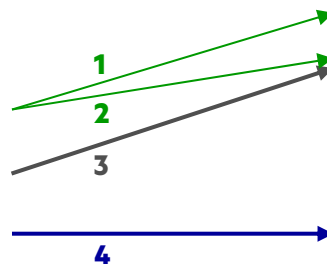
| | Old reporting | | New reporting |
|--------------------------------------|----------------|--|----------------|
| Adjusted revenues¹ | FY 2018 | | FY 2018 |
| Consumer | 2,992 |  | 2,986 |
| Business | 2,143 | | 2,137 |
| Wholesale | 618 |  | 623 |
| Network, Operations & IT | 30 | | 14 |
| Other (incl. eliminations) | (144) | | (121) |
| KPN Group | 5,639 | | 5,639 |

¹ Some revenues allocated to Business from Consumer and to Wholesale from NOI, removal of intercompany revenues as a result of end-to-end responsibilities

IT Services revenues reflecting core portfolio

moving legacy IT to Fixed Voice

| Adjusted revenues (€ m) | Old reporting | | New reporting | |
|--|---------------|--------------|---------------|--------------|
| | FY 2018 | Δ y-on-y | FY 2018 | Δ y-on-y |
| Communication Services | 1,330 | -7.9% | 1,385 | -8.5% |
| Mobile service revenues | 502 | -6.3% | 502 | -6.3% |
| IoT | 47 | 3.0% | 46 | 3.6% |
| Broadband & Network services | 358 | -2.7% | 382 | -2.3% |
| Fixed Voice | 266 | -13% | 342 | -16% |
| Other | 157 | -17% | 112 | -17% |
| IT Services (a.o. security, cloud, workspace) | 327 | 12% | 271 | 23% |
| Professional Services & Consultancy | 480 | 8.8% | 470 | 11% |
| Total¹ | 2,143 | -1.9% | 2,137 | -1.6% |



1 LAN/WLAN services 2 e.g. service numbers 3 legacy IT services² 4 removal intercompany revenues KPN Consulting

¹ Total revenues under new reporting are impacted by removal intercompany revenues, partly offset by revenues allocated to Business from Consumer

² e.g. PBX, conferencing services

Simplified reporting as of Q1 2019

following sale of iBasis

Example revenues

| Consolidated figures | |
|---|--|
| Revenues | |
| Consumer | |
| Business | |
| Wholesale | |
| Network, Operations & IT | |
| Other (incl. eliminations) | |
| The Netherlands | |
| iBasis (discontinued operations) | |
| Other activities | |
| Intercompany revenues | |
| Total revenues (incl. discontinued operations) | |
| Of which discontinued operations | |
| Total revenues from continuing operations | |

Sale of iBasis completed

No longer reporting on **discontinued operations** in segment reporting, discontinued operations will continue to be reported in the full P&L

No longer reporting on **The Netherlands** level

Other activities to be included in former 'Other The Netherlands'



Contact Information:

KPN Investor Relations

 +31 70 44 60986

 ir@kpn.com

 ir.kpn.com