

## KPN presents strategic review

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Strengthen - Simplify - Grow

Today, the Board of Management of KPN hosts an Investor day to present the outcome of its strategic review, setting the objectives for the period 2011 to 2015. KPN has identified a number of priorities to strengthen, simplify and grow its businesses. In the Netherlands, the focus will be on strengthening its activities to further improve its leading market positions. KPN will keep investing internationally to grow its Challenger business and continue to outperform the market. A group-wide focus on simplification, quality and reputation will drive customer satisfaction in a swiftly changing telecom and ICT market. KPN will streamline its portfolio of businesses to put a renewed focus on value. Furthermore, KPN will continue to invest in its businesses and commits to sustainable shareholder remuneration within a prudent financial framework.

KPN has set a number of key objectives for 2015:

- Growing broadband market share in the Netherlands to more than 45%
- Sustained mobile service revenue market share in the Netherlands of more than 45%
- Maintaining its position as leading business & ICT player in the Benelux
- Simplification and quality management leading to a 'first time right' range of 85-95%, a large step up in Net Promoter Score and a top 10 Dutch reputation ranking
- Service revenue market share in Germany of more than 20% with a 35-40% EBITDA margin
- Service revenue market share in Belgium of 20-25% with a 35-40% EBITDA margin
- Accelerate Ortel growth at Rest of World, continued value creation at iBasis

### Message from the CEO, Eelco Blok

*"We can build on a strong platform and management team to execute the new KPN Group strategy. I recently announced the decision to accelerate the investments to strengthen our Dutch businesses. Also, I would like to highlight the continued investments to further support profitable growth in Germany and Belgium. We are committed to simplifying our business and significantly improving quality, to underpin customer satisfaction and KPN's reputation. I firmly believe that all KPN stakeholders will benefit from balancing interests of our customers, employees and shareholders."*

As part of the strategic review, KPN has identified the following outlook:

	Reported 2010	Outlook 2011
EBITDA	EUR 5.5bn	> EUR 5.3bn <sup>1</sup>
Capex	EUR 1.8bn	< EUR 2bn
Free cash flow <sup>2</sup>	EUR 2.4bn	Growth <sup>3</sup>
Dividend per share	EUR 0.80	≥ EUR 0.85

<sup>1</sup> Excluding 2011 part of reorganization costs

<sup>2</sup> Free cash flow defined as cash flow from operating activities, plus proceeds from real estate, minus Capex and excluding tax recapture at E-Plus

<sup>3</sup> Growth defined as growth compared to 2010 free cash flow, set on 26 January 2010 (free cash flow in 2010 was EUR 2,428m)

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The 2011 EUR 1bn share repurchase program continues to be executed.

- Outlook 2012: Free cash flow<sup>2</sup> of around EUR 2.4bn and dividend per share of EUR 0.90
- Outlook 2013: Dividend per share of EUR 0.95

The strategic initiatives will be supported by changes in management responsibilities and reporting lines. Dutch Telco will report to Eelco Blok, CEO of KPN. Thorsten Dirks will lead Mobile International, next to his current role as CEO of E-Plus. The composition of the Board of Management remains unchanged with Eelco Blok (CEO), Carla Smits-Nusteling (CFO) and Baptiest Coopmans.

The strategy presentation by the Board of Management commences at 11:00am BST (12:00am CET) and will be followed by presentations on selected topics as of 1:15pm BST (2:15pm CET). The presentations can be accessed via webcast: [http://www.kpn.com/kpn\\_investor\\_day](http://www.kpn.com/kpn_investor_day)