

# Half Year Results 2009

23 July 2009

# Safe harbor

## **Non-GAAP measures and management estimates**

This presentation contains a number of non-GAAP figures, such as 'existing' and 'disposed' revenues and other income, EBITDA and free cash flow. These non-GAAP figures should not be viewed as a substitute for KPN's GAAP figures.

KPN defines EBITDA as operating result before depreciation and impairments of PP&E and amortization and 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. In the net debt/EBITDA ratio, KPN defines EBITDA as a 12 month rolling average excluding book gains, release of pension provisions and restructuring costs, when over EUR 20m. Free cash flow is defined as cash flow from operating activities plus proceeds from real estate, minus capital expenditures (Capex), being expenditures on PP&E and software, and excluding tax recapture at E-Plus.

The term 'existing' indicates that only the Getronics business that was part of KPN Group as at the end of the reporting period of the interim financial statements are included. The term 'disposed' refers to the Getronics business which is no longer part of KPN Group at the end of the reporting period of the interim financial statements. The term 'existing and disposed' refers to, and only to, businesses that were part of Getronics at the initial consolidation of Getronics within the KPN Group on 23 October 2007.

The term 'Dutch Telco business' is defined as the Netherlands excluding Getronics, iBasis and book gains on real estate. All market share information in this presentation 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.

## **Forward looking statements**

Certain statements contained in this presentation 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, its 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" 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 2008 Annual Report.

# Agenda

Chairman's review	Ad Scheepbouwer, Chairman and CEO
Financial review	Ad Scheepbouwer, Chairman and CEO
Operating review Netherlands	Baptiest Coopmans, MD Consumer
	Eelco Blok, MD Business/W&O/Getronics
Operating review Mobile Int'l	Stan Miller, MD Mobile International
Concluding remarks	Ad Scheepbouwer, Chairman and CEO



## Highlights Q2

- Resilient results reflect continued focus on EBITDA and free cash flow, whilst maintaining market shares
- Solid performance Dutch Telco business, strong EBITDA growth
- Mobile International service revenues flat, Challenger strategy resulting in continued EBITDA growth
- Early anticipation of economic downturn is paying off
- Confirming EBITDA, free cash flow and dividend projections

## Financial highlights

- Financial performance Q2 '09
  - Revenues and other income from existing operations € 3,411 mn, down 2.0% y-on-y
  - EBITDA of € 1,322 mn, up 5.3% y-on-y
  - Capex of € 386 mn, down 14% y-on-y
  - Free cash flow<sup>1</sup> of € 739 mn, down 7.4% y-on-y
  - Earnings per share of € 0.22, up 10% y-on-y
- Continued focus on shareholder returns
  - € 1.0 bn SBB for 2009 started in November 2008, 66% completed to date
  - Final dividend of € 0.40 per share paid in April, in total € 664 mn
  - Interim dividend declared for 2009 of € 0.23 per share, up 15% compared to 2008
- Redemption profile smoothed following tender offer for part of 2010 bonds

<sup>1</sup> Defined as cash flow from operating activities, plus proceeds from real estate, minus Capex and excluding tax recapture at E-Plus

# Economic downturn

Impact predominantly apparent in business market

Scenarios	Impact so far
<ul style="list-style-type: none"><li>• <b>Optimistic:</b> 'Short but painful'<ul style="list-style-type: none"><li>– 'Normal' recession</li></ul></li><li>• <b>Most likely:</b> 'Sustained adjustment'<ul style="list-style-type: none"><li>– Deep and long recession</li></ul></li><li>• <b>Pessimistic:</b> 'Downward spiral'<ul style="list-style-type: none"><li>– Depression</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Consumer<ul style="list-style-type: none"><li>– No material impact, except roaming</li></ul></li><li>• Business<ul style="list-style-type: none"><li>– Decline traffic volumes and roaming</li><li>– Requests for contract renegotiations</li></ul></li><li>• Getronics<ul style="list-style-type: none"><li>– Decline in outsourcing and consulting business</li></ul></li><li>• W&amp;O<ul style="list-style-type: none"><li>– No material impact, except for real estate disposals</li></ul></li><li>• Mobile International<ul style="list-style-type: none"><li>– No material impact, except roaming</li></ul></li></ul>

## Economic downturn (cont'd)

Pre-emptive and corrective measures paying off

Measures taken	Results
<ul style="list-style-type: none"><li>• Reduction in temporary staff</li><li>• Tariff reduction of 20% for services from third parties</li><li>• Renegotiation of large supplier contracts</li><li>• Efficiency improvements across the group</li><li>• Restructuring at Getronics</li></ul>	<ul style="list-style-type: none"><li>• Resilient financial performance given current market conditions</li><li>• Reduction of ~1,000 FTE in temporary staff</li><li>• Market shares not impacted by economic downturn</li><li>• € 100 mn savings on purchasing already contracted with suppliers</li><li>• ~€ 60 mn annual savings from FTE reduction at Getronics, coming through in H2 '09</li></ul>

# Outlook

Confirming EBITDA and free cash flow outlook for 2009 and 2010

	Reported <sup>1</sup> 2008	Outlook 2009	Outlook 2010
Revenues and other income <sup>1</sup>	€ 14.0 bn	€ 13.6-13.8 bn	In line with 2009
EBITDA <sup>1</sup>	€ 5.0 bn	Meaningful step towards 2010 target	> € 5.5 bn
Capex	€ 1.9 bn	~ € 2 bn	~ € 2 bn
Free cash flow <sup>2</sup>	€ 2.6 bn	~ € 2.4 bn	> € 2.4 bn
Dividend per share	€ 0.60	Meaningful step towards 2010 target	€ 0.80

- Focus on EBITDA and cash flow, rather than revenues
- Confirming EBITDA, free cash flow and dividend projections for 2009 and 2010
- Adjusting revenue outlook, due to revenue performance iBasis and lower real estate sales
  - Guiding for revenues of € 13.6 - 13.8 bn in 2009
  - Revenues for 2010 expected to be in line with 2009
  - Limited EBITDA impact
- Dividend per share for 2009 making meaningful step towards 2010 target
- Expecting € 50-100 mn real estate proceeds in 2009

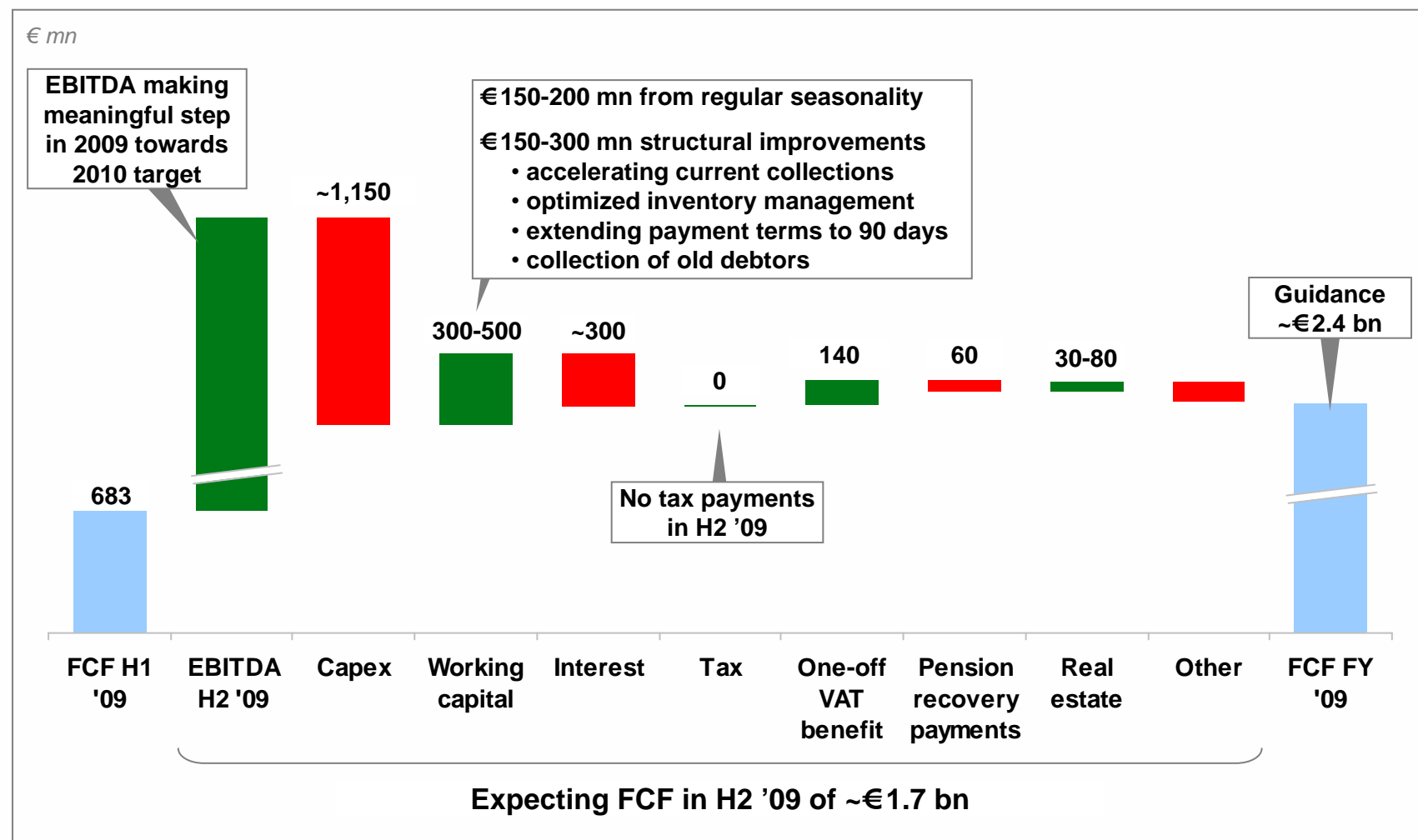
<sup>1</sup> Excluding disposed operations at Getronics

<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



# FCF guidance 2009

On track to meet full-year guidance of ~€ 2.4 bn free cash flow for 2009



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# Group results

Strong profitability across the group, lower revenues mainly due to iBasis

€ mn	Q2 '09	Q2 '08	%	YTD '09	YTD '08	%
<b>Revenues and other income (reported)</b>	<b>3,411</b>	<b>3,662</b>	<b>-6.9%</b>	<b>6,807</b>	<b>7,232</b>	<b>-5.9%</b>
— Getronics revenues (disposed)	-	181	-	14	373	-
<b>Revenues and other income (existing)</b>	<b>3,411</b>	<b>3,481</b>	<b>-2.0%</b>	<b>6,793</b>	<b>6,859</b>	<b>-1.0%</b>
<b>Operating expenses</b>	<b>2,669</b>	<b>3,006</b>	<b>-11%</b>	<b>5,433</b>	<b>5,928</b>	<b>-8.4%</b>
— of which Depreciation <sup>1</sup>	391	407	-3.9%	783	816	-4.0%
— of which Amortization <sup>1</sup>	189	204	-7.4%	399	378	5.6%
<b>Operating result</b>	<b>742</b>	<b>656</b>	<b>13%</b>	<b>1,374</b>	<b>1,304</b>	<b>5.4%</b>
Financial income/expense	-212	-175	21%	-387	-340	14%
Share of profit of associates	-2	-	-	-1	-6	-83%
<b>Profit before taxes</b>	<b>528</b>	<b>481</b>	<b>9.8%</b>	<b>986</b>	<b>958</b>	<b>2.9%</b>
Taxes	-158	-128	23%	-299	-271	10%
<b>Profit after taxes</b>	<b>370</b>	<b>353</b>	<b>4.8%</b>	<b>687</b>	<b>687</b>	<b>0%</b>
<b>Earnings per share<sup>2</sup></b>	<b>0.22</b>	<b>0.20</b>	<b>10%</b>	<b>0.41</b>	<b>0.39</b>	<b>5.1%</b>
<b>EBITDA<sup>3</sup> (existing)</b>	<b>1,322</b>	<b>1,256</b>	<b>5.3%</b>	<b>2,556</b>	<b>2,477</b>	<b>3.2%</b>
— Getronics EBITDA (disposed)	-	11	-	-	21	-
<b>EBITDA<sup>3</sup> (reported)</b>	<b>1,322</b>	<b>1,267</b>	<b>4.3%</b>	<b>2,556</b>	<b>2,498</b>	<b>2.3%</b>

- Revenues mainly down due to iBasis, following shift from revenues to gross margin
- EBITDA in Q2 '09 negatively impacted by € 26 mn restructuring provision at Getronics

<sup>1</sup> Including impairments, if any

<sup>2</sup> Defined as profit after taxes per ordinary share / ADS on a non-diluted basis (in €), based on a weighted average of 1,662 mn shares

<sup>3</sup> Defined as operating result plus depreciation, amortization & impairments

# Group cash flow Q2 '09

Free cash flow of € 0.7 bn in Q2 '09

€ mn	Q2 '09	Q2 '08	%
<b>Operating result</b>	<b>742</b>	<b>656</b>	<b>13%</b>
Depreciation and amortization <sup>1</sup>	580	611	-5.1%
Interest paid/received	-123	-145	-15%
Tax paid/received	58	-85	n.m.
Change in provisions	-61	-41	49%
Change in working capital <sup>2</sup>	-75	190	n.m.
Other movements	-1	-9	89%
<b>Net cash flow from operating activities</b>	<b>1,120</b>	<b>1,177</b>	<b>-4.8%</b>
<b>Capex<sup>3</sup></b>	<b>386</b>	<b>451</b>	<b>-14%</b>
Proceeds from real estate	5	1	>200%
Tax recapture E-Plus	-	71	-
<b>Free cash flow<sup>4</sup></b>	<b>739</b>	<b>798</b>	<b>-7.4%</b>
Dividend paid	664	637	4.2%
Share repurchases	196	374	-48%
<b>Cash return to shareholders</b>	<b>860</b>	<b>1,011</b>	<b>-15%</b>

<sup>1</sup> Including impairments, if any

<sup>2</sup> Excluding changes in deferred taxes

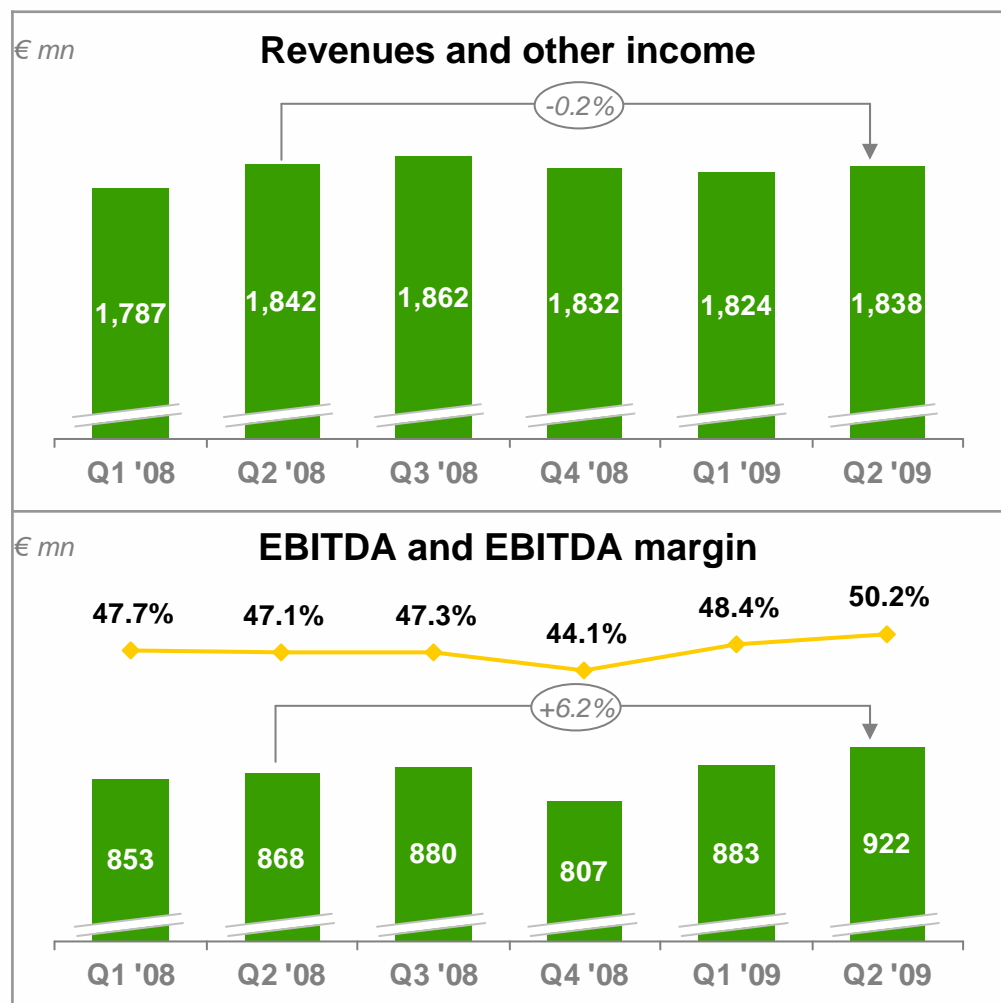
<sup>3</sup> Including Property, Plant & Equipment and software

<sup>4</sup> Defined as net cash flow from operating activities, plus proceeds from real estate, minus Capex and excluding tax recapture at E-Plus

- Free cash flow of € 739 mn, down 7.4% y-on-y
  - € 75 mn positive effect from tax prepayment in Q1 '09
  - € 60 mn tax benefit in Q2 '09
  - Strong working capital improvement in Q2 '08
  - € 5 mn proceeds from real estate disposals in Q2, due to current market circumstances
- Capex down 14% y-on-y
  - Different Capex phasing at Getronics
  - Capex for handset lease in Germany decreasing following € 30 mn sale and lease back agreement in Q2 '09

# Dutch Telco business

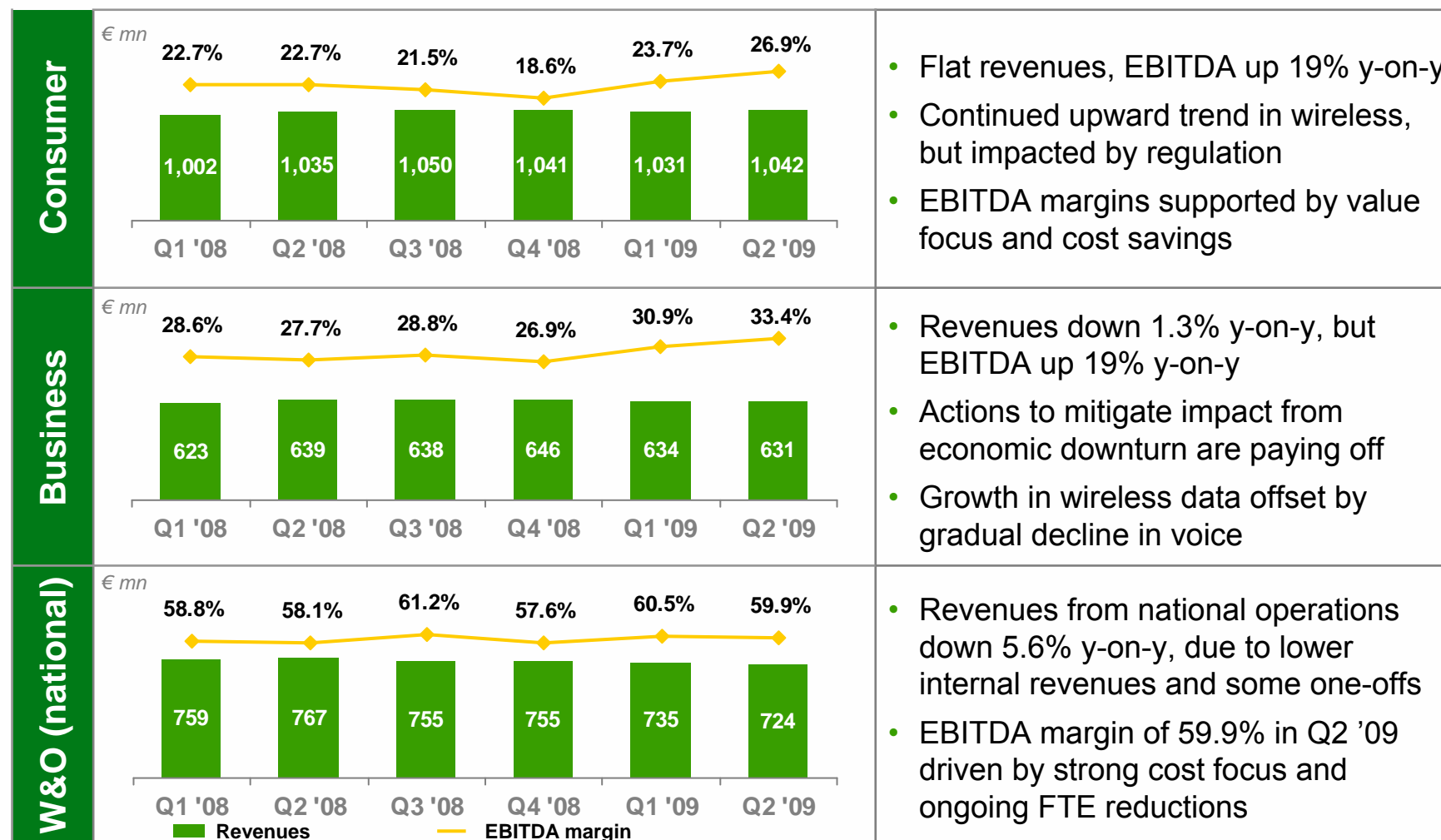
Solid performance with flat revenues and EBITDA up 6.2%



- Revenues and other income flat y-on-y in Q2 '09
  - € 31 mn negative MTA impact
  - Expecting revenue pressure of € 60-80 mn from MTA in H2 '09
- Continued increase in profitability
  - EBITDA up 6.2% y-on-y in Q2
  - Margin of 50.2% in Q2 '09
- Drivers for profitability increase
  - Focus on customer value
  - Cost savings from simplification and 'First time right' programs
  - Ongoing FTE reductions
  - Savings on purchasing

# Financial review Dutch Telco business by segment

Resilient revenue and profitability trends, despite economy and regulation



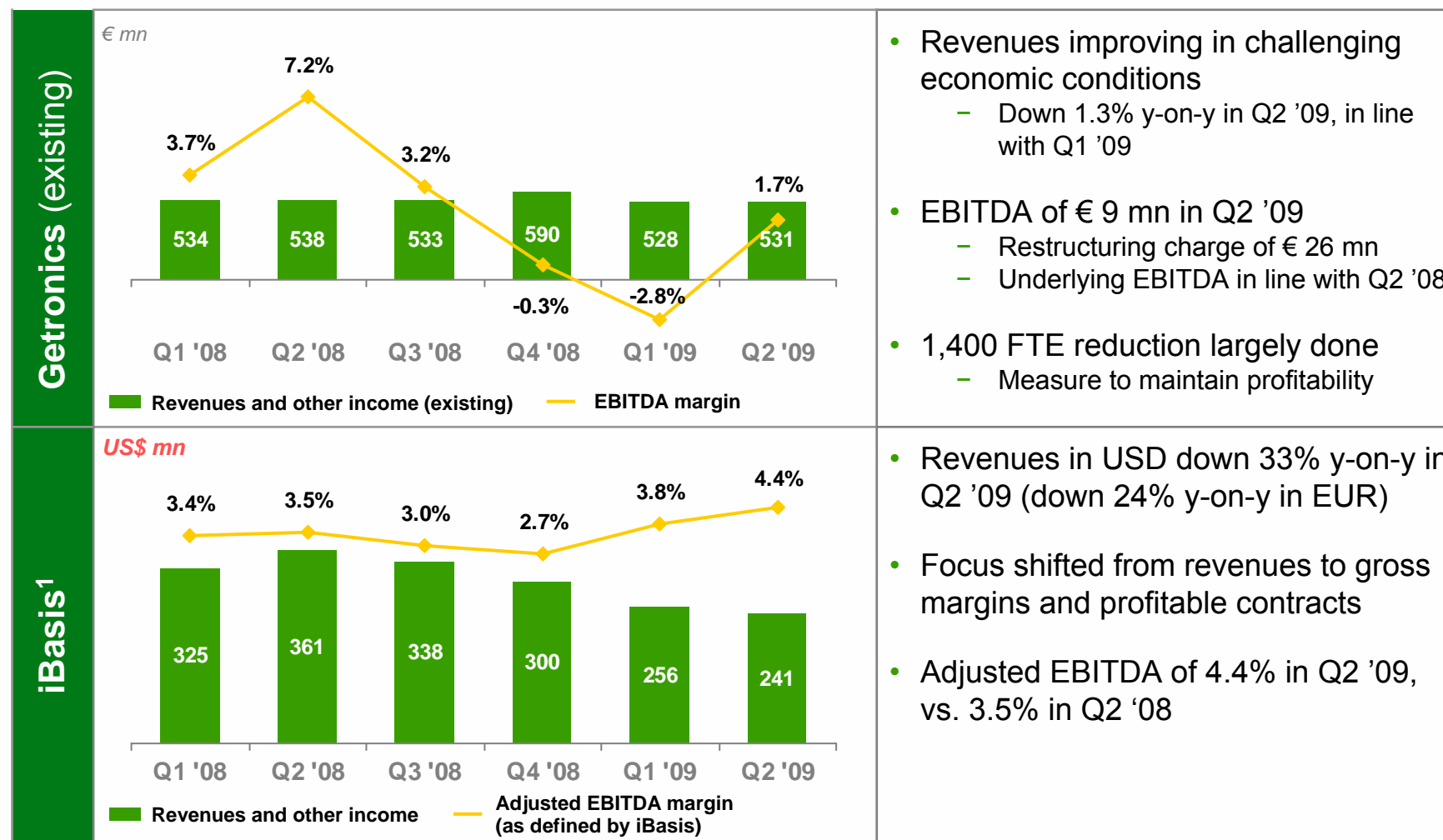
- Flat revenues, EBITDA up 19% y-on-y
- Continued upward trend in wireless, but impacted by regulation
- EBITDA margins supported by value focus and cost savings

- Revenues down 1.3% y-on-y, but EBITDA up 19% y-on-y
- Actions to mitigate impact from economic downturn are paying off
- Growth in wireless data offset by gradual decline in voice

- Revenues from national operations down 5.6% y-on-y, due to lower internal revenues and some one-offs
- EBITDA margin of 59.9% in Q2 '09 driven by strong cost focus and ongoing FTE reductions

# Financial review the Netherlands by segment

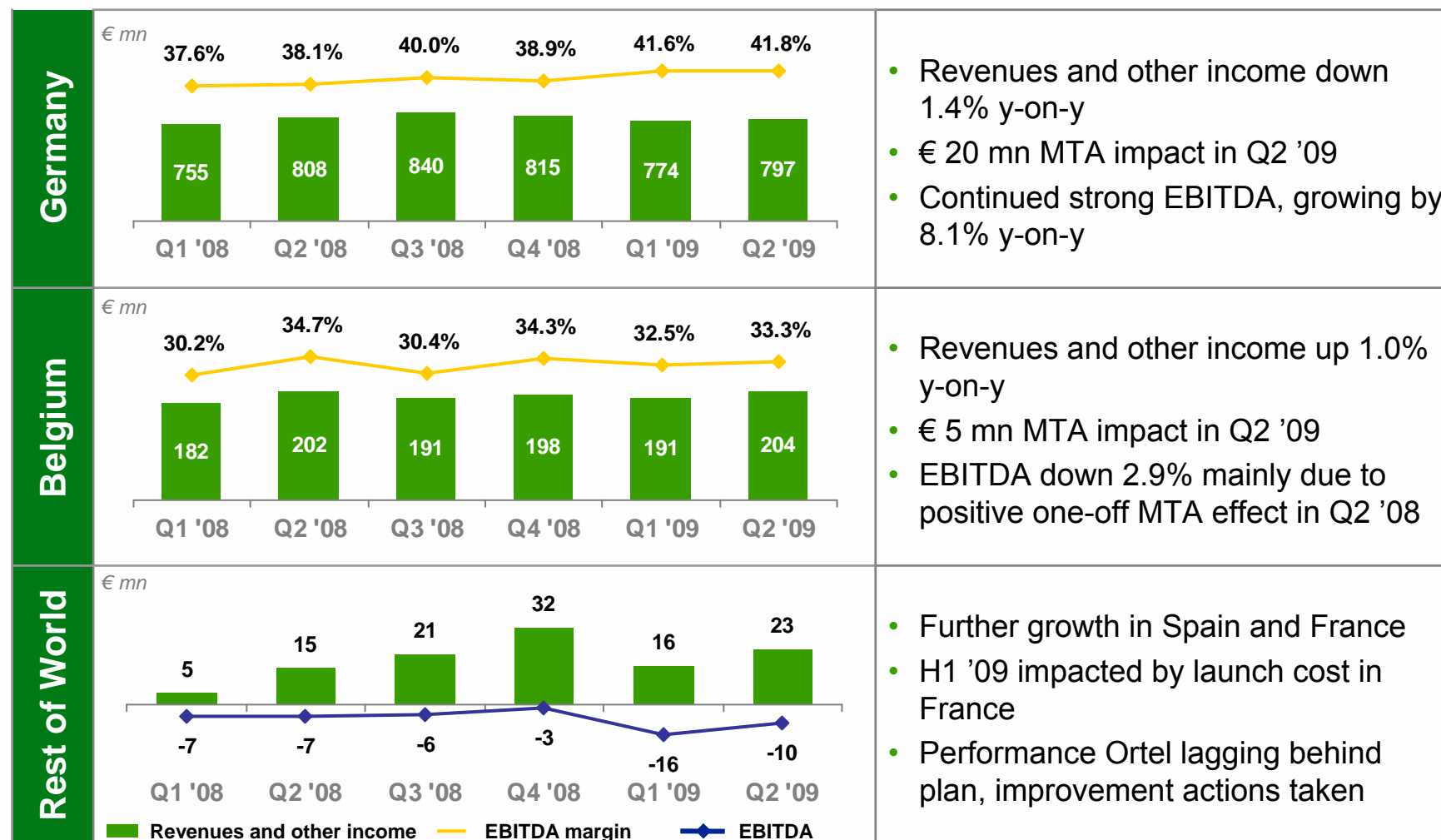
Improving performance at Getronics, iBasis focusing on margins



<sup>1</sup> Results as published by iBasis on 22 July 2009. Please refer to [www.ibasis.com](http://www.ibasis.com) for further details.

# Financial review Mobile International by segment

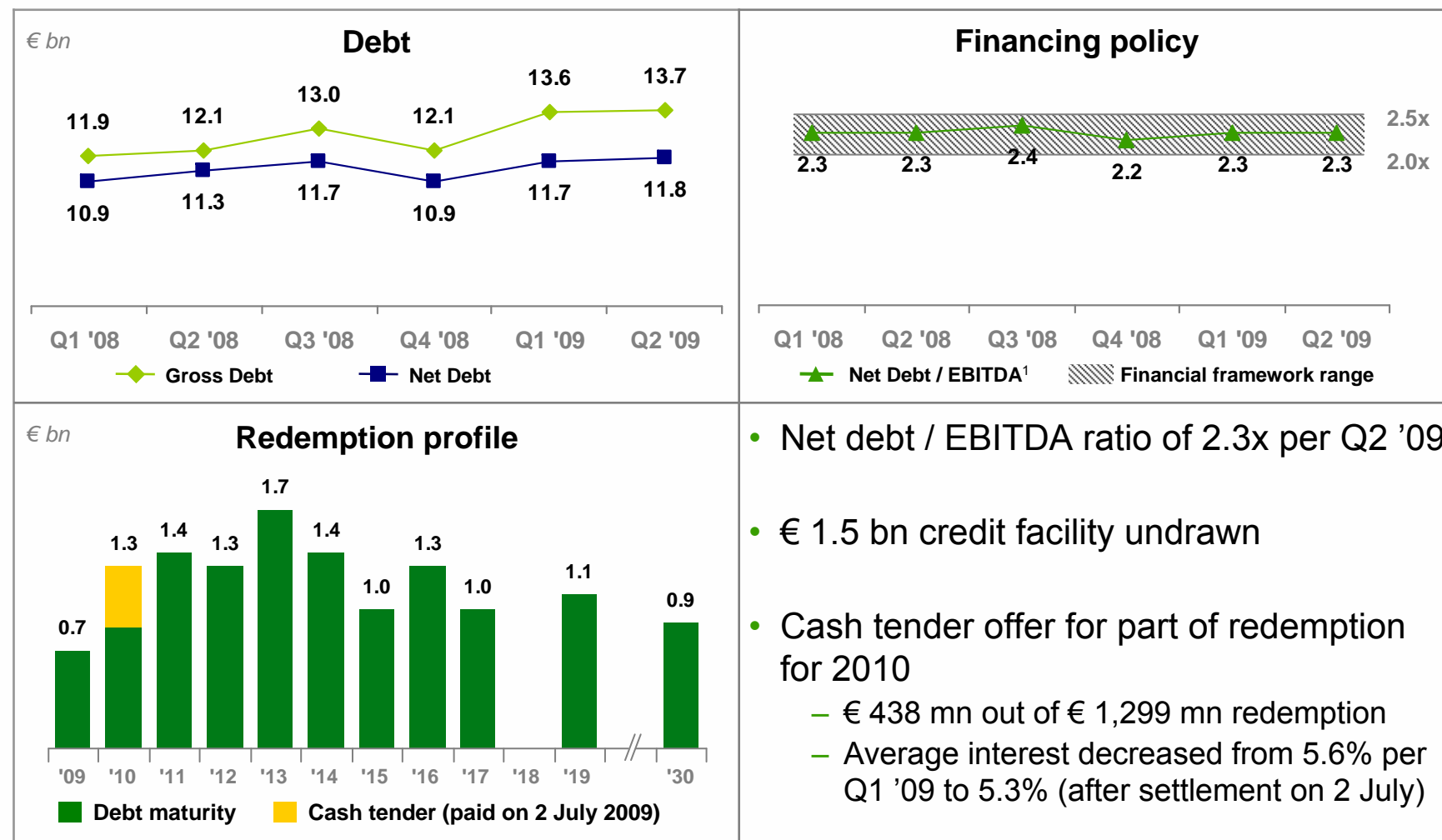
Flat revenues and continued growth in EBITDA





# Group financial profile

Redemption profile smoothed following tender offer for part of 2010 bonds



<sup>1</sup> Based on 12 months rolling EBITDA excluding book gains/losses, release of pension provisions and restructuring costs, all over € 20 mn

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# Strategic progress Consumer

Consumer strategy delivering results

## 'Back to Growth' strategy

**Strengthen position as  
leading consumer  
service provider**

**Market share growth in  
broadband and  
strengthening wireless**

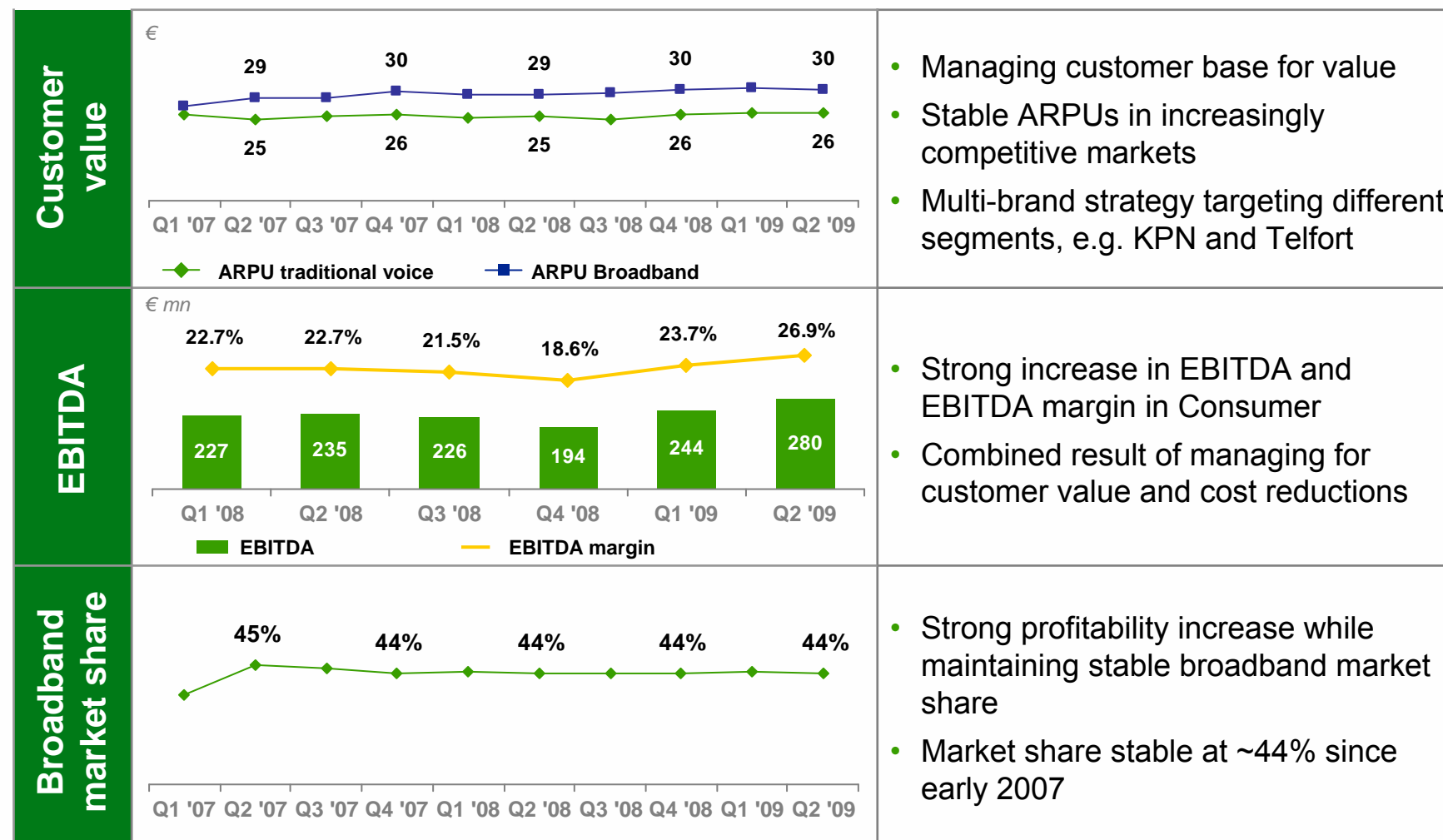
**Reach inflection in  
EBITDA**

## Achievements H1 '09

- Increase in EBITDA and margins
  - Managing customer base for value
  - Cost reductions from simplification
- Net line loss at low levels
  - Retention offers reducing PSTN/ISDN loss
  - Partly offset by slowdown in broadband market
- Sustained leadership in wireless
  - Quality of net adds continues to improve
  - Carefully managing SAC/SRC
  - Migration Debitel customers on track
- Secured competitive position in TV market

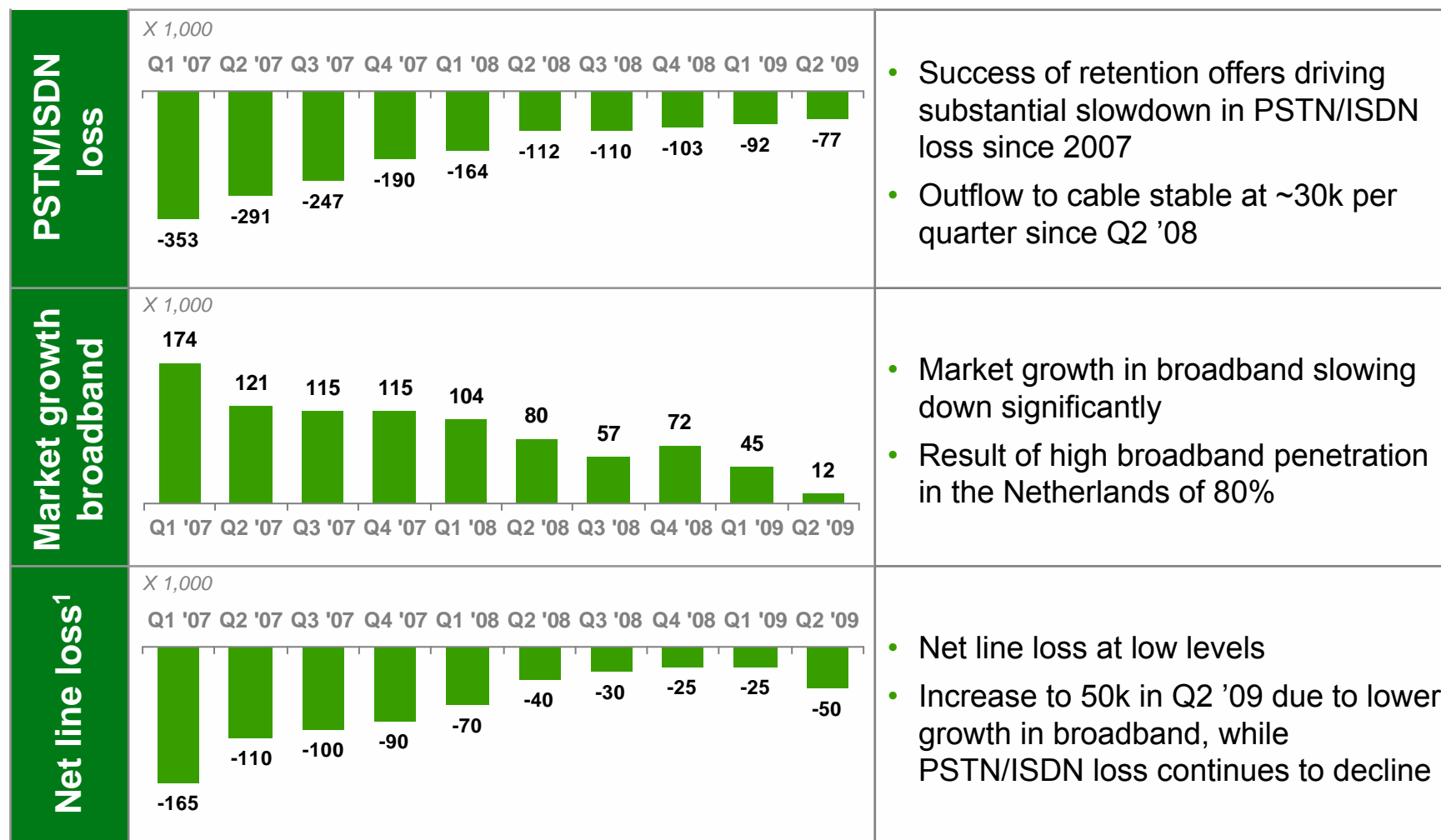
# Wireline services

Profitability increase driven by managing customer base for value



## Wireline services (cont'd)

Net line loss of 50k, due to lower market growth in broadband



<sup>1</sup> PSTN / ISDN line loss + growth VoIP Consumer + growth ADSL only + growth WLR; management estimates

# Fiber

Balanced approach in fiber rollout, evaluation of 2x5 cities by end of 2009

## Key principles

- Fiber rollout driven by fast return on investment and proven customer demand
- Maximizing customer value during fiber rollout, as measured by ARPU and EBITDA developments
- Majority of fiber-related Capex already committed and in plans for 2009 and 2010
- Focus on regional rollout, rather than comprehensive national rollout

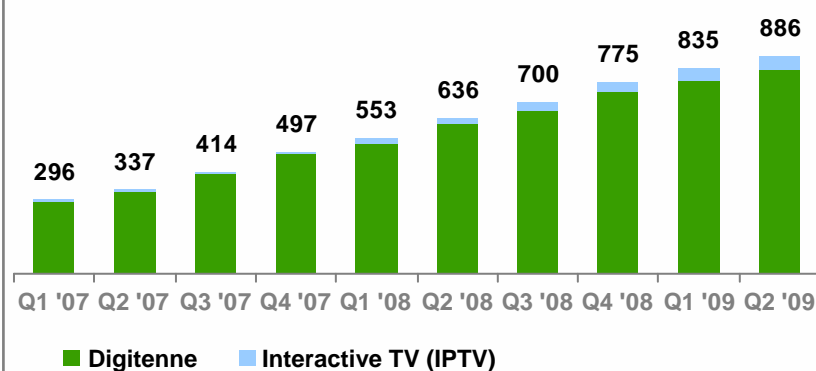
## Current status and next steps

- Fiber initiatives in 2x5 cities, based on FttC and FttH
- Evaluation by end 2009, determining speed and direction of further rollout
- Taking sufficient time to fine-tune delivery processes and IT
  - Some operational issues relating to scalability of fiber operator
  - Improving operational excellence throughout the supply chain
- Reaching ~850k homes passed by end of 2009
  - ~400k FttH (via Reggefiber JV)
  - ~450k FttC (via KPN)

# TV

Securing competitive position in Dutch TV market

## Current status TV



- Critical mass in Dutch TV market with combination of Digitenne and IPTV
- 12% market share in overall TV market
- Focus on value-for-money proposition Digitenne (~830k customers at Q2 '09)
- ~60k IPTV customers on stable platform which is ready for scaling up

## Fiber

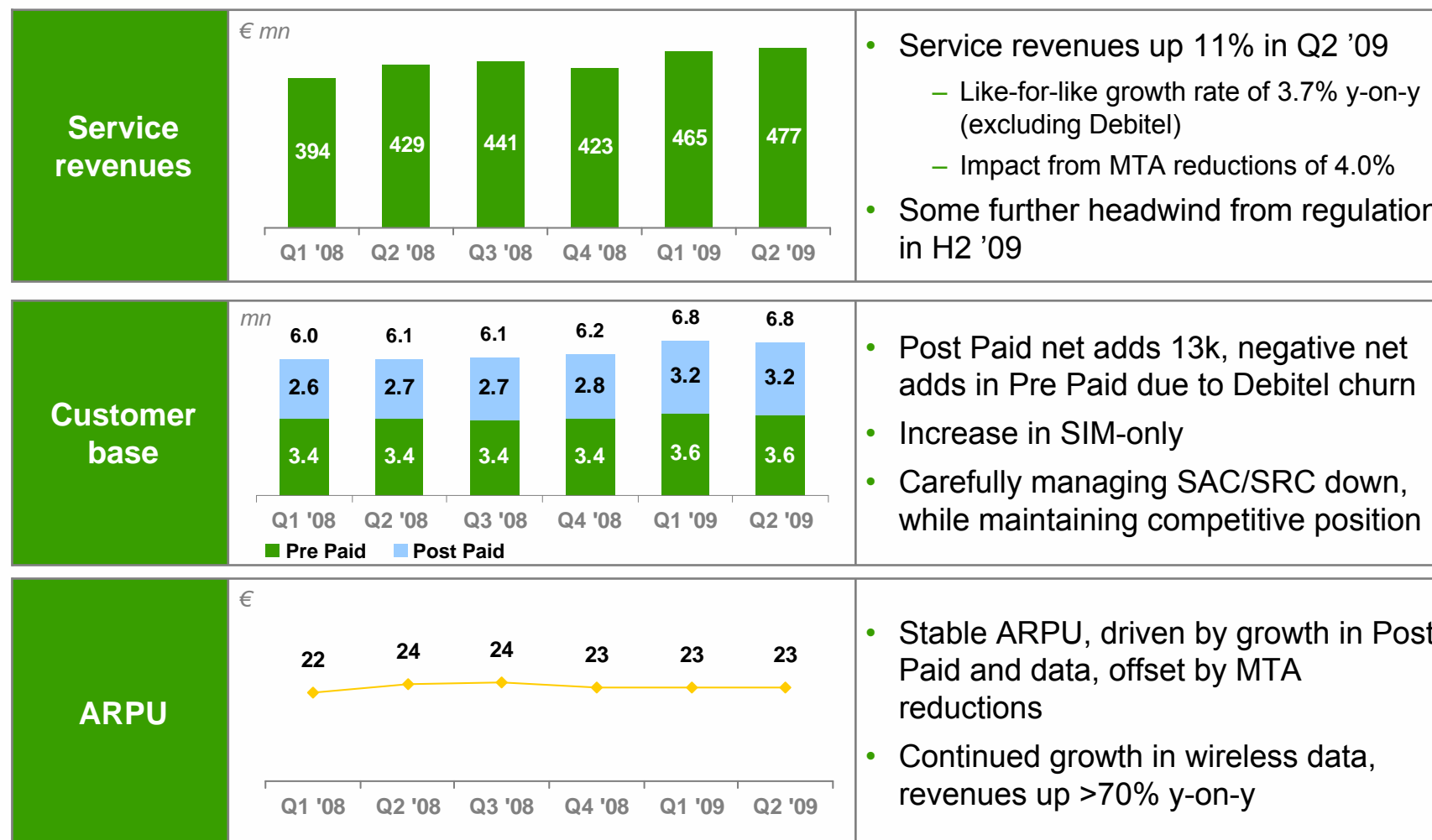
- Triple-play packages offered in focus cities for FttC or FttH
- Video-on-Demand (VOD) with superior functionalities
- HDTV available

## Copper

- Scaling up IPTV on copper infrastructure
- Preparing introduction of HDTV in 2010

# Wireless services<sup>1</sup>

Maintaining market leading position in wireless



<sup>1</sup> Excluding Mobile Wholesale NL



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# Strategic progress Business

Solid performance in challenging markets

## **'Back to Growth' strategy**

**Benefit from leading position in infrastructure**

**Preferred supplier for business market**

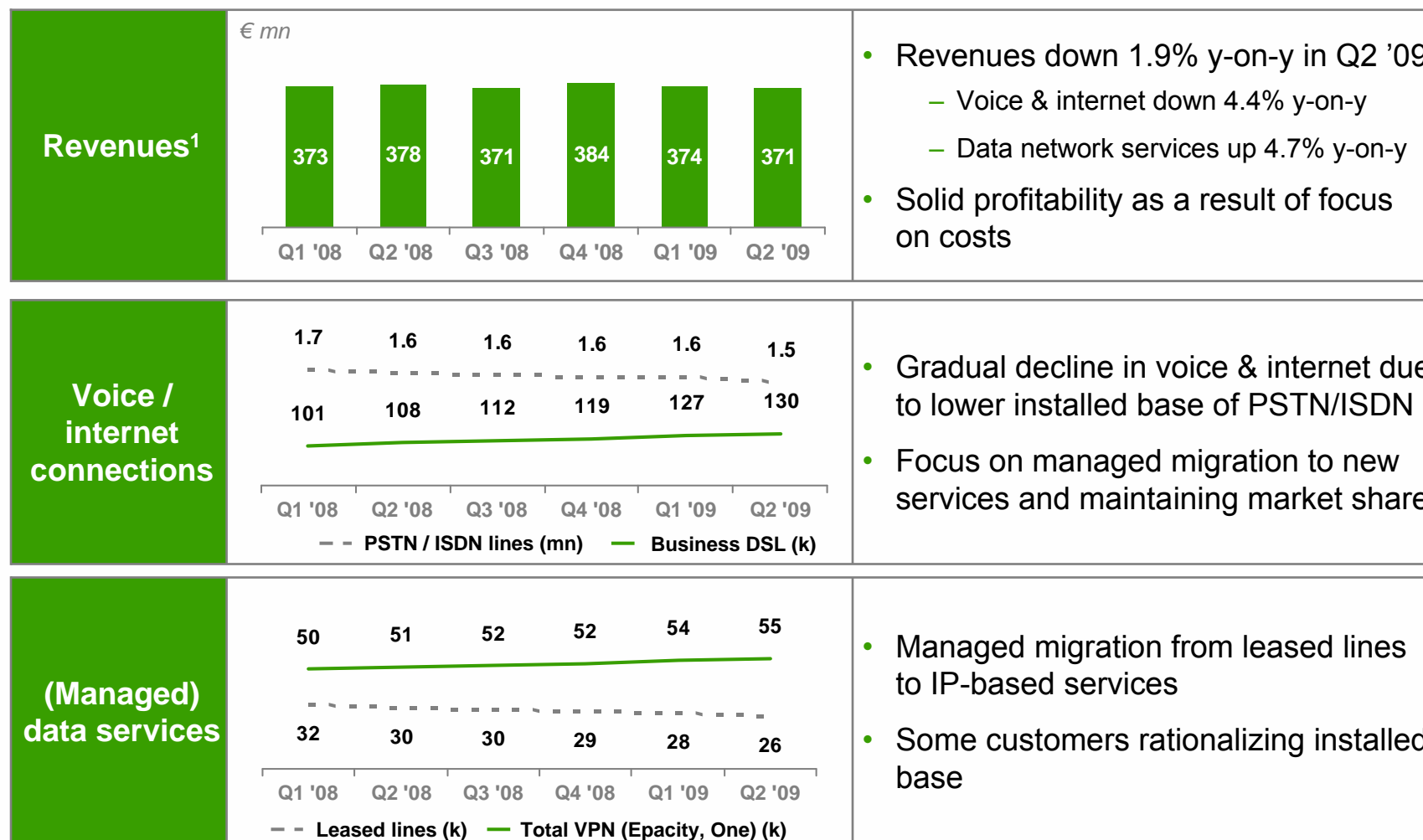
**Revenue growth with 'best-in-class' margins**

## **Achievements H1 '09**

- Solid financial performance in challenging markets
  - Revenue growth slowing down to 0.2% YTD
  - Strong growth in EBITDA and margins
  - Actions to mitigate economic impact are paying off
- Stable market shares, except for small decrease in wireless voice
- Customer satisfaction continuously increasing, reflected in 'Net Promotor Score'

# Business wireline

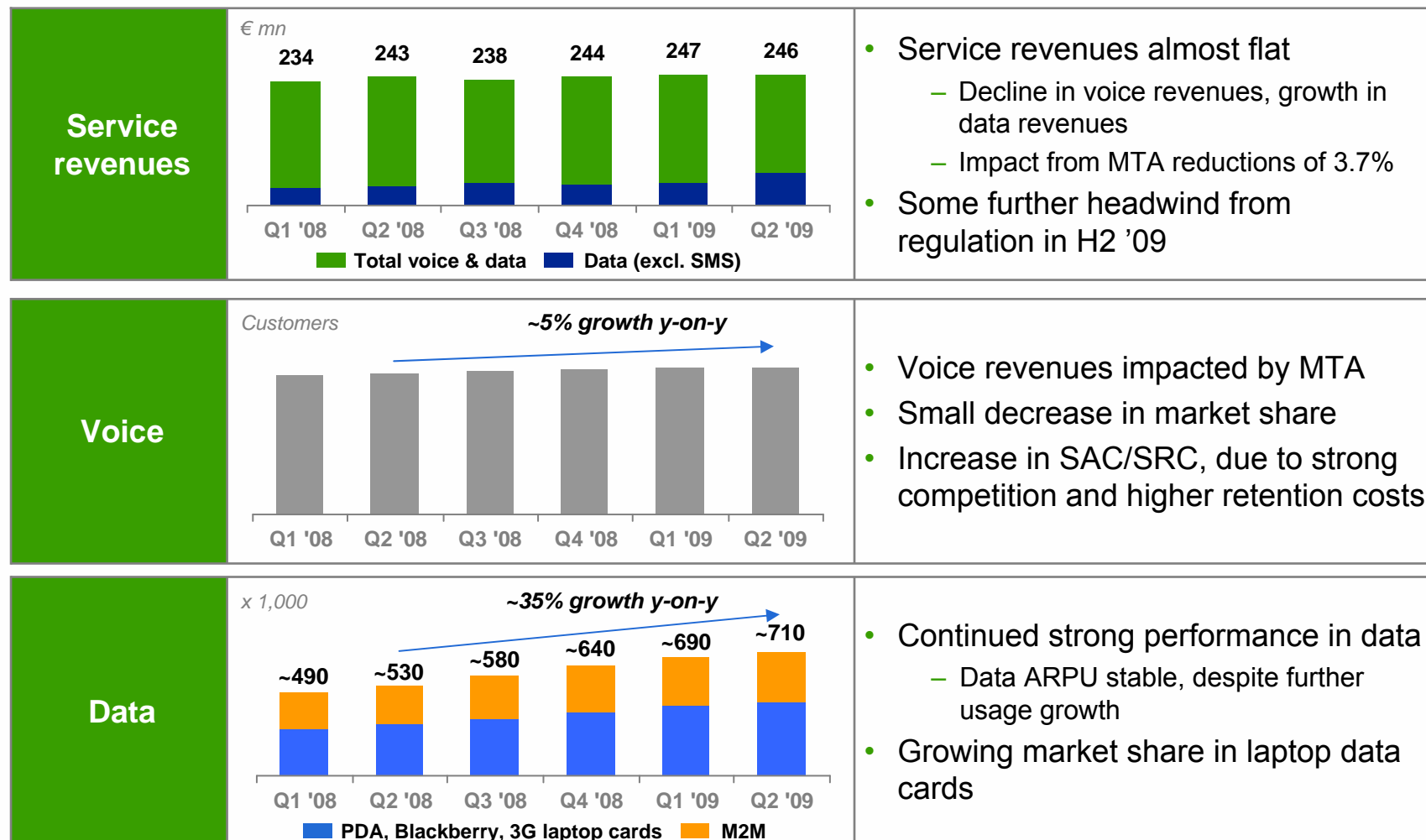
## Resilient performance in wireline services



1 Revenues for Voice & Internet wireline and Data network services

# Business wireless

Continued growth in data, gradual decline in voice mainly due to regulation



# Economic impact in business market

Mitigating actions paying off

	Impact economic climate	Actions taken and results
<b>KPN Business</b> (LE / SME / SoHo)	<ul style="list-style-type: none"> <li>• Increase in requests for contract renegotiations</li> <li>• Decreased traffic volumes in wireline and wireless, resulting from lower usage and visitor roaming</li> <li>• Increased retention costs to maintain market share</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on maintaining revenues and market share <ul style="list-style-type: none"> <li>– Tightening profitability criteria for new contracts</li> <li>– Renegotiation of existing contracts if necessary</li> <li>– Extension of contract durations and/or bigger share of wallet</li> </ul> </li> </ul>
<b>Getronics</b> (large corporates)	<ul style="list-style-type: none"> <li>• Increase in requests for contract renegotiations</li> <li>• Sectors hit by economy become more price-sensitive</li> <li>• Delay in decision making, requests for lower prices</li> <li>• Lower demand for consulting services and pressure on tariffs</li> </ul>	<ul style="list-style-type: none"> <li>• Structurally lower cost base to compensate lower revenues <ul style="list-style-type: none"> <li>– Getronics reorganization nearly completed</li> <li>– Reduction external staff and general expenses</li> <li>– Acceleration planned restructurings KPN</li> </ul> </li> <li>• Resulting in resilient financial performance and stable market shares</li> </ul>

## Strategic progress Getronics

Improving performance despite challenging market conditions

### **'Back to Growth' strategy**

**Benelux market leader**

**Expand global  
workspace management**

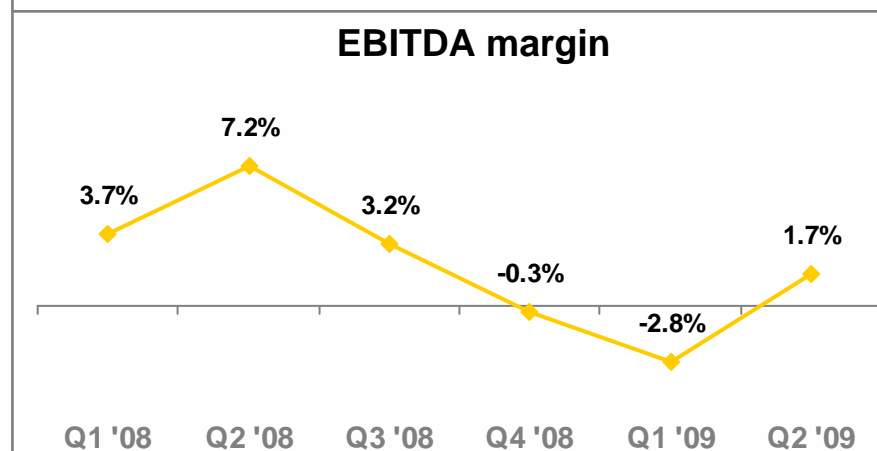
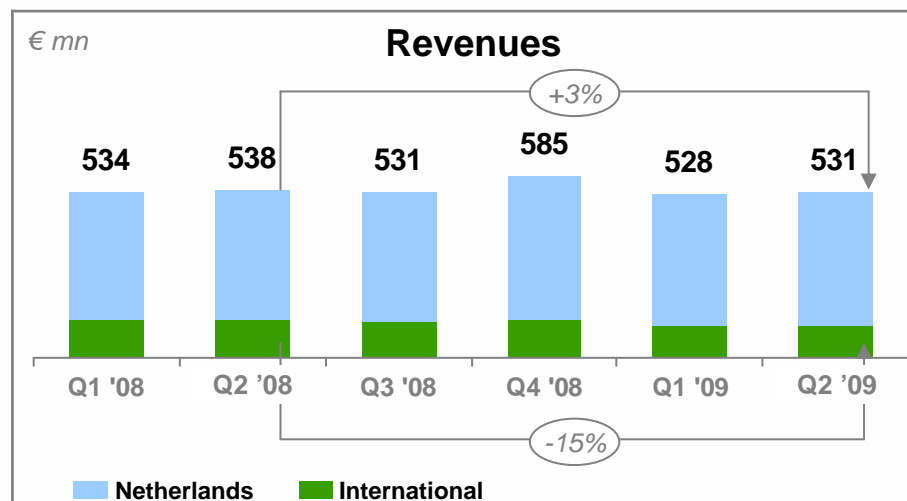
**'Best-in-class' margins**

### **Achievements H1 '09**

- Improving revenue and profitability trends
  - Better than expected in challenging markets
- Created Benelux market leader following integration with KPN Business Segment
- Established 'Global Workspace Alliance' to strengthen global presence through partners
- 1,400 FTE reduction program largely done
- Focus on EBITDA and cash flow, rather than revenues
- On track for ambition of 8% EBITDA margin in 2010

# Getronics Q2 '09

Resilient performance in the Netherlands, contraction in International



- Resilient performance in the Netherlands

- Revenues up 3% y-on-y
- Improving underlying margins
- Market shares maintained

- Contraction in international operations

- Revenues down € 18 mn y-on-y, of which € 5 mn negative FX impact
- Exposure to UK market

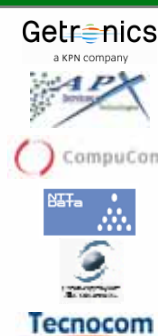
- Established Global Workspace Alliance to counter negative trends in International

- EBITDA uplift towards end of 2009

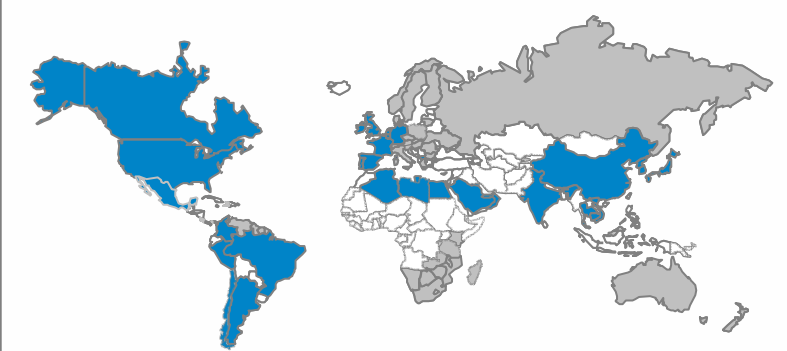
- Regular positive seasonality in Q4
- € 26 mn restructuring charge in Q2 '09
- € 60 mn annual savings, starting in H2 '09
- Other initiatives, e.g. ending onerous contracts and improved bid management
- Ambition for 8% EBITDA margin in 2010

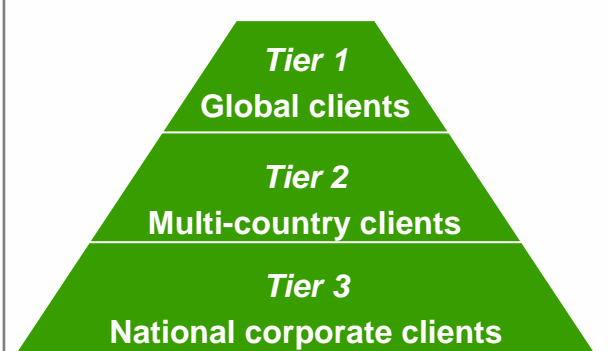
# Global Workspace Alliance

Established strategic alliance in March to strengthen international operations

Partners	
<ul style="list-style-type: none"> <li>• Getronics (founder)</li> <li>• APX Synstar (France)</li> <li>• CompuCom Systems (US)</li> <li>• NTT Data Getronics (Japan)</li> <li>• ServiceOne Getronics (China)</li> <li>• TecnoCom (Spain)</li> <li>• Getronics Middle East</li> </ul>	

Key benefits
<ul style="list-style-type: none"> <li>• Strong global presence for Getronics without need for own operations in each country</li> <li>• Providing globally consistent IT services as required by multinational customers</li> <li>• Offering strong local presence and support</li> <li>• Alliance sharing common processes, methods, tools and service innovation</li> <li>• Several contract wins as result of Alliance</li> </ul>

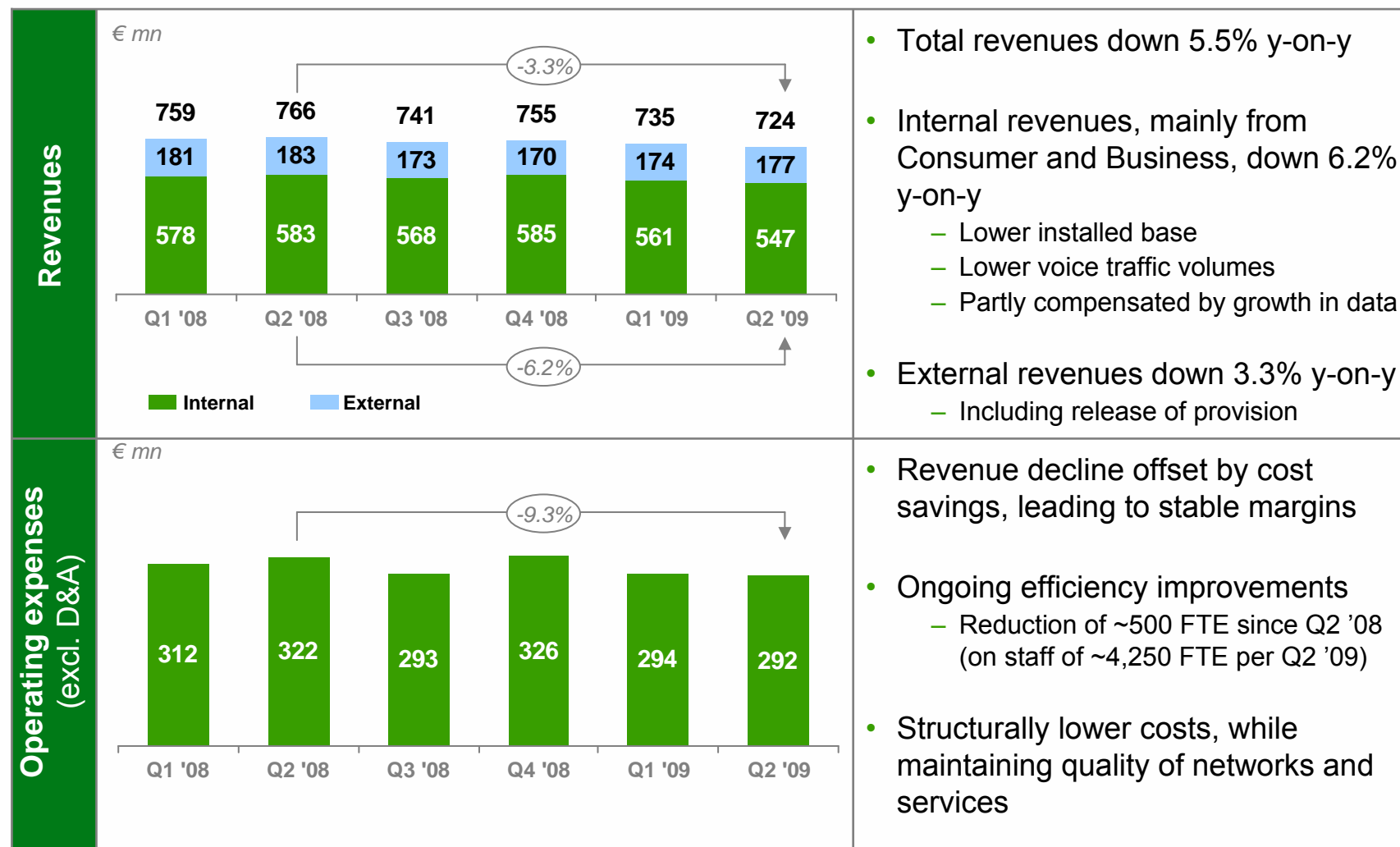
Global reach
 <p>■ Global Workspace Alliance    ■ Coverage through other partners</p>

Focus	
	<p><b>Alliance focus</b></p> <p><b>Alliance member</b></p>



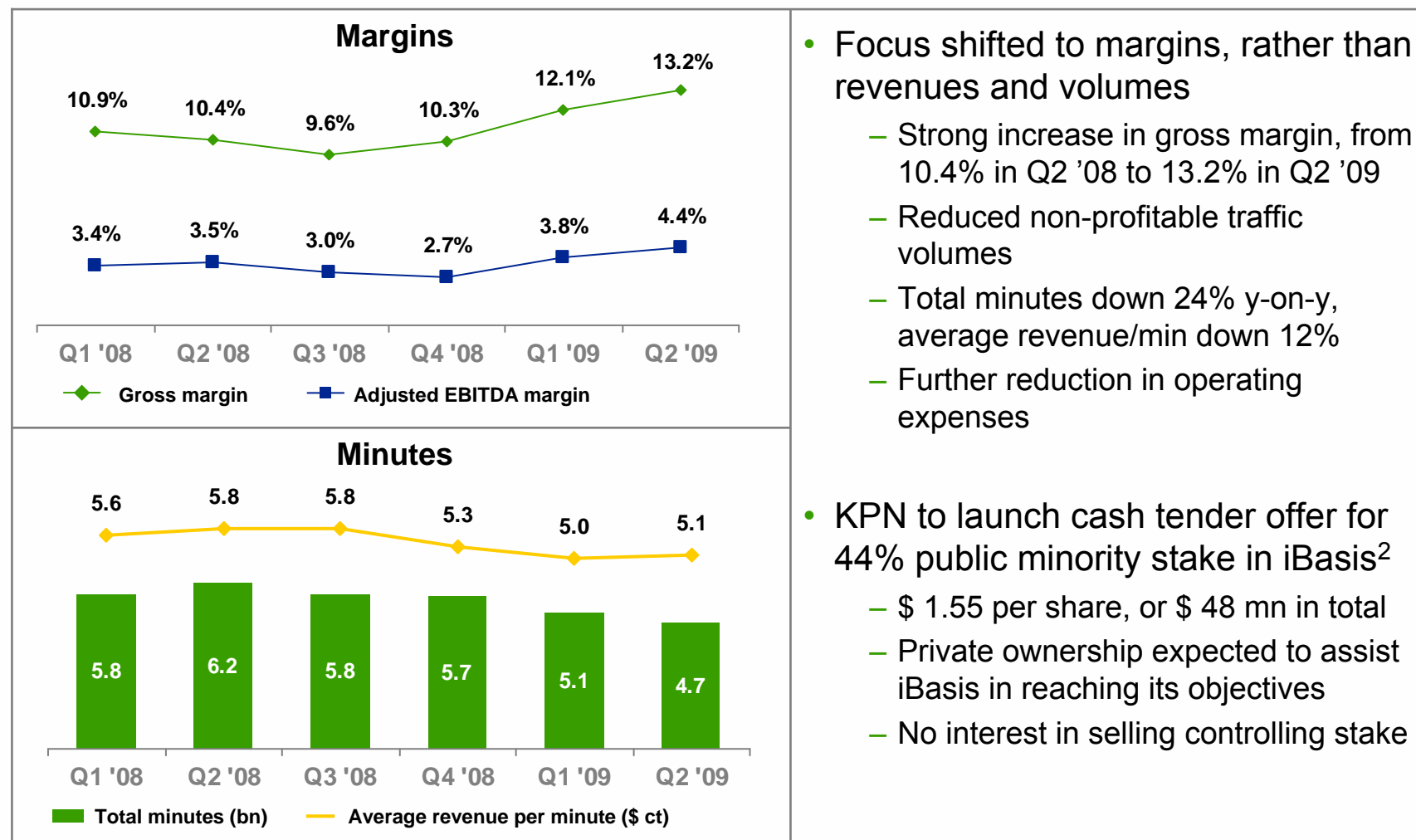
# W&O National

## Reduction in operating expenses in line with revenue decline



# iBasis<sup>1</sup>

Focus shifted to gross margin, KPN to launch cash tender offer for minority



1 Results as published by iBasis on 22 July 2009. Please refer to [www.ibasis.com](http://www.ibasis.com) for further details.  
 2 See page 81 of this presentation for important information

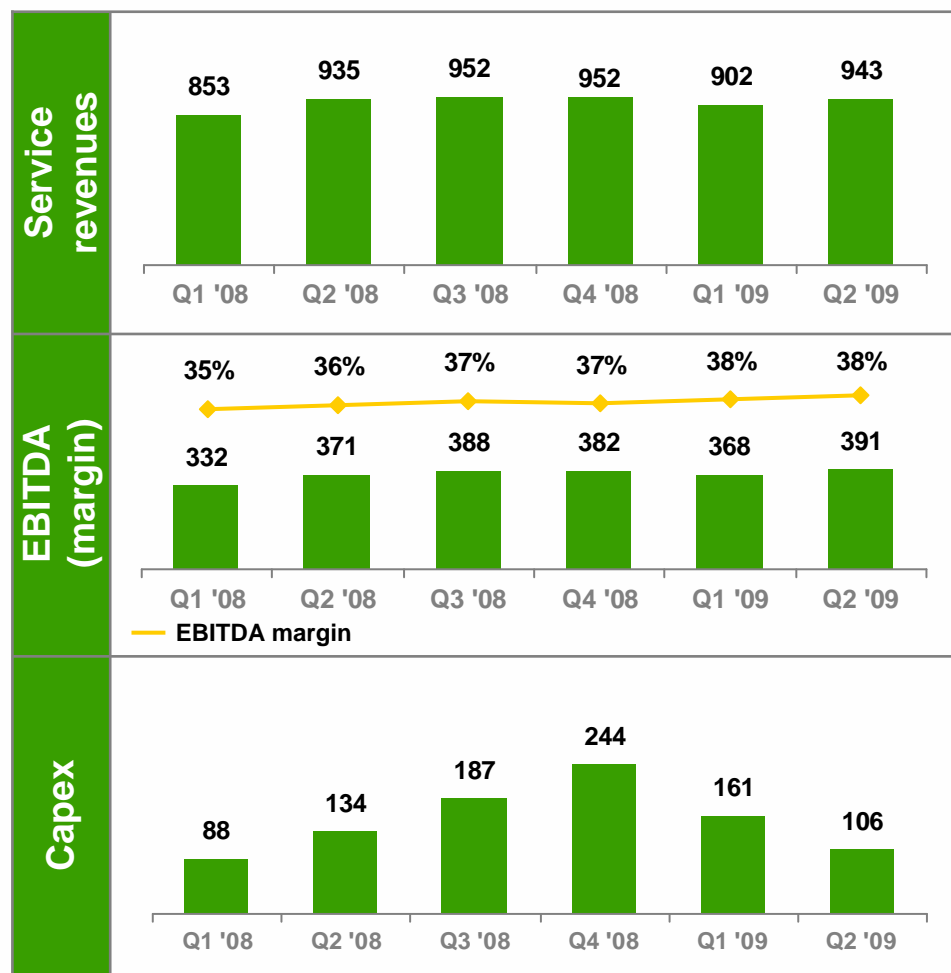
## Agenda

Chairman's review	Ad Scheepbouwer, Chairman and CEO
Financial review	Ad Scheepbouwer, Chairman and CEO
Operating review Netherlands	Baptiest Coopmans, MD Consumer
	Eelco Blok, MD Business/W&O/Getronics
<b>Operating review Mobile Int'l</b>	<b>Stan Miller, MD Mobile International</b>
Concluding remarks	Ad Scheepbouwer, Chairman and CEO



# Mobile International

Focus on profitable growth with strong cash flow through Challenger model



- **Service revenue growth**

- Service revenues up 0.9% y-on-y in Q2 '09
- € 25 mn MTA impact in Q2 '09, € 40-45 mn impact in H2 '09
- Expecting to again outperform the market in Germany and Belgium

- **Focus on profitable growth**

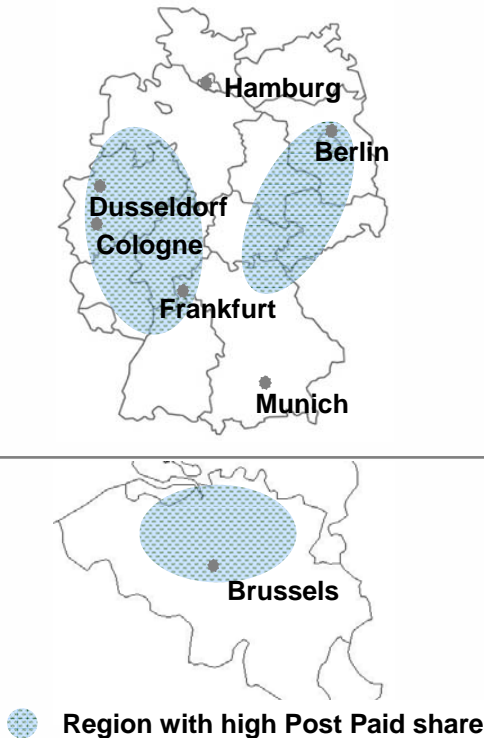
- EBITDA growth of 5.4% y-on-y in Q2 '09
- EBITDA margin of 38.2%

- **Focus on cash flow**

- Strong cash flow as a result of strong profitability and smart investment strategy

# Strategy going forward

Confident to achieve outperformance with Challenger strategy

Strategy going forward	Regional approach
<ul style="list-style-type: none"> <li>• Unlocking substantial untapped market potential through further intensifying execution of Challenger strategy</li> <li>• Expanding addressable market by moving into regions and segments that are underrepresented               <ul style="list-style-type: none"> <li>– Regions with below average market share</li> <li>– Move into SME/SoHo and high-value Post Paid</li> </ul> </li> <li>• Business model with built-in flexibility in cost base driving strong profitability</li> <li>• Smart-follower investment strategy based on return on capital employed (ROCE)</li> </ul>	

**Targeting 20-25% service revenue market share in next few years**

**EBITDA margin of at least 35%**

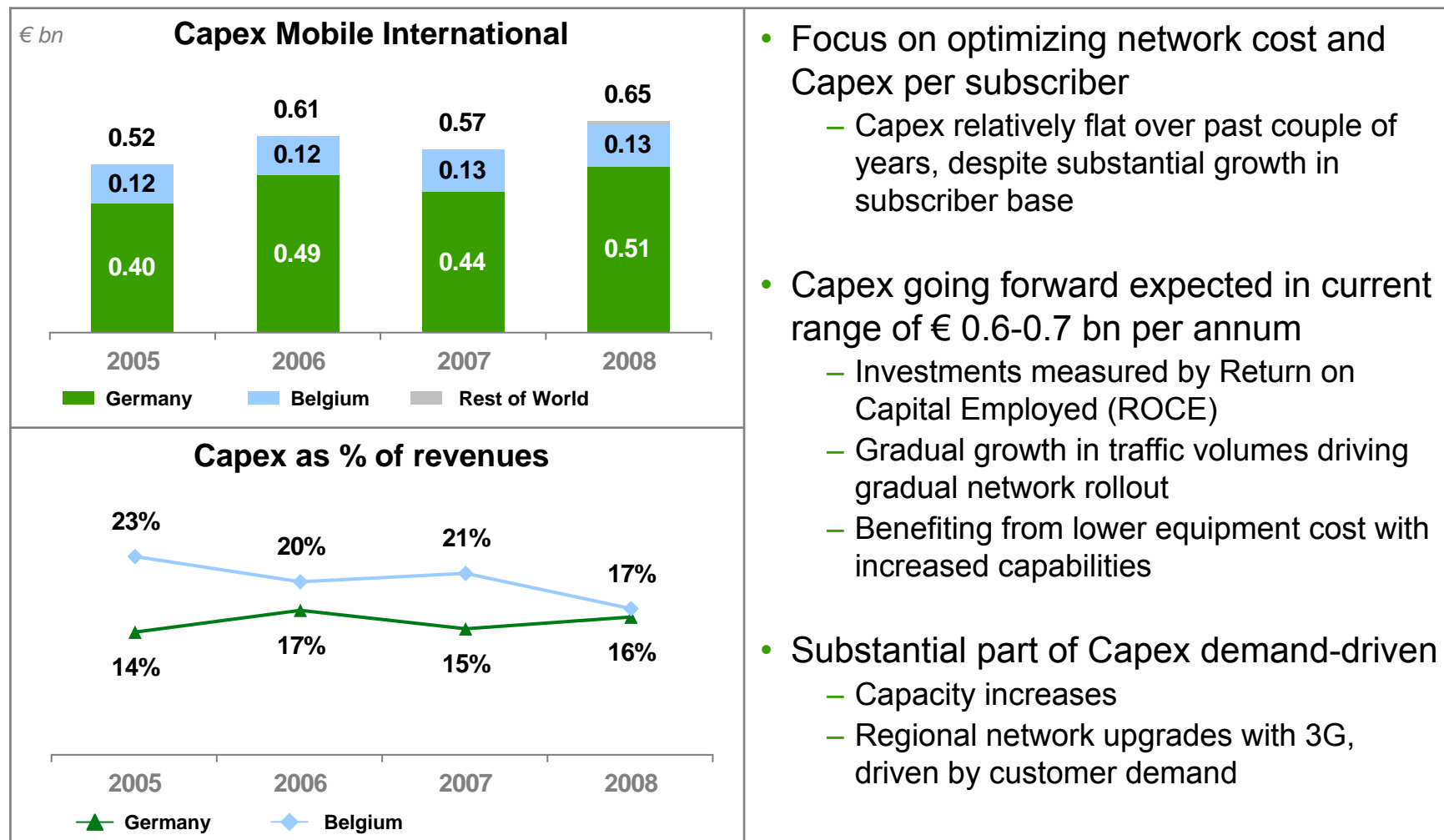
# Strategy execution

Tactics for achieving ambition of 20-25% market share in next few years

	Tactics	Examples
<b>Fixed-Mobile Substitution</b>	<ul style="list-style-type: none"> <li>• Capture untapped potential from low mobile share of voice</li> <li>• Focus on voice, which will be dominant over data for next years</li> </ul>	<ul style="list-style-type: none"> <li>• Move to SME/SoHo and high-value Post Paid</li> <li>• Further refining existing propositions, e.g. new tariffs for BASE in Belgium</li> </ul>
<b>Wholesale &amp; Partnerships</b>	<ul style="list-style-type: none"> <li>• Leverage proven business models to new markets</li> <li>• Build partnerships &amp; business models with new entrants</li> </ul>	<ul style="list-style-type: none"> <li>• Further enhance segmentation by adding new wholesale partners, e.g. Disney, YES Telecom, RTL Belgium</li> <li>• Wholesale partnerships in data</li> </ul>
<b>Regionalization</b>	<ul style="list-style-type: none"> <li>• Expand voice target regions based on proven concept</li> <li>• Leverage leading position in voice to build data position</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on underdeveloped regions in Germany, e.g. Hamburg / Munich</li> <li>• Expand position in Wallonia</li> </ul>
<b>Smart technology follower</b>	<ul style="list-style-type: none"> <li>• Maximize return on existing assets</li> <li>• Selective, low risk investments in new technology</li> </ul>	<ul style="list-style-type: none"> <li>• National EDGE rollout in Germany in 2009</li> <li>• UMTS/HSPA rollout with regional approach</li> </ul>

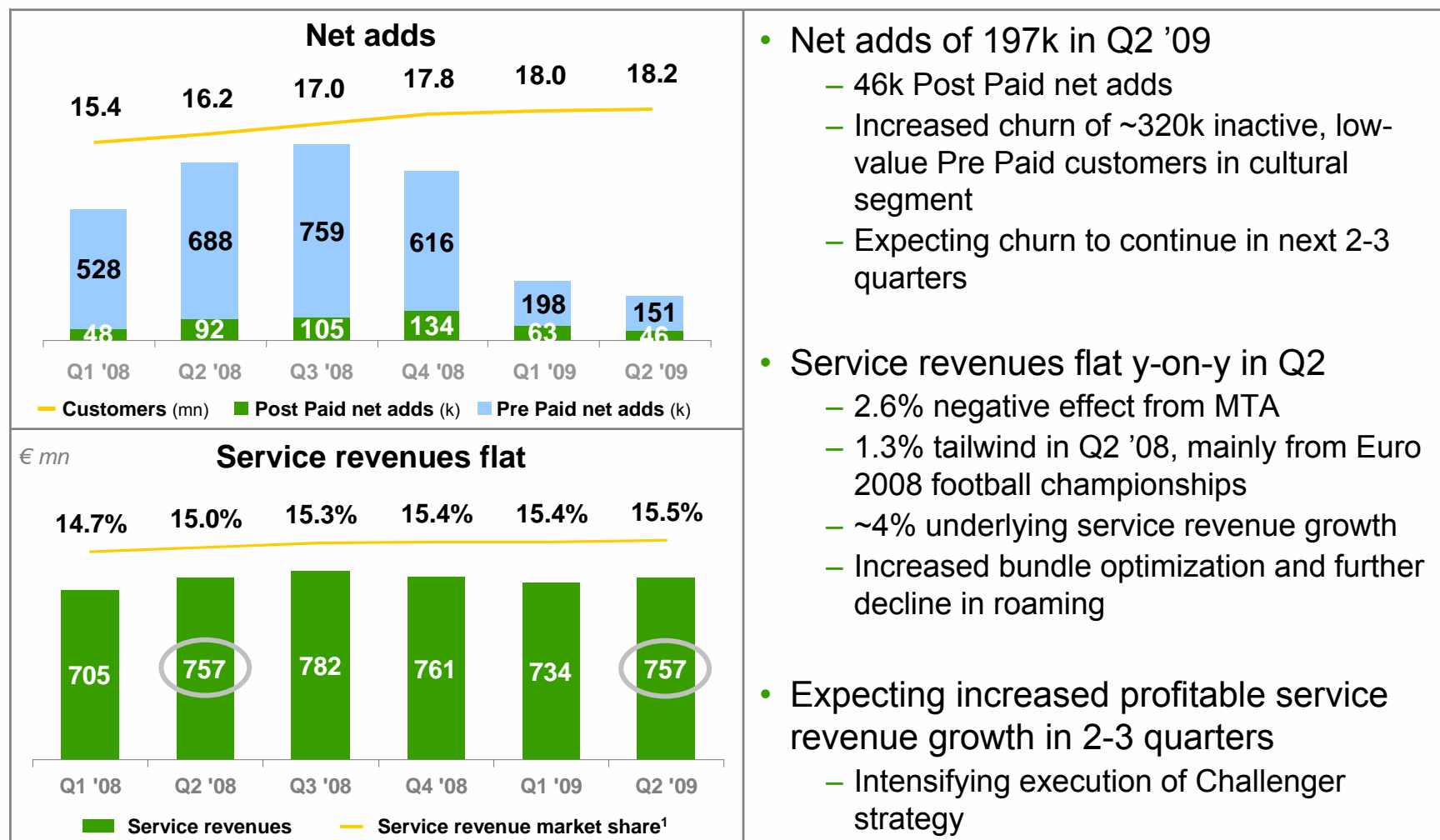
# Capex

Network rollout and investments driven by return on capital employed



# Operating review Germany

Flat service revenues in Q2, expecting increased growth in two to three quarters

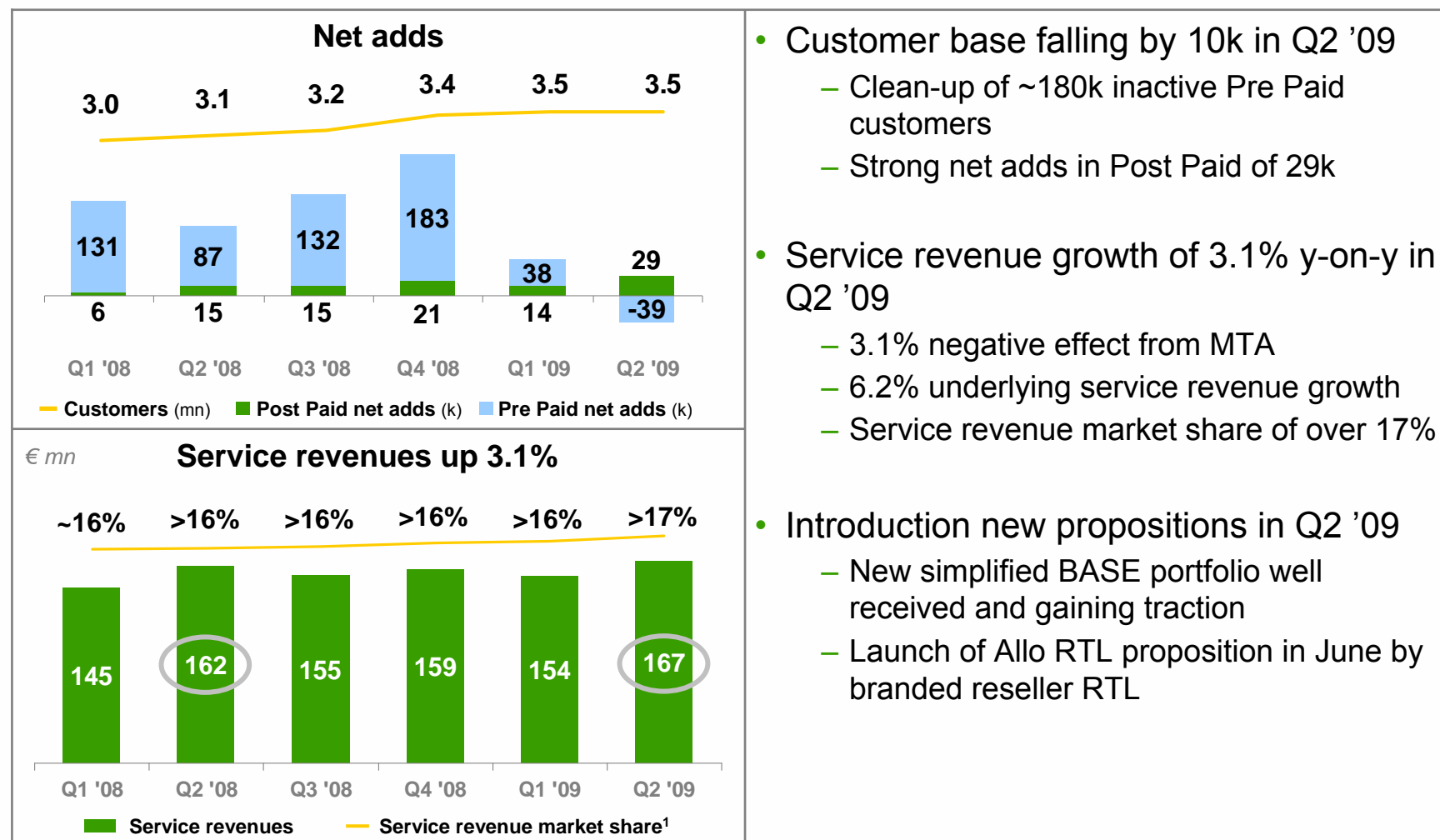


<sup>1</sup> Management estimates, based on service revenues



# Operating review BASE

Continued solid growth based on revitalized BASE propositions and wholesale



<sup>1</sup> Management estimates, based on service revenues

## Rest of World

MVNOs in Spain and France on track, Ortel lagging behind but actions taken

### Spain



- Fastest growing MVNO with stable ARPU from value-for-money offers
- Growth accelerating following new Simyo marketing campaign
- Continued growth from blau and wholesale partners
- Expecting to become cash flow positive in 2010

### France



- Relatively stable sales in first months without significant marketing
- Growth accelerating following new Simyo marketing campaign
- Launch of several partners and brands in H2 '09
- Expecting to become cash flow positive in 2011

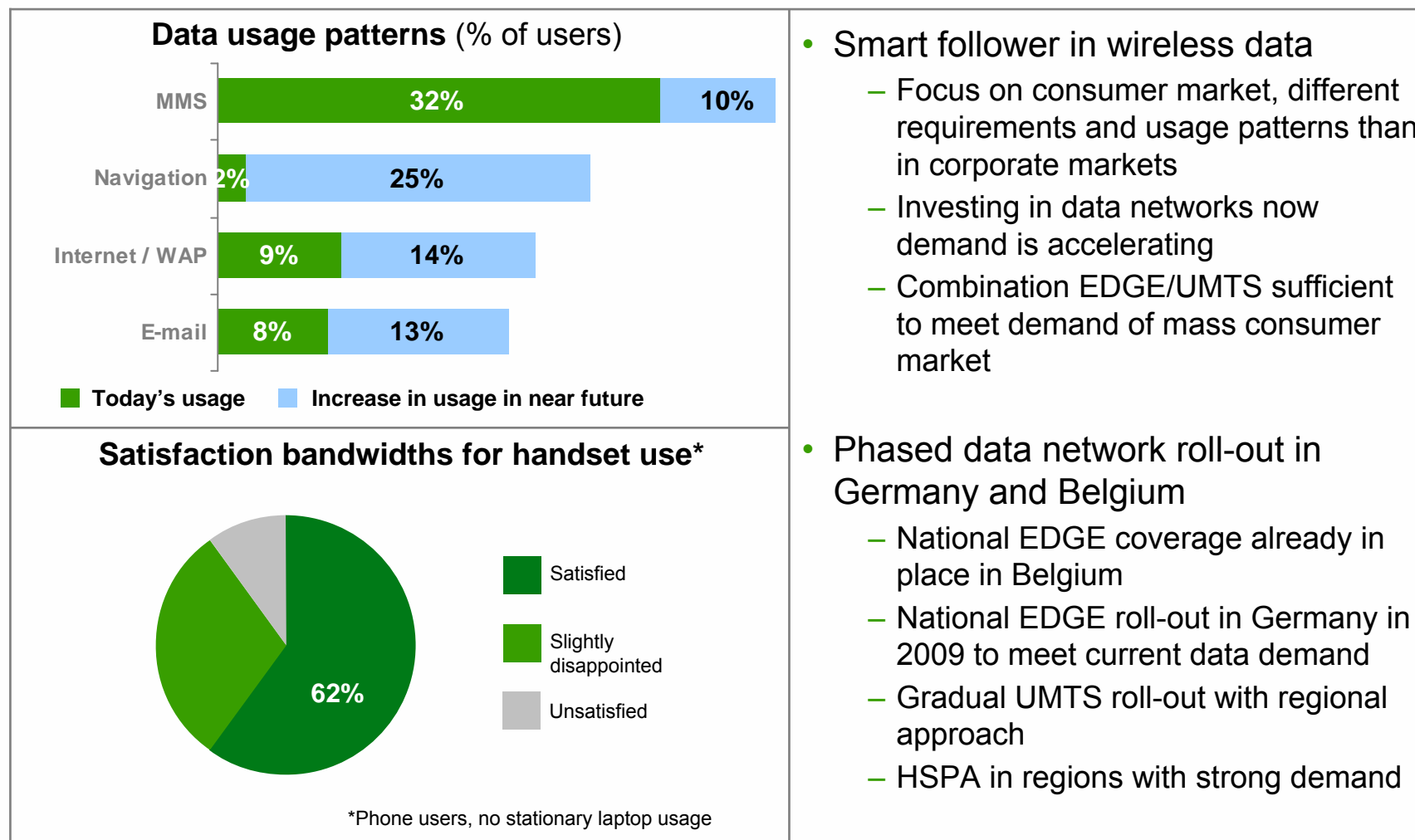
### Ortel



- Performance Ortel lagging behind plan, due to further increase in competition in cultural segment in Q2 '09
  - Strong focus on price promotions leading to high inactivity and churn
- Structured actions taken to improve performance
  - E.g. less focus on customer acquisition, but more on usage incentives

# Data strategy

Data strategy based on those services that consumers want



Source: Consumer research

# Spectrum

Lobby for competitive level playing field for all operators

## Germany

- Auction of over 360 MHz of spectrum
  - 800 MHz, 1,800 MHz, 2.1 GHz, 2.6 GHz
- E-Plus disadvantaged on 900 MHz, lobby for re-distribution in Germany
  - Re-distribution of 900 MHz prior to refarming, or
  - Access to more 800 MHz than competition
  - Willing to invest in 800/900 MHz network once frequencies are fairly allocated
- Final decision on process in Oct 2009, auction expected in Feb / Mar 2010
  - No indication possible on potential cost

## Belgium

- Spectrum allocation fairly balanced
  - Relatively less 900 MHz spectrum for KPN Group Belgium
  - Additional spectrum awarded on conditional basis in February 2009
- Allocation of spectrum ongoing
  - 2.1 GHz spectrum auctioned in H2 '09
  - Auction 2.6 GHz considered for H2 '09
  - Consultation launched early 2009 for LTE and digital dividend
- KPN Group Belgium aiming for equal distribution of frequencies

**Lobby for competitive level playing field for all operators**  
**Ensure that each operator has enough channels in different frequencies**

## Agenda

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<b>Concluding remarks</b>	<b>Ad Scheepbouwer, Chairman and CEO</b>



# Operating principles

Executing our strategy along clear principles

## Country-specific strategies



- Strategy tailored to local markets
- Integrated market leader in NL
- Challenger in Germany and Belgium

## Customer focus



- Services based on customer needs
- No technology push
- Customer Lifecycle Management

## Multi-branding / distribution



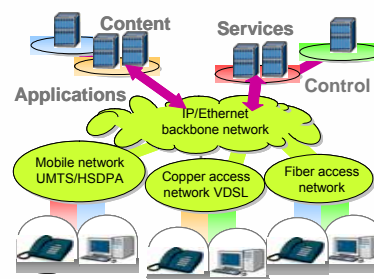
- Segmented market approach
- Many own and third party channels

## Lowest cost



- Focus on operational excellence
- Competitive cost base

## Open access model



- Infrastructure sharing
- Committed wholesale partner

## Proactive

Migration to IP



- Turning early exposure to market trends into key strength

# Financing principles

Prudent financing policy and strong focus on shareholder remuneration

Prudent financing policy	Growing dividend per share	Share repurchases
<ul style="list-style-type: none"> <li>Combining attractive shareholder remuneration and flexibility to invest in business</li> <li>Protecting interests of both shareholders and bondholders</li> <li>Net debt / EBITDA ratio between 2.0x and 2.5x<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Targeting dividend per share of € 0.80 in 2010 as part of 'Back to Growth' strategy</li> <li>Dividend pay-out of 40-50% of free cash flow<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>Using surplus cash for share repurchases</li> <li>€ 7.5 bn in shares repurchased since 2004, &gt;30% of total outstanding shares</li> <li>€ 1 bn share repurchase program for 2009 ongoing</li> </ul>
Refinancing	Credit rating	Selective M&A
<ul style="list-style-type: none"> <li>Redemptions financed well ahead <ul style="list-style-type: none"> <li>Issued € 1.5 bn in bonds in February 2009</li> </ul> </li> <li>Tendered 34% of € 1.3 bn redemption for 2010</li> <li>€ 1.5 bn of undrawn credit lines</li> </ul>	<ul style="list-style-type: none"> <li>Current ratings BBB+ (S&amp;P) and Baa2 (Moody's)</li> <li>Committed to minimum credit rating of resp. BBB and Baa2</li> <li>S&amp;P upgraded outlook from 'negative' to 'stable' BBB+ in December 2008</li> </ul>	<ul style="list-style-type: none"> <li>Clear focus on value creation</li> <li>Right asset at the right price as main principle</li> <li>Successful track record of buying market share and capabilities in past years</li> </ul>

<sup>1</sup> Based on 12 months rolling EBITDA excluding book gains/losses, release of pension provisions and restructuring costs, all over € 20 mn

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

## Concluding remarks

- Resilient results reflect continued focus on EBITDA and free cash flow, whilst maintaining market shares
- Solid performance Dutch Telco business, strong EBITDA growth
- Mobile International service revenues flat, Challenger strategy resulting in continued EBITDA growth
- Early anticipation of economic downturn is paying off
- Confirming EBITDA, free cash flow and dividend projections



# Q & A



# Annex

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# Analysis of results

Key items worth mentioning in results interpretation

€ mn		Q2 '09	Q2 '08	YTD '09	YTD '08
Revenue effect MTA tariff reduction	Group	-56	-36	-81	-79
EBITDA effect MTA tariff reduction	Group	-32	-18	-43	-43
Book gain on sale of subsidiaries	Other/W&O				6
Book gain on sale of real estate	W&O	2	7	10	18
Restructuring charges	Group	-29	-221	-35	-230
Restructuring charges	Getronics	-26	-1	-29	-2
Goodwill impairment	Getronics		-22	-13	-22
Goodwill impairment	iBasis			-11	
Release pension provision	Group		199		199
Accelerated depreciation copper network	W&O		-18		-37

# MTA regulation

## The Netherlands

€ cents per minute	15 Aug '07	1 July '08	1 April '09	1 July '09
KPN	10.0	9.0	8.0	7.0
Vodafone	10.0	9.0	9.0	7.0
T-Mobile	11.4	10.4	10.4	8.1
Avg. asymmetry	1.4	1.4	2.4	1.1

## Germany

- MTA tariffs valid from 1 April 2009 until 30 November 2010
  - T-Mobile / Vodafone lowered from € 7.92 to € 6.59 cents per minute
  - E-Plus / O<sub>2</sub> lowered from € 8.80 to € 7.14 cents per minute

## Belgium

- Project started by BIPT at end of 2008 to determine MTA tariffs as from 2010
- BASE provisionally applying current MTA tariffs

€ cents per minute	1 May '08	1 July '08
BASE	11.82	10.41
Proximus	7.48	6.56
Mobistar	9.38	8.21
Avg. asymmetry	3.39	3.03

# Impact MTA reduction

€ mn	Q2 '09		YTD '09	
	Revenues	EBITDA <sup>1</sup>	Revenues	EBITDA <sup>1</sup>
Germany	-20	-10	-20	-10
Belgium	-5	-3	-12	-9
Rest of World	-	-	-	-
<b>Mobile International</b>	<b>-25</b>	<b>-13</b>	<b>-32</b>	<b>-19</b>
Consumer	-21	-15	-32	-19
<i>Of which: Mobile Wholesale</i>	-4	-3	-6	-4
Business	-9	-4	-14	-5
Wholesale & Operations	-6	-	-11	-
Intercompany	5	-	8	-
<b>The Netherlands</b>	<b>-31</b>	<b>-19</b>	<b>-49</b>	<b>-24</b>
<b>KPN Group</b>	<b>-56</b>	<b>-32</b>	<b>-81</b>	<b>-43</b>

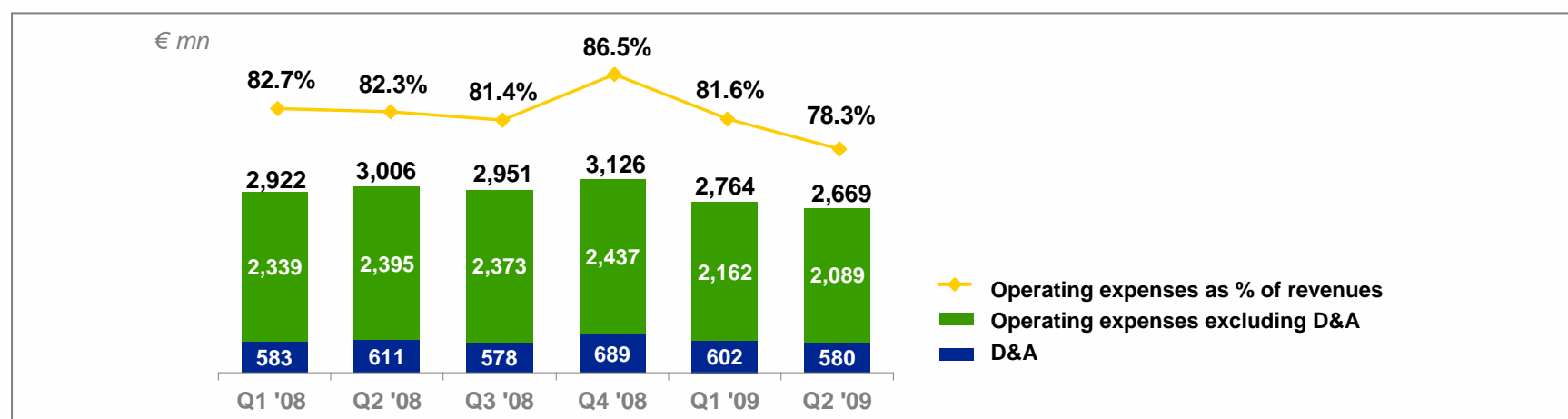
<sup>1</sup> Defined as Operating result plus depreciation, amortization and impairments

# Restructuring charges

€ mn	Q2 '09	YTD '09
Germany	-1	-1
Belgium	-	-
Rest of World	-	-
<b>Mobile International</b>	<b>-1</b>	<b>-1</b>
Consumer	-5	-4
Business	-	-
Getronics	-26	-29
Wholesale & Operations	-3	-5
<b>The Netherlands</b>	<b>-34</b>	<b>-38</b>
Other	6	4
<b>KPN Group</b>	<b>-29</b>	<b>-35</b>

# Operating expenses

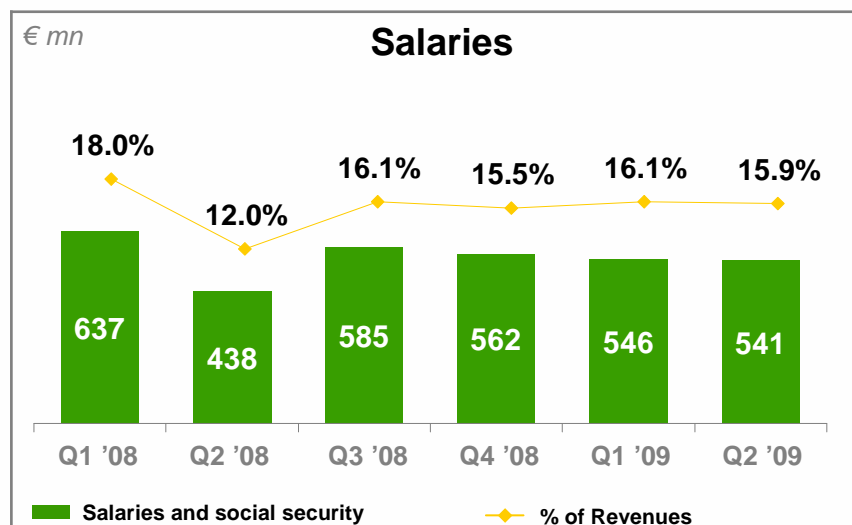
€ mn	Q2 '09	Q2 '08	%
Salaries and social security contributions	541	438	24%
Cost of materials	223	236	-5.5%
Work contracted out and other expenses	1,182	1,335	-12%
Own work capitalized	-28	-23	22%
Other operating expenses	171	409	-58%
Depreciation <sup>1</sup>	391	407	-3.9%
Amortization <sup>1</sup>	189	204	-7.4%
<b>Total</b>	<b>2,669</b>	<b>3,006</b>	<b>-11%</b>



<sup>1</sup> Including impairments, if any

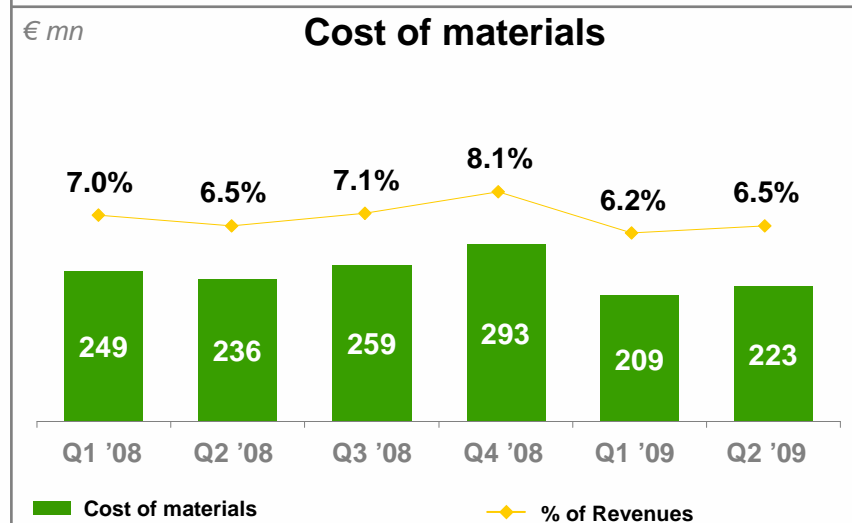
# Analysis operating expenses

## Salaries & Cost of materials



### Y-on-Y increase

- € 199 mn release of pension provision in Q2 '08
- Reduction in FTE due to disposals at Getronics and restructuring



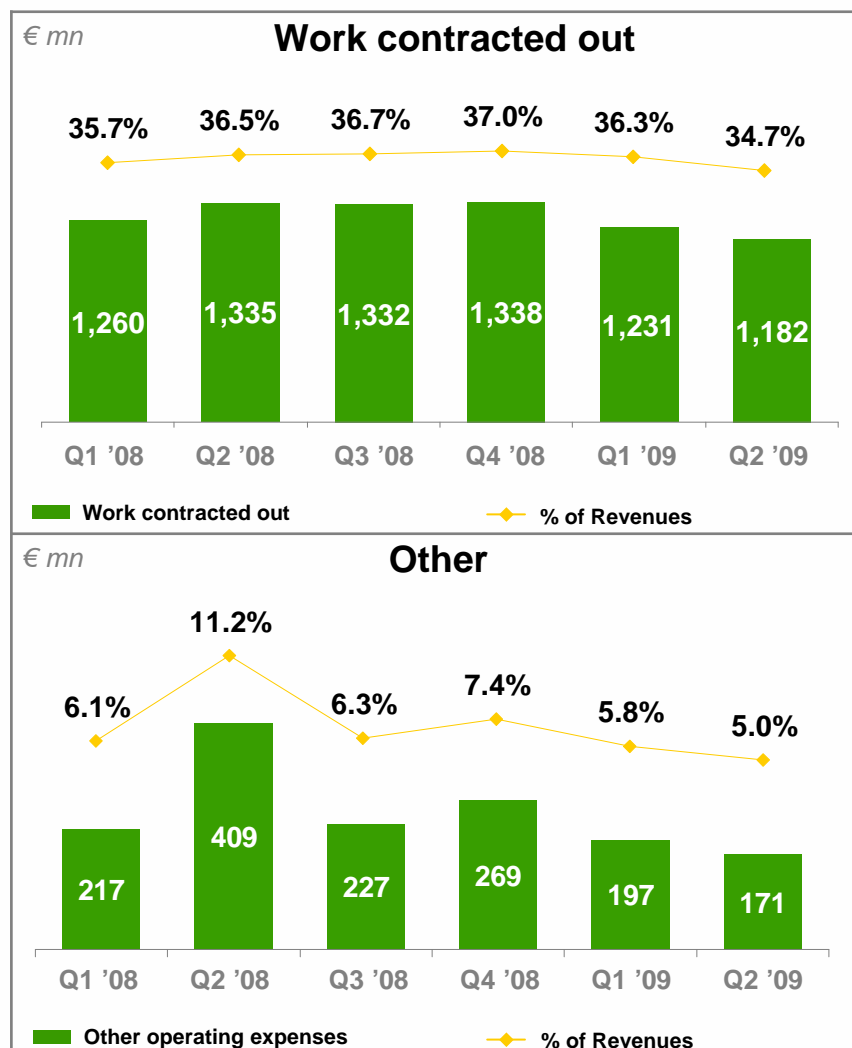
### Y-on-Y decrease

- Handset lease at E-Plus (started in Q2 '08)



# Analysis operating expenses

## Work contracted out & Other



### Y-on-Y decrease

- Lower traffic volume national and iBasis
- Lower number of temporary staff and consultants

### Q-on-Q decrease

- Further decline in traffic volume national and iBasis
- Further decrease in number of temporary staff and consultants

### Y-on-Y decrease

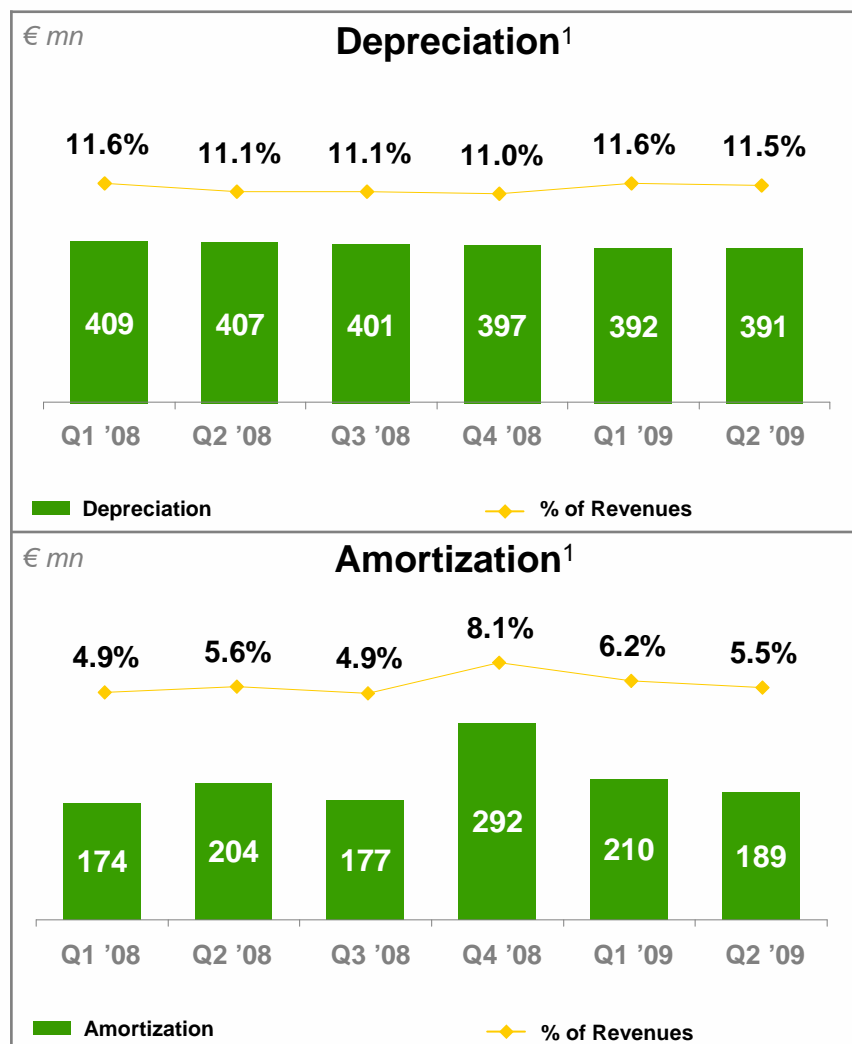
- € 207 mn restructuring provision in Q2 '08

### Q-on-Q decrease

- Release of provisions at Consumer and Business of € 16 mn

# Analysis operating expenses

## Depreciation & Amortization



### Y-on-Y decrease

- Lower asset base due to less Capex spending in prior years

### Y-on-Y decrease

- € 22 mn impairment at Getronics in Q2 '08

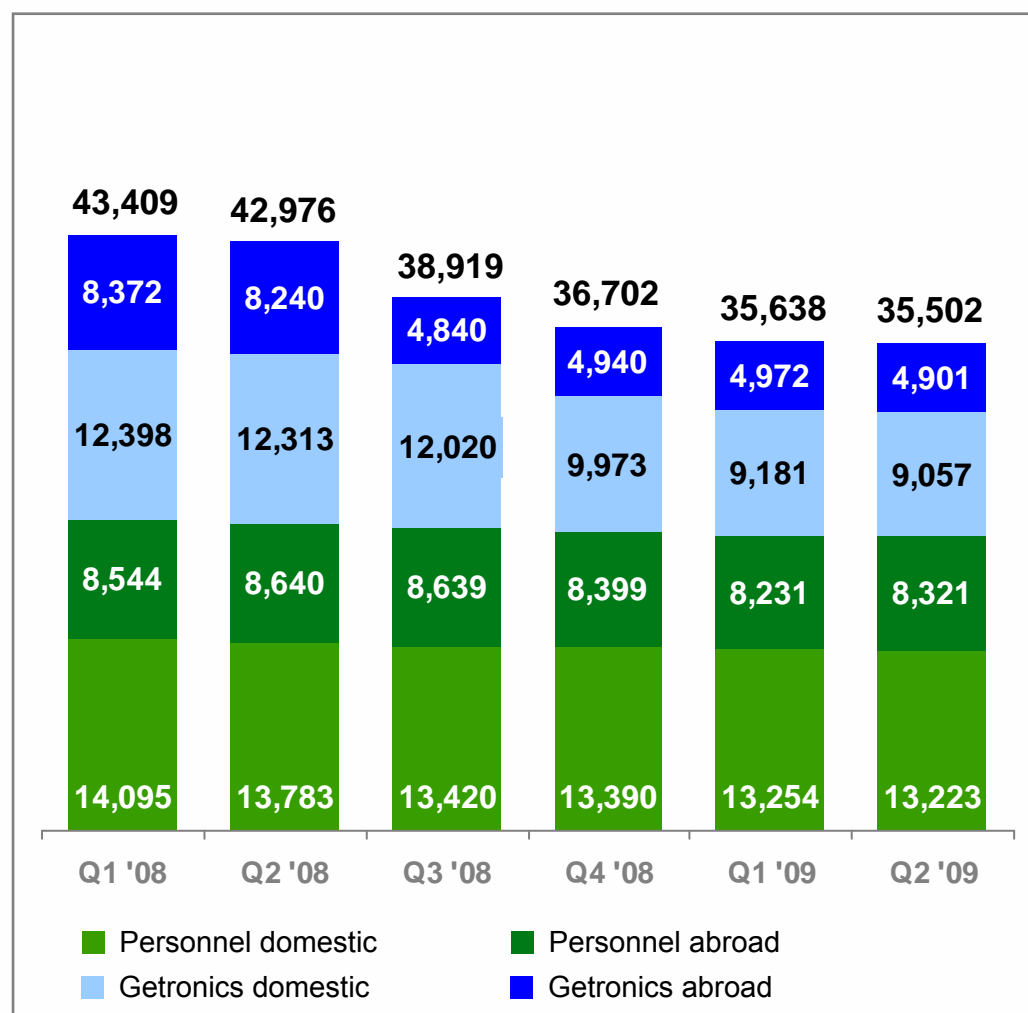
### Q-on-Q decrease

- € 13 mn impairment at Getronics in Q1 '09
- € 11 mn impairment at iBasis in Q1 '09

<sup>1</sup> Including impairments, if any

<sup>2</sup> Related to businesses classified as held for sale

# Personnel<sup>1</sup>



- Decrease of 7,474 FTE y-on-y
  - Reduction of 643 FTE in the Netherlands (excl. Getronics and acquisitions)
  - Reduction of 6,595 FTE at Getronics, mainly from divestments
  - Reduction of 319 FTE at KPN abroad, mainly in call centers
- Decrease of 136 FTE compared to Q1 '09
  - Reduction of 195 FTE at Getronics due to restructuring
  - Partly offset by increase at Mobile International
- Cumulative reduction of 7,103 FTE in the Netherlands since 2005
  - Excluding Getronics and acquisitions
  - Related to reduction target of 10,000 FTE by 2010
  - Taking number of outsourcing decisions in early 2010 at the latest

<sup>1</sup> New organizational structure as of Q1 '09, following integration of part of KPN Business Market into Getronics; restated numbers for 2008

# Tax

Fiscal units (€ mn)	P&L		Cash flow	
	Q2 '09	Q2 '08	Q2 '09	Q2 '08
Dutch activities	-98	-82	60	-85
Getronics	5	-1	-	-
German Mobile activities	-53	-32	-1	-
Belgian Mobile activities	-10	-13	-	-
Other	-2	-	-1	-
<b>Total</b>	<b>-158</b>	<b>-128</b>	<b>58</b>	<b>-85</b>

- Higher tax expense in the Netherlands due to higher taxable income
- Higher tax expense in Germany due to higher taxable income and higher effective tax rate
  - Tax expense too low in Q2 '08 and reversed in Q3 '08
- In Q1 '09 prepayment of Dutch corporate income tax for full year 2009 of € 608 mn
  - No Dutch corporate income tax payments in subsequent quarters for 2009
- Tax receipt of € 60 mn in Q2 '09 relating to prior years

## Net cash flow from operating activities

€ mn	Q2 '09	Q2 '08	YTD '09	YTD '08
<b>Operating Result</b>	<b>742</b>	<b>656</b>	<b>1,374</b>	<b>1,304</b>
Depreciation, amortization and impairments	580	611	1,182	1,194
Interest paid	-123	-145	-281	-274
Income tax paid	58	-85	-554	-191
Other income	-2	-8	-7	-23
Share based compensation	1	-1	7	1
Change in provisions	-61	-41	-103	-102
<b>Net cash flow from operating activities</b> <i>before changes in working capital</i>	<b>1,195</b>	<b>987</b>	<b>1,618</b>	<b>1,909</b>
Inventory	13	-18	10	-4
Trade receivables	63	46	139	86
Other current assets	80	16	-107	-181
Current liabilities	-231	146	-481	15
<b>Change in working capital</b>	<b>-75</b>	<b>190</b>	<b>-439</b>	<b>-84</b>
<b>Net cash flow from operating activities</b>	<b>1,120</b>	<b>1,177</b>	<b>1,179</b>	<b>1,825</b>
Capex <sup>1</sup>	-386	-451	-842	-807
Proceeds from real estate	5	1	19	14
Tax recapture E-Plus	0	71	327	117
<b>Free cash flow<sup>2</sup></b>	<b>739</b>	<b>798</b>	<b>683</b>	<b>1,149</b>

1 Including Property, Plant & Equipment and software

2 Defined as Net cash flow from operating activities plus proceeds from real estate minus Capex, excluding tax recapture at E-Plus

# Total cash flow

€ mn	Q2 '09	Q2 '08	YTD '09	YTD '08
<b>Net cash flow from operating activities</b>	<b>1,120</b>	<b>1,177</b>	<b>1,179</b>	<b>1,825</b>
Capex <sup>1</sup>	-386	-451	-842	-807
Acquisitions	-20	-110	-100	-162
Disposals real estate	5	1	19	14
Disposals other	1	-9	48	-2
Other	-5	-4	-3	-13
<b>Net cash flow from investing activities</b>	<b>-405</b>	<b>-573</b>	<b>-878</b>	<b>-970</b>
Dividends paid	-664	-637	-664	-637
Share repurchases	-196	-374	-511	-573
Debt financing	-8	689	1,468	669
Other	10	7	11	9
<b>Net cash flow used in financing activities</b>	<b>-858</b>	<b>-315</b>	<b>304</b>	<b>-532</b>
<b>Changes in cash and cash equivalents</b>	<b>-143</b>	<b>289</b>	<b>605</b>	<b>323</b>

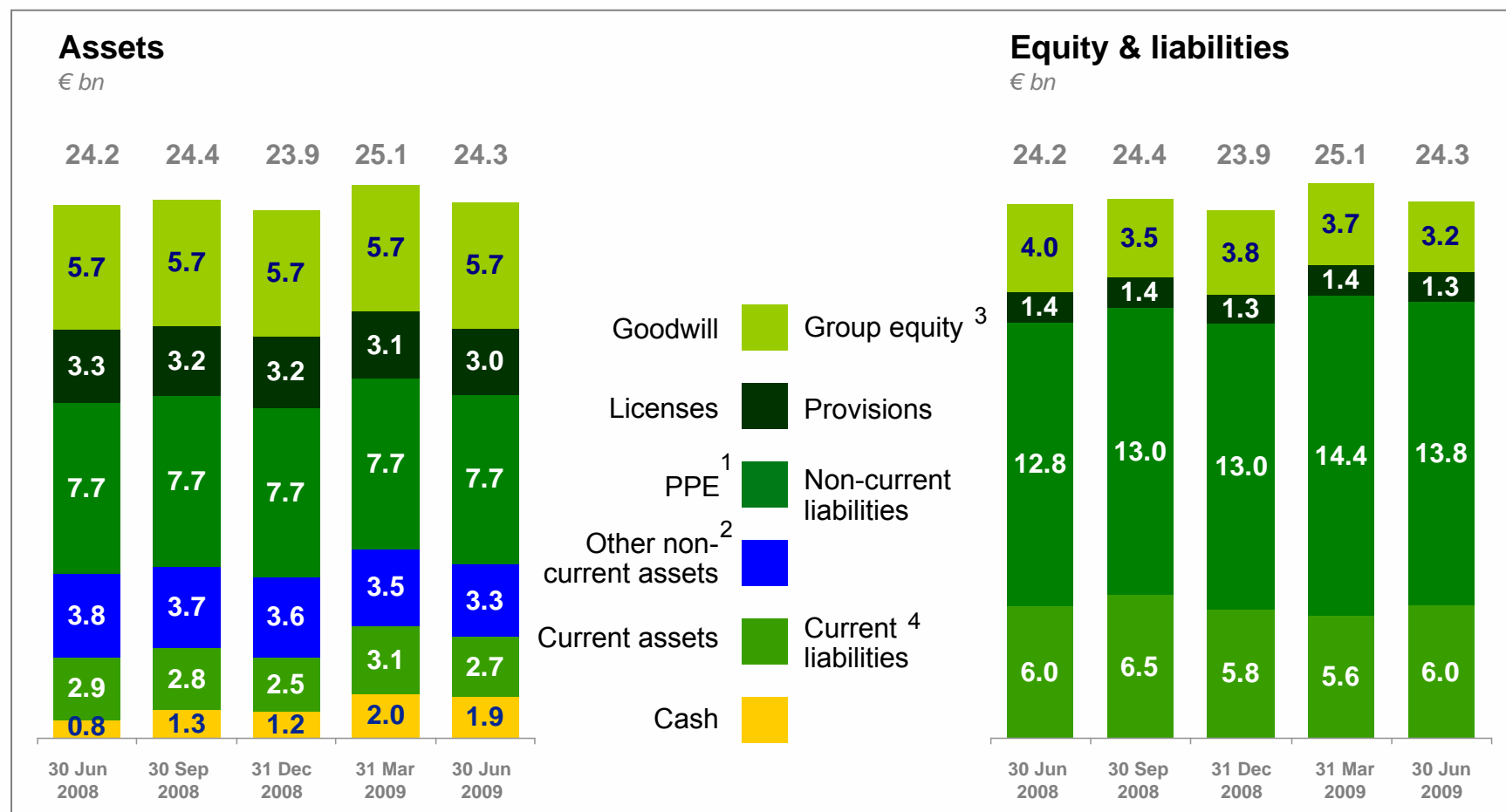
<sup>1</sup> Including Property, Plant & Equipment and software

# Capex<sup>1</sup>

€ mn	Q2 '09	Q2 '08	%	YTD '09	YTD '08	%
Germany	83	119	-30%	225	187	20%
% Revenues Germany	10%	15%		14%	12%	
Belgium	22	14	57%	40	32	25%
% Revenues Belgium	11%	6.9%		10%	8.3%	
Rest of World	1	1	0%	2	3	-33%
% Revenues Rest of World	4.5%	7.1%		5.3%	15%	
<b>Mobile International</b>	<b>106</b>	<b>134</b>	<b>-21%</b>	<b>267</b>	<b>222</b>	<b>20%</b>
% Revenues Mobile International	<b>10%</b>	<b>13%</b>		<b>13%</b>	<b>11%</b>	
Consumer	54	53	1.9%	107	98	9.2%
% Revenues Consumer	5.2%	5.1%		5.2%	4.8%	
Business	25	31	-19%	61	54	13%
% Revenues Business	4.0%	4.9%		4.8%	4.3%	
Getronics (reported)	21	40	-48%	36	86	-58%
% Revenues Getronics	4.0%	5.6%		3.4%	6.0%	
Wholesale & Operations	166	176	-5.7%	346	322	7.5%
% Revenues Wholesale & Operations	19%	19%		20%	17%	
<b>The Netherlands</b>	<b>279</b>	<b>312</b>	<b>-11%</b>	<b>570</b>	<b>578</b>	<b>-1.4%</b>
% Revenues The Netherlands	<b>12%</b>	<b>12%</b>		<b>12%</b>	<b>11%</b>	
<b>Other</b>	<b>1</b>	<b>5</b>	<b>-80%</b>	<b>5</b>	<b>7</b>	<b>-29%</b>
<b>Total</b>	<b>386</b>	<b>451</b>	<b>-14%</b>	<b>842</b>	<b>807</b>	<b>4.3%</b>
% Revenues	<b>11%</b>	<b>12%</b>		<b>12%</b>	<b>11%</b>	

<sup>1</sup> Including Property, Plant & Equipment and software

# Balance sheet



1 Property, plant & equipment

2 Including deferred tax assets, software and other intangibles and assets held for sale

3 Including minority interest

4 Current liabilities include assets held for sale and approximately € 0.54 bn of non-netted cash balances per Q2 '09



## Share repurchase progress

Date <sup>1</sup>	Value (€ mn)	mn shares	Avg. share price (€)
<b>Q4 '08</b>	<b>101.9</b>	<b>9.7</b>	<b>10.54</b>
<b>Q1 '09</b>	<b>315.5</b>	<b>30.9</b>	<b>10.23</b>
April	59.2	6.2	9.55
May	119.3	12.9	9.27
June	20.2	2.1	9.31
<b>Q2 '09</b>	<b>198.7</b>	<b>21.2</b>	<b>9.36</b>
July	40.5	4.1	9.82
<b>Total</b>	<b>656.6</b>	<b>65.9</b>	<b>9.97</b>

- € 1 bn share repurchase program for 2009 started on 19 November 2008
  - 66% completed to date, of which 10% already completed in 2008
- € 7.5 bn in shares repurchased between start in 2004 and Q2 '09
  - 841 mn shares repurchased until Q2 '09, average price of € 8.84
- Number of outstanding shares amounting to 1,670,904,905 as of 25 June 2009
  - 33% of outstanding shares cancelled since 2004
  - 43,457,887 shares cancelled in Q2 '09

<sup>1</sup> Figures based on transaction date of share repurchases, some rounding changes may be applicable

# Debt summary

€ bn	Q2 '09	Q1 '09	Q2 '08
<b>Bonds</b>	<b>12.73</b>	<b>12.96</b>	<b>10.89</b>
Eurobonds	10.68	10.62	9.13
Global bonds	2.05	2.34	1.76
<b>Other debt</b>	<b>0.69</b>	<b>0.59</b>	<b>0.71</b>
Other loans at Royal KPN <sup>1</sup>	0.14	0.14	0.06
Consolidated debt	0.55	0.45	0.65
<b>Fair value financial instruments</b>	<b>0.32</b>	<b>0.08</b>	<b>0.50</b>
<b>Total debt</b>	<b>13.74</b>	<b>13.63</b>	<b>12.10</b>
— of which short-term <sup>1</sup>	1.70	1.17	1.40

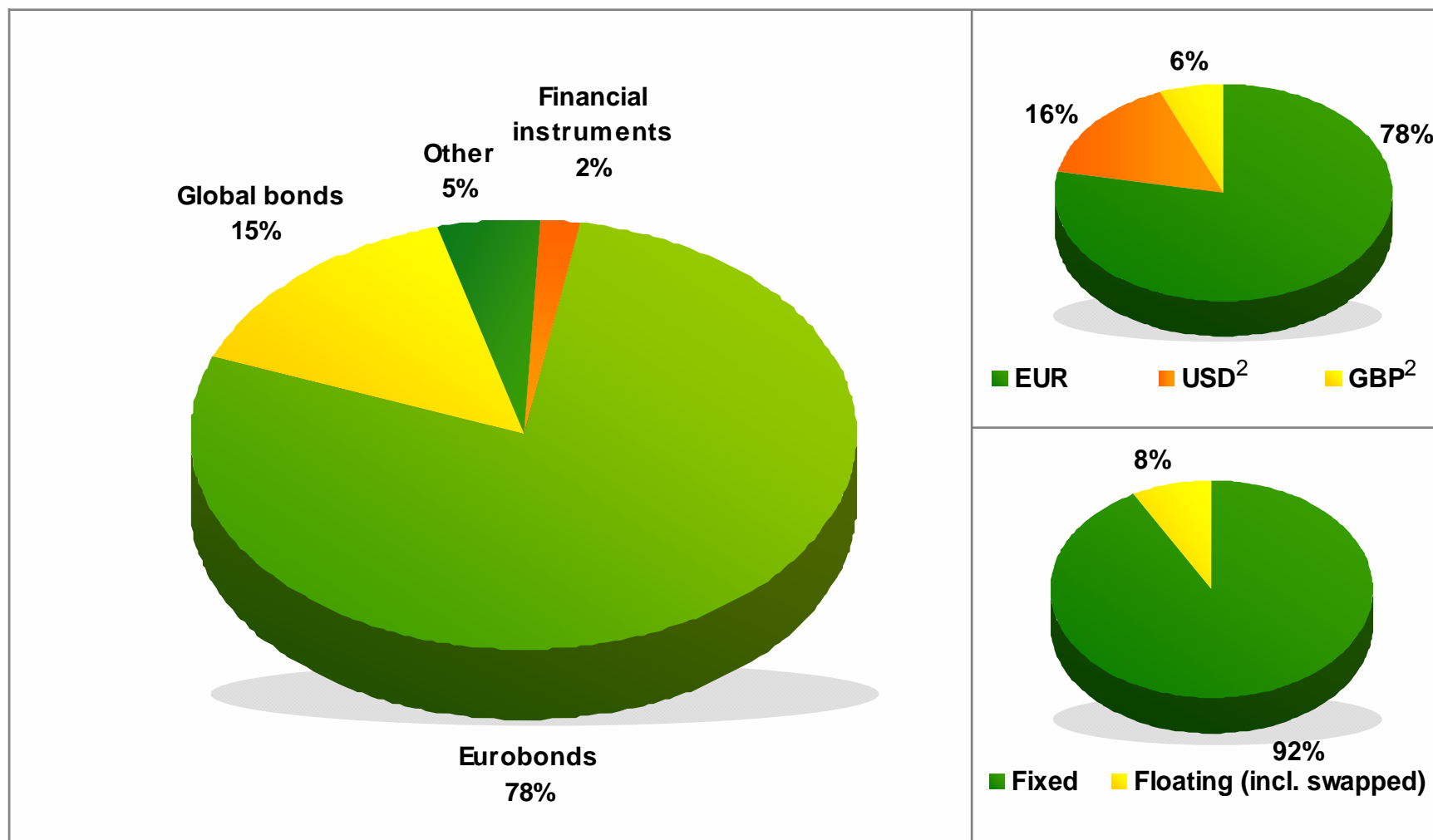
  

Cash and cash equivalents	1.92	1.95	0.80
<b>Total net debt</b>	<b>11.82</b>	<b>11.68</b>	<b>11.31</b>

<sup>1</sup> Current liabilities include approximately € 0.54 bn of non-netted cash balances per Q2 '09

# Debt portfolio

Breakdown of € 13.7 bn gross debt<sup>1</sup>



<sup>1</sup> Book value of interest bearing financial liabilities plus the fair value of financial instruments related to these financial liabilities

<sup>2</sup> Foreign currency amounts hedged into Euro

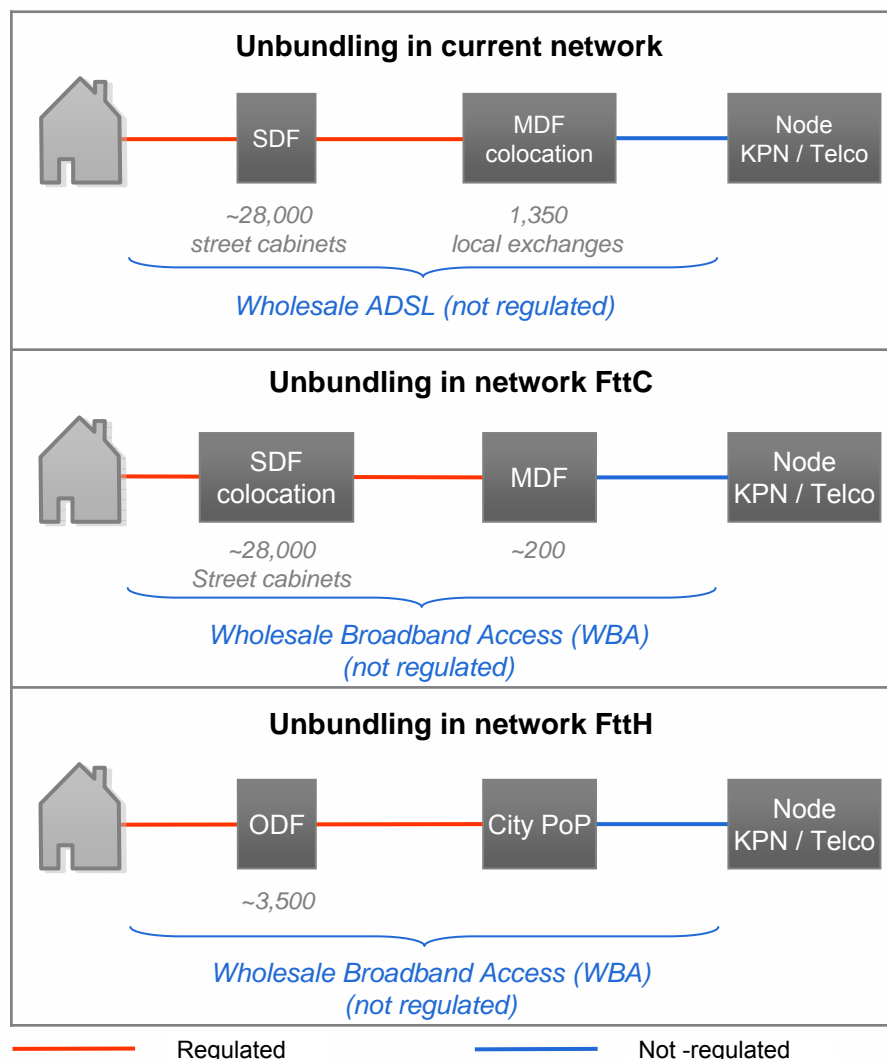
# Consumer voice market<sup>1</sup>

<i>mn</i>	Q2 '09	Q1 '09	Q2 '08
KPN PSTN / ISDN	2.19	2.27	2.57
Wholesale Line Rental (WLR)	0.43	0.41	0.36
<b>Total traditional voice</b>	<b>2.62</b>	<b>2.68</b>	<b>2.93</b>
KPN VoIP	1.14	1.13	0.98
Cable VoIP	1.35	1.32	1.17
Alternative DSL VoIP	0.37	0.35	0.32
<b>Total VoIP</b>	<b>2.86</b>	<b>2.80</b>	<b>2.47</b>
Cable voice analogue	0.04	0.04	0.08
Mobile-only	1.17	1.17	1.18
<b>Total households</b>	<b>6.69</b>	<b>6.69</b>	<b>6.64</b>

<sup>1</sup> Management estimates

# Unbundling tariffs

SLU, ODF, colocation set by OPTA; backhaul and WBA based on deal pricing



Category	Monthly tariff
Line sharing (LLU)	€ 0.19 / line
Fully unbundled (LLU)	€ 7.83 / line
MDF colocation	€ 874 / footprint / year
MDF backhaul	Deal pricing
Wholesale ADSL access fee	€ 5.32 shared € 13.00 non-shared

Category	Monthly tariff
Line sharing (SLU)	€ 5.40 / line
Fully unbundled (SLU)	€ 7.11 / line
SDF colocation	€ 50-100 / cabinet One-off € 3,000-6,000
SDF backhaul	To be regulated
Wholesale Broadband Access (WBA)	Deal pricing

Category	Monthly tariff
Fully unbundled (ODF)	€ 12.00 – € 17.50
ODF colocation	≤ € 500 / month One-off ≤ € 3,000
ODF Backhaul	≤ 600 / month
Wholesale Broadband Access (WBA)	Deal pricing
ODF FttO	To be regulated

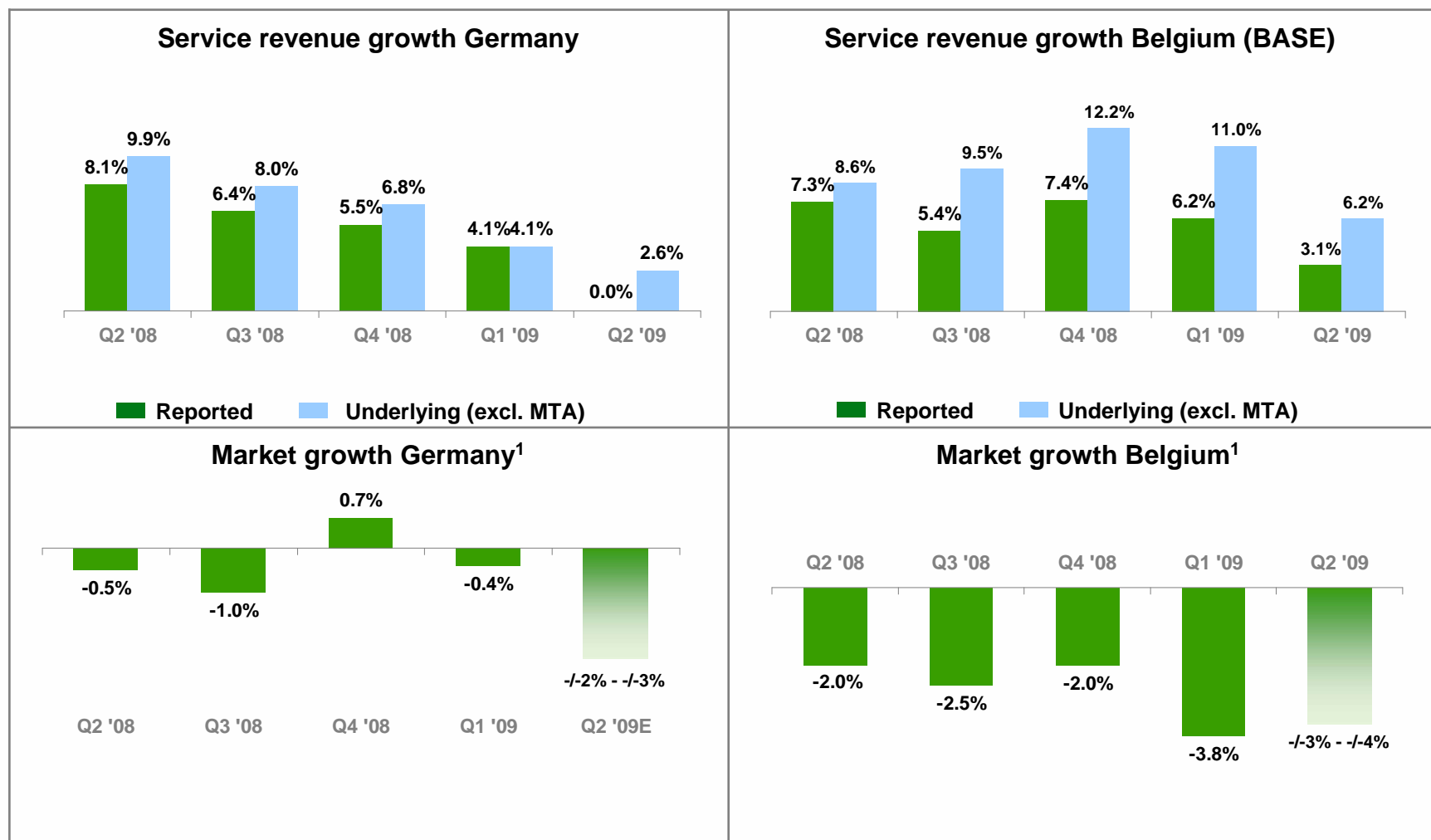
# Pricing

## Triple-play packages FttH and FttC



	Price per month	€110	€80	€65
FttH	Broadband	Up to 100 Mb download 6 Mb upload	50 Mb download 5 Mb upload	30 Mb download 3 Mb upload
	TV	>100 channels (incl. football package) IPTV	>70 channels IPTV	>50 channels IPTV
	Telephony	Unlimited calls to national fixed-line numbers	Unlimited calls to national fixed-line numbers	Unlimited calls to national fixed-line numbers
	Price per month	€75	€60	€45
FttC	Broadband	~30 Mb download 3 Mb upload	8 Mb download 1 Mb upload	3 Mb download 0.5 Mb upload
	TV	>100 channels (incl. football package) IPTV & Digitenne tuner	>70 channels IPTV & Digitenne tuner	>50 channels IPTV & Digitenne tuner
	Telephony	Unlimited calls to national fixed-line numbers	Unlimited calls to national fixed-line numbers	Unlimited calls to national fixed-line numbers

# Service revenue growth Mobile International



<sup>1</sup> Management estimates for service revenue growth, based on equity research

## Dutch wireless services disclosure

	Q2 '09	Q1 '09	Q2 '08
<b>Service revenues (€ mn)</b>	<b>783</b>	<b>767</b>	<b>756</b>
- Consumer	477	465	429
- Business	246	247	243
- Other Dutch activities <sup>1</sup>	60	55	84
<b>SAC / SRC (€)</b>			
- Consumer	116	139	150
- Business <sup>2</sup>	323	289	274

1 Indicates amongst others Mobile Wholesale NL, Simyo and visitor roaming revenues within KPN the Netherlands

2 Restated numbers following recalculation, now also including all data SAC/SRC in addition to voice SAC/SRC



# KPIs Consumer

## Wireline Voice

Voice	Q2 '09	Q1 '09	Q2 '08
<b>Market share<sup>1</sup></b>			
– Voice <sup>2</sup>	~55%	~55%	>55%
– Traditional voice <sup>3</sup>	>75%	>75%	~75%
– VoIP	40%	41%	40%
<b>Market penetration VoIP</b>	<b>49%</b>	<b>48%</b>	<b>44%</b>
<b>Access lines (x 1,000)</b>	<b>3,331</b>	<b>3,395</b>	<b>3,554</b>
– PSTN	1,971	2,040	2,314
– ISDN	218	226	257
– VoIP (packages broadband and voice)	1,142	1,129	983
<b>Net line loss (x 1,000)</b>	<b>-50</b>	<b>-25</b>	<b>-40</b>
<b>Traditional voice ARPU (€)</b>	<b>26</b>	<b>26</b>	<b>25</b>
– Access	17	17	16
– Traffic	9	9	9

1 Based on management estimates

2 Share in total consumer voice (including VoIP); management estimates

3 Share in traditional consumer voice (excluding VoIP); management estimates

# KPIs Consumer

## Broadband, TV & Wireless

Broadband	Q2 '09	Q1 '09	Q2 '08
Market penetration Broadband <sup>1</sup>	80%	80%	78%
Broadband ISP customers (x 1,000)	2,549	2,556	2,471
– KPN	1,155	1,145	1,108
– Het Net	681	684	672
– XS4ALL	286	289	286
– Other	427	438	405
Broadband ARPU (€)	30	31	29
TV	Q2 '09	Q1 '09	Q2 '08
Market Penetration TV <sup>2</sup>	12%	12%	9%
– Subscribers (x 1,000)	886	835	636
– ARPU (€)	7	7	7
Wireless <sup>3</sup>	Q2 '09	Q1 '09	Q2 '08
– Customers (x 1,000)	6,795	6,821	6,055
– Service revenues (€ mn)	477	465	429
– ARPU (€)	23	23	24
– MoU (originating, terminating)	110	105	117
– SAC/SRC (€)	116	139	150

1 Including DSL and Cable; management estimates

2 Based on Management estimates

# KPIs Consumer

## Wireless & Mobile Wholesale NL

Wireless	Q2 '09	Q1 '09	Q2 '08
– Customers <sup>1</sup> (x 1,000)	1,616	1,592	1,424
– of which data users	44%	42%	38%
– Service revenues (€ mn)	246	247	243
– ARPU (€)	51	53	58
– MoU (originating, terminating)	211	226	253
– SAC/SRC <sup>3</sup> (€)	323	289	274

Mobile Wholesale NL <sup>2</sup>	Q2 '09	Q1 '09	Q2 '08
<b>Customers</b> (x 1,000)	<b>1,760</b>	<b>1,637</b>	<b>1,941</b>
– Post Paid	335	313	508
– Pre Paid	1,425	1,324	1,433

<b>Service revenues</b> (€ mn)	<b>51</b>	<b>48</b>	<b>80</b>
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1 Including Debitel migrated from Mobile Wholesale NL as of Q1 '09

2 Excluding Debitel migrated to Consumer Wireless as of Q1 '09

# KPIs Business

## Infrastructure Services

Wireline	Q2 '09	Q1 '09	Q2 '08
<b>Market share voice<sup>1</sup></b>	~50%	~50%	>50%
<b>Access lines</b> (x 1,000)	<b>1,533</b>	<b>1,565</b>	<b>1,632</b>
– PSTN	719	735	774
– ISDN	786	803	837
– VoIP	28	27	21
<b>Business DSL</b>	<b>130.3</b>	<b>126.9</b>	<b>107.6</b>
<b>Traditional voice ARPU (€)</b>	<b>51</b>	<b>52</b>	<b>52</b>
– Access	27	27	26
– Traffic	24	25	26
<b>Network services</b> (x 1,000)			
– Leased lines	26.1	27.6	30.5
– E-VPN connections	13.1	11.8	9.1
<b>Managed network services</b> (x 1,000)			
– IP-VPN connections	31.3	31.6	32.4
– M-VPN routers	23.6	22.6	18.6
Wireless	Q2 '09	Q1 '09	Q2 '08
– Customers <sup>2</sup> (x 1,000)	1,616	1,592	1,424
– of which data users	44%	42%	38%
– Service revenues (€ mn)	246	247	243
– ARPU (€)	51	53	58
– MoU (originating, terminating)	211	226	253
– SAC/SRC <sup>3</sup> (€)	323	289	274

1 Share in traditional voice (including VoIP and internet dial-up); management estimates

2 Restated for Q1 2009 following 24k double counting of subscribers, also impacting ARPU and MoU

3 Restated numbers following recalculation, now also including all data SAC/SRC in addition to voice SAC/SRC

# KPIs Getronics

	Q2 '09	Q1 '09	Q2 '08
<b>Service revenues (€ mn)</b>	<b>495</b>	<b>448</b>	<b>466</b>
<b>Workspaces<sup>1</sup> (in mn)</b>			
– Serviced IT workspaces <sup>2</sup>	1.7	1.7	n.a
– Serviced Voice workspaces	0.6	0.6	0.5
<b>ICT Services</b>	<b>Q2 '09</b>	<b>Q1 '09</b>	<b>Q2 '08</b>
<b>Housing &amp; Hosting (x 1,000)</b>			
– Housing services (# m <sup>2</sup> )	24.9	24.9	15.4
– Hosting services (# servers)	9.8	9.8	8.1

1 Restatement for Q1 '09; IT workspaces were reported 0.1 mn too low, while voice workspaces were reported 0.1 mn too high

2 Number of IT workspaces not available per quarter for 2008 due to annual measurement and including effect of disposals

# KPIs Wholesale & Operations

Wholesale & Operations	Q2 '09	Q1 '09	Q2 '08
<b>Retail voice</b> (without ADSL)	<b>3,694</b>	<b>3,804</b>	<b>4,182</b>
<b>Local loop</b> (x 1,000)			
MDF access lines <sup>1</sup>	3,760	3,751	3,580
— of which line sharing <sup>2</sup>	1,494	1,548	1,726
<b>Unbundling</b> <sup>3</sup> (mn)	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>
— Shared unbundled lines	0.2	0.3	0.3
— Fully unbundled lines	0.9	0.8	0.7
<b>Minutes</b> (bn)	<b>4.2</b>	<b>4.6</b>	<b>4.7</b>
— Originating	1.1	1.2	1.2
— Terminating	1.9	2.1	2.1
— Transit	1.2	1.3	1.4
<b>Population coverage</b>			
— ADSL 2+	57%	57%	57%
— UMTS / HSDPA	99%	99%	98%
<b>iBasis</b> <sup>4</sup> (international wholesale)	<b>Q2 '09</b>	<b>Q1 '09</b>	<b>Q2 '08</b>
Minutes (bn)	4.7	5.1	6.2
Average revenue per minute (€ cents)	3.8	3.8	3.7

<sup>1</sup> Including Bitstream

<sup>2</sup> Includes KPN ADSL connections, line sharing other telcos and KPN Bitstream

<sup>3</sup> External lines based on management estimates

<sup>4</sup> Consolidated as of 1 October 2007; further information can be found on <http://www.ibasis.com>

# KPIs Germany

	Q2 '09	Q1 '09	Q2 '08
<b>Market share<sup>1</sup></b>			
– Service revenue	15.5%	15.4%	15.0%
– Base	16.9%	16.4%	15.5%
<b>Customers (x 1,000)</b>	<b>18,235</b>	<b>18,038</b>	<b>16,163</b>
– Of which new brands	12,313	11,908	9,387
– Post Paid	6,785	6,739	6,437
– Pre Paid <sup>2</sup>	11,450	11,299	9,726
<b>Service revenues (€ mn)</b>	<b>757</b>	<b>734</b>	<b>757</b>
<b>ARPU (€)</b>	<b>14</b>	<b>14</b>	<b>16</b>
– Post Paid	27	27	30
– Pre Paid	6	6	6
<b>Non-voice as % of ARPU</b>	<b>27%</b>	<b>26%</b>	<b>22%</b>
<b>MoU (originating, terminating)</b>	<b>147</b>	<b>139</b>	<b>145</b>
– Post Paid	283	281	284
– Pre Paid	70	60	54
<b>SAC/SRC (€)</b>	<b>53</b>	<b>52</b>	<b>52</b>
– Post Paid	129	129	137
– Pre Paid	16	13	12

1 Management estimates

2 Clean-up of ~300k inactive Pre Paid customers in Q1 '09, ~320k in Q2 '09

# KPIs Belgium (Mobile)

	Q2 '09	Q1 '09	Q2 '08
<b>Market share<sup>1</sup></b>			
– Revenue	>17%	>16%	~16%
– Base	>25%	>25%	~24%
<b>Customers (x 1,000)</b>	<b>3,487</b>	<b>3,497</b>	<b>3,094</b>
– Post Paid	612	583	533
– Pre Paid <sup>2</sup>	2,875	2,914	2,561
<b>Service revenues (€ mn)</b>	<b>167</b>	<b>154</b>	<b>162</b>
<b>ARPU (€)</b>	<b>16</b>	<b>15</b>	<b>18</b>
– Post Paid	50	47	53
– Pre Paid	9	8	11
<b>Non-voice as % of ARPU</b>	<b>17%</b>	<b>17%</b>	<b>15%</b>
<b>MoU (originating, terminating min)</b>	<b>124</b>	<b>124</b>	<b>128</b>
– Post Paid	451	428	442
– Pre Paid	55	63	63
<b>SAC/SRC (€)</b>	<b>21</b>	<b>18</b>	<b>22</b>
– Post Paid	54	53	62
– Pre Paid	11	9	13

1 Management estimates

2 Clean-up of 93k inactive Pre Paid customers in Q1 '09, ~180k in Q2 '09



## Cash tender offer iBasis

On 13 July 2009 KPN announced its intention to launch a cash tender offer for all outstanding shares of iBasis, not already owned by KPN. KPN intends to offer USD 1.55 per share. Given the current challenging economic and competitive environment faced by iBasis, KPN believes that private ownership will assist iBasis in reaching its operational and strategic objectives. The stake of approximately 44% not owned by KPN would be valued at approximately USD 48 mn at the USD 1.55 per share offer. KPN currently owns a stake of approximately 56% in iBasis. KPN expects to finance the offer from its existing financing sources.

### Important information

Neither KPN nor any of its affiliates has commenced the tender offer for shares of iBasis common stock referenced herein, and this material is neither an offer to purchase nor a solicitation of an offer to sell shares of iBasis common stock. Shareholders of iBasis are advised to read the Tender Offer Statement on Schedule TO, the Offer to Purchase and any other documents relating to the tender offer that are filed with the United States Securities and Exchange Commission ("SEC") when they become available, because they will contain important information that iBasis shareholders should consider before tendering their shares. Shareholders of iBasis will be able to obtain copies of these documents for free, when available, at the SEC's website at [www.sec.gov](http://www.sec.gov) or by calling Okapi Partners LLC, the Information Agent for the tender offer, at +1-877-869-0171.