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KPN.AS - Full Year 2013 Koninklijke KPN NV Earnings Conference Call

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OVERVIEW:

KPN.AS reported 4Q13 YonY total revenue decline of 14%.

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CORPORATE PARTICIPANTS

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PRESENTATION

Unidentified Participant

All right. I hope we have everyone in the room who is in the building. Okay, let's start. Good afternoon, everyone. I would like to welcome you to the KPN's Q4 and full-year 2013 results presentation. Let me briefly point out that the Safe Harbor statement applies to this presentation, and that any forward-looking statements made in this presentation do not differ from those already made in the press release published this morning. I would now like to hand over to Eelco Blok, CEO of KPN.

Eelco Blok - *KPN - Chairman of the Board of Management and CEO*

[Marco], thank you. And good afternoon, ladies and gentlemen. With me today are Steven van Schilfgaarde, our interim CFO; Joost Farwerck, head of the Netherlands; and Thorsten Dirks, head of Mobile International.

Today's presentation will be a bit shorter than usual because we will not go into too much detail on strategy. Instead, we will be holding a separate capital markets day on February 19 at our office in the Hague. There you will meet our wider executive team -- Erik Hoving, our group CTO; John van Vianen, responsible for our Business Market; Jaap Postma, responsible for Consumer; and Jos Donvil, CEO of Base. All of them will explain on the 19th our strategic and operational progress on their different areas.

In 2013, we continued our clear focus on improving operational performance by our high investments in networks, products, and services. However, overall, our revenue and EBITDA in 2013 were lower -- mainly due to the continued pressure in the consumer mobile and business markets. This was partly offset by revenue growth in consumer residential. Our operational performance is on track. We made strong progress with our top priority areas of rolling out 4G commercially, using TV to drive the growth of triple play, and making an excellent start in core play. And we were successful in Belgium with our focus on post (inaudible) and data.

We also completed the staff reduction program we started in 2011, which has led to a significant reduction in personnel costs in the Netherlands. And in Germany, the team made good progress on all strategic billers and was successful in reaching underlying service revenue growth inflection throughout 2013. I am proud of the fact that the team in Germany, under the leadership of Thorsten, delivered on all of their promises for 2013, given the pending sale of E-Plus.

Our investment-led strategy centers around a strong customer focus via our best-in-class networks and market-leading products. The consistent execution of our strategy is the main driver behind our improving operational performance. Today, we will share more details with you about our

major new simplification program, which will start to deliver results in 2015. Together, this will lead to stabilizing financial performance towards the end of 2014 and free cash flow growth in 2015. I will say more on that shortly.

Subject to the sale of E-Plus, we will recommence paying dividend to our shareholders in respect of 2014. Furthermore, we will potentially benefit from additional excess cash by receiving dividends via our 20.5% stake in Telephonica Deutschland.

In the next two slides, I will summarize what our strategy has delivered in the past years and look ahead to our strategic priorities in 2014 and 2015. The investments in our networks over the last three years have put us not just ahead of the competition but, we feel, ahead of the curve in Europe overall. In mobile, we have secured the best spectrum we need and have nearly reached nationwide 4G coverage in the Netherlands. In fixed, we are commercially deploying successive new techniques to enhance copper, and the fiber to the home rollout has passed nearly a quarter of Dutch households.

Some of these investments are nearing completion, and therefore we see a reduction in CapEx and reducing execution risks around our strategy. At the same time, we have made commercial investments in new propositions, distribution, and customer support. We are de-risking the Arco profile in mobile, have built an important position in IPTV, and are offering new and innovative solutions in the tough business market.

Looking ahead, we aim to reach nationwide 4G coverage in Belgium at the end of this year and will further increase capacity of our 4G network in the Netherlands. In fixed, we have the unique opportunity to offer [bullnut factoring] with speeds of 200 megabytes per second and, as a result, are able to slow down the rollout of fiber to the home. Keeping a leading position with our network and products, especially 4G and IPTV, will drive the take-up of multi-play and reduce churn.

In 2013, we have already seen the benefits of our strategy with improved operational performance, visible and strong 4G, IPTV, and multi-play growth.

We are continuously making steps in the right direction, and I am confident that by building on the fundamentals that we have put in place you will see further operational and financial benefits in the coming years.

In July last year, we told you we will be announcing a new simplification program to follow on from the now-completed FTE reduction program. This program is about simplifying our product lineup, related processes, and network and IT. The program will result in 1500 to 2000 less FTEs in the Netherlands by 2016; and yearly run rate, CapEx, and [OPEC] savings of at least EUR300 million by 2016. Although the savings are very important, that's not the only reason why we are starting this program. We are convinced that moving to a leaner operating model will make us faster and better at responding in a rapidly changing telco environment. Yost will elaborate on this in his part of today's presentation and share further detail on the simplification program on February 19.

The year 2014 will be a year where KPN will see important changes. We expect to close the sale of E-Plus, and we expect to consolidate (inaudible). Also, externally, we see important changes in the market. We will remain disciplined in the market and focused on the balance between profitability and market shares. On this basis, we expect a stabilizing financial performance towards the end of 2014. As I said, we will be able to moderate some of our investments, and we expect CapEx this year to be less than EUR1.4 billion, and in 2015 to be less than EUR1.5 billion, including the assumed consolidation of (inaudible) at the end of this year.

Our cash flow generation will also benefit from the simplification program from lower interest payments in 2015 on lower debt once E-Plus is sold and from much lower taxes we expect to pay.

In all, we expect free cash flow to grow in 2015. This does not yet include potential dividends from our stake in Telephonica Deutschland.

If the sale of E-Plus closes as expected, we will recommence dividends in respect of the year 2014. We aim to remain the right balance between our strength in financial profile, investments in the business, and a sustainable dividend which we intend to grow in 2015 based on a growing free cash flow profile. We expect the payment for the full year to be EUR0.07 per share, split 1/3 interim and 2/3 final, as we have done in the past.

We have said that the majority of the cash proceeds from the sale of E-Plus will be used to increase our financial flexibility and support the execution of our strategy. Clearly, excess cash might originated via dividend received on the 20.5% stake in Telephonica Deutschland that we will retain. We maintain flexibility around the utilization of excess cash. We stay committed to an investment-grade credit profile and appreciate the financial flexibility to reduce our investment strategy if market circumstances requires or opportunities arises.

We have no expectation of major acquisitions, but will consider smaller, value-creating, in-country transactions. Depending on the financial position and outlook at the time, we would assess returning excess cash to shareholders.

Let's look at where we are on the E-Plus sale. In line with expectations in December, the EC announced it would start an in-depth, or Phase II, investigation. In principle, they have 90 working days to make their decision, which brings us to May this year. We are confident that the proposed transaction will receive regulatory approval. After that, we would expect completion in the summer. And post-completion, we will own a 20.5% stake in Telephonica Deutschland, which will give us exposure to the strong synergies of the combination and also, potentially, dividend income. Now, over to Steven for the financial review.

Steven van Schilfgaarde - *KPN - Interim CFO*

Thank you, Eelco. Good afternoon, everyone. My name is Steven Schilfgaarde, and I am the interim CFO since September last year. I will start with the financial profile of the Corp. In the fourth quarter, our net debt level remained relatively stable, Q-on-Q EUR9.8 billion. The slight increase is mainly related to the takeover of EUR222 million of the Reggefiber shareholder loans from (inaudible) on the 1 of October. On a pro forma basis, including the expected net cash proceeds of the sale of E-Plus and including the expected consolidation of Reggefiber, net debt at the end of Q4 2013 was EUR5.8 billion.

At the end of the fourth quarter, pro forma net debt of EBITDA was around 1.9 times. This small increase, compared to the third quarter, is mainly due to a EUR76 million lower 12-months rolling EBITDA. We are committed to maintain an investment-grade credit profile also following the sale of E-Plus.

Let's now take a look at our capital expenditures. Group CapEx for our continuing operations for the full year 2013 was again around EUR1.6 billion. Looking back at 2012 and 2013, we can see that our investment levels in these years have been high, not only in our fixed and mobile networks in the Netherlands, but also in Belgium. With respect to our mobile network in the Netherlands, we swapped all 2G antennas and upgraded to 3G network in 2012 and started our rapid 4G rollout at the beginning of 2013. We approach nationwide 4G coverage next month.

In Fixed, we continued the upgrades of our corporate infrastructures towards even higher speeds. We have also invested in increasing the number of sites connected to fiber and further strengthened our core network.

Customer-driven investments were somewhat lower in 2013 compared to 2012. This was mainly driven by lower per-session prices for customer premises equipment at consumer residential. In Belgium, the higher CapEx in 2013 was mainly related to the rollout of 4G and the introduction of 3G dual carrier. We aim to reach nationwide 4G coverage in Belgium by the end of 2014.

As Eelco already indicated, we expect CapEx for the group to remain below EUR1.4 billion in 2014 and below EUR1.5 billion in 2015, driven by the simplification program and less elevated investment levels going forward. For example, due to the finalization of the 4G rollout in the Netherlands.

The CapEx related to Reggefiber is not included in the pie charts on the left side of this slide. We expect this to be less than EUR200 million per year going forward. When Reggefiber is consolidated into KPN, the expected decline of regular CapEx will partly offset this additional Reggefiber CapEx; meaning that you will be able to consolidate up to EUR200 million Reggefiber CapEx while only increasing CapEx at the group level by half of that amount. Another point to make here is the planned lower pace of fiber to the home rollout, given the increasing speeds of our copper network.

Let me now take you through our Q4 results.

The total revenues for the fourth quarter were down 14% year-on-year, or 7.9% on an underlying basis, which is more or less in line with our previous quarters. The revenue decline was mainly due to our business consumer mobile and [NetCo] segments. This was partly offset by the continued (inaudible) performance at consumer residential.

The operating expenses, excluding DNA, were down 5.3% in the fourth quarter, mainly due to lower employee costs in the Netherlands. This was partly offset by the phasing out of handset lease propositions at the KPN [hybrids], which has led to higher subscriber acquisition costs related to handsets that is now recognized as OpEx instead of CapEx.

The amortization charges are much lower than in Q4 2012. This can be explained by impairment of goodwill at corporate market of EUR340 million in that quarter.

EBITDA, excluding restructuring costs, decreased EUR257 million, or 30% year on year. On first sight, it seems that the financial performance in Q4 has deteriorated, compared to the first three quarters of 2013. However, it is all driven by negative one-off factors in the fourth quarter, which I will explain on the next slide.

Reported EBITDA in Q4 2013 was impacted by several factors. First of all, the underlying EBITDA for Q4 2012 was much lower than the reported number of EUR820 million -- mainly driven by a positive incidental as a result of tower cells in the Netherlands.

If you complete this same exercise for Q4 2013 and also adjust for the negative impact as a result of phasing out of handset lease, you come to an adjusted EBITDA of EUR742 million in Q4 2013. This led to an adjusted EBITDA decline of 7.3% in the fourth quarter, which is roughly in line with previous quarters.

Let's skip 2 slides now and move to the group cash flow for 2013. In 2013, our continuing operation generated EUR489 million in free cash flow, EUR148 million less than in 2012. This delta can be explained as for loss; EUR463 million lower reported EBITDA and higher CapEx due to increased mobile network investments in the Netherlands and Belgium. These negative effects were partly offset by a EUR263 million positive change in working capital year on year, mainly due to prepayments made at the end of 2012 and more cash from change in provisions and lower taxes paid.

Please note also that the tax recaptured payments were finalized in the last quarter of 2013 and totaled EUR176 million for the year.

Finally, a quick word on the status of our pension funds. At the end of the fourth quarter, the coverage ratio of the KPN pension funds was again above 105% at 109%. This means that we expect to make no recovery payments in the first half of 2014.

I would now like to hand over to Joost for the review of the Netherlands.

Joost Farwerck - *KPN - Member of the Board of Management and Managing Director Netherlands*

Thank you, Steven, and good afternoon, everyone. Over the last few years, we have invested in our networks, in our customers, and in our propositions, all of which have created strong fundamentals on which we can build. We have a consistent and clear operational strategy in the Netherlands, and we aim to give our customers the best services on the best networks. Bundling of services is at the heart of our strategy; it's the only integrated access provider in the Netherlands.

KPN has the best mobile network in the Netherlands. We will reach nationwide 4G coverage at the end of the first quarter, and this provides us with a strong advantage of at least 12 months compared to our closest competitor. We have also modernized our backhaul with the vast majority of sites connected to fiber. In Fixed, our network speeds we deliver off of copper and fiber to the home are significantly ahead of customer demands. Further upgrades of our copper network are planned for 2014 to increase speeds to more than 200 megabytes per second by a combination of [fee] DSL, pair bonding, and factoring. And with our combined telco and ICT infrastructure and capabilities, we have a strong, leading position in the business markets.

Now, our mindset is centered around the benefits products and services can bring to our customers, and we are offering market-leading convergence products in both the consumer and business markets such as 4G, IPTV, and cloud services. And by leveraging our best-in-class networks and through a strong customer focus, we intend to further improve customer loyalty and to reduce churn.

We have communicated a lot on the topic of simplification, often related to the reduction of FTEs in the Netherlands over the last years. But we see a great opportunity in further simplifying our operating model in the Netherlands. For the coming years, we launched a new simplification program which, as Eelco already indicated, is not just about cost savings but also about creating flexible, adaptive, and a lean organization that is able to respond quickly to changing market dynamics. This program is in place with the right people and the matching budgets.

We are running the plan based on three important, key pillars -- simple products and services supported by a clear product roadmap for our consumer and business customers; simple design processes aligned with this portfolio roadmap; and removing legacy and cutting complexity of our networks and IT systems.

Like I said, we have a roadmap on the services, and this brings focus in our organization. By moving to simplify processes, we are able to gain efficiency. And to give you one example, currently we are moving our Telfort sales and services online, which really enables us to optimize our distribution and call center activities and to fulfill the customer demand in a far more efficient way.

Also, facing our legacy and our infrastructure is very important to reduce operational activities and costs, and we are progressing according to our plans. As you heard from Eelco, our simplification program will initially result in at least EUR300 million run rate savings in CapEx and OpEx by 2016; 1500 to 2000 FTE reductions in the coming three years; and further clean quality improvements leading to increased efficiency, customer loyalty, and customer satisfaction. I will provide further details on the simplification program at our capital markets day in two weeks. Let's now move to the performance of the Dutch businesses.

Revenues and EBITDA in consumer residential increased again year on year in the fourth quarter. This was driven by growth of our customer base, growth in (inaudible) use, as well as an increase in ARPU. We have reached financial inflection at consumer residential in 2013. And we have reached a good balance between growth and margin, and we aim to maintain that going forward.

Despite aggressive promotions from cable competition, our operational KPIs continue to grow. We have continued to grow the interactive TV by adding another 80,000 in the fourth quarter. IPTV is the main driver for growth in triple play, which I will show you on the next slides. And including digits in an [RTV] base is now close to 2 million customers.

Our broadband base continued to grow, and market share remains stable, around 41%. This is a result of our hybrid (inaudible) cell and fiber to the home strategy. We have reduced churn in areas where we upgraded our copper infrastructure, and we continue to focus on increasing the penetration of fiber to the home customers in fiber areas.

On this next slide, you can see the increase of the penetration of triple play within our base, and this is currently at 44%. We intend to leverage this strong momentum into [qual play]. In the fourth quarter, we doubled the numbers of qual play subscriptions. This was supported by a larger addressable base, as customers from the Hi brand were added.

Now let's move to consumer mobile. The mobile markets in the Netherlands remain competitive with new, arising players, mainly in the no-frills segments. Service revenues of consumer mobile were impacted by the shift to SIM-only, by low or above bundled usage, and continued pressure on pricing levels.

This results in a somewhat lower mobile market share in the Netherlands of 43% in the fourth quarter. Lower service revenues explained part of these EBITDA declines. However, there are two special factors explaining the large drop in EBITDA margin in this quarter. The largest impact was due to the phasing out of handset leases KPN and Hi. This had a negative impact on EBITDA of around EUR52 million. However, this was compensated in the CapEx in the same quarter.

Furthermore, we increased specific subscriber acquisition costs in the fourth quarter by approaching customers that had six months to go instead of the usual three months. And this retention action led to a one-off of EUR16 million additional acquisition costs, and this will support our net adds going forwards.

Although the mobile market remains competitive, we are convinced that we have created a unique position for ourselves which should lead to better performance in the periods to come. The combination of our multi-brand strategy, our position in 4G, and [converge] offerings cannot be matched by any of the existing or newly arising players. At least for one year, we will have the unique position with nationwide 4G coverage. We have introduced KPN Compleet, the only real qual play product in the Netherlands. And at the end of the third quarter, we have improved the KPN and Hi propositions, all on 4G, and we see the first benefits coming in. And we recently announced our 4G proposition on our value for money brand, Simyo.

[Postpaid] retail net [debts] were positive at [9000], and I expect a strong growth in the coming quarters following our commercial planning. We are pleased with the first mover momentum we are getting in 4G. We have seen a significant step up in 4G customers; and in consumer markets this quarter, we gained a customer base of 323,000, and this was additional driven by the additional acquisition costs spent in the fourth quarter and the new mobile propositions we introduced for KPN and Hi end of this quarter.

We also see today that usage by 4G customers is strongly increasing. KPN users are more than doubling their daily usage, while Hi customers use around 4 times more data on 4G compared to 3G.

Postpaid ARPU remains under pressure and driven by the shift to SIM-only by lower above-bundle usage and continued pressure on pricing levels.

Market circumstances in business market remained tough. The economic performance in the Netherlands in 2013 was again weaker than expected. Despite the challenging market circumstances, we have again maintained our stable market positions. I will give you the most important facts now, and then in our capital markets day we will explain our strategy in the business market in more detail.

Revenues and EBITDA were lower year on year due to price pressure as a result of challenging market environments, the continued decline of high-margin traditional services, and some negative impacts from incidentals. To mitigate the negative impact on top line, we focus on a number of elements -- offering the best services through KPN One, 4G, and clouds; increasing the percentage of committed revenues through bundling and flat fees; our vertical approach toward certain specific industries; and the introduction of new, innovative services.

In the fourth quarter, we have seen a strong take-up of 4G customers in business markets more than doubling to 220,000 customers. And of those 4G customers, about 2/3 take a data bundle of more than one gig.

As we announced last year, we integrated IT solutions into our business segments the beginning of this year, and this enables us to combine our propositions and sales towards our business customers in a far more efficient way.

I will skip two slides and continue with the analysis of the operating expenses of the Netherlands. Total Dutch OPECs, excluding DNA, restructuring costs, and the phasing out of handset lease at KPN and Hi continue to decrease in the fourth quarter by 6.4% year on year. The main elements which contributed to this decline are lower personal cost due to our FTE program, lower cost of materials adjusted for the phasing out of handset lease. This was partly offset by higher content cost for TV and higher fiber access costs to Reggefiber, as well as slightly higher outsourcing costs.

So to conclude for the Netherlands, 2013 was still a difficult year financially for our Dutch businesses. Especially in the financial performance of business and consumer mobile was not yet good enough. However, we are fully convinced that we are following the right strategy. Over the last few years, we have invested significantly in our networks and our customers and in our products. We have created strong fundamentals for us to build on with a unique position in 4G, IPTV, and bundled services. And the simplification program will support the next phase of improvements to our underlying cost structure with a run rate saving of at least EUR300 million by 2016.

All in all, this should least lead to stabilizing financial performance in the Netherlands.

I will now hand over to Thorsten. Thank you.

Thorsten Dirks - *KPN - Member of the Board of Management and CEO KPN Mobile International*

Thank you, Joost. And as from my side, good afternoon everyone. Before we start with the preview of E-Plus, I would like to point out that between now and the expected completion mid-2014 of the sale of E-Plus, there will be no change -- no change in the Company strategy, and we been remain fully focused on executing our plans.

Now let's take a look at the performance of E-Plus. We have made very strong progress on all strategic pillars that are outlined to you exactly a year ago. We have enhanced the quality and capacity of our network and decrease the competitiveness of our data network significantly. Independent research, e.g. computer-built, has shown that that E-Plus has realized the strongest improvements of all operators. On data speed, E-Plus now outperforms 02 and is on par with Vodafone when looking at 3G, which, I really have to say, is the most relevant network for our customers today. These improvements support our net-add performance. More than 250,000 postpaid net adds this quarter, adding up to nearly 950,000 postpaid net adds in 2013.

For six quarters in a row, postpaid net adds have been above 200,000. And by offering attractive smart phones at the right price bundled with our leading and tiered all-in data propositions, we have been able to convince more and more customers to use mobile data. This helped our data revenues to grow by almost 60% in Q4 2013, making it the driver of our service revenue growth.

Another key driver behind our Hi postpaid net adds is the successful targeting of the underpenetrated regions responsible for nearly 60% of all postpaid net adds in this quarter. These good add numbers have come at lower cost, following the growing online distribution.

A year ago, I told you that we will invest more into the market and our network to grow stronger in postpaid and data to fuel top line [growth] and that this would lead to lower EBITDA margin compared to previous years. But I also promised you to deliver underlying service revenue growth in Q4 and an EBITDA margin back towards 30% by the end of 2013.

I am proud, I have to say, together with my whole team to show you the promised inflection and underlying service revenues plus 0.5% this quarter and also as promised at margins over 30%.

Growing postpaid and data and stabilizing prepaid led to this service revenue inflection. By implementing new ways of attracting customers, we were able to reduce our acquisition and retention costs, which led to an increase in EBITDA margin. Nonetheless, the German market remains very competitive, and customers are still optimizing their voice and messaging usage, which results in a slightly lower ARPU in postpaid. However, due to our high level of net adds, we managed to increase our service revenue market share towards 16%.

Let us now continue with Belgium. Also, here we have seen good progress on all strategic pillars. The new portfolio we launched in April 2013 revolving around postpaid and data is proving to be very successful. Due to our clear message of high quality and service combined with low prices, we saw this quarter a high number of postpaid net ads as well as a reduction in churn. Moreover, also in Belgium, our targeting of underpenetrated regions is fruitful, with an increasing part of our customer base originating from Bologna. In October 2013, we launched our 4G services now being offered in around 203 areas. And one month later in November 2013, we acquired an 800-MHz license at the reserve price, supporting us in our aim to obtain nationwide 4G coverage by the end of this year, 2014.

Let me elaborate a bit more on the quality of our network. We have the highest speeds on 3G and compete easily with Belgacom, the incumbent in Belgium, on 4G. A very favorable position for us being a challenger and our baseline for the future.

Also, Belgium remains a competitive mobile market with a declining service revenue trend. The success of our postpaid offerings is partly offsetting this trend, especially as both smart phone penetration and data usage increasing strongly.

As already highlighted, we saw another quarter of strong postpaid net ads and improving churn. On ARPU, we see Hi ARPU customers optimizing their tariff by migrating to new offerings. This leads to a continued ARPU decrease for postpaid. On the other hand, the customer mix within the new portfolio is very good. We have a higher ARPU today on the new portfolio versus ARPU of customers remaining on the old tariff plans.

The base pricing strategy is also designed to push customers to higher tariff plans by offering limited data to low-end tariff plans.

Concluding, both Germany and Belgium made very strong progress on the strategic pillars. In Germany, we will stick to our successful strategy, and Belgium is looking very promising with a high-quality network and services at low costs.

Thank you very much, and now back to Eelco.

Eelco Blok - *KPN - Chairman of the Board of Management and CEO*

To sum up, we have spent the past three years making major investments to build and enhance best-in-class networks and customer propositions. Now, today, we have a stronger and more flexible business. This is our platform to deliver improving operational performance that will underpin our outlook of stabilizing financial performance and our shareholder remuneration policy.

Now we will be happy to take your questions. Thank you. [Walter], you will manage the questions?

QUESTIONS AND ANSWERS

Operator

Okay. We would like to start the Q&A. (Operator instructions).

Polo Tang - *UBS - Analyst*

Polo Tang, from UBS. Just a few different questions. The first one is on Dutch consumer mobile. When can we actually expect that business to start turning around? I suppose I am looking at it from different levels. How optimistic are you in terms of net adds turning around? What about EBITDA? And finally, when can we expect Dutch revenues to turn around? Is this going to be a replay of what we saw in fixed line back in 2011? That's the first question.

And the second question is, in terms of Tele2 and what might happen there, is it possible for you to actually take out Tele2 and acquire it? Can you maybe just talk about any potential regulatory issues? And then the third point, or question rather, is just on Germany. Very strong turnaround; you are talking about an improvement in terms of market share. So if you are winning, who is losing?

Eelco Blok - *KPN - Chairman of the Board of Management and CEO*

You have seen in Q4 the same result, more or less, that you have seen in the quarters before. If you then look at what happened the quarters before, you see that clearly Vodafone is losing at the moment. And, by the way, we will expect this also happen in Q4, but we will see the results the day after tomorrow for Vodafone.

Unidentified Participant

(Inaudible).

Joost Farwerck - *KPN - Member of the Board of Management and Managing Director Netherlands*

So everything we do on consumer mobile, of course, focusing on growth just like we did on the residential business when we started on this in 2011. And it is about investing in quality and investing in your propositions and focus on your existing customers, and then the growth will come. Now we see a market with movement to SIM-only, (inaudible) to be aggressive in the no-frills segment. Less about the bundled revenues in the total segments. So that is what we are.

We rolled out 4G; almost nationwide coverage. We positioned KPN and Hi (inaudible) end of the third quarter. So recently, in a much better way, (inaudible) and voice flat fees, we have bundled everything on 4G. You can double the bundle if you go to KPN Compleet. Simyo will be on the 4G, coming months. So everything we do now is to position ourselves to accelerate and to get in growth.

We did put additional suck in the fourth quarter, not to acquire new customers but to keep our existing customer base with us. The good thing is that you lock in customers. I really believe that we have to focus on existing customers in the first place. The negative part of that that is not really showing positive net adds since these customers are already in our base. But we migrated more than half 0.5 million customers in the fourth quarter already to 4G. So I really believe in that as well. So I think we are well-positioned. I am confident that growth will come in in the coming quarter -- so net adds, and that is where it will start. Now, it is a little bit too optimistic to already announce when I will see the inflection. But of course, as you can understand, everything we do is focusing to create value and maximize in our value and to create growth.

Unidentified Participant

Joost, maybe to add to this -- also the simplification program Joost explained to you will have a positive impact on the performance of this part of our business.

Joost Farwerck - *KPN - Member of the Board of Management and Managing Director Netherlands*

Yes, we have multi-brand strategy, so we have distribution channels -- I just gave you the example of going more online like we do on Telfort now. That's a very efficient way of running your sales and services on that brands. That really enables us to optimize gross on distribution channels we have in the Netherlands. And we are of course also focusing on cost reduction broadly in the Consumer segment.

Polo Tang - *UBS - Analyst*

And just on terms of regulatory issues, any potential Tele2 takeouts? Thoughts on that?

Joost Farwerck - *KPN - Member of the Board of Management and Managing Director Netherlands*

Talking about taking out Tele2? In-country consolidation, when the price is right, is almost all the time very value creating. From a regulatory point of view, it will be very, very challenging. But when the opportunity is there, we of course will look at in-country consolidation. But today, there are no plans. And as I said in my part of the presentation, we have not taken into account major acquisitions.

Steve Malcolm - *Unidentified Company - Analyst*

Hi, it's Steve Malcolm from (inaudible). First of all, the -- a question for Joost. Can you just elaborate on the decision to go early on the retention of those customers who have from three months to six months of contract remaining when it seems an unnecessary move. If your 4G network is that good, what was the sort of motivating decision behind that to go early and spend that extra money?

Secondly, just on the subject of consolidation, looking at the cable situation, are there any circumstances that you can envisage where the outcome would have a detrimental impact on the Dutch market, whether the regulator decided that the combined entity had a significant market power, forced open access to cable networks -- that sort of thing? Does that color your thinking at all as far as that goes?

And finally, just looking forward post E-Plus, you mentioned lower interest costs. I presume you have a sort of large bottom tender in mind. Can you give us an idea of the scale and the costs that might go with that? And would you sort of possibly take out the hybrid, even though it's only a year and a bit old? Thanks.

Joost Farwerck - *KPN - Member of the Board of Management and Managing Director Netherlands*

Let's start with the question about the potential consolidation impact for us. It is very important that the regulator will create a level playing field in the Netherlands -- a level playing field between the combination of UPC, Ziggo, and KPN. Looking from a distance to, well, UPC, Ziggo, and KPN -- same coverage, similar product portfolio. Being able to reach almost all households in the Netherlands, and therefore we believe that the similar market shares on broadband and cable somewhat higher. Well, yes, higher market share on TV, and therefore we think that the regulator should establish a level playing field, and it could either be by regulating the combination in the same way as KPN or the other way around. For us, the most important objective is to have that level playing field. That is one.

Secondly, will the market be more competitive, less competitive given the fact that UPC and Ziggo today have a cable monopoly in their current region? For us, there will be no major differences from their perspective. Looking from another perspective, will they become more aggressive than a combination of UPC and Ziggo? We really don't believe that is part of the strategy of the new entity. Will it be easier build a market dynamics change positively? I think that we will continue to see the similar market dynamics in the near future, even after the approval of the UPC-Ziggo merger.

Steve Malcolm - *Unidentified Company - Analyst*

Do you think if cable were to be regulated, that would be unequivocally good for you?

Joost Farwerck - *KPN - Member of the Board of Management and Managing Director Netherlands*

I don't know if that will be really good for us. For sure, it will not make it -- will make it more difficult for us, and it will put pressure on UPC and Ziggo. They have to do a lot of work on preparing the wholesale offering and things like that. So maybe we could benefit from it, but we have not taken that into account.

And then the question on consumer mobile. The retention offer of the last quarter?

Eelco Blok - *KPN - Chairman of the Board of Management and CEO*

Yes. So when you have a nationwide copper network, and we have the 4G services ready, we really would like to find ways to upgrade our customers. In 4G now in the Netherlands, we have a system that our customers are in contracts for two years. So we find all kind of ways to upgrade our customers during the contracts to lock them in, to keep it simple. Now, the Netherlands is an aggressive market, so our competitors are every now and then approaching our customers three months before the contracts ends, so we decided to really target for our high-value customers. And we offer them to upgrade to 4G with 4G handsets six months before the contract ended. And by that locking them in, again, for two years but also making our customers happy on the 4G network. Because every time you migrate a customer to 4G, you really see the usage of data going up and customers are very satisfied by that. It is not a thing we will do every quarter; it's a one-off. So we can do other things, of course. But this was an action in the fourth quarter to a certain high-value customer.

Unidentified Audience Member

Talking about use of proceeds off the sale of E-Plus. Of course, an exaggerated bond redemption program is on the list of options. But we will take decisions just before the sale is closed what we will do with the proceeds. And also looking at an accelerated bond buyback program, it will be a balance between the cost of the buyback of the bonds and the return years later.

Unidentified Participant

Steve, can you switch off your microphone? And I will start in the middle (inaudible).

Unidentified Audience Member

Just a couple of follow-ups from some of the previous questions. First on the Dutch mobile, I understand the message you've provided on the retention initiative that you've launched this quarter. But, combined with that, we have seen your service growth deteriorate, even underlying XMTRs. So can you talk us through what has driven that? Does that mean you have been discounting the tariff for those customers who are migrating to 4G? Or are there maybe some other competitive or strategic factors underlying that securitization deterioration?

And then combined with that, could you maybe help us better understand how you think about the underlying EBITDA trend when we look forward over the next few quarters beyond that exception investment you made in the quarter?

Secondly, on the simplification program -- I appreciate you probably want to leave the bulk of those questions until the capital markets day. But just in terms of some of the big picture thoughts around that. You are targeting EUR300 million of cost reductions by 2016. Could you give us some sense as to the OpEx-CapEx split of that? How much of that is driven by the FTE program, and do you expect any restructuring charges to result from that initiative?

And then very finally, just on the guidance, when we look to the commentary you have provided about the stabilizing trends by the back end of this year, do you interpret that as meaning a broadly flat Q4? Or do you just mean a reduced level of decline? And when we think about 2015, do you see the possibility to actually grow the EBITDA, even excluding the contribution of Reggefiber, or is it may be too early to comment on that yet?

Joost Farwerck - *KPN - Member of the Board of Management and Managing Director Netherlands*

On the service (inaudible), I recognize pressure, and it is mainly what we see in the last quarter due to a move to SIM-only in the Netherlands. So there is an aggressive market out there, which we positioned Telfort and Simyo against, more or less. And we also see less above-bundle usage. Now, what I would like to do is to grow stronger on KPN and higher, or high-value brands, and that will be good for share of revenue and for ARPU.

And what I expect is that in the coming quarters, we will grow in this due to the commercial plans we have and the actions we took.

Your question on the simplification program is, in 2016 we see at least a EUR300 million spend reduction. That is indeed blended OpEx and CapEx. I expect this to be roughly 50-50. There is a [part] in the FTE reduction that is also both in OpEx and CapEx. And if there is a reduction in external costs -- IT spends spins and things like this. And so we are going to reorganize. We announced 1500 to 2000 FTEs for the coming three years. And costs will come with that, but we already took provisionings. We have currently roughly around EUR100 million provisionings for restructuring in the books. And I think that will be at least sufficient for the coming year. It is also very important to reorganize in a very efficient way, of course.

Unidentified Audience Member

(inaudible - microphone inaccessible)

Unidentified Audience Member

Thanks. Just one follow-up. Do you have a number for the proportion of revenues that now have to bundle in Dutch mobile?

Joost Farwerck - *KPN - Member of the Board of Management and Managing Director Netherlands*

Not today. Thank you.

Unidentified Participant

Okay, next? Dmitry?

Unidentified Audience Member

Dmitry from Citi. Just a couple of questions on mobile in the Netherlands, especially following on your comments in terms of de-risking the profile for mobile. You are moving a lot of subscribers, it seems, on your no-frills or low-end brands. Just to ask you if you could share with us what is the proportion of gross adds that are coming on the no-frills brands or lower-end brands as opposed to the main KPN brand and how it compares to your current presentation. Just to see how much we could end -- can share with us how much of the subscribers you think will have to move on those lower-end brands. And if you can share any details in terms of ARPU, was sort of ARPU you are making on those no-frills brands as opposed to the main ones? Thank you.

Eelco Blok - *KPN - Chairman of the Board of Management and CEO*

We, as you know, presented the blended ARPU, so I can't give you more details today than that. It is [28] (inaudible) mobile. It is very important on net adds that we see a healthy grow, as I call it. So I am really focusing on our high-value rents for the coming quarter. So I expect most of the growth in our KPN Hi rents because that is where we focus on, related to 4G. So you are right, it is fairly important not only to count net adds but to really make sure that these are valuable net adds, and that's exactly what my strategy is.

Unidentified Audience Member

Maybe if I can ask just one more question actually on Belgium. You seem (inaudible) -- I mean, the trends I see are deteriorating. Service revenue [similar] was down 15%. And in Fixed, you didn't share any data in terms of base -- (inaudible) is gaining little momentum. That market is going to quad play. Obviously you are using quad play in the Netherlands. Would you consider changing something in terms of the strategy? Obviously cable may be regulated in Belgium. Or would you consider, if things don't improve, to sell again that business which was for sale at some point before?

Joost Farwerck - *KPN - Member of the Board of Management and Managing Director Netherlands*

We are not talking about selling the business in Belgium. And if you look at the performance Belgium is delivering at the moment, we see the market as going down from quite high compared to other European markets; quite high output levels. We have seen the impact of Telenet as a force entrant and now the force player in the market with the (inaudible) offering as of August 2012. Our answer was the change in our postpaid portfolio, which we launched last year, and we are quite happy with the results. You have seen the increasing especially postpaid net adds. We've seen an increase in numbers and ports -- mobile number ports. So looking at the business overall and also to compare it a little bit with what we have seen in Germany, the inflection is not yet there in Belgium. But if you look at the underlying trends and if you look at the operational KPIs you have seen in Belgium, then you will also see this reflected in the financial KPIs, first. Second, there is an advantage if you look at Belgium compared to Germany, and this is on the network performance. As I told you, we are ahead of Belgacom and Mobistar on 3G. We are easily competing with

Belgacom on 4G which, as I said, is a very favorable position, being a challenger. And again, this is the based on for all future, and we are building on this. Also in Belgium, we see data service revenue growing almost 60%.

Tim Boddy - *Goldman Sachs - Analyst*

Tim Boddy, from Goldman. I wanted to just follow up a little bit on the question about cable consolidation. I guess when I was thinking about it, as these companies come together you essentially face a much stronger competitor for content. I know so far we haven't seen that much content competition, but I think that is something that might change a bit. I am hopeful to understand your view on that. Also we would probably see a much more effective mobile competitor with a nationwide footprint and a nationwide ability to offload. And if they get forced to wholesale, which may well be an outcome, then you also have a wholesale competitor as well whereas you didn't before. So I guess when I thought about it I was concerned that would be an increase in competition in those ways. I guess the flipside of that is, as you point out, it doesn't seem that likely that they will want to be price competitive in the quarter core Fixed-line business. And it would be good to understand if you have raised prices again this year and the outlook for core broadband and TV pricing in the business. Thanks very much.

Joost Farwerck - *KPN - Member of the Board of Management and Managing Director Netherlands*

(inaudible) mobile and wholesale. Looking at wholesale, yes, the increased regulation could create a wholesale competitor, but that will give us also an opportunity to start using the cable network in areas where it makes no sense to roll out fiber or it makes no sense to upgrade our copper network. So that is an opportunity also for KPN.

Talking about mobile competition, I really don't believe that the combination of UPC and Ziggo could be -- well, a better mobile competitor that either UPC and Ziggo on its own. They both have [MVNO] agreements. We have recently seen Ziggo becoming more aggressive with offerings targeting their triple-play customers, and UPC is somewhat less aggressive on mobile. I really don't believe that we will see major changes compared to what we see today already in the market with Ziggo recently offering their mobiles on content. So far, content was not really a differentiator in the Dutch market. Yes, sometimes we had an advantage of three or four months on some content and sometimes one of the cable TV operators. And given the structure of the Dutch market, I really don't believe that you will see major changes on content and even after the consolidation of UPC and Ziggo because the structure of the marketing (inaudible) will not change after the consolidation of UPC and Ziggo.

And on price changes, we have not announced any price change. That is where we are, but we know exactly what our competition is doing. And also looking through our track records, I think it is easy for you to conclude on what we have planned.

Unidentified Audience Member

Good afternoon. Three questions, if I might. The first is, do you believe that Vodafone and Tele2 is more aggressive wireless strategy in the last quarter -- is it being sustained now so far in Q1, and do you think it is sustainable? The second is just can you give me a sense about your confidence in achieving your guidance and whether you think you have something left in the tank, less revenue is weak this year and next? And then, lastly, can you tell me whether Telephonica Deutschland has made any formal or informal undertakings to you with regard to dividend conditional on the conclusion of the sale? I know you can't tell me what a number is, but has there been and was that part of -- was an undertaking part of your agreement? Thanks.

Eelco Blok - *KPN - Chairman of the Board of Management and CEO*

It is an aggressive market, the Netherlands. And we saw aggressiveness from UPC and Ziggo last quarter. Now they have repaired it a little bit, you could say. Instead of to us being aggressive especially in the lower price segments on the mobile sides, to be quite honest, I am not quite sure what the Tele2 strategy in the Netherlands exactly is. They announced a converged strategy, but it looks like they come back from that. So we follow that, of course. And now they announced a flat-fee pricing model to launch -- I think in six weeks from now. It is not a real surprise. We anticipated all this; it's more or less will be thought, to put it that way. Vodafone, every now and then, is very aggressive on the discounts. Not really on their

pricing, but I think they can be aggressive. So it's very important that we all understand what we do they do and we follow that. They now are back on a normal track, to put it that way. Because I think you can't keep on playing these games forever. And they paid as much as we did for all of the licenses; it's on their [balance] somewhere. And I expect Vodafone -- the CEO of Vodafone Netherlands to have a target to make money at the end. So I am confident that they will be reasonable, but that is of course up to Vodafone. But that is why we made a decision to launch our 4G pricing as we did, and we are confident that we will grow like it is. Thank you.

Joost Farwerck - *KPN - Member of the Board of Management and Managing Director Netherlands*

And looking at the sustainability of especially the business model of Tele2, mainly based today on an BNO basis, I can assure you that with the current price levels in the Netherlands, our current subscriber acquisition costs levels in the Netherlands, that is not a sustainable model, especially when you also take into account that they have to invest a lot of money in their new 4G network.

On guidance, I can assure you that although the guidance is not really specific and you probably would have expected more out of it, that we had been very prudent in taking decisions on the guidance we have given. The CapEx guidance, less than EUR1.4 billion and less than EUR1.5 billion in 2014 and 2015, are absolutely less than EUR1.4 billion and less than EUR1.5 billion. We believe that it will be at the end of the year clear that what less than means on growing cash flow -- growing compared to 2013 and 2014. Also here I can assure you that we have been very prudent and that there are opportunities to, well, improve the free cash flow even more than we have now put in our business plan looking at the proceeds we will receive when the sale of E-Plus closes.

To the last part of your question (inaudible) to have Germany undertakings (inaudible). Not that I am aware of.

Paul Sidney - *Credit Suisse - Analyst*

Thank you. Paul Sidney, Credit Suisse. I just have a couple of questions, please. Just returning to consumer mobile and trying to pull everything together, is the message you are trying to give today that the minus service revenue figure in Q4, perhaps that gets worse before it gets better? But at some point during 2014, we will see an inflection point? Is that what we should take away from this -- from your comments? And just a second question on FTTH. What level of FTTH coverage eventually makes sense for you, and at what level of run rate do you expect to go into as [homes] passed over the next few years? Thank you.

Eelco Blok - *KPN - Chairman of the Board of Management and CEO*

Although I decided to push in a lot of additional OpEx in the fourth quarter, I am not happy with the results on consumer mobile. So if you are asking when the -- when will you prepare? That is the EUR100 million question. But I can assure you that everything we do in our strategy is focusing on repairing our results. And I cannot predict if it is going to be in the first or in second quarter, but everything in our strategy of course is to inflect.

On FTTH coverage, we have a 25% coverage currently in the Netherlands, which is a fast rollout on the worldwide level, you could say. We are satisfied with the penetration in the areas, but I am really focusing on improving that penetration. It is not that we have the ambition to roll out the 50%. It is really a hybrid exit strategy we do. We are very (inaudible) about the upgrade of the copper networks we can do. We are (inaudible) about the (inaudible) factoring we are going to launch. We have already seen first test on the (inaudible) for the longer-term future. So we are convinced that we can do a lot more with our copper network. So we really roll out fiber to the home in the weak areas we come to really upgrade. So for me now, it is very important also to keep the business case working in the existing regions. It is a regional business case we built. So, area for area, we really focus the penetration curve and we really focus on boosting up connecting customers over there. That's very important.

Joost Farwerck - *KPN - Member of the Board of Management and Managing Director Netherlands*

And when you talk about the rollout speed going forward, we have taken the decision to decrease the investments in fiber to the home rollout, and you should think of around 200,000 homes passed added to the customer base we have today -- for this year and going forward.

Paul Sidney - *Credit Suisse - Analyst*

That's helpful. Thank you.

Guy Peddy - *Macquarie Research Equities - Analyst*

Guy Peddy, Macquarie. Just a bit of a conceptual question. I have sat listening to KPN presentations for a long time now, listening to declining CapEx, increasing free cash flow stories. That hasn't necessarily helped in the past. So I am intrigued -- given you are going to have a relatively strengthened balance sheet in six months' time, why don't you sort of do away with free cash flow guidance and actually go after your revenue problem, which is your major driver of your business and actually take 2014 as an opportunity to actually re-base your tariffs and get yourself on a sustainable long-term putting, given it is a competitive market and pricing in some things is still high?

Joost Farwerck - *KPN - Member of the Board of Management and Managing Director Netherlands*

This is exactly what we are doing. We have gone through the cycle in our fixed business, and now we are going through the same cycle in the mobile business. There is one major difference between fixed and mobile in the Netherlands. The mobile market is much more competitive than the fixed market, as Joost had to explain to you. We have repriced our KPN and Hi propositions in the fourth quarter. We are pushing 4G on the KPN and Hi brand. And within a very short time, we will also use the Simyo brand from 4G, and Telfort brand will follow somewhere over time. And we are really aggressive on pushing 4G. Our [full-play] offering, also very aggressive marketing and sales helping us; and we believe that, next to the simplification program, this will help us to be recover also in this part of our business. And as Joost said, it is difficult to pinpoint one certain quarter on net adds, on revenue, on EBITDA. But I can assure you that all the things we have done in the -- Joost and his team have done in the last few months of last year are delivering results; net adds, postpaids in the fourth quarter; 9000 over the full year -- 10,000. So we did everything in the first quarter. I can assure you that we see a continued improvement of net add ad growth in the first weeks of this year. So we will use, for sure, 2014 to try to recover on consumer mobile and also on the business market.

Unidentified Audience Member

(inaudible) Shaw from [Espirito Santo]. I've just got a few questions on the Dutch market. Number one, what would you be assuming for Ziggo new PC in terms of mobile gains? Question two, do you think there is going to be more competition specifically in the Business segment? And three, if these two pairs are going to come together in H2, why do you think then that free cash flow trends improve in 2015?

Eelco Blok - *KPN - Chairman of the Board of Management and CEO*

Free cash flow trends is not only -- depends not only on what we are doing in the consumer mobile or fixed market. It's, of course, about our operational performance, but also free cash flow will be supported by lower interest payments in 2015 due to the fact that we have low -- that we will have lower debt after the sale of E-Plus closes. And we will have much lower tax payments starting in 2015 also related to the sale of E-Plus, where we have already agreed with the Dutch tax authority that, after the sale of E-Plus, we will have to pay much lower tax payments. So it's a combination of operational improvements and other improvements on free cash flow. And therefore we are convinced that we will be able to grow free cash flow in 2015.

For [debt] about free cash flow? Will we see more competition in the business market? We don't believe that we will see major changes in the competitiveness in the business market going forward, given the structure of the Dutch market. But (inaudible) share on the capital markets day, much more insights on what is happening in the business market and what our detailed strategy is in the business markets. And then Joost -- on the mobile Ziggo UPC mobile question? Can you maybe repeat the question?

Unidentified Audience Member

The question was, what would you be assuming for Ziggo and UPC mobile gains?

Joost Farwerck - *KPN - Member of the Board of Management and Managing Director Netherlands*

Go it. That will be guessing, of course. I can advise them, but I'm not sure if that's a good idea. But Ziggo will launch its Wi-Fi solution, really focusing on their own customer base to (inaudible). And I think Wi-Fi is a good solution, but it's not replacing mobile. So if they really want to play the game, they should have a nationwide mobile -- it could be on an MVNO, like they do today; and could also be by further consolidation, but that's -- I don't know, to be quite honest.

But of course, they claim convergence. And until today, that is tough against us because that is where we come in as the real integrated access player. We (inaudible) the (inaudible) ourselves. And if you want to really introduce converged shares, it is very difficult to do that on a mobile on a wholesale model. It is very difficult to offer flat fees in the market if you have to pay on the wholesale side for minutes or data usage. That is what we see.

Unidentified Participant

Just one question in the -- sorry, in the back. Final question.

Unidentified Audience Member

Just one quick clarification on your guidance. So you talk about improving free cash flow for 2015. So can you just confirm that for 2014? We should see the level of cash flow you posted this year of about 455 post hybrid as a high-end level. So you will come below that in 2014. Secondly, if you could expand a little bit more on the business and that code side where we saw a pretty sharp deterioration in Q4 in both businesses. When you see those two assets also turning around? Is it a short-term blip, or do you see structural pressure here from a pricing and macro perspective? Thank you.

Eelco Blok - *KPN - Chairman of the Board of Management and CEO*

About the free cash flow guidance, I am not going to give you a specific number on 2014. But you'll -- well -- at the end of the year, you will see no major differences when you compare the 2014 cash flow to 2013. I think that's the best answer I can give, so you can conclude yourself on the 2015 number.

Unidentified Audience Member

The question was we had a pretty sharp deterioration in boost [NetCo] and corporate in Q4. Just wanted to know if this is temporary or more structural.

Joost Farwerck - *KPN - Member of the Board of Management and Managing Director Netherlands*

Yes, NetCo is always difficult. What you see is that the fourth quarter of last year we did the sale on assets -- about EUR70 million in the margin of last year, Q4 2012 on NetCo. So if you compare without incidentals, then there is a decrease, but it is far less than what you see in the graph. Of course, in our network company, it is very important that the simplification program; we will be very dominant in there. There is a lot of complexity on platforms and ICT spend. So I really expect a lot of benefits in the simplification program in the NetCo.

Unidentified Participant

(inaudible) Like Eelco said, we are very well-positioned in the business markets. That is because not only we have the 4G network, which is really interesting for our business customers, but also because of the combination of ICT and telco where business in one company is the only one in the Netherlands. There is pressure on pricing, of course, and there is pressure in the Dutch economic environment. So what we see is that our business customers try to rationalize on workspace, on mobiles -- they have less people in the company, and that is for us to challenge. And therefore we really focus on offering them total solutions and really take away a lot of hassle for them. We are in very strong positions in the business markets. So at the end I believe an inflection there. When it will come, I can't really predict. It is not really about our position. It is not about how we are offering services to our customer. But it is both price pressure, and it's the economic environment in the Netherlands.

Eelco Blok - *KPN - Chairman of the Board of Management and CEO*

And also in this segment, the simplification program will have a major impact because the majority of the FTEs in the Netherlands are positioned in the Business segment. So next to NetCo, the impact of the simplification program will be large in the business market already supporting the performance this year.

Unidentified Participant

With that, we thank you all for coming and we hope to see many of you at our day on the 19th. Thank you.
