

Results Q3 2013

Highlights

- EGM approved sale of E-Plus to Telefónica Deutschland
- Outlook reflects Group profile excluding E-Plus, lowered Capex forecast
- On track to realize outlook driven by good operational performance and stable market shares
- Revenues and EBITDA down, partly offset by growth in Consumer Residential
- FCF impacted by lower EBITDA and higher Capex, and reflecting intrayear phasing
- First steps taken towards Simplification agenda to support profitability

Operational highlights

- Triple play penetration at 43%, up 11%-points y-on-y
- TV market share increased to 25%
- Uptake of KPN Compleet in line with expectations
- Dutch 4G coverage at ~60%; nationwide in Q1 '14
- ~4,200 FTE reductions since start of program
- Continued high postpaid net adds of 46k in Belgium
- 4G launched in Belgium on 1 October 2013

Key figures

All key-figures presented are based on KPN's continuing operations and do not include the financial results of E-Plus. E-Plus is classified as held for sale and discontinued operations. Some small operations in Germany will not be sold and remain reported in continuing operations. Comparative financial information has been restated in accordance with relevant IFRS standards¹.

Group financials* from continuing operations (in EUR m, unless stated otherwise)	Q3 2013 reported	Q3 2012 restated	Δ y-on-y reported	Δ y-on-y underlying	YTD 2013 reported	YTD 2012 restated	Δ y-on-y reported	Δ y-on-y underlying
Revenues and other income	2,080	2,251	-7.6%	-7.0%	6,411	7,075	-9.4%	-7.1%
EBITDA	743	867	-14%	-12%	2,302	2,526	-8.9%	-6.9%
EBITDA margin	35.7%	38.5%			35.9%	35.7%		
EBITDA (excl. restructuring costs)	762	880	-13%		2,391	2,609	-8.4%	
Profit for the period (net profit)	87	196	-56%		401	577	-31%	
Capex	357	367	-2.7%		1,205	1,079	12%	
Free cash flow	63	101	-38%		225	401	-44%	

* All non-IFRS terms are explained in the safe harbor section at the end of the interim financial statements

Message from the CEO, Eelco Blok

"As expected, market conditions remained challenging in the third quarter. Nevertheless, our businesses in The Netherlands and Belgium are showing positive operational momentum. In Germany we continue to make good progress with our strategy to return to growth. We are pleased that our shareholders overwhelmingly approved the sale of E-Plus and we are working with Telefónica Deutschland to get regulatory clearance. We are on track with our continuing operations towards our outlook, and KPN Group will have a strong financial profile after the sale of E-Plus. Regarding América Móvil, we have had numerous discussions on all aspects of their intended unsolicited offer. This thorough process has not led to an agreement which could be recommended to our shareholders."

¹ Reference is made to note [1] of the Q3 2013 interim financial statements for further information on the sale of E-Plus and the impact on KPN's financial information

Outlook

KPN has adjusted the outlook to reflect its new Group profile, excluding E-Plus, and lowered its Capex forecast for the continuing operations. KPN is on track to realize the outlook, driven by good operational performance and stable market shares.

KPN has reviewed the Capex plans for its continuing operations for the coming years to determine a revised Capex outlook. KPN's investments in fixed and mobile networks in The Netherlands in recent years have been high, especially compared to peers. A large part of these higher investments have now been completed, with nationwide 4G coverage to be achieved in Q1 2014 and an upgraded copper / FttH network that is ahead of the curve in Europe. In addition, progress is made with a Simplification agenda to harmonize products, client processes, networks and IT supporting profitability and reducing Capex. In the coming years KPN will keep investing to further expand its leading network positions, though at less elevated Capex levels.

Subject to closing of the E-Plus sale, KPN intends to recommence dividend payments again for the year 2014.

Continuing operations

- The Netherlands is expected to stabilize towards 2014
- Market outperformance expected in Belgium
- 2013 Capex below EUR 1.7bn, total Capex 2013-2015 period below EUR 4.7bn, including Reggefiber as of consolidation²
- Intention to recommence dividend payments for 2014, subject to closing E-Plus sale

Discontinued operations

- Next phase in the German strategy is expected to lead to service revenue growth combined with lower EBITDA margin, especially in 2013

² Assuming Reggefiber consolidation per 31 December 2014

Group financial review - continuing operations

Revenues

Group revenues and other income from continuing operations were 7.6% or EUR 171m lower y-on-y in Q3 2013. This was mainly due to declining revenues at Business, Consumer Mobile and NetCo, partly offset by increasing revenues at Consumer Residential. The impact on Group revenues from regulation in Q3 2013 was EUR 30m (1.3%) y-on-y. Underlying revenues and other income decreased by 7.0% y-on-y as a result of a continued competitive environment in the mobile markets and decline of traditional fixed services impacting Business and NetCo.

Group revenues and other income from continuing operations (in EUR m)	Q3 2013 reported	Q3 2012 restated	Δ y-on-y reported	Δ y-on-y underlying	YTD 2013 reported	YTD 2012 restated	Δ y-on-y reported	Δ y-on-y underlying
Group revenues	2,080	2,251	-7.6%	-7.0%	6,411	7,075	-9.4%	-7.1%
- Of which The Netherlands	1,661	1,774	-6.4%	-6.1%	5,155	5,657	-8.9%	-6.6%

EBITDA and EBITDA margin

Group EBITDA from continuing operations decreased by 14% or EUR 124m y-on-y in Q3 2013 as a result of declining revenues and a change in handset propositions at the KPN and Hi brands. EBITDA was impacted by regulation of EUR 17m (2.0%). The EBITDA margin for the Group was 35.7% (Q3 2012: 38.5%). The underlying EBITDA margin decreased to 37.0% (Q3 2012: 39.3%). In The Netherlands, EBITDA was supported by 13% lower costs for employee benefits y-on-y due to FTE reductions, and by phasing of marketing spend at Consumer Mobile. This was more than offset by lower revenues at Business, Consumer Mobile and NetCo and EUR 19m higher expenses y-on-y at Consumer Mobile from a change in handset propositions. The underlying EBITDA margin in The Netherlands was 43.5% in Q3 2013 (Q3 2012: 45.6%).

In Q3 2013, further progress was made with reducing FTEs in The Netherlands. Approximately 300 FTE reductions were realized this quarter, mainly at Consumer Mobile and Consumer Residential, bringing the total FTE reductions to approximately 4,200 since the start of the program in 2011. The full program will result in 4,500 – 5,000 FTE reductions, to be finalized by the end of this year.

Group EBITDA from continuing operations (in EUR m)	Q3 2013 reported	Q3 2012 restated	Δ y-on-y reported	Δ y-on-y underlying	YTD 2013 reported	YTD 2012 restated	Δ y-on-y reported	Δ y-on-y underlying
Group EBITDA	743	867	-14%	-12%	2,302	2,526	-8.9%	-6.9%
- Of which The Netherlands	695	790	-12%	-10%	2,174	2,353	-7.6%	-6.0%

Group EBITDA margin from continuing operations (in %)	Q3 2013 reported	Q3 2012 restated	Q3 2013 underlying	Q3 2012 underlying	YTD 2013 reported	YTD 2012 restated	YTD 2013 underlying	YTD 2012 underlying
Group EBITDA margin	35.7%	38.5%	37.0%	39.3%	35.9%	35.7%	37.1%	37.0%
- Of which The Netherlands	41.8%	44.5%	43.5%	45.6%	42.2%	41.6%	43.7%	43.4%

EBIT and profit for the period

Group operating profit (EBIT) from continuing operations decreased by EUR 175m (38%) y-on-y in Q3 2013, due to EUR 124m lower EBITDA and EUR 46m higher depreciation as a result of increased customer driven investments. Net profit from continuing operations decreased in Q3 2013 by EUR 109m (-56%) y-on-y, as lower operating profit was partly offset by lower net finance expenses (Q3 2013: EUR 176m, Q3 2012: EUR 209m) and lower income tax expenses (Q3 2013: EUR 14m, Q3 2012: EUR 47m).

Group EBIT and profit for the period from continuing operations (in EUR m)	Q3 2013 reported	Q3 2012 restated	Δ y-on-y reported	YTD 2013 reported	YTD 2012 restated	Δ y-on-y reported
Operating profit (EBIT)	281	456	-38%	928	1,335	-30%
Profit for the period (net profit)	87	196	-56%	401	577	-31%

Capex

Capex for continuing operations in the first nine months of 2013 was EUR 1,205m, 12% higher y-on-y (YTD 2012: EUR 1,079m). Increased customer driven and mobile network investments, including the 4G roll-out in The Netherlands, were the main drivers for the EUR 126m increase in Capex compared to the same period last year. Customer-driven investments related mainly to handsets in the first six months of 2013 and customer premises equipment to activate new IPTV and FttH customers.

Group Capex from continuing operations (in EUR m)	Q3 2013 reported	Q3 2012 restated	Δ y-on-y reported	YTD 2013 reported	YTD 2012 restated	Δ y-on-y reported
Group Capex	357	367	-2.7%	1,205	1,079	12%
- Of which The Netherlands	308	330	-6.7%	1,078	988	9.1%

Free cash flow

Cash flow from operating activities from continuing operations in the first nine months of 2013 was EUR 80m (6.7%) higher y-on-y. EUR 224m lower EBITDA and EUR 93m higher interest paid were offset by a EUR 240m positive effect from change in working capital and by EUR 109m less tax paid. Capex in the first nine months of 2013 was EUR 126m higher compared to the same period last year and the tax recapture was EUR 92m lower, resulting in free cash flow of EUR 225m in the first nine months of 2013. Free cash flow reflects intrayear phasing, and a significant part of the free cash flow for the full year is expected to be generated in the fourth quarter.

Group free cash flow from continuing operations (in EUR m)	Q3 2013 reported	Q3 2012 restated	Δ y-on-y reported	YTD 2013 reported	YTD 2012 restated	Δ y-on-y reported
Cash flow from operating activities	362	377	-4.0%	1,277	1,197	6.7%
Capex	357	367	-2.7%	1,205	1,079	12%
Group free cash flow	63	101	-38%	225	401	-44%

Pension fund coverage ratio

At the end of Q3 2013 the average coverage ratio of the KPN pension funds in The Netherlands was 108% (Q2 2013: 102%). The average coverage ratio rose due to an increase in the value of the investments of the pension funds as well as slightly higher interest rates. No recovery payments are expected in Q1 2014 based on the coverage ratio at the end of Q3 2013. In Q3 2013 a recovery payment of EUR 18m was made related to the coverage ratio at the end of Q2 2013. Since the coverage ratio at the end of Q2 2013 was below the minimum requirement of 105%, a recovery payment of EUR 18m is required in Q4 2013.

Net debt to EBITDA

Net debt including discontinued operations at the end of Q3 2013 of EUR 9.6bn was relatively stable compared to Q2 2013 (EUR 9.5bn). This relatively stable net debt combined with a lower 12-months rolling EBITDA³ including discontinued operations, resulted in a net debt to EBITDA ratio of 2.4x by the end of Q3 2013 (Q2 2013: 2.2x).

On a pro forma basis including the expected net cash proceeds of the sale of E-Plus, net debt at the end of Q3 2013 was EUR 4.8bn. Adjusting to exclude the EBITDA of E-Plus for the last 12 months, the pro forma net debt to EBITDA ratio at the end of Q3 2013 would have been approximately 1.5x.

KPN has a credit rating of Baa2 with a negative outlook by Moody's, BBB- on credit watch positive by Standard & Poor's and BBB- with a stable outlook by Fitch Ratings.

³ Based on 12 month rolling total EBITDA for both continuing and discontinued operations excluding book gains, release of provisions and restructuring costs, when over EUR 20m

Financial and operating review by segment

Consumer Residential

Underlying revenues and other income at Consumer Residential increased by 2.6% y-on-y in Q3 2013 due to continued growth in triple play revenues driven by Fiber-to-the-Home and IPTV, and the implementation of price increases per 1 July 2013, partly offset by a continued decline of traditional voice services. Underlying EBITDA increased by 7.0% y-on-y as a result of higher revenues and actions implemented to improve profitability such as FTE reductions and quality programs. This resulted in an underlying EBITDA margin of 22.8% (Q3 2012: 21.9%).

Despite increased competition and the implementation of price increases, KPN's broadband customer base continued to grow (4k net adds in Q3 2013) and broadband market share remained stable in Q3 2013 compared to Q2 2013 around 41%. KPN's market leading IPTV proposition supported continued good IPTV net adds of 72k, leading to a TV market share of 25%, an increase of 5%-points compared to Q3 2012. ARPU per customer increased by 7.5% y-on-y to EUR 43 in Q3 2013 (Q3 2012: EUR 40). Revenue Generating Units per customer increased to 2.16 (Q3 2012: 2.01). Triple play packages continued to increase this quarter, resulting in a triple play customer base of 1,169k and a 43% triple play penetration, 11%-points higher compared to the same period last year. Fiber-to-the-Home activations increased by 32k leading to 461k homes activated.

KPN's quad play proposition 'KPN Compleet' continued to grow in line with expectations and reached a customer base of 86k (Q2 2013: 55k). Quad play for customers of the Hi brand will be introduced in Q4 2013, increasing the addressable customer base for quad play. KPN will continue to focus on growing bundled services in its customer base.

Consumer Residential (in EUR m)	Q3 2013 reported	Q3 2012 reported	Δ y-on-y reported	Δ y-on-y underlying	YTD 2013 reported	YTD 2012 reported	Δ y-on-y reported	Δ y-on-y underlying
Revenues and other income	489	457	7.0%	2.6%	1,470	1,372	7.1%	1.9%
EBITDA	103	98	5.1%	7.0%	275	284	-3.2%	-8.5%

Consumer Mobile

Underlying revenues and other income at Consumer Mobile were down by 9.6% y-on-y in Q3 2013 driven by lower service revenues and lower hardware sales. Underlying service revenues decreased by 7.4% y-on-y due to lower traffic, partly offset by higher committed revenues. Underlying EBITDA margin in Q3 2013 was lower at 26.9% compared to 34.2% in Q3 2012, mainly due to the change in handset propositions for the KPN (1 July 2013) and Hi (2 September 2013) brands (no longer providing handset lease), partly offset by phasing of marketing spend.

KPN estimates that its total Dutch mobile market share remained relatively stable at around 44%. In Q3 2013, the retail postpaid net adds were negative (-13k) and the retail postpaid ARPU declined to EUR 31 y-on-y (Q3 2012: EUR 34), due to a competitive market and an increasing share of SIM-only subscriptions. Committed postpaid retail ARPU improved to approximately 70%, up 4%-points y-on-y.

KPN focuses on customer value in the higher value segment of the market with the KPN and Hi brands, centered around 4G and quad play. In Q3 2013 both the KPN brand and the Hi brand launched new, simplified propositions; the KPN brand offers All-in-one bundles with 4G and unlimited voice & SMS and the Hi brand introduced subscriptions containing large 4G data bundles focused on the youth segment. KPN targets volumes and growth in the value for money segment with the Telfort and Simyo brands. In this segment Simyo was rewarded as the Best Mobile Provider by the Consumentenbond⁴.

⁴ Independent Dutch consumer organization

The acceleration of the 4G roll-out is on track and approximately 60% of the Dutch population was covered at the end of Q3 2013. KPN expects to have nationwide 4G coverage by the end of Q1 2014. 4G subscriptions in Consumer Mobile increased significantly in Q3 2013 to 100k, up from 21k at the end of Q2 2013.

Consumer Mobile (in EUR m)	Q3 2013 Reported	Q3 2012 reported	Δ y-on-y reported	Δ y-on-y underlying	YTD 2013 reported	YTD 2012 reported	Δ y-on-y reported	Δ y-on-y underlying
Revenues and other income	375	422	-11%	-9.6%	1,157	1,293	-11%	-9.4%
EBITDA	101	144	-30%	-29%	377	372	1.3%	4.2%

Business

Underlying revenues and other income for the Business segment declined by 6.8% y-on-y due to the decline in traditional services, price pressure and continued difficult macro-economic conditions resulting in reduced order intake in the corporate customer sector. Underlying EBITDA decreased by 8.8% y-on-y in Q3 2013, with a decline in high margin revenues partly offset by lower personnel costs. The underlying EBITDA margin in Q3 2013 was 26.2% (Q3 2012: 26.8%). KPN has maintained its market positions in a competitive market.

Wireless service revenues (-4.5% y-on-y) continued to be under pressure impacted by a lower ARPU (Q3 2013: EUR 46, Q3 2012: EUR 49), partly offset by a larger wireless customer base (Q3 2013: 1,652k, Q3 2012: 1,631k). ARPU was lower due to regulation and migration to flat fees, partly offset by growing data revenues. Traditional wireline services showed a continued decline in both access lines (Q3 2013: 1,027k, Q3 2012: 1,170) and traffic volumes while the ARPU was stable.

To mitigate the effect of traffic declines, KPN focuses on increasing committed revenues through integrated fixed, mobile and ICT services (KPN ONE), flat fees for fixed and mobile services and migration of customers to 4G propositions. Also in the Business segment the 4G customer base increased significantly (Q3 2013: 98k, Q2 2013: 20k).

Business (in EUR m)	Q3 2013 reported	Q3 2012 reported	Δ y-on-y reported	Δ y-on-y underlying	YTD 2013 reported	YTD 2012 reported	Δ y-on-y reported	Δ y-on-y underlying
Revenues and other income	646	710	-9.0%	-6.8%	2,053	2,208	-7.0%	-7.5%
EBITDA	172	187	-8.0%	-8.8%	538	581	-7.4%	-12%

NetCo

Underlying revenues and other income at NetCo declined by 5.8% in Q3 2013 driven mainly by FTA regulation impacting wholesale traffic revenues. Underlying EBITDA decreased by 9.9% y-on-y as a result of a continued decline of traditional services and higher FttH access costs, partly offset by lower personnel costs due to FTE reductions. The underlying EBITDA margin was 54.7% in Q3 2013 (Q3 2012: 57.2%).

The FttH roll-out continued and 92k homes passed were added in Q3 2013, resulting in a total of 1,547k homes passed at the end of Q3 2013 (Q3 2012: 1,112k), which is equivalent to approximately 23% of Dutch broadband households.

NetCo (in EUR m)	Q3 2013 reported	Q3 2012 reported	Δ y-on-y reported	Δ y-on-y underlying	YTD 2013 reported	YTD 2012 reported	Δ y-on-y reported	Δ y-on-y underlying
Revenues and other income	583	621	-6.1%	-5.8%	1,773	1,920	-7.7%	-6.4%
EBITDA	317	351	-9.7%	-9.9%	984	1,083	-9.1%	-7.9%

Germany (discontinued operation⁵)

On 23 July 2013, KPN announced the sale of E-Plus to Telefónica Deutschland. For further information on this transaction please see note [1] in the interim financial statements. E-Plus continues to be included in KPN's segment reporting until the sale is completed.

Underlying revenues and other income in Germany increased slightly by 0.3% y-on-y in Q3 2013. Underlying service revenues declined by 2.0% y-on-y due to the negative impact of declining SMS and voice usage in the prepaid segment, partly offset by strong postpaid performance. Hardware sales continued to increase, supporting the uptake of data propositions. Underlying EBITDA declined by 24% y-on-y, mainly as a result of increased growth related investments. These investments such as customer acquisition and marketing costs support growth in postpaid net adds and data revenues. The underlying EBITDA margin was 28.5% in Q3 2013 (Q3 2012: 37.8%). E-Plus' market share in Q3 2013 is estimated to be relatively stable compared to Q2 2013 at approximately 15% in a competitive environment.

The focus on postpaid and data resulted in continued strong postpaid net adds of 207k in Q3 2013, which was the 5th consecutive quarter with more than 200k postpaid net adds. Postpaid ARPU in Q3 2013 (EUR 20) was stable compared to the last quarters, while prepaid ARPU was somewhat lower at EUR 5. E-Plus will continue to focus on growing in postpaid and stabilizing prepaid. The strong improvements to E-Plus' data network quality have been confirmed by one of the leading network tests in Germany (CHIP), resulting in a number three network position in the German mobile market. In terms of HSPA+ data speeds E-Plus is now on par with the number two.

Germany (incl. discontinued operations) (in EUR m)	Q3 2013 reported	Q3 2012 reported	Δ y-on-y reported	Δ y-on-y underlying	YTD 2013 reported	YTD 2012 reported	Δ y-on-y reported	Δ y-on-y underlying
Revenues and other income	799	839	-4.8%	0.3%	2,362	2,475	-4.6%	-0.5%
EBITDA	229	323	-29%	-24%	699	961	-27%	-29%

Belgium

Underlying revenues and other income in Belgium decreased by 4.7% y-on-y in Q3 2013. Underlying service revenues decreased by 7.1% y-on-y due to continued price pressure caused by a competitive mobile market. Underlying EBITDA declined by 30% y-on-y due to lower revenues and higher commercial costs resulting in an underlying EBITDA margin of 26.0% (Q3 2012: 35.3%).

The new mobile propositions introduced in Q2 2013 are delivering strong operational results, despite a continued competitive environment. This resulted in 46k postpaid net adds (Q3 2012: -3k). Prepaid net adds of -61k in Q3 2013 were impacted by the annualizing effect of last year's campaign. Postpaid ARPU was lower y-on-y at EUR 34 (Q3 2012: EUR 42) impacted by regulation and increased competition, while prepaid ARPU increased to EUR 9 (Q3 2012: EUR 8).

The significant investments in network infrastructure resulted in a number one position in voice quality and a joint number one position in data quality in the Net Check network test. BASE Company commercially launched its 4G network in 15 cities on 1 October 2013 and aims to have the majority of the Belgian population covered with 4G by the end of 2014.

Belgium (in EUR m)	Q3 2013 reported	Q3 2012 reported	Δ y-on-y reported	Δ y-on-y underlying	YTD 2013 reported	YTD 2012 reported	Δ y-on-y reported	Δ y-on-y underlying
Revenues and other income	181	201	-10%	-4.7%	547	599	-8.7%	-3.0%
EBITDA	47	74	-36%	-30%	142	208	-32%	-24%

⁵ Some small operations will not be sold and remain reported in continuing operations

Analysis of underlying results Q3 2013

The following table shows the key items between reporting and underlying revenues. E-Plus continues to be included in KPN's segment reporting until the sale is completed⁶.

Revenues and other income (in EUR m)	Q3 2013 reported	M&A	Incidentals	Q3 2013 underlying	Q3 2012 reported	Regulation*	M&A	Incidentals	Q3 2012 underlying	Δ y-on-y reported	Δ y-on-y underlying
Germany (incl. discontinued operations)	799			799	839	-42			797	-4.8%	0.3%
Belgium	181			181	201	-11			190	-10%	-4.7%
Rest of World	-			-	52				52	-100%	-100%
Other	10			10	-19				-19	n.m.	n.m.
Mobile International	990	-	-	990	1,073	-53	-	-	1,020	-7.7%	-2.9%
Consumer Mobile	375			375	422	-7			415	-11%	-9.6%
Consumer Residential	489	20		469	457				457	7.0%	2.6%
Business	646	12		634	710	-10	20		680	-9.0%	-6.8%
NetCo	583			583	621	-2			619	-6.1%	-5.8%
Other	-513			-513	-522				-522	-1.7%	-1.7%
Dutch Telco	1,580	32	-	1,548	1,688	-19	20	-	1,649	-6.4%	-6.1%
IT Solutions	146			146	164				164	-11%	-11%
Other	-65			-65	-78				-78	-17%	-17%
The Netherlands	1,661	32	-	1,629	1,774	-19	20	-	1,735	-6.4%	-6.1%
iBasis	248			248	264				264	-6.1%	-6.1%
Other activities	22			22	19				19	16%	16%
Intercompany revenues	-68			-68	-79				-79	-14%	-14%
KPN Group	2,853	32	-	2,821	3,051	-72	20	-	2,959	-6.5%	-3.6%
<i>Of which discontinued operations</i>	<i>773</i>			<i>773</i>	<i>800</i>	<i>-42</i>			<i>758</i>	<i>-3.4%</i>	<i>2.0%</i>
KPN continuing operations	2,080	32	-	2,048	2,251	-30	20	-	2,201	-7.6%	-7.0%

* To calculate regulatory impact the revenues for the same period last year are adjusted using last year's volumes and this year's tariffs

⁶ Reference is made to note [1] of the Q3 2013 interim financial statements for further information on the sale of E-Plus and the impact on KPN's financial information

The following table shows the key items between reporting and underlying EBITDA.

EBITDA (in EUR m)	Q3 2013 reported	M&A	Incidentals	Restruct- uring	Q3 2013 underlying	Q3 2012 reported	Regulation*	M&A	Incidentals	Restruct- uring	Q3 2012 underlying	Δ y-on-y reported	Δ y-on-y underlying
Germany (incl. discontinued operations)	229			1	228	323	-22				301	-29%	-24%
Belgium	47				47	74	-7				67	-36%	-30%
Rest of World						-2					-2	-100%	-100%
Other Mobile	-1				-1	1					1	n.m.	n.m.
International	275	-	-	1	274	396	-29	-	-	-	367	-31%	-25%
Consumer Mobile	101				101	144	-3			-1	142	-30%	-29%
Consumer Residential	103			-4	107	98				-2	100	5.1%	7.0%
Business	172	4		2	166	187	-7	3	-5		182	-8.0%	-8.8%
NetCo	317			-2	319	351				-3	354	-9.7%	-9.9%
Other	-9			-7	-2	-9					-9	-	78%
Dutch Telco	684	4	-	-11	691	771	-10	3	-5	-6	769	-11%	-10%
IT Solutions	11			-7	18	19				-4	23	-42%	-22%
Other The Netherlands	695	4	-	-18	709	790	-10	3	-5	-10	792	-12%	-10%
iBasis	9				9	9					9	-	-
Other activities	-8			-1	-7	-4				-3	-1	-100%	>100%
KPN Group	971	4	-	-18	985	1,191	-39	3	-5	-13	1,167	-18%	-16%
<i>Of which discontinued operations</i>	228	-		1	227	324	-22				302	-30%	-25%
KPN Group continuing operations	743	4	-	-19	758	867	-17	3	-5	-13	865	-14%	-12%

* To calculate regulatory impact the revenues for the same period last year are adjusted using last year's volumes and this year's tariffs

The following table specifies the EBITDA incidentals in more detail.

EBITDA incidentals (in EUR m)	Segment	Q3 2013	Q3 2012
Booking of provision	Business	-	-5

Risk management

KPN's risk categories and risk factors which could have a material impact on its financial position and results, are extensively described in KPN's 2012 Annual Report (page 134). Those risk categories and factors are deemed incorporated and repeated in this report by this reference and KPN believes that these risks similarly apply for the third quarter of 2013.

With respect to regulatory risk, reference is made to note [14] regulatory developments, with regard to related parties reference is made to note [13] related parties and with regard to discontinued operations reference is made to note [1].

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Unaudited Consolidated Statement of Income

(in EUR m, unless indicated otherwise)	For the three months ended 30 September (restated)		For the nine months ended 30 September (restated)	
	2013	2012	2013	2012
Revenues	2,081	2,250	6,384	7,030
Other income	-1	1	27	45
Revenues and other income [2]	2,080	2,251	6,411	7,075
Own work capitalized	-17	-17	-58	-54
Cost of materials	146	146	388	572
Work contracted out and other expenses	782	795	2,390	2,462
Employee benefits	307	336	996	1,156
Depreciation, amortization and impairments	462	411	1,374	1,191
Other operating expenses	119	124	393	413
Total operating expenses	1,799	1,795	5,483	5,740
Operating profit [3]	281	456	928	1,335
Finance income	6	4	16	16
Finance costs	-189	-189	-560	-566
Other financial results	7	-24	30	-42
Finance income and expenses [4]	-176	-209	-514	-582
Share of the profit of associates and joint ventures	-3	-3	-7	-16
Profit before income tax	102	244	407	737
Income taxes [5]	-15	-48	-6	-160
Profit (loss) for the period from continuing operations	87	196	401	577
Profit (loss) for the period from discontinued operations [1,7]	-328	71	-394	330
Profit for the period	-241	267	7	907
Profit attributable to non-controlling interest	2	-	5	-
Profit attributable to equity holders	-243	267	2	907
Earnings per ordinary share from continuing operations on non-diluted basis (in EUR)*	0.01	0.09	0.11	0.25
Earnings per ordinary share from continuing operations on fully diluted basis (in EUR)*	0.01	0.09	0.11	0.25
Earnings per ordinary share from discontinued operations on non-diluted basis (in EUR)*	-0.10	0.03	-0.12	0.14
Earnings per ordinary share from discontinued operations on fully diluted basis (in EUR)*	-0.10	0.03	-0.12	0.14
Total earnings per ordinary share on non-diluted basis (in EUR)*	-0.09	0.12	-0.01	0.39
Total earnings per ordinary share on fully diluted basis (in EUR)*	-0.09	0.12	-0.01	0.39
Weighted average number of ordinary shares on a non-diluted basis*			3,293,060,074	2,348,443,311
Weighted average number of ordinary shares on a fully diluted basis*			3,297,159,959	2,350,725,669

* Historic EPS and number of weighted average number of shares (non-diluted and fully diluted) restated following rights issue based on the adjustment of the historical share price (adjustment factor of 0.60628)

Unaudited Consolidated Statement of Comprehensive Income

(in EUR m, unless indicated otherwise)	For the three months ended 30 September		For the nine months ended 30 September	
	2013	2012	2013	2012
Profit for the period	-241	267	7	907
Items of other comprehensive income that will not be reclassified subsequently to profit or loss:				
Actuarial result pensions and other post-employment plans:				
Gains or (losses) arising during the period	191	-203	289	-597
Income tax	-37	34	-53	114
	154	-169	236	-483
Items of other comprehensive income that will be reclassified subsequently to profit or loss when specific conditions are met:				
Cash flow hedges:				
Gains or (losses) arising during the period	8	14	-139	-208
Income tax	-2	-3	35	51
	6	11	-104	-157
Currency translation adjustments:				
Gains or (losses) arising during the period	-4	-2	1	2
Income tax	-	-	-	-
	-4	-2	1	2
Fair value adjustment available for sale financial assets:				
Unrealized gains or (losses) arising during the period	-	3	7	4
Realized gains through the income statement	-	-	-8	-
	-	3	-1	4
Other comprehensive income for the period, net of tax	156	-157	132	-634
Total comprehensive income for the year, net of tax	-85	110	139	273
Total comprehensive income attributable to:				
Equity holders	-87	110	134	273
Non-controlling interest	2	-	5	-

Unaudited Consolidated Statement of Financial Position

ASSETS (in EUR m)	As at	
	30 September 2013 restated	31 December 2012 restated
NON-CURRENT ASSETS		
Goodwill	1,170	5,157
Licenses	1,634	2,191
Software	582	838
Other intangibles	148	272
Total intangible assets	3,534	8,458
Land and buildings	604	671
Plant and equipment	4,159	6,573
Other tangible non-current assets	79	94
Assets under construction	548	557
Total property, plant and equipment	5,390	7,895
Investments in associates and joint ventures	315	326
Loans to associates and joint ventures	271	227
Available-for-sale financial assets	19	35
Derivative financial instruments	128	233
Deferred income tax assets	1,090	1,847
Other financial non-current assets	129	154
Total non-current assets	10,876	19,175
CURRENT ASSETS		
Inventories	61	111
Trade and other receivables	1,274	1,696
Income tax receivables	1	5
Cash and cash equivalents [6]	4,133	1,286
Total current assets	5,469	3,098
Non-current assets and disposal groups classified as held for sale [1,7]	9,462	28
TOTAL ASSETS	25,807	22,301

EQUITY AND LIABILITIES (in EUR m)	As at	
	30 September 2013	31 December 2012
GROUP EQUITY		
Share capital	1,025	344
Share premium	8,992	6,717
Other reserves	-465	-361
Perpetual capital securities [9]	1,089	-
Retained earnings	-5,202	-5,417
Equity attributable to equity holders	5,439	1,283
Non-controlling interest	51	51
Total group equity [8]	5,490	1,334
NON-CURRENT LIABILITIES		
Borrowings [9]	11,697	12,369
Derivative financial instruments	644	458
Deferred income tax liabilities	43	211
Provisions for retirement benefit obligations	1,162	1,557
Provisions for other liabilities and charges	152	387
Other payables and deferred income	67	122
Total non-current liabilities	13,765	15,104
CURRENT LIABILITIES		
Trade and other payables	2,749	3,858
Borrowings [9]	2,074	1,527
Derivative financial instruments	9	16
Income tax payables	275	270
Provision for other liabilities and charges	95	186
Total current liabilities	5,202	5,857
Liabilities directly associated with non-current assets and disposal groups classified as held for sale [1,7]	1,350	6
TOTAL EQUITY AND LIABILITIES	25,807	22,301

Unaudited Consolidated Statement of Cash Flows

(in EUR m)	For the nine months ended 30 September	
	2013	2012 (restated)
Profit before income tax	407	737
Adjustments for:		
- Net finance costs	514	582
- Share-based compensation	3	-1
- Share of the profit of associated and joint ventures	7	16
- Depreciation, amortization and impairments	1,374	1,191
- Other income	-25	-43
- Changes in provisions (excl. deferred taxes)	-156	-182
Changes in working capital relating to:		
- Inventories	13	-10
- Trade receivables	130	-23
- Prepayments and accrued income	2	-18
- Other current assets	18	8
- Trade payables	3	-101
- Accruals and deferred income	-143	-65
- Current liabilities (excl. short-term financing)	-69	-77
Change in working capital	-46	-286
Dividends received	1	1
Taxes paid / received	-218	-327
Interest paid	-584	-491
Net cash flow from operating activities from continuing operations	1,277	1,197
Net cash flow from operating activities from discontinued operations	544	880
Net cash flow from operating activities	1,821	2,077
Acquisition of subsidiaries, associates and joint ventures (net of acquired cash)	-7	-157
Disposal of subsidiaries, associates and joint ventures	48	-26
Investments in intangible assets (excl. software)	-1,370	-14
Investments in property, plant & equipment	-1,027	-915
Investments in software	-178	-164
Disposal in property, plant & equipment	9	4
Disposals of real estate	2	40
Other changes and disposals	-31	-46
Net cash flow used in investing activities from continuing operations	-2,554	-1,278
Net cash flow used in investing activities from discontinued operations	-387	-380
Net cash flow used in investing activities	-2,941	-1,658
Rights issue [8]	2,940	-
Issuance Preference Shares B	256	-
Dividends paid	-6	-979
Paid coupon perpetual hybrid bonds	-34	-
Exercised options	-	2
Issuance of perpetual hybrid bonds [9]	1,085	-
Proceeds from borrowings [9]	915	1,640
Repayments from borrowings and settlement of derivatives	-1,106	-528
Other changes in interest-bearing current liabilities	-26	-5
Net cash flow used in financing activities from continuing operations	4,024	130
Net cash flow used in financing activities from discontinued operations	-109	-16
Net cash flow used in financing activities	3,915	114

(in EUR m)	For the nine months ended 30	
	September	
	2013	2012 (restated)
<i>Continued from previous page</i>		
Total net cash flow from continuing operations	2,747	49
Total net cash flow from discontinued operations	48	484
Total net cash flow (changes in cash and cash equivalents)	2,795	533
Net cash and cash equivalents at beginning of period	947	950
Exchange rate difference	-	-
Changes in cash and cash equivalents	2,795	533
Net cash and cash equivalents at end of period	3,742	1,483
Bank overdrafts	391	12
Cash classified as held for sale	-	-
Cash and cash equivalents at end of period [6]	4,133	1,495

Unaudited Consolidated Statement of Changes in Group Equity

<i>(in EUR m, except number of shares*)</i>	Number of subscribed shares	Share capital	Share premium	Perpetual capital securities	Other reserves	Retained earnings	Equity attributable to owners of the parent	Non controlling interests	Total Group equity
Balance as of 1 January 2012	1,431,522,482	344	6,717	-	-127	-4,661	2,273	-	2,273
Share based compensation	-	-	-	-	-	1	1	-	1
Exercise of options	-	-	-	-	2	-	2	-	2
Dividends paid [10]	-	-	-	-	-	-979	-979	-	-979
Comprehensive income for the period	-	-	-	-	-151	424	273	-	273
Balance as of 30 September 2012	1,431,522,482	344	6,717	-	-276	-5,215	1,570	-	1,570
Balance as of 1 January 2013	1,431,522,482	344	6,717	-	-361	-5,417	1,283	51	1,334
Rights issue [8]	2,838,732,182	681	2,275	-	-	-	2,956	-	2,956
Issuance of perpetual hybrid bond [9]	-	-	-	1,089	-	-	1,089	-	1,089
Share based compensation	-	-	-	-	-	2	2	-	2
Dividend perpetual hybrid bond (net of tax)	-	-	-	-	-	-25	-25	-	-25
Other dividends paid	-	-	-	-	-	-	-	-5	-5
Comprehensive income for the period	-	-	-	-	-104	238	134	5	139
Balance as of 30 September 2013	4,270,254,664	1,025	8,992	1,089	-465	-5,202	5,439	51	5,490

* Subscribed ordinary shares (including treasury shares). Preference shares B classify as current liabilities, refer to note [8]

Notes to the Condensed Consolidated Interim Financial Statements

Company profile

KPN is the leading telecommunications and ICT provider in The Netherlands offering wireline and wireless telephony, broadband and TV to consumers and end-to-end telecom and ICT services to business customers. In Germany and Belgium, KPN pursues a Challenger strategy in its wireless operations and offers mobile telephony products and services to retail customers through E-Plus and BASE Company, respectively. BASE Company also offers fixed line services, via the incumbent's VDSL network. KPN operates an efficient IP-based infrastructure with global scale in international wholesale through iBasis.

Accounting policies

Basis of presentation

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union. As permitted by IAS 34, the condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. In addition, the notes to these consolidated financial statements are presented in a condensed format. The applied accounting policies are in line with those as described in KPN's 2012 Annual Report except for the impact of new accounting standards (described below). These condensed consolidated interim financial statements have not been audited or reviewed by KPN's external auditor.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the period as well as the information disclosed. For KPN's critical accounting estimates and judgments, reference is made to the notes to the Consolidated Financial Statements contained in the 2012 Annual Report, including the determination of deferred tax assets for carry forward losses and the provision for tax contingencies, the determination of fair value less costs to sell and value in use of cash-generating units for goodwill impairment testing, the depreciation rates for the copper and fiber network, the assumptions used to determine the value of the call/put arrangements of Reggefiber Group, the assumptions used to determine the provision for retirement benefit obligations and pension and net interest costs (such as expected discount rates, return on plan assets and benefit increases) and the 'more likely than not' assessment required to determine whether or not to recognize a provision for idle cables, which are part of a public electronic communications network. Also reference is made to note [29] 'Capital and Financial Risk Management' to the Consolidated Financial Statements contained in the 2012 Annual Report which discusses KPN's exposure to credit risk and financial market risks.

As of 1 January 2013, KPN changed the economic life of copper to ten years compared to a fixed end term until 31 December 2022 applied in previous years. This change did not result in a change of depreciation charges. Furthermore, KPN changed the assumption used for determining certain accrued expenses at NetCo, resulting in a one-off gain of EUR 17m in Q1 2013. As of 1 April 2013, KPN changed the assumptions used for determining asset retirement obligations for mobile sites, based on historical information.

Assumptions applied in determining the fair value of the non-current assets and disposal groups classified as held for sale (E-Plus) are discussed in note [1].

Change in accounting policies

In June 2011, IAS 19 'Employee benefits' was amended (IAS 19R) and became effective on 1 January 2013. The impact on KPN's Financial Statements is as follows:

- Elimination of the corridor approach and recognition of all actuarial gains and losses in Other Comprehensive Income as they occur;
- Immediate recognition of all past service costs; and
- Replacement of interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

In addition, net interest costs are presented as other financial results as of 1 January 2013, because this provides a better view of the operating expenses related to KPN's pension plans. IAS 19R is applied to the (interim) Financial Statements 2013 with restatement of comparative 2012 numbers.

The impact of IAS 19R on equity attributable to equity holders in 2012 can be summarized as follows:

<i>(in EUR m)</i>	31 December 2012	30 September 2012	1 January 2012
Equity attributable to equity holders as previously reported	2,410	2,656	2,930
IAS 19R impact (net of deferred tax)	-1,127	-1,086	-657
Adjusted equity attributable to equity holders	1,283	1,570	2,273

The movement in IAS 19R impact on equity attributable to equity holders in the first nine months of 2012 can be summarized as follows:

<i>(in EUR m)</i>	Unrecognized actuarial losses/past service cost	Deferred tax	Net
Balance as at 1 January 2012	783	-126	657
Reversal amortization	-68	-	-68
Adjustment expected return plan assets	12	-	12
Higher tax expense	-	2	2
Actuarial losses	597	-114	483
Balance as at 30 September 2012	1,324	-238	1,086

The impact of IAS 19R on the net pension provision at 31 December 2012 is an increase of EUR 1,380m and at 30 September 2012 an increase of EUR 1,324m. The impact of IAS 19R on net deferred tax assets at 31 December 2012 is an increase of EUR 253m and at 30 September 2012 an increase of EUR 238m.

The impact of IAS 19R on the Consolidated Statement of Income in the first nine months of 2012 can be summarized as follows:

<i>(in EUR m)</i>	As reported	IAS 19R impact	Adjusted
Employee benefits	1,238	-82	1,156
Total operating expenses	5,822	-82	5,740
Operating profit	1,253	82	1,335
Finance income and expense	-556	-26	-582
Profit before income tax	681	56	737
Income taxes	-158	-2	-160
Profit for the period from continuing operations	523	54	577
Profit for the period from discontinued operations	330	-	330
Profit for the period	853	54	907

The impact of IAS 19R on Total Comprehensive Income in the first nine months of 2012 is a decrease of EUR 429m (consisting of net actuarial losses of EUR 483m and profit for the period of EUR 54m).

For a more detailed explanation of the impact of IAS 19R on the Consolidated Statement of Income 2012 and the Consolidated Statement of Financial Position as at 31 December 2012, reference is made to page 99 of KPN's Annual Report 2012.

Changes to organizational structure

As per 1 January 2013 KPN Group's organizational structure and reporting format has been changed.

First of all, certain parts of KPN Corporate Market have been integrated in the Business segment. The remaining part of KPN Corporate Market has been renamed IT Solutions and will continue to focus on data centers, consulting services and workspace solutions. The 2012 comparative figures have been restated. For details on the restatements reference is made to the separate press release issued on 15 March 2013 (www.kpn.com/ir).

Secondly, as from 1 January 2013, Rest of World, consisting mainly of Ortel Mobile, ceased to exist as a separate reporting entity. The Ortel Mobile activities have been integrated in Germany, Belgium and Consumer Mobile, depending on geography. The remaining activities are included in other Mobile International. The financials have not been restated for this organizational change as the revenue of Ortel Mobile was already largely incorporated in the respective segments as intercompany revenue.

With the exception of some small operations in Germany, the operations of E-Plus have been classified as disposal group held for sale from 23 July 2013 onwards following KPN's public announcement to have entered into a transaction to sell and transfer 100% of its interest in E-Plus to Telefónica Deutschland. For further details on the restatements refer to note [1].

[1] Disposal group held for sale

On 23 July 2013, KPN announced to have entered into a transaction to sell and transfer 100% of its interest in E-Plus to Telefónica Deutschland. On 2 October 2013, the shareholders of KPN approved the transaction. The transaction remains mainly subject to regulatory approval.

The initially agreed consideration on a cash and debt free basis consisted of EUR 3.7bn in cash and newly issued shares in Telefónica Deutschland representing 24.9% of the share capital in the combination of E-Plus and Telefónica Deutschland ('the combined entity'). Simultaneously with the transfer of E-Plus to Telefónica Deutschland by KPN, Telefónica would acquire a 7.3% interest in Telefónica Deutschland from KPN for a cash consideration of EUR 1.3bn. Therefore, on deal close, KPN would receive EUR 5.0bn in cash and a net stake of 17.6% in the combined entity, in total representing an implied transaction value of EUR 8.1bn.

On 26 August 2013, improved terms of the transaction were agreed upon. The stake KPN will retain in the combined entity after completion increased from 17.6% to 20.5%. In addition, KPN will receive a total cash consideration of EUR 5.0bn as originally agreed. Furthermore, KPN provides a call option to Telefónica to acquire a 2.9% stake in Telefónica Deutschland from KPN, exercisable one year after transfer of E-Plus, either partial or in full. The exercise price for the 2.9% stake amounts to EUR 510m, plus interest at 2.27% from the time of completion of the sale of E-Plus and reduced by any dividend payments on the 2.9% stake. Based on these improved terms, the total implied transaction value for E-Plus is EUR 8.55bn.

E-Plus is classified as 'disposal group held for sale' as of 23 July 2013, some small operations in Germany will not be sold and remain reported in continuing operations. Upon classification as 'disposal group held for sale' an impairment of EUR 529m was recorded (as 'profit for the period from discontinued operations') due to the fair value less costs to sell of the disposal group being lower

than its carrying value. Furthermore, an impairment of deferred tax assets for tax losses carry forward (EUR 747m) was recorded (as 'profit for the period from discontinued operations') resulting from changes in expectations of future taxable income in the German legal entities remaining within KPN Group upon classification of E-Plus as 'disposal group held for sale'.

As mentioned in KPN's annual reports from 2004 onwards and the tax papers regarding KPN's Dutch tax position issued on 27 January 2005 and 6 February 2007, the German partnership structure of E-Plus is transparent for Dutch tax purposes and, as a consequence, KPN Mobile is deemed to carry on business in Germany through a permanent establishment. In accordance with KPN's horizontal monitoring covenant (*'Handhavingsconvenant'*) with the Dutch tax authorities, KPN discussed the tax consequences of the envisaged sale of E-Plus with the Dutch tax authorities. In September 2013 KPN and the Dutch tax authorities reached an agreement in principle on the Dutch tax consequences of the tax book loss which is expected to be recognized upon completion of the sale of E-Plus to Telefónica Deutschland. This book loss amounts to approximately EUR 3.7bn and is expected to offset KPN's taxable income in The Netherlands in the coming years, starting in 2014. Dividends received and/or capital gains (up to amount of loss deducted) realized on KPN's 20.5% shareholding in Telefónica Deutschland will be subject to Dutch corporate income tax. Following this agreement, KPN recognized a deferred tax asset of EUR 932m in The Netherlands. Due to its close relationship with the expected sale of E-Plus this tax benefit is reported as 'profit for the period from discontinued operations'.

Until completion of the sale, the fair value of the E-Plus disposal group will be re-measured on a quarterly basis. The result from discontinued operations depends on the changes in the fair value of the 20.5% stake in the combined entity and of the call option, and changes in the book value of E-Plus until the completion of the sale.

All assets and liabilities of E-Plus have been presented separately on KPN's statement of financial position as of 23 July 2013 as 'non-current assets of disposal groups classified as held for sale' and 'liabilities directly associated with non-current assets and disposal group held for sale'. These assets and liabilities will continue to be accounted for in accordance with the relevant IFRS standards as before except that non-current assets are no longer amortized or depreciated following guidance of IFRS 5.

Given the significance of E-Plus to KPN Group, IFRS also classifies E-Plus as a 'discontinued operation'. As of Q3 2013 E-Plus is presented as discontinued operations in the Consolidated Income Statement and Cash Flow Statement. Comparative financial information has been restated in accordance with relevant IFRS standards. Results from E-Plus are reported as 'profit for the period from discontinued operations' and cash flows as 'cash flows from discontinued operations'. Since the internal reporting of E-Plus as operating segment to KPN's Chief Operating Decision Maker remains unchanged, E-Plus is still included in KPN's segment reporting.

On 29 August 2013 the Foundation Preference Shares B KPN exercised its call option and obtained an interest in KPN's issued share capital equal to 50% minus 1 share. This event resulted in a change of control from a German tax perspective and expiration of 50% of the available losses carry forward in Germany. This triggered a permanent partial release of recognized deferred tax assets for tax losses carry forward of EUR 99m in E-Plus. For further details on the Foundation reference is made to note [8] of these interim financial statements.

The following table summarizes the results of E-Plus included in the consolidated statement of income as 'profit from the period from discontinued operations'.

(in EUR m, unless indicated otherwise)	For the three months ended 30 September		For the nine months ended 30 September	
	2013	2012	2013	2012
Revenues and other income	773	799	2,288	2,358
Operating expenses	-594	-692	-2,141	-1,920
Finance income and expenses	-8	-9	-22	-17
Share of result from non-controlling interest	-1	-	-9	-
Income taxes	-55	-27	-67	-91
Operational result for the period from discontinued operations	115	71	49	330
Impairment disposal group	-529	-	-529	-
Impairment German deferred tax assets	-747	-	-747	-
Income tax benefit Dutch fiscal unity	932	-	932	-
Tax effect resulting from the change of control	-99	-	-99	-
Total profit (loss) for the period from discontinued operations	-328	71	-394	330

The following table presents the assets and liabilities of E-Plus, classified as held for sale.

ASSETS (in EUR m)	As at 30 September 2013
Intangible assets	5,929
Property, plant and equipment	2,807
Other non-current assets	880
Current assets	375
Fair value adjustment of disposal group	-529
Total non-current assets and disposal groups classified as held for sale	9,462

EQUITY AND LIABILITIES	As at 30 September 2013
Non-current liabilities	562
Current liabilities	788
Total liabilities directly associated with the non-current assets and disposal groups classified as held for sale	1,350

[2] Revenues and other income

For a description of the activities of the segments, reference is made to the 2012 Annual Report. For operating profit reference is made to note [3] and for other segment information reference is made to note [10] in these Condensed Consolidated Interim Financial Statements.

Revenues and other income (in EUR m)	For the nine months ended 30 September 2013				For the nine months ended 30 September 2012			
	External revenues	Other income	Inter segment revenues	Total revenues and other income	External revenues	Other income	Inter segment revenues	Total revenues and other income
Germany (incl. discontinued operations)	2,346	3	13	2,362	2,379	33	63	2,475
Belgium	541	-	6	547	566	-	33	599
Rest of World	-	-	-	-	173	-	-	173
Other (incl. eliminations)	38	-1	-6	31	1	-	-73	-72
Mobile International	2,925	2	13	2,940	3,119	33	23	3,175
Consumer Mobile	1,102	-	55	1,157	1,223	-2	72	1,293
Consumer Residential	1,378	-	92	1,470	1,281	-	91	1,372
Business	1,922	27	104	2,053	2,093	-	115	2,208
NetCo	373	3	1,397	1,773	443	36	1,441	1,920
Other (incl. eliminations)	3	1	-1,576	-1,572	1	-	-1,585	-1,584
Dutch Telco	4,778	31	72	4,881	5,041	34	134	5,209
IT Solutions	319	-3	151	467	527	9	156	692
Other (incl. eliminations)	1	-	-194	-193	-1	-	-243	-244
The Netherlands	5,098	28	29	5,155	5,567	43	47	5,657
iBasis	586	-	151	737	616	-	164	780
Other activities	60	-	1	61	54	2	-	56
Eliminations	-	-	-194	-194	-	-	-234	-234
KPN Group	8,669	30	-	8,699	9,356	78	-	9,434
<i>Of which discontinued operations</i>	<i>2,285</i>	<i>3</i>	<i>-</i>	<i>2,288</i>	<i>2,326</i>	<i>33</i>	<i>-</i>	<i>2,359</i>
KPN continuing operations	6,384	27	-	6,411	7,030	45	-	7,075

KPN Group revenues and other income (incl. discontinued operations) in the first nine months of 2013 were 7.8% or EUR 735m lower y-on-y, mainly due to lower revenues at NetCo, Business, Consumer Mobile, IT Solutions and Germany. The negative effect on revenues of the sale of Getronics International (EUR 174m) and Infrastructure Services & Partners ("IS&P") (EUR 34m) was partly offset by the effect of several smaller acquisitions during 2012 (EUR 107m). The negative impact on revenues from regulation was EUR 187m (2.0%) of which EUR 115m related to discontinued operations. The net positive impact of incidentals on revenues was EUR 4m, of which EUR 13m related to the discontinued operations. Other income in the first nine months of 2012 included a book gain on the sale of mobile towers in The Netherlands of EUR 31m, the sale of SNT Inkasso of EUR 16m and a book profit on the sale of Getronics International of EUR 8m. Other income in the first nine months of 2013 consisted mainly of the book gain related to the sale of IS&P of EUR 23m. For more detailed information on revenues, reference is made to the Management Report.

[3] Operating profit, DA&I and EBITDA

Operating profit, DA&I and EBITDA (in EUR m)	For the nine months ended 30 September 2013			For the nine months ended 30 September 2012		
	Operating profit	Depreciation, Amortization & Impairments (DA&I)	EBITDA	Operating profit	Depreciation, Amortization & Impairments (DA&I)	EBITDA
Germany (incl. discontinued operations)	-22	721	699	431	530	961
Belgium	32	110	142	93	115	208
Rest of World	-	-	-	-16	4	-12
Other (incl. eliminations)	-8	2	-6	-1	1	-
Mobile International	2	833	835	507	650	1,157
Consumer Mobile	194	183	377	301	71	372
Consumer Residential	51	224	275	100	184	284
Business	432	106	538	474	107	581
NetCo	320	664	984	460	623	1,083
Other (incl. eliminations)	-39	10	-29	-19	1	-18
Dutch Telco business	958	1,187	2,145	1,316	986	2,302
IT Solutions	-28	57	29	-9	60	51
Other (incl. eliminations)	-	-	-	-	-	-
The Netherlands	930	1,244	2,174	1,307	1,046	2,353
iBasis	14	9	23	8	15	23
Other activities	-35	2	-33	-48	4	-44
KPN Group	911	2,088	2,999	1,774	1,715	3,489
<i>Of which discontinued operations</i>	<i>-17</i>	<i>714</i>	<i>697</i>	<i>439</i>	<i>524</i>	<i>963</i>
KPN continuing operations	928	1,374	2,302	1,335	1,191	2,526

KPN Group EBITDA (incl. discontinued operations) decreased by 14% or EUR 490m in the first nine months of 2013 compared to the same period in 2012. EBITDA was impacted by regulation for EUR 104m (3.0%) of which EUR 64m related to discontinued operations. The impact of restructuring costs on EBITDA was EUR 83m (first nine months 2012: EUR 83m). Furthermore, the net positive impact of incidentals on EBITDA amounted to EUR 125m of which EUR 66m related to discontinued operations. The incidentals included releases of asset retirement obligations related to mobile sites of EUR 42m (of which discontinued operations EUR 37m). Next to this, lower EBITDA in the first nine months of 2013 was mainly driven by lower revenues across the Group and higher commercial investments in Germany supporting growth in postpaid and data. In The Netherlands EBITDA was supported by FTE reductions, and the handset lease model at Consumer Mobile. This was offset by the impact of lower revenues at NetCo and Business.

Operating profit (EBIT) decreased by 49% or EUR 863m y-on-y, resulting from the EBITDA decrease (EUR 490m) and increased depreciation and amortization compared to the same period last year (EUR 373m). In The Netherlands depreciation increased as a result of the introduction of the handset lease model at Consumer Mobile in 2012 and more customer premises equipment related to TV and FttH activations at Consumer Residential. Amortization increased due to investments in spectrum licenses in 2012. The DA&I expenses for discontinued operations include impairment expenses of EUR 119m.

[4] Finance income and expenses

Net finance costs decreased by EUR 68m y-on-y to EUR 514m YTD 2013, mainly as a result of fair value movements on swaps. Net finance costs include the net result of the sale of available for sale financial assets (11% stake in Compucom) for the amount of EUR 21m, realized in May 2013, offset by several smaller items.

[5] Income taxes

KPN benefits from an agreement with the Dutch tax authorities with regard to the application of innovation tax facilities. Innovation tax facilities are facilities under Dutch corporate income tax law whereby profits attributable to innovation are taxed at an effective rate of 5%. Due to the application of the innovation tax facilities, KPN's effective tax rate in The Netherlands is reduced from the statutory tax rate of 25% to approximately 20%. The effective tax rate for KPN's continuing operations for Q3 2013 is 14.7% (Q3 2012: 19.7%). The decrease in effective tax rate is a consequence of one-off effects and a change of the mix of profits and losses in the various countries. Without one-off effects the effective tax rate would have been approximately 17.6% in Q3 2013. The effective tax rate for KPN's continuing operations is expected to be approximately 20%^[1] in the 2013-2015 period.

For further information on the tax impact of the sale of E-Plus refer to note [1].

[6] Cash and cash equivalents

At 30 September 2013 cash and cash equivalents amounted to EUR 4,133m, compared to EUR 1,286m at 31 December 2012. The increase in cash and cash equivalents mainly relates to the successfully concluded capital raise consisting of EUR 2bn hybrid bonds and a EUR 3bn rights issue. Part of the proceeds were used to repay drawings under the credit facility and to finance bond redemptions in March and September 2013. The remaining proceeds of the capital raise have been used to strengthen KPN's capital structure and to continue to invest in KPN's operations.

Net cash and cash equivalents, including EUR 391m bank overdrafts related to cash pooling arrangements, amounted to EUR 3,742m at 30 September 2013, as shown in the cash flow statement. Cash and cash equivalents consist of highly liquid instruments, mainly deposits, interest-bearing bank accounts and money market funds. KPN's cash balances have been invested with a wide range of strong counterparties.

[7] Non-current assets, liabilities and disposal groups held for sale

As per 31 December 2012, Multiconnect and Ortel Spain were classified as held for sale. Both entities were sold in Q1 2013.

E-Plus is classified as 'disposal group held for sale' as of 23 July 2013. For further details reference is made to note [1] of these interim financial statements.

[8] Group equity

On 17 May 2013, KPN successfully concluded its EUR 4bn equity equivalent capital raise, consisting of EUR 1bn equity equivalent hybrid bonds (see note [9]) and a EUR 3bn rights issue.

On 25 April 2013 KPN set the terms of its EUR 3bn rights issue, which was announced on 20 February 2013 and approved by the Annual General Meeting on 10 April 2013. KPN announced a 2 for 1 rights

^[1] Excluding effects of, amongst others, impairments, revaluations and/or Reggefiber options

issue of 2,838,732,182 new ordinary shares with a nominal value of EUR 0.24 ('Offer Shares') at an issue price of EUR 1.06 through the granting of transferable subscription entitlements to holders of ordinary shares in KPN's issued and outstanding share capital pro rata to their shareholdings. The issue price represented a discount of 35.1% to the theoretical ex-rights price ('TERP'), based on the closing price of EUR 2.78 per ordinary share on 24 April 2013.

At the end of the subscription period the take-up amounted to 97.4% of the Offer Shares. The remaining Offer Shares were placed with institutional investors through a rump placement. Payment, delivery and start of trading of the Offer Shares occurred on 17 May 2013. The net proceeds from the rights issue amounted to EUR 2,957m. Upon closing the number of KPN ordinary shares outstanding totaled 4,270,254,664.

On 9 August 2013, América Móvil announced an unsolicited intended public offer for all outstanding ordinary shares of KPN.

For further information on the Foundation Preference Shares B KPN, reference is made to note [9].

On 16 October 2013, América Móvil announced that it would not proceed with its intended offer.

[9] Borrowings, bond issues and redemptions

On 14 March 2013, KPN issued a EUR 1.1bn hybrid bond with a 6.125% coupon and a GBP 400m hybrid bond with a 6.875% coupon (swapped to EUR 460m and a 6.78% coupon for a period of 7 years). On 28 March 2013, KPN issued a USD 600m hybrid bond with a 7% coupon (swapped to EUR 465m and a 6.34% coupon for a period of 10 years).

The EUR 1.1bn hybrid bond is a subordinated bond with a perpetual maturity, while the GBP 400m and USD 600m hybrid bonds are subordinated bonds with 60-year maturities. The EUR, GBP and USD hybrid bonds can, at KPN's discretion, first be redeemed in September 2018, March 2020 and March 2023 respectively. KPN may, at its discretion and subject to certain conditions, elect to defer payments of interest on these hybrid bonds. The hybrid bonds are listed on NYSE Euronext Amsterdam. The ratings for the hybrid bonds are BB by S&P, Ba1 by Moody's and BB by Fitch Ratings. The rating agencies recognize 50% of the hybrid bonds as equity. The hybrid bonds are for 50% treated as equity and 50% as debt in KPN's gross and net debt definitions. The EUR hybrid bond is classified as equity on the balance sheet, while the GBP and USD hybrid bonds are classified as liabilities on the balance sheet.

On 18 March 2013, KPN redeemed the 4.5% coupon Eurobond 2006-2013 with an outstanding amount of EUR 540m. On 16 September 2013, KPN redeemed the 6.25% coupon Eurobond 2008-2013 with an outstanding amount of EUR 545m. Both bonds were redeemed in accordance with the regular redemption schedule.

As at the end of Q3 2013, the average maturity on the bond portfolio was 6.9 years (Q2 2013: 6.8 years). The average interest rate on the overall bond portfolio, including hybrid bonds, is 5.2% as at the end of Q3 2013 (Q2 2013: 5.3%). Excluding the hybrid bonds, the average interest rate on the senior bond portfolio was 5.0% as at the end of Q3 2013 (Q2 2013: 5.1%).

In June 2013, KPN used an extension option for its EUR 2bn revolving credit facility. All fourteen relationship banks agreed to a one year extension, which extends the maturity of the revolving credit facility to July 2018.

On 29 August 2013, the Foundation Preference Shares B KPN exercised its call option and obtained 4,258,098,272 newly issued preference shares B. These shares reflect an interest in KPN's outstanding

shares of 50% minus 1 share. In compliance with the current statutory arrangement, 25% of the nominal value of these shares (EUR 255m) has been paid to KPN in cash. The expectation is that the Board of the Foundation will be holding the preference shares B only temporarily. Therefore, the paid up value is classified as current liability (EUR 255m) and dividends due are recorded as financial expenses.

For further details on the Foundation, reference is made to page 55 of KPN's 2012 Annual Report.

[10] Other segment information

Assets and liabilities (in EUR m)	As at 30 September 2013		As at 31 December 2012	
	Total assets	Total liabilities	Total assets	Total liabilities
Germany (incl. discontinued operations)	10,274	26,337	10,520	26,398
Belgium	2,039	411	1,934	335
Rest of World	34	27	108	112
Other (incl. eliminations)	-6	19	-44	-8
Mobile International	12,341	26,794	12,518	26,837
Consumer Mobile	1,292	846	1,646	1,381
Consumer Residential	1,624	1,516	1,817	1,746
Business	2,304	1,842	3,108	2,764
NetCo	8,157	7,833	9,069	9,071
Other (incl. eliminations)	-309	-271	-477	-477
Dutch Telco business	13,068	11,766	15,163	14,485
IT Solutions	1,207	1,377	1,253	1,355
Other (incl. eliminations)	-284	-283	-132	-131
The Netherlands	13,991	12,860	16,284	15,709
iBasis	397	286	458	358
Other activities	-714	-19,645	-6,959	-21,937
Total segments	26,015	20,295	22,301	20,967
<i>Other adjustments</i>	-208	22	-	-
Total KPN Group	25,807	20,317	22,301	20,967

The increase in the total assets is mainly the result of the issued equity instruments (EUR 4bn). Other adjustments include the effects of discontinued operations on the balance sheet including reversal of E-Plus depreciation and amortization (EUR 113m, net of tax), the fair value adjustment of the disposal group (EUR 529m), net tax result from classification as held for sale (EUR 185m, refer to note [1]) and elimination effects.

Capex (in EUR m)	For the nine months ended 30 September	
	2013	2012
	Capex	Capex
Germany (incl. discontinued operations)	361	372
Belgium	120	73
Rest of World	-	1
Other (incl. eliminations)	-	-1
Mobile International	481	445
Consumer Mobile	204	162
Consumer Residential	213	214
Business	80	97
NetCo	542	487
Other (incl. eliminations)	13	2
Dutch Telco business	1,052	962
IT Solutions	26	26
Other (incl. eliminations)		
The Netherlands	1,078	988
iBasis	4	5
Other activities	3	5
KPN Group	1,566	1,443
<i>Of which discontinued operations</i>	<i>361</i>	<i>364</i>
KPN Continuing operations	1,205	1,079

Capex from continuing operations were EUR 126m higher y-on-y in the first nine months of 2013 mainly due to increased customer driven investments and 4G mobile network investments in The Netherlands.

[11] Fair value disclosures

The following table presents the Group's assets and liabilities that are measured at fair value at 30 September 2013.

Assets and liabilities measured at fair value (in EUR m)	As at 30 September 2013			
	Level 1	Level 2	Level 3	Total balance
Assets				
Financial assets at fair value through profit and loss:				
Derivatives (cross currency interest rate swap)	-	20	-	20
Derivatives (interest rate swap)	-	97	-	97
Other derivatives	-	-	11	11
Available for sale financial assets:				
Listed securities	9	-	-	9
Unlisted securities	-	-	10	10
Total assets	9	117	21	147
Liabilities				
Financial liabilities at fair value through profit and loss:				
Derivatives (cross currency interest rate swap)	-	361	-	361
Derivatives (interest rate swap)	-	14	-	14
Other derivatives	-	-	278	278
Total liabilities	-	375	278	653

The following table presents the Group's assets and liabilities that were measured at fair value at 31 December 2012.

Assets and liabilities measured at fair value (in EUR m)	As at 31 December 2012			
	Level 1	Level 2	Level 3	Total balance
Assets				
Financial assets at fair value through profit and loss:				
Derivatives (cross currency interest rate swap)	-	42	-	42
Derivatives (interest rate swap)	-	186	-	186
Other derivatives	-	-	5	5
Available for sale financial assets:				
Listed securities	9	-	-	9
Unlisted securities	-	-	26	26
Total assets	9	228	31	268
Liabilities				
Financial liabilities at fair value through profit and loss:				
Derivatives (cross currency interest rate swap)	-	166	-	166
Derivatives (interest rate swap)	-	30	-	30
Other derivatives	-	-	278	278
Total liabilities	-	196	278	474

The fair value of financial instruments traded in active markets is based on quoted market prices. If applicable, these instruments are included in Level 1.

An instrument is included in Level 2 if the financial instrument is not traded in an active market and if the fair value is determined by using valuation techniques based on maximum use of observable market data for all significant inputs. For the derivatives used for hedging purposes, KPN uses the estimated fair value of financial instruments determined by using available market information and appropriate valuation methods, including relevant credit risks. The estimated fair value approximates the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. KPN has its derivative instruments outstanding with financial institutions that had a credit rating equivalent to A3 or higher with Moody's at 30 September 2013.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3 and their fair value is estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account market pricing information and expectations. However, such information is by its nature subject to uncertainty. Changes arising as new information becomes available, could impact income or other comprehensive income.

The valuation of available-for-sale unlisted securities is based upon a discounted cash flow model.

Other derivatives under financial liabilities at fair value through profit and loss are the call/put arrangements of Reggefiber Group B.V. These options are valued using a binominal tree approach and depend on the business performance of Reggefiber under various scenarios with different probabilities (combination of penetration rates, price structure and approval of Dutch competition authority ACM), discount rates and the conditions of the call/put arrangement itself. Based on current business performance and management's best estimate of the likelihood of possible scenarios and expected business performance, the value of the call/put arrangements was EUR 278m (liability) at 30 September 2013 and 31 December 2012 and EUR 203m (liability) at 30 September 2012 and 31 December 2011. There was no change in the value of the call/put arrangements in the first nine months of 2013 and therefore there was no impact on the Consolidated Statement of Income. In case

of a 5%-point lower expected penetration rate, ceteris paribus, the liability position related to the call/put arrangement would have been approximately EUR 62m higher as per 31 December 2012.

The decrease in the value of the unlisted securities, included in available for sale financial assets, in the first nine months of 2013 was due to the sale of assets (predominantly shares in Compucom). The increase in value in the first nine months of 2012 was EUR 3m and was also recognized in Other Comprehensive Income.

KPN reports its derivatives positions on the balance sheet on a gross basis. Part of the derivatives portfolio is subject to master netting agreements that allow netting under certain circumstances. If netting would be applied, the total derivatives asset position would be EUR 24m and the total derivatives liability position would be EUR 549m at 30 September 2013.

[12] Off-balance sheet commitments

At the end of Q3 2013 off-balance sheet commitments decreased to EUR 4.6bn (of which discontinued operations: EUR 1.8bn). The off-balance sheet commitments at 31 December 2012 of EUR 6.4bn (of which discontinued operations: EUR 1.9bn) included the commitment related to the obtained frequency licenses in the Dutch spectrum auction amounting to EUR 1,352m, paid in January 2013. Furthermore, the decrease relates to the normal decrease of the off balance obligations with regard to handsets and the sale of Getronics International.

[13] Related party transactions

For a description of the related parties of KPN and transactions with related parties, reference is made to note 32 of the 2012 Annual Report, including major shareholders. In the nine months ended 30 September 2013 there have been no changes in the type of related party transactions as described in the 2012 Annual Report that could have a material effect on the financial position or performance of KPN, except for the rights issue which was concluded on 17 May 2013 (see note [8]). On 29 August 2013 the Foundation Preference Shares B KPN exercised its call option and obtained 50% minus 1 of the shares and voting rights in KPN's issued share capital (see note [8]).

Following completion of the rights issue, América Móvil, S.A.B. de C.V. ("AMX") has notified KPN that it directly or indirectly owned 29.8% of the shares and voting rights related to KPN's ordinary share capital. As a result of the Foundation exercising the call option, AMX' interest in KPN has been reduced to 14.9%.

Pursuant to the Dutch Financial Supervision Act (*'Wet op het financieeltoezicht'* or *'Wft'*), legal entities as well as natural persons must immediately notify the Dutch Authority for the Financial Markets (AFM) when a shareholding equals or exceeds 3% of the issued capital. To KPN's knowledge, no other shareholder owned 3% or more of KPN's issued share capital as at 30 September 2013.

[14] Regulatory developments

Germany: Update on MTA regulation

On 19 July 2013, BNetzA has ruled that, with retroactive effect as of 1 December 2012, the MTA rate will remain at 1.85 EUR ct/min until 30 November 2013, respectively 1.79 EUR ct/min for the period 1 December 2013 until 30 November 2014. These tariffs are equal to the preliminary tariffs set on 16 November 2012. BNetzA has not adhered to the EU Commission's recommendation to retroactively lower the MTA rate by using a 'Pure BULRIC' approach, notwithstanding the request thereto of the European Commission and the Commission's serious doubts to the decision.

Netherlands: Update on MTA and FTA regulation

On 27 August 2013, the highest Dutch Court (College van Beroep voor het bedrijfsleven; 'CBB') decided in an injunctive procedure against a decision on new MTA and FTA tariffs of ACM. The decision of CBB followed a request of mobile operators for suspension of the rates that were set by ACM on 5 August 2013. These rates were regulated by ACM on the basis of a 'pure BULRIC' cost model, resulting in an MTA rate of 1.019 EUR ct/min and an FTA rate of 0.108 EUR ct/min. CBB decided as an interim measure to impose 'plus BULRIC' tariffs as of 1 September 2013, resulting in an MTA rate of 1.861 EUR ct/min and an FTA rate of 0.302 EUR ct/min. Appeals to the decision of 5 August 2013 are still running and will not be decided upon before later in 2014.

Belgium: auction 800 MHz spectrum

On 8 October 2013, BIPT announced that for the auction of three licenses of 800MHz spectrum in Belgium, starting on 12 November 2013, BASE Company, Belgacom and Mobistar were admissible.

[15] Subsequent events

On 1 October 2013, KPN took over EUR 222m of shareholder loans to Reggefiber from Reggeborgh, KPN's joint venture partner. This transaction does not affect the joint venture agreement nor the control over the joint venture.

On 16 October 2013, América Móvil announced that it would not proceed with its unsolicited intended public offer for all KPN shares. Subsequently, KPN issued a press release clarifying that numerous discussions have taken place with América Móvil about all aspects of their intended unsolicited public offer, including financial and non-financial items. However, these discussions have not led to an offer that KPN could recommend to its shareholders."

The Hague, 22 October 2013

E. Blok	Chairman of the Board of Management and Chief Executive Officer
T. Dirks	Member of the Board of Management and CEO Mobile International
J.F.E. Farwerck	Member of the Board of Management and Managing Director the Netherlands

Safe harbor

Non-GAAP measures and management estimates

This financial report contains a number of non-GAAP figures, such as 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 **Net Debt** as the nominal value of interest bearing financial liabilities excluding derivatives, representing the repayment obligations in Euro, taking into account 50% of the nominal value of the hybrid capital instruments, less net cash and cash equivalents (including cash classified as held for sale, net of bank overdrafts), and defines EBITDA as a 12 month rolling total 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 regarding E-Plus.*

***Underlying revenues and other income** and **underlying EBITDA** are derived from revenues and other income and EBITDA, respectively, and are adjusted for the impact of MTA and roaming (regulation), changes in the composition of the group (acquisitions and disposals), restructuring costs and incidentals.*

*The term **service revenues** refers to wireless service revenues.*

All market share information in this financial report is based on management estimates based on externally available information, unless indicated otherwise. For a full overview on KPN's non-financial information, reference is made to KPN's quarterly factsheets available on www.kpn.com/ir.

Forward-looking statements

Certain statements contained in this financial report constitute forward-looking statements. These statements may include, without limitation, statements concerning future results of operations, the impact of regulatory initiatives on KPN's operations, KPN's and its joint ventures' share of new and existing markets, general industry and macro-economic trends and KPN's performance relative thereto and statements preceded by, followed by or including the words "believes", "expects", "anticipates", "will", "may", "could", "should", "intends", "estimate", "plan", "goal", "target", "aim" or similar expressions.

These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside KPN's control that could cause actual results to differ materially from such statements. A number of these factors are described (not exhaustively) in the Annual Report 2012.