

KPN reports profit drop, blames Internet phone apps

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Analysts had expected a figure of about 441 million euros (\$638 million US) as polled by Dow Jones newswires.

"The market and regulatory headwinds we have experienced in quarter one continued to affect our [financial performance](#) in the [second quarter](#), notably in our domestic business," said KPN's chief executive Eelco Blok in a statement.

KPN's fall in revenue was particularly due to a "change in [consumer behaviour](#)," in the [wireless Internet](#) sector, KPN said.

Users increasingly favoured Internet-based telephone applications such as Skype, instead of making traditional telephone calls or sending SMS messages.

The group's turnover also fell by 1.9 percent compared to the same period last year from 3.35 billion euros to 3.29 billion euros. In the Netherlands, which accounts for more than half of KPN's revenue, sales have dropped by 2.6 percent.

KPN previously suggested it should charge its customers to use Internet-based applications such as [Skype](#) or WhatsApp, but the Dutch parliament in June adopted a law guaranteeing "Internet neutrality", sinking proposed plans by KPN and other service providers.

The company then opted for a rates increase to access the Internet via its mobile phones. The increase was set to kick in from September.

KPN which employs around 30,000 people, in April said it would cut 4,000 to 5,000 jobs in the Netherlands between 2011 and 2015 as a result of "negative trends" in its market.

It had already shed 10,000 jobs around the world between 2005 and 2010.

The company did however show a 7.5-percent rise in growth in Germany through its mobile phone subsidiary E-plus and 7.8 percent increase in growth in Belgium through another mobile phone subsidiary called BASE.

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