Q3 highlights

- Reported revenue declined by 2.8% in Q3 and **organic revenue** declined by 2.4% YTD. This decline was mainly driven by terminal sales, legacy drag from landline voice and continued pressure on TV
- **Reported EBITDA** declined by 0.1%, and when adjusted for new lease accounting principles (IFRS 16) EBITDA decreased by 6.4%. This decline was driven primarily by costs related to the separation of TDC as well as investments in the new strategy. **Organic[1] EBITDA** declined by 3.6% in Q3 and 3.0% YTD in line with our expectations
- **Mobility services** showed a continued solid performance in Q3 with YoY organic gross profit growth of 2.8% driven by higher ARPU in Consumer as well as Business' increased customer base YoY
- **TV gross profit** decline of 12.8% in Q3 YoY driven by lower GP margin due to inclusion of SVoD services in TV packages, higher content supplier costs and build-up of own content. Loss of 19k Consumer TV customers vs Q2 2019. In Q3, **Nuuday entered three new strategic TV partnerships** (with TV2, Nordisk film & C More), constituting a significant investment in our flexible TV and streaming products of the future, which will secure flexibility and high-quality content. The Discovery contract will terminate as of 1 January 2020, as an agreement was not reached to include the Discovery channels in our TV offering
- **Internet & Network** delivered YoY organic gross profit growth of 0.6% in Q3 driven by a value lift in Consumer ARPU partly offset by fewer customers
- Responsibility for managed service of our **mobile network** has now been successfully transferred to Ericsson, and the network is being prepared for 5G. **Capex** increased by 35% in Q3 YoY, driven by investments in TDC's mobile and fibre networks
- **TDC NetCo's fibre rollout** is continuing to accelerate, with ~15k homes passed in Q3
- **The separation of TDC is progressing as planned,** with full operational intercompany charging being implemented between all subsidiaries and ~90% of all employees moved to either Nuuday or NetCo
- **Allison Kirkby has stepped down as President and Group CEO of TDC** with immediate effect after accepting the position as President and CEO of Sweden's Telia Company AB
- The Board of Directors of TDC Group has appointed **Michael Moyell Juul as CEO of Nuuday**. He will take over the position from Jaap Postma, who has decided to relocate to the Netherlands

1. Reported figures excluding items affecting comparability; regulatory price adjustments, impact from acquisitions and divestments as well as costs related to the separation of TDC, investments in fibre rollout, effects from new lease accounting principles (IFRS 16) and impact from changed classification of certain costs related to customer installations. See elaboration on page 24.

Group performance in Q1-Q3 2019

Revenue

In the first three quarters of 2019, TDC Group's reported revenue decreased by 1.9% or DKK 241m to DKK 12,760m, when compared with the same period in 2018. Organic revenue[1] decreased by 2.4% due mainly to a decline in landline voice and other services that was partly offset by growth in mobility services.

Gross profit

Reported gross profit decreased by 1.9% or DKK 182m to DKK 9,191m in the first three quarters of 2019. Organic gross profit[1] decreased by 2.4% driven by the continued decline in landline voice and TV, as a result of increased TV-content costs relating to SVoD services and build-up of own content. This decline was partly offset by growth in mobility services. The gross profit margin was stable at 72.0% in the first three quarters of 2019 compared to 72.1% in the first three quarters of 2018.

Operating expenses

In the first three quarters of 2019, reported operating expenses decreased by 1.9%, or DKK 81m, to DKK 4,165m. Organic operating expenses[1] decreased by 1.7%. The improved organic operating expenses were fuelled by cost savings in the Consumer division, driven to some extent by reduced subscriber acquisition costs. This was somewhat offset by increased spending by the Wholesale division.

EBITDA

In Q1-Q3 2019, reported EBITDA decreased by 2.0% or DKK 101m to DKK 5,026m. Organic EBITDA[1] decreased by 3.0%, triggered by the continued decline in landline voice and TV that was somewhat offset by an increase in mobility services and cost savings.

Capital expenditure

In Q1-Q3 2019, capital expenditure totalled DKK 3,186m, up by 29.5% or DKK 726m compared with the same period last year. This trend resulted mainly from increased investments in upgrading our mobile network in preparation for 5G and the switch to Ericsson equipment, fibre rollout and digital activities.

Key figures

DKKm

		Q3 2019	Q3 2018	Change in %	Q1-Q3 2019	Q1-Q3 2018	Change in %
Income statements	DKKm						
Revenue		4,215	4,338	(2.8)	12,760	13,001	(1.9)
Organic revenue¹		-	-	(3.2)	-	-	(2.4)
Gross profit		3,009	3,086	(2.5)	9,191	9,373	(1.9)
Organic gross profit¹		-	-	(2.8)	-	-	(2.4)
Operational expenses		(1,352)	(1,427)	(5.3)	(4,165)	(4,246)	(1.9)
Organic operational expenses¹		-	-	(1.9)	-	-	(1.7)
EBITDA		1,657	1,659	(0.1)	5,026	5,127	(2.0)
EBITDA excl. new lease accounting principles (IFRS 16)				(6.4)			(7.8)
Organic EBITDA¹		-	-	(3.6)	-	-	(3.0)
Profit/(loss) for the period from continuing operations excluding special items		122	188	(35.1)	235	1,151	(79.6)
Profit/(loss) for the period		97	261	(62.8)	138	828	(83.3)
Total comprehensive income/(loss)		325	613	(47.0)	287	1,227	(76.6)
Capital expenditure, excluding mobile licenses		(1,080)	(798)	35.3	(3,186)	(2,460)	29.5
Mobile licenses		3	-	-	(1,349)	-	-
Key financial ratios							
Gross margin	%	71.4	71.1	-	72.0	72.1	-
EBITDA margin	%	39.3	38.2	-	39.4	39.4	-

1. Reported figures excluding items affecting comparability; regulatory price adjustments, impact from acquisitions and divestments as well as costs related to the separation of TDC, investments in fibre rollout, effects from new lease accounting principles (IFRS 16) and impact from changed classification of certain costs related to customer installations. See more details on page 24.

Cash flow
The DKK 1,011m increase in cash flow from operating activities in continuing operations in Q1-Q3 2019, up to DKK 3,962m, was driven primarily by special items cash flow related to the takeover of TDC in 2018 (DKK 898m). Also, the different timing of income tax (DKK 247m) compared with Q1-Q3 2018 and the distribution of "excess capital" in Q1 from TDC Pension Fund (DKK 136m before tax) contributed positively. This was partly offset by the different timing of net working capital (DKK -113m) and lower EBITDA (DKK -101m).

The DKK 918m increase in cash outflow from investing activities in continuing operations, up to DKK 3,514m, was driven primarily by higher capex compared with Q1-Q3 2018.

Cash outflow from financing activities in continuing operations in Q1-Q3 2019 decreased by DKK 518m to DKK 878m and stemmed primarily from the financing activities following the takeover of TDC in 2018. This lower cash outflow was partly offset by an increase in lease repayments (DKK 190m) associated with the implementation of IFRS 16 in 2019.

Profit for the period
Excluding discontinued operations and special items, profit for the period declined by 79.6% or DKK 916m to DKK 235m driven primarily by increased depreciation[1] and the decrease in EBITDA explained above.

Profit for the period (including discontinued operations and special items) declined by DKK 690m to DKK 138m. The negative effect from the depreciation and EBITDA mentioned above was partly offset by an improvement in special items stemming mainly from costs related to the takeover of TDC in May 2018.

Comprehensive income
Total comprehensive income decreased by DKK 940m to DKK 287m. Profit for the period declined by DKK 690m, and the decrease of DKK 250m in other comprehensive income related primarily to a negative development of DKK 282m in exchange-rate adjustments of foreign enterprises (primarily in Norway).

Net interest-bearing debt
Net interest-bearing debt increased by DKK 6,730m to DKK 26,340m during Q1-Q3 2019 following the increased recognition of lease liabilities due to the adoption of IFRS 16 (DKK 5,386m) and the acquisition of mobile licences (DKK 1,349m).

Cash flow and Net interest-bearing debt, key figures

DKKm

		Q3 2019	Q3 2018	Change in %	Q1-Q3 2019	Q1-Q3 2018	Change in %
Cash flow from operating activities		1,257	1,545	(18.6)	3,962	2,951	34.3
Investment in property, plant and equipment		(700)	(521)	34.4	(2,169)	(1,536)	41.2
Investment in intangible assets		(424)	(350)	21.1	(1,246)	(1,037)	20.2
Lease repayments		(36)	(8)	-	(222)	(32)	-
Coupon payments on hybrid capital		-	-	-	-	(261)	-
Equity free cash flow		**97**	**666**	**(85.4)**	**325**	**85**	**-**
Total cash flow from operating activities		1,257	1,545	(18.6)	3,962	2,951	34.3
Total cash flow from investing activities		(1,126)	(898)	25.4	(3,514)	(2,596)	35.4
Total cash flow from financing activities		(35)	(1,123)	(96.9)	(878)	(1,396)	(37.1)
Total cash flow from continuing operations		96	(476)	(120.2)	(430)	(1,041)	(58.7)
Total cash flow from discontinued operations		0	169	-	(3)	241	(101.2)
Total cash flow		**96**	**(307)**	**(131.3)**	**(433)**	**(800)**	**(45.9)**
Net interest-bearing debt (NIBD)		(26,340)	(36,595)	(28.0)	(26,340)	(36,595)	(28.0)
NIBD/EBITDA[1]	x	4.0	5.4	-	4.0	5.4	-

1 The leverage ratio is calculated based on reported Last Twelve Month (LTM) EBITDA, i.e. only EBITDA for Q1-Q3 2019 is including the impact from IFRS 16 (DKK 299m). Calculated on the annualised impact totalling DKK 400m from IFRS 16 for 2019, the leverage ratio would have been 3.9 at 30 September 2019. Calculated without the impact from IFRS 16, the NIBD/EBITDA ratio amounted to 3.4 at 30 September 2019.

1. See also note 3 to the Consolidated Financial Statements.

Performance per business line in Q1-Q3 2019

The illustration below reflects TDC Group's Q1-Q3 2019 performance based on our traditional business line reporting. Costs are not allocated but are included in the business line responsible for the service.

DKKm	TDC Group	Consumer	Business	Wholesale	Other operations
Revenue[1]	12,760 (1.9%)	8,203 (0.5%)	3,065 (2.9%)	1,262 (2.8%)	349 (-4.1%)
Gross profit[1]	9,191 (1.9%)	5,749 (2.3%)	2,330 (3.4%)	896 (1.2%)	210 11.1%
EBITDA[1]	5,026 (2.0%)	4,403 (2.7%)	1,672 (4.9%)	761 (5.6%)	(1,770) (9.3%)

1. Both absolute figures and growth rates are excluding eliminations and therefore do not amount to 100%.

Consumer

In Q1-Q3 2019, Consumer's revenue decreased by 0.5% or DKK 42m to DKK 8,203m. Reported revenue was impacted positively by the acquisitions of Hiper and Firmafon (included from December 2018 and March 2019, respectively). Organic revenue[1] decreased by 1.7%. This development was caused by a loss of RGUs in landline voice and TV along with lower mobile handset sales. This was partly offset by price increases on broadband, TV and mobile voice.

Gross profit decreased by 2.3% or DKK 134m to DKK 5,749m. Organic gross profit[1] decreased by 3.0%, which was driven by landline voice and increased TV content costs relating to SVoD services and build-up of own content. Growth in mobility services and internet & network only partly offset the negative developments.

Savings of 1.0% or DKK 14m on operating expenses were achieved, resulting in total operating expenses of DKK 1,346m. Organic operating expenses[1] were reduced by 4.5% driven by fewer average FTEs YoY, SAC and lower bad debt.

These developments resulted in an EBITDA decline of 2.7% or DKK 120m to DKK 4,403m in Q1-Q3 2019. Consumer's organic EBITDA[1] decreased by 2.5% in Q1-Q3 2019 compared with an organic increase of 0.9% in Q1-Q3 2018 mainly driven by mobility services and other services.

Business

In Q1-Q3 2019, Business' revenue decreased by 2.9% or DKK 91m to DKK 3,065m. Reported revenue was slightly improved by the acquisitions of CC Factory and SECU (included from October 2018 and April 2019, respectively). Organic revenue[1] decreased by 3.5%, which was driven by a decrease in landline voice as well as internet & network, where a decreasing customer base was the primary driver. Positive developments in hardware sales and mobility services partly offset the negative revenue effects.

Gross profit decreased by 3.4% or DKK 83m to DKK 2,330m. Organic gross profit[1] decreased by 3.9% due to the loss of landline voice and low-speed broadband customers.

Operating expenses increased by 0.6% or DKK 4m to DKK 658m, due to the acquisitions of CC Factory and SECU, while organic operating expenses[1] decreased by 1.8%.

These developments resulted in an EBITDA decline of 4.9% or DKK 87m to DKK 1,672m. Business' organic EBITDA[1] decline of 4.6% in Q1-Q3 2019 compared favourably with the organic decline of 7.0% in Q1-Q3 2018. This was due primarily to the improved development within other services.

Wholesale

In the first three quarters of 2019, Wholesale reported a revenue decline of 2.8% or DKK 37m to DKK 1,262m and a gross profit decrease of 1.2% or DKK 11m to DKK 896m. Wholesales' organic gross profit increased by 0.2%, which was attributable to mobility services and landline voice. The mobility services development was driven by growth in the mobile customer base, and the national roaming agreement with Hi3G. This improvement was partly offset by mobile interconnect. The landline voice development was attributable to high costs in 2018.

Operational expenditure increased by 33.7% or DKK 34m to DKK 135m. The financials were impacted negatively by the transition of TDC and marketing costs related to the fibre roll out. Organic operational expenditure increased by 8.5%, reflecting increased marketing spending.

Wholesales' reported EBITDA decreased by 5.6% or DKK 45m to DKK 761m. Wholesales' organic EBITDA[1] decreased by 1.2%.

Other operations

Other operations consists of TDC Group's support functions such as IT, procurement, network, installation, digital activities, facility management and Headquarters.

In Q1-Q3 2019, Other operations' revenue decreased by 4.1% or DKK 15m to DKK 349m, and gross profit improved by 11.1% or DKK 21m to DKK 210m. Other operations' organic gross profit increased by 22.8%. This resulted from increased external revenue from DKTV generated by additional installation activities in relation to upgrading privately owned cable networks to DOCSIS 3.1, as the internal project on upgrading our cable network to DOCSIS 3.1 was completed successfully in Q4 2018. However, this effect diminished almost entirely in Q3.

Operating expenses decreased by 7.5% or DKK 160m to DKK 1,980m. Organic operating expenses[1] decreased by 1.2%. This improvement was driven by efficiency improvements e.g. stemming from increased digitalisation and fewer FTEs in the field force, which was triggered by fewer faults.

Other operations' EBITDA improved by 9.3% or DKK 181m to DKK -1,770m. Other operations' organic EBITDA[1] improved by 3.6% driven by efficiency improvements and fewer FTEs in the field force.

1. Reported figures excluding items affecting comparability; regulatory price adjustments, impact from acquisitions and divestments as well as costs related to the separation of TDC, investments in fibre rollout, effects from new lease accounting principles (IFRS 16) and impact from changed classification of certain costs related to customer installations. See elaboration on page 24.

Consolidated financial statements

Income statement

DKKm

	Note	Q3 2019	Q3 2018	Change in %	Q1-Q3 2019	Q1-Q3 2018	Change in %
Revenue	2	**4,215**	**4,338**	**(2.8)**	**12,760**	**13,001**	**(1.9)**
Cost of sales		(1,206)	(1,252)	(3.7)	(3,569)	(3,628)	(1.6)
Gross profit		**3,009**	**3,086**	**(2.5)**	**9,191**	**9,373**	**(1.9)**
External expenses		(565)	(621)	(9.0)	(1,710)	(1,840)	(7.1)
Personnel expenses		(827)	(830)	(0.4)	(2,583)	(2,483)	4.0
Other income		40	24	66.7	128	77	66.2
Operating profit before depreciation, amortisation and special items (EBITDA)	2	**1,657**	**1,659**	**(0.1)**	**5,026**	**5,127**	**(2.0)**
Depreciation, amortisation and impairment losses	3	(1,290)	(1,018)	26.7	(3,802)	(2,991)	27.1
Operating profit excluding special items (EBIT excluding special items)		**367**	**641**	**(42.7)**	**1,224**	**2,136**	**(42.7)**
Special items	4	(30)	(92)	(67.4)	(116)	(784)	(85.2)
Operating profit (EBIT)		**337**	**549**	**(38.6)**	**1,108**	**1,352**	**(18.0)**
Financial income and expenses	5	(240)	(405)	(40.7)	(738)	(535)	37.9
Profit/(loss) before income taxes		**97**	**144**	**(32.6)**	**370**	**817**	**(54.7)**
Income taxes		-	(35)	-	(232)	(380)	(38.9)
Profit/(loss) for the period from continuing operations		**97**	**109**	**(11.0)**	**138**	**437**	**(68.4)**
Profit for the period from discontinued operations		-	152	-	-	391	-
Profit/loss) for the period		**97**	**261**	**(62.8)**	**138**	**828**	**(83.3)**
Profit/(loss) attributable to:							
Owners of the parent company		97	264	(63.3)	137	595	(77.0)
Coupon payments on hybrid capital, net of tax		-	-	-	-	235	-
Non-controlling interests		-	(3)	-	1	(2)	(150.0)

Statement of comprehensive income

DKKm

	Note	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018
Profit/(loss) for the period		**97**	**261**	**138**	**828**
Items that may subsequently be reclassified to the income statement:					
Exchange-rate adjustments of foreign enterprises	5	(3)	41	(6)	276
Value adjustments of hedging instruments	5	11	11	33	(21)
Items that cannot subsequently be reclassified to the income statement:					
Remeasurement of defined benefit pension plans		281	385	156	185
Income tax relating to remeasurement of defined benefit pension plans		(61)	(85)	(34)	(41)
Other comprehensive income/(loss)		**228**	**352**	**149**	**399**
Total comprehensive income/(loss)		**325**	**613**	**287**	**1,227**

Balance sheet

DKKm

	Note	30 September 2019	31 December 2018	30 September 2018
Assets				
Non-current assets				
Intangible assets		25,017	23,764	23,527
Property, plant and equipment		14,361	14,597	14,556
Lease assets		4,522	-	-
Joint ventures, associates and other investments		68	91	99
Pension assets	6	6,854	6,854	6,909
Receivables		194	194	192
Prepaid expenses		36	43	44
Total non-current assets		**51,052**	**45,543**	**45,327**
Current assets				
Inventories		218	187	225
Receivables		2,266	2,119	2,463
Income tax receivables		-	77	-
Derivative financial instruments		64	309	319
Prepaid expenses		613	427	374
Cash		1,822	2,244	656
Assets held for sale		-	-	13,155
Total current assets		**4,983**	**5,363**	**17,192**
Total assets		**56,035**	**50,906**	**62,519**

Balance sheet

DKKm

	Note	30 September 2019	31 December 2018	30 September 2018
Equity and liabilities				
Equity				
Share capital		812	812	812
Reserve for exchange rate adjustments		1	7	(1,231)
Reserve for cash flow hedges		(152)	(185)	(196)
Retained earnings		14,565	14,826	10,573
Equity attributable to owners of the parent company		**15,226**	**15,460**	**9,958**
Non-controlling interests		2	2	(1)
Total equity		**15,228**	**15,462**	**9,957**
Non-current liabilities				
Deferred tax liabilities		3,383	3,653	3,675
Provisions		319	972	968
Loans	7	27,600	21,691	36,302
Other non-current liabilities		24	-	-
Total non-current liabilities		**31,326**	**26,316**	**40,945**
Current liabilities				
Loans	7	605	117	938
Trade and other payables		8,025	8,134	7,849
Income tax payable		484	-	125
Derivative financial instruments		316	761	636
Provisions		51	116	129
Liabilities concerning assets held for sale		-	-	1,940
Total current liabilities		**9,481**	**9,128**	**11,617**
Total liabilities		**40,807**	**35,444**	**52,562**
Total equity and liabilities		**56,035**	**50,906**	**62,519**

Statements of cash flow

DKKm

	Q3 2019	Q3 2018	Change in %	Q1-Q3 2019	Q1-Q3 2018	Change in %
EBITDA	1,657	1,659	(0.1)	5,026	5,127	(2.0)
Adjustment for non-cash items	37	26	42.3	137	104	31.7
Pension contributions	(1)	(1)	-	134	(6)	-
Payments related to provisions	(12)	(20)	(40.0)	(36)	(26)	38.5
Special items	(36)	(91)	(60.4)	(111)	(1,009)	(89.0)
Change in working capital	(216)	120	-	(384)	(271)	41.7
Interest paid, net	(172)	(148)	16.2	(828)	(745)	11.1
Income tax paid	-	-	-	24	(223)	(110.8)
Operating activities in continuing operations	**1,257**	**1,545**	**(18.6)**	**3,962**	**2,951**	**34.3**
Operating activities in discontinued operations	-	336	-	(3)	788	(100.4)
Total cash flow from operating activities	**1,257**	**1,881**	**(33.2)**	**3,959**	**3,739**	**5.9**
Investment in enterprises	-	(4)	-	(125)	(29)	-
Investment in property, plant and equipment	(700)	(521)	34.4	(2,169)	(1,536)	41.2
Investment in intangible assets	(424)	(350)	21.1	(1,246)	(1,037)	20.2
Investment in other non-current assets	-	(54)	-	-	(55)	-
Divestment of enterprises	2	-	-	2	(1)	-
Divestment of joint ventures and associates	-	-	-	17	-	-
Sale of other non-current assets	(4)	31	(112.9)	6	62	(90.3)
Dividends received from joint ventures and associates	-	-	-	1	-	-
Investing activities in continuing operations	**(1,126)**	**(898)**	**25.4**	**(3,514)**	**(2,596)**	**35.4**
Investing activities in discontinued operations	-	(167)	-	-	(547)	-
Total cash flow from investing activities	**(1,126)**	**(1,065)**	**5.7**	**(3,514)**	**(3,143)**	**11.8**
Proceeds from long-term loans	-	5,040	-	-	32,412	-
Repayment of long-term loans	-	(5,928)	-	(136)	(17,838)	(99.2)
Lease repayments	(36)	(8)	-	(222)	(32)	-
Change in short-term bank loans	1	(227)	(100.4)	1	727	(99.9)
Repayment of hybrid capital	-	-	-	-	(5,588)	-
Coupon payments on hybrid capital	-	-	-	-	(261)	-
Dividends paid	-	-	-	(520)	(10,816)	(95.2)
Capital contribution from non-controlling interests	-	-	-	(1)	-	-
Financing activities in continuing operations	**(35)**	**(1,123)**	**(96.9)**	**(878)**	**(1,396)**	**(37.1)**
Financing activities in discontinued operations	-	-	-	-	-	-
Total cash flow from financing activities	**(35)**	**(1,123)**	**(96.9)**	**(878)**	**(1,396)**	**(37.1)**
Total cash flow	**96**	**(307)**	**(131.3)**	**(433)**	**(800)**	**(45.9)**
Cash and cash equivalents (beginning-of-period)	1,721	1,295	32.9	2,244	1,767	27.0
Effect of exchange-rate changes on cash and cash equivalents	5	2	150.0	11	23	(52.2)
Cash and cash equivalents (end-of-period)	**1,822**	**990**	**84.0**	**1,822**	**990**	**84.0**

Statement of changes in equity

DKKm

	Equity attributable to owners of the parent company							
	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Total	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2018	812	(1.507)	(175)	20.881	20.011	5.552	1	25.564
Profit for the period				595	595	235	(2)	828
Exchange-rate adjustments of foreign enterprises		276			276			276
Value adjustments of hedging instruments			(21)		(21)			(21)
Remeasurement effects of defined benefit pension plans				185	185			185
Income tax relating to remeasurement effects of defined benefit pension plans				(41)	(41)			(41)
Total comprehensive income	**-**	**276**	**(21)**	**739**	**994**	**235**	**(2)**	**1.227**
Distributed dividends				(10.816)	(10.816)			(10.816)
Repayment of hybrid capital				(36)	(36)	(5.552)		(5.588)
Share-based remuneration				(291)	(291)			(291)
Income tax relating to share-based remuneration				96	96			96
Coupon payments on hybrid capital					-	(261)		(261)
Income tax relating to coupon payments on hybrid capital					-	26		26
Additions to non-controlling interests					-		1	1
Decrease in non-controlling interests					-		(1)	(1)
Total transactions with shareholders	**-**	**-**	**-**	**(11.047)**	**(11.047)**	**(5.787)**	**-**	**(16.834)**
Equity at 30 September 2018	**812**	**(1.231)**	**(196)**	**10.573**	**9.958**	**-**	**(1)**	**9.957**

Statement of changes in equity (continued)

DKKm

	Equity attributable to owners of the parent company							
	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Total	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2019	812	7	(185)	14.826	15.460	-	2	15.462
Profit for the period				137	137		1	138
Exchange-rate adjustments of foreign enterprises		(6)			(6)			(6)
Value adjustments of hedging instruments			33		33			33
Remeasurement effects related to defined benefit pension plans				156	156			156
Income tax relating to remeasurement effects from defined benefit pension plans				(34)	(34)			(34)
Total comprehensive income	**-**	**(6)**	**33**	**259**	**286**	**-**	**1**	**287**
Distributed dividends				(520)	(520)		(1)	(521)
Total transactions with shareholders	**-**	**-**	**-**	**(520)**	**(520)**	**-**	**(1)**	**(521)**
Equity at 30 September 2019	**812**	**1**	**(152)**	**14.565**	**15.226**	**-**	**2**	**15.228**

Consolidated financial statements

Note 1 Accounting policies

TDC's Interim Financial Report for Q1-Q3 2019 has been prepared in accordance with IAS 34 Interim Financial Reporting.

The consolidated financial statements are based on the historical cost convention, except that the following assets and liabilities are measured at fair value: derivatives and equity investments.

Critical accounting estimates and judgements
When preparing the consolidated financial statements, Management makes assumptions that affect the reported amount of assets and liabilities at the balance sheet date, and the reported income and expenses for the accounting period. The accounting estimates and judgements considered material to the preparation of the consolidated financial statements are shown in note 1.2 of the consolidated financial statements for 2018, cf. TDC's Annual Report 2018.

Changed accounting for leases
The standard IFRS 16 Leases, effective from 1 January 2019, replaces the previous standard IAS 17 Leases and its associated interpretation guidance.

- IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether an identified asset is controlled by the lessee. Under the new standard, leases result in the lessee obtaining the right to use an asset during the estimated lease term and, if lease payments are made over time, obtaining financing.
- Consequently, all leases (with a few exceptions) must now be recognised in the balance sheet as lease assets and corresponding lease liabilities.
- The lease expenses, which were previously recognised as a single amount (operating expenses), now consist of two elements: depreciation and interest expenses.
- TDC has applied the practical expedients to recognise payments associated with short-term leases and leases of low value assets as expenses in the income statement.
- The accounting for leases previously classified as finance leases is unchanged.

TDC has implemented IFRS 16 using the modified retrospective approach, which means that comparative figures for previous periods have not been restated. The cumulative effect of initially applying the standard was recognised at 1 January 2019.

IFRS 16 impact on initial application at 1 January 2019

	DKKm
Lease assets	4,704
Total assets	**4,704**
Provisions incl. short term part	(682)
Loans incl. short term part (lease liabilities)	5,386
Total liabilities	**4,704**

Impact on Consolidated Financial Statements

DKKm

	Previous accounting policy Q1-Q3 2019	Changed accounting policy Q1-Q3 2019	New accounting policy Q1-Q3 2019
External expenses	(1,951)	241	(1,710)
Personnel expenses	(2,579)	(4)	(2,583)
Other income (re. sublease of vacant tenancies)	66	62	128
Operating profit before depreciation, amortisation and special items (EBITDA)	**4,727**	**299**	**5,026**
Depreciation, amortisation and impairment losses	(3,522)	(280)	(3,802)
Financial income and expenses	(561)	(177)	(738)
Income taxes	(257)	25	(232)
Profit for the period	**228**	**(90)**	**138**
Total assets	**51,585**	**4,450**	**56,035**
Provisions incl. short term part	1,058	(688)	370
Loans incl. short term part	22,985	5,220	28,205
Deferred tax liabilities	3,408	(25)	3,383
Total liabilities	**36,267**	**4,540**	**40,807**
Total cash flow from operating activities	**3,742**	**217**	**3,959**
Total cash flow from financing activities	**(661)**	**(217)**	**(878)**

Except for the changes mentioned above, the accounting policies are unchanged compared with the policies applied in the Annual Report 2018.

Note 2 Segment reporting

Activities

DKKm

	Consumer[1]		Business		Wholesale		Other Operations[2]	
	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018
Mobility services	802	775	283	287	150	141	1	1
Landline voice	122	146	140	170	29	36	2	2
Internet & network	655	612	291	315	206	221	24	42
TV	967	987	7	7	10	15	(0)	0
Other services	203	225	285	262	34	35	46	87
Revenue	**2,749**	**2,745**	**1,006**	**1,041**	**429**	**448**	**73**	**132**
Cost of sales	(859)	(808)	(239)	(242)	(120)	(152)	(35)	(67)
Gross profit	**1,890**	**1,937**	**767**	**799**	**309**	**296**	**38**	**65**
Operating expenses	(440)	(427)	(215)	(212)	(51)	(36)	(679)	(794)
Other income and expenses	-	-	-	(3)	-	-	50	36
EBITDA	**1,450**	**1,510**	**552**	**584**	**258**	**260**	**(591)**	**(693)**
Specification of revenue:								
External revenue	2,747	2,742	987	1,021	408	443	73	132
Revenue across segments	2	3	19	20	21	5	-	-

	Eliminations		Total	
	Q3 2019	Q3 2018	Q3 2019	Q3 2018
Mobility services	2	(4)	1,238	1,200
Landline voice	1	-	294	354
Internet & network	(21)	(3)	1,155	1,187
TV	(1)	-	983	1,009
Other services	(23)	(21)	545	588
Revenue	**(42)**	**(28)**	**4,215**	**4,338**
Cost of sales	47	17	(1,206)	(1,252)
Gross profit	**5**	**(11)**	**3,009**	**3,086**
Operating expenses	(7)	18	(1,392)	(1,451)
Other income and expenses	(10)	(9)	40	24
EBITDA	**(12)**	**(2)**	**1,657**	**1,659**
Specification of revenue:				
External revenue	-	-	4,215	4,338
Revenue across segments	(42)	(28)	-	-

Note 2 Segment reporting (continued)

Reconciliation of profit before depreciation, amortisation and special items (EBITDA)

DKKm

	Q3 2019	Q3 2018
EBITDA from reportable segments	1,657	1,659
Unallocated:		
Depreciation, amortisation and impairment losses	(1,290)	(1,018)
Special items	(30)	(92)
Financial income and expenses	(240)	(405)
Consolidated profit before income taxes	**97**	**144**

1 The two operating segments YouSee and Online Brands are aggregated to the reportable segment Consumer as both render telecoms services B2C on the same telecoms network and in the same regulatory environment.

2 Consists of the three operating segments Operations, Digital and Headquarters. At Operations, external revenue amounted to DKK 64m (Q3 2018: DKK 128m), revenue across segments amounted to DKK 43m (Q3 2018: DKK 2m) and EBITDA amounted to DKK (277)m (Q3 2018: DKK (258)m). At Digital, external revenue amounted to DKK 4m (Q3 2018: DKK 4m), revenue across segments totalled DKK 0m (Q3 2018: DKK 0m) and EBITDA amounted to DKK (92)m (Q3 2018: DKK (79)m). At Headquarters, external revenue amounted to DKK 5m (Q3 2018: DKK 0m), revenue across segments totalled DKK 9m (Q3 2018: DKK 11m) and EBITDA amounted to DKK (222)m (Q3 2018: DKK 356)m). Elimination of revenue across segments within Other operations totalled DKK (52)m (Q3 2018: DKK(13)m).

During Q2 2019 TDC made several organisational changes, primarily to prepare for the legal separation of Nuuday and NetCo. The organisational changes are reflected in the financial reporting for the business lines for January-September 2019 and comparative figures are restated accordingly.

Costs are still not allocated but are included in the business line responsible for the service. Following the legal separation, trading on an arm's length basis between Nuuday, NetCo and the shared service centres at Headquarters is under implementation and is expected to be reflected in the financial reporting as of Q4 2019.

Note 2 Segment reporting (continued)

Activities

DKKm

	Consumer[1]		Business		Wholesale		Other Operations[2]	
	Q1-Q3 2019	Q1-Q3 2018	Q1-Q3 2019	Q1-Q3 2018	Q1-Q3 2019	Q1-Q3 2018	Q1-Q3 2019	Q1-Q3 2018
Mobility services	2,348	2,270	864	858	424	419	3	3
Landline voice	381	453	434	515	99	113	6	7
Internet & network	1,973	1,836	887	945	601	618	128	129
TV	2,938	2,997	21	23	31	41	-	-
Other services	563	689	859	815	107	108	212	225
Revenue	**8,203**	**8,245**	**3,065**	**3,156**	**1,262**	**1,299**	**349**	**364**
Cost of sales	(2,454)	(2,362)	(735)	(743)	(366)	(392)	(139)	(175)
Gross profit	**5,749**	**5,883**	**2,330**	**2,413**	**896**	**907**	**210**	**189**
Operating expenses	(1,346)	(1,361)	(658)	(651)	(135)	(101)	(2,137)	(2,249)
Other income and expenses	-	1	-	(3)	-	-	157	109
EBITDA	**4,403**	**4,523**	**1,672**	**1,759**	**761**	**806**	**(1,770)**	**(1,951)**
Specification of revenue:								
External revenue	8,198	8,237	3,021	3,115	1,193	1,286	348	363
Revenue across segments	5	8	44	41	69	13	1	1

	Eliminations		Total	
	Q1-Q3 2019	Q1-Q3 2018	Q1-Q3 2019	Q1-Q3 2018
Mobility services	(2)	(10)	3,637	3,540
Landline voice	1	(1)	921	1,087
Internet & network	(64)	(9)	3,525	3,519
TV	1	-	2,991	3,061
Other services	(55)	(43)	1,686	1,794
Revenue	**(119)**	**(63)**	**12,760**	**13,001**
Cost of sales	125	44	(3,569)	(3,628)
Gross profit	**6**	**(19)**	**9,191**	**9,373**
Operating expenses	(17)	39	(4,293)	(4,323)
Other income and expenses	(29)	(30)	128	77
EBITDA	**(40)**	**(10)**	**5,026**	**5,127**
Specification of revenue:				
External revenue	-	-	12,760	13,001
Revenue across segments	(119)	(63)	-	-

Note 2 Segment reporting (continued)

Reconciliation of profit before depreciation, amortisation and special items (EBITDA)

DKKm

	Q1-Q3 2019	Q1-Q3 2018
EBITDA from reportable segments	5,026	5,127
Unallocated:		
Depreciation, amortisation and impairment losses	(3,802)	(2,991)
Special items	(116)	(784)
Financial income and expenses	(738)	(535)
Consolidated profit before income taxes	**370**	**817**

1 The two operating segments YouSee and Online Brands are aggregated to the reportable segment Consumer as both render telecoms services B2C on the same telecoms network and in the same regulatory environment.

2 Consists of the three operating segments Operations, Digital and Headquarters. At Operations, external revenue amounted to DKK 324m (Q1-Q3 2018: DKK 343m), revenue across segments amounted to DKK 90m (Q1-Q3 2018: DKK 10m) and EBITDA amounted to DKK (749)m (Q1-Q3 2018: DKK (792)m). At Digital, external revenue amounted to DKK 11m (Q1-Q3 2018: DKK 10m), revenue across segments totalled DKK 0m (Q1-Q3 2018: DKK 0m) and EBITDA amounted to DKK (271)m Q1-Q3 2018: DKK (227)m). At Headquarters, external revenue amounted to DKK 13m (Q1-Q3 2018: DKK 10m), revenue across segments totalled DKK 27m (Q1-Q3 2018: DKK 27m) and EBITDA amounted to DKK (750)m (Q1-Q3 2018: DKK (932)m). Elimination of revenue across segments within Other operations amounted to DKK (116)m (Q1-Q3 2018: DKK (36)m).

Note 3 Depreciation, amortisation and impairment losses

DKKm

	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018
Depreciation on property, plant and equipment	(823)	(603)	(2,268)	(1,754)
Amortisation of intangible assets	(366)	(412)	(1,219)	(1,211)
Depreciation of lease assets	(95)	-	(285)	-
Impairment losses	(6)	(3)	(30)	(26)
Total	**(1,290)**	**(1,018)**	**(3,802)**	**(2,991)**

The increases in depreciation, amortisation and impairment losses from Q1-Q3 2018 to Q1-Q3 2019 are due primarily to the reduced useful lives of existing mobile equipment as a result of the on-going replacement with Ericsson equipment as well as higher depreciation on lease assets resulting from implementing IFRS 16 Leases.

Note 4 Special items

Special items include significant amounts that cannot be attributed to normal operations such as re-structuring costs and special write-downs for impairment of intangible assets and property, plant and equipment. Special items also include gains and losses related to divestment of enterprises, as well as transaction costs and adjustments of purchase prices relating to the acquisition of enter-prises.

Special items as described above are disclosed on the face of the income statement. Items of a simi-lar nature from non-consolidated enterprises and discontinued operations are recognised in profit from joint ventures and associates and profit for the year from discontinued operations, respec-tively.

Special items

DKKm

	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018
Costs related to redundancy pro-grammes and vacant tenancies	(4)	(46)	(36)	(157)
Other restructuring costs, etc.	(14)	(9)	(54)	(462)
Income from rulings	-	-	-	85
Loss from rulings	(8)	(2)	(10)	(2)
Costs related to acquisition of enter-prises	-	(1)	(11)	(22)
Loss from divestments of enterprises and property	(4)	(34)	(5)	(34)
PSP settlement	-	-	-	(192)
Special items before income taxes	**(30)**	**(92)**	**(116)**	**(784)**
Income taxes related to special items	5	13	17	70
Special items related to joint ventures and associates	-	-	2	-
Special items related to discontinued operations	-	(3)	-	(15)
Total special items	**(25)**	**(82)**	**(97)**	**(729)**

1 Following the adoption of IFRS 16 Leases from 1 January 2019, costs related to vacant tenancies are no longer recognised as special items. The comparative figures still include costs related to vacant tenancies.

The positive development in special items is due primarily to costs in Q2 2018 related to the take-over of TDC.

Note 5 Financial income and expenses

Financial income and expenses

DKKm

	Q3 2019	Q3 2018	Change in %	Q1-Q3 2019	Q1-Q3 2018	Change in %
Interest income	3	3	-	31	7	-
Interest expenses	(295)	(440)	(33.0)	(875)	(784)	11.6
Net interest	**(292)**	**(437)**	**(33.2)**	**(844)**	**(777)**	**8.6**
Currency translation adjustments	(33)	(61)	(45.9)	(30)	14	-
Fair value adjustments	57	67	(14.9)	58	148	(60.8)
Interest, currency translation adjustments and fair value adjustments	**(268)**	**(431)**	**(37.8)**	**(816)**	**(615)**	**32.7**
Profit/(loss) from joint ventures and associates	1	(1)	(200.0)	(2)	(1)	100.0
Interest on pension assets	27	27	-	80	81	(1.2)
Total	**(240)**	**(405)**	**(40.7)**	**(738)**	**(535)**	**37.9**

Net financials recognised in other comprehensive income

DKKm

	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018
Currency translation adjustment, foreign enterprises	(3)	42	(6)	277
Reversal of currency translation adjustment related to disposal of foreign enterprises	-	-	-	-
Exchange-rate adjustments of foreign enterprises	**(3)**	**42**	**(6)**	**277**
Change in fair value adjustments of cash flow hedges	-	-	-	(29)
Change in fair value adjustments of cash flow hedges transferred to financial expenses	11	11	33	8
Value adjustments of hedging instruments	**11**	**11**	**33**	**(21)**

Note 5 Financial income and expenses (continued)

TDC no longer applies hedge accounting under IFRS. As a consequence, currency translation adjustments and interest from derivatives are reported as fair value adjustments in the income statement. In TDC´s internal reporting, currency translation adjustments and interest from derivatives are reported as such, as specified in the table below.

Specifications

DKKm

	Q3 2019				Q3 2018			
	Interest	Currency translation adjustments	Fair value adjustments	Total	Interest	Currency translation adjustments	Fair value adjustments	Total
Senior Facility Agreement	(103)	(5)	(1)	**(109)**	(283)	(24)	(1)	**(308)**
Euro Medium Term Notes	(94)	(2)	7	**(89)**	(81)	(8)	(11)	**(100)**
Lease liabilities	(61)	-	-	**(61)**	(3)	-	-	**(3)**
Other	(23)	5	9	**(9)**	(32)	3	9	**(20)**
Total	**(281)**	**(2)**	**15**	**(268)**	**(399)**	**(29)**	**(3)**	**(431)**

	Q1-Q3 2019				Q1-Q3 2018			
	Interest	Currency translation adjustments	Fair value adjustments	Total	Interest	Currency translation adjustments	Fair value adjustments	Total
Senior Facility Agreement	(301)	(1)	(27)	**(329)**	(307)	147	14	**(146)**
Euro Medium Term Notes	(280)	4	(1)	**(277)**	(318)	(17)	(82)	**(417)**
Lease liabilities	(184)	-	-	**(184)**	(9)	-	-	**(9)**
Other	(53)	15	12	**(26)**	(105)	19	43	**(43)**
Total	**(818)**	**18**	**(16)**	**(816)**	**(739)**	**149**	**(25)**	**(615)**

Interest, currency translation adjustments and fair value adjustments represented an expense of DKK 816m in Q1-Q3 2019, corresponding to an increase of DKK 201m compared with Q1-Q3 2018 which was driven primarily by the following:

- As of 1 January 2019, IFRS 16 was implemented resulting in additional interest expenses of DKK 177m relating to lease liabilities.
- Interest expenses during the first half of 2019 were DKK 80m higher than in H1 2018 due to the new debt facilities put in place following DKT Telekommunikation ApS' acquisition of TDC in Q2 2018.
- Following the sale of GET AS in Q4 2018 the debt level in 2019 was lower than in Q3 2018. This positively impacted interest expenses by DKK 158m in Q3 2019 compared with in Q3 2018.
- Q1-Q3 2018 was positively impacted by a gain of DKK 180m related to the USD 1,418m SFA loan established on 28 June 2018 and pre-hedged from 11 June 2018. This was partly offset by DKK 36m currency adjustments relating to EUR debt in Q1-Q3 2018.

Note 6 Pension assets and pension obligations

Domestic defined benefit plan

DKKm

	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018
Pension (costs)/income				
Service cost	(23)	(27)	(68)	(81)
Administrative expenses	(3)	(3)	(10)	(10)
Personnel expenses (included in EBITDA)	**(26)**	**(30)**	**(78)**	**(91)**
Interest on pension assets	27	27	80	81
Pension (costs)/income	**1**	**(3)**	**2**	**(10)**
Redundancy programmes recognised in special items	**(1)**		(3)	(29)
Members part of distribution of "excess capital"	-	-	(24)	-
Total pension (costs) /income recognised in the income statement	**-**	**(3)**	**(25)**	**(39)**

The pension fund operates defined benefit plans via a separate legal entity supervised by the Danish Financial Supervisory Authority (FSA). In accordance with existing legislation, Articles of Association and the pension regulations, TDC is required to make contributions to meet the capital adequacy requirements. Since 1990, no new members have joined the pension fund plans, and the pension fund is prevented from admitting new members in the future due to the Articles of Association.

With effect from 2019, the TDC Pension Fund can under certain circumstances distribute "excess capital" annually as described and defined in the fund's articles of association and pension regulation. Regarding the financial year 2018, DKK 160m was distributed, of which TDC received DKK 136m before tax, and the members of the fund received DKK 24m (recognised as special items).

Domestic defined benefit plan

DKKm

	30 September 2019	31 December 2018	30 September 2018
Assets and obligations			
Specification of pension assets			
Fair value of plan assets	31,587	29,990	30,502
Defined benefit obligation	(24,733)	(23,136)	(23,593)
Pension assets recognised in the balance sheet	**6,854**	**6,854**	**6,909**
Change in pension assets			
Pension assets recognised at 1 January	6,854	6,752	6,752
Pension (costs)/income	(2)	(43)	(39)
Remeasurement effects	156	131	185
Distribution of "excess capital"	(160)	-	-
TDC's contribution	6	14	11
Pension assets recognised in the balance sheet	**6,854**	**6,854**	**6,909**
Assumptions used to determine defined benefit obligations			
Discount rate	0.55	1.55	1.57
General price/wage inflation	1.12	1.51	1.71
Assumptions used to determine pension (costs)/income			
Discount rate	1.55	1.56	1.56
General price/wage inflation	1.51	1.73	1.73

The pension obligation is calculated by discounting the expected future pension payments.

The remeasurement effects in Q1-Q3 2019 (a net gain of DKK 156m) cover primarily a gain related to the plan assets (DKK 2,232m) as the actual return was higher than expected. The gain was partly offset by a loss related to the benefit obligation (DKK 2,076m) resulting from the decreasing discount rate (from 1.55% to 0.55%) and the decreasing inflation rate (from 1.51% to 1.12%).

[1] In accordance with International Financial Reporting Standards, the expected return should be assumed to be equal to the discount rate as of the end of the previous year.

Note 7 Loans and net interest-bearing debt

Euro Medium Term Notes (EMTNs) and Senior Facility Agreement (SFA)

DKKm

	2022	2023	2025	Total
Maturity	Mar 22	Feb 23	Jun 25	
Fixed/Floating rate	Fixed	Fixed	Floating	
Coupon	5.000%	6.875%		
Currency	EUR	GBP	EUR	
Type	EMTN Bond	EMTN Bond	Bank loan	
Nominal value (DKKm)	3,733	3,575	14,186	21,494
Nominal value (Currency)	500	425	1,900	
– Of which nominal value swapped to EUR or DKK (Currency)[1]	200	425		
– Of which nominal value swapped to or with floating interest rate (EURm)	100	-	700	
– Of which nominal value swapped to or with fixed interest rate (EURm)[2]	400	500	1,200	2,100

[1] EUR exposures are not considered a significant risk due to the fixed EURDKK exchange rate policy.
[2] The maturity of interest-rate swaps used for hedging long-term EMTN bonds matches the maturity of the underlying EMTN bonds. Derivatives of nominal EUR 925m used for the hedging long-term SFA loan mature in June 2020 and nominal EUR 275m mature in later periods.

Net interest-bearing debt

DKKm

	30 September 2019	31 December 2018	30 September 2018
EMTN loans incl. short-term part	7,322	7,285	7,311
Senior Facility Agreement incl. short term part	14,145	14,140	28,774
Bank loans	1	-	727
Debt regarding leasing incl. short-term part	5,288	72	74
Other long-term loans incl. short-term part	1,449	311	354
Interest-bearing payables	2	2	2
Derivatives	108	200	163
Interest-bearing receivables and investments	(153)	(156)	(154)
Cash	(1,822)	(2,244)	(656)
Net interest-bearing debt	**26,340**	**19,610**	**36,595**

Net interest-bearing debt increased by DKK 6,730m during Q1-Q3 2019. This was caused primarily by the increased recognition of lease liabilities stemming from the adoption of the accounting standard IFRS 16 Leases (DKK 5,386m), and acquisition of mobile licences (DKK 1,349m).

Note 8 Hybrid capital

Until repayment in June 2018, TDC Group had EUR 750m in callable subordinated capital securities (hybrid bonds) outstanding that was accounted for as equity. The hybrid capital was subordinate to the Group's other creditors.

Coupon payments were recognised directly in equity at the time the payment obligation arose.

Coupon payments were recognised in the statement of cash flow as a separate item within financing activities.

The hybrid bonds issued by TDC Group provided 50% equity credit from rating agencies. Accordingly, 50% of the hybrid capital was included in NIBD.

Note 9 Events after the balance sheet date

There have been no events that materially affect the assessment of this Interim Financial Report January – September 2019 after the balance sheet date and up to today.

Organic figures

In order to evaluate TDC Group's underlying organic growth, TDC Group's figures are adjusted on the 2018 base for a number of factors affecting comparability; regulatory price adjustments, impact from acquisitions and divestments as well as costs related to the separation of TDC, investments in fibre rollout, effects from new lease accounting principles (IFRS 16) and impact from changed classification of certain costs related to customer installations.

TDC Group, adjustments

DKKm

	Q1	Q2	Q3	Q1-Q3
Reported EBITDA 2018	1,767	1,701	1,659	5,127
Acquisitions, divestments & regulation	3	(2)	(3)	(2)
IFRS 16 and classification	95	86	88	269
YoY growth in costs related to the separation of TDC incl. investments in fibre rollout	(114)	(70)	(25)	(209)
Adjusted EBITDA 2018	1,751	1,715	1,719	5,185
Reported EBITDA 2019	1,698	1,671	1,657	5,026
Organic Growth %	-3.0%	-2.6%	-3.6%	-3.0%

TDC Group, absolute separation costs

DKKm

	Q1 19	Q2 19	Q3 19	Q1-Q3 19
Absolute costs related to the separation of TDC incl. investments in fibre rollout	(116)	(83)	(73)	(272)

Corporate matters

Risk factors

TDC Group's Annual Report describes certain risks that could materially and adversely affect TDC Group's business, financial condition, results of operations and/or cash flows. At the end of Q3 2019, TDC expects no significant changes in these risks.

Forward-looking statements

This report may include statements about TDC Group's expectations, beliefs, plans, objectives, assumptions, future events or performance that are not historical facts and may be forward looking. These statements are often, but not always, formulated using words or phrases such as "are likely to result", "are expected to", "will continue", "believe", "is anticipated", "estimated", "intends", "expects", "plans", "seeks", "projection" and "outlook" or similar expressions or negatives thereof. These statements involve known and unknown risks, estimates, assumptions and uncertainties that could cause actual results, performance or achievements or industry results to differ materially from those expressed or implied by such forward-looking statements.

Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this financial report. Key factors that may have a direct bearing on TDC Group's results include: the competitive environment and the industry in which TDC operates; contractual obligations in TDC Group's financing arrangements; developments in competition within the domestic and international communications industry; information technology and operational risks including TDC Group's responses to change and new technologies; introduction of and demand for new services and products; developments in demand, product mix and prices in the mobile and multimedia services market; research regarding the impact of mobile phones on health; changes in applicable legislation, including but not limited to tax and telecommunications legislation and anti-terror measures; decisions made by the Danish Business Authority; the possibility of being awarded licences; increased interest rates; the status of important intellectual property rights; exchange-rate fluctuations; global and local economic conditions; investments in and divestment of domestic and foreign companies; and supplier relationships.

As any risk factors referred to in this report could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this report, undue reliance is not to be placed on any of these forward-looking statements. New factors will emerge in the future that TDC Group cannot predict. In addition, TDC Group cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.

Management statement

Management statement
Today, the Board of Directors and the Executive Committee considered and approved the Interim Financial Statements of TDC Group for Q1-Q3 2019.

The Financial Report has been prepared in accordance with International Financial Reporting Standards (IFRS).

In our opinion, the Financial Report gives a true and fair view of the Group's assets, liabilities and financial position at 30 September 2019 as well as the results of operations and cash flows for Q1-Q3 2019. Furthermore, in our opinion, the management's review provides a fair review of the developments in the Group's activities and financial position, and describes the significant risks and uncertainties that may affect the Group.

Copenhagen, 14 November 2019

Executive Committee

Michael Parton
Group Chief Executive Officer and President

Lasse Pilgaard
Senior Executive Vice President, Chief Financial Officer

Jens Aaløse
Senior Executive Vice President of Stakeholder Relations and Group Chief People Officer

Board of Directors

Bert Nordberg
Chairman

Michael Parton

Marianne Rørslev Bock

Martin Bradley

Nathan Luckey

Arthur Rakowski

Mogens Jensen

Thomas Lech Pedersen

John Schwartzbach

Zanne Stensballe

About TDC
TDC A/S
Teglholmsgade 1
DK-0900 Copenhagen C
tdcgroup.com

For more information, please contact Flemming Jacobsen,
Head of TDC Investor Relations, on +45 6663 7680 or investorrelations@tdc.dk.