

A photograph of three business women in professional attire (blazers) gathered around a table in a modern office setting. They are looking at a laptop screen, with one woman pointing at it. The background shows large windows and a hallway. A green horizontal line is positioned above the main title text.

TDC Group and DKT Holdings Financial Report

July – September 2019

14th November 2019

TDC Group

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. **Organic¹ 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

TDC Group's financial highlights

DKK m	Q2 2019	YTD 2019	Q3 2019		
	Growth % Organic ¹	Growth % Organic ¹	Reported	Reported	Growth % Organic ¹
Revenue	(2.6)	(2.4)	4,215	(2.8)	(3.2)
Gross profit	(2.3)	(2.4)	3,009	(2.5)	(2.8)
Opex²	(1.8)	(1.7)	(1,352)	(5.3)	(1.9)
EBITDA	(2.6)	(3.0)	1,657	(0.1)	(3.6)
Profit for the period³			127	(46.2)	
Capex			(1,080)	35.3	
NIBD/EBITDA⁴			4.0		

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2. Mathematical notation – negative growth corresponds to a reduction of the cost base

3. Profit for the period from continuing operations, excl. special items

4. Calculated without the additional lease liabilities due to the adoption of IFRS 16, the NIBD/EBITDA ratio amounts to 3.4 at 30 September 2019.

Q3 2019 performance per business line

○ YoY organic growth²

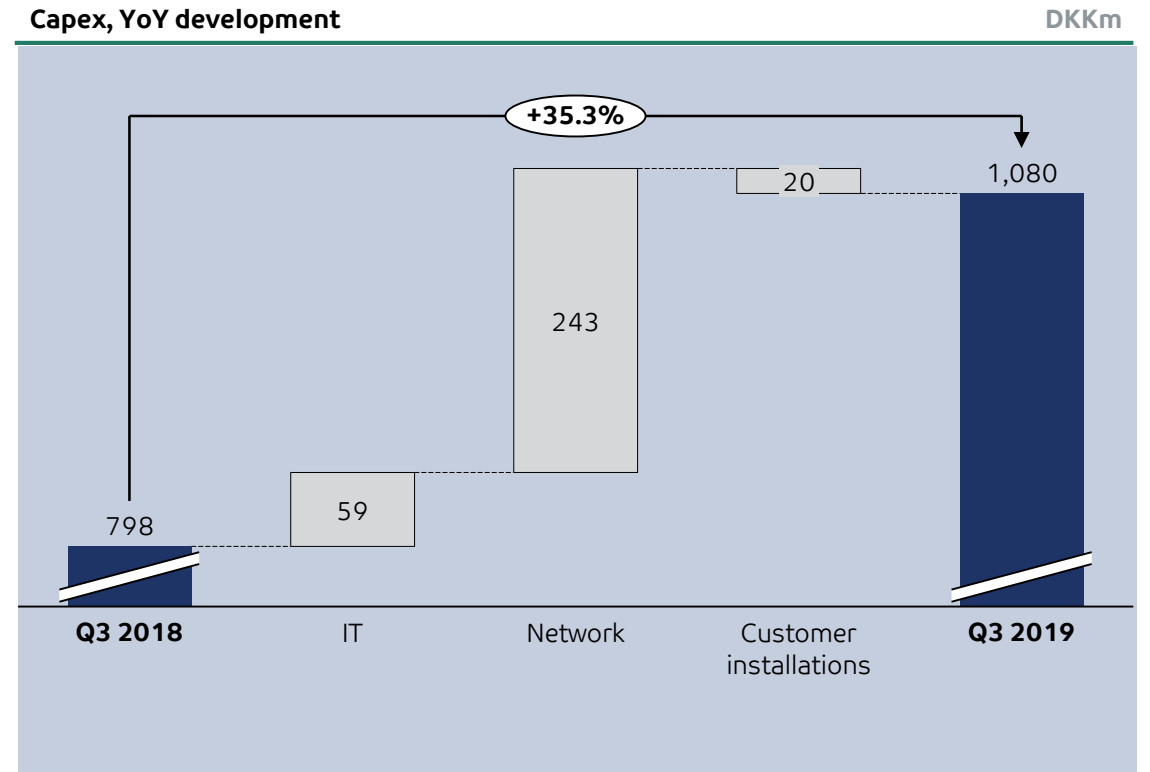
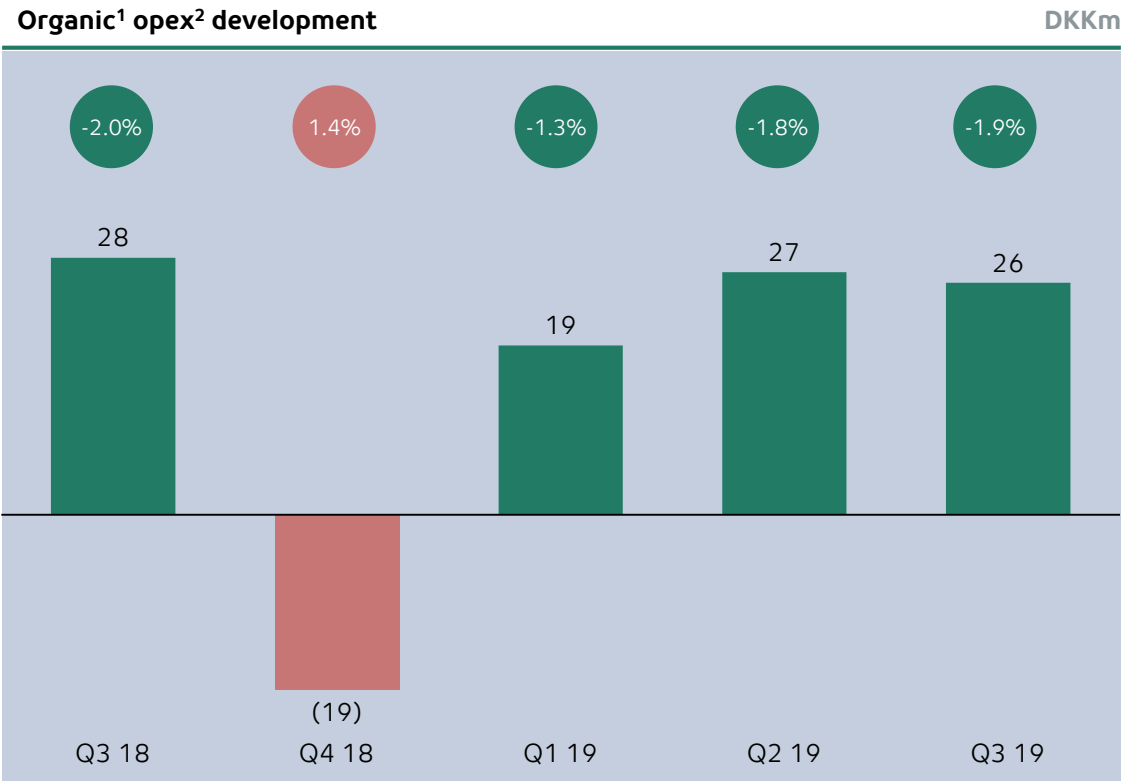
DKKmn	TDC Group	Consumer	Business	Wholesale	Other operations
Revenue¹	4,215 (2.8%)	2,749 0.1%	1,006 (3.4%)	429 (4.2%)	73 (44.7%)
Gross profit¹	3,009 (2.5%)	1,890 (2.4%)	767 (4.0%)	309 4.4%	38 (41.5%)
EBITDA¹	1,657 (0.1%)	1,450 (4.0%)	552 (5.5%)	258 (0.8%)	-591 (14.7%)
	(3.6%)	(3.3%)	(5.0%)	5.6%	(3.8%)

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

2. 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

Opex & capex

○ YoY organic growth¹



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
2. Mathematical notation – negative growth corresponds to a reduction of the cost base

Operational key figures in Q3 2019 (1/2)

■ Consumer ■ Business



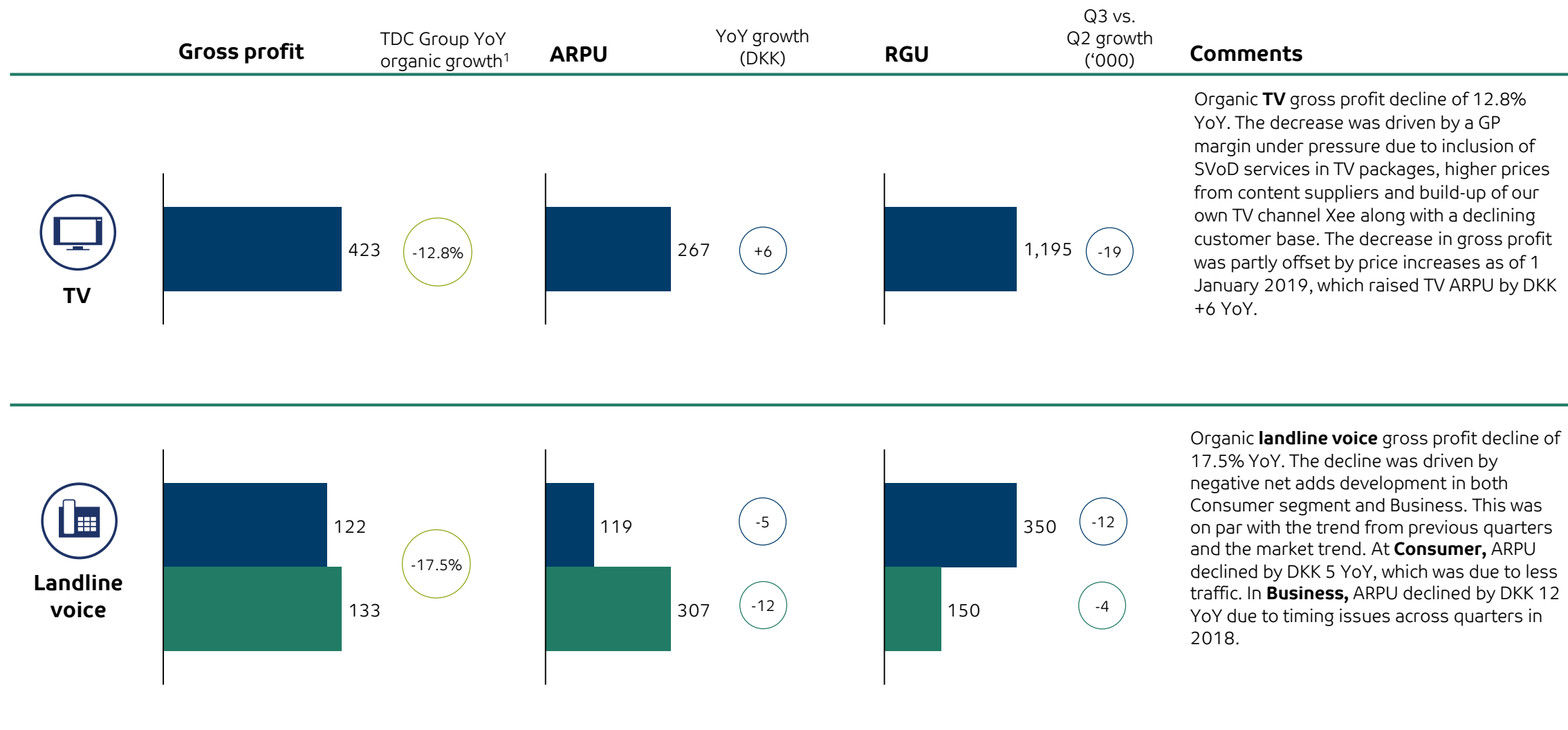
1. ARPU and RGU relate only to broadband.

2. ARPU and RGU relate only to mobile voice.

3. 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

Operational key figures in Q3 2019 (2/2)

■ Consumer ■ Business



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

DKT Holdings financial highlights

	Q3 2019	YTD 2019
DKKm	Actuals	Actuals
Revenue	4,215	12,760
Gross profit	3,009	9,191
Opex	(1,360)	(4,180)
EBITDA	1,649	5,011
Profit for the period	(745)	(2,230)
Capex	(1,080)	(3,186)

Capital structure

TDC A/S	As of September 2019	Leverage ratio
Senior Facility Agreement incl. RCF	14,146	
EMTN bonds	7,322	
Lease liabilities	5,288	
Cash and cash equivalents	(1,822)	
Mobile spectrum, correction for currency adjustments eff	1,406	
TDC total net debt	26,340	4.0 1)
DKT Finance ApS		
Senior Notes	10,511	
PPA on EMTN bonds	507	
Cash and cash equivalents	(39)	
Other	(124)	
DKT Finance total net debt	10,855	1.6
DKT Finance Group total net debt	37,195	5.6 1)

1) The leverage ratio is calculated based on reported LTM EBITDA, ie. only EBITDA for Q1-Q3 2019 is including impact from IFRS 16 (DKK 299m).
 Calculated based on annualized impact from IFRS 16 for 2019 of DKK 400m, the leverage ratio would be 3.9 for TDC A/S and 5.6 for DKT Finance ApS.
 Calculated without the additional lease liabilities due to the adoption of IFRS 16, the NIBD/EBITDA ratio amounts to 3.4 at 30 September 2019.

Q&A



Disclaimer

This Report may include statements about TDC Group's expectations, beliefs, plans, objectives, assumptions or 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 Group 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 licenses; 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.

The market shares included in this report are estimated by TDC Group Market Intelligence and may change with retrospective effect as increased knowledge of the market is obtained. The total market is defined to include residential and business. Market share for landline voice is based on number of lines. Market shares for broadband and TV are based on subscriptions. Market share for mobile voice is based on subscriptions excl. prepaid cards.