

TDC Group & DKT Holdings

Q3 2020

6th November 2020

Q3 highlights

- **Improved commercial performance across all main products** as well as continued cost savings resulted in a stabilised EBITDA development in Q3 (-0.8% YoY). EBITDA declined by 2.2% YTD and a flat to slightly declining EBITDA development is expected in 2020 as communicated in August
 - **The net loss of customers in Q3 substantially improved** compared with the previous three quarters, and as a result the market share development stabilised across all main products
 - **TDC Group's operating expenses improved by 9.8%** driven by cost reductions across TDC Group as well as lower costs related to the separation of TDC. Operating expenses in Nuuday and TDC NET decreased by 13.6% and 8.4% respectively in Q3 vs the same period last year
- **Capex increased by 42.4% YoY at TDC NET**, driven mainly by fibre rollout with more than 28k homes passed in Q3, the total in 2020 is over 80k in 2020 to date. In Q3, TDC NET reached a milestone, having swapped more than 3100 mobile sites to 5G while simultaneously improving the existing network quality
- **The effects of COVID-19 on TDC Group's financial performance in Q3 2020** related mainly to reduced roaming profits experienced by Nuuday
- Other **key milestones** from the quarter include;
 - Nuuday took an important step in Q3 by **launching its new mobile brand Eesy**. Eesy complements the current mobile offerings from YouSee and Telmore and offers a simple mobile product at very competitive pricing, but still on Denmark's best mobile network
 - **Nuuday launched YouTV**, a new flexible TV and streaming service that enables customers to combine their favourite TV channels and streaming services in one app offering easy and flexible access to the same entertainment via mobile phone, smart TV and Chromecast as in the fixed packages – without the customers being dependent on other subscriptions
 - **TDC NET officially launched 5G in Denmark** on 7 September and became the first service provider to bring 5G to Denmark

TDC Group's financial highlights

DKKm	YTD 2020		Q3 2020		Q2 2020
	Reported	YoY growth %	Reported	YoY growth %	YoY growth %
Revenue	12,034	-5.7	3,993	-5.3	-7.7
Gross profit	8,671	-5.7	2,862	-4.9	-8.3
Opex	-3,755	-9.8	-1,219	-9.8	-13.6
EBITDA	4,916	-2.2	1,643	-0.8	-3.7
Profit for the period	122	-11.6	149	53.6	
Capex	-3,974	24.7	-1,263	16.9	
Adjusted NIBD/EBITDA ¹	3.6		3.6		

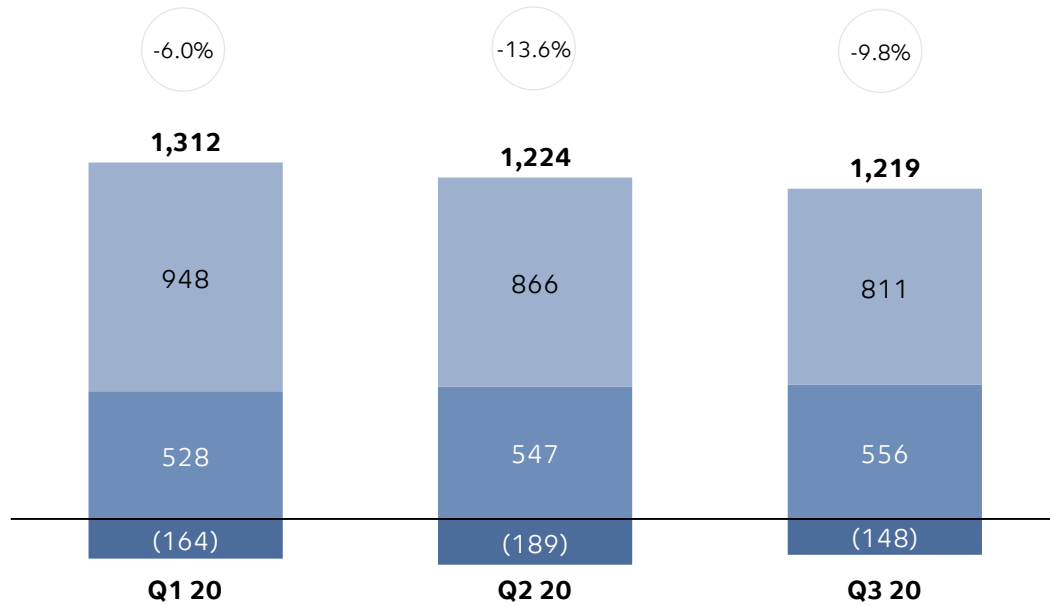
1. Calculated without the additional lease liabilities due to the adoption of IFRS 16 and the resulting EBITDA effect. The EBITDA effect of IFRS 16 amounts to DKK 416m for the last twelve months. Including IFRS 16 the NIBD/EBITDA ratio amounts to 4.2 at 30 September 2020.

TDC Group opex & capex

YoY growth¹
 Nuuday
 TDC NET
 Eliminations & Other

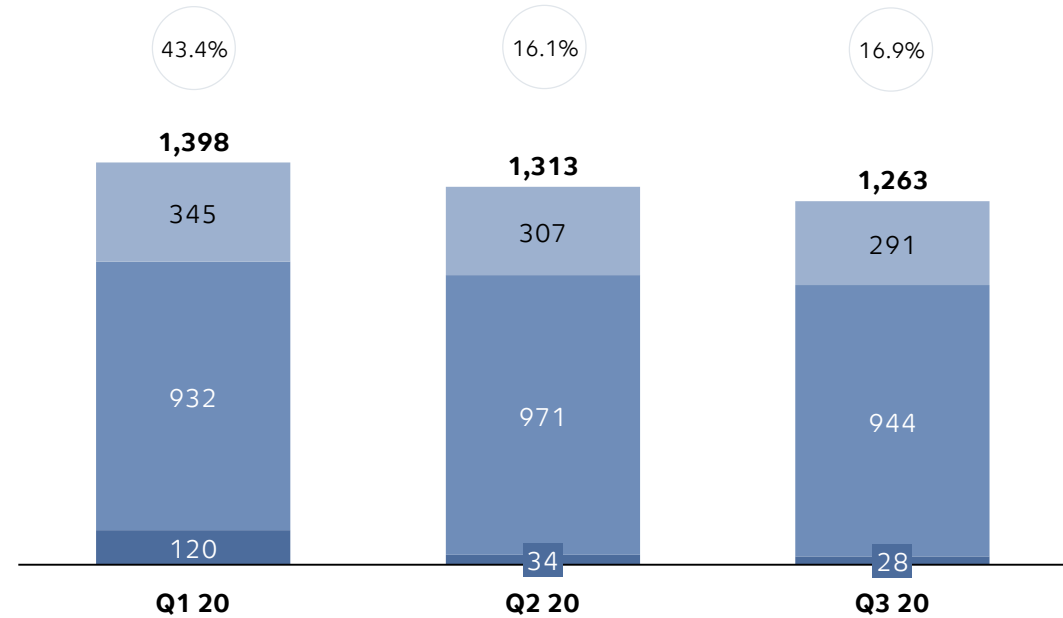
TDC Group opex

(DKKm)



TDC Group capex

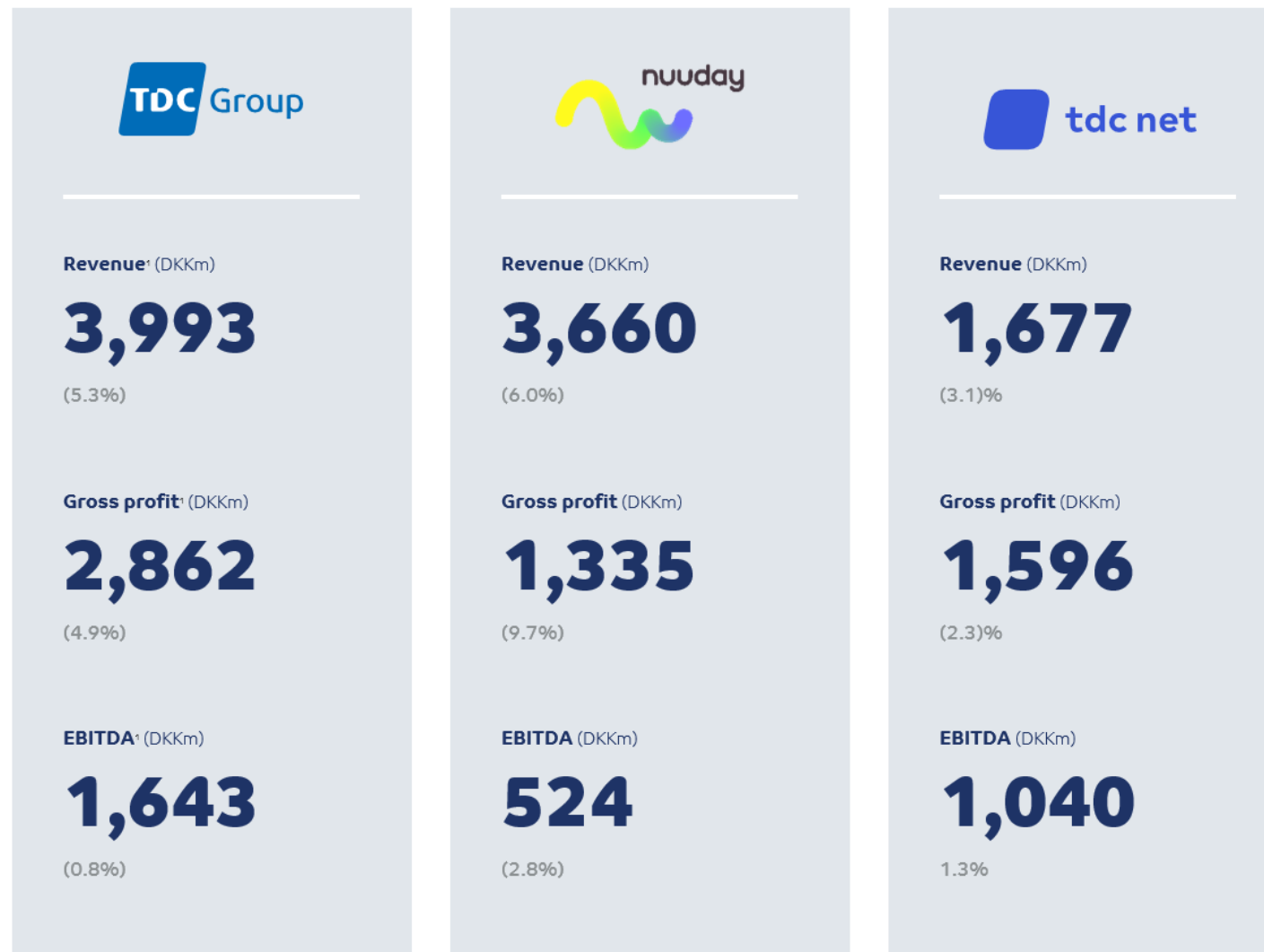
(DKKm)



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

Business unit performance in Q3 2020

The illustration reflects TDC Group's Q3 2020 performance based on our segment reporting. Following the legal separation, trading on an arm's length basis between Nuuday, TDC NET and the shared services centres in Headquarters has been implemented and is reflected in the financial figures.



1. Both absolute figures and growth rates do not amount to 100% as headquarters and eliminations are not included in the table.

TDC NET



We connect Denmark.
To benefit everyone.

TDC NET financials

DKKm	YTD 2020		Q3 2020	
	YoY growth %	Reported	YoY growth %	Reported
Revenue	-2.9	5,149	-3.1	1,677
Hereof external revenue	-4.4	1,259	2.0	411
Gross profit	-2.8	4,844	-2.3	1,596
Opex	-8.6	-1,631	-8.4	-556
EBITDA	0.4	3,212	1.3	1,040
Capex	38.1	-2,847	42.4	-944

- In Q3, TDC NET's **revenue** declined by 3.1% YoY. This decline was mainly attributable to a continued decline in landline voice and TV revenue due to declining customer bases, declining revenues from third party antenna organisation for upgrading and servicing their cable networks and slight declines in internet & network due to customer losses on DSL. The revenue declines were partly offset by rising revenues on mobility services from increased traffic.
- **Gross profit** in TDC NET declined by 2.3% in Q3 driven by the revenue decline partly offset by an improved gross profit margins on landline voice, mobility services, TV and Internet & Network.
- **Operating expenses** declined by 8.4% or DKK 51m driven by efficiency improvements and higher capitalisation of personnel expenses due to increased investments in fibre and 5G, as well as lower costs related to the separation of TDC.
- **EBITDA** increased by 1.3% primarily driven by the positive developments on operating expenses and only partly offset by declining gross profit.
- **Capital expenditure** increased by 42.4% due to the strategic investments in fibre rollout and 5G, as well as higher costs related to customer installations. In Q3 TDC NET rolled out over 28,000 Homes passed and has swapped over 3,100 5G mobile sites.



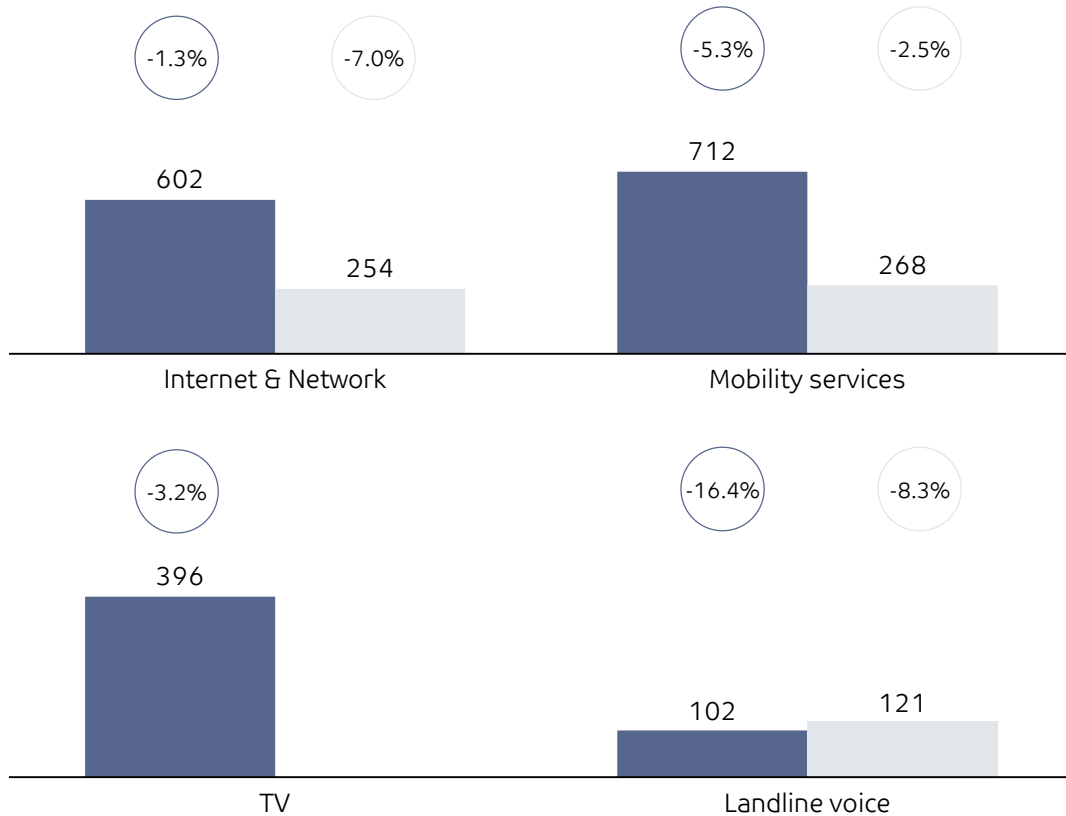
Nuuday

Nuuday products

■ Consumer ■ Business ○ YoY growth

Nuuday external gross profit in Q3 2020

DKKm



Internet & network

- The Internet & network **gross profit** decreased 1.3% YoY in Consumer and 7.0% in Business. The decreases were driven by declining customer bases in both segments, and partly offset by a higher Consumer ARPU driven by price increases and speed upgrades.
- Nuuday broadband market share¹ end of third quarter was 42.1%, vs. 42.8% end of second quarter

Mobility services

- Mobility services **gross profit** decreased 5.3% and 2.5% YoY in Consumer and Business, respectively. The decrease was driven by less mobile voice subscribers in Consumer, decreasing mobile voice ARPU in Business and impacts from Covid-19 on roaming. However, the net adds improved significantly from Q2 to Q3 and the decrease in Consumer mobility services was partly offset by an increase in the Consumer mobile voice ARPU due to price increases.
- Nuuday mobility market share end of third quarter was 38.9%, vs. 39.1% end of second quarter.

TV

- TV **gross profit** declined 3.2% YoY. This was driven by the extraordinary RGU losses from Q4 2019 to Q2 2020 that decreased TV revenue compared with Q3 last year. The gross profit margin however improved in Q3 as a result of price increases as well as lower content costs compared with the same period last year.
- Nuuday TV market share end of third quarter was 51.1%, vs. 51.3% end of second quarter.

Landline voice

- Landline voice **gross profit** decline of 16.4% YoY in Consumer and 8.3% in Business. The decreases are driven by a combination of fewer RGUs and lower ARPU in both Consumer and Business compared with Q3 2019.

1. B2C + HAP market share

Nuuday financials

DKKm	YTD 2020		Q3 2020	
	YoY growth %	Reported	YoY growth %	Reported
Revenue	-5.5	11,024	-6.0	3,660
Hereof external revenue	-5.8	10,771	-6.0	3,579
Gross profit	-9.0	4,068	-9.7	1,335
Opex	-8.9	-2,625	-13.6	-811
EBITDA	-9.0	1,444	-2.8	524
Capex	-13.2	-943	-26.1	-291

- In Q3, Nuuday **gross profit** decreased by 9.7% YoY to DKK 1,335m. This decrease was driven by declining customer bases where run rate effects from Q4 2019, Q1 2020 and Q2 2020 have a high impact this quarter compared with last year. The net add trends have significantly improved in Q3 compared with Q1 and Q2.
- Nuuday's **operating expenses** decreased by DKK 128m, or 13.6%, from Q3 2019. This was mainly a result of Nuuday's ongoing transition to becoming a lean digital service provider and the enterprise agile strategy leading to a slimmer organisation and lower personnel expenses going forward. Furthermore, the improvement in operating expenses was aided by reductions in acquisition costs and lower marketing costs.
- Overall, Nuuday's **EBITDA** declined 2.8% YoY, down DKK 15m compared with Q3 last year.
- **Capital expenditure** decreased by 26.1% YoY in Q3 due to lower costs related to IT, investments in privately owned networks and customer installations.



DKT Holdings

DKT Holdings financial highlights

DKKm	YTD 2020	Q3 2020
Revenue	12,034	3,993
Gross profit	8,671	2,862
Opex	-3,760	-1,221
EBITDA	4,911	1,641
Profit for the period	-2,203	-714
Capex	-3,974	-1,263

Capital structure

TDC A/S	As of September 2020	As of June 2020	As of March 2020	As of December 2019
DKKm				
Senior Facility Agreement incl. RCF	14,111			
EMTN bonds	7,210			
Cash and cash equivalents	(1,075)			
NIBD (loans, bonds etc.)	20,246			
Lease liabilities	5,189			
Mobile spectrum, correction for currency adjustments effects related to long term debt derivatives and Other	1,435			
TDC total net debt	26,870			
Leverage ratio (NIBD/EBITDA)²	3.6¹	3.7¹	3.7¹	3.6¹
DKT Finance ApS				
DKKm				
Senior Notes	10,323			
PPA adjustments on EMTN bonds	327			
Cash and cash equivalents	(183)			
Other	72			
DKT Finance total net debt	10,539			
DKT Finance Group NIBD (loans, bonds etc.)	30,785			
DKT Finance Group total net debt	37,409			
Leverage ratio (NIBD/EBITDA)²	5.4¹	5.5¹	5.5¹	5.4¹

1. Calculated without the additional lease liabilities due to the adoption of IFRS 16 and the resulting EBITDA effect. Calculated including the additional lease liabilities due to the adoption of IFRS 16, the NIBD/EBITDA ratio amounts to 4.2 for TDC A/S and 5.8 for DKT Finance ApS at 31 December 2019, to 4.3 for TDC A/S and 5.9 for DKT Finance ApS at 31 March 2020, to 4.3 for TDC A/S and 5.9 for DKT Finance ApS at 30 June 2020 and to 4.2 for TDC A/S and 5.8 for DKT Finance ApS at 30 September 2020.
2. Figures are excl. Shareholder loans.