DKT Holdings Group Financial Report July – September 2018

14 November 2018

DKT Holdings Q3 highlights

- **Acquisition of TDC** on 4 May 2018 (90.9%) and the remaining 9.1% on 8 June 2018. TDC A/S was delisted from Nasdaq Copenhagen in June 2018
- DKTH Group financial **figures** reflect
    - TDC's activities with effect from May 2018
    - A preliminary Purchase Price Allocation where the excess of the acquisition price over the book value of TDC net assets has been assumed to be goodwill
- **Financing**
    - Bridge term loans of EUR 2,800m at DKT Finance ApS **repaid with:**
        - EUR 1,400m in June 2018 by way of dividends from TDC
        - EUR 1,400m in July 2018 by DKT Finance ApS issuing EUR 1,050m 7.000% and $410m 9.375% Senior Notes due 2023
    - **Refinancing of existing outstanding TDC** debt during Q2 and Q3 2018
        - Repayment of Hybrid Bonds (EUR 750m), EMTN 2027 (EUR 800m) and KfW (EUR 250m) and European Investment Bank (EUR 750m) loans by way of new senior secured financing (EUR 2,700m and USD 1,418m)
    - **Repayment of the TLB** under TDC's Senior Facility Agreement on October 30, 2018 (the USD denominated tranche, USD 1,415m and EUR 650m of the EUR denominated tranche) with proceeds from the divestment of Get
    - On 12 November, 2018 DKT Finance ApS launched an EUR 0.3bn **Asset disposition Offer** at par for its EUR and USD Notes due 2023

DKT Holdings financial highlights

DKKm	Q3 2018 Actuals	YTD 2018 Actuals
Revenue	4,338	7,226
Gross profit	3,086	5,182
Opex	(1,427)	(2,380)
EBITDA	1,659	2,802
Profit/(loss) for the period	(527)	(1,763)
Capex	(798)	(2,460)
LTM EBITDA	6,779	6,779

Capital structure

DKKm

TDC A/S	As of Q3 2018	Leverage ratio[1]
Senior Facility Agreement incl. RCF	29,500	
EMTN bonds	7,311	
Cash and cash equivalents	(656)	
Correction for Hedge accounting effects and Other	440	
TDC total net debt	36,595	2.8
DKT Finance Aps		
Senior Notes	10,303	
Cash and cash equivalents	(224)	
DKT Finance total net debt	10,079	1.5
DKT Finance Group total net debt	46,674	4.3

1. Calculated as if TDC Group had received the proceeds from the divestment of TDC's Norwegian business before 30 September 2018. Without having received the proceeds, the net interest-bearing debt/EBITDA ratio amounts to 5.4 and 6.9 for TDC Group and DKTF Group, respectively

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TDC Group

TDC Group Q3 highlights

- Continued **reported revenue** growth in Q3 YoY of 2.3%. **Organic EBITDA** adjusted for non-recurring items declined by 3.6% in Q3 YoY. YTD slight organic EBITDA growth (+0.5%), which is also expected for full-year 2018

- Organic **mobility services' gross profit growth** of 5.8% in Q3 YoY following higher Consumer mobile voice ARPU. In Q3, the Consumer and Business mobility services RGU bases grew by 47k and Business' mobility services gross profit increased for the first time since 2016 driven by intake of new public customers (SKI)

- Organic **TV gross profit decline** of 5.7% in Q3 YoY due to fewer RGUs and a reduced gross profit margin. In Q3, the net loss of 12k RGUs constituted an improvement compared with previous quarters in 2017 and 2018

- The Norwegian Competition Authority has approved the divestment of **TDC's Norwegian business** to Telia and the divestment was completed on 15 October 2018. Approximately DKK 15bn of the proceeds are expected to be applied towards prepayment at par of Term Loan B during Q4 2018. The Norwegian business is treated as discontinued activities in the reporting from Q3 2018

- Acquisition of the broadband provider **Hiper** with an expected impact on financials from Q4 2018. Hiper will become part of Consumer.

- Allison Kirkby appointed as new **CEO** of TDC Group as of December 2018

- Following the divestment of the Norwegian business, the **financial figures have been restated excluding Norway**

TDC Group's financial highlights

DKKm	YTD 2017	YTD 2018			Q3 2018		
	Growth % Organic[1]	Reported	Growth % Reported	Growth % Organic[1]	Reported	Growth % Reported	Growth % Organic[1]
Revenue	(2.9)	13,001	0.2	(0.1)	4,338	2.3	0.9
Gross profit	(2.9)	9,373	(2.0)	(1.6)	3,086	(2.3)	(2.8)
Opex	4.1	(4,246)	1.2	4.1	(1,427)	(3.6)	2.0
EBITDA	(2.0)	5,127	(2.7)	0.5	1,659	(6.9)	(3.6)
Profit for the period[2]		1,601	(5.9)		236	(58.5)	
Capex		(2,460)	5.7		(798)	2.4	
NIBD/EBITDA[3,4]		2.8			2.8		

1. Adjusted for acquisitions/divestments and costs related to non-recurring items
2. Profit for the period from continuing operations, excl. special items
3. NIBD figures for 2017 include 50% of hybrid capital as rating agencies provide 50% equity credit for hybrid bonds
4. Calculated as if TDC Group had received the proceeds from the divestment of TDC's Norwegian business before 30 September 2018. Without having received the proceeds, the net interest-bearing debt/EBITDA ratio amounts to 5.4

TDC Group

Q3 2018 performance per business line

YoY organic growth[2]

DKKm	TDC Group	Consumer	Business	Wholesale	Other operations
Revenue[1]	**4,338** 2.3%	**2,737** 3.3%	**1,041** 0.1%	**448** 0.8%	**139** 12.4%
Gross profit[1]	**3,086** (2.3%)	**1,933** (0.4%)	**799** (5.4%)	**296** (2.5%)	**72** (7.0%)
EBITDA[1]	**1,659** (6.8%)	**1,533** (0.8%)	**592** (7.4%)	**264** (3.7%)	**-729** (7.8%)
	-3.6%	0.6%	-7.6%	-6.4%	-0.5%

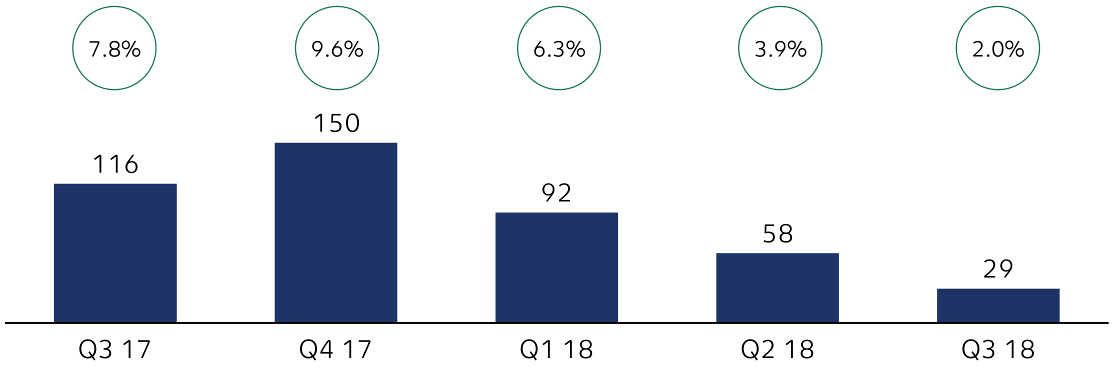
1. Both absolute figures and growth rates are excluding eliminations and therefore do not amount to 100%
2. Adjusted for acquisitions/divestments and costs related to non-recurring items

TDC Group

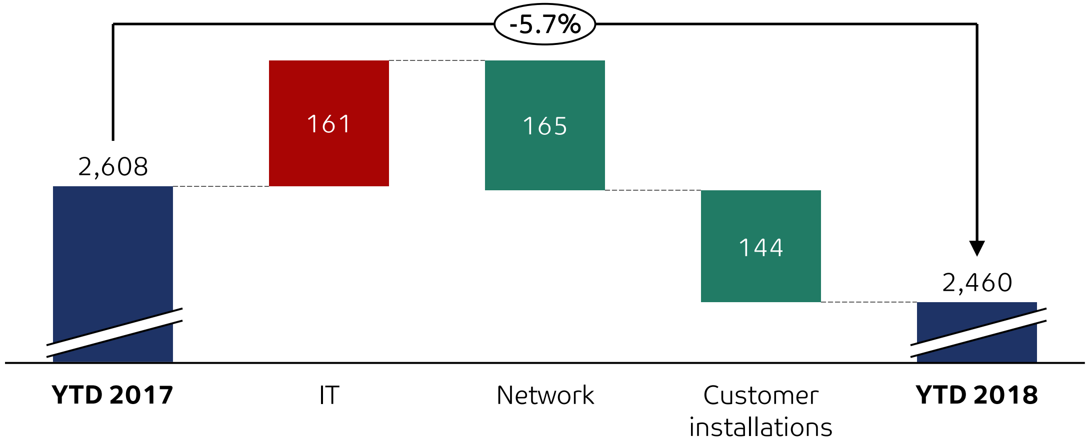
Opex & capex

YoY organic growth[1]

Organic[1] opex development DKKm



Capex, YoY development DKKm



- **Organic operational expenses** improved in Q3 YoY by 2.0% or DKK 29m driven by efficiency improvements in the field force
- **Capital expenditure** down 5.7% or DKK 148m YTD driven by large investments in cable upgrades to 1 Gbps and mobile network in 2017. Furthermore, lower spend on customer premises equipment (CPE) reduced customer installation spend. This was partly offset by increased investments in digital activities. The capex to revenue ratio decreased 1.2 ppt. to 18.9% in YTD Q3 2018

1. Adjusted for acquisitions/divestments and costs related to non-recurring items

Operational key figures in Q3

Internet & Network

- Organic internet & network **gross profit** loss of 1.9% YoY, driven by fewer RGUs in Consumer & Business, partly offset by a higher ARPU, driven by price increases

Mobility services

- Organic mobility services **gross profit** growth of 5.8% YoY, driven by more mobile voice subscribers in both Consumer and Business mainly driven by transfer of a wholesale customer and the large public contract (SKI) won in Q4 2017, respectively. Furthermore, the increase was driven by higher Consumer ARPU driven by price increases

TV

- Organic TV **gross profit** decline of 5.7% YoY. This is driven by a RGU erosion of 12k compared to Q2, which is, however, an improved underlying customer trend. Furthermore, the decline was driven by a lower gross profit margin, due to higher content cost, partly stemming from the inclusion of streaming services in the TV-packages, only partially offset by TV ARPU growth of DKK 4 YoY driven by price increases

Landline Voice

- Organic landline voice **gross profit** decline of 11.2% YoY from fewer RGUs in both Consumer and Business compared to Q2. The **Consumer** ARPU slightly declined by DKK 1 YoY, whereas **Business** ARPU was up DKK 13 YoY due to an improved subscriber-mix

1. Adjusted for regulation and acquisitions/divestments

TDC Group

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.