

# TDC Group & DKT Holdings

## Q1 2020

# Q1 highlights

- **TDC Group's revenue declined by 4.1% and EBITDA** declined by 2.0% in Q1, stemming mainly from the loss of TV RGUs. This development was partly offset by a **6.0% improvement in operating expenses prompted** by lower costs related to the separation of TDC as well as cost reductions across both Nuuday and TDC NET
  - **Operating expenses in Nuuday** decreased by 2.2% in Q1 YoY due mainly to reductions of external expenses primarily in Consumer
  - **Operating expenses in TDC NET** decreased by 7.5% in Q1 YoY due to lower personnel expenses as well as lower costs related to the separation of TDC
- **TDC Group's gross profit** declined by 3.8% YoY in Q1 triggered mainly by Nuuday:
  - Nuuday's **TV gross profit** showed a decrease of 12.7% YoY, while **internet & network gross profit** decreased by 2.6% YoY, both driven mainly by a loss of RGUs in Q1. The RGU loss showed an improving trend over the quarter with greater losses early in the period. The negative development in internet & network was partly offset by increasing ARPU in Consumer along with an increase of active fibre connections in Q1
  - Nuuday's **mobility services gross profit** rose by 1.0% YoY driven by improving Consumer mobile voice ARPU YoY combined with an increase of RGUs in Business
  - **TDC NET's broadband network market share** declined to 47% in Q1 2020 from 48% in Q4 2019 mainly due to loss of DSL customers that were partly offset by increase in fibre customers
- **Capex increased by 59%** YoY in TDC NET, driven mainly by **fibre rollout** with more than 25k homes passed in Q1 and the upgrade of **~900 mobile sites to 5G; TDC NET's mobile network was named the best network in Denmark** for the fifth consecutive year by the Danish Technological Institute
- **Following the outbreak of COVID-19**, TDC Group has maintained continuity in all business-critical operations with preventive measures being implemented to minimize risk and ensure a stable operation. Nuuday offered all consumer customers travelling abroad free calling and texting to Denmark, while supporting business customers to enable their employees in working from home. During the Easter holidays TV offerings were temporarily expanded and YouSee has offered free data in Denmark for all mobile customers for the Summer period. The effects on TDC Group's financial performance in Q1 2020 were limited. We will evaluate the ongoing effects again at the end of Q2 with a view to our 2020 financial guidance. TDC has a strong liquidity position
- **In Q1, the merger of Fullrate into YouSee** was started in order to provide the best digital products and innovative solutions for both brands. The first customer migrations were completed according to plan and the migrations will continue in Q2

# TDC Group's financial highlights

	<b>Q4 2019</b>	<b>FY 2019</b>	<b>Q1 2020</b>	
DKKm	YoY growth %	YoY growth %	Reported	YoY growth %
Revenue	-1.6	-1.8	4,126	-4.1
Gross profit	-5.7	-2.9	2,976	-3.8
Opex	-7.2	-3.3	-1,312	-6.0
EBITDA	-4.2	-2.5	1,664	-2.0
EBITDA excl. IFRS 16	-10.5	-8.4	-	-
Profit for the period			21	-90.8
Capex			-1,398	43.4

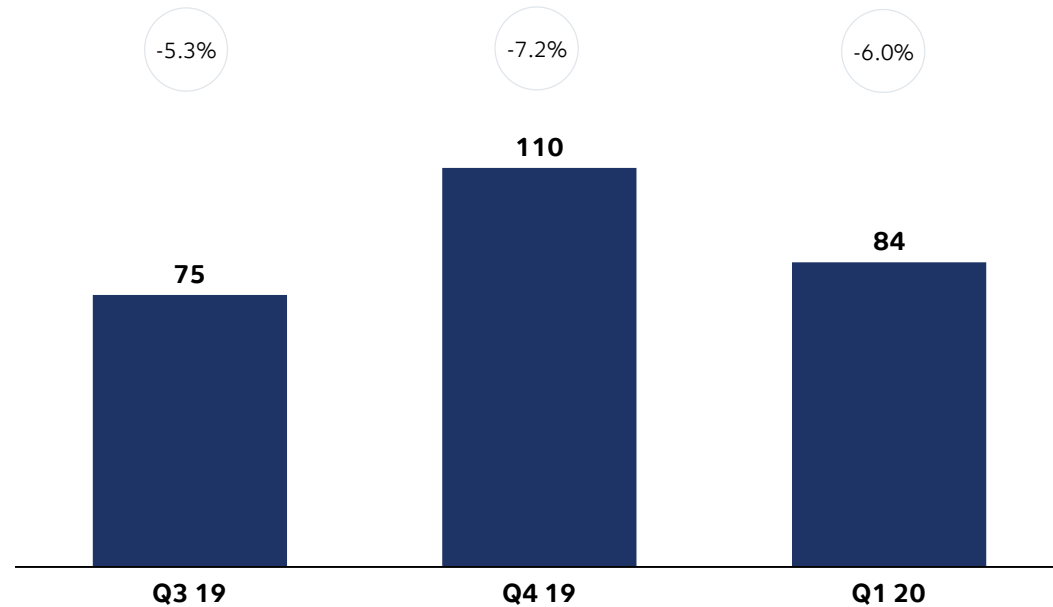
1. Calculated without the additional lease liabilities due to the adoption of IFRS 16 and the resulting EBITDA effect. The EBITDA effect of IFRS 16 amounts to DKK 405m for the last twelve months. Including IFRS 16 the NIBD/EBITDA ratio amounts to 4.3 at 31 March 2020.

# TDC Group YoY opex & capex development

## TDC Group YoY opex development

(DKKm)

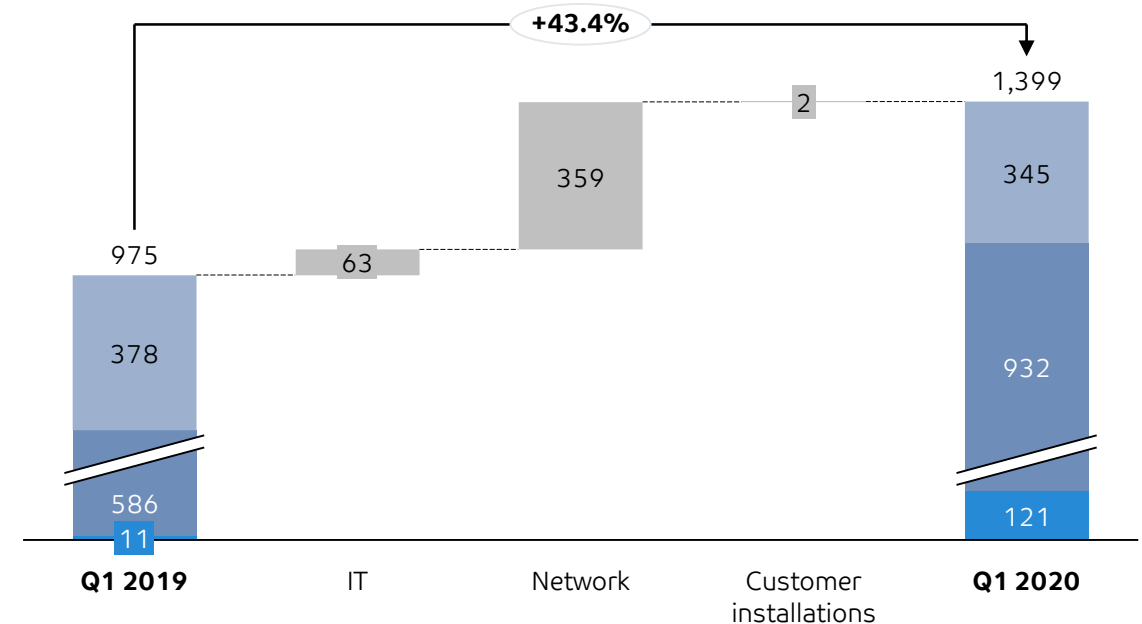
○ Growth<sup>1</sup> ■ TDC Group



## TDC Group YoY capex development

(DKKm)

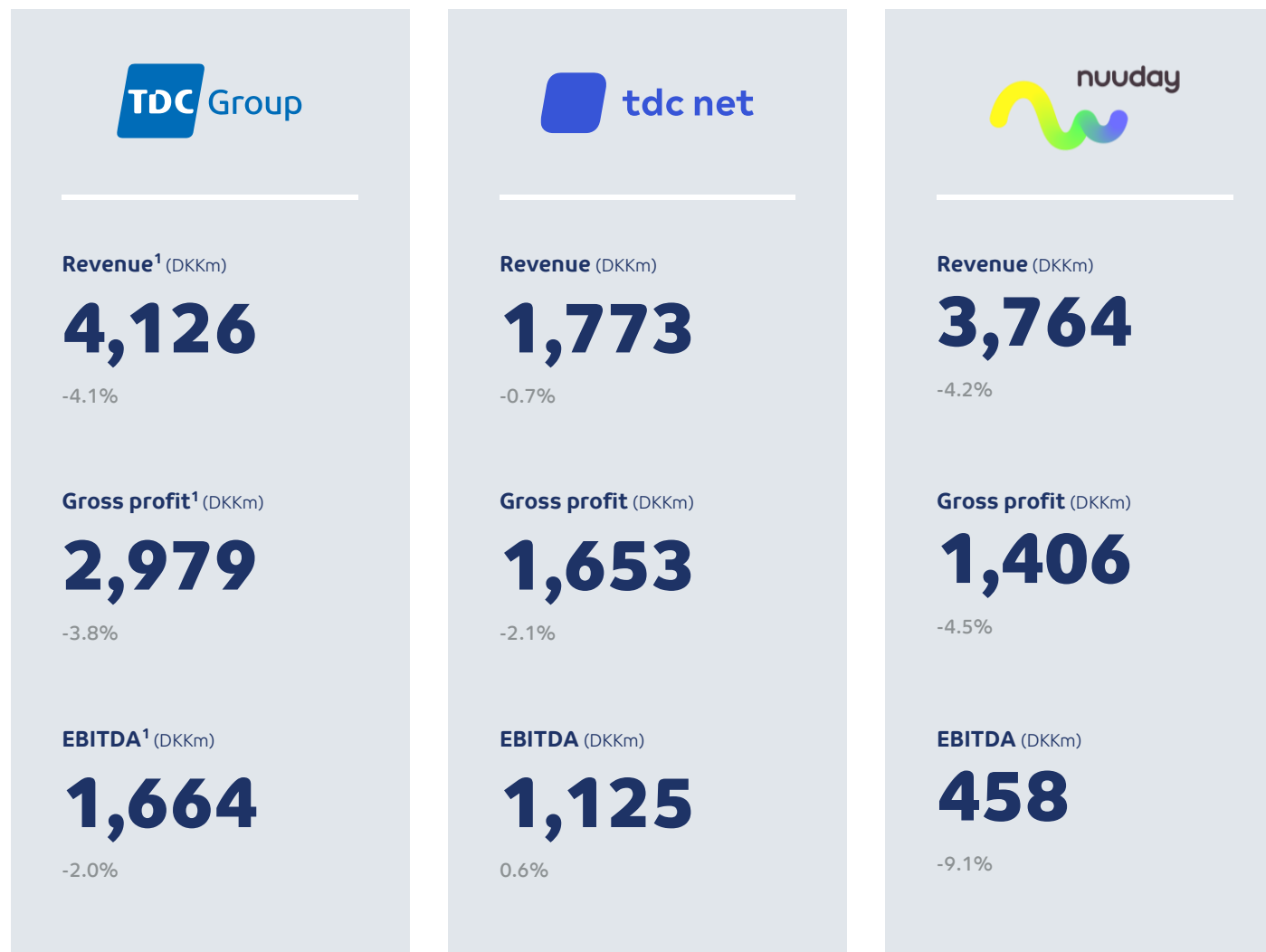
■ Nuuday ■ TDC NET ■ Headquarters & Other



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

# Business unit performance in Q1 2020

The illustration reflects TDC Group's Q1 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 in Q1 2020

DKKm	FY 2019		Q1 2020	
	YoY growth %	Reported	YoY growth %	Reported
Revenue	1.4	7,050	-0.7	1,773
Hereof external revenue	-8.4	1,741	-2.2	439
Gross profit	2.4	6,588	-2.1	1,653
Opex	9.1	-2,341	-7.5	-528
EBITDA	-0.9	4,247	0.6	1,125
Capex	63.6	-3,168	59.0	-932

- In Q1, TDC NET's **revenue** declined by 0.7% YoY. This decline was mainly attributable to a continued decline in landline voice and TV revenue due to declining customer bases partly offset by growth in mobility services from the national roaming agreement with Hi3G.
- **Gross profit** in TDC NET declined by 2.1% in Q1 driven by the revenue decline as well as a declining gross profit margin on installation activities compared to Q1 2019.
- **Operating expenses** declined by 7.5% or DKK 43m driven by personnel expenses and lower costs related to the separation of TDC.
- **EBITDA** increased by 0.6% triggered by the improved operating expenses and mobility services gross profit that was somewhat offset by a decrease in landline voice, TV and installation activity gross profit.
- **Capital expenditure** increased by 59% due to the strategic investments in fibre rollout, upgrading our mobile network to 5G and swapping to Ericsson equipment and higher costs related to customer installations.



# Nuuday



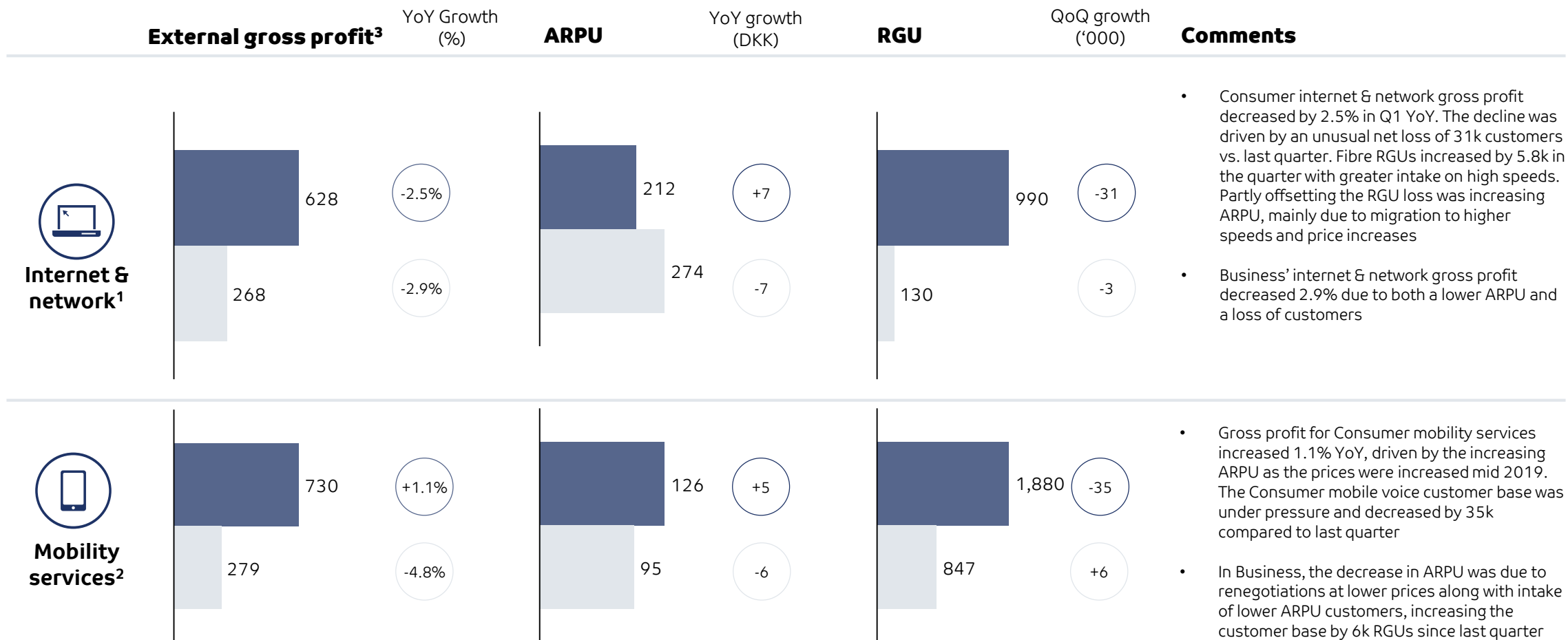
# Nuuday financials in Q1 2020

DKKm	FY 2019		Q1 2020	
	YoY growth %	Reported	YoY growth %	Reported
Revenue	-1.1	15,625	-4.2	3,764
Hereof external revenue	-0.9	15,299	-4.4	3,681
Gross profit	-3.9	5,895	-4.5	1,406
Opex	3.2	-3,931	-2.2	-948
EBITDA	-15.5	1,964	-9.1	458
Capex	-2.9	-1,492	-8.7	-345

- In Q1, Nuuday **gross profit** decreased by 4.5% YoY to DKK 1,406m. This decrease was driven by net loss of TV and landline voice customers leading to a revenue decrease, which was partly offset by increasing revenue on mobility services and handset sales. The net loss of landline voice RGUs was in line with the market trend.
- Nuuday's **operating expenses** decreased by DKK 21m, or 2.2%, from Q1 2019, driven by an improvement in acquisition costs, lower marketing costs along with fewer average FTEs.
- Overall Nuuday **EBITDA** declined 9.1% YoY, down DKK 46m compared with Q1 last year.
- **Capital expenditure** decreased by 8.7% YoY in Q1 due to lower costs related to customer installations, partly offset by higher IT investments.

# Nuuday operational key figures in Q1 2020 (1/2)

■ Consumer ■ Business



1. ARPU and RGU relate only to broadband. Please note that from Q4 2019 and prior, RGU figures were including residential in TDC NET  
 2. ARPU and RGU relate only to mobile voice.  
 3. Without intercompany charging from TDC NET

# Nuuday operational key figures in Q1 2020 (2/2)

■ Consumer ■ Business



1. Without intercompany charging from TDC NET

2. Please note that from Q4 2019 and prior, RGU figures were including residential in TDC NET



# **DKT Holdings**

# DKT Holdings financial highlights

DKKm	FY 2019	Q1 2020
Revenue	17,044	4,126
Gross profit	12,099	2,976
Opex	-5,587	-1,314
EBITDA	6,512	1,662
Profit for the period	-3,244	-672
Capex	-4,801	-1,398

# Capital structure in Q1 2020

<b>TDC A/S</b>	<b>As of March 2020</b>	<b>Leverage ratio<sup>2</sup></b>
DKKm		
Senior Facility Agreement incl. RCF	15,145	
EMTN bonds	7,324	
Lease liabilities	5,299	
Cash and cash equivalents	(1,424)	
Mobile spectrum, correction for currency adjustments effects related to long term debt derivatives and Other	1,373	
<b>TDC total net debt</b>	<b>27,717</b>	<b>3.7<sup>1</sup></b>
<b>DKT Finance ApS</b>		
DKKm		
Senior Notes	10,514	
PPA adjustments on EMTN bonds	421	
Cash and cash equivalents	(89)	
Other	(107)	
<b>DKT Finance total net debt</b>	<b>10,739</b>	
<b>DKT Finance Group total net debt</b>	<b>38,456</b>	<b>5.5<sup>1</sup></b>

1. Calculated including the additional lease liabilities due to the adoption of IFRS 16, the NIBD/EBITDA ratio amounts to 4.3 for TDC A/S and 5.9 for DKT Finance ApS at 31 March 2020.
2. Figures are excl. Shareholder loans