Q4 highlights

- **Full-year 2019 organic[1] EBITDA** decline of 3.7% and Q4 decline of 5.8% driven by decline in TV, other services and landline voice which was partly offset by growth in mobility services and cost savings
- **Consistent organic opex savings[1]** throughout 2019 with 2.8% savings for the full year and 5.8% savings in Q4, driven primarily by Consumer
- **Service revenue[2]** excl. landline voice increased by 0.1% for the full year in 2019, signifying a stable top line across non-legacy core products
- **Financial performance in 2019 was in line with previously communicated guidance;** a low single-digit decline in organic EBITDA (-3.7%), DKK 300-400m in costs related to the separation of TDC (DKK 358m), capex of DKK 4.4-4.8bn (DKK 4.8bn) and leverage of ~3.5x for the year (3.6x for the year)
- **Organic TV gross profit decline** of 25.1% in Q4 YoY driven mainly by investments in TV content, including own productions, and a loss of TV customers. Improved gross profit is expected going forward
- **Mobility services** showed a solid performance in Q4 with a YoY organic gross profit growth of 3.0% driven by a higher Consumer ARPU partly offset by a loss of Consumer RGUs
- **Internet & network** organic gross profit growth of 0.9% in Q4 YoY as a value lift in Consumer ARPU was partly offset by fewer RGUs. Active fibre connections increased by 1.8% in Q4 with 5.9k additional RGUs
- **Fullrate Pro and Firmafon have merged to form Relatel,** a new strong B2B brand primarily servicing the SME segment. Relatel seeks to enhance relations between corporations and their customers through cloud-based and user-friendly mobility services
- **TDC's network company changed name to TDC NET** to create a new brand identity building on the proud TDC legacy while focusing on the digital future of Denmark
- In December TDC NET launched **Denmark's largest 5G pilot project in Helsingør**, where 40 mobile sites have been upgraded to 5G
- **TDC NET's fibre roll out** continued to accelerate and reached more than 25k homes passed in Q4 up from 12k in Q3, resulting in a Q4 **YoY capex increase for TDC Group of 55%**
- **2020 financial guidance**: Flat EBITDA, strategic capex investments in 5G and fibre of DKK ~2.6bn, total capex spend of DKK 5.5-5.9bn and net debt EoY EBITDA of ~4.1x excl. IFRS 16[3]
- **Henrik Clausen has been appointed as CEO of TDC Group** with effect from 17 February 2020

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 18.
2. Service revenue excl. landline voice is comprised of total revenue excluding terminal sales and landline voice.
3. Including effects of IFRS 16, 2020 leverage expected at ~4.7x. The guided leverage assumes interest rate payments at DKT Finance funded by TDC dividends and excludes new spectrum obligations.

Group performance in 2019

2019 guidance follow-up[1]

TDC Group met its 2019 guidance on EBITDA, capital expenditure and leverage. Organic EBITDA declined 3.7% in 2019 (guidance low single-digit decline) and costs related to the separation of TDC totalled DKK 358m (guidance DKK 300-400m). Capital expenditure was DKK 4.8bn in 2019 (guidance DKK 4.4-4.8bn) and leverage was 3.6x for the year (guidance ~3.5x for the year).

Revenue

In 2019, TDC Group's reported revenue decreased by 1.8% or DKK 312m to DKK 17,044m, when compared with 2018. Organic revenue[2] decreased by 2.3% due mainly to a decline in landline voice and other services that was partly offset by growth in mobility services. Service revenue[3] excl. landline voice increased by 0.1% for the full year 2019, signifying stable top line across non-legacy core products. This development was primarily driven by Consumer, stemming from an increase in ARPU across internet & network as well as mobility services. The national roaming agreement with Hi3G also had a positive impact. The positive development in service revenue excluding landline voice, was partly offset by a TV revenue decline due to fewer RGUs and lower revenue in Business. This stemmed from declining internet & network revenue which was attributable to both lower ARPU and RGUs. Furthermore, our installation business area contributed negatively to revenue growth due to a higher focus on internal fibre roll out.

Gross profit

Reported gross profit decreased by 2.9% or DKK 358m to DKK 12,099m in 2019. Organic gross profit[2] decreased by 3.3% driven by the continued decline in landline voice and TV, as a result of increased TV-content costs relating to SVoD services, higher content supplier costs and build-up of own content in Consumer. The installation business area also contributed to the negative gross profit development due to the higher focus on internal fibre roll out. The decline was partly offset by growth in mobility services in both Business and Consumer. Internet & network gross profit was stable as Consumer broadband growth was almost fully offset by RGU and ARPU driven loss in Business broadband. The gross profit margin decreased to 71.0% in 2019 compared with 71.8% in 2018, driven primarily by the aforementioned increase in TV-content costs.

Operating expenses

In 2019, reported operating expenses decreased by 3.3%, or DKK 191m, to DKK 5,575m. Organic operating expenses[2] decreased by 2.8%. The improved organic operating expenses were fuelled by cost savings in Consumer, driven to some extent by reduced

Key figures (DKKm)	Q4 2019	Q4 2018	Change in %	Organic growth², %	2019	2018	Change in %	Organic growth², %
Revenue	4,284	4,355	(1.6)	(1.9)	17,044	17,356	(1.8)	(2.3)
Gross profit	2,908	3,084	(5.7)	(5.8)	12,099	12,457	(2.9)	(3.3)
Operational expenses	(1,410)	(1,520)	(7.2)	(5.8)	(5,575)	(5,766)	(3.3)	(2.8)
EBITDA	1,498	1,564	(4.2)	(5.8)	6,524	6,691	(2.5)	(3.7)
EBITDA excl. new lease accounting principles (IFRS 16)			(6.4)				(3.7)	
Profit/(loss) for the period from continuing operations excluding special items	101	(378)	(126.7)		336	773	(56.5)	
Profit for the period	42	4,894	(99.1)		180	5,722	(96.9)	
Total comprehensive income	533	6,101	(91.3)		820	7,328	(88.8)	
Capital expenditure, excluding mobile licenses	(1,614)	(1,041)	55.0		(4,801)	(3,501)	37.1	
Mobile licenses	-	-	-		(1,349)	-	-	
Key financial ratios								
Gross margin, %	67.9	70.8	-		71.0	71.8	-	
EBITDA margin, %	35.0	35.9	-		38.3	38.6	-	

1. 2019 guidance was updated at the announcement of the H1financial statements. Original guidance was: Slightly lower EBITDA, capex of DKK 4.1-4.4bn and leverage of ~3.6x for the year.
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. See more details on page 18.
3. Service revenue excl. landline voice is comprised of total revenue excluding terminal sales and landline voice.

subscriber acquisition costs (SAC) as well as general optimisations across the organisation.

EBITDA

In 2019, reported EBITDA decreased by 2.5% or DKK 167m to DKK 6,524m. Throughout 2019, reported EBITDA was impacted positively by effects from new lease accounting principles (IFRS 16), DKK 399m, which were almost offset by costs related to the separation of TDC, DKK 358m. Organic EBITDA[1] decreased by 3.7%, 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 2019, capital expenditure totalled DKK 4,801m, up by 37.1% or DKK 1,300m 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.

Cash flow

The DKK 652m increase in cash flow from operating activities in continuing operations in 2019, up to DKK 5,221m, was driven primarily by special items cash flow related to the takeover of TDC in 2018 (DKK 993m). Also, lower income tax paid (DKK 168m) driven by lower earnings and higher investments and the distribution of "excess capital" in Q1 from the TDC Pension Fund (DKK 136m before tax) contributed positively. This was partly offset by the different timing of net working capital (DKK -581m) and lower EBITDA (DKK -167m).

The DKK 1,147m increase in cash outflow from investing activities in continuing operations, up to DKK 5,130m, was driven primarily by higher capex compared with 2018.

Cash outflow from financing activities in continuing operations in 2019 decreased by DKK 16,992m to DKK 765m 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 272m) 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 56.5% or DKK 437m to DKK 336m driven primarily by increased depreciation[2] and the positive development of fair value adjustments.

Profit for the period (including discontinued operations and special items) declined by DKK 5,542m to DKK 180m due largely to the gain in 2018 from the divestment of TDC's Norwegian business (DKK 5,293m).

Comprehensive income

Total comprehensive income decreased by DKK 6,508m to DKK 820m. Profit for the period declined by DKK 5,542m, and the decrease of DKK 966m in other comprehensive income related primarily to a negative development of DKK 1,514m in exchange-rate adjustments of foreign enterprises (primarily in Norway).

Cash flow and net interest-bearing debt (DKKm)	**Q4 2019**	**Q4 2018**	**Change in %**	**2019**	**2018**	**Change in %**
Cash flow from operating activities	1,259	1,618	(22.2)	5,221	4,569	14.3
Investment in property, plant and equipment	(1,231)	(626)	96.6	(3,400)	(2,162)	57.3
Investment in intangible assets	(375)	(447)	(16.1)	(1,621)	(1,484)	9.2
Lease repayments	(92)	(10)	-	(314)	(42)	-
Coupon payments on hybrid capital	-	-	-	-	(261)	-
Equity free cash flow	**(439)**	**535**	**(182.1)**	**(114)**	**620**	**(118.4)**
Total cash flow from operating activities	1,259	1,618	(22.2)	5,221	4,569	14.3
Total cash flow from investing activities	(1,616)	(1,387)	16.5	(5,130)	(3,983)	28.8
Total cash flow from financing activities	113	(16,361)	(100.7)	(765)	(17,757)	(95.7)
Total cash flow from continuing operations	(244)	(16,130)	(98.5)	(674)	(17,171)	(96.1)
Total cash flow from discontinued operations	0	17,404	-	(3)	17,645	(100.0)
Total cash flow	**(244)**	**1,274**	**(119.2)**	**(677)**	**474**	**-**
Net interest-bearing debt (NIBD) excl. impact from IFRS 16	(22,027)	(19,610)	12.3	(22,027)	(19,610)	12.3
Net interest-bearing debt (NIBD)	(27,204)	(19,610)	38.7	(27,204)	(19,610)	38.7
NIBD/EBITDA[3], x	4.2	2.9	-	4.2	2.9	-

Net interest-bearing debt

In 2019, net interest-bearing debt increased by DKK 7,594m to DKK 27,204m. DKK 5,386m of the increase was due to the changed accounting policy for leases (IFRS 16). The increase was also impacted by negative Equity Free Cash Flow of DKK 114m, dividend payment of DKK 995m and the non-cash part of the acquisition of mobile licences (DKK 1,339m).

Net interest-bearing debt excluding the impact from IFRS 16 is DKK 22,027m.

2020 guidance

2020 guidance assumes a flat EBITDA, strategic investments in 5G and fibre of DKK ~2.6bn, total capital expenditure of DKK 5.5-5.9bn and net debt EoY EBITDA of ~4.1x excl. IFRS 16[4].

1. Reported figures excluding items affecting comparability; regulatory price adjustments, and 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 18.
2. See also note 3 to the consolidated financial statements.
3. Calculated without the impact from IFRS 16, the NIBD/EBITDA ratio amounted to 3.6 at 31 December 2019.
4. Including effects of IFRS 16, 2020 leverage expected at ~4.7x. The guided leverage assumes interest rate payments at DKT Finance funded by TDC dividends and excludes new spectrum obligations.

Consolidated financial statements

Income statement (DKKm)	**Note**	**Q4 2019**	**Q4 2018**	**Change in %**	**2019**	**2018**	**Change in %**
Revenue	2	**4,284**	**4,355**	**(1.6)**	**17,044**	**17,356**	**(1.8)**
Cost of sales		(1,376)	(1,271)	8.3	(4,945)	(4,899)	0.9
Gross profit		**2,908**	**3,084**	**(5.7)**	**12,099**	**12,457**	**(2.9)**
External expenses		(665)	(692)	(3.9)	(2,375)	(2,532)	(6.2)
Personnel expenses		(801)	(853)	(6.1)	(3,384)	(3,336)	1.4
Other income		56	25	124.0	184	102	80.4
Operating profit before depreciation, amortisation and special items (EBITDA)	2	**1,498**	**1,564**	**(4.2)**	**6,524**	**6,691**	**(2.5)**
Depreciation, amortisation and impairment losses	3	(1,362)	(1,097)	24.2	(5,164)	(4,088)	26.3
Operating profit excluding special items (EBIT excluding special items)		**136**	**467**	**(70.9)**	**1,360**	**2,603**	**(47.8)**
Special items	4	(78)	(74)	5.4	(194)	(858)	(77.4)
Operating profit (EBIT)		**58**	**393**	**(85.2)**	**1,166**	**1,745**	**(33.2)**
Financial income and expenses	5	(257)	(825)	(68.8)	(995)	(1,360)	(26.8)
Profit/(loss) before income taxes		**(199)**	**(432)**	**(53.9)**	**171**	**385**	**(55.6)**
Income taxes		241	3	-	9	(377)	(102.4)
Profit/(loss) for the period from continuing operations		**42**	**(429)**	**(109.8)**	**180**	**8**	**-**
Profit for the period from discontinued operations		-	5,323	-	-	5,714	-
Profit for the period		**42**	**4,894**	**(99.1)**	**180**	**5,722**	**(96.9)**
Profit attributable to:							
Owners of the parent company		42	4,894	(99.1)	179	5,489	(96.7)
Coupon payments on hybrid capital, net of tax		-	-	-	-	235	-
Non-controlling interests		-	-	-	1	(2)	(150.0)

Statement of comprehensive income (DKKm)	**Note**	**Q4 2019**	**Q4 2018**	**2019**	**2018**
Profit for the period		**42**	**4,894**	**180**	**5,722**
Items that may subsequently be reclassified to the income statement:					
Exchange-rate adjustments of foreign enterprises	5	6	1,238	-	1,514
Value adjustments of hedging instruments	5	12	11	45	(10)
Items that cannot subsequently be reclassified to the income statement:					
Remeasurement of defined benefit pension plans		607	(54)	763	131
Income tax relating to remeasurement of defined benefit pension plans		(134)	12	(168)	(29)
Other comprehensive income		**491**	**1,207**	**640**	**1,606**
Total comprehensive income		**532**	**6,101**	**820**	**7,328**

Balance sheet

Assets (DKKm)	Note	31 December 2019	31 December 2018
Non-current assets			
Intangible assets		24,903	23,764
Property, plant and equipment		14,752	14,597
Lease assets		4,472	-
Joint ventures, associates and other investments		70	91
Pension assets	6	7,463	6,854
Receivables		194	194
Prepaid expenses		33	43
Total non-current assets		**51,887**	**45,543**
Current assets			
Inventories		232	187
Receivables		2,458	2,119
Income tax receivables		0	77
Derivative financial instruments		116	309
Prepaid expenses		624	427
Cash		1,577	2,244
Total current assets		**5,007**	**5,363**
Total assets		**56,894**	**50,906**

Equity and liabilities (DKKm)	Note	31 December 2019	31 December 2018
Equity			
Share capital		812	812
Reserve for exchange rate adjustments		7	7
Reserve for cash flow hedges		(140)	(185)
Retained earnings		14,605	14,826
Equity attributable to owners of the parent company		**15,284**	**15,460**
Non-controlling interests		2	2
Total equity		**15,286**	**15,462**
Non-current liabilities			
Deferred tax liabilities		3,406	3,653
Provisions		331	972
Lease liabilities		4,751	60
Loans	7	22,976	21,631
Other non-current liabilities		138	-
Total non-current liabilities		**31,602**	**26,316**
Current liabilities			
Lease liabilities		491	12
Loans	7	772	105
Trade and other payables		8,518	8,134
Income tax payable		2	0
Derivative financial instruments		143	761
Provisions		80	116
Total current liabilities		**10,006**	**9,128**
Total liabilities		**41,608**	**35,444**
Total equity and liabilities		**56,894**	**50,906**
Total liabilities excl. impact from IFRS 16		**36,431**	**35,444**

Statements of cash flow (DKKm)	**Q4 2019**	**Q4 2018**	**Change in %**	**2019**	**2018**	**Change in %**
EBITDA	1,498	1,564	(4.2)	6,524	6,691	(2.5)
Adjustment for non-cash items	53	53	-	190	157	21.0
Pension contributions	(1)	(2)	(50.0)	133	(8)	-
Payments related to provisions	(9)	(1)	-	(45)	(27)	66.7
Special items	(17)	(112)	(84.8)	(128)	(1,121)	(88.6)
Change in working capital	274	742	(63.1)	(110)	471	(123.4)
Interest paid, net	(181)	(347)	(47.8)	(1,009)	(1,092)	(7.6)
Income tax paid	(358)	(279)	28.3	(334)	(502)	(33.5)
Operating activities in continuing operations	**1,259**	**1,618**	**(22.2)**	**5,221**	**4,569**	**14.3**
Operating activities in discontinued operations	-	-	-	(3)	788	(100.4)
Total cash flow from operating activities	**1,259**	**1,618**	**(22.2)**	**5,218**	**5,357**	**(2.6)**
Investment in enterprises	(15)	(313)	(95.2)	(140)	(342)	(59.1)
Investment in property, plant and equipment	(1,231)	(626)	96.6	(3,400)	(2,162)	57.3
Investment in intangible assets	(375)	(447)	(16.1)	(1,621)	(1,484)	9.2
Investment in other non-current assets	(1)	(5)	(80.0)	(1)	(60)	(98.3)
Divestment of enterprises	-	-	-	2	(1)	-
Divestment of joint ventures and associates	-	-	-	17	-	-
Sale of other non-current assets	6	4	50.0	12	66	(81.8)
Dividends received from joint ventures and associates	-	-	-	1	-	-
Investing activities in continuing operations	**(1,616)**	**(1,387)**	**16.5**	**(5,130)**	**(3,983)**	**28.8**
Investing activities in discontinued operations	-	17,404	-	-	16,857	-
Total cash flow from investing activities	**(1,616)**	**16,017**	**(110.1)**	**(5,130)**	**12,874**	**(139.8)**
Proceeds from long-term loans	-	14,104	-	-	46,516	-
Repayment of long-term loans	-	(29,228)	-	(136)	(47,066)	(99.7)
Lease repayments	(92)	(10)	-	(314)	(42)	-
Change in short-term bank loans	680	(727)	(193.5)	681	-	-
Repayment of hybrid capital	-	-	-	-	(5,588)	-
Coupon payments on hybrid capital	-	-	-	-	(261)	-
Dividends paid	(475)	(500)	(5.0)	(995)	(11,316)	(91.2)
Capital contribution from non-controlling interests	-	-	-	(1)	-	-
Financing activities in continuing operations	**113**	**(16,361)**	**(100.7)**	**(765)**	**(17,757)**	**(95.7)**
Financing activities in discontinued operations	-	-	-	-	-	-
Total cash flow from financing activities	**113**	**(16,361)**	**(100.7)**	**(765)**	**(17,757)**	**(95.7)**
Total cash flow	**(244)**	**1,274**	**(119.2)**	**(677)**	**474**	**-**
Cash and cash equivalents (beginning-of-period)	1,822	990	84.0	2,244	1,767	27.0
Effect of exchange-rate changes on cash and cash equivalents	(1)	(20)	(95.0)	10	3	-
Cash and cash equivalents (end-of-period)	**1,577**	**2,244**	**(29.7)**	**1,577**	**2,244**	**(29.7)**

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				5,489	5,489	235	(2)	5,722
Exchange-rate adjustments of foreign enterprises		1,514			1,514			1,514
Value adjustments of hedging instruments			(10)		(10)			(10)
Remeasurement effects of defined benefit pension plans				131	131			131
Income tax relating to remeasurement effects of defined benefit pension plans				(29)	(29)			(29)
Total comprehensive income	**-**	**1,514**	**(10)**	**5,591**	**7,095**	**235**	**(2)**	**7,328**
Distributed dividends				(11,316)	(11,316)		(1)	(11,317)
Repayment of hybrid capital				(36)	(36)	(5,552)		(5,588)
Share-based remuneration				180	180			180
Settlement of performance share programme				(472)	(472)			(472)
Income tax relating to share-based remuneration				(2)	(2)			(2)
Coupon payments on hybrid capital					-	(261)		(261)
Income tax relating to coupon payments on hybrid capital					-	26		26
Additions to non-controlling interests					-		4	4
Total transactions with shareholders	**-**	**-**	**-**	**(11,646)**	**(11,646)**	**(5,787)**	**3**	**(17,430)**
Equity at 31 December 2018	**812**	**7**	**(185)**	**14,826**	**15,460**	**-**	**2**	**15,462**
Profit for the period				179	179		1	180
Value adjustments of hedging instruments			45		45			45
Remeasurement effects related to defined benefit pension plans				763	763			763
Income tax relating to remeasurement effects from defined benefit pension plans				(168)	(168)			(168)
Total comprehensive income	**-**	**-**	**45**	**774**	**819**	**-**	**1**	**820**
Distributed dividends				(995)	(995)		(1)	(996)
Total transactions with shareholders	**-**	**-**	**-**	**(995)**	**(995)**	**-**	**(1)**	**(996)**
Equity at 31 December 2019	**812**	**7**	**(140)**	**14,605**	**15,284**	**-**	**2**	**15,286**

1 | Accounting policies

TDC's Interim Financial Report for Q1-Q4 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-Q4 2019**	**Changed accounting policy Q1-Q4 2019**	**New accounting policy Q1-Q4 2019**
External expenses	(2,696)	321	(2,375)
Personnel expenses	(3,379)	(5)	(3,384)
Other income (re. sublease of vacant tenancies)	102	82	184
Operating profit before depreciation, amortisation and special items (EBITDA)	**6,126**	**398**	**6,524**
Depreciation, amortisation and impairment losses	(4,815)	(349)	(5,164)
Financial income and expenses	(761)	(234)	(995)
Income taxes	(31)	40	9
Profit for the period	**323**	**(143)**	**180**
Total assets	**52,469**	**4,425**	**56,894**
Provisions incl. short term part	1,043	(632)	411
Lease liabilities (incl. short term part)	65	5,177	5,242
Deferred tax liabilities	3,446	(40)	3,406
Other liabilities	32,486	63	32,549
Total liabilities	**37,040**	**4,568**	**41,608**
Total cash flow from operating activities	**4,911**	**307**	**5,218**
Total cash flow from financing activities	**(458)**	**(307)**	**(765)**

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

2 | Specification of external revenue

External revenue on products (DKKm)	Consumer		Business		Other		Nuuday	
	Nuuday							
	Q4 2019	Q4 2018	Q4 2019	Q4 2018	Q4 2019	Q4 2018	Q4 2019	Q4 2018
Landline voice	115	140	137	157	(1)	-	251	297
Mobility services	793	764	282	283	66	60	1,141	1,107
Internet & network	650	617	292	304	(1)	-	941	921
TV	954	964	7	7	4	1	965	972
Other services	240	255	324	314	5	4	569	573
External revenue, total	**2,752**	**2,740**	**1,042**	**1,065**	**73**	**65**	**3,867**	**3,870**

	TDC NET		Group functions		Eliminations		Total	
	Q4 2019	Q4 2018	Q4 2019	Q4 2018	Q4 2019	Q4 2018	Q4 2019	Q4 2018
Landline voice	26	42	-	-	-	-	277	339
Mobility services	92	76	-	-	-	-	1,233	1,183
Internet & network	219	236	-	-	-	-	1,160	1,157
TV	8	12	-	-	-	-	973	984
Other services	80	114	(8)	5	-	-	641	692
External revenue, total	**425**	**480**	**(8)**	**5**	**-**	**-**	**4,284**	**4,355**

2 |Specification of external revenue (continued)

External revenue on products (DKKm)	Nuuday Consumer 2019	Nuuday Consumer 2018	Nuuday Business 2019	Nuuday Business 2018	Nuuday Other 2019	Nuuday Other 2018	Nuuday 2019	Nuuday 2018
Landline voice	496	593	571	672	-	-	1,067	1,265
Mobility services	3,142	3,028	1,144	1,138	253	248	4,539	4,414
Internet & network	2,621	2,453	1,180	1,251	-	-	3,801	3,704
TV	3,892	3,960	28	31	4	-	3,924	3,991
Other services	813	964	1,139	1,089	16	15	1,968	2,068
External revenue, total	**10,964**	**10,998**	**4,062**	**4,181**	**273**	**263**	**15,299**	**15,442**

	TDC NET 2019	TDC NET 2018	Group functions 2019	Group functions 2018	Eliminations 2019	Eliminations 2018	Total 2019	Total 2018
Landline voice	130	161	-	-	-	-	1,197	1,426
Mobility services	331	309	-	-	-	-	4,870	4,723
Internet & network	884	972	-	-	-	-	4,685	4,676
TV	39	53	-	-	-	-	3,963	4,044
Other services	357	405	4	14	-	-	2,329	2,487
External revenue, total	**1,741**	**1,900**	**4**	**14**	**-**	**-**	**17,044**	**17,356**

3 | Depreciation, amortisation and impairment losses

(DKKm)	Q4 2019	Q4 2018	2019	2018
Depreciation on property, plant and equipment	(818)	(609)	(3,086)	(2,363)
Amortisation of intangible assets	(420)	(446)	(1,639)	(1,657)
Depreciation of lease assets	(97)	-	(382)	-
Impairment losses	(55)	(42)	(85)	(68)
Capitalised as tangible or intangible assets	28	-	28	-
Total	**(1,362)**	**(1,097)**	**(5,164)**	**(4,088)**

The increases in depreciation from 2018 to 2019 are due primarily to the reduced useful lives of existing mobile equipment as a result of the ongoing replacement with Ericsson equipment.

4 | Special items

Special items include significant amounts that cannot be attributed to normal operations such as restructuring 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 enterprises.

Special items as described above are disclosed on the face of the income statement. Items of a similar 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, respectively.

Special items (DKKm)	Q4 2019	Q4 2018	2019	2018
Costs related to redundancy programmes and vacant tenancies	(36)	(64)	(72)	(221)
Other restructuring costs, etc.	(50)	(8)	(104)	(470)
Income from rulings	-	-	-	85
Loss from rulings	9	(1)	(1)	(3)
Adjustment of purchase price re. acquisition of enterprises	(1)	-	(1)	-
Costs related to acquisition of enterprises	-	(1)	(11)	(23)
Loss from divestments of enterprises and property	-	-	(5)	(34)
PSP settlement	-	-	-	(192)
Special items before income taxes	**(78)**	**(74)**	**(194)**	**(858)**
Income taxes related to special items	19	23	36	93
Special items related to joint ventures and associates	-	-	2	-
Special items related to discontinued operations	-	5,295	-	5,280
Total special items	**(59)**	**5,244**	**(156)**	**4,515**

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 was due primarily to costs in 2018 related to the take-over of TDC.

5 | Financial income and expenses

Financial income and expenses (DKKm)	**Q4 2019**	**Q4 2018**	**Change in %**	**2019**	**2018**	**Change in %**
Interest income	5	-	-	36	7	-
Interest expenses	(308)	(308)	-	(1,183)	(1,092)	8.3
Net interest	**(303)**	**(308)**	**(1.6)**	**(1,147)**	**(1,085)**	**5.7**
Currency translation adjustments	(194)	(223)	(13.0)	(224)	(209)	7.2
Fair value adjustments	213	(321)	(166.4)	271	(173)	-
Interest, currency translation adjustments and fair value adjustments	**(284)**	**(852)**	**(66.7)**	**(1,100)**	**(1,467)**	**(25.0)**
Profit/(loss) from joint ventures and associates	2	-	-	-	(1)	-
Interest on pension assets	25	27	(7.4)	105	108	(2.8)
Total	**(257)**	**(825)**	**(68.8)**	**(995)**	**(1,360)**	**(26.8)**

Net financials recognised in other comprehensive income (DKKm)	**Q4 2019**	**Q4 2018**	**2019**	**2018**
Currency translation adjustment, foreign enterprises	6	2	-	279
Reversal of currency translation adjustment related to disposal of foreign enterprises	-	1,235	-	1,235
Exchange-rate adjustments of foreign enterprises	**6**	**1,237**	**-**	**1,514**
Change in fair value adjustments of cash flow hedges	-	(1)	-	(30)
Change in fair value adjustments of cash flow hedges transferred to financial expenses	12	12	45	20
Value adjustments of hedging instruments	**12**	**11**	**45**	**(10)**

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.

	Q4 2019				Q4 2018			
Specifications (DKKm)	**Interest**	**Currency translation adjustments**	**Fair value adjustments**	**Total**	**Interest**	**Currency translation adjustments**	**Fair value adjustments**	**Total**
Senior Facility Agreement	(104)	(11)	9	**(106)**	(150)	2	(513)	**(661)**
Euro Medium Term Notes	(101)	(4)	17	**(88)**	(80)	(6)	(24)	**(110)**
Lease liabilities	(60)	-	-	**(60)**	(3)	-	-	**(3)**
Other	(24)	(7)	1	**(30)**	(18)	(13)	(47)	**(78)**
Total	**(289)**	**(22)**	**27**	**(284)**	**(251)**	**(17)**	**(584)**	**(852)**

	Q1-Q4 2019				Q1-Q4 2018			
	Interest	**Currency translation adjustments**	**Fair value adjustments**	**Total**	**Interest**	**Currency translation adjustments**	**Fair value adjustments**	**Total**
Senior Facility Agreement	(405)	(12)	(18)	**(435)**	(457)	149	(499)	**(807)**
Euro Medium Term Notes	(381)	-	16	**(365)**	(398)	(23)	(106)	**(527)**
Lease liabilities	(244)	-	-	**(244)**	(12)	-	-	**(12)**
Other	(77)	8	13	**(56)**	(123)	6	(4)	**(121)**
Total	**(1,107)**	**(4)**	**11**	**(1,100)**	**(990)**	**132**	**(609)**	**(1,467)**

Financial income and expenses represented an expense of DKK 995m in 2019. The decrease of DKK 365m compared with 2018 was driven primarily by:

- In 2018, a partial redemption of the SFA loan and a full redemption of 2027 EMTNs resulted in a fair value loss of DKK 544m. Furthermore, losses on derivative financial instruments relating to SFA and EMTN loans negatively impacted fair value adjustments in 2018 by DKK 61m.
- Interest expenses in 2019 were DKK 117m higher than in 2018 due mainly to IFRS 16 implementation as of 1 January 2019 resulting in additional interest expenses of DKK 232m relating to lease liabilities. This was partly offset by lower average debt in 2019 compared with 2018 due the combined effects of the new debt facilities put in place following DK Telekommunikation ApS' acquisition of TDC in Q2 2018 resulting in a higher level of debt and the deleveraging effect from the Get AS disposal late Q4 2018
- In 2018, currency adjustments were 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 54m in currency adjustments relating to EUR debt.

6 | Pension assets and pension obligations

Domestic defined benefit plan (DKKm)	**Q4 2019**	**Q4 2018**	**2019**	**2018**
Pension (costs)/income				
Service cost	(23)	(27)	(91)	(108)
Administrative expenses	(3)	(3)	(10)	(14)
Personnel expenses (included in EBITDA)	**(26)**	**(30)**	**(101)**	**(122)**
Interest on pension assets	27	27	105	108
Pension (costs)/income	**1**	**(3)**	**4**	**(14)**
Redundancy programmes recognised in special items	**(1)**		(4)	(29)
Members part of distribution of "excess capital"	-	-	(24)	-
Total pension (costs)/income recognised in the income statement	**-**	**(3)**	**(24)**	**(43)**

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).

Assets and obligations (DKKm)	**31 December 2019**	**31 December 2018**
Specification of pension assets		
Fair value of plan assets	31,430	29,990
Defined benefit obligation	(23,967)	(23,136)
Pension assets recognised in the balance sheet	**7,463**	**6,854**
Change in pension assets		
Pension assets recognised at 1 January	6,854	6,752
Pension (costs)/income	-	(43)
Remeasurement effects	763	131
Distribution of "excess capital"	(160)	-
TDC's contribution	6	14
Pension assets recognised in the balance sheet	**7,463**	**6,854**
Assumptions used to determine defined benefit obligations		
Discount rate	0.77	1.55
General price/wage inflation	1.30	1.51
Assumptions used to determine pension (costs)/income		
Discount rate	1.55	1.56
General price/wage inflation	1.51	1.73

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.

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

The remeasurement effects in 2019 (a net gain of DKK 762m) cover primarily a gain related to the plan assets (DKK 2,220m) as the actual return was higher than expected. The gain was partly offset by a loss related to the benefit obligation (DKK 1,460m) resulting from the decreasing discount rate (from 1.55% to 0.77%) partly offset by a decreasing inflation rate (from 1.51% to 1.30%).

7 | Loans and net interest-bearing debt

Euro Medium Term Notes (EMTNs) and Senior Facility Agreement (SFA)	2022	2023	2024	2025	Total
Maturity	Mar 22	Feb 23	Jun 24	Jun 25	
Fixed/Floating rate	Fixed	Fixed	Floating	Floating	
Coupon	5%	6.875%	Margin + floored Euribor[1]	Margin + floored Euribor[1]	
Currency	EUR	GBP	EUR/DKK	EUR	
Type	EMTN Bond	EMTN Bond	RCF[2]	Bank loan	
Nominal value (DKKm)	3,735	3,750	681	14,195	22,361
Nominal value (Currency)	500	425	681	1,900	
– Of which nominal value swapped to EUR or DKK (Currency)[3]	200	425	0		
Nominal value of debt incl. Currency hedging in DKKm	3,733	3,739	681	14,195	22,348
– Of which nominal value swapped to or with floating interest rate (EURm)[4]	100	-	91	700	891
– Of which nominal value swapped to or with fixed interest rate (EURm)[4]	400	500	0	1,200	2,100

1 The RCF and SFA Loan have Euribor floor at zero and respectively a margin of 2.5% and 2.75% per 31-12-2019.
2 Revolving Credit Facility (RCF) totalling EUR 500m matures in June 2024 and is used for liquidity management. The drawing at year-end 2019 was repaid in January 2020.
3 EUR exposures are not considered a significant risk due to the fixed EUR/DKK exchange rate policy.
4 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)	31 December 2019	31 December 2018
EMTN loans incl. short-term part	7,495	7,285
Senior Facility Agreement incl. short term part	14,158	14,140
Bank loans	681	-
Debt regarding leasing incl. short-term part	5,242	72
Other long-term loans incl. short-term part	1,414	311
Interest-bearing payables	2	2
Derivatives	(58)	200
Interest-bearing receivables and investments	(153)	(156)
Cash	(1,577)	(2,244)
Net interest-bearing debt	**27,204**	**19,610**
Hereof Impact from IFRS 16	(5,177)	-
Net interest-bearing debt excl. impact from IFRS 16	**22,027**	**19,610**

Net interest-bearing debt increased by DKK 7,594m during 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). The increase was also impacted by negative Equity Free Cash Flow of DKK 114m, dividend payment of DKK 995m and the non-cash part of the acquisition of mobile licenses (DKK 1,339m).

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.

9 | Events after the balance sheet date

There have been no events that materially affect the assessment of this Interim Financial Report January – December 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	**Q1**	**Q2**	**Q3**	**Q4**	**2019**
Reported EBITDA 2018	**1,767**	**1,701**	**1,659**	**1,563**	**6,691**
Acquisitions, divestments & regulation	3	(2)	(3)	(4)	(6)
IFRS 16 and classification	95	86	88	40	309
YoY growth in costs related to the separation of TDC incl. investments in fibre rollout	(114)	(70)	(25)	(9)	(219)
Adjusted EBITDA 2018	**1,751**	**1,715**	**1,719**	**1,590**	**6,775**
Reported EBITDA 2019	**1,698**	**1,671**	**1,657**	**1,498**	**6,524**
Organic Growth %	**-3.0%**	**-2.6%**	**-3.6%**	**-5.8%**	**-3.7%**

TDC Group, absolute separation costs	**Q1 19**	**Q2 19**	**Q3 19**	**Q4 19**	**2019**
Absolute costs related to the separation of TDC incl. investments in fibre rollout	(116)	(83)	(73)	(84)	(358)

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 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 2019.

The Financial Report has been prepared in accordance with International Financial Reporting Standards' (IFRS) rules on recognition and measurement.

In our opinion, the Financial Report gives a true and fair view of the Group's assets, liabilities and financial position at 31 December 2019 as well as the results of operations and cash flows for 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, 10 February 2020

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.