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11 June 2018

TDC A/S - Supplemental Disclosure

Reference is made to the announcement made on 11 June 2018 pursuant to which TDC A/S has been informed that DKT Finance ApS, the indirect parent company of TDC A/S, announces the launch of an €1,400m (equivalent) notes offering.

Following that announcement, TDC A/S has received from DKT Finance ApS certain supplemental disclosure relating to TDC A/S. The supplemental disclosure is attached to this announcement.

For inquiries regarding the above please contact TDC Investor Relations, on +45 6663 7680 or investorrelations@tdc.dk.
This notification is made by Dennis Callesen, Investor Relations Manager, at TDC A/S.

TDC A/S

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[ATTACHMENT]

Supplemental Disclosure – June 11, 2018

CONTENTS

THE TRANSACTIONS

The Acquisition

On February 12, 2018, DK Telekommunikation ApS ("**Bidco**") announced its decison to make a recommended voluntary takeover offer to acquire up to 100% of the outstanding share capital of TDC A/S, a public limited liability company (*aktieselskab*) incorporated under the laws of Denmark (the "**Target**"), for a price of DKK 50.25 (€6.74) for each share, valuing the entire issued equity capital at approximately €5.4 billion; the offer was formally announced on February 28, 2018 with the publication of an offer document (the "**Takeover Offer**"). The board of directors of the Target issued a statement on March 2, 2018 unanimously recommending the Takeover Offer to the existing shareholders of the Target. Bidco, a private limited liability company (*anpartsselskab*) incorporated under the laws of Denmark, was formed for the purpose of making and implementing the Takeover Offer and indirectly owned by a consortium including MIRA HoldCo, PFA HoldCo, PKA HoldCo and ATP HoldCo (together, the "**Consortium**"). On April 9, 2018, the final result of the Takeover Offer was announced. The Consortium had received approximately 88% of the shares in TDC (excluding treasury shares) at expiry of the Takeover Offer. Subsequently, additional shareholders accepted to sell their shares on the same terms as under the Takeover Offer increasing the total number of shares acquired at settlement on May 4, 2018 ("**Completion**") to over 90% (excluding treasury shares). The Target's shares were delisted from trading and official listing on Nasdaq Copenhagen A/S with effect from June 5, 2018. Thereafter, Bidco initiated and completed a squeeze-out of the remaining minority shareholders of the Target in accordance with the Danish Companies Act (the "**Compulsory Acquisition**" and, together with the Completion, the "**Acquisition**") on June 8, 2018, resulting in Bidco owning 100% of the outstanding shares in the Target.

The Acquisition Financing

Members of the Consortium provided to Bidco indirectly via contribution to the Parent Guarantor (for further contribution to the Issuer and Bidco) part of the capital required, in the form of equity and shareholder loans in the amount of €2,763 million, to enable Bidco to fulfil (in part) its payment obligations under the Acquisition (the "**Equity Contribution**").

In addition, the Issuer entered into external debt financing arrangements for purposes of financing the consideration for the shares to be acquired by Bidco pursuant to the Takeover Offer (the "**Acquisition Financing**"). The aggregate amount of the Acquisition Financing together with the Equity Contribution represented the total amount needed to acquire 100% of the shares in the Target (excluding treasury shares). The Acquisition Financing originally consisted of bridge term loan facilities in the aggregate amount of €2,800 million and a revolving credit facility in the aggregate amount of €200 million (the "**Bridge Facilities**") which were made available to the Issuer under a bridge facility agreement dated as of February 12, 2018 as amended and/or restated from time to time, among, *inter alios*, the Issuer, the Security Agent and the financial institutions named therein (the "**Bridge Facility Agreement**"). On May 29, 2018, the Bridge Facility Agreement was amended and restated, which included a reduction to the revolving credit facility to €100 million.

The Issuer on-lent amounts borrowed under the Bridge Facility Agreement to Bidco under an intercompany proceeds loan agreement in order to finance Bidco's payment of the consideration for the shares to be acquired pursuant to the Acquisition. Prior to the Issue Date, subject to (amongst other things) approval by the board of directors of the Target and compliance with the requirements of the Danish Companies Act, Target is expected to pay a dividend to Bidco in an amount of up to €1,400 million (equivalent) plus an additional amount for accrued interests (the "**Target Dividend**"), the proceeds of which will be used by Bidco to repay intercompany loans in the same amount owing to the Issuer which will use such amounts to repay a corresponding amount of the term loans outstanding under the Bridge Facility Agreement prior to the date of issuance of any senior notes (the "**Senior Notes**") used to refund the Bridge Facility Agreement. The offering of the Senior Notes is conditional on the completion of such repayment with the Target Dividend. The remaining term loans under the Bridge Facility Agreement and the related intercompany proceeds loan agreement between the Issuer and Bidco are expected to be replaced by the issuance of the Notes and the entering into of the Proceeds Loan Agreement.

Target Facilities

On May 29, 2018, the Target entered into a term and revolving facilities agreement between, among others, Barclays Bank PLC, BNP Paribas Fortis SA/NV, Deutsche Bank AG, London Branch, HSBC Bank plc, Nordea Danmark, filial af Nordea Bank AB (publ), Citigroup Global Markets Limited, J.P. Morgan Securities plc, Danske Bank A/S and Nykredit Bank A/S as arrangers and Barclays Bank PLC as agent (the "**Target Facilities**

Agreement"). The Target Facilities Agreement provides a term loan facility B in the aggregate amount of €3,951 million (equivalent) (the "**TLB**") and a €500 million senior secured revolving credit facility (originally contemplated as a €300 million revolving credit facility and a €200 million capital expenditure facility) (the "**Target Revolving Credit Facility**" and, together with the TLB, the "**Target Facilities**"). Borrowings under the Target Facilities were used to repay certain outstanding indebtedness of the Target and further borrowings will be used to repay other outstanding Target indebtedness (the "**Target Refinancing**"). The drawings under the TLB shall be the equivalent of €3,900 million, in compliance with a debt cap for the Issuer and its subsidiaries. A portion of the TLB will be used to finance the Target Dividend in an amount of €1,400 million (equivalent). The Target Dividend and the use of proceeds thereof (the "**Distribution**") are intended to be completed prior to the Issue Date, provided that the Distribution is subject to and the completion of the Distribution is a condition to the Senior Notes offering.

Existing Notes

On May 4, 2018, Target's credit ratings were downgraded due, in whole or in part, to the change of control of Target that occurred at Completion thereby triggering a change of control event under the provisions of its outstanding €750 million callable subordinated capital securities due 3015 (the "**Hybrid Bonds**"), €800 million 1.75% Notes due 2027 (the "**2027 Notes**"), €500 million 3.75% Notes due 2022 (the "**2022 Notes**") and €508 million (equivalent) 5.625% Notes due 2023 (the "**2023 Notes**").

On May 9, 2018, Target elected to exercise a change of control call option and redeem the Hybrid Bonds. Accordingly, the Hybrid Bonds will be redeemed in whole on June 29, 2018 at a redemption price of 100% of their respective aggregate principal amount (together with interest accrued to (but excluding) June 29, 2018 and any outstanding payments).

On May 9, 2018, Target notified holders of its 2022 Notes, 2023 Notes and 2027 Notes that a put event had occurred and that each noteholder had the option to require Target to redeem or, at Target's option, purchase (or procure the purchase of) outstanding 2022 Notes, 2023 Notes or 2027 Notes, as applicable, on June 30, 2018 at their principal amount together with interest accrued to but excluding the date of redemption or purchase. Holders of the 2022 Notes and the 2023 Notes were invited to participate in a consent solicitation process to waive the change of control put right that was completed on June 6, 2018. Holders of the 2027 Notes were notified that they would not be the subject of the consent solicitation process. The 2022 Notes and the 2023 Notes will remain outstanding and the 2027 Notes are expected to be repurchased in whole. Settlement of the redemption of the 2027 Notes in respect of which a put option has been exercised will take place on July 2, 2018 and will be funded from the proceeds of the TLB.

As of March 31, 2018, €500 million in aggregate nominal amount of the 2022 Notes and €508 million (equivalent) in aggregate nominal amount of the 2023 Notes remained outstanding. The coupon for each of the 2022 Notes and the 2023 Notes will be subject to a 1.25% coupon step-up due to the downgrade of Target's credit ratings as a result of the change of control at Target, which will (subject to any further adjustment to the 2022 Notes and/or the 2023 Notes that may be necessary pursuant to their respective terms and conditions) become effective from March 2019 and February 2019, respectively.

The Acquisition, the Equity Contribution, the Acquisition Financing, the Target Refinancing, the Distribution and the Bridge Refinancing are herein collectively referred to as the "**Transactions**."

Pro Forma Sources and Uses – The Acquisition

The following table sets out the overall financing and related expenses in connection with the Transactions, including the Acquisition.

Sources of Funds		**Uses of Funds**	
	(€ in million)		
Equity Contribution[(a)]	2,763	Equity Purchase Price[(f)]	5,441
Issuer Bridge Facility/Senior Notes[(b)]	1,400	Target Refinancing[(g)]	2,550
Target Facilities[(c)]	3,900	Target Rollover Bonds[(h)]	1,008
Target Rollover Bonds[(d)]	1,008	Transaction costs[(i)]	189
Cash on hand[(e)]	120	Issuer cash buffer[(j)]	3
Total sources	**9,190**	**Total uses**	**9,190**

Note: All EUR/DKK conversions shown using exchange rate of €1 to DKK 7.45.

(a) Represents the cash contribution from the Consortium. The cash contribution to equity was contributed, directly or indirectly, by way of equity, shareholder loans and/or other combinations of such instruments to Bidco.

(b) Represents the outstanding drawings under the Bridge Facility initially used in connection with the Acquisition of Target Shares on the Completion Date and in connection with the Compulsory Acquisition. The Bridge Facility includes €2,800 million of bridge term loan facilities which will be refinanced in part by a €1,400 million equivalent TLB issuance as part of the Distribution (included in €3,900 million Target Facilities being drawn in connection with the Transactions) and which is a condition to the Senior Notes offering. The outstanding amount of the Bridge Facility is expected to be refinanced with the issuance of €1,400 million (equivalent) of Senior Notes.

(c) Represents the gross proceeds from the TLB, subject to the assumptions stated below. The TLB includes a euro-denominated tranche and a US dollar-denominated tranche. In addition, the Target Facilities Agreement also provides for the Target Revolving Credit Facility in an amount of €500 million. Borrowings under the Target Facilities were used to refinance certain of the Target's debt prior to the date hereof and certain available amounts thereunder may be used to refinance additional outstanding Target indebtedness that cannot yet be repaid and are expected to be used to finance the Distribution. For ease, the amounts presented herein are presented on a *pro forma* basis assuming such prepayment and the Distribution has occurred.

(d) As part of the Transactions, Target's existing debt will be refinanced with the exception of €1,008 million equivalent of existing notes consisting of €500 million notes due in March 2022 and €508 million equivalent GBP notes due in March 2023, which have been rolled-over following the successful completion of a change of control consent process.

(e) Represents part of Target's cash and cash equivalents available on the balance sheet as of March 31, 2018, assumed to be available to refinance Target's existing debt, pay transaction costs and finance the Issuer cash buffer.

(f) Represents the aggregate purchase price for Target's 812,000,000 issued and outstanding common shares (giving effect to the 5,986,796 treasury shares as of May 2018) and the purchase price, including common shares purchased pursuant to the squeeze-out conducted by the Consortium in accordance with the Danish Companies Act.

(g) Represents the repayment of outstanding amounts of loans and notes at the Target, including a €250 million KFW loan, €750 million EIB loans, €750 million Hybrid Notes and €800 million notes due 2027.

(h) Represents the Existing Notes of Target expected to remain outstanding following the consent solicitation process.

(i) Represents estimated fees and expenses associated with the Transactions, including, but not limited to, financing fees including any OID on the Target Facilities, advisory fees and legal costs. These fees and expenses have been estimated as of the date hereof and are subject to change. These costs exclude accrued but unpaid interest on the Bridge Facility to, but excluding, the Issue Date that will be paid on the Issue Date. For a description of the cash position of the Group.

(j) Following the completion of the Transactions, an amount equal to €2.5 million in aggregate is to be retained by the Issuer and parent entities above as cash overfunding in connection with the Acquisition.

Sources and Uses – The Bridge Refinancing

On the Issue Date, we intend to use the proceeds from the issuance of the Notes and cash on hand to repay the outstanding indebtedness drawn under the Bridge Facility Agreement in connection with the Acquisition (the "**Bridge Refinancing**"), together with accrued and unpaid interest thereon, and to pay transaction fees and expenses in connection therewith. The following table shows the indicative sources and uses of funds related to the Bridge Refinancing, assuming they had been completed on March 31, 2018. Actual amounts will vary from estimated amounts depending on several factors, including accrued interest on debt being repaid, the actual date of completion of the Bridge Refinancing, the actual date of repayment of certain indebtedness of Target, and differences from our estimates of fees and expenses associated with the Transactions and fees and expenses actually incurred. Any changes in these amounts may affect the amount of the cash on hand.

Sources of Funds		**Uses of Funds**	
	(€ in million)		
Notes offered hereby(1)	1,400	Repayment of Bridge Facility(2)	1,400
Euro Notes offered hereby			
Dollar Notes offered hereby (equivalent)			
Total sources(3)	**1,400**	**Total uses(3)**	**1,400**

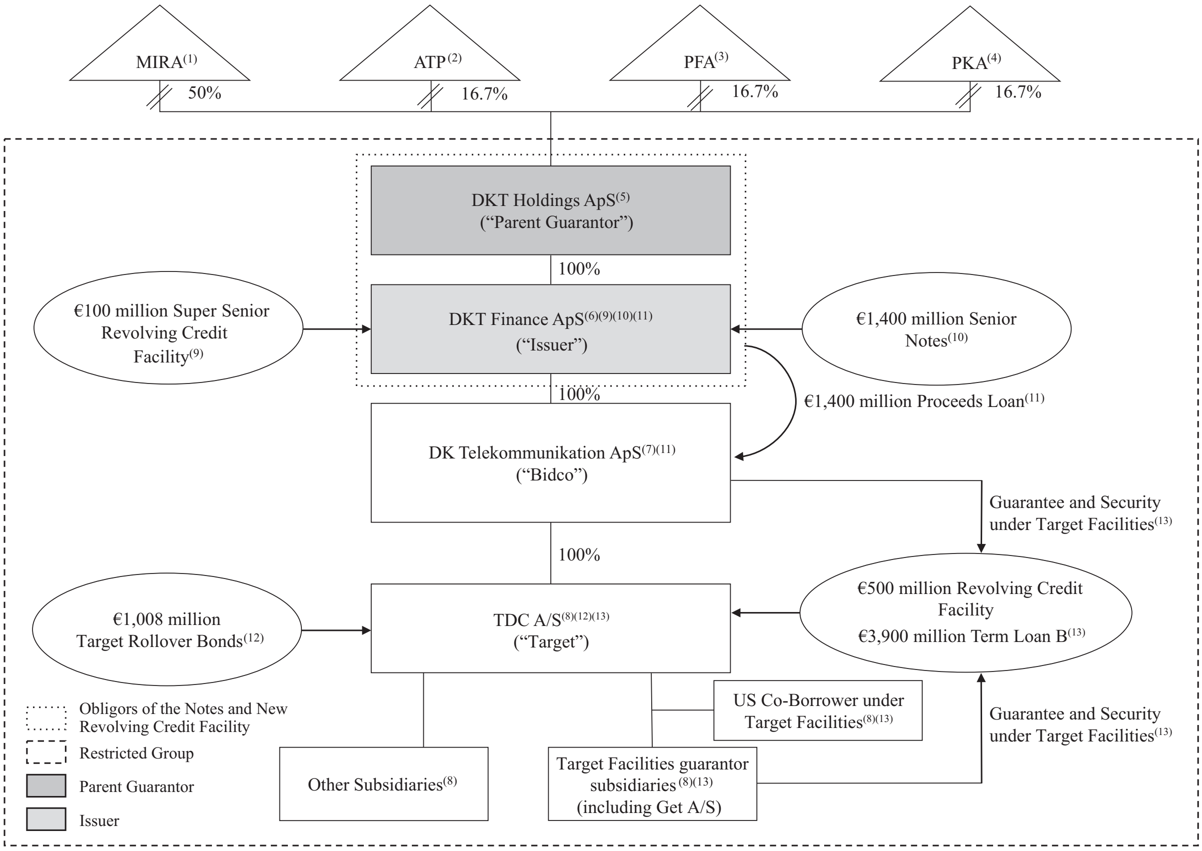
(1) Represents the aggregate principal amount of Notes offered hereby consisting of € million aggregate principal amount of the Issuer's % Senior Notes due 2023 and $ million aggregate principal amount of the Issuer's % Senior Notes due 2023.

(2) An aggregate principal amount of €2,800 million of indebtedness was drawn under the Bridge Facility Agreement in connection with the Acquisition, but €1,400 million of such amount is intended to be repaid prior to the Issue Date using the proceeds of the Distribution and which is a condition to the Offering. The outstanding amount of the Bridge Facility will be refinanced with the €1,400 million of Notes offered hereby on the Issuer Date. No amounts were drawn under the revolving portion of the Bridge Facilities Agreement. See "*—The Transactions—Pro Forma Sources and Uses—The Acquisition*."

(3) Represents indicative sources and uses of funds related to the Bridge Refinancing, but excludes fees and expenses associated with the offering and refinancing of the loans under Bridge Facility Agreement. For example accrued and unpaid expenses, underwriting fees, legal costs and other transactional expenses. For details of the full fees and expenses associated with the Transaction, see "*Pro Forma Sources and Uses—The Acquisition*".

TDC Group Corporate Structure and Certain Financing Arrangements

The following chart shows a simplified summary of the corporate and financing structure and nominal amounts of the principal indebtedness of the TDC Group as of March 31, 2018 on a *pro forma* basis, to give effect to the Transactions. The chart does not include all entities in the TDC Group, nor all of the debt obligations thereof. All entities shown below are, unless otherwise indicated, directly or indirectly owned by their respective parent company.



(1) MIRA HoldCo directly holds 50% of DKT Holdings ApS.

(2) ATP HoldCo holds 16.7% of DKT Holdings ApS.

(3) PFA HoldCo holds 16.7% of DKT Holdings ApS.

(4) PKA HoldCo holds 16.7% of DKT Holdings ApS.

(5) As of the date hereof, the Parent Guarantor is a holding company with no revenue-generating activities of its own, and no business operations, material assets or liabilities other than those incurred in connection with its incorporation and the Transactions.

(6) The Issuer of the Notes will be DKT Finance ApS, a private limited liability company incorporated and existing under the laws of Denmark. As at the date hereof, the Issuer is a holding company with no revenue generating activities of its own, and no business operations, material assets or liabilities other than those incurred in connection with its incorporation and the Transactions.

(7) Bidco was formed for the purpose of making and implementing a recommended voluntary takeover offer to acquire up to 100% of the outstanding share capital of Target. On May 4, 2018, Bidco had acquired more than 90% of the entire share capital of Target. Upon completion of the Acquisition, the remaining shares were acquired on June 8, 2018.

(8) The Notes will not be guaranteed by Target or any of its subsidiaries. As of March 31, 2018, after adjusting for the effect of the Transactions, we would have total consolidated financial liabilities of DKK 46,995 million (€6,308 million), of which DKK 36,565 million (€4,908 million) would be indebtedness of the Target or its subsidiaries.

(9) The Issuer will enter into the New Revolving Credit Facility Agreement on or prior to the Issue Date. The New Revolving Credit Facility will have a total commitment of €100 million and will mature six months prior to the maturity date of the Notes. Borrowings under the New Revolving Credit Facility will be available to fund, among other things, our general corporate and working capital purposes (including capital expenditures) but will not be able to be drawn for the purpose of redeeming, defeasing or repurchasing any of the Notes and may be drawn in euros and any of pounds sterling, U.S. Dollars, Danish kroner and Norwegian kroner and such other currency meeting specified conditions. The New Revolving Credit Facility will initially be made available to the Issuer as the original borrower. The New Revolving Credit Facility will be (subject to certain Agreed Security Principles set forth in the New Revolving Credit Facility Agreement) guaranteed by the Parent Guarantor and secured on a pari passu basis by the same collateral that secures the Notes (the "**Collateral**").

(10) Represents the Issuer's €1,400 million (equivalent) aggregate principal amount of Senior Notes due 2023.

(11) The Issuer as lender and Bidco as borrower will enter into an intercompany proceeds loan agreement on or around the Issue Date in replacement and substitution of the intercompany proceeds loan agreement entered into on February 12, 2018 in relation to the Bridge Facility Agreement.

(12) As part of the Transactions, Target's existing debt will be refinanced with the exception of €1,008 million equivalent of Target Rollover Bonds will remain outstanding following the successful completion of a change of control consent process.

(13) On May 29, 2018, the Target entered into a term and revolving facilities agreement between, among others, Barclays Bank PLC, BNP Paribas Fortis SA/NV, Deutsche Bank AG, London Branch, HSBC Bank plc, Nordea Danmark, filial af Nordea Bank AB (publ), Citigroup Global markets Limited, J.P. Morgan Securities plc, Danske Bank A/S and Nykredit Bank A/S as arrangers and Barclays Bank PLC as agent (the "**Target Facilities Agreement**"). The Target Facilities Agreement provides for a term loan facility B in the aggregate amount of €3,951 million (equivalent) (the "**TLB**") and a €500 million senior secured revolving credit facility (the "**Target Revolving Credit Facility**" and, together with the TLB, the "**Target Facilities**"). Borrowings under the Target Facilities were used to repay certain outstanding indebtedness of the Target and further borrowings may be used to repay other outstanding Target indebtedness that is not yet able to be repaid (the "**Target Refinancing**") and to fund the Distribution (as defined below). The drawings under the TLB shall be the equivalent of €3,900 million, in compliance with a debt cap for the Issuer and its subsidiaries. A portion of the TLB will be used to finance a dividend from the Target to Bidco in an amount of €1,400 million (equivalent), the proceeds of which will be used by Bidco to repay intercompany loans in the same amount owing to the Issuer which will use such amounts to repay a corresponding amount of the term loans outstanding under the Bridge Facility Agreement. The above steps (the "**Distribution**") are intended to be completed prior to the Issue Date, provided that the Distribution is subject to (amongst other things) approval by the board of directors of the Target and compliance with the requirements of the Danish Companies Act. The completion of the Distribution is a condition to the Senior Notes offering.

RISK FACTORS

Any of the risks described below could have a material adverse impact on our business, prospects, results of operations, cash flows and financial condition and could therefore have a negative effect on the trading price of the Notes and our ability to pay all or part of the interest or principal on the Notes. Although described below and elsewhere in this document are the risks considered to be the most material, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our results of operations, financial condition, business or operations in the future. In addition, our past financial performance may not be a reliable indicator of our future performance and historical trends should not be used to anticipate results or trends in future periods. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

Risks Relating to Our Industry and Our Business

We operate in highly competitive markets, and there is a risk that we will not be able to effectively compete with other service providers.

The markets for pay-TV, broadband internet, landline voice and mobile services in which we operate are highly competitive and, in certain markets, we compete with established companies that hold positions of market power in these and/or closely related markets. We face competition from these companies, other established companies and potential new entrants. Technological advances may increase competition or alter the competitive dynamics of markets in which we operate. As the availability and speed of broadband internet increases, we also face competition from over-the-top ("**OTT**") video content providers utilizing our or our competitors' high-speed internet connections. New market entrants do not have to contend with the legacy systems and infrastructure that we have and hence are able to operate more efficiently with a leaner structure. In addition, increasing competition from non-traditional voice, messaging and content offerings may cause our subscription base, ARPU and profitability across all products and services to decline.

We face significant competition from well-established, pan-Nordic and national telecommunications companies, as well as utility companies and TV distributors. There are limits to the extent to which we can continue to grow our mobile subscription base through increased penetration. Because of the high mobile subscription penetration in the Danish and Norwegian telecommunications markets, any future growth in our business and revenues will depend, increasingly, on our ability to extract greater revenue from our existing mobile subscriptions, in particular through the expansion of data services and adequate pricing models for such services, as well as on the success of our fixed line broadband and TV and video services. In addition, some of our competitors are subject to fewer regulatory requirements in Denmark and Norway than us and base their price strategy on marginal cost considerations. In the Danish mobile market, certain smaller new market entrants have entered the market with the sole aim of reaching a high number of subscribers in order to become an attractive acquisition target using aggressive marketing and competitive pricing, increasing pressure on prices and competition. The competition may intensify further in the future and lead to increased churn and decreasing ARPU across products and services in the consumer, business and wholesale markets in Denmark and Norway, which may have a material adverse effect on our business. In particular, our ARPU for Business mobility services in the Danish domestic market has declined steadily from DKK 114 per month in the first quarter of 2017 to DKK 108 per month in the first quarter of 2018.

A change of platform and technology has increased the competition from utilities that have rolled out fiber networks to offer broadband services, pay-TV and landline voice services. We are also challenged by providers that offer pay-TV services on other platforms, such as DTH satellite distributors, DTT providers and operators offering TVoIP. Furthermore, foreign distributors in the OTT market can be expected to gain additional parts of the video-on-demand ("**VoD**") market. The pay-TV market in Denmark is experiencing a similar trend as the landline voice market as newer technologies become available. TV consumer behavior in our markets is rapidly changing with traditional flow TV viewing in steady decline in Denmark and Norway due to a trend toward customer preference for more flexible viewing packages which is leading customers to deselect flow TV and migrate to cheaper price plans, thereby reducing ARPU and placing further pressure on profits. Furthermore, content owners are changing their business models by selling directly to end customers and increasingly taking over the role of aggregating content, leaving us to serve solely as a point of distribution. Consumers, especially the younger generation, are switching to on-demand and internet-TV services and combined with higher prices due to higher content costs, this has resulted in both cord cutting, whereby consumers are choosing not to have a cable product, and cord shaving, whereby consumers are choosing to have less cable products. Additionally, higher consumption of digital services such as on-demand and internet TV, increases amounts payable to the administrative organizations unique to Denmark, such as

Copy-Dan and KODA, which pay out consideration to copyright holders. Such increases put pressure on end user prices and may exacerbate cord cutting and cord shaving. TDC's Consumer business line lost 76,000 TV RGUs from the first quarter of 2017 to the first quarter of 2018. Although ARPU increased by DKK 6 in the same period as a result of increased TV pricing and TVoD, accelerating pressure from OTT suppliers and customers terminating TV subscriptions could exert pressure on ARPU levels in the future.

Furthermore, price competition within mobile has intensified, reflecting a trend in the B2B and wholesale markets to set prices closer and closer to the marginal costs of mobile operations. Some competitors may even set irrationally low prices in order to gain market share. New competitors with convergent products have increased their penetration in the B2B segment. Aggressive bidding behavior from these competitors in mobile spectrum auctions could raise our license costs, thereby negatively affecting our cash flow and pressuring ARPU downwards.

To compete effectively, we may be required to reduce the prices we charge for our services or increase the value of our services without being able to recoup associated costs. In addition, some of our competitors may offer services that we are unable or unwilling to offer. The level and intensity of competition from both existing competitors and new market entrants could increase as a result of changes in the regulatory framework of the industries in which we operate, advances in technology, the influx of new market entrants and strategic alliances and cooperative relationships among industry participants (including industry consolidation). Increased competition may lead to a decrease in our revenue, increased costs, increased customer churn or a reduction in the rate of customer acquisition, which could have an adverse effect on our business, financial condition, and results of operations.

The success of our operations depends on our ability to attract and retain subscribers.

Our ability to attract and retain mobile, broadband and landline voice subscribers or to increase our profitability from existing subscribers will depend in large part on our ability to stimulate and increase subscriber usage, convince subscribers to switch from competing operators to our services and to minimize subscriber deactivation rates, referred to in the industry as customer "churn." Churn is a measure of subscribers who stop purchasing or using our services, leading to reduced revenue. Churn arises mainly as a result of competitive influences, introduction of new products and technologies, deterioration of personal financial circumstances, price increases and regulatory developments, such as changes in regulation in 2016 which allowed households previously bound by association agreements to terminate their TV packages. Any increase in customer churn may lead to a need to reduce our costs rapidly to preserve our margins or, alternatively, take measures that will increase our subscriber acquisition and retention costs. There can be no assurance that the various measures we have taken and plan to take to manage churn and increase customer loyalty will reduce our churn rate. Furthermore, several of our customers are housing associations with whom our agreements are constantly renegotiated. There can be no guarantee that these housing associations will renew their agreements with us on favorable terms or otherwise.

In addition, the mobile telecommunications industry is characterized by frequent developments in product offerings, as well as by advances in network and handset technology. If we fail to maintain and upgrade our network and provide our subscribers with an attractive portfolio of products and services, we may not be able to retain subscribers. Likewise, if we fail to effectively communicate the benefits of our network through our marketing and advertising efforts, we may not be able to attract new customers. Our future efforts to attract and retain customers may prove unsuccessful. Additionally, our competitors may improve their ability to attract new subscribers, for example by offering bundled products and triple/quadruple-play offerings that we currently cannot or do not offer, or offer their products or services at lower prices, which would make it more difficult for us to retain our current subscribers, and the cost of retaining and acquiring new subscribers could increase, any of which could have a material adverse effect on our business, financial condition, and results of operations.

Technologies in the cable access and TV industries are also changing rapidly, which puts significant pressure on our business and requires us to frequently upgrade existing products and services and to introduce new industry standards and practices. Our customers' needs are rapidly evolving due to new technology, which changes the way media is consumed and our customers growingly seek constant connectivity to the internet. For example, the increase of VoD offerings has caused a change in consumer habits and resulted in increased demand for video on demand whereas traditional TV is now consumed less. If we fail to respond adequately to changes in consumer behavior, we could lose customers and experience a decrease in revenue which could result in a material adverse effect and our business, results of operations and financial condition.

Our business is capital intensive and our capital expenditures may not generate a positive return or we may be unable or unwilling to make additional capital expenditures.

Our business is capital intensive and requires significant amounts of investment. We have an extensive ongoing capital expenditure program that will continue to require significant capital outlays in the foreseeable future, including the continued renewal/swap of equipment at all our access network sites, expansion of our network coverage and our IT transformation via the Digital First initiative. We may also need to invest in new spectrums, networks and technologies in the future, including regarding fiber, LTE or 5G, and make investments to provide business continuity and to meet requirements for information security and disaster recovery, all of which could require significant capital expenditures. If network usage develops faster than we anticipate, we may require greater capital investments in shorter timeframes than we anticipate, and we may not have the resources to make such investments. An increased need to invest in infrastructure might lead to lower returns than otherwise expected. In addition, costs associated with the licenses and spectrums that we need to operate our existing networks and technologies and those that we may acquire and/or develop in the future, as well as costs and rental expenses related to their deployment, could be significant. These could include costs related to coverage requirements stipulated in the licenses such as geographic and population coverage of a certain minimum "perceived download and upload speed."

The amount and timing of our future capital requirements may differ materially from our current estimates due to various factors, many of which are beyond our control. We may therefore be required to raise additional debt or equity financing in amounts that could be substantial. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. We may not be able to accomplish any of these measures on a timely basis or on commercially reasonable terms, if at all. We may not generate sufficient cash flows in the future to meet our capital expenditure needs, sustain our operations or meet our other capital requirements, which may have a material adverse effect on our business, financial condition, and results of operations.

The markets in which we compete are subject to rapid and significant changes in technology, and the effect of technological changes on our businesses cannot be predicted.

Technology in the cable access, TV, telecommunications and data services industries is changing rapidly, through both advances in current technologies and the emergence of new technologies. For example, advances in current technologies, such as voice-over Internet protocol ("**VoIP**") (over fixed line and mobile technologies), 3D TV, Ultra HD/4K TV, mobile instant messaging, Wi-Fi, Wi-Max, LTE, IPTV, or the emergence of new technologies, such as white space technologies (which use portions of the old analog television spectrum), or the availability to our competitors of 5G, 4G spectrum and technology, and next generation networks ("**NGNs**") (which allow business customers to receive voice, data and video over the same network) may result in our core offerings becoming less competitive or render our existing products and services obsolete. We may not be able to develop new products and services, or keep up with trends in the market, at the same rate as our competitors (or at all). The pace of change may be such that we fail to seize opportunities to become market disrupters or to adequately respond to market disrupters. If we fail to introduce or are significantly delayed in introducing new products and services in the future, if our new products and services are not accepted by customers or if our competitors introduce more sophisticated or more popular products and services, it could have a material adverse effect on our business, financial condition, and results of operations.

Technological developments may also shorten product life cycles and facilitate convergence of various segments in the telecommunications industry. TDC Group's legacy IT systems may not match the functionality or speed of newer IT software held by competitors. We may be required to deploy new technologies rapidly if, for example, subscribers begin demanding features of a new technology, such as increased bandwidth, shorter latency, an extreme number of connected devices, or if one of our competitors decides to emphasize a newer technology in its marketing. 5G, the future of LTE, enhancement of voice-over long-term evolution ("**VoLTE**") and expansion of current technology for internet of things ("**IoT**") are examples of such technologies. At the time we select and advance one technology over another, or decide on whether to emphasize a specific technology, it may not be possible to accurately predict which technology may prove to be the most economical, efficient or capable of attracting subscribers or stimulating usage, or how rapidly any competitor focuses on a particular new technology, and we may develop or implement a technology that does not achieve widespread commercial success or that is not compatible with other newly developed technologies.

In addition, we may not receive the necessary licenses to provide services based on these new technologies in the markets we operate in or may be negatively impacted by unfavorable regulation regarding the usage of these technologies. If we are unable to effectively anticipate, react to or access technological changes in the telecommunications market or to otherwise compete effectively, we could lose subscribers, fail to attract new subscribers or incur substantial costs and investments in order to maintain our subscriber base, all of which could have a material adverse effect on our business, financial condition, and results of operations.

We are subject to significant government regulation and supervision, and further regulatory changes could require us to make additional expenditures or limit our revenues and otherwise adversely affect our business.

Our activities are subject to regulation and supervision by various regulatory bodies in the jurisdictions in which we operate. Such regulation and supervision, as well as future changes in laws or regulations or in their interpretation or enforcement that affect us, our competitors or our industry, strongly influence how we operate our business and impact our ability to increase or maintain competitive prices for our products and services.

Complying with existing and future law and regulations may increase our operational and administrative expenses, restrict our ability or make it more difficult to implement price increases, affect our ability to introduce new services, force us to change our marketing and other business practices, and/or otherwise limit our revenues. In particular, our business could be materially and adversely affected by any changes in relevant laws or regulations (or in their interpretation) regarding, for example, licensing requirements, access and price regulation, interconnection arrangements, the imposition of universal service obligations, any change in policy allowing more favorable conditions for other operators or increasing competition or rules impacting the funded status of the TDC Pension Fund. Such changes in regulation may also lead to reduced incentives to invest in the sector. There can be no assurance that the provision of our services will not be subject to greater regulation in the future and a change in regulation could affect the implementation of our existing strategy. Furthermore, a failure to comply with the applicable rules and regulations could result in penalties, restrictions on our business or loss of required licenses or other adverse consequences.

The regulations applicable to our operations within the EU often derive from the EU Directives comprising the Telecoms Regulatory Framework, as supplemented by additional legislative instruments (the "**EU Directives**"). The various EU Directives require EU Member States to harmonize their laws on communications and cover such issues as access, user rights, privacy and competition. These EU Directives are reviewed by the EU from time to time and any changes to them could lead to substantial changes in the way in which our businesses in the relevant jurisdictions are regulated and to which we would have to adapt.

Our strategy, including any future reorganization, the digitalization of our business, acquisition, or divestment, presents many risks, and we may not realize the financial and strategic goals that were contemplated at the time of any transaction.

The reorganization of our business into separately managed units overseeing our telecommunications network and Danish customer business may require us to re-engineer systems. The reorganization may take several years and involve significant establishment costs or increased ongoing costs. Furthermore, operational separation could result in a decline in operational effectiveness due to increased administrative processes, duplication of roles and activities across the separated parts of the business, loss of the ability to access the benefits of a vertically integrated organization, and reduced speed-to-market. The implementation of operational separation of the network and customer businesses also requires significant attention from management, diverting their focus from transformational and other business improvement initiatives. In addition, the opening up of our Danish network company to other telecommunication brands and retailers as part of our strategy to become an open-network, utility-like business may result in an increase in competition from these brands and retailers as well as increased churn if other service providers are able to use our network to expand their population coverage. In the longer term, we may fail to deliver required milestones, leading to reputational damage and potentially additional industry regulation.

We may not be able to digitalize our business quickly enough to keep up with shifting customer preferences or our competitors. Although we were able to achieve efficiency improvements and organic cost savings in the past two years, there can be no guarantee that we will continue to deliver planned productivity and efficiency improvements as decreased utilization of technicians, lack of productivity on field force tasks and unsuccessful automatization of tasks could all challenge our efficiency ambitions.

In the past we have undertaken acquisitions and divestments as part of our strategy and we may undertake similar ventures in the future. Future acquisitions and divestments may involve a number of risks and financial, accounting, tax, regulatory, managerial and operational challenges, which could adversely affect our results of operations and financial condition. For example, the businesses that we acquire may underperform relative to the price paid or the resources committed by us. We may not be able to achieve anticipated cost savings, or we may otherwise be adversely affected by acquisition-related charges. The integration of the businesses into our existing operations may not proceed as efficiently as we expect for a variety of reasons. Similarly, any future divestments of strategic assets could adversely impact the operations of the group or the proceeds from such divestments may be reinvested into businesses or capital expenditures that do not yield the expected results. While we seek to mitigate these risks in most of our transactions through, among other things, due diligence processes and indemnification provisions, we cannot be certain that the due diligence processes we conduct are adequate or that the indemnification provisions and other risk mitigation measures we put in place will be sufficient.

Some acquisitions or divestments we announce may not be completed if we do not receive the required regulatory approvals or if other closing conditions are not satisfied, which might deprive us of attractive opportunities, cause damage to our reputation, or otherwise have an adverse impact on us due to our inability to offset the diversion of management time, internal costs and advisory fees related to an aborted acquisition.

In addition, the integration of any potential future reorganization, acquisition, or divestment may expose us to certain risks and give rise to significant challenges, any of which could have a material adverse effect on our business, financial condition, and results of operations, including:

- difficulties in integrating the acquired business in a cost-effective manner, including network infrastructure, management information and financial control systems, personnel, marketing, customer service and product offerings;
- unforeseen legal, regulatory, contractual, labor or other issues arising from the reorganization, acquisition, or divestment;
- the inability to retain customers following any reorganization, acquisition, or divestment;
- potential disruptions to our on-going business caused by senior management's focus on the reorganization, acquisition, or divestment;
- the inability to maintain uniform quality standards, controls, procedures and policies; and
- the impairment of relationships with employees as a result of changes in management and ownership.

We may be unable to secure spectrum in the future, which would prevent or impair our plans or limit the need for our services and products.

Our ability to provide services to customers is highly dependent on our access to sufficient spectrum. However, the amount of available spectrum suitable for our operations is limited and the process for obtaining it is complex. We can therefore not guarantee that we, or our customers, will have sufficient access to spectrum to maintain and develop our services in the future. Our 900 MHz spectrum license is set to expire at the end of 2019 and our 2,100 MHz spectrum license will expire in 2021. In Denmark, the 700 MHz, 900 MHz, and 2,300 MHz spectrum bands will all be auctioning in the autumn of 2018. The 700 MHz and 900 MHz bands are particularly important for competing in the 4G and 5G network over the course of the next five to ten years. There can be no guarantee that we will be successful in our efforts to outbid competitors for blocks of frequency in these bands in upcoming auctions. In addition, should the EU or the governments of Denmark or Norway decide to reallocate spectrum to 5G, then we may be required to obtain additional spectrum to maintain our existing product offering. Success in coming spectrum auctions is pivotal to meet the growing capacity demand in the mobile market and to accommodate new 5G services.

In September 2016, the Danish Energy Agency's auction for LTE-suitable (1,800 MHZ) spectrum ended, with TDC, Hi3G Denmark, and TT Network each winning frequencies in the band. TDC and Hi3G Demark will pay just over DKK 300 million for two 20 MHz blocks. while TT Network is paying about DKK 425 million for two 25 MHz blocks. This license is due to expire in 2032. Coverage requirements are attached to the new 1,800 MHz licenses, particularly with respect to areas where there is currently little or no broadband coverage. We are expected to meet our part of the coverage requirements by December 2019, with targets including mobile broadband with a "perceived download speed" of at least 30 Mbps and a "perceived upload speed" of at least 3 Mbps.

In addition, a new mobile network operator ("**MNO**") could successfully enter the Danish mobile telecommunications market. Although the long-term nature of the licenses granted in the 2016 spectrum auction could constitute significant barriers to entry for potential new competitors, a new MNO could develop and operate a network infrastructure in a specific geographical region and obtain coverage over the rest of Denmark by entering into roaming agreements. Furthermore, the Danish Energy Agency has commenced a second hearing period regarding a proposal to change the frequency cap to increase the competition in the auction, which could facilitate the entry of new MNOs on the mobile market. A new MNO could also successfully enter the mobile market if new spectrum becomes available as part of the so-called digital dividend (for example, 700 MHz) or if existing spectrum becomes available for a new allocation in case frequency sharing is allowed, existing operators consolidate, or a license expires prematurely.

Even if a new entrant could not roll out nationwide infrastructure at launch due to the licensing of all currently available spectrum, such an entrant could develop and operate a network infrastructure targeted at one or more geographical regions and subsequently obtain coverage over the rest of Denmark by entering into roaming agreements or litigating similar access based on existing interconnection obligations. If any new MNO were to successfully enter the Danish mobile telecommunications market as a competitor or existing operators were to combine or share their resources or infrastructure, it could materially reduce our market share and could overall have a material adverse effect on our business, financial condition and results of operations.

We can only operate our business for as long as we have licenses from the relevant authorities in the jurisdictions in which we operate.

We are required to hold spectrum licenses to operate our mobile networks. These licenses generally require us to comply with applicable laws and regulations, make periodic license fee payments, and maintain minimum levels of coverage. Should we fail to comply with these license conditions, we may be subject to financial penalties from the relevant authorities and there is a risk that licenses could be partially or totally withdrawn by the Danish Energy Agency. The imposition of fines and/or the withdrawal of licenses could have a material adverse effect on our results of operations and financial condition and prevent us from conducting our business. In addition, such licenses are generally granted for fixed terms and must be periodically renewed via auction.

In addition, new licenses may be necessary in connection with the emergence of new technologies or advancements in current technologies. Should we not be able to obtain or renew spectrum licenses or any other licenses needed to operate or develop our business in a timely fashion, our ability to realize our strategic objectives may be compromised. Any failure to obtain or renew the licenses we require could have a material adverse effect on our business, financial condition, and results of operations.

Our business depends on continuously upgrading our existing networks.

We must continue to upgrade our existing mobile and landline voice networks in a timely manner in order to comply with changes to regulation, retain and expand our customer base in each of our markets and to successfully implement our strategy. Among other things, the needs of our business could require us to:

- upgrade the functionality of our networks to allow for the increased customization of services;
- increase our coverage in some of our markets;
- rollout our LTE network based on customers' demand and on coverage requirements;
- expand and maintain customer service, network management and administrative systems; and
- upgrade older systems and networks to adapt them to new technologies.

Many of these tasks, which could create additional financial strain on our business and financial condition, are not entirely under our control and may be affected by applicable regulation.

As of March 31, 2018, we had upgraded over 80% of our TDC owned network to DOCSIS 3.1, enabling speeds of 1 Gbps. However, significant competition, the introduction of new technologies, the expansion of existing technologies, such as fiber-to-the-home/-cabinet/-building/-node and advanced DSL technologies, or adverse regulatory developments could cause us to decide to undertake further previously unplanned upgrades of our networks and customer premises equipment ("**CPE**"). In addition, no assurance can be given that any future upgrades or extensions of our network will generate a positive return or that we will have adequate capital available to finance such future upgrades or extensions. If we are unable to, or elect not to, pay for costs associated with adding new customers, expanding or upgrading our networks or making our other planned or unplanned additions to our property and equipment, our business, financial condition, and results of operations could be materially adversely affected.

A failure in our network and information systems, whether caused by a natural failure or a security breach, could significantly disrupt our operations.

Certain network and information systems are critical to our business activities. Network and information systems may be affected by cyber security incidents that can result from deliberate attacks or system failures. Our network and information systems may also be the subject of power outages, fire, natural disasters, terrorist attacks, war or other similar events. Such events could result in a degradation of, or disruption to, our cable and non-cable services, and could prevent us from billing and collecting revenue due to us or could damage our equipment and data or could result in damage to our reputation. In 2017, we experienced a few network breakdowns during live events that negatively impacted customer experience. For example, YouSee's reputation was negatively impacted due to a widespread outage that occurred in Denmark during the Queen's 2016 New Year's Eve speech. The outage, which was the result of an act of vandalism to our systems, caused approximately one million customers to lose service. In March 2018, approximately two million TDC mobile customers were affected by service disruptions due to temporary lack of capacity. While Management believes our reputation and brand perception has recouped from these events, further instability and breakdowns in our network could have a similarly negative impact in the future. Disruption to services could result in excessive call volumes to call centers that may not be able to cope with such volume, which could in turn have a material adverse effect on our reputation and brand. Our plans for recovery from, and resilience to, such challenges may not be sufficient. The amount and scope of insurance we maintain against losses resulting from these events may not be sufficient to cover our losses or otherwise adequately compensate us for any disruptions to our business that may result.

Sustained or repeated failures of our own or third-party systems that interrupt our ability to provide services to our customers, prevent us from billing and collecting revenue, or that otherwise prevent us from meeting our obligations in a timely manner, could materially adversely affect our reputation and result in a loss of customers and revenue. These network and information systems-related events could also require significant expenditures to repair or replace damaged networks or information systems or to protect them from similar events in the future. Further, any security breaches, such as misappropriation, misuse, penetration by viruses, worms or other destructive or disruptive software, leakage, falsification or accidental release or loss of information maintained in our information technology systems and networks or those of our business partners (including customer, personnel and vendor data) could damage our reputation, result in legal and/or regulatory action against us, and require us to expend significant capital and other resources to remedy any such security breach. As a result of the increasing awareness concerning the importance of safeguarding personal information, the potential misuse of such information and legislation that has been adopted or is being considered regarding the protection, privacy and security of personal information, the liability associated with information-related risks is increasing, particularly for businesses like ours that handle a large amount of personal customer data. The occurrence of any such network or information system-related events or security breaches could have a material adverse effect on our business, financial condition, and results of operations.

The leakage of subscriber data as well as increasing data security requirements by governmental entities, financial institutions, and certain other corporate customers may adversely affect our business and profitability.

We collect, store and use data in the ordinary course of our operations that is protected by data protection laws. Although we take precautions to protect subscriber data in accordance with the privacy requirements provided for under applicable laws, we may fail to do so, and certain subscriber data may be leaked as a result of human error, technological failure, database piracy or security breaches or other circumstances. We work with independent and third-party sales agents, service providers and call center agents, and we cannot exclude the possibility that such third parties could also experience system failures involving the storing or the transmission of proprietary information. Violation of data protection laws may result in fines, loss of reputation and subscriber churn and could have a material adverse effect on our business, financial condition and results of operations.

We may be exposed to database piracy or other database security breaches which could result in the leakage and unauthorized dissemination of information about our subscribers, including their names, addresses, home phone numbers, passport details and individual tax numbers. In addition, the breach of security of our database and illegal sale or other unauthorized release of our subscribers' personal information could materially adversely impact our reputation, prompt lawsuits against us by individual and corporate subscribers, lead to violations of data protection laws and adverse actions by the telecommunications regulators and other authorities, lead to a loss in subscribers and hinder our ability to attract new subscribers. If severe customer data security breaches are detected, the regulatory authority can sanction us, and such sanction can include suspension of operations for some time period. In addition, we may be exposed to cyber-attacks, which could result in equipment failures or disruptions in our operations. Our inability to operate our network as a result of such events may result in significant expense or loss of market shares. These factors, individually or in the aggregate, could have a material adverse effect on our business, financial condition, and results of operations.

We are subject to European data protection laws and regulations. These laws and regulations regulate numerous important aspects of our business and place material constraints on our interactions with consumers. The General Data Protection Regulation (Regulation EU/2016/679, "**GDPR**"), that entered into force on May 25, 2018 and covers legal areas relating to the protection as well as the free movement of personal data, provides for potential penalties of up to €20 million or 4% of total worldwide annual turnover for cases of non-compliance. We and many other companies extensively dealing with customer data are currently assessing our future obligations under GDPR and reviewing all data processing activities to ensure compliance. As data protection authorities continue to release new guidance on the implementation of GDPR obligations, the new legal framework will evolve and best-practice examples will continue to emerge even after the GDPR has entered into force. Once it applies, the GDPR will strengthen individuals' rights and impose stricter requirements on companies processing personal data. For example, the GDPR might lead to an increase in requests from data subjects based on their enhanced rights such as the right to be forgotten, rights of deletion, and restriction of processing rights. We will also be required to ensure that data minimization is embedded across the Group so that only the appropriate amount of data required for any particular purpose is processed, that we delete any unnecessary datasets, and that we anonymize data wherever possible. During the implementation of these new and/or expanded obligations, there is an increased compliance risk that may lead to regulatory intervention.

Furthermore, we provide mobile, broadband and landline voice services to a number of public and private financial institutions, government entities and corporate customers with data security requirements. These customers may continue to increase their data security requirements, and we may be required to undertake additional investments in order to adhere to these enhanced data security requirements, as well as evolving statutory and regulatory requirements, including obtaining and maintaining certain ISO certifications, improving access rights management systems and developing a corporate data encryption infrastructure. As a result, we may incur additional capital expenditures to satisfy data security requirements. If we are unable to satisfy such data security requirements, customers could decide to terminate their contracts with us, and such terminations may have a material adverse effect on our business, financial condition, and results of operations.

We may be affected by general economic and geopolitical conditions in the markets in which we operate.

Adverse economic developments could reduce customer spending for cable television, broadband, landline voice and mobile services and increase churn. Most of our revenue is derived from customers who could be impacted by adverse economic developments globally. Ongoing struggles in Europe related to sovereign debt issues, among other things, have contributed to a challenging economic environment. Accordingly, unfavorable economic conditions may impact a significant number of our customers and, as a result, it may be (i) more difficult for us to attract new customers, (ii) more likely that customers will downgrade or disconnect their services and (iii) more difficult for us to maintain ARPU at existing levels. The countries in which we operate may also seek new or increased revenue sources due to fiscal deficits. Such actions may further adversely affect our company. Accordingly, our ability to increase, or, in certain cases, maintain, our revenue, ARPU, RGUs, operating cash flow, operating cash flow margins and liquidity could be materially adversely affected if the economic environment in Europe remains uncertain or declines.

Each of our operating segments is affected by general economic and geopolitical conditions of the countries in which we operate, in particular Denmark and Norway. This can cause our results of operations and financial position to fluctuate from year to year as well as on a long-term basis.

Since 2014, Denmark has experienced annual GDP growth close to 1.8%, and a sustained increase in employment. Growth has continued on a strong note in 2017, although export levels were lower than expected in 2017 considering the solid global growth and healthy competitiveness of Danish businesses. Norway was negatively affected by the decline in oil prices in 2014 but did not experience an actual recession and is now recovering from a period of low growth, as oil-related investment is no longer declining.

As Nordic countries are small, open economies, they are sensitive to disruptions in the global economy or the free flow of goods and services. Adverse economic developments have affected and will continue to affect our business in a number of ways, including, among others, the income, wealth, liquidity, business and/or financial condition of our customers, which, in turn, could further reduce the demand for our services. Any or all of the conditions described above could continue to have a material adverse effect on our business, financial condition, and results of operations.

We depend on third-party telecommunications providers over which we have no direct control for the provision of certain of our services.

Our ability to provide high-quality telecommunications services depends on our ability to interconnect with the telecommunications networks and services of other telecommunications operators. We have no control over the quality and timing of the investment and maintenance activities that are necessary for these entities to provide us with interconnection to their respective telecommunications networks. As such, the prices which they charge alternative operators, including us, for wholesale services they provide have a direct impact on our profitability. Further, the potential failure of any of the third-party telecommunications providers we (directly or indirectly) rely on for our access to infrastructure to comply with the current agreements relevant for our access or technical defaults, may create interruptions or quality problems with our telecommunications services.

We also rely on third-party operators for the provision of international roaming services for our mobile subscribers. While we have interconnection and roaming agreements in place with other operators, we do not have direct control over the quality of their networks and the interconnection and roaming services they provide. Furthermore, the recent abolition of retail roaming charges in the EU and uncertainty regarding the level of wholesale roaming charges has had and may continue to have an adverse effect on our business. Pursuant to “Roam Like at Home” rules implemented throughout the EU on June 15, 2017, no surcharge can be levied in addition to the domestic retail price for any regulated roaming service, except for data roaming where a fair use limit may be applied. In 2017, we were negatively affected by such regulation on roaming, as, despite rules on neutral billing, we had to pay foreign operators for markedly increasing data usage. Such payments could reduce our revenue and materially adversely affect our business, financial condition, and results of operations.

If we fail to maintain or further develop our direct and indirect distribution and customer care channels, our ability to sustain and further grow our subscriber base could be materially and adversely affected.

We depend on third parties and our internal channels to market, sell and provide a significant portion of our products and services. We intend to continue to develop our direct distribution channel, for example by opening additional B2C and B2B brand points of sale, which will require significant capital expenditures. The costs associated with opening additional shops may be significant and we may not be able to recoup such costs or increase our revenue by expanding our distribution presence. In particular, if we are not able to renew or replace our current shop leases or enter into new leases for shops on favorable terms, or any of our current leases are terminated prior to their stated expiry date and we cannot find suitable alternate locations, our growth and profitability could be harmed.

Additionally, if we fail to maintain our key distribution relationships, or if our distribution partners fail to procure sufficient subscribers for any reason, or if we fail to expand our direct and indirect distribution presence, our ability to retain or further grow our market share in the markets we operate could be adversely affected. In addition, the subscriber acquisition and retention costs associated with maintaining or further growing our subscriber base through both direct channels and indirect channels could materially increase in the future. These factors in turn could have a material adverse effect on our business, financial condition, and results of operations.

Customer satisfaction levels that are lower than our competitors’ customer satisfaction levels could adversely affect our ability to acquire new and maintain existing customers.

The Danish mobile telecommunications market is driven by, among other factors, customer satisfaction. Customer satisfaction may be impacted by a variety of factors, including customers’ perception of the overall package, price-value ratio of services, range of offerings, network quality, coverage, functionality and speed, products and services, invoice accuracy, and operators’ ability to solve customer problems in a fast and efficient way.

The volume of contacts handled by our customer service functions can vary considerably over time. The introduction of new product offerings can initially place significant pressure on our customer service personnel. Increased pressure on such functions is generally associated with decreased satisfaction of customers.

In the B2B and wholesale markets, customers require service to be extremely reliable and to be re-established within short timeframes if there is any disruption. In addition, product installation can be complex, requiring specialized knowledge and expensive equipment. Delays and service problems may result in the potential loss of customers. In these segments, we rely on our experienced customer relations personnel to handle any customer issues or requests, and the loss of such personnel can result in the loss of customers.

The implementation of Net Promoter Score reflects customers' willingness to recommend TDC Group's B2C and B2B services in order to respond to customer concerns. However, we may not be able to maintain and improve customer satisfaction sufficiently which may affect our ability to acquire new customers and increase our customer churn, which could have a material adverse effect on our business, financial condition, and results of operations.

Unauthorized access to our network and services resulting in piracy could result in a loss of revenue.

We rely on the integrity of our technology to ensure that our services are provided only to identifiable paying customers. Increasingly sophisticated means of pirating television, broadband and telephony services are continually being developed in response to evolving technologies. Furthermore, billing and revenue generation for our pay television services rely on the proper functioning of our encryption systems. We operate conditional access systems to transmit encrypted digital programs, including our digital pay-TV packages and for billing our customers, which rely on the proper functioning of our conditional access systems. Even though we require our conditional access system providers to provide state of the art security for the conditional access systems, the security of our conditional access systems may be compromised by illegal piracy and other means. While we continue to invest in measures to manage unauthorized access to our networks, any encryption failures or other causes of unauthorized access to our cable television service could result in a loss of revenue, and any failure to respond to security breaches could raise concerns under our agreements with content providers, all of which could have a material adverse effect on our business, financial condition, and results of operations.

Our business may be adversely affected if we fail to perform on major contracts.

While our customer base is generally dispersed, we have a few complex and high-value national and multinational contracts with certain customers. For example, our SKI contract with the Danish government comprises a considerable source of revenue. The revenue arising from, and the profitability, of our high value contracts are subject to a number of factors including: variation in cost; achievement of cost reductions anticipated in the contract pricing, both in terms of scale and time; delays in the delivery or achievement of agreed milestones owing to factors either within or outside of our control; changes in customers' requirements, budgets, strategies or businesses; and the performance of our suppliers. Any of these factors could make a contract less profitable or even loss making. The degree of risk generally varies in proportion to the scope and life of the contract and is typically higher in the early stages of the contract. Some customer contracts require investment in the early stages, which is expected to be recovered over the life of the contract. Major contracts often involve the implementation of new systems and communications networks, transformation of legacy networks and the development of new technologies. The recoverability of these upfront costs may be impacted by delays or failure to meet milestones. Substantial performance risk exists in these contracts.

Failure to manage and meet our commitments under these contracts, as well as changes in customers' requirements, budgets, strategies or businesses, may lead to a reduction in our expected future revenue, profitability and cash generation. Furthermore, unexpectedly high costs associated with the delivery of contracts could also negatively impact profitability. We may lose revenue due to the merger or acquisition of customers, business failure or contract termination and contracts may become loss-making. Failure to replace the revenue and earnings lost from such customers could have a material adverse effect on our business, financial condition, and results of operations.

Our business may suffer if we cannot continue to license or enforce the intellectual property rights on which our business depends or if we are subject to claims of intellectual property infringement.

We rely on patent, copyright, trademark and trade secret laws and licenses and other agreements with our employees, customers, suppliers and other parties to establish and maintain our intellectual property rights in content, technology and products and services used to conduct our businesses. However, our intellectual property rights or those of our licensors could be challenged or invalidated, we could have difficulty protecting or obtaining such rights or the rights may not be sufficient to permit us to take advantage of business opportunities, which could result in costly redesign efforts, discontinuance of certain product and service offerings or other competitive harm.

We have received and may receive in the future claims of infringement or misappropriation of other parties' proprietary rights, particularly creative rights with respect to broadcasted programs. These claims may require us to initiate or defend protracted and costly litigation, regardless of the merits of these claims. Successful challenges to our rights to intellectual property or claims of infringement of a third party's intellectual property could require us to enter into royalty or licensing agreements on unfavorable terms, incur substantial monetary liability or be temporarily or permanently prohibited from further use of the intellectual property in question. This could require us to change our business practices and limit our ability to provide our customers with the content that they expect. Even if we believe that the claims of intellectual property infringement are without merit, defending against the claims can be time consuming and costly and may divert management's attention and resources away from our business. All of the above could materially and adversely affect our business, financial condition, and results of operations.

Our brands are subject to reputational risks and we may not be successful in establishing a new brand identity for the products and services marketed by our operating companies.

We sell our products and services under several brands, including YouSee, DKTV, Fullrate, Telmore, Blockbuster, TDC Erhverv, TDC Net Design, Get and TDC Norway. We have developed the brands we use through extensive marketing campaigns, website promotions, customer referrals, and the use of a dedicated sales force and dealer networks. Our brands represent a material and valuable asset to us. Although we try to manage our brands, we cannot guarantee that our brands will not be damaged by circumstances that are outside our control or by third parties such as hackers, state-sponsorees, or interfaces with its clients, such as subcontractors' employees or sales forces, with a resulting negative impact on our activities. A failure on our part to protect our image, reputation and the brands under which we market our products and services may have a material adverse effect on our business, financial condition, and results of operations.

We face legal and regulatory dispute risks.

We are or may become subject to risks relating to legal and civil, tax, regulatory and competition proceedings to which we are a party or in which we are otherwise involved or which could develop in the future, and certain of these proceedings (or proceedings in which we may become involved), if adversely resolved, could have a material adverse effect on our business, financial condition and results of operations. Furthermore, our involvement in legal, regulatory and competition proceedings may harm our reputation. We cannot assure you what the ultimate outcome of any particular legal proceeding will be, and a negative outcome could materially adversely affect our business, financial condition, and results of operations.

The loss of certain key personnel, or the inability to recruit high quality personnel, could harm our business.

Our success and our growth strategy depend in large part on our ability to attract and retain key management, marketing, finance, digital, and operating personnel. There can be no assurance that we will continue to attract or retain the qualified personnel needed for our business. Competition for qualified senior managers in our industry is intense and there is limited availability of persons with the requisite knowledge of the telecommunications industry and relevant experience in Denmark. To the extent that the demand for qualified personnel exceeds supply, we could experience a delay or higher labor costs in order to attract and retain qualified managers and personnel from time to time.

The Consortium has replaced members of the board with new personnel. In addition, Pernille Erenbjerg has announced her intention to step down from her role as TDC Group's CEO at the end of 2018 at the latest. The Consortium may make further changes to management personnel following the Transactions. As new personnel join our management, particularly at the senior management level, we may face a number of challenges typically associated with the integration and assimilation of new managers and key personnel, such as changes in organizational and reporting structures, the need to recruit additional new personnel or the departure of key existing personnel. We have experienced employees at both the corporate and operational levels who possess substantial knowledge of our business and operations. There can be no assurance that we will be successful in retaining the services of these employees or that we would be successful in hiring and training suitable replacements without undue costs or delays. Finally, we may face key personnel retention challenges typically associated with a change of ownership. An inability to address these challenges can result in the diversion of management's attention from our daily operations and adversely affect our ability to successfully implement our strategy. Our failure to recruit and retain key personnel or qualified employees, including a capable CEO to replace Pernille Erenbjerg, or effectively integrate new managers and other key personnel, could have a material adverse effect on our business, financial condition, and results of operations.

Our business may be adversely affected by actual or perceived health risks and other environmental requirements relating to mobile telecommunications transmission equipment and devices, including the location of antennas.

Various reports have alleged that there may be health risks associated with the effects of electromagnetic signals from antenna sites, mobile handsets and other mobile and wireless telecommunications devices. We cannot assure you that further medical research and studies will not establish a link between electromagnetic signals or radio frequency emissions and these health concerns. The actual or perceived risk of mobile and wireless telecommunications devices, press reports about risks or consumer litigation relating to such risks could adversely affect the size or growth rate of our subscriber base and result in decreased mobile usage or increased litigation costs. Public concern over actual or perceived health effects related to electromagnetic radiation may result in increased costs related to our networks, which may hinder the completion or increase the cost of network deployment, reduce the coverage of our network and hinder the commercial availability of new services. In addition, these health concerns may cause the Danish authorities to impose stricter regulations on the construction of base stations or other telecommunications network infrastructure. If actual or perceived health risks were to result in decreased mobile usage, increased consumer litigation or stricter regulation, our business, financial condition and results of operations could be materially and adversely affected.

We depend on third-party suppliers and licensors to supply necessary equipment, software and certain services required for our businesses.

We rely on third-party vendors for the equipment, software and services that we require in order to provide services to our customers. Our ability to grow our subscriber base depends in part on our ability to source adequate supplies of network equipment, mobile handsets, software and content in a timely manner. Our suppliers often conduct business worldwide and their ability to meet our needs is subject to various risks, including political and economic instability, natural calamities, interruptions in transportation systems, terrorism and labor issues. As a result, we may not be able to obtain the equipment, software and services required for our businesses on a timely basis or on satisfactory terms. Any shortfall in customer premises equipment could lead to delays in connecting customers to our services and, accordingly, could adversely impact our ability to maintain or increase our RGUs, revenue and cash flows. Also, if demand exceeds the suppliers' and licensors' capacity or if they experience financial difficulties, the ability of our businesses to provide some services may be materially adversely affected, which in turn could affect our businesses' ability to attract and retain customers. Although we actively monitor the creditworthiness of our key third-party suppliers and licensors, the financial failure of a key third-party supplier or licensor could disrupt our operations and have an adverse impact on our business, financial condition, and results of operations.

We rely on a limited number of suppliers for the purchase of the majority of our network equipment and software and, to a certain extent, for the construction and maintenance of our network. Suppliers of network equipment have limited resources, which may impact the speed at which we expand our network. We do not have direct operational or financial control over our suppliers and have limited influence with respect to the manner in which these key suppliers conduct their businesses. Our reliance on these suppliers exposes us to risks related to delays in the delivery of their services, and, from time to time, we have experienced extensions of lead times or limited supplies due to capacity constraints and other supply related factors. Our business could be materially harmed if export and re-export restrictions impact our suppliers' ability to procure products, technology, or software from jurisdictions that are necessary for the production and timely and satisfactory delivery of the supplies and equipment that we source from these suppliers.

To the extent that we experience labor disputes or work stoppages, our business could be materially adversely affected.

Approximately 76.3% of our employees are members of a union. Of those employees in unions, 66.2% are members of the Danish Metalworkers Union. Although we believe that we have good relations with the labor unions that represent our labor force, we cannot assure you that we will not experience a deterioration in our labor relations, resulting in strikes or other disturbances occasioned by our unionized labor force. For example, labor unions may organize strikes if they disagree with our business strategy. Furthermore, we cannot assure you that, upon the expiration of existing collective bargaining agreements with the unions representing our labor force, we will be able to reach new agreements on satisfactory terms or that we would agree on such new agreements without work stoppages, strikes or similar industrial actions. If our workers were to engage in industrial action, our operations could be adversely affected and our business, financial condition, results of operations and cash flow could suffer material harm.

In addition, work stoppages or other disruptions of the business operations, strikes or similar measures at our suppliers' sites or any logistics provider could impact our ability to deliver our products and services to our customers. Moreover, our customers, namely B2B customers, may enter into stricter union agreements that could impact their operations and demand for our products and increase our cost base. Any of these events could have a material adverse effect on our business, financial condition, results of operations and cash flow.

If we are unable to obtain attractive programming on satisfactory terms for our pay TV services, the demand for these services could be reduced, thereby lowering revenue and profitability.

The success of our basic and premium pay-TV services depends on access to an attractive selection of television programming from content providers. The ability to provide movies, sports and other popular programming, including VoD content, is a major factor that attracts subscribers to pay-TV services, especially premium services. We rely on digital programming suppliers for a significant portion of our programming content and VoD services. We may not be able to obtain sufficient high-quality programming from third party producers for our digital cable television services on satisfactory terms or at all in order to offer compelling digital cable television services. We also rely on certain of our competitors for the provision of certain content offerings. In addition, to the extent that we are unable to reach agreement with certain programmers on terms that we believe are reasonable, we may be forced, or determine for strategic or business reasons, to remove such programming channels from our line-up and may decide to replace them with other programming, which may not be available on acceptable terms or be as attractive to customers. There can be no assurance that our expiring programming contracts will be renewed on favorable or comparable terms or at all, or that the rights we negotiate will be adequate for us to execute our business strategy.

In addition, we are currently subject to "must carry" requirements in certain of the jurisdictions in which we operate that may consume channel capacity otherwise available for other services. Increasing the number of programs that we must-carry on our network and/or increasing the functionality that we must provide with respect to the must-carry channels would use valuable network capacity that we would otherwise devote to alternative programs or services that may be more attractive or profitable. Any or all of these factors could result in reduced demand for, and lower revenue and profitability from, our digital cable television services, thus materially and adversely affecting our business, financial condition, and results of operations.

Our programming contracts may require us to pay prices for the programming based on a guaranteed minimum number of subscribers, even if that number is larger than the number of actual subscribers, whereas some of our programming contracts are based on a flat fee irrespective of the popularity of the content purchased under such contract. As a result, if we misjudge anticipated demand for the programming or if the programming we acquire does not attract the number of viewers we anticipated, the profitability of our television services may be impaired. Furthermore, as we purchase a significant portion of our content from various content providers under relatively short-term contracts, the prices we pay to purchase such content are subject to change and may increase significantly in the future, which could have a material adverse effect on our business, financial condition, and results of operations.

Our landline voice revenue is declining and unlikely to improve.

Landline voice usage is in decline across the industry, with the rate of decline in lines used by businesses outpacing that in the residential landline voice market. There is a risk that business and residential customers will migrate from using landline voice to using other forms of telephony or mobile only. Furthermore, new technologies such as NGNs create the risk that landline voice services will become obsolete more quickly. There is no assurance that our landline voice customers will migrate to a dual-play with our mobile phones and they may eventually shift to other providers of mobile telephony services or use mobile telephony exclusively, which could result in lower revenue as compared to our providing both landline voice and mobile. Such a migration could have a material adverse effect on our business, financial condition, and results of operations.

We do not insure the underground portion of our fixed line network and various pavement-based electronics associated with our fixed line network.

Our fixed line network is one of our key assets. However, our insurance policy does not cover certain portions of our underground and on-land cables and conduits or provides limited coverage with respect to certain other portions. As a result, any catastrophe that affects our underground fixed line network or on-land cables could prevent us from providing services to our customers and result in substantial uninsured losses that would have a material adverse effect on our business, financial condition, and results of operations.

We are subject to currency and interest rate risks.

We are subject to currency exchange rate risks because our revenues and operating expenses are principally paid in Danish kroner, but we pay interest and principal obligations with respect to portions of our indebtedness in U.S. dollars and euros. To the extent that the Danish krone declines in value against the U.S. dollar and the euro, the effective cost of servicing our U.S. dollar and euro-denominated debt will be higher. Changes in the exchange rate result in foreign currency gains or losses. Furthermore, our reporting currency is the Danish krone, while our Norwegian business has revenues and operating expenses in Norwegian krone. Therefore, appreciation of the Danish krone against the Norwegian krone may negatively impact our financial results.

We are also subject to interest rate risks as we have certain interest determined on a variable basis, either through unhedged variable rate debt or derivative hedging contracts. We also incur costs in U.S. dollars and euros in the ordinary course of our business, including for customer premises equipment and network maintenance services. Any deterioration in the value of the Danish and Norwegian kroner relative to the U.S. dollar or the euro could cause an increase in the effective cost of purchases made in these currencies as only part of these exposures are hedged.

Changes in tax laws or regulations or in positions by the relevant tax authority regarding the application, administration or interpretation of tax laws or regulations, particularly if applied retrospectively, could have negative effects on our current business model and have a material adverse effect on our business, financial condition and results of operations.

Tax laws are complex and subject to subjective evaluations and interpretative decisions, and we will be periodically subject to tax audits aimed at assessing our compliance with direct and indirect taxes. We are also subject to intercompany pricing laws and regulations, including those relating to the flow of funds pursuant to, for example, loan agreements. Adverse developments in laws or regulations, or any change in position by the tax authorities regarding the application, administration or interpretation of laws or regulations, could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and other indebtedness. In addition, tax authorities may not agree with our interpretations, or with the positions that we have taken or intend to take on, tax laws applicable to our ordinary activities and any extraordinary transactions, including the tax treatment or characterization of our indebtedness, existing and future intercompany loans and guarantees or the deduction of interest expenses. In case of objections by the tax authorities to our interpretations, we could face long tax proceedings that could result in the payment of higher taxes, interest, penalties or sanctions and have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness. We may also inadvertently or for reasons beyond our control fail to comply with certain tax laws or regulations in connection with a particular transaction, including any of our financing arrangements, which could result in unfavorable tax treatment for such arrangements. This may have a negative tax impact and may also result in the application of higher taxes, interest, penalties or sanctions. Tax audits and investigations by the competent tax authorities may generate negative publicity which could harm our reputation with customers, suppliers and counterparties. We can provide no assurance that the financial impact of any adverse tax adjustment in connection with our business would not have a material adverse effect on our business, financial condition and results of operations, or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

Risks Relating to the Acquisition

The Consortium conducted due diligence with respect to the TDC Group that was limited to public information which may not have revealed all facts that may be relevant in connection with the Acquisition.

Before making investments, the Consortium conducts due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each investment. The objective of the due diligence process is to identify attractive investment opportunities based on the facts and circumstances of an investment, to identify possible risks associated with that investment and to prepare a framework that may be used from the date of an acquisition to drive operational achievement and value creation. When conducting due diligence, the Consortium will evaluate a number of important business, financial, tax, accounting, environmental and legal issues in determining whether or not to proceed with an investment. Outside consultants, legal advisors, accountants and investment banks are involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Consortium relies on resources available to them, including information provided by the target of the investment and, in some circumstances, third party investigations.

There may be liabilities that the Consortium failed or were unable to discover in the course of performing due diligence investigations into TDC and its subsidiaries in connection with the Acquisition. Following the Acquisition, the Parent Guarantor and the Issuer may learn of additional information about the Target and/or any of its subsidiaries that adversely affects the Parent Guarantor and the Issuer, such as unknown or contingent liabilities and issues relating to compliance with applicable laws. Any such liabilities, individually or in the aggregate, could have a material adverse effect on the Parent Guarantor's and the Issuer's business, financial position and results of operations.

As TDC was formerly a publicly listed company, the due diligence conducted for the Acquisition was with very few exceptions limited to publicly available information. Accordingly, the Parent Guarantor and the Issuer cannot be certain that the Consortium's due diligence investigation has revealed or highlighted all relevant facts (including fraud, bribery and other illegal activities and contingent liabilities) that may be necessary or helpful in evaluating the merits of investing in the TDC Group. The Parent Guarantor and the Issuer also cannot be certain that the Consortium's due diligence investigations will result in the Issuer's investment in the Target being successful or that the actual financial performance of such investment will not fall short of the financial projections the Consortium used when evaluating that investment.

The Parent Guarantor and the Issuer may not be able to realize the anticipated operational efficiencies and cost savings.

We plan to continue our operational efficiency and cost saving program. The Parent Guarantor and the Issuer may not be able to realize the anticipated efficiencies and savings targeted by these measures, either in the amount or within the timeframe that they currently anticipate, and the costs of achieving these measures may be higher than what they expect.

The Parent Guarantor's and the Issuer's estimated efficiency gains and costs savings are forward-looking and therefore subject to a number of assumptions about the timing, execution and costs associated with realizing the underlying measures. Such assumptions are inherently uncertain and are subject to significant business, economic and competition risks and uncertainties. There can be no assurance that such assumptions will turn out to be correct. In addition, the estimated efficiency gains and cost savings may be offset by deterioration in the markets in which the TDC Group operates, increases in other expenses or challenges in the business unrelated to the Transactions. As a result, the amount of efficiency gains and savings that the Parent Guarantor and the Issuer will actually realize and/or the timing of any such realization may differ significantly (and may be significantly lower or later) from the ones that the Parent Guarantor and the Issuer currently estimate and they may incur significant costs in realizing the Transactions and in reaching the estimated gains and savings.

Failure to achieve the expected efficiency gains and savings may result in a lower return on investment for the Acquisition and could have a material adverse effect on the Parent Guarantor's and the Issuer's business and results of operations.

The Issuer may not in all circumstances be able to cause TDC and the TDC Group to comply with the covenants in the Indenture or otherwise control TDC and the TDC Group.

As of the Issue Date, the Issuer will own all of the outstanding shares of Bidco and Bidco will own all of the outstanding shares of TDC.

Pursuant to applicable Danish law, including the Danish Companies Act, there are limitations on the influence that shareholders of a Danish company may exercise over that company, including the fact that the board of directors of a Danish company (and the senior management employed by such board of directors) are principally responsible for the overall (and day-to-day) management of that Danish company. As a result, the Issuer may not in all circumstances be able to cause TDC and the TDC Group to comply with the covenants in the Indenture or otherwise control TDC and the TDC Group.

In addition, the directors of a Danish company have a duty to act in the best interests of that company in accordance with applicable Danish law. The best interests of TDC, as determined by the board of directors of TDC, could conflict with the interests of holders of the Notes which may involve risks to holders of the Notes.

If we are not able to control TDC and the TDC Group, this could have an adverse effect on the Parent Guarantor's and the Issuer's business, financial position and results of operations.

The interests of the Parent Guarantor's and the Issuer's principal shareholders may be inconsistent with our interests or the interests of holders of the Notes.

Following the completion of the Acquisition, the Consortium will indirectly control the Group. As a result, the Consortium will have, directly or indirectly, the power to affect, among other things, the Parent Guarantor's and the Issuer's legal and capital structure and the Parent Guarantor's and the Issuer's day-to-day operations, as well as the ability to affect changes in the Parent Guarantor's and the Issuer's management and other changes to their operations. In addition, for compliance with certain restrictive covenants, the Parent Guarantor and the Issuer will depend upon the cooperation of their principal shareholders who have the power to effect compliance with such covenants. The interests of the Consortium and their affiliates could conflict with the interests of holders of the Notes, particularly if the Parent Guarantor and the Issuer encounter financial difficulties or are unable to pay their debts when due. Affiliates of the Consortium also have an interest in pursuing divestitures, financings or other transactions that in their judgment could enhance their equity investments, although such transactions might involve risks to holders of the Notes. In addition, the Consortium or their affiliates may, in the future, own businesses that directly compete with the Parent Guarantor's and the Issuer's or do business with them.

The Consortium will indirectly own all of the voting interests in TDC. When business opportunities, or risks and risk allocation arise, the interests of the Consortium may be different from, or in conflict with, our interests on a stand-alone basis. The Consortium may allocate certain or all of its risks to us and there can be no assurance that the Consortium will permit us to pursue certain business opportunities, which could materially adversely affect our business, financial condition, and results of operations.

Minority shareholders may challenge the squeeze-out price.

The price per share offered in the Compulsory Acquisition equals the price per share offered to all shareholders in Target under the Takeover Offer and consequently equals the price paid by DK Telekommunikation ApS to all shareholders having accepted the Takeover Offer or having subsequently accepted to sell their shares to DK Telekommunikation ApS on the same terms and conditions as under the Takeover Offer as announced on April 9, 2018. The Compulsory Acquisition price can be challenged by minority shareholders in appraisal proceedings. If such challenge is made and results in a higher price per share, this higher price will apply for all shareholders which could adversely affect the cash flows available to the Issuer and therefore impair the Issuers' ability to service their obligations under the Notes.

CAPITALIZATION

The following table sets forth the Group's cash and cash equivalents and its capitalization as of March 31, 2018 on a historical basis and on an as adjusted basis to give effect to the Transactions.

	As of March 31, 2018		
	TDC Group Actual	Adjustments	The Group As Adjusted
	(€ in millions)		
Cash and cash equivalents(1)(2)	**183**	**(117)**	**66**
Target Facilities(3):			
Term Loan B	—	3,900	3,900
Revolving Credit Facility	—	—	—
Senior Secured Debt	**—**	**3,900**	**3,900**
KFW Loan	250	(250)	—
EIB Loans	750	(750)	—
Existing Notes(4):			
2022 Notes	500	—	500
2023 Notes	508	—	508
2027 Notes	800	(800)	—
Hybrid Bonds	750	(750)	—
Target Debt	**3,558**	**1,350**	**4,908**
New Revolving Credit Facility(5)	—	—	—
Senior Notes(6)	—	1,400	1,400
Total debt	**3,558**	**2,750**	**6,308**
Equity attributable to owners of the parent company(1)(7)	2,765	(2)	2,763
Capitalization	**6,323**	**2,747**	**9,071**

(1) Cash and cash equivalents and equity attributable to owners of the parent company are translated to euro based on an exchange rate of 7.45 DKK per euro.

(2) Cash and cash equivalents of €183 million (DKK 1,365 million translated to euro based on an exchange rate of DKK 7.45 per euro) as of March 31, 2018. The as adjusted amount is reduced by €117 million used to help fund the Transactions, including a cash buffer at the Issuer and parent entities above of €2.5 million. Neither the as adjusted cash and cash equivalents amount, nor the as adjusted New Revolving Credit Facility amount takes into account certain events expected to occur in the second quarter of 2018, including: a DKK 472 million (€63 million) payment related to the settlement of all outstanding performance share units, DKK 90 million (€12 million) mark-to-market related to the current swap facility provided by Danske Bank A/S, finance leases, accrued interest on existing debt to be repaid (previous interest payments for the existing notes due 2022 and 2023 were March and February 2018 respectively), DKK 400 million (€54 million) of defence advisory fees related to merger and acquisition processes which may take place in the second quarter of 2018, cash flow generated since March 31, 2018 and any working capital swings that occurred since March 31, 2018.

(3) On May 29, 2018, the Target entered into a term and revolving facilities agreement between, among others, Barclays Bank PLC, BNP Paribas Fortis SA/NV, Deutsche Bank AG, London Branch, HSBC Bank plc, Nordea Danmark, filial af Nordea Bank AB (publ), Citigroup Global Markets Limited, J.P. Morgan Securities plc, Danske Bank A/S and Nykredit Bank A/S as arrangers and Barclays Bank PLC as agent (the "**Target Facilities Agreement**"). The Target Facilities Agreement provides a term loan facility B in the aggregate amount of €3,951 million (equivalent) (the "**TLB**") and a €500 million senior secured revolving credit facility (the "**Target Revolving Credit Facility**" and, together with the TLB, the "**Target Facilities**"). Borrowings under the Target Facilities were used to repay certain outstanding indebtedness of the Target and further borrowings will be used to repay other outstanding Target indebtedness (the "**Target Refinancing**"). The drawings under the TLB shall be the equivalent of up to €3,900 million, in compliance with a debt cap for the Issuer and its subsidiaries. A portion of the TLB will be used to finance a dividend from the Target to Bidco in an amount of €1,400 million (equivalent), the proceeds of which will be used by Bidco to repay intercompany loans in the same amount owing to the Issuer. The Issuer will use such amounts to repay a corresponding amount of term loans outstanding under the Bridge Facility Agreement. The above steps (the "**Distribution**") are intended to be completed prior to the Issue Date, provided that the Distribution is subject to (among other things) approval by the board of directors of the Target and compliance with the Danish Companies Act. The completion of the Distribution is a condition to the Offering. The capitalization table does not reflect a short term undrawn €125 million credit line agreement entered into with Nordea Danmark, filial af Nordea Bank AB (publ), entered into on May 29, 2018.

(4) Represents the amounts outstanding under Target's Existing Notes. The 2023 Notes have a nominal amount of £425 million translated to €508 million based on the hedged exchange rate. The margin for the 2022 Notes and the 2023 Notes is, respectively, 3.750% and 5.625%. The coupon for each of the 2022 Notes and the 2023 Notes will be subject to a 1.25% coupon step-up due to the change of control at TDC, which will become effective from March 2019 and February 2019, respectively. The 2027 Notes (expected to be tendered as part of a change of control put option) and the hybrid bonds (callable at the discretion of the Issuer) are expected to be repaid as part of the sources and uses of the Transactions. The Target Rollover Notes are expected to remain outstanding.

(5) We expect to enter into a €100 million super senior revolving credit facility (the "**New Revolving Credit Facility Agreement**" and the facility thereunder the "**New Revolving Credit Facility**") on or prior to the Issue Date. We do not expect to draw down on the New Revolving Credit Facility on the Issue Date.

(6) Represents the aggregate principal amount of Senior Notes expected to be issued and denomination in EUR and USD. The Bridge Facility of €2,800 million shall be reduced by €1,400 million with a €1,400 million (equivalent) issuance under the TLB pursuant to the Distribution prior to the closing of the Senior Notes offering.

(7) Equity attributable to owners of the parent company was €2,765 million at March 31, 2018 (DKK 20,601 million, translated to euro based on an exchange rate of DKK 7.45 per euro). The as adjusted equity attributable to owners of the parent company of €2,763 million equity represents the estimated cash equity and shareholder loans contributed by the Consortium in connection with the Transactions.

Except as set forth above, there have been no other material changes to the Group's capitalization since March 31, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our results of operations and financial condition based on our audited consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017 and our unaudited consolidated financial statements for the three months ended March 31, 2018, all prepared in accordance with IFRS.

In this Management's Discussion and Analysis of Financial Condition and Results of Operations, references to Consumer, Business, Wholesale, Norway and Other Operations are capitalized where, and to the extent that, the references are to the reporting segments in our consolidated financial statements prepared in accordance with IFRS.

Overview

We are the incumbent operator and a prominent provider of integrated communications and entertainment solutions in Denmark with a leading market position across broadband, pay-TV, mobile and landline voice services based on end-user subscriptions to consumer, business and wholesale customers and the multi-play segment with a focus on premium digital services. We also offer integrated solutions to business customers.

In Norway, we operate as one of the leading fixed line communications providers through the ownership of, Get. Get is one of Norway's leading TV and broadband providers and has one of the country's largest high speed networks for private customers. According to the latest NKOM (National Communications Authority) statistics, Get is the challenger to incumbent Telenor and the second largest provider of both TV and broadband in Norway, excluding partners.

As of March 31, 2018, in retail (which includes three of our business lines, Consumer, Business and Other Operations), we had approximately 1.3 million broadband customers, approximately 1.3 million TV customers, approximately 0.6 million landline voice customers and approximately 2.7 million mobile customers in Denmark predominantly through YouSee, our main brand for consumer services. As the incumbent operator in Denmark, we utilize a fully-owned fixed line network covering nearly 100% of the Danish population via copper phone lines, 48% via coaxial cable and 6% via fiber optic network. Our Danish mobile network provides 3G and 4G coverage to approximately 99.5% of the Danish population making it the most expansive in Denmark by third-party assessment and highly reliable network in terms of coverage and speed. In Norway, we pass a significant portion of Norwegian households with our HFC network. We define homes passed as residential dwellings only.

For the twelve month period ended March 31, 2018, we generated revenue of DKK 20,127 million (€2,702 million) and *Pro forma* Adjusted EBITDA of DKK 8,779 million (€1,178 million) (representing an EBITDA Margin of 43%).

Key Factors Affecting Results of Operations

Market Trends and Competition

Our financial performance is impacted by the trends in the markets in which we operate and the levels of competition that we experience in each of our markets. We face significant competition in the products and services that we offer from both fixed line operators (including VoIP providers and utility companies) as well as from mobile players. In particular, there are four mobile network operators in Denmark, amongst the highest per capita in Europe. This significant competition, together with various consumer trends in the market, has adversely impacted our revenue, RGUs and/or ARPU, as applicable. The table below sets forth our revenue by product for each of the periods under review.

	For the year ended December 31,			For the three months ended March 31,	
	2015	**2016**	**2017**	**2017**	**2018**
			(DKK in millions)		
Total revenue by product:					
Denmark					
Mobile services	4,563	4,535	4,607	1,121	1,175
Landline voice	2,414	1,957	1,665	449	374
Internet and network	5,132	5,037	4,789	1,244	1,170
TV	4,316	4,352	4,216	1,079	1,041
Other services	2,580	2,174	1,908	556	578
Norway	3,131	3,092	3,202	819	785
Eliminations	(201)	(116)	(117)	(29)	(27)
Total revenue	**21,935**	**21,031**	**20,270**	**5,239**	**5,096**

Danish retail mobile market

Competition in the Danish retail mobile market has been fierce for several years, resulting in relatively low prices compared to our international peers. Despite an upward pricing trend in the consumer market from the fourth quarter of 2015 driving prices upwards, the entry of a new service provider in the mobile market with a strong focus on pricing kept market prices under pressure. Historically, we have seen new service providers entering the Danish retail mobile market, such as Onfone, Telmore and CBB with the sole aim of acquiring a high number of subscribers in order to become an attractive acquisition target to one of the existing MNOs. The new market entrants used aggressive marketing and competitive pricing. As a result, while they were not profitable on a stand-alone basis, their aggressive pricing strategy has increased pressure on prices and the competition. Modest growth in the retail mobile market in recent years was primarily the result of population and employment growth supplemented by increased penetration among children and the elderly. Customer churn in the retail mobile market has been higher relative to the landline voice market due to the intensely competitive environment, new technologies, mandatory mobile number portability and fairly low switching costs. However, we have been able to improve our churn rates during the periods under review, which we believe is, to a large degree, due to our superior mobile network and also our revenue from mobility services increased year-on-year for the past two years and in the three months ended March 31, 2018 compared to the prior period due to the upward pricing trend. The industry-wide migration from landline voice to mobile continued throughout the periods under review but negative impact resulted from the regulation of roaming prices within the EU.

Danish Business market

Competition in the Danish B2B market has been intense in recent years across all products and services. The business market can be split into three segments serving public institutions (Public), enterprises (Enterprise) and small and medium businesses (SMB). For Public and Enterprise contracts, which generally have two to three year's duration, prices and contract values have gone down in renegotiations in recent years and, on mobility services, roaming regulation has also negatively affected revenue. Overall, B2B ARPU's tend to be lower as compared to the total Danish telecommunications market in both the Public and Enterprise segments. In the SMB market segment, ARPU's tend to be higher and the segment is more like the consumer market. Also, with respect to mobile services in the SMB segment, there has been some sign of stabilization recently.

Additionally, we are experiencing increasing demand for digitalization in businesses and public institutions to achieve productivity and efficiency gains as well as improved customer experiences. As a result, spending on cloud solutions in businesses in the Nordics is increasing, especially driven by communication, collaboration and customer engagement solutions. To deliver stable and high-quality cloud solutions, businesses are increasingly demanding stable and high-speed network.

Danish broadband market

The broadband market in Denmark continues to grow slightly as a result of the increased penetration among the elderly as well as population growth. In recent years, intensifying competition from wholesale and fiber providers put pressure on our DSL customer base with lower bandwidth. Utility companies that were rolling out high-speed fiber broadband infrastructure typically had a different investment horizon compared to us in relation to the sunk cost of rolling out fiber infrastructure. New market entrants do not have to contend with the legacy systems and infrastructure that we have and could potentially operate more efficiently with a leaner structure. Additionally, regulation has also been driving down wholesale prices for broadband, both ULL and bitstream access due to LRAIC regulation. However, in 2018, LRAIC prices increased slightly after being nearly halved from 2014 to 2015. The speed of fiber build-out from utility companies has slowed down. More of our competitors, both utility companies and traditional telecommunications operators, are now also focusing on operating on a service-provider model on our wholesale infrastructure, which is changing the competitive dynamics. It is increasingly important to deliver the best solutions and products in addition to providing high quality infrastructure, as is the case particularly in TV, to differentiate us from our competitors. Additionally, we are improving our infrastructure by deploying 4G/hybrid solutions to DSL customers to secure a better and more future-proof broadband infrastructure for the 15% of Denmark without fiber or cable. Our revenue from internet and network decreased in each of the periods under review, compared to the prior period. Consumer broadband revenue was relatively stable, whereas revenue from broadband in Business declined, in part due to the disposal of TDC Hosting.

Danish pay-TV market

New entertainment and streaming services and new Danish regulations allowing MDUs the option to deviate from a collective home contract have resulted in the decline in subscribers in the pay-TV market. Consumers in the pay-TV market in Denmark are migrating to newer technologies as they become available and the decline is at a faster pace than in other European countries. Generally, countries with higher prices on traditional flow TV and where streaming services are widespread and SVoD penetration is high, such as Denmark and Norway, are experiencing lower growth in pay-TV. Traditional flow TV viewing is steadily declining in Denmark and Norway and the deselecting of flow TV is occurring more rapidly than we initially anticipated. Consumers, especially the younger generation, are switching to on-demand and internet-TV services and combined with higher prices due to higher content costs, this has resulted in both cord cutting, whereby consumers are choosing not to have a TV product, and cord shaving, whereby consumers are choosing to have less TV channels. Increasing content costs is also putting pressure on gross profit margins in the pay-TV market. Given the consumer demand for easy access to flexible entertainment on the go and at home, across all platforms and devices, we introduced our next generation TV offering in early 2018 for our YouSee customers in Denmark: flow TV is integrated with leading streaming services, all of which are available on all devices, both at home and on the go. Customers are able to fully customize their content choices using a points-based system by subscribing to a package and purchasing points that can be used to add on SVoD services. Since the launch of the new flexible TV packages we have seen a relative shift in preferences to larger packages and a significant increase in the number of flexible TV subscribers. However, in large part due to the loss of 18,000 RGUs from the fourth quarter of 2017 to the first quarter of 2018 and the overall loss of approximately 80,000 RGUs from 2016 to 2017, our revenue from TV decreased as compared to the prior period in the three months ended March 31, 2018 and the year ended December 31, 2017 after growing year-on-year in 2016.

Norwegian market (B2C)

In Norway, fiber is, since 2016, the largest broadband technology in terms of number of subscribers and is being rolled out at a fast pace, gaining relative market share largely at the expense of xDSL broadband subscribers which has dropped from 55% of subscribers in 2010 to 26% of subscribers in 2017, according to NKOM. In the same period, cable broadband volume has seen an increase in the absolute number of broadband subscribers (approximately 140,000 additional subscribers) and remained largely constant in share of subscribers. Our main broadband B2C competitors in Norway, which includes Telenor in addition to a number of local utility providers that have partnered together as "Altibox" are both driving the fiber rollout and increasing price pressure in the market, both in the SDU segment but particularly in renegotiations for contracts with the MDU segment. Get has been leading the growth in number of broadband subscribers in the Norwegian market in the last decade, and to remain competitive and meet demand for higher speed and capacity, we continuously invest in and upgrade the Get network and the customer-premise-equipment.

To be competitive in the Norwegian B2C market and meet demand for higher speed and capacity, we upgraded Get's existing hybrid-fiber network in 2017.

The pay-TV market in Norway has increased from 2,126,000 RGUs in 2010 to 2,219,000 RGUs in 2017 (approximately 0.6% CAGR) driven by digitalization of the TV distribution. Norway also has one of the highest share of paid video streaming subscriptions in the world, although the total number of pay-TV subscribers declined slightly from 2016 to 2017 by 11,500 RGUs (decrease of approximately 0.5%). Across technologies, there has been a shift from DTH and DTT distribution (from 45% of subscribers in 2010 and 34% in 2017) towards high speed infrastructures HFC and fiber-to-the-home ("**FTTH**") (from 55% in 2010 to 66% in 2017). We are well-positioned with our customer offering and aim to continuously improve our content offerings, our STB line-up and our streaming platform to meet our customers' entertainment demands. In 2013, we introduced a unique flexible TV selection offering that enabled customers to freely choose their TV-channels, and in 2017 we expanded the offering to also include a number of SVoD services, e.g., HBO Nordic. This has been well-received and more than half of Get's TV customers have used the selection menu.

Subscriber Dynamics, RGUs and ARPU

Our revenue is driven primarily by ARPU and net subscriber growth, which is in turn a function of gross subscriber additions and churn. The industry in which we operate typically exhibit churn as a result of high levels of competition, which could lead to increased costs and reduced revenue. Churn refers to yearly customer turnover expressed as a percentage and we calculate churn by dividing the gross decrease in the number of customers for a given period by the average number of customers for that period. Our churn levels may be affected by a variety of factors including changes in our or our competitors' pricing, our level of customer satisfaction, disconnection costs related to breaches of subscription contracts by customers and changes in regulations, as well as the fact that the maximum duration of retail contracts is six months, meaning customers are not locked in for long periods of time.

RGUs

Our subscriber base is driven by market dynamics (including demographics, technical innovation and changing customer preference), our ability to acquire new subscribers, and our ability to retain existing customers. We monitor RGUs as a key operating measure to track the performance of our business and the evolution of our subscriber base. RGUs relate to sources of revenue, which may not always be the same as subscriber numbers. For example, one person may subscribe for two different services, thereby accounting for only one subscriber, but two RGUs.

The following table summarizes our RGUs by business line and product in Denmark as of the dates indicated.

	As of December 31,			As of March 31,
	2015	**2016**	**2017**	**2018**
		('000)		
Consumer:(1)				
Mobile voice(2)	1,837	1,851	1,897	1,906
Landline voice	581	497	430	412
Broadband	1,060	1,049	1,034	1,032
TV	1,377	1,379	1,299	1,281
Data only SIM cards (mobile broadband)(2)	112	140	144	145

(1) Includes Plenti customers from the third quarter of 2017 onwards, amounting to 81,000 mobile voice RGUs.

(2) Includes Plenti customers from the third quarter of 2017 onwards, amounting to 2,000 mobile broadband RGUs.

	As of December 31,			As of March 31,
	2015	2016	2017	2018
		('000)		
Business:[1]				
Mobile voice	739	741	746	768
Landline voice	247	225	201	195
Broadband	198	184	161	182
TV	9	9	8	8
Data only SIM cards (mobile broadband)	211	219	220	220

(1) Includes 8,000 landline voice RGUs, 12,000 mobile voice RGUs, 4,000 data only SIM card RGUs, 1,000 broadband RGUs and 1,000 other data connections RGUs following the acquisition of Cirque in April 2016.

In the first quarter of 2018, our RGUs for mobility services (voice and broadband) in Denmark, in Consumer and Business recorded net increases, primarily due to winning the SKI contract through public tender in the third quarter of 2017 and growth in the small and medium business segment. Net additions to RGUs in the first quarter of 2018 with respect to Consumer mobile voice RGUs were primarily driven by the acquisition of Plenti and low churn. In 2017, the number of mobile voice RGUs increased by 46,000 and 5,000 in Consumer and Business respectively. Consumer growth was positively impacted by the acquisition of the MVNO, Plenti, in September 2017 which added 81,000 mobile voice RGUs. Declining gross additions were partly offset by lower churn rates due to improved market dynamics. Business saw growth in the small and medium business segment, which was partly offset by the loss of business contracts in 2016 with mobile voice customers churning in 2017. Landline voice recorded RGU losses of 67,000 in Consumer and 24,000 in Business in 2017 in a declining market for landline voice. In 2016, the number of mobile voice RGUs grew by 14,000 and 2,000 in Consumer and Business, respectively, with the growth in Business led by the acquisition of Cirque in the first quarter which resulted in an addition of 12,000 RGUs. Landline voice recorded a loss of 84,000 RGUs in Consumer and 22,000 in Business (including Cirque net additions of 8,000 RGUs) in 2016 in a declining market for landline voice.

In broadband, our RGUs in the first quarter of 2018 recorded net losses in both Consumer and Business to other technology offerings in the market, such as fiber. In Consumer, broadband RGUs decreased by 15,000 in 2017 due to lower gross additions, partly offset by improved churn which was due to improved market dynamics and churn-reducing initiatives. Business lost 23,000 broadband RGUs due to continuing high-levels of competition and demand for high-speed technologies where competitors offers competitive solutions. Consumer saw a decline of 11,000 RGU in 2016 as the loss of low speed xDSL subscribers was only partly offset by growth in the number of high-speed cable subscriptions. Business lost 14,000 broadband RGUs in 2016 as a result of increased competition and a change in consumer preference towards high speed technologies.

Our TV RGUs in Denmark in the first quarter of 2018 recorded a net decrease in line with previous periods and market developments in the pay-TV market. In 2017, 80,000 Consumer TV RGUs were lost in 2017 driven by cord-cutting in a shrinking market. In 2016, Consumer had 2,000 net RGU additions in TV, driven by the acquisition of a large MDU customer in the first quarter and the strategic partnership with the utility company Ewii (together accounting for 30,000 additions), which was partly offset by losses due to cord-cutting in contracting market for pay-TV services.

The following table summarizes our RGUs by business line and product in Norway as of the dates indicated.

	As of December 31,			As of and for March 31,
	2015	2016	2017	2018
		('000)		
Norway:				
TV[1]	431	431	428	428
Residential Broadband	345	362	371	372
IP-VPN (Business)[2]	14	15	15	15

(1) Excluding partner customers such as Get-branded TV services provided to smaller and regional operators, but includes B2B TV RGUs.

(2) Certain products that were previously included have been excluded since the first quarter of 2017.

In Norway, RGUs for residential broadband showed a net increase driven by the increase in broadband penetration (Get broadband RGUs as a percentage of homes connected) in the first quarter of 2018, while RGUs for TV in Norway was level in the same period with the growth in B2B RGUs being off-set by a decline in residential RGUs. TV RGUs in Norway decreased by 3,000 in 2017 due to increased competition in the market and effects from TV/Broadband unbundling, partly offset by growth in the B2B segment. The number of residential broadband RGUs grew by 9,000 driven by an increase in broadband penetration in 2017. Norway saw a flat development in the number of TV RGUs in 2016 due to increased price competition in the market. The number of residential broadband RGUs grew by 17,000 in 2016 driven by an increase in Get's broadband penetration.

ARPU

ARPU is mainly driven by prices paid by customers. Prices, in turn, are primarily driven by the competition in the market. We regularly review our pricing policy, weighing the current and future economic and competitive environment and, in the case of long-term contracts for greater than six months; adjustments according to the price index set forth in the applicable contract. Historically, we have increased the subscription fees for TV and in 2018 also for broadband at the beginning of each year and for mobile in July of each year. We present our ARPUs net of VAT, in line with industry practice.

Our ability to increase or maintain the competitive prices for our products and services, and therefore our ARPU, is also impacted by regulation.

The following table summarizes our ARPU by business line and product in Denmark for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2015	**2016**	**2017**	**2017**	**2018**
			(DKK per month)		
Consumer:					
Mobile voice	115	116	120	115	121
Landline voice	141	131	127	127	124
Broadband	191	190	191	189	195
TV (incl. TVoD)	255	256	258	257	263

Mobile voice ARPU has been increasing since the fourth quarter of 2015, driven by the upward pricing trend in the market. The loss of revenue due to the "roam like at home" EU Roaming Regulation with full effect June 15, 2017 was partly offset by higher package prices.

Landline voice ARPU has been trending downwards due to changed mix of PSTN and VoIP as well as more traffic included in flatrate packages to retain customers.

Broadband ARPU was stable from 2015 through 2017 and increased in 2018 on the back of price increases following the higher wholesale prices we were able to charge for access to our fixed line infrastructure.

TV ARPU has increased slightly since 2015 reflecting recurring price increases at the beginning of each year, partly offset by a trend of migration to smaller packages.

	For the year ended December 31,			For the three months ended March 31,	
	2015	**2016**	**2017**	**2017**	**2018**
			(DKK per month)		
Business:					
Mobile voice	134	119	109	114	108
Landline voice	331	310	297	310	289
Broadband	262	259	271	269	285

In Business, mobile voice ARPU has been decreasing since 2015, reflecting intense competition and loss of revenue from the EU Roaming Regulation. Landline voice ARPU has followed the same declining trend as for Consumer. During the periods under review, broadband ARPU increased driven by upselling higher speeds to customers.

The following table summarizes our ARPU by product in Norway for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
	(NOK per month)				
Residential Broadband	248	255	257	259	257
TV(1)	279	282	330	321	319

(1) TV ARPU was affected by one time revenue gains of approximately NOK 30 million in the first quarter of 2017 and approximately NOK 35 million in the second quarter of 2017.

ARPU for Norway has increased during the periods under review primarily as a result of increased prices covering new content agreements allowing premium content in basic offerings. Broadband ARPU was stable from 2017 through the first quarter of 2018, after having increased from 2015 to 2017 as a result of migration of customers to higher speeds and upselling of higher speeds in both 2016 and 2017. This was partly offset by a greater proportion of lower ARPU collective agreements.

Regulatory Impact

In Denmark, we are subject to regulation by the national regulator which has a significant impact on our financial results.

Our prices for certain products are partly regulated by the DBA primarily through the LRAIC model, while in the international retail and wholesale business roaming is regulated by the EU Roaming Regulation. The LRAIC model is determined by the DBA based on EU regulations.

As an EU mobile provider, we are subject to a number of obligations under the EU Roaming Regulation when our customers travel within the EU, relating to the retail prices we charge our customers for voice, SMS and data and the wholesale prices between operators. Since June 2017, under EU regulations, customers have been able to 'Roam like home' within the EU, paying domestic prices when travelling with no extra fees, except for data roaming where a fair use limit may be applied. At the wholesale level, price caps have remained in place, on an agreed glide path, reducing to January 1, 2022.

During the periods under review, our revenue was impacted by regulations, including international roaming regulation, such as the EU Roaming Regulation, and various regulations of our wholesale pricing of especially broadband (ULL, Bit Stream Access and VULA) but also landline and mobile interconnect. In the year ended December 31, 2016, our revenue was negatively impacted by DKK 152 million and in the year ended December 31, 2017, our revenue was negatively impacted by DKK 100 million as a result of changes in regulations. We expect a negative financial impact in 2018, as compared to 2017, from EU roaming regulations, through the second quarter of 2018. After the second quarter of 2018, the impact of the EU Roaming Regulation will be almost fully reflected in the financial statements in twelve months and no further significant year-on-year impact is expected.

Our organic revenue and organic EBITDA provide a measure of our performance adjusting for the effects of regulations, acquisitions and divestments and foreign exchange rates.

Special Items

Our results of operations are affected by special items that we record from time to time. Special items are significant amounts that management considers are not attributable to normal operations such as large gains and losses related to divestment of subsidiaries, special write-downs for impairment and costs for restructuring and other items. The following table sets forth special items for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,
	2015	2016	2017	2018
Gains from divestments of enterprises and property	—	—	137	—
Loss on sale of enterprises	—	(2)	—	—
Costs related to redundancy programs and vacant tenancies	(375)	(221)	(316)	(43)
Other restructuring costs	(89)	(53)	(91)	(7)
Impairment losses	(4,658)	—	—	—
Income from rulings	—	—	54	85
Loss from rulings	(5)	(5)	(4)	—
Adjustment of purchase price of enterprises	24	—	—	—
Costs relating to acquisition of enterprises	1	—	(11)	(18)
Special items before income taxes	**(5,102)**	**(281)**	**(231)**	**17**
Income taxes related to special items	227	60	60	(9)
Special items related to joint ventures andassociates	—	1	—	—
Special items related to discontinued operations	(11)	973	26	—
Total special items	**(4,886)**	**753**	**(145)**	**8**

In the first quarter of 2018, special items related primarily to compensation received from the Danish state of DKK 85 million for the costs of providing maritime distress and safety service in Denmark in 2008-2009. In 2017, special items related to the divestment of a subsidiary, reflecting primarily the gain on the disposal of TDC Hosting in March 2017 of DKK 137 million. In 2016, special items related primarily to the gain on divesting TDC Sweden of DKK 981 million. We expect to recognize further special items in 2018 including further redundancy programs that were planned prior to the Acquisition and costs related to the change of control in TDC, including the settlement of granted rights related to a TDC share-based incentives program and defensive advisory costs, amongst other items.

Acquisitions and divestments

We have made a number of significant acquisitions and divestments in recent years. The most important was the acquisition of Get in Norway in 2014. Other important acquisitions and divestments include the acquisition of Cirque in 2016, Plenti in Denmark in 2017 and the disposal of TDC Sweden in 2016 and TDC Hosting in 2017.

Our acquisitions and divestments can have a number of effects on our results of operations, which may impact the period-to-period comparability of our consolidated financial statements or the results of a business line. Dispositions of large businesses may be characterized as discontinued operations, with restated comparative figures being presented. Large gains and losses on the divestment of businesses may also be recorded as special items.

After the divestment of TDC Sweden in October 2016, TDC Group's consolidated financial statements were restated and therefore have no comparability impact. However, the divestment of TDC Hosting and acquisition of Plenti as well as other minor acquisitions, all impact the period-to-period comparability.

Revenue growth in 2016 was impacted positively by DKK 68 million principally by the acquisition of Cirque in the second quarter of 2016 by Business. In 2017, revenue growth was impacted negatively by DKK 103 million due to the divestment of TDC Hosting in the first quarter of 2017, partly offset by the acquisition of Plenti in the third quarter of 2017 as well as the Cirque acquisition and other minor acquisitions in Business during the year. No further acquisitions and divestments have been made in 2018, but year-on-year revenue growth in the first quarter of 2018 was impacted negatively by DKK 25 million due to continuing effects of the acquisitions and divestments discussed above.

The MVNO brand Plenti which we acquired in September 2017 had a negative EBITDA run-rate at the time of acquisition on a stand-alone basis. The negative EBITDA was mainly due to high MVNO costs to Hi3G. The customers were migrated to TDC's network during the fourth quarter of 2017 and are now contributing to our results with both positive EBITDA and revenue.

Our organic revenue and organic EBITDA provide a measure of our performance adjusting for the effects of regulations, acquisitions and divestments and foreign exchange rates.

Impact of IFRS 15

The standard IFRS 15 Revenue from contracts with customers, effective from January 1, 2018, impacts our financial statements as follows:

- *Revenue arrangements with multiple deliverables* – Discounts on bundled sales are allocated between handsets and subscriptions based on their relative fair values resulting in earlier recognition of revenue. Previously, discounts were fully allocated to the handsets.
- *Handsets sold below cost* – Sales of handsets below cost in an arrangement that cannot be separated from the provision of services are now recognised as revenue. Previously, such sales were not recognised as revenue.
- *Subscriber acquisition costs* – Costs that are incremental to obtaining contracts with customers are capitalised and subsequently recognised as expenses over the expected lifetime of the customer relationships. Previously, such costs were expensed as incurred.
- *Non-refundable up-front connection fees* – Such fees are no longer seen as payment for a separate service. The fees are included in the total transaction price for the contract with the customer and allocated to the identified performance obligations (services).
- *Fulfilment costs* – Fulfilment costs are only capitalised if they are directly related to a contract or an anticipated contract. Previously, expenses related to non-refundable up-front connection fees were capitalised even if they were not directly related to a contract.

Description of Key Income Statement Items

Revenue

Revenue is measured at the fair value of the consideration receivable, exclusive of sales tax and discounts relating directly to sales. Revenue comprises goods and services provided during the year. Goods and services may be sold separately or in bundled packages. Services include traffic and subscription fees, interconnection and roaming fees, fees for leased lines, network services, TV distribution as well as connection and installation fees. Goods include customer premises equipment, telephony handsets, PCs, and set-top boxes.

Cost of Sales

Cost of sales includes transmission costs and cost of goods sold. Transmission costs include external expenses related to operation of mobile and fixed line networks and leased transmission capacity as well as interconnection and roaming costs related directly to the Group's primary income.

Cost of goods sold includes terminal equipment and transmission material as well as TV-program rights and other content costs. The cost of a handset is expensed as cost of sales when the handset is sold unless the handset is sold below cost. The sale could be an individual sale or a multiple-element sale with a subscription.

External Expenses

External expenses include expenses related to marketing and advertising, IT, property, expenses related to staff, capacity maintenance and service contracts.

Subscriber acquisition and retention costs are expensed as incurred. The most common subscriber acquisition costs are handsets and dealer commissions. If a handset is sold below cost, the difference between the sales price and the cost of the handset is considered a marketing expense and is expensed under external expenses.

Personnel Expenses

Personnel expenses primarily include wages and salaries, pensions, share-based remuneration and social security charges.

Other Income

Other income comprises mainly compensation for cable breakages, investment advisory fees from the related pension funds as well as profit relating to divestment of property, plant and equipment.

Depreciation, Amortization, and Impairment losses

Depreciation and amortization relate to land and buildings, network infrastructure assets and equipment and intangible assets, respectively. Impairment loss represents the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

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.

Financial Income and Expenses

Financial income and expenses consists of: (i) interest income on bank balances, derivative instruments, receivables and other financial income, (ii) interest expenses on bank balances, borrowings, payables, derivative instruments and other financial expenses, e.g. issue expenses and similar direct transaction expenses to raise borrowed funds, (iii) exchange rate gains and losses on borrowings, derivative instruments, etc., (iv) profit from joint ventures and associates as well as (v) interest income on pension assets.

Income Taxes

Tax for the year comprises current income tax, changes in deferred tax and adjustments from prior years and is recognised in the income statement in income taxes, except to the extent that it relates to items recognised in other comprehensive income. The Danish tax rate is 22% and the Norwegian tax rate is 23% (in 2017, the Norwegian corporate income tax was reduced from 24% to 23% with effect from 2018 onwards). Interest tax deductibility in Denmark is subject to three limitation rules. One of these, the asset test, currently applies to TDC. Under this rule, interest deductibility is limited to the extent the expenses exceed a cap calculated as 3.2% of the taxable asset value in 2017 (2016: 3.4% and 2015: 4.1%). Denmark also applies a thin capitalization rule, where interests on controlled debt exceeding 4:1 of the equity is capped, and an EBIT rule under which net financial expenses cannot reduce EBIT by more than 80%. In Norway, interest tax deductibility is typically limited to a cap of 25% of EBITDA.

Discontinued Operations

Discontinued operations are recognised separately as they constitute entities comprising separate major lines of business or geographical areas, whose activities and cash flows for operating and accounting purposes can be clearly distinguished from the rest of the entity, and where the entity has been disposed of or classified as held for sale, and it seems highly probable that the disposal will be affected within twelve months in accordance with a single coordinated plan.

Results of Operations

The table below shows our consolidated results of operations for the years ended December 31, 2015, 2016 and 2017 and for the three months ended March 31, 2017 and 2018.

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
				(Unaudited)	
			(DKK in millions)		
Revenue	21,935	21,031	20,270	5,239	5,096
Cost of sales	(5,477)	(5,404)	(5,301)	(1,430)	(1,443)
Gross profit	**16,458**	**15,627**	**14,969**	**3,809**	**3,653**
External expenses	(3,473)	(3,434)	(3,163)	(766)	(702)
Personnel expenses	(3,642)	(3,805)	(3,664)	(935)	(898)
Other income	145	100	102	25	23
Operating profit before depreciation, amortization and special items (EBITDA)	**9,488**	**8,488**	**8,244**	**2,133**	**2,076**
Depreciation, amortization and impairment losses	(5,074)	(4,940)	(5,160)	(1,263)	(1,223)
Special items	(5,102)	(281)	(231)	65	17
Operating profit (EBIT)	**(688)**	**3,267**	**2,853**	**935**	**870**
Financial income and expenses	(1,104)	(776)	(838)	(166)	(31)
Profit before income taxes	**(1,792)**	**2,491**	**2,015**	**769**	**839**
Income taxes	(660)	(529)	(488)	(154)	(196)
Profit for the period coming from continuing operations	**(2,452)**	**1,962**	**1,527**	**615**	**643**
Profit from discontinued operations[(1)]	68	1,075	26	—	—
Profit for the period	**(2,384)**	**3,037**	**1,553**	**615**	**643**

(1) TDC Sweden (divested in the second quarter of 2016) is presented in discontinued operations. Other divestments are included in the respective accounting items during the ownership.

Three Months Ended March 31, 2018 as Compared to Three Months Ended March 31, 2017

Revenue

Our revenue for the three months ended March 31, 2018 was DKK 5,096 million, a decrease of DKK 143 million, or 2.7%, compared to DKK 5,239 million in the three months ended March 31, 2017, in part due to negative effects from regulated EU roaming prices. Organic revenue, which adjusts for such regulatory effects as well as the effects of foreign exchange rates and acquisitions and divestments, remained nearly stable with a decline of 0.7%. The rate of revenue decline represents an improvement compared to the prior period, driven mainly by improved performance in mobility services in Denmark.

By Segment

Set forth below is a discussion of our revenue by segment for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017.

	For the three months ended March 31,		Change	
	2017	2018[(1)]	(amount)	(%)
	(DKK in millions, except percentages)			
Consumer:				
Mobility services	687	748	61	8.9
Landline voice	186	157	(29)	(15.6)
Internet and network	603	610	7	1.2
TV	1,056	1,019	(37)	(3.5)
Other services	208	202	(6)	(2.9)
Total Consumer revenue	**2,740**	**2,736**	**(4)**	**(0.1)**

(1) Includes the results of Plenti which was acquired in September 2017.

Revenue from our Consumer segment for the three months ended March 31, 2018, amounted to DKK 2,736 million, a decrease of DKK 4 million, or 0.1%, from DKK 2,740 million for the three months ended March 31, 2017. This was principally as a result of decreases in revenue from TV due to lower TV flow subscriptions and a decrease in revenue from landline voice due to a loss of customers resulting in a net loss of 64,000 lines as compared to 2017, which offset the increase in revenue from mobility services. The number of TV RGUs declined by 76,000 year-on-year, with the effects on revenue partly countered by a DKK 6 higher ARPU. The increase in revenue for mobility services was driven by more mobile voice subscribers with higher ARPU. The Consumer mobile voice RGU base grew by 71,000 RGUs to 1,906,000 RGUs in the first quarter of 2018 compared to the first quarter of 2017, driven by the Plenti acquisition and partly due to organic growth of 9,000 in the first quarter of 2018. ARPU improved by DKK 6, compared to the three-months ended March 31, 2017, to DKK 121 driven by price increases in July 2017, partly offset by lower billed traffic volumes. The mobile broadband customer base increased by 6,000 RGUs to 145,000 RGUs in the first quarter of 2018 compared to the first quarter of 2017, and ARPU rose by 12% driven by our new mobile broadband portfolio/product which launched at the end of 2016 and the resulting improvements in product mix.

	For the three months ended March 31,		Change	
	2017	2018	(amount)	(%)
	(DKK in millions, except percentages)			
Business:				
Mobility services	302	291	(11)	(3.6)
Landline voice	204	171	(33)	(16.2)
Internet and network	439	319	(120)	(27.3)
TV	9	8	(1)	(11.1)
Other services	271	268	(3)	(1.1)
Total Business revenue	**1,225**	**1,057**	**(168)**	**(13.7)**

Revenue from our Business segment for the three months ended March 31, 2018, amounted to DKK 1,057 million, a decrease of DKK 168 million, or 13.7%, from DKK 1,225 million for the three months ended March 31, 2017. This was principally as a result of the divestment of TDC Hosting and loss of customers in internet and network due to increased competition and a generally declining market for landline voice. Internet and network revenue was mainly impacted by the divestment of TDC Hosting and secondly by lower broadband revenue as we recorded a net loss of 21,000 RGUs as compared to 2017. Landline voice revenue declined due to a reduction of 21,000 RGUs and a decrease in ARPU of DKK 21. The decrease in landline voice ARPU and RGUs was in line with market trends for this product. The mobility services customer base grew by 32,000 RGUs in the first quarter of 2018 compared to the first quarter of 2017 and was driven primarily by the public tender awarded in the third quarter of 2017 (the SKI contract) and secondly an improved trend in the small and medium business segment. The positive effect of the increase in customers was offset by a lower ARPU, largely due to EU roaming being a part of subscriptions as a result of regulation.

	For the three months ended March 31,		Change	
	2017	2018	(amount)	(%)
	(DKK in millions, except percentages)			
Wholesale:				
Mobility services	132	138	6	4.5
Landline voice	56	44	(12)	(21.4)
Internet and network	191	201	10	5.2
TV	13	14	1	7.7
Other services	37	37	—	0.0
Total Wholesale revenue	**429**	**434**	**5**	**1.2**

Revenue from our Wholesale segment for the three months ended March 31, 2018, amounted to DKK 434 million, an increase of DKK 5 million, or 1.2%, from DKK 429 million for the three months ended March 31, 2017. This was principally as a result of increased revenue from mobility services (due to increased mobile interconnect volume) and internet and network, but was partly offset by a decrease in revenue from landline voice services. Revenue from internet and network increased as a result of higher broadband revenue due to a movement of the base towards the more processed higher speed products combined with higher ARPU stemming from regulatory price increases effective as of January 1, 2018. Landline voice revenue decreased primarily due to a decrease in RGUs of 14,000 due to the decline in the overall landline voice market.

	For the three months ended March 31,		Change	
	2017	2018	(amount)	(%)
	(DKK in millions, except percentages)			
Other Operations:				
Mobility services	1	1	—	—
Landline voice	3	3	—	—
Internet and network	45	43	(2)	(4.4)
TV	1	—	(1)	100.0
Other services	55	74	19	34.5
Total revenue from Other Operations	**105**	**121**	**16**	**15.2**

Revenue from our Other Operations for the three months ended March 31, 2018, amounted to DKK 121 million, an increase of DKK 16 million, or 15.2%, from DKK 105 million for the three months ended March 31, 2017. This was as a result of an increase in managed services in the installation subsidiary DKTV.

	For the three months ended March 31,		Change	
	207	2018	(amount)	(%)
	(NOK in millions, except percentages or as otherwise stated)			
Norway				
Residential TV(1)	408	394	(14)	(3.4)
Residential broadband	282	287	5	1.8
Business(2)	228	219	(9)	(3.9)
Other residential services	72	115	43	59.7
Total Norway revenue	**990**	**1,015**	**25**	**2.5**
Total Norway revenue (DKK millions)(3)	**819**	**785**	**(34)**	**(4.2)**

(1) Affected by one time gains of approximately NOK 30 million in the first quarter of 2017.

(2) Includes TDC Norway and Get business division.

(3) NOK/DKK exchange rate of 0.773 for the three months ended March 31, 2018 and 0.827 for the three months ended March 31, 2017 is weighted average based on revenue; includes eliminations between Denmark and Norway.

Revenue from our Norway segment, comprised of Get and TDC Norway, for the three months ended March 31, 2018, was DKK 785 million, a decrease of DKK 34 million, or 4.3%, from DKK 819 million for the three months ended March 31, 2017. However, in local currency, revenue for Norway increased by NOK 25 million, or 2.5%, to NOK 1,015 million for the three months ended March 31, 2018. This was principally as a result of an increase in other residential services related to, among others, mobile voice and revenue from our partners' customers. The TV revenue development was negatively affected by a one time gain of approximately NOK 30 million in the first quarter of 2017 that led to higher revenue in such period.

By Product

The following table sets forth our revenue by product in Denmark as well as total revenue in Norway for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017.

	For the three months ended March 31,		Change	
	2017	2018	(amount)	(%)
	(DKK in millions, except percentages)			
Total revenue by product:				
Denmark				
Mobility services	1,121	1,175	54	4.8
Landline voice	449	374	(75)	(16.7)
Internet and network	1,244	1,170	(74)	(5.9)
TV	1,079	1,041	(38)	(3.5)
Other services	556	578	22	4.0
Norway	819	785	(34)	(4.2)
Eliminations	(29)	(27)	2	6.9
Total revenue	**5,239**	**5,096**	**(143)**	**(2.7)**

Cost of Sales

We recorded DKK 1,443 million in cost of sales for the three months ended March 31, 2018, an increase of DKK 13 million, or 0.9%, as compared to DKK 1,430 million in the three months ended March 31, 2017.

The table below sets forth our cost of sales for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017.

	For the three months ended March 31,		Change	
	2017	2018	(amount)	(%)
	(DKK in millions, except percentages)			
Mobility services	(146)	(145)	1	0.7
Landline voice	(64)	(67)	(3)	(4.7)
Internet and network	(161)	(131)	30	18.6
TV	(660)	(701)	(41)	(6.2)
Other	(399)	(399)	—	—
Total cost of sales	**(1,430)**	**(1,443)**	**(13)**	**(0.9)**

Gross Profit

Our gross profit for the three months ended March 31, 2018 was DKK 3,653 million, a decrease of DKK 156 million, or 4.1%, compared to DKK 3,809 million in the three months ended March 31, 2017. This was principally as a result of the continued decline in landline voice. Our gross margin, which we calculate as gross profit divided by revenue, for the three months ended March 31, 2018 was 71.7%, compared to 72.7% for the three months ended March 31, 2017.

Operating Expenses

Our operating expenses which includes external expenses, personnel expenses and other income, decreased by 5.9%, or DKK 99 million, to DKK 1,577 million in the three months ended March 31, 2018, due to reduced impact from foreign exchange rates as well as acquisitions and divestments and cost savings. The cost savings were driven mainly by renegotiation of supplier contracts within Other Operations and organic full-time employee reductions of 6.2% or 485 full time employees stemming from efficiency improvements in the field force and streamlining of the Danish B2B business.

External expenses for the three months ended March 31, 2018 was DKK 702 million, a decrease of DKK 64 million, or 8.4%, as compared to DKK 766 million in the three months ended March 31, 2017. The decrease was primarily due to renegotiation of supplier contracts within Other Operations and the insourcing of customer support from Sitel in 2017 and the resulting shift between reporting lines from consultancy costs to personnel expenses.

The table below sets forth our external expenses for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017.

	For the three months ended March 31,		Change	
	2017	2018	(amount)	(%)
	(DKK in millions, except percentages)			
Marketing and advertising expenses	(59)	(64)	(5)	(8.5)
Subscriber acquisition and retention expenses	(66)	(54)	12	18.2
Property expenses	(193)	(183)	10	5.2
IT expenses	(93)	(98)	(5)	(5.4)
Temps and personnel related expenses	(59)	(71)	(12)	(20.3)
Other expenses	(297)	(231)	66	22.2
Total external expenses	**(766)**	**(702)**	**64**	**8.4**

We recorded DKK 898 million in personnel expenses for the three months ended March 31, 2018, a decrease of DKK 37 million, or 4.0%, as compared to DKK 935 million in the three months ended March 31, 2017.

Our other income for the three months ended March 31, 2018 was DKK 23 million, a decrease of DKK 2 million, or 8%, compared to DKK 25 million in the three months ended March 31, 2017.

EBITDA

Our EBITDA for the three months ended March 31, 2018 was DKK 2,076 million, a decrease of DKK 57 million, or 2.7%, compared to DKK 2,133 million in the three months ended March 31, 2017. EBITDA adjusting for effects of regulation as well as the effects of foreign exchange rates and acquisitions and divestments, which we refer to as organic EBITDA, increased by 1.1% driven by the strong performance in mobility services and cost cutting in Denmark, partly offset by the continued decline in landline voice and TV. The organic EBITDA growth rate in Denmark was at its highest level since 2010.

Depreciation, Amortisation and Impairment Losses

We recorded DKK 1,223 million in depreciation, amortisation and impairment losses for the three months ended March 31, 2018, a decrease of DKK 40 million, or 3.2%, as compared to DKK 1,263 million in the three months ended March 31, 2017. The decrease was primarily due to higher depreciation on various network equipment related to the upgrading of the cable network to enable 1 gigabit broadband in 2017.

Special Items

We recorded DKK 17 million in special items for the three months ended March 31, 2018, a decrease of DKK 48 million, or 73.8%, as compared to DKK 65 million in the three months ended March 31, 2017. The decrease was primarily due to the gain from divestment of TDC Hosting in the first quarter of 2017 partly offset by the DKK 85 million compensation received in the first quarter of 2018 from the Danish State for the costs of providing maritime distress and safety service in Denmark in 2008 through 2009.

Financial income and expenses

We recorded DKK 31 million in loss on financial income and expenses for the three months ended March 31, 2018, a decrease of DKK 135 million, or 81.3%, as compared to DKK 166 million in the three months ended March 31, 2017. The decrease was primarily due to currency translation adjustments in the first quarter of 2018 as intercompany loans denominated in NOK resulted in a currency gain of DKK 85 million, whereas these loans resulted in a currency loss of DKK 30 million in the first quarter of 2017.

Income Taxes

We recorded DKK 196 million in income taxes for the three months ended March 31, 2018, an increase of DKK 42 million, or 27.3%, as compared to DKK 154 million in the three months ended March 31, 2017, reflecting the increase in profit before tax. The decrease in effective tax rate (excluding special items) from 23.3% for the three months ended March 31, 2017 to 22.7% for the three months ended March 31, 2018 was primarily due to utilization of a tax asset which was not recognized.

Profit for the period

For the reasons discussed above, our profit for the period for the three months ended March 31, 2018 was DKK 643 million, an increase of DKK 28 million, or 4.6%, compared to DKK 615 million in the three months ended March 31, 2017.

Year Ended December 31, 2017 as Compared to Year Ended December 31, 2016

Revenue

Our revenue for the year ended December 31, 2017 was DKK 20,270 million, a decrease of DKK 761 million, or 3.6%, compared to DKK 21,031 million in the year ended December 31, 2016, primarily reflecting the negative impact of acquisitions, divestments, the implementation of the EU Roaming Regulation and foreign exchange rates. Organic revenue, which is adjusted for the impact of these items decreased by 2.6% which was due mainly to intense competition facing Business and the TV and landline voice decline in Consumer in Denmark.

By Segment

Set forth below is a discussion of our revenue by segment for the year ended December 31, 2017 as compared to the year ended December 31, 2016.

	For the year ended December 31,		Change	
	2016	**2017**	**(amount)**	**(%)**
	(DKK in millions, except percentages)			
Consumer[(1)]:				
Mobility services	2,739	2,880	141	5.1
Landline voice	842	699	(143)	(17.0)
Internet and network	2,447	2,409	(38)	(1.6)
TV	4,257	4,131	(126)	(3.0)
Other services	522	414	(108)	(20.7)
Total Consumer revenue	**10,807**	**10,533**	**(274)**	**(2.5)**

(1) The two operating segments YouSee and Online Brands are aggregated to the reportable segment Consumer as both render telecoms services B2C on the same telecoms network and under the same regulatory environment.

Revenue from our Consumer segment for the year ended December 31, 2017, amounted to DKK 10,553 million, a decrease of DKK 274 million, or 2.5%, from DKK 10,807 million for the year ended December 31, 2016. This was principally as a result of customer losses and lower ARPU in landline voice and the decreased customer base in TV as customers deselected flow TV, in line with the new industry-wide trend. The losses were partly offset by an increase in revenue from mobility services as both mobile voice ARPU and mobile broadband ARPU increased. The improvement in mobile voice ARPU was driven by price increases across Consumer's brands, partly offset by less roaming being billed due to the inclusion of EU roaming in subscriptions from June 2017, while the increase in mobile broadband ARPU was driven by the changes in the sales portfolio to include more data.

	For the year ended December 31,		Change	
	2016	2017	(amount)	(%)
	(DKK in millions, except percentages)			
Business:				
Mobility services	1,254	1,165	(89)	(7.1)
Landline voice	854	753	(101)	(11.8)
Internet and network	1,819	1,464	(355)	(19.5)
TV	37	33	(4)	(10.8)
Other services	1,277	1,106	(171)	(13.4)
Total Business revenue	**5,241**	**4,521**	**(720)**	**(13.7)**

Revenue from our Business segment for the year ended December 31, 2017, amounted to DKK 4,521 million, a decrease of DKK 720 million, or 13.7%, from DKK 5,241 million for the year ended December 31, 2016. This was principally as a result of the decrease in revenue from internet and network as a result of the divestment of TDC Hosting and the transfer of the "smart security" business area from Business to Other Operations from the third quarter of 2016. Revenues from other services, landline voice and mobility services also declined in 2017.

	For the year ended December 31,		Change	
	2016	2017	(amount)	(%)
	(DKK in millions, except percentages)			
Wholesale:				
Mobility services	549	574	25	4.6
Landline voice	248	200	(48)	(19.4)
Internet and network	750	786	36	4.8
TV	55	52	(3)	(5.5)
Other services	139	141	2	1.4
Total Wholesale revenue	**1,741**	**1,753**	**12**	**0.7**

Revenue from our Wholesale segment for the year ended December 31, 2017, amounted to DKK 1,753 million, an increase of DKK 12 million, or 0.7%, from DKK 1,741 million for the year ended December 31, 2016. This was principally as a result of increased revenues from mobility services and internet and network which offset the decline in revenue from landline voice and TV. Revenue from mobility services increased in part due to increasing revenue from new customers as uptake among existing customers increased, growth in ARPU as a result of a favorable change in customer mix and in part by interconnect and roaming. Revenue from internet and network increased due to an increase in broadband and capacity revenue. The broadband customer base for Wholesale increased by 21,000 RGUs driven by new wholesale customers' uptake of cable but at the expense of a similar loss of ULL customers, while ARPU remained stable.

	For the year ended December 31,		Change	
	2016	2017	(amount)	(%)
	(DKK in millions, except percentages)			
Other Operations:				
Mobility services	2	2	—	—
Landline voice	14	12	(2)	(14.3)
Internet and network	135	173	38	28.1
TV	4	1	(3)	(75.0)
Other services	338	312	(26)	(7.7)
Total revenue from Other Operations	**493**	**500**	**7**	**1.4**

Revenue from our Other Operations remained almost flat for the year ended December 31, 2017, amounting to DKK 500 million, an increase of DKK 7 million, or 1.4%, from DKK 493 million for the year ended December 31, 2016.

	For the year ended December 31,		Change	
	2016(3)	2017(4)	(amount)	(%)
	(NOK in millions, except percentages or as otherwise stated)			
Norway:				
Residential TV	1,443	1,658	215	14.9
Residential broadband	1,083	1,129	46	4.2
Business(1)	1,030	904	(126)	(12.2)
Other residential services	302	323	21	7.0
Total Norway revenue	**3,858**	**4,014**	**156**	**4.0**
Total Norway revenue (DKK millions)(2)	**3,092**	**3,202**	**110**	**3.6**

(1) Includes TDC Norway and Get business division.

(2) NOK/DKK exchange rate of 0.798 for the year ended December 31, 2017 and of 0.801 for the year ended December 31, 2016 is weighted average based on revenue.

(3) In the first quarter of 2016, revenue was affected positively by one-offs relating primarily to a settlement in a legal dispute over partner customers amounting to revenue of NOK 13 million and operating expenses of NOK 5 million.

(4) In the fourth quarter of 2017, gross profit was positively affected by a one-off of NOK 10 million relating to content.

Revenue from our Norway segment for the year ended December 31, 2017, amounted to DKK 3,202 million, an increase of DKK 110 million, or 3.6%, from DKK 3,092 million for the year ended December 31, 2016. This was principally as a result of an increase in revenues for Get as a result of increased revenues from TV driven by an increase in ARPU, following the launch of major improvements to their TV offering but also including one-offs related to previous periods. Norway's revenue was also positively impacted to by increased revenues from broadband as Get successfully expanded its customer base and increased ARPU resulting from upsale to higher speeds. TV revenue was also affected by a one time gain of approximately NOK 30 million in the first quarter of 2017 and approximately NOK 35 million in the second quarter of 2017. Get's increased revenues in TV and broadband was partly offset by a decline in revenue from our B2B and TDC Norway operations, mainly stemming from ARPU price pressure.

By Product

The following table sets forth a breakdown of our revenue for the years ended December 31, 2017 and 2016, split by product as well as total revenue in Norway.

	For the year ended December 31,		Change	
	2016	2017	(amount)	(%)
	(DKK in millions, except percentages)			
Total revenue by product:				
Denmark				
Mobility services	4,535	4,607	72	1.6
Landline voice	1,957	1,665	(292)	(14.9)
Internet and network	5,037	4,789	(248)	(4.9)
TV	4,352	4,216	(136)	(3.1)
Other services	2,174	1,908	(266)	(12.2)
Norway	3,092	3,202	110	3.6
Eliminations	(116)	(117)	(1)	(0.9)
Total revenue	**21,031**	**20,270**	**(761)**	**(3.6)**

Cost of sales

The table below sets forth our cost of sales for the year ended December 31, 2017 as compared to the year ended December 31, 2016.

	For the year ended December 31,		Change	
	2016	2017	(amount)	(%)
	(DKK in millions, except percentages)			
Mobility services	(603)	(646)	(43)	(7.1)
Landline voice	(349)	(258)	91	26.1
Internet and network	(693)	(592)	101	14.6
TV	(2,544)	(2,683)	(139)	(5.5)
Other services	(1,215)	(1,122)	93	7.7
Total cost of sales	**(5,404)**	**(5,301)**	**103**	**1.9**

Cost of sales for the year ended December 31, 2017 decreased by DKK 103 million, or 1.9%, to DKK 5,301 million as compared to DKK 5,404 million in the year ended December 31, 2016. The decrease was primarily due to lower cost of sales in internet and network and other services.

Gross Profit

Our gross profit for the year ended December 31, 2017 was DKK 14,969 million, a decrease of DKK 658 million, or 4.2%, compared to DKK 15,627 million in the year ended December 31, 2016. This was driven mainly by a slight decline in revenue in Business and Consumer. Our gross margin decreased to 73.8% from 74.3%, caused by a lower margin in Get TV driven by content cost and a decline in the share of revenue from high-margin landline voice at Consumer. Both the revenue and margin declines were also influenced by the continued decline in landline voice.

Operating Expenses

Our operating expenses which include external expenses, personnel expenses and other income, decreased by DKK 414 million, or 5.8%, to DKK 6,725 million in the year ended December 31, 2017, due to the execution of strategic initiatives such as the TDC and YouSee brand merger in 2016, fewer calls to customer support and process efficiency leading to reductions in full-time employees across business lines, despite the insourcing of call centers in 2017.

External expenses was DKK 3,163 million for the year ended December 31, 2017, a decrease of DKK 271 million, or 7.9%, as compared to DKK 3,434 million in the year ended December 31, 2016.

The table below sets forth our external expenses for the year ended December 31, 2017 as compared to the year ended December 31, 2016.

	For the year ended December 31,		Change	
	2016	2017	(amount)	(%)
	(DKK in millions, except percentages)			
Marketing and advertising expenses	(284)	(257)	27	9.5
Subscriber acquisition and retention expenses	(460)	(448)	12	2.6
Property expenses	(721)	(686)	35	4.9
IT expenses	(410)	(407)	3	0.7
Temps and personnel related expenses	(228)	(235)	(7)	(3.1)
Other expenses	(1,331)	(1,130)	201	15.1
Total external expenses	**(3,434)**	**(3,163)**	**271**	**7.9**

We recorded DKK 3,664 million in personnel expenses for the year ended December 31, 2017, a decrease of DKK 141 million, or 3.7%, as compared to DKK 3,805 million in the year ended December 31, 2016.

Our other income for the year ended December 31, 2017 was DKK 102 million, an increase of DKK 2 million, or 2.0%, compared to DKK 100 million in the year ended December 31, 2016.

EBITDA

Our EBITDA for the year ended December 31, 2017 was DKK 8,244 million, a decrease of DKK 244 million, or 2.9%, compared to DKK 8,488 million in the year ended December 31, 2016. This decrease was due to decline in Denmark driven by Consumer's loss of landline voice and TV customers and intense competition across all segments and products in Business, partly offset by lower operating expenses. Our Organic EBITDA decreased by 0.8%, which was an improvement compared to 2016 driven mainly by improved operating expenditure.

Depreciation, Amortisation and Impairment Losses

We recorded DKK 5,160 million of depreciation, amortisation and impairment losses for the year ended December 31, 2017, an increase of DKK 220 million, or 4.5%, as compared to DKK 4,940 million in the year ended December 31, 2016. The increase in depreciation, by DKK 190 million, was primarily due to a reduction of the useful lines of various network equipment and an increased depreciation base which were both due to the upgrading of the cable network to enable 1 gigabit broadband. The increase in amortisation, by DKK 24 million, was driven by increased customer churn partly offset by lower amortisation due to the diminishing-balance method.

Special Items

We recorded DKK 231 million in loss on special items for the year ended December 31, 2017 as compared to a loss of DKK 281 million in the year ended December 31, 2016. The lower loss was primarily due to the gain from the divestment of TDC Hosting in March 2017, partly offset by increased cost related to redundancy programs and vacant tenancies.

Financial income and expenses

We recorded DKK 838 million in loss on financial income and expenses for the year ended December 31, 2017, an increase of DKK 62 million, or 8.0%, as compared to a loss of DKK 776 million in the year ended December 31, 2016. The increase was primarily due to currency losses in 2017 related to intercompany loans denominated in NOK (DKK 281 million), whereas these resulted in a currency gain of DKK 177 million in 2016, which was partly offset by losses from intercompany loans denominated in SEK (DKK 120 million). Interest income on pension assets decreased due to a decreasing discount rate, as the interest is calculated on the basis of the pension funds' net assets (assets less liabilities) using a discount rate. These developments were partly offset by lower interest expenses in 2017 resulting from the EMTN bond buy back in December 2016 (DKK 120 million) and losses in 2016 from the EMTN bond buy back including terminated swaps (DKK 291 million).

Income Taxes

We recorded an income tax charge of DKK 488 million for the year ended December 31, 2017, a decrease of DKK 41 million, or 7.8%, as compared to an income tax charge of DKK 529 million in the year ended December 31, 2016, reflecting the decrease in profit before tax. However, the effective tax rate (excluding special items) in 2017 was higher than in 2016 primarily due to the increased impact from the Danish limitation on the deductability of interest due to foreign exchange losses on receivables as well as the reduction of adjustment of tax for previous years.

Profit from Discontinued Operations

Our profit from discontinued operations for the year ended December 31, 2017 was DKK 26 million, a decrease of DKK 1,049 million, compared to DKK1,075 million in the year ended December 31, 2016. This was principally a result of the divestment of TDC Hosting in March 2017. Discontinued operations comprise the former 100% owned subsidiary TDC Sweden AB, divested in October 2016.

Profit for the year

For the reasons discussed above, our profit for the year ended December 31, 2017 was DKK 1,553 million, a decrease of DKK 1,484 million, or 48.9%, compared to DKK 3,037 million in the year ended December 31, 2016.

Year Ended December 31, 2016 as Compared to Year Ended December 31, 2015

Revenue

Our revenue for the year ended December 31, 2016 was DKK 21,031 million, a decrease of DKK 904 million, or 4.1%, compared to DKK 21,935 million in the year ended December 31, 2015. This decrease reflected negative effects from regulation of EU roaming prices and foreign exchange rate. Our organic revenue for the year ended December 31, 2016 decreased by 3.2% from the prior period, principally as a result of decreases in landline voice customers for Business and landline voice customers and lower revenue from Other services for Consumer in Denmark. However, all four product areas in Denmark showed improved development during 2016.

By Segment

Set forth below is a discussion of our revenue by segment for the year ended December 31, 2016 as compared to the year ended December 31, 2015.

	For the year ended December 31,		Change	
	2015	2016	(amount)	(%)
	(DKK in millions, except percentages)			
Consumer:(1)				
Mobility services	2,640	2,739	99	3.8
Landline voice	1,076	842	(234)	(21.7)
Internet and network	2,477	2,447	(30)	(1.2)
TV	4,241	4,257	16	0.4
Other services	812	522	(290)	(35.7)
Total Consumer revenue	**11,246**	**10,807**	**(439)**	**(3.9)**

(1) The two operating segments YouSee and Online Brands are aggregated to the reportable segment Consumer because both render telecoms services B2C on the same telecoms network and under the same regulatory environment.

Revenue from our Consumer segment for the year ended December 31, 2016, amounted to DKK 10,807 million, a decrease of DKK 439 million, or 3.9%, from DKK 11,246 million for the year ended December 31, 2015. This was principally a result of the decrease in revenue from other services related to terminal equipment and paper bill fees as well as landline voice as a result of loss of customers and decreasing ARPU, partially offset by increases in revenue from mobility services as a result of increased customer bases for mobile voice and mobile broadband.

	For the year ended December 31,		Change	
	2015	2016	(amount)	(%)
	(DKK in millions, except percentages)			
Business:				
Mobility services	1,391	1,254	(137)	(9.8)
Landline voice	1,058	854	(204)	(19.3)
Internet and network	1,967	1,819	(148)	(7.5)
TV	39	37	(2)	(5.1)
Other services	1,370	1,277	(93)	(6.8)
Total Business revenue	**5,825**	**5,241**	**(584)**	**(10.0)**

Revenue from our Business segment for the year ended December 31, 2016, amounted to DKK 5,241 million, a decrease of DKK 584 million, or 10.0%, from DKK 5,825 million for the year ended December 31, 2015. This was principally as a result of decreases in revenue across all products and services offered, including the decrease in mobile services revenue, which declined at a slower pace than the year prior. The decrease in revenue from mobility services was due to a decrease in mobile voice ARPU, caused by increased EU roaming regulation and intense competition. The decrease in revenue from landline voice primarily reflects an 8.9% decrease in the number of RGUs, in turn reflecting the declining market for landline voice. The decrease in revenue from internet and network was due to a declining customer base, lower sales of legacy products as well as several negative one-offs in the second quarter of 2016 relating to a revised assessment of a large contract.

	For the year ended December 31,		Change	
	2015	2016	(amount)	(%)
	(DKK in millions, except percentages)			
Wholesale:				
Mobility services	534	549	15	2.8
Landline voice	266	248	(18)	(6.8)
Internet and network	702	750	48	6.8
TV	36	55	19	52.8
Other services	162	139	(23)	(14.2)
Total Wholesale revenue	**1,700**	**1,741**	**41**	**2.4**

Revenue from our Wholesale segment for the year ended December 31, 2016, amounted to DKK 1,741 million, an increase of DKK 41 million, or 2.4%, from DKK 1,700 million for the year ended December 31, 2015. This was principally as a result of increase in revenue from mobility services (mainly as a result of increased revenue from interconnect) and internet and network (stemming from an increase in broadband and capacity revenue), which offset the decrease in landline voice revenue resulting from a decrease in service provider customers.

	For the year ended December 31,		Change	
	2015	2016	(amount)	(%)
	(DKK in millions, except percentages)			
Other Operations:				
Mobility services	2	2	—	—
Landline voice	16	14	(2)	(12.5)
Internet and network	87	135	48	55.2
TV	1	4	3	300.0
Other services	331	339	8	2.3
Total revenue from Other Operations	**437**	**494**	**57**	**13.0**

Revenue from our Other Operations for the year ended December 31, 2016, amounted to DKK 494 million, an increase of DKK 57 million, or 13.0%, from DKK 437 million for the year ended December 31, 2015.

	For the year ended December 31,		Change	
	2015[(3)]	2016[(4)]	(amount)	(%)
	(NOK in millions, except percentages or as otherwise stated)			
Norway:				
Residential TV	1,423	1,443	20	1.4
Residential broadband	985	1,083	98	9.9
Business[(1)]	1,039	1,030	(9)	(0.9)
Other residential services	302	302	—	—
Total Norway revenue	**3,749**	**3,858**	**109**	**2.9**
Total Norway revenue (DKK millions)[(2)]	**3,131**	**3,092**	**(39)**	**(1.2)**

(1) Includes TDC Norway and Get business division.

(2) NOK/DKK exchange rate of 0.801 for the year ended December 31, 2016 and of 0.835 for the year ended December 31, 2015 is weighted average based on revenue.

(3) In the third quarter of 2015, other income was affected by a positive one-off from the closing down of one of TDC Norway's benefit plans (NOK 42 million).

(4) In the first quarter of 2016, revenue was affected positively by one-offs relating primarily to a settlement in a legal dispute over partner customers amounting to revenue of NOK 13 million and operational expenses of NOK 5 million.

Revenue from our Norway segment for the year ended December 31, 2016, amounted to DKK 3,092 million, a decrease of DKK 39 million, or 1.2%, from DKK 3,131 million for the year ended December 31, 2015. This was principally as a result of the decrease in revenue from business operations in Norway (comprised of Get's

B2B division and TDC Norway) which was mainly stemming from ARPU pressure within mobile and internet and network and a decline in mobile voice subscribers due to the loss of a large customer. Get's TV revenue increased but the pace of growth slowed as a result of flat subscriber development caused by competition. Get's revenue from broadband increased as it expanded its customer base, including by offering more high-speed and value-added services, and increased ARPU.

By Product

The following table sets forth a breakdown of our revenue for the years ended December 31, 2016 and 2015, split by product.

	For the year ended December 31,		Change	
	2015	2016	(amount)	(%)
	(DKK in millions, except percentages)			
Total revenue by product:				
Mobility services	4,563	4,535	(28)	(0.6)
Landline voice	2,414	1,957	(457)	(18.9)
Internet and network	5,132	5,037	(95)	(1.9)
TV	4,316	4,352	36	0.8
Other services	2,580	2,174	(406)	(15.7)
Norway	3,131	3,092	(39)	(1.2)
Eliminations	(201)	(116)	85	42.3
Total revenue	**21,935**	**21,031**	**(904)**	**(4.1)**

Cost of Sales

The table below sets forth our cost of sales for the year ended December 31, 2016 as compared to the year ended December 31, 2015.

	For the year ended December 31,		Change	
	2015	2016	(amount)	(%)
	(DKK in millions, except percentages)			
Mobility services	(473)	(603)	(130)	(27.5)
Landline voice	(355)	(349)	6	1.7
Internet and network	(738)	(693)	45	6.1
TV	(2,471)	(2,544)	(73)	(3.0)
Other services	(1,440)	(1,215)	225	15.6
Total cost of sales	**(5,477)**	**(5,404)**	**73**	**1.3**

Cost of sales for the year ended December 31, 2016 decreased by DKK 73 million, or 1.3%, as compared to DKK 5,477 million in the year ended December 31, 2015. The decrease was primarily due to the decrease in revenue. The increase in cost of sales in TV was due to higher content cost and the increase in cost of sales for mobile services was due to content (including the launch of Telmore Play) and roaming in costs relating to other services and internet and network which offset the increase in mobile services costs.

Gross Profit

Our gross profit for the year ended December 31, 2016 was DKK 15,627 million, a decrease of DKK 831 million, or 5.0%, compared to DKK 16,458 million in the year ended December 31, 2015. This was principally as a result of decreased revenue in Business and Consumer as well as higher costs of sales in TV. Our gross margin decreased to 74.3% in 2016 from 75.0% in 2015, due to the lower margin in TV driven by content cost as well as the lower margin in mobile services due to the EU Roaming Regulation and the increase in lower margin interconnect revenue.

Operating Expenses

Our operating expenses, which include external expenses, personnel expenses and other income increased by 2.4% or DKK 169 million to DKK 7,139 million, stemming from investments in strategic initiatives such as the TDC and YouSee brand merger, customer service and the end-to-end simplification project in Business as well as a higher bonus related to a management incentive program in our Norwegian business. This development was only partly offset by savings on facility management and process efficiency.

We recorded DKK 3,434 million in external expenses for the year ended December 31, 2016, a decrease of DKK 39 million, or 1.1%, as compared to DKK 3,473 million in the year ended December 31, 2015.

	For the year ended December 31,		Change	
	2015	2016	(amount)	(%)
	(DKK in millions, except percentages)			
Marketing and advertising expenses	(259)	(284)	(25)	(9.7)
Subscriber acquisition and retention expenses	(494)	(460)	34	6.9
Property expenses	(765)	(721)	44	5.8
IT expenses	(284)	(410)	(126)	(44.4)
Temps and personnel related expenses	(251)	(228)	23	9.2
Other expenses	(1,420)	(1,331)	89	6.3
Total external expenses	**(3,473)**	**(3,434)**	**39**	**1.1**

We recorded DKK 3,805 million in personnel expenses for the year ended December 31, 2016, an increase of DKK 163 million, or 4.5%, as compared to DKK 3,642 million in the year ended December 31, 2015.

Our other income for the year ended December 31, 2016 was DKK 100 million, a decrease of DKK 45 million, or 31%, compared to DKK 145 million in the year ended December 31, 2015.

EBITDA

Our EBITDA for the year ended December 31, 2016 was DKK 8,488 million, a decrease of DKK 1,000 million, or 10.5%, compared to DKK 9,488 million in the year ended December 31, 2015, our EBITDA was negatively impacted by regulation of EU roaming prices and foreign exchange rate movements. Organic EBITDA decreased by 8.4%, principally as a result of decreases in landline voice customers for Business and landline voice customers and lower revenue from other services for Consumer in Denmark. The decline in Denmark was somewhat offset by the improvement in Norway.

Depreciation, Amortisation and Impairment Losses

We recorded DKK 4,940 million in depreciation, amortisation and impairment losses for the year ended December 31, 2016, an increase of DKK 134 million, or 2.6%, as compared to DKK 5,074 million in the year ended December 31, 2015. This was principally as a result of the decline in amortisation reflecting primarily lower amortisation of the value of customer relations according to the diminishing balance method.

Special Items

We recorded DKK 281 million in loss on special items for the year ended December 31, 2016, a decrease of DKK 4,821 million, or 94.5%, as compared to a loss of DKK 5,102 million in the year ended December 31, 2015. The decrease was primarily due to impairment losses in 2015 related primarily to goodwill as well as the gain in 2016 from divesting TDC Sweden, which was formerly a 100% owned subsidiary.

Financial Income and Expenses

We recorded DKK 776 million in loss on financial income and expenses for the year ended December 31, 2016, a decrease of DKK 328 million, or 29.7%, as compared to a loss of DKK 1,104 million in the year ended December 31, 2015. The decrease was primarily due to currency translation gains in 2016 related to intercompany loans denominated in NOK (DKK 177 million), partly offset by losses from intercompany loans denominated in SEK (DKK 120 million). In 2015, intercompany loans denominated in NOK resulted in losses (DKK 299 million). Further, interest expenses decreased following the refinancing of the EMTN bonds (EUR 274 million) that matured in December 2015 by bank loans (EUR 100 million) and cash resulting in lower interest expenses (DKK 138 million). Also, 2015 was negatively impacted by interest expenses on the bridge bank loan (EUR 1,600 million) stemming from the acquisition of Get in 2014 (DKK 40 million). In addition, the higher interest on pension assets was attributable to an increasing discount rate, as the interest is calculated on the basis of the pension funds' net assets (assets less liabilities) using a discount rate. The positive developments were partly offset by the development in fair value adjustments. Our interest expenses in 2016 was primarily impacted by the bond buy back in December. The repurchased notes as well as losses from swaps terminated resulted in a loss of DKK 291 million.

Income Taxes

We recorded DKK 529 million in income tax charges for the year ended December 31, 2016, a decrease of DKK 131 million, or 19.8%, as compared to DKK 660 million in the year ended December 31, 2015, reflecting an effective tax rate (excluding special items) of 21.2% as compared to 36.9% in 2015. The decrease in effective tax rate (excluding special items) was primarily due to the reduced impact from the Danish limitation on the deductibility of interest due to lower net financial expenses as well as the reduction of the Danish corporate income tax rate.

Profit from Discontinued Operations

Our profit from discontinued operations for the year ended December 31, 2016 was DKK 1,075 million, an increase of DKK 1,007 million, or 1,480.9%, compared to DKK 68 million in the year ended December 31, 2015. This was principally as a result of the divestment of TDC Sweden in October 2016.

Profit for the Year

For the reasons discussed above, we recorded DKK 3,037 million in gain on profit for the year ended December 31, 2016, an increase of DKK 5,421 million, as compared to a loss of DKK 2,384 million in the year ended December 31, 2015.

Liquidity and Capital Resources

Cash Flow

The tables below set out certain information related to our cash flows for the years ended December 31, 2015, 2016 and 2017 and for the three months ended March 31, 2017 and 2018.

	For the year ended December 31,			For the three months ended March 31,	
	2015	**2016**	**2017**	**2017**	**2018**
				(Unaudited)	
			(DKK millions)		
Cash flow from operating activities					
Operating profit before depreciation, amortization and special items	9,488	8,488	8,244	2,133	2,076
Adjustment for non-cash items	191	267	233	69	58
Pension contributions	(121)	(106)	(95)	(24)	(4)
Payments related to provisions	(4)	(5)	(15)	(1)	(4)
Special items	(524)	(446)	(394)	(117)	24
Changes in working capital	180	151	455	460	14
Interest received	637	557	425	380	410
Interest paid	(1,514)	(1,470)	(1,084)	(955)	(981)
Income tax paid	(786)	(608)	(556)	(270)	—
Operating activities in continuing operations	7,547	6,828	7,213	1,675	1,593
Operating activities in discontinued operations	272	430	—	—	—
Total cash flow from operating activities	**7,819**	**7,258**	**7,213**	**1,675**	**1,593**
Cash flow from investing activities					
Investment in enterprises	(153)	(145)	(197)	—	(36)
Investment in property, plant and equipment	(3,278)	(3,303)	(3,213)	(775)	(702)
Investment in intangible assets	(1,003)	(1,151)	(1,278)	(232)	(322)
Investment in other non-current assets	(9)	(25)	(19)	(4)	(1)
Divestment of enterprises	—	—	491	469	—
Sale of other non-current assets	60	43	59	2	—
Dividends received from joint ventures and associates	1	10	1	9	6
Investing activities in continuing operations	(4,382)	(4,571)	(4,156)	(531)	(1,055)
Investing activities in discontinued operations	(224)	1,814	6	—	—
Total cash flow from investing activities	**(4,606)**	**(2,757)**	**(4,150)**	**(531)**	**(1,055)**

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
				(Unaudited)	
			(DKK millions)		
Cash flow from financing activities					
Proceeds from long-term loans	8,484	—	—	—	3,724
Repayment of long-term loans	(8,008)	(2,897)	(1,860)	—	(4,467)
Finance lease repayments	(79)	(96)	(82)	(21)	(13)
Repayment of bridge bank loan	(11,946)	—	—	—	—
Change in short-term loans	3	1	(5)	—	—
Proceeds from issuance of hybrid capital	5,552	—	—	—	—
Coupon payments on hybrid capital	—	(196)	(195)	(195)	(195)
Dividends paid	(1,603)	—	(802)	(602)	—
Capital contributions from non-controlling interests	6	7	—	—	1
Financing activities in continuing operations	(7,591)	(3,181)	(2,944)	(818)	(950)
Financing activities in discontinued operations	(11)	(1)	—	—	—
Total cash flow from financing activities	**(7,602)**	**(3,182)**	**(2,944)**	**(818)**	**(950)**
Total cash flow for the period	**(4,389)**	**1,319**	**119**	**326**	**(412)**
Cash and cash equivalents at the beginning of the period	4,746	363	1,687	1,687	1,767
Effect of exchange-rate changes on cash and cash equivalents	6	5	(39)	—	10
Cash and cash equivalents at the end of the period	**363**	**1,687**	**1,767**	**2,013**	**1,365**

Total Cash Flow from Operating Activities

Three Months Ended March 31, 2018 as Compared to Three Months Ended March 31, 2017

For the three months ended March 31, 2018, total cash flow from operating activities decreased by DKK 82 million to DKK 1,593 million, from DKK 1,675 million for the three months ended March 31, 2017. The decrease was primarily due to the following:

- changes in working capital that generated cash flow of DKK 14 million for the three months ended March 31, 2018 while generating cash flows of DKK 460 million for the three months ended March 31, 2017, due to timing effects related to a number of items; partly offset by
- income tax paid of nil for the three months ended March 31, 2018 as compared to DKK 270 million for the three months ended March 31, 2017 due to timing effects; and
- cash inflow related to special items of DKK 24 million for the three months ended March 31, 2018 as compared to cash outflow related to special items of DKK 117 million for the three months ended March 31, 2017 primarily due to compensation received in 2018 from the Danish State for the costs of providing maritime distress and safety service in Denmark.

Year Ended December 31, 2017 as Compared to Year Ended December 31, 2016

For the year ended December 31, 2017, total cash flow from operating activities decreased by DKK 45 million to DKK 7,213 million, from DKK 7,258 million for the year ended December 31, 2016. The decrease was primarily due to the:

- lower operating profit before depreciation, amortization and special items, which decreased by DKK 244 million from DKK 8,488 million for the year ended December 31, 2016, to DKK 8,244 million for the year ended December 31, 2017;

- cash flows from operating activities in discontinued operations of DKK 430 million for the year ended December 31, 2016 related to the sale of TDC Sweden in 2016;

- changes in working capital that generated cash flow of DKK 455 million for the year ended December 31, 2017 while generating cash flows of DKK 151 million for the year ended December 31, 2016, attributable partly to optimization of net receivables in Get and partly to different timing; and

- net interest paid of DKK 659 million for the year ended December 31, 2017 as compared to net interest paid of DKK 913 million for the year ended December 31, 2016 mainly driven by the repurchase of GBP and EUR EMTN bonds at the end of 2016.

Year Ended December 31, 2016 as Compared to Year Ended December 31, 2015

For the year ended December 31, 2016, total cash flow from operating activities decreased by DKK 561 million to DKK 7,258 million, from DKK 7,819 million for the year ended December 31, 2015. The decrease was primarily due to the following:

- lower operating profit before depreciation, amortization and special items, which decreased by DKK 1,000 million from DKK 9,488 million for the year ended December 31, 2015, to DKK 8,488 million for the year ended December 31, 2016 partly offset by;

- income tax paid of DKK 608 million for the year ended December 31, 2016 as compared to income tax paid of DKK 786 million for the year ended December 31, 2015 driven by the EBITDA decline more than offsetting the negative impact from tax refunded regarding previous years; and

- cash outflow related to special items of DKK 446 million for the year ended December 31, 2016 as compared to cash outflow related to special items of DKK 524 million for the year ended December 31, 2015 primarily due to a lower level of redundancies.

Total Cash Flow Used in Investing Activities

Three Months Ended March 31, 2018 as Compared to Three Months Ended March 31, 2017

Total cash flow used in investing activities increased by DKK 524 million to DKK 1,055 million for the three months ended March 31, 2018, from DKK 531 million for the three months ended March 31, 2017, primarily due to the divestment of TDC Hosting in March 2017.

Year Ended December 31, 2017 as Compared to Year Ended December 31, 2016

Total cash flow used in investing activities increased by DKK 1,393 million to DKK 4,150 million for the year ended December 31, 2017, from DKK 2,757 million for the year ended December 31, 2016, primarily due to the inflow in connection with discontinued operations related to the divestment of TDC Sweden in 2016.

Year Ended December 31, 2016 as Compared to Year Ended December 31, 2015

Total cash flow used in investing activities decreased by DKK 1,849 million to DKK 2,757 million for the year ended December 31, 2016, from DKK 4,606 million for the year ended December 31, 2015, primarily due to the inflow in connection with discontinued operations related to the divestment of TDC Sweden in 2016.

Total Cash Flow From/(Used in) Financing Activities

Three Months Ended March 31, 2018 as Compared to Three Months Ended March 31, 2017

For the three months ended March 31, 2018, cash used in financing activities amounted to DKK 950 million, an increase of DKK 132 million compared to cash used in financing activities of DKK 818 million for the three months ended March 31, 2017, primarily due to the:

- repayment of long-term loans of DKK 4,467 million for the three months ended March 31, 2018, compared to nil for the three months ended March 31, 2017; and

- cash payment proceeds from long-term loans of DKK 3,724 million for the three months ended March 31, 2018, compared to nil for the three months ended March 31, 2017; and

- dividend paid of nil during the three months ended March 31, 2018, compared to DKK 602 million during the three months ended March 31, 2017.

Year Ended December 31, 2017 as Compared to Year Ended December 31, 2016

For the year ended December 31, 2017, cash used in financing activities amounted to DKK 2,944 million, a change of DKK 238 million compared to cash generated from financing activities of DKK 3,182 million for the year ended December 31, 2016. Such change was mainly due to the following:

- repayment of long-term loans of DKK 1,860 million for the year ended December 31, 2017, compared to DKK 2,897 million for the year ended December 31, 2016; and
- dividend paid of DKK 802 million during the year ended December 31, 2017, compared to nil for the year ended December 31, 2016.

Year Ended December 31, 2016 as Compared to Year Ended December 31, 2015

For the year ended December 31, 2016, cash generated from financing activities amounted to DKK 3,182 million, a change of DKK 4,420 million compared to cash used in financing activities of DKK 7,602 million for the year ended December 31, 2015. Such change was mainly due to the following:

- cash payment proceeds from long-term loans of nil for the year ended December 31, 2016, compared to DKK 8,484 million for the year ended December 31, 2015;
- repayment of long-term loans of DKK 2,897 million for the year ended December 31, 2016, compared to DKK 8,008 million for the year ended December 31, 2016;
- repayment of bridge bank loan of nil for the year ended December 31, 2016, compared to DKK 11,946 million for the year ended December 31, 2015;
- cash payment proceeds from issuance of hybrid capital of nil for the year ended December 31, 2016, compared to DKK 5,552 million for the year ended December 31, 2015;
- dividend paid of nil during the year ended December 31, 2016, compared to DKK 1,603 million during the year ended December 31, 2015.

Net Working Capital

Our Net Working Capital ("**NWC**") is negative, which means that liabilities included in NWC exceed assets included in NWC. The level of the NWC fluctuates within quarters, however has historically been stable toward the end of quarters, as we have optimized NWC on this basis. The negative NWC is an advantage for us, as this provides a source for short term liquidity.

The negative NWC is mainly driven by excess trade payables in comparison to trade receivables and significant deferred revenue. Deferred revenue is recorded on our balance sheet as a liability, and is included in NWC, and the significant level is due to the fact that subscription revenue from customers is to a large extent paid in advance to services rendered by us.

For the year ended December 31, 2017, change in NWC provided a net cash inflow of DKK 455 million, whereas the year ended December 31, 2016 inflow was DKK 151 million. There is an element of seasonality or intra-year swings within our change in NWC, however, given the factors described above, we expect to continue to receive change in NWC as a source of short-term funding. We typically manage our NWC at the end of quarters and on an annual basis, therefore intra-quarter and intra-year trends may not provide insights into the expected annual impact. As of March 31, 2018, we have had a net cash inflow of DKK 14 million from NWC. Typically, the quarter ended June 30 results in cash outflows for working capital (which may require temporary drawing under our New Revolving Credit Facility), although this typically normalizes over the course of the year.

Capital Expenditures

A significant part of our investments relates to network build out and upgrade to secure enhancement for both fixed-line and mobile traffic, as well as meeting increasing demands for data capacity. Further we invest in information technology, such as Web platforms, aimed at supporting commercial products and services, overall customer management and network development. We also invest substantially in customer equipment such as TV boxes and modems.

The following table shows our capital expenditures for the years ended December 31, 2015, 2016 and 2017 and for the three months ended March 31, 2018 and as a percentage of revenue.

	For the year ended December 31,			For the three months ended March 31,
	2015	2016	2017	2018
	(DKK millions)			
Customer installations	786	749	742	166
Network	2,543	2,506	2,519	580
IT	987	1,097	1,227	243
Capital expenditures	**4,316**	**4,352**	**4,488**	**989**
% of revenue	19.7%	20.7%	22.1%	19.4%

Mobile license payments are not included in our definition of capital expenditure but are included in cash flow capital expenditure (in cash flow statement shown as investment in property, plant and equipment and intangible assets) which differs from capital expenditures as shown in our balance sheet due to timing differences regarding mobile license payments, the regulatory obligation to re-stablish mobile sites that are no longer in use, financial lease additions and non-paid investments arising under agreements with third parties. From a cash flow perspective, we generally pay 20% of the full auction price at the time we successfully win at a spectrum auction. The remaining 80% of the auction price is paid in 10% instalments annually for the next eight years. We acquired a new 1,800 MHz license in 2016 and paid annual instalments on mobile licenses for 2,600 MHz and 800 MHz spectrum during the period under review. Mobile licences are capitalised as intangible assets at an amount corresponding to the present value of the licence payments. The mobile licences are amortised over the estimated useful lives (normally the licence period).

Our capital expenditure in the year ended December 31, 2017 increased by DKK 136 million, or 3.1%, driven by IT development investments to digitalize the customer experience, innovate entertainment offerings and support a simplified digital operating model, as well as cable network upgrades. Furthermore, the increase in investments was driven by the cable network upgrade to enable 1 gigabit broadband speeds for half of all Danish households and increased penetration with YouSee's TV set-top box. We are also continuing to invest in the Danish mobile network to ensure that we retain our best-in-class mobile network.

Our capital expenditure in the year ended December 31, 2016 increased by DKK 36 million, or 0.8%, was driven by the launch of YouSee's set-top box and increased IT investments. The increase in IT spending supports our strategic focus on a simplified digital operating model through consolidation of IT systems and the YouSee brand merger. In 2016, we initiated the cable network upgrade that will enable 1 gigabit broadband speeds to half of all Danish households in 2018. The increase in investments was partly offset by fewer investments in the Danish mobile network as large investments were made in 2015.

Consistent with historical strategy to have a best in class network and deliver the best speed, quality and coverage, our expenditures depend upon a variety of factors, including current and anticipated subscriber demand, data capacity development and our own targets relating to a desired mix of subscriber base, which is determined by its evolving business plan. Our capital expenditure plans are also affected by, and updated to reflect, changing general economic conditions.

Pension Plans

We currently operate a number of pension plans, including both defined contribution plans and defined benefit plans. We have defined benefit plans in Denmark (in a separate legal entity: TDC Pension Fund) and in Norway.

In a defined contribution plan, we pay a fixed contribution to a third party on behalf of employees and have no further obligations to the employee. The benefits for the employee ultimately depend on the third party's ability to generate returns.

In a defined benefit plan, members receive cash payments on retirement, the value of which depends on factors such as salary and length of service and we are obliged to pay a specific benefit at the time of retirement. A pension asset or pension obligation corresponding to the present value of the obligations less the defined pension plans' assets at fair value is recognised for these benefit plans. The obligations are determined annually by independent actuaries using the Projected Unit Credit Method assuming that each year of service gives rise to an additional unit of benefit entitlement, and each unit is measured separately to build up the final obligations. Estimation of future obligations is based on our projected future developments in mortality, early retirement, future wages, salaries and benefit levels, interest rate, etc. The defined pension plan assets are estimated at fair value at the balance sheet date.

As of December 31, 2017, our defined benefit plan in Denmark (which was closed to new members in 1990) consisted of projected pension benefit obligations of DKK 24,207 million and pension assets with fair value of DKK 30,959 million, mostly consisting of government and mortgage bonds and a mix of high-yield and investment grade bonds. In 2015, 2016 and 2017, our total pension cost related to our defined benefit plan in Denmark, including domestic redundancy programs recognised in special items, was DKK 128 million, DKK 34 million, and DKK 118 million, respectively.

Other Contractual Commitments

The following table summarizes our spectrum license payments, operating lease obligations as well as capital and purchase commitments as of December 31, 2017. The information presented in this table reflects, in part, management's estimates of the contractual maturities of our obligations, which may differ significantly from the actual maturities of these obligations:

	Less than 1 year	1-5 years	More than 5 years	Total
				(DKK millions)
Payments due by period:(1)				
Spectrum license payments(2)	126	246	60	432
Operating lease obligations(3)	676	1,779	3,911	6,366
Capital and purchase commitments	804	922	0	1,726
Total	**1,606**	**2,947**	**3,971**	**8,524**

(1) Excludes outstanding debt.

(2) Represents payments due for mobile license payments for spectrum acquisition.

(3) Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the term of the lease.

Off Balance Sheet Arrangements

We presently have no off-balance sheet arrangements. See note 6.5 of our consolidated financial statements for 2017, which describes certain contingent liabilities and "*—Other Contractual Commitments*" above.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to financial market and credit risks when buying and selling goods and services denominated in foreign currencies as well as due to its investing and financing activities. As a consequence of our capital structure and financing, we face interest-rate and exchange-rate risks. TDC's Group Treasury identifies, monitors and manages these risks through policies and procedures that are revised on an annual basis, if necessary, and approved by the board of directors.

Our current financial strategy was approved in June 2017 and defines maxima/minima for interest-rate, exchange-rate and counterparty risks as well as maxima/minima for a range of other variables. Together with market values of financial assets and liabilities, these exposures are calculated and monitored monthly. All risk measures are reported to the Group Chief Financial Officer on a monthly basis.

The following sections discuss the significant exposures to market risk. The following discussions do not address other risks that we face in the normal course of business, including country risk and legal risk. We are reviewing the TDC Group's hedging strategy in connection with the Transactions and the changes to our capital structure as a result therefrom, but have set forth below the contractual requirement applicable to the TDC Group pursuant to the terms of the Target Facilities Agreement which will represent the minimum hedging we are required to undertake. Furthermore, we note that in the future our financial strategy and the market risks that we face are likely to change.

Credit Risk

TDC Group is exposed to credit risks principally as a provider of telecommunications services in Denmark and abroad, and as a counterparty in financial contracts. The credit risk arising from supplying telecommunications services is handled by the individual business lines, whereas the credit risks in relation to financial contracts are handled centrally by Group Treasury. Credit risks arising in relation to financial contracts are governed by the financial strategy that defines a maximum exposure for each counterparty. The maxima are based primarily on the lowest credit ratings of the counterparties from either Standard & Poor's (S&P) or Moody's Investor Services (Moody's).

Financial transactions with a potential financial exposure for TDC Group are entered into only with counterparties holding the long-term credit rating of at least BBB+ from S&P or Baa1 from Moody's. Each counterparty credit line is determined by the counterparty's credit rating and is of a size that spreads the credit risks of total credit lines over several counter-parties. However, should one of our counterparties default, we might incur a loss. Credit risks are monitored on a monthly basis.

Liquidity Risk

To reduce refinancing risks, the maturity profile of our debt portfolio was spread over several years. Our committed revolving credit facilities and cash generated by the business activities were deemed sufficient to handle upcoming redemption of debt.

Exchange Rate Risk

We are exposed primarily to exchange-rate risks from NOK, USD and EUR.

For our Danish business, the net exchange-rate exposure relates to payables and receivables mainly from roaming and interconnection agreements with foreign operators as well as equipment and handset suppliers.

Interest Rate Risk

Interest-rate risk emerges from fluctuations in market interest rates, which affect the market value of financial instruments and financial income and expenses.

Target Facilities Agreement Hedging Requirements

Pursuant to the terms of the hedging letter (the "**Hedging Letter**") entered into in connection with the Target Facilities Agreement,

1. the TDC Group is required to enter into hedging arrangements which have the commercial effect of ensuring that the TDC Group has hedged its floating interest rate exposure in respect of a minimum of fifty per cent. (50%) of the aggregate principal amount outstanding under the TLB (the "**Hedging Amount**") at all times during the period from (and including) the date of entry into such hedging arrangements to June 4, 2020 (the "**Minimum Hedging Requirements**");

2. the TDC Group is required to ensure that the Minimum Hedging Requirements are satisfied by November 30, 2018;

3. interest rate hedging in respect of the principal amount at any time outstanding under the TLB may be entered into by way of hedging agreement(s) for any period longer than, and in respect of notional amounts greater than, the Minimum Hedging Requirements and/or to replace any interest rate hedging previously entered into in accordance with the Hedging Letter if:

    (a) that hedging does not cause a breach of clause 4.14 (Total Hedged Amount) of the intercreditor agreement entered into in connection with the Target Facilities Agreement; and

    (b) that hedging is not entered into for speculative purposes;

4. the TDC Group may enter into hedging agreements for non-speculative hedging of interest rate, currency or any other exposure of the TDC Group in the ordinary course of business to the extent it constitutes a Permitted Treasury Transaction (as defined in the Target Facilities Agreement).

Critical Accounting Estimates

The discussion and analysis of our results of operations and financial condition are based on our consolidated financial statements, which have been prepared in accordance with IFRS. The preparation of these consolidated financial statements requires management to apply accounting methods and policies that are based on difficult or subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. The application of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions upon which the estimates are based. We have summarized below those accounting estimates that require the more subjective judgment of management in making assumptions or estimates regarding the effects of matters that are inherently uncertain and for which changes in conditions may significantly affect the results reported in the consolidated financial statements.

Revenue Recognition

Revenue recognition for a telecoms operator is a complex area of accounting that requires management estimates and judgments.

Recognition of revenue depends on whether we act as a principal in a transaction or an agent representing another company. Whether we are considered to be the principal or agent in a transaction depends on an analysis of both the form and substance of the customer agreement. When we act as the principal, revenue is recognised at the agreed value, whereas revenue is recognised as the commission we receive for arranging the agreement when we act as an agent. Judgments of whether we act as a principal or as an agent impact the amounts of recognised revenue and operating expenses, but do not impact net profit for the year or cash flows. Judgments of whether we act as a principal are used primarily in transactions covering content.

When we conclude contracts involving sale of complex products and services, management estimates are required to determine whether complex products or services shall be recognised together or as separate products and services. Management estimates are also used for distributing the transaction price on the individual elements based on the fair value, if judged to be recognised separately. Business customer contracts, for example, can comprise several elements related to mobile phones, subscriptions, leases, etc.

Revenues from non-refundable up-front connection fees are recognised as income over the expected term of the related customer relation-ship, as the establishment of the customer relationship is not judged to constitute a separate service. Management estimates the term of the expected customer relationship using historical customer churn rates. Change of management estimates may have a significant impact on the amount and timing of the revenues and the related expenses for any period. See also Notes 3.4 and 3.5 of our financial statements for the years ended December 31, 2015, 2016, and 2017.

Special Items

In our income statement, special items are presented as a separate item. Special items include income or costs that in management's judgment shall be disclosed separately by virtue of their size, nature or incidence. In determining whether an event or transaction is special, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence of the transaction or event, including whether the event or transaction is recurrent. This is consistent with the way that financial performance is measured by management and reported to the board of directors and assists in providing a meaningful analysis of our operating results.

Intangible Assets

Useful lives

Management estimates useful lives for intangible assets based on periodic studies of customer churn or actual useful lives and the intended use for those assets. Such studies are completed or updated when new events occur that may have the potential to impact the determination of the useful life of the asset, i.e. when events or circumstances occur that indicate that the carrying amount of the asset may not be recoverable and should therefore be tested for impairment. Any change in customer churn or the expected useful lives of these assets is recognised in the financial statements, as soon as any such change has been ascertained, as a change of a critical accounting estimate.

Impairment testing of intangible assets

Intangible assets comprise a significant portion of our total assets. The measurement of the recoverable amount of intangible assets is a complex process that requires significant management judgments in determining various assumptions to be used in the calculation of cash-flow projections, discount rates and terminal growth rates. In addition, management estimates the cost drivers, etc. in the activity-based costing model that is used for allocation of the carrying amount and value in use of the cash-generating units.

The sensitivity of changes in the assumptions used to determine the recoverable amount may be significant. Furthermore, the use of other estimates or assumptions when determining the recoverable amount of the assets may result in other values and could result in required impairment of intangible assets in future periods. The assumptions used for the impairment testing of goodwill are shown in the section Impairment testing of goodwill and intangible assets with indefinite useful lives.

The carrying amount of goodwill is tested for impairment annually and if events or changes in circumstances indicate impairment. The annual tests were carried out at October 1, 2017, at October 1, 2016, and at October 1, 2015 respectively.

Impairment testing is an integral part of our budget and planning process, which is based on three-year business plans. The discount rates applied reflect specific risks relating to the individual cash-generating unit. The recoverable amount is based on the value in use determined on expected cash flows based on three-year business plans approved by management. The business plans approved by management follow the operating segments as described in Note 2.1 of our financial statements for the years ended December 31, 2015, 2016, and 2017. The carrying amounts of Operations and Headquarters and the calculated negative value in use of these cost centers are allocated to YouSee, Online Brands, Business and Wholesale via an activity-based costing model. The value of the TDC brand is not allocated to business lines but is tested for potential impairment against the combined value of the Danish business lines.

Projections for the terminal period are based on general expectations and risks, taking into account the general growth expectations for the telecoms industry in Denmark and Norway. The growth rates applied reflect expectations of relatively saturated markets.

The three-year business plans are based on current trends. The budget period includes cash flow effects from completed restructurings combined with effects of strategic initiatives aimed at improving or maintaining trend lines.

For the impairment testing of goodwill, we use a pre-tax discount rate for each cash-generating unit. In determining the discount rate, a risk premium on the risk-free interest rate is fixed at a level reflecting management's expectations of the spread for future financing.

Goodwill and intangible assets with indefinite useful lives relate primarily to YouSee, Online Brands, Business and Get. The assumptions for calculating the value in use for the most significant goodwill amounts are given below.

Provisions

We have engaged, and may in the future need to engage, in new restructuring activities, which require management to make significant estimates on provisions for onerous contracts and employee layoffs. Such estimates are based on expectations concerning timing and scope, the future cost level for the restructuring, etc. In connection with former large restructurings, management has estimated the cost of contracts for vacant tenancies, including rent costs and operating costs for the contract period reduced by the expected rental income. For each category of tenancy (office, exchange, etc.) and in consideration of the geographical location, the probability of obtaining income from sublease and expected sublet rent rates is judged. The most critical assumptions used in determining the provision relate to the probability of sublease and expected sublet rent rates. The provision is estimated at DKK 630 million (2016: DKK 551 million). The actual amounts may differ from this estimate and may therefore materially impact on future results.

We are expected to vacate and sublet additional tenancies in the future, following further reductions in the number of employees and upgrading to technical equipment that requires fewer square meters.

Defined Benefit Plans

The pension liability regarding defined benefit plans is estimated based on certain actuarial assumptions, the most significant of which relate to discount rates, wage inflation and mortality. The discount rate applied is based on the yield of corporate bonds and may change over the years depending on interest rate developments. Management estimates of actuarial assumptions illustrate current market conditions. Our pension costs related to the Danish defined benefit plan (which was closed in 1990) are expected to amount to DKK 14 million in 2018 compared with DKK 59 million in 2017, excluding costs related to domestic redundancy programs recognised in special items and assuming all other factors remain unchanged. See the Sensitivity analysis in note 3.8 to our consolidated financial statements for 2017 for a statement on the sensitivity of the defined benefit obligation to the discount rate, inflation and mortality.

BUSINESS

Overview

We are the incumbent operator and a prominent provider of integrated communications and entertainment solutions in Denmark with a leading market position across broadband, pay-TV, mobile and landline voice services based on end-user subscriptions to consumer, business and wholesale customers and the multi-play segment with a focus on premium digital services. We also offer integrated solutions to business customers.

In Norway, we operate as one of the leading fixed line communications providers through the ownership of, Get. Get is one of Norway's leading TV and broadband providers and has one of the country's largest high speed networks for private customers. According to the latest NKOM (National Communications Authority) statistics, Get is the challenger to incumbent Telenor and the second largest provider of both TV and broadband in Norway, excluding partners.

As of March 31, 2018, in retail (which includes three of our business lines, Consumer, Business and Other Operations), we had approximately 1.3 million broadband customers, approximately 1.3 million TV customers, approximately 0.6 million landline voice customers and approximately 2.7 million mobile customers in Denmark predominantly through YouSee, our main brand for consumer services. As the incumbent operator in Denmark, we utilize a fully-owned fixed line network covering nearly 100% of the Danish population via copper phone lines, 48% via coaxial cable and 6% via fiber optic network. Our Danish mobile network provides 3G and 4G coverage to approximately 99.5% of the Danish population making it the most expansive in Denmark by third-party assessment and highly reliable network in terms of coverage and speed. In Norway, we pass a significant portion of Norwegian households with our HFC network. We define homes passed as residential dwellings only.

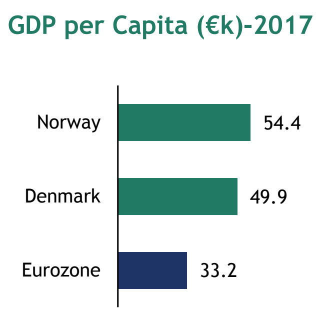
For the twelve month period ended March 31, 2018, we generated revenue of DKK 20,127 million (€2,702 million) and *Pro forma* Adjusted EBITDA of DKK 8,779 million (€1,178 million) (representing an EBITDA Margin of 43%).

TDC Group's Strengths

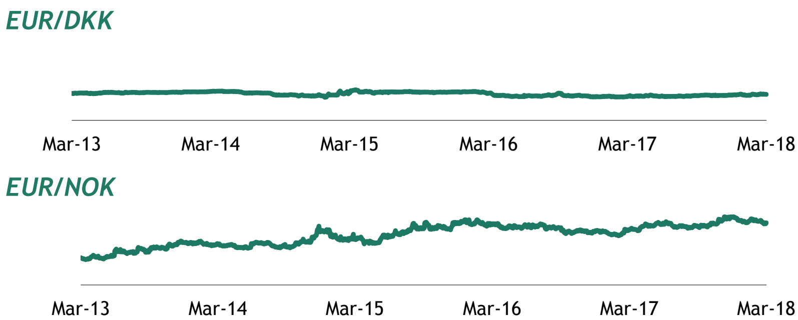
Highly developed Nordic markets with high disposable incomes and supportive telecommunications trends

We operate in Denmark and Norway, two highly developed Nordic markets with strong economic fundamentals reflected by AAA/Aaa ratings (S&P and Moody's, respectively) for both nations. Both countries have populations with high disposable incomes, benefiting from 2017 GDP per capita of €49,900 and €54,400 for Denmark and Norway, respectively, materially above the Eurozone average of €33,200 per capita. The Danish krone is pegged to the Euro with an upper and lower band, but the Danish central bank has been able to maintain a stable DKK/EUR rate at approximately 7.40 to 7.45 through its monetary policy. Denmark and Norway are both constitutional monarchies that have demonstrated stable political landscapes over the last decades, with developed legal systems and leading positions in corruption perception indices (indicating low corruption levels) Denmark and Norway rank #2 and #4, respectively, on the Corruption Perception Index 2017 rankings of Transparency International. Denmark's unemployment rate is forecast at 5.5% in 2018, compared to an average of 8.4% in the Euro Area, according to the European Commission.

The following charts set out the GDP per capita of Denmark, Norway and the Eurozone and the EUR/DKK and EUR/NOK exchange rates for the periods indicated.



Source: BMI Research



Source: Factset.

As in the rest of Europe, Denmark and Norway are experiencing demand for higher broadband speeds, multi-screen viewing, time-shifted content consumption and increased data demand. This is supported by strong uptake of electronic devices including smartphones (approximately 75% of the population in both Norway and Denmark), tablets and connected TVs. Both Denmark and Norway are among the countries with the highest broadband download speeds globally with average speeds over 80 Mbps as of April 2018.

Leading telecommunications network in Denmark incorporating high-speed cable and fiber with a state of the art mobile network

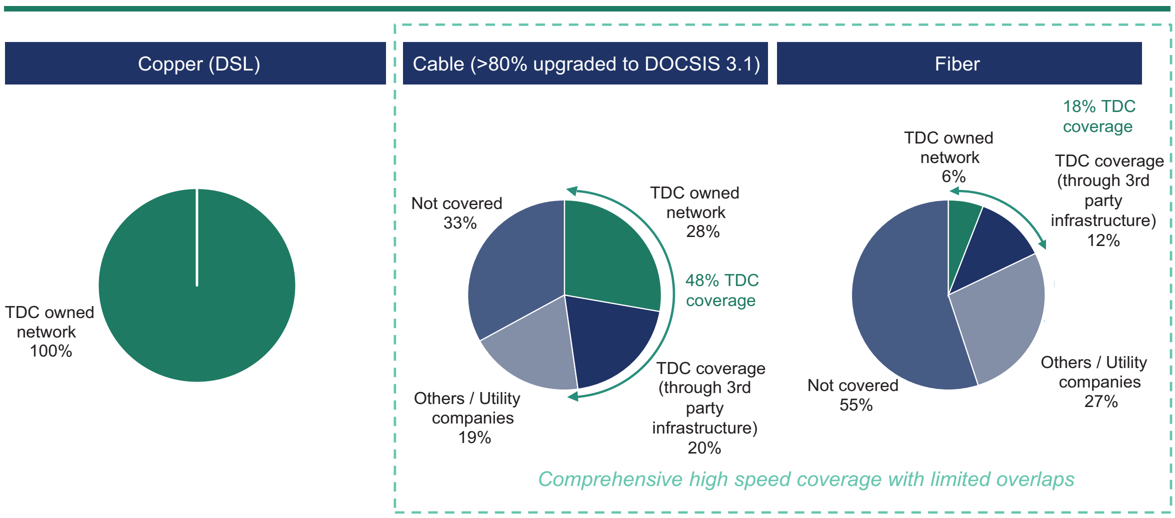
As the incumbent operator in Denmark, we are the owner of the widest and most comprehensive fixed line telecommunications infrastructure in the country and we believe we have a "unique" fixed line infrastructure portfolio in Europe. In addition to our own nationwide copper/DSL network (near 100% population coverage), we own a coaxial cable network in our domestic market. Our coaxial cable network covers approximately 48% of Danish households using both our own network (28%) and third-party infrastructure (20%), such as coaxial cable built by housing associations, antenna associations, and other MDUs, through exclusive contracts.

We also cover 6% of Danish households through our own fiber network and have agreements in place with utility companies (Ewii and Eniig) to utilize their fiber networks thereby increasing our fiber coverage by 12% and reaching approximately 18% of Danish households through fiber.

Given our nationwide multi-technology network, we believe it would be difficult and prohibitively expensive for our competitors to replicate our infrastructure.

The following chart sets forth our network coverage of Danish households by technology as of March 1, 2018.

TDC's network coverage of Danish households by technology (as of March 2018)

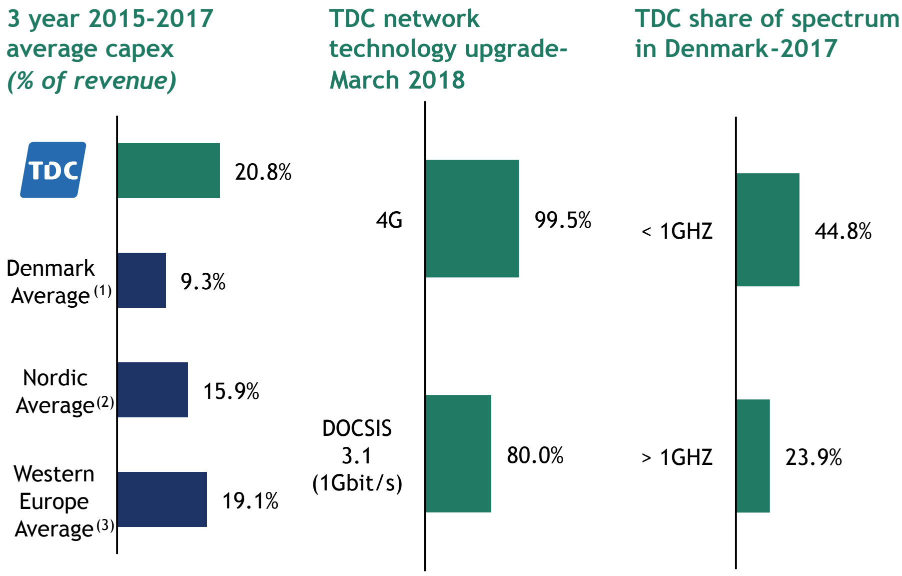


Source: Company data.

We cover approximately 99.5% of the Danish population with our 4G network, making it the most expansive in Denmark (by third-party assessment) and a highly reliable network in terms of coverage and speeds. The maximum theoretical speed provided by 4G+ is greater than 400 Mbps and we are the only operator in Denmark with the ability to achieve this speed on our network. Additionally, we hold a significant share of the Danish mobile spectrum including approximately 45% of bands under 1 GHz and approximately 24% of bands above 1 GHz. We have 2x20 MHz of spectrum in the 800 MHz band and 2x9 MHz of spectrum in the 900 MHz band. Our strong spectrum position in the sub-1 GHz spectrum band is critical for 4G and, potentially in the future, 5G coverage. We also have spectrum in each of the 1,800 MHz, 2,100 MHz and 2,600 MHz bands. Our mobile access network has been consistently rated as the best performing network in Denmark, including by P3 Network Analytics, an international network testing organization, in 2016. In 2017, we were designated as "Denmark's Best Mobile Network" by the Danish Technological Institute for the third consecutive year.

Our fixed line and mobile networks are well-invested compared to our peers in Denmark, the wider Nordic region and Western Europe. Our three-year average capital expenditure as a percentage of revenue was 20.8% compared to an average of 9.3%, 15.9% and 19.1% for a selection of our primary Danish, Nordic and Western European peers, respectively, demonstrating the investment in upgrading and expanding our networks in recent years. Our high recent capital investments have ensured that a high proportion of our fixed line and mobile networks have been upgraded to the latest technologies.

The chart below sets out data relating to three-year average capital expenditures as a percentage of revenue, our network technology upgrade and our share of spectrum in Denmark.



Source: Company data: Competitor websites/press.

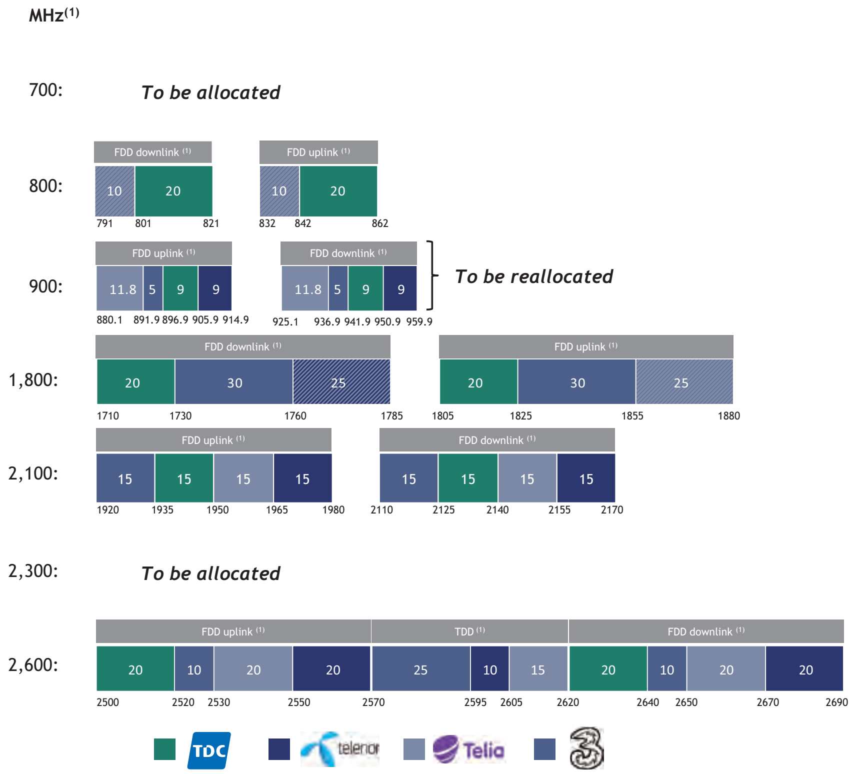
(1) Includes Telenor Denmark (only 2016, 2017), Telia Denmark and Hi3G Denmark, Hi3G DK + SE.

(2) Includes domestic operations of Telenor, Telia and Elisa.

(3) Includes domestic operations of BT, Orange, DT, Telefonica, Telecom Italia.

In 2016, we announced an agreement with Huawei to substantially upgrade our entire coaxial cable network to DOCSIS 3.1, which would enable us to increase our network's data transfer speed from speeds of up to 500 Mbps to speeds of up to at least 1 Gbps. As of March 31, 2018, we have upgraded over 80% of our TDC owned coaxial cable network to DOCSIS 3.1 and plan to reach 100% by the end of 2018.

We have also continued to invest in improving both the coverage and capacity of our mobile network, having installed over 200 new sites over the last two years. We have participated in spectrum auctions in the past and will consider participating in such auctions in the future on a case-by-case basis. In the second half of 2018, the Danish Energy Agency plans to hold a combined spectrum auction for the 700 MHz, 900 MHz and 2,300 MHz bands and we plan to participate. The 700 MHz and 900 MHz bands are particularly important for coverage and for competing in the 4G network over the course of the next five to ten years and potentially in the future 5G network. The chart below sets out spectrum allocation in Denmark.



(1) FDD = Frequency Division Duplexing; TDD = Time Division Duplexing; SDL = Supplemental downlink.

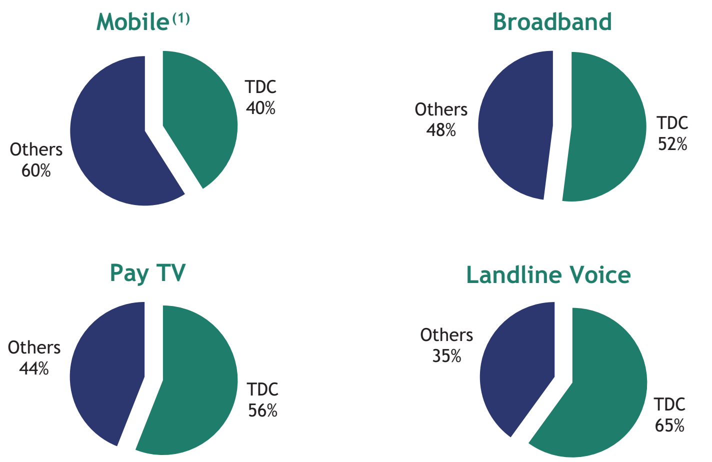
Source: Spectrummonitoring.com.

Fully integrated incumbent telecommunications operator in Denmark with a leading position across products

We are a fully integrated incumbent telecommunications operator in Denmark with a highly resilient business model partly due to our ability to offer full service integrated solutions (including broadband, pay-TV, landline voice and mobile) using primarily our own fixed line (including cable, fiber and DSL) and mobile infrastructure. We benefit from a leading position across B2C and B2B markets. We have a leading market share in B2C broadband, pay-TV, mobile and landline voice, with 1,111,000, 1,281,000, 1,906,000 and 428,000, consumer RGUs, respectively (including DKTV customers for broadband and landline voice) and in the B2B markets for broadband, mobile voice and landline voice with 182,000, 768,000 and 195,000 business RGUs, respectively, all as of December 31, 2017. Our service offering is best in class with broadband speeds of up to 1 Gbps, fully flexible TV packages including streaming services, and a wide range of data packages available in mobile. Our business model makes us highly resilient, with the ability to sell integrated packages to households and businesses, which helps to reduce customer churn and increases the revenue generated per customer. We believe we are significantly better positioned to offer a full bundle of products in Denmark compared to our competitors, and we continue to promote initiatives aimed at offering multiple services per household under the newly unified brand, YouSee (a product of a merger of our household brands, TDC and YouSee). In late 2017, we launched a converged offering, ‘YouSee More’, which encourages customers to sign up for two or more primary products, including additional services such as household security. Our other retail brands are “Fullrate” and “Telmore”. We also provide telecommunications solutions for small, medium and large businesses and organizations as well as the public sector in Denmark under the brands “TDC Erhverv” and “TDC NetDesign.”

In the Danish business and consumer markets, we have a market share of 40% in mobile (includes mobile voice and mobile broadband), 52% in broadband, 56% in pay-TV and 65% in landline voice as of December 31, 2017 based on RGUs, and, in the case of landline voice, lines. The charts below set out our market share in the business and consumer markets by product as of December 31, 2017.

Subscriber Market Share (%) - December 2017



(1) Includes mobile voice and mobile broadband.

Source: Danish Energy Agency (excluding pay-TV); Ampere (pay-TV).

Highly recognized and respected brand in Denmark with leading customer service capabilities

Our retail business (primarily, Consumer and Business) benefits from strong brands across all products. Our key consumer brand, YouSee, is positioned within the top-five of Brand Finance's Top-ten Most Powerful Brands in Denmark. Our leading market positions in Denmark in mobile, landline voice, broadband and pay-TV further underscores the strength of our brands among Danish consumers. The charts below set out the rankings for brand recognition in Denmark.

Brand recognition in Denmark(1)

Rank	Brand	BSI Score
1	LEGO	92.7
2	PANDORA	80.2
3	Danske Bank	77.8
4	youSee	75.3
5	TDC	73.4
6	Danfoss	72.3
7	TUBORG	71.4
8	ROCKWOOL	70.9
9	LURPAK	70.4
10	Nykredit	70.3

Leading brands portfolio

youSee

FULL RATE

TELMORE

BLOCKBUSTER

Customer service focus

(1) Based on Brand Finance Denmark's Top 10 Most Powerful Brands.

Source: BSI: Brand Strength Index.

We have invested considerably in recent years to improve our customer service, which has resulted in clear improvements of customer experiences since 2016 based on TDC surveys. In addition, the number of calls to our support and billing functions was reduced by 18%, from the end of 2016 to the end of 2017. These improvements in customer experience reflect our focus on better services and the shift to a more digital customer service model.

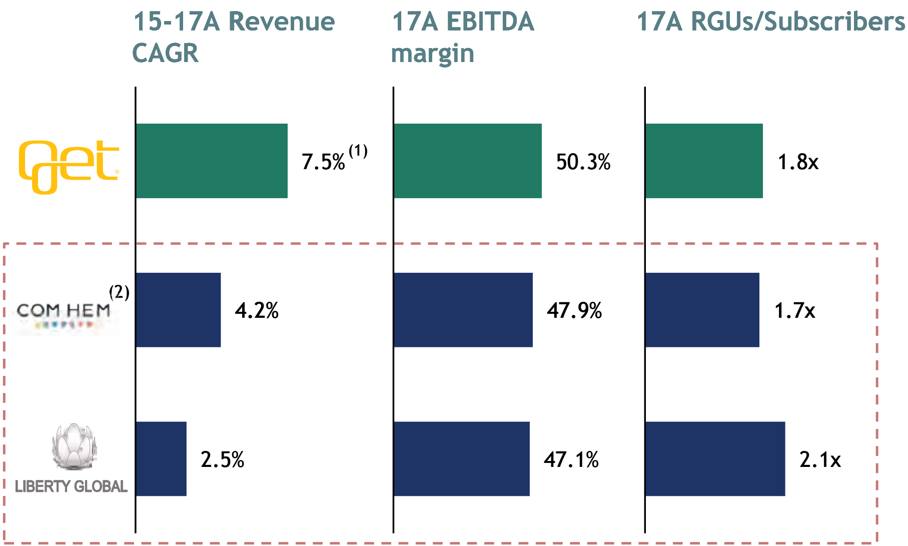
A leading fixed line communications provider in Norway with top brand and service quality

Following the acquisition of Get in 2014, we operate as a leading fixed line communications provider in Norway principally offering broadband, pay-TV, mobile and landline voice products to consumers and businesses. Get currently has 500,000 homes and businesses connected to its cable and fiber based high-speed network. Get owns its own cable and fiber based network in the key regions of Norway, principally in the South including Oslo, with additional coverage via the high-speed networks owned by 24 local partners. Get provides its services across different technologies which enables Get to offer customers a high-quality service. As of December 31, 2017, in Norway, Get had a 19% market share in pay-TV (second largest B2C operator, excluding partners, behind the incumbent Telenor) and 18% market share in broadband (second largest B2C operator, excluding partners, behind the incumbent Telenor).

On April 1, 2017, Get launched an improved TV offering, with the introduction of a new point-based channel selection menu allowing customers to tailor their own TV packages including SVoD services. The new offering contributed to price increases that led to an increase in TV ARPU by NOK 48 in 2017, incorporating in part the increase in content cost and one time gains in the first and second quarters of the year. Get's TV offering incorporates advanced features delivered via set-top boxes and a wide range of applications to streaming devices, smartphones and tablets, both at home and on the go. These features include, among others, (i) flexible TV packages with channel selection and SVoD services; (ii) simultaneous recording of TV content, in a user friendly and streamlined interface; and (iii) transactional and subscription on-demand services.

Get's broadband services offer a wide range of download speeds (up to 500 Mbps) via Get Sky. In 2017, through a targeted investment program, Get improved network stability and user experience on its network through faster speeds and active deployment of new high-speed routers. Get's market positioning is further strengthened by its progress with bundling, providing customers with TV, broadband, landline voice as well as mobile. Our mobile offering was introduced in 2016 through the launch of an MVNO, based on Telia's 4G network, which is aimed at further cross-selling, bundling and churn reduction. Furthermore, Get has launched a "smart security" services targeting MDU customers with a strong offering focused on fire alarm systems, further cementing Get's relationship with these customers.

Leveraging the proven and highly resilient cable business model, Get has a strong growth profile with a revenue CAGR of 7.5% over the three year period ended December 31, 2017. Get's strong EBITDA margin of 50.3% in the year ended December 31, 2017 place it above certain European cable peers. The table below sets out certain metrics for Get as compared to two of its cable peers.



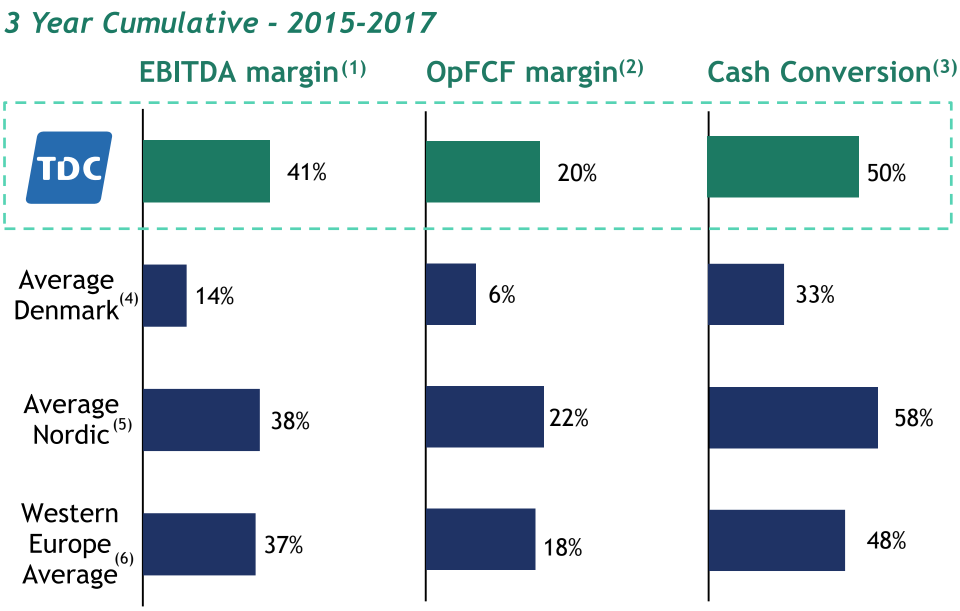
Source: Company data.

(1) In local currency.

(2) Com Hem segment (cable) only. Pro forma for Boxer acquisition, Group revenue CAGR is 1.9% and EBITDA margin is 41.0%.
Note: Peer numbers may not be calculated on a comparable basis.

Strong profitability and cash flow conversion

We have demonstrated strong profitability and cash flow generation compared to other operators in Denmark, the Nordic region and Western Europe more generally. We had one of the highest EBITDA margins among our Nordic and Western European peer groups (41%, 38% and 37%, respectively, as shown in the charts below) on a cumulative three years basis. In the first quarter of 2018, our organic EBITDA growth rate in Denmark was at its highest level since 2010. In January 2016, we announced a cost efficiency program expected to yield a run-rate of DKK 600-700 million (€81-94 million) operating expenditure savings over the period 2015 to 2018. Since 2016, we have worked on simplifying our processes, focusing on the digital experience, consolidating IT systems, optimizing product development, merging YouSee and TDC brands, simplifying the B2B portfolio and other initiatives. For the year ended December 31, 2017, these initiatives yielded DKK 394 million (€53 million) in organic operating expenditure savings, driven by implementing strategic initiatives such as renegotiation of supplier contracts, efficiency improvements in the field force, streamlining of the Danish B2B business and organic employee reductions. We are targeting additional efficiencies with an estimated organic improvement of at least DKK 300 million (€40 million) to be achieved in 2018, with a similar impact expected in the three months ended March 31, 2019. Despite investing significantly in our network infrastructure over the last three years, we have been able to maintain high operating free cash flow margins of 20% and a strong cash conversion of 50% on average over the past three years.



Source: Company data and competitor reports.

(1) EBITDA margin is defined as EBITDA divided by total revenue.

(2) Operating Free Cash Flow margin is defined as Operating Free Cash Flow divided by total revenue.

(3) Cash conversion is defined as EBITDA less capital expenditure as a percentage of EBITDA.

(4) Includes Telia Denmark, Telenor Denmark and 3 Denmark. Includes 10% EBITDA margin for 3 Denmark in 2017 due to their VAT repayment.

(5) Includes Telenor, Telia and Elisa. Excludes Com Hem and Tele 2.

(6) Includes BT, Orange France, DT Germany, Telefonica Spain and Telecom Italia (Domestic).

Note: Financial numbers calculated based on each company's respective reported financial years. Other companies in the industry in which we operate may calculate these measures differently.

Supportive regulatory environment

We believe that the Danish market offers a supportive regulatory environment for continued development of an infrastructure-based telecommunications business, with a focus on promoting investments in infrastructure and leading technologies. In order to achieve this goal, a political agreement has been established setting out frameworks intended to increase the attractiveness of such investments and incentivize market players to roll-out digital infrastructure initiatives such as making it simpler and cheaper to set up mobile telephony masts; standardizing case handling by individual municipalities; improving the framework for the roll-out of broadband infrastructure and others.

Similarly, the Norwegian market offers a supportive regulatory environment in terms of continued development in line with the EU's Gigabit society's objectives and ensuring commitment to maintaining Norway's leading position in digital development among European peers. Norway has generally followed the EU's telecommunications regulation and is expected to provide a stable framework for future digital investments. The latest regulation was the removal of roaming charges for users from June 2017 across the EU. In terms of promoting greater competition, Telenor, the incumbent in Norway, captures a large portion of the market shares in mobile, landline voice and broadband. As a result, Telenor is obliged to provide open access to its fiber network (in addition to the access already provided to its DSL lines). In addition, Norwegian regulators are ensuring that bundled offers of all operators are sufficiently broken down into individual components (so that the user is not bound to accept services that was not requested) and this has required operators to offer all their services individually as well as in packages.

Capable management team with strong track record

A significant part of the current senior TDC management team has been assembled in the last three years with the objective of executing the TDC Group 2016-2018 Strategy which was announced in January 2016. Our highly experienced senior management team has a breadth of telecommunications experience and has extensive industry experience and a proven track record in their respective areas. The current management team has developed a credible track record of execution based on the TDC Group's 2016-2018 Strategy, including a merger of the TDC and YouSee brands, fixed line and mobile network upgrade and implementation of operating efficiencies. The merger of the TDC and YouSee brands was completed on schedule in the second quarter of 2016. In connection with the Transactions, we will continue to review our strategy and management team and are currently in the process of recruiting a new CEO as our current CEO will be departing in the course of 2018.

TDC Group's Strategies

Maintain and grow leading market positions by developing and managing our telecommunications network through initiatives to improve connectivity

Given our position as a market leader in the telecommunications industry in Denmark, we view the Danish government's target of expanding access to broadband with a minimum download speed of 100 Mbps to all Danish households by 2020 as an opportunity to expand our extensive reach even further. We believe that given our scale and broad local expertise we are well-positioned to invest in and continue to pioneer the development of high-speed connectivity across both fixed line and mobile to establish a faster nationwide network. Moreover, in our efforts to contribute to the Danish government target we intend to cooperate actively with relevant stakeholders, including local utility companies and other industry participants, in part via the continuation of opening up our network infrastructure for use by other telecommunications brands and retailers. Given the high level of recent investments, for example, the 4G rollout investment phase which is coming to a conclusion, we expect to achieve this vision without materially changing the current level of capital expenditure. We also expect that this initiative will give rise to increased consumer choice and will support increased utilization of our network.

Furthermore, we believe our scale will facilitate our goal to exceed the Danish government's target, such that all households have access to 1 Gbps broadband by the mid-2020's. This ambition is a continuation of our previous strategy of providing gigabit speed access to 50% of Danish households. As at March 31, 2018, more than 80% of our own cable networks and all of our fiber networks can offer gigabit broadband speeds. Our strategy is to continue to be a leading provider of broadband access in Denmark and Norway, by creating the best infrastructure for our customers. We achieve this in part by utilizing our cable network for both B2B and B2C customers and implementing fiber solutions across our own and third-party infrastructure to enable gigaspeeds in selected areas where cable is unavailable.

The chart below sets out certain of our strategic initiatives and progress to March 31, 2018, including the target to expand gigaspeed coverage in Denmark as well as improve operating efficiencies.

January 2016 investor day strategic initiatives	Target	Update / progress to March 2018
Brand Merger TDC youSee	By 2016	✓ (Completed in 2016)
Giga speed coverage (>1Gbps)	50% of Danish households by 2018	Can deliver 1 Gbps to 23% of Danish households as at March 31, 2018
Operating expenditure efficiencies	DKK600-700m run-rate by end 2018	Savings of at least DKK300m expected in 2018, resulting in cumulative impact of approximately DKK 600 million

We also hope to continue to deliver a variety of new product solutions to our existing customer base. As our 4G rollout investment phase comes to a conclusion, our 4G network currently covers approximately 99.5% of the Danish population making it the most expansive in Denmark by third-party assessment and highly reliable network in terms of coverage and speed. After adding more mobile sites in 2017 and implementing technologies such as voice over LTE (VoLTE), voice over Wi-Fi, narrow-band internet of things (NB-IoT), we continuously expand and enhance our network to strengthen our brand. We aim to further solidify this competitive advantage through the implementation of newer technologies such as 4x4 MIMO-antennas that can provide 1 Gbps mobile downlink speeds, increased bandwidth for 4G through re-farming, additional mobile sites and strategic partnerships with other telecommunications players. Furthermore, we plan to invest in 5G technology when it is ready for large-scale commercial deployment, and to provide shared access to that network. We tested 5G in January 2017 and became the first company in Denmark to test 5G and achieve speeds of more than 70 Gbps.

Continue to deliver digital solutions to improve customer experience

Our strategy remains focused on improving our customer service and product offering to customers and we believe digitalization will be a key driver of this strategy. As society becomes increasingly digitalized, and access to mobile phone and data connections anywhere and anytime has become a fundamental expectation, the demand on digital infrastructure will intensify. Access to mobile telephony and broadband is also promoting productivity by making daily life more convenient and creating new opportunities. Therefore, we are investing in order to further enhance and extend our digital infrastructure, allowing us to provide access to cutting-edge technologies and services. Technological developments may also shorten product life cycles and facilitate convergence of various segments in the telecommunications industry.

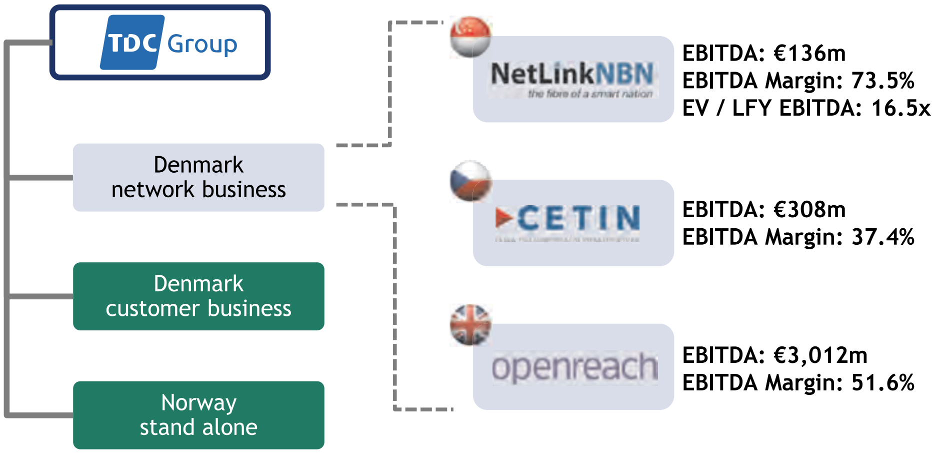
To support our digital strategy, we launched "Digital First", a digital transformation program, in 2017. The program has a cross-functional team to bring innovative new solutions to the market and, since February 2018, sits as a separate business line called Digital under Other Operations. Through Digital First in Business, we launched a new online sales flow for mobile subscriptions, including a customized online sales guide to help customers with the decision process. In Consumer, YouSee launched a personal digital onboarding process for broadband subscription and online booking of technician support, which has reduced call volumes to customer support regarding onboarding and provided customers with more flexibility and transparency. We believe digitalization will be a primary driver for enhancing the customer experience, for instance by improving our online distribution channel and expanding our retail footprint. We will continue to implement digital solutions such as digital self-servicing tools to increase the share of customer utilization online. Through these measures, we aim to reduce churn, increase customer loyalty and cross-sell and up-sell opportunities to deliver improved customer satisfaction scores.

Streamline management structure

In order to better facilitate our development and the enhancement of our nationwide network without compromising customer support, we aim to create a separately managed open-network business in the medium to long-term. The aim of this reorganization is to enhance value by enabling all service providers and retailers in Denmark to access our network on a non-discriminatory basis, targeting greater network utilization, greater volumes and improved customer experience. The open-network strategy has several established precedents globally, including among others: NetLink NBN in Singapore which was separated from SingTel and listed on the Singapore Exchange in July 2017; CETIN in the Czech Republic which was spun off from O2 Czech Republic in June 2015; and Openreach, the network division of BT Group plc, in the UK.

To implement this strategy, we plan to formalize our current functional management structure by creating three separately managed business units focusing on the development, strengthening and management of (i) our Danish telecommunications network; (ii) our Danish customer business; and (iii) our Norwegian business. For each of these planned units, we plan to implement a separate management team and independent governance arrangements. This organizational model will allow us to (i) focus on serving our existing customers through the development of new products and continued delivery of premium content, while (ii) simultaneously sourcing new customers via partnerships with other networks and telecommunications retailers without jeopardizing the operational efficiencies achieved through a range of simplification initiatives implemented in 2016 and 2017. We also believe the separation of the business units will allow management to focus on managing and developing the businesses on their own merits and to their full potential through specialization.

Envisaged business structure *Selected existing open networks-2017*



Source: Company data; Press.

The business unit managing our Danish telecommunications network will support the ongoing strategy to increase third party utilization of our network infrastructure. We believe the further opening up of our nationwide network infrastructure, to be operated on an open-access basis for use by all other telecommunications brands and retailers, will help improve utilization of the network and thus increase capital efficiency, creating more resilient margins and stable cash flows. We also expect that an open network approach will decrease the risk of regulatory intervention. In addition to opening up our own network for use by other telecommunications retailers and brands, we seek to develop partnerships with other network providers across Denmark in order to utilize their networks for our customers and acquire new customer bases. We aim to do this by entering into contracts with utility companies such as our recent contract with Eniig.

We also expect that revising our organizational structure will facilitate investment in customer service as the management structure will allow increased focus on the service element of our business. Our ambition is to have the highest customer satisfaction in the industry by focusing on six initiatives: (i) better customer experience; (ii) better connections; (iii) better solutions; (iv) best digital service and simplest business; (v) best team and relations; and (vi) best financial and commercial management. In line with our continued focus on providing best-in-class customer experience, we will continue to improve our reputation and brand image and increase digital customer interactions and reduce incoming support and billing calls. Furthermore, we will continue to migrate our small and medium business customers to our common sales force and IT platforms in order to properly capitalize on more efficient data management, personalized onboarding and sales flow of self-service and automation. We expect the continued implementation of our Digital First program will continue to enable operational expenditure savings and improve the customer experience.

Certain characteristics of the Danish fixed line market structure lend it more favorably to a network separation strategy compared to its European peers. Unlike most other European markets, the proportion of alternative fixed line local access infrastructure is lower. The lack of alternative fixed line local access networks, high barriers to entry and maturity of the Danish telecommunications market provides the opportunity to create value and improve our operating profile through separating network and retail assets. The evolution of the Danish market with a relatively lower proportion of commercially viable alternative fixed line local access infrastructures could lead EU and domestic regulators to adopt greater elements of a utility type approach to fixed line local access regulation, recognizing a trade off in some markets between incentivizing investment and introducing new infrastructure competition. Such a regulatory shift could benefit telecommunications wholesale network providers, such as TDC, providing long-term visibility in market structure and greater certainty for planning and investing. Combined with providing infrastructure to all telecommunications operators in Denmark, we could see a reduction in operating risks and an improvement in the visibility and stability of network cash flows.

Invest in promoting the consolidated YouSee brand

In 2016, we decided to merge our premium consumer brands “TDC” and “YouSee” under the “YouSee” brand to improve the customer experience and simplify our business processes. The merger was part of our strategic plan under the guiding principle “Always Simpler and Better”, describing our approach to the overall customer experience, as well as how we seek to operate as a streamlined business. Prior to the merger, YouSee provided cable services while IPTV services were branded TDC. The infrastructure did not cater to the offering of triple or quad play given each brand had its own infrastructure including a separate IT network. The merger involved combining IT platforms and backhaul; merging channels, go-to-market-strategy and branding; and offering an integrated portfolio of services with a consistent product roadmap. The merger enabled us to consolidate multiple self-service platforms to deliver a better offering. Through this unified household brand, we believe our customers will benefit from a leading suite of integrated services across mobile, broadband, TV and landline voice covering all of Denmark. We believe the merger will also simplify our operating model, optimize investment and marketing spend and reduce complexity and duplication.

Our strategy for promoting the consolidated YouSee brand is focused on moving towards convergence and more advanced services and content as consumers start to demand greater broadband speed and capacity to cope with more demanding services such as video streaming or IoT. Convergence, the bundling by the same operator of more than one product across mobile, broadband, landline voice and pay-TV in a single customer package, is a proven model to drive higher loyalty in the telecommunications industry. Depending on the number of services provided, an operator can be classified as single-, double-, triple- or quad-play. As more providers become fully convergent (quad-play), they achieve greater customer stickiness, thereby reducing customer churn and increasing cross-sell opportunities. The converged offering YouSee More was launched towards the end of 2017 giving customers access to three to five value added services when a customer has two or more primary YouSee products. We will continue to invest in promoting the consolidated YouSee brand through convergence and the aggregation of services.

While our core strategy remains convergence and aggregation, we have recently started building our own differentiating content position to supplement our core strategy. As part of this position, we have moved into direct licensing of movies and series from studios, including Disney, Fox and Paramount, which is an extension of our current channel partnerships with these providers. We have also moved into commissioning of scripted and non-scripted Danish content. We successfully launched YouSee Comedy, a new digital comedy entertainment universe consisting of a number of original Danish program series as well as licensed content.

We also introduced fully flexible TV packaging in the first quarter of 2018, which includes a point-based selection system also enabling users to select streaming services as part of their YouSee subscription. The introduction of the point based system has motivated a change in the preference of the "flexible TV" customer base towards larger packages. As customers become increasingly loyal to brands as opposed to specific channels, we will continue to invest in new content to promote the YouSee brand and to adapt to changing consumer preferences. We seek to improve the selection of our streaming services which we believe will enhance our position as a content provider of choice in Denmark.

Continue to develop a simplified and efficient operating model

Digital First has enabled us to increasingly focus on improving operational efficiencies throughout our organization and we will continue to focus on this in the future. We believe that this will lead to enhanced profitability and that continued digital innovation will enable us to accomplish this strategy. To simplify the operating model, we have decommissioned a number of IT systems and platforms by for example, the migration of more than one million TDC households to a shared YouSee platform, and the migration of 70% of B2B customers in the small and medium business segment to a new IT platform that has been completed. This simplification will enable operating expenditure efficiencies and will also enable a more comprehensive product offering for our B2B customers. As a consequence of the decision to merge our premium consumer household brands and to substantially simplify the product portfolio in Business, we consolidated our products and services, platforms and IT systems. Further simplification efforts will lead to a simplified digital operating model, which will deliver more efficiency. Increasing digitalization will enable us to replace legacy systems, create agility and reduce costs across our organization. We believe the simplification and consolidation of our IT platforms will also enhance our productivity and streamline our business in a meaningful way.

In addition to opening up our own network for use by other telecommunications retailers and brands, we seek to develop partnerships with other network providers across Denmark in order to utilize their networks for our customers and acquire new customer bases. We aim to do this by entering into contracts with utility companies such as our recent contract with Eniig.

Continue to increase our relevance among our B2B customers

We aim to continue increasing our presence and relevance in the B2B market. Our strategy focuses on cloud-based solutions, improved contract profitability and simplification. As part of this strategy, we acquired the cloud companies Cirque and Adactit in 2016. This has enabled us to offer integrated solutions to our customers with TDC Skype for Business being the first initiative, and we expect to launch additional services with a focus on analytics and security. Skype for Business is a cloud and connectivity solution that combines telephony, video calls, chat, calendar integration, document and screen sharing. We are the leading Danish provider of fully integrated telephony in Skype for Business. We offer this product with mobile voice subscriptions, which is an attractive option for our SME customers. As of March 31, 2018, we had approximately 31,000 users enrolled in Skype for Business and we expect this number to increase in the future. We expect the implementation of cloud-based telecommunications solutions to be the main driver for attracting B2B SME customers and key aspects to delivering the benefits of digitalization. Over time, we expect this will create stronger loyalty in the customer base and enable us to grow the average value per customer. We aim to be the preferred digital solutions partner for the business community and we believe our fully integrated telephony Skype offering positions us as a key differentiator in the market in order to become the preferred digital solutions partner for the Danish business community.

Review the TDC Group business and implement any necessary reorganizations, mergers, demergers and/or M&A activities involving parts of the TDC Group

We will commence a strategic options review of the TDC Group to consider the ideal structure and integration of the TDC Group in view of our strategy to separate our business into three distinct units overseeing each of our telecommunications network, the Danish customer business and the Norwegian business. This structural review may result in the corporate reorganization of the business, including potentially by way of mergers, demergers or other M&A activities involving parts of the TDC Group in the medium to long-term, in every case intended to capitalize on existing operational efficiencies and maximize the potential of each part of the TDC Group.

The review will also focus on identifying areas of network investment opportunity, means of delivering improved customer service as well as reducing churn, and driving long-term sustainable financial performance.

Maintain financial discipline to optimize cost of capital

We aim to continually improve cash flows, by, among other things, targeting EBITDA growth through existing cost savings initiatives and capitalizing on national growth initiatives in the telecommunications industry. Also, we intend to maintain discipline in capital expenses and expect improved cash flows to provide a strong liquidity cushion for our ongoing business needs. We note, however, that increased leverage of TDC following the Transactions will increase cash interest costs going forward. Finally, we expect our Norwegian activities to become tax paying from 2019.

We aim to optimize our cost of capital through efficient management of our capital structure; for example, by refinancing existing indebtedness at the appropriate time at potentially lower rates or funding potential capital needs with the most economical sources of funding. We aim to achieve sustainable financial performance through long-term cash flow generation. We believe that our future network investments in the short- and medium-term will extend the lifetime of the infrastructure and create long-term cash flows. We intend to fund network investments through an appropriate combination of generated cash flow and debt.

Furthermore, our domestic defined benefit plan has a pension surplus under the Danish FSA pension regulation amounting to DKK 2.7 billion (€0.4 billion) as of December 31, 2017. This pension asset demonstrates the strong position of our domestic defined benefit plan and reduces the risk of any future funding requirements by us to meet our obligations under the plan, thereby ensuring our cash flows are not impacted significantly. We maintain a net pension asset of DKK 6,819 million (€915 million), which is recognized on our balance sheet as of March 31, 2018.

Overall, we expect that our strategy will encourage and support innovation and investment in the telecommunications sector, improve customer choice and available product offerings, improve retail competition as well as accelerate the expansion, quality and speed of the network.

History and Development

In 1990, the Danish parliament combined the four existing Danish telecommunications companies to form a single company, Tele Danmark. Tele Danmark was later renamed TDC. TDC was partly privatized in 1994 and fully privatized in 1998.

In 2005, Nordic Telephone Company ("**NTC**"), which comprised five private equity funds, purchased 87.9% of the shares in the TDC Group with the remainder continuing to be publicly held and traded. During the period after the acquisition, from 2006, we embarked on a strategy to concentrate on our core Nordic markets and to streamline our telecommunications operations through strategic in-country consolidation and divestments of our non-Nordic international assets. Between 2010 and 2013, NTC gradually sold off its shares in the TDC Group and fully exited in 2013.

In 2014, we expanded our business by acquiring the leading Norwegian cable TV company Get for NOK 13.8 billion, or €1.7 billion on cash and debt free basis, which represented a multiple of 10.5x pre-synergies and 9.3x post synergies on 2015 estimated EBITDA for Get at the time of the purchase. The Get product portfolio consists of premium TV entertainment services and high-speed broadband through an end-to-end hybrid-fiber network.

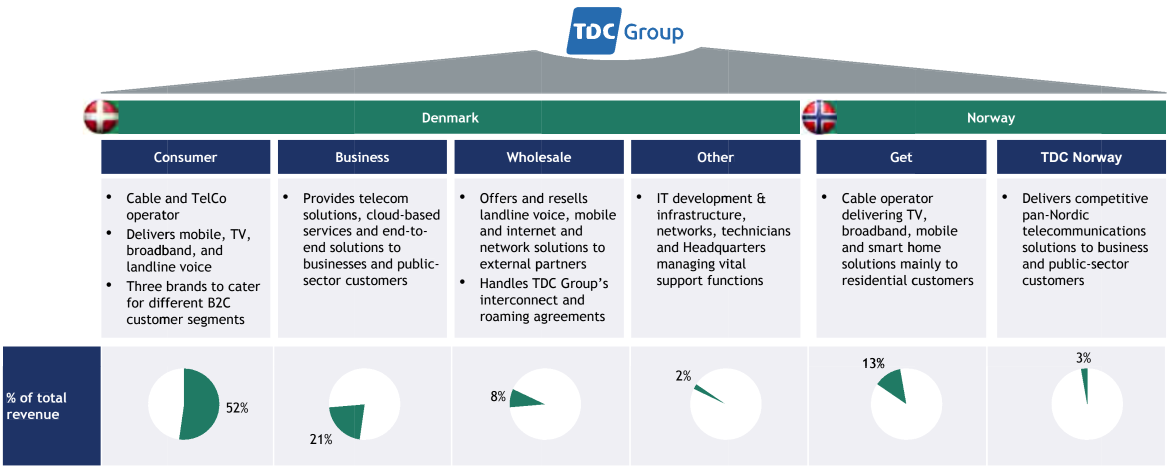
Following the divestment of our Finnish subsidiaries, TDC Oy Finland and TDC Hosting Oy, in 2014 and our Swedish subsidiary, TDC Sverige AB, in 2016, we became focused solely on the Danish and Norwegian markets.

In 2017, we sold our subsidiary, TDC Hosting, to the Danish equity fund Maj Invest Equity as part of our overall strategy to streamline the business.

As of June 8, 2018, the TDC Group was 100% owned by the Consortium through a voluntary takeover offer (which completed on May 4, 2018) and subsequent squeeze-out.

Our Operations

We have a functional customer-centric structure with six business lines and more than ten brands. In Denmark, our business lines include Consumer, Business, Wholesale and Other Operations, while our operations in Norway include Get and TDC Norway. The chart below shows each of our business lines and the proportion of our revenue generated by each business line for the twelve months ended March 31, 2018.



Source: Company data.

Our market-driven structure was chosen to emphasize the focus on customer types and needs. Our product range spans all price and value propositions as a result of our wide array of differentiated brands. We distribute our products through an extensive distribution network, including our own shops, dealer networks, direct sales, call centers and websites.

In Denmark, we own and operate the most extensive nationwide telecommunications network, offering telecommunications and entertainment services to residential customers, businesses and other organizations. We also offer access to third parties to our network in Denmark through our Wholesale business line. In Denmark, revenue generated by product in the twelve months ended March 31, 2018 amounted to 28% from internet and network, 27% from mobility services, 24% from TV, 11% from other services and 10% from landline voice.

In Norway, we offer products and services to retail consumers and to businesses. Get, a leading fixed communication provider in Norway, provides residential households with broadband, TV, landline voice and mobile. In Business, Get provides small companies with basic broadband, while TDC Norway provides more advanced data communications solutions to larger corporates and public bodies. In Norway, revenue generated by product in the twelve months ended March 31, 2018 amounted to 40.7% from residential TV, 28.1% from residential broadband, 22.2% from business and 9.1% from other residential services.

Denmark

Consumer

Our Consumer business line delivers services to residential households and has a multi-brand strategy with differentiated brands, with leading market shares across mobile, broadband, landline voice and pay-TV based on end-user subscriptions in terms of RGUs.

The Consumer business line generated total revenue of DKK 10,529 million (€1,413.3 million) for the twelve months ended March 31, 2018, representing 52.3% of our total revenue and 61.8% of revenue generated in Denmark, respectively, for the twelve months ended March 31, 2018.

As of March 31, 2018, the Consumer business line had 1.9 million Mobile RGUs, 1.0 million Broadband RGUs, 1.3 million TV RGUs and 0.4 million Landline Voice RGUs. In the three months ended March 31, 2018, the Consumer business line had Mobile voice ARPU of DKK 121 (€16), Broadband ARPU of DKK 195 (€26), TV ARPU of DKK 263 (€35) and Landline Voice ARPU of DKK 124 (€17).

Through differentiated brands the Consumer business line serves a broad range of segments from the no-frill segment and the mass-to-premium market. The Consumer business line offers a broad range of telecommunications including from traditional landline services such as PSTN and integrated services digital network ("**ISDN**"). These services have developed over time and currently cover VoIP, broadband and TV, all provided in a technology agnostic package that aims to ensure the customer will get the best possible experience based on the infrastructure available at their address by varying between copper, cable and fiber. Furthermore, the Consumer business line offers mobile voice and mobile broadband on Denmark's most extensive mobile network, a position that was achieved after launching a new 4G network and has been maintained through continuous investments and upgrades. Depending on the brand the Consumer business line also offers various value-added services, including telecommunications related services such as visual voicemail, double data and security services as well as convergence focused offerings such as streaming, music, and magazines.

YouSee is our premium brand focused on providing household customers with offerings targeting both individual households or single-dwelling units ("**SDUs**") and organized customers or multiple-dwelling units ("**MDUs**") such as antenna and housing associations. The current YouSee brand is the merger of the former TDC brand based on copper and fiber infrastructure with the YouSee brand based on cable infrastructure. After the merger of the two brands in 2016, we have begun to position YouSee as a provider of entertainment services both at home and away via mobile services, building on Denmark's most extensive network.

YouSee's portfolio is focused on four main products, TV, broadband, mobile and landline voice. The converged offering YouSee More was launched towards the end of 2017 giving customers access to three to five value added services when a customer has two or more primary YouSee products. The value-added services include the ability to donate to Børns Vilkår, access C-more, utilize a security package and stream music. The introduction of YouSee More intends to further enhance YouSee's position as a household brand and reward existing customers with added value. To strengthen YouSee's position in the Danish TV market, where OTT services have been widely adopted, YouSee initiated the first steps toward establishing an integrated entertainment platform merging flow TV, SVoD and exclusive content in late 2017. Exclusive content, such as seasons of Suits and own produced content such as ChriChri (a Danish lifestyle program), were launched side by side with the flow channels as the first step. In February 2018, we introduced a truly flexible TV concept giving the customer the opportunity to mix flow channels and SVoD services within their TV package. The first SVoD services introduced were HBO, Min Bio, Viaplay, Dansk Filmskat and Cmore, and we expect to introduce more services during 2018. YouSee customers with a TV subscription can benefit from their services both when at home using the YouSee set-top box and when out of home using the TV & Film (movie) app. The same flexibility is available for the value-added services the customers have from YouSee More.

Telmore is our mobile-only brand offering mobile voice and mobile broadband. Telmore started as a no-frills brand and subscriptions are predominantly prepaid. In 2014 the subscription Telmore Play was introduced giving customers the option to choose from a range of value added services as part of their subscription. In September 2017, TDC acquired the local MVNO Plenti, which in the three months ended March 31, 2018 was merged with Telmore.

Fullrate offers a full range of telecommunications services including self-service xDSL broadband, TVoIP, VoIP, mobile voice and mobile broadband products. Full rate is positioned as a basic brand for customers requiring high speed and in 2017 further stipulated that position with an increased focus on Wi-Fi services.

Blockbuster is the digital movie rental brand. TDC acquired the rights to use the Blockbuster name in 2014 and launched the beta version of the service in the same year. In 2017, the Blockbuster footprint was expanded to the rest of the Nordics.

Business

Business provides telecommunications solutions, cloud-based services and IT solutions to businesses in Denmark under the brands "TDC Erhverv" and "TDC NetDesign".

Business generated total revenue of DKK 4,353 million (€584.3 million) for the twelve months ended March 31, 2018, representing 21.4% of our total revenue and 25.3% of revenue generated in Denmark, respectively, for the twelve months ended March 31, 2018.

As of March 31, 2018, Business had 0.8 million Mobile RGUs, 0.2 million Broadband RGUs and 0.2 million Landline Voice RGUs. In the three months ended March 31, 2018, Business had Mobile voice ARPU of DKK 108 (€14), Broadband ARPU of DKK 285 (€38) and Landline Voice ARPU of DKK 289 (€39).

Business has a significant position in the Danish business market and provides telecommunications solutions for small, medium and large businesses and organizations, as well as the public sector in Denmark. In the Danish business market, we have a market share of 65% in landline voice, 60% in broadband, 53% in mobile voice, contract based (including TDC owned service providers) and 48% in mobile broadband (including TDC owned service providers as of March 31, 2018 based on end-user subscriptions and RGUs, based on our estimates). Its services include broadband solutions, landline voice, mobile services, convergence products (combined landline and mobile voice), and fiber access. This business line also provides terminal equipment and systems integration services through its brand NetDesign, which is a Danish systems integrator of IP-based communications solutions offering networks, security, video conferencing and voice systems tailored to business customers and other organizations.

In 2017, we were awarded SKI, the supplier contract with the procurement agency for the Danish State and municipalities. This contract covers mobile voice and data services, landline voice services, mobile handset and modems including accessories to the Danish State, pre-registered municipalities and other public organizations. Terms of the new contract are valid as of January 1, 2018 for a period of two years with an option for SKI to extend the contract twice with one year per extension.

Wholesale

Our Wholesale business line offers and resells telecommunications services to other operators and external partners. This business line also manages our interconnect and roaming agreements.

The Wholesale business line generated total revenue of DKK 1,758 million (€236.0 million) for the twelve months ended March 31, 2018, which is 8.4% of our total revenue and 9.9% of revenue generated in Denmark for the twelve months ended March 31, 2018.

As of March 31, 2018, the Wholesale business line had 0.2 million Mobile RGUs, 0.3 million Broadband RGUs, 0.02 million TV RGUs and 0.1 million Landline Voice RGUs. In the three months ended March 31, 2018, the Wholesale business line had Mobile Voice ARPU of DKK 70 (€9), Landline Voice of DKK 65 (€9), Broadband ARPU of DKK 118 (€16) and Landline Voice of DKK 65 (€9).

As a content service provider, the Wholesale business line handles sales, consulting and business development within mobile data services, such as mobile payments, barcodes, telemetrics and mobile marketing. The business line also provides a variety of access services such as full and shared unbundled access to the local loop ("**LLU**"), Bitstream Access Coax ("**BSA Coax**"), Ethernet Bistream Access, Ethernet VPN solutions, virtual unbundled local access (VULA), ISDN services and xDSL coverage. LLU shares copper wire pairs with a telephone subscription, so it is possible to operate broadband on a copper wire pair that is also used for telephony. BSA Coax gives clients access to fast broadband via our coaxial cable network.

Furthermore, the Wholesale business line offers infrastructure services, including traditional leased lines, IP-VPN, wavelengths and IP connectivity. This business line also offers dedicated fiber, including national and international network capacity services, which enables our clients to own infrastructure for purposes of fulfilling their customers' needs in terms of business solutions for establishing networks in housing associations and in relation to tenders for counties and municipalities in which the capacity is unlimited.

Other Operations

Our Other Operations business line consists of three operating segments, Operations, Digital and Headquarters. Operations manages a number of support functions, such as IT operations, procurement, installation and network.

For the twelve months ended March 31, 2018, Other Operations generated total revenue of DKK 516 million (€69.3 million), constituting 2.5% of our total revenue.

The Operations segment focuses on building Denmark's best network, continuously improving our productivity across the entire organization and enhancing customer satisfaction through, for example, improved fault correction and simplified IT systems. Operations generates revenue from third parties mainly from cable installation work in Operations' subsidiary Dansk Kabel TV. The Digital segment was introduced in February 2018 to manage IT development for our Danish business lines. Approximately 500 employees work side-by-side with external consultants and colleagues from Consumer and Business in agile teams developing superior digital customer experiences while rethinking and differentiating our TV and B2B cloud offerings. The Headquarters segment manages support functions and provides internal services for our Danish business lines such as facility management, legal affairs, human resources, communications, strategy (including Mergers and Acquisitions) and finance.

In 2017, we introduced VoLTE/WiFi to improve indoor connectivity. We are also working on the implementation of the next generation 4G/DSL hybrid broadband to improve broadband coverage in rural areas and to increase the lifetime of the DSL customer base, which we expect to be commercially available in YouSee in 2018. In 2017, Operations also launched a new 'Quality-up' program focused on bringing technical fault rates to a new low level. This program is expected to further increase customer satisfaction and reduce operating expenses.

Norway

Our Norwegian operations is conducted through two subsidiaries, Get and the B2B business TDC Norway, and comprised 15.5% of our consolidated revenue for the twelve months ended March 31, 2018.

For the twelve months ended March 31, 2018, Get had revenue of DKK 2,553 million (€342.6 million), constituting 12.7% of our total revenue. For the twelve months ended March 31, 2018, TDC Norway had revenue of DKK 630 million (€84.4 million), constituting 2.8% of our total external revenue.

We acquired Get in 2014. Get is one of Norway's leading TV and broadband providers and has one of the country's largest high-speed networks for private customers. A total of 500,000 homes and business are currently connected to Get's fiber-based HFC network, and Get has nearly one million RGUs using its services on a daily basis. According to the latest NKOM (National Communications Authority) statistics, Get is the challenger to incumbent Telenor and the second largest operator of TV and the second largest operator of broadband in Norway, excluding partners.

Get delivers innovative services across various fiber technologies, and currently has its own network in various regions of Norway, including Oslo, Asker, Buskerud, Østfold, Bergen, Stavanger, Haugesund, Trondheim and Kristiansand. In addition, Get provides services through 24 high-speed networks owned by local partners. We believe that Get's high-speed national network and an advanced technology platform, positions Get to continue to increase subscribers and revenues and remain an important player in the Norwegian market.

Get's TV offering has advanced features made available through set-top boxes and wide range of applications to streaming devices, smartphones and tablets, at home and on the go. Such features include, among others, (i) flexible TV packages where customers can personalize their offering across linear channels and several SVoD services, (ii) simultaneous recording of TV content, in a user friendly and streamlined interface and (iii) transactional and subscription on-demand services (for example, Get was the first operator in Norway to partner with and include HBO Nordic in the basic tier TV offering).

The majority of our content costs are linked to our core TV products, which include a wide variety of TV channels and video on demand services. Our content costs are typically variable and related to customers selecting one or another channel or service as part of their selected entertainment offering. In addition, we offer our customers a vast selection of premium sports rights via different content providers (for example, Champions League via the channel TV 3+) on a non-exclusive basis.

Our broadband B2C services portfolio in Norway consists of services with a wide range of download speeds through hybrid-fiber coaxial ("**HFC**") and FTTH networks. All of our broadband service offerings include unlimited cloud storage via Get Sky. In 2017, through a targeted investment program, we improved network stability and user experience on our wireless network through faster speeds and active deployments of new high-speed routers.

In addition to its main services, TV and broadband, Get has launched mobile services with an MVNO agreement on the network rated as 'best in Norway' (Telia), and has introduced a 'smart security' service targeting MDU customers with a strong offering focusing on fire alarm systems. We believe that both of these services have the potential to contribute meaningful profit, preserve existing customer relationships to drive down churn and facilitate more effective acquisition of new customers.

Our B2B business in Norway offers a broad portfolio of products including advanced data communication solutions, traditional landline voice, mobile voice and TV services as well as Wholesale services. TDC Norway is a fiber-based B2B operator, which delivers competitive pan-Nordic telecommunications solutions to business (primarily large enterprises) and public-sector customers. TDC Norway has built its own nationwide backbone network, which consists of routers and cables that connect different geographical regions. To reach the end customer address, TDC Norway rents copper or fiber cables from Telenor. TDC Norway also owns a number of fiber access cables.

Network and Infrastructure

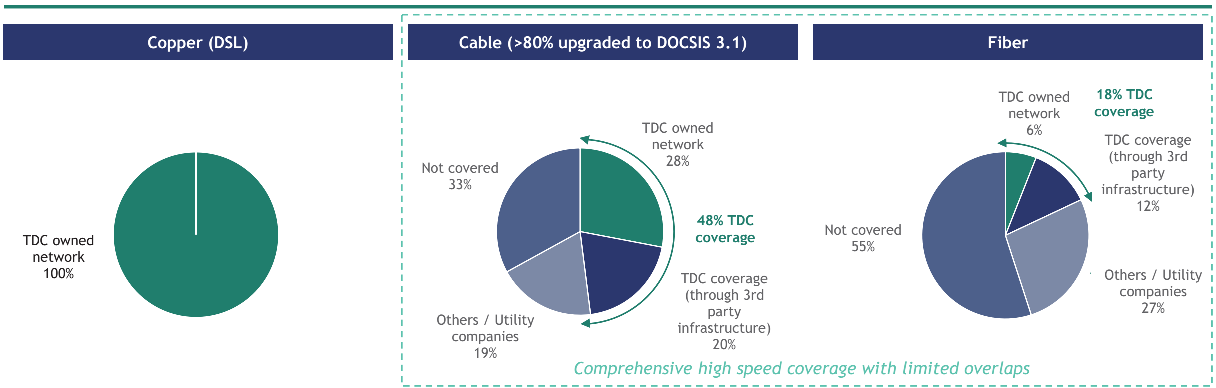
We operate an extensive telecommunications network in Denmark, including fixed voice and mobile access networks, and own a critical part of the telecommunications network infrastructure in Denmark. We also operate and own a fixed line access network in Norway.

Denmark

Our fixed line access network reaches nearly 100% of Denmark's households, including nearly 100% through our copper/DSL network based on our copper lines, 48% through our and third-party owned coaxial cable networks, and 6% through our fiber optic network. All cable infrastructure is buried underground. As of March 31, 2018, we are able to provide approximately 74% of Danish households with data transfer speeds of greater than approximately 50 Mbps and approximately 64% with data transfer speeds of greater than 100 Mbps.

The following chart sets forth the network coverage of Danish households by technology as of March 1, 2018.

TDC's network coverage of Danish households by technology (as of March 2018)



Source: Company data.

We use our copper/DSL network, which covers nearly 100% of the Danish's households, to deliver broadband, IPTV and voice services to our customers.

Our coaxial cable network covers approximately 48% of the Danish population using both our own and third-party infrastructure such as coaxial cable built by housing associations, antenna associations and other MDUs, through exclusive contracts. In 2016, we announced an agreement with Huawei to substantially upgrade all our coaxial cable network to DOCSIS 3.1, which has enabled us to increase our network's data transfer speed from speeds of up to 500 Mbps to speeds of up to at least 1 Gbps. As of March 31, 2018, we had upgraded over 80% of our TDC owned network to DOCSIS 3.1 and plan to reach 100% of the TDC owned network by the end of 2018.

Fixed line access services are delivered from access nodes placed in central offices, shelters (small buildings in the access network) and remote cabinets. The table below gives an overview of the access nodes.

Access technology	Number of nodes	Node size, design criteria
DSL, Remote cabinets	1,743	< 192 ports
DSL, Shelter, Central Office	1,684	n.a.
Coax, HFC	4,580	Design criteria: < 500 Homes Passed Average: 296 Homes Passed Average: 120 Homes Connected (broadband)
FTTH, Shelter	390	< 384 ports
FTTH, Central Office	178	n.a.
Fiber feeder access	1,090	n.a.

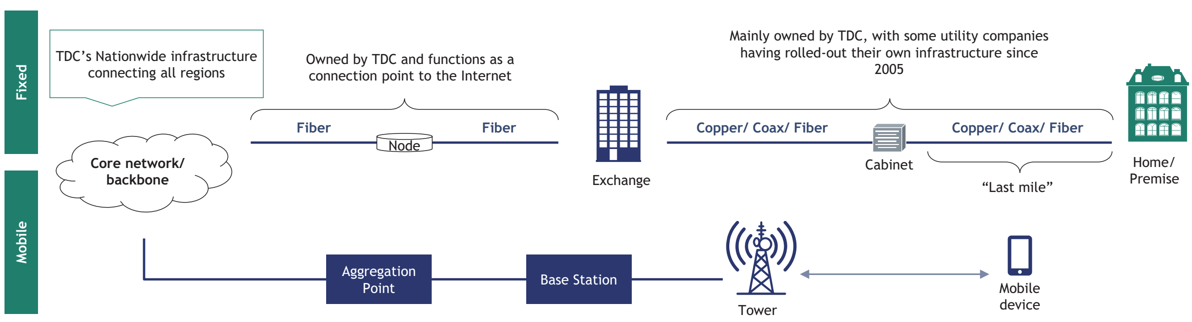
We are actively negotiating with regional Danish utility providers to improve our fiber optic network reach. In October 2014, we entered into a strategic partnership agreement with Ewii, a regional energy provider, to offer our broadband services over Ewii's fiber optic network in the Triangle region of Denmark. As part of the agreement, Ewii retained ownership of and responsibility for expanding its fiber optic network while we operate Ewii's infrastructure, allowing us to gain access to approximately 90,000 households. In November 2017, we signed an agreement with Eniig to offer YouSee and TDC Business products through Eniig's fiber optic network in Central Jutland, thereby increasing our overall coverage and reaching approximately 240,000 households. Under this agreement, we will have access to a state of the art fiber optic network, which we believe will not require significant capital expenditure.

We are generally able to provide faster data speeds to areas that are connected to our coaxial cable and fiber optic networks as compared to areas that are connected to our copper/DSL networks. Certain areas in Denmark, covering in total approximately 15% of Danish homes, have only copper/DSL infrastructure in place and do not have any coaxial cable or fiber optic infrastructure. Our copper/DSL network passes almost all the approximately 2.8 million homes in Denmark, while our fiber network passes 6% of Danish homes. Our cable network, excluding overlap with our fiber network, pass by 26% of Danish homes and we can deliver fiber and cable access on third-party networks to 9% (excluding overlap with our cable network) and 18% (excluding overlap with our owned and our partners' fiber networks) respectively, of Danish homes excluding overlap with our own fiber and cable network. Hence, we provide 59% of households with high speed coverage. We do not generally have overlapping fiber but, based on our internal estimates, approximately 37% of our cable network, overlaps with third-party fiber networks. 27% of Danish homes are only covered by our copper/DSL network but have a third-party alternative from utilities or antenna associations.

We have a nationwide mobile access network. The mobile access network has been consistently rated as the best performing network in Denmark, including by P3 Network Analytics, an international network testing organization, in 2016. In 2017, we were designated as "Denmark's Best Mobile Network" by the Danish Technological Institute for the third consecutive year. Our mobile access network was outsourced to Huawei in 2013.

The figure below shows our hybrid production platform setup.

Fixed and mobile infrastructure



We have a strong spectrum position in the Danish market. In the sub-1GHz spectrum band, we have 2x20 MHz of spectrum in the 800 MHz band and 2x9 MHz of spectrum in the 900 MHz band. As a result, we have 45% of the total spectrum in the sub-1GHz band, which is critical for 4G and 5G coverage. We also have spectrum in each of the 1,800 MHz, 2,100 MHz and 2,600 MHz bands.

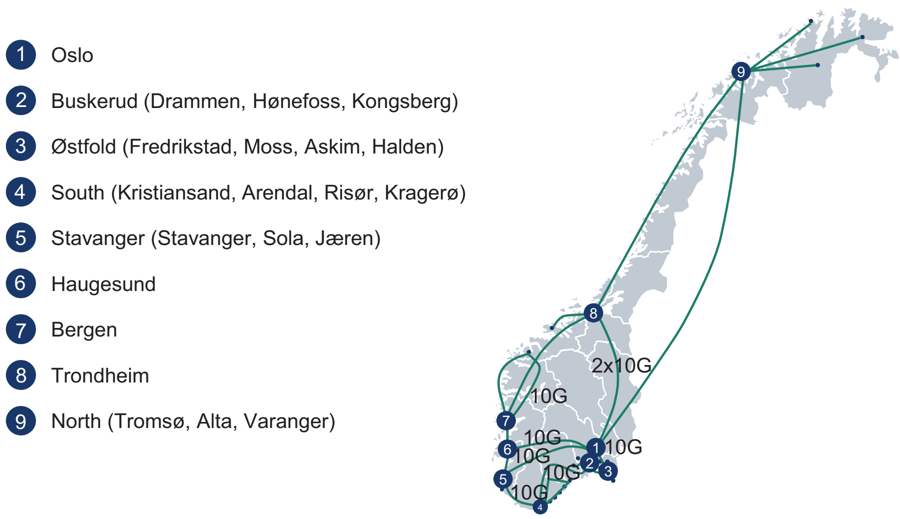
We have continued to invest in improving both the coverage and capacity of our mobile network, having installed over 200 new sites over the last two years. We have participated in spectrum auctions in the past and will consider participating in such auctions in the future on a case-by-case basis. In the second half of 2018, the Danish Energy Agency plans to hold a combined spectrum auction for the 700 MHz, 900 MHz and 2,300 MHz bands and we plan to participate.

Norway

As of March 31, 2018, our network in Norway, excluding our partners, passed by approximately 650,000 Norwegian homes. The network consists of a high capacity national fiber network, telecommunications installations and transmission equipment, as well as HFC and FTTH access networks. All networks are located in Norway and are concentrated towards the major metropolitan areas, such as Oslo, Bergen, Stavanger, Trondheim and Kristiansand. Our Get network is comprised of approximately 14,000 kilometers of cable and fiber infrastructure (including fiber leased from third parties). For our B2B business, our TDC Norway network is comprised of 5,600 kilometers of fiber.

The network and infrastructure are designed to be fully redundant and to provide high capacity. The core network transports approximately 500 Gbps of peak traffic daily, in a mix of all services provided. The fiber-optic infrastructure is partly owned by us, partly by Get's partners and partly leased from third parties. We have a fully owned metro-fiber network in Oslo. In other parts of Norway, we have entered into fiber lease agreements with backbone network providers in areas where we do not own any backbone network. Our most important backbone provider is Broadnet, with approximately 95% of our backbone fiber links. In areas where neither we nor our local partners have their own network, we have acquired rights to use third party local and regional networks through leasing and fiber swap agreements. We own the majority of the equipment needed for our core operations. Our network has 14 main national points-of-presence, which are also referred to as hubs. In addition, several smaller points-of-presence are used due to disperse geography in the South and Trondheim region.

The map below shows an overview of our network in Norway.



The entire network is monitored and operated from the network operations center (the "**NOC**") at our headquarters in Oslo. The NOC is operated on a 24/7 basis. The NOC is also the base for all content distribution. We have regional technical operations of approximately 100 technicians who handle first line technical support and who provide 24/7 on-call technical support. We maintain spare-parts supplies for all critical equipment in regional depots and have SLAs in place with vendors to ensure rapid response time for network outages. All of this contributes to maintaining high service availability throughout the backbone and access networks.

We have a hybrid production platform with a unique service delivery design that allows the same TV service platform to deliver any high-speed access infrastructure. Signals are produced as SPTS, transported as IPTV and then delivered to customers over broadcast for HFC or Multicast IPTV to FTTH. For our current set-top boxes, the same headend and middleware platform is used, giving the same user interface and experience, regardless of access technology. The technology platform is developed in partnership with leading technology providers. This design also allows us to easily interconnect with our partners at the hub in closest proximity to its network. For new service platforms, Get is extending its agnostic service delivery by moving key components of its video platform into the cloud. In addition to providing great scalability, this also increases the agility and time to market for our video service delivery.

The hybrid nature of our production platform allows us to adopt an access-agnostic network approach to delivering our products and services, with a focus on delivering the services in an all-IP manner. Our current deployed platforms include OTT, HFC, G-PON (fiber), P2P Ethernet (fiber) and RF-Overlay (fiber). Legacy platforms, such as DSL or acquired Ethernet networks, have either been discontinued or are in the process of being migrated to one of these three standards.

The HFC plant is 97% two-way and 100% EuroDOCSIS 3.0 compliant, running 16-32 downstream channels and four upstream channels in the network. Significant investments have been made to upgrade the physical networks, upgrade the cables, replace the amplifiers and to integrate fiber deeper into our network. By fall 2018, the network is expected to be at full 862 MHz spectrum bandwidth capacity. We are investing significantly to integrate fiber deeper into our network and we are continuously reducing our node size and service groups. Our target is to reach 150 homes per service group.

Our hubs have been upgraded with DOCSIS 3.1 ready equipment and the network is ready for launching DOCSIS 3.1 services in June 2018, pending availability of modems.

With the exception of legacy set-top boxes with return path for VoD services, the absolute majority of our broadband CPE is on EuroDOCSIS 3.0 compliant CPE. Current top speeds on the network are download speeds of up to 500 Mbps to substantially all homes passed, and our broadband network has been successfully tested for speeds of up to 1 Gbps on both DOCSIS 3.0 and DOCSIS 3.1.

Recognizing the importance of Wi-Fi in the customer broadband experience, since 2016 Get has invested heavily in optimized Wi-Fi CPE to our installed base. Get deploys state of the art 11.ac Wi-Fi in our DOCSIS 3.0 CPE in addition to leading Mesh- Wi-Fi from AirTies.

Sales and Marketing

Distribution

We sell our products through our extensive distribution network which includes both B2C and B2B brand stores. Additionally, we work with partners and suppliers such as content and IT service providers, to develop and maintain our network and provide international connectivity.

In Broadband, TV and selected mobile broadband products (high usage subscriptions), we provide a modem or a set-top box as part of the subscription. In the sales portfolio, the CPE is included in the monthly subscription. We still have TV customers in our legacy portfolio paying a separate fee for the set-top-box.

In our Wholesale business line, we require that the wholesale providers use our CPE. The wholesale providers rent our CPE.

In respect of mobile voice, we sell handsets to our consumer and business customers. Handsets are sold either including a subscription or to customers that already have a subscription with us. In both Consumer and Business, we subsidize handset sales. For the Consumer business line, we offer options to finance the handset. We use a third party for the financing apart from YouSee Online sales where the financing is done by us. We expect financing in YouSee Online to be transferred to a third-party provider in late 2018.

Marketing and Branding

We market our various brands through offline and online advertising campaigns.

YouSee

In 2016, we decided to merge our premium brands in the consumer segment “TDC” and “YouSee” under the “YouSee” brand to simplify our business processes and improve the customer experience.

At the end of 2017, we launched the converged offering "YouSee More", providing customers with two or more primary products with additional benefits. The converged offer provides a broad catalog of value added customized services, including, for example, online magazines, YouSee Music, security package and SVoD services. Customers in the program have the flexibility to choose their own benefits and switch them online. Since the launch in late 2017, 45% of customers with the opportunity to enter the program have joined YouSee More. As of March 31, 2018, more than 100,000 customers had signed up for YouSee More.

YouSee has also become increasingly digitalized enhancing the functionalities accessible through applications and online self-service on "mit YouSee". One of the first larger improvements was making the broadband and TV product onboarding more interactive through the app. Other improvements included the ability to easily switch between TV channels and SVoD services and buying add-on services such as international call packages. The marketing of YouSee is focused on both traditional campaigns through TV, radio, press and billboard advertisements, where we target specific pools of customers depending on segment and product or a specific regional area to address customer demand for better accessibility and new digitalized marketing through paid search, social media activities and direct mail. We have also put a significant focus on the branding of "YouSee" to increase customer loyalty, launching several new activities during the last years building on "YouSee's" position as an entertainment and household brand, with exclusive content, concerts, meet and greet opportunities and cooperation with organizations such as Børns Vilkår and Grøn Koncert & Muskelsvindsfonden for events. By combining branding and marketing activities with high quality services and a customer oriented self-service platform, we aim to make YouSee the number one entertainment and telecommunications provider.

Online Brands (Telmore, Fullrate, Blockbuster)

Fullrate

While being a full telecommunications provider with broadband, TV, mobile broadband and mobile on B2C and B2B, Fullrate is positioned as a Broadband company, which is also the primary focus of marketing. Fullrate also cross-sells additional products.

Historically, Fullrate was positioned as a basic no-frills product range company. This resulted in declining sales, partly also due to increased competition in the broadband market with new-comer Hiper aggressively targeting the same no-frills segment with lower prices and higher speed than Fullrate.

In 2017, Fullrate implemented a large brand re-positioning and changed its focus from the no-frills segment to technology interested consumers. The new market position was formulated as "Fullrate takes responsibility for your experience". Initial focus has been on supporting the WiFi experience.

As part of the re-positioning Fullrate changed its corporate visual identity and logo and implemented a new communication strategy.

Telmore

Telmore is mainly focused on B2C towards standard mobile subscriptions and streaming services, as well as providing mobile broadband. Telmore has created different segments based on defined demographics to target Telmore customers. Telmore offers mobile first solutions which also taps into segments concerning cable cutters and cable nevers.

With the launch of Telmore Play in 2014, Telmore repositioned its marketing strategy to modernize the brand and target the 25-50 year old segment, focusing on young families and consumers in their middle 30s. At the time of launch, streaming was primarily popular with the younger demographic. As streaming and the use of data is now used by a much broader demographic, and without much brand consideration and awareness Telmore will reposition its marketing strategy again (this summer), targeting a broader audience both geographically and demographically.

With the repositioned market strategy, Telmore would be repositioned from discount to value for money and away from the low-price positioning of Oister, a brand of Hi3G, and CBB, a brand of Telenor.

TDC Erhverv, TDC Net Design

In Business, we use different marketing strategies to reach corporate customers depending on the nature and size of a customer's business. For large corporate customers and SMEs, the Business advertising strategy focuses on television (starting from October 2017), press, radio, billboards and digital advertising. The marketing efforts in Business are also customized and institutional in nature and include one on one meetings and local presentations, as well as presentations at exhibitions.

Customer Service and Retention

Since 2017, all customer support functions have been insourced to enable us to provide a better customer experience. Following the insourcing of YouSee's support and billing call center in 2017, the full customer service value chain are in-house.

We have recently introduced several new initiatives to enhance our digital platform. In 2017, we launched "Digital First", a digital transformation program. The program has a cross-functional team to bring innovative new solutions to the market and, since February 2018, sits as a separate operating segment called Digital under our Other Operations business line. Through Digital First in Business, we launched a new online sales flow for mobile subscriptions, including a customized online sales guide to help customers with the decision process. In Consumer, YouSee launched a personal digital onboarding process for broadband subscriptions and online booking of technician support, which has reduced call volumes to customer support regarding onboarding and provided customers with more flexibility and transparency.

Credit Management and Billing

Our prepaid card customers purchase SIM cards and scratch cards and mobile terminals directly from retailers and dealers, who purchase them from us or a distributor. We bill these retailers and distributors shortly after delivering these products and we generally have no direct billing relationship with our prepaid mobile customers (except for our online shop customers).

Our post-paid mobile, landline voice, internet and TV customers purchase subscriptions from retailers, TDC owned shops, sales call centers and online. We bill our post-paid customers directly in monthly, quarterly or annually billing cycles. Post-paid customers can purchase mobile terminals and accessories in cash or based on a fixed payment plan over a period of up to 24 months.

Other operators, service providers and MVNO's purchase fixed line and mobile products from our Wholesale business line. We bill our wholesale customers on a monthly or quarterly basis. Wholesale customers are required to make deposits to reduce credit risk.

We perform credit evaluations on our post-paid consumer, corporate and wholesale customers and monitor customer collections and payments. We manage fraudulent behavior by monitoring alarms internally. External fraud protection is managed in cooperation with traffic carriers. We maintain a provision for estimated credit losses derived from a statistical model mainly based on an aged debtor list.

Information Technology Systems

Our information technology systems cover the following functional areas:

- customer contact and interaction, including call center support systems (Computer Telephony Integration and Automatic Call Distribution), interactive voice response units, case management, self-service (websites & applications) and eCommerce;
- business support, including CRM, order management, CPQ, billing, collection and receivables management, fraud management, interconnect billing and reconciliation, loyalty, commissioning, trouble ticketing, Service Level Agreement management and revenue assurance systems;
- operations support and mediation, including provisioning (fixed line, cable & mobile), fieldforce management, network inventory (logical & physical), network planning, network monitoring, network performance management, traffic data collection and mediation systems;
- prepaid and intelligent network, including the prepaid charging systems and related service nodes;
- TV platform supporting both classic flow-TV, IPTV and OTT TV & VOD;
- decision support, including data warehousing, analytics, data mining and business reporting systems;
- VAS, including VAS service nodes (Multimedia Messaging Service Center, Short Message Service Center), service delivery platforms, voice mail, smart roaming and several service specific delivery platforms;
- enterprise resource planning, including the systems supporting our internal processes (general ledger, warehouse, logistics, treasury, etc.);
- infrastructure services, including systems, databases, storage, backup, desktop, intranet, internal IP networking and company email;

- information security, including systems to manage the compliance to Privacy Decree, Regulatory security obligations, technological security; and

- robotics automation systems.

Our information technology systems are undergoing a significant digital transformation process in order to efficiently support the needs of the business post-acquisition. This transformation includes providing a unified ICT application stack to serve the multi-brand model, support a premium wholesale business, and to allow new business enablement for omnichannel customer interaction, digital customer journeys and to improve automation by embedding analytics within corporate processes.

The long-term evolutionary path of our information technology systems is based on a medium to long term plan, revised yearly, with the objective of maintaining full alignment of information technology with our strategy and our priorities of efficiency, effectiveness and speed of execution.

Our information technology systems are both installed within our own data center facilities and public cloud facilities and operated by our staff, as well as external vendors.

Licenses

We are not required to have a general license to operate our business in Denmark and Norway.

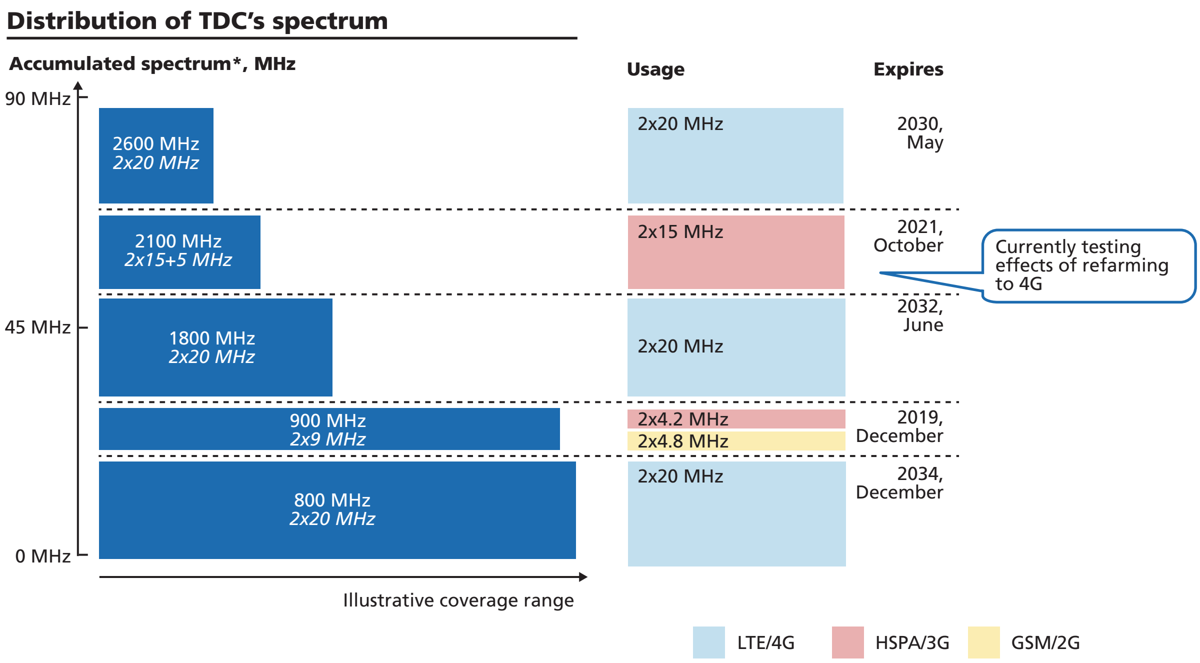
We rely on certain spectrum licences to operate our mobile network in Denmark. These licenses are generally awarded in public auctions for a limited time. The next auction is expected to take place in the autumn of 2018 and will cover the spectrum ranges 700 MHz, 900 MHz and 2,300 MHz.

We plan to participate in this auction to obtain new licenses for 700 MHz, 900 MHz and 2,300 MHz spectrum for mobile. The auction will include two different kinds of proposals regarding geographical coverage obligations; one for different areas with limited broadband supply and a second one regarding up to around 5,000 specific addresses in Denmark.

The minimum perceived download/upload speed in the covered areas will be at least 50/5 Mbps regarding the license for the 2,300 MHz frequency band (specific address) and at least 30/3 Mbps regarding the license for the 700 MHz and 900 MHz frequency band (areas with limited broadband supply).

The following table sets out the spectrum bands in which we operate, the usage level and the expiry date.

TDC currently has 5 spectrum allocations with a total of 2x84 MHz + 5 MHz



For information relating to spectrum contract payments.

Certain Contracts Relating to the Operations of Our Business

The following is a summary of certain contracts relating to the operation of our business:

Wholesale contracts

We are, as the Danish incumbent, considered to hold Significant Market Power (SMP) in certain wholesale markets. Accordingly, under the relevant Danish and EU regulation, we are subject to extensive access and non-discrimination requirements and are required to publish reference offers for a number of wholesale products.

We enter into wholesale contract complexes whereby we provide various broadband, mobile and other telecommunications voice products and infrastructure access to other providers of such services, either in the form of wholesale products for resale or as various wholesale inputs to the provision of such telecommunications services, i.e. in the form of access to networks and infrastructure (for example, raw copper/fiberband). Products and services provided in our wholesale contracts include, for example, VULA, ethernet VPN, co-location, access to raw copper network, BSA coax, and landline voice for resale.

Our wholesale contract complexes consist of a brief framework agreement, a longer set of general terms and conditions, and, depending on the customer, a number of addendums/supplements, each covering a specific product. All of these contracts contain, in the general terms and conditions, an obligation that we will provide access to wholesale products to all customers on non-discriminatory terms.

The framework agreements, general terms and conditions and individual addendums/supplements may, unless specified in a specific addendum/supplement, be terminated with 6 months notice by either party.

Retail contracts

We enter into retail contracts for the provision of various broadband and telecommunication products and services to consumers and businesses as end users. Our retail contracts generally cover mobile telephony products and services, broadband, data communication, amongst other products and services.

SKI contract

Following a public tender we won two contracts with the Danish Government and the Danish Municipalities procurement service (*Staten og Kommunernes Indkøbsservice*) ("**SKI**"). The government and the municipalities that have chosen to opt in are the customers to the two contracts, respectively. Under the contracts, they generally have a purchase obligation to acquire all products and services needed within the following product groups offered from us: fixed line and mobile telephony, broadband, mobile phones, mobile phone equipment, mobile modems and associated services.

The contracts commenced on January 1, 2018 and are effective until December 31, 2019 and may be renewed for a period of up to 24 months. The contracts will all terminate at the latest on December 31, 2021.

Agreements with Utility Companies

We have entered into access contracts with utility companies, including Ewii and Eniig, whereby each of these utility companies provide us with access to their fiber network.

Contract with Ewii

We have entered into a framework agreement with Trefor Bredbånd (now Ewii Fibernet), which commenced in October 2014 and will terminate on 31 October 2020 with a possibility for renewal.

Under the framework, a wholesale agreement has been entered into regarding access to the fiber network owned by Ewii Fibernet for the purpose of resale to end customers.

The agreement is non-exclusive and does not in any way restrict our or Ewii Fibernet's ability to compete with each other, and Ewii Fibernet is not restricted from entering into fiber network and access agreements with other parties.

Our access or use of the fiber network is not restricted under the agreement.

Contract with Eniig

We have entered into a wholesale agreement with Eniig Fiber on 31 August 2017. The contract is non-cancellable for both parties until 1 July 2028 with a possibility of renewal.

The agreement covers delivery of communication net and telecommunication services, including access to the fiber network owned by the Eniig group and fiber network owners with whom Eniig Fiber has entered into agreements for the purpose of resale to end customers.

The agreement is non-exclusive and does not in any way restrict our or Eniig Fiber's ability to compete with each other, and Eniig Fiber is not restricted from enter into fiber network and access agreements with other parties.

Our access or use of the fiber network is not restricted under the agreement.

Legal Proceedings

We are subject to various legal proceedings arising in the ordinary course of business. We do not expect that the potential outcome of the current proceedings will have a material adverse effect on the business.

Environmental Matters

We are subject to a broad range of environmental laws and regulations. These laws and regulations impose increasingly stringent environmental obligations regarding, among other things, radiation emissions, the protection of employee health and safety, noise and historical and artistic preservation.

Our objective is to comply in all material respects with applicable environmental and health control laws, and all related permit requirements.

Employees

As of March 31, 2018, we had 7,953 FTEs, of which TDC A/S and Telco ApS had 6,490 FTEs comprising 59 senior managers, 549 middle managers and 5,882 office staff. We had an additional 800 FTEs following the insourcing of our call centers.

Telco ApS and TDC A/S in Denmark currently has the following number of FTEs covered by collective agreement terms:

- 3,747 employees covered by the collective agreement with the Danish Metalworkers' Union.
- 1,035 FTEs covered by a collective agreement with the academic societies.
- 974 FTEs are covered by a collective agreement with the Managers Association at TDC.

We expect up to 255 FTEs' of the TDC Group in Denmark to be involved in redundancy programs in 2018.

Property and Leases

The Other Operations business line manages the majority of our office premises and floor space in Denmark.

Our principal properties consist of numerous telecommunications installations, including exchanges of various sizes, most of which are located in Denmark. We also have numerous computer installations, which are located principally in Copenhagen and Aarhus.

Intellectual Property

We own or have obtained the right to use the various brands and product names used within our operation.

Insurance

The TDC Group, including TDC and its Danish and foreign subsidiaries, maintain insurance covering property/business interruption, professional liability/general and product liability, terrorism insurance, directors and officers' liability and crime insurance. Furthermore, our Danish operations maintain insurance covering workers compensation, group accident insurance, motor vehicle insurance and business travel insurance. Based on a risk analysis, our policy has been to not insure our underground, air and sea cables.

We believe that our current insurance policies provide adequate coverage for our business, including protection for the nature and amount of risks we face. Our foreign subsidiaries have motor vehicle and personnel-related insurance in place locally. These are not controlled by our central insurance management function.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

Target Facilities

On May 29, 2018, the Target entered into a term and revolving facilities agreement between, among others, Barclays Bank PLC, BNP Paribas Fortis SA/NV, Deutsche Bank AG, London Branch, HSBC Bank plc, Nordea Danmark, filial af Nordea Bank AB (publ), Citigroup Global Markets Limited, J.P. Morgan Securities plc, Danske Bank A/S, and Nykredit Bank A/S as arrangers and Barclays Bank PLC as agent (the "**Agent**") (the "**Target Facilities Agreement**"). The Target Facilities Agreement provides term loan facilities of up to €3,951 million (comprising of two facilities, B1 and B2 (the "**TLB**") (of which up to €3,900 million is expected to be drawn) and revolving loans of up to €500 million (collectively, the "**Target Facilities**").

The final maturity date for the TLB is June 4, 2025 and the final maturity date for the revolving facility is June 4, 2024, provided that, in each case, if the Notes have not been refinanced with loans, notes or other instruments with a maturity falling after the above final maturity date for the TLB (or redeemed) on or prior to the date falling 90 days prior to its maturity date (the "**Springing Maturity Date**"), the final maturity date in respect of the initial term loans and the revolving facility under the Target Facilities will be the Springing Maturity Date. Any amounts made available under incremental term loans shall mature at such time as agreed in any such incremental term loan agreement.

As of June 11, 2018, €1,059,534,399.77 was outstanding under the TLB and €2,840,465,600.23 was available. As of June 11, 2018, no amounts were outstanding under the revolving loans and there were no amounts outstanding under letters of credit, €50 million was made available by way of an ancillary facility with Danske Bank A/S and €450 million was available under the revolving facility.

Purpose

Borrowings funded under the term loan facilities may be made to:

(a) in the case of facility B1, refinance the existing indebtedness of the Group under (i) a €500 million facility agreement maturing September 2019; (ii) a €250 million facility agreement maturing February 2020; (iii) a DKK 750 million multi-option facility agreement maturing 20 December 2018; (iv) a €500 million finance contract dated 30 June 2014 between the Company as borrower and EIB as lender; (v) a €500 million finance contract dated 31 August 2017 between the Company as borrower and EIB as lender maturing 22 February 2024; (vi) one or more credit line or money market agreements between the Company as borrower and Nordea Danmark as lender up to €125 million in aggregate (vii) any notes or other debt securities issued by the Group under its Euro Medium Term Note program; (vii) the €750 million hybrid bonds issued by members of the Group; and (viii) any finance leases or other local facilities of the Group (together, "**Target Group Financial Indebtedness**"); and

(b) in the case of facility B2 (on and from the date such facility is committed), fund the payment of a dividend to Bidco for Bidco to make dividends or other legally permissive upstream payments to DKT Finance ApS for the purpose of prepaying debt (on a EUR for EUR basis (or, to the extent part of the Bridge Facility has been redenominated into USD, on a USD for USD basis) taking into account any foreign currency movements) of DKT Finance ApS prior to July 31, 2018

in each case, together with related fees, costs or expenses.

Borrowings under the revolving facility may be made to: (a) pay a dividend to Bidco for the purpose of servicing interest costs and certain mandatory prepayments and fees, costs and expenses in respect of certain outstanding indebtedness of DKT Finance ApS (including the Notes) (b) finance permitted acquisitions, capital expenditure requirements, refinance Target Group Financial Indebtedness, and payment of fees, costs and expenses, provided that during the period where the term loan facilities are available to be drawn the revolving facility may not be applied towards any payment specified in the funds flow statement for the Transactions except for financing or refinancing any working capital requirements or any amount which is due as a result of any termination of any hedging arrangements.

The revolving facility may be drawn by way of ancillaries entered into bilaterally between any revolving facility lender and a member of the Group, established and drawn in place of the revolving facility commitments of that lender. As at the Issue Date, the Target has entered into a €50 million ancillary facility with Danske Bank A/S which may be used by way of overdrafts and/or letters of credit.

The final maturity date of the Danske Bank A/S ancillary facility is the same as the final maturity date for the revolving facility. Indebtedness incurred by way of overdrafts will accrue interest at rate equal to the aggregate of the margin applicable to the revolving facility together with DANSKE BOR for the relevant currency from time to time. Letters of credit will accrue commission computed at a rate agreed between the Target and Danske Bank A/S from time to time. As at May 29, 2018 letters of credit were outstanding under the Danske Bank A/S ancillary facility in an aggregate amount of DKK 92,700,854.33 and NOK 13,781,822.50.

Repayments and prepayments

Repayments of revolving facility loans drawn under the Target Facilities and related interest payments will be due and payable at the end of the interest period for each loan. The applicable interest period is selected in the relevant utilization request and will either be one, three or six months subject to certain exceptions. There is no clean down requirement. Any term loans drawn in USD under the term loan facilities made available under the Target Facilities in connection with the Transactions will be subject to amortization of 1% of the principal amount of such loans per annum.

If it becomes unlawful in any applicable jurisdiction for a lender to perform its obligations under the Target Facilities Agreement (or becomes unlawful for any affiliate of a lender for that lender to do so) such lender under the Target Facilities will have the right to cancel its commitments. Each borrower under the Target Facilities Agreement shall repay the relevant lender's participation in any utilizations made to that borrower on the last day of the interest period after the Issuer has been notified or if earlier, the date specified by the relevant lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period).

On a change of control or sale of all or substantially all of the assets of the Target (and Bidco from the date of its accession to the Target Facilities) and its restricted subsidiaries (the "**Group**") (pursuant to the terms of the Target Facilities Agreement), the lenders may request, by not less than five business days' notice to the Issuer, cancellation of its commitments and may declare all outstanding amounts owed to it due and payable provided that such request is made within 30 days of the occurrence of the applicable event. The Target Facilities are not portable.

Prepayments of the Target Facilities are also required (subject to customary exceptions) in respect of:

(a) any listing proceeds and insurance proceeds received by the Group;

(b) any excess cashflow of the Group in any financial year (commencing with the first full financial year ending after the date on which the Target Facilities are first drawn) subject to (x) a total net leverage ratio based ratchet and (y) other customary exceptions (including a de minimis amount in any financial year of €105 million);

(c) to the extent the Group undertakes a standalone refinancing of any financial indebtedness of Get and its subsidiaries (upon designating such entities as unrestricted subsidiaries), part of the proceeds of such refinancing shall be required to be applied in prepayment of the Target Facilities to ensure that the total net leverage of the Group, i.e. excluding, for the avoidance of doubt, the Notes (pro forma for the designation of Get and its subsidiaries as unrestricted subsidiaries) is 4.10:1 or less.

Interest

Loans under the term loan facility will bear interest at a rate equal to the aggregate of EURIBOR or LIBOR and a margin of 3.50% per annum subject to the operation of a leverage-based margin ratchet. Loans under the revolving facility will bear interest at a rate equal to the aggregate of EURIBOR (or LIBOR in respect of loans drawn in USD, CIBOR in respect of loans drawn in DKK, NIBOR in respect of loans drawn in NOK and LIBOR in respect of loans drawn in currencies other than euro, DKK or NOK) and a margin of 3.00% per annum, subject to the operation of a leverage-based margin ratchet.

Incremental facilities

The Target Facilities Agreement contemplates, subject to certain conditions thereof, the incurrence of additional incremental uncommitted revolving facilities ("**Incremental Facilities**") in a maximum aggregate amount not to exceed the sum of (i) a cash capped incremental facility amount of €675 million incurred for any purpose; (ii) €200 million capital expenditure incremental facility to be used to (1) finance or refinance capital expenditure including (without limitation) in relation to the Group's fiber roll-out program and (2) finance its other general corporate and working capital purposes (and to be available for a period of four years from when they are committed); and (iii) an unlimited amount, so long as on a *pro forma* basis after giving effect to the incurrence of any such Incremental Facility (and after giving effect to any Permitted Acquisition consummated concurrently therewith and all other appropriate *pro forma* adjustment events), the total net leverage is equal to or less than 4.10:1 (in each case after giving effect to the transactions but excluding, in relation to any such Incremental Facility incurred to refinance existing Target Financial Indebtedness, any amounts incurred to fund any break costs or prepayment fees or penalties in connection with the refinancing of such Target Financial Indebtedness). Such Incremental Facilities will be secured and guaranteed on a *pari passu* basis with the Target Facilities and rank *pari passu* in right of payment and security with the Target Facilities (including with respect to mandatory prepayments).

Guarantee and security

The Target is the original borrower and a day one guarantor.

The Target will grant security over its present and future collateral as described in the security agreement, which includes security over bank accounts, shares in Get and intra-group receivables and shares in US Newco within 90 days of June 4, 2018. Following the completion of the Acquisition, US Newco has acceded as an additional borrower and additional guarantor and granted security over certain assets pursuant to a general security agreement on June 8, 2018 and Bidco will accede as an additional guarantor and will grant security over the shares in the Target, bank accounts and intra-group receivables within 90 days of June 4, 2018 or in the case of security over the shares in the Target, 30 days after the later of the above deadline and the de-registration of such shares from the relevant clearing system. Additional guarantors (including Get if required) will accede to the Target Facilities Agreement as guarantors and security providers to the extent required to comply with the guarantor coverage test.

Representations and warranties

The Target Facilities Agreement contains certain customary representations and warranties, subject to certain customary materiality, actual knowledge and other qualifications and exceptions, and with certain representations and warranties being repeated, including, among others: (i) status; (ii) binding obligations, (iii) no conflict with other obligations; (iv) power and authority; (v) validity and admissibility in evidence/authorisations; (vi) governing law and enforcement; (vii) insolvency; (viii) no default; (ix) accuracy of information; (x) financial statements; (xi) no litigation; (xii) no breach of laws; (xiii) no overdue taxation filing, (xiv) good title to assets; (xv) intellectual property; (xvi) shares that are subject to security are fully paid and constitutional documents, or any other agreements entered into, are not restricted or inhibited; and (xvii) sanctions, anti-money laundering and anti-bribery.

Affirmative covenants

The affirmative covenants include, among others: (i) providing certain financial information, including annual audited and quarterly financial statements and compliance certificates; (ii) authorisations, (iii) compliance with laws; (iv) taxation; (v) holding companies; (vi) pensions; (vii) intellectual property; (viii) further assurance; (ix) guarantor coverage test to ensure that guarantors account for at least 80% of the Consolidated EBITDA of the Group; (x) sanctions, anti-money laundering and anti-bribery; (xi) restrictions on dealings with assets; (xii) no change of COMI; (xiii) *pari passu* ranking, (xiv) dealings on arms' length basis, (xv) insurance and (xvi) ratings.

Negative covenants

Subject in each case to certain exceptions, the Target Facilities Agreement also contains negative covenants and restrictions including, amongst other things, restrictions on: (i) mergers; (ii) change in nature of business; (iii) acquisitions; (iv) granting security; (v) guarantees and indemnities; (vi) the declaring of or payment of dividends (other than any permitted payments); (vii) incurrence of indebtedness (other than permitted financial indebtedness); (viii) the provision of loans and guarantees; (ix) restriction on the designation and re-designation of unrestricted subsidiaries; and (x) disposal of assets which do not comply with the asset sales covenant and related prepayment requirements (including restrictions on disposals of any network infrastructure assets located in Denmark which exceed €250 million in aggregate over the life of the Target Facilities (together with (x) the value of such assets owned by all unrestricted subsidiaries at the time of their designation as such and (y) the value of all such assets which have been transferred to unrestricted subsidiaries pursuant to permitted investment baskets)). The Target Facilities Agreement also contains positive covenants such as for maintaining credit ratings, mandatory periodic reporting of financial and other information and for notification upon the occurrence of any default and certain other events.

Permitted Financial Indebtedness

The Target Facilities Agreement permits the incurrence of certain types of permitted financial indebtedness, including (amongst other items) financial indebtedness:

(a) under finance or capital leases or vendor finance of vehicles, plant, equipment or computers, **provided that** the aggregate capital value of all such items so leased under outstanding leases by members of the Group (excluding any leases referred to in the definition of Target Group Financial Indebtedness) does not exceed the greater of (i) EUR 110,000,000 (or its equivalent in other currencies) and (ii) ten per cent. (10%) of Consolidated EBITDA (as defined in the Target Facilities Agreement), as set out in the most recently available financial statements for the Group in each case, at any time;

(b) under finance or capital leases or vendor finance in relation to real estate and other assets (including real estate and other assets not otherwise referred to in paragraph (a) above) **provided that** the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed (i) the greater of EUR 120,000,000 (or its equivalent in other currencies) and (ii) ten and a half per cent. 10.5% of Consolidated EBITDA, as set out in the most recently available financial statements of the Group, in each case, at any time;

(c) which is (1) pari passu in right of payment and secured on a pari passu basis with the Target Facilities ("**Additional Pari Passu Debt**"); or (2) acquired indebtedness which is incurred or assumed pursuant to a permitted acquisition and which is incurred under arrangements in existence at the date of acquisition but not incurred or increased in contemplation of, or since, that acquisition ("**Acquired Debt**") **provided that** no material event of default is continuing or would result from the incurrence of such indebtedness and further **provided that**:

(i) in respect of any Additional Pari Passu Debt (which does not constitute Acquired Indebtedness), the Group's total net leverage, calculated on a pro forma basis for the incurrence of the relevant Financial Indebtedness and the intended usage of the proceeds thereof, in respect of the most recently-ended period for which quarterly financial statements have been delivered pursuant to the terms of the Target Facilities Agreement (the "**Specified Testing Period**") would not exceed 4.10:1; or

(ii) in respect of any Acquired Indebtedness, the Group's total net leverage for the Specified Testing Period calculated on a pro forma basis for the incurrence of the relevant financial indebtedness (taking into account any pro forma adjustments in respect of the relevant permitted acquisition) would not exceed the higher of (x) 4.10:1 and (y) the Group's actual total net leverage for such Specified Testing Period prior to making the relevant permitted acquisition; plus

(iii) in the case of paragraph (i) above only, an aggregate amount equal to the amount capable of being incurred under the cash capped incremental facility at such time (which was €675 million as at the date of the Target Facilities Agreement),

(d) not permitted by the other paragraphs of the definition of permitted financial indebtedness and the aggregate outstanding principal amount of which does not exceed the greater of (i) EUR 170,000,000 (or its equivalent in other currencies) and (ii) fifteen per cent. (15%) of Consolidated EBITDA, as set out in the most recently available financial statements of the Group, at any time;

(e) arising under vendor financing arrangements entered into by any member of the Group in respect of the purchase from any vendor of telecommunications equipment or related assets, the aggregate principal amount of which under all such arrangements does not exceed the greater of (i) EUR 140,000,000 and (ii) twelve per cent. (12%) of Consolidated EBITDA, as set out in the most recently available financial statements of the Group, at any time; and

(f) arising under a standalone refinancing of any financial indebtedness of Get and its subsidiaries (upon designating such entities as unrestricted subsidiaries such designation being subject to, amongst other things, no event of default being outstanding at that time (or resulting from such designation) and pro forma total net leverage of the Group equal to or less than 4.10:1), part of the proceeds of such refinancing shall be required to be applied in prepayment of the Target Facilities to ensure that the total net leverage of the Group (pro forma for the designation of Get and its subsidiaries as unrestricted subsidiaries) is 4.10:1 or less.

Permitted Payments

The Target Facilities Agreement permits certain dividends, distributions and other upstream payments by the Target including (without limitation):

(a) any payment:

(i) in an aggregate amount not exceeding EUR 565,000,000 over the life of the Target Facilities;

(ii) in any amount for so long as the Group's total net leverage (pro forma for such payment and taking into account any concurrent incurrence and/or (p)repayment of any financial indebtedness of the Group) is equal to or less than 4.10:1; and/or

(iii) funded by any Available Amount (as defined below) for so long as the Group's total net leverage (pro forma for such payment and taking into account any concurrent incurrence and/or (p)repayment of any financial indebtedness of the Group is equal to or less than 4.60:1 (where the "Available Amount" means the aggregate of (a) 50% of Consolidated EBITDA (as defined in the Target Facilities Agreement) from September 30, 2019 less (i) capital expenditure except where this is funded by incurrence of indebtedness, (ii) interest, (iii) scheduled repayments of term loans under the Target Facilities and (iv) tax; (b) net proceeds of certain disposals insurance and listing proceeds retained by the Group; and (c) the proceeds of the issuance of Capital Stock by the Target or new subordinated shareholder loans made to the Target, in each case following initial utilization of the Target Facilities and excluding any equity cure amounts;

provided that no "event of default" is continuing or would result from the making of such payment;

(b) any payment:

(i) to any of the members of the Consortium or their respective affiliates or advisors for corporate finance, investment, M&A and transaction advice provided to the Group on bona fide arms' length commercial terms; and

(ii) of monitoring or advisory fees to the members of the Consortium or their respective affiliates and directors'/managers' fees (or directors'/managers' costs and expenses, including customary salary, bonus and other benefits),

provided that no event of default is continuing or would result from the making of such payment and the aggregate of all such payments does not exceed EUR 25,000,000 (or its equivalent in other currencies) in aggregate for the Group in any financial year (increasing each year in line with the Retail Price Index);

(c) any payment or declaration of a dividend, return of capital, capital contribution or other distribution, redemption, repurchase, defeasance, retirement, reduction or payment in respect of share capital in amounts necessary (after deducting the amount of any dividends required to be paid to minority shareholders of the Company pro rata to their respective shareholdings) to fund (directly or indirectly):

(i) scheduled interest payments in respect of indebtedness of the Issuer, provided that "scheduled interest payments" for the purposes of this sub-paragraph (i) shall be limited to interest payable under or in respect of:

(A) the Bridge Facilities Agreement in the form of such document as at the date of this Agreement;

(B) the Notes and the New Revolving Credit Facility; and

(C) any financial indebtedness permitted to be incurred pursuant to the Indenture;

(ii) any hedging payments or costs (excluding termination or close-out payments or costs) incurred in connection with indebtedness of the Issuer;

(iii) the repayment, prepayment or redemption of the principal amount of any indebtedness of the Issuer in accordance with any provision where the relevant creditor is entitled to require the repayment, prepayment or redemption of such amount as a result of illegality, increases costs, tax gross-up:

(iv) the payment of ordinary course fees, costs, expenses payable to (or on behalf of) any paying agent, notes trustee and/or security trustee or collateral agent in connection with indebtedness of the Issuer;

(d) any payment funded with the net proceeds of any disposal by the Group for so long as the Group's total net leverage (pro forma for such payment and taking into account any concurrent incurrence and/or (p)repayment of any financial indebtedness of the Group) is equal to or less than 4.10:1 **provided that** no "event of default" is continuing or would result from the making of such payment; and

(e) any payment funded with the net proceeds of any stand-alone refinancing of Get, provided that prior to any such payment being made, the sufficient proceeds of such refinancing have applied in prepayment of the Target Facilities to ensure that the Group's total net leverage (pro forma for the designation of Get and its subsidiaries as unrestricted subsidiaries) is 4.10:1 or less provided that no default is continuing or would result from the making of such payment.

Financial covenant

The revolving facility (and the capital expenditure facility if committed) shall benefit from a total net leverage financial covenant. The Group's total net leverage ratio on the last day of any fiscal quarter must not exceed 7.30:1 subject to this ratio level being adjusted commensurately if the term loan facility B2 is not established and drawn or is established and drawn in a lesser amount (subject to certain equity cure rights). The total net leverage shall only be tested when any revolving loans or revolving commitments (including all cash borrowings or letters of credit issued under ancillary facilities drawn to support cash drawings under third party facilities) exceed 40% of the total commitments under the revolving credit facility on the applicable quarter date.

Events of default

The Target Facilities Agreement contains certain standard events of default, the occurrence of which would allow a majority of the lenders to cancel commitments, accelerate all outstanding loans, accrued interest and other amounts and declare them immediately due and payable and to enforce the lenders' rights under the Target Facilities Agreement and certain other related documents. These events of default include, among other events and subject in certain cases to materiality, grace periods (and clean up periods in respect of the Acquisition and any future acquisitions), thresholds and/or other qualifications: (i) non-payment of amounts due under the applicable finance documents; (ii) failure to satisfy covenants, undertakings and other obligations under the applicable finance documents; (iii) inaccuracy of a representation or statement when made or deemed to be made; (iv) breach of financial covenant (subject to certain equity cure rights) but such breach shall only be an event of default in respect of the term loans if an acceleration event has occurred in respect of such breach; (v) insolvency; (vi) unlawfulness and invalidity of an Obligor, (vii) cessation of Business of the Group; (viii) failure of any Group Company or Holding Company of a Group Company (other than a secured party) to comply with its obligations under the Target Intercreditor Agreement (as defined below); and (ix) repudiation or rescission of any applicable finance document or any transaction security.

Governing Law

The Target Facilities Agreement will be governed by English law provided that restrictions on asset sales shall be interpreted in accordance with the laws of the State of New York.