Solid results in challenging markets

Financial

- **2013 guidance** was achieved for EBITDA, CAPEX and DPS, while revenue met revised guidance as of Nov 2013
- FY 2013 **Equity free cash flow growth** of 4.8% resulted in a pay-out ratio of 89% in line with TDC's dividend policy
- **Revenue** down by 6.1% in Q4 in line with FY 2013 development; adjusted for regulation effects and adverse exchange rate development, organic revenue decreased 3.7% in Q4
- Organic **opex savings** of 8.8% in Q4 resulted in best quarterly **EBITDA development** in 2013 in both reported (-1.0%) and organic terms (1.6%)
- **Network CAPEX ramp up** by DKK 250m versus 2012 driven by 4G build out and super broadband investments
- **2014 guidance:** Organic revenue will decrease less than in 2013, EBITDA > DKK 9.8bn, Capex of DKK 3.7bn and DPS of DKK 3.70

Operational

- **High ARPU households** (ARPU above DKK 600) in TDC/YouSee brand increased by 46% to 284k during 2013 as a result of price increases, upsale as well as Onfone integration into YouSee
- **Business mobile ARPU** still trending downwards, but lowest quarterly YoY ARPU decrease in Business in two years (-9% in Q4)
- Continued **TV net adds** in TDC brand (5k) and successful Fullrate TV relaunch (4k) compensated for the loss of YouSee customers in the organized market (-10k in Q4)
- Increased loss of **residential landline voice subscribers** (-125k) versus 2012 as the HomeTrio mobile offering migrated low ARPU landline customers to mobile voice
- **Customer satisfaction** and **recommend score** improved by 1 point and 2 points respectively versus 2012; employee satisfaction still at a high level (78)

TDC Group, key financial data DKKm

		Q4 2013	Q4 2012	Change in %	2013	2012	Change in %
Statements of Income	DKKm						
Revenue		6,149	6,548	(6.1)	24,605	26,116	(5.8)
Gross profit		4,401	4,572	(3.7)	17,791	18,518	(3.9)
EBITDA		2,547	2,573	(1.0)	10,149	10,320	(1.7)
Operating profit (EBIT) excluding special items		1,216	1,205	0.9	5,111	5,258	(2.8)
Profit for the period, excluding special items		869	795	9.3	3,780	3,448	9.6
Profit for the period		786	664	18.4	3,119	3,784	(17.6)
Total comprehensive income		(286)	145	-	1,826	3,540	(48.4)
Capital expenditure	DKKm	(1,180)	(911)	(29.5)	(3,696)	(3,492)	(5.8)
Equity free cash flow (EFCF)	DKKm	726	974	(25.5)	3,363	3,208	4.8
Key financial ratios							
Earnings Per Share (EPS)	DKK	0.98	0.84	16.7	3.90	4.72	(17.4)
Adjusted EPS	DKK	1.53	1.35	13.3	5.55	5.53	0.4
DPS	DKK	-	-	-	3.70	4.60	-
Dividend payout (% of EFCF)	%	-	-	-	89.3	118.3	-
Gross profit margin	%	71.6	69.8	-	72.3	70.9	-
EBITDA margin	%	41.4	39.3	-	41.2	39.5	-
Net interest-bearing debt/EBITDA	x	2.1	2.1	-	2.1	2.1	-

For additional data, see TDC Fact Sheet on www.tdc.com. For terminology and definitions, see http://investor.tdc.com/glossary.cfm.

Letter to shareholders

Satisfactory performance in 2013

The TDC Group delivered a solid performance in 2013 and with the stable trend in free cash flow, TDC succeeded in realising the expected dividend per share of DKK 3.70. EBITDA rose to the high end of our target range despite an adverse revenue development affected by severe negative impact from regulation and disappointing sales of mobile phones and sales in the Nordic business. The EBITDA increase was achieved through savings in operating expenses that surpassed our expectations and were driven by our dedicated employees' ongoing work to improve operations and reduce fault correction hours.

In 2013, we successfully defended our position as market leader in Denmark in all areas of the business. After several years of negative development in mobile earnings, the trend improved in 2013 with a lower YoY decrease in revenue per customer in the business market, and stabilisation in the residential market.

Strategy plan 2013-15

In 2013, we launched our strategy plan 2013-15, which focuses on seamlessly integrated solutions for business and residential customers. The ambitious 2013 agenda stimulated generally satisfactory performance, which in alignment with our strategic focus for 2014, can be summarised in five areas:

1. Our work with the TAK[1] programme to improve customer experiences is paying off as more customers are now recommending TDC, and the TDC brand received the 'Customer Service 2013' award ahead of enterprises from various Danish industries. In 2014, we will focus on promoting a consistent and seamlessly integrated customer experience across all TDC sales channels.

2. We reinforced our product portfolio by launching a number of new products and services in 2013. In the residential market, our bundled 'HomeTrio Mobile' product and new mobile portfolio 'Mobile Family' have both been successful in targeting households and couples. Our unique new Play universe, which combines access to music, video, TV and personal media services, was equally popular. In the business market, sales of the integrated CaaS[2] solution 'TDC One' are surpassing expectations, and we expect good results from the recently advertised telemedicine subscription for the public sector. Danish society will benefit from this paradigm shift in treating patients with chronic diseases, and the TDC Group is a prime mover for the innovative use of this technology.

3. Last spring, TDC was integrated more closely with a number of its subsidiaries in a new organisational structure. The TDC Group now stands as a streamlined organisation with a clear brand portfolio, and the Group is now reaping the synergies from the function-based structure. We have come far, but developing a future operating model will remain on the agenda in the years ahead.

4. In 2013, we raised our ambitions for our landline and mobile networks. With the change of mobile network supplier to Huawei, we embarked on an ambitious journey to replace and upgrade the mobile network. Test installations have shown positive results, confirming that our 800 MHz licence will enable us to build a superior 4G network. We are also continuing our strategic landline expansion by providing our customers with superfast broadband via capacity upgrades of coax and fibre cables.

5. Finally, we are accelerating TDC's digital transformation, taking customer service to a higher level with attractive online self-services. We expect the transformation to further improve customer experiences and reveal new scope for improving cost-to-serve.

Overall, we are convinced that a determined realisation of these five strategic areas by our highly-skilled employees, combined with a clear focus on business development and growth initiatives in our business lines, will increase value for our customers and provide the TDC Group with improved revenue momentum.

Carsten Dilling, President and Chief Executive Officer
Vagn Sørensen, Chairman of the Board of Directors

[1] 'Tag ansvar for kunden' (take responsibility for the customer).
[2] Communication as a Service

Group performance

Revenue

In 2013, the TDC Group saw a revenue decline of 5.8% or DKK 1,511m, which was larger than expected. All business lines contributed negatively to this development.

Revenue was negatively affected by the following:

- The effect of regulation amounted to DKK 656m or 43% of the reported revenue decrease. The mobile voice termination rates (MTR voice) decreased by 68% vs. 2012 and regulation of international roaming charges continued in 2013. To a smaller degree, revenue was also negatively affected by various landline regulations.

- Organic domestic revenue from landline telephony declined by DKK 460m (an increase of DKK 96m compared with 2012), due mainly to the decreasing customer base as mobile-only replaces landline telephony.

- In 2013, the organic domestic revenue from mobility services decreased by DKK 193m, driven by price pressure in Business and loss of subscribers in Consumer. However, the loss in organic revenue improved compared with 2012 (DKK 469m).

- Organic revenue in Nordic declined by DKK 186m. Following a number of years as a successful market challenger, competitors are now more attentive, which caused fewer new contract wins and challenged prices during renegotiation.

- Organic domestic revenue from other services decreased by DKK 167m or 7.7%, due mainly to lower sale of handsets without subsidies in Consumer sub-brands in particular. NetDesign's performance improved due to the success of selling integrated solutions in cooperation with Business.

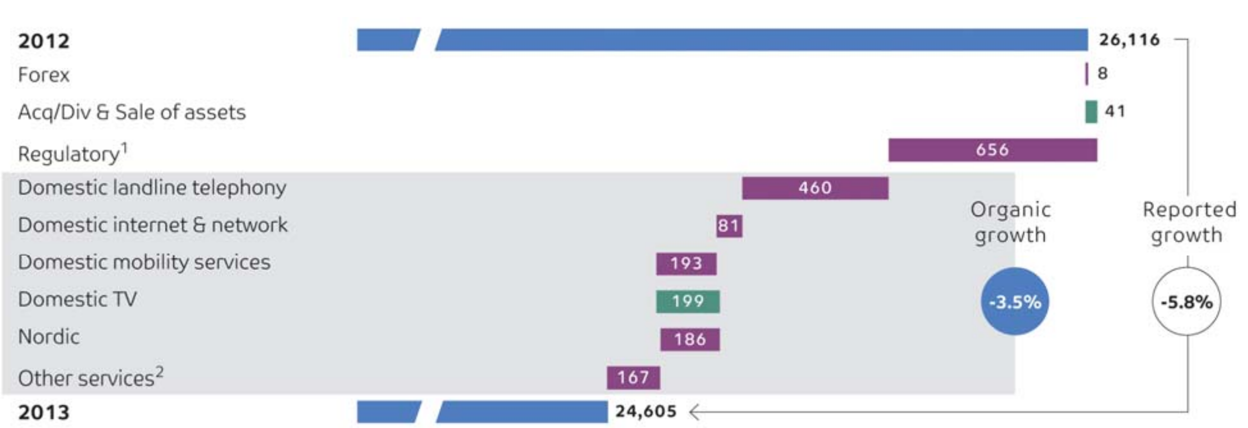
- Decreasing organic revenue from domestic internet and network amounted to DKK 81m, driven by declining broadband ARPU in Business. However, Consumer's revenue increased by 2.0% as a result of the strong customer intake. Compared with 2012, organic revenue loss was reduced by DKK 38m.

Revenue was positively affected by the following:

- Organic revenue from domestic TV increased by DKK 199m. Growth stemmed from rising ARPU in both YouSee and the TDC brand following price increases at the beginning of 2013. Positive subscriber net adds in the TDC and Fullrate brands were offset by the loss of organised customers in YouSee.

- Nordic acquired the Relacom AB telephone unit early in 2013, and in December 2013, TDC acquired ComX, a fibre operator.

Revenue bridage: 2012 – 2013 DKKm



1) Regulatory includes mobile termination rates regulation (voice and SMS), international roaming regulation and various landline regulations (ULL, leased lines, BSA, VULA and interconnect).
2) Other services contains terminal equipment such as mobile and landline phones and equipment sales in Consumer and Business (incl. NetDesign), including sale of smartphones without subsidies. In addition, other services also includes income from system integration and installation work, operator services, service fees, rental of masts and eliminations.

Gross profit

In the TDC Group, gross profit decreased by DKK 727m or 3.9% vs. 2012, which was less than the revenue decline. The gross profit margin therefore increased from 70.9% to 72.3% compared with 2012.

This reflected that MTR reductions were gross profit-neutral at TDC Group level and that the revenue loss in Nordic stemmed from low margin areas. In the remaining product areas, the gross profit development more or less mirrored the revenue development.

EBITDA

EBITDA decreased by DKK 171m or 1.7% (positive organic growth of 0.5%) as a substantial part of the gross profit loss was offset by savings in organic operating expenses (DKK 615m) that surpassed expectations. In particular, savings on personnel costs, facility, marketing spending, bad debts and contractor costs contributed positively to EBITDA.

Profit for the year

Profit for the year excluding special items totalled DKK 3,780m, up by DKK 332m or 9.6%. The lower EBITDA was more than offset by lower income taxes resulting from the reduced Danish corporate income tax rate. This reduced tax rate[3] is estimated to have a non-recurring positive impact of DKK446m on deferred taxes. Financial items also contributed positively to the increasing profit.

Special items developed negatively, due to the one-off income in 2012 from settlement of the dispute between DPTG and TPSA (DKK 760m after tax) and higher costs related to redundancy programmes and vacant tenancies (DKK 254m). Accordingly, profit for the year including special items amounted to DKK 3,119m, down by DKK 665m or 17.6%.

Comprehensive income

Total comprehensive income decreased by DKK 1,714m to DKK 1,826m. In addition to the lower profit for the year (DKK 665m), other comprehensive income developed negatively (DKK 1,049m), due primarily to losses related to defined benefit plans. The losses in 2013 (DKK 1,281m) were due to lower than expected return on pension plan assets, partly offset by a decreasing pension obligation following an increasing discount rate. Currency adjustments related to translation of foreign enterprises. Currency hedging of GBP denominated bond debt also contributed negatively to the development.

[3] The corporate income tax rate will be gradually reduced from 25% to 24.5% in 2014, 23.5% in 2015 and 22% from 2016. The reduced deferred taxes relate primarily to assets that are not expected to be taxed in the foreseeable future (pension assets, customer relationships and brands).

TDC Group, Cash flow and Net interest-bearing debt						DKKm
	Q4 2013	Q4 2012	Change in %	2013	2012	Change in %
EBITDA	2,547	2,573	(1.0)	10,149	10,320	(1.7)
Change in working capital	825	1,163	(29.1)	49	130	(62.3)
Interest paid, net	(143)	(121)	(18.2)	(1,033)	(1,013)	(2.0)
Income tax paid	(1,193)	(1,219)	2.1	(1,508)	(1,555)	3.0
Cash flow from capital expenditure	(1,176)	(914)	(28.7)	(3,779)	(3,606)	(4.8)
Cash flow related to special items	(195)	(491)	60.3	(592)	(1,007)	41.2
Other	61	(17)	-	77	(61)	-
Equity free cash flow	**726**	**974**	**(25.5)**	**3,363**	**3,208**	**4.8**
Total cash flow from operating activities	1,918	1,907	0.6	7,208	6,886	4.7
Total cash flow from investing activities	(1,257)	(1,177)	(6.8)	(3,907)	(2,954)	(32.3)
Total cash flow from financing activities	(16)	(19)	15.8	(3,102)	(4,448)	30.3
Total cash flow from continuing operations	**645**	**711**	**(9.3)**	**199**	**(516)**	**138.6**
Net interest-bearing debt	**(21,654)**	**(21,918)**	**1.2**	**(21,654)**	**(21,918)**	**1.2**

Equity

During 2013, equity decreased by DKK 1,129m to DKK 20,384m, as distributed dividends (DKK 3,036m) more than offset total comprehensive income of DKK 1,826m.

Cash flows

Equity free cash flow increased by DKK 155m or 4.8% to DKK 3,363m:

- Cash outflow from special items improved by 415m due to lower cash outflow related to rulings in 2013 compared with 2012, which was impacted by payments regarding a Swedish court ruling in a dispute over interconnect fees. Also, payments for redundancy programmes and vacant tenancies were lower in 2013.

- Cash flow from capital expenditure was DKK 173m higher than in 2012 due primarily to higher investments in the mobile network.

- Cash flow from 'Other' includes pension contributions that were impacted positively in 2013 by repayment of DKK 51m from the TDC Pension fund. A review of the pension regulation concluded that TDC had contributed more than required during 2007-2012. Furthermore, Other includes a number of minor adjustments for non-cash income/expenses included in EBITDA, but with no cash flow effect. As these adjustments were more positive in 2013 than in 2012, growth was positively impacted.

The cash outflow of DKK 3,907m from investing activities in 2013 represented an increase of DKK 953m as 2012 was positively impacted by the one-off cash inflow from the dispute between DPTG and TPSA[4]. The higher cash outflow from capital expenditure also contributed to the increase in 2013.

The cash outflow from financing activities fell by DKK 1,346m to DKK 3,102m. This decrease was due to the share buy-backs in 2012 as well as lower dividends paid in 2013.

Net interest-bearing debt

Net interest-bearing debt totalled DKK 21,654m at the end of 2013. This resulted in a leverage ratio (Net interest-bearing debt/EBITDA) of 2.1, within our financial policy limit of 2.2. During 2013, net interest-bearing debt decreased by DKK 264m as positive net cash flows from operating and investing activities (DKK 3,301m) exceeded dividends paid (DKK 3,036m).

[4] The settlement included proceeds of DKK 1,011m, of which DKK 253m was paid as income tax.

Guidance

2013 guidance

The financial guidance for 2013 for the TDC Group published in the TDC Annual Report 2012 stated an expected revenue interval of DKK 25.0-25.5bn, EBITDA of DKK 10.0-10.2bn and capital expenditure of DKK 3.7bn. At the same time, a dividend per share of DKK 3.70 was expected.

All parameters of the 2012 guidance were met except revenue, which was revised to DKK 24.5-25.0bn in connection with the Q3 2013 interim report. This revised guidance was realised with reported 2013 revenue totalling DKK 24.6bn.

Revenue did not meet the original guidance as the development of revenue in Nordic and handset sales was below expectations. However as both factors related to low-margin areas, this did not significantly affect gross profit. Gross profit development in landline telephony was below the 2012 level mainly because, contrary to 2012, Business was unable to increase ARPU.

Although the mobile market remains very competitive, TDC improved its gross profit trend in mobility services as expected. This trend progressed slowly, but improved later in 2013 with reduced Business ARPU erosion.

Better than expected

- Opex savings above 2012 level
- Gross profit development in broadband less negative than in 2012

As expected

- More severe regulatory effect than in 2012
- Domestic economy with little or no spending growth
- Improved gross profit trend in the mobile market
- Continued growth in TV gross profit fuelled by ARPU increases
- Higher capex spending
- EFCF growth as expected, including reduced licence and restructuring special items cash outflow

Worse than expected

- Negative revenue development in Nordic and from handset sales
- Gross profit development in landline telephony more negative than in 2012

	2011 Guidance		2012 Guidance		2013 Actuals	2013 Guidance	
Revenue	0-1% growth	✓	DKK 26.0-26.5bn	✓	DKK 24,605m	DKK 25.0-25.5bn	✗
						DKK 24.5-25.0bn[2]	✓
EBITDA[1]	~2% growth	✓	DKK 10.3-10.5bn	✓	DKK 10,149m	DKK 10.0-10.2bn	✓
Capex	~13% of revenue	✓	DKK 3.4-3.5bn	✓	DKK 3,696m	DKK 3.7bn	✓
DPS	DKK 4.35	✓	DKK 4.60	✓	DKK 3.70	DKK 3.70	✓

1) In 2012, EBITDA bpi

2) Revised 2013 revenue guidance of DKK 24.5-25.0bn was achieved.

Gross profit growth in broadband exceeded expectations and opex savings were also higher than assumed since TDC managed to achieve higher reductions than in 2012 throughout the entire organisation. This allowed for an EBITDA development within the guided range.

The capex assumption of DKK 3.7bn was met, although negotiations with Huawei delayed build-out of the mobile network in early 2013. When the contract was signed in Q3, this work accelerated.

Guidance 2014

The guidance for 2014 for the TDC Group and the underlying assumptions are presented below. The guidance for 2014 has been framed in accordance with the current macroeconomic situation and an expectation of little or no spending growth in the Danish economy.

The guidance on revenue in 2014 is based on organic revenue development, defined as reported revenue excluding the impact from exchange-rate changes, acquisition and sale of assets as well as regulation. In 2014, we expect a lower decrease in the organic revenue than in 2013 (2013: -3.5%). In addition, we expect less severe revenue impact from regulation (DKK 200-300m compared with DKK 656m in 2013).

We also expect improved gross profit trend in mobility services driven by a less negative development in Consumer net adds and Business ARPU. TV gross profit is expected to show continued growth fuelled by ARPU increases. In the landline business, we expect a deteriorated landline telephony gross profit development but improved gross profit trend in internet & network.

The level of opex savings is expected to decrease in 2014 as some of our operational efficiency levers are reaching full potential.

We expect the Nordic business to maintain a stable organic EBITDA development.

As we continue to build out 4G network and improve the existing landline network, capex is expected to remain at the 2013 level of DKK 3.7bn.

Dividend per share of DKK 3.70 is in accordance with revised dividend policy announcing a payout of approximately 90% of the cash flow item Equity free cash flow. Of this, we expect DKK 1.50 per share to be paid out in connection with the Q2 2014 interim report.

2014 guidance assumptions

- Domestic economy with little or no spending growth
- Less severe impact from regulation
- Improved gross profit trend in mobility services driven by less negative development in Consumer net adds and Business ARPU
- Deteriorated landline telephony gross profit development, but improved gross profit trend in internet & network
- Continued TV gross profit growth fuelled by ARPU increases
- Stable organic EBITDA development in Nordic
- Continued opex savings, though at a lower level than in 2013
- Capex at 2013 level with continued build out of 4G and super broadband

2014 Guidance

Organic revenue	Lower decrease than in 2013 (2013: -3.5%)
EBITDA	> DKK 9.8bn
Capex	DKK 3.7bn
DPS	DKK 3.70

Landline telephony

Q4 highlights

- Net loss of residential telephony subscriber continued at a high level in Q4 (-37k) affected by HomeTrio Mobile migrating low ARPU landline customers to mobile. PSTN only churn contained at a relative low level

- Business ARPU in Q4 affected by minor negative one offs

TDC's financial performance in 2013

Reported domestic revenue decreased by 12.9 % to DKK 3,244m in 2013 mainly as a consequence of a continuously large subscriber decline.

Consumer

Revenue declined by 13.5% in line with the 2012 level. The continued loss of subscribers included a YoY loss of 16.5% PSTN-only customers to 315k RGUs at the end of 2013, and the HomeTrio mobile offering shifted low-user landline customers to mobile subscriptions within the triple play bundle.

ARPU declined as minutes of use per customer decreased and migration from legacy products to bundles leading to higher household ARPU but lower ARPU at product level continued. However the 3.1% ARPU decrease was an improvement compared with the decline of 5.5% in 2012 as the migration from legacy products to bundles containing landline telephony slowed compared with 2012.

Business

Business saw a revenue decrease of 10.4% resulting primarily from a customer base decline of 8.9% in 2013. To a lesser degree, revenue was also affected by a small drop in ARPU due to reduction in traffic from consumption-based subscriptions. Strong performance of the integrated products TDC Scale and TDC One reduced the decline in ARPU, as Business achieved a higher share of total communications spending from these customers.

Wholesale

Revenue declined by 19.9% compared with 2012. The successful performance by a large service provider selling bundled products including landline telephony affected churn positively, but was offset by the generally declining market for landline telephony. This led to a YoY RGU decrease in line with 2012.

The revenue decline was also affected by regulation which caused subscription ARPU to decrease slightly as well as resulting in decreased revenue from interconnect.

Gross profit

Reported gross profit decreased by 9.7% to DKK 3,025m in 2013. The gross profit margin increased from 89.9% in 2012 to 93.2 % in 2013 following implemented price increases and gross profit-neutral effects from regulatory reductions in MTR lowering costs from landline customers calling mobile phones.

Domestic landline telephony, key financial data DKKm

		Q4 2013	Q4 2012	Change in %	2013	2012	Change in %
	DKKm						
Revenue		**777**	**919**	**(15.5)**	**3,244**	**3,725**	**(12.9)**
Consumer		360	412	(12.6)	1,492	1,725	(13.5)
Business		344	401	(14.2)	1,432	1,598	(10.4)
Wholesale		71	103	(31.1)	309	386	(19.9)
Other incl. eliminations		2	3	(33.3)	11	16	(31.3)
Gross profit		**724**	**820**	**(11.7)**	**3,025**	**3,350**	**(9.7)**
Gross profit margin	%	93.2	89.2	-	93.2	89.9	-
Organic revenue[1]	DKKm	777	915	(15.1)	3,244	3,704	(12.4)
Organic gross profit[1]		724	819	(11.6)	3,025	3,347	(9.6)

[1] Reported revenue and gross profit excluding the impact from regulatory price adjustments

Mobility services

Q4 highlights

- Residential and Business ARPUs down vs. Q3 2013 (DKK -5 & -10) mainly driven by seasonality in roaming revenues; Business ARPU still trending downwards but lowest quarterly YoY ARPU decrease in Business in two years (DKK -9% in Q4)
- Positive net adds in TDC brand mobile voice subscribers (4k in Q4) fuelled by strong intake on HomeTrio Mobil and 'Mobile Family', but continued loss of low ARPU customers across residential brands (-17k in Q4) and loss of 7k data only SIM card in TDC brand
- Q4 growth in Business mobile subscriptions (5k) stemming from Public data only SIM cards

TDC's financial performance in 2013

Revenue

Reported revenue from mobility services decreased by DKK 789m or 12.3% to DKK 5,622m in 2013. Organic revenue declined by 3.3% which was an improvement compared with 2012 (organic revenue decline of 7.0%).

Regulation

Regulation negatively affected revenue from mobility services by DKK 585m in 2013 across Consumer, Business and Wholesale, corresponding to 74% of the total revenue decline.

The revenue effect was driven primarily by the ongoing reductions of regulated MTR on voice and SMS implemented gradually over the years. The regulation had a significant YoY effect in 2013 as the MTR on voice was reduced by 68% compared with 2012[5]. MTR reductions have counteracting effects on gross profit in landline telephony and mobility services, but generate no negative effect on total gross profit in the TDC Group.

In addition, the EU regulation on roaming (SMS, voice and data) was adjusted on 1 July 2013. The implementation of retail data regulation in July 2012, and the additional reduction in 2013 particularly affected TDC's revenue and had a negative impact totalling DKK 133m on gross profit as the regulation is not fully counterbalanced in transmission costs. Roaming regulation had a large effect on Business, while Consumer and Wholesale were also affected.

Consumer

Reported revenue in Consumer was positively affected by the success of the bundling products, which resulted in an improved intake in the TDC brand. 'HomeTrio Mobile' has had an intake of 33k new mobile subscribers since its introduction at the end of February, and more than 100k customers signed up for the 'Mobile Family' packages in 2013, including the package for two people. However, YoY RGUs decreased significantly (-74k on mobile subscribers) driven mainly by a reduction in low or no ARPU RGUs (69k), following the introduction of a subscription fee on SIM-only products in Telmore, Fullrate and Onfone (introduced in the TDC brand in early 2012).

Residential YoY ARPU decreased by DKK 2 and showed a relatively level trend, with stabilisation throughout 2013 (vs. an ARPU decrease of DKK 13 in 2012). Small fluctuations over the year were affected by different levels of roaming activity.

[5] Due to a combination of significant price cuts and changed timing (in 2012 the MTR reduction took effect as of March, whereas in 2013 it took effect as of 1 January).

Domestic mobility services, key financial data — DKKm

		Q4 2013	Q4 2012	Change in %	2013	2012	Change in %
	DKKm						
Revenue		**1,373**	**1,540**	**(10.8)**	**5,622**	**6,411**	**(12.3)**
Consumer		814	948	(14.1)	3,352	3,879	(13.6)
Business		469	507	(7.5)	1,934	2,167	(10.8)
Wholesale		108	126	(14.3)	416	541	(23.1)
Other incl. eliminations		(18)	(41)	56.1	(80)	(176)	54.5
Gross profit		**1,182**	**1,257**	**(6.0)**	**4,861**	**5,168**	**(5.9)**
Gross profit margin	%	86.1	81.6	-	86.5	80.6	-
Organic revenue[1]	DKKm	1,373	1,416	(3.0)	5,622	5,815	(3.3)
Organic gross profit[1]		1,182	1,241	(4.8)	4,861	5,032	(3.4)

[1] Reported revenue and gross profit excluding the impact from regulatory price adjustments as well as the impact from acquisitions and divestments.

Business

Business' negative revenue growth was caused by a significant YoY ARPU decline of DKK 24 following significant price competition that resulted in contracts being won or renegotiated at lower prices. Also, spill-over effects from residential price competition led to continued migration from legacy to new and lower price plans for small and medium-sized accounts. Throughout 2013, ARPU was under pressure, however with an improved development compared with 2012 (an ARPU decrease of 13.1% in 2013 vs. an ARPU decrease of 18.1% in 2012). The improvement was driven by a focus on value-added services giving customers an incentive to migrate to larger packages, and an improved mix between segments and pricing initiatives.

Business achieved a considerable YoY mobile subscriber increase (55k) in 2013, due partly to additional sales of both mobile voice and mobile broadband when renegotiating key accounts. Churn has performed well due to solid retention activities and improved renegotiation performance.

Wholesale

Wholesale saw a revenue decline of 23.1% compared with 2012. Revenue from mobile subscriptions decreased by 35% following an ARPU reduction (7.4%) that was only partly counterbalanced by the increased number of mobile subscribers (16k). This was achieved through continued growth at brand partners without cannibalising the TDC residential brands.

Growth was also achieved in the use of the TDC SIP MVNO platform, resulting in a 7.3% YoY increase in domestic MVNO minutes. However, this could not compensate for the challenging national MVNO market with declining prices, which resulted in a revenue decrease.

Gross profit

Gross profit declined by DKK 307m or 5.9% to DKK 4,861m. Adjusted for the effect from regulation, organic gross profit declined by DKK 171m caused by the organic revenue decrease of DKK 193m. This was a significant improvement compared with 2012 (organic gross profit decline of DKK 437m and organic revenue decline of DKK 469m).

The gross profit margin increased from 80.6% to 86.5% in 2013 driven by the gross profit neutral effects from cuts in regulatory mobile termination rates.

Internet & network

Q4 highlights

- YouSee back at run rate with 5k net adds in Q4 following flattish development in Q3
- Business ARPU erosion continued in Q4 (DKK -3 compared with Q3 2013) due to ongoing migration from legacy broadband to broadband products with lower ARPU, primarily in the small account and Enterprise segments

TDC's financial performance in 2013

Revenue

Reported domestic revenue from internet & network decreased by 2.0% to DKK 5,326m in 2013, which was a slight improvement compared with the 2.3% decline in 2012. The acquisition of ComX affected the residential customer base positively (29k), however the effect on revenue was small in 2013.

Consumer

Consumer achieved positive revenue growth of 2.0 % compared with 2012. This was driven by a strong YoY increase of 17k broadband RGUs excluding the negative effect from moving 15k Fullrate RGUs from Consumer to Business in 2013. Broadband ARPU dropped only slightly despite strong competition from fibre suppliers increasing the broadband bandwidth at unchanged prices.

The revenue increase in Consumer was driven by YouSee due to positive net adds combined with ARPU increases following subscription fee raises primarily in relation to a number of successful campaigns offering and migrating customers to a higher bandwidth.

The TDC Brand ARPU remained almost level with 2012 as subscription fee increases at the beginning of 2013 were offset by continued migration from legacy products to bundles. This led to higher household ARPU but lower ARPU at product level. The TDC brand's customer base also remained level.

Business

Revenue decreased by 5.2% in 2013 partly as a consequence of customer's ongoing migration from legacy broadband to broadband products with lower ARPU.

Revenue from other internet & network also contributed negatively to the revenue decline. This was driven partly by public accounts, among others due to the loss of the FM Data tender[6] in 1 January 2012 which, due to a delayed period of migration, affected the revenue development negatively in 2013. Fibre RGUs were maintained level with 2012 as positive net adds especially in small and medium-sized accounts were offset by a loss in the public segment in particular. TDC Hosting managed to report positive revenue development with growth of 11.2% in active servers.

Wholesale

Reported revenue decreased by 4.0% and was negatively affected by regulatory price adjustments. ULL saw annual 3% price adjustments with effect from 1 January 2013 while leased lines saw adjustments up to 34.5% with effect from 1 July 2013.

[6] Supplier agreement for data communications services, accessories and related services. The agreement is binding for the state and optional for municipalities, regions etc.

Domestic internet & network, key financial data DKKm

		Q4 2013	Q4 2012	Change in %	2013	2012	Change in %
	DKKm						
Revenue		**1,331**	**1,346**	**(1.1)**	**5,326**	**5,437**	**(2.0)**
Consumer		584	577	1.2	2,331	2,285	2.0
Business		581	616	(5.7)	2,366	2,495	(5.2)
Wholesale		177	179	(1.1)	689	718	(4.0)
Other incl. eliminations		(11)	(26)	57.7	(60)	(61)	1.6
Gross profit		**1,223**	**1,237**	**(1.1)**	**4,872**	**4,976**	**(2.1)**
Gross profit margin	%	91.9	91.9	-	91.5	91.5	-
Organic revenue[1]	DKKm	1,331	1,342	(0.8)	5,326	5,407	(1.5)
Organic gross profit[1]		1,223	1,230	(0.6)	4,872	4,941	(1.4)

[1] Reported revenue and gross profit excluding the impact from regulatory price adjustments.

The YoY RGU decrease of 12k in Wholesale was an improvement compared with the decline of 34k in 2012. This was driven largely by a lower drop in ULL RGUs compared with 2012, while BSA decreased as a consequence of migration to the new regulatory product VULA. As VULA is a cheaper option for customers than BSA, this migration negatively affected revenue.

Capacity services continued to grow although the fibre business was challenged by competing fibre suppliers' low prices. International capacity saw reduced activity resulting in fewer large orders. However, this was more than counteracted by a high volume of small orders and new customers.

Gross profit

Reported gross profit decreased by DKK 104m or 2.1% to DKK 4,872m in 2013 but since the decrease is almost level with the decrease in revenue, the gross profit margin remained unchanged at 91.5%.

TV

Q4 highlights

- Fullrate TV doubled its TV subscriber base during Q4 (from 4k to 8k) following successful relaunch in Q3, but intake campaigns influenced ARPU negatively
- TDC TV continued strong net adds and ARPU up vs. Q3 affected by improved penetration of additional packages and increased VOD
- YouSee saw a loss of 10k subscribers due to a number of lost antenna associations; continued down migration in TV packages influenced YouSee ARPU (DKK -2)
- In Q4, YouSee entered into a contract with a large antenna association (15k RGUs) with impact from Q1 2014

TDC's financial performance in 2013

Revenue

Revenue from TV increased by DKK 202m or 5.1% to DKK 4,139m in 2013 thereby continuing the growth from previous years.

The TDC and Fullrate brands increased their revenue by DKK 130m or 19.7% in 2013, driven by significant subscriber growth (28k) resulting from the popular bundled HomeTrio solution and strong intake in Fullrate following the successful TV relaunch. The DKK 11 rise in ARPU was driven mainly by increased prices in the TDC brand[7].

[7] A price increase of DKK 15 on TV in the TDC brand at 1 January 2013.

YouSee's revenue, which rose by DKK 55m or 1.7% compared with 2012, was positively affected by increased subscription fees[8] on TV packages fuelling an ARPU increase of DKK 8. However, YouSee experienced a YoY decline of 26k RGUs in the customer base. The decrease was caused mainly by structured attacks on YouSee's organised customer base, leading to loss of organised customers. The acquisition of ComX partly counterbalanced the negative development in subscribers in 2013 (11k RGUs). In Q4, YouSee entered into a contract with a large antenna association (15k RGUs) with effect from Q1 2014.

Gross profit

Gross profit increased by DKK 87m or 4.0% compared with 2012. The gross profit margin declined slightly from 55.7% to 55.1% as the positive effect from increased subscription fees was more than outweighed by increased content costs due to more channels being added to both YouSee and TDC TV packages and improved content in on-demand services (low margin products).

[8] A DKK 10 price increase on the YouSee Basic package and DKK 25 on the YouSee Medium and Full packages at 1 January 2013 (incl. VAT and copyrights). A DKK 10 price increase for YouSee Plus subscribers at 1 October 2012.

Domectic TV, key financial data	DKKm	Q4 2013	Q4 2012	Change in %	2013	2012	Change in %
	DKKm						
Revenue		**1,027**	**1,006**	**2.1**	**4,139**	**3,937**	**5.1**
TDC/Fullrate brand		209	181	15.5	791	661	19.7
YouSee brand		798	813	(1.8)	3,284	3,229	1.7
Other incl. eliminations		20	12	66.7	64	47	36.2
Gross profit		**576**	**559**	**3.0**	**2,281**	**2,194**	**4.0**
Gross profit margin	%	56.1	55.6	-	55.1	55.7	-
Organic revenue	DKKm	1,027	1,009	1.8	4,139	3,940	5.1
Organic gross profit		576	560	2.9	2,281	2,195	3.9

[1] Reported revenue and gross profit excluding impact from acquisition and divestments.

Other services

TDC's financial performance in 2013

Reported revenue from other services decreased by DKK 167m or 7.7% to DKK 2,010m in 2013.

The decrease in revenue stemmed mainly from the decreased sale of handsets without subsidies in Consumer sub-brands in particular. The total sale of handsets increased with the introduction of new iPhone models, but since the supply in Q4 2013 did not meet customer demand, sales of handsets did not reach the Q4 2012 level.

In 2013 Netdesign improved its performance with a revenue decrease of 3.3% compared with a 13.4% decline in 2012 due to the success of selling integrated solutions in cooperation with Business, which secured several large new customers in 2013.

Reported gross profit decreased by DKK 111m or 10.5% in 2013. This was a result of both the decrease in sale of handsets and other terminal sale in Consumer and Business, including Netdesign, as well as continued decrease in operator services.

Other services, key financial data DKKm

		Q4 2013	Q4 2012	Change in %	2013	2012	Change in %
	DKKm						
Revenue		**555**	**612**	**(9.3)**	**2,010**	**2,177**	**(7.7)**
Sale of handsets		280	318	(11.9)	941	1,123	(16.2)
NetDesign		219	249	(12.0)	831	859	(3.3)
Other		56	45	24.4	238	195	22.1
Gross profit		**246**	**244**	**0.8**	**950**	**1,061**	**(10.5)**
Gross profit margin	%	44.3	39.9	-	47.3	48.7	-
Organic revenue[1]	DKKm	555	611	(9.2)	2,010	2,177	(7.7)
Organic gross profit[1]		246	246	-	950	1,064	(10.7)

[1] Reported revenue and gross profit impact from acquisitions and divestments

Nordic

Q4 highlights

- Reported revenue down by DKK 39m or 3.5% in Q4 with negative forex effect (DKK 43m). One-off in Q4 2012 (DKK 57m) from correction of booking of service number revenue affected Q4 growth positively
- Gross profit margin increased by 2.4pp to 42.3% vs. 2012, positively influenced by significant improvement in profitability from project sales in Finland and Sweden
- Organic EBITDA growth of 5.9% in Q4 (reported 0.6%)

Nordic's financial performance in 2013

Even though 2013 was a challenging year for the Nordic business, Nordic recorded organic EBITDA growth of 5.2% (reported 3.1%). Positive development was seen in Sweden, Norway and Hosting.

Revenue

Reported revenue in Nordic decreased by DKK 165m or 3.7% in 2013. Adjusted for regulation of mobile roaming (DKK 14m) and negative SEK/NOK exchange-rate developments (DKK 8m), organic revenue decreased by 4.2%.

Landline telephony
Nordic successfully maintained a stable level of connections, though the decline in minutes of use caused by the migration away from landline, combined with the general price erosion, resulted in a revenue decrease of 16.4%.

Mobility services
The strong intake of mobile subscriptions was maintained in TDC Sweden and TDC Norway, however at low ARPU levels. In Norway, winning the Buskerud County account was the main driver for the increase, while the increase in Sweden resulted from many smaller wins.

In TDC Finland, the intake of new mobile RGUs was challenged by its service provider contract, which was an obstacle to winning new accounts that include mobile. Mobile data usage rose significantly; however, revenue growth was eroded by lowered fixed-price packages that reduced ARPUs across countries.

Internet & network
The number of internet connections was under pressure, particularly in TDC Sweden, though many of these installations had relatively low ARPUs and margins. TDC successfully maintained a stable number of connections and thus maintained its strong position in the IP-VPN market, despite fierce competition from fibre operators in the mature market.

Nordic, key financial data DKKm

		Q4 2013	Q4 2012	Change in %	2013	2012	Change in %
	DKKm						
Revenue		**1,086**	**1,125**	**(3.5)**	**4,264**	**4,429**	**(3.7)**
TDC Sweden		697	757	(7.9)	2,722	2,751	(1.1)
TDC Norway		234	264	(11.4)	972	1,056	(8.0)
TDC Finland		189	136	39.0	698	741	(5.8)
Other, incl. eliminations		(34)	(32)	(6.3)	(128)	(119)	(7.6)
Landline telephony		172	162	6.2	763	913	(16.4)
Mobility services		83	72	15.3	332	314	5.7
Internet and network		385	435	(11.5)	1,580	1,671	(5.4)
Other services[1]		446	456	(2.2)	1,589	1,531	3.8
Gross profit		**450**	**455**	**(1.1)**	**1,802**	**1,769**	**1.9**
Gross profit margin	%	41.4	40.4	-	42.3	39.9	-
Organic revenue[2]	DKKm	1,086	1,092	(0.5)	4,264	4,450	(4.2)
Organic gross profit[2]		450	444	1.4	1,802	1,779	1.3

[1] Including sales of terminal equipment, systems integration services, installation work and operator services etc.
[2] Reported revenue and gross profit excluding the impact from currency effects, impact from regulatory price adjustments as well as the impact from acquisitions and divestments.

Revenue in TDC Hosting remained level with 2012 with growth in TDC Hosting Finland counterbalanced by poor development in TDC Hosting Sweden.

Other services
The integrator business continued to generate stable revenue growth and performed well in 2013 with a revenue increase of 12.7%, driven by growth in the Direct business and Projects in both Sweden and Norway. A shift from low-margin data projects to higher margin telecoms projects resulted in both higher revenue and gross profit. The successful launch of a consulting business in Sweden contributed to the growth in Project sales. Furthermore, revenue was positively affected by the completed acquisition of the telephone unit in Relacom AB in Sweden.

Gross profit

Despite the decreased revenue, gross profit increased by 1.9% compared with 2012, driven by gross profit growth of 6.9% in TDC Sweden.

The gross profit margin increased from 39.9% to 42.3% and was positively influenced by significant improvement in profitability from Project sales in Finland and Sweden. In Sweden, especially the sale of high-margin consulting services and a general shift from low-margin data projects to high-margin telecoms projects improved the gross profit margin. Furthermore, in-sourcing of services in the implementation phase in projects contributed to the gross profit increase.

Operational expenditure

In 2013, the TDC Group continued to increase efficiency and managed to maintain a clear focus on optimising processes. As a result, organic operational expenditure was reduced significantly by DKK 615m or 7.4% vs. 2012 (reported DKK 556m). The most substantial cost drivers and initiatives that reduced wages and external expenses are described in the following sections.

Wages, salaries and pension costs

The TDC Group reduced wages, salaries and pension costs by DKK 167m or 3.8% to DKK 4,256m. This decline in costs was driven mainly by a 3.4% decrease in the average number of full-time equivalents.

- The TDC Group has successfully improved productivity by 11% over the past two years measured as the number of domestic RGUs per full-time equivalent[9]. This strong result was driven by the TDC 2.0 transformation programme, which systematically creates more efficient and sustainable working routines and processes through Lean principles.

- The reorganisation of the TDC Group in 2013 increased flexibility and synergies produced by implementing best practices throughout the organisation e.g. across networks, product management and IT processes at Operations and service, support and sales at Channels.

[9] Adjusted for outsourced full-time equivalents.

- Operations successfully reduced time spent on fault handling by 16.7% vs. 2012, due mainly to a 12.9% reduction in volume and cable faults.

- Order management outsourced a number of manual and standard tasks to a low-cost vendor in Manila. The work load corresponded to 58 FTEs. A training and KPI management setup has been established to ensure high quality, efficiency and productivity in order handling for Consumer and Business customers.

External expenses

External expenses[10] decreased by DKK 389m or 10.3% compared with 2012 and were affected by the following:

- Several facility management initiatives were implemented during 2013 that positively affected facility costs. Two main initiatives significantly contributed to savings. First, TDC decreased the amount of office space used by the TDC Group by 14.3%. This was driven by moving DKTV, Onfone and Telmore to TDC's headquarters at Teglholmen to unite the organisation. Secondly, PSTN was strengthened by consolidating power cabinets and increasing the use of energy efficient equipment to reduce electricity consumption.

[10] Including other Income.

Operational expenditure, key financial data and KPI's	DKKm						
		Q4 2013	Q4 2012	Change in %	2013	2012	Change in %
	DKKm						
Opex		**(1,854)**	**(1,999)**	7.3	**(7,642)**	**(8,198)**	6.8
Wages, salaries and pension costs		(997)	(1,077)	7.4	(4,256)	(4,423)	3.8
External expenses¹		(857)	(922)	7.0	(3,386)	(3,775)	10.3
Organic Opex	DKKm	(1,854)	(2,033)	8.8	(7,642)	(8,257)	7.4
Capital expenditure	DKKm	(1,180)	(911)	(29.5)	(3,696)	(3,492)	(5.8)
KPIs	**DKK/month**						
Fault handling hours	**Hours ('000)**	156	179	12.8	613	736	16.7
Number of FTEs (end-of-period)	#	8,828	9,143	(3.4)	8,828	9,143	(3.4)
Average number of FTEs	#	9,007	9,340	(3.6)	9,007	9,340	(3.6)

¹ Including other income

- The IT contract with Tata Consultancy Services (TCS) accomplished notable financial results in 2013, especially due to the optimised vendor setup. However, critical delivery issues were experienced on the development side and improvements will have to be realised in 2014 through more flexible capacity management together with TCS.

- External contractor service costs were significantly improved in 2013. Cost reductions were possible due to 17.3% fewer cable faults in Operations and the introduction of a new contractor handling process within the fault area across TDC and YouSee. At the same time, optimising and cutting costs remained in focus, prompting a decline in consultancy fees.

- As part of the reorganisation, all marketing units across brands were consolidated to rationalise use of marketing resources and better utilise existing knowledge and processes. This created the foundation for reducing marketing spending by 27.4% compared with 2012.

- Costs related to temps, and personnel-related costs declined by 22.6% vs. 2012. Costs were reduced due to converting temps to full-time employees and less use of temping agencies. Personnel-related costs declined due to fewer FTEs and savings on travelling and courses.

- The completed acquisition of ComX negatively impacted on external expenses. Moreover, one-off items from 2012 related to the sale of Aarhus Network by NetDesign and the acquisition of Randers Antenna Association by YouSee also negatively impacted on other income.

- Loss on bad debts on receivables related to TDC Rate was reduced in 2013 due primarily to the sale of a large portion of such receivables to an external partner in 2012 (including a one-off of DKK 25m in 2012).

Capital expenditure

TDC's network strategy is to have the best mobile and landline network in Denmark in terms of speed, coverage and quality. To achieve this, TDC plans to invest DKK 25bn from 2011 until 2020 in primarily the network infrastructure and customer installations. In 2013, in line with our guidance, capital expenditure totalled DKK 3,696m, corresponding to 15.0% of revenue.

Network infrastructure

As the incumbent telecommunications operator in Denmark, TDC has a long history and extensive experience in building and operating the communications infrastructure throughout Denmark. In 2013, TDC invested DKK 2,176m across network technologies (copper, coax, fibre and mobile), an increase of 13.0% compared with 2012.

TDC's landline network enables 88% of all Danish households to receive broadband at download speeds of up to 20 Mbps[11]. In 2013, TDC accelerated investments that enable households to obtain even higher broadband speeds.

Firstly, fibre was the landline network technology that comprised the largest investment, as 1,250 km of fibre cables were added to the fibre network. TDC has the largest fibre network in Denmark and continues to bring fibre closer to customers by building out its fibre feeder network. Today, 66% of Danish households are less than 300 metres from a fibre distribution point, which is the relevant KPI for supplying high broadband speeds via copper.

Secondly, TDC expanded the number of remote DSLAMs by more than 50% at strategic locations to ensure capex efficiency, and in 2013 finalised a long process of building the newest DSL technical platforms at all locations. This enables TDC to use copper for the final stretch from fibre distribution points to households, optimising utilisation of the copper network and enabling increasing speeds on the ever-shorter distances where data is carried by copper lines.

Thirdly, TDC continued to expand its coax network in 2013, thereby increasing capacity and broadband speeds while accommodating increased demand for VoD. TDC is one of only two European incumbent operators to fully own a cable-TV network in its domestic market. The coax network covers more than 50% of the population.

[11] TDC's landline network enables more than 99% of all Danish households to receive both landline telephony and broadband at download speeds of more than 2 Mbps.

TDC's continued expansion of the landline network is also of great importance to the mobile network. By extending fibre to mobile masts, TDC can increase the speed of mobile data. TDC's mobile network spans almost the entire Danish population with 2G and 3G coverage, and in 2013 the build-out of 21 Mbps/42 Mbps 3G continued to provide population coverage of 72% and 44% respectively. TDC is also achieving solid progress in building the 4G network and was providing 4G population coverage of 56% at the end of 2013.

In 2013, TDC announced Huawei would be TDC's future partner in building a superior mobile network. The deal safeguards TDC's leading network position in Denmark, and will provide significantly more network capacity than originally planned. A new standard for quality will be set, changing the focus from technical KPIs to the quality of customer experiences, which will be continuously monitored and benchmarked against other operators' networks. From 2014, the network transfer will upgrade several existing mobile sites while new sites will be established to further improve population coverage, making it possible to reach the 4G coverage commitment ahead of time[12].

Finally, Nordic has a fibre-based backbone network, a common best-in-class scalable VoIP platform and operates as an MVNO and SP without its own mobile network infrastructure.

Customer installations

In 2013, TDC spent DKK 723m on customer installations, including equipment at customer premises and technician hours. A minor decrease of 1.6% in customer installations from 2012 was driven by a decrease in 'HomeTrio' installations as 2012 was positively affected by TV2 becoming a pay-TV channel. However this was partly counterbalanced by increased spending in Nordic.

IT

Investments in IT increased by 9.1% to DKK 740m in 2013 and related mainly to strategic investments in the development of a new billing and front-end system at Telmore. In Nordic, investments were made in new IT systems and product development of MS Lync and Scale.

[12] By year end 2015, 270 selected postal code areas should have access to mobile broadband with download speeds of at least 10 Mbps. An 98% outdoor geographic coverage and 99.8% coverage of households, businesses and holiday homes must be achieved.

Consolidated Financial Statements

Income Statements (DKKm)

TDC Group	Note	Q4 2013	Q4 2012	Change in %	2013	2012	Change in %
Revenue	**2**	**6,149**	**6,548**	**(6.1)**	**24,605**	**26,116**	**(5.8)**
Transmission costs and cost of goods sold		(1,748)	(1,976)	11.5	(6,814)	(7,598)	10.3
Gross profit		**4,401**	**4,572**	**(3.7)**	**17,791**	**18,518**	**(3.9)**
External expenses		(876)	(974)	10.1	(3,451)	(3,893)	11.4
Wages, salaries and pension costs	3	(997)	(1,077)	7.4	(4,256)	(4,423)	3.8
Other income		19	52	(63.5)	65	118	(44.9)
Operating profit before depreciation, amortisation and special items (EBITDA)	**2**	**2,547**	**2,573**	**(1.0)**	**10,149**	**10,320**	**(1.7)**
Depreciation		(709)	(697)	(1.7)	(2,751)	(2,707)	(1.6)
Amortisation		(579)	(647)	10.5	(2,187)	(2,317)	5.6
Impairment losses		(43)	(24)	(79.2)	(100)	(38)	(163.2)
Depreciation, amortisation and impairment losses		**(1,331)**	**(1,368)**	**2.7**	**(5,038)**	**(5,062)**	**0.5**
Operating profit (EBIT), excluding special items		**1,216**	**1,205**	**0.9**	**5,111**	**5,258**	**(2.8)**
Special items	4	(171)	(188)	9.0	(948)	(753)	(25.9)
Operating profit (EBIT)		**1,045**	**1,017**	**2.8**	**4,163**	**4,505**	**(7.6)**
Profit from joint ventures and associates		33	1	-	41	763	(94.6)
- of which special items		38	-	-	38	760	(95.0)
Interest income and expenses	5	(247)	(262)	5.7	(1,021)	(1,112)	8.2
Currency translation adjustments	5	(3)	(8)	62.5	6	(51)	111.8
Fair value adjustments	5	88	13	-	63	(65)	196.9
Interest on pension assets	6	67	85	(21.2)	266	346	(23.1)
Profit before income taxes		**983**	**846**	**16.2**	**3,518**	**4,386**	**(19.8)**
Income taxes related to profit, excluding special items		(247)	(239)	(3.3)	(648)	(931)	30.4
Income taxes related to special items		50	57	(12.3)	249	329	(24.3)
Total income taxes		**(197)**	**(182)**	**(8.2)**	**(399)**	**(602)**	**33.7**
Profit for the period		**786**	**664**	**18.4**	**3,119**	**3,784**	**(17.6)**
Profit for the period, excluding special items		**869**	**795**	**9.3**	**3,780**	**3,448**	**9.6**
EPS (DKK)							
Earnings Per Share, basic		0.98	0.84	16.7	3.90	4.72	(17.4)
Earnings Per Share, diluted		0.97	0.83	16.9	3.88	4.71	(17.6)
Adjusted EPS		1.53	1.35	13.3	5.55	5.53	0.4

Statements of Comprehensive Income (DKKm)

TDC Group	Q4 2013	Q4 2012	2013	2012
Profit for the period	**786**	**664**	**3,119**	**3,784**
Items that subsequently can be reclassified to the Income Statement:				
Currency translation adjustments, foreign enterprises	(47)	2	(149)	74
Fair value adjustments of cash flow hedges	(106)	(149)	(285)	(140)
Fair value adjustments of cash flow hedges transferred to the Income Statement	(24)	2	49	134
Items that subsequently cannot be reclassified to the Income Statement:				
Remeasurement effects related to defined benefit pension plans	(1,138)	(497)	(1,281)	(415)
Income tax relating to remeasurement effects from defined benefit pension plans	243	123	280	103
Change of corporate income tax rate (relating to defined benefit pension plans)	-	-	93	-
Other comprehensive income/(loss)	**(1,072)**	**(519)**	**(1,293)**	**(244)**
Total comprehensive income	**(286)**	**145**	**1,826**	**3,540**

Balance Sheets DKKm

TDC Group	Note	31 December 2013	31 December 2012
Assets			
Non-current assets			
Intangible assets		31,411	32,762
Property, plant and equipment		15,403	15,337
Investments in joint ventures and associates		17	122
Other investments		51	5
Deferred tax assets		33	80
Pension assets	6	6,708	7,918
Receivables		271	251
Derivative financial instruments		137	466
Prepaid expenses		288	244
Total non-current assets		**54,319**	**57,185**
Current assets			
Inventories		331	317
Receivables		3,699	4,430
Derivative financial instruments		266	20
Prepaid expenses		623	591
Cash		1,172	973
Total current assets		**6,091**	**6,331**
Total assets		**60,410**	**63,516**
Equity and liabilities			
Share capital		812	825
Reserves		(817)	(432)
Retained earnings		18,603	19,222
Proposed dividends		1,786	1,898
Total equity		**20,384**	**21,513**
Non-current liabilities			
Deferred tax liabilities		3,953	5,449
Provisions		960	733
Pension liabilities	6	92	99
Loans	7	23,356	23,774
Derivative financial instruments		186	43
Deferred income		633	780
Total non-current liabilities		**29,180**	**30,878**
Current liabilities			
Loans	7	133	170
Trade and other payables		6,837	6,977
Income tax payable		331	379
Derivative financial instruments		76	74
Deferred income		2,958	2,937
Provisions		511	588
Total current liabilities		**10,846**	**11,125**
Total liabilities		**40,026**	**42,003**
Total equity and liabilities		**60,410**	**63,516**

Statements of Cash Flow DKKm

TDC Group	Q4 2013	Q4 2012	Change in %	2013	2012	Change in %
Operating profit before depreciation, amortisation and special items (EBITDA)	2,547	2,573	(1.0)	10,149	10,320	(1.7)
Adjustment for non-cash items	61	30	103.3	224	168	33.3
Pension contributions	19	(52)	136.5	(92)	(154)	40.3
Payments related to provisions	(4)	24	(116.7)	(9)	(11)	18.2
Cash flow related to special items	(195)	(491)	60.3	(592)	(1,007)	41.2
Change in working capital	825	1,163	(29.1)	49	130	(62.3)
Cash flow from operating activities before net financials and tax	**3,253**	**3,247**	**0.2**	**9,729**	**9,446**	**3.0**
Interest paid, net	(143)	(121)	(18.2)	(1,033)	(1,013)	(2.0)
Realised currency translation adjustments	1	-	-	20	8	150.0
Cash flow from operating activities before tax	**3,111**	**3,126**	**(0.5)**	**8,716**	**8,441**	**3.3**
Income tax paid	(1,193)	(1,219)	2.1	(1,508)	(1,555)	3.0
Total cash flow from operating activities	**1,918**	**1,907**	**0.6**	**7,208**	**6,886**	**4.7**
Investment in enterprises	(196)	(48)	-	(240)	(167)	(43.7)
Investment in property, plant and equipment	(908)	(635)	(43.0)	(2,882)	(2,568)	(12.2)
Investment in intangible assets	(268)	(279)	3.9	(897)	(1,038)	13.6
Investment in other non-current assets	(35)	(6)	-	(62)	(8)	-
Divestment of enterprises	-	-	-	-	2	-
Sale of property, plant and equipment	3	41	(92.7)	8	51	(84.3)
Divestment of joint ventures and associates	97	-	-	97	-	-
Sale of other non-current assets	50	3	-	55	9	-
Dividends received from joint ventures and associates	-	(253)	-	14	765	(98.2)
Total cash flow from investing activities	**(1,257)**	**(1,177)**	**(6.8)**	**(3,907)**	**(2,954)**	**(32.3)**
Proceeds from long-term loans	-	-	-	-	3,672	-
Repayments of long-term loans	-	-	-	-	(3,403)	-
Finance lease repayments	(16)	(19)	15.8	(66)	(72)	8.3
Change in short-term bank loans	-	-	-	-	(302)	-
Change in interest-bearing debt and receivables	-	-	-	-	(1)	-
Dividends paid	-	-	-	(3,036)	(3,592)	15.5
Acquisition of treasury shares	-	-	-	-	(750)	-
Total cash flow from financing activities	**(16)**	**(19)**	**15.8**	**(3,102)**	**(4,448)**	**30.3**
Total cash flow	**645**	**711**	**(9.3)**	**199**	**(516)**	**138.6**
Cash and cash equivalents (beginning-of-period)	527	262	101.1	973	1,489	(34.7)
Cash and cash equivalents (end-of-period)	**1,172**	**973**	**20.5**	**1,172**	**973**	**20.5**

Equity free cash flow DKKm

TDC Group	Q4 2013	Q4 2012	Change in %	2013	2012	Change in %
EBITDA	2,547	2,573	(1.0)	10,149	10,320	(1.7)
Change in working capital	825	1,163	(29.1)	49	130	(62.3)
Interest paid, net	(143)	(121)	(18.2)	(1,033)	(1,013)	(2.0)
Income tax paid	(1,193)	(1,219)	2.1	(1,508)	(1,555)	3.0
Cash flow from capital expenditure	(1,176)	(914)	(28.7)	(3,779)	(3,606)	(4.8)
Cash flow related to special items	(195)	(491)	60.3	(592)	(1,007)	41.2
Other	61	(17)	-	77	(61)	-
Equity free cash flow	**726**	**974**	**(25.5)**	**3,363**	**3,208**	**4.8**

Statements of Changes in Equity — DKKm

TDC Group	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Proposed dividends	Total
Equity at 1 January 2012	825	(616)	116	20,129	1,790	22,244
Profit for the period	-	-	-	3,784	-	3,784
Currency translation adjustments, foreign enterprises	-	74	-	-	-	74
Fair value adjustments of cash flow hedges	-	-	(140)	-	-	(140)
Fair value adjustments of cash flow hedges transferred to the Income Statement	-	-	134	-	-	134
Remeasurement effects related to defined benefit pension plans	-	-	-	(415)	-	(415)
Income tax relating to remeasurement effects from defined benefit pension plans	-	-	-	103	-	103
Total comprehensive income	**-**	**74**	**(6)**	**3,472**	**-**	**3,540**
Distributed dividends	-	-	-	(1,898)	(1,790)	(3,688)
Dividends, treasury shares	-	-	-	96	-	96
Acquisition of treasury shares	-	-	-	(750)	-	(750)
Share-based remuneration	-	-	-	71	-	71
Total transactions with shareholders	**-**	**-**	**-**	**(2,481)**	**(1,790)**	**(4,271)**
Equity at 31 December 2012	**825**	**(542)**	**110**	**21,120**	**-**	**21,513**

TDC Group	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Proposed dividends	Total
Equity at 1 January 2013	825	(542)	110	19,222	1,898	21,513
Profit for the period	-	-	-	1,333	1,786	3,119
Currency translation adjustments, foreign enterprises	-	(149)	-	-	-	(149)
Fair value adjustments of cash flow hedges	-	-	(285)	-	-	(285)
Fair value adjustments of cash flow hedges transferred to the Income Statement	-	-	49	-	-	49
Remeasurement effects related to defined benefit pension plans	-	-	-	(1,281)	-	(1,281)
Income tax relating to remeasurement effects from defined benefit pension plans	-	-	-	280	-	280
Change of corporate income tax rate (relating to defined benefit pension plans)	-	-	-	93	-	93
Total comprehensive income	**-**	**(149)**	**(236)**	**425**	**1,786**	**1,826**
Distributed dividends	-	-	-	(1,218)	(1,898)	(3,116)
Dividends, treasury shares	-	-	-	80	-	80
Cancellation of treasury shares	(13)	-	-	13	-	-
Share-based remuneration	-	-	-	81	-	81
Total transactions with shareholders	**(13)**	**-**	**-**	**(1,044)**	**(1,898)**	**(2,955)**
Equity at 31 December 2013	**812**	**(691)**	**(126)**	**18,603**	**1,786**	**20,384**

Notes to Consolidated Financial Statements

Note 1 Accounting policies

TDC's Consolidated Financial Statements for 2013 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the additional disclosure requirements issued by the IFRS Executive Order issued by the Danish Business Authority in pursuance of the Danish Financial Statements Act. For TDC there are no differences between IFRS as adopted by the EU and IFRS as issued by the IASB.

The Consolidated Financial Statements are based on the historical cost convention, except that the following assets and liabilities are measured at fair value: derivatives, financial instruments held for trading, and financial instruments classified as available for sale.

When preparing the Consolidated Financial Statements, Management makes assumptions that affect the reported amount of assets and liabilities at the balance sheet date, and the reported income and expenses for the accounting period. The accounting estimates and judgements considered material to the preparation of the Consolidated Financial cf. TDC's Group Annual Report note 2.

Changed accounting for pensions

As mentioned in the Annual Report for 2012, the amended IAS 19 Employee Benefits, effective from 1 January 2013, impact on TDC's Financial Statements as follows:

- The pension funds' administrative expenses are now recognised in pension costs. Previously, they were implicitly included in the expected long-term return on assets

- Interest on pension assets is calculated on the basis of the pension funds' net assets (assets less liabilities) using a discount rate. Previously, it was calculated as the fair value of the pension funds' assets multiplied by the expected long-term rate of return less the pension liability multiplied by the discount rate

- TDC no longer applies the supplementary EBITDA, EBITDA before pension income, as the interest components (previously presented as 'Pension income') are now reclassified to an item under financial items ('interest on pension assets')

- Pension assets, pension liabilities as well as equity are not impacted

The comparative figures for previous years have been restated accordingly. The impact on the Financial Statements for 2013 and 2012 is shown below.

Impact on Consolidated Financial Statements

	Previous IAS 19	Changed presentation	Changed accounting policy	New IAS 19
Operating profit before pension income, depreciation, amortisation and special items (EBITDA before pension income)				
2013	10,159	-	(10)	10,149
2012	10,331	-	(11)	10,320
Pension income				
2013	237	(237)	-	-
2012	80	(80)	-	-
Operating profit before depreciation, amortisation and special items (EBITDA)				
2013	10,396	(237)	(10)	10,149
2012	10,411	(80)	(11)	10,320
Interest on pension assets				
2013	-	237	29	266
2012	-	80	266	346
Income taxes				
2013	(394)	0	(5)	(399)
2012	(538)	0	(64)	(602)
Profit for the year				
2013	3,105	0	14	3,119
2012	3,593	0	191	3,784
Earnings per share (EPS) (DKK)				
2013	3.88	0	0.02	3.90
2012	4.48	0	0.24	4.72
Other comprehensive income/(loss)				
2013	(1,279)	-	(14)	(1,293)
2012	(53)	-	(191)	(244)
Equity				
2013	20,384	-	-	20,384
2012	21,513	-	-	21,513

Note 2 Segment reporting

In July 2013, TDC completed reorganising certain parts of the Danish operations, as announced on 16 May. All consumer brands including YouSee are now joined in the business line "Consumer" to strengthen TDC's multi-brand strategy and ensure optimal marketing across all brands. A new business unit named Channels has been formed comprising all call centres as well as online departments across the Danish part of the Group. A number of business areas from YouSee A/S are now organised together with their functional equivalents in TDC A/S especially in Consumer, Operations and Channels.

As a consequence of the changes, TDC's reportable segments comprise Consumer, Business, Wholesale, Nordic and Operations & Channels[1].

Moreover, to simplify and increase the level of transparency of Group reporting in the future, TDC eliminated a large share of the internal cost allocations, including costs related to infrastructure use, inventory services and logistics. Cost allocations are now used only in relation to postage, freight, electricity for data centre hosting and rent for TDC shops to ensure incentives to optimise the use of such services.

Comparative figures have been restated accordingly.

[1] In TDC's Fact Sheets, financial data are reported for the business units Consumer, Business, Wholesale, Nordic and Cost Centre, covering the three units Operations, Channels and Headquarters, that constitute the majority of the Danish cost base.

Segments DKKm

	Consumer		Business		Wholesale	
	Q4 2013	Q4 2012	Q4 2013	Q4 2012	Q4 2013	Q4 2012
Landline telephony	360	412	344	401	71	103
Mobility services	814	948	469	507	108	126
Internet and network	584	577	581	616	177	179
TV	1,008	993	9	8	7	4
Other services	301	380	278	292	30	36
Revenue	**3,067**	**3,310**	**1,681**	**1,824**	**393**	**448**
Total operating expenses excl. depreciation, etc.	(1,148)	(1,347)	(521)	(642)	(132)	(147)
Other income and expenses	9	(4)	-	26	-	-
EBITDA	**1,928**	**1,959**	**1,160**	**1,208**	**261**	**301**
Specification of revenue:						
External revenue	3,048	3,305	1,632	1,733	356	382
Revenue across segments	19	5	49	91	37	66

	Nordic		Operations & Channels		Total	
	Q4 2013	Q4 2012	Q4 2013	Q4 2012	Q4 2013	Q4 2012
Landline telephony	-	-	3	4	778	920
Mobility services	-	-	(1)	(1)	1,390	1,580
Internet and network	-	-	16	10	1,358	1,382
TV	-	-	3	-	1,027	1,005
Other services	-	-	104	84	713	792
Nordic	1,086	1,125	-	-	1,086	1,125
Revenue	**1,086**	**1,125**	**125**	**97**	**6,352**	**6,804**
Total operating expenses excl. depreciation, etc.	(925)	(968)	(965)	(1,038)	(3,691)	(4,142)
Other income and expenses	1	4	37	49	47	75
EBITDA	**162**	**161**	**(803)**	**(892)**	**2,708**	**2,737**
Specification of revenue:						
External revenue	1,036	1,056	77	72	6,149	6,548
Revenue across segments	50	69	48	25	203	256

Reconciliation of revenue DKKm

	Q4 2013	Q4 2012
Reportable segments	6,352	6,804
Elimination of revenue across segments	(203)	(256)
Consolidated external revenue	**6,149**	**6,548**

Reconciliation of profit before depreciation, amortisation and special items (EBITDA) DKKm

	Q4 2013	Q4 2012
EBITDA from reportable segments	2,708	2,737
EBITDA from Headquarters	(161)	(164)
Elimination of EBITDA	-	-
Unallocated:		
Depreciation, amortisation and impairment losses	(1,331)	(1,368)
Special items	(171)	(188)
Profit from associates and joint ventures	33	1
Interest income and expenses	(247)	(262)
Currency translation adjustments	(3)	(8)
Fair value adjustments	88	13
Interest on pension assets	67	85
Consolidated profit before income taxes	**983**	**846**

Segments DKKm

	Consumer		Business		Wholesale	
	2013	2012	2013	2012	2013	2012
Landline telephony	1,492	1,725	1,432	1,598	309	386
Mobility services	3,352	3,879	1,934	2,167	416	541
Internet and network	2,331	2,285	2,366	2,495	689	718
TV	4,075	3,890	37	31	23	15
Other services	1,080	1,346	1,046	1,051	143	177
Revenue	**12,330**	**13,125**	**6,815**	**7,342**	**1,580**	**1,837**
Total operating expenses excl. depreciation, etc.	(4,671)	(5,279)	(2,095)	(2,444)	(480)	(603)
Other income and expenses	(6)	(18)	(1)	26	-	-
EBITDA	**7,653**	**7,828**	**4,719**	**4,924**	**1,100**	**1,234**
Specification of revenue:						
External revenue	12,320	13,064	6,580	7,063	1,372	1,566
Revenue across segments	10	61	235	279	208	271

	Nordic		Operations & Channels		Total	
	2013	2012	2013	2012	2013	2012
Landline telephony	-	-	12	15	3,245	3,724
Mobility services	-	-	2	2	5,704	6,589
Internet and network	-	-	47	47	5,433	5,545
TV	-	-	3	-	4,138	3,936
Other services	-	-	350	260	2,619	2,834
Nordic	4,264	4,429	-	-	4,264	4,429
Revenue	**4,264**	**4,429**	**414**	**324**	**25,403**	**27,057**
Total operating expenses excl. depreciation, etc.	(3,615)	(3,804)	(4,002)	(4,216)	(14,863)	(16,346)
Other income and expenses	6	10	131	153	130	171
EBITDA	**655**	**635**	**(3,457)**	**(3,739)**	**10,670**	**10,882**
Specification of revenue:						
External revenue	4,032	4,186	301	237	24,605	26,116
Revenue across segments	232	243	113	87	798	941

Reconciliation of revenue DKKm

	2013	2012
Reportable segments	25,403	27,057
Elimination of revenue across segments	(798)	(941)
Consolidated external revenue	**24,605**	**26,116**

Reconciliation of profit before depreciation, amortisation and special items (EBITDA) DKKm

	2013	2012
EBITDA from reportable segments	10,670	10,882
EBITDA from Headquarters	(521)	(562)
Elimination of EBITDA	-	-
Unallocated:		
Depreciation, amortisation and impairment losses	(5,038)	(5,062)
Special items	(948)	(753)
Profit from associates and joint ventures	41	763
Interest income and expenses	(1,021)	(1,112)
Currency translation adjustments	6	(51)
Fair value adjustments	63	(65)
Interest on pension assets	266	346
Consolidated profit before income taxes	**3,518**	**4,386**

Note 3 Employee

FTEs (EoP)	Q4 2013	Q4 2012	Change in % Q4 2013 vs Q4 2012
Consumer	943	1,056	(10.7)
Business	1,125	1,126	(0.1)
Wholesale	129	149	(13.4)
Nordic	1,221	1,234	(1.1)
Cost centre[1] [2]	5,410	5,578	(3.0)
TDC Group	**8,828**	**9,143**	**(3.4)**
TDC Group, domestic	**7,612**	**7,914**	**(3.8)**

Average number of FTEs	Q4 2013	Q4 2012	Change in % Q4 2013 vs Q4 2012
Consumer	996	1,063	(6.3)
Business	1,096	1,133	(3.3)
Wholesale	135	157	(14.0)
Nordic	1,260	1,246	1.1
Cost centre[1]	5,520	5,741	(3.8)
TDC Group	**9,007**	**9,340**	**(3.6)**
TDC Group, domestic	**7,751**	**8,100**	**(4.3)**

[1] Includes Operations, Channels, Headquarters, expats and personnel on leave, etc.
[2] Including ComX with 60 FTEs as from December 2013

Note 4 Special items

Special items include significant amounts that cannot be attributed to normal operations such as restructuring costs and special write-downs for impairment of intangible assets and property, plant and equipment. Special items also include gains and losses related to divestment of enterprises, as well as transaction costs and adjustments of purchase prices relating to acquisition of enterprises on or after 1 January 2010.

Items of a similar nature for non-consolidated enterprises and discontinued operations are recognised under profit from joint ventures and associates and profit for the year from discontinued operations, respectively.

In 2013, costs related to redundancy programmes and vacant tenancies included a reassessment of the provision for expected expenses in relation to vacant tenancies. The additional provision of DKK 298m is due to additional vacant premises following reduced number of domestic employees and reassessment of the expected sublet of the tenancies. TDC has entered into agreements on property leases terminating in 2041 at the latest. Provisions have been made for expected expenses in relation to vacant tenancies, based on factors such as the expected timing and level of rent for sublet tenancies. The vacant tenancies comprise surplus premises in offices, telephone exchanges, etc. following the reduced number of employees and less space-demanding equipment. TDC will continue to sublet additional tenancies following further reductions in the number of employees and upgrading to technical equipment which requires less square meters.

Other restructuring costs, etc. include estimated costs of DKK 194m following the contract with Huawei comprising equipment and operation of the mobile network. The costs relate primarily to the termination of the former contract with Ericsson. Of the corresponding payments, DKK34m impacted on 2013. Of the remaining approximately DKK 160m, DKK 8m is expected to be paid in 2014 and DKK 38m in each of the years 2015-2018.

Income from rulings comprised primarily a settlement (DKK 62m) of a Swedish dispute over interconnect fees.

In 2012, Other restructuring costs, etc. included primarily costs due to the new IT outsourcing agreement with Tata Consultancy Services and the termination of the former contract with CSC, i.e. termination, transition and transformation costs DKK 273m. In 2013, additionally DKK 20m were expensed in relation to outsourcing. The total payments related to the change of vendor are expected to amount to DKK 349m. Of this amount, DKK 102m were paid in 2012 and DKKm 87 was paid in 2013 while the remaining payments of DKK 160m are expected to be paid in the period 2014-2016.

Income from rulings in 2012 comprised primarily a VAT refund for the period 1997-2009.

Special items — DKKm

TDC Group	Q4 2013	Q4 2012	2013	2012
Profit for the period, excl. special items	**869**	**795**	**3,780**	**3,448**
Consolidated enterprises:				
Costs related to redundancy programmes and vacant tenancies	(217)	(178)	(747)	(493)
Other restructuring costs, etc.	18	(38)	(265)	(320)
Gain from divestments of enterprises	-	1	-	1
Impairment losses	-	(2)	(14)	(24)
Income from rulings	34	35	91	117
Loss from rulings	(5)	(4)	(12)	(32)
Costs related to acquisition of enterprises	(1)	(2)	(1)	(2)
Special items before income taxes	**(171)**	**(188)**	**(948)**	**(753)**
Income taxes related to special items	50	57	249	329
Special items after income taxes in consolidated enterprises	**(121)**	**(131)**	**(699)**	**(424)**
Special items related to joint ventures and associates	38	-	38	760
Total special items after taxes	**(83)**	**(131)**	**(661)**	**336**
Profit for the period	**786**	**664**	**3,119**	**3,784**

Cash flow from special items DKKm

TDC Group	Q4 2013	Q4 2012
Redundancy programmes and vacant tenancies	(108)	(183)
Rulings	(9)	(266)
Other	(78)	(42)
Total	**(195)**	**(491)**

	2013	2012
Redundancy programmes and vacant tenancies	(421)	(624)
Rulings	42	(228)
Other	(213)	(155)
Total	**(592)**	**(1,007)**

Note 5 Net financials

Net financials[1] represented an expense of DKK 952m in 2013, a DKK 276m decrease compared with 2012, driven by:

- Interest declined by DKK 91m, due primarily to lower interest rates after refinancing of the EMTN bond debt that matured in April 2012 and lower interest rates related to EMTN EUR bond debt that was swapped to floating interest rates.
- Fair value adjustments losses improved by DKK 128m due primarily to cross-currency swaps related to the EMTN GBP debt[2].
- Currency translation adjustments improved by DKK 57m due primarily to losses in 2012 related to EMTN EUR bond debt and EMTN GBP bond debt swapped to EUR.

Approximately 43% of the issued fixed interest-rate EMTN loans were swapped to floating interest rates. Inaddition, the EMTN GBP bond debt was swapped to EUR. Both types of derivatives are treated as hedge accounting[2]

[1] Comprises interest, currency translation adjustments and fair value adjustments.
[2] The GBP EMTN loan is hedged to fixed EUR interest rate and treated as hedge accounting. The hedge is recognised in Other Comprehensive Income and the ineffective part of the hedge is reversed from equity and recognised as fair value adjustments in the Income Statements. The test of efficiency is comparing the GBP/EUR hedge with a theoretical GBP/DKK hedge.

Net financials DKKm

TDC Group	2013			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(891)	(1)	(49)	(941)
Other hedges (not treated as hedge accounting)	-	-	112	112
Other	(130)	7	-	(123)
Net financials	**(1,021)**[3]	**6**	**63**	**(952)**

TDC Group	Q4 2013			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(223)	(4)	25	(202)
Other hedges (not treated as hedge accounting)	-	-	63	63
Other	(24)	1	-	(23)
Net financials	**(247)**[3]	**(3)**	**88**	**(162)**

TDC Group	2012			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(982)	(76)	(134)	(1,192)
Other hedges (not treated as hedge accounting)	(26)	14	69	57
Other	(104)	11	-	(93)
Net financials	**(1,112)**[3]	**(51)**	**(65)**	**(1,228)**

TDC Group	Q4 2012			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(233)	(10)	(3)	(246)
Other hedges (not treated as hedge accounting)	(9)	(1)	16	6
Other	(20)	3	-	(17)
Net financials	**(262)**[3]	**(8)**	**13**	**(257)**

[3] Interest is specified as follows: Q4 2013 (DKK 247m): Interest income, DKK 20m and interest expenses, DKK (267)m; Q4 2012 DKK(262m): Interest income, DKK 56m and interest expenses, DKK (318)m; 2013 (DKK 1,021m): Interest income, DKK 46m and interest expenses, DKK (1,067)m; 2012 (DKK 1,112m): Interest income, DKK 172m and interest expenses, DKK (1,284)m.

Note 6 Pension assets and pension obligations

Pension income/(costs)from defined benefit plans

TDC Group	Q4 2013	Q4 2012	2013	2012
Specification of plans:				
Domestic	28	48	103	191
TDC Norway	(5)	(6)	(18)	(20)
Pension income/(costs) from defined benefit plans	**23**	**42**	**85**	**171**
Recognition:				
Service cost[1]	(44)	(41)	(171)	(164)
Administration costs	(1)	(2)	(10)	(11)
Wages, salaries and pension costs (included in EBITDA)	**(45)**	**(43)**	**(181)**	**(175)**
Interest on pension assets	68	85	266	346
Pension income/(costs) from defined benefit plans recognised in the income statements	**23**	**42**	**85**	**171**

[1] The increase in the present value of the defined benefit obligation resulting from employees' services in the current period.

Domestic defined benefit plan DKKm

The pension fund operates defined benefit plans via a separate legal entity supervised by the Danish Financial Supervisory Authority (FSA). In accordance with existing legislation, articles of association and the pension regulations, TDC is required to make contributions to meet the capital adequacy requirements. Distribution of funds from the pension fund to TDC is not possible until all pension obligations have been met. Since 1990, no new members have joined the pension fund plans, and the pension fund is prevented from admitting new members in the future due to the articles of association.

Pension (costs)/income	Q4 2013	Q4 2012	2013	2012
Service cost	(38)	(36)	(155)	(144)
Administration costs	(1)	(2)	(10)	(11)
Wages, salaries and pension costs (included in EBITDA)	**(39)**	**(38)**	**(165)**	**(155)**
Interest on pension assets	67	86	268	346
Pension (costs)/income	**28**	**48**	**103**	**191**
Domestic redundancy programmes recognised in special items	(48)	(53)	(120)	(122)
Total pension (costs)/income recognised in the Income Statements	**(20)**	**(5)**	**(17)**	**69**

Assets and obligations	2013	2012
Specification of pension assets		
Fair value of plan assets	28,421	30,543
Defined benefit obligation	(21,713)	(22,625)
Pension assets recognised in the Balance Sheets	**6,708**	**7,918**
Change in pension assets		
Pension assets recognised at 1 January	7,918	8,060
Pension (costs)/income	(17)	69
Remeasurement effects	(1,273)	(412)
TDC's contribution	80	201
Pension assets recognised in the Balance Sheets at 31 December	**6,708**	**7,918**
Weighted-average assumptions used to determine benefit obligations		
Discount rate	3.50	3.35
Weighted-average assumptions used to determine net periodic pension cost		
Discount rate	3.35	4.25

Foreign defined benefit plan

TDC's foreign defined benefit plans concern TDC Norway. The difference between the actuarially determined pension obligations and the fair value of the pension funds' assets is recognised in the Balance Sheets under pension liabilities.

Pension contributions related to foreign defined benefit plans amounted to DKK 24m (2012: DKK 18m). Pension liabilities related to foreign defined benefit plans amounted to DKK 92m (2012: DKK 99m).

Note 7 Loans and net interest-bearing debt

Net interest-bearing debt totalled DKK 21,654m at the end of 2013. This resulted in a leverage ratio (Net interest bearing debt/EBITDA) of 2.1, within our financial policy of a ratio at or below 2.2. During 2013, net interest-bearing debt decreased by DKK 264m as positive net cash flows from operating and investing activities (DKK 3,301m) exceeded dividends paid (DKK 3,036m).

Approximately 43% of the fixed interest-rate EMTN bond debt has been swapped to floating interest rates. In addition, the EMTN GBP bonds debt was swapped to fixed EUR interest rates. Both types of derivatives are treated as hedge accounting.

Net interest-bearing debt — DKKm

TDC Group	31 December 2013	31 December 2012
Loans (Non-current liabilities):		
Euro Medium Term Notes (EMTN)	22,819	23,134
Debt relating to finance leases	99	130
Other loans	438	510
Total	**23,356**	**23,774**
Loans (Current liabilities):		
Debt relating to finance leases	39	76
Other loans	94	94
Total	**133**	**170**
Total loans	**23,489**	**23,944**
Interest-bearing payables	3	2
Gross interest-bearing debt	**23,492**	**23,946**
Interest-bearing receivables and investments	(267)	(201)
Cash	(1,172)	(973)
Derivative financial instruments hedging fair value and currency on loans	(399)	(854)
Net interest-bearing debt	**21,654**	**21,918**

Euro Medium Term Notes (EMTNs) — Bonds

Euro Medium Term Notes (EMTN)		2015	2015	2018	2022	2023	Total
Maturity		23 Feb 2015	16 Dec 2015	23 Feb 2018	02 Mar 2022	23 Feb 2023	
Fixed/Floating rate		Fixed	Fixed	Fixed	Fixed	Fixed	
Coupon		3.500%	5.875%	4.375%	3.750%	5.625%	
Outstanding amount[1] at 1 January 2013	EURm	800	274	800	500	-	2,374
Outstanding amount[1] at 1 January 2013	GBPm	-	-	-	-	550	550
Outstanding amount[1] at 31 December 2013	**EURm**	**800**	**274**	**800**	**500**	-	**2,374**
Outstanding amount[1] at 31 December 2013	**GBPm**	**-**	**-**	**-**	**-**	**550**	**550**
Outstanding amount[1] at 31 December 2013	**DKKm**	**5,968**	**2,041**	**5,968**	**3,730**	**4,929**	**22,636**

[1] Nominal value.

Note 8 Other financial commitments

TDC's capital and purchase commitments amounted to DKK 3.2bn at 31 December 2013 compared with DKK 1.2bn at 31 December 2012.The increase is due primarily to the six-year contract with Huawei regarding equipment and operation of the mobile network.

Selected financial and operational data

TDC Group					DKKm
	2013	**2012**	**2011**	**2010**	**2009**
Income Statements DKKm					
Revenue	24,605	26,116	26,304	26,167	26,079
Gross profit	17,791	18,518	19,172	19,420	19,635
EBITDA	**10,149**	**10,320**	**10,488**	**10,321**	**10,234**
Depreciation, amortisation and impairment losses	(5,038)	(5,062)	(5,227)	(5,356)	(4,659)
Operating profit (EBIT), excluding special items	**5,111**	**5,258**	**5,261**	**4,965**	**5,575**
Special items	(948)	(753)	(864)	(1,347)	(1,119)
Operating profit (EBIT)	**4,163**	**4,505**	**4,397**	**3,618**	**4,456**
Profit from joint ventures and associates	41	763	(25)	13	76
Interest income and expenses	(1,021)	(1,112)	(1,305)	(1,591)	(1,554)
Currency translation adjustments	6	(51)	51	(20)	(257)
Fair value adjustments	63	(65)	374	115	(253)
Interest on pension assets	266	346	377	385	398
Profit before income taxes	**3,518**	**4,386**	**3,869**	**2,520**	**2,866**
Income taxes	(399)	(602)	(1,112)	(765)	(833)
Profit for the year from continuing operations	**3,119**	**3,784**	**2,757**	**1,755**	**2,033**
Profit for the year from discontinued operations[1]	-	-	(5)	1,203	422
Profit for the year	**3,119**	**3,784**	**2,752**	**2,958**	**2,455**
Attributable to:					
Owners of the Parent Company	3,119	3,784	2,752	2,958	2,496
Minority interests	-	-	-	-	(41)
Profit for the year, excluding special items					
Operating profit (EBIT)	**5,111**	**5,258**	**5,261**	**4,965**	**5,575**
Profit from joint ventures and associates	3	3	(25)	3	(1)
Interest income and expenses	(1,021)	(1,112)	(1,305)	(1,591)	(1,554)
Currency translation adjustments	6	(51)	51	(20)	(257)
Fair value adjustments	63	(65)	374	115	(253)
Interest on pension assets	266	346	377	385	398
Profit before income taxes	**4,428**	**4,379**	**4,733**	**3,857**	**3,908**
Income taxes	(648)	(931)	(1,291)	(1,018)	(1,109)
Profit for the year from continuing operations	**3,780**	**3,448**	**3,442**	**2,839**	**2,799**
Profit for the year from discontinued operations[1]	-	-	-	413	575
Profit for the year	**3,780**	**3,448**	**3,442**	**3,252**	**3,374**

Selected financial and operational data

TDC Group

		2013	2012	2011	2010	2009
Balance Sheets	DKKbn					
Total assets		60.4	63.5	65.2	64.8	86.4
Net interest-bearing debt		(21.7)	(21.9)	(21.0)	(22.6)	(33.5)
Total equity		20.4	21.5	22.2	20.9	27.1
Average number of shares outstanding (million)		798.9	802.3	816.7	981.8	990.5
Statements of Cash Flow	DKKm					
Continuing operations:						
Operating activities		7,208	6,886	7,177	7,238	7,440
Investing activities		(3,907)	(2,954)	(3,637)	(3,889)	(4,811)
Financing activities		(3,102)	(4,448)	(2,815)	(20,091)	(10,261)
Total cash flow from continuing operations		**199**	**(516)**	**725**	**(16,742)**	**(7,632)**
Total cash flow in discontinued operations[1]		-	-	(67)	16,810	1,677
Total cash flow		**199**	**(516)**	**658**	**68**	**(5,955)**
Equity free cash flow		3,363	3,208	3,622	3,466	3,355
Capital expenditure		(3,696)	(3,492)	(3,421)	(3,534)	(3,891)
Key financial ratios						
Earnings Per Share (EPS)	DKK	3.90	4.72	3.37	3.01	2.52
EPS from continuing operations, excl. special items	DKK	4.73	4.30	4.21	2.89	2.83
Adjusted EPS	DKK	5.55	5.53	5.61	4.19	3.82
DPS	DKK	3.70	4.60	4.35	-	6.05
Dividend payout (% of EFCF)	%	89.3	118.3	99.1	-	-
Gross profit margin	%	72.3	70.9	72.9	74.2	75.3
EBITDA margin	%	41.2	39.5	39.9	39.4	39.2
Net interest-bearing debt/EBITDA	x	2.1	2.1	2.0	2.2	3.3
Employees[2]						
Number of FTEs (end-of-year)		8,828	9,143	9,816	10,423	11,277
Average number of FTEs		9,007	9,340	10,106	10,860	11,519

[1] The operations of the following enterprises are presented as discontinued operations: Sunrise (divested in 2010) and Invitel (divested in 2009). Other divestments are included in the respective accounting items during the ownership.
[2] From Q1 2012, Danish civil servants seconded to external parties are excluded from the calculation of FTEs. At EOP 2011, 156 seconded civil servants were included in the FTE figures.

Corporate matters

Changes in the Executive Committee of TDC A/S

On 21 January 2014, TDC announced that Eva Berneke, Senior Executive Vice President of TDC Business, has decided to resign from TDC to take op the position as Chief Executive Officer in a large Danish enterprise. Eva Berneke will resign from TDC at the end of July 2014 at the latest. A new senior executive vice president of TDC Business has not yet been appointed.

On 29 January, TDC announced that Anders Jensen, Senior Executive Vice President of TDC Consumer, has given in his resignation in order to pursue new career opportunities in Scandinavia or internationally. Anders Jensen will resign from TDC at the end of February 2014, but will until 30 June 2014 be at the disposal of TDC on an ad hoc basis in connection with the transition to his successor.

On 31 January 2014 TDC announced that Johan Kirstein Brammer takes up the position as new senior executive vice president, as of 1 March 2014, with responsibility for the business line Consumer, Group CMO, and member of the Executive Committee of the company.

Johan Kirstein Brammer is 37 years old and holds a Master of Laws degree from the University of Copenhagen, Graduate Diploma in Finance from CBS, and an MBA from the Australian Graduate School of Management.

He takes up the appointment from a position as consultant with Egon Zehnder International, and in the period 2011-2012 he was senior vice president of TDC's mobile division for the consumer market. Prior to that, he was head of TDC Group Strategy from 2009. Previously, he has held positions as head of Carlsberg's business development in Eastern Europe and consultant in McKinsey & Co.

Risk factors

TDC's Annual Report at 5 February 2013 describes certain risks that could materially and adversely affect TDC's business, financial condition, results of operations and/or cash flows. At the end of 2013, TDC expects no significant changes in the risks.

Forward-looking Statements

This Report may include statements about TDC's expectations, beliefs, plans, objectives, assumptions or future events or performance that are not historical facts and may be forward-looking. These statements are often, but not always, formulated using words or phrases such as "are likely to result", "are expected to", "will continue", "believe", "is anticipated", "estimated", "intends", "expects", "plans", "seeks", "projection" and "outlook" or similar expressions or negatives thereof. These statements involve known and unknown risks, estimates, assumptions and uncertainties that could cause actual results, performance or achievements or industry results to differ materially from those expressed or implied by such forward-looking statements.

Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this financial report. Key factors that may have a direct bearing on TDC's results include: the competitive environment and the industry in which TDC operates; contractual obligations in TDC's financing arrangements; developments in competition within the domestic and international communications industry; information technology and operational risks including TDC's responses to change and new technologies; introduction of and demand for new services and products; developments in demand, product mix and prices in the mobile and multimedia services market; research regarding the impact of mobile phones on health; changes in applicable legislation, including but not limited to tax and telecommunications legislation and anti-terror measures; decisions made by the Danish Business Authority; the possibility of being awarded licences; increased interest rates; the status of important intellectual property rights; exchange-rate fluctuations; global and local economic conditions; investments in and divestment of domestic and foreign companies; and supplier relationships.

As the risk factors referred to in this Report could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this Report, undue reliance is not to be placed on any of these forward-looking statements. New factors will emerge in the future that TDC cannot predict. In addition, TDC cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.

Management Statement

Management Statement

Today, the Board of Directors and the Executive Committee considered and approved the Financial Statements of the TDC Group for 2013.

The Financial Statements have been prepared in accordance with International Financial Reporting Statements (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the Financial Statements provides a true and fair view of the Group's assets, liabilities and financial position at 31 December 2013 as well as the results of operations and cash flows for the financial year 2013. Furthermore, in our opinion, the Management's Review provides a fair review of the developments in the Group's activities and financial position, and describes the significant risks and uncertainties that may affect the Group.

Copenhagen, 4 February 2014

Executive Committee

Carsten Dilling
President and Group Chief Executive Officer

Pernille Erenbjerg
Senior Executive Vice President and Group Chief Financial Officer

Anders Jensen
Senior Executive Vice President of Consumer and Group Chief Marketing Officer

Peter Trier Schleidt
Senior Executive Vice President of Operations and Group Chief Operating Officer

Eva Berneke
Senior Executive Vice President of Business

Jens Munch-Hansen
Senior Executive Vice President of Wholesale and Nordic

Jens Aaløse
Senior Executive Vice President of Channels

Miriam Igelsø Hvidt
Senior Executive Vice President of HR and Stakeholder Relations

Board of Directors

Vagn Sørensen
Chairman

Pierre Danon
Vice Chairman

Stine Bosse

Pieter Knook

Angus Porter

Lars Rasmussen

Søren Thorup Sørensen

Jan Bardino

Christian A. Christensen

Steen M. Jacobsen

John Schwartzbach

Hanne Trebbien

Gert Winkelmann

About TDC

TDC is the leading provider of communications services in Denmark with a strong Nordic focus. TDC comprises the business units Consumer, Business, Wholesale and Nordic and the cost centre Operations/Channels/Headquarters.

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Listing

Shares: NASDAQ OMX Copenhagen.
Reuters TDC.CO.
Bloomberg TDC DC.
Nominal value DKK 1.
ISIN DK0060228559.