Financial Report April – June 2017

August 10th, 2017

TDC Group

Disclaimer

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

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

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

The market shares included in this report are estimated by TDC Group Market Intelligence and may change with retrospective effect as increased knowledge of the market is obtained. The total market is defined to include residential and business. Market share for landline voice is based on number of lines. Market shares for broadband and TV are based on subscriptions. Market share for mobile voice is based on subscriptions excl. prepaid cards.

Introduction

Q2 highlights

- **EBITDA stabilisation** continued with a slight decline of 2.8% YoY compared with -9.7% in Q2 2016. This was driven by improvements in especially our Consumer division in Denmark
- **Increase of 10.6% in EFCF** in Q2 2017 YoY driven primarily by special items due to compensation from the Danish State for the costs of providing a maritime distress and safety service (DKK 54m); this supports our ambition of stable or moderate EFCF growth in 2017
- Continued **high growth rates in Norway** (7.7% including the effect of a one-off), stemming mainly from Get. However, TDC Norway was back to growth in Q2 2017
- **Organic opex improvement** continued in Q2 (3.3%); expected organic cost savings of DKK ~300m in 2017. FTE base reduced organically by 400 FTEs during H1 2017 and more than 200 FTEs have been given notice and will leave the Group in H2; 8% FTE reduction in 2017
- **EBITDA decrease** of 10.3% in **Business**, which is an improvement on previous quarters stemming from growth in, for example, Skype for Business for the small and medium-sized business segment
- **TDC Business** chosen as secondary supplier in one of the large public tender agreements (SKI 02.08); however, awaiting the most important and largest public tender agreement (SKI 50.48)
- Loss of **23k TV customers** in Denmark vs. Q1 including the loss of a large MDU (8k). This was in line with the market development
- Continued **improved churn in landline voice** in Consumer; lowest churn in more than 5 years. Consumer revenue declined by DKK 38m YoY compared with DKK 61m in Q2 2016
- Continued growth in **Consumer mobility services** revenue and gross profit; increase in ARPU YoY (DKK 3) and improved churn vs. Q1 in spite of announced price increases from Q3 to balance negative impact from the Roam Like at Home regulation
- Digital launches and process optimisation in Q2; impact still to be seen as **recommend score** remained level with Q1 (64) and touchpoint and operational KPIs experienced a setback in Q2 vs. Q1. However, calls to support & billing reduced by 14% YoY and 11% vs. Q1 2017
- **Outbound data roaming** traffic increased by ~300% in Q2 YoY in line with our expectations
- For the third year in a row the Danish Technological Institute concluded that TDC Group has **the best mobile network in Denmark**
- **Divestment of TDC Hosting** completed in Q2; first quarter without TDC Hosting in reported figures
- **2017 guidance** reaffirmed on all parameters; EBITDA > DKK 8.2bn; EFCF: Stable or moderate growth; DPS: DKK 1.05; as announced as of 6 February 2017

TDC Group

We continue to execute on the strategy and deliver results

Always better and simpler

Better connectivity

- **Best mobile network in Denmark re-confirmed** by 3rd party assessment. Our 4G coverage is 99.5%
- 49% of broadband customers at TDC owned cable networks can be **offered 1 gigabit broadband speeds**; this corresponds to ~6% of all Danish households
- **New VoLTE /Wi-Fi calling feature** and newly signed agreements with **high quality roaming partners** ensure high performing mobile experiences (national and international)

Better offerings

- **Our Nordic TV strategy to offer a premium TV** experience of relevant and curated content is progressing well in Denmark and Norway
- **YouSee unified broadband portfolio launched now including a security package.** 12% of the base have already signed up for the package in two months
- **Blockbuster** launch initiated in Norway, Sweden and Finland

Better customer experience

- Multiple important digital launches for our customers, e.g., enabling **online changing of booked technicians in YouSee** previously generating ~1500 calls per week
- All **customer support functions insourced in Business** together with a new structured skills training programme driving significant first time right improvements; increased by 3 percentage points vs. Q4 2016
- **Get digitisation programme** continue to digitise touchpoints; Get.no touchpoints continue to increase ~45% YoY since 2014

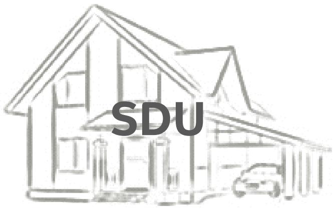
Simplified digital operating model

- New **aligned TV and broadband portfolio launched in YouSee** completing YouSee and TDC brand merger in product portfolio enabling elimination of processes and IT platforms
- **Well executed efficiency programme;** In Q2, offered calls to support & billing were reduced by 14% YoY. In H1, the FTE base was reduced organically by 400 FTEs and more than 200 FTEs have been given notice and will leave the Group in H2, comprising an 8% FTE reduction in 2017 across the Group

TDC Group

Nordic TV strategy enabling flexible and integrated entertainment experiences

Inside home



Regain relevancy on content

«Unique mix of global and local linear channels and SVODs, series, movies, news and factuals»

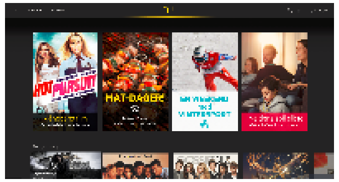
Customer flexibility

«Choose your content – linear and non-linear, in your TV-package»

All relevant platforms

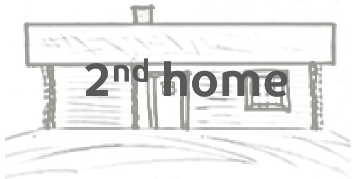
«Rich user experience: in the home through our new generation of set-top box and out-of-home through streaming based apps»

Content curation



«Active aggregator through manual and automatic content recommendations»

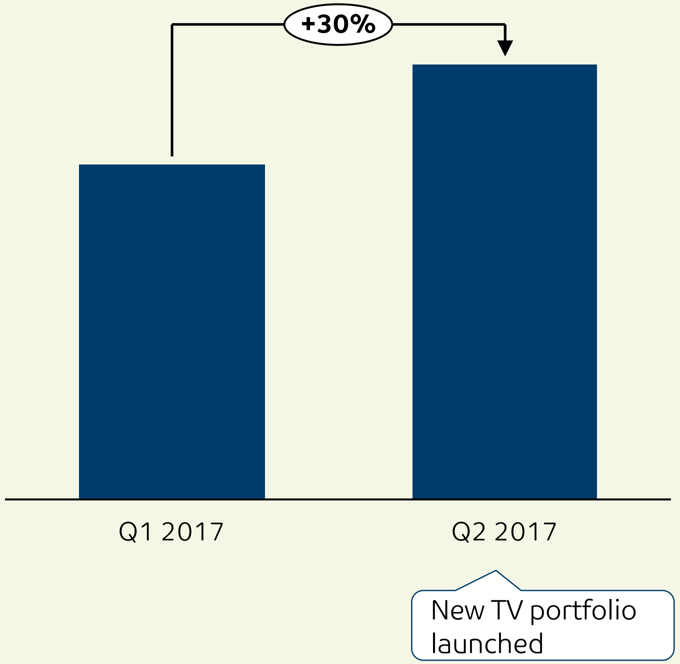
Outside home



New YouSee TV portfolio in Denmark creates more customer engagement with TV packages and higher set-top box (STB) penetration at sale

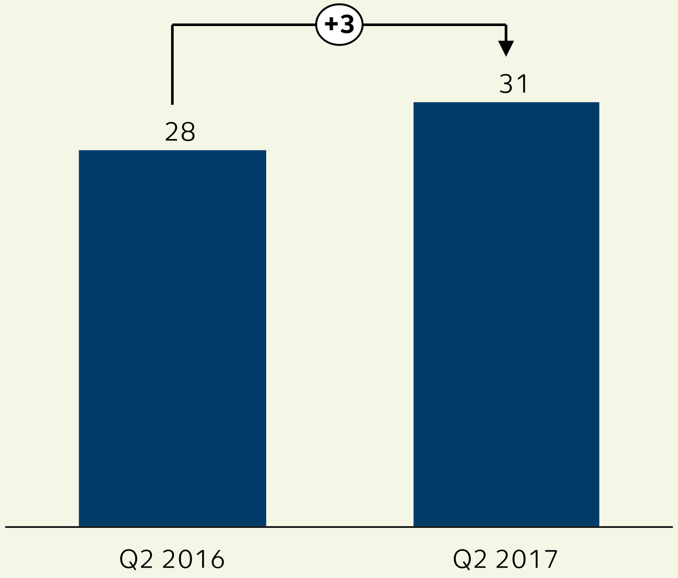
The sales of new Humax STB have increased after launch of new portfolio

Development of Humax STB gross adds[1], index



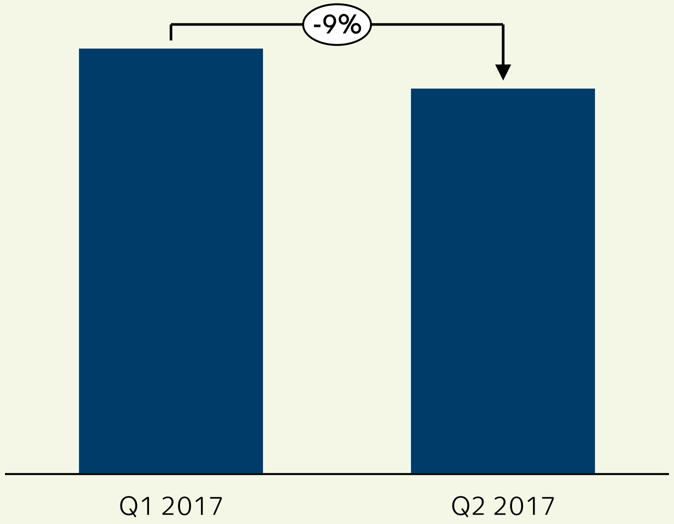
Same positive trend in the STB penetration in the consumer base

Share of TV customers with TV box, %



More customers choose premium TV packages in the new portfolio

Share of gross adds choosing basic TV package (minimum package)[2], %



1. Based on YouSee cable gross adds with a hard-bundled Humax STB including existing TV customers changing to new portfolio
2. Based on YouSee SDU cable gross adds

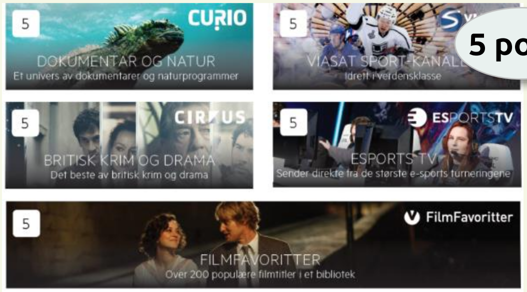
TDC Group

Positive first reactions from launch of new TV concept in Get

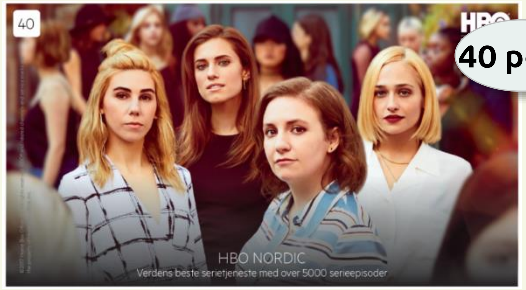
Get has launched a new TV concept with more flexibility

New flexible TV packages

1 point



5 point

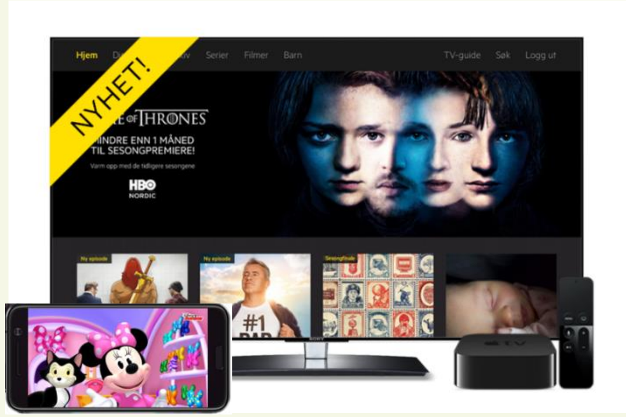


40 point

New supported platforms

Web

Iphone, Android and Apple TV



Positively received from press and customers

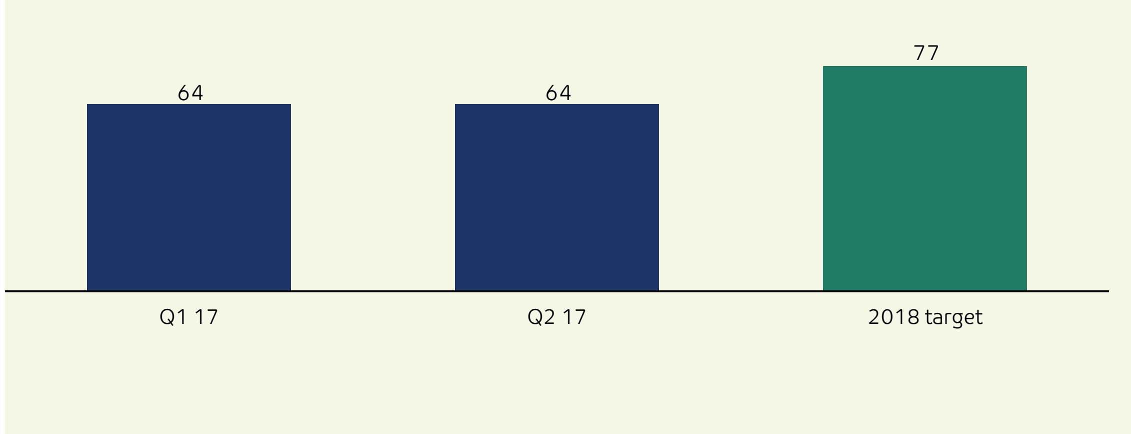
3x uplift in content selections vs. previous portfolio

~198,000 unique content packages created within first 3 months

TDC Group

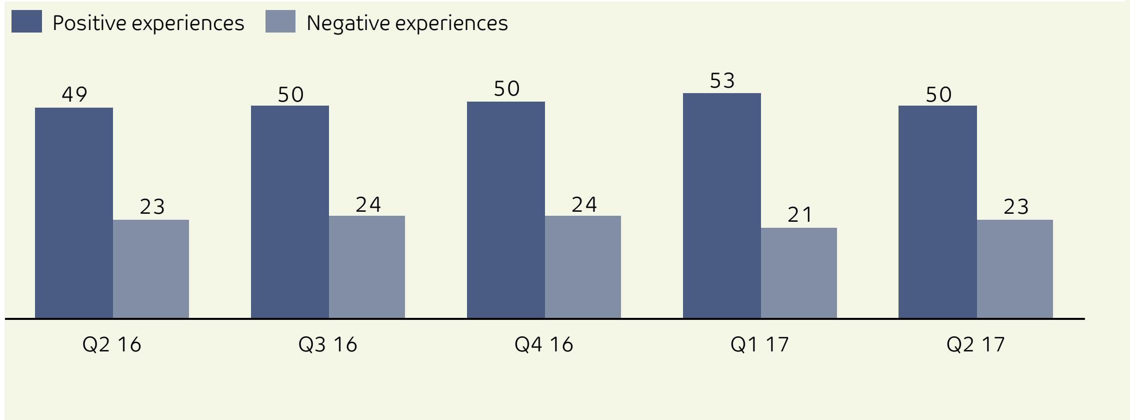
Customer satisfaction scores

TDC Group recommend score[1] — YTD avg. index

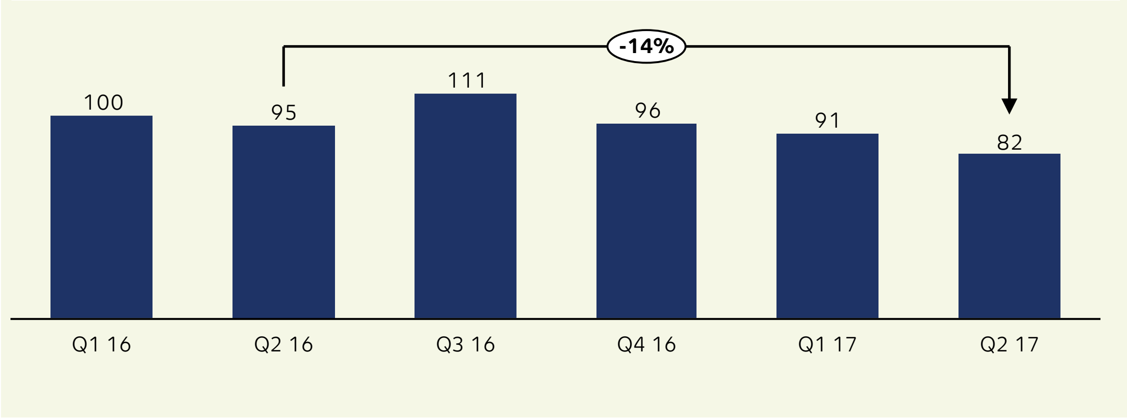


- **Digital launches and optimisation of processes** in Q2 to create value for the customers; impact still to be seen as **recommend score** remained level with Q1(64) and touchpoints experienced a setback in Q2 compared to Q1 mainly driven by announced price increases
- A **reduction in offered calls** to support & billing of 14% YoY and 11% compared with Q1 2017 driven partly by the launch of digital systems including a simple online re-booking of technicians that has caused multiple offered support calls
- **Continued high customer satisfaction** in Telmore and Fullrate with some of the highest scores in the telecom market

Share of customer experiences[2] — % YTD



Offered calls to support & billing — Q1 16 = 100, index



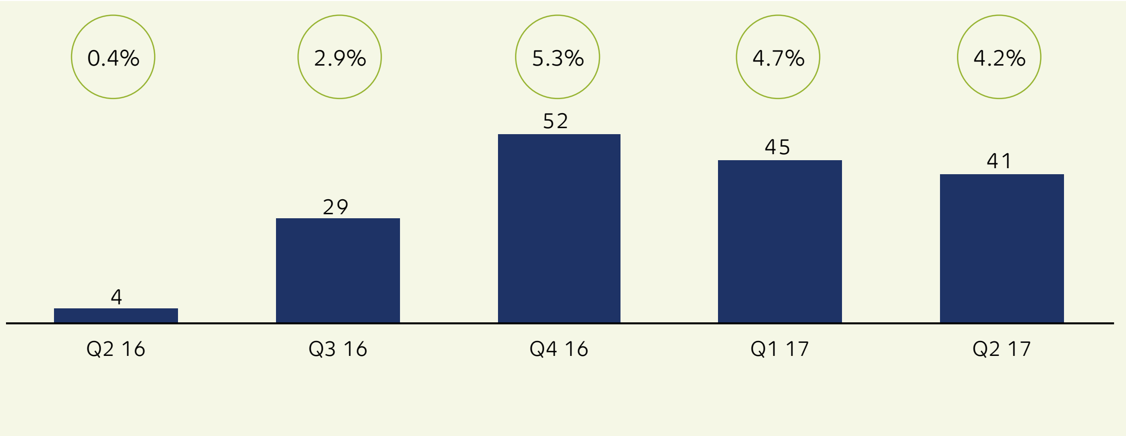
1. Recommend score is TDC's variant of the Net Promoter Score (would you recommend TDC to family and friends/colleagues and business associates). 100 is maximum score (0-100 scale)
2. Customer experiences are measured on a scale from 1-10, the score of 1-5 is rated as a negative experience and a score of 9-10 is rated as a positive experience

Mobility services in Denmark

TDC Group Denmark | Consumer | Business[1] | YoY growth

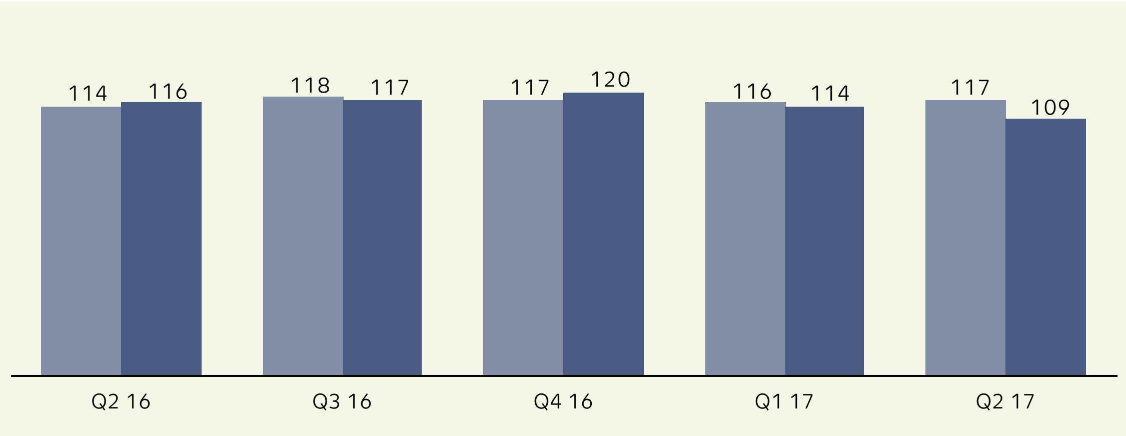
Organic[2] YoY gross profit development

DKKm



Mobile voice ARPU

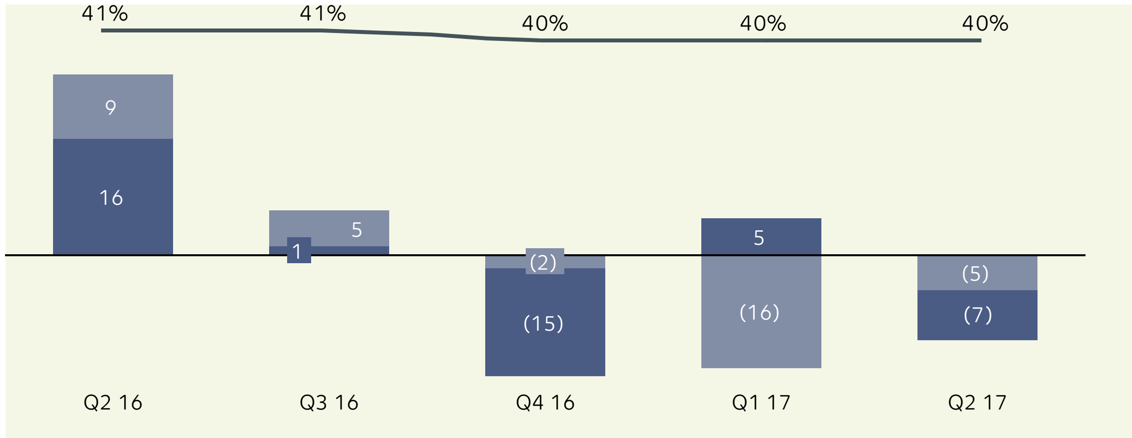
DKK/month



- Organic **gross profit** growth for the 5th consecutive quarter driven by Consumer; Consumer mobile voice ARPU increase of DKK 3 YoY in Q2 due to an improved product mix with migrations towards subscriptions with more content included
- **Consumer mobile voice customer base down 5k** in Q2 driven by low gross adds in the price competitive market
- **Business ARPU** down DKK 7 YoY driven by EU roaming, which has been included in the portfolios due to continued intense competition; Business **customer base** decreased by 7k in Q2, however, an improved churn rate in the SME segment
- Mobile voice **price increases of DKK 10-20** from 1 July in Consumer related to new EU roaming regulation affecting both new and existing customers; with only limited effect on churn

Mobile voice RGU net adds[3] & total DK market share[4]

'000



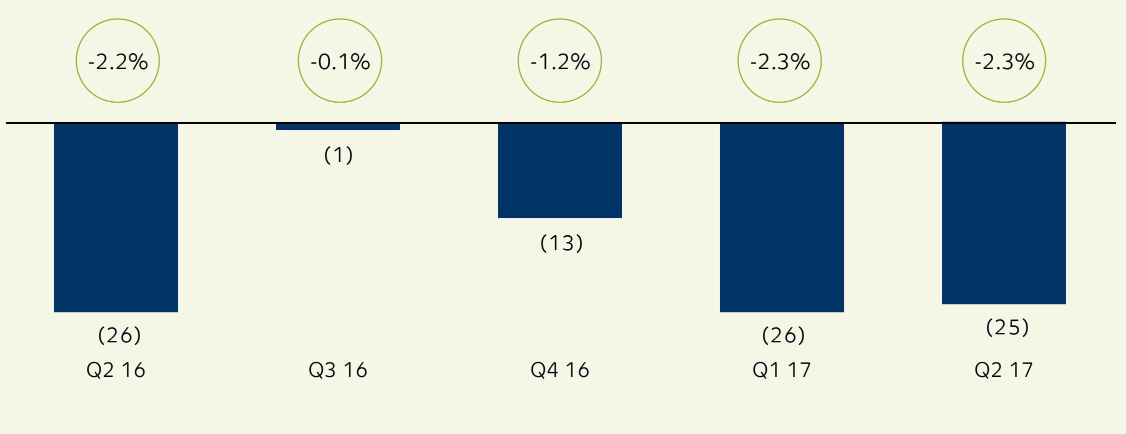
1. Cirque included in RGU (12k) from Q2 2016
2. Adjusted for regulation and acquisitions/divestments
3. In Q1 2017, total net reduction in Consumer mobile voice customer base was 16k of which 6K related to a reallocation to mobile broadband
4. TDC Residential and Business market share (Denmark)

TDC Group

Internet & network in Denmark

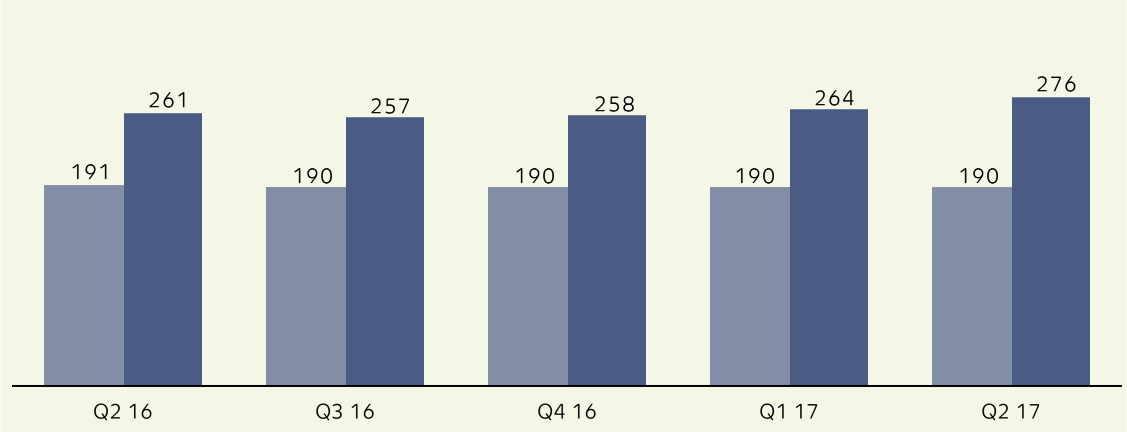
TDC Group Denmark | Consumer | Business | YoY growth

Organic[1] YoY gross profit development DKKm

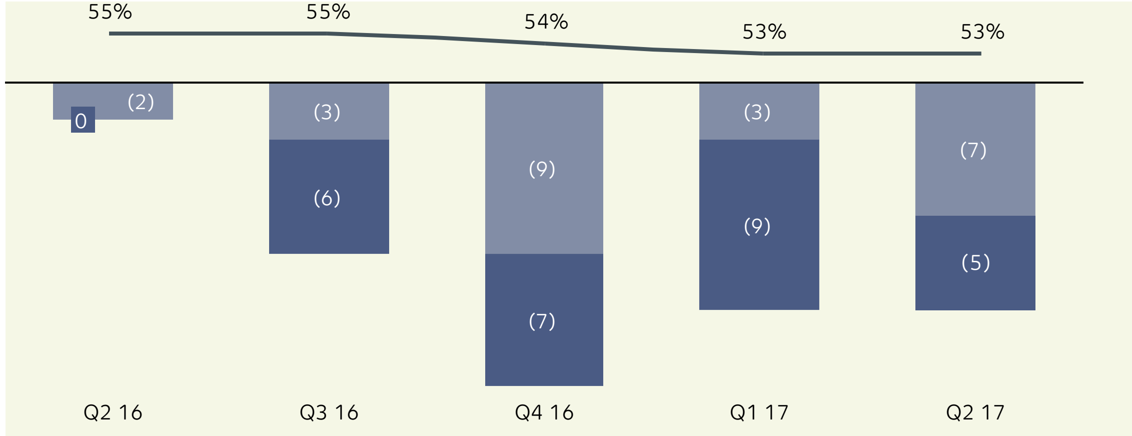


- Slight negative organic **gross profit** development in Denmark driven mainly by loss of broadband customers in Business (27k in Q2 YoY)
- **Business ARPU** up by DKK 15 YoY driven by several initiatives to increase the ARPU and reduce churn such as converting customers to higher speeds. **Loss of 5k broadband customers** due to late churn of customers lost in 2016
- Increase of 4k **Wholesale customers for the full broadband product** vs. Q1 2017 driven by discount entrants on the market and loss of 7k **broadband customers in Consumer** vs. Q1 2017 driven by increased price pressure and loss of large MDU (6k)

Broadband ARPU DKK/month



Broadband RGU net adds & total DK market share[2] '000



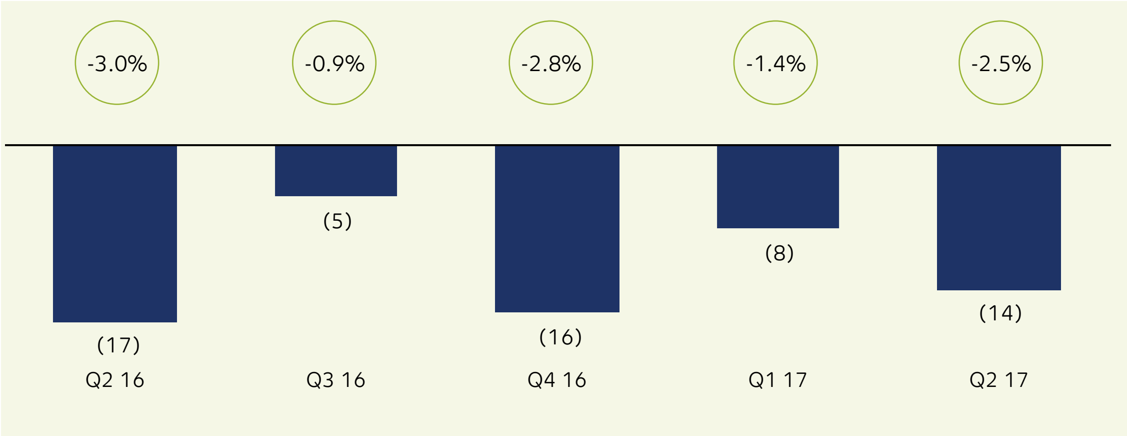
1. Adjusted for regulation and acquisitions/divestments
2. TDC Residential and Business market share (Denmark)

TDC Group

TV in Denmark

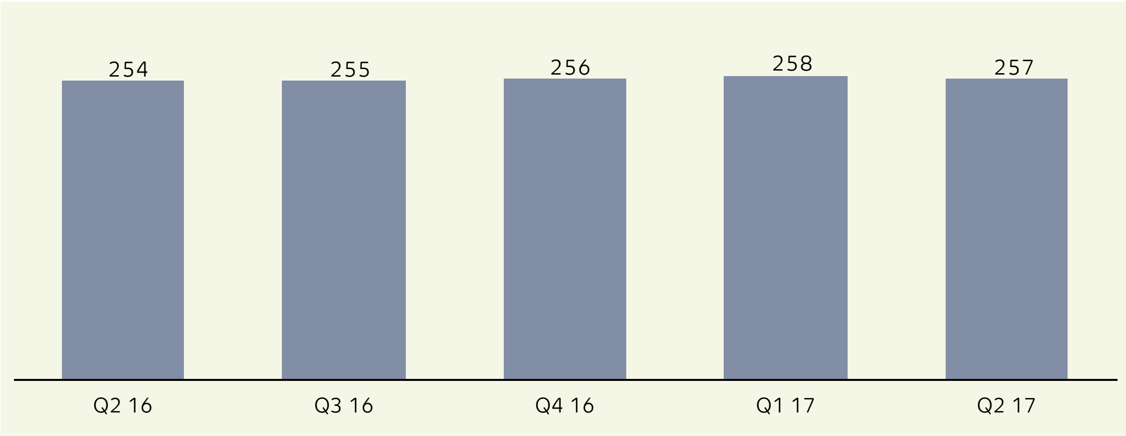
TDC Group Denmark | Consumer | YoY growth

Organic[1] YoY gross profit development DKKm

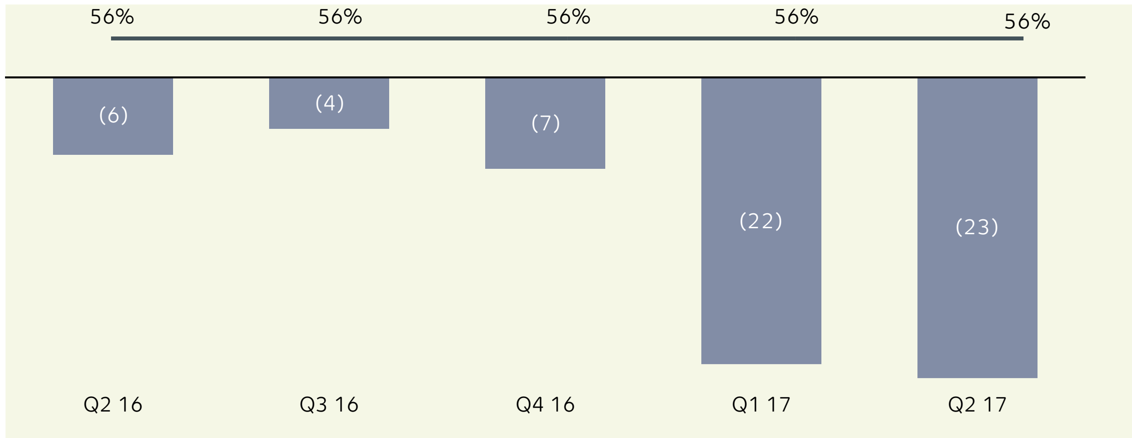


- Negative organic **TV gross profit** development YoY, driven mainly by a 56k YoY decline in the customer base
- **TV net loss** of 23k customers vs. Q1 driven by cord-cutting and loss of a large MDU (8k); TDC Group's market share remained at the same level (56%)
- Continued high uptake of **YouSee set-top box** (24k vs. Q1) driven by a more simple purchase process related to the launch of a new one-click purchase flow
- **TV ARPU** increase of DKK 3 YoY driven by growth in transactional TVoD (Blockbuster)

TV ARPU DKK/month



RGU net adds & total DK market share[2] '000

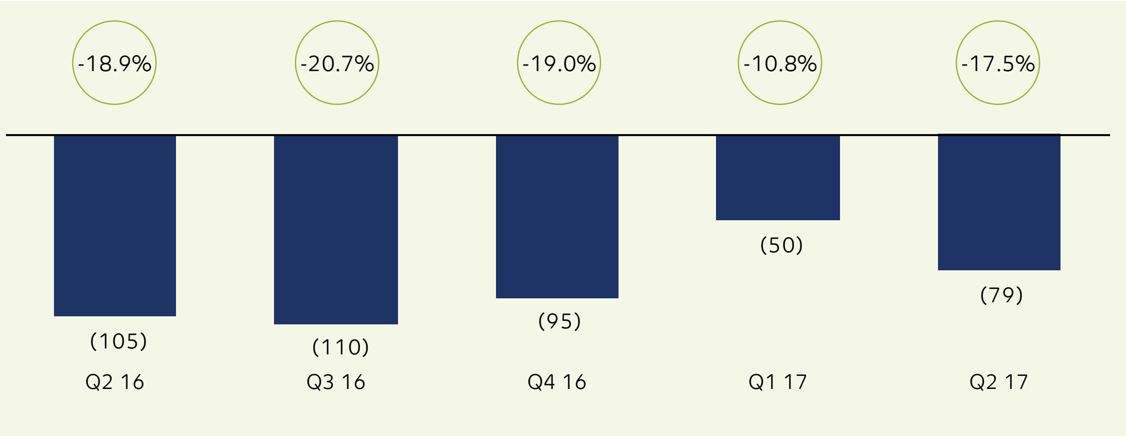


1. Adjusted for acquisitions/divestments
2. TDC Residential and Business market share (Denmark)

Landline voice in Denmark

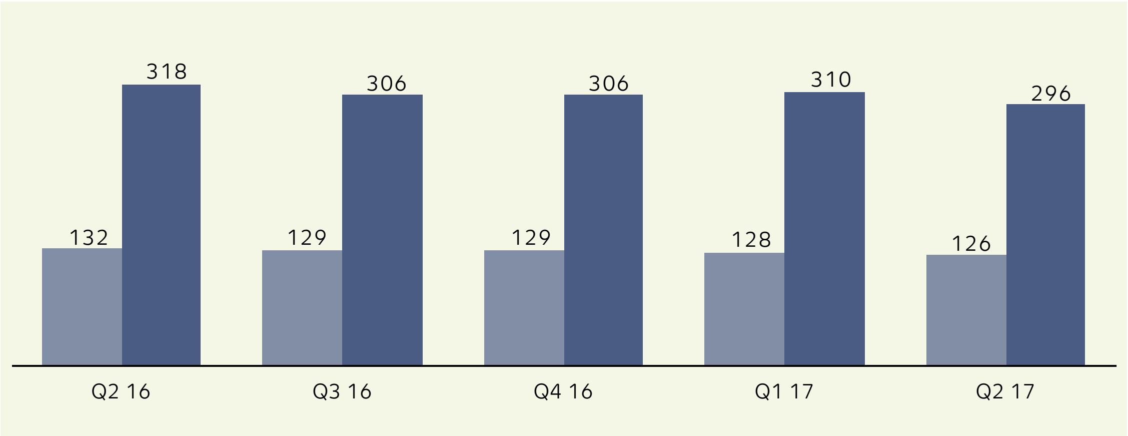
TDC Group Denmark | Consumer | Business[1] | YoY growth

Organic[2] YoY gross profit development DKKm

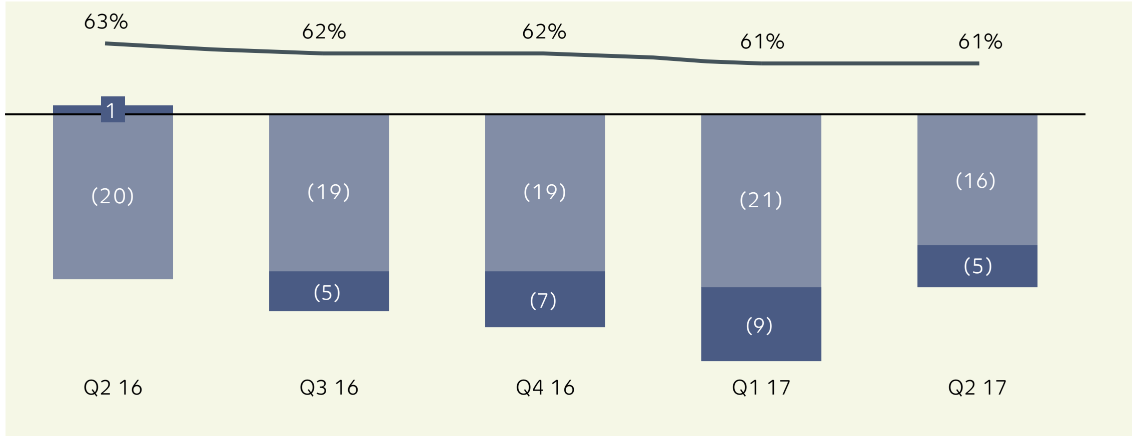


- Organic **gross profit decline** of 17.5% in Q2 YoY. The underlying development is in line with Q1, when adjusting for the one-off of DKK 15m in Wholesale that affected Q1 positively
- **Consumer ARPU decline** of DKK 6 YoY as a result of migration to cheaper price plans. This development is better than the YoY development in 2016
- **Business landline voice ARPU decline** of DKK 22 and **customer base** decreased by 5k in Q2. This is in line with the overall expectation of a declining market for landline voice

Landline voice ARPU DKK/month



RGU net adds & total DK market share[3] '000

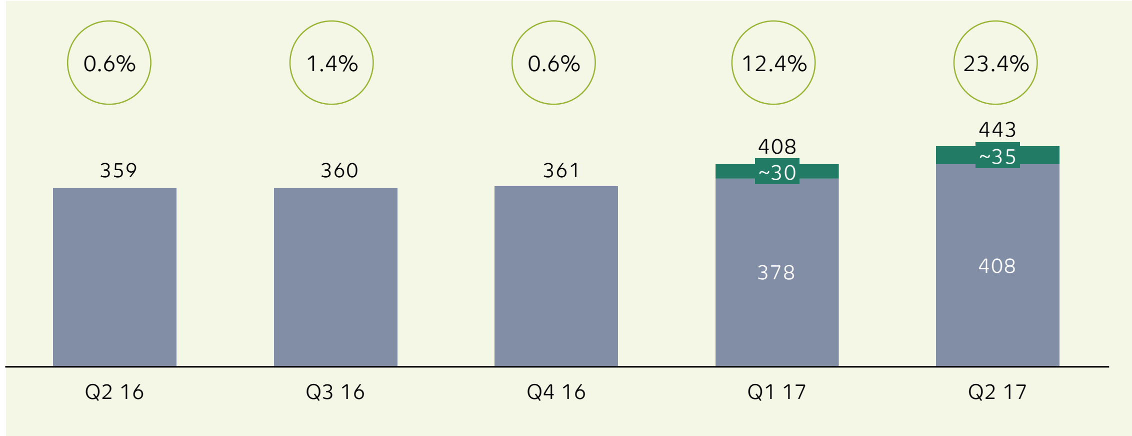


1. Cirque included in RGU (8k) from Q2 2016
2. Adjusted for regulation and acquisitions/divestments
3. TDC Residential and Business market share (Denmark)

TV in Norway

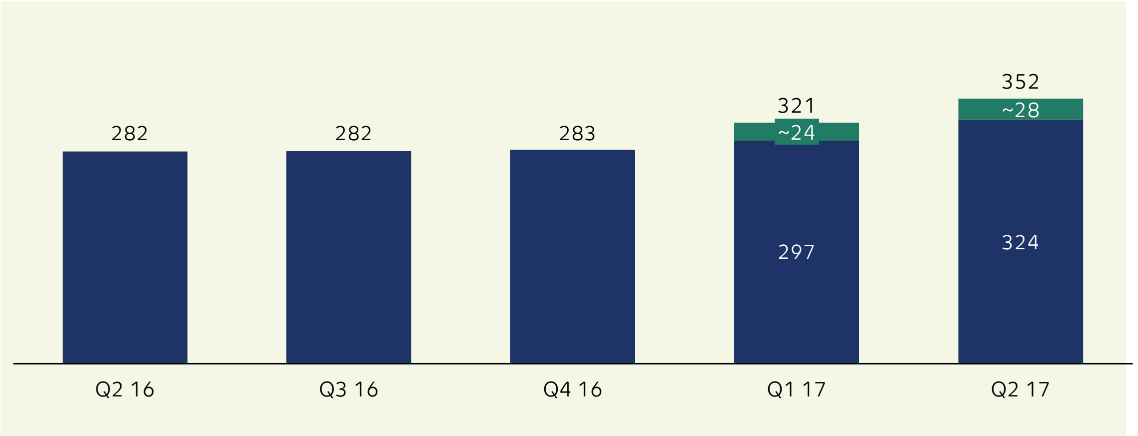
YoY growth One-offs

Revenue NOKm

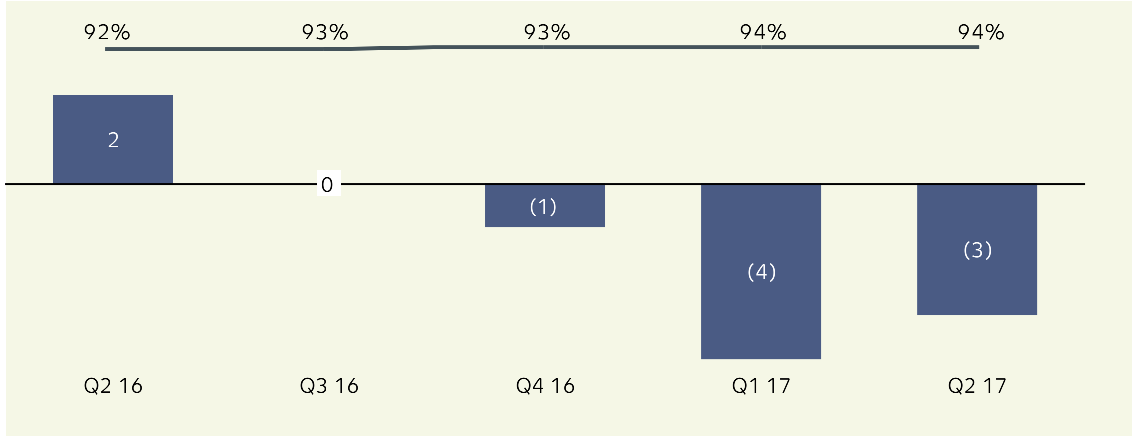


- **TV revenue up both YoY and vs. Q1** driven by recent launch of strengthened TV offering with HBO and premium sports included and a one-off of NOK ~35m in Q2; The new TV offering led to price increases as of 1 April and higher content cost following the inclusion of premium content in basic offering[1]
- **TV RGU decrease** of 3k vs. Q1 due to aggressive offers from competitors in both the SDU and MDU markets and TV unbundling
- **Strengthening of the TV value proposition** by launching new user interface concept and TV everywhere services, combined with mobile data campaign to promote use of new services

Residential ARPU NOK/month

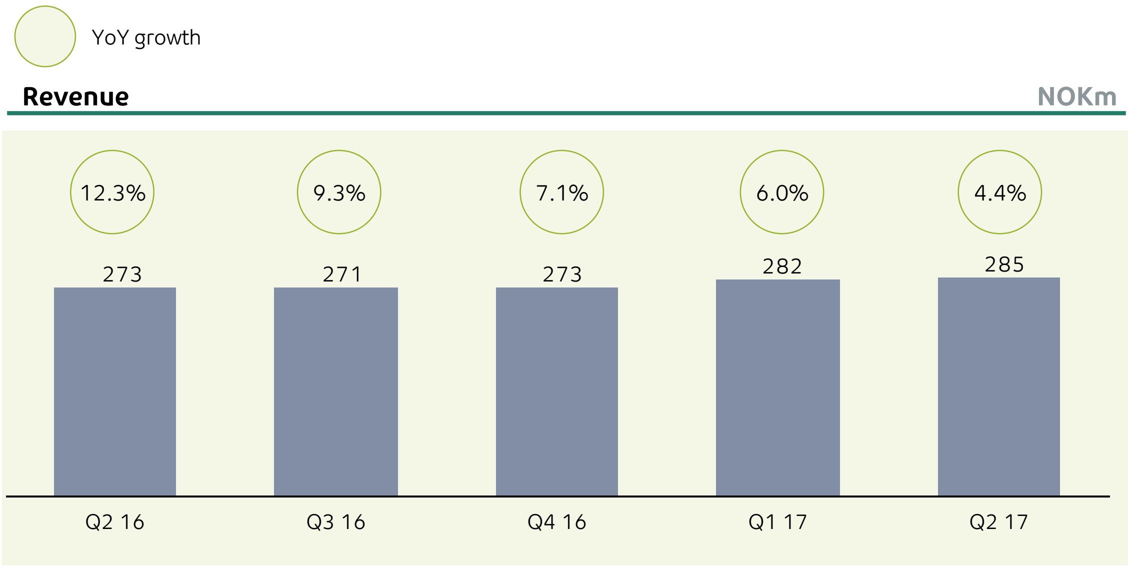


RGU net adds[2] and box penetration '000

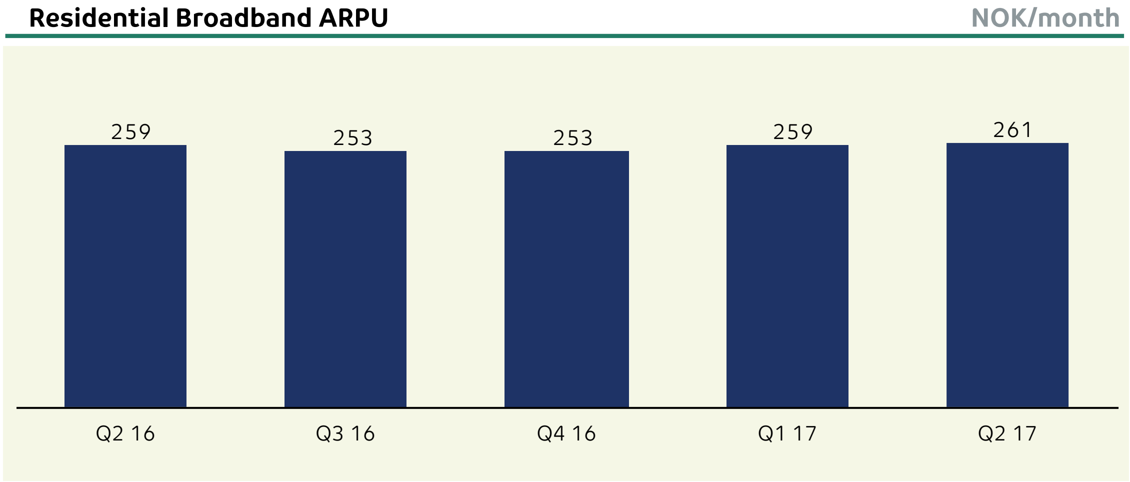


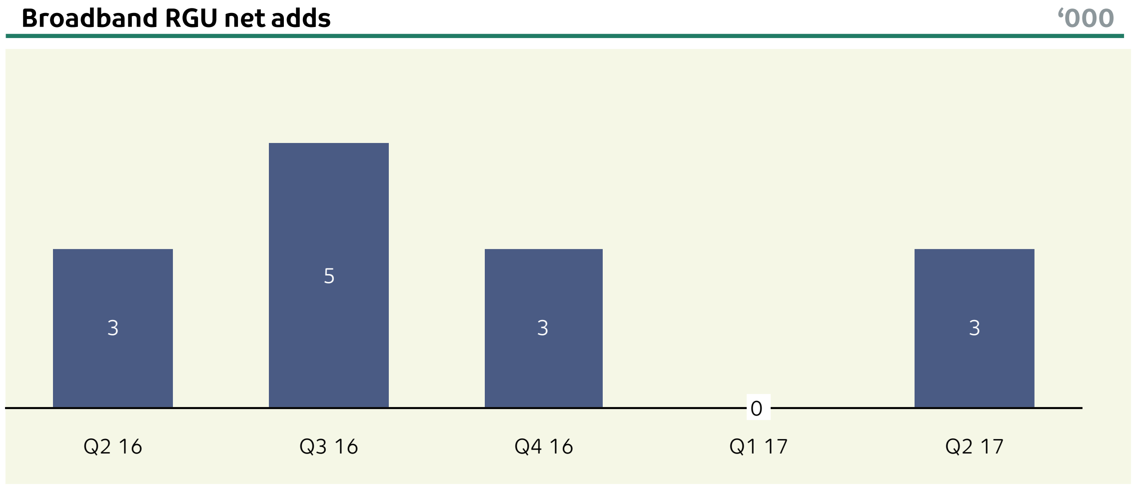
1. 3-7% price increase as of 1 December 2016
2. TV RGU net adds includes B2B TV RGUs

Residential broadband in Norway



- **Continued revenue growth** of 4.4% driven by both ARPU and RGU increase
- **ARPU up NOK 2 or 0.8% YoY** as a result of migration of customers to higher speeds at higher prices
- **Broadband net adds** of 11k RGUs YoY driven by increase in broadband penetration (+3 percentage points YoY); Net adds of 3k in Q2 after a flat Q1 development





Financials

Financial highlights – TDC Group

DKKm	Q2 2017 Reported	Q2 2017 Growth % Reported	Q2 2017 Growth % Organic	YTD 2017 Reported	YTD 2017 Growth % Reported	YTD 2017 Growth % Organic
Revenue	5,051	(2.9)	(2.4)	10,262	(1.1)	(1.3)
Gross profit	3,756	(3.4)	(2.7)	7,627	(2.2)	(1.9)
Opex	(1,699)	4.2	3.3	(3,442)	2.5	2.7
EBITDA	2,057	(2.8)	(2.1)	4,185	(1.9)	(1.2)
Profit for the period[1]	413	(34.0)		950	(27.4)	
Capex	(1,072)	-		(2,112)	(4.3)	
EFCF	722	10.6		1,174	19.9	
Adjusted NIBD/EBITDA	2.9			2.9		

1. Profit for the period from continuing operations, excl. special items

Q2 2017 performance per business line

DKKm/ Growth in local currency	TDC Group	Consumer	Business	Wholesale	Other operations	Denmark in total	Get (B2C)	TDC Norway (B2B)	Norway In total
Revenue[1]	5,051	2,603	1,091	449	132	4,250	665	165	827
	-2.9%	-3.1%	-14.4%	+1.8%	+5.6%	-4.8%	+15.0%	-12.3%	+8.1%
Gross profit[1]	3,756	1,973	867	285	95	3,207	488	59	547
	-3.4%	-3.0%	-13.6%	-2.1%	+14.5%	-4.8%	+5.9%	-1.3%	+5.2%
EBITDA[1]	2,057	1,538	636	257	-741	1,691	341	26	367
	-2.8%	-1.7%	-10.3%	+3.2%	+0.9%	-4.6%	+7.8%	+3.2%	+7.7%

1 **Consumer:** Almost flat EBITDA as a decline in gross profit from landline voice and other services is offset by opex and continued growth in mobility services

2 **Business:** Continued EBITDA decline, however the past four quarters have experienced an overall YoY EBITDA improvement

3 **Norway:** EBITDA growth in Get driven mainly by TV one-off and broadband growth. EBITDA increase in TDC Norway driven by opex control

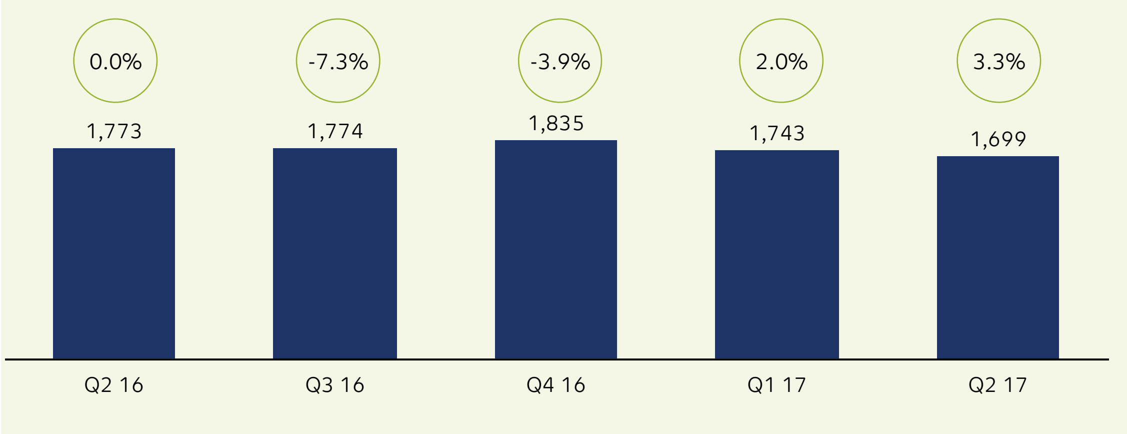
1. Business line absolute figures and growth rates exclude eliminations and therefore do not amount to the total Group figures

TDC Group

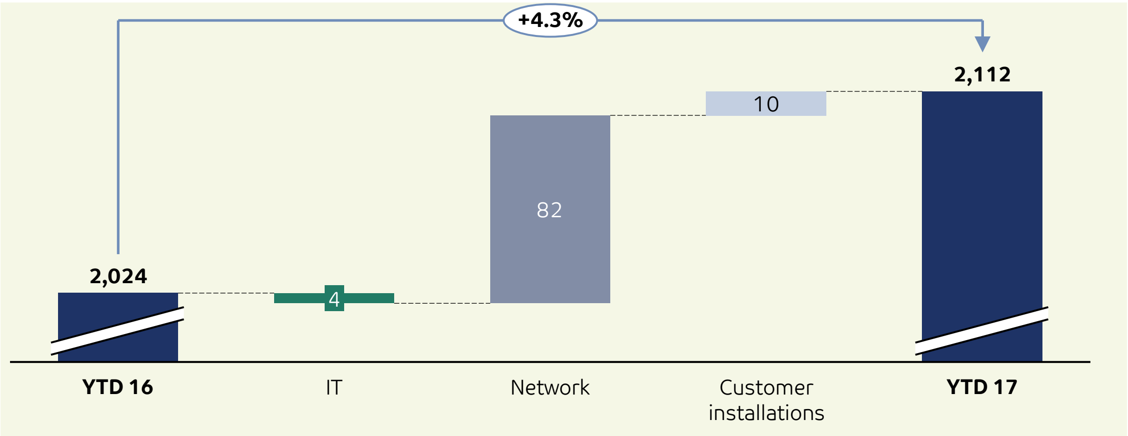
Opex & capex

YoY organic growth[1]

Opex development DKKm



Capex, YoY development DKKm



- **Organic opex** declined in Q2 2017 as cost savings from strategic initiatives continued to show results, which included FTE reductions
- **Investment spending** increased in H1 2017 compared with last year mainly due to the upgrade of the cable network to enable 1 gigabit broadband speeds

1. Adjusted for acquisitions/divestments and foreign exchange

Opex savings in 2017

Expected organic opex savings totalling DKK ~300m in 2017

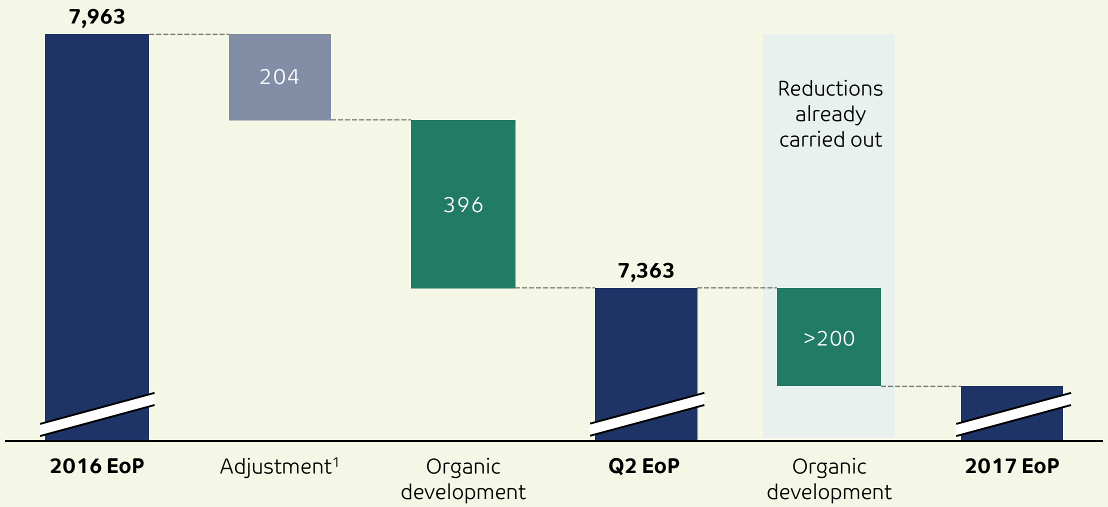
- **Personnel:** FTE reductions end of 2016 and beginning of 2017 will gradually begin to have financial effect. Further a range of efficiency programmes will also be executed in 2017 going forward. In H1 2017 the number of FTEs was reduced organically by 400. This was driven mainly by process optimisation and productivity improvements in Other operations as well as simplifications following the TDC and YouSee brand merger and improved digital self-services, which reduced customers demand towards call centre in Consumer. The number of FTEs in staff functions was also reduced in H1 2017. In H2 2017, more than 200 FTEs have been given notice and will leave the Group, comprising an 8% FTE reduction in 2017 across the Group

- **Call reduction programmes:** Digital programme, frontline optimisation, 'Quality Time' and aligned portfolios expected to reduce non-value adding calls over the year. In Q2 calls to support & billing were reduced by 14% YoY

- **IT:** Expected effect from consolidation of IT vendors combined with price negotiations

- **Service and supplier contracts:** Expected effect from renegotiation of service and supplier contracts; some already executed

FTE development 2016 to 2017 with expected reductions of ~8%[1,2]

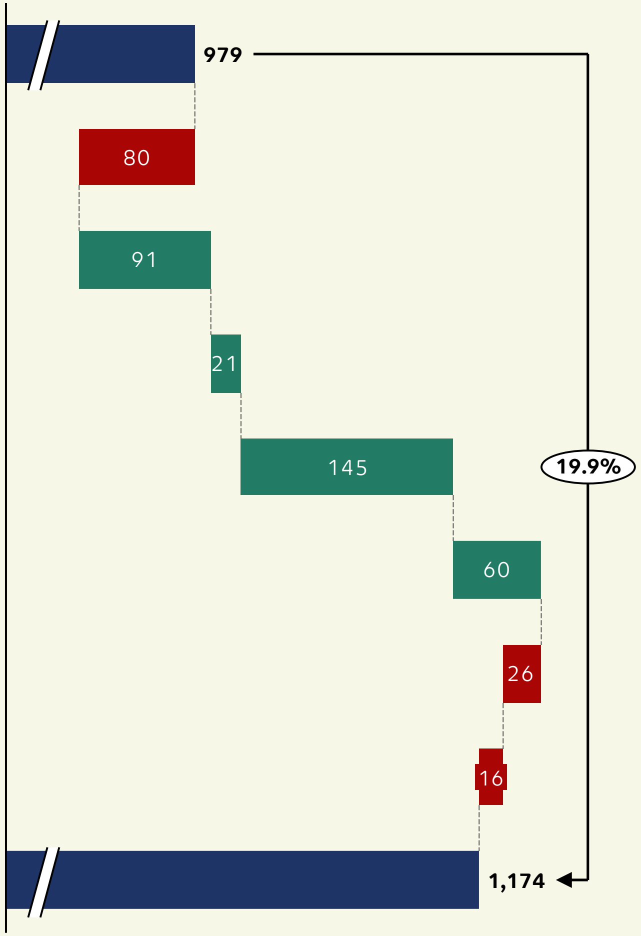


1. Adjustment for acquisitions/divestments and insourcing/outsourcing
2. FTE reduction will have effect on both opex and capex

TDC Group

Equity Free Cash Flow

DKKm	H1 16	YoY growth Q2 17
YTD 2016		
EBITDA	4,265	(60)
Special items	(275)	104
Change in NWC	262	(52)
Net interest paid[1]	(940)	10
Income tax paid	(330)	-
Cash flow capex[2]	(2,043)	41
Other[3]	40	26
YTD 2017		



- Lower **net interest paid** (145m) following the repurchase of bonds at the end of 2016
- Cash flow related to **special items** (91m) primarily due to compensation from the Danish State for the costs of providing maritime distress and safety service in Denmark in 2010-2012 (54m)
- Different timing regarding **income tax paid** (60m)

1. Including coupon payments on hybrid capital
2. Investment in PPE and intangible assets including mobile licenses. Includes adjustments to capex for timing differences regarding mobile license payments, reestablishment obligation, non-paid investments, etc.
3. Including adjustment for non-cash items, pension contributions, payments related to provisions and finance lease repayments

TDC Group

2017 guidance

	2017 guidance[1]	YTD performance	Status
EBITDA	DKK >8.2bn	DKK 4.2bn	On track
EFCF	Stable or moderate growth	20% YoY (DKK 1.2bn)	On track
DPS	DKK 1.05 To be paid out in Q1 2018		Supported by EFCF YTD

Full-year guidance reaffirmed due to:

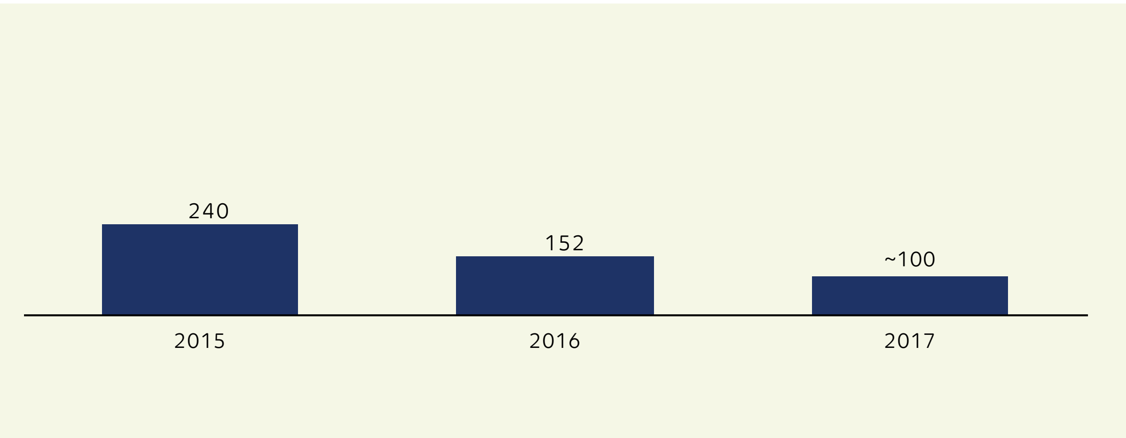
- H1 2017 financial performance on EBITDA and EFCF off to a good start, however, some timing effects results in a slightly lower result for H2 2017
- Divestment of TDC Hosting has negative impact on H2 2017 growth
- Lower H2 2017 EBITDA growth in Norway due to one-offs in H1 2017 and increased content costs from Q2 2017
- Final Roam Like at Home regulation primarily affecting H2 2017
- Higher opex reductions in H2 2017 than in H1 2017 with expected organic cost savings of DKK ~300m in 2017; organic FTE reduction of more than 600 FTEs (8%) in 2017
- Cash flow affected positively by one-offs and timing in H1 2017; expected negative development in H2 2017 from tax payments and NWC

1. Guidance numbers are post sale of TDC Hosting as announced as of 6 February 2017

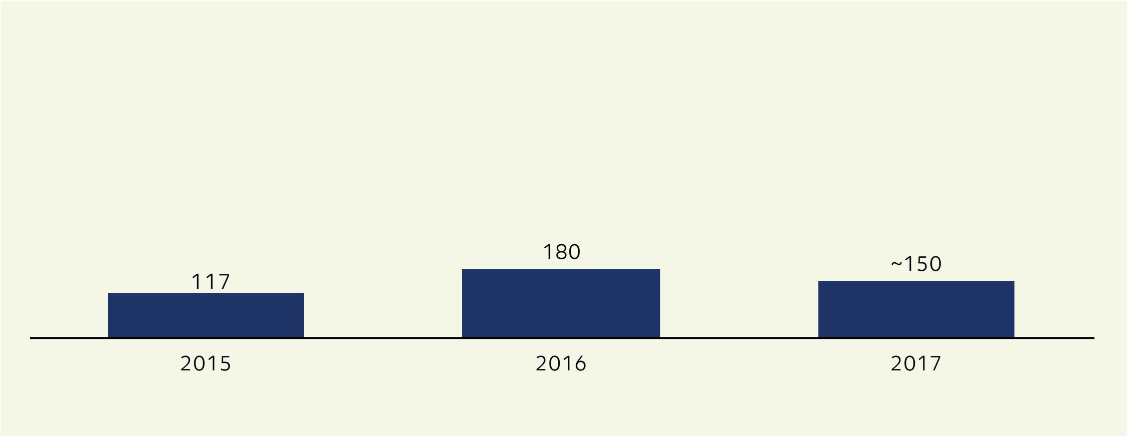
Q&A

A.1 Regulatory update

Revenue loss from regulation[1] DKKm



Gross profit loss from regulation[2] DKKm



- On 30 April 2016, the **EU roaming** transition phase was implemented with retail roaming prices reduced to regulated EU wholesale prices. This applied to customers with a package product. Customers with a 'Pay-as-you-go' product are charged the domestic retail price plus a wholesale charge. The combined price must not exceed the regulated retail roaming price
- **Roam Like at Home** took full effect 15 June 2017. The 'Fair Use Policy', announced on 15 December 2016, based Roam Like at Home on subscription and wholesale prices, and introduced limitations in order to curb permanent roaming through a sustainability mechanism. The monthly data roaming cap is calculated as two months' ARPU (excl. VAT) divided by the wholesale price cap (excl. VAT). In 2017, TDC Group financials are expected to be negatively affected by EU regulation, but there is still substantial uncertainty concerning the amount
- Revision of mobile and landline networks wholesale prices (**LRAIC**) with effect as of 1 January 2017 has resulted in only minor price adjustments

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. There is no gross profit loss caused by mobile termination rates regulation (voice and SMS)

TDC Group