CEO comments and highlights

Q2 results: Continuing improved EBITDA trend and cash flow growth

Our financial results in Q2 were as we expected and in line with the stabilising trend from Q1. On that basis, we are pleased to confirm our full-year 2017 guidance. In Q2, EBITDA declined by 2.8% compared with a decrease of 10.5% in full-year 2016. This improvement reflected a better trend in our Danish gross profit combined with a 3.3% YoY improvement in organic opex. Our cash flow (EFCF) also developed satisfactorily in Q2 with a 10.6% increase YoY.

In Denmark, we are satisfied with the continued growth in mobility services. For the third year in a row, we were named 'best mobile network' in an extensive independent test of Danish mobile networks. In Consumer, we managed to reduce churn despite announcing price increases with effect from Q3. On the negative side, we experienced a high TV net loss. We aim to slow down churn by integrating flow-TV and OTT via more flexibility, strongly pushing our STB offer and focusing on premium content, an area where we have had good launches recently.

In Norway, high EBITDA growth continued in Q2 (7.7%), driven by Get as well as an improved trend in TDC Norway.

Across the Group, we are focused on continued cost reductions. During H1, our 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 as a result of efficiency measures. In total, we expect to be able to reduce our cost base organically by DKK ~300m (~4%) in 2017. In addition to fewer FTEs, we will benefit from reduced marketing following the 2016 brand merger, renegotiations of supply contracts and reduced calls to customer support. In Q2, we succeeded in achieving a 14% call reduction YoY, which we achieved through our continuing efforts to simplify our products and platforms. As a result, we are experiencing a significantly higher pace for improving processes and launching of new digital solutions. In Q2, we launched homogeneous TV and broadband portfolios at YouSee, new and important online self-services including simpler online rebooking of technicians that historically has prompted many support calls, and a simple one-click set-top box (STB) sales platform leading to a new sales record.

This faster deployment supports our ambition to achieve the highest customer satisfaction in the market. Despite a flat development in recommend score, and some setbacks in our touchpoints and operational KPIs, we remain confident of a positive impact in due course.

Looking ahead in H2, we are awaiting the decision on the largest of the public tender agreements (SKI). We are also keen to see the impact from the Roam Like at Home regulation and are pleased our customers have welcomed the option of using EU roaming at no extra charge that entered into force on 15 June 2017. The first indications suggest that the data consumption in EU has increased sevenfold compared with the preceding year, which is as expected.

Pernille Erenbjerg, Group CEO and President

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 one-offs), stemming mainly from Get. 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 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

Group performance

Strategic ambitions
TDC Group's 2018 strategy aims at two main goals: to deliver best-in-class customer satisfaction and provide the best cash flow. Fulfilling these ambitions will be the key driver for success in the years ahead.

Customer satisfaction
Best-in-class customer satisfaction is measured by the KPI recommend score. This score reflects customers' willingness to recommend TDC Group's B2C and B2B services[1].

TDC Group's recommend score was 64 in Q2 2017, level with Q1 2017. This score has been improved by better performance at touchpoints and in processes at YouSee, however that was offset by lower customer satisfaction amongst the larger business customers. Operational KPIs experienced at setback in Q2 vs. Q1 caused mainly by announced price increases. Our online brands, Telmore and Fullrate, are still performing very well with some of the highest customer satisfaction scores in the telecom market.

Our high focus on improving the customer experience continues and this is supported by different initiatives, including our "Digital Warehouse" with purpose to shorten the time from idea to action and from design to development, thereby improving our customers' digital experiences. One example is the launch of a simple online re-booking of technicians that has been the root cause of multiple support calls. In Q2, we saw a reduction in calls to support & billing of 14% YoY and 11% vs. Q1 2017. Another initiative is our cross-organisational "Quality time" programme which involves continuously working to prevent negative customer experiences by executing initiatives locally and thereby making it easier to solve problems that customers may experience.

1 The recommend score is TDC Group's variant of the net promoter score.

Equity free cash flow
In H1 2017, the increase of DKK 195m in equity free cash flow was driven by reduced net interest paid (DKK 144m) following the repurchase of bonds at the end of 2016. Cash flow related to special items (DKK 91m) also contributed positively, due mainly to compensation from the Danish State for the costs of providing a maritime distress and safety service in Denmark in 2010-2012 (DKK 54m). Finally, the EFCF growth was positively affected by the different timing of income tax paid (DKK 60m). The improvements were partly offset by an EBITDA decline of DKK 80m.

YTD financial performance
Revenue
In H1 2017, TDC Group's reported revenue decreased by 1.1% or DKK 119m to DKK 10,262m. Organic revenue development (-1.3%) was in line with the reported decline. The development in organic revenue reflects growth in Norway and mobility services in Denmark

TDC Group, key figures[1] DKKm

		Q2 2017	Q2 2016	Change in %	H1 2017	H1 2016	Change in %
Income statement	DKKm						
Revenue		5,051	5,204	(2.9)	10,262	10,381	(1.1)
Gross profit		3,756	3,890	(3.4)	7,627	7,795	(2.2)
EBITDA		2,057	2,117	(2.8)	4,185	4,265	(1.9)
Organic revenue²		5,051	5,177	(2.4)	10,262	10,398	(1.3)
Organic gross profit²		3,756	3,858	(2.7)	7,627	7,771	(1.9)
Organic EBITDA²		2,057	2,101	(2.1)	4,185	4,235	(1.2)
Profit for the period from continuing operations excluding special items		413	626	(34.0)	950	1,308	(27.4)
Profit for the period		440	565	(22.1)	1,052	1,189	(11.5)
Total comprehensive income		194	1,313	(85.2)	996	1,093	(8.9)
Capital expenditure		(1,072)	(1,072)	-	(2,112)	(2,024)	(4.3)
Equity free cash flow (EFCF)		722	653	10.6	1,174	979	19.9
Key financial ratios							
Earnings Per Share (EPS)	DKK	0.55	0.71	(22.5)	1.11	1.27	(12.6)
Adjusted EPS	DKK	0.63	0.91	(30.8)	1.41	1.89	(25.4)
Gross margin	%	74.4	74.8	-	74.3	75.1	-
EBITDA margin	%	40.7	40.7	-	40.8	41.1	-
Customer satisfaction							
Recommend score	YTD avg. index	64	65	-	64	65	-

1 For additional data, see TDC Fact Sheet on www.tdcgroup.com/en/investor-relations/financial-reports.
2 Reported revenue and gross profit excluding the impact from foreign exchange rates, regulatory price adjustments as well as the impact from acquisitions and divestments.

that was more than offset by decline in Denmark driven by landline voice, TV and other services (paper communication fees, operator services and NetDesign with limited gross profit effect). However, the development was an improvement compared with the same period last year (-4.4% in H1 2016) continuing the positive trend from previous quarters.

Gross profit
TDC Group's reported gross profit decreased by 2.2% or DKK 168m to DKK 7,627m in H1 2017. Organic gross profit declined by 1.9% or DKK 144m, driven by landline voice, internet & network, TV and other services in Denmark, which outweighed growth in Norway and growth in mobility services in Denmark. This development is an improvement compared with H1 2016, reflecting the improved revenue development. The gross profit margin decreased from 75.1% in H1 2016 to 74.3% in H1 2017, yet remained level with the full-year 2016 gross profit margin.

Operational expenditure[1]
In H1 2017, reported operational expenditure decreased by 2.5% or DKK 88m to DKK 3,442m. Organic operational expenditure decreased by 2.7% or DKK 94m, driven by cost savings from renegotiation of supplier contracts, lower marketing spending as a consequence of the TDC and YouSee brand merger, and organic FTE reductions of 400 FTEs in H1 2017 driven by Norway, Consumer and Other operations.

EBITDA
Reported EBITDA decreased by 1.9% or DKK 80m to DKK 4,185m in H1 2017. Organic EBITDA decreased by 1.2% or DKK 50m, consisting of a DKK 94m decline in Denmark and a DKK 44m increase in Norway. This represents a significant improvement compared with the organic EBITDA decline of 7.9% in H1 2016.

Profit for the period
Excluding discontinued operations and special items, profit for the period decreased by 27.4% or DKK 358m reflecting higher amortisation and depreciation as well as a negative development in currency translation adjustments of intercompany loans denominated in NOK. Profit for the period (including discontinued operations and special items) decreased by DKK 137m, and was mainly positively impacted by the gain from divesting TDC Hosting (DKK 137m) in H1 2017.

1 Including other income.

Comprehensive income
Total comprehensive income decreased by DKK 97m. The declining profit for the period (DKK 137m) was partly offset by the increase in other comprehensive income (DKK 40m). The DKK 40m increase in other comprehensive income related to defined benefit plans for Danish employees (DKK 804m after tax) almost offset by a negative development in exchange rate adjustments of foreign enterprises (DKK 740m). The gain in H1 2017 and loss in H1 2016 related to defined benefit plans resulted primarily from the development in the discount rate and inflation rate impacting the pension obligation[2].

Capital expenditure
In H1 2017, capital expenditure totalled DKK 2,112m, an increase of 4.3% or DKK 88m that was driven by the upgrading of the cable network to enable 1 gigabit broadband speeds for half of all Danish households. The launch of YouSee's TV set-top box in Q2 2016 and focus on providing TV and broadband services via the optimal infrastructure has resulted in more investments in customer installations on the cable network, which was partly offset by fewer investments in customer installations on the xDSL network. TDC Group continues to invest in IT development to support a simplified digital operating model, while investing in the Danish mobile network to ensure that TDC Group retains a best-in-class mobile network.

Net interest-bearing debt
Both net interest-bearing debt and adjusted net interest-bearing debt fell by DKK 867m during

2 For further information see note 6 Pension assets and pension obligations.

Cash flow and NIBD, key figures

DKKm

		Q2 2017	Q2 2016	Change in %	H1 2017	H1 2016	Change in %
Cash flow from operating activities		1,800	1,775	1.4	3,475	3,257	6.7
Investment in property, plant and equipment		(799)	(832)	4.0	(1,574)	(1,583)	0.6
Investment in intangible assets		(263)	(271)	3.0	(495)	(460)	(7.6)
Finance lease repayments		(16)	(19)	15.8	(37)	(39)	5.1
Coupon payments on hybrid capital		-	-	-	(195)	(196)	0.5
Equity free cash flow		**722**	**653**	**10.6**	**1,174**	**979**	**19.9**
Total cash flow from operating activities		1,800	1,775	1.4	3,475	3,257	6.7
Total cash flow from investing activities		(1,037)	(1,088)	4.7	(1,568)	(2,129)	26.4
Total cash flow from financing activities		(216)	(19)	-	(1,034)	(238)	-
Total cash flow from continuing operations		547	668	(18.1)	873	890	(1.9)
Total cash flow from discontinued operations		6	(8)	175.0	6	(26)	123.1
Total cash flow		**553**	**660**	**(16.2)**	**879**	**864**	**1.7**
Net interest-bearing debt (NIBD)		(21,266)	(24,901)	14.6	(21,266)	(24,901)	14.6
Adjusted NIBD		(24,042)	(27,677)	13.1	(24,042)	(27,677)	13.1
Net interest-bearing debt/EBITDA	x	2.5	2.8	-	2.5	2.8	-
Adjusted NIBD/EBITDA	x	2.9	3.1	-	2.9	3.1	-

H1 2017 following the net cash flows from operating and investing activities including the proceeds[1] from divesting TDC Hosting (DKK 493m) partly offset by the payment of dividend (DKK 802m).

Guidance 2017

TDC Group confirms its full-year guidance presented below, which was updated on 6 February 2017 after the announcement of the divestment of TDC Hosting.

The guidance for 2017 is based on comprehensive financial plans for each individual business line. However, by their very nature, forward-looking statements involve certain risks and uncertainties. These risks and uncertainties are described in more detail in the section on Guidance and risk factors and in the Disclaimer in TDC Group's Annual Report.

Factors affecting full-year guidance

- H1 2017 financial performance on EBITDA and EFCF was off to a good start, however some timing effects will result in a slightly lower result for H2 2017

- Divestment of TDC Hosting will have a 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

- Roam Like at Home regulation will affect mainly 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

2017 guidance status

	2017 guidance[2]	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[1]	DKK 1.05	-	Supported by EFCF YTD

1 To be paid out in Q1 2018.
2 Guidance numbers are post sale of TDC Hosting as announced as of 6 February 2017.

1 After adjustment for cash and debt as well as transaction costs.

TDC Group's performance per business line in H1 2017

The illustration below reflects TDC Group's H1 2017 performance based on our traditional business line reporting. Costs in Denmark are not allocated, but are included in the business line responsible for the service, cf. segment note 2.1. The H1 2017 performance of each business line is described on the following pages.

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]	10,262	5,282	2,350	873	237	8,667	1,318	335	1,650
	-1.1%	-1.7%	-8.5%	+3.9%	+4.9%	-2.6%	+ 11.1%	-14.8%	+4.6%
Gross profit[1]	7,627	3,970	1,854	571	165	6,512	994	120	1,114
	-2.2%	-2.6%	-9.6%	+2.0%	+13.0%	-3.6%	+5.0%	-5.1%	+3.8%
EBITDA[1]	4,185	3,079	1,325	515	-1,460	3,458	684	44	728
	-1.9%	-1.1%	-10.6%	+7.7%	+0.9%	-3.9%	+8.8%	-19.4%	+6.5%

1 Both absolute figures and growth rates are excluding eliminations and therefore do not amount to 100%.

Consumer in Denmark

Q2 highlights

- Lower churn across products compared with Q1; reduced mobility churn compared with Q1 despite announced price increases
- Loss of 23k TV customers in Q2 including loss of a large MDU with both TV (8k) and broadband (6k) customers
- Improved call centre performance with fewer calls to support & billing, down by 14% YoY and 11% vs. Q1
- Strong set-top box sales driven by a new online and simple one-click purchasing flow
- New aligned TV and broadband portfolio launched at YouSee completing TDC and YouSee brand merger

Consumer, key figures

DKKm

		Q2 2017	Q2 2016	Change in %	H1 2017	H1 2016	Change in %
Revenue		**2,603**	**2,686**	**(3.1)**	**5,282**	**5,372**	**(1.7)**
Mobility services		698	674	3.6	1,393	1,342	3.8
TV		1,040	1,062	(2.1)	2,099	2,135	(1.7)
Internet & network		601	615	(2.3)	1,205	1,227	(1.8)
Landline voice		177	215	(17.7)	364	441	(17.5)
Other services		87	120	(27.5)	221	227	(2.6)
Gross profit		**1,973**	**2,035**	**(3.0)**	**3,970**	**4,075**	**(2.6)**
EBITDA		**1,538**	**1,565**	**(1.7)**	**3,079**	**3,113**	**(1.1)**
Gross margin	%	75.8	75.8	-	75.2	75.9	-
EBITDA margin	%	59.1	58.3	-	58.3	57.9	-
Number of FTEs (end-of-period)[1]	#	1,825	2,010	(9.2)	1,825	2,010	(9.2)

1 Consumer finance with 38 FTEs moved to Other operations in Q2 2017.

YTD performance

In H1 2017, Consumer's EBITDA decreased by 1.1% or DKK 34m to DKK 3,079m. This was a significant improvement compared with the EBITDA loss of 6.8% in 2016. Gross profit decreased by 2.6% driven mainly by a continued decline in landline voice and other services that was partly offset by growth in mobility services. Opex improved by 7.4% triggered by reduced call levels, reduced sales costs, lower marketing spending following the TDC and YouSee brand merger and Bet25[1].

Mobility services

In H1 2017, mobility services delivered reported revenue growth of 3.8%. The positive development was driven by increased mobile voice ARPU and by growth in mobile broadband. Mobile voice ARPU increased by DKK 2 YoY. This stemmed from price initiatives and an improved product mix with migration towards subscriptions with more content included, and a higher intake than churn ARPU. For example, in H1, the Telmore Play customer base grew by 24% YoY. However, income from traffic declined as more content was included in subscriptions. The mobile voice customer base decreased by 12k YoY[2] driven by low gross adds in this price-competitive market.

1 Not consolidated due to reduced ownership share.

The mobile broadband customer base increased by 15k[2] YoY, and ARPU rose by DKK 14 YoY driven by a new improved portfolio.

TV

Reported revenue from TV decreased by 1.7% or DKK 36m to DKK 2,099m in H1 2017. This development was due to sustained cord-cutting with a 56k YoY decline in the customer base (of which 8k stemmed from the loss of an MDU) in line with the market development. TDC Group's pay-TV market share remained level YoY.

TV ARPU increased by DKK 2 YoY driven by growth in transactional TVoD (Blockbuster) whereas subscription ARPU remained stable as price increases were offset by customers migrating to cheaper price plans.

2 In addition 6k mobile voice customers were reallocated to mobile broadband in Q1 2017.

Internet & network

Reported revenue from internet & network decreased by 1.8% or DKK 22m to DKK 1,205m in H1 2017. This was caused by a 22k YoY decline in the customer base as the loss of low-speed xDSL subscribers was only partly offset by growth in the high-speed cable customer base. The customer development was affected by price-aggressive competitors and the loss of a large MDU (6k). Broadband ARPU remained level YoY as the effect from increasing average broadband speed in the customer base was offset by lower income from fees.

Landline voice

In H1 2017, reported revenue from landline voice decreased by 17.5% caused by fewer subscribers with lower ARPU. However, the churn rate in Q2 2017 was at its lowest level in more than 5 years. The customer base decreased by 14.0% or 75k YoY (compared with 98k in H1 2016). ARPU decreased by DKK 6 stemming from migrations to cheaper (flat-rate) price plans and churn of high ARPU customers.

Other services

Revenue from other services decreased by 2.6% or DKK 6m to DKK 221m in H1 2017. This was due to decreasing effects from paper communication fees and Bet25[1], which was partly offset by increased sales of low-margin mobile handsets. Gross profit decreased by 40.0% or DKK 34m as the effect from mobile handsets on gross profit was limited.

Business in Denmark

Q2 highlights

- EBITDA decrease of 10.3% YoY or DKK 73m due to continued decline across products
- Growth in Skype for Business with good intake in the small and medium-sized business segment
- TDC Business chosen as secondary supplier in one of the large public tender agreements (SKI 02.08)
- Divestment of TDC Hosting completed in Q2; first quarter without TDC Hosting in reported figures

YTD performance

In H1 2017, Business' financial performance continued to decline with an EBITDA loss of 10.6% or DKK 157m to DKK 1,325m, driven by continued intense competition across segments and products.

The 10.6% decline in EBITDA in H1 2017 was an improvement compared with the decrease of 15.7% in H1 2016. Furthermore, the past four quarters have shown an overall YoY EBITDA improvement caused partly by growth in Skype for Business in the small and medium-sized business segment.

Q2 2017 was the first quarter without TDC Hosting in reported figures, but the EBITDA decline in H1 2017 was affected by the divestment of TDC Hosting. However, Q2 2016 was affected by several negative one-offs in TDC Hosting and, as such, the disposal had a limited impact on EBITDA growth in H1 2017. Organic EBITDA decreased by 10.3% in H1 2017.

Business, key figures DKKm

		Q2 2017	Q2 2016	Change in %	H1 2017	H1 2016	Change in %
Revenue		**1,091**	**1,274**	**(14.4)**	**2,350**	**2,568**	**(8.5)**
Mobility services		294	306	(3.9)	598	629	(4.9)
Internet & network		348	448	(22.3)	787	911	(13.6)
Landline voice		190	222	(14.4)	395	446	(11.4)
Other services		259	298	(13.1)	570	582	(2.1)
Gross profit		**867**	**1,004**	**(13.6)**	**1,854**	**2,051**	**(9.6)**
EBITDA		**636**	**709**	**(10.3)**	**1,325**	**1,482**	**(10.6)**
Gross margin	%	79.5	78.8	-	78.9	79.9	-
EBITDA margin	%	58.3	55.7	-	56.4	57.7	-
Number of FTEs (end-of-period)[1,2]	#	1,113	1,366	(18.5)	1,113	1,366	(18.5)

1 Divestment of TDC Hosting with 294 FTEs as from Q2 2017.
2 Business finance with 22 FTEs moved to Other operations in Q2 2017.

Mobility services

Reported revenue from mobility services declined by 4.9% or DKK 31m to DKK 598m in H1 2017, which is an improvement compared with the 11.5% decrease in H1 2016. The revenue development was driven by a decline of DKK 7 in ARPU YoY due to EU roaming, which has been included in the portfolios as a result of continued intense competition and new regulation. The decline in ARPU was an improvement compared with the DKK 18 decline in H1 2016.

Though the mobile voice customer base decreased by 16k YoY, an improved churn rate was evident in the small and medium-sized business segment YoY.

Internet & network

In H1 2017, Business' reported revenue from internet & network decreased by 13.6% or DKK 124m to DKK 787m. This was driven mainly by the divestment of TDC Hosting (DKK 80m) and from transferring the alarm network business area from TDC Business to Other operations from Q3 2016.

Fibre has experienced a stable customer base YoY and a decline in ARPU. ARPU was affected by a continued price pressure in the market and the flat customer development resulted in a loss of market share in a growing market. Several initiatives are in place to develop a more competitive fibre product.

Revenue from broadband was affected mainly by a declining customer base with a net loss of 27k customers YoY across segments, although this was offset by a DKK 11 increase in ARPU driven by the large business segment. The increase in ARPU resulted from different initiatives to increase the ARPU and reduce churn, such as converting customers to higher speeds.

Landline voice

In H1 2017, reported revenue from landline voice decreased by 11.4% or DKK 51m to DKK 395m. This decline stemmed from a DKK 11 decrease in ARPU YoY as well as a 26k YoY reduction in the customer base. This is in line with the overall expectation of a declining market for landline voice.

Other services

Reported revenue from other services decreased by 2.1% or DKK 12m to DKK 570m in H1 2017. This decrease was due mainly to an 8.9% or DKK 36m decline in NetDesign's revenue to DKK 370m, which was driven by lower sales of hardware and software as well as consultancy services due to market pressure. However, this was partly offset by higher sales of mobile handsets.

Wholesale in Denmark

Q2 highlights

- EBITDA growth of 3.2% driven by opex savings from renegotiated supplier agreement and FTE reductions
- Negative Q2 YoY gross profit development of 2.1% (vs. YoY growth of 6.3% in Q1) as Q2 2016 was positively affected by one-offs to a larger degree than in Q1 2016
- Increase of 4k wholesale customers for the full broadband product vs. Q1 2017 and 22k YoY
- Flat YoY revenue development in Q2 from inbound roaming as higher data volumes were offset by lower prices

YTD performance

In H1 2017, Wholesale reported strong EBITDA growth of 7.7% or DKK 37m to DKK 515m. This stemmed from gross profit growth in especially landline voice and internet & network as well as opex savings. The latter was positively affected by renegotiated supplier agreement and FTE reductions.

Mobility services

Reported revenue from mobility services increased by 10.4% or DKK 26m to DKK 277m in H1 2017. This was caused mainly by increased revenue from interconnect in Q1 2017 with limited gross profit impact. To a lesser extent, roaming also added to the revenue increase as a result of higher inbound data volumes that more than offset lower prices in Q1 2017.

The mobile voice customer base increased by 20k YoY driven primarily by increased customer intake among existing wholesale customers, while ARPU saw a small decline of DKK 1 YoY due to a changed customer mix.

Internet & network

In H1 2017, reported revenue from internet & network increased by 7.3% or DKK 27m to DKK 395m prompted by both broadband and capacity.

The increase in total broadband revenue resulted from a 7k increase in the total broadband customer base triggered by a number of new wholesale customers for the full broadband product (22k), which more than offset a reduction of broadband access customers (ULL). The changed customer base also had a positive impact on total ARPU, as full broadband product ARPU exceeds ARPU from the more simple broadband access products (ULL).

The increase in capacity was positively affected by calenderisation with limited gross profit effect.

Landline voice

Reported revenue from landline voice decreased by 17.3% or DKK 22m to DKK 105m in H1 2017, stemming primarily from decreases in service provider customers and inbound interconnect.

The 16k decrease in service provider customers was due to the continuous decline in the overall landline voice market, with an almost flat YoY ARPU development.

Reported gross profit from landline voice was positively affected by a one-off of DKK 15m on transmission costs in Q1 2017.

Wholesale, key figures DKKm

		Q2 2017	Q2 2016	Change in %	H1 2017	H1 2016	Change in %
Revenue		**449**	**441**	**1.8**	**873**	**840**	**3.9**
Mobility services		145	144	0.7	277	251	10.4
Internet & network		209	186	12.4	395	368	7.3
Landline voice		49	62	(21.0)	105	127	(17.3)
Other services		46	49	(6.1)	96	94	2.1
Gross profit		**285**	**291**	**(2.1)**	**571**	**560**	**2.0**
EBITDA		**257**	**249**	**3.2**	**515**	**478**	**7.7**
Gross margin	%	63.5	66.0	-	65.4	66.7	-
EBITDA margin	%	57.2	56.5	-	59.0	56.9	-
Number of FTEs (end-of-period)	#	126	135	(6.7)	126	135	(6.7)

Other operations in Denmark

Q2 highlights

- EBITDA increased by 0.9% or DKK 7m in Q2 YoY
- Continued improvement in fault-handling hours on customer premises of 9.4% YoY in Q2 driven by improved productivity
- For the third year in a row, the Danish Technological Institute concluded that TDC Group has the best mobile network in Denmark

YTD performance

Other operations consists of TDC Group's support functions such as IT, procurement, network, installation and Headquarters. In Q2 2017, all finance departments were moved to Headquarters bringing together all TDC Group's finance employees in Denmark as part of a larger optimisation process in finance.

In H1 2017, EBITDA from Other operations increased by 0.9% or DKK 13m to DKK -1,460m reflecting a gross profit increase of 13.0% or DKK 19m to DKK 165m. The gross profit increase stemmed from transferring the alarm network business area from TDC Business to Other operations from Q3 2016.

Operational expenditure increased slightly by 0.4% or DKK 6m in H1 2017 to DKK -1,625m.

This development was influenced by the movement of all finance departments to Headquarters in Q2 2017 (neutral at Group level) and increased cost in Group security. On the other hand, the cost-saving initiatives executed in late 2016 and early 2017, including renegotiation of some service contracts as well as reductions of FTEs, began to show results in H1 2017. FTE reductions were driven by process optimisations and productivity improvements. Additional financial impacts from the cost-reducing initiatives are expected in H2 2017.

Improved productivity in fault-handling was successfully achieved based on a continued high focus on optimising core processes and increasing efficiency. This led to a 9.0% reduction in fault-handling hours on customer premises. The improved productivity stems from initiatives regarding planning and dispatch and from intensive work on performance management.

Other operations, key figures

DKKm

		Q2 2017	Q2 2016	Change in %	H1 2017	H1 2016	Change in %
Revenue		132	125	5.6	237	226	4.9
Gross profit		95	83	14.5	165	146	13.0
Opex		(836)	(831)	(0.6)	(1,625)	(1,619)	(0.4)
EBITDA		**(741)**	**(748)**	**0.9**	**(1,460)**	**(1,473)**	**0.9**
KPIs							
Fault-handling hours	Hours ('000)	**126**	**139**	**(9.4)**	**252**	**277**	**(9.0)**
Number of FTEs (end-of-period)[1]	#	3,537	3,596	(1.6)	3,537	3,596	(1.6)

1 Finance departments from Consumer (38 FTEs) and Business (22 FTEs) with 60 FTEs were moved to Other operations in Q2 2017. TDC Wholesale's and Operations' finance departments are already included in Other operations.

Norway

Q2 highlights

- Norway delivered reported EBITDA growth of 7.7% or NOK 33m, partly affected by a one-off
- Get further strengthened its TV value proposition by launching a new user-interface concept and TV everywhere services, combined with a mobile data campaign to promote use of new services
- Negative development in TV RGUs -3k vs. Q1 driven by increased competition and TV unbundling
- The April launch of a strengthened TV offering with premium content and price increases in December 2016, contributed to a high YoY TV ARPU increase (NOK 70 YoY); TV ARPU was also affected by a one-off
- 3k broadband net adds vs. Q1 after a flat development last quarter; broadband penetration up by 3% YoY
- Get Safe showed a positive trend with an increasing customer base

YTD performance

In H1 2017, reported EBITDA in Norway increased by 6.5% or NOK 55m. Adjusted for different one-offs in 2016 and 2017 and changed calendarisation of wages during the holiday[1], EBITDA increased by 3.3%. Get EBITDA increased by 8.8% or NOK 68m resulting mainly from increased TV (including one-offs) and broadband revenues. TDC Norway (B2B) showed a reported EBITDA decline of 19.4% or NOK -13m YoY. This development was driven by both falling gross profit and increased opex spending. However, it is worth noting that in Q2 2017, TDC Norway saw an improvement in EBITDA growth (3.2%) compared with the negative growth in Q1 2017 (-38.9% YoY).

Total opex in Norway decreased by NOK 5m. However, adjusting for a change in the calendarisation of wages during the holiday[1] and a one-off in Q1 2016, opex declined by NOK 29m or 5.7%. This was driven by FTE savings from automation efficiencies and outsourcing in both Get and TDC Norway and led to a decrease in FTEs totalling 14% YoY. Other savings included procurement optimisation. Savings were achieved despite increased marketing related to the new strengthened Get TV offering and costs in TDC Norway related to the separation from TDC Sweden.

TV

In H1 2017, Get's reported revenue from TV increased by 17.9% or NOK 129m to NOK 851m of which NOK ~65m related to one-offs. The underlying improvement was achieved despite customer attrition (8k YoY) and was driven by price increases in December 2016 and 1 April, related to an increase in underlying content costs and recent launch of new flexible TV packages with HBO and premium sport included. TV ARPU increased by NOK 54 YoY in H1 2017 of which half can be attributed to price increases and the other half stems from one-offs.

Get's TV customer base decreased by 8k YoY in H1 2017. This resulted from intensified competition in both the MDU and SDU segments but also unbundling of TV and broadband. TV box penetration increased by 2 percentage points YoY to 94% of TV subscribers.

Residential broadband

Residential broadband showed a positive YoY development on all parameters. Revenue increased by 5.2% or NOK 28m driven by an 11k YoY increase in the customer base which raised the broadband penetration by 3 percentage points. Furthermore, broadband ARPU increased by NOK 3 YoY because of customer migration to higher speeds and prices.

Business

In H1 2017, reported revenue from Business decreased by 12.9% or NOK 68m to NOK 458m. The revenue decline stemmed from loss of low-margin customers and ARPU pressure. The revenue decline was affected by our changed business model with a focus on more streamlined business concepts that lead to more healthy margins. Deliveries to new flagship customers have now begun with more to follow in the coming quarter.

1 The change will not impact opex for the full-year 2017.

Norway, key figures

NOKm

		Q2 2017[2]	Q2 2016	Change in %	H1 2017[2]	H1 2016[3]	Change in %
Revenue		**1,042**	**964**	**8.1**	**2,037**	**1,948**	**4.6**
TV		443	359	23.4	851	722	17.9
Residential broadband		285	273	4.4	567	539	5.2
Business[1]		229	257	(10.9)	458	526	(12.9)
Other residential services		85	75	13.3	161	161	-
Gross profit		**690**	**656**	**5.2**	**1,375**	**1,325**	**3.8**
EBITDA		**463**	**430**	**7.7**	**899**	**844**	**6.5**
Gross margin	%	66.2	68.0	-	67.5	68.0	-
EBITDA margin	%	44.4	44.6	-	44.1	43.3	-
Number of FTEs (end-of-period)	#	762	883	(13.7)	762	883	(13.7)

1 Includes TDC Norway and Get's Business division.
2 TV revenue affected by one-offs of NOK ~30m in Q1 2017 and NOK ~35m in Q2 2017.
3 Q1 2016 positively affected by one-offs (revenue: NOK 13m and operational expenses: NOK 5m) that related primarily to a settlement in a legal dispute over partner customers.

Consolidated financial statements

Income statement

DKKm

	Note	Q2 2017	Q2 2016	Change in %	H1 2017	H1 2016	Change in %
Revenue	2	**5,051**	**5,204**	**(2.9)**	**10,262**	**10,381**	**(1.1)**
Cost of sales		(1,295)	(1,314)	1.4	(2,635)	(2,586)	(1.9)
Gross profit		**3,756**	**3,890**	**(3.4)**	**7,627**	**7,795**	**(2.2)**
External expenses		(798)	(862)	7.4	(1,621)	(1,675)	3.2
Personnel expenses		(927)	(938)	1.2	(1,872)	(1,905)	1.7
Other income		26	27	(3.7)	51	50	2.0
Operating profit before depreciation, amortisation and special items (EBITDA)	2	**2,057**	**2,117**	**(2.8)**	**4,185**	**4,265**	**(1.9)**
Depreciation, amortisation and impairment losses	3	(1,256)	(1,176)	(6.8)	(2,519)	(2,355)	(7.0)
Operating profit excluding special items (EBIT excluding special items)		**801**	**941**	**(14.9)**	**1,666**	**1,910**	**(12.8)**
Special items	4	12	(73)	116.4	77	(157)	149.0
Operating profit (EBIT)		**813**	**868**	**(6.3)**	**1,743**	**1,753**	**(0.6)**
Financial income and expenses	5	(255)	(124)	(105.6)	(421)	(200)	(110.5)
Profit before income taxes		**558**	**744**	**(25.0)**	**1,322**	**1,553**	**(14.9)**
Income taxes		(130)	(176)	26.1	(282)	(369)	23.6
Profit for the period from continuing operations		**428**	**568**	**(24.6)**	**1,040**	**1,184**	**(12.2)**
Profit for the period from discontinued operations		12	(3)	-	12	5	140.0
Profit for the period		**440**	**565**	**(22.1)**	**1,052**	**1,189**	**(11.5)**
Profit attributable to:							
Owners of the parent company		440	569	(22.7)	888	1,020	(12.9)
Coupon payments on hybrid capital, net of tax		-	-	-	164	175	(6.3)
Non-controlling interests		-	(4)	-	-	(6)	-
EPS (DKK)							
Earnings per share, basic		0.55	0.71	(22.5)	1.11	1.27	(12.6)
Earnings per share, diluted		0.54	0.71	(23.9)	1.10	1.27	(13.4)
Adjusted EPS		0.63	0.91	(30.8)	1.41	1.89	(25.4)

Statement of comprehensive income

DKKm

	Note	Q2 2017	Q2 2016	H1 2017	H1 2016
Profit for the period		**440**	**565**	**1,052**	**1,189**
Items that may subsequently be reclassified to the income statement:					
Exchange-rate adjustments of foreign enterprises	5	(391)	103	(464)	276
Value adjustments of hedging instruments	5	(35)	78	27	51
Items that cannot subsequently be reclassified to the income statement:					
Remeasurement of defined benefit pension plans		230	725	488	(543)
Income tax relating to remeasurement of defined benefit pension plans		(50)	(158)	(107)	120
Other comprehensive income/(loss)		**(246)**	**748**	**(56)**	**(96)**
Total comprehensive income/(loss)		**194**	**1,313**	**996**	**1,093**

Balance sheet

DKKm

	Note	30 June 2017	31 December 2016	30 June 2016
Assets				
Non-current assets				
Intangible assets		32,926	34,208	34,207
Property, plant and equipment		17,854	18,041	17,718
Joint ventures, associates and other investments		83	87	73
Deferred tax assets		-	-	7
Pension assets	6	6,071	5,595	5,439
Receivables		212	256	265
Derivative financial instruments		55	88	109
Prepaid expenses		306	314	321
Total non-current assets		**57,507**	**58,589**	**58,139**
Current assets				
Inventories		239	243	225
Receivables		2,021	2,495	2,020
Income tax receivables		-	25	-
Derivative financial instruments		400	612	654
Prepaid expenses		714	681	740
Cash		2,546	1,687	1,232
Assets held for sale		-	-	1,390
Total current assets		**5,920**	**5,743**	**6,261**
Total assets		**63,427**	**64,332**	**64,400**

Balance sheet

DKKm

	Note	30 June 2017	31 December 2016	30 June 2016
Equity and liabilities				
Equity				
Share capital		812	812	812
Reserve for exchange-rate adjustments		(1,299)	(835)	(1,743)
Reserve for cash flow hedges		(178)	(205)	(196)
Retained earnings		19,383	18,080	16,899
Proposed dividends		-	802	-
Equity attributable to owners of the parent company		**18,718**	**18,654**	**15,772**
Hybrid capital	8	5,552	5,552	5,552
Non-controlling interests		1	1	21
Total equity		**24,271**	**24,207**	**21,345**
Non-current liabilities				
Deferred tax liabilities		4,069	4,133	3,946
Provisions		914	935	952
Pension liabilities	6	37	39	38
Loans	7	19,269	23,966	26,616
Derivative financial instruments		357	290	227
Deferred income		374	372	385
Total non-current liabilities		**25,020**	**29,735**	**32,164**
Current liabilities				
Loans	7	4,717	220	199
Trade and other payables		5,639	6,186	5,626
Income tax payable		91	-	222
Derivative financial instruments		478	659	786
Deferred income		3,085	3,132	2,865
Provisions		126	193	178
Liabilities concerning assets held for sale		-	-	1,015
Total current liabilities		**14,136**	**10,390**	**10,891**
Total liabilities		**39,156**	**40,125**	**43,055**
Total equity and liabilities		**63,427**	**64,332**	**64,400**

Statement of cash flow

DKKm

	Q2 2017	Q2 2016	Change in %	H1 2017	H1 2016	Change in %
EBITDA	2,057	2,117	(2.8)	4,185	4,265	(1.9)
Adjustment for non-cash items	45	19	136.8	114	125	(8.8)
Pension contributions	(23)	(22)	(4.5)	(47)	(43)	(9.3)
Payments related to provisions	(5)	(3)	(66.7)	(6)	(3)	(100.0)
Special items	(67)	(171)	60.8	(184)	(275)	33.1
Change in working capital	(182)	(130)	(40.0)	283	262	8.0
Interest paid, net	(25)	(35)	28.6	(600)	(744)	19.4
Income tax paid	-	-	-	(270)	(330)	18.2
Operating activities in continuing operations	**1,800**	**1,775**	**1.4**	**3,475**	**3,257**	**6.7**
Operating activities in discontinued operations	-	52	-	-	96	-
Total cash flow from operating activities	**1,800**	**1,827**	**(1.5)**	**3,475**	**3,353**	**3.6**
Investment in enterprises	-	8	-	-	(106)	-
Investment in property, plant and equipment	(799)	(832)	4.0	(1,574)	(1,583)	0.6
Investment in intangible assets	(263)	(271)	3.0	(495)	(460)	(7.6)
Investment in other non-current assets	(15)	(1)	-	(19)	(1)	-
Divestment of enterprises	24	-	-	493	-	-
Divestment of joint ventures and associates	-	-	-	2	-	-
Sale of other non-current assets	15	8	87.5	24	14	71.4
Dividends received from joint ventures and associates	1	-	-	1	7	(85.7)
Investing activities in continuing operations	**(1,037)**	**(1,088)**	**4.7**	**(1,568)**	**(2,129)**	**26.4**
Investing activities in discontinued operations	6	(60)	110.0	6	(122)	104.9
Total cash flow from investing activities	**(1,031)**	**(1,148)**	**10.2**	**(1,562)**	**(2,251)**	**30.6**
Finance lease repayments	(16)	(19)	15.8	(37)	(39)	5.1
Change in short-term bank loans	-	-	-	-	(3)	-
Coupon payments on hybrid capital	-	-	-	(195)	(196)	0.5
Dividends paid	(200)	-	-	(802)	-	-
Financing activities in continuing operations	**(216)**	**(19)**	**-**	**(1,034)**	**(238)**	**-**
Financing activities in discontinued operations	-	-	-	-	-	-
Total cash flow from financing activities	**(216)**	**(19)**	**-**	**(1,034)**	**(238)**	**-**
Total cash flow	**553**	**660**	**(16.2)**	**879**	**864**	**1.7**
Cash and cash equivalents (beginning-of-period)	2,013	574	-	1,687	363	-
Effect of exchange-rate changes on cash and cash equivalents	(20)	-	-	(20)	7	-
Cash and cash equivalents (end-of-period)	**2,546**	**1,234**	**106.3**	**2,546**	**1,234**	**106.3**

Equity free cash flow

DKKm

	Q2 2017	Q2 2016	Change in %	H1 2017	H1 2016	Change in %
Cash flow from operating activities	1,800	1,775	1.4	3,475	3,257	6.7
Investment in property, plant and equipment	(799)	(832)	4.0	(1,574)	(1,583)	0.6
Investment in intangible assets	(263)	(271)	3.0	(495)	(460)	(7.6)
Finance lease repayments	(16)	(19)	15.8	(37)	(39)	5.1
Coupon payments on hybrid capital	-	-	-	(195)	(196)	0.5
Equity free cash flow	**722**	**653**	**10.6**	**1,174**	**979**	**19.9**

Statement of changes in equity

DKKm

	Equity attributable to owners of the parent company								
	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Proposed dividends	Total	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2016	812	(2,019)	(247)	16,229	-	14,775	5,552	27	20,354
Profit for the period				1,020		1,020	175	(6)	1,189
Exchange-rate adjustments of foreign enterprises		276				276			276
Value adjustments of hedging instruments			51			51			51
Remeasurement effects of defined benefit pension plans				(543)		(543)			(543)
Income tax relating to remeasurement effects of defined benefit pension plans				120		120			120
Total comprehensive income	**-**	**276**	**51**	**597**	**-**	**924**	**175**	**(6)**	**1,093**
Share-based remuneration				73		73			73
Coupon payments on hybrid capital						-	(196)		(196)
Income tax relating to coupon payments on hybrid capital						-	21		21
Total transactions with shareholders	**-**	**-**	**-**	**73**	**-**	**73**	**(175)**	**-**	**(102)**
Equity at 30 June 2016	**812**	**(1,743)**	**(196)**	**16,899**	**-**	**15,772**	**5,552**	**21**	**21,345**

Statement of changes in equity (continued)

DKKm

	Equity attributable to owners of the parent company								
	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Proposed dividends	Total	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2017	812	(835)	(205)	18,080	802	18,654	5,552	1	24,207
Profit for the period				888		888	164		1,052
Exchange-rate adjustments of foreign enterprises		(464)				(464)			(464)
Value adjustments of hedging instruments			27			27			27
Remeasurement effects related to defined benefit pension plans				488		488			488
Income tax relating to remeasurement effects from defined benefit pension plans				(107)		(107)			(107)
Total comprehensive income	**-**	**(464)**	**27**	**1,269**	**-**	**832**	**164**	**-**	**996**
Distributed dividends					(802)	(802)			(802)
Share-based remuneration				34		34			34
Coupon payments on hybrid capital							(195)		(195)
Income tax relating to coupon payments on hybrid capital							31		31
Total transactions with shareholders	**-**	**-**	**-**	**34**	**(802)**	**(768)**	**(164)**	**-**	**(932)**
Equity at 30 June 2017	**812**	**(1,299)**	**(178)**	**19,383**	**-**	**18,718**	**5,552**	**1**	**24,271**

Notes to consolidated financial statements

Note 1 Accounting policies

TDC's Interim Financial Report for H1 2017 has been prepared in accordance with IAS 34 Interim Financial Reporting and the additional disclosure requirements for listed companies. The accounting policies are unchanged compared with the policies applied in the Annual Report 2016.

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.

Critical accounting estimates and judgements
When preparing the consolidated financial statements, Management makes assumptions that affect the reported amount of assets and liabilities at the balance sheet date, and the reported income and expenses for the accounting period. The accounting estimates and judgements considered material to the preparation of the consolidated financial statements are shown in note 1.2 in the consolidated financial statements for 2016, cf. TDC's Annual Report 2016.

Note 2 Segment reporting

Activities

DKKm

	Consumer		Business		Wholesale		Other operations[1]	
	Q2 2017	**Q2 2016**	**Q2 2017**	**Q2 2016**	**Q2 2017**	**Q2 2016**	**Q2 2017**	**Q2 2016**
Mobility services	698	674	294	306	145	144	-	-
Landline voice	177	215	190	222	49	62	3	4
Internet and network	601	615	348	448	209	186	42	26
TV	1,040	1,062	7	10	14	12	-	1
Other services	87	120	252	288	32	37	87	94
Norway	-	-	-	-	-	-	-	-
Revenue	**2,603**	**2,686**	**1,091**	**1,274**	**449**	**441**	**132**	**125**
Total operating expenses excl. depreciation, etc.	(1,065)	(1,121)	(455)	(565)	(192)	(193)	(908)	(908)
Other income and expenses	-	-	-	-	-	1	35	35
EBITDA	**1,538**	**1,565**	**636**	**709**	**257**	**249**	**(741)**	**(748)**
Specification of revenue:								
External revenue	2,602	2,686	1,073	1,222	432	417	130	117
Revenue across segments	1	-	18	52	17	24	2	8

	Norway[2]		Eliminations		Total	
	Q2 2017	**Q2 2016**	**Q2 2017**	**Q2 2016**	**Q2 2017**	**Q2 2016**
Mobility services	-	-	(1)	(1)	1,136	1,123
Landline voice	-	-	(1)	1	418	504
Internet and network	-	-	(3)	(28)	1,197	1,247
TV	-	-	2	(2)	1,063	1,083
Other services	-	-	(22)	(32)	436	507
Norway	827	769	(26)	(29)	801	740
Revenue	**827**	**769**	**(51)**	**(91)**	**5,051**	**5,204**
Total operating expenses excl. depreciation, etc.	(461)	(426)	61	99	(3,020)	(3,114)
Other income and expenses	1	1	(10)	(10)	26	27
EBITDA	**367**	**344**	**-**	**(2)**	**2,057**	**2,117**
Specification of revenue:						
External revenue	814	762	-	-	5,051	5,204
Revenue across segments	13	7	(51)	(91)	-	-

Note 2 Segment reporting (continued)

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

DKKm	Q2 2017	Q2 2016
EBITDA from reportable segments	2,057	2,117
Unallocated:		
Depreciation, amortisation and impairment losses	(1,256)	(1,176)
Special items	12	(73)
Financial income and expenses	(255)	(124)
Consolidated profit before income taxes	**558**	**744**

1 Consists of the two operating segments Operations and Headquarters. At Operations, external revenue amounted to DKK 121m (Q2 2016: DKK 113m), revenue across segments amounted to DKK 0m (Q2 2016: DKK 5m) and EBITDA amounted to DKK (386)m (Q2 2016: DKK (415)m). At Headquarters, external revenue amounted to DKK 9m (Q2 2016: DKK 4m), revenue across segments amounted to DKK 2m (Q2 2016: DKK 3m) and EBITDA amounted to DKK (355)m (Q2 2016: DKK (333)m).

2 Consists of the two operating segments Get and TDC Norway AS. At Get, external revenue amounted to DKK 664m (Q2 2016: DKK 581m), revenue across segments amounted to DKK 0m (Q2 2016: DKK 0m) and EBITDA amounted to DKK 341m (Q2 2016: DKK 319m). At TDC Norway AS, external revenue amounted to DKK 150m (Q2 2016: DKK 181m), revenue across segments amounted to DKK 13m (Q2 2016: DKK 7m) and EBITDA amounted to DKK 26m (Q2 2016: DKK 25m).

Note 2 Segment reporting (continued)

Activities

DKKm

	Consumer		Business		Wholesale		Other operations[1]	
	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016
Mobility services	1,393	1,342	598	629	277	251	1	1
Landline voice	364	441	395	446	105	127	6	7
Internet and network	1,205	1,227	787	911	395	368	87	48
TV	2,099	2,135	16	19	27	23	1	1
Other services	221	227	554	563	69	71	142	169
Norway	-	-	-	-	-	-	-	-
Revenue	**5,282**	**5,372**	**2,350**	**2,568**	**873**	**840**	**237**	**226**
Total operating expenses excl. depreciation, etc.	(2,203)	(2,259)	(1,025)	(1,086)	(358)	(363)	(1,765)	(1,767)
Other income and expenses	-	-	-	-	-	1	68	68
EBITDA	**3,079**	**3,113**	**1,325**	**1,482**	**515**	**478**	**(1,460)**	**(1,473)**
Specification of revenue:								
External revenue	5,281	5,372	2,287	2,479	843	802	228	210
Revenue across segments	1	-	63	89	30	38	9	16

	Norway[2]		Eliminations		Total	
	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016
Mobility services	-	-	(2)	(2)	2,267	2,221
Landline voice	-	-	-	-	870	1,021
Internet and network	-	-	(37)	(50)	2,437	2,504
TV	-	-	1	(1)	2,144	2,177
Other services	-	-	(37)	(55)	949	975
Norway	1,650	1,540	(55)	(57)	1,595	1,483
Revenue	**1,650**	**1,540**	**(130)**	**(165)**	**10,262**	**10,381**
Total operating expenses excl. depreciation, etc.	(924)	(874)	147	183	(6,128)	(6,166)
Other income and expenses	2	2	(19)	(21)	51	50
EBITDA	**728**	**668**	**(2)**	**(3)**	**4,185**	**4,265**
Specification of revenue:						
External revenue	1,623	1,518	-	-	10,262	10,381
Revenue across segments	27	22	(130)	(165)	-	-

Note 2 Segment reporting (continued)

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

DKKm

	H1 2017	H1 2016
EBITDA from reportable segments	4,185	4,265
Unallocated:		
Depreciation, amortisation and impairment losses	(2,519)	(2,355)
Special items	77	(157)
Financial income and expenses	(421)	(200)
Consolidated profit/(loss) before income taxes	**1,322**	**1,553**

1 Consists of the two operating segments Operations and Headquarters. At Operations, external revenue amounted to DKK 215m (H1 2016: DKK 201m), revenue across segments amounted to DKK 4m (H1 2016: DKK 8m) and EBITDA amounted to DKK (769)m (H1 2016: DKK (815)m). At Headquarters, external revenue amounted to DKK 13m (H1 2016: DKK 9m), revenue across segments amounted to DKK 5m (H1 2016: DKK 8m) and EBITDA amounted to DKK (691)m (H1 2016: DKK (658)m).

2 Consists of the two operating segments Get and TDC Norway AS. At Get, external revenue amounted to DKK 1,318m (H1 2016: DKK 1,158m), revenue across segments amounted to DKK 0m (H1 2016: DKK 0m) and EBITDA amounted to DKK 684m (H1 2016: DKK 615m). At TDC Norway AS, external revenue amounted to DKK 305m (H1 2016: DKK 360m), revenue across segments amounted to DKK 27m (H1 2016: DKK 22m) and EBITDA amounted to DKK 44m (H1 2016: DKK 53m)

Note 3 Depreciation, amortisation and impairment losses

DKKm

	Q2 2017	Q2 2016	H1 2017	H1 2016
Depreciation on property, plant and equipment	(785)	(719)	(1,570)	(1,465)
Amortisation of intangible assets	(469)	(449)	(927)	(880)
Impairment losses	(2)	(8)	(22)	(10)
Total	**(1,256)**	**(1,176)**	**(2,519)**	**(2,355)**

The rise in depreciation, amortisation and impairment losses from H1 2016 to H1 2017 reflects primarily a change in the useful lives of various property, plant and equipment as well as software.

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.

Special items as described above are disclosed on the face of the income statement. Items of a similar nature for non-consolidated enterprises and discontinued operations are recognised in profit from joint ventures and associates and profit from discontinued operations, respectively.

Special items

DKKm

	Q2 2017	Q2 2016	H1 2017	H1 2016
Gain from divestments of enterprises and property	29	-	137	-
Costs related to redundancy programmes and vacant tenancies	(71)	(55)	(110)	(128)
Other restructuring costs, etc.	-	(16)	(3)	(24)
Income from rulings	54	-	54	-
Loss from rulings	-	(2)	(1)	(5)
Special items before income taxes	**12**	**(73)**	**77**	**(157)**
Income taxes related to special items	3	15	13	33
Special items related to discontinued operations	12	(6)	12	(15)
Total special items	**27**	**(64)**	**102**	**(139)**

The positive development in special items was due primarily to the gain from divestment of TDC Hosting in H1 2017 (DKK 137m) and a compensation from the Danish State for the costs of providing a maritime distress and safety service in Denmark in 2010-2012 (DKK 54m).

Note 5 Financial income and expense

Financial income and expenses

DKKm

	Q2 2017	Q2 2016	Change in %	H1 2017	H1 2016	Change in %
Interest income	4	4	-	8	8	-
Interest expenses	(162)	(199)	18.6	(324)	(399)	18.8
Net interest	**(158)**	**(195)**	**19.0**	**(316)**	**(391)**	**19.2**
Currency translation adjustments	(113)	44	-	(145)	121	-
Fair value adjustments	-	(2)	-	8	11	(27.3)
Interest, currency translation adjustments and fair value adjustments	**(271)**	**(153)**	**(77.1)**	**(453)**	**(259)**	**(74.9)**
Profit/(loss) from joint ventures and associates	(3)	(1)	(200.0)	(7)	(1)	-
Interest on pension assets	19	30	(36.7)	39	60	(35.0)
Total	**(255)**	**(124)**	**(105.6)**	**(421)**	**(200)**	**(110.5)**

Net financials recognised in other comprehensive income

DKKm

	Q2 2017	Q2 2016	H1 2017	H1 2016
Currency translation adjustment, foreign enterprises	(391)	103	(464)	276
Reversal of currency translation adjustment related to disposal of foreign enterprises	-	-	-	-
Exchange-rate adjustments of foreign enterprises	**(391)**	**103**	**(464)**	**276**
Change in fair value adjustments of cash flow hedges	(33)	60	31	35
Change in fair value adjustments of cash flow hedges transferred to financial expenses	(2)	18	(4)	16
Value adjustments of hedging instruments	**(35)**	**78**	**27**	**51**

Financial income and expenses represented an expense of DKK 453m in H1 2017, an increase of DKK 194m compared with H1 2016, driven primarily by a negative development in currency translation adjustments, partly offset by lower net interest expenses:

- The EMTN bond buy-back in December 2016 resulted in a DKK 63m reduction in interest expenses in H1 2017
- In H1 2017 intercompany loans denominated in NOK resulted in a currency loss of DKK 175m, whereas these loans resulted in a currency gain of DKK 100m in H1 2016.

Note 5 Financial income and expense (continued)

Specifications

DKKm

	Q2 2017				Q2 2016			
	Interest	Currency translation adjustments	Fair value adjustments	Total	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(142)	2	2	**(138)**	(174)	23	(18)	**(169)**
European Investment Bank (EIB) and KfW bank loans incl. hedges (treated as hedge accounting)	(6)	1	-	**(5)**	(6)	9	-	**3**
Other hedges (not treated as hedge accounting)	-	-	(2)	**(2)**	-	-	16	**16**
Other	(10)	(116)	-	**(126)**	(15)	12	-	**(3)**
Total	**(158)**	**(113)**	**-**	**(271)**	**(195)**	**44**	**(2)**	**(153)**

	H1 2017				H1 2016			
	Interest	Currency translation adjustments	Fair value adjustments	Total	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(283)	(2)	4	**(281)**	(349)	41	(16)	**(324)**
European Investment Bank (EIB) and KfW bank loans incl. hedges (treated as hedge accounting)	(12)	-	-	**(12)**	(12)	17	-	**5**
Other hedges (not treated as hedge accounting)	-	-	4	**4**	-	-	27	**27**
Other	(21)	(143)	-	**(164)**	(30)	63	-	**33**
Total	**(316)**	**(145)**	**8**	**(453)**	**(391)**	**121**	**11**	**(259)**

Note 6 Pension assets and pension obligations

Pension (costs)/income

DKKm

	Q2 2017	Q2 2016	H1 2017	H1 2016
Specification of plans:				
Denmark	(14)	(2)	(28)	(4)
Norway	(1)	(1)	(1)	(1)
Pension income/(costs) from defined benefit plans	**(15)**	**(3)**	**(29)**	**(5)**
Recognition in the income statement:				
Service cost[1]	(32)	(31)	(64)	(61)
Administrative expenses	(2)	(2)	(4)	(4)
Personnel expenses (included in EBITDA)	**(34)**	**(33)**	**(68)**	**(65)**
Interest on pension assets	19	30	39	60
Pension income/(costs) from defined benefit plans	**(15)**	**(3)**	**(29)**	**(5)**

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

	Q2 2017	Q2 2016	H1 2017	H1 2016
Pension (costs)/income				
Service cost	(32)	(30)	(64)	(60)
Administrative expenses	(2)	(2)	(4)	(4)
Personnel expenses (included in EBITDA)	**(34)**	**(32)**	**(68)**	**(64)**
Interest on pension assets	20	30	40	60
Pension (costs)/income	**(14)**	**(2)**	**(28)**	**(4)**
Domestic redundancy programmes recognised in special items	(2)	(2)	(35)	(10)
Total pension (costs)/income recognised in the income statement	**(16)**	**(4)**	**(63)**	**(14)**

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.

Note 6 Pension assets and pension obligations (continued)

Domestic defined benefit plan (continued)

DKKm

	30 June 2017	31 December 2016	30 June 2016
Assets and obligations			
Specification of pension assets			
Fair value of plan assets	30,049	30,836	29,995
Defined benefit obligation	(23,978)	(25,241)	(24,556)
Pension assets recognised in the balance sheet	**6,071**	**5,595**	**5,439**
Change in pension assets			
Pension assets recognised at 1 January	5,595	5,947	5,947
Pension (costs)/income	(63)	(34)	(14)
Remeasurement effects	488	(426)	(543)
TDC's contribution	51	108	49
Pension assets recognised in the balance sheet	**6,071**	**5,595**	**5,439**
Assumptions used to determine defined benefit obligations			
Discount rate	1.57	1.41	1.35
General price/wage inflation	1.57	1.69	1.30
Assumptions used to determine pension (costs)/income			
Discount rate	1.41	2.00	2.00
General price/wage inflation	1.69	1.50	1.50

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

The remeasurement effects in H1 2017 (a net gain of DKK 488m) cover primarily a gain related to the benefit obligation (DKK 537m) resulting from the increasing discount rate (from 1.41% to 1.57%) and the decreasing inflation rate (from 1.69% to 1.57%). The gain was partly offset by a loss related to the plan assets (DKK 49m) as the actual return was lower than the expected return[1].

The remeasurement effects in H1 2016 (a net loss of DKK 543m) cover a loss related to the pension obligation (DKK 1,548m) resulting from the decreasing discount rate (from 2.00% to 1.35%), partly offset by the decreasing inflation rate (from 1.50% to 1.30%). This loss was partly offset by a gain related to plan assets (DKK 1,005m) as the actual return was higher than the expected return[1].

Foreign defined benefit plans

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

1 In accordance with International Financial Reporting Standards the expected return should be assumed to be equal to the discount rate as of the end of the previous year.

Note 7 Loans and net interest-bearing debt

Euro Medium Term Notes (EMTNs) and bank loans[1]

DKKm

	2018	2019	2020	2020	2022	2023	2027	Total
Maturity	23 Feb 18	30 Dec 19	4 Feb 20	14 Dec 20	2 Mar 22	23 Feb 23	27 Feb 27	
Fixed/Floating rate	Fixed	Floating	Floating	Floating	Fixed	Fixed	Fixed	
Coupon	4.375%				3.750%	5.625%	1.750%	
Currency	EUR	EUR	EUR	EUR	EUR	GBP	EUR	
Type	Bond	Bank loan	Bank loan	Bank loan	Bond	Bond	Bond	
Nominal value (DKKm)	4,461	2,974	1,859	744	3,718	3,599	5,949	23,304
Nominal value (Currency)	600	400	250	100	500	425	800	
Hereof nominal value swapped to or with floating interest rate (EURm)	200	400	250	100	150	50	-	1,150
Hereof nominal value swapped from GBP to EUR (GBPm)[2]	-	-	-	-	-	425	-	425

[1] The maturity of derivatives used for hedging long-term loans matches the maturity of the underlying loans.
[2] The nominal value of the GBP 425m February 2023 bond was fully swapped to EUR 508m.

The maturity analysis above does not include hybrid capital with a principal amount totalling DKK 5,577m due in 3015. For further details on hybrid capital, see note 8.

Net interest-bearing debt

DKKm

	30 June 2017	31 December 2016	30 June 2016
Long-term loans	19,269	23,966	26,616
Short-term loans	4,717	220	199
Interest-bearing payables	2	2	2
Derivatives	42	(109)	(254)
Interest-bearing receivables and investments	(218)	(259)	(430)
Cash	(2,546)	(1,687)	(1,232)
Net interest-bearing debt	**21,266**	**22,133**	**24,901**
50% of hybrid capital	2,776	2,776	2,776
Adjusted net interest-bearing debt	**24,042**	**24,909**	**27,677**

Both net interest-bearing debt and adjusted net interest-bearing debt fell by DKK 867m during H1 2017 following the net cash flows from operating and investing activities including the net proceeds from divesting TDC Hosting (DKK 493m)[1] partly offset by the payment of dividend (DKK 802m).

1 After adjustment for cash and debt as well as transaction costs.

Note 8 Hybrid capital

TDC has EUR 750m in callable subordinated capital securities (hybrid bonds) outstanding which are accounted for as equity. The hybrid capital is subordinate to the Group's other creditors. The further key details on the hybrid bonds are:

- final maturity: 26 February 3015
- first par call date: 26 February 2021
- coupon rate: fixed at 3.5000% until 26 February 2021

TDC may defer coupon payments to bond holders. However, deferred coupon payments will fall due for payment in the event of distribution of dividends to TDC's shareholders. Deferred coupons will lapse in 3015.

Coupon payments are recognised directly in equity at the time the payment obligation arises. Non-recognised accumulated coupons amounted to DKK 66m as of 30 June 2017.

The hybrid bonds issued by TDC provide 50% equity credit from rating agencies. Accordingly, an adjusted net interest-bearing debt (NIBD) and leverage ratio are disclosed, where 50% of the hybrid capital is included in NIBD.

Note 9 Events after the balance sheet date

None.

Selected financial and operational data

TDC Group

		H1 2017	H1 2016	2016	2015	2014	2013
Income statement	DKKm						
Revenue		10,262	10,381	21,031	21,935	21,078	21,559
Gross profit		7,627	7,795	15,627	16,458	16,062	16,365
EBITDA		**4,185**	**4,265**	**8,488**	**9,488**	**9,477**	**9,634**
Operating profit/(loss) (EBIT)		**1,743**	**1,753**	**3,267**	**(688)**	**3,727**	**3,960**
Profit/(loss) before income taxes		1,322	1,553	2,491	(1,792)	2,710	3,283
Profit/(loss) for the period from continuing operations		1,040	1,184	1,962	(2,452)	2,379	2,930
Profit/(loss) for the period		**1,052**	**1,189**	**3,037**	**(2,384)**	**3,228**	**3,119**
Income statement, excluding special items							
Operating profit (EBIT)		**1,666**	**1,910**	**3,548**	**4,414**	**5,002**	**4,950**
Profit before income taxes		1,245	1,710	2,771	3,310	3,984	4,273
Profit for the period from continuing operations		**950**	**1,308**	**2,182**	**2,423**	**3,461**	**3,674**
Profit for the period		950	1,328	2,284	2,502	3,551	3,780
Balance sheet	DKKbn						
Total assets		63.4	64.4	64.3	64.6	74.4	60.4
Net interest-bearing debt		21.3	24.9	22.1	26.0	32.9	21.7
Hybrid capital		5.6	5.6	5.6	5.6	-	-
Total equity		24.3	21.3	24.2	20.4	18.6	20.4
Average number of shares outstanding (million)		802.5	802.0	802.0	801.7	800.2	798.9
Capital expenditure		**(2,112)**	**(2,024)**	**(4,352)**	**(4,316)**	**(3,686)**	**(3,394)**
Statement of cash flow	DKKm						
Operating activities		3,475	3,257	6,828	7,547	6,980	6,674
Investing activities		(1,568)	(2,129)	(4,571)	(4,382)	(16,263)	(3,722)
Financing activities		(1,034)	(238)	(3,181)	(7,591)	11,896	(3,058)
Total cash flow from continuing operations		**873**	**890**	**(924)**	**(4,426)**	**2,613**	**(106)**
Total cash flow in discontinued operations[1]		6	(26)	2,243	37	961	305
Total cash flow		**879**	**864**	**1,319**	**(4,389)**	**3,574**	**199**
Equity free cash flow		**1,174**	**979**	**2,082**	**3,187**	**3,309**	**3,175**

TDC Group

		H1 2017	H1 2016	2016	2015	2014	2013
Key financial ratios							
Earnings Per Share (EPS)	DKK	1.11	1.27	3.58	(2.87)	4.05	3.90
EPS from continuing operations, excl. special items	DKK	1.18	1.63	2.72	3.02	4.33	4.60
Adjusted EPS	DKK	1.41	1.89	3.27	3.76	5.23	5.23
Dividend per share for the financial year	DKK	-	-	1.00	1.00	2.50	3.70
Dividend payout (% of EFCF)	%	-	-	38.5	24.8	62.9	89.3
Gross margin	%	74.3	75.1	74.3	75.0	76.2	75.9
EBITDA margin	%	40.8	41.1	40.4	43.3	45.0	44.7
Adjusted NIBD/EBITDA[2]	x	2.9	3.1	2.9	2.9	3.4	2.1
Retail RGUs (Denmark)							
Mobile subscriptions	# ('000)	2,569	2,603	2,592	2,576	2,566	2,655
TV	# ('000)	1,342	1,399	1,388	1,386	1,420	1,393
Broadband	# ('000)	1,286	1,336	1,312	1,329	1,358	1,361
Landline voice	# ('000)	689	794	742	847	1,010	1,193
Employees							
FTEs (end-of-period)	#	7,363	7,990	7,963	7,897	7,787	7,785
FTEs and temps (end-of-period)	#	7,423	8,071	8,046	8,016	7,848	7,867
Customer satisfaction							
Recommend score	Index[3]	64	65	64	64	64	64

[1] TDC Finland (divested in 2014) and Sweden (divested in Q2 2016) are presented as discontinued operations. Other divestments are included in the respective accounting items during the ownership.
[2] EBITDA for Get is included from November 2014. On a pro-forma basis, if EBITDA for Get had been included for the full-year 2014, the leverage ratio at year-end 2014 would have been 3.1.
[3] YTD average index.

Corporate matters

Change in the Executive Committee

On 6 February 2017, TDC A/S announced that Senior Executive Vice President of TDC Operations and COO, Peter Trier Schleidt had resigned. At the same time Andreas Pfisterer was appointed as acting Head of TDC Operations and Chief Technology and Information Officer (CTIO). On 7 June 2017, TDC A/S announced that the appointment was permanent. Concurrently, Andreas Pfisterer joined TDC's Executive Committee. Andreas Pfisterer (45) holds an MSc in Economics and Business Administration and in Computer Science. He has previously held positions as CTO/CIO at Telefónica Germany, KPN Mobile International Network, E-Plus Mobilfunk and Sunrise Communications.

Risk factors

TDC Group's Annual Report describes certain risks that could materially and adversely affect TDC Group's business, financial condition, results of operations and/or cash flows. At the end of H1 2017, TDC expects no significant changes in the risks.

Forward-looking statements

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

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

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

Management statement

Management statement
Today, the Board of Directors and the Executive Committee considered and approved the Interim Financial Statements of TDC Group for H1 2017.

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

In our opinion, the Financial Report gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2017 as well as the results of operations and cash flows for H1 2017. Furthermore, in our opinion, the management's review provides a fair review of the developments in the Group's activities and financial position, and describes the significant risks and uncertainties that may affect the Group.

Copenhagen, 10 August 2017

Executive Committee

Pernille Erenbjerg
Group Chief Executive Officer and President

Stig Pastwa
Senior Executive Vice President, Group Chief Financial Officer

Jaap Postma
Senior Executive Vice President of YouSee

Gunnar Evensen
Chief Executive Officer of Norway

Marina Lønning
Senior Executive Vice President of Business

Andreas Pfisterer
Senior Executive Vice President of TDC Operations and Chief Technology and Information Officer

Jens Aaløse
Senior Executive Vice President of Stakeholder Relations and Group Chief Customer Officer

Board of Directors

Pierre Danon
Chairman

Lene Skole
Vice Chairman

Marianne Rørslev Bock

Stine Bosse

Pieter Knook

Angus Porter

Benoit Scheen

Mogens Jensen

John Schwartzbach

Zanne Stensballe

Gert Winkelmann

About TDC
TDC A/S
Teglholmsgade 1
DK-0900 Copenhagen C
tdc.com

For more information, please contact Flemming Jacobsen,
Head of TDC Investor Relations, on +45 6663 7680 or investorrelations@tdc.dk.

Listing

Shares: NASDAQ OMX Copenhagen
Reuters TDC.CO
Bloomberg TDC DC
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