

Interim Financial Report Q2 2017

TDC (TDC.CO, TDC DC), a leading communication and home entertainment company in Denmark and Norway, announces its interim financial report for the second quarter of 2017:

Pernille Erenbjerg, Group CEO, TDC A/S, says:

"In 2017, we are well on our way to stabilising our entire business. Thus, the financial statements are satisfactory and in line with our expectations for the full year. In particular, I would like to highlight the good development in our domestic mobile operation with gross profit growth for the third quarter in a row."

"I am pleased that our customers have warmly welcomed the option of using mobile data in Europe at no extra charge. Although it is too early to draw final conclusions, the first indications suggest that our customers have increased their data consumption more than sevenfold compared with the preceding year. A significant increase, but within our expectations."

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

Conference call details

A conference call will be held on 5 May 2017 at 14:30 CET.

Presentation material will be available prior to the conference call on www.tdcgroup.com

Dial-in details can be found at:

<http://event.onlineseminarsolutions.com/r.htm?e=1470395&s=1&k=A57724E18E3C06BAF863C69CBEC84C76>

Audio cast: <http://edge.media-server.com/m/p/4fresuyk>

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This notification is made by Dennis Callesen, Investor Relations Manager at TDC A/S.

TDC listing

Shares: NASDAQ Copenhagen.

Reuters TDC.CO.

Bloomberg TDC DC.

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