Financial Report July – September 2017

October 31th, 2017

TDC Group

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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.

Q3 highlights

- Reported EBITDA decline of 3.0% YoY affected by roaming regulation, divestments and acquisitions; **organic EBITDA growth** of 0.5% YoY in Q3, a significant improvement compared with recent years and driven mainly by growth in mobility services and opex savings
- **Increase of 10.6% in EFCF** in Q3 YoY driven primarily by different timing of net working capital
- **Significant organic opex improvement** in Q3 (8.0%); expected 2017 organic opex savings of DKK ~300m on track (YTD DKK 234m)
- TDC Business awarded **a large public tender agreement** covering most of local authorities in Denmark and the central government, full financial effect not expected before 2019
- Mobile voice **ARPU increase of DKK 5 (4%)** in Consumer YoY; **outbound data roaming traffic** increased by ~600% in Q3 YoY
- Loss of 18k TV customers in Denmark and 2k in Norway vs. Q2; **'The next chapter of YouSee TV'** announced to improve our offerings with exclusive content and streaming services included in flexible TV packages
- Launch of **loyalty programme 'YouSee More'** to increase product holdings within households and reduce churn
- **Calls to Support & Billing** reduced by 25.4% YoY and remained level with Q2
- **Insourcing of YouSee support call centre** with take-over of ~700 FTEs as of 1 December; the full customer service value chain is now anchored in TDC Group to make it simpler and better to be a customer in TDC Group
- Acquisition of the Danish mobile company **Plenti** (83k mobile voice and mobile broadband customers) at an equity value of DKK 74m
- **2017 guidance** reaffirmed on all parameters; EBITDA > DKK 8.2bn; EFCF: stable or moderate growth; DPS: DKK 1.05; as announced on 6 February 2017

Delivering on the strategic ambition

● Deep dives

Always simpler and better

Better connectivity

- ● Continuously **investing in improving connectivity to all Danes** by deploying new technologies and increasing gigaspeed penetration
  - 61% of TDC owned cable networks can be **offered 1 gigabit broadband speeds**
  - **New fibre product** enabling gigaspeeds
  - Ongoing **low cost DSL upgrades** through new technologies (e.g. vectoring, Vplus) to double the download speed
- **Get broadband programme** continue to deliver good results; Stability at all-time high

Better offerings

- ● Next generation households offering; new **YouSee More customer loyalty programme**
- ● **Nordic content delivery platform to offer a premium entertainment experience** of relevant and curated content is progressing well with several launches
- ● **Strong B2B product pipeline** creating a platform for TDC Business to ensure stabilisation and better trajectory
- **Launch of new Fullrate position** to move focus even further away from price and towards quality

Better customer experience

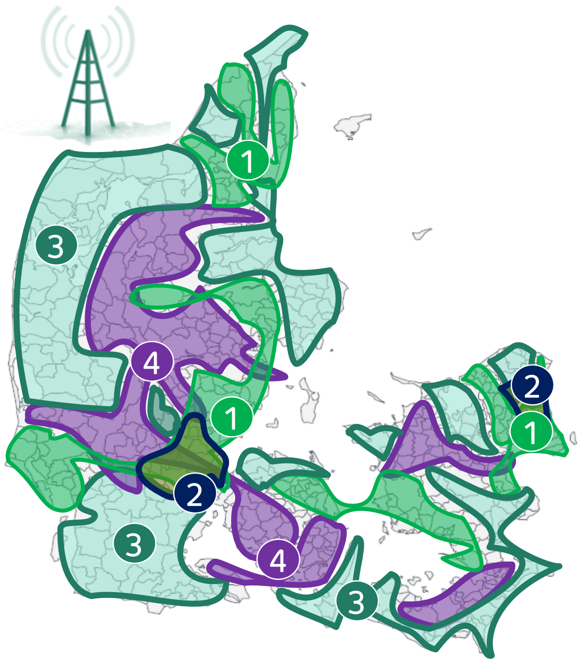
- **Insourcing of YouSee call centre** enabling full end-to-end responsibility on the customer journey with focus on high quality of all customer inquires
- **Multiple digital launches across the group** enabling better customer experiences
- **New personalised digital onboarding journey** in YouSee with good results; 62% star experiences and 37% call reductions on onboarding related calls
- **New sales flow** launches for **TDC Business**

Simplified digital operating model

- **TDC Business simplification programme** progressing well towards a simpler product portfolio and fewer product platforms; in the Business Solution segment, 84% of the addressable mobile voice base has been migrated to the preferred platform
- ● New **TDC 'Digital First' programme** in place and enabling simplification and efficiencies across the group

TDC Group

Continuously investing in improving connectivity to all Danes by deploying new technologies and increasing gigaspeed penetration



TDC Household coverage

1	Cable:	~50%
2	Fibre, excl. cable overlap:	~6%
3 4	DSL with 3rd party utility:	~30%
3	DSL with no other alternative:	~14%

1 Moving to gigaspeed on cable network

61% of TDC owned cable networks can be **offered 1 gigabit broadband speeds** with DOCSIS 3.1. technology upgrade and roll-out. Cable is our preferred choice where available **cable broadband now account for ~54%** in YouSee customer base vs. ~49% in Q4 2015

2 Own & existing 3rd party fibre deals

Constantly increasing fibre penetration by promoting existing fibre infrastructure (now covering ~150,000 addresses where cable is unavailable across own and 3rd party infrastructure) and promoting **fibre for new-build.** We will still never build on top of existing fibre

3 Upgrade DSL and boost with MBB

Ongoing **low cost DSL upgrades through new technologies** when we find economically attractive cases (e.g. vectoring, Vplus and new remote DSLAMs) doubling the download speed: **~210,000 addresses have been upgraded outside cable and fibre footprint**

Launch of **new DSL/4G hybrid solution in Q4 2017** to addresses where we do not have another superior alternative and for these DSL customers enable speeds up to 100 Mbit/s

These DSL upgrades of our speed offerings enable us **to protect our base from 3rd party utility fibre** companies

4 New potential 3rd party fibre deals

Improving fibre reach through entering new 3rd party deals with utilities

New strong household claim, YouSee More, empowering household penetration

YouSee More member

YouSee More

More products enables more benefits

2 products

- Mobile + Broadband
- Mobile + TV
- Broadband + TV

= 3 free of choice benefits

3 products

- Mobile + Broadband + TV
- 2x Mobile + Broadband

= 5 free of choice benefits

Choose your own benefits and switch them as needed

The best movies. Best to the kids

- Premiere movies
- Movies & series
- Fun for kids

Digital safety

- Double data
- Security online

E-books, audios, weekly magazines, magazines and news

- E-books
- Online magazines
- BT Plus

The newest hits and classic

- Millions of music tracks

Ambition

OUR GOAL IS AMBITIOUS:

1,000,000!

NOT "JUST" CUSTOMERS...

BUT...

HAPPY HOUSEHOLDS!

BENEFITS

- Recommend score ↑
- Household penetration ↑
- Churn ↓

Strong content delivery platform with multiple launches to come

Enhanced TV experience

Flexible TV packages

Exclusive content

YouSee

Enhanced TV experience: TV STB launch in Q2 '16. Next Generation with 4k and NPVR to be launched in Q4 '17

Flexible TV packages: Next chapter of flexible packaging to be launched in Q118 with streaming services as part of the subscription

Exclusive content: Partnership with DK lifestyle programme and scripted series. Launch in Q4 '17

Get

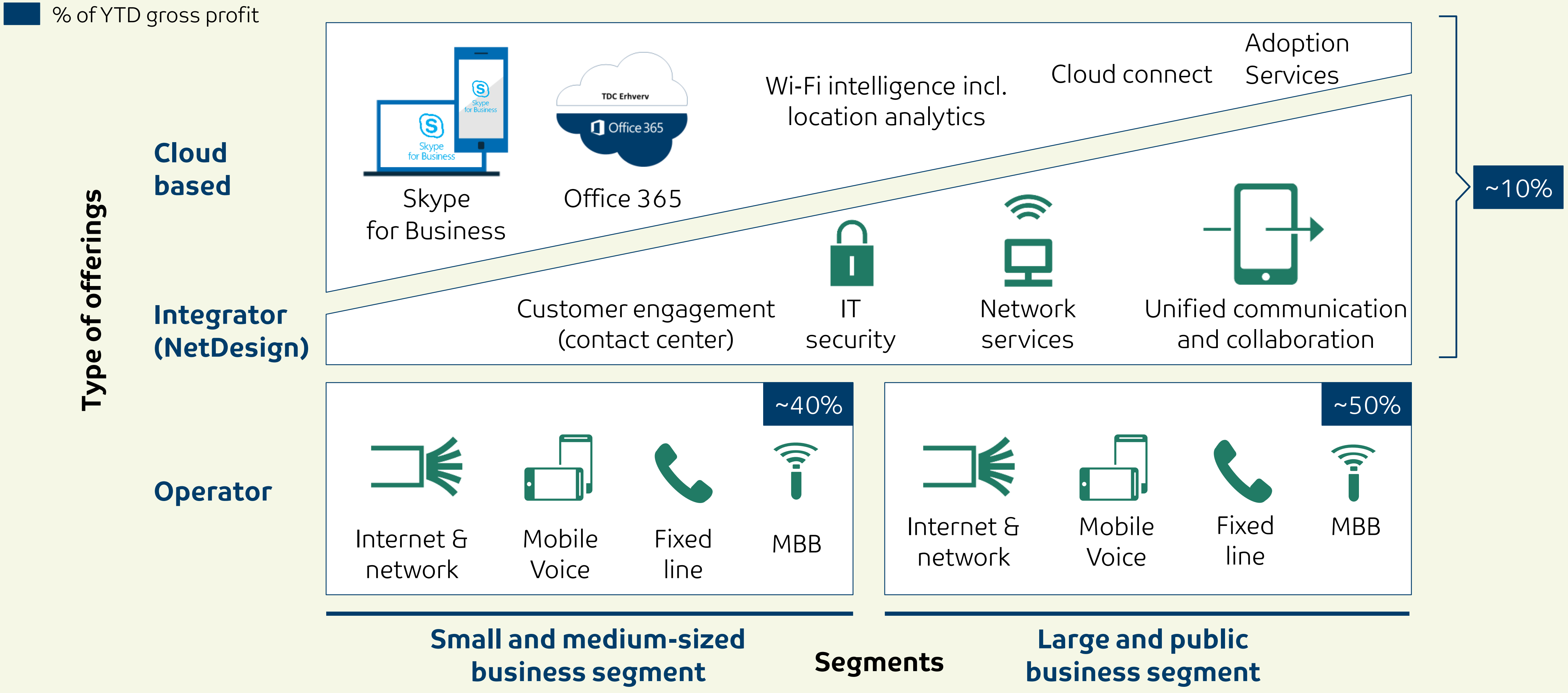
Enhanced TV experience: TV everywhere through new web player and 3rd party STB, launched Q2 '17

Flexible TV packages: New flexible TV package incl. streaming services and new point system in Q2 '17

Exclusive content: Solid range of new content entering the service

TDC Group

Overview of TDC Business' customer segments and range of offerings



Our strategic priorities within each area

% of YTD gross profit

Type of offerings

Cloud based

Support customers **digitisation journey** through growing our **Cloud solution customer base driving operator stickiness** and creating new revenue streams over time

Integrator (NetDesign)

Strategically invest in selected focus areas to position **NetDesign** as leading supplier of **integrator solutions** driving profitable growth

~10%

Operator

~40%

Push **standardised premium offerings to stabilise ARPU development** while keeping constant market shares and constantly improving customer experience

~50%

Stabilise renegotiation ARPUs by moving focus towards quality of service and **tailored communication solutions**, and only pursue profitable new customer contracts

Segments

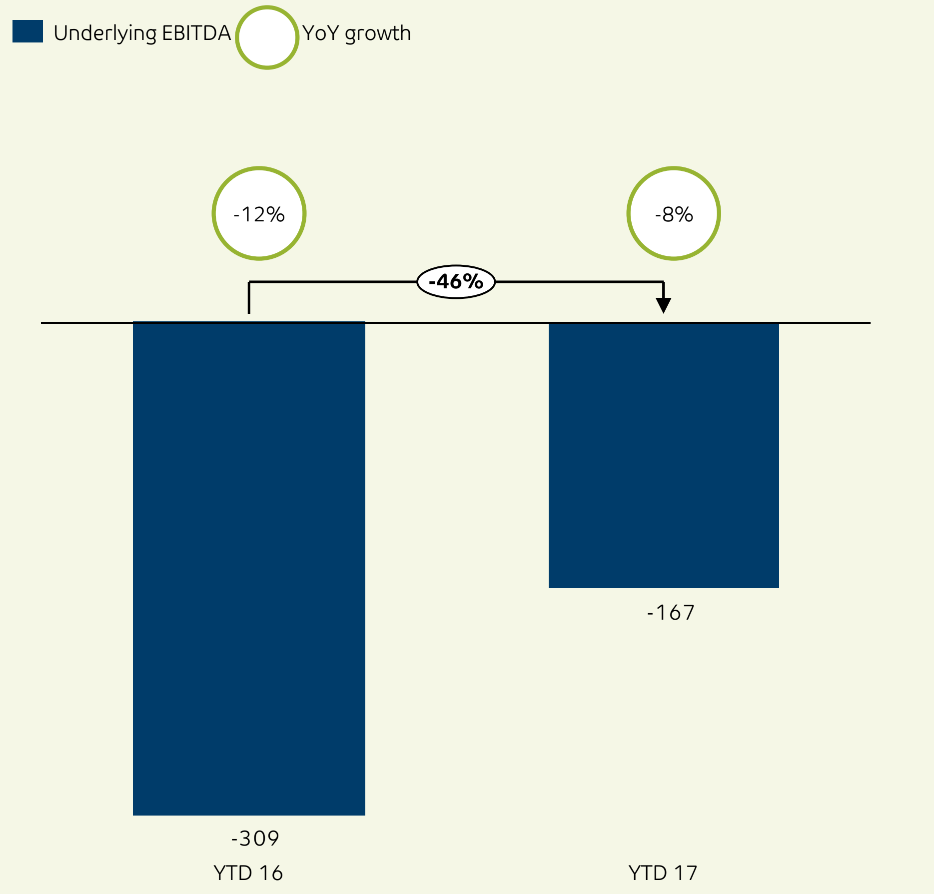
Small and medium-sized business segment

Large and public business segment

TDC Group

TDC Business still challenged, however on improving trajectory

Underlying YTD EBITDA YoY[1] DKKm



Contribution drivers

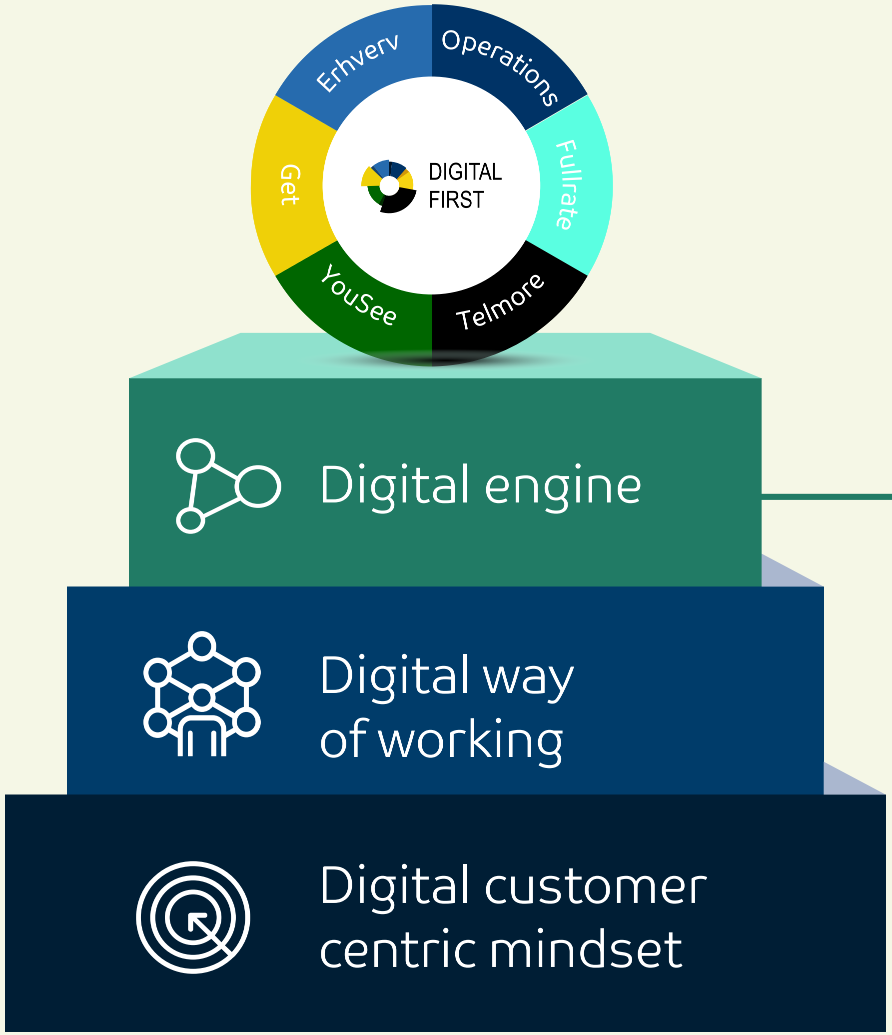
	YTD 16	YTD 17
Stabilised MV development in the SMB segment ARPU YoY growth	-9%	-2%
Growing cloud business # of Skype for Business seats, thousands	90	160
Challenged Enterprise operator business GP YoY development	-10%	-10%
Increased efficiency and cost savings Overall opex development[1]	-1%	3%

Organic FTE development[1] -4%, further employees have been given notice enabling **-8%**

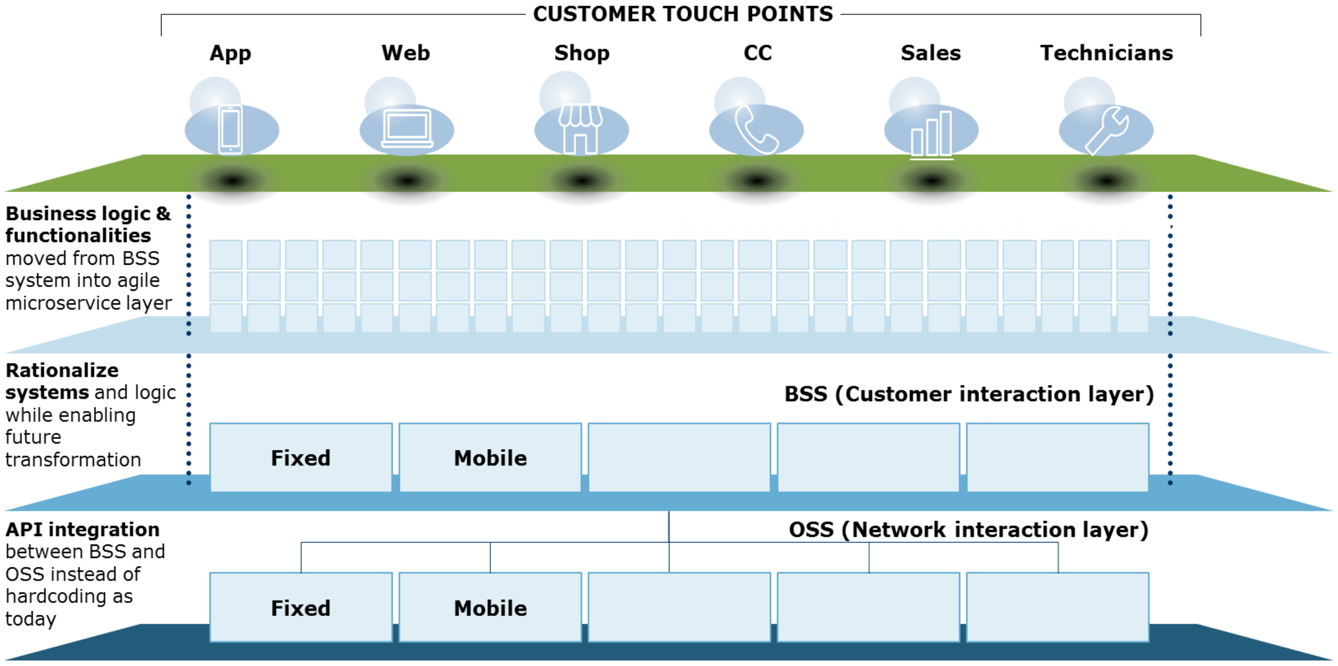
1. Adjusted for acquisition and divestments, movements between business lines and roaming regulation

TDC Group

We are executing on our digital programme: ‘Digital First’



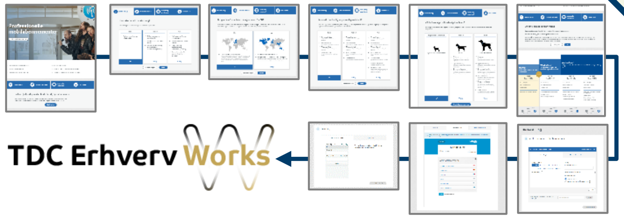
The digital engine are build on an agile micro service layer that continually will take over functionality from legacy systems



From which we are seeing a new speed of digital deployment

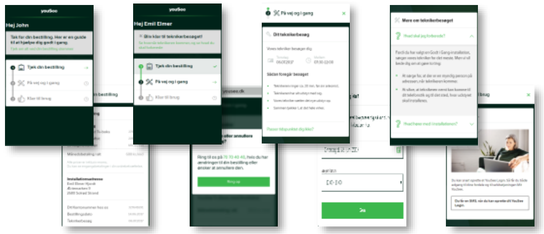
Account Manager | Partner | Cust. Service

Salesforce implementation enabling **360° customer overview** + improved B2B self-service universe



TDC Erhverv Works

Online guide and sales flow for mobility services in TDC Business



Personalised digital onboarding flow in YouSee, incl. rebooking technician

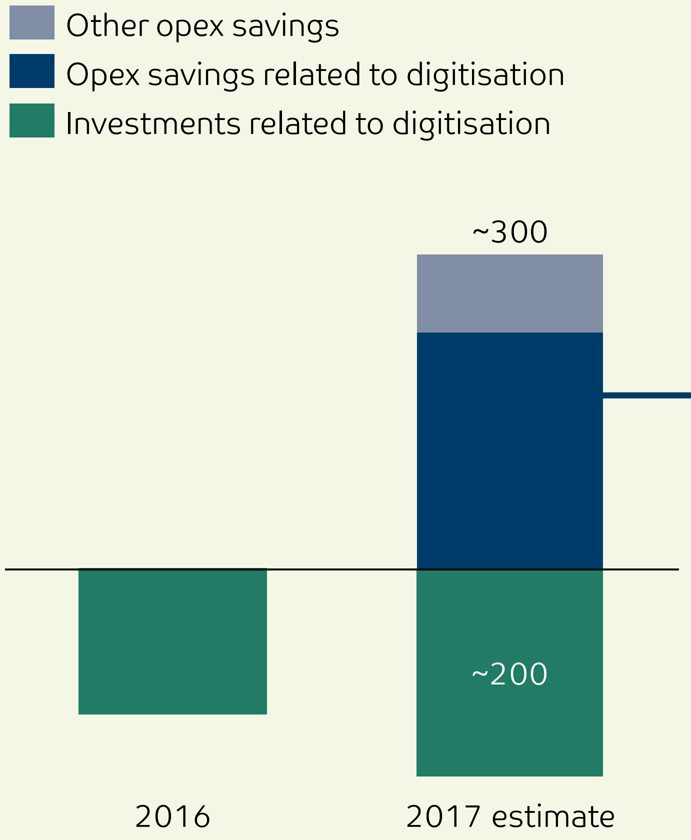
New Web player in Get, also supporting 3rd party platforms

New sales and service platform and site in Get

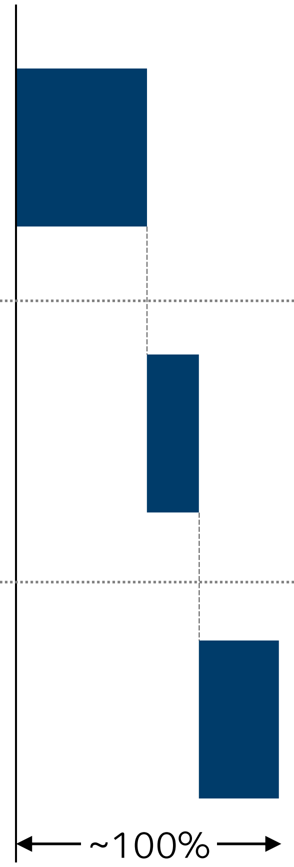
New **Data Management Platform** to collect online and offline data in Telmore, Online Brands

The programme enables significant opex savings in 2017 and forward

TDC Digital First opex savings DKKm



Contribution drivers



Supporting KPIs

Call volumes

- Increased number of **active self-service** users in TDC Business
- Get's online **chat usage** increased by 58% from 2016 to 2017
- 37% **call reduction on onboarding related calls** in YouSee due to new digital onboarding flow

Decreased in cost of sales

- Telmore's **marketing cost per order reduced** by 50-70% due to new data management system
- **Automation of order handling** initiatives initiated

Onsite effectiveness

- Field force DSL **fault handling per RGU reduced** by ~14% Q3 '17 YoY across TDC Group[1]
- **Technical visiting errors have been reduced** from 8% in Jan'17 to 1% in Q3'17 in Fullrate due to optimised and streamlined processes

1. DSL RGU includes both B2C and B2B DSL broadband sites

Financials

Financial highlights – TDC Group

DKKm	Q3 2017			YTD 2017		
		Growth %			Growth %	
	Reported	Reported	Organic	Reported	Reported	Organic
Revenue	4,962	(5.2)	(3.4)	15,224	(2.5)	(2.0)
Gross profit	3,712	(5.8)	(3.4)	11,339	(3.4)	(2.4)
Opex	(1,612)	9.1	8.0	(5,054)	4.7	4.4
EBITDA	2,100	(3.0)	0.5	6,285	(2.3)	(0.6)
Profit for the period[1]	531	(28.7)		1,481	(27.9)	
Capex	(981)	(4.4)		(3,093)	(4.4)	
EFCF	760	10.6		1,934	16.1	
Adjusted NIBD/EBITDA	2.8			2.8		

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

Q3 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]	4,962	2,593	1,055	447	124	4,200	634	158	791
	-5.2%	-4.0%	-16.3%	+0.0%	-16.2%	-6.9%	+10.2%	-11.6%	+5.1%
Gross profit[1]	3,712	1,968	860	302	78	3,199	454	60	514
	-5.8%	-3.7%	-15.2%	7.5%	-23.5%	-6.0%	-1.0%	-6.3%	-1.7%
EBITDA[1]	2,100	1,553	645	272	-702	1,766	311	22	333
	-3.0%	-2.3%	-13.0%	+12.4%	+4.7%	-3.7%	+4.3%	-26.3%	+1.7%
		1	2						3

1. **Consumer:** Only slight decline in EBITDA as a decrease in gross profit from landline voice, TV and other services is offset by opex and continued growth in mobility services
2. **Business:** Underlying EBITDA[2] decreased 7.3% showing a continued underlying improvement in Business
3. **Norway:** Small gross profit decline driven by B2B and increased content costs but offset by opex savings in Get

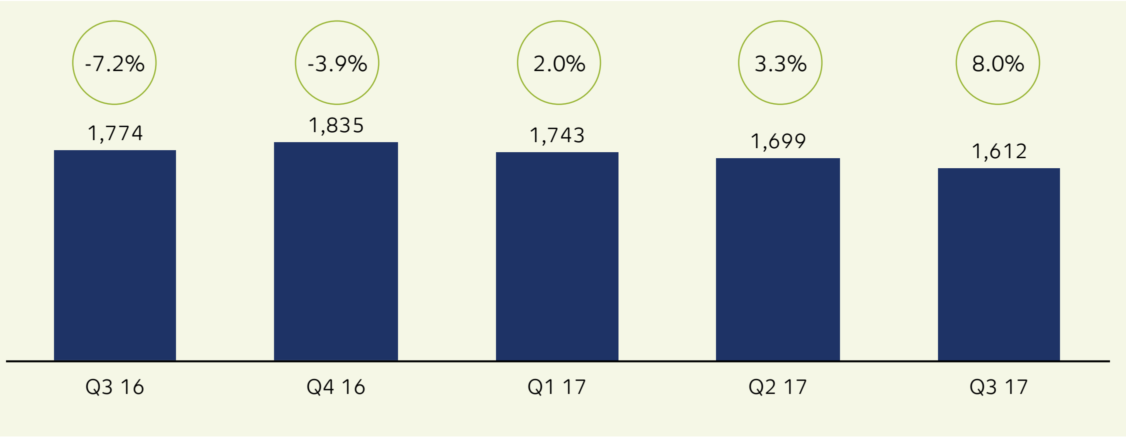
1. Business line absolute figures and growth rates exclude eliminations and therefore do not amount to the total Group figures
2. Adjusted for acquisition, divestments, movements between business lines and roaming regulation

TDC Group

Opex & capex

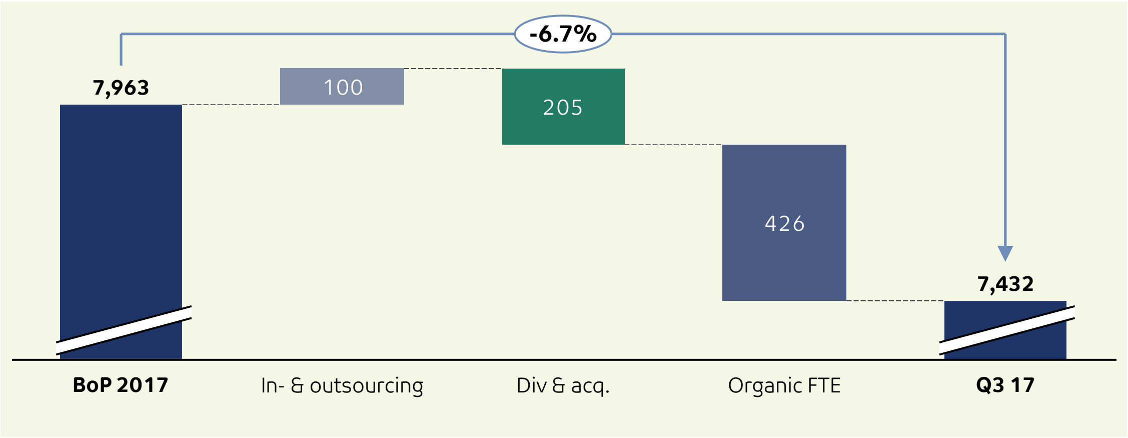
YoY organic growth[1]

Opex development DKKm

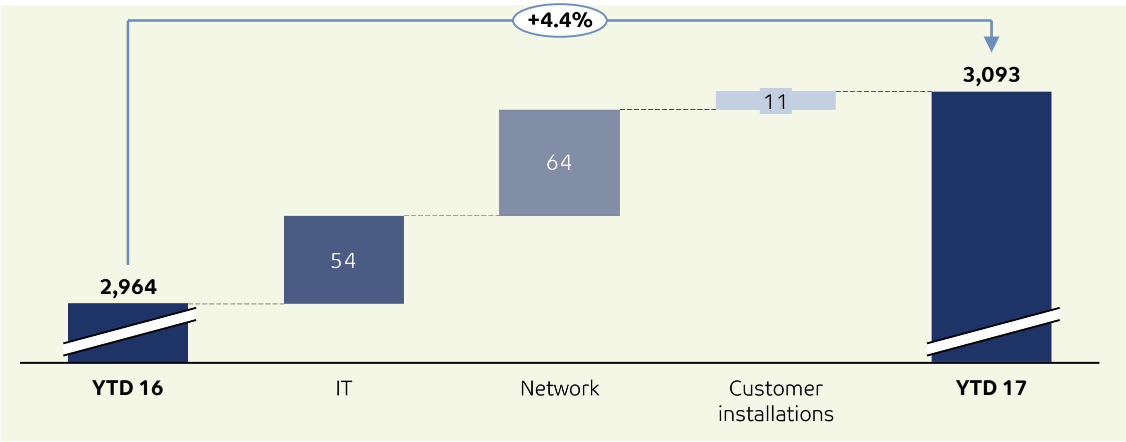


- Significant **organic opex** improvement in Q3 (8.0%); expected 2017 organic opex savings of DKK ~300m on track (YTD DKK 234m)
- **Investment spending** increased Q3 2017 YTD compared with last year mainly due to the upgrade of the cable network to enable 1 gigabit broadband speeds and timing of strategic security and digitalisation projects within IT

FTE development FTE



Capex, YoY development DKKm



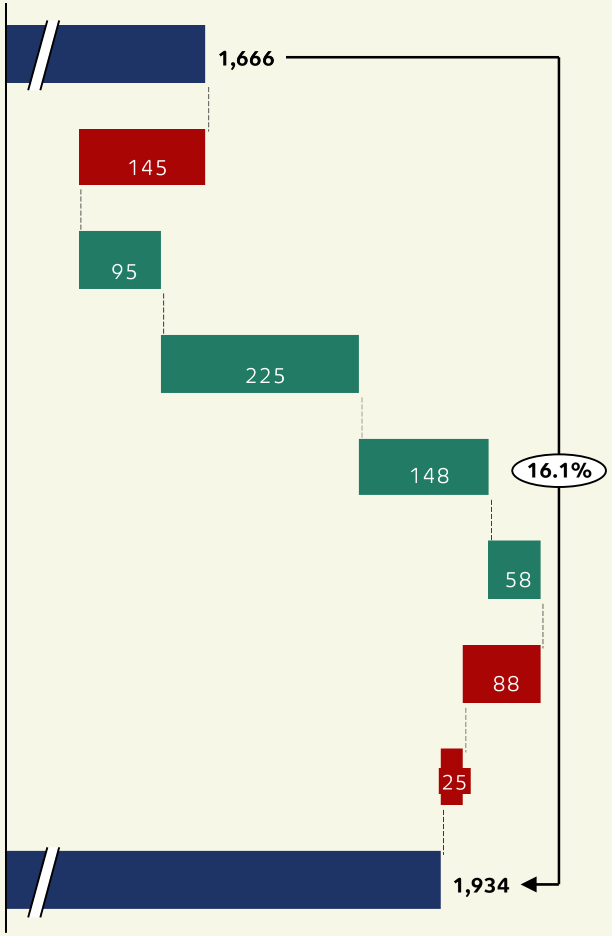
1. Adjusted for acquisitions/divestments and foreign exchange

TDC Group

Equity Free Cash Flow

DKKm

	YTD 16	YoY growth Q3 17
YTD 2016		
EBITDA	6,430	(65)
Special items	(348)	4
Change in NWC	(122)	204
Interest payments[1]	(967)	3
Income tax paid	(331)	(2)
Cash flow capex[2]	(3,044)	(62)
Other[3]	48	(9)
YTD 2017		



- Reduced **interest payments** (DKK 148m) following the repurchase of bonds at the end of 2016
- Cash flow related to **special items** (DKK 95m) primarily due to compensation from the Danish State for the costs of providing maritime distress and safety service in Denmark in 2010-2012 (DKK 54m)
- Different timing regarding **change in NWC** (DKK 225m), **income tax paid** (DKK 58m) and **cash flow capex** (DKK -88m)

1. Net interest paid and 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 reaffirmed

	2017 guidance[1]	YTD performance	Status
EBITDA	DKK >8.2bn	DKK 6.3bn	On track
EFCF	Stable or moderate growth	16.1% YoY (DKK 1.9bn)	On track
DPS	DKK 1.05 To be paid out in Q1 2018		Supported by EFCF YTD

Recent trends related to TDC Group's financial performance:

- **Loss of TV customers** experienced since Q1 2017 will have a negative quarterly run rate YoY gross profit impact of >DKK 30m
- **The acquisition of Plenti** will lead to synergies as the customers migrate to TDC's network during 2018. For Q4 2017 we expect a negative EBTIDA impact of DKK 20m
- **EU roaming regulation** will impact negatively YoY until and including Q2 2018 of approximately DKK 30m per quarter. 2018 impact of approximately DKK 60m
- **TDC Business has successfully won a large public contract**, the so-called SKI agreement as of 1 January 2018. Full financial effect not expected before 2019
- Additional costs as a result of **insourcing of customer support** to invest in a better customer experience
- Impact from efficiency measures building up. Full-year 2017 **organic opex reduction** target of approximately DKK 300m (DKK 234m YTD). Efforts to identify and implement further sound efficiency measures are ongoing
- 2017 **EBITDA growth rates in Norway** positively affected by one-offs in Norway. Underlying growth rates have been decreasing as competition and content costs have increased
- Negative YoY impact of up to DKK 25m per quarter from **TDC Hosting disposal** until and including Q1 2018

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

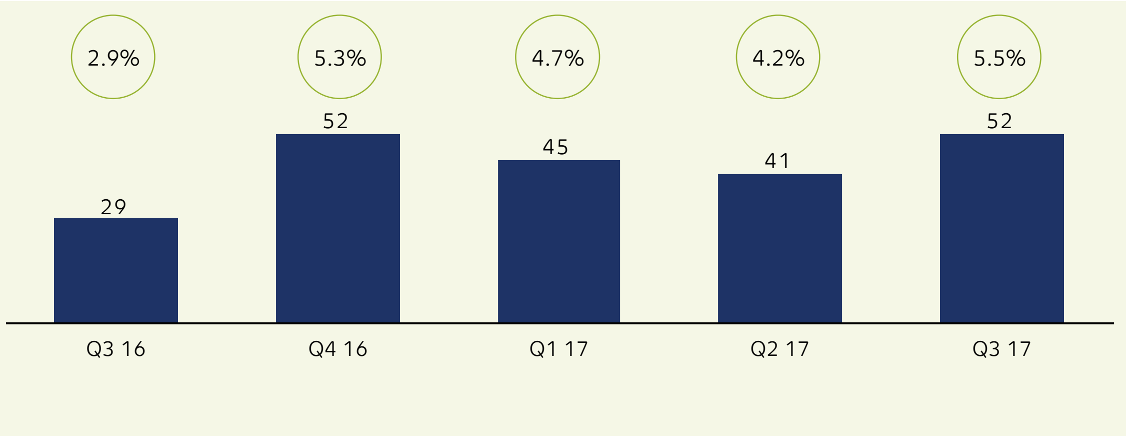
TDC Group

Q&A

Mobility services in Denmark

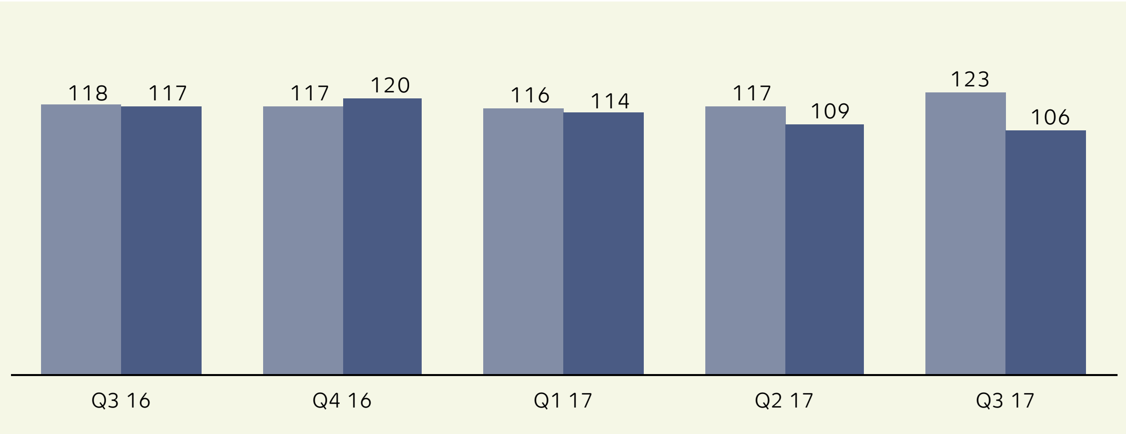
TDC Group Denmark | Consumer | Business | YoY growth

Organic[1] YoY gross profit development DKKm

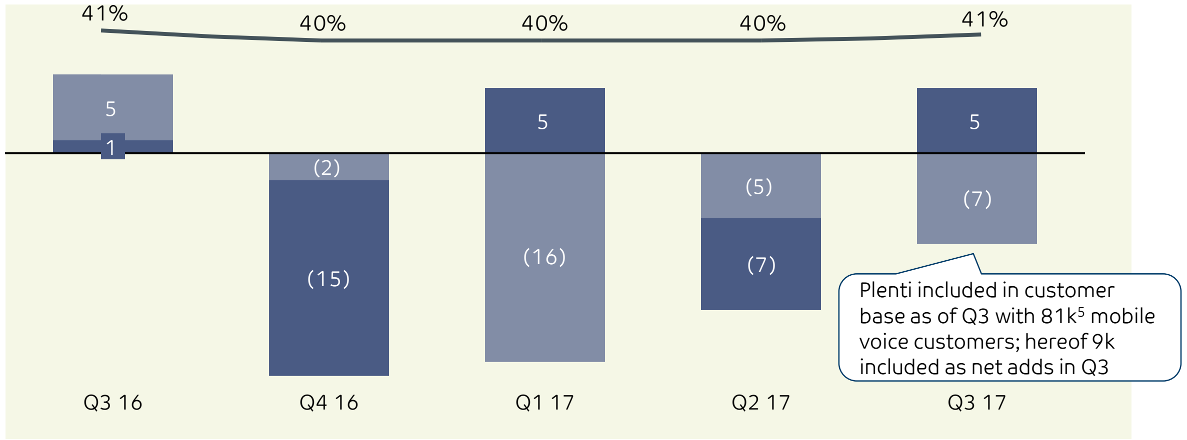


- **Organic gross profit growth** for the 6th consecutive quarter driven by Consumer; Consumer mobile voice ARPU increase of DKK 5 YoY in Q3 due to price initiatives related to new EU roaming regulation and an improved product mix with migrations towards subscriptions with more content included
- **Net loss of 7k Consumer mobile voice customers** in Q3 (including Plenti Q3 net adds) driven by customer churn following price increase relating to EU roaming regulation. Acquisition of Plenti will have financial impact from Q4, but included in customer base end of Q3
- **Business ARPU** down DKK 11 YoY driven by loss of roaming revenue due to new regulation; Business **customer base** increased by 5k in Q3, and 2017 has so far contributed with positive net adds

Mobile voice ARPU[2] DKK/month



Mobile voice RGU net adds[3] & total DK market share[4] '000



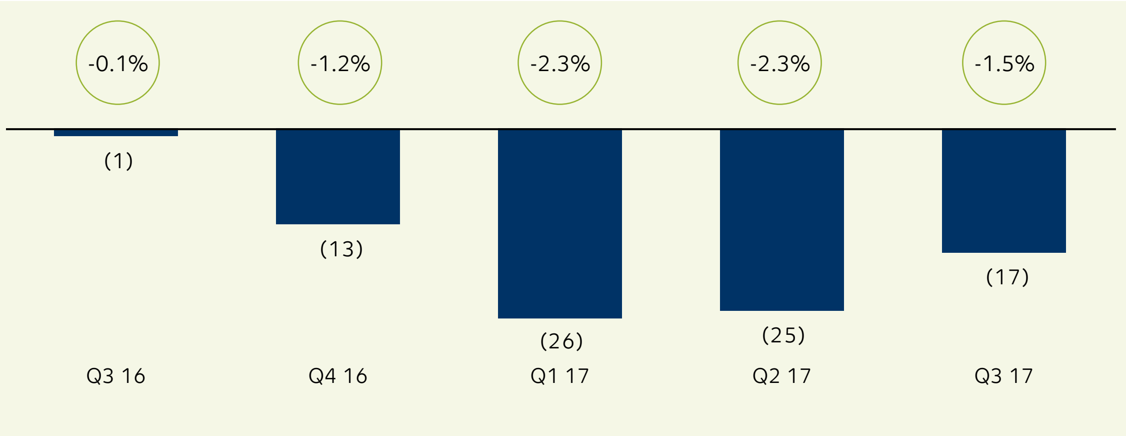
1. Adjusted for regulation and acquisitions/divestments
2. Plenti not included in ARPU and other financials in Q3, but will be included from Q4 2017
3. In Q3 2017 9k Plenti net adds included. In Q1 2017, total net reduction in Consumer mobile voice customer base was 16k of which 6K related to a reallocation to mobile broadband
4. TDC Residential and Business market share (Denmark)
5. In addition 2k mobile broadband customers are included in the mobile broadband customer base from Q3

TDC Group

Internet & network in Denmark

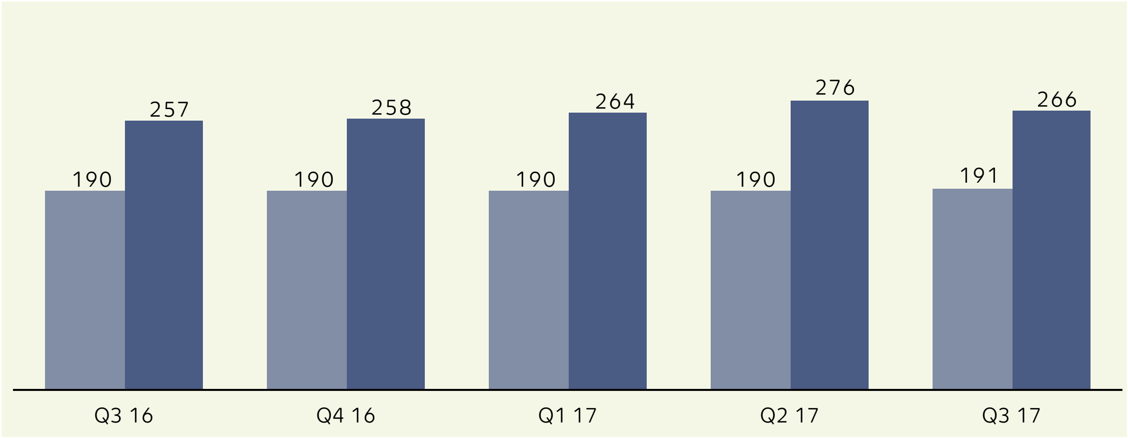
TDC Group Denmark · Consumer · Business · YoY growth

Organic[1] YoY gross profit development DKKm

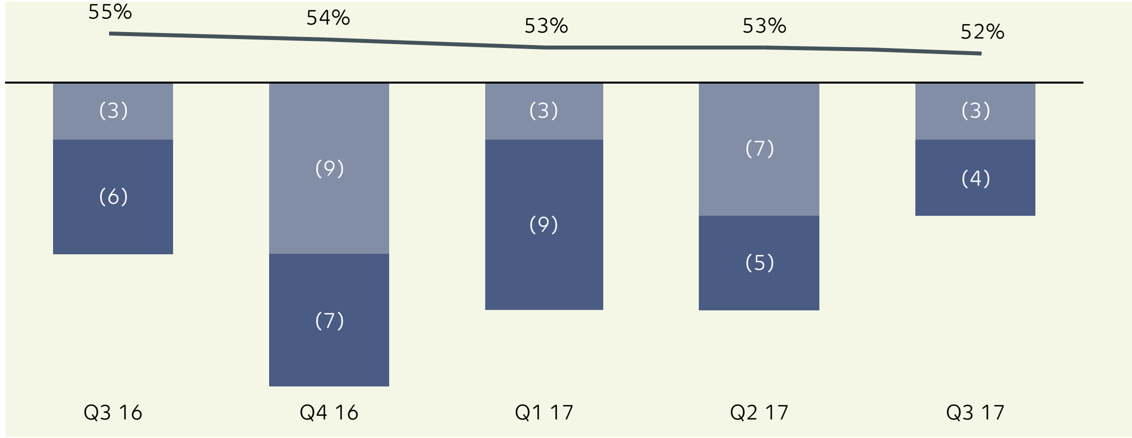


- Continued negative organic **gross profit** development in Denmark driven mainly by loss of customers
- Increase of 5k **Wholesale customers for the full broadband product** vs. Q2 2017 driven by discount entrants on the market and loss of 3k **broadband customers in Consumer** vs. Q2 2017 driven by continued price pressure
- **Business ARPU** up by DKK 9 YoY driven by several initiatives to increase the ARPU such as converting customers to higher speeds. **Loss of 4k broadband customers** across segments

Broadband ARPU DKK/month



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

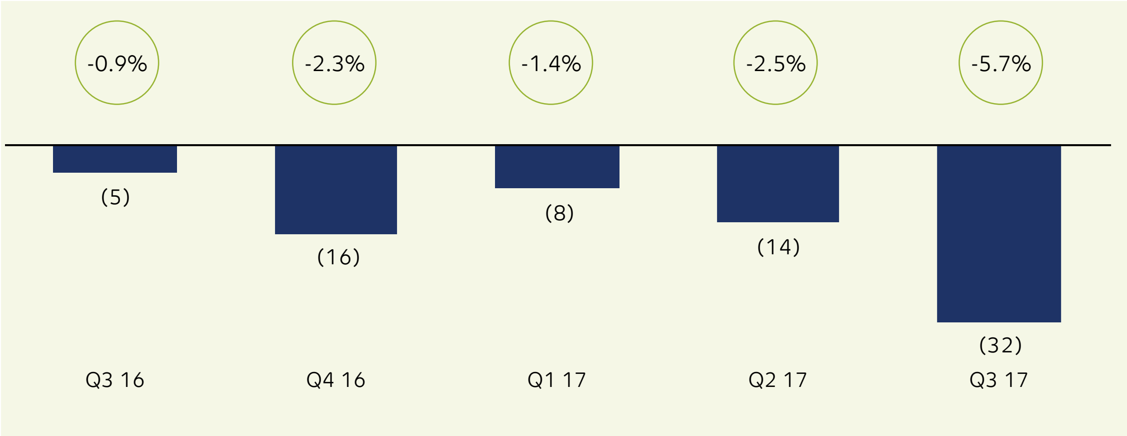


1. Adjusted for regulation and acquisitions/divestments
2. TDC Residential and Business market share (Denmark)

TV in Denmark

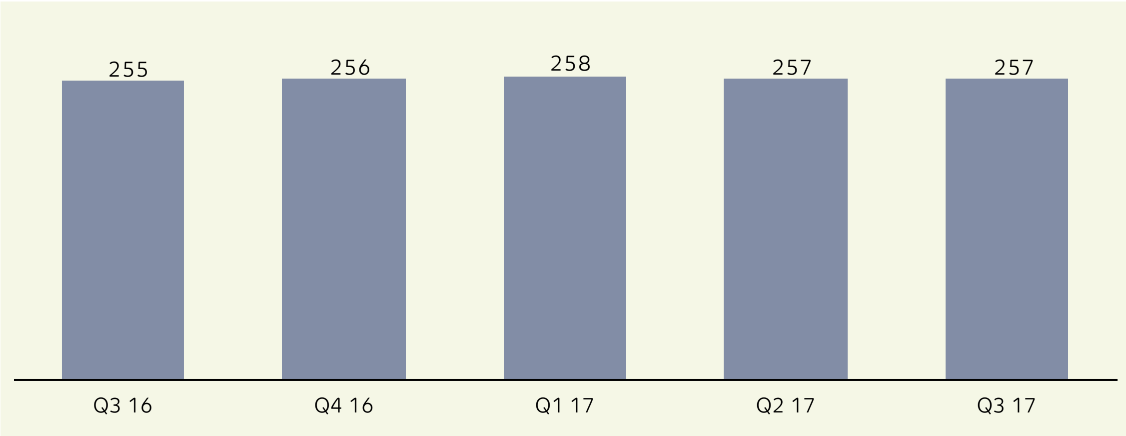
TDC Group Denmark | Consumer | YoY growth

Organic[1] YoY gross profit development DKKm

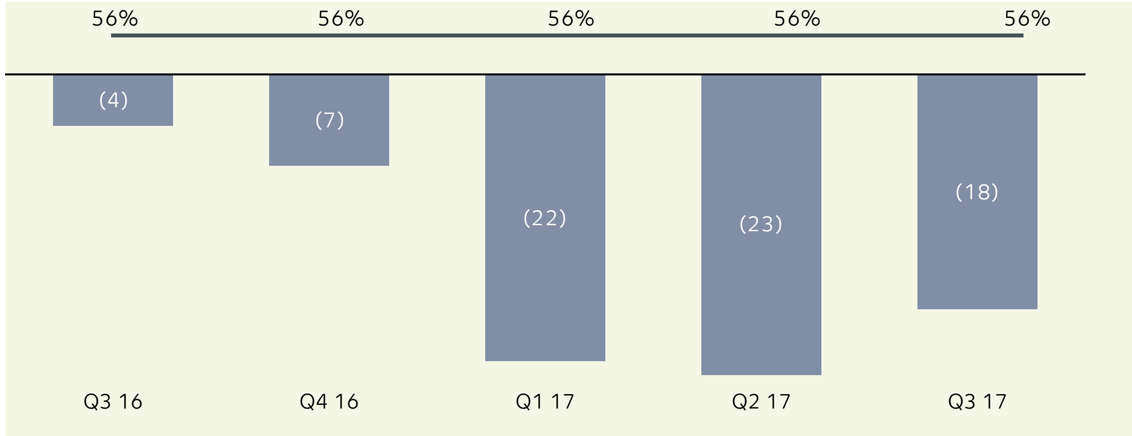


- Negative organic **TV gross profit** development YoY, driven mainly by decline in the customer base
- **TV net loss** of 18k customers vs. Q2 driven by MDU churn, this development is in line with the market development
- **TV ARPU** increase of DKK 2 YoY driven by growth in transactional TVoD (Blockbuster)

TV ARPU DKK/month



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

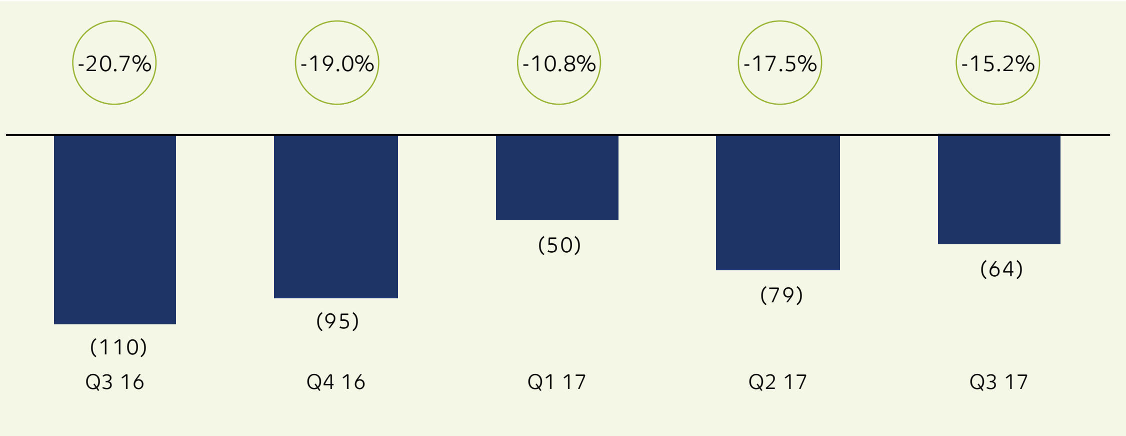


1. Adjusted for acquisitions/divestments
2. TDC Residential and Business market share (Denmark)

Landline voice in Denmark

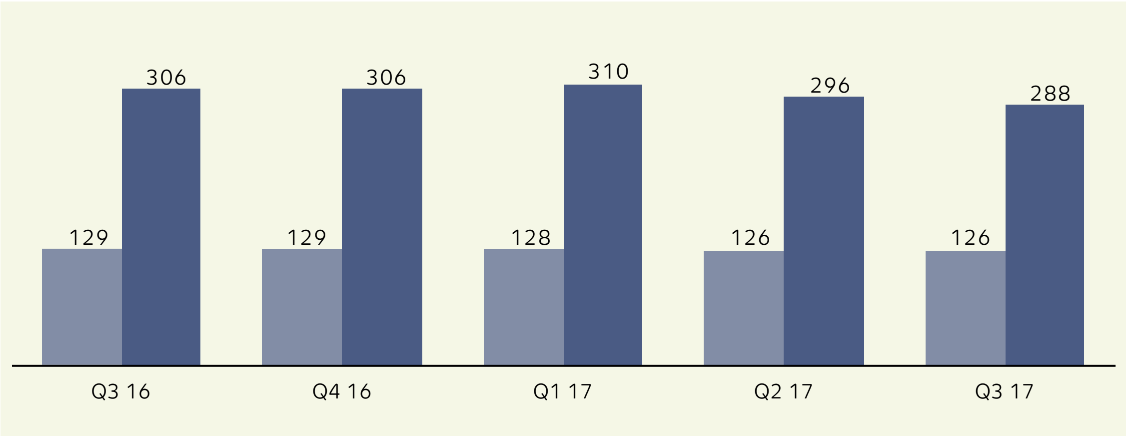
TDC Group Denmark | Consumer | Business[1] | YoY growth

Organic[2] YoY gross profit development DKKm

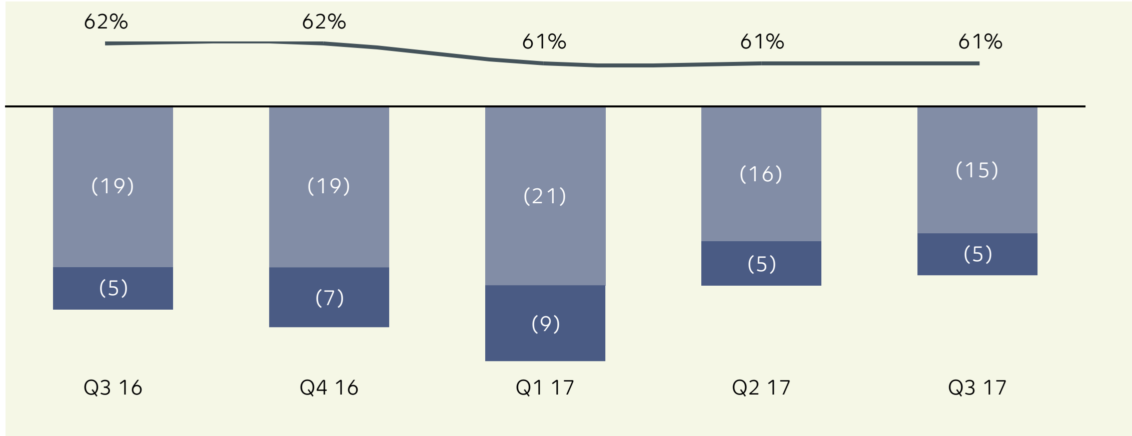


- Organic **gross profit decline** of 15.2% in Q3 YoY. YTD organic gross profit loss is DKK 152m lower than in 2016
- **Consumer ARPU decline** of DKK 3 YoY as a result of migration to cheaper price plans. This development is better than the YoY development in 2016 and H1 2017
- **Business landline voice ARPU decline** of DKK 18 and **customer base** decreased by 5k in Q3. This development is in line with the market development

Landline voice ARPU DKK/month



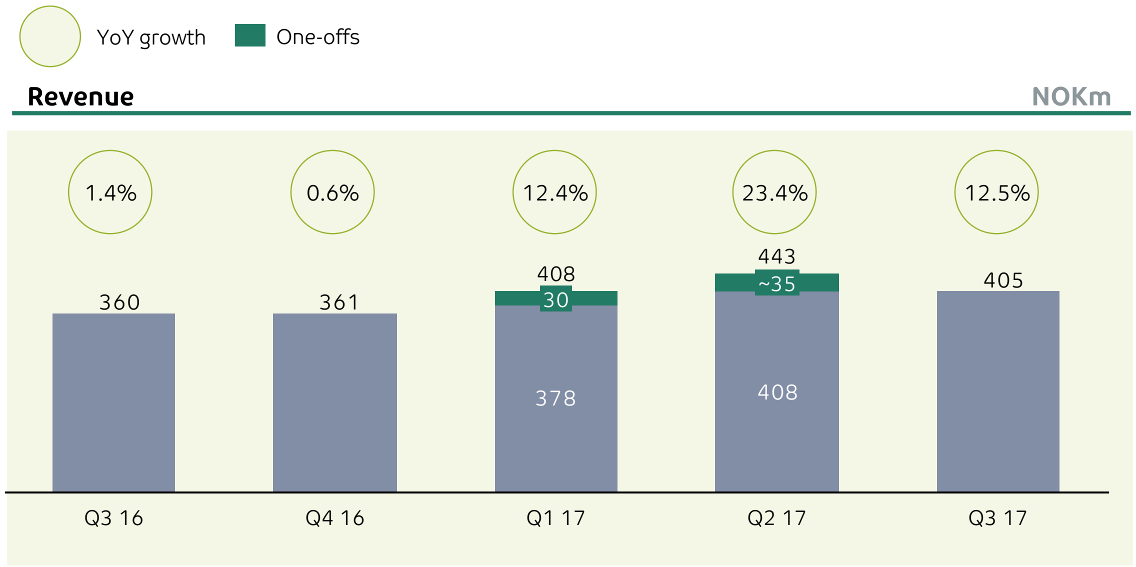
RGU net adds & total DK market share[3] '000



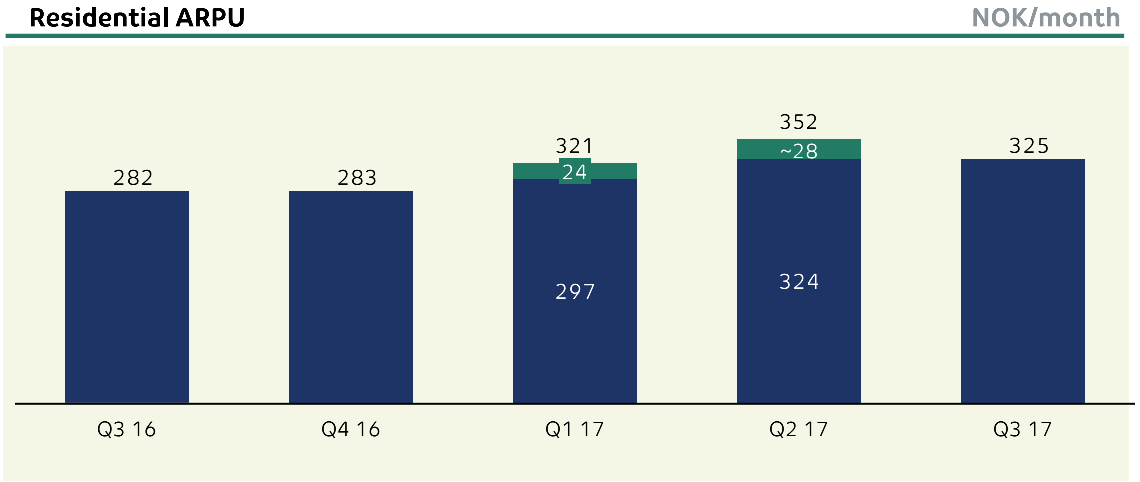
1. Cirque included in RGU (8k) from Q2 2016
2. Adjusted for regulation and acquisitions/divestments
3. TDC Residential and Business market share (Denmark)

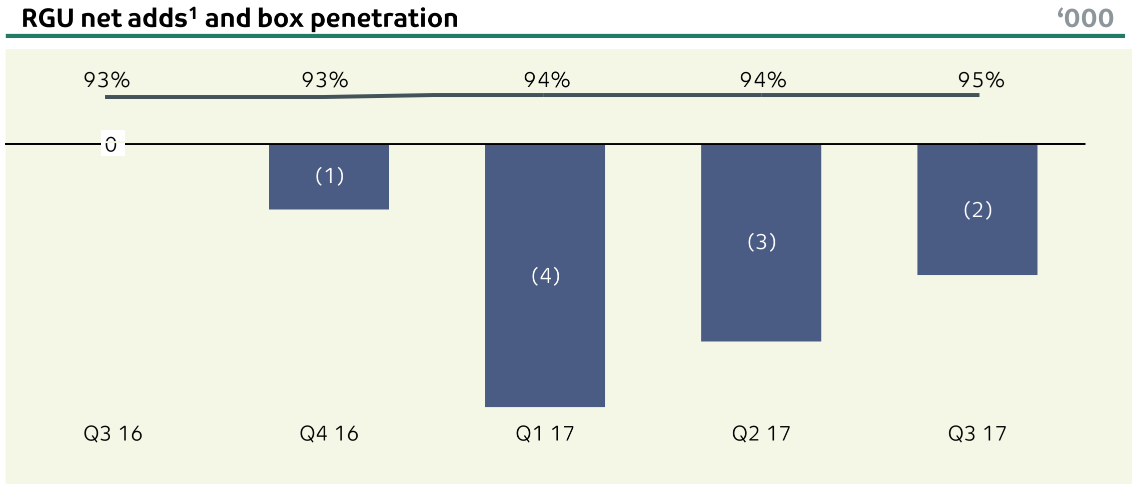
TDC Group

TV in Norway



- **TV revenue** up YoY driven mainly by strengthening of TV offering in Q2; TV prices were increased as of 1 April after new content agreements, albeit at higher content cost, allowed for inclusion of premium content in basic offering
- **TV RGU decrease** of 2k vs. Q2 due to aggressive offers from competitors in both the SDU and MDU markets and unbundling of TV and broadband. However, improved development vs. Q1 and Q2 after launch of new TV offering that includes new streaming services and improved TV app
- Further strengthening of TV offering with announcement of joint Get and YouSee content agreement with Viacom giving TV customers **access to new films from Paramount**



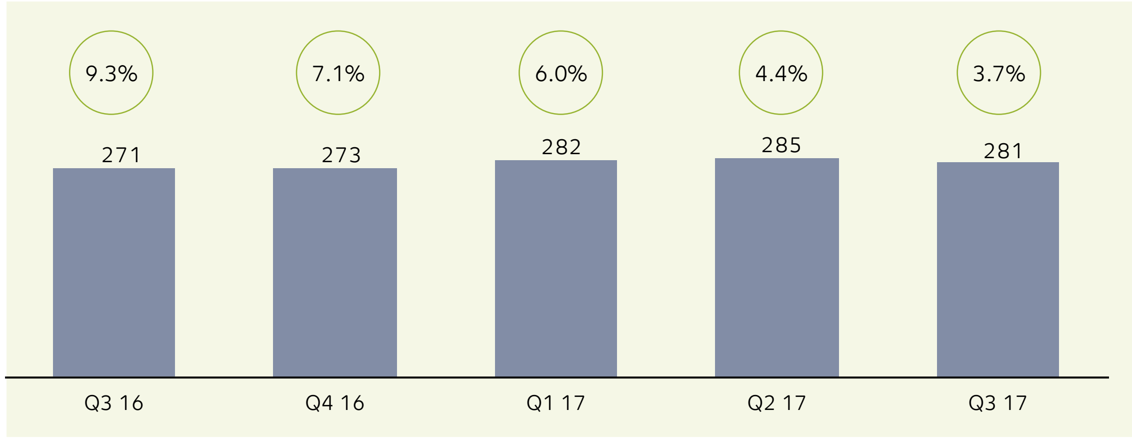


1. TV RGU net adds includes B2B TV RGUs

Residential broadband in Norway

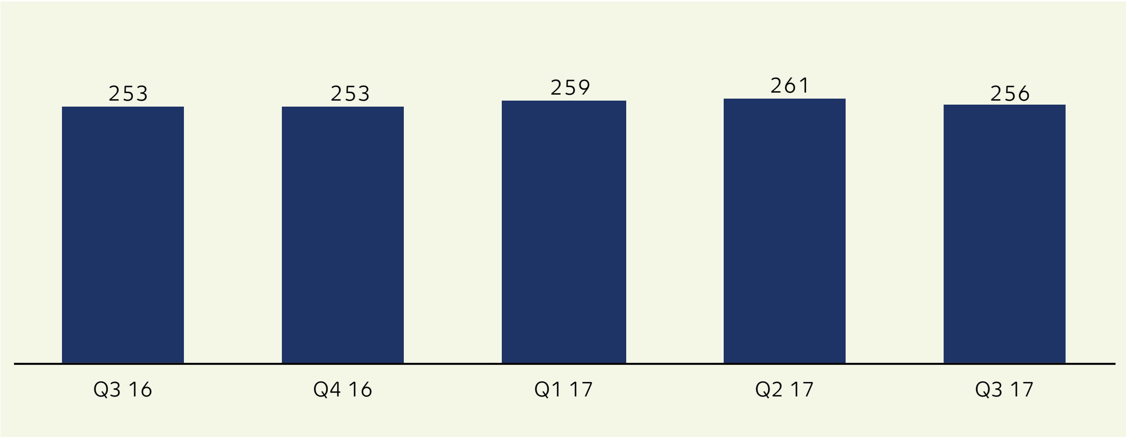
YoY growth

Revenue NOKm

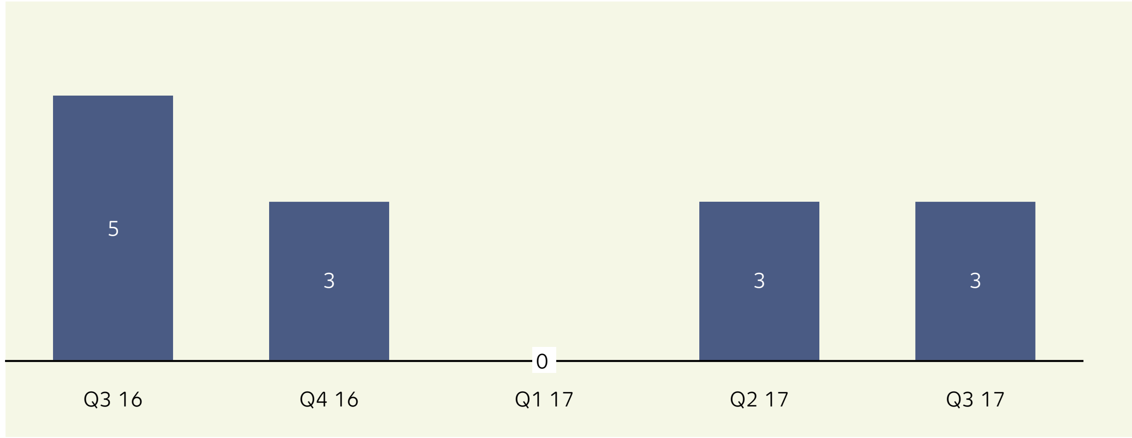


- **Continued revenue growth** of 3.7% YoY driven by both ARPU and RGU increase; small revenue decline vs Q2 2017 driven by lower ARPU due to a summer campaign
- **ARPU up NOK 3 or 1,2% YoY** as a result of upsale to higher speeds at higher prices, partly off-set by customers on campaign prices in Q3 2017
- Successful **broadband up-sale summer campaign** lifting approximately 10% of the customer base to a higher speed
- **Broadband net adds** of 3k vs. Q2 and 9k YoY driven by increase in broadband penetration (+3 percentage points YoY)

Residential Broadband ARPU NOK/month

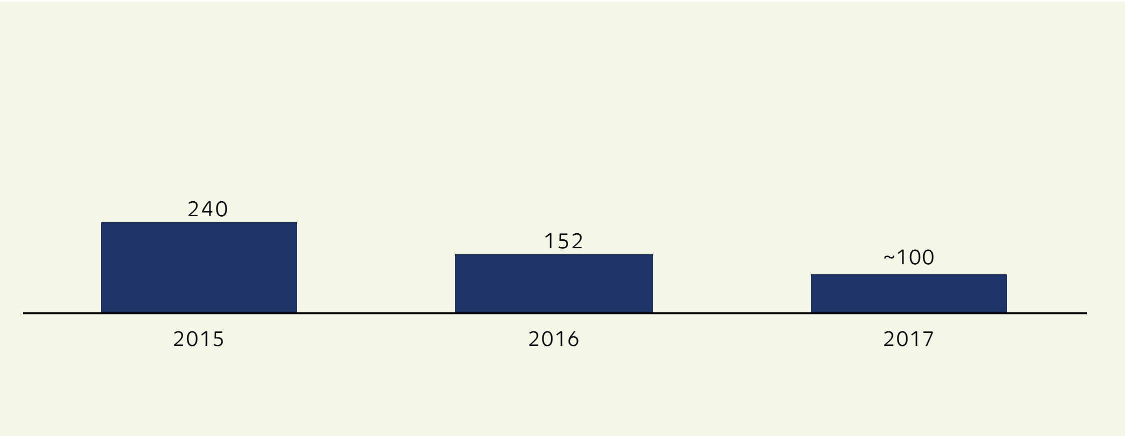


Broadband RGU net adds '000

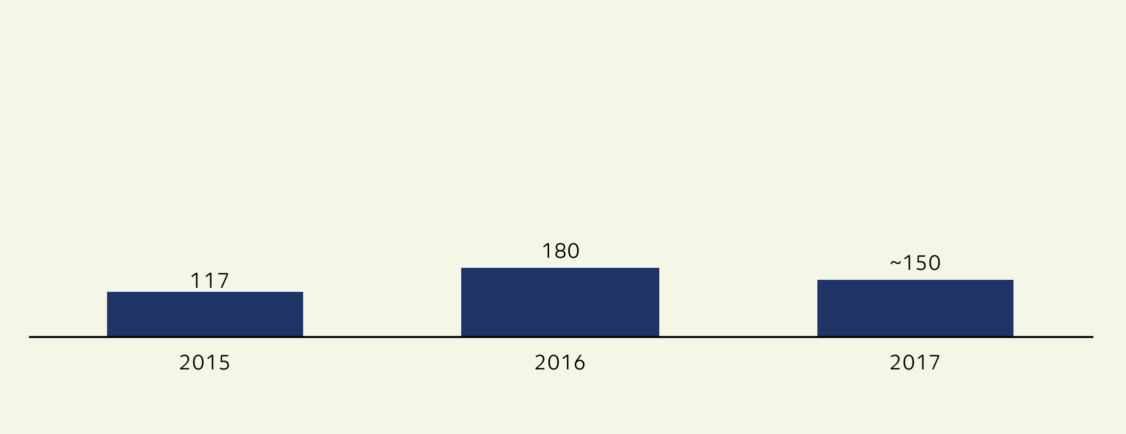


A.1 Regulatory update

Revenue loss from regulation, 2015-2017[1] DKKm



Gross profit loss from regulation, 2015-2017[2] DKKm



- On 30 April 2016, the **EU roaming** transition phase was implemented with retail roaming prices reduced to regulated EU wholesale prices for customers with a package product. **Roam Like at Home** took full effect 15 June 2017 where no surcharge is levied in addition to the domestic retail price for any regulated roaming service, except for data roaming where a fair use limit may be applied. Negative 2018 YoY financial impact from EU roaming regulation until and including Q2 2018 of approximately DKK 60m

- Revision of mobile and landline networks wholesale prices (**LRAIC**) with effect as of 1 January **2017** has resulted in only minor price adjustments. Draft version of landline networks wholesale prices **(LRAIC)** with effect as of 1 January **2018** is expected to lead to price increases of up to 15% on regulated broadband prices as a result of revised calculation of Cost of Capital. Could potentially give a positive impact for TDC Group of up to DKK 30m in 2018. The final prices will be settled in December

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)

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