

# SHAPING THE FUTURE

Europe's first fully convergent media & communications provider

#bestofbothworlds



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# Presenters



**Anders Jensen**

EVP MTG, Chairman of MTG  
Nordic Entertainment

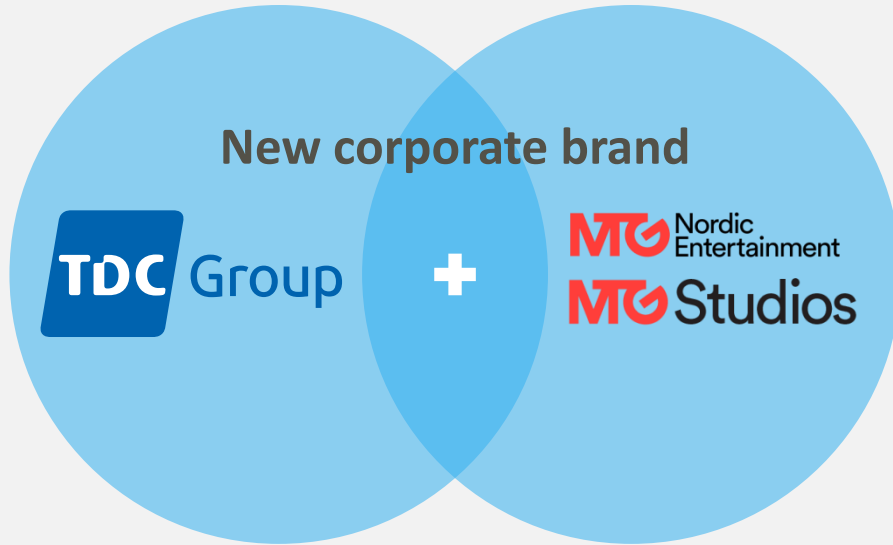
**Pernille Erenbjerg**

Group CEO & President  
TDC Group

**Jørgen Madsen Lindemann**

President & CEO  
MTG

# Presenting



Europe's first fully convergent media & communications provider

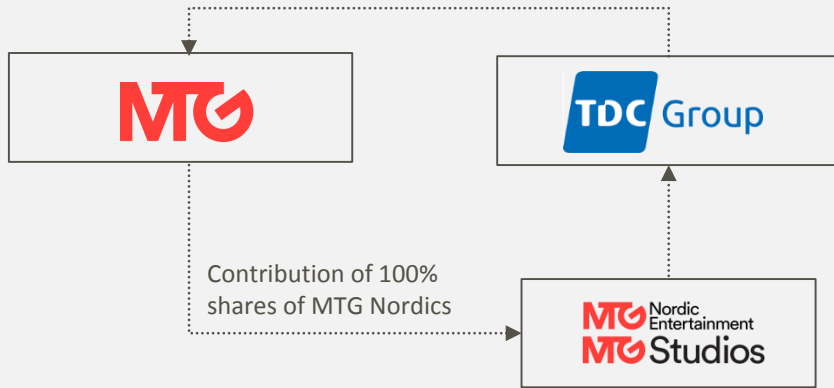


A pure play in digital entertainment

# Transaction overview

## Transaction structure

309m new TDC shares +  
~DKK 2.5bn (SEK  
3.3bn) in cash

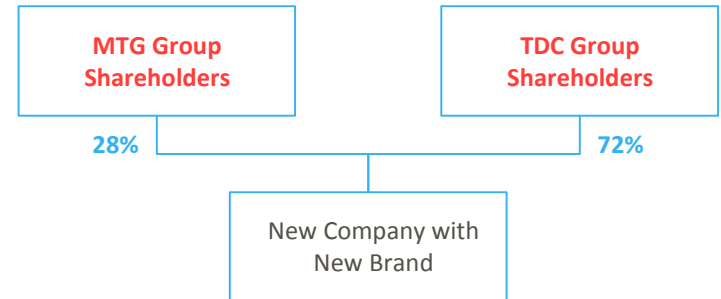


TDC Group and MTG Boards of Directors are recommending the combination

MTGs largest shareholder committed to supporting the combination

## Ownership of the combined entity

Post distribution of TDC Group shares to MTG shareholders



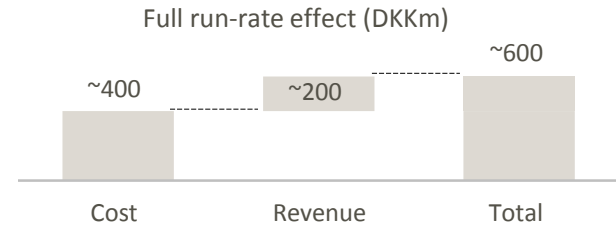
# Summary

Deal structure	<ul style="list-style-type: none"><li>• TDC Group &amp; MTG have entered into agreement to combine TDC Group with MTG Nordic Entertainment &amp; Studios<ul style="list-style-type: none"><li>- TDC Group to pay total consideration of ~DKK 14.83bn (SEK 19.55bn) in shares and cash</li><li>- MTG shareholders will receive 309m newly issued shares in TDC Group</li><li>- MTG will receive ~DKK 2.5bn (SEK 3.3bn) in cash (and pro rata share of TDC Group 2017 dividend payment of DKK 1.05 per share)</li></ul></li></ul>
Valuation	<ul style="list-style-type: none"><li>• Enterprise value of MTG Nordic Entertainment &amp; Studios of SEK19.55 billion</li><li>• Based on DKK 39.92 TDC Group 10 day variable weighted average share price, implying the following transaction multiples:<ul style="list-style-type: none"><li>12.1x EV / 2017 OpFCF pre-synergies</li><li>9.1x EV / 2017 OpFCF adjusted for cost run-rate synergies only</li><li>8.1x EV / 2017 OpFCF adjusted for revenue and cost run-rate synergies</li></ul></li></ul>
Corporate Governance	<ul style="list-style-type: none"><li>• TDC Group CEO Pernille Erenbjerg will become Group CEO of combined company, with MTG EVP Anders Jensen becoming Deputy Group CEO</li><li>• TDC Group Chairman Pierre Danon will become Chairman of the combined company</li><li>• MTG entitled to nominate 2 new Board Directors of combined company, of which CEO Jørgen Madsen Lindemann is proposed to be one</li></ul>
Value creation	<ul style="list-style-type: none"><li>• The transaction is expected to yield total run-rate synergies of approximately DKK 600m, including DKK 400m of OPEX and CAPEX synergies, which are expected to be gradually realised over 3 years up to the end of 2021. Cash flow accretive transaction from Year 1 after closing</li><li>• Combined company will have an enhanced growth, earnings and cash flow profile, with lower leverage and higher forward dividend pay-out ratio</li></ul>
Merger approval	<ul style="list-style-type: none"><li>• Completion is subject to, inter alia, approval by TDC Group and MTG AGMs and merger control approvals from relevant competition authorities</li><li>• MTG's largest shareholder Kinnevik, holding 47.6 percent of the votes and 20.0 percent of the shares, to vote in favour of the combination</li></ul>
Timetable	<ul style="list-style-type: none"><li>• AGMs of TDC Group and MTG expected to be held in H1 2018</li><li>• Merger control approvals and closing expected in H2 2018</li><li>• Newly issued TDC Group shares to be distributed to MTG shareholders upon closing</li></ul>

# Europe's first fully convergent media & communications provider

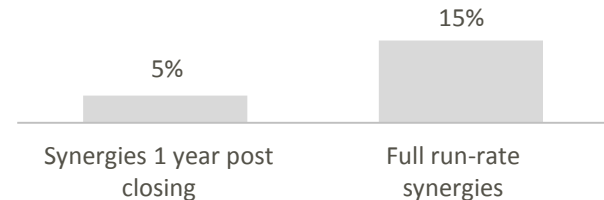
- Combining TDC Group's offering in mobile, broadband and TV services with MTG Nordic Entertainment & Studios content production, broadcasting and streaming services
- Combination provides an attractive & integrated consumer proposition in Denmark and Norway with a pan-Nordic footprint
- New company will have a new brand
- Transaction done at fair-value driving clear financial benefits
  - Meaningful synergies of ~DKK 600m
  - Enhances growth profile and cash conversion
  - Cash flow accretive from year 1
  - Improves FCF dividend coverage with dividend upside: 2018 DPS of DKK 1.40
- Transaction is supported by largest MTG shareholder and expected to close during H2 2018 pending shareholder and regulatory approvals

## Significant synergies

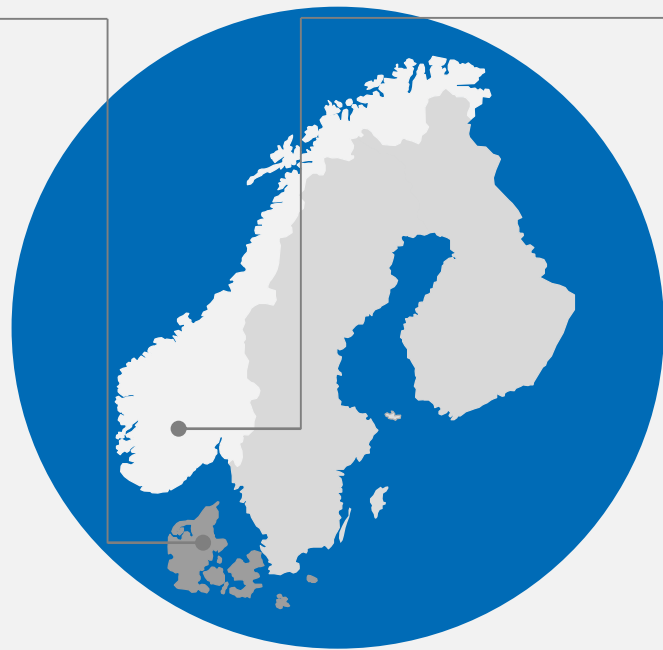


## Year 1 cash accretive

Accretion based on equity free cash flow per share



# TDC Group



Denmark	
<p>Consumer</p> <p><b>youSee</b></p> <p><b>FULL RATE</b></p> <p>TEL MORE</p> <p>plenti</p> <p><b>BLOCKBUSTER</b></p>	<p>Business</p> <p><b>TDC FULL RATE</b></p> <p><b>TDC NetDesign</b></p> <p>Cloud solutions</p>
<p>Wholesale</p> <p><b>Dansk Kabel TV</b></p>	
Broadband/TV	Mobile
<p>~100% coverage, of which 60% high speed</p> <p><b>FULL RATE youSee</b></p>	<p>99% 4G Coverage</p> <p><b>#1</b></p>

Norway	
<p>Consumer</p> <p><b>Get</b></p>	<p>Business</p> <p><b>TDC</b></p>
Broadband/TV	Mobile
<p>~30% high speed HH coverage</p> <p><b>Get</b></p>	<p>92% 4G Coverage (MVNO)</p> <p><b>#1</b></p>



# MTG Nordic Entertainment & MTG Studios

## Norway

Pay TV 	Streaming 
Free TV 	Streaming 
4 Synk 4 Norge   5 Hits Radio   6 Rock   7 8 Pop   9 Retro   10 Country	

## Denmark

Pay TV 	Streaming 
Free TV 	Streaming 

## MTG Studios (17 countries)



## Sweden

Pay TV 	Streaming 
Free TV 	Streaming 
Radio 	
Triple Play 	

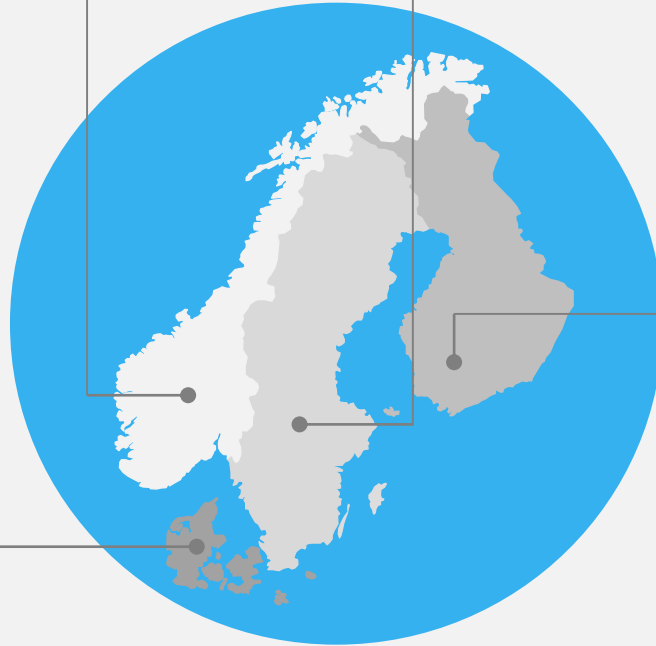
## Finland

Pay TV 	Streaming 
Free TV Streaming 	

# First of its kind combination

Norway	
Pay TV <b>VIASAT</b>	Streaming <b>viaplay</b>
Free TV 3 6	Streaming <b>viafree</b>
TV, BB <b>get</b>	Business <b>TDC</b>
4 Lyden til Slag 5 Hits 6 Rock 7 8 Pop 9 Retro 10 Country	

Denmark		
Mobile, TV, BB <b>youSee</b> <b>FULL RATE</b> <b>TEL MORE</b> <b>plenti</b> <b>BLOCKBUSTER</b>	Pay TV <b>VIASAT</b>	Streaming <b>viaplay</b>
	Free TV 3 6 7 8 9 10	Streaming <b>viafree</b>
	Business <b>TDC NetDesign</b>	Wholesale <b>Dansk Kabel TV</b>



Sweden	
Pay TV <b>VIASAT</b>	Streaming <b>viaplay</b>
Free TV 3 6 7 10	Streaming <b>viafree</b>

Radio

I LIKE RADIO **HARDT!** **RIX FM** **P1 R** **STARS**

Triple Play  
**VIASAT**

Finland	
Pay TV <b>VIASAT</b>	Streaming <b>viaplay</b>
Free TV Streaming <b>viafree</b>	

MTG Studios

nice one STRIX MONSTER DRG playroom RAKETT  
 baluba moskito strong  
 paprica TITAN Brain Academy NOVEMBERFILM

# A scale Nordic player

2017 figures



Revenue (DKKm)	20,270	10,293	30,563
Revenue Growth	(4%)	6%	(1%)
EBITDA (DKKm)	8,244	1,344	9,588
EBITDA margin	41%	13%	31%
EBITDA-CAPEX (DKKm)	3,756	1,230	4,986
Cash Conversion	46%	92%	52%
People	8,097	1,768	9,865

# Compelling strategic rationale

1

Combination of two highly complementary entertainment companies

- Excellent content offering & scale
- Pan-Nordic reach & market position
- Best-in-class tech capabilities and consumer insight

2

Providing attractive consumer propositions with broad, flexible and personalized services for everyone

- Next generation entertainment services connecting the Nordics with the world of content
- Future proof advertising models

3

Highly value creating for shareholders

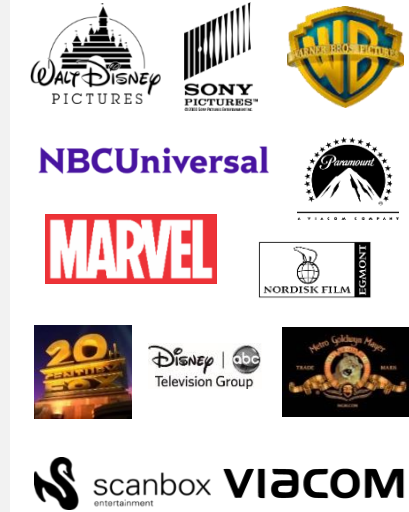
- Substantial synergies boosting cash flow growth
- Delivering immediate cash flow accretion
- Deleveraging enables higher shareholder returns

# Excellent content offering & scale

## Acquired Sports



## Acquired TV & Movies (Paramount)



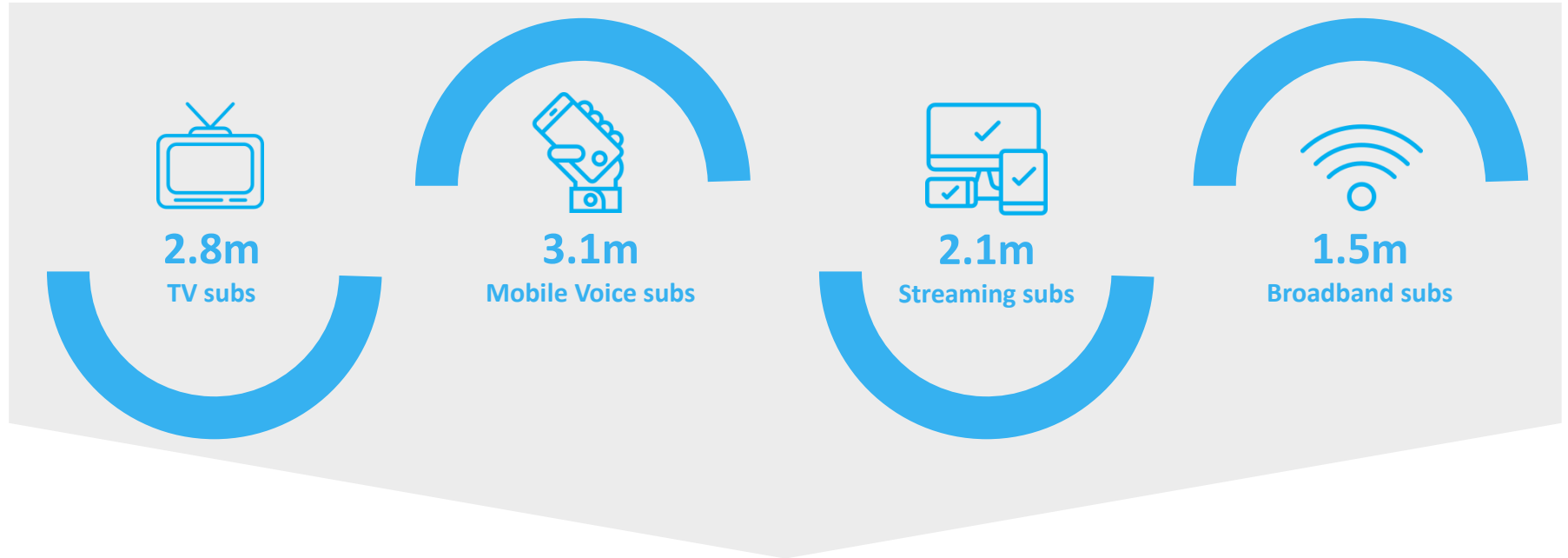
## Originals & Own productions



## Partnerships



# Pan-Nordic reach & market position



Ability to reach all **10 million** Nordic households on high quality networks

# Best-in-class tech capabilities & consumer insight

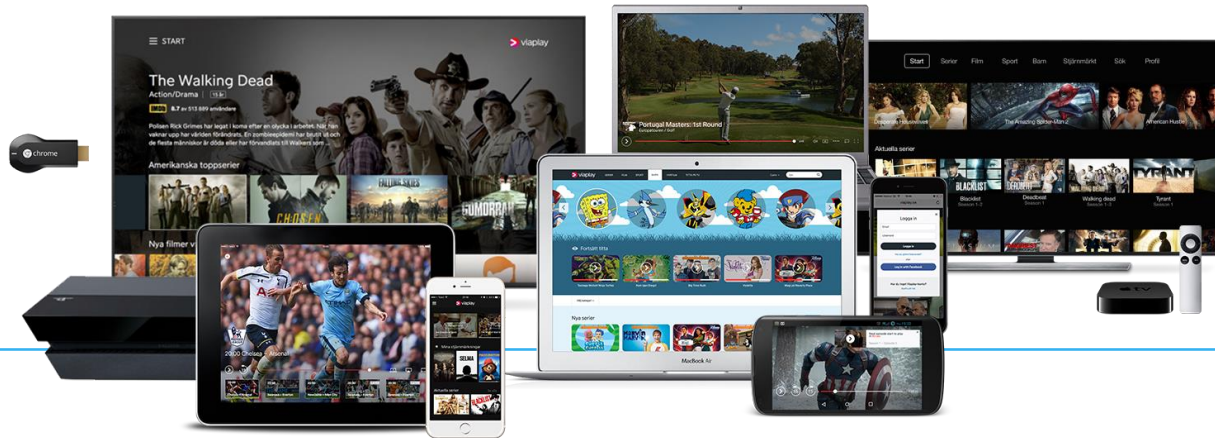
>1,000  
dedicated tech  
developers

Top 5  
European TMT  
employer of  
mediatech talent

Best-in-class  
capabilities across  
all TV platforms  
(DTH, Fixed and  
Streaming)

Opportunity to  
further build upon  
premium apps in  
streaming  
environment

## Multi-platform consumer insight



# Next generation entertainment services



Own streaming
viaplay viafree
Own linear
youSee Get  VIASAT
With partners
altibox  Telia  COM HEM telenor  Stofa



# Entertainment Made for You

- 1 Individualized TV profiles with personal recommendations
- 2 Open platform offering of more entertainment than ever before
- 3 Combined with access service of your choice both on mobile and @home broadband services

## Free TV



## Kids



## Sports



## Movies



## Series



## On Demand



# Driving mobile video revolution in the Nordics



**Personalised service based on your interest**

- Choose your favourite sports
- Score alerts and news about your favourite sports/teams
- Sharing options and creation of own communities/groups



**Access to best sports content**

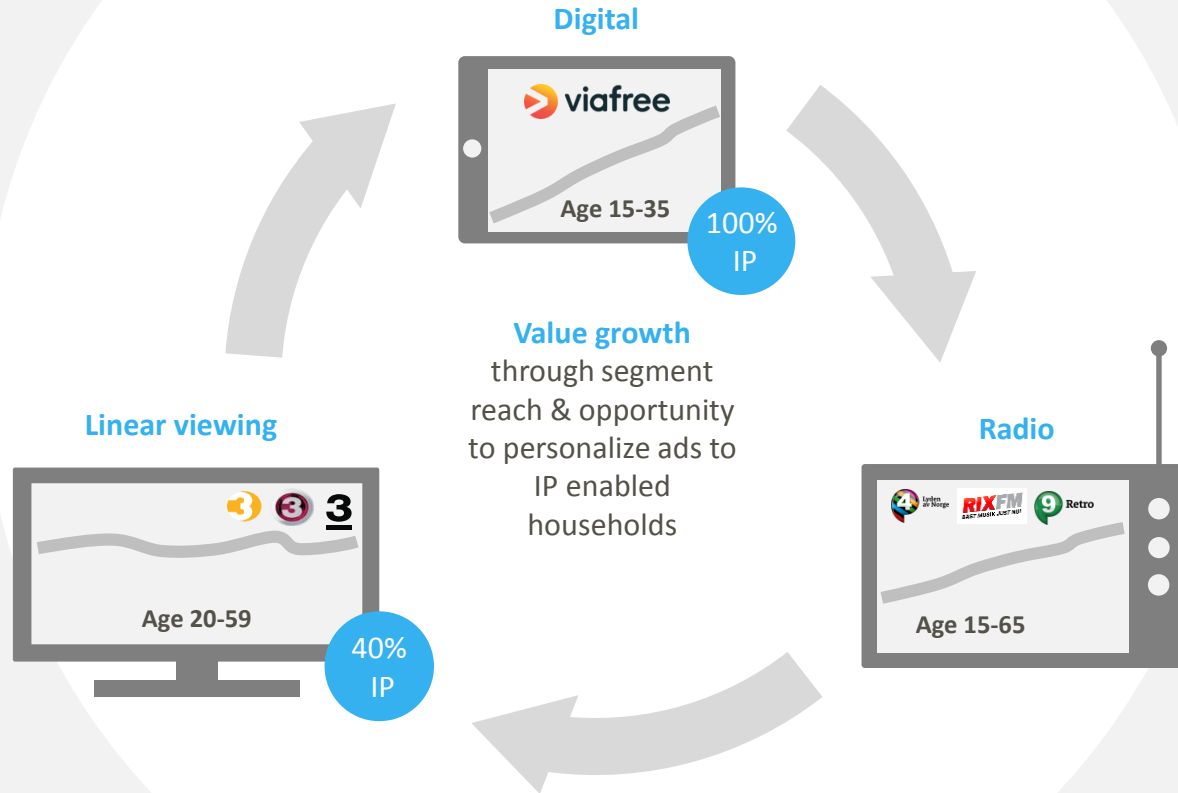
- Broad sports offering
- Live games and matches from all major rights/leagues
- Highlights from clips, stats and social media



**Choose mobile access pack based on your needs**

- Mobile Voice packages created to support new suite of entertainment services
- Accessible in any device with superior user experience
- Multiple simultaneous streams

# Future proof advertising models

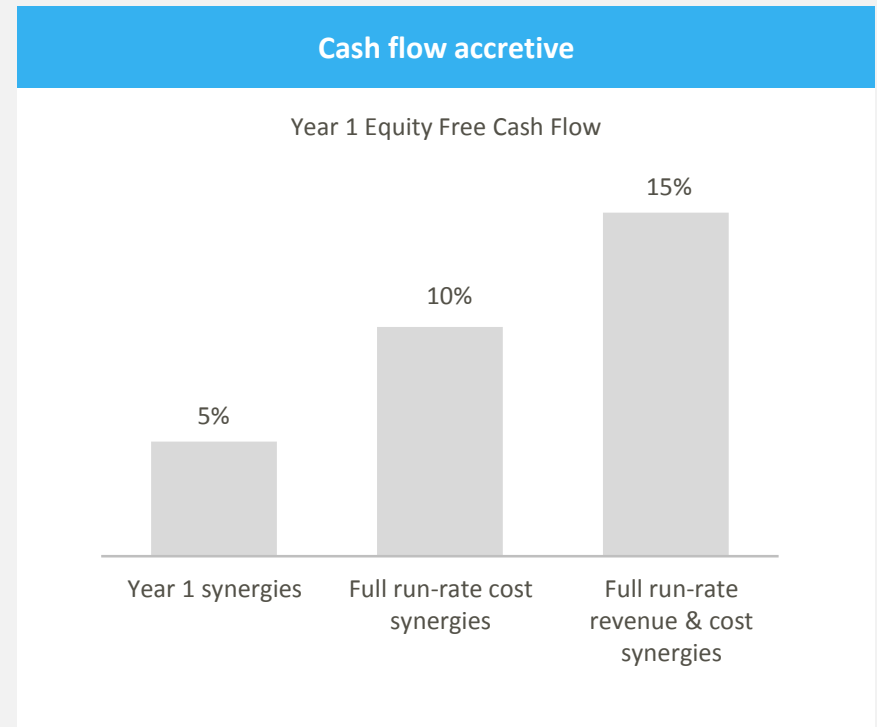
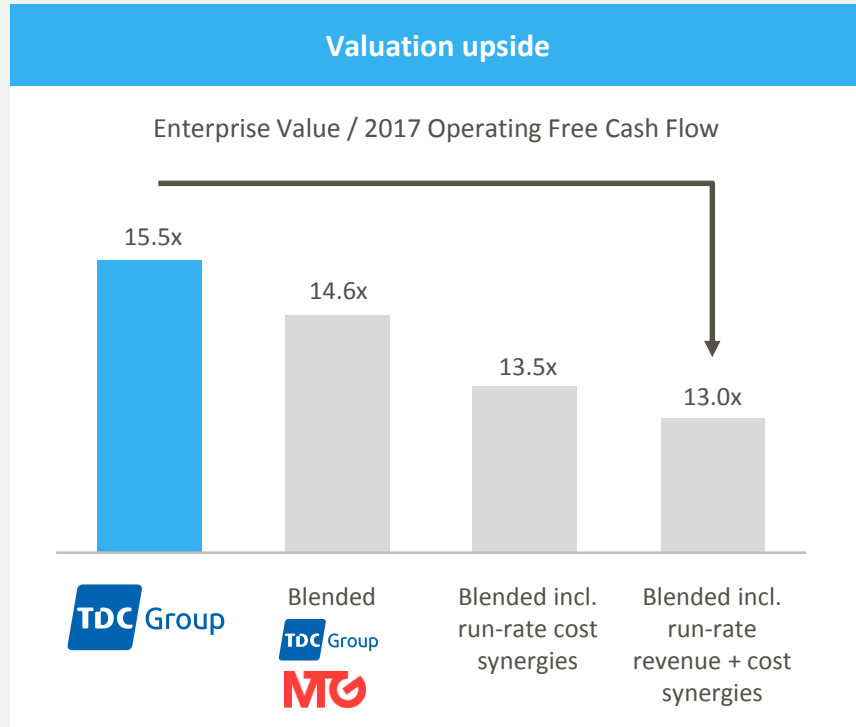


# Significant cost & revenue synergies

Type	Description	Run-rate Cash Flow impact
Cost synergies	<ul style="list-style-type: none"> <li>• Combined Product, Tech and TV investments</li> <li>• TV and streaming product alignment</li> <li>• Relevant content investments</li> <li>• SG&amp;A savings in central and common functions</li> <li>• SAC and CRM savings from focus on integrated products</li> <li>• Customer support service efficiencies</li> </ul>	~400mDKK
Revenue synergies	<ul style="list-style-type: none"> <li>• Reduced TV churn and extended customer lifetime value from enhanced and more flexible product offering</li> <li>• Improved position in streaming market</li> <li>• New innovative ad models based on combined customer insights</li> </ul>	~200mDKK
Integration costs	<ul style="list-style-type: none"> <li>• Integration costs of approximately DKK 500m with the vast majority expected to have nonrecurring cash flow impacts over the first year after closing of the transaction</li> </ul>	~500mDKK (2018-2019)

Total run-rate synergies are expected to be gradually realised over 3 years following the year of closing  
Cash flow and EPS accretive for shareholders in Year 1 after completion (excl. integration costs)

# Creating value for shareholders from year 1

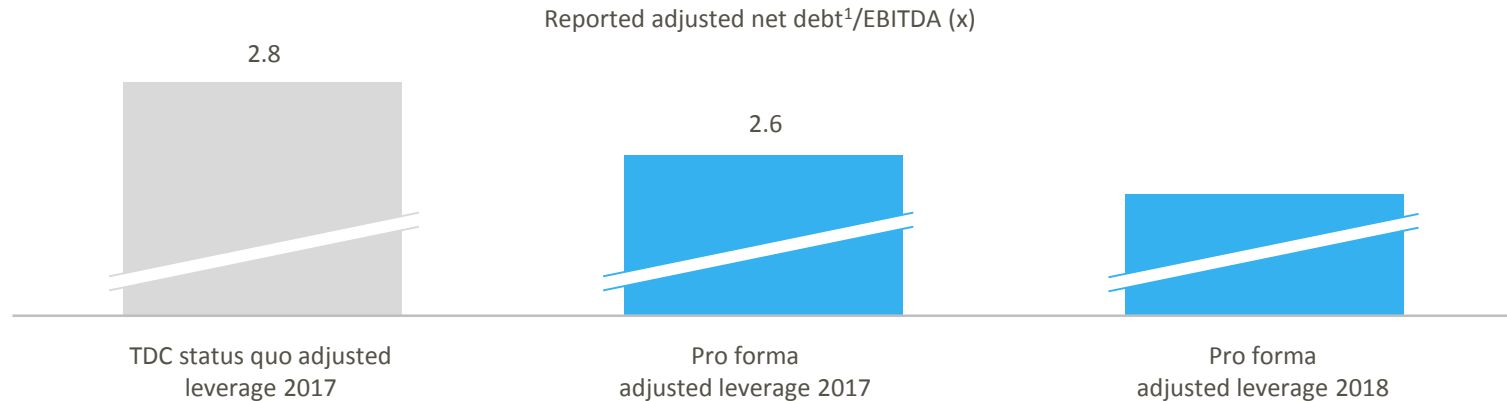


# Enabling improved capital structure

## Financial leverage targets

TDC is committed to a medium term target of reported adjusted net debt<sup>1</sup>/EBITDA in the mid 2's, while maintaining investment grade rating

### Expected net leverage evolution



Source: TDC Group

Note: Analysis assumes acquisition price of SEK19.55bn with SEK3.3bn of consideration paid in cash

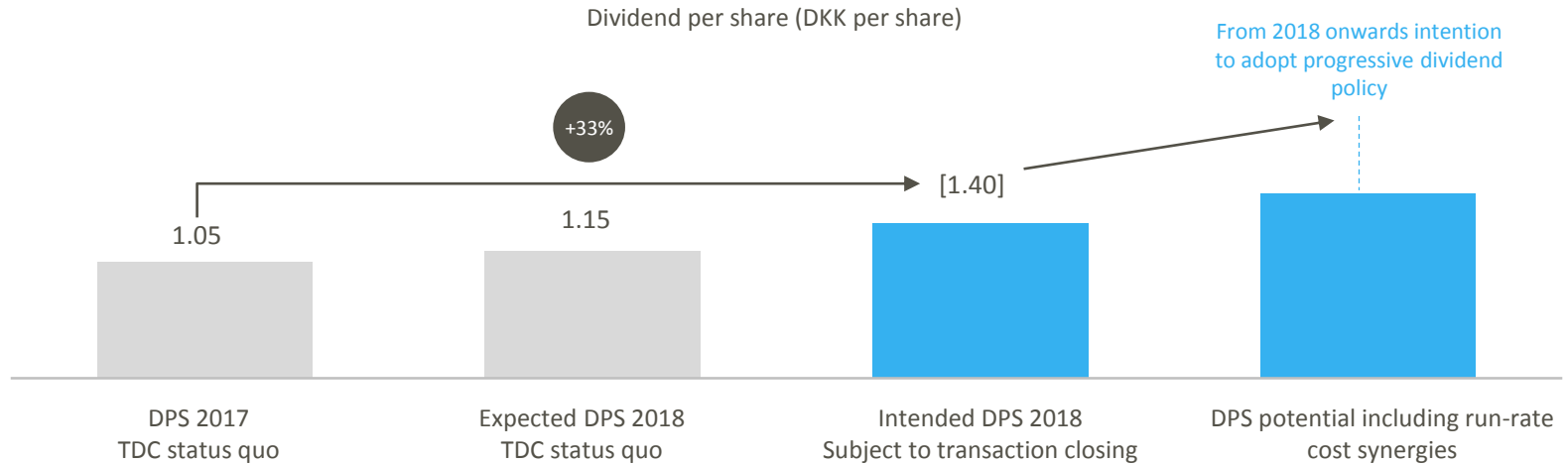
The hybrid bonds issued by TDC Group provide 50% equity credit from rating agencies. Accordingly, an adjusted net interest-bearing debt and leverage ratio are disclosed, where 50% of the hybrid capital is included in NIBD

# And higher shareholder returns

## Current shareholder returns policy

TDC has an ambition to pay an attractive return to shareholders subject to financial performance, investment needs and investment grade rating commitment and to be paid as either dividends or through share buy backs

### Illustrative dividend trajectory



Source: TDC Group

Note: Analysis assumes acquisition price of SEK19.55bn with SEK3.3bn of the consideration paid in cash

Subject to (i) transaction closing before call of 2019 AGM, (ii) approval by TDC Board of Directors and AGM, and (iii) distributable reserves

Pro forma RR figures include net revenue synergies

# Combining complementary capabilities & skills

## Board of Directors



Pierre Danon  
Chairman of the Board



+ 1 MORE TO BE NOMINATED

MTG CEO Jørgen Madsen  
Lindemann to be nominated to  
join Board

## Management



Pernille Erenbjerg  
Group CEO and  
President



Anders Jensen  
Deputy Group CEO

## Team





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