# "EBITDA growth in H1 2010 driven by gross profit and efficiency improvements"

- Revenue in the TDC Group increased by 2.2% in H1 2010. Revenue in Nordic Business increased by 0.6%. In Sunrise, revenue increased by 6.5%, driven by a positive currency impact and customer base growth. In local currency, revenue in Sunrise grew by 2.2%.
- Improved revenue trend in Nordic Business realised in all quarters of 2009 continued in both Q1 and Q2 2010: positive growth was achieved despite price pressure from competition and adverse effects from regulation.
- EBITDA in Nordic Business increased by 3.2% and the EBITDA margin improved from 39.2% in H1 2009 to 40.2% in H1 2010. Sunrise's EBITDA increased by 20.0% in H1 2010. In local currency, Sunrise's EBITDA increased by 14.9%. Sunrise's EBITDA margin improved from 24.7% in H1 2009 to 27.9% in H1 2010.
- Customer growth compared with H1 2009 was driven by TV and mobility services.
- TDC maintained or extended its leading position in all segments of the domestic market.
- 2010 guidance confirmed.
- Strong operating free cash flow generation in Nordic Business diluted by adverse working capital movement in Sunrise.

**TDC Group, Key financial data**

| | | H1 2010 | H1 2009 | Change in % |
|---|---|---|---|---|
| **Statements of Income** | DKKm | | | |
| Revenue | | 18,236 | 17,839 | 2.2 |
| Gross profit | | 12,991 | 12,796 | 1.5 |
| EBITDA | | 6,695 | 6,293 | 6.4 |
| Operating profit (EBIT) excluding special items | | 3,257 | 3,164 | 2.9 |
| Profit for the period from continuing operations excl. special items | | 1,350 | 1,939 | (30.4) |
| **Key financial ratios** | | | | |
| EBITDA margin | % | 36.7 | 35.3 | - |
| Capital expenditure | DKKm | (2,109) | (2,372) | 11.1 |
| Capex-to-revenue ratio | % | 11.6 | 13.3 | - |
| EBITDA - Capex | DKKm | 4,586 | 3,921 | 17.0 |
| Operating free cash flow | DKKm | 3,116 | 3,843 | (18.9) |
| Free cash flow | DKKm | 2,118 | 3,087 | (31.4) |
| Cash conversion | % | 46.5 | 61.1 | - |
| Net interest-bearing debt | DKKm | (32,792) | (30,439) | (7.7) |
| Net debt/EBITDA | x | 2.4 | 2.4 | - |
| EBITDA/interest | x | 8.3 | 9.1 | - |

For additional data, see TDC Fact Sheet Q22010 on www.tdc.com.

## Comments by Henrik Poulsen, CEO and President

TDC delivered a satisfactory performance in the first half of 2010. Revenue and EBITDA rose in both the Nordic Business and Sunrise despite limited organic market growth and price competition that further intensified during the year. Our customer base is also continuing to grow year-on-year driven by TV and mobility services.

Following the termination of the merger process with Orange, Sunrise has announced a number of actions as part of an overall plan designed to maintain the strong momentum achieved in past years. In June, Oliver Steil was announced as the new CEO of Sunrise, and shortly after, the company announced an agreement with Apple to market the iPhone and a mobile partnership with 20 Minuten, Switzerland's leading media brand. We expect to invest CHF 1bn in our Swiss infrastructure and distribution network over the next five years, further reinforcing our position as the leading, integrated challenger in the Swiss telecoms market.

H1 2010 has demonstrated our ability to drive profitable growth in Sweden, Norway and Finland, where we saw 4.0% revenue growth and 6.8% EBITDA growth on a like-for-like basis. We were particularly pleased to see that our Swedish business grew its EBITDA by 4.6% in local currency and our hosting business continued its recovery after the recession. With its highly competitive and fully integrated fibre infrastructure, TDC is successfully making inroads into the public sector and IP-VPN markets in Sweden, Finland and Norway.

In the domestic mobile business, we saw an accelerated drive towards smart phones and data consumption. Year-on-year mobile data revenues grew 32% as a result of the increased usage of both mobile broadband and smart phones.
Efforts to minimise copper line loss in the domestic business are paying off. During Q2 our copper line loss dropped to 34k lines, which is the lowest quarterly number in more than two years. This was driven primarily by reduced churn rates on our PSTN business. This follows a comprehensive revision of our PSTN product portfolio and rate plans, which has been well received by consumers.

As market leaders in Danish pay TV, we are continuing to drive innovative products, excellent contents solutions and strong brands. In combination, YouSee and TDC TV held an estimated 54.4% of this market by the end of H1 2010, up from 53.6% by the end of H1 2009. We will continue to invest in TV products that meet demand for increased consumer flexibility in terms of where and when programmes can be accessed.

At TDC, the company-wide 'TAK' programme launched to further enhance our customer experience continued to improve our customer satisfaction ratings during H1 2010. This was partly thanks to significantly reduced IP product fault rates. TAK involves profound changes to our core processes, systems and culture, but with encouraging results already achieved, we will continue the relentless push for an even stronger customer experience.

In the light of intense price competition in all markets, TDC has delivered a solid performance in H1 2010 and we are therefore able to maintain our guidance for the year.

# Operational and financial review, first half of 2010

## Revenue increase in Nordic Business and Sunrise

TDC Group revenue increased by 2.2% to DKK 18,236m compared with H1 2009. Adjusted for currency fluctuations, acquisitions and divestments[1], as well as mobile termination rate and international roaming charge reductions[2], revenue increased by 0.5%.

Nordic Business revenue increased by 0.6% to DKK 13,098m in H1 2010. This was due to several positive revenue drivers:

- Currency fluctuations (positive impact of DKK 141m) and acquisitions and divestments (positive impact of DKK 154m). Adjusted for this and the impact from regulation, revenue declined by 0.4%.
- Revenue from mobility services increasing due to growth in both the mobile voice and mobile broadband customer bases.
- Strong growth in the TV customer base combined with higher ARPU contributed positively to revenue growth.

[1] Acquisitions and divestments from H1 2009 to H1 2010 were impacted by the following changes in ownership shares: Acquisitions: Fullrate, A+, DONG Energy's fibre network, M1 and Unotel. Divestments: The satellite business. In the remainder of the Financial Statement, 'adjusted for acquisitions and divestments from H1 2009 to H1 2010' refers to reported figures for the TDC Group adjusted for these acquisitions and divestments.

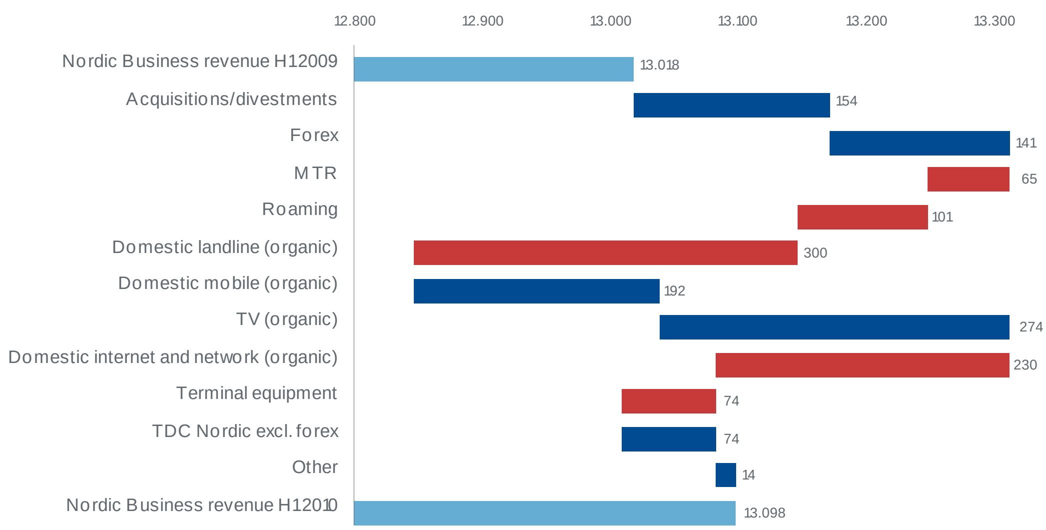
2 The reductions in mobile termination rates and international roaming charges had limited gross profit impact as they also implied reduced transmission costs, with the exception of inbound roaming where revenue decreases have a full effect on gross profit.

This was partly offset by:

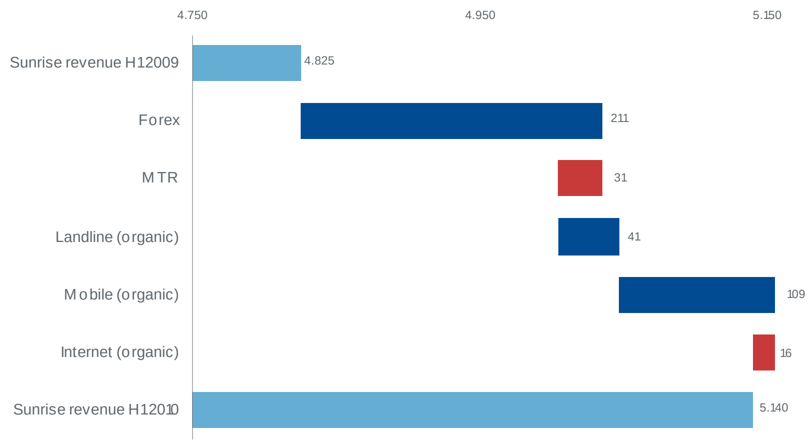
- Reduction in international roaming charges effective 1 July 2009 as a result of EU regulation[3]. Further price reductions on international roaming charges have been implemented in Q3 2010.
- TDC's mobile termination rate was reduced from DKK 0.62 to DKK 0.54 on 1 May 2009, and was further reduced to DKK 0.44 on 1 May, 2010, due to national regulation.
- The decline in the number of PSTN/ISDN customers still caused traditional landline voice revenue to decrease, despite the reduced churn rate at the end of the period, but the fall was to some extent cushioned by a significant increase in the number of VoIP customers.
- The fall in domestic internet and network revenue was caused partly by a drop in the employee broadband customer bases, as a result of the new Danish multimedia tax, and declining ARPU in Consumer due to intensified price competition and bundling discounts.
- Lower sales of data communication, mobile terminals and CPE.

[3] Retail and wholesale prices for voice decreased by 20-30%. New regulations were imposed on SMS and data prices that led to price decreases of 60-80%.

**Nordic Business Revenue development H1 2009 - H1 2010** **DKKm**



**Sunrise Revenue development H1 2009 - H1 2010** **DKKm**




In Switzerland, revenue increased by 6.5% to DKK 5,140m, 2.2% adjusted for currency effects. Revenue growth was driven mainly by mobility services, due to an increase in postpaid customers that was only partly offset by decreased mobile termination rates. Increased traffic volumes in landline wholesale also drove revenue growth. See revenue development figure.

## Customer growth

By the end of H1 2010, the TDC Group had 11.6m customers, up 2.1% from H1 2009.

The domestic customer base totalled 8.5m, up 180,000 or 2.2%, since H1 2009. This was due to:

- A significant increase in both business and residential mobile voice subscription customers, as well as in telemetrics, and in mobile broadband customers. TDC's acquisition of M1 and Unotel did not affect TDC's total customer base as these customers were included in the wholesale customer base in H1 2009.
- The TV customer base increased by 7.4% due to the success of HomeTrio and continued growth in YouSee.
- TDC managed to limit the decline in its landline voice customer base to 8.2% despite the migration from traditional landline telephony (PSTN/ISDN). This was achieved through a reduction in the PSTN churn rate and a significant increase in TDC's VoIP customer base, which was triggered by the success in sales of multi-play bundles.

During H1 2010, TDC's domestic customer base decreased by 103,000 or 1.2% compared with year -end 2009, which

| Customer base ('000 end-of-period) | H1 2010 | H1 2009 | Change in % |
|---|---|---|---|
| **Domestic, retail and wholesale:** | | | |
| Landline voice customers | 1,908 | 2,079 | (8.2) |
| PSTN/ISDN | 1,511 | 1,790 | (15.6) |
| Retail | 1,290 | 1,527 | (15.5) |
| Wholesale | 221 | 263 | (16.0) |
| VoIP | 397 | 289 | 37.4 |
| Mobile customers | 3,266 | 3,102 | 5.3 |
| Retail voice | 2,710 | 2,545 | 6.5 |
| Prepaid cards | 246 | 265 | (7.2) |
| Subscriptions | 2,464 | 2,280 | 8.1 |
| Wholesale voice | 189 | 289 | (34.6) |
| Telemetrics | 367 | 268 | 36.9 |
| Mobile broadband[1] | 238 | 160 | 48.8 |
| Landline internet customers | 1,516 | 1,493 | 1.5 |
| Broadband, retail | 1,301 | 1,291 | 0.8 |
| Broadband, wholesale | 146 | 118 | 23.7 |
| Non-broadband | 69 | 84 | (17.9) |
| Other networks and data connections | 305 | 307 | (0.7) |
| Retail | 72 | 67 | 7.5 |
| Wholesale | 233 | 240 | (2.9) |
| TV customers | 1,283 | 1,195 | 7.4 |
| YouSee Plus | 152 | 123 | 23.6 |
| TDC TV | 110 | 58 | 89.7 |
| **Domestic customers, total** | **8,516** | **8,336** | **2.2** |
| Dual-play bundles | 270 | 150 | 80.0 |
| Triple-play bundles | 102 | 42 | 142.9 |
| **International:** | | | |
| Landline customers | 657 | 715 | (8.1) |
| Other Nordic countries | 61 | 50 | 22.0 |
| Sunrise | 596 | 665 | (10.4) |
| Mobile customers | 1,964 | 1,855 | 5.9 |
| Other Nordic countries | 58 | 32 | 81.3 |
| Sunrise | 1,906 | 1,823 | 4.6 |
| Landline internet customers | 440 | 433 | 1.6 |
| Other Nordic countries | 85 | 85 | - |
| Sunrise | 355 | 348 | 2.0 |
| **International customers, total** | **3,061** | **3,003** | **1.9** |
| **Group customers, total** | **11,577** | **11,339** | **2.1** |
| Of which Nordic Business | 8,720 | 8,503 | 2.6 |

[1]The number of Mobile broadband customers for prior periods have been adjusted. See TDC Fact Sheet Q22010 for adjusted customer bases for Q3 2008-Q1 2010.

related primarily to fewer PSTN/ISDN customers and fewer mobile voice prepaid cards. The prepaid cards customer base had increased significantly at the end of 2009 due to Christmas campaigns.

TDC's international customer base consists of customers in TDC Nordic and Sunrise.

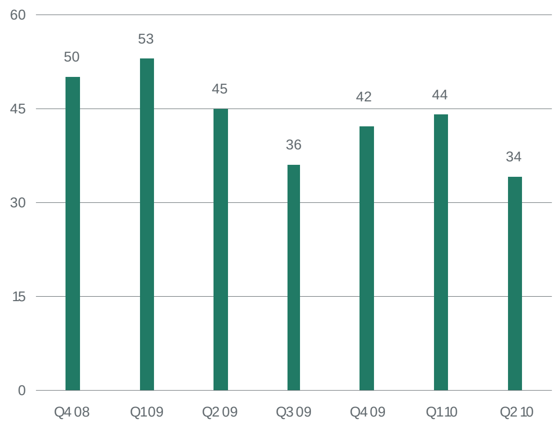
Sunrise's customer base totalled 2.857m, up 21,000 or 0.7% compared with H1 2009. This was due to growth of 4.6% and 2.0% in mobile and internet customers, respectively. Landline customers declined by 10.4%. Sunrise's customer base increased by 3,000 compared with year-end 2009.

TDC Nordic increased its customer base by 22.2% or 37,000 compared with H1 2009 through growth in both its landline and mobile customer bases. TDC Nordic's customer base increased by 23,000 customers compared with year-end 2009.

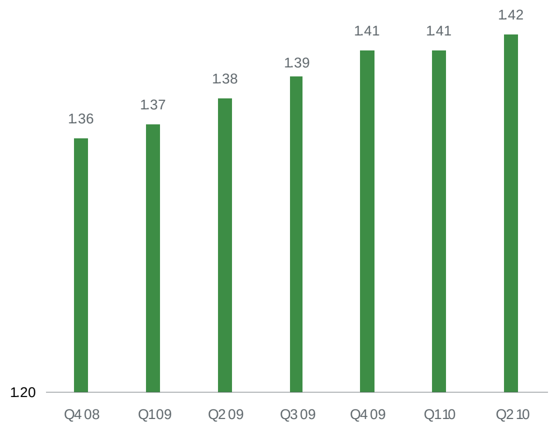
## Lowest domestic copper line loss in two years

In Q2 2010, domestic copper line loss was only 34k which is the lowest quarterly line loss in two years resulting from a successful reduction of PSTN churn rates and continued increase in multi-play customers. The low level in Q3 2009 was a result of intensified campaigns promoting TDC's multi-play packages. The copper line loss peaked in Q1 2009, but has since been reduced to levels from 35-45k as a result of the PSTN retention initiatives and the introduction of multi-play packages by TDC. The effect of multi-play packages is also very visible from the increase in RGUs per line in the same period.

**Domestic copper line loss** **'000**

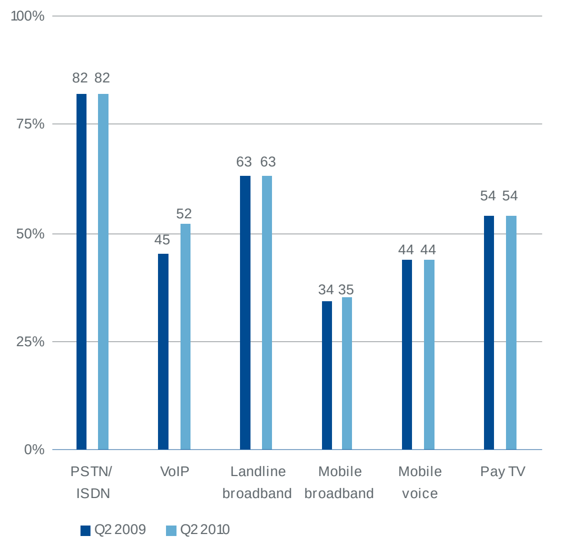



**Domestic RGU/line**



## Consolidating our domestic market leading position

**Domestic market shares H1 2009 – H1 2010**




TDC has consolidated its market leading position by increasing or maintaining its market shares in all main domestic business areas since H1 2009.

- The growing market shares are attributable primarily to the success of TDC's multi-play offers and organic growth in the mobility services segment.

## Gross profit improvements

TDC's gross profit increased by DKK 195m or 1.5% compared with H1 2009.

Gross profit in Nordic Business decreased by DKK 39m to DKK 9,738m. The main negative driver was:

- Gross profit decreases in internet and network as well as traditional landline as a consequence of the revenue decrease.

These decreases were partly offset by:

- Improvements in domestic mobility services and TV products resulting from increased customer bases.

Sunrise's gross profit increased by 7.8% to DKK 3,253m as a result of the higher contribution from mobile postpaid and xDSL, as well as the favourable exchange-rate development.

## Strong EBITDA growth

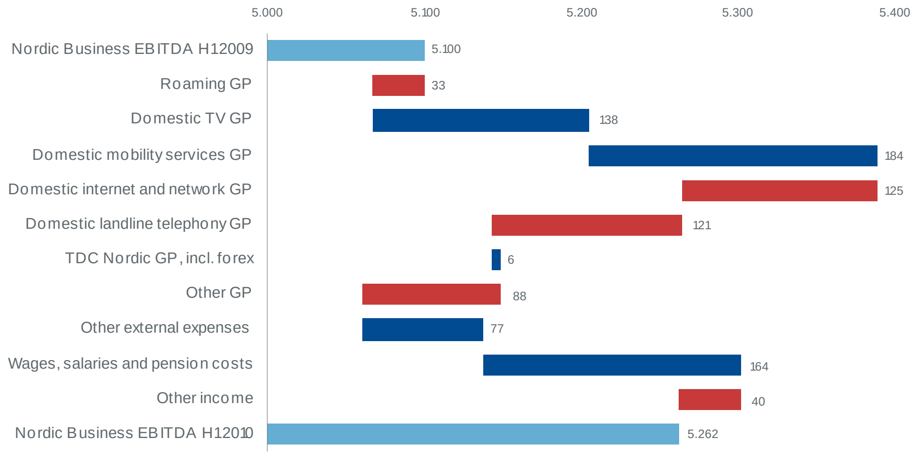
The TDC Group's EBITDA increased by DKK 402m or 6.4% to DKK 6,695m compared with H1 2009. The EBITDA margin amounted to 36.7%, up by 1.4 percentage points. Adjusted for currency effects, acquisitions and divestments, sale of assets[4] and international roaming charge reductions, EBITDA increased by 5.3%.

EBITDA in Nordic Business increased by 3.2% to DKK 5,262m, which, besides the gross profit development, was a result of:

- Continued efficiency improvements affecting other external expenses. For example, space management optimisation continued, leading to closure of three major facility locations in the Copenhagen area and relocation to TDC's headquarters since the beginning of 2009.

[4] In these financial statements 'sale of assets' refers to sale of property, plant and equipment as well as sale of intangible assets.

**Nordic Business EBITDA development H1 2009 – H1 2010** **DKKm**



- The decrease in wages, salaries and pension costs resulting from employee reductions (see also the description of employee development below).

Excluding the impacts from currency effects, acquisitions and divestments, sale of assets and international roaming charge reductions, EBITDA increased by 3.6%.

The EBITDA margin in Nordic Business reached 40.2% in H1 2010, up from 39.2% in H1 2009.

Sunrise's EBITDA increased by 20.0% to DKK 1,433m as a result of growth in gross profit, related primarily to the effect of more mobile postpaid customers, combined with the sale of assets. The EBITDA margin improved to 27.9%, an increase of 3.2 percentage points on H1 2009. Excluding impacts from exchange rate fluctuations and divestments, Sunrise's EBITDA increased by 12.4%.

## Employees

The number of full-time employee equivalents totalled 12,381 at the end of H1 2010, down by 777 or 5.9% compared with the end of H1 2009. The domestic workforce fell from 10,180 full-time employee equivalents at the end of H1 2009 to 9,623 at the end of H1 2010, down by 5.5%. The decrease related mainly to redundancy programmes (856) and was partly offset by employees gained with acquisitions (165).

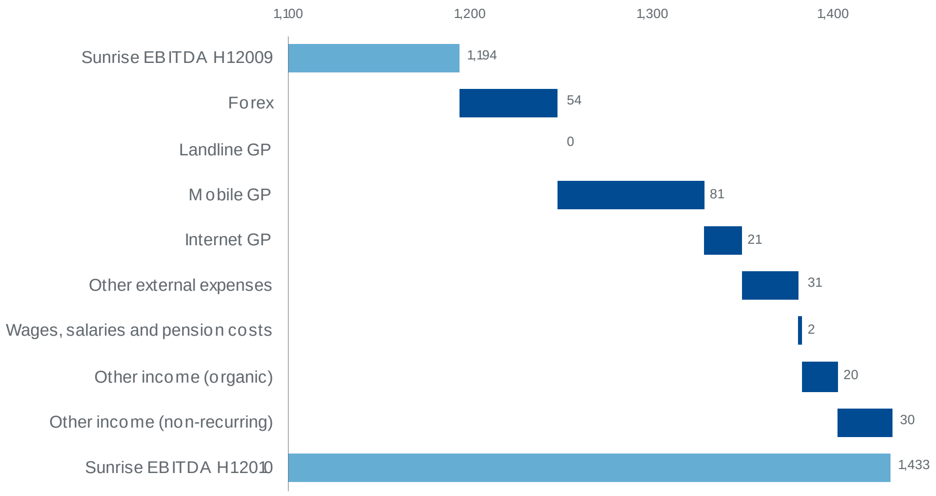
The decrease in full-time employee equivalents during H1 2010 was 446, of which 363 belonged to the domestic workforce.

## Profit for the period

In H1 2010, profit for the period decreased to DKK 921m from DKK 1,185m in H1 2009. This decline related mainly to the negative impact from currency translation adjustments. However, improved EBITDA and results from discontinued operations, reflecting the divestment of Invitel, partly offset this effect.

Profit for the period from continuing operations, excluding special items, amounted to DKK 1,350m in H1 2010, down by DKK 589m compared with H1 2009. The decrease was due largely to the negative impact from currency translation adjustments, which was partly offset by improved EBITDA.

**Sunrise EBITDA development H1 2009 – H1 2010** **DKKm**




## Statements of Cash Flow

Cash flow from operating activities from continuing operations decreased by 30.7%, to DKK 3,369m, and was driven mainly by negative working capital developments. Operating free cash flow decreased by 18.9% to DKK 3,116m also due to adverse working capital developments in Sunrise.

In Nordic Business, operating free cash flow increased by 6.9%. Cash conversion improved by 1.9% to 54.1%. Lower investments in property, plant and equipment, and higher EBITDA were key drivers for the increase in operating free cash flow. This was partly offset by working capital due to the "Credit Package"[5], which had a large positive effect on change in working capital in H1 2009 but a limited effect in H1 2010.

In Sunrise, operating free cash flow decreased by 77.3%, to DKK 267m. Free cash flow developed correspondingly. Cash conversion dropped to 18.6%, and was driven by negative working capital developments related mostly to lower spending.

Cash outflow from investing activities from continuing operations decreased by 25.9%. The improvement reflected primarily lower investments in subsidiaries and in property, plant and equipment. Higher cash inflow from sale of property, plant and equipment in Sunrise further contributed to the positive development.

Cash outflow from financing activities in continuing operations decreased by DKK 4,973m. The lower outflow

[5] The "Credit Package" refers to a Danish government initiative, in which VAT and payroll taxes are postponed one month. It was gradually phased out from August until December 2009 when VAT postponement was to fully expire. However, payroll taxes will also be postponed by approximately 12 days in 2010 and are set to be gradually phased out from November until December 2010.

**Cash flow key figures** **DKKm**

| TDC Group | H1 2010 | H1 2009 | Change in % |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Nordic Business | 2,830 | 3,153 | (10.2) |
| Sunrise | 539 | 1,706 | (68.4) |
| Continuing operations | 3,369 | 4,859 | (30.7) |
| Discontinued operations | - | 150 | - |
| **Cash flow from operating activities** | **3,369** | **5,009** | **(32.7)** |
| **Cash flow from investing activities** | | | |
| Nordic Business | (2,003) | (2,486) | 19.4 |
| Sunrise | (260) | (567) | 54.1 |
| Continuing operations | (2,263) | (3,053) | 25.9 |
| Discontinued operations | (17) | (266) | 93.6 |
| **Cash flow from investing activities** | **(2,280)** | **(3,319)** | **31.3** |
| **Cash flow from financing activities** | | | |
| Nordic Business | (894) | (5,488) | 83.7 |
| Sunrise | (547) | (926) | 40.9 |
| Continuing operations | (1,441) | (6,414) | 77.5 |
| Discontinued operations | - | (100) | - |
| **Cash flow from financing activities** | **(1,441)** | **(6,514)** | **77.9** |
| **Total cash flow** | | | |
| Nordic Business | (67) | (4,821) | 98.6 |
| Sunrise | (268) | 213 | - |
| Continuing operations | (335) | (4,608) | 92.7 |
| Discontinued operations | (17) | (216) | 92.1 |
| **Total Cash flow** | **(352)** | **(4,824)** | **92.7** |
| **Operating free cash flow[1]** | | | |
| Nordic Business | 2,849 | 2,665 | 6.9 |
| Sunrise | 267 | 1,178 | (77.3) |
| **Operating free cash flow** | **3,116** | **3,843** | **(18.9)** |
| **Free cash flow[2]** | | | |
| Nordic Business | 1,970 | 1,953 | 0.9 |
| Sunrise | 148 | 1,134 | (86.9) |
| **Free cash flow** | **2,118** | **3,087** | **(31.4)** |
| **Cash conversion (%)** | | | |
| Nordic Business | 54.1 | 52.3 | 1.8 |
| Sunrise | 18.6 | 98.7 | (80.1) |
| **Cash conversion** | **46.5** | **61.1** | **(14.6)** |

[1] Operating free cash flow is defined as the sum of EBITDA, reversal of items without cash flow effect, pension contributions, payments related to provisions, change in net working capital excl. special items, and investment in PPE and intangible assets.
[2] Free cash flow is defined as the sum of operating free cash flow, net interest paid and corporate income tax paid.

related largely to lower repayments of loans and dividend payments.

## Capital expenditure

Capital expenditure totalled DKK 2,109m, down by DKK 263m compared with H1 2009.

- Nordic Business capex decreased as a result of lower investments in IT and network infrastructure, the latter due mostly to postponement as a result of adverse weather conditions at the beginning of 2010.
- In Sunrise, capex decreased due primarily to fewer IT and network-related investments following the rejected merger with Orange, which was partly counteracted by increased leasehold improvements cost related to office relocation and exchange-rate fluctuations.
- The capex-to-revenue ratio for the TDC Group decreased to 11.6% in H1 2010 from 13.3% in H1 2009. Capex-to-revenue in Nordic Business decreased from 15.0% to 13.0% whereas Sunrise capex-to-revenue decreased from 8.6% to 7.9%.

## 2010 Guidance

Our guidance for 2010 is based on comprehensive financial plans for each individual business line. However, by their very nature, forward-looking statements involve certain risks and uncertainties that are described in more detail in the section on risk factors and in the Safe Harbor Statement.

TDC confirms its 2010 guidance expressed in the Annual Report 2009 and ER Q1 2010, and believes it is on track to meet its targets. The guidance for 2010 for the TDC Group is:

TDC expects revenue growth of 1 to 3% compared with 2009.

TDC expects EBITDA growth of 3 to 4% compared with 2009.

**Capital expenditure** **DKKm**

| **TDC Group** | **H1 2010** | **H1 2009** | **Change in %** | **Q2 2010** | **Q2 2009** | **Change in %** |
|---|---|---|---|---|---|---|
| Nordic Business incl. YouSee | 1,703 | 1,957 | 13.0 | 847 | 980 | 13.6 |
| Nordic Business excl. YouSee[1] | 1,461 | 1,735 | 15.8 | 715 | 868 | 17.6 |
| Of which TDC Nordic | 219 | 193 | (13.5) | 99 | 106 | 6.6 |
| YouSee | 242 | 223 | (8.5) | 132 | 112 | (17.9) |
| Sunrise | 406 | 415 | 2.2 | 211 | 266 | 20.7 |
| **Capital expenditure** | **2,109** | **2,372** | **11.1** | **1,058** | **1,246** | **15.1** |

[1] As domestic infrastructure (excl. YouSee) is based in Operations & Wholesale, domestic capex cannot be allocated to the separate domestic business lines in Nordic Business, excl. YouSee.

# Key financial data by business lines

DKKm

| TDC Group | H1 2010 | H1 2009 | Change in % |
|---|---|---|---|
| **Revenue** | **18,236** | **17,839** | **2.2** |
| Nordic Business | 13,098 | 13,018 | 0.6 |
| Consumer | 4,753 | 4,879 | (2.6) |
| TDC Business | 3,824 | 4,035 | (5.2) |
| TDC Nordic | 1,966 | 1,751 | 12.3 |
| Operations & Wholesale | 1,252 | 1,304 | (4.0) |
| YouSee | 1,993 | 1,720 | 15.9 |
| Other | (690) | (671) | (2.8) |
| Sunrise | 5,140 | 4,825 | 6.5 |
| Other activities | (2) | (4) | 50.0 |
| Transmission costs and cost of goods sold | (5,245) | (5,043) | (4.0) |
| Of which Nordic Business | (3,360) | (3,241) | (3.7) |
| **Gross profit** | **12,991** | **12,796** | **1.5** |
| Of which Nordic Business | 9,738 | 9,777 | (0.4) |
| Other external expenses | (3,728) | (3,778) | 1.3 |
| Of which Nordic Business | (2,330) | (2,407) | 3.2 |
| Wages, salaries and pension costs | (2,697) | (2,843) | 5.1 |
| Of which Nordic Business | (2,225) | (2,389) | 6.9 |
| Other income and expenses | 129 | 118 | 9.3 |
| Of which Nordic Business | 79 | 119 | (33.6) |
| **EBITDA** | **6,695** | **6,293** | **6.4** |
| Nordic Business | 5,262 | 5,100 | 3.2 |
| Consumer | 2,010 | 1,927 | 4.3 |
| TDC Business | 1,825 | 1,856 | (1.7) |
| TDC Nordic | 253 | 218 | 16.1 |
| Operations & Wholesale | 513 | 697 | (26.4) |
| YouSee | 649 | 550 | 18.0 |
| Other | 12 | (148) | 108.1 |
| Sunrise | 1,433 | 1,194 | 20.0 |
| Other activities | - | (1) | - |

# "TDC increased or maintained its market shares in all consumer market segments compared with H1 2009"

## Consumer

*Consumer offers a broad portfolio of brands and services covering mobile, landline, internet and TV to residential and SoHo customers in Denmark. Consumer uses the TDC brand for the mass market, and the leading no-frills providers, Telmore, Fullrate and M1, to address the no-frills market.*

- As part of a continuous effort to renew its product offering, TDC Consumer implemented a comprehensive revision of the PSTN product portfolio and rate plans in Q2 2010. This change has been well received by customers and contributed to Q2 2010 being the quarter with the lowest PSTN churn in more than two years.

- Consumer managed to expand its customer base by 4.0% compared with H1 2009. Growth was recorded in the TV, mobile broadband and mobile voice customer bases. Consumer was able to limit the decline in the landline customer base to 7.9% as a result of the growth in the VoIP customer base and PSTN retention initiatives. The customer base grew due to the success of the multi-play packages launched in Q1 2009, the acquisition of M1 in January 2010 and continued organic growth in the number of mobile voice and mobile broadband customers.

- The larger customer base resulted in maintained or increased market shares within all product areas in the consumer market compared with H1 2009. TDC's consumer triple-play market share in particular rose from 48% to 62% during the period. The consumer VoIP market share increased from 49% to 56%, while TDC won a larger share of the consumer mobile voice market, up from 37% to 39% and improved its mobile broadband share from 22% to 29%.

- **Revenue** fell by DKK 126m or 2.6% in H1 2010. Adjusted for the acquisition of M1 and Fullrate, and mobile termination rate and international roaming charge reductions, Consumer's revenue fell by 3.2%. The organic landline telephony revenue decrease resulted from fewer PSTN customers. Moreover, internet and network decreased due to a reduction in ARPU, and lower sales of CPE and mobile terminals. The revenue decline was partly counterbalanced by more VoIP customers and an increase in mobility services, with both mobile broadband and mobile voice showing increases related primarily to more customers. Revenue from TDC TV increased as a result of the large increase in the customer base and increasing ARPU on TV products.

- **Gross profit** decreased by DKK 29m or 0.9% from H1 2009 to H1 2010, due to lower revenue, though this was counteracted by lower transmission costs stemming primarily from less landline activity and lower mobile termination rates.

- **EBITDA** increased by DKK 83m or 4.3% compared with H1 2009, reflecting savings in other external expenses and wages, salaries and pension costs. Adjusted for the acquisition of Fullrate and M1, Consumer's EBITDA declined by 0.2%.

  Lower acquisition costs, IT costs, reduced billing costs and costs related to consultants were the main reasons for the fall in other external expenses. This was partly counterbalanced by increased marketing costs.

  Wages, salaries and pension costs fell as a result of a 6% reduction in average full-time employee equivalents.

### Financial highlights (DKKm)

| Consumer | H1 2010 | H1 2009 | Change in % |
|---|---|---|---|
| **Revenue** | **4,753** | **4,879** | **(2.6)** |
| Landline telephony | 1,213 | 1,374 | (11.7) |
| Mobility services | 2,245 | 2,186 | 2.7 |
| Internet and network | 824 | 865 | (4.7) |
| Terminal equipment, etc. | 155 | 224 | (30.8) |
| Operator services | 83 | 111 | (25.2) |
| TV | 182 | 56 | - |
| Other | 51 | 63 | (19.0) |
| Transmission costs and cost of goods sold | (1,458) | (1,555) | 6.2 |
| **Gross profit** | **3,295** | **3,324** | **(0.9)** |
| Other external expenses | (874) | (952) | 8.2 |
| Wages, salaries and pension costs | (413) | (448) | 7.8 |
| Other income and expenses | 2 | 3 | (33.3) |
| **EBITDA** | **2,010** | **1,927** | **4.3** |
| EBITDA margin (%) | 42.3 | 39.5 | - |

### Selected operational data

| Consumer | H1 2010 | H1 2009 | Change in % |
|---|---|---|---|
| **Customer base ('000)** | | | |
| Landline customers | 1,186 | 1,288 | (7.9) |
| Mobile voice customers | 2,077 | 1,925 | 7.9 |
| Prepaid cards | 246 | 265 | (7.2) |
| Subscriptions (incl. Telmore) | 1,831 | 1,660 | 10.3 |
| Mobile broadband customers | 123 | 67 | 83.6 |
| Internet customers | 705 | 702 | 0.4 |
| TDC TV customers | 109 | 58 | 87.9 |
| **Customer base, total** | **4,200** | **4,040** | **4.0** |
| Dual-play bundles | 270 | 150 | 80.0 |
| Triple-play bundles | 102 | 42 | 142.9 |
| **ARPU (DKK/month)** | | | |
| PSTN/ISDN | 184 | 185 | (0.5) |
| Mobile voice, blended | 170 | 186 | (8.6) |
| Prepaid cards | 42 | 64 | (34.4) |
| Subscriptions (incl. Telmore) | 192 | 206 | (6.8) |
| IP | 307 | 280 | 9.6 |
| **Number of employees** | **2,101** | **2,300** | **(8.7)** |

# “Despite fierce competition, TDC Business successfully raised its EBITDA margin from 46.0 to close to 48.0%”

## TDC Business

*TDC Business offers business customers in Denmark a wide range of communications solutions including internet and network services, landline telephony, mobility services and terminal equipment. TDC Business also provides systems integration services through its subsidiary, NetDesign, which offers IT, data, video conferencing and telephony systems tailored for business customers.*

- TDC Business increased its customer base by 3.5% compared with H1 2009. The number of mobile broadband customers increased from 90,000 at the end of H1 2009 to 105,000 at the end of H1 2010, while the number of mobile customers increased from 889,000 to 1,001,000 in H1 2010.

- TDC consolidated its market leading position in all key business market segments. In terms of key accomplishments during the period from H1 2009 to H1 2010, TDC increased its VoIP market share of the business market from 24% to 37% and expanded its mobile voice market share from 55% to 57%[6].

- **Revenue** in TDC Business declined by DKK 211m or 5.2% from H1 2009. Adjusted for acquisitions and divestments, reductions in mobile termination rates and international roaming charges, revenue decreased by 4.4%, due mainly to a decrease in the business broadband and employee broadband market, driven by fierce competition which has lead to increased price pressure. The reduced revenue from employee broadband is also a consequence of the Danish "Multimedieskat" (multimedia tax)[7], which resulted in higher churn in H1 2010. In total, revenue from internet and network decreased by DKK 125m.

  Revenues from landline telephony declined by DKK 91m to DKK 931m as the PSTN customer base continued to decrease. This was only partly offset by strong growth in VoIP customer base.

  Revenue from mobility services rose driven mainly by the larger mobile broadband customer base.

- **Gross profit** decreased by DKK 78m or 2.9% compared with H1 2009, which was related to lower revenue, but was partly counteracted by a 10.1% reduction in transmission costs and cost of goods sold that related primarily to a decrease in termination and interconnect costs.

- **EBITDA** decreased by DKK 31m or 1.7% from H1 2009, reflecting a decline in gross profit, which was partly counteracted by savings in other external expenses and wages, salaries and pension costs. The latter fell as a result of a 4% reduction in average full-time employee equivalents in H1 2010 compared with H1 2009.

  As a result, TDC Business managed to significantly boost its EBITDA margin from 46.0% in H1 2009 to 47.7% in H1 2010.

[6] The market shares include other TDC business lines' customers in the business market, incl. SoHo customers.
[7] The multimedia tax introduced on 1January 2010, implies that employees provided with broadband or telephony will be taxed. The annual taxable sum is DKK 3,000. As a result of the new legislation, a number of customers have chosen to discontinue their employee broadband.

### Financial highlights DKKm

| TDC Business | H1 2010 | H1 2009 | Change in % |
|---|---|---|---|
| **Revenue** | **3,824** | **4,035** | **(5.2)** |
| Landline telephony | 931 | 1,022 | (8.9) |
| Mobility services | 1,160 | 1,147 | 1.1 |
| Internet and network | 1,159 | 1,284 | (9.7) |
| Terminal equipment, etc. | 510 | 515 | (1.0) |
| Other[1] | 64 | 67 | (4.5) |
| Transmission costs and cost of goods sold | (1,187) | (1,320) | 10.1 |
| **Gross profit** | **2,637** | **2,715** | **(2.9)** |
| Other external expenses | (373) | (406) | 8.1 |
| Wages, salaries and pension costs | (439) | (453) | 3.1 |
| Other income and expenses | - | - | - |
| **EBITDA** | **1,825** | **1,856** | **(1.7)** |
| EBITDA margin (%) | 47.7 | 46.0 | - |

[1] Includes operator services, etc.

### Selected operational data

| TDC Business | H1 2010 | H1 2009 | Change in % |
|---|---|---|---|
| **Customer base ('000)** | | | |
| Landline customers | 421 | 460 | (8.5) |
| Mobile customers | 1,001 | 889 | 12.6 |
| Mobile voice | 634 | 621 | 2.1 |
| Telemetrics | 367 | 268 | 36.9 |
| Mobile broadband customers | 105 | 90 | 16.7 |
| Internet customers | 260 | 290 | (10.3) |
| Other networks and data connections | 72 | 67 | 7.5 |
| **Customer base, total** | **1,859** | **1,796** | **3.5** |
| **ARPU (DKK/month)** | | | |
| PSTN/ISDN | 368 | 368 | - |
| Mobile voice | 273 | 281 | (2.8) |
| Broadband | 362 | 367 | (1.4) |
| **Number of employees** | **1,564** | **1,606** | **(2.6)** |

# "TDC Nordic - high EBITDA growth and margin expansion thanks to efficiency gains"

## TDC Nordic

*TDC Nordic offers landline telephony, internet and network services and mobile telephony to business customers in Sweden, Norway and Finland. Through TDC Hosting, TDC Nordic also offers hosting and IT operations solutions for customers in Denmark, Sweden and Finland.*

*TDC Nordic operates through a state-of-the-art and frequently updated network infrastructure, including fibre-based backbone, PSTN/ISDN and IP/Ethernet. In the mobile market, TDC Nordic operates as a service provider through MVNO agreements with local operators.*

- Since H1 2009, 26,000 or 81.3% more mobile customers have joined TDC Nordic and the customer base on landline telephony increased by 11,000 or 22.0%. The total number of customers increased by 37,000 or 22.2% to 204,000.

- **Revenue** in TDC Nordic rose by DKK 215m or 12.3% to DKK 1,966m in H1 2010. The increase related primarily to a positive exchange-rate effect. Adjusted for the exchange-rate effect, revenue increased by 4.0%, which related primarily to organic growth in mobility services. The integrator business has shown a tendency to rise during H1 2010 after being influenced by the economic downturn since the end of 2008, with decreasing revenue in all quarters of 2009.

- **Gross profit** increased by DKK 7m or 0.9% to DKK 828m in H1 2010, as transmission costs and cost of goods sold increased by DKK 208m or 22.4% compared with H1 2009. The increase in transmission costs and cost of goods sold was due to outsourcing, which has moved costs from wages to transmission costs and cost of goods sold, and the change in product mix.

- **EBITDA** in TDC Nordic increased by DKK 35m or 16.1% to DKK 253m in H1 2010. Adjusted for the exchange-rate effect, EBITDA increased by 6.8%. The remaining EBITDA improvement was primarily a result of savings in other external expenses and wages, salaries and pension costs.

  The reduction in other external expenses is a result of efficiency gains across the Nordic subsidiaries. The reduction in wages, salaries and pension costs resulted from an average FTE-reduction of 11% that stemmed primarily from fewer FTEs in TDC Sweden, driven by redundancies and outsourcing.

### Financial highlights DKKm

| TDC Nordic | H1 2010 | H1 2009 | Change in % |
|---|---|---|---|
| **Revenue** | **1,966** | **1,751** | **12.3** |
| TDC Sweden | 1,003 | 866 | 15.8 |
| TDC Norway | 505 | 422 | 19.7 |
| TDC Finland | 353 | 343 | 2.9 |
| TDC Hosting | 171 | 169 | 1.2 |
| Other, incl. eliminations | (66) | (49) | (34.7) |
| Landline telephony | 483 | 430 | 12.3 |
| Mobility services | 84 | 42 | 100.0 |
| Internet and network | 741 | 683 | 8.5 |
| Terminal equipment, etc. | 523 | 464 | 12.7 |
| Other[1] | 135 | 132 | 2.3 |
| Transmission costs and cost of goods sold | (1,138) | (930) | (22.4) |
| **Gross profit** | **828** | **821** | **0.9** |
| Other external expenses | (148) | (161) | 8.1 |
| Wages, salaries and pension costs | (428) | (447) | 4.3 |
| Other income and expenses | 1 | 5 | (80.0) |
| **EBITDA** | **253** | **218** | **16.1** |
| EBITDA margin (%) | 12.9 | 12.5 | - |

[1] Includes operator services, etc.

### Selected operational data

| TDC Nordic | H1 2010 | H1 2009 | Change in % |
|---|---|---|---|
| **Customer base ('000)** | | | |
| Landline customers | 61 | 50 | 22.0 |
| Mobile customers | 58 | 32 | 81.3 |
| Internet customers | 85 | 85 | - |
| **Customer base, total** | **204** | **167** | **22.2** |
| **ARPU (DKK/month)** | | | |
| Mobile voice | 273 | 250 | 9.2 |
| **Number of employees** | **1,397** | **1,600** | **(12.7)** |

# "Operations & Wholesale focuses on customer service improvements and operational efficiency"

## Operations & Wholesale

*Operations & Wholesale offers wholesale customers in Denmark a broad portfolio of wholesale products in mobile, landline, network and internet.*

*Operations & Wholesale also maintains TDC's mobile and landline networks in Denmark, including field technicians, as well as providing other joint functions, such as facility and fleet management, IT and procurement.*

- Operations & Wholesale's customer base decreased by 12.5% compared with H1 2009, due primarily to a decrease in the numbers of mobile service providers. The decrease was a result of TDC's acquisition of M1, as these customers were subsequently transferred to Consumer's customer base.

- The reductions in fault rates and onsite fault corrections and more efficient installations have improved cost efficiency. Further savings in other external expenses have also been achieved through cost efficiency, with savings related primarily to facility management, IT and staff-related costs.

- **Revenue** declined by DKK 52m or 4.0% due primarily to lower landline revenue, the continued regulation of international roaming and TDC's acquisition of Fullrate and M1[8]. The acquisition of Dong Energy's fibre network contributed positively to growth. Adjusted for acquisitions and divestments, and reductions in the mobile termination rate and international roaming charge, revenue increased by DKK 100m or 8.7%.

- **Gross profit** declined by DKK 46m or 4.5% due to regulation of international roaming wholesale tariffs and TDC's acquisition of Fullrate and M1.

- **EBITDA** declined by DKK 184m or 26.4%, mainly as a result of acquisitions and divestments. Adjusted for acquisitions and divestments and international roaming charge reductions, EBITDA decreased by DKK 29m, or 5.4%.

  The focus on cost efficiency resulted in a DKK 67m or 5.7% reduction in other external expenses, while the focus on more efficient installations, i.e. reductions in fault rates and onsite fault corrections, led to general savings on wages, and fewer FTEs. The reduction in wages and FTEs was partly counteracted by the acquisition of Dong Energy's fibre network. The average, number of FTEs was reduced by 4% from H1 2009 to H1 2010, while wages, salaries and pension costs fell by DKK 23m or 3.2% due to a lower degree of capitalisation of wages.

[8] The acquisition led to a revenue decrease in Operations & Wholesale, as these companies were wholesale customers prior to the acquisition. M1 and Fullrate is now included in Consumer's reporting.

### Financial highlights — DKKm

| Operations & Wholesale | H1 2010 | H1 2009 | Change in % |
|---|---|---|---|
| **Revenue** | **1,252** | **1,304** | **(4.0)** |
| Wholesale | 1,104 | 1,149 | (3.9) |
| Other | 148 | 155 | (4.5) |
| Landline telephony | 268 | 316 | (15.2) |
| Mobility services | 280 | 310 | (9.7) |
| Internet and network | 483 | 504 | (4.2) |
| Other | 221 | 174 | 27.0 |
| Transmission costs and cost of goods sold | (269) | (275) | 2.2 |
| **Gross profit** | **983** | **1,029** | **(4.5)** |
| Other external expenses | (1,103) | (1,170) | 5.7 |
| Wages, salaries and pension costs | (704) | (727) | 3.2 |
| Operating expenses allocated to other business lines | 1,312 | 1,509 | (13.1) |
| Other income and expenses | 25 | 56 | (55.4) |
| **EBITDA** | **513** | **697** | **(26.4)** |
| EBITDA margin (%) | 41.0 | 53.5 | - |

### Selected operational data

| Operations & Wholesale | H1 2010 | H1 2009 | Change in % |
|---|---|---|---|
| **Customer base ('000)** | | | |
| Landline customers | 224 | 263 | (14.8) |
| Mobile voice customers | 189 | 289 | (34.6) |
| Mobile broadband customers | 6 | 3 | 100.0 |
| Internet customers | 146 | 118 | 23.7 |
| Other networks and data connections | 233 | 240 | (2.9) |
| TDC TV customers | 1 | - | - |
| **Customer base, total** | **799** | **913** | **(12.5)** |
| **ARPU (DKK/month)** | | | |
| PSTN/ISDN | 100 | 100 | - |
| Mobile voice, Service Provider | 124 | 123 | 0.8 |
| **Number of employees** | **4,093** | **4,339** | **(5.7)** |

# "YouSee continues its strong performance with double-digit growth rates in both revenue and EBITDA"

## YouSee

*YouSee offers analogue and digital TV to 1.4m homes passed, and landline and mobile broadband and telephony to individual households and organised customers (antenna and housing associations).*

*YouSee operates through a fully digitalised hybrid fibre coaxial-cable network, almost entirely upgraded to DOCSIS 3.0 standards.*

- Since H1 2009, 36,000 new TV customers have joined YouSee, consolidating TDC's position as the preferred pay-TV supplier in Denmark, with a market share of 54%[9]. The customer base for the digital add-on product (YouSee Plus) increased by 29,000.

- Customer growth was also achieved across other segments. Since H1 2009, YouSee has acquired 22,000 new broadband customers (up by 5.7%) and 9,000 new landline telephony customers (up by 13.4%). The total number of customers increased by 70,000 or 4.4% to 1,657,000.

- **Revenue** rose by an impressive DKK 273m or 15.9% to DKK 1.993m in H1 2010. All product areas showed high growth rates. Revenue from TV increased due to more customers and higher ARPU due partly to the higher share of YouSee Plus. The increase in broadband revenue is primarily the result of the acquisition of A+, and higher ARPU. Adjusted for the acquisition of A+ and Nordit, revenue increased by DKK 190m or 10.5%.

- **Gross profit** increased by DKK 156m or 15.6% compared with H1 2009. The DKK 117m or 16.3% increase in transmission costs and cost of goods sold reflects increased programme expenses from more customers and increased average costs per customer due to the inclusion of more value content.

- **EBITDA** in YouSee increased by DKK 99m or 18.0% to DKK 649m in H1 2010. The increase in gross profit was partly offset by increases in other external expenses and wages, due mainly to the acquisition of A+. Adjusted for acquisitions, YouSee's EBITDA increased by 16.1% or DKK 90m.

[9] Including TV customers in Consumer.

### Financial highlights — DKKm

| YouSee | H1 2010 | H1 2009 | Change in % |
|---|---|---|---|
| **Revenue** | **1,993** | **1,720** | **15.9** |
| YouSee Clear | 1,324 | 1,204 | 10.0 |
| YouSee Plus | 94 | 66 | 42.4 |
| Internet services | 408 | 337 | 21.1 |
| Landline telephony | 51 | 31 | 64.5 |
| Other[1] | 116 | 82 | 41.5 |
| Transmission costs and cost of goods sold | (835) | (718) | (16.3) |
| **Gross profit** | **1,158** | **1,002** | **15.6** |
| Other external expenses | (238) | (205) | (16.1) |
| Wages, salaries and pension costs | (273) | (248) | (10.1) |
| Other income and expenses | 2 | 1 | 100.0 |
| **EBITDA** | **649** | **550** | **18.0** |
| EBITDA margin (%) | 32.6 | 32.0 | - |

[1] Includes installation fees and TDC TV.

### Selected operational data

| YouSee | H1 2010 | H1 2009 | Change in % |
|---|---|---|---|
| **Customer base ('000)** | | | |
| TV customers | 1,173 | 1,137 | 3.2 |
| of which YouSee Plus[1] | 152 | 123 | 23.6 |
| Internet customers | 405 | 383 | 5.7 |
| Landline customers | 76 | 67 | 13.4 |
| Mobile broadband customers | 3 | - | - |
| **Customer base, total** | **1,657** | **1,587** | **4.4** |
| **ARPU (DKK/month)** | | | |
| Landline internet | 170 | 168 | 1.2 |
| TV, total | 201 | 186 | 8.1 |
| YouSee Clear | 188 | 176 | 6.8 |
| Additional ARPU YouSee Plus[1] | 103 | 95 | 8.4 |
| Total ARPU | 267 | 242 | 10.3 |
| **Other KPIs** | | | |
| Homes passed ('000) | 1,432 | 1,352 | 5.9 |
| Penetration (%) | 82 | 83 | - |
| RGU per subscriber (#) | 1.54 | 1.50 | - |
| **Number of employees** | **1,257** | **1,264** | **(0.6)** |

[1] Digital add-on product.

# "Strong momentum in Sunrise with growing revenues and EBITDA"

## Sunrise

*Sunrise is the second-largest full-scale operator in Switzerland. Sunrise operates through its own mobile infrastructure and a ULL-based landline infrastructure in parts of Switzerland, while operating as a service provider in areas not yet covered by the ULL solution.*

- Sunrise achieved solid growth in its core products, such as mobile telephony and internet (more broadband customers partly offset by fewer dial-up customers), which grew by 4.6% and 2.0%, respectively compared with H1 2009. This growth was partly offset by a decline in landline customers that led to 0.7% growth in Sunrise's total customer base.

- **Revenue** grew by DKK 315m or 6.5% compared with H1 2009. Adjusted for exchange-rate fluctuations and reduced mobile termination rates, revenue grew by DKK 134m or 2.7%. Revenue growth was driven mainly by mobility services resulting from an increase in postpaid customers as well as landline telephony stemming from increased wholesale revenues. This was partly offset by a lower PSTN customer base with slightly increased ARPU. Adjusted for exchange-rate fluctuations, revenue from internet services declined slightly due to fewer dial-up customers and lower revenue from other internet services. xDSL-revenue remained stable, reflecting the increasing customer base, which was offset by declining ARPU.

- **Gross profit** increased by DKK 234m, or 7.8%. Adjusted for exchange-rate fluctuations, gross profit increased by DKK 102m or 3.2%. Growth in gross profit was driven mainly by the increase in mobile postpaid customers as well as lower xDSL costs, resulting from the migration of customers to Sunrise's own ULL infrastructure, with lower costs.

- **EBITDA** grew by DKK 239m or 20.0%. This EBITDA growth was influenced by positive exchange-rate fluctuations and non-recurring items related to profit from the sale of assets. Adjusted for these, EBITDA rose by DKK 155m, or 12.4%.

  Organic growth in EBITDA was driven primarily by higher gross profit. The increase in other external expenses and wages related entirely to the exchange-rate fluctuations. In local currency, other external expenses declined by 1.8%, and resulted mainly from lower marketing spending and savings from outsourcing. Costs for wages were maintained at a stable level due to an unchanged FTE level.

### Financial highlights (DKKm)

| Sunrise | H1 2010 | H1 2009 | Change in % |
|---|---|---|---|
| **Revenue** | **5,140** | **4,825** | **6.5** |
| Landline telephony | 1,692 | 1,588 | 6.5 |
| Mobility services | 2,989 | 2,783 | 7.4 |
| Internet services | 459 | 454 | 1.1 |
| Transmission costs and cost of goods sold | (1,887) | (1,806) | (4.5) |
| **Gross profit** | **3,253** | **3,019** | **7.8** |
| Other external expenses | (1,399) | (1,370) | (2.1) |
| Wages, salaries and pension costs | (472) | (455) | (3.7) |
| Other income and expenses | 51 | - | - |
| **EBITDA** | **1,433** | **1,194** | **20.0** |
| EBITDA margin (%) | 27.9 | 24.7 | - |

### Selected operational data

| Sunrise | H1 2010 | H1 2009 | Change in % |
|---|---|---|---|
| **Customer base ('000)** | | | |
| Landline customers | 596 | 665 | (10.4) |
| Mobile customers | 1,906 | 1,823 | 4.6 |
| Internet customers | 355 | 348 | 2.0 |
| **Customer base, total** | **2,857** | **2,836** | **0.7** |
| **ARPU (CHF/month)** | | | |
| Landline | 43.6 | 39.6 | 10.1 |
| Mobile voice | 46.1 | 46.3 | (0.4) |
| Broadband | 37.5 | 39.8 | (5.8) |
| **Number of employees** | **1,513** | **1,521** | **(0.5)** |

# Major corporate events

## Annual General Meeting 2010

TDC's Annual General Meeting 2010 was held on March 4, 2010. Vagn Sørensen, Pierre Danon, Kurt Björklund, Lawrence Guffey, Oliver Haarmann, Gustavo Schwed and Andrew Sillitoe were re-elected as board members. Two new independent board members were also elected:

- Søren Thorup Sørensen holds an MSc (Aud.) from Copenhagen Business School and is a State Authorized Public Accountant. He has also attended the Advanced Management Program at Harvard Business School. Søren Thorup Sørensen is CEO of KIRKBI.

- Lars Rasmussen holds a BSc from Aalborg University and an EMBA from SIMI, and is a member of the boards of Højgaard Holding A/S and MT Højgaard A/S. Lars Rasmussen is CEO of Coloplast A/S.

Pursuant to proposals from the Board of Directors, the Company's Articles of Association were amended. The amendments included changing the number of board members from "three to eight" to "three to ten" and the number of members of the Executive Committee from "two to seven" to "two to eight". Furthermore it was decided that the share value as of 10 May 2010 is changed from DKK 5 to DKK 1.

At a subsequent board meeting, the Board elected Vagn Sørensen as Chairman and Pierre Danon as Vice Chairman of the Board.

## Subsequent board change

On 25 June 2010, TDC A/S announced that Oliver Haarmann had notified the Board of Directors that he wished to resign from his position as member of the Board of Directors.

Oliver Haarmann, a Managing Director of Kohlberg Kravis Roberts & Co., has been a board member since February 2006.

Henrik Kraft, the board alternate of Oliver Haarmann since March 2008, has become an ordinary member of the Board of Directors. Henrik Kraft is a Director of Kohlberg Kravis Roberts & Co.

## Vodafone Partnership

On 30 March 2010, TDC extended the strategic Nordic Partnership with Vodafone to include Sweden and Norway, in addition to an existing agreement covering Denmark.

Effective from 1 April 2010, the non-equity Partner Market Agreement will allow both companies to better serve their respective customers within the Nordic region as well as internationally.

## Sunrise Communications S.A.

On 3 June 2010, TDC issued a press release stating that France Telecom and TDC had concluded a detailed analysis of their available options following the prohibition of the combination of Orange Communication S.A. ("Orange") and Sunrise Communications S.A. ("Sunrise") pronounced by the Swiss Competition Commission on 22 April 2010. As a consequence of the prohibition, the companies had decided to terminate their agreement concerning the proposed business merger. The appeal that was submitted to the authorities would also be withdrawn.

"We have concluded that the possibility of a merger is non-existent and we will therefore not pursue this option. Instead we will focus fully on the continued development of Sunrise," explained TDC CEO Henrik Poulsen.

"Sunrise has produced strong results in recent quarters and has a solid position in the Swiss market with strong momentum and increasing market shares. We will now build on that position through investments and a strong focus on market shares, which will ensure attractive products and services for our Swiss customers," said Henrik Poulsen.

On 17 June 2010, TDC A/S announced that Sunrise had appointed Oliver Steil as new CEO of the company with effect as of 17 June 2010.

Oliver Steil, aged 38, has a degree in electrical engineering and is a former Chief Commercial Officer and CEO of debitel AG (2006-2008). After leaving debitel he was a Partner in the telecommunications sector of McKinsey & Co. He also worked for McKinsey & Co during 1998-2006 (appointed Partner in McKinsey & Co in 2004) before joining debitel.

The former CEO of Sunrise Communications S.A., Christoph Brand, has left the company to become the CEO and an investor in the Swiss IT company Adcubum AG.

## Standard & Poor's upgrades TDC's credit rating

On 14 June 2010, Standard & Poor's upgraded TDC's corporate credit rating to BB with a positive outlook from BB- with a positive outlook.

Furthermore, the credit rating of TDC's senior secured facility was upgraded to BBB- from BB+ and TDC's Euro Medium Term Notes were upgraded to BB from BB-.

At the same time, Standard & Poor's upgraded the unsecured notes of TDC's immediate parent Angel Lux Common S.A. to BB from BB-.

# Risk Factors

TDC's Annual Report as of 9 February 2010 contains a description of certain risks that could materially adversely affect TDC's business, financial condition, results of operations or cash flows. At the end of H1 2010, TDC only expects significant change in the risk regarding mobile termination prices in Switzerland.

Following formal requests regarding reduction of mobile termination prices in the Swiss market, Sunrise is currently involved in negotiations in this respect. If the negotiations fail to result in an agreement, the matter is likely to be filed with the Swiss authorities, which can impose a ruling requiring the mobile operators to lower their mobile termination prices. Thus, there is a risk that mobile termination prices in Switzerland may be lowered, either as a result of negotiations or a ruling by the authorities. In both events such reduced mobile termination prices could have retroactive effect from the date when the reduction was requested. This could materially adversely affect the company's earnings and profit margins.

# Forward-looking Statement

Certain sections of this report contain forward-looking statements that are subject to risks and uncertainties.

Examples of such forward-looking statements include, but are not limited to:

- statements containing projections of revenue, profit (or loss), earnings per share, capital expenditures, dividends, capital structure or other net financials
- statements of our plans, objectives or goals for future operations including those related to our products or services
- statements of future economic performance
- statements of the assumptions underlying or relating to such statements.

Words such as “believes”, “anticipates”, “expects”, “intends”, “aims” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by us or on our behalf.

These factors include, but are not limited to:

- changes in applicable Danish, Swiss and EU legislation, including but not limited to tax legislation
- increases in the interconnection rates we are charged by other carriers or decreases in the interconnection rates we are able to charge other carriers
- decisions by the Danish National IT and Telecom Agency whereby the regulatory obligations of TDC are extended
- increase in interest rates that would affect the cost of our interest-bearing debt that carries floating interest rates
- reduced flexibility in planning for, or reacting to, changes in our business, the competitive environment and the industry in which we operate as a result of contractual obligations in our financing arrangements
- developments in competition within domestic and international communications solutions
- introduction of and demand for new services and products
- developments in the demand, product mix and prices in the mobile market, including marketing and customer acquisition costs
- developments in the market for multimedia services
- the possibilities of being awarded licenses
- investments in and divestitures of domestic and foreign companies

We caution that the above list of important factors is not exhaustive. When relying on forward-looking statements to make decisions with respect to TDC, investors and others should carefully consider the foregoing factors and other uncertainties and events. Such forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

# Consolidated Financial Statements

**Income Statements** **DKKm**

| TDC Group | Note | H1 2010 | H1 2009 | Change in % | Q2 2010 | Q2 2009 | Change in % |
|---|---|---|---|---|---|---|---|
| **Revenue** | **2** | **18,236** | **17,839** | **2.2** | **9,174** | **8,940** | **2.6** |
| Transmission costs and cost of goods sold | | (5,245) | (5,043) | (4.0) | (2,631) | (2,493) | (5.5) |
| **Gross profit** | | **12,991** | **12,796** | **1.5** | **6,543** | **6,447** | **1.5** |
| Other external expenses | | (3,728) | (3,778) | 1.3 | (1,883) | (1,855) | (1.5) |
| Wages, salaries and pension costs | 3 | (2,697) | (2,843) | 5.1 | (1,374) | (1,461) | 6.0 |
| Other income and expenses | | 129 | 118 | 9.3 | 64 | 68 | (5.9) |
| **Profit before depreciation, amortisation and special items (EBITDA)** | **2** | **6,695** | **6,293** | **6.4** | **3,350** | **3,199** | **4.7** |
| Depreciation | | (1,680) | (1,533) | (9.6) | (808) | (770) | (4.9) |
| Amortisation | | (1,736) | (1,548) | (12.1) | (877) | (803) | (9.2) |
| Impairment losses | | (22) | (48) | 54.2 | (2) | (36) | 94.4 |
| **Depreciation, amortisation and impairment losses** | **4** | **(3,438)** | **(3,129)** | **(9.9)** | **(1,687)** | **(1,609)** | **(4.8)** |
| **Operating profit (EBIT), excluding special items** | | **3,257** | **3,164** | **2.9** | **1,663** | **1,590** | **4.6** |
| Special items | 5 | (569) | (479) | (18.8) | (215) | (299) | 28.1 |
| **Operating profit (EBIT)** | | **2,688** | **2,685** | **0.1** | **1,448** | **1,291** | **12.2** |
| Profit from joint ventures and associates | | 8 | 8 | - | (2) | 4 | (150.0) |
| -of which special items | | 10 | - | - | - | - | - |
| Fair value adjustments | | (93) | (366) | 74.6 | (81) | 48 | - |
| Currency translation adjustments | | (398) | 550 | (172.4) | 50 | 194 | (74.2) |
| Financial income | | 197 | 792 | (75.1) | 103 | 308 | (66.6) |
| Financial expenses | | (1,007) | (1,483) | 32.1 | (501) | (665) | 24.7 |
| Net financials | 6 | (1,301) | (507) | (156.6) | (429) | (115) | - |
| **Profit before income taxes** | | **1,395** | **2,186** | **(36.2)** | **1,017** | **1,180** | **(13.8)** |
| Income taxes related to profit, excluding special items | | (604) | (726) | 16.8 | (401) | (467) | 14.1 |
| Income taxes related to special items | | 122 | 109 | 11.9 | 41 | 69 | (40.6) |
| **Total income taxes** | **7** | **(482)** | **(617)** | **21.9** | **(360)** | **(398)** | **9.5** |
| **Profit for the period from continuing operations** | | **913** | **1,569** | **(41.8)** | **657** | **782** | **(16.0)** |
| Profit for the period from discontinued operations | | 8 | (384) | 102.1 | - | (46) | - |
| - of which special items | | 8 | - | - | - | - | - |
| **Profit for the period** | | **921** | **1,185** | **(22.3)** | **657** | **736** | **(10.7)** |
| **Attributable to:** | | | | | | | |
| Owners of the Parent Company | | 921 | 1,227 | (24.9) | 657 | 740 | (11.2) |
| Minority interests | | - | (42) | - | - | (4) | - |
| **Profit for the period from continuing operations, excluding special items** | | **1,350** | **1,939** | **(30.4)** | **831** | **1,012** | **(17.9)** |
| **EPS (DKK)** | | | | | | | |
| Earnings Per Share | | 0.9 | 1.2 | (25.0) | 0.7 | 0.7 | - |
| Earnings Per Share, diluted | | 0.9 | 1.2 | (25.0) | 0.7 | 0.7 | - |

**Statements of Comprehensive Income** DKKm

| TDC Group | H1 2010 | H1 2009 | Q2 2010 | Q2 2009 |
|---|---|---|---|---|
| **Profit for the period** | **921** | **1,185** | **657** | **736** |
| Currency translation adjustments, foreign enterprises | 1,600 | (555) | 913 | (148) |
| Currency hedging of net investments in foreign enterprises | (484) | - | (484) | - |
| Actuarial gains/(losses) related to defined benefit pension plans | (76) | 312 | 784 | (16) |
| Income tax relating to components of other comprehensive income | 16 | (64) | (199) | 18 |
| **Other comprehensive income** | **1,056** | **(307)** | **1,014** | **(146)** |
| **Total comprehensive income** | **1,977** | **878** | **1,671** | **590** |
| **Attributable to:** | | | | |
| Owners of the Parent Company | 1,977 | 939 | 1,671 | 590 |
| Minority interests | - | (61) | - | - |
| | 1,977 | 878 | 1,671 | 590 |

**Balance Sheets** **DKKm**

| TDC Group | Note | 30 June 2010 | 31 December 2009 | 30 June 2009 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | | 50,339 | 49,550 | 50,256 |
| Property, plant and equipment | | 20,313 | 19,998 | 18,857 |
| Investments in joint ventures and associates | | 161 | 168 | 172 |
| Other investments | | 6 | 7 | 8 |
| Deferred tax assets | | 52 | 52 | - |
| Pension assets [1] | | 7,700 | 7,606 | 7,334 |
| Receivables | | 231 | 231 | 89 |
| Derivative financial instruments | | - | - | - |
| Prepaid expenses | | 262 | 243 | 170 |
| **Total non-current assets** | | **79,064** | **77,855** | **76,886** |
| **Current assets** | | | | |
| Inventories | | 370 | 323 | 470 |
| Receivables | | 6,429 | 6,758 | 6,840 |
| Income tax receivables | | 2 | 2 | 1 |
| Derivative financial instruments | | 138 | 49 | 129 |
| Prepaid expenses | | 808 | 673 | 768 |
| Marketable securities | | - | - | - |
| Cash | | 411 | 763 | 1,711 |
| Assets held for sale | | - | - | 6,617 |
| **Total current assets** | | **8,158** | **8,568** | **16,536** |
| **Total assets** | | **87,222** | **86,423** | **93,422** |
| **Equity and liabilities** | | | | |
| Share capital | | 992 | 992 | 992 |
| Reserves | | 472 | (644) | (1,831) |
| Retained earnings | | 27,591 | 26,730 | 31,364 |
| Proposed dividends | | - | - | - |
| **Equity attributable to owners of the Parent Company** | | **29,055** | **27,078** | **30,525** |
| Minority interests | | - | - | - |
| **Total equity** | | **29,055** | **27,078** | **30,525** |
| **Non-current liabilities** | | | | |
| Deferred tax liabilities | | 7,371 | 7,313 | 7,583 |
| Provisions | | 1,664 | 1,519 | 1,430 |
| Pension liabilities[1] | | 342 | 244 | 306 |
| Loans | 8 | 30,000 | 30,611 | 32,096 |
| Derivative financial instruments | | 188 | - | - |
| Deferred income | | 1,099 | 1,245 | 1,036 |
| **Total non-current liabilities** | | **40,664** | **40,932** | **42,451** |
| **Current liabilities** | | | | |
| Loans | 8 | 3,374 | 3,787 | 213 |
| Trade and other payables | | 6,861 | 8,004 | 6,977 |
| Income tax payable | | 1,611 | 1,270 | 1,311 |
| Derivative financial instruments | | 1,619 | 1,205 | 1,264 |
| Deferred income | | 3,207 | 3,183 | 3,475 |
| Provisions | | 831 | 964 | 625 |
| Liabilities concerning assets held for sale | | - | - | 6,581 |
| **Total current liabilities** | | **17,503** | **18,413** | **20,446** |
| **Total liabilities** | | **58,167** | **59,345** | **62,897** |
| **Total equity and liabilities** | | **87,222** | **86,423** | **93,422** |

[1] The pension assets and pension liabilities are related to defined benefit plans and are measured on a net basis, defined as the fair value of the pension funds' assets less the present value of the expected pension payments. Pension assets are related to TDC's domestic defined benefit plans and pension liabilities are related to TDC's foreign defined benefit plans.

**Statements of Cash Flows** **DKKm**

| TDC Group | H1 2010 | H1 2009 | Change in % | Q2 2010 | Q2 2009 |
|---|---|---|---|---|---|
| EBITDA | 6,695 | 6,293 | 6.4 | 3,350 | 3,199 |
| Reversal of items without cash flow effect | (211) | (22) | - | (94) | (45) |
| Pension contributions | (117) | (108) | (8.3) | (58) | (46) |
| Payments related to provisions | (9) | (45) | 80.0 | (3) | (20) |
| Cash flow related to special items | (441) | (243) | (81.5) | (196) | (190) |
| Change in net working capital excl. special items | (1,090) | 72 | - | (340) | 171 |
| **Cash flow from operating activities before net financials and tax** | **4,827** | **5,947** | **(18.8)** | **2,659** | **3,069** |
| Interest paid, net | (786) | (874) | 10.1 | (535) | (544) |
| Realised currency translation adjustments | (460) | (332) | (38.6) | (61) | (104) |
| **Cash flow from operating activities before tax** | **3,581** | **4,741** | **(24.5)** | **2,063** | **2,421** |
| Income tax paid | (212) | 118 | - | (57) | 219 |
| **Cash flow from operating activities in continuing operations** | **3,369** | **4,859** | **(30.7)** | **2,006** | **2,640** |
| Cash flow from operating activities in discontinued operations | - | 150 | - | - | (65) |
| **Total cash flow from operating activities** | **3,369** | **5,009** | **(32.7)** | **2,006** | **2,575** |
| Investment in enterprises | (281) | (683) | 58.9 | (27) | (369) |
| Investment in property, plant and equipment | (1,634) | (1,875) | 12.9 | (791) | (969) |
| Investment in intangible assets | (518) | (472) | (9.7) | (325) | (262) |
| Investment in other non-current assets | (21) | (2) | - | (20) | (1) |
| Investment in marketable securities | - | - | - | - | - |
| Divestment of enterprises | - | (4) | - | - | (3) |
| Sale of property, plant and equipment | 177 | 17 | - | 160 | 5 |
| Sale of intangible assets | 3 | - | - | 3 | - |
| Divestment of joint ventures and associates | 1 | (42) | 102.4 | - | 13 |
| Sale of other non-current assets | 6 | 2 | 200.0 | 4 | - |
| Sale of marketable securities | - | - | - | - | - |
| Change in loans to joint ventures and associates | - | - | - | - | - |
| Dividends received from joint ventures and associates | 4 | 6 | (33.3) | 4 | 6 |
| **Cash flow from investing activities in continuing operations** | **(2,263)** | **(3,053)** | **25.9** | **(992)** | **(1,580)** |
| Cash flow from investing activities in discontinued operations | (17) | (266) | 93.6 | (10) | (11) |
| **Total cash flow from investing activities** | **(2,280)** | **(3,319)** | **31.3** | **(1,002)** | **(1,591)** |
| Proceeds from long-term loans | - | 2 | - | - | - |
| Repayments of long-term loans | (636) | (4,340) | 85.3 | (591) | (152) |
| Change in short-term bank loans | (735) | (44) | - | (547) | (24) |
| Change in interest-bearing debt | - | 1 | - | - | - |
| Dividends to minority interests | - | - | - | - | - |
| Other changes in minority interests | - | - | - | - | - |
| Capital contribution | - | - | - | - | - |
| Dividends paid | (70) | (2,033) | - | - | (1,820) |
| **Cash flow from financing activities in continuing operations** | **(1,441)** | **(6,414)** | **77.5** | **(1,138)** | **(1,996)** |
| Cash flow from financing activities in discontinued operations | - | (100) | - | - | 218 |
| **Total cash flow from financing activities** | **(1,441)** | **(6,514)** | **77.9** | **(1,138)** | **(1,778)** |
| **Total cash flow** | **(352)** | **(4,824)** | **92.7** | **(134)** | **(794)** |
| **Cash and cash equivalents (end-of-period)** | **411** | **1,894** | **(78.3)** | **411** | **1,894** |

**Statements of Changes in Equity** **DKKm**

| TDC Group | Equity attributable to owners of the Parent Company | | | | | Minority interests | Total |
|---|---|---|---|---|---|---|---|
| | Share capital | Reserve for currency trans lation adjust ments | Retained earnings | Pro posed divi dends | Total | | |
| Equity at 1 January 2009 | 992 | (1,295) | 29,887 | 2,035 | 31,619 | 61 | 31,680 |
| Profit for the period | - | - | 1,227 | - | 1,227 | (42) | 1,185 |
| Currency translation adjustments, foreign enterprises | - | (536) | - | - | (536) | (19) | (555) |
| Actuarial gains/(losses) related to defined benefit pension plans | - | - | 312 | - | 312 | - | 312 |
| Income tax relating to components of other comprehensive income | - | - | (64) | - | (64) | - | (64) |
| **Total comprehensive income** | **0** | **(536)** | **1,475** | **-** | **939** | **(61)** | **878** |
| Distributed dividends | - | - | - | (2,035) | (2,035) | - | (2,035) |
| Dividends, treasury shares | - | - | 2 | - | 2 | - | 2 |
| **Equity at 30 June 2009** | **992** | **(1,831)** | **31,364** | **-** | **30,525** | **-** | **30,525** |

| TDC Group | Equity attributable to owners of the Parent Company | | | | | Minority interests | Total |
|---|---|---|---|---|---|---|---|
| | Share capital | Reserve for currency trans lation adjust ments | Retained earnings | Pro posed divi dends | Total | | |
| Equity at 1 January 2010 | 992 | (644) | 26,730 | - | 27,078 | - | 27,078 |
| Profit for the period | - | - | 921 | - | 921 | - | 921 |
| Currency translation adjustments, foreign enterprises | - | 1,600 | - | - | 1,600 | - | 1,600 |
| Currency hedging of net investments in foreign enterprises | - | (484) | - | - | (484) | - | (484) |
| Actuarial gains/(losses) related to defined benefit pension plans | - | - | (76) | - | (76) | - | (76) |
| Income tax relating to components of other comprehensive income | - | - | 16 | - | 16 | - | 16 |
| **Total comprehensive income** | **0** | **1,116** | **861** | **-** | **1,977** | **-** | **1,977** |
| Distributed dividends | - | - | - | - | - | - | - |
| Additions to minority interests | - | - | - | - | - | - | - |
| **Equity at 30 June 2010** | **992** | **472** | **27,591** | **-** | **29,055** | **-** | **29,055** |

# Notes to Consolidated Financial Statements

## Note 1 Accounting policies

The Interim Financial Statements for H1 2010 has been prepared in accordance with IAS 34 and additional Danish disclosure requirements for interim financial statements of listed companies.

With effect from 1 January 2010, TDC implemented the new IFRS accounting standards and interpretations that became effective for 2010[10]. IFRS 3 (Revised 2008) *Business Combinations and* IAS 27 (Revised 2008) *Consolidated and Separate Financial Statements* have impacted the financial statements for H1 2010:

- TDC acquired M1, Unotel, Nordit and AinaCom's fibre network in Finland.Transaction costs relating to the acquisition of enterprises are now expensed as incurred, and are presented as special items in the Income Statements. Previously, such costs were capitalised. Special items in H1 2010 included transaction costs of DKK 2m. Profit for the period, Total comprehensive income and Equity were negatively impacted by DKK 2m.

- TDC increased its ownership share in Unotel from 20% to 100%. The transaction implied an accounting gain related to the earlier 20% ownership in Unotel. Gains or losses resulting from such transactions are now recorded in the Income Statements, and are presented as special items. Previously, such gains or losses impacted goodwill. Special items relating to profit from joint ventures and associates included a gain of DKK 9m. Profit for the period, Total comprehensive income, Total assets and Equity were positively impacted by DKK 9m.

[10] For more information, see TDC's Annual Report 2009 note 3 to the Consolidated Financial Statements.

## Note 2 Segment reporting

DKKm

**Activities H1**

| | Consumer | | TDC Business | | TDC Nordic | | Operations & Wholesale | |
|---|---|---|---|---|---|---|---|---|
| | H1 2010 | H1 2009 | H1 2010 | H1 2009 | H1 2010 | H1 2009 | H1 2010 | H1 2009 |
| External revenue | 4,645 | 4,745 | 3,708 | 3,911 | 1,853 | 1,634 | 1,000 | 1,041 |
| Revenue across segments | 108 | 134 | 116 | 124 | 113 | 117 | 252 | 263 |
| **Revenue** | **4,753** | **4,879** | **3,824** | **4,035** | **1,966** | **1,751** | **1,252** | **1,304** |
| Total operating expenses before depreciation, etc. | (2,745) | (2,955) | (1,999) | (2,179) | (1,714) | (1,538) | (764) | (663) |
| Other income and expenses | 2 | 3 | - | - | 1 | 5 | 25 | 56 |
| **EBITDA** | **2,010** | **1,927** | **1,825** | **1,856** | **253** | **218** | **513** | **697** |

| | YouSee | | Sunrise | | Other activities[1] | | Total | |
|---|---|---|---|---|---|---|---|---|
| | H1 2010 | H1 2009 | H1 2010 | H1 2009 | H1 2010 | H1 2009 | H1 2010 | H1 2009 |
| External revenue | 1,892 | 1,679 | 5,138 | 4,821 | - | 8 | 18,236 | 17,839 |
| Revenue across segments | 101 | 41 | 2 | 4 | 2 | 3 | 694 | 686 |
| **Revenue** | **1,993** | **1,720** | **5,140** | **4,825** | **2** | **11** | **18,930** | **18,525** |
| Total operating expenses before depreciation, etc. | (1,346) | (1,171) | (3,758) | (3,631) | (41) | (207) | (12,367) | (12,344) |
| Other income and expenses | 2 | 1 | 51 | - | 48 | 53 | 129 | 118 |
| **EBITDA** | **649** | **550** | **1,433** | **1,194** | **9** | **(143)** | **6,692** | **6,299** |

[1] Includes Headquarters

| **Reconciliation of revenue, DKKm** | H1 2010 | H1 2009 |
|---|---|---|
| Reportable segments | 18,930 | 18,525 |
| Elimination of across-segment items | (694) | (686) |
| **Consolidated amounts** | **18,236** | **17,839** |

| **Reconciliation of profit before depreciation, amortisation and special items (EBITDA), DKKm** | H1 2010 | H1 2009 |
|---|---|---|
| EBITDA from reportable segments | 6,692 | 6,299 |
| Elimination of EBITDA | 3 | (6) |
| Unallocated: | | |
| Depreciation, amortisation and impairment losses | (3,438) | (3,129) |
| Special items | (569) | (479) |
| Profit from joint ventures and associates | 8 | 8 |
| Net financials | (1,301) | (507) |
| **Consolidated profit before income taxes** | **1,395** | **2,186** |

**Activities Q2**

| | Consumer | | TDC Business | | TDC Nordic | | Operations & Wholesale | |
|---|---|---|---|---|---|---|---|---|
| | Q2 2010 | Q2 2009 | Q2 2010 | Q2 2009 | Q2 2010 | Q2 2009 | Q2 2010 | Q2 2009 |
| External revenue | 2,313 | 2,422 | 1,828 | 1,936 | 959 | 819 | 498 | 489 |
| Revenue across segments | 49 | 63 | 54 | 64 | 59 | 54 | 128 | 149 |
| **Revenue** | **2,362** | **2,485** | **1,882** | **2,000** | **1,018** | **873** | **626** | **638** |
| Total operating expenses before depreciation, etc. | (1,367) | (1,537) | (1,004) | (1,056) | (883) | (762) | (394) | (312) |
| Other income and expenses | 1 | 1 | - | - | - | 1 | 17 | 39 |
| **EBITDA** | **996** | **949** | **878** | **944** | **135** | **112** | **249** | **365** |

| | YouSee | | Sunrise | | Other activities[1] | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Q2 2010 | Q2 2009 | Q2 2010 | Q2 2009 | Q2 2010 | Q2 2009 | Q2 2010 | Q2 2009 |
| External revenue | 949 | 847 | 2,627 | 2,418 | - | 9 | 9,174 | 8,940 |
| Revenue across segments | 53 | 24 | - | 2 | 2 | 1 | 345 | 357 |
| **Revenue** | **1,002** | **871** | **2,627** | **2,420** | **2** | **10** | **9,519** | **9,297** |
| Total operating expenses before depreciation, etc. | (677) | (589) | (1,881) | (1,799) | (26) | (104) | (6,232) | (6,159) |
| Other income and expenses | 1 | - | 21 | - | 24 | 27 | 64 | 68 |
| **EBITDA** | **326** | **282** | **767** | **621** | **-** | **(67)** | **3,351** | **3,206** |

[1] Includes Headquarters

| **Reconciliation of revenue, DKKm** | **Q2 2010** | **Q2 2009** |
|---|---|---|
| Reportable segments | 9,519 | 9,297 |
| Elimination of across-segment items | (345) | (357) |
| **Consolidated amounts** | **9,174** | **8,940** |

| **Reconciliation of profit before depreciation, amortisation and special items (EBITDA), DKKm** | **Q2 2010** | **Q2 2009** |
|---|---|---|
| EBITDA from reportable segments | 3,351 | 3,206 |
| Elimination of EBITDA | (1) | (7) |
| Unallocated: | | |
| Depreciation, amortisation and impairment losses | (1,687) | (1,609) |
| Special items | (215) | (299) |
| Profit from joint ventures and associates | (2) | 4 |
| Net financials | (429) | (115) |
| **Consolidated profit before income taxes** | **1,017** | **1,180** |

## Note 3 Employees

| Full-time equivalents | Q2 2010 | Q4 2009 | Q2 2009 | Q2 10 vs. Q2 09 | Q2 10 vs. Q4 09 |
|---|---|---|---|---|---|
| | | | | | EoP |
| Consumer[1] | 2,101 | 2,160 | 2,300 | (8.7) | (2.7) |
| TDC Business | 1,564 | 1,528 | 1,606 | (2.6) | 2.4 |
| TDC Nordic | 1,397 | 1,437 | 1,600 | (12.7) | (2.8) |
| - of which in Denmark | 154 | 153 | 154 | - | 0.7 |
| Operations & Wholesale[2] | 4,093 | 4,409 | 4,339 | (5.7) | (7.2) |
| YouSee[3] | 1,257 | 1,265 | 1,264 | (0.6) | (0.6) |
| Sunrise | 1,513 | 1,550 | 1,521 | (0.5) | (2.4) |
| Others | 456 | 478 | 528 | (13.6) | (4.6) |
| - of which in Denmark | 454 | 471 | 517 | (12.2) | (3.6) |
| **TDC Group** | **12,381** | **12,827** | **13,158** | **(5.9)** | **(3.5)** |
| **TDC, domestic** | **9,623** | **9,986** | **10,180** | **(5.5)** | **(3.6)** |

[1] Includes Fullrate as of Q2 2009 and M1 as of Q1 2010.
[2] Includes Dong Energy's fibre network as of Q4 2009 and Company mobile (former Unotel) as of Q1 2010.
[3] Includes A+ as of Q2 2009 and Nordit as of Q2 2010.

## Note 4 Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses rose by DKK 309m or 9.9% to DKK 3,438m in H1 2010. This increase reflected mainly the acquisition of Fullrate, A+, Dong Energy's fibre network, M1 and Unotel as well as higher amortisation of customer relationships, impacted by adjusted customer segmentation for purposes of calculating the amortisation.

## Note 5 Special items

Special items include significant amounts that cannot be attributed to normal operations such as special write-downs for impairment of intangible assets as well as provisions for restructuring, etc. and any reversals of such. Special items also include gains and losses related to divestment of enterprises as well as transaction costs relating to the acquisition of enterprises.

Items of a similar nature for non-consolidated enterprises and discontinued operations are recognised under income from joint ventures and associates and net income from discontinued operations, respectively.

Special items are specified in the table together with a reconciliation of profit from continuing operations excluding and including special items.

| **Special items** | | **DKKm** |
|---|---|---|
| **TDC Group** | **H1 2010** | **H1 2009** |
| **Profit for the period from continuing operations excl. special items** | **1,350** | **1,939** |
| Consolidated enterprises: | | |
| Special items before income taxes | (569) | (479) |
| Income taxes related to special items | 122 | 109 |
| Special items after income taxes in consolidated enterprises | (447) | (370) |
| Joint ventures and associates | 10 | 0 |
| **Special items from continuing operations** | **(437)** | **(370)** |
| **Profit for the period from continuing operations** | **913** | **1,569** |

Special items from continuing operations amounted to expenses of DKK 437m, up by DKK 67m compared with H1 2009. The increase reflected primarily higher costs related to redundancy programs.

### Note 6 Net financials

Net financials totalled an expense of DKK 1,301m, up by DKK 794m compared with H1 2009, driven by:

- A negative development of DKK 948m in currency translation adjustments related to derivatives hedging the investment in Sunrise. During Q1 2009, TDC ceased full hedging of its investment in Sunrise, and the hedging was not treated as hedge accounting until Q2 2010. With effect from Q2 2010, TDC's minimum 50% hedging of its investment in Sunrise has been treated as hedge accounting.

- An increase of net DKK 119m in Financial income and expenses, reflecting lower interest income from derivatives for hedging the investment in Sunrise as well as lower cash positions.

- A positive development of DKK 273m in fair value adjustments of derivative financial instruments.

### Note 7 Income taxes

The effective tax rate, excluding special items, was 30.9% compared with 27.2% in H1 2009. The increase related largely to the limitation of tax deductibility on interest expenses according to Danish tax legislation.

## Note 8 Net interest-bearing debt

Net interest-bearing debt totalled DKK 32,792m at the end of Q2 2010, up by DKK 2,353m compared with Q2 2009. This increase in net interest-bearing debt resulted from dividends (DKK 6.0bn) paid in Q4 2009 that was partly offset by the positive net cash flow from operating and investing activities.

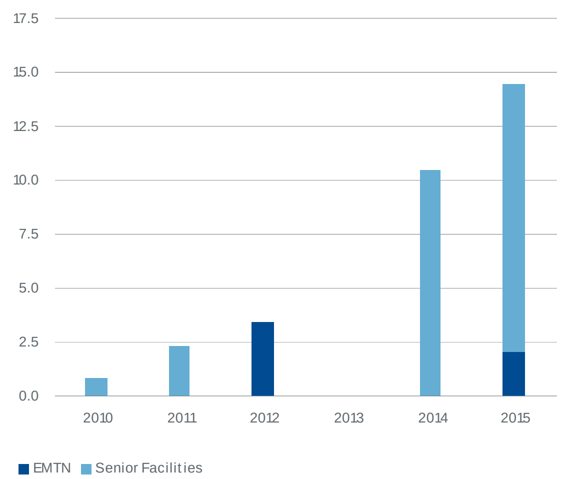
TDC may occasionally continue to make buybacks and prepay its debt, including the Senior Facilities and EMTNs.

**Net interest-bearing debt[1]** **DKKm**

| TDC Group | H1 2010 | H1 2009 |
|---|---|---|
| Senior loans | 25,667 | 26,142 |
| Euro Medium Term Notes (EMTN) | 5,331 | 5,349 |
| Other loans | 2,376 | 818 |
| **Loans** | **33,374** | **32,309** |
| Interest-bearing payables | 2 | 0 |
| **Gross interest-bearing debt** | **33,376** | **32,309** |
| Interest-bearing receivables | (173) | (159) |
| Cash and cash equivalents | (411) | (1,711) |
| **Net interest-bearing debt** | **32,792** | **30,439** |

[1] Net carrying value measured at amortised cost ensures the difference between the proceeds received and the nominal value is recognised in the Income Statements over the term of the loan.

**Maturity profile of gross debt, nominal value[1]** **DKKbn**




[1]Nominal value of Senior Facilities and EMTN as of 30 June 2010.

| Senior Facilities | | Facilities | | | |
|---|---|---|---|---|---|
| | | A | B | C | Total |
| Maturity | | 31 Dec 2011 | 30 Jan 2014 | 30 Jan 2015 | |
| Fixed/Floating rate | | Floating | Floating | Floating | |
| Margin | | 1.250% | 1.500% | 2.125% | |
| Outstanding amount[1] 1 January 2010 | EURm | 497 | 1,401 | 1,670 | 3,568 |
| Mandatory instalment | EURm | (75) | | | (75) |
| **Outstanding amount[1] 30 June 2010** | **EURm** | **422** | **1,401** | **1,670** | **3,493** |
| **Outstanding amount[1] 30 June 2010** | **DKKm** | **3,140** | **10,453** | **12,467** | **26,060** |

| Euro Medium Term Notes (EMTN) | | Bonds | | |
|---|---|---|---|---|
| | | 2012 | 2015 | Total |
| Maturity | | 19 Apr 2012 | 16 Dec 2015 | |
| Fixed/Floating rate | | Fixed | Fixed | |
| Coupon | | 6.500% | 5.875% | |
| **Outstanding amount[1] 30 June 2010** | **EURm** | **457** | **274** | **731** |
| **Outstanding amount[1] 30 June 2010** | **DKKm** | **3,404** | **2,036** | **5,440** |

[1] Nominal value.

## Note 9 Lease commitments for operating leases

The rental commitments relating to properties and mobile sites in the period of interminability amounted to DKK 7.9bn at 31 December 2009. During Q1 2010 TDC renegotiated certain lease contracts, leading to extended periods of interminability, whereby the rental commitments related to properties and mobile sites increased by approximately DKK 1.2bn.

# Selected financial and operational data, 2006-2010

| TDC Group | | | | After merger with NTC[1] | | | Before merger with NTC[1] |
|---|---|---|---|---|---|---|---|
| | | H1 2010 | H1 2009 | 2009 | 2008 | 2007 | 2006 |
| **Income Statements** | DKKm | | | | | | |
| Revenue | | 18,236 | 17,839 | 35,939 | 35,609 | 36,779 | 38,452 |
| Gross profit | | 12,991 | 12,796 | 25,790 | 25,176 | 25,573 | 26,654 |
| **Profit before depreciation, amortisation and special items (EBITDA)** | | **6,695** | **6,293** | **13,046** | **12,201** | **11,763** | **12,642** |
| Depreciation, amortisation and impairment losses | | (3,438) | (3,129) | (6,319) | (6,100) | (7,446) | (6,270) |
| **Operating profit (EBIT), excluding special items** | | **3,257** | **3,164** | **6,727** | **6,101** | **4,317** | **6,372** |
| Special items | | (569) | (479) | (1,187) | (3,070) | 503 | (312) |
| **Operating profit (EBIT)** | | **2,688** | **2,685** | **5,540** | **3,031** | **4,820** | **6,060** |
| Profit from joint ventures and associates | | 8 | 8 | 76 | 200 | 266 | 449 |
| Net financials | | (1,301) | (507) | (1,882) | (1,719) | (2,401) | (2,668) |
| **Profit before income taxes** | | **1,395** | **2,186** | **3,734** | **1,512** | **2,685** | **3,841** |
| Income taxes | | (482) | (617) | (987) | (588) | 326 | (816) |
| **Profit for the period from continuing operations** | | **913** | **1,569** | **2,747** | **924** | **3,011** | **3,025** |
| Profit for the period from discontinued operations[2] | | 8 | (384) | (364) | (367) | 621 | 420 |
| **Profit for the period** | | **921** | **1,185** | **2,383** | **557** | **3,632** | **3,445** |
| | | | | | | | |
| **Attributable to:** | | | | | | | |
| Owners of the Parent Company | | 921 | 1,227 | 2,424 | 708 | 3,912 | 3,448 |
| Minority interests | | - | (42) | (41) | (151) | (280) | (3) |
| | | | | | | | |
| **Profit for the period, excluding special items** | | | | | | | |
| **Operating profit (EBIT)** | | **3,257** | **3,164** | **6,727** | **6,101** | **4,317** | **6,372** |
| Profit from joint ventures and associates | | (2) | 8 | (1) | 222 | 342 | 439 |
| Net financials | | (1,301) | (507) | (1,882) | (1,719) | (2,401) | (2,668) |
| **Profit before income taxes** | | **1,954** | **2,665** | **4,844** | **4,604** | **2,258** | **4,143** |
| Income taxes | | (604) | (726) | (1,278) | (867) | 123 | (1,083) |
| **Profit for the period from continuing operations** | | **1,350** | **1,939** | **3,566** | **3,737** | **2,381** | **3,060** |
| Profit for the period from discontinued operations[2] | | - | (384) | (264) | (426) | (683) | 425 |
| **Profit for the period** | | **1,350** | **1,555** | **3,302** | **3,311** | **1,698** | **3,485** |

| TDC Group | | H1 2010 | H1 2009 | After merger with NTC[1] 2009 | 2008 | 2007 | Before merger with NTC[1] 2006 |
|---|---|---|---|---|---|---|---|
| **Balance Sheets** | DKKbn | | | | | | |
| Total assets | | 87.2 | 93.4 | 86.4 | 100.0 | 106.1 | 79.0 |
| Net interest-bearing debt | | (32.8) | (30.4) | (33.5) | (34.9) | (41.5) | (55.2) |
| Total equity | | 29.1 | 30.5 | 27.1 | 31.7 | 32.2 | 2.0 |
| Average number of shares outstanding (million) | | 990.5 | 990.5 | 990.5 | 990.5 | 990.5 | 990.0 |
| **Statements of Cash Flow** | DKKm | | | | | | |
| Operating activities | | 3,369 | 5,009 | 10,619 | 7,163 | 9,871 | 10,141 |
| Investing activities | | (2,280) | (3,319) | (6,314) | 600 | 7,886 | (989) |
| Financing activities | | (1,441) | (6,514) | (10,260) | (9,342) | (13,199) | (15,760) |
| **Total cash flow** | | **(352)** | **(4,824)** | **(5,955)** | **(1,579)** | **4,558** | **(6,608)** |
| **Free cash flow** | DKKm | | | | | | |
| Operating free cash flow | | 3,116 | 3,843 | 8,797 | 7,132 | 7,283 | 6,848 |
| Free cash flow | | 2,118 | 3,087 | 6,687 | 3,470 | 3,594 | n.a. |
| **Capital expenditure** | DKKm | | | | | | |
| Capital expenditure | | (2,109) | (2,372) | (4,950) | (4,710) | (4,837) | (5,090) |
| **Key financial ratios** | | | | | | | |
| Earnings Per Share (EPS) | DKK | 0.9 | 1.2 | 2.4 | 0.7 | 3.9 | 3.5 |
| EPS from continuing operations, excl. special items | DKK | 1.4 | 2.0 | 3.6 | 3.8 | 2.4 | 3.1 |
| Dividend payments per share | DKK | - | 1.8 | 7.9 | 0.7 | 0.7 | 44.8 |
| EBITDA margin | % | 36.7 | 35.3 | 36.3 | 34.3 | 32.0 | 32.9 |
| Capex-to-revenue ratio | % | 11.6 | 13.3 | 13.8 | 13.2 | 13.2 | 13.2 |
| EBITDA – Capex | DKKm | 4,586 | 3,921 | 8,096 | 7,491 | 6,926 | 7,552 |
| Cash conversion | % | 46.5 | 61.1 | 67.4 | 58.5 | 61.9 | 54.2 |
| Net debt/EBITDA | x | 2.4 | 2.4 | 2.6 | 2.9 | 3.5 | 4.4 |
| EBITDA/interest | x | 8.3 | 9.1 | 8.8 | 6.9 | 3.9 | 4.8 |
| **Customer base (end-of-period)** | ('000) | | | | | | |
| Landline | | 2,565 | 2,794 | 2,680 | 2,890 | 2,844 | 3,102 |
| Mobile | | 5,468 | 5,117 | 5,484 | 4,922 | 4,406 | 6,194 |
| Internet | | 1,956 | 1,926 | 1,946 | 1,825 | 1,791 | 1,754 |
| Other networks and data connections | | 305 | 307 | 308 | 380 | 310 | 189 |
| TV customers | | 1,283 | 1,195 | 1,249 | 1,140 | 1,105 | 1,062 |
| **Total customers** | | **11,577** | **11,347** | **11,667** | **11,157** | **10,456** | **12,301** |
| Domestic dual play bundles | | 270 | 150 | 213 | - | - | - |
| Domestic triple play bundles | | 102 | 42 | 86 | - | - | - |
| **Full-time employee equivalents** | | **12,381** | **13,158** | **12,827** | **13,246** | **15,975** | **17,466** |

[1] The 2007-2010 figures reflect the merger of TDC and NTC (Nordic Telephone Company ApS), with TDC as the surviving company. In order to show a meaningful comparison, the 2006 figures do not reflect the merger, as TDC was not acquired by NTC until 1 February 2006. Such figures would therefore not include the operations of TDC for the full year in 2006. The 2006 figures for TDC 'before the merger with NTC' represent TDC's operations on a full-year basis before the merger, i.e. excluding administrative expenses in NTC and excluding the impacts from NTC's purchase-price allocations adjustments in connection with the acquisition of TDC.

[2] The operations of the following enterprises are presented as discontinued operations for the period 2006-2010: Invitel (divested in 2009), Talkline (divested in 2007) and TDC Directories (divested in 2006). Other divestments are included in the respective accounting items during the ownership.

# Management Statement

The Board of Directors and the Executive Committee have reviewed and approved the Interim Financial Statement of the TDC Group for H1 2010.

The Interim Financial Statement, which has not been audited or reviewed by the Group's auditors, has been prepared in accordance with IAS 34 and additional Danish disclosure requirements for listed companies.

In our opinion, the Interim Financial Statement provides a true and fair view of the Group's assets, liabilities and financial position at 30 June 2010 as well as the results of its operations and cash flows for H1 2010. Furthermore, in our opinion, the Interim Financial Statement provides a fair review of the developments in the Group's activities and financial position, and describe the significant risks and uncertainties that may affect the Group.

## Executive Committee

Henrik Poulsen
*President and Chief Executive Officer*

Eva Berneke
*Senior Executive Vice President, Chief HR and Strategy Officer*

Niels Breining
*Senior Executive Vice President and Chief Executive Officer, YouSee A/S*

Carsten Dilling
*Senior Executive Vice President and Chief Executive Officer, Operations & Wholesale*

Jesper Theill Eriksen
*Senior Executive Vice President and Chief Executive Officer, Consumer*

Martin Lippert
*Senior Executive Vice President and Chief Executive Officer, TDC Business*

Jens Munch-Hansen
*Senior Executive Vice President and Chief Executive Officer, TDC Nordic*

Jesper Ovesen
*Senior Executive Vice President and Chief Financial Officer*

## Board of Directors

Vagn Sørensen
*Chairman*

Pierre Danon
*Vice Chairman*

Lars Rasmussen

Søren Thorup Sørensen

Kurt Björklund

Lawrence Guffey

Henrik Kraft

Gustavo Schwed

Andrew Sillitoe

Leif Hartmann

Steen M. Jacobsen

Jan Bardino

Bo Magnussen

## About TDC

TDC is the leading provider of communications solutions in Denmark and has a strong Nordic focus. In the Nordic region, TDC has five business units: Consumer, TDC Business, TDC Nordic, Operations & Wholesale and YouSee. TDC's activities outside the Nordic Region include Sunrise, a leading telecommunications provider in Switzerland. TDC was partly privatised in 1994 and fully privatised in 1998. Angel Lux Common S.A. owns 87.9% of TDC, with the remainder of the shares held by individual and institutional shareowners.

TDC A/S
Teglholmsgade 1 - 3
0900 Copenhagen C

www.tdc.com

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

## Listing

Shares: NASDAQ OMX Copenhagen.
Reuters TDC.CO.
Bloomberg TDC DC.
Nominal value DKK 5.
ISIN DK0010253335.

# Glossary and definitions

*Add-on service* refers to any extra service that may be added to the basic offering.

*ARPU* refers to Average Revenue per User, and is stated per month. TDC calculates ARPU for a given product group as its total revenue divided by the average customer base in the period.

*Broadband* refers to data communication forms of a certain bandwidth that depending on the relevant context, are perceived to be significantly high or 'wide' in terms of information-carrying capacity. The most common broadband technologies are cable modem, DSL, mobile broadband and optical fibre. TDC applies NITA's definition in which broadband implies bandwidths higher than 144 kbps.

*Capital expenditure (Capex)* refers to capital expenditures excluding investments in mobile licenses and excluding share acquisitions.

*Cash conversion* as defined by TDC, refers to the proportion of EBITDA that is converted into operating free cash flow. For the purposes of TDC, this is defined as the operating free cash flow divided by EBITDA.

*Churn rate* refers to the percentage of yearly customer turnover, e.g. wireless subscribers are said to churn when they cancel their mobile service with their current wireless provider (and either move to a different provider or simply choose not to have a wireless service). TDC calculates churn by dividing the gross decrease in the number of customers for a period by the average number of customers for that period. The average number of customers for a period is calculated by adding together the number of customers at the beginning of the period, the number of customers at the end of each intermediate month, the number of customers at the end of the period and dividing the previous term by the number of intermediate months plus 2. Different telcos calculate churn using different methods.

*Copper line loss* refers to the net loss of copper lines in a given period in the TDC Group, including Wholesale lines. The number of copper lines is calculated as the sum of customers provided with PSTN, ISDN, VoIP, naked-BSA/xDSL and full ULL products and services.

*Copper RGU loss* refers to the net loss of copper RGUs in a given period in the TDC Group, including Wholesale RGUs. The total number of RGUs is calculated as the sum of PSTN, ISDN, VoIP, BSA/xDSL, TV and full ULL customers.

*Content service* refers to a service, typically in terms of information or entertainment, broadcasted or provided on-line.

*Customer base* refers to end-of-period customers and includes customers with subscriptions and customers without subscriptions according to the following general principles: Landline customers who have generated traffic in the previous month; Mobile customers active within the last 3 months; Internet customers active within the last 3 months. TDC's customer statement includes the number of main products sold by TDC's residential, business and wholesale divisions. An individual buying the HomeTrio offer will therefore enter into the customer statement as three customers. Moreover, an enterprise with 100 mobile voice subscriptions from TDC will be included as 100 customers in the customer statement. As regards wholesale customers, a broadband provider with 20,000 Bit Stream Access (BSA) connections from TDC will be included as 20,000 customers in the customer statement. In contrast, additional supplementary products such a digital TV services, in addition to the cable-TV subscriptions, are not included in the customer statement. For Other networks and data connections, the customer category that is part of TDC's customer base includes ULL, leased lines, fibre and data connection customers. Mobile broadband customers include mobile data cards and mobile broadband customers. Dual- and triple-play bundles are included as two and three customers, respectively, in the total customer figures. All Fullrate xDSL customers are included as dual-play customers. The term 'customer' does not reflect the number of actual end-users, e.g. an ISDN30 connection counts only as one customer in TDC's customer base even though this product may involve 30 end-users.

*CVR or Det Centrale Virksomhedsregister* refers to a central registry of Danish businesses. The abbreviation, followed by an eight digit number, is used as a unique identifier of any company incorporated under Danish jurisdiction.

*Dial-up* refers to an internet connection that uses a traditional landline connection.

*DOCSIS* or Data over Cable Service Interface Specification refers to communications and operation support interface requirements for a data-over-cable system. It permits the addition of high-speed data transfer to an existing cable TV (CATV) system. Three international DOCSIS standards have been adopted: DOCSIS 1.1, DOCSIS 2.0 and DOCSIS 3.0.

*DSL* or *Digital Subscriber Line* refers to a technology that enables a local-loop copper pair to transport high-speed data between an exchange building and the customers' premises.

*EBITDA* refers to the earnings before interest, tax, depreciation and amortisation.

*EBITDA margin* refers to the ratio between EBITDA and revenue.

*Employees* (number of) refers to end-of-period full-time employee equivalents, including permanent employees and trainees.

*Employee broadband* refers to services where an enterprise provides its employees with broadband for private use.

*Ethernet* refers to a type of networking technology for LANs and is increasingly used in the IP networks.

*Fibre Optics Communication* or *Fibre* refers to a technology used to transmit telephone signals, internet communications, and cable television signals. Due to much lower loss of intensity and interference, optical fibre has advantages over existing copper wire in long-distance and high-demand applications.

*Flat-rate* refers to a price-structure that charges a single fixed fee for a service, regardless of usage.

*Free cash flow* as defined by TDC refers to the sum of EBITDA, adjustments for items with no cash flow effect, pension contributions, payments related to provisions, change in net working capital and cash flow related to Capex, net interest paid and income tax expense paid.

*Homes passed* refers to households where a particular technology (e.g. Fibre or Coax) has been rolled out enabling the reception of services associated with that technology. It follows that the number of homes passed constitutes the sum of actual and potential Group customers for the given service.

*Incumbent* refers to the existing telecommunications company often first established as a monopoly.

*Interconnection* refers to the process of connecting a telephone call to another operator's network. This connection is accompanied by an interconnect rate which must be paid to the operator for the use of that operator's network.

*International roaming* is a means of accessing a foreign operator's network that enables customers to automatically make and receive voice calls, send and receive data, or access other services, when travelling abroad. Operators in various countries have to arrange mutual cross-border covenants to facilitate such roaming.

*IP* or *Internet Protocol* refers to a standard protocol whereby internet-user data is divided into packets to be sent onto the correct network pathway. In addition, IP gives each packet an assigned number so that the message completion can be verified. Before packets are delivered to their destination, the protocol carries unifying procedures so that they are delivered in their original form.

*ISDN* or *Integrated Services Digital Network* refers to a means of providing more channels of 64 kbps over the existing regular phone line, which can be used for either integrated voice and data or solely data transmission. An ISDN modem is necessary to connect to the network. The ISDN technology enables 2-30 channels on the same line.

*Market shares* shown in TDC's Annual Report are based mainly on internal TDC estimates. Among other sources, TDC uses NITA's telecoms statistics to estimate the total market. TDC also uses NITA's differentiation between business and residential markets. End users with CVR numbers are included as business customers, whereas end users without CVR numbers are included as residential customers.

*Mbps* refers to megabits per second.

*Mobile termination* refers to the delivery of traffic to a mobile operator for the purpose of terminating the relevant traffic to any end-user who is connected to the operator's network. The mobile termination service covers all type of calls to a mobile handset, including calls from the landline network, calls from another mobile network or international calls.

*MVNO* or *Mobile Virtual Network Operators* refers to a mobile operator that does not own its own spectrum but to some extent has its own network infrastructure. MVNOs have business arrangements with traditional mobile operators to buy traffic and data for sale to their own customers.

*NITA* refers to the Danish National IT and Telecom Agency (in Danish, IT- og Telestyrelsen).

*No-frills* refers to a service or product where non-essential features have been removed to keep the price low.

*Operating free* cash flow as defined by TDC refers to the sum of EBITDA, adjustments for items with no cash flow effect, pension contributions, payments related to provisions, change in net working capital and cash flow related to Capex.

*Postpaid* refers to subscriptions that are paid for at the beginning of the period, whereas the usage charge, which varies depending on the tariff plan selected by the subscriber, is paid at the end of the period.

*Prepaid* refers to when the customer pays for a specified amount of credit for services upfront. The credit then diminishes as the customer uses the service.

*PSTN* or *Public Switched Telephone Network* refers to the telecommunications network based on copper lines carrying analogue voice data - traditional landline telephony.

*RGU* or *Revenue Generating Unit* refers to the total number of customer relationships that generate revenue for TDC. Copper RGUs reflect the total number of customer relationships on the copper network, see also customer base.

*SoHo* or *Small Office/Home Office* refers to a category of businesses which is defined by factors such as being fewer than two employees and with limited revenue during the last year (< DKK 30,000).

*ULL* or *Unbundled Local Loop* refers to raw copper lines to which competing carriers have been granted access by the incumbent operator, allowing such alternative carriers to offer data transmission capacity and/or telephony to the incumbent's subscriber base.

*VoIP* or *Voice over Internet Protocol* refers to a telephone call over the internet.

*xDSL* is a family of technologies that provides digital data transmission over copper wires, for example ADSL, VDSL and SHDSL.