Satisfactory EBITDA and cash flow results in Q1

In Q1, we achieved satisfactory results in EBITDA and cash flow. This included the best development in organic gross profit in three years and higher organic opex savings than we expected. Organic revenue development was in line with the full-year 2013 level. Revenue continued to be under pressure, but we expect an improved performance throughout 2014, driven primarily by sales of mobile handsets and other equipment.

Our total landline business continued to deliver solid results with growth in subscriber bases in TV and broadband. Organic gross profit from mobility services also showed satisfactory results, confirming our focus on profitability. That said, we delivered a disappointing development in our mobile subscriber base, driven partly by low-ARPU customers. In order to recover, we have a number of new and interesting market initiatives ready for execution in Q2, still with focus on profitability, e.g. new mobile portfolios for several residential brands.

In line with our strategic plan for 2013-15, we launched a number of new products and services in Q1, including attractive TDC TV packages, and we expanded our footprint within the strategically important area of digital content services as we entered the growth market (a DKK 2bn market) for sports betting through our ownership of Bet25.

As of 1 March, according to plan, we have now successfully completed the transition of managed services to Huawei and rolled out 4G in Northern Zealand and Bornholm with promising results. We expect to provide the remainder of Zealand (including Copenhagen) with superior 4G coverage within the coming two quarters.

In Q1, customer satisfaction scores were affected by challenging service levels in our call centres. These were caused partly by increased complexity in handling customer inquiries following successful sales of household solutions. We are determined to improve service levels, e.g. by increase staffing and further development of skills. However, our focus on productivity will continue by ambitiously transforming TDC Group's digital profile and nearshoring, with the establishment of a call centre in Flensburg at very attractive costs.

Recently, we announced the disposal of our Finnish subsidiaries as a result of further focusing our Nordic business. At the same time, we have signed a strategic cooperation agreement with DNA Oy that enables us to continue to service both existing and new pan-Nordic customers. We have earmarked DKK 500m from the proceeds of this for investment in profitable growth initiatives over the period 2014-2015.

Carsten Dilling, President and Chief Executive Officer

Financial

- **Revenue** down by 5.2%; organic revenue decreased by 3.6% in line with the 2013 level
- **Gross profit** down by 2.5%, resulting in lowest organic gross profit decline in 3 years (DKK 77m)
- Timing of personnel-related savings fuelled higher than expected **opex savings** (5.3%)
- Almost flat **EBITDA** development (-0.3%) after 8 quarters with consecutive EBITDA decline; organic EBITDA growth of 0.9%
- **Equity free cash flow** as expected (DKK 381m); 20.3% YoY decline due to different timing of tax payments
- **2014 guidance** after TDC Finland disposal: Organic revenue will decrease less than in 2013 (2013: -3.5%), EBITDA > DKK 9.6bn, Capex of DKK 3.7bn and DPS of DKK 3.70

Operational

- Challenging **service level** in call centres negatively affected the recommend score (-2 points vs. Q4) and level of unacceptable customer experiences (-10 points vs. Q4); mitigation plan including increased staff in place
- Residential **mobile subscribers** down 57k vs. Q4 affected by low ARPU churn (31k) and aggressive competitor initiatives
- Strong residential **broadband** net adds (10k vs. Q4) driven by YouSee
- **TV net adds** of 18k vs. Q4 affected by strong intake in TDC brand/Fullrate (12k), inclusion of a large antenna association (14k) in YouSee as reported in Q4 2013, partly offset by a minor drop in individual customers as well as leakage from antenna associations
- The number of **high ARPU households** increased by 7% vs. Q4

Group performance

YTD financial performance

Revenue

TDC Group revenue decreased by 5.2% or DKK 322m. This development was slightly better than the comparable decline of 5.8% in 2013, supported by a reduced effect from regulation but partly offset by unfavourable exchange rates. As a result, the organic revenue declined by 3.6% (3.5% in 2013).

Revenue was negatively affected by the following factors:

- The ongoing negative effects from regulation amounted to DKK 55m, corresponding to 17% of the revenue decline – this was a substantial improvement compared with the regulatory impact of DKK 204m in Q1 2013. The majority of the regulatory effect related to mobility services through mobile voice termination rates (MTR) and international roaming, while to a lesser degree, revenue was influenced by various landline regulations.

- Negative effect totalling DKK 50m from developments in the NOK and SEK exchange rates.

- Organic revenue from domestic landline telephony declined by DKK 91m or 11.0%, driven by the decreasing customer base. This was however an improvement compared with Q1 2013, which was affected by a weak Business ARPU.

- A decline of DKK 75m or 14.0% in organic other services stemming mainly from the 29.8% decrease in sales of mobile handsets without subsidies in especially the Consumer TDC brand.

- Organic revenue in Nordic declined by DKK 40m or 3.8% with challenged revenue growth in Sweden and Finland while Norway realised an almost flat development.

- Organic domestic revenue from internet & network declined by DKK 29m or 2.2% driven by decreasing Business ARPU levels due to continued migration from broadband legacy products and general price pressure. On the positive side, Consumer experienced revenue growth through strong subscriber net adds in primarily YouSee while total ARPU remained relatively flat.

- A DKK 17m or 1.3% decrease in organic domestic revenue from mobility services due to a significant loss of subscribers in Consumer and decreased Business ARPU levels. However, the decline was an improvement compared with the decline of 5.4% in Q1 2013, as Business succeeded in halving the YoY loss on ARPU and Wholesale were up against a weak Q1 2013.

Revenue was positively affected by:

- An increase of DKK 33m or 3.1% in organic domestic TV caused by the TDC brand and Fullrate following subscription fee increases and a positive customer base

TDC Group, key financial data DKKm

		Q1 2014	Q1 2013	Change in %
Statements of Income	DKKm			
Revenue		5,919	6,241	(5.2)
Gross profit		4,340	4,451	(2.5)
EBITDA		2,488	2,495	(0.3)
Operating profit (EBIT), excluding special items		1,312	1,275	2.9
Profit for the period, excluding special items		839	818	2.6
Profit for the period		716	679	5.4
Total comprehensive income		40	796	(95.0)
Capital expenditure	DKKm	(875)	(885)	1.1
Equity free cash flow (EFCF)	DKKm	381	478	(20.3)
Key financial ratios				
Earnings Per Share (EPS)	DKK	0.89	0.85	4.7
Adjusted EPS	DKK	1.27	1.28	(0.8)
Gross profit margin	%	73.3	71.3	-
EBITDA margin	%	42.0	40.0	-
Net interest-bearing debt/EBITDA	x	2.2	2.2	-

For additional data, see TDC Fact Sheet on www.tdc.com. For terminology and definitions, see http://investor.tdc.com/glossary.cfm.

development lately also driven by the successful launch of the new TDC TV portfolio. Revenue from YouSee TV remained flat compared with Q1 2013.

Gross profit

Gross profit declined by DKK 111m or 2.5%, while organic gross profit decreased by DKK 76m (vs. DKK 221m in Q1 2013). The gross profit margin increased from 71.3% to 73.3%. Gross profit and gross profit margin were positively impacted by a number of large one offs in TDC Nordic (DKK 29m) regarding regulatory pricing decisions. Gross profit margin was also positively affected by MTR reductions as these were gross profit-neutral at TDC Group level. Lower sales of handsets also had a limited negative gross profit effect.

EBITDA

Reported EBITDA decreased by 0.3% or DKK 7m, although growth of DKK 22m or 0.9% in organic EBITDA was achieved (-1.0% in Q1 2013). This applies to organic cost savings of DKK 99m on operating expenses, driven mainly by wage savings as the number of FTEs was reduced particularly through increased productivity in Operations and right-sizing of the Nordic organisation.

Profit for the period

Profit for the period excluding special items totalled DKK 839m, up by DKK 21m or 2.6% due to lower amortisations.

Special items developed positively in Q1 2014 compared with Q1 2013 (DKK 22m), due to lower costs related to redundancy programmes and vacant tenancies. Accordingly, profit for the period Q1 2014 including special items amounted to DKK 716m, up by DKK 37m or 5.4%.

Comprehensive income

Total comprehensive income decreased by DKK 756m to DKK 40m. The increase in profit for the period was more than offset by the negative development in other comprehensive income (DKK 793m), due primarily to losses related to defined benefit plans. The losses of (DKK 800m) in defined benefit plans in Q1 2014 were due to an increasing pension obligation following a decreasing discount rate that was partly offset by a higher than expected return on pension plan assets.

Equity

During Q1 2014, equity decreased by DKK 1,701m to DKK 18,683m. Distributed dividends (DKK 1,786m) more than offset total comprehensive income of DKK40m.

Cash flows

Equity free cash flow decreased by DKK 97m or 20.3% to DKK 381m as corporate income tax paid increased by DKK 148m due to different timing than in 2013.

The cash outflow of DKK 859m from investing activities in Q1 2014 represented a slight decrease of DKK 21m due to less spend on especially the mobile network than in 2013. Despite continued pressure on revenue, capital

TDC Group, Cash flow and Net interest-bearing debt DKKm

TDC Group	Q1 2014	Q1 2013	Change in %
EBITDA	2,488	2,495	(0.3)
Change in working capital	(181)	(119)	(52.1)
Interest paid, net	(639)	(720)	11.3
Income tax paid	(313)	(165)	(89.7)
Cash flow from capital expenditure	(866)	(883)	1.9
Cash flow related to special items	(132)	(180)	26.7
Other	24	50	(52.0)
Equity free cash flow	**381**	**478**	**(20.3)**
Total cash flow from operating activities	1,260	1,380	(8.7)
Total cash flow from investing activities	(859)	(880)	2.4
Total cash flow from financing activities	(1,144)	(1,252)	8.6
Total cash flow from continuing operations	**(743)**	**(752)**	**1.2**
Net interest-bearing debt	**(22,636)**	**(22,812)**	**0.8**

expenditures are maintained at the high levels guided for 2014. This supports our strategic goal of accelerating network build out, including super broadband and 4G.

The cash outflow from financing activities in Q1 2014 fell by DKK 108m to DKK 1,144m. This decrease was due primarily to lower dividends paid than in Q1 2013.[1]

Net interest-bearing debt

Net interest-bearing debt totalled DKK 22,636m at the end of Q1 2014. This resulted in a leverage ratio (Net interest bearing debt/EBITDA) of 2.2, within our financial policy of a leverage ratio of or below 2.2 on average over the financial year. During Q1 2014, net interest-bearing debt increased by DKK 982m due to dividends paid (DKK 1,336m[1]), which was partly offset by the positive net cash flows from operating and investing activities.

[1] Excluding withholding taxes of DKK 425m, which were paid in April 2014.

Guidance 2014

The 2014 guidance and the underlying assumptions are presented below. The guidance for EBITDA has been updated in order to reflect our recently announced divestment of the Finnish subsidiaries TDC Oy Finland and TDC Hosting Oy.[2]

The guidance on revenue in 2014 is based on organic revenue development, defined as reported revenue excluding the impact from exchange-rate changes, acquisition and sale of assets as well as regulation.

Dividend per share of DKK 3.70 is in accordance with our dividend policy with payout of approximately 90% of the equity free cash flow. Of this, we expect DKK 1.50 per share to be paid out in connection with the Q2 2014 earnings release in August 2014.

[2] For additional information, see the announcement of 29 April 2014 on www.investor.tdc.com.

2014 guidance assumptions

- Domestic economy with little or no spending growth
- Less severe impact from regulation
- Improved gross profit trend in mobility services driven by less negative development in Consumer net adds and Business ARPU
- Deteriorated landline telephony gross profit development, but improved gross profit trend in internet & network
- Continued TV gross profit growth fuelled by ARPU increases
- Stable organic EBITDA development in Nordic
- Continued opex savings, though at a lower level than in 2013
- Capex at 2013 level with continued build-out of 4G and super broadband

[1] Excluding mobile licences.

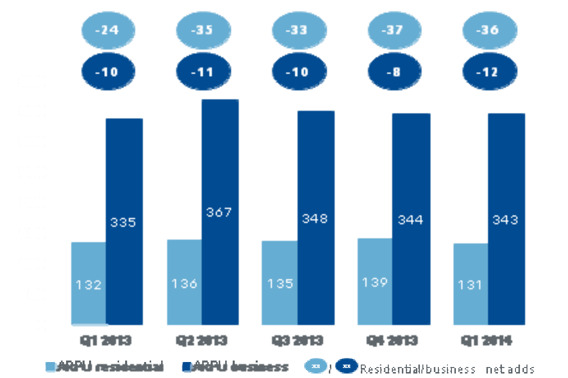
2014 Guidance	
Organic revenue	**Lower decrease than in 2013 (2013:-3.5%)**
EBITDA	**>DKK 9.6bn**
Capex[1]	**DKK 3.7bn**
DPS	**DKK 3.70**

Landline telephony

Q1 highlights

- ARPU increase of DKK 8 vs. a weak Q1 2013, supported by a strong performance from the high-ARPU integrated solutions TDC One and Scale
- Loss of residential subscribers (36k) continued at the same level as in Q4 2013
- ARPU in Wholesale decreased by DKK 12 vs. Q4 2013 due to intensified regulation on PSTN resold

Landline[1] DKK/'000



[1] Compared with the TDC Factsheet, Q3 data have been adjusted to reflect a movement of 7k "Fullrate Erhverv" RGUs from Consumer to Business and in Q4 data have been adjusted for the acquisition of ComX, 11k subscribers.

YTD financial performance

Reported domestic revenue decreased by 11.6% or DKK 96m, driven by the decreasing customer base. Gross profit decreased by 11.6% or DKK 89m and was therefore almost level with the decline in revenue, resulting in an unchanged gross profit margin of 92.9%.
Acquisition of ComX in December 2013 had a small positive effect on revenue and the residential customer base.

Consumer

Revenue decreased by 14.6% to DKK 328m due to a 137k loss of customers, whereas ARPU remained level.

The decline in customers was affected by a loss of 58k PSTN-only customers, a reduced loss compared with Q1 2013 (loss of 79k). However, churn of landline customers with a bundle solution increased fuelled by the successful HomeTrio Mobile.

Business

The negative revenue development of DKK 26m or 7.3% was driven by a 34k decrease in the customer base. Conversely, the ARPU development contributed positively with an increase of DKK 8 despite a reduction in traffic revenue from consumption-based subscribers. The ARPU increase was supported by a strong performance from the high-ARPU integrated solutions TDC One and Scale, which combine mobile, VoIP and internet.

Wholesale

Revenue declined by DKK 16m or 18.8%. The negative development in revenue was driven by a loss of customers in line with previous periods, and an ARPU decrease of DKK 18 due to regulation on PSTN resold.

Domestic landline telephony, key financial data DKKm

		Q1 2014	Q1 2013	Change in %
	DKKm			
Revenue		**732**	**828**	**(11.6)**
Consumer		328	384	(14.6)
Business		331	357	(7.3)
Wholesale		69	85	(18.8)
Other incl. eliminations		4	2	100.0
Gross profit		**680**	**769**	**(11.6)**
Gross profit margin	%	92.9	92.9	-
Organic revenue[1]	DKKm	732	823	(11.1)
Organic gross profit[1]		680	763	(10.9)

[1] Reported revenue and gross profit excluding the impact from regulatory price adjustments as well as the impact from acquisitions and divestments.

Mobility services

Q1 highlights

- Loss of 57k residential mobile subscribers vs. Q4 2013 as a result of continuing to focus on premium price strategy, and planned price increases in low-ARPU[3] segments (-31k)
- Growth in Business mobile subscriptions of 12k vs. Q4 2013, however mainly customers in the public segment (ARPU of approximately DKK 60)
- Continued ARPU erosion in Business (DKK 5 vs. Q4 2013), while residential ARPU remained flat
- TDC entered into a partnership with Justfone in order to deliver premium mobile value added services

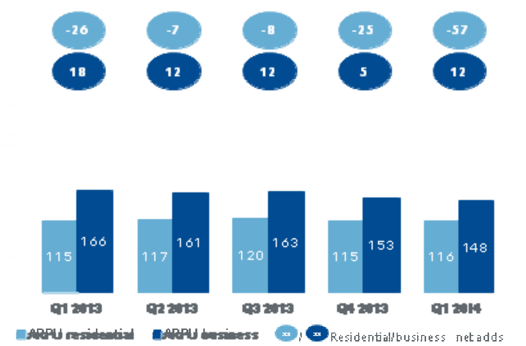
YTD financial performance

Reported revenue from mobility services decreased by DKK 82m or 5.9%, a large improvement compared with the 16.0% decline in Q1 2013. This improvement was positively affected by the reduced impact from regulation (DKK 44m vs. DKK 192m in Q1 2013). However, organic revenue development still improved notably (-1.3% vs. -5.4% in Q1 2013).

The gross profit margin increased from 86.2% to 88.9% driven by gross profit neutral effects from cuts in regulatory-determined mobile termination rates.

[3] Low-ARPU customers have a usage of below a minimum threshold, which varies across Consumer brands.

Mobility services[1] DKK/'000



[1] Compared with the TDC Factsheet, Q3 data have been adjusted to reflect a movement of 8k "Fullrate Erhverv" RGUs from Consumer to Business.

Consumer

Revenue from mobility services decreased by 8.8% to DKK 764m in Q1 2014, due to a substantial loss of subscribers, while ARPU remained level.

The customer base decline of 95k was a result of continuing to focus on the premium price strategy and large churn of 84k low-ARPU customers across brands. By excluding churn of low-ARPU customers, the TDC brand delivered positive net adds.

Strong campaign offerings from competitors starting in Q4 2013 intensified in Q1 2014 and challenged especially Consumer sub-brands, leading to the loss of mobile subscribers. Telmore and Fullrate have followed competitors with temporary campaigns, but not matched the most aggressive offerings.

Business

Business continued to achieve considerable growth in the customer base. However, the increase was driven mainly by customers with a low ARPU in the public segment.

Domestic mobility services, key financial data DKKm

		Q1 2014	Q1 2013	Change in %
	DKKm			
Revenue		**1,314**	**1,396**	**(5.9)**
Consumer		764	838	(8.8)
Business		454	490	(7.3)
Wholesale		108	89	21.3
Other incl. eliminations		(12)	(21)	42.9
Gross profit		**1,168**	**1,204**	**(3.0)**
Gross profit margin	%	88.9	86.2	-
Organic revenue[1]	DKKm	1,314	1,331	(1.3)
Organic gross profit[1]		1,168	1,190	(1.8)

[1] Reported revenue and gross profit excluding the impact from regulatory price adjustments as well as the impact from acquisitions and divestments.

A decrease in ARPU in especially the large account segments resulted in a total revenue decrease of DKK 36m or 7.3%. The decrease in ARPU was mainly a consequence of spill-over effects from residential price competition, which caused contracts to be won or renegotiated at lower prices. However, compared with the development in Q1 2013, the decline in ARPU was significantly reduced.

Wholesale

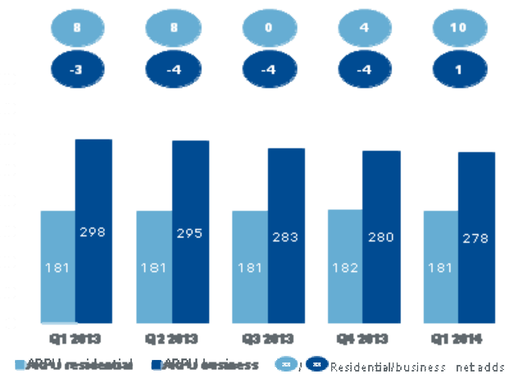
Revenue increased by 21.3% or DKK 19m compared with a relatively weak Q1 2013, driven by growth in MVNOs as a result of an increased number of subscribers in Norway, which is handled through Wholesale in Denmark. The total number of mobile subscribers increased by 16k, but was partly offset by a decline of DKK 8 in ARPU due to growing competition and customers entering at a lower ARPU level.

Internet & network

Q1 highlights

- Continued Business ARPU erosion (DKK -2 vs. Q4 2013) due to customer migration from legacy products to products with lower ARPU
- Small increase in business fibre subscribers, but decreasing market share due to rapid market growth. Increased campaign activity on fibre including new attractive pricing recently initiated
- Flat development in residential ARPU vs. Q4 2013 due to increase in YouSee ARPU offset by campaigns in Fullrate
- Strong residential broadband net adds (10k) driven by YouSee; YouSee mix-it-yourself broadband subscribers reached a threshold of more than 100k

Broadband[1] **DKK/'000**



[1] Compared with the TDC Factsheet, Q3 data have been adjusted to reflect a movement of 15k "Fullrate Erhverv" RGUs from Consumer to Business and in Q4 data have been adjusted for the acquisition of ComX, 29k subscribers.

YTD financial performance

Reported domestic revenue from internet & network decreased by 1.6% or DKK 22m in Q1 2014 driven by Business. As gross profit decreased by DKK 12m or 1.0%, the gross profit margin increased slightly.

Consumer

Revenue increased by 1.2% to DKK 589m in Q1 2014, driven by the successful YouSee broadband, which continued to attract customers with products including high bandwidth and the flexibility in speeds of mix-it-yourself.

Consumer broadband APRU remained level, as the rise in YouSee ARPU due to migrating customers to higher bandwidth was outweighed by declining ARPU in the TDC brand and Fullrate. This resulted from campaigns in Fullrate, and TDC brand customers particularly migrating to triple play bundles that contributed with a higher household ARPU, but lower ARPU at product level.

Business

The revenue decrease of DKK 38m or 6.3% was driven partly by the broadband business due to ARPU decreases across almost all segments affected by the ongoing migration from legacy products to products with lower ARPU.

Revenue development was negatively impacted by fibre, as price competition put pressure on ARPU levels. The fibre subscriber base increased slightly, since increases in especially the small accounts more than offset negative net adds in the public segment. However, the increase was not sufficient to maintain market share in a growing market.

Wholesale

Revenue developed in a stable manner, an improved trend compared with the previous quarter's negative development. Revenue was positively affected by increased activity in international capacity, but was offset by a 9k drop in the ULL subscriber base and mixed effects of customers migrating from BSA to lower ARPU VULA products.

Domestic internet & network, key financial data **DKKm**

		Q1 2014	Q1 2013	Change in %
	DKKm			
Revenue		**1,323**	**1,345**	**(1.6)**
Consumer		589	582	1.2
Business		568	606	(6.3)
Wholesale		173	173	-
Other incl. eliminations		(7)	(16)	56.3
Gross profit		**1,208**	**1,220**	**(1.0)**
Gross profit margin	%	91.3	90.7	-
Organic revenue[1]	DKKm	1,323	1,352	(2.1)
Organic gross profit[1]		1,208	1,226	(1.5)

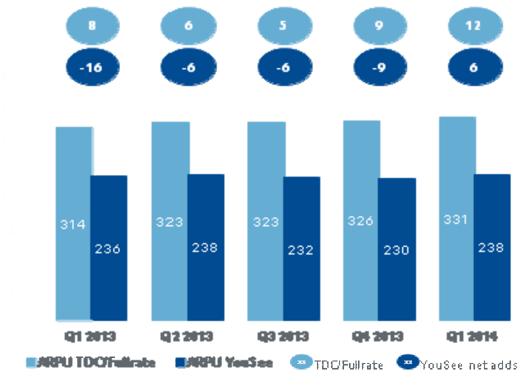
[1] Reported revenue and gross profit excluding the impact from regulatory price adjustments as well as the impact from acquisitions and divestments.

TV

Q1 highlights

- Highest level of net adds in the TDC brand and Fullrate for several years with +12k vs. Q4 2013
- YouSee net adds of +6k vs. Q4 2013 affected by inclusion of a large antenna association (14k) as reported in Q4 2013, partly offset by a minor drop in individual customers as well as leakage from antenna associations
- Subscription fees raised at 1 January 2014[4] with a positive effect on ARPU in both TDC TV and YouSee, but partly outweighed by down migrations in YouSee and intake of campaign customers in Fullrate

TV[1] **DKK/'000**



[1] Compared with the TDC Factsheet, Q4 data have been adjusted to reflect the acquisition of ComX, 11k subscribers.

YTD financial performance

Revenue and gross profit growth continued from previous years, driven by TDC and Fullrate TV. Reported revenue increased by 3.9% to DKK 1,075m whereas gross profit increased by 2.3%. The gross profit margin declined from 54.0% to 53.2% as the positive effect from increased subscription fees to a large degree was outweighed by increased content costs across brands.

TDC and Fullrate

TDC and Fullrate TV succeeded in increasing revenue by 20.0% or DKK 37m, as a result of growth in both subscriber bases and a rise in ARPU of 5.3% due to increased subscription fees at 1 January 2014. The lower margin on the new TDC TV portfolio as a result of improved content offered at a lower package price, affected the gross profit margin.

[4] 5% price increase per month on the YouSee Basic package, 8% on the YouSee Medium package and 4% on the YouSee Full packages (incl. VAT and copyrights). Increase in prices per month on TDC TV from 4% to 7%. All price increases effective at 1 January 2014.

Strong net adds in both TDC and Fullrate TV resulted in subscriber growth of 32k. The launch of the new TDC TV portfolio in February, sold at an attractive price, has been very successful and well received by customers; by now 8% of the TDC TV customer base has the new TV portfolio. Fullrate TV carried on its positive trend from Q4 2013 delivering growth in subscribers with a relatively low rate of cannibalisation within the TDC Group.

YouSee

Revenue in YouSee remained level, as a small ARPU increase was offset by a subscriber decline of 4k (including acquisition of ComX).

The share of customers with an entry-level TV package increased by 2.2 percentage points as a result of down migrations in TV packages. However, increased subscription fees at 1 January 2014[4] more than compensated for down migrations and fuelled a DKK 2 increase in ARPU. In Q1, YouSee increased freedom of choice by launching a mix-it-yourself portfolio that also aims at counteracting the downward migration.

Domestic TV, key financial data **DKKm**

		Q1 2014	Q1 2013	Change in %
	DKKm			
Revenue		**1,075**	**1,035**	**3.9**
TDC/Fullrate brand		222	185	20.0
YouSee brand		836	836	-
Other incl. eliminations		17	14	21.4
Gross profit		**572**	**559**	**2.3**
Gross profit margin	%	53.2	54.0	-
Organic revenue	DKKm	1,075	1,042	3.2
Organic gross profit		572	559	2.3

[1] Reported revenue and gross profit excluding the impact from acquisitions and divestments.

Nordic

Q1 highlights

- High EBITDA growth of 12.7% vs. Q1 2013, driven by strong opex savings (9.8%) and a couple of positive one-offs on transmission costs (DKK 29m)
- Organic revenue continued to be under pressure (down 3.8% vs. Q1 2013), but recent contract wins showed a promising pipeline in Sweden
- Market shares maintained across products and countries vs. Q4 2013
- Agreement signed in Norway to resell access to TDC's TV platform and a new MVNO agreement with Telenor enabling 4G
- Growth of 2.1% in IP-VPN connections in Sweden vs. Q4 2013

YTD financial performance

Reported revenue in Nordic decreased by DKK 91m or 8.2%, negatively affected by adverse SEK/NOK exchange-rate developments (DKK 50m). Organic revenue growth in Sweden and Finland was challenged, but Norway realised an almost flat development. Gross profit decreased by 2.2%, which was significantly lower than the revenue decline. However, this was positively affected by one-offs due to reversed provisions related to regulatory pricing decisions in Sweden and Norway (DKK 29m).

The gross profit margin increased from 41.9% to 44.7% though with a flat development when one-offs are excluded.

Landline telephony
Nordic successfully maintained a stable level of connections, though the decline in minutes of use caused by the migration away from landline telephony, combined with the general price erosion, resulted in a revenue decrease of 18.6% or DKK 38m.

Mobility services
Revenue increased by 7.8% or DKK 6m following a continued strong intake of 53k mobile subscriptions, driven by TDC Sweden and TDC Norway. However, due to competition and lowered fixed-price packages, ARPU is under pressure (ARPU decrease of 25.5%).

Internet & network
The revenue decline of 9.0% or DKK 37m was mainly driven by a decrease in ARPU. The number of internet connections saw a small increase from Q4 2013; however YoY RGUs recorded a decline, though many of these installations had relatively low ARPUs and margins. TDC successfully maintained a stable number of IP-VPN connections and thus defended its strong position in this mature market despite fierce competition from fibre operators.

Other services
The revenue decrease of 5.3% or DKK 22m was driven by a decline in revenue from service agreements and CaaS, which was at a high level in 2013. In Sweden, Projects continued its growth and the Direct business[5] was off to a good start in Norway.

[5] The Direct business comprises sales of handsets, conference telephones, headsets, tablets, etc. sold online and by Nordic's sales force.

Nordic, key financial data DKKm

Nordic		Q1 2014	Q1 2013	Change in %
	DKKm			
Revenue		**1,016**	**1,107**	**(8.2)**
TDC Sweden		663	711	(6.8)
TDC Norway		221	251	(12.0)
TDC Finland		163	171	(4.7)
Other incl. eliminations		(31)	(26)	(19.2)
Landline telephony		166	204	(18.6)
Mobility services		83	77	7.8
Internet & network		374	411	(9.0)
Other services[1]		393	415	(5.3)
Gross profit		**454**	**464**	**(2.2)**
Gross profit margin	%	44.7	41.9	-
Organic revenue[2]	DKKm	1,016	1,056	(3.8)
Organic gross profit[2]		454	442	2.7

[1] Including sale of terminal equipment, systems integration services, installation work and operator services etc.
[2] Reported revenue and gross profit excluding the impact from currency effects, impact from regulatory price adjustments as well as the impact from acquisitions and divestments.

Other services

Q1 highlights

- In Q1 2014, TDC Group entered the market for sports betting and casino through our ownership of Bet25
- Lower sales of handsets without subsidies in Consumer
- Reduced Netdesign hardware and software sales, but increased high-margin consultant services

YTD financial performance

Reported revenue from other services decreased by DKK 71m or 13.4%, whereas gross profit increased by DKK 23m or 9.8%. This resulted in a considerably improved gross profit margin from 44.3% in Q1 2013 to 56.2% in Q1 2014.

Revenue from sales of handsets declined by 29.8% or DKK 79m due to a drop in sales of handsets without subsidies sold by Consumer, especially in the TDC brand. This was the result of reduced sales to a few large third-party vendors and increased competition from retailers. As handsets are low-margin products, the decrease improved the gross profit margin.

Revenue from the system integrator, Netdesign, decreased by 2.9% or DKK 6m as strong competition negatively affected sales of hardware and software. However, consultant and operations services achieved growth, partly offsetting the decrease from hardware and software. As hardware and software are low-margin products while services are high-margin, the change in sales improved the gross profit margin and resulted in a gross profit increase of 6.3%.

Other services, key financial data DKKm

		Q1 2014	Q1 2013	Change in %
	DKKm			
Revenue		**459**	**530**	**(13.4)**
Sales of handsets		186	265	(29.8)
NetDesign		200	206	(2.9)
Other		73	59	23.7
Gross profit		**258**	**235**	**9.8**
Gross profit margin	%	56.2	44.3	-
Organic revenue[1]	DKKm	459	534	(14.0)
Organic gross profit[1]		258	236	9.3

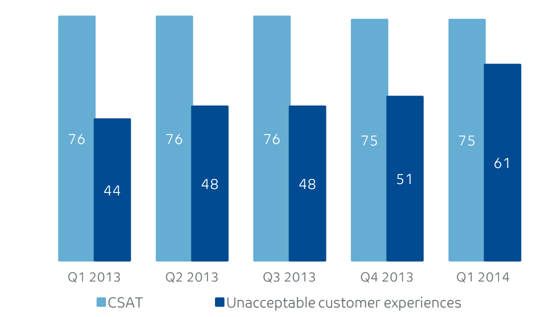
[1] Reported revenue and gross profit excluding the impact from acquisitions and divestments.

Operating expenses & capex

Q1 highlights

- Organic operating expenses reduced by 5.1% vs. Q1 2013, driven by savings on wages and personnel-related costs. Limited savings on external expenses due to different timing of discretionary spending
- In line with our strategy, network investments have successfully increased broadband 100 Mbps coverage from 45.0% to 55.0%
- 5.7% improvement in fault-handling hours vs. Q1 2013 resulted from increased productivity and a stable level of faults
- Unacceptable customer experiences reached index 61, due to pressure on service levels

KPI	Index



YTD financial performance

Operating expenses

TDC Group succeeded in reducing reported operating expenses by 5.3% or DKK 104m in Q1 2014, driven by savings on wages and personnel-related costs.

Improved work procedures and higher efficiency across the TDC Group contributed with 7.1% or DKK 77m in savings on wages as the number of FTEs was reduced by 3.5%. Nordic right-sized the organisation to suit the challenging market conditions and Operations successfully reduced time spent on fault-handling hours by 5.7%.

The number of unacceptable customer experiences increased by 17 index points to index 61 due to pressure on service levels in Channels as a result of increased complexity in handling customer inquiries following successful sales of household solutions. A comprehensive programme has been initiated, including recruitment of more staff in call centres at the end of Q1 and beginning of Q2 and transforming TDC Group’s digital profile. Another initiative involves nearshoring, with the establishment of a call centre in Flensburg, Germany, at very attractive costs.

In Q1 2014, external expenses (including other income and expenses) decreased by 3.1% or DKK 27m, driven by savings on personnel-related costs in line with fewer FTEs and lower spending on marketing in Consumer.

Capital expenditure

Overall investment spending declined by 1.1% or DKK 10m in Q1 2014. The decrease was driven by lower spending on especially the mobile network, as Q1 2013 was characterised by large investments due to the upgrade of the 2G/3G mobile net, while the Huawei upgrade and build-

TDC Group operating expenses, key financial data and KPIs — DKKm

		Q1 2014	Q1 2013	Change in %
	DKKm			
Opex		**(1,852)**	**(1,956)**	5.3
Wages, salaries and pension costs		(1,012)	(1,089)	7.1
External expenses[1]		(840)	(867)	3.1
Organic opex	DKKm	(1,852)	(1,951)	5.1
Capital expenditure	DKKm	(875)	(885)	1.1
KPIs				
Fault-handling hours	Hours ('000)	142	151	5.7
Number of FTEs (end-of-period)	#	8,796	9,114	(3.5)
Average number of FTEs	#	8,796	9,154	(3.9)
Broadband 50 Mbps coverage	%	67.0	62.0	-
Broadband 100 Mbps coverage	%	55.0	45.0	-

[1] Including other income and expenses

out in 2014 affected capex only from March, when it was initiated as planned. Mobile network investments are expected to increase significantly during the rest of 2014.

The decline in the mobile network was partly offset by increased spending in especially fibre network and IT. Fibre continued to be the landline network technology that comprises the largest investment as TDC Group continued to bring fibre closer to customers. Fibre capex spending increased by 27.6% as substantially more fibre cables were added to the network, supported by mild weather conditions. Investments in IT also increased, this resulted from calendarisation and is expected to decrease during the rest of 2014.

Consolidated Financial Statements

Income Statements DKKm

TDC Group	Note	Q1 2014	Q1 2013	Change in %
Revenue	**2**	**5,919**	**6,241**	**(5.2)**
Transmission costs and cost of goods sold		(1,579)	(1,790)	11.8
Gross profit		**4,340**	**4,451**	**(2.5)**
External expenses		(852)	(877)	2.9
Wages, salaries and pension costs	3	(1,012)	(1,089)	7.1
Other income		12	10	20.0
Operating profit before depreciation, amortisation and special items (EBITDA)	**2**	**2,488**	**2,495**	**(0.3)**
Depreciation		(667)	(683)	2.3
Amortisation		(491)	(528)	7.0
Impairment losses		(18)	(9)	(100.0)
Depreciation, amortisation and impairment losses		**(1,176)**	**(1,220)**	**3.6**
Operating profit (EBIT), excluding special items		**1,312**	**1,275**	**2.9**
Special items	4	(161)	(183)	12.0
Operating profit (EBIT)		**1,151**	**1,092**	**5.4**
Profit from joint ventures and associates		(2)	7	(128.6)
Interest income and expenses	5	(218)	(235)	7.2
Currency translation adjustments	5	(11)	20	(155.0)
Fair value adjustments	5	(20)	(32)	37.5
Interest on pension assets	6	58	66	(12.1)
Profit before income taxes		**958**	**918**	**4.4**
Income taxes related to profit, excluding special items		(280)	(283)	1.1
Income taxes related to special items		38	44	(13.6)
Total income taxes		**(242)**	**(239)**	**(1.3)**
Profit for the period		**716**	**679**	**5.4**
Profit for the period, excluding special items		**839**	**818**	**2.6**
EPS (DKK)				
Earnings Per Share, basic		0.89	0.85	4.7
Earnings Per Share, diluted		0.89	0.85	4.7
Adjusted EPS		1.27	1.28	(0.8)

Statements of Comprehensive Income DKKm

TDC Group	Q1 2014	Q1 2013
Profit for the period	**716**	**679**
Items that can be subsequently reclassified to the Income Statement:		
Currency translation adjustments, foreign enterprises	14	(22)
Fair value adjustments of cash flow hedges	(79)	(21)
Fair value adjustments of cash flow hedges transferred to the Income Statement	13	27
Items that cannot be subsequently reclassified to the Income Statement:		
Remeasurement effects related to defined benefit pension plans	(800)	175
Income tax relating to remeasurement effects from defined benefit pension plans	176	(42)
Other comprehensive income/(loss)	**(676)**	**117**
Total comprehensive income	**40**	**796**

Balance Sheets

DKKm

TDC Group	Note	31 March 2014	31 December 2013	31 March 2013
Assets				
Non-current assets				
Intangible assets		31,181	31,411	32,386
Property, plant and equipment		15,329	15,403	15,357
Investments in joint ventures and associates		35	17	129
Other investments		50	51	5
Deferred tax assets		34	33	80
Pension assets	6	5,916	6,708	8,093
Receivables		274	271	244
Derivative financial instruments		113	137	256
Prepaid expenses		292	288	244
Total non-current assets		**53,224**	**54,319**	**56,794**
Current assets				
Inventories		358	331	348
Receivables		3,316	3,699	3,780
Derivative financial instruments		112	266	21
Prepaid expenses		677	623	719
Cash		429	1,172	221
Total current assets		**4,892**	**6,091**	**5,089**
Total assets		**58,116**	**60,410**	**61,883**
Equity and liabilities				
Share capital		812	812	825
Reserves		(869)	(817)	(448)
Retained earnings		18,740	18,603	20,117
Proposed dividends		-	1,786	-
Total equity		**18,683**	**20,384**	**20,494**
Non-current liabilities				
Deferred tax liabilities		3,741	3,953	5,282
Provisions		836	960	741
Pension liabilities	6	89	92	85
Loans	7	17,310	23,356	23,504
Derivative financial instruments		288	186	60
Deferred income		614	633	714
Total non-current liabilities		**22,878**	**29,180**	**30,386**
Current liabilities				
Loans	7	6,402	133	341
Trade and other payables		6,285	6,837	6,402
Income tax payable		297	331	663
Derivative financial instruments		93	76	102
Deferred income		2,990	2,958	3,018
Provisions		488	511	477
Total current liabilities		**16,555**	**10,846**	**11,003**
Total liabilities		**39,433**	**40,026**	**41,389**
Total equity and liabilities		**58,116**	**60,410**	**61,883**

Statements of Cash Flow DKKm

	Q1 2014	Q1 2013	Change in %
Operating profit before depreciation, amortisation and special items (EBITDA)	2,488	2,495	(0.3)
Adjustment for non-cash items	75	89	(15.7)
Pension contributions	(37)	(42)	11.9
Payments related to provisions	(2)	(2)	-
Cash flow related to special items	(132)	(180)	26.7
Change in working capital	(181)	(119)	(52.1)
Cash flow from operating activities before net financials and tax	**2,211**	**2,241**	**(1.3)**
Interest paid, net	(639)	(720)	11.3
Realised currency translation adjustments	1	24	(95.8)
Cash flow from operating activities before tax	**1,573**	**1,545**	**1.8**
Income tax paid	(313)	(165)	(89.7)
Total cash flow from operating activities	**1,260**	**1,380**	**(8.7)**
Investment in enterprises	1	-	-
Investment in property, plant and equipment	(603)	(711)	15.2
Investment in intangible assets	(263)	(172)	(52.9)
Investment in other non-current assets	(26)	-	-
Sale of property, plant and equipment	19	1	-
Sale of other non-current assets	3	2	50.0
Change in loans to joint ventures and associates	10	-	-
Total cash flow from investing activities	**(859)**	**(880)**	**2.4**
Finance lease repayments	(13)	(19)	31.6
Change in short-term bank loans	205	184	11.4
Dividends paid[1]	(1,336)	(1,417)	5.7
Total cash flow from financing activities	**(1,144)**	**(1,252)**	**8.6**
Total cash flow	**(743)**	**(752)**	**1.2**
Cash and cash equivalents (beginning-of-period)	1,172	973	20.5
Cash and cash equivalents (end-of-period)	**429**	**221**	**94.1**

[1] In addition, withholding taxes of DKK 425m (1Q 2013: DKK 420m) were paid in April 2014, resulting in a total payment of DKK 1,761m (1Q 2013: DKK 1,837m).

Equity free cash flow DKKm

TDC Group	Q1 2014	Q1 2013	Change in %
EBITDA	2,488	2,495	(0.3)
Change in working capital	(181)	(119)	(52.1)
Interest paid, net	(639)	(720)	11.3
Income tax paid	(313)	(165)	(89.7)
Cash flow from capital expenditure	(866)	(883)	1.9
Cash flow related to special items	(132)	(180)	26.7
Other	24	50	(52.0)
Equity free cash flow	**381**	**478**	**(20.3)**

Statements of Changes in Equity DKKm

TDC Group	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Proposed dividends	Total
Equity at 1 January 2013	825	(542)	110	19,222	1,898	21,513
Profit for the period	-	-	-	679	-	679
Currency translation adjustments, foreign enterprises	-	(22)	-	-	-	(22)
Fair value adjustments of cash flow hedges	-	-	(21)	-	-	(21)
Fair value adjustments of cash flow hedges transferred to the Income Statement	-	-	27	-	-	27
Remeasurement effects related to defined benefit pension plans	-	-	-	175	-	175
Income tax relating to remeasurement effects from defined benefit pension plans	-	-	-	(42)	-	(42)
Total comprehensive income	**-**	**(22)**	**6**	**812**	**-**	**796**
Distributed dividends	-	-	-	-	(1,898)	(1,898)
Dividends, treasury shares	-	-	-	61	-	61
Share-based remuneration	-	-	-	22	-	22
Total transactions with shareholders	**-**	**-**	**-**	**83**	**(1,898)**	**(1,815)**
Equity at 31 March 2013	**825**	**(564)**	**116**	**20,117**	**-**	**20,494**

TDC Group	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Proposed dividends	Total
Equity at 1 January 2014	812	(691)	(126)	18,603	1,786	20,384
Profit for the period	-	-	-	716	-	716
Currency translation adjustments, foreign enterprises	-	14	-	-	-	14
Fair value adjustments of cash flow hedges	-	-	(79)	-	-	(79)
Fair value adjustments of cash flow hedges transferred to the Income Statement	-	-	13	-	-	13
Remeasurement effects related to defined benefit pension plans	-	-	-	(800)	-	(800)
Income tax relating to remeasurement effects from defined benefit pension plans	-	-	-	176	-	176
Total comprehensive income	**-**	**14**	**(66)**	**92**	**-**	**40**
Distributed dividends	-	-	-	-	(1,786)	(1,786)
Dividends, treasury shares	-	-	-	25	-	25
Share-based remuneration	-	-	-	20	-	20
Total transactions with shareholders	**-**	**-**	**-**	**45**	**(1,786)**	**(1,741)**
Equity at 31 March 2014	**812**	**(677)**	**(192)**	**18,740**	**-**	**18,683**

Distributed dividends net of dividends related to treasury shares amounted to DKK 1,761m (1Q 2013: DKK 1,837m).

Notes to Consolidated Financial Statements

Note 1 Accounting policies

TDC's Interim Financial Report for Q1 2014 has been prepared in accordance with IAS34 Interim Financial Reporting and the additional disclosure requirements for listed companies.

When preparing the Consolidated Financial Statements, Management makes assumptions that affect the reported amount of assets and liabilities at the balance sheet date, and the reported income and expenses for the accounting period. The accounting estimates and judgements considered material to the preparation appear from note 2 to the Consolidated Financial Statement for 2013, cf. TDC's Group Annual Report 2013.

Note 2 Segment reporting

Effective from 1 January 2014, TDC made certain organisational changes with impact on TDC's segment reporting:

- Transfer of operating expenses related to TDC Shops from Consumer to Channels. Now both call centres, online services and shops are integrated in one business line, Channels.
- Full integration of Telmore in TDC Group resulting in transfer of operational expenses from Consumer to the cost centres Channels, Operations and HQ.
- Other minor transfers between business lines including discontinuation of certain internal cost allocations that impacted Business and Operations.

Comparative figures have been restated accordingly.

In TDC's Fact Sheets, financial data are reported for the business units Consumer, Business, Wholesale, Nordic and Cost Centre, covering the three units Operations, Channels and Headquarters, that constitute the majority of the Danish cost base.

Segments DKKm

	Consumer		Business		Wholesale	
	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013
Landline telephony	328	384	331	357	69	85
Mobility services	764	838	454	490	108	89
Internet & network	589	582	568	606	173	173
TV	1,058	1,021	10	9	7	5
Other services	227	303	245	259	32	36
Revenue	**2,966**	**3,128**	**1,608**	**1,721**	**389**	**388**
Total operating expenses, excl. depreciation, etc.	(1,043)	(1,167)	(483)	(544)	(121)	(119)
Other income and expenses	5	(7)	-	-	-	-
EBITDA	**1,928**	**1,954**	**1,125**	**1,177**	**268**	**269**
Specification of revenue:						
External revenue	2,964	3,128	1,550	1,670	356	340
Revenue across segments	2	-	58	51	33	48

	Nordic		Operations & Channels		Total	
	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013
Landline telephony	-	-	4	3	732	829
Mobility services	-	-	1	1	1,327	1,418
Internet & network	-	-	23	12	1,353	1,373
TV	-	-	-	-	1,075	1,035
Other services	-	-	74	63	578	661
Nordic	1,016	1,107	-	-	1,016	1,107
Revenue	**1,016**	**1,107**	**102**	**79**	**6,081**	**6,423**
Total operating expenses, excl. depreciation, etc.	(839)	(951)	(1,000)	(1,054)	(3,486)	(3,835)
Other income and expenses	-	1	14	16	19	10
EBITDA	**177**	**157**	**(884)**	**(959)**	**2,614**	**2,598**
Specification of revenue:						
External revenue	961	1,040	88	63	5,919	6,241
Revenue across segments	55	67	14	16	162	182

Reconciliation of revenue DKKm

	Q1 2014	Q1 2013
Reportable segments	6,081	6,423
Elimination of revenue across segments	(162)	(182)
Consolidated external revenue	**5,919**	**6,241**

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

Reconciliation of profit before depreciation, amortisation and special items (EBITDA)	Q1 2014	Q1 2013
EBITDA from reportable segments	2,614	2,598
EBITDA from Headquarters	(126)	(103)
Elimination of EBITDA	-	-
Unallocated:		
Depreciation, amortisation and impairment losses	(1,176)	(1,220)
Special items	(161)	(183)
Profit from associates and joint ventures	(2)	7
Interest income and expenses	(218)	(235)
Currency translation adjustments	(11)	20
Fair value adjustments	(20)	(32)
Interest on pension assets	58	66
Consolidated profit before income taxes	**958**	**918**

Note 3 Employee

FTEs (EoP)	Q1 2014	2013	Q1 2013	Change in % Q1 2014 vs. Q1 2013	Change in % Q1 2014 vs. 2013
Consumer	414	416	447	(7.4)	(0.5)
Business	1,127	1,125	1,081	4.3	0.2
Wholesale	128	129	136	(5.9)	(0.8)
Nordic	1,201	1,221	1,273	(5.7)	(1.6)
Cost centre[1] [2]	5,926	5,937	6,177	(4.1)	(0.2)
TDC Group	**8,796**	**8,828**	**9,114**	**(3.5)**	**(0.4)**
TDC Group, domestic	**7,597**	**7,612**	**7,844**	**(3.1)**	**(0.2)**

Average number of FTEs	Q1 2014	2013	Q1 2013	Change in % Q1 2014 vs. Q1 2013	Change in % Q1 2014 vs. 2013
Consumer	412	446	466	(11.6)	(7.6)
Business	1,128	1,096	1,100	2.5	2.9
Wholesale	128	135	139	(7.9)	(5.2)
Nordic	1,215	1,260	1,261	(3.6)	(3.6)
Cost centre[1]	5,913	6,070	6,188	(4.4)	(2.6)
TDC Group	**8,796**	**9,007**	**9,154**	**(3.9)**	**(2.3)**
TDC Group, domestic	**7,584**	**7,751**	**7,898**	**(4.0)**	**(2.2)**

[1] Includes Operations, Channels, Headquarters, expats and personnel on leave, etc.
[2] Including ComX with 60 FTEs as from December 2013.

Note 4 Special items

Special items include significant amounts that cannot be attributed to normal operations such as restructuring costs and special write-downs for impairment of intangible assets and property, plant and equipment. Special items also include gains and losses related to divestment of enterprises, as well as transaction costs and adjustments of purchase prices relating to acquisition of enterprises on or after 1 January 2010.

Items of a similar nature for non-consolidated enterprises are recognised under profit from joint ventures and associates.

TDC has entered into agreements on property leases terminating in 2041 at the latest. Provisions have been made for expected expenses in relation to vacant tenancies, based on factors such as the expected timing and level of rent for sublet tenancies. The vacant tenancies comprise surplus premises in offices, telephone exchanges, etc. following the reduced number of employees and less space-demanding equipment. TDC will continue to sublet additional tenancies following further reductions in the number of employees and upgrading to technical equipment that requires fewer square meters.

Special items — DKKm

TDC Group	Q1 2014	Q1 2013
Consolidated enterprises:		
Costs related to redundancy programmes and vacant tenancies	(148)	(170)
Other restructuring costs, etc.	(21)	(8)
Impairment losses	-	(3)
Income from rulings	8	-
Loss from rulings	-	(2)
Special items before income taxes	**(161)**	**(183)**
Income taxes related to special items	38	44
Total special items after taxes	**(123)**	**(139)**

Cash flow from special items — DKKm

TDC Group	Q1 2014	Q1 2013
Redundancy programmes and vacant tenancies	(134)	(121)
Rulings	(4)	1
Other	6	(60)
Total	**(132)**	**(180)**

Note 5 Net financials

Net financials[1] represented an expense of DKK 249m in Q1 2014, a DKK 2m increase compared with Q1 2013, driven by:

- Interest decreasing by DKK 17m, due primarily to lower interest rates related to EMTN EUR bond debt that was swapped to floating interest rates as well as certain minor one-off interest expenses.

- Fair value adjustment losses decreased by DKK 11m due primarily to cross-currency swaps related to the EMTN GBP debt[2].

- Currency translation adjustments decreased by DKK 31m due primarily to EMTN EUR bond debt and EMTN GBP bond debt swapped to EUR.

Approximately 43% of the issued fixed interest-rate EMTN loans were swapped to floating interest rates. In addition, the EMTN GBP bond debt was swapped to EUR. Both types of derivatives are treated as hedge accounting[2].

[1] Comprises interest, currency translation adjustments and fair value adjustments.
[2] The GBP EMTN loan is hedged to fixed EUR interest rate and treated as hedge accounting. The hedge is recognised in Other comprehensive income and the ineffective part of the hedge is reversed from equity and recognised as fair value adjustments in the Income Statements. The test of efficiency is comparing the GBP/EUR hedge with a theoretical GBP/DKK hedge.

Net financials DKKm

TDC Group	Q1 2014			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(205)	(11)	(13)	(229)
Other hedges (not treated as hedge accounting)	-	-	(7)	(7)
Other	(13)	-	-	(13)
Net financials	**(218)[3]**	**(11)**	**(20)**	**(249)**

TDC Group	Q1 2013			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(211)	16	(7)	(202)
Other hedges (not treated as hedge accounting)	-	-	(25)	(25)
Other	(24)	4	-	(20)
Net financials	**(235)[3]**	**20**	**(32)**	**(247)**

[3]Interest is specified as follows: Q1 2014 DKK (218m): Interest income, DKK 14m and interest expenses DKK (232m); Q1 2013 DKK (235m): Interest income DKK 8m and interest expenses DKK (243m).

Note 6 Pension assets and pension obligations

Pension (costs)/income DKKm

TDC Group	Q1 2014	Q1 2013
Specification of plans:		
Domestic	24	25
TDC Norway	(4)	(5)
Pension income/(costs) from defined benefit plans	**20**	**20**
Recognition:		
Service cost[1]	(36)	(43)
Administration costs	(2)	(3)
Wages, salaries and pension costs (included in EBITDA)	**(38)**	**(46)**
Interest on pension assets	58	66
Pension income/(costs) from defined benefit plans recognised in the income statements	**20**	**20**

[1] The increase in the present value of the defined benefit obligation resulting from employees' services in the current period.

Domestic defined benefit plan DKKm

The pension fund operates defined benefit plans via a separate legal entity supervised by the Danish Financial Supervisory Authority (FSA). In accordance with existing legislation, Articles of Association and the pension regulations, TDC is required to make contributions to meet the capital adequacy requirements. Distribution of funds from the pension fund to TDC is not possible until all pension obligations have been met. Since 1990, no new members have joined the pension fund plans, and the pension fund is prevented from admitting new members in the future due to the Articles of Association.

Pension (costs)/income	Q1 2014	Q1 2013
Service cost	(33)	(39)
Administration costs	(2)	(3)
Wages, salaries and pension costs (included in EBITDA)	**(35)**	**(42)**
Interest on pension assets	59	67
Pension (costs)/income	**24**	**25**
Domestic redundancy programmes recognised in special items	(49)	(50)
Total pension (costs)/income recognised in the Income Statements	**(25)**	**(25)**

Assets and obligations	31 March 2014	31 December 2013	31 March 2013
Specification of pension assets			
Fair value of plan assets	29,118	28,421	30,232
Defined benefit obligation	(23,202)	(21,713)	(22,139)
Pension assets recognised in the Balance Sheets	**5,916**	**6,708**	**8,093**
Change in pension assets			
Pension assets recognised at 1 January	6,708	7,918	7,918
Pension (costs)/income	(25)	(17)	(25)
Remeasurement effects	(798)	(1,273)	169
TDC's contribution	31	80	31
Pension assets recognised in the Balance Sheets	**5,916**	**6,708**	**8,093**
Discount rate (%)			
Used to determine benefit obligation	3.00	3.50	3.50
Used to determine pension costs/income	3.50	3.35	3.35

Foreign defined benefit plans

TDC's foreign defined benefit plans concern TDC Norway. The difference between the actuarially determined pension obligations and the fair value of the pension funds' assets is recognised in the Balance Sheets under pension liabilities. Pension contributions related to foreign defined benefit plans amounted to DKK 10m in Q1 2014 and DKK 11m in Q1 2013. Pension liabilities related to foreign defined benefit plans amounted to DKK 89m at 31 March 2014 and DKK 85m at 31 March 2013.

Note 7 Loans and net interest-bearing debt

Net interest-bearing debt totalled DKK 22,636m at the end of Q1 2014 up by DKK 982m in Q1 2014 due mainly to dividends paid.

Net interest-bearing debt in Q1 2014 is on a par with Q1 2013.This resulted in a leverage ratio (Net interest-bearing debt/EBITDA) of 2.2, within our financial policy of a leverage ratio of or below 2.2 on average over the financial year.

Approximately 43% of the fixed interest-rate EMTN bond debt has been swapped to floating interest rates. In addition, the EMTN GBP bond debt was swapped to fixed EUR interest rates. Both types of derivatives are treated as hedge accounting.

Net interest-bearing debt — DKKm

TDC Group	31 March 2014	31 December 2013	31 March 2013
Loans (Non-current liabilities):			
Euro Medium Term Notes (EMTN)	16,752	22,819	22,866
Debt relating to finance leases	116	99	123
Other loans	442	438	515
Total	**17,310**	**23,356**	**23,504**
Loans (Current liabilities):			
Euro Medium Term Notes (EMTN)	6,180	-	95
Debt relating to finance leases	17	39	62
Other loans	205	94	184
Total	**6,402**	**133**	**341**
Total loans	**23,712**	**23,489**	**23,845**
Interest-bearing payables	13	3	3
Gross interest-bearing debt	**23,725**	**23,492**	**23,848**
Interest-bearing receivables and investments	(269)	(267)	(196)
Cash and cash equivalents	(429)	(1,172)	(221)
Derivative financial instruments hedging fair value and currency on loans	(391)	(399)	(619)
Net interest-bearing debt	**22,636**	**21,654**	**22,812**

Euro Medium Term Notes (EMTNs) — Bonds

Euro Medium Term Notes (EMTN)		2015	2015	2018	2022	2023	Total
Maturity		23 Feb 2015	16 Dec 2015	23 Feb 2018	02 Mar 2022	23 Feb 2023	
Fixed/Floating rate		Fixed	Fixed	Fixed	Fixed	Fixed	
Coupon		3.500%	5.875%	4.375%	3.750%	5.625%	
Outstanding amount[1] at 1 January 2014	EURm	800	274	800	500	-	2,374
Outstanding amount[1] at 1 January 2014	GBPm	-	-	-	-	550	550
Outstanding amount[1] at 31 March 2014	**EURm**	**800**	**274**	**800**	**500**	-	**2,374**
Outstanding amount[1] at 31 March 2014	**GBPm**	**-**	**-**	**-**	**-**	**550**	**550**
Outstanding amount[1] at 31 March 2014	**DKKm**	**5,972**	**2,042**	**5,972**	**3,732**	**4,908**	**22,626**

[1] Nominal value.

Note 8 Event after the balance sheet date

On 29 April 2014, TDC entered into an agreement to divest its Finnish subsidiaries TDC Oy Finland and TDC Hosting Oy to DNA Oy for a total cash consideration of EUR 154m (approximately DKK 1.15bn) on a cash and debt free basis. The divestment is subject only to merger control approval from the Finnish competition authorities and it is expected to be closed in Q2 2014.

Following the signing of the divestment agreement, the Finnish subsidiaries' activities will be classified as 'Discontinued operations' in TDC's Consolidated Financial Statements effective from the Interim Financial Report for January-June 2014. Comparative figures in the Income Statements and Cash Flow Statements will be restated accordingly.

It is estimated that the divestment will result in a gain of approximately DKK 0.7bn after tax, which will be recognised as special items related to discontinued operations when the transaction has been closed. Part of the sales proceeds will be applied towards net debt reduction in order to maintain an unchanged leverage ratio following the divestment. Of the remaining proceeds, approximately DKK 500m will be earmarked for investment in profitable growth initiatives in the TDC Group over the period 2014-15.

Selected financial and operational data

TDC Group DKKm

TDC Group	Q1 2014	Q1 2013	2013	2012	2011	2010
Income Statements DKKm						
Revenue	5,919	6,241	24,605	26,116	26,304	26,167
Gross profit	4,340	4,451	17,791	18,518	19,172	19,420
EBITDA	**2,488**	**2,495**	**10,149**	**10,320**	**10,488**	**10,321**
Depreciation, amortisation and impairment losses	(1,176)	(1,220)	(5,038)	(5,062)	(5,227)	(5,356)
Operating profit (EBIT), excluding special items	**1,312**	**1,275**	**5,111**	**5,258**	**5,261**	**4,965**
Special items	(161)	(183)	(948)	(753)	(864)	(1,347)
Operating profit (EBIT)	**1,151**	**1,092**	**4,163**	**4,505**	**4,397**	**3,618**
Profit from joint ventures and associates	(2)	7	41	763	(25)	13
Interest income and expenses	(218)	(235)	(1,021)	(1,112)	(1,305)	(1,591)
Currency translation adjustments	(11)	20	6	(51)	51	(20)
Fair value adjustments	(20)	(32)	63	(65)	374	115
Interest on pension assets	58	66	266	346	377	385
Profit before income taxes	**958**	**918**	**3,518**	**4,386**	**3,869**	**2,520**
Income taxes	(242)	(239)	(399)	(602)	(1,112)	(765)
Profit for the year from continuing operations	**716**	**679**	**3,119**	**3,784**	**2,757**	**1,755**
Profit for the year from discontinued operations[1]	-	-	-	-	(5)	1,203
Profit for the year	**716**	**679**	**3,119**	**3,784**	**2,752**	**2,958**
Attributable to:						
Owners of the Parent Company	716	679	3,119	3,784	2,752	2,958
Profit for the year, excluding special items						
Operating profit (EBIT)	**1,312**	**1,275**	**5,111**	**5,258**	**5,261**	**4,965**
Profit from joint ventures and associates	(2)	7	3	3	(25)	3
Interest income and expenses	(218)	(235)	(1,021)	(1,112)	(1,305)	(1,591)
Currency translation adjustments	(11)	20	6	(51)	51	(20)
Fair value adjustments	(20)	(32)	63	(65)	374	115
Interest on pension assets	58	66	266	346	377	385
Profit before income taxes	**1,119**	**1,101**	**4,428**	**4,379**	**4,733**	**3,857**
Income taxes	(280)	(283)	(648)	(931)	(1,291)	(1,018)
Profit for the year from continuing operations	**839**	**818**	**3,780**	**3,448**	**3,442**	**2,839**
Profit for the year from discontinued operations[1]	-	-	-	-	-	413
Profit for the year	**839**	**818**	**3,780**	**3,448**	**3,442**	**3,252**

Selected financial and operational data

TDC Group

		Q1 2014	Q1 2013	2013	2012	2011	2010
Balance Sheets	DKKbn						
Total assets		58.1	61.9	60.4	63.5	65.2	64.8
Net interest-bearing debt		(22.6)	(22.8)	(21.7)	(21.9)	(21.0)	(22.6)
Total equity		18.7	20.5	20.4	21.5	22.2	20.9
Average number of shares outstanding (million)		800.0	798.9	798.9	802.3	816.7	981.8
Statements of Cash Flow	DKKm						
Continuing operations:							
Operating activities		1,260	1,380	7,208	6,886	7,177	7,238
Investing activities		(859)	(880)	(3,907)	(2,954)	(3,637)	(3,889)
Financing activities		(1,144)	(1,252)	(3,102)	(4,448)	(2,815)	(20,091)
Total cash flow from continuing operations		**(743)**	**(752)**	**199**	**(516)**	**725**	**(16,742)**
Total cash flow in discontinued operations[1]		-	-	-	-	(67)	16,810
Total cash flow		**(743)**	**(752)**	**199**	**(516)**	**658**	**68**
Equity free cash flow		381	478	3,363	3,208	3,622	3,466
Capital expenditure		(875)	(885)	(3,696)	(3,492)	(3,421)	(3,534)
Key financial ratios							
Earnings Per Share (EPS)	DKK	0.89	0.85	3.90	4.72	3.37	3.01
EPS from continuing operations, excl. special items	DKK	1.05	1.02	4.73	4.30	4.21	2.89
Adjusted EPS	DKK	1.27	1.28	5.55	5.53	5.61	4.19
DPS	DKK	-	-	3.70	4.60	4.35	-
Dividend payout (% of EFCF)	%	-	-	89.3	118.3	99.1	-
Gross profit margin	%	73.3	71.3	72.3	70.9	72.9	74.2
EBITDA margin	%	42.0	40.0	41.2	39.5	39.9	39.4
Net interest-bearing debt/EBITDA	x	2.2	2.2	2.1	2.1	2.0	2.2
Employees[2]							
Number of FTEs (end-of-year)		8,796	9,114	8,828	9,143	9,816	10,423
Average number of FTEs		8,796	9,154	9,007	9,340	10,106	10,860

[1] Sunrise (divested in 2010) is presented as discontinued operations. Other divestments are included in the respective accounting items during the ownership.
[2] From Q1 2012, Danish civil servants seconded to external parties are excluded from the calculation of FTEs. At EOP 2011, 156 seconded civil servants were included in the FTE figures.

Corporate matters

Risk factors

TDC's Annual Report at 4 February 2014 describes certain risks that could materially and adversely affect TDC's business, financial condition, results of operations and/or cash flows. At the end of Q1 2014, TDC expects no significant changes in the risks.

Forward-looking statements

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

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

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

Management Statement

Management Statement

Today, the Board of Directors and the Executive Committee considered and approved the Interim Financial Report of the TDC Group for Q1 2014.

The Interim Report, which has neither been audited nor reviewed by the Group's auditor, has been prepared in accordance with IAS 34, Interim Financial Reporting, and additional Danish disclosure requirements for listed companies.

In our opinion, the Interim Financial Report provides a true and fair view of the Group's assets, liabilities and financial position at 31 March 2014 as well as the results of operations and cash flows for Q1 2014. Furthermore, in our opinion, the Management's Review provides a fair review of the developments in the Group's activities and financial position, and describes the significant risks and uncertainties that may affect the Group.

Copenhagen, 6 May 2014

Executive Committee

Carsten Dilling
President and Group Chief Executive Officer

Pernille Erenbjerg
Senior Executive Vice President and Group Chief Financial Officer

Johan Kirstein Brammer
Senior Executive Vice President of TDC Consumer and Group Chief Marketing Officer

Peter Trier Schleidt
Senior Executive Vice President of TDC Operations and Group Chief Operating Officer

Jens Munch-Hansen
Senior Executive Vice President of TDC Business

Asger Hattel
Senior Executive Vice President of TDC Wholesale and TDC Nordic

Jens Aaløse
Senior Executive Vice President of TDC Channels

Miriam Igelsø Hvidt
Senior Executive Vice President of TDC HR and Stakeholder Relations

Board of Directors

Vagn Sørensen
Chairman

Pierre Danon
Vice Chairman

Stine Bosse

Pieter Knook

Angus Porter

Søren Thorup Sørensen

Jan Bardino

Christian A. Christensen

Steen M. Jacobsen

John Schwartzbach

Gert Winkelmann

About TDC

TDC is the leading provider of communications services in Denmark with a strong Nordic focus. TDC comprises the business units Consumer, Business, Wholesale and Nordic and the three cost-centre units Operations, Channels and Headquarters.

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Listing

Shares: NASDAQ OMX Copenhagen.
Reuters TDC.CO.
Bloomberg TDC DC.
Nominal value DKK 1.
ISIN DK0060228559.

Bloomberg TDC DC.
Nominal value DKK 1.
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