Financial Report
July-September 2014

October 31, 2014

TDC Group

Disclaimer

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Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this financial report. Key factors that may have a direct bearing on TDC’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.

TDC expands business potential

Financial

- Q3 **revenue** down by 4.8%; organic revenue decreased by 2.8%, which is an improvement compared with H1; the improvement was caused by broadband as well as price increases in landline voice and paper communication fees
- **Gross profit** decline of 4.3% in Q3; YTD decline of 3.7%
- Q3 **EBITDA** down by 3.1% as the gross profit decline was offset by a 6.1% opex saving; organic EBITDA down by 1.4%
- Strong **equity free cash flow** growth of 9.5% in Q3, driven by expected timing effects from NWC and a positive one-off from a tax case concerning previous years; EFCF up by 11.9% YTD
- Acquisition of Norwegian **cable TV company Get** completed as at 20 October 2014; purchase price of ~DKK 12.5bn; Get will be included in TDC's figures from Q4 2014
- **Strategic partnership with Trefor**, a large Danish utility company, on access to the fibre network and managed service on operations
- **Updated** 2014 guidance following closing of Get acquisition confirmed: Organic revenue will decrease less than in 2013 (2013: -3.5%), EBITDA > DKK 9.7bn, capex of ~DKK 3.8bn and DPS of DKK 2.50

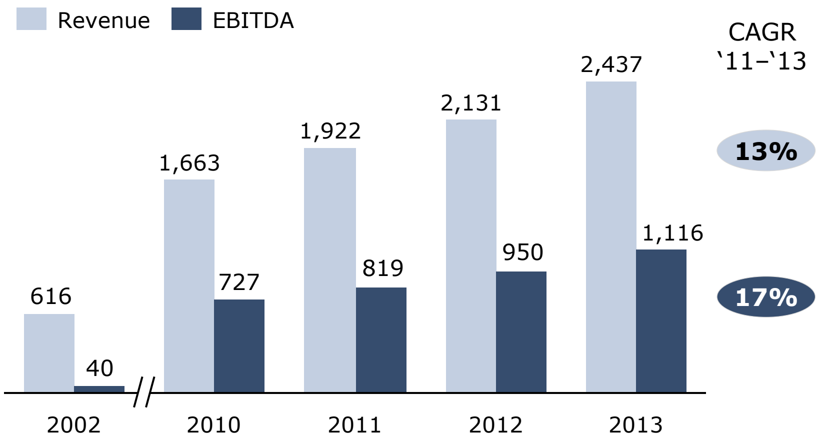
Operational

- Lower loss of **residential mobile subscribers** (-23k vs. Q2) than in previous quarters; residential ARPU stable YoY
- Gain of 13k **Business mobile subscribers** vs. Q2, while YoY ARPU decreased by 12.0% in Q3
- Positive **TV net adds** in TDC brand/Fullrate (7k) offset by leakage from both individual and organised subscribers in YouSee (-8k)
- Residential **landline ARPU** up by 6% vs. Q2 following price increases in the TDC brand as of July 1; net loss of landline customers level with the previous three quarters
- Promising **TDC Sweden pipeline and order book** development, while **TDC Norway** (excl. Get) continued to face challenging market conditions and organic YoY EBITDA declines (-13m in Q3 YoY)
- **Mobile network roll-out** finalised in Zealand and continued in the most populated part of Jutland; an international survey confirmed Denmark's highest download speeds on TDC's 4G mobile network
- YoY reductions in **FTE + temps** across TDC Group (excl. Channels) of 4.6% more than outweighed by additional call centre staff (13.6%) to mitigate high call volumes

Get transaction closed on October 20

Get Financial performance

NOKm



- Stable, high quality customer base, serving ~500k households with high-speed BB and advanced TV entertainment services
- Product and quality leadership with end-to-end hybrid-fiber network with growing coverage, best customer service, very strong brand
- Improved diversification & exposure to cable - creation of a Scandinavian cable leader with 1.7m households
- Growing market and very strong economy
- Significant improvement in operational scale and profitability in Norway

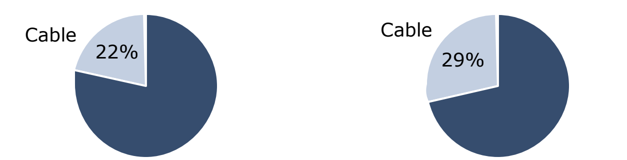
Synergies impact[1]

DKKm

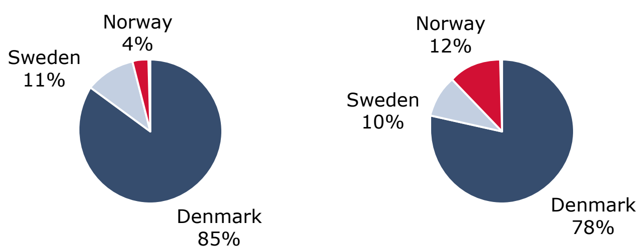
- **Revenue synergies[2]:** Significant cross- and up-sell in B2B, etc. — **c. 55**
- **Opex synergies:** Network operations, content cost savings, procurement, etc. — **c. 105**
- **Capex synergies:** Savings on future backbone & capacity expansion, etc. — **c. 5**
- **Reverse synergies:** Get management to spur further development of YouSee, etc.

TDC Group | TDC Group + Get

Revenue[3]

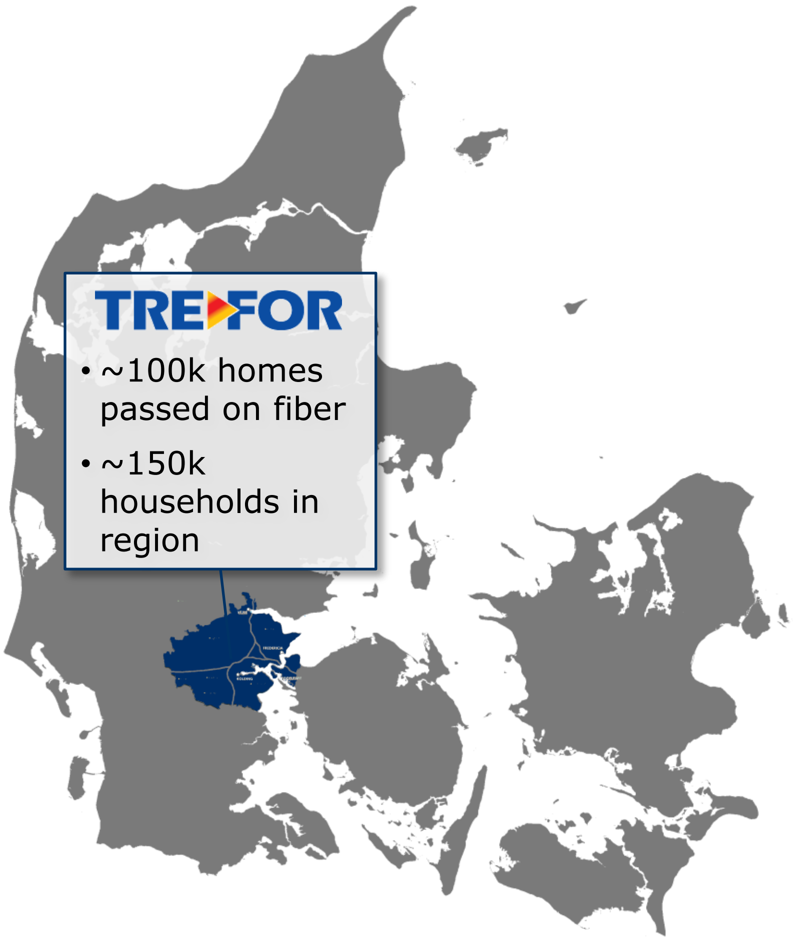


Geo. revenue split



1. 2017 OpFCF run-rate impact (defined as EBITDA – Capex)
2. Revenue synergies; Revenue synergies of DKK 80m with an implied EBITDA impact of DKK55m
3. Based on 2013A figures

Strategic partnership with utility company TREFOR



- TDC Group has entered a historic partnership with Trefor, a large Danish utility company, on **access to fiber network** and **managing of operations**
- For the **first time TDC Group** will be able to offer its product and services, both B2C and B2B, on one of the utility companies' fiber infrastructure
- In addition TDC will implement a **standard solution** where operations, maintenance and service on the fiber network will be **integrated with TDC's own operations** making it much more cost effective
- The same solution **can be offered to other utility companies** looking to reduce operational costs and improve product offerings on their fiber networks
- TDC takes over Trefor's ~14k existing TV customers. The migration to a **TDC or YouSee TV solution** will take place during H2 2015

Strong product launches and portfolio revamps in Q3

Enhanced Play apps launched on Oct. 6

Apps launched in both TDC and YouSee brands

All content (Live-TV, movies, series, music) on **all platforms**, at **home and on the go:**

- Now up to **100 Live-TV channels**
- Live-TV **start over** and **TV archive** in apps
- **Much more content** & new 'Kids' section
- Re-imagined **design** with **search** across all content
- One login and **seamless experience across devices** – start on one, finish on another
- **High quality** (better encoding & higher bit rate)

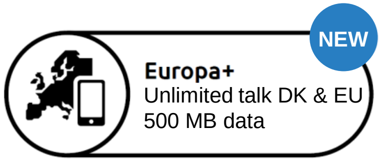
400k YouSee Play App downloads since launch

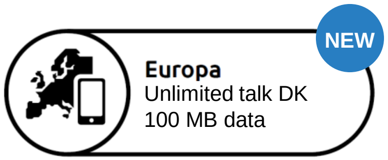
300k TDC Play App downloads since launch

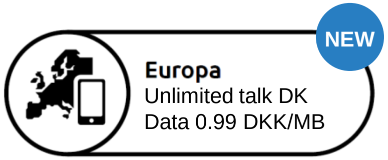
EU roam like at home introduced in Business

Unlimited voice roaming in Europe introduced in high ARPU Business mobile plans within the small and medium-sized enterprises

- Differentiated roaming allowance with **three levels** to meet market demands while maintaining value
- Data roaming allowance increased in mobile plans
- **First** business operator in Danish market to launch unlimited minutes in Europe, with **full EU coverage** (compared to some competing offerings of only a select group of EU countries)
- Expected to improve **retention,** protect **ARPU** and gain **market share**

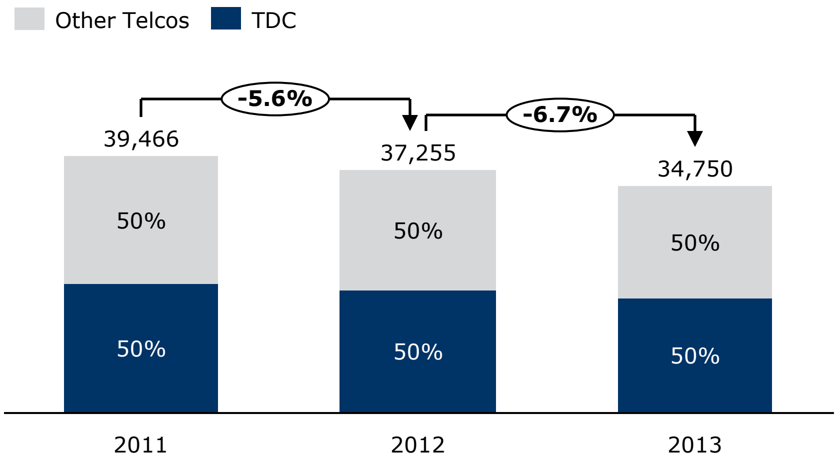




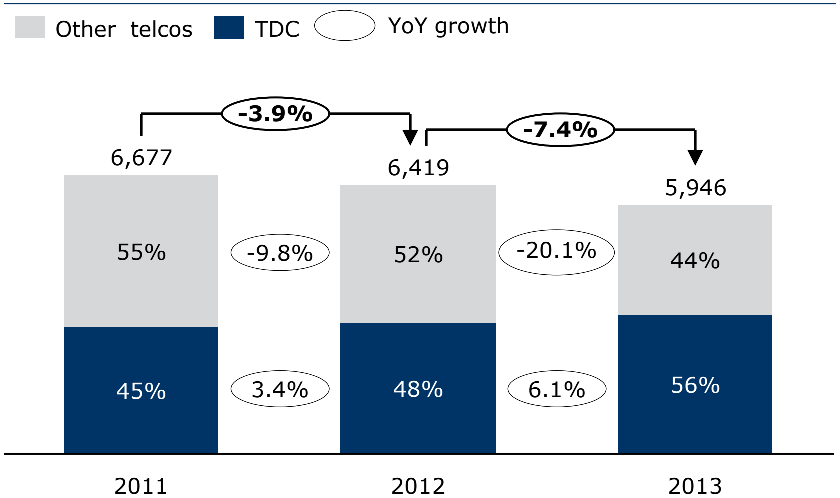


Concern: Reduced investments in the Danish telco industry

Industry revenue DKKm



Industry investments DKKm



Newly published data from the Danish Business Authority revealed:

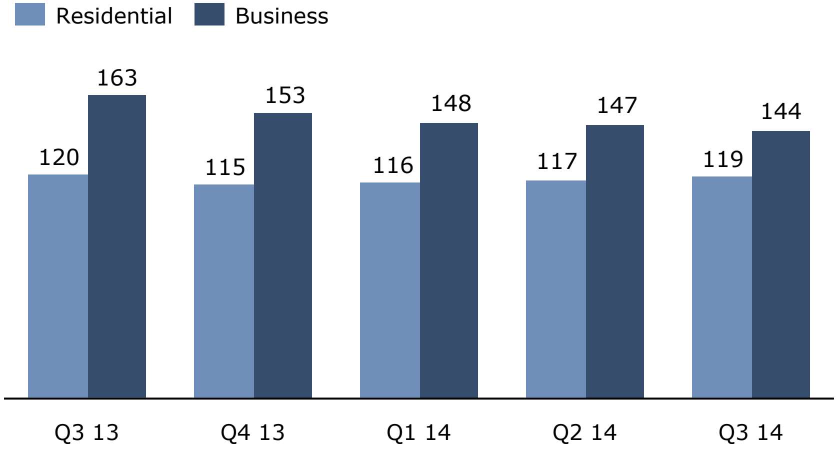
- Stable development of TDC’s share of total revenue
- TDC's revenue per employee is falling slower than the industry
- **TDC increased domestic investment** with DKK 200m (+6%) from 2012 to 2013 despite reductions in revenue and earnings, while the rest of the industry reduced investments by DKK 664m (-20%)
- TDC's domestic **investment rate** was 19% in 2013 compared to the average industry level of 15% (EU average is 13%)

Source: http://erhvervsstyrelsen.dk/okonomiske-noegletal-telebranchen-2013/0/7

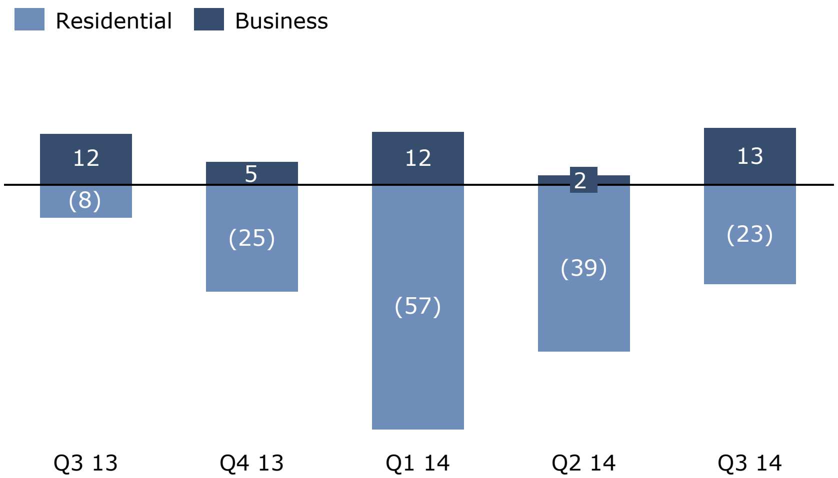
TDC Group

Mobility Services

ARPU (subscriptions) DKK/month



RGU net adds (subscriptions)[1] '000



- Unsatisfactory net loss of 23k residential mobile subscribers in Q3, but targeted retention activities and upsale to existing customers has resulted in a lower loss over the course of the year (57k in Q1 and 39k in Q2)
- Q3 YoY Business ARPU declined by DKK 19 following continued price pressure across segments. Business' net adds (+13k vs. Q2) was driven by the new binding public agreement (SKI 50.48); negative effects from the loss of the framework agreement (SKI 02.08) expected in the coming quarters
- In October, EU roam like at home was introduced in the high ARPU Business mobile plans within the small and medium-sized enterprises in order to contain ARPU and extend value added services

1. Compared with TDC Factsheet, Q3 13 data have been adjusted to reflect a movement of 8k "Fullrate Erhverv" RGUs from Consumer to Business

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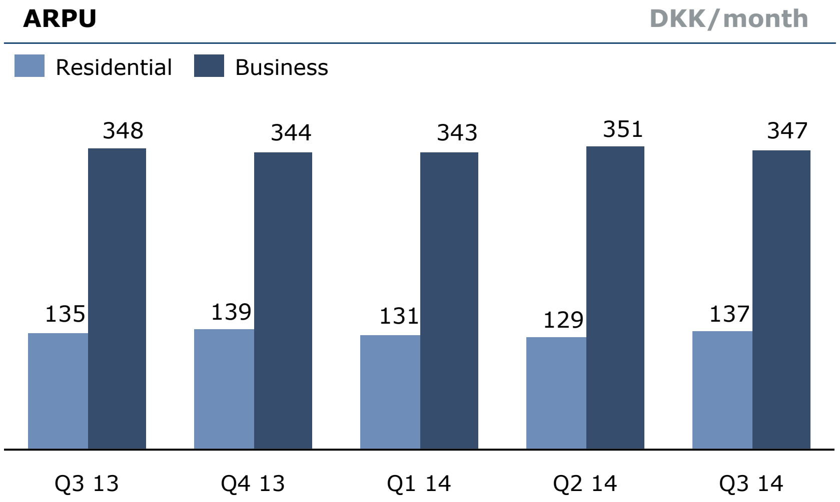
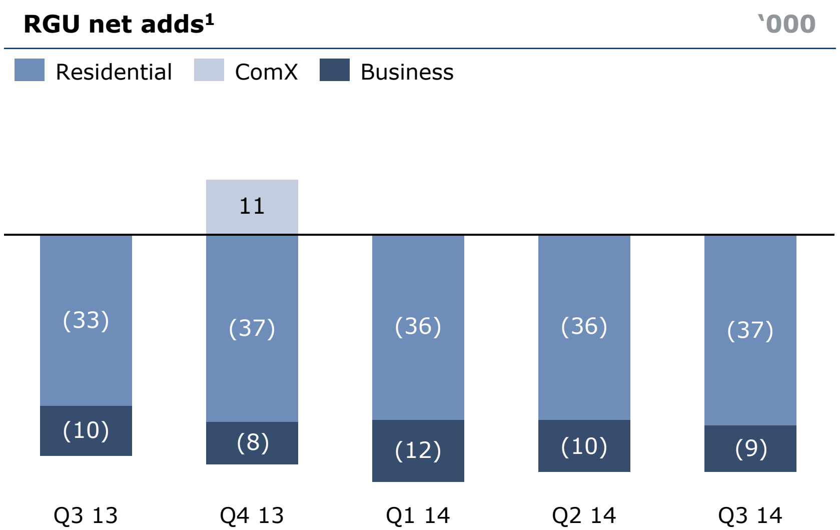
Landline Voice





- Residential ARPU increase of DKK 8 due to price increase on landline voice for almost 50% of the customer base effective from 1 July, while net loss of 37k residential subscribers vs. Q2 2014 was level with previous quarters
- Stable YoY Business ARPU
- ARPU in Wholesale decreased by DKK 16 vs. Q3 2013, driven by intensified regulation on PSTN resold

1. Compared with TDC Factsheet, Q3 13 data have been adjusted to reflect a movement of 7k "Fullrate Erhverv" RGUs from Consumer to Business

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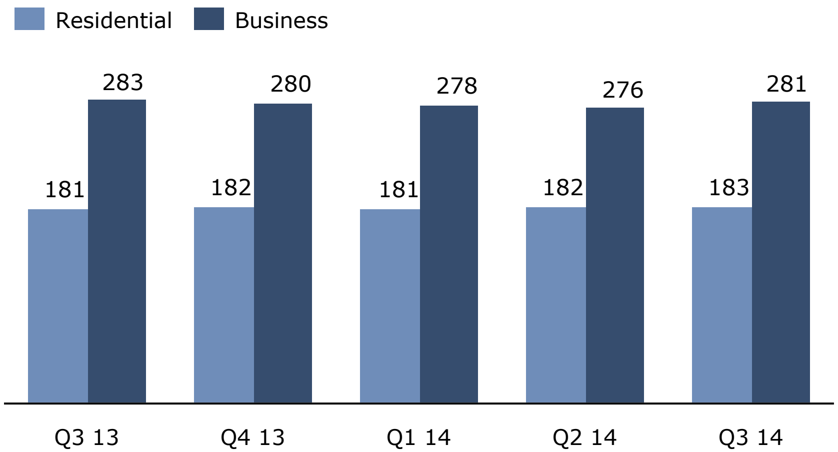
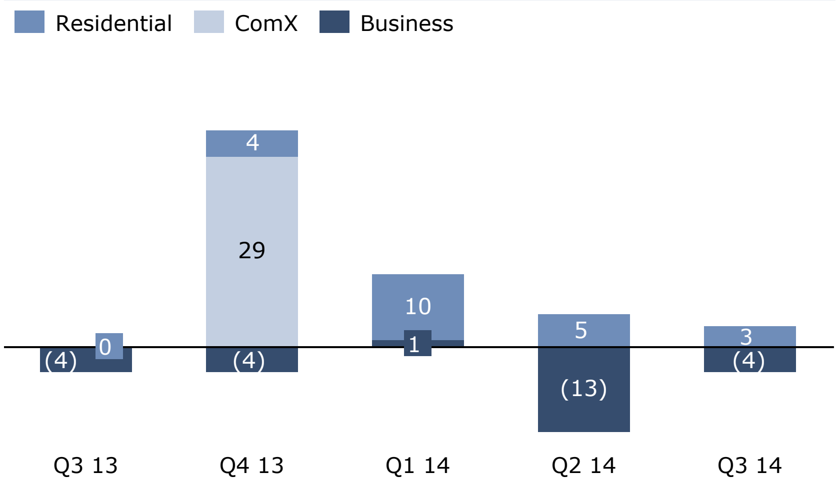
Broadband

ARPU DKK/month



RGU net adds[1] '000

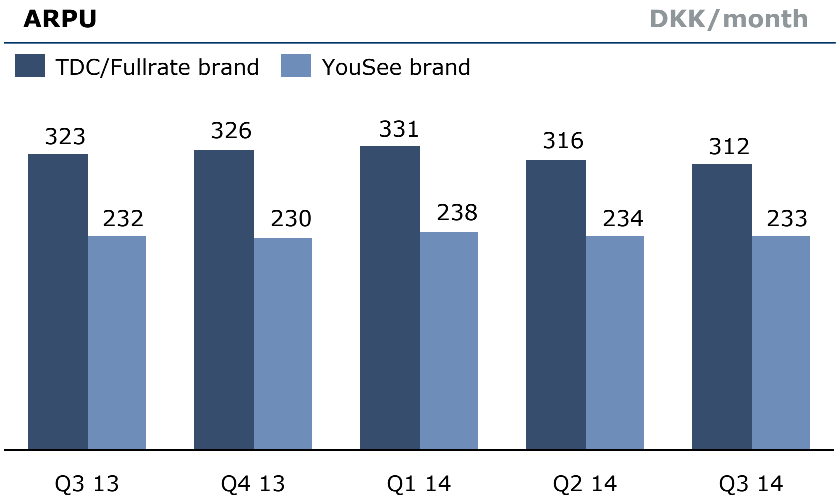


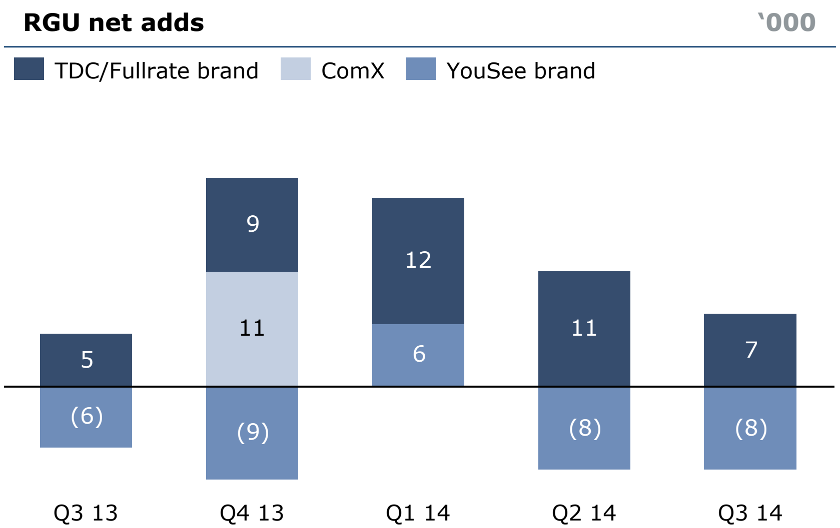
- Organic revenue level with Q3 2013 following many quarters with negative growth, in part related to the positive residential YoY net adds (+22k) driven by continued growth in YouSee and Fullrate
- Business successfully launched Home office connections and employee broadband to YouSee TV customers
- Stable Business broadband ARPU

1. Compared with TDC Factsheet, Q3 13 data have been adjusted to reflect a movement of 15k "Fullrate Erhverv" RGUs from Consumer to Business

TV

ARPU **DKK/month**



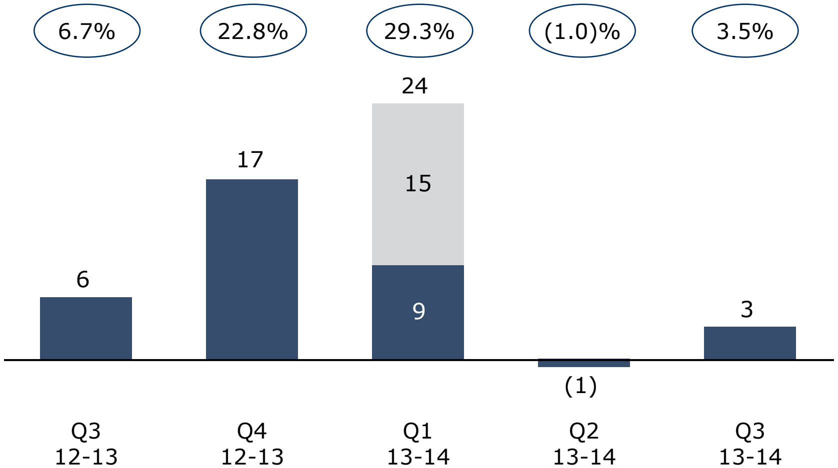


- The TDC brand and Fullrate continued to achieve high net adds, with an increase of 7k customers vs. Q2 2014
- Negative net adds of 8k in YouSee vs. Q2 2014 were driven by leakage from both individual customers and antenna associations
- A continued ARPU decline in Q3, both YoY and vs. Q2 2014 in the TDC brand/Fullrate was driven by existing TDC TV customers migrating to the new portfolio
- A new Play universe for both TDC and YouSee – next generation on the go TV with more content and an all-in-one seamless experience across devices. The service also offers start over and 72-hour catch up (except for a few channels)

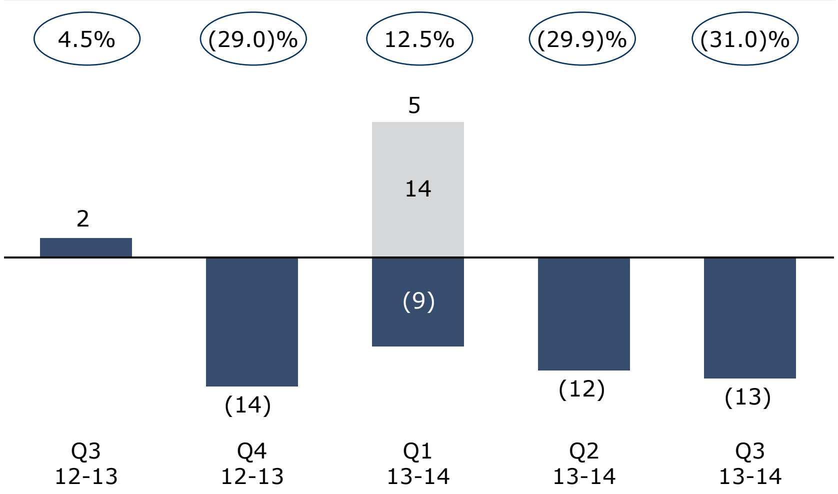
TDC Group

Sweden & Norway

Sweden: Organic EBITDA growth DKKm



Norway: Organic EBITDA growth DKKm



- Promising pipeline and order book development in TDC Sweden in the quarter (including Atlas Copco and Sida)
- TDC Sweden: Acquisition of Viridis IT, which has shown a good track record with a average CAGR on revenue of more than 40% for the last four years
- Positive organic EBITDA development of DKK 3m in TDC Sweden, as the negative organic revenue development was related primarily to the low margin integrator business
- TDC Norway was under pressure with an organic EBITDA decrease of DKK 13m
- TDC Norway's loss of market shares on IP-VPN continued (25.9% in Q2 and 24.9% in Q3)

Q1 2014 gross profit affected positively by one-offs due to reversed provisions related to regulatory pricing decisions in Sweden (DKK 15m) and Norway (DKK 14m)

Note: Data have been adjusted in order to illustrate future reporting of Sweden and Norway separately; hence, data is not comparable to Q3 Factsheet's Nordic data

Group financials

Q3 2014

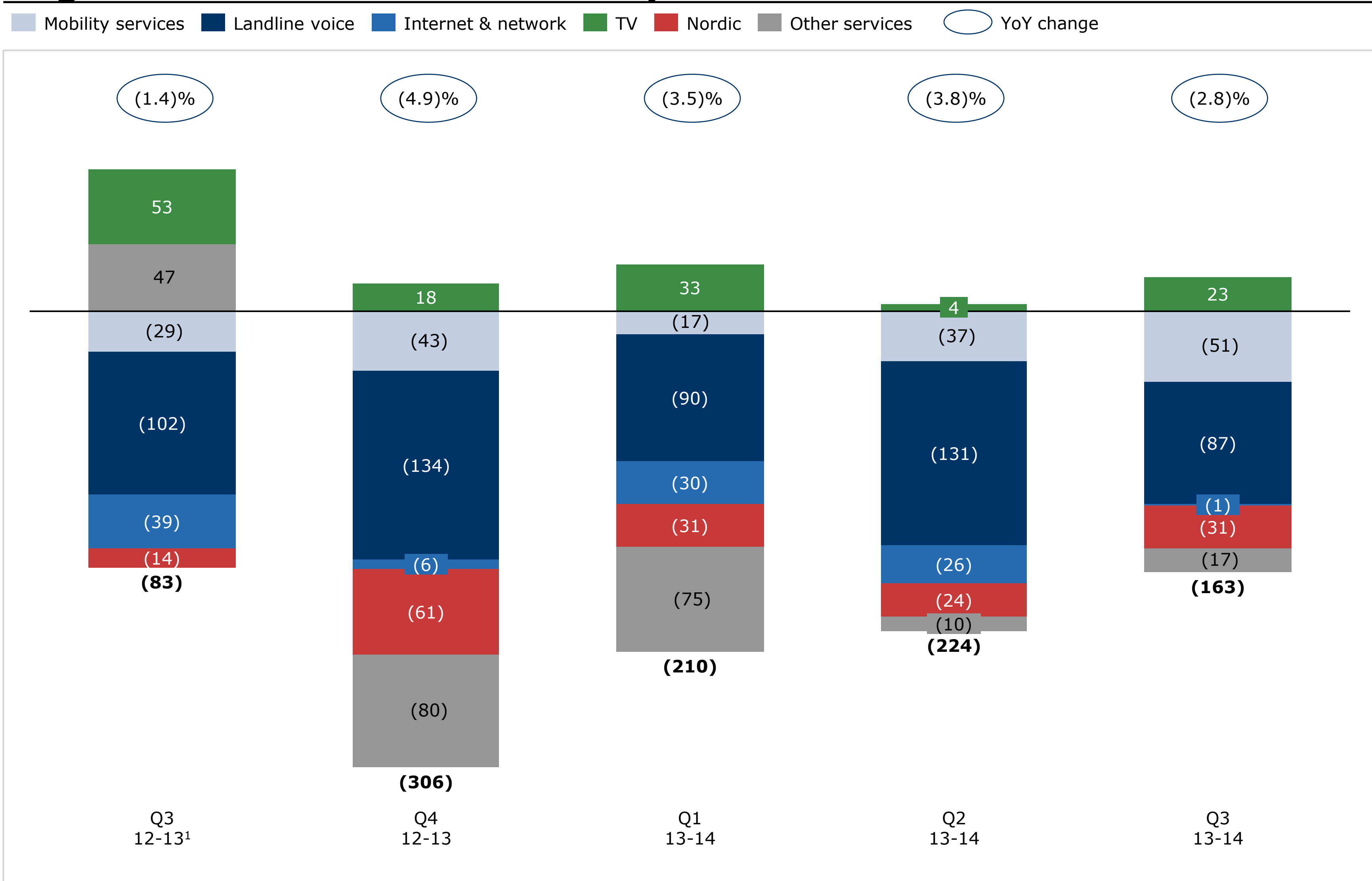
Financial Highlights

TDC Group

	Q3			YTD		
	2014	Growth, %		2014	Growth, %	
		Reported	Organic		Reported	Organic
Revenue	5,643	(4.8)	(2.8)	17,086	(5.1)	(3.4)
Gross Profit	4,182	(4.3)	(3.2)	12,644	(3.7)	(2.8)
% margin	*74.1*	*0.3* [1]		*74.0*	*1.1* [1]	
Opex	(1,670)	6.1	5.8	(5,327)	5.7	5.4
% margin	*(29.6)*	*0.4* [1]		*(31.2)*	*0.2* [1]	
EBITDA	2,512	(3.1)	(1.4)	7,317	(2.2)	(0.8)
% margin	*44.5*	*0.8* [1]		*42.8*	*1.3* [1]	
Profit for the period from continuing operations excl. special items	878	1.3		2,404	(16.2)	
Capex	(787)	(5.9)		(2,607)	(6.0)	
EFCF	1,472	9.5		2,928	11.9	
Group FTE & Temps EoP	8,906	0.3				
Domestic FTE & Temps EoP	7,847	0.3				

1. Percentage points

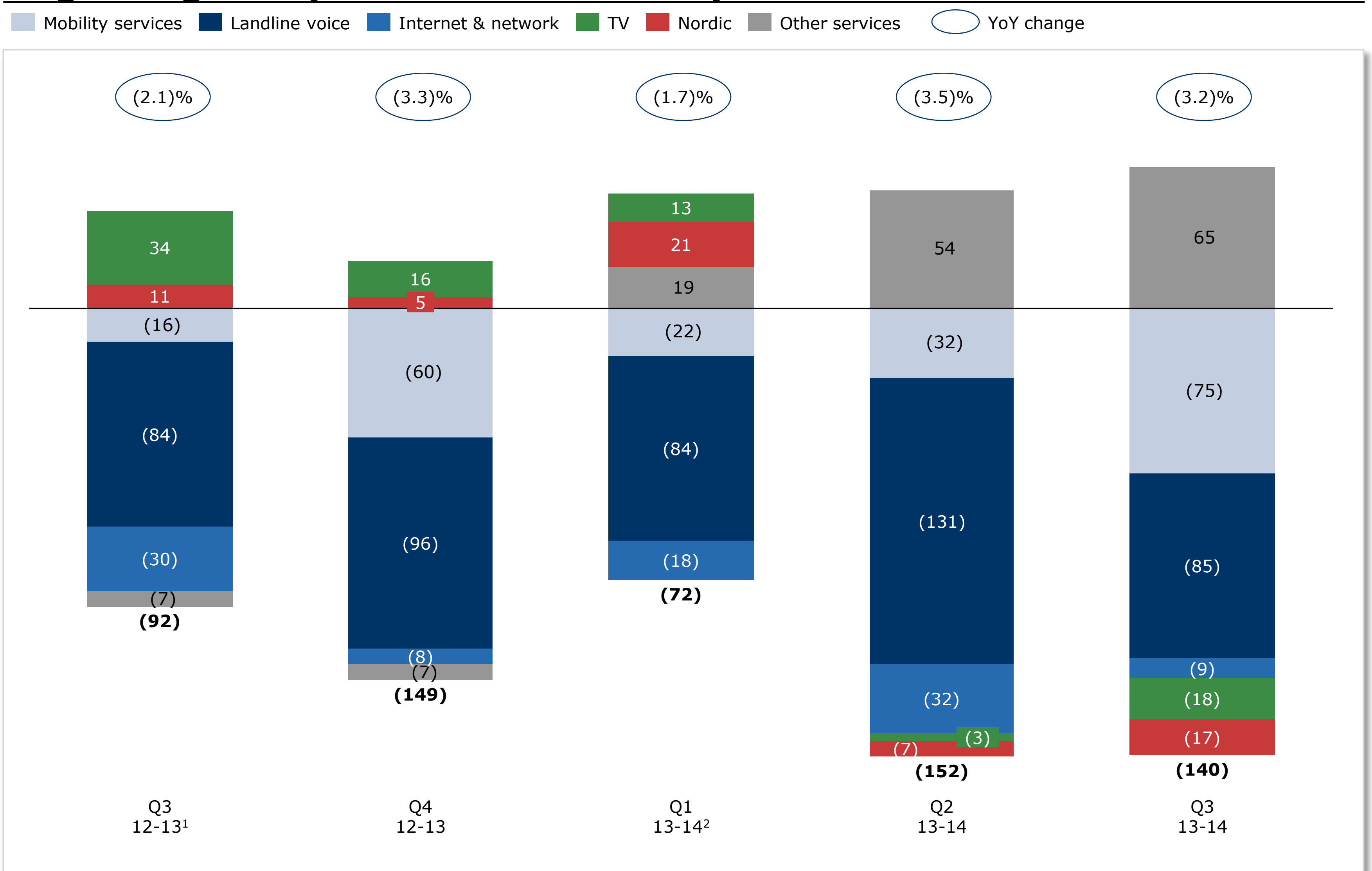
Organic revenue – YoY development



1. YoY change in Q3 2013 data on "Other Services" positively affected by one off (DKK 33m) following a YTD change of the accounting of cost compensations regarding Coastal Radio

TDC Group

Organic gross profit – YoY development



1. YoY change in Q3 2013 data on "Other Services" positively affected by one off (DKK 33m) following a YTD change of the accounting of cost compensations regarding Coastal Radio
2. Nordic Q1 2014 positively affected by one-offs due to reversed provisions related to regulatory pricing decision

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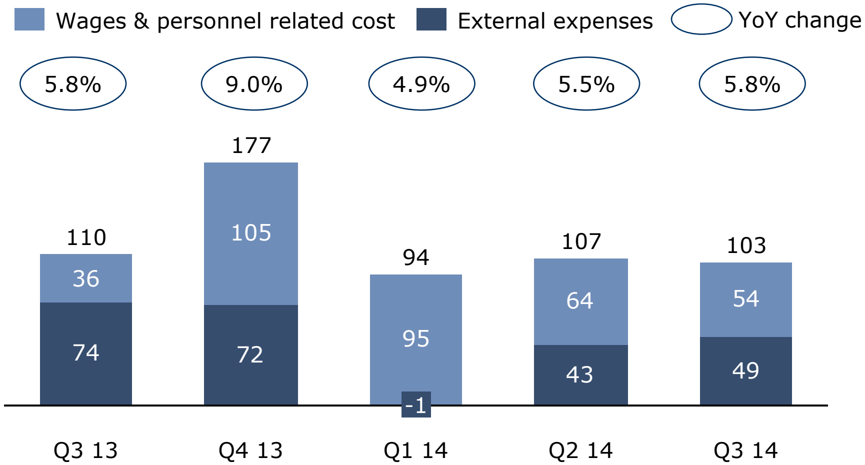
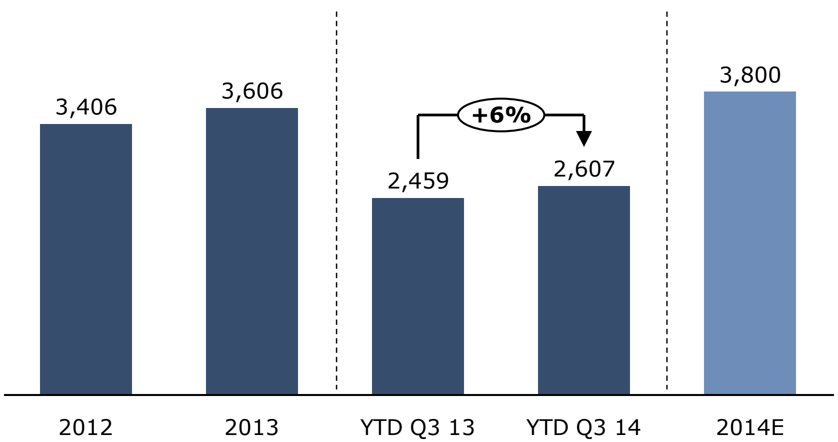
Opex & Capex

Organic YoY opex savings DKKm

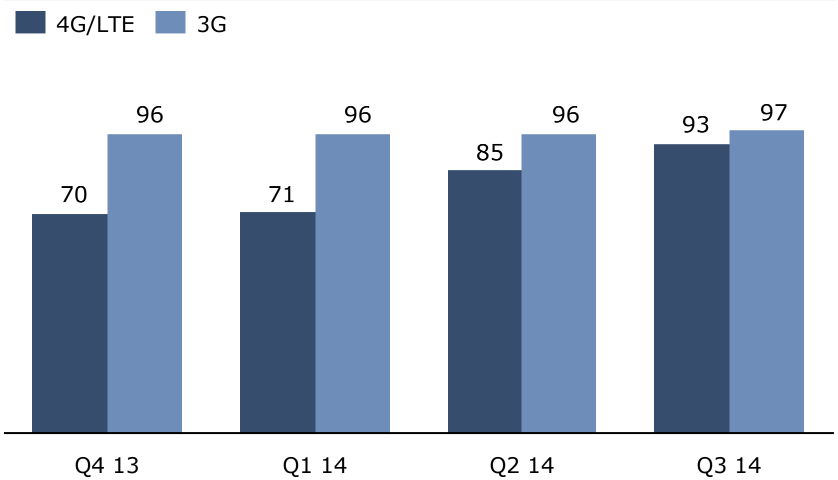


- Organic opex declined by 5.8% vs. Q3 2013, positively affected by a one-off in Q3 2013 regarding Coastal Radio
- As of 6 October, Sitel took over 800+ TDC employees and the operation of TDC's call centre support function. This reduction in employees will be reflected in our figures from Q4. The transition, including further development of skills, has as expected had a short-term negative impact on productivity
- Capex increased by 5.9% in Q3 2014, related to the planned upgrade and build-out of the mobile network, which has progressed as planned, with ongoing fine-tuning. 4G mobile population coverage has now reached 92.5% (7.9%-points increase vs. Q2 2014)

Capex DKKm



Mobile pop. coverage – 4G/LTE & 3G %



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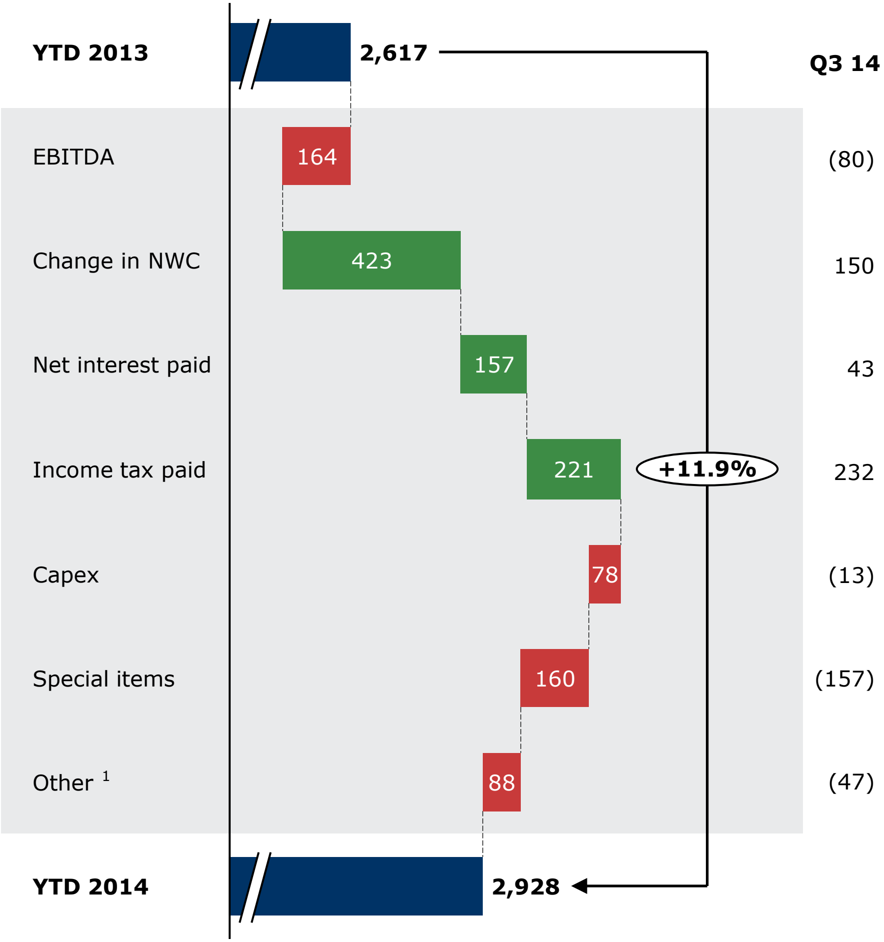
Equity Free Cash Flow



- Improvement in net working capital due to optimisation of invoicing cycles as well as a different creditor payment pattern in 2014 than in 2013
- Improvement in income tax paid and net interest paid due to tax and interest refunded in Q3 2014 following a tax case regarding definition of infrastructure assets, which was settled as expected
- Special items affected by the different timing of restructuring cash outflow in 2014 vs. 2013, and cash inflow from rulings in Q3 2013
- Capex increase from the accelerated upgrade and build-out of the mobile network

1. Including adjustment for non-cash items, pension contributions, payments related to provisions, realized currency translation adjustments and finance lease repayments

Guidance 2014 confirmed

2014 Guidance[1] excl. Get

	TDC Group	YTD status	
Organic revenue	Decrease less than in 2013 (-3.5%)	-3.4%	✓
EBITDA	> DKK 9.6bn (> -3.8 %)	DKK 7.3bn (-2.2%)	✓
Capex[3]	DKK 3.7bn (+2.6%)	DKK 2.6bn (+6.0%)	✓
DPS	DKK 2.50	DKK 1.50	✓

- Organic revenue growth rate improved in Q3 (-2.8%), driven by the broadband business as well as price increases in the Consumer division
- EBITDA in line with expectations supported by 5.7% savings in operating expenses
- Higher YTD capex growth rate (6%) than 2014 guidance due to calenderisation
- Remaining interim divident of DKK 1.0/share expected to be paid out in March 2015

2014 Guidance incl. Get[2]

	TDC Group Get
Organic revenue	Decrease less than in 2013 (-3.5%)
EBITDA	> DKK 9.7bn
Capex[3]	~ DKK 3.8bn
DPS	DKK 2.50

- TDC confirms the guidance announced on 20 October 2014 following the acquisition of Get
- This includes a confirmation of the 2014 guidance for our activities excl. Get

1. TDC Group's expectations as of 29 April 2014 following the announcement of the disposal of TDC Finland
2. TDC Group's expectations as of 20 October 2014 following the acquisition of Get
3. Excluding mobile licences

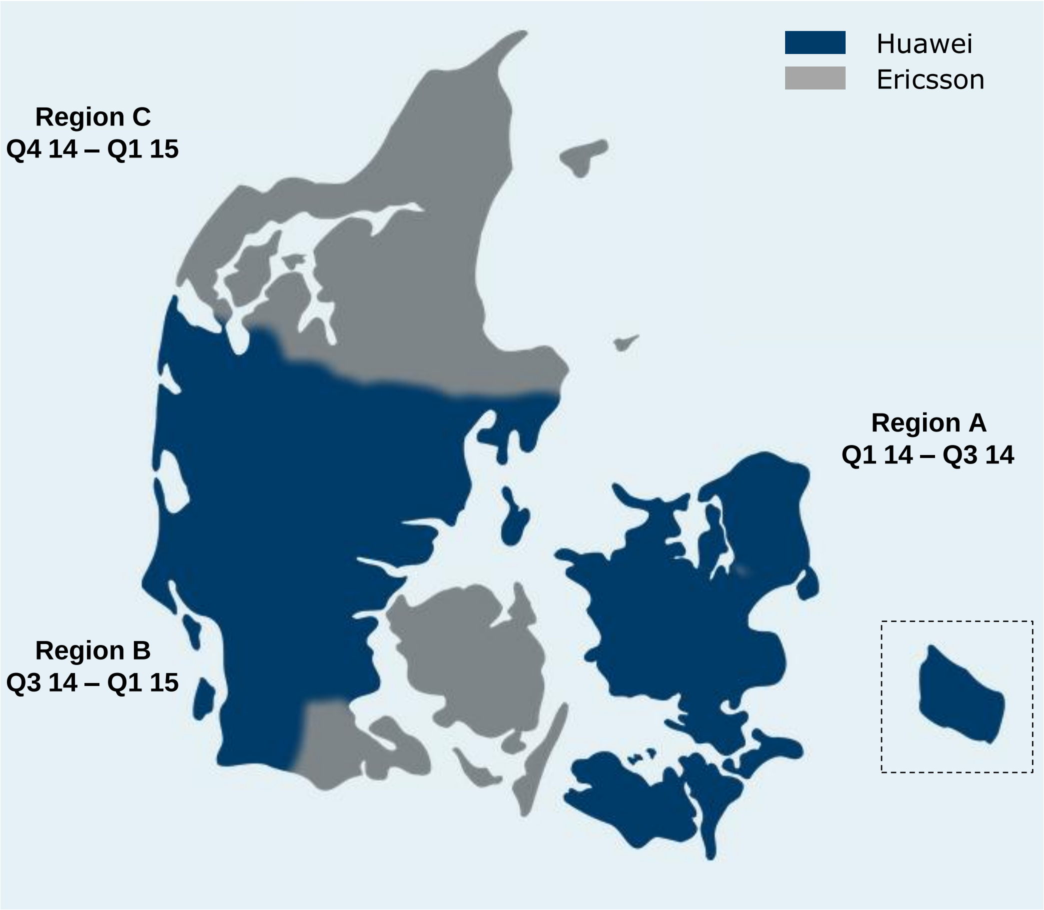
TDC Group

Q&A

Appendix

Moving towards Denmark's undisputed best quality network

Ambitious network build out plan well underway…

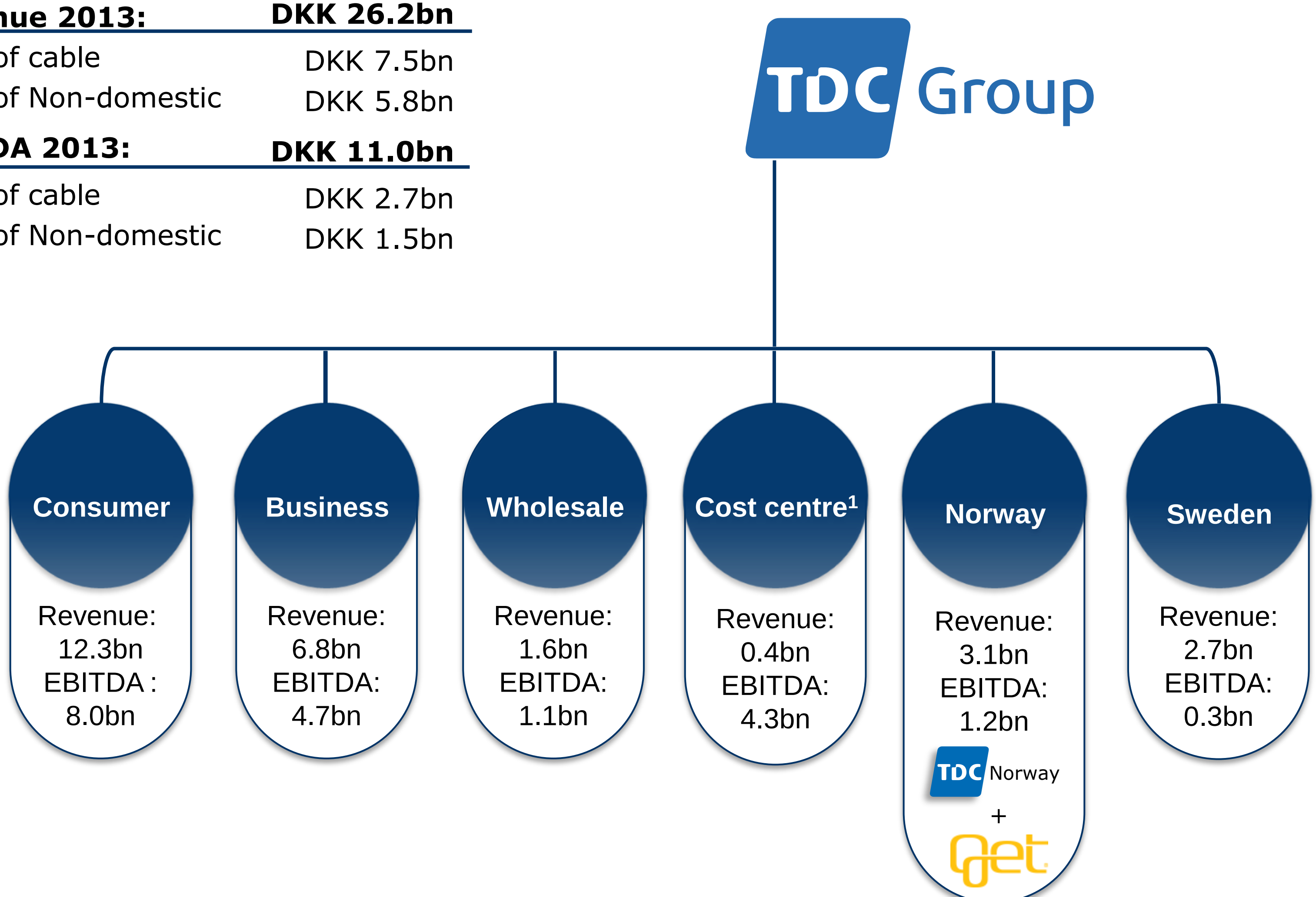


- The build out is well underway, so far **~2/3 of 3,377** sites has been swapped. Build out expected to be completed by early Q1 2015
- Global test[1] shows that TDC's 4G network are among the nine fastest networks in the world and the fastest in Denmark
- TDC and Huawei are continuously working on fine-tuning and improving the performance of the network covered by Huawei

1. Test by JoikuSpeed and Aalto University. Test involved more than 700 mobile operators in 184 countries

TDC reporting structure as of Q4 2014 with pro forma 2013 numbers (including Get)

Revenue 2013:	**DKK 26.2bn**
- hereof cable	DKK 7.5bn
- hereof Non-domestic	DKK 5.8bn
EBITDA 2013:	**DKK 11.0bn**
- hereof cable	DKK 2.7bn
- hereof Non-domestic	DKK 1.5bn



1. Includes Operations, Channels and Headquarters

Regulatory update

Roam like Home

- End of retail roaming charges intra-EU by December 2015 will impact TDC's revenue related to roaming in the EU of currently approximately DKK 200-300m annually
- Risk of financial effect already in 2015 due to the market adapting faster than regulatory demands (not included in the estimated losses below)

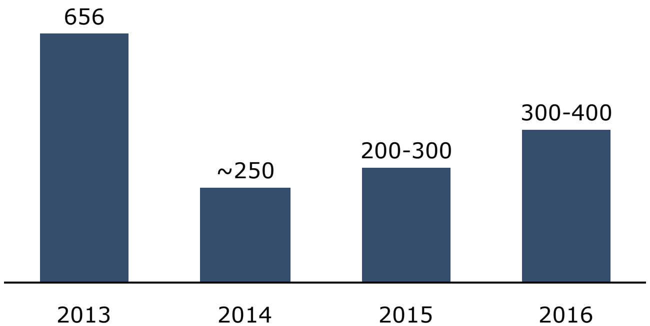
LRAIC prices

- A large revision of broadband wholesale prices is currently being undertaken
- The final draft suggest that 2015 prices will be below the level that EU recommends
- Risk of lower wholesale prices affecting retail prices (not included in the estimated losses below)

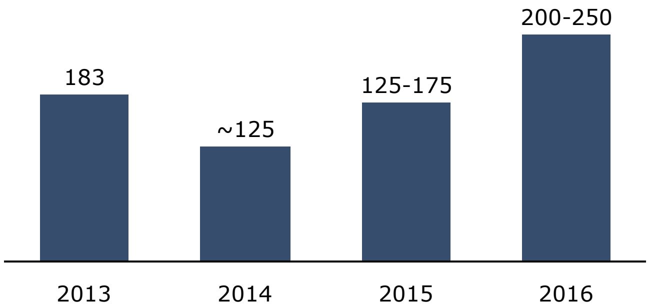
New coax TV regulation

- TDC will be obligated to resell a basic TV-package including the content rights in a bundle with BSA via coax at regulated prices
- The financial effect is expected to be minor in 2015 but may increase in the coming years

Revenue loss from regulation DKKm



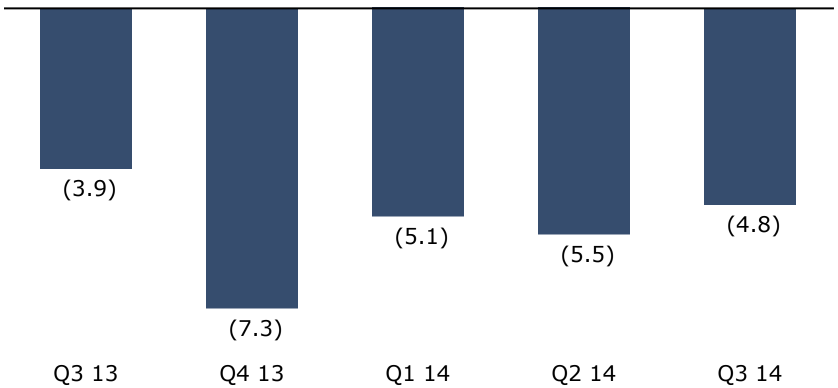
Gross profit loss from regulation DKKm



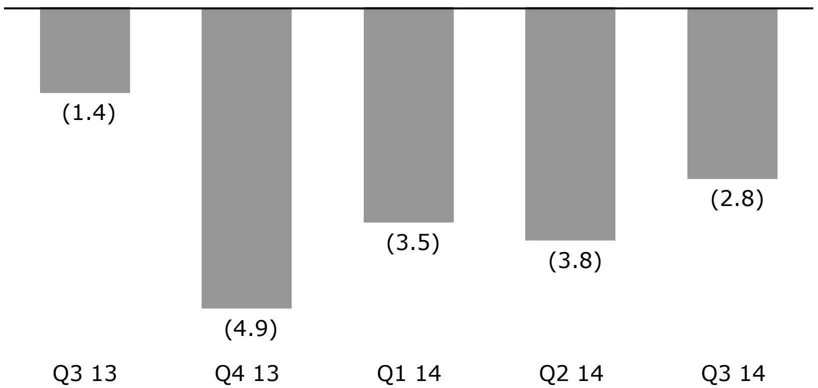
TDC Group

Quarterly Revenue and EBITDA trends

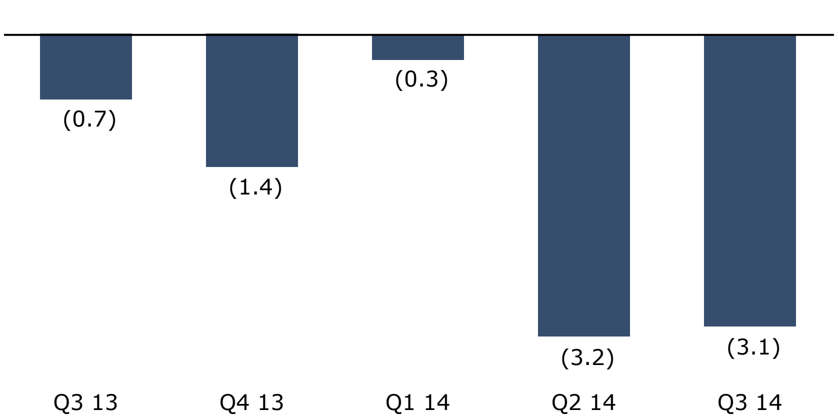
Reported YoY quarterly Revenue growth %



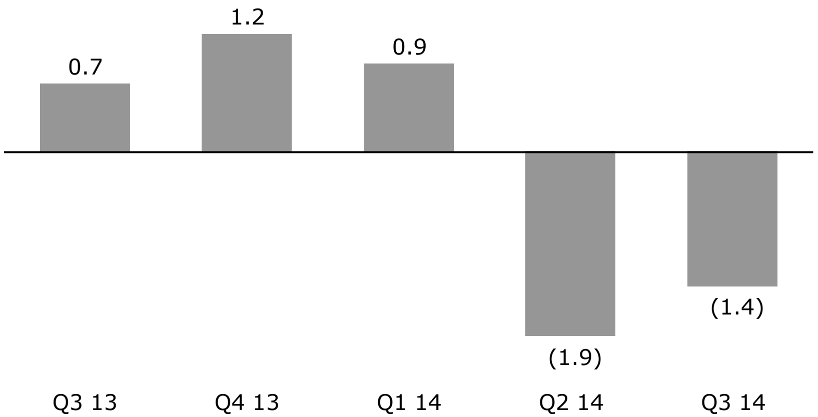
Organic[1] YoY quarterly Revenue growth %



Reported YoY quarterly EBITDA growth %



Organic[2] YoY quarterly EBITDA growth %

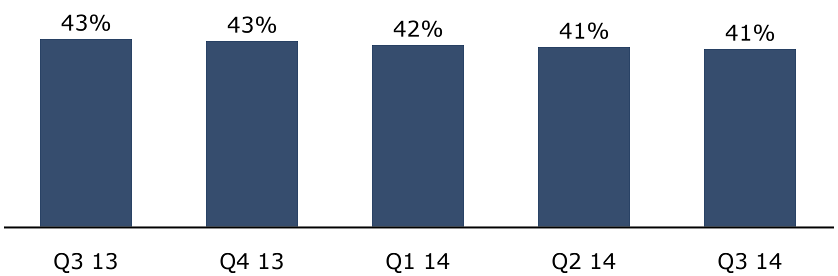


1. Adjusted for regulation (mobile termination rates (voice and SMS), international roaming, PSTN resale), acquisitions/divestments, sales of assets, and FOREX
2. Adjusted for regulation (international roaming, PSTN resale), acquisitions/divestments, sales of assets, and FOREX

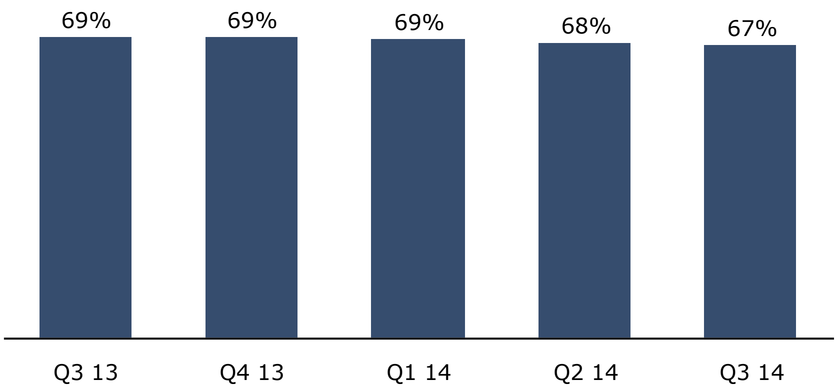
TDC Group

Estimated TDC Group Market Shares[1]

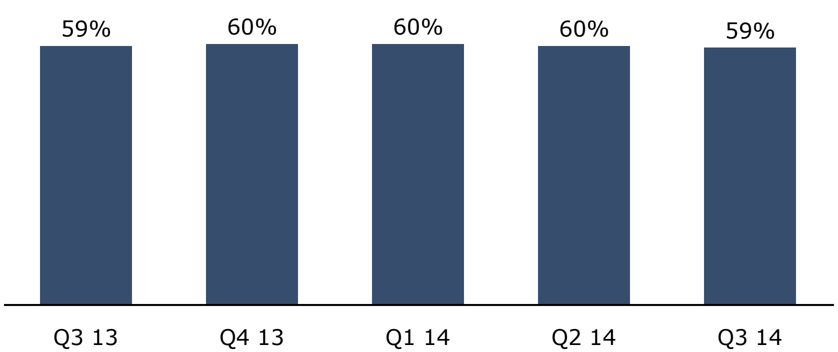
Mobility Services[2] %



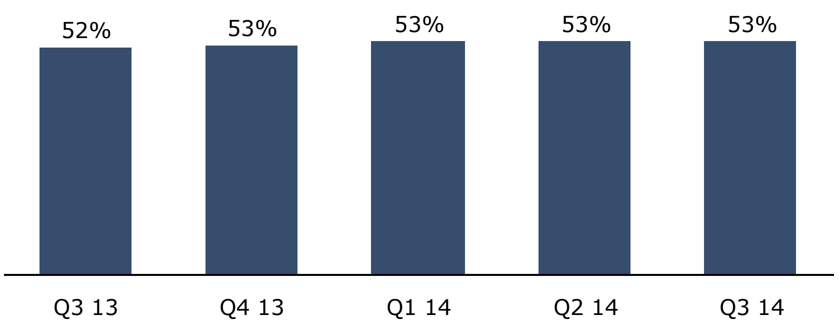
Landline Voice %



Broadband %



TV %



1. Market shares for total market include residential and business. Market shares for landline voice, broadband and TV are based on number of lines and mobile voice is based on the number of SIM cards. Source: TDC Market Intelligence
2. Mobile subscriptions (excl. prepaid cards)

TDC Group

Revenue Bridge

DKKm	Q3	YTD	YTD growth
2013	**5,926**	**18,013**	
Forex	43	143	
Acq/Div & Sale of assets	2	6	
Regulatory [1]	79	193	
Domestic mobility services	51	105	(2.6)%
Domestic landline voice	87	308	(12.6)%
Domestic internet & network	1	58	(1.4)%
Domestic TV	23	59	1.9%
Nordic	31	85	(3.3)%
Other services [2]	17	102	(6.6)%
2014	**5,643**	**17,086**	

	Q3	YTD
Reported growth	(4.8)%	(5.1)%
Organic growth	(2.8)%	(3.4)%

1. Regulatory includes mobile termination rates regulation (voice and SMS), international roaming regulation and various landline regulations (ULL, leased lines, BSA, VULA and interconnect)
2. Other services contains terminal equipment such as mobile and landline phones and equipment sales in Consumer and Business (incl. NetDesign), including sale of smartphones without subsidies. In addition other services also includes income from system integration and installation work, operator services, service fees, rental of masts and eliminations

TDC Group

EBITDA Bridge

DKKm	Q3	YTD	YTD growth
2013	**2,592**	**7,481**	
Forex	8	24	
Acq/Div & Sale of assets	7	17	
Regulatory [1]	43	98	
GP - domestic mobility services	75	129	(3.6)%
GP - domestic landline voice	85	301	(13.2)%
GP - domestic internet & network	9	58	(1.6)%
GP - domestic TV	18	9	(0.5)%
GP - Nordic	17	2	(0.2)%
Other services	65	137	18.9%
Opex	103	305	5.4%
2014	**2,512**	**7,317**	
Reported growth	(3.1)%	(2.2)%	
Organic growth	(1.4)%	(0.8)%	

1. Regulatory includes international roaming regulation and various landline regulations (ULL, leased lines, BSA, VULA and interconnect)

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