TDC expands business potential

Through the acquisition of Get, and the strategic partnership with Trefor, the TDC Group has within the last months taken a significant step to expand its future business potential.

Firstly, the acquisition of the Norwegian cable TV company Get has expanded our network by more than 700k homes passed[1] in the high ARPU consumer segments (including ~500k existing customers), and given access to advanced fibre-based business solutions. Get's proven track record shows profitable growth and we expect the acquisition to deliver both annual revenue and cost synergies (DKK ~165m), to be fully realised in 2017.

Secondly, the strategic partnership with Trefor, a Danish utility company and fibre network operator, provides TDC Group with access to a comprehensive fibre network in the domestic B2B and B2C markets (including 100k homes passed). TDC Group will take over the operation of the network and implement a standard solution integrated with TDC Group's own operations and products.

The TDC Group results for Q3, show that the organic revenue development (-2.8%) improved compared with H1. However, the challenges in the domestic mobile market continued with an unsatisfactory net loss of 23k residential mobile subscribers in Q3, while Business' mobile ARPU continued under pressure, with a YoY reduction of 12%. In Q3, TDC Group delivered opex savings of 6.1% and strong equity free cash flow growth of 9.5%. TDC Group updated the 2014 guidance following the acquisition of Get and confirmed the 2014 guidance for its existing activities.

In the Q2 Earnings Release, we stressed our concern regarding investment incentives through long-term and visionary public framework conditions including fair regulation. Recently published data confirmed this need, revealing that total investments in Denmark's telecom infrastructure had dropped by DKK ~500m in 2013 (-7.4%). Conversely, TDC Group increased its domestic investments by DKK 200m (+6%), thus confirming our position as the most important investor in Danish telecom infrastructure with a share totalling 56%.

Carsten Dilling, President and Chief Executive Officer

[1] Including 140k homes passed on partner networks.

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
- 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 3 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

Group performance

YTD financial performance

Revenue

TDC Group organic revenue declined by 3.4%, which is slightly above the decrease of 3.0% in Q1-Q3 2013.

- The ongoing negative effects from regulation amounted to DKK 193m, corresponding to 21% of the reported revenue decline. This was a substantial improvement compared with the regulatory impact of DKK 527m in Q1-Q3 2013. The majority of the regulatory effect related to mobility services through mobile voice and SMS termination rates (MTR) and international roaming, while to a lesser degree, revenue was influenced by various landline regulations.
- Negative effect totalling DKK 143m from developments in the NOK and SEK exchange rates.
- Organic revenue from domestic landline voice declined by DKK 308m or 12.6%. The decline related primarily to Consumer and Business, driven by the expected customer base decreases of 16.4% and 11.6%, respectively.
- A decline of DKK 102m or 6.6% in organic revenue from other services stemmed mainly from the decrease in sales of mobile handsets without subsidies in the Consumer TDC Brand. The organic YoY revenue decrease in other services improved significantly in Q2 and Q3 2014 vs. Q1 2014 (-2.1% and -3.3% in Q2 and Q3 vs. -13.6% in Q1), despite a positive YTD impact regarding Coastal Radio affecting Q3 2013. Prior to Q3 2013, compensation for costs related to Coastal Radio was presented as opex reductions. YoY organic revenue was driven partly by the different timing of new mobile handset launches and improved sales of hardware and software in Netdesign (both low-margin), and the introduction of a paper communication fee as of Q3 2014.
- A DKK 58m or 1.4% decline in organic domestic revenue from internet & network fully related to H1, driven by Business followed mainly from declining broadband ARPUs. On the positive side, Consumer experienced revenue growth as a result of the attractive YouSee portfolio, which increased both the customer base and ARPU.
- Organic revenue in Nordic declined by DKK 85m or 3.3% due to reduced revenue from the low margin integrator business in Sweden, which was at a high level in 2013, and a poor Q3 in TDC Norway.
- Organic revenue from domestic mobility services decreased by DKK 105m or 2.6%, driven by a customer base decline in Consumer and a Business ARPU decrease. Consumer net loss resulted from a continued focus on premium products in a price-competitive market, while ARPU was maintained, and in Business, price competition negatively affected contract renegotiations, only partly offset by a YoY increase in the number of RGUs.

TDC Group, key financial data — DKKm

		Q3 2014	Q3 2013	Change in %	Q1-Q3 2014	Q1-Q3 2013	Change in %
Statements of Income	DKKm						
Revenue		5,643	5,926	(4.8)	17,086	18,013	(5.1)
Gross profit		4,182	4,371	(4.3)	12,644	13,130	(3.7)
EBITDA		2,512	2,592	(3.1)	7,317	7,481	(2.2)
Operating profit (EBIT) excluding special items		1,362	1,350	0.9	3,887	3,854	0.9
Profit for the period from continuing operations excluding special items		878	867	1.3	2,404	2,869	(16.2)
Profit for the period		712	600	18.7	2,827	2,333	21.2
Total comprehensive income		120	533	(77.5)	962	2,112	(54.5)
Capital expenditure	DKKm	(787)	(743)	(5.9)	(2,607)	(2,459)	(6.0)
Equity free cash flow (EFCF)	DKKm	1,472	1,344	9.5	2,928	2,617	11.9
Key financial ratios							
Earnings Per Share (EPS)	DKK	0.89	0.75	18.7	3.54	2.92	21.2
Adjusted EPS	DKK	1.32	1.34	(1.5)	3.66	3.97	(7.8)
Gross profit margin	%	74.1	73.8	-	74.0	72.9	-
EBITDA margin	%	44.5	43.7	-	42.8	41.5	-
Net interest-bearing debt/EBITDA	x	2.1	2.2	-	2.1	2.2	-

For additional data, see TDC Factsheet on www.tdc.com. For Glossary and definitions, see http://investor.tdc.com/glossary.cfm.

- An increase of DKK 59m or 1.9% in organic domestic TV revenue was caused mainly by the TDC brand following a positive customer base development. ARPU was almost flat as the subscription fee increases in January on both TDC TV and YouSee, were offset by customers migrating to the new TDC TV portfolio, and the downward migrations in YouSee.

- Acquisitions and divestments had a small positive effect on revenue as the acquisition of ComX in December 2013 was largely offset by the transfer of the mobile payment business area to Paii.

Gross profit
Reported gross profit declined by DKK 486m or 3.7%, while organic gross profit decreased by DKK 363m (vs. DKK 414m in Q1-Q3 2013).

The gross profit margin increased from 72.9% to 74.0%, which in addition to one-offs of DKK 29m in Nordic in Q1 2014, was positively impacted by lower sales of handsets that have limited gross profit effect. The MTR reductions also contributed to the improved gross profit margin, as these were gross-profit-neutral at TDC Group level.

EBITDA
Reported EBITDA decreased by 2.2% or DKK 164m, while organic EBITDA decreased by 0.8% or DKK 59m (increase of 0.4% in 2013). This applies to organic cost savings of DKK 305m on operating expenses, driven largely by savings on wages and personnel-related costs as the average number of FTEs including temps was reduced by 3.0%, despite recruitment of more staff in call centres, primarily in Q3, combined with a change in the workforce composition.

Profit for the period
Profit for the period from continuing operations excluding special items totalled DKK 2,404m, down by DKK 465m due to the non-recurring positive impact on deferred taxes in Q1-Q3 2013 (DKK 446m) resulting from the reduced Danish corporate income tax rate. The lower EBITDA was offset by lower amortisations.

Special items improved by DKK 979m as a result of the gain from divesting TDC Finland (DKK 754m) and lower costs related to redundancy programmes, vacant tenancies and other restructuring costs. Accordingly, YTD profit for the period including special items amounted to DKK 2,827m, up by DKK 494m.

Comprehensive income
Total comprehensive income decreased by DKK 1,150m to DKK 962m. The increase in profit for the period was more than offset by the negative development in other comprehensive income (DKK 1,644m), due primarily to losses related to defined benefit plans (DKK 2,423 YTD). The losses were primarily a result of an increase in the pension obligation impacting the balance sheet, as it is calculated by discounting the expected future pension payments. The gradually decreasing interest levels are implying a lower discount rate (2.20% at Q3 2014 compared with 3.50% at the beginning of the year), which resulted in an increasing pension obligation. The increasing pension obligation was partly offset by a higher than expected return on pension plan assets.

Equity
During Q1-Q3 2014, equity decreased by DKK 1,954m to DKK 18,430m. Distributed dividends (DKK 2,961m) more than offset total comprehensive income of DKK 962m.

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

TDC Group	Q3 2014	Q3 2013	Change in %	Q1-Q3 2014	Q1-Q3 2013	Change in %
EBITDA	2,512	2,592	(3.1)	7,317	7,481	(2.2)
Change in working capital	(88)	(238)	63.0	(325)	(748)	56.6
Interest paid, net	(67)	(110)	39.1	(733)	(890)	17.6
Income tax paid	220	(12)	-	(93)	(314)	70.4
Cash flow from capital expenditure	(811)	(798)	(1.6)	(2,622)	(2,544)	(3.1)
Cash flow related to special items	(237)	(80)	(196.3)	(551)	(391)	(40.9)
Other	(57)	(10)	-	(65)	23	-
Equity free cash flow	**1,472**	**1,344**	**9.5**	**2,928**	**2,617**	**11.9**
Total cash flow from operating activities	2,298	2,157	6.5	5,592	5,211	7.3
Total cash flow from investing activities	(836)	(866)	3.5	(2,834)	(2,605)	(8.8)
Total cash flow from financing activities	(1,212)	(1,212)	-	(3,000)	(3,081)	2.6
Total cash flow from continuing operations	**250**	**79**	**-**	**(242)**	**(475)**	**49.1**
Net interest-bearing debt	**(20,722)**	**(22,195)**	**6.6**	**(20,722)**	**(22,195)**	**6.6**

Cash flows

Equity free cash flow increased by DKK 311m or 11.9% to DKK 2,928m.

The growth was positively impacted by:

- A DKK 423m expected timing effects from net working capital due to optimisation of invoicing cycles in Consumer and Business as well as a different creditor payment pattern in 2014 than in 2013, due partly to the change of major suppliers.
- Income tax paid decreased by DKK 221m due to tax refunded in Q3 2014 following a tax case regarding definition of infrastructure assets, which was settled as expected.
- A DKK 157m decrease in net interest paid resulting mainly from interest related to income taxes following the tax case settlement mentioned above.

The increased cash inflows were partly offset by:

- Increased cash outflow related to special items (DKK 160m), which was affected by the different timing of restructuring cash outflow in 2014 vs. 2013, and cash inflow from rulings in Q3 2013.
- Cash outflow related to capex increased by DKK 78m, resulting from the accelerated upgrade and build-out of the mobile network.

The cash outflow of DKK 2,834m from investing activities in continuing operations in Q1-Q3 2014 represented an increase of DKK 229m due mainly to the final payment of the acquisition of the DONG fibre network in 2009 and the accelerated upgrade and build-out of the mobile network.

The cash outflow from financing activities in continuing operations in Q1-Q3 2014 fell by DKK 81m to DKK 3,000m. This was due primarily to lower dividends paid than in Q1-Q3 2013.

Total cash flow from discontinued operations increased by DKK 1,071m to DKK 1,100m and related mainly to the divestment of TDC Finland.

Net interest-bearing debt

Net interest-bearing debt totalled DKK 20,722m at the end of Q3 2014. This resulted in a leverage ratio (net interest-bearing debt/EBITDA) of 2.1. During Q1-Q3 2014, net interest-bearing debt decreased by DKK 932m due to the divestment of TDC Finland and positive net cash flows from operating and investing activities in continuing operations, which were partly offset by dividends paid.

Guidance 2014

On 20 October 2014, TDC revised its guidance after the acquisition of Get.

TDC confirms the guidance following the Get acquisition, which is presented below. 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 disposal of assets as well as regulation.

Our guidance for 2014 is based on comprehensive financial plans for each individual business line. However, by their very nature, forward-looking statements involve certain risks and uncertainties. The risks and uncertainties are described in more detail in the section on risk factors and in the Disclaimer in TDC's Annual Report.

2014 guidance

Organic revenue	**Lower decrease than in 2013 (2013:-3.5%)**
EBITDA	**> DKK 9.7bn**
Capex[1]	**~DKK 3.8bn**
DPS	**DKK 2.50**

[1] Excluding mobile licences.

Mobility services

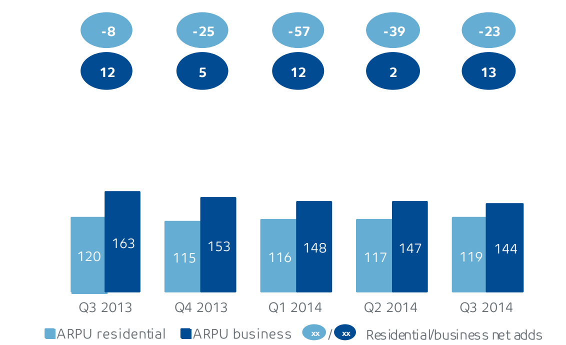
Q3 highlights

- Unsatisfactory net loss of 23k residential mobile subscribers in Q3, but targeted retention activities and upsale to existing customers 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

Mobility services[1] DKK/'000



[1] Compared with the TDC Factsheet, Q3 2013 data have been adjusted to reflect a movement of 8k "Fullrate Erhverv" RGUs from Consumer to Business.

YTD financial performance

Reported domestic revenue from mobility services declined by DKK 327m or 7.7%, an improvement compared with the 12.8% decrease YTD 2013. This improvement was positively affected by the reduced impact from regulation (DKK 155m vs. DKK 472m in Q1-Q3 2013), which was only partly offset by the transfer of the low-margin mobile payment business area to Paii. However, organic revenue development still improved notably (-2.6% vs. -3.4% in 2013).

The gross profit margin increased from 86.6% to 88.9% driven by gross-profit-neutral effects from cuts in regulatory-determined mobile termination rates.

Consumer

Revenue from mobility services decreased by 10.4% or DKK 264m, and was, besides impact from regulation, related to a loss of subscribers, while ARPU remained level. Over the past year, Consumer lost 132k mobile customers as a result of the continued focus on premium products in the price competitive market. In order to defend TDC's market leading position in the residential mobile market, targeted retention activities were carried out in Q2 and Q3 2014, including the launch of new products such as Telmore Play and mix-it-yourself and Family package in YouSee, which has attracted many customers.

Business

The revenue decrease of 7.4% or DKK 109m was driven by a 10.6% decrease in ARPU following continued price competition affecting contract renegotiations, only partly offset by an increase in the number of RGUs. All segments contributed to the negative revenue development except the public segment due to strong customer base growth. However, as ARPU in the public segment is considerably below average, the customer base growth negatively affected total ARPU. As announced in Q2, TDC Group expects to incur a substantial loss in the public segment RGUs in the coming quarters due to the renegotiation of

Domestic mobility services, key financial data DKKm

		Q3 2014	Q3 2013	Change in %	Q1-Q3 2014	Q1-Q3 2013	Change in %
	DKKm						
Revenue		**1,302**	**1,442**	**(9.7)**	**3,922**	**4,249**	**(7.7)**
Consumer		754	854	(11.7)	2,274	2,538	(10.4)
Business		447	494	(9.5)	1,356	1,465	(7.4)
Wholesale		113	114	(0.9)	328	308	6.5
Other incl. eliminations		(12)	(20)	40.0	(36)	(62)	41.9
Gross profit		**1,147**	**1,255**	**(8.6)**	**3,486**	**3,679**	**(5.2)**
Gross profit margin	%	88.1	87.0	-	88.9	86.6	-
Organic revenue[1]	DKKm	1,302	1,353	(3.7)	3,922	4,027	(2.6)
Organic gross profit[1]		1,147	1,222	(6.2)	3,486	3,615	(3.6)

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

large public tenders (SKI).

Wholesale

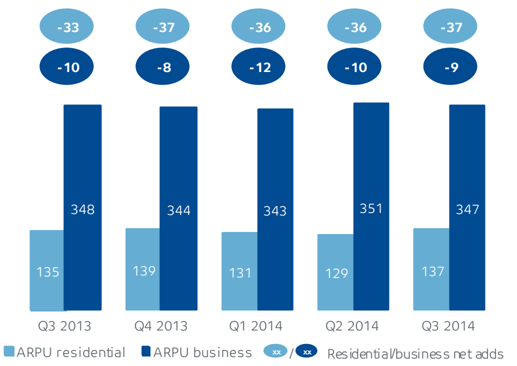
Revenue increased by 6.5% or DKK 20m, largely as a result of a relatively weak Q1 2013. The YTD revenue growth was driven by increased MVNO subscribers in Norway and Sweden, which are handled through Wholesale and an increased number of domestic mobile subscribers of 22k due to successful campaigns with major retail partners in Wholesale. This was partly offset by a DKK 5 decline in ARPU as new customers generally entered at a lower ARPU level.

Landline voice

Q3 highlights

- 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

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



[1] Compared with the TDC Factsheet, Q3 2013 data have been adjusted to reflect a movement of 7k "Fullrate Erhverv" RGUs from Consumer to Business and in Q4 2013 data have been adjusted for the acquisition of ComX, 11k subscribers.

YTD financial performance

Reported domestic revenue decreased by 13.1% or DKK 322m, driven mainly by loss of subscribers.

Gross profit decreased by 13.7%, resulting in a declining gross profit margin from 93.5% in Q1-Q3 2013 to 92.8% in Q1-Q3 2014. This related to Wholesale, due partly to the increased impact from regulation, as well as loss of high-margin PSTN customers.

Consumer

Revenue from landline voice declined by 16.0% to DKK 951m due to an organic loss of 146k customers, and a DKK 2 drop in ARPU resulting from less traffic.

The loss of 63k PSTN-only customers contributed to the negative RGU development, but was unchanged compared with last year, while the mobile bundles shifted low-usage landline customers to mobile subscriptions, thereby further reducing the landline customer base.

The decrease in ARPU following reduced traffic volumes was partly offset by the price increase.

Business

The negative revenue development of DKK 116m or 10.7 % was driven primarily by a 39k decrease in the customer base. To a lesser degree, revenue was negatively affected by a decline in ARPU due to a reduction in traffic revenue from consumption-based subscribers. This reduction was partly offset by the continued growth of the high-ARPU integrated solutions TDC One and Scale, which combine VoIP, mobile and internet.

Wholesale

Revenue declined by DKK 28m or 12.2%. The negative development in revenue related primarily to an ARPU decrease of DKK 17 driven by regulation on PSTN resold, but was also affected by a loss of customers compared with 2013.

Domestic landline voice, key financial data **DKKm**

		Q3 2014	Q3 2013	Change in %	Q1-Q3 2014	Q1-Q3 2013	Change in %
	DKKm						
Revenue		**701**	**792**	**(11.5)**	**2,138**	**2,460**	**(13.1)**
Consumer		314	364	(13.7)	951	1,132	(16.0)
Business		314	352	(10.8)	972	1,088	(10.7)
Wholesale		69	72	(4.2)	202	230	(12.2)
Other incl. eliminations		4	4	-	13	10	30.0
Gross profit		**652**	**741**	**(12.0)**	**1,985**	**2,301**	**(13.7)**
Gross profit margin	%	93.0	93.6	-	92.8	93.5	-
Organic revenue[1]	DKKm	701	788	(11.1)	2,138	2,446	(12.6)
Organic gross profit[1]		652	737	(11.5)	1,985	2,286	(13.2)

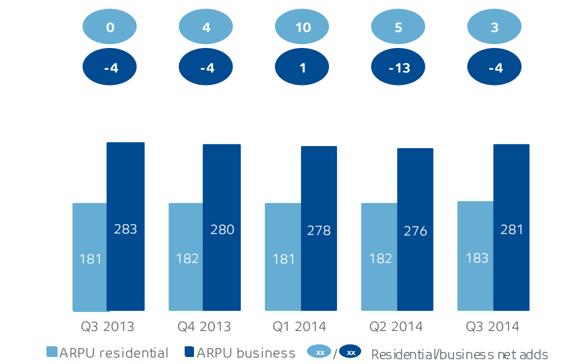
[1] Reported revenue and gross profit excluding the impact from regulatory price adjustments as well as the impact from acquisitions and divestments.

Internet & network

Q3 highlights

- 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

Broadband[1] DKK/'000



[1] Compared with the TDC Factsheet, Q3 2013 data have been adjusted to reflect a movement of 15k "Fullrate Erhverv" RGUs from Consumer to Business and in Q4 2013 data have been adjusted for the acquisition of ComX, 29k subscribers.

YTD financial performance

Reported domestic revenue and gross profit from internet & network decreased by 0.9% and 1.1%, respectively, driven by Business.

The gross profit margin remained level with YTD 2013. The acquisition of ComX (29k subscribers) in December 2013 had a positive effect on revenue and gross profit.

Consumer

Revenue from broadband increased by 2.1% to DKK 1,784m, and thus Consumer accelerated its positive trend with a 22k increase in the customer base and a DKK 2 rise in ARPU. Growth was driven by YouSee attracting customers with high bandwidth, and the flexibility in speeds of mix-it-yourself; 156k customers or 37% have now signed up for the possibility of mix-it-yourself.

Business

Revenue decreased by DKK 116m or 6.5%, driven largely by the decline in broadband revenue due primarily to an ARPU decrease of DKK 12 following the ongoing migration to products with lower ARPU. Business also saw a negative revenue effect from the net loss of broadband customers related partly to employee broadband and home office connections.

Wholesale

Revenue increased by 3.0% to DKK 521m, and was positively affected by increased activity in international capacity and more xDSL customers. This was almost offset by a 5k decline in the ULL subscriber base and a negative ARPU effect from customers migrating from BSA to VULA products.

Domestic internet & network, key financial data DKKm

		Q3 2014	Q3 2013	Change in %	Q1-Q3 2014	Q1-Q3 2013	Change in %
	DKKm						
Revenue		**1,324**	**1,316**	**0.6**	**3,946**	**3,980**	**(0.9)**
Consumer		599	579	3.5	1,784	1,747	2.1
Business		553	584	(5.3)	1,661	1,777	(6.5)
Wholesale		178	168	6.0	521	506	3.0
Other incl. eliminations		(6)	(15)	60.0	(20)	(50)	60.0
Gross profit		**1,202**	**1,204**	**(0.2)**	**3,603**	**3,643**	**(1.1)**
Gross profit margin	%	90.8	91.5	-	91.3	91.5	-
Organic revenue[1]	DKKm	1,324	1,325	(0.1)	3,946	4,004	(1.4)
Organic gross profit[1]		1,202	1,211	(0.8)	3,603	3,661	(1.6)

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

TV

Q3 highlights

- 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 48-hour catch up (except for a few channels)

YTD financial performance

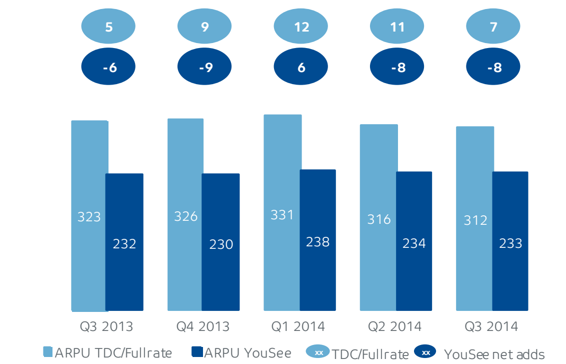
Reported domestic revenue from TV increased by 2.6% to DKK 3,193m.

The gross profit margin declined from 54.8% to 53.1%, due to higher customer intake in the new TDC TV portfolio, which has a lower margin as the content has been improved at a lower package price, while gross profit margins in YouSee were negatively affected by increased content costs and downwards migration. The acquisition of ComX (11k subscribers) in December 2013 had a positive effect on revenue and gross profit.

TDC and Fullrate

TDC and Fullrate TV succeeded in delivering revenue growth of 15.6% or DKK 91m, driven by large growth in subscriber bases totalling 39k. The migration to the TDC TV portfolio, which was launched in Q1, continued and 39% of all TDC TV customers now have the new portfolio. Fullrate TV continued its positive trend from recent quarters, still with a relatively low cannibalisation rate within TDC Group. YTD blended TDC brand/Fullrate ARPU development decreased slightly as the increased subscription fees[2] on TDC TV effective as of 1 January 2014 were offset by customers migrating to the new TDC TV portfolio with lower ARPU, and campaigns in Fullrate.

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



[1] Compared with TDC Factsheet, Q4 2013 data have been adjusted for the acquisition of ComX, 11k subscribers.

YouSee

Revenue in YouSee decreased by 0.8% or DKK 20m, driven by customer shortfall as ARPU remained flat.

YouSee's customer base decreased by 19k customers equally divided between individual and organised customers. Increased subscription fees effective as of 1 January 2014[2] were offset by downward migrations leading to a flat ARPU development. Downward migrations, driven by reduced time spent on flow TV in favour of streaming services, also negatively affected the share of customers with only an entry-level TV package, which across brands increased by 2.0 percentage points to a total of 390k customers.

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

Domestic TV, key financial data **DKKm**

		Q3 2014	Q3 2013	Change in %	Q1-Q3 2014	Q1-Q3 2013	Change in %
	DKKm						
Revenue		**1,058**	**1,028**	**2.9**	**3,193**	**3,112**	**2.6**
TDC/Fullrate brand		228	200	14.0	673	582	15.6
YouSee brand		811	813	(0.2)	2,466	2,486	(0.8)
Other incl. eliminations		19	15	26.7	54	44	22.7
Gross profit		**556**	**574**	**(3.1)**	**1,697**	**1,705**	**(0.5)**
Gross profit margin	%	52.6	55.8	-	53.1	54.8	-
Organic revenue[1]	DKKm	1,058	1,035	2.2	3,193	3,134	1.9
Organic gross profit[1]		556	574	(3.2)	1,697	1,706	(0.5)

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

Nordic

Q3 highlights

- 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)
- Acquisition of Get (20 October), and now preparing to execute on the identified cost and revenue synergies, including the addition of Get's last mile to TDC's B2B platform. This will allow better control and enhanced offerings resulting in a higher B2B market share

YTD financial performance

Reported revenue in Nordic decreased by DKK 235m or 8.7% and was negatively affected by adverse SEK/NOK exchange-rate developments (DKK 143m). Organic revenue growth in both Sweden and Norway was challenged, but in Sweden this was driven largely by the low-margin integrator business, while the opposite effect was evident in Norway, where reduced revenue from the high-margin operator services was only partly offset by increased revenue from the low-margin integrator business.

Reported gross profit decreased by 6.4%, or DKK 70m, of which DKK 64m related to adverse SEK/NOK exchange-rate developments. The remaining part of the reported gross profit decrease was driven by TDC Norway, as a result of the changed product mix. Organic gross profit decreased by 0.2%. Both reported and organic gross profit was positively affected by one-offs on transmission costs due to reversed provisions related to regulatory pricing decisions in both Sweden and Norway (DKK 29m) in Q1. The gross profit margin increased from 40.8% to 41.8% though the development was flat when one-offs are excluded.

Landline voice
Revenue decreased by 18.7% or DKK 91m, which related to a decline in minutes of use in both Sweden and Norway caused by the migration away from landline voice, combined with the general price erosion – an effect that intensified in Norway in Q3 2014.

Mobility services
Revenue increased by 6.8% or DKK 14m following a continued strong intake of 30k mobile subscribers driven primarily by TDC Sweden. However, due to competition involving lowered fixed-price packages, ARPU is under pressure (-23%), primarily in Norway.

Internet & network
The revenue decline of 7.7% or DKK 69m was driven by a decrease in ARPU in both Sweden and Norway. The numbers of both internet connections and IP-VPN connections were relatively stable, with a slight increase in

Nordic, key financial data DKKm

		Q3 2014	Q3 2013	Change in %	Q1-Q3 2014	Q1-Q3 2013	Change in %
	DKKm						
Revenue		**766**	**843**	**(9.1)**	**2,457**	**2,692**	**(8.7)**
TDC Sweden		568	622	(8.7)	1,854	2,025	(8.4)
TDC Norway		215	245	(12.2)	665	738	(9.9)
Other, incl. eliminations		(17)	(24)	29.2	(62)	(71)	12.7
Mobility services		77	76	1.3	221	207	6.8
Landline voice		123	151	(18.5)	395	486	(18.7)
Internet & network		275	292	(5.8)	829	898	(7.7)
Other services[1]		291	324	(10.2)	1,012	1,101	(8.1)
Gross profit		**309**	**347**	**(11.0)**	**1,028**	**1,098**	**(6.4)**
Gross profit margin	%	40.3	41.2	-	41.8	40.8	-
Organic revenue[2]	DKKm	766	797	(3.8)	2,457	2,542	(3.3)
Organic gross profit[2]		309	326	(5.1)	1,028	1,030	(0.2)

[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.

IP-VPN in TDC Sweden which thus defended its strong position in this mature market despite fierce competition from fibre operators, while TDC Norway saw a decrease.

Other services

The revenue decrease of 8.1% or DKK 89m was related to TDC Sweden, driven by a decline in revenue from service agreements, which was at a high level in H1 2013, and disappointing sales in the Direct business[3] in Q2 2014. In Norway, the low margin Direct business continued its positive trend, and low-margin hardware sales increased in Q3 2014.

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

Other services

Q3 highlights

- Sales of handsets without subsidies were down DKK -54m vs. Q3 2013, negatively affected by customers awaiting the launch of the iPhone 6 (26 September 2014). Sales of Apple products are expected to step up significantly in Q4 despite difficulties in obtaining sufficient iPhone 6 stocks in October

- Decrease in consultant and operations services in NetDesign in Q3, due to a spill-over effect from reduced sales of hardware and software YTD vs. 2013

- Revenue and gross profit growth negatively affected by a positive YTD change of the accounting of cost compensations regarding Coastal Radio in Q3 2013. Prior to Q3 2013, compensation for costs related to Coastal Radio was presented as opex reductions

- As part of TDC Group's digital transformation, a paper communication fee of DKK 29 per month with full revenue and gross profit impact was effective from 1 July. More than half of the customer base has signed up for digital communication with TDC, thus avoiding the fee

YTD financial performance

Revenue from sales of handsets declined by 28.3% or DKK 187m due to a reduction in sales of handsets without subsidies sold by Consumer, especially in the TDC brand. This resulted from reduced sales to a few large third-party vendors and increased competition from retailers. As handsets are low-margin products, the decrease significantly improved the gross profit margin.

Revenue from the systems integrator, Netdesign, decreased by 0.2 % or DKK 1m as strong competition negatively affected sales of hardware and software. YTD growth in the high-margin consultant and operations services partly offset the decrease, but due to fewer up-sales following the reduced hardware and software sales, consultant and operations services also slowed in Q3, leading to a lower gross profit increase than in Q2 (3.6% vs. 9.2% in Q2).

In total, gross profit increased by DKK 141m or 20.0%, which resulted in a considerably improved gross profit margin from 46.3% YTD 2013 to 59.1% in 2014. As of Q3, the gross profit margin was also improved by the revenue increase related to the paper communication fee effective from 1 July.

Other services, key financial data DKKm

		Q3 2014	Q3 2013	Change in %	Q1-Q3 2014	Q1-Q3 2013	Change in %
	DKKm						
Revenue		**492**	**505**	**(2.6)**	**1,430**	**1,520**	**(5.9)**
Sale of handsets		137	191	(28.3)	474	661	(28.3)
NetDesign		204	203	0.5	611	612	(0.2)
Other		151	111	36.0	345	247	39.7
Gross profit		**316**	**250**	**26.4**	**845**	**704**	**20.0**
Gross profit margin	%	64.2	49.5	-	59.1	46.3	-
Organic revenue[1]	DKKm	492	509	(3.3)	1,430	1,532	(6.6)
Organic gross profit[1]		316	251	25.7	845	708	19.3

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

Opex & capex

Q3 highlights

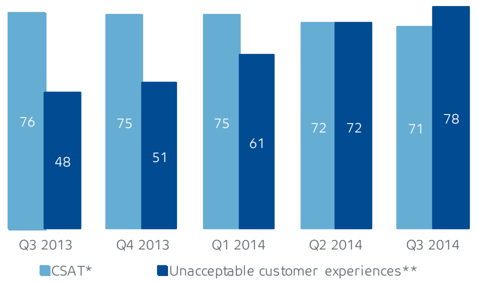
- Organic operating expenses declined by 5.8% vs. Q3 2013, positively affected by a one-off in Q3 2013 regarding Coastal Radio

- Due to an 8.4% increase in the number of faults related in part to rain showers and lightning, YoY fault-handling hours in Q3 increased (by 7.1%) for the first time since tracking was initiated at the beginning of 2011

- 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

- Overall investment spending 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), and according to a recent test, TDC's 4G network is among the fastest in the world, far exceeding Danish competitors[4]

KPI	Index



*From 1 to100. A higher index equals a more positive customer satisfaction score.
**Q1 2009 = Index 100. A lower index equals a more positive customer experience.

Wages fell by DKK 178m or 5.6%. This was due to 2.2% reduction in average number of FTE's as a result of improved work procedures and higher efficiency combined with a change in the workforce composition with more staff in call centers.

External expenses (including other income and expenses) decreased by 5.8% or DKK 144m, driven by savings on personnel-related costs in line with on average fewer FTEs and temps and lower IT costs.

YTD financial performance

Operating expenses

TDC Group succeeded in reducing reported operating expenses by 5.7% or DKK 322m YTD, of which DKK 40m related to forex, driven by savings on both wages and other external expenses.

[4]http://www.recordere.dk/indhold/templates/design.aspx?articleid=11669&zoneid=5#ixzz3G1rkEylQ

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

		Q3 2014	Q3 2013	Change in %	Q1-Q3 2014	Q1-Q3 2013	Change in %
	DKKm						
Opex		**(1,670)**	**(1,779)**	6.1	**(5,327)**	**(5,649)**	5.7
Wages, salaries and pension costs		(958)	(1,008)	5.0	(2,983)	(3,161)	5.6
External expenses¹		(712)	(771)	7.7	(2,344)	(2,488)	5.8
Organic opex	DKKm	(1,670)	(1,773)	5.8	(5,327)	(5,632)	5.4
Capital expenditure	DKKm	(787)	(743)	(5.9)	(2,607)	(2,459)	(6.0)
KPIs							
Fault-handling hours	Hours ('000)	167	156	(7.1)	449	457	1.7
Number of FTEs (end-of-period)	#	8,811	8,678	1.5	8,811	8,678	1.5
Number of FTEs & temps (end-of-period)	#	8,906	8,876	0.3	8,906	8,876	0.3
Average number of FTEs (YTD)	#	8,613	8,806	(2.2)	8,613	8,806	(2.2)
Average number of FTEs & temps (YTD)	#	8,744	9,018	(3.0)	8,744	9,018	(3.0)

[1] Including other income and expenses

We have seen extraordinary high call volumes to our call centres through 2014 (an increase of 24.5% vs. YTD 2013), fuelled by price adjustments and poor weather conditions which, combined with increased handling-time due to more complexity in our integrated solutions, have resulted in increased pressure on our call centres. In order to improve customer service and quality, a comprehensive programme, including recruitment of more staff in call centres and a focus on further development of skills, has been initiated, which improved and stabilised service levels in Q3. Despite the initiative, unfortunately, the number of unacceptable customer experiences continued to increase, and reached index 78, while customer satisfaction declined to index 71. However, the transition and further development of customer support employees following the transfer of 800+ TDC employees to Sitel was successfully initiated in Q3 and is expected to increase service levels further throughout the rest of 2014 and at the beginning of 2015.

Capital expenditure

Overall investment spending increased by 6.0% or DKK 148m. The increase was driven by significant spending on the mobile network in Q2 and Q3 2014, as the Huawei upgrade and build-out was accelerated in March as planned. Mobile network investments are expected to continue at a high level in Q4 2014. The increased spending also related to IT investments.

Consolidated Financial Statements

Income Statements DKKm

TDC Group	Note	Q3 2014	Q3 2013	Change in %	Q1-Q3 2014	Q1-Q3 2013	Change in %
Revenue	**2**	**5,643**	**5,926**	**(4.8)**	**17,086**	**18,013**	**(5.1)**
Transmission costs and cost of goods sold		(1,461)	(1,555)	6.0	(4,442)	(4,883)	9.0
Gross profit		**4,182**	**4,371**	**(4.3)**	**12,644**	**13,130**	**(3.7)**
External expenses		(745)	(787)	5.3	(2,406)	(2,531)	4.9
Wages, salaries and pension costs	3	(958)	(1,008)	5.0	(2,983)	(3,161)	5.6
Other income		33	16	106.3	62	43	44.2
Operating profit before depreciation, amortisation and special items (EBITDA)	**2**	**2,512**	**2,592**	**(3.1)**	**7,317**	**7,481**	**(2.2)**
Depreciation		(658)	(656)	(0.3)	(1,926)	(1,978)	2.6
Amortisation		(487)	(544)	10.5	(1,478)	(1,592)	7.2
Impairment losses		(5)	(42)	88.1	(26)	(57)	54.4
Depreciation, amortisation and impairment losses		**(1,150)**	**(1,242)**	**7.4**	**(3,430)**	**(3,627)**	**5.4**
Operating profit (EBIT), excluding special items		**1,362**	**1,350**	**0.9**	**3,887**	**3,854**	**0.9**
Special items	4	(214)	(351)	39.0	(457)	(767)	40.4
Operating profit (EBIT)		**1,148**	**999**	**14.9**	**3,430**	**3,087**	**11.1**
Profit from joint ventures and associates		(2)	(1)	(100.0)	(8)	7	-
- of which special items		-	-	-	-	-	-
Interest income and expenses	5	(185)	(267)	30.7	(651)	(773)	15.8
Currency translation adjustments	5	17	6	183.3	47	9	-
Fair value adjustments	5	(58)	(20)	(190.0)	(202)	(25)	-
Interest on pension assets	6	58	66	(12.1)	175	199	(12.1)
Profit before income taxes		**978**	**783**	**24.9**	**2,791**	**2,504**	**11.5**
Income taxes related to profit, excluding special items		(314)	(267)	(17.6)	(844)	(402)	(110.0)
Income taxes related to special items		48	84	(42.9)	106	199	(46.7)
Total income taxes		**(266)**	**(183)**	**(45.4)**	**(738)**	**(203)**	**-**
Profit for the period from continuing operations		**712**	**600**	**18.7**	**2,053**	**2,301**	**(10.8)**
Profit for the period from discontinued operations		-	-	-	774	32	-
- of which special items		-	(10)	-	752	(10)	-
Profit for the period		**712**	**600**	**18.7**	**2,827**	**2,333**	**21.2**
Attributable to:							
Owners of the Parent Company		714	600	19.0	2,831	2,333	21.3
Minority interests		(2)	-	-	(4)	-	-
Profit for the period from continuing operations, excluding special items		**878**	**867**	**1.3**	**2,404**	**2,869**	**(16.2)**
EPS (DKK)							
Earnings Per Share, basic		0.89	0.75	18.7	3.54	2.92	21.2
Earnings Per Share, diluted		0.90	0.75	20.0	3.53	2.91	21.3
Adjusted EPS		1.32	1.34	(1.5)	3.66	3.97	(7.8)

Statements of Comprehensive Income DKKm

TDC Group	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013
Profit for the period	**712**	**600**	**2,827**	**2,333**
Items that can be subsequently reclassified to the Income Statement:				
Currency translation adjustments, foreign enterprises	26	(10)	3	(102)
Fair value adjustments and currency translation adjustments of cash flow hedges	177	(2)	(8)	(179)
Fair value adjustments and currency translation adjustments of cash flow hedges transferred to the Income Statement	2	37	32	73
Items that cannot be subsequently reclassified to the Income Statement:				
Remeasurement effects related to defined benefit pension plans	(1,021)	(121)	(2,423)	(143)
Income tax relating to remeasurement effects from defined benefit pension plans	224	29	531	37
Change of corporate income tax rate (relating to defined benefit pension plans)	-	-	-	93
Other comprehensive income/(loss)	**(592)**	**(67)**	**(1,865)**	**(221)**
Total comprehensive income	**120**	**533**	**962**	**2,112**

Balance Sheets DKKm

TDC Group	Note	30 September 2014	31 December 2013	30 September 2013
Assets				
Non-current assets				
Intangible assets		30,460	31,411	31,675
Property, plant and equipment		15,166	15,403	15,163
Investments in joint ventures and associates		29	17	117
Other investments		50	51	7
Deferred tax assets		1	33	80
Pension assets	6	4,387	6,708	7,854
Receivables		302	271	256
Derivative financial instruments		203	137	146
Prepaid expenses		316	288	280
Total non-current assets		**50,914**	**54,319**	**55,578**
Current assets				
Inventories		373	331	290
Receivables		3,087	3,699	3,529
Derivative financial instruments		577	266	63
Prepaid expenses		645	623	656
Cash		2,030	1,172	527
Total current assets		**6,712**	**6,091**	**5,065**
Total assets		**57,626**	**60,410**	**60,643**
Equity and liabilities				
Share capital		812	812	812
Reserves		(790)	(817)	(640)
Retained earnings		18,407	18,603	20,491
Proposed dividends		-	1,786	-
Equity attributable to owners of the Parent Company		**18,429**	**20,384**	**20,663**
Minority interests		1	-	-
Total equity		**18,430**	**20,384**	**20,663**
Non-current liabilities				
Deferred tax liabilities		3,456	3,953	4,428
Provisions		862	960	1,091
Pension liabilities	6	93	92	67
Loans	7	17,666	23,356	23,372
Derivative financial instruments		41	186	138
Deferred income		542	633	657
Total non-current liabilities		**22,660**	**29,180**	**29,753**
Current liabilities				
Loans	7	6,150	133	124
Trade and other payables		5,930	6,837	5,578
Income tax payable		939	331	1,158
Derivative financial instruments		401	76	100
Deferred income		2,854	2,958	2,778
Provisions		262	511	489
Total current liabilities		**16,536**	**10,846**	**10,227**
Total liabilities		**39,196**	**40,026**	**39,980**
Total equity and liabilities		**57,626**	**60,410**	**60,643**

Statements of Cash Flow DKKm

	Q3 2014	Q3 2013	Change in %	Q1-Q3 2014	Q1-Q3 2013	Change in %
Operating profit before depreciation, amortisation and special items (EBITDA)	2,512	2,592	(3.1)	7,317	7,481	(2.2)
Adjustment for non-cash items	9	40	(77.5)	87	170	(48.8)
Pension contributions	(36)	(36)	-	(102)	(111)	8.1
Payments related to provisions	(2)	(2)	-	(10)	(5)	(100.0)
Cash flow related to special items	(237)	(80)	(196.3)	(551)	(391)	(40.9)
Change in working capital	(88)	(238)	63.0	(325)	(748)	56.6
Cash flow from operating activities before net financials and tax	**2,158**	**2,276**	**(5.2)**	**6,416**	**6,396**	**0.3**
Interest paid, net	(67)	(110)	39.1	(733)	(890)	17.6
Realised currency translation adjustments	(13)	3	-	2	19	(89.5)
Cash flow from operating activities before tax	**2,078**	**2,169**	**(4.2)**	**5,685**	**5,525**	**2.9**
Income tax paid	220	(12)	-	(93)	(314)	70.4
Cash flow from operating activities in continuing operations	**2,298**	**2,157**	**6.5**	**5,592**	**5,211**	**7.3**
Cash flow from operating activities in discontinued operations	-	35	-	3	79	(96.2)
Total cash flow from operating activities	**2,298**	**2,192**	**4.8**	**5,595**	**5,290**	**5.8**
Investment in enterprises	(3)	(46)	93.5	(191)	(44)	-
Investment in property, plant and equipment	(575)	(580)	0.9	(1,947)	(1,921)	(1.4)
Investment in intangible assets	(236)	(218)	(8.3)	(675)	(623)	(8.3)
Investment in other non-current assets	(24)	(26)	7.7	(74)	(27)	(174.1)
Sale of property, plant and equipment	5	-	-	26	3	-
Sale of other non-current assets	2	2	-	21	5	-
Change in loans to joint ventures and associates	(5)	-	-	5	-	-
Dividends received from joint ventures and associates	-	2	-	1	2	(50.0)
Cash flow from investing activities in continuing operations	**(836)**	**(866)**	**3.5**	**(2,834)**	**(2,605)**	**(8.8)**
Cash flow from investing activities in discontinued operations	(31)	(16)	(93.8)	1,097	(45)	-
Total cash flow from investing activities	**(867)**	**(882)**	**1.7**	**(1,737)**	**(2,650)**	**34.5**
Finance lease repayments	(15)	(15)	-	(42)	(50)	16.0
Change in short-term bank loans	-	2	-	-	5	-
Dividends paid	(1,200)	(1,199)	(0.1)	(2,961)	(3,036)	2.5
Cash flow from financing activities in continuing operations	**(1,212)**	**(1,212)**	**-**	**(3,000)**	**(3,081)**	**2.6**
Cash flow from financing activities in discontinued operations	-	(2)	-	-	(5)	-
Total cash flow from financing activities	**(1,212)**	**(1,214)**	**0.2**	**(3,000)**	**(3,086)**	**2.8**
Total cash flow	**219**	**96**	**128.1**	**858**	**(446)**	**-**
Cash and cash equivalents (beginning-of-period)	1,811	431	-	1,172	973	20.5
Cash and cash equivalents (end-of-period)	**2,030**	**527**	**-**	**2,030**	**527**	**-**

Equity free cash flow DKKm

TDC Group	Q3 2014	Q3 2013	Change in %	Q1-Q3 2014	Q1-Q3 2013	Change in %
EBITDA	2,512	2,592	(3.1)	7,317	7,481	(2.2)
Change in working capital	(88)	(238)	63.0	(325)	(748)	56.6
Interest paid, net	(67)	(110)	39.1	(733)	(890)	17.6
Income tax paid	220	(12)	-	(93)	(314)	70.4
Cash flow from capital expenditure	(811)	(798)	(1.6)	(2,622)	(2,544)	(3.1)
Cash flow related to special items	(237)	(80)	(196.3)	(551)	(391)	(40.9)
Other	(57)	(10)	-	(65)	23	-
Equity free cash flow	**1,472**	**1,344**	**9.5**	**2,928**	**2,617**	**11.9**

Statements of Changes in Equity DKKm

TDC Group	Equity attributable to owners of the Parent Company						Minority interests	Total
	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	-	21,513
Profit for the period	-	-	-	2,333	-	2,333	-	2,333
Currency translation adjustments, foreign enterprises	-	(102)	-	-	-	(102)	-	(102)
Fair value adjustments of cash flow hedges	-	-	(179)	-	-	(179)	-	(179)
Fair value adjustments of cash flow hedges transferred to the Income Statement	-	-	73	-	-	73	-	73
Remeasurement effects related to defined benefit pension plans	-	-	-	(143)	-	(143)	-	(143)
Income tax relating to remeasurement effects from defined benefit pension plans	-	-	-	37	-	37	-	37
Change of corporate income tax rate (relating to defined benefit pension plans)	-	-	-	93	-	93	-	93
Total comprehensive income	**-**	**(102)**	**(106)**	**2,320**	**-**	**2,112**	**-**	**2,112**
Distributed dividends	-	-	-	(1,218)	(1,898)	(3,116)	-	(3,116)
Dividends, treasury shares	-	-	-	80	-	80	-	80
Cancellation of treasury shares	(13)	-	-	13	-	-	-	-
Share-based remuneration	-	-	-	74	-	74	-	74
Total transactions with shareholders	**(13)**	**-**	**-**	**(1,051)**	**(1,898)**	**(2,962)**	**-**	**(2,962)**
Equity at 30 September 2013	**812**	**(644)**	**4**	**20,491**	**-**	**20,663**	**-**	**20,663**

TDC Group	Equity attributable to owners of the Parent Company						Minority interests	Total
	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	-	20,384
Profit for the period	-	-	-	2,831	-	2,831	(4)	2,827
Currency translation adjustments, foreign enterprises	-	3	-	-	-	3	-	3
Fair value adjustments and currency translation adjustments of cash flow hedges	-	-	(8)	-	-	(8)	-	(8)
Fair value adjustments and currency translation adjustments of cash flow hedges transferred to the Income Statement	-	-	32	-	-	32	-	32
Remeasurement effects related to defined benefit pension plans	-	-	-	(2,423)	-	(2,423)	-	(2,423)
Income tax relating to remeasurement effects from defined benefit pension plans	-	-	-	531	-	531	-	531
Total comprehensive income	**-**	**3**	**24**	**939**	**-**	**966**	**(4)**	**962**
Distributed dividends	-	-	-	(1,218)	(1,786)	(3,004)	-	(3,004)
Dividends, treasury shares	-	-	-	43	-	43	-	43
Share-based remuneration	-	-	-	40	-	40	-	40
Additions to minority interests	-	-	-	-	-	-	5	5
Total transactions with shareholders	**-**	**-**	**-**	**(1,135)**	**(1,786)**	**(2,921)**	**5**	**(2,916)**
Equity at 30 September 2014	**812**	**(688)**	**(102)**	**18,407**	**-**	**18,429**	**1**	**18,430**

Distributed dividends net of dividends related to treasury shares amounted to DKK 2,961m (Q1-Q3 2013: DKK 3,036m).

Notes to Consolidated Financial Statements

Note 1 Accounting policies

TDC's Interim Financial Report for Q1-Q3 2014 has been prepared in accordance with IAS 34 Interim Financial Reporting and the additional disclosure requirements for listed companies.

Following the divestment of TDC's Finnish subsidiaries, these activities are classified as "Discontinued operations" in TDC's consolidated financial statements. Comparative figures in the income statements and cash flow statements are restated accordingly.

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 that impacted on TDC's segment reporting:

- Transfer of operating expenses related to TDC Shops from Consumer to Channels. Now 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 on Business and Operations.

Comparative figures have been restated accordingly.

In TDC Factsheet, financial data are reported for the business units Consumer, Business, Wholesale, Nordic and Cost centre, covering the three organisational units Operations, Channels and Headquarters, which constitute the majority of the Danish cost base.

Segments DKKm

	Consumer		Business		Wholesale	
	Q3 2014	Q3 2013	Q3 2014	Q3 2013	Q3 2014	Q3 2013
Mobility services	754	854	447	494	113	114
Landline voice	314	364	314	352	69	72
Internet and network	599	579	553	584	178	168
TV	1,039	1,013	10	9	7	5
Other services	242	223	238	261	46	42
Revenue	**2,948**	**3,033**	**1,562**	**1,700**	**413**	**401**
Total operating expenses excl. depreciation, etc.	(957)	(1,015)	(479)	(500)	(139)	(114)
Other income and expenses	15	5	-	(1)	-	-
EBITDA	**2,006**	**2,023**	**1,083**	**1,199**	**274**	**287**
Specification of revenue:						
External revenue	2,948	3,045	1,508	1,630	362	350
Revenue across segments	-	(12)	54	70	51	51

	Nordic		Operations & Channels		Total	
	Q3 2014	Q3 2013	Q3 2014	Q3 2013	Q3 2014	Q3 2013
Mobility services	-	-	1	1	1,315	1,463
Landline voice	-	-	3	2	700	790
Internet and network	-	-	25	6	1,355	1,337
TV	-	-	-	-	1,056	1,027
Other services	-	-	83	108	609	634
Nordic	766	843	-	-	766	843
Revenue	**766**	**843**	**112**	**117**	**5,801**	**6,094**
Total operating expenses excl. depreciation, etc.	(650)	(708)	(1,022)	(1,087)	(3,247)	(3,424)
Other income and expenses	1	1	20	16	36	21
EBITDA	**117**	**136**	**(890)**	**(954)**	**2,590**	**2,691**
Specification of revenue:						
External revenue	722	797	103	104	5,643	5,926
Revenue across segments	44	46	9	13	158	168

Reconciliation of revenue DKKm

	Q3 2014	Q3 2013
Reportable segments	5,801	6,094
Elimination of revenue across segments	(158)	(168)
Consolidated external revenue	**5,643**	**5,926**

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

Reconciliation of profit before depreciation, amortisation and special items (EBITDA)	Q3 2014	Q3 2013
EBITDA from reportable segments	2,590	2,691
EBITDA from Headquarters	(78)	(106)
Elimination of EBITDA	-	7
Unallocated:		
Depreciation, amortisation and impairment losses	(1,150)	(1,242)
Special items	(214)	(351)
Profit from associates and joint ventures	(2)	(1)
Interest income and expenses	(185)	(267)
Currency translation adjustments	17	6
Fair value adjustments	(58)	(20)
Interest on pension assets	58	66
Consolidated profit before income taxes	**978**	**783**

Segments DKKm

Activities Q1-Q3 2014

	Consumer		Business		Wholesale	
	Q1-Q3 2014	Q1-Q3 2013	Q1-Q3 2014	Q1-Q3 2013	Q1-Q3 2014	Q1-Q3 2013
Mobility services	2,274	2,538	1,356	1,465	328	308
Landline voice	951	1,132	972	1,088	202	230
Internet and network	1,784	1,747	1,661	1,777	521	506
TV	3,139	3,067	31	28	22	16
Other services	669	778	740	768	111	114
Revenue	**8,817**	**9,262**	**4,760**	**5,126**	**1,184**	**1,174**
Total operating expenses excl. depreciation, etc.	(2,999)	(3,282)	(1,454)	(1,549)	(376)	(337)
Other income and expenses	24	(15)	-	(1)	-	-
EBITDA	**5,842**	**5,965**	**3,306**	**3,576**	**808**	**837**
Specification of revenue:						
External revenue	8,813	9,271	4,592	4,948	1,065	1,027
Revenue across segments	4	(9)	168	178	119	147

	Nordic		Operations & Channels		Total	
	Q1-Q3 2014	Q1-Q3 2013	Q1-Q3 2014	Q1-Q3 2013	Q1-Q3 2014	Q1-Q3 2013
Mobility services	-	-	2	2	3,960	4,313
Landline voice	-	-	13	8	2,138	2,458
Internet and network	-	-	71	32	4,037	4,062
TV	-	-	-	-	3,192	3,111
Other services	-	-	233	223	1,753	1,883
Nordic	2,456	2,692	-	-	2,456	2,692
Revenue	**2,456**	**2,692**	**319**	**265**	**17,536**	**18,519**
Total operating expenses excl. depreciation, etc.	(2,101)	(2,320)	(3,039)	(3,239)	(9,969)	(10,727)
Other income and expenses	1	2	52	58	77	44
EBITDA	**357**	**374**	**(2,668)**	**(2,916)**	**7,645**	**7,836**
Specification of revenue:						
External revenue	2,325	2,542	291	225	17,086	18,013
Revenue across segments	131	150	28	40	450	506

Reconciliation of revenue DKKm

	Q1-Q3 2014	Q1-Q3 2013
Reportable segments	17,536	18,519
Elimination of revenue across segments	(450)	(506)
Consolidated external revenue	**17,086**	**18,013**

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

Reconciliation of profit before depreciation, amortisation and special items (EBITDA), DKKm	Q1-Q3 2014	Q1-Q3 2013
EBITDA from reportable segments	7,645	7,836
EBITDA from Headquarters	(328)	(362)
Elimination of EBITDA	-	7
Unallocated:		
Depreciation, amortisation and impairment losses	(3,430)	(3,627)
Special items	(457)	(767)
Profit from associates and joint ventures	(8)	7
Interest income and expenses	(651)	(773)
Currency translation adjustments	47	9
Fair value adjustments	(202)	(25)
Interest on pension assets	175	199
Consolidated profit before income taxes	**2,791**	**2,504**

Note 3 Employees

Note 3 Employees

FTEs (EoP)	Q1-Q3 2014	2013	Q1-Q3 2013	Change in % Q1-Q3 2014 vs. Q1-Q3 2013	Change in % Q1-Q3 2014 vs. 2013
Consumer [1]	455	416	433	5.1	9.4
Business	1,070	1,125	1,113	(3.9)	(4.9)
Wholesale	134	129	134	-	3.9
Nordic	946	980	989	(4.3)	(3.5)
Cost centre [2] [3]	6,206	5,937	6,009	3.3	4.5
TDC Group	**8,811**	**8,587**	**8,678**	**1.5**	**2.6**
TDC Group, domestic	**7,809**	**7,612**	**7,692**	**1.5**	**2.6**

Average number of FTEs (YTD)	Q1-Q3 2014	2013	Q1-Q3 2013	Change in % Q1-Q3 2014 vs. Q1-Q3 2013	Change in % Q1-Q3 2014 vs. 2013
Consumer [1]	434	446	454	(4.4)	(2.7)
Business	1,118	1,096	1,090	2.6	2.0
Wholesale	130	135	136	(4.4)	(3.7)
Nordic	965	1,005	1,011	(4.5)	(4.0)
Cost centre [2] [3]	5,966	6,070	6,115	(2.4)	(1.7)
TDC Group	**8,613**	**8,752**	**8,806**	**(2.2)**	**(1.6)**
TDC Group, domestic	**7,645**	**7,751**	**7,799**	**(2.0)**	**(1.4)**

[1] Including Bet25 with 37 FTE as from April 2014.
[2] Includes Operations, Channels, Headquarters, expats and personnel on leave, etc.
[3] 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 and profit from discontinued operations, respectively.

Special items related to discontinued operations in Q1-Q3 2014 resulted primarily from the divestment of TDC Finland. In addition, the positive YoY development in special items was due to lower costs related to redundancy programmes and vacant tenancies. Other restructuring costs in Q1-Q3 2014 related primarily to estimated costs (DKK 90m) following the contract with Sitel comprising outsourcing of customer support.

Other restructuring costs, etc. in Q1-Q3 2013 included estimated costs (DKK 240m) following the contract with Huawei comprising equipment and operation of the mobile network. The costs related primarily to the termination of the former contract with Ericsson. Income from rulings in Q1-Q3 2013 comprised a settlement (DKK 57m) of a Swedish dispute over interconnect fees.

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 metres.

Special items — DKKm

TDC Group	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013
Consolidated enterprises:				
Costs related to redundancy programmes and vacant tenancies	(83)	(119)	(288)	(520)
Other restructuring costs, etc.	(118)	(229)	(163)	(283)
Impairment losses	-	(1)	-	(14)
Income from rulings	(1)	-	8	57
Loss from rulings	(3)	(2)	(5)	(7)
Special items before income taxes	**(214)**	**(351)**	**(457)**	**(767)**
Income taxes related to special items	48	84	106	199
Special items after income taxes in consolidated enterprises	**(166)**	**(267)**	**(351)**	**(568)**
Special items related to discontinued operations	-	(10)	752	(10)
Total special items after taxes	**(166)**	**(277)**	**401**	**(578)**

Cash flow from special items — DKKm

TDC Group	Q3 2014	Q3 2013
Redundancy programmes and vacant tenancies	(87)	(92)
Rulings	(1)	57
Other	(149)	(47)
Total	**(237)**	**(82)**
	Q1-Q3 2014	**Q1-Q3 2013**
Redundancy programmes and vacant tenancies	(322)	(313)
Rulings	(8)	51
Other	(221)	(135)
Total	**(551)**	**(397)**

Note 5 Net financials

Net financials[1] represented an expense of DKK 806m in Q1-Q3 2014, a DKK 17m increase compared with Q1-Q3 2013, driven by:

- Interest decreasing by DKK 122m, due primarily to interest related to income taxes following a tax case regarding definition of infrastructure assets, which was settled as expected.
- Fair value adjustment losses increasing by DKK 177m due primarily to decreasing market interest rates resulting in a loss on interest rate swaps not treated as hedge accounting. The losses in Q1-Q3 2014 included pre-hedges related to TDC's coming refinancing due to EMTN bonds maturing in 2015.
- Currency translation adjustments decreasing by DKK 38m related 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]. Furthermore, TDC uses derivatives that are not treated as hedge accounting, to manage interest rate risks.

[1] Comprises interest, currency translation adjustments and fair value adjustments.
[2] The GBP EMTN loan is hedged to the 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	Q3 2014			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(230)	28	-	(202)
Other hedges (not treated as hedge accounting)	(5)	2	(58)	(61)
Other	50	(13)	-	37
Net financials	**(185)**	**17**	**(58)**	**(226)**

TDC Group	Q3 2013			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(236)	3	(38)	(271)
Other hedges (not treated as hedge accounting)	-	-	18	18
Other	(31)	3	-	(28)
Net financials	**(267)**	**6**	**(20)**	**(281)**

TDC Group	Q1-Q3 2014			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(658)	42	(32)	(648)
Other hedges (not treated as hedge accounting)	(5)	2	(170)	(173)
Other	12	3	-	15
Net financials	**(651)**	**47**	**(202)**	**(806)**

TDC Group	Q1-Q3 2013			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(669)	2	(73)	(740)
Other hedges (not treated as hedge accounting)	-	-	48	48
Other	(104)	7	-	(97)
Net financials	**(773)**	**9**	**(25)**	**(789)**

[3]Interest is specified as follows: Q3 2014 DKK (185m): Interest income, DKK 79m and interest expenses DKK (264m); Q3 2013 DKK (267m): Interest income DKK 9m and interest expenses DKK (276m); Q1-Q3 2014 DKK (651): Interest income, DKK 104m and interest expenses DKK (755m); Q1-Q3 2013 DKK (773m): Interest income DKK 26m and interest expenses DKK (799m).

Note 6 Pension assets and pension obligations

Pension (costs)/income DKKm

TDC Group	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013
Specification of plans:				
Domestic	24	25	72	75
TDC Norway	(6)	(4)	(12)	(12)
Pension income/(costs) from defined benefit plans	**18**	**21**	**60**	**63**
Recognition:				
Service cost[1]	(38)	(42)	(108)	(127)
Administration costs	(2)	(3)	(7)	(9)
Wages, salaries and pension costs (included in EBITDA)	**(40)**	**(45)**	**(115)**	**(136)**
Interest on pension assets	58	66	175	199
Pension income/(costs) from defined benefit plans recognised in the income statements	**18**	**21**	**60**	**63**

[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	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013
Service cost	(33)	(39)	(98)	(117)
Administration costs	(2)	(3)	(7)	(9)
Wages, salaries and pension costs (included in EBITDA)	**(35)**	**(42)**	**(105)**	**(126)**
Interest on pension assets	59	67	177	201
Pension (costs)/income	**24**	**25**	**72**	**75**
Domestic redundancy programmes recognised in special items	(15)	(8)	(76)	(72)
Total pension (costs)/income recognised in the Income Statements	**9**	**17**	**(4)**	**3**

Assets and obligations	30 September 2014	31 December 2013	30 September 2013
Specification of pension assets			
Fair value of plan assets	30,260	28,421	28,606
Defined benefit obligation	(25,873)	(21,713)	(20,752)
Pension assets recognised in the Balance Sheets	**4,387**	**6,708**	**7,854**
Change in pension assets			
Pension assets recognised at 1 January	6,708	7,918	7,918
Pension (costs)/income	(4)	(17)	3
Remeasurement effects	(2,416)	(1,273)	(161)
TDC's contribution	99	80	94
Pension assets recognised in the Balance Sheets	**4,387**	**6,708**	**7,854**
Discount rate (%)			
Used to determine benefit obligations	2.20	3.50	3.85
Used to determine pension cost/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 21m in Q1-Q3 2014 and DKK 20m in Q1-Q3 2013. Pension liabilities related to foreign defined benefit plans amounted to DKK 93m at 30 September 2014 and DKK 67m at 30 September 2013.

Note 7 Loans and net interest-bearing debt

Net interest-bearing debt totalled DKK 20,722m at the end of Q3 2014. This resulted in a leverage ratio (Net interest bearing debt/EBITDA) of 2.1, within our financial policy of a leverage ratio of or below 2.2 on average over the financial year. During Q1-Q3 2014, net interest-bearing debt decreased by DKK 932m due to the divestment of TDC Finland and positive net cash flows from operating and investing activities, which was partly offset by dividends paid.

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	30 September 2014	31 December 2013	30 September 2013
Loans (Non-current liabilities):			
Euro Medium Term Notes (EMTN)	17,168	22,819	22,820
Debt relating to finance leases	136	99	119
Other loans	362	438	433
Total	**17,666**	**23,356**	**23,372**
Loans (Current liabilities):			
Euro Medium Term Notes (EMTN)	6,105	94	93
Debt relating to finance leases	45	39	31
Total	**6,150**	**133**	**124**
Total loans	**23,816**	**23,489**	**23,496**
Interest-bearing payables	7	3	3
Gross interest-bearing debt	**23,823**	**23,492**	**23,499**
Interest-bearing receivables and investments	(297)	(267)	(209)
Cash and cash equivalents	(2,030)	(1,172)	(527)
Derivative financial instruments hedging fair value and currency on loans	(774)	(399)	(568)
Net interest-bearing debt	**20,722**	**21,654**	**22,195**

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 30 June 2014	EURm	800	274	800	500	-	2,374
Outstanding amount[1] at 30 June 2014	GBPm	-	-	-	-	550	550
Outstanding amount[1] at 30 September 2014	**EURm**	**800**	**274**	**800**	**500**	-	**2,374**
Outstanding amount[1] at 30 September 2014	**GBPm**	**-**	**-**	**-**	**-**	**550**	**550**
Outstanding amount[1] at 30 September 2014	**DKKm**	**5,955**	**2,036**	**5,955**	**3,722**	**5,258**	**22,926**

[1] Nominal value.

Note 8 Event after the balance sheet date

On 20 October 2014, TDC announced that the acquisition of Get AS was complete. Get is the leading Norwegian cable company serving approximately 500,000 households and businesses in Norway. The product portfolio consists primarily of premium TV entertainment services and high-speed broadband through an end-to-end hybrid-fibre network. The purchase price for the company on a cash and debt free basis amounts to NOK 13.8bn (~DKK 12.5bn).

The Get acquisition is intended to be financed through a combination of senior unsecured EMTN bonds and hybrid bonds, which provide a 50% equity credit from rating agencies. The acquisition is short-term financed via a bridge bank loan.

Selected financial and operational data

TDC Group **DKKm**

TDC Group	Q1-Q3 2014	Q1-Q3 2013	2013	2012	2011	2010
Income Statements DKKm						
Revenue	17,086	18,013	23,986	25,472	25,606	25,496
Gross profit	12,644	13,130	17,431	18,154	18,811	19,077
EBITDA	**7,317**	**7,481**	**9,979**	**10,136**	**10,306**	**10,159**
Depreciation, amortisation and impairment losses	(3,430)	(3,627)	(4,932)	(4,960)	(5,112)	(5,239)
Operating profit (EBIT), excluding special items	**3,887**	**3,854**	**5,047**	**5,176**	**5,194**	**4,920**
Special items	(457)	(767)	(932)	(738)	(847)	(1,361)
Operating profit (EBIT)	**3,430**	**3,087**	**4,115**	**4,438**	**4,347**	**3,559**
Profit from joint ventures and associates	(8)	7	2	762	(29)	9
Interest income and expenses	(651)	(773)	(1,021)	(1,111)	(1,304)	(1,590)
Currency translation adjustments	47	9	7	(51)	52	(20)
Fair value adjustments	(202)	(25)	63	(64)	374	115
Interest on pension assets	175	199	266	346	377	385
Profit before income taxes	**2,791**	**2,504**	**3,432**	**4,320**	**3,817**	**2,458**
Income taxes	(738)	(203)	(354)	(629)	(1,096)	(780)
Profit for the period from continuing operations	**2,053**	**2,301**	**3,078**	**3,691**	**2,721**	**1,678**
Profit for the period from discontinued operations[1]	774	32	41	93	31	1,280
Profit for the period	**2,827**	**2,333**	**3,119**	**3,784**	**2,752**	**2,958**
Attributable to:						
Owners of the Parent Company	2,831	2,333	3,119	3,784	2,752	2,958
Minority interests	(4)	-	-	-	-	-
Profit for the period, excluding special items						
Operating profit (EBIT)	**3,887**	**3,854**	**5,047**	**5,176**	**5,194**	**4,920**
Profit from joint ventures and associates	(8)	7	2	2	(29)	(1)
Interest income and expenses	(651)	(773)	(1,021)	(1,111)	(1,304)	(1,590)
Currency translation adjustments	47	9	7	(51)	52	(20)
Fair value adjustments	(202)	(25)	63	(64)	374	115
Interest on pension assets	175	199	266	346	377	385
Profit before income taxes	**3,248**	**3,271**	**4,364**	**4,298**	**4,664**	**3,809**
Income taxes	(844)	(402)	(598)	(954)	(1,275)	(1,033)
Profit for the period from continuing operations	**2,404**	**2,869**	**3,766**	**3,344**	**3,389**	**2,776**
Profit for the period from discontinued operations[1]	22	42	14	104	53	476
Profit for the period	**2,426**	**2,911**	**3,780**	**3,448**	**3,442**	**3,252**

Selected financial and operational data

TDC Group

TDC Group

		Q1-Q3 2014	Q1-Q3 2013	2013	2012	2011	2010
Balance Sheets	DKKbn						
Total assets		57.6	60.6	60.4	63.5	65.2	64.8
Net interest-bearing debt		(20.7)	(22.2)	(21.7)	(21.9)	(21.0)	(22.6)
Total equity		18.4	20.7	20.4	21.5	22.2	20.9
Average number of shares outstanding (million)		800.2	798.9	798.9	802.3	816.7	981.8
Statements of Cash Flow	DKKm						
Continuing operations:							
Operating activities		5,592	5,211	7,058	6,720	6,972	6,990
Investing activities		(2,834)	(2,605)	(3,929)	(2,862)	(3,546)	(3,792)
Financing activities		(3,000)	(3,081)	(3,102)	(4,448)	(2,815)	(20,089)
Total cash flow from continuing operations		**(242)**	**(475)**	**27**	**(590)**	**611**	**(16,891)**
Total cash flow in discontinued operations[1]		1,100	29	172	74	47	16,959
Total cash flow		**858**	**(446)**	**199**	**(516)**	**658**	**68**
Equity free cash flow		2,928	2,617	3,302	3,128	3,494	3,280
Capital expenditure		(2,607)	(2,459)	(3,606)	(3,406)	(3,344)	(3,471)
Key financial ratios							
Earnings Per Share (EPS)	DKK	3.54	2.92	3.90	4.72	3.37	3.01
EPS from continuing operations, excl. special items	DKK	3.01	3.60	4.71	4.17	4.15	2.83
Adjusted EPS	DKK	3.66	3.97	5.53	5.40	5.53	4.11
DPS	DKK	-	-	3.70	4.60	4.35	-
Dividend payout (% of EFCF)	%	-	-	89.3	118.3	99.1	-
Gross profit margin	%	74.0	72.9	72.7	71.3	73.5	74.8
EBITDA margin	%	42.8	41.5	41.6	39.8	40.2	39.8
Net interest-bearing debt/EBITDA	x	2.1	2.2	2.1	2.1	2.0	2.2
Employees[2]							
Number of FTEs (end-of-year)		8,811	8,678	8,587	8,885	9,551	10,161
Average number of FTEs		8,613	8,806	8,752	9,082	9,842	10,595

[1] TDC Finland (divested in 2014) and 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 Q3 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 TDC Group for Q1-Q3 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 30 September 2014 as well as the results of operations and cash flows for Q1-Q3 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, 31 October 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 communication and home entertainment company in Scandinavia and the leading provider of communications services in Denmark. TDC comprises the business units Consumer, Business, Wholesale, Norway, Sweden and the cost centre Operations/Channels/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.
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