TDC confirms 2015 guidance and pays out interim dividend

The Q2 financial results were much in line with our expectations and continued the development from Q1 with a challenged EBITDA development in Denmark (down by 11.3% YoY). Cash flow generation was down by 278m or 25.5% in Q2 due mainly to the timing of the change in net working capital.

Some operational highlights for Q2 stand out:

1) Customer satisfaction improved significantly in Q2. This was achieved by the focused execution of our customer transformation programme (TAK+), which included targeted investments in digitalisation, improved customer journeys, a staff increase in Channels and quality-improving outsourcing of support calls. In Q2, we have improved waiting times and accessibility significantly across touch points at our call centres, but in other areas we still see room for improvements.

2) The number of Consumer mobile voice subscribers in Denmark increased by 13k vs. Q1, marking a shift compared with previous quarterly losses. 'Denmark's best mobile network' delivered superior customer experiences and the unlimited data campaign for existing customers increased data traffic in our network by more than 80%. This had the expected positive effect on customer churn rates and brand loyalty. However, Consumer's mobile voice ARPU declined by 5% YoY, affected by migration to lower price points and cross selling. Going forward focus will continuously be on value protection on this market.

3) The fierce pricing environment in the Danish B2B market continued with substantial EBITDA YoY declines. In Q2, we did not recover a large public tender from a competitor for the provision of WAN, as the awarded price point left no room for reasonable profit. We expect that some of our existing public customers will switch to this WAN contract, thereby reinforcing the headwind facing our Danish Business division as we move into 2016. A number of actions have been initiated in order to improve the development in Business.

4) Activities outside Denmark delivered strong results and constituted 25% of total TDC Group revenue in Q2. Get had the best quarterly net adds in several years (8k broadband and 4k TV vs. Q1). We are on track with a detailed plan for synergy realisation in Norway and remain confident in delivering the announced total run-rate synergies by 2017. Our Swedish B2B division continued its positive trend with double-digit revenue growth in local currency.

Based on the Q2 results, we are committed to delivering on our full-year guidance on all parameters. We will pay interim dividend of DKK 1.00 per share on 12 August 2015 as guided.

Carsten Dilling, President and CEO

Financial highlights

- Q2 growth in revenue (+6.4%) and gross profit (+4.4%) due to the acquisition of Get in Q4 2014. The organic revenue decline (-2.3%) is in line with our full-year guidance
- Opex development of -6.9% in Q2 affected by the inclusion of Get, increased staffing in call centres and higher spending on SAC/SRC; continued focus on cost reductions across the organisation with organic opex savings of 0.9%
- EBITDA up by 2.5% in Q2, but organic EBITDA decreased by 7.7% due to a challenging development in Denmark (reported -11.3%)
- Get continued to deliver on plan (EBITDA up 9.0% YoY) and plan for synergy realisation on track; share based incentive program launched to provide continued value creation incentive in line with the acquisition plan
- Continued growth in cable activities: 38% of Q2 EBITDA stemmed from cable, up by 5 pp vs. Q2 2014
- EFCF of DKK 812m in Q2, down by 25.5% due mainly to different timing of working capital
- 2015 guidance reaffirmed; interim dividend of DKK 1.00 per share to be paid out on 12 August 2015

Operational highlights

- The number of customers with a non-acceptable experience decreased by 7 index points vs. Q1 to 67 (2009 = index 100)
- Positive net adds in Consumer's mobile voice (+13k vs. Q1) for the first time in several years, driven by a churn reduction of 6 pp vs. Q1; YoY ARPU down by DKK 6 or 5%, driven by migration to lower price points and cross sales to existing broadband and TV customers
- Continued YoY ARPU erosion in the Danish B2B market (-18% on mobile voice and -8% on broadband) following price pressure across segments
- Loss of 12k YouSee TV customers in Q2 due to leakage of both individual customers and antenna associations
- New LRAIC prices led to aggressive broadband pricing initiatives from competitors and negatively affected Consumer's broadband customer base (-7k vs. Q1)
- Another strong quarter in the Norwegian B2C market with 4k and 8k new TV and broadband subscribers vs. Q1, respectively, as well as a TV ARPU increase of 3% YoY

Group performance

Revenue
In H1 2015, TDC Group saw a 6.8% or DKK 780m increase in reported revenue, which was driven by the acquisition of Get (DKK 1,193m)[1], partly offset by the continued impact from regulation and a negative forex effect. Adjusted for these effects, organic revenue decreased by 1.5%. This related mainly to Business, only partly offset by growth in low-margin areas in Sweden and organic growth in Get. However, the decrease of 1.5% in H1 2015 was an improvement compared with the organic revenue decrease of 3.7% in H1 2014. This was achieved by an improved YoY development in all areas except mobility services.

Gross profit
In TDC Group, reported gross profit increased by 4.3% or DKK 368m in H1 2015 due to the acquisition of Get. Organic gross profit decreased by 4.4%, driven by the revenue decrease in Business and changed product mix with a larger share of the revenue coming from low-margin areas. The negative development in organic gross profit was also impacted by positive one-offs on transmission costs in Q1 2014, totalling DKK 29m in TDC Sweden and TDC Norway.

The gross margin decreased from 73.9% in H1 2014 to 72.2% in H1 2015, as the above-mentioned effects were partly offset by positive contributions to the gross margin from the inclusion of Get, as well as gross-profit-neutral regulatory MTR reductions in Denmark.

Operational expenditure
Reported operational expenditure increased by 7.8% or DKK 286m in H1 2015, driven by the acquisition of Get. Organic operational expenditure remained at the same level as in H1 2014 as savings on marketing, an improved contract for mobile operations as well as lower wage costs in Operations were offset by increased staffing in call centres and increased SAC/SRC spending.

EBITDA
In H1 2015, reported EBITDA increased by 1.7% or DKK 82m. Organic EBITDA decreased by 7.5%.

The reported EBITDA margin decreased from 42.0% in H1 2014 to 40.0% in H1 2015, driven mainly by the lower gross margin.

Profit for the period
Profit for the period from continuing operations excluding special items decreased by DKK 254m, due chiefly to higher depreciation and amortisation resulting from the acquisition of Get.

Following the gain from divesting TDC Finland in 2014 (DKK 754m), profit for the period including discontinued operations and special items decreased by DKK 1,034m.

Comprehensive income
Total comprehensive income increased by DKK 1,323m to DKK 2,165m. The decrease in profit for the period (DKK 1,034m) was more than offset by the higher other comprehensive income (DKK 2,357m) that related primarily to defined benefit plans.

The gains in H1 2015 and the losses in H1 2014 from defined benefit plans were caused primarily by the respective increases and decreases in the discount rate, as the pension obligation recognised in the balance sheet is calculated by discounting the expected future pension payments. These impacts were in H1 2015 supplemented by, and in H1 2014 partly offset by gains from higher-than-assumed returns on pension plan assets.

Equity
During H1 2015, Total equity increased by DKK 6.9bn to DKK 25.6bn. This was due chiefly to the issuance of hybrid bonds (DKK 5.6bn) which

[1] Including organic growth.

TDC Group, key figures[1] DKKm

		Q2 2015	Q2 2014	Change in %	H1 2015	H1 2014	Change in %
Income Statements	DKKm						
Revenue		6,030	5,668	6.4	12,223	11,443	6.8
Gross profit		4,390	4,204	4.4	8,830	8,462	4.3
EBITDA		2,413	2,354	2.5	4,887	4,805	1.7
Profit for the period from continuing operations excluding special items		662	697	(5.0)	1,272	1,526	(16.6)
Profit for the period		570	1,399	(59.3)	1,081	2,115	(48.9)
Total comprehensive income		1,051	802	31.0	2,165	842	157.1
Capital expenditure		(1,043)	(957)	(9.0)	(2,185)	(1,820)	(20.1)
Equity free cash flow (EFCF)		812	1,090	(25.5)	1,114	1,456	(23.5)
Key financial ratios							
Earnings Per Share (EPS)	DKK	0.72	1.76	(59.1)	1.36	2.65	(48.7)
Adjusted EPS	DKK	1.02	1.09	(6.4)	1.97	2.34	(15.8)
Gross margin	%	72.8	74.2	-	72.2	73.9	-
EBITDA margin	%	40.0	41.5	-	40.0	42.0	-

[1] For additional data, see TDC Fact Sheet on www.investor.tdc.com/factsheet.cfm. For a glossary and definitions, see http://investor.tdc.com/glossary.cfm.

are accounted for as equity in the balance sheet. In addition, Total comprehensive income (DKK 2.2bn) exceeded distributed dividends (DKK 0.8bn).

Equity free cash flow

In H1 2015, equity free cash flow decreased by 23.5% or DKK 342m. This was due to a decline in EBITDA in Denmark (DKK 460m), while cash outflow related to capex in Denmark was almost level with H1 2014. This was only partly offset by a positive cash flow contribution (EBITDA-capex) of DKK 324m from Get in H1 2015.

On a full-year basis, TDC Group expects an equity free cash flow level with that in 2014. Cash outflow to capex for the full year 2015 is expected to be higher than in 2014, while tax paid is expected to be lower than in 2014 due to lower taxable income and lower tax rate in Denmark. TDC Group also expects a positive contribution from working capital optimisation.

Cash flow & NIBD DKKm

		Q2 2015	Q2 2014	Change in %	H1 2015	H1 2014	Change in %
EBITDA	DKKm	2,413	2,354	2.5	4,887	4,805	1.7
Change in working capital		(342)	(63)	-	(280)	(237)	(18.1)
Interest paid, net		(24)	(27)	11.1	(690)	(666)	(3.6)
Income tax paid		(3)	0	-	(353)	(313)	(12.8)
Cash flow from capital expenditure		(1,036)	(957)	(8.3)	(2,141)	(1,811)	(18.2)
Cash flow related to special items		(162)	(186)	12.9	(299)	(314)	4.8
Other		(34)	(31)	(9.7)	(10)	(8)	(25.0)
Equity free cash flow		**812**	**1,090**	**(25.5)**	**1,114**	**1,456**	**(23.5)**
Total cash flow from operating activities		1,870	2,061	(9.3)	3,295	3,294	-
Total cash flow from investing activities		(1,042)	(1,151)	9.5	(2,247)	(1,998)	(12.5)
Total cash flow from financing activities		(571)	(644)	11.3	(5,228)	(1,788)	(192.4)
Total cash flow from continuing operations		257	266	(3.4)	(4,180)	(492)	-
Total cash flow from discontinued operations		0	1,116	-	(2)	1,131	(100.2)
Total cash flow		**257**	**1,382**	**(81.4)**	**(4,182)**	**639**	**-**
Net interest-bearing debt (NIBD)		(27,262)	(21,018)	(29.7)	(27,262)	(21,018)	(29.7)
Adjusted NIBD		(30,039)	(21,018)	(42.9)	(30,039)	(21,018)	(42.9)
Net interest-bearing debt/EBITDA	x	2.8	2.1	-	2.8	2.1	-
Adjusted NIBD/EBITDA	x	3.0	2.1	-	3.0	2.1	-

Refinancing

In February 2015, the bridge bank loan stemming from the acquisition of Get (EUR 1,600m), was refinanced through a combination of senior unsecured EMTN bonds (EUR 800m, 12 years maturity, 1.75% coupon) and hybrid capital (EUR 750m, 6 years non-call, 3.5% coupon).

In addition, the EUR 800m bond that matured in February 2015 was refinanced with bank loans (EUR 650m) and cash.

Net interest-bearing debt

By the end of the quarter, net interest-bearing debt (NIBD) totalled DKK 27.3bn against DKK 32.9bn at the end of 2014.
The hybrid bonds of EUR 750m issued by TDC are accounted for as equity (DKK 5.6bn) and are not included in NIBD, while the earlier bridge bank loan was included in NIBD.

Hybrid coupon payments will be recognised directly in equity at the time the payment obligation arises and are recognised in the statement of cash flow upon payment as a separate item within financing activities.

The hybrid bonds are assigned 50% equity credit from rating agencies. Adjusted NIBD is calculated by adding 50% of the hybrid capital. Accordingly, adjusted NIBD was DKK 30.0bn compared with DKK 32.9bn at the end of 2014.

The decrease in both NIBD and adjusted NIBD was attributable mainly to the issuance of hybrid bonds and cash flow from operations partly offset by dividends paid[2].

[2] For more information on TDC's hybrid bonds, see note 9 to the Financial Statements.

Guidance 2015
TDC confirms the guidance presented below and in the 2014 Annual Report.

The guidance on revenue in 2015 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 2015 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 Guidance and risk factors and in the Disclaimer in TDC's Annual Report.

2015 guidance[1]	
Organic revenue development	At the same level as in 2014 (-2.5%)
EBITDA	At the same level or slightly better than in 2014 (DKK 9.8bn)
Capex	~DKK 4.3bn
DPS	DKK 2.50[2]

[1] Assuming NOK forex of ~0.85 NOK/DKK.
[2] Of this, DKK 1.00 per share will be paid out on 12 August 2015

Trends
Key learning points from H1 2015 with impact on short-to medium-term development.

Positive factors

- Improving domestic customer satisfaction expected to positively impact customer loyalty and churn rates
- Superior mobile network improving customer satisfaction
- Continued strong growth in Get after TDC's acquisition
- Positive trends and promising pipeline in Sweden
- Improved mobile net adds in Consumer

Negative factors

- Consumer's mobile ARPU remains under pressure and SAC/SRC levels increasing
- Roam like at home EU regulation expected from May 2016; already, commercial pressure in transition period
- Business market continues to be challenged; further, loss of public WAN tender in Q2 may lead to loss of some of the existing public customers from 2016
- TDC's retail broadband net adds and ARPU in Denmark challenged from aggressive pricing following LRAIC regulation
- Increasing churn and continued downwards migration challenge YouSee's TV offer
- Opex improvements at a lower level than historically
- Revenue from fees decreasing as customers move to digital communication

TDC Group's performance per business line

In the illustration below, TDC Group's performance in H1 2015 is presented using our traditional business line reporting, cf. segment reporting note 2.

TDC Group's H1 2015 reported EBITDA increased by DKK 82m driven by the acquisition of Get, since EBITDA in the Danish business decreased by DKK 460m. This was driven mainly by Business, which faced an EBITDA decrease of 17.2% or DKK 386m, a significant deterioration vs. the H1 2014 growth rate (-6.3%). The decrease in Business resulted from substantial revenue and gross profit declines following intense competition across products in both low- and high-end segments.

Consumer faced an EBITDA decrease of 3.4% or DKK 133m as continued shortfalls in mobility services and landline voice were only partly outweighed by growth in internet & network, other services and TV.

EBITDA in Wholesale decreased by 9.5% or DKK 47m, driven by deteriorated gross profit across products, including a contraction in the MVNO business and regulatory price adjustments (LRAIC) affecting landline voice and broadband.

Across cost centres, EBITDA improved by DKK 103m compared with H1 2014. This was affected by opex savings of DKK 67m driven by fewer employees in mainly Operations as well as a gross profit increase of DKK 36m prompted by increased installation activities and managed services.

In Norway, an EBITDA increase of DKK 572m was driven by the acquisition of Get, which has continued with high growth rates after the TDC acquisition. This was only partly offset by deteriorated earnings in TDC Norway, including a positive one-off on transmission costs of DKK 13m in Q1 2014.

In Sweden, the EBITDA decrease of DKK 29m was related to both a negative forex effect of DKK 8m and a positive one-off on transmission costs of DKK 15m in Q1 2014.

TDC Group's H1 2015 performance is explained in more detail on the following pages presented by product in Denmark as well as the Norwegian and Swedish segments and TDC Group's total operating expenses and capital expenditure.

DKKm/ Growth in local currency	TDC Group	Consumer	Business	Wholesale	Cost centre	Get [2]	TDC Norway	Sweden
Revenue [1]	12,223	5,626	2,961	823	232	1,193	415	1,330
	+6.8%	-1.4%	-7.7%	-8.0%	+8.4%	+5.7%	-3.2%	+8.7%
Gross profit [1]	8,830	4,258	2,368	531	173	926	144	506
	+4.3%	-2.7%	-12.9%	-8.8%	+26.3%	+8.1%	-16.1%	-0.2%
EBITDA [1]	4,887	3,728	1,860	450	-1,936	593	47	145
	+1.7%	-3.4%	-17.2%	-9.5%	+5.1%	+9.4%	-28.9%	-12.5%

[1] Both absolute figures and growth rates are excluding eliminations and therefore do not amount to 100%.
[2] The absolute figures show Get's contribution to TDC Group's financial results, while the growth figures show Get's growth from H1 2014 to H1 2015 in local currency.

Mobility services

Q2 highlights

- Shift in Consumer's mobile voice net adds with +13k in Q2 2015 (vs. -4k in Q1 2015), driven by improved churn rates
- Consumer's mobile voice ARPU down by 5.0% vs. Q2 2014, driven mainly by migration to lower price points and cross selling to existing TV and broadband customers
- Business mobile voice ARPU decrease of 18% vs. Q2 2014, driven by continued price pressure across segments
- Small decline in Business' mobile voice subscribers in Q2 (-16k in Q1 2015), as an increase in the low-ARPU public segment was partly offset by a loss in the low-end segment
- The unlimited data campaign provided in Q2 2015 for existing customers positively affected churn in Consumer in particular. Tariff-based revenue in both Consumer and Business was slightly negatively affected
- Commercial pressure on EU roaming prices due to future regulation

Mobility services in Denmark, key figures — DKKm

		Q2 2015	Q2 2014	Change in %	H1 2015	H1 2014	Change in %
Revenue	DKKm	**1,135**	**1,306**	**(13.1)**	**2,289**	**2,617**	**(12.5)**
Consumer		645	699	(7.7)	1,297	1,407	(7.8)
Business		354	443	(20.1)	724	884	(18.1)
Wholesale		138	165	(16.4)	270	328	(17.7)
Other incl. eliminations		(2)	(1)	(100.0)	(2)	(2)	-
Gross profit		**1,018**	**1,182**	**(13.9)**	**2,056**	**2,359**	**(12.8)**
Gross margin	%	89.7	90.5	-	89.8	90.1	-
Organic revenue[1]	DKKm	1,135	1,264	(10.2)	2,289	2,537	(9.8)
Organic gross profit[1]		1,018	1,173	(13.2)	2,056	2,340	(12.1)
Mobile voice							
Consumer - RGU	# ('000)	1,798	1,825	(1.5)	1,798	1,825	(1.5)
Consumer - ARPU	DKK/month	114	120	(5.0)	115	119	(3.4)
Business - RGU	# ('000)	759	763	(0.5)	759	763	(0.5)
Business - ARPU	DKK/month	133	163	(18.4)	136	163	(16.6)

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

YTD financial performance

Revenue from mobility services in Denmark decreased by 12.5% or DKK 328m in H1 2015. This was due to continued price competition in Business, the loss of customers and reduced ARPU in Consumer, as well as the loss of an MVNO in Wholesale. An increased impact from regulation (DKK 82m) added to the negative development. With an unchanged gross margin, the gross profit decrease was level with the revenue loss.

Consumer

Reported revenue from mobility services in Consumer decreased by 7.8% or DKK 110m to DKK 1,297m in H1 2015.

Consumer's mobile voice customer base was down by 27k in H1 2015, driven by the loss of 36k customers in H2 2014. This was partly offset by 9k net adds in H1 2015. This turnaround related largely to lower churn rates, driven by retention activities with product upgrades and the unlimited data campaign for existing customers. However, Consumer's mobile voice ARPU decreased by 3.4% YoY and was negatively affected by migration to lower price points and cross selling offering existing TV and broadband customers bundled solutions in line with our household strategy.

Business

Reported revenue stemming from mobility services in Business declined by 18.1% or DKK 160m to DKK 724m in H1 2015. The price competition in the Danish business market has steadily increased in recent years – especially in the low-end segments that are particularly exposed to spill-over effects from the residential market. Also, a more procurement-driven renegotiation process in the high-end segments has resulted in a continued ARPU decline. In H1 2015, mobile voice ARPU decreased by DKK 27 or 16.6%.

A YoY net loss of 4k mobile voice subscribers was recorded in Business as the increase in the low-ARPU public segment in H2 2014 was more than offset by the continued loss of smaller businesses.

Wholesale

Reported revenue from mobility services in Wholesale decreased by 17.7% or DKK 58m to DKK 270m in H1 2015. The decrease resulted largely from the regulatory MTR reductions, primarily SMS, with limited gross profit impact [3]. In addition, the revenue decrease was affected by both the loss of a large MVNO contract, which led to a 59% YoY decrease in MVNO minutes in H1 2015, and a mobile voice APRU decline of 14.8% due to continued price pressure. However, the ARPU decline was partly offset by a YoY increase of 18k in the domestic mobile voice customer base.

[3] Domestic MTR revenue and costs concerning residential and business customers are handled by Wholesale and not allocated to Consumer and Business.

TV

Q2 highlights

- TV customer growth in the TDC brand and Fullrate continued with an increase of 4k compared with Q1 2015

- Continued net loss of 12k YouSee TV customers due to leakage of both individual customers and antenna associations

- In Q2 2015, TDC brand/Fullrate ARPU declined by DKK 10 compared with Q2 2014, driven by a changed product mix with customers migrating to the TDC TV portfolio as of February 2014 sold at lower price points

- YouSee's ARPU increased by DKK 9 vs. Q2 2014, driven by price increases effective as of 1 January 2015, partly offset by a changed product mix due to down migrations

- From Q2 2015, all YouSee TV subscribers with a medium or full package receive TV on-the-go as part of the Play universe, which now includes Chromecast functionality

[Heading]	DKKm	Q2 2015	Q2 2014	Change in %	H1 2015	H1 2014	Change in %
Revenue	DKKm	**1,082**	**1,060**	**2.1**	**2,176**	**2,135**	**1.9**
TDC brand/Fullrate (IP TV)		249	223	11.7	492	445	10.6
YouSee brand (Cable TV)		814	819	(0.6)	1,646	1,655	(0.5)
Other incl. eliminations		19	18	5.6	38	35	8.6
Gross profit		**576**	**569**	**1.2**	**1,149**	**1,141**	**0.7**
Gross margin	%	53.2	53.7	-	52.8	53.4	-
Organic revenue[1]	DKKm	1,082	1,060	2.1	2,176	2,135	1.9
Organic gross profit[1]		576	569	1.2	1,149	1,141	0.7
TDC brand/Fullrate - RGU	# ('000)	271	241	12.4	271	241	12.4
TDC brand/Fullrate - ARPU	DKK/month	306	316	(3.2)	306	323	(5.3)
YouSee brand - RGU	# ('000)	1,113	1,164	(4.4)	1,113	1,164	(4.4)
YouSee brand - ARPU	DKK/month	243	234	3.8	244	236	3.4

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

YTD financial performance

Revenue from TV in Denmark increased by 1.9% or DKK 41m to DKK 2,176m in H1 2015, driven by the TDC brand and Fullrate. Gross profit increased by 0.7% or DKK 8m to DKK 1,149m. The gross margin decreased from 53.4% in H1 2014 to 52.8% in H1 2015, a result of increased content cost due to improvement of TV package content and increased content prices.

TDC/Fullrate brand

TDC and Fullrate TV succeeded in delivering reported revenue growth of 10.6% or DKK 47m to DKK 492m in H1 2015. The customer base increased by 30k customers or 12.4% as a result of successful TV portfolios with attractive content and prices in both the TDC brand and Fullrate. However, this caused a decline of DKK 17 YoY in the TDC brand/Fullrate TV ARPU, due to customer migrations to the TDC TV portfolio introduced as of February 2014. This was only to a lesser extent offset by price increases as of 1 January 2015[4]. In February 2015, a new TDC TV portfolio was launched. That will impact TDC brand/Fullrate ARPU positively as penetration increases.

[4] 4-8% price increase on TDC TV.

YouSee brand

Revenue in the YouSee brand decreased by 0.5% or DKK 9m to DKK 1,646m in H1 2015, driven by a customer base decline that was partly offset by increased ARPU.

YouSee's ARPU increased by DKK 8 YoY caused by price changes effective as of 1 January 2015[5] with the main effect stemming from a large price change in the full package, as this constitutes a significant part of the total customer base.

As expected, the price changes negatively affected down migrations. This effect, combined with the general development of increasing use of streaming services vs. flow-TV, impacted the share of customers with only an entry-level TV package, which increased by 2.2 percentage points to 29.6% in H1 2015 (27.4% in H1 2014).

In total, YouSee's customer base decreased by 51k subscribers YoY with the loss of both individual customers and antenna associations – including the termination of a low-ARPU antenna association (-14k) in Q1 2015.

[5] 5-6%price increases on packages.

Internet & network

Q2 highlights

- Increase of DKK 5 in Consumer's broadband ARPU compared with Q2 2014, driven by migration of customers to higher speeds in YouSee and price increases in the TDC brand
- Business' broadband ARPU down by 7.6% vs. Q2 2014, as a result of renegotiations in the high-end segments and customers migrating to products with lower ARPU in low-end segments
- Net loss of 7k Consumer broadband subscribers vs. Q1 due to increased price competition following the new LRAIC prices
- Business did not recover a large public WAN tender in Q2, which may lead to the loss of some existing public customers from 2016
- In Q2 2015, YouSee's broadband customers were upgraded to higher speeds, and by the end of Q2 2015, 95% of customers have a minimum speed of 50 Mbps

Internet & network in Denmark, key figures							DKKm
		Q2 2015	Q2 2014	Change in %	H1 2015	H1 2014	Change in %
Revenue	DKKm	**1,275**	**1,302**	**(2.1)**	**2,584**	**2,622**	**(1.4)**
Consumer		613	596	2.9	1,230	1,185	3.8
Business		503	543	(7.4)	1,032	1,108	(6.9)
Wholesale		165	171	(3.5)	333	343	(2.9)
Other incl. eliminations		(6)	(8)	25.0	(11)	(14)	21.4
Gross profit		**1,147**	**1,194**	**(3.9)**	**2,327**	**2,401**	**(3.1)**
Gross margin	%	90.0	91.7	-	90.1	91.6	-
Organic revenue[1]	DKKm	1,275	1,288	(1.0)	2,584	2,594	(0.4)
Organic gross profit[1]		1,147	1,180	(2.8)	2,327	2,373	(2.0)
Broadband							
Consumer - RGU	# ('000)	1,052	1,055	(0.3)	1,052	1,055	(0.3)
Consumer - ARPU[2]	DKK/month	191	186	2.7	192	186	3.2
Business - RGU	# ('000)	220	242	(9.1)	220	242	(9.1)
Business - ARPU[2]	DKK/month	255	276	(7.6)	259	278	(6.8)

[1] Reported revenue and gross profit excluding the impact from regulatory price adjustments as well as the impact from acquisitions and divestments.
[2] ARPU including VAS excluding Dial-up.

YTD financial performance

Revenue from internet & network in Denmark decreased by 1.4% or DKK 38m to DKK 2,584m in H1 2015. This was driven largely by a negative development in Business, partly offset by an increase in Consumer's ARPU.

The new LRAIC regulation negatively affected revenue in Wholesale, with spill-over effects on Consumer's subscriber base due to aggressive pricing from competitors.

Gross profit decreased by 3.1% or DKK 74m to DKK 2,327m in H1 2015, while the gross margin decreased by 1.5 percentage points. The margin decline was primarily a result of increased regulation with full gross profit effect.

Consumer

In H1 2015, Consumer's reported revenue from internet & network increased by 3.8% or DKK 45m to DKK 1,230m, driven primarily by a DKK 6 rise in ARPU compared with H1 2014 as a result of customer migration to higher speeds in YouSee and price increases in the TDC brand.

Consumer's broadband customer base remained level as growth in YouSee and Fullrate from cross selling was offset by a net loss in the TDC brand.

Business

Reported revenue from internet & network in Business decreased by 6.9% or DKK 76m to DKK 1,032m in H1 2015. This was driven predominantly by broadband as a consequence of migration and leakage of high ARPU legacy customers across segments.

The decline was only partly offset by growth of 6.1% or DKK 13m in Hosting, driven by the continued growth in Managed hosting that was achieved mainly through contracts with new customers.

Wholesale

Wholesale's reported revenue from internet & network decreased by 2.9% or DKK 10m to DKK 333m in H1 2015. The decline was driven primarily by broadband and national capacity, which were negatively affected by the regulatory price adjustments (LRAIC) on internet & network, with BSA prices decreasing by approximately 40% on average. This was partly offset by a 13% YoY rise in the broadband subscriber base.

Revenue from international capacity continued to grow, but with a lower gross margin than in H1 2014 due to the changed product mix and price pressure.

Landline voice

Q2 highlights

- Consumer's landline voice ARPU up by DKK 13 compared with Q2 2014 due to price increases as of 1 July 2014 and 1 January 2015
- Net loss of 29k Consumer landline voice subscribers vs. Q1 2015. This was at a lower level than in previous periods, as annual churn rates returned to the same level as before the price increases (32% in Q1 2015 vs. 25% in Q2 2015)
- In Business, flat ARPU development vs. Q1 2015. However, ARPU down by DKK 18 compared with Q2 2014, driven by increased price pressure, with reduced revenue from variable traffic due to the continued migration towards flat-rate products with lower price points

Landline voice in Denmark, key figures								DKKm
		Q2 2015	Q2 2014	Change in %	H1 2015	H1 2014	Change in %
Revenue	DKKm	**618**	**707**	**(12.6)**	**1,262**	**1,440**	**(12.4)**
Consumer		275	307	(10.4)	567	633	(10.4)
Business		275	325	(15.4)	558	654	(14.7)
Wholesale		66	70	(5.7)	130	144	(9.7)
Other incl. eliminations		2	5	(60.0)	7	9	(22.2)
Gross profit		**557**	**643**	**(13.4)**	**1,143**	**1,313**	**(12.9)**
Gross margin	%	90.1	90.9	-	90.6	91.2	-
Organic revenue[1]	DKKm	618	705	(12.3)	1,262	1,435	(12.1)
Organic gross profit[1]		557	641	(13.1)	1,143	1,308	(12.6)
Consumer - RGU	# ('000)	628	773	(18.8)	628	773	(18.8)
Consumer - ARPU	DKK/month	142	129	10.1	143	130	10.0
Business - RGU	# ('000)	270	306	(11.8)	270	306	(11.8)
Business - ARPU	DKK/month	332	350	(5.1)	330	346	(4.6)

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

YTD financial performance

Revenue from landline voice in Denmark declined by 12.4% or DKK 178m to DKK 1,262m in H1 2015, driven by a continued decline in the number of customers, with a loss of 181k or 16.8% retail customers vs. H1 2014. Gross profit decreased by 12.9% or DKK 178m to DKK 1,143m compared with H1 2014.

Consumer

Consumer's reported revenue from landline voice declined by 10.4% or DKK 66m to DKK 567m in H1 2015 following the loss of 145k customers including 59k high-ARPU PSTN-only customers.

Price changes[6] in the TDC brand in mid-2014 and as of 1 January 2015 resulted in an ARPU increase of DKK 13 compared with H1 2014.

Business

A negative development of 14.7% or DKK 96m to DKK 558m in H1 2015 was recorded in Business' reported landline voice revenue. The revenue decrease related predominantly to the loss of customers, which stemmed from a decline in the overall market.

In addition, a YoY ARPU decrease of DKK 16 vs. H1 2014 added to the total decline in revenue.

[6] A DKK 15 price increase on subscription fee's covering 50% of Consumer's landline voice customer base, effective as of 1 July 2014, and an increase of DKK 0.08 in price per minute for landline phones calling mobile phones covering almost 90% of Consumer's landline voice customer base, effective as of 1 January 2015.

ARPU was negatively affected by SKI renegotiations and was only partly offset by continued growth in the high-ARPU integrated solutions TDC One and TDC Scale.

Wholesale

Reported revenue in Wholesale declined by 9.7% or DKK 14m to DKK 130m in H1 2015. This development was driven primarily by the YoY loss of 17k customers in line with previous periods. To a lesser extent, revenue was also affected by regulation, which had a negative impact on both ARPU from service provider customers and revenue from landline interconnection.

Norway

Q2 highlights

- Get delivered strong YoY gross profit and EBITDA growth of 7.1% and 9.0%, respectively, in local currency
- Strong RGU growth in Get with 8k broadband net adds and 4k TV net adds vs. Q1 2015
- Get's household ARPU up 4% YoY and 1% vs. Q1 2015
- Detailed plan for synergy realisation on track including both in-country (organisation, network, IT, commercial, finance etc.) as well as cross-border (content, procurement etc.).
- TDC Norway faced a gross profit decline of 10.0% or NOK 9m driven mainly by a negative development in mobility services. Currently, the MVNO agreement is being renegotiated

Norway, key figures[1]	NOKm	Q2 2015	Q2 2014	Change in %	H1 2015	H1 2014	Change in %
Revenue	NOKm	**934**	**251**	**-**	**1,860**	**497**	**-**
Residential TV		357	-	-	709	-	-
Residential broadband		243	-	-	482	-	-
Business[2]		256	251	2.0	512	497	3.0
Other residential services		78	-	-	157	-	-
Gross profit		**620**	**90**	**-**	**1,238**	**199**	**-**
Gross margin	%	66.4	35.9	-	66.6	40.0	-
Organic revenue[3]	NOKm	934	910	2.6	1,860	1,804	3.1
Organic gross profit[3]		620	593	4.6	1,238	1,189	4.1
Residential TV - RGU	# ('000)	426	416	2.4	426	416	2.4
Residential TV - ARPU	NOK/month	280	273	2.6	280	273	2.6
Residential broadband - RGU	# ('000)	332	304	9.2	332	304	9.2
Residential broadband - ARPU	NOK/month	248	248	-	248	245	1.2

[1] Q2 2014 and H1 2014 includes Get's historical organic revenue and gross profit as well as Get's historical KPIs (before acquisition) for the purpose of comparison.
[2] Includes TDC Norway and Get's Business division.
[3] Reported revenue and gross profit excluding the impact from regulatory price adjustments as well as the impact from acquisitions and divestments.

YTD financial performance[7]

Reported revenue in Norway increased by NOK 1,363m comprising NOK 1,382m from the inclusion of Get and a NOK 16m decrease in TDC Norway. Organic revenue in Norway increased by 3.1% or NOK 56m to NOK 1,860m driven by Get.

Reported gross profit increased by NOK 1,039m comprising NOK 1,072m from Get and a decrease of NOK 32m in TDC Norway. The gross profit development in TDC Norway was negatively affected by a positive one-off on transmission costs in Q1 2014 (NOK 15m). Excluding the one-off, gross profit declined by NOK 17m. The decline was a result of a changed product mix and decrease in the mobile voice margin. Organic gross profit in Norway increased by 4.1% or NOK 49m to NOK 1,238m driven by organic growth in Get.

Unfavourable YoY exchange-rate development negatively affected revenue and gross profit from Norway by DKK 19 and DKK 8m, respectively.

TV (residential)

Organic TV revenue in Get increased by 4.1% or NOK 28m to NOK 709m in H1 2015 as a result of a 10k increase in the subscriber base and a rise of NOK 7 in ARPU. The latter was driven mainly by increased subscription fees effective as of 1 January 2015[8].

[7] Revenue and gross profit figures for TDC Norway and Get exclude eliminations and therefore do not amount to the total figures for Norway.

Broadband (residential)

Organic broadband revenue in Get increased by 10.0% or NOK 44m to NOK 482m in H1 2015 as Get successfully increased its customer base by 28k and ARPU by NOK 3. The ARPU increase was driven mainly by customer migration to higher bandwidths in early 2014.

As a result of the increasing customer base, now 77% of total connected households have a broadband subscription, a YoY increase of 5 pp.

Business

Reported revenue from Business in Norway (TDC Norway and Get's business division) increased by 3.0% or NOK 15m to NOK 512m in H1 2015 due to the inclusion of business revenue from Get (NOK 34m).

TDC Norway faces intense competition and price erosion when renegotiating existing contracts. As a result, revenue in TDC Norway decreased by 3.2% YoY with negative development across products only partly offset by growth in the low-margin Direct business. The Q2 YoY revenue decrease of 4.8% in TDC Norway was higher than in Q1 YoY (-1.6%), driven by an unfavourable development in mobile voice.

[8] 2-5% price increases on packages.

Sweden

Q2 highlights

- Positive trend in Sweden with strong YoY revenue growth for the third consecutive quarter; 10.7% YoY growth in Q2 2015
- Gross profit increase of 4.9% YoY due mainly to growth in the operator business
- Unfavourable YoY exchange-rate development negatively affected revenue and gross profit from Sweden by DKK 17m and DKK 7m, respectively
- Mobile subscription net adds of 54k YoY driven by recent strong wins, and the solid order book continued in Q2 with the win of e.g. Trafikverket
- Migration to the new MVNO contract with TeliaSonera progressing as planned

Sweden, key figures [1]								SEKm
		Q2 2015	Q2 2014	Change in %	H1 2015	H1 2014	Change in %
Revenue	SEKm	**830**	**750**	**10.7**	**1,666**	**1,532**	**8.7**
Mobility services		52	39	33.3	95	73	30.1
Landline voice		96	100	(4.0)	199	195	2.1
Internet & network		236	214	10.3	468	429	9.1
Other services[2]		446	397	12.3	904	835	8.3
Gross profit		**323**	**308**	**4.9**	**634**	**635**	**(0.2)**
Gross margin	%	38.9	41.1	-	38.1	41.4	-
Organic revenue[3]	SEKm	830	766	8.3	1,666	1,563	6.6
Organic gross profit[3]		323	317	2.0	634	653	(3.0)

[1] Including Viridis as from October 2014.
[2] Including sale of terminal equipment, systems integration services, installation work and operator services etc.
[3] Reported revenue and gross profit excluding the impact from regulatory price adjustments as well as the impact from acquisitions and divestments.

YTD financial performance

Reported revenue in Sweden increased by 8.7% or SEK 134m to SEK 1,666m in H1 2015, as a result of growth in all product areas. This increase was positively affected by the acquisition of Viridis IT in 2014, leading to an organic revenue increase of 6.6% or SEK 103m.

Gross profit decreased by 0.2% or SEK 1m to SEK 634m in H1 2015, negatively affected by a positive one-off on transmission costs in Q1 2014 due to reversed provisions related to regulatory pricing decisions (SEK 18m). Excluding the one-off, gross profit increased by 2.8% while the gross margin decreased from 40.3% in H1 2014 to 38.1% in H1 2015. The latter as a result of growth in low-margin areas.

Operator business

In local currency, the operator business increased by 9.3%, driven by growth across all products.

The 9.1% increase from internet & network was driven partly by IP-VPN, with continued growth in IP-VPN connections. TDC therefore maintained its strong position in the mature IP-VPN market despite fierce competition.

Strong YoY growth of 54k was achieved in mobile subscriptions prompted by a number of new wins as well as a strong focus on up-selling to existing customers. This led to a mobile revenue increase of 30.1% although ARPU was under pressure as competition negatively affected prices in both new contracts and renegotiations.

Landline voice revenue increased slightly by 2.1%. The revenue increase was a result of growth in low-margin resale of landline voice subscriptions. However, this was partly offset by fewer high-margin traditional landline voice connections, due to pressure from continued migration towards both IP-based and mobile-only solutions.

Integrator business

Growth in the integrator business picked up at the end of 2014, which in combination with the acquisition of Viridis IT, led to a total revenue increase of 8.3% in other services in local currency in H1 2015. This was driven mainly by an increase in project revenue and the low-margin Direct business, while revenue from the high-margin CaaS business decreased due to the loss of a large customer in H2 2014.

Other services

Q2 highlights

- NetDesign successfully increased revenue in Q2 by 4.8% or DKK 10m YoY, driven mainly by increased sales of low-margin hardware and software
- Revenue from handsets sold with a positive margin decreased by 5.3% or DKK 8m YoY in Q2, as a result of lower sales in Consumer to third-party vendors, partly offset by increased sales of mobile handsets sold by Business

YTD financial performance

In H1 2015, reported revenue from other services increased by 8.3% or DKK 75m to DKK 977m. Revenue was positively impacted by increased sales of low-margin hardware and software in NetDesign and mobile handsets in Business. In addition, there was a positive effect on both revenue and gross profit from paper communication fees in Consumer. As an increasing number of customers transfer to fully electronic communication, paper communication fees will contribute less to the growth in the other services category in the coming quarters.

Gross profit from other services increased by 7.6% or DKK 41m to DKK 580m in H1 2015. The gross margin remained at the H1 2014 level.

Sale of handsets
Revenue from mobile handsets sold with a positive margin increased by 5.3% or DKK 18m and totalled DKK 355m in H1 2015. Business succeeded in improving mobile handsets sales as a result of increased partner sales and higher iPhone and iPad sales. However, this was almost offset by a negative development in Consumer in H1 2015, due to lower sales of mobile handsets to third-party vendors.

NetDesign
Revenue in NetDesign increased by 7.1% or DKK 29m to DKK 436m in H1 2015, as growth in low-margin hardware and software sales also led to increased up-selling of high-margin consultant services. However, a changed product mix and reduced margins on hardware and software sales resulted in a gross profit decrease.

Other
Other revenue increased by 17.7% or DKK 28m to DKK 186m in H1 2015, with a continued effect from the paper communication fee introduced for Consumer's customers[9] choosing to receive information on paper as opposed to electronically. This is in line with TDC Group's digital transformation strategy and the digitalisation initiatives imposed by the Danish public sector.

Other services, key figures DKKm

		Q2 2015	Q2 2014	Change in %	H1 2015	H1 2014	Change in %
Revenue	DKKm	**439**	**445**	**(1.3)**	**977**	**902**	**8.3**
Sale of handsets		143	151	(5.3)	355	337	5.3
NetDesign		217	207	4.8	436	407	7.1
Other		78	87	(10.3)	186	158	17.7
Gross profit		**292**	**280**	**4.3**	**580**	**539**	**7.6**
Gross margin	%	66.5	62.9	-	59.4	59.8	-
Organic revenue[1]	DKKm	439	444	(1.2)	977	901	8.5
Organic gross profit[1]		292	273	6.8	580	529	9.6

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

[9] YouSee TV customers and TDC brand broadband and landline voice customers as of 1 July 2014, and TDC brand mobile customers as of 1 January 2015 (DKK 29 per month).

Operational and capital expenditure

Q2 highlights

- Reported opex increase YoY in Q2 2015 of 6.9% or DKK 127m, negatively impacted by the inclusion of Get (DKK 153m)
- Improved customer satisfaction in Q2, including a decline in the non-acceptable customer experiences score of 7 index points vs. Q1. This was achieved by a focused execution of the customer transformation programme (TAK+) and is expected to positively impact churn rates and customer loyalty
- The number of hours spent on fault-handling in Q2 was down by 11.4% YoY, driven by fewer faults and increased productivity
- As expected, outsourcing support calls to Sitel is producing enhanced performance, delivering high quality and improved financial and operational results, with improved waiting times and accessibility across touch points at call centres in Q2 2015
- Investment spending in Q2 increased by 9.0% or DKK 86m YoY, which related to the inclusion of Get (DKK 164m). This was partly offset by fewer customer-driven investments due to lower sales and reduced investments in the mobile network in Denmark compared with the comprehensive investments in Q2 2014 due to the network build-out

Operational and capital expenditure, key figures DKKm

		Q2 2015	Q2 2014	Change in %	H1 2015	H1 2014	Change in %
Opex	DKKm	**(1,977)**	**(1,850)**	(6.9)	**(3,943)**	**(3,657)**	(7.8)
Denmark		(1,588)	(1,611)	1.4	(3,153)	(3,190)	1.2
Norway		(199)	(55)	-	(429)	(111)	-
Sweden		(190)	(184)	(3.3)	(361)	(356)	(1.4)
Organic opex[1]	DKKm	(1,977)	(1,995)	0.9	(3,943)	(3,958)	0.4
Capital expenditure	DKKm	(1,043)	(957)	(9.0)	(2,185)	(1,820)	(20.1)
KPIs							
Fault-handling hours	Hours ('000)	124	140	11.4	263	282	6.7
Number of FTEs (end-of-period)	#	8,686	8,582	1.2	8,686	8,582	1.2
Number of FTEs & temps (end-of-period)	#	8,771	8,759	0.1	8,771	8,759	0.1

[1] Reported opex excluding the impact from acquisitions and divestments as well as sales of assets and forex

YTD financial performance

Operational expenditure

In the first half of 2015, TDC Group continued to focus on higher efficiency and process improvements. This included increased flexibility and sharing of best practices across TDC Group. This contributed to continued reductions in operational expenditure. Improvements were driven by an enhanced contract for mobile operations, facility management initiatives, IT, marketing as well as fewer FTEs in Operations, leading to reduced wage costs.

That being said, total reported operational expenditure in TDC Group increased by 7.8% or DKK 286m in H1 2015, due mainly to the inclusion of Get (DKK 332m). Extra costs for staffing in call centres to mitigate high call volumes and to secure the sales ambition also negatively affected operational expenditure. The fierce competition in the Danish mobile market led to increased YoY spending on SAC/SRC[10] in both Consumer and Business in order to attract new and retain existing mobile customers, and thereby added to the negative development in operational expenditure.

[10] Subscriber acqusition costs and subscriber retention costs.

Capital expenditure

Overall investment spending in TDC Group increased by 20.1% or DKK 365m to DKK 2,185 in H1 2015. The increase was driven mainly by the inclusion of Get (DKK 325m) and to a lesser degree by targeted investments in digitalisation, and build-out of the mobile network in Denmark completed in Q1 2015. Ongoing investments securing upgrades and modernisation of the mobile network in Denmark continued. This added to the increased YoY spending in capital expenditure in order to meet the rapidly increasing volumes of data and customer demand for high speeds.

Consolidated Financial Statements

Income Statements								DKKm
TDC Group	Note	Q2 2015	Q2 2014	Change in %	H1 2015	H1 2014	Change in %
Revenue	2	**6,030**	**5,668**	**6.4**	**12,223**	**11,443**	**6.8**
Transmission costs and cost of goods sold		(1,640)	(1,464)	(12.0)	(3,393)	(2,981)	(13.8)
Gross profit		**4,390**	**4,204**	**4.4**	**8,830**	**8,462**	**4.3**
External expenses		(930)	(822)	(13.1)	(1,880)	(1,661)	(13.2)
Wages, salaries and pension costs	3	(1,086)	(1,045)	(3.9)	(2,122)	(2,025)	(4.8)
Other income		39	17	129.4	59	29	103.4
Operating profit before depreciation, amortisation and special items (EBITDA)	2	**2,413**	**2,354**	**2.5**	**4,887**	**4,805**	**1.7**
Depreciation, amortisation and impairment losses	4	(1,352)	(1,131)	(19.5)	(2,663)	(2,280)	(16.8)
Operating profit excluding special items (EBIT excluding special items)		**1,061**	**1,223**	**(13.2)**	**2,224**	**2,525**	**(11.9)**
Special items	5	(117)	(82)	(42.7)	(248)	(243)	(2.1)
Operating profit (EBIT)		**944**	**1,141**	**(17.3)**	**1,976**	**2,282**	**(13.4)**
Financial income and expenses	6.7	(193)	(276)	30.1	(526)	(469)	(12.2)
Profit before income taxes		**751**	**865**	**(13.2)**	**1,450**	**1,813**	**(20.0)**
Income taxes		(181)	(230)	21.3	(369)	(472)	21.8
Profit for the period from continuing operations		**570**	**635**	**(10.2)**	**1,081**	**1,341**	**(19.4)**
Profit for the period from discontinued operations		-	764	-	-	774	-
Profit for the period		**570**	**1,399**	**(59.3)**	**1,081**	**2,115**	**(48.9)**
Profit attributable to:							
Owners of the parent		572	1,401	(59.2)	1,088	2,117	(48.6)
Non-controlling interests		(2)	(2)	-	(7)	(2)	-
EPS (DKK)							
Earnings Per Share, basic		0.72	1.76	(59.1)	1.36	2.65	(48.7)
Earnings Per Share, diluted		0.71	1.74	(59.2)	1.35	2.63	(48.7)
Adjusted EPS		1.02	1.09	(6.4)	1.97	2.34	(15.8)

Statements of Comprehensive Income DKKm

TDC Group	Q2 2015	Q2 2014	H1 2015	H1 2014
Profit for the period	**570**	**1,399**	**1,081**	**2,115**
Items that can subsequently be reclassified to the Income Statement:				
Currency translation adjustments, foreign enterprises	(128)	(37)	387	(23)
Fair value adjustments of cash flow hedges	(83)	(106)	50	(185)
Fair value adjustments of cash flow hedges transferred to Financial expenses	13	17	(23)	30
Items that cannot subsequently be reclassified to the Income Statement:				
Remeasurement effects related to defined benefit pension plans	872	(602)	860	(1,402)
Income tax relating to remeasurement effects from defined benefit pension plans	(193)	131	(190)	307
Other comprehensive income/(loss)	**481**	**(597)**	**1,084**	**(1,273)**
Total comprehensive income	**1,051**	**802**	**2,165**	**842**

Balance Sheet DKKm

TDC Group	Note	30 June 2015	31 December 2014	30 June 2014
Assets				
Non-current assets				
Intangible assets		40,429	40,893	30,759
Property, plant and equipment		18,062	17,504	15,214
Joint ventures, associates and other investments		74	77	81
Pension assets	7	6,031	5,205	5,360
Receivables		292	312	281
Derivative financial instruments		773	214	173
Prepaid expenses		310	310	301
Total non-current assets		**65,971**	**64,515**	**52,169**
Current assets				
Inventories		350	319	337
Receivables		3,378	3,458	3,338
Income tax receivables		-	65	-
Derivative financial instruments		411	598	209
Prepaid expenses		886	660	615
Cash		593	4,746	1,811
Total current assets		**5,618**	**9,846**	**6,310**
Total assets		**71,589**	**74,361**	**58,479**

Balance Sheet DKKm

TDC Group	Note	30 June 2015	31 December 2014	30 June 2014
Equity and liabilities				
Equity				
Share capital		812	812	812
Reserve for currency translation adjustments		(1,313)	(1,727)	(995)
Retained earnings		19,640	18,656	18,470
Proposed dividends		802	802	1,218
Equity attributable to owners of the parent		**19,941**	**18,543**	**19,505**
Hybrid capital		5,553	-	-
Non-controlling interests		101	104	3
Total equity		**25,595**	**18,647**	**19,508**
Non-current liabilities				
Deferred tax liabilities		4,395	4,271	3,511
Provisions		990	992	851
Pension liabilities	7	112	105	93
Loans	8	26,887	18,630	17,527
Derivative financial instruments		-	-	198
Deferred income		442	525	551
Total non-current liabilities		**32,826**	**24,523**	**22,731**
Current liabilities				
Loans	8	2,422	20,051	6,181
Trade and other payables		6,438	7,244	6,037
Income tax payable		50	1	621
Derivative financial instruments		584	531	263
Deferred income		3,430	3,074	2,854
Provisions		244	290	284
Total current liabilities		**13,168**	**31,191**	**16,240**
Total liabilities		**45,994**	**55,714**	**38,971**
Total equity and liabilities		**71,589**	**74,361**	**58,479**

Statements of Cash Flow

DKKm	Q2 2015	Q2 2014	Change in %	H1 2015	H1 2014	Change in %
EBITDA	2,413	2,354	2.5	4,887	4,805	1.7
Adjustment for non-cash items	12	4	200.0	89	78	14.1
Pension contributions	(23)	(29)	20.7	(56)	(66)	15.2
Payments related to provisions	(1)	(6)	83.3	(3)	(8)	62.5
Special items	(162)	(186)	12.9	(299)	(314)	4.8
Change in working capital	(342)	(63)	-	(280)	(237)	(18.1)
Interest paid, net	(24)	(27)	11.1	(690)	(666)	(3.6)
Realised currency translation adjustments	-	14	-	-	15	-
Income tax paid	(3)	-	-	(353)	(313)	(12.8)
Operating activities in continuing operations	**1,870**	**2,061**	**(9.3)**	**3,295**	**3,294**	**-**
Operating activities in discontinued operations	-	(24)	-	-	3	-
Total cash flow from operating activities	**1,870**	**2,037**	**(8.2)**	**3,295**	**3,297**	**(0.1)**
Investment in enterprises	(33)	(189)	82.5	(137)	(188)	27.1
Investment in property, plant and equipment	(805)	(779)	(3.3)	(1,690)	(1,372)	(23.2)
Investment in intangible assets	(231)	(178)	(29.8)	(451)	(439)	(2.7)
Investment in other non-current assets	(3)	(24)	87.5	(6)	(50)	88.0
Sale of other non-current assets	30	18	66.7	37	50	(26.0)
Dividends received from joint ventures and associates	-	1	-	-	1	-
Investing activities in continuing operations	**(1,042)**	**(1,151)**	**9.5**	**(2,247)**	**(1,998)**	**(12.5)**
Investing activities in discontinued operations	-	1,140	-	(2)	1,128	(100.2)
Total cash flow from investing activities	**(1,042)**	**(11)**	**-**	**(2,249)**	**(870)**	**(158.5)**
Proceeds from long-term loans	(3)	-	-	7,739	-	-
Finance lease repayments	(22)	(14)	(57.1)	(40)	(27)	(48.1)
Repayments of long-term loans	(1)	-	-	(5,968)	-	-
Change in short-term bank loans	(335)	(205)	(63.4)	(11,714)	-	-
Proceeds from issuance of hybrid capital	(6)	-	-	5,553	-	-
Dividends paid	(204)	(425)	52.0	(802)	(1,761)	54.5
Dividends received from joint ventures and associates	-	-	-	4	-	-
Total cash flow from financing activities	**(571)**	**(644)**	**11.3**	**(5,228)**	**(1,788)**	**(192.4)**
Total cash flow	**257**	**1,382**	**(81.4)**	**(4,182)**	**639**	**-**
Cash and cash equivalents (beginning-of-period)	327	429	(23.8)	4,746	1,172	-
Effect of exchange rate changes on cash and cash equivalents	9	-	-	29	-	-
Cash and cash equivalents (end-of-period)	**593**	**1,811**	**(67.3)**	**593**	**1,811**	**(67.3)**

Equity free cash flow

DKKm

	Q2 2015	Q2 2014	Change in %	H1 2015	H1 2014	Change in %
EBITDA	2,413	2,354	2.5	4,887	4,805	1.7
Change in working capital	(342)	(63)	-	(280)	(237)	(18.1)
Interest paid, net	(24)	(27)	11.1	(690)	(666)	(3.6)
Income tax paid	(3)	0	-	(353)	(313)	(12.8)
Cash flow from capital expenditure	(1,036)	(957)	(8.3)	(2,141)	(1,811)	(18.2)
Cash flow related to special items	(162)	(186)	12.9	(299)	(314)	4.8
Other	(34)	(31)	(9.7)	(10)	(8)	(25.0)
Equity free cash flow	**812**	**1,090**	**(25.5)**	**1,114**	**1,456**	**(23.5)**

Statements of Changes in Equity DKKm

TDC Group

	Equity attributable to owners of the Parent Company								
	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Proposed dividends	Total	-	Non-controlling interests	Total
Equity at 1 January 2014	812	(691)	(126)	18,603	1,786	20,384	-	-	20,384
Profit for the period	-	-	-	899	1,218	2,117	-	(2)	2,115
Currency translation adjustments, foreign enterprises	-	(23)	-	-	-	(23)	-	-	(23)
Fair value adjustments of cash flow hedges	-	-	(185)	-	-	(185)	-	-	(185)
Fair value adjustments of cash flow hedges transferred to Financial expenses	-	-	30	-	-	30	-	-	30
Remeasurement effects related to defined benefit pension plans	-	-	-	(1,402)	-	(1,402)	-	-	(1,402)
Income tax relating to remeasurement effects from defined benefit pension plans	-	-	-	307	-	307	-	-	307
Total comprehensive income	**-**	**(23)**	**(155)**	**(196)**	**1,218**	**844**	**-**	**(2)**	**842**
Distributed dividends	-	-	-	25	(1,786)	(1,761)	-	-	(1,761)
Share-based remuneration	-	-	-	38	-	38	-	-	38
Additions to minority interests	-	-	-	-	-	-	-	5	5
Total transactions with shareholders	**-**	**-**	**-**	**63**	**(1,786)**	**(1,723)**	**-**	**5**	**(1,718)**
Equity at 30 June 2014	**812**	**(714)**	**(281)**	**18,470**	**1,218**	**19,505**	**-**	**3**	**19,508**

Notes to Consolidated Financial Statements

Statements of Changes in Equity – continued DKKm

TDC Group

	Equity attributable to owners of the Parent Company								
	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Proposed dividends	Total	-	**Non-controlling interests**	**Total**
Equity at 1 January 2015	812	(1,604)	(123)	18,656	802	18,543	-	104	18,647
Profit for the period	-	-	-	286	802	1,088	-	(7)	1,081
Currency translation adjustments, foreign enterprises	-	387	-	-	-	387	-	-	387
Fair value adjustments of cash flow hedges	-	-	50	-	-	50	-	-	50
Fair value adjustments of cash flow hedges transferred to Financial expenses	-	-	(23)	-	-	(23)	-	-	(23)
Remeasurement effects related to defined benefit pension plans	-	-	-	860	-	860	-	-	860
Income tax relating to remeasurement effects from defined benefit pension plans	-	-	-	(190)	-	(190)	-	-	(190)
Total comprehensive income	**-**	**387**	**27**	**956**	**802**	**2,172**	**-**	**(7)**	**2,165**
Distributed dividends	-	-	-	-	(802)	(802)	-	-	(802)
Share-based remuneration	-	-	-	28	-	28	-	-	28
Additions, hybrid capital	-	-	-	-	-	-	5,553	-	5,553
Additions to minority interests	-	-	-	-	-	-	-	4	4
Total transactions with shareholders	**-**	**-**	**-**	**28**	**(802)**	**(774)**	**5,553**	**4**	**4,783**
Equity at 30 June 2015	**812**	**(1,217)**	**(96)**	**19,640**	**802**	**19,941**	**5,553**	**101**	**25,595**

Distributed dividends net of dividends related to treasury shares amounted to DKK 802m in H1 2015 (H1 2014: DKK 1,761m).

Note 1 Accounting policies

TDC's Interim Financial Report for H12015 has been prepared in accordance with IAS 34 Interim Financial Reporting and the additional disclosure requirements for listed companies. The accounting policies are unchanged compared with the policies applied in the Group Annual Report 2014.

Hybrid capital
In February 2015, TDC A/S issued EUR 750m callable subordinated capital securities (hybrid bonds). For further details on the hybrid capital, see note 9. The accounting policies for hybrid capital are as follows:

Hybrid capital comprises issued bonds that qualify for treatment in accordance with the rules on compound financial instruments due to the special characteristics of the loan. The principal amount, which constitutes a liability, is recognised at the present value, and equity has been increased by the difference between the net proceeds received and the present value of the discounted liability. As coupon payments are discretionary and therefore not included in the calculation of present value of the liability, the present value amounts to nil on initial recognition. Accordingly, any coupon payments are recognised directly in equity at the time the payment obligation arises. This is because the coupon payments are discretionary and relate to the part of the hybrid capital that is recognised in equity. Consequently, coupon payments have no effect on profit for the year.

The part of the hybrid capital that is accounted for as a liability is measured at amortised cost. However, as the carrying amount of this component amounted to nil on initial recognition, and because of the 1,000-year term of the hybrid capital, amortisation charges will only impact on profit for the year towards the end of the 1,000-year term of the hybrid capital. Coupon payments are recognised in the statement of cash flow as a separate item within financing activities.

Critical accounting estimates and judgements
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 1.2 to the Consolidated Financial Statement for 2014, cf. TDC's Group Annual Report 2014.

Note 2 Segment reporting

In Q1 2015, TDC made certain changes that impacted TDC's segment reporting:

- TDC reallocated all domestic interconnect revenue from Consumer and Business to Wholesale

- Minor changes have been made in the internal settlements and organisation; the largest change is the sale of handsets to business customers, where the responsibility has moved from Consumer to Business

Comparative figures have been restated accordingly.

Note 2 Segment reporting (continued)

Segments

DKKm

	Consumer		Business		Wholesale		Norway		Sweden		Operations & Channels		Total	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Mobility services	645	699	354	443	138	165	-	-	-	-	-	-	1,137	1,307
Landline voice	275	307	275	325	66	70	-	-	-	-	4	5	620	707
Internet and network	613	596	503	543	165	171	-	-	-	-	24	23	1,305	1,333
TV	1,064	1,042	11	11	9	8	-	-	-	-	-	-	1,084	1,061
Other services	151	175	309	272	38	34	-	-	-	-	83	86	581	567
Norway and Sweden	-	-	-	-	-	-	815	228	666	620	-	-	1,481	848
Revenue	**2,748**	**2,819**	**1,452**	**1,594**	**416**	**448**	**815**	**228**	**666**	**620**	**111**	**114**	**6,208**	**5,823**
Total operating expenses excl. depreciation, etc.	(901)	(902)	(540)	(482)	(190)	(201)	(473)	(201)	(601)	(550)	(992)	(1,030)	(3,697)	(3,366)
Other income and expenses	-	4	-	-	-	-	-	-	4	-	36	20	40	24
EBITDA	**1,847**	**1,921**	**912**	**1,112**	**226**	**247**	**342**	**27**	**69**	**70**	**(845)**	**(896)**	**2,551**	**2,481**
Specification of revenue:														
External revenue	2,748	2,819	1,384	1,538	372	411	789	199	637	590	100	111	6,030	5,668
Revenue across segments	-	-	68	56	44	37	26	29	29	30	11	3	178	155

Reconciliation of revenue

DKKm

	Q2 2015	Q2 2014
Revenue from reportable segments	6,208	5,823
Elimination of revenue across segments	(178)	(155)
Consolidated external revenue	**6,030**	**5,668**

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

DKKm

	Q2 2015	Q2 2014
EBITDA from reportable segments	2,551	2,481
EBITDA from Headquarters	(138)	(127)
Unallocated:		
Depreciation, amortisation and impairment losses	(1,352)	(1,131)
Special items	(117)	(82)
Financial income and expenses	(193)	(276)
Consolidated profit before income taxes	**751**	**865**

Note 2 Segment reporting (continued)

Segments DKKm

Activities H1 2015

	Consumer		Business		Wholesale		Norway		Sweden		Operations & Channels		Total	
	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014
Mobility services	1,297	1,407	724	884	270	328	-	-	-	-	1	1	2,292	2,620
Landline voice	567	633	558	654	130	144	-	-	-	-	8	9	1,263	1,440
Internet and network	1,230	1,185	1,032	1,108	333	343	-	-	-	-	49	46	2,644	2,682
TV	2,139	2,100	21	21	17	15	-	-	-	-	-	-	2,177	2,136
Other services	393	380	626	541	73	65	-	-	-	-	172	158	1,264	1,144
Norway and Sweden	-	-	-	-	-	-	1,605	448	1,330	1,279	-	-	2,935	1,727
Revenue	**5,626**	**5,705**	**2,961**	**3,208**	**823**	**895**	**1,605**	**448**	**1,330**	**1,279**	**230**	**214**	**12,575**	**11,749**
Total operating expenses excl. depreciation, etc.	(1,898)	(1,853)	(1,100)	(962)	(373)	(398)	(965)	(380)	(1,193)	(1,105)	(1,963)	(2,032)	(7,492)	(6,730)
Other income and expenses	-	9	(1)	-	-	-	-	-	8	-	56	32	63	41
EBITDA	**3,728**	**3,861**	**1,860**	**2,246**	**450**	**497**	**640**	**68**	**145**	**174**	**(1,677)**	**(1,786)**	**5,146**	**5,060**
Specification of revenue:														
External revenue	5,626	5,705	2,834	3,098	734	830	1,549	390	1,267	1,213	212	207	12,222	11,443
Revenue across segments	-	-	127	110	89	65	56	58	63	66	18	7	353	306

Reconciliation of revenue DKKm

	H1 2015	H1 2014
Reportable segments	12,575	11,749
Elimination of revenue across segments	(353)	(306)
Revenue from Headquarters	1	-
Consolidated external revenue	**12,223**	**11,443**

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

	H1 2015	H1 2014
EBITDA from reportable segments	5,146	5,060
EBITDA from Headquarters	(259)	(255)
Unallocated:		
Depreciation, amortisation and impairment losses	(2,663)	(2,280)
Special items	(248)	(243)
Financial income and expenses	(526)	(469)
Consolidated profit before income taxes	**1,450**	**1,813**

Note 3 Employees

FTEs (EoP)	H1 2015	2014	H1 2014	Change in % H1 2015 vs. H1 2014	Change in % H1 2015 vs. 2014
Consumer	470	453	409	14.9	3.8
Business	1,063	1,066	1,123	(5.3)	(0.3)
Wholesale	107	126	131	(18.3)	(15.1)
Cost centre [1 2]	5,301	5,219	5,960	(11.1)	1.6
Norway [3]	946	923	178	-	2.5
Sweden [4]	799	807	782	2.2	(1.0)
TDC Group	**8,686**	**8,594**	**8,582**	**1.2**	**1.1**
Of which in Denmark	**6,767**	**6,780**	**7,622**	**(11.2)**	**(0.2)**

FTEs and temps (EoP)	H1 2015	2014	H1 2014	Change in % H1 2015 vs. H1 2014	Change in % H1 2015 vs. 2014
Consumer	470	453	409	14.9	3.8
Business	1,068	1,069	1,135	(5.9)	(0.1)
Wholesale	107	128	133	(19.5)	(16.4)
Cost centre [1 2]	5,333	5,254	6,068	(12.1)	1.5
Norway [3]	965	943	198	-	2.3
Sweden [4]	830	832	817	1.6	(0.2)
TDC Group	**8,771**	**8,681**	**8,759**	**0.1**	**1.0**
Of which in Denmark	**6,802**	**6,821**	**7,681**	**(11.4)**	**(0.3)**

[1] Includes Operations, Channels, Headquarters, expats and personnel on leave, etc.
[2] Outsourcing of 704 in Channels' call centre activities to Sitel as of October 2014.
[3] Including Get with 762 FTEs as of November 2014.
[4] Including Viridis with 45 FTE as of October 2014.

Note 4 Depreciation, amortisation and impairment loss DKKm

TDC Group	Q2 2015	Q2 2014	H1 2015	H1 2014
Depreciation on property, plant and equipment	(803)	(624)	(1,565)	(1,268)
Amortisation of intangible assets	(540)	(504)	(1,087)	(991)
Impairment losses	(9)	(3)	(11)	(21)
Total	**(1,352)**	**(1,131)**	**(2,663)**	**(2,280)**

The depreciations and amortisations in H1 2015 were higher compared with H1 2014 following the acquisition of Get in October 2014.

The accounting for the business combination regarding the acquisition of the Get Group is now complete and recognised in Q2 2015.

Note 5 Special items

Special items are 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 are also gains and losses related to divestment of enterprises, as well as transaction costs and adjustments of purchase prices relating to the acquisition of enterprises on or after 1 January 2010.

Special items as described above are disclosed as a separate item in the Income Statements. Items of a similar nature for non-consolidated enterprises and discontinued operations are recognised in Profit from joint ventures and associates and Profit for the year from discontinued operations, respectively.

Special items related to discontinued operations in H1 2014 resulted primarily from the (DKK 754m) gain from divesting TDC Finland.

TDC Group	Q2 2015	Q2 2014	H1 2015	H1 2014
Costs related to redundancy programmes and vacant tenancies	(79)	(57)	(217)	(205)
Other restructuring costs, etc.	(33)	(24)	(37)	(45)
Income from rulings	-	1	11	9
Loss from rulings	-	(2)	-	(2)
Costs related to acquisition of enterprises	(5)	-	(5)	-
Special items before income taxes	**(117)**	**(82)**	**(248)**	**(243)**
Income taxes related to special items	25	20	57	58
Special items related to discontinued operations	-	752	-	752
Total special items	**(92)**	**690**	**(191)**	**567**

Note 6 Financial income and expenses

Financial income and expenses

DKKm

TDC Group	Q2 2015	Q2 2014	Change in %	H1 2015	H1 2014	Change in %
Interest income	7	11	(36.4)	15	25	(40.0)
Interest expenses	(238)	(259)	8.1	(515)	(491)	(4.9)
Net interest	**(231)**	**(248)**	**6.9**	**(500)**	**(466)**	**(7.3)**
Currency translation adjustments	31	41	(24.4)	(42)	30	-
Fair value adjustments	(12)	(124)	90.3	(22)	(144)	84.7
Interest, currency translation adjustments and fair value adjustments	**(212)**	**(331)**	**36.0**	**(564)**	**(580)**	**2.8**
Profit from joint ventures and associates	(2)	(4)	50.0	(5)	(6)	16.7
Interest on pension assets	21	59	(64.4)	43	117	(63.2)
Total	**(193)**	**(276)**	**30.1**	**(526)**	**(469)**	**(12.2)**

Interest, currency translation adjustments and fair value adjustments represented an expense of DKK 564m, a DKK 16m decrease compared with H1 2014, driven primarily by the following.

Interest

The higher net interest expense related to the bridge bank loan that partly financed the acquisition of Get until the refinancing in February 2015. In February 2015, the terminated bridge bank loan and the maturing EMTN loan were replaced by hybrid capital, EMTN bank loans and cash. Although the acquisition of Get resulted in a higher level of long-term loans compared with H1 2014, no higher interest expenses were incurred due to lower interest rates on the new loans.

Currency translation adjustment

The increasing EUR/DKK exchange rate in H1 2015 resulted in a loss of DKK 31m on EUR denominated debt.

Fair value adjustments

Pre-hedges related to the refinancing in February 2015 resulted in a loss due to declining market interest rates. This was partly offset by gains from cross-currency swaps related to the EMTN GBP debt[1].

Interest on pension assets

The lower interest on pension assets was attributable to a decreasing discount rate, as the interest is calculated on the basis of the pensions funds' net assets (assets less liabilities) using a discount rate. For further information about pension plans, see note 7.

[1] 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 recognised as fair value adjustments in the Income Statements. The test of efficiency is to compare the GBP/EUR hedge with a theoretical GPB/DKK hedge

Specifications DKKm

TDC Group	Q2 2015				Q2 2014			
	Interest	Currency translation adjustments	Fair value adjustments	Total	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(211)	26	(13)	(198)	(224)	25	(19)	(218)
European Investment Bank (EBI) and KfW bank loans incl. hedges (treated as hedge accounting)	(6)	7	-	1	-	-	-	-
Other hedges (not treated as hedge accounting)	-	-	1	1	-	-	(105)	(105)
Other	(14)	(2)		(16)	(24)	16	-	(8)
Interest, currency translation adjustments and fair value adjustments	**(231)**	**31**	**(12)**	**(212)**	**(248)**	**41**	**(124)**	**(331)**

TDC Group	H1 2015				H1 2014			
	Interest	Currency translation adjustments	Fair value adjustments	Total	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(424)	(22)	23	(423)	(429)	14	(32)	(447)
European Investment Bank (EBI) and KfW bank loans incl. hedges (treated as hedge accounting)	(10)	(9)	-	(19)	-	-	-	
Other hedges (not treated as hedge accounting)	-	-	(45)	(45)	-	-	(112)	(112)
Other	(66)	(11)		(77)	(37)	16	-	(21)
Interest, currency translation adjustments and fair value adjustments	**(500)**	**(42)**	**(22)**	**(564)**	**(466)**	**30**	**(144)**	**(580)**

Note 7 Pension assets and pension obligations

Pension (costs)/income DKKm

TDC Group	Q2 2015	Q2 2014	H1 2015	H1 2014
Specification of plans:				
Denmark	(16)	24	(31)	48
Norway	(5)	(2)	(10)	(6)
Pension income/(costs) from defined benefit plans	**(21)**	**22**	**(41)**	**42**
Recognition:				
Service cost[1]	(40)	(34)	(80)	(70)
Administrative expenses	(2)	(3)	(4)	(5)
Wages, salaries and pension costs (included in EBITDA)	**(42)**	**(37)**	**(84)**	**(75)**
Interest on pension assets	21	59	43	117
Pension income/(costs) from defined benefit plans recognised in the income statements	**(21)**	**22**	**(41)**	**42**

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

Domestic defined benefit plan DKKm

Pension (costs)/income	Q2 2015	Q2 2014	H1 2015	H1 2014
Service cost	(36)	(32)	(72)	(65)
Administrative expenses	(2)	(3)	(4)	(5)
Wages, salaries and pension costs (included in EBITDA)	**(38)**	**(35)**	**(76)**	**(70)**
Interest on pension assets	22	59	45	118
Pension (costs)/income	**(16)**	**24**	**(31)**	**48**
Domestic redundancy programmes recognised in special items	(21)	(12)	(57)	(61)
Total pension (costs)/income recognised in the Income Statements	**(37)**	**12**	**(88)**	**(13)**

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.

Note 7 Pension assets and pension obligations (continued)

Domestic defined benefit plan (continued) DKKm

Assets and obligations	30 June 2015	31 December 2014	30 June 2014
Specification of pension assets			
Fair value of plan assets	30,035	29,870	30,169
Defined benefit obligation	(24,004)	(24,665)	(24,809)
Pension assets recognised in the Balance Sheets	**6,031**	**5,205**	**5,360**
Change in pension assets			
Pension assets recognised at 1 January	5,205	6,708	6,708
Pension (costs)/income	(88)	(16)	(13)
Remeasurement effects	863	(1,628)	(1,398)
TDC's contribution	51	141	63
Pension assets recognised in the Balance Sheets	**6,031**	**5,205**	**5,360**
Discount rate (%)			
Used to determine benefit obligations	2.10	1.70	2.50
Used to determine pension cost/income	1.70	3.50	3.50

Foreign defined benefit plans

TDC's foreign defined benefit plans concern employees in Norway. The difference between the actuarially determined pension obligations and the fair value of the pension funds' assets is recognised in the Balance Sheets under pension liabilities. Pension contributions related to foreign defined benefit plans amounted to DKK 10m in H1 2015 and DKK 10m in H1 2014. Pension liabilities related to foreign defined benefit plans amounted to DKK 112m at 30 June 2015 and DKK 93m at 30 June 2014.

Note 8 Loans and net interest-bearing debt

Euro Medium Term Notes (EMTNs) and bank loans	2015	2018	2019	2020	2021	2022	2023	2027	DKKm Total
Maturity	16-Dec-15	23-Feb-18	30-Dec-19	04-Feb-20	26-Feb-21	02-Mar-22	23-Feb-23	27-Feb-27	
Fixed/Floating rate	Fixed	Fixed	Floating	Floating	Fixed	Fixed	Fixed	Fixed	
Coupon	5.875%	4.375%			3.500%	3.750%	5.625%	1.750%	
Currency	EUR	EUR	EUR	EUR	EUR	EUR	GBP	EUR	
Type	Bond	Bond	Bank loan	Bank loan	Hybrid	Bond	Bond	Bond	
Nominal value (DKKm)	2,040	5,968	2,984	1,865	5,595	3,730	5,785	5,968	33,935
Nominal value (Denomination currency)	274	800	400	250	750	500	550	800	-
Of which nominal value swapped to or with floating interest rate (EURm)	100	200	400	250	0	150	50	0	1,150
Of which nominal value swapped from GBP to EUR (GBPm)1	0	0	0	0	0	0	550	0	550

[1] The nominal value of the GBP 550m Feb-2023 bond is fully swapped to EUR 658m.

The maturity analysis above does not include hybrid capital with a principal amount totalling DKK 5,603m due in 3015. For further details on hybrid capital, see note 9.
The maturity of derivatives used for hedging of long-term loans matches the maturity of the underlying loans.

Net interest-bearing debt (DKKm) TDC Group	30 June 2015	31 December 2014	30 June 2014
Interest-bearing receivables and investments	(287)	(307)	(276)
Cash	(593)	(4,746)	(1,811)
Long-terms loans	26,887	18,630	17,527
Short-terms loans	2,422	20,051	6,181
Interest-bearing payables	2	7	13
Derivative financial instruments hedging fair value and currency on loans	(1,169)	(711)	(616)
Net interest-bearing debt	**27,262**	**32,924**	**21,018**
50% of hybrid capital	2,777	0	0
Adjusted net interest-bearing debt	**30,039**	**32,924**	**21,018**

[1] Related primarily to loans to the pension fund, TDC Pensionskasse.

The decrease in both NIBD and adjusted NIBD was attributable mainly to the issuance of hybrid bonds, partly offset by dividends paid.

Note 9 Hybrid capital

In February 2015, TDC A/S issued EUR 750m callable subordinated capital securities (hybrid bonds). The hybrid capital is subordinate to the Group's other creditors. The further key details on the hybrid bonds are:

- Final maturity: 26 February 3015
- First par call date: 26 February 2021
- Coupon: Fixed at 3.5000% until 26 February 2021

TDC may defer coupon payments to bond holders. However, deferred coupon payments will fall due for payment in the event of distribution of dividends to TDC's shareholders. Deferred coupons will lapse in 3015.

The hybrid capital is accounted for as equity. Coupon payments will be recognised directly in equity at the time the payment obligation arises. Non-recognised accumulated coupons amounted to DKK 67m as of 30 June 2015. Coupon payments are recognised in the statement of cash flow as a separate item within financing activities. For further information on accounting policies for hybrid capital, see note 1.

Hybrid coupon payments will be included as a separate item in the statement of EFCF. The first possible coupon payment is in February 2016.

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

Note 10 Event after the balance sheet date

On 10 July, TDC Group announced a new share-based incentive programme for the management of Norway (TDC Norway AS and Get AS). The purpose of the incentive program is to motivate the managers to deliver value creation in TDC's Norwegian business in accordance with the management plan agreed at the time of the acquisition of Get.

Under the incentive programme, the managers will be entitled to a bonus in the form of Restricted Stock Unit (RSUs) based on the development in EBITDA-Capex compared with a threshold level for TDC's Norwegian business for the period covering the financial years 2015, 2016 and 2017 (the Bonus Period). The bonus will be calculated no later than 31 March 2018 (the Grant Date) and will be paid in RSUs. The RSUs will vest on the day following the Grant Date and for each RSU, the manager will be given one TDC share upon vesting. At the time of vesting, TDC may choose to make a cash settlement, in full or in part, of RSUs instead of delivering TDC shares.
The aggregate bonus amount cannot exceed NOK 150 million in the Bonus Period, regardless of a development in EBITDA-Capex entitling the managers to a higher bonus amount. Each manager's entitlement to RSUs is conditional upon the manager's continued employment in the Bonus Period subject to certain leaver provisions.

In addition, TDC has entered into an investment agreement with each manager under which the manager will be required to purchase shares in TDC at a certain point in time for a certain amount at market value at the relevant time. The total investment in TDC shares will amount to NOK 100 million. The shares purchased will be subject to certain lock-up restrictions until 31 December 2017.

Selected financial and operational data

TDC Group

		H1 2015	H1 2014	2014	2013	2012	2011
Income Statements	DKKm						
Revenue		12,223	11,443	23,344	23,986	25,472	25,606
Gross profit		8,830	8,462	17,092	17,431	18,154	18,811
EBITDA		4,887	4,805	9,804	9,979	10,136	10,306
Operating profit (EBIT)		1,976	2,282	3,808	4,115	4,438	4,347
Profit before income taxes		1,450	1,813	2,793	3,432	4,320	3,817
Profit for the period from continuing operations		1,081	1,341	2,452	3,078	3,691	2,721
Profit for the period		1,081	2,115	3,228	3,119	3,784	2,752
Income Statements, excluding special items							
Operating profit (EBIT)		2,224	2,525	5,076	5,047	5,176	5,194
Profit before income taxes		1,698	2,056	4,060	4,364	4,298	4,664
Profit for the period from continuing operations		1,272	1,526	3,529	3,766	3,344	3,389
Profit for the period		1,272	1,548	3,551	3,780	3,448	3,442

		H1 2015	H1 2014	2014	2013	2012	2011
Balance sheets	DKKbn						
Total assets		71.6	58.5	74.4	60.4	63.5	65.2
Net interest-bearing debt		(27.3)	(21.0)	(32.9)	(21.7)	(21.9)	(21.0)
Adjusted NIBD		(30.0)	(21.0)	(32.9)	(21.7)	(21.9)	(21.0)
Total equity		25.6	19.5	18.6	20.4	21.5	22.2
Average number of shares outstanding (million)		801.6	800.2	800.2	798.9	802.3	816.7
Capital expenditure		(2,185)	(1,820)	(3,909)	(3,606)	(3,406)	(3,344)
Statements of Cash Flow	DKKm						
Operating activities		3,295	3,294	7,131	7,058	6,720	6,972
Investing activities		(2,247)	(1,998)	(16,528)	(3,929)	(2,862)	(3,546)
Financing activities		(5,228)	(1,788)	11,872	(3,102)	(4,448)	(2,815)
Total cash flow from continuing operations		(4,180)	(492)	2,475	27	(590)	611
Total cash flow in discontinued operations[1]		(2)	1,131	1,099	172	74	47
Total cash flow		(4,182)	639	3,574	199	(516)	658
Equity free cash flow		1,114	1,456	3,214	3,302	3,128	3,494

		H1 2015	H1 2014	2014	2013	2012	2011
Key financial ratios							
Earnings Per Share (EPS)	DKK	1.36	2.65	4.05	3.90	4.72	3.37
EPS from continuing operations, excl. special items	DKK	1.59	1.91	4.41	4.71	4.17	4.15
Adjusted EPS	DKK	1.97	2.34	5.31	5.35	5.40	5.53
Dividend payments per share	DKK	-	-	2.50	3.70	4.60	4.35
Dividend payout (% of EFCF)	%	-	-	62.9	89.3	118.3	99.1
Gross margin	%	72.2	73.9	73.2	72.7	71.3	73.5
EBITDA margin	%	40.0	42.0	42.0	41.6	39.8	40.2
Net interest-bearing debt/EBITDA[2]	x	2.8	2.1	3.4	2.1	2.1	2.0
Adjusted NIBD/EBITDA	x	3.0	2.1	3.4	2.1	2.1	2.0
Retail RGUs (Denmark)							
Mobile subscriptions	# ('000)	2,886	2,930	2,904	3,004	3,016	3,075
TV	# ('000)	1,394	1,415	1,420	1,393	1,392	1,337
Broadband	# ('000)	1,341	1,364	1,358	1,361	1,327	1,289
Landline voice	# ('000)	918	1,099	1,010	1,193	1,350	1,483
Employees[3]							
FTEs (end-of-period)	#	8,686	8,582	8,594	8,587	8,885	9,551
FTEs and temps (end-of-period)	#	8,771	8,759	8,681	8,712	9,097	10,051

[1] TDC Finland (divested in 2014) and Sunrise (divested in 2010) are presented as discontinued operations. Other divestments are included in the respective accounting items during the ownership.
[2] EBITDA for Get is included for November-December 2014 only. On a pro forma basis (if EBITDA for Get is included for the full year 2014), the leverage ratio at year-end 2014 would have been 3.1.
[3] From Q1 2012, Danish civil servants seconded to external parties are excluded from the calculation of FTEs. 156 seconded civil servants were included in FTE figures EOP 2011.

Corporate matters

Strategic review of TDC Hosting

On 13 April 2015, TDC announced that TDC is conducting a strategic review of TDC Hosting. The strategic review may or may not lead to the sale of TDC Hosting. There can be no assurance regarding when such a sale will occur, if at all. Further communication will be made if and when a decision to proceed with a sale has been taken.

Risk factors

TDC's Annual Report 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 Q2 2015, TDC expects no significant changes in the risks.

Forward-looking statements

This Report may include statements about TDC's expectations, beliefs, plans, objectives, assumptions, 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 H1 2015.

The Interim Financial Report, which has neither been audited nor reviewed by the Group's auditor, has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and 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 June 2015 as well as the results of operations and cash flows for H1 2015. 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, 7 August 2015

Executive Committee

Carsten Dilling
President and Group Chief Executive Officer

Pernille Erenbjerg
Deputy Chief Executive Officer and Group Chief Financial Officer

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

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

Jens Munch-Hansen
Senior Executive Vice President of Business

Gunnar Evensen
Senior Executive Vice President of Norway

Erik Heilborn
Senior Executive Vice President of Sweden

Jens Aaløse
Senior Executive Vice President of Channels

Board of Directors

Vagn Sørensen
Chairman

Pierre Danon
Vice Chairman

Stine Bosse

Pieter Knook

Angus Porter

Benoit Scheen

Søren Thorup Sørensen

Jan Bardino

Steen M. Jacobsen

Christian A. Christensen

Gert Winkelmann

John Schwartzbach

About TDC

TDC is the leading communications 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.

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