Financial Report
January – March 2016

May 4th, 2016

TDC Group

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

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

The Market shares included in this report are estimated by TDC Market Intelligence and may change with retrospective effect as increased knowledge of the market is obtained. The total market is defined to include residential and business. Market shares for landline voice, broadband and TV are based on number of lines and mobile voice is based on the number of SIM cards, excluding Prepaid cards and Data only SIM cards.

Introduction

Strategic highlights:

- **Customer recommend score** up by 3 index points in Q1 YoY to 66, driven by customer appreciation of our upgraded mobile network and increased accessibility in customer service
- **Strategy execution** off to a good start: Launch of a new YouSee TV set top box, comprehensive migration of both B2B and B2C customers in Denmark, and initial testing of gigabit speed broadband

Financial highlights:

- **EBITDA** declined by 10.0% in Q1; organic development (-8.1%) was in line with recent quarters, reflecting decreases in Denmark (-13.1%) and growth in Norway (18.6%) as well as Sweden (3.1%)
- 3.0% growth in **EFCF** as NWC growth (292m) from different timing of net receivables offset the Danish EBITDA decline and the first yearly coupon payments on hybrid capital (196m)
- Best **Consumer (DK) mobile** performance in several years: Q1 revenue up by 1.4% and gross profit down by only 0.9%; small increase in mobile voice customer base vs. Q4 (2k)
- **2016 guidance** reaffirmed on all parameters

Operational highlights:

- Continued pressure on mobile voice in the **Danish B2B division;** ARPU decline of 12.1% YoY
- Strong **B2C net adds** performance of 3k and 6k in **broadband** by Consumer (DK) and Get, respectively vs. Q4; launch of a 500-Mbps Get broadband offering in Q1
- **Danish Consumer TV** net adds of 19k vs. Q4 affected by Trefor customers (7k)
- **Employee satisfaction** in Denmark improved by 1 point to 78 in Q1 during a period with organisational changes and many new activities

Financial Highlights

TDC Group

	Q1		
	2016	Growth, %	
		Reported	Organic
Revenue	5,827	(5.9)	(4.6)
Gross Profit	4,175	(6.0)	(4.5)
Opex	(1,948)	0.9	0.0
EBITDA	2,227	(10.0)	(8.1)
Profit for the period	624	22.1	
Capex	(1,012)	11.4	
EFCF	311	3.0	
Adjusted NIBD/EBITDA[1]	3.0		

1. Hybrid bonds are accounted for as equity and are not included in NIBD. The hybrid bonds are assigned 50% equity credit from rating agencies. Adjusted NIBD is calculated by adding 50% of the hybrid capital

TDC Group

Q1 2016 performance per business line

DKKm/
Growth in local currency

	TDC Group	Consumer	Business	Wholesale	Other operations	Denmark in total	Get	TDC Norway	Sweden
Revenue[1]	5,827	2,686	1,295	396	106	4,436	577	195	706
	-5.9%	-7.4%	-12.9%	-2.7%	-7.8%	-8.8%	+7.4%	+2.9%	+5.5%
Gross profit[1]	4,175	2,040	1,048	265	67	3,385	461	63	265
	-6.0%	-6.3%	-10.4%	+0.0%	-23.0%	-7.6%	+10.5%	-5.8%	+6.4%
EBITDA[1]	2,227	1,612	794	225	-807	1,824	296	28	79
	-10.0%	-8.0%	-13.9%	+0.0%	-1.1%	-13.1%	+17.4%	+33.3%	+3.1%
		1	2				3		

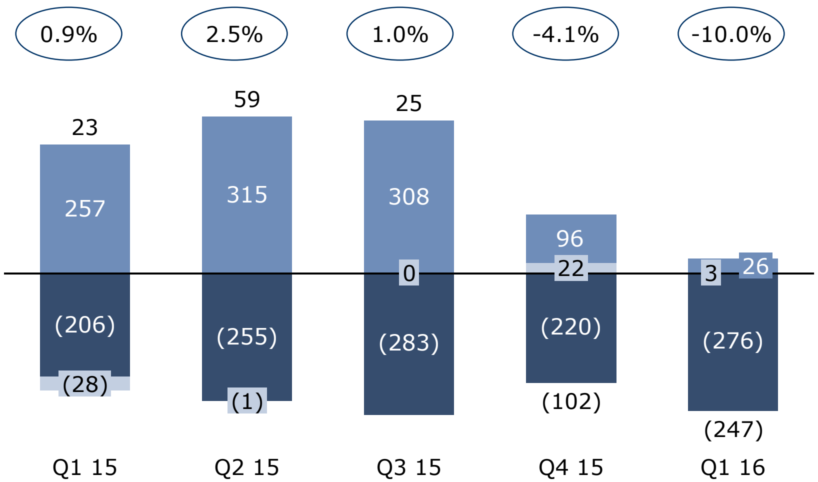
1. **Consumer:** EBITDA decline driven by gross profit decline in landline voice and non-services (including fees)
2. **Business:** Continued substantial EBITDA leakage (-13.9%) across segments and products
3. **Norway:** Get EBITDA growth of 17.4% affected by one-offs. Adjusted for one-offs (NOK 18m in Q1 2016) EBITDA increased by 11.8%

1. Business line absolute figures and growth rates exclude eliminations and therefore do not amount to total Group figures

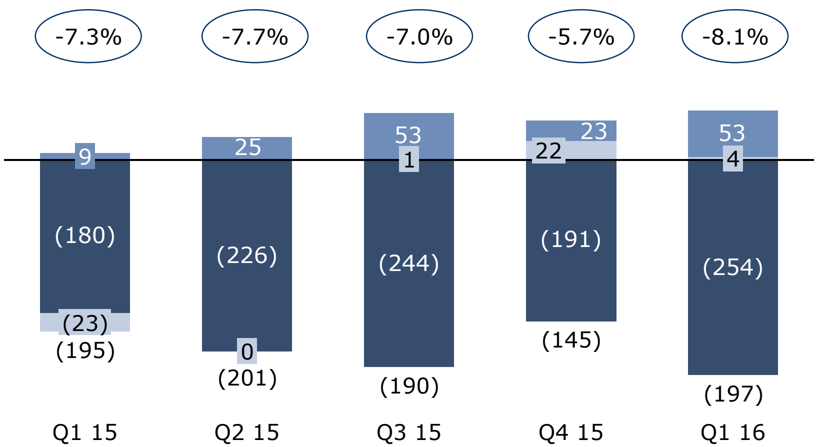
Quarterly EBITDA trends

Denmark[1] Norway Sweden YoY growth

Reported YoY EBITDA growth DKKm



Organic[2] YoY EBITDA growth DKKm



- **Reported** and **organic EBITDA** developments now have the same trend as Get is now fully included in the YoY comparison (Get included as of November 2014)
- **Organic EBITDA** declined by 8.1% in line with recent quarters, reflecting a decrease in Denmark and growth in Norway

1. Eliminations between countries included in Denmark numbers
2. Adjusted for regulation, acquisitions/divestments and foreign exchange

TDC Group

To recap from CMD: We are executing on a number of initiatives to deliver our 2018 strategy to become simpler and better

Our guiding Principle

Always Simpler and Better

- New organization incl. change in executive mgmt.
- One household Brand in Denmark – Yousee
- B2B simplification program launched
- Trim-to-invest program launched
- Strategic review of TDC Sweden

Our promise

Better connectivity

- Giga speed (covering 50% of Danish households and all Get households)
- Best technology, with no overlap in investments

Better offerings

- get Mobile MVNO launch
- Fully enabled Online Brands
- SMB relaunch – new offerings, service model, and platforms

Better customer experience

- Customer experience based on customer insights
- Differentiated customer service including 24/7 support

Our goal

Best Customer Satisfaction

Best Cash Flow Generation

Main strategic initiatives kicked-off since CMD

Always Simpler and Better

Large **IT migration of +1 million** B2C customers **completed**

First **customer migrations** progress-sing well in the **B2B** simplification program

New **executive committee appointed - fully operational from June 1st**

Better connectivity	Better offering	Better customer experience
Gigaspeed project initiated in Denmark	 Launch of new **YouSee TV set top box and new Get Box II in Norway**	Service **technicians on Saturdays** piloted
Technological Institute concludes that **TDC continues to provide the best mobile network**	Launch **of Get mobile** in 2016 on track	Get launch of **"Improved broadband experience"**
Migration of all mobile customers to the **new MVNO** contract with TeliaSonera completed	Acquisition of the **leading Danish B2B supplier of cloud-based** communication solutions	New **improved SMB self-service platform** launched for 34k customers

TDC Group

Corporate management team

CEO
Pernille Erenbjerg

CCO & stake-holder relations
Jens Aaløse

Operations & Wholesale
Peter Trier Schleidt

Group Strategy & Port. Mgmt.
Louise Knauer

Group Finance
Stig Pastwa[1]

YouSee
Jaap Postma[2]

Online brands
Michael Moyell Juul

Reported as "Consumer"

Business
Marina Lønning

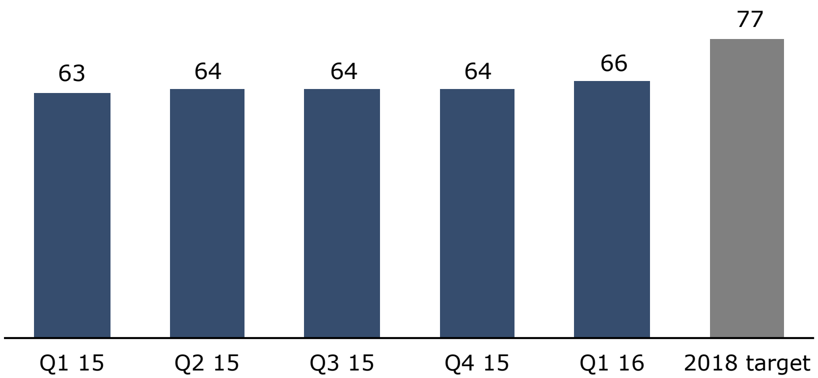
Norway
Gunnar Evensen

Sweden
Erik Heilborn

1. Start as of 1 June
2. Start as of 10 May

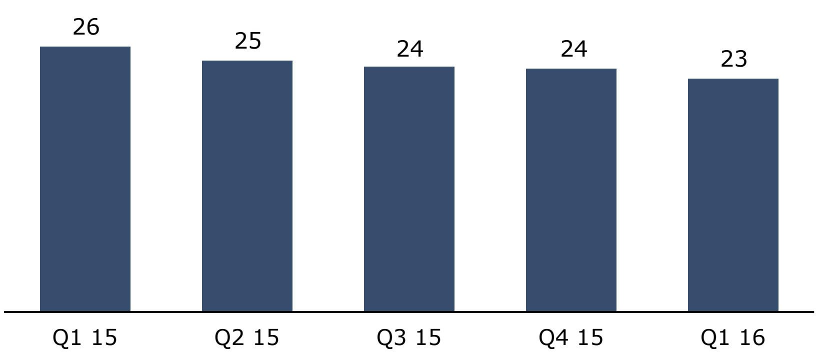
Customer satisfaction scores

TDC Recommend score[1] YTD avg. index

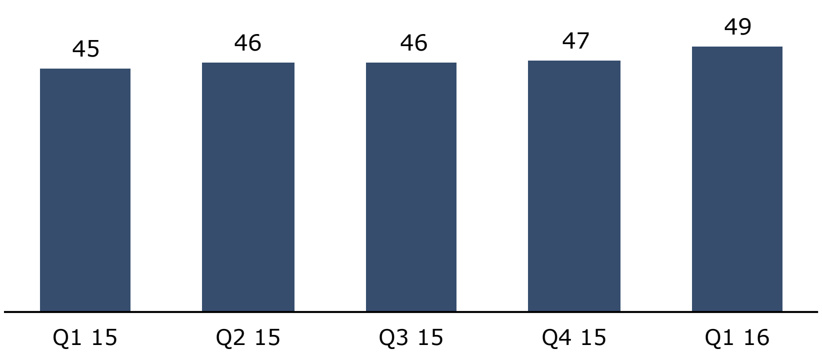


- **Recommend score** up by 3 index points YoY, due to customer appreciation of "Denmark's best mobile network" and increased accessibility in customer service
- The YoY improvements in **customers experiences** is driven by improvement in service level across sales and support touchpoints as well as shorter end-to-end customer delivery times

Share of customers with a negative experience[2] % YTD



Share of customers with a positive experience[2] % YTD

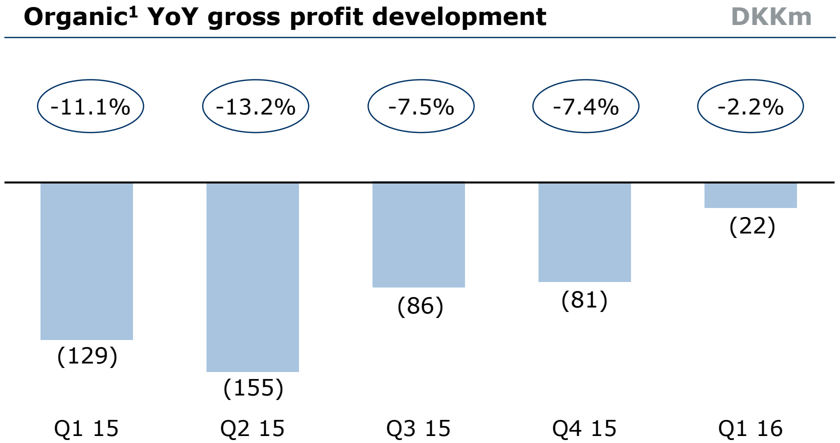


1. Recommend score is TDC's variant of the Net Promoter Score (Would you recommend TDC to family and friends/colleagues and business associates). 100 is maximum score (0-100 scale)
2. Customer experiences are measured on a scale from 1-10, the score of 1-5 is rated as a negative experience and a score of 9-10 is rated as a positive experience

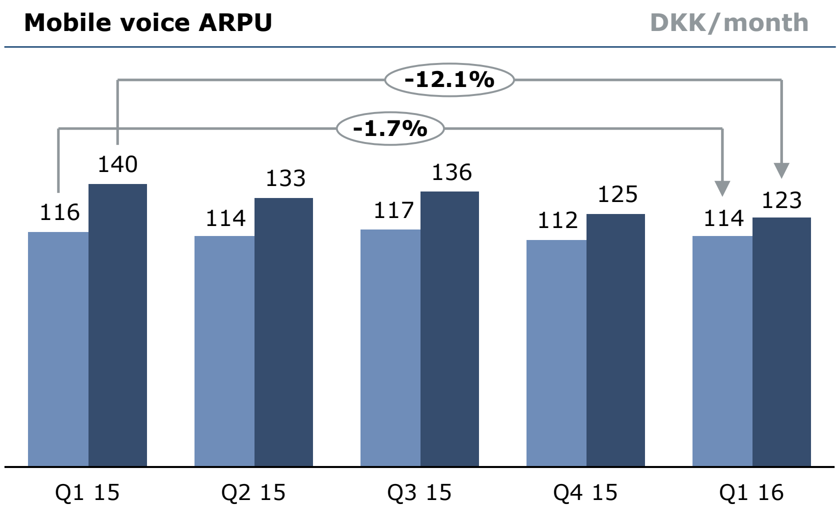
TDC Group

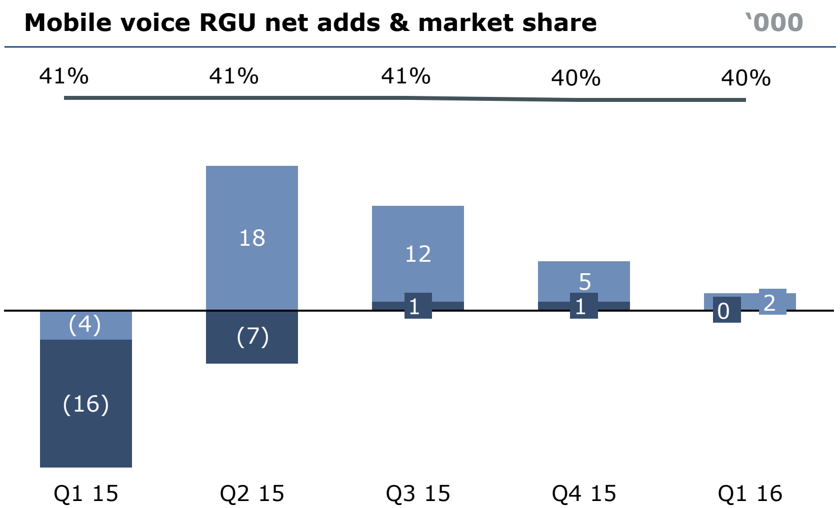
Mobility services in Denmark

Consumer | Business | YoY growth



- Positive trend in organic **gross profit**, driven by improvements in both Consumer and Business
- **Consumer ARPU** down YoY by DKK 2 or 1.7%, representing an improved trend compared with recent quarters
- Positive **Consumer net adds** vs Q4; improved YoY B2C churn rates
- **Business ARPU** down YoY by DKK 17 or 12.1% driven by continued price pressure; however, improved YoY development in recent quarters





1. Adjusted for regulation and acquisitions/divestments

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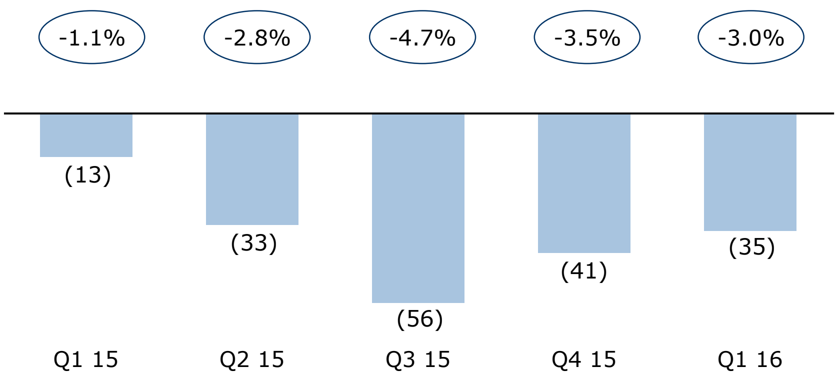
Internet & network in Denmark

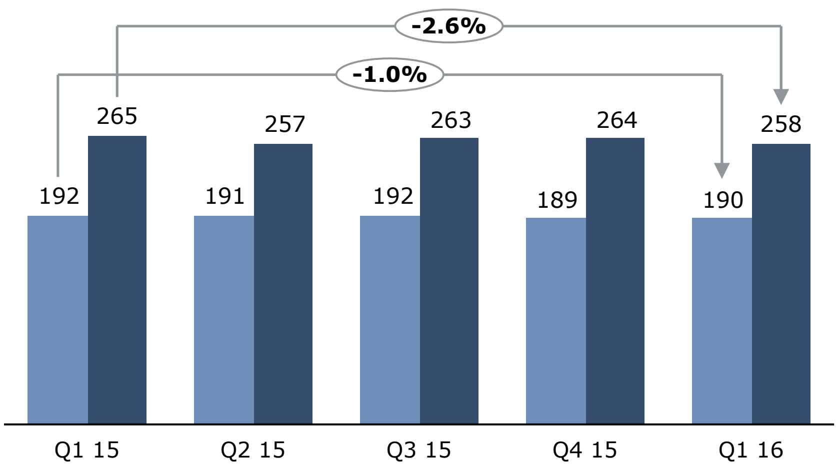
Consumer   Business   YoY growth

Organic[1] YoY gross profit development — DKKm

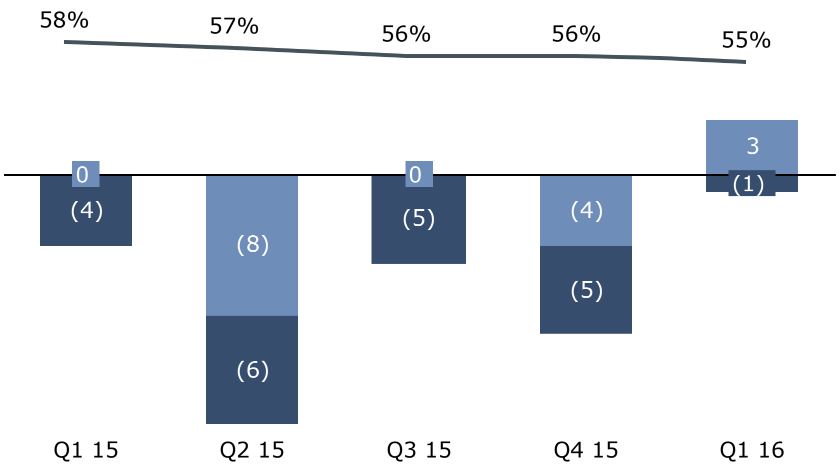


- **YoY gross profit** decline in line with recent quarters; improvement in Business offset by Consumer
- **Consumer broadband** net adds of 3k vs. Q4 2015, an improved trend compared with previous quarters
- Decline in **Consumer YoY ARPU** of DKK 2 as a larger share of customers are buying bundled products
- **Business ARPU** down by DKK 7 affected by migration from legacy products to products with lower ARPU across segments

Broadband ARPU — DKK/month



Broadband RGU net adds & market share — '000



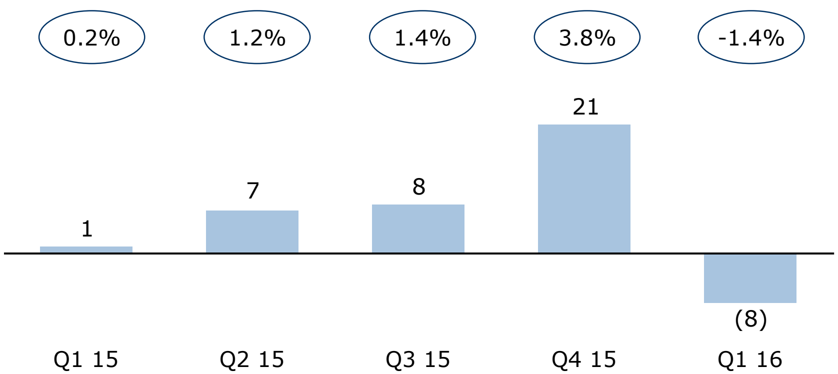
1. Adjusted for regulation and acquisitions/divestments

TDC Group

TV in Denmark

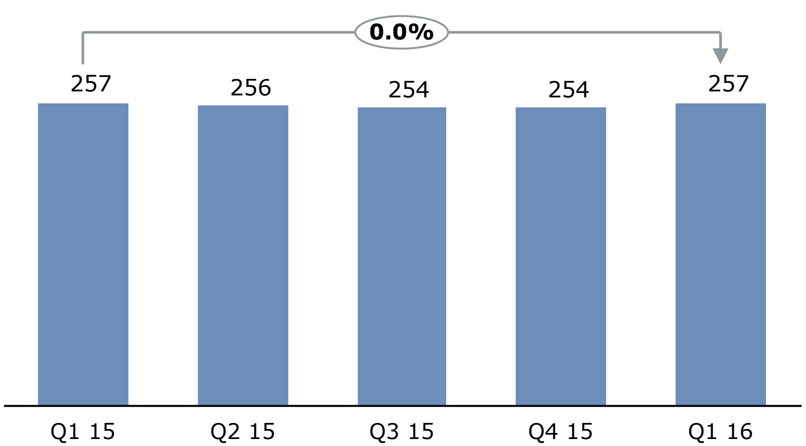
Consumer | YoY growth

Organic[1] YoY gross profit development DKKm

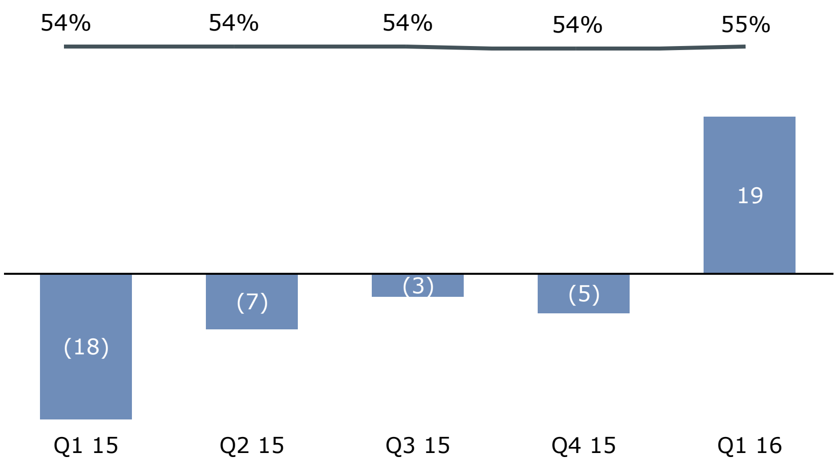


- Flat YoY development in **TV ARPU** as downward migrations to smaller packages has offset the positive effects from price increases as of 1 January 2016[2]
- **TV net adds** of 19k vs. Q4 2015 driven by intake of a large antenna association (18k) and Trefor customers (7k)

ARPU DKK/month



RGU net adds & market share '000



1. Adjusted for acquisitions/divestments
2. 2-4% price increases on packages per month

TDC Group

New YouSee TV portfolio including new hard-bundled set top box – launched 18 April

	DKK 449	DKK 499	DKK 549
	Mix 10 channels	Mix 20 channels	Mix 36 channels
	+	+	+

Basic package 269 DKK

NEW

Including

- On demand
- Easy & intuitive interface for a better customer experience
- Seamless integration of Live TV, catch up TV, movies & series
- One integrated platform across TV, PC and App's on mobile and tablet
- 25 channels, representing ~70% of flow TV consumption in DK, incl. the main channels from the largest distributors in DK

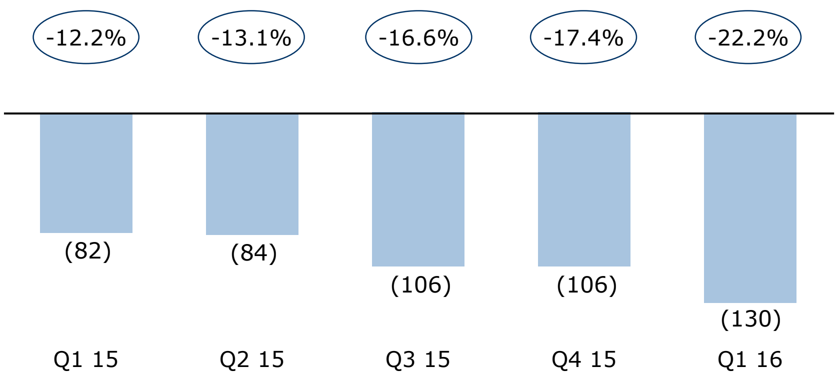
The previous portfolio – for comparison

- Basic package (DKK 239), Medium package (DKK 419) & Full package (DKK 529)
- On demand services offered through "YouSee Plus" (DKK 99); low penetration so far

Landline voice in Denmark

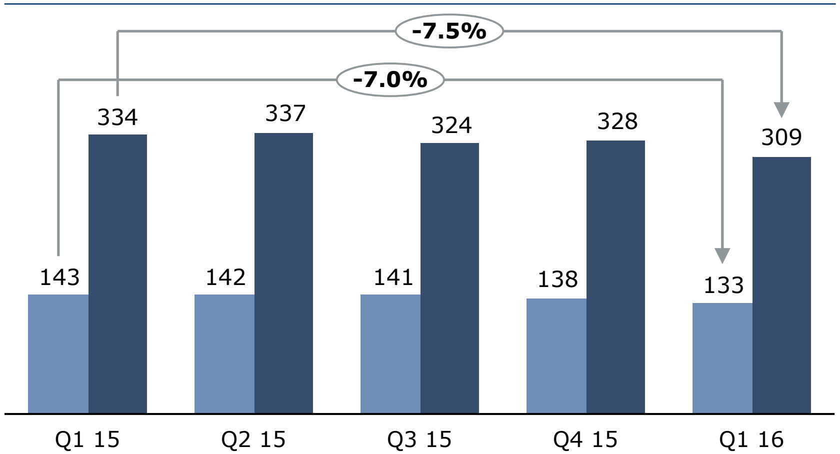
Consumer Business YoY growth

Organic[1] YoY gross profit development DKKm

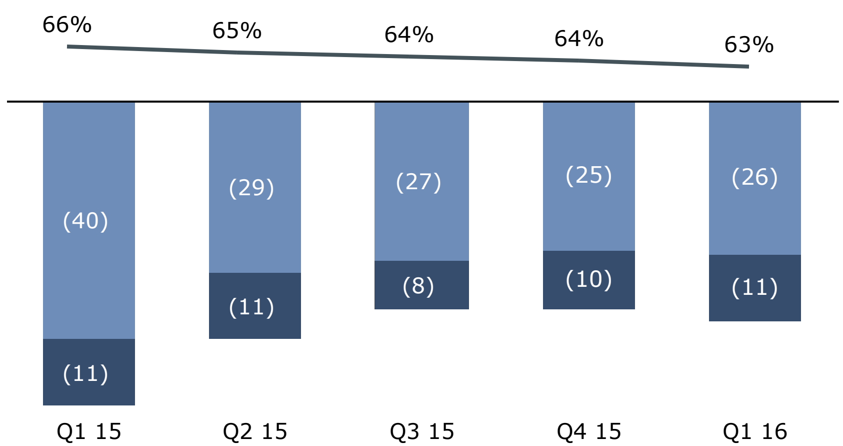


- Worsened Q1 YoY **gross profit** development driven by Consumer
- **Consumer ARPU** decline of DKK 10 in Q1 YoY as prices has not been increased in Q1 2016 like previous years, continued lower revenue from traffic as well as an increasing share of low ARPU VoIP customers
- **Business ARPU** decrease of DKK 25 YoY in Q1 affected by churn of high-ARPU legacy customers across segments and migration of customers to a new and improved product portfolio

ARPU DKK/month



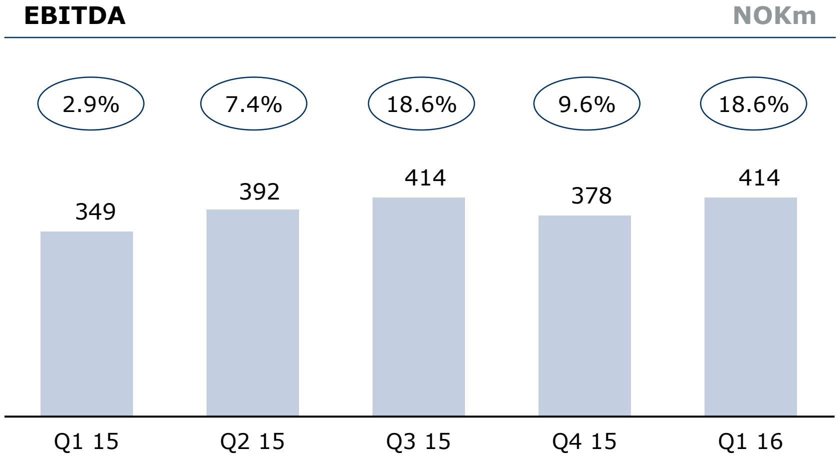
RGU net adds & market share '000



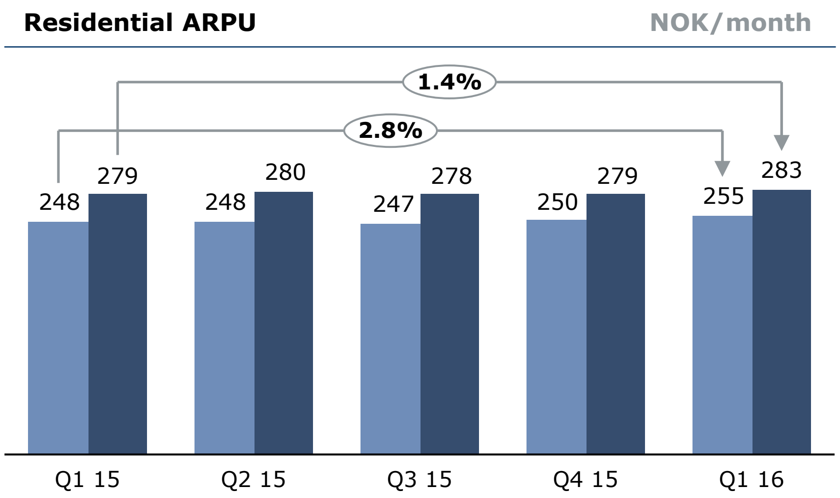
1. Adjusted for regulation and acquisitions/divestments

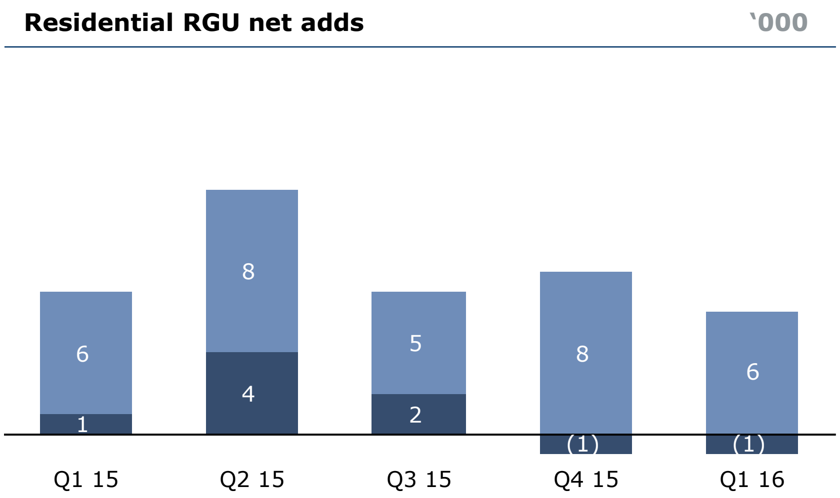
Norway

Broadband | TV | YoY growth[1]



- **Get** delivered strong YoY EBITDA growth of 17.4%; adjusted for one-offs EBITDA increased by 11.8%[2]
- EBITDA in **TDC Norway** up by 33.3% YoY, driven by opex synergies
- Continued strong growth in **broadband customers**; **ARPU** up DKK 7 YoY, driven by migration of customers to higher speeds and price increases
- **TV subscriber net loss** in Q4 and Q1 due to increased competition





1. Including Gets historical data before the acquisition as of November 2014
2. Q1 2016 one-offs in Get related primarily to a settlement in a legal dispute over Partner customers

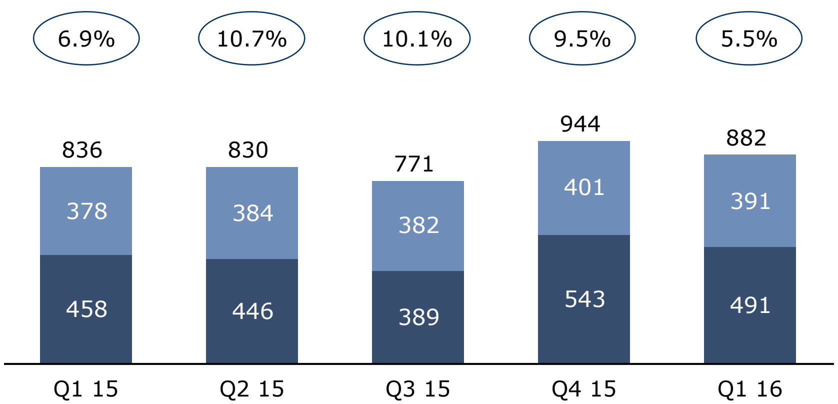
TDC Group

Sweden

Operator Integrator YoY growth

Revenue

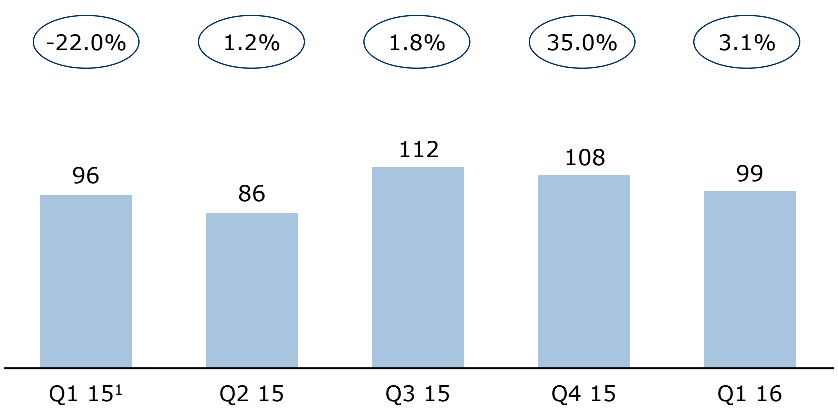
SEKm



- **Revenue growth** in Q1 driven by both operator and integrator business
- Growth in operator business generated by growth in **mobile subscriptions** fuelled by increased sale of combined business solutions
- **EBITDA growth** of 3.1% in Q1 2016; continued growth expected full-year
- Migration of all mobile customers to the new **MVNO contract** with TeliaSonera completed

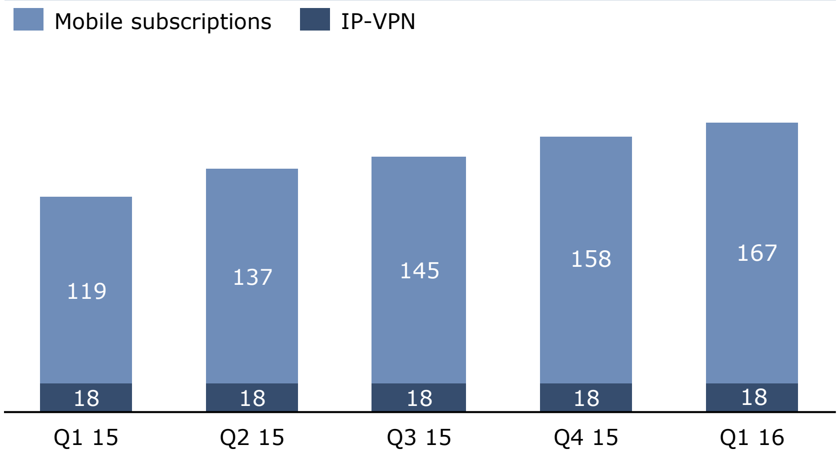
EBITDA

SEKm



Operator RGUs

'000

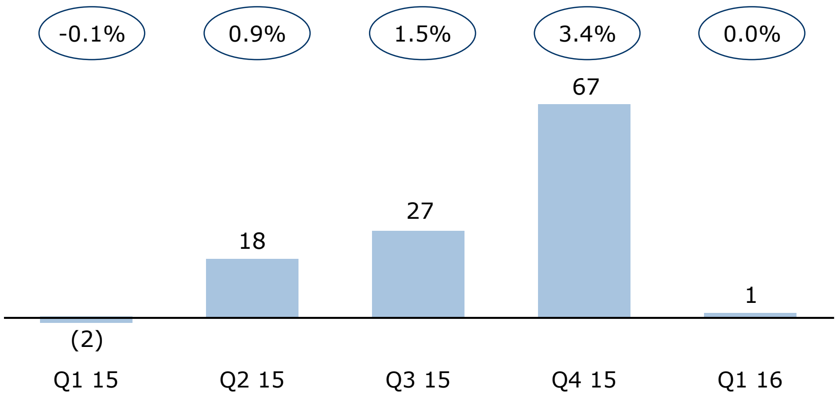


1. Negatively affected by a positive one-off on transmission costs in Q1 2014 (SEK 18m) due to reversed provision related to regulatory pricing decisions

Opex & capex

YoY growth

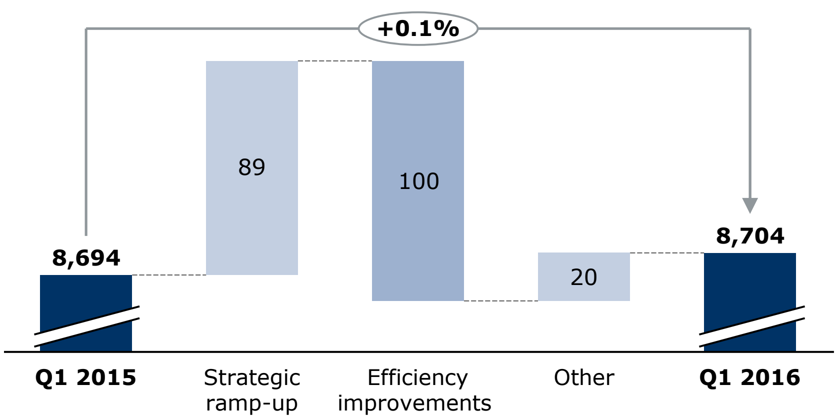
Organic[1] YoY opex development DKKm



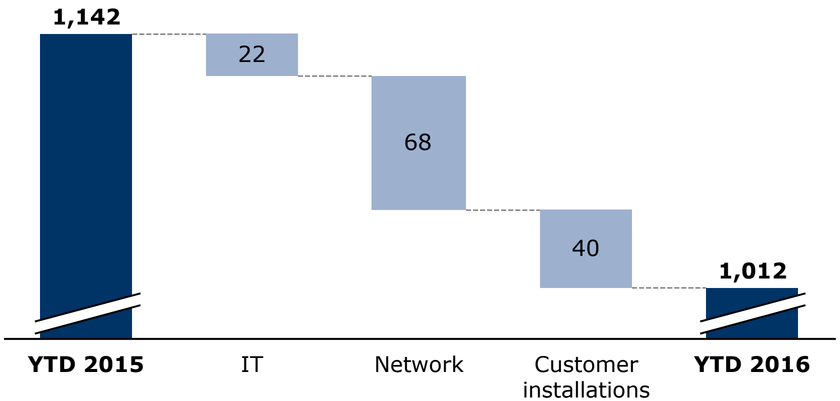
- **Organic YoY opex developed** flat in Q1 2016 as savings in facility management, field-force and consultancy services were offset by initial investments in strategic initiatives

- Q1 2016 **investment spending** decreased relating mainly to mobile network investments as the nationwide upgrade was completed in 2015. Full year 2016 investments expected at the same level as 2015 due to launch of YouSee set top box and investments in strategy initiatives in Denmark and Norway

FTE development '000



Capex, YoY growth DKKm



1. Adjusted for acquisitions/divestments and foreign exchange

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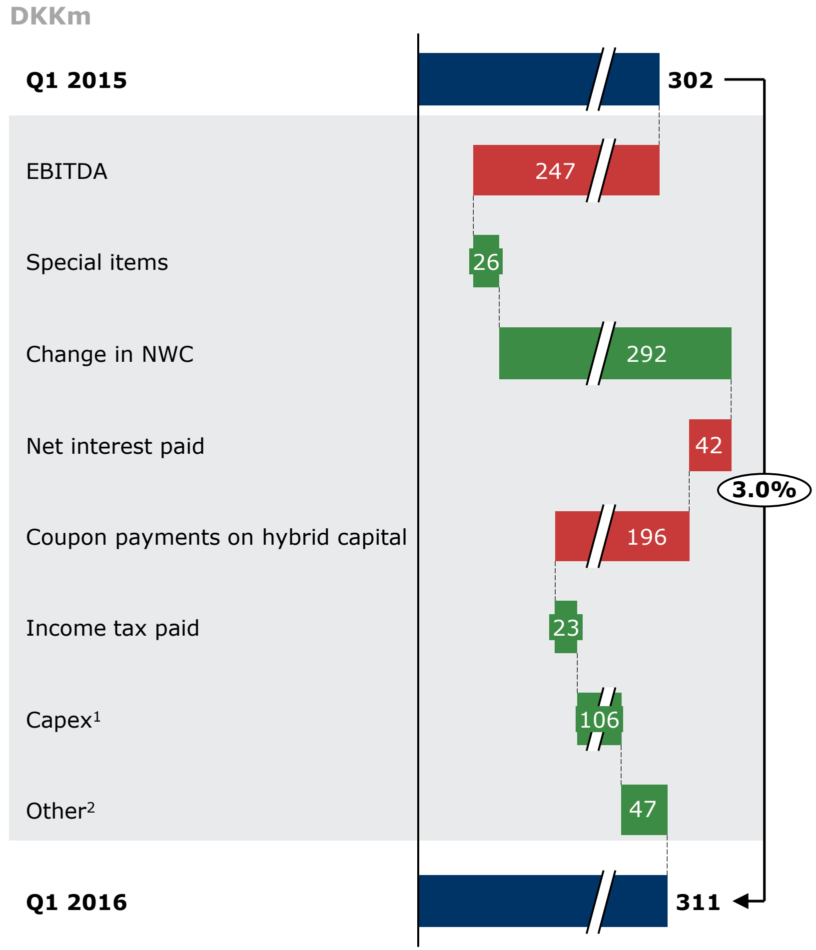
Equity Free Cash Flow



Adjusted NIBD/EBITDA[3] 3.0

- 3.0% growth in EFCF in Q1 2016, driven by significant **NWC** growth driven by different timing of primarily net receivables compared with 2015. This was partly offset by a decline in **EBITDA–capex** (11.5%) in Denmark and the first annual **coupon payments on hybrid capital** issued in Q1 2015
- The Q1 2016 development vs. 2015 is not predictive for full-year 2016 EFCF, as it reflects a different timing than 2015 (mainly NWC and capex). **EFCF guidance of ~DKK 1.9bn confirmed**

1. Investment in PPE and intangible assets including mobile licenses
2. Including adjustment for non-cash items, pension contributions, payments related to provisions and finance lease repayments
3. Hybrid bonds are accounted for as equity and are not included in NIBD. The hybrid bonds are assigned 50% equity credit from rating agencies. Adjusted NIBD is calculated by adding 50% of the hybrid capital

TDC Group

Recap of 2016 guidance

2016 Guidance assumptions

- Regulatory impact expected at same level as 2015
- High single-digit EBITDA growth rates in Norway and Sweden
- Substantial EBITDA decline in Business, however with improvements compared with the 2015 development
- Lower YoY decline from Consumer mobile as ARPU pressure eases off after recent market price increases
- Deteriorated gross profit in Consumer TV due to lower price increases than in 2015
- Deteriorated gross profit in Consumer broadband due to increased competition
- Unchanged YoY loss from Consumer landline voice
- Decreasing non-service revenue in Consumer
- Negative impact from loss of a large Wholesale MVNO contract
- Higher net interest following the financing of the Get acquisition
- Flat development in tax paid
- Increases in cash capex due to different timing of payment and expected mobile licence fee (1800 MHz)

	2015 results	**2016 guidance**
EBITDA	DKK 9.8bn	~ DKK 8.8bn[1]
EFCF	DKK 3.2bn	~ DKK 1.9bn
DPS	DKK 1.00	DKK 1.00

1) Assumes NOK/DKK and SEK/DKK exchange rates of 0.80

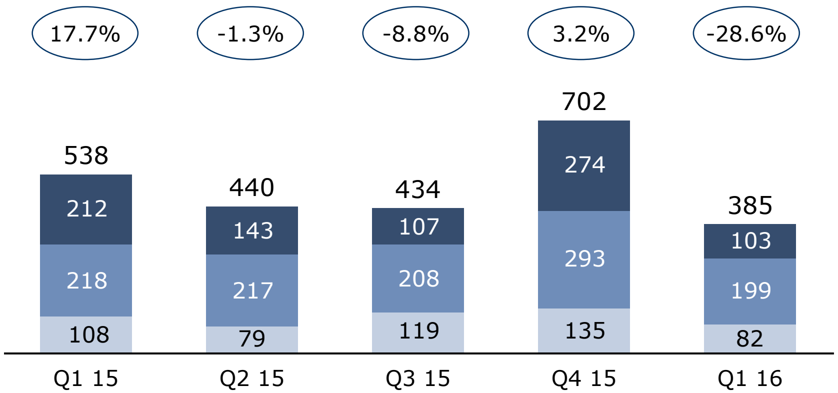
TDC Group

Q&A

A.1 Other services

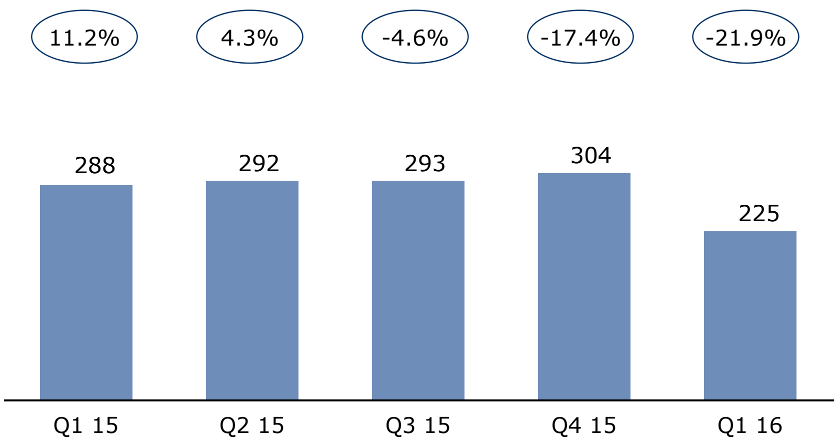
Sale of handsets | NetDesign | Other | YoY growth

Revenue DKKm



- Revenue from **sales of mobile handsets** sold with a positive margin decreased by DKK 109m in Q1 YoY (gross profit neutral), driven by a decline in sales in the Danish B2C and B2B divisions
- In Q1 YoY revenue from the Danish system integrator **NetDesign** decreased due to fewer sales of hardware and software (including services) as well as consultancy services
- Lower revenue from the **other category** due to a decreasing effect from fees in the Danish B2C division as well as a reduction in revenue from managed services and coastal radio in Other operations

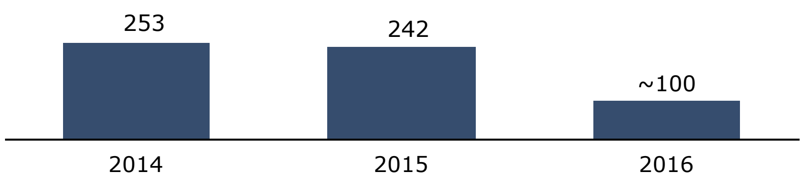
Gross Profit DKKm



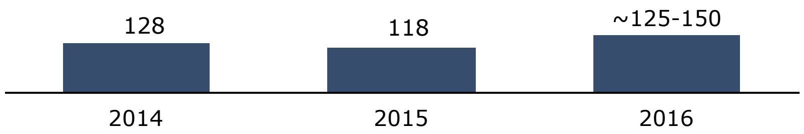
Other services consist of…

A.2 Regulatory update

Revenue loss from regulation[1] DKKm



Gross profit loss from regulation[2] DKKm



- **Roaming:** 'Roam-like-at-home' regulation will be a two step process. Firstly, retail roaming prices was reduced to current wholesale prices from May 2016[3]. Secondly, retail prices will be equivalent to 'Roam-like-at-home' prices from June 2017. Still, there is uncertainty concerning impact on future wholesale prices. TDC expects the commercial pressure on roaming prices to continue in the transition period and has already adjusted for some of this
- **LRAIC:** Revision of mobile and landline networks wholesale prices with effect as of 1 January 2016 has resulted in only minor price adjustments
- **Coax:** Previously expected requirement to resell a TV package on coax has been withdrawn. Instead, a voluntary data-only solution was introduced by TDC on 18 April 2016
- **Fibre:** TDC's obligation to connect wholesale fibre customers, who are located within 30 meters of TDC's fibre network, may result in increased investments
- **Mobile licences:** New spectrum (1800 MHz) allocation in 2016. Auction delayed but expected in second half of 2016

1. Regulatory includes mobile termination rates regulation (voice and SMS), international roaming regulation and various landline regulations (ULL, leased lines, BSA, VULA and interconnect)
2. There is no gross profit loss caused by mobile termination rates regulation (voice and SMS)
3. Applies to customer with a package product. Customers with a 'Pay-as-you-go' product can be charged the domestic retail price plus a wholesale charge, however the combined price must not exceed the current regulated retail roaming price

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