CEO comments and highlights

TDC Group improves its full-year guidance

Q3 was another strong quarter for our Norwegian division with EBITDA growth of 10.8%, adjusted for a large one-off in Q3 2015. Get is progressing well with becoming a market player offering full-scale solutions: Get recently launched a mobile offer and the fire alarm system 'Get Safe' is showing promising sales. Both initiatives will fuel future growth and have a positive churn effect on Get's TV and broadband customers.

In Denmark, EBITDA decreased by 13.1% YoY. Opex remained at the same level as in Q1 and Q2 but was higher than Q3 last year. Underlying savings were offset by a step-up in strategic investments such as simplification in B2B and the TDC and YouSee brand merger in Q2 2016 as well as a boost in staff levels at our call centres to deliver a better customer service. On gross profit, we are pleased to see improving trends in both the Consumer and Business divisions and across our main product areas (mobile, broadband and TV). This is an important driver for fulfilling our ambition of moving towards growth in 2018.

In the recent 1800 MHz auction, we obtained spectrum rights to support our claim as 'Denmark's best network'. The price compared well with benchmarks and was better than our cash flow projections. We committed to providing certain areas in Denmark with better connections from 2019 – this goes hand in hand with our strategy and the cost is manageable.

While we are pleased with the development in our mobile customer bases, as well as the stabilisation in our consumer ARPU, some observation points remain: Firstly, we are still experiencing price pressure in the public and larger business segments. Secondly, it is uncertain how the 'Roam Like at Home' regulation will affect market dynamics at both retail and wholesale levels.

We have succesfully completed the brand merger of TDC and YouSee and as we also discussed after the Q2 results, some of our customers have unfortunately been negatively affected by the comprehensive IT migration. The migration behind us, in Q3 we have focused on cleaning up the incidents and mitigating the inconvenience for customers. The underlying KPIs are moving in the right direction and we are improving the customer experience day by day.

We have now completed the majority of the very large and complex transformation projects planned for 2016, leaving only limited risk for the remainder of the year. On this basis, we improve our EBITDA guidance to ">DKK 8.4bn" and EFCF guidance to ">DKK 1.7bn".

Pernille Erenbjerg, Group CEO

Highlights

- EBITDA decline of 11.6% YoY driven by the development in Denmark (-13.1% YoY)
- Strong EBITDA growth in Norway (10.8% YoY) adjusted for a large one-off in Q3 2015
- YTD EFCF down by 728m or 30.4% driven by EBITDA decline of 760m
- Organic gross profit from mobility services up by 2.9% YoY; retail mobile voice subscribers up by 6k vs. Q2, and B2C mobile voice ARPU at 2015 level despite decrease in roaming revenues
- Opex in Denmark increased 6.9% YoY due to different phasing with a low comparable in Q3 2015; YTD Group opex up by 1.6% due to strategic investments (TDC and YouSee brand merger and B2B simplification) and increased staff at call centres
- Loss of 9k broadband customers vs. Q2 in Consumer and Business due to pressure from competing infrastructure
- Following the brand merger of TDC and YouSee and related IT migrations in Q2 2016, support calls have increased leading to more negative customer experiences; however recommend score was up 1 index point YoY
- Spectrum acquired in the 1800 MHz auction at a lower cost than expected, ensuring continued ability to provide 'Denmark's best mobile network'
- Launch of Get mobile, providing full-scale B2C solutions in Norway
- Divestment of TDC Sweden to Tele2 completed for DKK 2.3bn on a cash and debt free basis

2016 guidance improved

	2016 guidance	YTD status
EBITDA	>DKK 8.4bn[1]	DKK 6.4bn
EFCF	>DKK 1.7bn	DKK 1.7bn
DPS	DKK 1.00 per share[2]	-

[1] Assuming NOK/DKK of ~0.80.
[2] Will be paid out in Q1 2017.

Group performance

Strategic ambitions

TDC Group's strategy for 2018 consists of two main goals; to deliver best-in-class customer satisfaction to our customers and provide the best cash flow for our stakeholders. Fulfilling these ambitions will be the key driver for success in the coming years.

Customer satisfaction

Best-in-class customer satisfaction is measured by the KPI recommend score. This score reflects customers' willingness to recommend TDC Group's B2C and B2B services[1].

TDC Group improved its customer recommend score by 1 percentage point to 65 in Q1-Q3 2016 YoY. This related mainly to appreciation of our network as 'Denmark's best mobile network', accompanied by a stronger YouSee brand driven by the TDC and YouSee brand merger with shops being rebranded. However, despite high priority, the brand merger and the IT migrations involved, has continued to create a high level of support calls as well as more incoming mails. As a result, some service level KPIs have been lower than planned, and this has led to more customers with negative experiences. Customer satisfaction remains a high priority and we have seen an underlying improvement during Q3 going into Q4. Our ongoing focus is to improve the customer experience and new initiatives are being introduced to support this.

Equity free cash flow

The EBITDA decrease in Denmark (DKK 781m) puts pressure on EFCF, which is down DKK 728m (30.4%) in Q1-Q3 2016. After 3 quarters, we have generated EFCF of DKK 1,666m which is almost what was expected for the full year. As we also expect positive cash flow generation in Q4, we now increase our expectations for full year to be higher than DKK 1.7bn. In addition to the EBITDA decrease, EFCF is also negatively affected by the first annual coupon payment on hybrid capital (DKK 196m) issued in Q1 2015, but partly offset by net working capital growth of DKK 141m from different timing compared to 2015.

In Q3, the 1800 MHz auction was concluded and TDC obtained further spectrum. TDC will pay the first annual installment in Q4 which will affect EFCF negatively by DKK 60m.

YTD financial performance

Revenue

In Q1-Q3 2016, TDC Group's reported revenue decreased by 4.7% (2.3% in Q3) or DKK 762m to DKK 15,616m, including negative effects from foreign exchange rates and regulation of

[1] The recommend score is TDC Group's variant of the net promoter score.

TDC Group, key figures[1] — DKKm

		Q3 2016	Q3 2015	Change in %	Q1-Q3 2016	Q1-Q3 2015	Change in %
Income statements	DKKm						
Revenue		5,235	5,357	(2.3)	15,616	16,378	(4.7)
Gross profit		3,939	4,097	(3.9)	11,734	12,412	(5.5)
EBITDA		2,165	2,448	(11.6)	6,430	7,190	(10.6)
Organic revenue[2]		5,235	5,314	(1.5)	15,616	16,169	(3.4)
Organic gross profit[2]		3,939	4,018	(2.0)	11,734	12,193	(3.8)
Organic EBITDA[2]		2,165	2,366	(8.5)	6,430	6,996	(8.1)
Profit for the period from continuing operations excluding special items		745	538	38.5	2,053	1,789	14.8
Profit/(loss) for the period		773	517	49.5	1,962	1,598	22.8
Total comprehensive income		1,006	(474)	-	2,099	1,691	24.1
Capital expenditure		(940)	(977)	3.8	(2,964)	(3,065)	3.3
Equity free cash flow (EFCF)		687	1,358	(49.4)	1,666	2,394	(30.4)
Key financial ratios							
Earnings Per Share (EPS)	DKK	0.97	0.64	51.6	2.24	2.00	12.0
Adjusted EPS	DKK	1.05	0.86	22.1	2.94	2.80	5.0
Gross margin	%	75.2	76.5	-	75.1	75.8	-
EBITDA margin	%	41.4	45.7	-	41.2	43.9	-
Customer satisfaction							
Recommend score	YTD avg. index	65	64	-	65	64	-

[1] For additional data, see TDC Fact Sheet on www.investor.tdc.com/factsheet.cfm. For glossary and definitions, see http://investor.tdc.com/glossary.cfm.
[2] Reported revenue and gross profit excluding the impact from foreign exchange rates, regulatory price adjustments as well as the impact from acquisitions and divestments.

EU roaming prices (DKK 251m). Adjusted for these effects as well as acquisitions, organic revenue declined by 3.4% (1.5% in Q3) or DKK 553m, driven primarily by Consumer and Business in Denmark. The decrease of 3.4% in Q1-Q3 2016 included an improved development over the quarters (-6.0% in Q1, -2.7% in Q2 vs. -1.5% in Q3). This related to an improved performance across three main product areas in Denmark and other services.

Gross profit
Reported gross profit declined by 5.5% or DKK 678m to DKK 11,734m in Q1-Q3 2016. The improvement from Q1 to Q3 was less pronounced compared with revenue, as a large share of the improvement on revenue related to mobile handsets sold with a low margin. Organic gross profit declined by 3.8% or DKK 459m, due mainly to revenue decreases in Consumer and Business. The gross margin decreased slightly (0.7percentage points) YoY driven by reduced high-margin landline revenue and ended at 75.1% in Q1-Q3 2016.

Cash flow and NIBD, key figures							DKKm
		Q3 2016	Q3 2015	Change in %	Q1-Q3 2016	Q1-Q3 2015	Change in %
EBITDA	DKKm	2,165	2,448	(11.6)	6,430	7,190	(10.6)
Change in working capital		(384)	57	-	(122)	(263)	53.6
Interest paid, net		(27)	(24)	(12.5)	(771)	(712)	(8.3)
Income tax paid		(1)	0	-	(331)	(353)	6.2
Cash flow from capital expenditure		(1,001)	(995)	(0.6)	(3,044)	(3,038)	(0.2)
Cash flow related to special items		(73)	(122)	40.2	(348)	(409)	14.9
Other[1]		8	(6)	-	(148)	(21)	-
Equity free cash flow		**687**	**1,358**	**(49.4)**	**1,666**	**2,394**	**(30.4)**
Total cash flow from operating activities		1,723	2,375	(27.5)	4,980	5,488	(9.3)
Total cash flow from investing activities		(997)	(981)	(1.6)	(3,126)	(3,130)	0.1
Total cash flow from financing activities		(30)	(986)	97.0	(268)	(6,208)	95.7
Total cash flow from continuing operations		696	408	70.6	1,586	(3,850)	141.2
Total cash flow from discontinued operations		41	(25)	-	15	51	(70.6)
Total cash flow		**737**	**383**	**92.4**	**1,601**	**(3,799)**	**142.1**
Net interest-bearing debt (NIBD)		(24,409)	(26,728)	8.7	(24,409)	(26,728)	8.7
Adjusted NIBD		(27,185)	(29,505)	7.9	(27,185)	(29,505)	7.9
Net interest-bearing debt/EBITDA[2]	x	2.8	2.7	-	2.8	2.7	-
Adjusted NIBD/EBITDA[2]	x	3.1	3.0	-	3.1	3.0	-

[1] Q1 2016 includes DKK 196m from the first annual coupon payments on hybrid capital issued in Q1 2015.
[2] On a pro-forma basis, if EBITDA for TDC Sweden had been included, NIBD/EBITDA would have been 2.7 and Adjusted NIBD/EBITDA would have been 3.0 at the end of Q3 2016.

Operational expenditure[1]
In Q1-Q3 2016, reported operational expenditure increased by 1.6% or DKK 82m. Organic operational expenditure increased by DKK 107m in Q1-Q3 2016 YoY as savings on facility management and fault-handling hours were offset by investments in strategic initiatives such as the Giga-speed project, the TDC and YouSee brand merger, fault handling on Saturdays and the end-to-end simplification project in Business; thus increasing FTEs by 233 YoY. In addition, savings were offset by a higher bonus related to the share-based incentive programme for the management of TDC Group's Norwegian business, driven by our better-than-expected performance in Norway and the effect of the recent programme amendment.

EBITDA
Reported EBITDA decreased by 10.6% or DKK 760m to DKK 6,430m in Q1-Q3 2016. Organic EBITDA declined by 8.1% or DKK 566m. The EBITDA margin decreased by 2.7 percentage points, and ended at 41.2% in Q1-Q3 2016. This development was driven by increased operational expenditure compared to previous year, as well as a gross profit decrease.

Profit for the period
Excluding discontinued operations and special items, profit for Q1-Q3 2016 increased by 14.8% or DKK 264m. The lower EBITDA was more than offset by lower net financial expenses as well as lower amortisation and depreciation.

As a result of lower expenses on redundancy programmes and vacant tenancies, profit for Q1-Q3 2016 (including discontinued operations and special items), increased by 22.8% or DKK 364m.

Comprehensive income
Total comprehensive income increased by 24.1% or DKK 408m. In addition to the increase in profit for the period, other comprehensive income increased slightly. This covered a positive development in currency translation adjustments related to foreign enterprises (DKK 946m) which was almost offset by a negative development in defined benefit plans related to Danish employees (DKK 936m). The loss in Q1-Q3 2016 and gain in Q1-Q3 2015 on defined benefit plans resulted primarily from the respective decreases and increases in the discount rate. This trend followed the underlying development in interest rates, as the recognised pension obligation is calculated by discounting the expected future pension payments.

Capital expenditure[2]
In Q1-Q3 2016, capital expenditure totalled DKK 2,964m, a decrease of 3.3% or DKK 101m. This was due primarily to large investments in

[1] Including other income.
[2] Excluding investments in mobile licences and enterprises.

the Danish mobile network in 2015 as part of the nationwide upgrade. The decrease in mobile network investments was partly offset by investments following the launch of the new YouSee set-top box in Q2 2016 and increased investments in network expansion in Norway. Furthermore, investments in Q1-Q3 2016 were driven by the TDC and YouSee brand merger and the continuing consolidation of IT systems to ensure a simplified future operating model.

Net interest-bearing debt
Both net interest-bearing debt and adjusted net interest-bearing debt fell by DKK 1,622m during Q1-Q3 2016 as the net cash flows from operating and investing activities more than offset the coupon payments on hybrid capital.

Guidance 2016
TDC Group's guidance for 2016 is improved on the back of successful completion of the majority of the large transformation projects that was planned for 2016.

Our guidance for 2016 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 Group's Annual Report.

2016 guidance improved

	Improved guidance	Previous guidance
EBITDA	>DKK 8.4bn[1]	~DKK 8.4bn[2]
EFCF	>DKK 1.7bn	~DKK 1.7bn[2]
DPS	DKK 1.00 per share[3]	DKK 1.00 per share[3]

[1] Assuming NOK/DKK of ~0.8.
[2] TDC Group expectations as of 21 June 2016 following the announcement of the disposal of TDC Sweden.
[3] Will be paid out in Q1 2017.

TDC Group's performance per business line in Q1-Q3 2016

The illustration below reflects TDC Group's Q1-Q3 2016 performance based on our traditional business line reporting. Costs in Denmark are not allocated, but are included in the business line responsible for the service, cf. segment note 2. The Q1-Q3 2016 performance of each business line is described on the following pages.

DKKm/ Growth in local currency	TDC Group	Consumer	Business	Wholesale	Other operations	Denmark in total	Norway
Revenue[1]	15,616	8,073	3,829	1,287	374	13,408	2,298
	-4.7%	-4.4%	-10.8%	+1.3%	+15.1%	-5.4%	+3.8%
Gross profit[1]	11,734	6,118	3,065	841	248	10,157	1,574
	-5.5%	-4.8%	-11.0%	+1.6%	+6.9%	-6.1%	+6.0%
EBITDA[1]	6,430	4,703	2,223	720	-2,210	5,431	998
	-10.6%	-6.1%	-15.2%	+2.1%	-4.2%	-12.6%	+8.7%

[1] Both absolute figures and growth rates are excluding eliminations and therefore do not amount to 100%.

Consumer in Denmark

Q3 highlights

- TDC and YouSee brand merger affecting more than one million customers challenges call centre performance; company-wide focus on mitigating customer inconvenience e.g. increasing staff levels, began paying off by late Q3
- Encouraging Q3 revenue and gross profit trend across three main product areas; mobility services revenue and gross profit growth of 3.9% and 1.9%, respectively
- Mobile voice customer base up by 5k vs. Q2 2016 and 21k YoY; significantly improved churn rates despite recent price initiatives
- Visual voicemail for improving ease of use for customers initially launched in Telmore brand now implemented in Fullrate and YouSee
- Blockbuster to launch new platform to improve customer experience
- Net loss of 4k TV customers vs. Q2 2016 due to cable-cutting in the SDU[1] segment

YTD performance

In Q1-Q3 2016, Consumer's EBITDA decreased by 6.1% or DKK 303m to DKK 4,703m resulting from the continued gross profit decline in landline and other services.

Consumer, key figures							DKKm
		Q3 2016	Q3 2015	Change in %	Q1-Q3 2016	Q1-Q3 2015	Change in %
Revenue	DKKm	**2,701**	**2,775**	**(2.7)**	**8,073**	**8,446**	**(4.4)**
Mobility services		700	674	3.9	2,042	1,984	2.9
TV		1,060	1,053	0.7	3,195	3,192	0.1
Internet & network		612	620	(1.3)	1,839	1,867	(1.5)
Landline voice		204	262	(22.1)	645	831	(22.4)
Other services		125	166	(24.7)	352	572	(38.5)
Gross profit		**2,043**	**2,126**	**(3.9)**	**6,118**	**6,427**	**(4.8)**
EBITDA		**1,590**	**1,682**	**(5.5)**	**4,703**	**5,006**	**(6.1)**
Gross margin	%	75.6	76.6	-	75.8	76.1	-
EBITDA margin	%	58.9	60.6	-	58.3	59.3	-
Number of FTEs (end-of-period)	#	2,118	2,005	5.6	2,118	2,005	5.6

Mobility services

In Q1-Q3 2016, reported revenue from mobility services increased by 2.9% or DKK 58m to DKK 2,042m. The improved development was driven by YoY mobile voice customer growth of 21k and almost flat mobile voice ARPU after previous large declines in 2014 and 2015 as well as a positive effect from mobile broadband. ARPU decreased by DKK 1 YoY, as the recent price initiatives were almost offset by less billed traffic e.g. roaming due to EU regulation as well as existing customers migrating to lower price points.

TV

In Q1-Q3 2016, reported revenue from TV increased by 0.1% or DKK 3m to DKK 3,195m due to almost level developments in both ARPU and the customer base. Gross profit decreased by 2.1% driven by increased content costs caused by the inclusion of more value-added services (e.g. TV on-the-go).

The level YoY ARPU resulted from price changes as of 1 January 2016[2] being fully offset by customers migrating to smaller packages. The TV customer base increased by only 4k YoY despite two large wins totaling 30k customers[3]. This underlying leakage was driven by cable-cutting primarily from OTT-driven competition.

Internet & network

In Q1-Q3 2016, reported revenue from internet & network decreased by 1.5% or DKK 28m to DKK 1,839m. The customer base decreased by 6k YoY as growth in high-speed internet customers was more than offset by the loss of low-speed internet customers. ARPU decreased by DKK 2 YoY driven by the product mix featuring a higher share of customers with bundled products in line with our household strategy.

Landline voice

In Q1-Q3 2016, reported revenue from landline voice decreased by 22.4% or DKK 186m to DKK 645m and stemmed from declines in both ARPU and the customer base. ARPU decreased by DKK 11 fuelled by lower revenue from traffic and an increasing share of low ARPU VoIP customers. Unlike previous years, the development was not balanced by price increases. The customer base decreased by 90k YoY an improvement compared with recent quarters driven by retention initiatives.

Other services

In Q1-Q3 2016, revenue from other services declined by 38.5% or DKK 220m to DKK 352m due to decreased low-margin sales of mobile handsets to third-party vendors as well as decreasing effects from paper communication fees.

1 Single dwelling unit (SDU) is households, which purchase TV and/or broadband on an individual basis.
2 2-4% price increases on packages per month.
3 Inclusion of a large antenna association (18k) and customers from the strategic partnership with Trefor (12k).

Business in Denmark

Q3 highlights

- EBITDA decrease of 14.3% or DKK 124m due to decline across products. This is an improvement compared with the full-year decrease in 2015
- Decrease in mobile voice ARPU of 19 DKK YoY driven by roaming price levels as a consequence of new EU roaming regulation and price competition across segments
- Business organisation restructured to facilitate strategy execution, enabling Cirque[1] and streamlining solutions and processes to support B2B market demand
- Customer satisfaction development under pressure, driven by the small and medium sized-business segment

YTD performance

In Q1-Q3 2016, Business' financial performance continued to decline with an EBITDA loss of 15.2% or DKK 400m to DKK 2,223m, driven by intense competition across products and segments.

The 15.2% EBITDA decrease in Q1-Q3 2016 improved compared with the full-year decrease of 17.8% in 2015. Q1-Q3 2016 was negatively impacted by several one-offs (DKK ~30m) in Q2 including a revised assessment of a large business contract.

Business, key figures — DKKm

		Q3 2016	Q3 2015	Change in %	Q1-Q3 2016	Q1-Q3 2015	Change in %
Revenue	DKKm	**1,261**	**1,379**	**(8.6)**	**3,829**	**4,293**	**(10.8)**
Mobility services		308	352	(12.5)	937	1,063	(11.9)
Internet & network		456	478	(4.6)	1,367	1,481	(7.7)
Landline voice		207	254	(18.5)	653	810	(19.4)
Other services		290	295	(1.7)	872	939	(7.1)
Gross profit		**1,014**	**1,118**	**(9.3)**	**3,065**	**3,443**	**(11.0)**
EBITDA		**741**	**865**	**(14.3)**	**2,223**	**2,623**	**(15.2)**
Gross margin	%	80.4	81.1	-	80.0	80.2	-
EBITDA margin	%	58.8	62.7	-	58.1	61.1	-
Number of FTEs (end-of-period)	#	1,373	1,314	4.5	1,373	1,314	4.5

Mobility services

Reported revenue from mobility services in Business declined by 11.9% or DKK 126m to DKK 937m in Q1-Q3 2016. The main contributor was an ARPU decrease of DKK 17 or 12.5% YoY, caused by new EU roaming regulation and intense competition. However, the ARPU decline YoY improved in the public and small business segment.

The mobile voice customer base increased by 18k YoY, including the acquisition of Cirque (12k) in Q1. This positively reflects the improved churn rate in the public and small business segment. However, the loss of large contracts in H1 2016 is still expected to increase churn in coming quarters and price levels in contract renegotiations remain challenged in the B2B market.

Internet & network

In Q1-Q3 2016, Business' reported revenue from internet & network decreased by 7.7% or DKK 114m to DKK 1,367m. The decline in revenue related to both broadband and other internet & network.

Revenue from broadband was affected mainly by a declining customer base with a net loss of 12k customers YoY across segments and an ARPU decrease of DKK 3 or -1.1% YoY.

Revenue from other internet & network was negatively affected by lower sales of legacy products, including serveral negative one-offs (DKK ~30m) in Q2.

Landline voice

Reported revenue from landline voice in Business declined by 19.4% or DKK 157m to DKK 653m in Q1-Q3 2016, driven by a net loss in the customer base as well as a DKK 21 decrease in ARPU.

Including net adds from Cirque (8k), the 25k YoY decrease in the customer base resulted from the generally declining market for landline voice. The ARPU decline was triggered by churn of high-ARPU legacy customers across segments and migration of customers to a new and improved product portfolio with value-added services, especially in the large business segment.

Other services

In Q1-Q3 2016, revenue from other services declined by 7.1% or DKK 67m to DKK 872m, caused mainly by lower service and product sales in NetDesign, and lower sales of mobile handsets in Business.

[1] Cirque, the leading B2B supplier of cloud-based communication solutions, was acquired in Q1 2016 with financial impact from Q2 2016.

Wholesale in Denmark

Q3 highlights

- EBITDA in Wholesale decreased by 2.0% in Q3 2016, driven mainly by mobility services
- Mobile voice customer base up by 6k vs. Q2 2016, driven by successful campaigns by service providers
- Broadband customer base up by 6k vs. Q2 2016

YTD performance

In Q1-Q3 2016, reported EBITDA in Wholesale increased by 2.1% or DKK 15m to DKK 720m. This was generated by gross profit growth from internet & network, which was partly offset by a gross profit loss on mobility services.

Wholesale, key figures	DKKm	Q3 2016	Q3 2015	Change in %	Q1-Q3 2016	Q1-Q3 2015	Change in %
Revenue	DKKm	**447**	**440**	**1.6**	**1,287**	**1,270**	**1.3**
Mobility services		155	141	9.9	406	411	(1.2)
Internet & network		186	175	6.3	554	515	7.6
Landline voice		62	68	(8.8)	189	198	(4.5)
Other services		44	56	(21.4)	138	146	(5.5)
Gross profit		**281**	**290**	**(3.1)**	**841**	**828**	**1.6**
EBITDA		**242**	**247**	**(2.0)**	**720**	**705**	**2.1**
Gross margin	%	62.9	65.9	-	65.3	65.2	-
EBITDA margin	%	54.1	56.1	-	55.9	55.5	-
Number of FTEs (end-of-period)[1]	#	132	131	0.8	132	131	0.8

Mobility services

Reported revenue from mobility services decreased by 1.2% or DKK 5m to DKK 406m in Q1-Q3 2016. The decline was caused mainly by an internal settlement, as a large MVNO contract regarding Norway is no longer handled through Wholesale in Denmark (neutral on gross profit) as well as the loss of an MVNO contract with an external partner with financial effect as of 1 March 2016. However, this was partly offset by increasing revenue from interconnect with limited gross profit impact.

In Q1-Q3 2016, the operational mobile voice KPIs remained relatively level with Q1-Q3 2015. However, the mobile voice customer base had some larger underlying customer movements as successful campaigns by service providers were almost counterbalanced by the loss of a large customer at the end of Q1 2016.

Internet & network

Reported revenue from internet & network increased by 7.6% or DKK 39m to DKK 554m in Q1-Q3 2016. This stemmed from an increase in broadband and capacity revenue. The improvement in broadband resulted from a 16k increase in the customer base, which was driven by wholesale customers' successful campaigns, as well as an ARPU increase of DKK 4 due to a more favourable customer mix and a higher level of connection fees compared with Q1-Q3 2015.

In Q1-Q3 2016, both national and international capacity saw growth in both revenue and gross profit. This growth was triggered by a changed product mix towards products based on new technologies with higher ARPU as well as the increased customer base.

Landline voice

In Q1-Q3 2016, reported revenue from landline voice decreased by 4.5% or DKK 9m to DKK 189m. This was driven by a loss of 9k service provider customers and resulted from the continuous decline in the overall landline voice market.

Other operations in Denmark

Q3 highlights

- Continued Giga-speed rollout with 7% of the footprint representing ~77k households swapped end of Q3
- Opex YoY increase of 11% or DKK 83m driven by strategic initiatives
- Continued improved trend in number of faults; decreasing fault-handling hours
- Responsibility for customer support and billing moved to commercial divisions to give a leaner end-to-end customer experience

YTD performance

Other operations consist of TDC Group's support functions such as IT, procurement, network, installation and Headquarters. Since the reorganisation of the Danish business as of 1 January 2016, customer sales are based in the commercial divisions. During Q3 2016, customer support functions were moved from Other operations to commercial divisions[1]. This will secure end-to-end customer ownership in commercial divisions and create a simpler and better organisation that meets customers needs.

In Q1-Q3 2016, EBITDA from Other operations decreased by 4.2% or DKK 90m to DKK 2,210m. The underlying development shows a gross profit increase of 6.9% or DKK 16m to DKK 248m offset by an increase in operational expenditure of 4.5% or DKK 106m to DKK 2,458m in the same period. The gross profit increase was driven partly by the Giga-speed project.

As previously, TDC Group continued to focus on optimising processes and increasing efficiency. This included space management initiatives, lower power consumption and postal services. Further field-force initiatives have succeeded in lowering the number of faults on customer premises and in turn reducing the number of fault-handling hours by 6.3% YoY. However, savings from these initiatives were more than offset by strategic investments and higher bonuses related to the share-based incentive programme for the management of TDC Group's Norwegian business[2].

The support functions in Other operations play a crucial part in implementing systems and services supporting TDC Group's 2018 strategy with a focus on delivering the best customer experience and further efficiency improvements. This has led to increased operational expenditure in Q1-Q3 2016 resulting partly from increased IT execution and a FTE increase of 122 YoY mainly within IT to support the strategy execution, as well as within Operations to support the Giga-speed project.

The main underlying strategic initiatives realised in Other operations in Q1-Q3 2016 were within the areas presented below:

- Execution of ambitious Giga-speed equipment swap giving hybrid-fibre customers a 1 Gbps option; 7% of swap completed by the end of Q3 but 1 Gbps product not yet in sales window
- Brand merger of TDC and YouSee creating leaner organisation and a simpler and better customer journey
- Better customer experience through enhanced accessibility in fault handling e.g. now open for fault handling on Saturdays
- Set-up of end-to-end lean project in Business; simplifying customer experience and improving online access

Other operations, key figures (DKKm)

		Q3 2016	Q3 2015	Change in %	Q1-Q3 2016	Q1-Q3 2015	Change in %
Revenue	DKKm	148	109	35.8	374	325	15.1
Gross profit		102	73	39.7	248	232	6.9
Opex		(839)	(756)	(11.0)	(2,458)	(2,352)	(4.5)
EBITDA		**(737)**	**(683)**	**(7.9)**	**(2,210)**	**(2,120)**	**(4.2)**
KPIs							
Fault-handling hours	Hours ('000)	**141**	**156**	**(9.6)**	**418**	**446**	**(6.3)**
Number of FTEs (end-of-period)	#	3,627	3,505	3.5	3,627	3,505	3.5

[1] All key figures reflect change in the organisation.
[2] All costs related to the share-based incentive programme for the management of TDC Group's Norwegian business as well as the Danish part of the short-term bonus, deferred bonus and performance share programmes are included in the segment Other operations.

Norway

Q3 highlights

- Adjusted EBITDA growth of 10.8% in Norway; reported EBITDA decline of 0.5% due to large one-off in TDC Norway in Q3 2015
- Get delivered strong YoY EBITDA growth of 9.0% fuelled mainly by broadband
- Get recently launched a MVNO mobile B2C offer providing access to the best 4G coverage network in Norway[1] and attractive packages for Get TV and broadband customers
- Get broadband net adds of 5k vs. Q2 driven by successful summer campaign that also resulted in a high number of speed upgrades; the campaign negatively affected Q3 ARPU
- TDC Norway once again chosen as main supplier of telecommunication solutions for Bergen municipality; 6-year contract (3-year extension option) with a total contract value of NOK ~200m

YTD performance

In Q1-Q3 2016, reported EBITDA in Norway increased by 8.7% or NOK 101m to NOK 1,256m driven mainly by broadband gross profit growth in Get. YTD EBITDA growth was negatively affected by a pension one-off in TDC Norway in Q3 2015 (NOK 42m) and positively affected by one-offs in Get in Q1 2016 (NOK 18m) that related primarily to settlement of a legal dispute.

Norway, key figures							NOKm
		Q3 2016	Q3 2015	Change in %	Q1-Q3 2016[2]	Q1-Q3 2015	Change in %
Revenue	NOKm	**946**	**927**	**2.0**	**2,894**	**2,787**	**3.8**
TV		360	355	1.4	1,082	1,064	1.7
Residential broadband		271	248	9.3	810	730	11.0
Business[1]		246	248	(0.8)	772	760	1.6
Other residential services		69	76	(9.2)	230	233	(1.3)
Gross profit		**657**	**632**	**4.0**	**1,982**	**1,870**	**6.0**
EBITDA[3]		**412**	**414**	**(0.5)**	**1,256**	**1,155**	**8.7**
Gross margin	%	69.5	68.2	-	68.5	67.1	-
EBITDA margin	%	43.6	44.7	-	43.4	41.4	-
Number of FTEs (end-of-period)	#	858	920	(6.7)	858	920	(6.7)

[1] Includes TDC Norway and Get's Business division.
[2] Q1 2016 positively affected by one-offs (revenue: NOK 13m and operational expenses: NOK 5m) that related primarily to a settlement in a legal dispute over partner customers.
[3] In Q3 2015, other income was affected positively by a one-off from closing down one of TDC Norway's defined benefit plans (NOK 42m).

Adjusted for these one-offs, Norway's EBITDA increased by 11.2%.

TDC Norway's adjusted EBITDA increased by 26.5% or NOK 22m in Q1-Q3 2016, driven mainly by restructuring performed in Q4 2015, where a new strategy and organisation were put in place as well as synergy realisation from the Get acquisition.

Get's adjusted EBITDA increased by 10.0% or NOK 103m in Q1-Q3, as a result of high broadband gross profit growth.

TV

In Q1-Q3 2016, Get's revenue from TV increased by 1.7% or NOK 18m to NOK 1.082m prompted by a NOK 4 increase in ARPU related mainly to an increase in subscription fees in January 2016.

TV revenue growth has slowed down in 2016 as a result of a relatively flat subscriber development in 2016. This development can be attributed mainly to the intensified competition in the residential TV market in Norway. Competitors are pushing aggressive price points and offering low-cost fibre connections.

Residential broadband

Get's reported revenue from broadband increased by 11.0% or NOK 80m to NOK 810m in Q1-Q3 2016 driven by high subscriber and ARPU growth.

Get successfully expanded its customer base by 22k with a YoY 4 percentage point increase in broadband penetration. Get attracted more customers with high-speed offerings and value-added services.

Broadband ARPU increased by NOK 8 YoY driven by upselling of higher speeds and a new broadband portfolio in Q1 2016 with migration of customers to both higher speeds and price levels.

Business

In Q1-Q3 2016, revenue from Business rose by 1.6% or NOK 12m to NOK 772m caused by growth in Get's business division. In Q1-Q3 2016, revenue in TDC Norway decreased by 0.7% due to a decrease in low-margin terminal equipment and ARPU pressure within mobile and internet & network.

1 Source: Tek.no "Den store dækningstesten 2016": http://www.tek.no/artikler/test-dekningstest-norges-storste-test-av-mobildekning/277366/6

Consolidated financial statements

Income statements							DKKm
	Note	Q3 2016	Q3 2015	Change in %	Q1-Q3 2016	Q1-Q3 2015	Change in %
Revenue	2	**5,235**	**5,357**	**(2.3)**	**15,616**	**16,378**	**(4.7)**
Cost of sales		(1,296)	(1,260)	(2.9)	(3,882)	(3,966)	2.1
Gross profit		**3,939**	**4,097**	**(3.9)**	**11,734**	**12,412**	**(5.5)**
External expenses		(836)	(806)	(3.7)	(2,511)	(2,604)	3.6
Personnel expenses		(962)	(904)	(6.4)	(2,867)	(2,738)	(4.7)
Other income		24	61	(60.7)	74	120	(38.3)
Operating profit before depreciation, amortisation and special items (EBITDA)	2	**2,165**	**2,448**	**(11.6)**	**6,430**	**7,190**	**(10.6)**
Depreciation, amortisation and impairment losses	3	(1,222)	(1,255)	2.6	(3,577)	(3,812)	6.2
Operating profit excluding special items (EBIT excluding special items)		**943**	**1,193**	**(21.0)**	**2,853**	**3,378**	**(15.5)**
Special items	4	(56)	(65)	13.8	(213)	(312)	31.7
Operating profit (EBIT)		**887**	**1,128**	**(21.4)**	**2,640**	**3,066**	**(13.9)**
Financial income and expenses	5	(53)	(469)	88.7	(253)	(996)	74.6
Profit before income taxes		**834**	**659**	**26.6**	**2,387**	**2,070**	**15.3**
Income taxes		(133)	(174)	23.6	(502)	(524)	4.2
Profit for the period from continuing operations		**701**	**485**	**44.5**	**1,885**	**1,546**	**21.9**
Profit for the period from discontinued operations		72	32	125.0	77	52	48.1
Profit for the period		**773**	**517**	**49.5**	**1,962**	**1,598**	**22.8**
Profit attributable to:							
Owners of the parent company		773	518	49.2	1,793	1,606	11.6
Hybrid capital holders share of profit		-	-	-	175	-	-
Non-controlling interests		-	(1)	-	(6)	(8)	25.0
EPS (DKK)							
Earnings Per Share, basic		0.97	0.64	51.6	2.24	2.00	12.0
Earnings Per Share, diluted		0.96	0.65	47.7	2.23	2.00	11.5
Adjusted EPS		1.05	0.86	22.1	2.94	2.80	5.0

Statement of comprehensive income

DKKm

	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015
Profit for the period	**773**	**517**	**1,962**	**1,598**
Items that can subsequently be reclassified to the income statement:				
Currency translation adjustments, foreign enterprises	324	(733)	600	(346)
Fair value adjustments of cash flow hedges	32	(17)	67	33
Fair value adjustments of cash flow hedges transferred to Financial expenses	(27)	12	(11)	(11)
Items that cannot subsequently be reclassified to the income statement:				
Remeasurement effects related to defined benefit pension plans	(123)	(328)	(666)	532
Income tax relating to remeasurement effects from defined benefit pension plans	27	75	147	(115)
Other comprehensive income	**233**	**(991)**	**137**	**93**
Total comprehensive income	**1,006**	**(474)**	**2,099**	**1,691**

Balance sheet DKKm

	Note	30 September 2016	31 December 2015	30 September 2015
Assets				
Non-current assets				
Intangible assets		34,562	34,455	39,252
Property, plant and equipment		17,861	17,963	17,851
Joint ventures, associates and other investments		73	82	77
Deferred tax assets		10	-	-
Pension assets	6	5,322	5,947	5,697
Receivables		260	275	279
Derivative financial instruments		105	484	516
Prepaid expenses		319	355	310
Total non-current assets		**58,512**	**59,561**	**63,982**
Current assets				
Inventories		218	311	289
Receivables		2,497	3,131	3,023
Income tax receivables		-	5	-
Derivative financial instruments		764	484	421
Prepaid expenses		699	741	745
Cash		1,966	363	954
Assets held for sale		1,401	-	-
Total current assets		**7,545**	**5,035**	**5,432**
Total assets		**66,057**	**64,596**	**69,414**

Balance sheet DKKm

	Note	30 September 2016	31 December 2015	30 September 2015
Equity and liabilities				
Equity				
Share capital		812	812	812
Reserve for currency translation adjustments		(1,419)	(2,019)	(1,950)
Reserve for cash flow hedges		(191)	(247)	(101)
Retained earnings		17,597	16,229	19,924
Proposed dividends		-	-	-
Equity attributable to owners of the parent company		**16,799**	**14,775**	**18,685**
Hybrid capital	8	5,552	5,552	5,553
Non-controlling interests		21	27	102
Total equity		**22,372**	**20,354**	**24,340**
Non-current liabilities				
Deferred tax liabilities		3,901	4,218	4,252
Provisions		940	985	944
Pension liabilities	6	41	36	57
Loans	7	26,599	27,398	26,610
Derivative financial instruments		395	-	-
Deferred income		380	426	429
Total non-current liabilities		**32,256**	**33,063**	**32,292**
Current liabilities				
Loans	7	259	200	2,273
Trade and other payables		5,819	7,035	6,047
Income tax payable		399	-	240
Derivative financial instruments		882	537	549
Deferred income		2,926	3,177	3,439
Provisions		185	230	234
Liabilities concerning assets held for sale		959	-	-
Total current liabilities		**11,429**	**11,179**	**12,782**
Total liabilities		**43,685**	**44,242**	**45,074**
Total equity and liabilities		**66,057**	**64,596**	**69,414**

Statements of cash flow

DKKm

	Q3 2016	Q3 2015	Change in %	Q1-Q3 2016	Q1-Q3 2015	Change in %
EBITDA	2,165	2,448	(11.6)	6,430	7,190	(10.6)
Adjustment for non-cash items	65	46	41.3	190	121	57.0
Pension contributions	(21)	(28)	25.0	(64)	(84)	23.8
Payments related to provisions	(1)	(2)	50.0	(4)	(2)	(100.0)
Special items	(73)	(122)	40.2	(348)	(409)	14.9
Change in working capital	(384)	57	-	(122)	(263)	53.6
Interest paid, net	(27)	(24)	(12.5)	(771)	(712)	(8.3)
Income tax paid	(1)	-	-	(331)	(353)	6.2
Operating activities in continuing operations	**1,723**	**2,375**	**(27.5)**	**4,980**	**5,488**	**(9.3)**
Operating activities in discontinued operations	36	17	111.8	132	199	(33.7)
Total cash flow from operating activities	**1,759**	**2,392**	**(26.5)**	**5,112**	**5,687**	**(10.1)**
Investment in enterprises	(3)	1	-	(109)	(136)	19.9
Investment in property, plant and equipment	(762)	(733)	(4.0)	(2,345)	(2,361)	0.7
Investment in intangible assets	(239)	(262)	8.8	(699)	(677)	(3.2)
Investment in other non-current assets	-	-	-	(1)	(6)	83.3
Sale of other non-current assets	7	13	(46.2)	21	50	(58.0)
Dividends received from joint ventures and associates	-	-	-	7	-	-
Investing activities in continuing operations	**(997)**	**(981)**	**(1.6)**	**(3,126)**	**(3,130)**	**0.1**
Investing activities in discontinued operations	6	(40)	115.0	(116)	(140)	17.1
Total cash flow from investing activities	**(991)**	**(1,021)**	**2.9**	**(3,242)**	**(3,270)**	**0.9**
Proceeds from long-term loans	-	-	-	-	7,739	-
Finance lease repayments	(35)	(22)	(59.1)	(74)	(56)	(32.1)
Repayments of long-term loans	-	-	-	-	(5,968)	-
Change in short-term bank loans	5	(171)	102.9	2	(11,885)	100.0
Proceeds from issuance of hybrid capital	-	-	-	-	5,553	-
Coupon payments on hybrid capital	-	-	-	(196)	-	-
Dividends paid	-	(801)	-	-	(1,603)	-
Capital contribution from non-controlling interests	-	2	-	-	6	-
Financing activities in continuing operations	**(30)**	**(986)**	**97.0**	**(268)**	**(6,208)**	**95.7**
Financing activities in discontinued operations	(1)	(2)	50.0	(1)	(8)	87.5
Total cash flow from financing activities	**(31)**	**(988)**	**96.9**	**(269)**	**(6,216)**	**95.7**
Total cash flow	**737**	**383**	**92.4**	**1,601**	**(3,799)**	**142.1**
Cash and cash equivalents (beginning-of-period)	1,234	593	108.1	363	4,746	(92.4)
Effect of exchange-rate changes on cash and cash equivalents	(3)	(22)	86.4	4	7	(42.9)
Cash and cash equivalents (end-of-period)	**1,968**	**954**	**106.3**	**1,968**	**954**	**106.3**

Equity free cash flow

DKKm

	Q3 2016	Q3 2015	Change in %	Q1-Q3 2016	Q1-Q3 2015	Change in %
EBITDA	2,165	2,448	(11.6)	6,430	7,190	(10.6)
Change in working capital	(384)	57	-	(122)	(263)	53.6
Interest paid, net	(27)	(24)	(12.5)	(771)	(712)	(8.3)
Income tax paid	(1)	0	-	(331)	(353)	6.2
Cash flow from capital expenditure	(1,001)	(995)	(0.6)	(3,044)	(3,038)	(0.2)
Cash flow related to special items	(73)	(122)	40.2	(348)	(409)	14.9
Other[1]	8	(6)	-	(148)	(21)	-
Equity free cash flow	**687**	**1,358**	**(49.4)**	**1,666**	**2,394**	**(30.4)**

[1] Q1-Q3 2016 includes DKK 196m from the first annual coupon payments on hybrid capital issued in Q1 2015.

Statements of changes in equity DKKm

	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	Hybrid capital	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				1,606		1,606		(8)	1,598
Currency translation adjustments, foreign enterprises		(346)				(346)			(346)
Fair value adjustments of cash flow hedges			33			33			33
Fair value adjustments of cash flow hedges transferred to Financial expenses			(11)			(11)			(11)
Remeasurement effects related to defined benefit pension plans				532		532			532
Income tax relating to remeasurement effects from defined benefit pension plans				(115)		(115)			(115)
Total comprehensive income	**-**	**(346)**	**22**	**2,023**	**-**	**1,699**	**-**	**(8)**	**1,691**
Distributed dividends				(801)	(802)	(1,603)			(1,603)
Share-based remuneration				46	-	46			46
Additions, hybrid capital						-	5,553		5,553
Additions to non-controlling interests						-		6	6
Total transactions with shareholders	**-**	**-**	**-**	**(755)**	**(802)**	**(1,557)**	**5,553**	**6**	**4,002**
Equity at 30 September 2015	**812**	**(1,950)**	**(101)**	**19,924**	**-**	**18,685**	**5,553**	**102**	**24,340**

Statements of changes in equity (continued) DKKm

	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	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2016	812	(2,019)	(247)	16,229	-	14,775	5,552	27	20,354
Profit for the period				1,793	-	1,793	175	(6)	1,962
Currency translation adjustments, foreign enterprises		600				600			600
Fair value adjustments of cash flow hedges			67			67			67
Fair value adjustments of cash flow hedges transferred to Financial expenses			(11)			(11)			(11)
Remeasurement effects related to defined benefit pension plans				(666)		(666)			(666)
Income tax relating to remeasurement effects from defined benefit pension plans				147		147			147
Total comprehensive income	**-**	**600**	**56**	**1,274**	**-**	**1,930**	**175**	**(6)**	**2,099**
Share-based remuneration				94		94			94
Coupon payments on hybrid capital						-	(196)		(196)
Income tax relating to coupon payments on hybrid capital						-	21		21
Total transactions with shareholders	**-**	**-**	**-**	**94**	**-**	**94**	**(175)**	**-**	**(81)**
Equity at 30 September 2016	**812**	**(1,419)**	**(191)**	**17,597**	**-**	**16,799**	**5,552**	**21**	**22,372**

Notes to consolidated financial statements

Note 1 Accounting policies

TDC's Interim Financial Report for Q1-Q3 2016 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 2015.

Following the agreement to divest TDC Sweden AB, TDC Sweden AB is classified as Discontinued operations in TDC's consolidated financial statements. Comparative figures in the income statements and cash flow statements are restated accordingly.

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 of the consolidated financial statements are shown in note 1.2 in the consolidated financial statements for 2015, cf. TDC's Annual Report 2015.

Note 2 Segment reporting

With effect from Q1 2016, TDC's financial reporting reflects the changed Danish organisation and the 2018 strategy announced in December 2015 and January 2016. The Danish customer service functions were split from Channels into the other business lines. In addition, a number of other activities were transferred between the business lines.

Furthermore in September 2016 TDC Group adjusted its Danish organisation to reflect a more customer centric focus with further end- to- end process responsibility in the business lines. In terms of the financial reporting this means more costs are allocated to the reporting segments Consumer, Business and Wholesale, whereas correspondingly fewer costs are allocated to Other operations in Denmark.

Comparative figures have been restated accordingly.

Note 2 Segment reporting (continued)

Segments DKKm

	Consumer		Business		Wholesale		Other operations[1]	
	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015
Mobility services	700	674	308	352	155	141	1	1
Landline voice	204	262	207	254	62	68	3	4
Internet and network	612	620	456	478	186	175	27	22
TV	1,060	1,053	9	9	13	9	1	-
Other services	125	166	281	286	31	47	116	82
Norway	-	-	-	-	-	-	-	-
Revenue	**2,701**	**2,775**	**1,261**	**1,379**	**447**	**440**	**148**	**109**
Total operating expenses excl. depreciation, etc.	(1,111)	(1,093)	(521)	(514)	(205)	(193)	(917)	(833)
Other income and expenses	-	-	1	-	-	-	32	41
EBITDA	**1,590**	**1,682**	**741**	**865**	**242**	**247**	**(737)**	**(683)**
Specification of revenue:								
External revenue	2,701	2,775	1,225	1,336	428	406	139	102
Revenue across segments	-	-	36	43	19	34	9	7

	Norway[2]		Eliminations		Total	
	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015
Mobility services	-	-	(3)	(1)	1,161	1,167
Landline voice	-	-	-	1	476	589
Internet and network	-	-	(25)	(26)	1,256	1,269
TV	-	-	1	1	1,084	1,072
Other services	-	-	(20)	(21)	533	560
Norway	758	757	(33)	(57)	725	700
Revenue	**758**	**757**	**(80)**	**(103)**	**5,235**	**5,357**
Total operating expenses excl. depreciation, etc.	(429)	(454)	89	117	(3,094)	(2,970)
Other income and expenses	1	34	(10)	(14)	24	61
EBITDA	**330**	**337**	**(1)**	**-**	**2,165**	**2,448**
Specification of revenue:						
External revenue	742	738	-	-	5,235	5,357
Revenue across segments	16	19	(80)	(103)	-	-

Note 2 Segment reporting (continued)

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

	Q3 2016	Q3 2015
EBITDA from reportable segments	2,165	2,448
Unallocated:		
Depreciation, amortisation and impairment losses	(1,222)	(1,255)
Special items	(56)	(65)
Financial income and expenses	(53)	(469)
Consolidated profit before income taxes	**834**	**659**

[1] Consists of the two operating segments Operations and Headquarters. At Operations, external revenue amounted to DKK 138m (Q3 2015:DKK 101m), revenue across segments amounted to DKK 9m (Q3 2015: DKK 7m) and EBITDA amounted to DKK (585)m (Q3 2015: DKK (554)m). At Headquarters, external revenue amounted to DKK 2m (Q3 2015: DKK 1m) with no revenue across segments and EBITDA amounted to DKK (152)m (Q3 2015: DKK (130)m).
[2] Consists of the two operating segments Get and TDC Norway AS. At Get, external revenue amounted to DKK 580m (Q3 2015: DKK 567m), revenue across segments amounted to DKK 0m (Q3 2015: DKK 1m) and EBITDA amounted to DKK 299m (Q3 2015: DKK 280m).

Note 2 Segment reporting (continued)

Segments DKKm

	Consumer		Business		Wholesale		Other operations[1]	
	Q1-Q3 2016	Q1-Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Q1-Q3 2016	Q1-Q3 2015
Mobility services	2,042	1,984	937	1,063	406	411	2	2
Landline voice	645	831	653	810	189	198	10	12
Internet and network	1,839	1,867	1,367	1,481	554	515	75	65
TV	3,195	3,192	28	29	36	26	2	-
Other services	352	572	844	910	102	120	285	246
Norway	-	-	-	-	-	-	-	-
Revenue	**8,073**	**8,446**	**3,829**	**4,293**	**1,287**	**1,270**	**374**	**325**
Total operating expenses excl. depreciation, etc.	(3,370)	(3,440)	(1,607)	(1,669)	(568)	(565)	(2,684)	(2,572)
Other income and expenses	-	-	1	(1)	1	-	100	127
EBITDA	**4,703**	**5,006**	**2,223**	**2,623**	**720**	**705**	**(2,210)**	**(2,120)**
Specification of revenue:								
External revenue	8,073	8,446	3,704	4,152	1,230	1,172	349	303
Revenue across segments	-	-	125	141	57	98	25	22

	Norway[2]		Eliminations		Total	
	Q1-Q3 2016	Q1-Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Q1-Q3 2016	Q1-Q3 2015
Mobility services	-	-	(5)	(4)	3,382	3,456
Landline voice	-	-	-	-	1,497	1,851
Internet and network	-	-	(75)	(75)	3,760	3,853
TV	-	-	-	1	3,261	3,248
Other services	-	-	(75)	(76)	1,508	1,772
Norway	2,298	2,362	(90)	(164)	2,208	2,198
Revenue	**2,298**	**2,362**	**(245)**	**(318)**	**15,616**	**16,378**
Total operating expenses excl. depreciation, etc.	(1,303)	(1,419)	272	357	(9,260)	(9,308)
Other income and expenses	3	34	(31)	(40)	74	120
EBITDA	**998**	**977**	**(4)**	**(1)**	**6,430**	**7,190**
Specification of revenue:						
External revenue	2,260	2,305	-	-	15,616	16,378
Revenue across segments	38	57	(245)	(318)	-	-

Note 2 Segment reporting (continued)

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

	Q1-Q3 2016	Q1-Q3 2015
EBITDA from reportable segments	6,430	7,190
Unallocated:		
Depreciation, amortisation and impairment losses	(3,577)	(3,812)
Special items	(213)	(312)
Financial income and expenses	(253)	(996)
Consolidated profit before income taxes	**2,387**	**2,070**

[1] Consists of the two operating segments Operations and Headquarters. At Operations, external revenue amounted to DKK 345m (Q1-Q3 2015: DKK 301m), revenue across segments amounted to DKK 25m (Q1-Q3 2015: DKK 22m) and EBITDA amounted to DKK (1,717)m (Q1-Q3 2015: DKK (1,706)m). At Headquarters, external revenue amounted to DKK 5m (Q1-Q3 2015: DKK 2m) with no revenue across segments and EBITDA amounted to DKK (493)m (Q1-Q3 2015: DKK (414)m).
[2] Consists of the two operating segments Get and TDC Norway AS. At Get, external revenue amounted to DKK 1,738m (Q1-Q3 2015: DKK 1,759m), revenue across segments amounted to DKK 0m (Q1-Q3 2015: DKK 2m) and EBITDA amounted to DKK 914m (Q1-Q3 2015: DKK 873m).

Note 3 Depreciation, amortisation and impairment losses

DKKm

	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015
Depreciation on property, plant and equipment	(729)	(732)	(2,194)	(2,234)
Amortisation of intangible assets	(465)	(513)	(1,345)	(1,562)
Impairment losses	(28)	(10)	(38)	(16)
Total	**(1,222)**	**(1,255)**	**(3,577)**	**(3,812)**

The decline in amortisation from Q1-Q3 2015 to Q1-Q3 2016 reflects primarily lower amortisation of the value of customer relationships as a consequence of the diminishing balance method as well as the impairment losses recognised in Q4 2015.

Note 4 Special items

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

Special items as described above are disclosed on the face of the income statement. 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

DKKm

	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015
Costs related to redundancy programmes and vacant tenancies	(57)	(32)	(185)	(237)
Other restructuring costs, etc.	1	(37)	(23)	(74)
Loss from rulings	-	(2)	(5)	(2)
Costs related to acquisition of enterprises	-	6	-	1
Special items before income taxes	**(56)**	**(65)**	**(213)**	**(312)**
Income taxes related to special items	12	12	45	69
Special items related to discontinued operations	-	-	(15)	(1)
Total special items	**(44)**	**(53)**	**(183)**	**(244)**

Note 5 Financial income and expenses

Financial income and expenses

DKKm

	Q3 2016	Q3 2015	Change in %	Q1-Q3 2016	Q1-Q3 2015	Change in %
Interest income	5	7	(28.6)	13	21	(38.1)
Interest expenses	(196)	(235)	16.6	(595)	(750)	20.7
Net interest	**(191)**	**(228)**	**16.2**	**(582)**	**(729)**	**20.2**
Currency translation adjustments	66	(256)	125.8	187	(298)	162.8
Fair value adjustments	43	(10)	-	54	(32)	-
Interest, currency translation adjustments and fair value adjustments	**(82)**	**(494)**	**83.4**	**(341)**	**(1,059)**	**67.8**
Profit/(loss) from joint ventures and associates	-	3	-	(1)	(2)	50.0
Interest on pension assets	29	22	31.8	89	65	36.9
Total	**(53)**	**(469)**	**88.7**	**(253)**	**(996)**	**74.6**

Financial income and expenses represented an expense of DKK 341m in Q1-Q3 2016, an improvement of DKK 718m compared with Q1-Q3 2015, driven primarily by:

Net interest
The EMTN loan (EUR 274m) that matured in December 2015 was refinanced by bank loans (EUR 100m) and cash resulting in a lower interest expense. Furthermore, Q1-Q3 2015 was negatively impacted by interest expenses on the bridge bank loan (EUR 1,600m) stemming from the acquisition of Get in 2014.

Currency translation adjustment
In Q1-Q3 2016, the NOK/DKK exchange rate increased, resulting in gains on intercompany loans denominated in NOK, whereas the NOK/DKK exchange rate decreased during Q1-Q3 2015, resulting in losses. In Q1-Q3 2016, the EUR/DKK exchange rate decreased, resulting in gains, whereas the EUR/DKK exchange rate increased during Q1-Q3 2015, resulting in losses.

Fair value adjustments
TDC's swap portfolio is exposed to changes in both TDC's own credit risk and TDC's counterparties' credit risk. In Q1-Q3 2016 changes in credit risk resulted in gains primarily from GBP/EUR swaps. In Q1-Q3 2015, pre-hedges related to the refinancing in February 2015[1] resulted in a loss due to declining market interest rates.

Interest on pension assets
The higher interest on pension assets was attributable to a higher discount rate at 1 January 2016 than at 1 January 2015, as the interest is calculated on the basis of the pension funds' net assets (assets less liabilities) using the discount rate as of the beginning of the year. For further information about pension plans, see note 6.

[1] In February 2015, the terminated bridge bank loan and the maturing EMTN bond were replaced by hybrid capital, an EMTN bond, bank loans and cash.

Specifications

DKKm

	Q3 2016				Q3 2015			
	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)	(175)	(18)	27	**(166)**	(213)	(5)	(12)	**(230)**
European Investment Bank (EIB) and KfW bank loans incl. hedges (treated as hedge accounting)	(5)	(6)	-	**(11)**	(5)	(1)	-	**(6)**
Other hedges (not treated as hedge accounting)	-	-	16	**16**	-	-	2	**2**
Other	(11)	90	-	**79**	(10)	(250)	-	**(260)**
Interest, currency translation, adjustments and fair value adjustments	**(191)**	**66**	**43**	**(82)**	**(228)**	**(256)**	**(10)**	**(494)**

	Q1-Q3 2016				Q1-Q3 2015			
	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)	(523)	24	11	**(488)**	(638)	(27)	11	**(654)**
European Investment Bank (EIB) and KfW bank loans incl. hedges (treated as hedge accounting)	(18)	12	-	**(6)**	(16)	(10)	-	**(26)**
Other hedges (not treated as hedge accounting)	-	-	43	**43**	-	-	(43)	**(43)**
Other	(41)	151	-	**110**	(75)	(261)	-	**(336)**
Interest, currency translation, adjustments and fair value adjustments	**(582)**	**187**	**54**	**(341)**	**(729)**	**(298)**	**(32)**	**(1,059)**

Note 6 Pension assets and pension obligations

Pension (costs)/income	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015
DKKm				
Specification of plans:				
Denmark	(2)	(15)	(6)	(46)
Norway	(1)	(5)	(2)	(15)
Pension income/(costs) from defined benefit plans	**(3)**	**(20)**	**(8)**	**(61)**
Recognition:				
Service cost[1]	(31)	(40)	(92)	(120)
Administrative expenses	(3)	(2)	(7)	(6)
Personnel expenses (included in EBITDA)	**(34)**	**(42)**	**(99)**	**(126)**
Interest on pension assets	31	22	91	65
Pension income/(costs) from defined benefit plans recognised in the income statements	**(3)**	**(20)**	**(8)**	**(61)**

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

Domestic defined benefit plan	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015
DKKm				
Pension (cost)/income				
Service cost	(29)	(35)	(89)	(107)
Administrative expenses	(3)	(2)	(7)	(6)
Personnel expenses (included in EBITDA)	**(32)**	**(37)**	**(96)**	**(113)**
Interest on pension assets	**30**	22	90	67
Pension (costs)/income	**(2)**	**(15)**	**(6)**	**(46)**
Domestic redundancy programmes recognised in special items	(14)	(3)	(24)	(60)
Total pension (costs)/income recognised in the income statements	**(16)**	**(18)**	**(30)**	**(106)**

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 6 Pension assets and pension obligations (continued)

Domestic defined benefit plan (continued)

DKKm

	30 September 2016	31 December 2015	30 September 2015
Assets and obligations			
Specification of pension assets			
Fair value of plan assets	30,776	29,185	29,215
Defined benefit obligation	(25,454)	(23,238)	(23,518)
Pension assets recognised in the balance sheets	**5,322**	**5,947**	**5,697**
Change in pension assets			
Pension assets recognised at 1 January	5,947	5,205	5,205
Pension (costs)/income	(30)	(128)	(106)
Remeasurement effects	(666)	757	520
TDC's contribution	71	113	78
Pension assets recognised in the balance sheets	**5,322**	**5,947**	**5,697**
Discount rate (%)			
Used to determine benefit obligations	0.96	2.00	1.95
Used to determine pension cost/income	2.00	1.70	1.70

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 relating to foreign defined benefit plans amounted to DKK 0m in Q1-Q3 2016 and DKK 14m in Q1-Q3 2015. Pension liabilities relating to foreign defined benefit plans amounted to DKK 41m at 30 September 2016 and DKK 57m at 30 September 2015. One of TDC Norway's defined benefit plans was closed during 2015, resulting in a one-off gain of DKK 34m.

Note 7 Loans and net interest-bearing debt

Euro Medium Term Notes (EMTNs) and bank loans[1] DKKm

	2018	2019	2020	2020	2022	2023	2027	Total
Maturity	23 Feb 18	30 Dec 19	4 Feb 20	14 Dec 20	2 Mar 22	23 Feb 23	27 Feb 27	
Fixed/Floating rate	Fixed	Floating	Floating	Floating	Fixed	Fixed	Fixed	
Coupon	4.375%				3.750%	5.625%	1.750%	
Currency	EUR	EUR	EUR	EUR	EUR	GBP	EUR	
Type	Bond	Bank loan	Bank loan	Bank loan	Bond	Bond	Bond	
Nominal value (DKKm)	5,957	2,979	1,862	745	3,723	4,731	5,957	25,954
Nominal value (Currency)	800	400	250	100	500	550	800	
Hereof nominal value swapped to or with floating interest rate (EURm)	200	400	250	100	150	50	-	1,150
Hereof nominal value swapped from GBP to EUR (GBPm)[2]	-	-	-	-	-	550	-	550

[1] The maturity of derivatives used for hedging long-term loans matches the maturity of the underlying loans.
[2] The nominal value of the GBP 550m February 2023 bond was fully swapped to EUR 658m.

The maturity analysis above does not include hybrid capital with a principal amount totalling DKK 5,588m due in 3015. For further details on hybrid capital, see note 8.

Net interest-bearing debt DKKm

	30 September 2016	31 December 2015	30 September 2015
Interest-bearing receivables and investments	(429)	(278)	(282)
Cash	(1,966)	(363)	(954)
Long-term loans	26,599	27,398	26,610
Short-term loans	259	200	2,273
Interest-bearing payables	2	2	8
Derivative financial instruments hedging fair value and currency on loans	(56)	(928)	(927)
Net interest-bearing debt	**24,409**	**26,031**	**26,728**
50% of hybrid capital	2,776	2,776	2,777
Adjusted net interest-bearing debt	**27,185**	**28,807**	**29,505**

Both net interest-bearing debt and adjusted net interest-bearing debt decreased during Q1-Q3 2016 (DKK 1,622m) as cash flow from operations more than offset the coupon payments on hybrid capital.

Note 8 Hybrid capital

The EUR 750m callable subordinated capital securities (hybrid bonds) issued in February 2015 are accounted for as equity. 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 rate: 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.

Coupon payments are recognised directly in equity at the time the payment obligation arises.

The first coupon payment occurred in February 2016 and amounted to DKK 196m. Coupon payments are recognised in the statement of cash flow as a separate item within financing activities. Hybrid coupon payments are included as a separate item in the statement of equity free cash flow (EFCF).

Non-recognised accumulated coupons amounted to DKK 117m as of 30 September 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 9 Capital and purchase commitments

TDC will accelerate the upgrading and future-proofing of its hybrid fibre network to market-leading 1 Gigabit speeds in order to deliver optimal connectivity irrespective of network type. As a consequence, TDC's capital and purchase commitments increased by approximately DKK 1bn.

Note 10 Events after the balance sheet date

On 31 October, TDC A/S announced the completion of the divestment of its Swedish subsidiary TDC Sverige AB to Tele2 AB for total cash consideration of SEK 2.9bn (approximately DKK 2.3bn) on a cash and debt free basis. The divestment resulted in a gain of approximately DKK 0.9 bn. after tax, which will be recognised as special items related to discontinued operations in Q4, 2016.

Selected financial and operational data

TDC Group

		Q1-Q3 2016	Q1-Q3 2015	2015	2014	2013	2012
Income statements	DKKm						
Revenue		15,616	16,378	21,935	21,078	21,559	23,003
Gross profit		11,734	12,412	16,458	16,062	16,365	17,147
EBITDA		6,430	7,190	9,488	9,477	9,634	9,822
Operating profit/loss (EBIT)		2,640	3,066	(688)	3,727	3,960	4,357
Profit/loss before income taxes		2,387	2,070	(1,792)	2,710	3,283	4,249
Profit/loss for the period from continuing operations		1,885	1,546	(2,452)	2,379	2,930	3,619
Profit/loss for the period		1,962	1,598	(2,384)	3,228	3,119	3,784
Income statements, excluding special items							
Operating profit (EBIT)		2,853	3,378	4,414	5,002	4,950	5,104
Profit before income taxes		2,600	2,382	3,310	3,984	4,273	4,236
Profit for the period from continuing operations		2,053	1,789	2,423	3,461	3,674	3,279
Profit for the period		2,145	1,842	2,502	3,551	3,780	3,448
Balance sheets	DKKbn						
Total assets		66.1	69.4	64.6	74.4	60.4	63.5
Net interest-bearing debt		24.4	26.7	26.0	32.9	21.7	21.9
Hybrid capital		5.6	5.6	5.6	-	-	-
Total equity		22.4	24.3	20.4	18.6	20.4	21.5
Average number of shares outstanding (million)		802.0	801.6	801.7	800.2	798.9	802.3
Capital expenditure		(2,964)	(3,065)	(4,316)	(3,686)	(3,394)	(3,202)
Statements of cash flow	DKKm						
Operating activities		4,980	5,488	7,547	6,980	6,674	6,652
Investing activities		(3,126)	(3,130)	(4,382)	(16,263)	(3,722)	(2,682)
Financing activities		(268)	(6,208)	(7,591)	11,896	(3,058)	(4,400)
Total cash flow from continuing operations		1,586	(3,850)	(4,426)	2,613	(106)	(430)
Total cash flow in discontinued operations[1]		15	51	37	961	305	(86)
Total cash flow		1,601	(3,799)	(4,389)	3,574	199	(516)
Equity free cash flow		1,666	2,394	3,187	3,309	3,175	3,279

TDC Group

		Q1-Q3 2016	Q1-Q3 2015	2015	2014	2013	2012
Key financial ratios							
Earnings Per Share (EPS)	DKK	2.24	2.00	(2.87)	4.05	3.90	4.72
EPS from continuing operations, excl. special items	DKK	2.56	2.23	3.02	4.33	4.60	4.09
Adjusted EPS	DKK	2.94	2.80	3.76	5.23	5.23	5.32
Dividend per share for the financial year	DKK	-	-	1.00	2.50	3.70	4.60
Dividend payout (% of EFCF)	%	-	-	24.8	62.9	89.3	118.3
Gross margin	%	75.1	75.8	75.0	76.2	75.9	74.5
EBITDA margin	%	41.2	43.9	43.3	45.0	44.7	42.7
Adjusted NIBD/EBITDA[2]	x	3.1	3.0	2.9	3.4	2.1	2.1
Retail RGUs (Denmark)							
Mobile subscriptions	# ('000)	2,609	2,570	2,576	2,566	2,655	2,679
TV	# ('000)	1,395	1,391	1,386	1,420	1,393	1,392
Broadband	# ('000)	1,326	1,336	1,329	1,358	1,361	1,327
Landline voice	# ('000)	769	882	847	1,010	1,193	1,350
Employees							
FTEs (end-of-period)	#	8,108	7,875	7,897	7,787	7,785	8,086
FTEs and temps (end-of-period)	#	8,191	7,918	8,016	7,848	7,867	8,251
Customer satisfaction							
Recommend score	YTD avg. Index	65	64	64	64	66	-

[1] TDC Finland (divested in 2014) and Sweden (divested in Q2 2016) are presented as discontinued operations. Other divestments are included in the respective accounting items during the ownership.
[2] On a pro-forma basis, if EBITDA for TDC Sweden had been included, adjusted NIBD/EBITDA would have been 3.0 at the end of Q3 2016. EBITDA for Get is included from November 2014. On a pro-forma basis, if EBITDA for Get had been included for the full year 2014, the leverage ratio at year-end 2014 would have been 3.1.

Corporate matters

TDC achieves licence for 4 blocks, of 2x5 MHz, in 1800 MHz auction

On 29 September 2016, TDC A/S announced it had acquired a licence for 4 of 13 frequency blocks sold at the Danish Energy Agency's 1800 MHz auction. TDC will be subject to the coverage obligations in the group C2, consisting of 712 specific addresses, according to the licence rules.

TDC will pay a total amount of DKK 300m for the licence, an amount of which 20% will be paid in 2016 and 10% per year during the subsequent eight years. The licence period is 15 years and commence on 13 June 2017.

The investment is recognised in the balance sheet at the end of Q3 2016. However, the investment is not included in reported capital expenditure (capex), as this excludes investments in mobile licences and enterprises.

Divestment of TDC Sverige AB completed

On 21 June 2016, TDC A/S announced that it had entered into an agreement to divest TDC Sverige AB to Tele2 Sverige AB for a cash consideration of SEK 2.9bn (approximately DKK 2.3bn) on a cash and debt free basis representing a 2015 EV/EBITDA multiple of 7.2x and EV/(EBITDA-CAPEX) multiple of 23x. On 7 October 2016, the EU Commission approved Tele2 AB's acquisition of TDC Sverige AB without conditions, and the transaction was completed 31 October 2016. Following the transaction completion Erik Heilborn, CEO of TDC Sverige AB and Senior Executive Vice President of Sweden, has resigned from TDC's Executive Committee.

The disposal of TDC Sverige AB completes TDC's strategic review of the company. The review has concluded that Tele2 Sverige AB is a better long-term owner of TDC Sverige AB and the price obtained is higher than the value of continued TDC ownership. In the future, TDC will focus on its activities in Denmark and Norway, and will continue to support its Danish and Norwegian B2B and Wholesale customers by maintaining a presence in Sweden through partnerships.

It is estimated that the divestment will result in a gain of approximately DKK 0.9bn after tax, which will be recognised as special items related to discontinued operations in Q4 2016.

TDC Sverige AB is classified as a 'Discontinued operation' in TDC's consolidated financial statements. Comparative figures in the income statements and cash flow statements are restated accordingly.

Part of the sales proceeds will be applied towards debt reduction in order to maintain an unchanged leverage ratio after the divestiture. The remaining proceeds may be used to strengthen our activities in Denmark or Norway or to further reduce debt.

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 Q1-Q3 2016, 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 Q1-Q3 2016.

The Financial Report 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 Financial Report gives a true and fair view of the Group's assets, liabilities and financial position at 30 September 2016 as well as the results of operations and cash flows for Q1 – Q3 2016. 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, 2 November 2016

Executive Committee

Pernille Erenbjerg
Group Chief Executive Officer

Stig Pastwa
Group Chief Financial Officer

Jaap Postma
Senior Executive Vice President of YouSee

Gunnar Evensen
Senior Executive Vice President of Norway

Marina Lønning
Senior Executive Vice President of Business

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

Jens Aaløse
Group Chief Customer Officer and Stakeholder Relations

Board of Directors

Vagn Sørensen
Chairman

Pierre Danon
Vice Chairman

Marianne Rørslev Bock

Stine Bosse

Pieter Knook

Angus Porter

Benoit Scheen

Mogens Jensen

John Schwartzbach

Zanne Stensballe

Gert Winkelmann

About TDC

TDC A/S
Teglholmsgade 1
DK-0900 Copenhagen C
tdc.com

For more information, please contact Flemming Jacobsen,
Head of TDC Investor Relations, on +45 6663 7680 or investorrelations@tdc.dk.

Listing

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