Introduction

Q4 highlights

- **EBITDA** decline of 10.4% YoY driven by the development in Denmark (-13.3% YoY); Norway up 4.5% YoY
- Revenue and GP growth in **mobility services**; Consumer mobile ARPU up by DKK 5 (4.5%) YoY
- Loss of 16k **broadband customers** vs. Q3 in Consumer and Business due to pressure from competing infrastructure, loss of large customers as well as clean-up
- **TDC repurchased bonds** and thereby reduced gross debt by EUR 350m (DKK 2.6bn); positive impact on cash interest from 2017
- TDC Business acquired another **cloud-based communications** provider and launched **new broadband portfolio** with improved flexibility and functionalities

2016 FY performance

- Better financial performance than expected with **EBITDA** (DKK 8,488m > DKK 8,400m) and **EFCF** (DKK 2,082m > DKK 1,700m)
- Strong EBITDA growth in **Norway** driven by Get (10.1% YoY)
- Reported GP trend improved during 2016 in **Denmark** (-7.6% Q1 YoY and -5.0% Q4 YoY), driven by mobility services
- **Group opex** up by 2.4% due to strategic investments (TDC and YouSee brand, IT merger and B2B simplification)
- **Strategy execution** well underway: brand merger, TDC Sweden divestment, new TV set-top box, TDC Skype for Business and gigaspeed roll-out
- **Customer satisfaction** has been flattish by a year with many changes; Telmore is back at delivering best in class customer experience

2017 guidance and 2018 ambitions

- **2017**: EBITDA > DKK 8.3bn; EFCF: Stable or moderate growth; DPS: DKK 1.05
- **2018**: ambitions unchanged on cash flow and customer satisfaction

	2016 guidance post TDC Sweden sale[1,2]	2016 actuals	
EBITDA	~8.4 DKKbn	8.5 DKKbn	✓
EFCF	~1.7 DKKbn	2.1 DKKbn	✓
DPS	Dividend of ~1.00 DKK per share	1.00 will be paid out in Q1 2017	✓

	2016 actuals	2017 guidance
EBITDA	8.5 DKKbn	>8.3 DKKbn
EFCF	2.1 DKKbn	Stable or moderate growth
DPS	1.00 DKK per share will be paid out in Q1 2017	1.05 DKK per share will be paid out in Q1 2018

1. Guidance numbers are post sale of TDC Sweden 21-06-2016. Guidance before sale: EBITDA DKK ~8.8bn, EFCF DKK ~1.9bn and DPS DKK 1.00
2. Guidance have been updated twice during 2016. At the Q3 2016 announcement, TDC EFCF guidance was improved to EFCF > DKK 1,7bn. On 23 January guidance for EFCF was updated to ~2,1bn

Dear stakeholders

At the beginning of 2016, we launched our new 2018 strategy based on the guiding principle of "Always Simpler and Better". Our strategy includes two main goals up to 2018: to deliver the best customer satisfaction in the industry and generate the best cash flow (EFCF). As planned, 2016 was an eventful year with several changes implemented by TDC Group, as we launched a number of large-scale strategic initiatives. All managers and employees in the Group worked hard in 2016 and we successfully achieved most of the financial, commercial and strategic objectives planned at the beginning of the year.

Financial results exceeded expectations
We delivered better financial results in terms of both EBITDA and cash flow than we originally guided, despite continued intense competition in Denmark. We also succeeded in achieving a turnaround in Consumer mobile, where many years of significant decline were transformed into growth. Despite heavy roaming regulation, we increased both ARPU and our customer base while, in particular, improving our ability to retain existing customers. Whereas price pressures continued in the high-end business segment, the positive trends were also reflected in the small and medium-sized business segment, where we managed to improve the development in ARPU and stabilise our customer base. We view this as evidence that our investments in creating the best mobile network in Denmark are paying off. In spite of strong competition in Norway, Get once again delivered double-digit growth, driven by both strong growth in the broadband customer base and a focus on costs.

Good progress on strategy
In line with our guiding principle of "Always Simpler and Better", we migrated more than 1 million customers in our Consumer division to one IT system, and subsequently merged the two largest consumer brands in Denmark under the YouSee brand. Merging the brands was designed to simplify our business processes and lead to a better customer experience. Short term, we knew the IT migration would impact our customer experience, but we were confident that, in this case, the end would justify the means. Regrettably, our service levels fell in the transition phase, and while apologising for that, we are pleased to report that Q4 brought visible signs that the simplification is yielding a better customer experience on a sustainable basis. The simpler model we have created will benefit both our customers and our own production. During 2016, our Telmore brand showed a strong increase in customer satisfaction, and is now the brand in the Danish telecoms market with the best customer service. 2016 ended with an unfortunate incident for TDC Group when, shortly before New Year's Eve, our TV signal was lost nationwide due to an intentional, malicious act committed against us. A wide-ranging team of our highly skilled technicians rapidly responded and re-established the service within 24 hours. The disruption on New Year's Eve attracted widespread attention and resulted in a setback for our ambition to increase customer satisfaction. Security has always been a top priority for TDC Group, and we are using this unfortunate experience to carefully review and improve our internal security setup. We are also benefiting from increased collaboration between YouSee and Get. In 2016, we prepared a joint TV strategy that will be the foundation for continuing our work on content and platforms.

We embarked on an accelerated and comprehensive upgrade of our *cable* network, which will enable us to deliver 1 gigabit broadband speeds to half of the Danish households in 2018 while bringing capacity upgrades to the network. In 2016, we finished testing the technology and are now well under way with the roll-out. In the mobile market, we retained our leading position with our network, which is one of the fastest in Europe, and in the TV market, we launched a new set-top box in YouSee. In 2016, we also streamlined our organisation, via e.g. the divestment of TDC Sweden. The sale of TDC Sweden generated more value for us than we could have created ourselves through continued operation, as significant investments were otherwise required in TDC Sweden. In the Danish business market, we acquired a number of important and leading cloud-based communications providers during the year. The new acquisitions enable us to offer differentiated cloud-based telecommunications solutions to our business customers. In Norway, we continued to integrate Get and TDC Norway, streamlining the organisation further and adding B2C mobile and security solutions to our product range. Our main focus for the mobile offering is to provide high-quality products for our existing customers. Our security solution helps us differentiate ourselves from our competitors and thus increases the value of our customer relations.

At TDC Group, we focus on digital developments that benefit as many people as possible, including access to excellent digital connections. For example, TDC Group's "Rural Area Initiative" supports better broadband connections throughout Denmark. Altogether, through this initiative and other similar activities, in 2016, we upgraded our network in 51 local areas, providing 8,355 households with access to faster broadband connections. Furthermore, we defined an ambitious new strategy for corporate social responsibility (CSR) with agendas featuring digital literacy and inclusion, while maintaining strong links with TDC Group's purpose, bringing people closer together.

Looking ahead to 2017
We believe the strategic direction we have set is the right one, and we find the results in 2016 encouraging. 2017 will be another eventful year with a comprehensive list of activities discussed in the “Our strategy” section. In 2017, we will benefit from a number of the initiatives executed in 2016 and this will help us realise our goals of increased efficiency, improved EBITDA development, stable or moderate growth in EFCF, better quality in everything we do leading to an important step up in customer satisfaction. This will once again require hard work and dedication from our employees, and the result, a simpler and better TDC Group, will benefit all our stakeholders.

Vagn Sørensen, Chairman of the Board
Pernille Erenbjerg, Group CEO and President

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].

In 2016, we witnessed some initial headway in redesigning our customer journeys, and finished the year with a recommend score of 64, which is level with the 2015 starting point. This was largely expected due to the many changes during the year, including the YouSee and TDC brand merger and consequent closure of numerous IT, billing and product platforms, which created pressure on the service level and quality of our customer service.

Equity free cash flow

The decrease of DKK 1,105m in equity free cash flow was driven by a decrease in the Danish EBITDA (DKK 1,046m). EFCF was also negatively affected by the first annual coupon payment on hybrid capital (DKK 196m) issued in Q1 2015.

Furthermore, there was a negative contribution from higher cash flow related to capex[2] (DKK 173m). This was partly offset by lower income tax paid (DKK 178m) due to the EBITDA decline more than offsetting the negative impact from tax refunded regarding previous years. Finally, EFCF was helped by lower cash outflow regarding special items (DKK 78m), related primarily to a lower level of redundancies.

YTD financial performance

Revenue

In 2016, TDC Group's reported revenue decreased by 4.1% or DKK 904m to DKK 21,031m, including negative effects from regulation of EU roaming prices and foreign exchange rates (DKK 275m). Adjusted for these effects as well as acquisitions, organic revenue decreased by 3.2% or DKK 697m, due mainly to Business and Consumer in Denmark. The decrease included an improved development during the year across all four product areas in Denmark.

Gross profit

In TDC Group, reported gross profit decreased by 5.0% or DKK 831m to DKK 15,627m in 2016. Organic gross profit decreased by 3.7% or DKK 598m, driven mainly by the revenue decreases in Business and Consumer as well as the higher cost of sales in TV. The gross margin

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

[2] Cash flow related to capex includes adjustments to capex for timing differences regarding mobile license payments, reestablishment obligation, non-paid investments, etc.

TDC Group, key figures[1]

DKKm

		Q4 2016	Q4 2015	Change in %	2016	2015	Change in %
Income statements	DKKm						
Revenue		5,415	5,557	(2.6)	21,031	21,935	(4.1)
Gross profit		3,893	4,046	(3.8)	15,627	16,458	(5.0)
EBITDA		2,058	2,298	(10.4)	8,488	9,488	(10.5)
Organic revenue[2]		5,415	5,559	(2.6)	21,031	21,728	(3.2)
Organic gross profit[2]		3,893	4,032	(3.4)	15,627	16,225	(3.7)
Organic EBITDA[2]		2,058	2,267	(9.2)	8,488	9,263	(8.4)
Profit for the period from continuing operations excluding special items		129	634	(79.7)	2,182	2,423	(9.9)
Profit/(loss) for the period		1,075	(3,982)	127.0	3,037	(2,384)	-
Total comprehensive income		1,829	(3,997)	145.8	3,928	(2,306)	-
Capital expenditure		(1,388)	(1,251)	(11.0)	(4,352)	(4,316)	(0.8)
Equity free cash flow (EFCF)		416	793	(47.5)	2,082	3,187	(34.7)
Key financial ratios							
Earnings Per Share (EPS)	DKK	1.34	(4.87)	127.5	3.58	(2.87)	-
Adjusted EPS	DKK	0.33	0.96	(65.6)	3.27	3.76	(13.0)
Gross margin	%	71.9	72.8	-	74.3	75.0	-
EBITDA margin	%	38.0	41.4	-	40.4	43.3	-
Customer satisfaction							
Recommend score	YTD avg. index	64	64	-	64	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.

decreased from 75.0% in 2015 to 74.3% in 2016, caused by lower margin in TV driven by content cost as well as lower margin in mobility services due to EU roaming regulation and low margin interconnect revenue increase.

Operational expenditure[2]

In 2016, reported operational expenditure increased by 2.4% or DKK 169m to DKK 7,139m. Organic operational expenditure increased by 2.5% or DKK 177m, stemming from investments in strategic initiatives such as the TDC and YouSee brand merger, customer service and the end-to-end simplification project in Business as well as a higher bonus related to a management incentive programme in TDC Group's Norwegian business. This development was only partly offset by savings e.g. on facility management and process efficiency.

Cash flow and NIBD, key figures

DKKm

		Q4 2016	Q4 2015	Change in %	2016	2015	Change in %
EBITDA		2,058	2,298	(10.4)	8,488	9,488	(10.5)
Change in working capital		273	443	(38.4)	151	180	(16.1)
Interest paid, net		(142)	(165)	13.9	(913)	(877)	(4.1)
Income tax paid		(277)	(433)	36.0	(608)	(786)	22.6
Cash flow from capital expenditure		(1,410)	(1,243)	(13.4)	(4,454)	(4,281)	(4.0)
Cash flow related to special items		(98)	(115)	14.8	(446)	(524)	14.9
Other[1]		12	8	50.0	(136)	(13)	-
Equity free cash flow		**416**	**793**	**(47.5)**	**2,082**	**3,187**	**(34.7)**
Total cash flow from operating activities		1,848	2,059	(10.2)	6,828	7,547	(9.5)
Total cash flow from investing activities		(1,445)	(1,252)	(15.4)	(4,571)	(4,382)	(4.3)
Total cash flow from financing activities		(2,913)	(1,383)	(110.6)	(3,181)	(7,591)	58.1
Total cash flow from continuing operations		(2,510)	(576)	-	(924)	(4,426)	79.1
Total cash flow from discontinued operations		2,228	(14)	-	2,243	37	-
Total cash flow		**(282)**	**(590)**	**52.2**	**1,319**	**(4,389)**	**130.1**
Net interest-bearing debt (NIBD)		(22,133)	(26,031)	15.0	(22,133)	(26,031)	15.0
Adjusted NIBD		(24,909)	(28,807)	13.5	(24,909)	(28,807)	13.5
Net interest-bearing debt/EBITDA	x	2.6	2.7	-	2.6	2.7	-
Adjusted NIBD/EBITDA	x	2.9	2.9	-	2.9	2.9	-

[1] 2016 includes DKK 196m from the first annual coupon payments on hybrid capital.

[2] Including other income

EBITDA

Reported EBITDA decreased by 10.5% or DKK 1,000m to DKK 8,488m. Organic EBITDA decreased by 8.4% or DKK 775m consisting of a DKK 876m decline in Denmark and an increase of DKK 101m in Norway.

Profit for the year

Excluding discontinued operations and special items, profit for the year decreased by 9.9% or DKK 241m driven by the lower EBITDA, partly offset by lower net financial expenses as well as lower amortisation and depreciation.

As a result of the impairment losses in 2015 primarily related to goodwill (DKK 4,681m) and the gain in 2016 from the divestment of TDC Sweden (DKK 981m) profit for the year (including discontinued operations and special items), increased by DKK 5,421m.

Comprehensive income

Total comprehensive income increased by DKK 6,234m. In addition to the increase in profit for the period, other comprehensive income increased by DKK 813m. This covered a positive development in currency translation adjustments related to foreign enterprises (DKK 1,599m), which was partly offset by a negative development in defined benefit plans related to Danish employees (DKK 952m). The loss in 2016 and gain in 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

In 2016, capital expenditure totalled DKK 4,352m, an increase of 0.8% or DKK 36m that was driven by the launch of YouSee's set-top box and increased IT investments. The increase in IT spending supports our strategic focus on a simplified digital operating model through consolidation of IT systems and the YouSee brand merger. In 2016, TDC Group initiated the cable network upgrade that will enable 1 gigabit broadband speeds to half of all Danish households in 2018. The increase in investments was partly offset by fewer investments in the Danish mobile network as large investments were made in 2015. Nevertheless, TDC Group retains a best-in-class mobile network.

Net interest-bearing debt

Both net interest-bearing debt and adjusted net interest-bearing debt fell by DKK 3,898m during 2016 following the net cash flows from operating and investing activities including the proceeds from divesting TDC Sweden (DKK 1,997m).

Refinancing

In December 2016, EMTN loans were repurchased and cancelled corresponding to an equivalent of EUR 350m. Nominal EUR 200m of the 2018 EMTNs and nominal GBP 125m of the 2023 EMTNs were repaid with cash amounting to EUR 394m.

Guidance follow-up 2016

TDC Group met its 2016 financial guidance on EBITDA and EFCF. As shown below, this included an expected materialisation of the majority of the underlying assumptions, while the outcome of a few assumptions differed to those expected

	2016 guidance post TDC Sweden sale[1,2]	2016 actuals	
EBITDA	~8.4 DKKbn	8.5 DKKbn	✓
EFCF	~1.7 DKKbn	2.1 DKKbn	✓
DPS	Dividend of ~1.00 DKK per share	1.00 will be paid out in Q1 2017	✓

Better than expected

- Growth in mobility service gross profit in Consumer driven by both ARPU increase and increasing customer base
- Double-digit EBITDA growth in Get
- Broadband gross profit better than expected in Consumer in spite of increased competition and also higher growth in Wholesale
- Mobile licence fee (1800 MHz) cheaper than expected
- Better EFCF from lower income tax payments, and better net working capital due to different timing of changes

As expected

- Substantial EBITDA decline in Business, however an improvement on the 2015 development
- Negative impact from loss of a large MVNO contract in Wholesale
- Deteriorated gross profit in Consumer TV due to lower price increases than in 2015
- Decreasing non-service revenue in Consumer
- Higher net interest and coupon payments on hybrid capital following the financing of the Get acquisition
- Increases in cash capex due to different timing of payment

Worse than expected

- Higher opex in Denmark among others due to investment in strategic initiatives and higher customer service costs
- Higher impact from roaming regulation
- Higher gross profit loss in Consumer landline voice due to ARPU decline

[1] Guidance numbers are post sale of TDC Sweden 21-06-2016. Guidance before sale: EBITDA DKK ~8.8bn, EFCF DKK ~1.9bn and DPS DKK 1.00

[2] Guidance have been updated twice during 2016. At the Q3 2016 announcement, TDC EFCF guidance was improved to EFCF > DKK 1,7bn. On 23 January EFCF guidance was updated to DKK ~2.1bn

2017 Guidance

EBITDA	EFCF	DPS
>8.3 DKKbn	Stable or moderate growth	1.05 DKK per share will be paid out in Q1 2018

Assumptions

Group

- Opex savings across TDC Group driven by simplification initiatives as well as reduced calls to customer service
- Negative impact from final implementation of roam like at home regulation
- Reduction in net interest paid following the repurchase of bonds at the end of 2016
- Slight reduction in cash capex in both Denmark and Norway including impact from new mobile license in 2016
- Limited net working capital improvement

Consumer

- Contained TV gross profit development with continued cord cutting and cord shaving
- Small growth in mobility services from higher mobile voice ARPU and growth in mobile broadband
- Reduced loss in landline voice as a consequence of a continuation of lower landline voice churn from 2016
- Almost stable broadband gross profit as accelerated gigaspeed roll-out counters intense price competition

Business

- Continued intense price competition negatively impacting earnings, however, Business' gross profit development is expected to continue to improve as Business increases its focus on higher contract profitability
- New products and services and improvement of the overall end-to-end processes assumed to have a positive impact on gross profit

Wholesale

- Stable gross profit development where growth in primarily broadband offset reductions in other parts of the division

Norway

- Continued growth but at a lower level than previous years
- Negative impact on TV from increased content costs per user and broadband unbundling partly offset by higher TV ARPU
- Continued growth in broadband penetration
- Limited impact from mobile voice to B2C customers and smart home solutions

TDC Group’s performance per business line in 2016

The illustration below reflects TDC Group’s 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 2.1. The 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	Get	TDC Norway	Norway In total
Revenue[1]	21,031	10,807	5,241	1,741	493	18,055	2,337	758	3,092
	-4.1%	-3.9%	-10.0%	+2.4%	+12.6%	-5.0%	4.7%	-2.4%	+2.9%
Gross profit[1]	15,627	8,133	4,078	1,129	331	13,515	1,861	251	2,112
	-5.0%	-4.4%	-10.6%	+0.8%	+5.4%	-5.9%	6.6%	-6.8%	+4.8%
EBITDA[1]	8,488	6,221	2,962	969	-2,979	7,164	1,217	106	1,323
	-10.5%	-6.8%	-14.3%	+1.3%	-3.5%	-12.7%	10.1%	-13.7%	+7.7%

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

Consumer in Denmark

YTD performance
In 2016, Consumer's EBITDA decreased by 6.8%, or DKK 456m to DKK 6,221m. This EBITDA decline was primarily the result of continued customer losses and ARPU declines in landline voice, lower paper communication fees, higher opex as well as increased pressure in TV with customers switching to smaller subscription packages – partly driven by OTT competition. This 'cord-shaving' TV trend was partly offset by price increases implemented from 1 January 2016 as well as positive effects from the new set-top box, which is a key element in adapting our TV product to handle on-demand and OTT video viewing. Positively, Consumer has an increasing pay-TV market share in the declining market.

Consumer, key figures DKKm

		Q4 2016	Q4 2015	Change in %	2016	2015	Change in %
Revenue	DKKm	**2,734**	**2,800**	**(2.4)**	**10,807**	**11,246**	**(3.9)**
Mobility services		697	656	6.3	2,739	2,640	3.8
TV		1,062	1,049	1.2	4,257	4,241	0.4
Internet & network		608	610	(0.3)	2,447	2,477	(1.2)
Landline voice		197	245	(19.6)	842	1,076	(21.7)
Other services		170	240	(29.2)	522	812	(35.7)
Gross profit		**2,015**	**2,076**	**(2.9)**	**8,133**	**8,503**	**(4.4)**
EBITDA		**1,518**	**1,671**	**(9.2)**	**6,221**	**6,677**	**(6.8)**
Gross margin	%	73.7	74.1	-	75.3	75.6	-
EBITDA margin	%	55.5	59.7	-	57.6	59.4	-
Number of FTEs (end-of-period)	#	2,025	2,014	0.5	2,025	2,014	0.5

Mobility services
In 2016, reported revenue from mobility services in Consumer increased by 3.8% or DKK 99m to DKK 2,739m. The underlying development improved during the year, with a 6.3% increase in Q4.

In mobility services, we succeeded in returning to gross profit growth with gross profit increasing by 2.0% in 2016 compared with a decline of 8.0% in 2015. In 2016, we stopped a long period of mobile voice customer losses and ARPU declines and achieved both customer growth and a modest mobile voice ARPU increase. The mobile voice customer base increased by 14k in 2016 and the mobile voice ARPU increased by DKK 1, driven by price increases across Consumer's brands offset by less billed traffic due to both inclusions of more content in packages and EU roaming regulation.

The mobile broadband customer base increased by 30k and ARPU increased by DKK 19 driven by a new portfolio.

TV
In 2016, reported revenue from TV increased by 0.4% or DKK 16m to 4,257. However, gross profit decreased by 2.8% as price increases could not outweigh higher content and copyright costs as well as a negative margin impact from downward migrations.

The TV customer base increased by 2k in 2016 as a result of the inclusion of more than 30k customers from both a large antenna association and the strategic partnership with EWII, which was offset by cord cutting and negative effects from broadband unbundling from TV in 2016.

TV ARPU increased by DKK 1 driven by price increases, which was almost offset by customers migrating to cheaper price plans.

Internet & network
In 2016, reported revenue from internet & network decreased by 1.2% or DKK 30m to DKK 2,447m driven by price-aggressive competitors following lower regulated wholesale prices. The broadband customer base decreased by 11k in 2016 as the loss of low-speed xDSL subscribers was only partly offset by growth in high-speed cable customers.

Broadband ARPU decreased by DKK 1 in 2016 due to a higher share of customers with bundled products in line with our household strategy. The decrease was partly offset by price increases on cable and a more favourable customer mix with more high-speed cable customers.

Landline voice
In 2016, reported revenue from landline voice decreased by 21.7% or DKK 234m to DKK 842m due to loss of customers and decreasing ARPU.

The customer base decreased by 14.5% or 84k in 2016 and reflected a smaller decline than in 2015 (-17.2%) due to retention initiatives leading to reduced churn.

Landline ARPU decreased by DKK 10 in 2016 stemming from less billed traffic and a less favourable customer mix due to migrations to cheaper price plans as well as churn of PSTN customers with high ARPU.

Other Services
In 2016, revenue from other services declined by 35.7% or DKK 290m to DKK 522m due to decreased low-margin sales of mobile handsets to third-party vendors as well as decreasing effects from paper communication fees.

Business in Denmark

YTD performance
Business continued to experience a challenging environment in 2016 with an EBITDA decline of 14.3% or DKK 495m to DKK 2,962m, although this represents an improvement on the 17.8% EBITDA decline registered in 2015. Opex increased by 1.0% due to FTE growth as a result of the strategic acquisitions.

The business market remains characterised by intense competition, especially in larger enterprise and public segments, and by the impact of EU mobile roaming regulation. 2016 was negatively impacted by several one-offs (DKK ~30m in Q2 and DKK ~20m in Q4) primarily from a revised assessment of a large business contract.

Business, key figures

DKKm

		Q4 2016	Q4 2015	Change in %	2016	2015	Change in %
Revenue	DKKm	**1,412**	**1,532**	**(7.8)**	**5,241**	**5,825**	**(10.0)**
Mobility services		317	328	(3.4)	1,254	1,391	(9.8)
Internet & network		452	486	(7.0)	1,819	1,967	(7.5)
Landline voice		201	248	(19.0)	854	1,058	(19.3)
Other services		442	470	(6.0)	1,314	1,409	(6.7)
Gross profit		**1,013**	**1,119**	**(9.5)**	**4,078**	**4,562**	**(10.6)**
EBITDA		**739**	**834**	**(11.4)**	**2,962**	**3,457**	**(14.3)**
Gross margin	%	71.7	73.0	-	77.8	78.3	-
EBITDA margin	%	52.3	54.4	-	56.5	59.3	-
Number of FTEs (end-of-period)	#	1,379	1,322	4.3	1,379	1,322	4.3

Mobility services
In 2016, reported revenue from mobility services in Business declined by 9.8% or DKK 137m to DKK 1,254m. However, this decrease in revenue is better than the 17.4% decrease in 2015.

The decline in revenue was driven primarily by a mobile voice *ARPU* decrease of DKK 15 or 11.2% YoY, caused by increased EU roaming regulation and intense competition

The mobile voice customer base increased by 2k YoY, including the acquisition of Cirque (12k) in Q1. The development reflects the improved churn rate in the small and medium-sized businesses offset by the loss of large business contracts in Q4.

Internet & network
In 2016, Business' reported revenue from internet & network decreased by 7.5% or DKK 148m to DKK 1,819m. The decline in revenue was related to both broadband and revenue from fibre connections and other internet & network.

Revenue from broadband was affected mainly by a declining customer base with a net loss of 14k 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, as well as several negative one-offs in Q2 (DKK ~30m) and Q4 (DKK ~20m) due to a revised assessment of a large business contract

Landline voice
Reported revenue from landline voice in Business declined by 19.3% or DKK 204m to DKK 854m in 2016. This was promoted by a 8.9% decline in the customer base as well as a DKK 21 ARPU decline.

Including net adds from Cirque (8k), the 22k 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
Reported revenue from other services declined by 6.7% or DKK 95m to DKK 1,314m.

In 2016, NetDesign revenue declined by 10.3% or DKK 97m to DKK 840m. The decline was driven by lower service and product sales.

Decline in other services driven by NetDesign was offset by growth in Cirque and higher sales of mobile handsets with low gross profit effect in Business.

Wholesale in Denmark

YTD performance
In 2016, reported EBITDA in Wholesale increased by 1.3% or DKK 12m to DKK 969m. This stemmed from gross profit growth from internet & network, which was partly offset by a gross profit decline in mobility services.

Mobility services
Reported revenue from mobility services increased by 2.8% or DKK 15m to DKK 549m in 2016. This was driven by increasing revenue from interconnect with limited gross profit impact.

Reported gross profit from mobility services decreased by 15.8% or DKK 61m to DKK 324m in 2016. This was due mainly to the loss of a MVNO contract involving an external partner with financial effect as of 1 March 2016.

Mobile voice ARPU decreased by DKK 2 as a result of EU roaming regulation.

The customer base decreased by 5k driven by the loss of a large customer at the end of Q1 2016.

Internet & network
Reported revenue from internet & network increased by 6.8% or DKK 48m to DKK 750m in 2016. This stemmed from an increase in broadband and capacity revenue.

The broadband customer base increased by 18k driven by a number of new wholesale customers' rapid uptake.

ARPU increased by DKK 5 due to a more favourable customer mix and a higher level of fees compared with 2015.

The growth in capacity was triggered by a changed product mix towards products based on new technologies with higher ARPU.

Landline voice
Reported revenue from landline voice decreased by 6.8% or DKK 18m to DKK 248m in 2016, stemming primarily from a decrease in service provider customers.

The 11k decrease in service provider customers was in line with the loss in 2015 and was due to the continuous decline in the overall landline voice market.

ARPU increased by DKK 3 driven by higher revenue from subscriptions.

Wholesale, key figures

DKKm

		Q4 2016	Q4 2015	Change in %	2016	2015	Change in %
Revenue	DKKm	**454**	**430**	**5.6**	**1,741**	**1,700**	**2.4**
Mobility services		143	123	16.3	549	534	2.8
Internet & network		196	187	4.8	750	702	6.8
Landline voice		59	68	(13.2)	248	266	(6.8)
Other services		56	52	7.7	194	198	(2.0)
Gross profit		**288**	**292**	**(1.4)**	**1,129**	**1,120**	**0.8**
EBITDA		**249**	**252**	**(1.2)**	**969**	**957**	**1.3**
Gross margin	%	63.4	67.9	-	64.8	65.9	-
EBITDA margin	%	54.8	58.6	-	55.7	56.3	-
Number of FTEs (end-of-period)	#	130	131	(0.8)	130	131	(0.8)

Other operations in Denmark

YTD performance
2016 saw the launch of a range of major strategic initiatives to support TDC Group's 2018 strategy. This execution combined with higher bonuses related to the share-based incentive programme for the management of Get and TDC Norway resulted in decreasing reported EBITDA of -3.5% or DKK -100m YoY. Revenue in 2016 was up by DKK 55m stemming mainly from transferring a smaller Alarm network business area from TDC Business to Other operations. In terms of gross profit this resulted in a DKK 17m improvement YoY, though offset against EBITDA by an increase of DKK 117m in opex.

Contributing to this opex increase was a range of strategic projects. Most notably the merger of the YouSee and TDC consumer IT platforms. Our aim is to secure the best customer infrastructure while establishing the basis for cost reductions in the coming years. E.g. in our B2B portfolio were we supported a simplification process by standardising IT systems and platforms during 2016. Further procurement optimisation, facility management and other process efficiency initiatives contributed positively to opex savings. We also renegotiated several large IT contracts in 2016 to secure future cost savings.

In 2016, Other operations also continued to focus on optimising core processes and increasing efficiency. This led to a 7.0% reduction in fault-handling hours spent on customer premises mainly driven by a decrease of ~30k faults YoY. We also managed to improve our fibre delivery precision from 78% to 97% in 2016, supporting a 12 percentage point decrease in unacceptable experiences specific related to these activities.

Other operations, key figures **DKKm**

		Q4 2016	Q4 2015	Change in %	2016	2015	Change in %
Revenue	DKKm	119	113	5.3	493	438	12.6
Gross profit		83	82	1.2	331	314	5.4
Opex		(852)	(841)	(1.3)	(3,310)	(3,193)	(3.7)
EBITDA		**(769)**	**(759)**	**(1.3)**	**(2,979)**	**(2,879)**	**(3.5)**
KPIs							
Fault-handling hours	Hours ('000)	**137**	**149**	**(8.1)**	**555**	**595**	**(6.7)**
Number of FTEs (end-of-period)	#	3,633	3,522	3.2	3,633	3,522	3.2

Norway

YTD performance
Another strong year for Norway with reported EBITDA up by 7.7% or NOK 118m to NOK 1,651m in 2016. Adjusted for a pension one-off of NOK 42m in 2015, Norway's EBITDA increased by 10.7% driven mainly by strong broadband gross profit growth in Get and an opex reduction of 3.9%.

For more than 10 years, Get has succeeded in delivering double-digit EBITDA growth. In 2016, reported EBITDA increased by 10.1% as a result of high broadband subscriber growth and increased ARPU.

Adjusted for a pension one-off, TDC Norway's reported EBITDA increased by 18.9% in 2016, driven by restructuring and a new strategy as well as synergy realisation from the Get acquisition. Several organisational, network and finance synergies were completed during 2016.

Get is progressing well with becoming a market player offering full-scale solutions, and in 2016 launched a mobile offering and an innovative fire alarm system targeting the MDU segment.

Norway, key figures

NOKm

		Q4 2016	Q4 2015	Change in %	2016[2]	2015	Change in %
Revenue	NOKm	**964**	**962**	**0.2**	**3,858**	**3,749**	**2.9**
TV		361	359	0.6	1,443	1,423	1.4
Residential broadband		273	255	7.1	1,083	985	9.9
Business[1]		258	279	(7.5)	1,030	1,039	(0.9)
Other residential services		72	69	4.3	302	302	-
Gross profit		**653**	**645**	**1.2**	**2,635**	**2,515**	**4.8**
EBITDA[3]		**395**	**378**	**4.5**	**1,651**	**1,533**	**7.7**
Gross margin	%	67.7	67.0	-	68.3	67.1	-
EBITDA margin	%	41.0	39.3	-	42.8	40.9	-
Number of FTEs (end-of-period)	#	795	908	(12.4)	795	908	(12.4)

[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).

TV
In 2016, Get's reported revenue from TV increased by 1.4% or NOK 20m to NOK 1,443m, driven by a NOK 3 ARPU increase related mainly to price changes effective as of January 2016.

In 2016, Get's TV revenue growth slowed as a result of a flat subscriber development. Get was impacted by the intensified competition in the TV market and for the first time, the total number of Norwegian pay-TV subscribers saw a small decline. Get's market share of total Norwegian pay-TV subscribers remained level in 2016[1].

TV box penetration increased by 2 percentage points to 93% of TV subscribers.

Residential broadband
Get's reported revenue from broadband increased by a healthy 9.9% or NOK 98m to NOK 1.083m in 2016 as Get successfully expanded its customer base and increased ARPU.

High broadband subscriber growth of 17k with a 3 percentage point increase in broadband penetration. Get attracted more customers with high-speed offerings and value-added services. Broadband ARPU increased by NOK 7 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.

[1] The Norwegian Electronic Communication Service Market, 1H 2016

Get increased its residential broadband market share by 0.6 percentage points to 17.5% in H1 2016[1].

Business
In 2016, reported revenue from Business decreased by 0.9% or NOK 9m to NOK 1,030m. The revenue decline stemmed mainly from ARPU pressure within mobile and internet & network and a decline in mobile voice subscribers due to the loss of a large customer.

Business in Norway comprises Get's B2B division and TDC Norway. Get targets small companies with simple broadband and TV solutions, while TDC Norway provides more advanced data communications solutions as well as mobile, TV and landline voice.

TDC Norway was once again chosen as the main supplier of telecommunications solutions to Bergen municipality over the next 6 years and signed a large 4-year data communications contract with the National Police Service with financial effect in 2017.

Consolidated financial statements

Income statements

DKKm

	Note	Q4 2016	Q4 2015	Change in %	2016	2015	Change in %
Revenue	2	**5,415**	**5,557**	**(2.6)**	**21,031**	**21,935**	**(4.1)**
Cost of sales		(1,522)	(1,511)	(0.7)	(5,404)	(5,477)	1.3
Gross profit		**3,893**	**4,046**	**(3.8)**	**15,627**	**16,458**	**(5.0)**
External expenses		(923)	(869)	(6.2)	(3,434)	(3,473)	1.1
Personnel expenses		(938)	(904)	(3.8)	(3,805)	(3,642)	(4.5)
Other income		26	25	4.0	100	145	(31.0)
Operating profit before depreciation, amortisation and special items (EBITDA)	2	**2,058**	**2,298**	**(10.4)**	**8,488**	**9,488**	**(10.5)**
Depreciation, amortisation and impairment losses	3	(1,363)	(1,262)	(8.0)	(4,940)	(5,074)	2.6
Operating profit excluding special items (EBIT excluding special items)		**695**	**1,036**	**(32.9)**	**3,548**	**4,414**	**(19.6)**
Special items	4	(68)	(4,790)	98.6	(281)	(5,102)	94.5
Operating profit (EBIT)		**627**	**(3,754)**	**116.7**	**3,267**	**(688)**	**-**
Financial income and expenses	5	(523)	(108)	-	(776)	(1,104)	29.7
Profit before income taxes		**104**	**(3,862)**	**102.7**	**2,491**	**(1,792)**	**-**
Income taxes		(27)	(136)	80.1	(529)	(660)	19.8
Profit for the period from continuing operations		**77**	**(3,998)**	**101.9**	**1,962**	**(2,452)**	**180.0**
Profit for the period from discontinued operations		998	16	-	1,075	68	-
Profit for the period		**1,075**	**(3,982)**	**127.0**	**3,037**	**(2,384)**	**-**
Profit attributable to:							
Owners of the parent company		1,075	(3,907)	127.5	2,868	(2,301)	-
Coupon payments on hybrid capital, net of tax		-	-	-	175	-	-
Non-controlling interests		-	(75)	-	(6)	(83)	92.8
EPS (DKK)							
Earnings Per Share, basic		1.34	(4.87)	127.5	3.58	(2.87)	-
Earnings Per Share, diluted		1.33	(4.87)	127.3	3.56	(2.87)	-
Adjusted EPS		0.33	0.96	(65.6)	3.27	3.76	(13.0)

Statement of comprehensive income

DKKm

	Note	Q4 2016	Q4 2015	2016	2015
Profit/(loss) for the period		**1,075**	**(3,982)**	**3,037**	**(2,384)**
Items that may subsequently be reclassified to the income statement:					
Exchange rate adjustments of foreign enterprises	5	584	(69)	1,184	(415)
Value adjustments of hedging instruments	5	(14)	(146)	42	(124)
Items that cannot subsequently be reclassified to the income statement:					
Remeasurement of defined benefit pension plans		236	253	(430)	785
Income tax relating to remeasurement of defined benefit pension plans		(52)	(53)	95	(168)
Other comprehensive income/(loss)		**754**	**(15)**	**891**	**78**
Total comprehensive income/(loss)		**1,829**	**(3,997)**	**3,928**	**(2,306)**

Balance sheet

DKKm

	Note	31 December 2016	31 December 2015
Assets			
Non-current assets			
Intangible assets		34,208	34,455
Property, plant and equipment		18,041	17,963
Joint ventures, associates and other investments		87	82
Pension assets	6	5,595	5,947
Receivables		256	275
Derivative financial instruments		88	484
Prepaid expenses		314	355
Total non-current assets		**58,589**	**59,561**
Current assets			
Inventories		243	311
Receivables		2,495	3,131
Income tax receivables		25	5
Derivative financial instruments		612	484
Prepaid expenses		681	741
Cash		1,687	363
Total current assets		**5,743**	**5,035**
Total assets		**64,332**	**64,596**

Balance sheet

DKKm

	Note	31 December 2016	31 December 2015
Equity and liabilities			
Equity			
Share capital		812	812
Reserve for currency translation adjustments		(835)	(2,019)
Reserve for cash flow hedges		(205)	(247)
Retained earnings		18,080	16,229
Proposed dividends		802	-
Equity attributable to owners of the parent company		**18,654**	**14,775**
Hybrid capital	8	5,552	5,552
Non-controlling interests		1	27
Total equity		**24,207**	**20,354**
Non-current liabilities			
Deferred tax liabilities		4,133	4,218
Provisions		935	985
Pension liabilities	6	39	36
Loans	7	23,966	27,398
Derivative financial instruments		290	-
Deferred income		372	426
Total non-current liabilities		**29,735**	**33,063**
Current liabilities			
Loans	7	220	200
Trade and other payables		6,186	7,035
Derivative financial instruments		659	537
Deferred income		3,132	3,177
Provisions		193	230
Total current liabilities		**10,390**	**11,179**
Total liabilities		**40,125**	**44,242**
Total equity and liabilities		**64,332**	**64,596**

Statements of cash flow

DKKm

	Q4 2016	Q4 2015	Change in %	2016	2015	Change in %
EBITDA	2,058	2,298	(10.4)	8,488	9,488	(10.5)
Adjustment for non-cash items	77	70	10.0	267	191	39.8
Pension contributions	(42)	(37)	(13.5)	(106)	(121)	12.4
Payments related to provisions	(1)	(2)	50.0	(5)	(4)	(25.0)
Special items	(98)	(115)	14.8	(446)	(524)	14.9
Change in working capital	273	443	(38.4)	151	180	(16.1)
Interest paid, net	(142)	(165)	13.9	(913)	(877)	(4.1)
Income tax paid	(277)	(433)	36.0	(608)	(786)	22.6
Operating activities in continuing operations	**1,848**	**2,059**	**(10.2)**	**6,828**	**7,547**	**(9.5)**
Operating activities in discontinued operations	298	73	-	430	272	58.1
Total cash flow from operating activities	**2,146**	**2,132**	**0.7**	**7,258**	**7,819**	**(7.2)**
Investment in enterprises	(36)	(17)	(111.8)	(145)	(153)	5.2
Investment in property, plant and equipment	(958)	(917)	(4.5)	(3,303)	(3,278)	(0.8)
Investment in intangible assets	(452)	(326)	(38.7)	(1,151)	(1,003)	(14.8)
Investment in other non-current assets	(24)	(3)	-	(25)	(9)	(177.8)
Sale of other non-current assets	22	10	120.0	43	60	(28.3)
Dividends received from joint ventures and associates	3	1	200.0	10	1	-
Investing activities in continuing operations	**(1,445)**	**(1,252)**	**(15.4)**	**(4,571)**	**(4,382)**	**(4.3)**
Investing activities in discontinued operations	1,930	(84)	-	1,814	(224)	-
Total cash flow from investing activities	**485**	**(1,336)**	**136.3**	**(2,757)**	**(4,606)**	**40.1**
Proceeds from long-term loans	-	745	-	-	8,484	-
Finance lease repayments	(22)	(23)	4.3	(96)	(79)	(21.5)
Repayments of long-term loans	(2,897)	(2,040)	(42.0)	(2,897)	(8,008)	63.8
Change in short-term bank loans	(1)	(58)	98.3	1	(11,943)	100.0
Change in interest-bearing debt and receivables	-	(6)	-	-	-	-
Proceeds from issuance of hybrid capital	-	(1)	-	-	5,552	-
Coupon payments on hybrid capital	-	-	-	(196)	-	-
Dividends paid	-	-	-	-	(1,603)	-
Capital contribution from non-controlling interests	7	-	-	7	6	16.7
Financing activities in continuing operations	**(2,913)**	**(1,383)**	**(110.6)**	**(3,181)**	**(7,591)**	**58.1**
Financing activities in discontinued operations	-	(3)	-	(1)	(11)	90.9
Total cash flow from financing activities	**(2,913)**	**(1,386)**	**(110.2)**	**(3,182)**	**(7,602)**	**58.1**
Total cash flow	**(282)**	**(590)**	**52.2**	**1,319**	**(4,389)**	**130.1**
Cash and cash equivalents (beginning-of-period)	1,968	954	106.3	363	4,746	(92.4)
Effect of exchange-rate changes on cash and cash equivalents	1	(1)	200.0	5	6	(16.7)
Cash and cash equivalents (end-of-period)	**1,687**	**363**	**-**	**1,687**	**363**	**-**

Equity free cash flow

DKKm

	Q4 2016	Q4 2015	Change in %	2016	2015	Change in %
EBITDA	2,058	2,298	(10.4)	8,488	9,488	(10.5)
Change in working capital	273	443	(38.4)	151	180	(16.1)
Interest paid, net	(142)	(165)	13.9	(913)	(877)	(4.1)
Income tax paid	(277)	(433)	36.0	(608)	(786)	22.6
Cash flow from capital expenditure	(1,410)	(1,243)	(13.4)	(4,454)	(4,281)	(4.0)
Cash flow related to special items	(98)	(115)	14.8	(446)	(524)	14.9
Other[1]	12	8	50.0	(136)	(13)	-
Equity free cash flow	**416**	**793**	**(47.5)**	**2,082**	**3,187**	**(34.7)**

[1] 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
Loss for the year				(2,301)		(2,301)		(83)	(2,384)
Exchange rate adjustments of foreign enterprises		(415)				(415)			(415)
Value adjustments of hedging instruments			(124)			(124)			(124)
Remeasurement effects of defined benefit pension plans				785		785			785
Income tax relating to remeasurement effects of defined benefit pension plans				(168)		(168)			(168)
Total comprehensive income	**-**	**(415)**	**(124)**	**(1,684)**	**-**	**(2,223)**	**-**	**(83)**	**(2,306)**
Additions, hybrid capital							5,552		5,552
Share-based remuneration				58		58			58
Additions to non-controlling interests								6	6
Distributes dividend				(801)	(802)	(1,603)			(1,603)
Total transactions with shareholders	**-**	**-**	**-**	**(743)**	**(802)**	**(1,545)**	**5,552**	**6**	**4,013**
Equity at 31 December 2015	**812**	**(2,019)**	**(247)**	**16,229**	**-**	**14,775**	**5,552**	**27**	**20,354**

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 year				2,066	802	2,868	175	(6)	3,037
Exchange rate adjustments of foreign enterprises		1,184				1,184			1,184
Value adjustments of hedging instruments			42			42			42
Remeasurement effects related to defined benefit pension plans				(430)		(430)			(430)
Income tax relating to remeasurement effects from defined benefit pension plans				95		95			95
Total comprehensive income	**-**	**1,184**	**42**	**1,731**	**802**	**3,759**	**175**	**(6)**	**3,928**
Share-based remuneration				120		120			120
Coupon payments on hybrid capital							(196)		(196)
Income tax relating to coupon payments on hybrid capital							21		21
Additions to non-controlling interest								10	10
Decrease in non-controlling interest								(30)	(30)
Total transactions with shareholders	**-**	**-**	**-**	**120**	**-**	**120**	**(175)**	**(20)**	**(75)**
Equity at 31 December 2016	**812**	**(835)**	**(205)**	**18,080**	**802**	**18,654**	**5,552**	**1**	**24,207**

Consolidated financial statements

Note 1 Accounting policies

TDC's consolidated financial statements for 2016 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the additional disclosure requirements provided in the IFRS Executive Order issued by the Danish Business Authority in pursuance of the Danish Financial Statements Act. For TDC Group there are no differences between IFRS as adopted by the EU and IFRS as issued by the IASB.

The consolidated financial statements are based on the historical cost convention, except that the following assets and liabilities are measured at fair value: derivatives, financial instruments held for trading, and financial instruments classified as available for sale.

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 2016, cf. TDC's Annual Report 2015.

Note 2 Segment reporting

In 2016, TDC made certain changes that impacted on TDC's segment reporting:

- 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.

- As a result of a more customer centric organisation with more end- to- end process responsibility 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]	
	Q4 2016	**Q4 2015**	**Q4 2016**	**Q4 2015**	**Q4 2016**	**Q4 2015**	**Q4 2016**	**Q4 2015**
Mobility services	697	656	317	328	143	123	-	-
Landline voice	197	245	201	248	59	68	4	4
Internet and network	608	610	452	486	196	187	60	22
TV	1,062	1,049	9	10	19	10	2	1
Other services	170	240	433	460	37	42	53	86
Norway	-	-	-	-	-	-	-	-
Revenue	**2,734**	**2,800**	**1,412**	**1,532**	**454**	**430**	**119**	**113**
Total operating expenses excl. depreciation, etc.	(1,220)	(1,127)	(673)	(698)	(205)	(178)	(918)	(906)
Other income and expenses	4	(2)	-	-	-	-	30	34
EBITDA	**1,518**	**1,671**	**739**	**834**	**249**	**252**	**(769)**	**(759)**
Specification of revenue:								
External revenue	2,731	2,800	1,363	1,488	428	406	113	110
Revenue across segments	3	-	49	44	26	24	6	3

	Norway[2]		Eliminations		Total	
	Q4 2016	**Q4 2015**	**Q4 2016**	**Q4 2015**	**Q4 2016**	**Q4 2015**
Mobility services	-	-	(4)	-	1,153	1,107
Landline voice	-	-	(1)	(2)	460	563
Internet and network	-	-	(39)	(26)	1,277	1,279
TV	-	-	(1)	(2)	1,091	1,068
Other services	-	-	(27)	(20)	666	808
Norway	794	769	(26)	(37)	768	732
Revenue	**794**	**769**	**(98)**	**(87)**	**5,415**	**5,557**
Total operating expenses excl. depreciation, etc.	(470)	(473)	103	98	(3,383)	(3,284)
Other income and expenses	1	6	(9)	(13)	26	25
EBITDA	**325**	**302**	**(4)**	**(2)**	**2,058**	**2,298**
Specification of revenue:						
External revenue	780	753	-	-	5,415	5,557
Revenue across segments	14	17	(98)	(88)	-	-

Note 2 Segment reporting (continued)

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

DKKm	Q4 2016	Q4 2015
EBITDA from reportable segments	2,058	2,298
Unallocated:		
Depreciation, amortisation and impairment losses	(1,363)	(1,262)
Special items	(68)	(4,790)
Financial income and expenses	(523)	(108)
Consolidated profit/(loss) before income taxes	**104**	**(3,862)**

[1] Consists of the two operating segments Operations and Headquarters. At Operations, external revenue amounted to DKK 112m (Q4 2015: DKK 109m), revenue across segments amounted to DKK 6m (Q4 2015: DKK 3m) and EBITDA amounted to DKK (566)m (Q4 2015: DKK (560)m). At Headquarters, external revenue amounted to DKK 1m (Q4 2015: DKK 1m), revenue across segments amounted to DKK 0m (Q4 2015: DKK 0m) and EBITDA amounted to DKK (203)m (Q4 2015: DKK (199)m).

[2] Consists of the two operating segments Get and TDC Norway AS. At Get, external revenue amounted to DKK 600m (Q4 2015: DKK 567m), revenue across segments amounted to DKK 0m (Q4 2015: DKK 0m) and EBITDA amounted to DKK 303m (Q4 2015: DKK 280m). At TDC Norway AS, external revenue amounted to DKK 180m (Q4 2015: DKK 186m), revenue across segments amounted to DKK 14m (Q4 2015: DKK 17m) and EBITDA amounted to DKK 22m (Q4 2015: DKK 22m).

Note 2 Segment reporting (continued)

Segments

DKKm

	Consumer		Business		Wholesale		Other operations[1]	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Mobility services	2,739	2,640	1,254	1,391	549	534	2	2
Landline voice	842	1,076	854	1,058	248	266	14	16
Internet and network	2,447	2,477	1,819	1,967	750	702	135	87
TV	4,257	4,241	37	39	55	36	4	1
Other services	522	812	1,277	1,370	139	162	338	332
Norway	-	-	-	-	-	-	-	-
Revenue	**10,807**	**11,246**	**5,241**	**5,825**	**1,741**	**1,700**	**493**	**438**
Total operating expenses excl. depreciation, etc.	(4,590)	(4,567)	(2,280)	(2,367)	(773)	(743)	(3,602)	(3,478)
Other income and expenses	4	(2)	1	(1)	1	-	130	161
EBITDA	**6,221**	**6,677**	**2,962**	**3,457**	**969**	**957**	**(2,979)**	**(2,879)**
Specification of revenue:								
External revenue	10,804	11,246	5,067	5,640	1,658	1,578	463	413
Revenue across segments	3	-	174	185	83	122	30	25

	Norway[2]		Eliminations		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Mobility services	-	-	(9)	(4)	4,535	4,563
Landline voice	-	-	(1)	(2)	1,957	2,414
Internet and network	-	-	(114)	(101)	5,037	5,132
TV	-	-	(1)	(1)	4,352	4,316
Other services	-	-	(102)	(96)	2,174	2,580
Norway	3,092	3,131	(116)	(201)	2,976	2,930
Revenue	**3,092**	**3,131**	**(343)**	**(405)**	**21,031**	**21,935**
Total operating expenses excl. depreciation, etc.	(1,773)	(1,892)	375	455	(12,643)	(12,592)
Other income and expenses	4	40	(40)	(53)	100	145
EBITDA	**1,323**	**1,279**	**(8)**	**(3)**	**8,488**	**9,488**
Specification of revenue:						
External revenue	3,039	3,058	-	-	21,031	21,935
Revenue across segments	53	73	(343)	(405)	-	-

Note 2 Segment reporting (continued)

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

DKKm	2016	2015
EBITDA from reportable segments	8,488	9,488
Unallocated:		
Depreciation, amortisation and impairment losses	(4,940)	(5,074)
Special items	(281)	(5,102)
Financial income and expenses	(776)	(1,104)
Consolidated profit/(loss) before income taxes	**2,491**	**(1,792)**

[1] Consists of the two operating segments Operations and Headquarters. At Operations, external revenue amounted to DKK 457m (2015: DKK 409m), revenue across segments amounted to DKK 30m (2015: DKK 25m) and EBITDA amounted to DKK (2,283)m (2015: DKK (2,265)m). At Headquarters, external revenue amounted to DKK 6m (2015: DKK 4m), revenue across segments amounted to DKK 0m (2015: DKK 0m) and EBITDA amounted to DKK (696)m (2015: DKK (614)m).

[2] Consists of the two operating segments Get and TDC Norway AS. At Get, external revenue amounted to DKK 2,337m (2015: DKK 2,325m), revenue across segments amounted to DKK 0m (2015: DKK 2m) and EBITDA amounted to DKK 1,217m (2015: DKK 1,153m). At TDC Norway AS, external revenue amounted to DKK 702m (2015: DKK 733m), revenue across segments amounted to DKK 53m (2015: DKK 71m) and EBITDA amounted to DKK 106m (2015: DKK 126m).

Note 3 Depreciation, amortisation and impairment losses

DKKm

	Q4 2016	Q4 2015	2016	2015
Depreciation on property, plant and equipment	(782)	(743)	(2,976)	(2,977)
Amortisation of intangible assets	(561)	(483)	(1,906)	(2,045)
Impairment losses	(20)	(36)	(58)	(52)
Total	**(1,363)**	**(1,262)**	**(4,940)**	**(5,074)**

The decline in amortisation from 2015 to 2016 reflects primarily lower amortisation of the value of customer relationships as a consequence of the diminishing balance method.

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

	Q4 2016	Q4 2015	2016	2015
Costs related to redundancy programmes and vacant tenancies	(36)	(138)	(221)	(375)
Other restructuring costs, etc.	(30)	(15)	(53)	(89)
Impairment losses	-	(4,658)	-	(4,658)
Loss from rulings	-	(3)	(5)	(5)
Adjustment of purchase price re. acquisition of enterprises	-	24	-	24
Costs related to acquisition of enterprises	-	-	-	1
Loss from divestments of enterprises and property	(2)	-	(2)	-
Special items before income taxes	**(68)**	**(4,790)**	**(281)**	**(5,102)**
Income taxes related to special items	15	158	60	227
Special items related to joint ventures and associates	1	-	1	-
Special items related to discontinued operations	988	(10)	973	(11)
Total special items	**936**	**(4,642)**	**753**	**(4,886)**

The positive development in special items was due to impairment losses in 2015 (DKK 4,658m) related primarily to goodwill as well as the gain in 2016 from divesting TDC Sweden (DKK 981m). In 2015, costs related to redundancy programmes and vacant tenancies included a reassessment of the provision for expected expenses in relation to vacant tenancies (DKK 174m).

Note 5 Financial income and expenses

Financial income and expenses

DKKm

	Q4 2016	Q4 2015	Change in %	2016	2015	Change in %
Interest income	4	5	(20.0)	17	26	(34.6)
Interest expenses	(187)	(236)	20.8	(782)	(986)	20.7
Net interest	**(183)**	**(231)**	**20.8**	**(765)**	**(960)**	**20.3**
Currency translation adjustments	(89)	(22)	-	98	(320)	130.6
Fair value adjustments	(277)	120	-	(223)	88	-
Interest, currency translation adjustments and fair value adjustments	**(549)**	**(133)**	**-**	**(890)**	**(1,192)**	**25.3**
Profit/(loss) from joint ventures and associates	(3)	2	-	(4)	-	-
Interest on pension assets	29	23	26.1	118	88	34.1
Total	**(523)**	**(108)**	**-**	**(776)**	**(1,104)**	**29.7**

Net financials recognised in other comprehensive income

DKKm

	Q4 2016	Q4 2015	2016	2015
Currency translation adjustment, foreign enterprises	(70)	(69)	530	(415)
Reversal of currency translation adjustment related to disposal of foreign enterprises	654	-	654	-
Exhange rate adjustments of foreign enterprises	**584**	**(69)**	**1,184**	**(415)**
Change in fair value adjustments of cash flow hedges	(74)	(71)	(7)	(38)
Change in fair value adjustments of cash flow hedges transferred to financial expenses	60	(75)	49	(86)
Value adjustments of hedging instruments	**(14)**	**(146)**	**42**	**(124)**

Financial income and expenses represented an expense of DKK 890m in 2016, an improvement of DKK 302m compared with 2015 (DKK 1,192m), 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, 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 2016 intercompany loans denominated in NOK resulted in gains this was partly offset by losses from intercompany loans denominated in SEK. In 2015 intercompany loans denominated in NOK resulted in losses.

In 2016, the EUR/DKK exchange rate decreased, resulting in gains, whereas the EUR/DKK exchange rate increased during 2015, resulting in losses.

Fair value adjustments

2016 was primarily impacted by bond tender in December. The total nominal amount of repurchased notes corresponds to a EUR equivalent of EUR 350m and the total cash price is EUR 380m (excl. accrued interest). The difference between nominal and total cash price of the repurchased notes as well as losses from swaps terminated negatively impacted fair value adjustments.

Interest on pension assets

The higher interest on pension assets was attributable to an increasing discount rate, as the interest is calculated on the basis of the pension funds' net assets (assets less liabilities) using a discount rate. For further information about pension plans, see note 6.

Note 5 Financial income and expense (continued)

Specifications

DKKm

	Q4 2016				Q4 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)	(169)	25	(300)	**(444)**	(209)	(1)	75	**(135)**
European Investment Bank (EIB) and KfW bank loans incl. hedges (treated as hedge accounting)	(5)	8	-	**3**	(5)	-	-	**(5)**
Other hedges (not treated as hedge accounting)	-	-	23	**23**	-	-	45	**45**
Other	(9)	(122)	-	**(131)**	(17)	(21)	-	**(38)**
Interest, currency translation, adjustments and fair value adjustments	**(183)**	**(89)**	**(277)**	**(549)**	**(231)**	**(22)**	**120**	**(133)**

	2016				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)	(692)	49	(289)	**(932)**	(847)	(28)	86	**(789)**
European Investment Bank (EIB) and KfW bank loans incl. hedges (treated as hedge accounting)	(23)	20	-	**(3)**	(21)	(10)	-	**(31)**
Other hedges (not treated as hedge accounting)	-	-	66	**66**	-	-	2	**2**
Other	(50)	29	-	**(21)**	(92)	(282)	-	**(374)**
Interest, currency translation, adjustments and fair value adjustments	**(765)**	**98**	**(223)**	**(890)**	**(960)**	**(320)**	**88**	**(1,192)**

Note 6 Pension assets and pension obligations

Pension (costs)/income

DKKm

	Q4 2016	Q4 2015	2016	2015
Specification of plans:				
Denmark	(2)	(17)	(8)	(63)
Norway	(4)	(1)	(6)	(16)
Pension income/(costs) from defined benefit plans	**(6)**	**(18)**	**(14)**	**(79)**
Recognition:				
Service cost[1]	(31)	(38)	(123)	(158)
Administrative expenses	(2)	(3)	(9)	(9)
Personnel expenses (included in EBITDA)	**(33)**	**(41)**	**(132)**	**(167)**
Interest on pension assets	27	23	118	88
Pension income/(costs) from defined benefit plans recognised in the income statements	**(6)**	**(18)**	**(14)**	**(79)**

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

Domestic defined benefit plan

DKKm

	Q4 2016	Q4 2015	2016	2015
Pension (cost)/income				
Service cost	(30)	(36)	(119)	(143)
Administrative expenses	(2)	(3)	(9)	(9)
Personnel expenses (included in EBITDA)	**(32)**	**(39)**	**(128)**	**(152)**
Interest on pension assets	**30**	22	120	89
Pension (costs)/income	**(2)**	**(17)**	**(8)**	**(63)**
Domestic redundancy programmes recognised in special items	(2)	(5)	(26)	(65)
Total pension (costs)/income recognised in the income statements	**(4)**	**(22)**	**(34)**	**(128)**

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

	31 December 2016	31 December 2015
Assets and obligations		
Specification of pension assets		
Fair value of plan assets	30,836	29,185
Defined benefit obligation	(25,241)	(23,238)
Pension assets recognised in the balance sheets	**5,595**	**5,947**
Change in pension assets		
Pension assets recognised at 1 January	5,947	5,205
Pension (costs)/income	(34)	(128)
Remeasurement effects	(426)	757
TDC's contribution	108	113
Pension assets recognised in the balance sheets	**5,595**	**5,947**
Discount rate (%)		
Used to determine benefit obligations	1.41	2.00
Used to determine pension cost/income	2.00	1.70
General price/wage inflation (%)		
Used to determine benefit obligations	1.69	1.50
Used to determine pension cost/income	1.50	1.45

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.

One of TDC Norway's defined benefit plans was closed down during 2015, resulting in a one-off gain of DKK 34m.

Pension contributions related to foreign defined benefit plans amounted to DKK 10m (2015: DKK 22m). Pension liabilities relating to foreign defined benefit plans amounted to DKK 39m (2015: DKK 36m). The actuarially determined pension obligations amounted to DKK 250m (2015: DKK 227m) and the fair value of the pension funds' assets amounted to DKK 211m (2015: DKK 191m).

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)	4,461	2,974	1,859	744	3,718	3,695	5,948	23,399
Nominal value (Currency)	600	400	250	100	500	425	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]	-	-	-	-	-	425	-	425

[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 425m February 2023 bond was fully swapped to EUR 508m.

The maturity analysis above does not include hybrid capital with a principal amount totalling DKK 5,576m due in 3015. For further details on hybrid capital, see note 8.

Net interest-bearing debt

DKKm

	31 December 2016	31 December 2015
Long-term loans	24,186	27,398
Short-term loans	-	200
Interest-bearing payables	2	2
Derivative financial instruments hedging fair value and currency on loans	(109)	(928)
Interest-bearing receivables and investments	(259)	(278)
Cash	(1,687)	(363)
Net interest-bearing debt	**22,133**	**26,031**
50% of hybrid capital	2,776	2,776
Adjusted net interest-bearing debt	**24,909**	**28,807**

Both net interest-bearing debt and adjusted net interest-bearing debt fell by DKK 3,898m during 2016 following the net cash flows from operating and investing activities including the proceeds from divesting TDC Sweden (DKK 1,997m).

Note 8 Hybrid capital

TDC has EUR 750m in callable subordinated capital securities (hybrid bonds) outstanding which 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 will be recognised directly in equity at the time the payment obligation arises. Non-recognised accumulated coupons amounted to DKK 166m as of 31 December 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 Events after the balance sheet date

None.

Selected financial and operational data

TDC Group

		2016	2015	2014	2013	2012
Income statements	DKKm					
Revenue		21,031	21,935	21,078	21,559	23,003
Gross profit		15,627	16,458	16,062	16,365	17,147
EBITDA		**8,488**	**9,488**	**9,477**	**9,634**	**9,822**
Operating profit/(loss) (EBIT)		**3,267**	**(688)**	**3,727**	**3,960**	**4,357**
Profit/(loss) before income taxes		2,491	(1,792)	2,710	3,283	4,249
Profit/(loss) for the year from continuing operations		1,962	(2,452)	2,379	2,930	3,619
Profit/(loss) for the year		**3,037**	**(2,384)**	**3,228**	**3,119**	**3,784**
Income statements, excluding special items						
Operating profit (EBIT)		**3,548**	**4,414**	**5,002**	**4,950**	**5,104**
Profit before income taxes		2,771	3,310	3,984	4,273	4,236
Profit for the year from continuing operations		**2,182**	**2,423**	**3,461**	**3,674**	**3,279**
Profit for the year		2,284	2,502	3,551	3,780	3,448
Balance sheets	DKKbn					
Total assets		64.3	64.6	74.4	60.4	63.5
Net interest-bearing debt		22.1	26.0	32.9	21.7	21.9
Hybrid capital		5.6	5.6	-	-	-
Total equity		24.2	20.4	18.6	20.4	21.5
Average number of shares outstanding (million)		802.0	801.7	800.2	798.9	802.3
Capital expenditure		**(4,352)**	**(4,316)**	**(3,686)**	**(3,394)**	**(3,202)**
Statements of cash flow	DKKm					
Operating activities		6,828	7,547	6,980	6,674	6,652
Investing activities		(4,571)	(4,382)	(16,263)	(3,722)	(2,682)
Financing activities		(3,181)	(7,591)	11,896	(3,058)	(4,400)
Total cash flow from continuing operations		**(924)**	**(4,426)**	**2,613**	**(106)**	**(430)**
Total cash flow in discontinued operations[1]		2,243	37	961	305	(86)
Total cash flow		**1,319**	**(4,389)**	**3,574**	**199**	**(516)**
Equity free cash flow		**2,082**	**3,187**	**3,309**	**3,175**	**3,279**

TDC Group

		2016	2015	2014	2013	2012
Key financial ratios						
Earnings Per Share (EPS)	DKK	3.58	(2.87)	4.05	3.90	4.72
EPS from continuing operations, excl. special items	DKK	2.72	3.02	4.33	4.60	4.09
Adjusted EPS	DKK	3.27	3.76	5.23	5.23	5.32
Dividend per share for the financial year	DKK	1.00	1.00	2.50	3.70	4.60
Dividend payout (% of EFCF)	%	38.5	24.8	62.9	89.3	118.3
Gross margin	%	74.3	75.0	76.2	75.9	74.5
EBITDA margin	%	40.4	43.3	45.0	44.7	42.7
Adjusted NIBD/EBITDA[2]	x	2.9	2.9	3.4	2.1	2.1
Retail RGUs (Denmark)						
Mobile subscriptions	# ('000)	2,592	2,576	2,566	2,655	2,679
TV	# ('000)	1,388	1,386	1,420	1,393	1,392
Broadband	# ('000)	1,312	1,329	1,358	1,361	1,327
Landline voice	# ('000)	742	847	1,010	1,193	1,350
Employees						
FTEs (end-of-year)	#	7,963	7,897	7,787	7,785	8,086
FTEs and temps (end-of-year)	#	8,046	8,016	7,848	7,867	8,251
Customer satisfaction						
Recommend score	Index[3]	64	64	64	64	-
Other KPIs						
ESAT	Index	76	77	74	80	80
100 Mbps population coverage	%	67	66	65	49	45

[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] 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.
[3] YTD average index.

Corporate matters

Risk factors
TDC Group's Annual Report describes certain risks that could materially and adversely affect TDC Group's business, financial condition, results of operations and/or cash flows

Forward-looking statements
This report may include statements about TDC Group'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 Group's results include: the competitive environment and the industry in which TDC operates; contractual obligations in TDC Group's financing arrangements; developments in competition within the domestic and international communications industry; information technology and operational risks including TDC Group'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 any 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 Group cannot predict. In addition, TDC Group 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 Financial Statements of TDC Group for 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 31 December 2016 as well as the results of operations and cash flows for the financial year 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, 3 February 2017

Executive Committee

Pernille Erenbjerg
Group Chief Executive Officer and President

Stig Pastwa
Senior Executive Vice President, Group Chief Financial Officer

Jaap Postma
Senior Executive Vice President of YouSee

Gunnar Evensen
Chief Executive Officer 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
Senior Executive Vice President of Stakeholder Relations and Group Chief Customer Officer

Board of Directors

Vagn Sørensen
Chairman

Pierre Danon
Vice Chairman

Marianne Rørslev Bock

Stine Bosse

Pieter Knook

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Reuters TDC.CO.
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