

TDC A/S

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BBB-	Stable	Affirmed 15 May 2017
Short-Term IDR	F3		Affirmed 15 May 2017

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Financial Summary

(DKKm)	Dec 2015	Dec 2016	Dec 2017F	Dec 2018F
Gross Revenues	24,366	21,031	20,506	20,165
Operating EBITDA Margin (%)	40.3	40.4	40.0	39.7
FFO Margin (%)	31.4	30.9	30.6	29.9
FFO Fixed Charge Coverage (x)	5.0	4.3	4.5	4.4
FFO Adjusted Net Leverage (x)	3.9	3.7	3.7	3.7

Source: Fitch

Key Rating Drivers

Domestic Uncertainties Remain: Competition in the mobile and business segments of the Danish telecoms market is likely to remain high, driven by mobile operators such as Hutchison seeking build scale and public sector tenders that are highly price sensitive. Combined with industry sector uncertainties relating to the impact of European mobile roaming regulation, “cord cutting” and voice revenue declines the visibility on domestic EBITDA progression remains weak. This has led to a more cautious stance in Fitch’s FCF forecasts for the company. The company has scope to weather further pressure if it materialised at its current ‘BBB-’ with FFO adjusted net leverage 3.7x.

Cautious Base Case View: Fitch’s base case scenario for TDC envisages a stable FFO-adjusted net leverage profile over the next two years. This reflects potential declines in FFO offset by reduction in net debt as a result of retained FCF. We forecast a sustainable FCF margin of around 5% over the next two to three years. However, quicker-than-expected stabilisation in EBITDA is not unrealistic, and combined with lower ongoing restructuring costs could enable TDC to deleverage faster. Such a scenario would be an upside to Fitch’s forecasts that would be positive for the rating.

Progress on Reducing Declines: TDC domestic EBITDA declined by an average of 12% a year between 2015 and 2016. At end-1Q17 the company was able to reduce the yoy decline to 3%, indicating that its strategy to reduce costs and focus on bundled product value and quality-based differentiation in conjunction with price increases is working. TDC aims to reduce operating costs by DKK600 million-700 million by 2018 through product rationalisation, simplification and restructuring. We believe most of these savings are yet to show through in TDC’s financial metrics but they are likely to be key to stabilising the company’s EBITDA decline.

Fixed-Line Supportive: TDC owns both the incumbent copper network and most of the cable infrastructure in Denmark. This gives it a stronger domestic fixed-line position than its European peers. We view the position as structurally supportive for the company’s long-term credit profile due to the lack of alternative fixed-line infrastructure. This enables TDC to sustain slightly higher leverage than peers and is reflected in the marginally higher (0.2x) FFO-adjusted net leverage levels the company can maintain for a given rating category. Current competitive pressures are more prevalent in the mobile and business segments.

Improved Leverage Headroom: TDC’s FFO-adjusted net leverage reduced to 3.7x in 2016 from 4.6x at end-2014. The improvement was achieved despite a period of EBITDA decline in the domestic market and was largely due to a combination of asset disposals, cuts in dividends and the issuance of hybrid securities. At its current leverage level, the company’s rating is comfortably positioned at ‘BBB-’. TDC has the potential to deleverage further depending on EBITDA developments.

Rating Derivation Relative to Peers

Rating Derivation versus Peers	
Peer Comparison	<p>TDC's rating reflects its leading position within the Danish telecoms market. The company has strong in-market scale and share that spans both fixed and mobile segments. The ownership of both cable and copper-based local access network infrastructure reduces the company's operating risk profile relative to its domestic European incumbent peers, which typically have infrastructure-based competition from alternative cable operators.</p> <p>TDC is rated lower than its Dutch market-focused peer Royal KPN N.V (BBB/Stable) due to its higher leverage, lower financial flexibility and early stage of its current cost reduction strategy for 2015-2018. Higher-rated peers such as Orange S.A. (BBB+/Stable), Deutsche Telekom AG (BBB+/Stable) and Telefonica SA (BBB/Stable) have similar strong domestic profiles but also benefit from greater geographic diversification and lower leverage.</p>
Parent/Subsidiary Linkage	No parent/subsidiary linkage is applicable.
Country Ceiling	No Country Ceiling constraint was in effect for these ratings.
Operating Environment	No Operating Environment influence was in effect for these ratings.
Other Factors	Not applicable
Source: Fitch	

Rating Sensitivities

Future Developments That May, Individually or Collectively, Lead to Positive Rating Action

- The expectation that FFO-adjusted net leverage will fall below 3.7x on a sustained basis
- An improvement in TDC's domestic operating environment enabling a sustained stabilisation in domestic EBITDA

Future Developments That May, Individually or Collectively, Lead to Negative Rating Action

- FFO-adjusted net leverage above 4.2x on a sustained basis.
- Further declines in the Danish business putting FCF margins under pressure into mid to low single digits.

Liquidity and Debt Structure

Strong Liquidity: TDC has sufficient liquidity, with undrawn revolving credit facilities of EUR500 million available until September 2021 and EUR200 million of bilateral credit facilities available until December 2018 along with available cash and cash equivalents of DKK1,687 million and forecast positive FCF across the rating horizon.

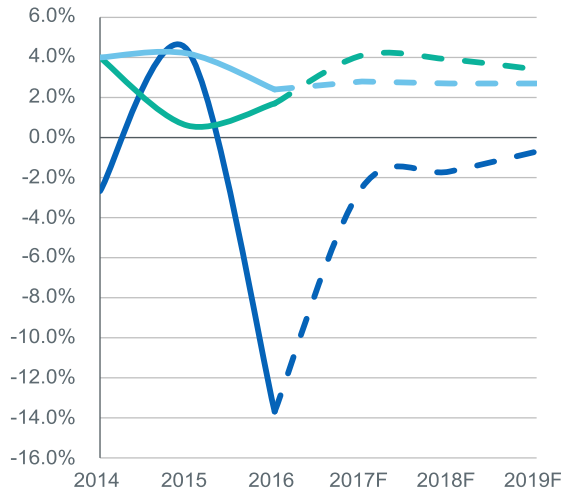
Debt Maturities and Liquidity at FYE16

Debt Maturities*	(DKKm)
2017	-
2018	4,461
2019	2,974
2020	2,603
2021	-
After 2021	18,913
Total debt	28,951
Liquidity Analysis (DKKm)	
Unrestricted cash	1,946
Committed banking facilities	5,205
Available undrawn portion	5,205
Total Liquidity	7,151
Fitch Forecasted 2017 FCF (post dividend)	
Short-term debt	222
Liquidity score [x]	n/a
Source: Fitch	

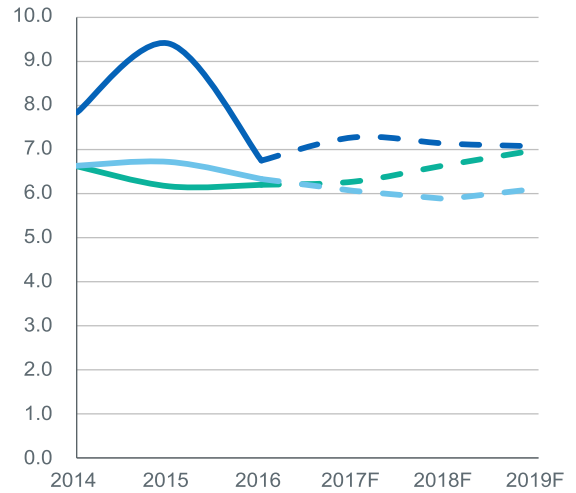
Trends and Forecasts

TDC A/S — Developed BBB- Median — Telecommunications Median —

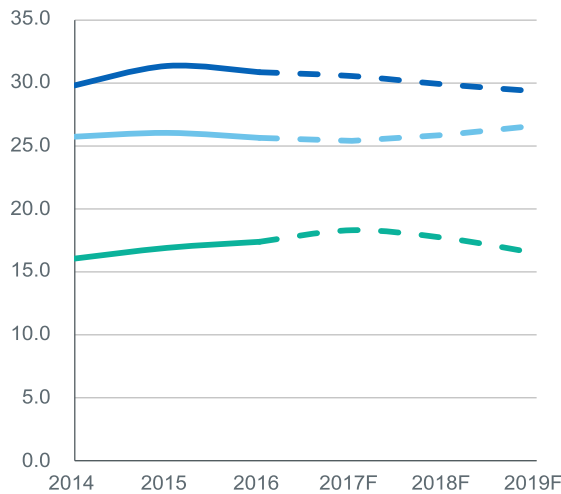
Revenue Growth (%)



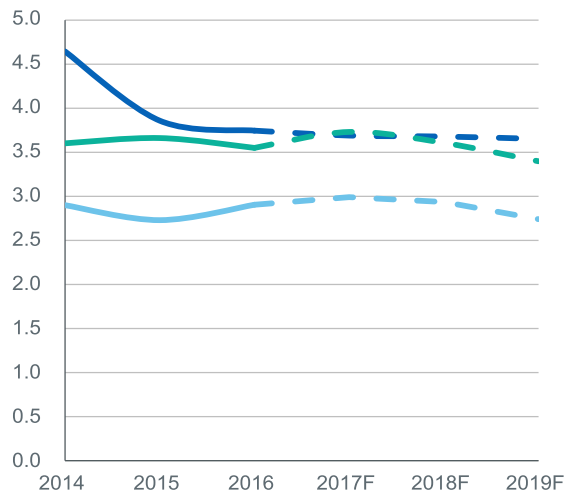
FFO Interest Cover (x)



FFO Margin (%)



FFO Adjusted Net Leverage (x)



Note: Including Fitch expectations
Source: Fitch

Definitions

Revenue Growth: Percentage growth in revenues since previous reporting period.

FFO Interest Cover: FFO + Gross Interest paid minus interest received + Preferred Dividends paid divided by Gross Interest Paid + Preferred Dividends Paid.

FFO Margin: FFO divided by Revenues.

FFO Adjusted Net Leverage: Total Debt with Equity Credit + Lease equivalent Debt + Other off Balance Sheet Debt - Readily Available Cash & Equivalents divided by Funds From Operations [FFO] + Gross Interest (Paid) - Interest Received + Preferred Dividends (Paid) + Operating Lease Expense for Capitalised Leased Assets.

Key Assumptions

Fitch's key assumptions within our rating case for the issuer include:

- revenue decline of 2.5% in 2017 and 2% in 2018;
- broadly stable EBITDA margin of 39%-40% in 2017-2019;
- implied capex to sales ratio of 22% in 2017 reducing to 21% by 2019 (including spectrum);
- dividends to grow by around 5% a year from 2018.

Financial Data

(DKK)m	Historical			Forecast		
	Dec 2014	Dec 2015	Dec 2016	Dec 2017F	Dec 2018F	Dec 2019F
SUMMARY INCOME STATEMENT						
Gross Revenues	23,344	24,366	21,031	20,506	20,165	20,034
Revenue Growth (%)	-2.7	4.4	-13.7	-2.5	-1.7	-0.7
Operating EBITDA (before income from associates)	9,804	9,809	8,488	8,213	7,997	7,839
Operating EBITDA Margin (%)	42.0	40.3	40.4	40.0	39.7	39.1
Operating EBITDAR	10,854	10,793	9,325	8,992	8,763	8,601
Operating EBITDAR Margin (%)	46.5	44.3	44.3	43.8	43.5	42.9
Operating EBIT	5,076	4,498	3,548	3,338	3,111	2,851
Operating EBIT Margin (%)	21.7	18.5	16.9	16.3	15.4	14.2
Gross Interest Expense	-1,033	-991	-782	-997	-981	-967
Pretax Income (Including Associate Income/Loss)	2,793	-1,725	2,491	2,351	2,140	1,895
SUMMARY BALANCE SHEET						
Readily Available Cash & Equivalents	5,053	641	1,946	3,225	2,689	3,494
Total Debt with Equity Credit	37,977	29,448	26,855	26,631	25,126	25,152
Total Adjusted Debt with Equity Credit	46,377	37,320	33,551	32,865	31,256	31,242
Net Debt	32,924	28,807	24,909	23,406	22,437	21,658
SUMMARY CASH FLOW STATEMENT						
Operating EBITDA	9,804	9,809	8,488	8,213	7,997	7,839
Cash Interest Paid	-1,001	-906	-1,126	-997	-981	-967
Cash Tax	-1,214	-800	-608	-634	-622	-627
Divs received less Divs paid to minorities (inflow / (out)flow)	1	1	10	0	0	0
Other Items Before FFO	-744	-489	-290	-325	-375	-375
Funds Flow from Operations	6,961	7,642	6,491	6,267	6,029	5,880
Change in Working Capital	172	178	151	-50	-50	-50
Cash Flow from Operations (Fitch Defined)	7,133	7,820	6,642	6,217	5,979	5,830
Total Non-Operating/Non-Recurring Cash Flow	0	0	430			
Capital Expenditure	-3,853	-4,502	-4,454			

Capital Intensity (Capex/Revenues)	16.5	18.5	21.2			
Common Dividends	-2,961	-1,603	0			
Net Acquisitions & Divestitures	-12,650	-153	-145			
Other Investing and Financing Cash Flow Items	47	60	1,836	-32	-12	-15
Net Debt Proceeds	14,887	-6,005	-2,992	-224	-1,505	26
Net Equity Proceeds	0	0	7	0	0	0
Total Change in Cash	2,603	-4,383	1,324	1,279	-536	805
DETAIL CASH FLOW STATEMENT						
FFO Margin (%)	29.8	31.4	30.9	30.6	29.9	29.4
Calculations for Forecast Publication						
Capex, Dividends, Acquisitions & oth. Items before FCF	-19,464	-6,258	-4,169	-4,681	-4,998	-5,036
Free Cash Flow after Acquisitions & Divestitures	-12,331	1,562	2,473	1,535	981	794
Free Cash Flow Margin (after net acquisitions) margin (%)	-52.8	6.4	11.8	7.5	4.9	4.0
COVERAGE RATIOS						
FFO Interest Coverage (x)	7.8	9.4	6.8	7.3	7.1	7.1
FFO Fixed Charge Coverage (x)	4.3	5.0	4.3	4.5	4.4	4.4
Operating EBITDAR/Interest Paid + Rents (x)	5.3	5.7	4.8	5.1	5.0	5.0
Operating EBITDA/Interest Paid (x)	9.8	10.8	7.5	8.2	8.2	8.1
LEVERAGES RATIOS						
Total Adjusted Debt/Operating EBITDAR (x)	4.3	3.5	3.6	3.7	3.6	3.6
Total Adjusted Net Debt/Operating EBITDAR (x)	3.8	3.4	3.4	3.3	3.3	3.2
Total Debt with Equity Credit/Operating EBITDA (x)	3.9	3.0	3.2	3.2	3.1	3.2
FFO Adjusted Leverage (x)	5.2	3.9	4.0	4.1	4.0	4.1
FFO Adjusted Net Leverage (x)	4.6	3.9	3.7	3.7	3.7	3.7

How to Interpret the Forecast Presented

The forecast presented is based on the agency's internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch's rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch's forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch's own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch's own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch's own internal deliberations, where Fitch, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch may update the forecast in future reports but assumes no responsibility to do so.

Rating Navigator

TDC A/S

Corporates Ratings Navigator
Telecommunications

Factor Levels	Sector Risk Profile	Operating Environment	Business Profile					Financial Profile			Issuer Default Rating
			Management and Corporate Governance	Competitive Position	Diversification	Technology and Infrastructure	Regulatory Environment	Profitability	Financial Structure	Financial Flexibility	
aaa											AAA
aa+											AA+
aa											AA
aa-											AA-
a+											A+
a											A
a-											A-
bbb+											BBB+
bbb											BBB
bbb-											BBB- Stable
bb+											BB+
bb											BB
bb-											BB-
b+											B+
b											B
b-											B-
ccc											CCC
cc											CC
c											C
d or rd											D or RD

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc			

Competitive Position

a	Market Position	a	Very strong and sustainable market share in primary markets (> 30%).
a-	Competition	bbb	Primary markets characterized by medium competitive intensity and/or moderate barriers to entry.
bbb+	Scale - \$ EBITDAR	bbb	>1 billion
bbb			
bbb-			

Technology and Infrastructure

aa-	Ownership of Network	a	Owns almost all of its infrastructure.
a+	Network and Service Quality	a	Market leading network in terms of coverage and technology deployment, with good quality of service.
a			
a-			
bbb+			

Profitability

a	Volatility of Cash Flow	bbb	Volatility and visibility of cash flow in line with industry average.
a-	EBITDAR Margin	a	35%
bbb+	FFO Margin	bbb	24%
bbb			
bbb-			

Financial Flexibility

a-	Financial Discipline	bbb	Financial policies less conservative than peers but generally applied consistently.
bbb+	Liquidity	a	Very comfortable liquidity. Well-spread debt maturity schedule. Diversified sources of funding.
bbb	FFO Fixed Charge Cover	bbb	4.0x
bbb-	FX Exposure	bbb	Some FX exposure on profitability and/or debt/cash flow match. Efficient hedging in place.
bb+			

Management and Corporate Governance

a+	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
a	Governance Structure	aa	No record of governance failing. Experienced board exercising effective check and balance to management. No ownership concentration.
a-	Group Structure	a	Group structure shows some complexity but mitigated by transparent reporting.
bbb+	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.
bbb			

Diversification

a	Service Platform Diversification	a	Operates several service platforms in primary markets.
a-	Geographic Diversification	bbb	Average geographic diversification.
bbb+			
bbb			
bbb-			

Regulatory Environment

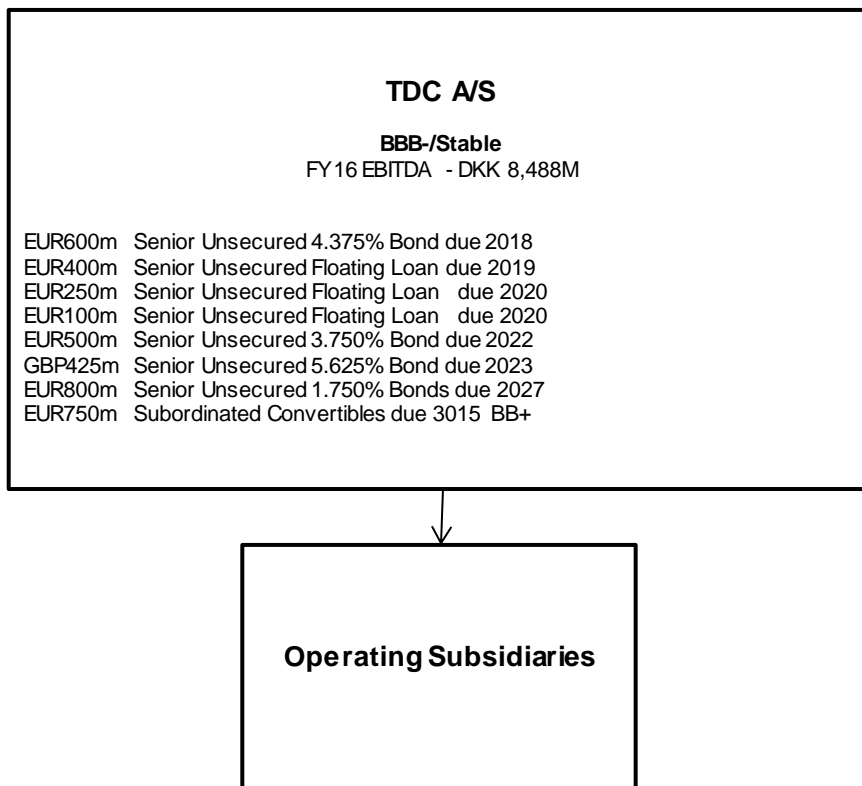
a-	Regulatory Risk	bbb	Moderate.
bbb+			
bbb			
bbb-			
bb+			

Financial Structure

bbb+	Lease Adjusted FFO Gross Leverage	bb	4.3x
bbb	Lease Adjusted FFO Net Leverage	bb	4.0x
bbb-	Net Debt/(CFO - Capex)	bbb	8.0x
bb+	Total Adjusted Debt/Operating EBITDAR	bb	4.0x
bb			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Simplified Group Structure Diagram



Source: Fitch, Company . . . As at December 2016

Peer Financial Summary

Company	Date	Rating	Gross Revenues (EURm)*	Operating EBITDA Margin (%)	FFO Margin (%)	FFO Fixed Charge Coverage (x)	FFO Adjusted Net Leverage (x)
TDC A/S	2016	BBB-	21,031	40.4	30.9	4.3	3.7
	2015	BBB-	24,366	40.3	31.4	5.0	3.9
	2014	BBB	23,344	42.0	29.8	4.3	4.6
BT Group plc	2016	BBB+	18,909	34.1	25.1	5.7	2.3
	2015	BBB	17,979	34.9	23.6	5.3	1.6
	2014	BBB	18,287	33.4	25.1	5.6	1.8
Deutsche Telekom AG	2015	BBB+	69,024	25.3	21.9	3.3	3.4
	2014	BBB+	62,658	25.1	20.7	2.9	3.7
	2013	BBB+	60,132	26.3	22.3	3.2	3.5
Orange S.A.	2015	BBB+	40,236	30.9	21.6	3.8	3.3
	2014	BBB+	39,445	30.9	22.2	4.0	3.2
	2013	BBB+	40,981	30.9	22.3	3.9	3.3
Royal KPN N.V.	2016	BBB	6,806	35.7	29.1	3.8	3.1
	2015	BBB-	7,008	34.5	27.1	3.6	3.1
	2014	BBB-	7,409	32.6	16.8	2.2	4.0
Telefonica SA	2016	BBB	52,036	31.6	23.3	3.6	3.8
	2015	BBB+	54,916	29.6	20.3	3.0	4.0
	2014	BBB+	50,377	30.2	23.6	3.7	3.7
Telefonica Deutschland Holding AG	2016	BBB	7,503	24.1	23.8	4.0	2.0
	2015	BBB	7,888	22.3	21.9	3.7	2.4
	2014	BBB	5,522	19.7	19.2	3.3	2.7
Turk Telekomunikasyon AS	2016	BBB-	16,109	34.0	26.4	5.6	2.8
	2015	BBB-	14,523	36.7	34.7	7.6	1.9
	2014	BBB-	13,602	37.1	34.1	7.8	1.6
Telecom Italia SpA	2015	BBB-	19,718	41.0	29.0	3.2	4.3
	2014	BBB-	21,573	40.7	27.7	3.0	4.2
	2013	BBB-	23,407	40.8	27.2	3.2	4.0

Source: Fitch
*FX as at Date

Reconciliation of Key Financial Metrics

(DKK Millions)	31 Dec 2016
Income Statement Summary	
Operating EBITDA	8,488
+ Recurring Dividends Paid to Non-controlling Interest	0
+ Recurring Dividends Received from Associates	10
+ Additional Analyst Adjustment for Recurring I/S Minorities and Associates	0
= Operating EBITDA After Associates and Minorities (k)	8,498
+ Operating Lease Expense Treated as Capitalised (h)	837
= Operating EBITDAR after Associates and Minorities (j)	9,335
Debt & Cash Summary	
Total Debt with Equity Credit (l)	26,855
+ Lease-Equivalent Debt (Op. Lease Expense Treated as Capitalised * Capit. Lease Multiple) (h*i)	6,696
+ Other Off-Balance-Sheet Debt	0
= Total Adjusted Debt with Equity Credit (a)	33,551
Readily Available Cash [Fitch-Defined]	1,687
+ Readily Available Marketable Securities [Fitch-Defined]	259
= Readily Available Cash & Equivalents (o)	1,946
Total Adjusted Net Debt (b)	31,605
Cash-Flow Summary	
Preferred Dividends (Paid) (f)	0
Interest Received	17
+ Interest (Paid) (d)	-1,126
= Net Finance Charge (e)	-1,109
Funds From Operations [FFO] (c)	6,491
+ Change in Working Capital [Fitch-Defined]	151
= Cash Flow from Operations [CFO] (n)	6,642
Capital Expenditures (m)	-4,454
Multiple applied to Capitalised Leases (i)	8.0
Gross Leverage	
Total Adjusted Debt / Op. EBITDAR* [x] (a/j)	3.6
FFO Adjusted Gross Leverage [x] (a/(c-e+h-f))	4.0
<i>Total Adjusted Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)</i>	
Total Debt With Equity Credit / Op. EBITDA* [x] (l/k)	3.2
Net Leverage	
Total Adjusted Net Debt / Op. EBITDAR* [x] (b/j)	3.4
FFO Adjusted Net Leverage [x] (b/(c-e+h-f))	3.7
<i>Total Adjusted Net Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)</i>	
Total Net Debt / (CFO - Capex) [x] ((l-o)/(n+m))	11.4
Coverage	
Op. EBITDAR / (Interest Paid + Lease Expense)* [x] (j/-d+h)	4.8
Op. EBITDA / Interest Paid* [x] (k/(-d))	7.5
FFO Fixed Charge Cover [x] ((c-e+h-f)/(-d+h-f))	4.3
<i>(FFO - Net Finance Charge + Capit. Leases - Pref. Div Paid) / (Gross Int. Paid + Capit. Leases - Pref. Div. Paid)</i>	
FFO Gross Interest Coverage [x] ((c-e-f)/(-d-f))	6.7
<i>(FFO - Net Finance Charge - Pref. Div Paid) / (Gross Int. Paid - Pref. Div. Paid)</i>	
* EBITDA/R after Dividends to Associates and Minorities	
Source: Fitch based on company reports	

Reconciliation of Key Financial Metrics

(DKK Millions)

31 Dec 2016

Debt & Cash Summary			
Current financial debt	as reported		220
Non-current financial debt	as reported		23,966
Effect of Derivatives on Debt	as reported		(109)
Interest bearing payables	as reported		2
Interest bearing loans and borrowings			24,079
Subordinated Hybrid instruments	as reported		5,552
Less: Equity credit	Calculated		(2,776)
Total debt with equity credit			26,855
Total off-balance sheet debt (8 x long-term lease expense)		(f x 8)	6,696
Total lease-adjusted debt			33,551
Cash and Cash equivalents	as reported		(1,687)
Interest bearing receivables & Investments	as reported		(259)
Cash and Cash equivalents	Calculated		(1,946)
Net debt with equity credit		(a)	24,909
Net lease-adjusted debt		(b)	31,605
Operating Profit in Continuing Operations	as reported		6,828
Dividends received from associates / paid to NCI	as reported		10
Coupon Payment on Hybrid Capital	as reported		(196)
CFO	Calculated		6,642
Changes in working capital	less reported		(151)
Funds from Operations	Calculated		6,491
EBITDA			8,488
Gross interest paid (inc. hybrid coupon)	Calculated	(c)	(1,126)
Interest received	as reported		17
Net interest paid	Calculated	(d)	(1,109)
Cash tax paid	as reported		(608)
Net Dividends received from associates / to NCI	as reported		10
Other items before FFO	Calculated		(290)
Funds flow from operations (FFO)	As below	(e)	6,491
Long-term (LT) lease expense	as reported	(f)	837
FFO Interest Coverage (x)			
(FFO + net interest paid) / gross interest paid		(e - d) / (-c)	6.8
FFO fixed charge cover (x)			
(FFO + net interest paid + LT leases) / (gross interest paid + LT leases)		(e-d+f) / (-c+f)	4.3
Net debt / EBITDA (x)			2.9
FFO adjusted net leverage (x)			
Net lease-adjusted debt / (FFO + net interest paid + LT leases)		b / (e-d+f)	3.7

Source: Fitch

Fitch Adjustment Reconciliation

(DKK Millions)	Reported Values 31 Dec 16	Sum of Fitch Adjustments	Preferred Dividends, Associates and Minorities Cash Adjustments	Cash Adjustment	Other Adjustment	Adjusted Values
Income Statement Summary						
Revenue	21,031	0				21,031
Operating EBITDAR	9,325	0				9,325
Operating EBITDAR after Associates and Minorities	9,325	10	10			9,335
Operating Lease Expense	837	0				837
Operating EBITDA	8,488	0				8,488
Operating EBITDA after Associates and Minorities	8,488	10	10			8,498
Operating EBIT	3,548	0				3,548
Debt & Cash Summary						
Total Debt With Equity Credit	26,962	-107			-107	26,855
Total Adjusted Debt With Equity Credit	26,962	6,589			6,589	33,551
Lease-Equivalent Debt	0	6,696			6,696	6,696
Other Off-Balance Sheet Debt	0	0				0
Readily Available Cash & Equivalents	1,687	259		518	-259	1,946
Not Readily Available Cash & Equivalents	0	0				0
Cash-Flow Summary						
Preferred Dividends (Paid)	0	0				0
Interest Received	557	-540			-540	17
Interest (Paid)	-1,470	344			344	-1,126
Funds From Operations [FFO]	6,677	-186	10		-196	6,491
Change in Working Capital [Fitch-Defined]	151	0				151
Cash Flow from Operations [CFO]	6,828	-186	10		-196	6,642
Non-Operating/Non-Recurring Cash Flow	430	0				430
Capital (Expenditures)	-4,454	0				-4,454
Common Dividends (Paid)	0	0				0
Free Cash Flow [FCF]	2,804	-186	10		-196	2,618
Gross Leverage						
Total Adjusted Debt / Op. EBITDAR* [x]	2.9					3.6
FFO Adjusted Leverage [x]	3.2					4.0
Total Debt With Equity Credit / Op. EBITDA* [x]	3.2					3.2
Net Leverage						
Total Adjusted Net Debt / Op. EBITDAR* [x]	2.7					3.4
FFO Adjusted Net Leverage [x]	3.0					3.7
Total Net Debt / (CFO - Capex) [x]	10.6					11.4
Coverage						
Op. EBITDAR / (Interest Paid + Lease Expense)* [x]	4.0					4.8
Op. EBITDA / Interest Paid* [x]	5.8					7.5
FFO Fixed Charge Coverage [x]	3.7					4.3
FFO Interest Coverage [x]	5.2					6.7

*EBITDA/R after Dividends to Associates and Minorities

Full List of Ratings

	Rating	Outlook	Last Rating Action
TDC A/S			
Long-Term IDR	BBB-	Stable	Affirmed 15 May 2017
Short-Term IDR	F3		Affirmed 15 May 2017
Senior unsecured	BBB-		Affirmed 15 May 2017
Subordinated hybrids	BB		Affirmed 15 May 2017

Related Research & Criteria

[Criteria for Rating Non-Financial Corporates \(March 2017\)](#)

[Non-Financial Corporates Hybrids Treatment and Notching Criteria \(April 2017\)](#)

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