
DKT Holdings ApS

Interim Financial Report January – September 2018

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Management review

The acquisition of TDC and Related Financings

DKT Holdings ApS (DKTH) was established 22 December 2017 with the purpose of running an investing business through its 100% owned subsidiaries, DKT Finance ApS (DKTF) and DK Telekommunikation ApS (DKT). DKTH is owned by a consortium comprising:

- DKTUK Limited (50%), managed by the Macquarie Group
- ATP Infrastructure III K/S (16.7%), managed by Arbejdsmarkedets Tillægspension (ATP)
- PFA Ophelia InvestCo I 2018 K/S (16.7%), managed by PFA Pension Forsikringsaktieselskab
- PKA Ophelia Holding K/S (16.7%), managed by Pensionskassernes Administration¹.

The acquisition

On 4 May 2018, DKT acquired 90.9% of the outstanding share capital of TDC A/S. The share capital was acquired pursuant to a tender offer for all TDC Shares at a price of DKK 50.25 per TDC Share. The TDC shares were delisted from trading and official listing on Nasdaq Copenhagen A/S with effect from June 5, 2018. Thereafter, a squeeze-out of the remaining 9.1% minority shareholders was initiated and completed in accordance with the Danish Companies Act on

8 June 2018, resulting in DKT owning 100% of the outstanding shares in TDC A/S.

The Acquisition Financing

In connection with the tender offer, members of the consortium provided capital in the form of equity and shareholder loans in the amount of EUR 2,763m. In addition, DKTF entered into bridge term loan facilities of EUR 2,800m and a revolving credit facility of EUR 100m.

On 28 June 2018, DKTF repaid EUR 1,400m of the bridge facilities with amounts received by DKT from TDC by way of extraordinary dividend.

On 2 July 2018, the remaining outstanding bridge term loans, EUR 1,400m were repaid following the completion of the offering of EUR 1,050m 7.000% and \$410m 9.375% Senior Notes due 2023.

Refinancing in TDC Group

As a consequence of the takeover of TDC by DKT, a change of control event occurred resulting in the triggering of various repayment clauses under the terms of TDCs outstanding EMTN bonds and bank loans. TDCs Hybrid Bond (EUR 750m), the EMTN bond maturing in 2027 (EUR 800m) as well as the loans from KfW and the European Investment Bank ended up being repaid with drawings under a newly established

Key figures

		Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017
		DKKm			
Income statements	DKKm				
Revenue		4,338	-	7,226	-
Gross profit		3,086	-	5,182	-
EBITDA		1,659	-	2,802	-
Profit/(loss) for the period from continuing operations excluding special items		(584)	-	(1,348)	-
Profit/(loss) for the period		(527)	-	(1,763)	-
Capital expenditure		(798)	-	(1,402)	-
Cash flow					
Total cash flow from operating activities		1,380	-	1,701	-
Total cash flow from investing activities		(897)	-	(37,980)	-
Total cash flow from financing activities		(1,265)	-	37,333	-
Total cash flow from continuing operations		(782)	-	1,054	-
Total cash flow from discontinued operations		169	-	177	-
Total cash flow		(613)	-	1,231	-
Key financial ratios					
Gross margin	%	71.1	-	71.7	-
EBITDA margin	%	38.2	-	38.8	-
Net interest-bearing debt (NIBD)	DKKm	(63,123)	-	(63,123)	-
Net interest-bearing debt/LTM EBITDA ¹	x	6.7	0.0	6.7	0.0

¹Based on TDC's LTM EBITDA of DKK 6,779m and calculated as if TDC Group had received the proceeds from the divestment of TDC's Norwegian business before 30 September 2018. Without having received the proceeds, the net interest-bearing debt/EBITDA ratio amounts to 9.3.

¹ On behalf of Pensionskassen for Sygeplejersker og Lægeselekretærer, Pensionskassen for Socialrådgivere, Socialpædagoger og Kontorpersonale and Pensionskassen for Sundhedsfaglige.

senior secured financing (EUR 2,700m and USD 1,418m) entered into in May 2018.

On 30 October 2018, a substantial part of the proceeds from TDC's divestment of Get was applied towards prepayment at par of the TLB under TDC's Senior Facility Agreement.

The business

All core activities relate to TDC. TDC is the incumbent operator and a provider of integrated communications and entertainment solutions in Denmark with a leading market position across broadband, pay-TV, mobile and landline voice services based on end-user subscriptions to consumer, business and wholesale customers and the multi-play segment with a focus on premium digital services. We also offer integrated solutions to business customers.

The Danish business lines are:

Consumer delivers services to residential households and has a multi-brand strategy with differentiated brands, with leading market shares across mobile, broadband, landline voice and pay-TV based on end-user subscriptions.

Business provides telecommunications solutions, cloud-based services and IT solutions to businesses in Denmark

Wholesale offers and resells telecommunications services to other operators and external partners. This business line also manages our interconnect and roaming agreements.

Other Operations consists of three operating segments, Operations, Digital and Headquarters. Operations manages a number of support functions, such as IT operations, procurement, installation and network.

The consolidated financial statements

For the purposes of these consolidated financial statements for DKTH, the excess of DKT's costs to acquire TDC over the historic book value of TDC net assets acquired has been assumed to be goodwill. DKT has not performed the valuation studies necessary in order to accurately estimate the fair values of the assets acquired and liabilities assumed. Accordingly, the excess of the purchase price over the historical equity has been recorded as goodwill in the balance sheet as of 30 September 2018. Ultimately, a portion of the purchase price may be allocated to plant, property, and equipment or other intangible assets than goodwill which will result in additional depreciation and amortisation expenses.

The impact from the purchase price allocation with effect from 4 May 2018 may also result in other income or expenses and is expected to be recognized in 4Q 2018.

This interim financial report includes consolidated financial statements for DKTH. The operating activities of the DKTH Group relate to activities in TDC Group.

The reporting period covers 1 January 2018 to 30 September 2018. As TDC was acquired by DKT as of 4 May 2018, the figures for the DKTH Group do not include the operations of TDC for the full reporting period, but only for 4 May 2018 to 30 September 2018. Consequently, the figures for the DKTH Group for nine months include five months operations of TDC as well as interest expenses, acquisition costs and administrative expenses in DKT, DKTF and DKTH for nine months.

As it is not possible to conduct a meaningful analysis of the consolidated results for the DKTH Group due to the five months' ownership of the TDC Group, the analysis set out below is focusing on the activities in DKT, DKTF and DKTH for Q1-Q3 2018.

For a separate analysis of the development of TDC's activities, please see the Interim Financial Report for TDC for 1 January to 30 September 2018 included as an appendix to this report.

Group performance

EBITDA

DKTH group revenue, cost of sales, external expenses, personnel expenses and other income are all related to the TDC Group. Accordingly, all EBITDA (Operating profit before depreciation, amortisation and special items) related to the TDC Group.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses are all related to the TDC Group.

Special items

Of the total special items, representing a net expense of DKK 715m before tax, estimated costs related to DKT's acquisition of TDC amounted to DKK 303m. All other special items related to the TDC Group. Other restructuring costs in the TDC Group related primarily to the takeover of TDC by DKT.

Financial income and expenses

Of the total financial income and expenses, representing of net expense of DKK 2,260m, DKK 1,828m related to DKT, DKTF and DKTH. These financial expenses are primarily related to bridge term loan fees (DKK 480m) as well as interest expenses on the bridge term loan facilities, senior notes and shareholder loans.

Income taxes

DKTH Group income taxes related to the profit before income taxes in TDC and financial expenses in DKT, DKTF and DKTH. Part of the fi-

nancial expenses are non-deductible for tax purpose due to the Danish rules on limitation on the tax deductibility of interest expenses.

Loss for the period

The loss for the period of DKK 1,763m comprised a profit for TDC of DKK 368 and a loss in DKT, DKTF and DKTH of DKK 2,131m.

The loss for the period from continuing operations excluding special items of DKK 1,348m comprised a profit for TDC of DKK 479m and a loss in DKT, DKTF and DKTH of DKK 1,827m corresponding to the net financial expenses.

Net interest-bearing debt

Total DKTH Group net interest-bearing debt amounted to DKK 63,123m of which DKK 36,595m related to TDC, DKK 10,303m to Senior Notes issued in DKTF and DKK 16,453m to shareholder loans in DKTH.

Consolidated financial statements

Income statement

DKKm

	Note	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017
Revenue		4,338	-	7,226	-
Cost of sales		(1,252)	-	(2,044)	-
Gross profit		3,086	-	5,182	-
External expenses		(621)	-	(1,051)	-
Personnel expenses		(830)	-	(1,379)	-
Other income		24	-	50	-
Operating profit before depreciation, amortisation and special items (EBITDA)		1,659	-	2,802	-
Depreciation, amortisation and impairment losses	2	(1,018)	-	(1,649)	-
Operating profit excluding special items (EBIT excluding special items)		641	-	1,153	-
Special items	3	(108)	-	(715)	-
Operating profit (EBIT)		533	-	438	-
Financial income and expenses	4	(1,177)	-	(2,260)	-
Profit/(loss) before income taxes		(644)	-	(1,822)	-
Income taxes		(36)	-	(165)	-
Profit/(loss) for the period from continuing operations		(680)	-	(1,987)	-
Profit for the period from discontinued operations		153	-	224	-
Profit/(loss) for the period		(527)	-	(1,763)	-
Profit attributable to:					
Owners of the parent company		(525)	-	(1,819)	-
Non-controlling interests		(2)	-	56	-

Balance sheet

DKKm

	Note	30 September 2018	31 December 2017
Assets			
Non-current assets			
Intangible assets		43,621	-
Property, plant and equipment		14,556	-
Joint ventures, associates and other investments		99	-
Pension assets	5	6,909	-
Receivables		192	-
Prepaid expenses		44	-
Total non-current assets		65,421	-
Current assets			
Inventories		225	-
Receivables		2,481	-
Derivative financial instruments		319	-
Prepaid expenses		374	-
Cash		884	-
Assets held for sale		13,155	-
Total current assets		17,438	-
Total assets		82,859	-

Balance sheet

DKKm

	Note	30 September 2018	31 December 2017
Equity and liabilities			
Equity			
Share capital		-	-
Reserve for exchange rate adjustments		176	-
Reserve for cash flow hedges		-	-
Retained earnings		2,172	-
Equity attributable to owners of the parent company		2,348	-
Non-controlling interests		(1)	-
Total equity		2,347	-
Non-current liabilities			
Deferred tax liabilities		3,675	-
Provisions		968	-
Loans	6	46,605	-
Shareholder loans		16,453	-
Total non-current liabilities		67,701	-
Current liabilities			
Loans	6	938	-
Trade and other payables		8,968	-
Income tax payable		125	-
Derivative financial instruments		636	-
Deferred income		75	-
Provisions		129	-
Liabilities concerning assets held for sale		1,940	-
Total current liabilities		12,811	-
Total liabilities		80,512	-
Total equity and liabilities		82,859	-

Statements of cash flow

DKKm

	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017
EBITDA	1,659	-	2,802	-
Adjustment for non-cash items	24	-	41	-
Pension contributions	-	-	(1)	-
Payments related to provisions	(21)	-	(21)	-
Special items	(310)	-	(820)	-
Change in working capital	296	-	565	-
Interest paid, net	(268)	-	(858)	-
Income tax paid	-	-	(7)	-
Operating activities in continuing operations	1,380	-	1,701	-
Operating activities in discontinued operations	336	-	464	-
Total cash flow from operating activities	1,716	-	2,165	-
Investment in enterprises	(4)	-	(36,507)	-
Investment in property, plant and equipment	(521)	-	(850)	-
Investment in intangible assets	(350)	-	(625)	-
Investment in other non-current assets	(54)	-	(54)	-
Divestment of enterprises	-	-	(1)	-
Sale of other non-current assets	32	-	57	-
Investing activities in continuing operations	(897)	-	(37,980)	-
Investing activities in discontinued operations	(167)	-	(287)	-
Total cash flow from investing activities	(1,064)	-	(38,267)	-
Proceeds from long-term loans	15,311	-	55,412	-
Repayment of long-term loans	(5,928)	-	(13,371)	-
Finance lease repayments	(8)	-	(13)	-
Change in short-term bank loans	(10,640)	-	525	-
Redemption of non-controlling interests	-	-	(9,267)	-
Coupon payments on hybrid capital	-	-	(66)	-
Capital contribution	-	-	4,113	-
Financing activities in continuing operations	(1,265)	-	37,333	-
Financing activities in discontinued operations	-	-	-	-
Total cash flow from financing activities	(1,265)	-	37,333	-
Total cash flow	(613)	-	1,231	-
Cash and cash equivalents (beginning-of-period)	1,830	-	-	-
Effect of exchange-rate changes on cash and cash equivalents	1	-	(13)	-
Cash and cash equivalents (end-of-period)	1,218	-	1,218	-

Consolidated financial statements

Note 1 Accounting policies

DKTH Group's Interim Financial Report for Q1-q3 2018 has been prepared in accordance with the 'Interim Financial Reporting Standards' (IFRS) rules on recognition and measurement.

The consolidated financial statements have been prepared in accordance with the significant accounting policies of the TDC Group as applied in TDC's Annual Report 2017 including the implementation of IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments, both effective from 1 January 2018.

For a general description of TDC's significant accounting policies see the Offering Memorandum regarding DKTF's issuance of EUR 1,400m (equivalent) Senior Notes, note 1.1, page F-33. For further information about the changes in TDC's significant accounting policies related to revenue from contracts and financial instruments, see Note 1 to TDC's consolidated financial statements for 1 January-30 September 2018, included as appendix to this report.

Following the divestment of TDC's Norwegian business, the Norwegian business is classified under 'Discontinued operations' in DKTH's consolidated financial statements. Comparative figures in the income statements and cash flow statements have been 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 the Offering Memorandum regarding DKTF's issuance of EUR 1,400m (equivalent) Senior Notes, page 107-109.

Note 2 Depreciation, amortisation and impairment losses

DKKm

	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017
Depreciation on property, plant and equipment	(603)	-	(953)	-
Amortisation of intangible assets	(412)	-	(688)	-
Impairment losses	(3)	-	(8)	-
Total	(1,018)	-	(1,649)	-

All depreciation, amortisation and impairment losses related to the TDC Group.

For the purposes of the consolidated financial statements for DKTH, the excess of DKT's costs to acquire TDC over the historic book value of TDC net assets acquired has been assumed to be goodwill. DKT has not performed the valuation studies necessary in order to accurately estimate the fair values of the assets acquired and liabilities assumed. Accordingly, the excess of the purchase price over the historical equity has been recorded as goodwill in the balance sheet as of 30 September 2018. Ultimately, a portion of the purchase price may be allocated to plant, property, and equipment and other intangible assets than goodwill, which will result in additional depreciation and amortisation expense.

The impact from the purchase price allocation with effect from 4 May 2018 may also result in other income or expenses and, is expected to be recognized in Q4 2018.

Note 3 Special items

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

Special items as described above are disclosed on the face of the income statement. Items of a similar nature for non-consolidated enterprises and discontinued operations are recognised in profit from joint ventures and associates and profit for the year from discontinued operations, respectively.

Special items

DKKm

	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017
Costs related to redundancy programmes and vacant tenancies	(46)	-	(105)	-
Other restructuring costs, etc.	(10)	-	(80)	-
Loss from rulings	(1)	-	(1)	-
Costs related to acquisition of enterprises	(17)	-	(303)	-
Loss from divestments of enterprises and property	(34)	-	(34)	-
PSP settlement	-	-	(192)	-
Special items before income taxes	(108)	-	(715)	-
Income taxes related to special items	12	-	76	-
Special items related to discontinued operations	(3)	-	(15)	-
Total special items	(99)	-	(654)	-

Of the total special items, estimated costs related to DKT's acquisition of TDC amounted to DKK 303m. All other special items related to the TDC Group. Other restructuring costs in the TDC Group related primarily to the takeover of TDC by DKT.

Note 4 Financial income and expenses

Financial income and expenses

	DKKm			
	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017
Interest income	3	-	5	-
Interest expenses	(1,188)	-	(2,191)	-
Net interest	(1,185)	-	(2,186)	-
Currency translation adjustments	(71)	-	(240)	-
Fair value adjustments	53	-	122	-
Interest, currency translation adjustments and fair value adjustments	(1,203)	-	(2,304)	-
Profit/(loss) from joint ventures and associates	(1)	-	(1)	-
Interest on pension assets	27	-	45	-
Total	(1,177)	-	(2,260)	-

Of the total financial income and expenses, representing of net expense of DKK 2,260m, DKK 1,828m related to DKT, DKTF and DKTH. These financial expenses are primarily related to bridge term loan fees (DKK 480m) as well as interest expenses on the bridge term loan facilities, senior notes and shareholder loans.

All other financial income and expenses related to the TDC Group, see note 5 to TDC's consolidated financial statements for 1 January – 30 September 2018 included as appendix to this report.

Note 4 Financial income and expenses (continued)

Specifications

DKKm

	Q3 2018				Q3 2017			
	Interest	Currency	Fair value ad-justments	Total	Interest	Currency	Fair value ad-justments	Total
		translation adjustments				translation adjustments		
Senior Facility Agreement	(283)	(24)	(1)	(308)	-	-	-	-
Senior Notes	(203)	(23)		(226)	-	-	-	-
Euro Medium Term Notes (EMTNs)	(81)	(8)	(11)	(100)	-	-	-	-
Shareholder loans	(535)	-	-	(535)	-	-	-	-
Bank loan (Bridge Facility) incl. fees	(8)	(1)	-	(9)	-	-	-	-
European Investment Bank (EIB) and bank loans	-	-	-	-	-	-	-	-
Other	(37)	3	9	(25)	-	-	-	-
Total	(1,147)	(53)	(3)	(1,203)	-	-	-	-

	Q1-Q3 2018				Q1-Q3 2017			
	Interest	Currency	Fair value ad-justments	Total	Interest	Currency	Fair value ad-justments	Total
		translation adjustments				translation adjustments		
Senior Facility Agreement	(307)	147	14	(146)	-	-	-	-
Senior Notes	(203)	(23)	-	(226)	-	-	-	-
Euro Medium Term Notes (EMTNs)	(155)	(9)	(78)	(242)	-	-	-	-
Shareholder loans	(707)			(707)	-	-	-	-
Bank loan (Bridge Facility) incl. fees	(683)	(193)		(876)	-	-	-	-
European Investment Bank (EIB) and bank loans	(1)	6	(2)	3	-	-	-	-
Other	(94)	(44)	28	(110)	-	-	-	-
Total	(2,150)	(116)	(38)	(2,304)	-	-	-	-

Note 5 Pension assets and pension obligations

TDC's Danish 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. 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.

For further information of the pension asset of DKK 6,909m as of 30 September 2018, see note 6 to TDC's consolidated financial statements for 1 January – 30 September 2018 included as appendix to this report.

Note 6 Loans and net interest-bearing debt

Senior Notes, Euro Medium Term Notes (EMTNs) and Senior Facility Agreement (SFA) and bank loans¹

DKKm

	2018	2022	2023	2023	2023	2025	2025	Total
Maturity	Oct 18	Mar 22	Feb 23	Jun 23	Jun 24	Jun 25	Jun 25	
Fixed/Floating rate	Floating	Fixed	Fixed	Fixed	Fixed	Floating	Floating	
Coupon		3.750%	5.625%	7.000%	9.375%			
Currency	EUR	EUR	GBP	EUR	USD	EUR	USD	
Type	RCF	EMTN	EMTN	Senior Notes	Senior Notes	SFA	SFA	
Nominal value (DKKm)	373	3,729	3,556	7,823	2,608	20,135	9,108	47,332
Nominal value (Currency)	50	500	425	1,050	410	2,700	1,418	
Hereof nominal value swapped to or with floating interest rate (EURm) ¹		150	50			2,700	1,214	1,414
Hereof nominal value swapped from USD to EUR (USDm) ²		-	-		410	-	1,418	1,828
Hereof nominal value swapped from GBP to EUR (GBPm) ³		-	425			-	-	425

¹ The maturity of derivatives used for hedging of long-term loans matches the maturity of the underlying loans.

² The nominal value of the notional value of USD 1,418m floating loan is fully swapped to EUR.

³ The nominal value of the GBP 425m February 2023 bond is fully swapped to EUR 508m.

Net interest-bearing debt

DKKm

	30 September 2018	31 December 2017
EMTN loans incl. short-term part	7,311	-
Senior Facility Agreement incl. short term part	28,774	-
Senior Notes	10,303	-
Shareholder loans	16,453	-
Other long-term loans incl. Financial leasing	430	-
Short-term bank loans	727	-
Derivatives	163	-
Interest-bearing receivables and investments	(154)	-
Cash	(884)	-
Net interest-bearing debt	63,123	-

Note 7 Hybrid capital

Until repayment in June 2018 TDC Group had EUR 750m in callable subordinated capital securities (hybrid bonds) outstanding that were accounted for as equity. The hybrid capital was subordinated to the Group's other creditors.

Coupon payments were recognised directly in equity at the time the payment obligation arose.

Coupon payments were recognised in the statement of cash flow as a separate item within financing activities.

The hybrid bonds issued by TDC Group provided 50% equity credit from rating agencies. Accordingly, 50% of the hybrid capital is included in NIBD.

Note 8 Acquisitions

The acquisition of TDC Group amounted to DKK 40,502m. Adjusted for cash in TDC Group of DKK 320m and redemption of non-controlling interest in TDC A/S of DKK 3,679m the cash flow related to investment in enterprises amounted to DKK 36,503m.

Note 9 Events after the balance sheet date

Divestment of TDC's Norwegian business

With effect from 15 October 2018, TDC A/S has divested all its shares in its Norwegian business Get (Get AS and its subsidiaries including the Norwegian B2B business, TDC Norway) to Telia Company AB for a cash sales price of NOK 21.0 billion on a cash and debt free basis, corresponding to an enterprise value (EV) /EBITDA multiple of 12.1x and an EV/(EBITDA-CAPEX) multiple of 23.7x.

The divestment of Get is estimated to result in a gain in TDC Group's consolidated financial statements of approximately DKK 5.3 billion after tax that, after the transaction closure, will be recognised as special items related to 'Discontinued operations' in TDC Group's consolidated financial statements. In DKTH Group's consolidated financial statements the gain from the divestment of Get will be affected by the purchase price allocation and is expected to be significantly lower.

Get is classified as 'Discontinued operations' in TDC Group's consolidated financial statements effective from Q3 2018. Comparative figures in the income statements and cash flow statements are restated accordingly.

Repayment of senior facilities

On 30 October 2018, a substantial part of the proceeds from TDC's divestment of Get was applied towards prepayment at par of the TLB under TDC's Senior Facility Agreement. All the USD denominated tranche (USD 1,414,854,000) and EUR 650,000,000 was repaid.

Corporate matters

Risk factors

The Offering Memorandum regarding DKTF issuance of EUR 1,400m (equivalent) Senior Notes describes as of 2 July 2018 certain risks that could materially and adversely affect TDC Group's business, financial condition, results of operations and/or cash flows. At the end of Q3 2018, DKTH expects no significant changes in the risks.

Forward-looking statements

This report may include statements about DKTH 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 DKTH Group's results include: the competitive environment and the industry in which DKTH operates; contractual obligations in DKTH Group's financing arrangements; developments in competition within the domestic and international communications industry; information technology and operational risks including DKTH 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 DKTH Group cannot predict. In addition, DKTH 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 Interim Financial Statements of DKTH Group for Q1-Q3 2018.

The Financial Report has been prepared in accordance with International Financial Reporting Standards' (IFRS) rules on recognition and measurement.

In our opinion, the Financial Report gives a true and fair view of the Group's assets, liabilities and financial position at 30 September 2018 as well as the results of operations and cash flows for H1 2018. 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, 14 November 2018

Executive Committee

Nathan Andrew Luckey

Board of Directors

Martin Bradley
Chairman

Nathan Andrew Luckey

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Appendix

TDC Group

Interim Financial Report January – September
2018

Q3 highlights

- Continued **reported revenue** growth in Q3 YoY of 2.3%. **Organic EBITDA** adjusted for non-recurring items declined by 3.6% in Q3 YoY. YTD slight organic EBITDA growth (+0.5%), which is also expected for full-year 2018
- Organic **mobility services' gross profit growth** of 5.8% in Q3 YoY following higher Consumer mobile voice ARPU. In Q3, the Consumer and Business mobility services RGU bases grew by 47k and Business' mobility services gross profit increased for the first time since 2016 driven by intake of new public customers (SKI)
- Organic **TV gross profit decline** of 5.7% in Q3 YoY due to fewer RGUs and a reduced gross profit margin. In Q3, the net loss of 12k RGUs constituted an improvement compared with previous quarters in 2017 and 2018
- The Norwegian Competition Authority has approved the divestment of **TDC's Norwegian business** to Telia and the divestment was completed on 15 October 2018. Approximately DKK 15bn of the proceeds are expected to be applied towards prepayment at par of Term Loan B during Q4 2018. The Norwegian business is treated as discontinued activities in the reporting from Q3 2018
- Acquisition of the broadband provider **Hiper** with an expected impact on financials from Q4 2018. Hiper will become part of Consumer
- Allison Kirkby appointed as new **CEO** of TDC Group as of December 2018
- Following the divestment of the Norwegian business, the financial figures have been restated excluding Norway. See the **restated figures** table on page 3

Group performance

Restated financial figures

Following the divestment of the Norwegian business, these activities are classified as discontinued operations. The financial figures are restated accordingly. See the restated figures table on page 3.

YTD financial performance

Revenue

In the first three quarters of 2018, TDC Group's reported revenue increased by 0.2% or DKK 23m to DKK 13,001m, when compared with the first three quarters of 2017. Adjusted for effects from regulation and acquisitions and divestments, organic revenue remained almost stable YoY at -0.1% relating mainly to improvements in mobility services and other services. This represented an improved trend compared with the organic revenue decline of 2.9% in the first three quarters of 2017 relating mainly to other services and landline voice.

Gross profit

In TDC Group, reported gross profit decreased by 2.0% or DKK 193m to DKK 9,373 in the first three quarters of 2018. Organic gross profit decreased by 1.6% or DKK 152m. This development was driven by the continued decline in landline voice and TV, partly counterbalanced by continued growth in mobility services. When compared to the organic gross profit decline of 2.9% in the first three quarters of 2017, the development marks an improved trend mainly driven by mobility services and other services.

The gross profit margin decreased from 73.7% in the first three quarters of 2017 to 72.1% in the first three quarters of 2018.

Operating expenses¹

In the first three quarters of 2018, reported operating expenses decreased by 1.2% or DKK 52m to DKK 4,246m including effects from acquisitions, divestments and other non-recurring costs. Adjusted for these effects, organic operating expenses decreased by 4.1% or DKK 178m. These cost savings were driven mainly by renegotiation of supplier contracts within Other operations and efficiency improvements in the field force.

EBITDA

Reported EBITDA in the first three quarters of 2018 decreased by 2.7% or DKK 141m to DKK 5,127m. Organic EBITDA including adjustments for non-recurring items increased by 0.5% or DKK 26m, driven by positive growth in mobility services and savings in operating expenses, though this was almost offset by the continued decline in landline voice and TV. Compared with the organic decline of 2.0% in the first three quarters of 2017 the development marked an improvement, mainly driven by mobility services.

Key figures

	DKKm						
	Q3 2018	Q3 2017	Change in %	Q1-Q3 2018	Q1-Q3 2017	Change in %	
Income statements	DKKm						
Revenue	4,338	4,242	2.3	13,001	12,978	0.2	
Gross profit	3,086	3,158	(2.3)	9,373	9,566	(2.0)	
EBITDA	1,659	1,781	(6.9)	5,127	5,268	(2.7)	
Organic revenue ¹	4,338	4,300	0.9	13,001	13,010	(0.1)	
Organic gross profit ¹	3,086	3,176	(2.8)	9,373	9,525	(1.6)	
Organic EBITDA ¹	1,659	1,721	(3.6)	5,127	5,101	0.5	
Profit for the period from continuing operations excluding special items	188	423	(55.6)	1,151	1,276	(9.8)	
Profit for the period	261	406	(35.7)	828	1,454	(43.1)	
Total comprehensive income	613	502	22.1	1,227	1,492	(17.8)	
Capital expenditure	(798)	(818)	2.4	(2,460)	(2,608)	5.7	
Key financial ratios							
Gross margin	%	71.1	74.4	-	72.1	73.7	-
EBITDA margin	%	38.2	42.0	-	39.4	40.6	-
Net interest-bearing debt/EBITDA ^{2,3}	x	2.8	3.3	-	2.8	3.3	-

¹ Reported figures excluding the impact from foreign exchange rates, regulatory price adjustments, impact from acquisitions and divestments as well as non-recurring items.

² NIBD figures for 2017 include 50% of hybrid capital as rating agencies provide 50% equity credit for hybrid bonds.

³ Calculated as if TDC Group had received the proceeds from the divestment of TDC's Norwegian business before 30 September 2018. Without having received the proceeds, the net interest-bearing debt/EBITDA ratio amounts to 5.4.

¹ Including other income.

EBITDA per business line

Consumer

EBITDA in Consumer for Q1-Q3 2018 declined by 0.7% or DKK 31m to DKK 5,869m. Gross profit rose by 0.3% or DKK 17m to DKK 5,869 driven by mobility services and internet & network, partly offset by a decline in TV and landline voice.

Operating expenses increased by 4.0% or DKK 49m to DKK -1,275m, driven by higher personnel cost following the call centre insourcing in Q4 2017 and Plenti acquisition in Q3 2017. Consumers organic EBITDA increased by 0.9% in the first three quarters of 2018. Compared with the organic decline of 1.2% in first three quarters of 2017, the development marked an improvement, mainly driven by mobility services and internet & network.

Business

In the first three quarters of 2018, Business' EBITDA declined by 9.6% or DKK 188m to DKK 1,778m, driven by continued intense competition across segments and products. The Business division saw a reduction of 8.8% in gross profit or DKK 233m to DKK 2,414 due mainly to landline voice and internet & network with the divestment of TDC Hosting. Mobility services, on the other hand, showed an improved trend with gross profit growth in Q3, for the first time since 2016, driven mainly by the intake of the new public customers (SKI).

Operating expenses improved by 6.8% or DKK 46m to DKK -635m, resulting mainly from efficiency improvements and the TDC Hosting divestment in Q1 2017. Business' organic EBITDA

declined by 7.1% in the first three quarters of 2018. Compared with organic decline of 10.7% in the first three quarters of 2017, the development marked an improvement, mainly driven by mobility services and other services.

Wholesale

In Q1-Q3 2018, Wholesale reported EBITDA growth of 2.8% or DKK 22m to DKK 817m, whereas gross profit improved by 3.0% or DKK 27m to DKK 907m. This increase was attributable to more mobile voice subscribers compared to Q3 2017 and an improved subscriber mix in internet & network, combined with higher regulatory prices. This was partly offset by a continued decline in landline voice with a net loss of 15k customers YoY.

Other operations

Other operations consists of TDC Group's support functions such as IT, procurement, network, installation, digital activities, facility management and headquarters.

In Q1-Q3 2018, Other operations' EBITDA, adjusted for non-recurring costs, improved by 5.7% or DKK 120m to DKK -1,996m, driven by a decrease in operating expenses of 6.2% or DKK 146m to DKK -2,213m. This improvement stemmed mainly from renegotiation of supplier contracts and efficiency improvements in the field force.

Restated figures

	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	Q3 18
Revenue	4,445	4,291	4,242	4,408	17,386	4,329	4,334	4,338
Cost of sales	(1,198)	(1,130)	(1,084)	(1,338)	(4,750)	(1,185)	(1,191)	(1,252)
Gross profit	3,247	3,161	3,158	3,070	12,636	3,144	3,143	3,086
Operational expenses	(1,462)	(1,459)	(1,377)	(1,418)	(5,716)	(1,377)	(1,442)	(1,427)
EBITDA	1,785	1,702	1,781	1,652	6,920	1,767	1,701	1,659
Consumer	1,547	1,532	1,546	1,461	6,086	1,536	1,525	1,533
Business	694	634	639	591	2,558	602	585	592
Wholesale	263	258	274	246	1,041	277	276	264
Other operations	(718)	(722)	(676)	(645)	(2,761)	(648)	(682)	(729)
Organic¹ EBITDA growth	%							
TDC Group	(2.8)	(3.6)	0.5	(3.0)	(2.2)	2.3	2.9	(3.6)
Consumer	(0.3)	(2.2)	(1.2)	(2.8)	(1.6)	0.8	1.5	0.6
Business	(10.5)	(12.7)	(8.7)	(17.3)	(12.3)	(7.8)	(5.8)	(8.4)
Wholesale	27.2	16.2	11.7	(4.4)	11.7	2.3	3.7	(6.4)
Other operations	(3.0)	3.6	8.2	16.3	6.5	10.1	7.1	(0.5)

¹ Reported figures excluding the impact from foreign exchange rates, regulatory price adjustments, impact from acquisitions and divestments as well as non-recurring items.

Capital expenditure

In Q1-Q3 2018, capital expenditure totalled DKK 2,460m, a decrease of 5.7% or DKK 148m compared with the same period last year. This development resulted partly from large investments in 2017 relating to the cable network upgrade and the Danish mobile network as well as lower spending on customer premises equipment (CPE) for customer installations.

Cash flow

The decrease of DKK 1,260m in cash flow from operating activities in the first three quarters of 2018 was driven primarily by special items cash outflow (DKK -784m) and by interest payments (DKK -121m) both related to the takeover of TDC by DK Telekommunikation ApS (DKT) and by the different timing in net working capital (DKK -285m) compared with Q1-Q3 2017. Cash flow from financing activities in the first three quarters of 2018 increased by DKK 1,500m driven by increasing debt related to the takeover of TDC.

Profit for the period

Excluding discontinued operations and special items, profit for the period decreased by 9.8% or DKK 125m driven by higher interest expenses due to the refinancing in Q2. Profit for the period (including discontinued operations and special items) decreased by DKK 626m reflecting the higher interest expenses mentioned above and a negative development in special items due to the takeover of TDC by DKT.

Comprehensive income

Total comprehensive income decreased by DKK 265m. The decrease in profit for the period

(DKK 626m) was partly offset by an increase in other comprehensive income (DKK 361m). The DKK 361m increase in other comprehensive income related to a positive development of DKK 613m in exchange-rate adjustments of foreign enterprises (primarily in Norway) partly offset by a negative development in defined benefit plans for Danish employees (DKK 237m after tax) and a negative development in value adjustments of hedging instruments (DKK 15m).

Refinancing

As a consequence of the takeover of TDC by DKT, a change of control event occurred resulting in the triggering of various repayment clauses under the terms of TDC's outstanding EMTN bonds and bank loans. TDC's Hybrid Bond (EUR 750m), the EMTN bond maturing in 2027 (EUR 800m) as well as the loans from KfW and the European Investment Bank ended up being repaid with drawings under a newly established senior secured financing (EUR 2,700m and USD 1,418m) entered into in May 2018.

On 30 October 2018, a substantial part of the proceeds from TDC's divestment of Get was applied towards prepayment at par of the TLB under TDC's Senior Facility Agreement. All the USD denominated tranche (USD 1,414,854,000) and EUR 650,000,000 was repaid.

Net interest-bearing debt

Net interest-bearing debt increased by DKK 13,721m to DKK 36,595m during Q1-Q3 2018 following payment of dividend (DKK 10,816m) and repayment of hybrid capital (DKK 2,776m).

Calculated as if TDC Group had received the proceeds from the divestment of TDC's Norwegian business before 30 September 2018, leverage was 2.8 x EBITDA at the end of Q3 2018.

Cash flow and Net interest-bearing debt, key figures


	DKK m					
	Q3 2018	Q3 2017	Change in %	Q1-Q3 2018	Q1-Q3 2017	Change in %
Cash flow from operating activities	1,545	1,539	0.4	2,951	4,211	(29.9)
Investment in property, plant and equipment	(521)	(545)	4.4	(1,536)	(1,797)	14.5
Investment in intangible assets	(350)	(353)	0.8	(1,037)	(848)	(22.3)
Finance lease repayments	(8)	(27)	70.4	(32)	(64)	50.0
Coupon payments on hybrid capital	-	-	-	(261)	(195)	(33.8)
Total cash flow from operating activities	1,545	1,539	0.4	2,951	4,211	(29.9)
Total cash flow from investing activities	(898)	(970)	7.4	(2,596)	(2,217)	(17.1)
Total cash flow from financing activities	(1,123)	(1,862)	39.7	(1,396)	(2,896)	51.8
Total cash flow from continuing operations	(476)	(1,293)	63.2	(1,041)	(902)	(15.4)
Total cash flow from discontinued operations	169	147	15.0	241	635	(62.0)
Total cash flow	(307)	(1,146)	73.2	(800)	(267)	(199.6)
Net interest-bearing debt (NIBD) ¹	(36,595)	(23,268)	(57.3)	(36,595)	(23,268)	(57.3)
NIBD/EBITDA ²	x 2.8	3.3	-	2.8	3.3	-

¹ NIBD figures for 2017 include 50% of hybrid capital as rating agencies provide 50% equity credit for hybrid bonds.

² Calculated as if TDC Group had received the proceeds from the divestment of TDC's Norwegian business before 30 September 2018. Without having received the proceeds, the net interest-bearing debt/EBITDA ratio amounts to 5.4.

TDC Group's performance per business line in Q1-Q3 2018

The illustration below reflects TDC Group's Q1-Q3 2018 performance based on our traditional business line reporting. Costs are not allocated but are included in the business line responsible for the service.

DKKm	 TDC Group	Consumer	Business	Wholesale	Other operations
Revenue ¹	13,001 0.2%	8,222 2.1%	3,115 (5.5%)	1,299 (1.3%)	387 7.2%
Gross profit ¹	9,373 (2.0%)	5,869 0.3%	2,414 (8.8%)	907 3.0%	217 (10.7%)
EBITDA ¹	5,127 (2.7%)	4,594 (0.7%)	1,778 (9.6%)	817 2.8%	-2,059 2.7%

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

Consolidated financial statements

Income statement

DKKm

	Note	Q3 2018	Q3 2017	Change in %	Q1-Q3 2018	Q1-Q3 2017	Change in %
Revenue	2	4,338	4,242	2.3	13,001	12,978	0.2
Cost of sales		(1,252)	(1,084)	(15.5)	(3,628)	(3,412)	(6.3)
Gross profit		3,086	3,158	(2.3)	9,373	9,566	(2.0)
External expenses		(621)	(628)	1.1	(1,840)	(1,964)	6.3
Personnel expenses		(830)	(778)	(6.7)	(2,483)	(2,412)	(2.9)
Other income		24	29	(17.2)	77	78	(1.3)
Operating profit before depreciation, amortisation and special items (EBITDA)	2	1,659	1,781	(6.9)	5,127	5,268	(2.7)
Depreciation, amortisation and impairment losses	3	(1,018)	(1,050)	3.0	(2,991)	(3,146)	4.9
Operating profit excluding special items (EBIT excluding special items)		641	731	(12.3)	2,136	2,122	0.7
Special items	4	(92)	(169)	45.6	(784)	(86)	-
Operating profit (EBIT)		549	562	(2.3)	1,352	2,036	(33.6)
Financial income and expenses	5	(405)	(162)	(150.0)	(535)	(421)	(27.1)
Profit before income taxes		144	400	(64.0)	817	1,615	(49.4)
Income taxes		(35)	(109)	67.9	(380)	(376)	(1.1)
Profit for the period from continuing operations		109	291	(62.5)	437	1,239	(64.7)
Profit for the period from discontinued operations		152	115	32.2	391	215	81.9
Profit for the period		261	406	(35.7)	828	1,454	(43.1)
Profit attributable to:							
Owners of the parent company		264	406	(35.0)	595	1,290	(53.9)
Coupon payments on hybrid capital, net of tax		-	-	-	235	164	43.3
Non-controlling interests		(3)	-	-	(2)	-	-

Statement of comprehensive income

DKK m

	Note	Q1-Q3 2018	Q1-Q3 2017
Profit for the period		828	1.454
Items that may subsequently be reclassified to the income statement:			
Exchange-rate adjustments of foreign enterprises	5	276	(337)
Value adjustments of hedging instruments	5	(21)	(6)
Items that cannot subsequently be reclassified to the income statement:			
Remeasurement of defined benefit pension plans		185	489
Income tax relating to remeasurement of defined benefit pension plans		(41)	(108)
Other comprehensive income/(loss)		399	38
Total comprehensive income/(loss)		1,227	1,492

Balance sheet

DKKm

	Note	30 September 2018	31 December 2017	30 September 2017
Assets				
Non-current assets				
Intangible assets		23,527	32,606	33,023
Property, plant and equipment		14,556	17,840	17,823
Joint ventures, associates and other investments		99	80	81
Pension assets	6	6,909	6,752	6,038
Receivables		192	197	210
Derivative financial instruments		-	50	54
Prepaid expenses		44	13	17
Total non-current assets		45,327	57,538	57,246
Current assets				
Inventories		225	246	218
Receivables		2,463	2,652	2,334
Income tax receivables		-	9	-
Derivative financial instruments		319	455	440
Prepaid expenses		374	473	563
Cash		656	1,767	1,404
Assets held for sale		13,155	-	-
Total current assets		17,192	5,602	4,959
Total assets		62,519	63,140	62,205

Balance sheet

DKKm

	Note	30 September 2018	31 December 2017	30 September 2017
Equity and liabilities				
Equity				
Share capital		812	812	812
Reserve for exchange rate adjustments		(1,231)	(1,507)	(1,172)
Reserve for cash flow hedges		(196)	(175)	(211)
Retained earnings		10,573	20,881	20,212
Equity attributable to owners of the parent company		9,958	20,011	19,641
Hybrid capital	8	-	5,552	5,552
Non-controlling interests		(1)	1	1
Total equity		9,957	25,564	25,194
Non-current liabilities				
Deferred tax liabilities		3,675	4,341	4,192
Provisions		968	983	932
Pension liabilities		-	29	35
Loans	7	36,302	17,282	17,319
Derivative financial instruments		-	406	406
Total non-current liabilities		40,945	23,041	22,884
Current liabilities				
Loans	7	938	4,651	4,711
Trade and other payables		7,774	9,188	8,221
Income tax payable		125	-	250
Derivative financial instruments		636	485	517
Deferred income		75	84	297
Provisions		129	127	131
Liabilities concerning assets held for sale		1,940	-	-
Total current liabilities		11,617	14,535	14,127
Total liabilities		52,562	37,576	37,011
Total equity and liabilities		62,519	63,140	62,205

Statements of cash flow

DKKm

	Q3 2018	Q3 2017	Change in %	Q1-Q3 2018	Q1-Q3 2017	Change in %
EBITDA	1,659	1,781	(6.9)	5,127	5,268	(2.7)
Adjustment for non-cash items	26	28	(7.1)	104	131	(20.6)
Pension contributions	(1)	(22)	95.5	(6)	(68)	91.2
Payments related to provisions	(20)	(6)	-	(26)	(12)	(116.7)
Special items	(91)	(67)	(35.8)	(1,009)	(225)	-
Change in working capital	120	(149)	180.5	(271)	14	-
Interest paid, net	(148)	(23)	-	(745)	(624)	(19.4)
Income tax paid	-	(3)	-	(223)	(273)	18.3
Operating activities in continuing operations	1,545	1,539	0.4	2,951	4,211	(29.9)
Operating activities in discontinued operations	336	311	8.0	788	1,114	(29.3)
Total cash flow from operating activities	1,881	1,850	1.7	3,739	5,325	(29.8)
Investment in enterprises	(4)	(76)	94.7	(29)	(76)	61.8
Investment in property, plant and equipment	(521)	(545)	4.4	(1,536)	(1,797)	14.5
Investment in intangible assets	(350)	(353)	0.8	(1,037)	(848)	(22.3)
Investment in other non-current assets	(54)	-	-	(55)	(19)	(189.5)
Divestment of enterprises	-	(2)	-	(1)	491	(100.2)
Divestment of joint ventures and associates	-	-	-	-	2	-
Sale of other non-current assets	31	6	-	62	29	113.8
Dividends received from joint ventures and associates	-	-	-	-	1	-
Investing activities in continuing operations	(898)	(970)	7.4	(2,596)	(2,217)	(17.1)
Investing activities in discontinued operations	(167)	(164)	(1.8)	(547)	(479)	(14.2)
Total cash flow from investing activities	(1,065)	(1,134)	6.1	(3,143)	(2,696)	(16.6)
Proceeds from long-term loans	5,040	-	-	32,412	-	-
Repayment of long-term loans	(5,928)	(1,860)	-	(17,838)	(1,860)	-
Finance lease repayments	(8)	(27)	70.4	(32)	(64)	50.0
Change in short-term bank loans	(227)	25	-	727	25	-
Repayment of hybrid capital	-	-	-	(5,588)	-	-
Coupon payments on hybrid capital	-	-	-	(261)	(195)	(33.8)
Dividends paid	-	-	-	(10,816)	(802)	-
Financing activities in continuing operations	(1,123)	(1,862)	39.7	(1,396)	(2,896)	51.8
Financing activities in discontinued operations	-	-	-	-	-	-
Total cash flow from financing activities	(1,123)	(1,862)	39.7	(1,396)	(2,896)	51.8
Total cash flow	(307)	(1,146)	73.2	(800)	(267)	(199.6)
Cash and cash equivalents (beginning-of-period)	1,295	2,546	(49.1)	1,767	1,687	4.7
Effect of exchange-rate changes on cash and cash equivalents	2	4	(50.0)	23	(16)	-
Cash and cash equivalents (end-of-period)	990	1,404	(29.5)	990	1,404	(29.5)

Statement of changes in equity

DKKm

	Equity attributable to owners of the parent company					Total	Hybrid capital	Non-control- ling interests	Total
	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Proposed dividends				
Equity at 1 January 2017	812	(835)	(205)	18,080	802	18,654	5,552	1	24,207
Effect of change in accounting policies		-	-	402		402		-	402
Shareholders' equity at 1 January 2017 after change in accounting policies	812	(835)	(205)	18,482	802	19,056	5,552	1	24,609
Profit for the period				1,290		1,290	164		1,454
Exchange-rate adjustments of foreign enterprises		(337)				(337)			(337)
Value adjustments of hedging instruments			(6)			(6)			(6)
Remeasurement effects of defined benefit pension plans				489		489			489
Income tax relating to remeasurement effects of defined benefit pension plans				(108)		(108)			(108)
Total comprehensive income	-	(337)	(6)	1,671	-	1,328	164	-	1,492
Distributed dividends					(802)	(802)			(802)
Share-based remuneration				59		59			59
Coupon payments on hybrid capital						-	(195)		(195)
Income tax relating to coupon payments on hybrid capital						-	31		31
Total transactions with shareholders	-	-	-	59	(802)	(743)	(164)	-	(907)
Equity at 30 September 2017	812	(1,172)	(211)	20,212	-	19,641	5,552	1	25,194

Statement of changes in equity (continued)

DKKm

	Equity attributable to owners of the parent company					Total	Hybrid capital	Non-controlling interests	Total
	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Proposed dividends				
Equity at 1 January 2018	812	(1,504)	(175)	20,491		19,624	5,552	1	25,177
Effect of change in accounting policies		(3)		390		387			387
Shareholders' equity at 1 January 2018 after change in accounting policies	812	(1,507)	(175)	20,881	-	20,011	5,552	1	25,564
Profit for the period				595		595	235	(2)	828
Exchange-rate adjustments of foreign enterprises		276				276			276
Value adjustments of hedging instruments			(21)			(21)			(21)
Remeasurement effects of defined benefit pension plans				185		185			185
Income tax relating to remeasurement effects from defined benefit pension plans				(41)		(41)			(41)
Total comprehensive income	-	276	(21)	739	-	994	235	(2)	1,227
Distributed dividends				(10,816)		(10,816)			(10,816)
Repayment of hybrid capital				(36)		(36)	(5,552)		(5,588)
Share-based remuneration				(291)		(291)			(291)
Income tax relating to share-based remuneration				96		96			96
Coupon payments on hybrid capital						-	(261)		(261)
Income tax relating to coupon payments on hybrid capital						-	26		26
Additions to non-controlling interest						-		1	1
Decrease in non-controlling interest								(1)	(1)
Total transactions with shareholders	-	-	-	(11,047)	-	(11,047)	(5,787)	-	(16,834)
Equity at 30 September 2018	812	(1,231)	(196)	10,573	-	9,958	-	(1)	9,957

Consolidated financial statements

Note 1 Accounting policies

TDC's Interim Financial Report for Q1-Q3 2018 has been prepared in accordance with IAS 34 Interim Financial Reporting.

Following the divestment of TDC's Norwegian business, the Norwegian business is classified under 'Discontinued operations' in TDC's consolidated financial statements. Comparative figures in the income statements and cash flow statements have been restated accordingly.

The consolidated financial statements are based on the historical cost convention, except that the following assets and liabilities are measured at fair value: derivatives and equity investments.

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 2017, cf. TDC's Annual Report 2017.

Changed accounting for revenue from contracts with customers

As mentioned in the Annual Report for 2017, the standard IFRS 15 Revenue from contracts with customers, effective from 1 January 2018, impacts on TDC's Financial Statements as follows:

- Revenue arrangements with multiple deliverables: discounts on bundled sales are allocated between handsets and subscriptions based on their relative fair values resulting in earlier recognition of revenue. Previously, discounts were fully allocated to the handsets
- Handsets sold below cost – Sales of handsets below cost in an arrangement that cannot be separated from the provision of services are now recognised as revenue. Previously, such sales were not recognised as revenue
- Subscriber acquisition costs – Costs that are incremental to obtaining contracts with customers are capitalised and subsequently recognised as expenses over the expected lifetime of the customer relationships. Previously, such costs were expensed as incurred
- Non-refundable up-front connection fees – Such fees are no longer seen as payment for a separate service. The fees are included in the total transaction price for the contract with the customer and allocated to the identified performance obligations (services)

- Fulfilment costs – Fulfilment costs are only capitalised if they are directly related to a contract or an anticipated contract. Previously, expenses related to non-refundable up-front connection fees were capitalised even if they were not directly related to a contract.

IFRS 15 has been implemented fully retrospectively with the comparative figures for previous periods restated accordingly.

The standard IFRS 9 Financial instruments, effective from 1 January 2018, has been implemented but has no impact on the income statements or balance sheets for Q1-Q3 2018 and previous periods.

Except for the changes mentioned above, the accounting policies are unchanged compared with the policies applied in the Annual Report 2017.

Impact on Consolidated Financial Statements

	DKK m		
	Previous accounting policy	Changed accounting policy	New accounting policy
Revenue			
Q1-Q3 2018	12,768	233	13,001
Q1-Q3 2017	12,856	122	12,978
Operating profit before depreciation, amortisation and special items (EBITDA)			
Q1-Q3 2018	5,123	4	5,127
Q1-Q3 2017	5,282	(14)	5,268
Income taxes			
Q1-Q3 2018	(379)	(1)	(380)
Q1-Q3 2017	(379)	3	(376)
Profit for period			
Q1-Q3 2018	815	13	828
Q1-Q3 2017	1,465	(11)	1,454
Total assets			
Q1-Q3 2018	62,543	(24)	62,519
Q1-Q3 2017	62,234	(29)	62,205
Total equity			
Q1-Q3 2018	9,556	401	9,957
Q1-Q3 2017	24,804	390	25,194

Note 2 Segment reporting

Activities

	DKKm							
	Consumer ¹		Business		Wholesale		Other Operations ²	
	Q1-Q3 2018	Q1-Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Q1-Q3 2018	Q1-Q3 2017
Mobility services	2,270	2,097	858	888	419	427	2	2
Landline voice	453	531	515	574	112	144	7	9
Internet and network	1,836	1,803	945	1,125	618	597	130	130
TV	2,997	3,111	23	25	41	41	0	1
Other services	666	514	814	726	109	107	248	219
Revenue	8,222	8,056	3,155	3,338	1,299	1,316	387	361
Cost of sales	(2,353)	(2,204)	(741)	(691)	(392)	(435)	(170)	(118)
Gross profit	5,869	5,852	2,414	2,647	907	881	217	243
Operating expenses	(1,275)	(1,227)	(632)	(680)	(90)	(86)	(2,385)	(2,464)
Other income and expenses	-	-	(4)	-	-	-	109	105
EBITDA	4,594	4,625	1,778	1,967	817	795	(2,059)	(2,116)
Specification of revenue:								
External revenue	8,214	8,052	3,114	3,265	1,286	1,304	387	357
Revenue across segments	8	4	41	73	13	12	-	4
					Eliminations		Total	
					Q1-Q3 2018	Q1-Q3 2017	Q1-Q3 2018	Q1-Q3 2017
Mobility services					(9)	(4)	3,540	3,410
Landline voice					-	-	1,087	1,258
Internet and network					(10)	(40)	3,519	3,615
TV					-	-	3,061	3,178
Other services					(43)	(49)	1,794	1,517
Revenue					(62)	(93)	13,001	12,978
Cost of sales					28	36	(3,628)	(3,412)
Gross profit					(34)	(57)	9,373	9,566
Operating expenses					59	81	(4,323)	(4,376)
Other income and expenses					(28)	(27)	77	78
EBITDA					(3)	(3)	5,127	5,268
Specification of revenue:								
External revenue					-	-	13,001	12,978
Revenue across segments					(62)	(93)	-	-

Note 2 Segment reporting (continued)

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

DKK m

	Q1-Q3 2018	Q1-Q3 2017
EBITDA from reportable segments	5,127	5,268
Unallocated:		
Depreciation, amortisation and impairment losses	(2,991)	(3,146)
Special items	(784)	(86)
Financial income and expenses	(535)	(421)
Consolidated profit before income taxes	817	1,615

1 The two operating segments YouSee and Online Brands are aggregated to the reportable segment Consumer as both render telecoms services B2C on the same telecoms network and under the same regulatory environment.

2 Consists of the three operating segments Operations, Digital and Headquarters. At Operations, external revenue amounted to DKK 367m (Q1-Q3 2017: DKK 339m), revenue across segments amounted to DKK 9m (Q1-Q3 2017: DKK 8m) and EBITDA amounted to DKK

Note 3 Depreciation, amortisation and impairment losses

DKKm

	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017
Depreciation on property, plant and equipment	(603)	(651)	(1,754)	(1,941)
Amortisation of intangible assets	(412)	(399)	(1,211)	(1,184)
Impairment losses	(3)	-	(26)	(21)
Total	(1,018)	(1,050)	(2,991)	(3,146)

The decrease in depreciation, amortisation and impairment losses from Q1-Q3 2017 to Q1-Q3 2018 is due primarily to higher depreciation on various network equipment related to the upgrading of the cable network to enable 1 gigabit broadband in 2017.

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 from non-consolidated enterprises and discontinued operations are recognised in profit from joint ventures and associates and profit for the year from discontinued operations, respectively.

Special items

DKKm

	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017
Gain from divestments of enterprises and property	-	-	-	137
Costs related to redundancy programmes and vacant tenancies	(46)	(144)	(157)	(249)
Other restructuring costs, etc.	(9)	(23)	(462)	(26)
Income from rulings	-	-	85	54
Loss from rulings	(2)	(1)	(2)	(1)
Costs related to acquisition of enterprises	(1)	(1)	(22)	(1)
Loss from divestments of enterprises and property	(34)	-	(34)	-
PSP settlement	-	-	(192)	-
Special items before income taxes	(92)	(169)	(784)	(86)
Income taxes related to special items	13	37	70	49
Special items related to discontinued operations	(3)	14	(15)	21
Total special items	(82)	(118)	(729)	(16)

The negative development in special items is due to the takeover of TDC by DKT.

Note 5 Financial income and expenses

Financial income and expenses

DKK m

	Q3 2018	Q3 2017	Change in %	Q1-Q3 2018	Q1-Q3 2017	Change in %
Interest income	3	3	-	7	10	(30.0)
Interest expenses	(440)	(165)	(165.1)	(784)	(489)	(60.3)
Net interest	(437)	(162)	(168.1)	(777)	(479)	(62.2)
Currency translation adjustments	(61)	(6)	-	14	26	(46.2)
Fair value adjustments	67	(13)	-	148	(20)	-
Interest, currency translation adjustments and fair value adjustments	(431)	(181)	(136.8)	(615)	(473)	(30.0)
Profit/(loss) from joint ventures and associates	(1)	-	-	(1)	(7)	85.7
Interest on pension assets	27	19	35.0	81	59	37.3
Total	(405)	(162)	(150.0)	(535)	(421)	(27.1)

Net financials recognised in other comprehensive income

DKK m

	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017
Currency translation adjustment, foreign enterprises	42	126	277	(340)
Reversal of currency translation adjustment related to disposal of foreign enterprises	-	-	-	-
Exchange-rate adjustments of foreign enterprises	42	126	277	(340)
Change in fair value adjustments of cash flow hedges	-	(30)	(29)	1
Change in fair value adjustments of cash flow hedges transferred to financial expenses	11	(2)	8	(6)
Value adjustments of hedging instruments	11	(32)	(21)	(5)

Financial income and expenses represented an expense of DKK 535m in Q1-Q3 2018, an increase of DKK 114m compared with Q1-Q3 2017 driven primarily by:

- higher interest expenses related to the refinancing in Q2 which resulted in higher levels of debt and a credit rating downgrade
- a USD 1,418m Senior Facility Agreement established under the Senior Facility Agreement on 28 June 2018 that was pre-hedged from 11 June, resulting in a total gain of DKK 180m
- a redemption of EMTN 2027 (in July 2018) resulting in a loss of DKK 68m in H1 2018

Note 5 Financial income and expense (continued)

TDC no longer applies hedge accounting under IFRS. As a consequence, currency translation adjustments and interest from derivatives are reported as fair value adjustments in the income statement. In TDC's internal reporting currency translation adjustments and interest from derivatives are reported as such, see the table below for a specification.

Specifications

DKKm

	Q3 2018				Q3 2017			
	Interest	Currency translation adjustments	Fair value adjustments	Total	Interest	Currency translation adjustments	Fair value adjustments	Total
Senior Facility Agreement	(283)	(24)	(1)	(308)	-	-	-	-
Euro Medium Term Notes	(81)	(8)	(11)	(100)	(145)	(11)	1	(155)
European Investment Bank (EIB) and bank loans	-	-	-	-	(5)	(8)	(1)	(14)
Other	(35)	3	9	(23)	(12)	13	(13)	(12)
Total	(399)	(29)	(3)	(431)	(162)	(6)	(13)	(181)

	Q1-Q3 2018				Q1-Q3 2017			
	Interest	Currency translation adjustments	Fair value adjustments	Total	Interest	Currency translation adjustments	Fair value adjustments	Total
Senior Facility Agreement	(307)	147	14	(146)	-	-	-	-
Euro Medium Term Notes	(318)	(17)	(82)	(417)	(428)	(13)	5	(436)
European Investment Bank (EIB) and bank loans	(4)	3	(2)	(3)	(17)	(8)	(1)	(26)
Other	(110)	16	45	(49)	(34)	47	(24)	(11)
Total	(739)	149	(25)	(615)	(479)	26	(20)	(473)

Note 6 Pension assets and pension obligations

Domestic defined benefit plan				DKK m
	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017
Pension (costs)/income				
Service cost	(27)	(31)	(81)	(95)
Administrative expenses	(3)	(3)	(10)	(7)
Personnel expenses (included in EBITDA)	(30)	(34)	(91)	(102)
Interest on pension assets	27	19	81	59
Pension (costs)/income	(3)	(15)	(10)	(43)
Redundancy programmes recognised in special items	3	(44)	(29)	(79)
Total pension (costs)/income recognised in the income statement	-	(59)	(39)	(122)

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. 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.

Domestic defined benefit plan				DKK m
	30 September 2018	31 December 2017	30 September 2017	
Assets and obligations				
Specification of pension assets				
Fair value of plan assets	30,502	30,959	30,213	
Defined benefit obligation	(23,593)	(24,207)	(24,175)	
Pension assets recognised in the balance sheet	6,909	6,752	6,038	
Change in pension assets				
Pension assets recognised at 1 January	6,752	5,595	5,595	
Pension (costs)/income	(39)	(118)	(122)	
Remeasurement effects	185	1,172	489	
TDC's contribution	11	103	76	
Pension assets recognised in the balance sheet	6,909	6,752	6,038	
Assumptions used to determine defined benefit obligations				
Discount rate	1.57	1.56	1.48	
General price/wage inflation	1.71	1.73	1.62	
Assumptions used to determine pension (costs)/income				
Discount rate	1.56	1.41	1.41	
General price/wage inflation	1.73	1.69	1.69	

The pension obligation is calculated by discounting the expected future pension payments.

The remeasurement effects in Q1-Q3 2018 (a net gain of DKK 185m) cover primarily a gain related to the benefit obligation (DKK 204m) resulting from the increasing discount rate (from 1.56% to 1.57%) and the decreasing inflation rate (from 1.73% to 1.71%). The gain was partly offset by a loss related to the plan assets (DKK 19m) as the actual return was lower than the expected return¹.

¹In accordance with International Financial Reporting Standards, the expected return should be assumed to be equal to the discount rate as of the end of the previous year.

Note 7 Loans and net interest-bearing debt

Euro Medium Term Notes (EMTNs) and Senior Facility Agreement (SFA)¹

						DKK m
	2018	2022	2023	2025	2025	Total
Maturity	Oct 18	Mar 22	Feb 23	Jun 25	Jun 25	
Fixed/Floating rate	Floating	Fixed	Fixed	Floating	Floating	
Coupon		3.750%	5.625%			
Currency	EUR	EUR	GBP	EUR	USD	
Type	RCF	EMTN	EMTN	SFA	SFA	
Nominal value (DKK m)	373	3,729	3,556	20,135	9,108	36,901
Nominal value (Currency)	50	500	425	2,700	1,418	
Hereof nominal value swapped to or with floating interest rate (EUR m) ¹		150	50	2,700	1,214	1,414
Hereof nominal value swapped from USD to EUR (USD m) ²		-	-	-	1,418	1,418
Hereof nominal value swapped from GBP to EUR (GBP m) ³		-	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 notional value of USD 1,418m floating loan is fully swapped to EUR.

³ The nominal value of the GBP 425m February 2023 bond is fully swapped to EUR 508m.

Net interest-bearing debt

	DKK m		
	30 September 2018	31 December 2017	30 September 2017
EMTN loans incl. short-term part	7,311	17,668	17,709
Senior Facility Agreement incl. short-term part	28,774	3,719	3,720
Debt regarding financial leasing incl. short-term part	74	102	115
Other long-term loans incl. short-term part	354	444	456
Short-term bank loans	727	-	30
Interest-bearing payables	2	2	2
Derivatives	163	133	79
Interest-bearing receivables and investments	(154)	(203)	(215)
Cash	(656)	(1,767)	(1,404)
	36,595	20,098	20,492
50% of hybrid capital	-	2,776	2,776
Net interest-bearing debt	36,595	22,874	23,268

Net interest-bearing debt increased by DKK 13,721m during Q1-Q3 2018 due to payment of dividend (DKK 10,816m) and repayment of hybrid capital (DKK 2,776m).

Note 8 Hybrid capital

Until repayment in June 2018 TDC Group had EUR 750m in callable subordinated capital securities (hybrid bonds) outstanding that were accounted for as equity. The hybrid capital was subordinated to the Group's other creditors.

Coupon payments were recognised directly in equity at the time the payment obligation arose.

Coupon payments were recognised in the statement of cash flow as a separate item within financing activities.

The hybrid bonds issued by TDC Group provided 50% equity credit from rating agencies. Accordingly, 50% of the hybrid capital is included in NIBD.

Note 9 Events after the balance sheet date

Divestment of TDC's Norwegian business

With effect from 15 October 2018, TDC A/S has divested all its shares in its Norwegian business Get (Get AS and its subsidiaries including the Norwegian B2B business, TDC Norway) to Telia Company AB for a cash sales price of NOK 21.0 billion on a cash and debt free basis, corresponding to an enterprise value (EV) /EBITDA multiple of 12.1x and an EV/(EBITDA-CAPEX) multiple of 23.7x.

The divestment of Get is estimated to result in a gain of approximately DKK 5.3 billion after tax that, in Q4 2018, will be recognised as special items related to 'Discontinued operations' in TDC Group's consolidated financial statements.

Get is classified as 'Discontinued operations' in TDC Group's consolidated financial statements effective from Q3 2018. Comparative figures in the income statements and cash flow statements are restated accordingly.

Repayment of Senior Facilities

On 30 October 2018, a substantial part of the proceeds from TDC's divestment of Get was applied towards prepayment at par of the TLB under TDC's Senior Facility Agreement. All the USD denominated tranche (USD 1,414,854,000) and EUR 650,000,000 was repaid.

Corporate matters

Change of control

On 28 February 2018, TDC A/S announced that DK Telekommunikation ApS (DKT), acting on behalf of a consortium comprised of PFA Pension, PKA, ATP and Macquarie Infrastructure and Real Assets Europe Limited acting on behalf of funds or entities managed or advised by it, had submitted a voluntary recommended public takeover offer to buy the entire share capital of TDC A/S for an all-cash consideration of DKK 50.25 per share.

On 4 May 2018, DKT acquired more than 90 percent of the entire share capital and voting rights in TDC excluding treasury shares. TDC A/S' shares were delisted from trading and the official list on Nasdaq Copenhagen AS with effect from 5 June 2018. Subsequently, DKT initiated and completed a squeeze-out of the remaining minority shareholders in accordance with the Danish Companies Acts on 8 June 2018, resulting in DKT owning 100% of the outstanding shares in TDC A/S.

TDC Group divests its Norwegian business to Telia Company

With effect from 15 October 2018, TDC A/S has divested all its shares in its Norwegian business Get (Get AS and its subsidiaries including the Norwegian B2B business, TDC Norway) to Telia Company AB for a cash sales price of NOK 21.0 billion on a cash and debt-free basis, corresponding to an EV/EBITDA multiple of 12.1x and an EV/(EBITDA-CAPEX) multiple of 23.7x.

The divestment of Get is estimated to result in a gain of approximately DKK 5.3 billion after tax that, in Q4 2018, will be recognised as special items related to 'Discontinued operations' in TDC Group's consolidated financial statements.

Get is classified as 'Discontinued operations' in TDC Group's consolidated financial statements effective from Q3 2018. Comparative figures in the income statements and cash flow statements are restated accordingly.

In TDC Group's guidance for 2018, the Norwegian business was assumed to impact EBITDA by DKK 1.3-1.4 billion and EFCF by approximately DKK 900 million.

Allison Kirkby appointed as new CEO

On 9 October 2018, TDC A/S announced that Allison Kirkby was appointed as the new CEO of TDC Group. Allison Kirkby (1967) was born in Scotland. She studied Accounting at Glasgow Caledonian University, and is a Fellow of The Chartered Institute of Management Accountants. She joined Tele2

AB in 2014 as Chief Financial Officer and has been CEO of Tele2 since 2015. Prior to joining Tele2, she held senior operational and finance positions in the telco industry, at the converged operator, Virgin Media, in the media industry at Shine Group (21st Century Fox), and in FMCG at Procter & Gamble.

Allison Kirkby replaces Pernille Erenbjerg, who has served as CEO for TDC Group since 2015. Pernille Erenbjerg announced her resignation back in May when TDC Group was acquired by DKT, though stayed on board to support the transition with the new group of shareholders. Pernille will stay in role until Allison steps into her new role during December 2018.

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. At the end of H1 2018, TDC expects no significant changes in the risks.

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 Interim Financial Statements of TDC Group for Q1-Q3 2018.

The Financial Report has been prepared in accordance with International Financial Reporting Standards (IFRS).

In our opinion, the Financial Report gives a true and fair view of the Group's assets, liabilities and financial position at 30 September 2018 as well as the results of operations and cash flows for Q1-Q3 2018. 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, 14 November 2018

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 OpCo

Andreas Pfister
Senior Executive Vice President of NetCo

Jens Aaløse
Senior Executive Vice President of Stakeholder Relations and Group Chief People Officer

Lasse Pilgaard
Senior Executive Vice President of Group Strategy & Portfolio Management

Board of Directors

Bert Nordberg
Chairman

Mike Parton
Vice Chairman

Marianne Rørslev Bock

Martin Bradley

Nathan Luckey

Arthur Rakowski

Mogens Jensen

Thomas Lech Pedersen

John Schwartzbach

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