

## TDC: Interim Financial Report Q2 2019

### Highlights

- **Reported EBITDA** declined by 1.8% and when adjusted for new lease accounting principles (IFRS 16) EBITDA decreased by 7.5%. This decline was driven primarily by costs related to the separation of TDC as well as investments in the new strategy
- **Organic EBITDA** declined by 2.6%, in line with our expectations, with solid commercial and operational performances; Gross profit growth in mobility services and broadband while the decline in landline voice and TV continued
  - **Positive ARPU development** in all segments, except for landline voice; mobile voice ARPU in Business increased for the first time in eight years
  - Strong gross profit growth of 2.7% YoY in **internet & network. TV** shows a declining customer base but this is however in line with recent trend
  - Continued gross profit growth in **mobility services** (2.2% YoY); strong trade-up trend to higher value propositions, partly offset by negative net adds in Consumer due to announced price increases
- **Positive NPS** development of +1.0 pp for TDC Group which was driven by YouSee, where especially the brand perception and service & support functions have contributed to the increase
- **Organic operating expenses** declined by 1.8%. The improvement was driven mainly by productivity improvements allowing for fewer FTEs and a reduced marketing spending in our Consumer division
- A critical TDC Group strategy milestone was accomplished with **the partial demerger on June 11th**, resulting in a legal separation of the two business units TDC NetCo and Nuuday. The next stage, involving separating the IT infrastructure, will be carried out over the coming two years

- Capex increased by 35.6% to DKK 1.1bn, driven mainly by **preparations for 5G** and the swap to Ericsson equipment, and **fibre rollout in TDC NetCo** to 22k addresses announced across Denmark so far. Further, as a part of TDC's ambitious long-term fibre roll out plan, **TDC NetCo and Nordkysten established a joint venture, Fiberkysten**, which will start rolling out fibre in Q3 this year
- **Nuuday strengthened key partnerships during the quarter; Nuuday and Eniig activated a fibre cooperation** that will ensure more than 300k households from North and Central Jutland access to Nuuday's digital entertainment services
- **NetDesign – a part of TDC Business - awarded a large public tender agreement** covering most of local authorities in Denmark and the central government, and includes IT security, Network and Unified Communication incl. telephony services. This agreement enables further growth potential for integrator services in TDC Business.
- **2019 guidance updated excluding effects from IFRS 16:** a low single-digit decline in organic EBITDA and DKK 300-400m in costs related to the separation of TDC (updated from slightly lower EBITDA), capex of DKK 4.4-4.8bn (updated from DKK 4.1-4.5bn) and leverage of ~3.5x for the year (unchanged)

#### Conference call details

A conference call will be held on 13 August 2019 at 14:30 CET.

Presentation material will be available prior to the conference call on [www.tdcgroup.com](http://www.tdcgroup.com)

Dial-in details can be found at:

<http://event.onlineseminarsolutions.com/r.htm?e=2055463&s=1&k=EFE2AECE1B430A04F5523E17CC9242DF>

Webcast: <https://edge.media-server.com/mmc/p/s9guqnsa>

For investor enquiries: +45 66 63 76 80

For media enquiries: +45 70 20 35 10

*This notification is made by Klaus Rose, Treasury Analyst at TDC A/S.*

#### TDC tickers

Reuters TDC.CO.

Bloomberg TDC DC.