

TDC Group Q4 2020

22th January 2020

Q4 highlights

- **Financial performance in 2020 was in line with previously communicated guidance;** a flat to slight decline in EBITDA (actuals -1.6%), capex of DKK 5.5-5.9bn (actuals DKK 5.5bn). Net debt-to-EBITDA ratio was 3.7x, excluding IRFS 16, which is lower than guided (4.1x).
- **Improved or stable commercial performance across all main products in TDC Group** as well as continued cost savings resulted in a stabilised EBITDA development in Q4 (+0.4% YoY).
- **TDC Group's operating expenses improved by 8.7% YoY in Q4,** driven by cost reductions across TDC Group, primarily in Nuuday (20.1%).
- **Nuuday's customer base trend improved in Q4** or remained stable compared with previous quarters, and as a result the market share development stabilised
 - Mobile RGU base improved significantly in Q4 with positive net adds in both Consumer and Business.
 - Improved customer trend in I&N partly from increased fibre connections
 - TV customer base trend remained stable during the quarter.
- Nuuday signed three deals in Q4 to get **access to fibre networks** with Norlys, EnergiFyn and Nord Energi. These deals establish Nuuday's position as the leading provider of high-speed connections nationwide
- **Capex decreased by 3.0% YoY at TDC NET in Q4,** driven by efficiency improvements as we had our most productive fibre rollout quarter with more than 42k homes passed in Q4, bringing the total in 2020 to 123k. Q4 also saw the end of the YoY effect of the fibre rollout and 5G.
 - Strong performance in **TDC NET on high-speed broadband** (fibre and cable) net adds in Q4 and 2020, in line with our strategy
 - **TDC NET completed the 5G-swap,** by swapping over 3800 mobile sites to 5G while simultaneously improving the existing network quality. As a result, Denmark is the first Nordic country to achieve nationwide 5G coverage.
- **2021 guidance assumes slightly below to flat EBITDA**

TDC Group's financial highlights

DKKm	YTD 2020		Q4 2020		Q3 2020
	Reported	YoY growth %	Reported	YoY growth %	YoY growth %
Revenue	16,089	-5.6	4,055	-5.3	-5.3
Gross profit	11,463	-5.3	2,792	-4.0	-4.9
Opex	-5,043	-9.5	-1,288	-8.7	-9.8
EBITDA	6,420	-1.6	1,504	0.4	-0.8
Profit for the period	151	-16.1	29	-31.0	
Capex	-5,547	15.5	-1,573	16.9	
Adjusted NIBD/EBITDA ¹	3.7		3.7		

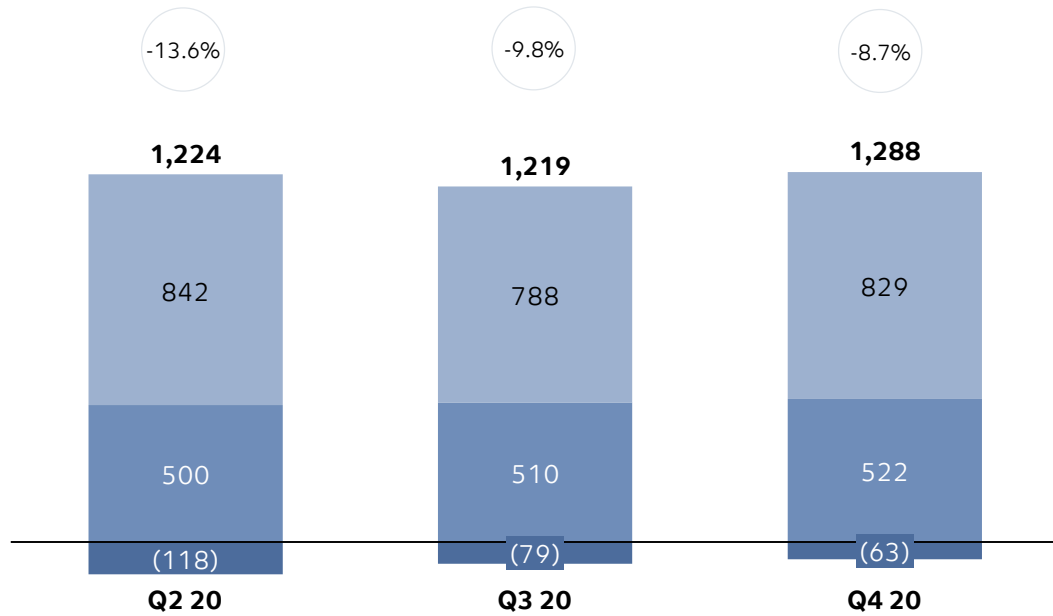
1. Calculated without the additional lease liabilities due to the adoption of IFRS 16 and the resulting EBITDA effect. The EBITDA effect of IFRS 16 amounts to DKK 416m for the last twelve months. Including IFRS 16 the NIBD/EBITDA ratio amounts to 4.2 at 30 September 2020.

TDC Group opex & capex

○ YoY growth¹ ■ Nuuday ■ TDC NET ■ Eliminations & Other

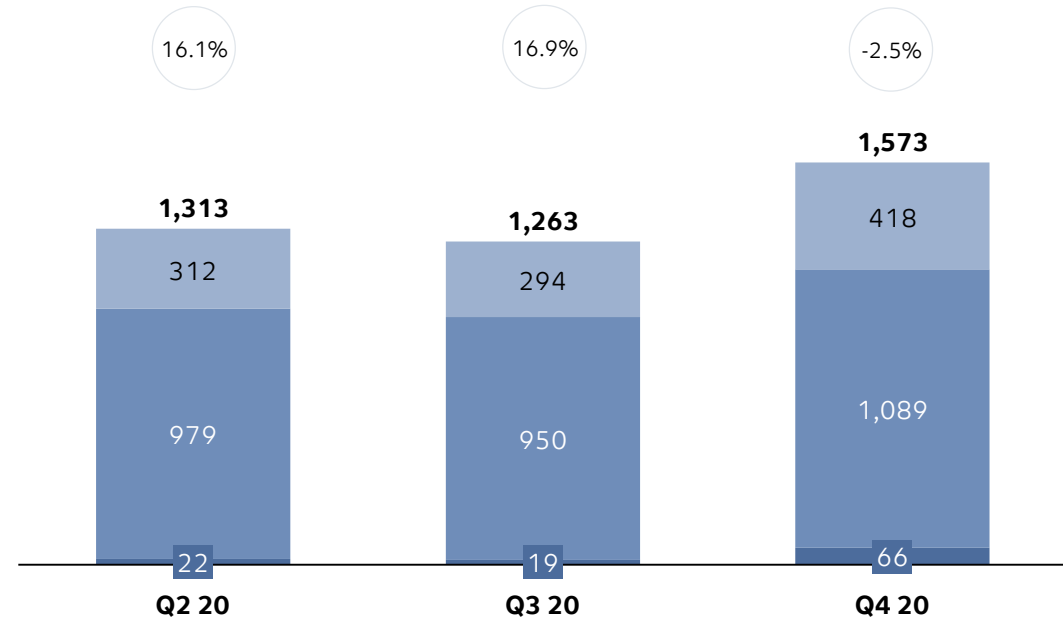
TDC Group opex

(DKKm)



TDC Group capex

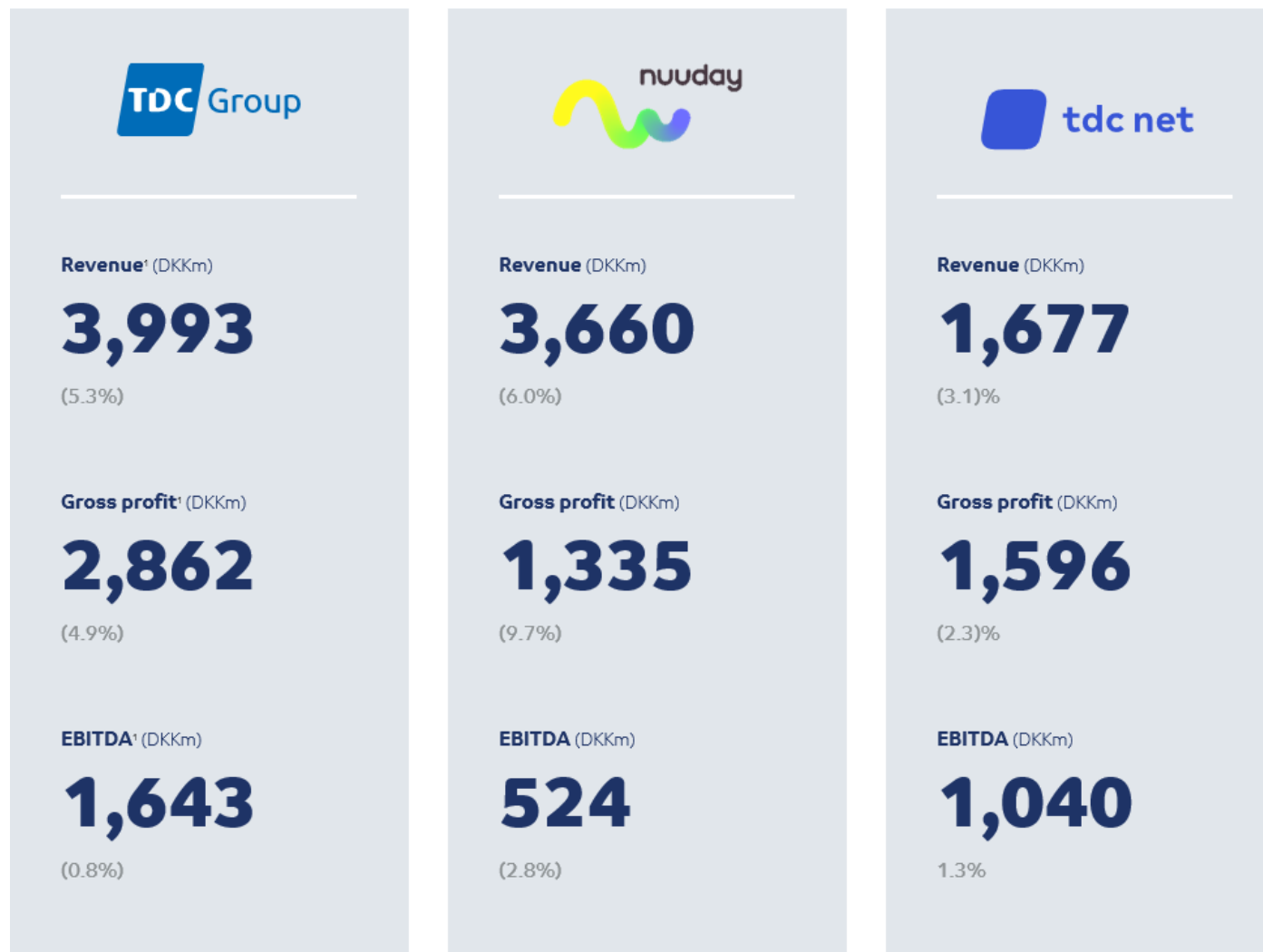
(DKKm)



1. Mathematical notation – negative growth corresponds to a reduction of the cost base

Business unit performance in Q4 2020

The illustration reflects TDC Group's Q4 2020 performance based on our segment reporting. Following the legal separation, trading on an arm's length basis between Nuuday, TDC NET and the shared services centres in Headquarters has been implemented and is reflected in the financial figures.



1. Both absolute figures and growth rates do not amount to 100% as headquarters and eliminations are not included in the table.

TDC NET



We connect Denmark.
To benefit everyone.

TDC NET financials

DKKm	YTD 2020		Q4 2020	
	YoY growth %	Reported	YoY growth %	Reported
Revenue	-3.1	6,828	-3.9	1,679
Hereof external revenue	-4.3	1,666	-4.2	407
Gross profit	-2.1	6,447	-0.1	1,604
Opex	-7.4	-2,013	-1.3	-522
EBITDA	0.4	4,434	0.5	1,082
Capex	23.9	-3,971	-3.0	-1,089

- In Q4, TDC NET's **revenue** declined by 3.9% YoY. This decline was mainly attributable to a continued decline in landline voice and TV revenue due to declining customer bases and declining revenues from third party antenna organisation for upgrading and servicing their cable networks. The revenue decline was partly offset by higher ARPU and revenue in internet & network and growth in Mobility Services from increased traffic.
- **Gross profit** in TDC NET declined by 0.1% in Q4 with improved gross profit margin positively affected by periodisation on cost of sales in customer installations, offsetting the decline in revenue.
- **Operating expenses** declined by 1.3% or DKK 7m driven by positive developments in external expenses from lower costs related to the separation of TDC, partly offset by increased personnel expenses due to YoY increases in FTEs.
- **EBITDA** increased by 0.5% primarily driven by the positive developments on operating expenses.
- **Capital expenditure** decreased by 3.0% due to efficiencies in production as we now have a comparable YoY quarter where 2019 Q4 was also up to full speed on both 5G swap and the fibre roll-out. TDC NET is now able to rollout even more fibre than last year at a lower cost with over 42,000 Homes passed in Q4. In Q4 TDC NET completed the 5G swap with over 3,800 mobile sites upgraded.



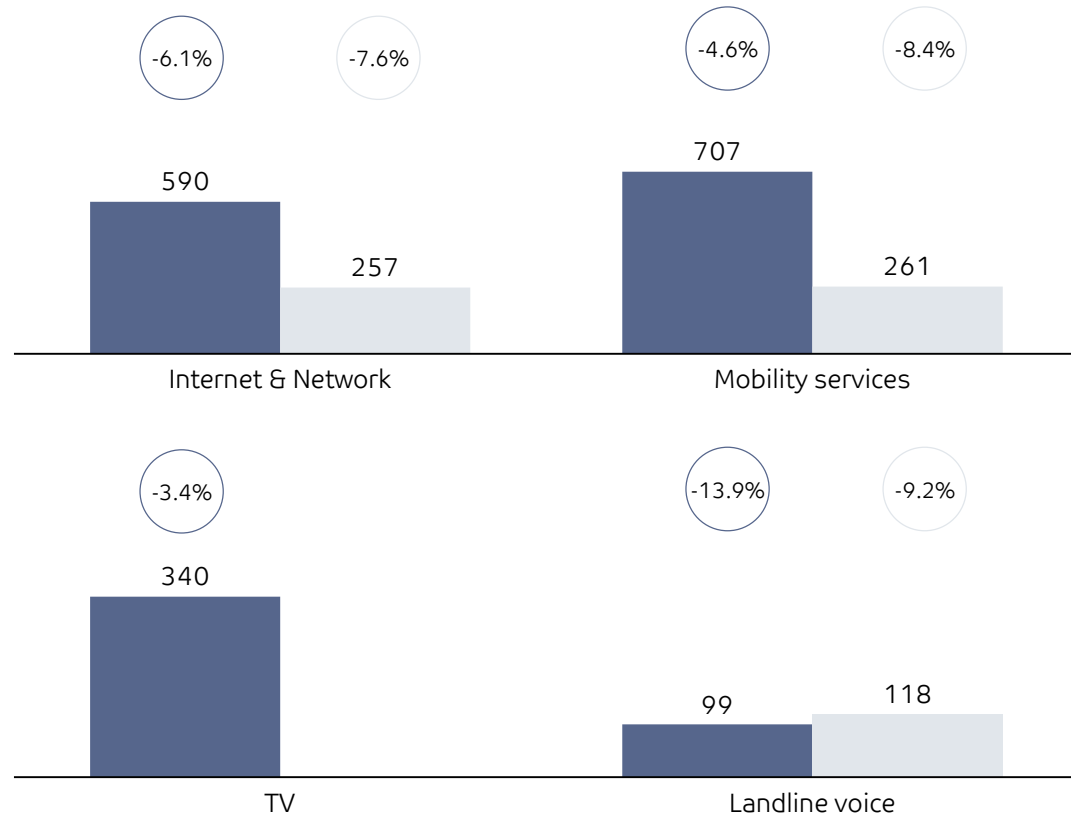
Nuuday

Nuuday products

■ Consumer ■ Business ○ YoY growth

Nuuday external gross profit in Q4 2020

DKKm



Internet & network

- The Internet & network gross profit decreased 6.1% YoY in Consumer and 7.6% YoY in Business. The decreases were driven by declining customer bases in both segments, and partly offset in Consumer by a higher ARPU driven by price increases and speed upgrades.
- Nuuday broadband market share end of fourth quarter was 41.4% vs. 42.1% end of third quarter¹

Mobility services

- Mobility services gross profit decreased 4.6% and 8.4% YoY in Consumer and Business, respectively. The decrease was driven by YoY decline in the Consumer customer base, decreasing mobile voice ARPU and impacts from Covid-19 on roaming in Business. However, the net adds in Consumer improved significantly over the year and turned from negative in first three quarters to positive in Q4.
- Nuuday mobility market share end of fourth quarter was 38.2% vs. 38.1% end of third quarter.

TV

- TV gross profit declined 3.4% YoY. This was driven by the extraordinary RGU losses in H1'2020 that decreased TV revenue compared with Q4 last year. The gross profit margin in Consumer however improved in Q4 as a result of price increases as well as lower content costs compared with the fourth quarter last year.
- Nuuday TV market share end of fourth quarter was 50.8%, vs. 51.2% end of third quarter.

Landline voice

- Landline voice gross profit decline of 13.9% YoY in Consumer and 9.2% YoY in Business. The decreases are driven a decreasing customer base in line with the trend.

1. B2C + HAP market share

Nuuday financials

DKKm	YTD 2020		Q4 2020	
	YoY growth %	Reported	YoY growth %	Reported
Revenue	-5.6	14,756	-5.6	3,732
Hereof external revenue	-5.8	14,416	-5.7	3,645
Gross profit	-9.8	5,318	-12.4	1,250
Opex	-12.4	-3,382	-20.1	-829
EBITDA	-4.9	1,936	8.2	421
Capex	-5.7	-1,431	1.2	-418

- In Q4, Nuuday **gross profit** decreased by 12.4% YoY to DKK 1,250m. This decrease was driven by declining customer bases where run rate effects from Q1 2020 and Q2 2020 have a high impact this quarter compared with last year. The net adds trends have significantly improved in Q3 and Q4 compared with Q1 and Q2.
- Nuuday's **operating expenses** in Q4 decreased by 20.1% YoY to DKK 829m. The decrease was driven by a general cost focus and savings across all operating expenses categories. Especially personnel expenses and acquisition costs greatly reduced.
- Overall, Nuuday's Q4 **EBITDA** increased 8.2% YoY, up DKK 32m compared with Q4 last year.



Capital Structure

Capital structure

TDC A/S	As of December 2020	As of September 2020	As of June 2020	As of March 2020
DKKm				
Senior Facility Agreement incl. RCF	14,112			
EMTN bonds	7,252			
Cash and cash equivalents	(434)			
Loans, bonds etc.	20,930			
Lease liabilities	4,307			
Mobile spectrum, correction for currency adjustments effects related to long term debt derivatives and Other	1,375			
TDC total net debt (NIDB)	26,612			
NIBD/EBITDA¹	4.1			
NIBD/EBITDA excl. IFRS 16¹	3.7	3.6	3.7	3.7
NIBD/EBITDA excl. IFRS 16 & mobile licenses¹	3.5			
DKT Finance ApS				
DKKm				
Senior Notes	10,201			
PPA adjustments on EMTN bonds	288			
Cash and cash equivalents	(25)			
Other	179			
DKT Finance total net debt (NIBD)	10,643			
DKT Finance Group loans, bonds etc.	31,573			
DKT Finance Group total net debt (NIBD)	37,255			
NIBD/EBITDA¹	5.8			
NIBD/EBITDA excl. IFRS 16¹	5.5	5.4	5.5	5.5
NIBD/EBITDA excl. IFRS 16 & mobile licenses¹	5.3			

1. Figures are excl. Shareholder loans.