

A photograph of three business women in professional attire (blazers) gathered around a table. They are looking at a laptop screen, with one woman pointing at it. The setting appears to be a modern office or meeting room with large windows in the background. The text is overlaid on the left side of the image.

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# TDC Group and DKT Holdings Financial Report

January – Marts 2019

16 May 2019

TDC Group

# Q1 highlights

- **Reported EBITDA** declined by 3.9% and adjusted for new lease accounting principles (IFRS 16) EBITDA decreased by 9.5%. The decline was driven by extraordinary high costs related to the separation of TDC as well as investments in the new strategy
- **Organic EBITDA<sup>1</sup>** declined by 3.0%, and in line with expectations. Commercial performance was consistent with prior quarter trends, however compared with Q1 2018, we generated lower year-on-year cost savings and have now annualised the synergies generated from the acquisition of Plenti
- Continued **improved development in gross profit** with growth in Consumer's and Business' mobility services and Consumer broadband driven by price increases and the acquisition of Hiper, despite a continued loss of customers across broadband, landline voice and TV
- **Business revenue growth** of 0.9%, the highest growth in the past 10 years, was driven by growth in mobility services as well as growth in integrated services
- As we prepare for separation, TDC Group's customer-orientated business line "OpCo" has been relaunched as **Nuuday**. Nuuday is a digital services company that will create value by providing its customers with the best and most digitalised services and experiences, including entertainment. To stabilise and return the TV and business segments to growth, Nuuday has made major strategic investments during the quarter:
  - **Premier League Agreement** with Nordic Entertainment Group. Half of the matches will be available exclusively on YouSee's new TV and streaming channel Xee from August 2019
  - Strategic acquisitions in **security (Secu) and cloud (Firmafon)**, to better serve our large, medium-sized and small enterprises with a broader range of digital services
- Continued focus on investments in **the best high-speed technologies** with an **open-access and carrier neutral approach**:
  - Successfully acquired **new mobile licences** for the 700 and 2300 MHz bands, and renewed the 900-MHz band licence. TDC won 14 out of 20 lots at the auction, which was the maximum allowed allocation. With the new spectrum, TDC will be able to roll out 5G across Denmark and strengthen capacity in our award winning 4G network
  - New **strategic partnership established to build next-generation 5G infrastructure** between TDC Group and Ericsson to build a nationwide 5G mobile network. The ambition is to offer 5G coverage throughout Denmark by the end of 2020
  - Fibre rollout set to accelerate; **12k addresses** announced across Denmark so far
  - **National roaming agreement with 3**, including voice, messages and data across TDC Group's 2G, 3G and 4G networks. The agreement will benefit Group financials from Q2 2019
- **Guidance 2019** is maintained, excluding effects from IFRS 16; with slightly lower EBITDA, capex of DKK 4.1-4.5bn and leverage of ~3.5x for the year

1. Reported figures excluding items affecting comparability; regulatory price adjustments, impact from acquisitions and divestments as well as costs related to the separation of TDC, investments in fibre rollout and effects from new lease accounting principles (IFRS 16)

# TDC Group's financial highlights

DKKm	<u>FY 2017</u>	<u>FY 2018</u>	<u>Q1 2019</u>		
	Growth % Organic <sup>1</sup>	Growth % Organic <sup>1</sup>	Reported	Growth % Reported	Organic <sup>1</sup>
<b>Revenue</b>	<b>(2.3)</b>	<b>(0.5)</b>	<b>4,304</b>	<b>(0.6)</b>	<b>(1.4)</b>
<b>Gross profit</b>	<b>(3.2)</b>	<b>(1.2)</b>	<b>3,094</b>	<b>(1.6)</b>	<b>(2.2)</b>
<b>Opex</b>	<b>(5.4)</b>	<b>(2.7)</b>	<b>(1,396)</b>	<b>1.4</b>	<b>(1.3)</b>
<b>EBITDA</b>	<b>(1.4)</b>	<b>0.1</b>	<b>1,698</b>	<b>(3.9)</b>	<b>(3.0)</b>
<b>Profit for the period<sup>2</sup></b>			<b>380</b>	<b>(41.7)</b>	
<b>Capex</b>			<b>(975)</b>	<b>(17.8)</b>	
<b>NIBD/EBITDA</b>		<b>2.9</b>	<b>3.9</b>		

1. Reported figures excluding items affecting comparability; regulatory price adjustments, impact from acquisitions and divestments as well as costs related to the separation of TDC, investments in fibre rollout and effects from new lease accounting principles (IFRS 16)

2. Profit for the period from continuing operations, excl. special items

# Q1 2019 performance per business line

○ YoY organic growth<sup>2</sup>

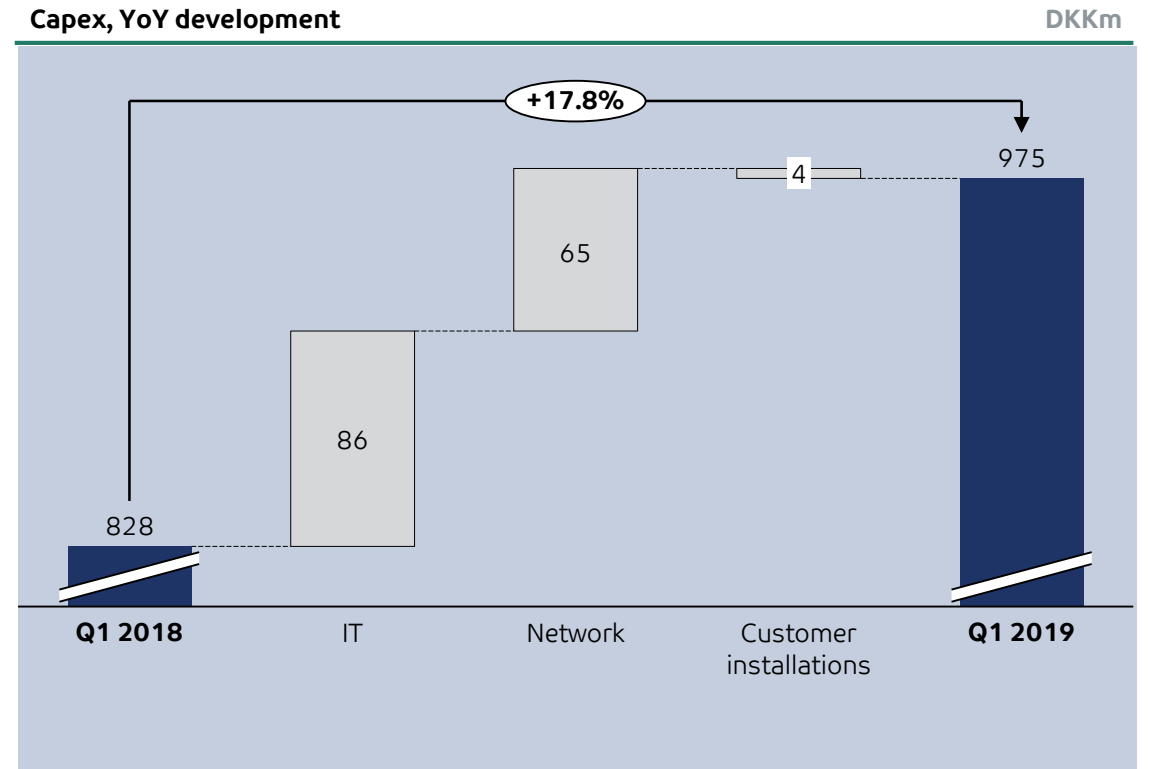
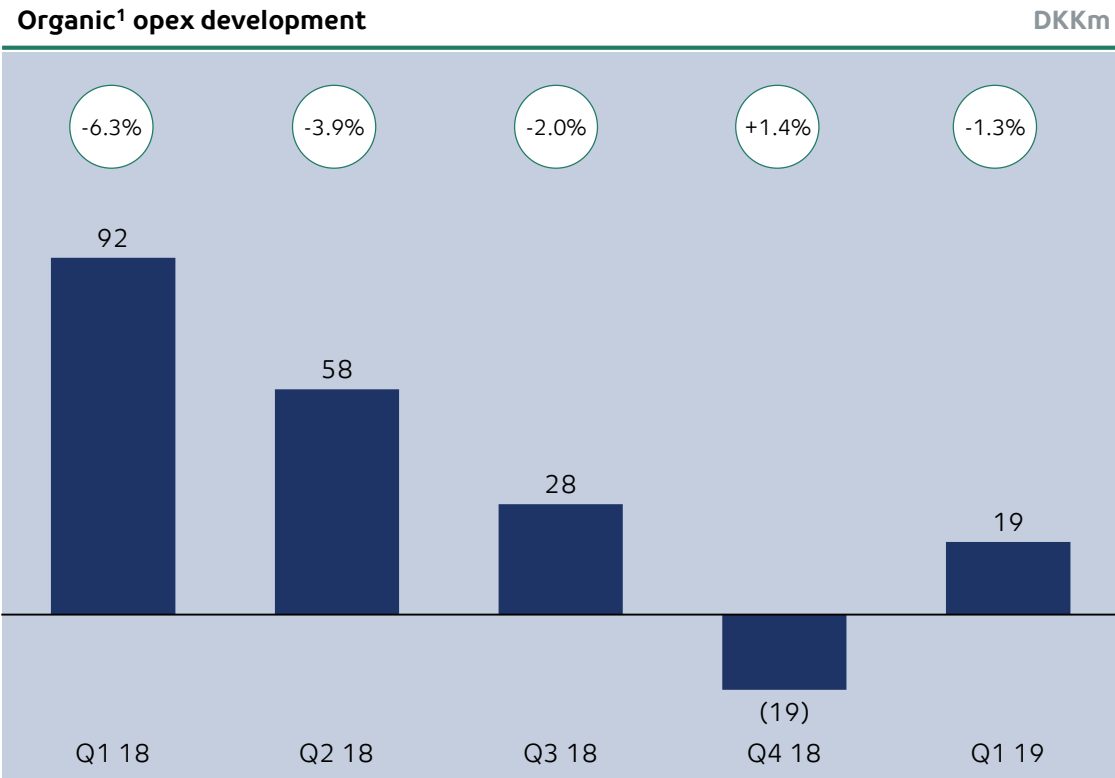
DKKmn	TDC Group	Consumer	Business	Wholesale	Other operations
Revenue <sup>1</sup>	4,304 (0.6%)	2,726 (0.2%)	1,066 0.9%	412 (4.0%)	140 15.7%
Gross profit <sup>1</sup>	3,094 (1.6%)	1,930 (1.8%)	778 (3.5%)	285 (6.9%)	107 72.6%
EBITDA <sup>1</sup>	1,698 (3.9%)	1,488 (1.5%)	570 (5.3%)	249 (10.1%)	(601) (3.2%)
	○ -3.0%	○ -1.7%	○ -5.4%	○ -10.1%	○ -5.4%

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

2. Reported figures excluding items affecting comparability; regulatory price adjustments, impact from acquisitions and divestments as well as costs related to the separation of TDC, investments in fibre rollout and effects from new lease accounting principles (IFRS 16)

# Opex & capex

○ YoY organic growth<sup>1</sup>



1. Reported figures excluding items affecting comparability; regulatory price adjustments, impact from acquisitions and divestments as well as costs related to the separation of TDC, investments in fibre rollout and effects from new lease accounting principles (IFRS 16)

# Operational key figures in Q1 2019 (1/2)

■ Consumer ■ Business



1. ARPU and RGU relate only to broadband.  
 2. ARPU and RGU relate only to mobile voice.  
 3. Adjusted for regulation and acquisitions/divestments.

# Operational key figures in Q1 2019 (2/2)

■ Consumer ■ Business



1. Adjusted for regulation and acquisitions/divestments.

# DKT Holdings financial highlights

**Q1 2019**

Actuals

DKKm

<b>Revenue</b>	<b>4,304</b>
<b>Gross profit</b>	<b>3,094</b>
<b>Opex</b>	<b>(1,395)</b>
<b>EBITDA</b>	<b>1,699</b>
<b>Profit for the period</b>	<b>(575)</b>
<b>Capex</b>	<b>(975)</b>
<b>NIBD/LTM EBITDA</b>	<b>3.9</b>



# Capital structure

<b>TDC A/S</b>	<b>As of Mar 2019</b>	<b>Leverage ratio</b>
Senior Facility Agreement incl. RCF	14,140	
EMTN bonds	7,423	
Cash and cash equivalents	(2,351)	
Correction for Hedge accounting effects and Other	1,562	
<b>TDC total net debt (excl. Finance Leases)</b>	<b>20,774</b>	<b>3.1</b>
Finance Leases	5,369	
<b>TDC total net debt</b>	<b>26,143</b>	<b>3.9</b>
<b>DKT Finance Aps</b>		
Senior Notes	10,404	
PPA on EMTN bonds	602	
Cash and cash equivalents	(226)	
<b>DKT Finance total net debt</b>	<b>10,780</b>	<b>1.6</b>
<b>DKT Finance Group total net debt (excl. Finance Leases)</b>	<b>31,554</b>	<b>4.8</b>
Finance Leases	5,369	
<b>DKT Finance Group total net debt</b>	<b>36,923</b>	<b>5.6</b>

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# Q&A



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# Disclaimer

This Report may include statements about TDC Group's expectations, beliefs, plans, objectives, assumptions or 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 Group 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 licenses; 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.

The market shares included in this report are estimated by TDC Group Market Intelligence and may change with retrospective effect as increased knowledge of the market is obtained. The total market is defined to include residential and business. Market share for landline voice is based on number of lines. Market shares for broadband and TV are based on subscriptions. Market share for mobile voice is based on subscriptions excl. prepaid cards.