

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 in Q4 improved** 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 from increased fibre connections.
 - TV customer base trend remained stable during the quarter.
- Nuuday signed three deals in Q4 to get **access to fibre network** 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**

Group performance in 2020

2020 guidance follow-up

Our 2020 guidance assumed a flat to slightly declining EBITDA-development, strategic capex investments in 5G and fibre of DKK ~2.6bn, total capex spending of DKK 5.5- 5.9bn and net debt-to-EBITDA EoY of ~4.1x excluding IFRS 16¹. TDC Group delivered on all guided parameters. The 2020 EBITDA result was within guidance of flat to slight decline in EBITDA for the full-year (-1.6% YoY).

The 2020 capital expenditure and strategic capital expenditure investments in 5G and fibre were within the guided amounts of 5.5-5.9bn (5.5bn) and ~2.6bn (2.5bn), respectively.

The 2020 EoY net debt-to-EBITDA was below the guided amount of ~4.1x excluding IFRS 16¹ (3.7x).

Revenue

In 2020, TDC Group's revenue decreased by 5.6% or DKK 955m to DKK 16,089m, compared with 2019. The decline was driven mainly by TV, the drag from legacy technologies in internet & network and landline voice.

Gross profit

TDC Group's gross profit decreased by 5.3% or DKK 636m to DKK 11,463m in 2020. The decline was driven primarily by TV, the drag from legacy technologies in internet & network and the continued decline in landline voice.

Operating expenses

In 2020, operating expenses decreased by 9.5% or DKK 532m to DKK 5,043m. The improved

operating expenses were fuelled by cost savings across TDC Group.

EBITDA

In 2020, EBITDA decreased by 1.6% or DKK 104m to DKK 6,420m. The development was triggered by declines in TV, internet & network and landline voice that were somewhat offset by improved cost savings.

Capital expenditure

Capital expenditure totalled DKK 5,547m in 2020, up by 15.5% or DKK 746m compared with the same period last year. This resulted mainly from increased investments in fibre rollout.

TDC Group, key figures (DKKm)	Q4 2020	Q4 2019	Change in %	2020	2019	Change in %
Income statements						
Revenue	4,055	4,284	(5.3)	16,089	17,044	(5.6)
Gross profit	2,792	2,908	(4.0)	11,463	12,099	(5.3)
Operational expenses	(1,288)	(1,410)	(8.7)	(5,043)	(5,575)	(9.5)
EBITDA	1,504	1,498	0.4	6,420	6,524	(1.6)
Profit for the period from continuing operations excluding special items	55	101	(45.5)	306	336	(8.9)
Profit for the period	29	42	(31.0)	151	180	(16.1)
Total comprehensive income	326	533	(37.5)	850	820	3.7
Capital expenditure, excluding mobile licenses	(1,573)	(1,614)	(2.5)	(5,547)	(4,801)	15.5
Mobile licenses	-	-	-	-	(1,349)	-
Key financial ratios						
Gross margin, %	68.9	67.9	-	71.2	71.0	-
EBITDA margin, %	37.1	35.0	-	39.9	38.3	-

Cash flow

Total cash flow from continuing operations decreased by DKK 455m to DKK -1,129m.

Cash flow from operating activities in continuing operations in 2020 rose DKK 220m to DKK 5,441m. The increase was driven primarily by net working capital (DKK 403m). The latter was due mainly to the COVID-19 temporary liquidity support package (postponing VAT and employee tax payments) from the Danish State (approx. DKK 350m). Another positive contribution was a larger distribution of excess capital from the TDC Pension Fund compared with 2019 (DKK 64m before tax). The increase in cash flow was partly offset by the different timing of income tax paid (DKK -134m), higher cash flow related to special items (DKK -106m) due to a higher level of redundancies as well as lower EBITDA (DKK -104m).

The DKK 416m decrease in cash outflow from investing activities in continuing operations, up to DKK 4,714m, was driven primarily by higher cash flow adjustments to capex due to different timing of payments compared with 2019, partly offset by higher capex.

Cash outflow from financing activities in continuing operations in 2020 increased by DKK 1,091m to DKK 1,856m, driven mainly by repayment of short-term bank loans raised in 2019.

Profit for the year

Excluding special items, profit for the year decreased by 8.9% or DKK 30m to DKK 306m. The decrease in EBITDA mentioned above and the increase in income taxes was almost offset by decreased depreciation, amortisation and write-downs.

Profit for the year (including special items) decreased by DKK 29m to DKK 151m.

Comprehensive income

Total comprehensive income increased by DKK 30m to DKK 850m. The DKK 29m decline in profit for the year was more than offset by a positive development in defined benefit plans for Danish employees (DKK 67m after tax).

Net interest-bearing debt

During 2020, net interest-bearing debt excluding the impact from IFRS 16 increased by DKK 336m to DKK 22,363m. The increase was due primarily to the dividend payment of DKK 875m to cover expenses in DKT and lease repayments of DKK 298m which were partly offset by the positive net cash flow from operating and investing activities (DKK 727m).

2021 guidance

2021 guidance assumes slightly below to flat EBITDA.

Cash flow and net interest-bearing debt (DKK m)	Q4 2020	Q4 2019	Change in %	2020	2019	Change in %
Cash flow from operating activities	670	1,259	(46.8)	5,441	5,221	4.2
Investment in property, plant and equipment	(382)	(1,231)	(69.0)	(3,233)	(3,400)	(4.9)
Investment in intangible assets	(458)	(375)	22.1	(1,502)	(1,621)	(7.3)
Lease repayments	(98)	(92)	6.5	(298)	(314)	(5.1)
Equity free cash flow	(268)	(439)	(39.0)	408	(114)	-
Total cash flow from operating activities	670	1,259	(46.8)	5,441	5,221	4.2
Total cash flow from investing activities	(834)	(1,616)	(48.4)	(4,714)	(5,130)	(8.1)
Total cash flow from financing activities	(483)	113	-	(1,856)	(765)	142.6
Total cash flow from continuing operations	(647)	(244)	165.2	(1,129)	(674)	67.5
Total cash flow from discontinued operations	0	0	-	0	(3)	-
Total cash flow	(647)	(244)	165.2	(1,129)	(677)	66.8
Net interest-bearing debt (NIBD) excl. impact from IFRS 16	(22,363)	(22,027)	1.5	(22,363)	(22,027)	1.5
Net interest-bearing debt (NIBD)	(26,612)	(27,204)	(2.2)	(26,612)	(27,204)	(2.2)
NIBD/EBITDA	x 4.1	4.2		4.1	4.2	
NIBD/EBITDA excl. impact from IFRS 16	x 3.7	3.6	-	3.7	3.6	
NIBD/EBITDA excl. impact from IFRS 16 and investments in mobile licenses	x 3.5	3.4	-	3.5	3.4	-

TDC NET performance in 2020

Revenue

In 2020, TDC NET's revenue decreased by 3.1% or DKK 222m to DKK 6,828m compared with 2019. The main contributor to the decreased revenue was the continued decline in the landline voice customer base, loss of revenue in TV and internet & network due mainly to extraordinary RGU losses in Nuuday and the drag from legacy technologies, as well as declining revenue for antenna upgrades and services relating to third-party private antenna organisations. This was partly offset by increased revenue in mobility services due to the increased capacity of our mobile network and full-year impact of the national roaming agreement with Hi3G.

Gross profit

TDC NET's gross profit decreased by 2.1% or DKK 141m to DKK 6,447m in 2020. This was driven by revenue declines in landline voice, TV and internet & network, as well as decreasing external installation activity as the resources were used for the internal fibre rollout. This was partly offset by growth in mobility services from improvements of our network and the full-year impact of the national roaming agreement with Hi3G, combined with an increase in gross profit margin of 93.5% in 2019 to 94.4% in 2020, due mainly to periodisation in customer installations on cost of sales from previous years.

Operating expenses

TDC NET's, operating expenses in 2020 decreased by 7.4% or DKK 160m to DKK 2,013m, driven by savings on external expenses related to the separation of TDC, as well as lower personnel expenses despite increases in FTEs. The decreasing expenses were driven by efficiency improvements in operations and increased investments in fibre rollout and the 5G swap, leading to increased capitalised salary costs.

EBITDA

In 2020, EBITDA increased by DKK 19m to DKK 4,434m, attributable to lower operating expenses combined with improved gross profit margin.

Capital expenditure

Capital expenditure for 2020 totalled DKK 3,971m, up by 23.9% or DKK 765m compared with the same period last year. This resulted mainly from increased investments in the fibre rollout, with 123k homes passed and from upgrading and launching our 5G mobile network as well as swapping to Ericsson equipment.

TDC NET, key figures ¹ (DKKm)	Q4 2020	Q4 2019	Change in %	2020	2019	Change in %
Income statements						
Revenue	1,679	1,748	(3.9)	6,828	7,050	(3.1)
Hereof external revenue	331	352	(6.0)	1,373	1,471	(6.7)
Gross profit	1,604	1,606	(0.1)	6,447	6,588	(2.1)
Operational expenses	(522)	(529)	(1.3)	(2,013)	(2,173)	(7.4)
EBITDA	1,082	1,077	0.5	4,434	4,415	0.4
Capital expenditure, excluding mobile licenses	(1,089)	(1,123)	(3.0)	(3,971)	(3,206)	23.9
Key financial ratios						
Gross margin, %	95.5	91.9	-	94.4	93.4	-
EBITDA margin, %	64.4	61.6	-	64.9	62.6	-

¹ Reported figures have been restated in TDC NET relating to the treatment of leases according to IFRS 16 and allocation of mobile interconnect revenue, see segment note 2, p. 12 for further information and the 2020 Q4 TDC Group Fact Sheet for a comparative overview

Nuuday performance in 2020

Revenue

In 2020, Nuuday's revenue decreased by 5.6% or DKK 870m to DKK 14,756m. The revenue at Consumer and Business declined by DKK 704m and DKK 236m, respectively. This was driven by extraordinary RGU losses at the beginning of the year, resulting in a smaller RGU base throughout 2020 compared with last year. An increase in the fibre customer base partly offset the negative development, along with the mobile net adds turning positive in Q4. In addition, the RGU loss trends across the remaining products improved and stabilised in Q4.

Gross profit

Nuuday's gross profit decreased by 9.8% or DKK 577m to DKK 5,318m in 2020. TV external gross profit decreased by DKK 176m or 10.4% vs. 2019, while internet & network external gross profit decreased by DKK 185m or 5.1%, attributable to declining customer bases, especially early in the year. Furthermore, the extraordinary customer loss caused a decline in mobility services external gross profit of 2.1% or DKK 89m. These customer losses were partly offset by increasing ARPU in internet & network and mobility in Consumer, driven by speed upgrades and price increases, respectively. The structural decline in landline voice in both the Consumer and Business segments resulted in an external gross profit decrease of 12.4% or DKK 129m.

Operating expenses

Nuuday's operating expenses in 2020 totalled DKK 3,382m, down by DKK 478m or 12.4% from

2019. The decrease was generated by a general cost focus and savings across all operating expenses categories. The personnel expenses and acquisition costs especially decreased compared with last period.

EBITDA

Reflecting the declining gross profit, which was partly offset by lower operating expenses, Nuuday recorded an EBITDA decline of 4.9% or DKK 99m to DKK 1,936m in 2020.

Capital expenditure

In 2020, Nuuday's capital expenditure was reduced by 5.7% or DKK 86m to DKK 1,431m. The cost reduction was driven by lower costs related to customer installations, investments in privately owned networks and IT, and was partly offset by capitalised wages.

Nuuday, key figures (DKK m)	Q4 2020	Q4 2019	Change in %	2020	2019	Change in %
Income statements						
Revenue	3,732	3,955	(5.6)	14,756	15,625	(5.6)
Hereof external revenue	3,721	3,940	(5.6)	14,709	15,569	(5.5)
Gross profit	1,250	1,427	(12.4)	5,318	5,895	(9.8)
Operational expenses	(829)	(1,038)	(20.1)	(3,382)	(3,860)	(12.4)
EBITDA	421	389	8.2	1,936	2,035	(4.9)
Capital expenditure, excluding mobile licenses	(418)	(413)	1.2	(1,431)	(1,517)	(5.7)
Key financial ratios						
Gross margin, %	33.5	36.1	-	36.0	37.7	-
EBITDA margin, %	11.3	9.8	-	13.1	13.0	-

1 Reported figures have been restated in Nuuday relating to the treatment of leases according to IFRS 16 and allocation of mobile interconnect revenue, see segment note 2, p. 12 for further information and the 2020 Q4 TDC Group Fact Sheet for a comparative overview

Consolidated financial statements

Income statement(DKKm)	Note	Q4 2020	Q4 2019	Change in %	2020	2019	Change in %
Revenue		4,055	4,284	(5.3)	16,089	17,044	(5.6)
Cost of sales		(1,263)	(1,376)	(8.2)	(4,626)	(4,945)	(6.5)
Gross profit		2,792	2,908	(4.0)	11,463	12,099	(5.3)
External expenses		(583)	(665)	(12.3)	(2,044)	(2,375)	(13.9)
Personnel expenses		(748)	(801)	(6.6)	(3,172)	(3,384)	(6.3)
Other income		43	56	(23.2)	173	184	(6.0)
Operating profit before depreciation, amortisation and special items (EBITDA)		1,504	1,498	0.4	6,420	6,524	(1.6)
Depreciation, amortisation and impairment losses		(1,149)	(1,362)	(15.6)	(4,936)	(5,164)	(4.4)
Operating profit excluding special items (EBIT excluding special items)		355	136	161.0	1,484	1,360	9.1
Special items		(35)	(78)	(55.1)	(192)	(194)	(1.0)
Operating profit (EBIT)		320	58	-	1,292	1,166	10.8
Financial income and expenses		(320)	(257)	24.5	(1,056)	(995)	6.1
Profit before income taxes		-	(199)	-	236	171	38.0
Income taxes		29	241	(88.0)	(85)	9	-
Profit for the period from continuing operations		29	42	(31.0)	151	180	(16.1)
Profit for the period from discontinued operations		-	-	-	-	-	-
Profit for the period		29	42	(31.0)	151	180	(16.1)
Profit attributable to:							
Owners of the parent company		29	42	(31.0)	151	179	(15.6)
Coupon payments on hybrid capital, net of tax		-	-	-	-	-	-
Non-controlling interests		-	-	-	-	1	-

Statement of comprehensive income (DKKm)

	Note	Q4 2020	Q4 2019	2020	2019
Profit/(loss) for the period		29	42	151	180
Items that may subsequently be reclassified to the income statement:					
Reversal of currency translation adjustments, foreign enterprises		7	6	(7)	-
Change in fair value adjustments of cash flow hedges transferred to financial expenses		11	12	44	45
Items that cannot subsequently be reclassified to the income statement:					
Remeasurement of defined benefit pension plans		357	607	849	763
Income tax relating to remeasurement of defined benefit pension plans		(78)	(134)	(187)	(168)
Other comprehensive income/(loss)		297	491	699	640
Total comprehensive income		326	533	850	820

Balance sheet

Assets (DKKm)	Note	31 December 2020	31 December 2019
Non-current assets			
Intangible assets		24,498	24,903
Property, plant and equipment		15,964	14,752
Lease assets		3,433	4,472
Joint ventures, associates and other investments		56	70
Pension assets		8,028	7,463
Receivables		200	194
Prepaid expenses		23	33
Total non-current assets		52,202	51,887
Current assets			
Inventories		200	232
Receivables		2,096	2,458
Income tax receivables		174	-
Derivative financial instruments		45	116
Prepaid expenses		689	624
Cash		434	1,577
Total current assets		3,638	5,007
Total assets		55,840	56,894

Equity and liabilities (DKKm)	Note	31 December 2020	31 December 2019
Equity			
Share capital		812	812
Reserve for exchange-rate adjustments		-	7
Reserve for cash flow hedges		(96)	(140)
Retained earnings		14,538	14,605
Equity attributable to owners of the parent company		15,254	15,284
Non-controlling interests		-	2
Total equity		15,254	15,286
Non-current liabilities			
Deferred tax liabilities		3,386	3,406
Provisions		403	331
Loans		22,690	22,976
Lease liabilities		3,818	4,751
Other non-current liabilities		381	138
Total non-current liabilities		30,678	31,602
Current liabilities			
Loans		35	772
Lease liabilities		489	491
Trade and other payables		9,056	8,518
Income tax payable		-	2
Derivative financial instruments		270	143
Provisions		58	80
Total current liabilities		9,908	10,006
Total liabilities		40,586	41,608
Total equity and liabilities		55,840	56,894
Total liabilities excl. impact from IFRS 16		36,337	36,431

Statements of cash flow (DKKm)	Q4 2020	Q4 2019	Change in %	2020	2019	Change in %
EBITDA	1,504	1,498	0.4	6,420	6,524	(1.6)
Adjustment for non-cash items	82	53	54.7	218	190	14.7
Pension contributions	(1)	(1)	-	197	133	48.1
Payments related to provisions	(8)	(9)	(11.1)	(24)	(45)	(46.7)
Special items	(51)	(17)	200.0	(234)	(128)	82.8
Change in working capital	(373)	274	-	293	(110)	-
Interest paid, net	(80)	(181)	(55.8)	(961)	(1,009)	(4.8)
Income tax paid	(403)	(358)	12.6	(468)	(334)	40.1
Operating activities in continuing operations	670	1,259	(46.8)	5,441	5,221	4.2
Operating activities in discontinued operations	-	-	-	-	(3)	-
Total cash flow from operating activities	670	1,259	(46.8)	5,441	5,218	4.3
Investment in enterprises	1	(15)	(106.7)	(6)	(140)	(95.7)
Investment in property, plant and equipment	(382)	(1,231)	(69.0)	(3,233)	(3,400)	(4.9)
Investment in intangible assets	(458)	(375)	22.1	(1,502)	(1,621)	(7.3)
Investment in other non-current assets	(1)	(1)	-	(3)	(1)	200.0
Divestment of enterprises	-	-	-	-	2	-
Divestment of joint ventures and associates	-	-	-	-	17	-
Sale of other non-current assets	6	6	-	30	12	150.0
Dividends received from joint ventures and associates	-	-	-	-	1	-
Investing activities in continuing operations	(834)	(1,616)	(48.4)	(4,714)	(5,130)	(8.1)
Investing activities in discontinued operations	-	-	-	-	-	-
Total cash flow from investing activities	(834)	(1,616)	(48.4)	(4,714)	(5,130)	(8.1)
Repayment of long-term loans	-	-	-	-	(136)	-
Lease repayments	(98)	(92)	6.5	(298)	(314)	(5.1)
Change in short-term bank loans	5	680	(99.3)	(676)	681	(199.3)
Dividends paid	(390)	(475)	(17.9)	(875)	(995)	(12.1)
Capital contribution from non-controlling interests	-	-	-	(7)	(1)	-
Financing activities in continuing operations	(483)	113	-	(1,856)	(765)	142.6
Financing activities in discontinued operations	-	-	-	-	-	-
Total cash flow from financing activities	(483)	113	-	(1,856)	(765)	142.6
Total cash flow	(647)	(244)	165.2	(1,129)	(677)	66.8
Cash and cash equivalents (beginning of period)	1,075	1,822	(41.0)	1,577	2,244	(29.7)
Effect of exchange-rate changes on cash and cash equivalents	6	(1)	-	(14)	10	-
Cash and cash equivalents (end of period)	434	1,577	(72.5)	434	1,577	(72.5)

Equity attributable to owners of the parent company							
Statement of changes in equity(DKKm)	Share capital	Reserve for currency translation ad- justments	Reserve for cash flow hedges	Retained earnings	Total	Non-control- ling interests	Total
Equity at 1 January 2019	812	7	(185)	14,826	15,460	2	15,462
Profit for the period				179	179	1	180
Exchange-rate adjustments of foreign enterprises					-		-
Change in fair value adjustments of cash flow hedges transferred to financial expenses			45		45		45
Remeasurement effects of defined benefit pension plans				763	763		763
Income tax relating to remeasurement effects of defined benefit pension plans				(168)	(168)		(168)
Total comprehensive income	-	-	45	774	819	1	820
Distributed dividends				(995)	(995)	(1)	(996)
Total transactions with shareholders	-	-	-	(995)	(995)	(1)	(996)
Equity at 30 September 2019	812	7	(140)	14,605	15,284	2	15,286
Equity at 1 January 2020	812	7	(140)	14,605	15,284	2	15,286
Profit/(loss) for the period				151	151	-	151
Exchange-rate adjustments of foreign enterprises		(7)			(7)		(7)
Change in fair value adjustments of cash flow hedges transferred to financial expenses			44		44		44
Remeasurement effects related to defined benefit pension plans				849	849		849
Income tax relating to remeasurement effects from defined benefit pension plans				(187)	(187)		(187)
Total comprehensive income	-	(7)	44	813	850	-	850
Distributed dividends				(875)	(875)		(875)
Decrease in non-controlling interest				(5)	(5)	(2)	(7)
Total transactions with shareholders	-	-	-	(880)	(880)	(2)	(882)
Equity at 30 September 2020	812	-	(96)	14,538	15,254	-	15,254

1 | Accounting policies

TDC's Interim Financial Report for Q1-Q4 2020 has been prepared in accordance with IAS 34 Interim Financial Reporting.

The consolidated financial statements are based on the historical cost convention, except that the following assets and liabilities are measured at fair value: derivative financial instruments held for trading, and financial instruments classified as available for sale.

The accounting policies are unchanged compared with the policies applied in the Annual Report 2019.

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 of the consolidated financial statements for 2019, cf. TDC's Annual Report 2019.

2 | Segment reporting

In 2020, the treatment of leases relating to properties and cars in the segment reporting for Nuuday and TDC NET was changed. These leases are now recognised as depreciation and interest expenses in accordance with IFRS 16. Previously, these leases were recognised as operating expenses. The allocation between external revenue and revenue across segments regarding mobile interconnect revenue has been changed. Comparative figures have been restated accordingly.

Activities (DKKm)	Nuuday ¹		TDC NET		Group functions	
	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019
External revenue	3,721	3,940	331	352	3	(8)
Revenue across segments	11	15	1,348	1,396	-	(28)
Total revenue	3,732	3,955	1,679	1,748	3	(36)
Cost of sales	(2,482)	(2,528)	(75)	(142)	(1)	1
Gross profit	1,250	1,427	1,604	1,606	2	(35)
Operating expenses	(841)	(1,064)	(582)	(591)	(222)	(240)
Other income and expenses	12	26	60	62	309	402
EBITDA	421	389	1,082	1,077	89	127
			Eliminations		Total	
			Q4 2020	Q4 2019	Q4 2020	Q4 2019
External revenue			-	-	4,055	4,284
Revenue across segments			(1,359)	(1,383)	-	-
Total revenue			(1,359)	(1,383)	4,055	4,284
Cost of sales			1,295	1,293	(1,263)	(1,376)
Gross profit			(64)	(90)	2,792	2,908
Operating expenses			314	429	(1,331)	(1,466)
Other income and expenses			(338)	(434)	43	56
EBITDA			(88)	(95)	1,504	1,498

¹ Nuuday comprises the business units Consumer, Business and Other. Gross profit amounted to DKK 1,323m (DKK 1,433m in Q4 2019) for Consumer, DKK 579m (DKK 645m in Q4 2019) for Business, and DKK (652)m (DKK (651)m in Q4 2019) for Other.

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

	Q4 2020	Q4 2019
EBITDA from reportable segments	1,504	1,498
Unallocated:		
Depreciation, amortisation and impairment losses	(1,149)	(1,362)
Special items	(35)	(78)
Financial income and expenses	(320)	(257)
Consolidated profit/(loss) before income taxes	-	(199)

2 | Segment reporting (continued)

Activities (DKKm)	Nuuday ¹		TDC NET		Group functions	
	2020	2019	2020	2019	2020	2019
External revenue	14,709	15,569	1,373	1,471	7	4
Revenue across segments	47	56	5,455	5,579	-	-
Total revenue	14,756	15,625	6,828	7,050	7	4
Cost of sales	(9,438)	(9,730)	(381)	(462)	(1)	-
Gross profit	5,318	5,895	6,447	6,588	6	4
Operating expenses	(3,433)	(3,979)	(2,261)	(2,413)	(901)	(941)
Other income and expenses	51	119	248	240	1,347	1,422
EBITDA	1,936	2,035	4,434	4,415	452	485
			Eliminations		Total	
			2020	2019	2020	2019
External revenue			-	-	16,089	17,044
Revenue across segments			(5,502)	(5,635)	-	-
Total revenue			(5,502)	(5,635)	16,089	17,044
Cost of sales			5,194	5,247	(4,626)	(4,945)
Gross profit			(308)	(388)	11,463	12,099
Operating expenses			1,379	1,574	(5,216)	(5,759)
Other income and expenses			(1,473)	(1,597)	173	184
EBITDA			(402)	(411)	6,420	6,524

¹ Nuuday comprises the business units Consumer, Business and Other. Gross profit amounted to DKK 5,548m (DKK 5,935m in 2019) for Consumer, DKK 2,338m (DKK 2,521m in 2019) for Business, and DKK (2,568)m (DKK (2,561)m in 2019) for Other.

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

	2020	2019
EBITDA from reportable segments	6,420	6,524
Unallocated:		
Depreciation, amortisation and impairment losses	(4,936)	(5,164)
Special items	(192)	(194)
Financial income and expenses	(1,056)	(995)
Consolidated profit before income taxes	236	171

3 | Revenue

	Consumer		Business		Nuuday		Other		Nuuday	
	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019
	External revenue on products (DKKm)									
Landline voice	100	114	120	137	-	-	220	251		
Mobility services	777	793	262	282	140	139	1,179	1,214		
Internet and network	610	649	270	292	-	-	880	941		
TV	824	956	5	7	11	2	840	965		
Other services	232	240	368	324	2	5	602	569		
External revenue, total	2,543	2,752	1,025	1,042	153	146	3,721	3,940		
	TDC NET		Group functions		Eliminations		Total			
	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019		
Landline voice	24	26	-	-	-	-	244	277		
Mobility services	17	19	-	-	-	-	1,196	1,233		
Internet and network	216	219	-	-	-	-	1,096	1,160		
TV	(1)	8	-	-	-	-	839	973		
Other services	75	80	3	(8)	-	-	680	641		
External revenue, total	331	352	3	(8)	-	-	4,055	4,284		

3 | Revenue (continued)

	Consumer		Business		Nuuday		Other		Nuuday	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
External revenue on products (DKKm)										
Landline voice	421	496	506	571	-	-	927	1,067		
Mobility services	3,103	3,142	1,074	1,144	550	523	4,727	4,809		
Internet & network	2,514	2,621	1,092	1,180	-	-	3,606	3,801		
TV	3,403	3,892	23	28	43	4	3,469	3,924		
Other services	813	813	1,160	1,139	7	16	1,980	1,968		
External revenue, total	10,254	10,964	3,855	4,062	600	543	14,709	15,569		
	TDC NET		Group functions		Eliminations		Total			
	2020	2019	2020	2019	2020	2019	2020	2019		
Landline voice	113	130	-	-	-	-	1,040	1,197		
Mobility services	74	61	-	-	-	-	4,801	4,870		
Internet & network	872	884	-	-	-	-	4,478	4,685		
TV	6	39	-	-	-	-	3,475	3,963		
Other services	308	357	7	4	-	-	2,295	2,329		
External revenue, total	1,373	1,471	7	4	-	-	16,089	17,044		

4 | Depreciation, amortisation and impairment losses

(DKKm)	Q4 2020	Q4 2019	2020	2019
Depreciation on property, plant and equipment	(594)	(818)	(2,743)	(3,086)
Amortisation of intangible assets	(460)	(420)	(1,794)	(1,639)
Depreciation of lease assets	(97)	(97)	(394)	(382)
Impairment losses	(19)	(55)	(42)	(85)
Capitalised as tangible or intangible assets	21	28	37	28
Total	(1,149)	(1,362)	(4,936)	(5,164)

5 | Special items

Special items are significant amounts that Management considers are not attributable 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 the 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 are recognised in profit from joint ventures and associates.

Special items (DKKm)	Q4 2020	Q4 2019	2020	2019
Costs related to redundancy programmes	(31)	(36)	(172)	(72)
Other restructuring costs, etc.	(2)	(50)	-	(80)
Distribution of "excess capital" to members of TDC Pension Fund	-	-	(35)	(24)
Profit on sale of other investments	-	-	21	-
Loss from rulings	(1)	9	(2)	(1)
Adjustment of purchase price re. acquisition of enterprises	-	(1)	(2)	(1)
Costs related to acquisition of enterprises	-	-	(1)	(11)
Loss from divestments of enterprises and property	(2)	-	(2)	(5)
Special items before income taxes	(35)	(78)	(192)	(194)
Income taxes related to special items	9	19	37	36
Special items related to joint ventures and associates	-	-	-	2
Total special items	(26)	(59)	(155)	(156)

6 | Financial income and expenses

Financial income and expenses (DKKm)	Q4 2020	Q4 2019	Change in %	2020	2019	Change in %
Interest income	16	5	-	31	36	(13.9)
Interest expenses	(312)	(308)	1.3	(1,220)	(1,183)	3.1
Net interest	(296)	(303)	(2.3)	(1,189)	(1,147)	3.7
Currency translation adjustments	(34)	(194)	(82.5)	286	(224)	-
Fair value adjustments	(6)	213	(102.8)	(208)	271	(176.8)
Interest, currency translation adjustments and fair value adjustments	(336)	(284)	18.3	(1,111)	(1,100)	1.0
Profit/(loss) from joint ventures and associates	2	2	-	(2)	-	-
Interest on pension assets	14	25	(44.0)	57	105	(45.7)
Total	(320)	(257)	24.5	(1,056)	(995)	6.1

6 | Financial income and expenses (continued)

In TDC's internal reporting, currency translation adjustments and interest from derivatives are reported as such, see as specified in the adjacent table next to for a specification.

Specifications (DKKm)	Q4 2020				Q4 2019			
	Interest	Currency translation adjustments	Fair value adjustments	Total	Interest	Currency translation adjustments	Fair value adjustments	Total
Senior Facility Agreement	(110)	5	1	(104)	(104)	(11)	9	(106)
Euro Medium Term Notes	(98)	3	(44)	(139)	(101)	(4)	17	(88)
Lease liabilities	(57)			(57)	(60)			(60)
Other	(21)	4	(19)	(36)	(24)	(7)	1	(30)
Total	(286)	12	(62)	(336)	(289)	(22)	27	(284)

Specifications (DKKm)	2020				2019			
	Interest	Currency translation adjustments	Fair value adjustments	Total	Interest	Currency translation adjustments	Fair value adjustments	Total
Senior Facility Agreement	(441)	57	5	(379)	(405)	(12)	(18)	(435)
Euro Medium Term Notes	(389)	24	(11)	(376)	(381)	-	16	(365)
Lease liabilities	(238)			(238)	(244)			(244)
Other	(93)	(6)	(19)	(118)	(77)	8	13	(56)
Total	(1,161)	75	(25)	(1,111)	(1,107)	(4)	11	(1,100)

Interest, currency translation adjustments and fair value adjustments represented an expense of DKK 1,111m in 2020. The increase of DKK 11m compared with 2019 was driven primarily by:

- In 2019, the Senior Facility Agreement interest-margin step up was due to an increase in the SFA covenant leverage, resulting in higher interest expenses. Furthermore, the EMTN Bond step up of 1.25% in coupon interest was due to a rating downgrade to below investment-grade level resulting in higher interest expenses in 2020.
- Throughout 2020, the lower EUR exchange rate resulted in gains relating to EUR loans and GBP loans swapped to EUR.

7 | Pension assets and pension obligations

Domestic defined benefit plan (DKKm)	Q4 2020	Q4 2019	2020	2019
Pension (costs)/income				
Service cost	(22)	(22)	(85)	(90)
Administrative expenses	(3)	(1)	(11)	(11)
Personnel expenses (included in EBITDA)	(25)	(23)	(96)	(101)
Interest on pension assets	14	25	56	105
Pension (costs)/income	(11)	2	(40)	4
Redundancy programmes recognised in special items	2	(1)	(17)	(4)
Members part of distribution of "excess capital"	-	-	(35)	(24)
Total pension (costs)/income recognised in the income statement	(9)	1	(92)	(24)

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.

With effect from 2019, the TDC Pension Fund can under certain circumstances distribute "excess capital" annually as described and defined in the fund's articles of association and pension regulations. Regarding the financial year 2019, DKK 235m was distributed in March 2020, of which TDC received DKK 200m before tax, and the members of the fund received DKK 35m (recognised as special items).

Assets and obligations (DKKm)	31 December 2020	31 December 2019
Specification of pension assets		
Fair value of plan assets	31,981	31,430
Defined benefit obligation	(23,953)	(23,967)
Pension assets recognised in the balance sheet	8,028	7,463
Change in pension assets		
Pension assets recognised at 1 January	7,463	6,854
Pension (costs)/income	(56)	-
Remeasurement effects	849	762
Distribution of "excess capital"	(235)	(160)
TDC's contribution	7	7
Pension assets recognised in the balance sheet	8,028	7,463
Assumptions used to determine defined benefit obligations (%)		
Discount rate	0.35	0.77
General price/wage inflation	1.19	1.30
Assumptions used to determine pension (costs)/income (%)		
Discount rate	0.77	1.55
General price/wage inflation	1.30	1.51

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

The remeasurement effects in 2020 (a net gain of DKK 849m) cover primarily a gain related to the plan assets (DKK 1,597m) as the actual return was higher than expected. The gain was partly offset by a loss related to the benefit obligation (DKK 748m) resulting from the decreasing discount rate (from 0.77% to 0.35%) and a decreasing inflation rate (from 1.30% to 1.19%).

In 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.

8 | Loans and net interest-bearing debt

Euro Medium Term Notes (EMTNs) and Senior Facility Agreement (SFA)					Net interest-bearing debt (DKKm)		
	2022	2023	2025	Total		31 December 2020	31 December 2019
Maturity	Mar 22	Feb 23	Jun 25		EMTN loans incl. short-term part	7,252	7,495
Fixed/Floating rate	Fixed	Fixed	Floating		Senior Facility Agreement incl. short term part	14,107	14,158
			Margin		Bank loans	5	681
			+floored		Debt regarding leasing incl. short-term part	4,307	5,242
Coupon	5.000%	6.875%	Euribor ¹		Other long-term loans incl. short-term part	1,361	1,414
Currency	EUR	GBP	EUR		Interest-bearing payables	2	2
Type	EMTN Bond	EMTN Bond	SFA loan		Derivatives	173	(58)
Nominal value (DKKm)	3,721	3,528	14,139	21,388	Interest-bearing receivables and investments	(161)	(153)
Nominal value (Currency)	500	425	1,900		Cash	(434)	(1,577)
– Of which nominal value swapped to EUR or DKK (Currency) ²	200	425			Net interest-bearing debt	26,612	27,204
Nominal value of debt incl. Currency hedging in DKKm	3,724	3,723	14,139	21,586	Hereof impact from IFRS 16	(4,249)	(5,177)
– Of which nominal value swapped to or with floating interest rate (EURm) ³	100	-	1,625	1,725	Net interest-bearing debt excl. impact from IFRS 16	22,363	22,027
– Of which nominal value swapped to or with fixed interest rate (EURm) ³	400	500	275	1,175			

¹ The SFA Loan have Euribor floor at zero and a margin of 3.00% per 31-12-2020.

² EUR exposures are not considered a significant risk due to the fixed EUR/DKK exchange rate policy.

³ The maturity of interest rate swaps used for hedging long-term EMTN bonds matches the maturity of the underlying EMTN bonds. Derivatives of nominal EUR 150m used for hedging long-term SFA loan matures in January 2021 and nominal EUR 125m matures in later periods.

During 2020, net interest-bearing debt excluding the impact from IFRS 16 increased by DKK 336m to DKK 22,363m. The increase was due primarily to the dividend payment of DKK 875m and lease repayments of DKK 298m which was partly offset by the positive net cash flow from operating and investing activities (DKK 727m).

9 | Events after the balance sheet date

There have been no events that materially affect the assessment of this Interim Financial Report January – December 2020 after the balance sheet date and up to today.

Corporate matters

Risk factors

TDC Group's Annual Report 2019 describes certain risks that could materially and adversely affect TDC Group's business, financial condition, results of operations and/or cash flows.

In addition, the outbreak of COVID-19 impacts TDC Group's operations. People's safety is our first priority and we have implemented the necessary measures, including strengthened workplace safety procedures.

As COVID-19 has had a significant impact on many global financial markets, general uncertainty has increased. Travel restrictions results in negative impact on the roaming business and the overall decline in the economy may lead to a negative impact on revenues as well as increased credit losses, or even bankruptcies, leading to financial loss.

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-Q4 2020.

The Financial Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

In our opinion, the Financial Report gives a true and fair view of the Group's assets, liabilities and financial position at 31 December 2020 as well as the results of operations and cash flows for Q1-Q4 2020. 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, 5 February 2021

Executive Committee

Henrik Clausen

Group Chief Executive Officer and President

Lasse Pilgaard

Senior Executive Vice President,
Group Chief Financial Officer

Jens Aaløse

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

Board of Directors

Michael Parton

Chairman

Sofia Arhall Bergendorff

Martin Bradley

Marianne Dahl

Frank Hyldmar

Nathan Luckey

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