2012 delivered on guidance

- 2012 delivered on guidance on revenue, EBITDA and capex

- Strong equity free cash flow growth in Q4 results in solid full-year development; supporting payout of the remainder of the guided dividend of DKK 4.60 per share

- Mobility services still challenged with ARPU decreases in Q4 in the Business division whereas YoY trend continues to improve in the Consumer division

- Domestic landline business (voice and BB) in good shape with lowest YoY quarterly gross profit loss in several years

- Solid TV performance with gross profit up by 7.7% in Q4 and successful launch of OTT solution YouBio

- Very strong quarter in Nordic with organic YoY EBITDA growth of 20.9% (reported growth of 23.6%)

- Substantial 2012 organic opex savings of DKK 548m or 6.2%

- Customer satisfaction record high in Q4 with 76; up from 74 in Q3 2012

- New 2013-15 strategy successfully launched and execution well underway

- 2013 guidance announced:

  - Revenue of DKK 25.0-25.5bn,
  - EBITDA of DKK 10.0-10.2bn,
  - CAPEX of DKK 3.7bn
  - DPS of DKK 3.70 per share

TDC Group, key financial data

		2012	2011	Change in %	Q4 2012	Q4 2011	Change in %
Statements of Income	DKKm						
Revenue		26,116	26,304	(0.7)	6,548	6,685	(2.0)
Gross profit		18,518	19,172	(3.4)	4,572	4,760	(3.9)
EBITDA bpi		10,331	10,501	(1.6)	2,576	2,664	(3.3)
EBITDA		10,411	10,940	(4.8)	2,595	2,774	(6.5)
Operating profit (EBIT) excluding special items		5,349	5,713	(6.4)	1,227	1,455	(15.7)
Profit for the period, excluding special items		3,257	3,498	(6.9)	748	870	(14.0)
Profit for the period		3,593	2,808	28.0	617	704	(12.4)
Free cash flow							
Equity free cash flow	DKKm	4,449	4,594	(3.2)	1,495	515	190.3
Equity free cash flow post special items, etc.		3,208	3,622	(11.4)	974	322	202.5
Key financial ratios							
Earnings Per Share (EPS)	DKK	4.48	3.44	30.2	0.77	0.86	(10.5)
Adjusted EPS	DKK	5.30	5.68	(6.7)	1.29	1.40	(7.9)
Dividend payments per share	DKK	4.47	2.18	-	-	-	-
Gross profit margin	%	70.9	72.9	-	69.8	71.2	-
EBITDA bpi margin	%	39.6	39.9	-	39.3	39.9	-
Capital expenditure	DKKm	(3,492)	(3,421)	(2.1)	(911)	(1,025)	11.1
Net interest-bearing debt	DKKm	(21,918)	(21,013)	(4.3)	(21,918)	(21,013)	(4.3)
Net interest-bearing debt/EBITDA bpi	x	2.1	2.0	-	2.1	2.0	-

For terminology, see http://investor.tdc.com/glossary.cfm.
For additional data, see TDC Fact Sheet 2012 at www.tdc.com.

Letter to shareholders

2012 financial guidance met

At TDC, we again met our financial guidance on all parameters outlined, and through a strong free cash flow, succeeded in realising the expected dividend payout, which resulted in an 11.5% dividend yield for the financial year 2012. This was achieved despite a subdued Danish economic climate and intense competition in our markets.

At the same time, we improved our customer satisfaction score as well as our employee satisfaction score. Both indices reached record-high scores in 2012.

Three important factors in particular drove our success:

Firstly, we continued to launch new and innovative products and services. For example, our new platform, Mit TDC (My TDC) was launched in February 2012. This first step towards more integrated solutions in the consumer market was popular with our customers. And in December 2012, YouSee entered the developing OTT market with its premium YouBio product, offering access to an extensive library of high-quality movies and TV series.

Secondly, our persistent focus on improved customer service and operational efficiency paid off once again. Through the companywide transformation programmes (TAK and TDC 2.0), we continuously challenge existing processes and discover opportunities for improving customer experiences and cost optimisation.

Thirdly, we continued to invest in our superior landline network by bringing fibre closer to our customers, enabling up to 100 Mbps broadband speeds on copper, coax and fibre. In terms of mobile, the favourable outcome of the 800 MHz auction in June 2012 has given us a strong platform for delivering the best mobile coverage possible and further reinforcing our competitive edge in both the residential and business markets.

These achievements cannot detract from the decrease in earnings from mobility services due to significant price pressure causing weaker than expected performance in the business market. However, on the positive side, the decreasing trend in earnings in our residential mobile market improved during 2012.

2015 strategy and new management

In July, Carsten Dilling was designated new CEO of TDC, and in August a new re-energised management team was presented based on the former team to ensure stability and continuity, but with new or expanded roles for six of the eight members.

A new 2013-15 strategy was presented by Management on Capital Market Day in November 2012 in extension of the strategy and ambition set for 2009-12 ahead of our IPO. This strategy shifts our focus from individual customers towards households or businesses as a whole. We will focus on integrated and bundled solutions that are more user-friendly - both for families and companies.

We will deliver this strategy by significantly increasing investments in network and customer service, while continuing to focus on cost through a radical simplification programme. Our new IT supplier, TCS, will play a key role in helping us to rejuvenate our IT platform. And finally, we will focus on developing our management and employee resources, as we appreciate that a dedicated staff are crucial for achieving our goals.

We have a strong base and momentum with which to counter upcoming challenges. The first actions defined in our new strategic plan and executed during the second half of 2012 send clear signals on both pricing strategy and sub-brand positioning. With our more clearly defined portfolio, we will pursue our ambitious course, relentlessly optimising efficiency and savings while adding value for our customers.

Carsten Dilling, President and Chief Executive Officer
Vagn Sørensen, Board of Directors Chairman

Group performance

Revenue

In 2012, TDC saw continued strong competition in most product lines and this, combined with a subdued macroeconomic climate and regulatory effects, resulted in a revenue decline of 0.7% or DKK 188m in the TDC Group.

Revenue was negatively affected by:

- The ongoing negative impact from regulation of mobile termination rates (MTR) and international roaming charges, including the new regulation on EU retail data roaming implemented in July. To a minor degree, revenue was also negatively affected by various landline regulations (PSTN resale, ULL and leased lines).

- Decreasing organic domestic revenue from mobility services. Revenue was particularly affected by significant price pressure in Business. The extensive promotional activity in the residential market put Consumer ARPU and RGUs under pressure, but with an improving trend in the revenue loss during 2012.

- Decreasing organic domestic revenue from landline telephony as mobile services replace traditional landline telephony. In combination with successful ARPU management in Consumer and Business, an improved trend in net loss of PSTN retail RGUs positively affected revenue. As a result, the revenue loss from landline telephony was lower than in previous years.

- Decreasing organic domestic revenue from internet & network. This resulted from lower ARPUs as strong competition continued and bundling discounts affected the price level. However, TDC was very successful in increasing its retail broadband RGUs by 2.9%. In total, revenue loss from internet & network decreased compared with previous years.

Revenue was positively affected by:

- Increasing organic domestic revenue from TV. This was achieved through an ARPU increase in YouSee following an increase in subscription fees and RGU growth in both YouSee and TDC TV.

- Increasing domestic revenue from the sale of handsets (primarily smartphones) sold without subsidies. This had almost no gross profit effect. The revenue increase was partly offset by a negative development in NetDesign, caused by a slowdown in customer demand.

- A number of acquisitions - particularly the impact from the acquisition of Onfone in May 2011.

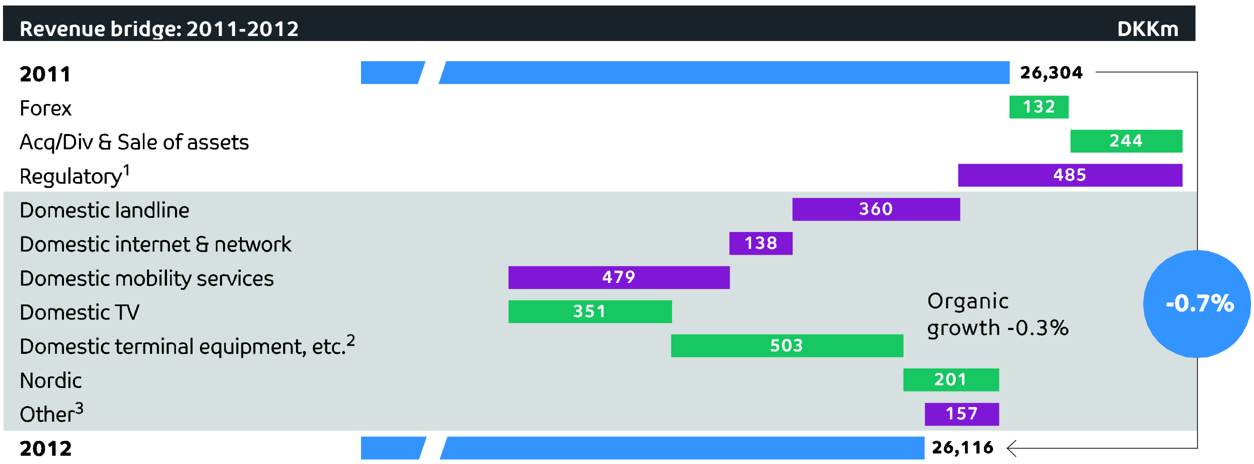
- Continued growth in the Nordic division. TDC Sweden and TDC Hosting in particular achieved strong results.

- A favourable development in the NOK and SEK exchange rates.

Gross profit

Gross profit in the TDC Group declined by 3.4% or DKK 654m.

- Gross profit was negatively affected by increased regulation, while favourable exchange-rate developments and the completed acquisitions had positive effects. The



[1]) Regulatory includes mobile termination rates regulation (voice and SMS), international roaming regulation and various landline regulations (PSTN resale, ULL and leased lines).
[2]) Terminal equipment, etc. includes mobile and landline phones and equipment sales in Consumer and Business (incl. NetDesign), including sale of smartphones without subsidies. In addition to terminal equipment, the category also contains income from systems integration and installation work.
[3]) Other contains income from operator services, service fees, rental of masts and eliminations.

gross profit loss was larger than the revenue loss due to changes in the product mix. Areas with relatively low margins (such as Nordic, TV and especially the sale of terminal equipment) fuelled positive growth rates, which was more than offset by decreased activity in high-margin areas (such as landline telephony, mobile telephony and internet).

- As a result of the change in product mix, the gross profit margin decreased from 72.9% to 70.9% compared with 2011. The increased regulation had a positive net effect on the gross profit margin.

EBITDA bpi

EBITDA bpi in the TDC Group decreased by 1.6% or DKK 170m. A considerable part of the gross profit decline was offset by savings of DKK 548m on organic operating expenses. In particular, savings in personnel costs, marketing spending and SAC/SRC positively affected EBITDA bpi. Further details are provided in the section Operational efficiency.

Profit for the year

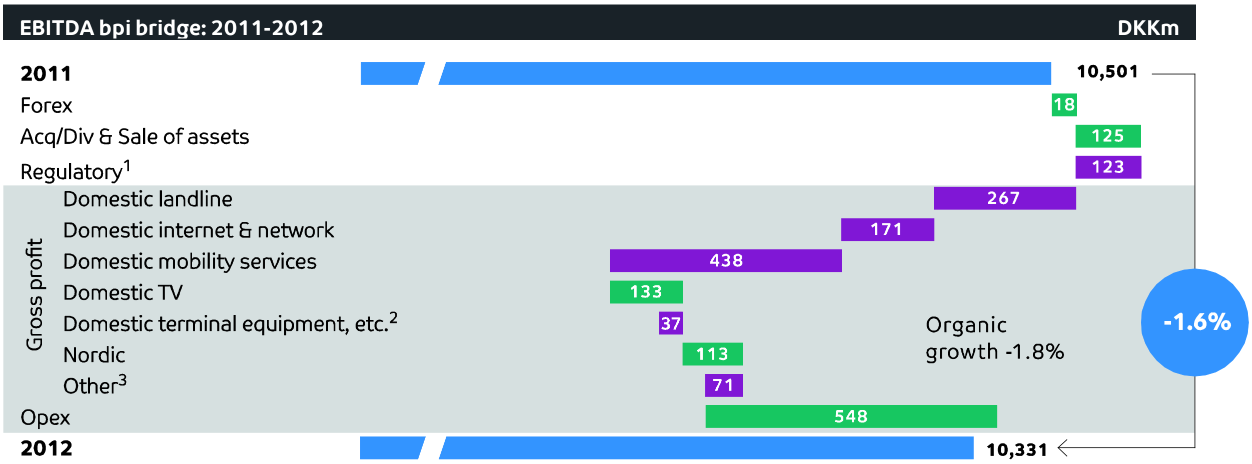
Profit for the year excluding special items totalled DKK 3,257m, down by DKK 241m or 6.9%. The decrease was caused primarily by the development in fair value adjustments due to one-off gains in 2011 related to interest-rate hedging of EUR denominated debt. The lower non-cash pension income in 2012, as a result of a lower expected return on pension plan assets, also affected profit for the year.

Lower amortisation costs and a decline in income taxes following a one-off adjustment (DKK 225m) of deferred tax also affected profit. The impact on future tax payments from the limitation of tax deductibility of interest expenses under Danish tax legislation has been reassessed. This resulted in a reduction of deferred tax liabilities on loans.

Special items developed positively due to the settlement in Q1 2012 of the dispute between DPTG and TPSA (DKK 760m after tax). Accordingly, profit for the year including special items amounted to DKK 3,593m up DKK 785m or 28.0%.

Comprehensive income

Total comprehensive income increased by DKK 413m. The significant growth in profit for the year (DKK 785m) was partly offset by the decrease in other comprehensive income (DKK 372m), due primarily to the negative development in actuarial losses, which totalled a loss of DKK 160m in 2012 compared with a gain of DKK 276m in 2011. The actuarial losses in 2012 were due to an increasing pension obligation resulting from a decreasing discount rate, partly offset by favourable returns on the domestic pension funds' assets compared with expectations. The actuarial gains in 2011 resulted from favourable returns on the assets compared with expectations, partly offset by losses due to an increasing obligation resulting from adjusted mortality assumptions.



[1] Regulatory includes international roaming regulation and various landline regulation (ULL, leased lines and PSTN resale).
[2] Terminal equipment, etc. includes mobile and landline phones and equipment sales in Consumer and Business (incl. NetDesign), including sale of smartphones without subsidies. In addition to terminal equipment, the category also contains income from systems integration and installation work.
[3] Other contains income from operator services, service fees, rental of masts and eliminations.

Cash flows

Equity free cash flow decreased by DKK 145m or 3.2% to DKK 4,449m:

- The lower level of interest payments in 2011 (DKK 368m) resulted from the refinancing and one-off gains from swaps. The refinancing in 2011 from senior bank loans to bond loans (EMTNs) prompted a changed payment profile from monthly to yearly interest payments. The one-off gains in 2011 (totalling DKK 272m) were due to realisation of fair market value gains resulting from declining interest rates on fixed-to-floating swaps entered into in connection with the refinancing (DKK 490m), partly offset by the early termination of interest-rate swaps related to the senior bank loans (DKK 218m).

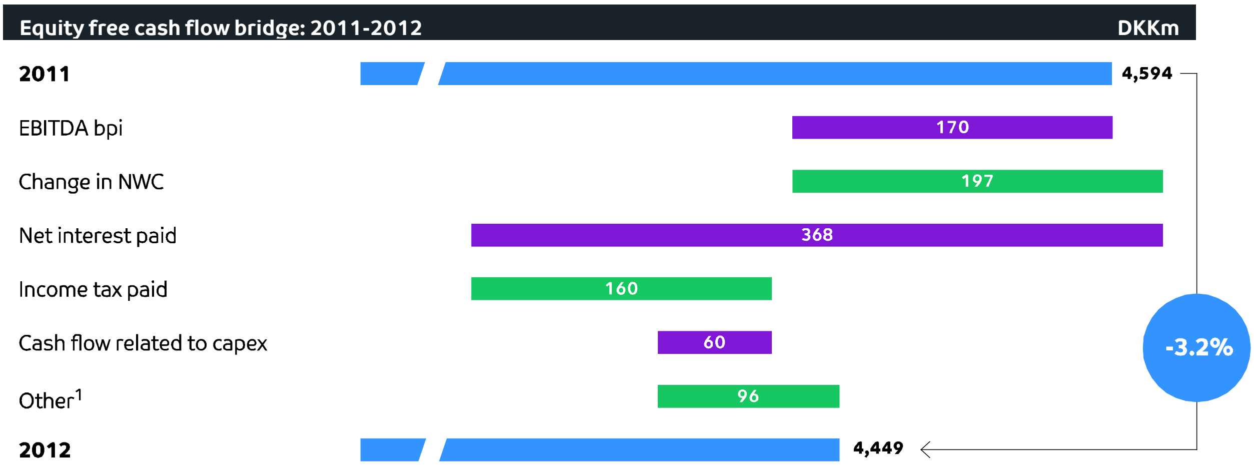
- The positive development in net working capital (DKK 197m) related to a significant improvement in receivables due to changed smartphone financing (TDC Rate). As of Q2 2012 and Q4 2012, smartphone financing under the TDC brand and the remaining brands, respectively, has been provided by an external partner. In addition, a large portion of the receivables originating from earlier were sold to an external partner.

- Lower income tax was paid (DKK 160m) in 2012 than in 2011. In 2011, the one-off gains from swaps referred to above were utilised for further tax payments.

The cash outflow of DKK 2,954m from investing activities in 2012 was positively impacted by the DKK 758m[1] from the settled dispute between DPTG and TPSA.

The cash outflow of DKK 4,448m from financing activities in 2012 was due to the payment of dividends in Q1 and Q3 2012 as well as the share buy-back programme, which was completed in Q2 2012.

[1] Settlement includes proceeds of DKK 1,011m, of which DKK 253m was paid as income tax in Q4 2012. The net cash inflow of DKK 758m is included in Dividends received from joint ventures and associates.



[1] Including adjustment for non-cash items, pension contributions and payments related to provisions.

Guidance

2012 guidance was achieved

The financial guidance for 2012 for TDC Group published in the TDC Annual Report 2011 stated a revenue interval of DKK 26.0-26.5bn, EBITDA bpi in the interval of DKK 10.3-10.5bn and a capital expenditure interval of DKK 3.4-3.5bn. At the same time, a dividend per share of DKK 4.50 was expected, which was later adjusted to DKK 4.60 following the share buy-back of 18m shares in the first half of 2012.

2012 guidance was achieved on all parameters.

However, as shown in the illustration on the right, a number of essential assumptions differed to those expected by TDC in February 2012.

The price pressure in the market for mobility services continued and the business market in particular saw heavy ARPU declines that were also affected by EU roaming regulation, which was more severe than expected. In the residential market, TDC refrained from participating in the intense campaigning and succeeded in stabilising ARPU, but with a negative impact on RGUs. Overall, this caused earnings from mobility services to decrease more than anticipated.

On the positive side, landline telephony and internet gross profit improved with a PSTN ARPU increase in Business, and a broadband RGU increase in Consumer and YouSee in an otherwise saturated market.

Better than expected

- Opex reductions
- Improved landline voice and internet gross profit trend and higher than expected TV net adds
- Growth in Nordic across all business units

As expected

- Full-year impact from Onfone acquisition
- ARPU development in Consumer mobile voice
- Domestic economy with little or no spending growth

Worse than expected

- Continued price pressure on residential mobile market from campaign activities
- ARPU erosion in Business mobile voice
- More severe regulatory effect

	2010 Guidance		2011 Guidance		2012 Guidance	2012 Actuals	
Revenue	Level with 2009	✓	0-1% growth	✓	DKK 26.0-26.5bn	DKK 26,116m	✓
EBITDA[1]	~2% growth	✓	~2% growth	✓	DKK 10.3-10.5bn	DKK10,331m	✓
Capex	~13.5% of revenue	✓	~13.0% of revenue	✓	DKK 3.4-3.5bn	DKK 3,492m	✓
DPS	n.a.	n.a.	DKK 4.35	✓	DKK 4.60	DKK 4.60	✓

1) In 2012, EBITDA bpi

Also, the TV business proved better than expected due to large net adds during 2012. Our Nordic business saw strong EBITDA bpi growth and outperformed our expectations. Finally, TDC managed to achieve higher than expected reductions in operating expenses throughout the entire organisation.

Guidance 2013

The guidance for 2013 for the TDC Group and the underlying assumptions are presented below.

The guidance for 2013 has been framed in accordance with the current macroeconomic situation and an expectation of little or no spending growth in the Danish economy. The regulatory impact on our earnings is expected to increase further in 2013, due primarily to the full-year impact from retail data roaming regulation. The level of opex savings is expected to decrease in 2013 as some of our operational efficiency levers are reaching full potential and we start investing in our new strategic initiatives.

We expect an improved YoY gross profit trend in mobility services as the effect of TDC not participating in ARPU eroding actions becomes clear. However, as business and public accounts continue to make very diligent investment and procurement decisions and price pressure in the business market continues, Business ARPU erosion is expected, though at a lower rate than in 2012. Gross profit growth in landline telephony and broadband is expected to be at the same level as in 2012. At the same time, continued earnings growth in TV following ARPU increases is expected. Nordic is also expected to grow its earnings, though at a lower rate than in 2012.

TDC's future EBITDA bpi will be slightly impacted by amended IFRS rules of accounting for defined benefit plans. As a consequence, TDC will cease the use of the current supplemental EBITDA, EBITDA bpi, as the interest components (currently presented as pension income) are reclassified as a financial item (interest on pension assets). For further information see note 7 to the Consolidated Financial Statements. In future TDC will apply the same EBITDA concept as in 2012, however this concept will be named EBITDA rather than EBITDA bpi.

Capital expenditure is expected to increase as our 4G network is built out and landline network capacity is further expanded.

Dividend per share of DKK 3.70 is in accordance with the revised dividend policy announcing a payout of approximately 90% of the cash flow item Equity free cash flow post special items, etc. Of this, we expect DKK 1.50 per share to be paid out in connection with the Q2 2013 earnings release.

2013 guidance assumptions

- Domestic economy with little or no spending growth
- More severe impact from regulation
- Improved YoY gross profit trend in the mobile market, but continued Business ARPU erosion
- Gross profit growth in landline telephony and broadband at level with 2012
- Continued TV gross profit growth fuelled by ARPU increases
- Continued growth in Nordic, however at a lower level than in 2012
- Continued opex savings, though at a lower level than in 2012
- Reduced licence and restructuring special items cash flow
- Higher capex following increased build-out of 4G and further capacity expansion in the landline network

2013 Guidance

	2013 Guidance
Revenue	DKK 25.0-25.5bn
EBITDA	DKK 10.0-10.2bn
Capex	DKK 3.7bn
DPS	DKK 3.70

Key financial data by product line

TDC Group	2012	2011	Change in %	Q4 2012	Q4 2011	Change in %
Revenue	**26,116**	**26,304**	**(0.7)**	**6,548**	**6,685**	**(2.0)**
Landline telephony	3,755	4,128	(9.0)	926	984	(5.9)
Mobility services	6,412	7,112	(9.8)	1,540	1,742	(11.6)
Internet & network	5,148	5,297	(2.8)	1,274	1,309	(2.7)
TV	3,939	3,588	9.8	1,008	907	11.1
Terminal equipment, etc.[1]	2,268	1,758	29.0	631	565	11.7
Nordic	4,815	4,487	7.3	1,230	1,205	2.1
Other[2]	(221)	(66)	-	(61)	(27)	(125.9)
Transmission costs and cost of goods sold	(7,598)	(7,132)	(6.5)	(1,976)	(1,925)	(2.6)
Gross profit	**18,518**	**19,172**	**(3.4)**	**4,572**	**4,760**	**(3.9)**
Landline telephony	3,379	3,658	(7.6)	826	879	(6.0)
Mobility services	5,169	5,548	(6.8)	1,257	1,375	(8.6)
Internet & network	4,778	4,960	(3.7)	1,187	1,227	(3.3)
TV	2,194	2,060	6.5	559	519	7.7
Terminal equipment, etc.	624	654	(4.6)	151	149	1.3
Nordic	2,024	1,865	8.5	525	481	9.1
Other	350	427	(18.0)	66	130	(49.2)
External expenses	(3,893)	(4,215)	7.6	(974)	(1,017)	4.2
Wages, salaries and pension costs	(4,412)	(4,641)	4.9	(1,074)	(1,126)	4.6
Other income and expenses	118	185	(36.2)	52	47	10.6
EBITDA bpi	**10,331**	**10,501**	**(1.6)**	**2,576**	**2,664**	**(3.3)**
Gross profit margin (%)	70.9	72.9	-	69.8	71.2	-
EBITDA bpi margin (%)	39.6	39.9	-	39.3	39.9	-
Organic revenue[3]	26,116	26,195	(0.3)	6,548	6,618	(1.1)
Organic gross profit[3]	18,518	19,263	(3.9)	4,572	4,726	(3.3)
Organic EBITDA bpi[3]	10,291	10,481	(1.8)	2,539	2,618	(3.0)

[1] Including sale of terminal equipment, systems integration services and installation work.
[2] Includes operator service, reminder and invoicing fees, rental of masts and eliminations
[3] Reported revenue, gross profit and EBITDA bpi excluding impact from acquisitions and divestments, currency effects, sale of property, plant and equipment as well as the impact of regulatory price adjustments.

Landline telephony

Competition and market trends

- TDC has a more than 80% share of the PSTN market through its retail brands and covers the remainder of the market through its wholesale activities. In VoIP, TDC has a 57% share of the market, while the utility companies have the second-largest share.
- The PSTN market is decreasing - both the number of customers and minutes of use - as customers switch to mobile-only or VoIP solutions.
- Residential mobile-only penetration continues to increase and is expected to include 50% of Danish households in 2015.
- Hosted IP voice (Scale) in the business market continues to grow.

TDC's financial performance in 2012

The continued migration from traditional landline telephony to mobile, combined with fewer minutes of use, resulted in decreases of 9.0% and 7.6% in revenue and gross profit from domestic landline telephony, respectively. However, the trend in YoY gross profit loss improved as the decline in 2012 improved by 37% compared with the decline in 2011.

Key financial data, landline telephony

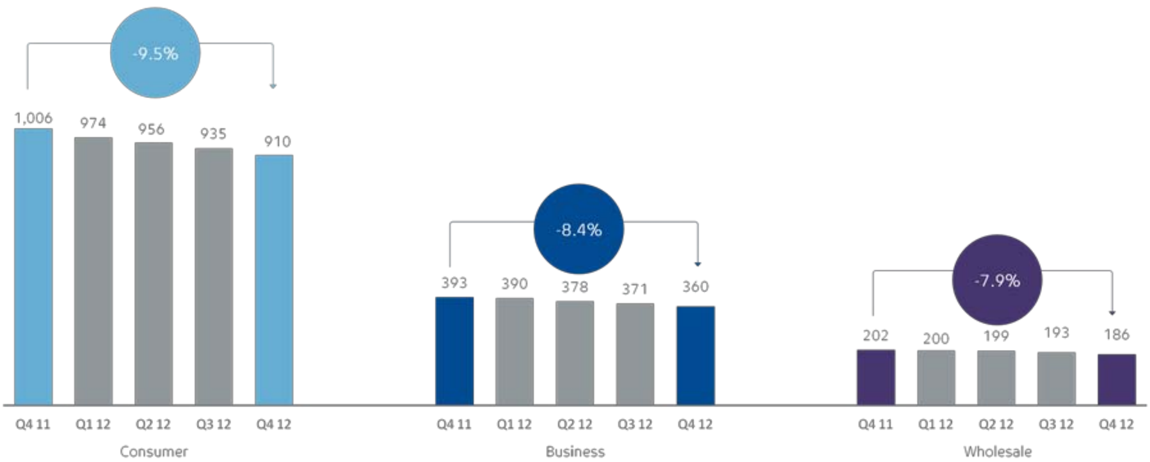
TDC Group excl. Nordic		2012	2011	Change in %
	DKKm			
Revenue		**3,755**	**4,128**	**(9.0)**
Consumer		1,658	1,929	(14.0)
Business		1,599	1,624	(1.5)
Wholesale		399	483	(17.4)
YouSee		80	97	(17.5)
Other incl. eliminations		19	(5)	-
Gross profit		**3,379**	**3,658**	**(7.6)**
Gross profit margin	%	90.0	88.6	-
Organic revenue[1]	DKKm	3,755	4,115	(8.7)
Organic gross profit[1]	DKKm	3,379	3,645	(7.3)

[1] Reported revenue and gross profit excluding impact from regulatory price adjustments.

The net loss of both retail and wholesale PSTN RGUs was record-low in 2012, caused partly by targeted save activities. The number of VoIP RGUs rose by 3.6% from 2011 due largely to the increased demand for TDC HomeTrio bundles and the VoIP converged 'Scale' solution.

Strong ARPU management in Consumer and Business stabilised or increased ARPU despite declining PSTN MoU. Only ARPU from VoIP in Consumer declined due to increased bundling discounts, while regulatory price adjustments on subscriptions in both 2011 and 2012 led to a net decrease of 6.1% in PSTN ARPU in Wholesale.

Landline RGUs '000



Mobility services

Competition and market trends

- TDC is market leader in the Danish mobile voice market with a 45% network market share, including SPs on TDC's network. The remainder of the market is divided between Telenor, Telia and 3.
- Fierce competition in the residential market with extensive promotional activity and diminishing differences between brands, as no-frills providers offer 4G, and premium brands compete on price.
- Spill-over effect on the business market with increased price pressure on mobile packages combined with business and public accounts continue to make very diligent investment and procurement decisions.
- Exponential growth in data usage and some operators are increasing the amount of data included in flat-rate offers without change of price.

TDC in the market

TDC's mobility services faced a challenging year in 2012 with profitability under pressure, as intensive campaigning activities by competitors in both the residential and business markets

As the Danish market leader, TDC interprets market trends from a long-term perspective and uses its multi-brand strategy to set prices that support future investment in the sector. Therefore, instead of extensive promotions, TDC focuses on premium quality and content as well as bundling benefits for customers in order to avoid further price reductions.

In the residential market, this focus resulted in two new product launches in 2012: 'Mobile Family' has attractive terms and foreseeable fixed costs for the entire family's mobile voice and data needs[2] and through 'TDC Samlefordele' (bundling benefits), customers who combine HomeDuo or HomeTrio with a mobile subscription obtain extra benefits. Both products have proved successful and shown positive take-up rates combined with low churn. More than 44k Duo/Trio customers can now take advantage of 'TDC Samlefordele' benefits, and, from the introduction in August until year-end, 'Mobile Family' achieved an uptake of 34k RGUs.

[2] The Mobile Family package is an integrated household subscription with free voice/SMS and 20 GB data for up to five phones. A minimum of two phones at a price of DKK 598 a month with each additional phone included for DKK 99 a month.

Furthermore, TDC is continuing to develop its successful Play music service that to date has given unlimited access to more than 20m songs for TDC's and YouSee's business and residential customers. During H1 2013, TDC Play will be re-launched in line with the key strategic focus on integrated household solutions and to meet the increasing popularity of on-demand entertainment. TDC Play will become a single platform providing easy access to music, VoD, web-TV and personal media. With improved access to the service, customers can enjoy content across all devices, irrespective of subscription[3]. Onfone customers get 'Most out of your phone', and are offered free music and TV 'on the go' through the cooperation with YouSee[4].

In the business market, TDC repositioned its mobile portfolio targeting the SMB market in November, including several value-added services to increase the product value perception and stimulate upselling.

Furthermore, Business is capturing solid growth and upsales with 'Scale Mobile', an integrated CaaS solution for the business market that reduces customers' up-front investment and enables them to adapt and scale their communications needs. In Q4, Business launched 'TDC One', which is a CaaS solution for small businesses.

Earlier this year, TDC defied the market trend of ARPU-eroding actions, and introduced a DKK 19 subscription fee on SIM-only low-spending customers covered by the TDC brand in both the residential and business markets. This resulted in increased churn among low ARPU customers, but customer intake in other areas, e.g. Onfone, enabled TDC to maintain its market share.

In line with the new 2013-15 strategy, TDC will focus even more on seamlessly integrated (household) solutions. As the share of multi-product/high-ARPU customers is still relatively low, TDC's high market share offers significant cross-selling and upselling potential in businesses and households alike.

TDC's financial performance in 2012

Revenue

Reported revenue from mobility services decreased by DKK 700m or 9.8% to DKK 6,412m in 2012.

[3] Trio Plus customers can also watch flow TV in and out of their homes on all devices.
[4] TV on the phone (unlimited on WiFi and up to one hour a day at no extra data charge on 3G) is only included for Onfone customers who also have a YouSee cable-TV subscription.

Regulation

Regulation negatively affected revenue from mobility services by DKK 472m in 2012 across Consumer, Business and Wholesale.

The revenue effect was driven primarily by the ongoing reductions of regulated MTR on voice and SMS implemented gradually over the past few years. Previously, the MTR regulation took effect as of May, however, the timing of the regulation changed to March in 2012, causing a noticeable increase in the YoY effect. In 2013, the regulation will also have a significant YoY effect, both in terms of changed timing and reductions in regulated MTR on voice. MTR reductions have counteracting effects on gross profit in landline telephony and mobility services, but no negative effect on total gross profit in the TDC Group.

In addition, the EU regulation on roaming was adjusted on 1 July 2012, and the implementation of data regulation in particular affected TDC's revenue and had a large negative impact totalling DKK 90m on gross profit as the regulation is not fully counterbalanced in transmission costs.

Consumer

Reported revenue growth in Consumer was positively affected by the acquisition of Onfone in May 2011 (acquisition effect of DKK 229m). Since the acquisition, Onfone has succeeded in further significantly increasing its subscriber base and revenue.

Key financial data, mobility services

TDC Group excl. Nordic		2012	2011	Change in %
	DKKm			
Revenue		**6,412**	**7,112**	**(9.8)**
Consumer		3,878	4,225	(8.2)
Business		2,168	2,528	(14.2)
Wholesale		544	597	(8.9)
Other incl. eliminations		(178)	(238)	25.2
Gross profit		**5,169**	**5,548**	**(6.8)**
Gross profit margin	%	80.6	78.0	-
Organic revenue[1]	DKKm	6,412	6,891	(7.0)
Organic gross profit[1]	DKKm	5,169	5,608	(7.8)

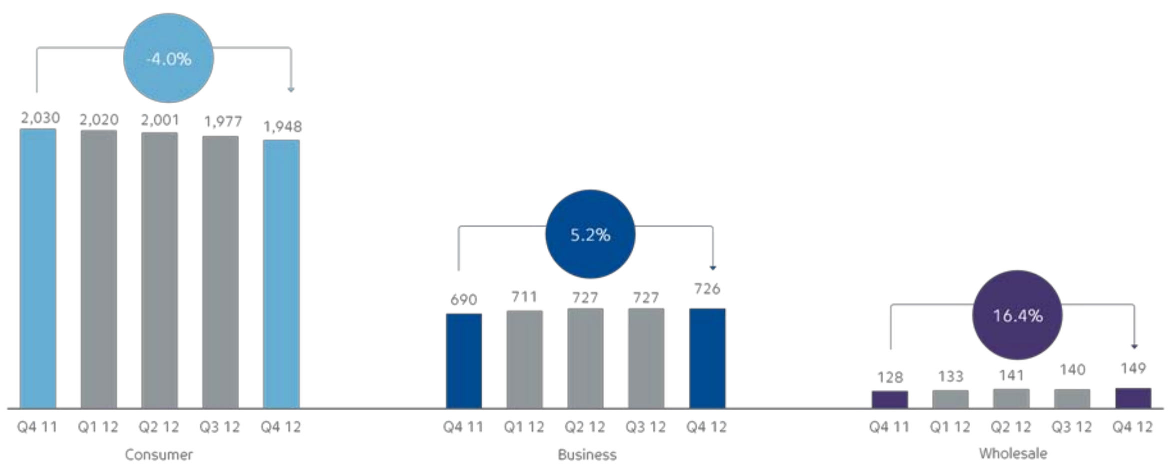
[1] Reported revenue and gross profit excluding the impact from regulatory price adjustments as well as the impact from acquisitions and divestments.

Consumer saw a revenue decrease in the remaining mobile brands (TDC Brand, Telmore and M1) driven by reduced YoY ARPU and RGUs. However, ARPU stabilised as from Q2 2012. This was supported by the introduction of a DKK 19 subscription fee on our SIM-only products that resulted in a direct positive impact of DKK 35m on 2012 revenue from subscriptions, but a negative net adds impact of 73k on low or no ARPU RGUs was recorded.

Business

Business' negative revenue growth was caused by a significant YoY ARPU decline that accelerated in H2 2012, impacted by the EU regulation on data roaming. Significant price competition resulted in contracts with SKI and others being won or renegotiated at lower prices. Also, the price competition had considerable spill-over effects on the small

Mobile voice subscription RGUs ‘000



and medium accounts via continued migration from legacy to new and lower price plans.

Business achieved a strong YoY mobile voice and mobile broadband RGU increase in 2012, which related mainly to many large account wins.

In addition, Business was positively affected in 2011 by a one-off adjustment of discounts relating to prior years (DKK 25m), which negatively affected growth in 2012.

Wholesale
Wholesale managed to increase its mobile voice subscription RGU base by 21k compared with 2011, despite difficult conditions in the domestic mobile market. This was achieved through continued growth and the inclusion of a new SP targeting the business segment.

Expansion of service providers' use of the TDC SIP MVNO platform, resulted in an increase in national MVNO minutes compared with 2011, but due to negatively affect on national MVNOs as prices declined, revenue from mobility services decreased.

Gross profit

Gross profit declined by DKK 379m or 6.8% to DKK 5,169m. Adjusted for the effects from acquisitions and regulation, organic gross profit declined by DKK 438m caused by the organic revenue decrease of DKK 479m which had almost full gross profit impact. The gross profit margin increased from 78.0% to 80.6% in 2012 driven by the gross profit neutral effects from regulatory mobile termination rate cuts. Also, the gross profit margin development was positively impacted by Onfone's only gradual transfer to TDC's network after the acquisition in 2011.

Internet & network

Competition and market trends

- TDC and YouSee have a combined broadband market share of 60% with an additional 14% through SPs on TDC's network, with the remainder of the market covered by other networks, including utilities' fibre networks.
- The market for landline broadband is saturated with high penetration, and a high-speed landline connection remains very important for both households and businesses.
- Integrated solutions and bundling services from one supplier are increasing in popularity.

TDC in the market

As market leaders in broadband, TDC and YouSee managed to maintain a total market share of 60% and successfully gate competition from utilities in particular, which have consolidated and made significant investments in fibre. However, the utilities increased their market share in 2012 at the expense of mainly TDC Wholesale's customer base. The continued expansion of TDC's landline network on xDSL, coax and fibre, combined with national coverage, is key to safeguarding the high market share. Through network segmentation, remote DSLAMs and pair bonding techniques, TDC can utilise its existing network more effectively to improve and increase the coverage and speeds beyond the demand of most consumers and small businesses.

The increased focus on integrated solutions has a positive impact on the bundled HomeDuo and HomeTrio services. The majority of TDC's broadband connections in the residential market are now sold as bundles, and in Consumer, the share of access lines with triple-play has increased from 12.7% in 2011 to 17.3% in 2012. As products increasingly converge, the provider that wins the landline connection has an advantage over competitors when trying to 'win' the customer over in other product areas. TDC's high market share on broadband, combined with premium content bundled services, therefore ensures that TDC can upsell and cross-sell various products to a large part of the Danish population.

Consumer and YouSee strengthen their content offering with subscriptions services (Movies & Series available for all TDC brand customers (broadband, mobile or bundle)[5] and the OTT service YouBio, available independent of broadband supplier) in order to meet the increasing popularity of on-demand entertainment.

TDC has a strong position in the business market and in 2012 was ranked as having the best integrated solutions in the Danish telecoms market as well as the most stable and reliable products and business solutions[6]. Cloud-based services are offered through TDC Scale, which links data and telecommunications in one local network solution.

TDC's financial performance in 2012

Revenue

Despite intense competition in a saturated market for internet & network, only a limited negative development was recorded in terms of revenue. Reported revenue decreased to 5,148m in 2012, down by DKK 149m, or 2.8% compared with 2011.

Consumer

Consumer's revenue from internet & network decreased slightly in 2012. Despite a modest increase in churn, Consumer managed to continue its positive net adds trend fuelled by increased sale of standalone broadband, the wireless utility operator, Skylines bankruptcy and increased sales of bundles, including HomeTrio Mini[7].

Broadband ARPU was negatively affected by bundling discounts and HomeTrio Mini campaigns due to the increased penetration of dual- and triple-play bundles, which had a positive effect on household ARPU but a negative effect on product levels. Furthermore, strong competition from utility companies resulted in increased bandwidth at unchanged or even reduced prices as well as significant competition in the market for broadband add-on services.

Business

Revenue from internet & network declined by 3.9% in 2012 compared with 2011. As a result of customers' increased cost focus, Business' broadband RGU mix shifted towards broadband products with lower ARPU, and churn rates rose slightly compared with 2011. Price pressure in the broadband market negatively affected contract renegotiations.

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[5] Available in H1 2013, when TDC Play becomes a full-scale entertainment platform covering unlimited access to music, a combined VoD rental and subscription service, web-TV and personal media, in order to provide consumers with a simple and unique media experience.

[6] From the semi-annual analysis of the Danish telecommunications market for business solutions by the independent research agency Aalund.

[7] Campaign offer on HomeTrio with fewer TV channels.

Wholesale
Revenue was negatively affected by regulation, resulting in a decrease of DKK 11m in revenue with full gross profit effect.

In 2012, the regulation regarding ULL was adjusted for annual price reductions (3%), affecting the prices TDC is able to obtain for raw copper. The price reduction was implemented in Q4 2012 with retroactive effect, affecting Q4 with full-year effect. Furthermore, leased lines saw a large regulatory drop in prices (up to 30%) with effect from 1 July 2012.

Wholesale also recorded continued negative RGU development, as key customers pursued a mobile-only strategy while it has proved challenging for wholesale customers with no additional content/service on top to retain broadband customers. This was only partly offset by continued growth in international capacity.

YouSee
Revenue from internet & network (broadband) increased by 4.6% in 2012, continuing the positive development from previous years.

YouSee's broadband portfolio, including the opportunity to watch TV directly on smartphones, tablets and PCs, was a major success, and YouSee managed to increase its RGU base by a remarkable 21k, which led to a 36% broadband penetration rate on YouSees TV RGUs. RGU growth was also positively affected by YouSee meeting demand for increased bandwidths by offering broadband with download speeds of 100 Mbps. The RGU increase was achieved while successfully maintaining YoY broadband ARPU.

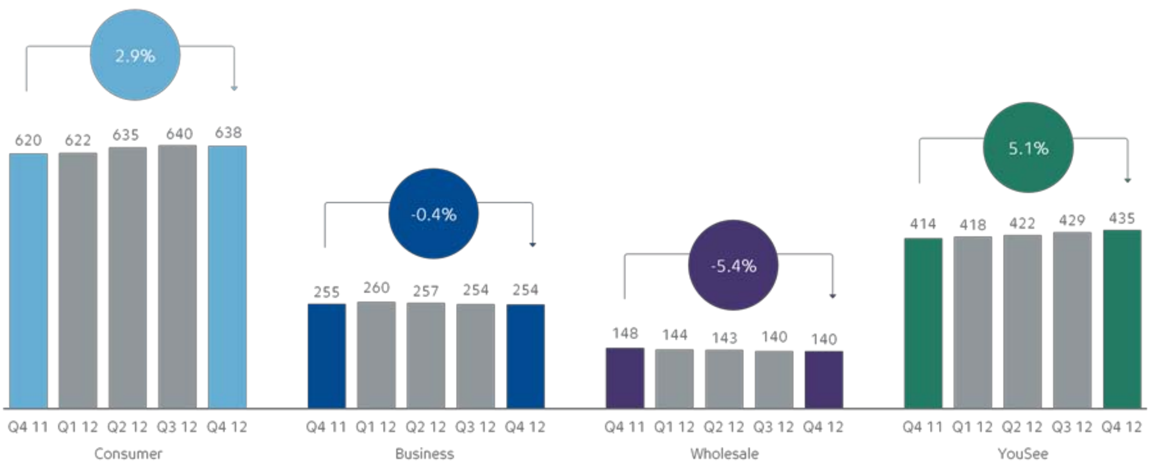
Key financial data, internet & network

TDC Group excl. Nordic		2012	2011	Change in %
	DKKm			
Revenue		**5,148**	**5,297**	**(2.8)**
Consumer		1,445	1,529	(5.5)
Business		2,105	2,191	(3.9)
Wholesale		871	886	(1.7)
YouSee		885	846	4.6
Other incl. eliminations		(158)	(155)	(1.9)
Gross profit		**4,778**	**4,960**	**(3.7)**
Gross profit margin	%	92.8	93.6	-
Organic revenue[1]	DKKm	5,148	5,286	(2.6)
Organic gross profit[1]	DKKm	4,778	4,949	(3.5)

[1] Reported revenue and gross profit excluding impact from regulatory price adjustments.

Gross profit
Gross profit from internet & network decreased by DKK 182m or 3.7% and the gross profit margin dropped slightly from 93.6% to 92.8%. The margin decrease resulted from a product mix shift with slight increases in the lower margin international capacity business and decreases in very high margin domestic broadband business.

Broadband RGUs ‘000



TV

Competition and market trends

- YouSee and TDC have a combined TV market share of more than 50%. The competing coax operator, Stofa, with 14%, is the second-largest supplier of pay-TV in Denmark.

- The TV market grew at the beginning of 2012 when TV2 became a pay-TV channel and previous free-to-air customers entered the market (primarily in the low ARPU segments).

- Flexibility, expressed through on-demand services, OTT offerings and TV-to-go on all devices, is increasing in popularity.

- In Q4 2012, subscription-based streaming offers on movies and series (OTT) were introduced in the Danish TV market, with a generally positive response from consumers.

TDC in the market

YouSee and TDC TV offer premium content and seamlessly integrated solutions that enable customers to watch TV on tablets and smartphones - on selected channels, even when away from home[8]. This helped to guard TDC's and YouSee's market share from the substantial fibre investments made by the utility companies. Value-added services continued to increase with a growt in VoD users of more than 200%, including the free 'Plus Movies & Series', which also had a positive churn-reducing effect. Extra channels prompted a further increase in RGUs.

Through its recently launched OTT product YouBio, YouSee offers everyone in Denmark with a broadband connection the opportunity to subscribe to a wide range of movies and series on all devices. With the combination of the newest blockbusters and high-profile series, compared with its competitors, YouBio's content is premium[9]. The wide platform accessibility is also top of the line, and YouBio has received very positive reviews[10].

[8] Available from YouSee since Q2 2012 and through TDC TV from H1 2013.
[9] Besides the monthly subscription, YouBio also offers the opportunity to rent the newest blockbusters.
[10] E.g. 'Godmorgen tv': http://go.tv2.dk/morgentv/id-61750776.html, and Comoyo http://www.comoyo.com/dk/filter/streamingkrigen-fortsaetter-youbio-og-hbo-nordic-krydser-klinger/.

Due to a continued focus on improving products and available offers, additional TV channels were included in the packages in 2012. In combination with the regulatory defined payments for TV2, this led to increased content costs. Consequently, as both YouSee and TDC increased the prices of their packages, some consumers became more cost focused. Combined with the improved access to content with free choice products, a downward migration in TV packages was evident.

To capture a fair share of the previous free-to-air customers and promote its integrated HomeTrio solution, TDC ran a number of promotional campaigns in the first half of 2012. TDC will continue to secure customer intake by offering Danish households integrated solutions with premium content.

TDC's financial performance in 2012

Revenue

Revenue from TV increased by DKK 351m to DKK 3,939m in 2012 due to the growth in RGUs (+64k) and subscription fees.

Consumer

Revenue from TDC TV increased by 25.4% in 2012, continuing the very positive development from previous years. The successful introduction of HomeTrio Mini and HomeTrio campaigns in the first half of 2012 increased RGUs by 26.7% from 2011 to 2012. This large intake negatively affected ARPU, but this turnaround in Q4 as price campaigns expired.

YouSee

YouSee's revenue from Basic TV rose by 9.1% compared with 2011, driven by the increase in subscription fees as of 1 January 2012. YouSee was somewhat negatively affected by more structured attacks on YouSee's organised customer base in 2012, but also achieved strong wins, and overall, Basic TV RGUs increased by 13k.

Premium TV reported a 4.9% revenue increase compared with 2011, affected by the increased subscription fees. This also drove 3.7% growth in ARPU. Despite the negative effect from consumers migrating to smaller TV packages, the RGU base increased by 6k, and value-added services continued to grow, with a 161.8% rise in VoD sessions.

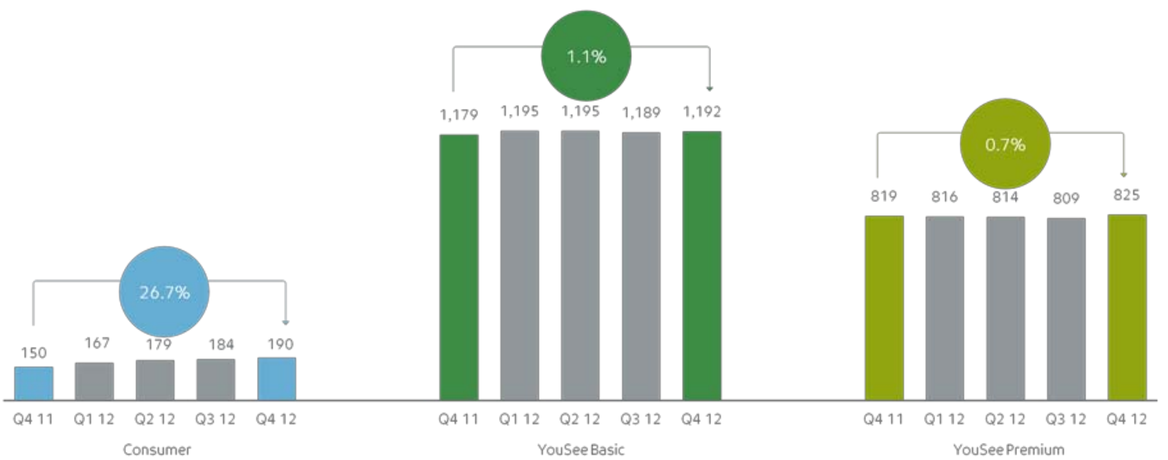
Gross profit

Gross profit increased by DKK 134m or 6.5% compared with 2011 and the gross profit margin declined from 57.4% to 55.7%. The margin was negatively affected by the increased content costs (particularly the regulatory defined TV2 payments) as well as the campaign offers on TDC TV in H1 2012, while a campaigning subsidy in 2012 (DKK 29m) positively affected content costs and the gross profit margin.

Key financial data, TV

TDC Group excl. Nordic		2012	2011	Change in %
	DKKm			
Revenue		**3,939**	**3,588**	**9.8**
Consumer TDC TV		661	527	25.4
YouSee Basic TV		1,308	1,199	9.1
YouSee Premium TV		1,925	1,835	4.9
Other incl. eliminations		45	27	66.7
Gross profit		**2,194**	**2,060**	**6.5**
Gross profit margin	%	55.7	57.4	-
Organic revenue	DKKm	3,939	3,588	9.8
Organic gross profit	DKKm	2,194	2,060	6.5

TV RGUs ‘000



Terminal equipment

Revenue from terminal equipment, etc. increased by 29.0% in 2012 compared with 2011, while gross profit decreased by 4.6%.

Revenue from terminal equipment stems largely from the sale of mobile handsets without subsidies, which grew by 127.3% from 2011 to 2012. This is a result of the introduction of TDC Rate in May 2011 that has resulted in more smartphones being sold without subsidies, as well as a significant increase in demandfor smartphones, i.e. almost 9 out of 10 phones sold by Consumer are smartphones. As terminal equipment sales have a very low margin, the gross profit effect is close to zero.

The Business subsidiary, NetDesign, is the largest IT advisor and network integrator in Denmark. NetDesign supplies Danish companies with a wide range of professional communications solutions. The declining revenue was caused mainly by a slowdown in customer demand for unified communications solutions supplemented by declining prices on hardware, and price renegotiations in the service portfolio. The DKK 133m revenue decrease was partly offset by lower costs, and gross profit decreased by DKK 45m.

Key financial data, terminal equipment, etc.

TDC Group excl. Nordic		2012	2011	Change in %
	DKKm			
Revenue		**2,268**	**1,758**	**29.0**
Sale of handsets		1,123	494	127.3
NetDesign		859	992	(13.4)
Other incl. eliminations		286	272	5.1
Gross profit		**624**	**654**	**(4.6)**
Gross profit margin	%	27.5	37.2	-
Organic revenue[1]	DKKm	2,268	1,765	28.5
Organic gross profit[1]	DKKm	624	661	(5.6)

[1] Reported revenue and gross profit impact from acquisitions and divestments.

Nordic

Competition and market trends

- Continued migration from traditional landline telephony towards IP-based solutions and mobile-only.
- Increasing focus on high-speed fibre-based solutions among both operators and customers, reflecting increasing demand for integrated and value-added services.
- Increasing demand for flat-rate offers, including international voice and data.
- Increase in the market for CaaS - a development that is expected to accelerate in the coming years.

Nordic in the market

Nordic offers landline telephony as well as internet & network (including IP-VPN services) on its own pan-Nordic landline network in Finland, Norway and Sweden. Nordic offers competitive pan-Nordic telecommunications solutions for business customers and public-sector customers, including a common pan-Nordic video-conferencing solution. The utilisation of cross-selling opportunities triggered several strong wins in 2012. Leveraging on its pan-Nordic network, Nordic also sells a wide range of wholesale solutions. Services are also offered to global customers through partnerships.

Nordic offers mobile telephony through MVNO agreements in Sweden and Norway and a service provider agreement in Finland. A recent renegotiation of the MVNO contract in Sweden increases both the quality and competitiveness of the mobile offerings, and TDC Sweden has already seen the first significant wins following this initiative.

As the sole Nordic operator, TDC Sweden offers integrator services, including the Direct business[11], giving Nordic a significant advantage in the growing CaaS market. Leveraging on the successful experience in Sweden, the TDC Scale concept was also launched in Norway in 2012, causing increased activity levels.

TDC Hosting offers hosting and information technology solutions in Sweden, Finland and Denmark, with a primary focus on providing managed hosting, co-location and shared hosting for small and medium-sized enterprises. Hosting in Denmark won several large contracts in 2012, and continued investing in hosting infrastructure.

[11] Direct business comprises sale of handsets, conference telephones, headsets, tablets, etc. sold online and by Nordic's sales force.

Completed expansion of data centre capacity in both Malmö and Helsinki will support the ambition of continued strong growth outside Denmark.

In 2012, for the third consecutive year, TDC Finland was awarded the title of 'best corporate network provider in Finland' by the independent EPSI rating study, while TDC Norway was awarded first place on data. TDC Norway also achieved an all-time high annual customer satisfaction score for all product areas.

In December 2012 a decision from Samferdselsdeparte-mentet in Norway was upheld, resulting in a MVNO price reduction of 19.8% for TDC Norway.

Nordic's financial performance in 2012

For Nordic, 2012 proved to be a very strong year across all business units, with organic growth of 12.2% in EBITDA (reported 14.2%).

Revenue

Reported revenue in Nordic increased by DKK 328m or 7.3% in 2012 due to solid growth across all product groups except landline telephony. Revenue was positively affected by a favourable exchange-rate development in SEK and NOK, while a correction of the booking of certain types of service number revenue has negatively affected revenue growth in TDC Finland by DKK 57m.

Landline telephony

Nordic successfully maintained a stable level of connections, though the decline in minutes of use following the migration away from landline, combined with the general price erosion, resulted in a 13.7% decline in revenue, but a limited gross profit effect[12].

Mobility services

The strong intake of mobile subscriptions was maintained, particularly in TDC Sweden and TDC Finland, while TDC Norway achieved increasing revenue driven by mobile data. In Finland, winning the City of Vantaa (fourth most populated city in Finland) account was the main driver for the increase, while the increase in Sweden resulted from several wins in the public sector. In Sweden, the strong uptake resulted from improved network stability. Overall, revenue from mobility services grew by 11.9%.

[12] Gross profit from landline decreased by only 1.1%

Internet & network

The IP-VPN business continued its solid performance in all three countries, with an 8.7% increase in the number of connections. In Norway and Sweden, where uptake in the number of IP-VPN connections was particularly strong, implementation of Statens Vegvesen in Norway and Posten in Sweden were the two largest contributors. However, the increase in IP-VPN subsided at the end of the year.

Though the number of internet connections was under pressure, particularly in TDC Sweden, the majority of the lost installations had a relatively low ARPU and margin.

Revenue in TDC Hosting exceeded market growth in all three countries, and TDC Hosting gained market share. Sales were strong with major wins especially in Denmark where TDC Hosting strengthened its presence at the high end of the market.

Terminal equipment

The Direct business in TDC Sweden experienced double-digit growth, and based on this success, the concept was launched in Norway in 2H 2012. In total, revenue from terminal equipment, etc. increased by 15.6%, and new product areas such as Video, Datacentre and LAN solutions contributed to this growth.

Gross profit

Gross profit rose by 8.5% compared with 2011, and growth was achieved across all business units.

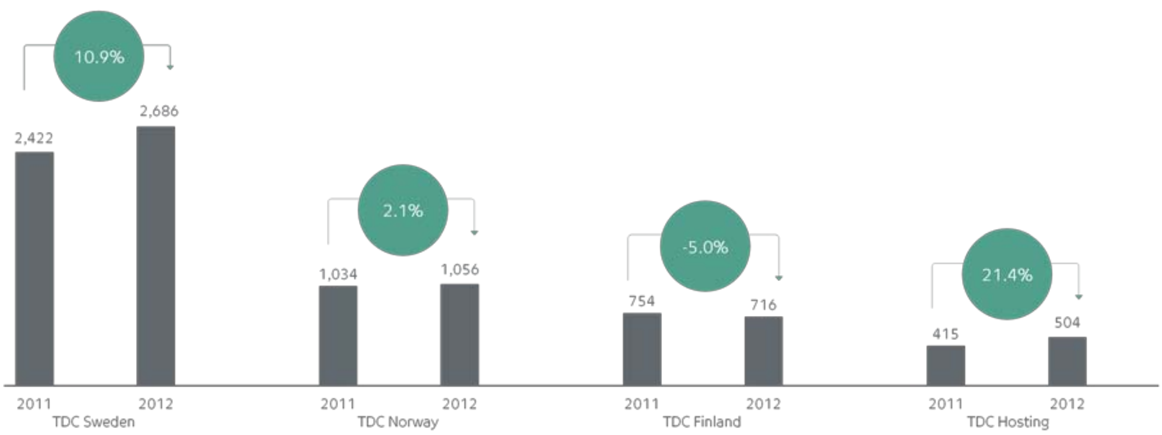
The gross profit margin increased as a result of improved operational efficiency and optimisation of the network set-up. However, this was challenged by a shift in product mix, as an increasing share of revenue came from low-margin products such as Direct and mobility services, combined with new product areas such as datacentre and video which also have low margins.

Key financial data, Nordic

Nordic		2012	2011	Change in %
	DKKm			
Revenue		**4,815**	**4,487**	**7.3**
Landline telephony		869	1,007	(13.7)
Mobility services		310	277	11.9
Internet and network		1,762	1,647	7.0
Terminal equipment, etc.		1,461	1,264	15.6
Other[1]		413	292	41.4
Gross profit		**2,024**	**1,865**	**8.5**
Gross profit margin	%	42.0	41.6	-
Organic revenue[2]	DKKm	4,815	4,614	4.4
Organic gross profit[2]	DKKm	2,024	1,911	5.9

[1] Including operator services, etc.
[2] Reported revenue and gross profit excluding the impact from currency effects, impact from regulatory price adjustments as well as the impact from acquisitions and divestments.

Revenue per business unit DKKm



Other including eliminations constituted DKK (138)m in 2011 and DKK (147)m in 2012

Operational efficiency

Throughout 2012, TDC continued to focus on optimising processes and increasing efficiency in all aspects of everyday work. This, combined with economies of scale, enabled TDC to achieve significant efficiency gains. The main results stemmed from three group-wide programmes (TAK, TDC PRO and TDC 2.0), all designed to reduce overall complexity and enhance efficiency.

Opex performance in 2012

The companywide process optimisations and continuous cost focus resulted in a range of savings compared with 2011. As a result, organic operating expenses decreased by DKK 548m (reported DKK 484m).

- Organic personnel and personnel-related costs decreased by DKK 251m mainly as a result of a 7.6% decrease in the average number of full-time employee equivalents. These reductions stemmed from increased efficiency, fewer faults and the continued decline in the legacy landline business. Despite this reduction, the customer satisfaction score reached a record-high peak of 76 due to the introduction of the TAK programme.

- The smartphone financing scheme, TDC Rate, was introduced in May 2011 and a new mobile portfolio was launched in July 2011. The introduction of TDC Rate changed sales from SAC-financed handsets to instalment plans, which resulted in lower costs for mobile subscriber acquisitions in the first half of 2012 in particular. At the same time, marketing spending was kept at a lower level as TDC chose to use campaign activities only to a limited degree in the second half of 2012. In total, organic SAC/SRC and marketing costs decreased by DKK 197m.

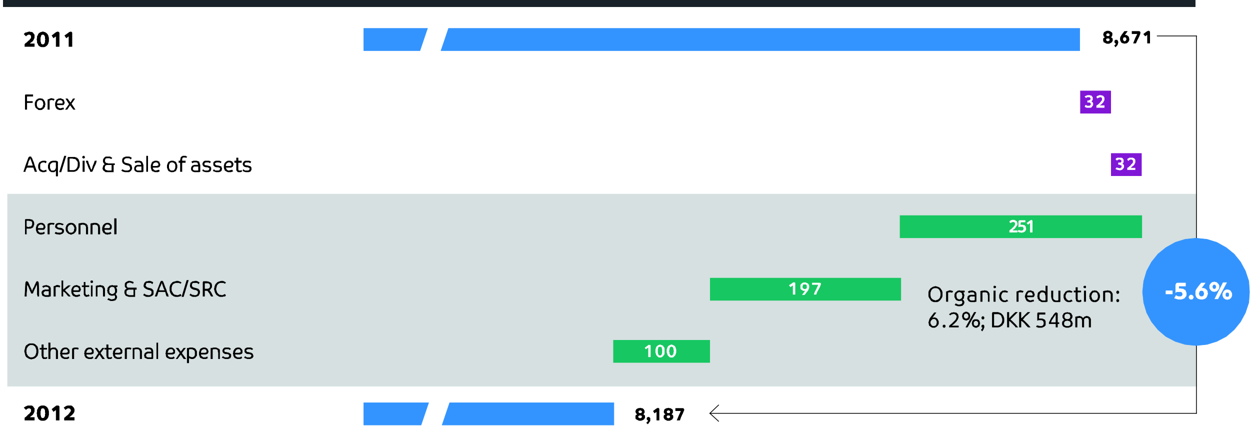
- In 2012, Operations completed several initiatives that significantly improved its level of savings. The transition of TDC IT outsourcing from CSC to Tata Consultancy Services resulted in notable savings in IT costs. A number of space management projects were carried out, e.g. NetDesign and Onfone were moved to TDC's main location, Teglholmen, generating further savings. Onfone relocated at the end of 2012 and the savings will be realised in 2013.

- The completed acquisitions (primarily Onfone in 2011) negatively impacted costs. On the other hand, operating expenses were positively impacted by one-offs related to the sale of Aarhus Network and acquisition of Randers Antenna Association (negative goodwill). In total, acquisitions and divestments negatively impacted growth by DKK 32m.

- The 2012 amendment to the Telecommunications Act regarding maritime distress services assigned TDC compensation for costs related to Coastal Radio, affecting operating expenses positively by DKK 42m.

- Organic operating expenses were negatively affected by a 2012 one-off item of DKK 25m concerning a large portion of the receivables related to TDC Rate being sold to an external partner. However, this positively affected Equity free cash flow.

Operational expenses bridge: 2011-2012 DKKm



Capital expenditure

TDC's network strategy is to have the best mobile and landline network in Denmark in terms of speed, coverage and quality. To achieve this, TDC plans to invest DKK 25bn up until 2020 on primarily the network infrastructure and customer installations. In 2012, in line with our guidance, capital expenditure totalled DKK 3,492m, corresponding to 13.4% of revenue.

Network infrastructure

As the incumbent telecommunications operator in Denmark, TDC has a long history and extensive experience in building and operating the communications infrastructure throughout Denmark. In 2012, TDC invested DKK 1,896m across network technologies (copper, coax, fibre and mobile), an increase of 9.7% compared with 2011.

TDC's landline network enables more than 99% of all Danish households to receive broadband at download speeds of more than 2 Mbps as well as landline telephony. 88% of households can receive broadband at download speeds of up to 20 Mbps, and 45% of households and businesses can obtain download speeds of up to 100 Mbps.

With a backbone network based entirely on fibre, TDC has the largest fibre network in Denmark and is continuing its effort to bring fibre closer to customers by building out a fibre feeder network. Investments in remote DSLAMs and pair bonding techniques enable TDC to use copper for the final stretch from fibre points to households, securing optimal utilisation of the copper network and enabling increasing speeds on the ever shorter distances where data is carried by copper lines.

TDC's continued expansion of the landline network is of great importance to the mobile network. By extending fibre to mobile masts, TDC can increase the speed of mobile broadband. TDC's mobile network spans almost the entire Danish population with 2G and 3G coverage. In 2012, TDC continued its 21 Mbps/42 Mbps 3G build-out to provide population coverage of 70% and 39% respectively.

TDC is also achieving solid progress in building a superior 4G network following the 800 MHz auction in Q2 2012 at which TDC acquired 2x20 MHz spectrum at a price that compares very favourably with similar European auctions.

TDC is one of only two European incumbent operators to fully own a cable-TV network in its domestic market. TDC's network infrastructure therefore represents a distinct advantage. To enhance this competitive edge, TDC continued to expand its coax network in 2012, thereby increasing capacity and broadband speeds while accommodating increasing demand for VoD.

Finally, Nordic has a fibre-based backbone network, a common best-in-class scalable VoIP platform and operates as an MVNO and SP without its own mobile network infrastructure.

Customer installations

In 2012, TDC spent DKK 758m on customer installations, including customer premises equipment and technician hours. A decrease of 8.1% in customer installations was seen from 2011, driven mainly by lower spending in Nordic; while increased sale of HomeTrio and higher net adds in YouSee broadband generated increases in customer installations in Consumer and YouSee.

IT

With DKK 696m spent on IT investments in 2012, the development from 2011 remained on the same level. Investments related mainly to strategic investments in development projects; in Nordic, primarily the development of Scale.

Consolidated Financial Statements

Income Statements (DKKm)

TDC Group	Note	2012	2011	Change in %	Q4 2012	Q4 2011	Change in %
Revenue	2	**26,116**	**26,304**	**(0.7)**	**6,548**	**6,685**	**(2.0)**
Transmission costs and cost of goods sold		(7,598)	(7,132)	(6.5)	(1,976)	(1,925)	(2.6)
Gross profit		**18,518**	**19,172**	**(3.4)**	**4,572**	**4,760**	**(3.9)**
External expenses		(3,893)	(4,215)	7.6	(974)	(1,017)	4.2
Wages, salaries and pension costs	3	(4,412)	(4,641)	4.9	(1,074)	(1,126)	4.6
Other income and expenses		118	185	(36.2)	52	47	10.6
EBITDA bpi		**10,331**	**10,501**	**(1.6)**	**2,576**	**2,664**	**(3.3)**
Pension income	7	80	439	(81.8)	19	110	(82.7)
EBITDA	2	**10,411**	**10,940**	**(4.8)**	**2,595**	**2,774**	**(6.5)**
Depreciation		(2,707)	(2,703)	(0.1)	(697)	(686)	(1.6)
Amortisation		(2,317)	(2,471)	6.2	(647)	(614)	(5.4)
Impairment losses		(38)	(53)	28.3	(24)	(19)	(26.3)
Depreciation, amortisation and impairment losses	4	**(5,062)**	**(5,227)**	**3.2**	**(1,368)**	**(1,319)**	**(3.7)**
Operating profit (EBIT), excluding special items		**5,349**	**5,713**	**(6.4)**	**1,227**	**1,455**	**(15.7)**
Special items	5	(753)	(864)	12.8	(188)	(210)	10.5
Operating profit (EBIT)		**4,596**	**4,849**	**(5.2)**	**1,039**	**1,245**	**(16.5)**
Profit from joint ventures and associates		763	(25)	-	1	(25)	104.0
- of which special items		760	-	-	-	-	-
Fair value adjustments		(65)	374	(117.4)	13	104	(87.5)
Currency translation adjustments		(51)	51	(200.0)	(8)	13	(161.5)
Interest income and expenses		(1,112)	(1,305)	14.8	(262)	(375)	30.1
Net financials	6	**(1,228)**	**(880)**	**(39.5)**	**(257)**	**(258)**	**0.4**
Profit before income taxes		**4,131**	**3,944**	**4.7**	**783**	**962**	**(18.6)**
Income taxes related to profit, excluding special items		(867)	(1,310)	33.8	(223)	(302)	26.2
Income taxes related to special items		329	179	83.8	57	44	29.5
Total income taxes		**(538)**	**(1,131)**	**52.4**	**(166)**	**(258)**	**35.7**
Profit for the period from continuing operations		**3,593**	**2,813**	**27.7**	**617**	**704**	**(12.4)**
Profit for the period from discontinued operations		-	(5)	-	-	-	-
- of which special items		-	(5)	-	-	-	-
Profit for the period		**3,593**	**2,808**	**28.0**	**617**	**704**	**(12.4)**
Profit for the period, excluding special items		**3,257**	**3,498**	**(6.9)**	**748**	**870**	**(14.0)**
EPS (DKK)							
Earnings Per Share		4.48	3.44	30.2	0.77	0.86	(10.5)
Earnings Per Share, diluted		4.47	3.44	29.9	0.77	0.86	(10.5)
Adjusted EPS		5.30	5.68	(6.7)	1.29	1.40	(7.9)

Statements of Comprehensive Income (DKKm)

TDC Group	2012	2011	Q4 2012	Q4 2011
Profit for the period	**3,593**	**2,808**	**617**	**704**
Currency translation adjustments, foreign enterprises	74	6	2	23
Reversal of currency translation adjustments, foreign enterprises	-	(1)	-	(1)
Fair value adjustments of cash flow hedges	(140)	266	(149)	234
Fair value adjustments of cash flow hedges transferred to the Income Statement	134	(150)	2	(119)
Actuarial gains/(losses) related to defined benefit pension plans	(160)	276	(434)	1,380
Income tax relating to actuarial gains/(losses) related to defined benefit pension plans	39	(78)	107	(353)
Other comprehensive income	**(53)**	**319**	**(472)**	**1,164**
Total comprehensive income	**3,540**	**3,127**	**145**	**1,868**

Balance Sheets DKKm

TDC Group	Note	31 December 2012	31 December 2011
Assets			
Non-current assets			
Intangible assets		32,762	33,543
Property, plant and equipment		15,337	15,343
Investments in joint ventures and associates		122	122
Other investments		5	5
Deferred tax assets		80	50
Pension assets	7	7,918	8,060
Receivables		251	278
Derivative financial instruments		466	324
Prepaid expenses		244	305
Total non-current assets		**57,185**	**58,030**
Current assets			
Inventories		317	281
Receivables		4,430	4,773
Derivative financial instruments		20	13
Prepaid expenses		591	579
Cash		973	1,489
Total current assets		**6,331**	**7,135**
Total assets		**63,516**	**65,165**
Equity and liabilities			
Share capital		825	825
Reserves		(432)	(500)
Retained earnings		19,222	20,129
Proposed dividends		1,898	1,790
Total equity		**21,513**	**22,244**
Non-current liabilities			
Deferred tax liabilities		5,449	6,476
Provisions		733	858
Pension liabilities	7	99	99
Loans	8	23,774	19,404
Derivative financial instruments		43	38
Deferred income		780	871
Total non-current liabilities		**30,878**	**27,746**
Current liabilities			
Loans	8	170	3,816
Trade and other payables		6,977	6,914
Income tax payable		379	363
Derivative financial instruments		74	72
Deferred income		2,937	3,043
Provisions		588	967
Total current liabilities		**11,125**	**15,175**
Total liabilities		**42,003**	**42,921**
Total equity and liabilities		**63,516**	**65,165**

Statements of Cash Flows DKKm

TDC Group	2012	2011	Change in %	Q4 2012	Q4 2011	Change in %
EBITDA bpi	10,331	10,501	(1.6)	2,576	2,664	(3.3)
Adjustment for non-cash items	157	143	9.8	27	72	(62.5)
Pension contributions	(154)	(157)	1.9	(52)	(40)	(30.0)
Payments related to provisions	(11)	(90)	87.8	24	(6)	-
Cash flow related to special items	(1,007)	(786)	(28.1)	(491)	(170)	(188.8)
Change in working capital	130	(67)	-	1,163	517	125.0
Cash flow from operating activities before net financials and tax	**9,446**	**9,544**	**(1.0)**	**3,247**	**3,037**	**6.9**
Interest paid, net	(1,013)	(645)	(57.1)	(121)	9	-
Realised currency translation adjustments	8	(7)	-	-	(4)	-
Cash flow from operating activities before tax	**8,441**	**8,892**	**(5.1)**	**3,126**	**3,042**	**2.8**
Income tax paid	(1,555)	(1,715)	9.3	(1,219)	(1,707)	28.6
Cash flow from operating activities in continuing operations	**6,886**	**7,177**	**(4.1)**	**1,907**	**1,335**	**42.8**
Cash flow from operating activities in discontinued operations	-	-	-	-	-	-
Total cash flow from operating activities	**6,886**	**7,177**	**(4.1)**	**1,907**	**1,335**	**42.8**
Investment in enterprises	(167)	(267)	37.5	(48)	-	-
Investment in property, plant and equipment	(2,568)	(2,526)	(1.7)	(635)	(690)	8.0
Investment in intangible assets	(1,038)	(955)	(8.7)	(279)	(304)	8.2
Investment in other non-current assets	(8)	(27)	70.4	(6)	-	-
Divestment of enterprises	2	7	(71.4)	-	3	-
Sale of property, plant and equipment	51	18	183.3	41	9	-
Sale of other non-current assets	9	109	(91.7)	3	11	(72.7)
Dividends received from joint ventures and associates	765	4	-	(253)	1	-
Cash flow from investing activities in continuing operations	**(2,954)**	**(3,637)**	**18.8**	**(1,177)**	**(970)**	**(21.3)**
Cash flow from investing activities in discontinued operations	-	(67)	-	-	(1)	-
Total cash flow from investing activities	**(2,954)**	**(3,704)**	**20.2**	**(1,177)**	**(971)**	**(21.2)**
Proceeds from long-term loans	3,672	16,678	(78.0)	-	-	-
Repayments of long-term loans	(3,403)	(17,854)	80.9	-	-	-
Finance lease repayments	(72)	(74)	2.7	(19)	(19)	-
Change in short-term bank loans	(302)	215	-	-	234	-
Change in interest-bearing debt	(1)	-	-	-	-	-
Dividends paid	(3,592)	(1,780)	(101.8)	-	-	-
Acquisition and disposal of treasury shares, net	(750)	-	-	-	-	-
Cash flow from financing activities in continuing operations	**(4,448)**	**(2,815)**	**(58.0)**	**(19)**	**215**	**(108.8)**
Cash flow from financing activities in discontinued operations	-	-	-	-	-	-
Total cash flow from financing activities	**(4,448)**	**(2,815)**	**(58.0)**	**(19)**	**215**	**(108.8)**
Total cash flow	**(516)**	**658**	**(178.4)**	**711**	**579**	**22.8**
Cash and cash equivalents (beginning-of-period)	1,489	831	79.2	262	910	(71.2)
Cash and cash equivalents (end-of-period)	**973**	**1,489**	**(34.7)**	**973**	**1,489**	**(34.7)**

Equity free cash flow DKKm

	2012	2011	Change in %	Q4 2012	Q4 2011	Change in %
EBITDA bpi	**10,331**	**10,501**	**(1.6)**	**2,576**	**2,664**	**(3.3)**
Change in net working capital excluding special items	130	(67)	-	1,163	517	125.0
Interest paid, net	(1,013)	(645)	(57.1)	(121)	9	-
Income tax paid	(1,555)	(1,715)	9.3	(1,219)	(1,707)	28.6
Cash flow from capital expenditure	(3,436)	(3,376)	(1.8)	(903)	(994)	9.2
Other	(8)	(104)	92.3	(1)	26	(103.8)
Equity free cash flow	**4,449**	**4,594**	**(3.2)**	**1,495**	**515**	**190.3**
Cash flow related to special items	(1,007)	(786)	(28.1)	(491)	(170)	(188.8)
Realised currency translation adjustments	8	(7)	-	0	(4)	-
Finance lease repayments	(72)	(74)	2.7	(19)	(19)	-
Cash flow related to mobile licences	(170)	(105)	(61.9)	(11)	0	-
Equity free cash flow post special items, etc.	**3,208**	**3,622**	**(11.4)**	**974**	**322**	**-**

Statements of Changes in Equity DKKm

TDC Group	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Proposed dividends	Total
Equity at 1 January 2011	992	(621)	-	20,484	-	20,855
Profit for the period	-	-	-	1,018	1,790	2,808
Currency translation adjustments, foreign enterprises	-	6	-	-	-	6
Reversal of currency translation adjustments, foreign enterprises	-	(1)	-	-	-	(1)
Fair value adjustments of cash flow hedges	-	-	266	-	-	266
Fair value adjustments of cash flow hedges transferred to the Income Statement	-	-	(150)	-	-	(150)
Actuarial gains/(losses) related to defined benefit pension plans	-	-	-	276	-	276
Income tax relating to actuarial gains/(losses) related to defined benefit pension plans	-	-	-	(78)	-	(78)
Total comprehensive income	**-**	**5**	**116**	**1,216**	**1,790**	**3,127**
Distributed dividends	-	-	-	(1,799)	-	(1,799)
Dividends, treasury shares	-	-	-	19	-	19
Cancellation of treasury shares	(167)	-	-	167	-	-
Share-based remuneration	-	-	-	42	-	42
Equity at 31 December 2011	**825**	**(616)**	**116**	**20,129**	**1,790**	**22,244**

TDC Group	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Proposed dividends	Total
Equity at 1 January 2012	825	(616)	116	20,129	1,790	22,244
Profit for the period	-	-	-	1,695	1,898	3,593
Currency translation adjustments, foreign enterprises	-	74	-	-	-	74
Fair value adjustments of cash flow hedges	-	-	(140)	-	-	(140)
Fair value adjustments of cash flow hedges transferred to the Income Statement	-	-	134	-	-	134
Actuarial gains/(losses) related to defined benefit pension plans	-	-	-	(160)	-	(160)
Income tax relating to actuarial gains/(losses) related to defined benefit pension plans	-	-	-	39	-	39
Total comprehensive income	**-**	**74**	**(6)**	**1,574**	**1,898**	**3,540**
Distributed dividends	-	-	-	(1,898)	(1,790)	(3,688)
Dividends, treasury shares	-	-	-	96	-	96
Acquisition of treasury shares	-	-	-	(750)	-	(750)
Share-based remuneration	-	-	-	71	-	71
Equity at 31 December 2012	**825**	**(542)**	**110**	**19,222**	**1,898**	**21,513**

Notes to Consolidated Financial Statements

Note 1 Accounting policies

TDC's Consolidated Financial Statements for 2012 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the additional disclosure requirements issued by the IFRS Executive Order issued by the Danish Business Authority in pursuance of the Danish Financial Statements Act. For TDC there are no differences between IFRS as adopted by the EU and IFRS as issued by IASB.

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

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 revenue and expenses for the accounting period.

The accounting estimates and judgements considered material to the preparation of the Consolidated Financial Statements cf. TDC's Group Annual Report note 2.

The accounting policies are unchanged from TDC's Annual Report 2011.

CHANGED ACCOUNTING PRESENTATION

TDC has changed its accounting presentation concerning employees who have been seconded to external parties in connection with outsourcing of tasks or divestment of operations and who are entitled to pensions on conditions similar to those provided for Danish civil servants. TDC pays the wages, etc. for the employees in question, and the payment is subsequently refunded by the outsourcing partner.

With effect from 1 January 2012, wages, etc. for the employees in question are not reflected in TDC's Income Statements. Previously, wages, etc. were recognised in Wages, salaries and pension costs and the corresponding refund was recognised in Other income.

Also, the employees in question are no longer included in the number of full-time employee equivalents as was previously the case.

The comparative figures for previous years have not been restated. Wages, salaries and pension costs for 2011 included DKK 83m regarding seconded employees, and the number of full-time employee equivalents at 31 December 2011 included 156 seconded employees.

Note 2 Segment reporting

In Q1 2012, the principles for allocating revenues to the respective segments (business lines) were adjusted. All revenue generated by the segments' customer relationships is now allocated to the segment responsible for the customer relationship (with few exceptions, e.g. revenue in shops). Previously, revenue generated by using certain products from other segments was allocated to the segment offering the services and products. Comparative figures for previous periods have been restated accordingly.

Segments DKKm

	Consumer		Business		Nordic	
	2012	2011	2012	2011	2012	2011
External revenue	8,933	8,813	6,753	7,334	4,466	4,240
Revenue across segments	99	171	173	182	349	247
Revenue	**9,032**	**8,984**	**6,926**	**7,516**	**4,815**	**4,487**
Total operating expenses excl. depreciation, etc.	(5,425)	(5,341)	(3,216)	(3,614)	(4,085)	(3,852)
Other income and expenses	(1)	1	26	0	10	13
EBITDA before pension income	**3,606**	**3,644**	**3,736**	**3,902**	**740**	**648**

	Wholesale		YouSee		Operations & HQ	
	2012	2011	2012	2011	2012	2011
External revenue	1,563	1,767	4,315	4,062	86	88
Revenue across segments	438	427	257	197	207	199
Revenue	**2,001**	**2,194**	**4,572**	**4,259**	**293**	**287**
Total operating expenses excl. depreciation, etc.	(1,080)	(1,123)	(2,911)	(2,741)	(736)	(755)
Other income and expenses	0	1	7	3	106	174
EBITDA before pension income	**921**	**1,072**	**1,668**	**1,521**	**(337)**	**(294)**

	Total	
	2012	2011
External revenue	26,116	26,304
Revenue across segments	1,523	1,423
Revenue	**27,639**	**27,727**
Total operating expenses excl. depreciation, etc.	(17,453)	(17,426)
Other income and expenses	148	192
EBITDA before pension income	**10,334**	**10,493**

Reconciliation of revenue DKKm

	2012	2011
Reportable segments	27,639	27,727
Elimination of across-segment items	(1,523)	(1,423)
Consolidated external revenue	**26,116**	**26,304**

Reconciliation of Profit before pension income, depreciation, amortisation and special items (EBITDA before pensionincome) DKKm

	2012	2011
EBITDA bpi from reportable segments	10,334	10,493
Elimination of EBITDA before pensionincome	(3)	8
Unallocated:		
Pension income	80	439
Depreciation, amortisation and impairment losses	(5,062)	(5,227)
Special items	(753)	(864)
Profit from joint ventures and associates	763	(25)
Net financials	(1,228)	(880)
Consolidated profit before income taxes	**4,131**	**3,944**

Segments Q4 2012 DKKm

	Consumer		Business		Nordic		Wholesale	
	Q4 2012	Q4 2011	Q4 2012	Q4 2011	Q4 2012	Q4 2011	Q4 2012	Q4 2011
External revenue	2,261	2,280	1,655	1,811	1,124	1,144	390	422
Revenue across segments	17	40	54	58	106	61	104	118
Revenue	**2,278**	**2,320**	**1,709**	**1,869**	**1,230**	**1,205**	**494**	**540**
Total operating expenses before depreciation, etc.	(1,347)	(1,355)	(808)	(913)	(1,040)	(1,053)	(267)	(279)
Other income and expenses	(6)	1	26	-	4	5	-	-
EBITDA bpi	**925**	**966**	**927**	**956**	**194**	**157**	**227**	**261**

	YouSee		Operations & HQ		Total	
	Q4 2012	Q4 2011	Q4 2012	Q4 2011	Q4 2012	Q4 2011
External revenue	1,106	1,015	12	13	6,548	6,685
Revenue across segments	66	53	60	49	407	379
Revenue	**1,172**	**1,068**	**72**	**62**	**6,955**	**7,064**
Total operating expenses before depreciation, etc.	(759)	(687)	(215)	(163)	(4,436)	(4,450)
Other income and expenses	6	1	35	40	65	47
EBITDA bpi	**419**	**382**	**(108)**	**(61)**	**2,584**	**2,661**

Reconciliation of revenue DKKm

	Q4 2012	Q4 2011
Reportable segments	6,955	7,064
Elimination of across-segment items	(407)	(379)
Consolidated amounts	**6,548**	**6,685**

Reconciliation of Profit before pension income, depreciation, amortisation and special items (EBITDA before pensionincome) DKKm

	Q4 2012	Q4 2011
EBITDA bpi from reportable segments	2,584	2,661
Elimination of EBITDA bpi	(8)	3
Unallocated:		
Pension income	19	110
Depreciation, amortisation and impairment losses	(1,368)	(1,319)
Special items	(188)	(210)
Profit from joint ventures and associates	1	(25)
Net financials	(257)	(258)
Consolidated profit before income taxes	**783**	**962**

Note 3 Employees

FTEs (EoP)	2012	2011	Change in %
Consumer[1]	1,958	1,996	(1.9)
Business[2]	1,288	1,344	(4.2)
Nordic	1,466	1,472	(0.4)
- of which in Denmark	237	208	13.9
Wholesale	179	190	(5.8)
YouSee	1,172	1,218	(3.8)
Other[3 4]	3,080	3,596	(14.3)
TDC Group	**9,143**	**9,816**	**(6.9)**
TDC Group, domestic	**7,914**	**8,552**	**(7.5)**

Average number of FTEs	2012	2011	Change in %
Consumer[1]	1,973	2,003	(1.5)
Business[2]	1,328	1,400	(5.1)
Nordic	1,466	1,430	2.5
- of which in Denmark	226	199	13.6
Wholesale	189	178	6.2
YouSee	1,196	1,235	(3.2)
Other[3 4]	3,188	3,860	(17.4)
TDC Group	**9,340**	**10,106**	**(7.6)**
TDC Group, domestic	**8,100**	**8,875**	**(8.7)**

[1] Includes Onfone as of Q2 2011.
[2] Includes BluePosition as of Q1 2012.
[3] Includes Operations, HQ, Expats and personnel on leave, etc.
[4] From Q1 2012 Danish civil servants seconded to external parties are excluded in the calculation of FTEs. 156 seconded civil servants were included in FTE figures EOP 2011.

Note 4 Depreciation, amortisation and impairment losses

The DKK 165m or 3.3% decline in depreciation, amortisation and impairment losses from 2011 to 2012 reflected primarily lower amortisation of the value of customer relationships according to the diminishing balance method.

Note 5 Special items

Special items amounted to income after tax of DKK 336m in 2012, compared with expenses after tax of DKK 690m in 2011.

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 and properties, as well as transaction costs and adjustments of purchase prices relating to the acquisition of enterprises.

In 2012, Other restructuring costs, etc. included primarily costs due to the new IT outsourcing agreement with Tata Consultancy Services and the termination of the former contract with CSC, i.e. termination, transition and transformation costs (DKK 273m). The total payments related to the change of vendor are expected to amount to DKK 329m. Of this amount, DKK 102m impacted 2012, while the remaining payments of DKK 227m are expected to be paid in the period 2013-2016. Income from rulings comprised primarily a VAT refund for the period 1997-2009.

In 2011, Other restructuring costs, etc. included accelerated amortisation of borrowing costs (DKK 106m). Gain from divestments of enterprises and property comprised primarily the divestment of shares in Nawras. Loss from rulings comprised a provision relating to a Swedish court ruling in a dispute over interconnect fees.

Special items — DKKm

TDC Group	2012	2011	Q4 2012	Q4 2011
Profit for the period, excl. special items	**3,257**	**3,498**	**748**	**870**
Consolidated enterprises:				
Costs related to redundancy programmes and surplus office capacity	(493)	(664)	(178)	(179)
Other restructuring costs, etc.	(321)	(221)	(39)	(15)
Gain from divestments of enterprises and property	2	88	2	1
Impairment losses	(24)	4	(2)	(7)
Income from rulings	117	-	35	-
Loss from rulings	(32)	(58)	(4)	(1)
Costs related to acquisition of enterprises	(2)	(13)	(2)	(7)
Adjustment of purchase price of enterprises	-	4	-	2
Special items before income taxes	**(753)**	**(864)**	**(188)**	**(210)**
Income taxes related to special items	329	179	57	44
Special items after income taxes in consolidated enterprises	**(424)**	**(685)**	**(131)**	**(166)**
Special items related to joint ventures and associates	760	-	-	-
Special items related to discontinued operations	-	(5)	-	-
Total special items after taxes	**336**	**(690)**	**(131)**	**(166)**
Profit for the period	**3,593**	**2,808**	**617**	**704**

Cashflow from special items — DKKm

TDC Group	31 December 2012	31 December 2011
Redundancy programmes and surplus office capacity	(624)	(615)
Rulings	(228)	0
Other	(155)	(171)
Total	**(1,007)**	**(786)**
	Q4 2012	**Q4 2011**
Redundancy programmes and surplus office capacity	(183)	(129)
Rulings	(266)	0
Other	(42)	(41)
Total	**(491)**	**(170)**

Note 6 Net financials

Net financials represented an expense of DKK 1,228m in 2012, up DKK 348m compared with 2011, driven by:

- A negative development of DKK 439m in fair value adjustments of derivative financial instruments related primarily to debt hedging. Gains of 229m in 2011 were due primarily to derivative financial instruments related to the interest-rate hedging of EUR denominated Senior Loans[1], that were not treated as hedge accounting. Losses of DKK 134m in 2012 (2011: gains of DKK 150m) were due to cross-currency swaps related to the EMTN GBP bonds. The swaps are treated as hedge accounting. Accordingly, the effective part of the changes in the fair value of the derivatives is recognised directly in other comprehensive income, whereas the ineffective part is recognised in the Income Statements.

- A negative development of DKK 102m in currency translation adjustments related primarily to long-term debt and hedging hereof.

- A DKK 193m decrease in net interest expenses. Interest expenses in 2011 were negatively impacted by interest on interest-rate swaps related to hedging of the Senior Loans, which were not terminated upon repayment of the Senior Loans in February 2011.

  Approximately 43% of the issued fixed interest-rate EMTN bonds were swapped to floating interest rates. In addition, the EMTN GBP bonds were swapped to EUR. Both types of derivatives are treated as hedge accounting.

[1] Not all interest-rate swaps related to hedging of the Senior loans were terminated in connection with the refinancing in Q1 2011, but matured or were terminated in Q4 2011 at the latest.

Net financials — DKKm

TDC Group	2012			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. Hedges (treated as hedge accounting)	(982)	(76)	(106)	(1,164)
Other hedges (not treated as hedge accounting)	(26)	14	41	29
Other	(104)	11	-	(93)
Net financials	**(1,112)**	**(51)**	**(65)**	**(1,228)**

Interest of DKK (1,112)m is specified as follows: Interest income, DKK 172m and interest expenses, DKK (1,284)m.

Net financials — DKKm

TDC Group	2011			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. Hedges (treated as hedge accounting)	(897)	57	144	(696)
Other hedges (not treated as hedge accounting)	(1)	2	1	2
Senior loans incl. hedges	(292)	(2)	229	(65)
Other	(115)	(6)	-	(121)
Net financials	**(1,305)**	**51**	**374**	**(880)**

Interest of DKK (1,305)m is specified as follows: Interest income, DKK 408m and interest expenses, DKK (1,713)m.

Net financials — DKKm

TDC Group	Q4 2012			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. Hedges (treated as hedge accounting)	(236)	(8)	20	(224)
Other hedges (not treated as hedge accounting)	(7)	(3)	(7)	(17)
Other	(19)	3	-	(16)
Net financials	**(262)**	**(8)**	**13**	**(257)**

Interest of DKK (262)m is specified as follows: Interest income, DKK 56m and interest expenses, DKK (318)m.

Net financials DKKm

TDC Group	Q4 2011			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. Hedges (treated as hedge accounting)	(290)	19	80	(191)
Other hedges (not treated as hedge accounting)	(33)	(3)	1	(35)
Senior loans incl. hedges	(1)	3	23	25
Other	(51)	(6)	-	(57)
Net financials	**(375)**	**13**	**104**	**(258)**

Interest of DKK (375)m is specified as follows: Interest income, DKK 52m (primarily related to interest-rate swaps and cross-currency swaps) and interest expenses, DKK (427)m.

Note 7 Pension assets and pension obligations

Specification of pension income/(costs) recognised in the Income Statements DKKm

TDC Group	2012	2011	Q4 2012	Q4 2011
Defined benefit plans:				
Pension income from the domestic defined benefit plan (Operations & HQ)	(64)	304	(16)	76
Pension cost from the Norwegian defined benefit plans (Nordic)	(20)	(17)	(6)	(2)
Net periodic pension income/(costs) from defined benefit plans	**(84)**	**287**	**(22)**	**74**
Net periodic pension (cost)/income from defined benefit plans is recognised in the Income Statements as follows:				
Service cost[1] recognised in Wages, salaries and pension costs	**(164)**	**(152)**	**(41)**	**(36)**
Interest cost[2]	(853)	(851)	(213)	(212)
Expected return on plan assets[3]	933	1,290	232	322
Net interest recognised in Pension income	**80**	**439**	**19**	**110**
Total net periodic pension (costs)/income from defined benefit plans	**(84)**	**287**	**(22)**	**74**

[1] The increase in the present value of the defined benefit obligation resulting from employees' services in the current period
[2] The increase in the present value of the defined benefit obligation occurs because the benefits are one period closer to settlement. The interest cost represents the unwinding of the discounting of the pension liabilities.
[3] Interest, dividends and other revenue derived from the pension fund assets. The expected return on plan assets is based on market expectations, at the beginning of the period, for returns over the entire life of the related pension obligation.

A: Domestic defined benefit plan

TDC's domestic 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. Distribution of funds from the pension fund to TDC is not possible until all pension obligations have been met. 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.

Specification of pension (costs)/income	2012	2011	Q4 2012	Q4 2011
DKKm				
Service cost recognised in Wages, salaries and pension cost	**(144)**	**(134)**	**(36)**	**(33)**
Interest expenses	(843)	(840)	(210)	(210)
Expected return on plan assets	923	1,278	230	319
Net interest recognised in Pension income	**80**	**438**	**20**	**109**
Net periodic pension (cost)/income	**(64)**	**304**	**(16)**	**76**
Domestic redundancy programmes recognised in special items	(122)	(230)	(53)	(64)
Pension (cost)/income recognised in the Income Statements	**(186)**	**74**	**(69)**	**12**

Assets and obligations (DKKm)	2012	2011
Specification of pension assets		
Fair value of plan assets	30,543	28,400
Projected benefit obligations	(22,625)	(20,340)
Pension assets recognised in the Balance Sheets at1 January	**7,918**	**8,060**
Change in pension assets recognised in the Balance Sheets		
Pension assets recognised in the Balance Sheets at1 January	8,060	7,487
Pension (cost)/income recognised in the Income Statements	(186)	74
Actuarial gain/(loss) on projected benefit obligations and plan assets recognised in other comprehensive income	(157)	312
TDC's contribution	201	187
Pension assets recognised in the Balance Sheets at 31 December	**7,918**	**8,060**
Weighted-average assumptions used to determine benefit obligations		
TDC Group	**2012**	**2011**
Discount rate	3.35	4.25
Weighted-average assumptions used to determine net periodic pension cost		
TDC Group	**2012**	**2011**
Discount rate	4.25	4.95
Expected return on plan assets	3.30	5.20

Changed accounting for pensions

The amended IAS Employee benefits, effective from 2013, will impact TDC's future non-cash pension costs:

- The pension funds' administrative expenses will be included in pension costs. Currently, they are implicitly included in the expected long-term return on assets.
- Finance costs will be calculated on a net basis using the discount rate. Currently, it is calculated as the net of the pension liability multiplied with the discount rate and the fair value of the pension funds' assets multiplied with the expected long-term rate of return.
- TDC will cease the use of the current supplementary EBITDA, EBITDA bpi, as the interest components (currently presented as 'Pension income') are reclassified to an item in Net Financials ('interest on pension assets').

B: Foreign defined benefit plan

TDC's foreign defined benefit plan concerns TDC Norway. The difference between the actuarially determined pension obligations and the fair value of the pension funds' assets is recognised in the Balance Sheets under pension liabilities, etc.

Impact from the amended IAS 19 (DKKm)	Expected 2013	2012	2011
Amended IAS19			
Service cost	(155)	(144)	(134)
Administrative expenses	(11)	(11)	(13)
Pension costs, recognised in Wages, salaries and pension costs	**(166)**	**(155)**	**(147)**
Interest on net pension assets, recognised in financials	**269**	**346**	**376**
Total pension (costs)/income[1]	**103**	**191**	**229**
Impact from changed accounting policy			
Wages, salaries and pension costs	(11)	(11)	(13)
Net interest (expenses)/income	32	266	(62)
Profit before tax	**21**	**255**	**(75)**

[1] Excluding Domestic redundancy programmes recognised in special items

Pension liabilities, etc. related to the foreign defined benefit plan amounted to DKK 99m at 31 December 2012 compared with DKK 99m at 31 December 2011.

Note 8 Loans and net interest bearing debt

Net interest-bearing debt totalled DKK 21,918m at the end 2012, up by DKK 905m compared with year-end 2011.

The increase is attributable mainly to distributions in H1 2012 in the form of dividends and share buybacks as well as debt related to the acquired 800 MHz licence, which was partly offset by the positive net cash flows from operating and investing activities including the TPSA settlement in January 2012.

In February 2012, TDC issued an unsecured BBB/Baa2-rated bond in the total amount of EUR 500m, with a maturity of 10 years under the Company's EUR 4bn EMTN Programme listed on the Luxembourg Stock Exchange. The proceeds from the bond issuance were used to fully repay the EMTN bond of EUR 457m that matured in April 2012.

Approximately 43% of the issued fixed interest-rate EMTN bonds was swapped to floating interest rates. In addition, the EMTN GBP bonds were swapped to fixed EUR interest rates. Both types of derivatives are treated as hedge accounting.

Net interest bearing debt

TDC Group	31 December 2012	31 December 2011
Specification of long-terms loans:		
Euro Medium Term Notes (EMTN)	23,134	19,056
Debt relating to finance leases	130	169
Other loans	510	179
Total	**23,774**	**19,404**
Specification of short-terms loans:		
Bank loans	-	302
Euro Medium Term Notes (EMTN)	94	3,402
Debt relating to finance leases	76	79
Other loans	-	33
Total	**170**	**3,816**
Total long-term and short-term lons	**23,944**	**23,220**
Interest-bearing payables	2	2
Gross interest-bearing debt	**23,946**	**23,222**
Interest-bearing receivables	(201)	(226)
Cash and cash equivalents	(973)	(1,489)
Derivative financial instruments hedging fair value and currency on loans	(854)	(494)
Net interest-bearing debt	**21,918**	**21,013**

[1] Net carrying value measured at amortised cost, ensures the difference between the proceeds received and the nominal value is recognised in the Income Statements over the term of the loan..

Euro Medium Term Notes (EMTNs) Bonds

Euro Medium Term Notes (EMTN)		Bonds						
		2012	**2015**	**2015**	**2018**	**2022**	**2023**	**Total**
Maturity		19 Apr 2012	23 Feb 2015	16 Dec 2015	23 Feb 2018	02 Mar 2022	23 Feb 2023	
Fixed/Floating rate		Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	
Coupon		6.500%	3.500%	5.875%	4.375%	3.750%	5.625%	
Outstanding amount[1] 1 January 2012	EURm	457	800	274	800	0	0	2,331
Outstanding amount[1] 1 January 2012	GBPm	0	0	0	0	0	550	550
Redemption	EURm	(457)	0	0	0	0	0	(457)
Issuance March 2012	EURm	0	0	0	0	500	0	500
Outstanding amount[1] 31 December 2012	**EURm**	**0**	**800**	**274**	**800**	**500**	**0**	**2,374**
Outstanding amount[1] 31 December 2012	**GBPm**	0	0	0	0	0	**550**	**550**
Outstanding amount[1] 31 December 2012	**DKKm**	**0**	**5,968**	**2,041**	**5,968**	**3,730**	**5,015**	**22,722**

[1] Nominal value.

Selected financial and operational data

TDC Group DKKm	2012	2011	2010	2009	2008
Income Statements					
Revenue	26,116	26,304	26,167	26,079	26,917
Gross profit	18,518	19,172	19,420	19,635	19,678
EBITDA bpi	**10,331**	**10,501**	**10,337**	**10,249**	**9,669**
Depreciation, amortisation and impairment losses	(5,062)	(5,227)	(5,356)	(4,659)	(4,547)
Operating profit (EBIT), excluding special items	**5,349**	**5,713**	**5,416**	**5,877**	**5,507**
Special items	(753)	(864)	(1,347)	(1,119)	(3,212)
Operating profit (EBIT)	**4,596**	**4,849**	**4,069**	**4,758**	**2,295**
Profit from joint ventures and associates	763	(25)	13	76	200
Net financials	(1,228)	(880)	(1,496)	(2,064)	(2,048)
Profit before income taxes	**4,131**	**3,944**	**2,586**	**2,770**	**447**
Income taxes	(538)	(1,131)	(782)	(809)	(438)
Profit for the year from continuing operations	**3,593**	**2,813**	**1,804**	**1,961**	**9**
Profit for the year from discontinued operations[1]	-	(5)	1,203	422	548
Profit for the year	**3,593**	**2,808**	**3,007**	**2,383**	**557**
Attributable to:					
Owners of the Parent Company	3,593	2,808	3,007	2,424	708
Minority interests	-	-	-	(41)	(151)
Profit for the year, excluding special items					
Operating profit (EBIT)	**5,349**	**5,713**	**5,416**	**5,877**	**5,507**
Profit from joint ventures and associates	3	(25)	3	(1)	222
Net financials	(1,228)	(880)	(1,496)	(2,064)	(2,048)
Profit before income taxes	**4,124**	**4,808**	**3,923**	**3,812**	**3,681**
Income taxes	(867)	(1,310)	(1,035)	(1,085)	(722)
Profit for the year from continuing operations	**3,257**	**3,498**	**2,888**	**2,727**	**2,959**
Profit for the year from discontinued operations[1]	-	-	413	575	352
Profit for the year	**3,257**	**3,498**	**3,301**	**3,302**	**3,311**

TDC Group

		2012	2011	2010	2009	2008
Balance Sheets	DKKbn					
Total assets		63.5	65.2	64.8	86.4	100.0
Net interest-bearing debt		(21.9)	(21.0)	(22.6)	(33.5)	(34.9)
Total equity		21.5	22.2	20.9	27.1	31.7
Average number of shares outstanding (million)		802.3	816.7	981.8	990.5	990.5
Statements of Cash Flow	DKKm					
Continuing operations:						
Operating activities		6,886	7,177	7,238	7,440	5,743
Investing activities		(2,954)	(3,637)	(3,889)	(4,811)	2,096
Financing activities		(4,448)	(2,815)	(20,091)	(10,261)	(9,506)
Total cash flow from continuing operations		**(516)**	**725**	**(16,742)**	**(7,632)**	**(1,667)**
Total cash flow in discontinued operations[1]		-	(67)	16,810	1,677	88
Total cash flow		**(516)**	**658**	**68**	**(5,955)**	**(1,579)**
Equity free cash flow		4,449	4,594	4,515	4,426	2,424
Capital expenditure		(3,492)	(3,421)	(3,534)	(3,891)	(3,975)
Key financial ratios						
Earnings Per Share (EPS)	DKK	4.48	3.44	3.06	2.45	0.71
EPS from continuing operations, excl. special items	DKK	4.06	4.28	2.94	2.75	2.99
Adjusted EPS	DKK	5.30	5.68	4.24	3.74	3.90
Dividend payments per share	DKK	4.47	2.18	-	7.85	0.72
Gross profit margin	%	70.9	72.9	74.2	75.3	73.1
EBITDA bpi margin	%	39.6	39.9	39.5	39.3	35.9
Capex-to-revenue ratio	%	13.4	13.0	13.5	14.9	14.8
Net interest-bearing debt/EBITDA bpi	x	2.1	2.0	2.2	3.3	3.1
RGUs (end-of-year)	('000)					
Landline		1,541	1,687	1,840	1,995	2,160
Mobile		3,963	3,921	3,627	3,611	3,156
Internet		1,769	1,777	1,807	1,814	1,765
Other networks and data connections		59	61	64	64	63
TV		2,222	2,158	2,109	2,009	1,876
Total RGUs		**9,554**	**9,604**	**9,447**	**9,493**	**9,020**
Domestic dual-play bundles		395	366	304	213	-
Domestic triple-play bundles		193	145	116	86	-
Employees[2]						
Number of FTEs (end-of-year)		9,143	9,816	10,423	11,277	11,772
Average number of FTEs		9,340	10,106	10,860	11,519	13,020

[1] The operations of the following enterprises are presented as discontinued operations: Sunrise (divested in 2010) and Invitel (divested in 2009). Other divestments are included in the respective accounting items during the ownership.
[2] From Q1 2012, Danish civil servants seconded to external parties are excluded in the calculation of FTEs. 156 seconded civil servants were included in FTE figures EOP 2011.

Corporate matters

Risk Factors

TDC's Annual Report as of 3 February 2012 describes certain risks that could materially and adversely affect TDC's business, financial condition, results of operations and/or cash flows. At the end of 2012, TDC expects no significant changes in the risks.

Forward-looking Statements

This Interim Report may include statements about TDC'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. The key factors that may have a direct bearing on TDC's results include: the competitive environment and the industry in which TDC operates; contractual obligations in TDC's financing arrangements; developments in competition within the domestic and international communications industry; information technology and operational risks including TDC'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 by the Danish Business Authority; the possibility of being awarded licences; increases in 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 the 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 cannot predict. In addition, TDC 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 Financial Statements of the TDC Group for 2012.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for listed companies.

In our opinion, the Financial Statements provide a true and fair view of the Group's assets, liabilities and financial position at 31 December 2012 as well as the results of operations and cash flows for the financial year 2012. 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 2013

Executive Committee

Carsten Dilling
President and Chief Executive Officer

Pernille Erenbjerg
Senior Executive Vice President and Chief Financial Officer

Anders Jensen
Senior Executive Vice President, President of Consumer and Group Chief Marketing Officer

Martin Lippert
Senior Executive Vice President, President of Operations and Group Chief Operating Officer

Eva Berneke
Senior Executive Vice President and President of Business

Jens Munch-Hansen
Senior Executive Vice President and President of Wholesale and Nordic

Niels Breining
Senior Executive Vice President and Chief Executive Officer, YouSee A/S

Miriam Igelsø Hvidt
Senior Executive Vice President, HR and Stakeholder Relations

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Jan Bardino

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Steen M. Jacobsen

John Schwartzbach

Hanne Trebbien

Gert Winkelmann

About TDC

TDC is the leading provider of communications solutions in Denmark with a strong Nordic focus. TDC is organised in the following units: Consumer, Business, Nordic, Wholesale, YouSee, Operations and Headquarters.

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Listing

Shares: NASDAQ OMX Copenhagen.
Reuters TDC.CO.
Bloomberg TDC DC.
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