

TDC NET

H1 2023 Results

11 August 2023 |



We connect Denmark.
For everyone.

Today's presenters



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TDC NET reports semi-annually to the capital markets. The report is available at tdcnet.com/investor-relations/

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Our business model

We connect Denmark. For everyone.

TDC NET is an open-access connectivity provider of digital infrastructure. We build, own and operate the next generation of Denmark's digital infrastructure.

Denmark has a leading position within digitalisation across the EU, and TDC NET plays an important role in enabling society's transition to a green and sustainable future.



Highlights H1 2023



TDC NET maintain its position in the **top 1% of the world's most sustainable companies**, as recognised by EcoVadis for the second consecutive year, reflecting commitment to translating ambitions into actions

Increase in EBITDA

Revenue -2,6% to DKK 3.272m

EBITDA +1% to DKK 2.340m

Full year '23 guidance confirmed – low single digit growth

PPAs into effect resulting in reduced energy costs, but also lower revenue from mobile agreement

Continued investments programs

CAPEX +1% to DKK 1.469m

Focus on fibre roll out to homes passed and connected

CF operation funding CAPEX

Cash flow from operations spent on interests and CAPEX.

Negative cash flow DKK (1,404m) driven mainly by larger repayments of debt compared to new issuance and timing of payments of interest coupons.

Refinancing in H1

Refinancing of Group debt finalized in February to longer maturities

TDC NET issuance of EUR 1.000m long term bonds and EUR 54m bilateral loans to repay senior term facilities

Leverage 5.99x EBITDA LTM and 5.79x EBITDA on forward 12 months

Strong business development

47k fibre homes passed added

Housing association AAB choose TDC NET – 20K fibre

TDC NET has a nationwide and fully developed 5G network with 99% access across the country.

Denmark's best mobile network for the 8th consecutive year



TDC NET focus on futureproof technologies to strengthen market position

Priorities

Fixed broadband



Mobile



Efficiency and simplification



Key elements

- 1 Strong focus on activating homes on fibre**, due to higher demand from end-customers, while general long-term target towards c. 1m homes-passed is maintained - 47K homes past added in H1
- 2 New price model announced for coax solutions** effective from 2024, which allows for **differentiated strategic pricing** depending on regional market dynamics
- 3 Exploration of decommissioning of copper** platforms has been initiated to simplify product portfolio going forward – horizon is not yet decided
- 4 Market leading position as Denmark's Best Mobile Network for the 8'th consecutive year** with strong customer experience and high customer satisfaction

TDC NET has a **nationwide and fully developed 5G network** with 99% access across the country.
- 5 Opportunity to simplify and automate processes across network operations** to drive improved efficiency
- 6 AI and data automation** is a key enabler to maximise the benefits from available data resources eg. optimizing driving patterns for technicians to reduce mileage and CO2 emissions

Increasing EBITDA of 1.1% YoY due to reduced operational expenses

Financial performance DKKm

	H1 2023	YoY Growth	H1 2022
Revenue	3,272	↓ (2.6%)	3,360
Gross Profit	3,146	↓ (2.7%)	3,233
Opex	(806)	↓ (12.1%)	(917)
EBITDA	2,340	↑ 1.0%	2,316
Capex ¹	(1,469)	↑ 1.0%	(1,454)

Key highlights, H1 2023

Revenue decreased by 2.6% YoY to DKK 3,272m

- Development primarily driven by decrease in legacy product offerings, and mobility services. Mobility services was affected by lower billing on power prices, partly offset by increase in mobile contract and increase in revenue streams from internet and network due to shifts in RGU bases towards fibre

Opex improved by 12.1% YoY to DKK (806m)

- The development was driven by optimisations within opex from fewer fixed network faults in the network and higher productivity within the workforce. Lastly fewer FTE's and as well as reduced power costs has contributed to an improved opex

EBITDA increased by 1.0% YoY to DKK 2,340m

- EBITDA increased by DKK 25m to DKK 2,340m. This was attributable to decreasing operating expenses resulting in an improved EBITDA margin by 3.8% to 72% in H1 2023

Capex¹ increased by 1.0% YoY to DKK (1,469m)

- Continued investments in fibre rollout (additional ~47k homes passed in H1 2023) and mobile network – maintain investment levels in core business in H1 2023

Cash flow from operations spent on interests and investments.

Change in cash flow driven by financing activities

Financial performance DKKm

	H1 2023	YoY Growth	H1 2022
EBITDA	2,340		2,316
Change in NWC	(106)		(118)
Net interest paid	(908)		(571)
Other operating act.	(116)		(114)
Investment activities, excl. TDC Holding	(1,587)		(1,674)
TDC Holding upstream loan	0		(2,045)
Financing activities	(1,027)		3,718
Total cash flow	(1,404)		1,512

Key highlights, H1 2023

Operating cash flow excluding interests increased DKK 34m YoY to DKK 2,118m

- The strong positive cash flow from operations is used for interests and investment activities

Net interest paid increased by DKK 337m to DKK (908m)

- Due to refinancing and replacement of term loan facilities with issuance of long-term bonds we have seen an increase of interest rates in H1 2023 compared with H1 2022
- Net interest paid is impacted by timing. P&L net interest DKK (672m) H1 2023, resulting in timing impact of payments approx. DKK (236m)

Investment activities excl. TDC Holding decreased by DKK 87m YoY to DKK (1,587m)

- Decrease driven by the finalisation of the 5G mobile network swap and the related payments, but continued high investments in fibre rollout

TDC Holding upstream loan issued in 2022 of DKK 2,045m

Financing activities decreased by DKK 4,745m YoY to DKK (1,027m)

- In H1 2023, cash flow from financing activities decreased by DKK 4,745m to DKK (1,027m), due to prefunding in 2022 and Euro Medium Term Note (EMTN) repayment in February 2023

Total cash flow decreased by DKK 2,916 YoY to DKK (1,404m)

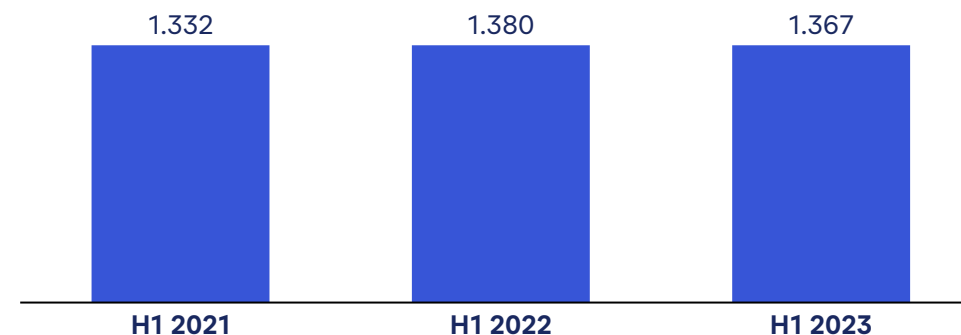
TDC NET provides Denmark's Best Mobile Network and leads 5G

Highlights & fundamentals

- Quality and speed among the best in the world
 - **Denmark's Best Mobile Network for the 8'th consecutive year**¹
 - 99% 4G and 5G geographic coverage in Denmark²
 - The 3G signal has been decommissioned nationwide in Denmark, allowing for improved 4G and 5G experiences
 - **TDC NET has in collaboration with Ericsson, achieved a new speed record of 7 Gbps** at Copenhagen Central Station, showcasing the power of our advanced 5G network
- **Most satisfied customers** according to Telepristjek.dk on experience and speed
- Revenue streams from mobility services decreased 1% YoY to DKK 1,367m in 1st half of 2023
 - Pre-agreed **increase in fixed fee on mobile agreement with Nuuday**
 - Nuuday paid less for **energy** to mobile sites affecting revenue and decline in revenue from **national roaming**

Key facts – Mobile

Revenue development DKKm



Market share (FY 2022)

40% The mobile network market share in 2022 remained stable at ~40%

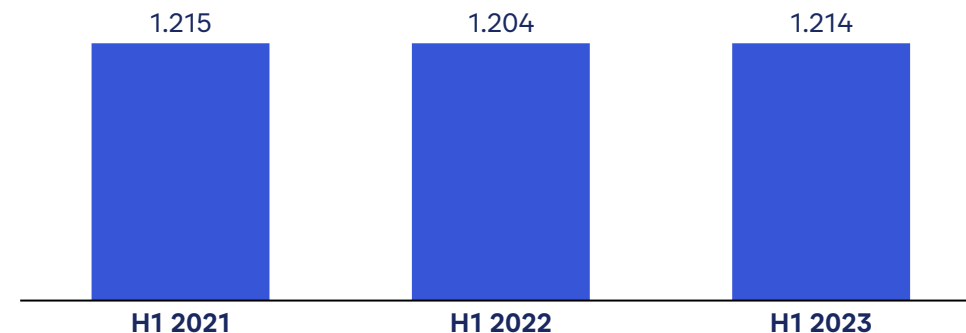
TDC NET's open access fixed network infrastructure in Denmark

Highlights & fundamentals¹

- **Largest broadband footprint in Denmark**, covering vast majority of Danish addresses with copper, coax or fibre
 - **C. 1.9m homes passed by high-speed network** (coax and fiber)
 - Additional **47k fibre homes passed** 2023H1 (now totaling 654k)
- TDC NET **operates an open access model enabling a diversified mix of 100+ service providers** to offer broadband to end customers
- **Revenue from internet and network increased by 0.9%**, or DKK 10m, to DKK 1.214m YoY 1st half of 2023
 - Increase in revenue due to slight **growth** in highspeed broadband and **ARPU increases** across all technologies
 - High-speed RGU's remained stable on 792k while low-speed RGU's decreased, positively impacting average ARPU. ARPU Fibre DKK 185, Coax DKK 89, Copper DKK 114
 - Positive trend in fibre activation due to higher demand from customer
 - In addition to ~47k new homes passed with fibre in H1 2023, TDC NET has connected an increasing number of homes in the same period

Key facts – Broadband

Revenue development DKKm



Market share (FY 2022)

48% / 41% Total broadband / High-speed broadband market share

Customers²

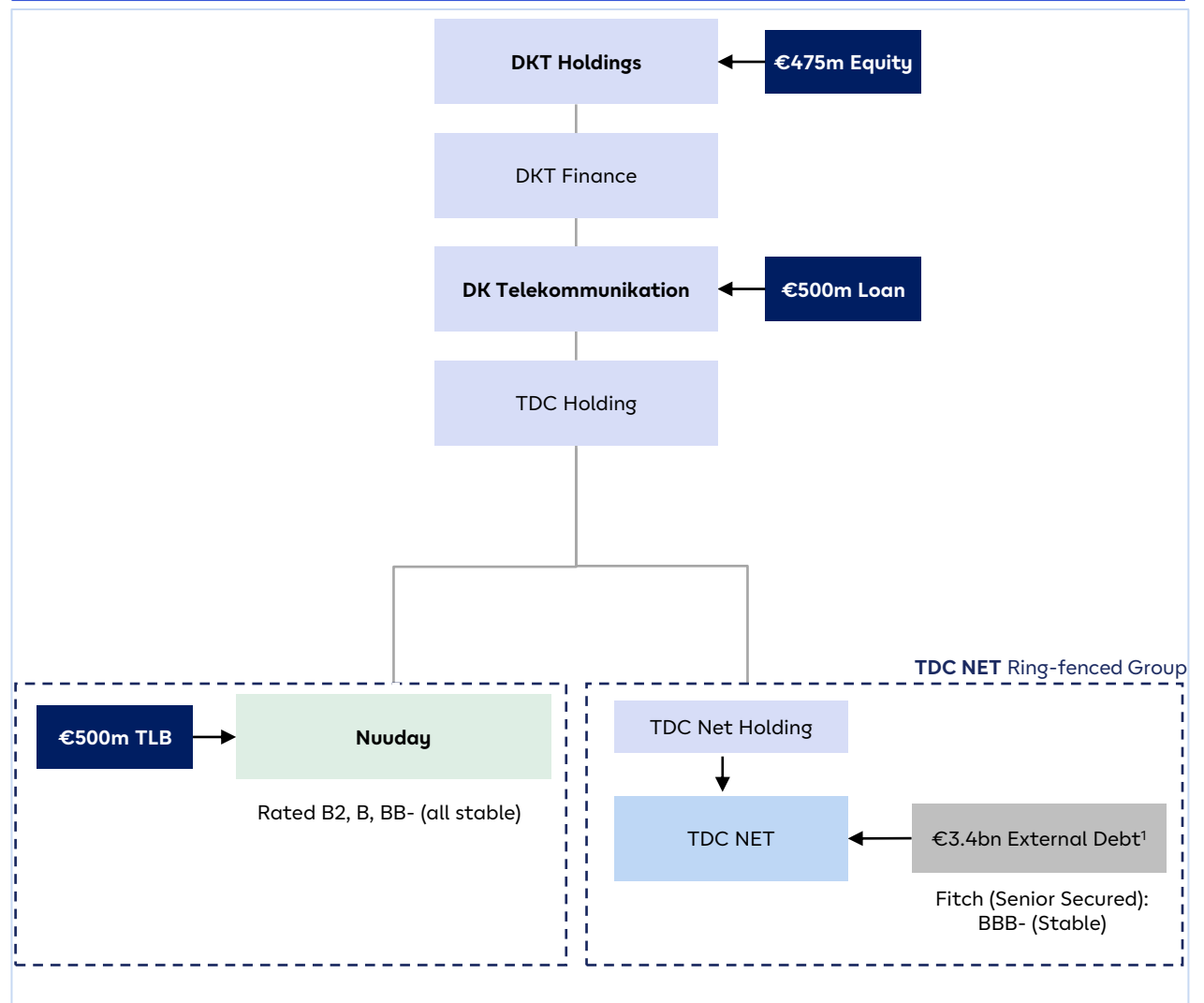


DKT Holdings: Stability for the group with limited refinancing risk

Refinancing at DKT Finance

- DKT Finance has redeemed EUR 1,050m and USD 410m bonds at DKT Finance ahead of their Jun 2023 maturity:
- **EUR 500m long term private credit facility** at DK Telekommunikation
- **EUR 500m 5 year new credit facility** at Nuuday
- **EUR 475m new equity** at DKT Holdings from existing shareholders

Overview of financing structure



TDC NET funding: Long maturity profile

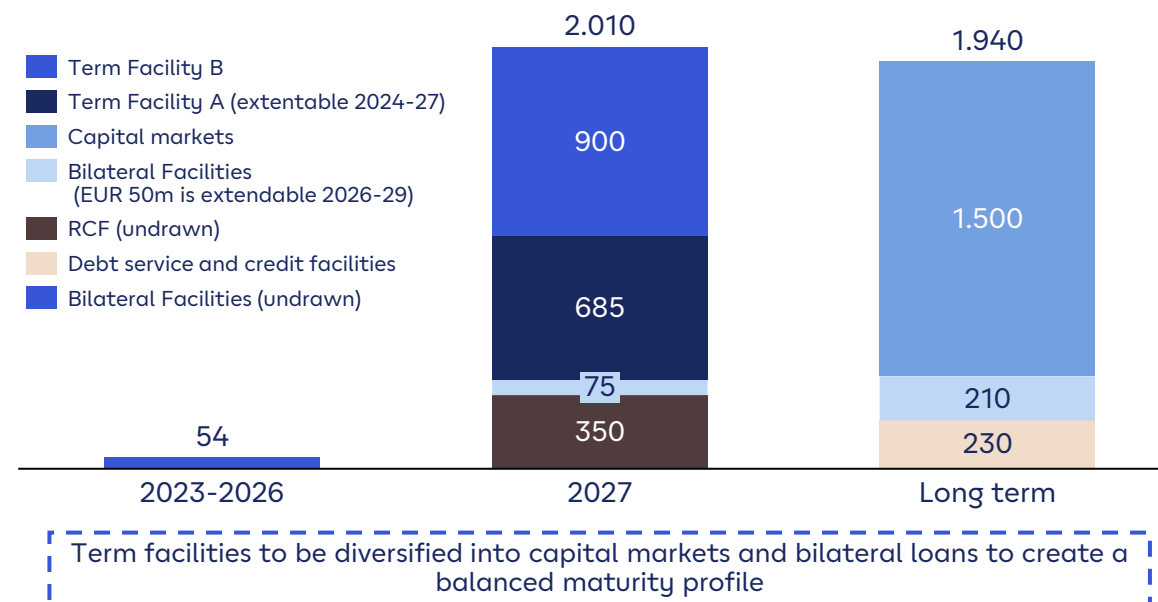
New Financing at TDC NET

- The funding strategy is to gradually replace the term facilities A and B, by issuing EUR 1-2b over 12-18-month period
- The funding strategy was frontloaded by issuing two Euro EMTN benchmark bonds in H1 2023 of total EUR 1bn and a bilateral loan equivalent of EUR 54m (undrawn)
- No immediate need for further bond issuance as term facility can be extended on TDC NET's discretion
- TDC NET will further explore and potentially diversify funding into Eurobonds, local bonds, private placements and bilateral loans

Financial covenants (as defined in financing documents)

	Distribution lock-up trigger 12-month forward and backward looking	Event of default 12-month backward looking	30 June 2023 12- months backward	30 June 2023 12- months forward
Leverage Ratio	6.75x	8.25x	5.99x	5.79x
Interest Cover Ratio	3.00x	2.00x	3.70x	3.77x

Debt maturity profile (30 June 2023) EURm equiv.



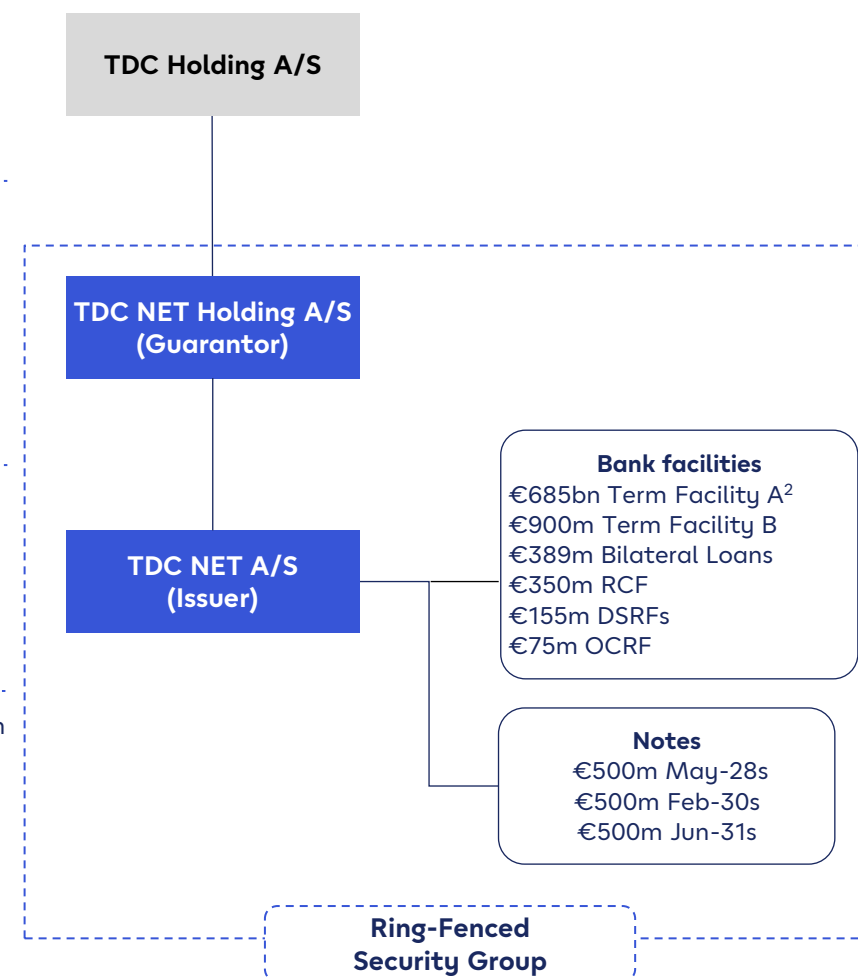
- Reported net interest-bearing debt¹ (NIBD) is EUR 3,452m (DKK 25,685m), and NIBD excl. upstream loan is EUR 3,638m (DKK 27,065m)
- Reported leverage ratio is 5.99x in line with financial policy
- The interest rate risk is fully hedged with fixed rate funding and interest rate swaps 5 years forward
- Leverage on DKT Holdings Group is 5.4x

Secured financing platform: Long-term financing structure that ring-fences TDC NET from remainder of TDC Group (H1 2023)

Highlights & fundamentals

Sustainable, Long-term Financing Structure	<ul style="list-style-type: none"> • Stable and long-term debt platform established for access to a range of funding sources • Common covenant, intercreditor arrangements and security package¹ which will apply to all senior creditors • Investment grade credit rating, reflecting the infrastructure characteristics of the business
Ring Fence	<ul style="list-style-type: none"> • Contractual ring fence around TDC NET Holding A/S and its subsidiaries insulating it from rest of the group with extensive range of creditor protections • Ring fence features include independent operations, contracts on arm's length terms, restrictions on corporate activity, independent director(s), controls on cash outflows and the provision of security • New or amended significant intercompany contracts must be approved by an independent director (or a majority of independent directors if there are more than two)
Enhanced Credit Protections	<ul style="list-style-type: none"> • Covenant package provides: <ul style="list-style-type: none"> – Sufficient controls to protect creditors against significant changes in risk profile and to conserve cash in times of stress – Sufficient flexibility to allow management to operate and finance the company independently while performance is in line with expectations
Intercreditor Arrangements	<ul style="list-style-type: none"> • Intercreditor agreement governs interactions between all secured creditors, including in relation to: <ul style="list-style-type: none"> – Voting regime for consents and waivers, with specified voting procedures, quorum requirements and majority definitions for various categories of voting matters – Cash flow waterfalls, defining payment priorities pre- and post-enforcement – Standstill period upon an event of default, during which no secured creditor can take unilateral action

TDC NET capital structure



Sustainability-Linked Finance Framework on track to bond targets

Key highlights, H1 2023

Scope 1 and 2: Large emissions reductions in H1 2023

- On track to meet trajectory for 2023
- The progress is driven by our investment in renewable electricity from our four solar parks. 70% of TDC NET's electricity consumption is now covered by renewable electricity.

Scope 3: Figures only available at year-end

- On track to meet trajectory for 2023
- The progress is driven by a strong focus on engagement with our suppliers.

Net-zero target	2020 baseline	Reduction levers	Investor targets
Scope 1 and 2 by 2028	Emissions driven by: <ul style="list-style-type: none">• 89% electricity use• 10% transport• 1% heat	<ul style="list-style-type: none">• Energy efficiency• Green energy• Zero emission fleet	Sustainability linked bonds of EUR ~1 bn with penalty if we fail to meet Scope 1 and 2 KPI in 2027-2029
Scope 3 by 2030	Emissions driven by: <ul style="list-style-type: none">• 84% purchased goods• 7% fuel and energy• 9% other	<ul style="list-style-type: none">• Sustainable procurement• Supplier engagement• Offsetting	Sustainability linked bonds of EUR ~1 bn with penalty if we fail to meet Scope 3 KPI in 2027-2029

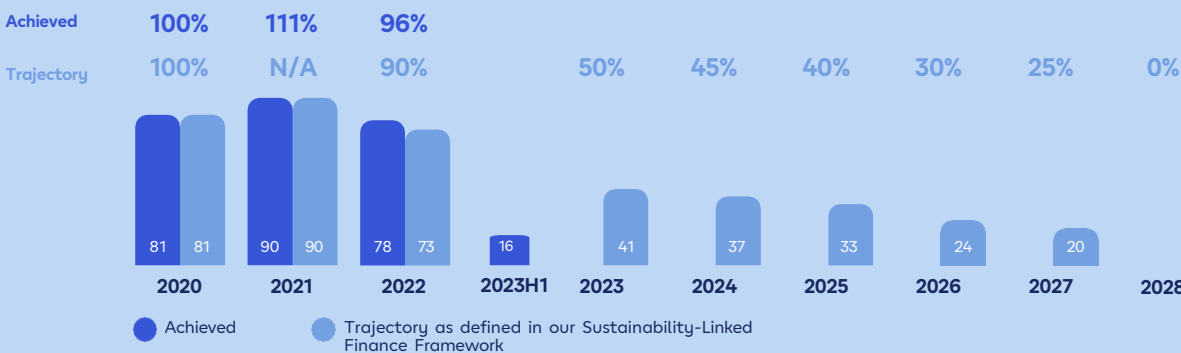
For more details, please refer to the Sustainability-Linked Finance Framework as well as the EMTN Prospectus and the associated Final Terms.

Sustainability performance, Thousand of tonnes CO₂e

Roadmap to Scope 1 and 2 market-based net-zero by 2028 for TDC NET

KPI (% of 2020 baseline)

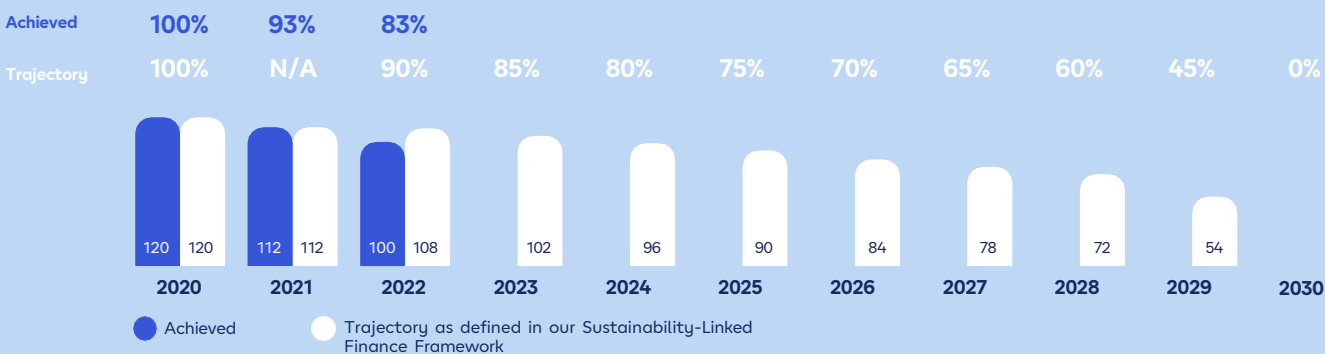
Thousand tonnes CO₂e, 2020A-2028E



Roadmap to Scope 3 net-zero by 2030 for TDC NET. Figures only available at year-end

KPI (% of 2020 baseline)

Thousand tonnes CO₂e, 2020A-2030E



Appendix

Key Figures

	2022	2021	2020	2019
Income statement (DKKm)				
Revenue	6,639	6,674	6,828	7,050
Gross profit	6,377	6,356	6,447	6,588
EBITDA	4,520	4,498	4,434	4,415
Operating profit (EBIT)	1,979	2,036	1,409	1,043
Profit before income taxes	2,390	1,384	804	462
Profit for the year	1,918	1,040	604	364
Income statement, excluding special items (DKKm)				
Operating profit (EBIT)	2,029	2,132	1,448	1,119
Profit before income taxes	2,440	1,480	843	538
Profit for the year	1,957	1,115	634	425
Balance sheet (DKKm)				
Total assets	36,420	30,244	28,583	27,826
Total equity	2,964	9,796	8,756	8,152
Capital expenditure (DKKm)	(3,248)	(3,134)	(3,971)	(3,206)
Statement of cash flow (DKKm)				
Operating activities	3,195	2,961	4,315	3,582
Investing activities	(5,478)	(3,473)	(3,282)	(3,478)
Financing activities	4,517	520	(1,030)	(103)
Total cash flow	2,234	8	3	1

TDC NET A/S was established on 7 December 2018. On 11 June 2019, the parent company TDC A/S demerged some of its rights and obligations to TDC NET A/S. The financial statements reflect the demerger of TDC A/S, which had accounting effect from 1 January 2019. Prior to the demerger, TDC NET A/S had no activities, and the comparative figures for 2018 are not stated.

1 Excluding lease and spectrum liabilities as well as loan to TDC Holding.

2 Calculated with the adjusted net interest-bearing debt and EBITDA adjusted with the effect of lease payments.

3 High-speed broadband is defined as coax and fiber technology and low-speed is defined as copper technology.

4 The number of homes passed with fiber includes all completed connections.

5 For more information on how we calculate our ESG-related data, see our 'TDC NET ESG Accounting Principles' on our website.

6 Rate of work-related injuries per 1,000,000 hours.

7 Rate of work related injuries with lost time per 1,000,000 hours.

8 Includes both TDC NET and DKTV employees.

9 The number is calculated as follows: MWh of electrical energy / TB of data usage.

10 The number was calculated as follows: tCO₂e of scope 1 & 2 market-based emissions / TB of data usage.

	2022	2021	2020	2019
Key financial ratios (%)				
EBITDA margin	68.1	67.4	64.9	62.6
Capital expenditure/revenue ratio	48.9	47.0	58.2	45.5
Net interest-bearing debt (NIBD)	24,814	15,918	14,636	15,667
NIBD/EBITDA	5.49	3.54	3.30	3.55
Adjusted net interest-bearing debt (NIBD) ¹	23,770	12,641	11,874	12,640
Adjusted NIBD/EBITDA ²	5.65	3.01	2.88	3.07
Revenue generating units (RGUs ('000))				
Total broadband RGUs	1,192	1,276	1,331	1,406
High-speed RGUs ³	791	757	699	647
Low-speed RGUs ³	400	519	632	759
Operational KPIs				
Homes passed fibre ('000) ⁴	607	497	391	269
Homes passed coax ('000)	1,325	1,331	1,329	1,342
100 Mbps population coverage (%)	70	71	70	70
1000 Mbps population coverage (%)	49	47	46	43
4G mobile geographic coverage (%)	99	99	99	99
5G mobile geographic coverage (%)	99	99	78	0
People & sustainability KPIs⁵				
FTEs end-of-year (#)	2,818	2,864	2,556	2,524
Number of fatalities	-	-	-	-
Total recorded injuries frequency rate (TRIFR) ⁶	23.50	22.59	17.72	14.00
Lost time incident frequency rate (LTIFR) ⁷	7.20	9.68	7.04	5.41
Percentage of management positions filled by women ⁸ (%)	19	23	18	n/a
Number of reports submitted to the whistleblower system	2	-	1	-
Energy intensity ⁹	0.009	0.009	0.010	0.012
Emissions intensity ¹⁰	0.0036	0.0038	0.0043	0.0047
Waste recycled (%)	70%	71%	65%	n/a