



12 August 2022

## TDC Holding: Interim Financial Report Q2 2022

### **TDC Holding**

- Revenue was stable in Q2 as reflected by 0.7% growth in Q2 2022 as compared to Q2 2021 (Q2 YoY). Revenue development in Nuuday was positively impacted by a high growth in revenue from mobility services and TV.
- Gross profit increased by 0.6% Q2 YoY, driven by the higher margins on mobility services and high speed broadband offerings in TDC NET and was partly offset by higher 3rd party network costs for Nuuday in connection with the continuing migration from DSL to fibre.
- Operating expenses increased by 3.9% Q2 YoY, which reflects a decrease in Nuuday due to focus on operational improvements in Nuuday and higher external spending partly related to higher power prices in TDC NET.
- EBITDA decreased by 1.8% Q2 YoY and totalled DKK 1,592m in the second quarter.
- Capital expenditure decreased by 2.5% Q2 YoY. The decrease partially reflects reduced volume capex and IT expenses in Nuuday. TDC NET's continued high investment level reflects the ambition to roll-out fibre to connect Denmark and will support Nuuday's digitalisation.
- Leverage (adjusted) decreased slightly to 5.4x

### **TDC NET**

- Revenue growth of 0.3% YoY, as increased revenue from mobility services and high-speed broadband more than outweighed lower revenue from legacy products
- EBITDA growth of 1.8% YoY, driven by improvements in gross profit margin despite rising costs for, among others, power
- Capital expenditures totalled DKK 1,454m, down by 4.0% YoY with continued high investments in fibre rollout and IT applications; 48k new homes were passed with fibre in H1 2022
- Halfway through 2022, TDC NET confirms our full-year guidance with a flat revenue development, low single-digit EBITDA growth and an investment level similar to 2021
- TDC NET entered a long-term secured infrastructure financing platform of EUR 3.3bn, partly replaced by EUR 500m in Sustainability Linked Notes. In addition, TDC NET obtained bilateral loans of EUR 100m.

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- TDC NET introduced a Fibre Activation Programme to be launched 1 October 2022, to incentivise migration to fibre, and announced changed broadband prices across technologies with effect from 1 January 2023
- During the Tour de France in Denmark, TDC NET applied future 5G technologies as part of the network was allocated to high-speed live TV transmissions while large crowds were using the network at the same time
- It was announced that CEO Andreas Pfisterer will leave TDC NET. Focus on improving the performance of the company remains unchanged

### **Nuuday**

- Nuuday continued to deliver on its strategy with Q2 service revenue growth of 1.6% and continued delivery on our mission to stabilize our customer base – with growth in key strategic products of mobile and high-speed broadband.
- Our customer base continued to stabilize:
  - In Q2, our mobile subscriber base grew by 9,000 RGUs with growth across both consumer and business segments.
  - The broadband subscriber base contracted by 6,000 RGUs, reflecting the one-off loss of a large association and delayed launches on certain third-party fibre networks. High-speed broadband subscribers grew by 8.5%.
  - The TV customer base grew by 5,000 RGUs in Q2, driven by the one-off signing of a large housing association, while fixed landline telephony declined by 18,000 RGUs.
- EBITDA remained steady compared with Q1 2022 driven by the on-going stabilisation of our core business but declined with 9.2% in Q2 YoY.
- EBITDA excl. transformation cost decreased by 7.4% in Q2 YoY:
  - Revenue increased by 0.4% Q2 YoY, driven by a growth in our service revenue of 1.6% Q2 YoY and in line with Q1 2022. The development in service revenue reflects a continued strong performance in mobile, a modest decline in broadband but with increase in our highspeed broadband base as we expand into fibre areas and a positive influence in TV by signing a large housing association.
  - Gross profit decreased by 4.3% YoY in Q2 with continued increases in third party costs, related to content in combination with the continuing migration from DSL to fibre. However, gross profit increased compared with Q1 2022.
  - Operating expenses decreased by 1.5% Q2 YoY, driven by the continuous focus on operational improvements reducing both external and personnel expenses.
- Capital expenditure decreased by 6.7% in Q2 YoY prior to the acceleration of Nuuday's transformation programme, due to reduced spending on IT and lower spend on volume capex.
- In Q2, Nuuday announced Netcracker Technology as strategic partner for the massive IT transformation that will be the centre of the comprehensive business transformation of Nuuday and make Nuuday the most digital service provider in Denmark delivering the best customer experiences.

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**TDC tickers**

Reuters TDC.CO.

Bloomberg TDC DC.