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# Earnings Release 2Q 2003

August 5, 2003

**Strong second quarter for TDC. Outlook for net income increased by 21% to DKK 2.3bn.**

## Highlights 2Q 2003

- EBITDA of DKK 3.8bn, up 8%
- Net income<sup>1</sup> of DKK 681m, up 32%
- Strong growth in TDC Switzerland
- Outlook 2003 for EBITDA reaffirmed.
- Outlook for net income upgraded 21% to DKK 2.3bn

1) Excluding one-time items and fair value adjustments

## TDC Group, Income statements

DKKm	2Q 2002	2Q 2003	Change in %
<b>Net revenues</b>	<b>12,723</b>	<b>12,370</b>	<b>(2.8)</b>
<b>Total revenues</b>	<b>13,370</b>	<b>12,791</b>	<b>(4.3)</b>
Total operating expenses	(9,877)	(9,023)	8.6
<b>EBITDA <sup>1</sup></b>	<b>3,493</b>	<b>3,768</b>	<b>7.9</b>
Depreciation, amortization and write-downs	(2,189)	(2,213)	(1.1)
<b>EBIT <sup>2</sup></b>	<b>1,304</b>	<b>1,555</b>	<b>19.2</b>
One-time items	114	(919)	-
Net financials	(61)	(48)	21.3
- of which fair value adjustments	300	256	(14.7)
<b>Income before income taxes</b>	<b>1,357</b>	<b>588</b>	<b>(56.7)</b>
Income taxes	(537)	(347)	35.4
<b>Income before minority interests</b>	<b>820</b>	<b>241</b>	<b>(70.6)</b>
Minority interests' share of net income	45	(49)	-
<b>Net income</b>	<b>865</b>	<b>192</b>	<b>(77.8)</b>
Net income excl. one-time items and fair value adjustments	514	681	32.5
<b>EBITDA margin in %</b>	<b>27.5%</b>	<b>30.5%</b>	<b>-</b>

1) TDC uses EBITDA (earnings before interest, taxes, depreciation and amortization) as a measurement for operating performance. For further explanation please refer to page 23.

2) EBIT is excl. one-time items in this report unless otherwise stated

### Group highlights 2Q 2003

COPENHAGEN, Denmark, August 5, 2003  
 - TDC Group's earnings before interest, taxes, depreciation and amortization (EBITDA) totaled DKK 3,768m, up 7.9%, EBIT excluding one-time items was DKK 1,555m, up 19.2% and net income excluding one-time items and fair value adjustments was DKK 681m, up 32.5%.

Capital expenditures excluding share acquisitions totaled DKK 1,354m, a 29.6% reduction.

Cash flow from operating activities amounted to DKK 2,431m, a 12.9% increase.

Henning Dyremose, CEO and President says, "The environment for revenue growth continued to be tough in 2Q 2003.

Since 2001, we have focused on improving EBITDA and cash generation. The continued strong improvement in EBITDA and reduction in capital expenditures in 2Q 2003 underlines the success of this focused effort," and Henning Dyremose continues, "In the second quarter, we decided to reduce manning in our domestic operations. This decision was based on significant changes in our operating environment driven by competition, regulation, technological change, consumer behavior and current economic activity. The employment reduction program consequently secures a more profitable company that is better positioned for the future."

## Net revenues

TDC's net revenues amounted to DKK 12,370m in 2Q 2003, a decrease of 2.8%, impacted by a reduction in low-margin wholesale and Talkline Infodienste revenues. On an on-going basis<sup>1</sup> net revenues grew 0.6%.

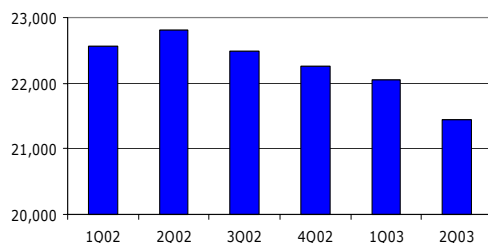
## Total operating expenses

Total operating expenses amounted to DKK 9,023m in 2Q 2003, down 8.6%.

Transmission costs were DKK 4,065m, a reduction of 12.0%, driven by lower transmission costs in TDC Solutions and TDC Mobile International.

Other external charges were DKK 2,436m, down 10.9%, and driven by disciplined cost management in TDC Solutions and TDC Switzerland.

**Number of employees**  
(full-time equivalents)



Wages, salaries and pension costs were DKK 2,522m, down 0.2%, reflecting fewer employees and partially offset by higher average wages.

During 2Q 2003, TDC decided to initiate a 10% reduction of the domestic workforce comprising 1,650 employees in the period until end of 1Q 2004. Consequently, 1,180 employees will leave the company

<sup>1</sup> Adjusted for deconsolidation of UMC, restructuring of Talkline and change from gross to net accounting in Talkline Infodienste.

before the end of 2003. The reduction of the workforce has not impacted the number of employees in 2Q 2003. The cost associated with these 1,180 redundancies is DKK 0.6bn after tax, which is included in the 2Q 2003 report as a one-time item. The decision about the remainder of the reduction will be taken before the end of 1Q 2004.

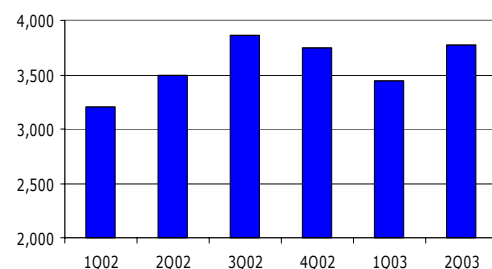
## EBITDA

Given the challenging revenue environment, EBITDA improvements are primarily a function of TDC's disciplined cost management.

EBITDA increased 7.9% to DKK 3,768m in 2Q 2003, equivalent to an increase in the EBITDA margin to 30.5% from 27.5% in 2Q 2002. The improved margin stems mainly from a better margin in TDC Switzerland and TDC Solutions as well as elimination of low-margin revenue streams in TDC Mobile International.

In absolute terms, EBITDA improved DKK 275m, reflecting a DKK 328m improvement in TDC Switzerland.

**EBITDA**  
(in DKKm)



## Depreciation, amortization and write-downs

Depreciation, amortization and write-downs amounted to DKK 2,213m, up 1.1%. Goodwill amortization increased 17.5% to DKK 443m which relates to an increase in goodwill since TDC obtained full ownership of TDC Switzerland in February 2003.

## Earnings Before Interest and Tax (EBIT)

EBIT was DKK 1,555m, up 19.2%, reflecting higher EBITDA and almost unchanged depreciation and amortization. TDC Switzerland was the main driver of the DKK 251m improvement.

## One-time items

One-time items before tax amounted to DKK (919)m compared with DKK 114m. The redundancy program accounted for DKK (857)m, while divestment of the Polish Internet activities resulted in a of DKK 62m.

## EBIT including one-time items

Consequently, EBIT including one-time items totaled DKK 636m compared with DKK 1,418m in 2Q 2002.

## Net financials

Net financials in 2Q 2003 were DKK (48)m compared with (61)m. Financial expenses, net, were DKK (312)m, compared with DKK (354)m, reflecting lower interest rates. Income from investment in other associated companies amounted to DKK 8m compared with DKK (7)m. Fair value adjustments were DKK 256m compared

with DKK 300m and related primarily to a decrease in long-term interest rates, which increase the value of our swaps.

## Income before tax

Income before tax excluding one-time items and fair value adjustments was DKK 1,251m, up 32.7% due to improvements in EBIT.

Including one-time items and fair value adjustments, income before tax was DKK 588m compared with DKK 1,357m, impacted by the one-time items related to TDC's redundancy program.

## Income taxes

Income taxes amounted to DKK (347)m, down 35.4%. Tax related to income excluding one-time items and fair value adjustments was DKK (521)m compared with DKK (474)m, reflecting taxes on the improved earnings before tax partially offset by a lower effective tax rate.

## Net income

Net income excluding one-time items and fair value adjustments amounted to DKK 681m, up 32.5%.

Net income including one-time items and fair value adjustments amounted to DKK 192m, compared with DKK 865m.

## Statements of Cash Flow

Cash flow from operating activities was DKK 2,431m, up 12.9%, driven by improved EBITDA.

Cash flow from investing activities was DKK (1,427)m compared with DKK (1,321)m, reflecting a 29.6% reduction in

capital expenditures, offset by lower proceeds from divestments and dividends received.

## Net debt

Net debt amounted to DKK 33,707m by the end of 2Q 2003 compared with DKK 32,630m at end 1Q 2003. The increase reflects primarily payment of dividend to shareowners of DKK 2,453m, the cash flow to investing activities of DKK 1,427m and cash flow from operating activities of DKK 2,431m.

## Capital expenditures

Capital expenditures excluding share acquisitions totaled DKK 1,354m, a 29.6% reduction.

In absolute terms the reduction was DKK 570m, driven primarily by TDC Mobile International and TDC Solutions bringing the capex-to-net-revenues ratio for the TDC Group down to 10.9% from 15.1%.

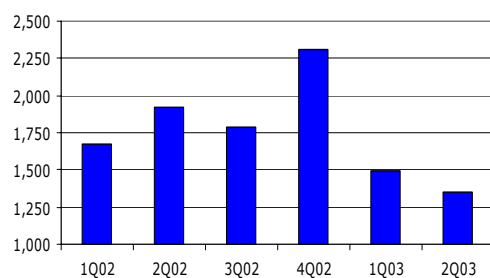
UMC with 204,000 customers in 2Q 2002, partly offset the increase.

The number of customers in the Danish activities was 7.1m, up 7.6% and driven by a strong net intake of mobile customers. The number of customers in the international activities was 7.5m, up 15.4%.

ADSL customers in Denmark grew 77.5% to 332,000, and when including broadband cable TV Internet access, the total number of broadband customers was 383,000, up 78.1%.

The mobile customer base grew 17.4% to 7.5m, driven primarily by customer intake in the domestic business, Talkline, Polkomtel and TDC Switzerland, partly offset by deconsolidation of UMC.

**Capital expenditures**  
(in DKKm)



## Number of customers

TDC's total pro-rata customer base was 14.6m, up 11.5%, driven by domestic mobile, Talkline mobile and full ownership of TDC Switzerland. Deconsolidation of

## Business line performance in 2Q 2003

### TDC Solutions Group

TDC Solutions' activities are mainly Danish landline voice, Internet and data operations as well as integrated solutions.

DKKm	2Q 2002	2Q 2003	Change in %
<b>Net revenues, total</b>	<b>4,919</b>	<b>4,600</b>	<b>(6.5)</b>
Landline telephony	2,796	2,492	(10.9)
Retail	2,040	1,891	(7.3)
Subscriptions	1,007	951	(5.6)
Traffic	1,033	940	(9.0)
Wholesale	756	601	(20.5)
Transit traffic	330	222	(32.7)
Other <sup>1</sup>	426	379	(11.0)
Leased lines	399	327	(18.0)
Data communications and Internet services	676	785	16.1
Terminal equipment etc.	669	618	(7.6)
Other <sup>2</sup>	379	378	(0.3)
Other revenues <sup>3</sup>	450	292	(35.1)
<b>Total revenues</b>	<b>5,369</b>	<b>4,892</b>	<b>(8.9)</b>
<b>Operating expenses</b>	<b>(3,983)</b>	<b>(3,511)</b>	<b>11.9</b>
Transmission costs, raw materials and supplies	(1,474)	(1,282)	13.0
Other external charges	(1,244)	(1,007)	19.1
Wages, salaries and pension costs	(1,265)	(1,222)	3.4
<b>EBITDA</b>	<b>1,386</b>	<b>1,381</b>	<b>(0.4)</b>
Depreciation, amortization and write-downs	(685)	(762)	(11.2)
<b>EBIT</b>	<b>701</b>	<b>619</b>	<b>(11.7)</b>

1) Includes incoming traffic, prefix traffic and service provision.

2) Includes mobile telephony, operator services etc.

3) Includes other operating income and work performed for own purposes and capitalized.

TDC Solutions, the domestic landline business, is impacted by strong growth in broadband and IP services, and a decline in traditional telephony services. The latter reflects traffic migrating from landline telephony to mobile telephony, ADSL and intra-company IP/VPN-based solutions.

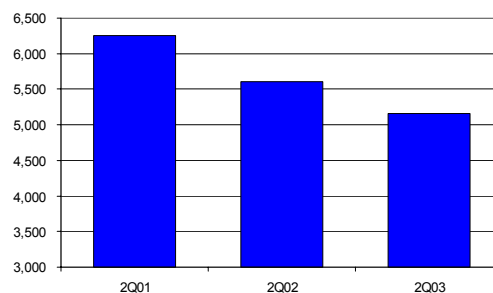
In 2Q 2003 net revenues were DKK 4,600m, a decrease of 6.5%.

Net revenues from landline telephony totaled DKK 2,492m, down 10.9%,

reflecting a reduction of DKK 149m, or 7.3%, in landline retail revenues and a reduction of DKK 155m, or 20.5%, in landline wholesale revenues, primarily a consequence of lower international transit traffic prices.

The total number of landline minutes was 5,159m, down 7.9% and the number of voice retail minutes was 1,840m, down 14.8%.

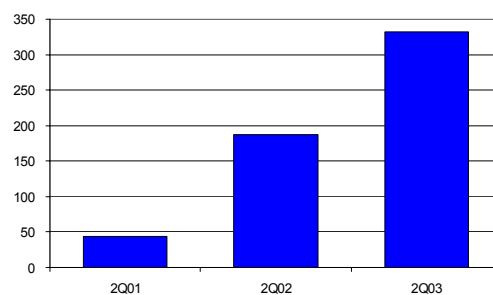
**Domestic landline traffic**  
(million minutes)



The decline in traditional telephony was partially offset by 16.1% growth to DKK 785m in data communications and Internet service revenues. The key growth driver for this performance is the growth in number of ADSL customers.

**ADSL customers**

('000)



Operating expenses declined 11.9% to DKK (3,511)m. This included a 19.1 % reduction of other external charges, including lower work performed for own

purposes and capitalized as well as savings on transportation, IT and rent.

Consequently, EBITDA amounted to DKK 1,381m in 2Q 2003, down DKK 5m or 0.4%. The EBITDA margin was 30.0% compared with 28.2%.

Depreciation and amortization increased 11.2% to DKK 762m due to increased investments in assets with short depreciation horizon and write-downs.

EBIT consequently amounted to DKK 619m, down 11.7%.

Capex amounted to DKK 548m, down 42.5%, bringing the capex-to-net-revenues ratio down to 11.9% from 19.4%.

By the end of 2Q 2003, the number of domestic landline customers in TDC Solutions, including retail and wholesale PSTN and ISDN, was 3.029m, a decline of 2.7%. The number of Duét customers was 275,000, up 3.4%.

The number of ADSL customers increased 145,000, or 77.5% to 332,000, while Internet dial-up customer levels decreased 4.8% to 512,000.

## TDC Mobile International Group

TDC Mobile International includes mainly TDC Mobil A/S, Talkline, Polkomtel, Bité and One (formerly Connect Austria).

DKKm	2Q 2002	2Q 2003	Change in %
<b>Net revenues, total</b>	<b>4,030</b>	<b>3,816</b>	<b>(5.3)</b>
Domestic operations	1,316	1,453	10.4
European network operators	845	818	(3.2)
Talkline	1,869	1,545	(17.3)
Other revenues <sup>1</sup>	109	81	(25.7)
<b>Total revenues</b>	<b>4,139</b>	<b>3,897</b>	<b>(5.8)</b>
<b>Operating expenses</b>	<b>(3,279)</b>	<b>(3,077)</b>	<b>6.2</b>
Transmission costs, raw materials and supplies	(2,064)	(1,842)	10.8
Other external charges	(930)	(938)	(0.9)
Wages, salaries and pension costs	(285)	(297)	(4.2)
<b>EBITDA</b>	<b>860</b>	<b>820</b>	<b>(4.7)</b>
Domestic operations	401	408	1.7
European network operators	310	284	(8.4)
Talkline	149	128	(14.1)
Depreciation, amortization and write-downs	(348)	(408)	(17.2)
<b>EBIT</b>	<b>512</b>	<b>412</b>	<b>(19.5)</b>

<sup>1</sup>) Includes other operating income and work performed for own purposes and capitalized.

TDC Mobile International's 2Q 2003 net revenues amounted to DKK 3,816m, a reduction of 5.3%. On an ongoing basis<sup>2</sup> net revenues grew 5.3%.

Total operating expenses declined 6.2% to DKK 3,077m, driven by a 10.8% reduction in transmission costs.

EBITDA amounted to DKK 820m, down 4.7% or DKK 40m. On an ongoing basis<sup>2</sup> EBITDA increased 1.0%.

<sup>2</sup> Adjusted for deconsolidation of UMC, restructuring of Talkline and a change from gross to net accounting (EBITDA neutral) of content settlement in Talkline Infodienste, as a consequence of transferring debtor risk to content providers.

Depreciation and amortization increased 17.2% to DKK 408m in 2Q 2003, mainly related to the domestic mobile operation due to changes in the depreciation profile.

Consequently, EBIT amounted to DKK 412m in 2Q 2003, down 19.5% compared with 2Q 2002. The change is related to lower EBITDA and higher depreciation.

Capital expenditures were DKK 250m, down 43.6%, bringing the capex-to-net-revenues ratio down to 6.6% from 11.0%.

### **Domestic mobile**

Domestic mobile net revenues amounted to DKK 1,453m, up 10.4%. The main driver of revenues was a 12.9% increase in traffic volumes and resale of handsets. However, the strong traffic growth was partially offset by intensive retail price competition and a reduction in mobile termination rates.

EBITDA increased 1.7% to DKK 408m, impacted by an increase in customer acquisition costs, which led to a strong increase in the number of customers.

The number of domestic mobile customers, including TDC Solutions was 2.258m by the end of 2Q 2003, up 20.9%. The net intake of 390,000 new mobile customers was equally split between retail and wholesale.

The domestic operations had capex of DKK 120m, down 42.0% thereby bringing capex-to-net revenues to 8.3% compared with 15.7% in 2Q 2002.

### **European network operators**

European network operators comprise Polkomtel, Bité and One (formerly Connect Austria).

Net revenues amounted to DKK 818m, down 3.2%, while EBITDA amounted to DKK 284m, down 8.4%. Both net revenues and EBITDA were negatively impacted by the deconsolidation of UMC as well as the unfavorable performance of the exchange rate between Polish zloty and Danish kroner.

*Polkomtel's* net revenues, on a pro rata basis, amounted to DKK 433m in 2Q 2003, down 4.4%, due mainly to changes in exchange rates. In local currency, net revenues increased 11.5%.

EBITDA amounted to DKK 171m on a pro rata basis, down 10.9%, due mainly to increased customer acquisition costs and changes in exchange rates. In local currency, EBITDA increased 3.9%.

On a pro rata basis, Polkomtel had 939,000 customers by the end of 2Q 2003, up 24.2%.

*Bite's* net revenues amounted to DKK 217m in 2Q 2003, an increase of 46.6%, driven by a larger customer base since end of 2Q 2002.

EBITDA amounted to DKK 51m, up 82.1%, and was driven by the increased scale of the business.

Bité had 479,000 mobile customers, up 30.9%.

*One's* net revenues, on an pro rata basis, amounted to DKK 168m in 2Q 2003, up 10.5%



EBITDA amounted to DKK 62m on a pro rata basis, up 44.2%, driven by disciplined cost management.

One had 207,000 mobile customers on a pro rata basis, up 6.7%.

### Talkline

TDC's German subsidiary, Talkline, is a focused service provider of mobile telephony.

Talkline's net revenues amounted to DKK 1,545m, down 17.3%, reflecting the restructuring of Talkline, which was completed in 2Q 2002 and reduced revenues in Talkline Infodienste (cf. note 2 on page 7).

EBITDA amounted to DKK 128m, down 14.1% impacted by reductions in Talkline Infodienste partially offset by improved performance in Talkline Mobile.

Talkline had 1.830m mobile customers, up 13.7% compared with 2Q 2002, or up 53,000 in 2Q 2003 alone.

### TDC Switzerland

TDC Switzerland provides mobile, landline and Internet services for the Swiss market using the sunrise brand name.

DKKm	2Q 2002	2Q 2003	Change in %
<b>Net revenues, total</b>	<b>2,179</b>	<b>2,266</b>	<b>4.0</b>
Mobile telephony	1,062	1,199	12.9
Landline telephony	964	907	(5.9)
Internet services	153	160	4.6
Other revenues <sup>1</sup>	35	27	(22.9)
<b>Total revenues</b>	<b>2,214</b>	<b>2,293</b>	<b>3.6</b>
<b>Operating expenses</b>	<b>(1,980)</b>	<b>(1,731)</b>	<b>12.6</b>
Transmission costs, raw materials and supplies	(959)	(894)	6.8
Other external charges	(698)	(508)	27.2
Wages, salaries and pension costs	(323)	(329)	(1.9)
<b>EBITDA</b>	<b>234</b>	<b>562</b>	<b>140.2</b>
Depreciation, amortization and write-downs	(628)	(623)	0.8
- of which goodwill amortization	(230)	(328)	(42.6)
<b>EBIT</b>	<b>(394)</b>	<b>(61)</b>	<b>84.5</b>

<sup>1</sup> Includes other operating income and work performed for own purposes and capitalized.

TDC Switzerland is positioned as the second-largest telecommunications provider in the Swiss market.

Since acquiring TDC Switzerland, TDC has implemented significant operational changes that have subsequently improved profitability, both by realizing and increasing the scale of the operations.

In 2Q 2003, TDC Switzerland's net revenues amounted to DKK 2,266m, up 4.0% compared with 2Q 2002, driven primarily by an increase in mobile revenues. In local currency, net revenues increased 7.2%. Over the past two years, net revenues have been growing faster than the overall growth in the Swiss telecommunications market.

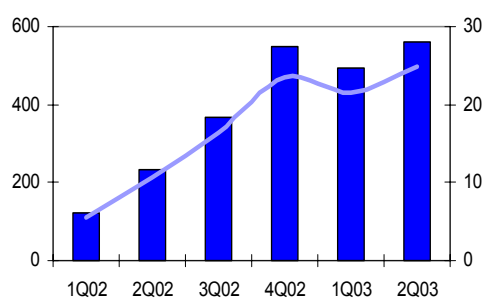
Total operating expenses decreased 12.6% to DKK 1,731m. This decrease was

due mainly to a 27.2% decrease in other external charges to DKK 508m. Wages, salaries and pension costs totaled DKK 329m, more or less unchanged.

EBITDA amounted to DKK 562m, up from DKK 234m; hence the EBITDA margin in 2Q 2003 was 24.8%, up from 10.7%.

#### EBITDA and EBITDA margin

(Bars in DKKm (left), line in % (right))



Depreciation, amortization and write-downs amounted to DKK 623m, down 0.8%. Goodwill amortization amounted to DKK 328m in 2Q 2003, up 42.6%. The increase relates to TDC's acquisition of outstanding shares in TDC Switzerland effectuated in February 2003.

EBIT consequently amounted to DKK (61)m in 2Q 2003, compared with DKK (394)m in 2Q 2002. EBIT excluding goodwill amortization was DKK 267m compared with DKK (164)m.

Capital expenditures were DKK 353m, comprising improved quality of the mobile network, including deep indoor coverage.

TDC Switzerland had 2.551m customers by the end of 2Q 2003, up 6.1% on a fully consolidated basis. The customer base comprised 1.189m mobile customers, up 13.8%, 833,000 landline customers, down

0.6%, 468,000 Internet dial-up customers, down 7.3% and 62,000 ADSL customers, up from 17,000.

#### TDC Directories Group

TDC Directories provides directory services, specialist business catalogs and on-line inquiry services in the Danish, Swedish and Finnish markets.

TDC Directories' overall performance is impacted by the current weakness in corporate advertising spending.

TDC Directories' quarterly results are affected by release dates of printed directories. Revenues from printed directories are recognized at the time of release. This can bring significant fluctuation in revenues and earnings from quarter to quarter.

Financial performance in 2Q 2003 was impacted by a change in timing of the release of yellow pages publications.

Net revenues in 2Q 2003 amounted to DKK 412m, an increase of 22.6%.

Total operating expenses increased 23.4% to DKK 306m, related primarily to costs directly related to publication.

EBITDA amounted to DKK 108m in 2Q 2003, up 17.4%.

Also, TDC Directories acquired full control of Odense Telefonbog in Denmark during 2Q 2003 and by the end of 2Q 2003, TDC Directories decided to close Gulan, a green field directory operation in three metro areas in Sweden.

## **TDC Cable TV Group**

TDC Cable TV provides cable-TV services as well as Internet access in Denmark.

TDC Cable TV is gradually expanding its traditional TV business, while continuing to increase the coverage of Internet services.

TDC Cable TV's net revenues amounted to DKK 375m, up 15.4%, reflecting mainly a larger customer base in both the traditional cable-TV business and Internet service.

Total operating expenses increased 3.1% to DKK 334m.

EBITDA was DKK 47m, compared with DKK 5m in 2Q 2002.

By the end of 2Q 2003, TDC Cable TV had 902,000 Cable TV customers, up 4.2%, and 82,000 Internet access customers, up 95.2%. 51,000 of the Internet customers have high-speed Internet access.

## Outlook

The Outlook for net revenue is changed to DKK 50.1bn from DKK 51.2bn in the May Outlook, reflecting elimination of certain low margin revenues, e.g. wholesale and Talkline Infodienste, change from gross to net accounting in Talkline Infodienste as well as currency impact from Polish and Swiss operations.

The Outlook for EBITDA is reaffirmed for the TDC Group, however, including a few reallocations between the business lines.

The Outlook for net income is revised upward by 21% to DKK 2.3bn, reflecting lower depreciation and amortization as well as lower net financial expenses.

### Outlook for 2003

(Excl. one-time items and fair value adjustments)

DKKbn	2002	2003	Change in %
<b>TDC Solutions</b>			
Net revenues	19.4	19.0	(2.1)
EBITDA	5.8	5.7	(1.3)
<b>TDC Mobile International</b>			
Net revenues <sup>1</sup>	16.3	15.2	(6.5)
EBITDA <sup>2</sup>	3.2	3.2	(0.9)
<b>TDC Switzerland</b>			
Net revenues	8.9	9.1	1.9
EBITDA	1.3	2.1	65.5
<b>TDC Cable TV</b>			
Net revenues	1.3	1.5	12.1
EBITDA	0.0	0.1	-
<b>TDC Directories</b>			
Net revenues	1.5	1.5	(1.9)
EBITDA	0.4	0.4	(8.9)
<b>Other<sup>3</sup></b>			
Net revenues	3.8	3.8	0.0
EBITDA	3.6	3.3	(7.6)
<b>TDC Group</b>			
Net revenues	51.2	50.1	(2.1)
EBITDA	14.3	14.8	3.4
Net Income <sup>4</sup>	2.2	2.3	6.0

<sup>1)</sup> Adjusted for restructuring of Talkline and deconsolidation of UMC, growth is expected to be 0.8%.

<sup>2)</sup> Adjusted for the deconsolidation of UMC, growth is expected to be 3.7%.

<sup>3)</sup> Includes TDC Services, Belgacom, TDC A/S and elimination of internal settlements.

<sup>4)</sup> Adjusted for impact from put-option exercise regarding TDC Switzerland net income is expected to be DKK 2.7bn, or 24.5% higher than in 2002.

## Safe harbor statement

Certain sections of this release contain forward-looking statements that are subject to risks and uncertainties. Examples of such forward-looking statements include, but are not limited to: projections or expectations of revenues, income (or loss), earnings (or loss) per share, dividends, capital structure or other financial items or ratios; statements of our plans, objectives or goals including those related to products or services; statements of future economic performance; and statements of assumptions underlying such statements. Words such as 'believes', 'anticipates', 'expects', 'intends', 'aims', 'plans' and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by us or on our behalf. These factors include, but are not limited to, economic trends and developments in financial markets and the economic impact of unexpected events; technological developments; changes in applicable Danish and EU legislation; changes in interconnect rates; developments in competition within domestic and international communications solutions; introduction of and demand for new services and products; developments in the demand,

product mix and prices in the mobile market, including marketing and customer acquisition costs; developments in the market for multimedia services; the possibilities of being awarded licenses; developments in TDC's international activities, which also involve certain political risks; and investments and divestitures in domestic and foreign companies.

We caution that the above list of important factors is not exhaustive. When relying on forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and events. Such forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

## Conference call

TDC invites you to take part in a conference call today at 09.00 CET hosted by Henning Dyremose, Chief Executive Officer, and Hans Munk Nielsen, Chief Financial Officer. To participate, please call +353 1 439 0432 from outside Denmark and 80 80 2003 (toll-free) from Denmark about 10 minutes before the conference call is due to start.

The conference will be available in digital replay until August 12, 2003: +353 1 240 0041. Access code: 256616#. Press # for instructions during the replay.

The conference call will refer to a slide deck that is available at [www.tdc.dk](http://www.tdc.dk) and [www.tdc.com](http://www.tdc.com). Participants wishing to derive full benefit from the conference call should obtain these slides in due time before the conference call begins.

## Bloomberg access

The conference call is also available in listen-only audio mode through Bloomberg by typing LIVE [GO] at 09.00 CET on the release day.

The conference call with accompanying slides will be available approximately two hours after the conference call. To access the presentation please type TDCR [GO].

For further information, please contact Investor Relations at +45 3343 7680.

## Financial calendar

TDC's financial calendar is as follows (more details on [www.tdc.com](http://www.tdc.com)):

October 7, 2003

Start of close period prior to 3Q 2003 release

November 4, 2003

Earnings Release 3Q 2003

January 28, 2004

Start of close period prior to 2003 full year and 4Q 2003 release

February 25, 2004

Release of full year 2003 and 4Q 2003 Earnings Release

## Statements of Income for TDC Group

DKKm	2Q 2002	2Q 2003	Change in %	1H 2002	1H 2003	Change in %
<b>Net revenues</b>	<b>12,723</b>	<b>12,370</b>	<b>(2.8)</b>	<b>25,353</b>	<b>24,548</b>	<b>(3.2)</b>
Domestic net revenues	5,761	5,741	(0.3)	11,297	11,121	(1.6)
in percent of total net revenues	45%	46%	-	45%	45%	-
International net revenues	6,962	6,629	(4.8)	14,056	13,427	(4.5)
in percent of total net revenues	55%	54%	-	55%	55%	-
<b>Other revenues</b>	<b>647</b>	<b>421</b>	<b>(34.9)</b>	<b>1,190</b>	<b>857</b>	<b>(28.0)</b>
<b>Total revenues</b>	<b>13,370</b>	<b>12,791</b>	<b>(4.3)</b>	<b>26,543</b>	<b>25,405</b>	<b>(4.3)</b>
Transmission costs, raw materials and supplies	(4,618)	(4,065)	12.0	(9,381)	(8,320)	11.3
Other external charges (marketing, rent, transport etc.)	(2,733)	(2,436)	10.9	(5,526)	(4,940)	10.6
Wages, salaries and pension costs	(2,526)	(2,522)	0.2	(4,936)	(4,935)	0.0
Total operating expenses	(9,877)	(9,023)	8.6	(19,843)	(18,195)	8.3
<b>EBITDA</b>	<b>3,493</b>	<b>3,768</b>	<b>7.9</b>	<b>6,700</b>	<b>7,210</b>	<b>7.6</b>
of which domestic EBITDA	2,179	2,085	(4.3)	4,212	4,067	(3.4)
in percent of total EBITDA	62%	55%	-	63%	56%	-
of which international EBITDA	1,314	1,683	28.1	2,488	3,143	26.3
in percent of total EBITDA	38%	45%	-	37%	44%	-
Depreciation, amortization and write-downs	(2,189)	(2,213)	(1.1)	(4,335)	(4,363)	(0.6)
of which goodwill amortization	(377)	(443)	(17.5)	(752)	(828)	(10.1)
<b>EBIT</b>	<b>1,304</b>	<b>1,555</b>	<b>19.2</b>	<b>2,365</b>	<b>2,847</b>	<b>20.4</b>
One-time items, net	114	(919)	-	(345)	(974)	(182.3)
<b>EBIT including one-time items</b>	<b>1,418</b>	<b>636</b>	<b>(55.1)</b>	<b>2,020</b>	<b>1,873</b>	<b>(7.3)</b>
Net financials	(61)	(48)	21.3	(382)	(231)	39.5
of which financial expenses, net	(354)	(312)	11.9	(737)	(591)	19.8
of which income from investment in other associated enterprises	(7)	8	-	(33)	12	136.4
of which fair value adjustments	300	256	(14.7)	388	348	(10.3)
<b>Income before income taxes</b>	<b>1,357</b>	<b>588</b>	<b>(56.7)</b>	<b>1,638</b>	<b>1,642</b>	<b>0.2</b>
Total income taxes	(537)	(347)	35.4	(559)	(841)	(50.4)
of which related to income excl. one-time items and fair value adjustments	(474)	(521)	(9.9)	(821)	(1,021)	(24.4)
of which related to fair value adjustments	42	(83)	-	(3)	(85)	-
of which related to one-time items	(105)	257	-	265	265	0.0
<b>Income before minorities</b>	<b>820</b>	<b>241</b>	<b>(70.6)</b>	<b>1,079</b>	<b>801</b>	<b>(25.8)</b>
Minority interests' share of net income	45	(49)	-	112	(105)	-
<b>Net income</b>	<b>865</b>	<b>192</b>	<b>(77.8)</b>	<b>1,191</b>	<b>696</b>	<b>(41.6)</b>
<b>Net income excluding one-time items and fair value adjustments</b>	<b>514</b>	<b>681</b>	<b>32.5</b>	<b>886</b>	<b>1,142</b>	<b>28.9</b>

## Statements of Income for the business lines

DKKm	TDC Solutions Group		TDC Mobile International Group		TDC Switzerland		TDC Directories Group	
	2Q 2002	2Q 2003	2Q 2002	2Q 2003	2Q 2002	2Q 2003	2Q 2002	2Q 2003
Net revenues, external customers	4,657	4,304	3,674	3,402	2,179	2,246	305	381
Net revenues, other business lines	262	296	356	414	0	20	31	31
Other revenues <sup>1</sup>	450	292	109	81	35	27	4	2
<b>Total revenues</b>	<b>5,369</b>	<b>4,892</b>	<b>4,139</b>	<b>3,897</b>	<b>2,214</b>	<b>2,293</b>	<b>340</b>	<b>414</b>
Total operating expenses	(3,983)	(3,511)	(3,279)	(3,077)	(1,980)	(1,731)	(248)	(306)
<b>EBITDA</b>	<b>1,386</b>	<b>1,381</b>	<b>860</b>	<b>820</b>	<b>234</b>	<b>562</b>	<b>92</b>	<b>108</b>
Depreciation, amortization and write-downs	(685)	(762)	(348)	(408)	(628)	(623)	(24)	(27)
<b>EBIT</b>	<b>701</b>	<b>619</b>	<b>512</b>	<b>412</b>	<b>(394)</b>	<b>(61)</b>	<b>68</b>	<b>81</b>

<b>Capital expenditures excl. share acquisitions</b>	<b>953</b>	<b>548</b>	<b>443</b>	<b>250</b>	<b>236</b>	<b>353</b>	<b>8</b>	<b>10</b>
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DKKm	TDC Cable TV Group		Other <sup>2</sup>		TDC Group	
	2Q 2002	2Q 2003	2Q 2002	2Q 2003	2Q 2002	2Q 2003
Net revenues, external customers	325	375	1,583	1,662	12,723	12,370
Net revenues, other business lines	0	1	(649)	(762)	0	0
Other revenues <sup>1</sup>	4	5	45	14	647	421
<b>Total revenues</b>	<b>329</b>	<b>381</b>	<b>979</b>	<b>914</b>	<b>13,370</b>	<b>12,791</b>
Total operating expenses	(324)	(334)	(63)	(64)	(9,877)	(9,023)
<b>EBITDA</b>	<b>5</b>	<b>47</b>	<b>916</b>	<b>850</b>	<b>3,493</b>	<b>3,768</b>
Depreciation, amortization and write-downs	(55)	(53)	(449)	(340)	(2,189)	(2,213)
<b>EBIT</b>	<b>(50)</b>	<b>(6)</b>	<b>467</b>	<b>510</b>	<b>1,304</b>	<b>1,555</b>

<b>Capital expenditures excl. share acquisitions</b>	<b>55</b>	<b>64</b>	<b>229</b>	<b>129</b>	<b>1,924</b>	<b>1,354</b>
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1) Includes other operating income and work performed for own purposes and capitalized.

2) Includes TDC A/S, Belgacom, TDC Services and eliminations.



## TDC Group Balance Sheets

<b>TDC Group (DKKm)</b>	<b>2Q 2002</b>	<b>2Q 2003</b>
<b>Assets</b>		
Intangible assets, net	28,856	33,296
Property, plant and equipment, net	33,608	31,639
Investments and other assets, net	2,927	1,800
<b>Total fixed assets</b>	<b>65,391</b>	<b>66,735</b>
Total inventories	1,053	856
Total accounts receivable	23,375	20,431
Marketable securities	1,281	2,006
Cash	761	1,987
<b>Total current assets</b>	<b>26,470</b>	<b>25,280</b>
<b>Total assets</b>	<b>91,861</b>	<b>92,015</b>
<b>Liabilities and shareowners' equity</b>		
<b>Shareowners' equity</b>	<b>31,988</b>	<b>32,822</b>
Minority interests	573	446
Total provision	7,683	8,044
Total long-term debt	29,355	36,050
Current maturities of long-term debt	553	1,189
Short-term bank loans	6,866	461
Accounts payable	7,813	6,513
Other incl. deferred income	7,030	6,490
Total short-term debt	22,262	14,653
<b>Total debt</b>	<b>51,617</b>	<b>50,703</b>
<b>Total liabilities</b>	<b>59,873</b>	<b>59,193</b>
<b>Total liabilities and shareowners' equity</b>	<b>91,861</b>	<b>92,015</b>
<b>Net interest-bearing debt, end of period</b>	<b>34,732</b>	<b>33,707</b>

## Statements of Cash Flow

Proportionally consolidated

<b>TDC Group (DKKm)</b>	<b>2Q 2002</b>	<b>2Q 2003</b>	<b>Change in %</b>	<b>1H 2002</b>	<b>1H 2003</b>	<b>Change in %</b>
EBITDA	3,493	3,768	7.9	6,700	7,210	7.6
Interest paid	(608)	(820)	(34.9)	(673)	(969)	(44.0)
Tax paid	(291)	(319)	(9.6)	(776)	(718)	7.5
Change in working capital	(410)	(173)	57.8	(387)	(345)	10.9
Other	(30)	(25)	16.7	(419)	(270)	35.6
<b>Cash flow from operating activities</b>	<b>2,154</b>	<b>2,431</b>	<b>12.9</b>	<b>4,445</b>	<b>4,908</b>	<b>10.4</b>
Capex excl. share acquisitions	(1,924)	(1,354)	29.6	(3,602)	(2,851)	20.8
Share acquisitions	(177)	(116)	34.5	(641)	(8,007)	-
Change in trade accounts payable, capex	(32)	(48)	(50.0)	(270)	(117)	56.7
Divestment of assets	440	91	(79.3)	1,509	113	(92.5)
Dividends received from associated enterprises	372	0	-	372	0	-
<b>Cash flow from investing activities</b>	<b>(1,321)</b>	<b>(1,427)</b>	<b>(8.0)</b>	<b>(2,632)</b>	<b>(10,862)</b>	<b>-</b>
Change in interest-bearing debt	(2,023)	355	-	(401)	6,549	-
Consolidation of acquired companies	1	0	-	(3)	0	-
Currency translation adjustments	602	392	(34.9)	544	530	(2.6)
Dividend paid	(2,363)	(2,453)	(3.8)	(2,363)	(2,453)	(3.8)
Other	32	(8)	-	(87)	(264)	-
<b>Cash flow from financing activities</b>	<b>(3,751)</b>	<b>(1,714)</b>	<b>54.3</b>	<b>(2,310)</b>	<b>4,362</b>	<b>-</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(2,918)</b>	<b>(710)</b>	<b>75.7</b>	<b>(497)</b>	<b>(1,592)</b>	<b>-</b>
<b>Cash and cash equivalents, end of period</b>	<b>2,042</b>	<b>3,993</b>	<b>95.5</b>	<b>2,042</b>	<b>3,993</b>	<b>95.5</b>

## Shareowners' equity

<b>TDC Group (DKKm)</b>	<b>2Q 2002</b>	<b>2Q 2003</b>
Shareowners' equity at April 1	33,583	35,393
Net income	865	192
Dividends paid	(2,363)	(2,453)
Currency translation adjustments	(97)	(310)
<b>Shareowners' equity at June 30</b>	<b>31,988</b>	<b>32,822</b>

## Employees

### Full-time equivalents<sup>1)</sup>

<b>TDC and fully consolidated subsidiaries</b>	<b>2Q 2002</b>	<b>2Q 2003</b>	<b>Change<sup>2</sup> in %</b>
TDC Solutions	13,207	11,973	9.3
TDC Mobile International	2,786	2,678	3.9
TDC Switzerland	2,299	2,319	(0.9)
TDC Directories	1,199	1,191	0.7
TDC Cable TV	701	713	(1.7)
Others	2,624	2,577	1.8
<b>TDC Group</b>	<b>22,816</b>	<b>21,451</b>	<b>6.0</b>

1) The number denotes end-of-period full-time equivalents including permanent employees, trainees and temporary employees. Proportionally consolidated companies are not included.

2) Positive figures indicate fewer employees.

## Selected financial and operating data 1998 - 1H 2003

	1998	1999	2000	2001	2002	1H 2003
<b>Statements of Income</b> DKKm						
Net revenues	33,989	38,206	44,552	51,564	51,155	24,548
Total revenues	35,867	40,437	46,757	54,082	53,477	25,405
Total operating expenses	(24,859)	(28,104)	(33,742)	(41,212)	(39,164)	(18,195)
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>	<b>11,008</b>	<b>12,333</b>	<b>13,015</b>	<b>12,870</b>	<b>14,313</b>	<b>7,210</b>
Depreciation, amortization and write-downs	(5,331)	(5,640)	(6,240)	(8,531)	(9,178)	(4,363)
<b>EBIT</b>	<b>5,677</b>	<b>6,693</b>	<b>6,775</b>	<b>4,339</b>	<b>5,135</b>	<b>2,847</b>
One-time items	755	0	6,161	(2,548)	(1,133)	(974)
<b>EBIT incl. one-time items</b>	<b>6,432</b>	<b>6,693</b>	<b>12,936</b>	<b>1,791</b>	<b>4,002</b>	<b>1,873</b>
Net financials	206	(224)	(470)	(787)	2,133	(231)
<b>Income before income taxes</b>	<b>6,638</b>	<b>6,469</b>	<b>12,466</b>	<b>1,004</b>	<b>6,135</b>	<b>1,642</b>
Total income taxes	(1,896)	(2,667)	(3,212)	(1,425)	(1,686)	(841)
<b>Income before minority interests</b>	<b>4,742</b>	<b>3,802</b>	<b>9,254</b>	<b>(421)</b>	<b>4,449</b>	<b>801</b>
Minority interests	(34)	(62)	(15)	407	93	(105)
<b>Net income</b>	<b>4,708</b>	<b>3,740</b>	<b>9,239</b>	<b>(14)</b>	<b>4,542</b>	<b>696</b>
<b>Net income excluding one-time items and fair value adjustments</b>						
<b>EBIT</b>	<b>5,677</b>	<b>6,693</b>	<b>6,775</b>	<b>4,339</b>	<b>5,135</b>	<b>2,847</b>
Net financials	(63)	(272)	(614)	(1,410)	(1,124)	(579)
<b>Income before income taxes</b>	<b>5,614</b>	<b>6,421</b>	<b>6,161</b>	<b>2,929</b>	<b>4,011</b>	<b>2,268</b>
Income taxes related to ordinary income	(2,045)	(2,660)	(2,563)	(1,843)	(1,899)	(1,021)
<b>Net income before minority interests</b>	<b>3,569</b>	<b>3,761</b>	<b>3,598</b>	<b>1,086</b>	<b>2,112</b>	<b>1,247</b>
Minority interests' share of ordinary income	(34)	(62)	(15)	355	57	(105)
<b>Net income</b>	<b>3,535</b>	<b>3,699</b>	<b>3,583</b>	<b>1,441</b>	<b>2,169</b>	<b>1,142</b>
<b>Balance Sheets</b> DKKbn						
Total assets	54.0	62.8	75.8	93.7	90.6	92.0
Net interest-bearing debt	8.6	13.6	14.1	34.6	25.6	33.7
Total shareowners' equity	26.9	28.5	35.5	33.3	35.3	32.8
Shares issued (million)	216.5	216.5	216.5	216.5	216.5	216.5
<b>Statements of Cash Flow</b> DKKm						
Operating activities	8,999	8,504	8,947	7,000	12,541	4,908
Investing activities	(5,925)	(11,318)	(7,520)	(20,841)	(2,060)	(10,862)
Financing activities	(8,830)	2,997	3,277	10,511	(7,402)	4,362
Change in cash and cash equivalents	(5,756)	183	4,704	(3,330)	3,079	(1,592)
<b>Capital expenditures</b> DKKbn						
Excluding share acquisitions	7.4	7.5	9.8	11.2	7.7	2.9
Including share acquisitions	8.0	11.6	16.2	23.3	8.9	10.9
<b>Key financial ratios</b>						
Reported EPS	DKK 21.7	17.3	42.7	(0.1)	21.0	3.2
Operating EPS <sup>1)</sup>	DKK 16.3	17.1	16.5	6.7	9.9	5.3
Dividend per share	DKK 9.5	10.0	10.5	11.0	11.5	-
EBITDA margin	% 32.4	32.3	29.2	25.0	28.0	29.4
Return on capital employed (ROCE) <sup>2)</sup>	% 17.4	19.4	16.8	9.9	11.1	6.1
<b>Subscriber base - pro rata (end of period)</b> ('000)						
Landline	4,277	4,410	4,559	4,740	4,458	4,550
- Domestic	3,204	3,203	3,182	3,139	3,076	3,029
- International	1,073	1,207	1,377	1,601	1,382	1,521
Mobile	2,312	3,233	4,879	6,301	6,746	7,506
- Domestic	995	1,294	1,639	1,896	1,975	2,258
- International	1,317	1,939	3,240	4,405	4,771	5,248
Internet	327	662	1,063	1,579	1,495	1,675
Cable TV	812	825	801	828	885	902
<b>Total subscribers</b>	<b>7,728</b>	<b>9,130</b>	<b>11,302</b>	<b>13,448</b>	<b>13,584</b>	<b>14,633</b>
<b>Number of employees<sup>3)</sup></b>	<b>17,714</b>	<b>18,158</b>	<b>19,946</b>	<b>22,485</b>	<b>22,263</b>	<b>21,451</b>
<b>DKK/USD exchange rate</b>						<b>6.43</b>
<b>DKK/EUR exchange rate</b>						<b>7.43</b>

1) Operating EPS excludes one-time items and fair value adjustments.

2) ROCE is defined as operating income before one-time items plus interest and other financial income excl. fair value adjustments divided by total shareowners' equity plus interest-bearing debt.

3) The number denotes end-of-period full-time equivalents including permanent employees, trainees and temporary employees. Proportionally consolidated companies are not included.

## Quarterly figures 2001-2Q 2003

	2001	1Q02	2Q02	3Q02	4Q02	2002	1Q03	2Q03
DKKm								
TDC Solutions	19,719	4,820	4,919	4,818	4,846	19,403	4,620	4,600
TDC Mobile International	17,580	4,066	4,030	4,136	4,027	16,259	3,682	3,816
- Domestic	4,808	1,163	1,316	1,363	1,313	5,152	1,207	1,453
- European net operators	3,425	811	845	984	831	3,474	785	818
- Talkline	9,347	2,092	1,869	1,789	1,883	7,633	1,690	1,545
TDC Switzerland	7,776	2,165	2,179	2,247	2,341	8,932	2,302	2,266
TDC Directories	1,502	296	336	419	478	1,529	208	412
TDC Cable TV	1,191	321	325	338	354	1,338	368	375
Others <sup>1</sup>	3,796	962	934	885	913	3,694	998	901
<b>Net revenues</b>	<b>51,564</b>	<b>12,630</b>	<b>12,723</b>	<b>12,843</b>	<b>12,959</b>	<b>51,155</b>	<b>12,178</b>	<b>12,370</b>
TDC Solutions	6,247	1,382	1,386	1,551	1,458	5,777	1,390	1,381
TDC Mobile International	2,332	734	860	938	696	3,228	654	820
- Domestic	1,341	323	401	468	426	1,618	336	408
- European net operators	877	301	310	305	200	1,117	248	284
- Talkline	114	110	149	164	70	493	70	128
TDC Switzerland	(77)	121	234	367	547	1,269	496	562
TDC Directories	503	45	92	155	147	439	(16)	108
TDC Cable TV	(50)	2	5	11	12	30	22	47
Others <sup>1</sup>	3,915	923	916	839	892	3,570	896	850
<b>EBITDA</b>	<b>12,870</b>	<b>3,207</b>	<b>3,493</b>	<b>3,861</b>	<b>3,752</b>	<b>14,313</b>	<b>3,442</b>	<b>3,768</b>
Depreciation, amortization and write-downs	(8,531)	(2,146)	(2,189)	(2,214)	(2,629)	(9,178)	(2,150)	(2,213)
- of which goodwill amortization	(1,474)	(375)	(377)	(359)	(377)	(1,488)	(385)	(443)
<b>EBIT</b>	<b>4,339</b>	<b>1,061</b>	<b>1,304</b>	<b>1,647</b>	<b>1,123</b>	<b>5,135</b>	<b>1,292</b>	<b>1,555</b>
One-time items	(2,548)	(459)	114	(815)	27	(1,133)	(55)	(919)
<b>EBIT incl. one-time items</b>	<b>1,791</b>	<b>602</b>	<b>1,418</b>	<b>832</b>	<b>1,150</b>	<b>4,002</b>	<b>1,237</b>	<b>636</b>
Net financials	(787)	(321)	(61)	2,460	55	2,133	(183)	(48)
- Financial expenses, net	(1,355)	(383)	(354)	(337)	(40)	(1,114)	(279)	(312)
- Income from inv. in other assoc. entp.	(55)	(26)	(7)	4	19	(10)	4	8
- Fair value adjustments	623	88	300	2,793	76	3,257	92	256
<b>Income before income taxes</b>	<b>1,004</b>	<b>281</b>	<b>1,357</b>	<b>3,292</b>	<b>1,205</b>	<b>6,135</b>	<b>1,054</b>	<b>588</b>
Tax	(1,425)	(22)	(537)	(584)	(543)	(1,686)	(494)	(347)
- Income taxes related to ordinary income	(1,843)	(347)	(474)	(584)	(494)	(1,899)	(500)	(521)
- Income taxes related to one-time items	441	370	(105)	-	(27)	238	8	257
- Income taxes on fair value adjustments	(23)	(45)	42	-	(22)	(25)	(2)	(83)
<b>Income before minority interests</b>	<b>(421)</b>	<b>259</b>	<b>820</b>	<b>2,708</b>	<b>662</b>	<b>4,449</b>	<b>560</b>	<b>241</b>
Minorities	407	67	45	24	(43)	93	(56)	(49)
- Minorities' share of ordinary income	355	67	45	(12)	(43)	57	(56)	(49)
- Minorities related to one-time items	52	-	-	36	-	36	-	-
<b>Net income</b>	<b>(14)</b>	<b>326</b>	<b>865</b>	<b>2,732</b>	<b>619</b>	<b>4,542</b>	<b>504</b>	<b>192</b>
<b>Excluding one-time items and fair value adjustments</b>								
<b>EBIT</b>	<b>4,339</b>	<b>1,061</b>	<b>1,304</b>	<b>1,647</b>	<b>1,123</b>	<b>5,135</b>	<b>1,292</b>	<b>1,555</b>
Net financials	(1,410)	(409)	(361)	(333)	(21)	(1,124)	(275)	(304)
<b>Income before income taxes</b>	<b>2,929</b>	<b>652</b>	<b>943</b>	<b>1,314</b>	<b>1,102</b>	<b>4,011</b>	<b>1,017</b>	<b>1,251</b>
Income taxes related to ordinary income	(1,843)	(347)	(474)	(584)	(494)	(1,899)	(500)	(521)
<b>Income before minority interests</b>	<b>1,086</b>	<b>305</b>	<b>469</b>	<b>730</b>	<b>608</b>	<b>2,112</b>	<b>517</b>	<b>730</b>
Minorities' share of ordinary income	355	67	45	(12)	(43)	57	(56)	(49)
<b>Net income</b>	<b>1,441</b>	<b>372</b>	<b>514</b>	<b>718</b>	<b>565</b>	<b>2,169</b>	<b>461</b>	<b>681</b>

<sup>1</sup> Includes TDC Services, Belgacom, TDC A/S and eliminations

## Capex, excl. share acquisitions

	2001	1Q02	2Q02	3Q02	4Q02	2002	1Q03	2Q03
DKKm								
TDC Solutions	3,959	779	953	893	923	3,548	575	548
TDC Mobile International	3,529	355	443	393	454	1,645	307	250
- Domestic operations	1,933	170	207	174	153	704	168	120
- Talkline	314	9	8	11	32	60	4	7
- European net operators	1,282	176	228	208	269	881	135	123
TDC Switzerland	1,709	290	236	340	691	1,557	249	353
TDC Directories	22	6	8	8	8	29	4	10
TDC Cable TV	252	64	55	45	84	248	70	64
Others <sup>1</sup>	1,718	185	229	106	152	672	292	129
<b>Capex</b>	<b>11,189</b>	<b>1,678</b>	<b>1,924</b>	<b>1,785</b>	<b>2,312</b>	<b>7,699</b>	<b>1,497</b>	<b>1,354</b>

<sup>1</sup> Includes TDC Services, Belgacom, TDC A/S and eliminations

## Customers

Customers ('000) (end of period)	4Q01	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03
<b>Domestic:</b>							
Landline customers including wholesale	3,139	3,134	3,112	3,092	3,076	3,049	3,029
Mobile customers including wholesale and Duét	1,896	1,873	1,868	1,935	1,975	2,076	2,258
- of which Duet in TDC Solutions	254	255	266	270	272	268	275
Internet including dial-up, broadband and wholesale	678	731	767	801	834	907	926
- of which ADSL	111	153	187	219	253	302	332
- of which Cable-TV Internet customers	25	34	42	50	62	73	82
Cable-TV customers	828	864	866	870	885	890	902
<b>Domestic customers, total</b>	<b>6,541</b>	<b>6,601</b>	<b>6,613</b>	<b>6,698</b>	<b>6,770</b>	<b>6,922</b>	<b>7,115</b>
<b>International:</b>							
Landline customers	1,601	1,619	1,360	1,361	1,382	1,534	1,521
- Switzerland	619	647	660	663	671	841	833
- Others	982	972	700	698	711	693	688
Mobile customers	4,405	4,429	4,527	4,680	4,771	5,163	5,248
- Switzerland	743	795	822	856	893	1,170	1,189
- Talkline	1,751	1,692	1,609	1,594	1,713	1,777	1,830
- Others	1,911	1,942	2,096	2,230	2,165	2,216	2,229
Internet customers	901	638	628	640	661	791	749
- Switzerland	393	420	411	418	432	557	530
- Others	508	218	217	222	229	234	219
<b>International pro rata customers, total</b>	<b>6,907</b>	<b>6,686</b>	<b>6,515</b>	<b>6,680</b>	<b>6,814</b>	<b>7,488</b>	<b>7,518</b>
<b>Group customers, total</b>	<b>13,448</b>	<b>13,287</b>	<b>13,128</b>	<b>13,378</b>	<b>13,584</b>	<b>14,410</b>	<b>14,633</b>

## Traffic

Traffic volume (million minutes):	4Q01	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03
Domestic landline traffic including wholesale	5,597	5,419	5,091	4,756	5,150	5,069	4,668
- of which voice traffic	2,773	2,700	2,586	2,472	2,563	2,532	2,316
International landline traffic	502	498	514	556	515	489	491
Mobile traffic including wholesale	690	676	762	784	759	765	860

**Performance measurement and use of EBITDA**

TDC analyzes business line results and measures performance based on net revenues, EBITDA and EBIT, adjusted to exclude the impacts of one-time items. EBITDA, or earnings before interest, taxes, depreciation and amortization, is calculated as income from operations plus depreciation, amortization and write-downs. We recognize that EBITDA is a standard measure widely used by companies, analysts and investors in the communications industry, particularly in Europe. We therefore believe that EBITDA is a useful disclosure, in conjunction with other performance measures, that allows a more complete comparison of our operating performance relative to other companies in the industry. However, EBITDA is not a measure of performance under U.S. GAAP, and may not be comparable to other similarly titled measures for other companies. EBITDA should not be considered as an alternative to operating income as an indicator of operating performance, nor should it be seen as an alternative to cash flow from operating activities as a measure of liquidity.

We believe that the one-time items do not reflect the underlying fundamentals of the business, and should be analyzed separately.

**Historical figures**

Possible minor and non-material changes in historical figures are not specified in detail in the report.

**TDC** is a Danish-based provider of communications solutions with significant presence in selected markets in Northern and Central Europe. TDC is organized as six main business lines; TDC Solutions, TDC Mobile International, TDC Cable TV, TDC Directories, TDC Services and TDC Switzerland. TDC was privatized in 1994. Today, SBC Communications owns 41.6% of the shares, with the remainder held by individual and institutional shareowners all over the world.

**TDC listings**

**Shares:** Copenhagen Stock Exchange  
Reuters TDC.CO  
Bloomberg TDC DC  
Nominal value DKK 5  
ISIN DK0010 253335  
Sedol 5698790

**Shares:** New York Stock Exchange  
Reuters TLD.N  
Bloomberg TLD US  
One ADS represents one half of one common share  
ISIN US8723 6N1028  
Sedol 2883094