TDC: Always Simpler and Better
Roadmap towards sustainable revenue growth

Nova Associates
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How can we prevent history from repeating itself?
Looking ahead to 2018…
Achieving our objectives with three key performance indicators

Objective: To sustainably improve revenues in TDC’s Danish consumer division by end-2018

1.1 x
Increase in ARPU

+ 58,000
Households with 3 brands

14.5%
Churn rate for mobile users
TDC Group – A modern story of David and Goliath

TDC is a large player facing competition from smaller “Davids”

Large number of operators aggressively targeting consumers

MVNOs disruptively lowering market prices due to deregulation

Utilities attract consumers with high-speed fibre-based broadband

Over-the-top players render traditional telecommunication services obsolete

Price-driven competition

Evolving technological possibilities

TDC Group needs to identify ways to reverse revenue decline and stay ahead of competition

Source: Case material, Nova analysis
Need to differentiate TDC Group in a price-sensitive market

Raising revenues by retaining customers and raising customer spend

Objective

To sustainably improve revenue in TDC’s Danish consumer division by end-2018

Outcome

Increase Average Revenue Per User (ARPU)

Increase Revenue-Generating Unit (RGU)

Approach

1. Encourage consumers to buy more
   - Potential to leverage on large base and strong branding
   - YES

2. Raise/reduce prices
   - Unable to raise price due to market dynamics
   - Reducing price would result in a race to the bottom
   - NO

3. Acquire customers
   - Low return on investment
   - NO

4. Retain customers
   - Strong customer loyalty
   - Effectively reverse decline in sales
   - YES

To raise revenue, TDC Group needs to push the competitive element away from price

Source: Case material, Nova analysis, BCG
Consumers value simplicity and quality

Realizing TDC’s value proposition

Telco services are becoming increasingly complex

Consumers want quality products but value simplicity

Always SIMPLER and BETTER

Brand Promise

Better Connectivity
Better Offering
Better Customer Experience

Guiding Principle

Key Issues

How to communicate superior connectivity?
How to strengthen existing offering?
How to enhance customer experience?

Source: Case material, Nova analysis, BCG, Bain
Our Game Plan To Tackle David
The roadmap towards sustainable revenue growth

STAND PROUD
Communicating superior connectivity

STAND TALL
Strengthening existing offering

STAND STRONG
Enhancing customer experience
Our Game Plan To Tackle David
The roadmap towards sustainable revenue growth

STAND PROUD
Communicating superior connectivity

STAND TALL
Strengthening existing offering

STAND STRONG
Enhancing customer experience
Bridging the Perceptual Gap

There remains a gap between what the consumer think and the reality.

**What consumers think**
- Consumers perceive telecommunications as a commodity
- Competitors are communicating claims about superior networks and it is difficult to tell the difference

**The reality**
- TDC Group as the fastest 4G network in the world and rated best in Denmark
- TDC is launching the best network in Denmark by contracting with Huawei to roll out 1,000 Mbps broadband

There is a need to overcome perceptual gap through active communication efforts.

Source: Case material, Nova analysis
Communicating to consumers
Spreading the word via both above-the-line and below-the-line marketing efforts

Always Simpler and Better

TV Commercials

Transport hubs

Social media

Connecting with the world
Extensive reach to large number of consumers

Connecting places
Captive audience waiting at transport hubs

Connecting with technology
Digital strategy to engage modern consumer via quizzes and fun facts

Communicating swift, ubiquitous, interactive connectivity across platforms at all times of the day

Source: Case material, Nova analysis
Our Game Plan To Tackle David

The roadmap towards sustainable revenue growth

STAND PROUD
Communicating superior connectivity

STAND TALL
Strengthening existing offering

STAND STRONG
Enhancing customer experience
Assessing current offerings
Identifying the need to improve entertainment value

Merger reflects TDC’s ambition to become a leading household entertainment brand

HOWEVER,

Consumers find that YouSee’s entertainment services are not as relevant

THUS

There is a need to improve offerings to truly establish YouSee as a leading household entertainment brand

Consumers have less demand for higher-value entertainment offerings

Synergies within TDC Group would mean that improved offerings can still be made available to these segments

Source: Case Material, Nova Analysis
Two avenues to strengthen YouSee’s offerings

Improving current offerings and expanding the entertainment universe

YouSee to be a leading household entertainment brand

1. Improving current offerings
2. Expanding the entertainment universe

Always Simpler and Better

Aggregate content with high demand

Engage consumers in a 2-way feedback forum to understand desired demand

Ensure content is relevant to users

Data-based personalized recommendation

Track usage pattern and recommend similar content to customers

Simplify process of searching for relevant content

Source: Case Materials, BCG Analysis, Euromonitor, Nova Analysis
Expanding the entertainment universe
Games as an underserved entertainment offering among household consumers

YouSee to be a leading household entertainment brand

Improving current offerings

Expanding the entertainment universe

Primary Usage of Smartphones by Danish Household Consumer

- Watch Movies: 31%
- Play Games: 33%
- Listen to Music: 35%
- Take Photos/Videos: 54%
- Voice: 84%
- SMS: 90%

Currently not offered on YouSee

Gaming is an attractive option to lock in household customers

Source: Statista 2015

Gaming is an attractive option to lock in household customers
Going into games for YouSee’s entertainment universe

Partnership with OTT players and content

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Content</th>
<th>Bundling</th>
</tr>
</thead>
</table>
| Partnership with OTT players on gaming services | Games for the whole family  
- Educational, trivia  
- Role playing  
- Classics | To be offered as an add-on similar to YouSee’s TV subscription |

Accessible through PC, mobile, TV
Bundling games into YouSee’s offering

‘Build your own gaming package’

Household segment constitutes a wide range of age groups

Games require higher involvement from customers

<table>
<thead>
<tr>
<th>Tier 1 – 39 DKK/month</th>
<th>Tier 2 – 59 DKK/month</th>
<th>Tier 3 – 79 DKK/month</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 classic games</td>
<td>5 classic games</td>
<td>5 classic games</td>
</tr>
<tr>
<td>+ 15 of your choice</td>
<td>+ 25 of your choice</td>
<td>+ 40 of your choice</td>
</tr>
</tbody>
</table>

**Household segment constitutes a wide range of age groups**

**Games require higher involvement from customers**

**Tier 1 – 39 DKK/month**
- 5 classic games
- + 15 of your choice

**Tier 2 – 59 DKK/month**
- 5 classic games
- + 25 of your choice

**Tier 3 – 79 DKK/month**
- 5 classic games
- + 40 of your choice
Reducing churn through increasing product portfolio
Household churn risk decreases as they hold more main products

- **Movies**
- **TV**
- **Mobile Data (+music)**
- **Mobile**
- **Broadband**
- **Landline**

**Current portfolio**

- **Games**
- **Movies**
- **TV**
- **Mobile Data (+music)**
- **Mobile**
- **Broadband**
- **Landline**

**Proposed portfolio**

- By providing more services, TDC can reduce household churn risk by locking customers into our portfolio

Source: Case Material
Our Game Plan To Tackle David

The roadmap towards sustainable revenue growth

STAND PROUD
Communicating superior connectivity

STAND TALL
Strengthening existing offering

STAND STRONG
Enhancing customer experience
Perception of quality is shaped by overall customer experience

Examining TDC’s consumer touchpoints

<table>
<thead>
<tr>
<th>Pre-Contract</th>
<th>Usage &amp; Billing</th>
<th>Troubleshooting</th>
<th>Customer Service</th>
<th>Customer Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prices are not as transparent</td>
<td>Products are not as simple to use</td>
<td>No automated way to detect and solve technical problems</td>
<td>Forced to contact customer service at specific times</td>
<td>Insufficient dialogue and notification of disruptions</td>
</tr>
<tr>
<td>Product descriptions are not as intuitive</td>
<td>Billing is not easy to understand</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Always Simpler and Better

As an incumbent, customer experience is even more crucial to perception

Overall perception is impacted through a cumulative experience

Setting expectations from the start
Simplifying pre-contract decision making

What does Katrina want?
- Easy-to-understand products
- Transparent pricing

What should TDC do?
- Provide visualization of product information
- Train retail staff
- Subscription calculator

Source: Case Material
Provide good usage experience
Ensuring seamless transition between channels and simplifying processes

What does Katrina want?
• Simple-to-use products
• Content access across devices
• On-time, accurate billing

What should TDC do?
• Install guide on all channels (TV, mobile app, website)
• Centralized account approach
• Make bills accessible both online and in-app

Source: Case Material, Company’s Facebook page, TDC Capital Market Day presentation
**Quicker detection of technical issues and automated solutions**

Automating the fixing of generic and minor problems

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</tr>
</thead>
</table>

### What does Katrina want?
- Automatic detection of problem
- Automatic problem solving

### What should TDC do?
- Agama (video) and TDC NetPerform (mobile)
- Install problem solving procedure that will kick in when quality issues are detected

Source: TBKconsult, TDC website
Increase customer service convenience
Making help available in the way consumers prefer

What does Katrina want?
- Convenient
- Personalized
- Efficient

What should TDC do?
- Omnichannel customer service
- 24/7
- Self-service
- Trained service staff and technicians

Source: TDC Facebook, TDC Capital Market Day presentation
Exceeding customer expectations
Engaging and delighting consumers along the way

What does Katrina want?
- To be pre-empted on technical disruptions or price changes
- Involved in change making process
- Surprise value-add

What should TDC do?
- Have strong omnichannel communication of company notices
- Establish 2-way dialogues
- Delight through rewarding loyalty and celebrating achievements

Source: Case Material, TDC Capital Market Day presentation
Focus on touchpoints with highest churn risk

Problem solving is a frustrating process for consumers

**Katrina**

**Pre-Contract**

John Dahl > TDC

19 hrs · TDC

Hvad så TDC, kan jeg ikke snart bruge min telefon ind i mit hus - det regner i dag. Kom nu!!

**Usage & Billing**

Katrina

- High emotional importance
- High potential to anger customer

**Troubleshooting**

Highest risk of churn

**Customer Service**

**Customer Engagement**

Source: McKinsey, TDC Facebook
IMPACT
Measuring the upsides of our strategies
**Financial Highlights**

Achieving increased ARPU and household coverage from our strategies

### Average Revenue per User (ARPU)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Base</th>
<th>Status Quo</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H-2015</td>
<td>184.7</td>
<td></td>
</tr>
<tr>
<td>2H-2015</td>
<td>183.8</td>
<td></td>
</tr>
<tr>
<td>1H-2016</td>
<td>187.0</td>
<td>192.1</td>
</tr>
<tr>
<td>2H-2016</td>
<td>188.4</td>
<td>193.8</td>
</tr>
<tr>
<td>1H-2017</td>
<td>189.8</td>
<td>195.7</td>
</tr>
<tr>
<td>2H-2017</td>
<td>192.1</td>
<td></td>
</tr>
<tr>
<td>1H-2018</td>
<td>193.8</td>
<td></td>
</tr>
<tr>
<td>2H-2018</td>
<td>195.7</td>
<td></td>
</tr>
</tbody>
</table>

Percentage Growth: 3%

### Households under omni-channel coverage

- **Households with broadband and/or TV ('000)**
- **Households with 3 Products from Same brand ('000)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>No. of Households in thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H-2015</td>
<td>180</td>
</tr>
<tr>
<td>2H-2015</td>
<td>185</td>
</tr>
<tr>
<td>1H-2016</td>
<td>190</td>
</tr>
<tr>
<td>2H-2016</td>
<td>195</td>
</tr>
<tr>
<td>1H-2017</td>
<td>200</td>
</tr>
<tr>
<td>2H-2017</td>
<td>205</td>
</tr>
<tr>
<td>1H-2018</td>
<td>210</td>
</tr>
<tr>
<td>2H-2018</td>
<td>215</td>
</tr>
</tbody>
</table>

**200.7 DKK / month**

**TDC consumer group’s blended ARPU by 2018E**

**+ 270,000 households**

**Households under TDC’s “omni-channel” coverage by 2018E**

Source: Case Information, TDC Company Data, Analyst Estimates
Revenue Forecast
Attaining positive and sustainable revenue growth for TDC group

TDC Group's Consumer Division Revenue

Stand Proud
Identifying and communicating our unique value proposition

Stand Tall
Strengthening product offering to increase ARPU

Stand Strong
Improving customer satisfaction to decrease churn rate

Source: Case Information, TDC Company Data, Analyst Estimates
**Implementation Timeline**

Deploying our strategies across the next three years

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Stand Proud</th>
<th>Stand Tall</th>
<th>Stand Strong</th>
<th>ARPU (DKK/m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H-2016</td>
<td>Design marketing materials</td>
<td>Design data analytics platform</td>
<td>Launch focus groups to ID touchpoints</td>
<td>190.3</td>
</tr>
<tr>
<td></td>
<td>Communicate new VP internally</td>
<td>Implement platform and test system</td>
<td>Design online application</td>
<td></td>
</tr>
<tr>
<td>2H-2016</td>
<td>Roll-out marketing materials</td>
<td>Integrate games into ecosystem</td>
<td>Enhance existing touchpoints in accordance to service values</td>
<td>196.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Coding &amp; test</td>
<td></td>
</tr>
<tr>
<td>1H-2017</td>
<td></td>
<td>Rollout platform and constant reaction to major customer trends</td>
<td>Pilot launch – to improve accordingly</td>
<td>196.2</td>
</tr>
<tr>
<td>2H-2017</td>
<td></td>
<td></td>
<td></td>
<td>200.7</td>
</tr>
<tr>
<td>1H-2018</td>
<td></td>
<td></td>
<td>Review performance regularly and gear staff towards greater customer-centricity</td>
<td>15.2%</td>
</tr>
<tr>
<td>2H-2018</td>
<td></td>
<td></td>
<td>Constant adaptation to evolving consumer needs</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

**Stand Proud**
- Design marketing materials
- Communicate new VP internally

**Stand Tall**
- Design data analytics platform
- Implement platform and test system
- Reach out to OTT gaming partners
- Integrate games into ecosystem

**Stand Strong**
- Launch focus groups to ID touchpoints
- Design online application
- Enhance existing touchpoints in accordance to service values
- Coding & test
- Pilot launch – to improve accordingly

**ARPU (DKK/m)**
- 1H-2016: 190.3
- 2H-2016: 196.2
- 2H-2018: 200.7

**Churn Rate**
- 1H-2016: 15.6%
- 2H-2016: 15.2%
- 2H-2018: 14.5%
To sustainably improve revenues in TDC’s Danish consumer division by end-2018

**Key Issues**

**Stand Proud**
How to communicate superior connectivity?

**Plan communications program**

**Stand Tall**
How to strengthen existing offerings?

**Reach out to OTT gaming partners**

**Stand Strong**
How to enhance customer experience?

**Review and enhance main touchpoints**

**Strategy**

** Targets**

Average Revenue per User (in DKK / m)

200

Households with 3 or more TDC products

58 k

Churn rate (in percentage)

14.5
Analysis

3. Objective: To sustainably improve revenues in TDC’s Danish consumer division by end-2018

3. Looking ahead to 2018…

4. TDC Group – A modern story of David and Goliath

5. Need to differentiate TDC Group in a price-sensitive market

6. Consumers value simplicity and quality

7. Our Game Plan To Tackle David

Stand Proud

9. Bridging the Perceptual Gap

9. There remains a gap between what the consumer think and the reality

Stand Tall

10. Communicating to consumers

12. Assessing current offerings

13. Two avenues to strengthen YouSee’s offerings

14. Expanding the entertainment universe

15. Going into games for YouSee’s entertainment universe

16. Bundling games into YouSee’s offering

17. Reducing churn through increasing product portfolio

Stand Strong

19. Perception of quality is shaped by overall customer experience

20. Setting expectations from the start

21. Provide good usage experience

22. Quicker detection of technical issues and automated solutions

23. Increase customer service convenience

24. Exceeding customer expectations

25. Focus on touchpoints with highest churn risk

Impact

27. Financial Highlights

28. Revenue Forecast

28. Attaining positive and sustainable revenue growth for TDC group

29. Implementation Timeline

30. Conclusion
Appendix (Backup)

Analysis
34. Risk and Mitigation
35. Recommendation Prioritization
36. Current Situation: 4 main areas of business
37. Decision Matrix: Target Consumer
38. Decision Matrix: Target Consumer (Data)

Stand Tall
39. Potential Ways to Strengthen Offerings
40. How to ensure survival in the new TV value chain
41. Setting up a venture capital

Stand Strong
42. Customer satisfaction survey results
43. Training Curriculum towards Customer Centricity
44. Building a Customer-Centric Culture

Financials
45. Model Assumptions
46. Segment Income Statement
47. Key Financials
48. Performance Metrics
49. Sensitivity Analysis
# Risk and Mitigation

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigation</th>
<th>Contingency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited impact of communication efforts</td>
<td>More targeted efforts at specific segments e.g. households</td>
<td>Focus more on below-the-line marketing efforts to better consumer engagement</td>
</tr>
<tr>
<td>Poor uptake of game bundle</td>
<td>Provide free trial of basic game package</td>
<td>Conduct customer survey and increase positive discounts</td>
</tr>
<tr>
<td>Key consumer touchpoints not identified and addressed</td>
<td>Make workshop compulsory</td>
<td>Involve both consumers and staff to share pain points and on-the-ground insights</td>
</tr>
<tr>
<td>Systems and processes unable to support customer-centric journey</td>
<td>Set up steering committee to define project milestones, test new systems and monitor project status</td>
<td>Hire external experts experienced in change management</td>
</tr>
<tr>
<td>Unable to foster a customer-centric culture</td>
<td>Enhance staff engagement, monitor employee response and feedback</td>
<td>Training programmes, with different pedagogies to suit different learning styles</td>
</tr>
</tbody>
</table>
Recommendation Prioritization

**Most Important**

**STAND STRONG**
Enhancing customer experience

*Key Priority*

- Urgent need to resolve customer pain points before delighting customers with excellent customer experience
- Need to fulfill brand promise
- Building a customer-centric DNA is key to reducing churn and ensuring sustainable growth

**STAND TALL**
Strengthening existing Offering

- Already relatively strong in entertainment
- Important as it remains key to driving higher ARPU

**STAND PROUD**
Communicating superior connectivity

- High speed and wide coverage as key factors driving purchase
- But little monetization over connectivity differences (education as a long-term effort)

Source: BCG Analysis
## Current Situation: 4 main areas of business

<table>
<thead>
<tr>
<th>Mobile</th>
<th>TV</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>70% decrease in prices</strong></td>
<td>4% increase in revenue</td>
</tr>
<tr>
<td>Aggressive price competition from large operators and MVNOs due to deregulation</td>
<td>Strong branding in TV segment, but showing signs of “cable shaving” and “cable cutting” (pressure from OTT streaming services)</td>
</tr>
<tr>
<td><strong>5% decrease in GRU</strong></td>
<td></td>
</tr>
<tr>
<td>Consumer churn due to price competition and innovative product offerings</td>
<td></td>
</tr>
<tr>
<td>Focus on reducing churn by offering attractive mobile packages with premium content</td>
<td></td>
</tr>
<tr>
<td>Robust tendency for value-added services to converge into commoditised default elements → Need to continuously explore new ways to retain consumers</td>
<td></td>
</tr>
</tbody>
</table>

## Broadband

<table>
<thead>
<tr>
<th>5% increase in revenue</th>
<th>Stagnant revenue growth despite growing market Potential headwind: tougher price competition due to deregulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer customers with high-speed broadband solutions</td>
<td></td>
</tr>
</tbody>
</table>

## Fixed line

<table>
<thead>
<tr>
<th>27% decrease in revenue</th>
<th>Changing consumption patterns (shift to mobile)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market in decline → Compensate for growth in other product areas</td>
<td></td>
</tr>
</tbody>
</table>

Source: Case material, Nova analysis
## Decision Matrix: Target Consumer

<table>
<thead>
<tr>
<th>Category</th>
<th>Size of market</th>
<th>High potential for cross-sell</th>
<th>Low price-sensitivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>First stop</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career focused</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30+ singles</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couples</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Families</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High income families</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seniors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wealthy seniors</td>
<td></td>
<td></td>
<td></td>
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Source: case material, Nova analysis
## Decision Matrix: Target Consumer (Data)

<table>
<thead>
<tr>
<th>Consumer Type</th>
<th>Size of market (% of popn)</th>
<th>Potential for cross-sell</th>
<th>Price-sensitivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>First stop</td>
<td>6</td>
<td>Broadband, mobile</td>
<td>Price sensitive</td>
</tr>
<tr>
<td>Career focused</td>
<td>12</td>
<td>Broadband, mobile, TV (impacted by streaming)</td>
<td>Willing to pay for premium</td>
</tr>
<tr>
<td>30+ singles</td>
<td>21</td>
<td>Broadband (maybe), TV</td>
<td>Price sensitive</td>
</tr>
<tr>
<td>Couples</td>
<td>9</td>
<td>Mobile, TV (shifting to basic)</td>
<td></td>
</tr>
<tr>
<td>Families</td>
<td>16</td>
<td>Broadband, mobile (impacted by streaming)</td>
<td></td>
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<td>Broadband, mobile (impacted by streaming)</td>
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<td>Seniors</td>
<td>13</td>
<td>TV</td>
<td></td>
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<td>Wealthy seniors</td>
<td>10</td>
<td>Mobile, TV</td>
<td>Willing to pay for premium</td>
</tr>
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Potential Ways to Strengthen Offerings

Long-term innovation trends

Smart Home
- Lighting control
- Power control
- Media sharing and control
- Electric grid

mHealth
- Vital signs monitoring
- Weight monitoring
- Chronic disease management

Cloud Computing
- Everything is being stored in the cloud

Mobile Payment and E-Commerce
- Transferring money and making everyday purchases
- Online shopping is increasing across borders

Source: BCG Analysis, Forbes Analysis, Green Trends 2015
How to ensure survival in the new TV value chain

- **Acquiring exclusive rights for certain high profile events may be too costly and short-term in nature**

- **Should not move into content creation as it is not our core strengths**

- **YouSee currently strong in terms of content distribution via own apps**

- **Potential to ‘work’ with OTT players and to form exclusive/semi-exclusive deals**
Setting up a venture capital
Capturing innovativeness in the future

Case Study: Singtel innov8

Venture capital arm of Singtel Group
Partnered with JDFI partners to bring successful start-up acceleration programme to Asia Pacific
Fund size of US$250 million, own set of decision making, approval and funding processes

How it works
Gain access to emerging technologies (network capabilities, next generation devices, digital services etc)
Startups
Gateway for start-ups to tap on the resources and expertise of the Singtel Group

1. Brief
2. Connect
3. Pitch
4. Collaborate

Risk of setting up venture capital
Possibly risky, but it will be contained risks:
1. We target mid-size to large-size companies who have show traction.
2. The Danish government is giving incentives and support to make Denmark a thriving startup scene.

Source: Singtel Group
# Customer satisfaction survey results

<table>
<thead>
<tr>
<th>Questions</th>
<th>TDC</th>
<th>YouSee</th>
<th>Telia</th>
<th>Telenor</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommendation Score</td>
<td>60</td>
<td>60</td>
<td>72</td>
<td>72</td>
<td>70</td>
</tr>
<tr>
<td>If you were to choose a new operator today, how likely is it you would choose the same?</td>
<td>66</td>
<td>62</td>
<td>71</td>
<td>75</td>
<td>69</td>
</tr>
<tr>
<td>How likely is it that you are still a customer at your current operator in 6 months?</td>
<td>76</td>
<td>76</td>
<td>79</td>
<td>85</td>
<td>77</td>
</tr>
<tr>
<td>The operator’s marketing is relevant for me (TV-commercials, social media etc.)</td>
<td>47</td>
<td>49</td>
<td>53</td>
<td>53</td>
<td>51</td>
</tr>
<tr>
<td>The operator is good at informing me preemptively of technical changes/disruptions etc.</td>
<td>56</td>
<td>67</td>
<td>67</td>
<td>64</td>
<td>59</td>
</tr>
<tr>
<td>The billing is easy to understand</td>
<td>66</td>
<td>66</td>
<td>76</td>
<td>75</td>
<td>74</td>
</tr>
<tr>
<td>The operator explains changes in subscription prices in an understandable manner</td>
<td>61</td>
<td>62</td>
<td>73</td>
<td>70</td>
<td>68</td>
</tr>
<tr>
<td>What is your absolute evaluation of the operator’s ability to make it easy for the customer?</td>
<td>64</td>
<td>64</td>
<td>76</td>
<td>74</td>
<td>72</td>
</tr>
<tr>
<td>There is satisfactory possibilities for self-service at the operator</td>
<td>67</td>
<td>67</td>
<td>77</td>
<td>73</td>
<td>75</td>
</tr>
<tr>
<td>The operator’s products are simple to use</td>
<td>75</td>
<td>73</td>
<td>81</td>
<td>80</td>
<td>76</td>
</tr>
<tr>
<td>The operator give me freedom to compose the solution which works best for me and my family</td>
<td>64</td>
<td>55</td>
<td>76</td>
<td>75</td>
<td>69</td>
</tr>
<tr>
<td>The operator’s entertainment services are relevant for me (movies, tv-series, music, audiobooks, archives, magazines etc.)</td>
<td>44</td>
<td>49</td>
<td>54</td>
<td>35</td>
<td>34</td>
</tr>
<tr>
<td>The operator is first on the market with new products and services</td>
<td>52</td>
<td>52</td>
<td>56</td>
<td>53</td>
<td>57</td>
</tr>
<tr>
<td>What is your collective evaluation of; value for money by the operator?</td>
<td>65</td>
<td>60</td>
<td>76</td>
<td>72</td>
<td>69</td>
</tr>
<tr>
<td>The operator’s prices are reasonable</td>
<td>55</td>
<td>53</td>
<td>72</td>
<td>70</td>
<td>65</td>
</tr>
<tr>
<td>The operator’s prices are transparent</td>
<td>55</td>
<td>57</td>
<td>73</td>
<td>70</td>
<td>68</td>
</tr>
<tr>
<td>Contact within the first ½ year (% of yes)</td>
<td>47</td>
<td>48</td>
<td>57</td>
<td>53</td>
<td>58</td>
</tr>
<tr>
<td>Purchase of a product within the last ½ year (% of yes)</td>
<td>15</td>
<td>15</td>
<td>0</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>How do you perceive the selection of mobile subscriptions?</td>
<td>72</td>
<td>80</td>
<td>75</td>
<td>73</td>
<td>71</td>
</tr>
<tr>
<td>How do you perceive the quality of mobile coverage?</td>
<td>79</td>
<td>77</td>
<td>81</td>
<td>76</td>
<td>69</td>
</tr>
<tr>
<td>How do you perceive your broadband speed</td>
<td>72</td>
<td>76</td>
<td>75</td>
<td>76</td>
<td>76</td>
</tr>
<tr>
<td>How do you perceive the selection of TV channels?</td>
<td>77</td>
<td>73</td>
<td>76</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>How do you perceive the possibility to select the TV channels you want?</td>
<td>66</td>
<td>53</td>
<td>66</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>
Training Curriculum towards Customer Centricity

**Head**
- To equip employees with the right tools and sufficient knowledge
  - Compulsory Induction Program
  - Classroom Learning
  - Peer Mentoring System

**Heart**
- To motivate and inspire passion, commitment, and call for action
  - Peer Mentoring System
  - Formalised Checks by Line Managers
  - Informal Dialogues by Line Managers

**Hand**
- To exercise, practice and solve with interactive, live-action case studies
  - Business Simulations
  - Internal On-the-job Evaluation
  - Mystery Audit

Source: Nova Analysis
### Building a Customer-Centric Culture

#### Closed loop feedback
- Staff collects feedback after key touchpoints
- Use data to improve the customer experience (follow up)

#### Regular team meetings
- Highlight positive performance and identify action steps
- Meetings to involve both frontline and backend personnel to discuss role in customer centricity
- Peer mentorship

#### Outer loop
- Analyse feedback data
- Identify issues and prioritise growth opportunities
- Address root cause
- Develop solutions and implement actions
- Communicate with others in organisation

#### Senior leader involvement
- Walk the talk

---

**Individual and team learning, connection with customers and problem solving**

**Implementation of structural improvements**

Source: Bain and Co.
### Model Assumptions

Displaying our main revenue assumptions – ARPU, RGU, Churn and Households

<table>
<thead>
<tr>
<th>Key Assumptions</th>
<th>1H-15</th>
<th>2H-15</th>
<th>1H-16</th>
<th>2H-16</th>
<th>1H-17</th>
<th>2H-17</th>
<th>1H-18</th>
<th>2H-18</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>3Y CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Lines RGU - TDC &amp; YouSee</strong></td>
<td>0.366</td>
<td>0.336</td>
<td>0.308</td>
<td>0.290</td>
<td>0.275</td>
<td>0.257</td>
<td>0.242</td>
<td>0.229</td>
<td>0.336</td>
<td>0.290</td>
<td>0.257</td>
<td>0.229</td>
<td>-12.1%</td>
</tr>
<tr>
<td><strong>Fixed Lines RGU - Online Brands</strong></td>
<td>0.262</td>
<td>0.240</td>
<td>0.220</td>
<td>0.207</td>
<td>0.197</td>
<td>0.184</td>
<td>0.173</td>
<td>0.163</td>
<td>0.240</td>
<td>0.207</td>
<td>0.184</td>
<td>0.163</td>
<td>-12.1%</td>
</tr>
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<td><strong>Fixed Lines RGU</strong></td>
<td>0.628</td>
<td>0.576</td>
<td>0.528</td>
<td>0.497</td>
<td>0.472</td>
<td>0.441</td>
<td>0.416</td>
<td>0.392</td>
<td>0.576</td>
<td>0.497</td>
<td>0.441</td>
<td>0.392</td>
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<tr>
<td><strong>Mobile RGU - TDC &amp; YouSee</strong></td>
<td>1.174</td>
<td>1.174</td>
<td>1.178</td>
<td>1.191</td>
<td>1.209</td>
<td>1.230</td>
<td>1.255</td>
<td>1.280</td>
<td>1.174</td>
<td>1.191</td>
<td>1.230</td>
<td>1.280</td>
<td>2.9%</td>
</tr>
<tr>
<td><strong>Mobile RGU - Online Brands</strong></td>
<td>0.838</td>
<td>0.839</td>
<td>0.841</td>
<td>0.851</td>
<td>0.863</td>
<td>0.879</td>
<td>0.896</td>
<td>0.914</td>
<td>0.839</td>
<td>0.851</td>
<td>0.879</td>
<td>0.914</td>
<td>2.9%</td>
</tr>
<tr>
<td><strong>Mobile RGU</strong></td>
<td>2.012</td>
<td>2.013</td>
<td>2.019</td>
<td>2.041</td>
<td>2.072</td>
<td>2.109</td>
<td>2.151</td>
<td>2.194</td>
<td>2.013</td>
<td>2.041</td>
<td>2.109</td>
<td>2.194</td>
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</tr>
<tr>
<td><strong>Broadband RGU - TDC &amp; YouSee</strong></td>
<td>0.902</td>
<td>0.898</td>
<td>0.897</td>
<td>0.902</td>
<td>0.909</td>
<td>0.917</td>
<td>0.926</td>
<td>0.926</td>
<td>0.898</td>
<td>0.897</td>
<td>0.909</td>
<td>0.926</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>Broadband RGU - Online Brands</strong></td>
<td>0.150</td>
<td>0.150</td>
<td>0.150</td>
<td>0.150</td>
<td>0.152</td>
<td>0.153</td>
<td>0.154</td>
<td>0.154</td>
<td>0.150</td>
<td>0.150</td>
<td>0.152</td>
<td>0.154</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>Broadband RGU</strong></td>
<td>1.052</td>
<td>1.048</td>
<td>1.047</td>
<td>1.047</td>
<td>1.052</td>
<td>1.061</td>
<td>1.081</td>
<td>1.081</td>
<td>1.048</td>
<td>1.047</td>
<td>1.061</td>
<td>1.081</td>
<td></td>
</tr>
<tr>
<td><strong>TV RGU - TDC &amp; YouSee</strong></td>
<td>1.359</td>
<td>1.351</td>
<td>1.347</td>
<td>1.347</td>
<td>1.354</td>
<td>1.364</td>
<td>1.377</td>
<td>1.391</td>
<td>1.351</td>
<td>1.347</td>
<td>1.364</td>
<td>1.391</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>TV RGU - Online Brands</strong></td>
<td>0.025</td>
<td>0.025</td>
<td>0.025</td>
<td>0.025</td>
<td>0.025</td>
<td>0.025</td>
<td>0.025</td>
<td>0.026</td>
<td>0.025</td>
<td>0.025</td>
<td>0.025</td>
<td>0.026</td>
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<tr>
<td><strong>TV RGU</strong></td>
<td>1.384</td>
<td>1.376</td>
<td>1.372</td>
<td>1.372</td>
<td>1.379</td>
<td>1.390</td>
<td>1.402</td>
<td>1.416</td>
<td>1.376</td>
<td>1.372</td>
<td>1.390</td>
<td>1.416</td>
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</tr>
<tr>
<td><strong>Fixed Lines - Adjusted ARPU (DKK / m )</strong></td>
<td>150.5</td>
<td>146.1</td>
<td>149.6</td>
<td>150.9</td>
<td>151.1</td>
<td>152.8</td>
<td>153.9</td>
<td>154.9</td>
<td>148.3</td>
<td>150.3</td>
<td>152.0</td>
<td>154.4</td>
<td>1.4%</td>
</tr>
<tr>
<td><strong>Mobile - Adjusted ARPU (DKK / m )</strong></td>
<td>107.4</td>
<td>108.8</td>
<td>111.5</td>
<td>114.6</td>
<td>118.1</td>
<td>120.9</td>
<td>123.7</td>
<td>126.2</td>
<td>108.1</td>
<td>113.1</td>
<td>119.5</td>
<td>124.9</td>
<td>4.9%</td>
</tr>
<tr>
<td><strong>Broadband - Adjusted ARPU (DKK / m )</strong></td>
<td>194.9</td>
<td>192.7</td>
<td>196.6</td>
<td>199.9</td>
<td>203.1</td>
<td>206.0</td>
<td>208.7</td>
<td>211.2</td>
<td>193.8</td>
<td>198.3</td>
<td>204.6</td>
<td>209.9</td>
<td>2.7%</td>
</tr>
<tr>
<td><strong>TV - Adjusted ARPU (DKK / m )</strong></td>
<td>257.6</td>
<td>254.5</td>
<td>258.0</td>
<td>262.7</td>
<td>266.7</td>
<td>270.4</td>
<td>273.9</td>
<td>277.2</td>
<td>256.0</td>
<td>260.4</td>
<td>268.6</td>
<td>275.6</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>Blended ARPU (DKK / m )</strong></td>
<td>184.7</td>
<td>183.8</td>
<td>188.1</td>
<td>190.3</td>
<td>193.4</td>
<td>196.2</td>
<td>198.4</td>
<td>200.7</td>
<td>183.8</td>
<td>190.3</td>
<td>196.2</td>
<td>200.7</td>
<td>3.0%</td>
</tr>
<tr>
<td><strong>Mobile - Recurring Customers</strong></td>
<td>1.642</td>
<td>1.679</td>
<td>1.690</td>
<td>1.723</td>
<td>1.755</td>
<td>1.789</td>
<td>1.829</td>
<td>1.876</td>
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<td></td>
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<tr>
<td><strong>Mobile - Variable Customers</strong></td>
<td>0.370</td>
<td>0.334</td>
<td>0.329</td>
<td>0.318</td>
<td>0.317</td>
<td>0.321</td>
<td>0.323</td>
<td>0.318</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mobile - Total Customers</strong></td>
<td>2.012</td>
<td>2.013</td>
<td>2.019</td>
<td>2.041</td>
<td>2.072</td>
<td>2.109</td>
<td>2.151</td>
<td>2.194</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Churn Rate</strong></td>
<td>18.4%</td>
<td>16.6%</td>
<td>16.3%</td>
<td>15.6%</td>
<td>15.3%</td>
<td>15.2%</td>
<td>15.0%</td>
<td>14.5%</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Housholds with broadband and/or TV ('000)</strong></td>
<td>1,604.0</td>
<td>1,586.0</td>
<td>1,596.4</td>
<td>1,644.8</td>
<td>1,670.0</td>
<td>1,715.3</td>
<td>1,755.4</td>
<td>1,797.9</td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Households with 3 Products from Same brand ('000)</strong></td>
<td>457.0</td>
<td>475.0</td>
<td>476.7</td>
<td>485.7</td>
<td>492.5</td>
<td>500.1</td>
<td>519.1</td>
<td>533.7</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Total Households ('000)</strong></td>
<td>2,061.0</td>
<td>2,061.0</td>
<td>2,073.2</td>
<td>2,130.5</td>
<td>2,162.5</td>
<td>2,215.3</td>
<td>2,274.5</td>
<td>2,331.7</td>
<td></td>
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</tbody>
</table>
# Segment Income Statement

Revenue segment breakdown by products and full segment breakdown by brands

<table>
<thead>
<tr>
<th>Segment Income Statement</th>
<th>1H-15</th>
<th>2H-15</th>
<th>1H-16</th>
<th>2H-16</th>
<th>1H-17</th>
<th>2H-17</th>
<th>1H-18</th>
<th>2H-18</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>3Y CAGR</th>
</tr>
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<tbody>
<tr>
<td><strong>Revenue Segment by Products</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues - Fixed Lines</td>
<td>567.0</td>
<td>505.0</td>
<td>474.1</td>
<td>449.6</td>
<td>427.7</td>
<td>404.7</td>
<td>383.9</td>
<td>364.2</td>
<td>1,072.0</td>
<td>923.7</td>
<td>832.3</td>
<td>748.0</td>
<td>-11.3%</td>
</tr>
<tr>
<td>Revenues - Mobile</td>
<td>1,297.0</td>
<td>1,314.0</td>
<td>1,350.9</td>
<td>1,404.0</td>
<td>1,467.8</td>
<td>1,530.1</td>
<td>1,596.6</td>
<td>1,661.1</td>
<td>2,611.0</td>
<td>2,754.9</td>
<td>2,997.9</td>
<td>3,257.7</td>
<td>7.7%</td>
</tr>
<tr>
<td>Revenues - Broad Band</td>
<td>1,230.0</td>
<td>1,212.0</td>
<td>1,235.0</td>
<td>1,256.0</td>
<td>1,282.5</td>
<td>1,310.8</td>
<td>1,339.8</td>
<td>1,369.5</td>
<td>2,442.0</td>
<td>2,491.0</td>
<td>2,593.3</td>
<td>2,709.3</td>
<td>3.5%</td>
</tr>
<tr>
<td>Revenues - TV</td>
<td>2,139.0</td>
<td>2,101.0</td>
<td>2,124.0</td>
<td>2,162.7</td>
<td>2,254.9</td>
<td>2,304.8</td>
<td>2,355.8</td>
<td>2,420.0</td>
<td>4,240.0</td>
<td>4,286.8</td>
<td>4,461.1</td>
<td>4,660.6</td>
<td>3.2%</td>
</tr>
<tr>
<td>Revenues - Other Services</td>
<td>393.0</td>
<td>396.0</td>
<td>420.9</td>
<td>388.3</td>
<td>387.3</td>
<td>381.5</td>
<td>374.2</td>
<td>369.6</td>
<td>789.0</td>
<td>809.2</td>
<td>772.5</td>
<td>743.8</td>
<td>-1.9%</td>
</tr>
</tbody>
</table>

| **Revenue - Consumers**  | 5,626.0 | 5,528.0 | 5,604.9 | 5,660.6 | 5,771.4 | 5,885.7 | 5,999.2 | 6,120.1 | 11,154.0 | 11,265.5 | 11,657.1 | 12,119.4 | 2.8%    |

| **Segment by Brands**    |       |       |       |       |       |       |       |       |        |        |        |        |         |
| Revenue - TDC & YouSee   | (2,025.0) | (2,116.0) | (2,164.3) | (2,271.9) | (2,361.0) | (2,448.8) | (2,551.7) | (2,652.5) | (4,141.0) | (4,436.2) | (4,809.8) | (5,204.2) | 7.9%    |
| Revenue - Online Brands  | (3,472.0) | (3,382.0) | (3,653.0) | (3,785.1) | (3,896.4) | (4,084.6) | (4,239.5) | (4,402.9) | (6,854.0) | (7,438.1) | (7,981.0) | (8,642.4) | 7.9%    |

| **COGS - Consumer**      | (1,368.0) | (1,373.0) | (1,374.8) | (1,384.0) | (1,403.5) | (1,428.2) | (1,449.1) | (1,464.6) | (2,741.0) | (2,758.8) | (2,831.7) | (2,913.7) |         |

| **Gross Profit - Consumer** | 4,258.0 | 4,155.0 | 4,230.1 | 4,276.6 | 4,368.0 | 4,457.4 | 4,550.1 | 4,655.5 | 8,413.0 | 8,506.7 | 8,825.4 | 9,205.7 | 3.0%    |

| SG&A - Consumer           | (530.0) | (436.0) | (450.2) | (478.1) | (468.8) | (482.7) | (495.3) | (501.4) | (966.0) | (928.4) | (951.4) | (996.8) |         |

| Other Operating Income / (Expense) - Consumer | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (2.0) | 0.0 | 0.0 | 0.0 |         |

| **EBITDA - Consumer**     | 3,728.0 | 3,717.0 | 3,779.9 | 3,798.4 | 3,899.2 | 3,974.8 | 4,054.8 | 4,154.1 | 7,445.0 | 7,578.3 | 7,873.9 | 8,208.9 | 3.3%    |

| Revenue - Other Segments  | 6,597.0 | 6,615.0 | 6,940.0 | 7,260.9 | 7,498.3 | 7,818.4 | 8,135.3 | 8,449.7 | 13,212.0 | 14,200.9 | 15,316.6 | 16,585.0 | 7.9%    |

| COGS - Other Segments     | (2,025.0) | (2,116.0) | (2,164.3) | (2,271.9) | (2,361.0) | (2,448.8) | (2,551.7) | (2,652.5) | (4,141.0) | (4,436.2) | (4,809.8) | (5,204.2) |         |

| **Gross Profit - Other Segments** | 4,572.0 | 4,499.0 | 4,775.7 | 4,989.0 | 5,137.2 | 5,369.6 | 5,583.6 | 5,797.2 | 9,071.0 | 9,764.7 | 10,506.8 | 11,380.7 | 7.9%    |

| SG&A - Other Segments      | (3,472.0) | (3,382.0) | (3,653.0) | (3,785.1) | (3,896.4) | (4,084.6) | (4,239.5) | (4,402.9) | (6,854.0) | (7,438.1) | (7,981.0) | (8,642.4) |         |

| Other Operating Income / (Expense) - Other Segments | 59.0 | 88.0 | 61.3 | 69.4 | 72.9 | 70.1 | 70.3 | 70.4 | 147.0 | 130.8 | 140.8 | 140.4 |         |

| **EBITDA - Other Segments** | 1,159.0 | 1,205.0 | 1,184.1 | 1,273.3 | 1,313.7 | 1,352.9 | 1,414.1 | 1,464.6 | 2,364.0 | 2,457.4 | 2,666.6 | 2,878.7 | 6.8%    |
### Key Financials

#### Income Statement

<table>
<thead>
<tr>
<th>Period</th>
<th>Revenue</th>
<th>Cost of Goods Sold</th>
<th>Gross Profit</th>
<th>SG&amp;A</th>
<th>Other Operating Income / (Expense)</th>
<th>EBITDA</th>
<th>EBIT</th>
<th>Profit from Continuing Operations</th>
<th>EPS (in DKK per Share)</th>
</tr>
</thead>
<tbody>
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<td>1H-15</td>
<td>12,223.0</td>
<td>(3,393.0)</td>
<td>8,830.0</td>
<td>(4,002.0)</td>
<td>59.0</td>
<td>4,887.0</td>
<td>2,224.0</td>
<td>1,272.0</td>
<td>1.59</td>
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<tr>
<td>2H-15</td>
<td>12,143.0</td>
<td>(3,399.0)</td>
<td>8,654.0</td>
<td>(3,818.0)</td>
<td>86.0</td>
<td>4,922.0</td>
<td>2,274.0</td>
<td>1,230.0</td>
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<tr>
<td>1H-16</td>
<td>12,545.0</td>
<td>(3,655.9)</td>
<td>9,005.8</td>
<td>(4,103.2)</td>
<td>145.3</td>
<td>4,964.0</td>
<td>2,586.5</td>
<td>1,445.2</td>
<td>1.80</td>
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<tr>
<td>2H-16</td>
<td>12,921.5</td>
<td>(3,764.5)</td>
<td>9,265.5</td>
<td>(4,263.2)</td>
<td>61.3</td>
<td>5,017.0</td>
<td>2,577.4</td>
<td>1,428.2</td>
<td>1.78</td>
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<tr>
<td>1H-17</td>
<td>13,269.7</td>
<td>(4,000.8)</td>
<td>9,505.2</td>
<td>(4,365.2)</td>
<td>65.4</td>
<td>5,212.9</td>
<td>2,764.1</td>
<td>1,554.8</td>
<td>1.94</td>
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<tr>
<td>2H-17</td>
<td>13,704.0</td>
<td>(4,117.1)</td>
<td>9,527.0</td>
<td>(4,567.3)</td>
<td>72.9</td>
<td>5,327.6</td>
<td>2,942.5</td>
<td>1,672.4</td>
<td>2.09</td>
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<tr>
<td>2H-18</td>
<td>14,134.5</td>
<td>(4,094.3)</td>
<td>10,037.7</td>
<td>(4,734.9)</td>
<td>70.1</td>
<td>5,468.9</td>
<td>3,070.4</td>
<td>1,753.3</td>
<td>2.19</td>
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<tr>
<td>1H-18</td>
<td>14,569.8</td>
<td>(7,820.0)</td>
<td>6,749.8</td>
<td>(8,366.5)</td>
<td>70.3</td>
<td>5,618.7</td>
<td>3,246.0</td>
<td>1,868.8</td>
<td>2.33</td>
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<tr>
<td>2H-18</td>
<td>14,934.5</td>
<td>(8,932.5)</td>
<td>6,002.0</td>
<td>(9,639.2)</td>
<td>145.0</td>
<td>9,809.0</td>
<td>4,498.0</td>
<td>2,502.0</td>
<td>3.12</td>
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<tr>
<td>FY2015</td>
<td>15,366.0</td>
<td>(6,882.0)</td>
<td>8,484.0</td>
<td>(7,195.0)</td>
<td>140.8</td>
<td>10,037.7</td>
<td>5,163.0</td>
<td>2,874.1</td>
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<td>FY2016</td>
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<td>(7,195.0)</td>
<td>8,671.4</td>
<td>(7,641.6)</td>
<td>140.4</td>
<td>10,540.6</td>
<td>5,706.6</td>
<td>3,227.2</td>
<td>4.03</td>
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<tr>
<td>FY2017</td>
<td>16,373.7</td>
<td>(8,117.9)</td>
<td>8,255.8</td>
<td>(8,932.5)</td>
<td>131.0</td>
<td>11,088.6</td>
<td>6,316.4</td>
<td>3,622.1</td>
<td>4.52</td>
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<tr>
<td>FY2018</td>
<td>16,973.7</td>
<td>(9,639.2)</td>
<td>7,334.5</td>
<td>(9,639.2)</td>
<td>131.1</td>
<td>11,807.6</td>
<td>6,316.4</td>
<td>3,622.1</td>
<td>4.52</td>
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#### Balance Sheet

<table>
<thead>
<tr>
<th>Period</th>
<th>Current Assets</th>
<th>Non Current Assets</th>
<th>Total Assets</th>
<th>Current Liabilities</th>
<th>Non-Current Liabilities</th>
<th>Equity</th>
<th>Total Liabilities &amp; Equity</th>
</tr>
</thead>
<tbody>
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<td>60,951.0</td>
<td>66,569.0</td>
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<td>60,561.0</td>
<td>65,596.0</td>
<td>11,179.0</td>
<td>33,063.0</td>
<td>20,354.0</td>
<td>64,596.0</td>
</tr>
<tr>
<td>1H-16</td>
<td>5,195.8</td>
<td>60,561.0</td>
<td>65,756.8</td>
<td>12,428.2</td>
<td>33,063.0</td>
<td>20,354.0</td>
<td>65,596.0</td>
</tr>
<tr>
<td>2H-16</td>
<td>6,758.4</td>
<td>60,561.0</td>
<td>67,319.4</td>
<td>11,179.0</td>
<td>33,063.0</td>
<td>20,354.0</td>
<td>65,596.0</td>
</tr>
<tr>
<td>1H-17</td>
<td>9,926.2</td>
<td>60,561.0</td>
<td>69,487.2</td>
<td>2,585.6</td>
<td>33,063.0</td>
<td>20,354.0</td>
<td>65,596.0</td>
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<tr>
<td>2H-17</td>
<td>11,673.1</td>
<td>60,561.0</td>
<td>72,234.1</td>
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<td>33,063.0</td>
<td>20,354.0</td>
<td>65,596.0</td>
</tr>
<tr>
<td>2H-18</td>
<td>14,934.5</td>
<td>60,561.0</td>
<td>75,495.5</td>
<td>2,585.6</td>
<td>33,063.0</td>
<td>20,354.0</td>
<td>65,596.0</td>
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<tr>
<td>1H-18</td>
<td>17,072.6</td>
<td>60,561.0</td>
<td>77,633.6</td>
<td>12,428.2</td>
<td>33,063.0</td>
<td>20,354.0</td>
<td>65,596.0</td>
</tr>
<tr>
<td>2H-18</td>
<td>17,072.6</td>
<td>60,561.0</td>
<td>77,633.6</td>
<td>12,428.2</td>
<td>33,063.0</td>
<td>20,354.0</td>
<td>65,596.0</td>
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</table>

#### Statement of Cash Flows

<table>
<thead>
<tr>
<th>Period</th>
<th>Cash Flow from Operations</th>
<th>Cash Flow from Investing</th>
<th>Cash Flow from Finance</th>
<th>Net Cash Flows</th>
<th>Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H-15</td>
<td>3,791.9</td>
<td>4,028.0</td>
<td>4,101.7</td>
<td>(1,136.1)</td>
<td>Free Cash Flows</td>
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<td>4,253.0</td>
<td>4,326.5</td>
<td>2,565.0</td>
<td>2,815.2</td>
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<tr>
<td>1H-16</td>
<td>4,253.0</td>
<td>4,326.5</td>
<td>4,326.5</td>
<td>3,033.1</td>
<td>2,951.0</td>
</tr>
<tr>
<td>2H-16</td>
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<td>4,326.5</td>
<td>4,326.5</td>
<td>1,580.9</td>
<td>3,489.4</td>
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<td>4,326.5</td>
<td>4,326.5</td>
<td>2,556.2</td>
<td>1,864.5</td>
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<td>4,326.5</td>
<td>4,326.5</td>
<td>2,511.0</td>
<td>2,859.9</td>
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#### Discounted Free Cash Flows

<table>
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<tr>
<th>Period</th>
<th>Discounted Free Cash Flows</th>
<th>Firm Value</th>
</tr>
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<tbody>
<tr>
<td>1H-15</td>
<td>(796.1)</td>
<td>11,944.9</td>
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<tr>
<td>2H-15</td>
<td>2,814.1</td>
<td>11,944.9</td>
</tr>
<tr>
<td>1H-16</td>
<td>3,249.3</td>
<td>11,944.9</td>
</tr>
<tr>
<td>2H-16</td>
<td>1,695.4</td>
<td>11,944.9</td>
</tr>
<tr>
<td>1H-17</td>
<td>2,539.6</td>
<td>11,944.9</td>
</tr>
<tr>
<td>2H-17</td>
<td>2,442.5</td>
<td>11,944.9</td>
</tr>
<tr>
<td>2H-18</td>
<td>2,442.5</td>
<td>11,944.9</td>
</tr>
<tr>
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<tr>
<td>FY2016</td>
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<td>11,944.9</td>
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<tr>
<td>FY2017</td>
<td>2,442.5</td>
<td>11,944.9</td>
</tr>
<tr>
<td>FY2018</td>
<td>2,442.5</td>
<td>11,944.9</td>
</tr>
</tbody>
</table>

#### 3Y CAGR

- **Income Statement:** 5.6%
- **Balance Sheet:** 4.2%
- **Statement of Cash Flows:** 4.2%
- **Valuation:** 13.1%
## Performance Metrics

### Incremental data, cost data and per-customer metrics

<table>
<thead>
<tr>
<th>Performance Metrics</th>
<th>1H-15</th>
<th>2H-15</th>
<th>1H-16</th>
<th>2H-16</th>
<th>1H-17</th>
<th>2H-17</th>
<th>1H-18</th>
<th>2H-18</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>3Y CAGR</th>
</tr>
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<tbody>
<tr>
<td><strong>Incremental Revenue (Consumer Division)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Status Quo</td>
<td>5,626.0</td>
<td>5,528.0</td>
<td>5,536.6</td>
<td>5,511.8</td>
<td>5,500.6</td>
<td>5,492.6</td>
<td>5,489.1</td>
<td>11,134.0</td>
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<td>11,001.3</td>
<td>10,981.7</td>
<td>-0.5%</td>
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</tr>
<tr>
<td>Base + R1 + R2</td>
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<td>5,528.0</td>
<td>5,600.9</td>
<td>5,642.5</td>
<td>5,729.1</td>
<td>5,810.9</td>
<td>5,888.8</td>
<td>11,154.0</td>
<td>11,243.4</td>
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<tr>
<td><strong>Stand Proud &amp; Stand Tall</strong></td>
<td>0.0</td>
<td>0.0</td>
<td>64.3</td>
<td>130.8</td>
<td>228.5</td>
<td>310.2</td>
<td>396.2</td>
<td>484.8</td>
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<td>195.1</td>
<td>538.7</td>
<td>881.0</td>
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<tr>
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<td>5,660.9</td>
<td>5,771.4</td>
<td>5,885.7</td>
<td>5,999.2</td>
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<tr>
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<td>4.0</td>
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<td>3,717.0</td>
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<td>3,688.7</td>
<td>3,691.9</td>
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<td>3,717.0</td>
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<td>3,866.8</td>
<td>3,920.8</td>
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<tr>
<td><strong>Stand Proud &amp; Stand Tall</strong></td>
<td>0.0</td>
<td>0.0</td>
<td>64.3</td>
<td>130.8</td>
<td>228.5</td>
<td>310.2</td>
<td>396.2</td>
<td>484.8</td>
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<td>3,717.0</td>
<td>3,779.9</td>
<td>3,798.4</td>
<td>3,899.2</td>
<td>4,054.8</td>
<td>4,154.1</td>
<td>7,445.0</td>
<td>7,578.3</td>
<td>7,873.9</td>
<td>8,208.9</td>
<td>3.3%</td>
<td></td>
</tr>
<tr>
<td><strong>Stand Strong</strong></td>
<td>0.0</td>
<td>0.0</td>
<td>4.0</td>
<td>18.1</td>
<td>42.3</td>
<td>74.8</td>
<td>110.5</td>
<td>146.2</td>
<td>0.0</td>
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</tr>
<tr>
<td>Status Quo</td>
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<td>2,567.4</td>
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</tr>
<tr>
<td>Base + R1 + R2</td>
<td>(803.8)</td>
<td>2,923.7</td>
<td>3,470.5</td>
<td>1,834.4</td>
<td>2,808.9</td>
<td>2,768.1</td>
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<td><strong>Stand Proud &amp; Stand Tall</strong></td>
<td>23.1</td>
<td>35.0</td>
<td>110.3</td>
<td>117.2</td>
<td>157.8</td>
<td>200.7</td>
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<tr>
<td>Base + R1 + R2 + R3</td>
<td>(815.2)</td>
<td>2,951.0</td>
<td>3,489.4</td>
<td>1,864.5</td>
<td>2,859.9</td>
<td>2,816.7</td>
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<tr>
<td><strong>Stand Strong</strong></td>
<td>(11.4)</td>
<td>27.3</td>
<td>18.9</td>
<td>30.0</td>
<td>51.0</td>
<td>48.6</td>
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<td><strong>Churn Analysis</strong></td>
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<tr>
<td>Status Quo - Churn Rate</td>
<td>18.4%</td>
<td>16.6%</td>
<td>16.6%</td>
<td>16.0%</td>
<td>15.8%</td>
<td>15.7%</td>
<td>15.4%</td>
<td>15.2%</td>
<td>17.5%</td>
<td>16.3%</td>
<td>15.8%</td>
<td>15.3%</td>
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<tr>
<td>Base - Churn Rate</td>
<td>18.4%</td>
<td>16.6%</td>
<td>16.3%</td>
<td>16.5%</td>
<td>15.3%</td>
<td>15.2%</td>
<td>15.0%</td>
<td>14.5%</td>
<td>17.5%</td>
<td>16.0%</td>
<td>15.3%</td>
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<td>Status Quo - Recurring Customers</td>
<td>1.642</td>
<td>1.679</td>
<td>1.662</td>
<td>1.669</td>
<td>1.665</td>
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<td>Base - Recurring Customers</td>
<td>1.642</td>
<td>1.679</td>
<td>1.690</td>
<td>1.723</td>
<td>1.755</td>
<td>1.789</td>
<td>1.829</td>
<td>1.876</td>
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<td>0.000</td>
<td>0.028</td>
<td>0.054</td>
<td>0.090</td>
<td>0.131</td>
<td>0.173</td>
<td>0.234</td>
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<td><strong>Cost Analysis</strong></td>
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<td>Status Quo - SG&amp;A</td>
<td>4,002.0</td>
<td>3,818.0</td>
<td>4,097.7</td>
<td>4,250.7</td>
<td>4,342.3</td>
<td>4,535.7</td>
<td>4,693.0</td>
<td>4,852.6</td>
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<td>Base - SG&amp;A</td>
<td>4,002.0</td>
<td>3,818.0</td>
<td>4,103.2</td>
<td>4,263.3</td>
<td>4,355.2</td>
<td>4,567.3</td>
<td>4,734.9</td>
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<td>5.5</td>
<td>12.6</td>
<td>22.0</td>
<td>31.6</td>
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<td>Status Quo - CAPEX</td>
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<td>4,152.7</td>
<td>4,994.0</td>
<td>2,610.2</td>
<td>1,754.3</td>
<td>1,863.9</td>
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<td>Base - CAPEX</td>
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<td>4,169.7</td>
<td>4,104.7</td>
<td>2,685.6</td>
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<td>1,948.3</td>
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<td><strong>Incremental</strong></td>
<td>27.2</td>
<td>16.9</td>
<td>20.7</td>
<td>75.4</td>
<td>65.2</td>
<td>84.4</td>
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<td><strong>Per Customer Data</strong></td>
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<td>Cost per new RGU</td>
<td>167.9</td>
<td>157.6</td>
<td>151.9</td>
<td>138.8</td>
<td>132.5</td>
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<tr>
<td>Cost per recurring customer</td>
<td>197.4</td>
<td>231.6</td>
<td>245.8</td>
<td>241.0</td>
<td>242.4</td>
<td>230.5</td>
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<tr>
<td>Average Cost per recurring customer</td>
<td>231.4</td>
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</table>
Ensuring the robustness of our model with a three-case scenario and sensitivity analysis

**NPV Scenario Analysis**

- **Average blended ARPU (in DKK / m) from 2016E ~ 2018E**
  - Pessimistic: 194.9
  - Base: 194.5
  - Optimistic: 195.8

- **Total GRU CAGR from 2016E to 2018E**
  - Pessimistic: -0.7%
  - Base: 0.5%
  - Optimistic: 1.6%

- **Average COGS Margin from 2016E to 2018E**
  - Pessimistic: -24.6%
  - Base: -23.9%
  - Optimistic: -23.4%

**Sensitivity Analysis**

- **Incremental NPV**
  - Status Quo: 11,218.2
  - Stand Proud & Tall: 579.3
  - Stand Strong: 147.4
  - Nova: 11,944.9

- **Cost of Debt (Pre Tax)**
  - 4.7%
    - 2.0%: 12,180.8
    - 2.5%: 12,143.1
    - 3.0%: 12,105.7
    - 3.5%: 12,068.4
    - 4.0%: 12,031.3

  - 5.2%
    - 2.0%: 12,099.2
    - 2.5%: 12,061.9
    - 3.0%: 12,024.9
    - 3.5%: 11,988.0
    - 4.0%: 11,951.2

  - 5.7%
    - 2.0%: 12,018.4
    - 2.5%: 11,981.6
    - 3.0%: 11,944.9
    - 3.5%: 11,908.4
    - 4.0%: 11,872.1

  - 6.2%
    - 2.0%: 11,938.5
    - 2.5%: 11,902.1
    - 3.0%: 11,865.8
    - 3.5%: 11,829.6
    - 4.0%: 11,793.7

  - 6.7%
    - 2.0%: 11,859.5
    - 2.5%: 11,823.4
    - 3.0%: 11,787.5
    - 3.5%: 11,751.7
    - 4.0%: 11,716.2