

A woman with blonde braids, wearing a black Salomon ski helmet and a black quilted winter jacket with fur-lined cuffs, is looking at a white smartphone. The background is a snowy, wooded area with evergreen trees.

DNA Plc

Financial Statements Bulletin 2016

News Conference for Analysts and Investors
31 January, 2017

CEO Jukka Leinonen
CFO Timo Karppinen

Forward looking statement

This presentation contains, or may be deemed to contain, statements that are not historical facts but forward-looking statements. Such forward-looking statements are based on the current plans, estimates and expectations of DNA's management based on information available to it on the date of this presentation. By their nature, forward-looking statements involve risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. Future results of DNA may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. DNA undertakes no obligation to update this presentation after the date hereof.

Business review – Jukka Leinonen, CEO

Q4 & FY 2016 highlights:

- ✓ DNA's key operational KPIs and development of subscription base
- ✓ Improvement of network and spectrum position
- ✓ DNA's strategic objectives

Financial review – Timo Karppinen, CFO



Business Review

Jukka Leinonen, CEO

Q4/2016: Service revenue growth boosted profitability

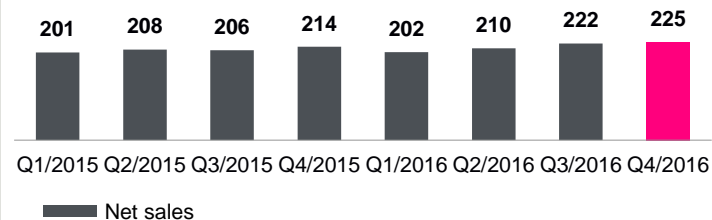
- ✓ **Profitability continued to improve**
 - Comparable EBITDA margin increasing to 25,5%, driven by growth in service revenue and improved operational efficiency
 - The items affecting the comparability of EBITDA totalled EUR 6.3 million and were mostly related to the listing of DNA
- ✓ **Strong growth in net sales, driven in particular by a robust increase of mobile service revenues and mobile device sales**
 - Net sales increased 5.2% and totalled EUR 225.2 million
- ✓ **Strong momentum in operational metrics**
 - Mobile subscription base grew by 4.6%.
 - Stable and increasing subscription base for fixed broadband and cable, fixed voice services subscriptions decreased
 - Ongoing increase in demand for high-speed 4G subscriptions contributed to higher average customer billing
 - Temporary increase in mobile churn during the quarter due to changes in certain DNA subscription type
 - Positive development especially in Consumer Business
 - Corporate Business revenues largely stabilized

Q4/2016 Financial performance

Stable net sales growth

EUR million

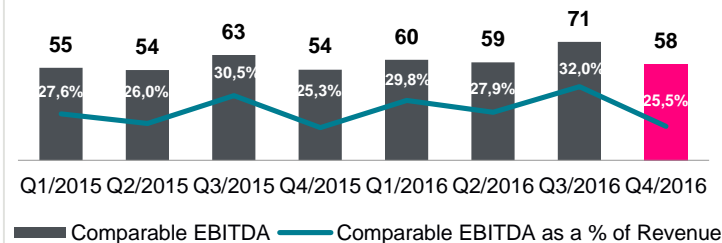
+5.2% in Q4/2016



Strong EBITDA¹ margin expansion in each quarter (year-on-year)

EUR million

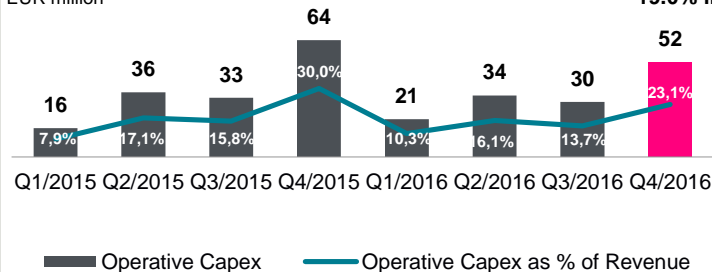
+6.1% in Q4/2016



Significantly lower operative capex² requirements in Q4/2016 with network roll-out largely completed

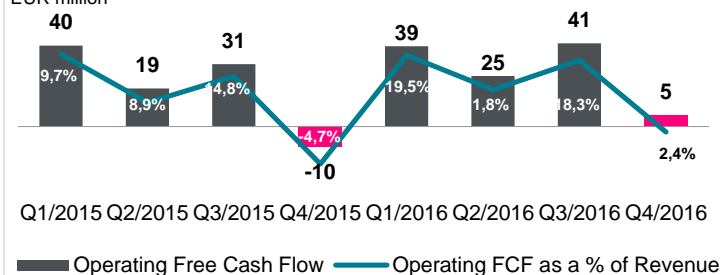
EUR million

-19.0% in Q4/2016



Ongoing improvement of operating cash flow³

EUR million



Notes

1. EBITDA excluding items affecting comparability
2. Operative capex excluding capex for spectrum licenses
3. Operating free cash flow defined as comparable EBITDA minus operative capex

FY 2016: DNA's profitability improved significantly



Ongoing improvement of profitability

- Comparable EBITDA margin increased to 28.8%, driven by positive ARPU dynamics, cost control and impact of favourable revenue mix



Strong growth in net sales, driven in particular by a robust increase of mobile service revenues

- 3.6% increase in DNA's net sales, with mobile service revenue up 9.1%



Strong momentum in operational metrics

- Mobile subscription base grew by 121,000 subscriptions, reaching 2,742,000 subscriptions
- Stable and increasing subscription base for fixed broadband and cable, fixed voice services subscriptions decreased
- Ongoing increase in demand for high-speed 4G subscriptions contributed to higher average customer billing
- Mobile postpaid churn remained low
- Positive development especially in Consumer Business
- Corporate Business revenues largely stabilized



Excellent network quality and spectrum position further reinforced

- 4G coverage has reached over 99% of Finland's population
- Roll-out of DNA's and Sonera's joint mobile communications network in Northern and Eastern Finland substantially completed



- DNA secured additional 2x10 MHz spectrum blocks in the 700 MHz band

Strong cash flows supported by decreasing operative capex

2016 Financial and operating KPIs – Strong performance across all metrics

EUR 859 million
+3.6%²

Net sales

2 742 000
+121 000²

Mobile subscriptions

EUR 247 million
+9.0%²

Comparable EBITDA

440 000
+4 000²

Fixed broadband subscriptions

EUR 110 million
+40.1%²

Operating Free Cash Flow

608 000
+2 000²

Cable-TV subscriptions¹

EUR 322 million
1.3x

Net debt

Net debt / Comparable EBITDA

16.1%
+0.1%²

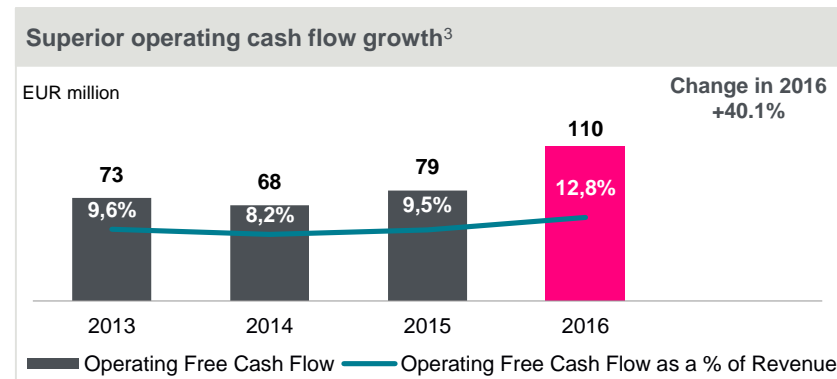
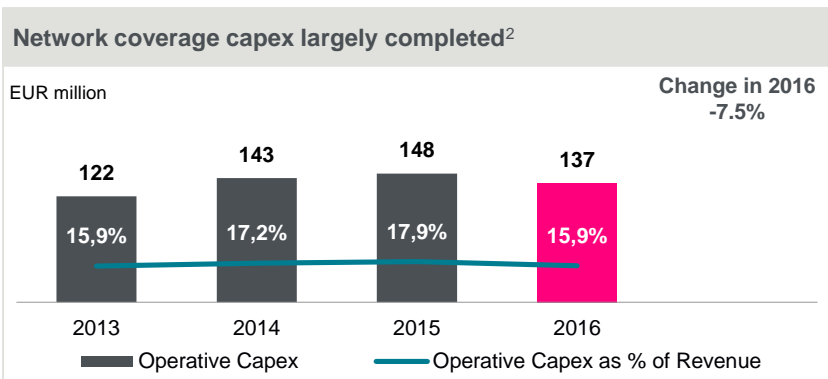
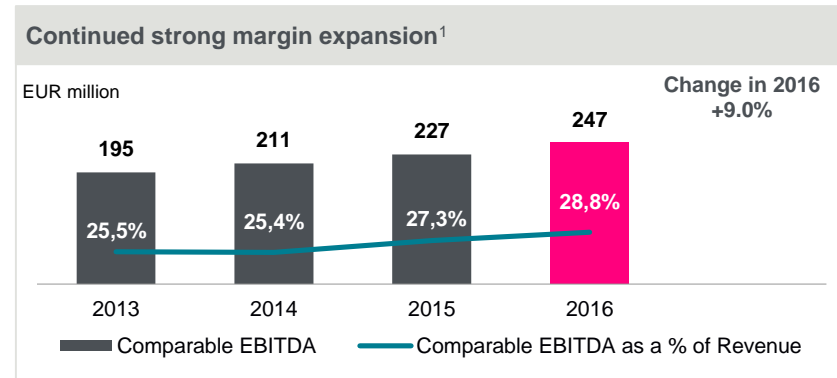
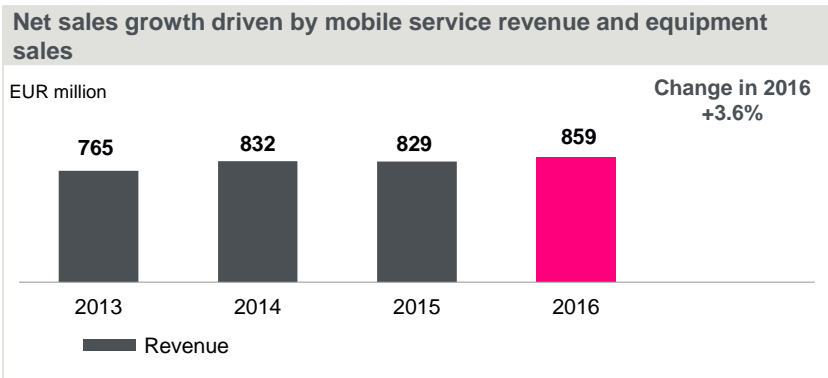
Annualised mobile churn for postpaid subscriptions

Notes

1. Includes subscribers who hold contract for DNA's TV packages transmitted via cable or a bundle package including a Cable-TV product

2. Compared to 2015

2016 Financial performance – positive impact on strong service revenue

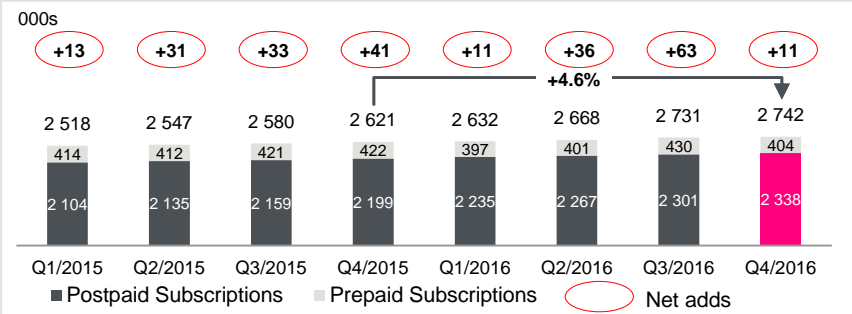


Notes

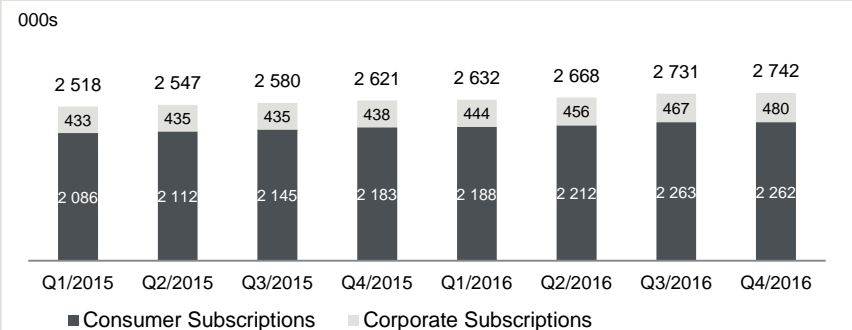
- 1. EBITDA excluding items affecting comparability
- 2. Operative capex excluding capex for spectrum licenses
- 3. Operating free cash flow defined as comparable EBITDA minus operative capex

Ongoing growth of mobile subscription base

Positive mobile subscriptions development



Significant net adds in both Consumer and Business segments

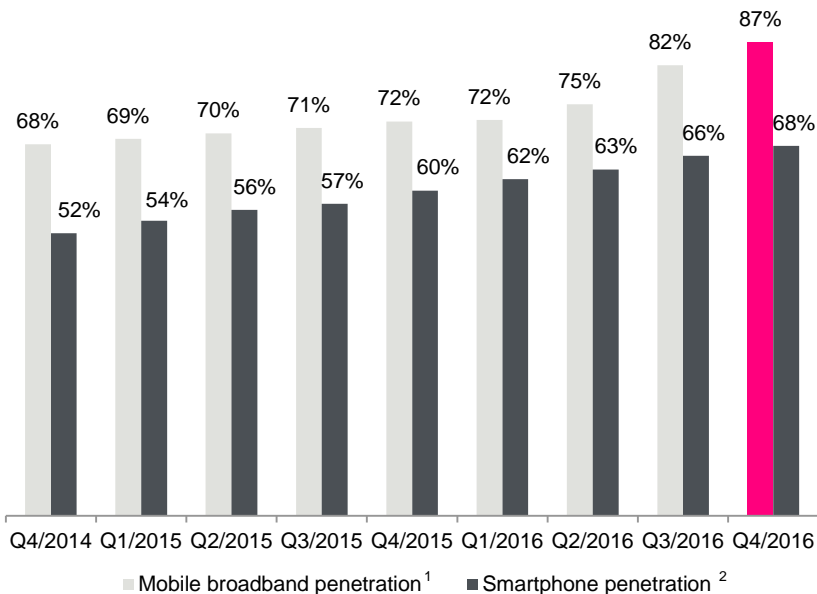


Key Highlights in 2016

- Ongoing consecutive positive development of DNA's mobile subscription base
 - ✓ + 121 000 mobile subscriptions
 - ✓ + 139 000 postpaid mobile subscriptions
- + 79 000 consumer mobile subscribers
- DNA has achieved an accelerated growth in B2B mobile segment, adding 42 000 subscriptions
 - ✓ Both public and private sector continued to digitise their business and expand mobile working at an increasing pace
 - ✓ DNA success driven by the introduction of the full suit of B2B communication offerings in 2016, supported by competitive mobile network coverage

Steady growth of mobile broadband and smartphone penetration

Mobile broadband and smartphone penetration



Key highlights

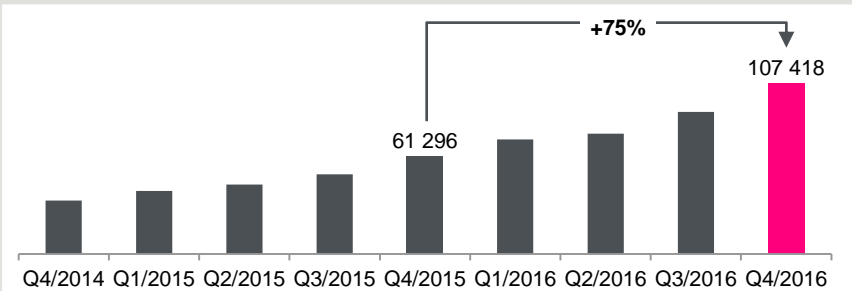
- Smartphone penetration continues to increase
 - 98% of mobile phones currently sold are smartphones
 - 99% of phones sold by DNA are 4G ready, driving
- Substantial growth in mobile broadband penetration over the past two quarters, with penetration levels now at 87%

Notes

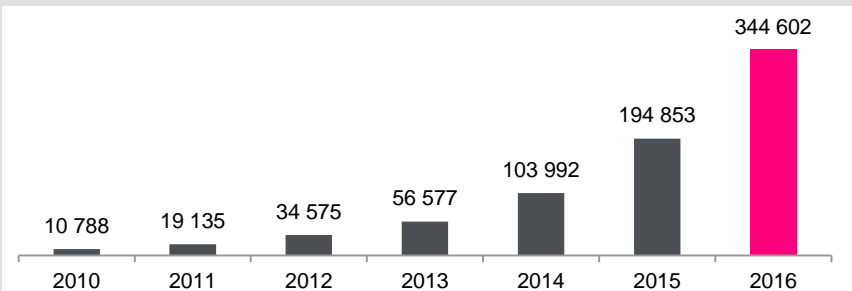
1. Share of subscriptions containing Mokka and Liikkuva laajakaista additional services of the total mobile subscription base, excluding M2M (machine to machine), Service operator, Prepaid and Luuri subscriptions
 2. iOS (iPhone)-, Bada-, MeeGo-, Android-, BlackBerry-, Symbian 3rd- and Windows phones of the total phone base

Mobile data usage almost doubled in 2016

Mobile data traffic (GB, '000)



Mobile data traffic (GB, '000)

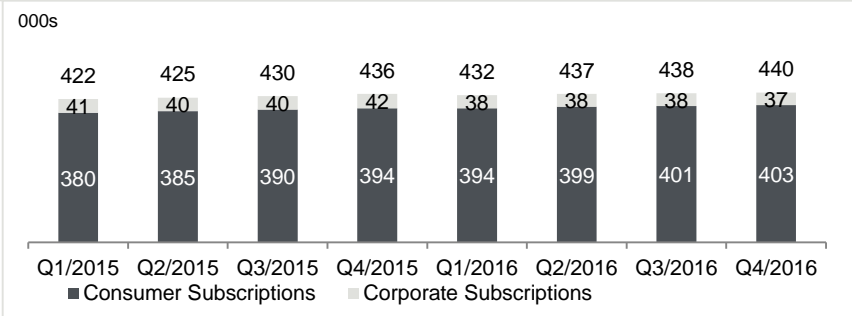


Key highlights

- Strong continued growth in data volumes on DNA's 4G network; +120% in 2016
- DNA's total data traffic grew by over 75% year-on-year
- More than 82% of all mobile data is transferred in the 4G network at the moment
- During summer 2016 traffic volume in DNA's mobile network exceeded the volume of fixed broadband network
 - Approximately 18% more data is transmitted on DNA's mobile network

Stable growth of fixed broadband and cable-TV subscription base

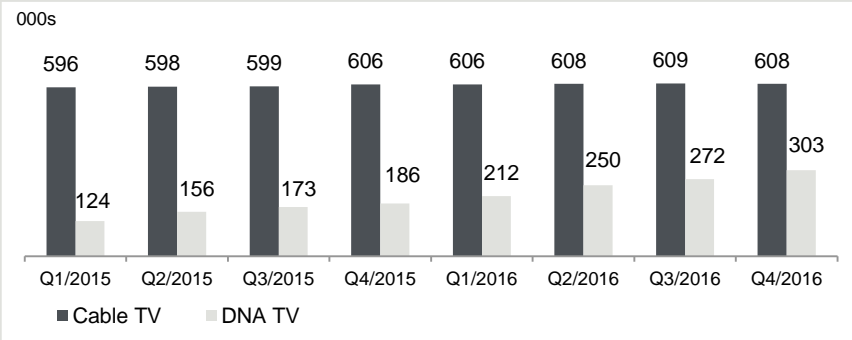
Fixed broadband subscriptions



Key highlights

- Ongoing stable growth of consumer fixed broadband subscriptions, with net 4 000 (+0.9%) subscriptions added
 - Large consumer customer base provides an opportunity to upsell additional DNA services
- Decreasing number of fixed corporate subscriptions in 2016 was mainly a result of DSL-based fixed customers migrating to 4G

TV subscriptions

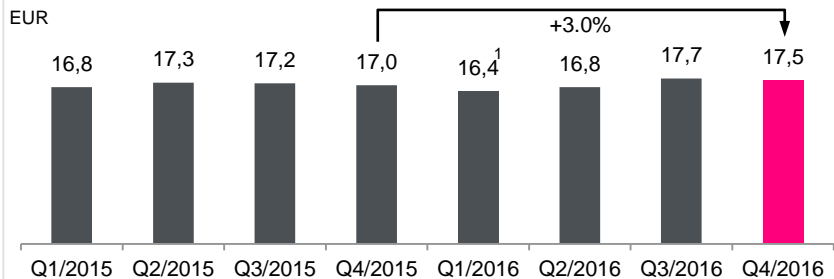


Key highlights

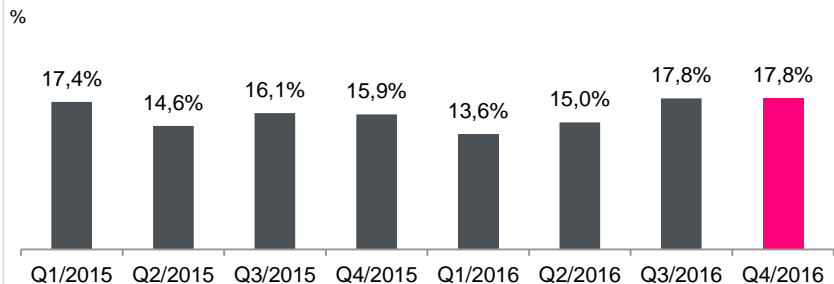
- Stable cable-TV subscription base, with net 2 000 subscriptions added in 2016
- Traditional TV viewing remains relatively steady while the use of streaming and on-demand video services has increased, driving strong growth of DNA TV subscriptions

ARPU continues to grow, mobile churn is stable

Positive mobile postpaid ARPU development



Stable annualised mobile postpaid CHURN



Key highlights

- Ongoing growth in ARPU driven by increasing demand for 4G subscriptions, with customers prepared to pay more for faster data connections
 - 3.0% ARPU growth in forth quarter
- Annualised mobile postpaid churn stable at 16.1% for 2016 (16.0% in 2015)
- In Q3 and Q4, subscription CHURN were negatively impacted by the changes in certain older DNA's subscription types

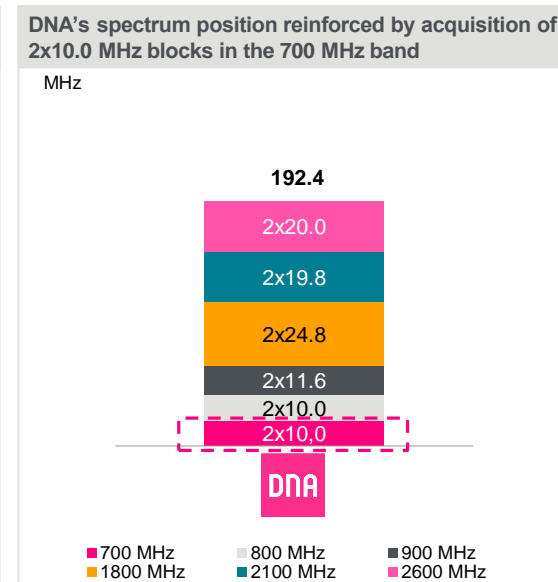
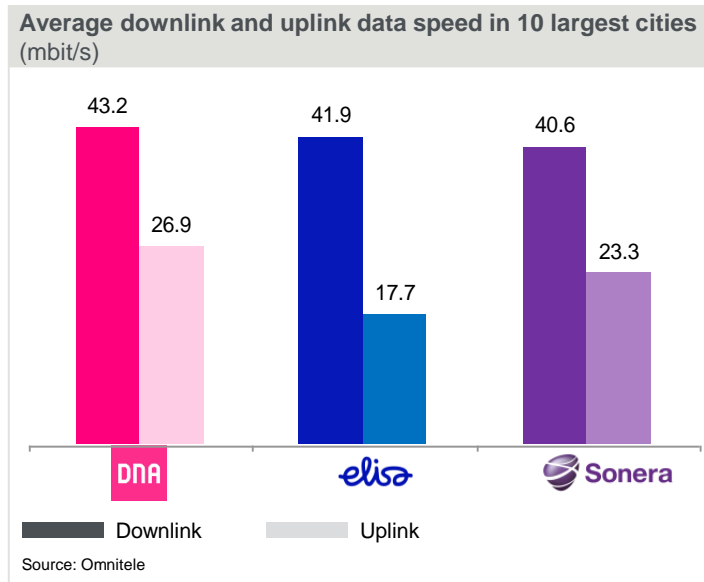
Note

¹ ARPU in Q1 2016 affected as interconnection revenues declined as MTR fees decreased from 1.87 eurocents per minute to 1.25 eurocents per minute in December 2015 (fixed at this level to December 2018)

ARPU = Average billing per user

CHURN = Subscription turnover rate

DNA has reached 4G network coverage of over 99% of population and improved its' spectrum position



- DNA made significant investments in the rollout of its 4G network which is now substantially complete, including the roll-out of joint mobile communications network in Northern and Eastern Finland
- In November, DNA secured 2x10 MHz blocks in the 700 MHz spectrum band, valid from February 2017
 - Total consideration of EUR 22 million payable in 5 annual instalments

We continue to strengthen the foundation for our competitiveness

Team of top experts

We develop our personnel

- Every task is performed by a dedicated and qualified person
- We aim to be one of the most desired employers in Finland

4G, Fibre-Optic and cable networks and service platforms

We invest in a very competitive and cost-effective network and service platform infrastructure

- Good networks
- Cost-effective, linear TV distribution
- Service platforms that enable high-quality entertainment distribution and competitive business solutions

Modern IT systems and analytics

IT systems, customer, product and network databases and analytics tools to enable

- Measurably good customer experience
- Efficient and agile productisation and packaging, sales, invoicing and customer service

Speed and cost-effectiveness

We beat the competition in terms of speed and cost-effectiveness

- The most customer-oriented and agile processes
- Increased automation
- Rapid dismantling of ageing technologies and systems as well as continuous internal optimisation
- Boldly making changes, even major ones

We are on track to achieve our strategic objectives

The most satisfied
consumer and corporate
customers

DNA is a great place to work:
DNA aims to be one of the most
desired employers in Finland

Industry-leading
financial development

Faster than average market
growth



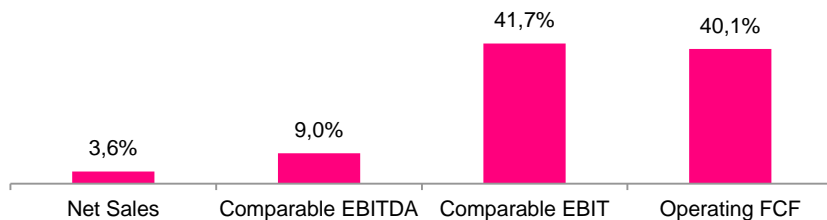
Financial review

Timo Karppinen, CFO

Strong momentum in net sales, profitability and cash flows

EUR, millions	Q4/2016	Q4/2015	Change %	FY 2016	FY 2015	Change %
Net sales	225	214	5,2%	859	829	3,6%
EBITDA	51	54	-5,4%	236	228	3,8%
Comparable EBITDA	58	54	6,1%	247	227	9,0%
% of Net Sales	25,5%	25,3%		28,8%	27,3%	
Comparable Operating Result	21	19	7,6%	102	72,0	41,7%
% of Net Sales	9,2%	9,0%		11,9%	8,7%	
Net Result	10	14	-31,1%	65	50	30,3%
% of Net Sales	4,3%	6,5%		7,6%	6,0%	
Operative Capex	52	64	-19,0%	137	148	-7,5%
% of Net Sales	23,1%	30,0%		15,9%	17,9%	
Operating FCF	5	-10		110	79	
Net Debt				322	412	
Net Debt / Comparable EBITDA				1,3x	1,8x	

YoY change, 2016 – 2015



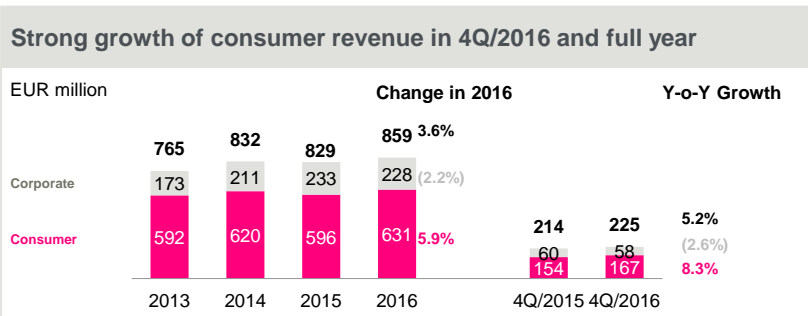
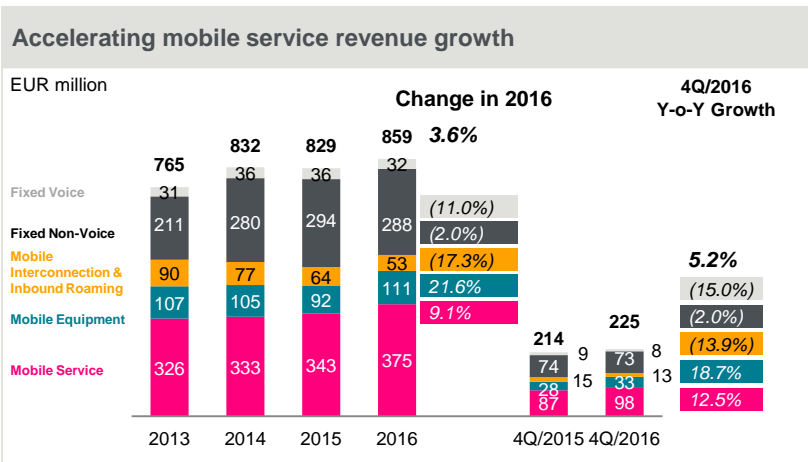
Note

1 Operating free cash flow defined as comparable EBITDA minus operative capex

Key Highlights

- DNA had strong Q4/2016 with net sales up 5.2% year-on-year
 - Translating into 2016 revenue growth of 3.6%
- Comparable EBITDA increased by 9.0% in 2016 with margin reaching 28.8%
 - Q4 impacted by provision change for unused premises of EUR 4.3 million compared to Q4/2015
- Significant growth of comparable EBIT up 42% in 2016 and percentage of net sales improved to 11.9 %
 - Driven by improved comparable EBITDA and lower depreciation in 2016
- We are on track in reducing our investments, with operative capex in 2016 -7.5% lower than in 2015, decreasing to 15.9% of net sales

Growing high-margin mobile service revenue



- ### Key highlights
- Ongoing growth in mobile service revenue over the last four years
 - 4Q/2016 growth accelerated to 12.5% y-o-y, resulting in full year growth of 9.1%
 - Growing subscription base and average billing contributed to revenue increase, with ABPU of new subscriptions consistently higher than average ABPU for the full subscription base
 - Significant growth of mobile equipment sales driven by efficient promotions and high volumes of handset sales
 - Consumer revenue demonstrated strong growth, driven by growing subscription base, particularly in mobile, and higher customer billing
 - Corporate revenue largely stabilised, with DNA focusing on product portfolio and subscription base expansion. Corporate business customer trend is to switch from fixed to mobile broadband

Consumer business in 2016

Net sales EUR 631.3 million (+5.9 %)

- + positive development in mobile subscription sales
- + growing use of mobile data, which increased the share of 4G subscriptions in the subscription base
- + positive development of mobile device sales
- lower interconnection prices
- weaker demand for pay-TV services

Comparable EBITDA EUR 174.9 million (+14.0 %)

- + Positive development of service revenue
- + improved operational efficiency
- Items affecting comparativity were mainly related to the listing of DNA

Corporate business in 2016

Net sales EUR 227.5 million (-2.2 %)

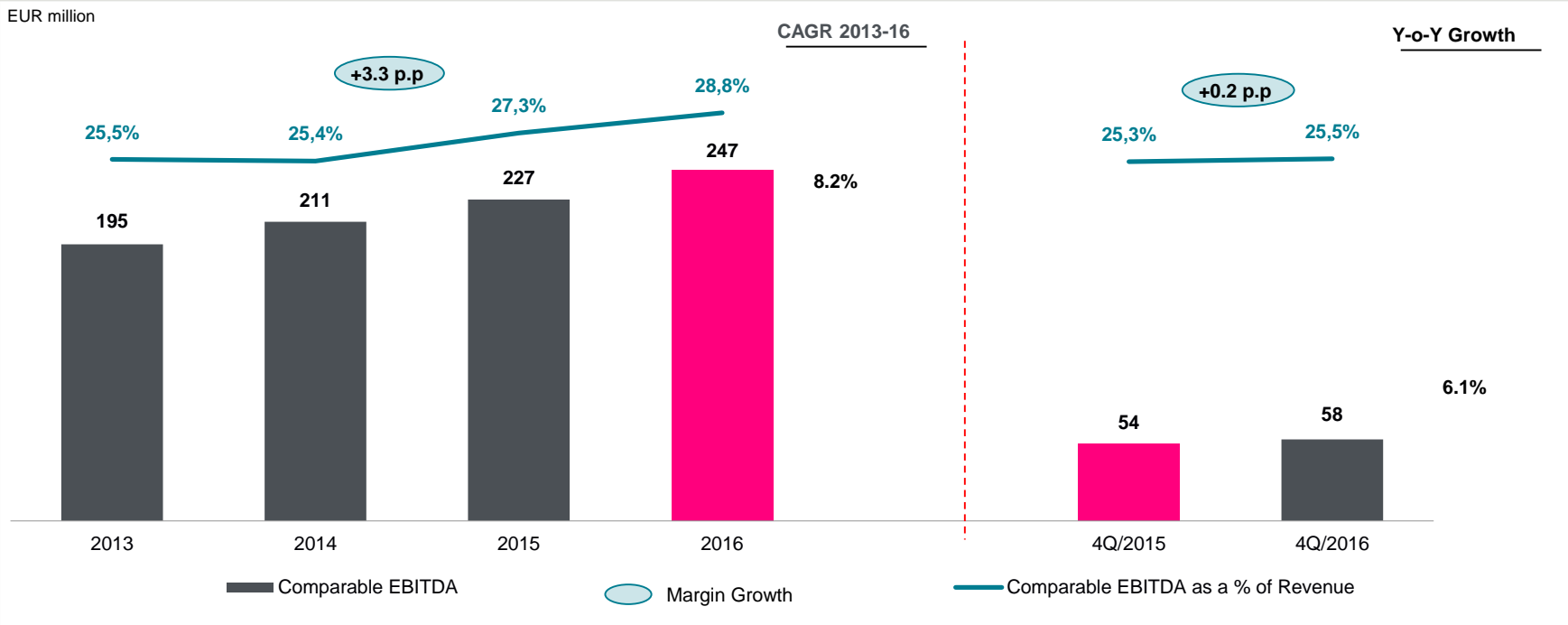
- + increase in the mobile broadband subscription base
- reduction in interconnection prices
- lower voice traffic volumes

Comparable EBITDA EUR 72.2 million (-1.3 %)

- + Improved operational efficiency
- Provision change had some negative impact when comparing to 2015
- Items affecting comparativity were mainly related to the listing of DNA

Improving profitability driven by a changed revenue mix, operating leverage and cost reduction

Effective control over operating costs and change in revenue mix provide ground for comparable EBITDA improvement¹

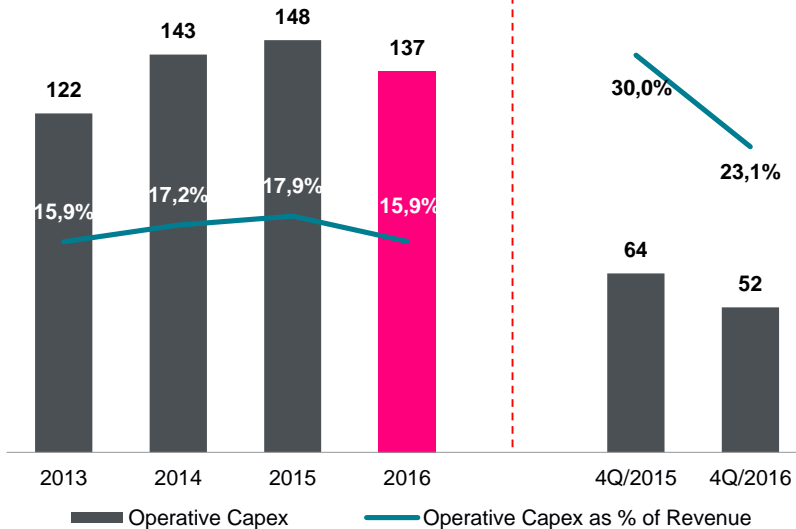


Notes
1. EBITDA excluding non-recurring items

Well-invested network following rapid 4G roll-out in 2014-2016

Operative capex evolution¹

EUR million



Key highlights

- Operative capex reduced to 15.9% of net sales, or EUR 137 million in 2016
 - Operative Capex reduction materialized in Q4 as the majority of the 4G roll out was completed
- Key investments included
 - Roll-out of joint operation network in Northern and Eastern Finland substantially completed
 - Roll-out of DNA's own 4G network
 - Fibre and transmission systems
- Payments for 700 MHz spectrum to start in 2017
 - Total consideration of EUR 22 million payable in 5 equal annual instalments
 - The licence period is 17 years

Source: Company Information

Note

1. Operative capex excluding capex for spectrum licenses

Rapidly improving cash conversion and free cash flow to equity generation

Cash Flow Summary

€ MM; FYE: Dec-31	2013	2014	2015	2016
Comparable EBITDA	195	211	227	247
Operative Capex	(122)	(143)	(148)	(137)
Operating FCF	73	68	79	110
Margin %	9.6%	8.2%	9.5%	12.9%
Cash Conversion %	37.6%	32.3%	34.7%	44.6%
Cash Interest	(8)	(9)	(8)	(9)
Cash Tax	(18)	(11)	2	(5)
Adjusted Change in NWC	(27)	(2)	38	(1)
Change in Provisions	(1)	3	(9)	(2)
FCFE	19	49	101	93
Margin %	2.5%	5.9%	12.2%	10,8%

Key highlights

- Strong cash flow generation driven by top line growth, operating leverage and decreasing capex requirements
- Operating free cash flow conversion significantly improved, reaching approximately 45% for 2016, with further benefits from highly attractive capital structure with low cost of debt and low corporate tax payments
- NWC change impacted by high capex cash payments in 2016 (from Q415)

Low cost capital structure

Low weighted average cost of debt of 2.22%

	Maturity	Nominal Amount € MM	Book Value € MM	Cost of Debt
Unsecured € Bond 2.875% Coupon	Mar-2021	150		2.93%
Unsecured € Bond 2.625% Coupon	Nov-2018	100		2.73%
Bank Loans and Commercial Paper		119		0.89%
<i>o/w EIB Loan</i>	Feb-2019	34		
<i>o/w Commercial Paper</i>	Mar-2017	5		
<i>o/w Bank Loan</i>	Oct-2020	80		
Total		369	367	2.22%
Cash & Cash Equivalents			-46	
Net Debt			321	
Net Debt/EBITDA ¹			1.3x	

Finance Leases Excluded

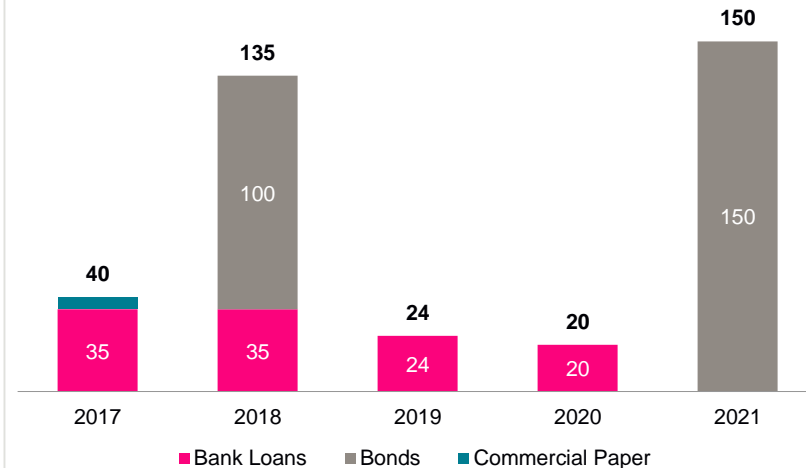
Notes

1. Defined as net debt divided by comparable EBITDA

No large near term maturity payments

Debt Maturity Schedule, EUR million

EUR 150 million fully undrawn RCF providing additional liquidity and financial flexibility



Financial objectives and policy

Financial guidance for 2017

- DNA's net sales are expected to stay at the same level and the comparable operating result is expected to improve somewhat in 2017 compared to 2016. The Group's financial position and liquidity is expected to remain at a healthy level.

Mid-term financial targets re-iterated

- Net sales growth – faster than average market growth
- EBITDA margin of at least 30%
- Operative capital expenditure¹ less than 15% of sales

Leverage policy

- Net debt/EBITDA less than 2.0x
 - Can be temporarily exceeded in case of potential attractive bolt-on in-market M&A opportunities

Dividend policy and dividend proposal

- Target dividend payout of 70-90% of free cash flow to equity
- The Board of Directors' proposes a dividend of EUR 0.55 per share for 2016.
- The total proposed dividend to be paid is EUR 73 million - dividend yield 5.4% (per 30 Dec 2016)

Thank you!

CEO Jukka Leinonen
+358 44 044 1000
jukka.leinonen@dna.fi

CFO Timo Karppinen
+358 44 044 5007
timo.karppinen@dna.fi

More information:
DNA's Investor Relations
Marja Mäkinen
+358 44 044 1262,
marja.makinen@dna.fi

KPI Overview

Mobile KPIs					
FYE: Dec-31	2014	2015	2016	4Q/2015	4Q/2016
Mobile Revenue (€ MM)	515	499	539	130	145
Service	333	343	375	87	98
Equipment Sales	105	92	111	28	33
Interconnection & Inbound Roaming	77	64	53	15	13
Mobile Subscriptions (000s)¹	2 505	2 621	2 742	2 621	2 742
Postpaid	2 086	2 199	2 338	2 199	2 338
Prepaid	419	422	404	422	404
Consumer	2 070	2 183	2 262	2 183	2 262
Corporate	435	438	480	438	480
ARPU, Mobile Handset Subscriptions (€/month)²					
Postpaid	17,8	17,0	17,1	17,0	17,5
Prepaid	4,6	4,1	3,8	3,9	3,8
Consumer (postpaid)	18,3	17,7	18,0	17,7	18,6
Corporate (postpaid)	15,8	14,6	13,9	14,5	13,6
Annualised Mobile Handset Subscriptions Churn (%)					
Postpaid	16,9%	16,0%	16,1%	15,9%	17,8%

Notes

1. Excludes M2M subscriptions

2. Includes interconnection revenues

Fixed KPIs					
FYE: Dec-31	2014	2015	2016	4Q/2015	4Q/2016
Fixed Revenue (€ MM)	316	330	320	83	81
Non-Voice Revenues	280	294	288	74	73
Voice Revenues	36	36	32	9	8
Fixed Broadband Subscriptions (000s)	415	436	440	436	440
Consumer	374	394	403	394	403
Corporate	41	42	37	42	37
Fixed Voice Subscriptions (000s)	100	78	65	78	65
Consumer	51	37	30	37	30
Corporate	49	41	35	41	35
Cable-TV Subscriptions (000s)	593	606	608	606	608