

Interim report January–June 2015

DNA Oy

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CEO's review

Jukka Leinonen

Summary Q2/2015

Net sales

+2.8 %

EBITDA

+10.1 %

Operating
profit

+15.2%

Mobile
subscription
base

+2.7 %

Fixed-network
subscription
base

+6.3 %

DNA's brand and visuals were renewed to better support expanded business:

DNA has grown from a consumer mobile communications operator to a versatile provider of both consumer and corporate telecommunication services

Launching of a new DNA TV subscription: response to the change in the ways people use entertainment services.

Amino Technologies acquired the entire share capital of the Finland-based cloud-TV platform provider Booxmedia:

This includes DNA's share in the company (DNA was Booxmedia's second-largest owner), DNA and Booxmedia will continue and expand their cooperation after the transaction.

DNA signed an agreement with Vantaa-info and Vantaa's occupational health services:

a trial to pilot the city's online services

DNA launched DNA Pouta:

a new service providing a versatile range of cloud services for small entrepreneurs

The construction of DNA's and Sonera's joint network started in Northern Finland in the second quarter:

The construction of the pilot area in Kuusamo was completed at the end of June as planned

Summary January-June 2015



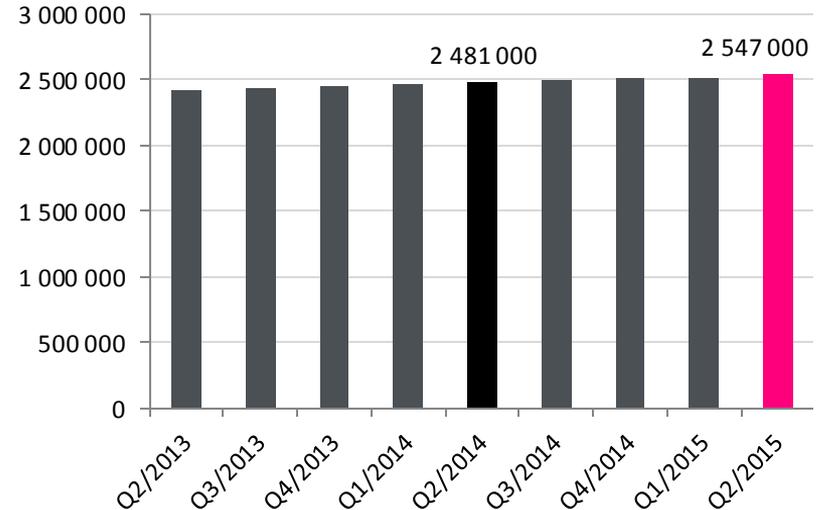
Q2: The mobile communication subscription base grew

Mobile communication subscription base: 2,547,000

+2.7 %

- Positive development due to an increase in the number of mobile broadband and voice subscriptions
- Subscription base grew by 31,000 during the second quarter and by 42,000 subscriptions during the first half of 2015
- Already more than half of the new mobile subscriptions are 4G subscriptions, and their share continues to grow

Mobile communication subscriptions



Q2: growth especially in fixed broadband subscription base

+1.4 %

**Cable TV:
598,000**

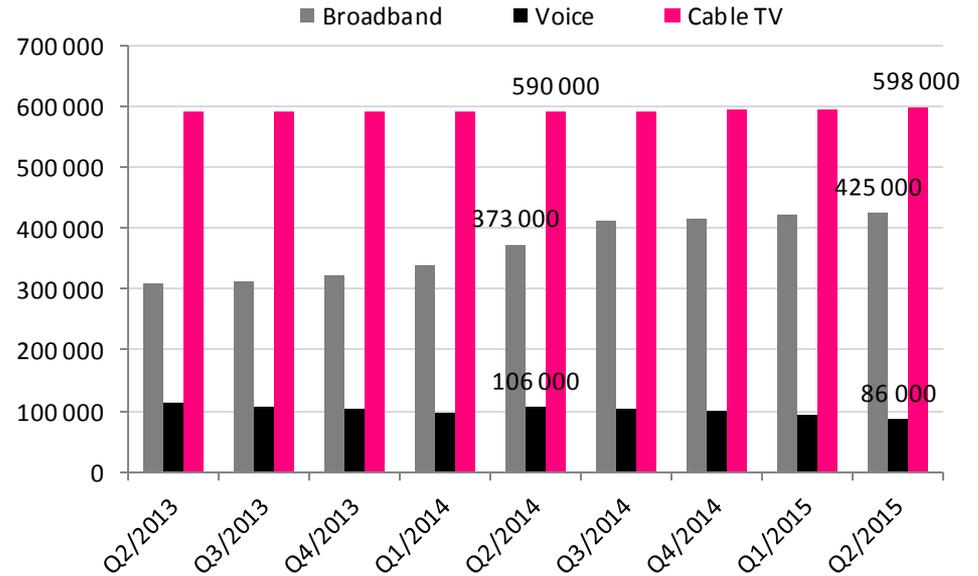
+13.9 %

**Fixed broadband:
425,000**

-18.9 %

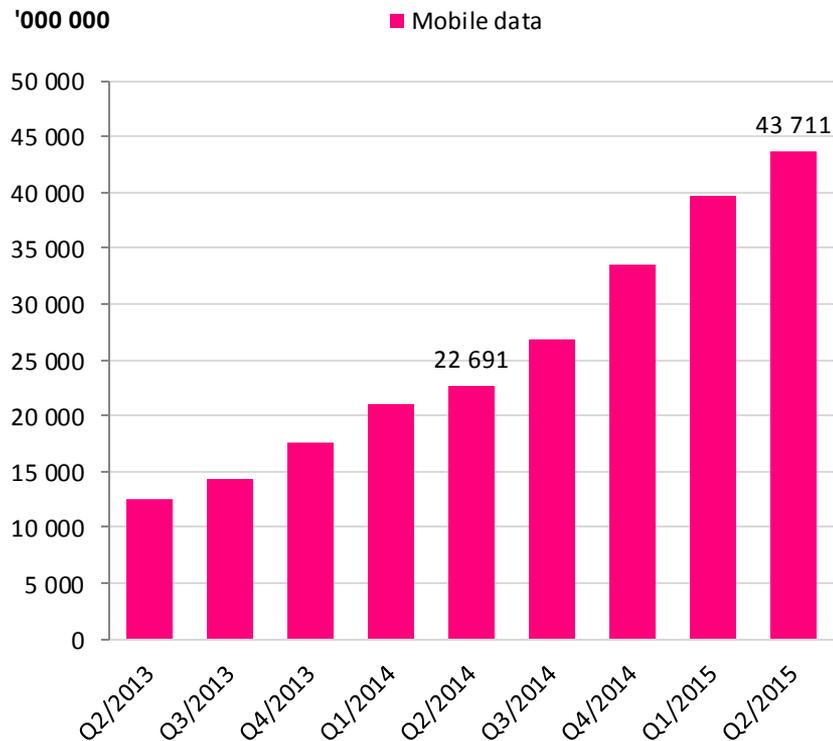
**Voice:
86,000**

Fixed-network subscriptions



Mobile data usage continued significant growth

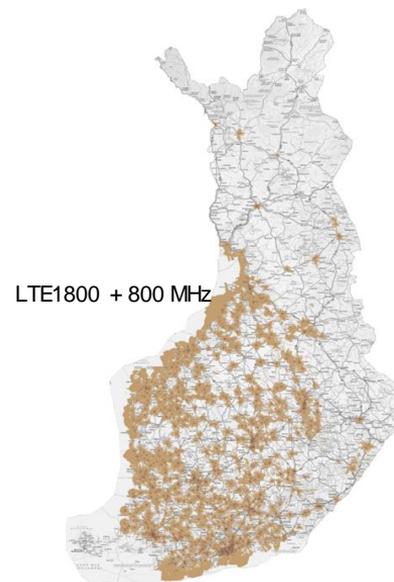
- 4G data transfer volumes have increased by more than 40 per cent since the start of 2015
- At the moment, up to 60 per cent of all data is transferred in the 4G network
- Growth in data transferred via the 3G network ground to a halt early in the year
- Mobile data usage grew due to the intense expansion of the 4G LTE network, the proliferation of devices constantly connected to the network and the use of TV and music services on tablets and mobile phones



DNA's 4G coverage is expanded continuously

- At the end of June 2015, **DNA's 4G LTE network reached almost 5 million Finns** (3 million on 31 June 2014)
- In practice, a 99 % nationwide 4G population coverage will be reached already by the end of 2016
- This will be achieved with the fast rollout of DNA's own 4G network as well as the Joint Operations network rollout together with TeliaSonera Finland

4G LTE 2014



Coverage 2014

- ~85% population
- ~ 20% geographic

PREDICTION OF 2016

Coverage 2016

- >99% population
- >90% geographic

DNA's and Sonera's joint network

- The construction of DNA's and Sonera's joint network started in Northern Finland in the second quarter
 - The construction of the pilot area in Kuusamo was completed at the end of June as planned
- Network coverage is expected to reach the northernmost tip of Lapland by the end of 2015
- Eastern Finland will be started in early 2016
- A joint network enables a faster construction of the network and the 4G LTE technology will provide data transfer speeds in Northern Finland that are dozens of times faster than those available now



DNA's renewed brand



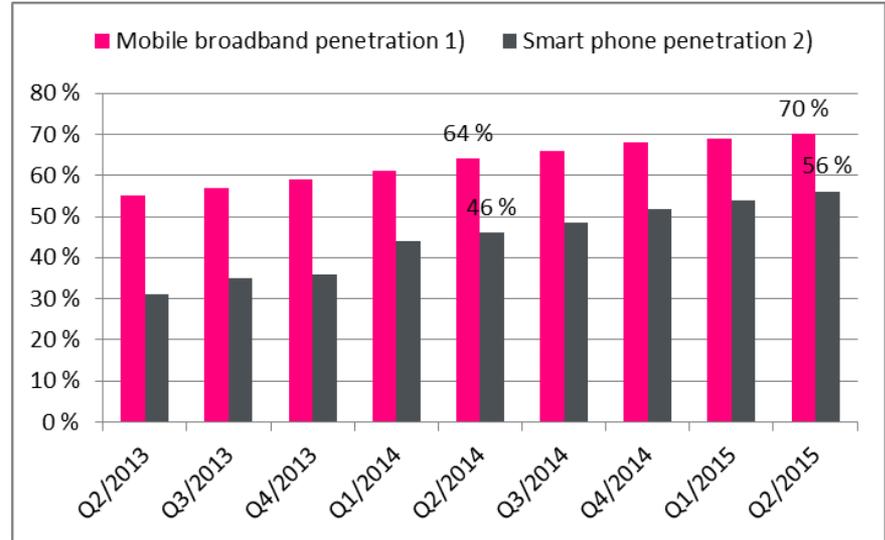
Steady growth in mobile broadband and smartphone penetration

- Growth continued in smartphone penetration during Q2
 - In the second quarter, 95 percent of sold telephones were smartphones
- Substantial growth also in mobile broadband penetration

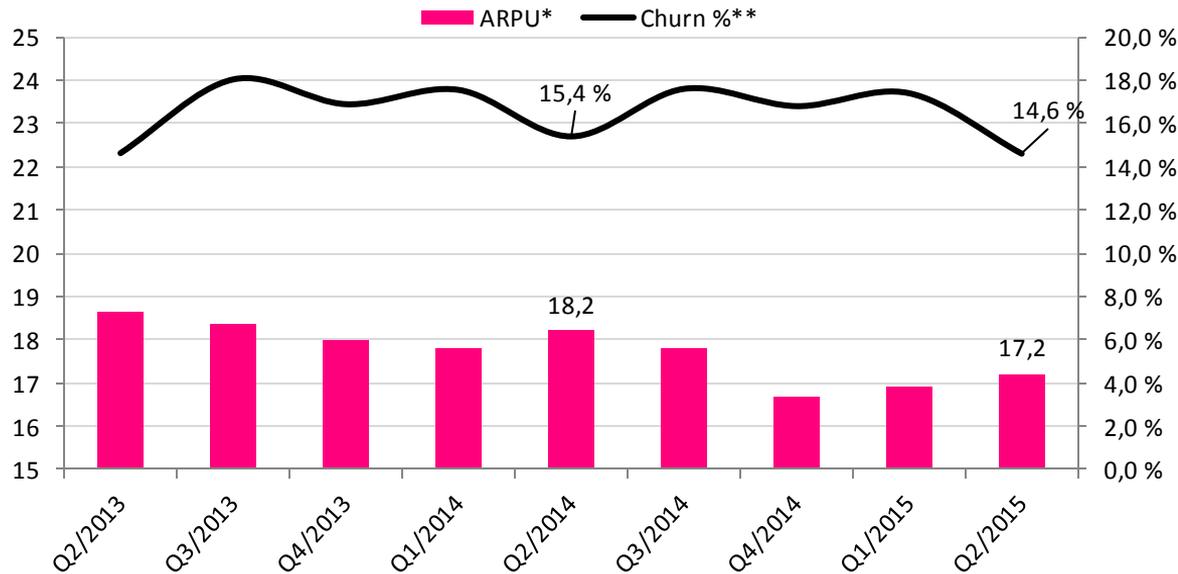
1) Share of subscriptions containing Mokka and Liikkuva laajakaista additional services of the total mobile subscription base, excluding M2M, Service operator, Prepaid and Luuri subscriptions

2) iOS (iPhone)-, Bada-, MeeGo-, Android-, Blackberry-, Symbian 3^ and Windows phones of the total phone base

Penetration in DNA's network



Q2/2015: key figures for mobile communications subscription base



Q2/2015:

- ARPU was 17.2 euros (18.2)
- CHURN was 14.6 % (15.4 %)

* ARPU = Revenue per user, EUR
 ** CHURN = Mobile communication subscription turnover rate, %

OPERATING ENVIRONMENT

– OVERALL MARKET SITUATION HAS REMAINED CHALLENGING IN 2015

Consumer business

- Mobile and fixed broadband and entertainment services are important growth segments
- Consumers spending more time watching TV, households have several devices for viewing TV content
- General decline in consumer purchasing power and the consumer confidence index had a particular effect on the demand of mobile devices and traditional pay-TV services
- Mobile broadband traffic volumes will reflect the growth and increased versatility in the use of smart phones and other network-enabled devices

Corporate business

- Overall market situation remained cautious
- Competition remained intense, in particular in the SME market
- Demand for value added services related to network data security and management continued at a good level
- The demand for mobility-related data solutions increases
- Companies were interested in industrial Internet solutions

Regulation

- The process on the introduction of the European Digital Single Market continued in early 2015 as negotiations took place between the European Parliament and Commission. An initial agreement was reached at the end of June. The main contents of the agreement involve the end of roaming charges and strong net neutrality rules.
- The Finnish Parliament approved the amendments to the Copyright Act affecting online storage services and cable TV distribution. Both changes are likely to have an effect on DNA's entertainment business.
- DNA applied for an extension to its terrestrial TV network operating licences for the VHF multiplexes in the spring.

Our vision and mission:

THE MOST SATISFIED CUSTOMERS

We want to make our customer's life more **inspiring, productive and entertaining**

We offer connections, services and devices
– **clearly, cost-efficiently and easily.**

DNA'S STRATEGIC GOALS

Most loyal customers in our customer segments

- Objective to have most satisfied consumer and corporate customers

Industry-leading financial development

- Our aim is to develop better than the competitors in terms of operating free cash flow

Faster than average market growth

- We aim to have stronger net sales development than the competition

DNA is a great place to work

- We aim to be one of the most desired employers in Finland



Financial review

Timo Karppinen

Q2: EBITDA and operating profit grew significantly

+2.8 %

Net sales: 208.3 M €

- Net sales were fuelled by the development of net sales for services (net sales – interconnection prices - sales for goods), which was boosted in particular by growth of corporate business as a result of the acquisition of TDC’s Finnish operations as well as positive development of broadband sales
- Net sales were burdened by decreased mobile device sales and interconnection prices

+10.1 %

EBITDA: 55.7 M €

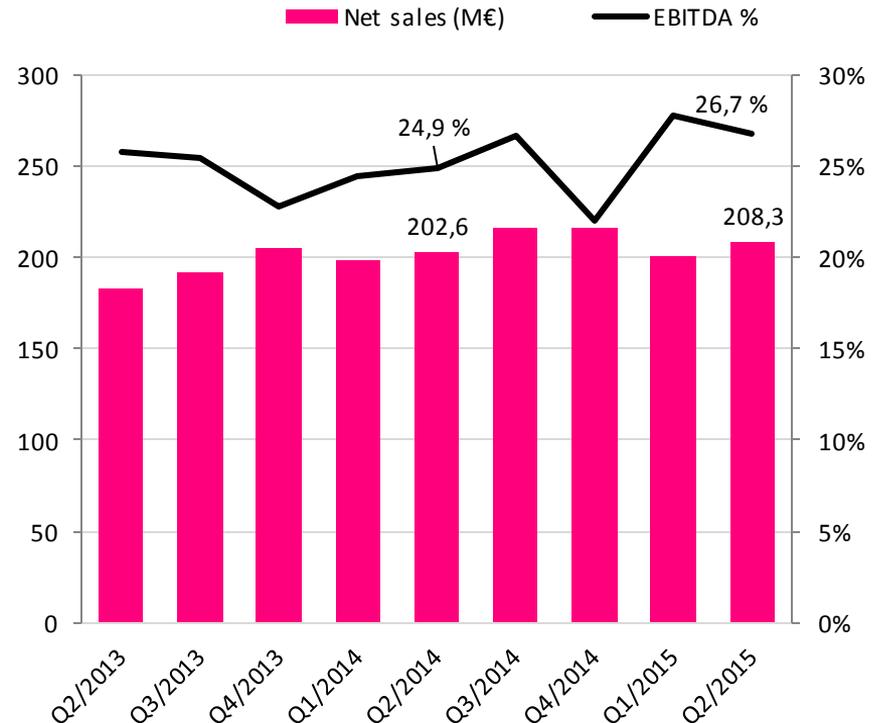
- The EBITDA percentage of net sales increased and came to 26.7 per cent (24.9)
- The increase was fuelled by the acquisition of TDC’s Finnish operations, improved operational efficiency and withdrawal from the provision for premises

+15.2 %

Operating profit: 14.5 M €

- 7.0 per cent of net sales (6.2 per cent)

Earnings per share: 1.1 € (1.0 €)



January–June 2015: EBITDA and operating profit grew

+2.2 %

Net sales: 409.6 M €

- Net sales were fuelled by the development of net sales for services, which was boosted in particular by growth of corporate business as a result of the acquisition of TDC's Finnish operations in June 2014 as well as positive development of broadband sales.
- Net sales were burdened by decreased mobile device sales and interconnection prices.

+12.8 %

EBITDA: 111.5 M €

- The EBITDA percentage of net sales increased and came to 27.2 per cent (24.7)
- The increase was fuelled by the acquisition of TDC's Finnish operations, improved operational efficiency and withdrawal from the provision for premises.

+21.2 %

Operating profit: 29.4 M €

- 7.2 per cent of net sales (6.1 per cent)

Earnings per share: 2.2 € (1.9 €)

Consumer business:

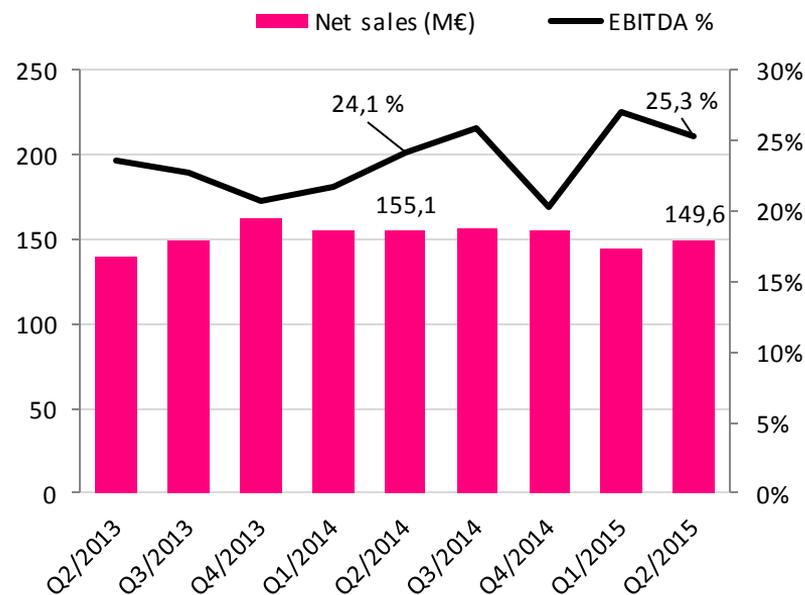
Net sales decreased due to weaker demand for mobile devices and the decrease in interconnection prices

Q2/2015

- Net sales decreased (-3.5 %) due to weaker demand for mobile devices and the decrease in interconnection prices
- EBITDA increased (+1.4 %) and came to EUR 37.9 million
 - EBITDA percentage of net sales increased to 25.3 (24.1)
 - The increase was fuelled by the profit from the sales of DNA's share of Booxmedia Oy
- Operating profit decreased by 7.5 per cent to EUR 12.2 million
 - 8.2 per cent of consumer business net sales

1-6/2015

- Net sales decreased (-5.5 %) to EUR 293.7 M
- EBITDA increased (+7.8) and came to EUR 76.9 M
- Operating profit increased (+12.8) to EUR 25.9 M



Consumer business, key figures

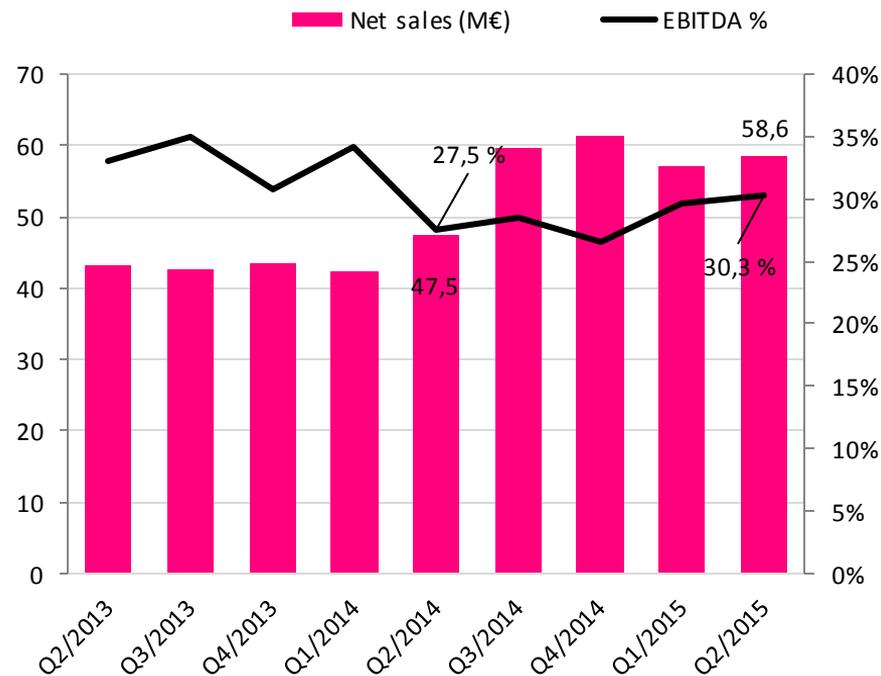
EUR millions	4-6/2015	4-6/2014	Change, %	1-6/2015	1-6/2014	Change, %	1-12/2014
Net sales	149.6	155.1	-3.5 %	293.7	310.8	-5.5 %	622.4
EBITDA	37.9	37.4	1.4 %	76.9	71.3	7.8 %	143.3
- % of net sales	25.3 %	24.1 %		26.2 %	22.9 %		23.0 %
EBITDA without non-recurring items	36.9	36.7	0.5 %	75.8	70.5	7.5 %	145.0
- % of net sales	24.6 %	23.6 %		25.8 %	22.7 %		23.3 %
Operating profit	12.2	13.2	-7.5 %	25.9	22.9	12.8 %	25.0
- % of net sales	8.2 %	8.5 %		8.8 %	7.4 %		4.0 %
Operating profit without non-recurring items	11.2	12.5	-10.4 %	24.8	22.2	11.9 %	45.8
- % of net sales	7.5 %	8.0 %		8.4 %	7.1 %		7.4 %

Corporate business:

Net sales increased due to the acquisition of TDC's Finnish operations

- Q2/2015**
- Net sales increased (+23.4 %) to EUR 58.6 million due to the acquisition of TDC's Finnish operations
 - EBITDA increased (+35.6 %) to EUR 17.7 million
 - 30.3 per cent of net sales (27.5)
 - The positive EBITDA development was fuelled by the development of net sales for services and a withdrawal from the provision for premises.
 - Operating profit grew to EUR 2.3 million (-0.6 million)
 - 3.9 per cent of net sales (-1.2)

- 1-6/2015**
- Net sales increased (+28.7%) to EUR 115.8 million
 - EBITDA increased (+25.7%) to EUR 34.7 million
 - Operating profit grew to EUR 3.6 million (1.4 million)

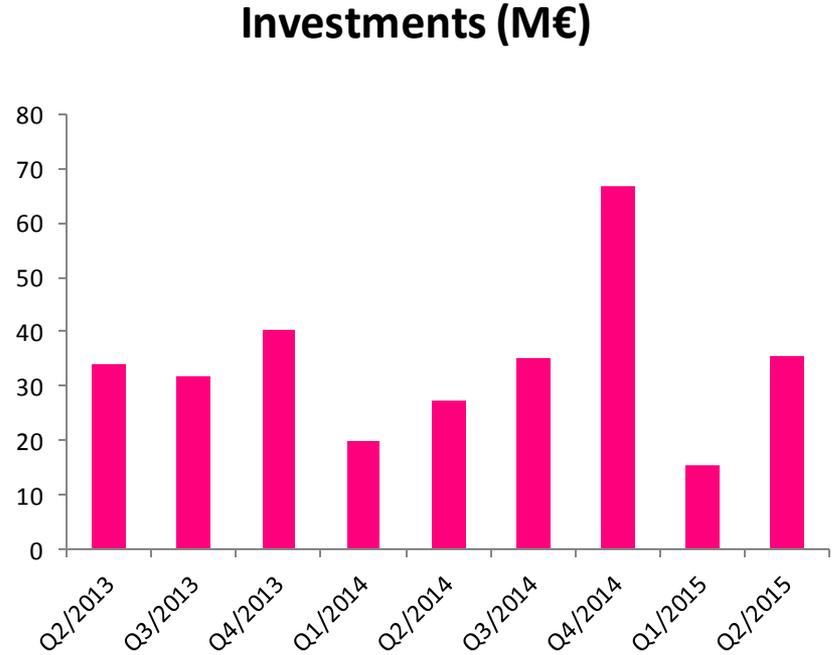


Corporate business, key figures

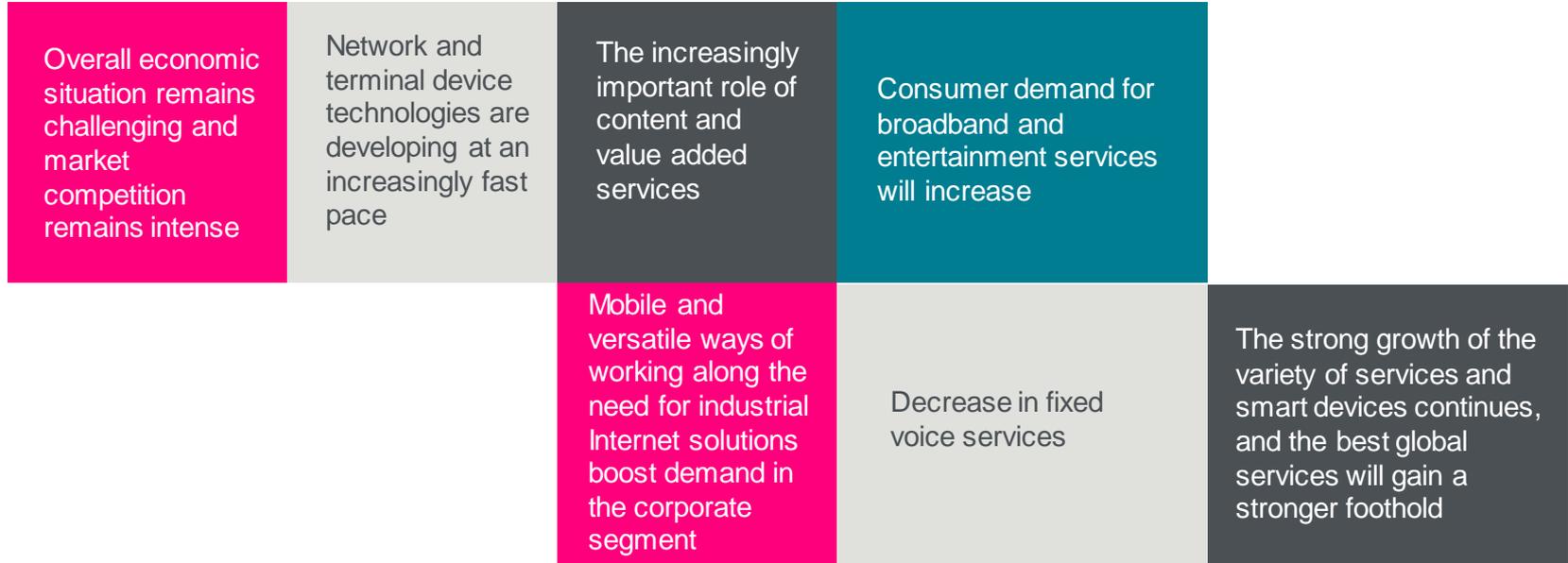
EUR millions	4-6/2015	4-6/2014	Change, %	1-6/2015	1-6/2014	Change, %	1-12/2014
Net sales	58.6	47.5	23.4 %	115.8	90.0	28.7 %	211,2
EBITDA	17.7	13.1	35.6 %	34.7	27.6	25.7 %	60,9
- % of net sales	30.3 %	27.5 %		29.9 %	30.6 %		28,8 %
EBITDA without non-recurring items	17.7	16.0	11.0 %	34.7	30.5	13.8 %	65,1
- % of net sales	30.0 %	33.6 %		29.9 %	33.9 %		30,8 %
Operating profit	2.3	-0.6	N/A	3.6	1.4	152.9 %	2,6
- % of net sales	3.9 %	-1.2 %		3.1 %	1.6 %		1,2 %
Operating profit without non-recurring items	2.3	2.3	-1.3 %	3.6	4.3	-17,0 %	9,0
- % of net sales	3.9 %	4.9 %		3.1 %	4.8 %		4,3 %

DNA's investments increased in the second quarter

<p>Investments Q2/2015: EUR 35.5 million (2014: 27,4)</p> <ul style="list-style-type: none"> ▪ 17.0 per cent (13.5) of net sales 	<p>Investments January-June 2015: EUR 51.3 million (2014: 47.6)</p> <ul style="list-style-type: none"> • 12.5 per cent (11.9) of net sales
<p>The first and second quarter's investments were on a lower level than planned</p>	<p>Investments in the 3G and 4G networks and in fibre and transfer systems</p>



Market outlook for 2015



DNA's outlook for 2015 remains unchanged

- Net sales are expected to remain at a similar level and operating profit without non-recurring items is expected to grow significantly in 2015 compared to 2014.
- The Group's financial position is expected to remain at a fairly healthy level.



Thank you!

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Appendices

HIGHLIGHTS IN 2014

DNA and Sonera established a joint network company, Suomen Yhteisverkko Oy

At the end of 2014, DNA's 4G LTE network reached over 4.5 million Finns

DNA acquired TDC Ltd Finland and TDC Hosting Ltd

DNA merged its DNA Business unit, Forte Netservices Oy and TDC Oy and TDC Hosting Oy into one strong corporate business unit

Development and reorganization of DNA's entertainment business with objective to build the best overall entertainment service in Finland

DNA's customers are satisfied: DNA Business as well as DNA Welho's fixed-network broadband and pay-TV services have the most satisfied customers (EPSI Rating -survey 2014)

(EPSI Rating -study 2014)



DNA has merged its DNA Business unit into one strong corporate business unit

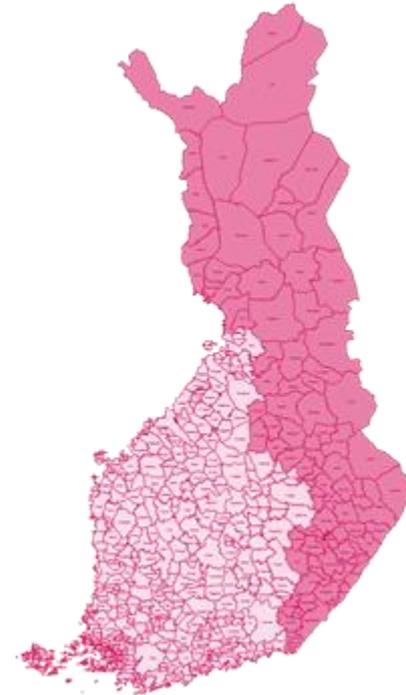
- DNA Business brings together DNA's and TDC's expertise in mobile and fixed networks, and Forte Netservices' expertise in data security as well as network monitoring and management. TDC Hosting Ltd adds strength to server centre services.
- With these combined strengths DNA is even better equipped to serve the needs of medium-sized and large businesses
- The strategic cooperation with TDC Nordic and an international partner network enforce DNA's position in the fixed-network segment, in particular in the Nordic and Baltic countries



DNA'S JOINT OPERATION WITH TELIASONERA

COST EFFICIENCY FOR INVESTING IN MOBILE BROADBAND NETWORK IN SPARSELY POPULATED AREAS

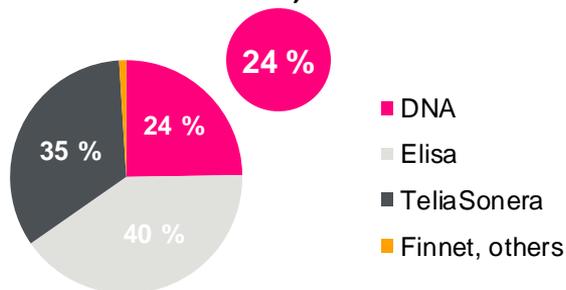
- DNA and TeliaSonera will share network resources and spectrum in the sparsely populated Northern and Eastern regions of Finland
- Areas make up 50% of Finland's total territory and only approximately 15% of the population
- The joint operation company, Finnish Shared Network Ltd, will build and operate network for 2G, 3G and 4G technologies. DNA and TeliaSonera will use the networks to offer services to their customers in the area



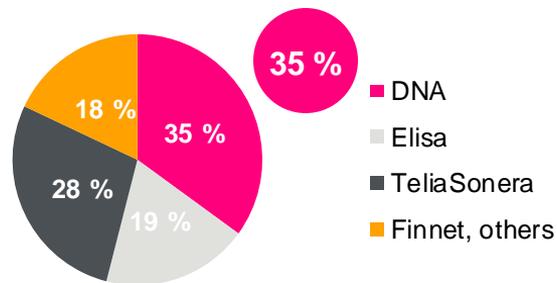
A STRONG FOOTHOLD IN THE GROWTH MARKET

Growth markets

Mobile communications (voice and broadband)

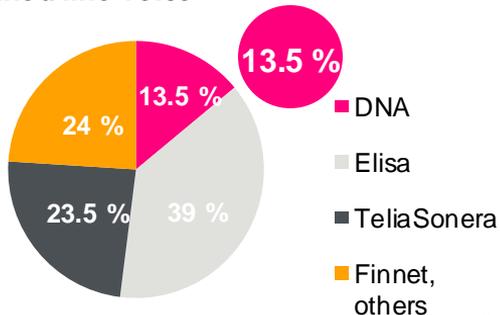


Cable TV

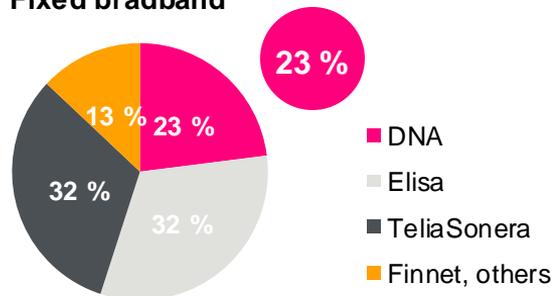


Established markets

Fixed line voice



Fixed broadband



DNA is Finland's biggest investor in proportion to net sales

- Operators are at the top of the list due to major network investments
- DNA's investments are clearly the highest in proportion to net sales
- In 2014, DNA focused its investments in 3G and 4G networks and fibre and transfer systems
 - The investments are necessary to ensure Finland's digital competitiveness

Main gross investments in 2014

Company	Investments, MEUR	In proportion to net sales, %
Stora Enso	909	9
Fortum	843	18
Nokia	486	3
UPM-Kymmene	411	4
DNA	307	37

Source: Talouselämä magazine 21/2015

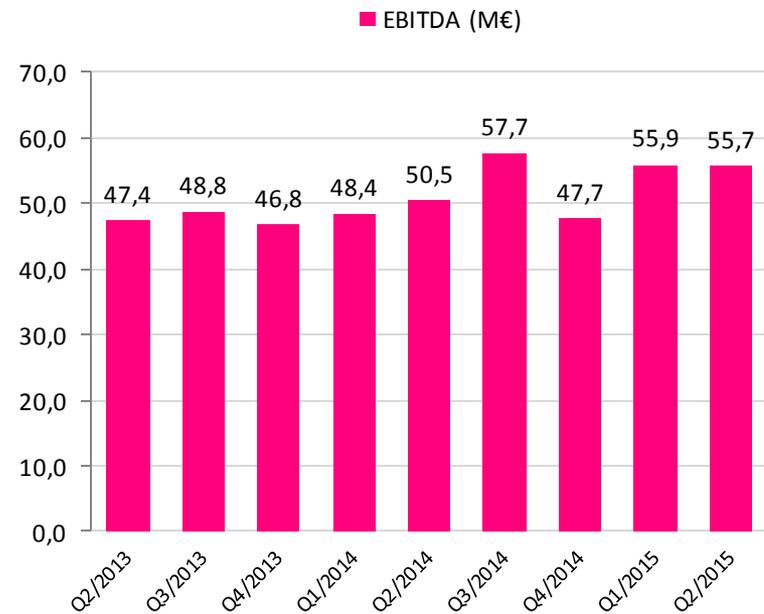
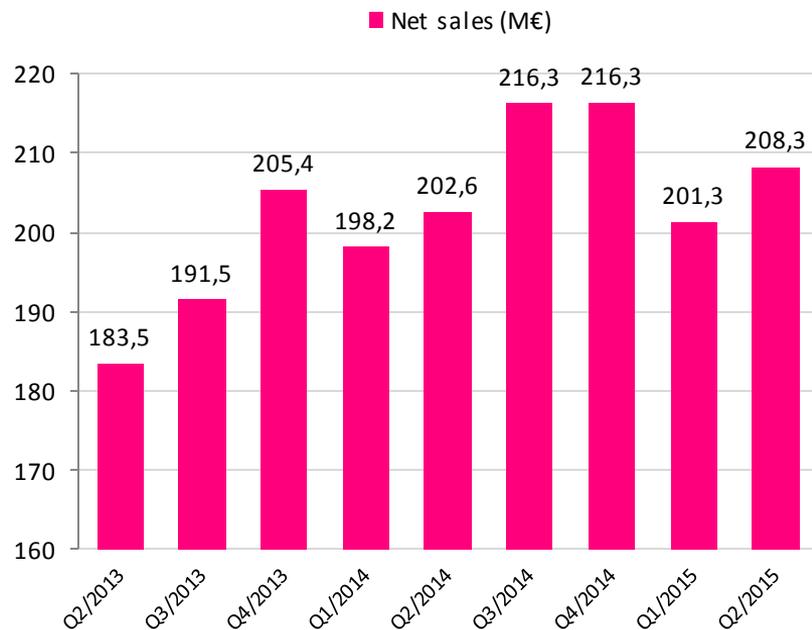
Key figures 1(2)

EUR millions	4-6/2015	4-6/2014	Change, %	1-6/2015	1-6/2014	Change, %	1-12/2014
Net sales	208.3	202.6	2.8 %	409.6	400.9	2.2 %	833.5
EBITDA	55.7	50.5	10.1 %	111.5	98.9	12.8 %	204.2
- % of net sales	26.7 %	24.9 %		27.2 %	24.7 %		24.5 %
EBITDA without non-recurring items	54.6	52.6	3.7 %	110.5	101.0	9.4 %	210.1
- % of net sales	26.2 %	26.0 %		27.0 %	25.2 %		25.2 %
Depreciation	41.1	37.9		82.1	74.5		176.6
Operating profit	14.5	12.6	15.2 %	29.4	24.3	21.2 %	27.6
- % of net sales	7.0 %	6.2 %		7.2 %	6.1 %		3.3 %
Operating profit without non-recurring items	13.5	14.8	-9.0 %	28.4	26.5	7.2 %	54.8
- % of net sales	6.5 %	7.3 %		6.9 %	6.6 %		6.6 %
Investments	35.5	27.4	29.6 %	49.3	47.6	3.5 %	149.6
Cash flow after investments	25.8	-148.8		63.2	-132.9		-123.9

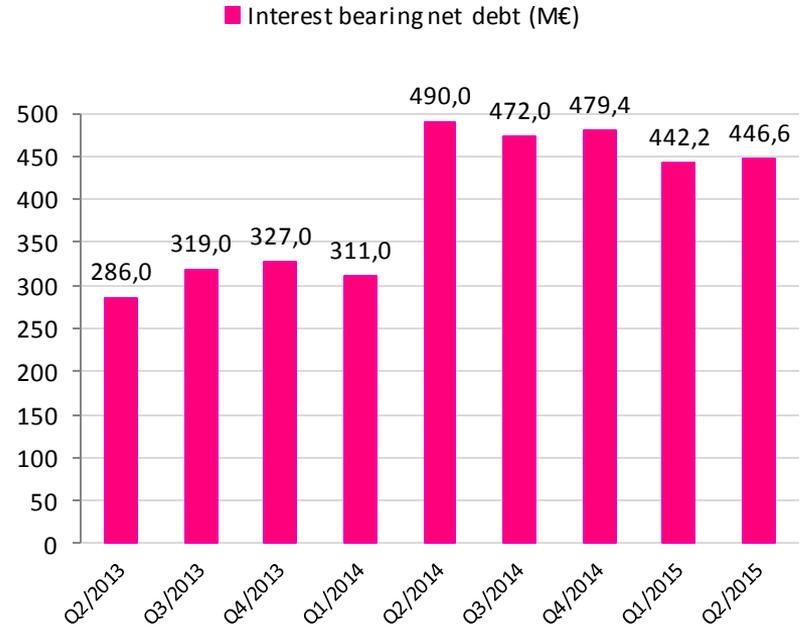
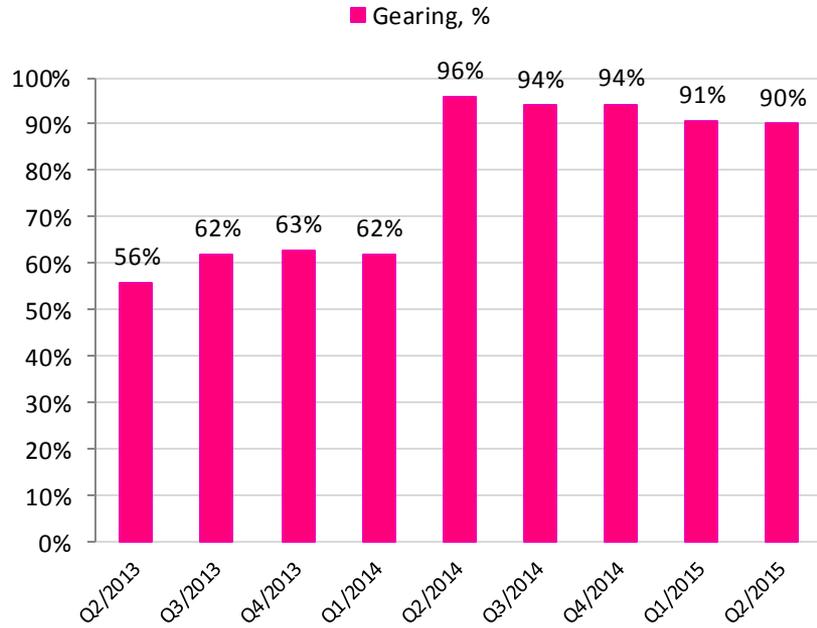
Key figures 2(2)

EUR millions	4-6/2015	4-6/2014	Change, %	1-6/2015	1-6/2014	Change, %	1-12/2014
Net debt, EUR million	446.6	489.9	-8.8 %	446.6	489.9	-8.8 %	479.4
Net debt/EBITDA	2.01	2.43		2.00	2.48		2.35
Gearing, %	90.0	96.3		90.0	96.3		94.6
Equity ratio, %	42.7	41.7		42.7	41.7		41.5
Return on investment (ROI), %	6.2	5.5		6.1	5.2		3.0
Return on equity (ROE), %	7.7	6.8		7.6	6.4		2.7
Personnel at the end of period	1,739	1,855	-6.3 %	1,739	1,855	-6.3 %	1,748

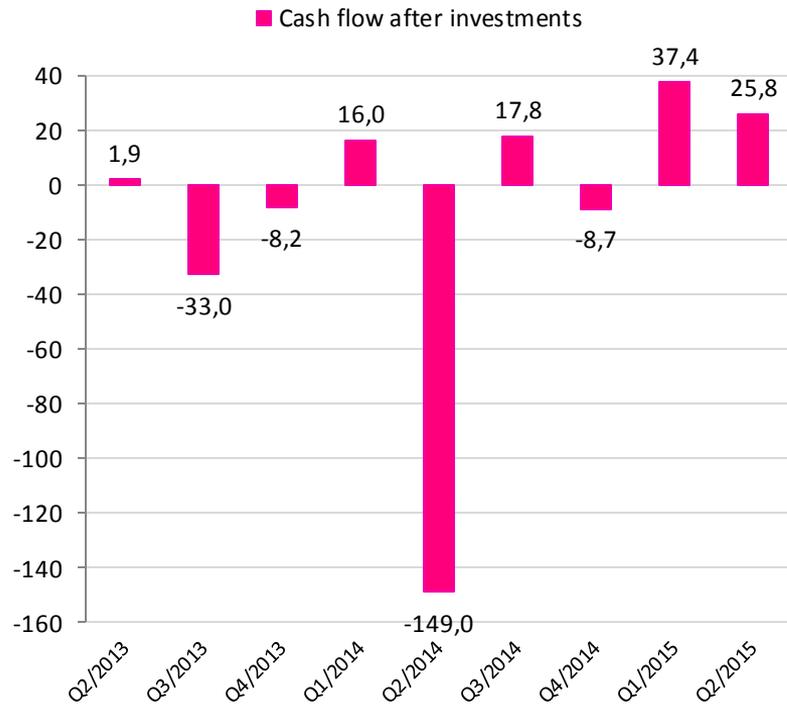
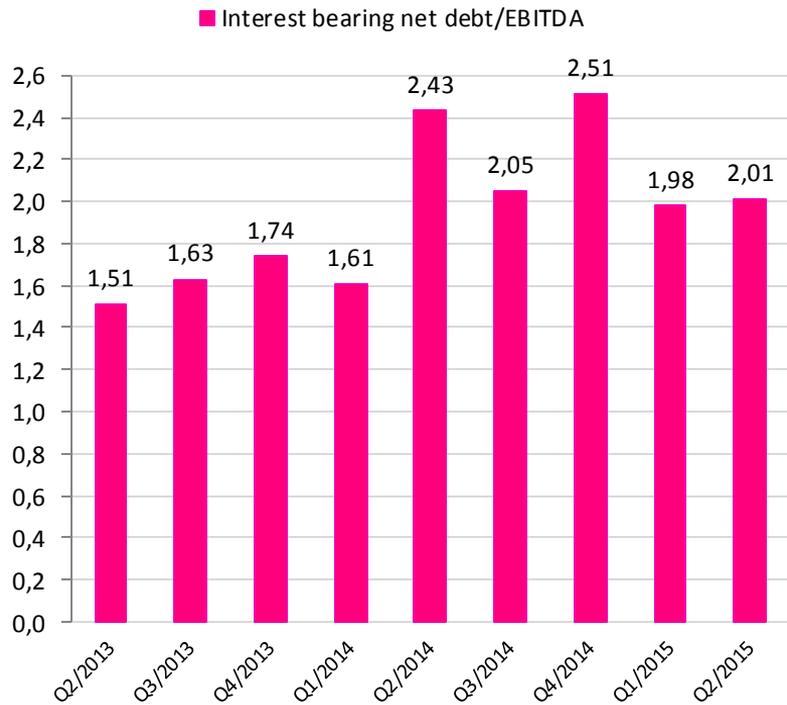
Net sales and EBITDA



Gearing and interest-bearing net debt are affected by the acquisition of TDC's Finnish operations

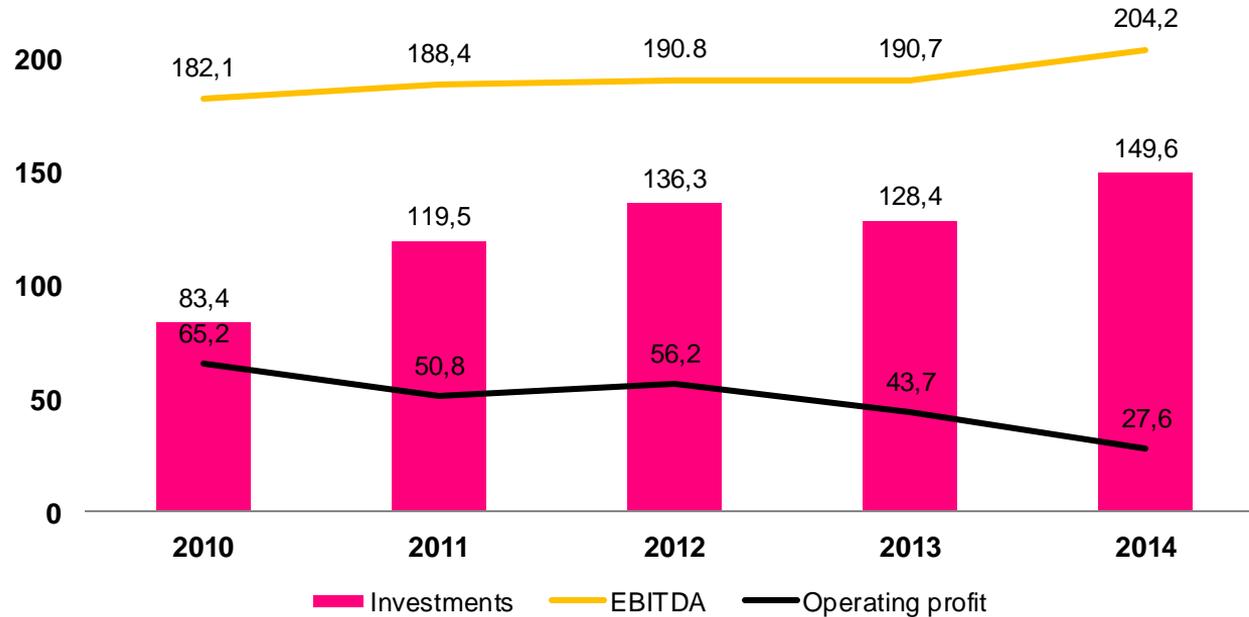


Interest-bearing net debt/EBITDA and cash flow after investments

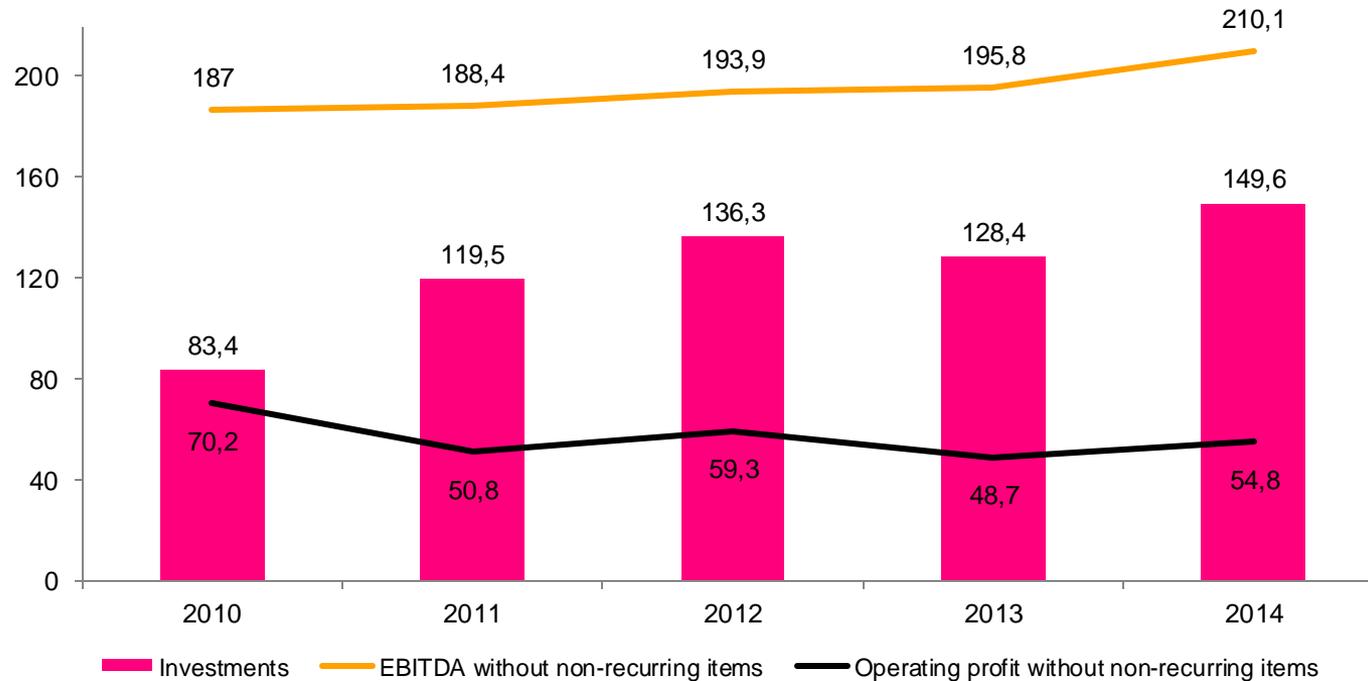


EBITDA increased

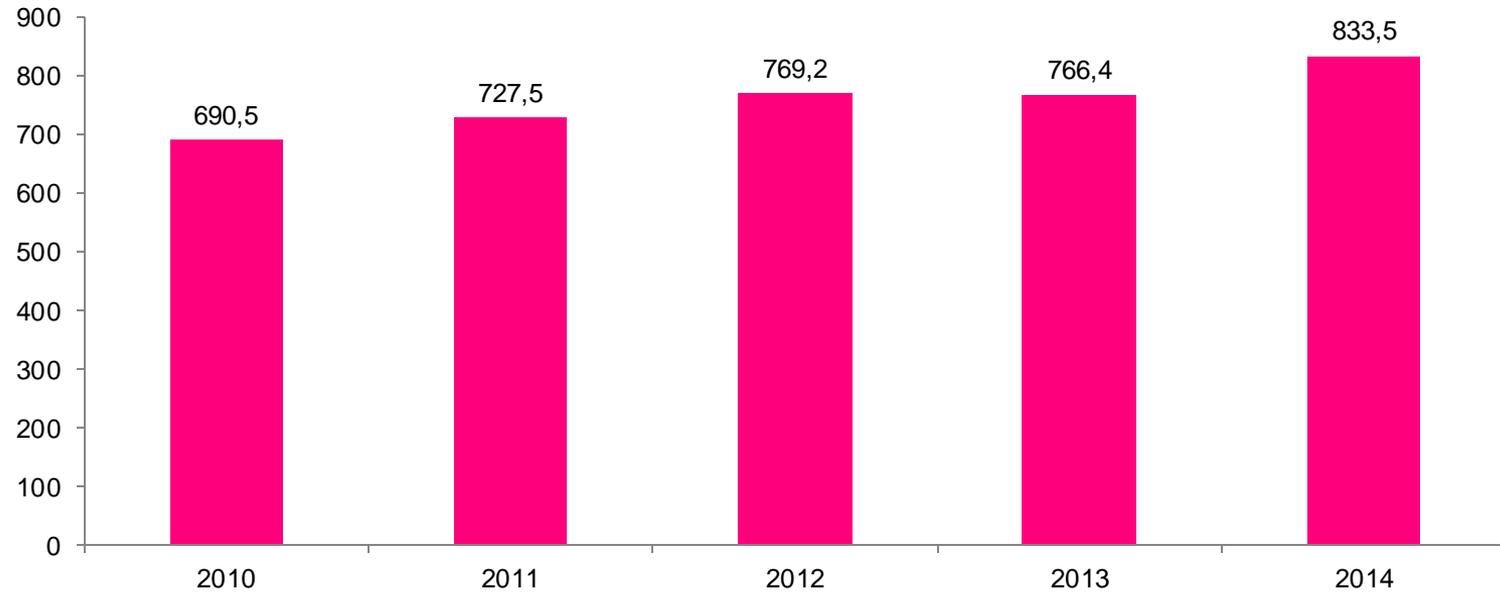
Operating profit decreased due to non-recurring items



Without non-recurring items EBITDA and operating profit increased in 2014



Net sales have increased steadily



Majority of ownership in Finland

DNA LTD, BIGGEST OWNERS ON 30ST OF JUNE 2015

Finda Ltd	49.84 %
PHP Holding Ltd	37.52 %
Ilmarinen Mutual Pension Insurance Company	5.00 %
Other owners in total	7.64 %
<hr/>	
In total	100 %



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