



# HALF YEAR FINANCIAL REPORT

JANUARY-JUNE 2017



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# DNA had a strong first half – net sales and profitability increased also in the second quarter

## Summary

Unless otherwise stated, the comparison figures in brackets refer to the corresponding period in the previous year (reference period). Figures are unaudited.

### April–June 2017

- Net sales increased 4.3% and amounted to EUR 219.3 million (210.2 million).
- EBITDA increased 15.5% to EUR 67.6 million (58.6 million) or 30.8% of net sales (27.9%).
- The operating result increased 36.8% and was EUR 30.5 million (22.3 million). Operating result as a percentage of net sales increased and was 13.9% (10.6%).
- Revenue per user (ARPU) for mobile communications amounted to EUR 18.5 (16.8).
- The mobile communication subscription turnover rate (CHURN) was 15.4% (15.0%).

### January–June 2017

- Net sales increased 5.0% and amounted to EUR 432.7 million (412.2 million).
- EBITDA increased 12.5% to EUR 133.6 million (118.7 million) or 30.9% of net sales (28.8%).
- The operating result increased 25.2% and was EUR 59.4 million (47.4 million). Operating result as a percentage of net sales increased and was 13.7% (11.5%).
- The mobile communication subscription base grew 3.2%, totalling 2,754,000 (2,668,000).
- Revenue per user (ARPU) for mobile communications amounted to EUR 18.0 (16.6).
- The mobile communication subscription turnover rate (CHURN) was 18.1% (14.3%).
- The fixed-network subscription base (voice, broadband and cable television) grew slightly and was 1,125,000 subscriptions at the end of June (1,116,000).

## DNA's outlook for 2017 remains unchanged

DNA's net sales are expected to remain 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.

## Key figures

Figures are unaudited.

EUR million	4-6/2017	4-6/2016	Change, %	1-6/2017	1-6/2016	Change, %	1-12/2016
Net sales	<b>219.3</b>	210.2	4.3%	<b>432.7</b>	412.2	5.0%	858.9
EBITDA	<b>67.6</b>	58.6	15.5%	<b>133.6</b>	118.7	12.5%	236.3
- % of net sales	<b>30.8%</b>	27.9%		<b>30.9%</b>	28.8%		27.5%
Comparable EBITDA *	<b>67.6</b>	58.6	15.5%	<b>133.6</b>	118.7	12.5%	247.1
- % of net sales	<b>30.8%</b>	27.9%		<b>30.9%</b>	28.8%		28.8%
Depreciation, amortisation and impairment	<b>37.1</b>	36.3		<b>74.2</b>	71.3		145.0
Operating result, EBIT	<b>30.5</b>	22.3	36.8%	<b>59.4</b>	47.4	25.2%	91.2
- % of net sales	<b>13.9%</b>	10.6%		<b>13.7%</b>	11.5%		10.6%
Comparable operating result*	<b>30.5</b>	22.3	36.8%	<b>59.4</b>	47.4	25.2%	102.1
- % of net sales	<b>13.9%</b>	10.6%		<b>13.7%</b>	11.5%		11.9%
Net result before tax	<b>28.1</b>	19.9	41.2%	<b>54.7</b>	42.6	28.4%	81.7
Net result for the period	<b>22.5</b>	15.9	41.6%	<b>43.7</b>	34.0	28.3%	65.2
Return on investment (ROI), %	<b>13.2</b>	9.6		<b>12.5</b>	10.0		9.6
Return on equity (ROE), %	<b>16.2</b>	12.4		<b>15.1</b>	13.0		11.6
Capital expenditure	<b>24.4</b>	33.8	-27.9%	<b>45.5</b>	54.6	-16.6%	143.6
Cash flow after investing activities	<b>33.2</b>	11.2		<b>43.5</b>	40.3		83.5
Net debt, EUR million	<b>358.3</b>	412.4		<b>358.3</b>	412.4		321.7
Net debt/EBITDA	<b>1.32</b>	1.76		<b>1.34</b>	1.74		1.36
Net gearing, %	<b>63.6</b>	79.5		<b>63.6</b>	79.5		53.9
Equity ratio, %	<b>47.5</b>	44.9		<b>47.5</b>	44.9		48.4
Basic earnings per share, EUR	<b>0.17</b>	0.12		<b>0.33</b>	0.27		0.51
Diluted earnings per share, EUR	<b>0.17</b>	0.12		<b>0.33</b>	0.27		0.51
Personnel at the end of period				<b>1,666</b>	1,702		1,668

\*Group key figures

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### DNA's financial publications and Capital Markets Day in 2017:

- Interim Report January-September and news conferences, 20 October 2017
- DNA Capital Markets Day, 21 November 2017

## CEO's review



DNA had a strong first half of 2017. Our net sales increased 5% to EUR 432.7 million. Growth of service revenue (net sales less sales of devices and interconnection charges) continued, and good development of mobile device sales also had a positive effect on net sales. Service revenue was boosted in particular by the growth in the amount of mobile subscriptions and increased share of 4G subscriptions. In January-June, our profitability continued to improve and our operating result grew 25.2% and was EUR 59.4 million, or 13.7% (11.5%) of net sales.

Our results continued to develop favourably in the second quarter. Our EBITDA increased 15.5% and was EUR 67.6 million and our operating result grew 36.8% to EUR 30.5 million. The result of the second quarter was also fuelled by the improved cost-efficiency of our modern network platforms. While we expect operative capital expenditure to increase during the second half of the 2017, it will remain at a lower level than in 2016.

Demand for mobile communications services developed favourably in the second quarter. Mobile communication network subscription volumes were up 86,000 from the reference period. DNA's revenue per user (ARPU) improved and was EUR 18.5 in the second quarter. The subscription turnover rate (CHURN), which increased in the first quarter due to changes in the price and product design of certain subscription types, returned back to its normal level during the second quarter. Our broadband and cable television subscriptions increased in total by 21,000 subscriptions, adding 9,000 new subscriptions to our fixed-network subscription base (fixed voice, fixed broadband and cable television).

The new EU roaming regulation entered into force on 15 June 2017. Since then, our customers have paid the domestic rate for roaming calls and messages in the EU, and the unit price of data used in the EU fell by more than 90%. The new EU pricing scheme is valid within fair usage limits and for periodic roaming. We also launched new subscriptions in June that include an EU data package in the monthly fee.

After the new "roam like at home" rules came into force, our customers' use of mobile data abroad has multiplied. Similarly, foreign travellers now use more mobile communications services while visiting Finland. Our customers' phone calls and text messages in EU countries have also increased by dozens of percentages. Our roaming costs are compensated by the EU-baseline tariff of old subscriptions and the higher price of the new subscriptions with an EU data package.

We took another important step toward 5G by testing data transfer at 1 Gbps speed in our mobile communications network.

Competition is expected to remain intense for the rest of the year and our outlook for 2017 remains unchanged. We will continue to serve our customers with our strategic objectives in mind.

Jukka Leinonen  
President and CEO

## Operating environment

The Finnish economy has returned to the growth path and consumer confidence has improved significantly. General business outlook in the corporate sector has also improved. Competition was intense in the first half of the year.

The growth of the mobile data market continued, boosted by increased adoption of smart phones, tablets and other Internet-connected devices as well as the wider availability of 4G speeds. Users continued to switch to faster 4G subscriptions and were prepared to pay more for them.

Practically all phones sold in the market in the second quarter were smart phones and mostly 4G models. Revenue from voice calls as well as from text messages continued to decline in Finland, but the growth of the mobile data revenue has exceeded this decline. Demand for mobile communication services was strong in the second quarter.

The number of fixed-network broadband subscriptions remained steady. However, Finns are switching to considerably faster cable and Ethernet-based broadband connections. A growing number of households uses both fixed-network and mobile broadband. Price competition in the broadband market remained very intense.

Use of TV and video services has become more versatile. While traditional TV viewing minutes have dropped slightly, the use of streaming and on-demand video services continued to grow. The steady growth of cable television subscriptions also continued. The use of HDTV broadcasts grew, and customers want to watch content at a time that works best for them.

Corporate customers continued to seek cost savings and were cautious to make investments decisions, but at the same time, private and public organisations need to implement new ICT solutions to improve the productivity of their business. Companies are interested in the Industrial Internet and its possibilities, which is reflected, for example, in the growth of DNA's M2M (machine to machine) subscription base. The rising business use of cloud services increases the demand for network capacity. The increasingly mobile and networked ways of working have an impact on the access solutions and data communication services adopted by both the private and public sector as mobile data grows in importance. Entrepreneurs in particular are switching from fixed-network broadband subscriptions to mobile broadband subscriptions.

## Regulation

EU institutions continued to process the draft Electronic Communications Code in the spring of 2017. The reform will have an effect on areas such as market regulation, spectrum management and use of spectrum bands, universal service obligations, regulation of electronic communication services as well as consumer protection.

In early 2017, the European Commission complemented its General Data Protection Regulation with a proposal for a Regulation on Privacy and Electronic Communications, which increases the protection of people's privacy and personal data. It proposes extending regulation so that it applies to all electronic communications (e.g. instant messaging applications) and suggests changes to the basis of processing traffic data, cookies and electronic direct marketing. The EU institutions were still processing the proposal during the review period.

According to the EU roaming regulation that entered into force on 15 June 2017, Europeans will be able to Roam Like at Home without roaming charges, as long as the use falls within the scope of fair use and the travel is only periodic. Pursuant to the sustainability mechanism, the Finnish Communications Regulatory Authority FICORA granted DNA permission to levy roaming surcharges. The surcharge cannot exceed EUR 4.6018 per GB of data. VAT at the current rate can be added to the surcharge. The decision does not impose any obligation to apply the surcharge in full, in part or at all. The decision is valid for 12 months.

FICORA has been preparing during the spring decisions on significant market power (SMP) in wholesale fixed-network services. On 3 July 2017, the European Commission approved FICORA's draft decisions on market 4, according to which the obligations for operators would remain unchanged. As a result of comments by the European Commission, the Finnish Communications Regulatory Authority has decided to continue the preparation of SMP draft decisions regarding market 3.

Changes related to regulation and decisions of authorities may have significant impacts on DNA's business.

## Net sales and result

There were no items affecting the comparability of EBITDA and operating result in the review period or the reference period.

### April–June 2017

DNA's net sales increased and totalled EUR 219.3 million (210.2 million). Net sales were driven by the growth in service revenue as well as the positive development of mobile device sales. Service revenue was boosted in particular by the growth of the mobile subscription base and increased share of 4G subscriptions in the subscription base. During the second quarter, 74.0% (73.3%) of net sales was generated by Consumer Business and 26.0% (26.7%) by Corporate Business.

EBITDA increased and was EUR 67.6 million (58.6 million). The EBITDA percentage of net sales increased and was 30.8% (27.9%). The increase was fuelled by growth in service revenue and improved cost-efficiency of modern network platforms. Operating result increased and was EUR 30.5 million (22.3 million). Operating result as a percentage of net sales increased and was 13.9% (10.6%).

Financial income and expenses amounted to EUR 2.4 million (2.4 million). Income tax for the period was EUR 5.6 million (4.0 million). Result for the financial period increased and was EUR 22.5 million (15.9 million). Earnings per share was EUR 0.17 (0.12).

### January–June 2017

DNA's net sales increased and totalled EUR 432.7 million (412.2 million). Net sales were driven by the growth in service revenue as well as the positive development of mobile device sales. Service revenue was boosted in particular by the growth of the mobile subscription base and increased share of 4G subscriptions. During the first half, 74.1% (72.7%) of net sales was generated by Consumer Business and 25.9% (27.3%) by Corporate Business.

EBITDA increased and was EUR 133.6 million (118.7 million). The EBITDA percentage of net sales increased and was 30.9% (28.8%). The increase was fuelled by growth in service revenue and improved cost-efficiency of modern network platforms. Operating result increased and was EUR 59.4 million (47.4 million). Operating result as a percentage of net sales increased and was 13.7% (11.5%).

Financial income and expenses amounted to EUR 4.6 million (4.8 million). Income tax for the period was EUR 11.0 million (8.6 million). Result for the financial period increased and was EUR 43.7 million (34.0 million). Earnings per share was EUR 0.33 (0.27).

## Consolidated key figures

EUR million	4-6/2017	4-6/2016	Change, %	1-6/2017	1-6/2016	Change, %	1-12/2016
Net sales	219.3	210.2	4.3%	432.7	412.2	5.0%	858.9
EBITDA	67.6	58.6	15.5%	133.6	118.7	12.5%	236.3
- % of net sales	30.8%	27.9%		30.9%	28.8%		27.5%
Comparable EBITDA*	67.6	58.6	15.5%	133.6	118.7	12.5%	247.1
- % of net sales	30.8%	27.9%		30.9%	28.8%		28.8%
Operating result, EBIT	30.5	22.3	36.8%	59.4	47.4	25.2%	91.2
- % of net sales	13.9%	10.6%		13.7%	11.5%		10.6%
Comparable operating result, EBIT*	30.5	22.3	36.8%	59.4	47.4	25.2%	102.1
- % of net sales	13.9%	10.6%		13.7%	11.5%		11.9%
Net result for the period	22.5	15.9	41.6%	43.7	34.0	28.3%	65.2

\*Group key figures

## Key operative indicators

	4-6/2017	4-6/2016	Change, %	1-6/2017	1-6/2016	Change, %	1-12/2016
<b>Number of mobile communication network subscriptions at end of period</b>	<b>2,754,000</b>	2,668,000	3.2%	<b>2,754,000</b>	2,668,000	3.2%	2,742,000
- Revenue per user (ARPU), EUR	18.5	16.8	9.7%	18.0	16.6	8.4%	17.1
- Customer CHURN rate, %	15.4%	15.0%		18.1%	14.3%		16.1
<b>Number of fixed line subscriptions at end of period</b>	<b>1,125,000</b>	1,116,000	0.8%	<b>1,125,000</b>	1,116,000	0.8%	1,113,000

## Cash flow and financial position

### April–June 2017

Cash flow after investing activities was EUR 33.2 million (11.2 million). Cash flow after investing activities was positively impacted by improved profitability and concentration of capital expenditure and its cash flows towards the end of the financial year. The increase in net working capital, on the other hand, affected cash flow after investing activities negatively.

### January–June 2017

Cash flow after investing activities was EUR 43.5 million (40.3 million). Cash flow after investing activities was positively impacted by improved profitability and concentration of capital expenditure and its cash flows towards the end of the financial year. The increase in net working capital, on the other hand, affected cash flow after investing activities negatively.

At the end June, DNA had a EUR 150 million revolving credit facility, of which EUR 150 million (150 million) remained undrawn, and a EUR 15 million (15 million) credit facility. The revolving credit facility was extended for the first time in the first quarter, with the agreement of all the banks, by one year and the new maturity is October 2021. In addition, the Group has a commercial paper programme worth EUR 150 million (150 million), under which EUR 45 million (50 million) was drawn by the end of the review period.

DNA's net gearing decreased and came to 63.6% (79.5%) at the end of June.

The Group's liquid assets comprising cash and cash equivalents amounted to EUR 31.7 million (17.8 million). Net debt decreased to EUR 358 million (412 million). The Group's liquid assets and undrawn committed credit limits amounted in total to EUR 196.7 million (182.8 million).

Net debt/EBITDA ratio improved and was 1.34 (1.74) at the end of June.

DNA's equity ratio was 47.5% (44.9%) at the end of the review period.

## Cash flow and financial key figures

EUR million	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Cash flow after investing activities, EUR million	<b>33.2</b>	<b>11.2</b>	<b>43.5</b>	<b>40.3</b>	<b>83.5</b>
			<b>6/30/2017</b>	<b>6/30/2016</b>	<b>12/31/2016</b>
Net debt, EUR million			<b>358.3</b>	412.4	321.7
Net debt/EBITDA			<b>1.34</b>	1.74	1.36
Net gearing, %			<b>63.6</b>	79.5	53.9
Equity ratio, %			<b>47.5</b>	44.9	48.4



## Development per business segment

### Consumer business

#### April–June 2017

Consumer Business net sales increased and were EUR 162.2 million (154.1 million). Net sales were boosted by the positive development in mobile subscription revenues, increased share of 4G subscriptions in the subscription base, and the positive development of mobile device sales. EBITDA increased and was EUR 49.3 million (42.2 million). The increase was fuelled by the positive development of service revenue and improved operational efficiency. The EBITDA percentage of net sales was 30.4% (27.4%). Consumer Business operating result increased and was EUR 25.3 million (19.0 million), or 15.6% (12.3%) of Consumer Business net sales. Depreciation of EUR 24.1 million (23.2 million) was allocated to Consumer Business.

DNA's remaining DVB-T format pay-TV channels switched to DVB-T2 technology on 17 May 2017. The greater efficiency of the new technology increases broadcasting capacity and enables the transmission of HD-quality broadcasts over the terrestrial network. Some customers were left outside the coverage area as a consequence of the change.

Since 15 June 2017, DNA has billed customers for roaming calls and messages in the EU at the domestic rate, and the unit price of data fell by more than 90%. The new EU pricing scheme is valid within fair usage limits and for periodic roaming. Subscription type specific fair usage limits will be introduced for EU-roaming data. DNA also launched new subscriptions in June that include an EU data package in the monthly fee. The plans come with unlimited 4G in Finland and the monthly fee includes a sizeable EU data package of 10GB/month.

#### January–June 2017

Consumer Business net sales increased and were EUR 320.7 million (299.7 million). Net sales were boosted by the positive development in mobile subscription revenues, increased share of 4G subscriptions in the subscription base, and the positive development of mobile device sales. EBITDA increased and was EUR 100.0 million (84.3 million). The increase was fuelled by the positive development of service revenue and improved operational efficiency. The EBITDA percentage of net sales was 31.2% (28.1%). Consumer Business operating result increased and was EUR 51.9 million (38.7 million), or 16.2% (12.9%) of Consumer Business net sales. Depreciation of EUR 48.1 million (45.6 million) was allocated to Consumer Business.

Changes in the price and product design of certain older DNA subscription types increased DNA's subscription turnover rate (CHURN) temporarily in the first quarter. The rate returned back to the usual level in the second quarter and CHURN was 15.4% (15.0%) in April–June.

### Consumer business

EUR million	4-6/2017	4-6/2016	Change, %	1-6/2017	1-6/2016	Change, %	1-12/2016
Net sales	162.2	154.1	5.2%	320.7	299.7	7.0%	631.3
EBITDA	49.3	42.2	17.0%	100.0	84.3	18.6%	168.4
- % of net sales	30.4%	27.4%		31.2%	28.1%		26.7%
Comparable EBITDA*	49.3	42.2	17.0%	100.0	84.3	18.6%	174.9
- % of net sales	30.4%	27.4%		31.2%	28.1%		27.7%
Operating result, EBIT	25.3	19.0	33.0%	51.9	38.7	34.2%	74.6
- % of net sales	15.6%	12.3%		16.2%	12.9%		11.8%
Comparable operating result, EBIT*	25.3	19.0	33.0%	51.9	38.7	34.2%	81.1
- % of net sales	15.6%	12.3%		16.2%	12.9%		12.8%

\*Group key figures

## Corporate business

### April–June 2017

Corporate Business net sales increased and were EUR 57.1 million (56.1 million). EBITDA increased to EUR 18.3 million (16.4 million), or 32.1% (29.2%) of net sales. The increase was fuelled by increase in net sales, positive development of subscription sales and a reduction of the provision for premises. Operating result grew to EUR 5.2 million (3.3 million), or 9.2% (5.9%) of net sales. Depreciation to the amount of EUR 13.1 million (13.1 million) was allocated to Corporate Business.

In 2017, DNA will deploy NB IoT (Narrow Band Internet of Things) technology in its network, which expands coverage and makes it possible to use more energy and cost-efficient IoT devices and Industrial Internet applications in mobile communications networks. In the pilot project in the second quarter, the technology was used to produce a service for measuring indoor air conditions in a Kesko retail store.

In the second quarter, DNA tested prioritisation of public protection and disaster relief (PPDR) services in the 4G LTE network in preparation for situations when continuous data communications must be guaranteed to the authorities to maintain safety and order. The test confirmed that required speed and quality of service can be guaranteed to PPDR subscriptions in the commercial network.

### January–June 2017

Corporate Business net sales remained at a similar level year-on-year and amounted to EUR 111.9 million (112.5 million). EBITDA decreased to EUR 33.5 million (34.4 million), or 30.0% (30.6%) of net sales. EBITDA was mainly affected by price changes of leased masts and equipment sites. Operating result decreased and was EUR 7.5 million (8.8 million), or 6.7% (7.8%) of net sales. Depreciation to the amount of EUR 26.1 million (25.6 million) was allocated to Corporate Business.

## Corporate business

EUR million	4-6/2017	4-6/2016	Change, %	1-6/2017	1-6/2016	Change, %	1-12/2016
Net sales	<b>57.1</b>	56.1	1.7%	<b>111.9</b>	112.5	-0.5%	227.5
EBITDA	<b>18.3</b>	16.4	11.6%	<b>33.5</b>	34.4	-2.4%	67.9
- % of net sales	<b>32.1%</b>	29.2%		<b>30.0%</b>	30.6%		29.8%
Comparable EBITDA*	<b>18.3</b>	16.4	11.6%	<b>33.5</b>	34.4	-2.4%	72.2
- % of net sales	<b>32.1%</b>	29.2%		<b>30.0%</b>	30.6%		31.7%
Operating result, EBIT	<b>5.2</b>	3.3	58.3%	<b>7.5</b>	8.8	-14.9%	16.7
- % of net sales	<b>9.2%</b>	5.9%		<b>6.7%</b>	7.8%		7.3%
Comparable operating result, EBIT*	<b>5.2</b>	3.3	58.3%	<b>7.5</b>	8.8	-14.9%	21.0
- % of net sales	<b>9.2%</b>	5.9%		<b>6.7%</b>	7.8%		9.2%

\*Group key figures.

## Capital expenditure

### April–June 2017

Capital expenditure was EUR 24.4 million (33.8 million). Operative capital expenditure decreased 27.9% from the reference period and was EUR 24.4 million (33.8 million), or 11.1% of net sales (16.1%).

### January–June 2017

Capital expenditure was EUR 45.5 million (54.6 million). Operative capital expenditure decreased 24.7% from the reference period and was EUR 41.1 million (54.6 million), or 9.6% of net sales (13.2%).

The focus of DNA's mobile communication network investments has shifted from network modernisation and coverage expansion to capacity expansion. While DNA expects operative capital expenditure to increase during the second half of the 2017, it will remain at a lower level than in 2016.

Major individual items included in capital expenditure in the review period are 4G network capacity expansion, fibre optics networks and transmission systems.

## Capital expenditure

EUR million	4-6/2017	4-6/2016	Change, %	1-6/2017	1-6/2016	Change, %	1-12/2016
Consumer business	15.6	21.9	-28.7%	30.0	34.5	-13.0%	90.9
Corporate business	7.6	10.3	-25.5%	13.5	17.2	-21.7%	45.8
Unallocated	1.1	1.6	-31.6%	2.1	2.9	-29.1%	6.9
<b>Total capital expenditure</b>	<b>24.4</b>	<b>33.8</b>	<b>-27.9%</b>	<b>45.5</b>	<b>54.6</b>	<b>-16.6%</b>	<b>143.6</b>

Capital expenditure is defined as additions to property, plant and equipment and intangible assets excluding business acquisitions, gross acquisition cost of spectrum licenses and additions through finance leases and asset retirement obligations. Capital expenditure includes annual cash instalments for the spectrum licenses. Un-allocated capital expenditure comprise sales commissions.

EUR million	4-6/2017	4-6/2016	Change-%	1-6/2017	1-6/2016	Change-%	1-12/2016
Operative capital expenditure	24.4	33.8	-27.9%	41.1	54.6	-24.7%	136.9
Spectrum license	-	-	-	4.4	-	-	6.7
<b>Total capital expenditure</b>	<b>24.4</b>	<b>33.8</b>	<b>-27.9%</b>	<b>45.5</b>	<b>54.6</b>	<b>-16.6%</b>	<b>143.6</b>

Operative capital expenditure is reported capital expenditure without annual cash instalments for spectrum licenses.

## Network infrastructure

DNA makes continuous investments in mobile networks and fixed-network broadband to support the customers' growing use of subscriptions, devices and services. DNA's 4G network reaches 99.6% of the population in mainland Finland. In 2017, the focus of DNA's network investments has shifted from network coverage expansion to capacity expansion.

In the second quarter, 4G traffic volumes in DNA's networks grew some 90% year-on-year. DNA's total data traffic volume in the mobile communications network grew 65%. At the end of June, more than 84% of all mobile data was transferred in the 4G network.

DNA took another step toward 5G by testing a 1 Gbps speed on its 4G network. The new maximum speed is tested in Karuby, Siuntio.

The DNA Valokuitu Plus (DNA Fibre Optic Plus) network enables broadband speeds of up to a Gigabit-class per second without any changes to the housing company's internal network. In the first quarter, the Gigabit-class speed became available to all 600,000 households in the DNA Valokuitu Plus network. Gigabit-class speeds are required because the number of Internet-connected devices is growing in households.

In early 2017, DNA tested the potential of the new 5G radio technology. A transmission rate of some 25 Gbps and a delay of less than 3 ms were achieved in the radio connection in the 5G test, which is a strong proof of the progress of 5G development.

The 700 MHz spectrum auction for licences for commercial use took place towards the end of 2016 and DNA won the frequency pair it pursued. DNA began 4G construction using the spectrum in the beginning of February 2017. Use of the spectrum will be expanded as mobile devices supporting the spectrum become available.

## Personnel

At the end of June 2017, DNA Group had 1,666 employees (1,702 employees), of which 668 were women (692) and 998 men (1,010).

Salaries and employee benefit expenses paid during the first quarter amounted to EUR 29.1 million (27.9 million) and in January-June they amounted to EUR 57.3 million (55.5 million).

During the summer, DNA provides some 40 summer jobs in different parts of the organisation.

### Personnel by business segment

	6/30/2017	6/30/2016	Change %	12/31/2016
Consumer business	984	1,030	-4.5%	1,012
Corporate business	682	672	1.5%	656
<b>Total personnel</b>	<b>1,666</b>	<b>1,702</b>	<b>-2.1%</b>	<b>1,668</b>

## Significant litigation matters

The processing of the claim related to the trademark dispute between Deutsche Telekom AG and DNA continues at Helsinki District Court.

## Management and governance

### Group Executive Team

DNA Plc has a line organisation, comprising of Consumer Business, Corporate Business, Technology, and Information Management and IT units as well as support functions.

At the end of the review period, DNA's Executive Team comprised CEO Jukka Leinonen, CFO Timo Karppinen, Senior Vice President, Consumer Business Pekka Väisänen, Senior Vice President, Corporate Business Hannu Rokka, Senior Vice President, Technology Tommy Olenius, Senior Vice President, Human Resources Marko Rissanen, Senior Vice President, Legal Affairs Asta Rantanen, Senior Vice President, Strategy Christoffer von Schantz and CIO Janne Aalto.

### Decisions of the Annual General Meeting of 2017

DNA Plc's Annual General Meeting was held on 22 March 2017. The AGM adopted the financial statements and discharged the Board of Directors and the CEO from liability for the financial period 2016.

According to the proposal by the Board of Directors, the dividend was set at EUR 0.55 per share. The dividend was paid on 7 April 2017.

### Board of Directors and auditor

The number of Board members was confirmed as seven, and Pertti Korhonen was re-elected as Chairman of the Board. Re-elected members of the Board include Anu Nissinen, Tero Ojanperä, Jukka Ottela, Margus Schults and Kirsi Sormunen. Heikki Mäkijärvi was elected as a new member. The term of office of the Board members will last until the end of the next Annual General Meeting.

The AGM decided not to change compensation paid to the Board of Directors. The Chairman of the Board receives an annual compensation of EUR 144,000 and the Board members EUR 48,000. Further, a meeting fee per Board meeting was set at EUR 1,050. The meeting fee per meeting of the Board's permanent committees was set at EUR 1,050 for the committee chairs and EUR 525 for each committee member.

PricewaterhouseCoopers continues as the Group's auditor, with Authorised Public Accountant Mika Kaarisalo as the principal auditor.

The AGM approved the proposal by the Board of Directors to authorise the Board to decide on the repurchase and transfer of the Group's own shares and on a share issue. The authorisation will be in force until the end of the next Annual General Meeting. The minutes of the General Meeting are available at [corporate.dna.fi/corporate-governance#yhtiokokoukset](http://corporate.dna.fi/corporate-governance#yhtiokokoukset).

## Shares and shareholders

### Shares

On 30 June 2017, DNA's registered shares totalled 132,303,500 (144,275,355) and the share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65 (EUR 72,702,225.65). At the end of the review period, the Group held 329,070 treasury shares.

Trading in the DNA share began at Nasdaq Helsinki (the Helsinki Stock Exchange) on 30 November 2016. In the first half of 2017, a total of 18.9 million DNA shares, totalling EUR 226.3 million, were traded on the Nasdaq Helsinki Stock Exchange. The highest quotation was EUR 14.40 and the lowest EUR 10.13. The average rate was EUR 12.00 and volume-weighted average rate EUR 12.01. The closing quotation on the last trading day of the quarter, 30 June 2017, was EUR 13.9 and the market capitalisation was EUR 1,839 million (EUR 1,343 million at end of 2016).

### Repurchasing programme

DNA started to repurchase its own shares on 1 June 2017 in connection to the Group's incentive schemes. The repurchasing of shares will end at the latest on 30 June 2018, and the maximum number of shares is 1,000,000, which corresponds to approximately 0.76% of total number of DNA shares at the moment. The repurchasing programme has a maximum value of EUR 14 million. By the end of June, DNA had purchased 329,070 shares in the repurchasing programme.

### Shareholders and flagging notifications

The number of registered shareholders totalled 14,219 at the end of June, nominee registrations included. At the end of June, the proportion of nominee registrations and direct foreign shareholders was 16.8%.

On 30 June 2017, the largest shareholders of DNA Plc were Finda Oy (33.43%), PHP Holding Oy (25.78%) and Ilmarinen Mutual Pension Insurance Company (4.83%). At the end of June, they held a total of 64.04% of DNA's shares and voting rights.

Under the provisions of the Securities Markets Act, a shareholder of a listed company has an obligation to inform the Financial Supervisory Authority and the listed company in question of the changes in its holding in the listed company's shares. DNA did not receive any such flagging notifications in the second quarter.

### Share-based reward systems

DNA's Board of Directors decided in its meeting on 30 January 2017 to establish a new long-term share-based incentive scheme for senior management and other key employees of the Group. The main structure of the system is a Performance Share Plan (PSP) and the Board of Directors decided that period between DNA's long-term share-based compensation plan launched in 2014, and the new long-term share-based incentive scheme that will begin in 2017, will be supplemented with an adjusted short-term incentive earning opportunity (Bridge Plan). In addition, DNA has a Restricted Share Plan (RSP). See note 8 for more information on DNA's share-based reward system.

## DNA's financial objectives and dividend policy

DNA aims for a payout ratio of some 70 to 90% of DNA's free cash flow to equity for the financial year.

DNA's medium-term financial objectives:

- net sales growth faster than average market growth
- EBITDA margin of at least 30%
- operative capital expenditure less than 15% of sales
- net debt/EBITDA of less than 2.0

According to the decision of the AGM on 22 March 2017, a dividend per share of EUR 0.55 was paid on 7 April 2017. The total payout amounted to EUR 73 million, which was accounted for as a current liability on 31 March 2017.



## Corporate responsibility

DNA continued the practical implementation of its new corporate responsibility strategy in the second quarter of 2017. The responsibility strategy supports DNA's business objectives and emphasises DNA's responsible attitude towards its customers.

DNA takes responsibility for the environmental effects of its operations. While the strong expansion of DNA's networks and business continues, the Group aims to reduce its total emissions by 15% by 2020 from the levels reported in 2014. The Group also aims to improve the energy-efficiency of its networks and to reduce emissions from its radio network in proportion to annual data transfer volumes by 80% by 2020 from 2014. DNA has signed up to the Society's Commitment to Sustainable Development, in which DNA commits to reduce the climate impacts of its operations.

Emission calculations completed in early 2017 indicate that DNA has reduced total emissions 11.9% from the initial 2014 level. Emissions from the radio network in proportion to annual data transfer volumes have already decreased 92% from 2014, faster than expected. The reductions are due to procurement of renewable energy and increased energy efficiency of the radio network.

Modernisation of base stations continued as planned. By the end of June 2017, some 95% of the old base stations had been replaced by more energy-efficient models. The project is expected to be completed by the end of 2017.

DNA Group adopted its updated responsible procurement practices and processes in the second quarter of 2017. DNA added more detail to areas related to responsible procurement, such as risk assessment and monitoring of suppliers and subcontractors.

## Near-term risks and uncertainties

According to the Group, there have been no significant changes in near-term risks and uncertainties in the review period.

### Strategic and operative risks

The Finnish telecommunications market is characterised by tough competition between established operators, and a high degree of penetration of telecommunications solutions. DNA mainly operates in Finland, a market where the number of mobile phones per capita is among the highest in the world, which limits the prospects of future growth in the number of subscriptions.

DNA closely monitors changes in the operating environment and the resulting possible new business opportunities, which always involve higher risks than conventional and established business operations.

#### New communication methods and continuous technological development

The rapid phase of technological development affects the entire telecommunication industry and DNA's business. Alongside traditional communications methods, technological development and new types of services and devices can create new revenue models. Customer behaviour can change rapidly if new services are reliable and easy to use.

As new communications methods gain widespread popularity, they have an impact on the traditional business of operators.

#### Intense competition in entertainment business

International players have a strong presence in the competitive environment of TV and entertainment services. DNA's competitors include traditional operators, but increasingly also OTT (over-the-top) service providers that deliver content over the Internet to mobile devices. The role of media companies' own distribution channels and services is also becoming more important.

The ongoing shift in media use will provide both new risks and opportunities while content rights are being negotiated. DNA monitors the TV and entertainment service market intensively and continuously enhances its service offering to anticipate changes in the market.

### System and network risks

The nature of DNA's operations and customer requirements place high demands on DNA's information systems and network infrastructure. DNA's business is capital-intensive, and the Group's success depends on its ability continuously to maintain and improve its network infrastructure. Use of mobile devices that have a constant network connection is increasing strongly among both business and private users. M2M subscriptions and the Internet of Things (IoT) will further expand the volume of data traffic. As the IoT becomes more common, for example through the introduction of new kinds of smart devices, the role of good information security, data security and the high operational network reliability gain in importance.

DNA makes significant investments in high-quality data systems and data analytics tools, for instance to deepen customer understanding and to create a good omnichannel customer experience. DNA's business operations are dependent on information systems, which involve several interconnected risks but also provide business-critical opportunities for utilising data.

### Regulatory risks

Both national and EU regulation have significant impact on the operation of the telecommunications market in Finland. The authorities' ability to influence the price level of DNA's products and services as well as the wholesale products that DNA procures from other operators and the cost structure and criteria used in distributing frequencies, may have a significant impact on DNA's business.

During the review period, regulatory initiatives indicating significant risks to DNA included the new European Electronic Communications Code, EU Data Protection Regulation, roaming regulation as well as authority decisions on significant market power (SMP).

## Financing risks

In order to manage the interest rate risk, the Group's borrowings have been spread between fixed- and variable-rate instruments. In order to manage liquidity risk, in addition to liquid assets the Group uses credit limits. To manage customer credit risk, the credit history of new customers is checked as part of the ordering process. The Group's foreign interest risk is insignificant, since the majority of its cash flow is euro denominated.

## Damage risk

In anticipation of possible unforeseen damage risks, DNA has continuous insurance policies covering aspects of its operations including personnel, property, business interruption, third-party liability and criminal action. There is a specific insurance in place for cyber damage risks. Damage risks are prevented and minimised by means such as security guidelines and personnel training.

# Outlook for 2017

## Market outlook

The Finnish economy has returned to the growth path and the value of the telecommunications market has also returned to growth. Competition is expected to remain intense in 2017 in the mobile communications and fixed-network broadband markets.

Mobile data use will continue to grow as private and business users increase their use of digital services and OTT video services. This trend will expand the number of faster and unlimited 4G subscriptions as well as mobile data usage per subscription. Customers are prepared to pay more for faster data connections. In 2017, almost all of the new smart phones sold will support 4G.

Use of mobile devices that have a constant network connection and IP-based communication solutions is increasing strongly among both business and private users.

In the mobile communication networks, SMS and voice traffic is expected to fall slightly. The decline of the market for fixed-network voice services is expected to continue.

In the consumer market, demand for fast broadband subscriptions and entertainment services is expected to increase, driven in particular by the popularity of streaming and on-demand video services.

Fixed-network broadband customers are expected to continue to switch to housing association broadband subscriptions and faster speeds. The fixed-network broadband subscription base is expected to remain relatively steady.

Companies and organisations increasingly need to implement new ICT solutions to improve the productivity of their business. More mobile and versatile ways of working will boost demand for services such as cloud and video conference services. Companies transfer their applications to cloud services to increase their operational efficiency, which will boost the demand for secure high-speed connections. The demand for Industrial Internet solutions, and subsequently for M2M subscriptions, is expected to grow.

### DNA's outlook for 2017 remains unchanged

DNA's net sales are expected to remain 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.

DNA Ltd  
Board of Directors

## Group key figures

	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Earnings per share, basic EUR	0.17	0.12	0.33	0.27	0.51
Earnings per share, diluted EUR	0.17	0.12	0.33	0.27	0.51
Equity per share, EUR			4.3	4.1	4.5
Shares outstanding at the end of the period (thousands)			131,974	127,318	132,304
Weighted average adjusted number of shares during the financial period, basic (thousands)	132,102	127,318	132,139	127,318	127,733
Weighted average adjusted number of shares during the financial period, diluted (thousands)	133,432	-	133,463	-	128,862
Net debt, EUR in thousands			358,327	412,367	321,710
Net gearing, %			63.6	79.5	53.9
Equity ratio, %			47.5	44.9	48.4
Net debt/EBITDA	1.32	1.76	1.34	1.74	1.36
Return on investment (ROI), %	13.2	9.6	12.5	10.0	9.6
Return on equity (ROE), %	16.2	12.4	15.1	13.0	11.6
Capital expenditure, EUR in thousands	24,373	33,803	45,548	54,609	143,604
Capital expenditure, % of net sales	11.1%	16.1%	10.5%	13.2%	16.7%
Personnel at end of period			1,666	1,702	1,668

## Reconciliation of comparable key figures

	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
<b>EUR in thousands</b>			
<b>EBITDA</b>	133,562	118,678	236,290
Direct transaction costs of the listing	-	-	6,486
Cost impacts on the share based compensation plan of the listing	-	-	3,795
Restructuring costs	-	-	528
<b>Comparable EBITDA</b>	133,562	118,678	247,100
<b>Operating result</b>	59,358	47,424	91,249
Direct transaction costs of the listing	-	-	6,486
Cost impacts on the share based compensation plan of the listing	-	-	3,795
Restructuring costs	-	-	528
<b>Comparable operating result</b>	59,358	47,424	102,059

## Free cash flow to equity

	30 Jun 2017	31 Dec 2016
<b>EUR in thousands</b>		
<b>Comparable EBITDA</b>	133,562	247,100
Operative capital expenditure	-41,146	-136,890
<b>Operating free cash flow</b>	92,416	110,210
Interest paid, net	-5,225	-8,608
Income taxes, paid	-9,745	-5,180
Adjusted change in net working capital	-26,307	-1,497
Change in provisions	-3,202	-2,307
<b>Free cash flow to equity</b>	47,937	92,617

## Key operative indicators

### Mobile communication network subscription volumes:

Number of:	30 Jun 2017	30 Jun 2016	31 Dec 2016
Subscriptions*	2,754,000	2,668,000	2,742,000
DNA's own customers*	2,713,000	2,661,000	2,721,000

  

	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Revenue per subscription (ARPU), EUR**	18.5	16.8	18.0	16.6	17.1
Customer churn rate, %**	15.4	15.0	18.1	14.3	16.1

\*Includes only mobile broadband \*\*Includes only postpaid phone subscriptions

### Fixed-network subscription volumes:

Number of:	30 Jun 2017	30 Jun 2016	31 Dec 2016
Broadband subscriptions	449,000	437,000	440,000
Cable TV subscriptions	617,000	608,000	608,000
Telephone subscriptions	59,000	71,000	65,000
	1,125,000	1,116,000	1,113,000

## Calculation of key figures

Earnings per share (EUR)	=	$\frac{\text{Net result for the period}}{\text{Weighted number of shares during the financial period excl treasury shares}}$
Equity per share, EUR	=	$\frac{\text{Equity attributable to owners of the parent}}{\text{Number of outstanding shares at end of period}}$
Net debt, EUR	=	Non-current and current borrowings -cash and cash equivalents
Net gearing, %	=	$\frac{\text{Net debt}}{\text{Total equity}}$
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Total assets – advances received}}$
EBITDA, EUR	=	Operating result (EBIT) + depreciation, amortisation and impairments
Return on investment (ROI), %*	=	$\frac{\text{Net result before income taxes + finance expense}}{\text{Total equity + borrowings (average for the period)}}$
Return on equity (ROE), % *	=	$\frac{\text{Net result for the period}}{\text{Total equity (average for the period)}}$
Net debt/EBITDA*	=	$\frac{\text{Net debt}}{\text{Operating result + depreciation + amortisation + impairments}}$
Comparable EBITDA (EUR)	=	EBITDA excluding items affecting comparability
Comparable operating result, EBIT (EUR)	=	Operating result, EBIT excluding items affecting comparability
Items affecting comparability	=	Items affecting comparability being material items outside ordinary course of business such as net gain or losses from business disposals, direct transaction costs related to business acquisitions, write-off of non-current assets, costs for closure of business operations and restructurings, fines or other similar payments, damages as well as costs related to a one time study on the Company's strategic alternatives to grow its shareholder base and direct transaction costs and cost impacts on the share based compensation plan of the listing.
Cashflow after investing activities (EUR)	=	Net cash generated from operating activities + net cash used in investing activities
Capital expenditure (EUR)	=	Capital expenditure comprises additions to property, plant and equipment and intangible assets excluding business acquisitions, gross acquisition cost of spectrum license and additions through finance leases and asset retirement obligations and including annual cash instalments for the spectrum license.
Operating free cashflow	=	Comparable EBITDA - operative capital expenditure
Free Cash Flow to Equity (FCFE)	=	Comparable EBITDA – total capital expenditure excluding the annual cash instalment for spectrum licenses - change in net working capital including an adjustment between operative capex and cash-based capex in order to present FCFE on a cash basis, however excluding cash instalments for spectrum licenses and adjusted with the items affecting comparability - net interest paid - income taxes paid - change in provisions excluding items affecting comparability.

\* 12-month adjusted

DNA presents alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. In

DNA's view, alternative performance measures provide significant additional information on DNA's results of operations, financial position and cash flows and are widely used by analysts, investors and other parties.

DNA presents comparable EBITDA and comparable EBIT, which have been adjusted with material items outside of ordinary course of business to improve comparability between periods. EBITDA, comparable EBITDA and comparable EBIT are presented as complementing measures to the measures included in the consolidated income statement because, in DNA's view, they increase understanding of DNA's results of operations. Net debt, ratio of net debt to EBITDA, net gearing, equity ratio, return on equity and return on investment are presented as complementing measures because, in DNA's view, they are useful measures of DNA's ability to obtain financing and service its debts. Capital expenditure, operative capital expenditure, cash flow after investing activities, operating free cash flow and free cash flow to equity provide also additional information of the cash flow needs of DNA's operations.

Alternative performance measures should not be viewed in isolation or as a substitute to the IFRS financial measures. All companies do not calculate alternative performance measures in a uniform way, and therefore DNA's alternative performance measures may not be comparable with similarly named measures presented by other companies.



## Consolidated income statement

EUR in thousands	1 Apr-30 Jun 2017	1 Apr-30 Jun 2016	1 Jan-30 Jun 2017	1 Jan-30 Jun 2016	1 Jan -31 Dec 2016
<b>Net sales</b>	<b>219,269</b>	<b>210,221</b>	<b>432,676</b>	<b>412,179</b>	<b>858,887</b>
Other operating income	966	1,027	1,780	1,915	3,822
Materials and services	-94,747	-93,226	-185,122	-179,061	-383,313
Employee benefit expenses	-29,108	-27,910	-57,334	-55,497	-112,877
Depreciation, amortisation and impairments	-37,145	-36,287	-74,204	-71,254	-145,041
Other operating expenses	-28,746	-31,536	-58,438	-60,858	-130,228
<b>Operating result, EBIT</b>	<b>30,489</b>	<b>22,289</b>	<b>59,358</b>	<b>47,424</b>	<b>91,249</b>
Finance income	154	229	569	463	920
Finance expense	-2,555	-2,637	-5,219	-5,289	-10,504
Share of associates' results	-1	8	1	7	18
<b>Net result before income tax</b>	<b>28,088</b>	<b>19,888</b>	<b>54,709</b>	<b>42,606</b>	<b>81,683</b>
Income tax expense	-5,620	-4,019	-11,031	-8,557	-16,474
<b>Net result for the period</b>	<b>22,468</b>	<b>15,869</b>	<b>43,677</b>	<b>34,048</b>	<b>65,209</b>
Attributable to:					
Owners of the parent	<b>22,468</b>	15,869	<b>43,677</b>	34,048	65,209
Earnings per share for net result attributable to owners of the parent:					
Earnings per share, basic EUR	<b>0.17</b>	0.12	<b>0.33</b>	0.27	0.51
Earnings per share, diluted EUR	<b>0.17</b>	0.12	<b>0.33</b>	0.27	0.51

Notes are an integral part of the consolidated financial statements

## Consolidated statement of comprehensive income

EUR in thousands	1 Apr-30 Jun 2017	1 Apr-30 Jun 2016	1 Jan-30 Jun 2017	1 Jan-30 Jun 2016	1 Jan -31 Dec 2016
<b>Net result for the period</b>	<b>22,468</b>	<b>15,869</b>	<b>43,677</b>	<b>34,048</b>	<b>65,209</b>
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurements of post employment benefit obligations	-142	-16	-142	-16	-155
<b>Items that may be reclassified subsequently to profit or loss:</b>					
<b>Other comprehensive income, net of tax</b>	<b>-142</b>	<b>-16</b>	<b>-142</b>	<b>-16</b>	<b>-155</b>
<b>Total comprehensive income</b>	<b>22,325</b>	<b>15,853</b>	<b>43,535</b>	<b>34,032</b>	<b>65,053</b>
Attributable to:					
Owners of the parent	22,325	15,853	43,535	34,032	65,053

Notes are an integral part of the consolidated financial statements

## Consolidated statement of financial position

EUR in thousands	30 Jun 2017	30 Jun 2016	31 Dec 2016
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	327,206	327,206	327,206
Other intangible assets	181,284	157,579	187,153
Property, plant and equipment	400,643	426,828	427,126
Investments in associates	1,196	1,189	1,199
Available-for-sale financial assets	267	215	215
Trade and other receivables	33,981	33,868	36,277
Deferred tax assets	13,535	17,158	14,704
<b>Total non-current assets</b>	<b>958,112</b>	<b>964,042</b>	<b>993,880</b>
<b>Current assets</b>			
Inventories	24,144	20,127	21,725
Trade and other receivables	198,461	180,307	189,241
Income tax receivables	1,785	328	7,687
Cash and cash equivalents	31,683	17,810	46,238
<b>Total current assets</b>	<b>256,073</b>	<b>218,572</b>	<b>264,891</b>
<b>Total assets</b>	<b>1,214,185</b>	<b>1,182,614</b>	<b>1,258,771</b>
<b>Equity</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	72,702	72,702	72,702
Reserve for invested unrestricted equity	653,059	607,335	652,719
Treasury shares	-4,537	-103,388	-
Retained earnings	-201,347	-91,983	-194,203
Net result for the period	43,677	34,048	65,209
<b>Total equity</b>	<b>563,554</b>	<b>518,715</b>	<b>596,427</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	309,968	344,998	327,659
Employment benefit obligations	2,260	1,974	2,097
Provisions	7,953	11,593	10,739
Deferred tax liabilities	23,165	26,001	25,671
Other non-current liabilities	19,277	12,572	22,957
<b>Total non-current liabilities</b>	<b>362,622</b>	<b>397,138</b>	<b>389,123</b>
<b>Current liabilities</b>			
Borrowings	80,043	85,180	40,290
Provisions	772	737	1,351
Trade and other payables	200,182	173,336	221,340
Income tax liabilities	7,011	7,509	10,240
<b>Total current liabilities</b>	<b>288,009</b>	<b>266,761</b>	<b>273,221</b>
<b>Total equity and liabilities</b>	<b>1,214,185</b>	<b>1,182,614</b>	<b>1,258,771</b>

Notes are an integral part of the consolidated financial statements

## Consolidated statement of cash flows

EUR in thousands	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
<b>Cash flows from operating activities</b>			
Net result for the period	43,677	34,048	65,209
Adjustments 1)	86,661	82,810	169,053
Change in net working capital 2)	-15,321	174	16,375
Dividends received	8	5	6
Interest paid	-4,797	-5,014	-8,418
Interest received	173	236	492
Other financial items	-601	-851	-682
Income taxes paid	-9,745	3,946	-5,180
<b>Net cash generated from operating activities</b>	<b>100,056</b>	<b>115,355</b>	<b>236,855</b>
<b>Cash flows from investing activities</b>			
Investments in property, plant and equipment (PPE) and intangible assets	-56,533	-74,576	-152,405
Proceeds from sale of PPE	25	124	303
Other investments	-52	-640	-1,268
<b>Net cash used in investing activities</b>	<b>-56,561</b>	<b>-75,092</b>	<b>-153,370</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue	-14	67	50,067
Direct costs relating to share issue	-3,300	-	-2,209
Treasury share acquisition	-4,270	-	-
Dividends paid	-72,767	-40,063	-40,063
Proceeds from borrowings	44,903	59,864	59,864
Repayment of borrowings	-22,602	-67,586	-130,170
<b>Net cash used in financing activities</b>	<b>-58,050</b>	<b>-47,718</b>	<b>-62,512</b>
Change in cash and cash equivalents	-14,555	-7,455	20,973
Cash and cash equivalents at beginning of period	46,238	25,266	25,266
Cash and cash equivalents at end of period	31,683	17,810	46,238
Adjustments 1):			
Depreciation, amortisation and impairment	74,204	71,254	145,041
Gains and losses on disposals of non-current assets	-21	-158	-250
Other non-cash income and expense	-1	-7	-18
Finance income and expense	4,650	4,826	9,584
Income tax expense	11,031	8,557	16,474
Change in provisions	-3,202	-1,662	-1,779
<b>Total adjustment</b>	<b>86,661</b>	<b>82,810</b>	<b>169,053</b>
Change in net working capital 2):			
Change in trade and other receivables	-7,179	1,079	-10,332
Change in inventories	-2,418	955	-643
Change in trade and other payables	-5,724	-1,860	27,351
<b>Change in net working capital</b>	<b>-15,321</b>	<b>174</b>	<b>16,375</b>

Notes are an integral part of the consolidated financial statements

## Consolidated statement of changes in equity

EUR in thousands	Share capital	Reserve for invested unrestricted equity	Treasury shares	Retained earnings	Total equity
<b>1 January 2016</b>	72,702	607,335	-103,388	-51,729	524,920
<b>Comprehensive income</b>					
Net result for the period				34,048	34,048
<b>Other comprehensive income</b>					
Total other comprehensive income, net of tax				-16	-16
<b>Total comprehensive income</b>	-	-	-	34,032	34,032
<b>Transactions with owners</b>					
Share-based payments				-176	-176
Dividends relating to 2015				-40,063	-40,063
<b>Total contribution by and distributions to owners</b>	-	-	-	-40,238	-40,238
<b>30 June 2016</b>	72,702	607,335	-103,388	-57,934	518,715
<b>1 January 2017</b>	<b>72,702</b>	<b>652,719</b>	-	<b>-128,994</b>	<b>596,427</b>
<b>Comprehensive income</b>					
Net result for the period				43,677	43,677
<b>Other comprehensive income</b>					
Total other comprehensive income, net of tax	-	-	-	-142	-142
<b>Total comprehensive income</b>	-	-	-	43,535	43,535
<b>Transactions with owners</b>					
Expenses paid in connection with share issue net of tax		339			339
Treasury share acquisition			-4,537		-4,537
Share-based payments				557	557
Dividends relating to 2016				-72,767	-72,767
<b>Total contribution by and distributions to owners</b>	-	339	-4,537	-72,210	-76,408
<b>30 June 2017</b>	<b>72,702</b>	<b>653,059</b>	<b>-4,537</b>	<b>-157,671</b>	<b>563,554</b>

Notes are an integral part of the consolidated financial statements.

## Notes

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# 1. Accounting principles

This Half Year Financial Report has been prepared in accordance with IFRS regulations and measurement principles and complies with the requirements of the IAS 34 standard. The information has been prepared in accordance with International Financial Reporting Standards, as approved for application throughout the European Union. The accounting principles are identical to those applied to the Financial Statements of 31 December 2016 with the exception of new and amended standards effective as of 1 January 2017 which had no material impact on the Group. This report should be read in connection with the 2016 Financial Statements. The information presented in the report is unaudited.

**The following new standards have been issued but are not effective for the annual reporting period beginning on 1 January 2017 and have not been early adopted by the Group:**

IFRS 15 Revenue from Contracts with Customers (which shall be applied for annual reporting periods beginning on or after 1 January 2018). The Group will adopt the standard on the reporting period beginning on 1 January 2018 retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings.

The new IFRS 15 standard includes a five-step process which must be applied for contracts with customers before revenue can be recognised. The new standard will replace IAS 18 and IAS 11 standards and the related interpretations.

A new five-step process must be applied for contracts with customers. The steps are the following:

- 1) identifying the contract
- 2) identifying the performance obligations in the contract
- 3) determining the transaction price
- 4) allocation of the transaction price to each performance obligation (to each separate good and service promised to the client) on a relative standalone selling price basis
- 5) recognising the revenue when (or as) the performance obligation is satisfied by transferring the good or service to the client.

Revenue may be recognised over time or at a point in time, and the main criterion is the transfer of control.

The Group has assessed the effects of the standard and has initially identified that changes among others will take place in the following areas:

- Allocation of discounts to the performance obligations: Currently DNA applies the residual method for the bundled sale transactions when allocating revenue for the equipment and service components. Under IFRS 15, discounts shall be allocated to the separate performance obligations on the basis of their relative standalone selling prices. Residual method can no longer be applied. Therefore, the allocation of discounts to the performance obligations changes. A portion of the revenue will be recognised earlier than under current guidance. The change in the allocation method has also material impacts on the Group's systems and processes.
- Recognition of revenue and contract costs: Under the new guidance also the point of recognition for certain revenues and contract costs changes. Under the current guidance, activation and connection fees are recognised at the time of activation. Under the new guidance, activation and connection fees are recognised during the contract period. IFRS 15 also requires that incremental costs of obtaining a contract are capitalised. The Group has assessed that sales commissions and fees paid on obtaining a contract will be more widely capitalised compared to current practice. Capitalised incremental costs of obtaining a contract are amortised during the contract period. The Group expects no major impact on its information systems from the new guidance on recognition of contract costs, but expects the changes to mostly affect processes.
- There are also increased disclosure requirements in the new standard.

Preparation for the adoption of IFRS 15 continues during the 2017 accounting period.

IFRS 9 Financial Instruments and amendments thereto (effective for financial periods beginning on or after 1 January 2018). The new standard replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 will change the classification and measurement of financial instruments, including a new expected credit loss impairment model. The standard also contains new requirements for hedge accounting. The classification and measurement of financial liabilities largely correspond to the current guidance in IAS 39. DNA expects no material impact on the Group's income statement and balance sheet from the new guidance to the classification and measurement of financial liabilities. The Group is currently preparing a model for the assessment of credit risks according to IFRS 9. The Group expects no material impact on the Group's financial statements from the adoption of the model. The Group will adopt the IFRS 9 standard on the reporting period beginning on 1 January 2018.

After long preparation, the IASB published the final version of the IFRS 16 – Leases standard on 13 January 2016. The new standard applies to financial periods beginning on or after 1 January 2019. The Group is currently assessing the potential effects of the standard and aims to adopt the standard in the financial period beginning on 1 January 2019.

The primary objective of the new accounting standard is to make financial reporting more transparent by introducing a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value of up to USD 5,000. For lessors, the situation remains mostly as is. According to an initial assessment, the IFRS 16 – Leases standard will have impacts on DNA's financial statements, because the Group enters into agreements to lease premises and telecommunication premises. These agreements are currently classified as other lease agreements and reported under operating lease agreements. The Group will present more detailed assessments of the impact of the standard on its financial statement during the implementation project.

## 2 Segment information

The Group's operations are reported according to the following business segments:

### 1 Apr–30 Jun 2017

EUR in thousands

Business segments	Consumer segment	Corporate segment	Unallocated	Group total
<b>Net sales</b>	<b>162,174</b>	<b>57,095</b>		<b>219,269</b>
<b>EBITDA</b>	<b>49,317</b>	<b>18,316</b>		<b>67,634</b>
Depreciation, amortisation and impairments	24,059	13,086		37,145
<b>Operating result, EBIT</b>	<b>25,259</b>	<b>5,230</b>		<b>30,489</b>
Net finance items			-2,401	-2,401
Share of associates' results			-1	-1
Net result before income tax				28,088
<b>Net result for the period</b>				<b>22,468</b>
Capital expenditure*	15,627	7,649	1,096	24,373
Employees at end of period	984	682		1,666

### 1 Apr–30 Jun 2016

EUR in thousands

Business segments	Consumer segment	Corporate segment	Unallocated	Group total
<b>Net sales</b>	<b>154,086</b>	<b>56,135</b>		<b>210,221</b>
<b>EBITDA</b>	<b>42,160</b>	<b>16,416</b>		<b>58,576</b>
Depreciation, amortisation and impairments	23,174	13,113		36,287
<b>Operating result, EBIT</b>	<b>18,986</b>	<b>3,303</b>		<b>22,289</b>
Net finance items			-2,409	-2,409
Share of associates' results			8	8
Net result before income tax				19,888
<b>Net result for the period</b>				<b>15,869</b>
Capital expenditure*	21,927	10,273		32,200
Employees at end of period	1,030	672		1,702

### 1 Jan–30 Jun 2017

EUR in thousands

Business segments	Consumer segment	Corporate segment	Unallocated	Group total
<b>Net sales</b>	<b>320,742</b>	<b>111,934</b>		<b>432,676</b>
<b>EBITDA</b>	<b>100,015</b>	<b>33,547</b>		<b>133,562</b>
Depreciation, amortisation and impairments	48,109	26,095		74,204
<b>Operating result, EBIT</b>	<b>51,906</b>	<b>7,452</b>		<b>59,358</b>
Net finance items			-4,650	-4,650
Share of associates' results			1	1
Net result before income tax				54,709
<b>Net result for the period</b>				<b>43,677</b>
Capital expenditure*	30,039	13,451	2,058	45,548
Employees at end of period	984	682		1,666

### 1 Jan–30 Jun 2016

EUR in thousands

Business segments	Consumer segment	Corporate segment	Unallocated	Group total
<b>Net sales</b>	<b>299,679</b>	<b>112,500</b>		<b>412,179</b>
<b>EBITDA</b>	<b>84,309</b>	<b>34,370</b>		<b>118,678</b>
Depreciation, amortisation and impairments	45,638	25,617		71,254
<b>Operating result, EBIT</b>	<b>38,671</b>	<b>8,753</b>		<b>47,424</b>
Net finance items			-4,826	-4,826



Share of associates' results			7	7
Net result before income tax				42,606
<b>Net result for the period</b>				<b>34,048</b>
Capital expenditure*	34,536	17,170	2,904	54,609
Employees at end of period	1,030	672		1,702

**1 Jan–31 Dec 2016****EUR in thousands**

<b>Business segments</b>	<b>Consumer segment</b>	<b>Corporate segment</b>	<b>Unallocated</b>	<b>Group total</b>
<b>Net sales</b>	631,343	227,544		858,887
<b>EBITDA</b>	168,437	67,853		236,290
Depreciation, amortisation and impairments	93,863	51,178		145,041
<b>Operating result, EBIT</b>	74,574	16,675		91,249
Net finance items			-9,584	-9,584
Share of associates' results			18	18
Net result before income tax				81,683
<b>Net result for the period</b>				<b>65,209</b>
Capital expenditure*	90,893	45,795	6,916	143,604
Employees at end of period	1,012	656		1,668

\* Capital expenditure comprises additions to intangible and tangible assets, excluding business combinations, spectrum license acquisition and additions relating to finance lease agreements and decommissioning obligations. Additionally, capital expenditure includes spectrum license payments made during the reporting period. Unallocated capital expenditure comprises sales commissions.

The primary key indicators for the segments' profit and loss monitoring comprise net sales, EBITDA and operating result. The company believes that the EBITDA measure provides meaningful supplemental information to the company management and the readers of its financial statements by excluding items that may not be indicative of the company's operating result or cash flows.

EBITDA is not prepared in accordance with IFRS and is therefore considered a non-IFRS financial measure, which should not be viewed in isolation or as a substitute to the equivalent IFRS financial measures. EBITDA should not be considered as an alternative to (a) operating result or net result for the period as a measure of operating performance, (b) cash flows from operating, investing or financing activities as a measure of the company's ability to meet its cash needs or (c) any other IFRS financial measures, or as a measure of performance or liquidity.

### 3 Capital expenditure

EUR in thousands	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Capital expenditure*					
Intangible assets	<b>8,367</b>	8,543	<b>18,491</b>	14,822	41,774
Property, plant and equipment	<b>16,006</b>	25,259	<b>27,056</b>	39,787	101,831
<b>Total</b>	<b>24,373</b>	<b>33,803</b>	<b>45,548</b>	<b>54,609</b>	<b>143,604</b>

\* Capital expenditure comprises additions to intangible and tangible assets, excluding business combinations, spectrum license acquisition and additions relating to finance lease agreements and decommissioning obligations. Additionally, capital expenditure includes spectrum license payments made during the reporting period.

Major individual items included in capital expenditure are the 4G and 3G networks and in fibre and transfer systems. Major individual intangible items included in capital expenditure are IT systems.

## 4 Equity

EUR in thousands	Shares outstanding (thousands)	Treasury shares (thousands)	Total number of shares (thousands)	Share capital	Reserve for invested unrestricted equity
1 January 2016	8,488	1,130	9,618	72,702	607,335
Share issue	1	-1			67
Cancellation of treasury shares		-1,130	-1,130		
Subdivision of shares (split) through share issue without payment	118,837		118,837		
Share issue	4,978		4,978		50,000
Direct costs relating to share issue					-5,417
Taxes related to share issue expenses					417
Reclassification					316
<b>31 December 2016</b>	<b>132,304</b>	<b>-</b>	<b>132,304</b>	<b>72,702</b>	<b>652,719</b>
Direct costs relating to share issue					339
Acquisition of treasury shares	-329	329			
<b>30 June 2017</b>	<b>131,974</b>	<b>329</b>	<b>132,304</b>	<b>72,702</b>	<b>653,059</b>

DNA Plc has one type of share. The total number of shares is 132,303,500 (132,303,500). The number of outstanding shares is 131,974,430 (132,303,500). The shares do not have a nominal value. On 30 June 2017, DNA Plc's share capital amounted to EUR 72,702,226. All issued shares have been paid in full.

### Dividends

DNA Plc's Annual General Meeting of 22 March 2017 approved a payment of dividend (EUR 0.55 per share) totalling EUR 72.766.925. The dividend was paid on 7 April 2017.

### Treasury shares

DNA Plc's Board of Directors has decided in its meeting on 18 May 2017 to use the authorisation given by the Annual General Meeting held on 22 March 2017 to acquire DNA's shares and initiate a share repurchase programme. The repurchase of shares is carried out in order to fulfil obligations pertaining to the company's share-based incentive schemes.

The repurchasing of shares started on 1 June 2017, and end at the latest at the closing of the next Annual General Meeting in 2018, at the latest on 30 June 2018. The maximum number of shares to be repurchased is 1,000,000, which corresponds to approximately 0.76 per cent of the total number of DNA shares at the moment. A maximum sum of EUR 14 million can be spent on the repurchase programme.

Date	Amount	Payment including transaction costs, EUR
1-30 June 2017	329,070	4,537,108
<b>Total</b>	<b>329,070</b>	<b>4,537,108</b>

Treasury shares acquired during the financial year represent 0.2 per cent of the votes. The purchase of treasury shares did not materially affect the structure of ownership and voting power in the company.

## 5 Net debt

EUR in thousands	30 June 2017	30 June 2016	31 December 2016
Non-current borrowings	<b>309,968</b>	344,998	327,659
Current borrowings	<b>80,043</b>	85,180	40,290
Total borrowings	<b>390,011</b>	430,177	367,948
Less cash and cash equivalents	<b>31,683</b>	17,810	46,238
<b>Net debt</b>	<b>358,327</b>	<b>412,367</b>	<b>321,710</b>

## 6 Provisions

EUR in thousands	1 January 2017	Additions	Provisions used	Other/Discount effect	30 June 2017
Asset retirement obligation	7,627	-	-1,038	-	6,589
Restructuring provisions	671	-	-395	-133	142
Onerous contracts	3,207	320	-117	-2,003	1,408
Other provision	586	-	-	-	586
<b>Total</b>	<b>12,090</b>	<b>320</b>	<b>-1,550</b>	<b>-2,136</b>	<b>8,725</b>

### Asset retirement obligation

The asset retirement obligation provision comprise the estimated dismantling and demolition costs of data centres, masts and telephone poles. The asset retirement period for telephone poles is estimated at 15 years, and 25 years for data centres and masts. Realising the dismantling and demolition costs do not involve any significant uncertainties.

### Onerous contracts

This provision is mainly for a non-cancellable lease agreement and covers future leases of unused premises. During the period, the Group has let part of the under-utilised premises and the provision has been reversed. The provision has been discounted. The non-cancellable lease agreement expires in 2025.

## 7 Related party transactions

DNA's related parties include the main shareholders (Finda Oy, PHP Holding Oy) which have significant influence over the group, subsidiaries, associated companies, joint arrangements and members of the Board of Directors and the management team, including the CEO and the deputy CEO as well as their close family members. In addition, related parties include all entities controlled or jointly controlled by a person identified as related party.

The following related party transactions were carried out:

	<b>Jan-Jun 2017</b>	
	Organisations exercising significant influence	Associated companies
<b>EUR in thousands</b>		
Sales	10	-
Purchases	1,369	273
Receivables	2	-
Liabilities	202	47
	<b>Jan-Jun 2016</b>	
	Organisations exercising significant influence	Associated companies
<b>EUR in thousands</b>		
Sales	15	-
Purchases	1,349	131
Receivables	2	-
Liabilities	195	2
	<b>Jan-Dec/2016</b>	
	Organisations exercising significant influence	Associated companies
<b>EUR in thousands</b>		
Sales	30	-
Purchases	2,776	475
Receivables	2	-
Liabilities	3	-

## 8 Share-based payments

### Long-term share-based incentive scheme for senior management and other key employees

DNA's Board of Directors decided in its meeting of 30 January to establish a new long-term share-based incentive scheme for senior management and other key employees of the company. The main structure of the system is a Performance Share Plan (PSP) and the Board of Directors decided that a bridge element between DNA's long-term share-based compensation plan launched in 2014 and the new long-term share-based incentive scheme that will begin in 2017 will be covered with an adjusted short-term incentive earning opportunity (bridge plan). In addition, DNA has a Restricted Share Plan (RSP).

The Performance Share Plan consists of separate, share-based reward programmes that begin annually. Each programme has a three-year vesting period. The start of each new programme requires a separate decision by the Board of Directors. The first programme (PSP 2017) starts at the beginning of 2017. Any share-based rewards earned through it will be paid in the spring of 2020, if the performance targets set by the Board of Directors are reached.

The first programme will be built on the following performance targets: DNA's total shareholder return (TSR) compared to a peer group over the period 2017–2019, and DNA's cumulative cash flow in 2017–2019. The first programme has about 50 participants, and the maximum number of shares to be handed out will be 471,000 (gross amount from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares).

The Bridge Plan for the transition period consists of two, three-year-long share-based reward programmes. These programmes have a year-long vesting period and a two-year restriction period. The programmes will begin in 2017 and 2018. Any share-based rewards based on the 2017 programme will be handed out in the spring of 2018, if the performance targets set by the Board of Directors are reached. Shares received as a reward cannot be transferred during a two-year restriction period after the vesting period.

The performance targets applicable to the share-based reward system during the transition period are based on DNA's key strategic objectives for the vesting periods in question. The first programme has about 50 participants, and the maximum number of shares to be handed out will be 157,300 (gross amount from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares).

The restricted share-based reward system can be used as a complementary tool for committing employees in specific situations, such as during acquisitions and recruitment. The Restricted Share Plan consists of share-based incentive programmes that begin every year. Rewards have not yet been awarded in the share-based reward system. Each program consists of a three-year restriction period, after which the shares allocated in the beginning of each respective programme are paid to the participants, provided that their employment DNA continues until the payment of the rewards. The start of each new programme requires a separate decision by the Board of Directors.

Share-based reward plan	PSP 2017	Bridge plan 2017
Grant date	15 February 2017	15 February 2017
Maximum number of shares	471,000	157,300
Share price at grant date	11.06	11.06
Valid until	31 December 2019	31 December 2019
Expected life	3 years	3 years
Implementation	As shares and cash	As shares and cash

### Rights issue against payment to Group key personnel in 2014

On 20 November 2014, the Board of Directors decided to introduce a new share-based reward plan in the incentive and commitment scheme of DNA and its subsidiaries. The objective is to align the goals of DNA's owners and the participating key personnel in order to increase the value of DNA, ensure the commitment of the key personnel and to offer them a competitive reward plan based on earning and accumulating company shares.

Participation requires subscription in the directed rights issue

The prerequisite for participating in the share-based reward plan is that a person participating in the share-based reward plan acquires, against payment, shares up to the number determined by the Board of Directors. Participants have the opportunity to receive a reward as DNA's shares or as cash in connection with stock-exchange listings or main shareholders' exit. Receiving of the reward is tied to the continuance of participant's employment and ownership of shares up to the number determined by the Board of Directors upon reward payment.

The reward will consist of shares per each subscribed share (base matching shares). Additionally, it is possible to obtain a reward based on the listing or sale price (performance share). For stock-exchange listings, the value of the additional reward, is based on the share

price and for exits, on the sale price. If neither takes place by 31 May 2019 at the latest, or if the Board of Directors decides to extend the plan no later than 31 May 2021, the reward is based on the possible increase in the share value during the expected life.

The right to the reward is personal, and is payable only to named participants. Participants cannot transfer the right to the reward to another party. The Board of Directors decides on all matters relating to the share-based reward plan, such as a participant's right to the reward in case their duties within the Group should change or they leave the employment of DNA before the reward payment.

A maximum total of 1,920,000\* new shares can be issued in the plan. The maximum amount, which was 128,000 shares, has been adjusted in accordance with the reward plan conditions on the basis of the share split decision made at the company's Extraordinary Shareholders' Meeting on the 25th of October, 2016.

The share subscription period of the new shares was from 27 November to 12 December 2014. Additionally, the Board of Directors has on the 26th of March 2015, decided to make an addition to the share-based reward plan 2014 target group. The share subscription period of the new shares was from 26 March to 24 April 2015.

#### Share-based reward plan

Grant date	12 Dec 2014	22 May 2015
Amount of granted instruments*	97,125	5,625
Returned instruments*	1,875	
Share price at grant date*	6.37	6.37
Fair value of the reward at grant date		
Matching share/Share*	6.37	6.37
Performance share*	21.00	21.00
Valid until	31 May 2019	31 May 2019
Expected life	3 years	3 years
Implementation	As shares and cash	As shares and cash

\*after the share split

After the listing of the DNA shares, the Board of Directors has confirmed the maximum amount of awarded shares to be 1,458,622 shares.

Withholding tax will be deducted and the net reward will be paid as shares in December 2017, one year after the listing. The fair value of the share at grant date is estimated according to the shares' valuation model.

The determination of fair value is based on assumptions such as expected volatility, fair value of the share at grant date and expected life.

#### Expense recorded in the income statement

	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Share-based payments	4,288	1,020	5,581

#### Liability recorded in the statement of financial position

	30 June 2017	30 June 2016	31 December 2016
Liability related to share-based reward plan	8,889	1,579	5,153





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