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Presentation

Marja Mäkinen

Good afternoon, everybody. This is Marja Mäkinen from DNA's investor relations. Welcome you all to this conference call regarding DNA's January/September 2019 interim results. With me here are DNA's CEO, Jukka Leinonen, and CFO, Timo Karppinen. As earlier, Jukka and Timo will go through the results presentation. You can follow the presentation through the online audiocast and the presentation is available on our investor website also.

And just to remind you we will be making forward looking statements during the presentation and we have a disclaimer on the second page of the presentation set for that.

Please note that you can also ask questions through the audiocast page and you can send your questions all the way during the presentation and we will then make those in the Q&A session once we take the questions also from the telephone lines.

But now we are ready to start, please. Jukka.

Jukka Leinonen

Thank you, Marja. This is Jukka Leinonen, also good afternoon on my behalf, everybody online.

So, let's start with the presentation. o, I'm going to go through the business review, highlights of the third quarter and start of the year, the operational KPIs and some words about the target and market outlook and then Timo will continue with the final review in more detail.

So, when we look about the third quarter. I think that it was quite good from our perspective, so we had a very strong growth overall and especially the mobile service growth was excellent. The profitability was also increasing in line with the increasing revenues, so all in all we can be very happy with the results. The net sales was increasing 5%, and mobile service revenue was up 8.1% from the reference period. That was mainly to do with the increase in [? + 00:04:24] base and the other experience for the user increasing from the last year, also the mobile device sales was growing nicely, more than 10% from the reference period.

EBITDA in comparable terms was increasing almost 10%, 9.6% to be precise. We have in the quarter non-recurring expenses worth 4.3 million, mainly related to the expert services and the termination of the share-based reward system [? + 04:58] acquisition. Comparable [ph + 00:05:02] operating result was improving 5.5% and this is maybe the good indication of the increasing profitability from the operating perspective since the IFRS 16 changes are not affecting effectively this number.

When we're looking about the other KPIs, the average revenue subscriber was slightly up from last year, 18.9 euros compared to 18.8. But we have to remember here that in last December, we had the decline in interconnection rates. So, the average billing per end user was up more than 1.0 euro per subscriber. Churn was increasing slightly from the last year and from the previous quarters, so the churn in Q3 was 60.4%, which is basically at about the more or less historical levels, but slightly up from last year and quite significantly up from the Q2, where we had a very, very, very low churn.

When we look at the mobile subscription base as a whole, we have a decline of the base of 35,000 subscribers. This was mainly to do with the fact that we have been clearing the zero revenue prepaid subscribers from the base. And when we look at the post-paid subscriptions, that was increasing by 59,000 subscribers.

So, all in all, I think that we are pretty happy with the with the mobile subscription development and when we look about the prepaid, even though we had the significant decline in numbers, we had the revenue at about the same level than in the previous quarters.

Our fixed [ph? + 06:55] network site, the total subscription basis was growing at 7,000 subscribers and especially important was that the fixed broadband and cable TV subscribers were up 86,000. So, this was very nice growth overall. Of course, a big part of this was coming from the Elmo acquisition we made in the early summer, where we got 30,000 fixed [? + 00:07:21] subscribers and almost 25,000 new cable TV customers. But we have to note that also the growth in organic ways was especially strong in the fixed broadband. So, this basically demonstrates the fact that there seems to be more and more demand for the high quality, high speed fixed broadband services, as well as the mobile broadband services.

Then when we go to the next page, we basically can look into the longer-term trends in the speakers [ph + 00:07:53] so the overall revenue is growing steadily. I said that the growth of 5% in Q3 was even slightly higher than what we have been seeing as an average for the last the couple of years, and the mobile revenue growth was increasing from the early part of the year. So, from that perspective we are quite happy with the results.

Comparable EBITDA was increasing 9.6% and, as I said, this is partly to do with the IFRS 16 impacts but also the organic EBITDA growth was almost at 5% so we are quite happy with the result there. Capex was slightly down compared to the previous year and this is to do with the, let's say, 5G coming into play, where we have been still having some negotiations and we have been holding back some of the investments. On a full year level, we are expecting to have more similar Capex levels as we had in 2018.

Due to the increasing EBITDA and low capex level, the operative free cash flow was at a good level and increasing significantly compared to the reference period.

When we look at the full year so far, nine months, we can see that the net sales has been growing at 3.7%. So, the growth in Q3 was actually faster than what we have been seeing in the nine months of the total year. Also, the EBITDA was at a good level of 8.2% growth from January to September. Operative free cash flow up more than 20%. Net debt by EBITDA 1.8, despite the fact that we had the very significant dividends paid out in the spring. That means that we actually have a very good [? + 00:10:03] situation overall, except, the mobile subscribers came down 35,000, but the post rate [ph? + 10:08] went up 59,000. Mobile service revenue has been basically increasing during the nine months, 7.2%, which is very much in line in our indications that we are targeting for the [? + 00:10:26] growth. So, this is quite a good result compared to our original expectations for 2019.

Mobile churn, 15.8%, as an average so far in this year, which is pretty close to the long-term historical levels. Fixed broadband and cable TV up 86,000 subscribers as earlier [ph + 00:10:52] and it basically really demonstrates the fact that we have a significant potential in the future to increase the revenues on this side also by upselling higher speeds and we are clearly seeing that the rate of upselling is decreasing as we go forward.

When we look about the mobile and subscriber situation in more detail, we can see a steady growth in the mobile post-paid, as said earlier. Fixed voice customers are declining at a steady rate. So, nothing new there. And I said in fixed broadband, significant growth of 57,000 subscriptions from the last year. 30,000 from this came from the Elmo acquisition, but as I said almost half is organic growth which is a very good result and in line with our expectations.

Also, on cable TV side, 29,000 new subscribers. The main part of this was coming from the Elmo acquisitions. We have not been aggressively expanding our cable TV footprint, but we have been concentrating more into upselling the fixed broadband and especially the higher speed on the fixed broadband based on the cable network infrastructure.

Mobile data use is still increasing quite nicely. So, from last year, the growth is almost 24%. We actually are seeing that even though the percentage-wise growth has been settling down, the absolute is still quite heavy. First half of this year, the average usage per subscriber 23.5 gigabytes. in Q3, we were running already at 26 gigabytes per subscriber.

5G we believe will be accelerating again the use of mobile data further, so there's no reason to believe that we would not see a higher data usage rates in the future and we also believe that that there will be potential for higher [? + 00:12:59] also when we move customers from 4G to 5G in the coming years.

When we look about the DNA customers' mobile data on a long term basis, the first half of this year, according to the personal consulting company, we were number one in the world in terms of the data usage per subscriber - 23.5 gigabytes per second - and when we are looking about the growth, that we can clearly see that the growth rate in DNA's network has been larger than with some other operators.

And this actually demonstrates the good quality of the network and also it basically means that customers are utilising better and better our great network capabilities when we go forward. Of course, we are seeing that this will be continuing in the future. 5G will be increasing the data usage. Also, we are going to see that the different type of video services: YouTube Netflix, etc. are moving into the higher quality format: 4K etc.

That of course means that the data usage demand will keep growing in the coming years. And we believe that this is the basis for our ability to grow [? + 00:14:20] in the market in years to come.

When we look at the subscription turnover rate churn, that was slightly up from the last year and significantly up on the last quarter, but still I think that the 16.4 is quite close to the, let's say, normal historical levels. We can now see that the demand for the 4G subscriptions is basically slowing down. It's still growing but it's slowing down, but we actually believe that 5G will be accelerating the upselling potential again, when we are starting to see the number of new handsets coming to the market, especially growing in the first half of next year.

[? + 00:15:11] increasing 0.1 euro per subscriber. But as I said earlier, we had this interconnection decline or interconnection rate decline in December last year, so effectively the average billing per subscription has been increasing even further. So, all in all, what we can see from the increasing churn, because compared to the last quarter and compared to the last year, is that the market situation, the competitive dynamic has been slightly tighter in Q3 compared to the first half of this year. But as we see from the figures, DNA has been performing quite nicely in this situation.

[? + 00:15:55] tender offer has been progressing. So, as you know they basically bought the shares of our two last owners, [? + 00:16:05] and PHP holding in spring. After the closing they basically came out with the mandatory tender offer for the other shareholders, and after the [? + 00:16:17] process, Eleanor [ph 00:16:06] has been held in almost 98% of the co-shares in DNA.

Due to the fact that they have been exceeding 90% of the sales they basically are going forward with the squeeze-out process to buy out the rest of the shares and we are basically expecting that that will be leading to the de-listing of

DNA in a few months' time. The transaction has no impact on DNA's operations, our customer service in the long run. We believe that we have a significant potential to benefit from [? + 00:16:53] ownership, especially in the corporate market, but also why are the better terms and conditions in different areas of procurement [ph + 00:17:02], for example.

When we look about the main event in the Q3, first of all we got the confirmation of the competition authorities that they will accept our pre-deal to sell our antenna television [? + 17:21] TV business to [? + 00:17:23]. So, this deal has been now closed and will happen effectively the 1st of January 2020. After that DNA will continue to resell DNA's [? + 00:17:38] TV services to existing customers. So, there will be no loss of services for any customers but the role of DNA will be a reseller instead of holding the business itself.

We also launched a new service called [? + 00:17:56] during the third quarter. This is basically aimed for the housing companies and the residents, enabling them to save up to 30% on energy used in heating. This basically improves the quality of the living in the flats, saves energy and saves costs, but it's also very good for the climate emissions and a very important initiative for DNA to enter into the new business potential, and at the same time create services which are good for the climate.

We also launched, after the review period, our intentions to go out with the 5G services, so DNA will basically launch commercial offering on the 5G starting December this year. We will start with a fixed 5G or fixed wireless access, which enables super-fast low latency data connections to many homes and properties, which are basically out of reach of the fibre network or where the build-out of fibre is too expensive. We, of course, will basically start this with the bigger cities, so firstly, it will be available in the capital region in [? + 00:19:10] areas but we will be spreading out the network quite fast after the change of the year and we will be announcing later the new cities with this service.

We are also preparing for the launch of handsets subscriptions, but we are currently waiting for the second generation handsets to come available. At the moment when we are looking into the different tests and reviews of the current 5G phones, I think that it seems to be so that there's nobody to buy [ph + 19:44] those services of those devices because of the high energy consumption, limited up time [ph? + 00:19:58] in terms of the battery life, for example. So, this is our plans for the 5G at the moment.

When we're looking at our overall strategy and targets, we are still concerning [? + 20:10] with our four [? + 00:20:11] on a company level. We are targeting for the most satisfied customers. We want to be the excellent employer. We want to grow faster in the market and we want to improve our profitability based on free cash flow with the with higher base than our competition on comparable terms. And I think that in Q3 we basically reached very nicely all these targets and we will continue to work for our customers and continuous growth.

When we are looking about the 2019 rest of the year, I think that we have been seeing that the Finnish economy is still growing, but the growth has passed its cyclical peak. We are getting more and more news from the kind of a different customer segments that the customer confidence is spending [ph? + 00:21:01] down. This means that we are expecting mobile network service market growth still continuing but at the slower rate.

Overall, let's say, growth outlook is slightly smaller compared to the last few years. We can see also that the 4G subscription share is still growing, but at a lower rate but then we are also expecting that, especially after the change of the year, the sales of 5G subscriptions will start to have significant impacts, and especially in the maybe second quarter forward when we are starting to get the mid-price level handsets to market, there starts to be significant potential.

Traditional estimates in voice and mobile network is declining. We are seeing that the uses of video services in higher quality is driving the demand for the fast broadband services in the future and especially the fixed 5G or fixed wireless access will now enable us going up fast [? + 00:22:13] over these high-speed fixed data services to homes in significant numbers in the coming years.

Traditional paid TV is declining, and we are seeing the video [ph? + 00:22:24] usage more and more coming from the different type of OTP [ph? + 00:22:28] services. On B2B side, the demand for the industrial Internet solutions and [? + 00:22:35] is growing. But we are still seeing that the significant growth is waiting, there's a lot of piloting ongoing, but we have not seen yet the huge boost on the growth of the [? 00:22:50].

Data security and the higher speeds on the corporate network is the increasing due to the fact that customers are moving more and more applications into the cloud. As I said earlier wireless access a significant new potential on this mobile network, which we haven't seen in the 3G and 4G but basically allows us to offer a very high speed connections for the consumers and corporate customers in those areas where we do not have the ability to deploy the fibre or the fibre is too expensive for the customers. The more advanced 5G services will be coming later, and that of course will then bring also the different type of B2B solutions to the market.

I said earlier when we talk about the 5G handsets and devices, we are currently seeing only the first-generation devices available and according to the different reviews, consumers have no hurry to buy those. We believe that it's [? + 00:23:58] to wait, that way we have the second-generation devices, with the better battery life cycle, for example, available and also when we have the better coverage on the 5G network level as such.

So, this is basically a business review and Timo will now continue with the financial review.

Timo Karppinen

Good afternoon, also from my part. So, third quarter was again evidence of the strong level that we have had in terms of the other service revenues sales which then contributing positively to the margin expansion. So, if you look then at more details on there and the key finance sales on Q3 and the year so far.

By terms of net sales, 5% growth over here for the quarter. Almost 4% in the year. I'll cover the details of the sales trend in the next slide. Like I said, strong sales development, especially on the service revenue part, we have then very strong development on the EBITDA level. Now we should be looking at this comparable EBITDA where we have the 9.6% of growth in the quarter, and 8.2% in the year.

Roughly speaking, a little less than two thirds is coming from the IFRS16 impact, but the rest really is an organic growth that we are now experiencing. Operating result itself, EBIT on comparable terms, growth was this 5.5%, really [? + 00:26:03] began improvement in that quarter compared to what we had in the whole year so far.

And this is the trend that we are now seeing where the service revenue growth is now contributing strongly today to the margins overall.

Then looking at the operative capex itself. We are behind on our capex plan and therefore we were lower in the capex spending in this quarter, compared to what we had a year ago, and same thing when we look at the year to date numbers so far. We are behind on what we are doing or did on last year.

This all is coming from the fact that we are now finalising the 5G readiness and the plans over there and we'll continue on heavier spending in the fourth quarter when the 5G actually will start and then we will see on the fourth quarter higher spending in terms of Capex. Overall for the year level, we should be landing somewhere, roughly about the same levels as we did in 2018.

Due to the fact that the EBITDA itself is growing and that the capex has been behind on the previous year levels, we had a really strong operating free cash flow trend. More than 35% growth from a year ago and also year to date level we are 20% higher than a year ago. Like I said, the main thing here is the reduction we have in Capex levels.

Net debt to EBITDA, really fast going down from the more than two levels that we had after the dividend payment in the second quarter and the acquisition of the Moy and Elmo companies during the first half. And then the net debt to EBITDA levels are now on the year to date basis at 1.8.

Then when we look at how the sales split is and the development of the key areas. Really the mobile service revenue is the one that is now growing strongly at 8.1% for the quarter. More than 7% for the year so far. Really the key issue here is that actually the average billing per customer is growing very strongly. [? + 00:29:10] sale was somewhat higher than it was a year ago.

But the key here is to understand that this ARBO [ph + 00:29:20] includes the interconnected revenue decline and also includes some of the Moy [ph + 00:29:30] customers at the base, so underlying service revenue per customer is really growing, and the key reason here is the new upselling that we have been able to do into our own base, 4G migration continuation, and the fact that we are gaining market share constantly in the market which will then lead into the next [? + 00:29:52] of growth that we have had.

Another good quarter in development we will see here in the fixed non-voice part like we have been estimating and indicating all along that this non [? + 00:30:09] revenue will turn into on the second half and this is now happening in Q3. There the [? + 00:30:17] TV revenue side is the area that is in a constant, small decline but the fixed broadband service revenues are growing now, and they are both growing on organic-wise, but also through the acquisition that we have made. And we expect that this non [? + 00:30:42] revenues continuing on the positive territory also for the remainder of the year.

The mobile interconnection revenues now, as I said, declined by 14%. This is coming from the fact that the interconnection rate declined in Q4 last year and also the traffic on the interconnections are declining all the time.

And this, like I say, doesn't have any margin impact to us. Mobile equipment sales, really strong growth again, despite the fact that we had a strong quarter in Q3 last year. We still managed to increase that by 10.5%. And we see here and clearly in a stronger linkage to the subscriber [ph + 00:31:39] sales and the fact that we are able to bring our customers into our own sales channels where we do the mobile equipment sales.

In fixed voice, of course, is almost insignificant anymore and we see this slight decline compared to the year-ago levels. And then looking at the business segments that we have, Consumer [ph + 00:32:10] business in the Q3 is growing strongly as we do on a group level. Here, the sales growth of 6.3%, driven by the mobile service revenue and the mobile equipment sales, very healthy, strong growth on the service billing at the customer level.

We don't see that here at the ARPO [ph + 00:32:36] level but like I said, the service billing under the ARPO [ph 00:32:40] are growing. This is then leading to the fact that our comparable EBITDA was also on a healthy growth part. This is IFRS 16 like I said, is taking off about two thirds of this growth, the organic growth that we are having.

Really positive news on the corporate business side. Net sales was at the same level as we had a year ago. But here we have been estimating and indicating that in the second half of this year, we will see an improvement on the corporate business, service revenue side and here the positive impact came from this mobile service revenue growth, which is also evident on the ARPO increase, which is quite strong despite the fact that the interconnections came down.

And also, the sales was positive despite the fact that these Moy [ph + 00:33:50] revenues are now moving to consumer side and also that the interconnection revenue decline was offset by the service revenue sales. The service revenue sales improvement are now contributing to the corporate business EBITDA. We've had this more than 17% growth and again here, most of all, at least one third of that is coming from the organic growth to the service revenue.

Then moving on to the Capex, like I explained earlier, the Capex of the third quarter was low and we are now waiting and I'm preparing for the Q4 when the 5G roll out will happen in the bigger scale and like I said we are expecting the operative Capex will be around the same level as we were in the whole of 2018.

The free cash flow and the free cash flow to equity. Like I explained earlier, the operative free cash flow was very strong with the help of the growth in EBITDA itself and the lower Capex. Here we didn't really see major movements in the items that are impacting the free cash flow to equity. Now the free cash flow to equity is now at the 89 million level. Almost 13% of the sales and if we looked at how that's developing in Q4 and whole year [ph + 00:35:42] level, the Capex will grow but then that will be then offset by the decline in the network capital change. So, we should be saying that this free cash flow to equity will continue to grow in Q4 and to be rating more than 100 million for the whole year.

The capital structure, no major changes here. Other than that, we are continuing to be able to decrease the average cost that we have today in in our debt levels. Now we are at 1.11%. And here really, we've been able to utilise the lowering of the interest levels but also the fact that now we are part of the Telenor [ph + 00:36:37] we can utilise the strong backbone of the credit ratings of the Telenor [ph + 00:36:45]. No major final thing is needed and during the rest of this year anymore.

Then finally, looking at the guidance for this year and the target. So, we raise our guidance for 2019 where we now expect in the net sales to grow somewhat, and EBITDA is expected to increase substantially and it's the same as what we had earlier. Net sales guidance was increased due to the fact that we now have realised in the strong growth in mobile service revenue in Q3 and also the fact that we were able to increase our subscriber base.

No changes in the midterm final term targets and we are developing strongly and well in all of the targets that we have here. And yes, this is now all that we had for the final spot [ph? + 00:37:50].

Marja Mäkinen

Thank you, Jukka and Timo for the presentation. Operator, we are now ready to take questions from the telephone audience.

Q&A Session

Operator

Thank you. If you do wish to ask a question, please press 01 on your telephone keypad. If you wish to withdraw your question you may do so by pressing 02 to cancel. Our first question comes from the line of Peter Nielsen from ABG. Please go ahead.

Peter Nielsen

Thank you very much. Hello gentlemen, just a couple of questions, please. Firstly, Timo, you talked about gaining market shares in the market and obviously you're near that in post [? + 38:25] good. Could you elaborate a little on what is driving that, please? And secondly, as you say B2B has improved in Q3 also in the top line again. What is the main driver for this?

We have heard in previous quarters about strong pricing prices in B2B. If you can elaborate a little bit. And just a quick, at the end, may I just ask the non-recurring items, are these restructuring charges and why do you have this kind of costs in the Q3? Thank you.

Jukka Leinonen

Okay, when we are looking about the markets again. I think that our view to our ability to gain market share is really based on two major things. The first one is the network quality. I think that if you are looking into the different type of comparisons about the network speeds but also, as we went through today, the average user or subscriber, these figures are really demonstrating that the network quality is at a very high level.

Our customers are able to put through the network more and more data with a high quality. So, I think that this is the basis of our ability to increase the market share. Secondly, we are very closely monitoring how do we operate with our customers in different customer interaction points. So, we talk about the sales or upselling or gross selling [ph? + 40:02] of customer service, etc. And we can clearly see that our net promoter score or customer satisfaction figures have been performing quite nicely. So, I think that the general customer satisfaction is at a good level.

And then thirdly, I have to say that, of course we have been operating a long time based on the strategy that our customers have always possibility to select the fixed-term contract or the open-ended contract. And we have a somewhat more fixed term contracts compared to our competition, which is partly safeguarding our customer base, but as I said, I think that the network quality and the customer satisfaction are the key elements behind the market share gains.

Concerning the B2B profitability increase, I think there are a few items that first of all we were able to significantly grow our service revenues on the mobile. So, we have been doing some price increases in the marketplace but we have been also able to kind of get some uplift in the price level of the new sales.

So, these are contributing to the revenue on the mobile service revenue side. Also, I think that some of the declining elements in fixed-non voice are, let's say, smaller, and we have been able to, for example, grow the B2B fixed broadband or fixed data subscription numbers.

So, that's basically these two elements which are generating for the growth in B2B and since we talk about the, mainly, service revenue elements, that typically is a significant leverage to the profitability when we are growing those elements. Timo will take the third one.

Timo Karppinen

Yeah, the third question you had about the restructure cost, so like we said here the cost itself was 4.2 million, it came from two [? 00:42:14] One is that we deported [? + 00:42:15] the Telenor [ph 00:42:18] acquisition, that was one part of it, and then second part came from the early closing and payment of these long-term incentive schemes that they were.

We will not see a similar type of cost anymore in Q4 or after that. There will be one part of these long-term incentive schemes that will be paid in June 2020. For those we will then make a smaller progress each month and will not have another sizeable cost itself that would come in any of the quarters, in the coming quarters.

But it’s really coming from this [? + 00:43:02] and the long-term incentive scheme payments and the fairness of [? + 00:43:10] that we had in this 4.2 million in Q3.

Peter Nielsen

Very good. Thank you for that.

Operator

And the next question comes from the line of Siyi He from Citigroup. Please go ahead.

Siyi He

Hello, thanks for taking my questions. I have two, please. The first one, and I look at your mobile tariffs. It went up a little bit and I was wondering if you can comment on what you're seeing in the mobile markets in Q3 and has there been any changes as we move into the early part of Q4?

And my second question is on your fixed broadband and I was hoping that you could give us some indication of what is ARPO [ph + 00:43:52] and that you are upselling into compared to your base cable broadband ARPO [ph + 00:44:00] and I think in the past you have been focusing on growing the fixed broadband subscribers. Shall we start to think that now you could adopt a more balanced approach between the broadband ARPO [ph 00:44:17] growth and the subscriber growth? Thank you very much.

Jukka Leinonen

Okay, thank you. When we look at the mobile market in Q3, I could say that the competitive intensity was slightly up from the first half of this year. I think that when you were looking for example, our churn figures in Q2, we were coming around 30.5 and now we're basically about 16.5. It was basically also up from the last year and that basically partly demonstrates that there was a higher activity by the competition towards our customer base.

Also, when we're looking about the number portability statistics, they were showing some increase in Q3. So, all in all, we can say that the intensity was slightly higher compared to the first half of this year. The positive thing is that we did not experience any, let's say, significant priceless campaigns in bigger quantities, which of course is positive because I think that at least from the DNA perspective our aim is to grow the market share. What comes in Q4, it's really hard to say as we all know this is pretty much a campaign-driven market, especially in the consumer side and therefore, it's quite hard to anticipate that what is happening.

If you remember the last couple of years, two years ago in Q4, there was a significant, very aggressive campaign initiated by failure [ph + 00:45:59]. Last year we did not have any such level of campaigning. So, it's really depending on the kind of competitor actions, what is going to happen in Q4. We are basically continuing steadily to go forward with our plans, where we want to operate with the market prices, and we are not basically planning to initiate any aggressive campaigns on our behalf, but we will be responding if there will be something excessive on the market. So, this is basically about the mobile market.

On fixed broadband, it is exactly as you said: We have been very much concentrating in gaining market share in the housing association business. We still see that there is a potential in that area and that is to do with the fact that we have a lot of customers which are basically the cable customers but who have not taken the fixed broadband and we also see that there are, let's say, possibilities to add new buildings that on decline [ph? + 47:13] of the passed-by area of our existing network. So, we will concentrate there, also in the future, to expand our customer base on the fixed broadband.

But we already have been seeing for the last, I would say 18 months, an increasing level of customer interest to upgrade their housing association base speed into the, for example, 100 megabit or higher speed levels. And I think that's one of the reasons why we are now seeing the fixed non-voice revenue returning to growth, is that we are having an impact coming from the fixed broadband upselling, which is starting to be sizable.

So, we are expecting that in the future, this trend will remain and even be stronger. So, in the longer term, we are expecting to be able to generate from this upselling campaign, more kind of fixed broadband revenues compared to what we have been seeing earlier. So, we are quite positive about that development.

Siyi He

Thank you very much.

Operator

And just as a reminder, if you do wish to ask a question, please press 01 on your telephone keypad now.

As there are no further questions, I'll hand it back to the speakers.

Marja Mäkinen

Thank you everybody for your participation and questions. Thank you, Jukka and Timo. This concludes our conference call today. Thank you once again and have a good day.