

Consumer Business: Delivering profitable growth

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**Capital
Markets
Day 2017**



Continuing to deliver profitable growth in our Consumer Business

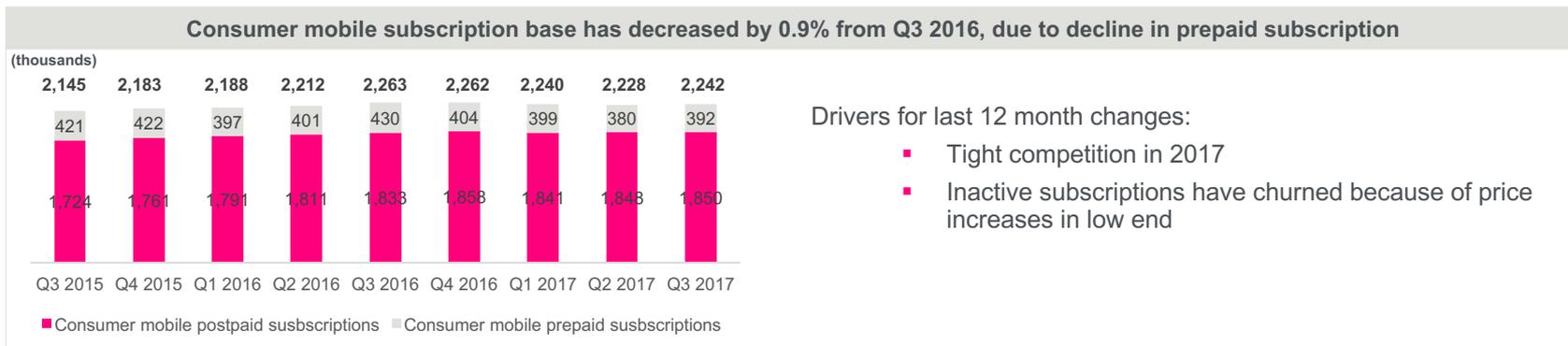
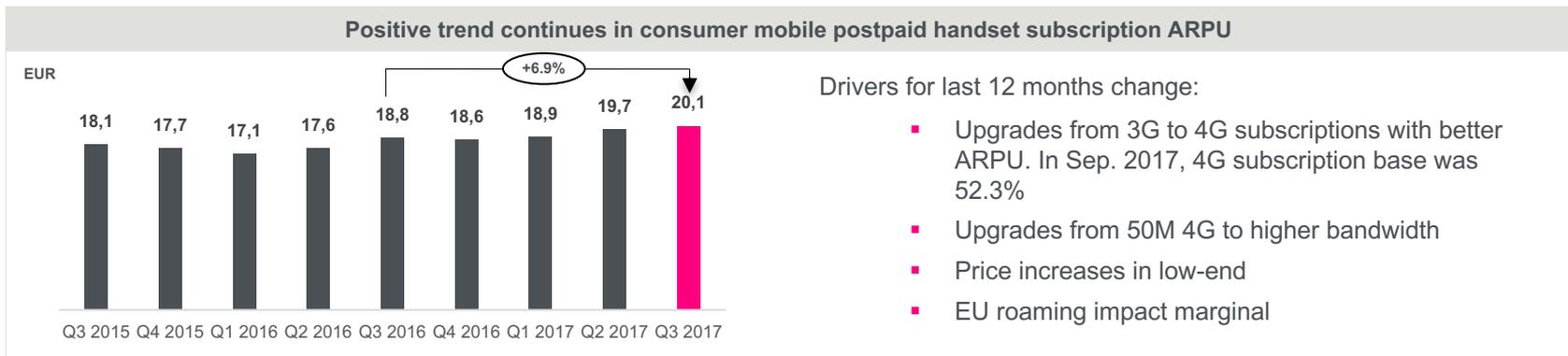
- Growing mobile service revenue
- Well-positioned in the fastest growing segments
- High customer satisfaction leads to increasing ARPU
 - Gives us an opportunity for upselling and cross-selling / growing wallet share



Our service portfolio to consumers

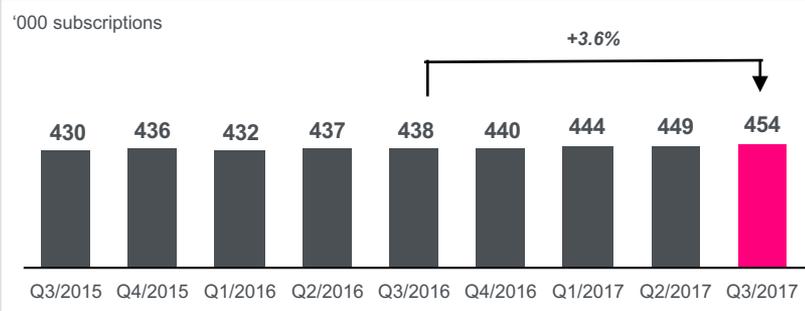
		Subscriptions (3Q/2017)
Core services	Mobile handset subscriptions	 2,242,000
	Mobile broadband subscriptions	 418,000
	Fixed Broadband subscriptions	 Nettiliittymät
Supporting offering	TV and Video services	 DNA TV 619,000 Cable-TV 278,000 DNA TV App
	Devices and accessories	 N/A
	Value-added services	 N/A

Consumer mobile post-paid subscription base and ARPU increasing



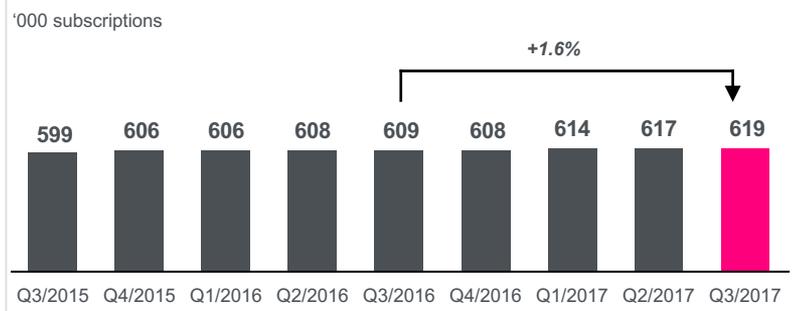
Consumer fixed broadband and cable TV subscription base increasing

DNA's fixed network broadband subscription base has increased steadily, net adds Y-o-Y +16,000 in Q3 2017



- Success in housing association market
 - Efficient upselling of additional services to a captive subscriber base
- Very small churn, less than 1% per annum
- A growing number of households use both fixed and mobile broadband

The amount of cable TV subscriptions has increased by 10,000 in Q3 2017



- All new cable TV subs are in our gigabit-class speed hybrid-fibre-coaxial (HFC) network
 - DNA is among the first operators globally that is capable of providing gigabit class broadband speeds in the entire network

...while our operational excellence improves

Increased analytics has led to ~5% lower amount of contacts per subscription



Customer care costs decreased y-on-y more than 5%

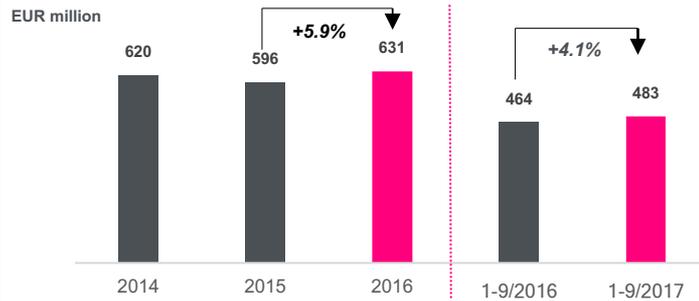


Marketing and Sales costs only slightly higher



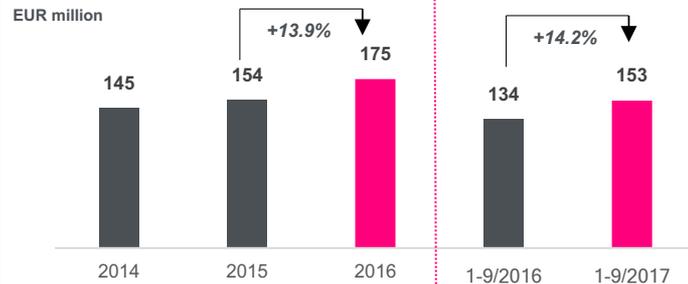
Positive performance continues in net sales and comparable EBITDA

Consumer business net sales increased in 2016 and in 1-9/2017, boosted by service revenue growth



- In 2017, net sales were driven by the growth in service revenue
- Service revenue growth is boosted in particular by the growth of DNA's mobile subscription base and increased share of 4G subscriptions

Continuous, strong growth in Consumer business comparable EBITDA



- In 2017, the increase in comparable EBITDA was fuelled by the positive development of service revenue and improved operational efficiency
- Positive mix impact in mobile business: growing high-margin service revenue and declining low-margin interconnect

MARKET TRENDS GOING FORWARD

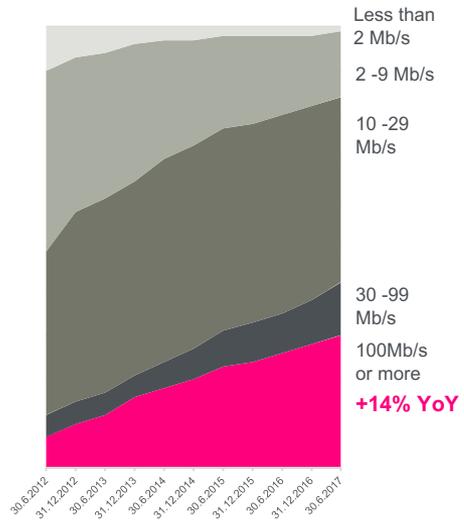
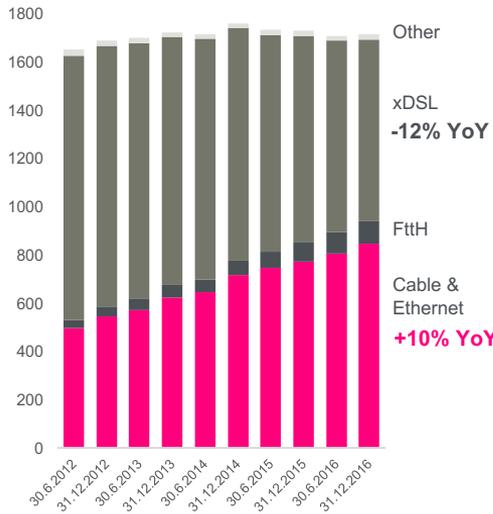
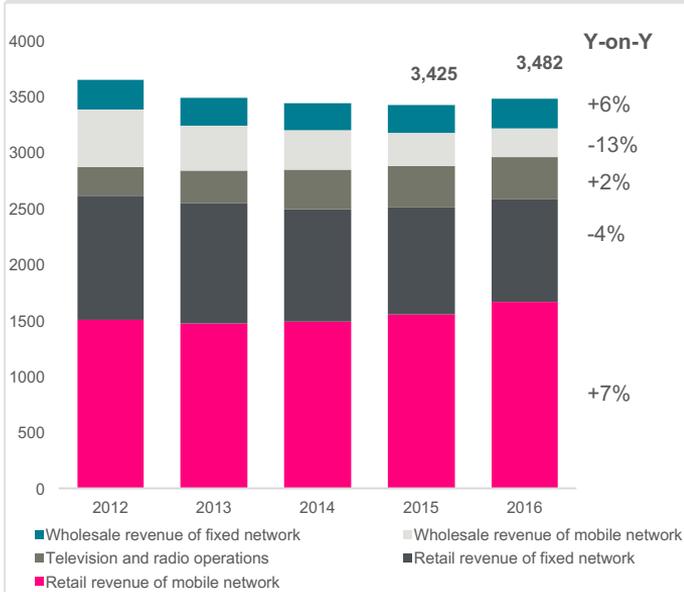
Consumer business is well positioned in the fast-growing segments

Finnish telecom market development in 2012-2017

Telecom market growing, mobile +7% y-on-y

HFC technologies winning share from legacy xDSL

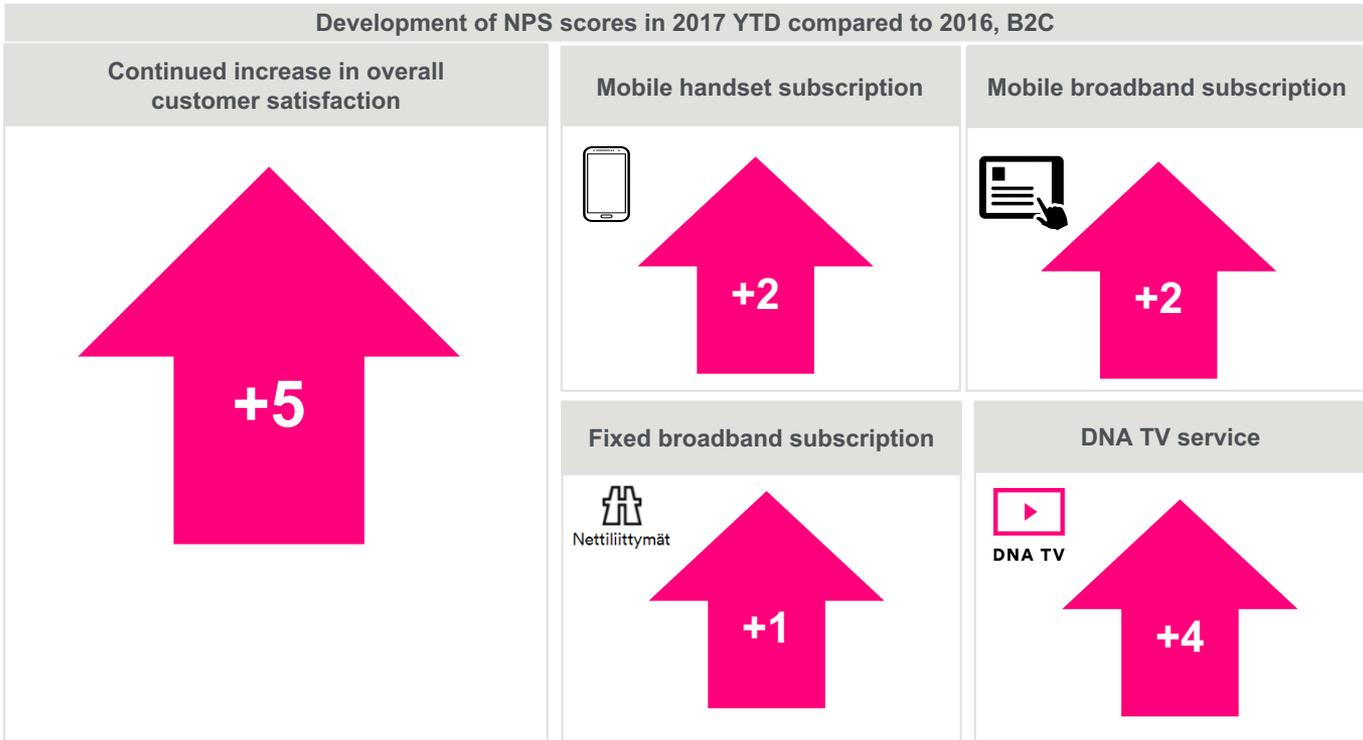
Demand for faster fixed broadband increasing



Source: Ficora

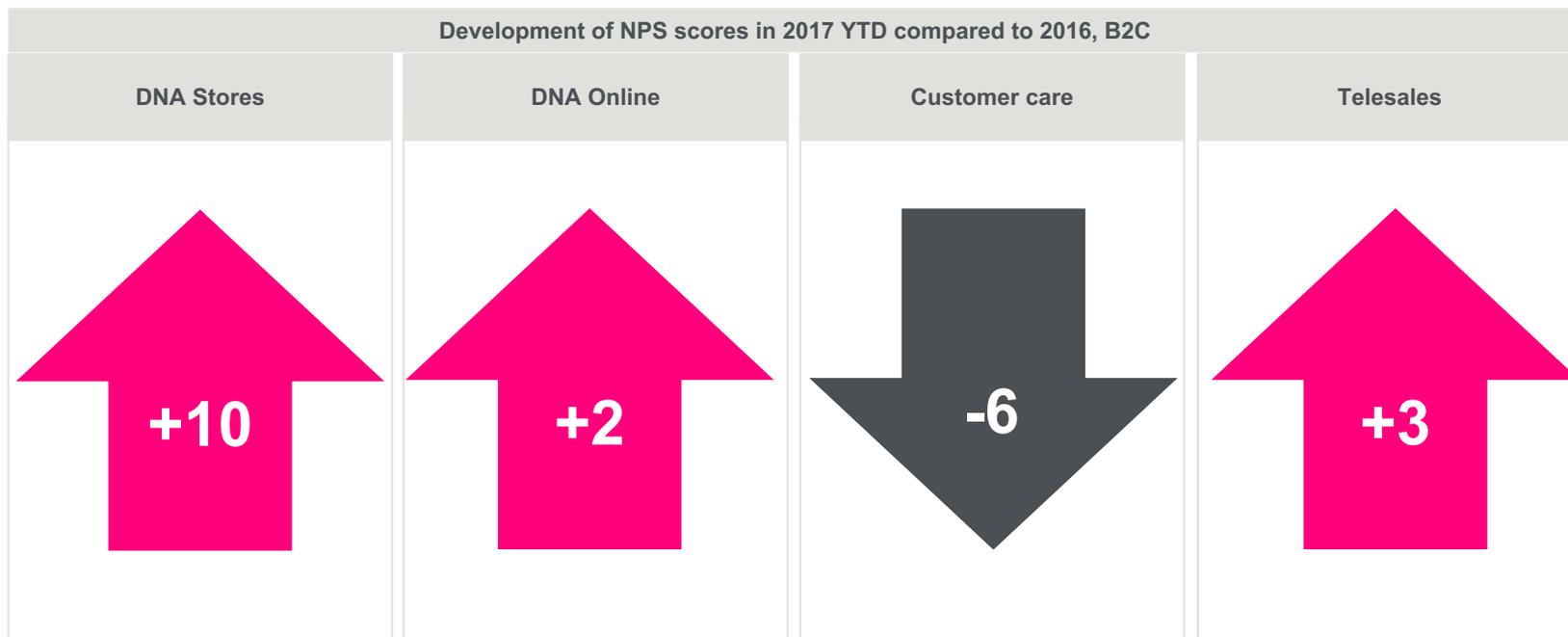
NPS SCORE INCREASED IN ALL PRODUCT CATEGORIES

Focus on excellent customer experience....



INVESTING IN CUSTOMER EXPERIENCE

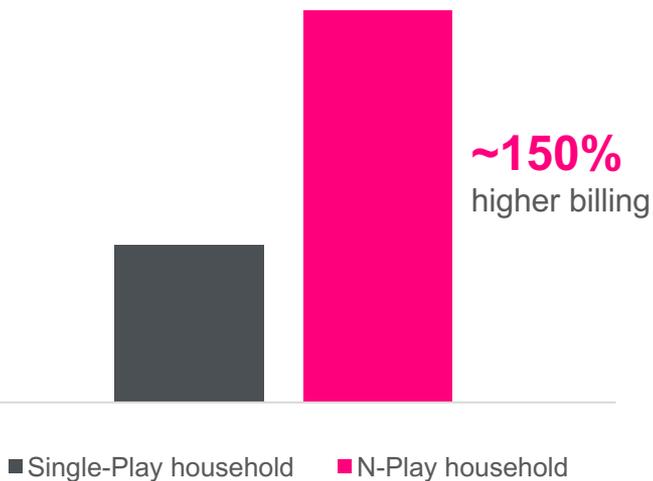
...with emphasis on excellent human-to-human service



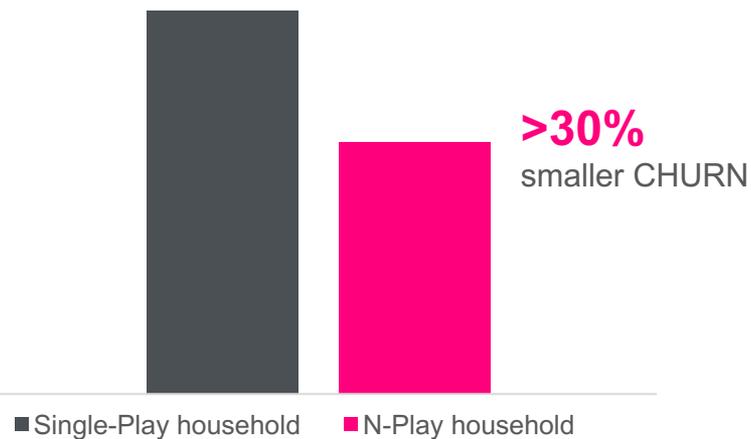
Our primary focus is to increase wallet share...

Growth in own customer base is a big opportunity

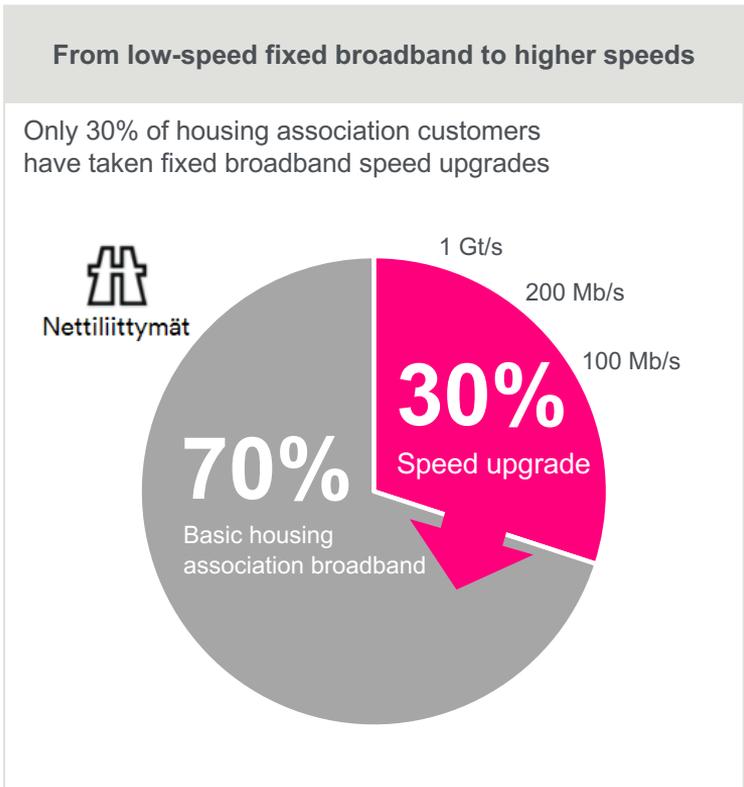
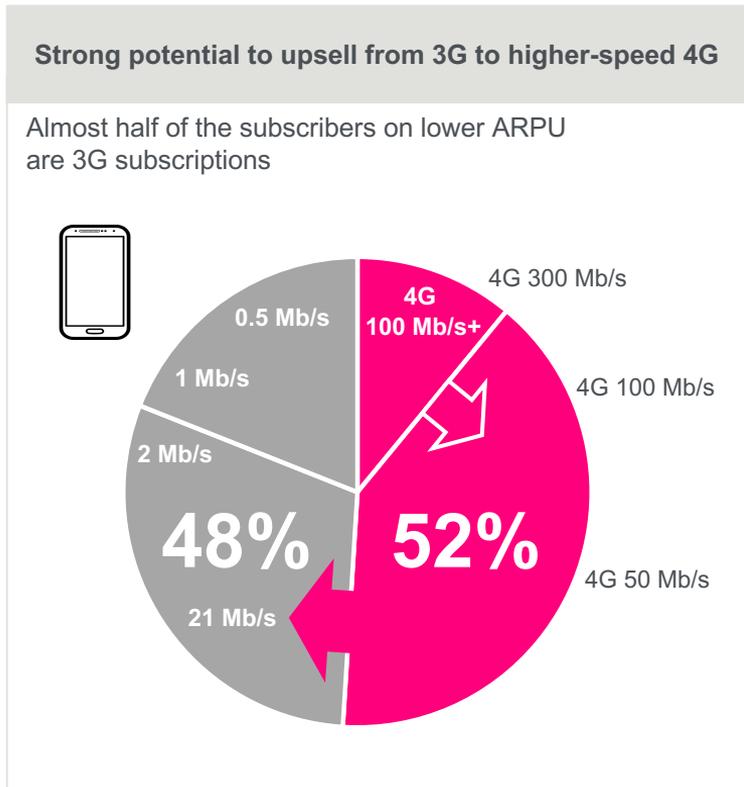
Average billing per household (EUR/month)



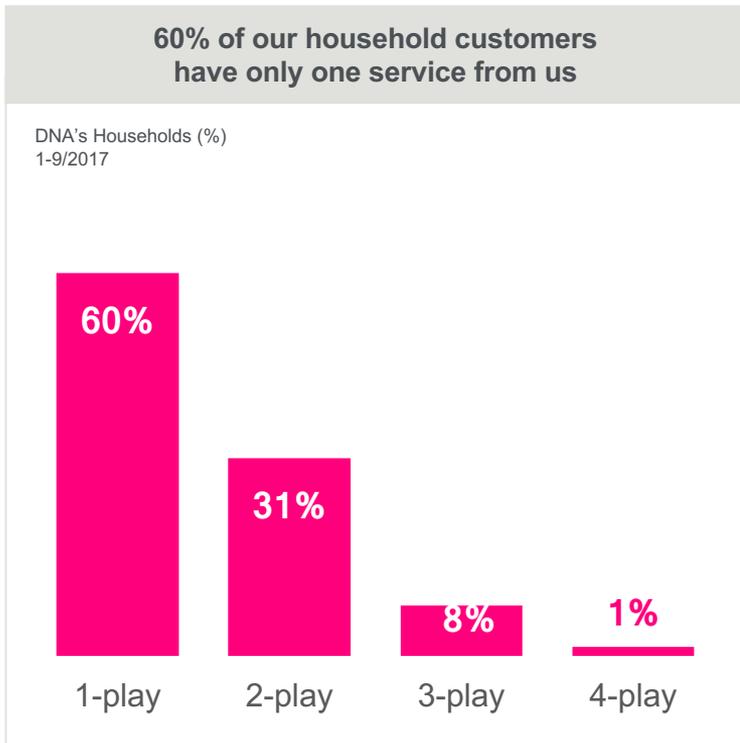
Postpaid mobile handset monthly CHURN, %



We have strong potential to both upsell...



... and cross-sell



Majority of DNA households have only one service from us

1P → 4P

Netti kotiin

Netti mukaan

DNA TV

Add-ons

F-Secure

square trade
protection plans

Carrier Billing

DEEZER

Mobililivarmenne

...and to transition of traditional pay TV business to hybrid TV

- New Android-based set-top box, DNA Hubi in stores 8/17 –
- Combines linear, IPTV and OTT TV services + the Android ecosystem of apps, games and entertainment services
- Sold primarily with a bundle including a broadband subscription
- Available throughout Finland

FIKSUIN PAKETTI



DNA TV netillä

Kaikki mitä viihteestä
nauttimiseen tarvitset.

38,90 €/kk/24 kk

Avausmaksu 3,90 €. Määräaikaisen sopimuksen
kokonaishinta 937,50 €.

+ Näytä lisää



OTT= Over-the-top application or OTT application. Any application or service that provides a product over the Internet
IPTV= Internet Protocol television (IPTV) is a system through which television services are delivered using the Internet protocol suite over a packet-switched network such as a LAN or the Internet

Management key priorities

- Grow mobile service revenue
- Build value on broadband
- Expand wallet share of our existing customer base
- Improve customer experience and operational efficiency by digitalisation of business processes





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