

A young man with blonde hair is in the foreground, holding a white smartphone to take a selfie. He is wearing a black jacket. Behind him, a young woman with long brown hair is wearing large white headphones and looking towards the camera with a slight smile. She is wearing a black turtleneck. The background is a bright, slightly blurred indoor setting, possibly a cafe or office.

# DNA Plc

## Stronger, bolder and more straightforward

DNA Investor presentation  
November 2018

# Forward looking statement

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

## DNA in brief

## Business review

### Q3 and January-September 2018 business review:

- Highlights of the third quarter of 2018
- Key operational KPIs and development of subscription base
- DNA's strategic targets and market outlook for 2018

## Financial review

- Key figures' development
- Financial targets and dividend policy

## Appendices



# DNA in brief



# DNA is one of the leading Finnish telecommunications groups

- Cost-efficiency
- Streamlined
- Agile
- Innovative

## OUR VALUES

### FAST

DNA's customers receive quick and helpful service

### STRAIGHTFORWARD

DNA's approach is clear and responsible

### BOLD

We are direct, open-minded and ready for change

## Over 4 million

Mobile communications and fixed network customer subscriptions

## EUR 886 million

Net sales in 2017

## 1,601

At the end of 2017, there were **1,601 employees** working with DNA

## Customer

is in the center of DNA's strategy

## TV

**Finland's largest cable operator** and the leading pay TV provider

## EUR 124 million

Operating result in 2017

## 64 DNA stores

Finland's most extensive retailer of mobile phones, other mobile devices and mobile subscriptions

## Strong employee satisfaction

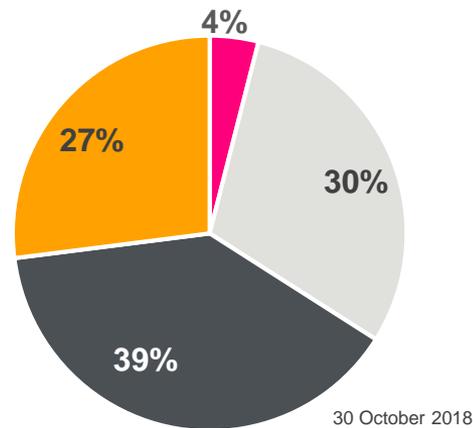
The personnel's satisfaction with DNA as an employer is at a record-breaking high level

# DNA's had an excellent first year as a listed company

- Trading in the DNA share began on the Nasdaq Helsinki Stock Exchange on November 2016
- DNA has today over 14,000 shareholders
- Market cap is EUR ~2.4 billion (19 November 2018)

Largest shareholders, 30 October 2018	% of shares
Finda Telecoms Ltd	28.3
PHP Holding Ltd	25.8
Ilmarinen Mutual Pension Insurance Company	3.6
Lohjan Puhelin Ltd	1.7
Elo Pension Company	1.4
Mandatum Life Insurance Company Ltd	0.9
Viria Plc	0.8
The State Pension Fund of Finland	0.7

## Ownership structure

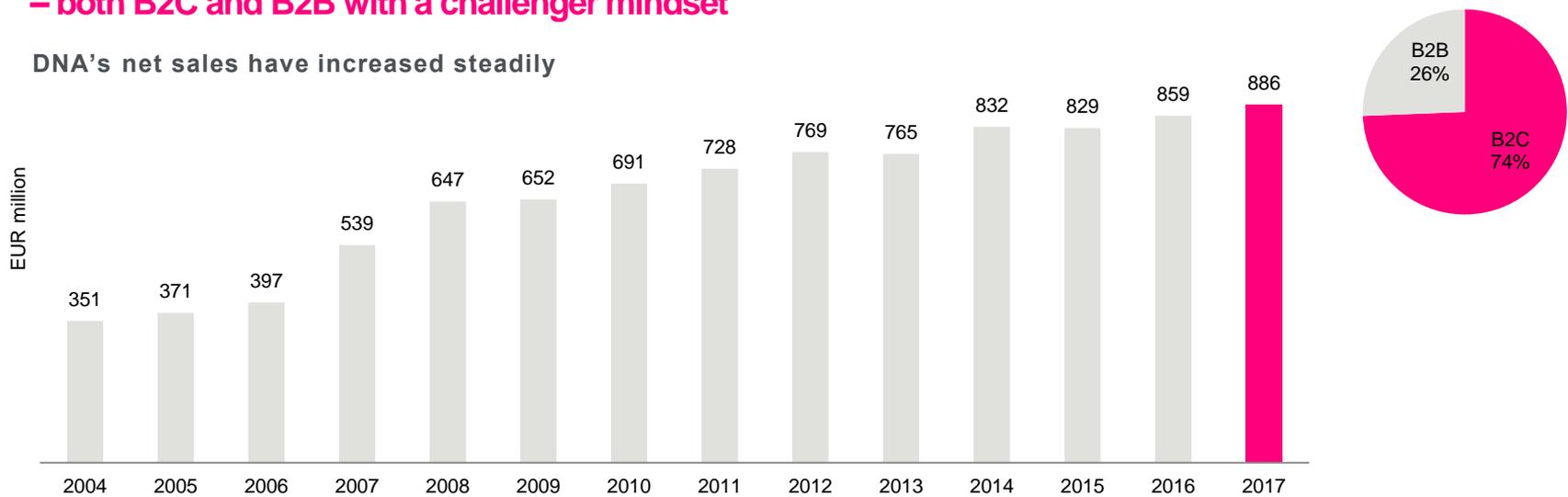


- Households
- Financial and insurance institutions
- Other Finnish institutions
- Nominee registered and non-Finnish holders

# Long-standing growth in net sales with highly successful track record in acquisition's integration

– both B2C and B2B with a challenger mindset

DNA's net sales have increased steadily



**2001**  
DNA launches mobile services

**2003**  
DNA acquires Telia Mobile Finland

**2007**  
6 local fixed line operators merged to DNA

**2010**  
DNA acquires Welho, the leading cable company in Finland

**2011**  
DNA acquires Forte Netservices

**2013**  
DNA acquires PlusTV, the leading pay-TV operator

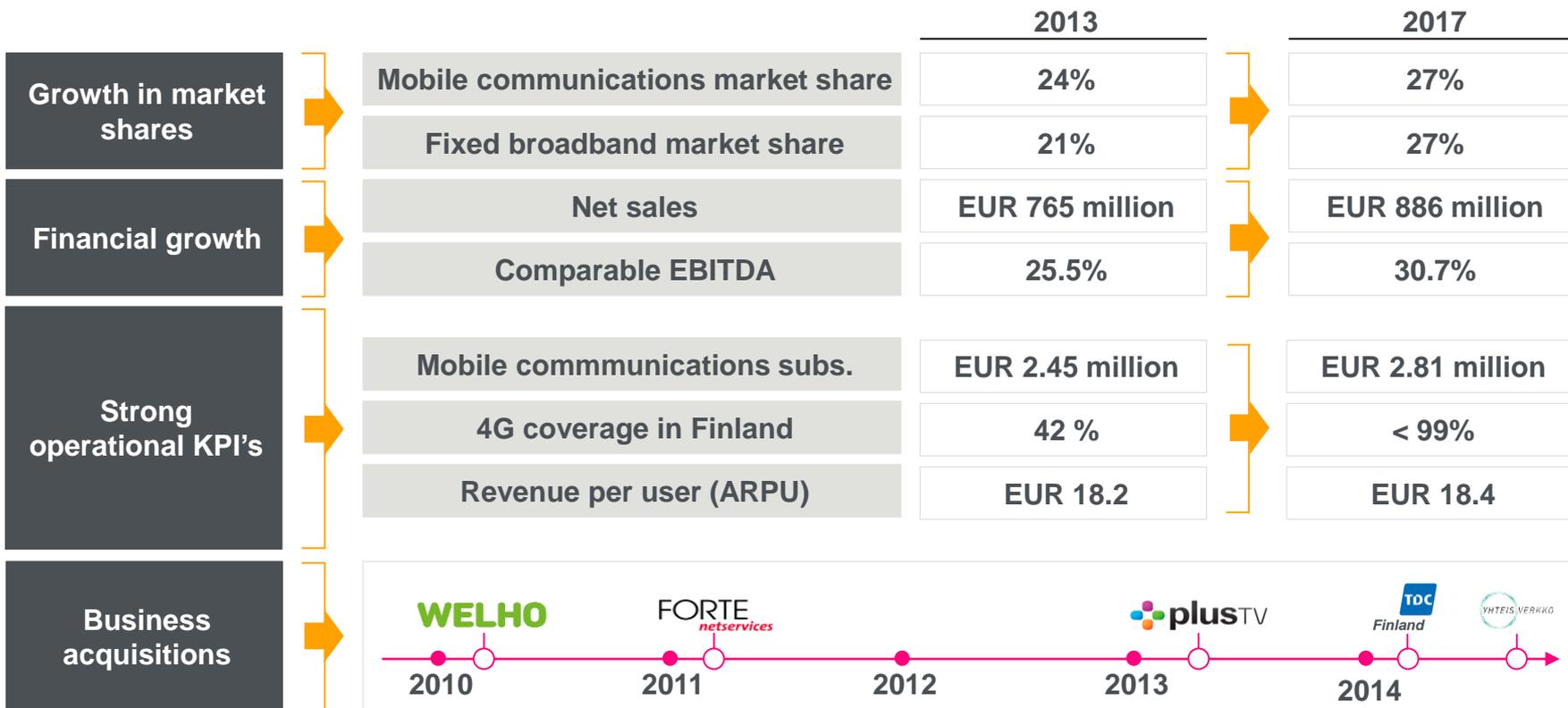
**2014**  
DNA acquires TDC's Finnish operations & Finnish Shared Networks Ltd is founded

**2015**  
All DNA business operations under a single brand

**2016**  
DNA becomes a listed company

**2017**  
DNA's net sales and operating result reach record levels

# Strong development in DNA's business



# Telecommunications market in transition

The **exponential growth of mobile data** has been an important industry trend in recent years.

The emerging **Industrial internet applications** will further expand the volume of data traffic, providing new kinds of growth opportunities.



## Trend 1

The demand for **faster and better-quality connections** is growing at an increasing pace – mobile broadband traffic volumes are fuelled by the growing number of smart phones and other smart devices.

## Trend 2

Customers lead increasingly **digital lives** and want a seamless experience regardless of the service channel

## Trend 3

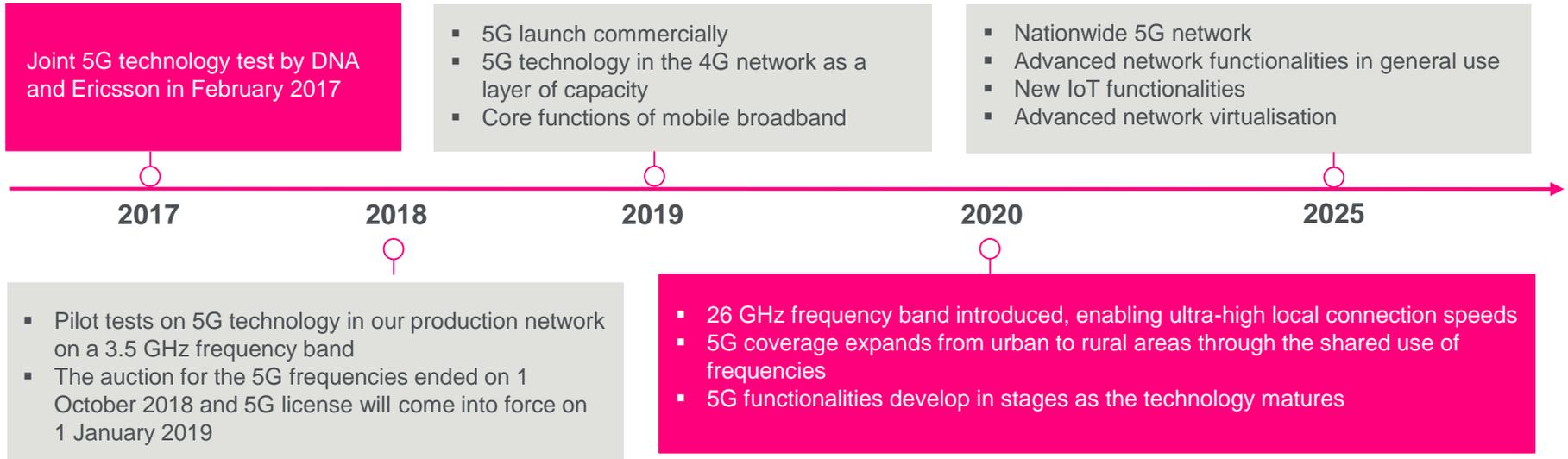
The strong growth of the variety of services and smart devices continues – **the best global services will gain a stronger foothold**

## Trend 4

**Mobile working, digitisation and the Internet of Things** will make business more flexible and productive

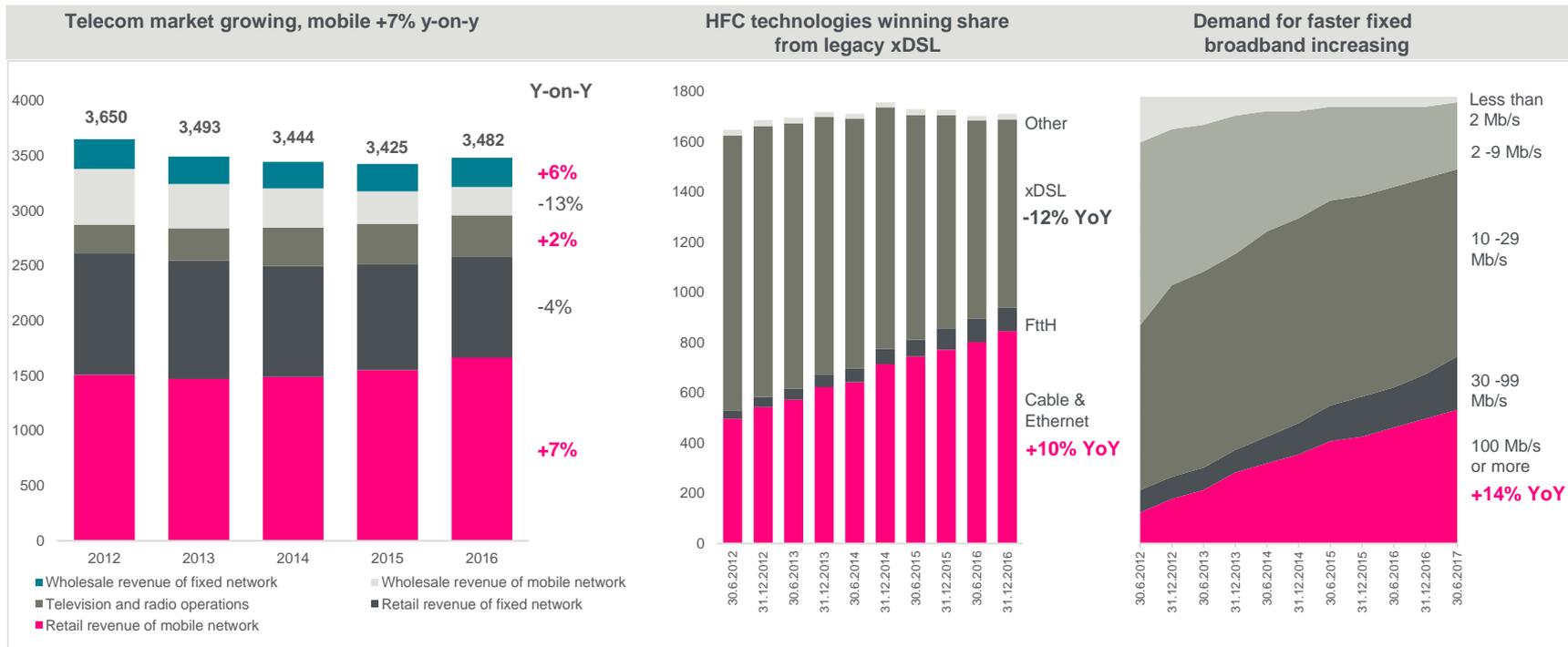
# DNA wins 5G frequency band – 5G will multiply data transfer speeds

- DNA has been preparing its mobile network for the 5G era since 2016 and 5G services will be provided to customers during next year, enabling connection speeds of over 1 gigabit per second
- On 1<sup>st</sup> of October DNA won 5G frequency band in the Finnish Communications Regulatory Authority's frequency auction for a price of EUR 21 million
- In first phase, 5G will enable fast and stable connections in many properties that cannot get an optical fibre connection



# Finnish telecom market development

– High potential to upsell highest speed connections



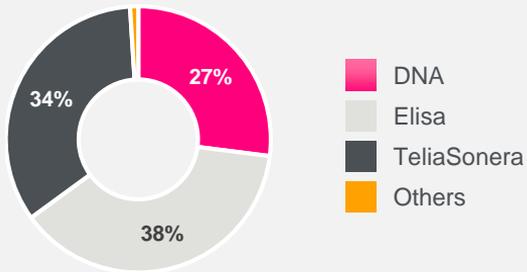
Source: Ficora  
 FttH: Fiber to the home (optical fiber technology)  
 HFC: Hybrid fixed-coaxial network (Cable network based on optical fiber)  
 xDSL: Includes technological solutions ADSL and VDSL (offers digital information transfer through copper wire)

# Strong foothold in the growth markets

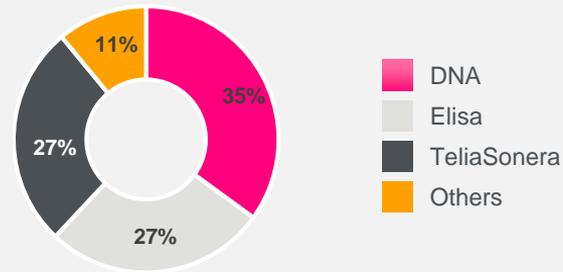
– DNA's market shares increased in mobile communications and fixed broadband in 2017

Growth markets

Mobile communications (voice and broadband)

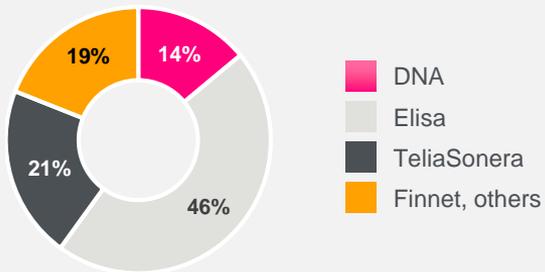


Cable TV and IPTV

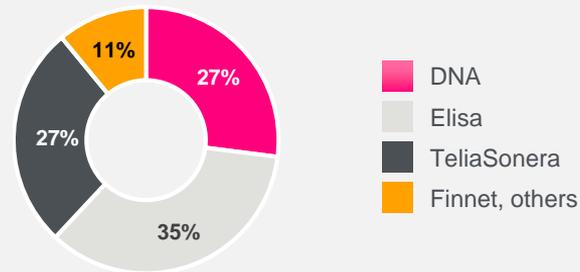


Established markets

Fixed voice



Fixed broadband



Source: Finnish Communications Regulatory Authority, FiCom

# DNA's strategy summary

– The cornerstone of DNA's strategy is customer satisfaction

## Main assumptions behind our strategy

<b>1</b> Growing demand for faster, good quality mobile connections accelerates	<b>2</b> Seamless, multi-channel customer experience and personal customer relationship - digitalization and physical channels unites	<b>3</b> The best ecosystems and end-customer solutions globally, gets stronger foothold	<b>4</b> B2B: Mobile work, digitalization, IoT, and centralized ICT sourcing
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## Our vision and mission

### THE MOST SATISFIED CUSTOMERS

We want to make our customers' lives more inspiring, productive and entertaining. We provide connections, services and devices – in a clear, easy and cost-effective manner.

## Aspired differentiation

Customer experience – especially in essential interaction with DNA  
 Attitude – Service minded attitude according to our values

*Positive memory trace as a goal – in every customer meeting*

## Our values

**Fast – Straightforward – Bold**

## Our strategic goals

1. The most satisfied consumer and corporate customers
2. Industry-leading financial development
3. Faster than average market growth
4. Becoming one of the most desired employers in Finland

# DNA's footprint in society

## DNA Value Creation

### What We Build On

- A Team of Top Professionals**
- Motivated employees all over Finland
  - Committed partners

- Fast High-Quality Connections**
- Excellent mobile and fixed network
  - Modern high-quality TV networks
  - Service platforms, cloud services and data centre services

- Intangible Assets**
- Good reputation and strong brand
  - Trust of customers
  - Sustainable operations

- Financial Resources**
- Nation-wide store network
  - Own mobile network and fixed network
  - Mobile network licences
  - Strong financial position and investment capacity

### The DNA Way

**Offering**  
Products and services  
develop with the customers' needs

**Know-how**  
Skilled workforce enables  
high-quality customer experience

**Understanding**  
Understanding the changing  
service needs of customers  
Understanding of customer  
behaviour based on data and analytics

**Our Values**  
Fast, bold,  
straightforward

**Our Vision**  
The most satisfied  
customers in the  
market

### What We Produce

- Private Customers**
- Voice and data services in mobile networks
  - Voice and broadband services in fixed networks
  - Entertainment and television services
  - Device sales

- Corporate Customers**
- Mobile and communications solutions
  - Corporate network solutions
  - Corporate data security services
  - Value added services for corporate networks
  - Device sales
  - Wholesale and virtual operator services

### The DNA Footprint

- Societal**
- Building and developing the infrastructure necessary for the society: 4G networks cover 99.7% of the population, over 3.9 million mobile and fixed network subscriptions
  - Digital connections and devices for consumers' everyday life
  - Improving the competitiveness of corporate customers

- Social**
- Direct and indirect employment: About 1,600 own employees
  - High employee satisfaction: 83% of employees consider DNA a great place to work (Great Place to Work® survey)
  - Family-friendly workplace
  - Development of employees' skills
  - Excellent customer experience

- Economic**
- Profitability: Operating result EUR 124 million
  - Investments: EUR 144 million
  - Earning per share: Dividend payout ratio about 70–90% of free cash flow to equity
  - Salaries and benefits: EUR 111 million
  - Taxes and tax-like payments: EUR 176 million
  - Purchases from suppliers: EUR 507 million

- Environmental**
- Direct and indirect CO<sub>2</sub> emissions: 208,000 tCO<sub>2</sub> (Scope 1, 2 and 3)
  - Development of the network's energy efficiency
  - Reducing customers' CO<sub>2</sub> emissions with DNA solutions
  - Recycling of terminal equipment at DNA Stores

# We make sustainable business

## Responsibility towards the customer

DNA's corporate responsibility strategy emphasises DNA's responsibility towards the customer, especially in customer service and sales. In 2016, over 900 DNA employees participated in corporate responsibility training, and 700 more in 2017. In the trainings, the most important topic has been how DNA gains reputation as a responsible company, and how each employee can contribute to this.

## Record high job satisfaction

DNA aims to be one of the most desired employers in Finland. In 2018, in the Great Place to Work® research, DNA was awarded as the second best workplace in Finland in the category of large organisations. In addition, DNA was the first publicly listed company – and the first large company in Finland – to be recognised as a Family Friendly Workplace by the Family Federation of Finland.

## Reducing climate impact

DNA has signed up to Society's Commitment to Sustainable Development with a commitment to reduce the company's climate impact. DNA's emissions from the radio network in proportion to annual data transfer volumes have decreased by almost 90% in comparison to 2014. DNA uses renewable energy, which has decreased the company's indirect greenhouse gas emissions by approximately 50% from 2014.

# Business review



# July-September 2018: DNA's profitability was all-time high

For 2018, as required by the IFRS standards, the graphs and tables contain figures reported according to the IFRS 15 and IFRS 9 standards adopted on 1 January 2018 and, as required by IFRS 15, figures adjusted are disclosed as if they were prepared under 2017 revenue guidance. The comparative analysis in the presentation is disclosed as if the figures were prepared under 2017 revenue guidance.

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**Net sales increased 4.3% and amounted to EUR 228.2 million (218.8)**

  - Mobile device sales were up 34.9% from the reference period
  - The growth was fuelled by strong mobile device sales and mobile service revenue, which was boosted in particular by the growth of the mobile subscription base and the favourable development of ARPU
  
- 

**Good development of mobile service revenue improved profitability, EBITDA share of net sales was 33.5%**

  - EBITDA increased 5.4% and was EUR 76.5 million (72.6); positive development was driven by growth in mobile service revenue and improved operational efficiency
  - The operating result increased 3.4% from strong reference period and was EUR 38.6 million (37.3), percentage of net sales was 16.9% (17.0%)
  
- 

**Strong momentum of operational KPI's**

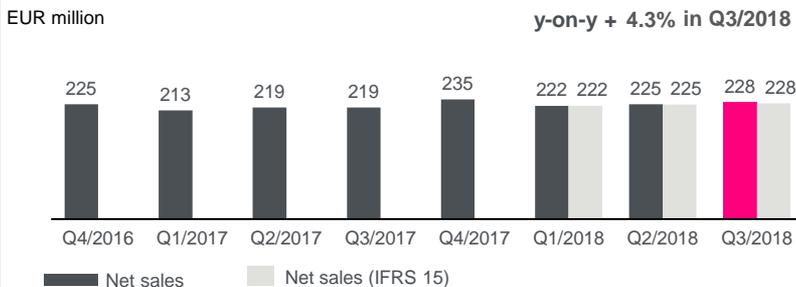
  - Revenue per user for mobile communications (ARPU) increased slightly and amounted to EUR 18.9 (EUR 18.5)
  - The subscription turnover rate (CHURN) was at a low level and was 15.8% (19.1%)
  - Mobile subscription base grew by +65 000 from the reference period and was 2,855,000 subscriptions, growth from the end of June 2018 +28 000 subscriptions
  - Subscription base for fixed broadband and cable-TV services increased by +32,000 and totalled 1,105,000 subscriptions

**Notes**

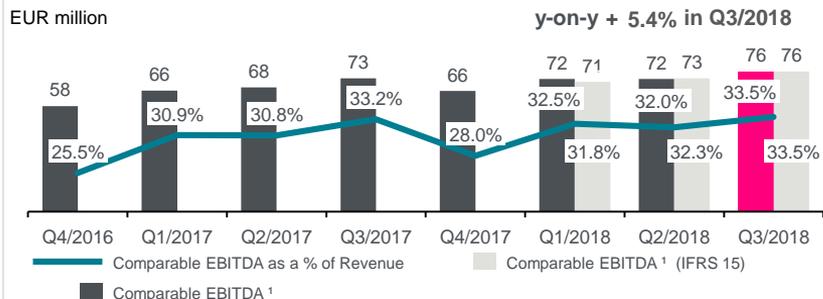
\*Mobile service revenue = revenue generated by mobile subscriptions. Consumer and corporate mobile communication and mobile broadband services, corporate M2M services and corporate mobile virtual network operator (MVNO) services.

# July-September 2018 – Net sales and EBITDA increased

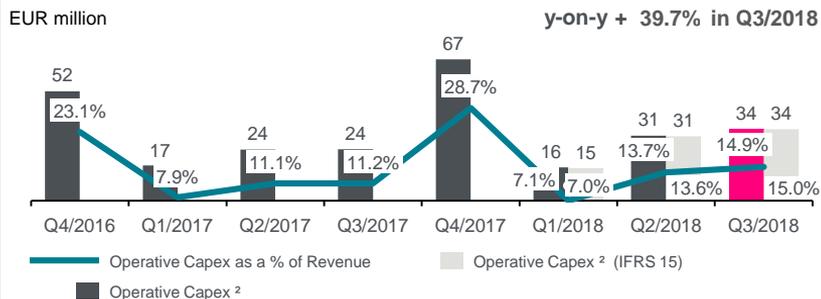
**Growth of mobile service revenue (+5.7%) and strong mobile device sales (+34.9%) boosted quarters' net sales**



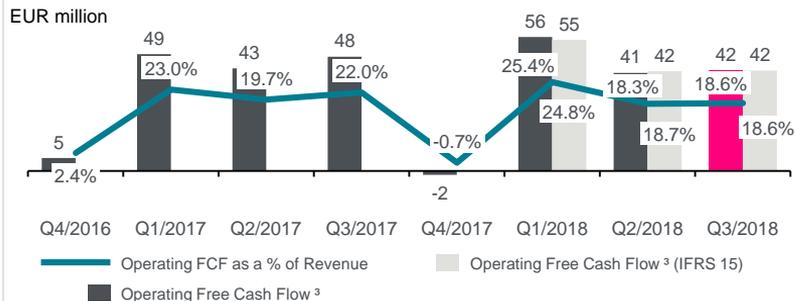
**EBITDA<sup>1</sup> improved 5.4% from the reference period and margin was +33.5%**



**Operative capex<sup>2</sup> increased year-on-year, whole year 2018 expected to remain at a similar level to 2017**



**Operating free cash flow<sup>3</sup> decreased from the reference period level**



**Notes**

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

# January-September 2018: Strong development in DNA's key figures

EUR 676.0  
million  
+3.8%<sup>1</sup>

Net sales

2.855,000  
+65 000<sup>1</sup>

Mobile communications subscriptions

EUR 220.9  
million  
+7.2%<sup>1</sup>

EBITDA

EUR 333.6  
million  
+7.3 %

Mobile service revenue

EUR 140.1  
million  
-0.3%<sup>1</sup>

Operative free cash flow

16.7%

Mobile CHURN for postpaid subscriptions

EUR 389.3  
million  
1.32

Net debt

Net debt/ EBITDA

1.105,000  
+32,000<sup>1</sup>

Fixed broadband and cable TV subscriptions

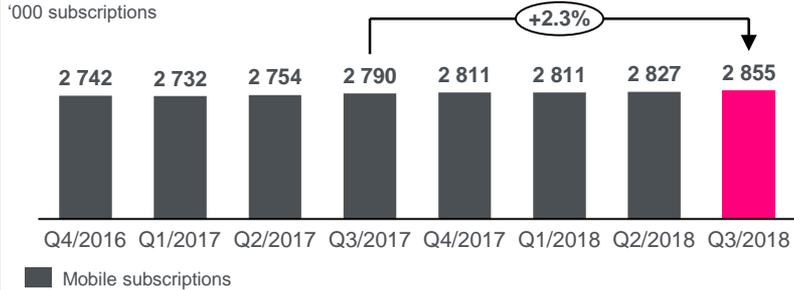
## Notes

<sup>1</sup> Compared to January-September 2017

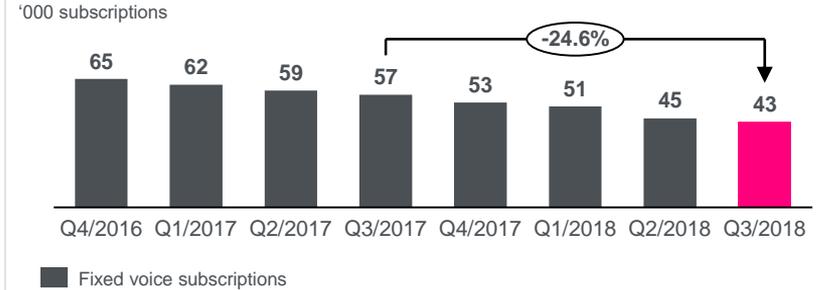
CHURN = Customer turnover rate

# Mobile communications network and fixed network subscription bases grew

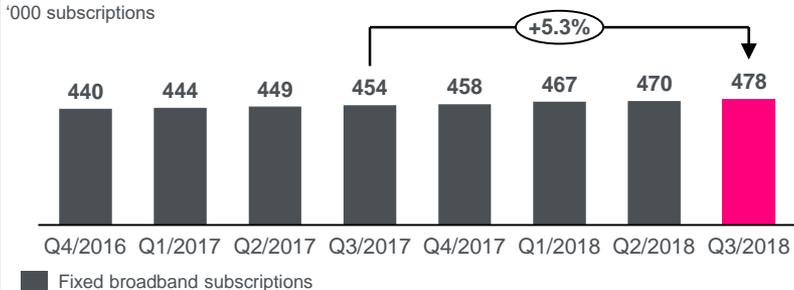
Mobile communication network subscription volumes up by 65,000 from the reference period



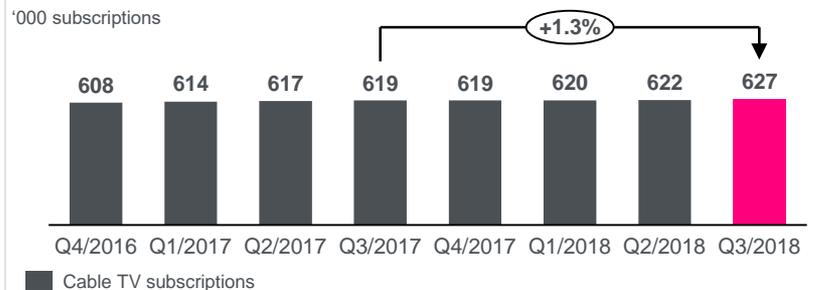
Our customers kept moving away from using fixed-voice subscriptions



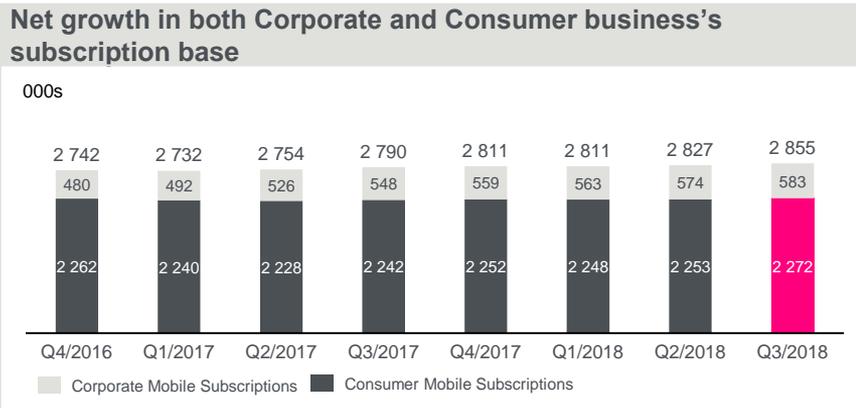
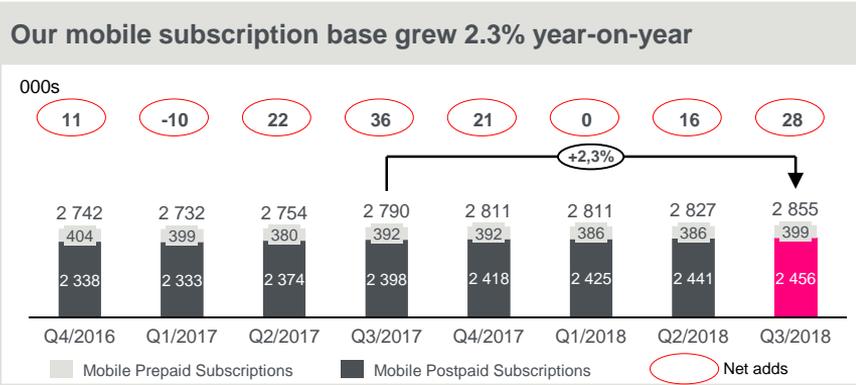
Fixed network broadband subscription base increased by 24,000 subscriptions



Cable TV subscriptions increased by 8,000



# Subscriptions in mobile network increased strongly during Q3 2018

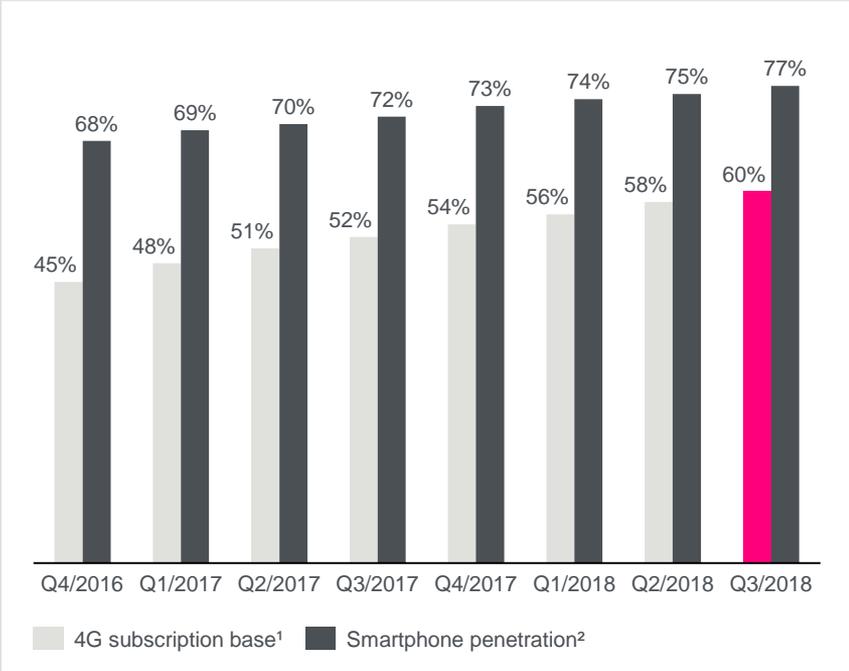


## Key highlights in July-September 2018

- Mobile communication subscription volumes were up 65,000 year-on-year
  - ✓ + 6,000 prepaid mobile subscriptions
  - ✓ + 67,000 postpaid mobile subscriptions
- OR
- ✓ + 25,000 new Consumer Business customer subscriptions
- ✓ + 48,000 new Corporate Business customer subscriptions
  
- Mobile subscriptions increased from the end of June 2018
  - ✓ + 5,000 consumer customer subscriptions
  - ✓ + 11,000 corporate customer subscriptions

# Steady growth in 4G subscription base and smartphone penetration

## 4G subscription base and smartphone penetration



## Key highlights in July-September 2018

- 4G subscription base penetration increased in Q3 and was 59,6%
- Smartphone penetration continued to increase and was 77%
- Practically all phones sold in the market were smart phones and mostly 4G models

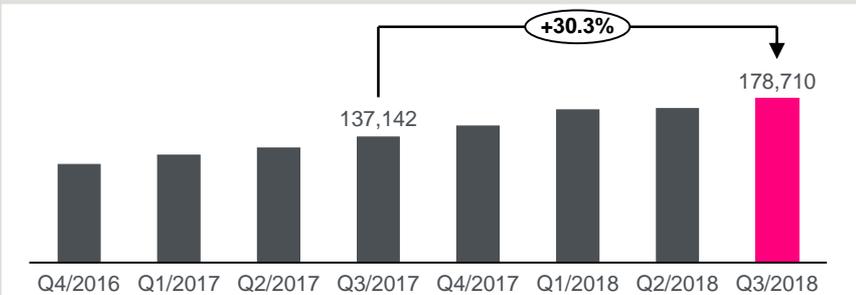
### Notes

1. Share of mobile postpaid handset subscriptions in Consumer business, includes subscriptions with data transfer of 50 megabits per second or more

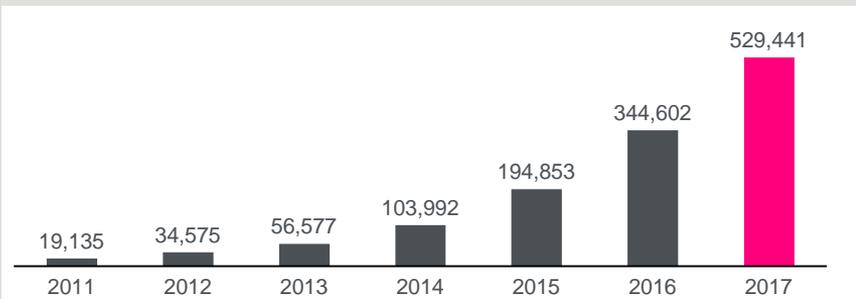
2. iOS (iPhone)-, Bada-, MeeGo-, Android-, Blackberry-, Symbian 3~ and Windows phones of the total phone base

# About 91% of all mobile data usage was transferred in 4G network

Mobile data traffic (GB, '000)



Mobile data traffic (GB, '000)



Key highlights in July-September 2018

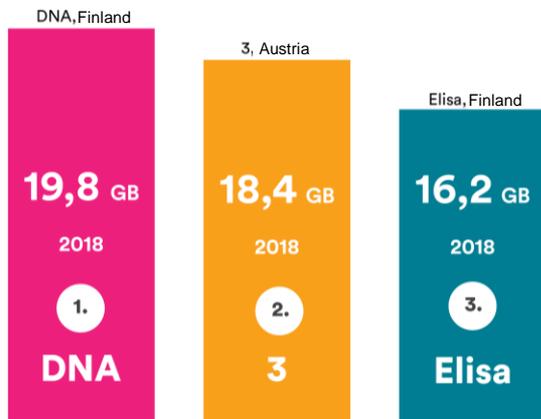
- DNA's 4G mobile data traffic increased in the third quarter 38% from the reference period
- DNA's total data traffic volume in the mobile communications network increased by 30%, also data volume per subscription continued to grow
- In the past two years, the quantity of data transferred in DNA's mobile communication network has increased by 120%, and the trend is expected to continue with the expansion of 5G

# DNA's customers use most mobile data per subscription

## Tefficient's report: DNA's customers use the most mobile data per subscription

Gigabytes/reported sim/month, reported operators 1H 2018

### World's top 3



## Mobile data usage per subscription continues to increase

- DNA's average data volume per mobile subscriber in the first half of 2018 was around 19.8 gigabytes/month
  - In 2017, DNA's mobile data usage per subscription was still 15.9 gigabytes per month
  - In August 2018, an average of 21 gigabytes of mobile data per subscription was used in DNA's network
- The proliferation in mobile viewing of moving images is the key factor in the growth of mobile-network data traffic

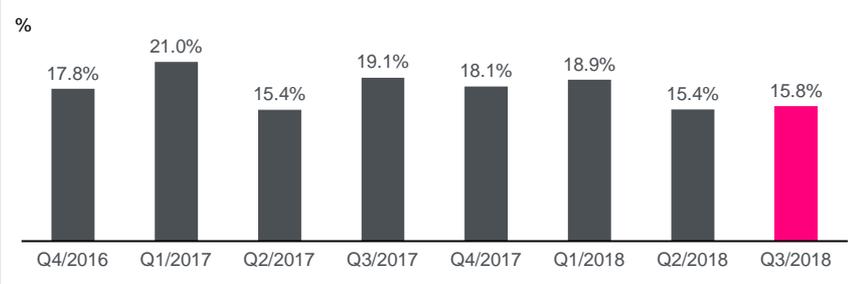
Source: Tefficient: <https://tefficient.com/more-data-always-for-more-it-happens/>

# In the 3<sup>rd</sup> quarter, the subscription turnover rate (CHURN) was low; 15.8%

## Mobile postpaid ARPU increased year-on-year



## Mobile communication CHURN (postpaid) decreased compared to the reference period



### Notes

1. Share of mobile postpaid handset subscriptions in Consumer business, includes subscriptions with data transfer of 50 megabits per second or more  
 ARPU = Average revenue per user  
 CHURN = Subscription turnover rate

## Key highlights in July-September 2018

- ✓ Demand of 4G subscriptions continued to grow steadily
  - 4G subscription base 59.6%<sup>1</sup>
  - 4G subscription base has increased 7.3 %-points year-on-year (Q3/2017: 52.3%)<sup>1</sup>
  - 1.9% increase in ARPU from the reference period
  
- ✓ High customer satisfaction and our ability to react fast to competitors' campaigns decreased CHURN
  - CHURN was 15.8% (Q3/2017: 19.1%)
  - CHURN was at the level of previous quarter (Q2/2018: 15.4%)

# Growth in fixed broadband and cable-TV subscription base

## Fixed broadband subscriptions in stable growth



## Key highlights in July-September 2018

- ✓ Ongoing stable growth of consumer fixed broadband subscriptions, with net +24,000 subscriptions added
- ✓ Fixed-network broadband customers continue to switch to housing association broadband subscriptions and faster speeds

## Steady increase in cable TV subscriptions



## Key highlights in July-September 2018

- ✓ Stable cable-TV subscription base, with net +8,000 subscriptions added
- ✓ The use of streaming and on-demand video services continued to grow, while traditional TV viewing minutes decreased slightly

# We continue to strengthen the foundation of our competitiveness

Team of top experts



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



Modern IT systems and analytics



Speed and cost-effectiveness



# We are on track to achieve our strategic objectives



The most satisfied consumer and corporate customers

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



Industry-leading financial development

Faster than average market growth



# Market outlook for 2018

Bank of Finland forecasts GDP growth to be moderate. We expect market for mobile network services to grow in 2018 and competition to remain intense.

Mobile data use will continue to grow as users increase their use of digital services and OTT video services.

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

The SMS and voice revenue in the mobile communication network is forecasted to decrease somewhat.

In the consumer market, demand for broadband and entertainment services in particular is expected to increase.

The market for fixed-network voice services is expected to continue declining. The demand for traditional pay-TV services is expected to decline further.

The demand for Industrial Internet solutions, and subsequently for M2M subscriptions, is expected to grow.

Growing demand of cloud and entertainment services increases the demand for high-speed and high-performance networks.

A high-angle, top-down photograph of a person with vibrant red hair, seen from behind, sitting at a light-colored wooden desk. The person is wearing a grey and white checkered blazer and is actively typing on a silver laptop. The laptop screen displays a dark interface with a central logo and some text. To the left of the laptop is a white coffee cup on a saucer with a spoon. To the right, a blue smartphone is connected to a white power bank. The overall scene is brightly lit, suggesting a professional or office environment.

# Financial review

# Positive development in financial KPI's

EUR, million	Q3/2018*	Q3/2018 adjusted	Q3/2017	Change %	1-9/2018*	1-9/2018 adjusted	1-9/2017	Change %	1-12/2017
Net sales	<b>227.5</b>	<b>228.2</b>	218.8	4.3%	<b>674.8</b>	<b>676.0</b>	651.5	3.8%	<b>886.1</b>
Comparable EBITDA	<b>76.3</b>	<b>76.5</b>	72.6	5.4%	<b>219.5</b>	<b>220.9</b>	206.1	7.2%	<b>271.8</b>
% of Net Sales	<b>33.5%</b>	<b>33.5%</b>	33.2%		<b>32.5%</b>	<b>32.7%</b>	31.6%		<b>30.7%</b>
Comparable Operating Result	<b>39.3</b>	<b>38.6</b>	37.3	3.4%	<b>110.5</b>	<b>108.6</b>	96.6	12.4%	<b>126.6</b>
% of Net Sales	<b>17.3%</b>	<b>16.9%</b>	17.0%		<b>16.4%</b>	<b>16.1%</b>	14.8%		<b>14.3%</b>
Net Result	<b>29.6</b>	<b>29.1</b>	27.8	4.4%	<b>81.1</b>	<b>79.6</b>	71.5	11.3%	<b>93.1</b>
% of Net Sales	<b>13.0%</b>	<b>12.7%</b>	12.7%		<b>12.0%</b>	<b>11.8%</b>	11.0%		<b>10.5%</b>
Operative Capex	<b>34.0</b>	<b>34.1</b>	24.4	39.7%	<b>80.2</b>	<b>80.8</b>	65.6	23.3%	<b>132.9</b>
% of Net Sales	<b>15.0%</b>	<b>14.9%</b>	11.2%		<b>11.9%</b>	<b>12.0%</b>	10.1%		<b>15.0%</b>
Operating FCF <sup>1</sup>	<b>42.3</b>	<b>42.4</b>	48.1	-12.0%	<b>139.4</b>	<b>140.1</b>	140.6	-0.3%	<b>138.9</b>
Net Debt					<b>389.3</b>	<b>389.3</b>	302.0		<b>304.3</b>
Net Debt / EBITDA					<b>1.33</b>	<b>1.32</b>	1.10		<b>1.12</b>

#### Notes

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

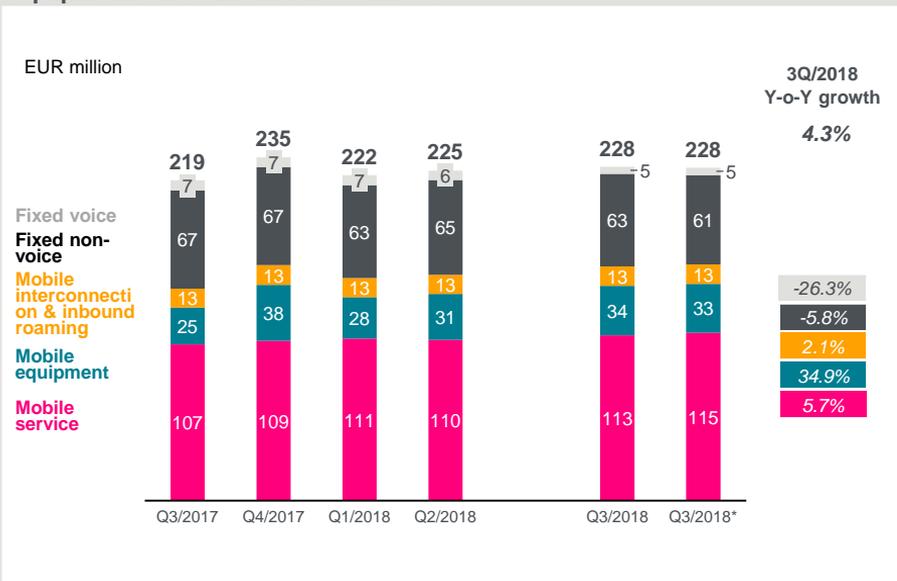
Figures adjusted are disclosed as if they were prepared under 2017 revenue guidance, excluding the impact of IFRS 15 standard adopted on 1 January 2018.

\*Including IFRS 15



# Mobile service revenue increased 5.7% year-on-year

Net sales for the quarter were supported by strong growth in mobile equipment sales and mobile services



Notes  
\*Including IFRS 15

## Key highlights in July-September 2018

- Mobile service revenue grew 5.7% from the reference period
  - The growth was fuelled particularly by the growth in mobile subscriptions base and increased share of high-value 4G subscriptions
  - Average revenue per user (ARPU) grew 1.9% and was EUR 18.9
- Mobile equipment sales were strong and increased by 34.9%
- Revenue from fixed voice continued to decline as expected
- Mobile interconnection decreased slightly from the reference period
- Fixed non-voice has been impacted in particular by declined sales of pay TV

# Profitability was boosted by increased mobile service revenue and improved operational efficiency

## Consumer business in Q3

Net sales EUR 172.6 million (+6.2%)

- + Net sales were driven by the growth in mobile service revenue and mobile device sales
- + Revenue per user (ARPU)<sup>1</sup> increased +2.3% and was EUR 20.5

EBITDA EUR 59.1 million (+11.4%)

- + The increase was fuelled by the positive development of mobile service revenue and operational efficiency

## Corporate business in Q3

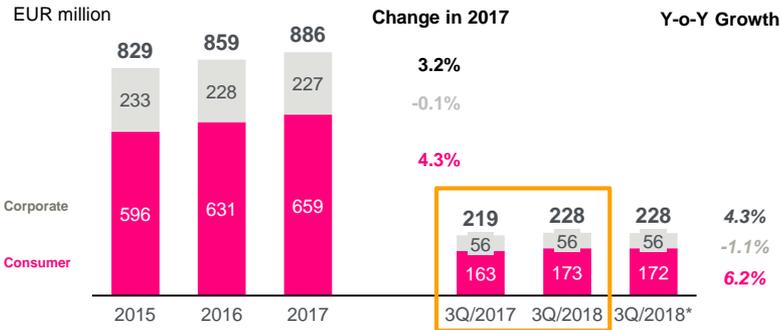
Net sales EUR 55.6 million (-1.1%)

- + Corporate customers' mobile ARPU remained in the reference period's level and was EUR 13.3
- Fixed voice net sales continued to decrease

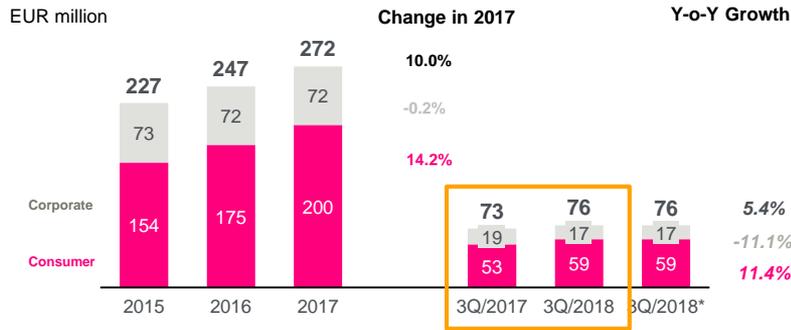
EBITDA EUR 17.3 million (-11.1%)

- EBITDA decrease was due to the decreased fixed voice service revenue and slightly higher costs of changes to customer products

### Net sales, EUR million



### Comparable EBITDA, EUR million

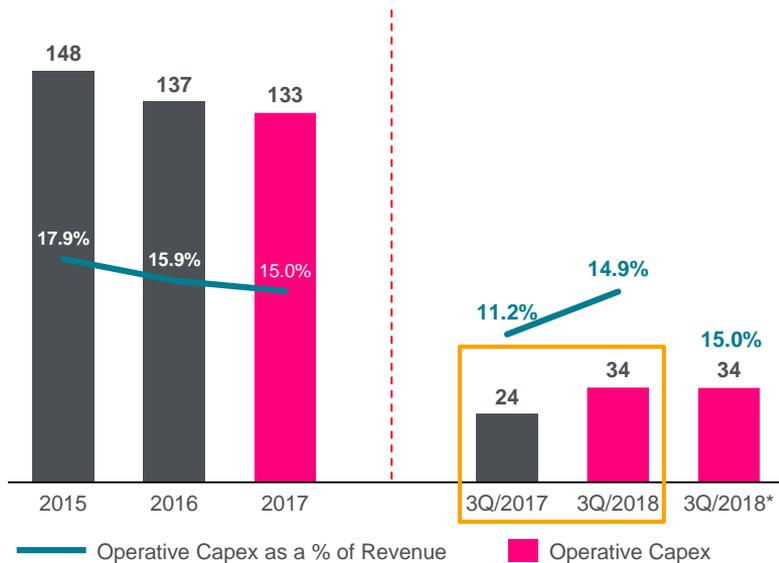


Notes  
 1. Consumer mobile postpaid handset subscription ARPU  
 ARPU = average revenue per user  
 \*Including IFRS 15

# Operative CAPEX increased year-on-year

Operative capex<sup>1</sup> were 14.9% of net sales in July-September

EUR million



**Notes**

1. Operative capex exclude spectrum license payments

\*Including IFRS 15

Key highlights in July-September 2018

- Operative capital expenditure increased 39.7% from the reference period and were EUR 34.1 million (24.4), or 14.9% of net sales (11.2%)
  - Operative Capex in 2018 is expected to remain at a similar level than in 2017
- Major individual items included in capital expenditure in the review period are 4G network capacity expansion, fibre optics networks and transmission systems
- Payment for 700 MHz spectrum (in February) were EUR 4.4 million

# Operating free cash flow at a good level

## Cash flow summary

EUR million	2015	2016	2017	1-9/2017	1-9/2018	1-9/2018*
<b>Comparable EBITDA</b>	227	247	272	206	221	220
Operative Capex	(148)	(137)	(133)	(66)	(81)	(80)
<b>Operating FCF</b>	79	110	139	141	140	139
<i>Margin %</i>	9.5%	12.8%	15.7%	21.6%	20.7%	20.7%
<i>Cash Conversion %</i>	34.7%	44.6%	51.1%	68.2%	63.4%	63.5%
Interest paid, net	(8)	(9)	(9)	(5)	(16)	(16)
Income taxes, paid	2	(5)	(26)	(18)	(7)	(7)
Adjusted Change in NWC	38	(1)	19	0	(58)	(58)
Change in Provisions	(9)	(2)	(5)	(4)	(2)	(2)
<b>FCFE</b>	101	93	119	114	57	57
<i>Margin %</i>	12.2%	10.8%	13.4%	17.5%	8.5%	8.5%

Notes

\*Including IFRS 15

## Key highlights in July-September 2018

- Operating free cash flow at a good level
  - + EBITDA significantly higher year-on-year
  - + Operating FCF remained on the reference period's level
- Free cash flow to equity EUR 57 million (end of June 2018; EUR 27 million)
  - The higher costs resulting from the re-financing of bonds in the first quarter weakened cash flow
  - Working capital related to trade payables increased due to the payment of previous year's high investments
  - Investments distributed more evenly this year

# Low cost capital structure

Weighted average cost of debt: 1.62% (Q2/2018: 1.53%)

	Maturity	Nominal Amount EUR million	Book Value EUR million	Cost of Debt
Unsecured € Bond 1.375% Coupon	Mar-2025	250	242	1.43%
Unsecured € Bond 2.875% Coupon	Mar-2021	60	60	2.93%
Unsecured € Bond 2.625% Coupon	Nov-2018	40	40	2.73%
Bank Loans and Commercial Paper		68	67	0.54%
<b>Total</b>		<b>418</b>	<b>409</b>	<b>1.62%</b>
<b>Cash &amp; Cash Equivalents</b>			<b>-20</b>	
<b>Net Debt</b>			<b>389</b>	
<b>Net Debt/EBITDA<sup>1</sup></b>			<b>1.32</b>	

## In March 2018, DNA got a long-term credit rating

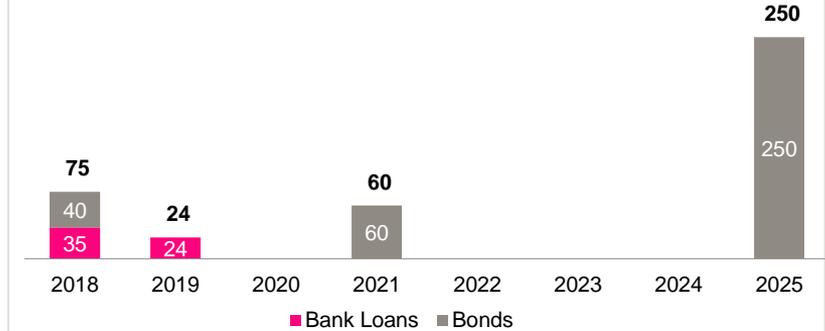
Assigned Rating	BBB (S&P)
Outlook	Stable

### Notes

1. Defined as net debt divided by comparable EBITDA from the beginning of year (adjusted), excluding IFRS 15 impact

## Debt maturity schedule, EUR million

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



# Financial objectives and dividend policy<sup>1</sup>

## DNA raised its financial guidance<sup>2</sup> for 2018

- Updated guidance 11 October 2018: DNA's net sales and comparable operating result are expected to improve somewhat in 2018 compared with 2017. DNA's financial position and liquidity are expected to remain at a healthy level.

## Mid-term financial targets

- Net sales growth – faster than average market growth
- EBITDA margin of at least 32%
- Operative capital expenditure<sup>3</sup> less than 15% of sales

## Leverage policy

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

## Dividend policy and distributable funds in 2018

- Target dividend payout of 70%-90% of free cash flow to equity
- DNA distributed dividend of EUR 0.46 /share and a capital payment of EUR 0.17 /share, in total EUR 0.63 /share. Also, an extra capital payment of EUR 0.47 /share was paid.
- Total payout EUR 145 million, 7.0% payout ratio (as of 31 Dec 2017)

### Notes

1. DNA's mid-term financial objectives do not incorporate the impact from the adoption of IFRS 15 on 1 January 2018 and IFRS 16 on 1 January 2019. DNA continues to evaluate the impact of the adoption of these standards and will update its objectives as needed.

2. DNA's guidance for 2018 is disclosed as it was prepared under 2017 revenue guidance and does not currently incorporate the potential impact from the adoption of IFRS 15 as of 1 January 2018.

3. Operative capex excluding spectrum license payments

Thank you!

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# Appendices

- ✓ Operational and financial KPI's
- ✓ EU roaming
- ✓ Subscription prices
- ✓ Introduction for Consumer business
- ✓ Introduction for Corporate business
- ✓ Corporate responsibility and sustainability
- ✓ IR contact information

# KPI Overview

Mobile KPIs						
	2015	2016	2017	3Q/2017	3Q/2018	3Q/2018*
<b>Mobile Revenue (EUR million)</b>	<b>499</b>	<b>539</b>	<b>586</b>	<b>145</b>	<b>160</b>	<b>161</b>
Service	343	375	420	107	113	115
Equipment Sales	92	111	114	25	34	33
Interconnection & Inbound Roaming	64	53	52	13	13	13
<b>Mobile Subscriptions (000s)<sup>1</sup></b>	<b>2 621</b>	<b>2 742</b>	<b>2 811</b>	<b>2 790</b>	<b>2 855</b>	<b>2 855</b>
Postpaid	2 199	2 338	2 418	2 398	2 456	2 456
Prepaid	422	404	392	392	399	399
Consumer	2 183	2 262	2 252	2 242	2 272	2 272
Corporate	438	480	559	548	583	583
<b>ARPU, Mobile Handset Subscriptions (EUR/month)<sup>2</sup></b>						
Postpaid	17.0	17.1	18.4	18.5	18.9	18.8
Prepaid	4.1	3.8	3.8	4.3	4.5	4.5
Consumer (postpaid)	17.7	18.0	19.6	20.1	20.5	20.4
Corporate (postpaid)	14.6	13.9	13.8	13.2	13.3	13.3
<b>Annualised Mobile Handset Subscriptions Churn (%)</b>						
Postpaid	16.0%	16.1%	18.3%	19.1%	15.8%	15.8%

Fixed KPIs						
	2015	2016	2017	3Q/2017	3Q/2018	3Q/2018*
<b>Fixed Revenue (EUR Million)</b>	<b>330</b>	<b>320</b>	<b>300</b>	<b>74</b>	<b>68</b>	<b>66</b>
Non-Voice Revenues	294	288	273	67	63	61
Voice Revenues	36	32	28	7	5	5
<b>Fixed Broadband Subscriptions (000s)</b>	<b>436</b>	<b>440</b>	<b>458</b>	<b>454</b>	<b>478</b>	<b>478</b>
Consumer	394	403	423	418	443	443
Corporate	42	37	36	36	35	35
<b>Fixed Voice Subscriptions (000s)</b>	<b>78</b>	<b>65</b>	<b>53</b>	<b>57</b>	<b>43</b>	<b>43</b>
Consumer	37	30	25	26	22	22
Corporate	41	35	29	31	21	21
<b>Cable-TV Subscriptions (000s)</b>	<b>606</b>	<b>608</b>	<b>619</b>	<b>619</b>	<b>627</b>	<b>627</b>

#### Notes

1. Excludes M2M subscriptions
  2. Includes interconnection revenues
- \*Including IFRS 15

# EU roaming as of 15 June 2017

- 90% price cut for data (until June 2017: EUR 62.0 /Gt, **as of 15 June 2017; EUR 4.6 /Gt (0 vat)**)
- No price increases in domestic prices for existing customers
- Receiving calls will be completely free
- We have EU roaming products with fast 4G data and a sizeable EU data package of 10GB/month. Within the package, no extra charges are applied for EU data transfer.

Service	According the <i>fare use policy</i> *
 Outgoing calls	Domestic price, no additional fee
 Sending text & multimedia messages	Domestic price, no additional fee
 Data transfer	EU base fare 5.706 €/Gt

#### Notes

\* Fare use policy: The new EU pricing scheme is valid within fair usage limits and for periodic roaming. EU-roaming is considered periodic as long as domestic usage surpasses EU-roaming usage. Subscription specific fair usage limits are introduced for EU-roaming data.

# Examples of DNA subscription prices

## DNA Rajaton

Monthly fee	EUR 24,90/month
Data transfer speed	1 Mbit/s
EU-data package	10 Gt/month
Domestic calls	unlimited
Domestic text & multimedia messages	unlimited

**DNA Nopea 4G –subscriptions** – Unlimited 100 Mbit/s 4G-internet at home and 10 Gt/month EU data package. Unlimited / package or / per usages calls and text messages.

## DNA Paketti

Monthly fee	EUR 17,90/month
Data transfer speed	1 Mbit/s
EU-data package	5 Gt/month in EU /ETA area
Domestic calls	200 minutes
Domestic text & multimedia messages	200 pcs

## DNA Jämpi

Monthly fee	EUR 12,90 /month
Data transfer speed	1 Mbit/s
EU-data package	4G/kk
Domestic calls	EUR 0.07 / min
Domestic text messages	EUR 0.07 / pc

## DNA Puhe

Monthly fee	EUR 4,90/month
Data transfer speed	-
EU-data package	-
Domestic & in EU /ETA area calls	EUR 0.07 / min
Domestic & in EU /ETA area text & multimedia messages	EUR 0.07 / pc

## DNA Max 4G Rajaton

Monthly fee	EUR 49.90/month
Data transfer speed	4G maxim speed in Finland
Domestic data	unlimited
EU-data package	20 Gt/month in EU /ETA area
Domestic & EU /ETA area calls, text & multimedia messages	unlimited (wi-fi calls included)

## DNA Super 4G Rajaton

Monthly fee	EUR 39.90/month
Data transfer speed	300 Mbit/s (4G in Finland)
Domestic data	unlimited
EU-data package	15 Gt/month in EU /ETA area
Domestic & EU /ETA area calls, text & multimedia messages	unlimited (wi-fi calls included)

## DNA Nopea 4G Rajaton

Monthly fee	EUR 34.90/month
Data transfer speed	100 Mbit/s (4G in Finland)
Domestic data	unlimited
EU-data package	10 Gt/month in EU /ETA area
Domestic & EU /ETA area calls, text & multimedia messages	unlimited (wi-fi calls included)

## DNA Nopea 4G Jämpi

Monthly fee	EUR 26.90/month
Data transfer speed	100 Mbit/s (4G in Finland)
Domestic data	unlimited
EU-data package	10 Gt/month in EU /ETA area
Domestic & in EU /ETA area calls	EUR 0.07 / min
Domestic & in EU /ETA area text & multimedia messages	EUR 0.07 / pc

# DNA's Consumer business (74.3% of net sales in 2017)

DNA provides its consumer customers with diverse services for communication and entertainment: smart phones, tablets and accessories; voice services in mobile and fixed networks; broadband services in mobile and fixed networks; and diverse entertainment services in cable, terrestrial and broadband networks.

Smart phones and subscriptions

Broadband subscriptions (mobile and fixed)

Modern entertainment services

## STRENGTHS

- Strong retail and online store sales
- We aim to provide straightforward, high-quality service in every channel, every time
- Clear and competitive product-service combinations for customers

## GROWTH DRIVERS

- TV and entertainment business
- Mobile data market
  - ✓ The increased adoption of smart phones, tablets and other smart devices as well as the wider availability of 4G speeds significantly boosted data transfer volumes

# DNA's consumer business in brief

Customer satisfaction  
is the key

We improve the quality of our customer service and the efficiency of our operations systematically, introduce easy-to-use services needed by customers. Our customer service metrics have shown positive development in 2017 and DNA Store received record-high scores in NPS.

Mobile  
communications

Our extensive and fast 4G network make us well-equipped to provide our customers with increasingly faster, high-quality connections. Our ARPU has strengthened in particular because DNA's customers switch to faster 4G subscriptions.

Entertainment  
Business

We want it to be easy for everyone to find the entertainment content they want, regardless of the technology or devices. Putting our cable, terrestrial and broadband customers together, we have over million television service customers.

Fixed broadband

Households are increasingly using both fixed-network and mobile broadband. The steady growth of DNA's fixed-network broadband subscription base grows steadily and the base increased by 24 000 subscriptions in Q3 2018 compared to Q3 in 2017.

Growth drivers

Increasingly networked lifestyles, new TV and home entertainment services and growth of mobile data volumes are trends boosting operators' business.

Net sales increased

Net sales of our Consumer Business increased by 4.3% in 2017, amounting to EUR 659 million. Net sales were driven by the growth in service revenue and good mobile device sales.

# DNA's Corporate business (25.7% of net sales in 2017)

DNA provides easily deployable and high-quality mobile and fixed network communications and network services for companies and communities.

Mobile Network and Communications  
Services

Enterprise Network Services

Enterprise Network Security

Enterprise Network Solution

IoT – Smart Connectivity

## STRENGTHS

- Extensive own fibre, backbone and distribution networks
- Extensive mobile network, largely with IPv6 protocol
- Strong regional presence strategic priority
- Excellent price-quality ratio and customer-oriented product development

## GROWTH DRIVERS

- The digitalisation of businesses and increasing use of cloud services require fast and high-quality network services
- The Industrial Internet and IoT require more intelligent controlling and new technologies

## DNA's Corporate Business in brief

Customer satisfaction  
is the key

Strong partner for companies, public corporations and integrators. Good services and expert customer service.

Comprehensive, fast  
and reliable network

High-quality networks are playing increasingly important role in the ecosystem of machines, information and people as the volume of data traffic is increasing. The network must be reliable and suited to the company's needs.

Customer numbers  
are increasing

Business in the segment developed well in 2017: there was strong interest in corporate network solutions and the corporate mobile subscription base grew by 79,000 subscriptions, or 16%.

Pioneer in new ways  
of working

Digitalisation is speeding up change in the working culture. We are creating new ways of working with the help of innovative tools, fast connections and reliable network services.

Industrial Internet

85% NB-IoT (Narrow Band Internet of Things) coverage in Finland. In 2017, DNA's M2M subscription base grew some 15%.

Net sales remained  
steady

Net sales remained at a similar level year-on-year, amounting to EUR 227 million. Operating result increased by 13.7% and came to EUR 19 million.

# Significant new agreements and extensions to existing contracts with enterprises and the public sector

## City of Vantaa

- A three-year extension agreement on the delivery of an even larger set of telecommunications services
- The solution includes all connections of the city, the LANs and WLANs of offices, firewall services and the Internet connections, online authorisation solutions and optionally a cyber security service
- Contract period initially three years, after which continues until further notice
- The total value for the first three years is over EUR 8 million

## Large listed Finnish industrial corporation

- A three-year agreement on the delivery of WAN network in Finland, mobile call centre and over 1,000 mobile subscriptions
- The total value of the agreement is over EUR 2 million



## Finnish University and Research Network Funet

- CSC – IT Center for Science and DNA Plc have agreed on the delivery of fibre optic connections for the Finnish University and Research Network Funet
- With the agreement, the number of fibre optic connections provided by DNA for the nationwide Funet data communications network increases significantly. Furthermore, the Funet network will be expanded across Finland with several new connections provided by DNA

# Additional information on corporate responsibility and sustainability

- DNA's corporate responsibility reporting is conducted in accordance with the Global Reporting Initiative (GRI) framework and published annually with the Annual Report
- DNA's Corporate Responsibility Reports are available on our investor website: <https://corporate.dna.fi/reporting>
- DNA's Corporate Responsibility Report has been assured by an independent external party
- DNA also reports to the CDP survey in terms of climate performance



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