



**DNA had an excellent first half of 2019;
strong growth in mobile service revenue**
Half-Year Financial Report January-June 2019

19 July 2019
Jukka Leinonen, CEO
Timo Karppinen, CFO

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.

Business review – Jukka Leinonen, CEO

January-June 2019 business review:

- Highlights of the second quarter of 2019
- Key operational KPIs and development of subscription base
- DNA's strategic targets and market outlook for 2019

Financial review – Timo Karppinen, CFO

- Key figures' development
- Financial targets and dividend policy



Business Review

Jukka Leinonen, CEO

Q2/2019: Net sales increase was fuelled by strong mobile device sales and mobile service revenue



Net sales increased 3.1% and amounted to EUR 232.0 million (225.0)

- Mobile device sales and mobile service revenue increased net sales
- Growth in mobile service revenue*, +8.1%, was boosted by the positive development of the subscription base, mobile broadband services and average billing per customer
- Mobile device sales were up 13.3% from the reference period



EBITDA increased 7.2%

- EBITDA was EUR 77.8 million (72.6); 33.6% of net sales (32.3%)
- The positive development in EBITDA is mostly due to the impact of IFRS 16, growth of service revenue also contributed to it
- The operating result remained on the reference period level and was EUR 35.7 million (36.0), 15.4% of net sales (16.0%). Operating result was weakened by an increase in depreciation

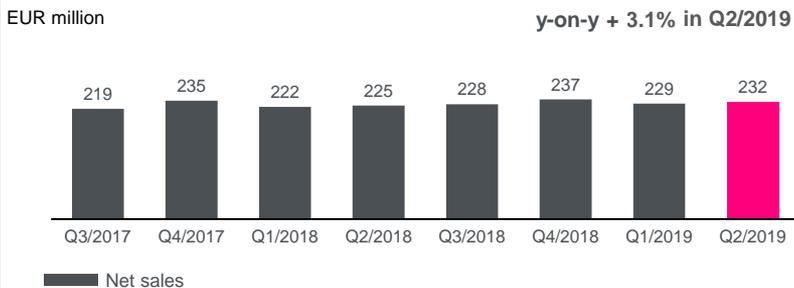


Strong momentum of operational KPI's

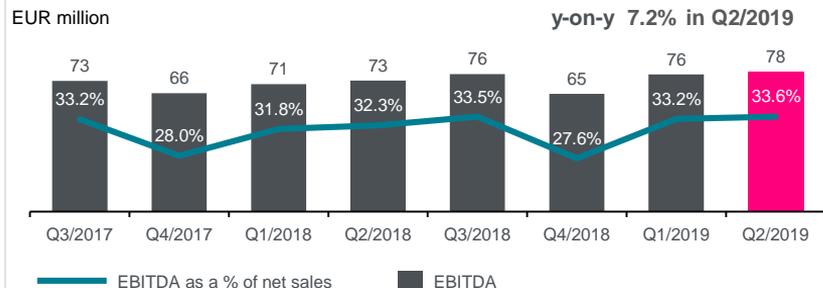
- Average revenue per user for mobile communications (ARPU) increased from the reference period and was EUR 18.6 (EUR 18.4)
- CHURN was at a very low level of 13.7% (15.4%)
- Mobile subscription base decreased by 0.7% or 20,000 subscriptions y-on-y; postpaid subscriptions increased by 65,000 y-on-y and prepaid subscriptions decreased by 86,000 subs.
- Subscription base for fixed broadband increased strongly; by 90,000 subscriptions. In addition to good organic growth DNA gained more than 30,000 fixed broadband and almost 25,000 new cable TV customers as a result of the ICT Elmo business acquisition

Q2/2019 – Mobile service revenue increased by 8.1%

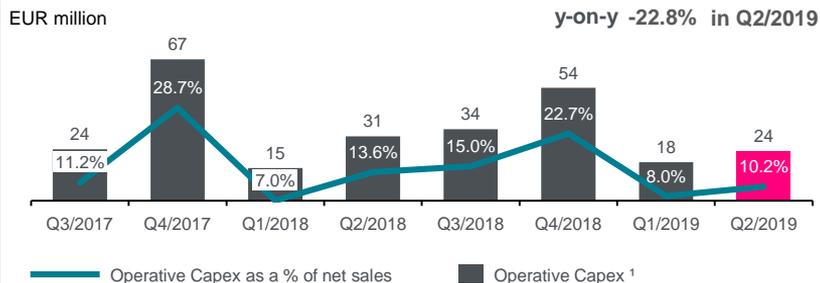
Growth in mobile service revenue (+8.1%) and mobile device sales (+13.3%) boosted quarter's net sales



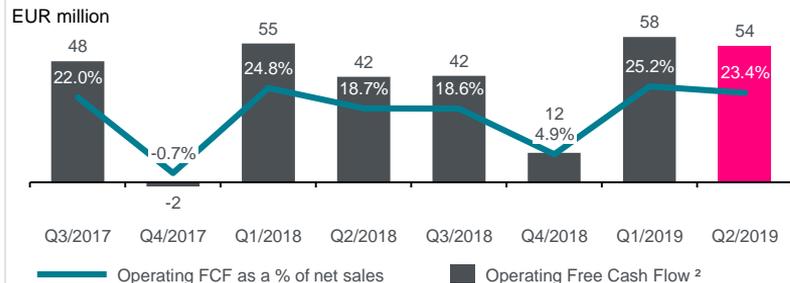
EBITDA increased 7.2% from the reference period and margin was 33.6%



Operative capex¹ decreased 22.8% year-on-year



Operative free cash flow² increased from the reference period



Notes

1. Operative capex = investments excluding capitalised spectrum license payments and lease investments (IFRS 16)
2. Operating free cash flow defined as EBITDA minus operative capex

January-June 2019: DNA had a strong first half year

**EUR 460.9
million**
+3.0%

Net sales

2,807,000
-20,000

Mobile communications subscriptions

Postpaid subscriptions +65,000

**EUR 153.9
million**
+7.4%

EBITDA

**EUR 238.8
million**
+6,7 %

Mobile service revenue

**EUR 111.9
million**
+15.3%

Operative free cash flow

15.5%

Mobile CHURN for postpaid subscriptions

**EUR 607.5
million**
1.97

Net debt

Net debt/ EBITDA

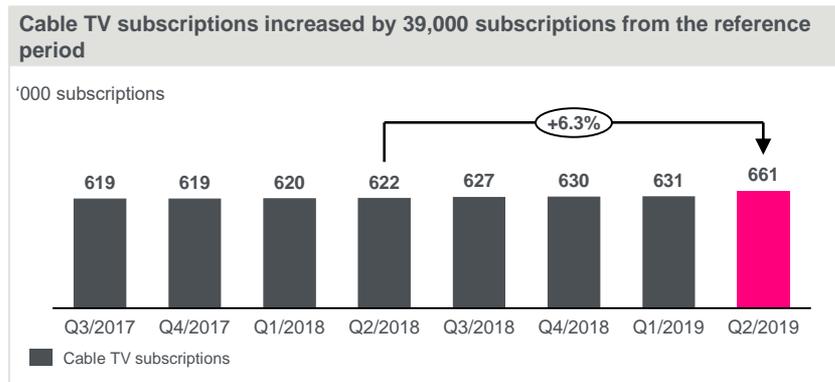
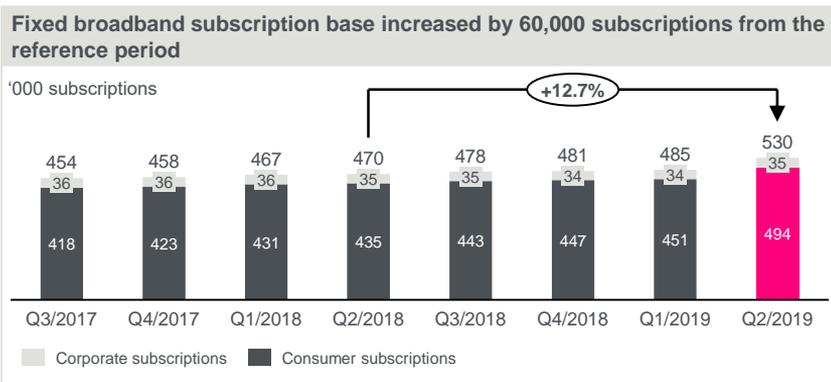
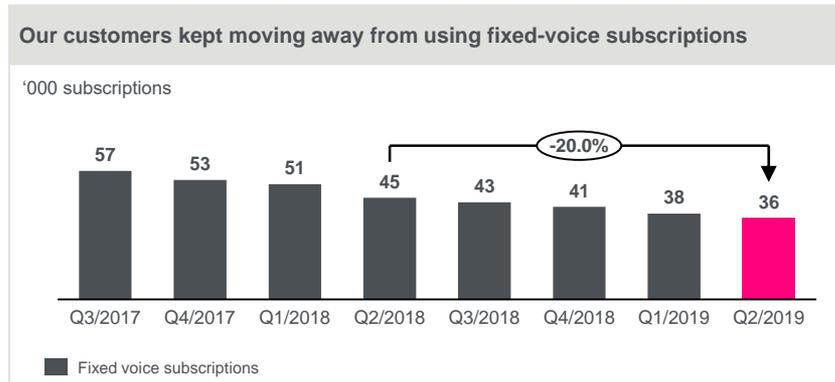
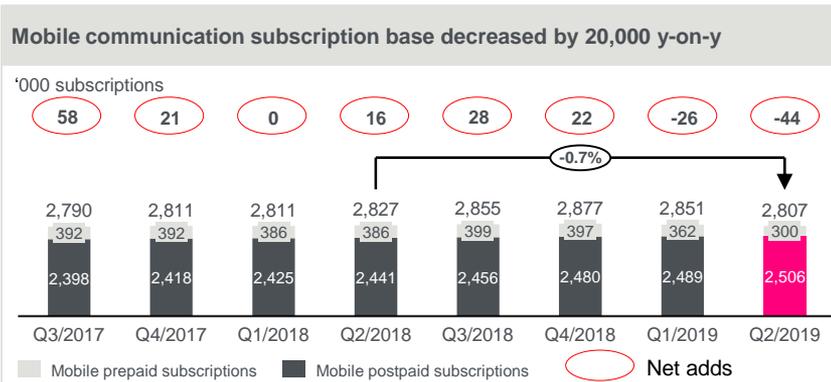
1,191,000
+99,000

Fixed broadband and cable TV subscriptions

Notes
Compared to H1/2018

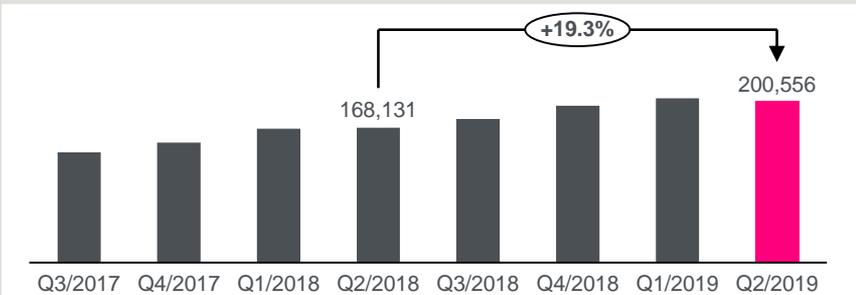
CHURN = Customer turnover rate

DNA's mobile postpaid subscription base continued to increase (+65,000), prepaid subscriptions decreased

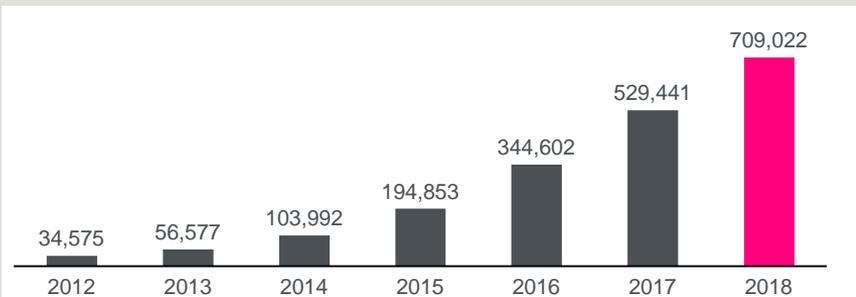


DNA's total mobile data traffic increased about 19%

Total mobile data traffic (GB, '000) increased again over 19%



Mobile data traffic (GB, '000)



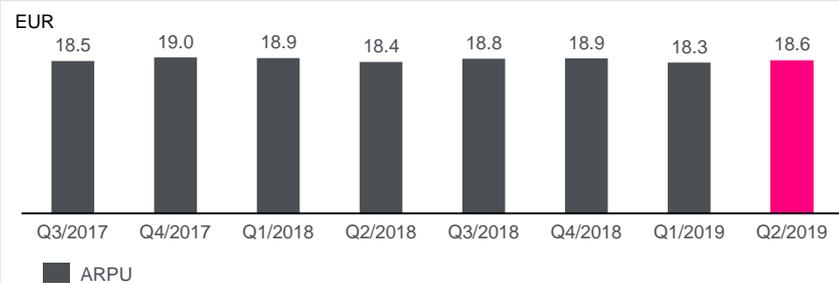
Key highlights in April-June 2019

- DNA's mobile data traffic increased about 19% from the reference period
- 93% of all mobile data was transferred in the 4G network
- DNA's mobile data usage was 23.5 gigabytes/month/subscription
- According to the report published by Tefficient* in March 2019, DNA's customers had the second-highest mobile data usage per subscription in the world in 2018 - averaging 20.8 gigabytes per month, in the previous year, the average figure was 15.9 gigabytes

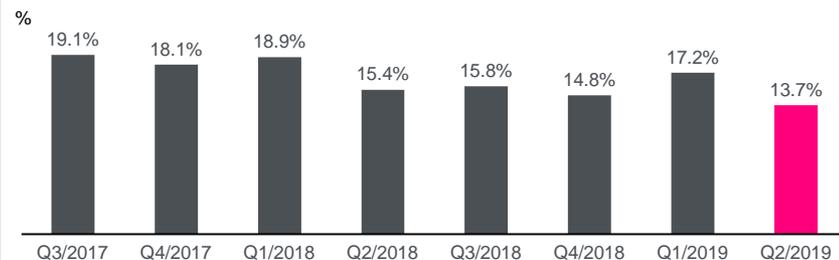
* Tefficient's report 1/2019: <https://tefficient.com/all-operators-climbed-the-tree-4g-turned-usage-growth-into-arpu-growth/>
Tefficient is an international telecommunications specialist providing analysis, benchmarks and consulting services.

The subscription turnover rate (CHURN) was at a very low level; 13.7%

Mobile postpaid ARPU increased compared to the reference period



Mobile communication CHURN (postpaid) decreased and was on a really low level



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 April-June 2019

- Demand of 4G subscriptions continued to grow steadily
 - 4G subscription base has increased 6.1%-points year-on-year and its' share of mobile subscriptions was 64.0%¹ (57.9%)
- ARPU increased y-on-y 1.1% and was EUR 18.6 (18.4)
 - Customer billing per subscription increased
 - Even though the number of prepaid subscriptions fell by over 60,000 during the quarter, their ARPU increased to EUR 4.5 (3.5)
- CHURN improved from the reference period and was at a very low level of 13.7% (15.4%)
 - This was due to high customer satisfaction and DNA's ability to react quickly to competitors' campaigns

DNA's main events during April-June 2019

DNA purchased an extensive fibre network infrastructure used by ICT Elmo Oy as well as Elmo's consumer and housing company business.

- DNA is taking over ICT Elmo's extensive fibre-optic network infrastructure (around 1,700 km of fibre-optic cable) which will facilitate the introduction of 5G in the Tampere region and improve our competitiveness
- The net sales of the acquired business in 2018 was around EUR 8 million. The total acquisition price is EUR 27.5 million, which equates to an EV/EBITDA of approximately 6.1x with cost synergies considered
- DNA will be taking over fewer than 20 ICT Elmo's employees
- The acquired business will not have a significant impact on DNA's net sales or EBITDA in 2019; the acquired business operations was consolidated into DNA's figures from the beginning of June

Study on mobile network speeds: DNA's speed top-notch

- In a study published in May, DNA's 4G network achieved the highest average data transfer rate in inbound traffic direction. The study covered 20 of the largest cities in Finland, and four popular resort areas in Northern Finland

(Omnitele's study 05/2019)

According to consumers, DNA is the most responsible company in its industry in Finland.

- The annual Sustainable Brand Index study is based on the principles of responsibility and the objectives of sustainable development of the UN Global Compact, and it is the largest independent study in its field in the Nordic countries
- The study was conducted from January to March 2019, and in Finland 10300 consumers responded

DNA's mobile network is prepared actively for 5G

- DNA has been preparing its mobile network for 5G with the introduction of 5G-capable technology and by increasing network capacity. DNA's 5G network is already available in Helsinki city centre, and next we are expanding the network to other major cities.
- Since last autumn, we have also tested fixed 5G broadband service and started using the service in the actual 5G frequency in Q2 2019. Fixed 5G will be one of DNA's first commercial services provided with the 5G technology.
- Consumers will be able to use 5G services as soon as more technologically mature 5G-capable mobile devices become available at reasonable price points - expected to happen in early 2020.

- 5/2018: 5G pilot
- 10/2018: Auction for the 5G frequencies
- 11/2018: FWA pilot
- 12/2018: 5G in production network

- Devices become available more widely
- 5G technology in the 4G network as a layer of capacity
- 700 MHz frequencies to 5G usage

- Nationwide 5G network
- Advanced network functionalities in general use
- New IoT functionalities
- Advanced network virtualisation

2018

2019

2020

2021

2025

- January 1, 2019: 5G license came into force
- Q2/2019: first 5G devices to test use
- Q3/2019: the general construction of 5G network begins
- Q4/2019: 5G commercial pilot

- 26 GHz frequency band introduced, enabling ultra-high local connection speeds
- 5G becomes common also in basic devices
- 5G coverage expands from urban to rural areas through the shared use of frequencies
- 5G functionalities develop in stages as the technology matures

We are on track to achieve our strategic objectives



The most satisfied customers



Excellent employer



Industry-leading financial development



Faster than average market growth

Market outlook for 2019

The Finnish economy will continue to expand, but growth has passed its cyclical peak. (the Bank of Finland)

We expect the mobile network service market growth to moderate and competition to remain intense for mobile communication services.

The share of 4G subscriptions is expected to grow, but at a more moderate rate. We expect the sales of 5G subscriptions to start towards the end of 2019.

The SMS and voice revenue in the mobile communication network is forecasted to continue decreasing.

Demand for fast broadband and entertainment services is expected to increase driven by the popularity of streaming and on-demand video services.

The demand for traditional pay-TV services is expected to decline.

The demand for Industrial Internet solutions, and subsequently for M2M* subscriptions, is expected to grow. The role of data security gain in importance.

DNA sees fixed wireless broadband access as one of the first applications to strongly benefit from 5G technology. 5G devices are expected to be launched during 2019.

*Machine to Machine

A photograph of two young girls running outdoors. The girl in the foreground is wearing a red top and denim overalls, smiling broadly. The girl behind her is wearing a pink and white striped top. They are holding hands and running towards the right. The background is a blurred outdoor setting with trees and a building.

Financial review

Timo Karppinen, CFO

Positive development in January-June financial KPI's

EUR, million	4-6/2019	4-6/2018	Change %	1-6/2019	1-6/2018	Change %	1-12/2018
Net sales	232.0	225.0	3.1%	460.9	447.3	3.0%	911.8
EBITDA	77.8	72.6	7.2%	153.9	143.3	7.4%	284.9
% of Net Sales	33.6%	32.3%		33.4%	32.0%		31.2%
Operating Result	35.7	36.0	-0.8%	70.5	71.2	-1.0%	138.9
% of Net Sales	15.4%	16.0%		15.3%	15.9%		15.2%
Net Result	26.2	27.0	-3.1%	51.4	51.4	0.0%	102.2
% of Net Sales	11.3%	12.0%		11.2%	11.5%		11.2%
Operative Capex	23.7	30.6	-22.8%	42.0	46.1	-9.0%	133.9
% of Net Sales	10.2%	13.6%		9.1%	10.3%		14.7%
Operating FCF ¹	54.2	42.0	29.2%	111.9	97.1	15.3%	151.0
Net Debt				607.5	418.9		379.3
Net Debt / EBITDA	1.95	1.44		1.97	1.46		1.33

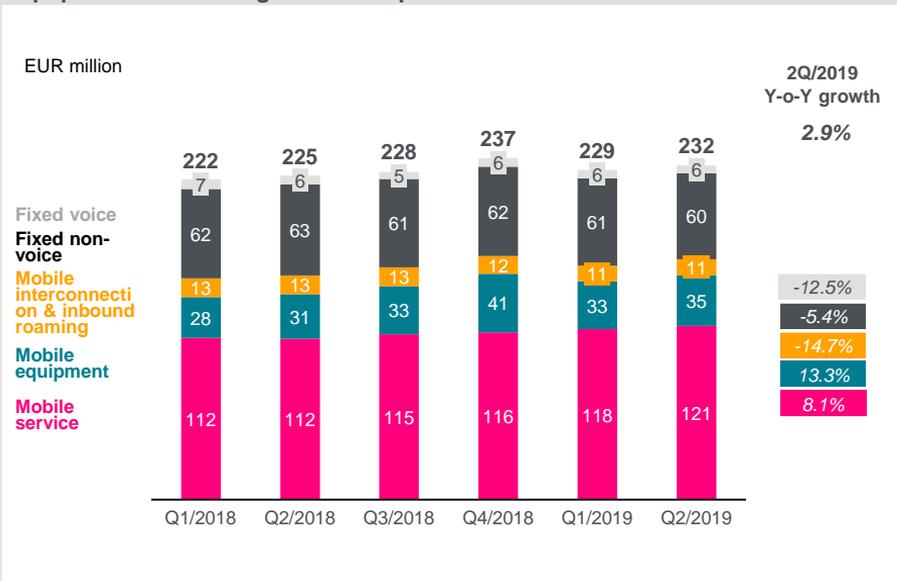
Notes

1. Operating free cash flow defined EBITDA minus operative capex



Q2/2019: Mobile service revenue grew 8.1% from the reference period

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



Key highlights in April-June 2019

- Mobile service revenue grew 8.1% from the reference period
 - The growth was fuelled by an increase in the mobile subscriptions base, by the positive development in mobile broadband services and in the average billing per customer
 - Average revenue per user (ARPU) was EUR 18.6 (18.4)
- Mobile equipment sales were strong and increased by 13.3%
- Revenue from fixed voice continued to decline as expected
- Mobile interconnection revenue decreased due to the decrease in interconnection prices effective since December 2018
- Fixed non-voice has been impacted in particular by declined sales of pay TV

Demand for mobile services was strong both in Consumer and Corporate business

Q2/2019: Consumer business

Net sales EUR 176.7 million (+4.9%)

- + Net sales were driven by the growth in mobile service revenue and mobile device sales
- Revenue per user (ARPU)¹ remained steady y-on-y and was EUR 20.0 (20.3)

EBITDA EUR 59.6 million (+6.2%)

- + EBITDA was improved as a result of IFRS 16, as well as by an increase in mobile service revenue

Q2/2019: Corporate business

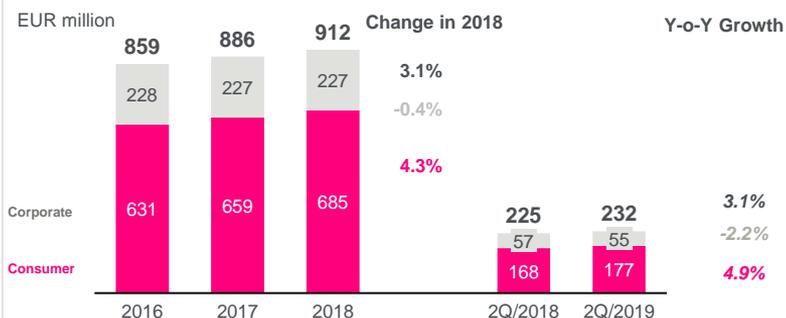
Net sales EUR 55.3 million (-2.2%)

- The decrease in net sales was mainly due to the change in the reporting of Moi Mobiili, which is disclosed under consumer business, as well as the decrease in interconnection charges
- + Corporate customers' mobile ARPU increased y-on-y by 12% and was EUR 13.6 (11.9)

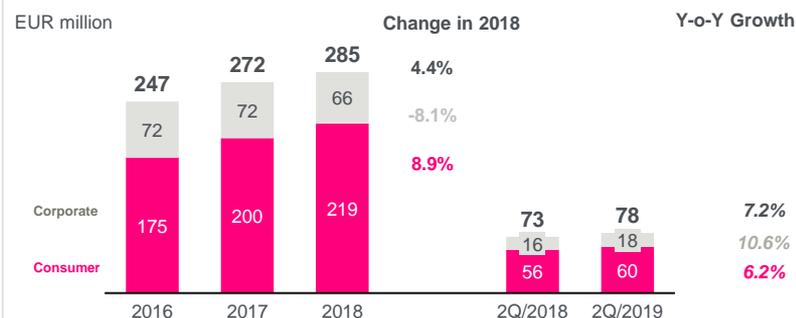
EBITDA EUR 18.2 million (+10.6%)

- + EBITDA was improved by a change in calculation method according to IFRS 16 and by the growth in mobile service revenue

Consumer and corporate net sales, EUR million



Consumer and corporate EBITDA, EUR million

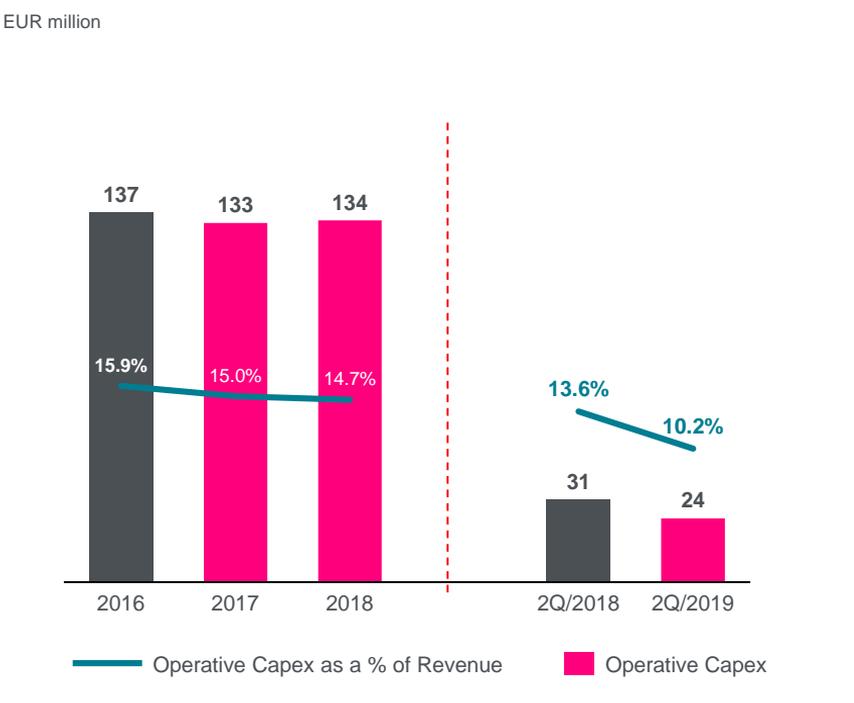


Notes

1. Consumer mobile postpaid handset subscription ARPU

Operative CAPEX was slightly lower compared to the reference period

Operative capex¹ was 10.2% of net sales in April-June



Key highlights in April-June 2019

- Operative capital expenditure was EUR 23.7 million (30.6), or 10.2% of net sales (13.6%)
- Typical for the first half of the year, operative capital expenditure were on a low level
- We expect the operative capex for the whole year to remain in the same level as in 2018
- Major individual items included in capital expenditure are 4G network capacity expansion and network development towards 5G, fibre optics networks and transmission systems
- Total capital expenditure include in addition to operative capex lease investments (IFRS 16), which was in 2Q/2019 EUR 1.6 million

Notes
 1. Operative capital expenditure is reported capital expenditure excluding cash instalments for spectrum licenses capitalized and lease investments (IFRS 16 impact)

Operating free cash flow increased from reference period

Cash flow summary				
EUR million	2016	2017	2018	1-6/2019
Comparable EBITDA	247	272	285	154
Operative Capex	(137)	(133)	(134)	(42)
Operating FCF	110	139	151	112
<i>% of net sales</i>	<i>12.8%</i>	<i>15.7%</i>	<i>16.6%</i>	<i>24.3%</i>
<i>Cash Conversion %</i>	<i>44.6%</i>	<i>51.1%</i>	<i>53.0%</i>	<i>72.7%</i>
Interest paid, net	(9)	(9)	(17)	(7)
Income taxes, paid	(5)	(26)	(12)	(15)
Adjusted Change in NWC	(1)	19	(48)	(44)
Change in Provisions	(2)	(5)	(2)	0
FCFE	93	119	72	47
<i>% of net sales</i>	<i>10.8%</i>	<i>13.4%</i>	<i>7.9%</i>	<i>10.1%</i>

Key highlights in January-June 2019

- Operating free cash flow was EUR 111.9 million (EUR 97.1 million)
 - + EBITDA higher year-on-year
 - + Operating FCF increased 15.3% from the reference period
- Free cash flow to equity EUR 46.6 million (in the end of Q1/2019: EUR 15 million)
 - Growth in working capital was mainly due to decrease in trade payables

Low cost capital structure

Weighted average cost of debt decreased: 1.02% (Q1/2019: 1.31%)

	Maturity	Nominal Amount EUR million	Book Value EUR million	Cost of Debt
Unsecured € Bond 1.375% Coupon	Mar-2025	250	243	1.43 %
Unsecured € Bond 2.875% Coupon	Mar-2021	60	60	2.93 %
Bank Loans and Commercial Paper		261	261	0.18 %
Total		571	564	1.02 %
Lease liabilities (IFRS16)			80	
Cash & Cash Equivalents			-37	
Net Debt			608	
Net Debt/EBITDA¹			1.97	

DNA's long-term credit rating (03/2018)

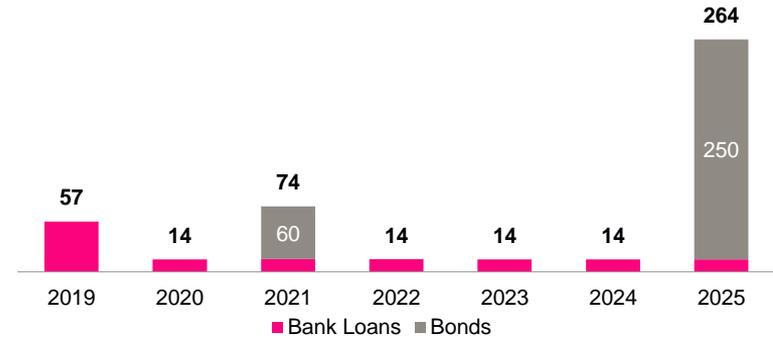
Assigned Rating	BBB (S&P)
Outlook	Stable

Notes

1. Defined as net debt divided by EBITDA from the beginning of year (adjusted)

Debt maturity schedule, EUR million

EUR 150 million fully undrawn revolving credit facility providing additional liquidity and financial flexibility



Norwegian telecommunications company Telenor is buying 54% of DNA's shares

- Telenor Group announced 9th of April that it will acquire DNA's two largest owners', Finda Telecoms Oy and PHP Holding Oy's, shares of DNA Plc
- Finda and PHP's general meetings approved the transaction 6th of May
- European Commission approved the transaction in 15th of July and Telenor expects to get the Finnish regulatory approvals during August 2019
- Completion of the transaction will trigger a mandatory public tender offer for the remaining outstanding shares in DNA; the cash consideration per share will be EUR 20.90
- Telenor is seen as a global, long-term owner that brings value and new opportunities for DNA's employees and customers
- Transaction has no impact on DNA's operations or customer service



Financial objectives and dividend policy

DNA financial guidance for 2019 remains unchanged

- DNA's net sales are expected to remain at the same level as in 2018, and EBITDA is expected to increase substantially from 2018. DNA's financial position and liquidity are expected to remain at a healthy level.

DNA's guidance for 2019 is disclosed with consideration to the impact of the adoption of IFRS 16. The adoption of IFRS 16 from the beginning of 2019, is estimated to have a EUR 17 million positive impact on EBITDA in 2019. The impact of IFRS 16 on operating result (EBIT) is insignificant.

Mid-term financial targets

- Net sales growth – faster than average market growth
- EBITDA margin of at least 34%, including IFRS16 impact
- Operative capital expenditure¹ 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

- DNA's goal is to pay a growing dividend or by other means to return capital equalling 80-100% of the net profit for the period. In addition, the Board may consider the distribution of excess profit to shareholders for a specific financial period
- DNA paid a dividend of EUR 0.70 per share and an extra dividend of EUR 0.40 per share from 2018
- In total EUR 1.10 per share, 6.4% payout ratio (as of number of shares and closing price of 31 Dec 2018)

Notes

1. Operative capex is capital expenditure excluding spectrum license payments and lease investments (IFRS16 impact).

DNA's Capital Markets Day

26 November, 2019

in Helsinki



Thank you!

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KPI Overview

Mobile KPIs

	2016	2017	2018	2Q/2018	2Q/2019
Mobile Revenue (EUR million)	539	586	640	156	167
Service	375	420	454	112	121
Equipment Sales	111	114	134	31	35
Interconnection & Inbound Roaming	53	52	52	13	11
Mobile Subscriptions (000s)¹	2 742	2 811	2 877	2 827	2 807
Postpaid	2 338	2 418	2 480	2 441	2 506
Prepaid	404	392	397	386	300
Consumer	2 262	2 252	2 287	2 253	2 264
Corporate	480	559	590	574	543
ARPU, Mobile Handset Subscriptions (EUR/month)²					
Postpaid	17.1	18.4	18.7	18.4	18.6
Prepaid	3.8	3.8	3.9	3.5	4.5
Consumer (postpaid)	18.0	19.6	20.3	20.3	20.0
Corporate (postpaid)	13.9	13.8	13.2	11.9	13.6
Annualised Mobile Handset Subscriptions Churn (%)					
Postpaid	16.1%	18.3%	16.2%	15.4%	13.7%

Fixed KPIs

	2016	2017	2018	2Q/2018	2Q/2019
Fixed Revenue (EUR Million)	320	300	272	69	65
Non-Voice Revenues	288	273	248	63	60
Voice Revenues	32	28	24	6	6
Fixed Broadband Subscriptions (000s)	440	458	481	470	530
Consumer	403	423	447	435	494
Corporate	37	36	34	35	35
Fixed Voice Subscriptions (000s)	65	53	41	45	36
Consumer	30	25	21	23	18
Corporate	35	29	20	22	18
Cable-TV Subscriptions (000s)	608	619	630	622	661

Notes

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