



DNA's Financial Statement Bulletin 2019
DNA's net sales and EBITDA reach record levels in
2019, driven by strong mobile service revenue

28 January 2020

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

Q4 and January-December 2019 business review:

- Highlights of the last quarter of 2019 and year 2019
- Key operational KPIs and development of subscription base
- DNA's strategic targets and market outlook for 2020

Financial review

- Key figures' development



5G



Business Review



Q4/2019: Net sales increase was fuelled by strong mobile service revenue and mobile device sales



Net sales increased 2.3% and amounted to EUR 242.4 million (236.9)

- Net sales was positively impacted by mobile service revenue* and strong mobile device sales
- Mobile service revenue grew +6.6%, growth came from the good development of the average billing per customer and subscription base
- Mobile device sales grew 3.2% from the reference period



EBITDA increased 10.7%

- EBITDA was EUR 72.4 million (65.4); 29.9% of net sales (27.6%)
- The positive development in EBITDA is mostly due to the impact of IFRS 16, growth of mobile service revenue also contributed to it.
- In the fourth quarter, the comparability of operating result were affected by a non-recurring depreciation of EUR 3.1 million
- The comparable operating result improved 2.6% and was EUR 29.2 million (28.4)



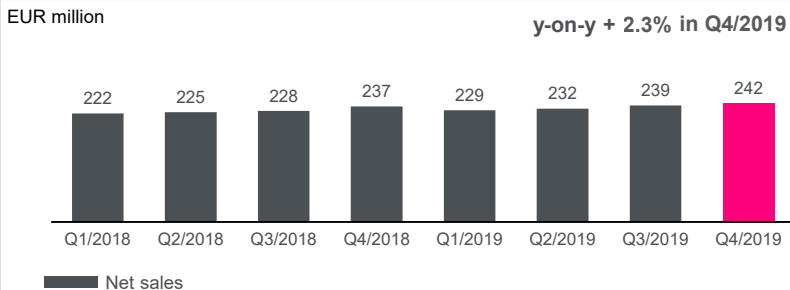
Strong momentum of operational KPI's

- Average revenue per user for mobile communications (ARPU) declined slightly from the reference period and was EUR 18.7 (EUR 18.9), mainly due to lower interconnection prices
- CHURN increased and was 17.5% (14.8%). Competitive environment tightened towards the end of the year.
- Mobile subscription base decreased by 1.9% or 55,000 subscriptions y-on-y; postpaid subscriptions increased by 37,000 y-on-y and prepaid subscriptions decreased by 92,000 subs.
- Fixed network subscription base grew by 89,000 new 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

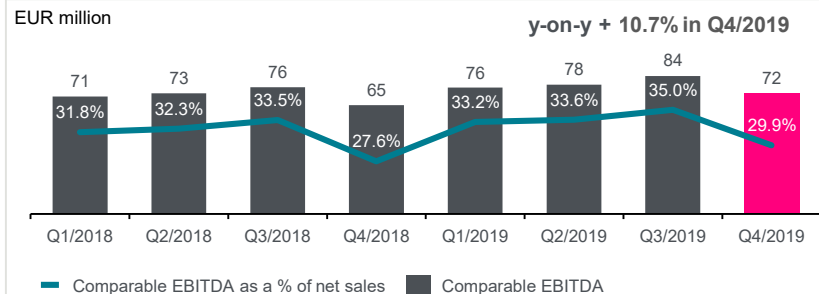
*Mobile service revenue = revenue generated by mobile subscriptions. Consumer and corporate mobile communication and mobile broadband services, corporate M2M services and corporate mobile virtual network operator (MVNO) services.

Q4/2019 – Mobile service revenue increased by +6.6%

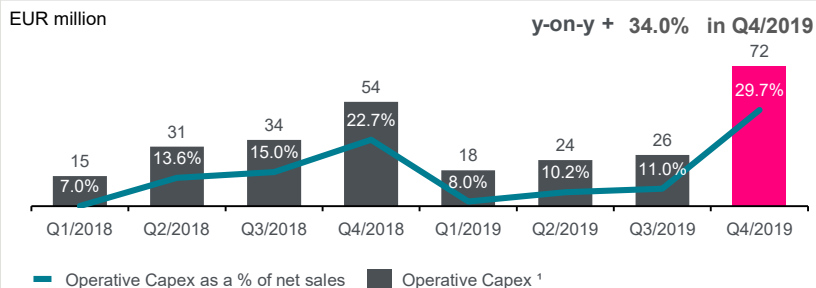
Growth in mobile service revenue (+6.6%) and mobile device sales (+3,2%) boosted quarter's net sales



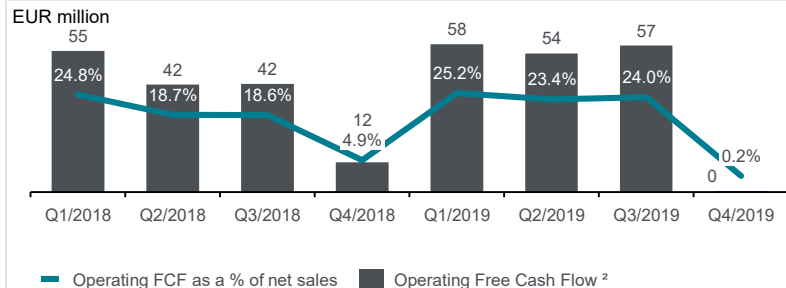
EBITDA increased 10.7% and margin was 29.9% of net sales



2019 operative capex¹ accumulated in the 4th quarter



Operative free cash flow² declined from the reference period due to high investment level



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

FY 2019: Net sales and EBITDA grew strongly

EUR 942,1
million
+3.3%

Net sales

2,822,000
-55,000

Mobile communications subscriptions

Postpaid subscriptions +37,000

EUR 309.9
million
+8.8%

Comparable EBITDA

EUR 486.4
million
+7.0%

Mobile service revenue

EUR 169.6
million
+12.2%

Operative free cash flow

16.2%

Mobile CHURN for postpaid subscriptions

EUR 559.1
million
1.83

Net debt

Net debt/ EBITDA

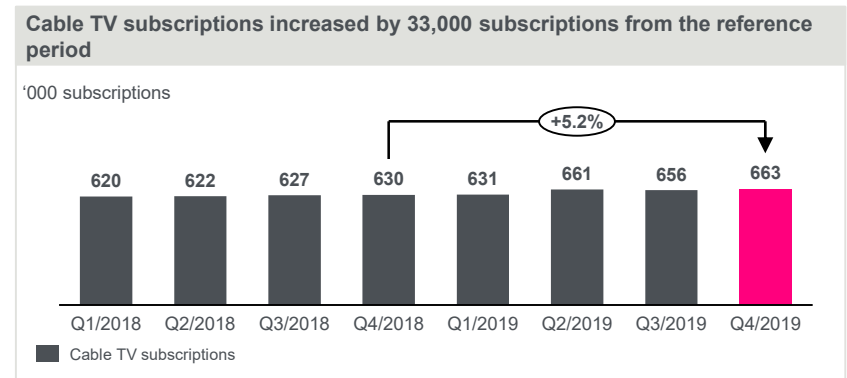
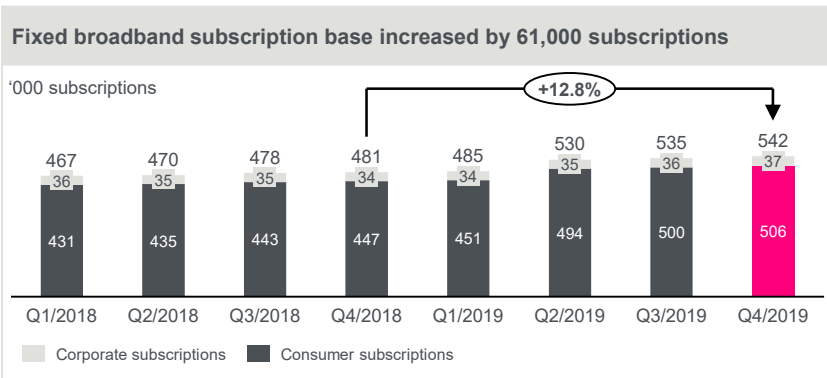
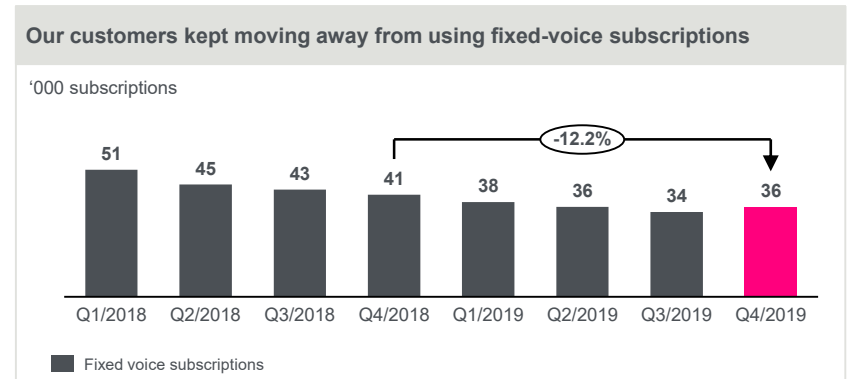
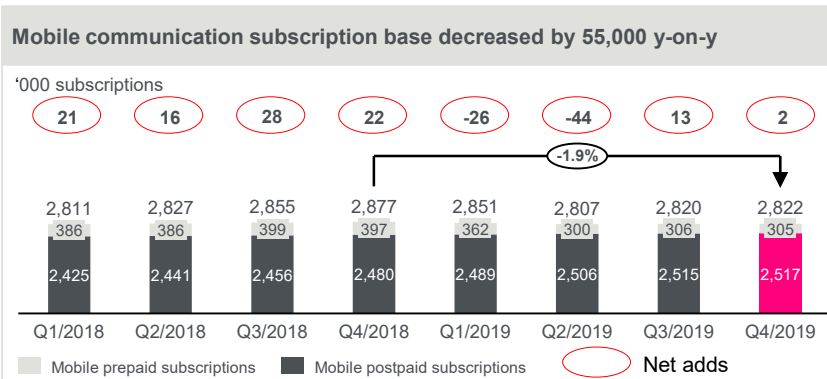
1,205,000
+94,000

Fixed broadband and cable TV subscriptions

Notes
Compared to H1/2018

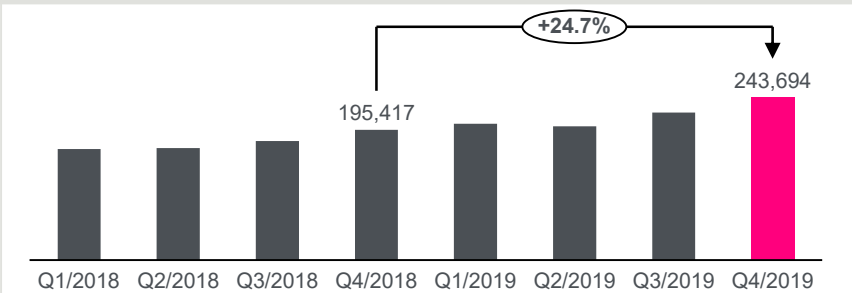
CHURN = Customer turnover rate

DNA's mobile postpaid subscription base continued to increase (+37,000), prepaid subscriptions decreased

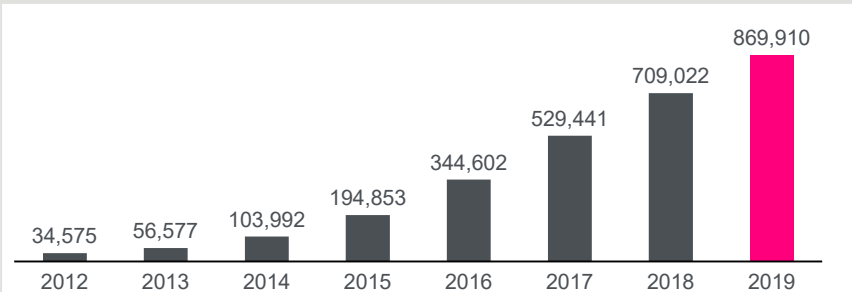


DNA's total mobile data traffic increased about 24.7%

Total mobile data traffic (GB, '000) increased again 24.7%



Mobile data traffic (GB, '000)

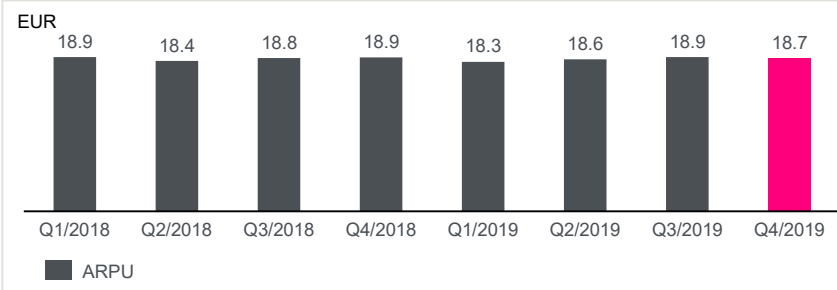


Key highlights in October-December 2019

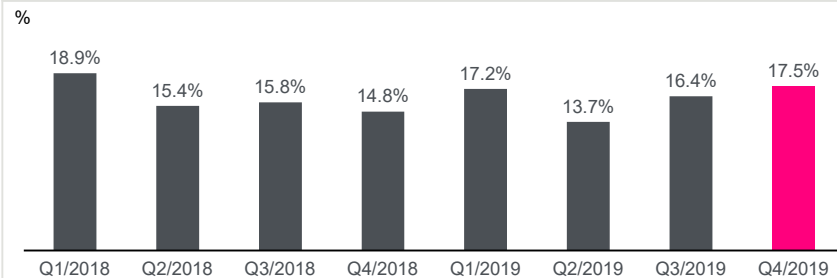
- DNA's mobile data traffic increased about 24.7% from the reference period
- During the last quarter, DNA's average mobile data usage per subscription was 28.5 gigabytes/ month
- 5G technology and improved network services will accelerate the use of mobile data further.
- We have been preparing our network for 5G deployment and 5G network construction is in progress in various parts of the country. We have brought 5G-capable technology into our network and increased capacity for new requirements.
- In early 2020, DNA's 5G network will be available in 15 cities.

In 2019, the subscription turnover rate (CHURN) was 16.2%

Mobile postpaid ARPU declined slightly compared to the reference period



Mobile communication CHURN (postpaid) increased from the low reference period and was 17.5%



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 October-December 2019

- Demand of 4G subscriptions continued to grow steadily
 - 4G subscription base has increased 13.4%-points year-on-year and its' share of mobile subscriptions was 69.6%¹ (61.4%)
- ARPU declined slightly y-on-y and was EUR 18.7 (18.9)
 - Customer billing per subscription increased
 - Even though the number of prepaid subscriptions fell by 92,000 during the quarter, their ARPU increased by 50.1% to EUR 5.8 (3.9)
- CHURN increased slightly from the low reference period and was 17.5% (14.8%)

DNA's main events during October-December 2019

DNA begun Fixed 5G service sales in December

- The service will enable a fast and consistent broadband connection for households.
- The fixed 5G, or the Fixed Wireless Access, enables super fast, low-latency data connections to many homes and properties that are out of the reach of a fibre-optic network
- To begin with, the service will become available for homes in the residential areas in the Helsinki metropolitan area and in the cities of Turku and Tampere, but the availability will be quickly extended to new areas.

DNA sold its terrestrial TV network pay-TV business - will continue its operations as the leading pay-TV operator in the cable and broadband networks

- DNA sold its terrestrial TV network pay-TV business to Digita
- DNA's terrestrial network pay-TV customers will be transferred to Digita in accordance with the agreement on 1 January 2020
- DNA will close its VHF terrestrial network on March 2020.
- DNA has agreed to continue selling terrestrial pay-TV services through its extensive sales network

DNA launches a new corporate service: Nordic Connect connects Nordic sites' networks

- Nordic Connect is an Internet Protocol Virtual Private Network (IP VPN) service, connecting business sites across the Nordic region.
- The core service is a private network capable of connecting a company's sites in Finland, Sweden, Norway and Denmark.
- Telenor cooperation will improve DNA's service capability, and Nordic Connect is the first example of these product enhancements and portfolio synergies

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 2020

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. Sales of 5G subscriptions were launched at the end of 2019, and demand is expected to increase

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 application to strongly benefit from 5G technology. More technically advanced 5G devices are expected to the market during 2020.

*Machine to Machine

A young woman with long dark hair, wearing a headset and a light-colored hoodie, is smiling and looking towards the right. She is sitting at a desk in what appears to be a call center or office environment. In the background, another person is visible, and there are large windows showing a cityscape. A small pink horizontal line is positioned above the text.

Financial review

Net sales and EBITDA developed strongly due to good performance in mobile service revenue

EUR, million	10-12/2019	10-12/2018	Change %	1-12/2019	1-12/2018	Change %
Net sales	242.4	236.9	2.3%	942.1	911.8	3.3%
EBITDA	72.4	65.4	10.7%	305.6	284.9	7.2%
Comparable EBITDA	72.4	65.4	10.7%	309.9	284.9	8.8%
% of Net Sales	29.9%	27.6%		32.9%	31.2%	
Operating Result, EBIT	26.1	28.4	-8.4%	133.7	138.9	-3.7%
Comparable Operating Result	29.2	28.4	2.6 %	141.1	138.9	1.6 %
% of Net Sales	12.0%	12.0%		15.0%	15.2%	
Net Result	19.0	21.2	-10.4%	98.8	102.2	-3.3%
% of Net Sales	7.8%	8.9%		10.5%	11.2%	
Operative Capex	72.0	53.7	34.0%	140.3	133.9	4.8%
% of Net Sales	29.7%	22.7%		14.9%	14.7%	
Operating FCF ¹	0.4	11.7	-96.9%	169.6	151.0	12.2%
Net Debt				559.1	379.3	
Net Debt / EBITDA	1.93	1.45		1.83	1.33	

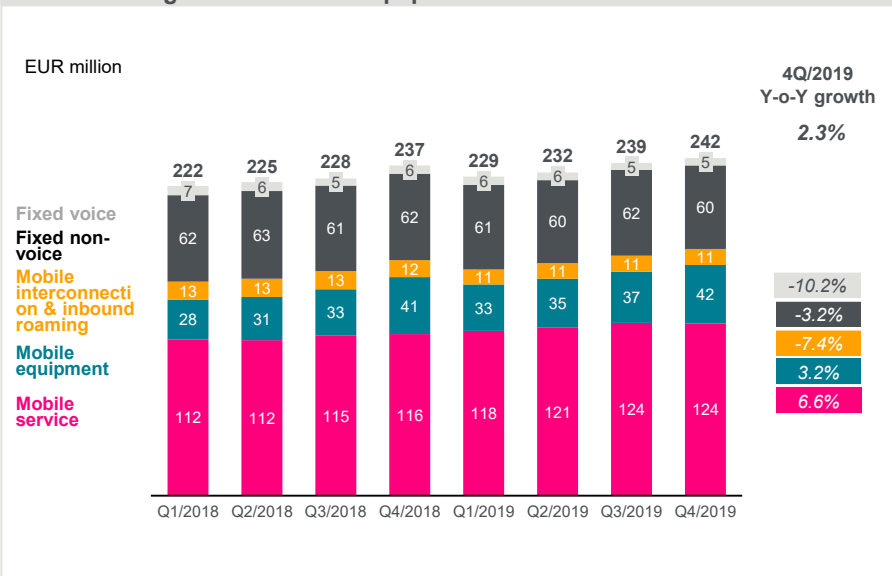


Notes

1. Operating free cash flow defined EBITDA minus operative capex

Q4/2019: Mobile service revenue grew 6.6% from the reference period

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



Key highlights in October-December 2019

- Mobile service revenue grew 6.6% from the reference period
 - The growth was fuelled by an increase in the mobile subscriptions base, and by the positive development in the average billing per customer
 - Average revenue per user (ARPU) declined slightly and was EUR 18.7 (18.9)
- Mobile equipment sales were strong and increased 3.2%
- Mobile interconnection revenue decreased due to the lower interconnection prices effective since December 2018
- Fixed non-voice has been positively impacted by growing demand of broadband
- Revenue from fixed voice continued to decline as expected

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

Q4/2019: Consumer business

Net sales were EUR 186.7 million (+4.0%)

- + Net sales were driven by the growth in mobile service revenue and mobile device sales
- + Revenue per user (ARPU)¹ of consumer customers declined slightly y-on-y and was EUR 20.2 (20.4)

Comparable EBITDA was EUR 55.4 million (+10.6%)

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

There were no items affecting the comparability of EBITDA in the fourth quarter.

Q4/2019: Corporate business

Net sales EUR were 55.6 million (-3.2%)

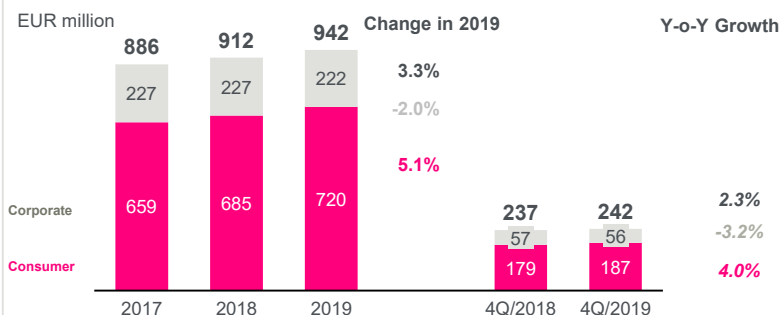
- + Net sales were positively impacted by good development in mobile service revenue
- + Corporate customers' mobile ARPU declined 0.8% and was EUR 13.5 (13.6)
- Net sales were negatively impacted mainly due to the change in the reporting of Moi Mobili (now under consumer business), as well as the decrease in interconnection charges

EBITDA was EUR 17.0 million (+11.0%)

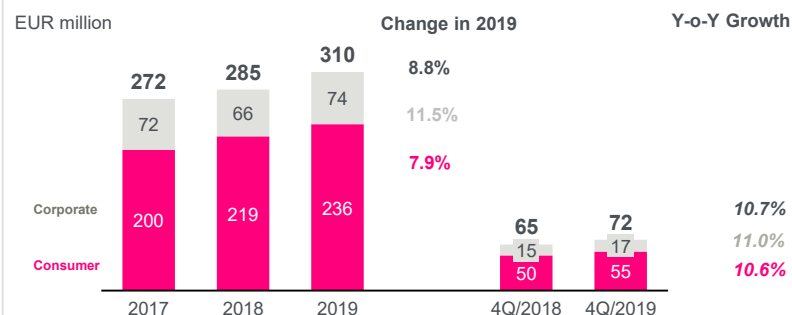
- + EBITDA was improved by a change in calculation method according to IFRS 16 and by the growth in mobile service revenue

There were no items affecting the comparability of EBITDA in the fourth quarter.

Consumer and corporate net sales, EUR million



Consumer and corporate comparable EBITDA, EUR million



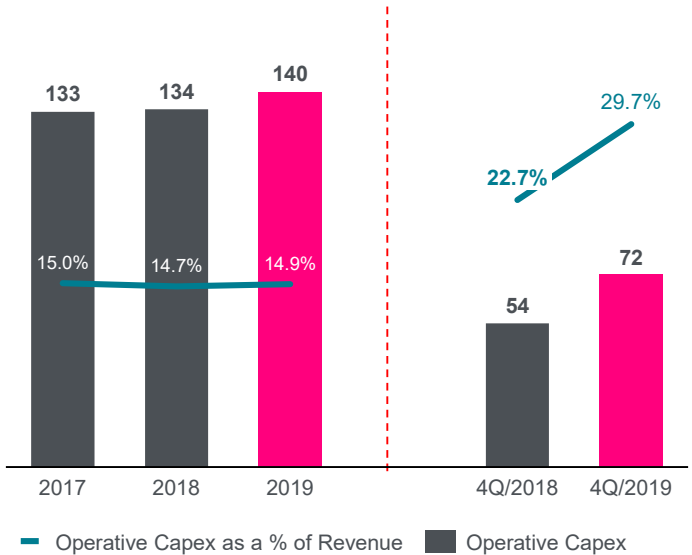
Notes

1. Consumer mobile postpaid handset subscription ARPU

Full year 2019 operative CAPEX below 15% of net sales

Full year 2019 operative capex ¹ 14.9% of net sales (14.7%)

EUR million



Notes

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

Key highlights in October-December 2019

- Operative capital expenditure was EUR 72.0 million (53.7), or 29.7% of net sales (22.7)
- Major individual items included in capital expenditure in the review period were network capacity expansion and development for 5G readiness, as well as fibre-optic networks and transmission systems.
- Total capital expenditure include in addition to operative capex lease investments (IFRS 16), which was in Q4/2019 EUR 2.0 million

Operating free cash flow increased from reference period

Cash flow summary

EUR million	2016	2017	2018	2019
Comparable EBITDA	247	272	285	310
Operative Capex	(137)	(133)	(134)	(140)
Operating FCF	110	139	151	170
<i>% of net sales</i>	<i>12.8%</i>	<i>15.7%</i>	<i>16.6%</i>	<i>18.0%</i>
<i>Cash Conversion %</i>	<i>44.6%</i>	<i>51.1%</i>	<i>53.0%</i>	<i>54.7%</i>
Interest paid, net	(9)	(9)	(17)	(8)
Income taxes, paid	(5)	(26)	(12)	(30)
Adjusted Change in NWC	(1)	19	(48)	(44)
Change in Provisions	(2)	(5)	(2)	0
FCFE	93	119	72	88
<i>% of net sales</i>	<i>10.8%</i>	<i>13.4%</i>	<i>7.9%</i>	<i>9.4%</i>

Key highlights in 2019

- Operating free cash flow increased 12.3% and was EUR 169.6 million (EUR 151,0 million)
 - + Higher EBITDA compared to year ago
 - Higher level of operative capex
- Free cash flow to equity EUR 88.4 million (in the end of Q3/2019: EUR 89.2 million)
 - Changes in working capital had a EUR 34.5 million negative impact (45.4 million negative impact) on cash flow.
 - The increase in working capital was mostly due to an increase in trade receivables and a decrease in trade payables in comparison to the end of 2018.

Low cost capital structure

Weighted average cost of debt decreased: 1.09% (Q3/2019: 1.11%)

	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 Papers		98	98	0.11 %
Other loans		100	100	
Total		508	501	1.09 %
Lease liabilities (IFRS16)			75	
Cash & Cash Equivalents			-17	
Net Debt			559	
Net Debt/EBITDA¹			1.83	

DNA's long-term credit rating (09/2019)

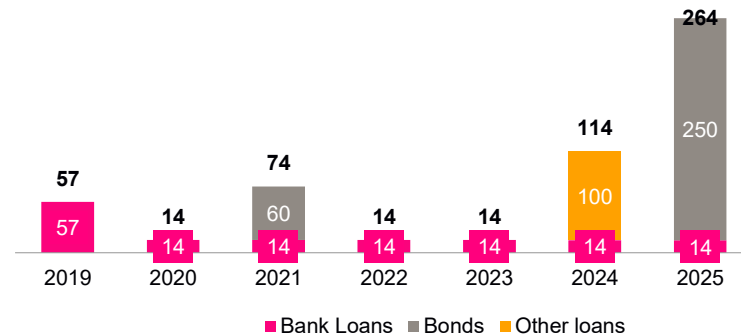
Assigned Rating	BBB (S&P)
Outlook	Stable

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



Credit research company Standard & Poor's Global Ratings upgraded DNA's long-term credit rating based on Telenor deal to BBB+ (previously BBB) with Stable outlook. At the same time DNA has been removed from Credit Watch.

DNA's guidance for 2020

- DNA has changed the way it issues guidance on future outlook, and it will not issue guidance on its net sales and EBITDA for 2020.
- DNA expects competition to remain strong in 2020. Nonetheless, DNA's business is anticipated to develop favorably. DNA's financial position and liquidity are expected to remain at a healthy level.
- DNA's mid-term financial targets and dividend policy remains the same.



Telenor's tender offer for the DNA shares

- Telenor Group announced in April that it will acquire DNA's two largest owners' shares of DNA Plc, together 54% of shares
- The completion of the Telenor transaction in August, triggered an obligation for Telenor to make a mandatory public tender offer for the remaining outstanding shares in DNA; the cash consideration per share was EUR 20.90
- Offer period ended on 10 October, and the shares tendered during the period represent 43.84% of all shares in DNA. Together with the DNA shares acquired by Telenor before the tender offer, Telenor held 97.87% of all shares in DNA after.
- Due to Telenor's holding exceeding 9/10 of the all shares in DNA, Telenor has commence mandatory redemption proceedings for the remaining shares.
- On 10 December, DNA applied for the termination of public trading in DNA's shares and for delisting of DNA's shares from the official list of Nasdaq Helsinki. This will be possible once Telenor has completed the redemption proceedings and has the right to obtain title to all DNA's minority shares.
- Transaction has no impact on DNA's operations or customer service.





Thank you!

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KPI Overview

Mobile KPIs

	2017	2018	2019	4Q/2018	4Q/2019
Mobile Revenue (EUR million)	586	640	679	169	177
Service	420	454	486	116	124
Equipment Sales	114	134	147	41	42
Interconnection & Inbound Roaming	52	52	45	12	11
Mobile Subscriptions (000s)¹	2 811	2 877	2 822	2 877	2 822
Postpaid	2 418	2 480	2 517	2 480	2 517
Prepaid	392	397	305	397	305
Consumer	2 252	2 287	2 275	2 287	2 275
Corporate	559	590	547	590	547
ARPU, Mobile Handset Subscriptions (EUR/month)²					
Postpaid	18.4	18.7	18.7	18.9	18.7
Prepaid	3.8	3.9	4.7	3.9	5.8
Consumer (postpaid)	19.6	20.3	20.0	20.4	20.2
Corporate (postpaid)	13.8	13.2	13.6	13.6	13.5
Annualised Mobile Handset Subscriptions Churn (%)					
Postpaid	18.3%	16.2%	16.2%	14.8%	17.5%

Fixed KPIs

	2017	2018	2019	4Q/2018	4Q/2019
Fixed Revenue (EUR Million)	300	272	264	68	65
Non-Voice Revenues	273	248	242	62	60
Voice Revenues	28	24	22	6	5
Fixed Broadband Subscriptions (000s)	458	481	542	481	542
Consumer	423	447	506	447	506
Corporate	36	34	37	34	37
Fixed Voice Subscriptions (000s)	53	41	36	41	36
Consumer	25	21	16	21	16
Corporate	29	20	20	20	20
Cable-TV Subscriptions (000s)	619	630	663	630	663

Notes

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