



DNA Plc

Building a digital society

SEB Nordic Seminar 2019, Copenhagen
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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

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

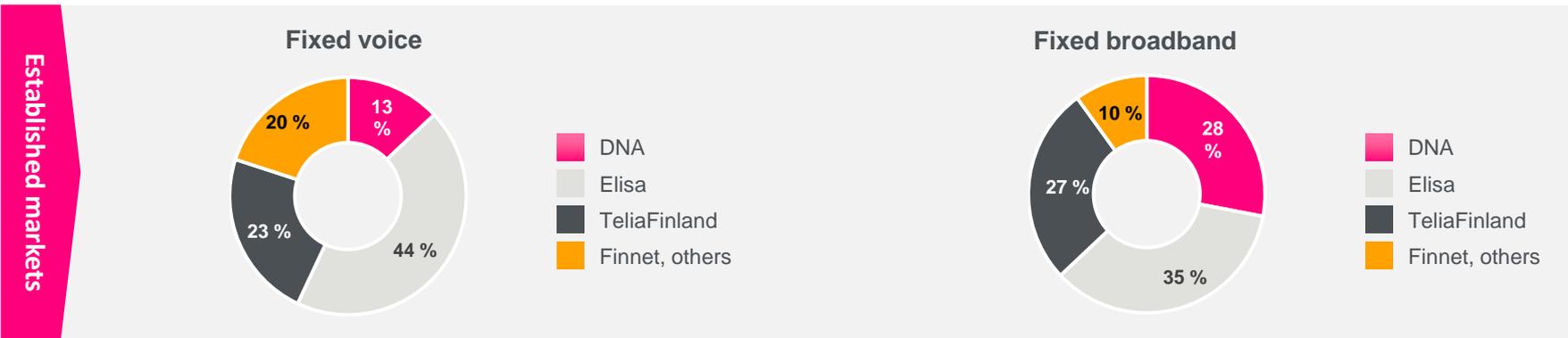
Finland's most extensive retailer of mobile phones, other mobile devices and mobile subscriptions

Strong employee satisfaction

DNA was awarded as the second best workplace in Finland in the category of large organisations (Great Place to Work® survey)

Strong foothold in the growth markets

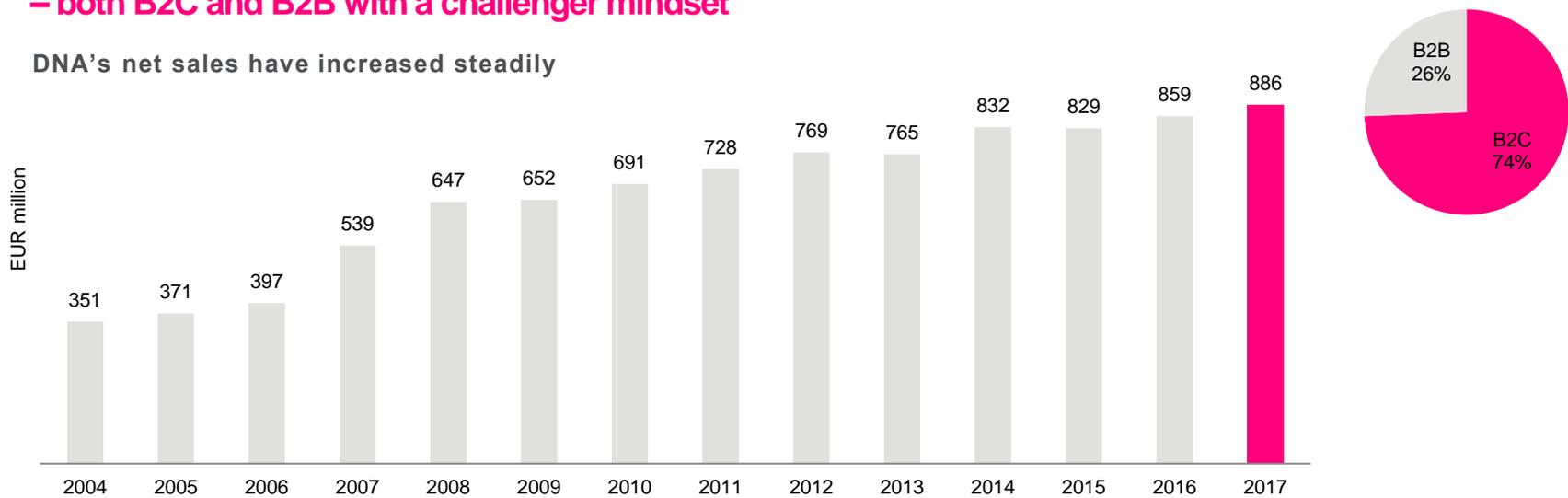
– DNA's market shares increased in mobile communications and fixed broadband in 2017



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

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

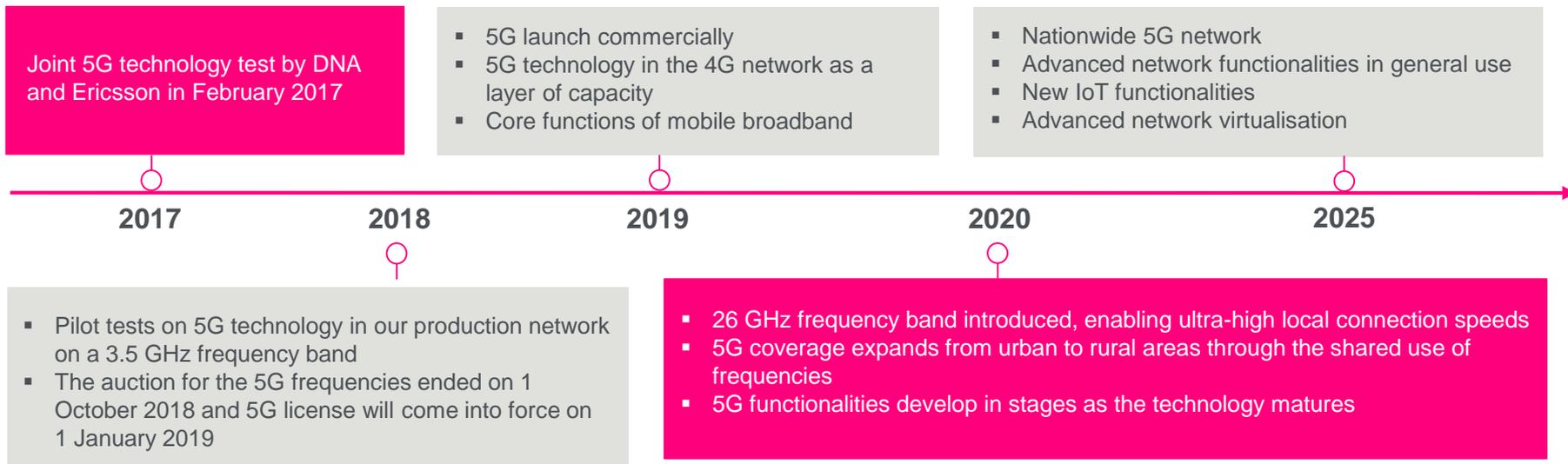
The strong growth of the variety of services and smart devices continues – **the best global services will gain a stronger foothold**

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 1st 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



We make sustainable business

Efforts to improve digital inclusion

DNA promotes digital inclusion in Finland by investing in a high-quality, extensive network, fast connections, easy-to-use products and services, and an excellent customer service. In 2019, DNA will launch a corporate responsibility programme to tackle digital inequality among senior citizens, children and youth, and disadvantaged families, in cooperation with prominent Finnish charitable organisations.

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 objective is to reduce indirect greenhouse gas emissions from the use of energy (Scope 2) by 100% by 2023. The reduction will be achieved by using renewable energy and improving energy efficiency.

DNA promotes digital inclusion in Finland

- As a telecommunications operator, DNA plays an important role in society by providing important communication connections and maintaining infrastructure that is critical to the operation of society
- DNA invests in service design and lean methodology to provide user-friendly and easily accessible products and services
- DNA aims to enhance its operational activities through artificial intelligence
 - We make efficient use of real-time and rich customer, network and behavioural data throughout our channels and business operations, in order to provide customers with the most personal and expert service possible



DNA's 4G network reaches 99.7% of the population in mainland Finland

DNA was ranked as the best company in the Nordic countries in the Digital Leaders 2018 research.



POHJOISMAIDEN
PARAS YRITYS

Initiatives to help the most vulnerable members of the digital society

- Together with Nordea, DNA offers a ready-to-use tablet for **senior citizens** – includes pre-installed applications and user support
- In the end of 2018, DNA's "Helping Phone" recycling campaign raised EUR 72 000 for SOS Children's Village Finland – the money will be used to acquire smart phones, tablets and laptops for the **children** who are subject to child protection
- According to DNA's study, 59% of parents are concerned about digital inequality among children and youth in Finland



**Kierrätä
vanha
puhelimesi
meillä
ja auta**

Lahjoitamme jokaisesta kierrätetystä puhelimesta 10 euroa SOS-Lapsikylän laite- ja liittymähankintoihin.

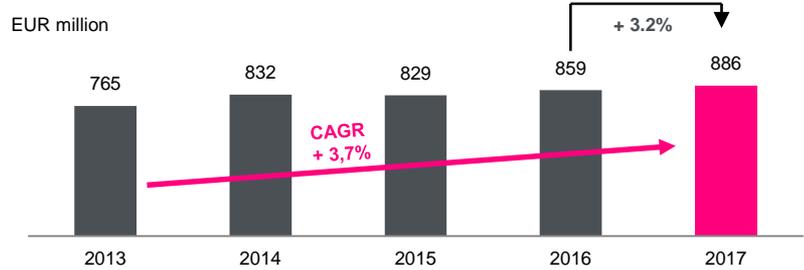


Business review

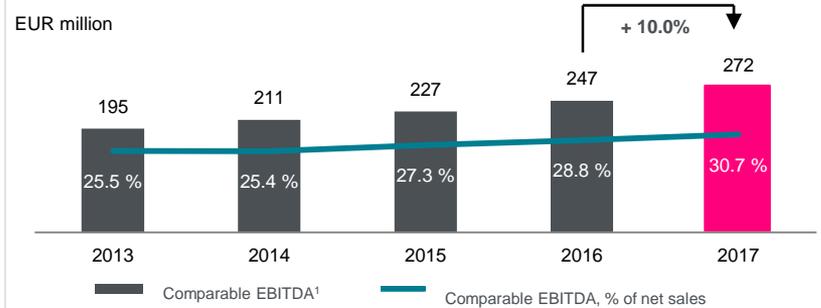


Steady growth in net sales and profitability

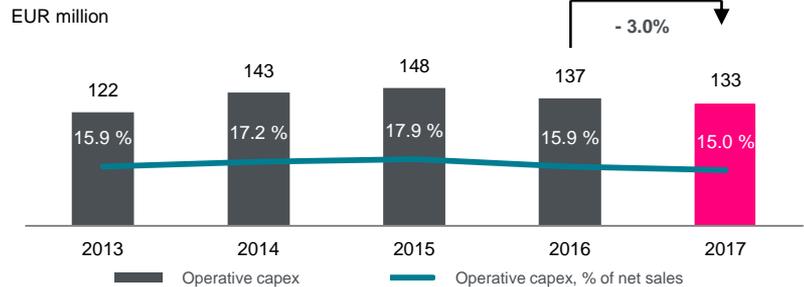
Net sales increased and came to EUR 886 million



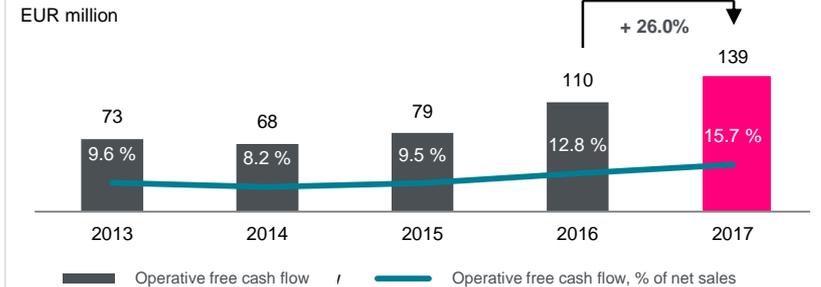
Comparable EBITDA increased 10% and was EUR 272 million



Operative capex² 15 % of net sales, objective to keep less than 15% of sales



Operative free cash flow³ increased 26% and was EUR 139 million



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
- SEB Nordic Seminar 2019, Copenhagen

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

EUR 676.0
million
+3.8%¹

Net sales

2.855,000
+65 000¹

Mobile communications subscriptions

EUR 220.9
million
+7.2%¹

EBITDA

EUR 333.6
million
+7.3 %

Mobile service revenue

EUR 140.1
million
-0.3%¹

Operative free cash flow

16.7%

Mobile CHURN for postpaid subscriptions

EUR 389.3
million
1.32

Net debt

Net debt/ EBITDA

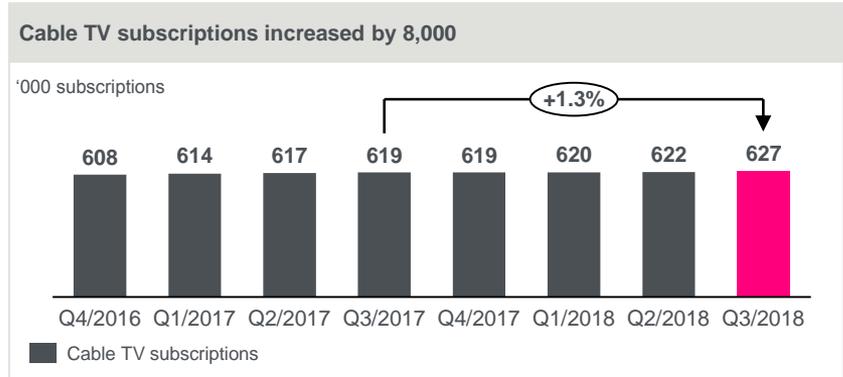
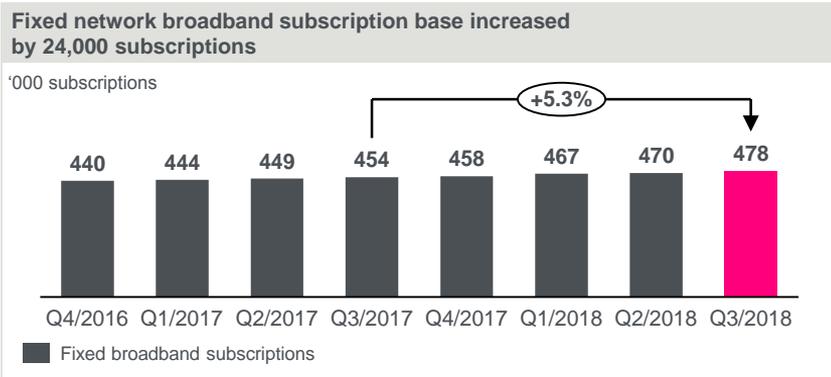
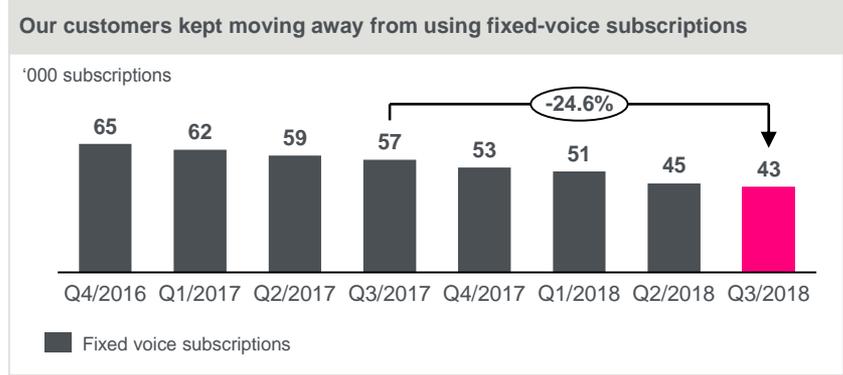
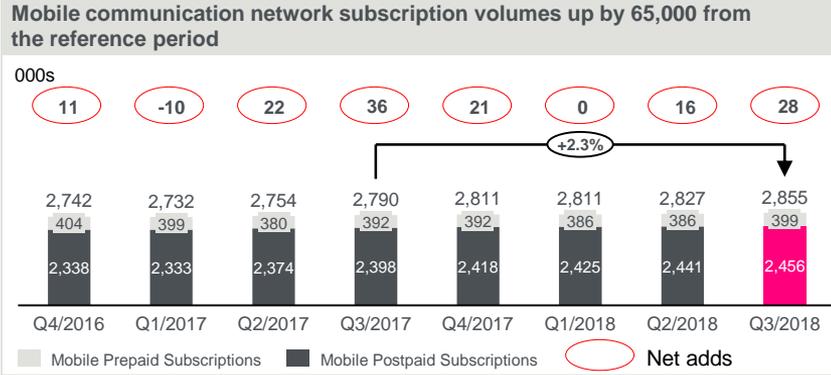
1.105,000
+32,000¹

Fixed broadband and cable TV subscriptions

Notes

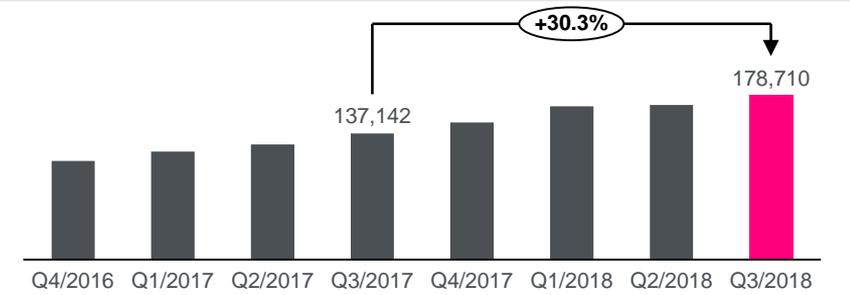
¹ Compared to January-September 2017
CHURN = Customer turnover rate

Mobile communications network and fixed network subscription bases grew



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

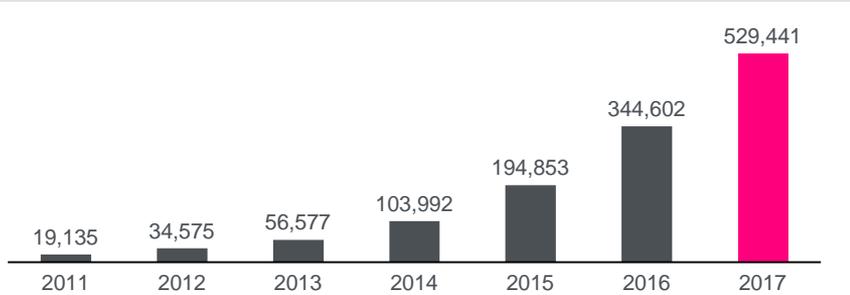
Mobile data traffic (GB, '000)



Key highlights in July-September 2018

- DNA's 4G mobile data traffic increased in the third quarter 38% y-on-y
- 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 data traffic volume in DNA's mobile network has doubled, and the trend is expected to continue with the expansion of 5G

Mobile data traffic (GB, '000)

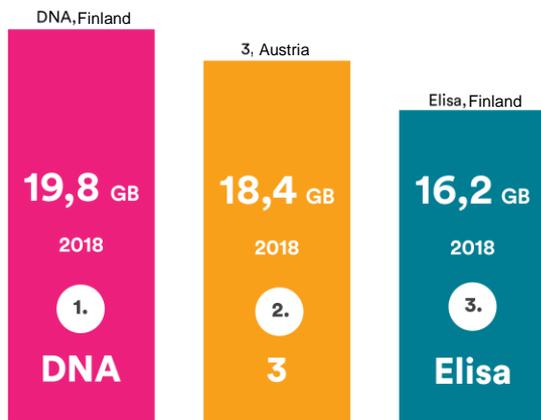


DNA's customers use the most mobile data per subscription

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

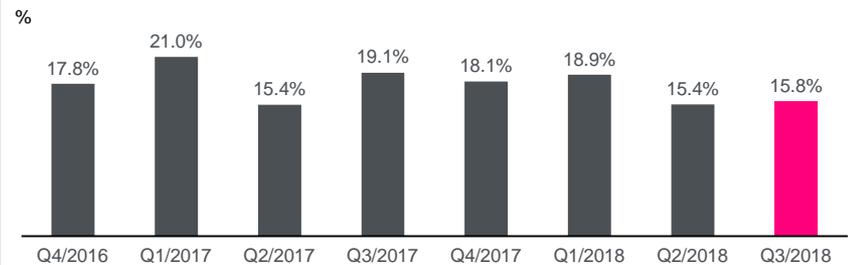
Source: Tefficient: <https://tefficient.com/more-data-always-for-more-it-happens/>

In the Q3, 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



Key highlights in July-September 2018

- ✓ Demand of 4G subscriptions continued to grow steadily
 - 4G subscription base 59.6%¹
 - 4G subscription base has increased 7.3 %-points y-on-y (Q3/2017: 52.3%)¹
 - 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 around at the level of previous quarter (Q2/2018: 15.4%)

Notes

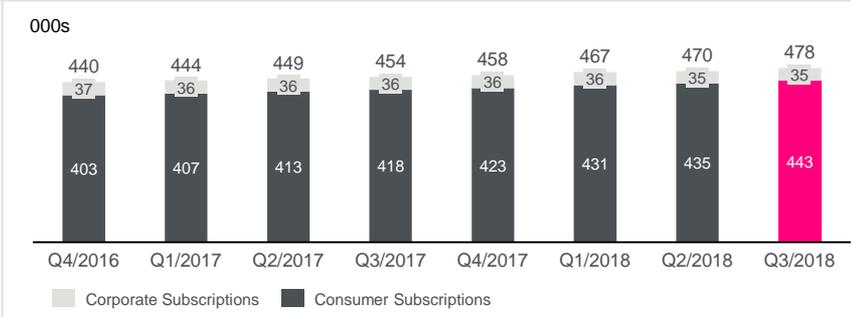
1. Share of mobile postpaid handset subscriptions in Consumer business, includes subscriptions with data transfer of 50 megabits per second or more

ARPU = Average revenue per user

CHURN = Subscription turnover rate

Growth in fixed broadband and cable-TV subscription base

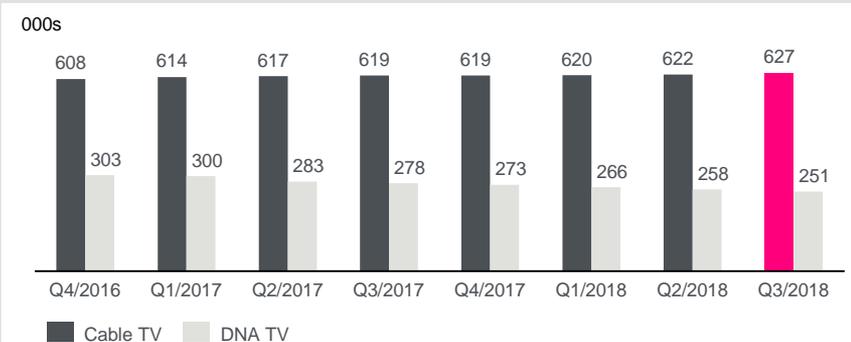
Fixed broadband subscriptions in stable growth



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

Strategic cornerstones and financial objectives



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



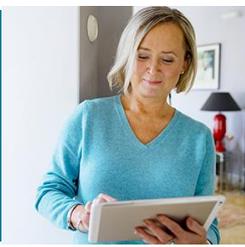
The most satisfied consumer and corporate customers

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



Financial objectives and dividend policy¹

DNA raised its financial guidance² 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 expenditure³ 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

A person wearing a dark blue winter jacket, a dark beanie with white stripes, and gold-rimmed glasses is talking on a mobile phone. They are outdoors in a snowy environment with falling snow. The background is blurred, showing a red vertical structure on the right and some indistinct buildings or structures in the distance.

Thank you!

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