

# WE MAKE OUR CUSTOMERS' LIVES SIMPLER AND MORE STRAIGHTFORWARD

DNA Plc Investor presentation  
June 2019



# 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

- Highlights of the first quarter of 2019
- Key operational KPIs and development of subscription base

## Financial review

- Key figures' development

## Strategy and outlook

- Financial targets and dividend policy

## Appendices





## DNA in brief

DNA offers high-quality voice, data and TV services for communication, entertainment and work

# DNA is one of the leading Finnish telecommunications groups

- Cost-efficient
- 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 subscriptions

## EUR 912 million

Net sales in 2018

## 1,590

At the end of 2018, 1,590 employees working at DNA

## Customer

is in the center of DNA's strategy

**DNA became a listed company** on November 2016

## TV

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

## EUR 139 million

Operating result in 2018

## 62 DNA stores

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

## Strong employee satisfaction

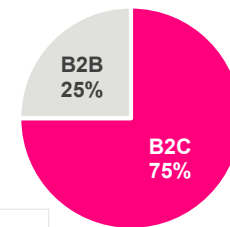
DNA was awarded as the best workplace in Finland in the category of large organisations

(Great Place to Work® survey)

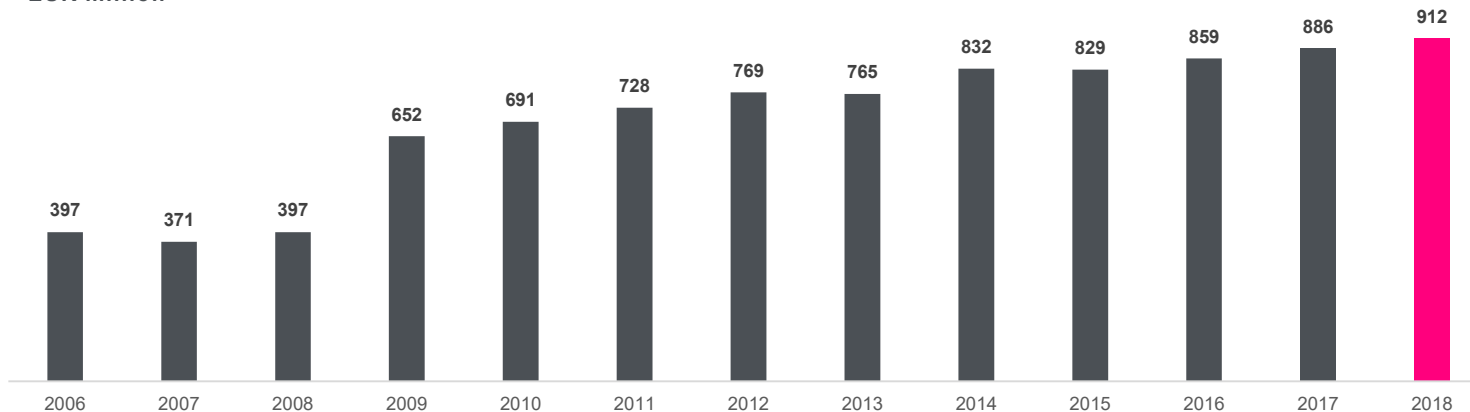
|                     |                           |                          |
|---------------------|---------------------------|--------------------------|
| Great Place To Work | Suomen parhaat työpaikat™ | Suurten yritysten sarja: |
| FINLAND             | 2019                      | 1. DNA                   |

# From a mobile start-up to a strong player

– Both B2C and B2B with a challenger mindset



DNA's net sales have increased steadily  
EUR million



'01: DNA launches mobile services

'03: DNA acquires Telia Mobile Finland

'07: 6 local fixed line operators merged to DNA

'10: DNA acquires Welho, the leading cable company in Finland

'11: DNA acquires Forte Netservices

'13: DNA acquires PlusTV, the leading pay-TV operator

'14: DNA acquires TDC's Finnish operations & Finnish Shared Networks Ltd is founded

'15: All DNA business operations under a single brand

'16: DNA becomes a listed company

'17: DNA's net sales and operating result reach record levels

'18: DNA's mobile and fixed network subscriptions reached 4 million subscriptions milestone

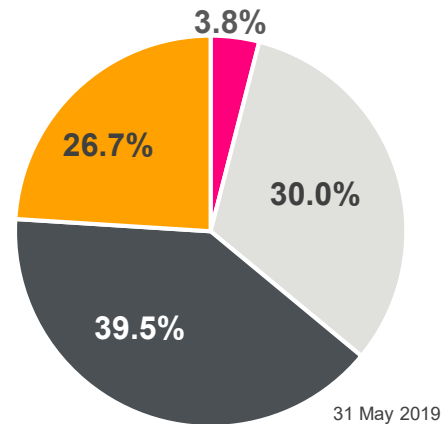
'19: DNA acquired Moi Mobili, fibre network in Tampere area and opened first phase of 5G network

## DNA had an excellent start as a listed company

- Trading in the DNA share began on the Nasdaq Helsinki Stock Exchange on November 2016
- DNA has today over 14,300 shareholders
- Market cap is EUR ~2.8 billion (03 June 2019)

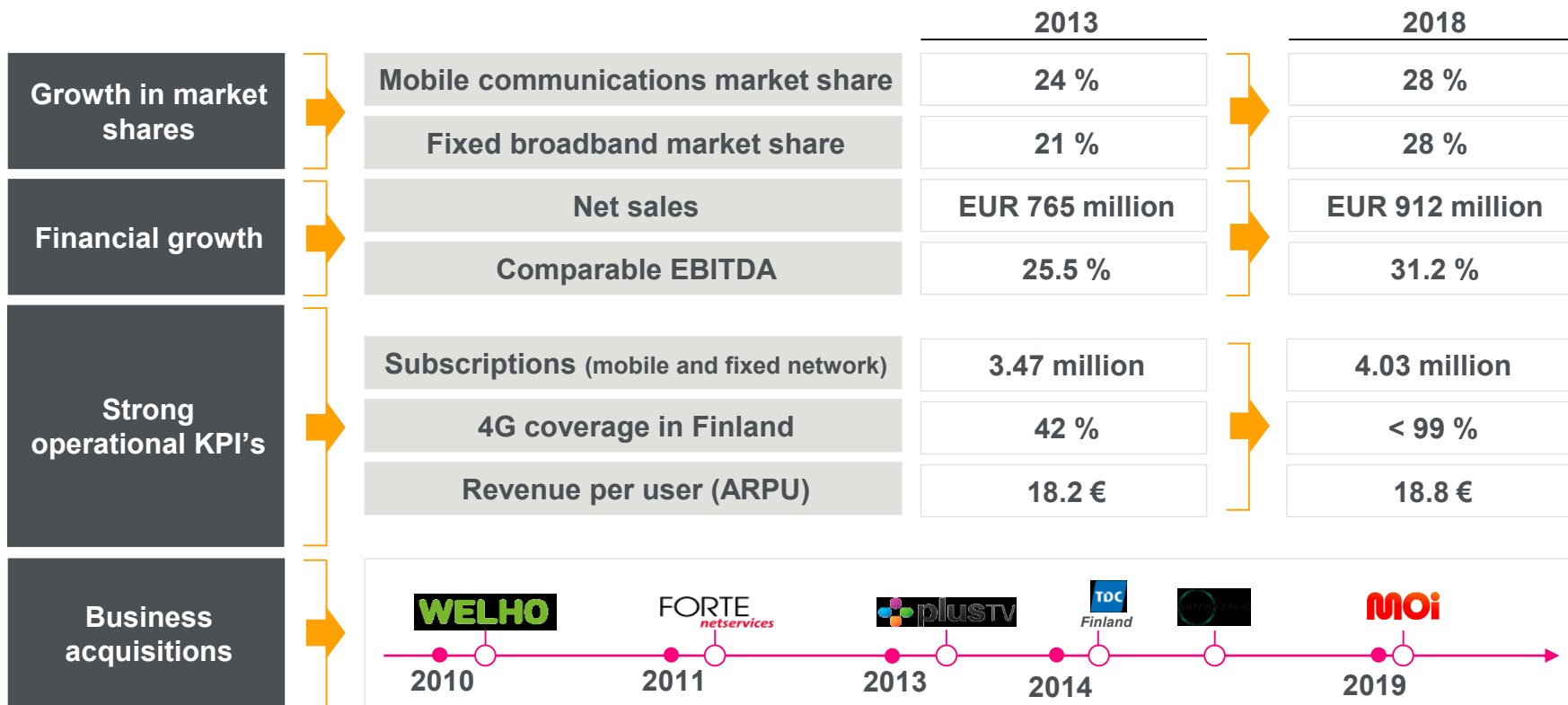
| Largest shareholders, 31 May 2019          | % of shares |
|--|-------------|
| Finda Telecoms Ltd                         | 28.3        |
| PHP Holding Ltd                            | 25.8        |
| Ilmarinen Mutual Pension Insurance Company | 3.5         |
| Elo Pension Company                        | 1.7         |
| Lohjan Puhelin Ltd                         | 1.7         |
| Mandatum Life Insurance Company Ltd        | 1.2         |
| 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

# Strong development in DNA's business





# Telecommunications market in transition

Telecommunications industry's service revenue is growing as digital services give a significant boost to the demand for mobile data.

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 live **increasingly digital lives** and want a seamless experience regardless of the service channel.

## Trend 3

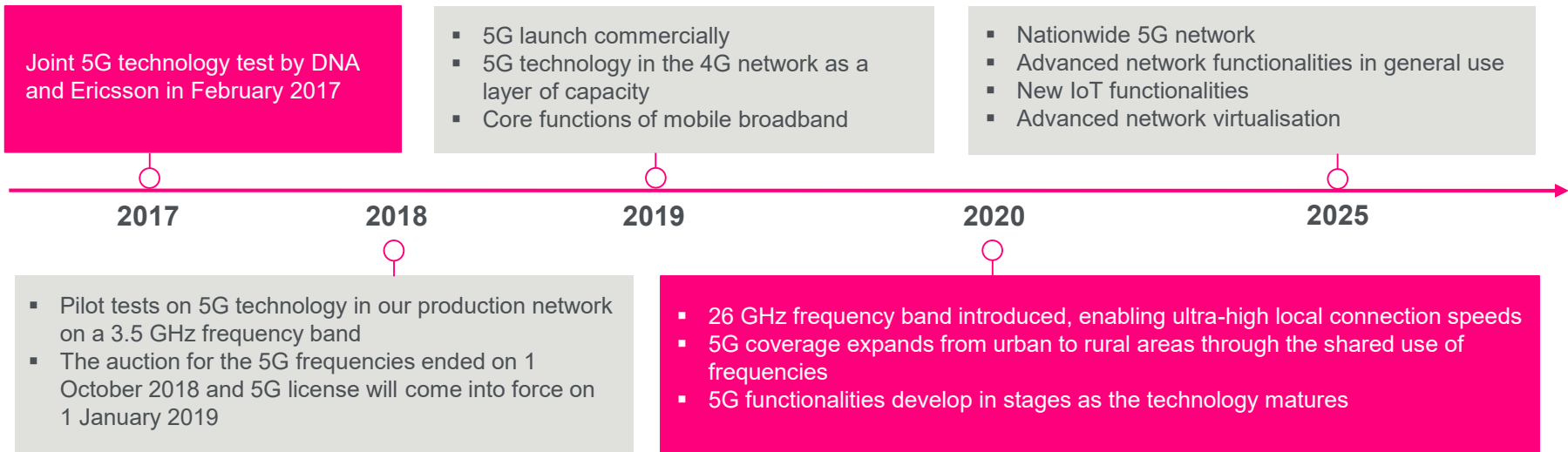
The strong growth of the variety of services and smart devices continues – **the best global services will gain a stronger foothold.**

## 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

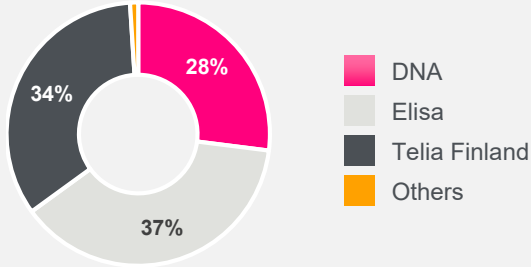
- DNA has been preparing its mobile network for the 5G era since 2016 and 5G services will be provided to customers during next year, enabling connection speeds of over 1 gigabit per second
- On 1<sup>st</sup> of October DNA won 5G frequency band in the Finnish Communications Regulatory Authority’s frequency 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



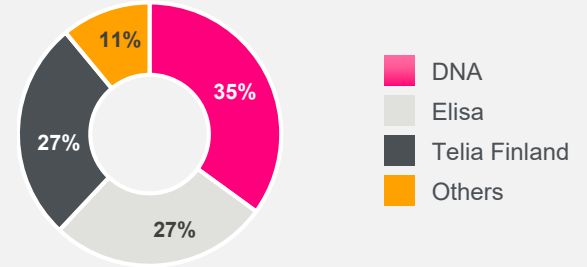
# Strong foothold in the growth markets

Growth markets

Mobile communications (voice and broadband)

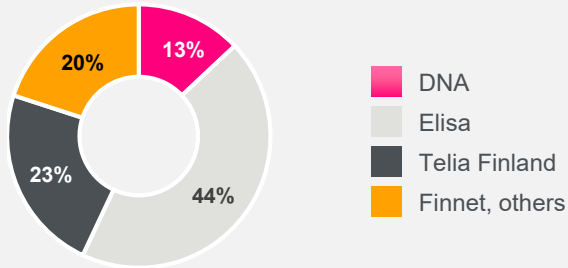


Cable TV and IPTV

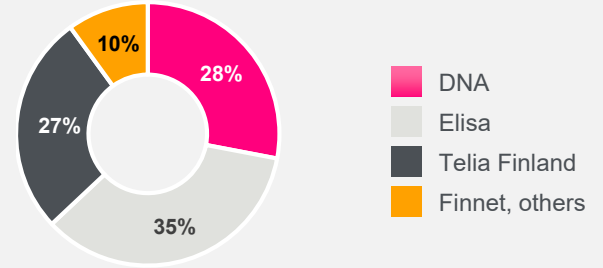


Established markets

Fixed voice



Fixed broadband



Notes  
Market shares in the end of June 2018, except CableTV in the end of 2017  
Source: Finnish Communications Regulatory Authority

# DNA's strategy summary

– The cornerstone of DNA's strategy is customer satisfaction

## Main assumptions behind our strategy

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

## 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 (2018)

## 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 almost 100% of the population, over 4 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: DNA was ranked **first as the best place to work in Finland in large companies category (Great Place to Work® survey)**
- Family-friendly workplace
- Development of employees' skills
- Excellent customer experience

#### Economic

- Profitability: **Operating result EUR 139 million**
- Investments: **EUR 138 million**
- Earning per share: **Dividend payout ratio about 80–100% of the net profit for the period**
- Salaries and benefits: **EUR 107 million**
- Taxes and tax-like payments: **EUR 175 million**
- Purchases from suppliers: **EUR 523 million**

#### Environmental

- Direct and indirect CO<sub>2</sub> emissions: **220,000 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

## Digital inclusion

DNA contributes to the promotion of digital inclusion in Finland. To this end, DNA places special emphasis on comprehensive networks, fast connections, easily understandable products and services and excellent customer service. In addition, DNA launched a charity programme to support digital inclusion among those in vulnerable position in Finland.

## Great place to work

DNA was named Finland's best workplace in the Large Organisations category of the Great Place to Work awards. In addition, DNA was the first publicly listed company to be recognised as a Family Friendly Workplace by the Family Federation of Finland.

## Climate friendly business

DNA's objective is to reduce energy indirect greenhouse gas emissions (Scope 2) by 100% by 2023 from the level reported in 2014. DNA's Scope 2 emissions have already reduced by some 40% since 2014, due to e.g. procurement of renewable energy.

## Good governance

Responsible operations at DNA covers DNA's personnel, suppliers and subcontractors. The promotion of Code of Conduct compliancy and responsible decision-making is continuous.

# Business Review

# Q1/2019: Net sales increase was fuelled by the growth in mobile device sales and mobile service revenue



## Net sales increased 2.9% and amounted to EUR 228.9 million (222.3)

- Mobile device sales and mobile service revenue increased net sales
- Growth in mobile service revenue\*, +5.5%, was mainly due to the growth in the mobile subscription base
- Mobile device sales were up 17.1% from the reference period



## EBITDA increase is mostly due to the impact of IFRS 16, but growth in mobile service revenue also contributed to it

- EBITDA increased 7.7% and was EUR 76.1 million (70.7); 33.2% of net sales (31.8%)
- The operating result decreased and was EUR 34.8 million (35.2), 15.2% of net sales (15.8%). Operating result was weakened by an increase in depreciation.



## Strong momentum of operational KPI's

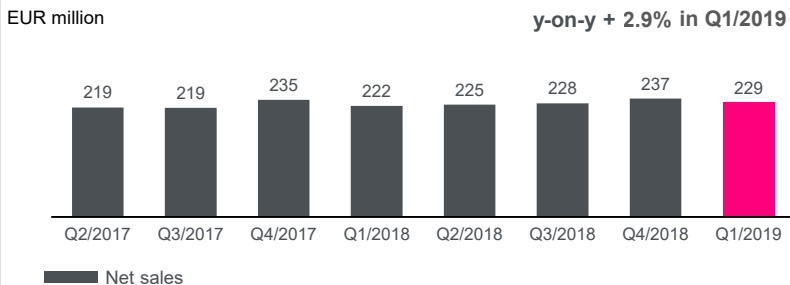
- Average revenue per user for mobile communications (ARPU) declined from the reference period and was EUR 18.3 (EUR 18.9). The decrease was due to the drop in interconnection charges since December 2018.
- CHURN decreased and was 17.2% (18.9%)
- Mobile subscription base increased by 40,000 y-on-y and was 2,851,000 in total. From the end of 2018 the base decreased by 26,000 subscriptions due to a decrease in prepaid subscriptions (-35,000); postpaid subscriptions increased by 9,000
- Subscription base for fixed broadband increased by 18,000 and cable-TV subscriptions increased by 11,000

### Notes

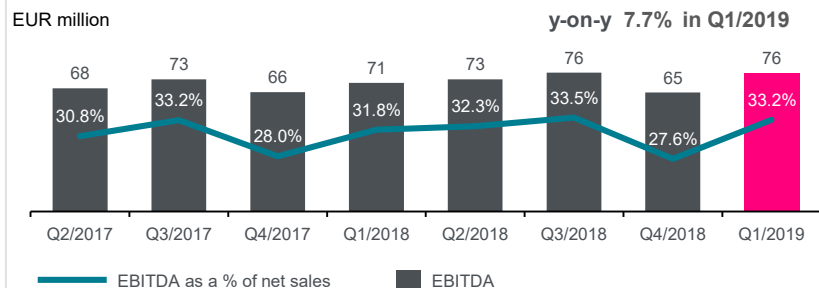
\*Mobile service revenue = revenue generated by mobile subscriptions. Consumer and corporate mobile communication and mobile broadband services, corporate M2M services and corporate mobile virtual network operator (MVNO) services.

# Q1/2019 – Mobile service revenue increased by 5.5%

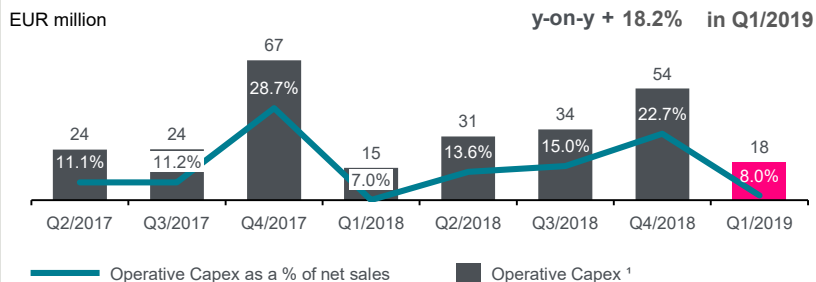
Growth in mobile service revenue (+5.5%) and strong mobile device sales (+17.1%) boosted quarter's net sales



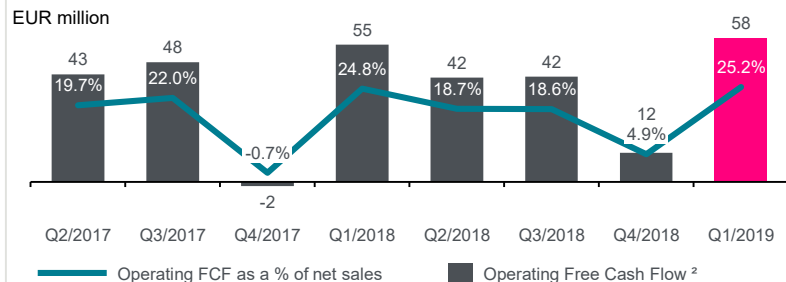
EBITDA<sup>1</sup> increased 7.7% from the reference period and margin was 33.2%



Operative capex<sup>1</sup> increased 18.2% year-on-year



Operative free cash flow<sup>2</sup> increased from the reference period



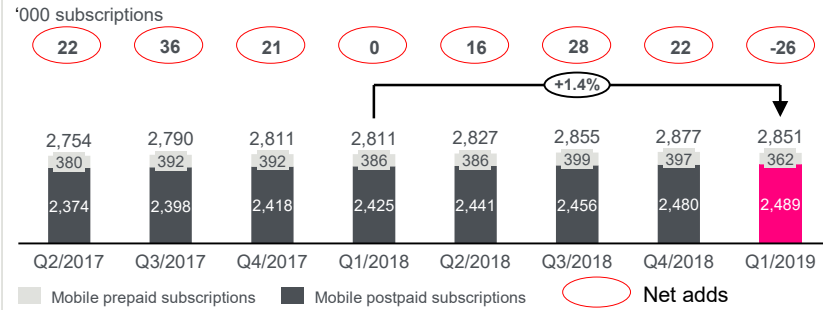
**Notes**

1. Operative capex = investments excluding capitalised spectrum license payments and lease investments (IFRS 16)

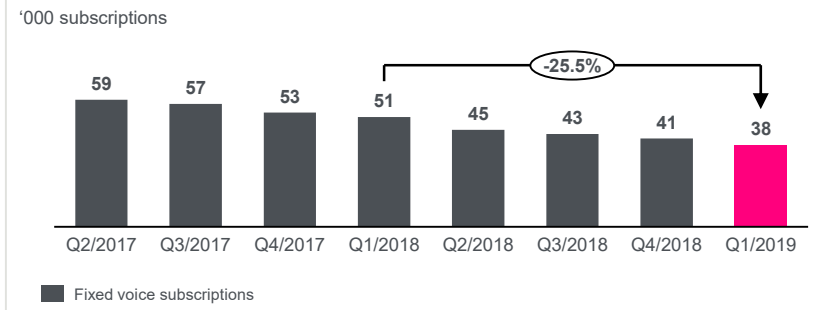
2. Operating free cash flow defined as EBITDA minus operative capex

# Mobile and fixed network subscription base grew by 56,000 from the reference period

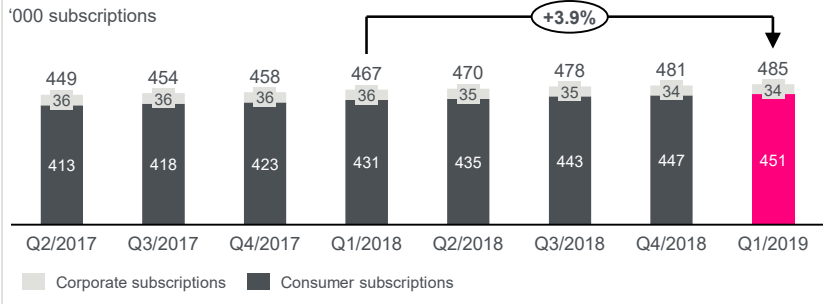
## Mobile communication subscription base up by 40,000 y-on-y



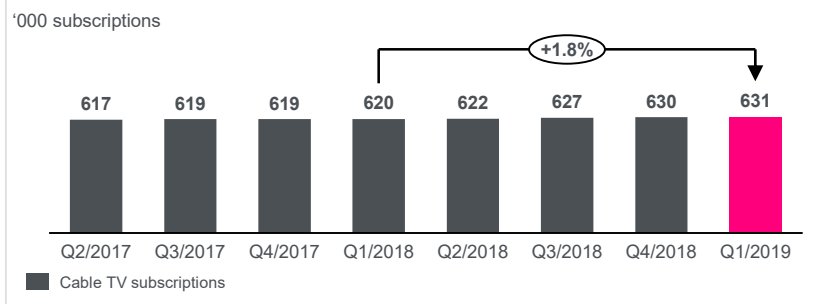
## Our customers kept moving away from using fixed-voice subscriptions



## Fixed broadband subscription base increased by 18,000 subscriptions from the reference period



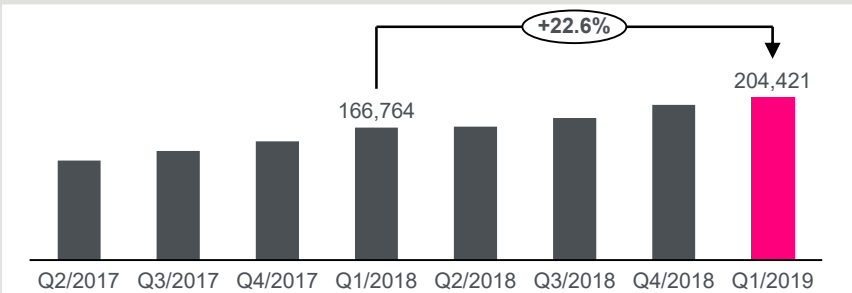
## Cable TV subscriptions increased by 11,000 subscriptions from the reference period



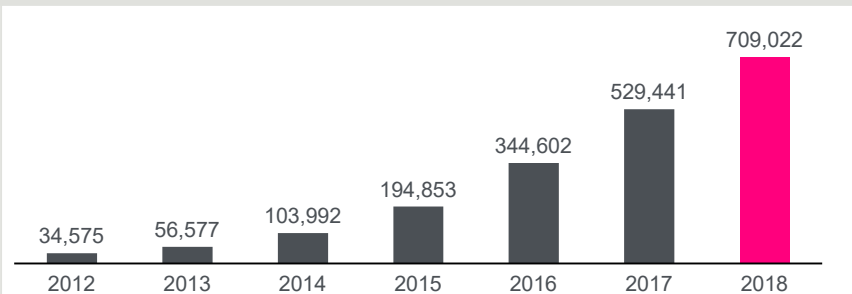


# Already 94% of all mobile data usage was transferred in 4G network

Total mobile data traffic (GB, '000) increased again over 20%



Mobile data traffic (GB, '000)



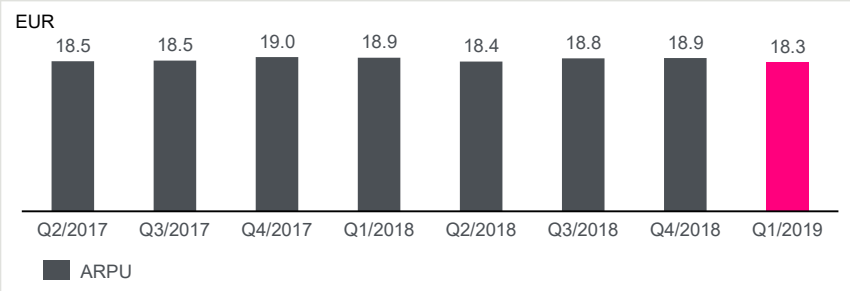
Key highlights in January-March 2019

- DNA's mobile data traffic increased about 23% from the reference period
- In January-March 2019, DNA's mobile data usage was 23.7 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 2017, the average figure was 15.9 gigabytes.

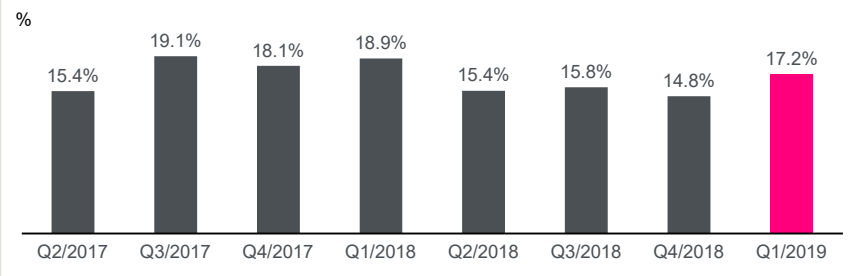
\* Tefficient's report 1/2019: <https://tefficient.com/all-operators-climbed-the-tree-4g-turned-usage-growth-into-arpu-growth/>  
Tefficient is an international telecommunications specialist providing analysis, benchmarks and consulting services.

# The subscription turnover rate (CHURN) decreased and was 17.2%

## Mobile postpaid ARPU decreased compared to the reference period



## Mobile communication CHURN (postpaid) improved from 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 January-March 2019

- Demand of 4G subscriptions continued to grow steadily
  - 4G subscription base has increased 7 %-points year-on-year and its' share of mobile subscriptions was 62.9%<sup>1</sup> (55.9%)
  
- ARPU decreased y-on-y 3.1% and was EUR 18.3 (18.9)
  - ARPU was impacted by lower interconnection charges from the beginning of December
  
- CHURN improved from the reference period and was 17.2% (18.9%)
  - CHURN increased from the very low level of previous quarter

A photograph of three men in business attire sitting at an outdoor cafe table. The man on the right is holding a tablet and looking at it. The man in the middle is bald and wearing glasses, looking towards the man on the right. The man on the left is looking towards the man in the middle. The background shows a street with buildings and trees.

# Financial Review

## Positive development in January-March financial KPI's

| EUR, million               | 1-3/2019     | 1-3/2018 | Change % | 1-12/2018    |
|----------------------------|--------------|----------|----------|--------------|
| Net sales                  | <b>228.9</b> | 222.3    | 2.9%     | <b>911.8</b> |
| EBITDA                     | <b>76.1</b>  | 70.7     | 7.7%     | <b>284.9</b> |
| % of Net Sales             | <b>33.2%</b> | 31.8%    |          | <b>31.2%</b> |
| Operating Result           | <b>34.8</b>  | 35.2     | -1.2%    | <b>138.9</b> |
| % of Net Sales             | <b>15.2%</b> | 15.8%    |          | <b>15.2%</b> |
| Net Result                 | <b>25.3</b>  | 24.4     | 3.4%     | <b>102.2</b> |
| % of Net Sales             | <b>11.0%</b> | 11.0%    |          | <b>11.2%</b> |
| Operative Capex            | <b>18.3</b>  | 15.5     | 18.2%    | <b>133.9</b> |
| % of Net Sales             | <b>8.0%</b>  | 7.0%     |          | <b>14.7%</b> |
| Operating FCF <sup>1</sup> | <b>57.7</b>  | 55.2     | 4.7%     | <b>151.0</b> |
| Net Debt                   | <b>469.6</b> | 304.0    |          | <b>379.3</b> |
| Net Debt / EBITDA          | <b>1.54</b>  | 1.08     |          | <b>1.33</b>  |

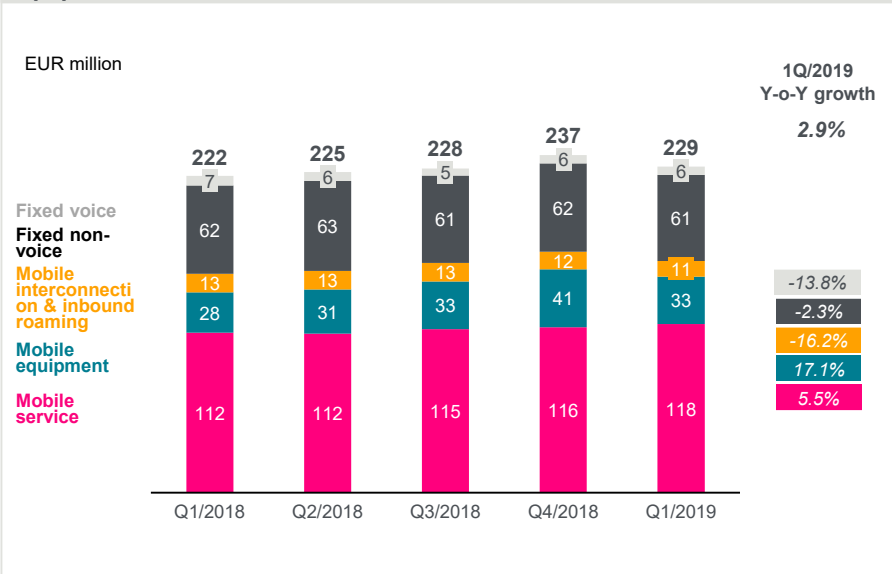
### Notes

1. Operating free cash flow defined EBITDA minus operative capex



# Q1/2019: Mobile service revenue grew 5.5% from the reference period

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



## Key highlights in January-March 2019

- Mobile service revenue grew 5.5% from the reference period
  - The growth was fuelled by an increase in the average billing per customer and by an increase in the mobile subscriptions base
  - Average revenue per user (ARPU) was EUR 18.3 (18.9)
- Mobile equipment sales were strong and increased by 17.1%
- 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



# Moi Mobiili is now part of Consumer business instead of Corporate business

## Q1/2019: Consumer business

**Net sales EUR 173.6 million (+5.1%)**

- + Net sales were driven by the growth in mobile service revenue and mobile device sales
- Revenue per user (ARPU)<sup>1</sup> decreased and was EUR 19.7 (20.4). ARPU was affected by the transfer of Moi's subscriptions to Consumer business and by the decrease in interconnection prices

**EBITDA EUR 57.6 million (+7.8%)**

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

## Q1/2019: Corporate business

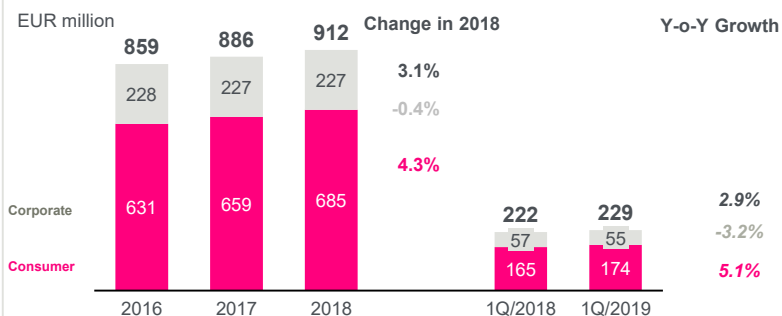
**Net sales EUR 55.3 million (-3.2%)**

- The decrease in net sales was mainly due to the change in the reporting of Moi Mobiili, which is now disclosed under consumer business, as well as the decrease in interconnection charges
- Corporate customers' mobile ARPU declined slightly from the reference period and was EUR 13.4 (13.7), mainly due to lower interconnection charges

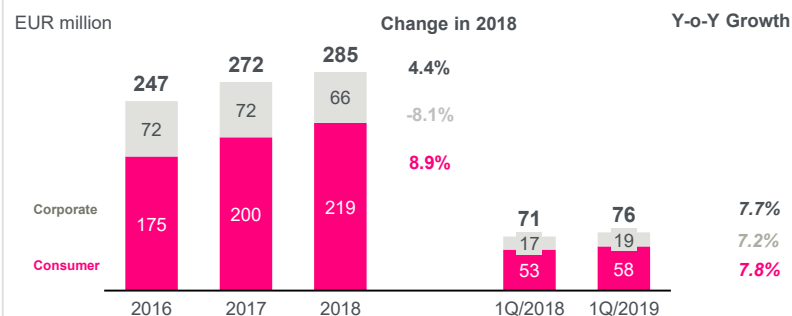
**EBITDA EUR 18.5 million (+7.2%)**

- + EBITDA was improved as a result of IFRS 16

### Consumer and corporate net sales, EUR million



### Consumer and corporate EBITDA, EUR million



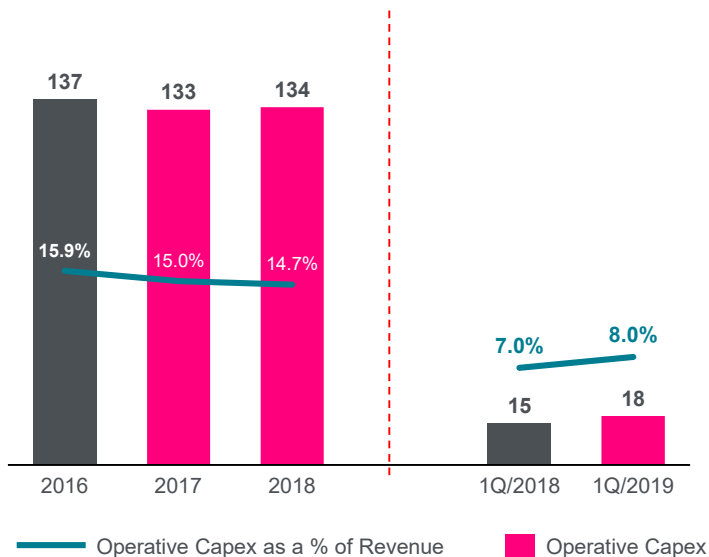
**Notes**

1. Consumer mobile postpaid handset subscription ARPU

# Operative CAPEX was slightly higher compared to reference period

Operative capex<sup>1</sup> was 8.0% of net sales in January-March

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 January-March 2019

- Operative capital expenditure was EUR 18.3 million (15.5), or 8.0% of net sales (7.0%)
- Typical for the beginning of the year, operative capital expenditure were on a low level
- In January, the spectrum licence fees of EUR 8.6 million (4.4 million) for the 700 MHz and 3.5 GHz bands were capitalised
- Major individual items included in capital expenditure are 4G network capacity expansion and network development towards 5G, fibre optics networks and transmission systems

# Operating free cash flow increased from reference period

| Cash flow summary        |            |            |            |           |
|--------------------------|------------|------------|------------|-----------|
| EUR million              | 2016       | 2017       | 2018       | 1-3/2019  |
| <b>Comparable EBITDA</b> | <b>247</b> | <b>272</b> | <b>285</b> | <b>76</b> |
| Operative Capex          | (137)      | (133)      | (134)      | (18)      |
| <b>Operating FCF</b>     | <b>110</b> | <b>139</b> | <b>151</b> | <b>58</b> |
| <i>% of net sales</i>    | 12,8%      | 15,7%      | 16,6%      | 25,2%     |
| <i>Cash Conversion %</i> | 44,6%      | 51,1%      | 53,0%      | 75,9%     |
| Interest paid, net       | (9)        | (9)        | (17)       | (6)       |
| Income taxes, paid       | (5)        | (26)       | (12)       | (10)      |
| Adjusted Change in NWC   | (1)        | 19         | (48)       | (27)      |
| Change in Provisions     | (2)        | (5)        | (2)        | 1         |
| <b>FCFE</b>              | <b>93</b>  | <b>119</b> | <b>72</b>  | <b>15</b> |
| <i>% of net sales</i>    | 10,8%      | 13,4%      | 7,9%       | 6,5%      |

## Key highlights in January-March 2019

- Operating free cash flow was EUR 58 million (EUR 55 million)
  - + EBITDA higher year-on-year
  - + Operating FCF increased 5.5% from the reference period
- Free cash flow to equity EUR 15 million (in the end of 2018: EUR 72 million)
  - Growth in working capital was mainly due to decrease in trade payables.

# Low cost capital structure

Weighted average cost of debt: 1.31% (Q4/2018: 1.34%)

|                                    | Maturity | Nominal Amount<br>EUR million | Book Value<br>EUR million | Cost of Debt |
|------------------------------------|----------|-------------------------------|---------------------------|--------------|
| Unsecured € Bond 1.375%<br>Coupon  | Mar-2025 | 250                           | 242                       | 1,43%        |
| Unsecured € Bond 2.875%<br>Coupon  | Mar-2021 | 60                            | 60                        | 2,93%        |
| Bank Loans and Commercial Paper    |          | 111                           | 111                       | 0,18%        |
| <b>Total</b>                       |          | <b>421</b>                    | <b>414</b>                | <b>1,31%</b> |
| <b>Lease liabilities (IFRS 16)</b> |          |                               | <b>83</b>                 |              |
| <b>Cash &amp; Cash Equivalents</b> |          |                               | <b>-27</b>                |              |
| <b>Net Debt</b>                    |          |                               | <b>470</b>                |              |
| <b>Net Debt/EBITDA<sup>1</sup></b> |          |                               | <b>1,54</b>               |              |

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

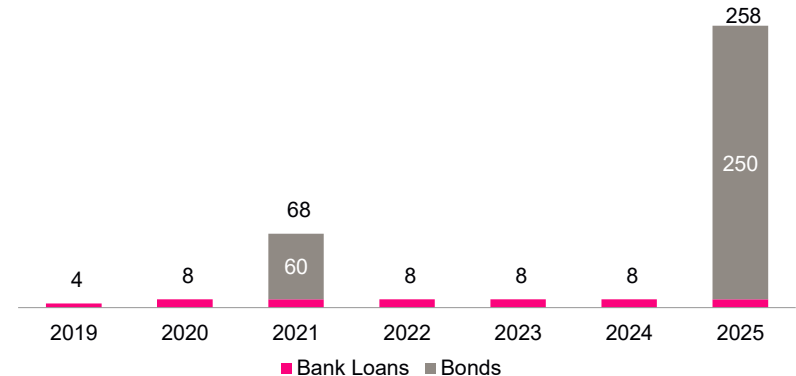
|                 |           |
|-----------------|-----------|
| Assigned Rating | BBB (S&P) |
| Outlook         | Stable    |

### 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



**Strategic cornerstones,  
market outlook  
and  
financial  
objectives**





# DNA's main events during January-March 2019

DNA was chosen the best workplace in Finland by the Great Place to Work institute in the category of large organisations.

We prepare our network for 5G deployment: the upgrade of DNA's 4G network was completed during the first quarter in cities including Helsinki, Tampere and Turku. Network updates have more than doubled the data transfer speeds.

On January 2019, DNA acquired European Mobile Operator Oy; subsidiary Moi Mobili provides mobile services to private and corporate customers.

In January, DNA signed a four-year agreement with Veikkaus to supply the gaming company with the largest company-specific network in Finland; almost 7,000 Veikkaus sales outlets.

The AGM confirmed dividend of EUR 0.70 per share and additional dividend EUR 0.40 per share, in total EUR 1.10 per share.

## DNA's acquisitions in 2019:

### January: **Moi Mobiili Oy**



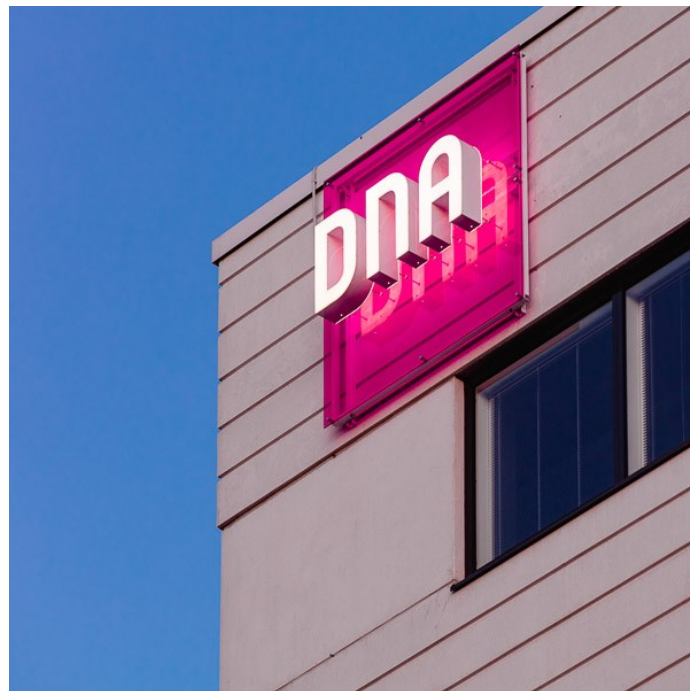
- Moi Mobiili Oy provides mobile services to private and corporate customers
- Moi has operated since 2016 as a service operator in DNA's mobile network
- The transaction is not expected to have a significant impact on DNA's net sales or EBITDA for 2019
- The acquired business operations are consolidated into DNA's consumer business figures from Q1/2019 onwards
- Moi will continue to serve its customers under its own brand separately from DNA
- some 10 employees continues in the service of bought company

### May: **ICT Elmo's consumer and housing company businesses and extensive fibre network**

- The acquisition strengthen DNA's market position in the Tampere region - Finland's 2<sup>nd</sup> largest economic area
- Acquired network consists of around 1,700 km of fibre-optic cable
- > 30,000 new fixed broadband and around 25,000 new cable TV customers
- Net sales of the acquired business in 2018 was around EUR 8 million
- The total acquisition price is EUR 27.4 million, equates to an EV/EBITDA of 6.1x with cost synergies considered
- The full extent of the cost synergies will be realised from 2020 onwards, consisting mainly of lower network leasing, operating and building costs.
- Employees: <20 members of ICT Elmo's staff
- The acquired business will not have a significant impact on DNA's net sales or EBITDA in 2019.
- Acquired business operations are consolidated into DNA as of the beginning of June.

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

- Telenor is buying the shares of DNA's two largest owners, Finda Telecoms Ltd (28.3%) and PHP Holding Ltd (25.8%)
- The transaction is subject to certain conditions, including the approval by the general meetings of the seller entities and required regulatory approvals. AGM's were in May and approved the transaction.
- Telenor expects to have regulatory approvals during Q2-Q3/2019
- Completion of the transaction will trigger a mandatory public tender offer for the remaining outstanding shares in DNA. Telenor estimates that the tender offer will happen during Q3/2019 and the cash consideration per share will be EUR 20.90
- Subject to the outcome of the mandatory tender offer, Telenor has announced its intention to keep DNA's listing on the Nasdaq Helsinki stock exchange
- 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



# We are on track to achieve our strategic objectives



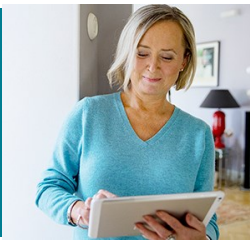
The most satisfied consumer and corporate customers

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 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. The number of high-speed 4G subs. and mobile data usage per subscription increases.

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 the first application to strongly benefit from 5G technology. 5G devices are expected to be launched during 2019.

\*Machine to Machine



# Financial objectives and dividend policy

## DNA financial guidance for 2019

- 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 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 expenditure<sup>1</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

- 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)
- Total payout in April was EUR 145.4 million

### Notes

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

Thank you!

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# Appendices

- ✓ Operational and financial KPI's
- ✓ IFRS 16 impact
- ✓ Subscription prices
- ✓ Introduction for Consumer business
- ✓ Introduction for Corporate business
- ✓ Corporate responsibility and sustainability
- ✓ IR contact information



# KPI Overview

## Mobile KPIs

|   | 2016         | 2017         | 2018         | 1Q/2018      | 1Q/2019      |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>Mobile Revenue (EUR million)</b>                               | <b>539</b>   | <b>586</b>   | <b>640</b>   | <b>154</b>   | <b>162</b>   |
| Service   | 375          | 420          | 454          | 112          | 118          |
| Equipment Sales   | 111          | 114          | 134          | 28           | 33           |
| Interconnection & Inbound Roaming                                 | 53           | 52           | 52           | 13           | 11           |
| <b>Mobile Subscriptions (000s)<sup>1</sup></b>                    | <b>2 742</b> | <b>2 811</b> | <b>2 877</b> | <b>2 811</b> | <b>2 851</b> |
| Postpaid  | 2 338        | 2 418        | 2 480        | 2 425        | 2 489        |
| Prepaid   | 404          | 392          | 397          | 386          | 362          |
| Consumer  | 2 262        | 2 252        | 2 287        | 2 248        | 2 315        |
| Corporate   | 480          | 559          | 590          | 563          | 536          |
| <b>ARPU, Mobile Handset Subscriptions (EUR/month)<sup>2</sup></b> |              |              |              |              |              |
| Postpaid  | 17.1         | 18.4         | 18.7         | 18.9         | 18.3         |
| Prepaid   | 3.8          | 3.8          | 3.9          | 3.8          | 4.2          |
| Consumer (postpaid)   | 18.0         | 19.6         | 20.3         | 20.4         | 19.7         |
| Corporate (postpaid)  | 13.9         | 13.8         | 13.2         | 13.7         | 13.4         |
| <b>Annualised Mobile Handset Subscriptions Churn (%)</b>          |              |              |              |              |              |
| Postpaid  | 16.1%        | 18.3%        | 16.2%        | 18.9%        | 17.2%        |

## Fixed KPIs

|   | 2016       | 2017       | 2018       | 1Q/2018    | 1Q/2019    |
|---|------------|------------|------------|------------|------------|
| <b>Fixed Revenue (EUR Million)</b>          | <b>320</b> | <b>300</b> | <b>272</b> | <b>69</b>  | <b>66</b>  |
| Non-Voice Revenues                          | 288        | 273        | 248        | 62         | 61         |
| Voice Revenues                              | 32         | 28         | 24         | 7          | 6          |
| <b>Fixed Broadband Subscriptions (000s)</b> | <b>440</b> | <b>458</b> | <b>481</b> | <b>467</b> | <b>485</b> |
| Consumer                                    | 403        | 423        | 447        | 431        | 451        |
| Corporate                                   | 37         | 36         | 34         | 36         | 34         |
| <b>Fixed Voice Subscriptions (000s)</b>     | <b>65</b>  | <b>53</b>  | <b>41</b>  | <b>51</b>  | <b>38</b>  |
| Consumer                                    | 30         | 25         | 21         | 24         | 19         |
| Corporate                                   | 35         | 29         | 20         | 26         | 19         |
| <b>Cable-TV Subscriptions (000s)</b>        | <b>608</b> | <b>619</b> | <b>630</b> | <b>620</b> | <b>631</b> |

### Notes

1. Excludes M2M subscriptions
  2. Includes interconnection revenues
- <sup>1</sup>Including IFRS 15

## IFRS 16 impact on DNA's Income Statement and Balance Sheet in 2019

Impact of IFRS 16 is mainly coming from long-term leasing contracts of premises, equipment facilities and leasing cars  
 → Instead of leasing expenses, depreciation and interests will be recorded into the income statement:

- Liabilities increase about EUR 81 million and property, plant and equipment about EUR 84 million
- EBITDA, positive impact of about EUR 17 million
  - Depreciation increase about EUR 17 million
  - Finance expenses increase about EUR 1 million
- Net debt/EBITDA ratio will deteriorate about 0.2
- Investments will increase about EUR 8 million.  
 IFRS 16 won't have an impact on operative capex.

| EUR, million                               | 2019      |
|--|-----------|
| <b>Net sales</b>                           |           |
| Other operating expenses                   | -17       |
| <b>EBITDA</b>                              | <b>17</b> |
| Depreciation, amortisation and impairments | 17        |
| <b>Operating result, EBIT</b>              | <b>0</b>  |
| Financial expenses                         | 1         |
| <b>Net result before income tax</b>        | <b>-1</b> |



# 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 data and 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 Jämpti

|                         |                 |
|-------------------------|-----------------|
| Monthly fee             | EUR 12,90/month |
| Data transfer speed     | 1 Mbit/s        |
| EU-data package         | 5Gt/kk          |
| Domestic data and 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  |

### Notes

\*Updated 25 April 2019

## DNA Max 4G Rajaton

|   |                                  |
|---|----------------------------------|
| Monthly fee   | EUR 49.90/month                  |
| Data transfer speed                                       | 4G maxim speed in Finland        |
| Domestic data and calls                                   | 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 and calls                                   | 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 and calls                                   | 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 Jämpti

|   |                             |
|---|-----------------------------|
| Monthly fee   | EUR 26.90/month             |
| Data transfer speed                                   | 100 Mbit/s (4G in Finland)  |
| Domestic data and calls                               | 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               |

# Consumer Business

(75% OF NET SALES IN 2018)

- 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
- The increased adoption of smart phones, tablets and other smart devices as well as the wider availability of 4G speeds significantly boosts 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 2018 and DNA Store received record-high scores in NPS.

### Mobile communications

Our extensive and fast 4G network makes 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. We will start to offer 5G services during 2019 when 5G devices become to the market.

### Entertainment Business

We want it to be easy for everyone to find the entertainment content they want, regardless of the technology or devices. While traditional TV viewing minutes decreased, the use of streaming and on-demand video services continued to grow.

### Fixed broadband

Households are increasingly using both fixed-network and mobile broadband. DNA's fixed-network broadband subscription base grows steadily and the base increased by 23 000 subscriptions in 2018.

### 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 in 2018, amounting to EUR 685 million. Net sales were driven by the increasing demand for mobile services as well as good mobile device sales.

## Corporate Business

(25% OF NET SALES IN 2018)

- 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.

### 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

DNA introduced new DNA Connectivity IoT service developed with Cisco Jasper. With the service DNA's customers can develop and increase their IoT services businesses across both national and international markets.

### Net sales remained steady

Net sales in 2018 remained at a similar level year-on-year, amounting to EUR 227 million.



# Significant new agreements with enterprises and the public sector

## Veikkaus

- A four-year agreement on the delivery of network.
- Measured in terms of the number of business locations, the nationwide gaming network will cover a total of almost 7000 Veikkaus sales outlets.



## Sense of Intelligence/Anaxeos

- A three-year agreement on the delivery of M2M-subscriptions.
- With Anaxeos intelligence vest you can measure dog's tracking activity with help of NB-IoT sim cards.



# 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/reports-and-presentations/#vuosikertomukset-ja-vastuullisuusraportit>
- 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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## Next events:

✓ July 19, 2019: H1/2019 results

