

12 May 2008 10:00 am.

## DNA Ltd Group – Interim report January-March 2008

### DNA ACQUIRED 97,000 NEW MOBILE COMMUNICATION SUBSCRIPTIONS DURING THE FIRST QUARTER OF THE YEAR

#### Summary of Q1

- The results for DNA Group in January-March totalled EUR 26 million (Q1/2007: 8). The key reason for the 225 per cent increase in results was the improved results of the fixed-line network business (business transfers taking effect on 1 July 2007) and the growth in mobile communication traffic and subscription volumes.
- Net sales amounted to EUR 157 million (Q1/2007: 98).
- At the end of March, there were 1,415,000 subscriptions in DNA's mobile communication network (3/2007: 1,116,000, 12/2007: 1,318,000).
- Revenue per user (ARPU) amounted to EUR 24.90 (Q1/2007: 27.50, Q4/2007: 27.40).
- The customer attrition rate (Churn) was 13.7 per cent (Q1/2007: 12.9, Q4/2007: 12.3).
- The number of DNA's broadband subscription was 195,000 at the end of the year (12/2007: 195,000).
- The number of traditional telephone subscriptions was 248,000 (12/2007: 253,000).
- The number of customers in DNA's cable TV distribution networks was 259,000 (12/2007: 258,000).
- According to a survey performed by Taloustutkimus in April, DNA had the most satisfied customers of all communication groups.

NB! Due to the business transfers of the fixed-line network business taking effect on 1 July 2007, the figures for 2007 and 2008 are not comparable in all respects.

Figures are unaudited.

#### Key figures:

MEUR	Q1/2008	Q1/2007	2007
Net sales	157	98	534
EBITDA	42	18	114
EBIT	25	9	65
Profit after financial items	25	8	59
Profit/loss for the financial year	26	8	59
Investments in fixed assets*	11	22	72
Net liabilities	-1,8	87	31
Net liabilities/EBITDA	-0,0	4,8	0,3
Gearing, %	-1	75	10
Equity ratio, %	62	40	58
Operative cash flow**	30	-5	36
Personnel at period-end	1 144	358	1 214

\* Excluding fixed-line business acquisitions 1 July 2007.

\*\* Excluding working capital adjustments.



12 May 2008

**Group CEO Jan-Erik Frostdahl:**

"DNA's financial performance during the first quarter of the year was according to expectations. We continue to grow, and the result of EUR 26 million is very good.

Tightening competition in mobile communication in particular has somewhat dampened the increase in net sales. DNA has responded to the competition by investing in its already high-standard customer service and by expanding the coverage area of its 3G network.

According to the Taloustutkimus survey published in April, DNA clearly has the most satisfied customers of all communication groups. The result is encouraging as we have invested a great deal of work in the development of the quality and speed of our customer service.

In March, our 3G network already covered 150 municipalities, and by the end of the year, 80 per cent of all Finnish citizens will be covered by DNA's 3G network.

Near-term prospects include no significant changes in comparison with the first quarter. Competition in the communication market will remain tough, but DNA aims to continue its profitable growth during the second quarter.

The integration of the fixed-line network business continued as planned. The financial results were excellent, although Broadband and Cable TV subscription volumes saw only minor growth."

**Market situation**

Competition in the communication markets has remained fierce, accelerated by airtime-inclusive and package campaigns. Regardless of this, the prices of services have remained stable.

The strongest demand has been for mobile broadband services. No significant increase in the total volume of broadband subscriptions is expected due to market saturation.

**Group restructuring**

The completion of the restructuring implemented during the latter half of 2007 has progressed according to plan during the first quarter of 2008. At the beginning of 2008, the dna Store and dna Market retail chain businesses were merged. This change was implemented by means of a business acquisition in which the business operations of dna Market were transferred to dna Store Ltd.

As part of internal restructurings, the fixed-line network business, primarily that of five telephone companies (Päijät-Hämeen Puhelin Oyj, Satakunnan Puhelin Oy, KPY Palvelut Oy, Oulun Puhelin Oyj, Lännen Puhelin Oy) that transferred in the summer of 2007 to DNA, was transferred from DNA Ltd to DNA Services Ltd on 1 January 2008. The business that had transferred from Lohjan Puhelin merged with DNA Services Ltd on 30 November 2007.

**Accounting principles**

DNA Ltd's Board of Directors has decided that the Group will adopt the IFRS accounting standards on 31 December 2008. The interim reports for 2008 will be compliant with the Finnish Accounting Standards (FAS).



## Development of net sales

The results for DNA Group in January-March came to EUR 157 million (98), of which 64 per cent (91) was generated by mobile communication and 36 per cent (9) by fixed-line network business.

Net sales for the period under review rose by 60 per cent year-on-year. The business transfers of the fixed-line network operations implemented on 1 July 2007 had a significant impact on this increase in net sales. Mobile communication services, especially the increase in the use of mobile broadband, also had a positive effect on net sales.

Net sales in comparison with 2007:

MEUR	Q1/2008	Q1/2007	2007
Net sales	157	98	534

## Financial performance

DNA's gross margin (EBITDA) amounted to EUR 42 million, accounting for 26 per cent of net sales and increasing by 133 per cent during the period under review year-on-year. The increase in EBITDA was affected in particular by the business transfer of the fixed-line network business on 1 July 2007.

Results for DNA Group in January-March came to EUR 25 million. Operating profit (EBIT) increased by EUR 16 million compared to the same period in the previous year, accounting for 16 per cent (9) of net sales.

Consolidated financial profits and expenses amounted to EUR 0.1 million (-0.9). Income taxes for the period under review were EUR 0.4 million (0).

Profit after taxes for DNA Group in January-March came to EUR 25 million (8).

Financial performance compared to 2007:

MEUR	Q1/2008	Q1/2007	2007
EBITDA	42	18	114
EBIT	25	9	65
Profit after financial items	25	8	59
Profit for the financial year	26	8	59

## Mobile communication business

In mobile communication, the strongest growth was in mobile broadband services. In particular, the successful launching of dna Mokkula has strengthened DNA's market position.

The Taloustutkimus survey published in April showed that DNA has the most satisfied mobile communication customers.

The most important factors contributing to customer satisfaction include network reception, good customer service and affordable pricing. DNA's 3G network is being built at a more intensive rate than ever before in DNA's history, resulting in the 3G reception continuously expanding to new regions. Since DNA wants to con-



12 May 2008

tinue to assure its high level of customer satisfaction in the future, the company has ensured that its customers always have maximum capacity and the least disturbances in the 3G data services they use. The mobile broadband used by customers always works more reliably and faster the more 3G network capacity of their operator the customers have access to.

Mobile communication's net sales amounted to EUR 101 (93) and profit to EUR 12 (10) million. The result rose to EUR 11 million (6), improved by increasing traffic volumes.

The total subscription volume of DNA's mobile communication business increased by 97,000 subscriptions in January-March, totalling 1,415,000 subscriptions. DNA's average monthly revenue per user (ARPU) remained at EUR 24.90 in January-March (Q3/2007: EUR 27.40), while the customer churn rate in Q1 was 13.7 per cent (Q4/2007: 12.3).

#### Mobile communication key figures:

	<b>3/2008</b>	3/2007	12/2007
Number of subscriptions	1 415 000	1 116 000	1 318 000
-DNA's own customers	1 340 000	1 034 000	1 245 000

	<b>Q1/2008</b>	Q1/2007	2007
Revenue per subscription (ARPU), EUR	24,9	27,5	27,7
Customer churn rate, %	13,7	12,9	12,6

#### **Fixed-line network business**

The fixed broadband subscription volume remained at the same level as the previous quarter. Comparable data from the first quarter in 2007 is not available as the business in question was not part of the Group at the time. Sales of the review period were affected by the strongly increasing demand for mobile broadband at slower data speeds. The number of cable TV subscriptions increased slightly, while the drop in traditional telephone subscription volumes continued.

Net sales for the fixed-line network business amounted to EUR 64 million (Q1/2007: 9) and profit came to EUR 14 million (Q1/2007: 0). Results for the fixed-line network business came to EUR 17 million (Q1/2007: 0).

The number of broadband subscriptions in January-March amounted to 195,000 (Q4/2007: 195,000). The number of traditional telephone subscriptions was 248,000 (Q4/2007: 253,000). By the end of the review period, 259,000 households were covered by the DNA cable network (Q4/2007: 258,000).

#### Fixed-line network key figures:

	<b>3/2008</b>	12/2007
Broadband	195 000	195 000
Cable TV	259 000	258 000
Fixed-line network subscriptions	248 000	253 000



12 May 2008

## Personnel

By the end of March, DNA Group employed 1,144 (358) people, a reduction of 6 per cent in comparison with the figures for Q4 in 2007. The average number of employees during the review period was 1,074.

Number of employees compared to 2007:

	3/2008	3/2007	12/2007
Personnel at period-end	1 144	358	1 214

## Investments

DNA Group's investments in fixed assets amounted to EUR 11 million during the period under review. Investments in the mobile communication business amounted to EUR 5 million and in the fixed-line network EUR 6 million.

Investments compared to 2007:

MEUR	Q1/2008	Q1/2007	2007
Investments in fixed assets	11	22	72

## Financial position

The Group's operative cash flow in January-March was EUR 30 million (-5), its liquidity remaining good during that period. At the end of March, the Group's liquid assets amounted to EUR 67 million (23).

Operative cash flow compared to 2007:

MEUR	Q1/2008	Q1/2007	2007
Operative cash flow	30	-5	36

## Significant litigation matters

The Group was not involved in any significant litigation matters during the period under review.

## Annual General Meeting

DNA Ltd's Annual General Meeting (AGM) was held on 28 March 2008. The AGM decided to distribute dividends to a total amount of EUR 9 million.

The EGM, held on 10 December 2007, had already adopted the Board's proposal for the return to shareholders, as per each shareholder's entitlement thereof in terms of the proportion of shares held, of EUR 100 million in total. The refund is pending approval by the National Board of Patents and Registration of Finland.

The AGM elected the following members to DNA's Board of Directors for a term of office beginning on 1 April 2008: Risto Siivola, Esa Haavisto, Hannu Isotalo, Juha-Pekka Keskiaho, Jarmo Leino and Anssi Soila. At its constitutive meeting, the Board of Directors elected Risto Siivola as its Chairman.



12 May 2008

### Near-term uncertainties and risks

Tightening competition in DNA's mobile communication business area may affect operations. The share of fixed-line network telephone traffic has declined in recent years and the growth in the market for broadband subscriptions is receding.

These factors may limit the growth opportunities for DNA's fixed-line network business. Mobile communication regulations and the high number of authorities supervising and governing the industry may affect the price levels of DNA's products and services.

### Near-term prospects

Competition in the communication business will remain tough in the second quarter. In mobile communication, the focus lies on mobile broadband subscriptions and services, where DNA has sound prerequisites to strengthen its market position.

In fixed-line network services, the volume of traditional subscriptions will continue to decline and the growth in broadband subscriptions will decelerate. Maintaining the Group's cost efficiency and good customer service play important roles in maintaining DNA's competitiveness.

DNA's financial performance during the second quarter is expected to reach at least the same levels as in the first quarter.

Net sales will increase slightly, but the tough competition will restrict growth.

DNA Ltd  
Board of Directors

Distribution:  
Key media  
[www.dnaoy.fi](http://www.dnaoy.fi)

### For further information, please contact:

Jan-Erik Frostdahl, President & CEO, DNA Ltd, tel. +358 44 044 2001, [jan-erik.frostdahl@dnaoy.fi](mailto:jan-erik.frostdahl@dnaoy.fi)

Simo Mustila, Vice President, Corporate Finance & Administration, DNA Ltd, tel. +358 44 220 3300, [simo.mustila@dnaoy.fi](mailto:simo.mustila@dnaoy.fi)

Vilhelmiina Wahlbeck, Vice President, Corporate Communications, DNA Ltd, tel. +358 44 040 1671, [vilhelmiina.wahlbeck@dnaoy.fi](mailto:vilhelmiina.wahlbeck@dnaoy.fi)



12 May 2008

**TABLES ATTACHED TO THE INTERIM REPORT (consolidated and by segments)****Consolidated**

MEUR	Q1/2008	Q1/2007	2007
Net sales*	157	98	534
EBITDA	42	18	114
EBIT	25	9	65
Profit after financial items	25	8	59
Profit for the financial year	26	8	59
Investments in fixed assets	11	22	72
Operative cash flow	30	-5	36
Personnel at period-end	1144	358	1214

**Mobile communication business**

MEUR	Q1/2008	Q1/2007	2007
Net sales*	101	87	395
EBITDA	21	18	78
EBIT	12	10	44
Investments in fixed assets	5	22	53
Operative cash flow	15	-7,2	19
Personnel at period-end	212	301	207

**Fixed-line network business**

MEUR	Q1/2008	Q1/2007	2007
Net sales*	64	9	150
EBITDA	20	1	38
EBIT	14	0	24
Investments in fixed assets	6	0	17
Operative cash flow	15	0	20
Personnel at period-end	790	52	951

\*) The praxis of per pulse-charges was changed in September, reference data changed accordingly.

\*\* Excluding working capital adjustments.

12 May 2008

**Consolidated income statement**

MEUR	Q1/2008	Q1/2007	2007
<b>NET SALES</b>	<b>157</b>	<b>98</b>	<b>534</b>
Other operating income	1	1	6
Operating expenses	116	81	427
<b>EBITDA</b>	<b>42</b>	<b>18</b>	<b>113</b>
Depreciation and write-downs	16	9	49
<b>Operating profit/loss</b>	<b>25</b>	<b>9</b>	<b>64</b>
Financial income and expenses	0	1	5
<b>Profit/loss before extraordinary items</b>	<b>25</b>	<b>8</b>	<b>59</b>
Extraordinary items	0	0	0
<b>Profit/loss before appropriation and tax</b>	<b>25</b>	<b>8</b>	<b>59</b>
Direct taxes and deferred tax liabilities	0	0	1
Minority interest	0	0	0
<b>Profit/loss for the financial period</b>	<b>26</b>	<b>8</b>	<b>59</b>

12 May 2008

**Consolidated balance sheet**

<b>ASSETS, MEUR</b>	<b>31 March 2008</b>	<b>31 March 2007</b>	<b>31 December 2007</b>
<b>FIXED AND OTHER NON-CURRENT ASSETS</b>			
Intangible rights	2		5
Goodwill	5	8	6
Consolidated difference	10	0	11
Other intangible assets	18	17	15
<b>Total intangible assets</b>	<b>35</b>	<b>25</b>	<b>37</b>
Total tangible assets	243	91	248
Total investments	7	3	5
<b>TOTAL FIXED AND OTHER NON-CURRENT ASSETS</b>	<b>285</b>	<b>93</b>	<b>289</b>
<b>INVENTORIES AND OTHER NON-CURRENT ASSETS</b>			
Total non-current assets	8	0	3
Total long-term receivables	36	27	36
Total short-term receivables	132	115	146
Total securities	6	8	6
Cash and bank receivables	64	19	32
<b>TOTAL CURRENT ASSETS</b>	<b>246</b>	<b>170</b>	<b>228</b>
<b>TOTAL ASSETS</b>	<b>531</b>	<b>288</b>	<b>517</b>
<b>LIABILITIES, MEUR</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	72	40	72
Other tied equity	207	142	207
Accrued profits	21	-74	-39
Profit for the financial year	26	8	59
<b>Total shareholders' equity</b>	<b>327</b>	<b>115</b>	<b>299</b>
<b>MINORITY INTEREST</b>			
PROVISIONS FOR LIABILITIES AND CHARGES	2	0	2
CONSOLIDATED RESERVE	2	1	2
<b>LIABILITIES</b>			
Total long-term	59	80	60
Total short-term	142	92	155
<b>TOTAL LIABILITIES</b>	<b>201</b>	<b>172</b>	<b>215</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>531</b>	<b>288</b>	<b>517</b>

12 May 2008

**Consolidated key figures**

	<b>Q1/2008</b>	<b>Q1/2007</b>
Net investments*	11.4	26.1
Net investments, % of net sales	7.5%	25.2%
Personnel at period-end	1,144	358
* incl. financial-leasing-based investments		

**Financial situation**

MEUR

	<b>31 March 2008</b>	<b>31 March 2007</b>
Interest-bearing long-term liabilities	42.0	80.0
Interest-bearing short-term liabilities	26.6	34.0
Total interest-bearing liabilities	68.6	114.0
Net liabilities	-1.8	86.9

**Financial key figures**

	<b>31 March 2008</b>	<b>31 March 2007</b>
Gearing	-0.5%	75.4%
Equity ratio	62.3%	40.1%

