
INTERIM
REPORT
1–3/2013

Index

Steady start to the year 2013 for DNA

Summary

Unless otherwise stated, the comparison figures in brackets refer to the corresponding period in the previous year (reference period).

January–March 2013

- Net sales remained at the level of the reference period and amounted to EUR 186.0 million (186.6 million). The net sales development was affected by the reduction in interconnection prices.
- EBITDA increased notably by 23.7 per cent to EUR 47.7 million (38.6 million), or 25.7 per cent of net sales (20.7 per cent). This growth was fuelled by the increased operational efficiency due to the restructuring of operations in 2012 and the restructuring provisions in the corresponding period last year (EUR 3.2 million).
- Operating profit increased notably by 64.9 per cent to EUR 12.2 million (7.4 million), or 6.6 per cent of net sales (4.0 per cent). Operating profit increased due to the EBITDA growth and despite increase in depreciations.
- The mobile communication subscription base grew 3.6 per cent, reaching 2,412,000 in total (2,329,000).
    - Revenue per user (ARPU) for mobile communications amounted to EUR 18.2 (20.0). The decline in ARPU was mainly due to the reduction in mobile network termination charges.
    - Mobile communication subscription turnover rate (CHURN) was 19.3 per cent (15.8 per cent).
- Fixed-line subscription base decreased by 7,000 subscriptions (telephone, broadband and cable television). DNA had 1,017,000 (1,024,000) fixed-line subscriptions at the end of the review period.

DNA’s outlook for 2013 remains unchanged

Net sales are expected to remain at the same level and, due to growing depreciation in 2013, operating profit is forecast to fall slightly. The Group’s financial position is expected to remain at the same healthy level.

Key figures

Figures are unaudited.

EUR million	01–03/2013	01–03/2012	Change, %	1–12/2012
Net sales	**186.0**	186.6	-0.3%	769.2
EBITDA	**47.7**	38.6	23.7%	190.8
- % of net sales	**25.7**	20.7		24.8
Depreciation	**35.5**	31.2		134.6
Operating profit	**12.2**	7.4	64.9%	56.2
- % of net sales	**6.6**	4.0		7.3
Profit before tax	**10.9**	5.7		48.3
Profit for the financial period	**7.9**	4.3		36.1
Return on investment (ROI), %*	**6.3**	3.9		7.2
Return on equity (ROE), %*	**6.2**	3.0		6.3
Investments	**22.0**	23.4		136.3
Cash flow after investments**	**12.9**	-8.9		33.6

Net debt, EUR million	**251.0**	288.6		257.7
Net debt/EBITDA	**1.31**	1.87		1.35
Gearing, %	**50.1**	58.1		48.8
Equity ratio, %	**51.1**	51.6		54.0
Personnel at the end of period	**1.468**	1.045		1.427

*rolling 12 months
**includes business acquisitionscombinations

Additional information

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DNA's financial publications in 2013

19 July 2013 Interim Report January–June 2013
25 October 2013 Interim Report January–September 2013

Distribution

Key media
www.dna.fi

Steady start to the year for DNA

DNA’s net sales for January–March remained at the level of the reference period. The net sales development was affected by the reduction in interconnection prices since the end of 2012. EBITDA and operating profit increased notably. This growth was fuelled by the increased operational efficiency due to the restructuring of operations in 2012 and the restructuring provision in the corresponding period last year. Investments in the first quarter of 2013 amounted to EUR 22.0 million (23.4 million), or 11.8 per cent of net sales (12.5 per cent). Our financial position remained good and gearing decreased.

The competitive situation in the industry has been challenging throughout the first quarter. Competition in the sales of mobile subscriptions and housing company broadband services has intensified further, and corporate business is also facing pricing pressures.We anticipate long-term growth in the telecommunications market, driven by the growing traffic volumes and new types of usage. Continuous development of smart technologies and devices will create new types of innovations to supplement operators’ core business. We utilise new innovations and adopt new solutions to complement our core business. We work together with our partners to create unique experiences to our customers and lead the way in providing new and innovative services and products to them.

Partnerships generate interesting services

In addition to fast connections, DNA introduces new and interesting services in cooperation with its partners. To provide added value to our customers, we form partnerships with innovative companies, such as Finnish or international start-ups or well-established medium-sized or large enterprises.

BookIT and DNA expanded their cooperation in early 2013 by launching a new method of mobile top-up of prepaid voice and data subscriptions with payment processor Nets: DNA Helppo Lataus (“DNA-Easy Top-up”). DNA and YIT Construction Ltd agreed on the provision of DNA WELHO TV and broadband services to YIT’s residential buildings. DNA and YIT also agreed on connecting YIT’s office buildings to DNA’s fibre optic network.

Corporate services for different environments

In January, DNA expanded its corporate product offering with the addition of Microsoft Office communications products. DNA can now provide communication services to companies that use Microsoft’s or Google’s solutions.

Despite the intense competition for mobile subscriptions and fixed broadband connections, we secured several new corporate business agreements. Nelonen Media, which is part of Sanoma Entertainment Finland, switched its Ruutu.fi service to DNA’s data centre services and 20 GB Internet connections. DNA also signed an agreement with Würth Oy on the delivery of fixed data connections, mobile phone subscriptions, wireless data connections and the DNA Mobiilivaihde mobile exchange service to all Würth premises in Finland.

DNA’s 3G connections are the fastest

According to the measurements carried out by Omnitele in January 2013, DNA’s 3G network has the highest average speeds. Omnitele measured the network speeds of three largest Finnish operators in 15 main cities nationwide. Residents in the cities of Tampere, Hämeenlinna and Lahti enjoy the fastest of DNA’s connections.*

DNA continues to invest into 3G and 4G connections and high-speed broadband services. The demand for the top-speed 4G LTE technology will increase, and DNA will continue its investments into the 4G network. We will also continue to invest into broadband and TV networks to establish strong DNA networks.

Riitta Tiuraniemi

President and CEO

*) Omnitele Oy, 3G network data transfer capability comparison 2/2013. Results and positions of compared operators vary according to location. http://www2.dna.fi/nopeaverkko-3g (in Finnish).

Operating environment

DNA's operating environment is undergoing a change, which is reflected in the new growth of telecommunications market, boosted by increasing traffic volumes and new types of usage. Competition remains intense, placing high demands on the quality and availability of operators' systems and network infrastructure as well as their cost competitiveness.

The change is also driven by rapidly increasing traffic volumes and related technology investments, higher cost of operations and increasingly strict regulation.

In the consumer market, demand for mobile services, including mobile voice and mobile broadband, remained solid in the first quarter of 2013. As smart phones become more common, global web and application-based business models became more widespread.

The popularity of housing company broadband services remained steady, as a growing number of housing companies offers fixed-line broadband connections and TV services to their residents. Demand for pay-TV services followed normal seasonal fluctuation.

The corporate market is characterised by consumerisation and exponential growth of data volumes as new technologies become more commonly adopted. Mobile and versatile ways of working are reflected in corporate network solutions and communication services.

Demand in the corporate market continued to switch from fixed-network voice services to mobile services in the quarter of 2013. Demand for corporate fixed-network broadband services remained steady, and demand for mobile broadband services increased strongly.

The Ministry of Transport and Communication announced that the terrestrial TV network licences that enter into force in 2017 will be allocated during 2014. The auction of the 800 MHz frequency band for mobile communications began on 24 January 2013. This result of the auction may affect competition, market concentration and end-user pricing.

Net sales and profit

January–March 2013

DNA's net sales for the first quarter remained at the level of the reference period and amounted to EUR 186.0 million (186.6 million). Net sales decreased by 0.3 per cent. The net sales were affected by the reduction in interconnection prices since the end of 2012. During the review period, 76.5 per cent (75.3 per cent) of net sales was generated by consumer business and 23.5 per cent (24.7 per cent) by corporate business.

DNA's EBITDA for January–March increased by 23.7 per cent to EUR 47.7 million (38.6 million), or 25.7 per cent of net sales (20.7 per cent). Operating profit grew by 64.9 per cent to EUR 12.2 million (7.4 million), or 6.6 per cent of net sales (4.0 per cent). The positive EBITDA and operating profit development was due to increased operational efficiency and the restructuring provisions in the corresponding period last year (EUR 3.2 million).

Financial income and expenses amounted to EUR -1.3 million (-1.7 million). Profit for the review period increased to EUR 7.9 million (4.3 million). Earnings per share came to EUR 0.94 (0.45).

Consolidated key figures

Consolidated key figures

EUR million	**10–12/2012**	**10–12/2011**	Change, %	**1–12/2012**
Net sales	**186.0**	186.6	-0.3%	769.2
EBITDA	**47.7**	38.6	23.7%	190.8
- % of net sales	**25.7**	20.7		24.8
Operating profit	**12.2**	7.4	64.9%	56.2
- % of net sales	**6.6**	4.0		7.3
Profit for the financial period	**7.9**	4.3		36.1

Key operative indicators

	01–03/2013	**01–03/2012**	Change, %	**1–12/2012**
Number of mobile communication network subscriptions at end of period*	2,412,000	2,329,000	3.6%	2,428,000
- Revenue per user (ARPU), EUR**	18.2	20.0	-8.8%	19.9
- Customer CHURN rate, %**	19.3	15.8		15.7
Number of fixed-network subscriptions at end of period	1,017,000	1,024,000	-0.7%	1,027,000
*includes voice and mobile broadband				
**includes postpaid voice 'subscriptions only				

Cash flow and financial position

In the first quarter of 2013, cash flow after investments increased to EUR 12.9 million (-8.9 million). This was due to efficient management of working capital and improved profit.

DNA has a EUR 200 million revolving credit facility and a EUR 15.0 million (15.0 million) credit facility that remained undrawn at the end of the review period (undrawn as of 31 March 2012). In addition, the company has a commercial paper programme worth EUR 150.0 million, under which EUR 80.0 million (59.5 million) was drawn by the end of the review period.

The financial position was good, and gearing came to 50.1 per cent (58.1 per cent) at the end of the review period. The Group's liquid assets amounted to EUR 37.2 million (4.8 million), and interest-bearing liabilities to EUR 288.2 million (293.4 million). The Group's liquid assets and undrawn committed credit limits amounted to EUR 252.2 million (219.8 million).

The net debt/EBITDA ratio decreased and was 1.31 (1.87) at the end of the review period.

The balance sheet remained strong, with the end-of-period equity ratio totalling 51.1 per cent (51.6 per cent).

Dividend for the financial year 2012 will be paid out in the beginning of the second quarter, whereas in the preceding financial year, the payment took place in the first quarter.

Cash flow and financial key figures

Cash flow and financial key figures

	01–03/2013	01–03/2012	01-12/2012
Cash flow after investments, EUR million	12.9	-8.9	33.6

	31 Mar 2013	31 Mar 2012	31 Dec 2012
Net debt, EUR million	251.0	288.6	257.7
Net debt/EBITDA	1.31	1.87	1.35
Gearing, %	50.1	58.1	48.8
Equity ratio, %	51.1	51.6	54.0

Development per business segment

Consumer business

January–March 2013

Net sales increased by 1.3 per cent to EUR 142.3 million (140.5 million) in the first quarter. EBITDA increased to EUR 32.8 million (24.8 million), or 23.0 per cent of net sales (17.6 per cent). Operating profit increased to EUR 9.2 million (4.1 million), or 6.5 per cent of net sales (2.9 per cent). The positive development in the first quarter was fuelled by the increase in the mobile communication subscriptions and improved operational efficiency.

BookIT and DNA expanded their cooperation by launching a new method of mobile top-up of prepaid subscriptions with payment processor Nets. DNA's prepaid subscriptions can now be topped up by a text message. The new DNA Helppo Lataus service can be used to top-up both prepaid voice and data subscriptions. The payment is charged to the customer's debit or credit card.

DNA and YIT Construction Ltd agreed on the provision of DNA WELHO TV and broadband services to YIT's residential buildings in the Helsinki Metropolitan Area and the cities of Lahti, Oulu, Turku and Pori. The new agreement covers some 3,000 apartments. DNA will provide the YIT-constructed new homes with DNA WELHO TV and housing company broadband services. Some locations will also use DNA's facility management monitoring solutions. DNA and YIT will also expand their cooperation by connecting YIT's office facilities to DNA's fibre optic network, providing corporate customers with new opportunities to use DNA's services.

DNA WELHO cable TV offering was expanded by the addition of the MTV3 Total and MTV3 Sport channel packages.

Consumer business

EUR million	**01–03/2013**	**01–03/2012**	Change, %	**1–12/2012**
Net sales	142.3	140.5	1.3%	591.2
EBITDA	32.8	24.8	32.4%	130.9
- % of net sales	23.0	17.6		22.1
Operating profit/loss	9.2	4.1	123.5%	42.1
- % of net sales	6.5	2.9		7.1

Corporate business

January–March 2013

In the first quarter, DNA's corporate business net sales decreased to EUR 43.7 million (46.1 million). Net sales were affected by the reduction in interconnection prices, intensified price competition and the falling net sales of fixed-line voice services. EBITDA increased to EUR 14.9 million (13.8 million), or 34.2 per cent of net sales (30.0 per cent). Operating profit came to EUR 3.0 million (3.3 million), accounting for 6.8 per cent of net sales (7.1 per cent). EBITDA grew due to increased operational efficiency, whereas operating profit was burdened by increased depreciations.

Nelonen Media, which is part of Sanoma Entertainment Finland, switched its Ruutu.fi service to DNA's data centre services and 20 GB Internet connections. The 20 GB Internet capacity is among the highest provided for corporate use in Finland, enabling future technical innovations in the Ruutu.fi service and a top-of-the-range connection for Ruutu.fi viewers, even during exceptionally popular programming.

In January, DNA expanded its corporate product offering with the addition of Microsoft Office communications products.

The DNA Toimistoviestintä office communication package includes Microsoft's services for email, web conferencing and Intranet, as well as related applications such as calendars and document management.

DNA can now provide services to companies in the Microsoft and Google environments.

DNA launched cooperation with software company Zervant in the first quarter of 2013. DNA offers Zervant's online invoicing, time-keeping and accounting service to businesses. With the solution, entrepreneurs can store working hours into the system easily while still at the customer site. In addition to invoicing and project time-keeping, the system can store information on travel costs, other expenses and income. The service automatically generates accounting, VAT and tax return records.

DNA also signed an agreement with Würth Oy in the first quarter of 2013 on the delivery of fixed data connections, mobile phone subscriptions, wireless data connections and the DNA Mobiilivaihde mobile exchange service to all 150 Würth premises in Finland.

Corporate business

EUR million	**01–03/2013**	**01–03/2012**	Change, %	**1–12/2012**
Net sales	43.7	46.1	-5.1%	178.0
EBITDA	14.9	13.8	8.2%	59.9
- % of net sales	34.2	30.0		33.7
Operating profit/loss	3.0	3.3	-9.2%	14.1
- % of net sales	6.8	7.1		7.9

Investments

January–March 2013

Investments in the January-March period amounted to EUR 22.0 million (23.4 million), or 11.8 per cent of net sales (12.5 per cent).

Major individual items included investments in the 3G and 4G networks and in fibre and transfer systems.

Investments

EUR million	**01–03/2013**	**01–03/2012**	Change, %	**1–12/2012**
Consumer business	15.3	16.6	-7.6%	96.6
Corporate business	6.3	5.5	15.7%	36.8
Un-allocated	0.3	1.4	-75.3%	2.9
Total investments	**22.0**	**23.4**	-6.2%	**136.3**

Network infrastructure

DNA has expanded its 3G and 4G networks in the first quarter of 2013 by adding more than 300 new base stations across Finland. More than half of the base stations were added to the LTE network. DNA’s 4G-grade speeds are currently available in more than 220 Finnish municipalities. DNA’s 4G LTE network comprises hundreds of base stations and reaches approximately one million Finns.

DNA’s mobile network speeds have increased since 2012 even though wireless data transfer is growing strongly and adds to the network load. In January 2013, Omnitele measured the speeds of the three largest operators in Finland, covering 15 largest cities and more than 2,300 kilometres on the road. According to the results, the users enjoy the highest average 3G speeds in DNA’s network, where the average connection speed is 8.3 Mbit/s.

In January, DNA started to deliver HD voice, which reduces background noise. The commercial launch was preceded by a two-month network pilot. To be able to utilise HD voice, both parties of the call must use DNA’s 3G network and have DNA subscriptions on their smart phones. The service is launched with the commercial name “HD Voice”.

At the end of the review period, DNA’s terrestrial TV network covered some 85 per cent of households in Finland, providing the versatile DNA WELHO pay-TV channel offering. DNA is the only operator offering high-definition content in the terrestrial network.

With over 160 channels, DNA’s TV content offering is the most extensive in Finland, and it also contains the highest number of HDTV channels. New high-definition content is added constantly, and the capacity and efficiency of DNA’s cable network enable DNA to offer broadcasts in next-generation 4K high definition in the future.

Personnel

At the end of March 2013, DNA Group had 1,468 employees (1,045), of which 623 were women (339) and 845 men (706). Number of personnel in the review period was affected by the transfer of GoExcellent customer service personnel to the employ of DNA on 1 July 2012

Salaries and employee benefit expenses paid during the first quarter amounted to EUR 21.4 million (21.8 million).

Personnel by business segment

	31 Mar 2013	31 Mar 2012	Change, %	31 Dec 2012
Consumer business	1,026	655	56.6%	979
Corporate business	442	390	13.3%	448
Total personnel	**1,468**	**1,045**	40.5%	**1,427**

Changes in the Group structure and significant litigation matters

Changes in the Group structure

There were no changes in the Group structure during the review period.

Significant litigation matters

There were no new significant litigation matters in the first quarter.

Management and governance

Group Executive Team

DNA Ltd has a line organisation, comprising of Consumer, Corporate and Technical units.

DNA's Executive Team comprises Chief Executive Officer Riitta Tiuraniemi, Chief Financial Officer Timo Karppinen, Vice President, Consumer Business Pekka Väisänen, Vice President, Corporate Business Jukka Leinonen, Vice President, Technology Tommy Olenius, Vice President, Human Resources Marko Rissanen and Vice President, Legal Affairs Asta Rantanen. There were no changes in the Executive Team during the review period.

Decisions of Annual General Meeting

DNA Ltd's Annual General Meeting was held on 21 March 2013. The Annual General Meeting adopted the financial statements and discharged the Board of Directors and the CEO from liability for the period 1 January to 31 December 2012. The AGM decided to pay a dividend of EUR 4.13 per share, at a total of EUR 35,016,337.16.

Board members and remuneration

Re-elected members of the board include Juha Ala-Mursula, Hannu Isotalo, Jarmo Leino, Jukka Ottela, Tuija Soanjärvi and Anssi Soila. The Annual General Meeting decided not to change the remunerations paid to the members of the Board of Directors and its Committees.

At the constitutive meeting of the Board of Directors held subsequent to the Annual General Meeting, Jarmo Leino was re-elected Chairman. The Board elected Tuija Soanjärvi as the chair and Jukka Ottela as member of the Audit Committee. The Board elected Jarmo Leino as the chair and Hannu Isotalo and Juha Ala-Mursula as members of the Remuneration and Nomination Committee.

Shares and the Board's authorisations

The Board of Directors was authorised to decide on the repurchase of a maximum of 950,000 DNA shares. This is equal to about 9.9 per cent of all company shares (the number of all shares at period end was 9,610,676 shares). The shares can only be repurchased using the company's unrestricted shareholders' equity. The repurchase can take place in one or several lots.

Incorporation of DNA shares in the book-entry system

The AGM decided on the incorporation of DNA shares in the book-entry system. At the same time, the Board of Directors was authorised to determine the date by which the incorporation of the shares in the book-entry system will take place.

Amending the Articles of Association

As proposed by the Board of Directors, the AGM decided to add a new section to the company Articles of Association, which specifies that company shares are incorporated into the book-entry system.

After the amendment, Section 5 of the Articles of Association reads as follows:

Section 5 Incorporation into the book-entry system

Company shares are incorporated into the book-entry system after a registration period specified by the company Board of Directors.

As proposed by the Board of Directors, the AGM also decided to amend Section 2 (Line of Business) of the Articles of Association by adding a mention of payment services to it.

After the amendment, Section 2 of the Articles of Association reads as follows:

Section 2 Line of Business

The line of business of the company is general telecommunications and ICT operations, provision of data communications and ICT services and devices as well as related consulting and research and development operations. The company also imports equipment, devices, accessories and software and acts as a trader and an intermediary.

Moreover, the company provides consulting and services related to the above-mentioned operations as well as voice and other types of communications. The company has the right to offer payment services. The payment services provided by the company are listed in the register of payment service providers maintained by the Financial Supervisor Authority. The company conducts its business directly or through its subsidiaries and joint ventures. The company may own real estate and securities, conduct investment and finance operations that support its operations as well as provide finance facilities for its customers.

DNA's governance principles are described in more detail in Annual Report 2012.

Shares and shareholders

Shareholders

Owners (10 biggest):

	31 Mar 2013
Finda Oy	32.56%
Oulu ICT Oy	22.17%
PHP Holding Oy	19.75%
KPY Sijoitus Oy	12.97%
Ilmarinen Mutual Pension Insurance Company	5.01%
Anvia Oyj	3.47%
Lohjan Puhelin Oy	2.61%
Pietarsaaren Seudun Puhelin Oy	0.83%
Karjaan Puhelin Oy	0.20%
Vakka-Suomen seudun Puhelin	0.15%
	99.72%

At the end of the review period the 10 largest shareholders held a total of 99.72 per cent of DNA's shares and voting rights. There were no changes in the shares owned by the ten largest shareholders during the review period.

Shares

At the end of the review period, the company's shares totalled 9,610,676 and the share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65. There was no change in the number of shares or the share capital during the review period. At the end of the review period, the company held 1,132,144 treasury shares.

Corporate responsibility

DNA's base station located in Harju, Lohja, has been powered by wind energy since the beginning of January 2013. This is the first time wind energy is used in a commercial mobile communication network in Finland and stored as backup power for a base station. Not only does the use of wind energy reduce reliance on industrial energy production, but it also improves the base station's reliability when power supply disruptions occur in the national electricity network due to storms for example.

In March 2013, DNA's headquarters received an international LEED Gold certification. The award was handed to the YIT-built Triotto office complex in Käpylä, Helsinki, which houses DNA's headquarters.

DNA's Corporate Responsibility report is included in the company Annual Report, which was published on 7 March 2013. DNA issues the report according to the Global Reporting Initiative (GRI) guidelines. The report published in March is the company's third Corporate Responsibility report. The report is available at http://annualreporting.dna.fi/2012/en/corporate-responsibility.

Near-term risks and uncertainties

Risk management is part of DNA’s strategy process and corporate governance. It is guided by the risk management policy approved by the Board of Directors. A more detailed description of DNA's risk management and uncertainties is available in the Annual Report at http://annualreporting.dna.fi/2012/en. There have been no significant changes in near-term risks and uncertainties in the first quarter of 2013.

DNA operates in the Finnish telecommunications market, which is characterised by tough competition between established operators and a high degree of penetration of telecommunications solutions. DNA is increasing its emphasis on new business. Starting up new business always involves higher risks than conventional and established business operations. Intense market competition places high demands on the quality and availability of operators’ systems and network infrastructure. In addition, they must productise new services quickly and cost-efficiently.

The Finnish telecommunications market is characterised by stringent regulation. Regulation and in particular, the authorities’ ability to influence the price level of DNA’s products and services, cost structure and the grounds on which frequencies are distributed, may also have an impact on DNA’s business. The auction of the 800 MHz frequency band for mobile communications began on 24 January 2013. The result of the auction may affect competition, market concentration and end-user pricing.

DNA’s business environment is very sensitive to change, and the pace of change is increasing. Uncertainty related to the overall economic situation may increase, which may affect the demand for smart phone and TV services and the corporate market. General decline in purchasing power may have a post-cyclical effect on the operator market.

Events after the review period

DNA has revamped its broadband product offering after the end of the review period. The new offering contains three high-speed connections: 50 Mbit/s, 100 Mbit/s and 350 Mbit/s. At the same time, DNA introduced a new DNA WELHO Viihdytyskaista service which enables access to recorded TV content from anywhere and anytime through a mobile device.

In April, DNA renewed the product structure of its postpaid mobile phone subscriptions. In the DNA Äly product family, billing is based on minutes used. DNA Älypaketti is a package-priced product family with monthly fees.

The Information Society Code, a comprehensive reform of the legislation on electronic communications, has reached the consultation stage. The Finnish Ministry of Transport and Communications has requested comments on the draft that consolidates some ten acts by 13 May 2013.

Outlook for 2013

Market outlook

The overall economic situation is expected to remain challenging. The Finnish telecommunications market is undergoing a change, which will continue. Network and terminal device technologies are developing at an increasingly fast pace, fuelling new growth with increasing traffic volumes and new types of use.

Market competition remains intense, placing high demands on the quality and availability of operators' systems and network infrastructure.

In addition to the overall economic situation, net sales and the profitability of the industry are affected by the increased popularity of IP-based communication services driven by the growing number of smart phones and tablets. They are also affected by other market developments and pricing pressures, as well as the reduction in mobile network interconnection prices and competition in the mobile communication and fixed-line broadband markets in particular.

It is anticipated that consumer demand for DNA's mobile broadband services will increase. Fixed-network broadband customers are expected to continue to switch to housing company subscriptions and higher-speed connections. Competition in the housing company subscriptions market is anticipated to remain intense, and increased competition is estimated to lead to decreasing ARPU.

Mobile broadband traffic volumes will reflect the growth and increased versatility in the use of smart phones and other smart terminals. Service development and new business models will create new device applications.

New devices are used, for example, for viewing HD-grade videos and accessing social media services.

The market for fixed-network voice services is expected to continue declining. DNA anticipates that business operations in the terrestrial TV network and terrestrial network pay-TV will grow slowly. Consumers are spending more time watching TV, and households have several devices for viewing TV content. However, as regards TV and movie content, competition is more intense now that global players have entered the Finnish market.

Competition in the corporate market is expected to remain tight. Mobile and versatile ways of working are reflected in corporate network solutions and communication services. Demand in the corporate market continued to switch from fixed-network voice services to mobile services, which is seen in the increased sales of mobile voice services increased and decreased sales of fixed-network voice services.

The demand for value added services and mobility-related services are expected to enjoy growing demand. Reliable and effectively managed ICT infrastructure will become increasingly vital for businesses.

DNA's outlook for 2013 remains unchanged

Net sales are expected to remain at the same level and, due to growing depreciation in 2013, operating profit is forecast to fall slightly. The Group's financial position is expected to remain at the same healthy level.

DNA Ltd

Board of Directors

Interim report practices

This interim report has been prepared in accordance with IFRS recognition and measurement principles. For more detailed information on the accounting principles, please see note 1 (Accounting principles).

Unless otherwise stated, the comparison figures in brackets refer to the equivalent period in the previous year. The information presented in this interim report is unaudited.

Consolidated income statement, IFRS

EUR million	1 Jan–31 Mar 2013	1 Jan–31 Mar 2012 revised*	1 Jan–31 Dec 2012 revised*
Net sales	**186.0**	**186.6**	**769.2**
Other operating income	0.5	0.5	2.4
Materials and services	-87.4	-98.9	-391.6
Employee benefit expenses	-21.4	-21.8	-77.3
Depreciation	-35.5	-31.2	-134.6
Other operating expenses	-30.0	-27.8	-111.9
Operating result, EBIT	**12.2**	**7.4**	**56.2**
Financial income	0.3	0.4	1.5
Financial expense	-1.7	-2.1	-9.4
Share of associated companies' results	0.0	0,0	0,0
Net profit before tax	**10.9**	**5.7**	**48.3**
Income tax	-2.9	-1.5	-12.2
Net profit for the period	**7.9**	**4.3**	**36.1**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gains (losses) on defined benefit pension plans	0,0	-0.2	-0.6
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges	0.2	-0.2	-0.7
Other comprehensive income, net of tax	0.2	-0.4	-1.3
Total comprehensive income	**8.2**	**3.8**	**34.8**
Net profit/loss attributable to:			
Owners of the parent	7.9	4.3	36.1
Comprehensive income attributable to:			
Owners of the parent	8.2	3.8	34.8
Earnings per share of the profit attributable to equity holders of the parent company			
Basic earnings per share, EUR	0.94	0.46	4.15
Average number of shares			
- Basic	8,479	9,417	8,714

*) Note 10

Consolidated statement of financial position, IFRS

EUR million	31 Mar 2013	31 mar 2012 revised *	31 Dec 2012 revised*
Assets			
Non-current assets			
Goodwill	221.1	220.4	221.1
Other intangible assets	129.0	126.9	132.1
Property, plant and equipment	395.0	399.7	405.5
Investments in associates	1.8	1.2	1.8
Available-for-sale financial assets	0.2	0.2	0.2
Trade and other receivables	27.8	11.6	21.2
Deferred tax assets	18.9	22.3	19.9
Total non-current assets	**793.8**	**782.3**	**801.9**
Current assets			
Inventories	18.2	15.4	17.7
Trade and other receivables	151.8	177.8	168.2
Cash and cash equivalents	37.2	4.8	8.2
Total current assets	**207.1**	**198.0**	**194.1**
Total assets	**1001.0**	**980.2**	**996.0**
Shareholders' equity			
Equity attributable to owners of the parent			
Share capital	72.7	72.7	72.7
Other reserves	606.1	605.4	605.8
Treasury shares	-103.5	-102.6	-103.5
Retained earnings	-82.3	-82.7	-83.3
Profit for the year	7.9	4.3	36.1
Total equity	**500.9**	**497.1**	**527.8**
Liabilities			
Non-current liabilities			
Interest-bearing non-current liabilities	169.4	208.1	180.9
Retirement benefit obligations	1.7	1.2	1.7
Provision for other liabilities	7.9	6.5	8.1
Derivative financial instruments	2.4	1.2	2.9
Deferred income tax liabilities	47.3	55.4	50.4
Other non-current liabilities	2.7	1.3	2.7
Total non-current liabilities	**231.5**	**273.7**	**246.8**
Current liabilities			
Interest-bearing current liabilities	118.8	85.3	85.0
Provisions for other liabilities	0.5	3.3	1.0
Trade and other payables	148.7	120.0	135.5

Current income tax liabilities	0.7	0.8	0,0
Total current liabilities	**268.6**	**209.4**	**221.4**
Total liabilities	**500.1**	**483.1**	**468.2**
Total equity and liabilities	**1001.0**	**980.2**	**996.0**

*) Note 10

Condensed consolidated statement of cash flows, IFRS

EUR million	1–3/2013	1–3/2012 revised*	1–12/2012 revised*
Cash flows from operating activities			
Profit for the period	7.9	4.3	36.1
Depreciation	35.5	31.2	134.6
Change in working capital	-6.2	-23.0	1.6
Other adjustments	-2.6	1.2	-2.3
Net cash generated from operating activities (A)	**34.6**	**13.6**	**170.0**
Cash flows from investing activities			
Investments in property, plant and equipment (PPE) and intangible assets	-21.7	-22.6	-134.8
Proceeds from sale of PPE	0.1	0.1	0.3
Acquisition of subsidiaries and business transfers	0,0	0,0	-1.2
Change in other investments	0,0	-0.1	-0.7
Net cash used in investing activities (B)	**-21.6**	**-22.5**	**-136.4**
Cash flows from financing activities			
Dividends paid	0,0	-29.7	-29.7
Treasury share acquisition	0,0	-101.7	-102.7
Borrowing of interest-bearing liabilities	0,0	80.0	80.0
Repayment of interest-bearing liabilities	-7.9	-2.3	-21.7
Commercial papers, net	29.9	34.2	24.9
Change in non-current receivables	-6.0	4.8	-4.7
Net cash used in financing activities (C)	**16.0**	**-14.7**	**-53.8**
Change in cash and cash equivalents (A+B+C)	29.0	-23.6	-20.2
Cash and cash equivalents at beginning of year	8.2	28.4	28.4
Cash and cash equivalents at end of period	37.2	4.8	8.2

*) Note 10

Consolidated statement of changes in equity

EUR million	Share capital	Hedge fund	Unrestricted equity reserve	Treasury shares	Retained earnings	Total equity
Balance at 1 January 2012	**72.7**	**-0.3**	**605.9**	**-0.9**	**-52.8**	**624.6**
Comprehensive income						
Profit for the period					4.3	4.3
Other comprehensive income						
Actuarian gains (losses) on defined benefit pension plans					-0.2	-0.2
Cash flow hedges, net of tax		-0.2				-0.2
Total other comprehensive income, net of tax	**0.0**	**-0.2**	**0.0**	**0.0**	**-0.2**	**-0.4**
Total comprehensive income	**0.0**	**-0.2**	**0,0**	**0,0**	**4.1**	**3.8**
Transactions with owners						
Treasury share acquisition				-101.7		-101.7
Employee share option scheme: granted options					0.1	0.1
Dividends relating to 2011					-29.7	-29.7
Total contribution by and distributions to owners	**0.0**	**0.0**	**0.0**	**-101.7**	**-29.7**	**-131.3**
Balance at 31 March 2012 revised*	**72.7**	**-0.5**	**605.9**	**-102.6**	**-78.4**	**497.1**
Balance at 1 January 2013	**72.7**	**-0.9**	**606.8**	**-103.5**	**-47.2**	**527.8**
Comprehensive income						
Profit for the period					7.9	7.9
Other comprehensive income						
Actuarian gains (losses) on defined benefit pension plans						
Cash flow hedges, net of tax		0.2				0.2
Total other comprehensive income, net of tax		**0.2**			**0.0**	**0.2**
Total comprehensive income	**0.0**	**0.2**	**0,0**	**0,0**	**7.9**	**8.2**
Transactions with owners						
Employee share option scheme: granted options					-0.1	-0.1
Dividends relating to 2012					-35.0	-35.0
Total contribution by and distributions to owners	**0.0**	**0,0**	**0,0**	**0,0**	**-35.1**	**-35.1**
Balance at 31 March 2013	**72.7**	**-0.7**	**606.8**	**-103.5**	**-74.4**	**500.9**

*) Note 10

Notes

1 Accounting principles

This interim report has been prepared in accordance with IFRS regulations and measurement principles and complies with the requirements of the IAS 34 Interim Financial Reporting standard. The information has been prepared in accordance with the valid International Financial Reporting Standards, as approved for application throughout the European Union. The accounting principles are identical to those applied to the Financial Statements of 31 December 2012 with the exception of the revised IAS 19 - standard adopted 1 January 2013. This interim report should be read observing the 2011 Financial Statements. The information presented in the interim report is anaudited.

Changes to accounting principles
The DNA Group adopted the revised IAS 19 Employee benefit standard on 1 January 2013. The revised IAS - 19 standard is applied retrospectively. The revision affects the DNA Group's retirement benefit expense as well as the retirement benefit obligation in the statement of financial position and shareholders' equity. As a consequense, the Group's income statement, comprehensive income statement, statement of financial position and statement of changes in equity have been restated in compliance with the requirments prescribed in the revised standard (note 10).

IFRS 13 Fair value measurement: the standard provides a framework for measuring fair value and disclosure requirements.

IAS 1 (revised) Presentation of other comprehensive income: the group presents other comprehensive items as items that can be reclassified into profit or loss or items that cannot be reclassified into profit or loss.

2 Segment information

The Group's operations are reported according to the following business segments:

1 Jan–31 Mar 2013

EUR 1,000

Business segments	**Consumer segment**	**Corporate segment**	**Group total**
Net sales	**142,272**	**43,741**	**186,013**
EBITDA	**32,789**	**14,943**	**47,732**
Depreciation	23,549	11,979	**35,528**
Operating result, EBIT	**9,239**	**2,964**	**12,203**
Net financial items			-1,330
Share of associated companies' results			-17
Profit before tax			10,856
Profit for the period			**7,932**
Investments	15,327	6,308	21,635
Employees at end of period	1,026	442	1,468

1 Jan–31 Mar 2012

EUR 1,000

Business segments	**Consumer segment**	**Corporate segment**	**Group total**
Net sales	**140,507**	**46,081**	**186,589**
EBITDA	**24,744**	**13,815**	**38,559**
Depreciation	20,641	10,552	31,193
Operating result, EBIT	**4,134**	**3,263**	**7,397**
Net financial items			-1,674
Share of associated companies' results			11
Profit before tax			5,734
Profit for the period			**4,253**
Investments	16,592	5,454	22,046
Employees at end of period	655	390	1,045

1 Jan–31 Dec 2012

EUR 1,000

Business segments	**Consumer segment**	**Corporate segment**	**Group total**
Net sales	**591,210**	**177,990**	**769,200**
EBITDA	**130,893**	**59,917**	**190,810**
Depreciation	88,831	45,769	134,600
Operating result, EBIT	**42,062**	**14,149**	**56,210**
Net financial items			-7,860
Share of associated companies' results			-14
Profit before tax			48,336
Profit for the period			**36,140**

Investments	96,620	36,763	133,383
Employees at end of period	979	448	1,427

3 Investments

EUR 1,000		Jan-Mar 2013	Jan-Mar 2012	Jan–Dec 2012
Capital expenditure				
	Intangible assets	4,947	2,828	31,133
	Property, plant and equipment	17,034	20,618	105,127
Total		**21,981**	**23,445**	**136,260**

All items of capital expenditure have not been allocated to business segments in management reporting (for example financial leases).

4 Shareholders' equity

EUR 1,000	Number of shares (thousands)	Share capital	Unrestricted equity reserve
At 1 January 2012	9,611	72,702	605,927
At 31 March 2012	9,611	72,702	605,927
At 1 January 2013	9,611	72,702	606,779
At 31 March 2013	9,611	72,702	606,779

Number of shares include 1,132,144 treasury shares.
DNA Ltd has one share type. The total number of shares is 9,610,676 (9,610,676). The shares do not have a nominal value. DNA Ltd's share capital amounts to EUR 72,702,226. All issued shares have been paid in full.

Dividends
DNA Ltd's Annual General Meeting of 21 March 2013 approved a payment of dividend (EUR 4.13 per share) totalling EUR 35,016,337.16. The dividend was paid on 3 April 2013.

5 Net liabilities

EUR 1,000	31 March 2013	31 March 2012	31 Dec 2012
Non-current and current interest-bearing liabilities	288,209	293,424	265,902
Less short-term investments, cash and bank balances	37,211	4,808	8,224
Total	**250,998**	**288,616**	**257,678**

6 Provisions for other liabilities

EUR 1,000	1 Jan 2013	Additions	Provisions used	Other changes/Discount effect	31 Mar 2013
Decommissioning provisions	6,519			-108	**6,411**
Restructuring provisions	1,450		-499		**951**
Onerous contracts	1,072		-17	-3	**1,052**
Total	**9,041**	**0**	**-516**	**-110**	**8,415**

Restructuring provision
At the end of March 2012, personnel were informed of the reorganisation of DNA's business structure, resulting in the initiation of cooperation negotiations on 10 April 2012. In relation to this, a provision of EUR 3.2 million was made. At the completion of the cooperation negotiations a reversal of EUR 0.7 million was realised. The restructuring provision includes a provision for termination costs. The provision relating to terminations will realise during 2013. The provision includes unemployment insurance costs for terminated employment contracts.

7 Related party transactions

The Group's related parties include organisations exercising significant influence, associated companies and members of the Board of Directors and the management teams, including the CEO and the deputy CEO as well as their immediate family. Additionally, any organisation where a member of the related party excercises significant influence is considered a related party.

EUR 1,000	Sales	Purchases	Receivables	Liabilities
3/2013				
Organisations exercising significant influence	15	803	10	265
Associated companies	0	64	0	4

EUR 1,000	Sales	Purchases	Receivables	Liabilities
3/2012				
Organisations exercising significant influence	2	449	0	0
Associated companies	0	46	0	0

EUR 1,000	Sales	Purchases	Receivables	Liabilities
12/2012				
Organisations exercising significant influence	87	5,086	9	285
Associated companies	0	261	0	22

8 Share-based payments

Conditions of share-based incentive scheme
The Group has a share-based incentive scheme for management and key personnel. According to the conditions of the incentive scheme, the parent company gives options without monetary compensation. The Group's incentive scheme is conditional. The central conditions of the scheme are presented in the table below.

Option scheme
As proposed by the Board of Directors, the Annual General Meeting decided that a long-term incentive scheme for the management and other key personnel be introduced in March 2010. If the option rights holder's employment with a Group company ends, his or her option rights will immediately transfer to the company or its order. A total of 100,000 option rights was issued (2010). During spring 2011, it was decided to grant an additional 8,000 option rights. At most, 50,000 option rights are classified as 2010A and 58,000 option rights as 2010B. The share subscription period for option rights 2010A begins on 2 January 2013 and ends on 30 April 2015, and for option rights 2010B it begins on 2 January 2014 and ends on 30 April 2016. Since one option right entitles the holder to subscribe to one new share or treasury share held by the company, all of the option rights awarded entitle to the subscription of a maximum of 108,000 shares in the company. The per-share subscription price for option rights 2010A and 2010B is EUR 97.00, which is the estimated fair value of the share on 17 December 2009. Should the company distribute dividends or funds from its unrestricted equity fund, the subscription price applied to the option rights will be decreased in line with the amount of dividends decided or unrestricted equity funds distributed after 17 December 2009 and prior to the share subscription period on the record date of each dividend payment or capital refund. The subscription price will be recorded in the company's invested unrestricted equity reserve.

Option scheme

Classification	2010A	2010B
Target group	Management and key personnel	Management and key personnel
Granting date	10 March 2010	1 March 2011
Amount of granted instruments	50,000	58,000
Exercise price	EUR 97.00	EUR 97.00
Share price at granting date	EUR 97.00	EUR 98.66
Subscription period	2 Jan 2013–30 April 2015	2 Jan 2014–30 April 2016
Expected life (years)	5 years	5 years
Conditions	Employed with the company	Employed with the company
Implementation	As shares	As shares

Share options outstanding
Changes in share options outstanding during the financial period and the average exercise prices are as follows:

	Options
On 1 January 2013	88,000
Granted options	
Forfeited options	14,000
Exercised options	
Expired options	
On 31 March 2013	74,000

There were no new options granted during the period. The weighted average fair value of options granted during 2011 was EUR 38.73 per option. The fair value of the options was determined by using a valuation model. The significant inputs of the model were the share price of EUR 98.66, exercise price shown above less dividends paid in 2010 of EUR 4.35, volatility of 38 per cent, an expected option life of two years, and a risk-free interest rate of 2.82 per cent.

9 Derivative fair value measurement hierarchy

The market value of the interest rate swaps have been determined by discounting market interest rates.
No hierarchy transfers have been made

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Other inputs observable either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3 - Unobservable inputs

31 March 2013

	Level 1	Level 2	Level 3
Liabilities 1000€			
Interest rate swaps			
Designated at fair value through profit or loss		-1,316	
Derivatives hedge accounting		-965	
Total		-2,281	

31 December 2012

	Level 1	Level 2	Level 3
Liabilities 1000€			
Interest rate swaps			
Designated at fair value through profit or loss		-581	
Derivatives hedge accounting		-668	
Total		-1,249	

10 Comparative figures

From 1 January 2013, DNA applies the revised IAS 19 Employee benefits standard. The consolidated income statement, comprehensive income statement, statement of financial posotion as well as the statement of changes in equity have been updated in compliance with the requirements of the revised standard and presented in the tables below.
The main amendments include recognition of all actuarial gains and losses in OCI as they occur, in other words eliminating the corridor approach and financing costs are determined on a net funding basis.

Changes to the income statement

The income statement impact of the revision was not material. The revision had an immaterial affect on employee benefit expenses and financial items as well as taxes.

Milj. €	Reported Q1	Reported Q2	Reported Q3	Reported Q4	Revised Q1	Revised Q2	Revised Q3	Revised Q4
Other comprehensive income:								
Actuarian gains (losses) on defined benefit pension plans	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.2	-0.2
Total comprehensive income	**4.0**	**11.6**	**12.4**	**7.4**	**3.8**	**11.4**	**12.2**	**7.2**

Changes to the statement of financial position
In the opening balance of the statement of financial position 1 January 2012, retained earnings decreased by EUR 0.6 million due to the actuarian losses not previously recognised. The retirement benefit obligation increased by EUR 0.6 million and deferred tax assets increased by EUR 0.2 million.

In the statement of financial position 31 December 2012, the retirement benefit obligation increased by EUR 1.6 million, deferred tax receivables by EUR 0.4 million and retained earnings decreased by EUR 1.2 million compared to previously reported figures. The effects to the previously reported interim figures are as follows:

	Q1	Q2	Q3	Q4
Deferred tax assets	0.2	0.3	0.3	0.4
Retained earnings	-0.8	-0.9	-1.1	-1.2
Retirement benefit obligations	1.0	1.2	1.4	1.6

Milj. €	Reported Q1	Reported Q2	Reported Q3	Reported Q4	Revised Q1	Revised Q2	Revised Q3	Revised Q4
Deferred tax assets	22.1	21.2	20.3	19.6	22.3	21.5	20.6	19.9
Assets	**980.0**	**989.3**	**979.8**	**995.6**	**980.2**	**989.6**	**980.2**	**996.0**
Retained earnings	-77.6	-65.7	-53.5	-46.0	-78.4	-66.5	-54.5	-47.2
Equity	**497.9**	**509.6**	**521.4**	**529.0**	**497.1**	**508.7**	**520.4**	**527.8**
Retirement benefit obligations	0.2	0.2	0.2	0.1	1.2	1.4	1.6	1.7
Total equity and liabilities	**980.0**	**989.3**	**979.8**	**995.6**	**980.2**	**989.6**	**980.2**	**996.0**

Key figures

	Jan-Mar 2013	Jan-Mar 2012	Jan-Dec 2012
Equity per share, EUR	59.2	52.8	60.6
Net liabilities, EUR million	251.0	288.6	257.7
Gearing, %	50.1	58.1	48.8
Equity ratio, %	51.1	51.6	54.0
Net debt/EBITDA	1.31	1.87	1.35
Return on investment (ROI), %	6.3	3.9	7.2
Return on equity (ROE), %	6.2	3.0	6.3
Investments, EUR million	22.0	23.4	136.3
Investments, % of net sales	11.8	12.5	17.7
Personnel at end of period	1,468	1,045	1,427

Key operative indicators

Mobile communication network subscription volumes:

Number of:	Jan-Mar 2013	Jan-Mar 2012	Jan-Dec 2012
Subscriptions*	2,412,000	2,329,000	2,428,000
DNA's own customers*	2,311,000	2,218,000	2,315,000
Revenue per subscription (ARPU), EUR**	18.2	20.5	19.9
Customer churn rate, %**	19.3	16.5	15.7

*Includes only mobile broadband

**Includes only postpaid phone subscriptions

Fixed-network subscription volumes:

Number of:	Jan-Mar 2013	Jan-Mar 2012	Jan-Dec 2012
Broadband subscriptions	307,000	298,000	311,000
Cable TV subscriptions	594,000	592,000	596,000
Telephone subscriptions	116,000	134,000	120,000

Calculation of the key indicators

Equity per share, EUR	=	Equity attributable to equity holders of the parent company / Number of outstanding shares at end of period
Net liabilities, EUR	=	Interest-bearing liabilities - liquid assets
Gearing, %	=	Interest-bearing liabilities – liquid assets / Total shareholders' equity
Equity ratio, %	=	Shareholders' equity / Balance sheet total – prepayments received
EBITDA, EUR	=	Operating profit (EBIT) + depreciation, amortisation and impairments
Return on investment (ROI), %*	=	Profit before taxes + interest and other finance expenses / Balance sheet total – non-interest bearing liabilities (annual average)
Return on equity (ROE), % *	=	Profit for the financial period / Total shareholders' equity (annual average)
Net debt/EBITDA*	=	Interest-bearing net liabilities / EBIT + depreciation + amortisation

* 12-month adjusted

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