INTERIM REPORT 1-9/2014

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DNA's net sales and EBITDA increased significantly in the third quarter – non-recurring items decreased profit

Summary

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

July–September 2014

- Net sales increased by 13.0 per cent and came to EUR 216.3 million (191.5 million).
- EBITDA increased by 18.2 per cent to EUR 57.7 million (48.8 million), accounting for 26.7 per cent of net sales (25.5 per cent).
- EBITDA excluding non-recurring items came to EUR 61.4 million (52.3 million), or 28.4 per cent of net sales (27.3 per cent).
- Operating profit decreased by -121.5 per cent to EUR -2.6 million (12.0 million), or -1.2 per cent of net sales (6.3 per cent).
- Operating profit excluding non-recurring items came to EUR 20.7 million (15.5 million), or 9.6 per cent of net sales (8.1 per cent).
- The mobile communication subscription base grew by 2.4 per cent, reaching 2,496,000 in total (2,437,000).
    - Revenue per user (ARPU) for mobile communications amounted to EUR 17.8 (18.4).
    - Mobile communication subscription turnover rate (CHURN) was 17.8 per cent (18.0 per cent).
- Fixed-network subscription base (voice, broadband and cable television) came to 1,078,000 subscriptions at the end of the quarter (1,012,000).

January–September 2014

- Net sales increased by 10.0 per cent and came to EUR 617.2 million (561.0 million).
- EBITDA increased by 8.8 per cent to EUR 156.5 million (143.9 million), accounting for 25.4 per cent of net sales (25.7 per cent).
- EBITDA excluding non-recurring items came to EUR 162.4 million (148.3 million), or 26.3 per cent of net sales (26.4 per cent).
- Operating profit decreased by 38.7 per cent to EUR 21.8 million (35.5 million), or 3.5 per cent of net sales (6.3 per cent).
- Operating profit excluding non-recurring items came to EUR 47.2 million (39.8 million), or 7.6 per cent of net sales (7.1 per cent).
- The mobile communication subscription base grew by 2.4 per cent, reaching 2,496,000 in total (2,437,000).
    - Revenue per user (ARPU) for mobile communications amounted to EUR 17.9 (18.4).
    - Mobile communication subscription turnover rate (CHURN) was 16.9 per cent (17.3 per cent).

DNA's outlook for 2014 has changed

Net sales is expected to increase significantly and operating profit excluding non-recurring items moderately in 2014. Operating profit including non-recurring items is expected to decrease significantly. The Group's financial position is expected to remain fairly healthy.

In the second quarter, net sales was expected to increase significantly and operating profit moderately in 2014. The Group's financial position was expected to remain fairly healthy.

Key figures

Figures are unaudited.

EUR million	7–9/2014	7–9/2013	Change, %	1–9/2014	1–9/2013	Change, %	1–12/2013
Net sales	**216.3**	191.5	13.0%	**617.2**	561.0	10.0%	766.4
EBITDA ***	**57.7**	48.8	18.2%	**156.5**	143.9	8.8%	190.7
- % of net sales	**26.7%**	25.5%		**25.4%**	25.7%		24.9%
EBITDA without non-recurring items	**61.4**	52.3	17.4%	**162.4**	148.3	9.5%	195.8
- % of net sales	**28.4%**	27.3%		**26.3%**	26.4%		25.5%
Depreciation and impairment charges	**60.2**	36.8		**134.8**	108.4		147.1
Operating profit ***	**-2.6**	12.0	-121.5%	**21.8**	35.5	-38.7%	43.7
- % of net sales	**-1.2%**	6.3%		**3.5%**	6.3%		5.7%
Operating profit without non-recurring items	**20.7**	15.5	33.5%	**47.2**	39.8	18.5%	48.8
- % of net sales	**9.6%**	8.1%		**7.6%**	7.1%		6.4%
Profit before tax	**-5.6**	10.8	-152.0%	**14.5**	32.3	-55.1%	37.7
Profit for the financial period	**-4.4**	7.5	-158.8%	**12.0**	23.3	-48.7%	28.9
Return on investment (ROI), %*	**-1.0**	5.9		**3.2**	5.9		5.4
Return on equity (ROE), %*	**-3.5**	5.9		**3.1**	6.0		5.5
Investments	**35.1**	31.7	10.8%	**82.7**	87.9	-5.9%	128.4
Cash flow after investments**	**17.8**	-32.6		**-115.1**	-25.4		-33.6

Interest bearing net debt, EUR million	**472.3**	318.5	48.3%	**472.3**	318.5	48.3%	326.7
Interest bearing net debt/EBITDA	**2.05**	1.63		**2.26**	1.66		1.71
Net gearing, %	**93.6**	61.7		**93.6**	61.7		62.6
Equity ratio, %	**41.8**	51.3		**41.8**	51.3		49.4
Personnel at the end of period	**1,782**	1,530	16.5%	**1,782**	1,530	16.5%	1,563

* Rolling 12 months

** Includes business combinations and business transfers

Additional information:

Jukka Leinonen, CEO, DNA Ltd, tel. +358 44 044 1000, jukka.leinonen (at) dna.fi
Timo Karppinen, CFO, DNA Ltd, tel. +358 44 044 5007, timo.karppinen (at) dna.fi
DNA Corporate Communications, tel. +358 44 044 8000, viestinta (at) dna.fi

Distribution:
Key media
www.dna.fi

CEO's review

The overall economic situation remained challenging during the third quarter and competition intense, in particular in the mobile communications and fixed-network broadband markets. The corporate services market also remained cautious. Nonetheless, our operations developed positively and we can be satisfied with the financial development in the third quarter. However, our otherwise good result in the July to September period was weakened by non-recurring items.

Our net sales for the third quarter increased significantly year-on-year and came to EUR 216.3 million. This increase was fuelled in particular by the acquisition of TDC's Finnish operations and the positive development of broadband sales. Our EBITDA increased by 18.2 per cent to EUR 57.7 million. Operating profit excluding non-recurring items increased significantly and came to EUR 20.7 million. However, operating profit was burdened by non-recurring items in the third quarter and decreased to EUR -2.6 million. These non-recurring items were EUR 23.3 million in total. Most of the non-recurring items are related to the write-down of the PlusTV brand after the introduction of the DNA Welho brand, write-downs in relation to renewals in information systems as well as a provision recognised in the period due to cooperation negotiations.

All in all, our performance developed consistently well between January and September, despite the challenging economic situation. Our net sales increased significantly to EUR 617.2 million as did our EBITDA, which came to EUR 156.5 million. This positive development is due to the acquisition of TDC's Finnish operations, increased entertainment business net sales and the positive development of broadband sales. Our operating profit excluding non-recurring items between January and September increased by 18.5 per cent to EUR 47.2 million. However, non-recurring items between July and September burdened our operating profit in the third quarter and it decreased to EUR 21.8 million.

DNA's mobile communications subscriptions base grew by 15,000 subscriptions in the third quarter and came to 2,496,000. Fixed-network subscription base increased by 35,000 between July and September, totalling 1,078,000 subscriptions at the end of the review period. The positive development is due to an increase in the number of broadband subscriptions. The number of housing company broadband subscriptions in particular increased in the third quarter.

The acquisition of TDC's Finnish operations in the second quarter marks an important step in the development of DNA's corporate business. In August, we started the merger of our DNA Business unit, our subsidiary Forte Netservices Oy, and TDC Ltd Finland and TDC Hosting Ltd, both acquired in early June, into one strong corporate business unit. We will combine the best practices of these four companies to establish a new and unified provider of data communications, server centre and data security services. High-quality customer experience will remain the primary focus of this new corporate business unit, offering competitive products and services and reliable customer service.

In addition to reorganising our corporate business, we also introduced changes in our Technical and IT Management units as well as our support functions. This was done to maintain our competitiveness in a quickly evolving market. The cooperation negotiations necessitated by this change were completed on 14 October.

In the third quarter, we announced a cooperation agreement with Sonera on the construction of a mobile communications network in Northern and Eastern Finland. This is a historic joint operation as it marks the first time operators are constructing a network together in Finland. The agreement will bring considerable cost savings, enabling us to construct the 4G network faster than the previously planned, separate networks. The joint network company, Suomen Yhteisverkko Oy, will be responsible for constructing an all new mobile communications network, which both DNA and Sonera will use when providing services for their respective customers.

Continuous development of our entertainment business is an important focus area in our strategy. The DNA Welho MatkaTV service reached a milestone in the third quarter as the number of subscribers exceeded 100,000. We want to participate in the promotion of new kinds of ways to watch TV.

The demand for faster and better-quality connections is growing at an increasing pace. The construction of our global 4G LTE network operating at 800 MHz frequency is proceeding as planned and we added more than 400 new base stations to the network in the third quarter. DNA's 4G LTE network coverage will reach 80 per cent of the population by the end of 2014. Coverage and high speed of networks have a key role in DNA's strategy to ensure future success.

According to our strategy, we will place special emphasis on having the most satisfied customers in all our business areas. We also want to continue profitable growth, aim to grow our market share in the corporate market with the introduction of our new corporate business unit and will maintain our position as the market leader in entertainment business.

Jukka Leinonen
President and CEO

Operating environment

The overall economic situation remained challenging during the review period, increasing uncertainty in the telecommunications market. Competition remained intense, in particular in the mobile communications and fixed-network broadband markets. General decline in consumer purchasing power an the consumer confidence index will have a particular effect on the demand of traditional pay-TV services. In corporate services, the overall market situation remained cautious and companies postponed their investment decisions.

The telecommunications market continues to undergo a change, requiring DNA to be agile, innovate new business and continue to make investments in network speeds and coverage. Network and terminal device technologies are developing at an increasingly fast pace, fuelling future growth in the use of telecommunications services with increasing traffic volumes and new types of use.

As smart phones and tablets become more common and 4G speeds more widely available, data transfer volumes and mobile markets will experience strong growth. Portable terminal devices are increasingly used in completely new ways, such as viewing video and TV content on smart phones and tablets, as well as many other types of content.

In the consumer market, mobile and fixed-network broadband and entertainment services are important growth segments. Consumers are spending more time watching TV programmes, and households have several devices for viewing TV content. The competitive environment has changed quickly, in particular for entertainment services, as international players have entered the market. Competition in the housing company broadband subscription market remained strong.

In corporate services, the market situation remained cautious. However, there was growing demand for DNA server centre services as part of network solutions. The demand for value added services related to network data security and management as well as mobile data solutions that enable remote work continued at a good level. Companies were increasingly interested in M2M-based industrial Internet solutions.

The national migration to the T2 technology, which enables HDTV broadcasts and additional services, coordinated by the Ministry of Transport and Communication, will take place in 2017. The pay-TV channels available in the terrestrial network will migrate to the T2 technology by the end of 2016. With T2 technology, the service offering in the terrestrial network will become more versatile. It will also increase HD broadcasting.

Finnish mobile communications operators signed an agreement on mobile network interconnection prices during the review period. The current price of EUR 2.8/minute decreased to EUR 1.87/minute as of 1 September 2014. The new prices will be in force until the end of November 2015.

The Finnish telecommunications market is strictly regulated. Regulation can influence the cost and price structure of DNA's products and services as well as the grounds on which frequencies and licences are distributed. During the review period, the Finnish parliament continued to process the Information Society Code containing the key provisions that apply to electronic communications. The Code is scheduled to enter into force on 1 January 2015. The main changes that will affect DNA's operations are related to frequency policy and the method of frequency distribution, market-based frequency compensation, consumer protection and the ability of the Finnish Communications Regulatory Authority to affect pricing responsibilities.

The European Parliament started to process the Commission's proposal on new legislation to promote the European single market for electronic communications in the spring of 2014. The Council of the European Union will continue the process in the autumn of 2014. Italy, the country holding the presidency, made a compromise proposal in September 2014. The main changes that will affect DNA's operations are related to frequency policy, harmonisation of frequency distribution methods, elimination of roaming charges, harmonisation of fixed-network retail products and regulation of net neutrality. Should the new legislation enter into force, it would have a major impact in DNA's business.

Mobile calls, text messages and mobile data services became cheaper when travelling within the European Union as of 1 July 2014. The cheaper rates apply to outgoing and incoming voice calls, outgoing texts and mobile data usage while abroad in the EU. The new prices also apply in Iceland, Liechtenstein and Norway. The reduction of charges is based on European Union roaming regulations (the Eurotariff).The change in price rates does not have a significant impact in DNA's business.

Net sales and profit

July–September 2014

DNA's net sales for the third quarter increased by 13.0 per cent and came to EUR 216.3 million (191.5 million). Net sales were fuelled by the growth of corporate business as a result of the acquisition of TDC's Finnish operations in the second quarter. The increase was also due to the positive development of mobile and fixed-network broadband sales. During the review period, 72.4 per cent (77.7 per cent) of net sales was generated by consumer business and 27.6 per cent (22.3 per cent) by corporate business.

EBITDA increased by 18.2 per cent to EUR 57.7 million (48.8 million). The EBITDA percentage of net sales increased and came to 26.7 per cent (25.5 per cent). EBITDA was affected by increased net sales and operational efficiency. EBITDA excluding non-recurring items came to EUR 61.4 million (52.3 million), or 28.4 per cent of net sales (27.3 per cent).

Operating profit decreased by 121.5 per cent to EUR -2.6 million (12 million). Operating profit accounted for -1.2 per cent of net sales (6.3 per cent). Operating profit excluding non-recurring items increased significantly and came to EUR 20.7 million (15.5 million), accounting for 9.6 per cent of net sales (8.1 per cent).

The non-recurring items affecting EBITDA between July and September 2014 were EUR 3.7 million in total, and the items affecting the profit EUR 23.3 million. Most of the non-recurring items are related to the write-down of the PlusTV brand after the introduction of the DNA Welho brand, write-downs in relation to renewals in information systems as well as a provision recognised in the period due to cooperation negotiations.

Financial income and expenses amounted to EUR -3.0 million (-1.3 million). Income tax for the period was EUR 1.1 million (-3.3 million). Profit for the financial period weakened year-on-year and amounted to EUR -4.4 million (7.5 million). The result was weakened by the non-recurring items. Earnings per share came to EUR -0.5 (0.9).

January–September 2014

DNA's net sales for the January–September period grew by 10.0 per cent and came to EUR 617.2 million (561.0 million). This positive development is due to the acquisition of TDC's Finnish operations in the second quarter, increased entertainment business net sales and the positive development of fixed-network and mobile broadband sales.

DNA's EBITDA for January–September increased by 8.8 per cent to EUR 156.5 million (143.9 million), accounting for 25.4 per cent of net sales (25.7 per cent). EBITDA excluding non-recurring items came to EUR 162.4 million (148.3 million), or 26.3 per cent of net sales (26.4 per cent).

Operating profit decreased by 38.7 per cent to EUR 21.8 million (35.5 million), or 3.5 per cent of net sales (6.3 per cent). EBITDA excluding non-recurring items increased significantly and came to EUR 47.2 million (39.8 million), or 7.6 per cent of net sales (7.1 per cent).

The non-recurring items affecting EBITDA between January and September were EUR 5.9 million in total, and the items affecting the profit EUR 25.5 million. Most of the non-recurring items are related to the write-down of the PlusTV brand after the introduction of the DNA Welho brand, write-downs in relation to renewals in information systems as well as a provision recognised in the period due to cooperation negotiations.

Financial income and expenses amounted to EUR -7.2 million (-3.2 million). Income tax for the period was EUR -2.5 million (-9.0 million). Profit for the financial period decreased and came to EUR 12.0 million (23.3 million). The result was weakened by non-recurring items. Earnings per share came to EUR 1.4 (2.8).

Consolidated key figures

EUR million	7–9/2014	7–9/2013	Change, %	1–9/2014	1–9/2013	Change, %	1–12/2013
Net sales	**216.3**	191.5	13.0%	**617.2**	561.0	10.0%	766.4
EBITDA	**57.7**	48.8	18.2%	**156.5**	143.9	8.8%	190.7
- % of net sales	**26.7%**	25.5%		**25.4%**	25.7%		24.9%
EBITDA without non-recurring items	**61.4**	52.3	17.4%	**162.4**	148.3	9.5%	195.8
- % of net sales	**28.4%**	27.3%		**26.3%**	26.4%		25.5%
Operating profit	**-2.6**	12.0	-121.5%	**21.8**	35.5	-38.7%	43.7
- % of net sales	**-1.2%**	6.3%		**3.5%**	6.3%		5.7%
Operating profit without non-recurring items	**20.7**	15.5	33.5%	**47.2**	39.8	18.5%	48.8
- % of net sales	**9.6%**	8.1%		**7.6%**	7.1%		6.4%
Profit for the financial period	**-4.4**	7.5	-158.8%	**12.0**	23.3	-48.7%	28.9

Key operative indicators

	7-9/2014	7-9/2013	Change, %	1-9/2014	1-9/2013	Change, %	1–12/2013
Number of mobile communication network subscriptions at end of period*	**2,496,000**	2,437,000	2.4%	**2,496,000**	2,437,000	2.4%	2,450,000
- Revenue per user (ARPU), EUR**	**17.8**	18.4	-3.3%	**17.9**	18.4	-2.7%	18.2
- Customer CHURN rate, %**	**17.8**	18.0	-1.1%	**16.9**	17.3	-2.3%	17.1
Number of fixed line subscriptions at end of period	**1,078,000**	1,012,000	6.5%	**1,078,000**	1,012,000	6.5%	1,016,000
*includes voice and mobile broadband							
**includes postpaid voice 'subscriptions only							

Cash flow and financial position

July–September 2014

In the July–September period, cash flow after investments increased to EUR 17.8 million (-32.6 million). This was particularly due to the PlusTV acquisition in the reference period.

January–September 2014

In the January–September period, cash flow after investments decreased to EUR -115.1 million (-25.4 million). This is particularly due to the acquisition of TDC Ltd Finland and TDC Hosting Ltd.

DNA has a EUR 200.0 million revolving credit facility, of which EUR 35.0 million (170.0 million) remain undrawn, and a EUR 14.4 million (16.0 million) credit facility. The revolving credit facility was used to finance the acquisition of TDC's Finnish operations. In addition, the company has a commercial paper programme worth EUR 150.0 million (150.0 million), under which 90.0 EUR million (115.0 million) was drawn by the end of the review period.

DNA's net gearing came to 93.6 per cent (61.7 per cent) at the end of the review period. The Group's liquid assets amounted to EUR 23.4 million (17.0 million), and interest-bearing net debt to EUR 472.3 million (318.5 million). The Group's liquid assets and undrawn committed credit limits amounted in total to EUR 72.8 million (203.0 million).

The interest-bearing net debt/EBITDA ratio increased and was 2.26 (1.66) at the end of the review period.

The acquisition of TDC's Finnish operations contributed to the change in the financial position year-on-year. DNA plans to replace most of the revolving credit facility by long-term financing during 2014.

DNA's equity ratio was 41.8 per cent (51.3 per cent) at the end of the review period.

Cash flow and financial key figures

	7–9/2014	7–9/2013	1–9/2014	1–9/2013	1–12/2013
Cash flow after investments, EUR million	**17.8**	-32.6	-115.1	-25.4	-33.6

	30 Sep 2014	30 Sep 2013	31 Dec 2013
Interest bearing net debt, EUR million	**472.3**	318.5	326.7
Interest bearing net debt/EBITDA	**2.26**	1.66	1.71
Net gearing, %	**93.6**	61.7	62.6
Equity ratio, %	**41.8**	51.3	49.4

Development per business segment

Consumer business

July–September 2014

Consumer business net sales increased by 5.2 per cent to EUR 156.6 million (148.8 million) in the third quarter. This growth was due to the positive development of broadband and mobile services. Housing company subscriptions enjoyed strong growth in fixed-network broadband. EBITDA increased and came to EUR 40.6 million (33.8 million). The increase was fuelled by growth in net sales and improved operational efficiency. The EBITDA percentage of net sales increased to 25.9 per cent (22.7 per cent). Burdened by non-recurring items, operating profit decreased by 132.5 per cent to EUR -3.1 million (9.4 million), or -2.0 per cent of net sales (6.3 per cent). Profit excluding non-recurring items increased significantly by 48.2 per cent to EUR 17.5 million (11.8 million). Depreciation to the amount of EUR 43.7 million (24.4 million) was allocated to consumer business.

DNA launched a new prepaid subscription with a set daily price. DNA Smart Prepaid subscription provides the benefits of a per month invoiced subscription without a long-term commitment. The subscription is also 4G LTE ready.

In August, DNA and Viasat made the Viasat Sport channel package available also in the terrestrial network. With the DNA Welho MatkaTV subscription, subscribers can also stream the content to their mobile devices.

The DNA Welho MatkaTV service is becoming increasingly popular and reached an important milestone in the third quarter as the number of subscribers exceeded 100,000.

The sales of Apple’s iPhone 6 and iPhone 6 Plus started on 26 September 2014 in DNA Stores and the online store, DNA Nettikauppa. iPhone 6 was the third most sold phone by DNA in September.

January–September 2014

Net sales increased by 8.3 per cent to EUR 467.4 million (431.5 million). This growth was due to the positive development of entertainment, broadband and mobile services. EBITDA increased to EUR 111.9 million (99.8 million), or 23.9 per cent of net sales (23.1 per cent). The increase was fuelled by growth in net sales and improved operational efficiency. Burdened by non-recurring items, operating profit decreased and came to EUR 19.9 million (27.9 million), or 4.2 per cent of net sales (6.5 per cent). Operating profit excluding non-recurring items increased significantly and came to EUR 41.2 million (31.1 million).

Consumer business

EUR million	7–9/2014	7–9/2013	Change, %	1–9/2014	1–9/2013	Change, %	1–12/2013
Net sales	**156.6**	148.8	5.2%	**467.4**	431.5	8.3%	593.4
EBITDA	**40.6**	33.8	20.0%	**111.9**	99.8	12.2%	133.3
- % of net sales	**25.9%**	22.7%		**23.9%**	23.1%		22.4%
EBITDA without non-recurring items	**42.0**	36.2	15.9%	**114.0**	103.0	10.7%	137.2
- % of net sales	**26.8%**	24.4%		**24.4%**	23.9%		23.1%
Operating profit/loss	**-3.1**	9.4	-132.5%	**19.9**	27.9	-28.9%	35.7
- % of net sales	**-2.0%**	6.3%		**4.2%**	6.5%		6.0%
Operating profit without non-recurring items	**17.5**	11.8	48.2%	**41.2**	31.1	32.4%	39.7
- % of net sales	**11.2%**	8.0%		**8.8%**	7.2%		6.7%

Corporate business

July–September 2014

Corporate business net sales increased by 39.8 per cent to EUR 59.8 million (42.7 million) in the third quarter. As of June 2014, net sales were fuelled by the growth of corporate business as a result of the acquisition of TDC's Finnish operations.

EBITDA increased to EUR 17.0 million (14.9 million), or 28.5 per cent of net sales (35.0 per cent). Operating profit decreased to EUR 0.5 million (2.6 million), or 0.8 per cent of net sales (6.0 per cent). Operating profit excluding non-recurring items came to EUR 3.2 million (3.7 million). EBITDA and operating profit were burdened by non-recurring items. Depreciation to the amount of EUR 16.6 million (12.4 million) was allocated to corporate business.

In August, DNA announced the merger of its DNA Business unit, its subsidiary Forte Netservices Oy focusing on corporate data security solutions, and TDC Ltd Finland and TDC Hosting Ltd, both acquired in early June, into one strong corporate business unit. In relation to the restructuring, TDC Hosting Ltd and Forte Netservices Oy will be merged with the parent company DNA Ltd on 31 October November, and TDC Ltd Finland on 31 December, according to plan. The expertise and customer-base structure of the companies complement each other well, and the merger will create a very competitive business unit. The cooperation negotiations necessitated by the reorganisation opened in August and were completed on 14 October.

The new business entity will adopt the unified DNA Business brand in all its products and services by the end of 2014.

January–September 2014

Net sales increased by 15.6 per cent to EUR 149.8 million (129.5 million). This positive development is due to the acquisition of TDC's Finnish operations in the second quarter. EBITDA increased and came to EUR 44.6 million (44.2 million). EBITDA accounted for 29.8 per cent of net sales (34.1 per cent). Operating profit decreased to EUR 1.9 million (7.6 million), or 1.3 per cent of net sales (5.9 per cent). Operating profit excluding non-recurring items came to EUR 7.5 million (8.7 million). The decrease in EBITDA and operating profit was due to non-recurring items.

Corporate business

EUR million	7–9/2014	7–9/2013	Change, %	1–9/2014	1–9/2013	Change, %	1–12/2013
Net sales	**59.8**	42.7	39.8%	**149.8**	129.5	15.6%	173.0
EBITDA	**17.0**	14.9	14.0%	**44.6**	44.2	1.1%	57.5
- % of net sales	**28.5%**	35%		**29.8%**	34.1%		33.2%
EBITDA without non-recurring items	**19.4**	16.1	20.6%	**49.9**	45.3	10.1%	58.6
- % of net sales	**32.4%**	37.6%		**33.3%**	34.9%		33.9%
Operating profit/loss	**0.5**	2.6	-81.1%	**1.9**	7.6	-75.0%	7.9
- % of net sales	**0.8%**	6.0%		**1.3%**	5.9%		4.6%
Operating profit without non-recurring items	**3.2**	3.7	-13.9%	**7.5**	8.7	-13.9%	9.0
- % of net sales	**5.3%**	8.6%		**5.0%**	6.7%		5.2%

Investments

July–September 2014

Investments in the July–September period amounted to EUR 35.1 million (31.7 million), or 16.2 per cent of net sales (16.5 per cent).

January–September 2014

Investments in the January–September period amounted to EUR 82.7 million (87.9 million), or 13.4 per cent of net sales (15.7 per cent).

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

Investments

EUR million	7–9/2014	7–9/2013	Change, %	1–9/2014	1–9/2013	Change, %	1–12/2013
Consumer business	22.0	23.3	-5.6%	53.4	63.0	-15.2%	91.2
Corporate business	11.9	7.8	53.2%	26.0	23.6	10.3%	35.0
Un-allocated	1.1	0.5	128.2%	3.2	1.3	149.3%	2.2
Total investments	**35.1**	31.7	10.8%	**82.7**	87.9	-5.9%	128.4

Network infrastructure

During the reporting period, DNA expanded its mobile communication networks by adding more than 1,000 new base stations across Finland, 400 of these in the third quarter. DNA’s 4G LTE network expanded significantly in the Oulu region and other cities such as Vantaa, Seinäjoki, Kokkola, Porvoo and Salo. At the end of the period, DNA's 4G LTE network reached almost 4 million people in Finland.

In the third quarter, DNA and Sonera signed a cooperation agreement on the construction of a mobile communications network in Northern and Eastern Finland. To undertake the project, they have established a joint network company, Suomen Yhteisverkko Oy, responsible for constructing an all new mobile communications network. In the areas involved, Suomen Yhteisverkko Oy will plan and implement 2G, 3G and 4G network connections to be used by DNA and Sonera when providing services for their respective customers. The two operators will combine their network licenses to provide the 2G, 3G and 4G services, enabling higher speeds and better service standards.

In the first quarter, DNA and Ericsson signed an agreement on the construction of a new, nationwide 4G/LTE 800 MHz network. Ericsson will also expand and enhance DNA's existing 4G, 3G and 2G networks.

DNA’s 4G LTE network coverage will reach some 80 per cent of the population by the end of 2014. DNA’s 3G network is expected to reach approximately 99 per cent of the population by the end of the year.

Personnel

At the end of September 2014, DNA Group had 1,782 employees (1,530 employees), of which 730 were women (651) and 1,052 men (879). The increase is due to the transfer of TDC's Finnish personnel to the employ of DNA.

Salaries and employee benefit expenses paid during the third quarter amounted to EUR 26.0 million (19.8 million).

The cooperation negotiations necessitated by the reorganisation of DNA's business unit were opened in August and were completed on 14 October. Initially, it was estimated that the restructuring was to result in staff cuts affecting 150 employees at most. As a result of the negotiations, 65 DNA employees were made redundant, and 15 employees will leave the company through voluntary arrangements, such as pension arrangements. The number of redundancies was reduced by employees transferring to new positions within DNA.

Personnel by business segment

	30 Sep 2014	30 Sep 2013	Change, %	31 Dec 2013
Consumer business	1,038	1,069	-2.9%	1,104
Corporate business	744	461	61.4%	459
Total personnel	**1,782**	1,530	16.5%	1,563

Changes in the Group structure and significant litigation matters

Changes in the Group structure

On 29 April 2014, DNA signed an agreement with Danish TDC A/S on the acquisition of TDC Ltd Finland and TDC Hosting Ltd. Finnish Competition and Consumer Authority approved DNA's acquisition of TDC's Finnish operations on 26 May 2014. The companies became DNA's subsidiaries in June.

DNA is merging its DNA Business unit, its subsidiary Forte Netservices Oy, and TDC Ltd Finland and TDC Hosting Ltd, into one strong corporate business unit. TDC Hosting Ltd and Forte Netservices Oy will be merged with the parent company DNA Ltd in November, and TDC Ltd Finland on 31 December 2014.

In September 2013, the terrestrial network pay-TV operator PlusTV (DigiTV Plus Oy) became a DNA subsidiary. On 1 March 2014, as part of the development of the entertainment services offered by the DNA Group, DNA combined the television and fixed-network broadband business operations of PlusTV and DNA Welho into one company. At the same time, Digi TV Plus Oy was renamed as DNA Welho Oy.

Significant litigation matters

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

Management and governance

Group Executive Team

DNA Ltd has a line organisation, comprising of Consumer, Corporate, Technical and IT Management units as well as support functions.

DNA's Executive Team comprises Chief Executive Officer Jukka Leinonen, Chief Financial Officer Timo Karppinen, Vice President, Consumer Business Pekka Väisänen, Vice President, Corporate Business Hannu Rokka, Vice President, Technology Tommy Olenius, Vice President, Human Resources Marko Rissanen, Vice President, Legal Affairs Asta Rantanen, Chief Strategy Officer Christoffer von Schantz and Chief Information Officer Janne Aalto.

Decisions of the Annual General Meeting of 2014

DNA Ltd's Annual General Meeting of 20 March 2014 adopted the financial statements and discharged the Board of Directors and the CEO from liability for the period of 1 January to 31 December 2013. According to the proposal by the Board of Directors, the Annual General Meeting agreed to pay a dividend of EUR 3.54 per share, at a total of EUR 30,014,003.28, to DNA's shareholders. No dividend will be paid for treasury shares held by the company itself.

Board members and remuneration

The AGM elected three new members to DNA's Board of Directors: Tero Ojanperä, Kirsi Sormunen and Anu Nissinen. Re-elected members of the Board include Jarmo Leino, Jukka Ottela and Anssi Soila. At the constitutive meeting of the Board of Directors held subsequent to the Annual General Meeting, Jarmo Leino was re-elected Chairman.

The AGM decided on the following annual remuneration: EUR 144,000 for the Chairman of the Board and EUR 48,000 for the members of the Board. Each member of the Board of Directors decides on an annual basis whether their annual remuneration shall be paid entirely in cash or 40 per cent be paid in shares and 60 per cent in cash. The AGM also decided on the following payments per meeting: for each member of the Board and Committee Chairmans, EUR 1,050 per person and for each committee member, EUR 525 per person.

The Board's share repurchase authorisation

The AGM authorised the Board of Directors to decide on the repurchase of treasury shares. Based on the authorisation, the Board of Directors can decide on the repurchase of a maximum of 950,000 treasury 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. The authorisation will be effective until 30 June 2015. This authorisation cancels the previous authorisation.

DNA's Corporate Governance Statement is included in the company Annual Report, which was published on 6 March 2014.

Shares and shareholders

Shareholders

Owners (10 biggest):

	30 Sep 2014
Finda Oy	49.90%
PHP Holding Oy	37.56%
Ilmarinen Mutual Pension Insurance Company	5.01%
Anvia Oyj	3.47%
Lohjan Puhelin Oy	2.60%
Pietarsaaren Seudun Puhelin Oy	0.83%
Karjaan Puhelin Oy	0.20%
Vakka-Suomen seudun Puhelin	0.15%
Puhelinosuuskunta IPY	0.13%
Orox Oy	0.04%
TOTAL	99.89%

On 30 September 2014, the largest shareholders of DNA Ltd were Finda Oy (49.90 per cent), PHP Holding Oy (37.56 per cent) Ilmarinen Mutual Pension Insurance Company (5.01 per cent), Anvia Oyj (3.47 per cent) and Lohjan Puhelin Oy (2.60 per cent). At the end of the review period, they held a total of 98.55 per cent of DNA's shares and voting rights. The holdings were calculated based on the number of outstanding shares. At the end of the review period, the company held 1,132,144 treasury shares.

On the basis of the authorisation of the Annual General Meeting of 20 March 2014, the Board of Directors decided on a rights issue, subject to a charge, to be subscribed by the members of the Board of Directors. There is a right to derogate from the pre-emptive right of the shareholders laid down in Section 9(3) of the Limited Liability Companies Act, due to the existence of a weighty financial reason under Section 9(4)(1) of the Limited Liability Companies Act because the rights issue is based on the decision of the Annual General Meeting to allow each member of the Board of Directors to decide whether their annual remuneration shall be paid entirely in cash, or partly in shares and partly in cash. Members of the Board of Directors subscribed a total of 601 shares. The shares were registered in the trade register on 11 July 2014.

Shares

At the end of the review period, the company's shares totalled 9,611,277 (9,610,676 on 30 June 2014) and the share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65 (EUR 72,702,225,65 on 30 June 2014). At the end of the review period, the company held 1,132,144 treasury shares (1,132,144 on 30 June 2014).

Corporate responsibility

Special focus areas in 2014 include energy efficiency and environmental responsibility, personnel well-being and improving responsibility in the supply chain. The focus of DNA’s social responsibility in the review period was on projects with children and young people as well as partnerships with charities.

Modernisation of base stations in the mobile network is proceeding as planned. In excess of one third of the old base stations have been replaced by more energy-efficient models. The project is expected to be completed by 2017.

In the third quarter, DNA participated in the National Remote Working Day organised by Microsoft and the Finnish Institute of Occupational Health (FIOH) as a main partner. Some 650 DNA employees worked remotely on the day.

DNA also published the results of its survey on remote work. According to DNA’s genuine method of working, the personnel decides independently where and when they work without discussing this with their supervisor. The survey results indicate that with the introduction of the genuine method of working, the employees’ work motivation, perceived productivity and management of their work-life balance has improved year-on-year.

DNA agreed on continued cooperation with Innokampus in the second quarter. As the main partner of the project, DNA encourages innovation and new ideas among students in Finnish schools.

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. The risk management process provides reports on risks and their control methods to the executive management and Board of Directors. Operational plans for the management of significant risks are drafted based on risk management reports, and the Executive Team monitors the implementation of these plans. A more detailed description of DNA's risk management and uncertainties is available in the Annual Report. According to the company, there have been no significant changes in near-term risks and uncertainties in the review period.

Strategic and operative risks:
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 operations always involves higher risks than conventional and established business operations. In addition, new services must be productised quickly and cost-efficiently. The rapid phase of technological development affects the entire telecommunication industry and DNA's operations.

As new communications methods gain widespread popularity, they have an impact on the traditional business of operators. Applications, such as global IM applications, are changing the way people communicate. On the other hand, new communications methods can provide new opportunities for operators, by increasing the use of mobile data, for example.

Uncertainty related to the overall economic situation has continued, affecting the demand for smart phone and TV services and the corporate market. General decline in purchasing power has a post-cyclical effect on the operator market.

System and network risks:
The nature of DNA's operations and customer expectations place high demands on DNA's systems and network infrastructure. To optimise the availability of its communications services, DNA employs a range of methods. These include establishing back-up solutions for critical transfer connections, by using at least two different routes. Other methods involve duplicating and decentralising the main data centre and communication service systems in the company's equipment facilities.

Financing risks:
In order to manage the interest rate risk, some of the loans taken by the Group have been hedged. The Group's borrowings have been spread between fixed- and variable-rate instruments. In order to manage liquidity risk, the company uses credit limits in addition to liquid assets. To manage customer credit risk, the credit history of new customers is checked as part of the ordering process. The Group's foreign interest risk is insignificant, since the majority of its cash flow is euro denominated.

A more detailed description of the management of financing risks can be found in Note 3 to the consolidated financial statements in DNA's Annual Report for 2013.

Damage risk:
In anticipation of possible unforeseen damage risks, DNA has continuous insurance policies covering aspects of its operations including personnel, property, business interruption, third-party liability and criminal action. Damage risks are prevented and minimised by means such as security guidelines and personnel training.

Events after the review period

The cooperation negotiations necessitated by the reorganisation of DNA's business unit were opened in August and were completed on 14 October. As a result of the negotiations, 65 DNA employees were made redundant, and 15 employees left the company through voluntary arrangements, such as pension arrangements. The number of redundancies was reduced by employees transferring to new positions within DNA.

Outlook for 2014

Market outlook

The telecommunications market continues to undergo a change and network and terminal device technologies continue to develop at an increasing pace. DNA's operating environment is undergoing significant changes, which is reflected in particular in the increasingly important role of content and value added services as well as an expansion of the operator market to new areas.

Market competition is expected to remain intense in 2014, 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 being affected by the increased popularity of IP-based communication services driven by the growing number of smart phones and tablets, as well as the reduction in mobile network interconnection prices and competition in the mobile communication and fixed-network markets in particular.

It is anticipated that consumer demand for broadband services in particular 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 should lead to a further decrease of ARPU. In entertainment services, the role of traditional, linear pay-TV services in the terrestrial and cable networks will become less important, although they will still be popular, in particular for sports content. Growth areas in entertainment include on-demand video and programme library services as well as entertainment services that utilise several types of terminals and distribution technologies.

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.

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.

More mobile and versatile ways of working along the need for industrial Internet solutions will boost demand in the corporate segment, in particular for services related to unified and mobile communications. Companies will migrate increasingly from mobile to unified communications services, which is reflected in the growing importance of mobile data in comparison with other communications services.

The demand for company network services, such as fast Internet connections and security solutions, is anticipated to continue to increase. Reliable and effectively managed ICT infrastructure will become increasingly vital for businesses.

DNA's outlook for 2014 has changed

Net sales is expected to increase significantly and operating profit excluding non-recurring items moderately in 2014. Operating profit including non-recurring items is expected to decrease significantly.
The Group's financial position is expected to remain fairly healthy.

In the second quarter, net sales was expected to increase significantly and operating profit moderately in 2014. The Group's financial position was expected to remain fairly healthy.

DNA Ltd
Board of Directors

DNA's financial publications in 2015:

6 February 2015	Publication of DNA Ltd's Financial Statements and result for 2014 at DNA House
24 April 2015	DNA Ltd's Interim Report January−March
17 July 2015	DNA Ltd's Interim Report January−June
23 October 2015	DNA Ltd's Interim Report January−September

Consolidated income statement, IFRS

EUR million	1 Jul–30 Sep 2014	1 Jul–30 Sep 2013	1 Jan–30 Sep 2014	1 Jan–30 Sep 2013	1 Jan–31 Dec 2013
Net sales	**216.3**	**191.5**	**617.2**	**561.0**	**766.4**
Other operating income	-0.2	0.7	1.6	1.7	2.4
Materials and services	-102.7	-92.0	-300.1	-263.5	-370.2
Employee benefit expenses	-26.0	-19.8	-74.2	-63.4	-85.4
Depreciation and impairment charges	-60.2	-36.8	-134.8	-108.4	-147.1
Other operating expenses	-29.8	-31.6	-88.0	-91.8	-122.4
Operating result, EBIT	**-2.6**	**12.0**	**21.8**	**35.5**	**43.7**
Financial income	0.1	0.3	0.7	0.9	1.2
Financial expense	-3.1	-1.5	-7.9	-4.1	-7.2
Share of associated companies' results	0.0	0.0	0.0	0.0	0,0
Net profit before tax	**-5.6**	**10.8**	**14.5**	**32.3**	**37.7**
Income tax	1.1	-3.3	-2.5	-9.0	-8.7
Net profit for the period	**-4.4**	**7.5**	**12.0**	**23.3**	**28.9**
Net profit attributable to:					
Owners of the parent	-4.4	7.5	12.0	23.3	28.9
Earnings per share of the profit attributable to equity holders of the parent company					
Basic earnings per share, EUR	-0.5	0.9	1.4	2.8	3.4
Average number of shares					
- Basic	8,479	8,479	8,479	8,479	8,479

Consolidated statement of comprehensive income

Net profit for the period	-4.4	7.5	12.0	23.3	28.9
Items that will not be reclassified to profit or loss:					
Actuarial gains (losses) on defined benefit pension plans	0,0	0,0	-0.2	0.0	0.1
Items that may be reclassified subsequently to profit or loss:					
Cash flow hedges	0.0	0.1	0.1	0.5	0.6
Other comprehensive income, net of tax	0,0	0.1	-0.1	0.5	0.7

Total comprehensive income	**-4.4**	**7.6**	**11.9**	**23.8**	**29.6**
Comprehensive income attributable to:					
Owners of the parent	-4.4	7.6	11.9	23.8	29.6

Consolidated statement of financial position, IFRS

EUR million	30 Sep 2014	30 Sep 2013	31 Dec 2013
Assets			
Non-current assets			
Goodwill	327.2	266.2	232.3
Other intangible assets	184.8	127.0	173.9
Property, plant and equipment	406.2	391.8	392.3
Investments in associates	2.1	1.8	2.1
Available-for-sale financial assets	0.2	0.2	0.2
Trade and other receivables	60.2	35.1	38.7
Deferred tax assets	42.0	21.1	31.8
Total non-current assets	**1,022.7**	**843.1**	**871.5**
Current assets			
Inventories	19.4	15.5	20.8
Trade and other receivables	168.0	154.1	159.2
Tax receivable	9.0	1.6	0.8
Cash and cash equivalents	23.4	17.0	27.1
Total current assets	**219.8**	**188.3**	**207.9**
Total assets	**1,242.5**	**1,031.4**	**1,079.3**
Shareholders' equity			
Equity attributable to owners of the parent			
Share capital	72.7	72.7	72.7
Other reserves	606.6	606.3	606.5
Treasury shares	-103.5	-103.5	-103.5
Retained earnings	-83.3	-82.2	-82.3
Profit for the period	12.0	23.3	28.9
Total equity	**504.4**	**516.6**	**522.3**
Liabilities			
Non-current liabilities			
Interest-bearing non-current liabilities	193.5	142.9	225.8
Retirement benefit obligations	1.7	1.6	1.5
Provision for other liabilities	19.9	7.6	7.6
Derivative financial instruments	0.2	1.3	0.5
Deferred income tax liabilities	40.1	42.9	39.0
Other non-current liabilities	25.6	2.8	21.7
Total non-current liabilities	**281.1**	**199.1**	**296.1**
Current liabilities			
Interest-bearing current liabilities	302.2	192.6	127.9
Provisions for other liabilities	4.0	0.2	0.2
Trade and other payables	150.2	121.0	132.8
Current income tax liabilities	0.6	1.8	0.1

Total current liabilities	**457.0**	**315.6**	**261.0**
Total liabilities	**738.1**	**514.8**	**557.1**
Total equity and liabilities	**1,242.5**	**1,031.4**	**1,079.3**

Condensed consolidated statement of cash flows, IFRS

EUR million	Jan-Sep 2014	Jan-Sep 2013	Jan-Dec 2013
Cash flows from operating activities			
Profit for the period	12.0	23.3	28.9
Depreciation and impairments	134.8	108.4	147.1
Change in working capital	-15.3	-22.4	-32.9
Other adjustments	-7.8	-6.7	-9.6
Net cash generated from operating activities (A)	**123.6**	**102.7**	**133.6**
Cash flows from investing activities			
Investments in property, plant and equipment (PPE) and intangible assets	-82.2	-87.6	-127.1
Proceeds from sale of PPE	0.2	0.2	0.5
Acquisition of subsidiaries and business transfers	-156.5	-40.7	-40.5
Change in other investments	-0.2	0.0	0,0
Net cash used in investing activities (B)	**-238.8**	**-128.1**	**-167.1**
Cash flows from financing activities			
Dividends paid	-30.0	-35.0	-35.0
Borrowing of interest-bearing liabilities	309.4	204.4	307.1
Repayment of interest-bearing liabilities	-167.9	-135.1	-219.7
Net cash used in financing activities (C)	**111.5**	**34.2**	**52.4**
Change in cash and cash equivalents (A+B+C)	-3.6	8.8	18.8
Cash and cash equivalents at beginning of year	27.1	8.2	8.2
Cash and cash equivalents at end of year	23.4	17.0	27.1

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 2013	**72.7**	**-0.9**	**606.8**	**-103.5**	**-47.2**	**527.8**
Comprehensive income						
Profit for the period					23.3	23.3
Other comprehensive income						
Actuarian gains (losses) on defined benefit pension plans					0.0	0.0
Cash flow hedges, net of tax		0.5				0.5
Total other comprehensive income, net of tax		**0.5**			**0.0**	**0.5**
Total comprehensive income	**0,0**	**0.5**	**0,0**	**0,0**	**23.3**	**23.8**
Transactions with owners						
Employee share option scheme: granted options					0.0	0.0
Dividends relating to 2012					-35.0	-35.0
Total contribution by and distributions to owners	**0,0**	**0,0**	**0,0**	**0,0**	**-35.0**	**-35.0**
Balance at 30 September 2013	**72.7**	**-0.4**	**606.8**	**-103.5**	**-58.9**	**516.6**
Balance at 1 January 2014	**72.7**	**-0.3**	**606.8**	**-103.5**	**-53.4**	**522.3**
Comprehensive income						
Profit for the period					12.0	12.0
Other comprehensive income						
Actuarian gains (losses) on defined benefit pension plans					-0.2	-0.2
Cash flow hedges, net of tax		0.1				0.1
Total other comprehensive income, net of tax		**0.1**			**-0.2**	**-0.1**
Total comprehensive income	**0,0**	**0.1**	**0,0**	**0,0**	**11.8**	**11.9**
Transactions with owners						
Employee share option scheme: granted options					0.3	0.3
Dividends relating to 2013					-30.0	-30.0
Total contribution by and distributions to owners	**0,0**	**0,0**	**0.0**	**0.0**	**-29.7**	**-29.7**
Balance at 30 September 2014	**72.7**	**-0.2**	**606.8**	**-103.5**	**-71.3**	**504.4**

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 2013 with the exception of new standards effective as of 1st of January 2014. This interim report should be read observing the 2013 Financial Statements. The information presented in the interim report is unaudited.

Changes to IFRS standards
As of the beginning of 2014, the new IFRS standards IFRS 10 Consolidated financial statements and IFRS 11 Joint arrangements have come into effect. The IFRS 10 standard or any other changes introduced as of the beginning of 2014 have not had a material impact on the DNA group financial statements. The network company established in the financial year, Suomen Yhteisverkko Oy, is accounted for in accordance to IFRS 11.

DNA Ltd and TeliaSonera have signed an agreement on the construction of a high-speed mobile broadband network in Northern and Eastern Finland. On 12 August 2014, they have established a network company, Suomen Yhteisverkko Oy, responsible for constructing an all new mobile communications network in Northern and Eastern Finland.
Suomen Yhteisverkko Oy will be jointly controlled, and equally governed by the consensus principle with DNA owning 49 per cent and Sonera 51 per cent of the company.
The parties control the new company jointly. According to the contractual agreement, all decisions on essential operations of the company require unanimous agreement by both parties. The joint arrangement is classified as a joint operation. The contractual arrangement establishes the parties' rights to the assets and obligations for liabilities, relating to the arrangement, and the parties' rights to the corresponding revenues and obligations for the corresponding expenses. DNA will recognise its share of assets, liabilities, revenues and expenses in its consolidated financial statements.

2 Segment information

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

1 Jul–30 Sep 2014

EUR 1,000

Business segments	**Consumer segment**	**Corporate segment**	**Group total**
Net sales	**156,583**	**59,755**	**216,338**
EBITDA	**40,623**	**17,037**	**57,660**
Depreciation	24,454	16,204	**40,658**
Impairment charges	19,234	349	**19,583**
Operating result, EBIT	**-3,066**	**485**	**-2,580**
Net financial items			-2,967
Share of associated companies' results			-26
Profit before tax			-5,573
Profit for the period			**-4,424**
Investments	21,994	11,948	33,942
Employees at end of period	1,038	744	1,782

1 Jul – 30 Sep 2013

EUR 1,000

Business segments	**Consumer segment**	**Corporate segment**	**Group total**
Net sales	**148,759**	**42,741**	**191,500**
EBITDA	**33,841**	**14,945**	**48,786**
Depreciation	24,396	12,376	36,772
Operating result, EBIT	**9,444**	**2,569**	**12,014**
Net financial items			-1,251
Share of associated companies' results			21
Profit before tax			10,784
Profit for the period			**7,519**
Investments	23,350	7,800	31,150
Employees at end of period	1,069	461	1,530

1 Jan–30 Sep 2014

EUR 1,000

Business segments	**Consumer segment**	**Corporate segment**	**Group total**
Net sales	**467,427**	**149,782**	**617,209**
EBITDA	**111,909**	**44,618**	**156,528**
Depreciation	72,818	42,371	**115,189**
Impairment charges	19,234	349	**19,583**
Operating result, EBIT	**19,857**	**1,899**	**21,756**
Net financial items			-7,220
Share of associated companies' results			-44
Profit before tax			14,492

Profit for the period			**11,978**
Investments	53,394	26,048	79,442
Employees at end of period	1,038	744	1,782

1 Jan–30 Sep 2013			
EUR 1,000			
Business segments	**Consumer segment**	**Corporate segment**	**Group total**
Net sales	**431,466**	**129,547**	**561,013**
EBITDA	**99,775**	**44,153**	**143,927**
Depreciation	71,856	36,567	**108,423**
Operating result, EBIT	**27,919**	**7,585**	**35,504**
Net financial items			-3,162
Share of associated companies' results			-28
Profit before tax			32,315
Profit for the period			**23,333**
Investments	62,985	23,625	86,610
Employees at end of period	1,069	461	1,530

1 Jan–31 Dec 2013			
EUR 1,000			
Business segments	**Consumer segment**	**Corporate segment**	**Group total**
Net sales	**593,429**	**173,003**	**766,431**
EBITDA	**133,259**	**57,486**	**190,745**
Depreciation	97,524	49,571	**147,094**
Operating result, EBIT	**35,736**	**7,915**	**43,651**
Net financial items			-5,965
Share of associated companies' results			-33
Profit before tax			37,653
Profit for the period			**28,924**
Investments	91,151	34,988	126,138
Employees at end of period	1,104	459	1,563

3 Investments

EUR 1,000		Jan-Sep 2014	Jan-Sep 2013	Jan–Dec 2013
Capital expenditure				
	Intangible assets	18,934	20,440	23,839
	Property, plant and equipment	63,749	67,433	104,575
Total		**82,683**	**87,873**	**128,415**

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 2013	**9,611**	**72,702**	**606,779**
At 31 December 2013	**9,611**	**72,702**	**606,779**
At 1 January 2014	**9,611**	**72,702**	**606,779**
Rights issue	**1**		
At 30 September 2014	**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 9,611,277 (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.

Rights issue to Board of Directors

The rights issue is based on the decision of the Annual General Meeting to allow each member of the Board of Directors to decide whether their annual remuneration shall be paid entirely in cash, or partly in shares and partly in cash. During the reporting period, a total of 601 new shares were subscribed. Jarmo Leino subscribed 301 new shares, Anu Nissinen 100, Tero Ojanperä 100 and Jukka Ottela 100. The per-share subscription price was EUR 95.51. The new shares issued did not have a nominal value.

Dividends

DNA Ltd's Annual General Meeting of 20 March 2014 approved a payment of dividend (EUR 3.54 per share) totalling EUR 30,014,003.28. The dividend was paid on 2 April 2014.

5 Net liabilities

EUR 1,000	30 September 2014	30 September 2013	31 December 2013
Non-current and current interest-bearing liabilities	495,694	335,505	353,724
Less short-term investments, cash and bank balances	23,399	16,999	27,054
Total	**472,294**	**318,506**	**326,670**

6 Provisions for other liabilities

EUR 1,000	1 Jan 2014	Additions	Provisions used	Business Combinations	Other changes/Discount effect	30 Sep 2014
Decommissioning provisions	6,810	310	0	548	1,543	**9,211**
Restructuring provisions	205	3,078	0	0	0	**3,283**
Onerous contracts	767	0	-415	12,071	-979	**11,443**
Total	**7,782**	**3,388**	**-415**	**12,619**	**564**	**23,938**

Restructuring

In August, DNA announced the merger of its DNA Business unit, its subsidiary Forte Netservices Oy focusing on corporate data security solutions, and TDC Oy and TDC Hosting Oy, both acquired in early June, into one strong corporate business unit. In relation to the restructuring, TDC Hosting Oy and Forte Netservices Oy will be merged with the parent company DNA Ltd on 31 October, and TDC Oy on 31 December, according to plan. The cooperation negotiations necessitated by the reorganisation opened in August and were completed on 14 October. A provision of EUR 3.1 was recognised for the negotiations. The restructuring provision contains provisions for staff termination costs. This provision will be mostly realised in 2014.

Onerous contracts

The acquisition of TDC Oy Finland increased DNA's provision for onerous contracts by EUR 12.1 million. This provision is mainly for a non-voidable lease agreement and covers future leases of unused premises. The provision has been discounted. The non-voidable lease agreement expires in 2025.

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
9/2014				
Organisations exercising significant influence	20	2,869	3	35
Associated companies	0	489	0	0

EUR 1,000	Sales	Purchases	Receivables	Liabilities
9/2013				
Organisations exercising significant influence	43	3,241	3	0
Associated companies	0	304	0	13

EUR 1,000	Sales	Purchases	Receivables	Liabilities
12/2013				
Organisations exercising significant influence	50	4,338	3	34
Associated companies	0	518	0	80

Rights issue to Board of Directors, see Note 4 Shareholders' equity.

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
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 2014	62,000
Granted options	
Forfeited options	3,000
Exercised options	
Expired options	
On 30 September 2014	59,000

There were no new options granted during 2014.

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

30 September 2014

	Level 1	Level 2	Level 3
Liabilities 1000€			
Interest rate swaps			
Designated at fair value through profit or loss		0	
Derivatives hedge accounting		224	
Total		224	

31 December 2013

	Level 1	Level 2	Level 3
Liabilities 1000€			
Interest rate swaps			
Designated at fair value through profit or loss		0	
Derivatives hedge accounting		476	
Total		476	

10 Business combinations

DNA Ltd acquired the entire capital stock of TDC Finland Oy and TDC Hosting Oy on 4 June 2014. TDC is a leading provider of corporate data networks in the Nordic countries especially for large and medium-sized enterprises. The purchase price was paid in cash. The final fair value assessment of the transferred assets and liabilities has not yet been made. In the Interim report of 30 June 2014, the transferred assets and liabilities were primarily recorded in the balance sheet. In this report, they have been measured at fair value at acquisition date. Goodwill consists of synergy benefits, the expertise of the personnel of the acquired company and revenue from future customer accounts.

EUR million	Preliminary reported	Fair value at acquisition date
Intangible assets	4.1	40.7
Property, plant and equipment	35.8	35.2
Deferred tax assets	0.0	13.6
Inventory	0.1	0.1
Trade and other receivables	19.6	20.5
Cash and cash equivalents	12.7	12.7
Total assets	**72.3**	**122.8**
Deferred tax liabilities	0.0	8.1
Other non-current debt	4.9	3.7
Provisions	2.6	12.6
Trade and other payables	25.0	25.0
Total liabilities	**32.5**	**50.0**
Net assets	**39.7**	**72.8**
Total consideration transferred		167.7
Goodwill		94.9

The final purchase consideration will be specified in October 2014 (estimated effect is EUR 0.0 to 0.2 million). Direct costs of EUR 3.3 million have been recorded as other operating expenses.
The acquired subsidiaries' net sales after the acquisition date amounted to EUR 28.6 million and profits to EUR 6.9 million.
The acquired subsidiaries' net sales for 1 January to 31 May amounted to EUR 37.2 million and profits to EUR 0.7 million. If the acquisition had occurred on 1 January 2014, Group net sales would have been EUR 649.2 million and the Group would have made a profit of EUR 9.7 million.

11 Impairments

EUR 1,000	30 Sep 2014
Impairment charges for intangible assets	
Intangible rights	10,720.8
Other intangible assets	8,861.9
Total	**19,582.7**

The impairment charges recognised in September 2014 mostly relate to the write-down of the discontinued PlusTV brand (EUR 10.3 million). The impairment charge for other intangible assets, EUR 8.9 million, is related to write-downs in relation to changes in information systems.

Key figures

	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Jan-Dec 2013
Equity per share, EUR	59.5	60.9	59.5	60.9	61.6
Interest bearing net liabilities, EUR million	472.3	318.5	472.3	318.5	326.7
Net gearing, %	93.6%	61.7%	93.6%	61.7%	62.6%
Equity ratio, %	41.8%	51.3%	41.8%	51.3%	49.4%
Interest bearing net debt/EBITDA	2.05	1.63	2.26	1.66	1.71
Return on investment (ROI), %	-1.0%	5.9	3.2%	5.9%	5.4%
Return on equity (ROE), %	-3.5%	5.9	3.1%	6.0%	5.5%
Investments, EUR million	35.1	31.7	82.7	87.9	128.4
Investments, % of net sales	16.2%	16.5%	13.4%	15.7%	15.2%
Personnel at end of period	1,782	1,530	1,782	1,530	1,563

Key operative indicators

Mobile communication network subscription volumes:

Number of:	Jun 2014	Jun 2013	Sep 2014	Sep 2013	Dec 2013
Subscriptions*	2,481,000	2,426,000	2,496,000	2,437,000	2,450,000
DNA's own customers*	2,423,000	2,332,000	2,443,000	2,350,000	2,377,000

	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Jan-Dec 2013
Revenue per subscription (ARPU), EUR**	17.8	18.4	17.9	18.4	18.2
Customer churn rate, %**	17.8	18.0	16.9	17.3	17.1

*Includes only mobile broadband
**Includes only postpaid phone subscriptions

Fixed-network subscription volumes:

Number of:	Jun 2014	Jun 2013	Sep 2014	Sep 2013	Dec 2013
Broadband subscriptions	360,000	309,000	398,000	313,000	322,000
Cable TV subscriptions	590,000	590,000	591,000	592,000	591,000
Telephone subscriptions	93,000	112,000	89,000	107,000	103,000

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
Interest-bearing 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)
Interest-bearing net debt/EBITDA*	=	Interest-bearing net liabilities
		EBIT + depreciation + amortisation

* 12-month adjusted