



2nd quarter results
2015
Q2

Agenda

CEO's review

Veli-Matti Mattila, CEO

Financial review

Jari Kinnunen, CFO

CEO's review

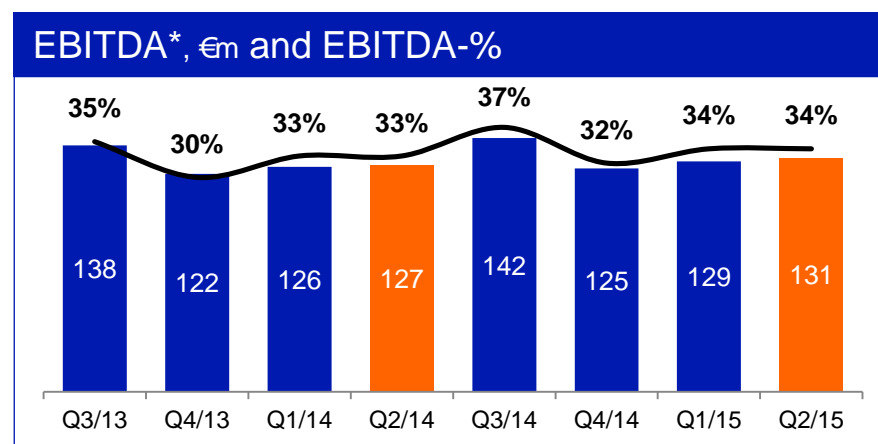
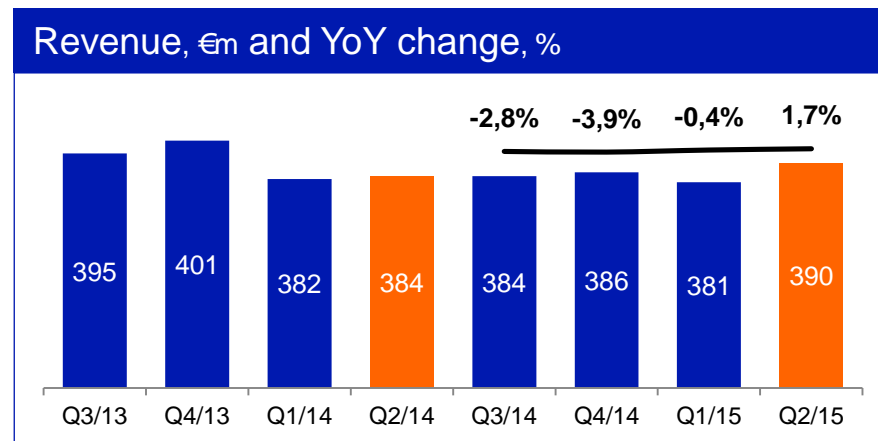
- Q2 2015 financial and operational highlights
- Segment review
- Strategy execution
- Outlook and guidance for 2015

Q2 2015 highlights

- Revenue grew 2%, clear result improvement
- Mobile service revenue grew 6%
- Mobile subscription base increased, churn down
- Good profit growth in Consumer Customers segment
- Strong mobile data growth continued, smartphone penetration 65%
 - Smartphones 87% of new sales, 81% 4G-capable
- Success in Elisa Viihde IPTV continued

Growth in revenue, clear profit improvement

- Revenue €390m (384)
- EBITDA €131m (127)
- Earnings per share €0.38 (0.35)
- Net debt / EBITDA 2.0 (2.1)
- CAPEX €49m (52)



* Excluding one-offs

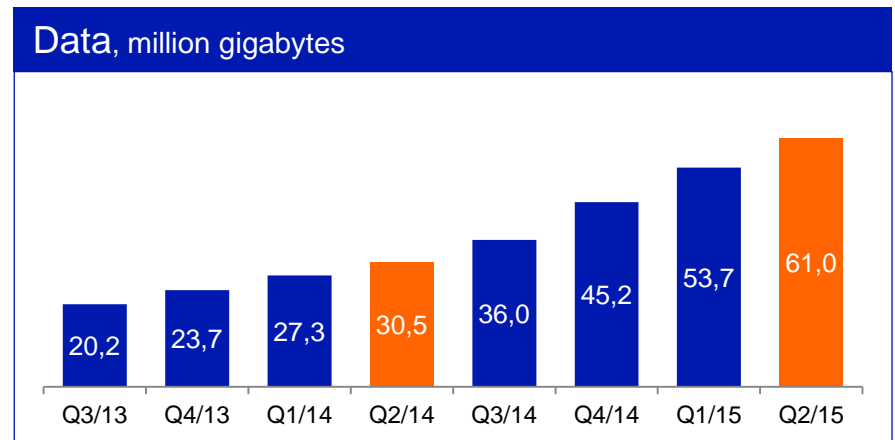
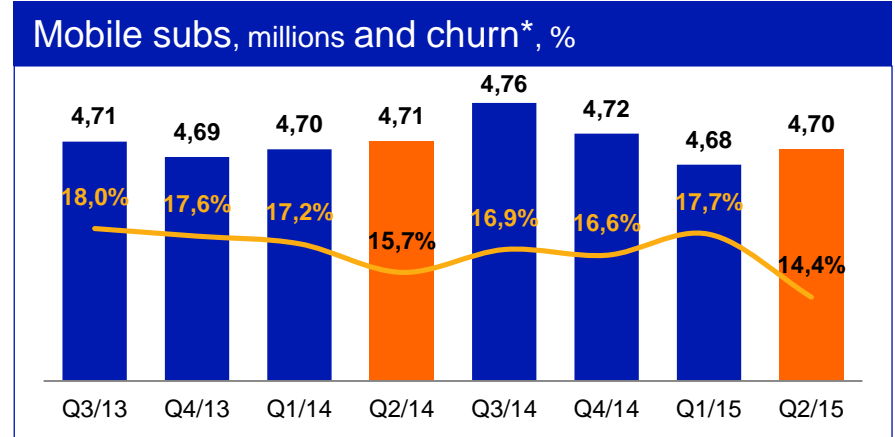
Strong data growth continues, churn down

- Increase in mobile subscription base

- Growth in both segments
- Finland +23,400, Estonia +1,800 subs
- Fixed broadband down by 5,500
- Growth in Elisa Viihde IPTV
- Churn down to 14.4%

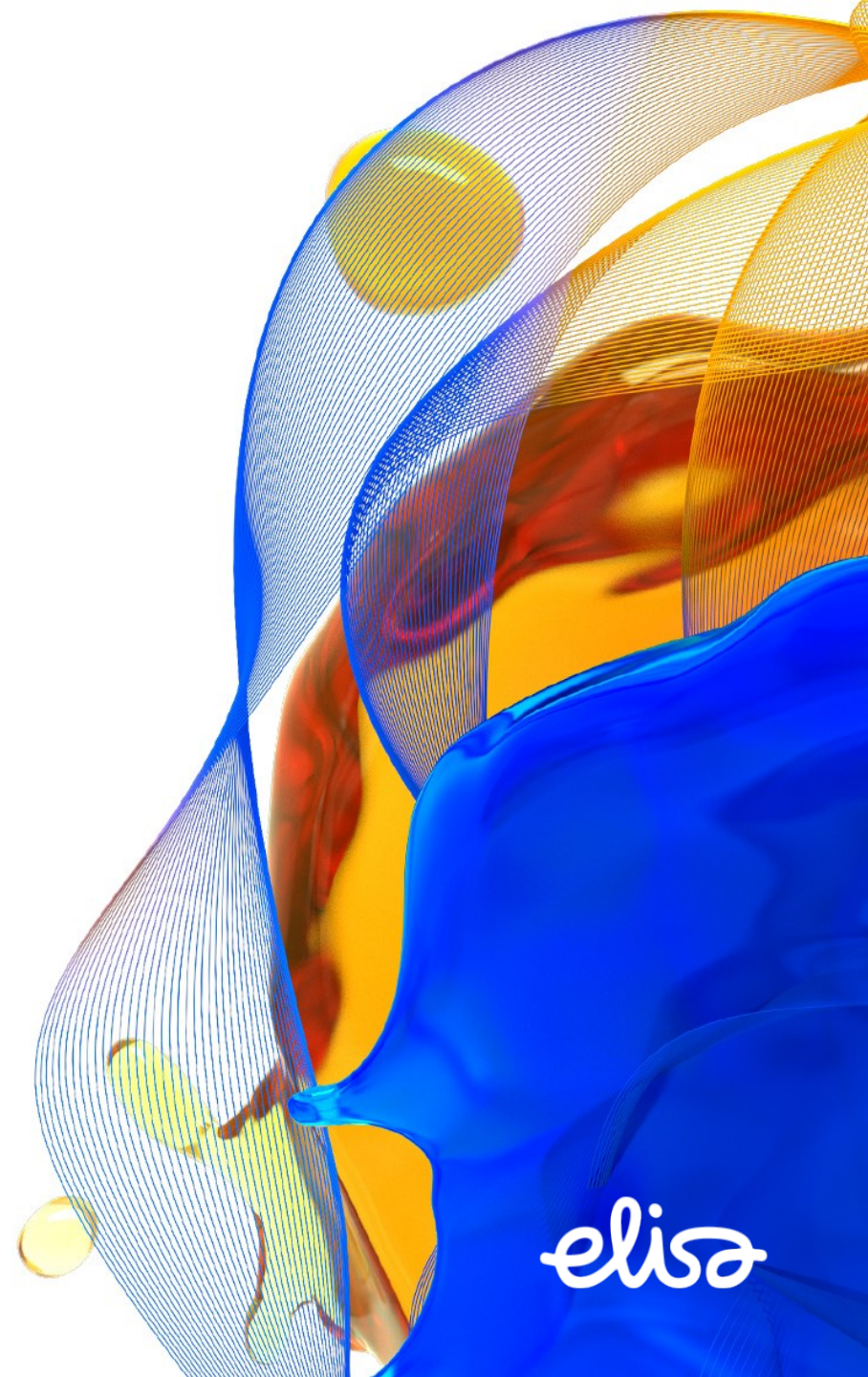
- Strong data growth

- Mobile data YoY growth 100%
- Outgoing minutes 1.62bn, slight increase
- 512m SMS, slight increase



* Annualised

Business segments

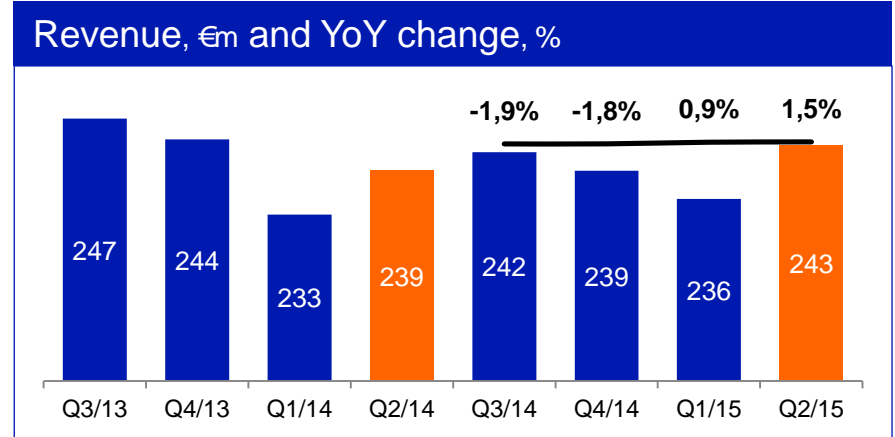


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Revenue grew and profitability improved

- Revenue €243m (239)

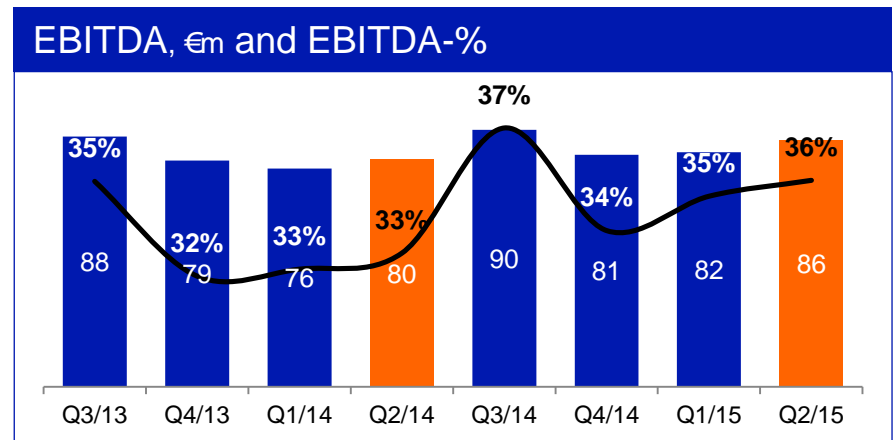
- Growth in mobile service revenue
- Decrease in interconnection and roaming revenue
- New services growing



- EBITDA €86m (80)

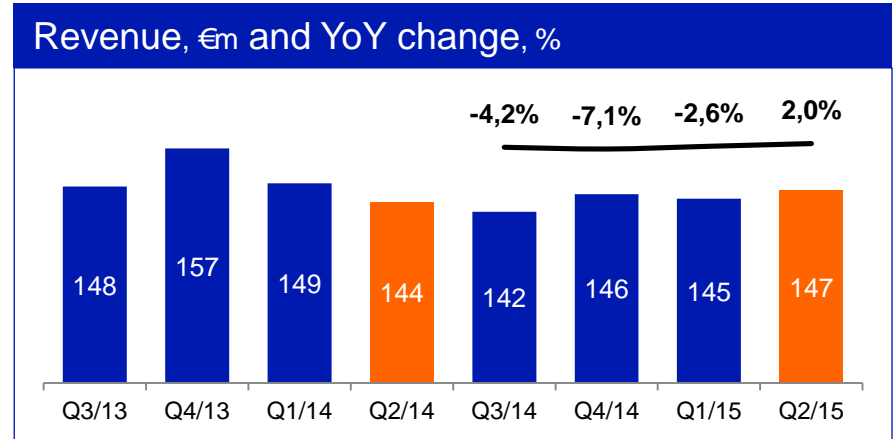
- EBITDA-margin up to 36% (33)
- Mobile service revenue growth
- Productivity improvements

- CAPEX €27m (28)

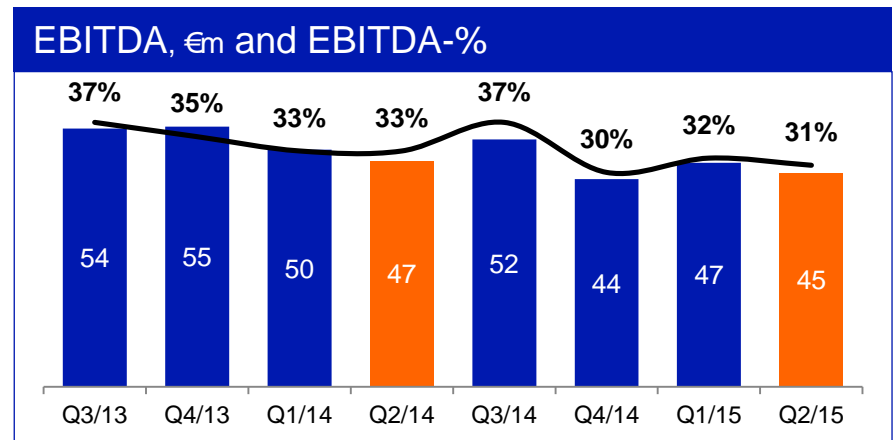


Slight growth in revenue

- Revenue €147m (144)
 - Growth in mobile service revenue, ICT business and equipment sales
 - Traditional fixed network revenues down
 - Decrease in interconnection and roaming revenue



- EBITDA €45m (47)
 - Higher proportion in low margin equipment sales
 - Weak economic environment



- CAPEX €21m (24)


Strategy execution



Build value on data



Accelerate new service businesses



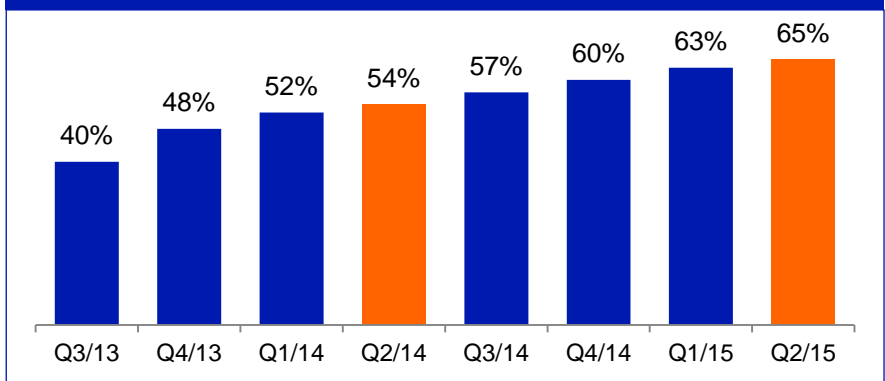
Improve performance with
customer intimacy and operational excellence

Smartphone base and data growth continues

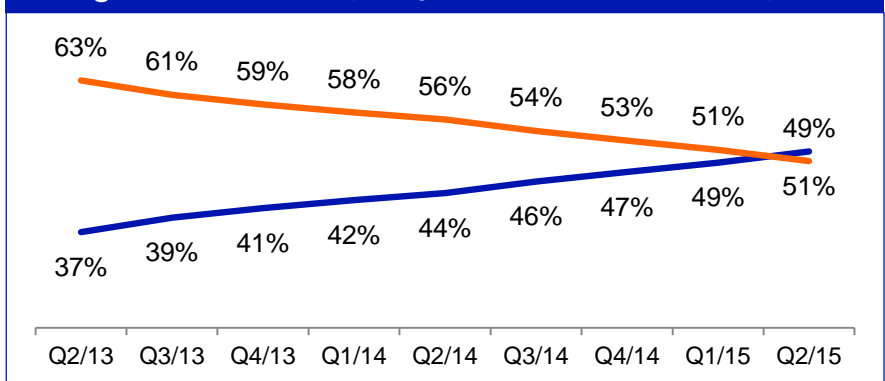
- 65% of customers use a smartphone
 - 52% of smartphones are 4G-capable (48% in Q1)
- Of all models sold in Q2
 - 87% were smartphones, 81% were 4G-capable (95% and 79%, respectively in Q1)

- Data bundles have exceeded the amount of usage-based subscriptions
 - More than half of voice subs²⁾ are new types of fixed-monthly-fee data bundles
 - Still majority in 3G speeds, good 4G up-selling potential

Smartphone penetration ¹⁾, %. Elisa's network in Finland



Usage-based subs (orange) and data bundles (blue) ²⁾



¹⁾ iOS (iPhone), Android, and Windows phones of the total phone base (no tablets)

²⁾ Post-paid subscriptions in Finland (unlimited usage)

4G network coverage obligation reached ahead of time

- Elisa has met the 800 MHz licence conditions well before the deadline
- Population coverage 97%
 - More than 290 localities
 - Rural areas in focus
 - Widest coverage in Finland
- Extension of the 4G network continues



New content to Elisa Viihde IPTV service



NETFLIX

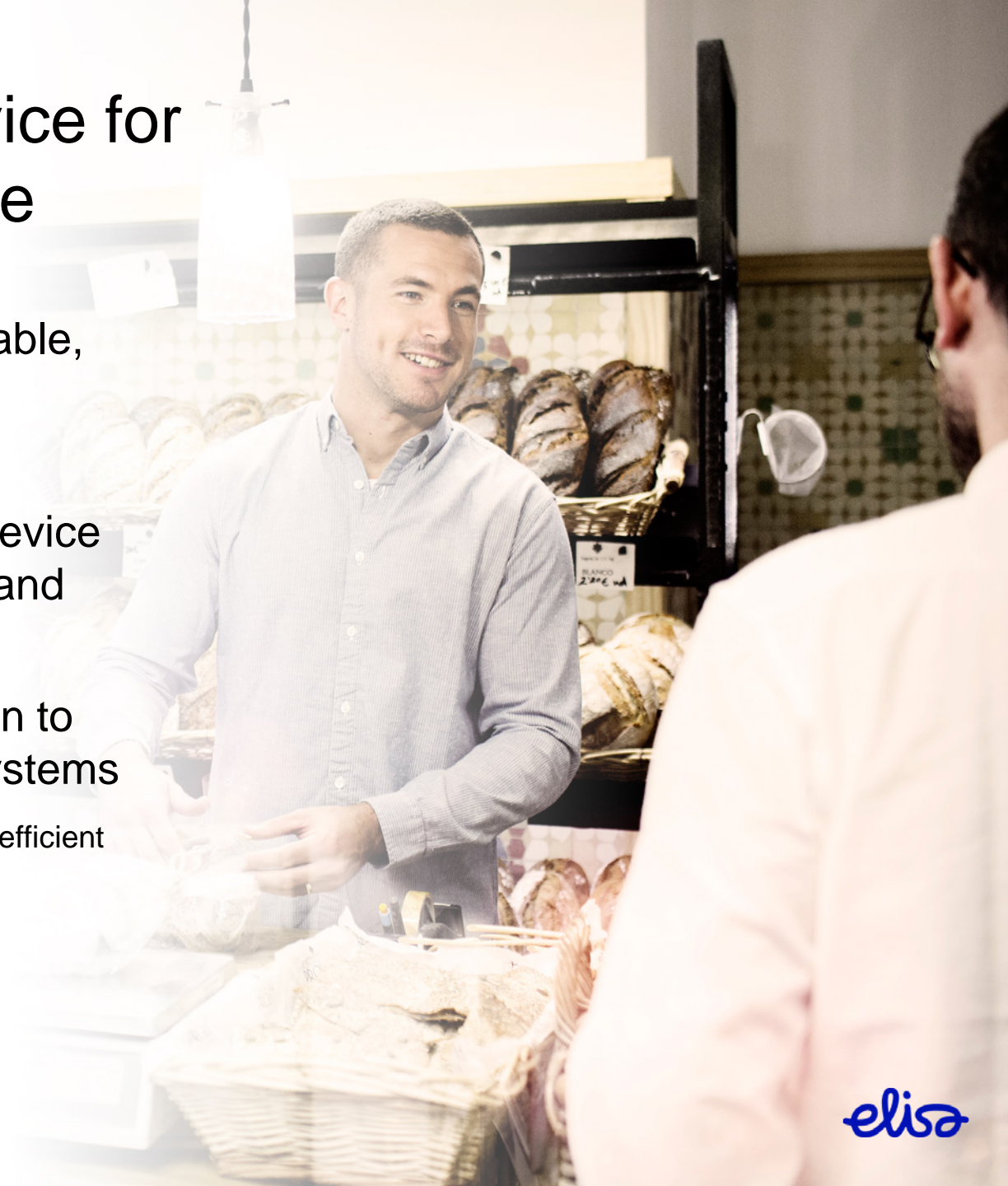


- Entertainment
 - In-house drama production by Finnish front-line actors released later in 2015
 - New series by Ismo Leikola, world champion stand-up comedian
 - Netflix as a first in IPTV service package
- Sports
 - Live regular season and playoffs basketball matches
 - All European and World championship football qualifiers in Europe



Elisa Kassa cash service for easy mobile commerce

- Mobile sale transactions available, for example, with tablet
 - Replaces old cash systems
- Easy mobile commerce with device including network connection and browser
- Monthly-fee service, integration to most common e-commerce systems
 - Product and inventory management for efficient use



Outlook and guidance for 2015

Macroeconomic environment still weak in 2015, competition remains challenging

- Revenue at the previous year's level
- EBITDA excluding one-offs at the previous year's level
- CAPEX maximum 12% of revenue

Agenda

CEO's review

Veli-Matti Mattila, CEO

Financial review

Jari Kinnunen, CFO

EBITDA grew by 3%, EPS 10% in Q2

- Revenue growth 2%
- EBITDA improved
 - Mobile service revenue growth 6%
 - Productivity improvements
- Financial expenses down due to associated company income
- Lower effective tax rate
- Best ever Q2 earnings

€ million	Q215	Q214	Δ ¹⁾	Δ%	H115	H114	Δ ¹⁾	Δ%	2014
Revenue	390	384	6	2	771	766	5	1	1,535
Other operating income	1	4			1	5			8
Operating expenses	-259	-261			-511	-518			-1,024
EBITDA	131	127	4	3	260	253	7	3	520
<i>EBITDA-%</i>	<i>34</i>	<i>33</i>			<i>34</i>	<i>33</i>			<i>34</i>
Depreciation	-52	-54			-106	-108			-215
EBIT	79	73	6	8	155	145	10	7	305
<i>EBIT-%</i>	<i>20</i>	<i>19</i>			<i>20</i>	<i>19</i>			<i>20</i>
Financials	-5	-6			-10	-14			-27
Profit before tax	74	67			145	131			278
Income taxes	-13	-13			-26	-25			-55
Net profit	60	54	6	12	119	105	14	13	223
EPS, €	0.38	0.35	0.03	10	0.75	0.67	0.08	12	1.41

¹⁾ Difference is calculated using exact figures prior to rounding

Strong growth in mobile service revenue

- **Consumer Customers**

- Growth in mobile and new services
- Decrease in fixed voice

- **Corporate Customers**

- Growth in mobile and ICT services
- Decrease in fixed voice

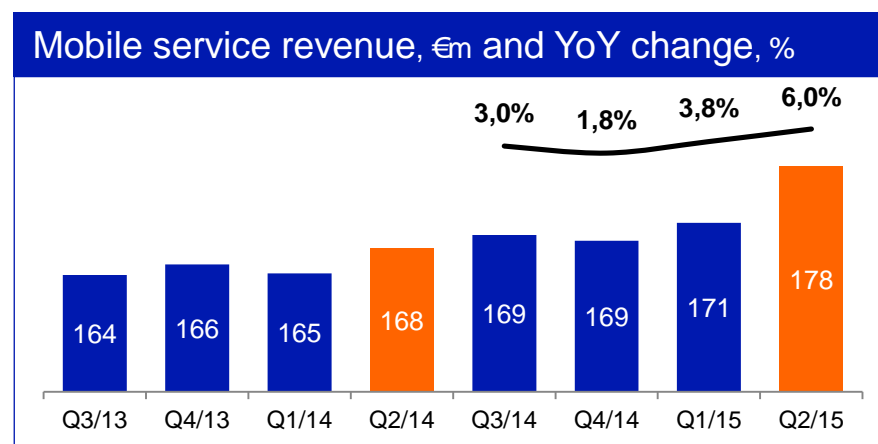
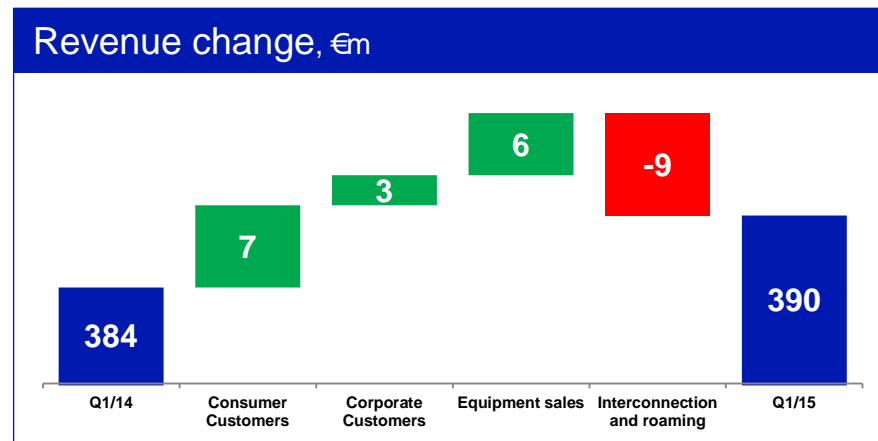
- **Growth in equipment sales, lower MTR and roaming revenue**

- **Mobile service revenue grew by 6.0%**

- Up-selling to higher speeds
- More smartphones and data bundle subscriptions
- Price increases

- **Increase in mobile subscriptions**

- In both customer segments



Clear profitability improvement in Estonia

- Revenue €23.3m (23.8)

- Growth in mobile service revenue and in equipment sales
- Decrease in interconnection
- Increase in post-paid and decrease in pre-paid subscriptions

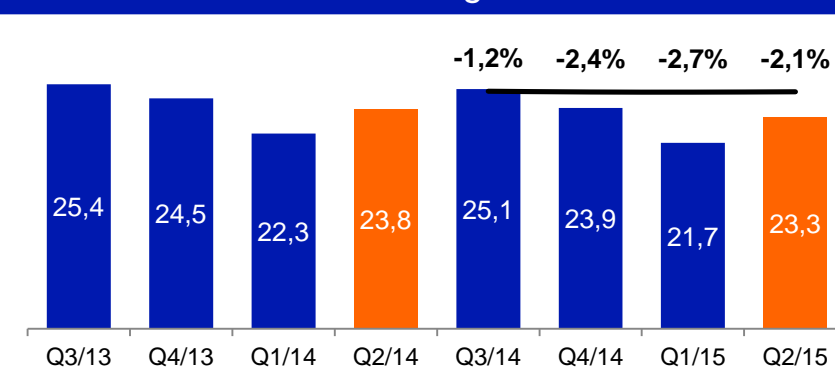
- EBITDA €7.1m (6.4)

- Mobile service revenue
- Productivity improvements

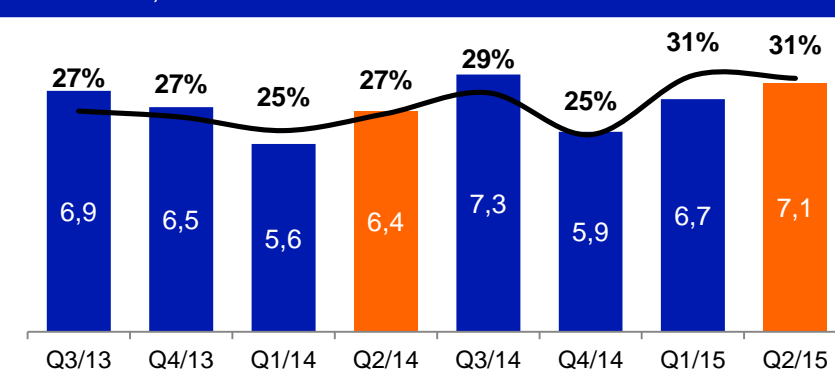
- CAPEX €2.3m (1.4)

- CAPEX / sales 9.9%

Revenue, €m and YoY change, %

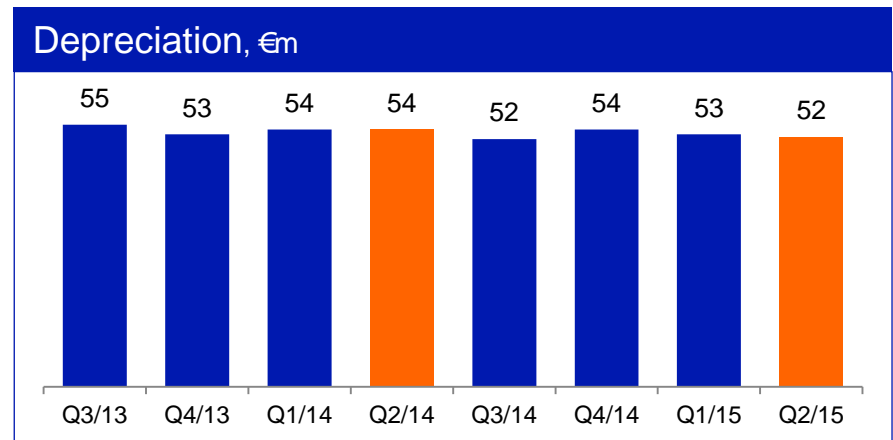
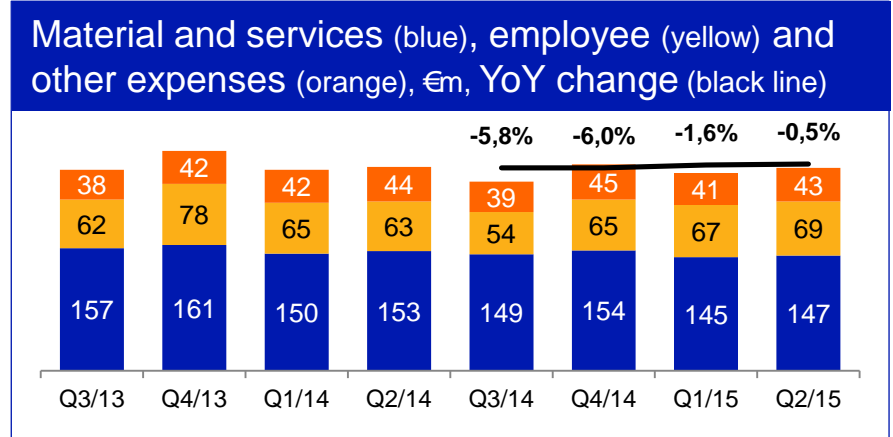


EBITDA, €m and EBITDA-%



Total expenses decreasing

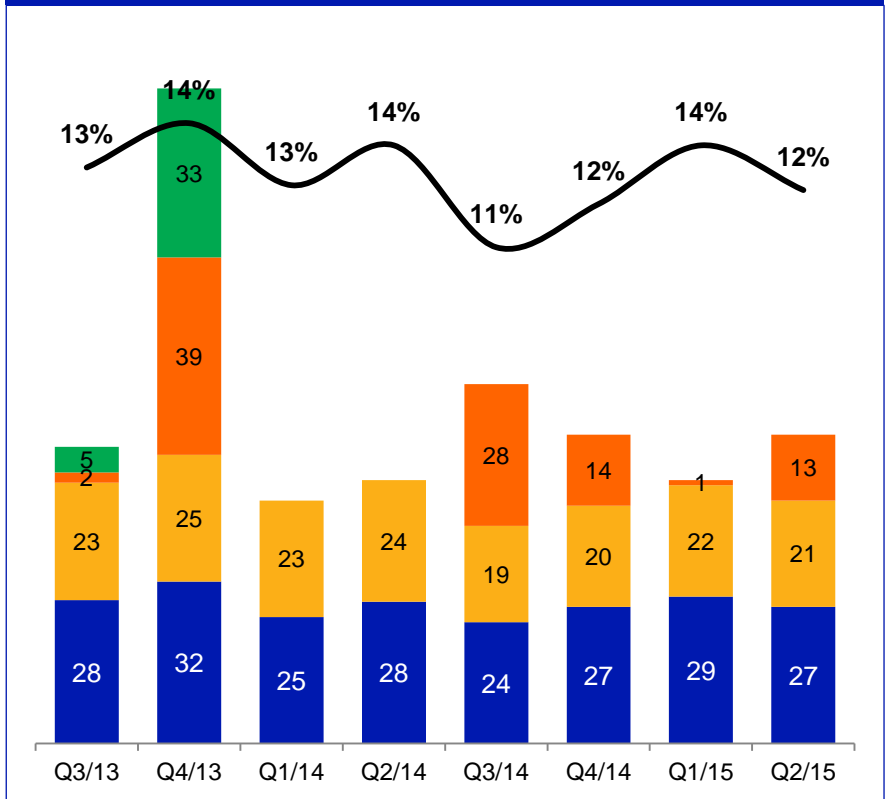
- OPEX decreasing
 - Interconnection and roaming
 - Continuous productivity improvements and synergies
- OPEX increasing
 - Seasonality in employee expenses
 - Equipment purchases
- Slightly lower depreciation in Q2
 - Long-term stable CAPEX level



Lower YoY CAPEX

- Q2 CAPEX €49m (52)
 - Consumer €27m (28)
 - Corporate €21m (24)
 - CAPEX / sales 12% of revenue
 - Full year CAPEX / sales guidance 12%
- Major CAPEX areas
 - 4G networks
 - Fixed access and backbone networks
 - IT systems
 - Customer equipment
- Share acquisitions €13m
 - Mainly Anvia shares

Consumer (blue), Corporate (yellow), shares (orange) and licences (green), CAPEX/sales (black line)

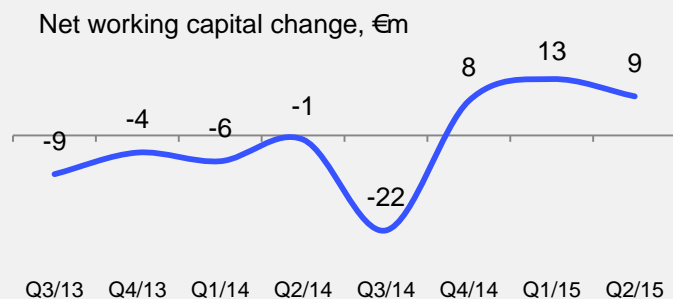


CAPEX/sales excluding investments in shares and licence fees.
 Q4/13 share issue of €39m for Telekarelia and Kymen Puhelin mergers.
 Q3/14 includes purchases of Anvia and Videra shares
 Q4/14, Q1/15 and Q2/15 includes purchases of Anvia shares.

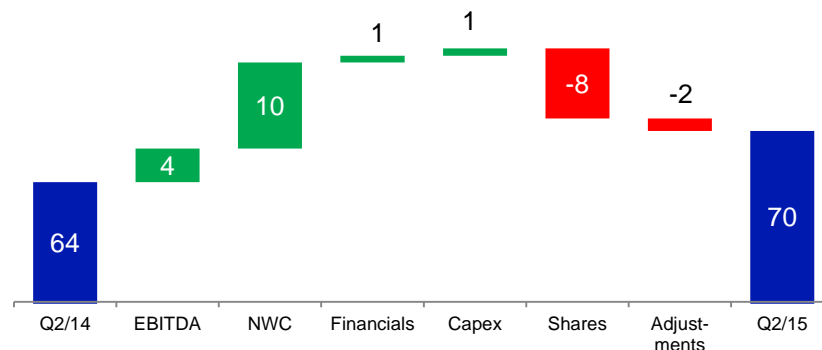


Continuous improvement in cash flow

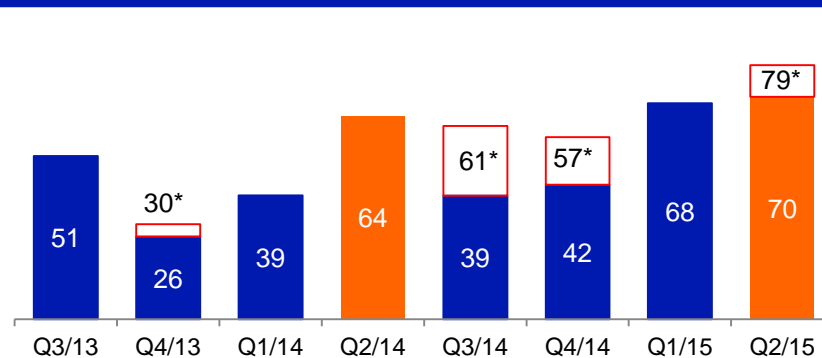
- Cash flow growth 9%
 - Excluding share purchases 22%
- EBITDA improved through service revenue growth and productivity improvements
- Interest payments down due to lower rates
- Positive change in net working capital
 - Reduced receivables



Cash flow change, €m



Cash flow by quarters, €m



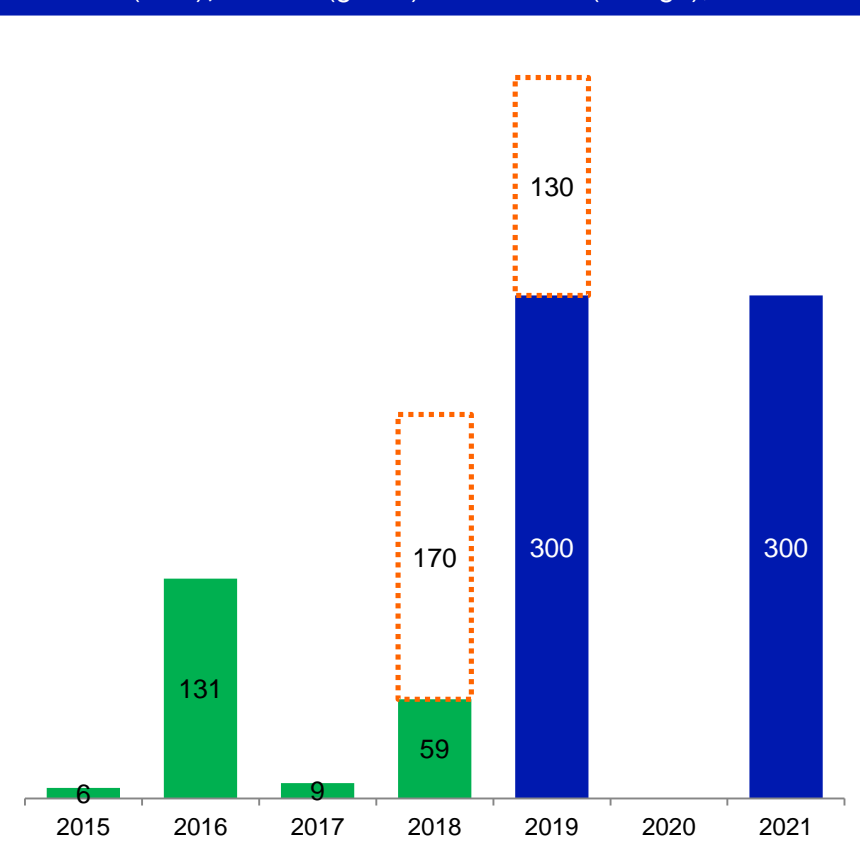
* Excluding share purchases and licence payments

Solid liquidity position

- Cash and undrawn committed credit facilities €270m (281)
 - Revolving credit facilities €90m in use
- Commercial paper programme
 - €219m in use as of 30 June 2015
- S&P upgraded Elisa's rating in March
 - S&P: Upgrade is based on Elisa's profitability, cash flow and robust balance sheet
 - S&P BBB+ Stable outlook
 - Moody's Baa2 Stable outlook

Bonds and bank loan maturities 30 June 2015

Bonds (blue), loans (green) and RCF (orange), €m



Return ratios improved

- Net debt at target level

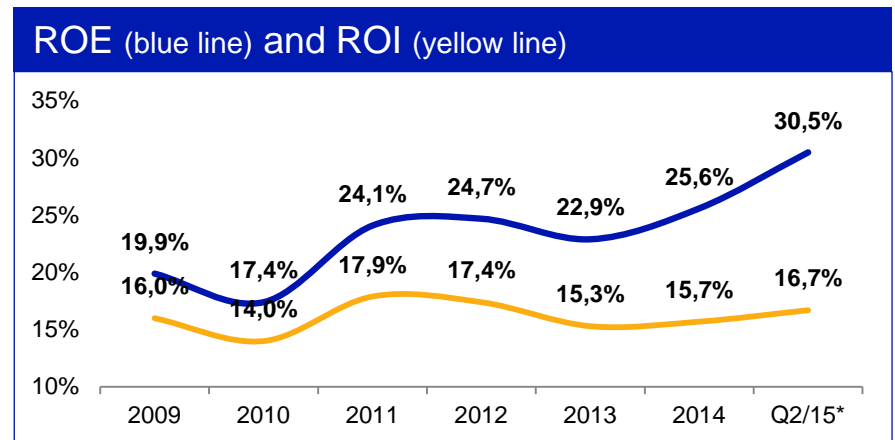
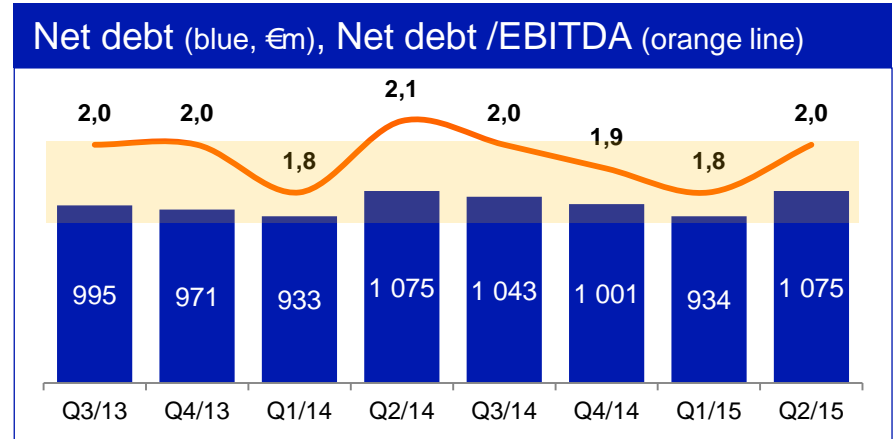
- Net debt / EBITDA 2.0x
- Gearing 136%, equity ratio 35%
- Dividend of €211m was paid in Q2

- Target setting

- Net debt / EBITDA 1.5–2x
- Equity ratio > 35%

- Return ratios improved further

- Improved result
- Efficient capital structure



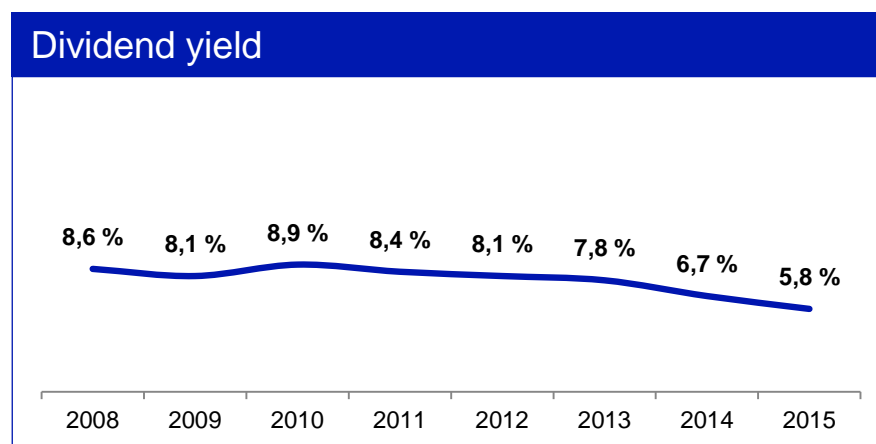
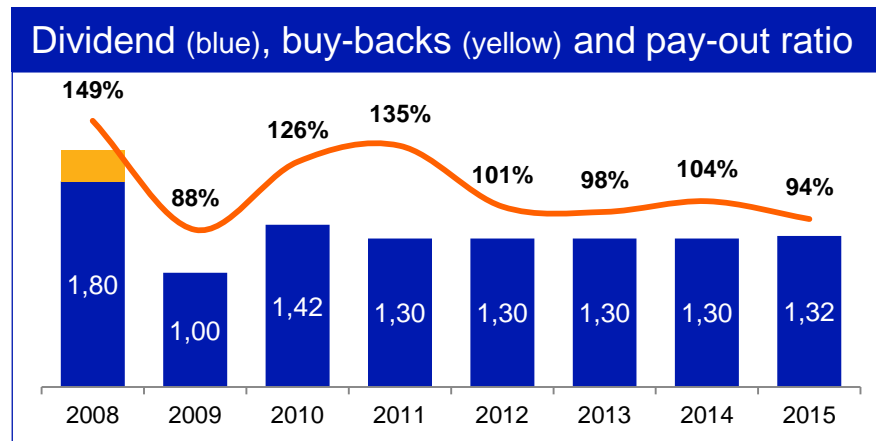
Rolling 12-month profit preceding the report date

Competitive remuneration continues

- €1.32 per share dividend paid in April
 - Total amount €211m
 - Pay-out ratio 94%
- Strong commitment to competitive shareholder remuneration
 - Distribution policy 80–100% of net result

- Dividend yield 5.8% ¹⁾
 - Long-term high dividend yield
- Authorisation of 5m shares buyback

¹⁾ as per share price of 30 December 2014 (€22.61)





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APPENDIX

Cash flow YoY comparison

€ million	Q2/15	Q2/14	Δ ¹⁾	Δ%	H1/15	H1/14	Δ ¹⁾	Δ%	2014
EBITDA	131	127	4	3	260	253	7	3	520
Change in receivables	15	-14			10	-14			-5
Change in inventories	-2	1			3	2			-2
Change in payables	-3	12			9	5			-14
Change in NWC	9	-1	10		22	-7			-20
Financials (net)	-1	-2			-11	-14			-24
Taxes for the year	-13	-12			-26	-25			-51
Taxes for the previous year	2	1			2	1			1
Taxes	-11	-11	0		-24	-24			-50
CAPEX	-50	-51	1		-100	-101			-191
800 MHz licences ²⁾									-7
Investments in shares ³⁾	-9	-1	8		-10	-2			-39
Sale of assets and adjustments	2	4			0	-2			-3
Cash flow after investments	70	64	6	9	138	103	35	34	185
Cash flow after investments excl. acquisitions ⁴⁾	79	64	14	22	148	103	44	43	224

¹⁾ Difference is calculated using exact figures prior to rounding

²⁾ 800 MHz LTE licence in Finland 2014 €7m

³⁾ Investment in Anvia in H2/14 and H1/15

⁴⁾ Excluding Anvia shares

APPENDIX

Cash flow by quarters

€ million	Q2/15	Q1/15	Q4/14	Q3/14	Q2/14	Q1/14	Q4/13	Q3/13
EBITDA	131	129	125	142	127	126	122	138
Change in receivables	15	-5	9	0	-14	0	-17	-8
Change in inventories	-2	5	-4	0	1	2	1	1
Change in payables	-3	12	4	-22	12	-8	12	-3
Change in NWC	9	13	8	-22	-1	-6	-4	-9
Financials (net)	-1	-9	-9	-2	-2	-12	-9	-3
Taxes for the year	-13	-12	-13	-13	-12	-13	-17	-17
Taxes for the previous year	2				1			
Taxes	-11	-12	-13	-13	-11	-13	-17	-17
CAPEX	-50	-50	-46	-43	-51	-50	-54	-52
800 MHz licence fees			-7	0	0		-7	-5
Investments in shares	-9	-1	-15	-22	-1	-1	-4	-1
Sale of assets and adjustments	2	-2	-2	-1	4	-6	-2	-1
Cash flow after investments	70	68	42	39	64	39	26	51
Cash flow after investments excl. acquisitions	79	69	57	61	64	39	30	51

APPENDIX

Debt structure

€ million	30 Jun 15	31 Mar 15	31 Dec 14	30 Sep 14	30 Jun 14	31 Mar 14	31 Dec 13	30 Sep 13
Bonds and notes	592	591	591	590	590	589	750	750
Commercial Papers	219	169	210	200	217	152	101	192
Loans from financial institutions	205	205	211	211	216	216	223	224
Financial leases	30	30	31	32	33	34	35	36
Committed credit lines ¹⁾	90	0	0	50	70	0	0	0
Interest-bearing debt, total	1 135	995	1 043	1 083	1 126	992	1 109	1 201
Cash and cash equivalents	60	61	41	40	51	59	138	206
Net debt ²⁾	1 075	934	1 001	1 043	1 075	933	971	995

1) The committed credit lines are €130 million and €170 million revolving credit facilities with five banks, which

Elisa Corporation may use flexibly on agreed pricing. The loan arrangements are valid until 11 June 2019 and 3 June 2018.

2) Net debt is interest-bearing debt less cash and interest-bearing receivables.