

ANNUAL RESULTS 2015



Agenda

CEO's review

Veli-Matti Mattila, CEO

Financial review

Jari Kinnunen, CFO

CEO's review

- 2015 overview
- Q4 2015 financial and operational highlights
- Segment review
- Strategy execution
- Outlook and guidance for 2016

2015 highlights

- Best ever result
- Revenue increased by 2% and mobile service revenue by 7%
- Comparable EBITDA grew by 3% and EPS by 9%*
- Dividend payment in 2015 was €1.32 per share, total €211m
- Mobile subscription base increased, fixed broadband slightly down
- Strong demand for higher mobile data speeds continued, boosted by 4G, data usage growth 95%
- Elisa's 4G covers already 98% of Finns
- Dividend proposal for 2016 €1.40 per share
 - Authorisation for 5 million share buy-back

* Reported figures: 2% and 8%, respectively

Growth in revenue and in all earnings lines

	2015	Change in 2015
Revenue	€1,569m	+2.2%
Mobile service revenue	€719m	+7.3%
EBITDA	€536m	+3.1%
EBITDA-%	34.1%	+0.3%-unit
Earnings per share	€1.54	+9.2%
CAPEX	€196m	+2.2%
Cash flow	€266m	+18.7%
Net debt	€962m	-3.9%

EBITDA and EPS excluding one-offs, CAPEX excluding investments in shares, CF excluding investments in shares

Growth in mobile data and subscriptions

	2015	Muutos 2015
Mobile subscriptions	4,740,300	+16,800
Fixed broadband subscriptions	533,900	-22,500
Cable TV subscriptions	330,300	+3,000
Mobile ARPU ¹⁾	€16.0	+€0.7
Mobile churn	16.1%	-0.5%-unit
Mobile usage, minutes ²⁾	6,433m	-127m
SMS, units	2,196m	-55m
Mobile data, Gigabytes	271.5m	+132.6m

¹⁾ Revenue / subscription

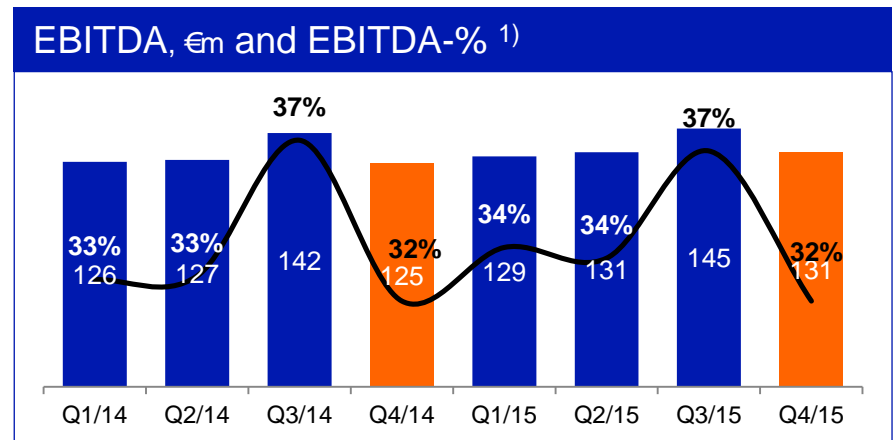
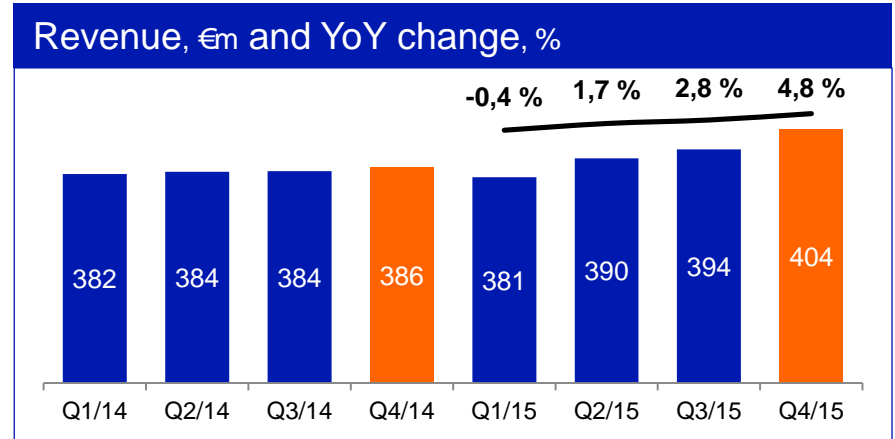
²⁾ Outgoing minutes

Q4 2015 highlights

- Revenue and comparable EBITDA both increased by 5%
- Mobile service revenue grew by 11%
- Mobile and fixed broadband subscriptions decreased slightly
- Good profit growth in Consumer Customers segment, Corporate Customer segment's profit at last year's level
- Demand for faster mobile data speeds continued, smartphone penetration 68%
 - Smartphones 94% of new sales, 85% 4G-capable
- Success of Elisa Viihde service continued

Growth in revenue, clear EBITDA improvement

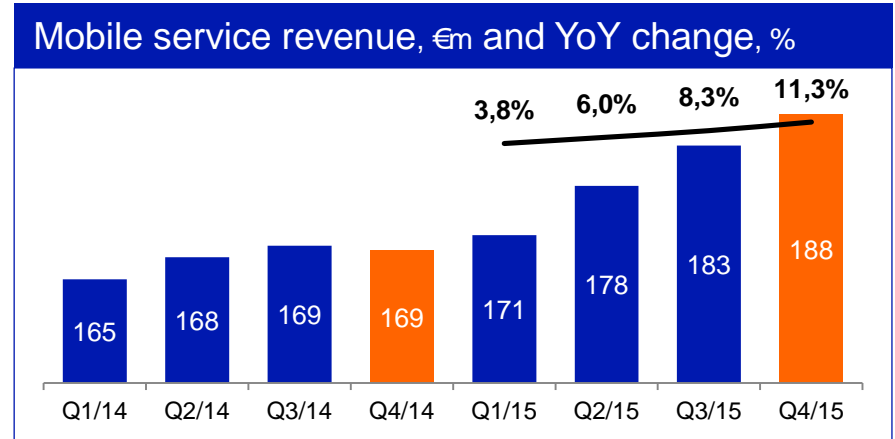
- Revenue €404m (386)
- EBITDA €128m (125), excluding one-offs €131m (125)
- EPS €0.35 (0.31), excluding one-offs €0.37 (0.31)
- Net debt / EBITDA 1.8 (1.9)
- CAPEX €50m (47)



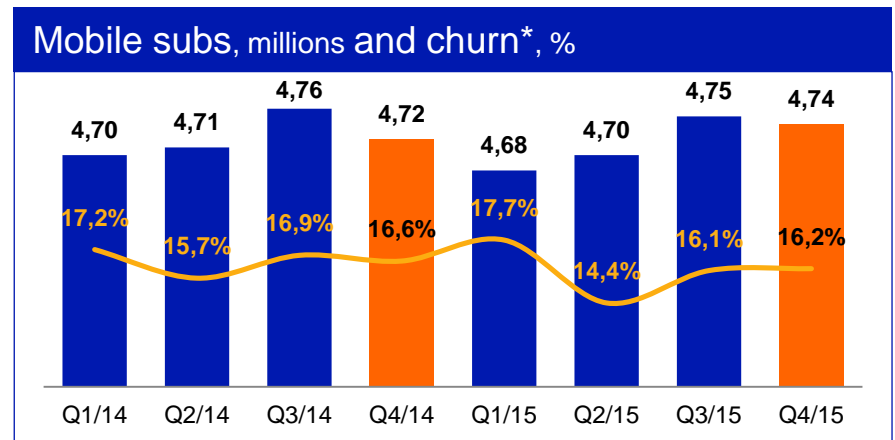
¹⁾ Excluding one-offs

Strong growth in mobile service revenue

- Mobile service revenue grew by 11.3%
 - Up-selling to higher speeds
 - More smartphones and data bundle subscriptions
 - Price increases

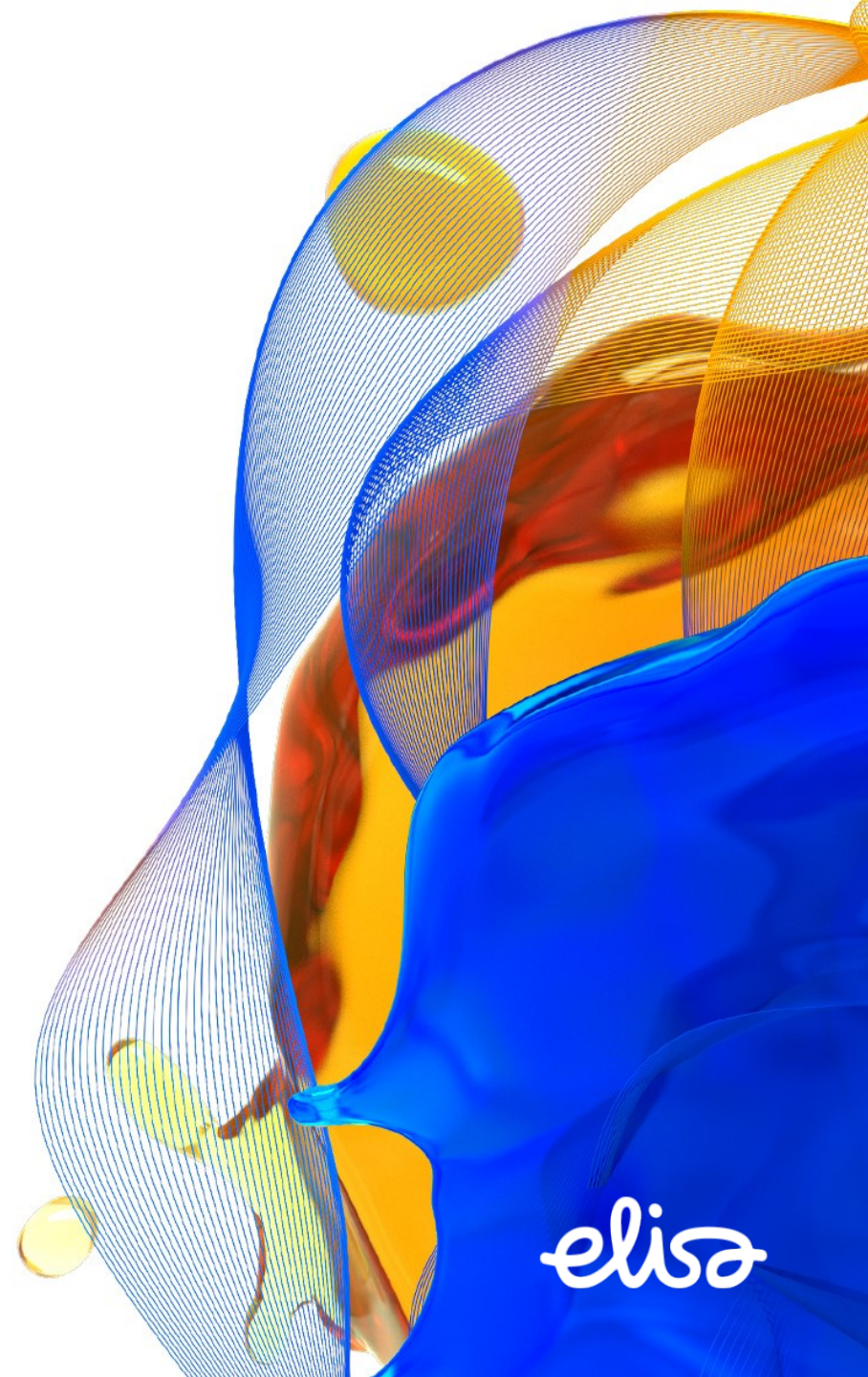


- Slight decrease in mobile subs base
 - Growth in corporate segment
 - Finland -6,800, Estonia -1,900 subs
 - Fixed broadband down by 2,200
 - Growth in Elisa Viihde service
 - Churn 16.2%



* Annualised

Business segments

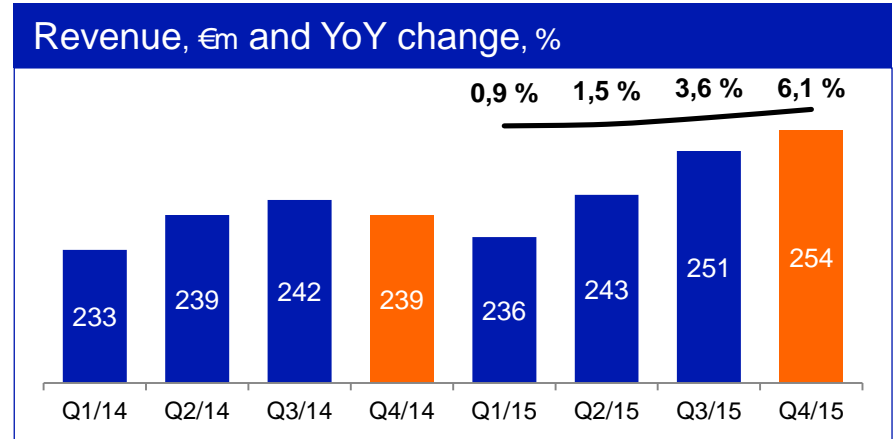


elisa

Revenue and EBITDA increased

- Revenue €254m (239)

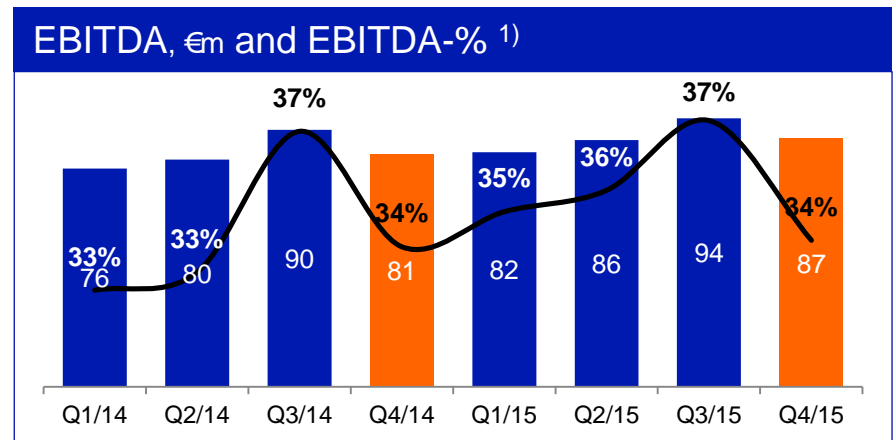
- Strong growth in mobile service revenue
- Growth in equipment sales and new services
- Traditional fixed revenue, interconnection revenue and operator sales decreased



- EBITDA €86m (81), excluding one-offs €87m (81)

- Mobile service revenue growth
- Productivity improvements

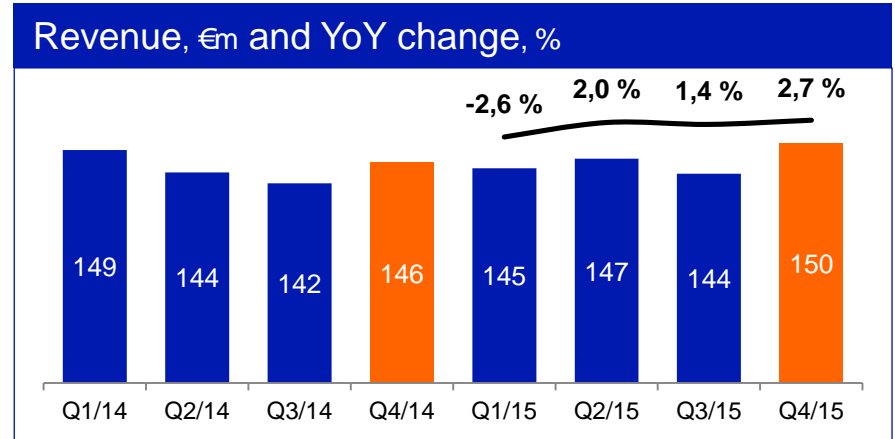
- CAPEX €28m (27)



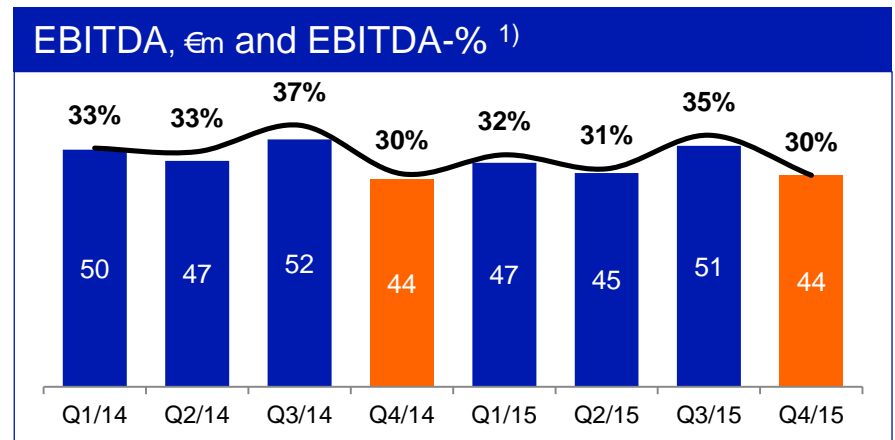
¹⁾ Excluding one-offs

Slight growth in revenue

- Revenue €150m (146)
 - Growth in mobile service revenue, fixed revenue and equipment sales
 - Visual communication and operator sales decreased
 - Decrease in interconnection revenue



- EBITDA €42m (44), excluding one-offs €44m (44)
 - Revenue growth
 - Productivity improvements



- CAPEX €22m (20)

¹⁾ Excluding one-offs


Strategy execution



Build value on data



Accelerate new service businesses

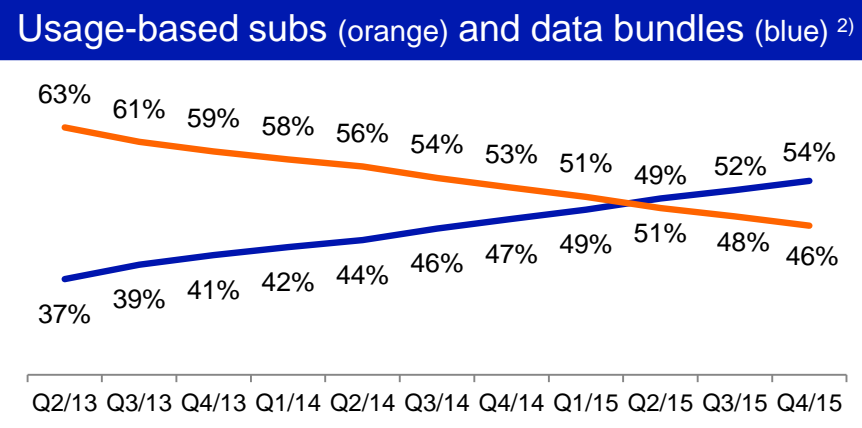
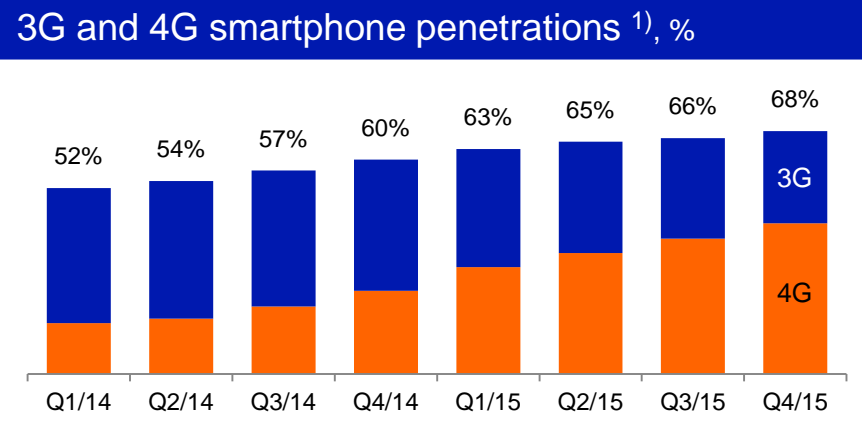


Improve performance with
customer intimacy and operational excellence

Strong growth in 4G smartphones and mobile data

- 68% of customers use a smartphone
 - 62% of smartphones are 4G-capable
- Of all models sold in Q4
 - 94% were smartphones, 85% were 4G-capable (92% and 80%, respectively in Q3)

- Proportion of data bundles continues to grow
 - 54% of voice subs²⁾ are new types of fixed-monthly-fee “all-you-can-eat” data bundles
 - Majority still in 3G speeds, good 4G up-selling potential



¹⁾ iOS (iPhone), Android, and Windows phones of the total phone base (no tablets)
²⁾ Post-paid subscriptions in Finland (unlimited usage)

Elisa Viihde – more diverse content

- Large domestic content
 - Elisa co-produced first original series, *Downshifters*
- New sports content
 - Live regular season and playoffs basketball matches
 - All European Championship football and World Cup qualifiers played in Europe



Cyber security operations centre and IoT solutions for corporates

- Service centre for round-the-clock cyber threat detection and response
 - Observes, reports on and combats cyber-threats
 - Center offers also anomaly detection and proactive protection for the most advanced threats (APT)
- Elisa IoT ecosystem brings together dozens of companies that work together to increase the total ecosystem capability and value
 - Foller – the winner of Elisa IoT Innovation Challenge – created a product for reducing food wastage



Investments in 4G network continue

- Elisa extends its 4G network strongly: several extensions to the north of Finland
- 98% of Finns live in Elisa's 4G network area
 - More than 290 localities, rural areas in focus
- Based on independent research house Elisa has the widest 4G network coverage in Finland



Outlook and guidance for 2016

Macroeconomic environment still weak in 2016, competition remains challenging

- Revenue at the same level as in 2015
- EBITDA excluding one-offs at the same level as in 2015
- CAPEX maximum 12% of revenue

Agenda

CEO's review

Veli-Matti Mattila, CEO

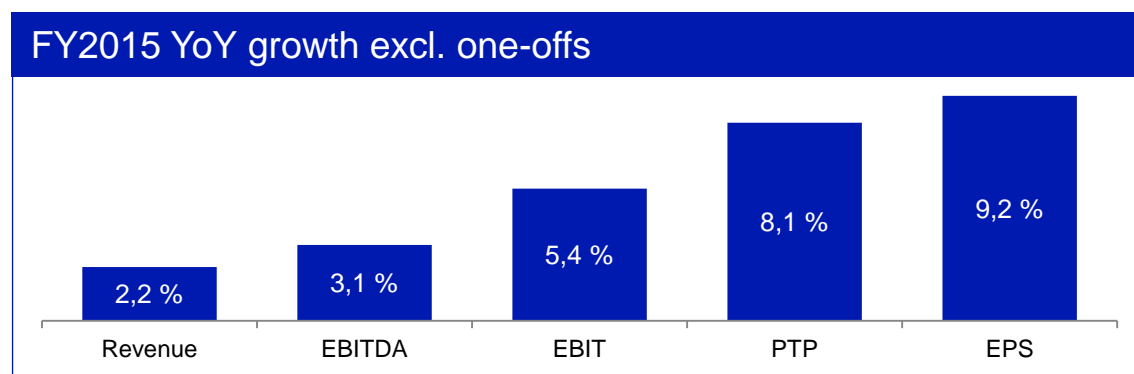
Financial review

Jari Kinnunen, CFO

Growth in revenue and earnings continue

- Q4 revenue growth 5%
- Q4 EBITDA growth 5% excluding one-offs
 - Mobile service revenue growth
 - Productivity improvements
 - One-off restructuring expense €3.4m
- Depreciation
 - Includes one-off goodwill write-down of €6.0m
- Financials
 - Lower interest costs
- Taxes
 - One-off tax assets +€6.1m
- EPS growth 17% excl. one-offs

EUR million, excl. one-offs	Q4/15	Q4/14	Δ ¹⁾	2015	2014	Δ ¹⁾
Revenue	404	386	19	1,569	1,535	34
EBITDA	131	125	6	536	520	16
<i>EBITDA-%</i>	<i>32%</i>	<i>32%</i>		<i>34%</i>	<i>34%</i>	
Depreciation and amortisation	-60	-54		-220	-215	
EBIT	77	71	6	322	305	17
<i>EBIT-%</i>	<i>19%</i>	<i>18%</i>		<i>20%</i>	<i>20%</i>	
Net financial items	-6	-7		-21	-27	6
Profit before tax	71	63	8	300	278	22
Income taxes	-6	-14		-47	-55	
Net Profit	59	50	9	246	223	23
EPS, €	0.37	0.31	0.05	1.54	1.41	0.13



¹⁾ Difference is calculated using exact figures prior to rounding

Growth in both business segments, MTR down

- Q4: Consumer Customers

- Growth in mobile and online services
- Decrease in fixed voice and operator sales

- Corporate Customers

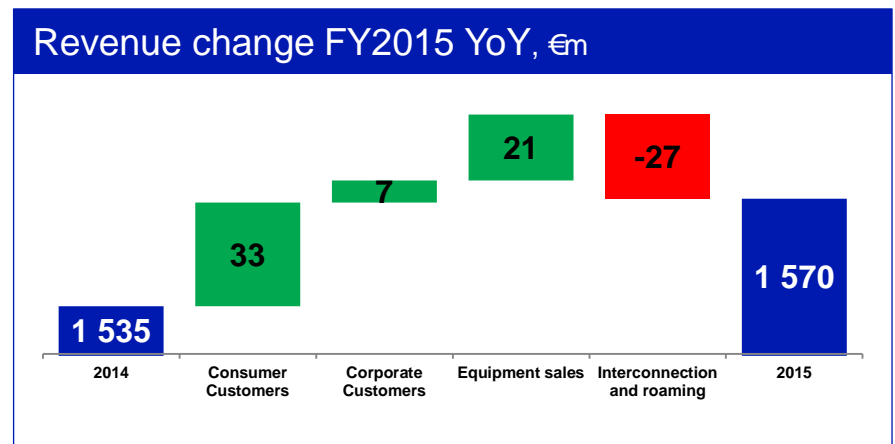
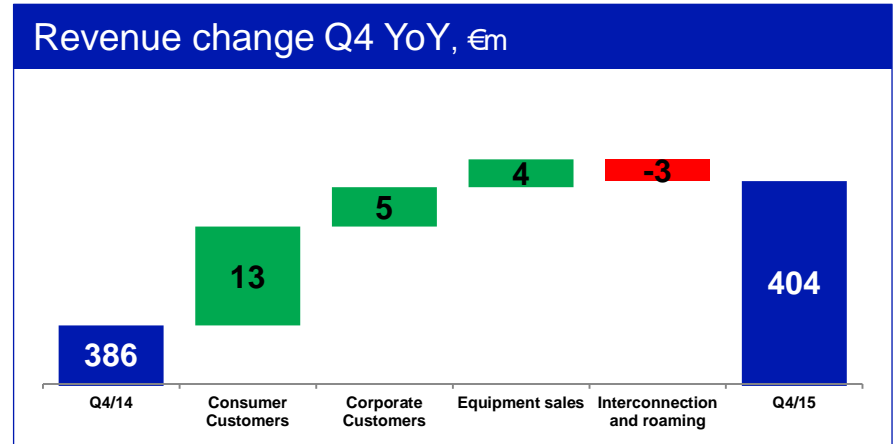
- Growth in mobile, fixed and ICT services
- Decrease in visual communications and operator sales

- FY2015: Consumer Customers

- Growth in mobile and online services
- Decrease in fixed voice and operator sales

- Corporate Customers

- Growth in mobile and ICT services
- Decrease in visual communications, fixed network and operator sales

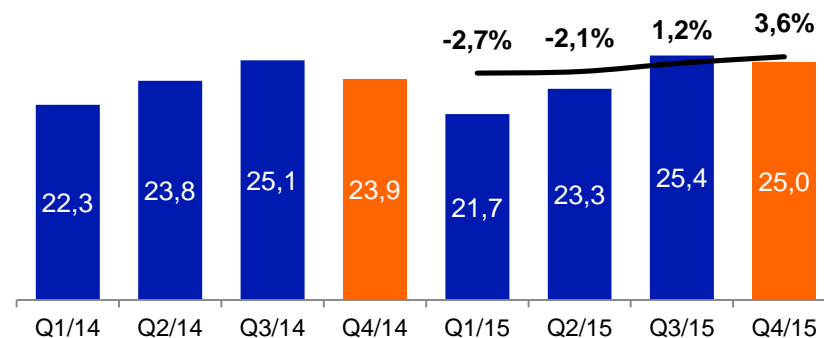


Growth trends continue in Estonia

- Revenue €25.0m (23.9)

- Growth in mobile service revenue and equipment sales
- MTR cut to €0.01 (-10%) 1 July 2015

Revenue, €m and YoY change, %



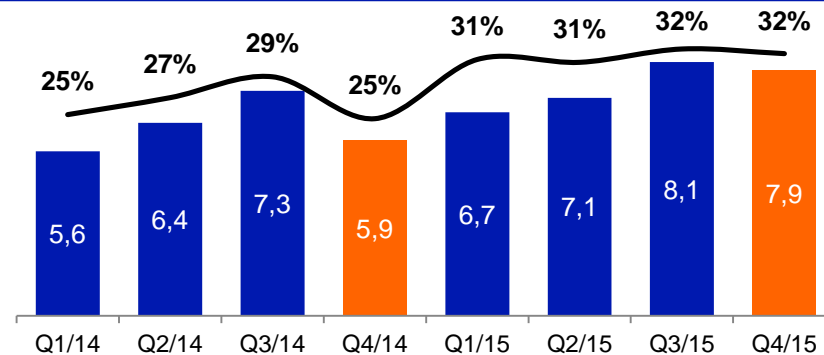
- EBITDA €7.9m (5.9)

- Mobile service revenue
- Productivity improvements

- CAPEX €2m (4)

- CAPEX / sales 8%

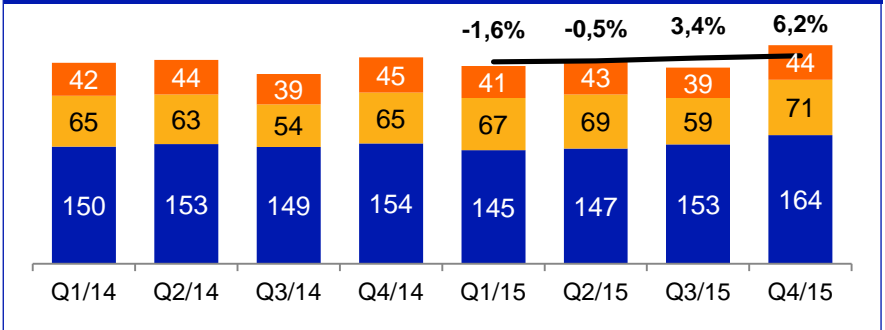
EBITDA, €m and EBITDA-%



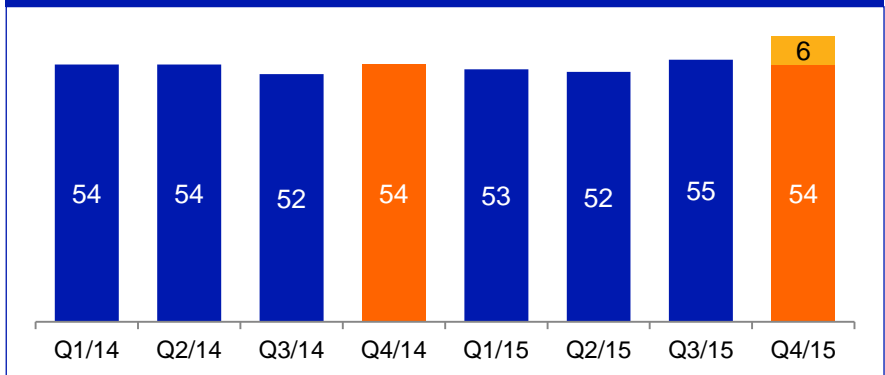
Total expenses increased

- OPEX increased
 - Equipment purchases
 - Personnel expenses
 - €3m restructuring one-off cost, collective labour agreements and higher performance-based bonuses
- OPEX decreased
 - Interconnection and roaming
 - Continuous productivity improvements and synergies
- Stable depreciation excluding one-offs
 - Non-recurring €6m due to goodwill write-down
 - Long-term stable CAPEX level

Material and services (blue), employee (yellow) and other expenses (orange), €m, YoY change (black line)



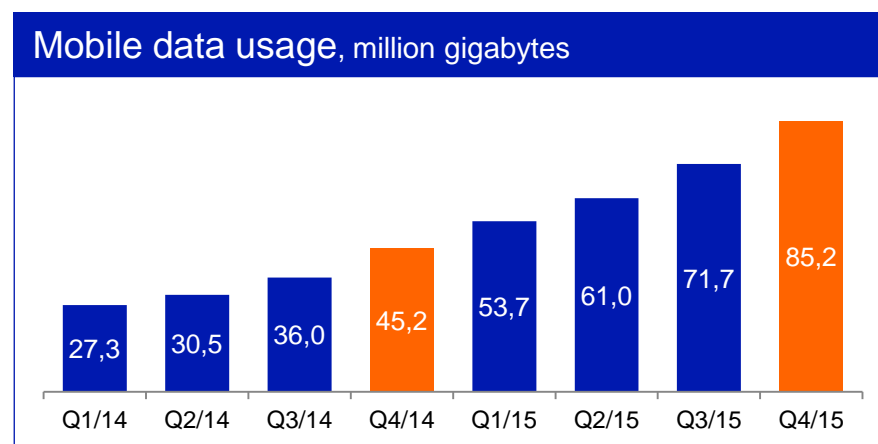
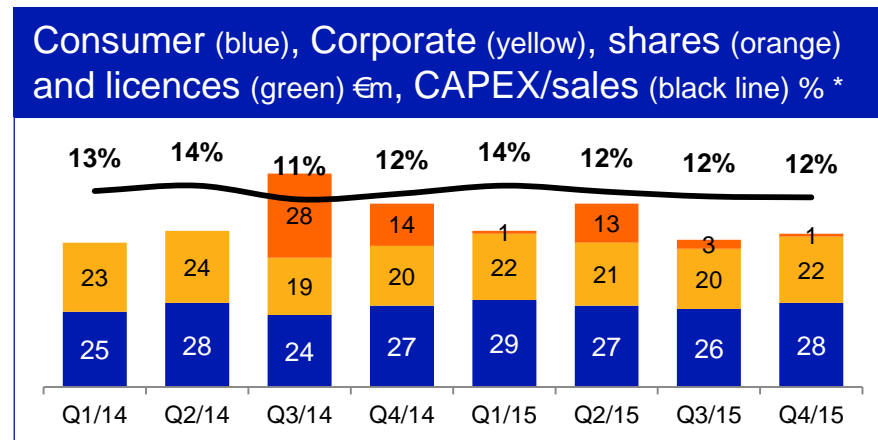
Depreciation, €m



CAPEX according to guidance

- Q4 CAPEX €50m (47)
 - Consumer €28m (27)
 - Corporate €22m (20)
 - Full-year CAPEX / sales 12%, in line with guidance
- CAPEX / sales guidance for 2016: max. 12%

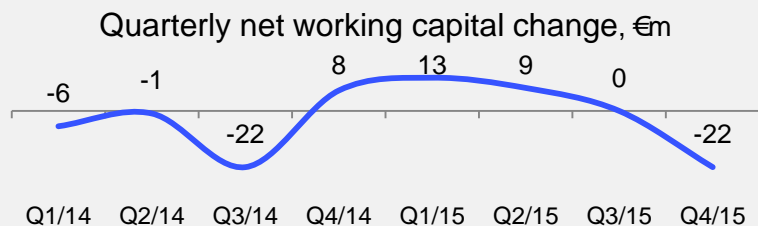
- Stable CAPEX level while mobile data almost doubled YoY
 - Mobile data YoY growth 89%



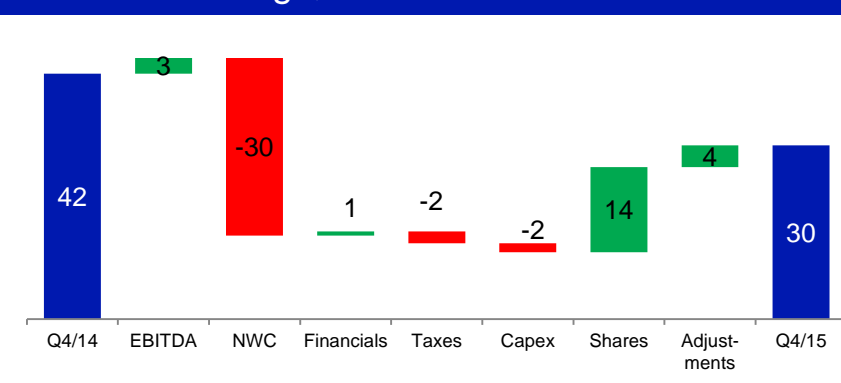
* CAPEX/sales excluding investments in shares and licence fees.
 Q3/14 includes purchases of Anvia and Videra shares
 Q4/14 and Q2/15 includes purchases of Anvia shares.

Cash flow affected by negative NWC change

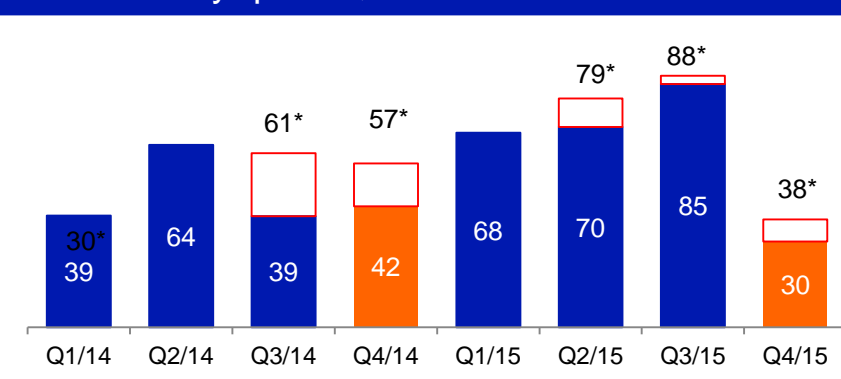
- Q4 cash flow decreased by €12m, excluding share purchases €27m
 - Negative change in NWC
 - Seasonal impacts (higher inventories and high payables in Q3/15)
- FY cash flow grew by €68m or 37%, excl. share purchases €42m or 19%
- Annual NWC change improved: €0m (-20m)



Cash flow change, €m



Cash flow by quarter, €m



* Excluding share purchases and licence payments

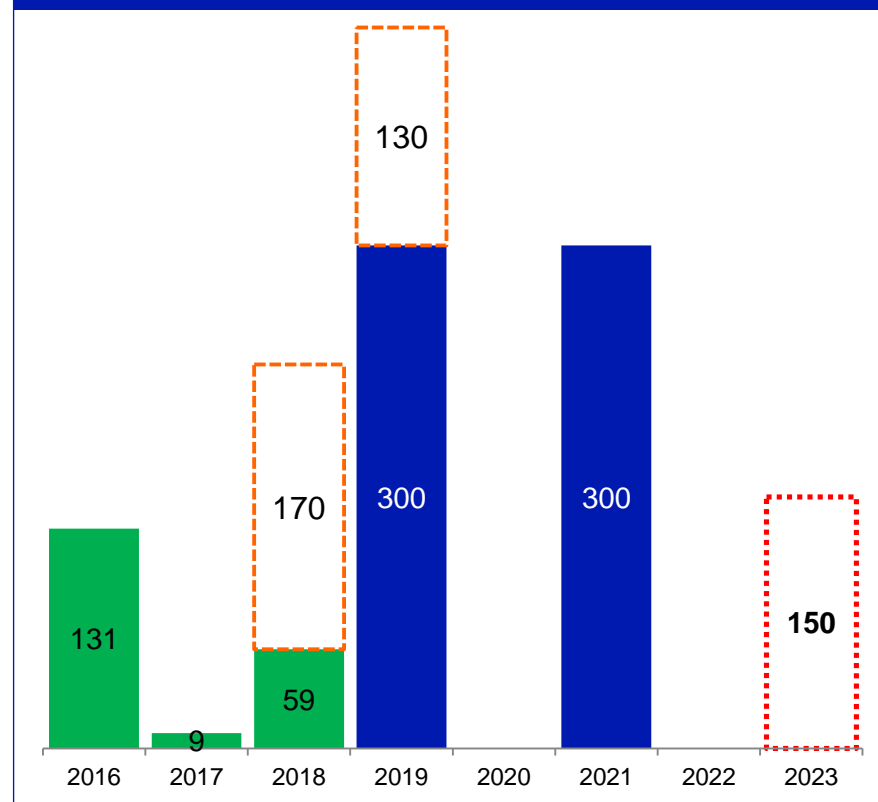
Solid liquidity position remains

- Cash and undrawn committed credit facilities €479m (341)
 - Revolving credit facilities fully undrawn
 - €150m loan commitment signed in October
- Net financial items down by €3.5m in 2015
- Average maturity for debt 3.6 y
- Commercial paper programme
 - €171m in use as of 31 December 2015
- Credit ratings

• S&P	BBB+	Stable outlook
• Moody's	Baa2	Stable outlook

Bonds and bank loan maturities 31 December 2015

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



¹⁾ EIB loan commitment signed on 6 October 2015

Capital structure in target and return ratios improved

- Net debt at target level

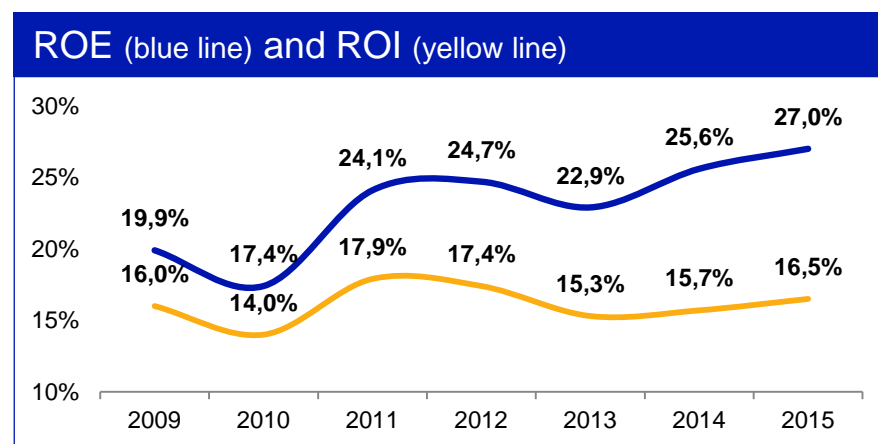
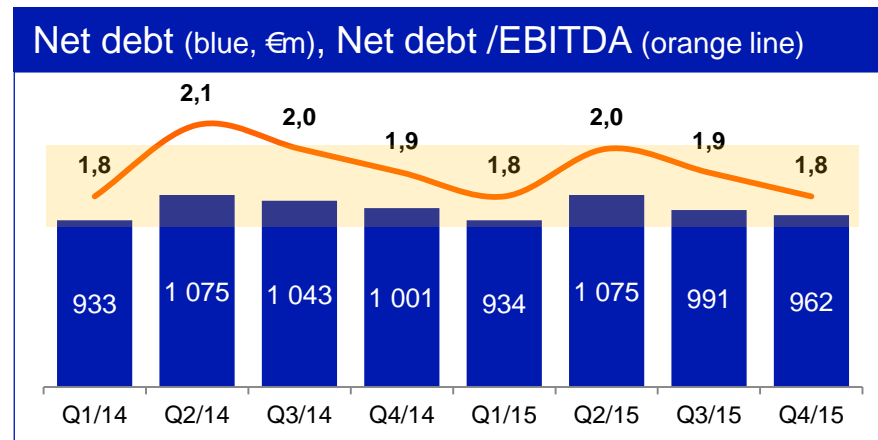
- Net debt / EBITDA 1.8x
- Gearing 104%, equity ratio 41%

- 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 reporting date

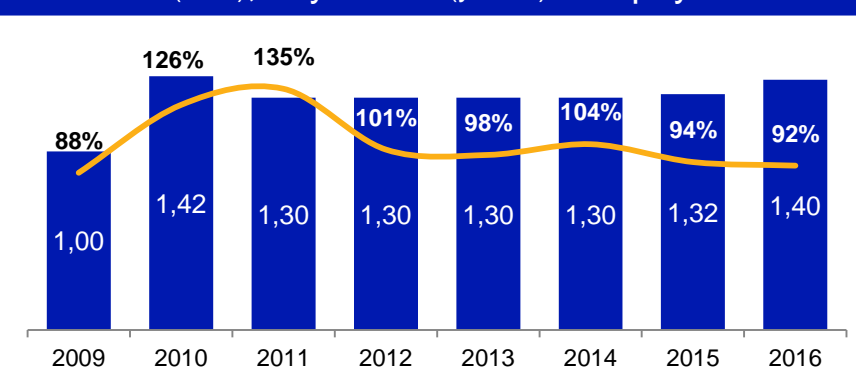
Competitive remuneration continues

- Dividend proposal of €1.40 per share
 - Dividend growth +6.1%
 - Total amount EUR 223m
 - Ex-dividend date 1 April 2016
 - Payment 12 April 2016
- Authorisation for buyback of 5m shares

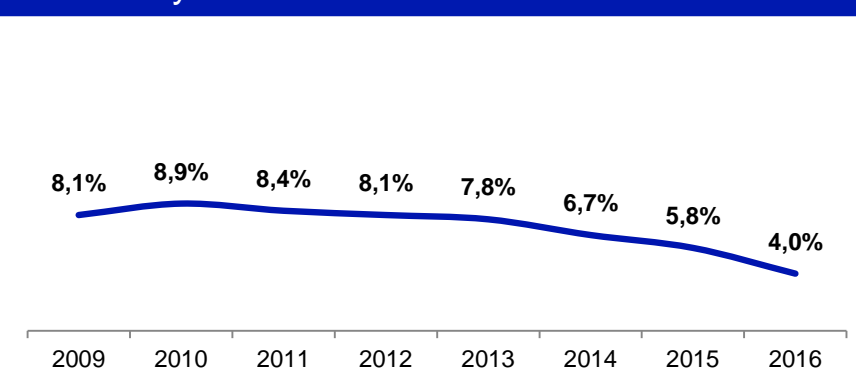
- Dividend yield 4.0% ¹⁾
 - Payout ratio 92%
- Strong commitment to competitive shareholder remuneration
 - Distribution policy 80–100% of net profit
 - TSR 62% in 2015

¹⁾ as per share price of 30 December 2015 (€34.79)

Dividend (blue), buy-backs (yellow) and pay-out ratio



Dividend yield





Contacts:

Mr. Vesa Sahivirta

vesa.sahivirta@elisa.fi

+358 102 623 036

Download the Elisa IR App



APPENDIX

Cash flow YoY comparison

€ million	Q4/15	Q4/14	Δ ¹⁾	Δ%	2015	2014	Δ ¹⁾	Δ%
EBITDA	128	125	3	2,3 %	532	520	13	2 %
Change in receivables	10	9	1		-2	-5	3	
Change in inventories	-12	-4	-9		-6	-2	-4	
Change in payables	-20	4	-23		7	-14	21	
Change in NWC	-22	8	-30		-0	-20	20	
Financials (net)	-8	-9	1		-18	-24	6	
Taxes for the year	-15	-13			-54	-51	-3	
Taxes for the previous year	0				2	1	1	
Taxes	-15	-13	-2		-52	-50	-2	
CAPEX	-48	-47	-2		-193	-191	-2	
800 MHz licences ²⁾	-7	-7	0		-7	-7	0	
Investments in shares ³⁾	-1	-15	14		-13	-39	26	
Sale of assets and adjustments	2	-2	4		4	-3	9	
Cash flow after investments	30	42	-13	-30 %	253	185	68	37 %
Cash flow after investments excl. acquisitions ⁴⁾	30	57	-27	-47 %	266	224	42	19 %

¹⁾ Difference is calculated using exact figures prior to rounding

²⁾ 800 MHz LTE licence in Finland 2014 and 2015 €7m

³⁾ Investment in Anvia in H2/14 and 2015

⁴⁾ Excluding Anvia shares

APPENDIX

Cash flow by quarters

€ million	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14	Q2/14	Q1/14
EBITDA	128	145	131	129	125	142	127	126
Change in receivables	10	-22	15	-5	9	0	-14	0
Change in inventories	-12	4	-2	5	-4	0	1	2
Change in payables	-20	18	-3	12	4	-22	12	-8
Change in NWC	-22	0	9	13	8	-22	-1	-6
Financials (net)	-8	1	-1	-9	-9	-2	-2	-12
Taxes for the year	-15	-13	-13	-12	-13	-13	-12	-13
Taxes for the previous year	0	0	2				1	
Taxes	-15	-13	-11	-12	-13	-13	-11	-13
CAPEX	-48	-45	-50	-50	-46	-43	-51	-50
800 MHz licence fees	-7				-7	0	0	
Investments in shares	-1	-3	-9	-1	-15	-22	-1	-1
Sale of assets and adjustments	2	2	2	-2	-2	-1	4	-6
Cash flow after investments	30	85	70	68	42	39	64	39
Cash flow after investments excl. acquisitions	30	88	79	69	57	61	64	39

APPENDIX

Debt structure

€ million, at the end of the quarter	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14	Q2/14	Q1/14
Bonds and notes	592	592	592	591	591	590	590	589
Commercial papers	171	229	219	169	210	200	217	152
Loans from financial institutions	199	200	205	205	211	211	216	216
Financial leases	28	29	30	30	31	32	33	34
Committed credit lines ¹⁾	0	0	90	0	0	50	70	0
Interest-bearing debt, total	991	1 050	1 135	995	1 043	1 083	1 126	992
Cash and cash equivalents	29	59	60	61	41	40	51	59
Net debt ²⁾	962	991	1 075	934	1 001	1 043	1 075	933

¹⁾ The committed credit lines are EUR 130 million and EUR 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. Elisa has EUR 150m loan agreement with EIB which is undrawn.

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