



elisa

Financial Results 2017

31 JANUARY 2018

Q4 2017 highlights

- Record quarter again – good growth in revenue and result
- Revenue grew by 9%
 - Organic revenue growth 4%
 - Growth in both customer segments
- EBITDA growth 11%
 - Growth in both customer segments
- Mobile service revenue growth 5.6%
 - Up-selling continues, good demand for Premium subscriptions
- Postpaid voice churn slightly down from 19.8% to 19.5%
 - Competition remained keen characterized by some campaigning
- Post-paid mobile subscriptions -4,200, fixed broadband +6,100
- Starman and Santa Monica Networks integration progressing as planned

Growth in revenue and in all earnings lines

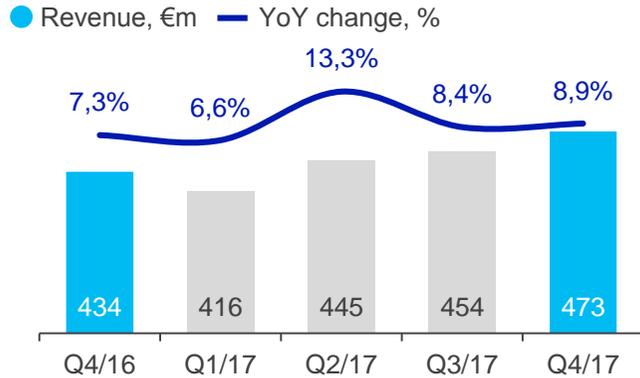
Financials	2017	CHANGE IN 2017
Revenue	€1,787m	+9.3%
EBITDA	€613m	+8.7%
EBITDA-%	34.3%	-0.2 pp
Earnings per share	€1.86	+12.2%
CAPEX ¹⁾	€241m	+18.0%
CAPEX / sales	13%	+1 pp

Operational KPIs	2017	CHANGE IN 2017
Mobile service revenue	€806m	+5.7%
Mobile subs	4,679,300	-0,3%
Fixed broadband subs	692,300	+16.4%
Post-paid voice ARPU	€20.1	+6.3%
Post-paid voice churn	17.5%	+2.3 pp
Mobile data, GB	638m	+42.3%

1) Excluding investments in shares and licence fees

Growth in revenue and EBITDA

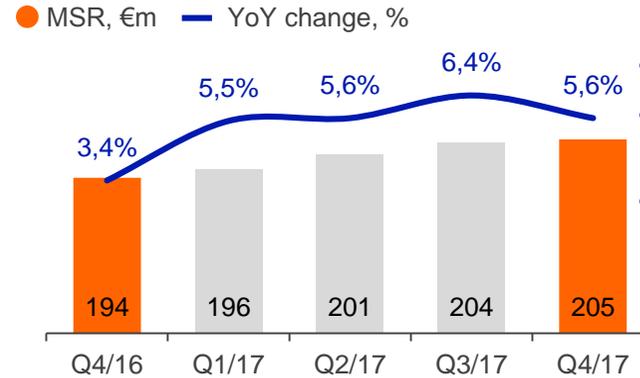
Revenue



Growth

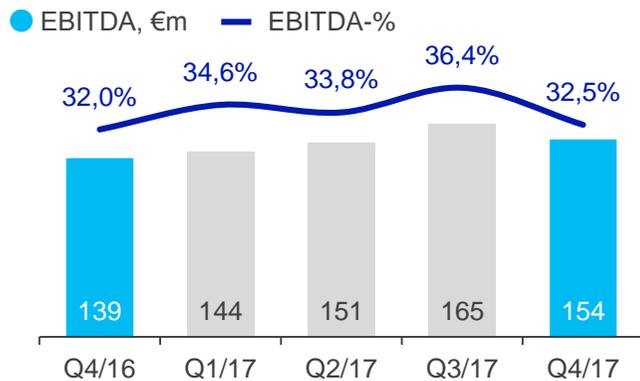
- Mobile and digital services
- Acquisitions
- Estonia

Mobile service revenue



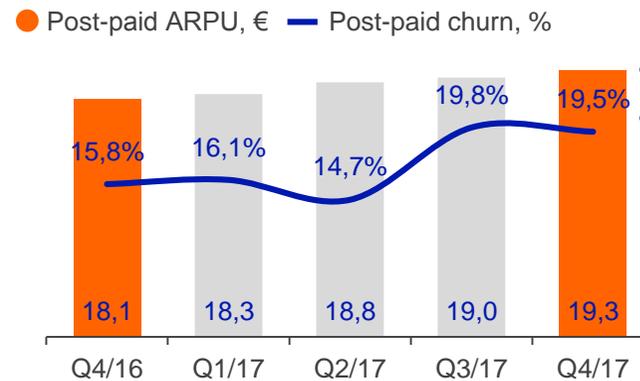
- Up-selling
- Premium subscriptions
- Product changes

EBITDA¹⁾



- Growth in revenue
- Efficiency improvements

ARPU and churn²⁾



- MSR growth
- Increased campaigning

1) Comparable

2) Finland, churn annualised

Solid performance in both customer segments

Consumer Customers

Revenue +8%, EBITDA +11%

- + Mobile service revenue
- + Recent acquisitions
- + Digital services and equipment sales
- Traditional fixed services

Revenue and EBITDA¹⁾

● Revenue, €m ● EBITDA, €m — EBITDA-%



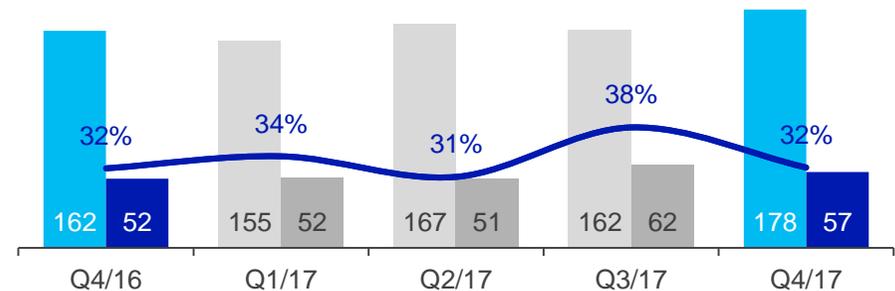
Corporate Customers

Revenue and EBITDA +10%

- + Mobile service revenue
- + Recent acquisitions
- + Digital services and equipment sales
- Traditional fixed services

Revenue and EBITDA¹⁾

● Revenue, €m ● EBITDA, €m — EBITDA-%



1) Comparable

Strategy execution

Build value on data

Accelerate digital service business

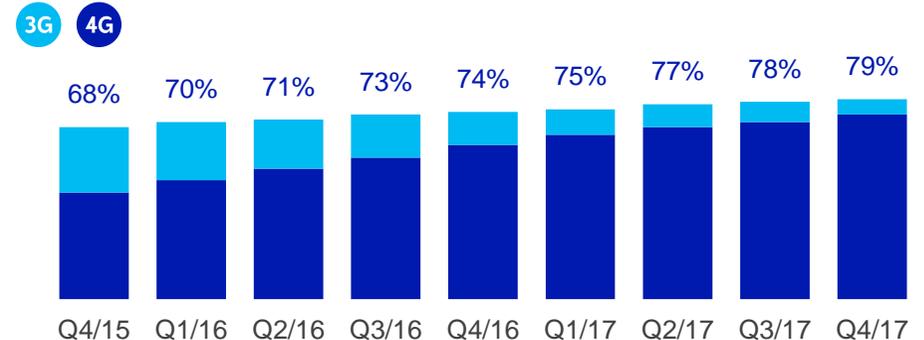
Improve performance through customer
intimacy and operational excellence

Growth in 4G and up-selling continues

Growth in 4G smartphone penetration

- 79% of customers use a smartphone
 - 92% 4G-capable
- 93% of phones sold 4G-capable

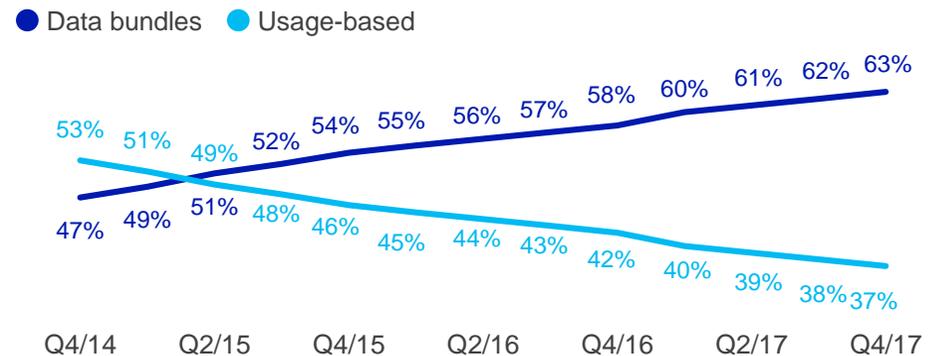
Smartphone penetration¹⁾, %



Proportion of data bundles growing

- 63% of voice subs²⁾ fixed-monthly-fee, “all-you-can-eat” data bundles
- 54% at 4G speeds
 - Good 3G to 4G up-selling potential
- Strong demand for Premium subscriptions with unlimited usage in Nordics and Baltics
 - Excellent potential for further up-selling in 4G

Voice subscription²⁾ split



1) iOS (iPhone), Android, and Windows smartphones of the total phone base

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

Outlook and guidance for 2018

Macroeconomic environment has improved, but long-term structural challenges still remain. Competition remains challenging.

- Revenue same level or slightly higher than in 2017
- Comparable EBITDA same level or slightly higher than in 2017
- CAPEX maximum 12% of revenue

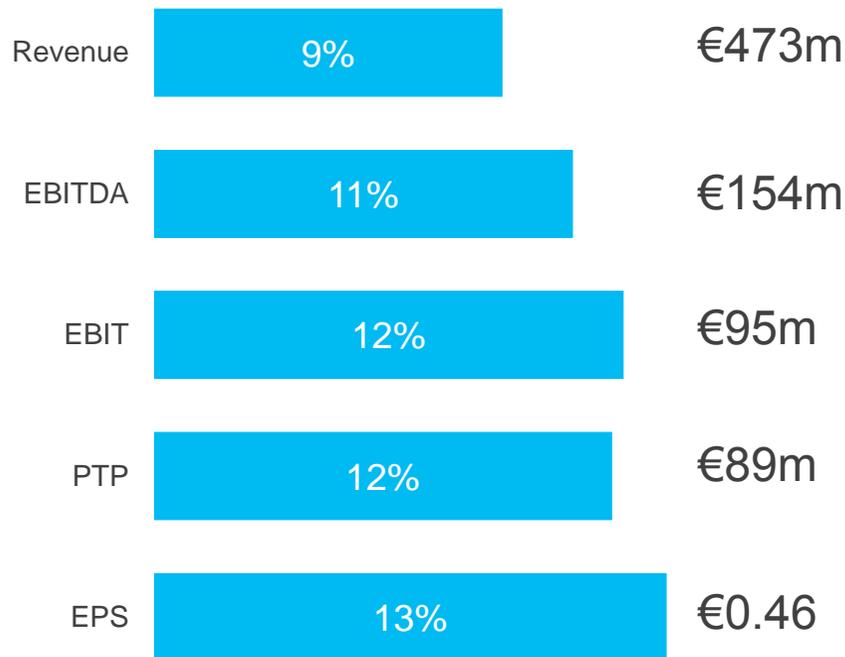


Financial performance

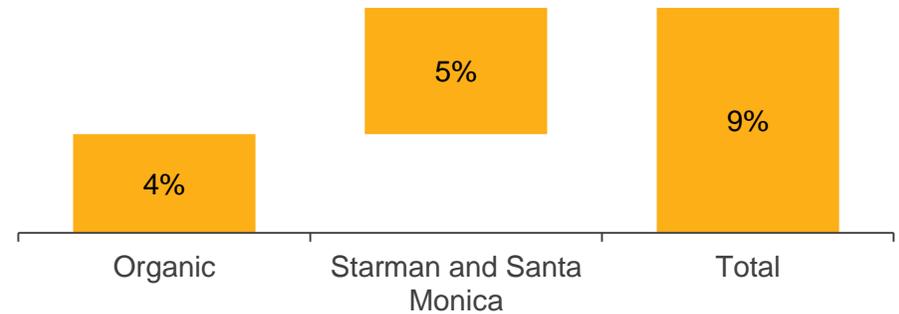
INTERIM REPORT Q4 2017

Strong revenue and earnings growth continues

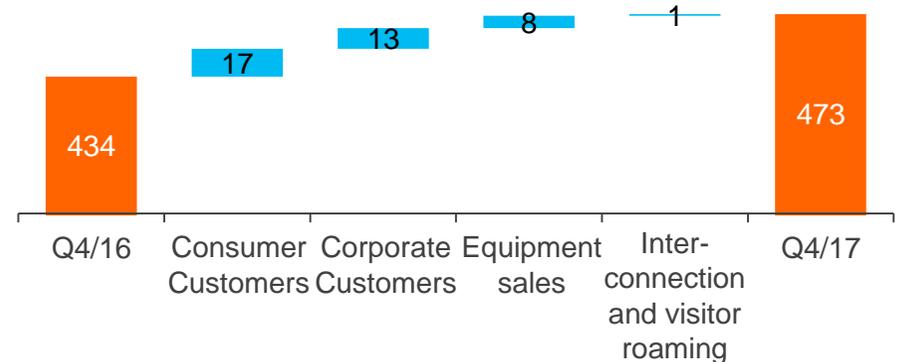
Q4 2017 P&L and growth¹⁾



Revenue Q4 YoY growth



Revenue change Q4 YoY, €39m

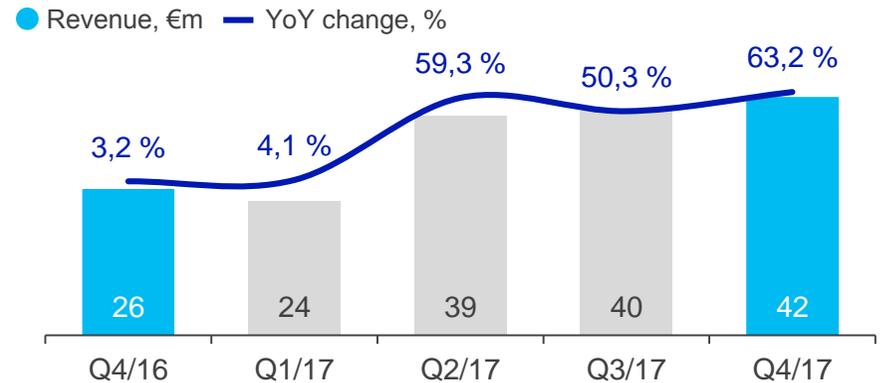


1) With comparable figures. Growth is calculated using exact figures prior to rounding.

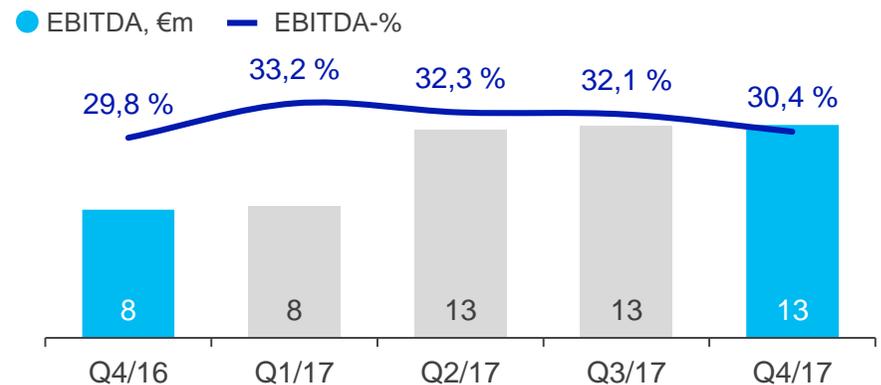
Strong growth in Estonia through acquisitions

- Revenue +63%, EBITDA +66%
 - Acquisitions
 - Mobile services
- Keen competition
 - Post-paid voice churn 13.5% (11.3 in Q3)
 - Mobile post-paid base at the same level, growth in fixed broadband
- Integration of Starman and Santa Monica Networks according to plan
 - Synergy estimates intact
 - Starman €4–6m by end-2019
 - SMN €4–5m by end-2019 (includes SMN Finland)

Revenue



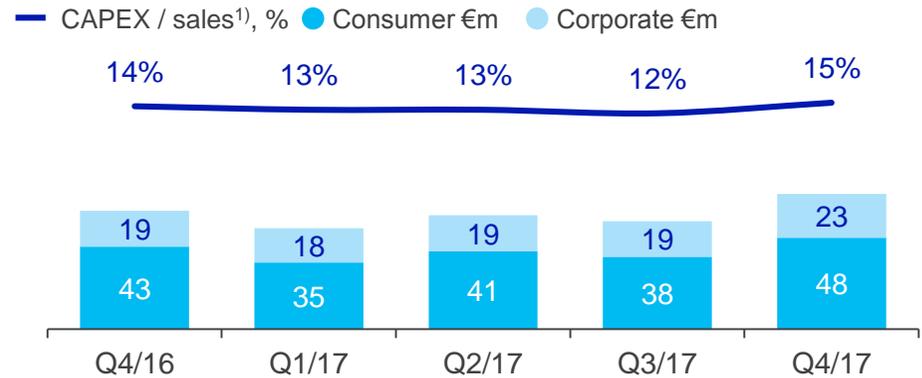
EBITDA



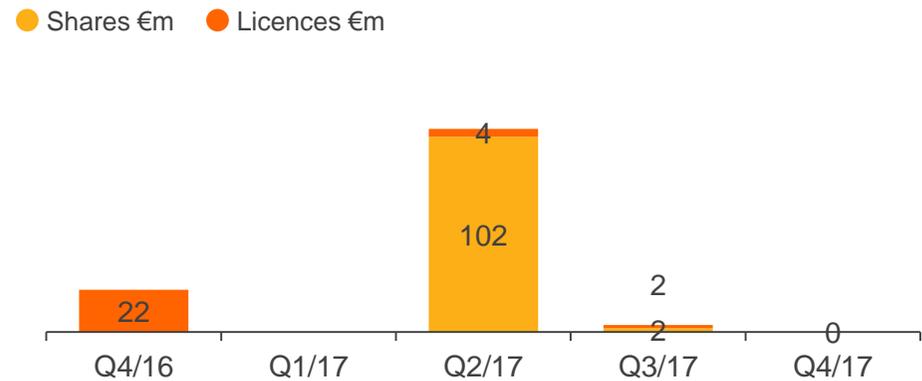
CAPEX according to guidance

- CAPEX¹⁾ €71m (62)
 - Consumer €48m (43)
 - Corporate €23m (19)
- FY17 CAPEX¹⁾ €241m (204)
 - CAPEX / sales 13%
 - According to full-year guidance

CAPEX



Investments in shares and licences

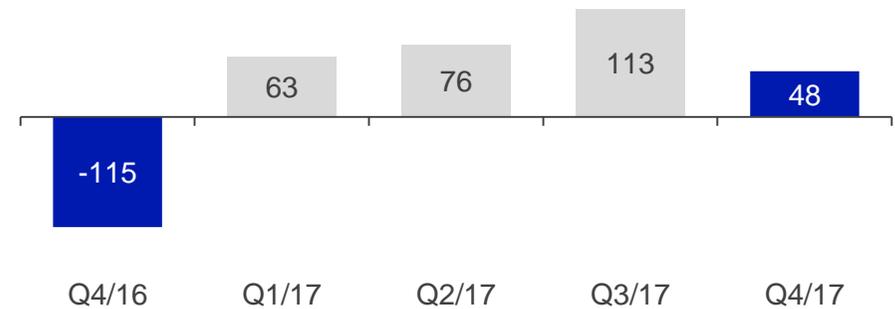


1) Excluding investments in shares and licence fees

Solid cash flow continuing

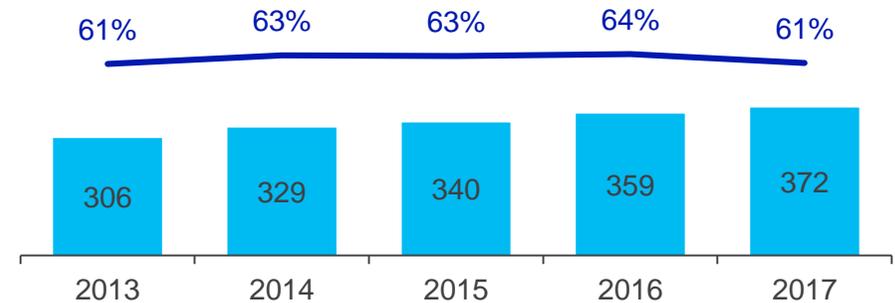
- Q4 cash flow €48m (-115, comparable 53¹⁾)
 - + Higher EBITDA
 - Higher CAPEX
 - Negative NWC change
- Full year cash flow €300m (65)
- Comparable cash flow²⁾ €246m (281)
 - + Higher EBITDA
 - Higher CAPEX and licence payments
 - Negative NWC change
- Strong cash conversion continues

Cash flow, €m



Cash conversion

● Operative cash flow, €m — (EBITDA-CAPEX)/EBITDA, % ³⁾



1) Excluding investments in shares and licences, loan arrangements and share sales

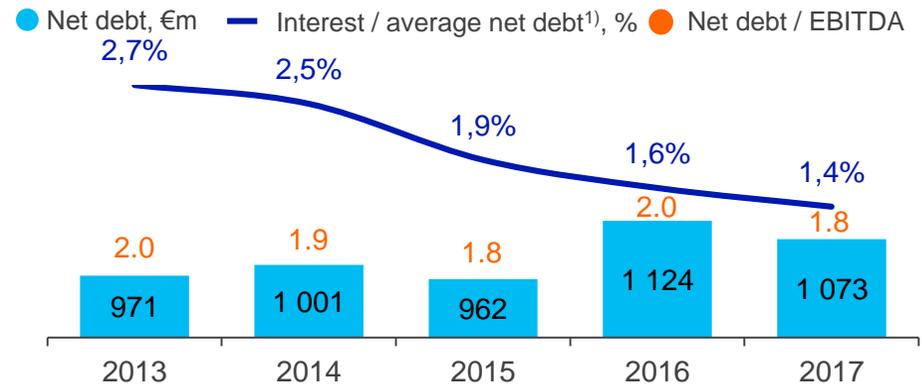
2) Investments in shares €40m (49), sale of shares -€48m (0), Starman acquisition loan arrangement -€45m (167)

3) Comparable EBITDA, CAPEX excluding investments in shares and licences

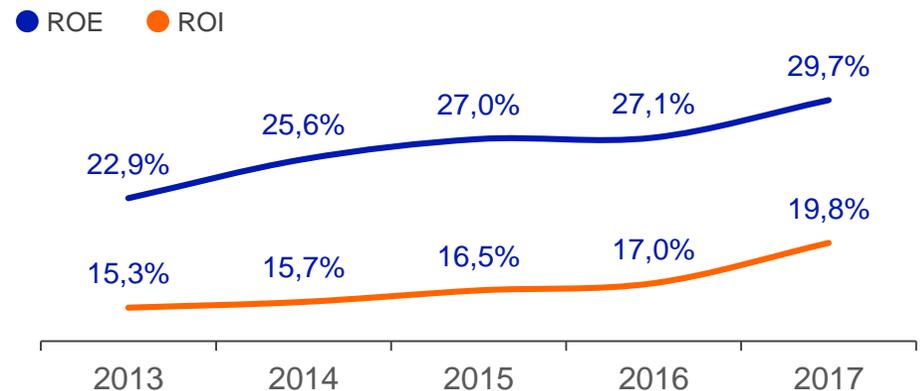
Efficient financing and capital structure

- Capital structure according to target
 - Net debt / EBITDA 1.5 – 2x
 - Equity ratio >35%
- Lower interest through refinancing
- Return ratios improved further
 - Improved earnings
 - Efficient capital structure

Interest and net debt



Return ratios²⁾



1) Net financial items in cash flow statement / average net debt

2) 2017 excluding sale of Comptel shares

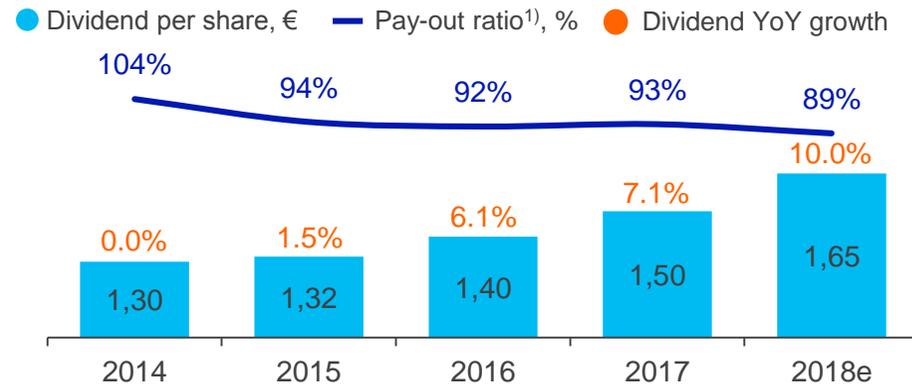
Impact of changes to IFRS 2, 9, 15 and 16

	STARTING DATE	IMPACTS
IFRS 2 Share-based payment	1 January 2018	No material effect on revenue and profitability. No effect on cash flow.
IFRS 9 Financial instruments	1 January 2018	P&L interests €2m higher in 2018 and 2019. No effect on cash flow.
IFRS 15 Revenue from contracts with customers	1 January 2018	No material change in revenue and profitability. No effect on cash flow.
IFRS 16 Leases	1 January 2019	Increase debt and tangible assets. Rental expenses (above EBITDA) will be divided into depreciation and interest costs. No effect on cash flow.

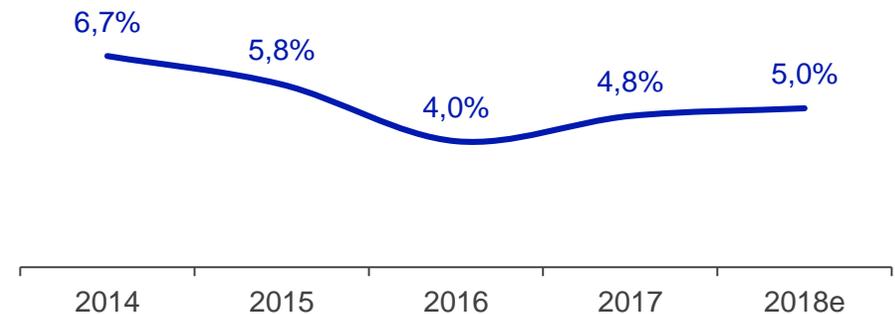
Competitive remuneration continues

- Dividend proposal of €1.65 per share
 - Dividend growth +10%
 - Total amount €263m
 - Ex-dividend date 13 April 2018
 - Payment date 24 April 2018
- Pay out ratio¹⁾ 89%,
 - Dividend yield 5.0%²⁾
- Proposal for 5m share buyback
- Strong commitment of competitive shareholder remuneration
 - Distribution policy 80–100% of net profit

Dividend



Dividend yield²⁾



1) 2018e calculated from comparable EPS

2) As a share price of last trading date of the year (in 2017 €32.72)



Q&A



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Cash flow YoY comparison

€ MILLION	Q4/17	Q4/16	CHANGE ¹⁾	2017	2016	CHANGE ¹⁾
EBITDA	151	139	12	608	563	45
Change in receivables	-33	6	-39	-59	-3	-56
Change in inventories	-5	-2	-3	-11	1	-11
Change in payables	36	8	28	45	12	-33
Change in NWC	-1	12	-13	-25	9	-34
Financials (net)	-5	-7	1	-15	-16	1
Taxes for the year	-21	-22	0	-66	-65	0
Taxes for the previous year	0	0		2		
Taxes	-21	-22	0	-64	-65	2
CAPEX	-71	-61	-10	-238	-202	-36
700, 800 and 2600 MHz licences 2)	-7	-7	0	-17	-7	-10
Investments in shares 3)	0	-1	0	-39	-49	10
Starman acquisition 4)	0	-167	167	45	-167	212
Sale of assets and adjustments	1	-2	3	45	-1	46
Cash flow after investments	48	-115	163	300	65	234
Cash flow after investments excl. acquisitions 5)	48	53	-5	246	281	-35

1) Difference is calculated using exact figures prior to rounding

2) €7m 800 MHz licence in Q4/16 and Q4/17, €4m 700 MHz licence in Q1/17 in Finland. €4m 2,600 MHz licence in Q2/17 and €2m Q3/17 in Estonia.

3) Investment in Anvia in 2016 and Starman, Santa Monica and Tampereen Tietoverkko in 2017

4) Starman acquisition finance arrangement

5) Excluding Anvia shares and Starman, Santa Monica Networks acquisitions, Tampereen Tietoverkko share purchases, and sale of Comptel and other shares.

Cash flow by quarter

€ MILLION	Q4/17	Q3/17	Q2/17	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16
EBITDA	151	165	148	144	139	154	134	137
Change in receivables	-33	-15	-23	12	6	-30	19	2
Change in inventories	-5	0	-8	3	-2	-7	3	6
Change in payables	36	-4	28	-15	8	11	-2	-6
Change in NWC	-1	-20	-4	0	12	-26	21	3
Financials (net)	-5	-1	0	-10	-7	-1	2	-10
Taxes for the year	-21	-16	-14	-14	-22	-15	-13	-13
Taxes for the previous year	0	0	2		0	0	-3	
Taxes	-21	-16	-12	-14	-22	-15	-15	-13
CAPEX	-71	-57	-59	-51	-61	-42	-56	-44
700/800/2,600 MHz licence fees	-7	-2	-4	-4	-7	0		
Investments in shares	0	-3	-33	-3	-1	-25	-15	-9
Starman acquisition	0	45			-167			
Sale of shares	0	0	45					
Sale of assets and adjustments	1	0	-3	3	-2	3	-2	-1
Cash flow after investments	48	113	76	63	-115	47	69	64
Cash flow after investments excl. acquisitions	48	71	65	66	53	72	83	73

APPENDIX

Debt structure

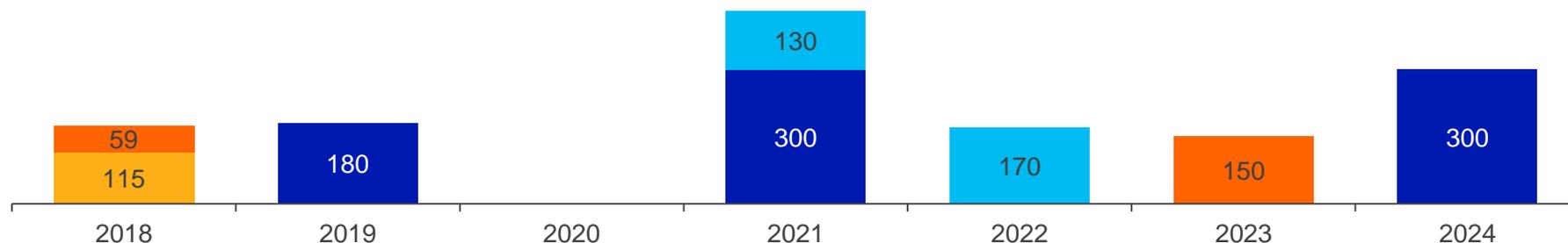
€ MILLION, AT THE END OF QUARTER	Q4/17	Q3/17	Q2/17	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16
Bonds and notes	767	766	766	765	594	594	593	593
Commercial papers	115	207	258	193	199	201	215	146
Loans from financial institutions	209	210	216	215	218	219	195	195
Financial leases	26	26	26	25	26	25	26	27
Committed credit lines ¹⁾	0	0	23	80	130	0	80	0
Interest-bearing debt, total	1,117	1,209	1,289	1,278	1,167	1,039	1,109	961
Cash and cash equivalents	44	91	58	216	44	33	55	61
Net debt ²⁾	1,073	1,118	1,231	1,062	1,123	1,006	1,054	899

1) The committed credit lines are €130m and €170m facilities which Elisa may use flexibly on agreed pricing.

2) Net Debt is interest bearing debt less cash and interest bearing receivables

Nominal values of bonds, bank loan and CP maturities, 31 Dec 2017

● Bonds ● Loans ● RCF¹⁾ ● CP



1) RCFs are fully undrawn

Forward-looking statements

Statements made in this document relating to the future, including future performance and other trend projections, are forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements, due to many factors, many of which are outside of Elisa's control.