



Group overview

Veli-Matti Mattila

CEO

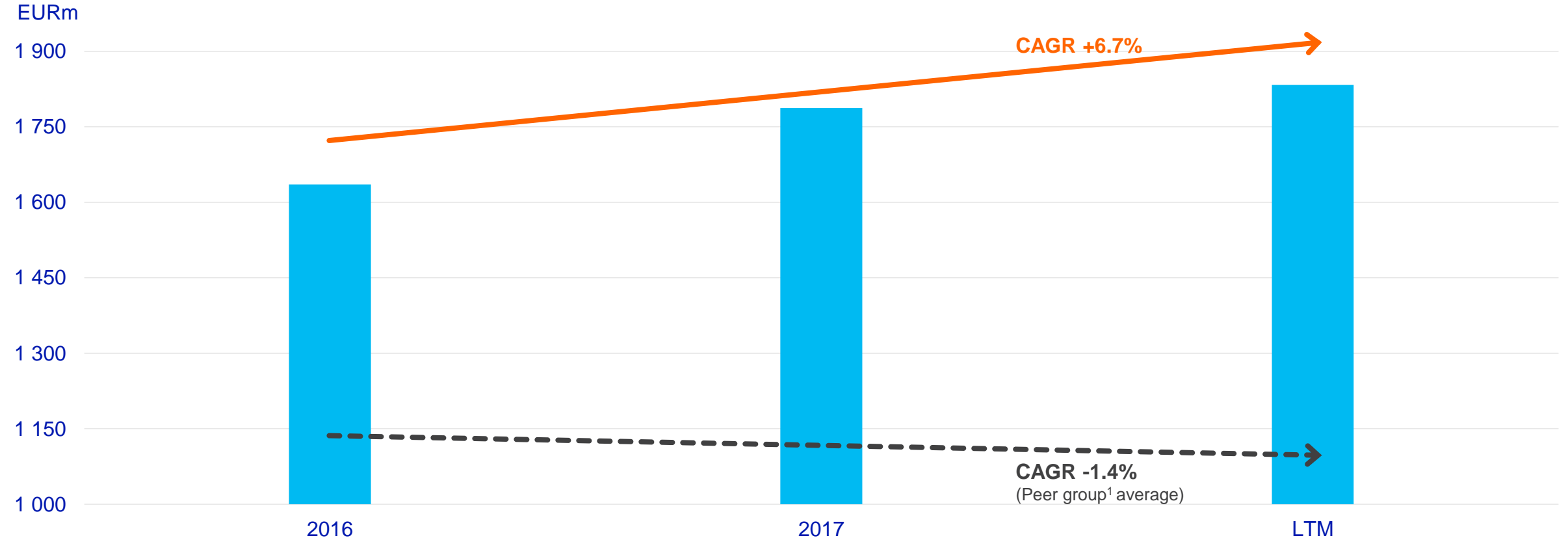
CMD2018

- 1 Performance update
- 2 Profit and growth generation
- 3 Medium-term targets and CEO priorities

**Elisa's unique strategy generates
profit and growth**

Performance update

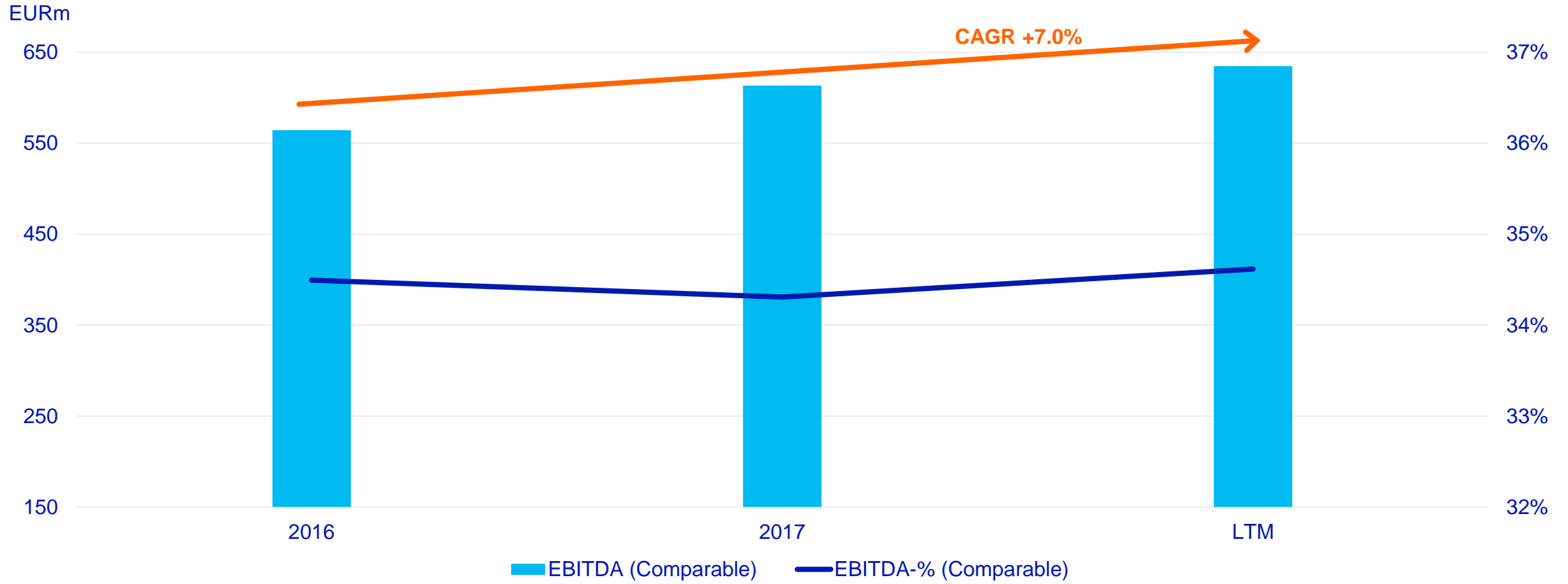
Our revenue growth is among the best in Europe



¹) European telecom operators, Source Bloomberg
LTM = Last twelve months, 10/2017-9/2018

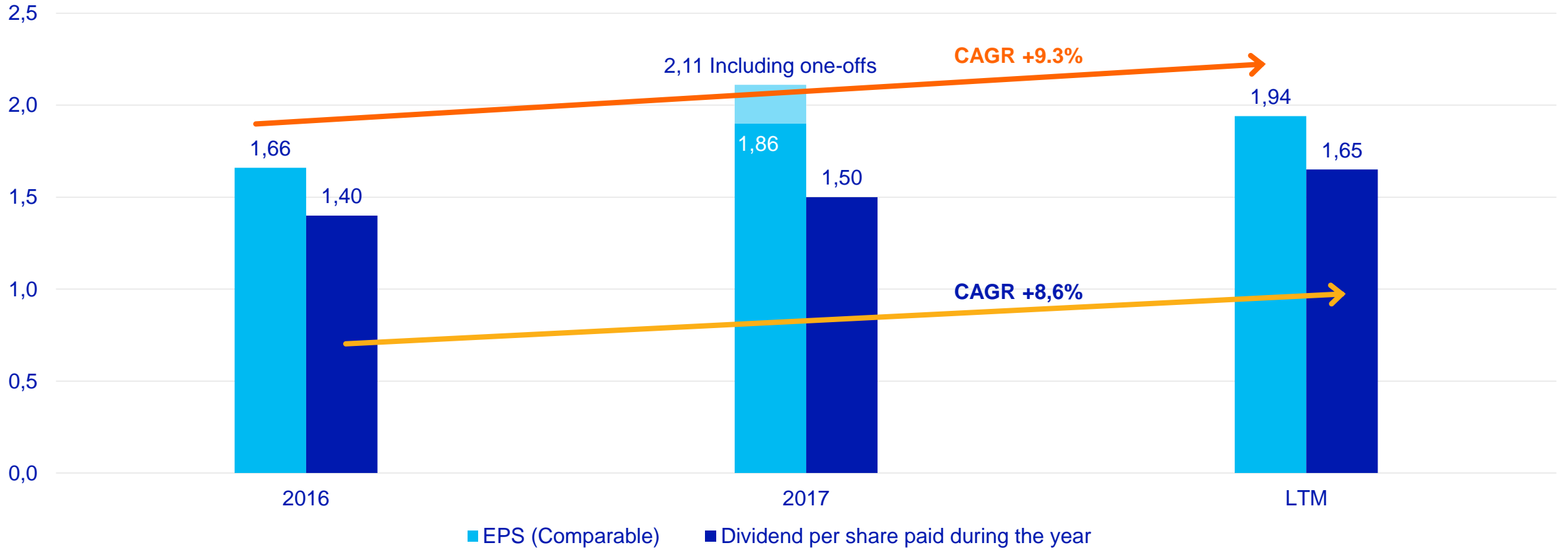
Performance update

Our EBITDA has continued to grow...



Performance update

...our dividend has increased...



Performance update

...and four of our five medium-term targets are on track

Parameter

Revenue growth

EBITDA margin

CAPEX-to-sales

Capital structure
Net debt / EBITDA
Equity ratio

Target by end of 2019

Above industry¹⁾ average

Above 37%

≤12%

1.5-2x
>35%

● = Below track ● = On track

¹⁾ European telecom operators

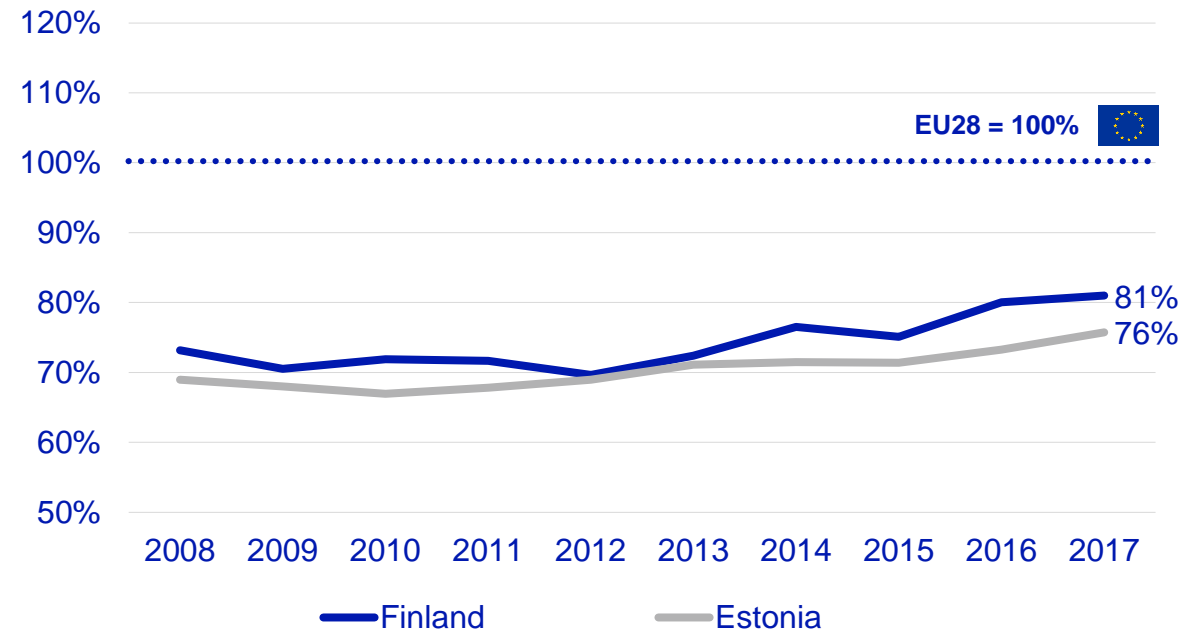
Profit and growth generation

We operate in an attractive telecom market



Affordable communication services

PPP index prices for communication services



PPP=purchasing power parity
Source: Eurostat

5G-ready mobile society

- More frequencies per capita than anywhere else in Europe¹⁾
 - 400 MHz of 3.5 GHz frequency (5G) auctioned
- 36% of households are mobile broadband only²⁾
- Progressive regulation
 - E.g. enabling availability and reasonable prices for base station sites³⁾
- Finland is #1 in EU business digitalisation⁴⁾
- Finland is #1, Estonia #2 in the EU in digital public services⁴⁾
- Finland is #1, Estonia #18 in the skills pillar of the Global Competitiveness Index⁵⁾

¹⁾ Ministry of Transport and Communications, Oct 2019, Turning Finland into the world leader in communication networks
²⁾ Rewheel, PRO-research, "Capacity utilization and fixed-to-mobile broadband substitution potential with existing macro site grids", 9/2018
³⁾ Act on Electronic Communications Services
⁴⁾ European Commission, DESI, Digital Economy and Society Index 2018
⁵⁾ World Economic Forum, The Global Competitiveness Report 2018

Profit and growth generation

Elisa's unique strategy generates profit and growth

Increase mobile and fixed service revenues

Grow digital service businesses

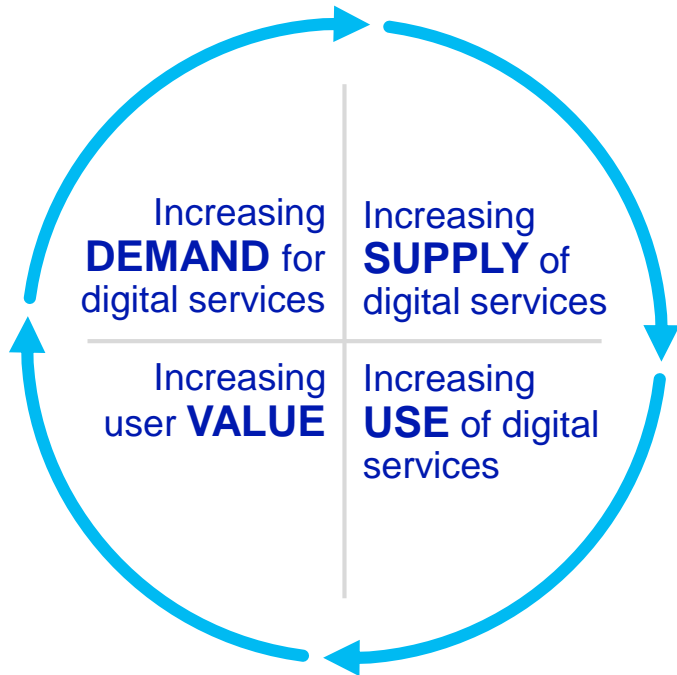
Improve efficiency and quality

Profit and growth generation

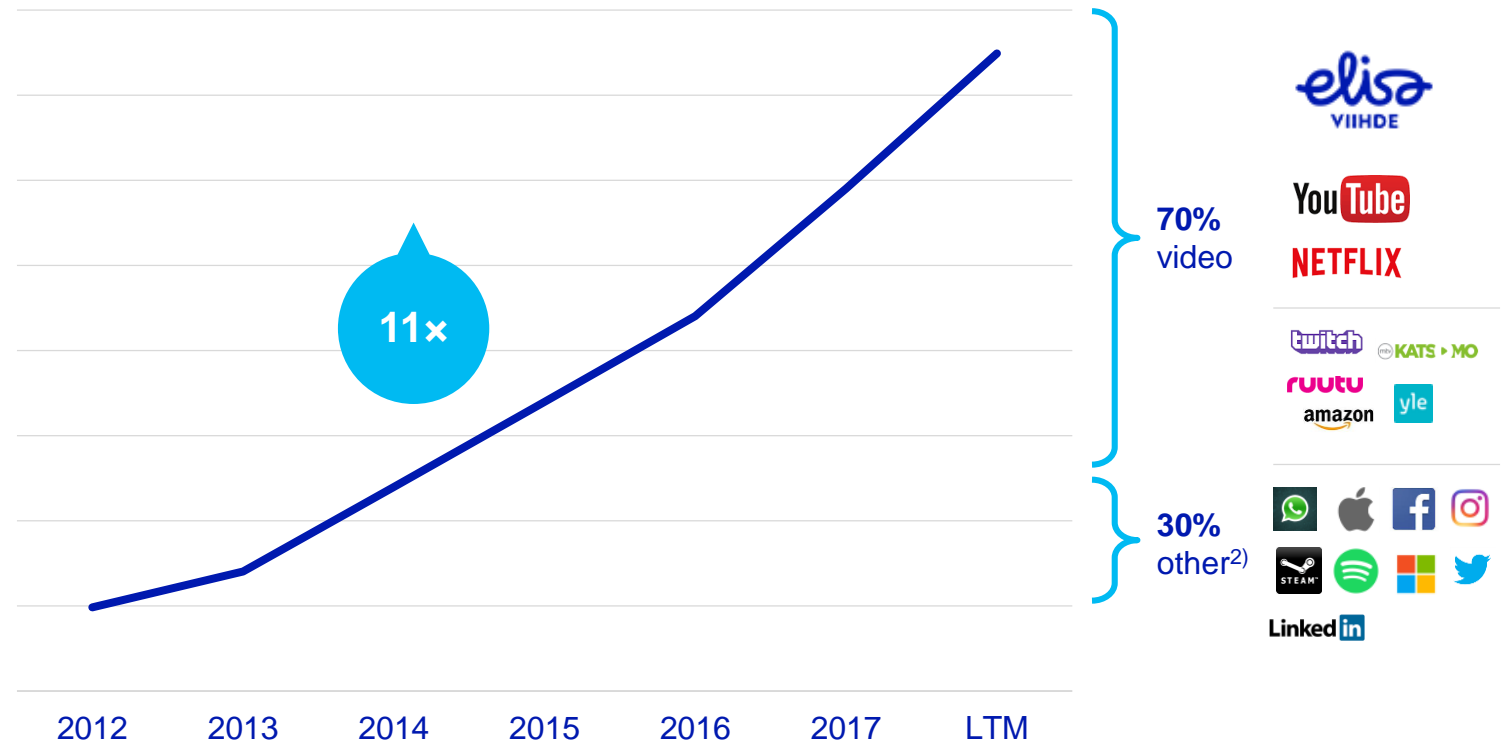
We see growing demand for fast, reliable and high-quality connectivity...



User's virtuous cycle of connectivity demand



Traffic growth¹⁾



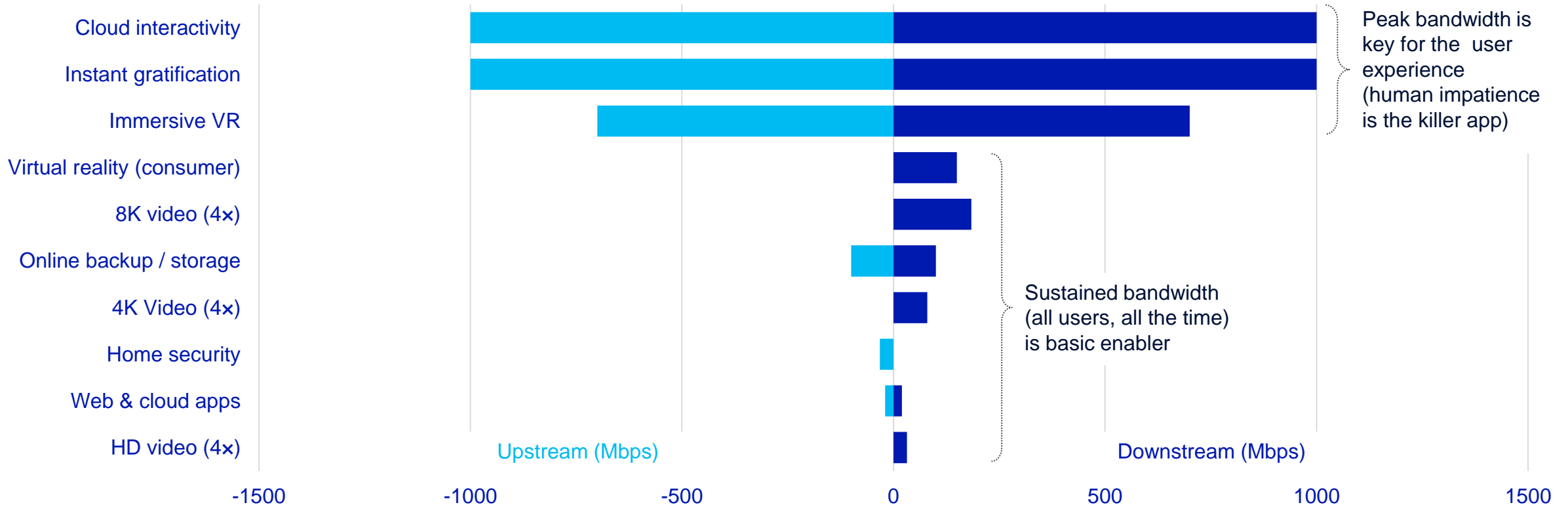
CURRENT USAGE PER MONTH 25GB mobile subscriber - 172GB fixed household

¹⁾ Mobile and fixed peak data traffic, Gbps

²⁾ Gaming, music, office, messaging, user generated content, SW updates

Profit and growth generation

...and human impatience is also an important 'killer app' driving the need for faster connections



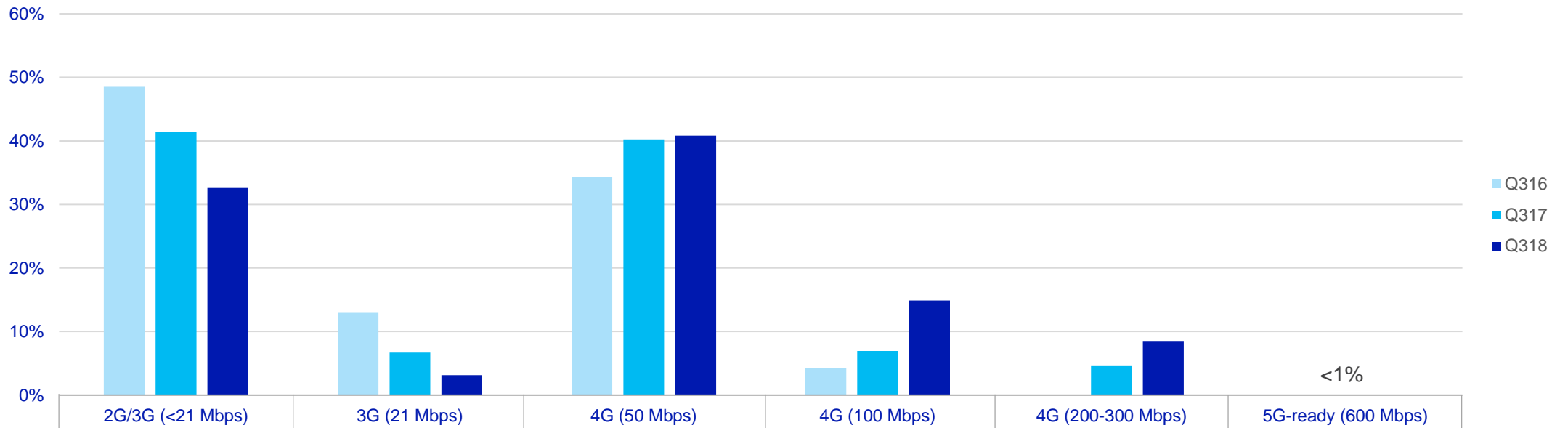
Source: Nokia

Profit and growth generation

Our speed-based value capture model works



Share of mobile voice subscription types



List prices

	2G/3G (<21 Mbps)		3G (21 Mbps)	4G (50 Mbps)	4G (100 Mbps)	4G (200-300 Mbps)		5G-ready (600 Mbps)
	1 Mbps	10 Mbps	21 Mbps	50 Mbps	100 Mbps	200 Mbps	300 Mbps	600 Mbps
Consumer ¹⁾ (€/month)	21.90		24.90 ³⁾	26.90 ³⁾	27.90		31.90	49.90
Corporate ²⁾ (€/month)		27.20		30.90	37.20	43.30		49.50

¹⁾ List price for first 12 months consumer voice subscriptions in Finland.

²⁾ List prices for SME voice subscriptions in Finland, including VAT. Public and private tendering excluded.

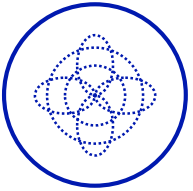
³⁾ No longer in new sales

Profit and growth generation

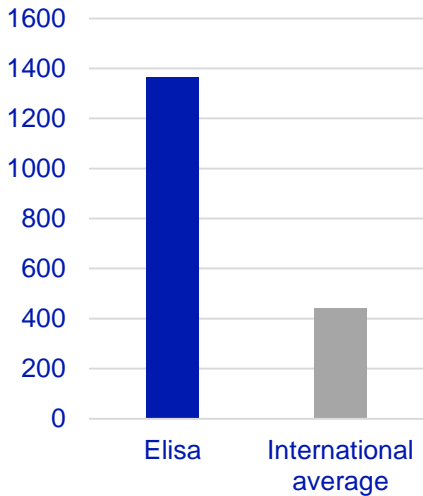
We are best positioned to monetise 5G with existing cell sites and frequencies...



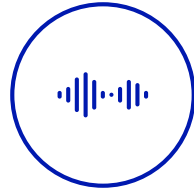
High network density



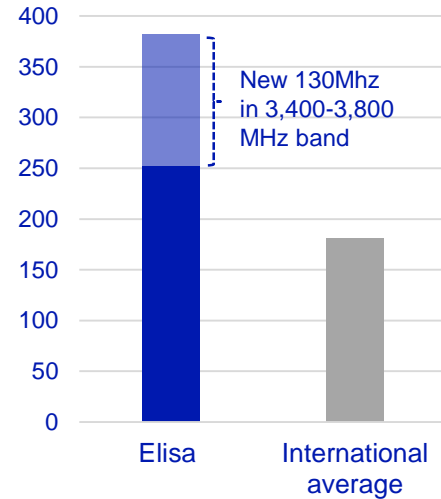
Macro cell sites per million population¹⁾



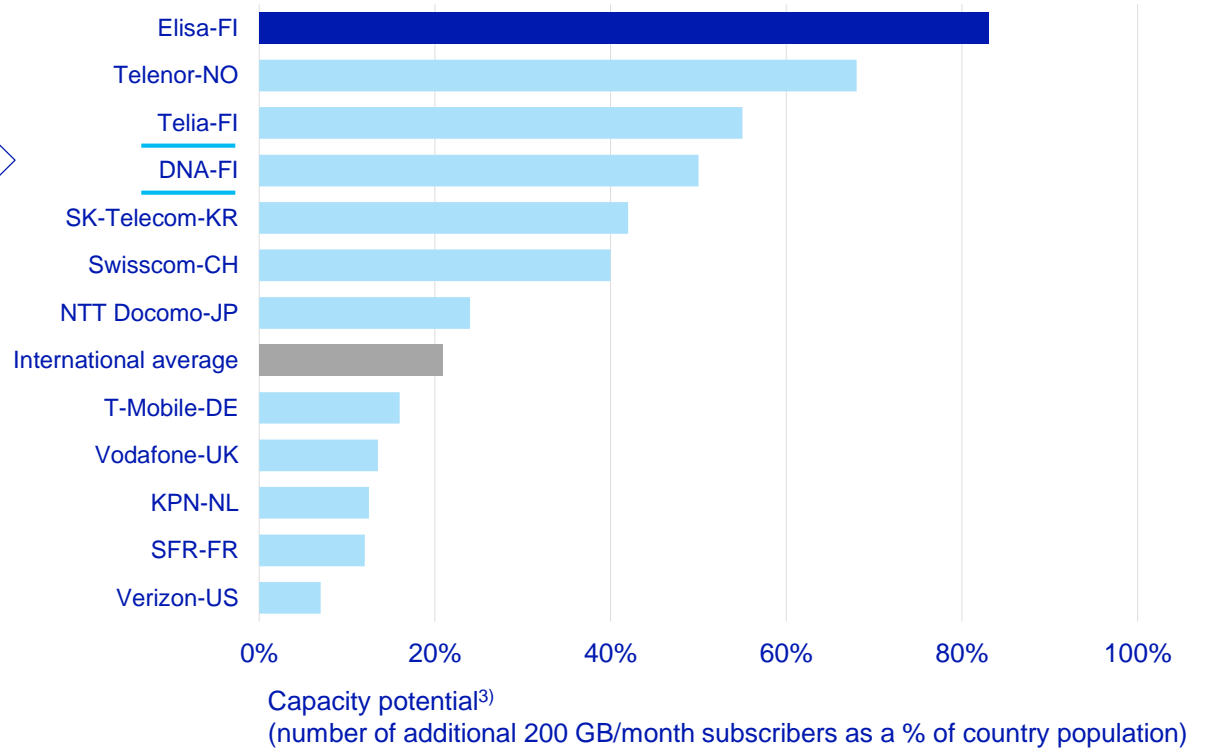
Excellent frequency assets



Spectrum holdings²⁾ MHz



World's best capacity potential to handle the increasing data demand



^{1, 2, 3)} Source: Rewheel, PRO-research, 9/2018, "Capacity utilization and fixed-to-mobile broadband substitution potential with existing macro site grids", Elisa analysis

²⁾ Spectrum holdings 8/2018, Elisa's 130MHz in 3400-3800 band from auction 10/2018 indicated separately

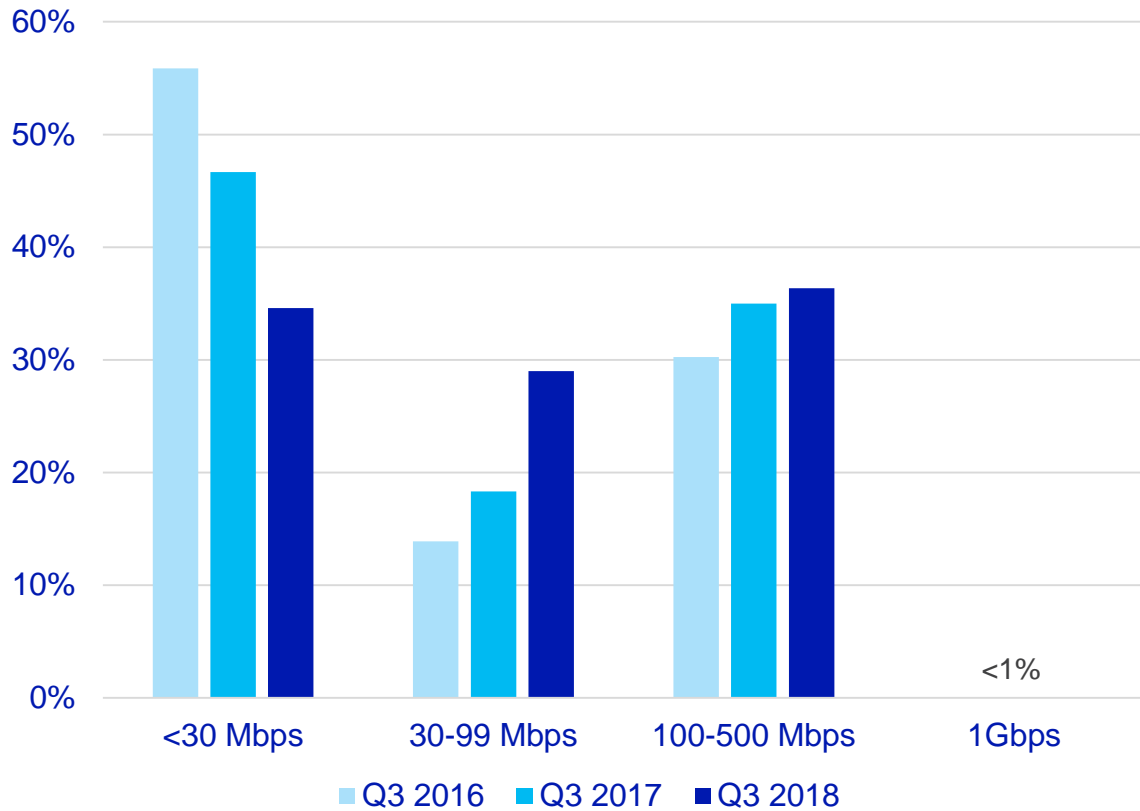
³⁾ Existing macro sites and spectrum holdings 8/2018, with 100MHz 3400-3800 band included. HW+SW investments not included

Profit and growth generation

...and have evident further potential in fixed broadband speed upgrades



Share of consumer fixed broadband connections



Potential to increase fixed network business

- 1 Gbit/s upgrade availability close to 750,000 households
- Fibre build-up is based on demand
- NPS increases with higher speeds
- IP-backbone modernised and ready to support 5G services, optical network scalable up to 48 Tbps
- Extensive 47,000 km fibre backbone network

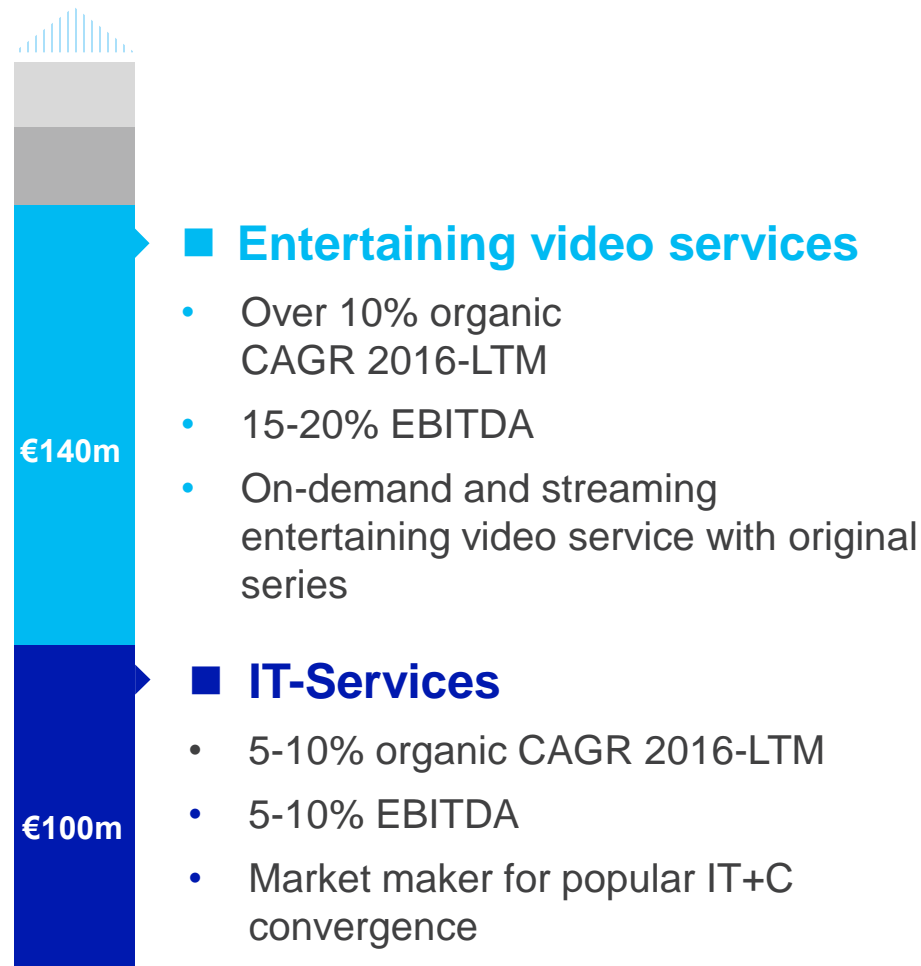
Profit and growth generation

We are scaling digital service opportunities in domestic markets...



Digital services revenue breakdown, LTM

€290m revenue
5-10% EBITDA



M&A opportunities

- Complementary offering and capabilities
- Capacity to further scale

Profit and growth generation

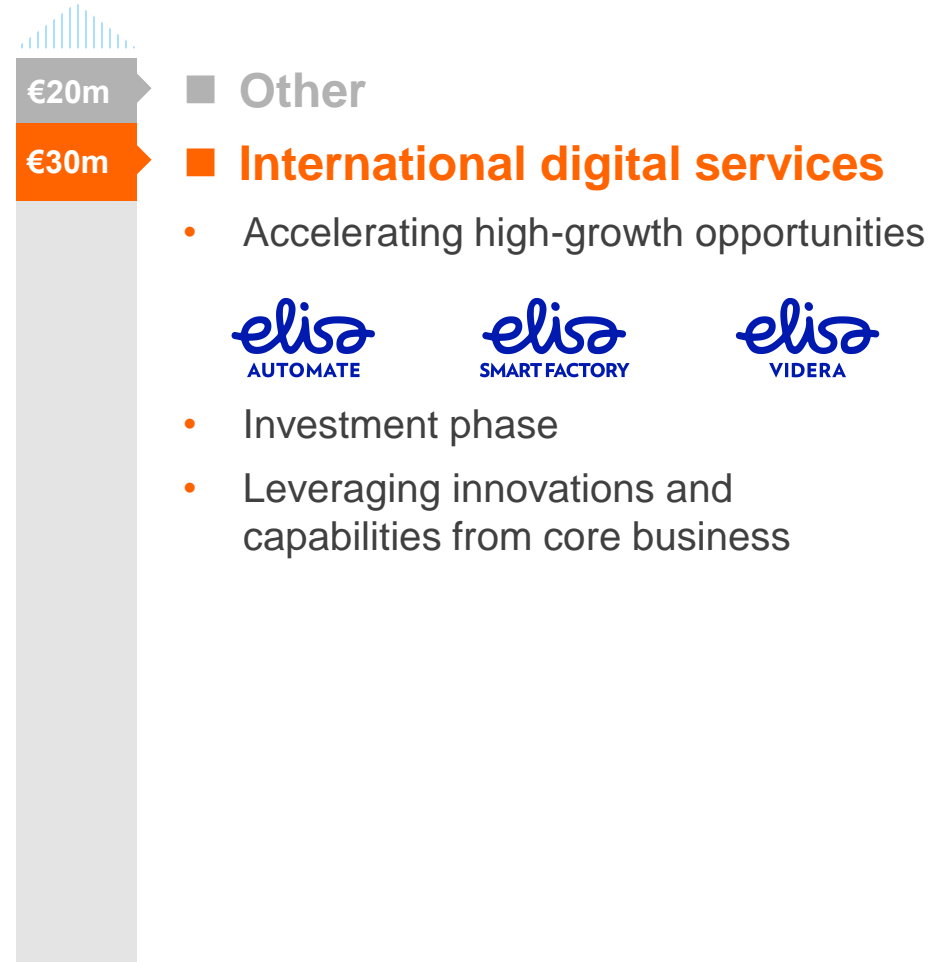
... and pursuing high-growth digital service opportunities in global markets leveraging our proven capabilities



Digital services revenue
breakdown, LTM

€290m
revenue

5-10%
EBITDA



M&A opportunities

- Customer access
- Complementary offering
- Delivery and integration capability

Our systematic way to improve efficiency and quality continues to have significant potential



Engaged
employees



Satisfied
customers



Positive impact
on **society**



Unique financial
performance

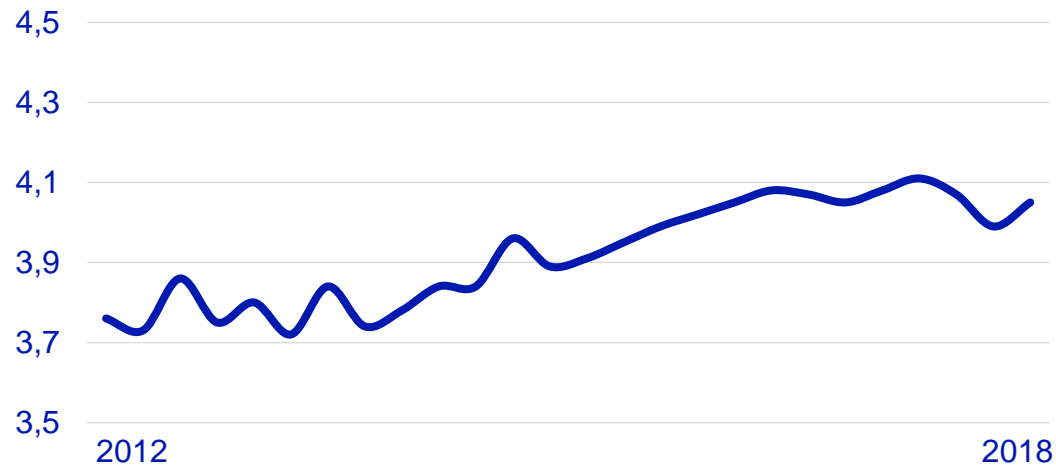
Profit and growth generation

Highly engaged personnel and a strong learning culture drive continuous development...



Engaged personnel

Elisa empowerment index (0-5)



Strong learning culture

Shared commitment and practices for fast experimentation

Practices, tools and resources to stimulate everyday learning

“Elisa’s leadership practices of coaching and learning have produced excellent results both in business and within Elisians”

- EFQM assessment

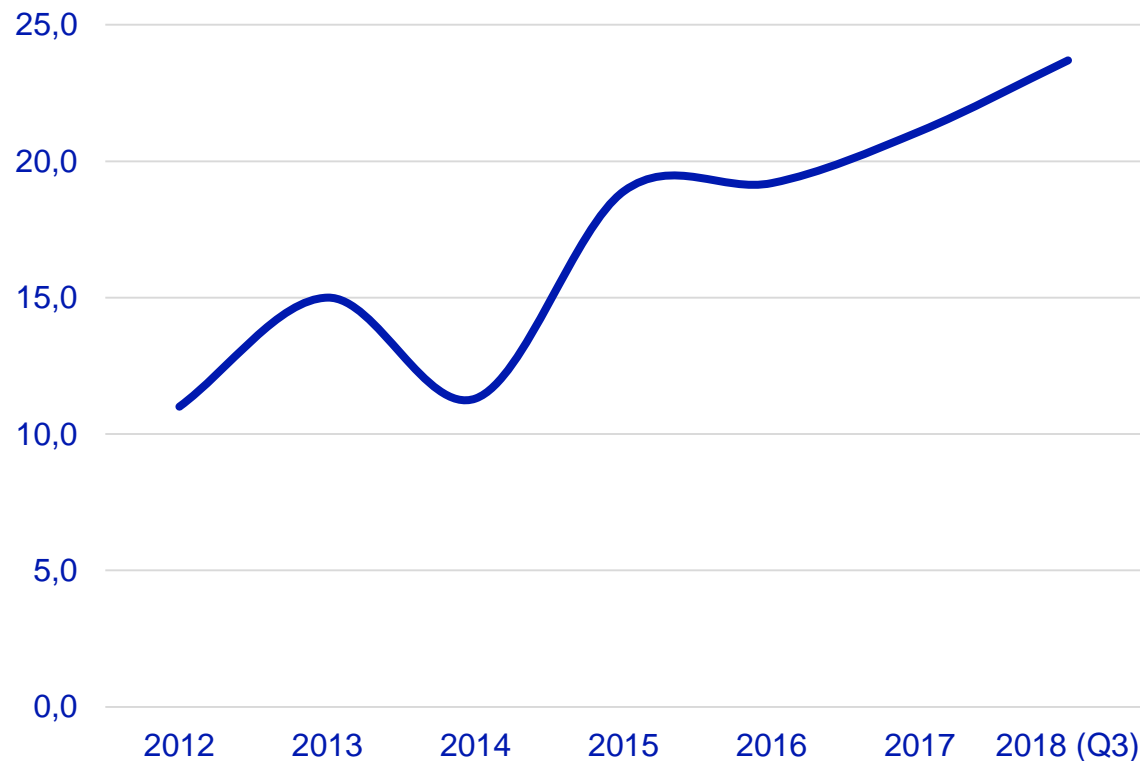


Profit and growth generation

...increasing customer satisfaction and a positive impact on society

Increasing customer satisfaction

Elisa NPS



Elisa NPS = Net sales weighted average of Finland Corporate and Consumer Customers, Estonian Consumer Customer NPS

Reputation and contribution to society

- Only operator in top 10 in Finland's most reputable companies listing¹⁾
- Perceived as most sustainable teleoperator in Finland by Sustainable Brand Index 2017 and 2018
- One of the few Finnish firms that has set Paris climate agreement targets that are confirmed by Science Based Targets initiative.
- Active in regional partnerships and projects
 - e.g. cooperating with cities and municipalities on hackathons, productivity surveys and development plans



¹⁾ T-Media, Reputation based research advisory, Finland's most reputable companies 2018

Profit and growth generation

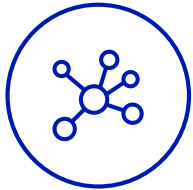
We have developed industry-leading automation capabilities and software innovations...



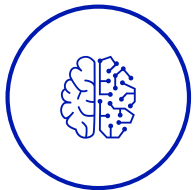
Capabilities in network management process



Customer needs-based analytics drive network CAPEX investments



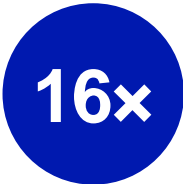
Zero-person network operations centre with customer-level service performance visibility



Intelligent automation of network planning and optimisation



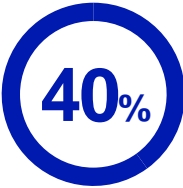
Excellent results



increase in mobile data traffic in six years



network faults solved before they become visible to customers



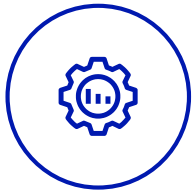
increase in data throughput with automated optimisation



Increase in CAPEX-% and production OPEX

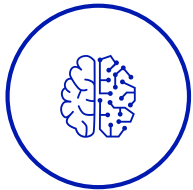
Profit and growth generation

...and have successfully applied automation and machine learning in several other areas



Robotic process automation (RPA) reduces:

- Manual work in billing and order handling
- Billing and delivery contacts
- Delivery project lead time

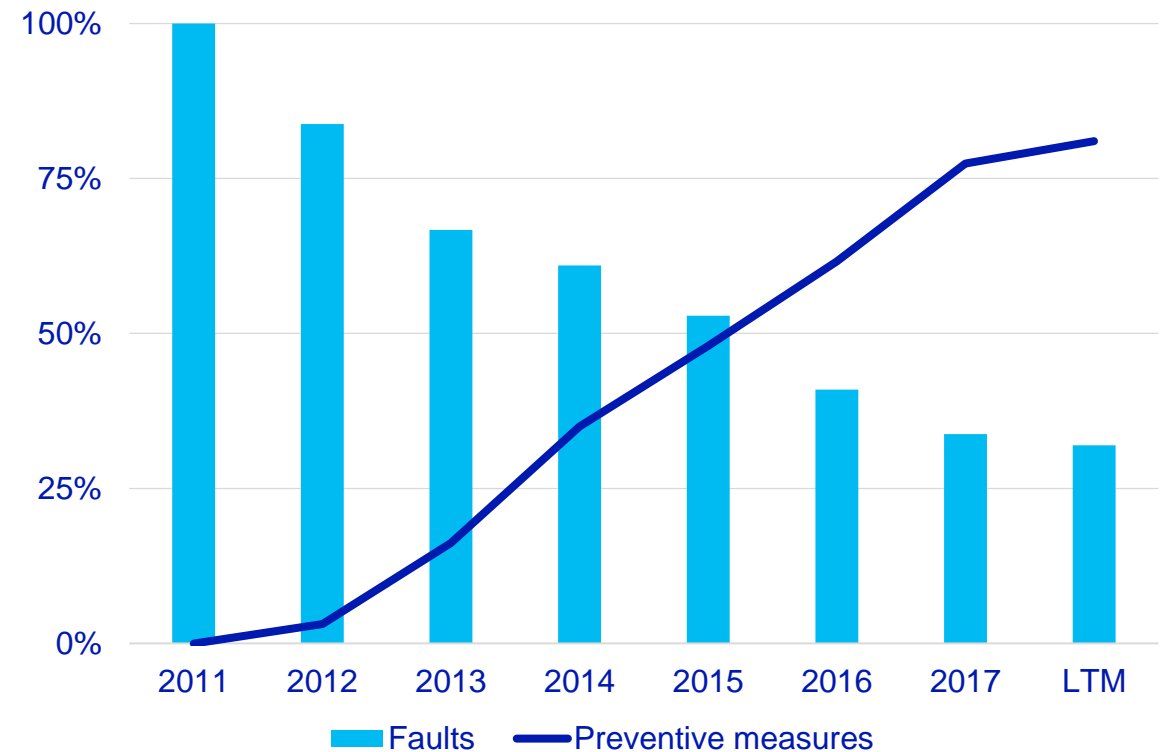


Machine learning and artificial intelligence (AI) enables:

- Recommendations that increase customer perceived quality
- Reductions in network faults improve quality and reduce costs

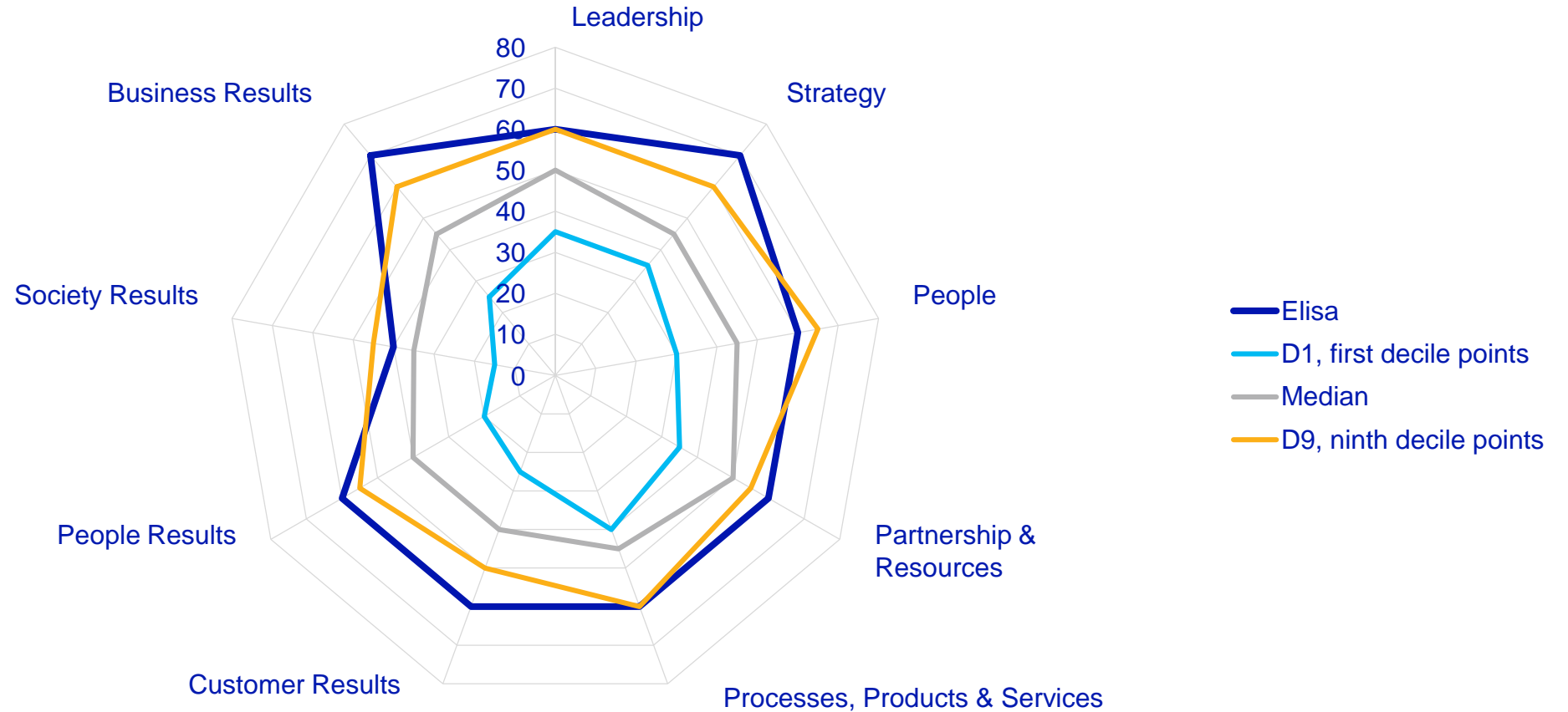
Fully automated fault management

Preventive measures have reduced network faults by 70 per cent



Profit and growth generation

External assessment certifies Elisa's unique systematic approach to generate profit and growth



EFQM, European Foundation for Quality Management, EFQM model for Excellence, <http://www.efqm.org/>
Scores obtained by Elisa compared with other organisations assessed by Laatukeskus Excellence Finland since 2010.

Mid-term targets

We are set to achieve our updated medium-term targets

Parameter

Revenue growth

EBITDA margin

CAPEX-to-sales

Capital structure
Net debt / EBITDA
Equity ratio

Target by end of 2021

Above industry¹⁾ average

Above 37%

≤12%

1.5-2x
>35%

¹⁾ European telecom operators

CEO priorities

Increase mobile and fixed service revenues

Grow digital service businesses

Improve efficiency and quality

elisa

CMD 2018

THANK YOU.

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.