

# Interim Report

# Q1 2020

22 April 2020



# ELISA'S INTERIM REPORT JANUARY–MARCH 2020

## First quarter 2020 financial highlights

- Revenue increased by EUR 28m to EUR 468m, mainly due to Polystar acquisition.
- Mobile service revenue increased by 2.1 per cent to EUR 208m.
- Comparable EBITDA grew by EUR 8m to EUR 166m.
- Comparable EBIT increased by EUR 7m to EUR 99m.
- Cash flow grew by EUR 5m to EUR 73m, mainly due to growth in EBITDA.
- Mobile post-paid ARPU was at the previous quarter's level EUR 19.3 (19.3).
- Mobile post-paid churn decreased to 18.9 per cent (20.1 in previous quarter).
- Number of post-paid mobile subscriptions increased by 20,800 from the previous quarter.
- Due to seasonality prepaid subscriptions decreased by 12,900 during the quarter.
- The number of fixed broadband subscriptions decreased by 400 during the quarter.
- Guidance for 2020 is unchanged.

## Key indicators

EUR million	1Q20	1Q19	Δ %	2019
Revenue	468	440	6.5 %	1,844
EBITDA	166	155	6.9 %	661
Comparable EBITDA	166	158	5.2 %	668
EBIT	99	90	10.0 %	395
Comparable EBIT	99	92	7.1 %	402
Profit before tax	95	83	14.8 %	372
Comparable PBT	95	85	11.5 %	379
EPS, EUR	0.49	0.43	13.2 %	1.90
Comparable EPS, EUR	0.49	0.44	10.1 %	1.93
Capital expenditure	51	57	-10.8 %	256
Net debt	1,117	1,075	3.9 %	1,184
Net debt / EBITDA <sup>1)</sup>	1.7	1.7	-0.7 %	1.8
Gearing ratio, %	91.9 %	90.2 %		103.0 %
Equity ratio, %	42.4 %	41.9 %		41.0 %
Cash flow	73	68	7.3 %	257
Comparable Cash flow	73	68	7.3 %	323

<sup>1)</sup> (Interest-bearing debt – financial assets) / (four previous quarters' comparable EBITDA).

Additional key performance indicators are available at [elisa.com/investors](https://elisa.com/investors) (Elisa Operational Data.xlsx).

## CEO's review:

### Strong quarter in challenging circumstances

In the first quarter, Elisa's revenue increased by 6 per cent to EUR 468 million from the previous year, mainly due to growth in mobile and digital services, equipment sales and the Polystar acquisition. Comparable EBITDA improved by 5 percent, to EUR 166 million and earnings per share by 10 per cent, to EUR 0.49. Both the Consumer Customers and Corporate Customers business segments performed well.

The quarter was unique, with the coronavirus crisis (COVID-19), and we have actively adjusted our operations in several areas. At the same time, we have been helping our corporate customers, for example with their increasing demand for virtual tools to be able to work remotely. Consumers have also been faced with a new situation as they have had to stay home. Our reliable and high-quality network guarantees good connections for remote work and entertainment.

Elisa's new mission, a sustainable future through digitalisation, has become more relevant than ever. The mission, created together with Elisa employees, means that Elisa is enabling the everyday communication, work, daily routines and entertainment for millions of people, securely and with care. With digitalisation, Elisa is providing solutions that are important for people and sustainable development.

In April, the Finnish government-owned Erillisverkot Group decided to acquire radio network services from Elisa for the public safety network, Virve 2.0. Elisa was chosen as the sole supplier due to its high-quality and extensive network. This selection underlines Elisa's competitiveness in quality. The contract period is ten years.

The continuous improvement of the customer experience and quality are integral parts of our corporate culture, and we will continue to focus on them strongly. Increasing productivity, expanding our digital services internationally and creating value with data, as well as our strong investment capability, will continue to lay a solid foundation for creating value competitively in the future.

Veli-Matti Mattila

CEO

## INTERIM REPORT JANUARY–MARCH 2020

This interim report has been prepared in accordance with the IFRS recognition and measurement principles, although not all requirements of the IAS 34 standard have been followed. The information presented in this interim report is unaudited.

### Market situation

The competitive environment has been intense and active. However, during the quarter, the COVID-19 crisis has impacted on market situation to some extent. Mobile churn levels and equipment sales have decreased due to the reduced number of customer visits to physical stores, and roaming revenue has reduced as people are travelling less. In the corporate business, uncertainty has increased, especially in SME sector. On the other hand, the usage of mobile voice and data, as well as IPTV entertainment services, continued to evolve favourably. Another factor contributing to mobile market growth has been the increased network capacity and demand for higher 4G and 5G speeds. Competition in the fixed broadband market has continued to be intense in multi-dwelling units. The number and usage of traditional fixed network subscriptions is decreasing.

The markets for IT services have continued to develop favourably. The demand for other digital services is also growing.

### Revenue, earnings and financial position

EUR million	1Q20	1Q19	Δ %	2019
Revenue	468	440	6.5 %	1,844
EBITDA	166	155	6.9 %	661
EBITDA-%	35.4 %	35.3 %		35.8 %
Comparable EBITDA	166	158	5.2 %	668
Comparable EBITDA-%	35.4 %	35.8 %		36.2 %
EBIT	99	90	10.0 %	395
EBIT-%	21.1 %	20.5 %		21.4 %
Comparable EBIT	99	92	7.1 %	402
Comparable EBIT-%	21.1 %	21.0 %		21.8 %
Return on equity, %	28.3 %	28.8 %		26.6 %

Revenue increased by 6 per cent, mostly due to the Polystar acquisition and growth in mobile services, domestic digital services, equipment sales and Estonian business. Decreases in usage and subscriptions of traditional fixed telecom services and in other fixed line services affected revenue negatively.

Comparable EBITDA increased by 5 per cent. Efficiency improvements and revenue growth impacted EBITDA positively. Comparable EBIT grew by 7 per cent, mainly because of efficiency improvements and revenue growth.

Net financial income and expenses decreased to EUR -4 million (-7) due to refinancing arrangements in 2019. Income taxes in the income statement amounted to EUR -17 million (-14). Net profit was EUR 78 million (69), and comparable earnings per share were EUR 0.49 (0.44).

EUR million	1Q20	1Q19	Δ %	2019
Net debt	1,117	1,075	3.9 %	1,184
Net debt / EBITDA <sup>1)</sup>	1.7	1.7	-0.7 %	1.8
Gearing ratio, %	91.9 %	90.2 %		103.0 %
Equity ratio, %	42.4 %	41.9 %		41.0 %
Cash flow	73	68	7.3 %	257
Comparable cash flow	73	68	7.3 %	323

<sup>1)</sup> (Interest-bearing debt – financial assets) / (four previous quarters' comparable EBITDA)

Net debt increased by EUR 42 million to EUR 1,117 million. Cash flow after investments increased by 7 per cent to EUR 73 million (68). Cash flow was positively affected by higher EBITDA and lower net financial expenses and paid taxes. Cash flow was negatively affected, mainly by a change in net working capital due to inventory changes and higher licence payments in capital expenditure.

## Changes in corporate structure

There were no material changes in the corporate structure during the financial period.

## Consumer Customers business

EUR million	1Q20	1Q19	Δ %	2019
Revenue	286	273	4.8 %	1,152
EBITDA	109	104	4.6 %	433
EBITDA-%	38.0 %	38.1 %		37.6 %
Comparable EBITDA	109	105	4.2 %	435
Comparable EBITDA-%	38.0 %	38.2 %		37.8 %
EBIT	68	63	7.0 %	268
EBIT-%	23.6 %	23.1 %		23.3 %
Comparable EBIT	68	64	6.3 %	271
Comparable EBIT-%	23.6 %	23.3 %		23.5 %
CAPEX	32	37	-13.8 %	171

Revenue increased by 5 per cent. Revenue was positively affected by growth in mobile and domestic digital services, as well as equipment sales and Estonian business. Decrease in usage and subscriptions of traditional fixed telecom services and other fixed line services affected revenue negatively.

Comparable EBITDA increased by 4 per cent, mainly due to revenue growth and efficiency improvements.

## Corporate Customers business

EUR million	1Q20	1Q19	Δ %	2019
Revenue	182	166	9.2 %	692
EBITDA	57	51	11.6 %	228
EBITDA-%	31.3 %	30.6 %		32.9 %
Comparable EBITDA	57	53	7.3 %	232
Comparable EBITDA-%	31.3 %	31.8 %		33.6 %
EBIT	31	27	17.2 %	127
EBIT-%	17.2 %	16.1 %		18.3 %
Comparable EBIT	31	29	8.9 %	131
Comparable EBIT-%	17.2 %	17.3 %		19.0 %
CAPEX	18	19	-4.8 %	85

Revenue increased by 9 per cent. Revenue was positively affected by the Polystar acquisition, growth in domestic digital services, as well as equipment sales and Estonian business. Revenue was negatively affected by a decrease in mobile and fixed-line services.

Comparable EBITDA increased by 7 per cent, mainly due to revenue growth and efficiency improvements.

## Personnel

In January–March, the average number of personnel at Elisa was 4,978 (4,810). Employee expenses totalled EUR 87 million (83). Personnel by segment at the end of the period:

	1Q20	1Q19	2019
Consumer Customers	2,865	2,804	2,736
Corporate Customers	2,145	1,987	2,148
Total	5,010	4,791	4,884

The increase in personnel was mainly due to the Polystar acquisition.

## Investments

EUR million	1Q20	1Q19	2019
Capital expenditure, of which	51	57	256
Consumer Customers	32	37	171
Corporate Customers	18	19	85
Shares	0	0	83
Total	51	57	339

The main capital expenditures related to the capacity and coverage increases in the 4G and 5G networks, as well as to other network and IT investments.

## Financing arrangements and ratings

EUR million	Maximum amount	In use on 31 Mar 2020
Committed credit limits	300	0
Commercial paper programme (not committed)	350	176
EMTN programme (not committed)	1,500	954

  

Long term credit ratings	Rating	Outlook
Credit rating agency		
Moody's Investor Services	Baa2	Stable
S&P Global Ratings	BBB+	Stable

## Share

Share trading volumes are based on trades made on the Nasdaq Helsinki and alternative marketplaces. Closing prices are based on the Nasdaq Helsinki.

Trading of shares	1Q20	1Q19	2019
Nasdaq Helsinki, millions	35.9	27.3	96.7
Other marketplaces, millions <sup>1)</sup>	63.3	45.7	168.5
Total volume, millions	99.2	72.9	265.2
Value, EUR million	5,151.5	2,789.0	11,145.4
% of shares	59.3 %	43.6 %	158.4 %

Shares and market values	31 Mar 2020	31 Mar 2019	2019
Total number of shares	167,335,073	167,335,073	167,335,073
Treasury shares	7,252,165	7,437,277	7,437,277
Outstanding shares	160,082,908	159,897,796	159,897,796
Closing price, EUR	54.46	40.22	49.25
Market capitalisation, EUR million	9,113	6,730	8,241
Treasury shares, %	4.33 %	4.44 %	4.44 %

Number of shares	Total	Treasury	Outstanding
Shares on 31 Dec 2019	167,335,073	7,437,277	159,897,796
Performance Share Plan 3 Feb 2020 <sup>2)</sup>		-185,112	185,112
Shares on 31 Mar 2020	167,335,073	7,252,165	160,082,908

<sup>1)</sup> Other marketplaces: 1Q20 based on Bloomberg, 2019 based on Bloomberg and Fidessa Fragmentation Index, 1Q19 based on the Fidessa Fragmentation Index. <sup>2)</sup> Stock exchange bulletins 3 February 2020.

On 3 February 2020, Elisa transferred 185,112 treasury shares to persons involved in the 2017–2019 Performance Share Plan.

## Significant legal and regulatory issues

In February, the Finnish government granted network licences for the Åland Islands in the 3.5 GHz band. Licences were granted to three operators, including Elisa, for a period from 1 March 2020 to 31 December 2033.

## Substantial risks and uncertainties associated with Elisa's operations

Risk management is part of Elisa's internal control system. It aims to ensure that risks affecting the company's business are identified, influenced and monitored. The company classifies risks into strategic, operational, hazard and financial risks.

### Strategic and operational risks:

The telecommunications industry is under intense competition in Elisa's main market areas, which may have an impact on Elisa's business. The telecommunications industry is subject to heavy regulation. Elisa and its businesses are monitored and regulated by several public authorities. This regulation also affects the price level of some products and services offered by Elisa, and may also require investments that have long payback times.

Elisa processes different kinds of data, including personal and traffic data. Therefore, the applicable data protection legislation, especially the General Data Protection Regulation, has a significant impact on Elisa and its businesses.

The rapid developments in telecommunications technology may have a significant impact on Elisa's business.

Elisa's main market is Finland, where the number of mobile phones per inhabitant is among the highest in the world, and growth in subscriptions is thus limited. Furthermore, the volume of phone traffic on the fixed network has decreased during the last years. These factors may limit opportunities for growth.

Elisa is liable for direct and indirect taxes and withholding taxes in the countries in which it operates. Tax authorities have taken a slightly more intense approach to tax inspection. Tax payments might be challenged by local tax authorities and this might have negative financial impact for Elisa.

### Hazard risks:

The company's core operations are covered by insurance against damage and interruptions caused by accidents and disasters. Accident risks also include litigation and claims.

The direct and indirect effects of the coronavirus (COVID-19) pandemic are uncertain. The prolonged duration of the pandemic may significantly contribute to a slowdown in economic growth. This may have negative effects on Elisa through customer demand, suppliers' security of supply and employee health. Elisa has adapted its operations and has taken many proactive measures due to the COVID-19 pandemic, e.g. more intensive follow-up of customer demand for existing services as well as emerging demand for new business opportunities. Also, we have moved to remote working in the duties where it is possible.

### Financial risks:

In order to manage the interest rate risk, the Group's loans and investments are diversified into fixed- and variable-rate instruments. Interest rate swaps can be used to manage the interest rate risk.

As most of Elisa's operations and cash flow are denominated in euros, the exchange rate risk is minor. Currency derivatives can be used to manage the currency risk.

The objective of liquidity risk management is to ensure the Group's financing in all circumstances. Elisa has cash reserves, committed credit facilities and a sustainable cash flow to cover its foreseeable financing needs.

Liquid assets are invested within confirmed limits in financially solid banks, domestic companies and institutions. Credit risk concentrations in accounts receivable are minor, as the customer base is broad.



COVID-19 has resulted in changes to the interest rates and investors' willingness to invest in securities. This might have an effect on Elisa's possibilities to raise funds and increase financing costs.

A detailed description of financial risk management can be found in Note 7.1 to the Annual Report 2019.

## Events after the financial period

In April, the Finnish Government adopted decisions on the main conditions of the 26 GHz spectrum auction. Three 800 MHz frequency bands will be sold for nationwide use in mainland Finland, and the reserve price of an 800 MHz frequency band is EUR 7 million. It has been announced that the auction will begin on 8 June 2020, and the 26 GHz frequencies can be used for 5G networks starting from 1 July 2020. The 850 MHz frequency band is being out of the scope of the auction to be reserved for local usage purposes.

The Estonian state has announced that the deadline for submission of participation applications for the 3.5 GHz spectrum auction is 18 June 2020. Three 130 MHz frequency bands will be sold for nationwide use in Estonia. The starting price of a frequency band in the auction is EUR 1,597,000. The starting date of the auction has not yet been announced. The frequencies can be used for 5G networks.

### Annual General Meeting 2020

On 2 April 2020, Elisa's Annual General Meeting decided to pay a dividend of EUR 1.85 per share based on the adopted financial statements for 2019. The dividend was paid to the shareholders who were registered in the company's share register maintained by Euroclear Finland Ltd on 6 April 2020. The dividend was paid on 15 April 2020.

The Annual General Meeting adopted the financial statements for 2019. The members of the Board of Directors and the CEO were discharged from liability for 2019.

The number of members of the Board of Directors was confirmed at seven (7). Ms Clarisse Berggårdh, Mr Kim Ignatius, Ms Seija Turunen, Mr Anssi Vanjoki and Mr Antti Vasara were re-elected as members of the Board of Directors, and Mr Topi Manner and Ms Eva-Lotta Sjöstedt as new members of the Board of Directors. Mr Anssi Vanjoki was appointed as the Chair and Ms Clarisse Berggårdh as the Deputy Chair of the Board of Directors.

The Annual General Meeting decided that the amount of annual remuneration for the members of the Board of Directors and remuneration for meeting participation be changed. The Chair is paid annual remuneration of EUR 123,000, the Deputy Chair and the Chairs of the Committees EUR 82,000, and other Board members EUR 67,000; and additionally EUR 750 per meeting of the Board and of a Committee.

The audit firm KPMG Oy Ab was re-elected as the company's auditor. Mr Toni Aaltonen, APA, is the responsible auditor.

The Annual General Meeting decided to amend sections 10 and 11 of the Articles of Association according to the proposal by the Board of Directors. The Annual General Meeting decided on remuneration policy of governing bodies.

### Composition of the Committees of the Elisa's Board of Directors

The Board of Directors held its organising meeting and appointed Ms Clarisse Berggårdh (Chair), Ms Eva-Lotta Sjöstedt and Mr Antti Vasara to the People and Compensation Committee. Ms Seija Turunen (Chair), Mr Kim Ignatius and Mr Topi Manner were appointed to the Audit Committee.

## **The Board of Directors' authorisations**

The Annual General Meeting decided to authorise the Board of Directors to resolve to repurchase or accept as pledge the company's own shares. The repurchase may be directed. The number of shares under this authorisation is 5 million shares at maximum. The authorisation is effective until 30 June 2021.

The Annual General Meeting decided to authorise the Board of Directors to pass a resolution concerning share issues, the right of assignment of treasury shares and/or the granting of special rights referred to in the Companies Act. The number of shares under this authorisation is 15million shares at maximum. The authorisation is effective until 30 June 2021.

## **Outlook and guidance for 2020**

The current coronavirus (COVID-19) situation may significantly slow down economic growth and create uncertainty in macroeconomic development. A strong economic slowdown may impact Elisa. Competition in the Finnish telecommunications market remains keen.

Guidance for 2020 is unchanged. Full-year revenue is estimated to be at the same level or slightly higher than in 2019. Mobile data and digital services are expected to increase revenue. Full-year comparable EBITDA is anticipated to be at the same level or slightly higher than in 2019. Capital expenditure is expected to be a maximum of 12 per cent of revenue.

Elisa is continuing its productivity improvement development, for example by increasing automation and data analytics in different processes, such as customer interactions, network operations and delivery. Additionally, Elisa's continuous quality improvement measures will increase customer satisfaction and efficiency, and reduce costs.

Elisa's transformation into a provider of exciting, new and relevant services for its customers is continuing. Long-term growth and profitability improvement will derive from growth in the mobile data market, as well as digital online and ICT services.

BOARD OF DIRECTORS

Unaudited

## Consolidated income statement

EUR million	Note	1-3 2020	1-3 2019	1-12 2019
<b>Revenue</b>	1	<b>468.1</b>	<b>439.7</b>	<b>1,843.5</b>
Other operating income		0.6	0.7	5.7
Materials and services		-171.6	-160.5	-693.1
Employee expenses		-87.1	-83.5	-320.3
Other operating expenses		-44.3	-41.4	-175.0
<b>EBITDA</b>	1	<b>165.7</b>	<b>155.1</b>	<b>660.8</b>
Depreciation, amortisation and impairment	1	-66.8	-65.1	-265.8
<b>EBIT</b>	1	<b>99.0</b>	<b>90.0</b>	<b>395.0</b>
Financial income		1.4	3.6	6.1
Financial expenses		-5.7	-10.8	-29.0
Share of associated companies' profit		0.2	-0.1	-0.2
<b>Profit before tax</b>		<b>94.9</b>	<b>82.7</b>	<b>371.9</b>
Income taxes		-17.0	-14.0	-68.7
<b>Profit for the period</b>		<b>77.9</b>	<b>68.7</b>	<b>303.1</b>
<b>Attributable to</b>				
Equity holders of the parent		77.8	68.7	303.0
Non-controlling interests		0.0	0.0	0.2
		77.9	68.7	303.1
<b>Earnings per share (EUR)</b>				
Basic		0.49	0.43	1.90
Diluted		0.49	0.43	1.90
<b>Average number of outstanding shares (1000 shares)</b>				
Basic		160,014	159,828	159,881
Diluted		160,014	159,828	159,881

## Consolidated statement of comprehensive income

<b>Profit for the period</b>		<b>77.9</b>	<b>68.7</b>	<b>303.1</b>
<b>Other comprehensive income, net of tax</b>				
<b>Items which may be reclassified subsequently to profit or loss</b>				
Cash flow hedge		-0.2	-0.3	-0.4
Translation differences		-4.3	0.2	1.2
		-4.4	-0.1	0.9
<b>Items which are not reclassified subsequently to profit or loss</b>				
Remeasurements of the net defined benefit liability				-1.7
<b>Total comprehensive income</b>		<b>73.5</b>	<b>68.5</b>	<b>302.3</b>
<b>Total comprehensive income attributable to</b>				
Equity holders of the parent		73.4	68.5	302.2
Non-controlling interest		0.0	0.0	0.2
		73.5	68.5	302.3

## Consolidated statement of financial position

EUR million	31.3. 2020	31.12. 2019
<b>Non-current assets</b>		
Tangible assets	812.9	826.8
Goodwill	1,082.4	1,086.1
Other intangible assets	199.8	202.5
Investments in associated companies	2.6	2.4
Other investments	13.7	13.7
Deferred tax assets	12.4	14.4
Trade and other receivables	91.0	91.9
	2,214.8	2,237.7
<b>Current assets</b>		
Inventories	65.6	67.7
Trade and other receivables	433.5	453.5
Tax receivables	1.3	3.3
Cash and cash equivalents	160.9	52.0
	661.2	576.5
<b>Total assets</b>	<b>2,876.1</b>	<b>2,814.2</b>
<b>Equity attributable to equity holders of the parent</b>	<b>1,214.1</b>	<b>1,149.6</b>
<b>Non-controlling interests</b>	<b>0.7</b>	<b>0.7</b>
<b>Total shareholders' equity</b>	<b>1,214.8</b>	<b>1,150.3</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	23.2	25.6
Pension obligations	16.7	16.7
Provisions	2.9	2.9
Financial liabilities	909.4	1,085.1
Trade payables and other liabilities	26.8	36.8
	978.9	1,167.2
<b>Current liabilities</b>		
Trade and other payables	311.7	343.2
Tax liabilities	1.1	0.4
Provisions	1.5	2.1
Financial liabilities	368.0	151.1
	682.4	496.7
<b>Total equity and liabilities</b>	<b>2,876.1</b>	<b>2,814.2</b>

## Condensed consolidated cash flow statement

EUR million	1-3 2020	1-3 2019	1-12 2019
<b>Cash flow from operating activities</b>			
Profit before tax	94.9	82.7	371.9
Adjustments			
Depreciation, amortisation and impairment	66.8	65.1	265.8
Other adjustments	-7.7	1.0	11.9
	59.0	66.1	277.7
Change in working capital			
Increase (-) / decrease (+) in trade and other receivables	22.9	9.1	-20.4
Increase (-) / decrease (+) in inventories	1.7	5.8	-1.9
Increase (+) / decrease (-) in trade and other payables	-22.0	-7.2	16.8
	2.6	7.7	-5.4
Financial items, net	-11.4	-16.2	-21.3
Taxes paid	-14.5	-17.9	-69.0
<b>Net cash flow from operating activities</b>	<b>130.6</b>	<b>122.3</b>	<b>553.9</b>
<b>Cash flow from investing activities</b>			
Capital expenditure	-58.2	-54.9	-231.6
Investments in shares and business combinations	-0.3	-0.1	-67.1
Proceeds from asset disposal	0.7	0.5	2.3
<b>Net cash used in investing activities</b>	<b>-57.8</b>	<b>-54.4</b>	<b>-296.5</b>
<b>Cash flow before financing activities</b>	<b>72.8</b>	<b>67.8</b>	<b>257.4</b>
<b>Cash flow from financing activities</b>			
Proceeds from long-term borrowings		168.4	167.9
Repayment of long-term borrowings			-180.1
Increase (+) / decrease (-) in short-term borrowings	43.0	-97.0	26.0
Repayment of lease liabilities	-5.3	-4.8	-22.5
Dividends paid	-0.3	-0.3	-279.6
<b>Net cash used in financing activities</b>	<b>37.4</b>	<b>66.3</b>	<b>-288.3</b>
<b>Change in cash and cash equivalents</b>	<b>110.2</b>	<b>134.2</b>	<b>-30.9</b>
Translation differences	-1.3		2.0
Cash and cash equivalents at the beginning of the period	52.0	80.9	80.9
<b>Cash and cash equivalents at the end of period</b>	<b>160.9</b>	<b>215.1</b>	<b>52.0</b>

## Consolidated Statement of changes in equity

EUR million	Share capital	Treasury shares	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Non-controlling interests	Total equity
<b>Balance at 1 January 2019</b>	<b>83.0</b>	<b>-135.6</b>	<b>90.9</b>	<b>372.8</b>	<b>715.2</b>	<b>0.5</b>	<b>1,126.9</b>
Profit for the period					68.7	0.0	68.7
Translation differences					0.2		0.2
Cash flow hedge				-0.3			-0.3
<b>Total comprehensive income</b>				<b>-0.3</b>	<b>68.8</b>	<b>0.0</b>	<b>68.5</b>
Share-based compensation		3.4			-3.2		0.3
Other changes					-4.4		-4.4
<b>Balance at 31 March 2019</b>	<b>83.0</b>	<b>-132.2</b>	<b>90.9</b>	<b>372.6</b>	<b>776.4</b>	<b>0.6</b>	<b>1,191.3</b>
EUR million							
<b>Balance at 1 January 2020</b>	<b>83.0</b>	<b>-132.2</b>	<b>90.9</b>	<b>370.8</b>	<b>737.0</b>	<b>0.7</b>	<b>1,150.3</b>
Profit for the period					77.8	0.0	77.9
Translation differences					-4.3		-4.3
Cash flow hedge				-0.2			-0.2
<b>Total comprehensive income</b>				<b>-0.2</b>	<b>73.6</b>	<b>0.0</b>	<b>73.5</b>
Share-based compensation		3.8			-4.1		-0.3
Other changes					-8.6		-8.6
<b>Balance at 31 March 2020</b>	<b>83.0</b>	<b>-128.4</b>	<b>90.9</b>	<b>370.6</b>	<b>797.9</b>	<b>0.7</b>	<b>1,214.8</b>

## Notes

### ACCOUNTING PRINCIPLES

The interim report has been prepared in accordance with the IFRS recognition and measurement principles, although not all requirements of IAS 34 *Interim Financial Reporting* have been followed. The information has been prepared in accordance with the International Financial Reporting Standards (IFRS) effective at the time of preparation and adopted for use by the European Union. Apart from the changes in accounting principles stated below, the accounting principles applied in the interim report are the same as in the financial statements on 31 December 2019.

#### Changes in the accounting principles

Amendments to IFRS standards adopted as of 1 January 2020 do not have a material impact on the Company's consolidated financial statements.

## 1. Segment information

<b>1-3/2020</b>	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	286.4	181.7		468.1
EBITDA	108.9	56.8		165.7
Depreciation, amortisation and impairment	-41.3	-25.5		-66.8
EBIT	67.6	31.3		99.0
Financial income			1.4	1.4
Financial expenses			-5.7	-5.7
Share of associated companies' profit			0.2	0.2
Profit before tax				94.9
Investments	32.3	18.5		50.8
<b>1-3/2019</b>	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	273.4	166.4		439.7
EBITDA	104.1	50.9		155.1
Depreciation, amortisation and impairment	-40.9	-24.2		-65.1
EBIT	63.2	26.7		90.0
Financial income			3.6	3.6
Financial expenses			-10.8	-10.8
Share of associated companies' profit			-0.1	-0.1
Profit before tax				82.7
Investments	37.5	19.4		56.9
<b>1-12/2019</b>	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	1,151.9	691.6		1,843.5
EBITDA	433.2	227.6		660.8
Depreciation, amortisation and impairment	-164.8	-101.0		-265.8
EBIT	268.3	126.7		395.0
Financial income			6.1	6.1
Financial expenses			-29.0	-29.0
Share of associated companies' profit			-0.2	-0.2
Profit before tax				371.9
Investments	170.7	85.3		256.0
Total assets	1,748.2	980.2	85.8	2,814.2



## 2. Off-balance sheet lease commitments

The future minimum lease payments under non-cancellable off-balance sheet leases:

EUR million	31.3. 2020	31.12. 2019
Within one year	11.6	11.4
Later than one year not later than five years	3.2	2.8
Later than five years	0.8	0.8
	15.6	15.0

Lease commitments are exclusive of value added tax.

## 3. Contingent liabilities

EUR million	31.3. 2020	31.12. 2019
For our own commitments		
Mortgages	1.2	1.2
Guarantees		0.1
Deposits	0.4	0.4
	1.5	1.6
Other contractual obligations		
Venture Capital investment commitment	1.9	2.2
Repurchase obligations	0.0	0.0
Letter of credit	0.1	0.1

## 4. Derivative instruments

EUR million	31.3. 2020	31.12. 2019
Nominal values of derivatives		
Electricity derivatives	0.7	1.0
Currency derivatives	4.3	4.4
	5.0	5.4
Fair values of derivatives		
Electricity derivatives	-0.2	-0.1
Currency derivatives	-0.1	0.0
	-0.2	0.0

## 5. Key figures

EUR million	1-3 2020	1-3 2019	1-12 2019
Shareholders' equity per share, EUR	7.58	7.45	7.19
Interest bearing net debt	1,116.5	1,074.6	1,184.2
Gearing, %	91.9 %	90.2 %	103.0 %
Equity ratio, %	42.4 %	41.9 %	41.0 %
Return on investment (ROI), % *)	16.7 %	17.5 %	17.2 %
Gross investments in fixed assets, of which right-of-use assets	50.8 2.8	56.9 7.2	256.0 29.0
Gross investments as % of revenue	10.8 %	12.9 %	13.9 %
Investments in shares and business combinations	0.3	0.1	83.4
Average number of employees	4,978	4,810	4,882

\*) rolling 12 months profit preceding the reporting date

## Financial Calendar

Half-Year Report 2020

15 July 2020

Interim Report Q3 2020

16 October 2020

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