

A woman with blonde hair in a ponytail, wearing a grey long-sleeved shirt and blue jeans, is sitting on a light-colored sofa. She is smiling and looking at a red tablet computer she is holding in her lap. The background is a bright, slightly blurred indoor setting with a window.

1st quarter results 2015

Q1

Agenda

CEO's review

Veli-Matti Mattila, CEO

Financial review

Jari Kinnunen, CFO

CEO's review

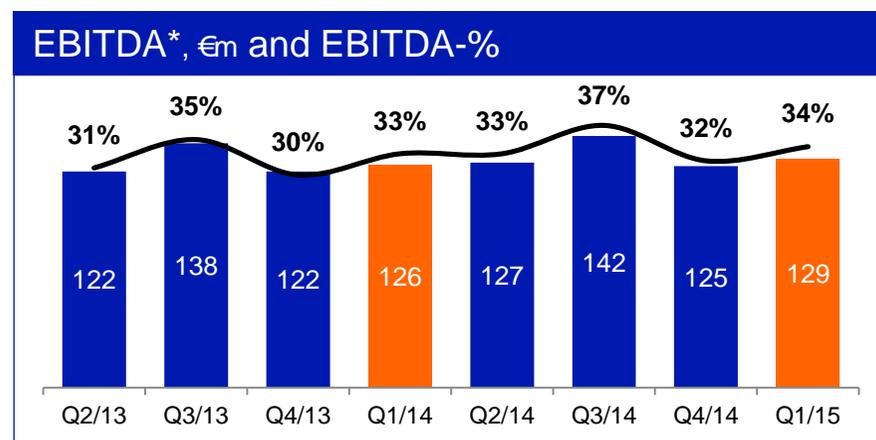
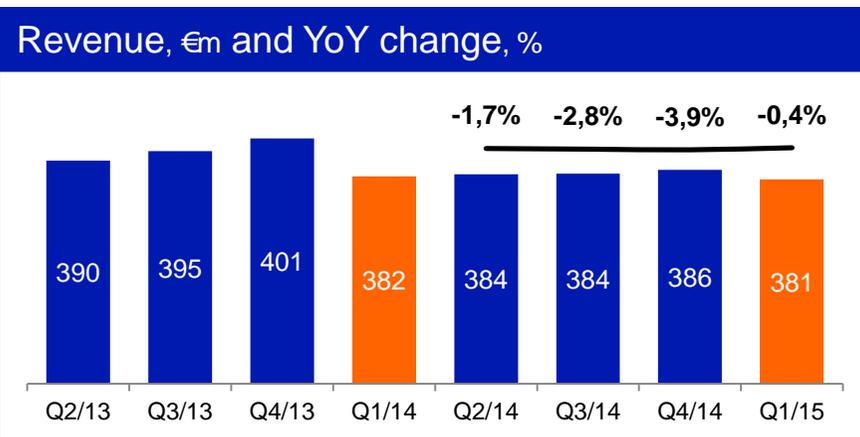
- Q1 2015 financial and operational highlights
- Segment review
- Strategy execution
- Outlook and guidance for 2015

Q1 2015 highlights

- Revenue at the last year's level, clear result improvement
- Mobile service revenue growth 4%
- Mobile subscription base decreased due to non-active subs terminations and decrease in prepaid base
- Good profit growth in Consumer Customers segment
- Strong mobile data growth continued, smartphone penetration 63%
 - Smartphones 95% of new sales, 79% LTE-capable
- Success in Elisa Viihde IPTV, boosted by new chargeable mobile application

Flat revenue, clear profit improvement

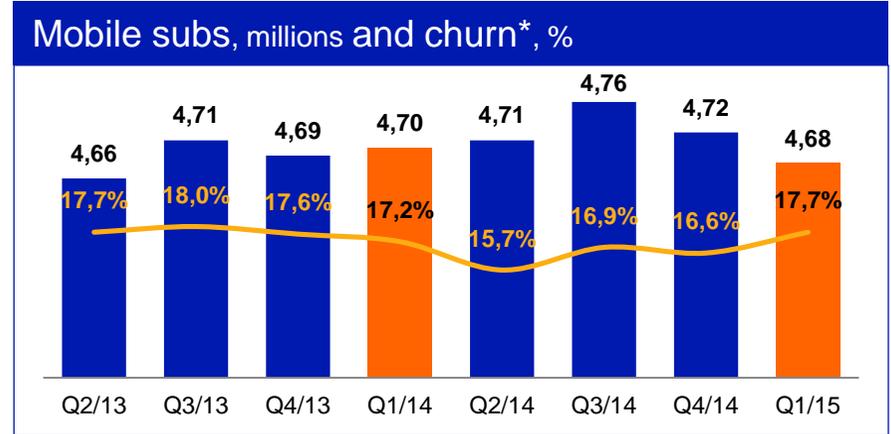
- Revenue €381m (382)
- EBITDA €129m (126)
- Earnings per share €0.37 (0.32)
- Net debt / EBITDA 1.8 (1.8)
- CAPEX €52m (48)



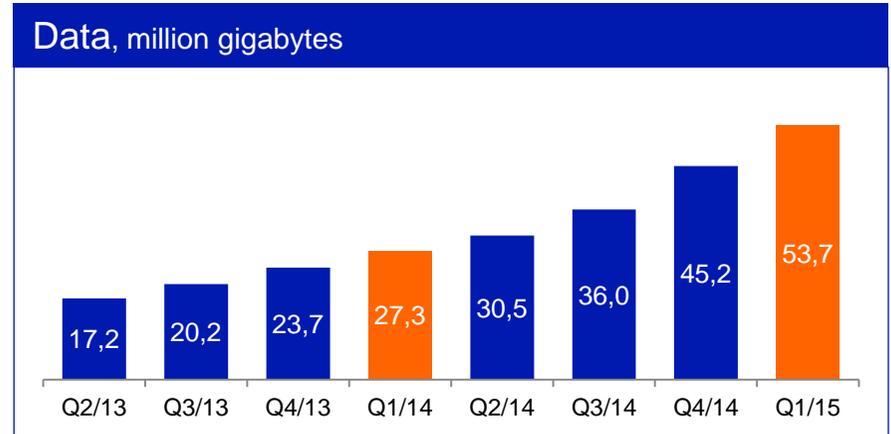
* Excluding one-offs

Strong data growth, churn slightly up

- Decrease in subscription base
 - Decrease in non-active and prepaid subscriptions. Growth in Corporate segment, Estonia -3,000 subs
 - Fixed broadband down by 6,900
 - Growth in Elisa Viihde IPTV
 - Churn slightly up to 17.7% (16.6)

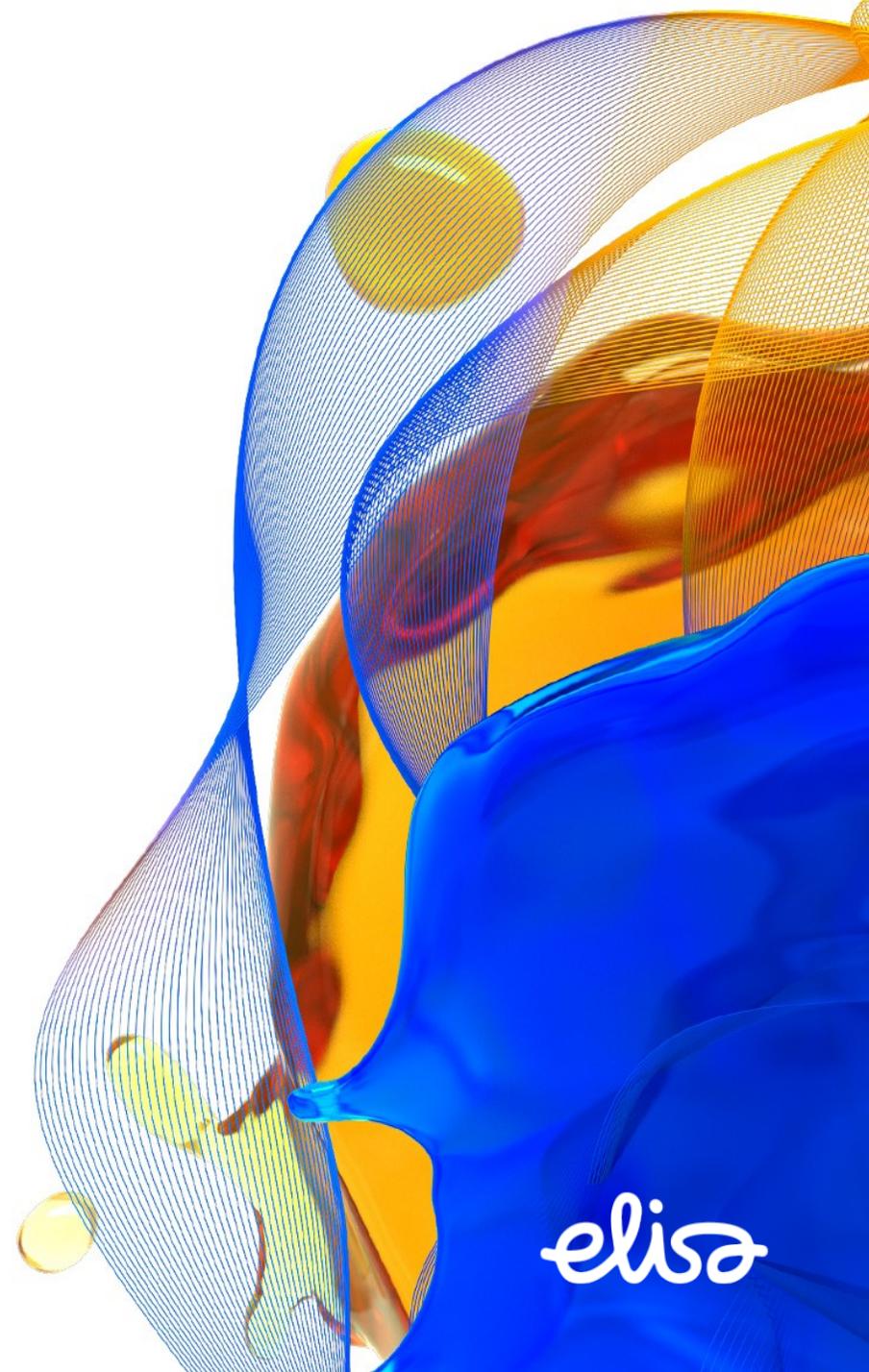


- Strong data growth
 - Mobile data YoY growth 97%
 - Outgoing minutes 1.6bn, slight decrease
 - 500m SMS, slight decrease



* Annualised

Business segments

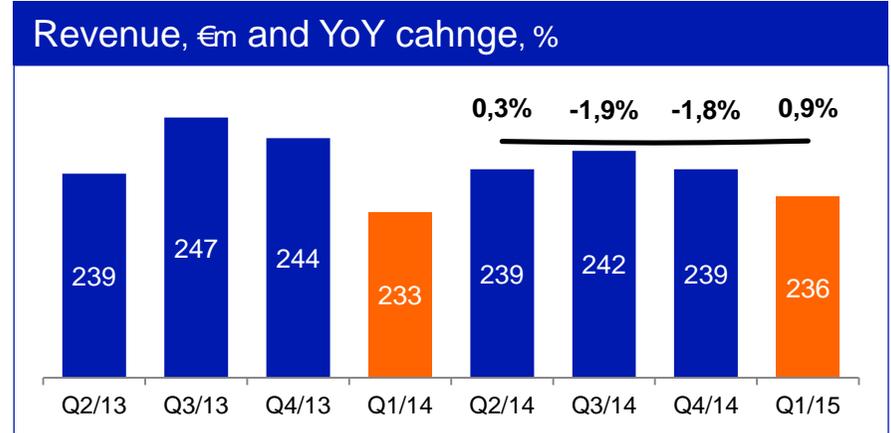


elisa

EBITDA up, profitability improved

- Revenue €236m (233)

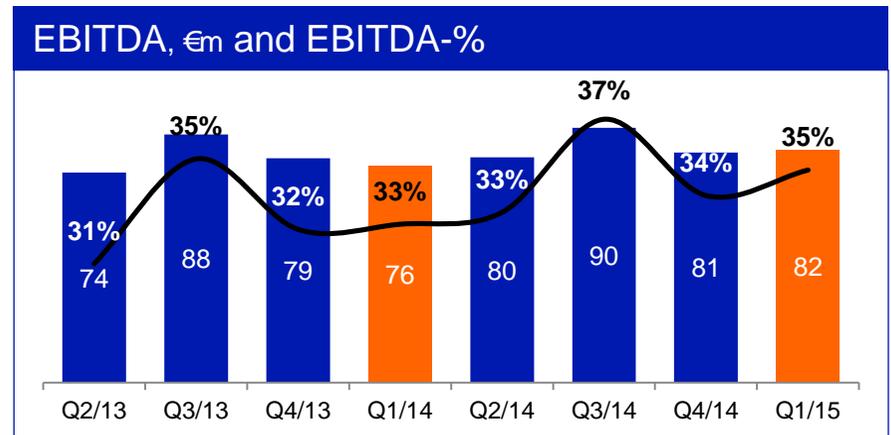
- Growth in mobile service revenue
- Decrease in interconnection revenue
- New services growing



- EBITDA €82m (76)

- EBITDA-margin up to 35% (33)
- Mobile service revenue growth
- Productivity improvements

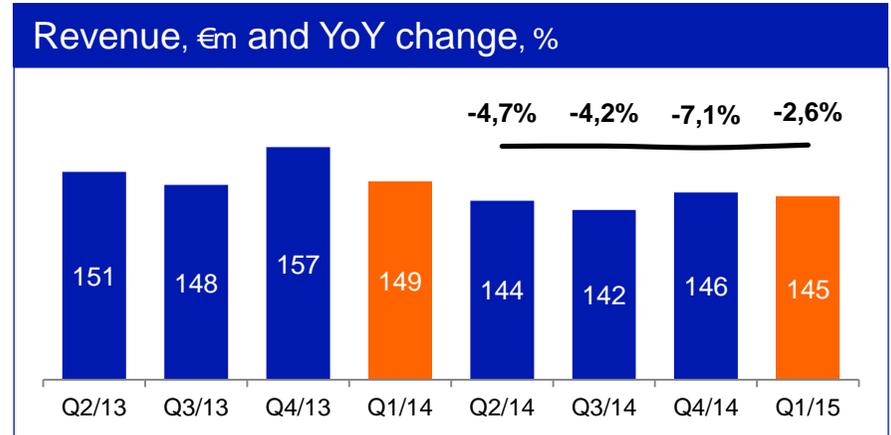
- CAPEX €29m (25)



Lower revenue affected result

- Revenue €145m (149)

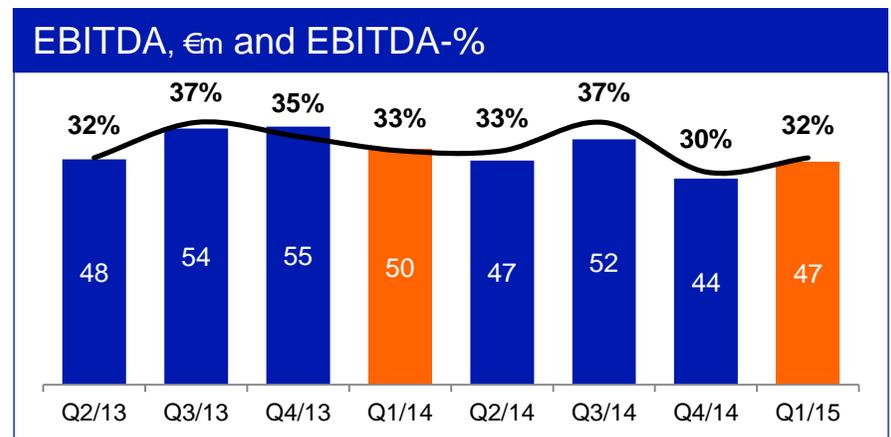
- Growth in mobile service revenue
- Interconnection, ICT business and traditional fixed network revenues down
- Divestment affected revenue



- EBITDA €47m (50)

- Lower revenue and weak economic environment

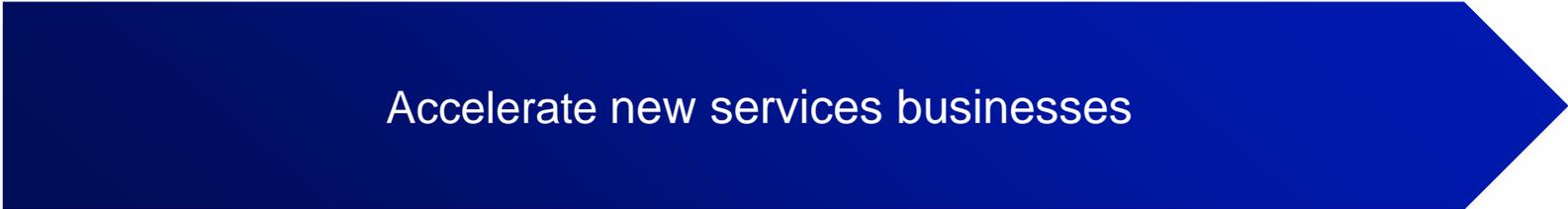
- CAPEX €22m (23)



Strategy execution



Build value on data



Accelerate new services businesses



Improve performance with
customer intimacy and operational excellence

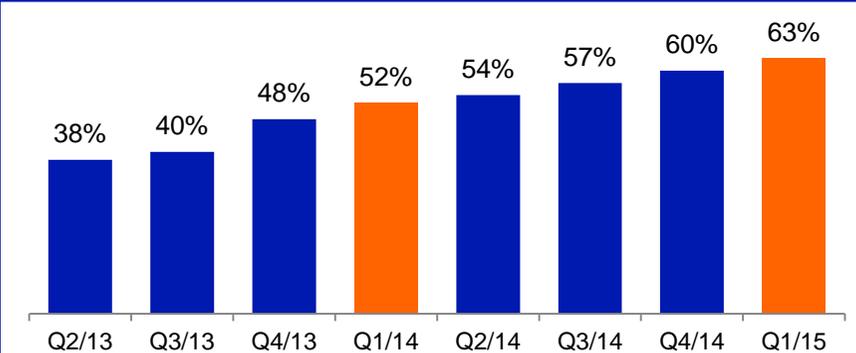
Smartphone base and data growth continues

- 63% of customers use smartphone
 - 48% of smartphones are 4G-capable
- Of all models sold in Q1
 - 95% were smartphones, 79% were 4G-capable

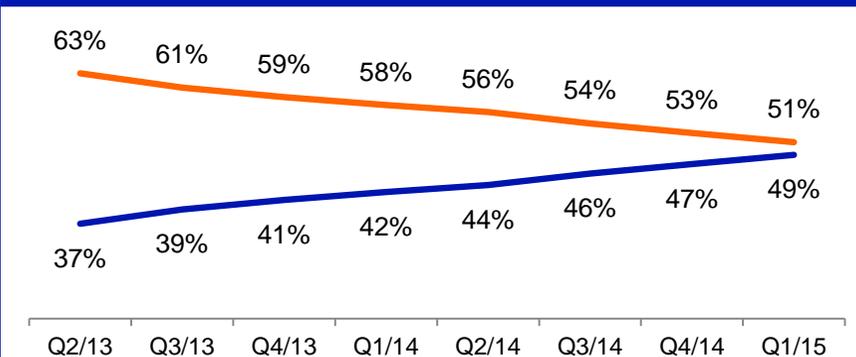
- Fixed monthly fee data bundles are becoming more general
 - Almost half of voice subs* are new types of data bundles
 - Still majority in 3G speeds, good growth in 4G speeds

* Post-paid subscriptions in Finland

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



Usage based (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)



New double-speed 4G network – first in Finland

- New subscription for consumers, up to 300 Mbps speed
 - Available in 12 city areas
 - Majority of new smartphones support LTE CAT-6 technique
- Speeds are based on Carrier Aggregation technique. Network capacity is also increased.
- Will be available also for corporate customers during April 2015



Elisa brings corporates to Internet of Things (IoT) era

- Service concept to create IoT applications and services
 - Easy start without traditional software development
 - Open platform and tools for swift software development, data storage and visualisation
 - All data in Elisa's servers in Finland
- Service concept includes data protection and round-the-clock monitoring



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 up by 2%, EPS by 14%

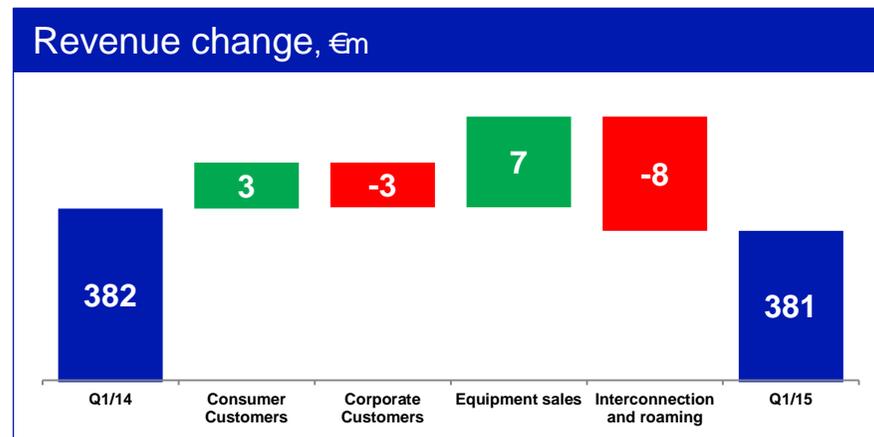
- EBITDA improved
 - Service revenue growth
 - Productivity improvements
- Financial expenses down due to lower interest rate
 - Q1 2014 includes €1m write-down of shares
- Lower effective tax rate
- Best ever Q1 EPS

€ million	Q1/15	Q1/14	Δ ¹⁾	$\Delta\%$	2014
Revenue	381	382	-2	0	1,535
Other operating income	0	1			8
Operating expenses	-252	-257	-5	-2	-1,024
EBITDA	129	126	3	2	520
<i>EBITDA-%</i>	<i>34</i>	<i>33</i>			<i>34</i>
Depreciation	-53	-54			-215
EBIT	76	72	4	6	305
<i>EBIT-%</i>	<i>20</i>	<i>19</i>			<i>20</i>
Financials	-5	-8			-27
Profit before tax	71	64	7	11	278
Income taxes	-12	-13			-55
Net profit	59	51	8	15	223
EPS, €	0.37	0.32	0.04	14	1.41

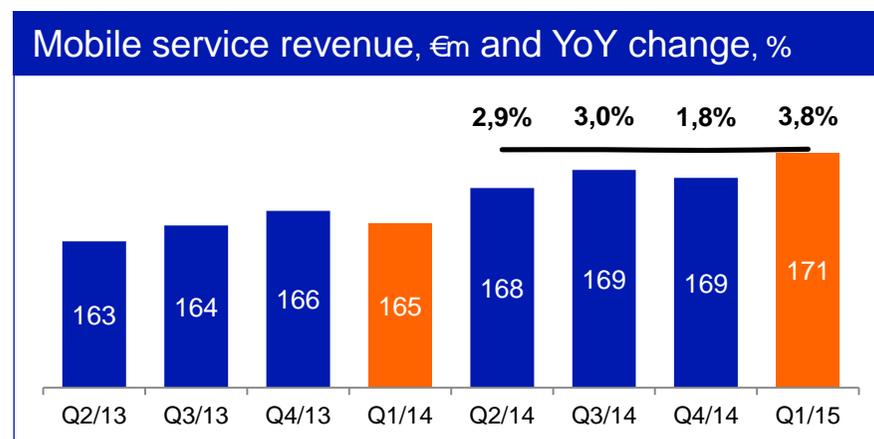
¹⁾ Difference is calculated using exact figures prior to rounding

Good growth in mobile service revenue

- **Consumer Customers**
 - Growth in mobile services and online services
 - Decrease in fixed voice and broadband
- **Corporate Customers**
 - Divestment and decrease in ICT services
 - Growth in mobile services
- **Growth in smartphones, lower MTR**



- **Mobile service revenue grew by 3.8%**
 - Up-selling to higher speeds
 - More smartphones and data bundle subscriptions
 - Price increases
- **Decrease in subscriptions**
 - Non-active and prepaid subs

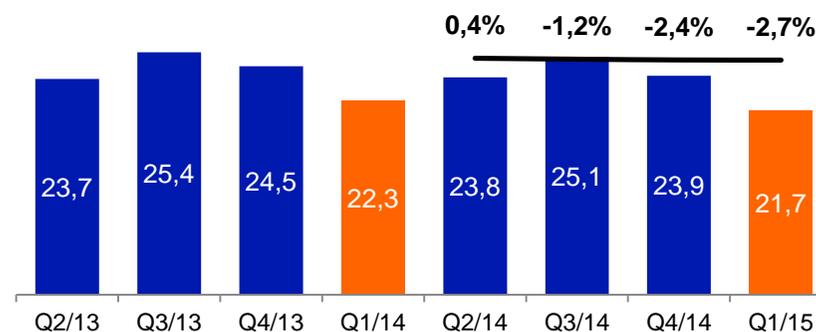


Clear profitability improvement in Estonia

- Revenue €21.7m (22.3)

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

Revenue, €m and YoY change, %



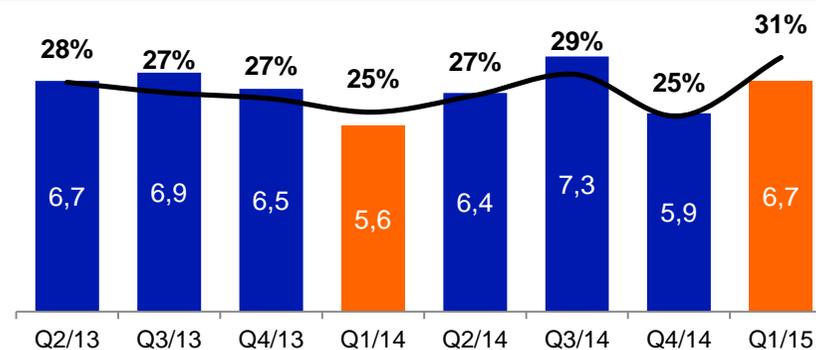
- EBITDA €6.7m (5.6)

- Mobile service revenue
- Productivity improvements

- CAPEX €4.2m (1.6)

- Seasonality

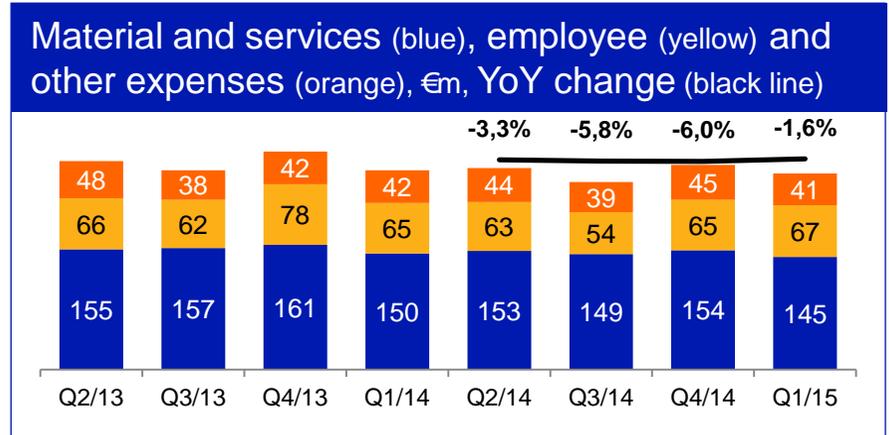
EBITDA, €m and EBITDA-%



Total expenses decreasing

- OPEX decreasing
 - Productivity improvements and synergies
 - Interconnection and roaming
- OPEX increasing
 - Seasonality in employee expenses
 - Equipment purchases

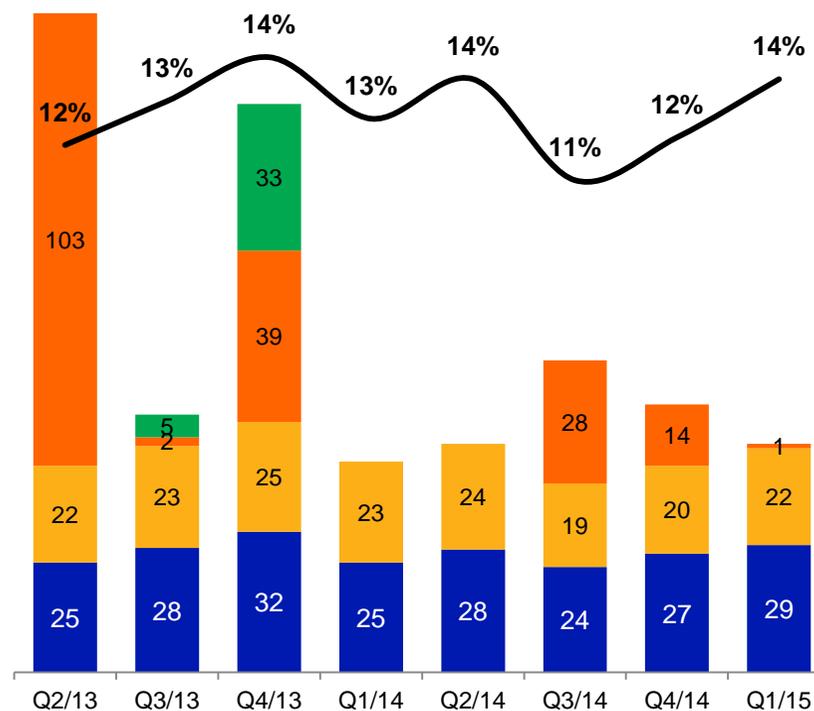
- Stable depreciation levels
 - Long-term stable CAPEX level



CAPEX slightly higher in Q1

- Q1 CAPEX €52m (48)
 - Consumer €29m (25)
 - Corporate €22m (23)
 - CAPEX / sales 14% of revenue, seasonality
 - Full year CAPEX / sales guidance 12%
- Major CAPEX areas
 - 4G rollout
 - Fixed access and backbone networks
 - IT systems
 - Customer equipment

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 and Q1/15 includes purchases of Anvia shares.



Clear improvement in cash flow

- EBITDA

- Service revenue growth and productivity improvements

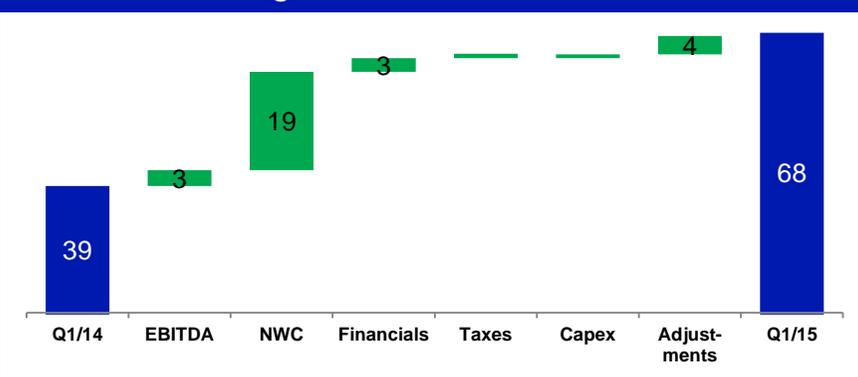
- NWC

- Positive effect in payables due to seasonality
- Lower inventories

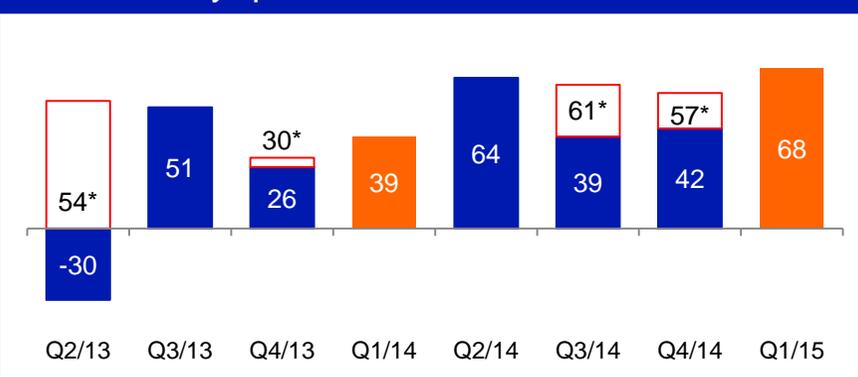
- Financials

- Lower interest rates

Cash flow change, €m



Cash flow by quarters, €m



* Excluding share purchases and licence payments



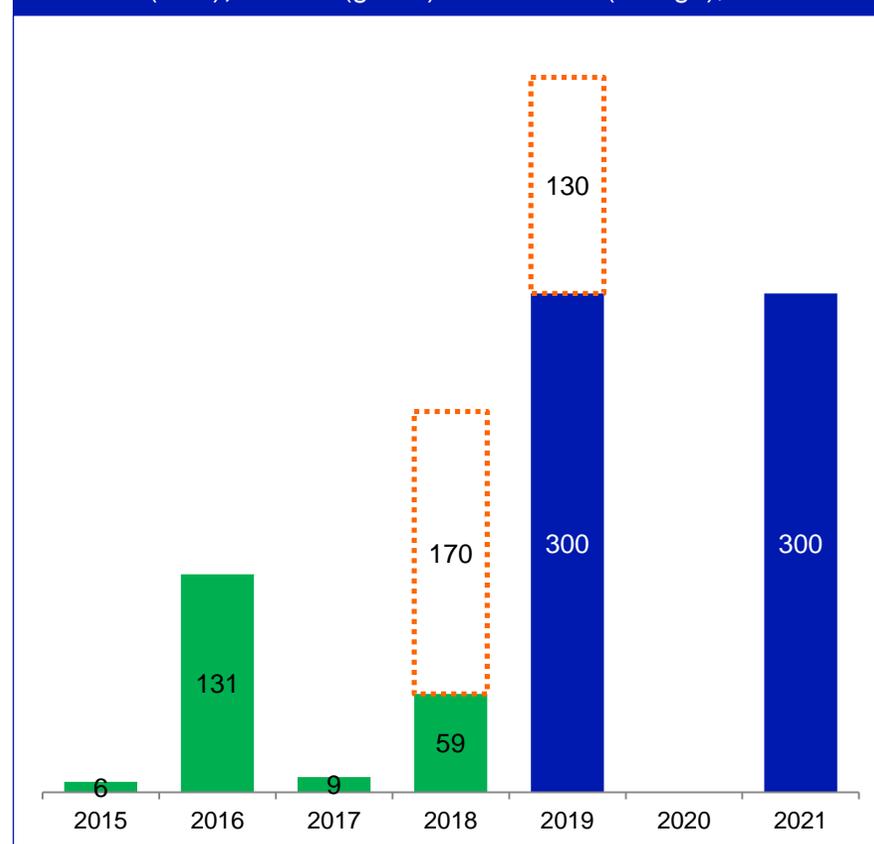
Solid liquidity position

- Cash and undrawn committed credit facilities €361m (438)
 - Revolving credit facilities fully undrawn
- Commercial paper programme
 - €169m in use as of 31 March 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 31 Mar 2015

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



Return ratios improved

- Net debt at target level

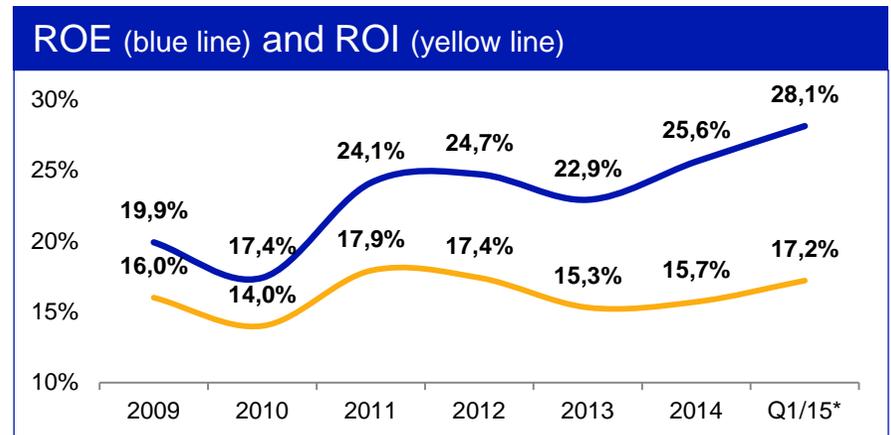
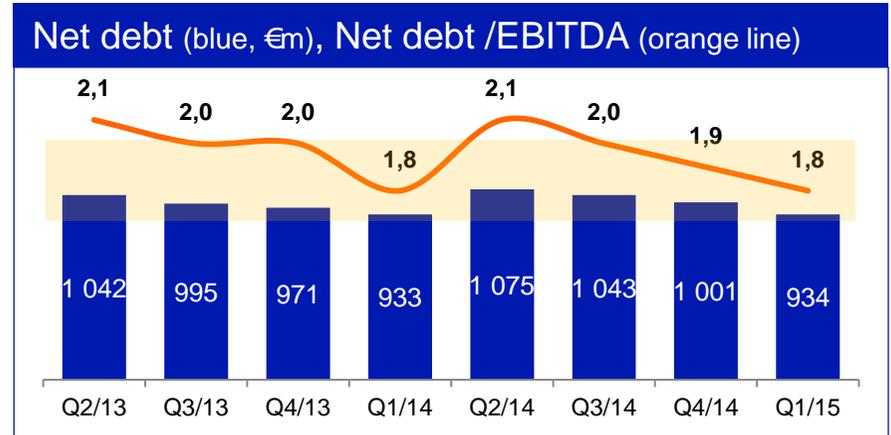
- Net debt / EBITDA 1.8x
- Gearing 129%, equity ratio 32% due to timing of dividend decision

- 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

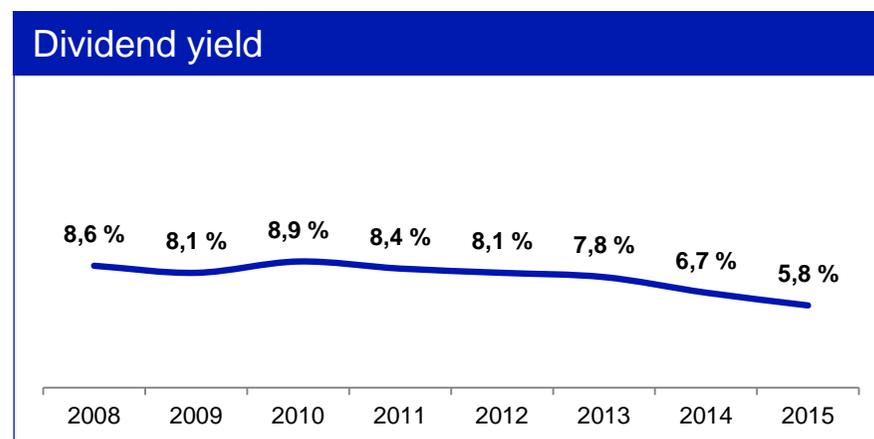
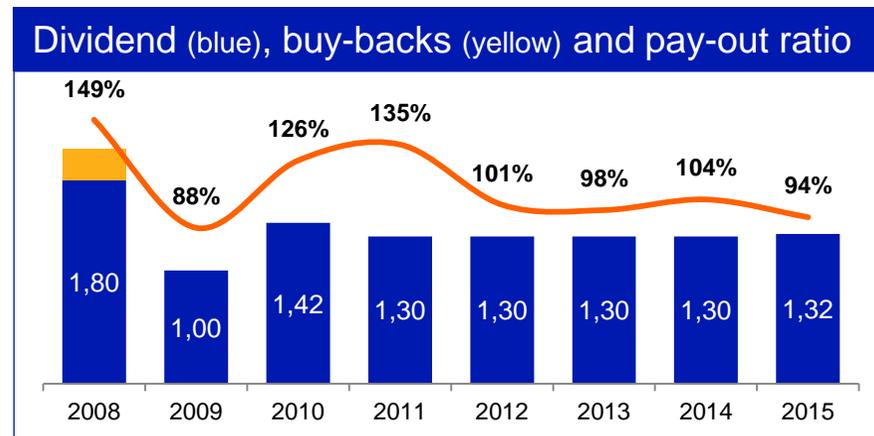
Tender offer for Anvia shares

- Offer for all Anvia shareholders 15 April – 8 May 2015
 - Up to 62,500 shares, 40,000 shareholders
 - Price EUR 2,000 per share, same as in Autumn 2014
- Elisa's current ownership is 26.8 per cent
 - Approval from the Competition Authority in April

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





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Download the Elisa IR App



APPENDIX

Cash flow YoY comparison

EUR million	Q1/15	Q1/14	Δ ¹⁾	Δ%	2014
EBITDA	129	126	3	2%	520
Change in receivables	-5	0	-5		-5
Change in inventories	5	2	3		-2
Change in payables	12	-8	20		-14
Change in NWC	13	-6	19		-20
Financials (net)	-9	-12	3		-24
Taxes for the year	-12	-13	1		-51
Taxes for the previous year	0	0	0		1
Taxes	-12	-13	1		-50
CAPEX	-50	-50	0		-191
800 MHz licences ²⁾	0	0	0		-7
Investments in shares ³⁾	-1	-1	0		-39
Sale of assets and adjustments	-2	-6	4		-3
Cash flow after investments	68	39	29	75%	185
Cash flow after investments excl. acquisitions ⁴⁾	69	39	29	76%	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 2014

⁴⁾ Excluding Anvia shares

APPENDIX

Cash flow by quarters

€ million	Q1/15	Q4/14	Q3/14	Q2/14	Q1/14	Q4/13	Q3/13	Q2/13
EBITDA	129	125	142	127	126	122	138	122
Change in receivables	-5	9	0	-14	0	-17	-8	3
Change in inventories	5	-4	0	1	2	1	1	3
Change in payables	12	4	-22	12	-8	12	-3	-7
Change in NWC	13	8	-22	-1	-6	-4	-9	0
Financials (net)	-9	-9	-3	-2	-12	-9	-3	-2
Taxes for the year	-12	-13	-17	-12	-13	-17	-17	-16
Taxes for the previous year				1				-1
Taxes	-12	-13	-17	-11	-13	-17	-17	-17
CAPEX	-49	-46	-43	-51	-50	-54	-52	-47
800 MHz licence fees		-7	0	0		-7	-5	
Investments in shares	-1	-15	-22	-1	-1	-4	-1	-82
Sale of assets and adjustments	-2	-2	-1	4	-6	-2	-1	-4
Cash flow after investments	68	42	39	64	39	26	51	-30
Cash flow after investments excl. acquisitions	69	57	61	64	39	30	51	54

APPENDIX

Debt structure

€ million	31 Mar 15	31 Dec 14	30 Sep 14	30 Jun 14	31 Mar 14	31 Dec 13	30 Sep 13	30 Jun 13
Bonds and notes	591	591	590	590	589	750	750	451
Commercial Papers	169	210	200	217	152	101	192	204
Loans from financial institutions	205	211	211	216	216	223	224	229
Financial leases	30	31	32	33	34	35	36	36
Committed credit lines ¹⁾	0	0	50	70	0	0	0	171
Interest-bearing debt, total	995	1 043	1 084	1 126	992	1 109	1 201	1 090
Cash and cash equivalents	61	41	40	51	59	138	206	48
Net debt ²⁾	934	1 001	1 043	1 075	933	971	995	1 042

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.

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