



elisa

Interim Report Q1 2019

17 APRIL 2019

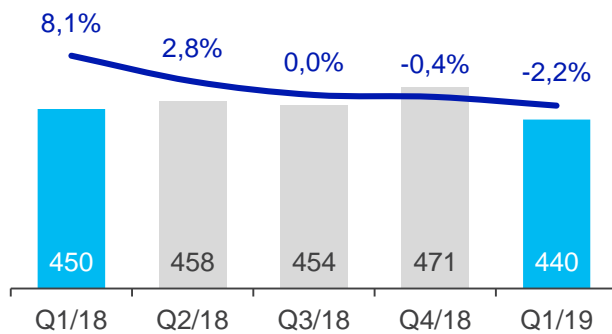
Q1 2019 highlights

- Revenue slightly down
 - Equipment sales, interconnection revenue, divestments
- Comparable EBITDA at last year's level
- Mobile service revenue growth 2.1%
 - Up-selling continues, good demand for premium subscriptions
- Post-paid voice churn up from 18.7% to 19.7%
 - Competition remained keen, campaigning continued
- Post-paid mobile subscriptions down 1,500; fixed broadband down 700
- 5G network rollout started
- Dividend €1.75 per share

EBITDA at same level despite keen competition

Revenue

● Revenue, €m — YoY change, %

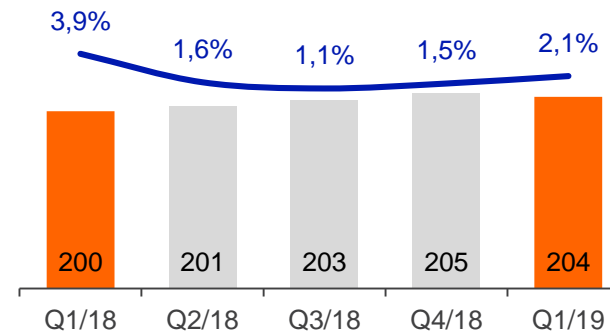


Decrease

- Equipment sales
- Interconnection revenue
- Divestments

Mobile service revenue

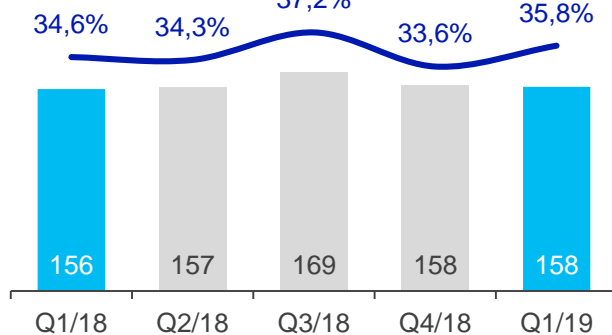
● MSR, €m — YoY change, %



- 4G up-selling continues
- Product changes
- Campaigns impacted growth

EBITDA¹⁾

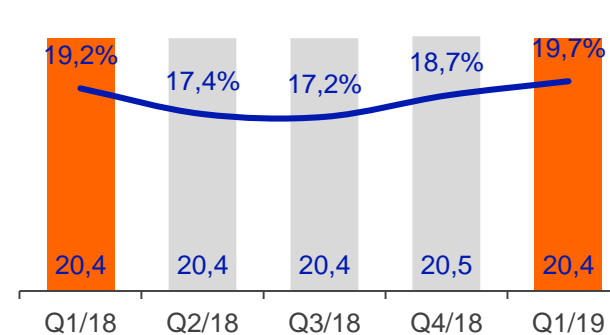
● EBITDA, €m — EBITDA-%



- IFRS 16
- Efficiency improvements

ARPU and churn²⁾

● Post-paid voice ARPU, € — Post-paid voice churn, %



- Up-selling
- Campaigning continues

1) Comparable

2) Finland, churn annualised

Growth in consumer segment EBITDA continued

Corporate EBITDA impacted by divestments and fixed services

Consumer Customers

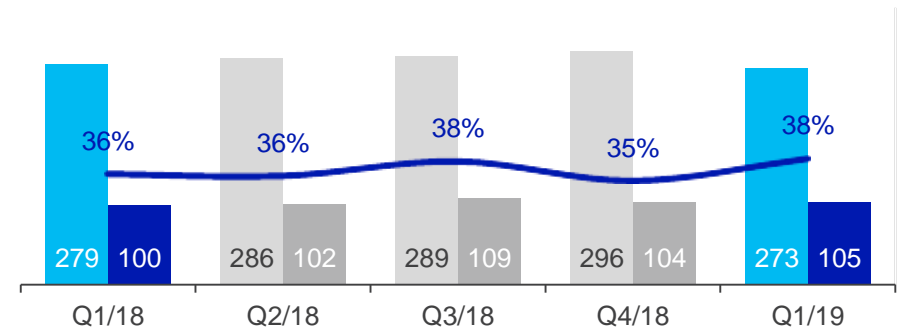
Revenue -2%

- Equipment sales and interconnection revenue
- Divested businesses
- Traditional fixed services
- + Mobile and digital services

EBITDA +4%¹⁾

Revenue and EBITDA¹⁾

● Revenue, €m ● EBITDA, €m — EBITDA-%



Corporate Customers

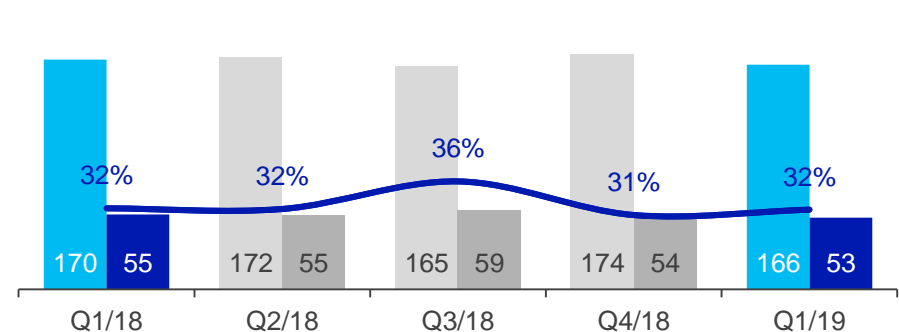
Revenue -2%

- Equipment sales and interconnection revenue
- Divested businesses
- Traditional fixed services
- + Mobile services

EBITDA -4%¹⁾

Revenue and EBITDA¹⁾

● Revenue, €m ● EBITDA, €m — EBITDA-%



1) Comparable

Strategy execution

Increase mobile and fixed service revenues

Grow digital service businesses

Improve efficiency and quality

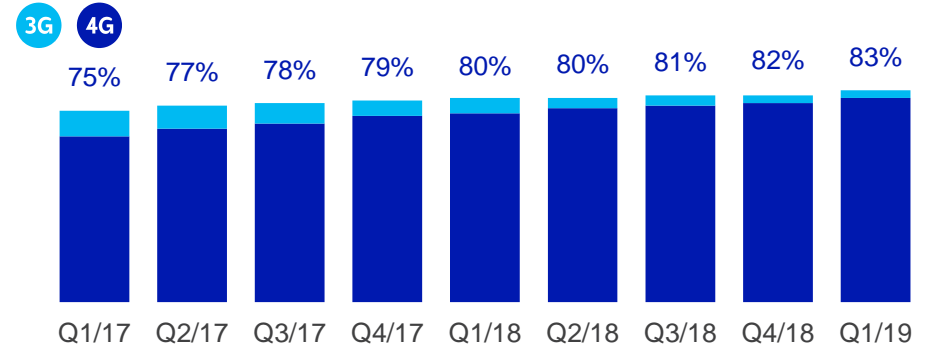


Steady growth in 4G and up-selling continues

Growth in 4G smartphone penetration

- 83% of customers use a smartphone
 - 97% (93%) 4G-capable
- 91% of phones sold 4G-capable

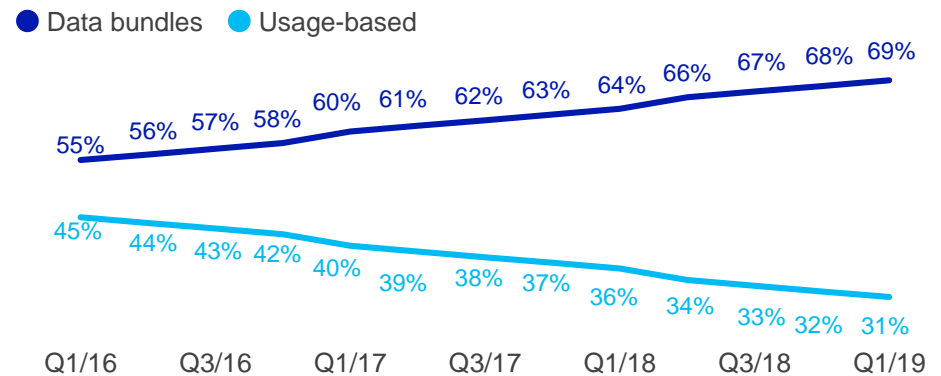
Smartphone penetration¹⁾, %



Proportion of data bundles continue to grow

- 69% of voice subs²⁾ fixed-monthly-fee, “all-you-can-eat” data bundles
- 68% at 4G speeds
 - 3G to 4G up-selling continues
- 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)



Expansion of digital service businesses continued

Leveraging core business capabilities to provide interesting growth perspective

Domestic digital services

- Elisa original series *Arctic Circle* became all-time most watched series and *All the Sins* won award for outstanding screenwriting at TV at Göteborg Film Festival.
- Elisa started the first ever 5G eSports tour in cities across Finland. The tour is being streamed via Elisa Viihde.

International digital services

- Number of Videra's video conferencing room systems exceeded 100,000
- Elisa Automate has been contracted by Orange Spain to develop service assurance automation
- Elisa Smart Factory won its first customer in pharmaceutical industry and is already delivering services in 5 different industry verticals



Largest Finnish company awarded Great Place to Work for three years running

- Elisa again one of Finland's best work places in the Great Place to Work 2019 survey
- Elisa is the largest listed company in Finland awarded for the third year in a row
- Elisians value the "Elisa Ideal Work" and flexible ways of working, cooperation and good atmosphere of their workplace
- Long-term development of personnel satisfaction is evident also in Elisa's empowerment index: 4.1 (scale 1–5)



Outlook and guidance for 2019

The positive development of the macroeconomic environment is decelerating in Finland. Competition remains challenging.

- Revenue same level or slightly higher than in 2018
- Comparable EBITDA same level or slightly higher than in 2018
- CAPEX maximum 12% of revenue



Financial performance

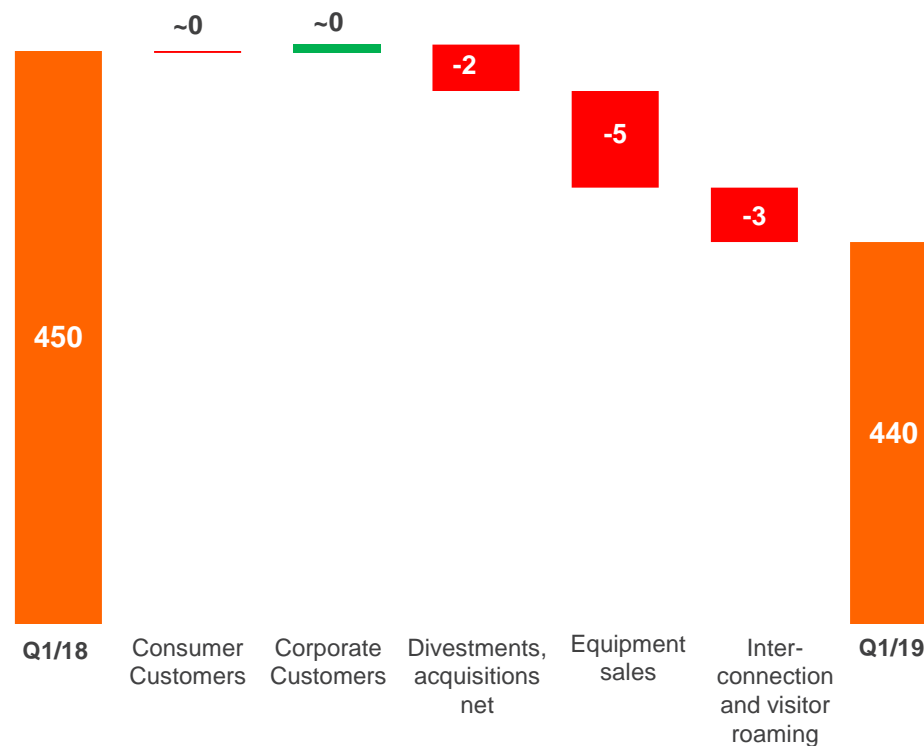
INTERIM REPORT Q1 2019

Q1 2019 according to guidance

| EUR million ¹⁾ | Q1/19 | Q1/18 | Change | % |
|---------------------------|---------------|---------------|--------|---------|
| Revenue | 440 | 450 | -9.8 | -2.2 % |
| Other operating income | 1 | 1 | -0.4 | -37.0 % |
| Materials and services | -161 | -170 | 9.4 | -5.5 % |
| Employee expenses | -81 | -79 | -1.6 | 2.0 % |
| Other operating expenses | -41 | -46 | 4.3 | -9.4 % |
| EBITDA | 158 | 156 | 1.9 | 1.2 % |
| <i>EBITDA %</i> | <i>35.8 %</i> | <i>34.6 %</i> | | |
| Depreciation | -65 | -58 | -6.8 | 11.6 % |
| EBIT | 92 | 97 | -4.9 | -5.0 % |
| <i>EBIT %</i> | <i>21.0 %</i> | <i>21.6 %</i> | | |
| Financial expenses net | -7 | -6 | -1.6 | 27.6 % |
| Profit before tax | 85 | 92 | -6.4 | -7.0 % |
| Net profit | 71 | 76 | -5.5 | -7.3 % |
| EPS (EUR) | 0.44 | 0.48 | -0.04 | -7.4 % |

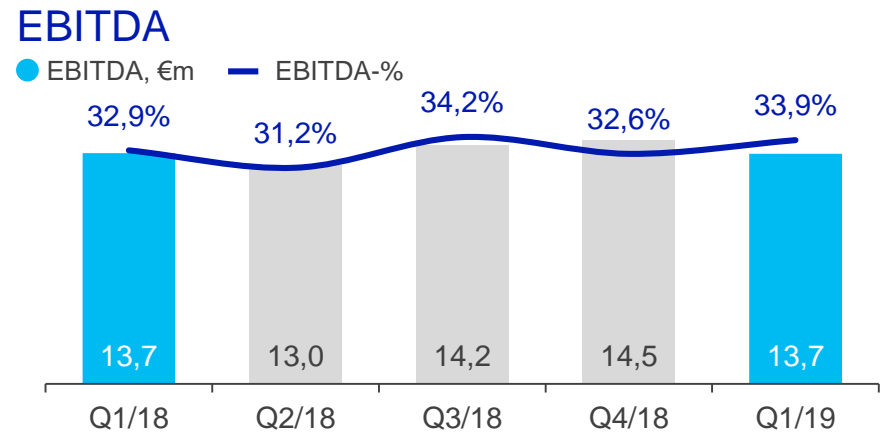
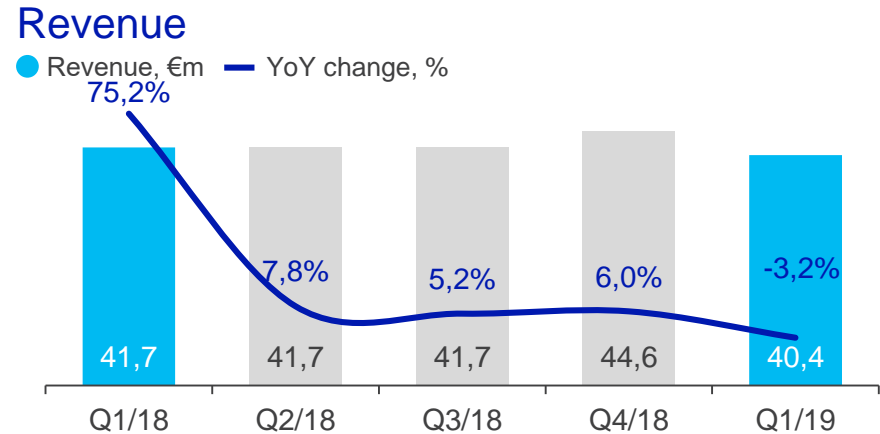
1) With comparable figures. Growth is calculated using exact figures prior to rounding.

Q1 2019 revenue change YoY, €-10m



Estonia revenue down, EBITDA intact

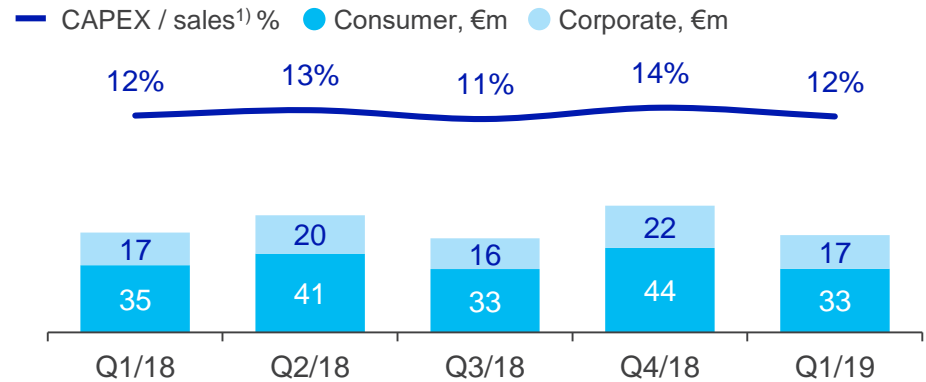
- Revenue -3%, EBITDA same level
 - Mobile and fixed services growing
 - Equipment sales decreased
 - Post-paid voice churn 7.7% (8.2% in Q4)
 - Mobile post-paid base +200, pre-paid -7,000



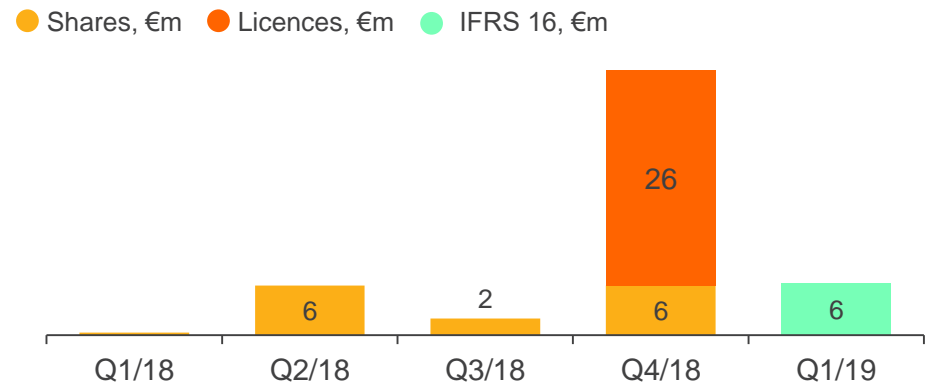
CAPEX in line with guidance

- CAPEX €57m, excl. IFRS 16 change €51m (53)
 - Consumer €37m (35)
 - Corporate €19m (17)
- Main CAPEX areas
 - 4G capacity and coverage increases
 - Other network and IT investments

CAPEX



Shares, licences and rental agreements (IFRS 16)



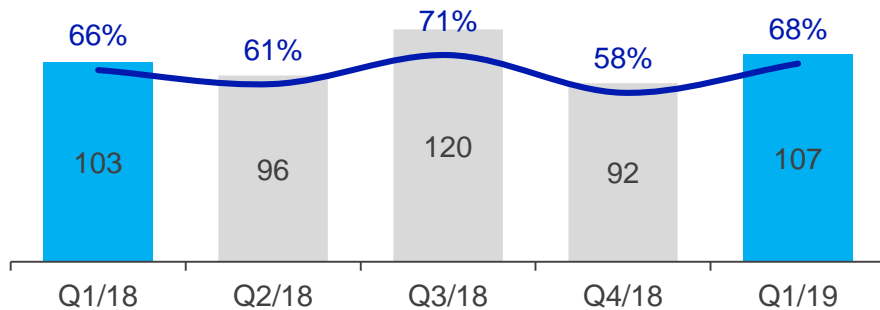
¹⁾ Excluding investments in shares, licence fees and rental agreements (IFRS 16)

Strong cash flow growth

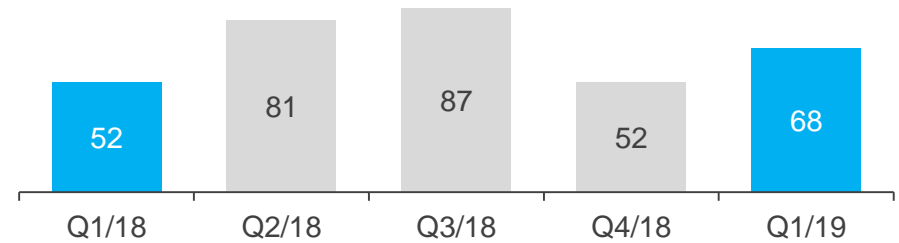
- Cash flow €68m (52)
 - Cash flow growth +30%
 - Positive change in NWC
 - Lower CAPEX, higher EBITDA
 - Positive impact from IFRS 16
- Strong cash conversion continues

Cash conversion

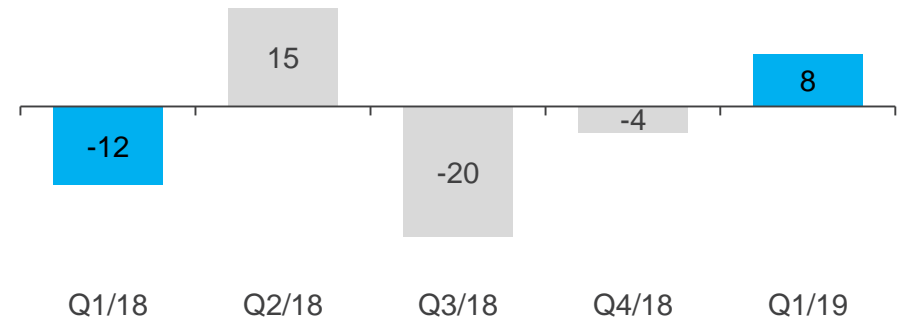
● Operative cash flow, €m¹⁾ — (EBITDA-CAPEX) / EBITDA, %¹⁾



Cash flow, €m



Change in net working capital, €m



Efficient capital structure and good returns

- Capital structure according to target

- Net debt / EBITDA 1.7 (target 1.5–2x)
- Equity ratio 41.9% (target >35%)
- IFRS 16 increases assets and interest-bearing debt by €63m, net debt / EBITDA impact +0.1x

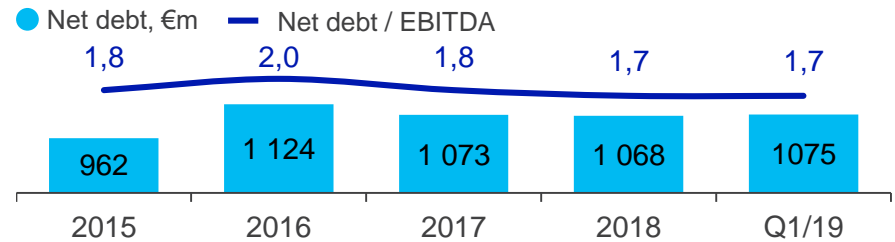
- Lower interest through refinancing

- €300m, 7yr, 1.125% bond issued in February
- €126m tender of 2021, 2.75% bond

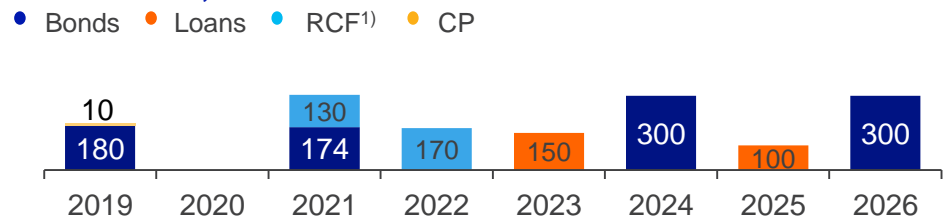
- Return ratios at good level

- Efficient capital structure

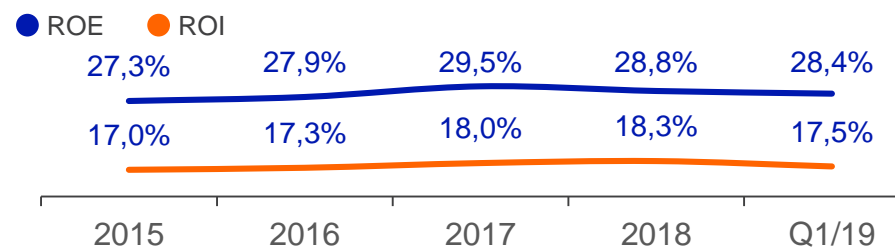
Net debt



Maturities, €m



Return ratios²⁾



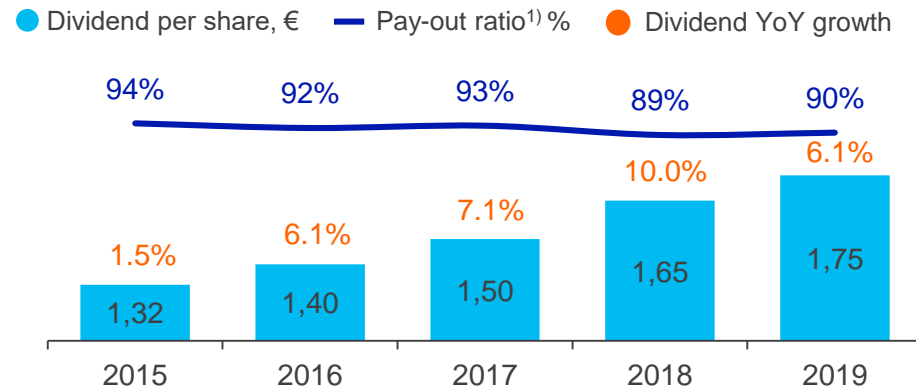
1) RCFs are fully undrawn

2) Comparable, 2017 excluding sale of Comptel shares

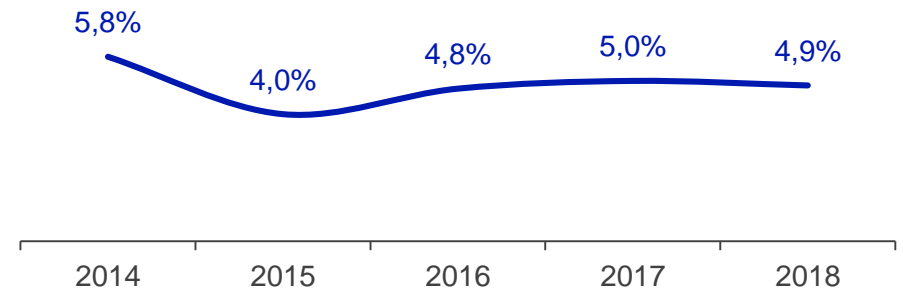
Competitive remuneration continues

- Dividend €1.75 per share
 - Dividend growth +6%
 - Total amount €280m
 - Paid on 16 April 2019
- Pay out ratio¹⁾ 90%
 - Dividend yield 4.9%²⁾
- Authorisation for 5m share buyback
- Strong commitment of competitive shareholder remuneration
 - Distribution policy 80–100% of net profit

Dividend



Dividend yield²⁾



1) Calculated from 2018 comparable EPS

2) As a share price of last trading date of the year (in 2019 €36.08)



Q&A



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APPENDIX

P&L by quarter

| EUR million | Q1/19 | Q4/18 | Q3/18 | Q2/18 | Q1/18 | Q4/17 | Q3/17 | Q2/17 |
|-------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 439.7 | 470.6 | 453.9 | 457.5 | 449.6 | 472.5 | 453.9 | 445.1 |
| <i>YoY growth</i> | -2.2 % | -0.4 % | 0.0 % | 2.8 % | 8.1 % | 8.9 % | 8.4 % | 13.3 % |
| Other operating income | 0.7 | 0.9 | 1.8 | 6.0 | 1.1 | 2.6 | 1.5 | 0.8 |
| Materials and services | -160.5 | -185.1 | -172.9 | -176.5 | -170.0 | -190.2 | -178.6 | -170.0 |
| Employee expenses | -83.5 | -80.3 | -69.8 | -79.6 | -81.7 | -82.5 | -68.1 | -79.4 |
| Other operating expenses | -41.4 | -47.9 | -44.2 | -47.6 | -45.6 | -51.3 | -43.5 | -49.1 |
| EBITDA | 155.1 | 158.1 | 168.7 | 159.8 | 153.4 | 151.2 | 165.3 | 147.5 |
| <i>EBITDA %</i> | 35.3 % | 33.6 % | 37.2 % | 34.9 % | 34.1 % | 32.0 % | 36.4 % | 33.1 % |
| <i>YoY Growth</i> | 1.1 % | 4.6 % | 2.1 % | 8.3 % | 6.7 % | 8.9 % | 7.4 % | 10.4 % |
| Comparable EBITDA | 157.5 | 158.1 | 168.7 | 156.8 | 155.6 | 153.6 | 165.3 | 150.6 |
| <i>YoY Growth</i> | 1.2 % | 3.0 % | 2.1 % | 4.1 % | 8.3 % | 10.7 % | 6.2 % | 12.7 % |
| <i>Comparable EBITDA %</i> | 35.8 % | 33.6 % | 37.2 % | 34.3 % | 34.6 % | 32.5 % | 36.4 % | 33.8 % |
| Depreciation, amortisation and impairment | -65.1 | -59.7 | -59.0 | -59.2 | -58.3 | -58.6 | -56.8 | -59.1 |
| EBIT | 90.0 | 98.4 | 109.8 | 100.6 | 95.1 | 92.6 | 108.5 | 88.4 |
| Comparable EBIT | 92.4 | 98.4 | 109.8 | 97.5 | 97.3 | 95.0 | 108.5 | 91.5 |
| Financial income | 3.6 | 0.6 | 0.6 | 0.7 | 0.5 | 0.5 | 1.0 | 46.3 |
| Financial expense | -10.8 | -6.3 | -6.3 | -6.2 | -6.2 | -6.4 | -5.9 | -6.0 |
| Share of associated companies' profit | -0.1 | -0.2 | -0.1 | 0.0 | 0.0 | -0.1 | 0.0 | 0.0 |
| Profit before tax | 82.7 | 92.6 | 104.0 | 95.0 | 89.4 | 86.6 | 103.6 | 128.6 |
| Comparable profit before tax | 85.1 | 92.6 | 104.0 | 92.0 | 91.6 | 89.0 | 103.6 | 86.9 |
| Income taxes | -14.0 | -13.4 | -19.1 | -17.5 | -15.0 | -15.1 | -19.1 | -16.6 |
| Profit for the period | 68.7 | 79.2 | 84.8 | 77.6 | 74.4 | 71.5 | 84.6 | 112.0 |
| Comparable Profit | 70.6 | 75.9 | 84.8 | 74.7 | 76.2 | 73.5 | 84.6 | 70.3 |
| Earnings per share (EUR) | 0.43 | 0.49 | 0.53 | 0.49 | 0.47 | 0.45 | 0.53 | 0.70 |
| Comparable EPS | 0.44 | 0.47 | 0.53 | 0.47 | 0.48 | 0.46 | 0.53 | 0.44 |
| <i>YoY Growth</i> | -7.4 % | 3.0 % | 0.1 % | 6.2 % | 11.2 % | 13.1 % | 10.7 % | 16.8 % |

Cash flow YoY comparison

| EUR million | Q1/19 | Q1/18 | Change ¹⁾ | 2018 |
|----------------------------------------------------------|-------|-------|----------------------|------|
| EBITDA | 155 | 153 | 2 | 640 |
| Change in receivables | 9 | 7 | 2 | 6 |
| Change in inventories | 6 | 7 | -1 | 3 |
| Change in payables | -7 | -26 | 18 | -30 |
| Change in NWC | 8 | -12 | 19 | -21 |
| Financials (net) | -16 | -12 | -5 | -17 |
| Taxes for the year | -16 | -15 | -1 | -69 |
| Taxes for the previous year | -2 | 0 | -2 | 1 |
| Taxes | -18 | -15 | -3 | -68 |
| CAPEX | -50 | -52 | 1 | -226 |
| 800, 700, 2.600 and 3.500 MHz licences ²⁾ | -4 | -4 | 0 | -10 |
| Investments in shares ³⁾ | 0 | 0 | 0 | -11 |
| Loan agreements (incl. Starman) ⁴⁾ | | | 0 | |
| Sale of shares | | | 0 | 1 |
| Sale of assets and adjustments | -6 | -7 | 1 | -17 |
| Cash flow after investments | 68 | 52 | 16 | 272 |
| Cash flow after invest. excl. acquisitions ⁵⁾ | 68 | 52 | 16 | 282 |

1) Difference is calculated using exact figures prior to rounding

2) €4m 700 MHz in Q1/18 and Q1/19, €5m 3.5 GHz Q4/18 in Finland.

3) Kepit Systems, Ukkonet, Fenix Solutions and Lounea in 2018

4) Including Starman acquisition finance arrangement and other loan agreements

5) Excluding share purchases and sale of shares.

Cash flow by quarter

| EUR million | Q1/19 | Q4/18 | Q3/18 | Q2/18 | Q1/18 | Q4/17 | Q3/17 | Q2/17 |
|------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| EBITDA | 155 | 158 | 169 | 160 | 153 | 151 | 165 | 148 |
| Change in receivables | 9 | 4 | -23 | 19 | 7 | -33 | -15 | -23 |
| Change in inventories | 6 | -7 | 2 | 1 | 7 | -5 | 0 | -8 |
| Change in payables | -7 | -1 | 2 | -5 | -26 | 36 | -4 | 28 |
| Change in NWC | 8 | -4 | -20 | 15 | -12 | -1 | -20 | -4 |
| Financials (net) | -16 | -5 | 0 | 0 | -12 | -5 | -1 | 0 |
| Taxes for the year | -16 | -21 | -17 | -15 | -15 | -21 | -16 | -14 |
| Taxes for the previous year | -2 | 0 | | 1 | 0 | 0 | 0 | 2 |
| Taxes | -18 | -21 | -17 | -14 | -15 | -21 | -16 | -12 |
| CAPEX | -50 | -65 | -45 | -64 | -52 | -71 | -57 | -59 |
| 700/800/2,600/3,500 MHz licence fees | -4 | -5 | | | -4 | -7 | -2 | -4 |
| Investments in shares | 0 | -6 | 0 | -6 | 0 | 0 | -3 | -33 |
| Loan agreements (incl. Starman) | | | 2 | | | 0 | 45 | |
| Sale of shares | | | | | | 0 | 0 | 45 |
| Sale of assets and adjustments | -6 | -1 | 0 | -9 | -7 | 1 | 0 | -3 |
| Cash flow after investments | 68 | 52 | 87 | 81 | 52 | 48 | 113 | 76 |
| Cash flow after investments excl. acquisitions | 68 | 58 | 85 | 87 | 52 | 48 | 71 | 65 |

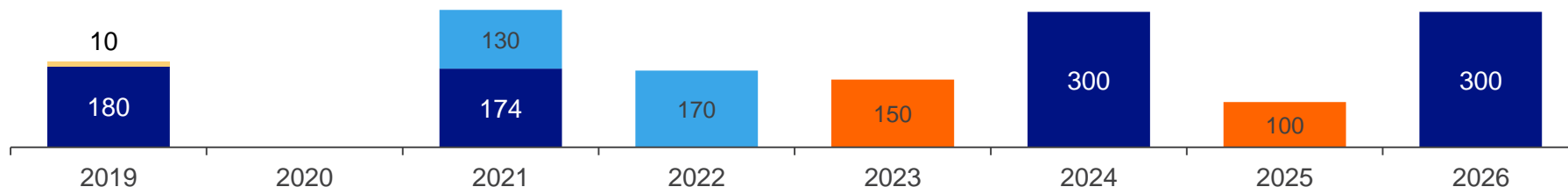
Debt structure

| EUR million at the end of the quarter | Q1/19 | Q4/18 | Q3/18 | Q2/18 | Q1/18 | Q4/17 | Q3/17 | Q2/17 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Bonds and notes | 939 | 767 | 766 | 764 | 763 | 767 | 766 | 766 |
| Commercial papers | 10 | 107 | 179 | 267 | 151 | 115 | 207 | 258 |
| Loans from financial institutions | 250 | 250 | 200 | 205 | 205 | 209 | 210 | 216 |
| Financial leases ¹⁾ | 90 | 25 | 25 | 26 | 26 | 26 | 26 | 26 |
| Committed credit lines ²⁾ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 23 |
| Interest-bearing debt. total | 1,290 | 1,149 | 1,170 | 1,261 | 1,145 | 1,117 | 1,209 | 1,289 |
| Cash and cash equivalents | 215 | 81 | 52 | 60 | 127 | 44 | 91 | 58 |
| Net debt ³⁾ | 1,075 | 1,068 | 1,118 | 1,201 | 1,018 | 1,073 | 1,118 | 1,231 |

- 1) Financial leases classified as interest bearing debt according IFRS 16 from Q1/19 onwards
 2) The committed credit lines are €130m and €170m facilities which Elisa may use flexibly on agreed pricing
 3) Net debt is interest bearing debt less cash and interest bearing receivables

Nominal values of bond, bank loan and CP maturities, 31 March 2019

● 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.