



elisa

Interim Report Q1 2020

22 APRIL 2020

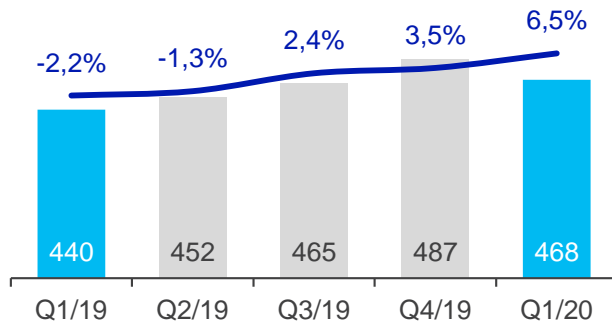
Q1 2020 highlights

- Revenue grew by 6%
- Comparable EBITDA up by 5%
- Mobile service revenue growth 2.1%
- Post-paid churn decreased to 18.9% (20.1% in Q4)
- Post-paid mobile subscription base increased by 20,800
- Fixed broadband subscription base decreased by 400
- 5G services rollout continues, networks in 18 cities
- Dividend of €1.85 per share paid according to schedule on 15 April
- COVID-19 crisis has impacted the market situation to some extent

Strong quarter in challenging circumstances

Revenue

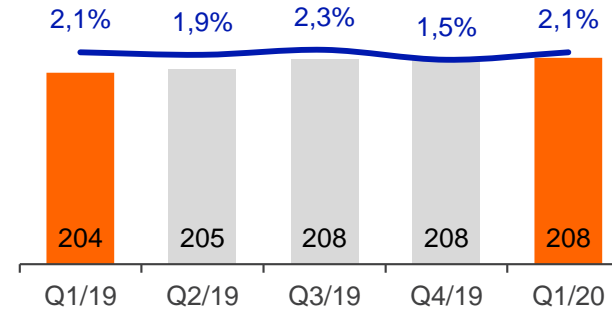
● Revenue, €m — YoY change.%



- Increase
- Polystar
 - Mobile services
 - Equipment sales

Mobile service revenue

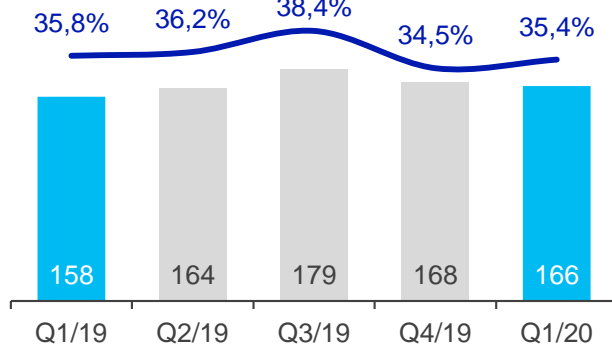
● MSR, €m — YoY change.%



- 4G and 5G up-selling continues
- Product changes

EBITDA¹⁾

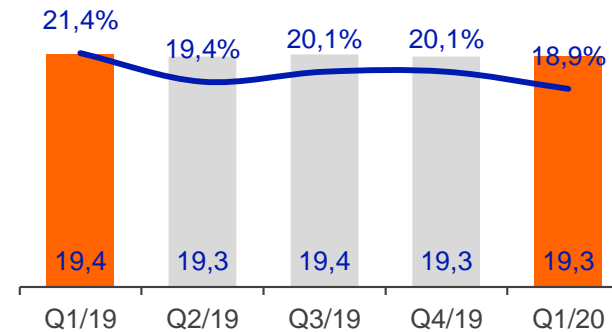
● EBITDA, €m — EBITDA-%



- Revenue growth
- Efficiency improvements

ARPU and churn²⁾

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



- Campaigning continues
- Competition remained keen

1) Comparable

2) Finland, churn annualised

Solid growth in both segments

Consumer Customers

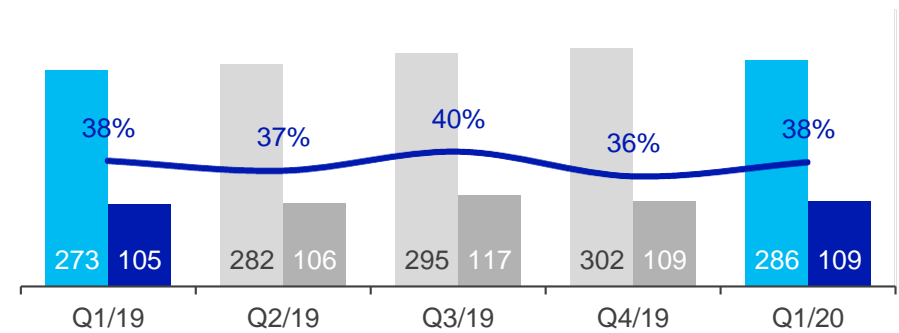
Revenue +5%

- + Mobile and domestic digital services
- + Equipment sales
- + Estonian business
- Fixed-line services

EBITDA +4%¹⁾

Revenue and EBITDA¹⁾

● Revenue, €m ● EBITDA, €m — EBITDA-%



Corporate Customers

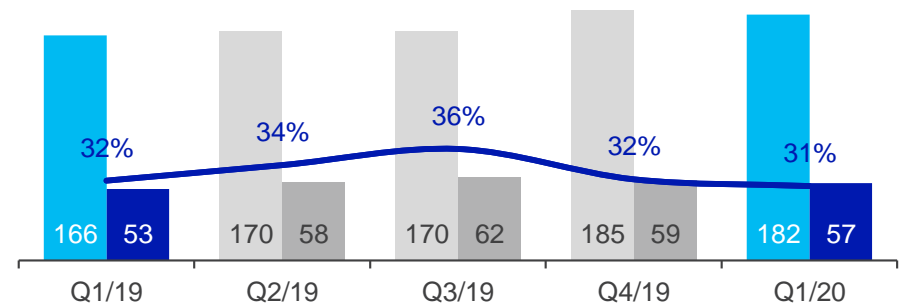
Revenue +9%

- + Polystar acquisition
- + Domestic digital services
- + Equipment sales
- Mobile and fixed-line services

EBITDA +7%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

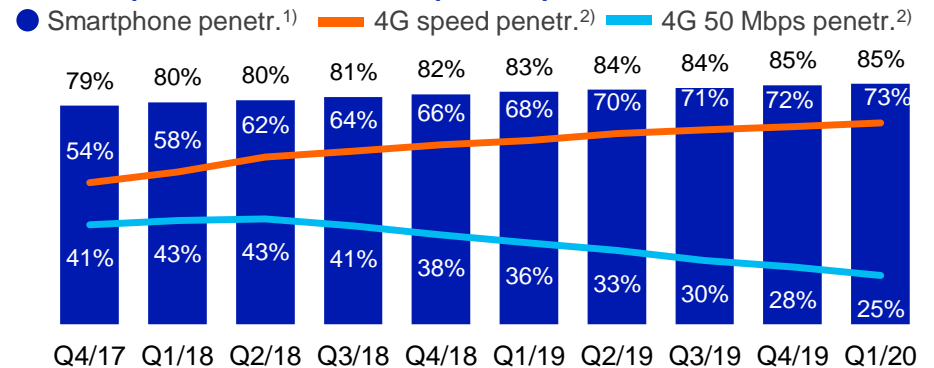


Up-selling of mobile subs continues, 5G proceeds

Growth in 4G smartphone penetration

- 85% of customers use a smartphone
 - 98% (97%) 4G- and 5G-capable
- 73% (68%) of voice subs at 4G speeds
 - 3G-to-4G and 4G-to-5G up-selling continues
 - Up-selling from 4G 50 Mbps to higher speeds continues

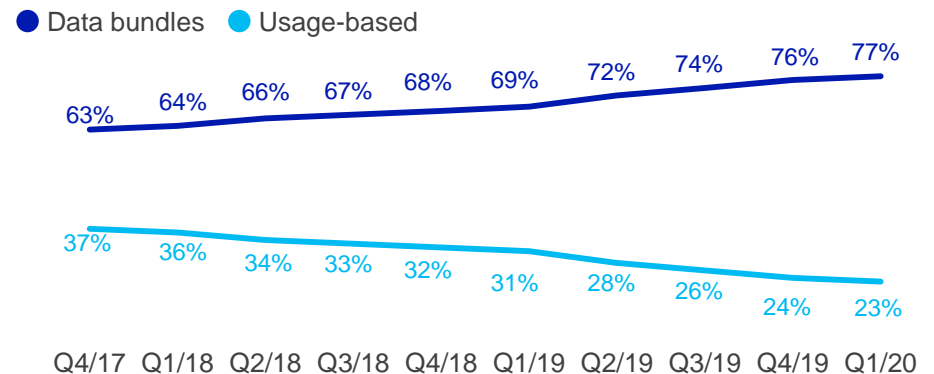
Smartphone and 4G speed penetration, %



Proportion of data bundles continues to grow

- 77% of subscriptions²⁾ fixed-monthly-fee, “all-you-can-eat” bundles
 - Old subs migrating to new unlimited ones
- Strong demand for premium subscriptions with unlimited usage in Nordics and Baltics

Subscription²⁾ split



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

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



Successful rollout of 5G services continues

- 5G network launched in 18 cities
- Demand increased for 5G FWA service that enables using 5G as the main home internet connection
- Growing smartphone offering: Samsung S 20 5G, One Plus 8 and Xiaomi Mi
- In February, the Port of Helsinki was one of the first Finnish companies to introduce 5G services to travelers in co-operation with Elisa
- 3G network ramp-down announced to take place by end of 2023, freeing up resources for further development of 4G and 5G
- In April, Elisa chosen as the sole radio network supplier for Finnish government's public safety network Virve 2.0 for 10 years due to Elisa's competitiveness in quality and coverage
 - The network includes 4G and 5G technologies and IoT



Expansion of digital service businesses continued

Domestic digital services

- Elisa Viihde original series “*Californian Commando*” and “*Kevyttä yläpilveä*” launched during Q1. “*Man in Room 301*” was selected as the only Nordic series to take part in Canneseries.
- Elisa brought forward the launch window for six premiere movies and brought them to our service at the same time as in cinemas

International digital services

- Videra’s business has developed according to plan
- Elisa Automate leading-edge network automation solutions have been recognised in several international reports by GSMA, BCG and STLPartners
- Solid quarter for Polystar with double-digit YoY growth

Adapting operations and supporting society in the coronavirus (COVID-19) situation

- Majority of personnel moved immediately to remote working
 - Safety ensured in customer interaction premises
- 24/7 monitoring of network capacity and intensive follow-up of customer demand for services
 - Elisa's network capacity has met the growing data usage in Finland and Estonia well
 - Extensive support in all virtual service channels
- Helping companies and people to adapt to difficult situation according to our new mission *Sustainable future through digitalisation*
 - Connections to support remote working and devices from webstore
 - Digital solutions and support for medical and education professionals
 - Extended billing periods, free remote solutions for entrepreneurs
 - Digital support for older people and young people especially at risk of social marginalisation, e.g. free data subscriptions for studying devices in low-income families
 - Free entertainment campaigns in Elisa Viihde, and virtual ElisaLive events on social media supporting Finnish artists

Outlook and guidance for 2020

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

- Guidance for 2020 is unchanged
- Revenue at same level or slightly higher than in 2019
- Comparable EBITDA at same level or slightly higher than in 2019
- CAPEX* maximum 12% of revenue

* Excluding IFRS 16, and investments in shares and licences



Financial performance

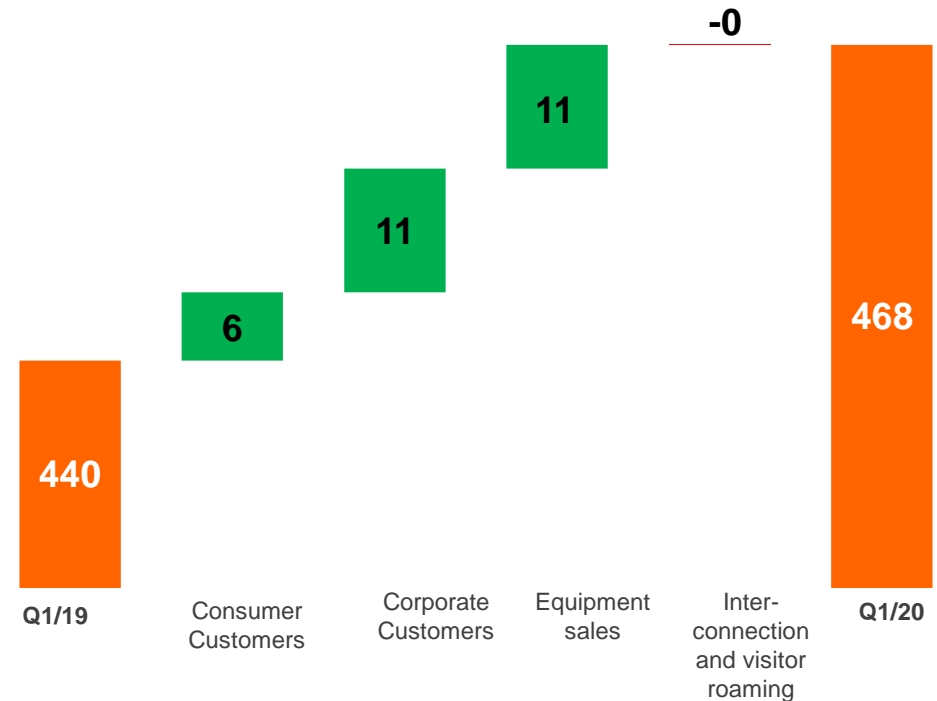
INTERIM REPORT Q1 2020

Strong growth in revenue and earnings

EUR million ¹⁾	Q1/20	Q1/19	Change	%
Revenue	468.1	439.7	28.4	6.5 %
Other operating income	0.6	0.7	-0.1	-8.0 %
Materials and services	-171.6	-160.5	-11.1	6.9 %
Employee expenses	-87.1	-83.5	-3.7	4.4 %
Other operating expenses	-44.3	-41.4	-3.0	7.2 %
EBITDA	165.7	157.5	8.2	5.2 %
<i>EBITDA %</i>	35.4 %	35.8 %		
Depreciation	-66.8	-65.1	-1.7	2.5 %
EBIT	99.0	92.4	6.5	7.1 %
Financial expenses net	-4.1	-7.3	3.2	-44.4 %
Profit before tax	94.9	85.1	9.8	11.5 %
Net Profit	77.9	70.6	7.2	10.2 %
EPS (EUR)	0.49	0.44	0.04	10.1 %

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

Q1 2020 revenue change YoY, €28m

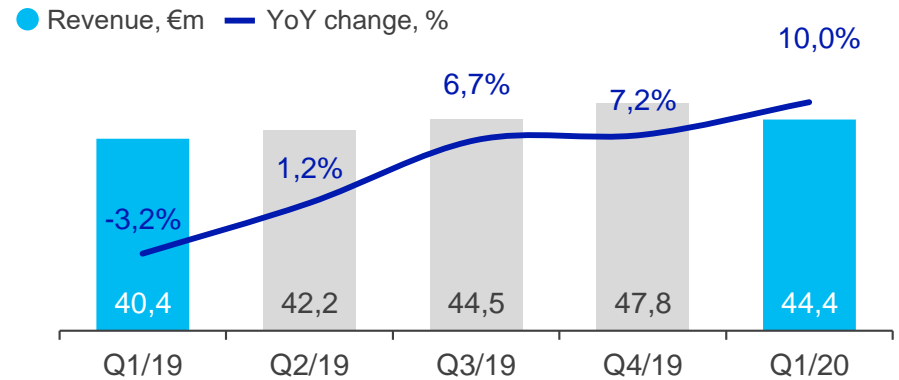


Growth continues in Estonia

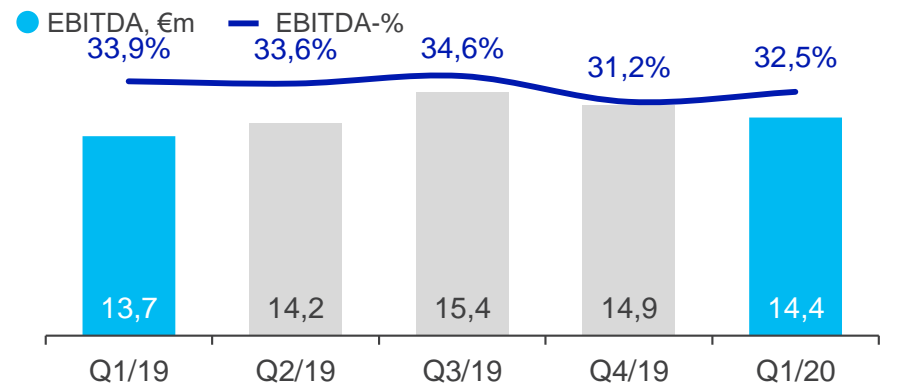
- Revenue and EBITDA improved

- Revenue growth +10%
 - Equipment sales
 - Mobile and fixed services
- EBITDA growth +5%
- Mobile post-paid base +1,900, pre-paid -7,000
- Churn 9.9% (10.4 in Q4)

Revenue



EBITDA

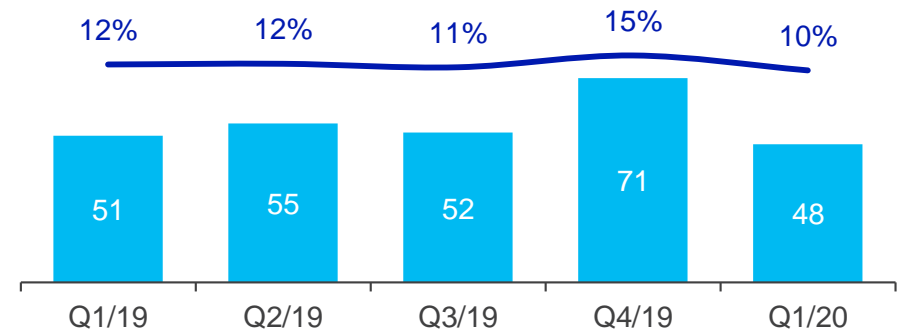


Full year CAPEX guidance intact

- CAPEX €51m (57), excl. IFRS 16 change €48m (51)
 - Consumer €32m (37)
 - Corporate €18m (19)
- Q1 CAPEX / sales 10%
 - Seasonality, full year guidance max. 12%
- Main CAPEX areas
 - 5G and 4G capacity and coverage increases
 - Other network and IT investments

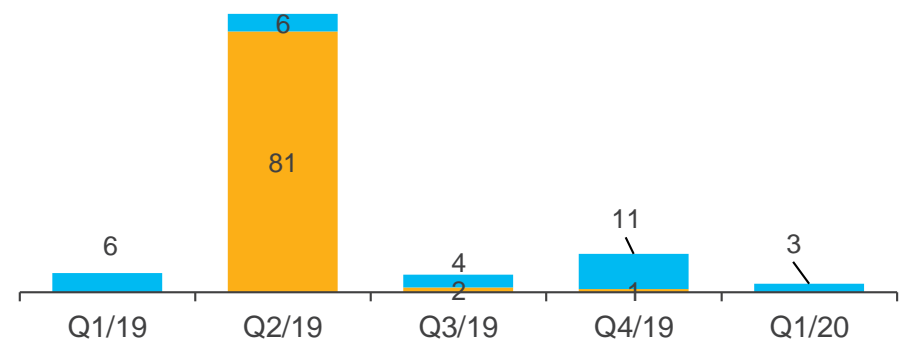
CAPEX¹⁾

— CAPEX / sales¹⁾ %



Shares, licences and rental agreements (IFRS 16)

● Shares, €m ● Licences, €m ● IFRS 16, €m

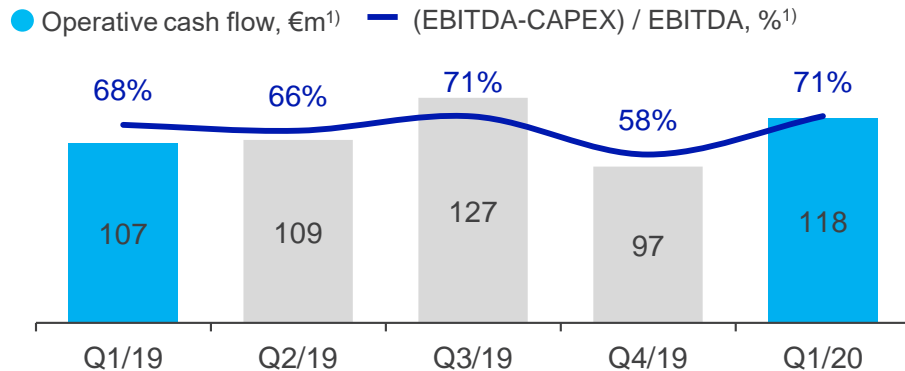


¹⁾ Investments excluding shares, licenses and rental agreements (IFRS 16)

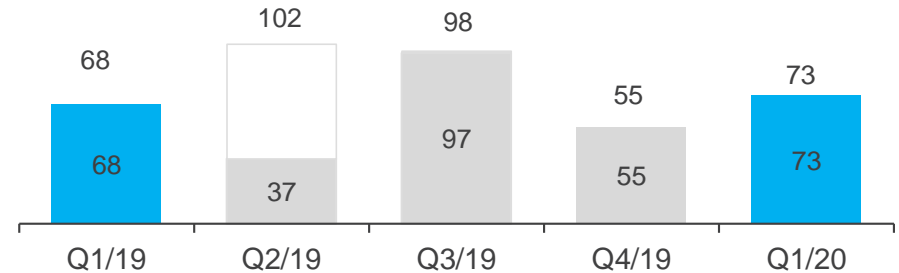
Cash flow growth +7.3%

- Q1 Cash flow €73m (68)
 - Higher EBITDA, lower CAPEX as well as paid interest and taxes affected positively
 - Less positive NWC change and higher licence fees affected negatively

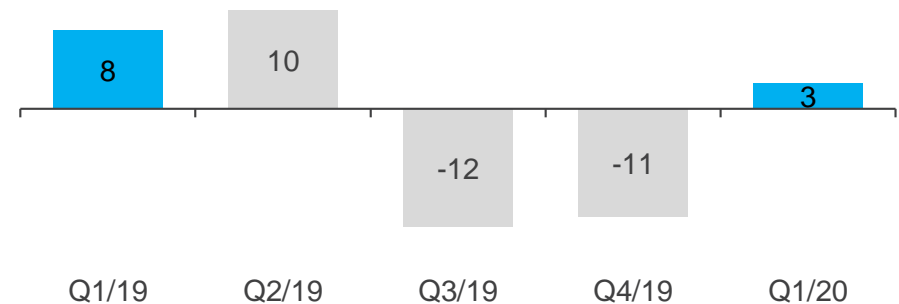
Cash conversion



Cash flow and comparable cash flow, €m



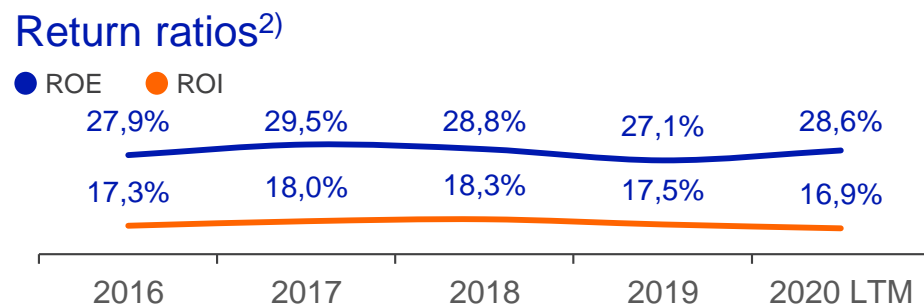
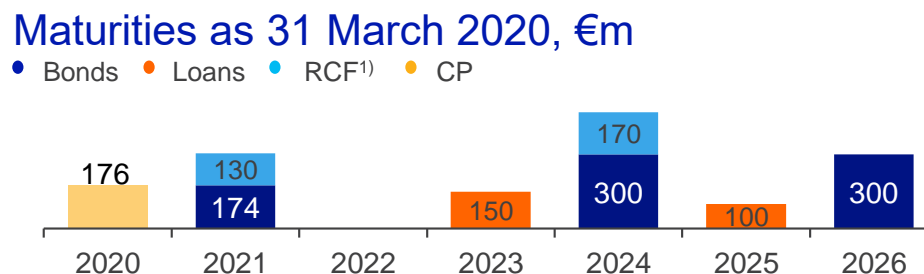
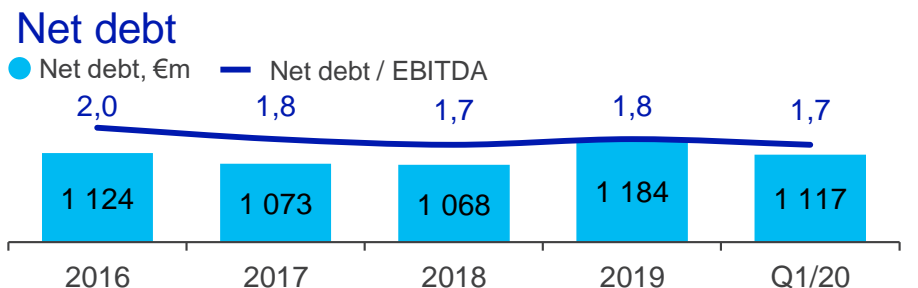
Change in net working capital, €m



¹⁾ Comparable EBITDA – CAPEX excluding investments in shares, licences and finance leases (IFRS 16)

Efficient capital structure and good returns

- Capital structure according to target
 - Net debt / EBITDA 1.7x (target 1.5–2x)
 - Equity ratio 42.4% (target >35%)
- Return ratios at good level
 - Efficient capital structure
- Approx. 77% of interest-bearing debt at fixed rates



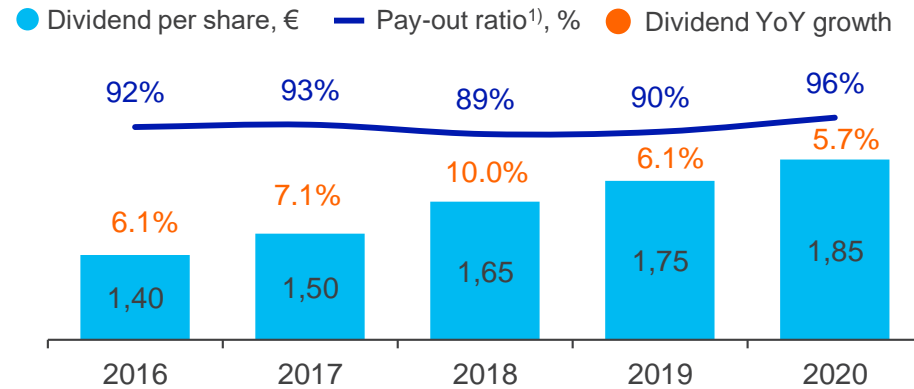
¹⁾ RCFs are fully undrawn

²⁾ Comparable, 2017 excluding sale of Comptel shares

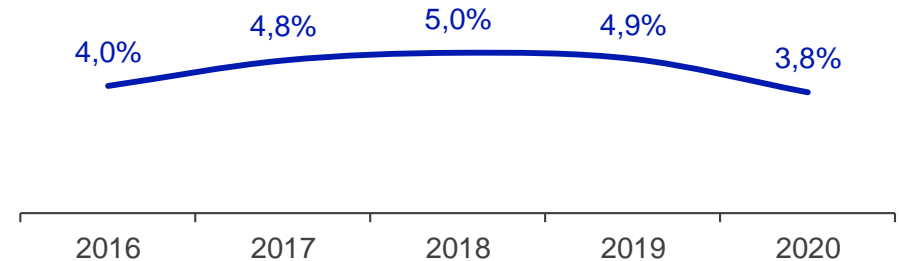
Competitive remuneration continues

- Dividend of €1.85 per share
 - Dividend growth +6%
 - Total amount €296m
 - Paid on 15 April 2020
- Payout ratio¹⁾ 96%,
 - Dividend yield 4%²⁾
- 5m share buyback authorisation
- Strong commitment to competitive shareholder remuneration
 - Distribution policy 80–100% of net profit

Dividend



Dividend yield²⁾



1) Calculated from comparable EPS

2) Of share price on the last trading date of the year (€49.25 in 2019)



Q&A

APPENDIX

P&L by quarter

EUR million	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18
Revenue	468.1	487.3	464.9	451.6	439.7	470.6	453.9	457.5
<i>YoY growth</i>	6.5 %	3.5 %	2.4 %	-1.3 %	-2.2 %	-0.4 %	0.0 %	2.8 %
Other operating income	0.6	3.0	0.9	1.1	0.7	0.9	1.8	6.0
Materials and services	-171.6	-191.7	-172.1	-168.8	-160.5	-185.1	-172.9	-176.5
Employee expenses	-87.1	-80.9	-74.0	-82.0	-83.5	-80.3	-69.8	-79.6
Other operating expenses	-44.3	-49.6	-41.3	-42.8	-41.4	-47.9	-44.2	-47.6
EBITDA	165.7	168.1	178.5	159.2	155.1	158.1	168.7	159.8
<i>EBITDA %</i>	35.4 %	34.5 %	38.4 %	35.2 %	35.3 %	33.6 %	37.2 %	34.9 %
<i>YoY Growth</i>	6.9 %	6.3 %	5.8 %	-0.4 %	1.1 %	4.6 %	2.1 %	8.3 %
Comparable EBITDA	165.7	168.1	178.5	163.6	157.5	158.1	168.7	156.76
<i>YoY Growth</i>	5.2 %	6.3 %	5.8 %	4.4 %	1.2 %	3.0 %	2.1 %	4.1 %
<i>Comparable EBITDA %</i>	35.4 %	34.5 %	38.4 %	36.2 %	35.8 %	33.6 %	37.2 %	34.3 %
Depreciation, amortisation and impairment	-66.8	-67.9	-66.0	-66.8	-65.1	-59.7	-59.0	-59.2
EBIT	99.0	100.1	112.5	92.4	90.0	98.4	109.8	100.6
Comparable EBIT	99.0	100.1	112.5	96.8	92.4	98.4	109.8	97.5
Financial income	1.4	0.4	0.5	1.6	3.6	0.6	0.6	0.7
Financial expense	-5.7	-4.6	-6.6	-6.9	-10.8	-6.3	-6.3	-6.2
Share of associated companies' profit	0.2	-0.3	0.2	0.0	-0.1	-0.2	-0.1	0.0
Profit before tax	94.9	95.6	106.6	87.0	82.7	92.6	104.0	95.0
Comparable profit before tax	94.9	95.6	106.6	91.4	85.1	92.6	104.0	92.0
Income taxes	-17.0	-16.6	-22.3	-15.8	-14.0	-13.4	-19.1	-17.5
Profit for the period	77.8	79.0	84.3	71.2	68.7	79.2	84.8	77.6
Comparable Profit	77.8	79.0	84.3	74.9	70.6	75.9	84.8	74.7
Earnings per share (EUR)	0.49	0.49	0.53	0.45	0.43	0.49	0.53	0.49
Comparable EPS	0.49	0.49	0.53	0.47	0.44	0.47	0.53	0.47
<i>YoY Growth</i>	10.1 %	4.0 %	-0.6 %	0.2 %	-7.4 %	3.0 %	0.1 %	6.2 %

Cash flow YoY comparison

	Q1/20	Q1/19	Change ¹⁾	2019	2018	Change ¹⁾
EBITDA	166	155	11	661	640	21
Change in receivables	23	9	14	-20	6	-26
Change in inventories	2	6	-4	-2	3	-5
Change in payables	-22	-7	-15	17	-30	47
Change in NWC	3	8	-5	-5	-21	16
Financials (net)	-11	-16	5	-21	-17	-4
Taxes for the year	-15	-16	1	-71	-69	-2
Taxes for the previous year	0	-2	2	2	1	1
Taxes	-15	-18	3	-69	-68	-1
CAPEX	-48	-50	2	-227	-226	-1
700/800/2,600/3,500 MHz licence fees	-10	-4	-5	-4	-10	5
Investments in shares	0	0	0	-67	-11	-57
Sale of shares	1		1	1	1	0
Sale of assets and adjustments	-11	-6	-5	-9	-17	8
Cash flow after investments	73	68	5	257	272	-15
Cash flow after investments excl. acquisitions	73	68	5	323	282	41

1) Difference is calculated using exact figures prior to rounding

2) €4m 700 MHz in Q1/19 and Q1/20, €5m 3.5 GHz Q1/20 in Finland.

3) Kepit Systems, Ukkonet, Fenix Solutions and Lounea in 2018, Polystar and Lounea 2019.

4) Excluding share purchases and sale of shares.

Cash flow by quarter

EUR million	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18
EBITDA	166	168	179	159	155	158	169	160
Change in receivables	23	-32	-2	5	9	4	-23	19
Change in inventories	2	-6	-1	-1	6	-7	2	1
Change in payables	-22	27	-9	5	-7	-1	2	-5
Change in NWC	3	-11	-12	10	8	-4	-20	15
Financials (net)	-11	-4	-1	0	-16	-5	0	0
Taxes for the year	-15	-21	-17	-17	-16	-21	-17	-15
Taxes for the previous year		0	0	4	-2	0		1
Taxes	-15	-21	-17	-13	-18	-21	-17	-14
CAPEX	-48	-71	-51	-55	-50	-65	-45	-64
700/800/2,600/3,500 MHz licence fees	-10	0	0		-4	-5		
Investments in shares	0	0	-2	-65	0	-6	0	-6
Sale of shares	1	0						
Sale of assets and adjustments	-11	-4	0	1	-6	-1	0	-9
Cash flow after investments	73	55	97	37	68	52	87	81
Cash flow after investments excl. acquisitions	73	55	98	102	68	58	85	87

Debt structure

EUR million at the end of the quarter	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18
Bonds and notes	758	757	943	941	939	767	766	764
Commercial papers	176	133	65	80	10	107	179	267
Loans from financial institutions	250	250	290	290	250	250	200	205
Financial leases ¹⁾	93	96	92	93	90	25	25	26
Committed credit lines ²⁾	0	0	0	0	0	0	0	0
Interest-bearing debt, total	1 277	1 236	1 389	1 404	1 290	1 149	1 170	1 261
Cash and cash equivalents	161	52	154	85	215	81	52	60
Net debt ³⁾	1 117	1 184	1 235	1 319	1 075	1 068	1 118	1 201

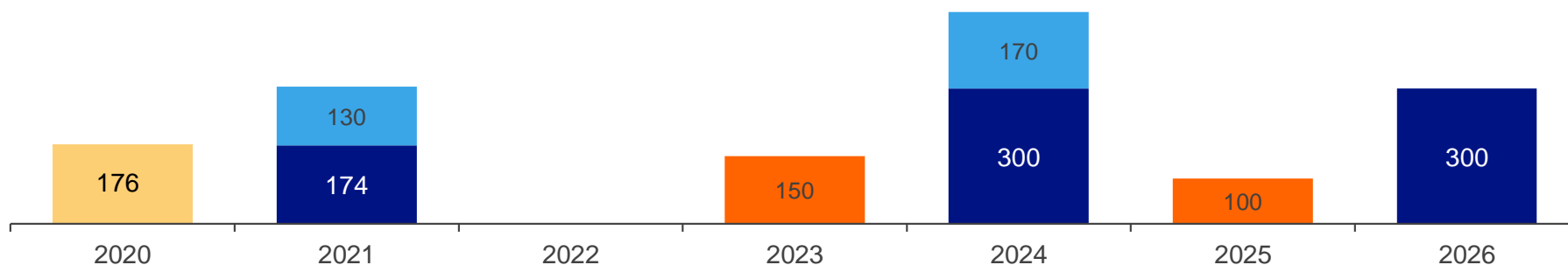
1) Financial leases classified as interest-bearing debt according to IFRS 16 from Q1/19 onwards

2) The committed credit lines are €130m and €170m facilities which Elisa may use flexibly at 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 2020

● Bonds ● Loans ● RCF¹⁾ ● CP



¹⁾ RCFs are fully undrawn



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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.