

Agenda

CEO's review Veli-Matti Mattila, CEO

Financial review
Jari Kinnunen, CFO



CEO's review

- Q3 2016 financial and operational highlights
- Segment review
- Strategy execution
- Outlook and guidance for 2016



Q3 2016 highlights

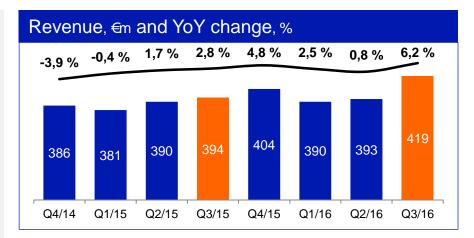
- Revenue grew by 6% and EBITDA by 7%
- Mobile service revenue grew by 5%
- Consolidation of Anvia's ICT businesses has started according to plan
- Mobile subscription base unchanged, fixed broadband clearly up as a result of Anvia acquisition
- Profit growth in Consumer Customers segment again, Corporate Customers segment continued to improve its profitability
- Demand for faster data speeds continued, smartphone penetration 73%
 - Smartphones 93% of new sales, all 4G-capable
- Success of Elisa Viihde service continued

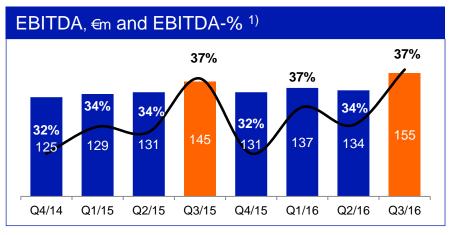


Q3 2016 financial highlights

Best ever quarter – revenue and EBITDA up

- Revenue €419m (395)
- EBITDA €154m (145)
 - Comparable EBITDA €155m (145)
- EBIT €98m (90)
- EPS €0.47 (0.43)
- Net debt / EBITDA 1.8 (1.9)
- CAPEX €42m (46)





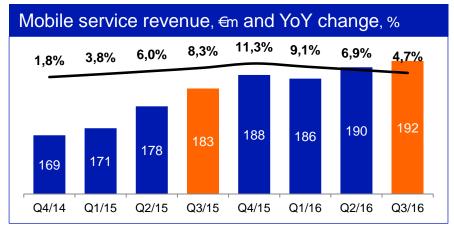




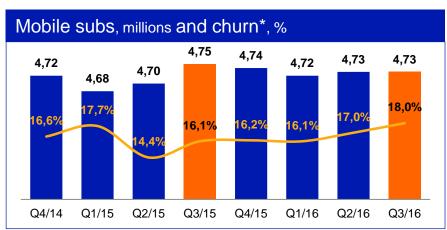
Q3 2016 operational highlights

Mobile service revenue growth continues

- Mobile service revenue up by 5%
 - Up-selling to higher speeds
 - More smartphones and data bundle subscriptions



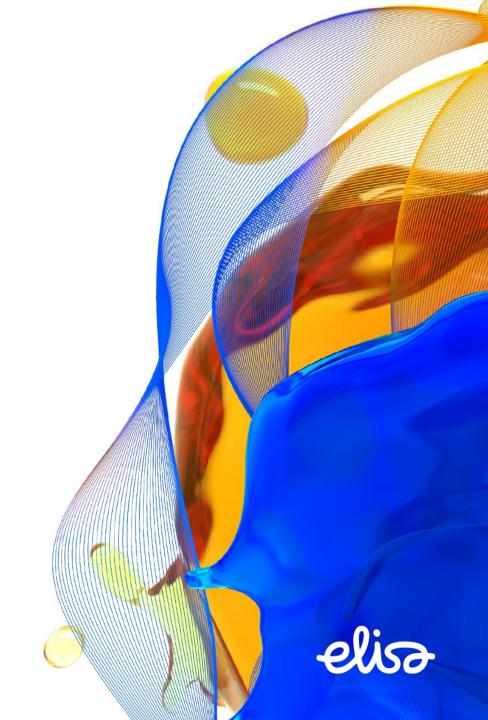
- Mobile subs base unchanged, clear growth in fixed broadband
 - Fixed broadband base grew by 58,500 subs mainly due to Anvia Telecom consolidation
 - Growth in Elisa Viihde service
 - Churn 18.0%



^{*} Annualised



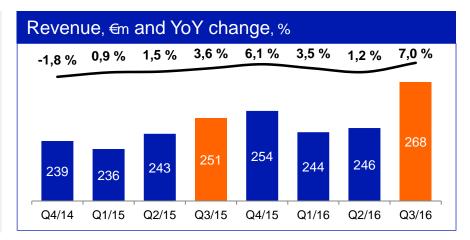
Business segments



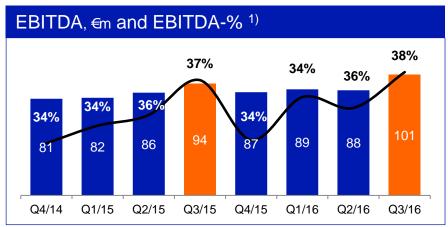
Q3 2016 Consumer Customers

Record high revenue and EBITDA

- Revenue €268m (251)
 - Growth through consolidation of Anvia's ICT businesses
 - Strong growth in mobile service revenue
 - Growth in digital services and Estonia
 - Decreasing trend in fixed services was offset by Anvia consolidation
 - Interconnection and roaming revenue decreased



- EBITDA €101m (94)
 - Mobile service revenue growth
 - Productivity improvements
- CAPEX €24m (26)



¹⁾ Comparable

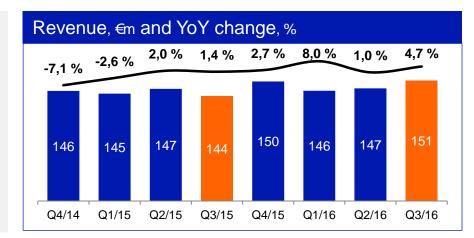


Q3 2016 Corporate Customers

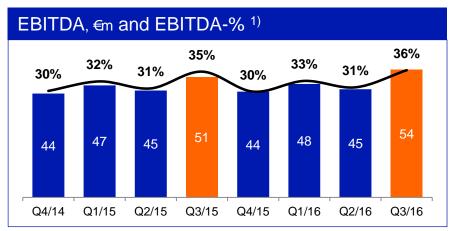
Growth in revenue, clear EBITDA improvement

Revenue €151m (144)

- Growth through consolidation of Anvia's ICT businesses
- Growth in mobile service revenue
- Growth in digital services and in Estonia
- Decreasing trend in fixed services was offset by Anvia consolidation
- Interconnection and roaming revenue decreased



- EBITDA €53m (51)
 - Comparable EBITDA €54m (51)
 - Revenue growth and productivity improvements
- CAPEX €18m (20)



¹⁾ Comparable



Strategy execution

Build value on data

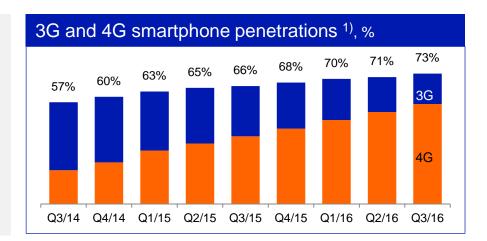
Accelerate digital service businesses

Improve performance with customer intimacy and operational excellence



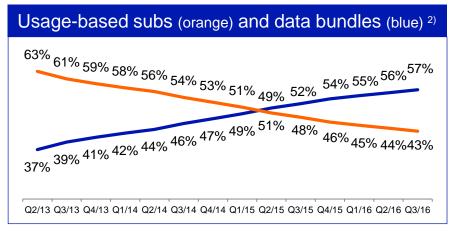
Growth in 4G smartphones and data bundles continue

- 73% of customers use a smartphone
 - 77% of smartphones are 4G-capable
- Of all models sold in Q3
 - 93% were smartphones, of which all were 4G-capable (92% and 100% respectively in Q2)



Proportion of data bundles continues to grow

- 57% of voice subs²⁾ are new types of fixed-monthly-fee, "all-you-can-eat" data bundles
- Majority of voice subs still at 2G/3G speeds, good 4G upselling potential



¹⁾ iOS (iPhone), Android, and Windows phones of the total phone base (no tablets)

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

Elisa Viihde – more domestic entertainment and sports content

Finnish version of the famous British comedy series The Office

In cooperation with Nelonen and BBC Worldwide

- Second season of original Downshiftaajat series
 - Most watched series in Elisa Viihde
 - Second season begins in December 2016

 FIFA World Cup European qualifying matches, UEFA Champions League and domestic Mestis ice hockey league



Fast fixed broadband coverage is expanding

- Coverage is extended in 2016 by 75,000 households around Finland
 - New technology enables even 100 Mbit/s speed for SDUs and even 1,000 Mbit/s speed for MDUs
 - Big advantage for e.g. remote work and entertainment services like online gaming

Elisa has more than 590,000 fixed broadband customers



Elisa at the forefront of technological development

- Elisa became first operator in Finland to test 5G
 - 5G enables e.g. virtual reality games, smart traffic, remote surgery and other future services
- Elisa set world record: 1.9 Gbit/s speed in 4G network
- Wi-Fi calls to mobile phones
 - Improves indoor coverage for example in low-energy houses and old blocks of flats



Outlook and guidance for 2016

Macroeconomic environment still weak in 2016, competition remains challenging

- Revenue slightly higher than in 2015
- EBITDA excluding one-offs slightly higher than in 2015
- CAPEX maximum 12% of revenue



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Strong revenue and earnings growth

- Revenue growth 6%
 - Anvia consolidation from 1 July onwards
- EBITDA growth 7%
 - Mobile service revenue growth
 - Productivity improvements
- Depreciation at same level
- Net financials, lower interest
- Taxes slightly higher
 - Higher profit before tax
 - Deferred tax assets recognised in 2015, no deductions in P&L in 2016
- EPS growth 10%

EURm	Q3/16	Q3/15	Δ ²⁾	Δ%	1-9/16	1-9/15	$\Delta^{2)} \Delta\%$	2015
Revenue	419	394	24	6%				1,569
EBITDA	154	145			424	405		532
EBITDA-%	37	37			35	35		34
Comparable EBITDA 1)	155	145	11	7%	425	405	21 5%	536
Comparable EBITDA-%	37	37			35	35		34
Depreciation	-56	-55			-161	-161		-220
EBIT 3)	98	90	9	10%	263	244	19 8%	312
EBIT-%	24	23			22	21		20
Net financial items	-5	-6			-18	-16		-21
Profit before tax 3)	93	83	10	12%	246	229	17 8%	291
Income taxes	-18	-15			-47	-41		-47
Net Profit	75	68	7	10%	199	188	11 6%	244
EPS, € ²⁾	0.47	0.43	0.04	10%	1.24	1.17	0.07 6%	1.52

¹⁾ Comparable EBITDA excludes net of transfer tax of EUR 1.7m relating to Anvia acquisition and capital gain of EUR 0.6m from sale of Tansec shares

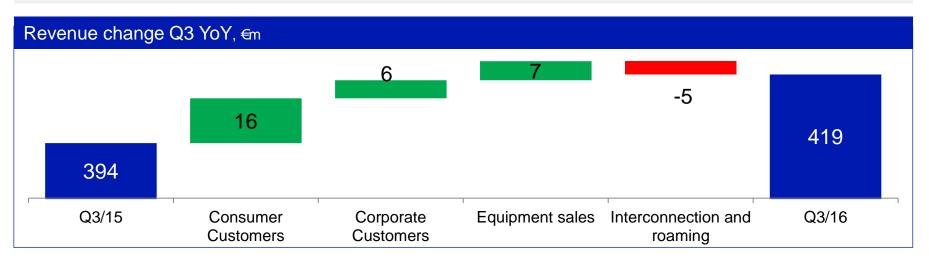
Q3/2016 comparable EBIT EUR 100m, Profit before tax EUR 94m and EPS EUR 0.48.
 1-9/2016 comparable EBIT EUR 265m, Profit before tax EUR 247m and EPS EUR 1.25



²⁾ Difference is calculated using exact figures prior to rounding

Revenue growth in both business segments

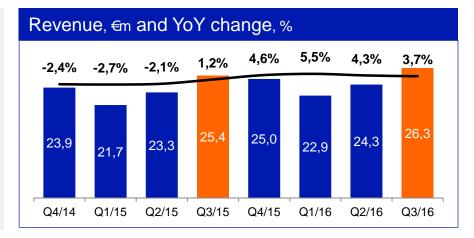
- Organic revenue growth approximately 2%
- Consumer Customers
 - Growth in mobile services, fixed services (Anvia consolidation), Estonian business and digital services
- Corporate Customers
 - Growth in mobile services and fixed services (Anvia consolidation)



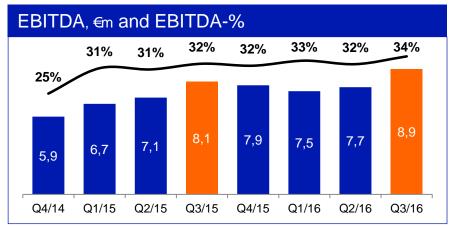


Growth continues in Estonia

- Revenue €26.3m (25.4)
 - Growth in mobile service revenue and equipment sales
 - Subscription base up by 7,000 mainly in prepaid



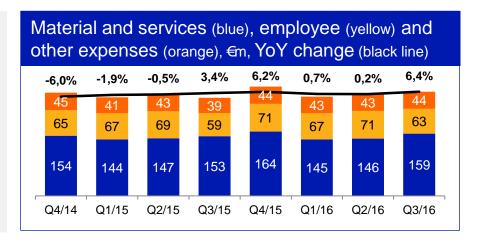
- EBITDA €8.9m (8.1)
 - Mobile service revenue
 - Productivity improvements
- CAPEX €1.6m (1.3)
 - CAPEX / sales 6%

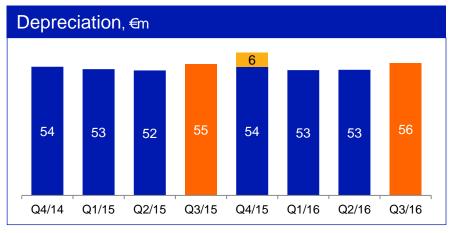




Expenses increased due to Anvia consolidation

- Total OPEX increased to €267m (251)
 - Anvia consolidation 1 July 2016
 - Anvia transfer tax €1.7m
- OPEX decreased
 - Interconnection and roaming
 - Continuous productivity improvements
- Stable depreciation
 - Long-term stable CAPEX level
 - Slight increase due to Anvia consolidation



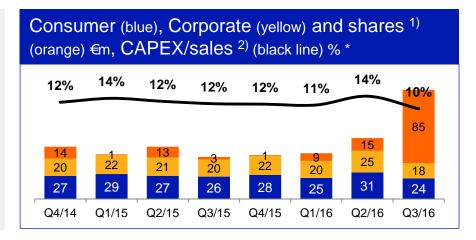


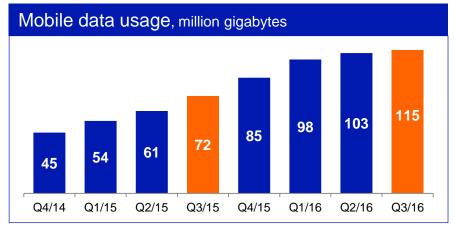
^{*} EUR 6m one-off in Q4/15



CAPEX lower, full-year guidance intact

- CAPEX €42m (46)
 - Consumer €24m (26)
 - Corporate €18m (20)
 - CAPEX / sales 10%, 1–9/16 12%
- CAPEX / sales guidance for 2016 unchanged, max. 12%
- Stable CAPEX level despite strong mobile data growth
 - Mobile data YoY growth 61%

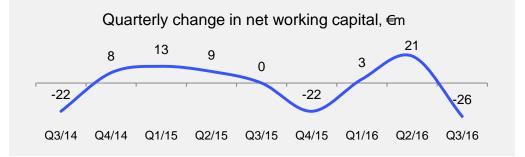


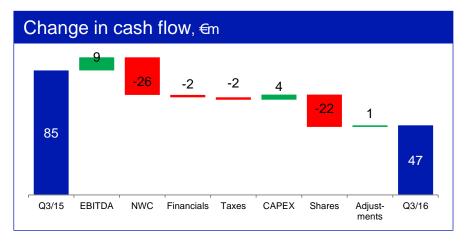


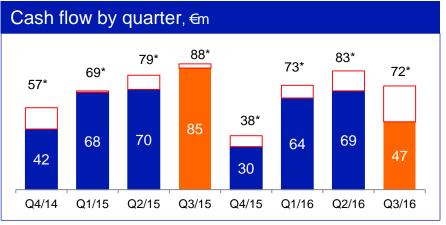


Seasonality in cash flow

- Cash flow €47m (85)
 - Cash flow YoY change -€38m, excluding investments in shares -€16m
- Cash flow excluding investments in shares YTD €228m (236)
- Seasonality in negative NWC change
 - Higher inventories and receivables
 - Lower payables







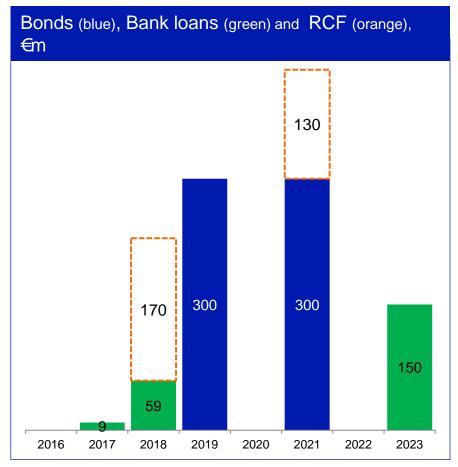
^{*} Excluding investments in shares and licence payments



Solid liquidity position

- Cash and undrawn committed credit facilities €333m (479)
 - RCFs €300m fully undrawn
 - New EIB €150m loan drawn, old €120m paid back in September
- Commercial paper programme
 - €201m in use as of 30 September 2016
- Credit ratings
 - S&P BBB+ Stable outlook
 - Moody's Baa2 Stable outlook

Bonds and bank loan maturities 30 September 2016



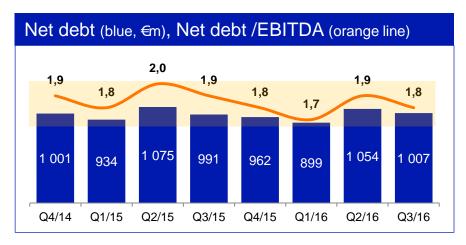


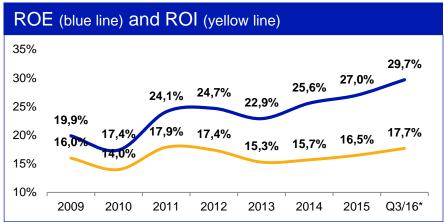
Capital structure on target and return ratios improved

- Net debt at target level
 - Net debt / EBITDA 1.8x
 - Gearing 110%, equity ratio 40%
- Target setting
 - Net debt / EBITDA 1.5–2×
 - Equity ratio >35%



- Improved result
- Efficient capital structure





*Last four quarters profit per average of last four quarters equity





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Elisa IR app Available on the App Store





APPENDIX

Cash flow YoY comparison

Q3/16	Q3/15	∆1)	Δ%	1-9/16	1-9/15	∆1)	Δ%	2015
154	145	9	7%	424	405	19	5%	532
-30	-22	-8		-9	-12	-3		-2
-7	4	-11		3	7	-4		-6
11	18	-7		4	27	-23		7
-26	0	-26		-3	22	-24		-0
-1	1	-2		-9	-10	1		-18
-15	-13			-40	-39	-1		-54
0	0			-3	2			2
-15	-13	-2		-43	-37	-6		-52
-42	-45	4		-142	-145	4		-193
0	0			0	0			-7
-25	-3	-22		-48	-12	-36		-13
3	2			1	2			4
47	85	-38	-45%	180	223	-43	-19%	253
72	88	-16	-18%	228	236	-7	-3%	266
	154 -30 -7 11 -26 -1 -15 0 -15 -42 0 -25 3 47	154 145 -30 -22 -7 4 11 18 -26 0 -1 1 -15 -13 0 0 -15 -13 -42 -45 0 0 -25 -3 3 2 47 85	154 145 9 -30 -22 -8 -7 4 -11 11 18 -7 -26 0 -26 -1 1 -2 -15 -13 0 0 0 -15 -42 -45 4 0 0 -25 -3 -22 3 2 47 85 -38	154 145 9 7% -30 -22 -8 -7 4 -11 11 18 -7 -26 0 -26 -1 1 -2 -15 -13 0 0 0 -15 -42 -45 4 0 0 -25 -3 -22 3 2 47 85 -38	154 145 9 7% 424 -30 -22 -8 -9 -7 4 -11 3 11 18 -7 4 -26 0 -26 -3 -1 1 -2 -9 -15 -13 -2 -40 0 0 -3 -40 -15 -13 -2 -43 -42 -45 4 -142 0 0 0 0 -25 -3 -22 -48 3 2 1 47 85 -38 -45% 180	154 145 9 7% 424 405 -30 -22 -8 -9 -12 -7 4 -11 3 7 11 18 -7 4 27 -26 0 -26 -3 22 -1 1 -2 -9 -10 -15 -13 -2 -9 -10 -15 -13 -2 -40 -39 0 0 -3 2 -15 -13 -2 -43 -37 -42 -45 4 -142 -145 0 0 0 0 0 -25 -3 -22 -48 -12 3 2 1 2 47 85 -38 -45% 180 223	154 145 9 7% 424 405 19 -30 -22 -8 -9 -12 -3 -7 4 -11 3 7 -4 11 18 -7 4 27 -23 -26 0 -26 -3 22 -24 -1 1 -2 -9 -10 1 -15 -13 -2 -9 -10 1 -15 -13 -2 -43 -37 -6 -42 -45 4 -142 -145 4 0 0 0 0 0 0 0 -25 -3 -22 -48 -12 -36 3 2 1 2 2 -43 -43 47 85 -38 -45% 180 223 -43	154 145 9 7% 424 405 19 5% -30 -22 -8 -9 -12 -3 -7 4 -11 3 7 -4 11 18 -7 4 27 -23 -26 0 -26 -3 22 -24 -1 1 -2 -9 -10 1 -15 -13 -2 -9 -10 1 -15 -13 -2 -40 -39 -1 0 0 -3 2 -43 -37 -6 -42 -45 4 -142 -145 4 0 0 0 0 0 0 -25 -3 -22 -48 -12 -36 3 2 1 2 47 85 -38 -45% 180 223 -43 -19%

¹⁾ Difference is calculated using exact figures prior to rounding



²⁾ 800 MHz LTE licence in 2015 €7m

³⁾ Investment mainly in Anvia in 2016 and 2015

⁴⁾ Excluding share acquisitions

APPENDIX

Cash flow by quarters

€million	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14
EBITDA	154	134	137	128	145	131	129	125
Change in receivables	-30	19	2	10	-22	15	-5	9
Change in inventories	-7	3	6	-12	4	-2	5	-4
Change in payables	11	-2	-6	-20	18	-3	12	4
Change in NWC	-26	21	3	-22	0	9	13	8
Financials (net)	-1	2	-10	-8	1	-1	-9	-9
Taxes for the year	-15	-13	-13	-15	-13	-13	-12	-13
Taxes for the previous year	0	-3				2		
Taxes	-15	-15	-13	-15	-13	-11	-12	-13
CAPEX	-42	-56	-44	-48	-45	-50	-50	-46
800 MHz licence fees	0			-7				-7
Investments in shares	-25	-15	-9	-1	-3	-9	-1	-15
Sale of assets and adjustments	3	-2	-1	2	2	2	-2	-2
Cash flow after investments	47	69	64	30	85	70	68	42
Cash flow after investments excl. acquisitions	72	83	73	30	88	79	69	57



APPENDIX

Debt structure

€ million, at the end of the quarter	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14
Bonds and notes	594	593	593	592	592	592	591	591	590
Commercial papers	201	215	146	171	229	219	169	210	200
Loans from financial institutions	219	195	195	200	200	205	205	211	211
Financial leases	25	26	27	28	29	30	30	31	32
Committed credit lines 1)	0	80	0	0	0	90	0	0	50
Interest-bearing debt, total	1 040	1 109	961	991	1 050	1 135	995	1 043	1 083
Cash and cash equivalents	33	55	61	29	59	60	61	41	40
Net debt ²⁾	1 007	1 054	899	962	991	1 075	934	1 001	1 043



¹⁾ The committed credit lines are €130m and €170m revolving credit facilities with five banks, which Elisa may use flexibly on agreed pricing. The facilities are valid until 11 June 2021 and 3 June 2018.

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