

Agenda

CEO's review Veli-Matti Mattila, CEO

Financial review
Vesa Sahivirta, IR Director



CEO's review

- Q3 2017 financial and operational highlights
- Segment review
- Strategy execution
- Outlook and guidance for 2017



Q3 2017 highlights

- Revenue grew by 8.4% and comparable EBITDA by 6.6%
 - Organic revenue growth was 4%
- Mobile service revenue grew by 6.4% despite higher churn
- Revenue growth and profit improvement continued in both customer segments
- New EU Premium subscription sales have been very good
 - Unlimited usage in Nordics and Baltics has strong demand
- Starman and Santa Monica Networks integration progress as planned

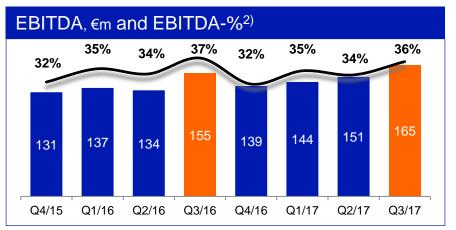


Q3 2017 financial highlights

Record quarter again – growth in revenue and EBITDA

- Revenue €454m (419)
- EBITDA €165m (154, comparable 155)
- EBIT €109m (98, comparable 100)
- Earnings per share €0.53 (0.47, comparable 0.48)
- Net debt / EBITDA 1.9 (1.8)
- CAPEX €58m (42)



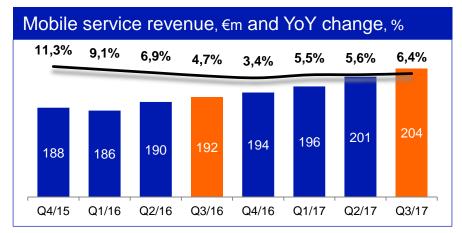




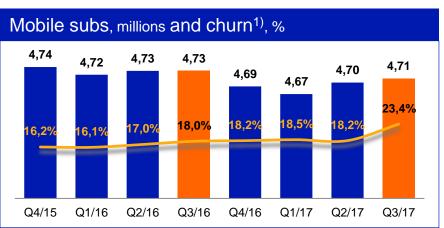


Good growth in mobile service revenue – boosted by new Premium subscriptions

- Mobile service revenue grew by 6.4%
 - Up-selling to higher speeds
 - Good demand for Premium subscriptions
 - Product changes
 - Blended ARPU was €17.8 (16.7)
 - Post-paid voice ARPU €20.1 (19.0)



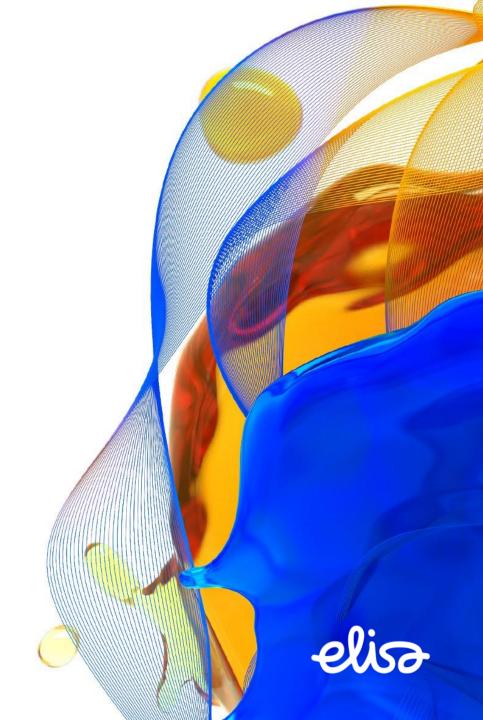
- Mobile subscription base up, fixed broadband at the same level
 - Mobile subscription base increased by 9,600
 - Fixed broadband base grew by 200
 - Churn¹⁾ 23.4% (18.0), post-paid voice churn 19.8% (15.6)
 - Churn levels were higher due to intensified competition driven by increased use of third party distribution channels
- Success of Elisa Viihde continued



¹⁾ Annualised

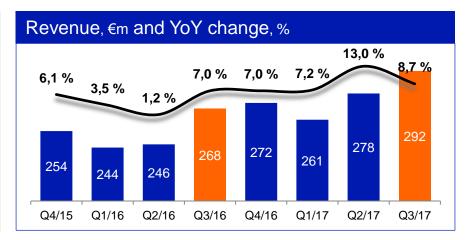


Business segments

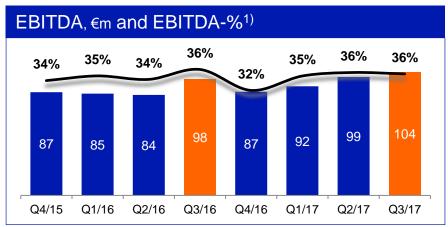


Record quarter, growth in revenue and EBITDA continued

- Revenue €292m (268)
 - Growth in mobile service revenue
 - Recent acquisitions, mobile and digital services as well as equipment sales increased revenue
 - Traditional fixed and interconnection revenue decreased



- EBITDA €104m (97, comparable 98)
 - Revenue growth
 - Productivity improvements
- CAPEX €39m (27)



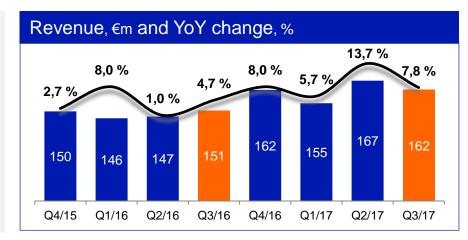
¹⁾ Comparable



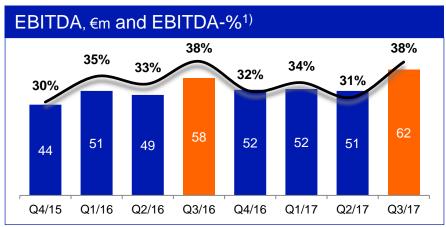
Q3 2017 Corporate Customers

Growth in revenue, profit improvement continued

- Revenue €162m (151)
 - Growth in mobile service revenue
 - Recent acquisitions, mobile and digital services as well as equipment sales increased revenue
 - Traditional fixed and interconnection revenue decreased



- EBITDA €62m (57, comparable 58)
 - Revenue growth
 - Productivity improvements
- CAPEX €19m (15)



1) Comparable



Strategy execution

Build value on data

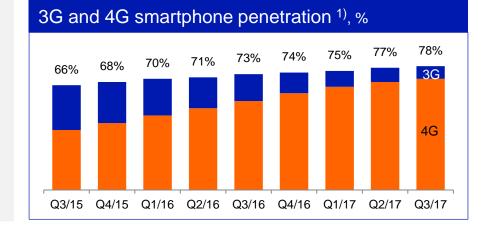
Accelerate digital service businesses

Improve performance with customer intimacy and operational excellence

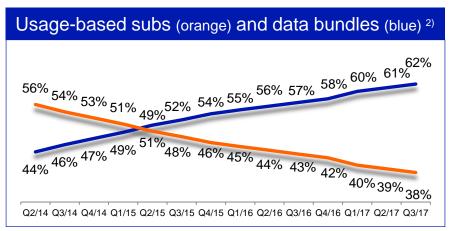


Growth in 4G subscriptions has continued

- 78% of customers use a smartphone
 - 90% of smartphones are 4G-capable
- 91% of all mobile phones sold were 4G-capable smartphones
 - 92% in Q2/17



- Proportion of data bundles continues to grow
 - 62% of voice subs²⁾ are new types of fixed-monthly-fee, "all-you-can-eat" data bundles
 - 52% of voice subs at 4G speeds, good up-selling potential



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

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

First in Finland – 5G readiness for mobile network

- Modernised network is part of the Smart Tampere programme
 - Covers the entire city and its surroundings
 - The first city with the cutting-edge network on this scale
- Significantly higher data speeds, lower latency and functionalities required by the Internet of Things
 - Building begun in September, will finish in February 2018



Elisa Viihde entertainment selection increases

- Three new original series and new seasons to hit series
 - International thriller Bullets
 - Domestic comedy series Kolmistaan and Jättekiva
 - The original series *Konttori* went into its second season
- Elisa Viihde Sport channel offering is expanding
 - Now also 100 Salibandyliiga, elite floorball season games



Renewed Elisa Turvapaketti secures online safety for children

- Helps parents guide children's online usage
 - Protects from over-usage
 - Locates missing phone, remote locking if needed
 - Provides help to guide children's screen time and browser protection
- Easy to manage in OmaElisa service



Elisa and VTT* bring Industrial Internet to SMEs

- VTT and Elisa help SMEs in digitalising their operations with IoT solutions
 - Objective is to develop processes, products and international growth of manufacturing industry
- VTT will develop new sensor, device and technology solutions
- Elisa helps to collect and analyse data from loT devices as well as developing applications, services and infrastructure



Outlook and guidance for 2017

Macroeconomic environment has improved, but long-term structural challenges still remain. Competition remains challenging.

- Revenue higher than in 2016
- Comparable EBITDA higher than in 2016
- CAPEX maximum 13% of revenue, mid-term target maximum 12% is still valid



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CEO's review Veli-Matti Mattila, CEO

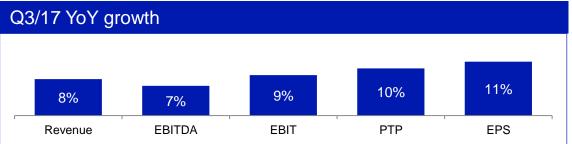
Financial review Vesa Sahivirta, IR Director



Strong revenue and earnings growth continues

- Revenue growth 8%
- EBITDA growth 7%
 - Revenue growth
 - Productivity improvements
- EPS increase 11%

EUR million, excluding one-offs	Q3/17	Q3/16	Δ 1)	1-9/17	1-9/16	Δ 1)	2016
Revenue	454	419	35	1,315	1,202	113	1 636
EBITDA	165	155	10	460	425	34	564
EBITDA-%	36.4	37.0		35.0	35.4		34.5
Depreciation	-57	-56	-1	-171	-161	-10	-215
EBIT	109	100	9	289	265	24	349
EBIT-%	23.9	23.8		21.9	22.0		21.4
Net financial items	-5	-5	0	-14	-18	4	-21
Profit before tax	104	94	9	275	246	29	327
Income taxes	-19	-18	-1	-51	-47	-4	-62
Net Profit	85	77	8	223	200	24	265
EPS,€	0.53	0.48	0.05	1.40	1.25	0.15	1,66



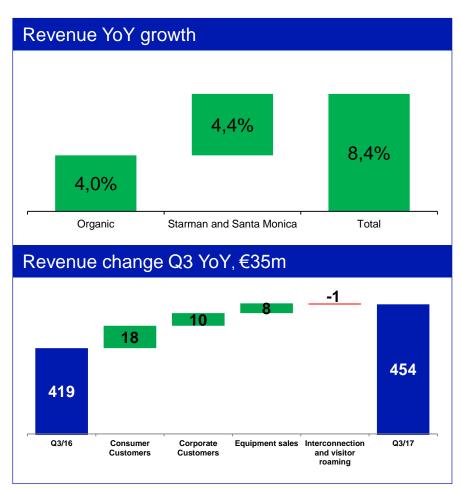


¹⁸

Strong growth boosted by acquisitions

- Competiveness intact strong organic growth
- Acquisitions boosted revenue

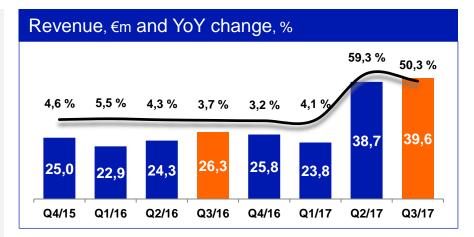
- Good development in both segments
 - Starman and Santa Monica Networks acquisitions
 - Mobile and digital services
 - Decrease in traditional fixed services
- Equipment sales up
 - Increased smartphone sales
- Interconnection and visitor roaming flat

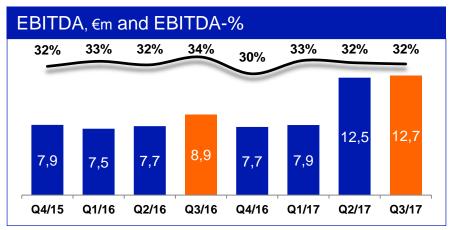




Estonian business benefiting from acquisitions

- Revenue €39.6m (26.3)
 - Starman and Santa Monica Networks (SMN) acquisitions
 - Growth in mobile service revenue and equipment sales
- EBITDA €12.7m (8.9)
 - Mobile service revenue
 - Acquisitions
 - Productivity improvements
- CAPEX 8.8m (1.6)
 - New 2,600 MHz frequency: €1.6m
 - CAPEX / sales 18%¹⁾
- Integration progressing well
- Synergy estimates unchanged
 - Starman €4–6m by end-2019
 - SMN €4–5m by end 2019 (includes SMN Finland)







Expenses in line with revenue growth

OPEX increased

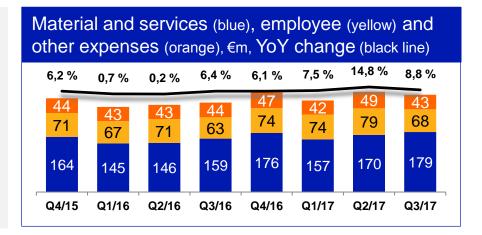
- Acquired companies
- Equipment purchases
- Long-term incentive plans

OPEX decreased

Continuous productivity improvements

Depreciation

Acquired companies increased depreciation level from Q2 onwards

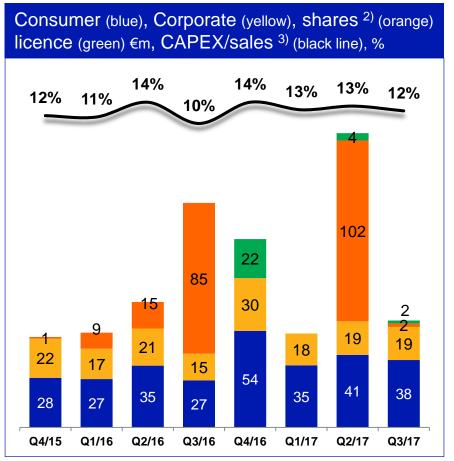






CAPEX according to guidance

- CAPEX €58m (42)
 - Consumer €39m (27)
 - Corporate €19m (15)
 - Includes licence fee €1.6m
- CAPEX / sales 12%³⁾
 - According to full-year guidance

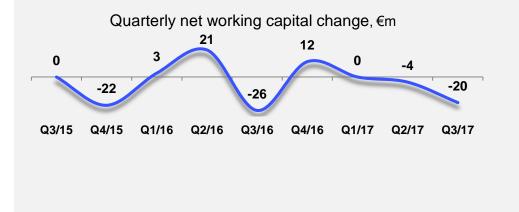


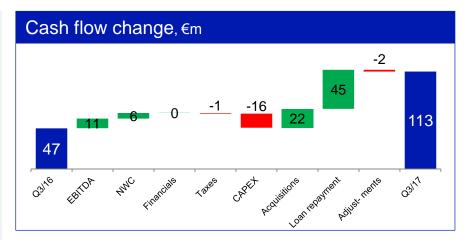
²⁾ Q3/15–Q2/16 includes purchases of Anvia shares, Q3/16 Anvia ICT business, Q2/17 Starman and Santa Monica acquistions

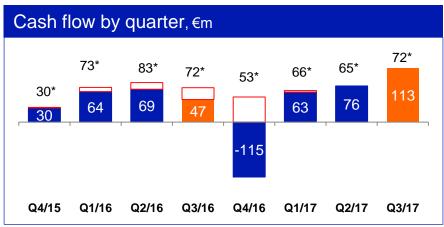
³⁾ CAPEX/sales excluding investments in shares and licence fees CAPEX allocation between segments changed from Q1/16 onwards

Solid cash flow continuing

- Stable cash flow €113m (47)
- Loan repayment of €45m
 - Excluding acquisitions, licence fees and loan arrangements
 €72m (72)







^{*} Excluding investments in shares, licences, loan arrangements and share sales



Strong liquidity position

- Cash and undrawn committed credit facilities €391m (333)
 - €300m credit facilities fully undrawn
- Commercial paper programme
 - €207m in use as of 30 Sep 2017
- Credit ratings
 - S&P

BBB+

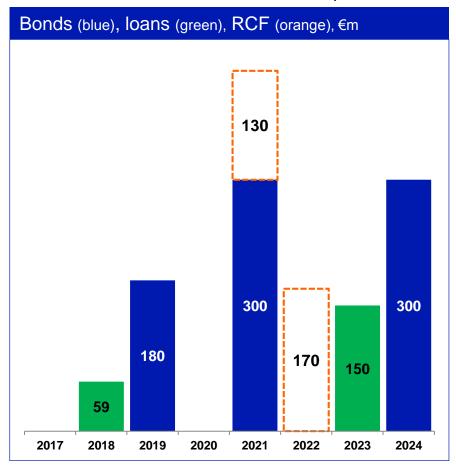
Stable outlook

Moody's

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Stable outlook

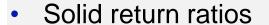
Bonds and bank loan maturities, 30 Sep 2017 *



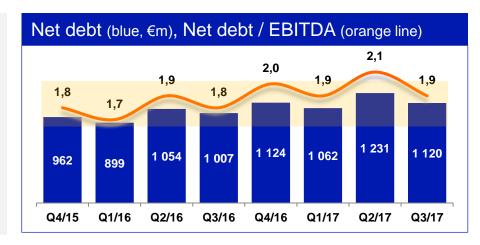


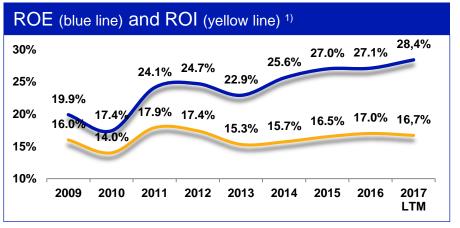
Capital structure

- Net debt / EBITDA in line with target
 - Gearing 116%, equity ratio 38%
- Target setting
 - Net debt / EBITDA 1.5–2×
 - Equity ratio >35%



- Improved result
- Efficient capital structure





¹⁾ Last four quarters profit per average of last four quarters equity. 2017 LTM excluding profit for Comptel shares.





Contacts:

Mr. Vesa Sahivirta vesa.sahivirta@elisa.fi +358 102 623 036





APPENDIX

Cash flow YoY comparison

€ million	Q3/17	Q3/16	∆1)	1-9/17	1-9/16	∆1)	2016
EBITDA	165	154	11	457	424	32	563
Change in receivables	-15	-30		-27	-9		-3
Change in inventories	0	-7		-6	3		1
Change in payables	-4	11		9	4		12
Change in NWC	-20	-26	6	-24	-3	-21	9
Financials (net)	-1	-1		-10	-9		-16
Taxes for the year	-16	-15		-44	-40		-65
Taxes for the previous year	0	0		2	-3		
Taxes	-16	-15	-1	-42	-43	1	-65
CAPEX	-57	-42	-15	-167	-142	-27	-202
800, 700 and 2600 MHz licences 2)	-2			-10			-7
Investments in shares 3)	-3	-25	22	-39	-48		-49
Starman acquisition 4)	45		45	45		45	-167
Sale of shares (mainly Comptel)	0			45		45	
Sale of assets and adjustments	1	3		1	1		-1
Cash flow after investments	113	47	66	252	180	71	65
Comparable cash flow after investments 5)	72	72		212	228	-16	281

- 1) Difference is calculated using exact figures prior to rounding
- 2) €7m 800 MHz licence in 2016 and €4m 700 MHz licence in Q1/17 in Finland. €4m 2,600 MHz licence in Q2/17 and €2m Q3/17 in Estonia.
- 3) Investment in Anvia in 2016 and Starman, Santa Monica and Tampereen Tietoverkko in 2017
- 1) Starman acquisition finance arrangement
- 5) Excluding share purchases, sale of Comptel shares, loan arrangements and license fees.



APPENDIX

Cash flow by quarters

€ million	Q3/17	Q2/17	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15
EBITDA	165	148	144	139	154	134	137	128
Change in receivables	-15	-23	12	6	-30	19	2	10
Change in inventories	0	-8	3	-2	-7	3	6	-12
Change in payables	-4	28	-15	8	11	-2	-6	-20
Change in NWC	-20	-4	0	12	-26	21	3	-22
Financials (net)	-1	0	-10	-7	-1	2	-10	-8
Taxes for the year	-16	-14	-14	-22	-15	-13	-13	-15
Taxes for the previous year	0	2		0	0	-3		
Taxes	-16	-12	-14	-22	-15	-15	-13	-15
CAPEX	-57	-59	-51	-61	-42	-56	-44	-48
700/800/2600 MHz licence fees	-2	-4	-4	-7				-7
Investments in shares	-3	-33	-3	-1	-25	-15	-9	-1
Starman acquisition	45			-167				
Sale of shares	0	45						
Sale of assets and adjustments	1	-3	3	-2	3	-2	-1	2
Cash flow after investments	113	76	63	-115	47	69	64	30
Comparable cash flow after investments	72	69	71	60	72	83	73	37



APPENDIX

Debt structure

€ million, at the end of the quarter	Q3/17	Q2/17	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15
Bonds and notes	766	766	765	594	594	593	593	592	592
Commercial papers	207	258	193	199	201	215	146	171	229
Loans from financial institutions	211	216	215	218	219	195	195	200	200
Financial leases	26	26	25	26	25	26	27	28	29
Committed credit lines 1)	0	23	80	130	0	80	0	0	0
Interest-bearing debt, total	1,211	1,289	1,278	1,169	1,040	1,109	961	991	1,050
Cash and cash equivalents	91	58	216	44	33	55	61	29	59
Net debt ²⁾	1,120	1,231	1,062	1,124	1,007	1,054	899	962	991



¹⁾ The committed credit lines are €130m and €170m revolving credit facilities, both with five banks, which Elisa may use flexibly on agreed pricing. The facilities are valid until 11 June 2021 and 3 June 2018. €170m facility maturing on 3 June 2018 was refinanced on 7 July 2017 with five banks and it matures July 2022.

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