



elisa

Interim Report Q3 2019

17 OCTOBER 2019

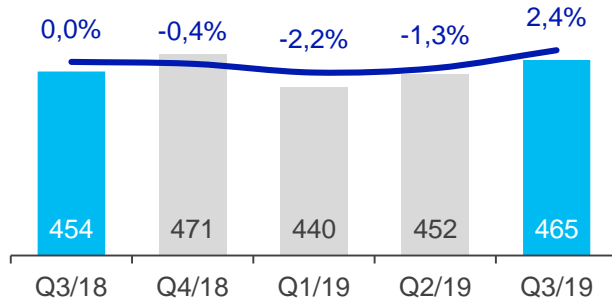
Q3 2019 highlights

- Revenue grew by 2%
- EBITDA up by 6%
- Mobile service revenue growth 2.3%
- Post-paid voice churn slightly up from 18.0% to 18.2%
- Post-paid mobile subscription base increased by 18,500 and fixed broadband grew by 8,100
- Early adopters embraced 5G, already thousands of 5G customers

Solid growth despite keen competition

Revenue

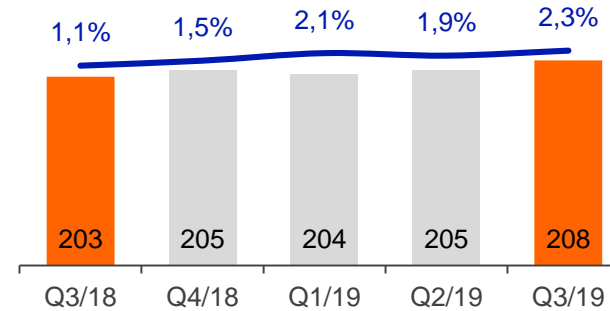
● Revenue, €m — YoY change.%



- Increase
- Polystar
 - Mobile services
 - Equipment sales

Mobile service revenue

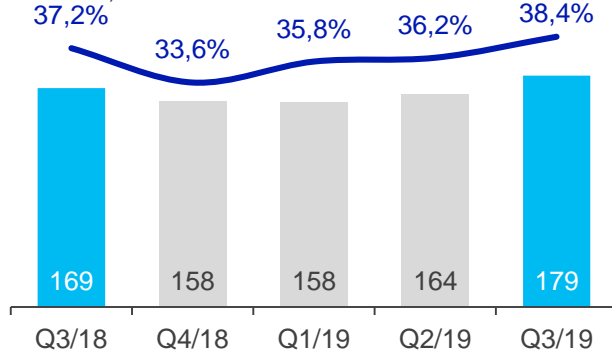
● MSR, €m — YoY change.%



- 4G up-selling continues
- Product changes

EBITDA¹⁾

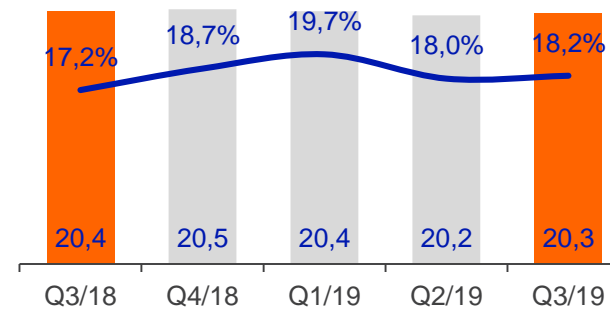
● EBITDA, €m — EBITDA-%



- IFRS 16
- Efficiency improvements

ARPU and churn²⁾

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



- Lower interconnection prices
- Campaigning continues
- Competition remained keen

1) Comparable

2) Finland, churn annualised

Solid growth in both segments

Consumer Customers

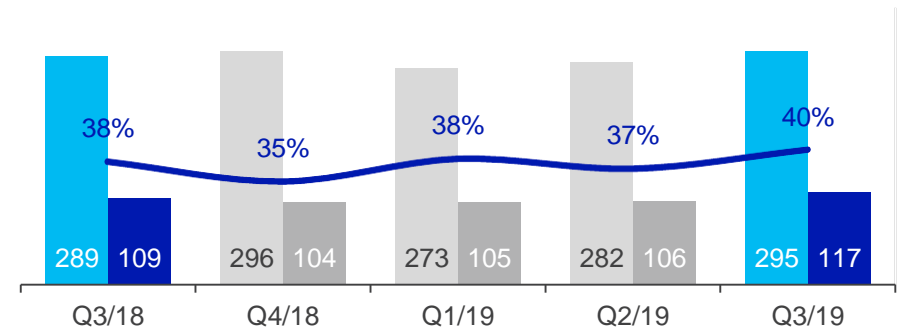
Revenue +2%

- + Mobile and digital services
- + Equipment sales
- Interconnection and roaming prices
- Traditional fixed services

EBITDA +7%

Revenue and EBITDA¹⁾

● Revenue, €m ● EBITDA, €m — EBITDA-%



Corporate Customers

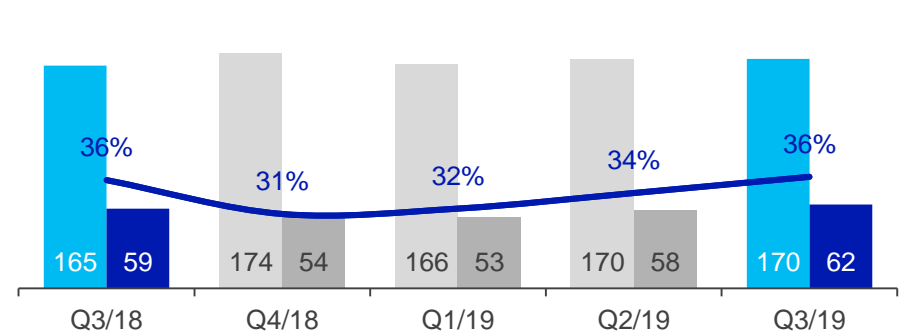
Revenue +3%

- + Polystar acquisition and domestic digital services
- + Equipment sales
- Interconnection and roaming prices
- Divestments and traditional fixed services

EBITDA +4%

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

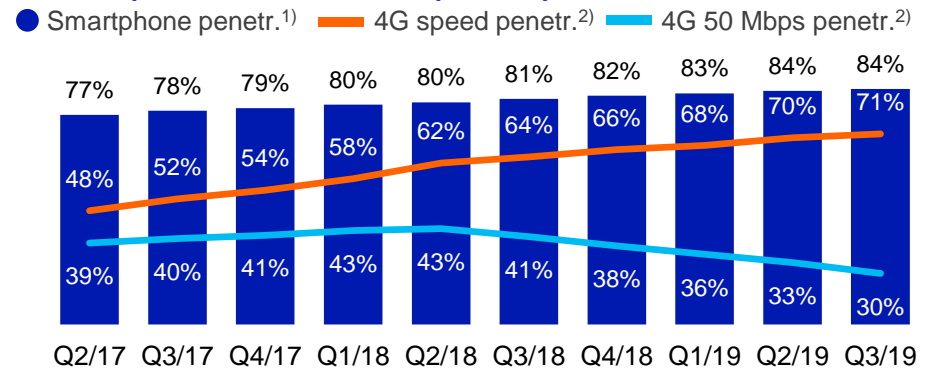


Steady growth in 4G and up-selling continues

Growth in 4G smartphone penetration

- 84% of customers use a smartphone
 - 98% (95%) 4G-capable
- 71% (64%) of voice subs at 4G speeds
 - 3G to 4G up-selling continues, 5G has started
 - Up-selling from 4G 50 Mbps to higher speeds continues

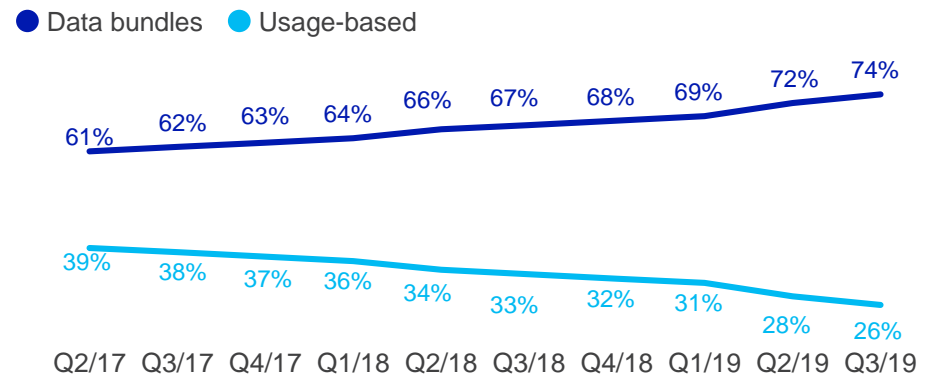
Smartphone and 4G speed penetration, %



Proportion of data bundles continue to grow

- 74% 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)



Early adopters embraced 5G, already thousands of customers

- First in the world: 5G roaming agreement between Elisa and Swisscom up and running
- New 300 Mbps 5G subscription introduced
- New forerunner customers in 5G : Port of Helsinki offers 5G services to its passengers, virtual reality walk for senior citizens enabled by 5G in Turku
- Elisa hosted the first 5G e-sports arena event in the world (Arctic Invitational) and provided 5G network for Tubecon (largest live YouTube event in the Nordics)
- New 5G devices introduced
 - Samsung Galaxy S10 smartphone, HTC 5G router



Expansion of digital service businesses continued

Domestic digital services

- Internationally recognized original series *Shadow Lines* had world premiere at end of September
- Elisa Viihde e-sport expanding: Arctic Invitational (Counter-Strike: Global Offensive) in September was the biggest e-sport event ever held in Finland. Streaming production of the one-day event reached a global audience of half a million.

International digital services

- Videra continues to build up its partner network for improved coverage and services
 - the first globally certified Zoom system integrator
 - a certified Microsoft Surface Hub reseller in Nordics
- Elisa Automate and South Korean LG Uplus have signed a collaboration agreement to jointly develop automation for 5G networks
- Elisa Automate Virtual NOC has been nominated for the World Communication Award 2019 in the "Innovation Award Operator" category
- Elisa Smart Factory complemented its offering with new solutions: Elisa Smart Safety Locking and Elisa Smart Supply Chain

Upgraded outlook and guidance for 2019

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

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



Financial performance

INTERIM REPORT Q3 2019

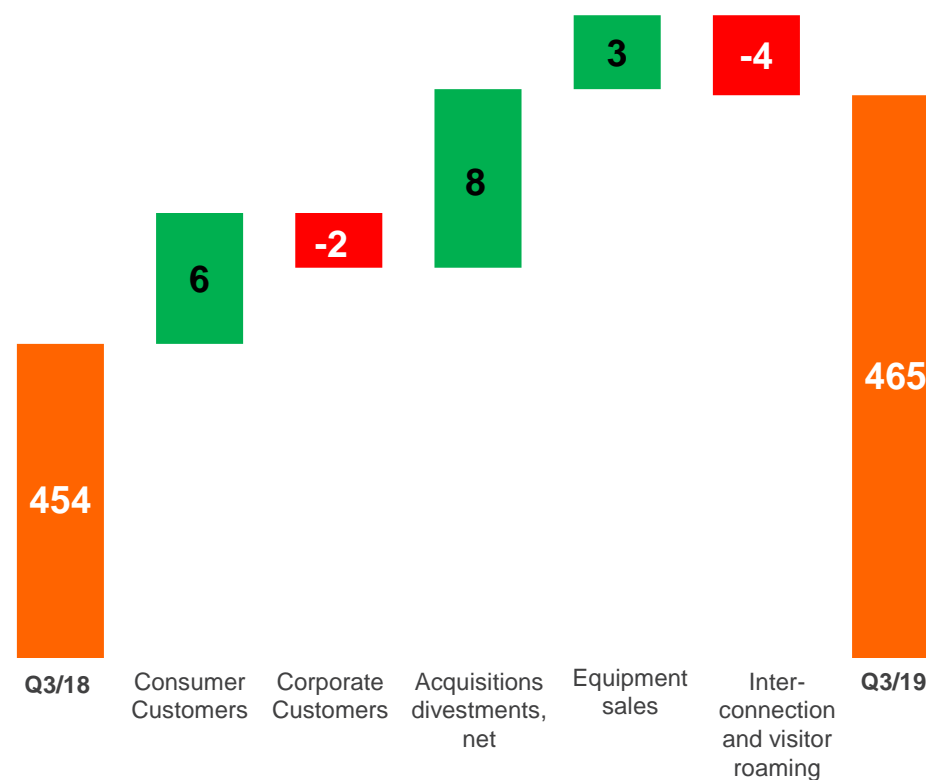
Growth in revenue and EBITDA

EUR million ¹⁾	Q3/19	Q3/18	Change	%
Revenue	465	454	11.0	2.4 %
Other operating income	1	2	-0.9	-47.8 %
Materials and services	-172	-173	0.8	-0.5 %
Employee expenses	-74	-70	-4.1	5.9 %
Other operating expenses	-41	-44	2.9	-6.7 %
EBITDA	179	169	9.8	5.8 %
<i>EBITDA %</i>	38.4 %	37.2 %		
Depreciation	-66	-59	-7.0	11.9 %
EBIT	113	110	2.8	2.5 %
<i>EBIT %</i>	24.2 %	24.2 %		
Financial expenses net	-6	-6	-0.1	2.5 %
Profit before tax	107	104	2.6	2.5 %
Net profit	84	85	-0.5	-0.6 %
EPS (EUR)	0.53	0.53	0.00	-0.6 %

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

Q3/19 income taxes include adjustment of deferred tax asset of € -3 million

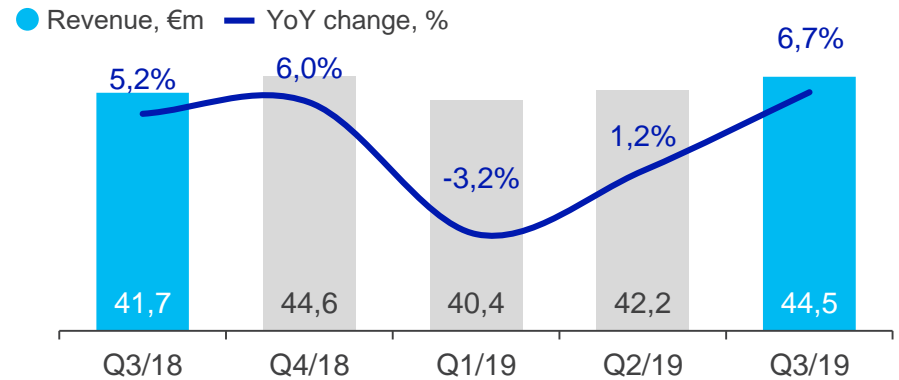
Q3 2019 revenue change YoY, €11m



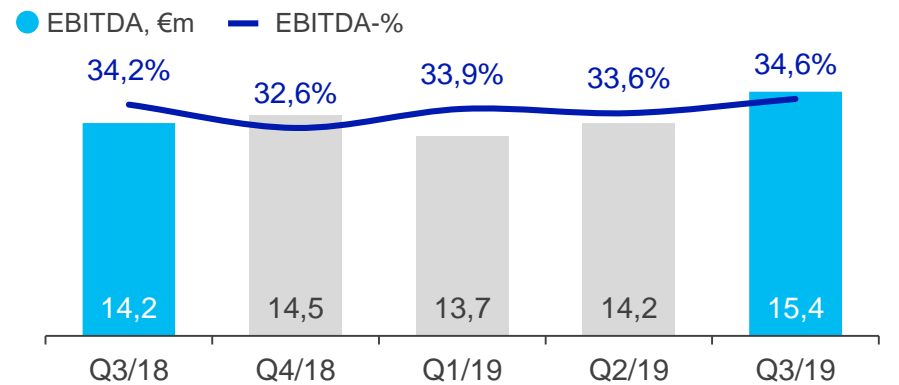
Strong performance in Estonia

- Revenue and EBITDA improved
 - Revenue growth +6.7%
 - EBITDA growth +8.5%
 - Mobile and fixed services growing
- Good growth in subscriptions
 - Mobile post-paid base +3,200, pre-paid +2,100
 - Post-paid voice churn 8.3% (7.9 in Q2)

Revenue



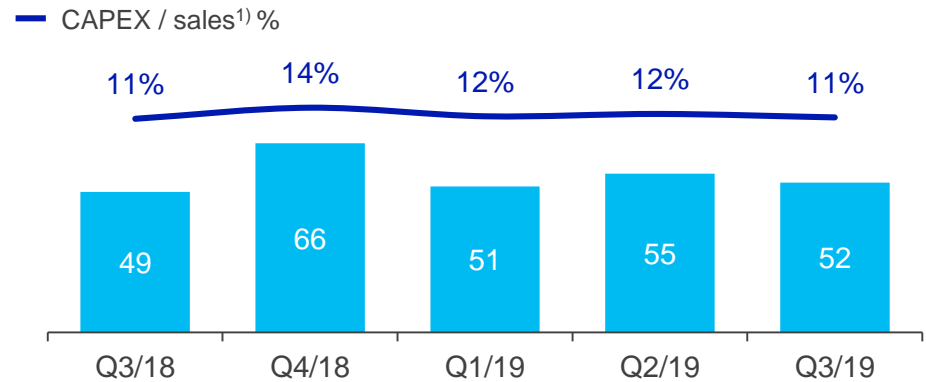
EBITDA



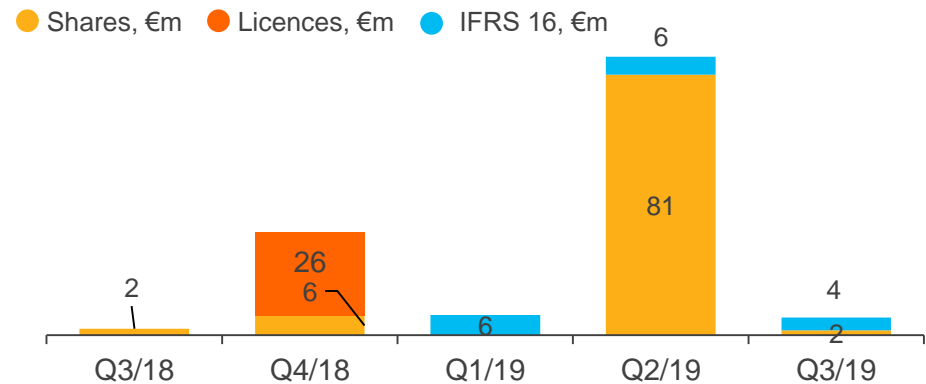
CAPEX in line with guidance

- CAPEX €56m, excl. IFRS 16 change €52m (49)
 - Consumer €38m (33)
 - Corporate €18m (16)
- Main CAPEX areas
 - 4G capacity and coverage increases
 - Other network and IT investments

CAPEX¹⁾



Shares, licences and rental agreements (IFRS 16)

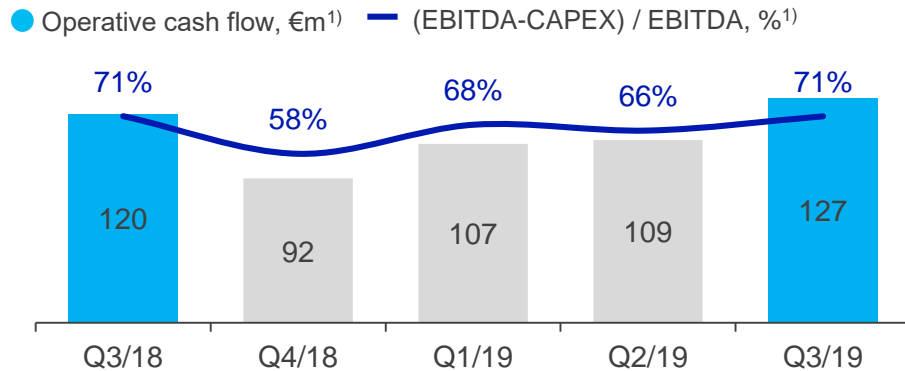


¹⁾ Investments excluding shares, licenses and rental agreements (IFRS 16)

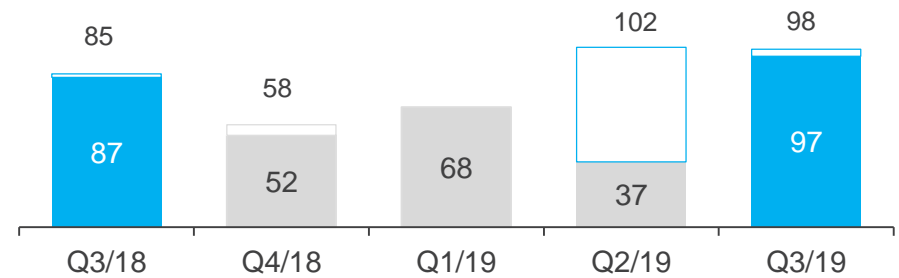
Strong growth in cash flow

- Cash flow €97m (87), comparable €98m
 - Comparable cash flow growth +15%
 - Higher EBITDA, change in NWC
 - IFRS 16 impact +€4m
 - Higher CAPEX

Cash conversion

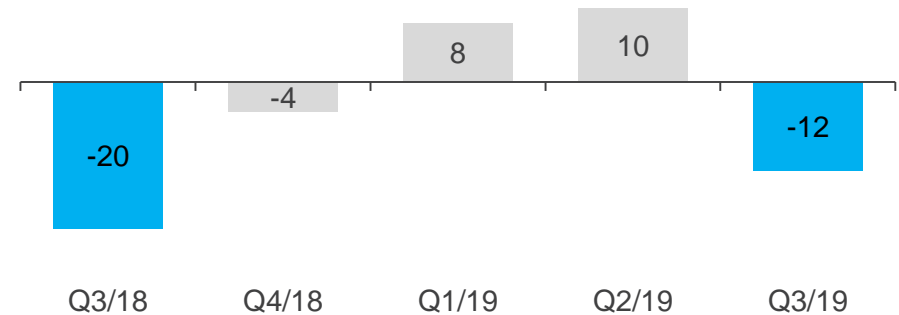


Cash flow and comparable cash flow, €m



Q2/19 comparable: Polystar acquisition

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 1.9x (target 1.5–2x)
- Equity ratio 37.6% (target >35%)
- IFRS 16 impact on assets and interest bearing debt +€70m, net debt / EBITDA +0.1x

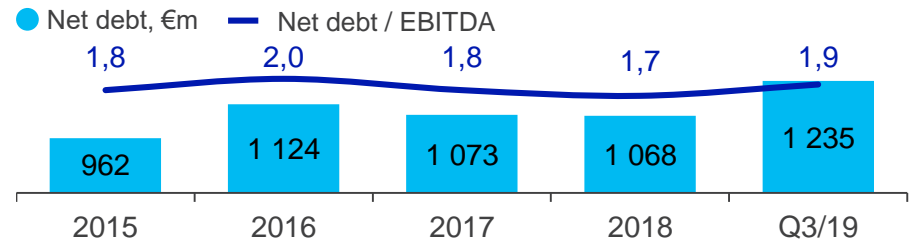
- €180m bond repaid on 4 October

- P&L interest >€1m less per quarter from Q4 onwards

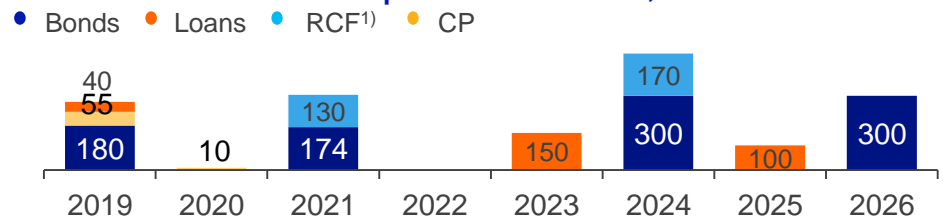
- Return ratios at good level

- Efficient capital structure

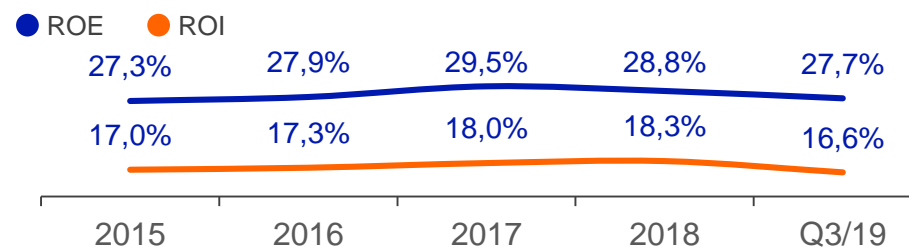
Net debt



Maturities on 30 September 2019, €m



Return ratios²⁾



¹⁾ RCFs are fully undrawn

²⁾ Comparable, 2017 excluding sale of Comptel shares



Q&A

APPENDIX

P&L by quarter

EUR million	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18	Q4/17
Revenue	464.9	451.6	439.7	470.6	453.9	457.5	449.6	472.5
<i>YoY growth</i>	2.4 %	-1.3 %	-2.2 %	-0.4 %	0.0 %	2.8 %	8.1 %	8.9 %
Other operating income	0.9	1.1	0.7	0.9	1.8	6.0	1.1	2.6
Materials and services	-172.1	-168.8	-160.5	-185.1	-172.9	-176.5	-170	-190.2
Employee expenses	-74.0	-82.0	-83.5	-80.3	-69.8	-79.6	-81.7	-82.5
Other operating expenses	-41.3	-42.8	-41.4	-47.9	-44.2	-47.6	-45.6	-51.3
EBITDA	178.5	159.2	155.1	158.1	168.7	159.8	153.4	151.2
<i>EBITDA %</i>	38.4 %	35.2 %	35.3 %	33.6 %	37.2 %	34.9 %	34.1 %	32.0 %
<i>YoY Growth</i>	5.8 %	-0.4 %	1.1 %	4.6 %	2.1 %	8.3 %	6.7 %	8.9 %
Comparable EBITDA	178.5	163.6	157.5	158.1	168.7	156.76	155.6	153.6
<i>YoY Growth</i>	5.8 %	4.4 %	1.2 %	3.0 %	2.1 %	4.1 %	8.3 %	10.7 %
<i>Comparable EBITDA %</i>	38.4 %	36.2 %	35.8 %	33.6 %	37.2 %	34.3 %	34.6 %	32.5 %
Depreciation, amortisation and impairment	-66.0	-66.8	-65.1	-59.7	-59.0	-59.2	-58.3	-58.6
EBIT	112.5	92.4	90.0	98.4	109.8	100.6	95.1	92.6
Comparable EBIT	112.5	96.8	92.4	98.4	109.8	97.5	97.3	95.0
Financial income	0.5	1.6	3.6	0.6	0.6	0.7	0.5	0.5
Financial expenses	-6.6	-6.9	-10.8	-6.3	-6.3	-6.2	-6.2	-6.4
Share of associated companies' profit	0.2	0.0	-0.1	-0.2	-0.1	0.0	0.0	-0.1
Profit before tax	106.6	87.0	82.7	92.6	104.0	95.0	89.4	86.6
Comparable profit before tax	106.6	91.4	85.1	92.6	104.0	92.0	91.6	89.0
Income taxes	-22.3	-15.8	-14.0	-13.4	-19.1	-17.5	-15.0	-15.1
Profit for the period	84.3	71.2	68.7	79.2	84.8	77.6	74.4	71.5
Comparable profit	84.3	74.9	70.6	75.9	84.8	74.7	76.2	73.5
Earnings per share (EUR)	0.53	0.45	0.43	0.49	0.53	0.49	0.47	0.45
Comparable EPS	0.53	0.47	0.44	0.47	0.53	0.47	0.48	0.46
<i>YoY Growth</i>	-0.6 %	0.2 %	-7.4 %	3.0 %	0.1 %	6.2 %	11.2 %	13.1 %

Cash flow YoY comparison

EUR million	Q3/19	Q3/18	Change ¹⁾	2018
EBITDA	179	169	10	640
Change in receivables	-2	-23	21	6
Change in inventories	-1	2	-3	3
Change in payables	-9	2	-11	-30
Change in NWC	-12	-20	8	-21
Financials (net)	-1	0	-1	-17
Taxes for the year	-17	-17	0	-69
Taxes for the previous year	0	0		1
Taxes	-17	-17	0	-68
CAPEX	-51	-45	-6	-226
800, 700, 2,600 and 3,500 MHz licences ²⁾	0			-10
Investments in shares ³⁾	-2	0	-2	-11
Sale of shares				1
Sale of assets and adjustments	0	0	0	-17
Cash flow after investments	97	87	10	272
Cash flow after invest. excl. acquisitions ⁴⁾	98	85	13	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, Polystar and Lounea 2019.

4) Excluding share purchases and sale of shares.

APPENDIX

Cash flow by quarter

EUR million	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18	Q4/17
EBITDA	179	159	155	158	169	160	153	151
Change in receivables	-2	5	9	4	-23	19	7	-33
Change in inventories	-1	-1	6	-7	2	1	7	-5
Change in payables	-9	5	-7	-1	2	-5	-26	36
Change in NWC	-12	10	8	-4	-20	15	-12	-1
Financials (net)	-1	0	-16	-5	0	0	-12	-5
Taxes for the year	-17	-17	-16	-21	-17	-15	-15	-21
Taxes for the previous year	0	4	-2	0		1	0	0
Taxes	-17	-13	-18	-21	-17	-14	-15	-21
CAPEX	-51	-55	-50	-65	-45	-64	-52	-71
700/800/2,600/3,500 MHz licence fees	0		-4	-5			-4	-7
Investments in shares	-2	-65	0	-6	0	-6	0	0
Sale of shares								0
Sale of assets and adjustments	0	1	-6	-1	0	-9	-7	1
Cash flow after investments	97	37	68	52	87	81	52	48
Cash flow after investments excl. acquisitions	98	102	68	58	85	87	52	48

APPENDIX

Debt structure

EUR million at the end of the quarter	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18	Q4/17
Bonds and notes	943	941	939	767	766	764	763	767
Commercial paper	65	80	10	107	179	267	151	115
Loans from financial institutions	290	290	250	250	200	205	205	209
Financial leases ¹⁾	92	93	90	25	25	26	26	26
Committed credit lines ²⁾	0	0	0	0	0	0	0	0
Interest-bearing debt. total	1,389	1,404	1,290	1,149	1,170	1,261	1,145	1,117
Cash and cash equivalents	154	85	215	81	52	60	127	44
Net debt ³⁾	1,235	1,319	1,075	1,068	1,118	1,201	1,018	1,073

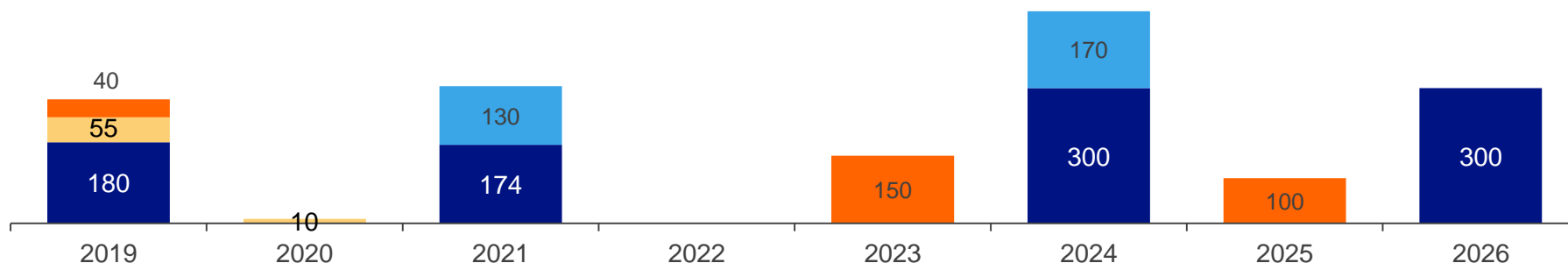
1) Financial leases classified as interest-bearing debt in accordance with IFRS 16 from Q1/19 onwards

2) The committed credit lines are €130m and €170m facilities which Elisa may use flexibly on agreed upon pricing

3) Net debt is interest-bearing debt less cash and interest-bearing receivables

Nominal values of bond, bank loan and CP maturities, 30 September 2019

● Bonds ● Loans ● RCF¹⁾ ● CP



¹⁾ RCFs are fully undrawn



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Forward-looking statements

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