Q4
2018

Financial Results 2018

31 JANUARY 2019

Q4 2018 highlights

- Record result again
- Revenue at last year’s level
  - Growth in Consumer and decline in Corporate segment
- Comparable EBITDA growth 3%
- Mobile service revenue growth 1.5%
  - Up-selling continues, good demand for Premium subscriptions
- Postpaid voice churn up from 17.2% to 18.2%
  - Competition remained keen, characterised by continued campaigning
- Post-paid mobile subscriptions -4,700; fixed broadband +4,300
- Dividend proposal €1.75 per share

Growth in revenue and in all earnings lines

2018 best ever year in Elisa's history

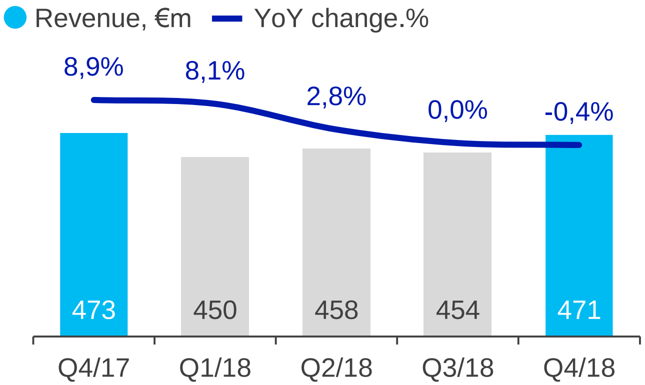
Financials	2018	CHANGE IN 2018
Revenue	€1,832m	+2.5%
EBITDA	€639m	+4.2%
EBITDA-%	34.9%	+0.6 pp
Earnings per share	€1.95	+4.8%
CAPEX[1)]	€228m	-5.2%
CAPEX / sales	12%	-1 pp

Operational KPIs	2018	CHANGE IN 2018
Mobile service revenue	€808m	+2.0%
Mobile subs	4,660,700	-0,4%
Fixed broadband subs	695,500	+0.5%
Post-paid voice ARPU[2)]	€20.4	+1.5%
Post-paid voice churn[2)]	18.1%	+0.6 pp
Mobile data, GB[2)]	827m	+30%

1) Excluding investments is shares and licence fees
2) In Finland

EBITDA growth continued despite keen competition

Revenue

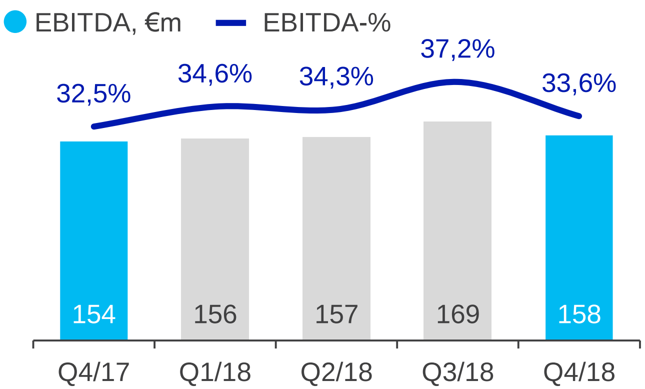


Divestments

Growth

- Mobile and digital services
- Equipment sales
- Estonia

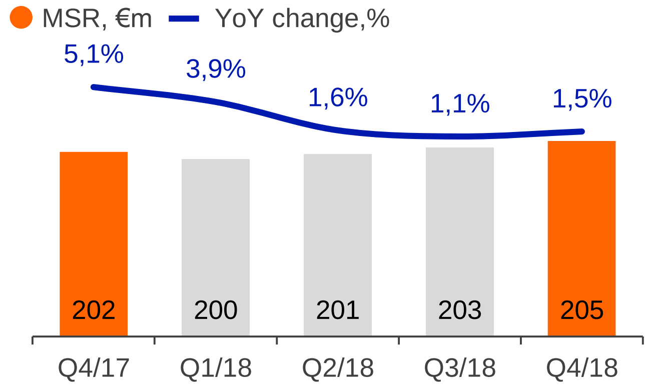
EBITDA1)



- Efficiency improvements

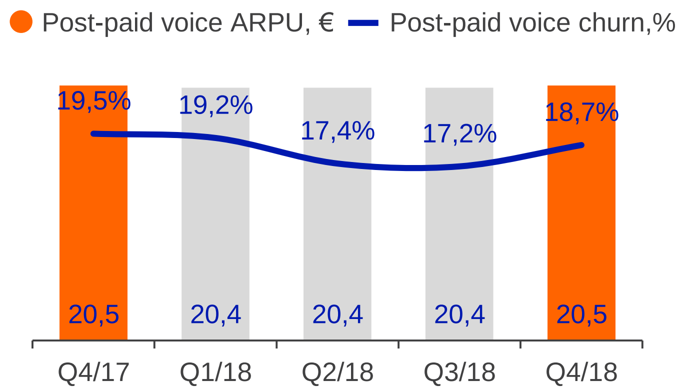
1) Comparable

Mobile service revenue



- 4G up-selling continues
- Campaigns impact on growth
- Product changes

ARPU and churn2)



- Up-selling and lower MSR growth
- Campaigning continues

2) Finland, churn annualised

Solid growth in consumer segment

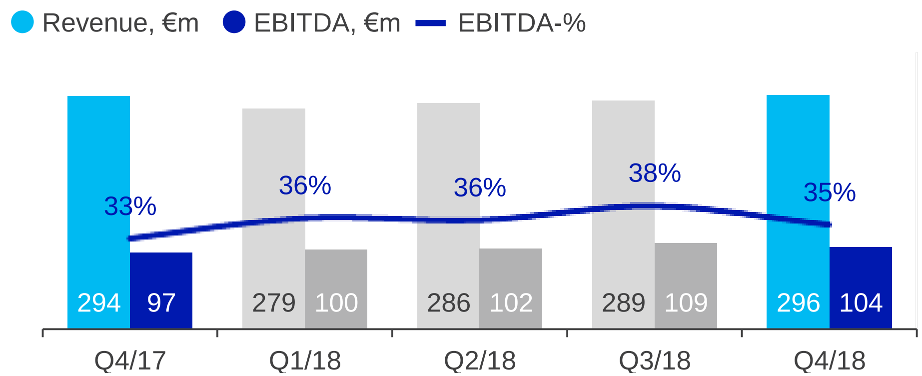
Divestments impacted corporate EBITDA

Consumer Customers

Revenue +1%, EBITDA +7%[1)]

+ Mobile and digital services
+ Equipment sales
- Traditional fixed services
- Divestment

Revenue and EBITDA[1)]

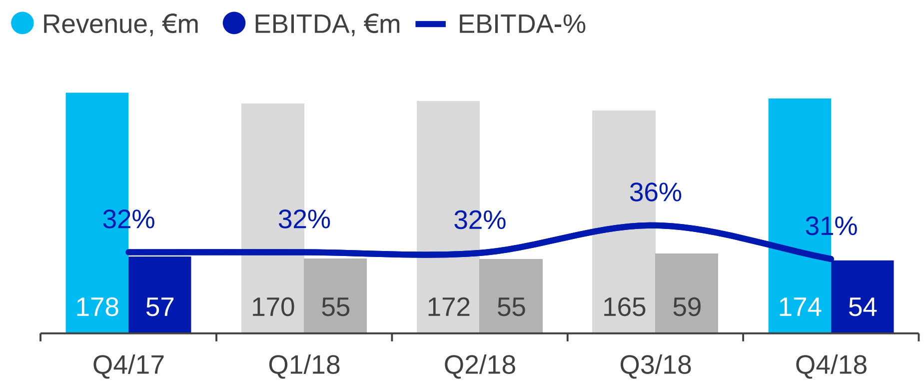


Corporate Customers

Revenue -2%, EBITDA -4%[1)]

- Divested businesses
- Traditional fixed services
- Digital services
+ Mobile service revenue
+ Equipment sales

Revenue and EBITDA[1)]



1) Comparable

Strategy execution

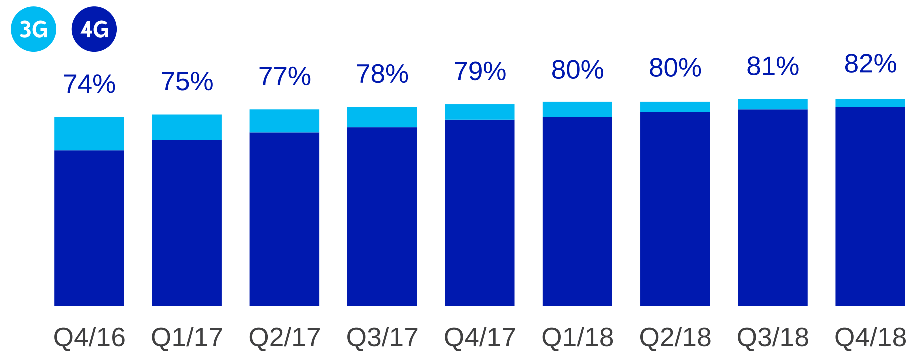
- Increase mobile and fixed service revenues
- Grow digital service businesses
- Improve efficiency and quality

Growth in 4G and up-selling continues

Growth in 4G smartphone penetration

- 82% of customers use a smartphone
  - 96% (92%) 4G-capable
- 93% of phones sold 4G-capable

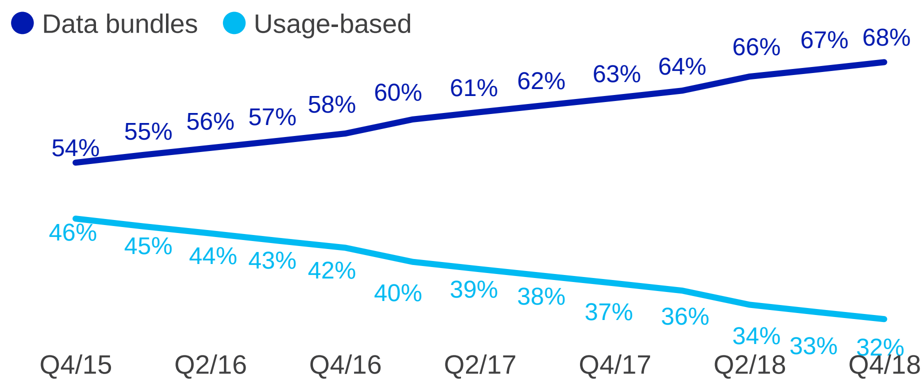
Smartphone penetration[1),%]



Proportion of data bundles continue to grow

- 68% of voice subs[2)] fixed-monthly-fee, "all-you-can-eat" data bundles
- 66% 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 subscription[2)] 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 and providing interesting growth perspective

Domestic digital services

- Original series *Arctic Circle* (global distribution by Lagardére) became all-time most watched series in Elisa Viihde
- New international original series *Bullets* in Elisa Viihde
- Strong sales for unified IT+C service
- Elisa has the best purchasing preference in corporate market in all business sizes (IRO Research, brand survey Q4/2018)

International digital services

- Videra introduces Cisco and Polycom room system interoperability with Microsoft Teams Cloud
- Videra expands its operations to Asia and gains first major managed service customer
- Delivered Multivendor SON solution for an international customer
- Elisa Smart Factory Solutions deployed and in use already in 8 countries

More recognition: Elisa has received the Finnish Quality Award

- The best quality comes from listening to the needs of customers
- We invest in continuous improvement and learning by experimentation
- Many of our innovations are today value-creating services for our customers
- We are off to a good start

SUOMEN
LAATU
PALKINTO
EXCELLENCE
FINLAND

Elisa wins Finnish Quality Award 2018

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
  - First quarter of the year at last year's level
- CAPEX maximum 12% of revenue

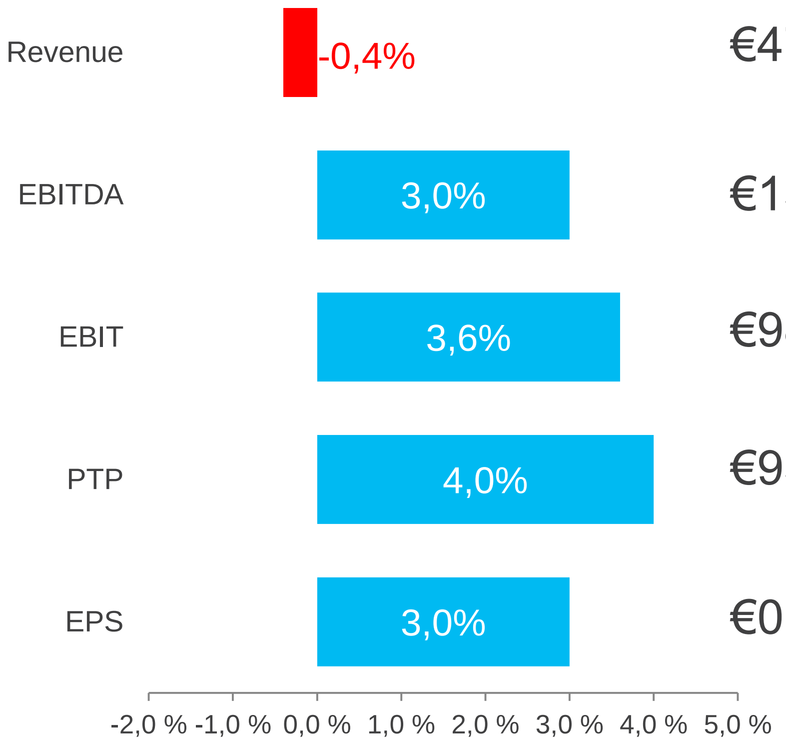
Q4
2018

Financial performance

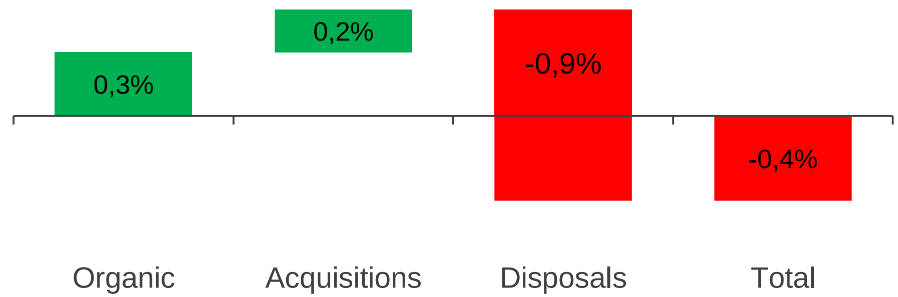
INTERIM REPORT Q4 2018

Earnings growth continues

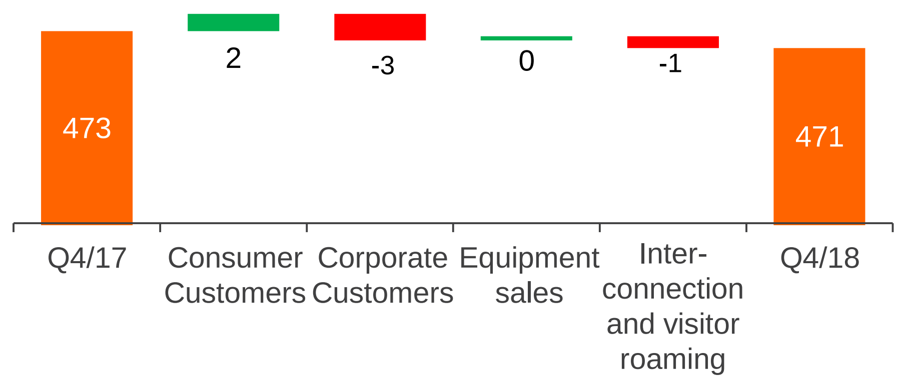
Q4 2018 P&L and growth[1)]



Q4 revenue YoY growth



Q4 revenue change YoY, -€2m

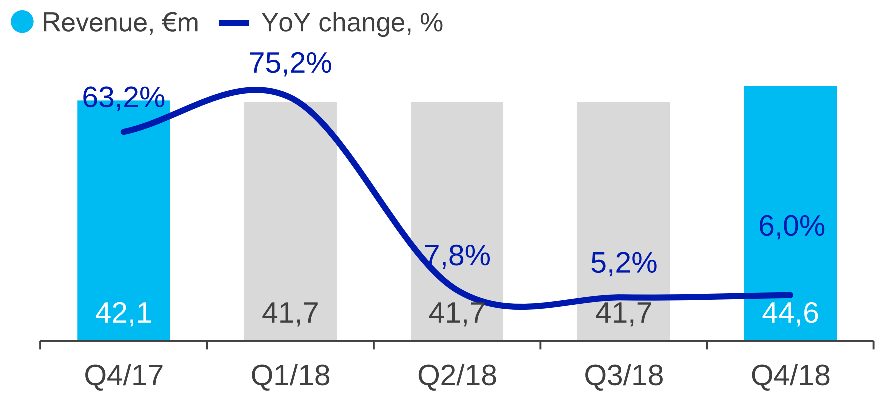


1) With comparable figures. Growth is calculated using exact figures prior to rounding.

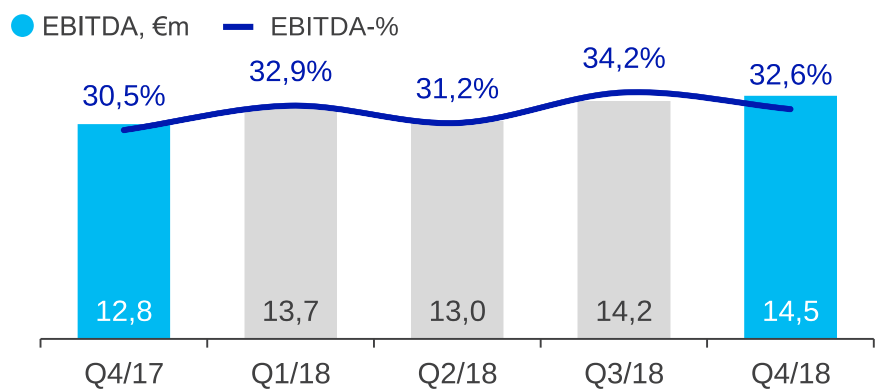
Solid revenue and EBITDA growth in Estonia

- Revenue +6%, EBITDA +13%
  - Mobile and fixed services
  - Post-paid voice churn 8.2% (9.0% in Q3)
  - Mobile post-paid base +3,600, pre-paid -2,000
- Integration of acquired companies according to plan
  - Synergy estimates intact
  - Starman €4–6m by end 2019
  - SMN €4–5m by end 2019 (includes SMN Finland)

Revenue



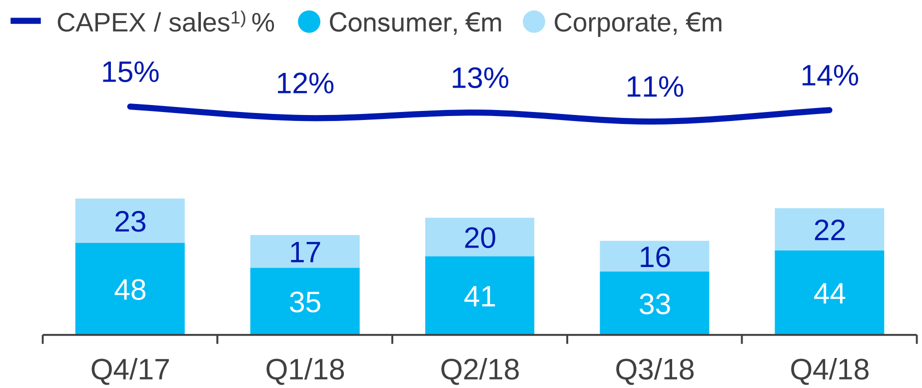
EBITDA



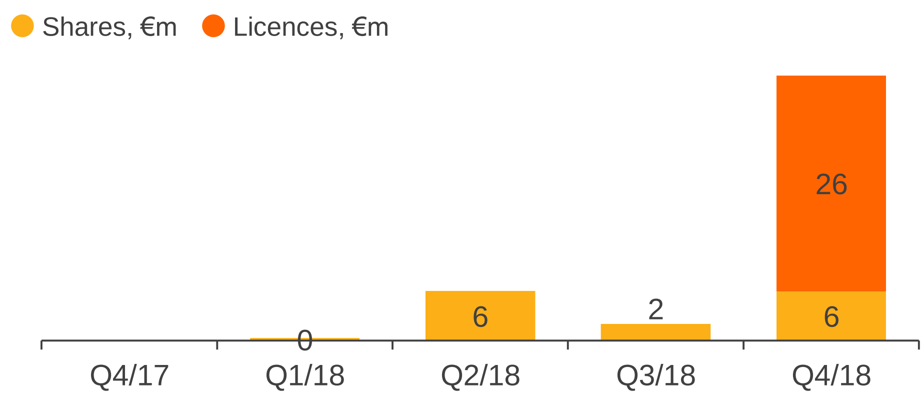
CAPEX in line with guidance

- CAPEX €92m (71)
- Excl. 3.5 GHz licence €66m (71)
  - Consumer €44m (48)
  - Corporate €22m (23)
  - Full year 2018 CAPEX / sales 12%, according to target
  - 3.5 GHz licence €26m
  - 4G capacity and coverage increases
  - Other network and IT investments

CAPEX



Investments in shares and licences

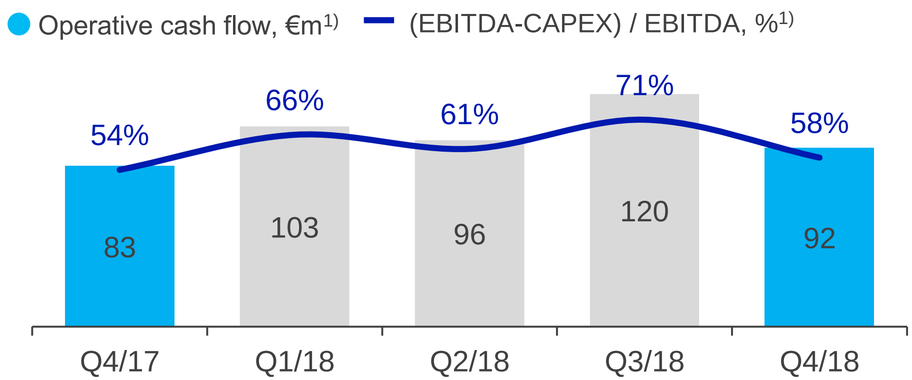


1) Excluding investments in shares and licence fees

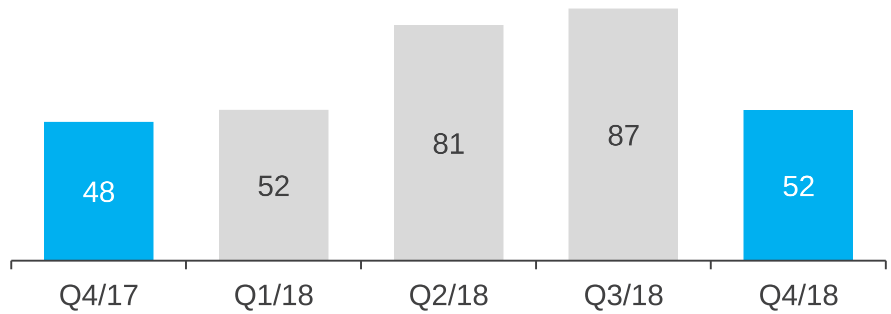
Cash flow growth continues

- Cash flow €52m (48), comparable €57m
  - Comparable cash flow growth +19%
  - Lower CAPEX, higher EBITDA
- Comparable FY cash flow €282m (246), growth +14%
- Strong cash conversion continues

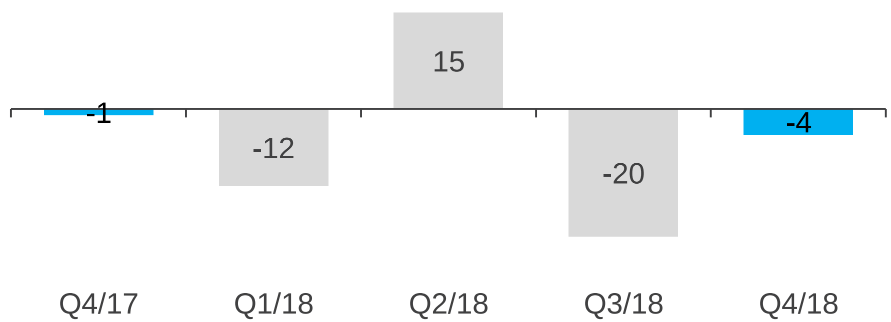
Cash conversion



Cash flow, €m



Change in net working capital, €m

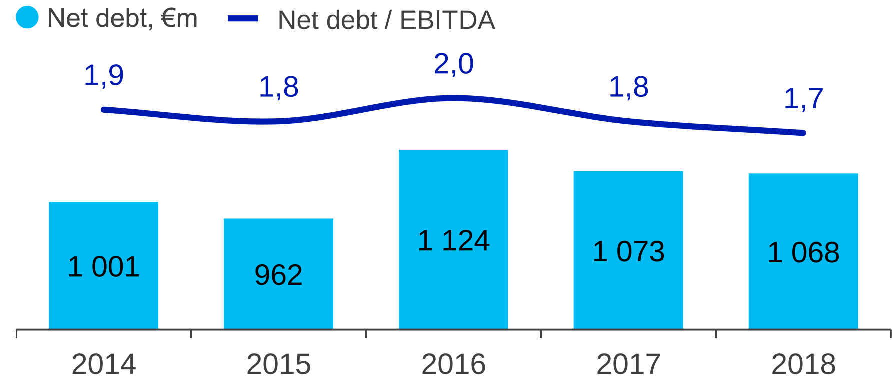


1) Comparable EBITDA – CAPEX excluding investments in shares and licences

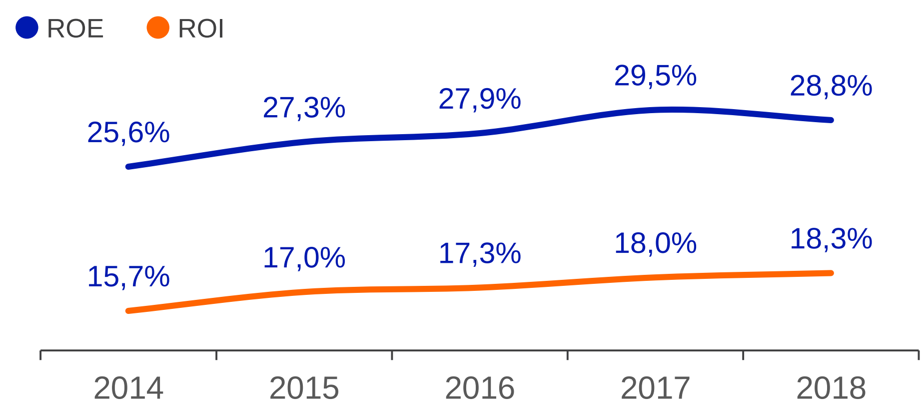
Efficient capital structure and good returns

- Capital structure according to target
  - Net debt / EBITDA 1.5–2x
  - Equity ratio >35%, in Q4 42.4%
- Lower interest through refinancing
  - €100m loan from Nordic Investment Bank
- Return ratios at good level
  - Improved earnings
  - Efficient capital structure

Interest and net debt



Return ratios[2)]

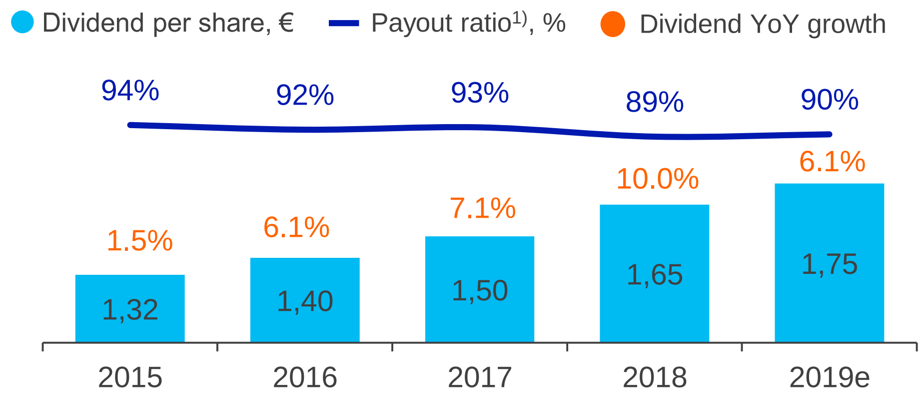


1) Net financial items in cash flow statement / average net debt
2) Comparable, 2017 excluding sale of Comptel shares

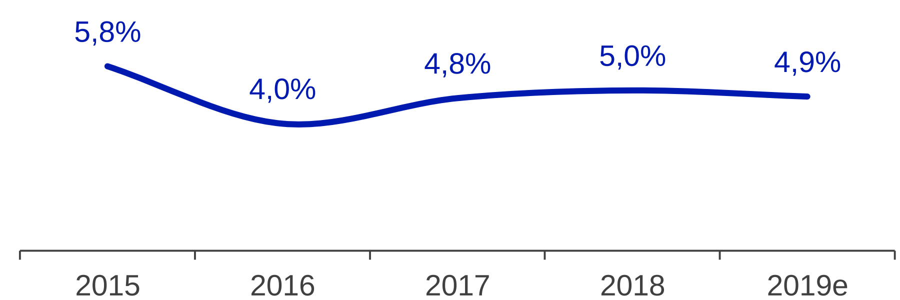
Competitive remuneration continues

- Dividend proposal of €1.75 per share
  - Dividend growth +6%
  - Total amount €280m
  - Ex-dividend date 4 April 2019
  - Payment date 16 April 2019
- Payout ratio[1)] 90%,
  - Dividend yield 4.9%[2)]
- Proposal for 5m share buyback authorisation
- Strong commitment of competitive shareholder remuneration
  - Distribution policy 80–100% of net profit

Dividend



Dividend yield[2)]



1) 2018e calculated from comparable EPS
2) At the share price of the last trading day of the year (€36.08 in 2018)

Q&A

Contacts:

Mr. Vesa Sahivirta
vesa.sahivirta@elisa.fi
+358 50 520 5555

Ms. Kati Norppa
kati.norppa@elisa.fi
+358 50 308 9773

investor.relations@elisa.fi

Download the Elisa IR App

Download on the App Store

ANDROID APP ON Google play

APPENDIX

P&L by quarter

EUR million	Q4/18	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17
Revenue	**470,6**	**453,9**	**457,5**	**449,6**	**472,5**	**453,9**	**445,1**	**415,9**
YoY growth	*-0,4 %*	*0,0 %*	*2,8 %*	*8,1 %*	*8,9 %*	*8,4 %*	*13,3 %*	*6,6 %*
Other operating income	0,9	1,8	6,0	1,1	2,6	1,5	0,8	0,7
Materials and services	-185,1	-172,9	-176,5	-170	-190,2	-178,6	-170	-156,8
Employee expenses	-80,3	-69,8	-79,6	-81,7	-82,5	-68,1	-79,4	-74,1
Other operating expenses	-47,9	-44,2	-47,6	-45,6	-51,3	-43,5	-49,1	-42
EBITDA	**158,1**	**168,7**	**159,8**	**153,4**	**151,2**	**165,3**	**147,5**	**143,7**
EBITDA %	*33,6 %*	*37,2 %*	*34,9 %*	*34,1 %*	*32,0 %*	*36,4 %*	*33,1 %*	*34,6 %*
YoY Growth	*4,6 %*	*2,1 %*	*8,3 %*	*6,7 %*	*8,9 %*	*7,4 %*	*10,4 %*	*5,2 %*
Comparable EBITDA	**158,1**	**168,7**	**156,8**	**155,6**	**153,6**	**165,3**	**150,6**	**143,7**
YoY Growth	*3,0 %*	*2,1 %*	*4,1 %*	*8,3 %*	*10,7 %*	*6,2 %*	*12,7 %*	*5,2 %*
Comparable EBITDA %	*33,6 %*	*37,2 %*	*34,3 %*	*34,6 %*	*32,5 %*	*36,4 %*	*33,8 %*	*34,6 %*
Depreciation, amortisation and impairment	-59,7	-59,0	-59,2	-58,3	-58,6	-56,8	-59,1	-55,1
EBIT	**98,4**	**109,8**	**100,6**	**95,1**	**92,6**	**108,5**	**88,4**	**88,6**
Comparable EBIT	**98,4**	**109,8**	**97,5**	**97,3**	**95,0**	**108,5**	**91,5**	**88,6**
Financial income	0,6	0,6	0,7	0,5	0,5	1,0	46,3	1,2
Financial expense	-6,3	-6,3	-6,2	-6,2	-6,4	-5,9	-6,0	-5,5
Share of associated companies' profit	-0,2	-0,1	0,0	0,0	-0,1	0,0	0,0	0,0
Profit before tax	**92,6**	**104,0**	**95,0**	**89,4**	**86,6**	**103,6**	**128,6**	**84,3**
Comparable PTP	**92,6**	**104,0**	**92,0**	**91,6**	**89,0**	**103,6**	**86,9**	**84,3**
Income taxes	-13,4	-19,1	-17,5	-15,0	-15,1	-19,1	-16,6	-15,7
Profit for the period	**79,2**	**84,8**	**77,6**	**74,4**	**71,5**	**84,6**	**112,0**	**68,6**
Comparable Profit	**75,9**	**84,8**	**74,7**	**76,2**	**73,5**	**84,6**	**70,3**	**68,6**
Earnings per share (EUR)	**0,49**	**0,53**	**0,49**	**0,47**	**0,45**	**0,53**	**0,70**	**0,43**
Comparable EPS	**0,47**	**0,53**	**0,47**	**0,48**	**0,46**	**0,53**	**0,44**	**0,43**
YoY Growth	*3,0 %*	*0,1 %*	*6,2 %*	*11,2 %*	*13,1 %*	*10,7 %*	*16,8 %*	*8,8 %*

Cash flow YoY comparison

EUR million	Q4/18	Q4/17	Change[1)]	2018	2017	Change[1)]
EBITDA	158	151	7	640	608	32
Change in receivables	4	-33	36	6	-59	65
Change in inventories	-7	-5	-2	3	-11	14
Change in payables	-1	36	-38	-30	45	-75
Change in NWC	-4	-1	-4	-21	-25	4
Financials (net)	-5	-5		-17	-15	-2
Taxes for the year	-21	-21		-69	-66	-3
Taxes for the previous year	0	0		1	2	-1
Taxes	-21	-21		-68	-64	-4
CAPEX	-65	-71	6	-226	-238	12
800, 700, 2.600 and 3.500 MHz licences 2)	-5	-7	1	-10	-17	7
Investments in shares 3)	-6	0	-5	-11	-39	29
Loan agreements (incl. Starman) 4)					45	-45
Sale of shares (Mainly Comptel)				1	45	-44
Sale of assets and adjustments	-1	1	-2	-17	0	-17
Cash flow after investments	52	48	4	272	300	-28
Cash flow after invest. excl. acquisitions 5)	57	48	9	282	246	36

1) Difference is calculated using exact figures prior to rounding
2) €7m 800 MHz in Q4/17. €4m 700 MHz in Q1/17 and Q1/18. €5m 3.5 GHz Q4/18 in Finland. €4m 2,600 MHz Q2/17 and €2m Q3/17 in Estonia.
3) Investment in Starman, Santa Monica and Tampereen Tietoverkko in 2017, 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 Comptel and other shares.

APPENDIX

Cash flow by quarter

EUR million	Q4/18	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17
EBITDA	158	169	160	153	151	165	148	144
Change in receivables	4	-23	19	7	-33	-15	-23	12
Change in inventories	-7	2	1	7	-5	0	-8	3
Change in payables	-1	2	-5	-26	36	-4	28	-15
Change in NWC	-4	-20	15	-12	-1	-20	-4	0
Financials (net)	-5	0	0	-12	-5	-1	0	-10
Taxes for the year	-21	-17	-15	-15	-21	-16	-14	-14
Taxes for the previous year	0		1	0	0	0	2	
Taxes	-21	-17	-14	-15	-21	-16	-12	-14
CAPEX	-65	-45	-64	-52	-71	-57	-59	-51
700/800/2,600/3,500 MHz licence fees	-5			-4	-7	-2	-4	-4
Investments in shares	-6	0	-6	0	0	-3	-33	-3
Loan agreements (incl. Starman)		2			0	45		
Sale of shares					0	0	45	
Sale of assets and adjustments	-1	0	-9	-7	1	0	-3	3
Cash flow after investments	52	87	81	52	48	113	76	63
Cash flow after investments excl. acquisitions	57	85	87	52	48	71	65	66

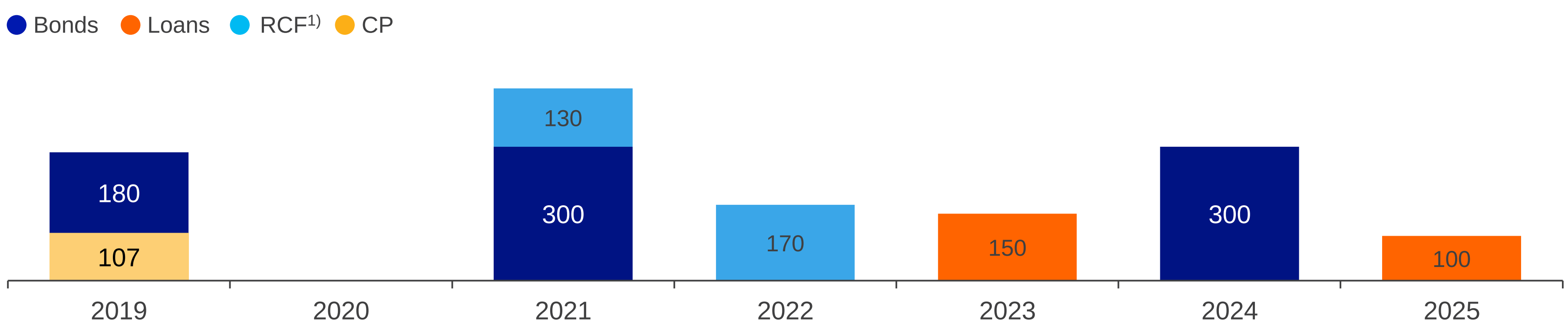
APPENDIX

Debt structure

EUR million at the end of the quarter	Q4/18	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17
Bonds and notes	767	766	764	763	767	766	766	765
Commercial papers	107	179	267	151	115	207	258	193
Loans from financial institutions	250	200	205	205	209	210	216	215
Financial leases	25	25	26	26	26	26	26	25
Committed credit lines 1)	0	0	0	0	0	0	23	80
Interest-bearing debt. total	**1,149**	**1,17**	**1,261**	**1,145**	**1,117**	**1,209**	**1,289**	**1,278**
Cash and cash equivalents	81	52	60	127	44	91	58	216
Net debt 2)	**1,068**	**1,118**	**1,201**	**1,018**	**1,073**	**1,118**	**1,231**	**1,062**

1) The committed credit lines are €130m and €170m facilities which Elisa may use flexibly on agreed pricing
2) Net debt is interest bearing debt less cash and interest bearing receivables

Nominal values of bond, bank loan and CP maturities, 31 December 2018



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.