



elisa

Financial Results 2019

29 JANUARY 2020

Q4 2019 highlights

- Revenue grew by 4%
- EBITDA up by 6%
- Mobile service revenue growth 1.5%
- Post-paid churn at the same level, 20.1% (20.1% in Q3)
- Post-paid mobile subscription base increased by 36,800
- Fixed broadband subscription base decreased by 8,300
 - Excluding clean-up of non-RGU subscriptions, base grew by 4,700
- 5G services rollout continues, networks in 13 cities
- Dividend proposal €1.85 per share

Growth in revenue and EBITDA

Comparable figures

Financials	2019	CHANGE IN 2019
Revenue	€1,844m	+0.7%
EBITDA	€668m	+4.4%
EBITDA-%	36.2%	+1.3 pp
Earnings per share	€1.93	-1.0%
CAPEX ¹⁾	€227m	-0.5%
CAPEX / sales	12%	0 pp

Operational KPIs	2019	CHANGE IN 2019
Mobile service revenue	€824m	+1.9%
Mobile subs	4,736,500	+1,6%
Fixed broadband subs ²⁾	689,500	+1.0%
Post-paid ARPU ³⁾	€19.3	0%
Post-paid churn ³⁾	20.3%	+0.2 pp
Mobile data, GB ³⁾	1,000m	+21%

1) Excluding investments in shares and licence fees

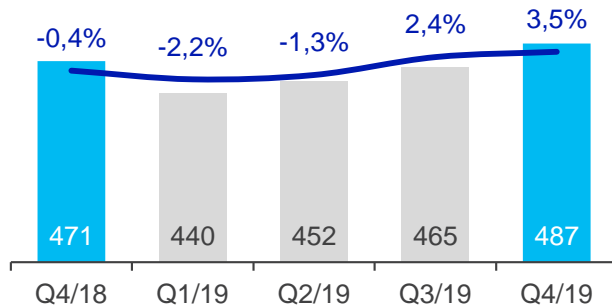
2) Excl. clean-up of non-RGU subscriptions

3) In Finland

Solid growth despite keen competition

Revenue

● Revenue, €m — YoY change.%

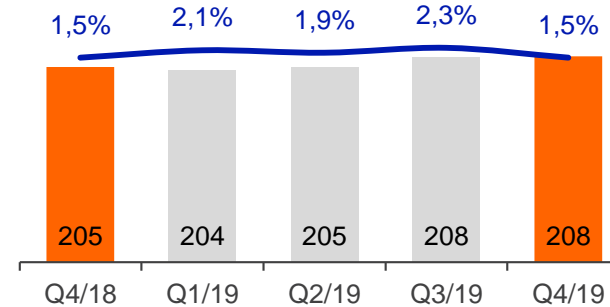


Increase

- Polystar
- Equipment sales
- Mobile services

Mobile service revenue

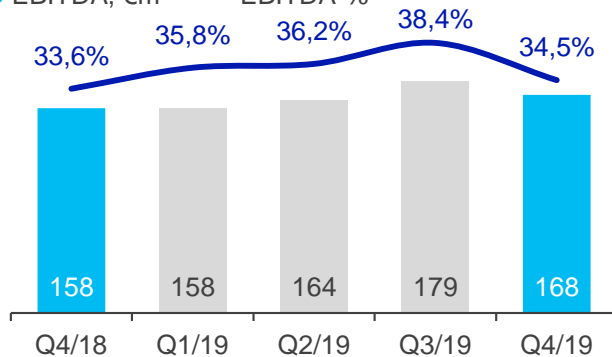
● MSR, €m — YoY change.%



- 4G up-selling continues
- Product changes

EBITDA¹⁾

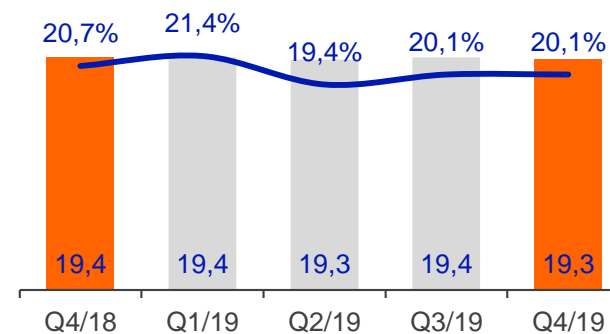
● EBITDA, €m — EBITDA-%



- IFRS 16
- Efficiency improvements

ARPU and churn²⁾

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



- Lower interconnection prices
- Campaigning continues
- Competition remained keen

1) Comparable

2) Finland, churn annualised

Solid growth in both segments

Consumer Customers

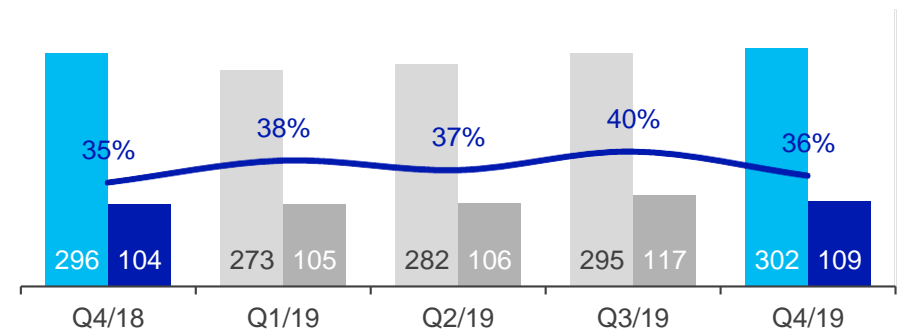
Revenue +2%

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

EBITDA +5%

Revenue and EBITDA¹⁾

● Revenue, €m ● EBITDA, €m — EBITDA-%



Corporate Customers

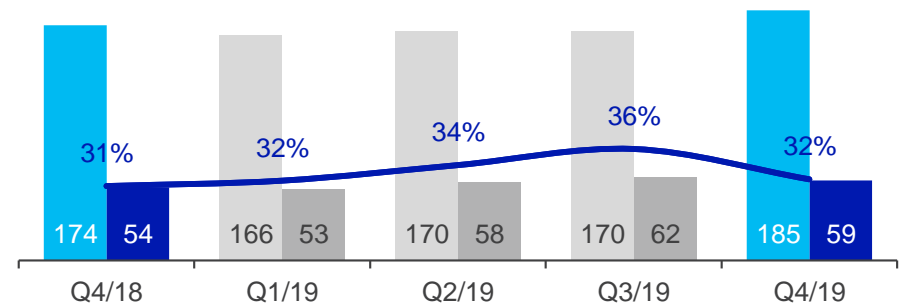
Revenue +6%

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

EBITDA +9%

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

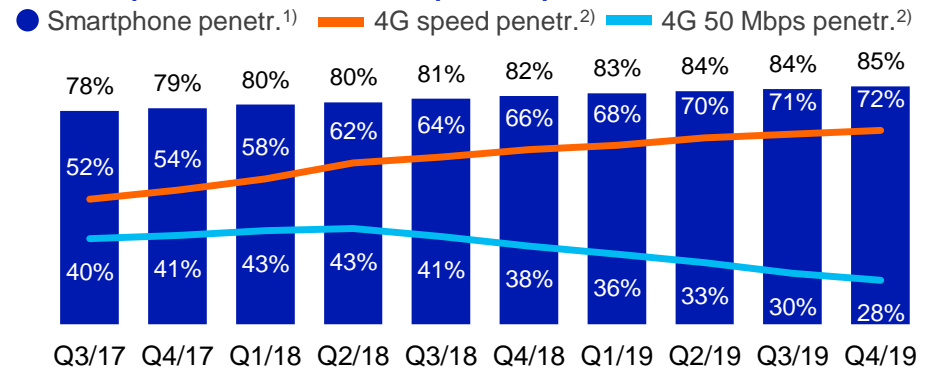


Up-selling of mobile subs continues, 5G has started

Growth in 4G smartphone penetration

- 85% of customers use a smartphone
 - 98% (96%) 4G-capable
- 72% (66%) 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

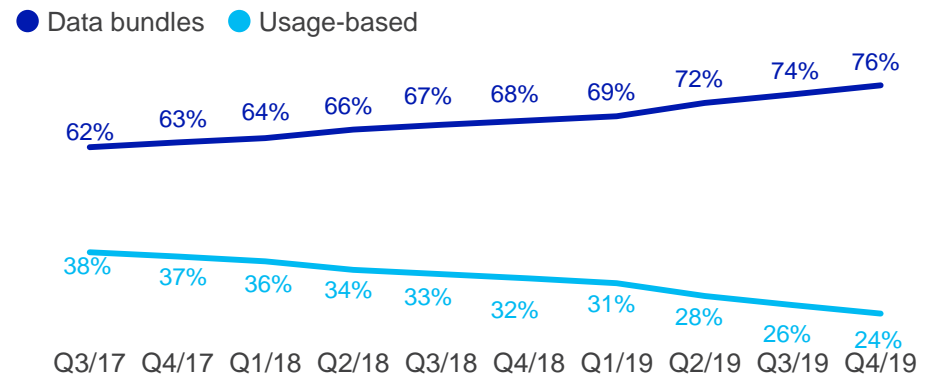
Smartphone and 4G speed penetration, %



Proportion of data bundles continues to grow

- 76% 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

- Elisa has launched its 5G network in 13 cities
- In the capital area, Elisa has one of the largest 5G coverages in Europe, with hundreds of base stations and coverage for over 200,000 people
- Elisa was the first operator in Finland to launch 5G FWA service that enables using 5G as the main home internet connection
- Elisa is leading the 5G market with above 100 IoT customers
- Elisa is piloting new applications with 5G
- In Elisa 5G Co-creation Challenge we co-developed e.g.
 - Virtual reality broadcast that matched the quality of human eye resolution
 - A service that optimises home Wi-Fi network for gaming
 - A quality control solution for construction industry utilising 5G



Expansion of digital service businesses continued

Domestic digital services

- Elisa Viihde original series received 13 Venla Award (the “Finnish Oscars”) nominations
- Elisa Viihde original series gained international success. *Bullets*, *All the Sins* and *Arctic Circle* have been sold to 30 countries, including Germany, UK and Spain. Filming for season two of *All the Sins* began in January.
- New Elisa Viihde Premium and new smart TV app were well received by our customers

International digital services

- Several new customer wins for Elisa Smart Factory and Smart Supply Chain, especially in pharma and electronics sectors
- Solid growth in Polystar business with double-digit growth, new customers in Q4 2019
- Elisa Videra won several new international video service and room system customers

Outlook and guidance for 2020

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

- 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

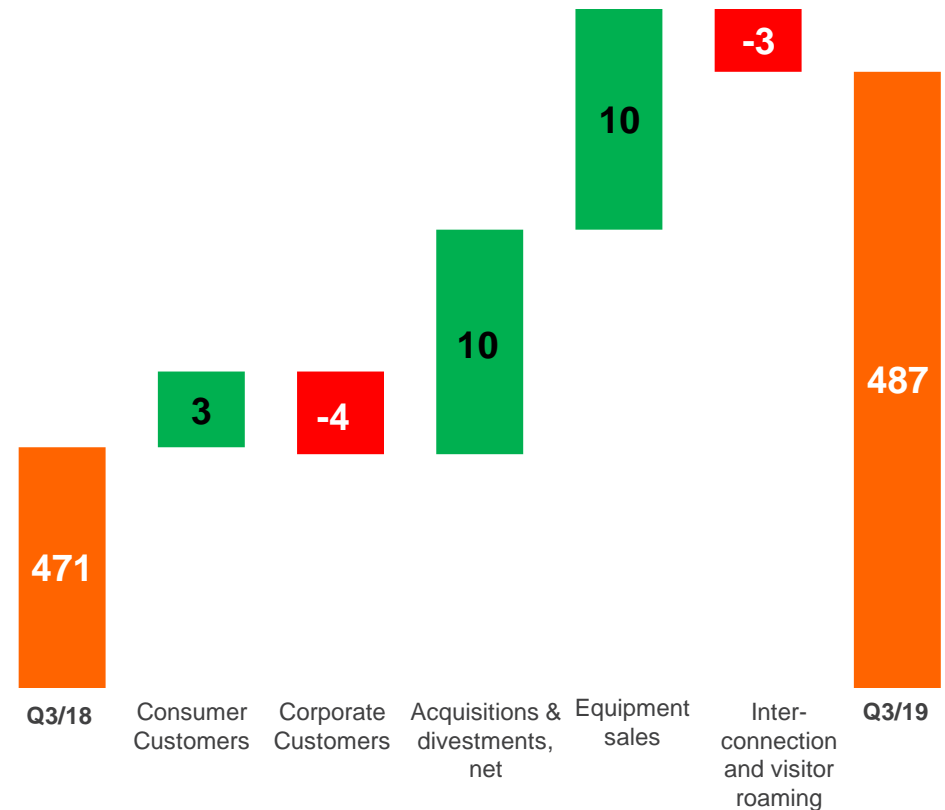
INTERIM REPORT Q4 2019

Growth in revenue and earnings

EUR million ¹⁾	Q4/19	Q4/18	Change	%
Revenue	487	471	16.7	3.5 %
Other operating income	3	1	2.1	236.3 %
Materials and services	-192	-185	-6.6	3.6 %
Employee expenses	-81	-80	-0.6	0.7 %
Other operating expenses	-50	-48	-1.7	3.5 %
EBITDA	168	158	9.9	6.3 %
<i>EBITDA %</i>	<i>34.5 %</i>	<i>33.6 %</i>	0.9 %	
Depreciation	-68	-60	-8.2	13.8 %
EBIT	100	98	1.7	1.7 %
Financial expenses net	-5	-6	1.3	22.9 %
Profit before tax	96	93	3.0	3.3 %
Net Profit	79	76	3.1	4.1 %
EPS (EUR)	0.49	0.47	0.02	4.0 %

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

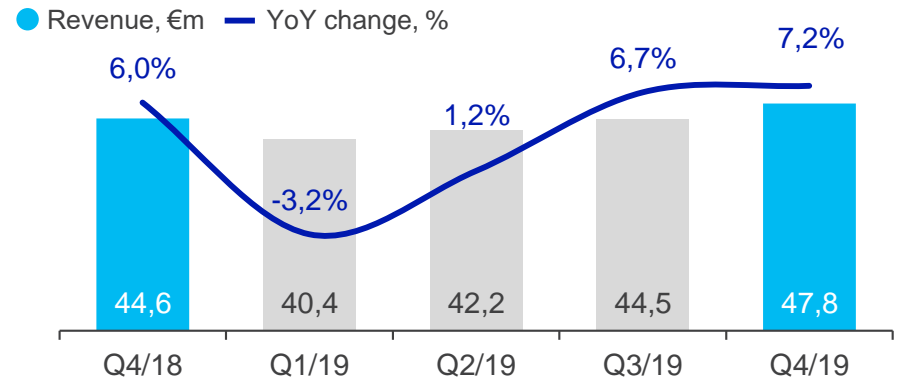
Q4 2019 revenue change YoY, €17m



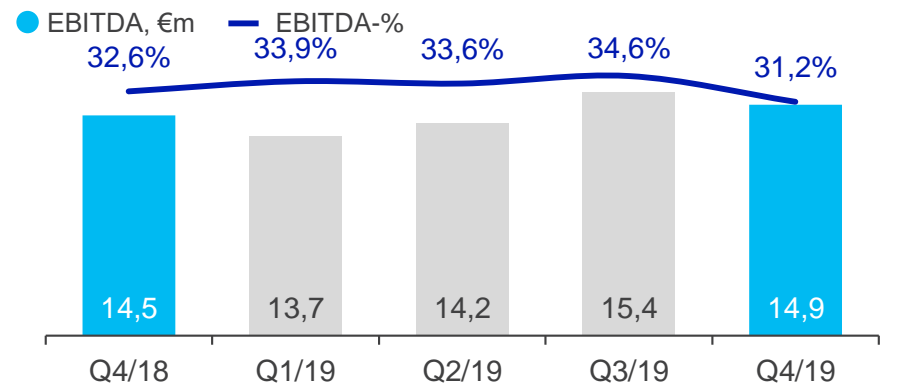
Growth continues in Estonia

- Revenue and EBITDA improved
 - Revenue growth +7%
 - EBITDA growth +2%
 - Growth in mobile and fixed services, as well as in equipment sales
 - Mobile post-paid base +1,000, pre-paid flat
 - Churn 10.4% (10.0 in Q3)

Revenue



EBITDA

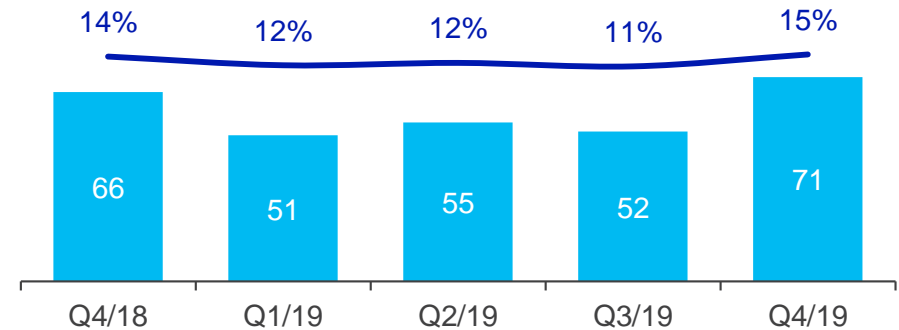


2019 CAPEX in line with guidance

- CAPEX €83m, excl. IFRS 16 change €71m (92)
 - Consumer €54m (57)
 - Corporate €29m (35)
- 2019 CAPEX €227m (228)
 - 12% of revenue
 - Excluding IFRS 16, investments in shares and licences
- Main CAPEX areas
 - 4G capacity and coverage increases
 - Other network and IT investments

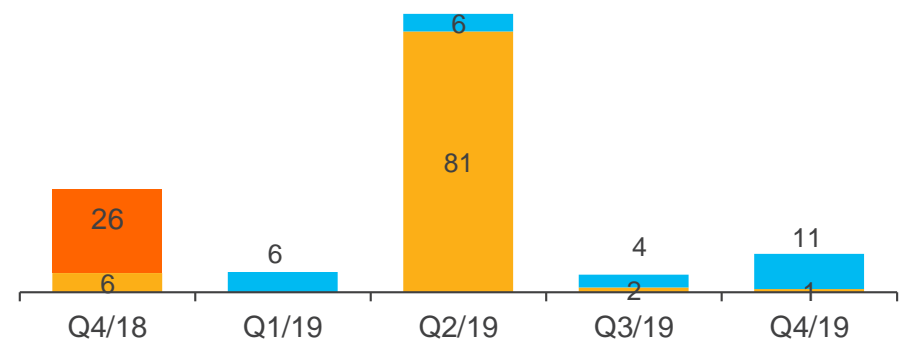
CAPEX¹⁾

— CAPEX / sales¹⁾ %



Shares, licences and rental agreements (IFRS 16)

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

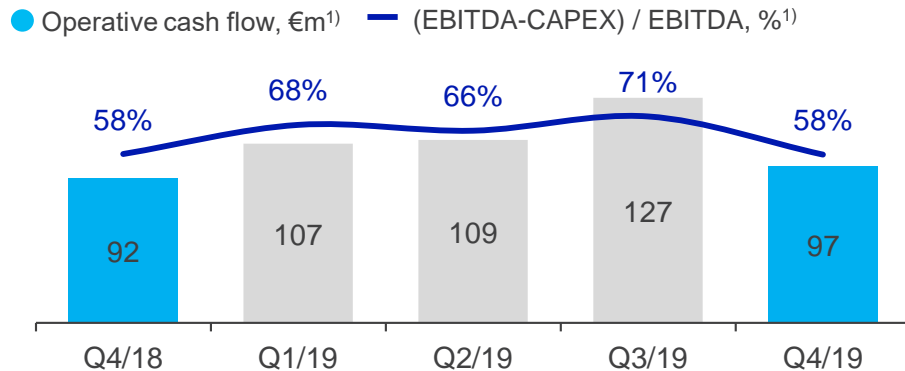


¹⁾ Investments excluding shares, licenses and rental agreements (IFRS 16)

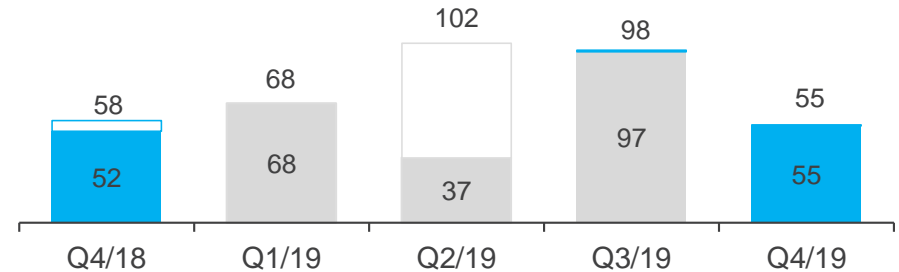
Solid cash flow continued

- Q4 cash flow €55m (52, comparable 58)
 - Positive: higher EBITDA
 - IFRS 16 impact +€5m
 - Negative: NWC change and higher CAPEX
- 2019 comparable cash flow €323m (282m), +15%

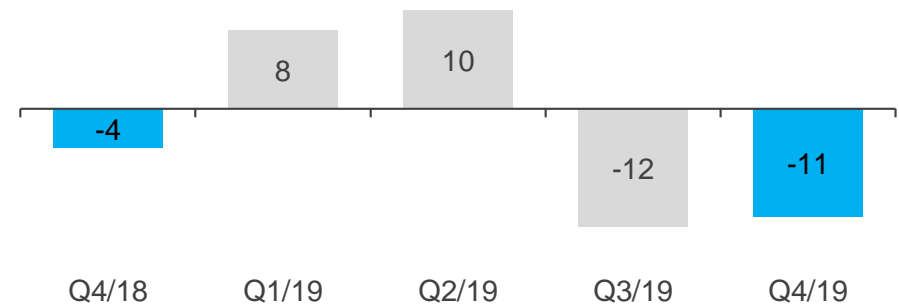
Cash conversion



Cash flow and comparable cash flow, €m



Change in net working capital, €m

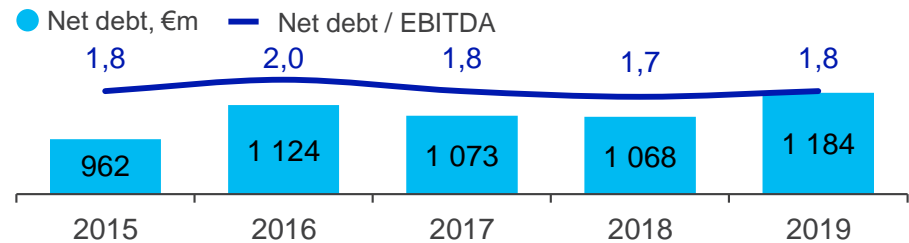


¹⁾ Comparable EBITDA – CAPEX excluding investments in shares, licences and finance leases (IFRS 16)

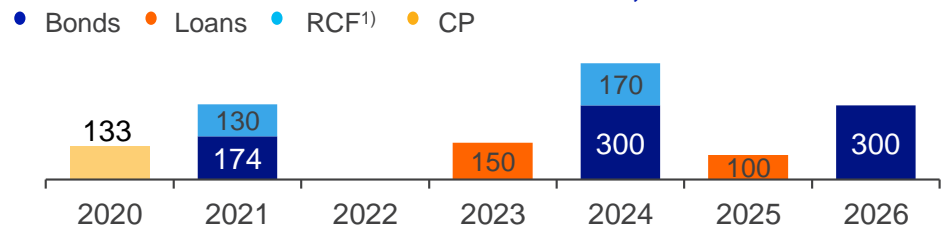
Efficient capital structure and good returns

- Capital structure according to target
 - Net debt / EBITDA 1.8x (target 1.5–2x)
 - Equity ratio 41% (target >35%)
- €180m bond refinancing in Q4
 - P&L interest expense down to €4.6m (€6.6m in Q3)
- Return ratios at good level
 - Efficient capital structure

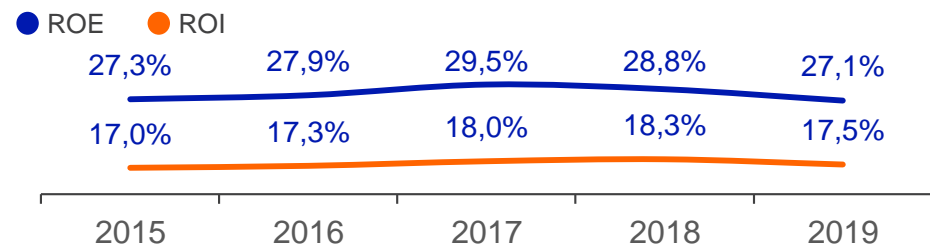
Net debt



Maturities as 31 December 2019, €m



Return ratios²⁾



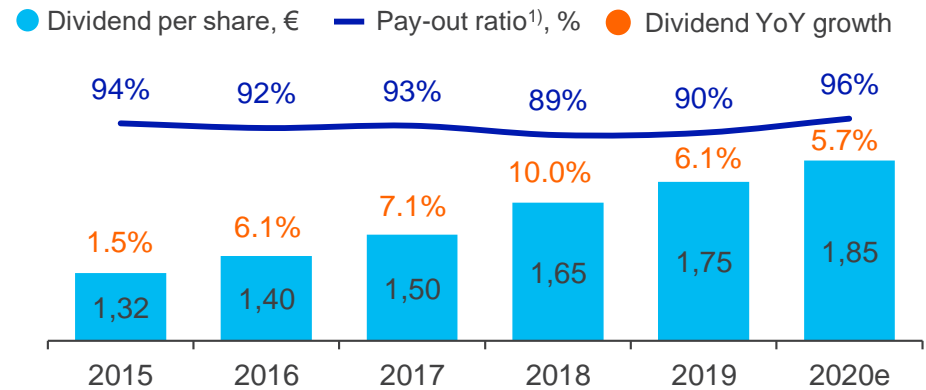
¹⁾ RCFs are fully undrawn

²⁾ Comparable, 2017 excluding sale of Comptel shares

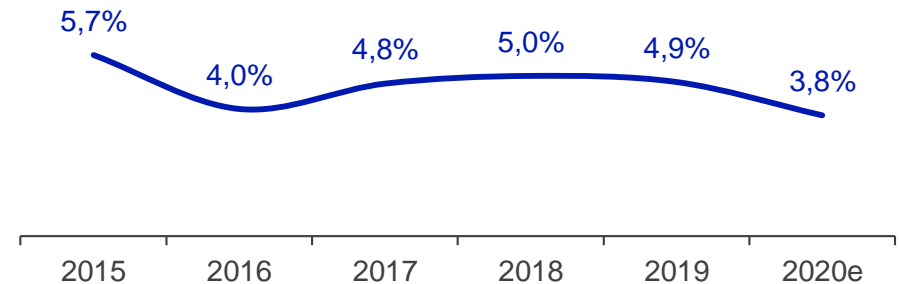
Increasing dividend 6 consecutive years

- Dividend proposal €1.85 per share
 - Dividend growth +6%
 - Total amount €296m
 - Ex-dividend date 3 April 2020
 - Payment date 15 April 2020
- Pay out ratio¹⁾ 96%
 - Dividend yield 4%²⁾
- Proposal for 5m share buyback authorisation
- Strong commitment of competitive shareholder remuneration
 - Distribution policy 80–100% of net profit

Dividend



Dividend yield²⁾



1) Calculated from comparable EPS

2) As a share price of last trading date of the year (in 2019 €49.25)



Q&A

APPENDIX

P&L by quarter

EUR million	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
Revenue	487.3	464.9	451.6	439.7	470.6	453.9	457.5	449.6
<i>YoY growth</i>	3.5 %	2.4 %	-1.3 %	-2.2 %	-0.4 %	0.0 %	2.8 %	8.1 %
Other operating income	3.0	0.9	1.1	0.7	0.9	1.8	6.0	1.1
Materials and services	-191.7	-172.1	-168.8	-160.5	-185.1	-172.9	-176.5	-170
Employee expenses	-80.9	-74.0	-82.0	-83.5	-80.3	-69.8	-79.6	-81.7
Other operating expenses	-49.6	-41.3	-42.8	-41.4	-47.9	-44.2	-47.6	-45.6
EBITDA	168.1	178.5	159.2	155.1	158.1	168.7	159.8	153.4
<i>EBITDA %</i>	34.5 %	38.4 %	35.2 %	35.3 %	33.6 %	37.2 %	34.9 %	34.1 %
<i>YoY Growth</i>	6.3 %	5.8 %	-0.4 %	1.1 %	4.6 %	2.1 %	8.3 %	6.7 %
Comparable EBITDA	168.1	178.5	163.6	157.5	158.1	168.7	156.8	155.6
<i>YoY Growth</i>	6.3 %	5.8 %	4.4 %	1.2 %	3.0 %	2.1 %	4.1 %	8.3 %
<i>Comparable EBITDA %</i>	34.5 %	38.4 %	36.2 %	35.8 %	33.6 %	37.2 %	34.3 %	34.6 %
Depreciation, amortisation and impairment	-67.9	-66.0	-66.8	-65.1	-59.7	-59.0	-59.2	-58.3
EBIT	100.1	112.5	92.4	90.0	98.4	109.8	100.6	95.1
Comparable EBIT	100.1	112.5	96.8	92.4	98.4	109.8	97.5	97.3
Financial income	0.4	0.5	1.6	3.6	0.6	0.6	0.7	0.5
Financial expense	-4.6	-6.6	-6.9	-10.8	-6.3	-6.3	-6.2	-6.2
Share of associated companies' profit	-0.3	0.2	0.0	-0.1	-0.2	-0.1	0.0	0.0
Profit before tax	95.6	106.6	87.0	82.7	92.6	104.0	95.0	89.4
Comparable profit before tax	95.6	106.6	91.4	85.1	92.6	104.0	92.0	91.6
Income taxes	-16.6	-22.3	-15.8	-14.0	-13.4	-19.1	-17.5	-15.0
Profit for the period	79.0	84.3	71.2	68.7	79.2	84.8	77.6	74.4
Comparable Profit	79.0	84.3	74.9	70.6	75.9	84.8	74.7	76.2
Earnings per share (EUR)	0.49	0.53	0.45	0.43	0.49	0.53	0.49	0.47
Comparable EPS	0.49	0.53	0.47	0.44	0.47	0.53	0.47	0.48
<i>YoY Growth</i>	4.0 %	-0.6 %	0.2 %	-7.4 %	3.0 %	0.1 %	6.2 %	11.2 %

Cash flow YoY comparison

EUR million	Q4/19	Q4/18	Change ¹⁾	2019	2018	Change ¹⁾
EBITDA	168	158	10	661	640	21
Change in receivables	-32	4	-36	-20	6	-26
Change in inventories	-6	-7	0	-2	3	-5
Change in payables	27	-1	29	17	-30	47
Change in NWC	-11	-4	-7	-5	-21	16
Financials (net)	-4	-5	0	-21	-17	-4
Taxes for the year	-21	-21		-71	-69	-2
Taxes for the previous year				2	1	1
Taxes	-21	-21		-69	-68	-1
CAPEX	-71	-65	-6	-227	-226	-1
800, 700, 2.600 and 3.500 MHz licences ²⁾		-5		-4	-10	5
Investments in shares ³⁾	0	-6	5	-67	-11	-57
Sale of shares				1	1	0
Sale of assets and adjustments	-4	-1	-3	-9	-17	8
Cash flow after investments	55	52	3	257	272	-15
Cash flow after invest. excl. acquisitions ⁴⁾	55	58	-2	323	282	41

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.

Cash flow by quarter

EUR million	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
EBITDA	168	179	159	155	158	169	160	153
Change in receivables	-32	-2	5	9	4	-23	19	7
Change in inventories	-6	-1	-1	6	-7	2	1	7
Change in payables	27	-9	5	-7	-1	2	-5	-26
Change in NWC	-11	-12	10	8	-4	-20	15	-12
Financials (net)	-4	-1	0	-16	-5	0	0	-12
Taxes for the year	-21	-17	-17	-16	-21	-17	-15	-15
Taxes for the previous year	0	0	4	-2	0		1	0
Taxes	-21	-17	-13	-18	-21	-17	-14	-15
CAPEX	-71	-51	-55	-50	-65	-45	-64	-52
700/800/2,600/3,500 MHz licence fees	0	0		-4	-5			-4
Investments in shares	0	-2	-65	0	-6	0	-6	0
Sale of shares	0							
Sale of assets and adjustments	-4	0	1	-6	-1	0	-9	-7
Cash flow after investments	55	97	37	68	52	87	81	52
Cash flow after investments excl. acquisitions	55	98	102	68	58	85	87	52

APPENDIX

Debt structure

EUR million at the end of the quarter	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
Bonds and notes	757	943	941	939	767	766	764	763
Commercial papers	133	65	80	10	107	179	267	151
Loans from financial institutions	250	290	290	250	250	200	205	205
Financial leases ¹⁾	96	92	93	90	25	25	26	26
Committed credit lines ²⁾	0	0	0	0	0	0	0	0
Interest-bearing debt. total	1,236	1,389	1,404	1,290	1,149	1,170	1,261	1,145
Cash and cash equivalents	52	154	85	215	81	52	60	127
Net debt ³⁾	1,184	1,235	1,319	1,075	1,068	1,118	1,201	1,018

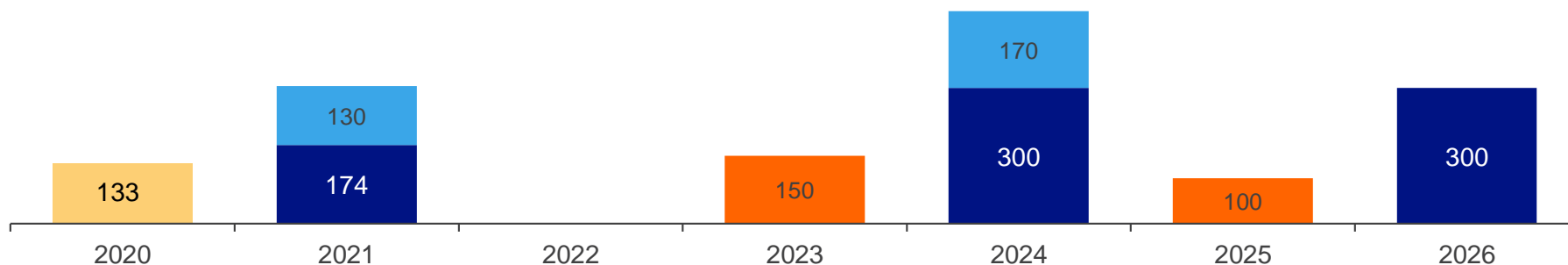
1) Financial leases classified as interest bearing debt according IFRS 16 from Q1/19 onwards

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, 31 December 2019

● Bonds ● Loans ● RCF¹⁾ ● CP



¹⁾ RCFs are fully undrawn



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



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.