



# Interim Report Q3 2023

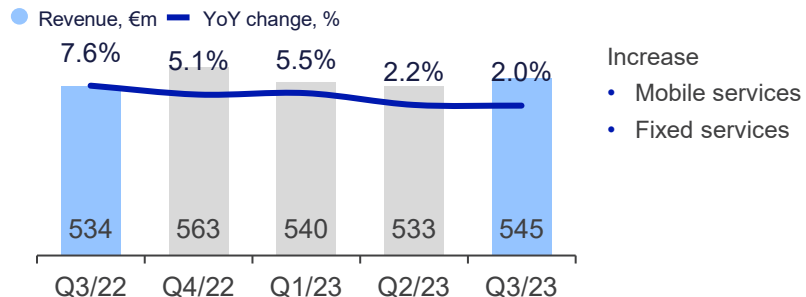
19 October 2023

## Q3 2023 highlights

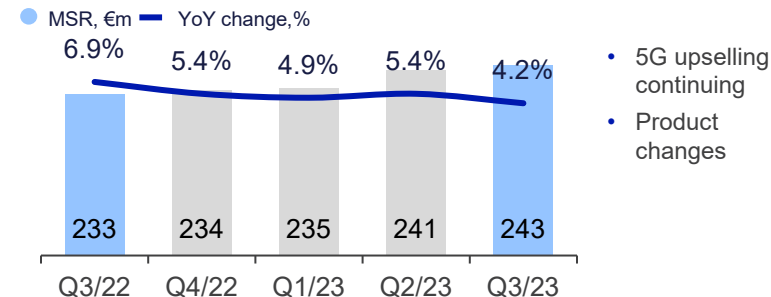
- Revenue grew by 2.0%
- EBITDA up by 2.4%
- Mobile service revenue increased by 4.2%
- International digital services revenue grew by 2%. Customer delays in projects due to current economic environment.
- In Finland, post-paid churn increased slightly to 14.4% (13.6% in Q2 2023)
- Post-paid subscriptions grew by 4,400. M2M and IoT subscriptions growth was 8,600.
- Fixed broadband subscription base increased by 9,700
- Good 5G momentum continuing: network covers more than 90% of Finnish population, geographical coverage build-out progressing according to plan

# Good performance continuing

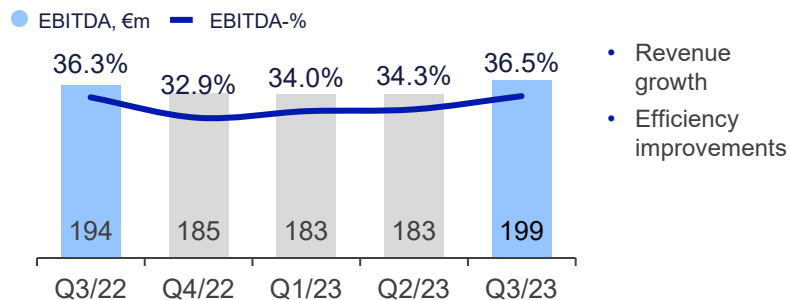
## Revenue



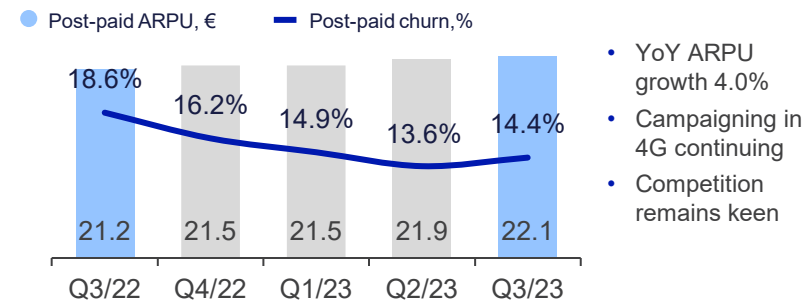
## Mobile service revenue



## EBITDA<sup>1)</sup>



## ARPU and churn<sup>2)</sup>



# Good growth in consumer segment, headwinds in corporate

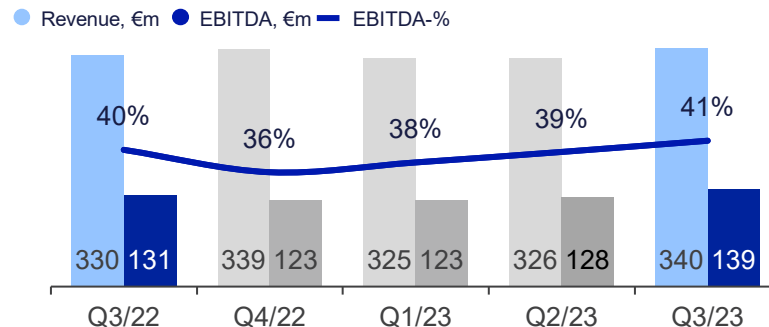
## Consumer Customers

Revenue +3%

- + Mobile and fixed services
- + Digital services
- Interconnection and traditional fixed-line services

EBITDA +6%

Revenue and EBITDA<sup>1)</sup>



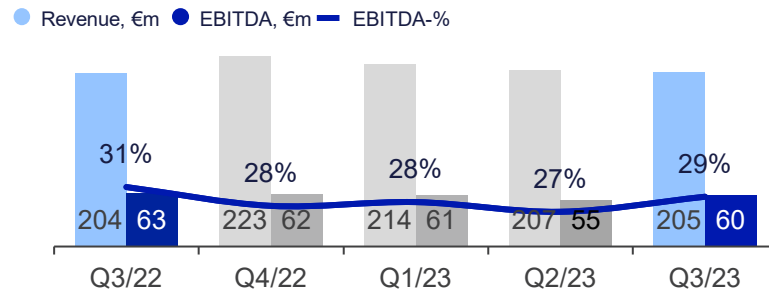
## Corporate Customers

Revenue +0.5%

- + Mobile and fixed services
- + International digital services
- Domestic and other digital services
- Equipment sales
- Interconnection and traditional fixed-line services

EBITDA -5%

Revenue and EBITDA<sup>1)</sup>



# Strategy execution

*A sustainable future through digitalisation*

Increase mobile and fixed service revenues

Grow digital service businesses

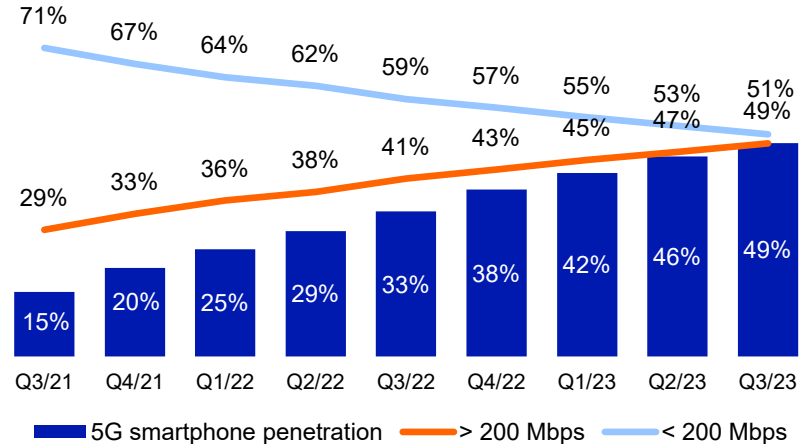
Improve efficiency and quality



# Migration to higher speeds continuing

- 49% (41%) of voice subscriptions at >200 Mbps speeds<sup>1)</sup>
  - Speed matters. Upselling to higher speeds continuing.
  - 5G base is growing, 4G decreasing
  
- 49% (33%) of smartphones are 5G devices<sup>1)</sup>
  - 94% of all phones are smartphones

5G smartphone and speed penetration<sup>1)</sup>





# Elisa leading in 5G, increasing investments in fibre network

- 5G coverage in Finland reached over 90% population coverage in over 250 towns and cities, and over 75% in Estonia
- Average billing increase of over €3 in 5G upgrades intact
- Spectrum released from the 3G network will be used to strengthen the geographical coverage of 5G and 4G networks
- Active development of fibre network continued. Rollout based on customer demand.
- First fully automated edge cloud data centre taken into commercial service in 5G network, further enhancing network automation and quality



# General economic situation impacts IDS revenue growth

- YoY revenue growth lower due to customers delaying projects
- For full-year 2023, 5–10% organic growth expected
- Organic, double-digit growth target remains
  - Strong competitiveness and sales funnel
- M&As continue to support growth



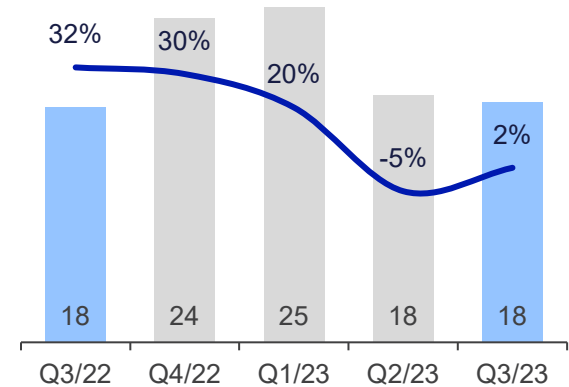
- Telia Sweden chose Elisa Polystar's cloud-native data management platform and analytics tool



- Recurring revenue growth in all Elisa IndustriQ group companies continued steadily
- Projects for developing data processing solutions and AI/ML capabilities proceeding in semiconductor manufacturers' production environments

Revenue and YoY growth

● Revenue, €m — YoY change, %







# Solid performance in domestic & other digital services

## Entertaining video services

- New collaboration with Ruutu+ service (owned by Finnish media company Sanoma)
  - Elisa Viihde original series are now available exclusively on Ruutu+
  - Elisa Viihde Viaplay joint service ends
- 3<sup>rd</sup> season of all-time favourite original series *Artic Circle (Ivalo)* launched on Ruutu+ streaming service with exceptionally strong start

## IT services and solutions

- Finnish Defence Forces granted Elisa a national facility security clearance (FSC) for the processing of class III data
- Customers' demand for generative AI solutions growing
- Elisa's current AI solution development and thinking is getting global-level appreciation

## Visual communications

- Demand for highly secure video collaboration platforms prevailing as many enterprises are seeking an alternative solution for public cloud video
  - Especially public sector, energy and finance customers are ready to invest in on-premises communication tools again

# A sustainable future through digitalisation

Key ESG indicators		3Q23	3Q22
Mobile network's energy efficiency in Finland			
Change in energy consumption per GB from Q4 2021 level		-14.4 %	-4.7 %
Population coverage of >100 Mbps connections		90.9 %	83.2 %
Proportion of female supervisors		28.2 %	29.7 %
Patent portfolio development in Elisa			
Number of active patents in portfolio <sup>1)</sup>		370	321
Number of new first applications		9	8

- In September, Elisa issued and priced its debut Green Eurobond maturing in January 2029 under Elisa's EUR 1.5 billion EMTN programme
  - Investors particularly appreciate Elisa's commitment to long-term sustainability and stable business and financial development
- Elisa won the Distributed Energy Storage Project of the Year Award at the Energy Storage Awards 2023 in London



# Upgraded outlook and guidance for 2023

The development of the general economy includes many uncertainties. Growth in the Finnish economy is expected to stall. In particular, uncertainty relating to Russia's war in Ukraine, such as inflation, energy prices and global supply chains, will continue. Competition remains keen.

- Revenue slightly higher than in 2022
- Comparable EBITDA slightly higher than in 2022
- CAPEX\* maximum 12% of revenue

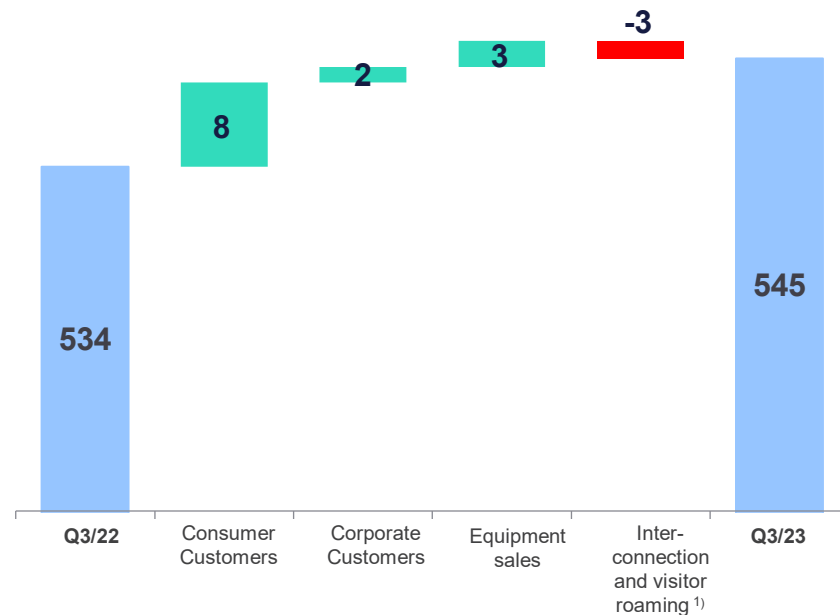


Financial review Q3 2023

# Growth in revenue and EBITDA

EUR million <sup>1)</sup>	Q3/23	Q3/22	Change	%	2022
<b>Revenue</b>	<b>544.7</b>	<b>534.0</b>	<b>10.7</b>	<b>2.0 %</b>	<b>2,130</b>
Other operating income	1.7	1.3	0.3	23.7 %	7
Materials and services	-205.7	-208.4	2.7	-1.3 %	-821
Employee expenses	-97.1	-89.1	-8.0	8.9 %	-395
Other operating expenses	-45.0	-44.1	-1.0	2.2 %	-188
<b>EBITDA</b>	<b>198.6</b>	<b>193.9</b>	<b>4.7</b>	<b>2.4 %</b>	<b>735</b>
<i>EBITDA %</i>	36.5 %	36.3 %			34.5 %
Depreciation	-67.2	-65.9	-1.3	2.0 %	-263
<b>EBIT</b>	<b>131.3</b>	<b>127.9</b>	<b>3.4</b>	<b>2.7 %</b>	<b>472</b>
<i>EBIT %</i>	24.1 %	24.0 %			22.2 %
Financial expenses, net	-6.3	-3.9	-2.4	60.0 %	-14
<b>Profit before tax</b>	<b>125.0</b>	<b>124.0</b>	<b>1.1</b>	<b>0.9 %</b>	<b>458</b>
<b>Net profit</b>	<b>100.2</b>	<b>100.8</b>	<b>-0.6</b>	<b>-0.6 %</b>	<b>374</b>
<b>EPS, €</b>	<b>0.63</b>	<b>0.63</b>	<b>0.0</b>	<b>-0.7 %</b>	<b>2.34</b>

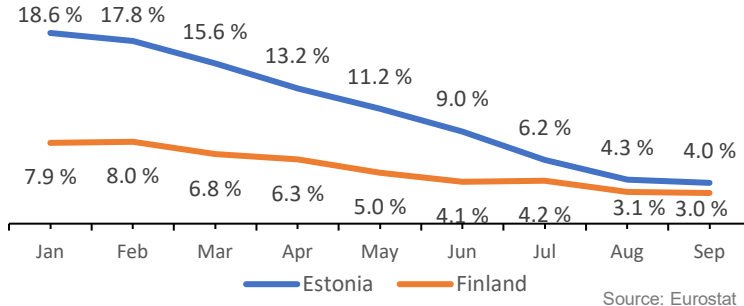
Q3 2023 YoY revenue change €11m



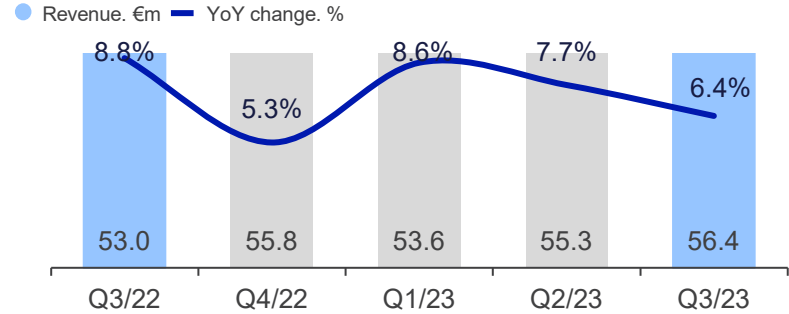
# Growth continuing in Estonia

- Revenue growth 6.4%
  - Mobile and fixed services
- EBITDA increase 8.3%
- Mobile post-paid base +3,600, pre-paid -1,000
- Churn 10.8% (10.8 in Q2)

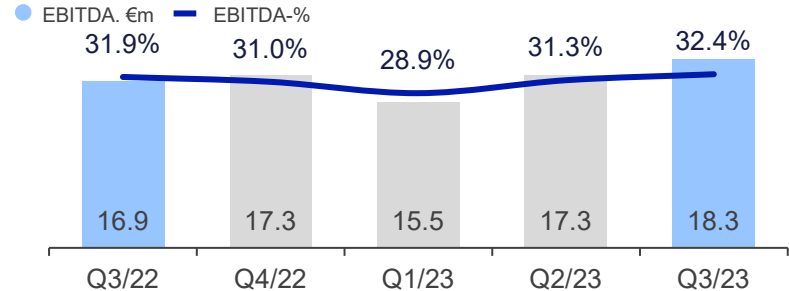
## Inflation in Estonia and Finland



## Revenue



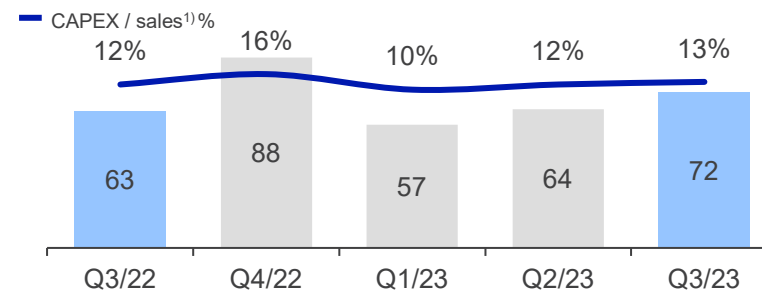
## EBITDA



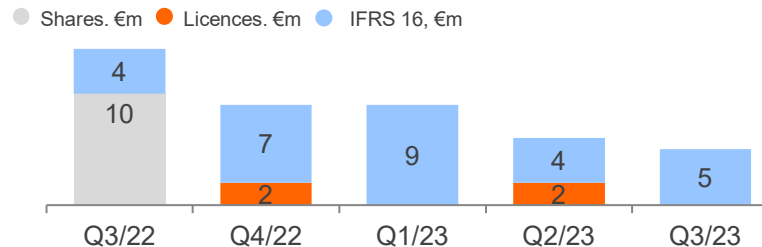
# YTD CAPEX in line with guidance

- CAPEX €78m (67), excl. licences, lease agreements and acquisitions €72m (63)
  - Consumer €51m (45)
  - Corporate €26m (22)
- Main CAPEX areas
  - 5G coverage increase
  - Fibre and other networks
  - IT investments
- Approx. €6m one-off depreciation in Q4
  - 3G network shutdown, completed by end of year
  - No cash flow impact

## CAPEX<sup>1)</sup>



## Shares, licences and rental agreements (IFRS 16)

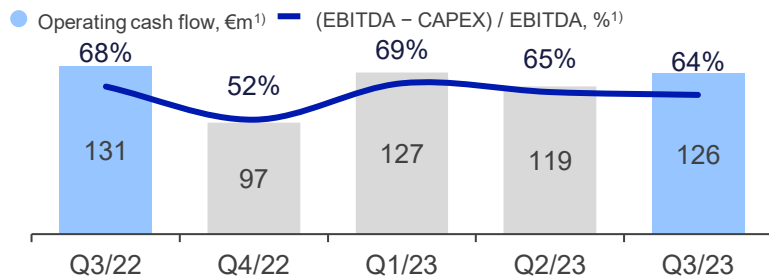


<sup>1)</sup> Investments excluding shares, licences and rental agreements (IFRS 16)

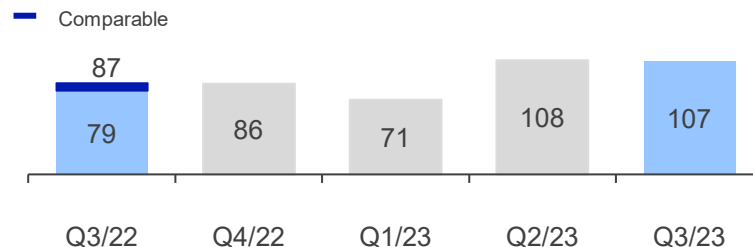
# Solid cash flow growth

- Cash flow €107m (79), comparable €107m (87), +22%
  - + NWC change, higher EBITDA
  - CAPEX, interest payments
- Q1–Q3 comparable cash flow €286m, +22%

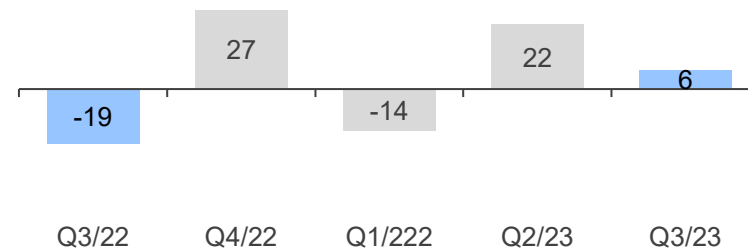
## Cash conversion



## Cash flow and comparable cash flow, €m



## Change in net working capital, €m





# Efficient capital structure and good returns

- Capital structure according to target

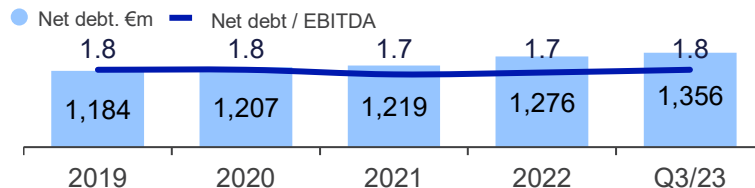
- Net debt / EBITDA 1.8x (target 1.5–2x)
- Equity ratio 36.1% (target >35%)

- Return ratios at good level

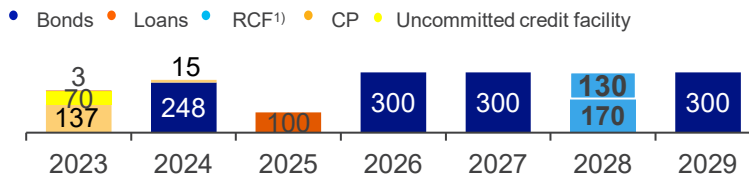
- Efficient capital structure

- Average interest expense ~2.4%

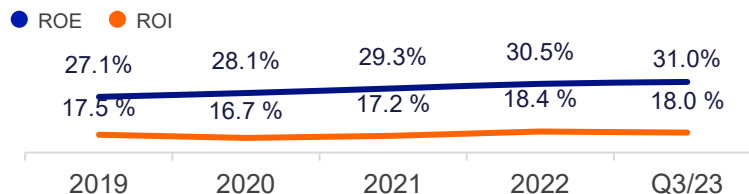
## Net debt



## Maturities as of 30 Sep 2023, €m



## Return ratios²)



¹) EUR 120m of the RCFs was drawn as of 30 Sep 2023

²) Comparable

elisa

Q&A

# P&L by quarter

EUR million	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
<b>Revenue</b>	<b>544.7</b>	<b>532.7</b>	<b>539.7</b>	<b>562.6</b>	<b>534.0</b>	<b>521.5</b>	<b>511.4</b>	<b>535.5</b>	<b>496.5</b>
<i>YoY growth</i>	2.0%	2.2%	5.5%	5.1%	7.6%	7.7%	6.2%	7.5%	6.2%
Other operating income	1.7	1.3	4.5	3.5	1.3	1.1	0.9	1.8	1.6
Materials and services	-205.7	-193.5	-205.0	-223.9	-208.4	-199.0	-189.5	-212.2	-188.3
Employee expenses	-97.1	-106.8	-108.2	-108.0	-89.1	-97.6	-100.1	-100.4	-80.4
Other operating expenses	-45.0	-51.0	-47.6	-49.3	-44.1	-48.6	-45.6	-49.2	-43.4
<b>EBITDA</b>	<b>198.6</b>	<b>182.7</b>	<b>183.4</b>	<b>184.9</b>	<b>193.9</b>	<b>177.4</b>	<b>177.1</b>	<b>175.5</b>	<b>186.0</b>
<i>EBITDA %</i>	36.5%	34.3%	34.0%	32.9%	36.3%	34.0%	34.6%	32.8%	37.5%
<i>YoY Growth</i>	2.4%	3.0%	3.5%	5.4%	4.2%	6.7%	4.4%	2.5%	3.4%
<b>Comparable EBITDA</b>	<b>198.6</b>	<b>182.7</b>	<b>183.4</b>	<b>184.9</b>	<b>193.9</b>	<b>179.4</b>	<b>177.1</b>	<b>178.1</b>	<b>186.0</b>
<i>YoY Growth</i>	2.4%	1.8%	3.5%	3.9%	4.2%	4.3%	4.4%	4.0%	3.4%
<i>Comparable EBITDA %</i>	36.5%	34.3%	34.0%	32.9%	36.3%	34.4%	34.6%	33.3%	37.5%
Depreciation, amortisation and impairment	-67.2	-66.9	-66.5	-65.8	-65.9	-65.9	-65.8	-66.8	-65.4
<b>EBIT</b>	<b>131.3</b>	<b>115.7</b>	<b>116.9</b>	<b>119.1</b>	<b>127.9</b>	<b>111.5</b>	<b>111.4</b>	<b>108.7</b>	<b>120.6</b>
<b>Comparable EBIT</b>	<b>131.3</b>	<b>115.7</b>	<b>116.9</b>	<b>119.1</b>	<b>127.9</b>	<b>113.5</b>	<b>111.4</b>	<b>111.2</b>	<b>120.6</b>
Financial income	2.6	2.4	1.5	0.6	1.6	1.9	1.5	0.9	1.3
Financial expense	-8.2	-8.0	-5.9	-4.5	-5.4	-4.7	-4.2	-4.4	-4.1
Share of associated companies' profit	-0.7	-0.1	-0.1	0.1	-0.1	-0.3	-0.3	-0.2	-0.1
<b>Profit before tax</b>	<b>125.0</b>	<b>110.0</b>	<b>112.4</b>	<b>115.3</b>	<b>124.0</b>	<b>108.4</b>	<b>108.4</b>	<b>105.0</b>	<b>117.7</b>
<b>Comparable profit before tax</b>	<b>125.0</b>	<b>110.0</b>	<b>112.4</b>	<b>115.3</b>	<b>124.0</b>	<b>110.4</b>	<b>108.4</b>	<b>107.6</b>	<b>117.7</b>
Income taxes	-24.9	-20.6	-20.9	-19.7	-23.2	-20.0	-20.4	-19.0	-21.0
<b>Profit for the period</b>	<b>100.2</b>	<b>89.4</b>	<b>91.5</b>	<b>95.6</b>	<b>100.8</b>	<b>88.4</b>	<b>88.0</b>	<b>86.0</b>	<b>96.7</b>
<b>Comparable Profit</b>	<b>100.2</b>	<b>89.4</b>	<b>91.5</b>	<b>95.6</b>	<b>100.8</b>	<b>90.0</b>	<b>88.0</b>	<b>88.1</b>	<b>96.7</b>
<b>Earnings per share (EUR)</b>	<b>0.63</b>	<b>0.56</b>	<b>0.57</b>	<b>0.60</b>	<b>0.63</b>	<b>0.55</b>	<b>0.55</b>	<b>0.54</b>	<b>0.60</b>
<b>Comparable EPS</b>	<b>0.63</b>	<b>0.56</b>	<b>0.57</b>	<b>0.60</b>	<b>0.63</b>	<b>0.56</b>	<b>0.55</b>	<b>0.55</b>	<b>0.60</b>
<i>YoY Growth</i>	-0.7%	-0.9%	3.8%	8.9%	4.4%	7.7%	8.0%	7.8%	8.9%

# Cash flow YoY comparison

EUR million	Q3/23	Q3/22	Change <sup>1)</sup>	%	1-9/23	1-9/22	Change <sup>1)</sup>	%	2022
EBITDA	199	194	5	2%	565	548	16	3%	733
Change in receivables	0	0	0	-27%	51	26	25	99%	-16
Change in inventories	0	-9	9	-98%	7	-19	26	-139%	-13
Change in payables	7	-9	16	-176%	-44	-61	18	-29%	2
Change in NWC	6	-19	25		14	-55	69		-27
Financials (net)	-4	-1	-2	169%	-15	-8	-7	87%	-10
Taxes for the year	-21	-23	1	-5%	-61	-59	-2	4%	-83
Taxes for the previous year	0	0	0		0	-2	2	-100%	-2
Taxes	-21	-23	1	-6%	-61	-61	0	0%	-85
CAPEX	-72	-62	-10	17%	-193	-165	-28	17%	-255
Licence fees <sup>2)</sup>	-1	-1	0		-8	-14	6		-16
Investments in shares <sup>3)</sup>	0	-8	8	-94%	-2	-21	19	-89%	-21
Sale of shares		0	0		0	0	0		0
Sale of assets and adjustments	1	0	1		-13	-10	-2	23%	-19
Cash flow after investments	107	79	28	35%	286	214	72	34%	300
Cash flow after investments excl. acquisitions <sup>4)</sup>	107	87	19	22%	286	235	51	22%	321

<sup>1)</sup> Difference is calculated using exact figures prior to rounding

<sup>2)</sup> Estonian 5G licence in Q2/22, Q4/22 and Q2/23.

<sup>3)</sup> Frinx and Cardinality in 2022

<sup>4)</sup> Excluding share purchases and sale of shares.

# Cash flow by quarter

EUR million	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
EBITDA	199	183	183	185	194	177	177	176	186
Change in receivables	0	7	44	-42	0	-17	43	-53	-6
Change in inventories	0	7	0	5	-9	-3	-6	-9	-2
Change in payables	7	8	-59	63	-9	6	-58	73	-3
Change in NWC	6	22	-14	27	-19	-14	-21	11	-12
Financials (net)	-4	-4	-8	-2	-1	0	-7	-1	-2
Taxes for the year	-21	-21	-19	-24	-23	-19	-18	-20	-19
Taxes for the previous year							-2		
Taxes	-21	-21	-19	-24	-23	-19	-20	-20	-19
CAPEX	-72	-64	-57	-90	-62	-53	-50	-72	-62
Licence fees	-1	-2	-5	-2	-1	-7	-5	0	-1
Investments in shares	0	-1	0	0	-8	0	-13	-2	-4
Sale of shares				0			0	0	
Sale of assets and adjustments	1	-6	-8	-9	-1	-3	-7	-6	-1
Cash flow after investments	107	108	71	86	79	82	53	85	86
Cash flow after investments excl. acquisitions	107	108	71	86	87	81	66	87	89

# Debt structure

EUR million at the end of the quarter	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
Bonds and notes	1,140	894	893	892	891	890	889	888	887
Commercial papers	152	241	159	125	169	180	140	0	55
Credit facility	70	100	0	0	0	0	100	100	100
Loans from financial institutions	103	253	253	253	283	353	253	254	254
Lease liabilities <sup>1)</sup>	90	91	94	91	93	95	94	92	91
Committed credit lines <sup>2)</sup>	120								
<b>Interest-bearing debt, total</b>	<b>1,675</b>	<b>1,578</b>	<b>1,398</b>	<b>1,361</b>	<b>1,436</b>	<b>1,518</b>	<b>1,477</b>	<b>1,333</b>	<b>1,387</b>
Cash and cash equivalents	318	120	182	85	78	87	301	114	89
<b>Net debt <sup>3)</sup></b>	<b>1,356</b>	<b>1,459</b>	<b>1,217</b>	<b>1,276</b>	<b>1,358</b>	<b>1,431</b>	<b>1,176</b>	<b>1,219</b>	<b>1,298</b>

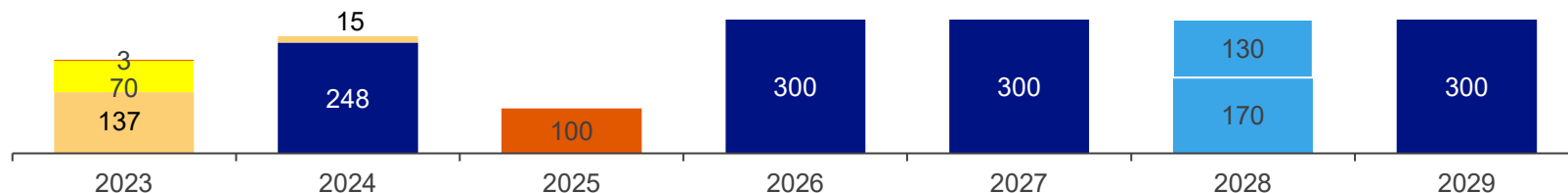
<sup>1)</sup> Lease liabilities are classified as interest-bearing debt in accordance with IFRS 16 from Q1/19 onwards

<sup>2)</sup> The committed credit lines are €130m and €170m facilities that Elisa may use flexibly at agreed upon pricing

<sup>3)</sup> Net debt is interest-bearing debt less cash and interest-bearing receivables

## Nominal values of bond, bank loan and CP maturities, 30 Sept 2023

● Bonds ● Loans ● RCF<sup>1)</sup> ● CP ● Uncommitted Credit Facility





## A SUSTAINABLE FUTURE THROUGH DIGITALISATION

### Contacts

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