



# Interim Report Q2 2023

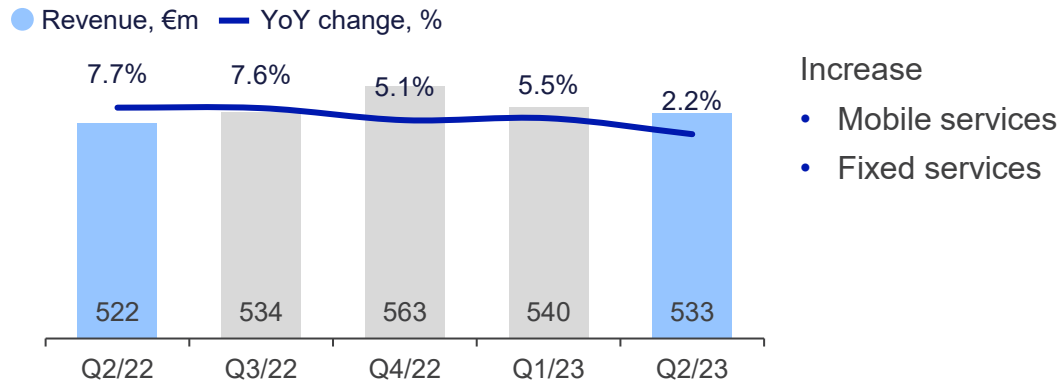
14 July 2023

## Q2 2023 highlights

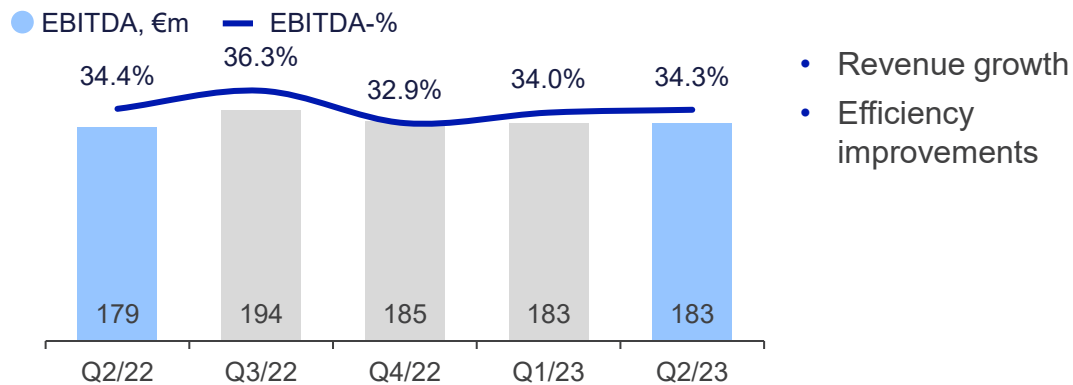
- Revenue grew by 2.2%
- Comparable EBITDA up by 1.8%
- Mobile service revenue increased by 5.4%
- Year-on-year revenue growth of international digital services slightly negative due to the expected volatility of the business. For the full year, strong double-digit organic growth expected.
- In Finland, post-paid churn decreased to 13.6% (14.9% in Q1 2023)
- Post-paid subscriptions grew by 43,300, of which M2M and IoT subscriptions by 32,900.
- Fixed broadband subscription base decreased by 2,200
- Good 5G momentum continuing: network covers almost 90% of Finnish population in over 200 towns and cities

# Good performance despite some anticipated headwinds in Q2

## Revenue

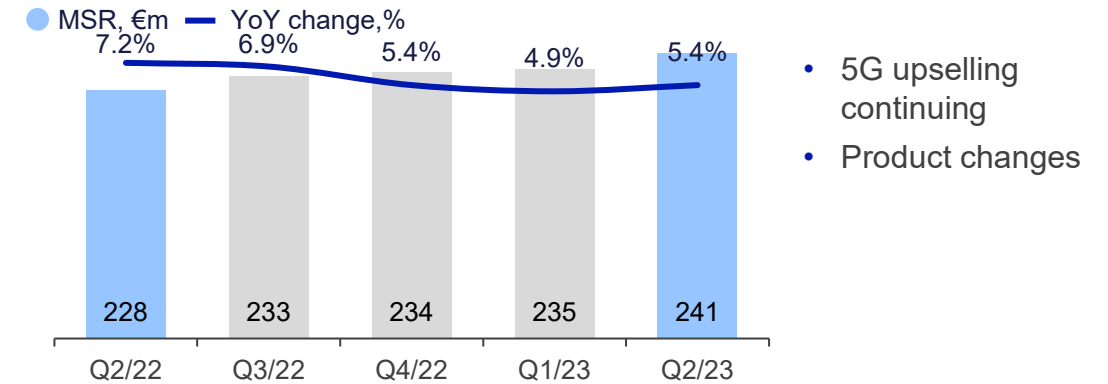


## EBITDA<sup>1)</sup>

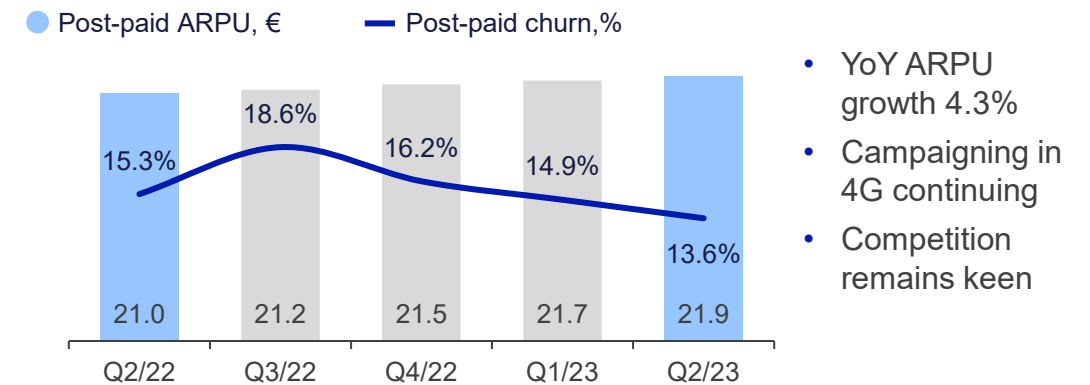


<sup>1)</sup> Comparable

## Mobile service revenue



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



<sup>2)</sup> Finland, churn annualised

# Growth continuing in both segments

## Consumer Customers

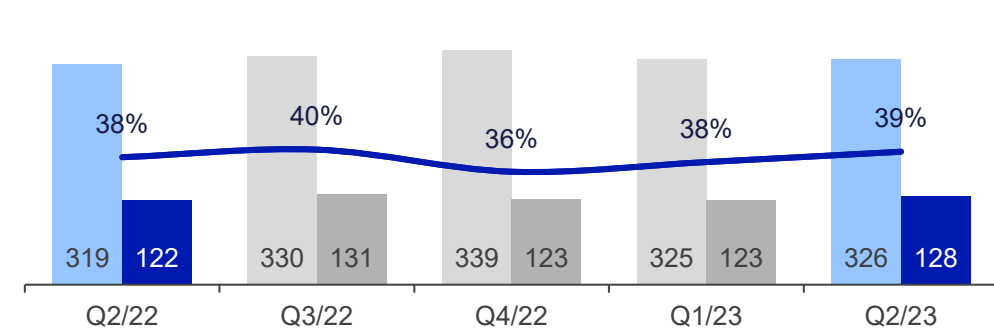
Revenue +2%

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

EBITDA +4%

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

● Revenue, €m ● EBITDA, €m — EBITDA-%



## Corporate Customers

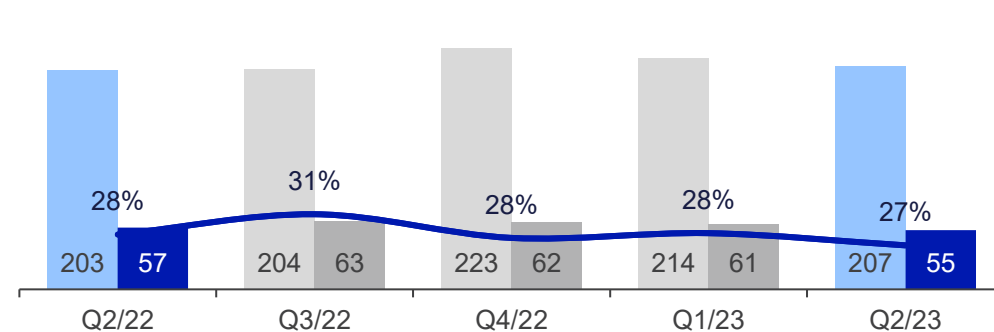
Revenue +2%

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

EBITDA -4%

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

● Revenue, €m ● EBITDA, €m — EBITDA-%



1) Comparable

# Strategy execution

*A sustainable future through digitalisation*

Increase mobile and fixed service revenues

Grow digital service businesses

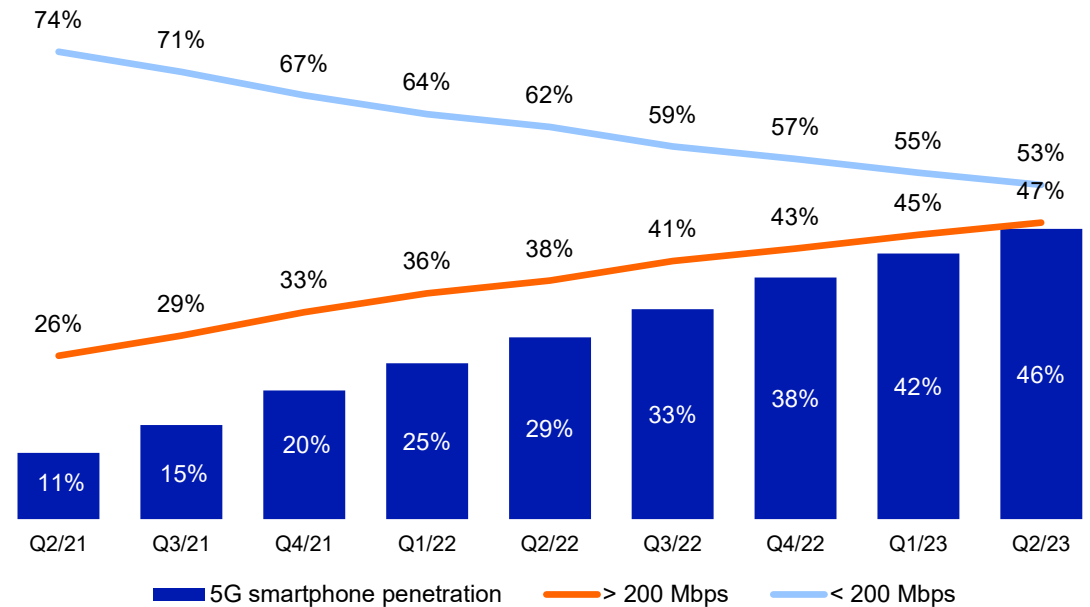
Improve efficiency and quality



# Migration to higher speeds continuing

- 47% (36%) of voice subscriptions at >200 Mbps speeds<sup>1)</sup>
  - Speed matters. Upselling to higher speeds continuing.
  - 5G base is growing, 4G slightly decreasing
- 46% (29%) of smartphones are 5G devices<sup>1)</sup>

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





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

- 5G coverage
  - Finland: nearly 90% population coverage
  - Estonia: over 70% population coverage
- Average billing increase of over €3 in 5G upgrades intact
- Elisa was the first telco in Europe to deploy in-service software upgrade capability in a live production 5G standalone network.
- Port of HaminaKotka piloted automatic working machines with remote control utilising Elisa's 5G standalone network. Remote driving increases safety and productivity and reduces emissions.
- Elisa continues active investments in fibre network and announced EUR 200 million in investments in the coming years to expand e.g. FTTH connections
  - Rollout based on customer demand
  - Customers value Elisa's reliability and simple pricing model



# Seasonality in IDS revenue growth – full-year growth on track

- YoY revenue growth slightly negative due to the expected volatility of the business
- For the full year, strong double-digit organic growth expected
- Growth accelerated with M&As

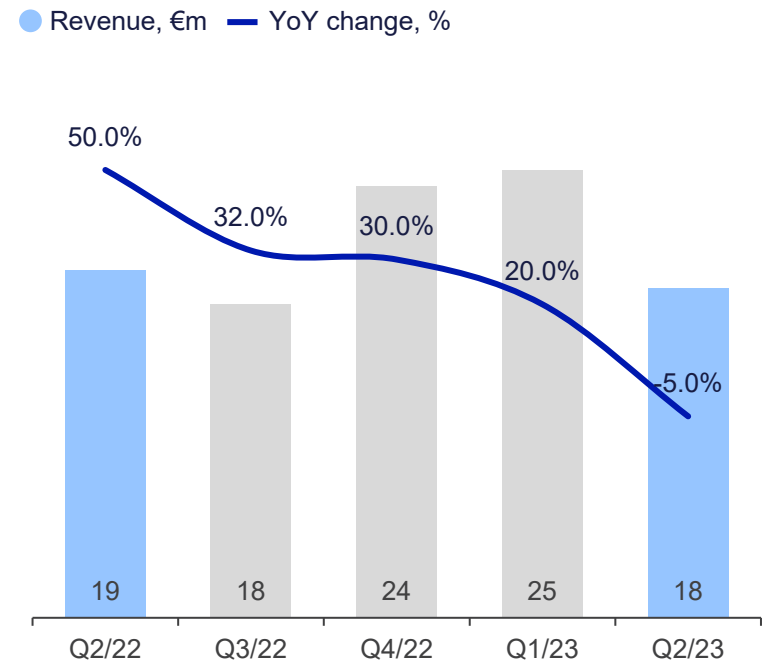


- Significant contracts for AI and analytics solutions with two large European operators



- Strong order intake in all industry verticals in Q2 despite tough market conditions
- We continued to invest in sales and recruited new salespeople in several regions

Revenue and YoY growth







# Solid performance in domestic & other digital services

## Entertaining video services

- Elisa Viihde original series *Renki* and season 3 of *Sipoon herttua* became the most popular comedy series in Elisa Viihde Viaplay streaming service during Q2

## IT services and solutions

- Aktia Bank chose Elisa as a partner to provide IT services
- Elisa's IT business was acknowledged for its expertise in automation and artificial intelligence with the Microsoft Partner of the Year award

## Visual communications

- Demand for visual communication solutions remains strong
- Videra successfully on-boarded 1,400+ Government of Finland ICT centre rooms systems to its managed service
- Number of Videra Hummingbird monitored customer devices grew by 33% during the first half achieving 85% proactive incident management

# A sustainable future through digitalisation

Key ESG indicators		2Q23	2Q22
Mobile network's energy efficiency in Finland			
Change in energy consumption per GB from Q4 2021 level		-13.5 %	-8.8 %
Population coverage of >100 Mbps connections		89.3 %	80.8 %
Proportion of female supervisors		28.9 %	29.6 %
Patent portfolio development in Elisa			
Number of active patents in portfolio <sup>1)</sup>		358	312
Number of new first applications		12	14

- Elisa ranked on the Financial Times Europe's Climate Leaders for the third year in a row, with highest total score of any Finnish company
- Elisa showcased Finnish cyber security expertise at the RSA conference together with Traficom and Finnish National Bureau of Investigation



# 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 at the same level as or slightly higher than in 2022
- Comparable EBITDA at the same level as or slightly higher than in 2022
- CAPEX\* maximum 12% of revenue



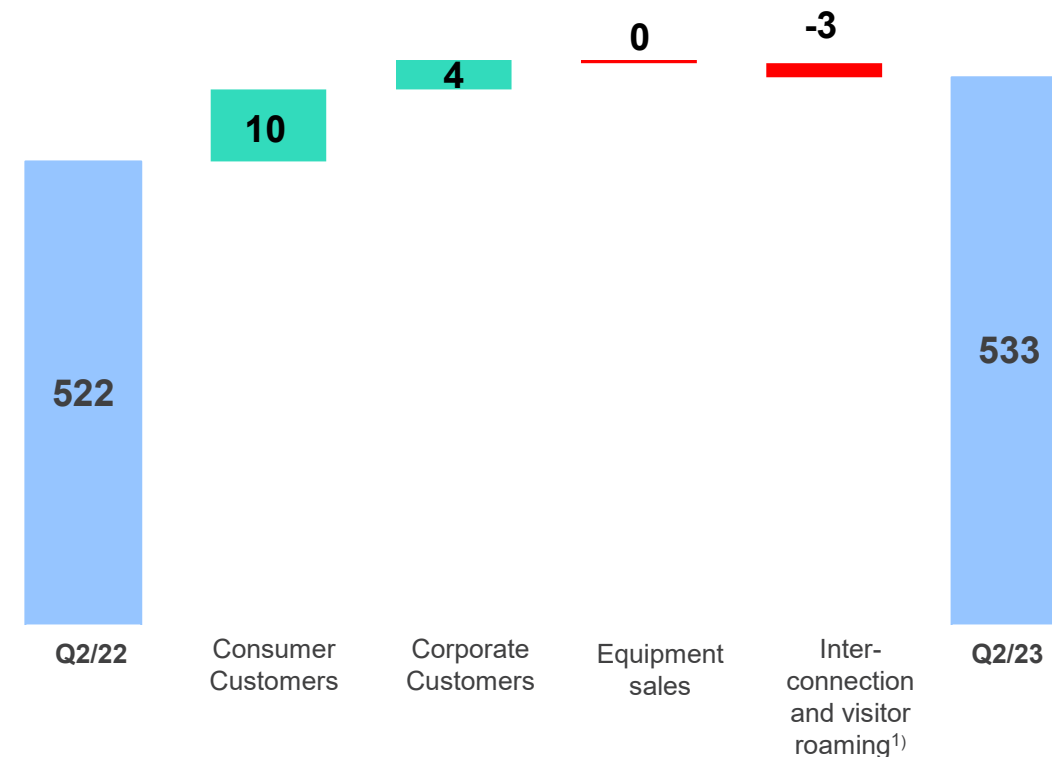
Financial review Q2 2023

# Growth in revenue and EBITDA continuing

EUR million <sup>1)</sup>	Q2/23	Q2/22	Change	%	2022
<b>Revenue</b>	<b>532.7</b>	<b>521.5</b>	<b>11.2</b>	<b>2.2%</b>	<b>2,130</b>
Other operating income	1.3	1.1	0.1	12.1%	7
Materials and services	-193.5	-199.0	5.5	-2.8%	-821
Employee expenses	-106.8	-97.6	-9.2	9.4%	-395
Other operating expenses	-51.0	-48.6	-2.4	4.9%	-188
<b>EBITDA</b>	<b>182.7</b>	<b>179.4</b>	<b>3.3</b>	<b>1.8%</b>	<b>735</b>
<i>EBITDA %</i>	<i>34.3%</i>	<i>34.4%</i>			<i>34.5%</i>
Depreciation	-66.9	-65.9	-1.0	1.5%	-263
<b>EBIT</b>	<b>115.7</b>	<b>113.5</b>	<b>2.3</b>	<b>2.0%</b>	<b>472</b>
<i>EBIT %</i>	<i>21.7%</i>	<i>21.8%</i>			<i>22.2%</i>
Financial expenses net	-5.7	-3.1	-2.6	83.8%	-14
<b>Profit before tax</b>	<b>110.0</b>	<b>110.4</b>	<b>-0.3</b>	<b>-0.3%</b>	<b>458</b>
<b>Net profit</b>	<b>89.4</b>	<b>90.0</b>	<b>-0.6</b>	<b>-0.6%</b>	<b>374</b>
<b>EPS, €</b>	<b>0.56</b>	<b>0.56</b>	<b>0.00</b>	<b>-0.9%</b>	<b>2.34</b>

<sup>1)</sup> Comparable figures. Growth is calculated using exact figures prior to rounding.

Q2 2023 YoY revenue change €11m

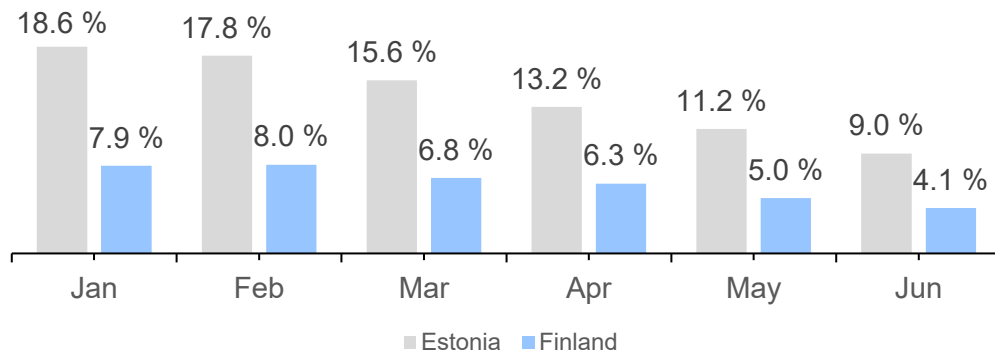


<sup>1)</sup> Mobile and fixed interconnection

# Strong growth in Estonia

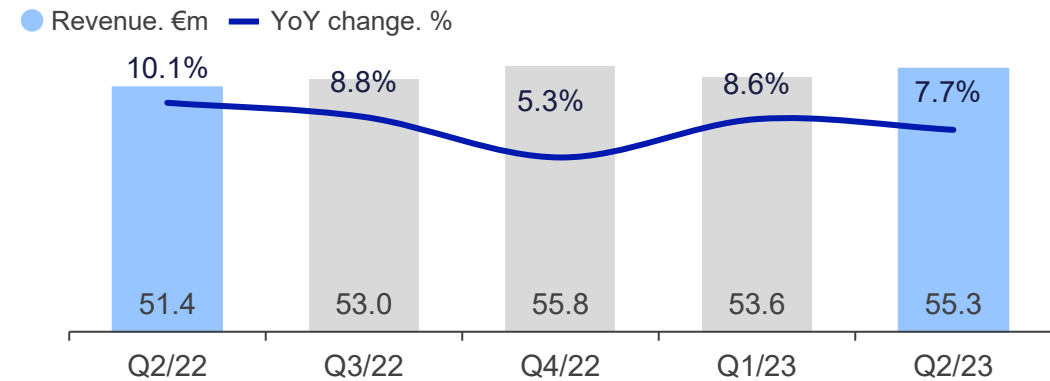
- Revenue growth 7.7%
  - Mobile and fixed services
- EBITDA increase 7.8%
  - Despite of increase in energy prices and wages
- Mobile post-paid base +3,000, prepaid -5,000
- Churn 10.8% (10.1 in Q1)

## Inflation in Estonia and Finland

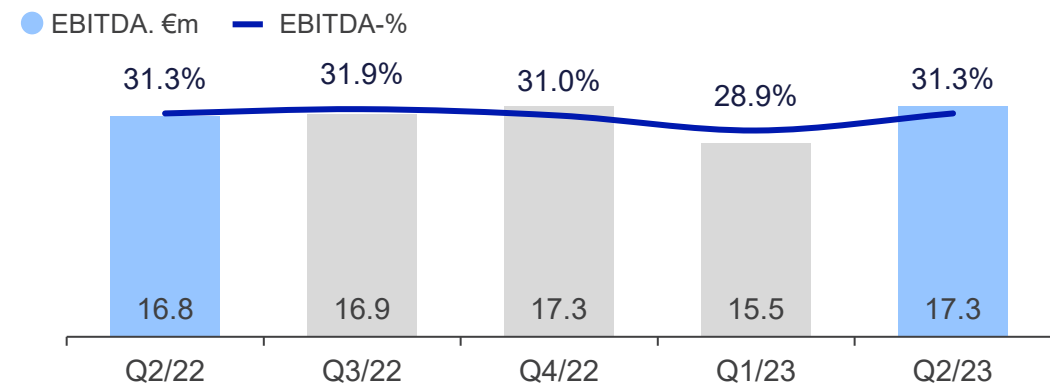


Source: Eurostat

## Revenue



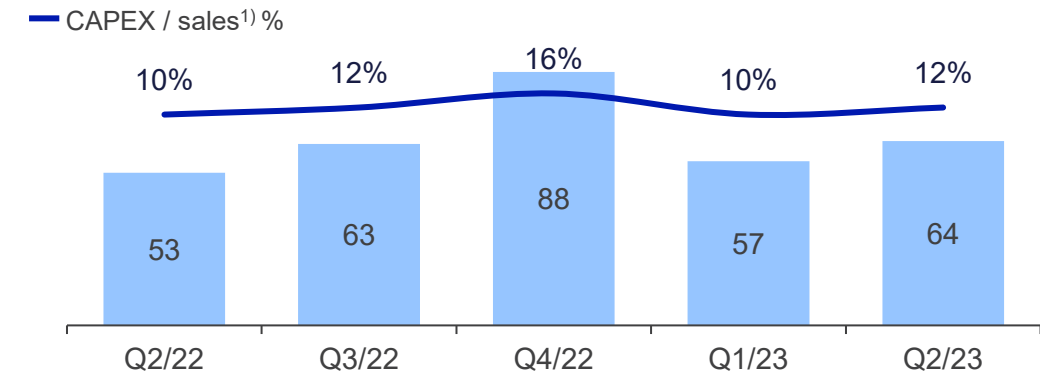
## EBITDA



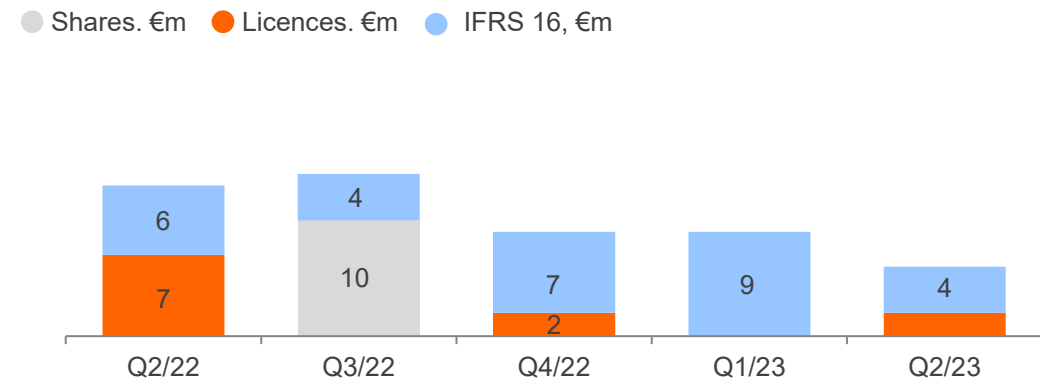
# CAPEX in line with guidance

- CAPEX €70m (67), excl. licences, lease agreements and acquisitions €64m (53)
  - Consumer €45m (45)
  - Corporate €24m (22)
  
- Main CAPEX areas
  - 5G coverage increase
  - Fibre and other networks
  - IT investments

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



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

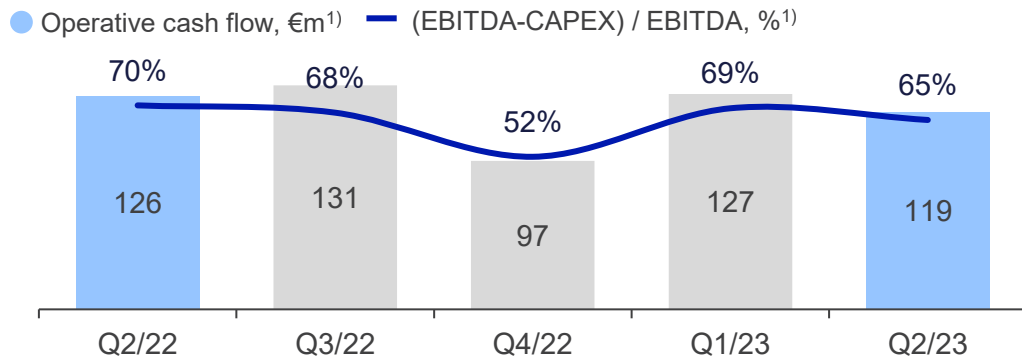


<sup>1)</sup> Investments excl. shares, licences and rental agreements (IFRS 16)

# Strong cash flow growth

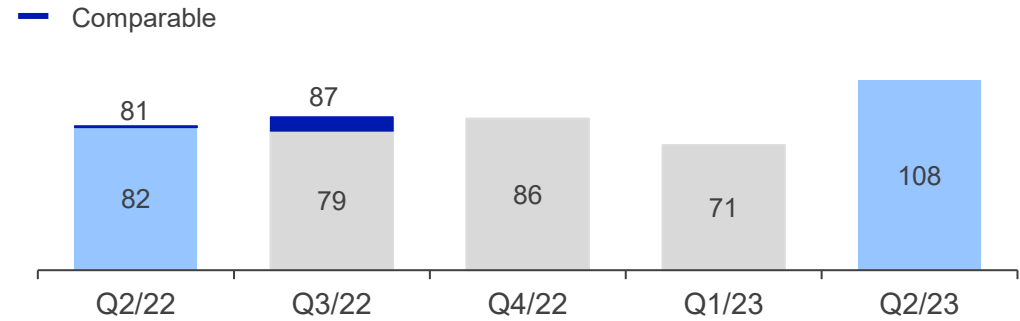
- Cash flow €108m (82, comparable 81)
  - + NWC change, higher EBITDA
  - + Lower licence payments
  - CAPEX, taxes, interest payments

## Cash conversion

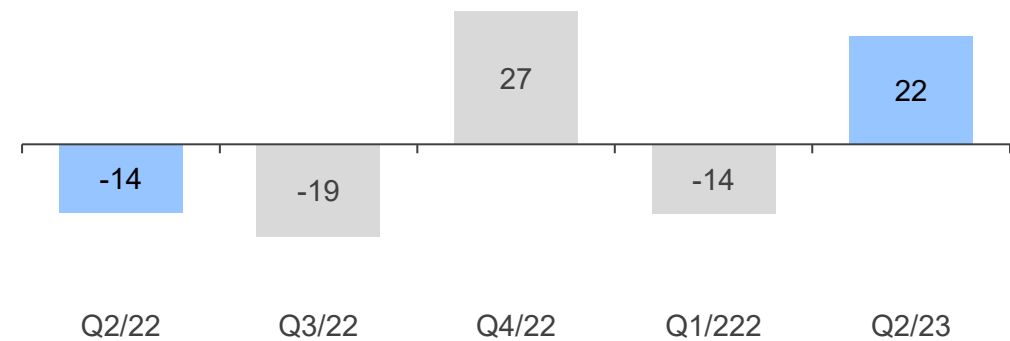


<sup>1)</sup> Comparable EBITDA – CAPEX excluding investments in shares, licences and finance leases (IFRS 16)

## Cash flow and comparable cash flow, €m



## Change in net working capital, €m

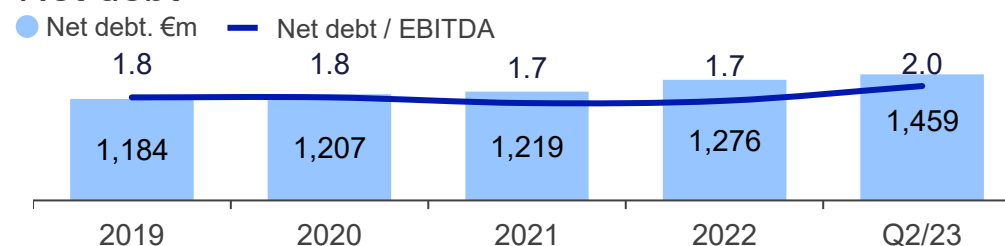




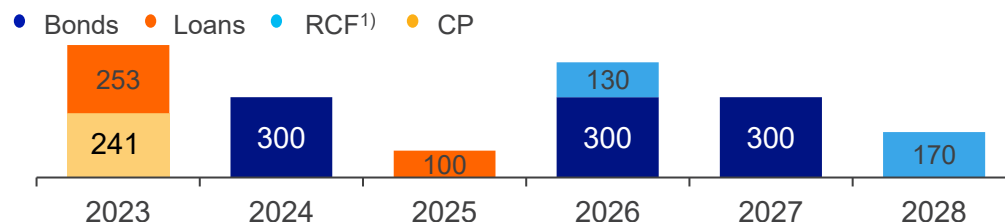
# Efficient capital structure and good returns

- Capital structure according to target
  - Net debt / EBITDA 2.0x (target 1.5–2x)
  - Equity ratio 35.2% (target >35%)
- Return ratios at good level
  - Efficient capital structure
- Average interest expense ~1.9%

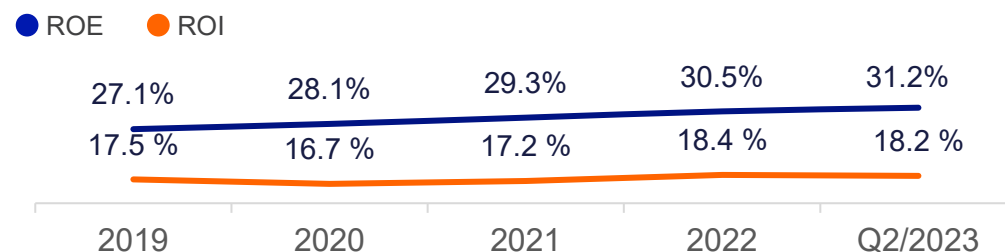
## Net debt



## Maturities as of 30 Jun 2023, €m



## Return ratios<sup>2)</sup>



<sup>1)</sup> RCFs are fully undrawn

<sup>2)</sup> Comparable

*elisa*

Q&A

## APPENDIX

## P&amp;L by quarter

EUR million	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21
<b>Revenue</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>	<b>484.3</b>
<i>YoY growth</i>	2.2%	5.5%	5.1%	7.6%	7.7%	6.2%	7.5%	6.2%	5.1%
Other operating income	1.3	4.5	3.5	1.3	1.1	0.9	1.8	1.6	3.0
Materials and services	-193.5	-205.0	-223.9	-208.4	-199.0	-189.5	-212.2	-188.3	-181.0
Employee expenses	-106.8	-108.2	-108.0	-89.1	-97.6	-100.1	-100.4	-80.4	-98.7
Other operating expenses	-51.0	-47.6	-49.3	-44.1	-48.6	-45.6	-49.2	-43.4	-41.4
<b>EBITDA</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>	<b>166.2</b>
<i>EBITDA %</i>	34.3%	34.0%	32.9%	36.3%	34.0%	34.6%	32.8%	37.5%	34.3%
<i>YoY growth</i>	3.0%	3.5%	5.4%	4.2%	6.7%	4.4%	2.5%	3.4%	-1.2%
<b>Comparable EBITDA</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>	<b>172.0</b>
<i>YoY growth</i>	1.8%	3.5%	3.9%	4.2%	4.3%	4.4%	4.0%	3.4%	2.2%
<i>Comparable EBITDA %</i>	34.3%	34.0%	32.9%	36.3%	34.4%	34.6%	33.3%	37.5%	35.5%
Depreciation, amortisation and impairment	-66.9	-66.5	-65.8	-65.9	-65.9	-65.8	-66.8	-65.4	-66.6
<b>EBIT</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>99.5</b>
<b>Comparable EBIT</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>	<b>105.3</b>
Financial income	2.4	1.5	0.6	1.6	1.9	1.5	0.9	1.3	1.0
Financial expense	-8.0	-5.9	-4.5	-5.4	-4.7	-4.2	-4.4	-4.1	-3.8
Share of associated companies' profit	-0.1	-0.1	0.1	-0.1	-0.3	-0.3	-0.2	-0.1	-0.2
<b>Profit before tax</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>96.5</b>
<b>Comparable profit before tax</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>	<b>102.3</b>
Income taxes	-20.6	-20.9	-19.7	-23.2	-20.0	-20.4	-19.0	-21.0	-17.3
<b>Profit for the period</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>79.2</b>
<b>Comparable profit</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>83.9</b>
<b>Earnings per share (EUR)</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>0.49</b>
<b>Comparable EPS</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>	<b>0.52</b>
<i>YoY growth</i>	-0.9%	3.8%	8.9%	4.4%	7.7%	8.0%	7.8%	8.9%	5.9%

# Cash flow YoY comparison

EUR million	Q2/23	Q2/22	Change <sup>1)</sup>	%	1-6/23	1-6/22	Change <sup>1)</sup>	%	2022
EBITDA	183	177	5	3 %	366	354	12	3 %	733
Change in receivables	7	-17	24	-143 %	51	26	25	96 %	-16
Change in inventories	7	-3	10	-313 %	8	-9	17	-179 %	-13
Change in payables	8	6	2	35 %	-51	-52	2	-3 %	2
Change in NWC	22	-14	36		8	-36	44		-27
Financials (net)	-4	0	-4		-12	-7	-5	71 %	-10
Taxes for the year	-21	-19	-2	11 %	-40	-37	-3	9 %	-83
Taxes for the previous year						-2	2	-100 %	-2
Taxes	-21	-19	-2	11 %	-40	-39	-1	4 %	-85
CAPEX	-64	-53	-11	20 %	-120	-103	-17	17 %	-255
Licence fees <sup>2)</sup>	-2	-7	6		-7	-12	6		-16
Investments in shares <sup>3)</sup>	-1	0	-2		-2	-12	11	-86 %	-21
Sale of shares	0	0	0		0	0	0		0
Sale of assets and adjustments	-6	-3	-3	101 %	-14	-10	-4	37 %	-19
Cash flow after investments	108	82	26	32 %	179	135	44	33 %	300
Cash flow after investments excl. acquisitions <sup>4)</sup>	108	81	27	33 %	179	147	32	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

## APPENDIX

## Cash flow by quarter

EUR million	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21
EBITDA	183	183	185	194	177	177	176	186	166
Change in receivables	7	44	-42	0	-17	43	-53	-6	5
Change in inventories	7	0	5	-9	-3	-6	-9	-2	1
Change in payables	8	-59	63	-9	6	-58	73	-3	13
Change in NWC	22	-14	27	-19	-14	-21	11	-12	19
Financials (net)	-4	-8	-2	-1	0	-7	-1	-2	0
Taxes for the year	-21	-19	-24	-23	-19	-18	-20	-19	-18
Taxes for the previous year						-2			
Taxes	-21	-19	-24	-23	-19	-20	-20	-19	-18
CAPEX	-64	-57	-90	-62	-53	-50	-72	-62	-65
Licence fees	-2	-5	-2	-1	-7	-5	0	-1	0
Investments in shares	-1	0	0	-8	0	-13	-2	-4	0
Sale of shares		0	0			0			0
Sale of assets and adjustments	-6	-8	-9	-1	-3	-7	-6	-1	-1
Cash flow after investments	108	71	86	79	82	53	85	86	101
Cash flow after investments excl. acquisitions	108	71	86	87	81	66	87	89	101

APPENDIX

# Debt structure

EUR million at end of quarter

	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21
Bonds and notes	894	893	892	891	890	889	888	887	886
Commercial papers	241	159	125	169	180	140	0	55	130
Credit facility	100	0	0	0	0	100	100	100	100
Loans from financial institutions	253	253	253	283	353	253	254	254	253
Lease liabilities <sup>1)</sup>	91	94	91	93	95	94	92	91	94
Committed credit lines <sup>2)</sup>					0	0	0	0	0
<b>Interest-bearing debt, total</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>	<b>1,463</b>
Cash and cash equivalents	120	182	85	78	87	301	114	89	84
<b>Net debt <sup>3)</sup></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>	<b>1,379</b>

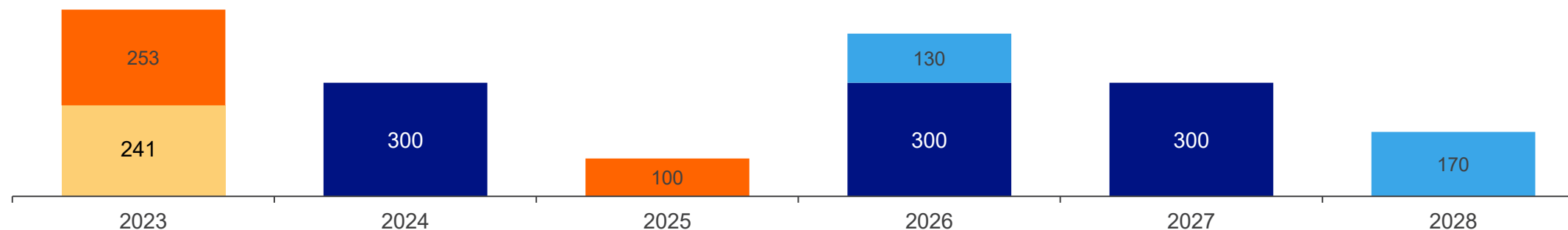
<sup>1)</sup> Lease liabilities are classified as interest-bearing debt in accordance with IFRS 16 from Q1/19 onwards

<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 June 2023

● Bonds ● Loans ● RCF<sup>1)</sup> ● CP



<sup>1)</sup> RCFs are fully undrawn



## A SUSTAINABLE FUTURE THROUGH DIGITALISATION

### Contacts

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