



elisa

Financial Results 2020

28 JANUARY 2021

Q4 2020 highlights

- Strong development continued
- Revenue grew by 2%
- EBITDA up by 2%
- Mobile service revenue increased by 0.7% YoY and 1.4% up QoQ
 - Decrease in roaming revenue due to COVID-19
- Post-paid churn increased to 19.8% (17.6% in Q3)
- Post-paid mobile subscription base increased by 21,700
- Fixed broadband subscription base increased by 4,300
- 5G momentum building up in 2020: network covering over 2 million Finns, number of subscriptions close to 200,000

Revenue growth 3%, EPS growth 6%

Comparable figures

Financials	2020	CHANGE IN 2020
Revenue	€1,895m	+2.8%
EBITDA	€685m	+2.6%
EBITDA-%	36.2%	0 pp
Earnings per share	€2.05	+6.0%
CAPEX ¹⁾	€236m	+4.0%
CAPEX / sales	12%	0 pp

1) Excluding IFRS 16, investments in shares and licence fees

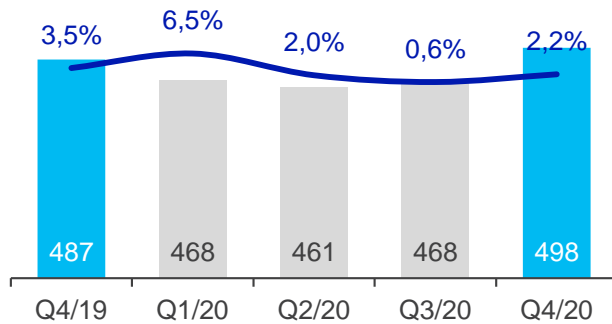
2) In Finland

Operational KPIs	2020	CHANGE IN 2020
Mobile service revenue	€828m	+0.5%
Mobile subs	4,798,100	+1,3%
Fixed broadband subs	701,100	+1.7%
Post-paid ARPU ²⁾	€19.3	-0.5%
Post-paid churn ²⁾	18.2%	-2.1 pp
Mobile data, GB ²⁾	1.36bn	+36%

Solid performance continued amid COVID-19 situation

Revenue

● Revenue, €m — YoY change.%

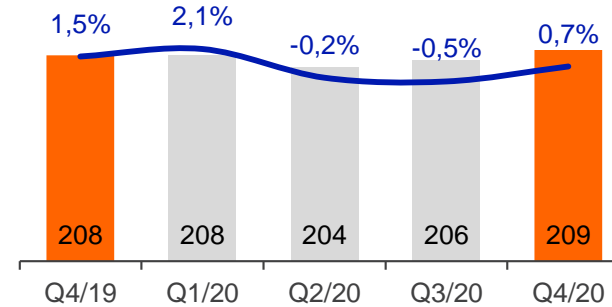


Increase

- Fixed and mobile services
- Digital services
- Equipment sales

Mobile service revenue

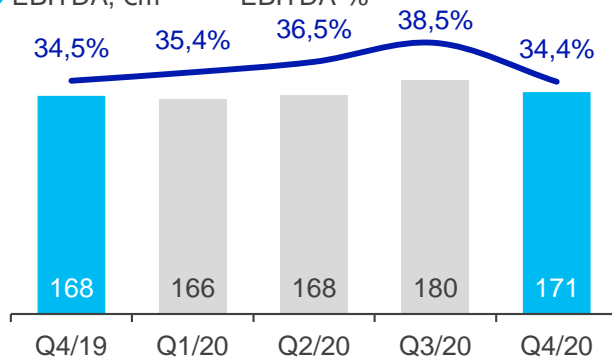
● MSR, €m — YoY change.%



- Roaming impact
- 4G and 5G up-selling continues
- Product changes

EBITDA¹⁾

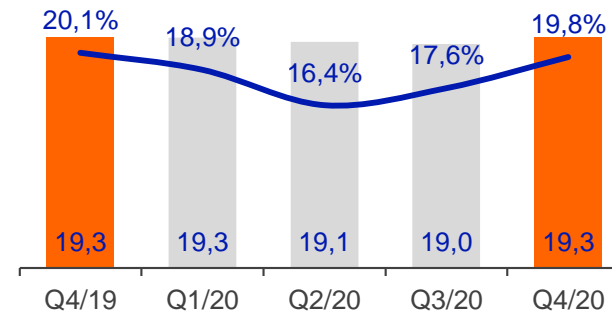
● EBITDA, €m — EBITDA-%



- Revenue growth
- Efficiency improvements

ARPU and churn²⁾

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



- Campaigning continues
- Competition remained keen

1) Comparable

2) Finland, churn annualised

Good growth in Consumer Customers, roaming impacted on Corporate Customers

Consumer Customers

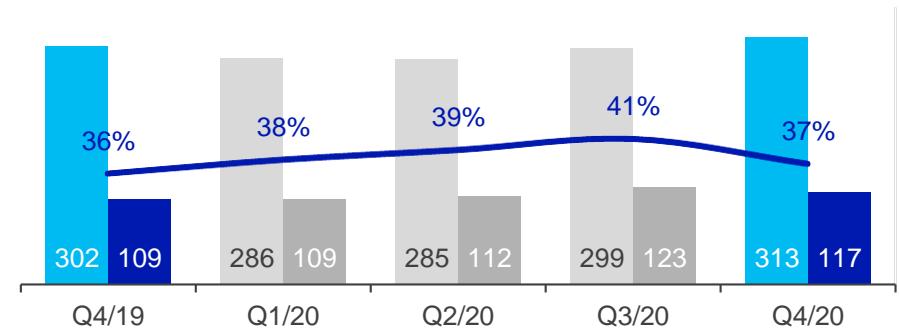
Revenue +4%

- + Domestic digital services
- + Mobile services
- Roaming
- Traditional fixed-line services

EBITDA +8%¹⁾

Revenue and EBITDA¹⁾

● Revenue, €m ● EBITDA, €m — EBITDA-%



Corporate Customers

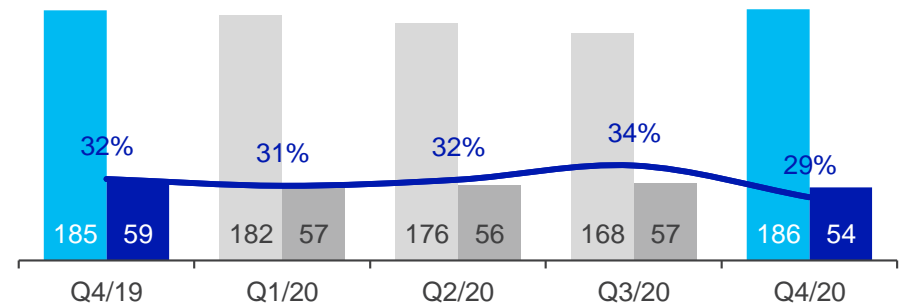
Revenue +/-0%

- + Fixed services
- + Digital services
- Roaming
- Mobile services

EBITDA -8%¹⁾

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

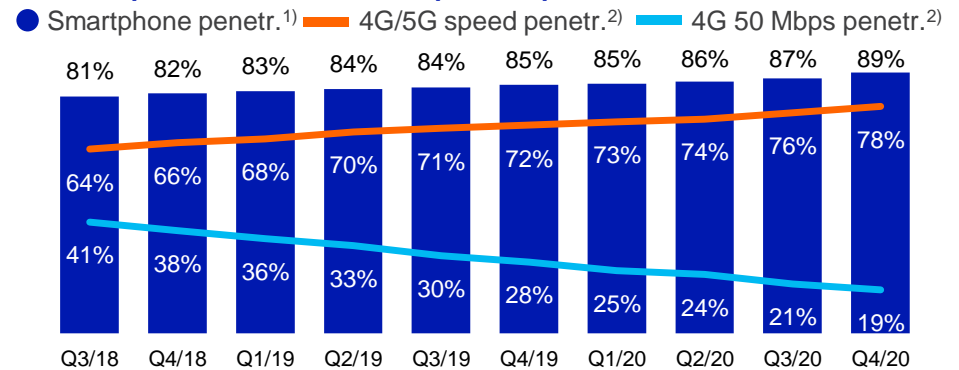


Up-selling of mobile subs continues, 5G proceeding

Growth in 4G/5G smartphone penetration

- 89% of customers use a smartphone
 - 99% (98%) 4G- and 5G-capable
 - 5G phones account for approx. 50% of new sales
- 78% (72%) of voice subs at 4G or 5G speeds
 - Up-selling to higher speeds continues
 - During 2020 number of 5G subscriptions rose close to 200,000

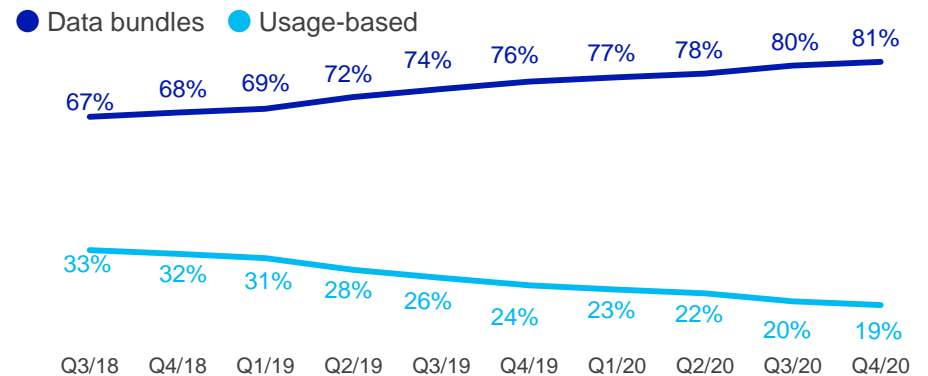
Smartphone and 4G speed penetration, %



Proportion of data bundles continues to grow

- 81% of subscriptions²⁾ fixed-monthly-fee, “all-you-can-eat” bundles
 - Old subs migrating to new unlimited ones
- Strong demand for unlimited data bundles, Elisa customers are able to roam at domestic prices in EU and EEA countries

Subscription²⁾ split



1) iOS (iPhone), Android and Windows smartphones of the total phone base

2) Post-paid voice subscriptions in Finland (unlimited usage)



Elisa leading in 5G

- 5G network launched in over 64 towns and cities covering over 2 million Finns
- 5G devices offering increased to over 50 models, and 5G phones became the primary choice of Elisa's customers
- Elisa achieved the world's fastest 5G speeds on a commercial network: 8 Gbps at the 26 GHz spectrum
 - The service is expected to be implemented in 2021, and will support a range of new low-latency, high-bandwidth services, such as high-speed video downloads, mission-critical or virtual reality (VR) and augmented reality (AR) applications
- Data usage YoY growth 34% in Q4



Expansion of digital service businesses continued

Domestic digital services

- Elisa Viihde Viaplay integrated streaming service was successfully launched in December
- International interest in Elisa Viihde original series continued: BBC acquired its first Finnish-language drama series, which was also sold to USA, Australia, Netherlands and Portugal.
- IT Services had solid sales growth

International digital services

- Elisa acquired camLine Group, a software solution provider for manufacturing industry
 - To provide data and AI-driven intelligent manufacturing solutions to global customer base, incl. semiconductor and electronics manufacturers, and medical devices
 - Elisa Smart Factory AI/ML capable solutions complements camLine's offering
- Elisa Automate signed a deal with T-Mobile Czech and Slovak on delivering Virtual NOC automation solution

Outlook and guidance for 2021

The uncertainty in the macroeconomic environment is still prevailing. Competition in the Finnish telecommunications market remains keen.

- Revenue slightly higher than in 2020
- Comparable EBITDA at same level or slightly higher than in 2020
- CAPEX* maximum 12% of revenue

* Excluding IFRS 16, and investments in shares and licences



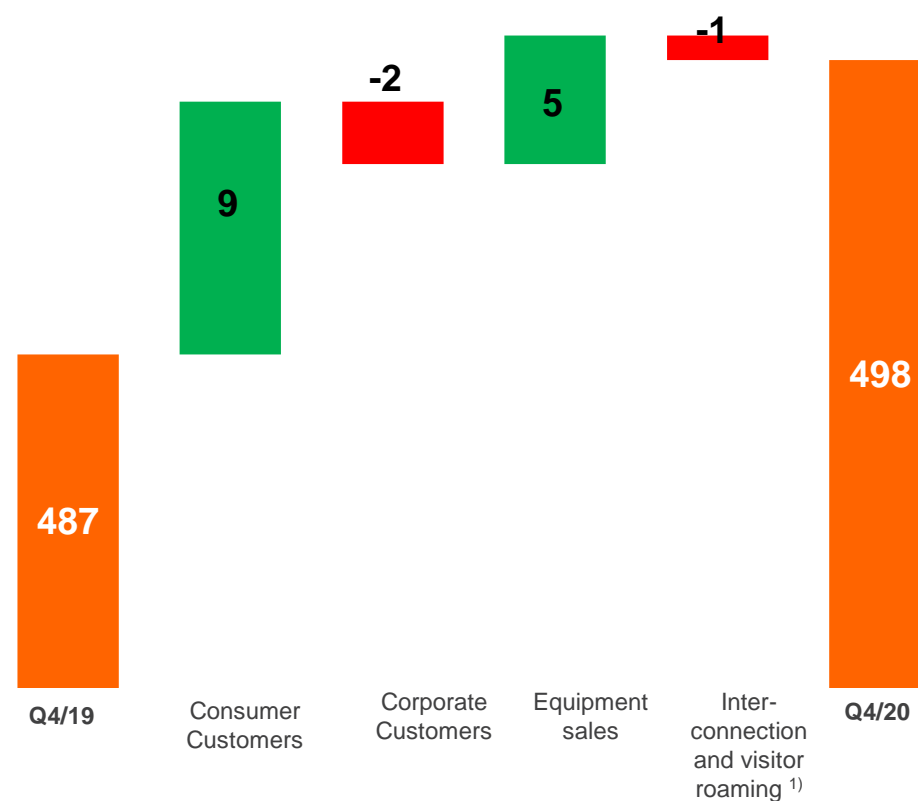
Financial review

INTERIM REPORT Q4 2020

Growth in revenue and earnings

EUR million ¹⁾	Q4/20	Q4/19	Change	%
Revenue	498	487	10.9	2.2 %
Other operating income	2	3	-1.4	-46.7 %
Materials and services	-200	-192	-8.0	4.2 %
Employee expenses	-83	-81	-1.8	2.2 %
Other operating expenses	-46	-50	3.4	-6.9 %
EBITDA	171	168	3.2	1.9 %
<i>EBITDA %</i>	<i>34.4 %</i>	<i>34.5 %</i>		
Depreciation	-74	-68	-6.0	8.8 %
EBIT ²⁾	103	100	3.3	3.3 %
<i>EBIT %</i>	<i>20.8 %</i>	<i>20.5 %</i>		
Financial expenses net ³⁾	1	-5	5.7	
Profit before tax	99	96	3.3	3.5 %
Net profit	82	79	2.8	3.5 %
EPS, €	0.51	0.49	0.02	3.4 %

Q4 2020 YoY revenue change, €11m



- 1) With comparable figures. Growth is calculated using exact figures prior to rounding.
- 2) Excluding write-downs Videra EUR 3.5m and Banana Fingers EUR 2.5m
- 3) Including capital gain from sale of Sulake shares EUR 6m

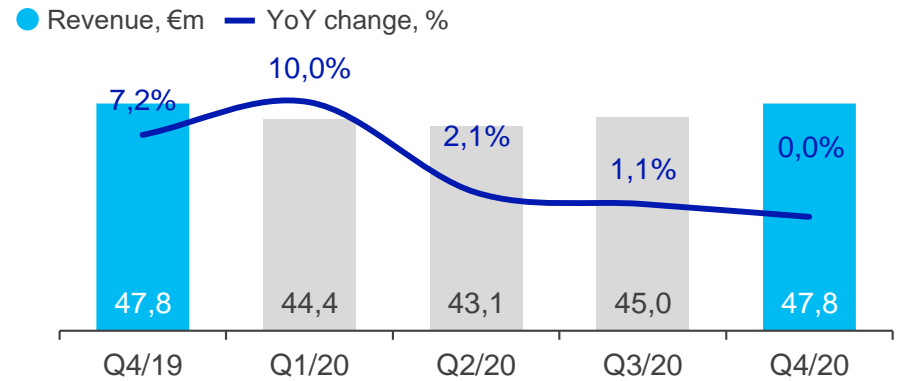
¹⁾ Mobile and fixed interconnection

EBITDA growth in Estonia

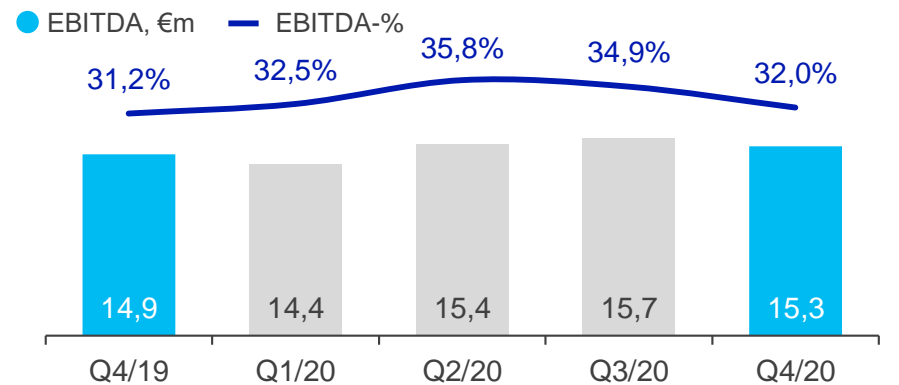
- EBITDA improved

- Revenue flat
- EBITDA growth +3.1%
- Mobile post-paid base +2,400, pre-paid +300
- Churn 9.7% (9.7 in Q3)

Revenue



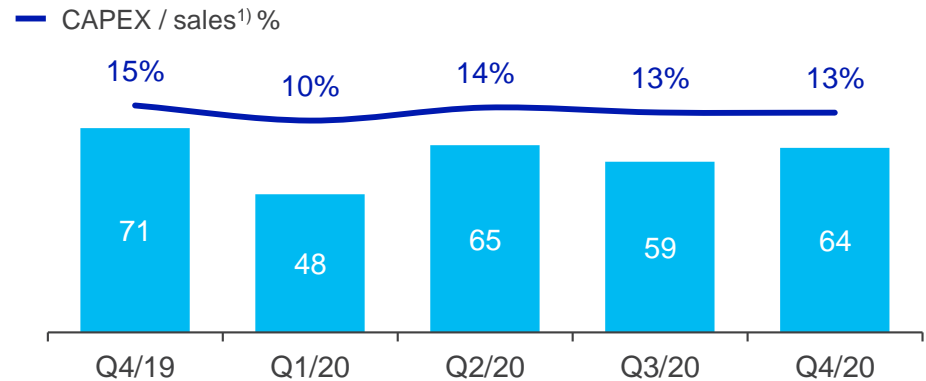
EBITDA



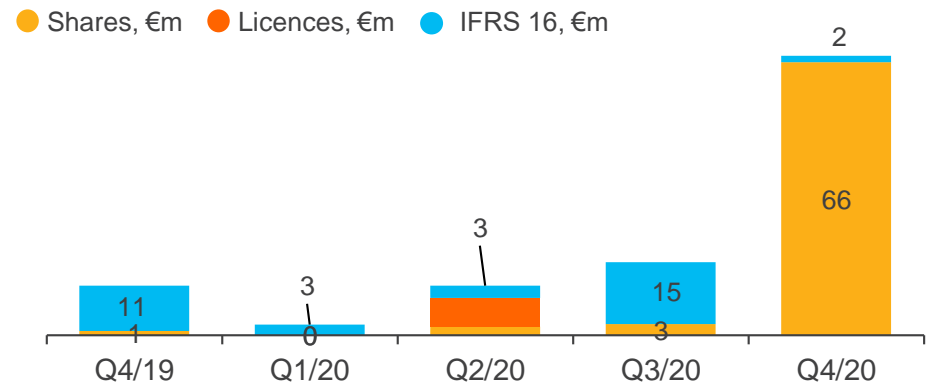
Full-year CAPEX/sales 12%

- CAPEX €65m (83), excl. shares, licences and lease agreements €64m (71)
 - Consumer €43m (54)
 - Corporate €23m (29)
- FY CAPEX excl. shares, licences and lease agreements €236m (227) or 12 % of revenue
- Main CAPEX areas
 - 5G and 4G capacity and coverage increases
 - Other network and IT investments

CAPEX¹⁾



Shares, licences and rental agreements (IFRS 16)



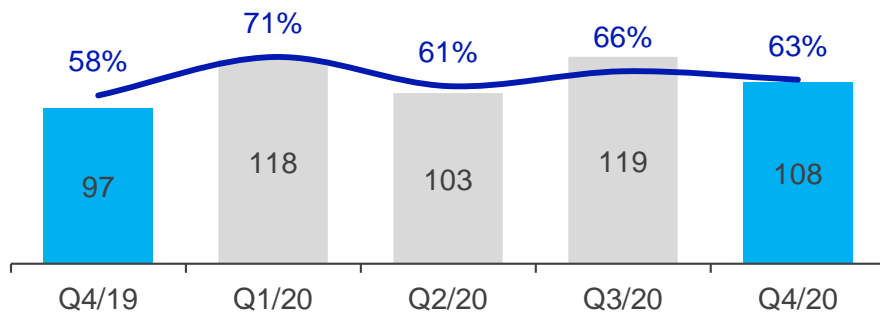
¹⁾ Investments excluding shares, licences and rental agreements (IFRS 16)

Comparable cash flow strong in Q4

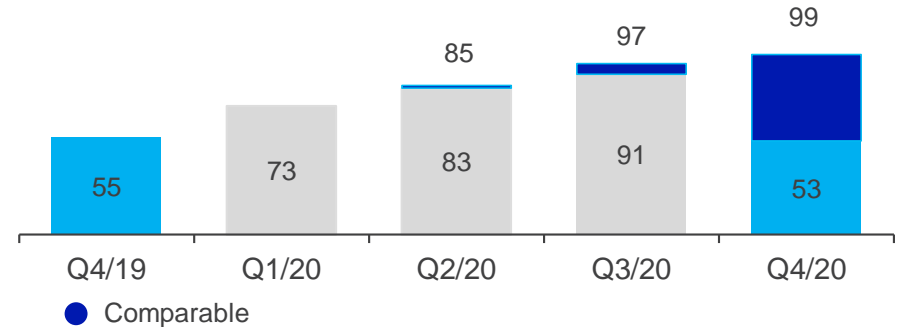
- Q4 Cash flow €53m (55)
- Q4 comparable cash flow €99m (55)
 - NWC change, higher EBITDA and lower CAPEX affected positively
- 2020 comparable cash flow grew by 9% to €351m (323)

Cash conversion

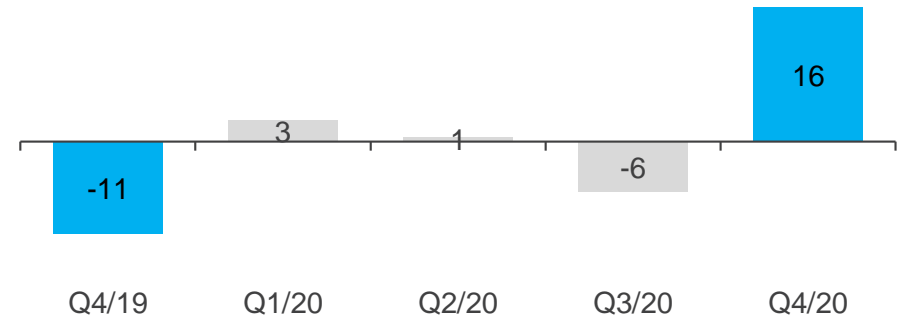
● Operative cash flow, €m¹⁾ — (EBITDA-CAPEX) / EBITDA, %¹⁾



Cash flow and comparable cash flow, €m



Change in net working capital, €m

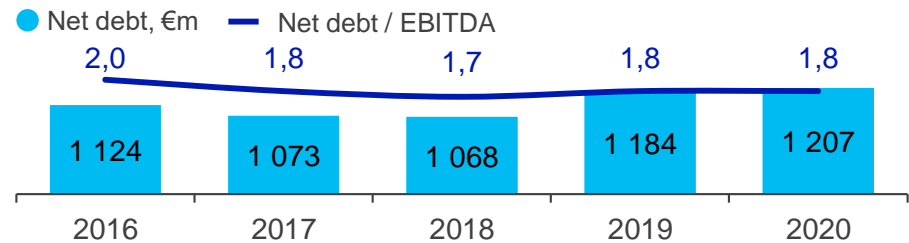


¹⁾ Comparable EBITDA – CAPEX excluding investments in shares, licences and finance leases (IFRS 16)

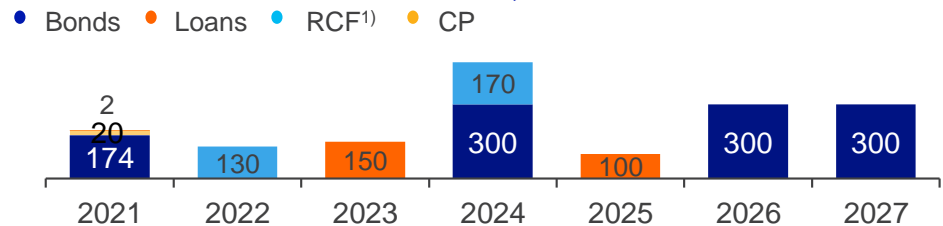
Efficient capital structure and good returns

- Capital structure according to target
 - Net debt / EBITDA 1.8x (target 1.5–2x)
 - Equity ratio 39.1% (target >35%)
- Return ratios at good level
 - Efficient capital structure
- Repayment of EUR 174m bond in January 2021
 - Average interest expense approx. 1%

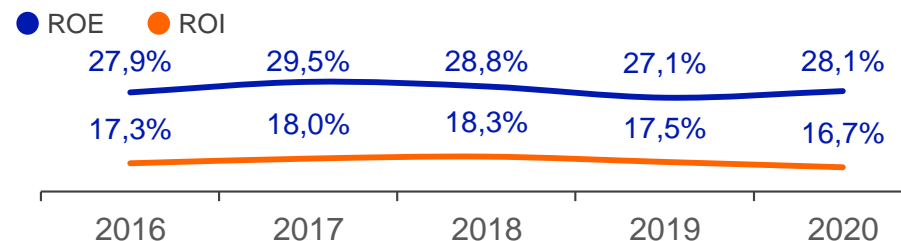
Net debt



Maturities as 31 Dec 2020, €m



Return ratios²⁾



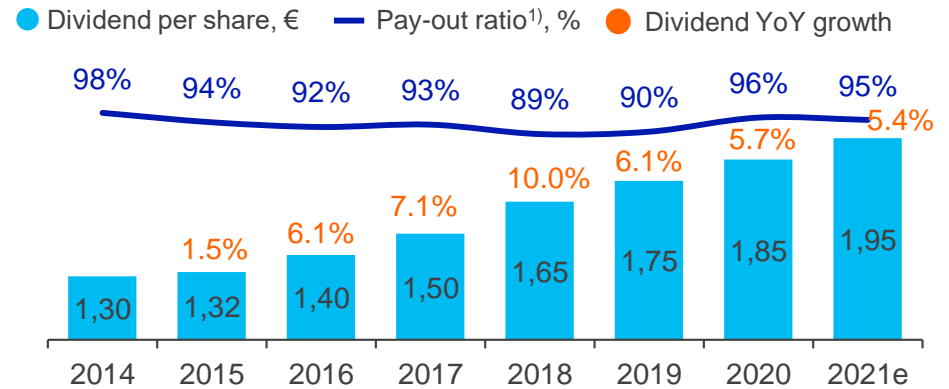
¹⁾ RCFs are fully undrawn

²⁾ Comparable, 2017 excluding sale of Comptel shares

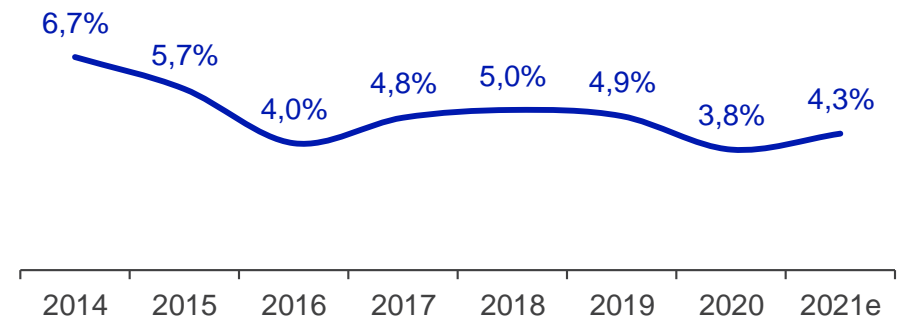
Growing dividend seven consecutive years

- Dividend proposal of €1.95 per share
 - Dividend growth +5.4%
 - Total amount €312m
 - Ex-dividend date 8 April 2020
 - Payment date 20 April 2020
- Pay out ratio¹⁾ 95%,
 - Dividend yield 4.3%²⁾
- Proposal for 5m share buyback authorisation
- Strong commitment of competitive shareholder remuneration
 - Distribution policy 80–100% of net profit

Dividend



Dividend yield²⁾



1) DPS €1.95 calculated from comparable EPS

2) As a share price of last trading date of the year (in 2020 €44.87)



Q&A

APPENDIX

P&L by quarter

EUR million	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19
Revenue	498.2	467.5	460.8	468.1	487.3	464.9	451.6	439.7
<i>YoY growth</i>	2.2 %	0.6 %	2.0 %	6.5 %	3.5 %	2.4 %	-1.3 %	-2.2 %
Other operating income	1.6	1.3	0.6	0.6	3.0	0.9	1.1	0.7
Materials and services	-199.7	-175.6	-166.8	-171.6	-191.7	-172.1	-168.8	-160.5
Employee expenses	-82.7	-74.1	-81.8	-87.1	-80.9	-74.0	-82.0	-83.5
Other operating expenses	-46.1	-39.1	-44.6	-44.3	-49.6	-41.3	-42.8	-41.4
EBITDA	171.2	180.0	168.3	165.7	168.1	178.5	159.2	155.1
<i>EBITDA %</i>	34.4 %	38.5 %	36.5 %	35.4 %	34.5 %	38.4 %	35.2 %	35.3 %
<i>YoY Growth</i>	1.9 %	0.8 %	5.7 %	6.9 %	6.3 %	5.8 %	-0.4 %	1.1 %
Comparable EBITDA	171.2	180.0	168.3	165.7	168.1	178.5	163.6	157.5
<i>YoY Growth</i>	1.9 %	0.8 %	2.9 %	5.2 %	6.3 %	5.8 %	4.4 %	1.2 %
<i>Comparable EBITDA %</i>	34.4 %	38.5 %	36.5 %	35.4 %	34.5 %	38.4 %	36.2 %	35.8 %
Depreciation, amortisation and impairment	-73.9	-68.1	-67.4	-66.8	-67.9	-66.0	-66.8	-65.1
EBIT	97.3	111.9	100.9	99.0	100.1	112.5	92.4	90.0
Comparable EBIT	103.4	111.9	100.9	99.0	100.1	112.5	96.8	92.4
Financial income	6.3	1.2	-0.2	1.4	0.4	0.5	1.6	3.6
Financial expense	-5.4	-5.4	-4.7	-5.7	-4.6	-6.6	-6.9	-10.8
Share of associated companies' profit	0.3	0.7	0.7	0.2	-0.3	0.2	0.0	-0.1
Profit before tax	98.5	108.3	96.6	94.9	95.6	106.6	87.0	82.7
Comparable profit before tax	98.9	108.3	96.6	94.9	95.6	106.6	91.4	85.1
Income taxes	-16.2	-19.4	-17.5	-17.0	-16.6	-22.3	-15.8	-14.0
Profit for the period	82.3	88.9	79.1	77.9	79.0	84.3	71.2	68.7
Comparable Profit	81.7	88.9	79.1	77.9	79.0	84.3	74.9	70.6
Earnings per share (EUR)	0.51	0.55	0.49	0.49	0.49	0.53	0.45	0.43
Comparable EPS	0.51	0.55	0.49	0.49	0.49	0.53	0.47	0.44
<i>YoY Growth</i>	3.4 %	5.2 %	5.6 %	10.1 %	4.0 %	-0.6 %	0.2 %	-7.4 %

Cash flow YoY comparison

	Q4/20	Q4/19	Change ¹⁾	%	2020	2019	Change ¹⁾	%
EBITDA	171	168	3	2 %	685	661	24	4 %
Change in receivables	-20	-32	12	-38 %	11	-20	32	-155 %
Change in inventories	-2	-6	4	-67 %	-1	-2	1	-40 %
Change in payables	37	27	10	37 %	3	17	-14	-85 %
Change in NWC	16	-11	27		13	-5	18	
Financials (net)	-1	-4	3	-66 %	-15	-21	7	-31 %
Taxes for the year	-20	-21	1	-5 %	-68	-71	3	-5 %
Taxes for the previous year	0	0	0		0	2	-2	-100 %
Taxes	-20	-21	1	-5 %	-68	-69	1	-2 %
CAPEX	-63	-71	8	-11 %	-238	-227	-11	5 %
Licence fees	0	0	0		-11	-4	-7	152 %
Investments in shares	-49	0	-48		-57	-67	10	-15 %
Sale of shares	3	0	2		6	1	4	
Sale of assets and adjustments	-2	-4	4	-84 %	-12	-10	-2	13 %
Cash flow after investments	53	55	-2	-4 %	300	257	43	17 %
Cash flow after investments excl. acquisitions	99	55	44	79 %	351	323	28	9 %

1) Difference is calculated using exact figures prior to rounding

2) €4m 700 MHz in Q1/19 and Q1/20, €5m 3.5 GHz Q1/20, €1.4m 26 GHz Q2/20 in Finland.

3) Polystar and Lounea 2019, Polystar and camLine 2020.

4) Excluding share purchases and sale of shares.

APPENDIX

Cash flow by quarter

EUR million	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19
EBITDA	171	180	168	166	168	179	159	155
Change in receivables	-20	0	8	23	-32	-2	5	9
Change in inventories	-2	9	-10	2	-6	-1	-1	6
Change in payables	37	-15	2	-22	27	-9	5	-7
Change in NWC	16	-6	1	3	-11	-12	10	8
Financials (net)	-1	-1	-1	-11	-4	-1	0	-16
Taxes for the year	-20	-17	-16	-15	-21	-17	-17	-16
Taxes for the previous year	0	0	0		0	0	4	-2
Taxes	-20	-17	-16	-15	-21	-17	-13	-18
CAPEX	-63	-62	-65	-48	-71	-51	-55	-50
Licence fees	0	0	-1	-10	0	0		-4
Investments in shares	-49	-6	-2	0	0	-2	-65	0
Sale of shares	3	2	0	1	0			
Sale of assets and adjustments	-2	0	-1	-11	-4	0	1	-6
Cash flow after investments	53	91	83	73	55	97	37	68
Cash flow after investments excl. acquisitions	99	97	85	73	55	98	102	68

APPENDIX

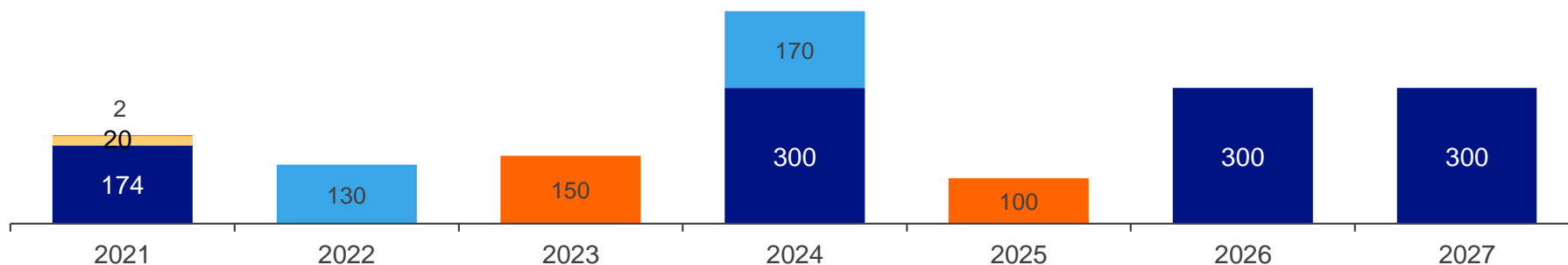
Debt structure

EUR million at the end of the quarter	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19
Bonds and notes	1 058	1 057	759	758	757	943	941	939
Commercial papers	20	152	307	176	133	65	80	10
Loans from financial institutions	252	250	250	250	250	290	290	250
Financial leases ¹⁾	97	100	90	93	96	92	93	90
Committed credit lines ²⁾	0	0	0	0	0	0	0	0
Interest-bearing debt. total	1 427	1 559	1 406	1 277	1 236	1 389	1 404	1 290
Cash and cash equivalents	220	303	74	161	52	154	85	215
Net debt ³⁾	1 207	1 256	1 332	1 117	1 184	1 235	1 319	1 075

- 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 2020

● Bonds ● Loans ● RCF¹⁾ ● CP



¹⁾ RCFs are fully undrawn



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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.