

elisa | **CMD2021**



Financial overview

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CFO

CMD**2021**

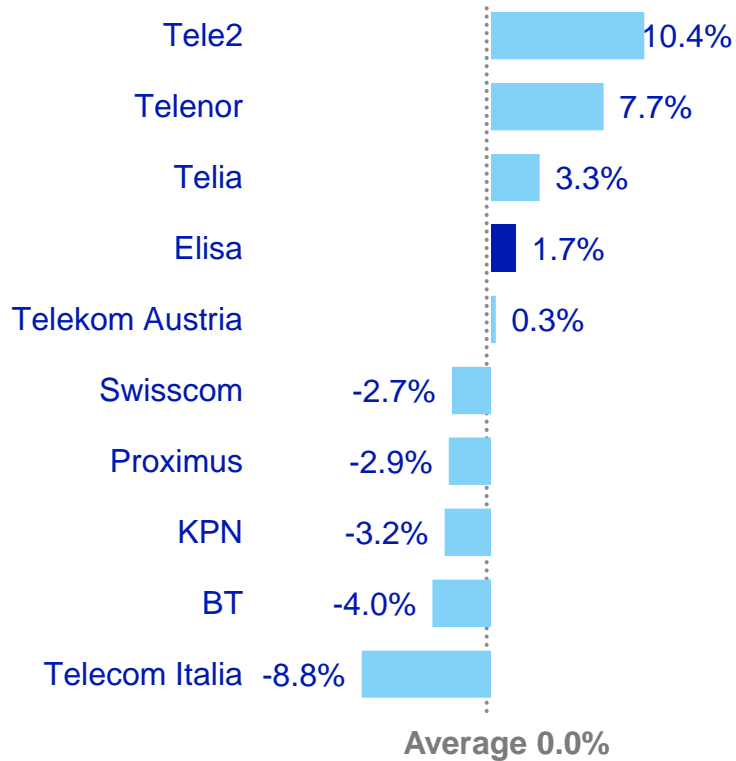
Elisa's unique strategy generates sustainable profit and growth

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Performance update

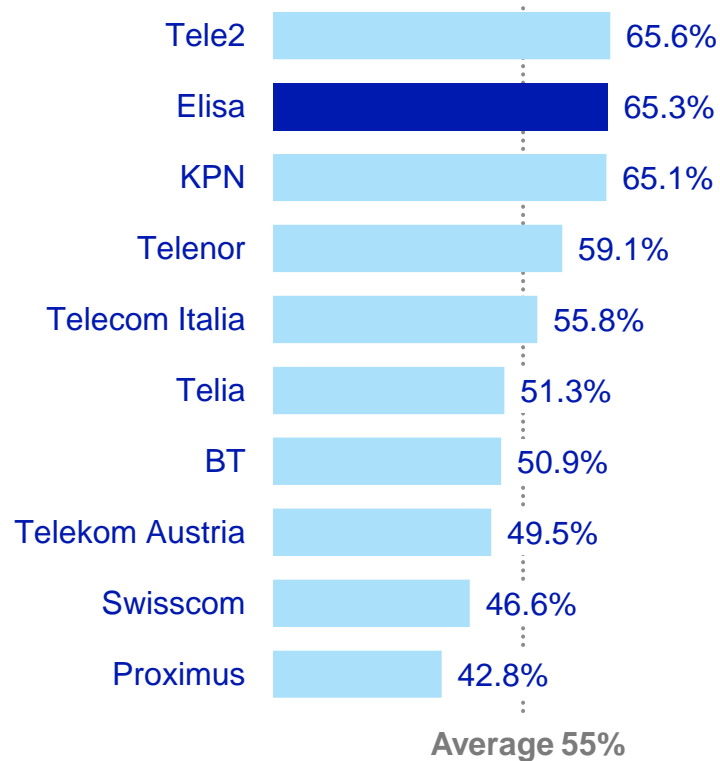
Solid performance has continued...

Revenue CAGR 2018–2020



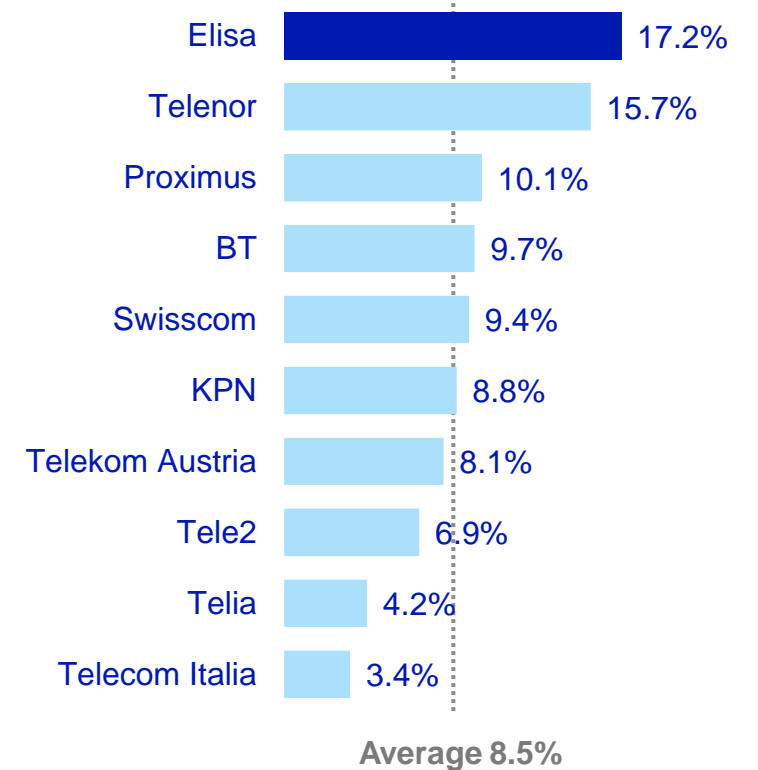
Source: Bloomberg

Average operating cash flow conversion 2018–2020



Source: Bloomberg
(Comparable EBITDA-CAPEX)/Comparable EBITDA

Average ROCE 2018–2020



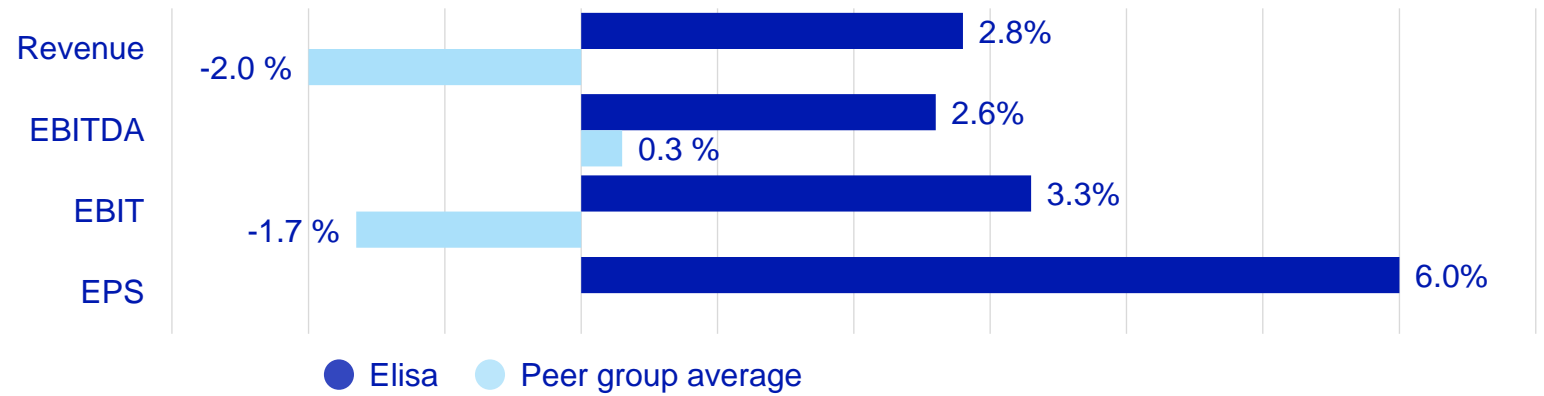
Source: Bloomberg

Performance update

...with good operating leverage and free cash flow conversion...

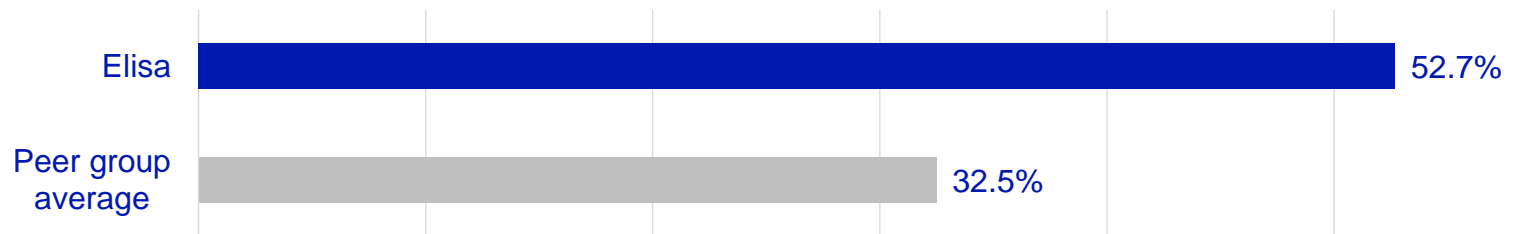
- Focused business model
- Continuous productivity improvement
- Low CAPEX-to-sales
- Disciplined M&A policy
- Low effective tax rate
- Low interest expenses

2020 YoY growth



Comparable figures Source: Bloomberg

2020 Free cash flow conversion

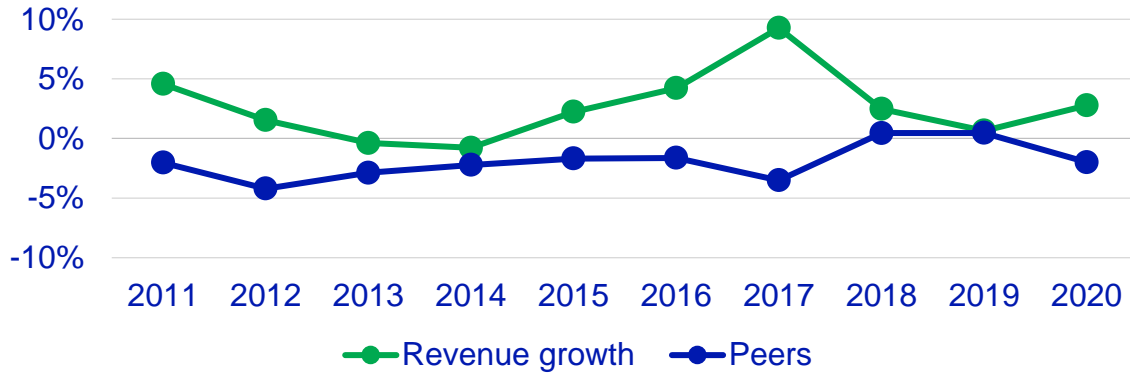


Source: Credit Suisse research

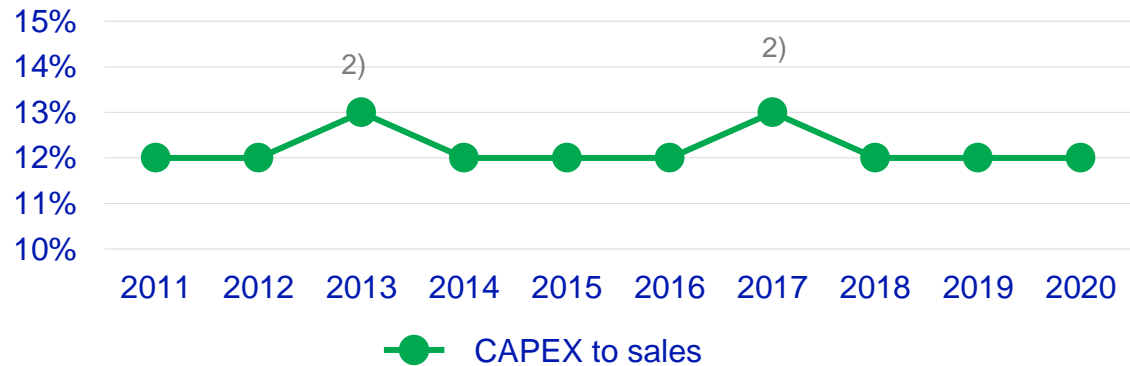
Performance update

...and in line with mid-term financial targets

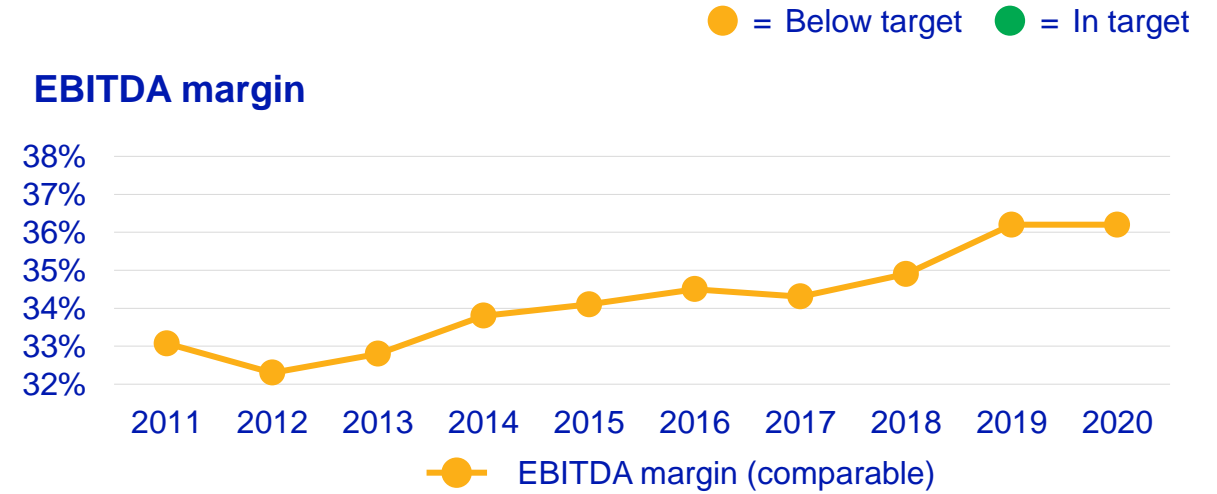
Revenue growth above peer group¹⁾



CAPEX-to-sales ≤12%

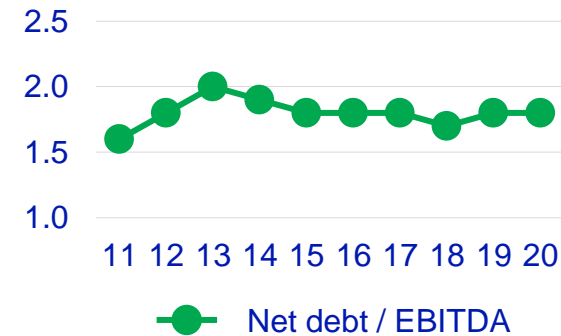


EBITDA margin

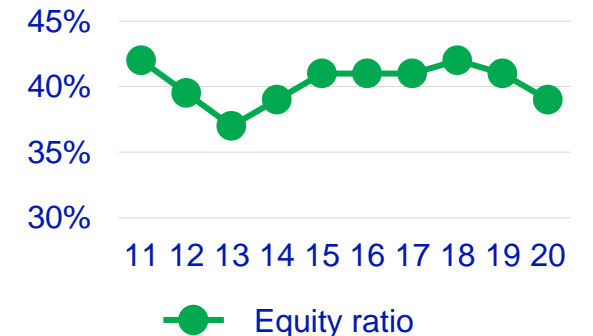


Capital structure

Net debt / EBITDA 1.5-2x



Equity ratio >35%



1) Source: Bloomberg. BT, KPN, Proximus, Swisscom; Tele2, Telecom Italia, Telekom Austria; Telenor, Telia

2) Higher guidance due to acquisitions

Profit and growth generation

Clear drivers for revenue growth...

Growing digital and mobile accounts for ¾ of revenue

	Share of 2020 revenue	CAGR 2018–2020	Medium-term trends
Mobile service revenue	44%	1%	5G, up-selling, product changes, add-on services
Interconnection & roaming	3%	-7%	Interconnection down, roaming picking up
Equipment sales	13%	2%	
Mobile revenue	59%	1%	
Fixed service revenue	21%	-2%	Managed services up, broadband up, service and corporate number businesses down
- of which PSTN	2%	-6%	Approaching end of life cycle
Interconnection	~0%	-27%	
Equipment sales	2%	19%	
Fixed revenue	23%	-1%	
Domestic digital services	15%	4%	IT services, growth in entertaining video
International digital services	3%	58%	Telecom and industrial software growth
Digital services revenue	18%	10%	
Total	100%	2%	

Profit and growth generation

...and EBITDA growth

Increase mobile and fixed service revenues

Grow digital service businesses

Improve efficiency and quality

Drivers for EBITDA growth

MSR growth: 4G/5G upselling, product changes

Fixed BB upselling to higher speeds

Add-on services

Increasing scale

Organic growth, bolt-on acquisitions, strategic partnerships

Synergies

Systematic, continuous productivity improvement

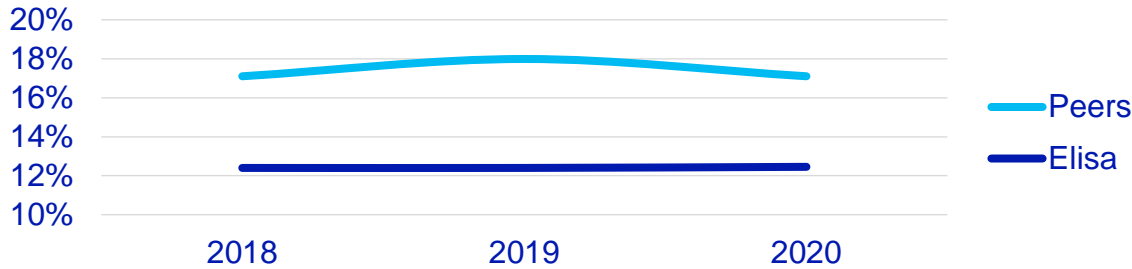
Automation & AI

Strict OPEX discipline

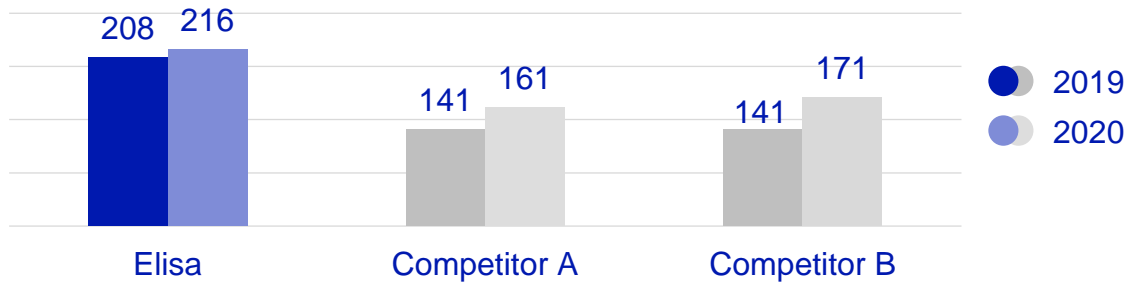
Capital allocation

Strict 12% CAPEX-to-sales policy continues...

CAPEX/sales vs. peer group¹⁾



CAPEX in Finland²⁾, EURm



¹⁾ Source: Bloomberg. Peer group: BT, KPN, Proximus, Swisscom; Tele2, Telecom Italia, Telekom Austria; Telenor, Telia

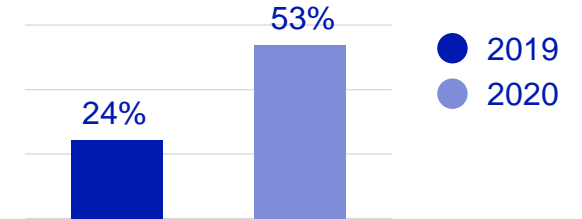
²⁾ Source: Company reports

³⁾ Source: Rewheel, Elisa's network in Finland, peers = Western Europe average

Future-proof high-quality connections

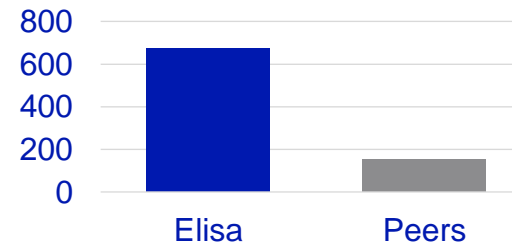
5G-ready cloud-based core, modern IP network and extensive fibre backbone

Gigabit capable household Fibre and 5G



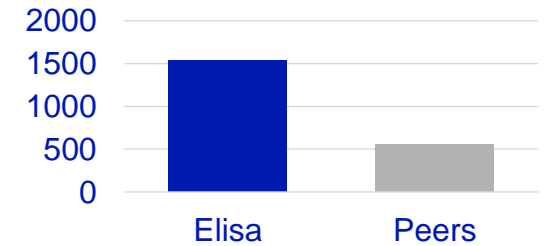
Frequency assets create best capacity potential

GB/Sub/m capacity available³⁾



Dense network

Macro cell sites per million pop³⁾



“Elisa Finland is the operator with the highest combined 4G & 5G capacity potential in the world.” Rewheel 3/2021



Capital allocation

...and disciplined, value-driving M&A...

Criteria for acquisitions

Strategic

- Focus on international digital services and domestic IT and telecom services
- Industrial logic
- Accelerates growth

Operational

- Concrete value creation plan
- Strengthens competitiveness
- Synergies

Financial

- Financially accretive
- Distribution intact or improved
- Solid capital structure and balance sheet maintained, credit ratings unchanged

Capital allocation

...as well as efficient capital structure to support growth...

Capital structure targets

Net debt/EBITDA

1.5–2x

Equity ratio

>35%

Ratings

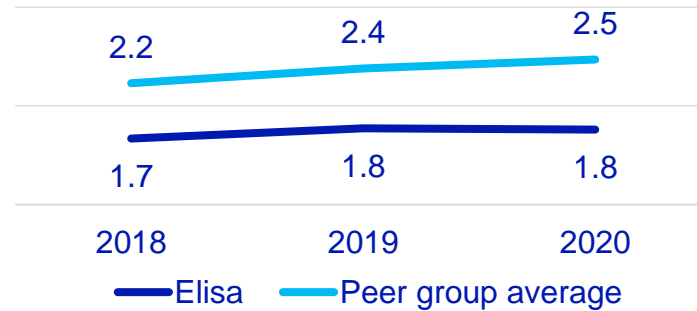


BBB+ (Stable)

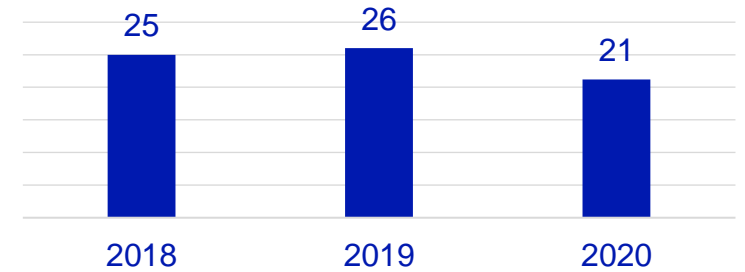


Baa2 (Stable)

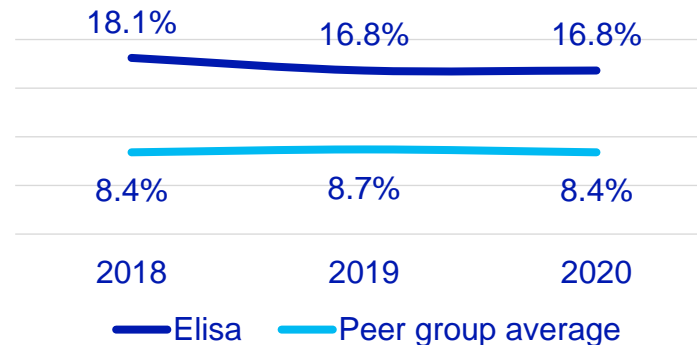
Net Debt/EBITDA



P&L financial expenses

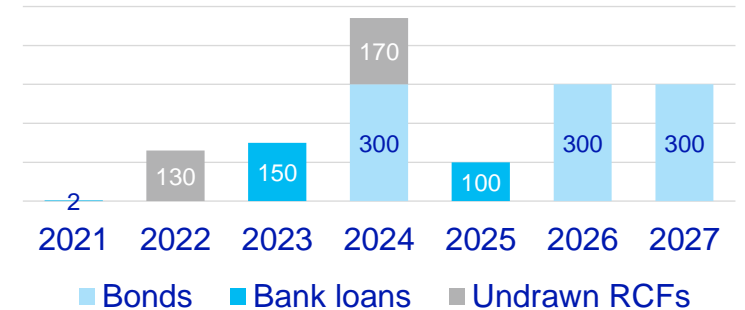


ROCE



Diversified maturity profile

10 Mar 2021



Capital allocation

...leads to unparalleled profit distribution

Distribution policy reiterated

Pay-out 80–100%

Excess capital can be distributed to shareholders

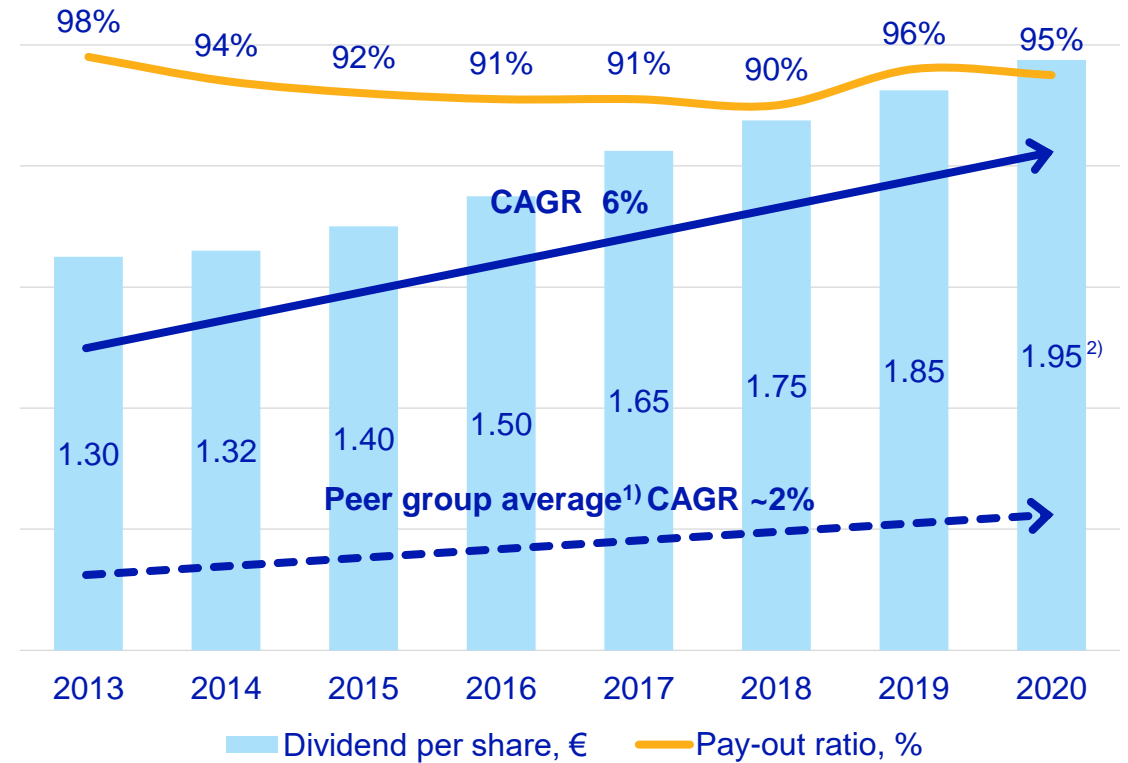
Decision-making criteria

- Company's financial position
- Future financial needs
- Financial targets

Profit distribution includes

- Dividend payment
- Capital repayment
- Purchase of treasury shares

Increasing dividend for 7 consecutive years



¹⁾ Source: Bloomberg

²⁾ 2020 proposal for the AGM

Reporting

Long-term, consistent ESG reporting

- Annual corporate responsibility reporting (GRI) since 2011
 - Prepared according to the Global Reporting Initiative Standard requirements
 - Since 2013 third-party verification
 - Signed by the Board of Directors since 2017
- Elisa reports selected indicators from the SASB telecom operator standard from 2020
- Among the top Nordic companies in climate reporting (CDP) since 2012
 - Since 2017 in the leadership category (A-)



Reporting

Reporting changes in quarterly data excel from Q1 2021 onwards

Fixed and digital revenues split between

- Digital services revenue
- Fixed revenue

M2M subscriptions separated from post-paid subscriptions

Product revenues, EURm	1Q20	2Q20	3Q20	4Q20	2020
Mobile revenue	275.4	271.7	280.2	296.0	1,123.3
of which Service revenue	207.9	204.3	206.4	209.3	827.9
of which equipment sales	52.8	52.7	59.8	72.5	237.8
of which interconnection and visitor roaming	14.6	14.7	14.0	14.2	57.5
Digital Services revenue	85.6	80.0	82.1	91.0	338.7
Fixed revenue	107.1	109.1	105.2	111.2	432.6

Mobile subscriptions ('000)	1Q20	2Q20	3Q20	4Q20	2020
Total subscriptions	4,744	4,748	4,788	4,798	4,798
Post-paid subscriptions	4,316	4,342	4,367	4,389	4,389
of which M2M	498	508	522	548	548
Pre-paid subscriptions	428	406	421	409	409
Consumer Customer subscriptions	3,210	3,193	3,220	3,210	3,210
Corporate Customer subscriptions	1,534	1,555	1,568	1,588	1,588

CFO priorities

Elisa's unique strategy generates sustainable profit and growth

Elisa's approach

Increase mobile and fixed service revenues

Grow digital service businesses

Improve efficiency and quality

Sustainable profit and growth generation

- Growth
 - CAPEX efficiency
 - Earnings and cash flow conversion
-
- Disciplined M&A, low CAPEX
 - Growth and profitability improvement
-
- Productivity improvement
 - Efficient capital structure

elisa

CMD**2021**

THANK YOU.

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.