



# Interim Report Q3 2021

20 OCTOBER 2021

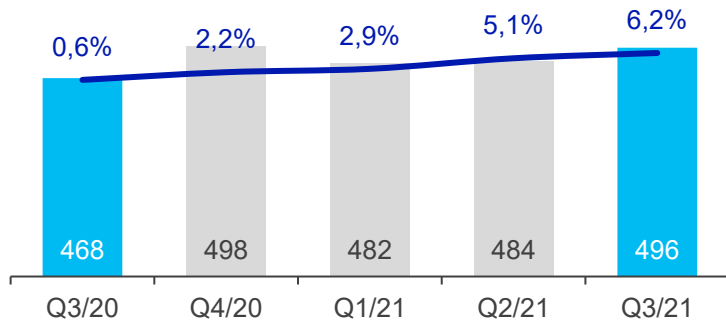
## Q3 2021 highlights

- Revenue grew by 6%
- EBITDA up by 3%
- Mobile service revenue increased by 5.5% YoY
- In Finland, post-paid churn decreased to 16.3% (18.3% in Q2)
- Post-paid mobile subscription base increased by 53,700, of which M2M/IoT account for 38,600
- Fixed broadband subscription base increased by 1,800
- Good 5G momentum continuing: network covers over 60% of Finns in nearly 130 towns and cities
- EBITDA guidance for 2021 upgraded to “slightly higher”

# Strong performance continued

## Revenue

● Revenue, €m — YoY change, %

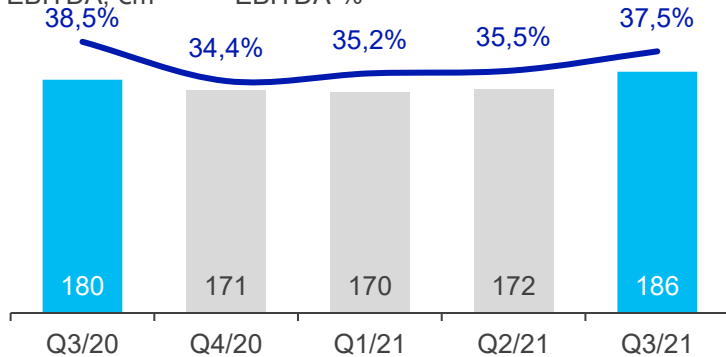


Increase

- Acquisition and content partnership
- Mobile services
- Domestic digital services
- Equipment sales

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

● EBITDA, €m — EBITDA-%

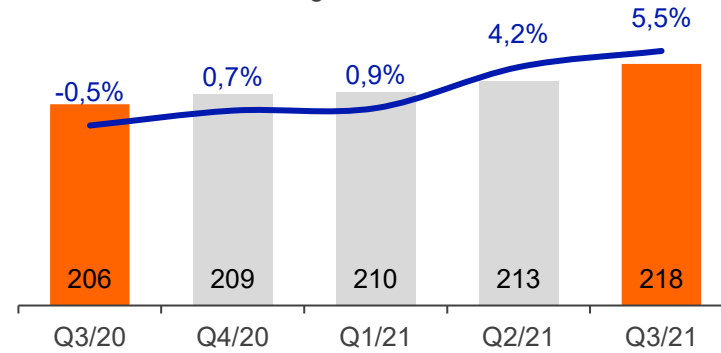


- Revenue growth
- Efficiency improvements

1) Comparable

## Mobile service revenue

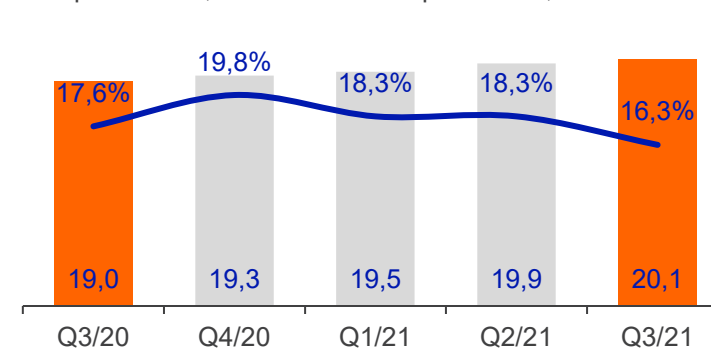
● MSR, €m — YoY change, %



- 5G up-selling continues
- Product changes

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

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



- Campaigning in 4G continues
- Competition remains keen

2) Finland, churn annualised

# Good growth in Consumer Customers, improving trend in Corporate Customers continued

## Consumer Customers

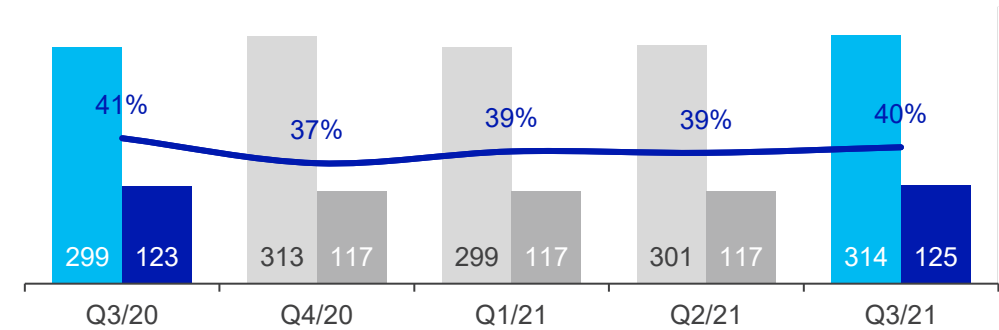
Revenue +5%

- + Mobile services
- + Entertainment services (organic and content partnership)
- + Equipment sales
- Traditional fixed-line services

EBITDA +2%

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

● Revenue, €m ● EBITDA, €m — EBITDA-%



## Corporate Customers

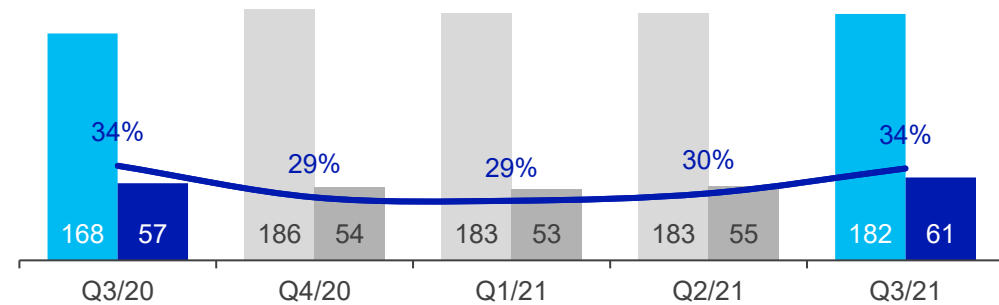
Revenue +8%

- + camLine acquisition
- + Domestic digital services and mobile services
- + Equipment sales
- Traditional fixed-line services
- Other fixed services

EBITDA +7%

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

● Revenue, €m ● EBITDA, €m — EBITDA-%



# Strategy execution

*A sustainable future through digitalisation*

Increase mobile and fixed service revenues

Grow digital service businesses

Improve efficiency and quality

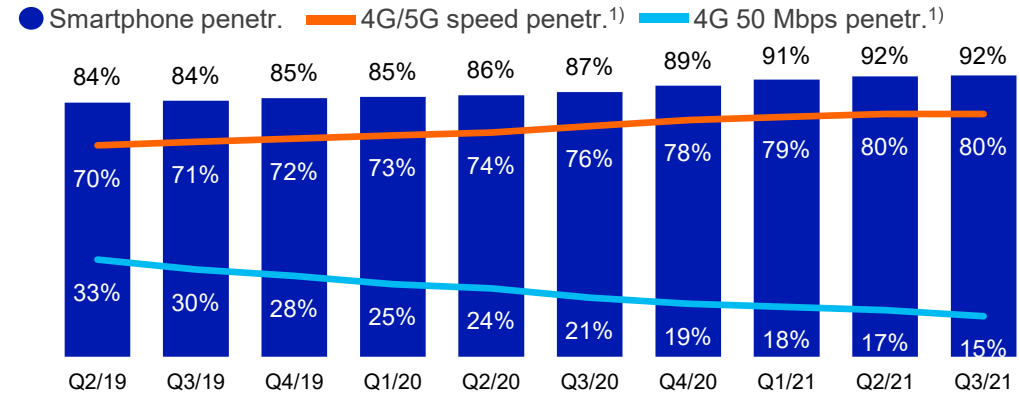


# Up-selling of mobile subs continuing, driven by 5G

## Growth in smartphone penetration

- 92% of customers use a smartphone
  - 14% (10% in Q2) of smartphones are 5G devices
- 80% (76%) of voice subs at 4G or 5G speeds
  - Up-selling to higher speeds continues
  - Share of 4G turned into a decline offset by 5G

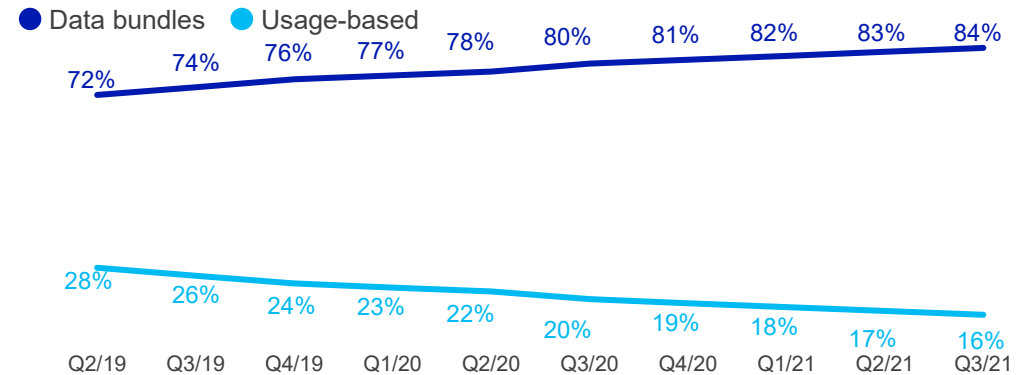
## Smartphone and 4G/5G speed penetration, %



## Proportion of data bundles continues to grow

- 84% of subscriptions<sup>1)</sup> are fixed-monthly-fee, “all-you-can-eat” bundles
- Strong demand for unlimited data bundles continues
  - Elisa’s customers roam at domestic prices in EU and EEA countries

## Subscription<sup>1)</sup> split



<sup>1)</sup> Post-paid voice subscriptions in Finland



# Elisa leading in 5G

- Based on NPS, 5G customers are more satisfied
- 5G continued to be the first choice for customers
- New 5G customers increase billing on average more than €3 per month
- 5G services for prepaid launched
- Latest operator study\*: Elisa's 5G network has the widest coverage in Finland
  - Over 60% population coverage in approx. 130 locations in Finland

\* *Boftel: Operator comparison September 2021*



# Expansion of digital service businesses continued

## Domestic digital services

- Entertainment services
  - Elisa Viihde original series *Mister8* won the top prize for best series at this year's Cannes International Series Festival
  - Season 2 of Elisa Viihde original series *Nyrkki* launched in September to positive reviews, and was among the most popular content during the launch period
- IT Services
  - Growing demand for identity management and Speech recognition services
  - Increased demand for workstation and support services provided by Elisa

## International digital services

- Elisa IndustrIQ
  - TenForce to join Elisa IndustrIQ team and complement our offering with EHSQ capabilities
  - CalcuQuote broke the threshold of going above 200 customers in electronics manufacturing
- Elisa Videra
  - Multiple global rollout agreements on Microsoft Teams Rooms (MTRs) signed. Expecting 750+ MTRs to be delivered by the end of 2021.
  - Together with Microsoft and Poly, we are actively facilitating companies adapting to new hybrid working capabilities



# Upgraded outlook and guidance for 2021

The outlook for the macroeconomic environment has improved in Finland. Competition in the Finnish telecommunications market remains keen.

- Revenue slightly higher than in 2020
- Comparable EBITDA slightly higher than in 2020
- CAPEX\* maximum 12% of revenue

\* Excluding IFRS 16, and investments in shares and licences

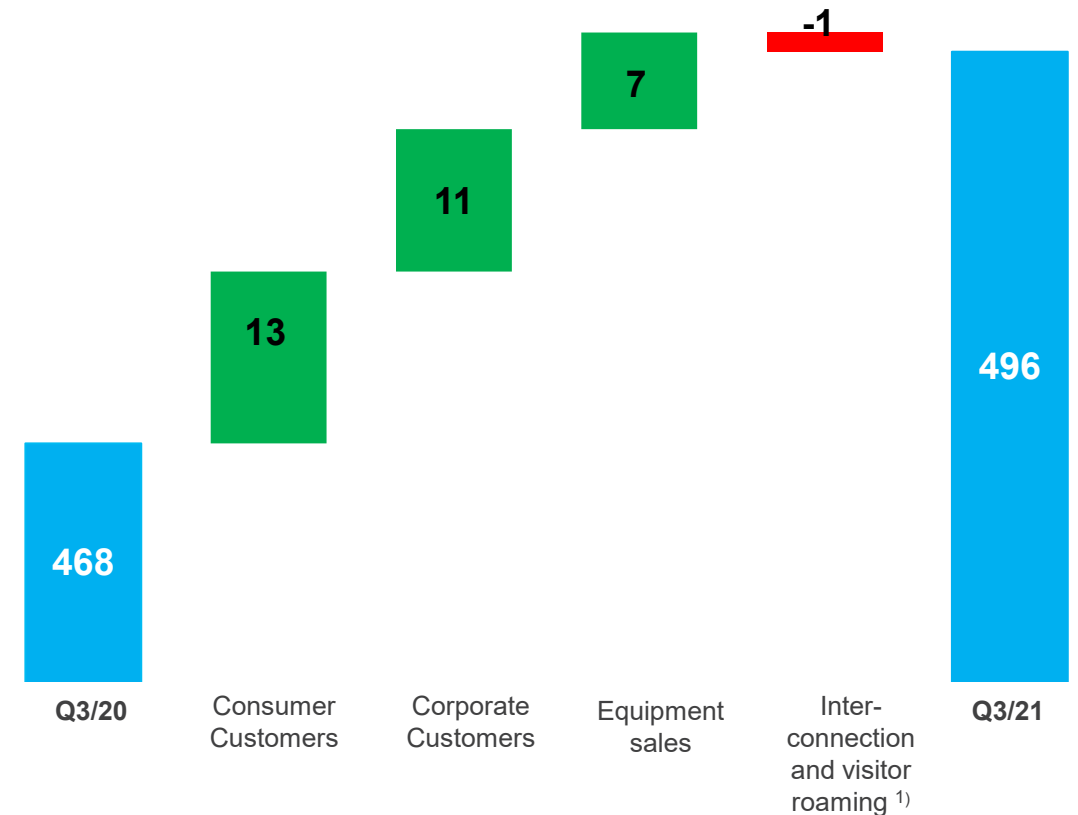
# Financial review

INTERIM REPORT Q3 2021

# Growth in revenue and earnings continuing

EUR million 1)	Q3/21	Q3/20	Change	%
<b>Revenue</b>	<b>496</b>	<b>468</b>	<b>29.0</b>	<b>6.2 %</b>
Other operating income	2	1	0.3	25.1 %
Materials and services	-188	-176	-12.6	7.2 %
Employee expenses	-80	-74	-6.3	8.5 %
Other operating expenses	-43	-39	-4.3	11.0 %
<b>EBITDA</b>	<b>186</b>	<b>180</b>	<b>6.0</b>	<b>3.4 %</b>
<i>EBITDA %</i>	<i>37.5 %</i>	<i>38.5 %</i>		
Depreciation	-65	-68	2.7	-3.9 %
<b>EBIT</b>	<b>121</b>	<b>112</b>	<b>8.7</b>	<b>7.8 %</b>
<i>EBIT %</i>	<i>24.3 %</i>	<i>23.9 %</i>		
Financial expenses net	-3	-4	0.7	
<b>Profit before tax</b>	<b>118</b>	<b>108</b>	<b>9.4</b>	<b>8.7 %</b>
<b>Net profit</b>	<b>97</b>	<b>89</b>	<b>7.8</b>	<b>8.8 %</b>
<b>EPS, €</b>	<b>0.60</b>	<b>0.55</b>	<b>0.05</b>	<b>8.9 %</b>

Q3 2021 YoY revenue change €29m



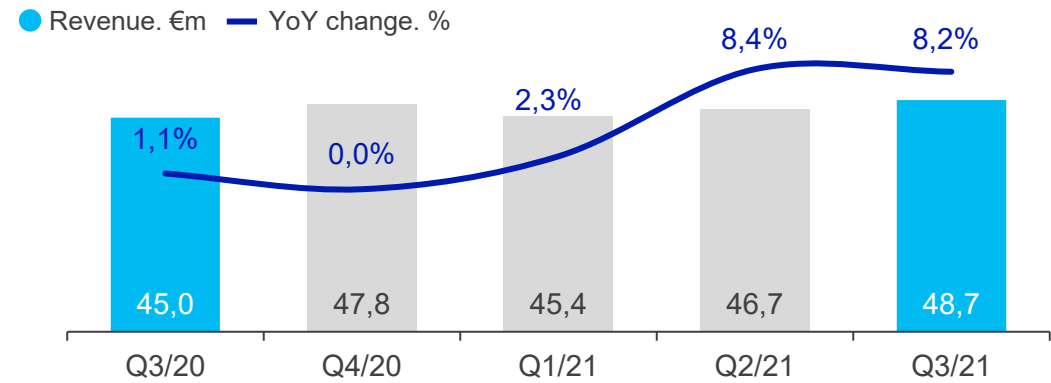
1) With comparable figures. Growth is calculated using exact figures prior to rounding.

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

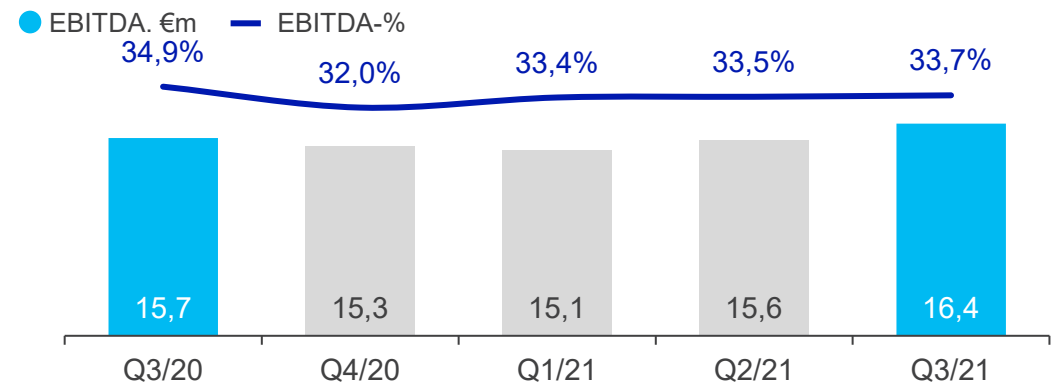
# Strong growth in Estonia

- Revenue and EBITDA improved
  - Revenue +8.2%
    - Mobile and fixed services
    - Equipment sales
  - EBITDA growth +4.5%
  - Mobile post-paid base +8,400, pre-paid +2,300
  - Churn 8.9% (8.5 in Q2)

## Revenue



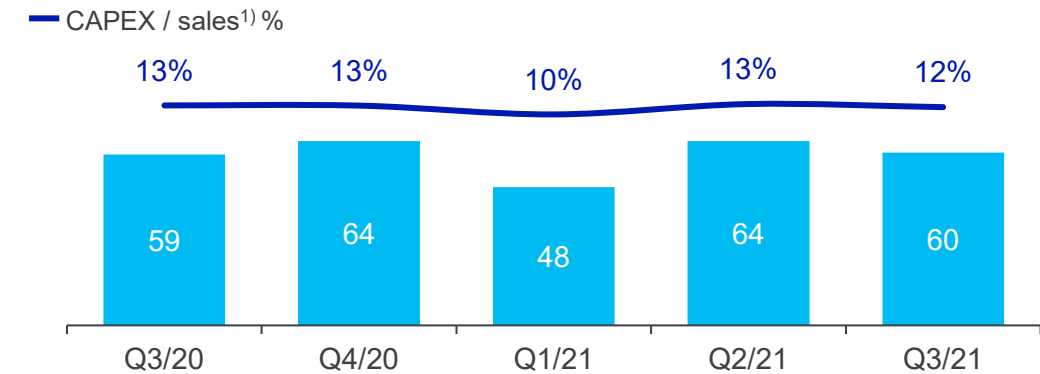
## EBITDA



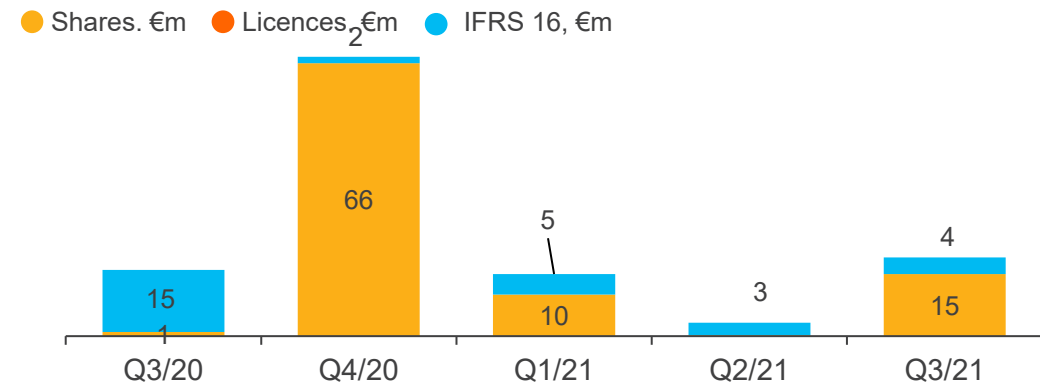
# CAPEX inline with guidance

- CAPEX €64m (75), excl. licences, lease agreements and acquisitions €60m (59)
  - Consumer €40m (46)
  - Corporate €23m (29)
- YTD CAPEX excl. licences, lease agreements and acquisitions €173m (172)
  - YTD CAPEX/Sales 11.8%
- Main CAPEX areas
  - 5G coverage increase
  - Other network and IT investments

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



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

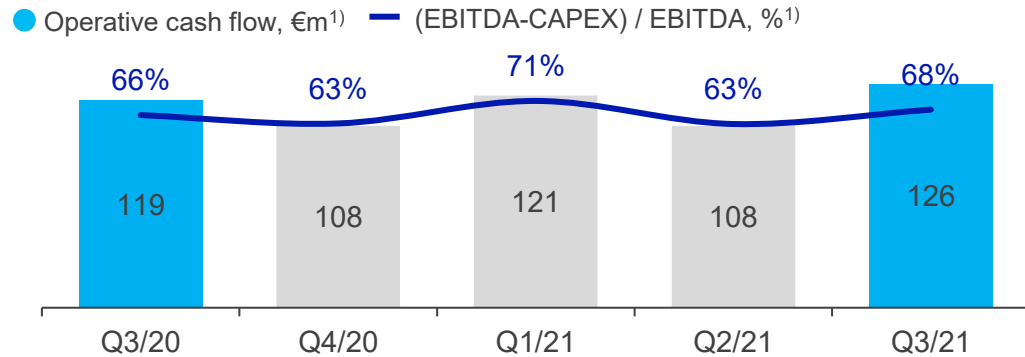


<sup>1)</sup> Investments excluding shares, licences and rental agreements (IFRS 16)

# Cash flow

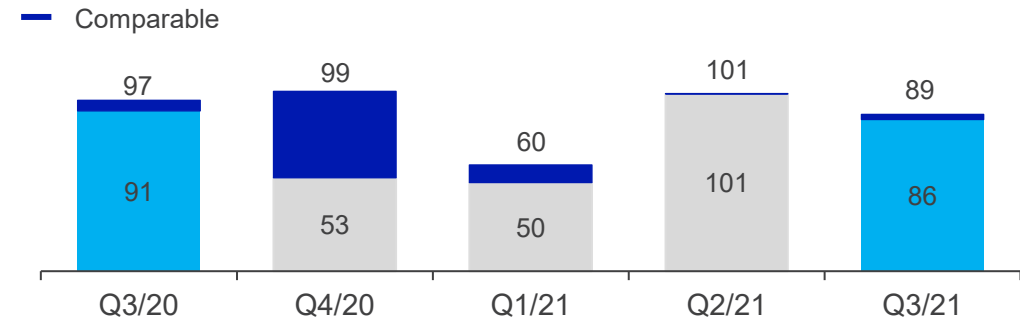
- Q3 cash flow €86m (91)
- Q3 comparable cash flow €89m (97)
  - + Higher EBITDA
  - NWC change, higher inventory, higher taxes and interest paid
- YTD comparable cash flow €250m (255)

## Cash conversion

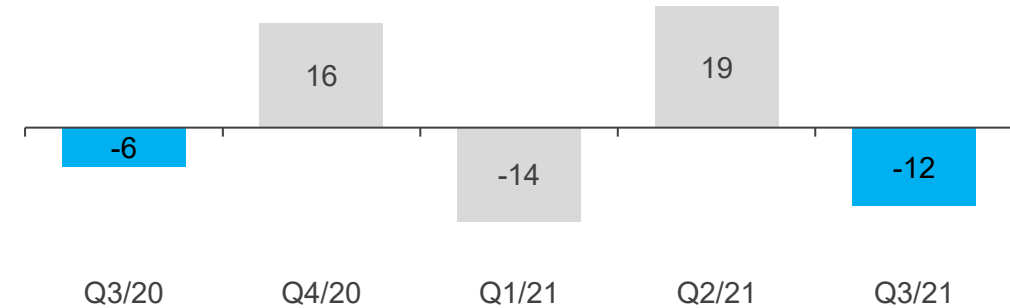


<sup>1)</sup> Comparable EBITDA – CAPEX excluding investments in shares, licences and finance leases (IFRS 16)

## Cash flow and comparable cash flow, €m



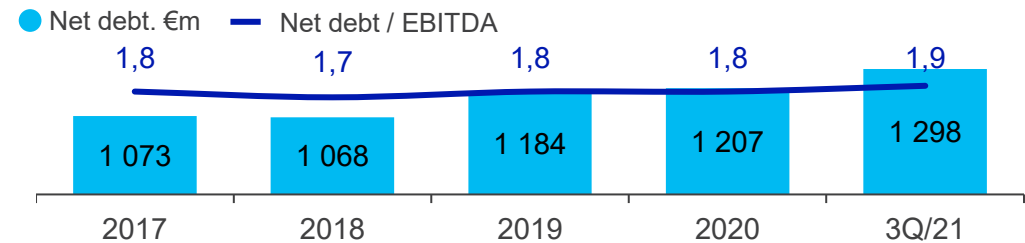
## Change in net working capital, €m



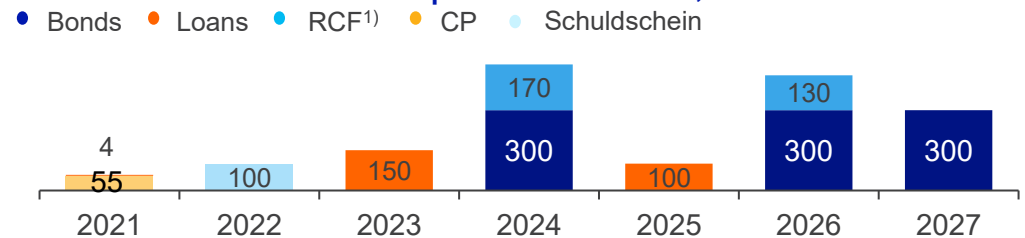
# Efficient capital structure and good returns

- Capital structure according to target
  - Net debt / EBITDA 1.9x (target 1.5–2x)
  - Equity ratio 38.5% (target >35%)
- Return ratios at good level
  - Efficient capital structure
- €130m RCF was renewed in September
  - Maturity 5 years + option for 2 years
  - Sustainability grid for pricing
- Average interest expense below 1%

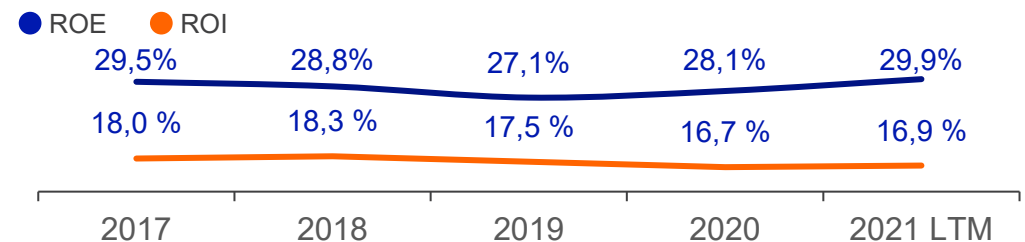
## Net debt



## Maturities as of 30 September 2021, €m



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



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

<sup>2)</sup> Comparable. 2017 excluding sale of Comptel shares



Q&A



## APPENDIX

## P&amp;L by quarter

EUR million	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19
<b>Revenue</b>	<b>496.5</b>	<b>484.3</b>	<b>481.6</b>	<b>498.2</b>	<b>467.5</b>	<b>460.8</b>	<b>468.1</b>	<b>487.3</b>	<b>464.9</b>
<i>YoY growth</i>	6.2 %	5.1 %	2.9 %	2.2 %	0.6 %	2.0 %	6.5 %	3.5 %	2.4 %
Other operating income	1.6	3.0	2.5	1.6	1.3	0.6	0.6	3.0	0.9
Materials and services	-188.3	-181.0	-182.0	-199.7	-175.6	-166.8	-171.6	-191.7	-172.1
Employee expenses	-80.4	-98.7	-94.3	-82.7	-74.1	-81.8	-87.1	-80.9	-74.0
Other operating expenses	-43.4	-41.4	-38.2	-46.1	-39.1	-44.6	-44.3	-49.6	-41.3
<b>EBITDA</b>	<b>186.0</b>	<b>166.2</b>	<b>169.7</b>	<b>171.2</b>	<b>180.0</b>	<b>168.3</b>	<b>165.7</b>	<b>168.1</b>	<b>178.5</b>
<i>EBITDA %</i>	37.5 %	34.3 %	35.2 %	34.4 %	38.5 %	36.5 %	35.4 %	34.5 %	38.4 %
<i>YoY Growth</i>	3.4 %	-1.2 %	2.4 %	1.9 %	0.8 %	5.7 %	6.9 %	6.3 %	5.8 %
<b>Comparable EBITDA</b>	<b>186.0</b>	<b>172.0</b>	<b>169.7</b>	<b>171.2</b>	<b>180.0</b>	<b>168.3</b>	<b>165.7</b>	<b>168.1</b>	<b>178.5</b>
<i>YoY Growth</i>	3.4 %	2.2 %	2.4 %	1.9 %	0.8 %	2.9 %	5.2 %	6.3 %	5.8 %
<i>Comparable EBITDA %</i>	37.5 %	35.5 %	35.2 %	34.4 %	38.5 %	36.5 %	35.4 %	34.5 %	38.4 %
Depreciation, amortisation and impairment	-65.4	-66.6	-67.6	-73.9	-68.1	-67.4	-66.8	-67.9	-66.0
<b>EBIT</b>	<b>120.6</b>	<b>99.5</b>	<b>102.0</b>	<b>97.3</b>	<b>111.9</b>	<b>100.9</b>	<b>99.0</b>	<b>100.1</b>	<b>112.5</b>
<b>Comparable EBIT</b>	<b>120.6</b>	<b>105.3</b>	<b>102.0</b>	<b>103.4</b>	<b>111.9</b>	<b>100.9</b>	<b>99.0</b>	<b>100.1</b>	<b>112.5</b>
Financial income	1.3	1.0	1.4	6.3	1.2	-0.2	1.4	0.4	0.5
Financial expense	-4.1	-3.8	-4.2	-5.4	-5.4	-4.7	-5.7	-4.6	-6.6
Share of associated companies' profit	-0.1	-0.2	0.0	0.3	0.7	0.7	0.2	-0.3	0.2
<b>Profit before tax</b>	<b>117.7</b>	<b>96.5</b>	<b>99.2</b>	<b>98.5</b>	<b>108.3</b>	<b>96.6</b>	<b>94.9</b>	<b>95.6</b>	<b>106.6</b>
<b>Comparable profit before tax</b>	<b>117.7</b>	<b>102.3</b>	<b>99.2</b>	<b>98.9</b>	<b>108.3</b>	<b>96.6</b>	<b>94.9</b>	<b>95.6</b>	<b>106.6</b>
Income taxes	-21.0	-17.3	-17.6	-16.2	-19.4	-17.5	-17.0	-16.6	-22.3
<b>Profit for the period</b>	<b>96.7</b>	<b>79.2</b>	<b>81.6</b>	<b>82.3</b>	<b>88.9</b>	<b>79.1</b>	<b>77.9</b>	<b>79.0</b>	<b>84.3</b>
<b>Comparable Profit</b>	<b>96.7</b>	<b>83.9</b>	<b>81.6</b>	<b>81.7</b>	<b>88.9</b>	<b>79.1</b>	<b>77.9</b>	<b>79.0</b>	<b>84.3</b>
<b>Earnings per share (EUR)</b>	<b>0.60</b>	<b>0.49</b>	<b>0.51</b>	<b>0.51</b>	<b>0.55</b>	<b>0.49</b>	<b>0.49</b>	<b>0.49</b>	<b>0.53</b>
<b>Comparable EPS</b>	<b>0.60</b>	<b>0.52</b>	<b>0.51</b>	<b>0.51</b>	<b>0.55</b>	<b>0.49</b>	<b>0.49</b>	<b>0.49</b>	<b>0.53</b>
<i>YoY Growth</i>	8.9 %	5.9 %	4.7 %	3.4 %	5.2 %	5.6 %	10.1 %	4.0 %	-0.6 %

# Cash flow YoY comparison

	Q3/21	Q3/20	Change <sup>1)</sup>	%	1-9/21	1-9/20	Change <sup>1)</sup>	%	2020
EBITDA	186	180	6	3 %	522	514	8	2 %	685
Change in receivables	-6	0	-6		22	31	-9	-30 %	11
Change in inventories	-2	9	-11	-122 %	-8	1	-9		-1
Change in payables	-3	-15	12	-79 %	-21	-35	14	-41 %	3
Change in NWC	-12	-6	-6		-7	-3	-4		13
Financials (net)	-2	-1	-1	220 %	-13	-13	0	0 %	-15
Taxes for the year	-19	-17	-2	11 %	-56	-50	-6	12 %	-70
Taxes for the previous year	0	0	0		0	3	-3		3
Taxes	-19	-17	-2	11 %	-56	-47	-9	18 %	-68
CAPEX	-62	-62	0	0 %	-176	-175	0	0 %	-238
Licence fees <sup>2)</sup>	-1	0	-1		-11	-11	0	0 %	-11
Investments in shares <sup>3)</sup>	-4	-6	2		-14	-8	-5	63 %	-57
Sale of shares	0	2	-2		0	3	-3		6
Sale of assets and adjustments	-1	0	-1		-8	-12	4	-30 %	-10
Cash flow after investments	86	91	-5	-6 %	237	247	-10	-4 %	300
Cash flow after investments excl. acquisitions <sup>4)</sup>	89	97	-7	-7 %	250	255	-5	-2 %	351

1) Difference is calculated using exact figures prior to rounding

2) €4m 700 MHz and €5m 3.5 GHz in Q1/20 and Q1/21. €1.4m 26 GHz Q2/20 and Q3/21 in Finland.

3) Polystar and camLine 2020. sedApta, LE-kuitu and TenForce in 2021

4) Excluding share purchases and sale of shares.

## APPENDIX

## Cash flow by quarter

EUR million	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19
EBITDA	186	166	170	171	180	168	166	168	179
Change in receivables	-6	5	23	-20	0	8	23	-32	-2
Change in inventories	-2	1	-7	-2	9	-10	2	-6	-1
Change in payables	-3	13	-30	37	-15	2	-22	27	-9
Change in NWC	-12	19	-14	16	-6	1	3	-11	-12
Financials (net)	-2	0	-11	-1	-1	-1	-11	-4	-1
Taxes for the year	-19	-18	-19	-20	-17	-16	-17	-21	-17
Taxes for the previous year	0	0	0	0	0	1	2	0	0
Taxes	-19	-18	-19	-20	-17	-16	-15	-21	-17
CAPEX	-62	-65	-49	-63	-62	-65	-48	-71	-51
Licence fees	-1	0	-10	0	0	-1	-10	0	0
Investments in shares	-4	0	-10	-49	-6	-2	0	0	-2
Sale of shares		0		3	2	0	1	0	
Sale of assets and adjustments	-1	-1	-6	-1	0	-1	-11	-4	0
Cash flow after investments	86	101	50	53	91	83	73	55	97
Cash flow after investments excl. acquisitions	89	101	60	99	97	85	73	55	98

APPENDIX

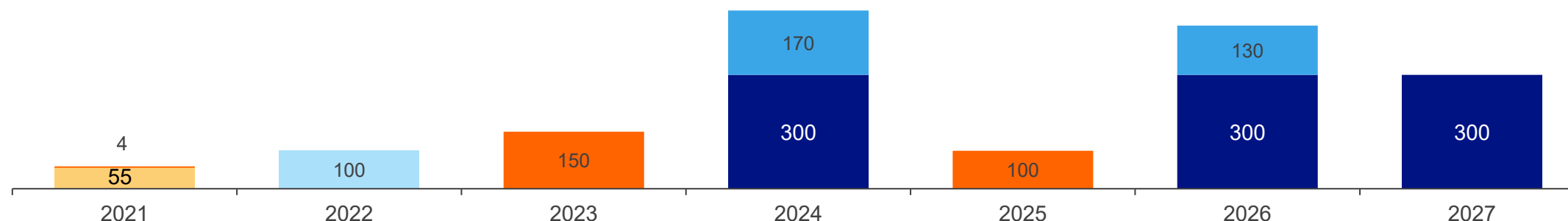
# Debt structure

EUR million at the end of the quarter	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19
Bonds and notes	887	886	885	1 058	1 057	759	758	757	943
Commercial papers	55	130	103	20	152	307	176	133	65
Schuldschein	100	100	100						
Loans from financial institutions	254	253	253	252	250	250	250	250	290
Lease liabilities <sup>1)</sup>	91	94	96	97	100	90	93	96	92
Committed credit lines <sup>2)</sup>	0	0	0	0	0	0	0	0	0
<b>Interest-bearing debt. total</b>	<b>1 387</b>	<b>1 463</b>	<b>1 438</b>	<b>1 427</b>	<b>1 559</b>	<b>1 406</b>	<b>1 277</b>	<b>1 236</b>	<b>1 389</b>
Cash and cash equivalents	89	84	274	220	303	74	161	52	154
<b>Net debt <sup>3)</sup></b>	<b>1 298</b>	<b>1 379</b>	<b>1 164</b>	<b>1 207</b>	<b>1 256</b>	<b>1 332</b>	<b>1 117</b>	<b>1 184</b>	<b>1 235</b>

- 1) Lease liabilities are 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, 30 September 2021

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



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

# elisa

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Contacts:

Mr Vesa Sahivirta  
vesa.sahivirta@elisa.fi  
+358 50 520 5555

Ms Kati Norppa  
kati.norppa@elisa.fi  
+358 50 308 9773



# 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.