



elisa

Interim Report Q3 2020

16 OCTOBER 2020

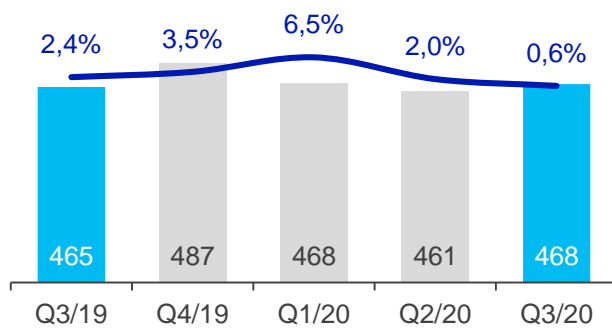
Q3 2020 highlights

- Solid development continued
- Revenue grew by 1%
- EBITDA up by 1%
- Mobile service revenue decreased by -0.5% YoY and 1% up QoQ
 - Decrease in roaming revenue due to COVID-19
- Post-paid churn increased to 17.6% (16.4% in Q2)
- Post-paid mobile subscription base increased by 24,800
- Fixed broadband subscription base increased by 6,700
- 5G services rollout continues, networks in more than 50 cities

Solid performance in COVID-19 circumstances continued

Revenue

● Revenue, €m — YoY change.%

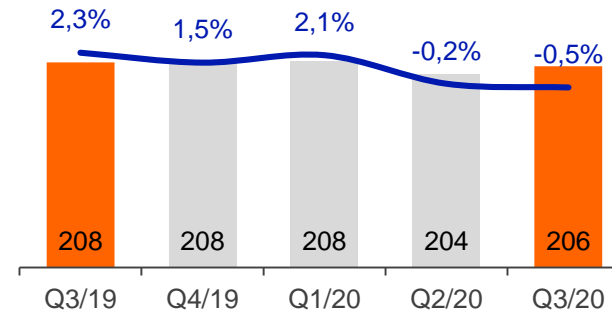


Increase

- Digital services
- Equipment sales
- Estonia

Mobile service revenue

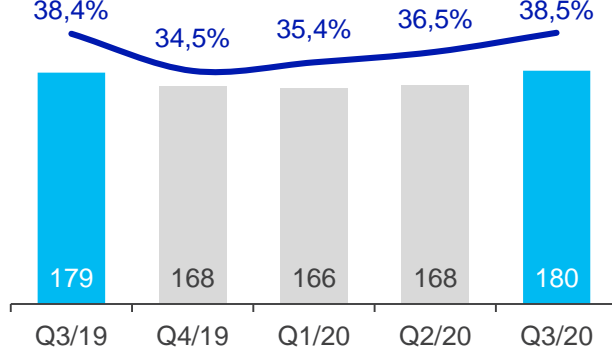
● MSR, €m — YoY change.%



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

EBITDA¹⁾

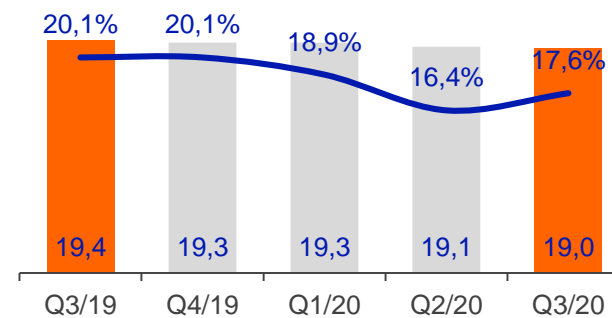
● EBITDA, €m — EBITDA-%



- 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

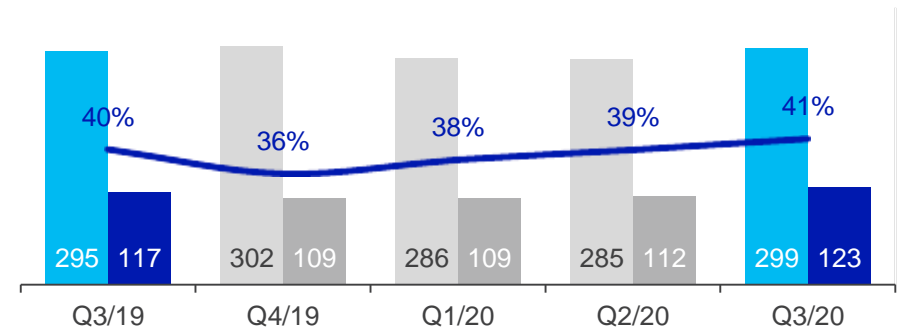
Revenue +1%

- + Domestic digital services
- + Mobile services, Estonian business
- Interconnection and roaming
- Traditional fixed-line services

EBITDA +5%¹⁾

Revenue and EBITDA¹⁾

● Revenue, €m ● EBITDA, €m — EBITDA-%



Corporate Customers

Revenue -1%

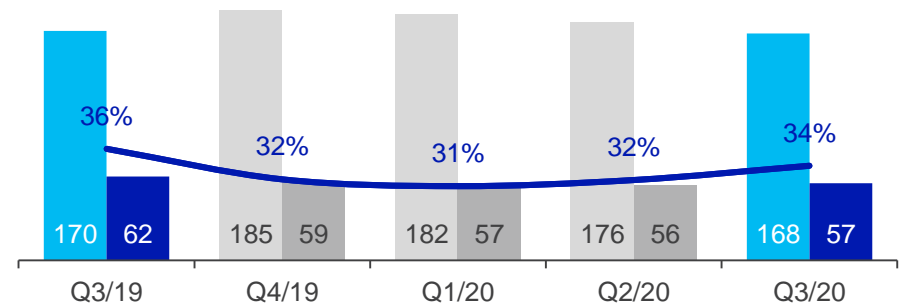
- Interconnection and roaming
- Mobile services
- Equipment sales

+ Domestic digital 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

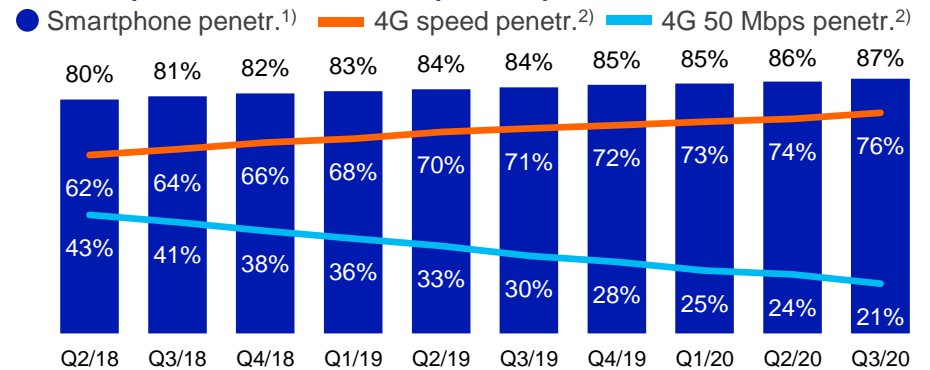


Up-selling of mobile subs continues, 5G proceeds

Growth in 4G smartphone penetration

- 87% of customers use a smartphone
 - 98% (97%) 4G- and 5G-capable
- 76% (71%) of voice subs at 4G or 5G speeds
 - 3G-to-4G and 4G-to-5G up-selling continues
 - Up-selling from 4G 50 Mbps to higher speeds continues

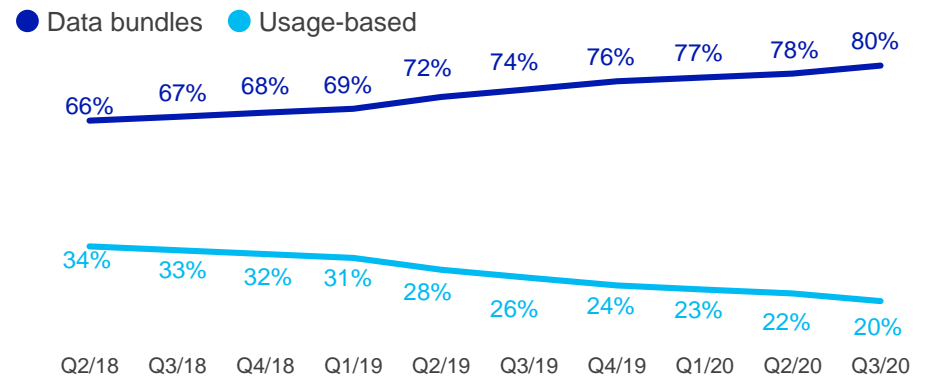
Smartphone and 4G speed penetration, %



Proportion of data bundles continues to grow

- 80% 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 50 towns and cities and cover 1.6 million people
- 5G RAN and Core Network procurement contracts signed with Ericsson and Nokia
- The widest selection of 5G devices, latest additions: OnePlus Nord, Moto G 5G Plus and Nokia 8.3
 - Advance booking of 5G iPhone has started, deliveries start on 23 October
- Data usage YoY growth over 30% in Q3, capacity continued to meet the growing data usage in Finland and Estonia well
- Innovative 5G pilots continued, improving operations e.g. in schools, hospitals and environmental and rescue services



Expansion of digital service businesses continued

Domestic digital services

- The Elisa Invitational, a BLAST Premier Qualifier online tournament will be the most significant tournament in the history of Finnish esports
- New Elisa Viihde original series *Makkari* launched in August
- Elisa participated in the development and deployment of the Finnish COVID-19 alert application '*Koronavilkku*'
- Virtual customer seminar "Elisa ICT Day 2020" gathered over 1,500 visitors and hundreds of participants in each virtual partner demo stand

International digital services

- Elisa has acquired majority stake in CalcuQuote, a US-based supply chain software provider for the electronics manufacturing services industry
 - 2019 revenue USD 0.9m (EUR 0.8m)
 - 2019 EBITDA USD 0.1m (EUR 0.1m)
 - The acquisition is consistent with Elisa's strategy to grow digital businesses internationally and to accelerate the Elisa's industrial software business
- Manufacturing industry picking up after COVID-19 slowdown, four new Elisa Smart Factory customers signed in Q3

Outlook and guidance for 2020

The current COVID-19 situation will slow down economic growth and create uncertainty in macroeconomic development. Competition in the Finnish telecommunications market remains keen.

- Guidance for 2020 is unchanged
- Revenue at same level or slightly higher than in 2019
- Comparable EBITDA at same level or slightly higher than in 2019
- CAPEX* maximum 12% of revenue

* Excluding IFRS 16, and investments in shares and licences



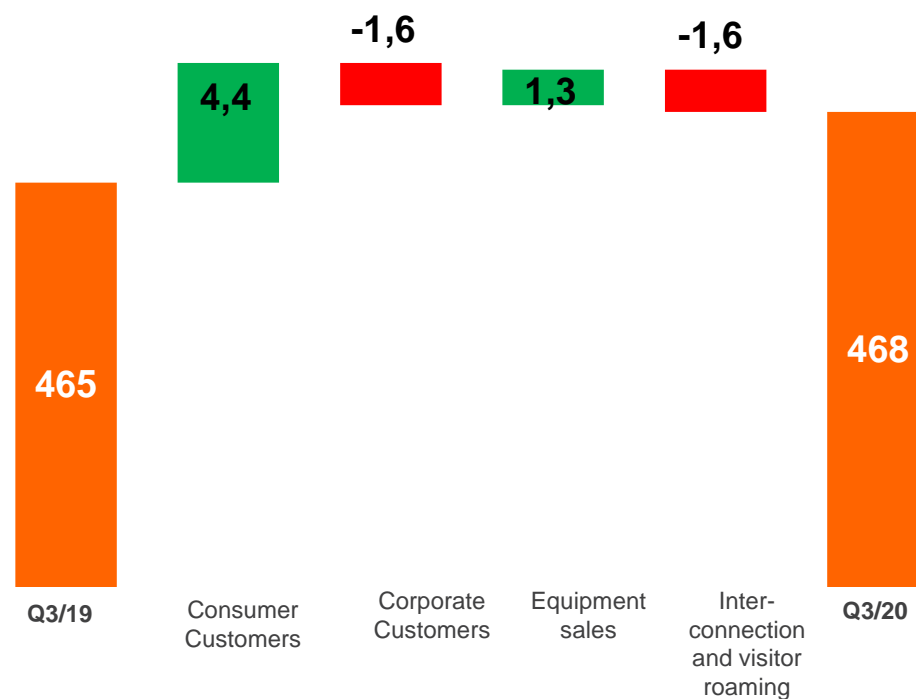
Financial review

INTERIM REPORT Q3 2020

Growth in revenue and earnings

€m ¹⁾	Q3/20	Q3/19	Change	%
Revenue	468	465	2.6	0.6%
Other operating income	1	1	0.4	39.8%
Materials and services	-176	-172	-3.5	2.1%
Employee expenses	-74	-74	-0.1	0.2%
Other operating expenses	-39	-41	2.2	-5.2%
EBITDA	180	179	1.5	0.8%
<i>EBITDA-%</i>	38.5%	38.4%		
Depreciation	-68	-66	-2.1	3.2%
EBIT	112	113	-0.6	-0.6%
<i>EBIT-%</i>	23.9%	24.2%		
Financial expenses net	-4	-6	2.4	-39.9%
Profit before tax	108	107	1.7	1.6%
Net profit	89	84	4.6	5.4%
EPS, €	0.55	0.53	0.02	5.2%

Q3 2020 revenue change YoY, €3m

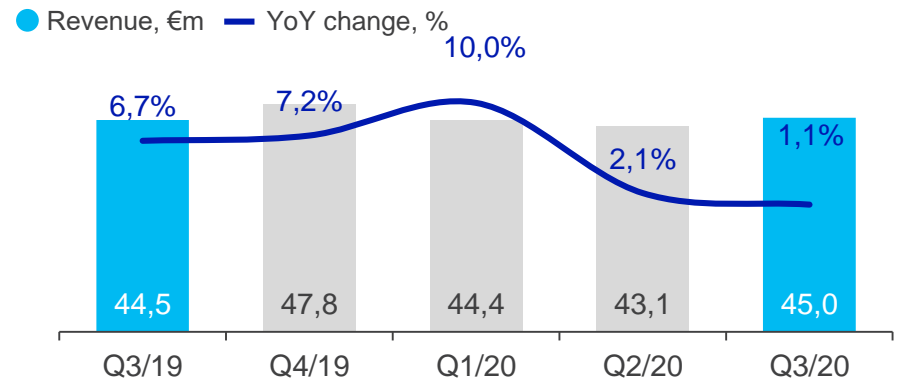


¹⁾ With comparable figures. Growth is calculated using exact figures prior to rounding.

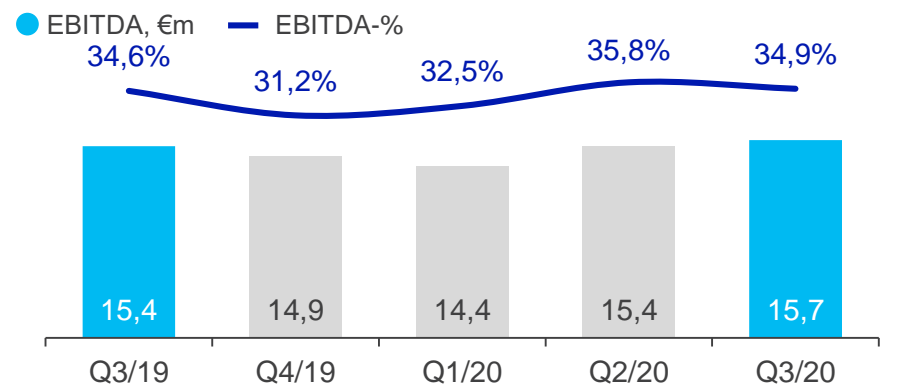
Solid performance in Estonia continues

- Revenue and EBITDA improved
 - Revenue growth +1.1%
 - EBITDA growth +1.9%
 - Mobile and fixed services growing
 - Mobile post-paid base +5,100, pre-paid -900
 - Churn 9.7% (8.8 in Q2)

Revenue



EBITDA



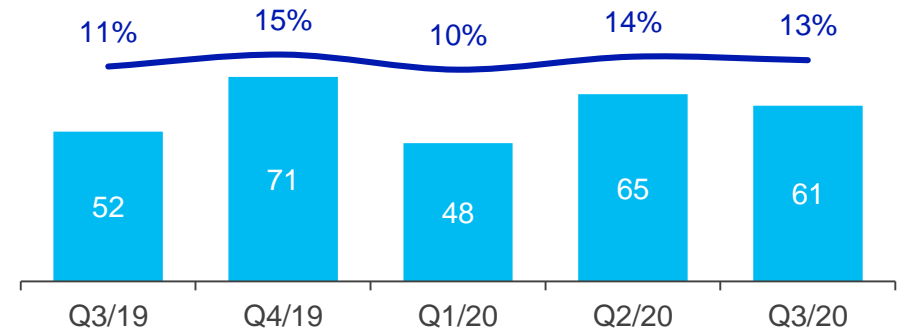
Full-year 12% CAPEX/sales guidance intact

- CAPEX €75m¹⁾ (56), excl. shares, licences and lease agreements €61m (52)
 - Consumer €46m (38)
 - Corporate €29m (18)
- YTD CAPEX excl. shares, licences and lease agreements €174m (156) or 12.5% of revenue
- Main CAPEX areas
 - 5G and 4G capacity and coverage increases
 - Other network and IT investments

¹⁾ Includes Tampere office lease liability of €11m

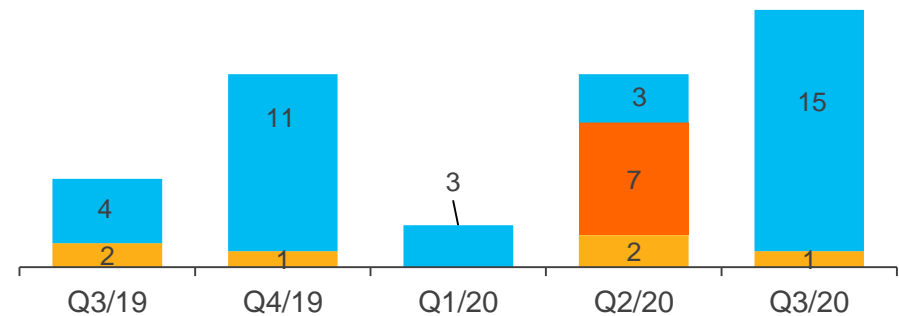
CAPEX¹⁾

— CAPEX / sales¹⁾ %



Shares, licences and rental agreements (IFRS 16)

● Shares, €m ● Licences, €m ● IFRS 16, €m



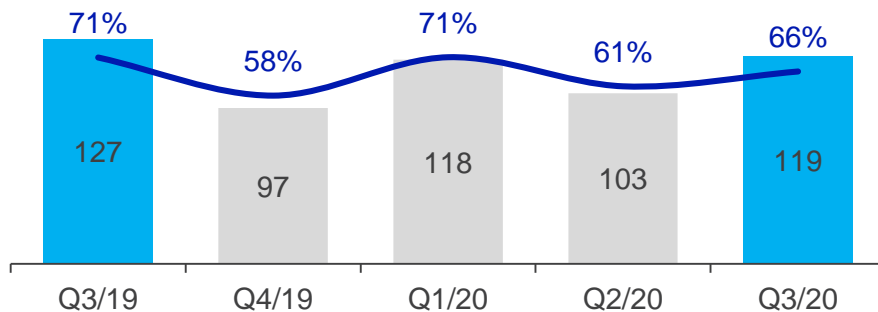
¹⁾ Investments excluding shares, licences and rental agreements (IFRS 16)

Comparable cash flow at previous year's level

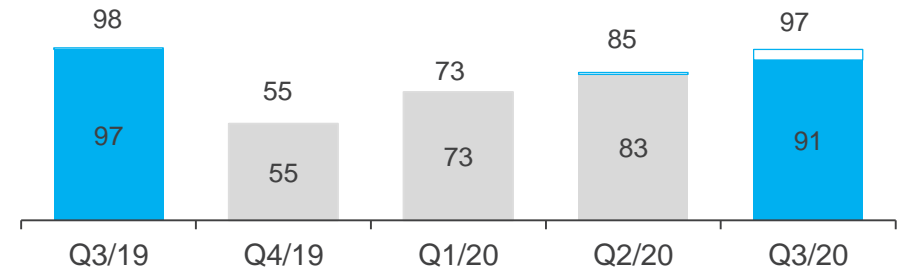
- Q3 Cash flow €91m (97)
- Q3 comparable cash flow €97m (98)
 - Higher EBITDA and less negative NWC change affected positively
 - Higher CAPEX affected negatively

Cash conversion

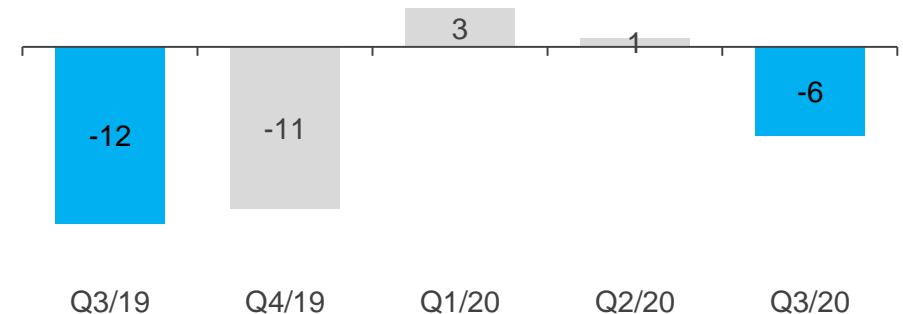
● Operative cash flow, €m¹⁾ — (EBITDA-CAPEX) / EBITDA, %¹⁾



Cash flow and comparable cash flow, €m



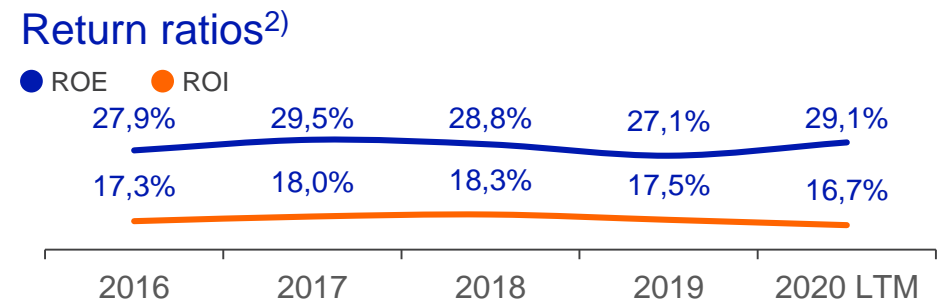
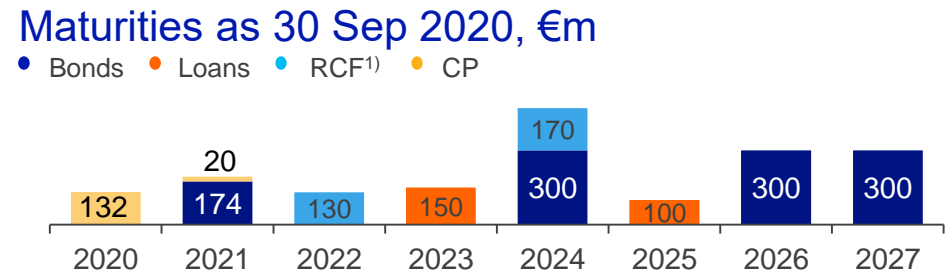
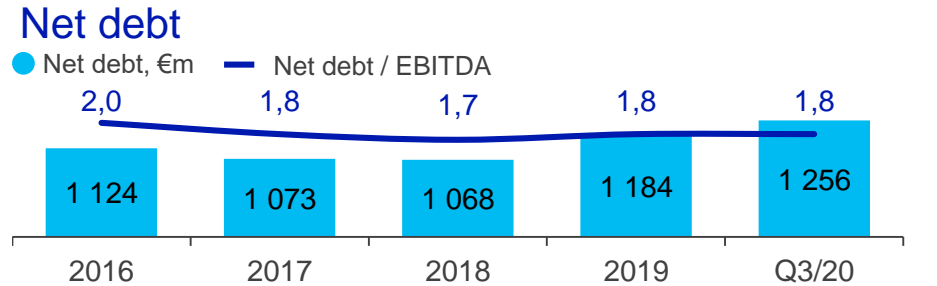
Change in net working capital, €m



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 36.2% (target >35%)
- Return ratios at good level
 - Efficient capital structure
- EUR 300m bond issued in September
 - Strong demand, >3x oversubscribed
 - Coupon 0.25%
 - P&L interest to decrease ~EUR 4m in 2021
- ~ 85% of interest-bearing debt in fixed rate
 - Average interest rate 1.2%



¹⁾ RCFs are fully undrawn

²⁾ Comparable, 2017 excluding sale of Comptel shares



Q&A

APPENDIX

P&L by quarter

EUR million	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18
Revenue	467.5	460.8	468.1	487.3	464.9	451.6	439.7	470.6
<i>YoY growth</i>	<i>0.6 %</i>	<i>2.0 %</i>	<i>6.5 %</i>	<i>3.5 %</i>	<i>2.4 %</i>	<i>-1.3 %</i>	<i>-2.2 %</i>	<i>-0.4 %</i>
Other operating income	1.3	0.6	0.6	3.0	0.9	1.1	0.7	0.9
Materials and services	-175.6	-166.8	-171.6	-191.7	-172.1	-168.8	-160.5	-185.1
Employee expenses	-74.1	-81.8	-87.1	-80.9	-74.0	-82.0	-83.5	-80.3
Other operating expenses	-39.1	-44.6	-44.3	-49.6	-41.3	-42.8	-41.4	-47.9
EBITDA	180.0	168.3	165.7	168.1	178.5	159.2	155.1	158.1
<i>EBITDA %</i>	<i>38.5 %</i>	<i>36.5 %</i>	<i>35.4 %</i>	<i>34.5 %</i>	<i>38.4 %</i>	<i>35.2 %</i>	<i>35.3 %</i>	<i>33.6 %</i>
<i>YoY Growth</i>	<i>0.8 %</i>	<i>5.7 %</i>	<i>6.9 %</i>	<i>6.3 %</i>	<i>5.8 %</i>	<i>-0.4 %</i>	<i>1.1 %</i>	<i>4.6 %</i>
Comparable EBITDA	180.0	168.3	165.7	168.1	178.5	163.6	157.5	158.1
<i>YoY Growth</i>	<i>0.8 %</i>	<i>2.9 %</i>	<i>5.2 %</i>	<i>6.3 %</i>	<i>5.8 %</i>	<i>4.4 %</i>	<i>1.2 %</i>	<i>3.0 %</i>
<i>Comparable EBITDA %</i>	<i>38.5 %</i>	<i>36.5 %</i>	<i>35.4 %</i>	<i>34.5 %</i>	<i>38.4 %</i>	<i>36.2 %</i>	<i>35.8 %</i>	<i>33.6 %</i>
Depreciation, amortisation and impairment	-68.1	-67.4	-66.8	-67.9	-66.0	-66.8	-65.1	-59.7
EBIT	111.9	100.9	99.0	100.1	112.5	92.4	90.0	98.4
Comparable EBIT	111.9	100.9	99.0	100.1	112.5	96.8	92.4	98.4
Financial income	1.2	-0.2	1.4	0.4	0.5	1.6	3.6	0.6
Financial expense	-5.4	-4.7	-5.7	-4.6	-6.6	-6.9	-10.8	-6.3
Share of associated companies' profit	0.7	0.7	0.2	-0.3	0.2	0.0	-0.1	-0.2
Profit before tax	108.3	96.6	94.9	95.6	106.6	87.0	82.7	92.6
Comparable profit before tax	108.3	96.6	94.9	95.6	106.6	91.4	85.1	92.6
Income taxes	-19.4	-17.5	-17.0	-16.6	-22.3	-15.8	-14.0	-13.4
Profit for the period	88.9	79.1	77.9	79.0	84.3	71.2	68.7	79.2
Comparable Profit	88.9	79.1	77.9	79.0	84.3	74.9	70.6	75.9
Earnings per share (EUR)	0.55	0.49	0.49	0.49	0.53	0.45	0.43	0.49
Comparable EPS	0.55	0.49	0.49	0.49	0.53	0.47	0.44	0.47
<i>YoY Growth</i>	<i>5.2 %</i>	<i>5.6 %</i>	<i>10.1 %</i>	<i>4.0 %</i>	<i>-0.6 %</i>	<i>0.2 %</i>	<i>-7.4 %</i>	<i>3.0 %</i>

Cash flow YoY comparison

	Q3/20	Q3/19	Change ¹⁾	%	1-9/20	1-9/19	Change ¹⁾	%
EBITDA	180	179	1	1 %	514	493	21	4 %
Change in receivables	0	-2	2	-87 %	31	12	19	165 %
Change in inventories	9	-1	10		1	4	-3	-78 %
Change in payables	-15	-9	-6	74 %	-35	-10	-24	232 %
Change in NWC	-6	-12	6	-48 %	-3	6	-9	-153 %
Financials (net)	-1	-1	0		-13	-17	4	-22 %
Taxes for the year	-17	-17	0	0 %	-47	-50	2	-5 %
Taxes for the previous year	0	0	0		0	2	-2	-100 %
Taxes	-17	-17	0	0 %	-47	-48	0	-1 %
CAPEX	-62	-51	-11	22 %	-175	-156	-19	12 %
Licence fees ²⁾					-11	-4	-7	152 %
Investments in shares ³⁾	-6	-2	-4	288 %	-8	-67	58	-87 %
Sale of shares	2	0	2		3	1	2	
Sale of assets and adjustments	0	0	0		-12	-5	-7	
Cash flow after investments	91	97	-6	-6 %	247	202	45	22 %
Cash flow after investments excl. acquisitions ⁴⁾	97	98	-2	-2 %	255	268	-13	-5 %

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 2020.

4) Excluding share purchases and sale of shares.

Cash flow by quarter

EUR million	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18
EBITDA	180	168	166	168	179	159	155	158
Change in receivables	0	8	23	-32	-2	5	9	4
Change in inventories	9	-10	2	-6	-1	-1	6	-7
Change in payables	-15	2	-22	27	-9	5	-7	-1
Change in NWC	-6	1	3	-11	-12	10	8	-4
Financials (net)	-1	-1	-11	-4	-1	0	-16	-5
Taxes for the year	-17	-16	-15	-21	-17	-17	-16	-21
Taxes for the previous year	0	0		0	0	4	-2	0
Taxes	-17	-16	-15	-21	-17	-13	-18	-21
CAPEX	-62	-65	-48	-71	-51	-55	-50	-65
Licence fees	0	-1	-10	0	0		-4	-5
Investments in shares	-6	-2	0	0	-2	-65	0	-6
Sale of shares	2	0	1	0				
Sale of assets and adjustments	0	-1	-11	-4	0	1	-6	-1
Cash flow after investments	91	83	73	55	97	37	68	52
Cash flow after investments excl. acquisitions	97	85	73	55	98	102	68	58

APPENDIX

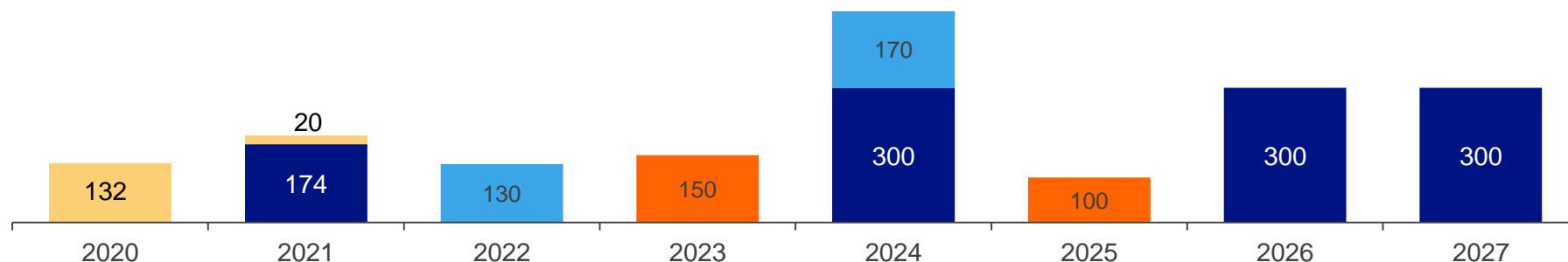
Debt structure

EUR million at the end of the quarter	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18
Bonds and notes	1 057	759	758	757	943	941	939	767
Commercial papers	152	307	176	133	65	80	10	107
Loans from financial institutions	250	250	250	250	290	290	250	250
Financial leases ¹⁾	100	90	93	96	92	93	90	25
Committed credit lines ²⁾	0	0	0	0	0	0	0	0
Interest-bearing debt. total	1 559	1 406	1 277	1 236	1 389	1 404	1 290	1 149
Cash and cash equivalents	303	74	161	52	154	85	215	81
Net debt ³⁾	1 256	1 332	1 117	1 184	1 235	1 319	1 075	1 068

- 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, 30 September 2020

● Bonds ● Loans ● RCF¹⁾ ● CP



¹⁾ RCFs are fully undrawn



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Forward-looking statements

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