

Financial overview

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CFO

● **CMD 2023**

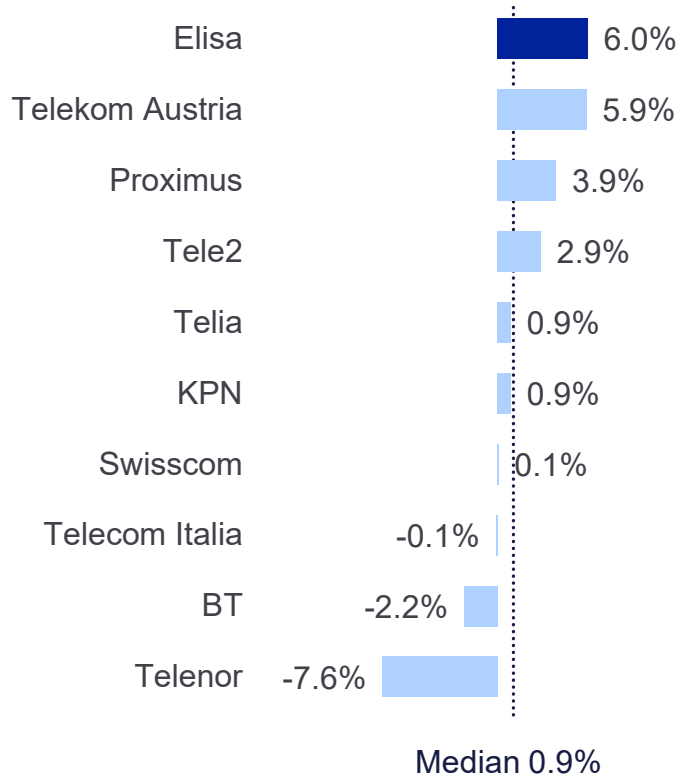
The logo for Elisa, featuring the word "elisa" in a white, lowercase, cursive script font.

- 1** Performance update
- 2** Achieving medium-term targets
- 3** Capital allocation
- 4** Reporting
- 5** CFO priorities

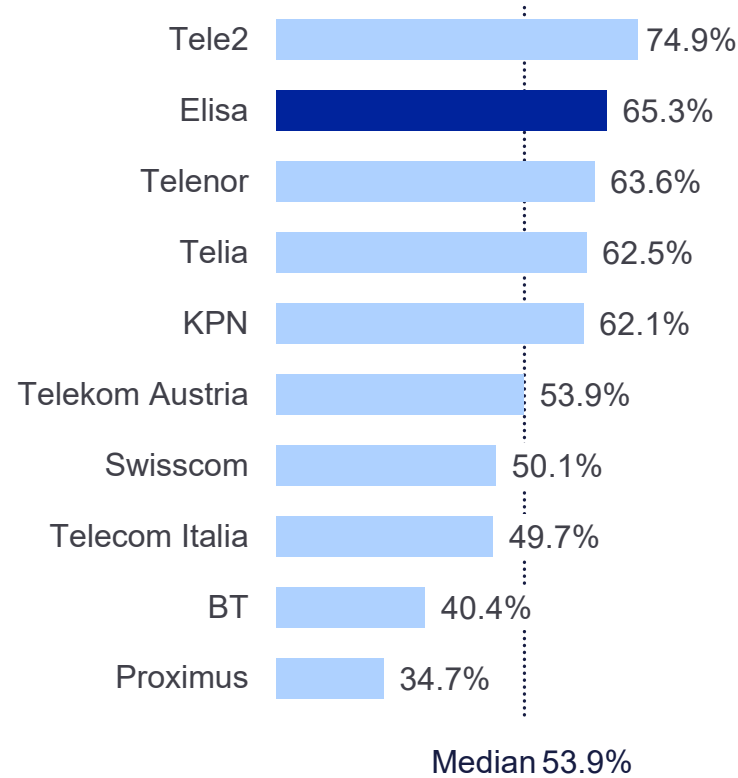
Performance update

Industry-leading performance has continued...

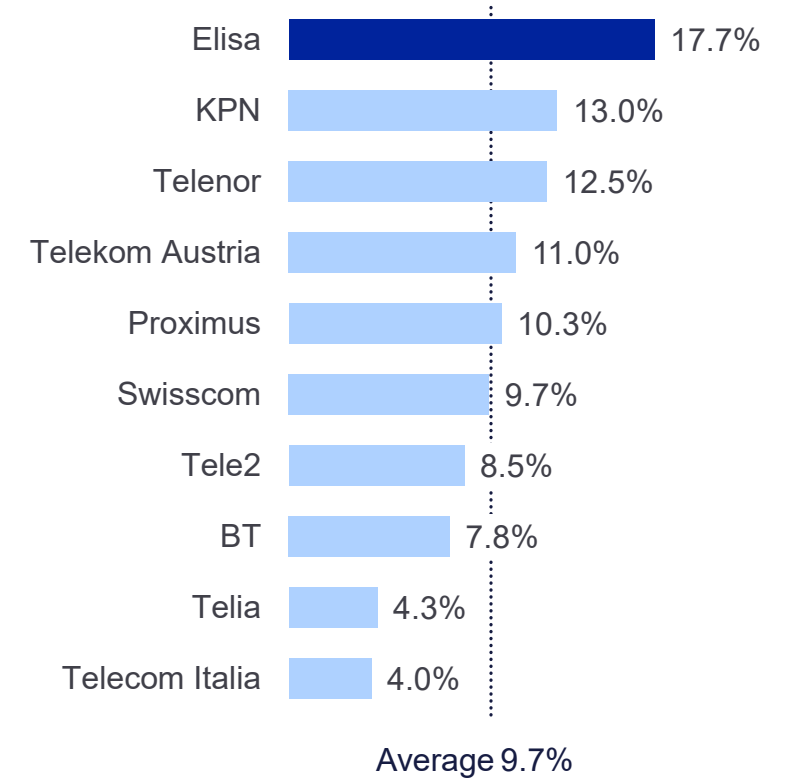
Revenue CAGR 2020–2022



Average operating cash flow conversion 2020–2022



Average ROCE 2020–2022



Performance update

...with solid earnings and free cash flow conversion

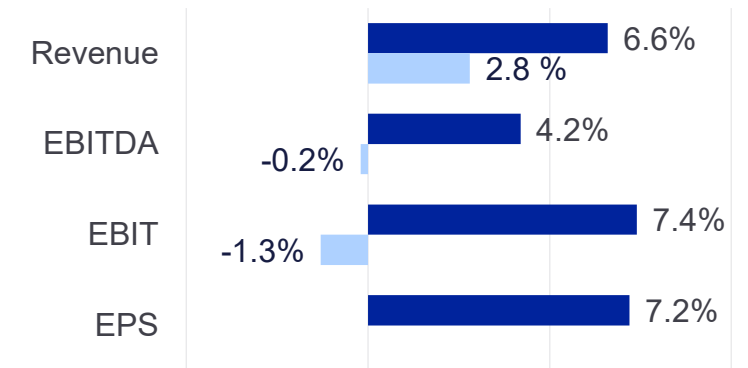
Focused business model

- Continuous efficiency measures
- Low CAPEX-to-sales
- Disciplined M&A policy
- Low effective tax rate
- Low interest expenses

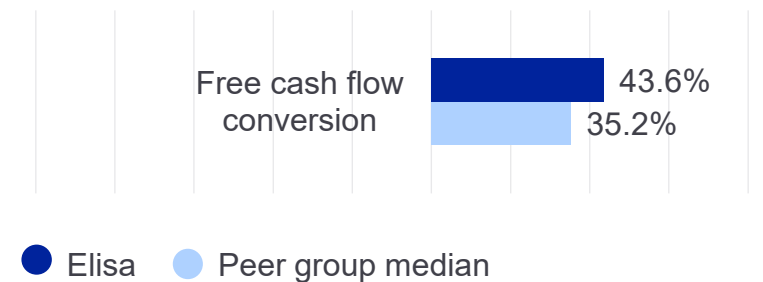
2022 cost headwinds

- High inflation
- Own sales channels investments
- Normalised office expenses (post-COVID)

2022 YoY growth¹



2022 free cash flow conversion²



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

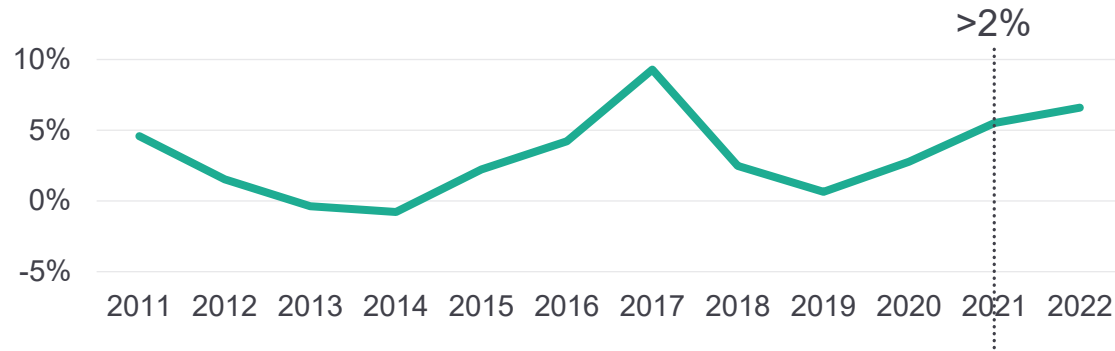
² Free cash flow/Adjusted EBITDA

Performance update

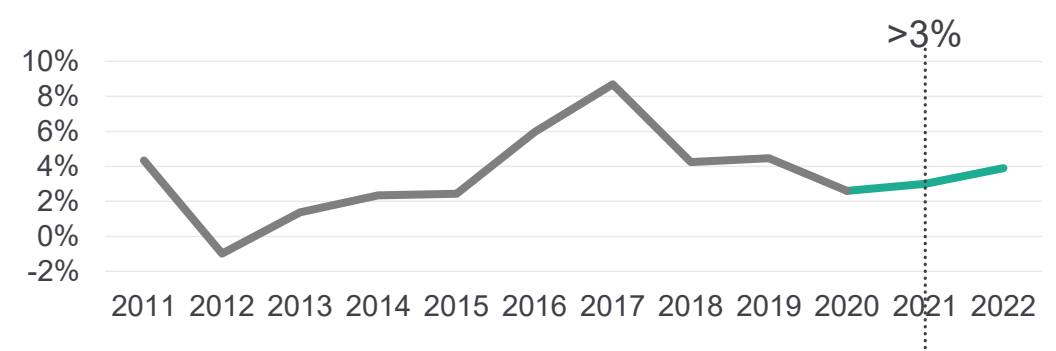
Long-term performance according to medium-term financial targets

● = on target

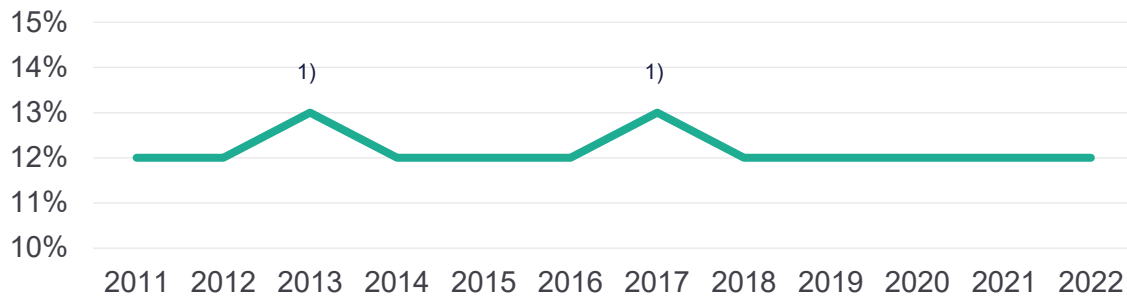
Revenue growth



EBITDA growth²

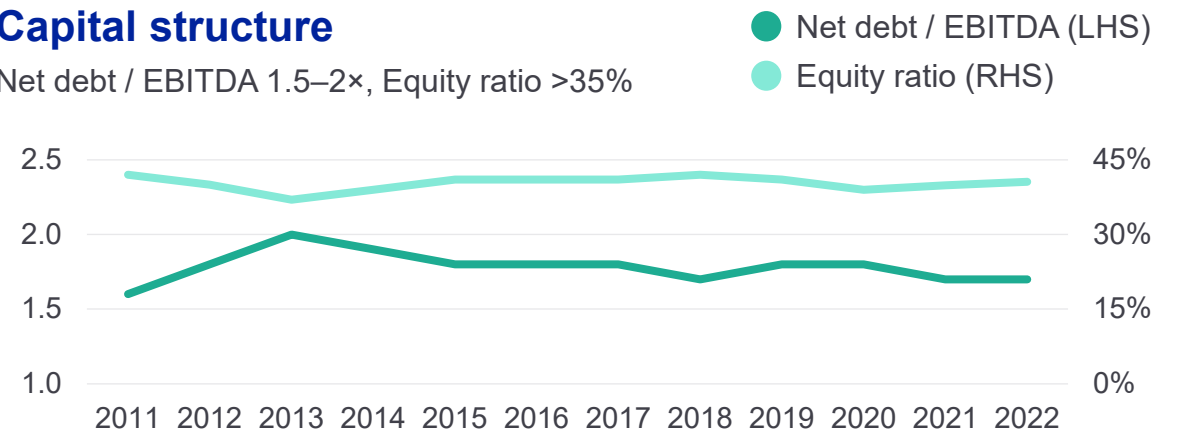


CAPEX-to-sales ≤12%



Capital structure

Net debt / EBITDA 1.5–2×, Equity ratio >35%



¹⁾ Includes higher CAPEX due to acquisitions
²⁾ 2011.-2020 target was EBITDA%

Achieving medium-term targets

Revenue growth set to continue...

Growing service revenues account for four fifths of revenue

	Share of revenue 2022	CAGR 2020–2022	Medium-term trends
Mobile revenue	59%	6%	
Mobile service revenue	43%	5%	5G, upselling, product changes, additional services
Interconnection & roaming	2%	-7%	Interconnection decreasing, roaming picking up
Equipment sales	13%	9%	
Fixed revenue	21%	1%	
Fixed service revenue	17%	3%	Managed network and security services growing
PSTN	2%	-9%	Approaching end of life cycle
Interconnection	0%	-40%	
Equipment sales	2%	1%	
Digital services total	21%	14%	
International Digital Services	4%	44% ¹	Software services growing
Domestic and other digital services	17%	9%	Growth in IT and entertaining video services
Total revenue	100%	6%	

¹) Organic growth 22% in 2022



Achieving medium-term targets

...and clear drivers for >3% EBITDA growth

Increase mobile and fixed service revenues

- MSR growth
- FSR growth
- Additional services

Grow digital service businesses

- International: Accelerating growth
 - Organic growth
 - Bolt-on acquisitions
 - Synergies
- Domestic: Increasing scale

Improve efficiency and quality

- Systematic, continuous productivity improvement
 - Automation & ML/AI
 - Ramp-down of old technologies
 - Simplification in network and IT systems
- Strict OPEX discipline

Achieving medium-term targets

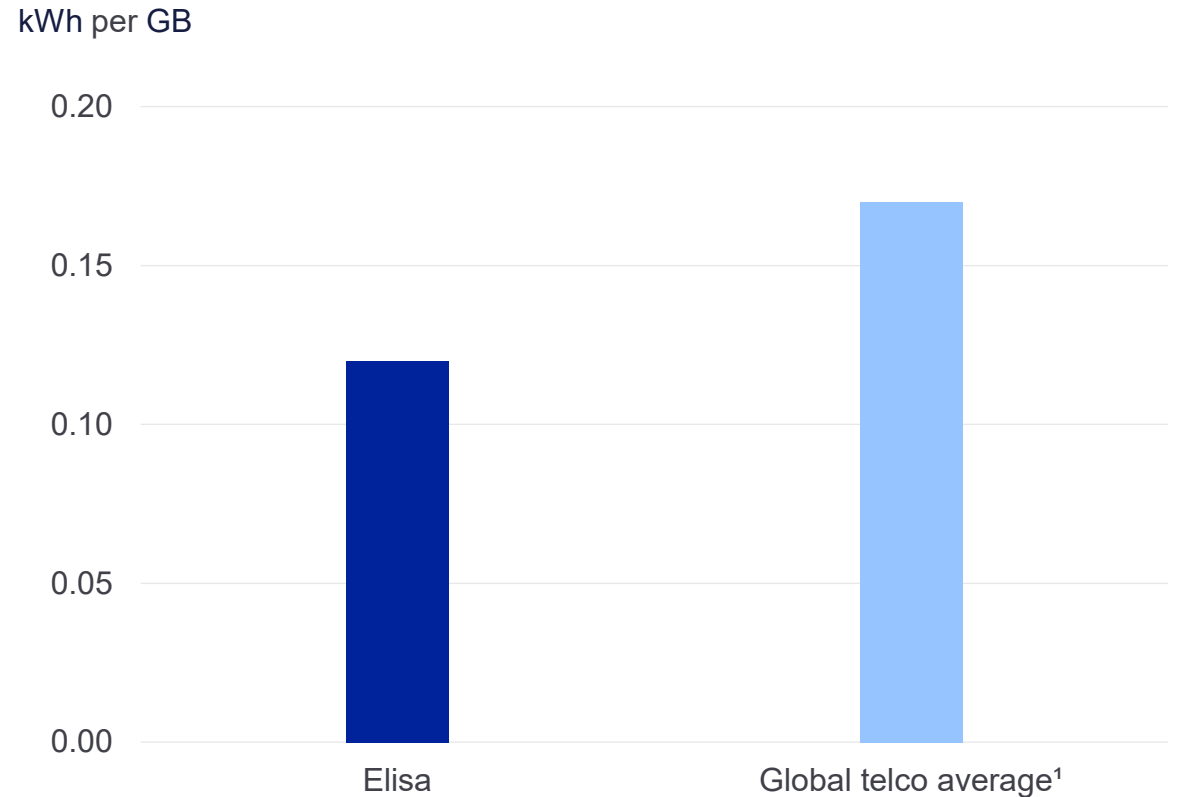
Systematic and long-term approach mitigates energy headwinds

Measures against electricity price fluctuations

- Continued optimisation of networks
 - Energy-saving features (peak shaving)
 - Modernisation (legacy shutdowns, tech upgrades)
 - Emerging opportunities (Distributed Energy Storage)

- Hedging policy in place for a long time
 - Finnish electricity approx. 90% hedged for 2023
 - Hedging also covers 2024 and 2025
 - 10-year wind power PPA with favourable prices starts in 2Q/23

Elisa approx. 30% more energy efficient¹

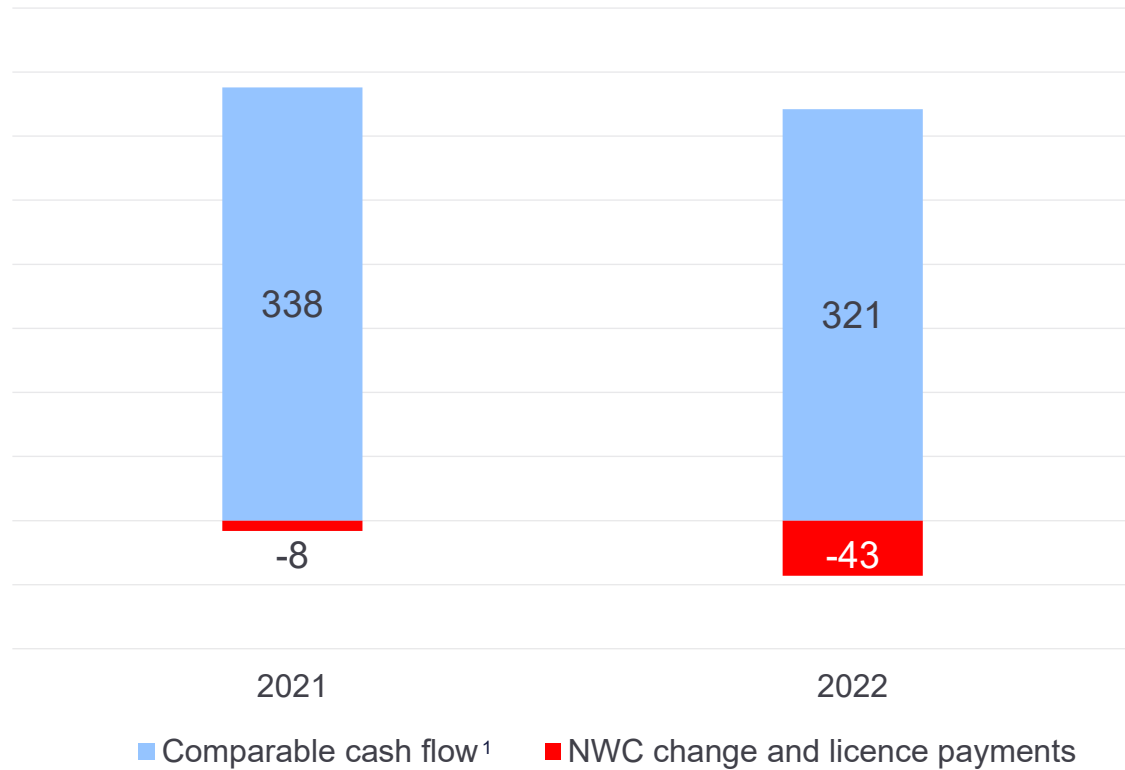


Achieving medium-term targets

Cash flow returning to growth

Cash flow

EURm



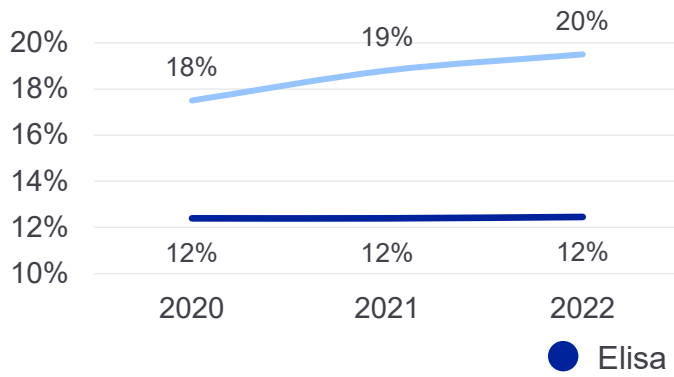
Drivers for growth

- Growing EBITDA and high conversion
- Stable CAPEX-to-sales $\leq 12\%$
- Lower NWC impact
- Lower licence fee payments
- Effective tax below corporate tax rate

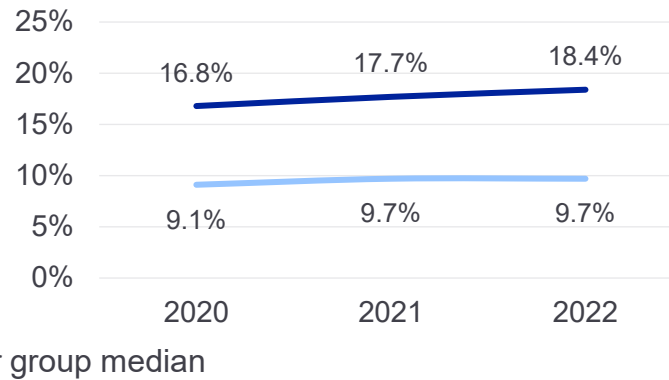
Capital allocation

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

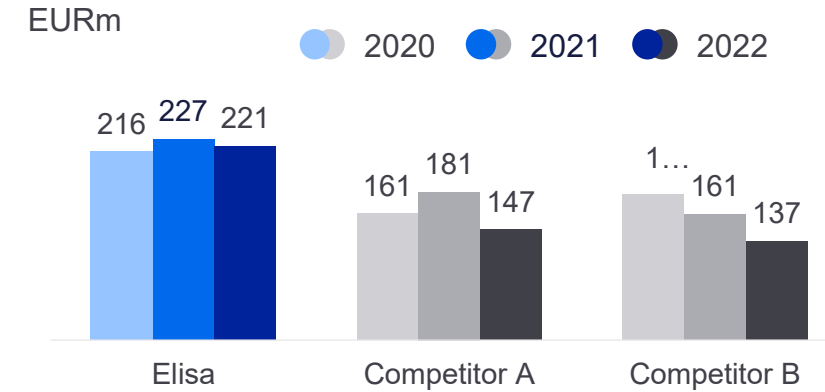
CAPEX/sales vs. peer group



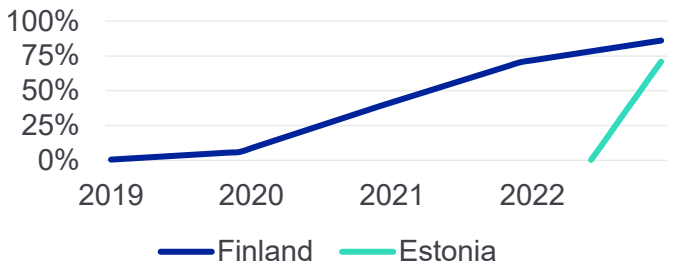
ROCE¹



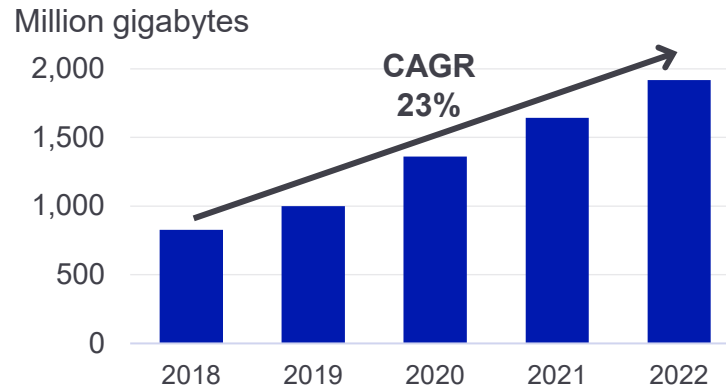
Elisa is CAPEX² leader in Finland...



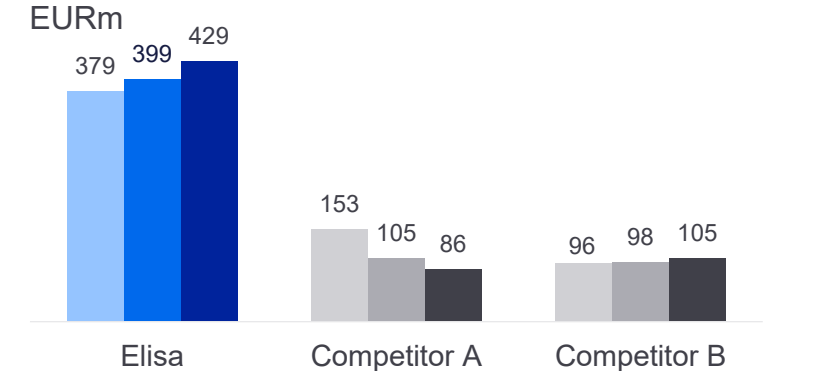
Elisa 5G population coverage, %



Mobile data usage in Finland



... with best EBIT²



10 ¹⁾ EBIT / (total assets - current non-interest-bearing liabilities - cash)
²⁾ CAPEX and comparable EBIT, competitors company reports, Elisa excluded Estonia



Capital allocation

...as well as disciplined, value-driving M&A...

Criteria for acquisitions

- Focus on international digital services and domestic IT and telecom services
- Industrial logic
- Accelerates growth
- Strengthens competitiveness
- Clear sources of value creation
- Distribution intact or improved
- Solid capital structure and balance sheet maintained, credit ratings unchanged

Acquisitions 2020–2022, total EUR 120m

	2020	2021	2022
			
			
			
			

Capital allocation

...and efficient capital structure supports growth

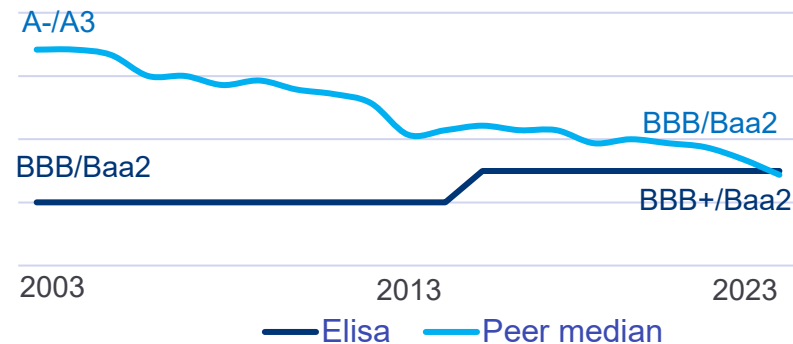
Unchanged capital structure targets

Net debt/EBITDA **1.5–2×**
 Equity ratio **>35%**

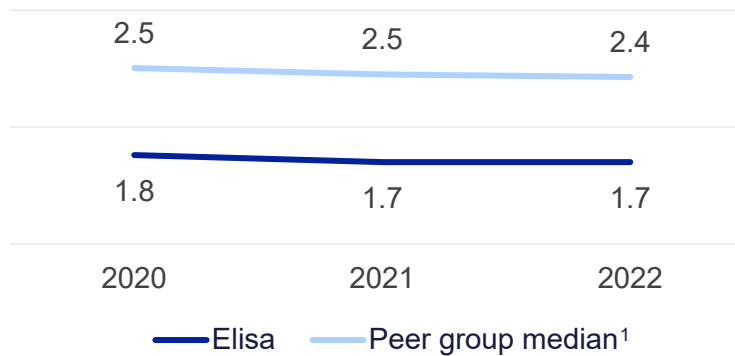
Ratings

S&P Global Ratings BBB+ (Stable) Since 2015
MOODY'S INVESTORS SERVICE Baa2 (Stable) Since 2003

Ratings development



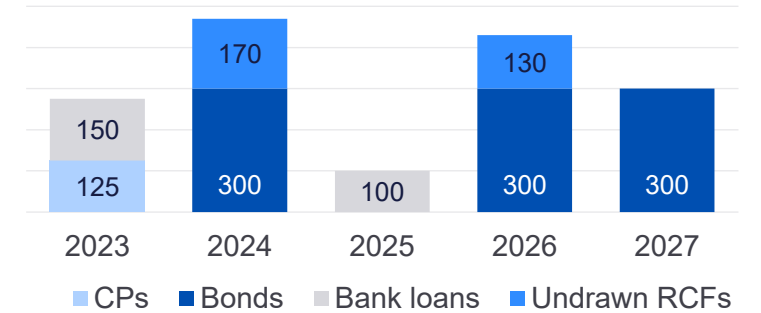
Net debt / EBITDA



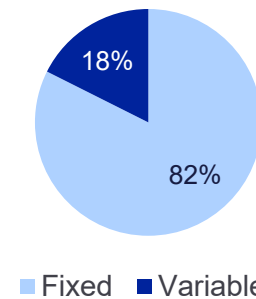
Multiple funding sources

- EMTN programme EUR 1.5bn
- Sustainable Finance Framework
- Supranational finance institutions
- Committed credit facilities EUR 300m
- Commercial paper programme EUR 350m

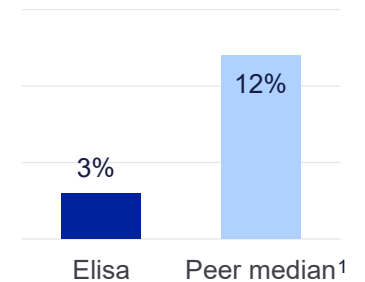
Diversified maturity profile²



Interest rate mix²



Interest expenses / free cash flow



Capital allocation

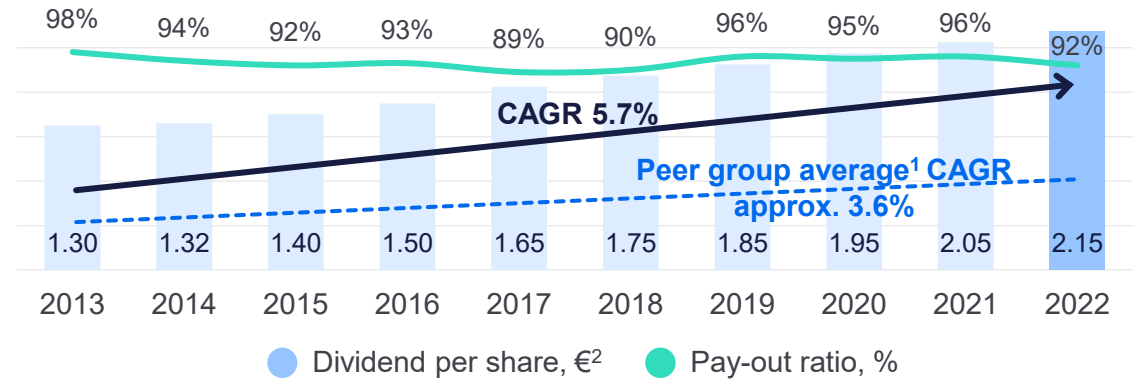
Best-in-class profit distribution

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
 - Share buybacks
 - Capital repayment

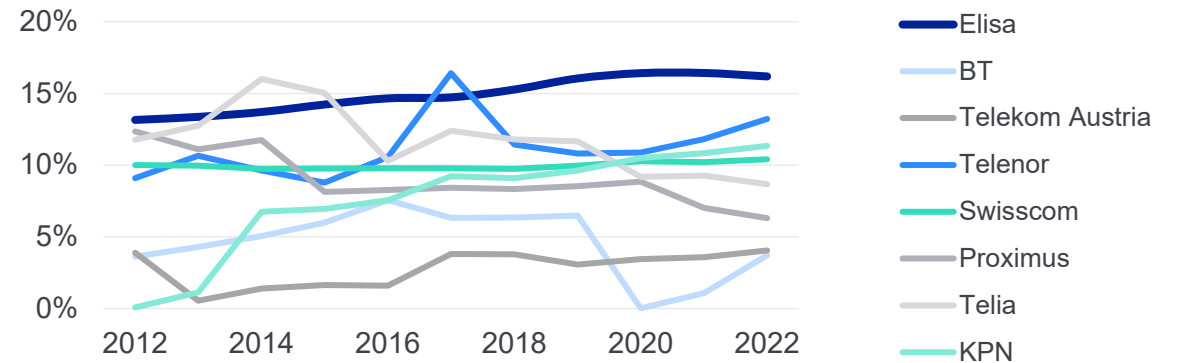
Dividend is covered with cash flow

Increasing dividend for 9 consecutive years



Predictable and reliable dividend

Dividend per sales¹



Reporting

Long-term, consistent ESG work

- Among the top Nordic companies in climate reporting
 - CDP reporting since 2012 (A-)
 - Financial Times European Climate Leaders 2021 and 2022
 - Winner of the Climate Change category of the annual reporting ranking in Finland 2022
- Assured corporate responsibility reporting since 2011
 - Including GRI, SASB, EU Taxonomy and TCFD indicators as well as Elisa indicators
- ESG indicators reported quarterly since 1Q2022
- Sustainability-linked financing
 - Sustainability-linked loan agreement signed in 2021
 - Sustainable Finance Framework launched in 2022



More transparency in quarterly data Excel from 1Q2023 onwards

Digital services revenues split between

International Digital Services

- Elisa Polystar
- Elisa IndustrIQ

Domestic and other digital services

- Elisa entertaining video services
- Elisa IT services and solutions
- Visual communications

Product revenues, EURm	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022
Mobile revenue	281.9	286.2	297.8	313.7	1,179.6	299.2	305.8	318.6	329.0	1,252.6
of which service revenue	209.7	212.9	217.7	222.1	862.4	224.0	228.2	232.8	234.1	919.1
of which equipment sales	58.7	58.8	66.4	77.5	261.4	62.5	65.1	73.5	82.4	283.5
of which interconnection and visitor roaming	13.5	14.5	13.7	14.1	55.8	12.6	12.5	12.3	12.6	50.0
Digital services revenue	95.7	92.8	95	109.8	393.3	106.1	107.2	106.1	117.9	437.3
of which International Digital Services (IDS)	15.9	12.9	13.3	18.6	60.7	20.9	19.4	17.5	24.1	81.9
<i>IDS YoY growth</i>						31%	50%	32%	30%	35%
<i>IDS YoY organic growth¹</i>						22%	31%	19%	20%	22%
of which domestic and other digital services	79.8	79.9	81.7	91.2	332.6	85.2	87.8	88.6	93.8	355.4
Fixed revenue	104	105.3	103.6	112	424.9	106.2	108.5	109.3	115.6	439.6

Elisa's unique strategy generates sustainable profit and growth

Elisa's strategy

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 2023

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.