

# Elisa Group overview

**Veli-Matti Mattila**

CEO

● **CMD 2023**

The Elisa logo is written in a white, lowercase, cursive script font. It is positioned in the bottom right corner of the slide. A thin white arc originates from the top left and curves down to the right, ending at the top of the logo.

- 1** Performance update
- 2** Market overview
- 3** Sustainable profit and growth generation
- 4** Medium-term targets and CEO priorities

Performance update

# Elisa's unique strategy generates sustainable profit and growth



Value for  
**customers**



Engaged  
**employees**



Positive impact  
**on society**



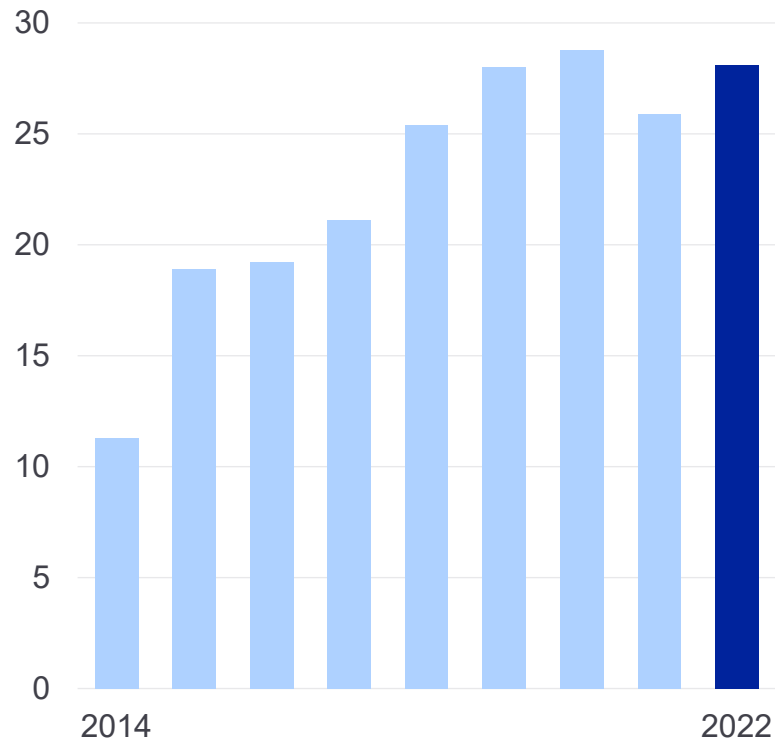
Unique financial performance  
for **shareholders**



Performance update

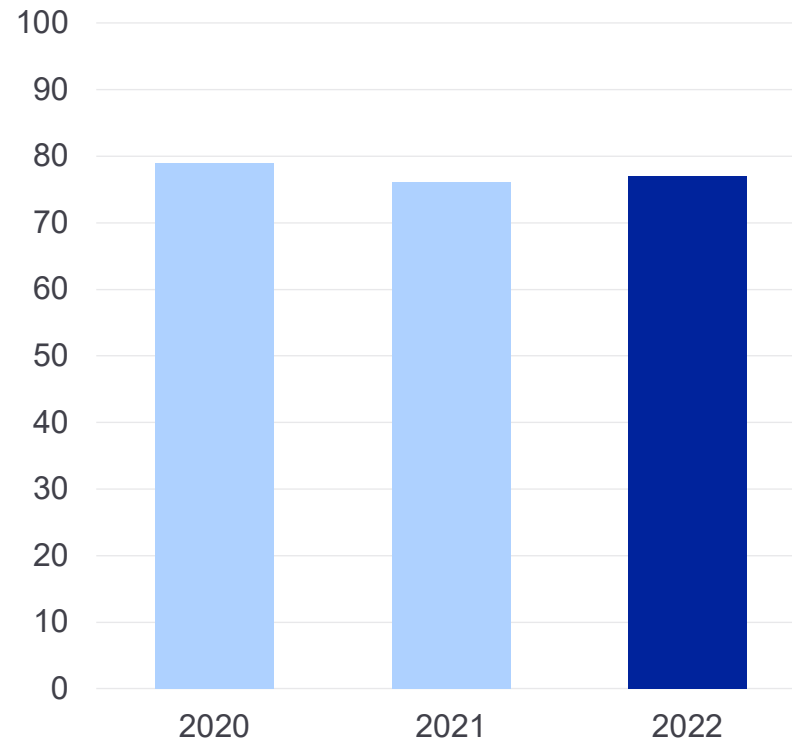
# Strong track record of creating value for customers & employees...

**Value for customers**  
NPS 



Source: Elisa December NPS, rolling 3 months avg.

**Engaged employees**  
Employee engagement score 



Source: Glint Employee Engagement Survey

# ...holistic progress in sustainability...

## Our sustainability objectives

### DIGITAL

We secure people's privacy in a safe and reliable digital environment

### SOCIAL

We advance a fair and digitally inclusive society

### ENVIRONMENTAL

We enable our customers to become more resource efficient

### ECONOMIC

We intensify innovation and drive sustainable value creation

## Selected KPIs & 2024 targets



Availability of Elisa's high-speed connections to **all Finnish households**



**32%** of supervisors are women

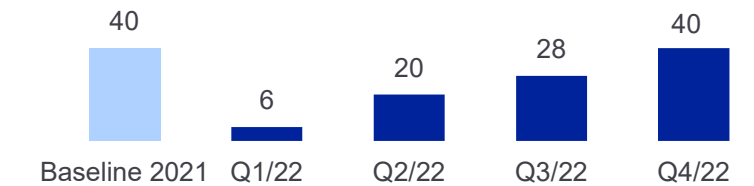
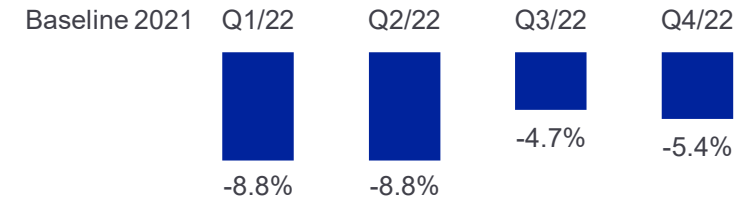
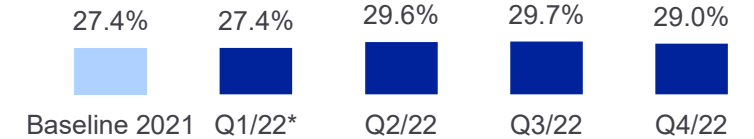
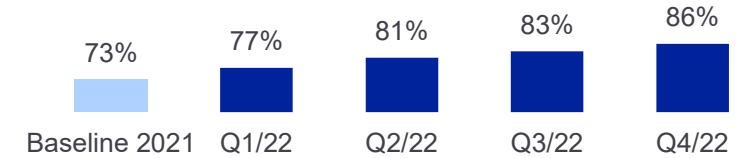


**20% improvement** in energy efficiency (kWh per GB) compared to Q4/21



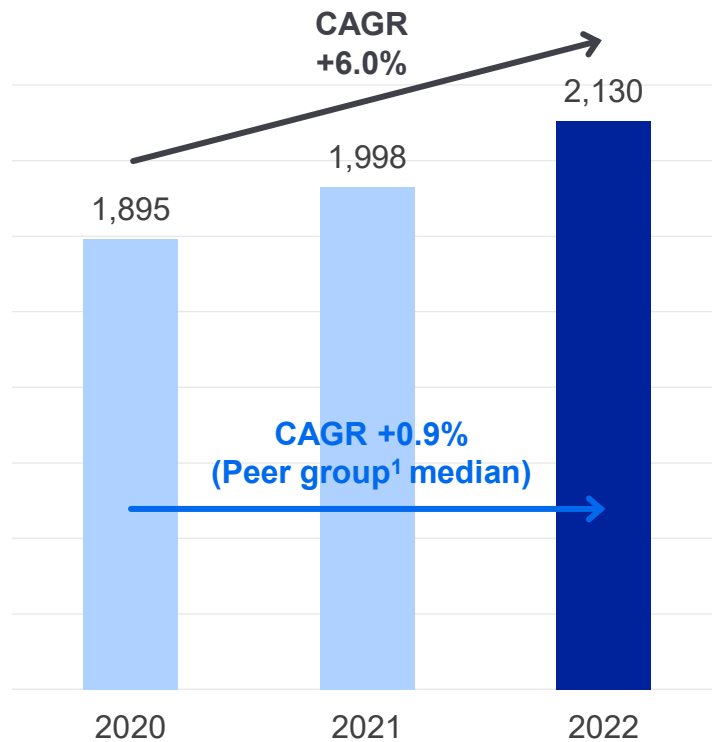
**Over 100** patent applications (cumulative)

## Performance



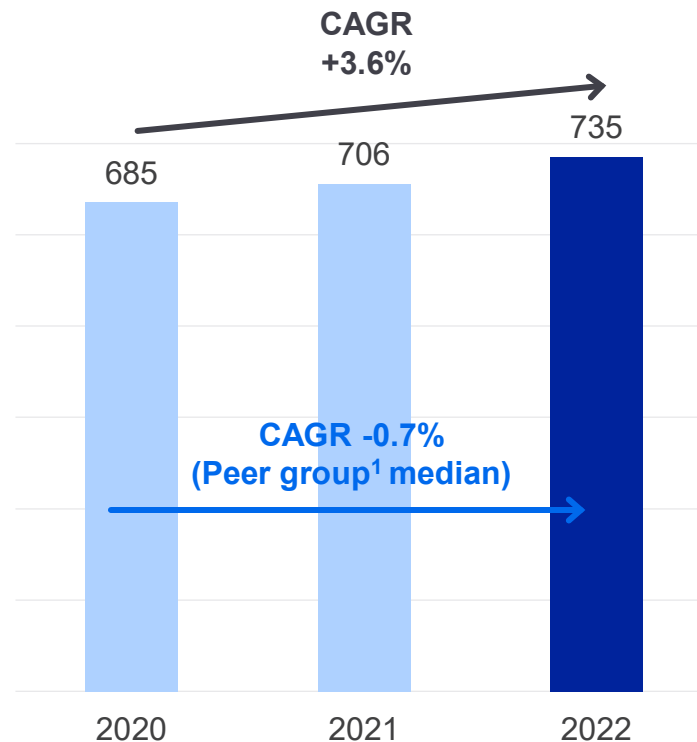
# ...with unique financial performance for our shareholders

## Best-in-class revenue growth



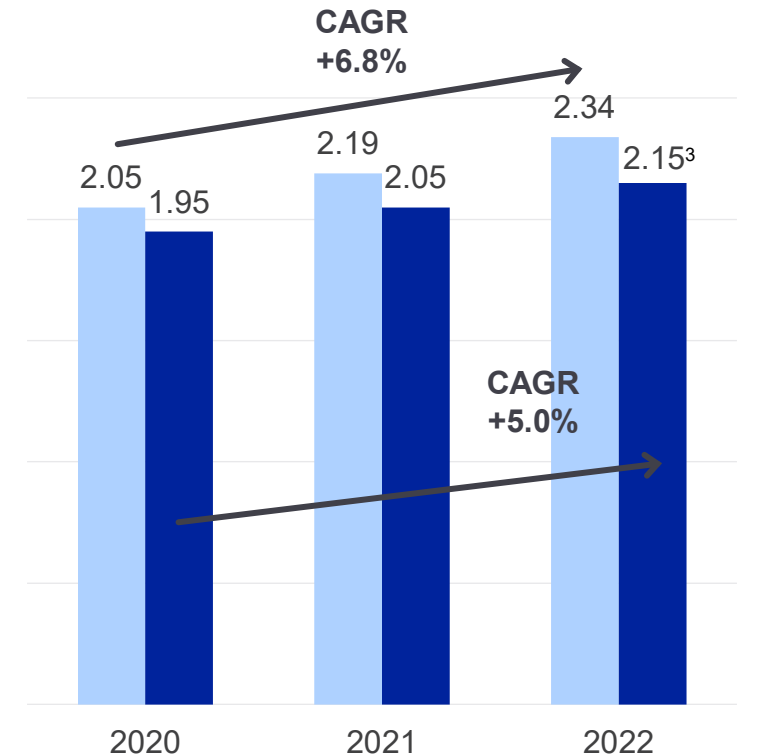
● Revenue, EURm

## Further improving profitability



● EBITDA<sup>2</sup>, EURm

## Growing EPS and dividend



● EPS<sup>2</sup>, EUR ● Dividend per share, EUR

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

<sup>2</sup>Comparable

<sup>2</sup>Comparable

<sup>3</sup>Proposal to the AGM

Performance update

# We are on track to meet all our 2023 medium-term targets

Parameter		Target by end of 2023	
Revenue growth	→	2020–2023 CAGR >2%	●
EBITDA growth	→	2020–2023 CAGR >3%	●
CAPEX-to-sales	→	≤12%	●
Capital structure			
Net debt / EBITDA	→	1.5–2×	●
Equity ratio	→	>35%	●

Performance end-2022

● = On track    ● = Below track

# We operate in digitally advanced and attractive markets...

## Finland is EU's most advanced digital society<sup>1</sup>



## Regulator supports digitalisation & competitiveness

- Proactive dialogue between stakeholders
- Market-based and technology-neutral broadband policy
- Balanced frequency policy

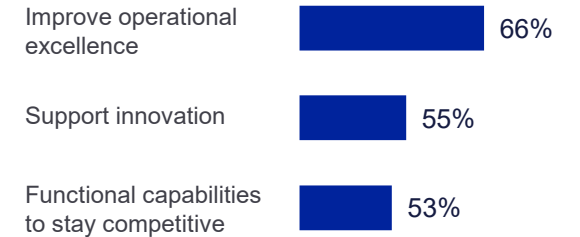
## Fast-growing global software businesses

### TELECOM SW

>50%

of telco CIOs named **cost optimisation & digitalisation** as their #1 priorities for 2023<sup>2</sup>

### INDUSTRIAL SW



**Top needs of smart manufacturing customers<sup>3</sup>**

<sup>1</sup>European Commission 2022, *The Digital Economy and Society Index (DESI), EU27 + UK*

<sup>2</sup>Gartner 2023, *Top Priorities, Technologies and Challenges in Telecom in 2023*

<sup>3</sup>Gartner 2020, *Most Important Factors When Generating the Smart Manufacturing Business Case.*

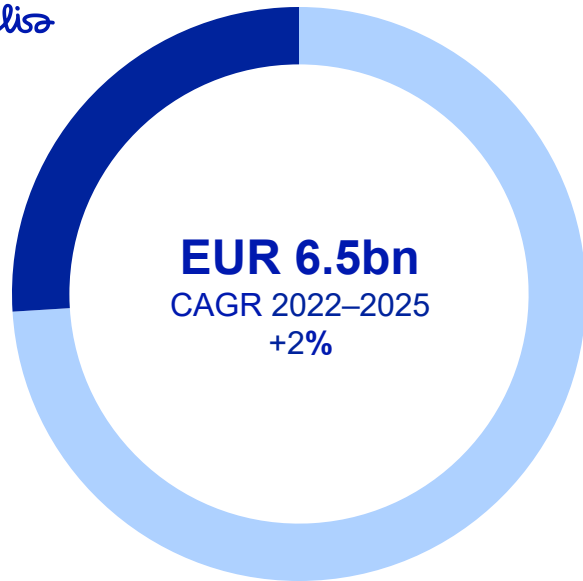


Market overview

# ...with sizeable telco & digital services markets...

## Telecom

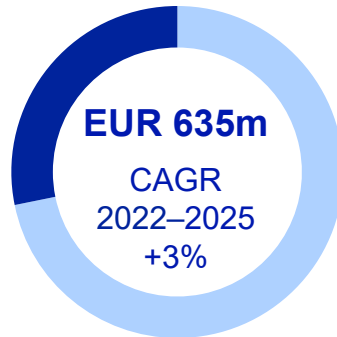
### Telecom services



Telecom services addressable market 2022 (incl. devices), consumer and corporate, FIN & EST  
Source: Traficom; FiCom; Gotech; Statistics Finland; company reports; Gartner; Statista; Elisa Analysis

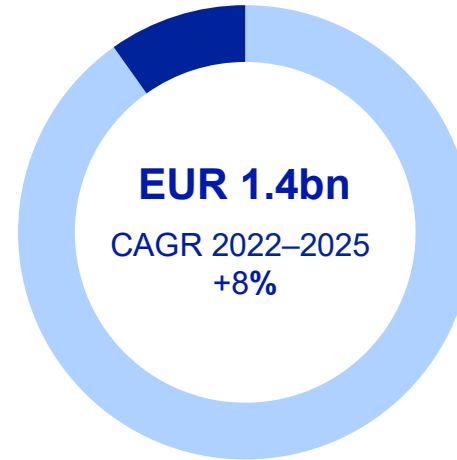
## Domestic & other digital services

### Entertaining video services



Entertaining video services addressable market 2022, FIN & EST  
Sources: Ficom Statistics Finland; Mediavision; Finnpanel; Company reports; Elisa analysis

### IT services and solutions



IT addressable market 2022 (incl. devices), Finland.  
Source: Gartner; Statista; Elisa Analysis

### Visual communications



Addressable market: cloud-based video 2022  
Source: Gartner; Elisa analysis

# ...and internationally, we have significant growth opportunities

## International Digital Services

Telecom software



Industrial software



Addressable market: network analytics, probe systems, intelligent performance & fault management.  
Source: Analysys Mason; Market Forecast; Appledore Research; Elisa analysis

Addressable market: consumer packaged goods, food & beverage, electronics & semiconductors.  
Source: MarketsAndMarkets; Verdantix; Gartner; Presedence Research; Fortune Business Insights;  
Market Research Future; Elisa analysis

Sustainable profit and growth generation

# Our pursuit of our mission & vision...



**MISSION**



**VISION**

**A SUSTAINABLE  
FUTURE THROUGH  
DIGITALISATION**

We are the global benchmark for generating value in communication and digital services.

Our constant pursuit of excellence and innovation makes us better every day.

Sustainable profit and growth generation

# ...guides our efforts in three strategic focus areas

Increase mobile and fixed service revenues

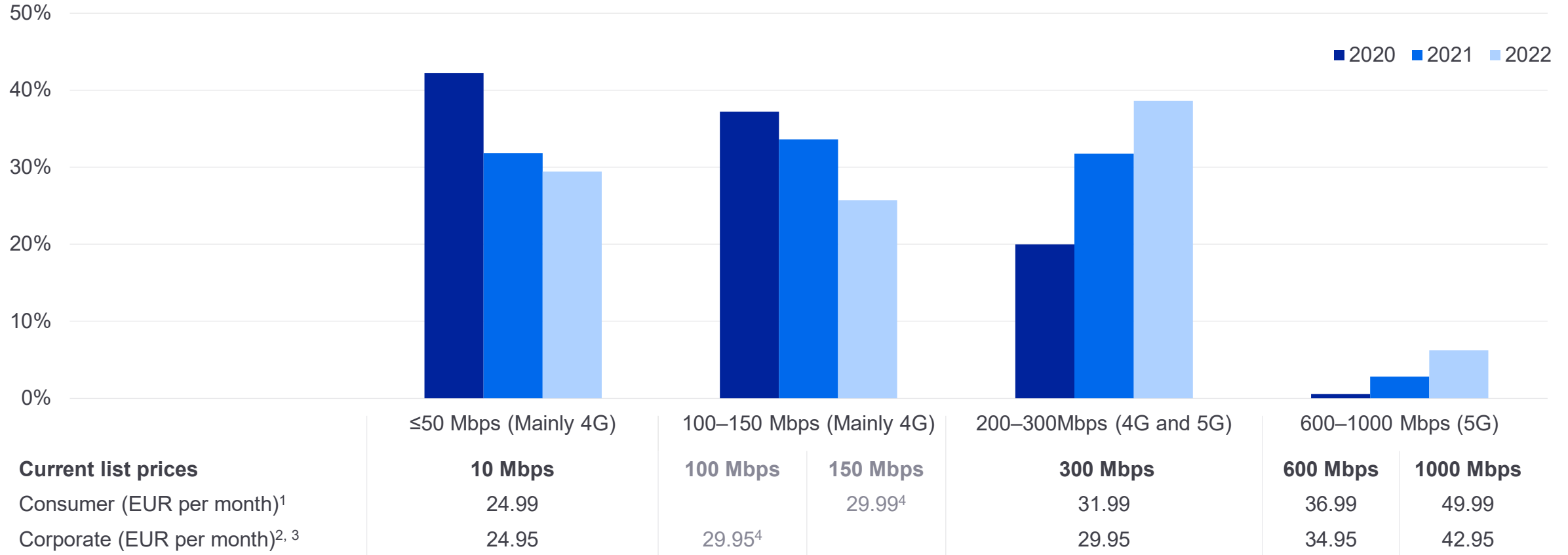
Grow digital service businesses

Improve efficiency and quality

Sustainable profit and growth generation

# Upselling continues to drive mobile service revenue growth...

We expect mid-single digit MSR growth in 2023



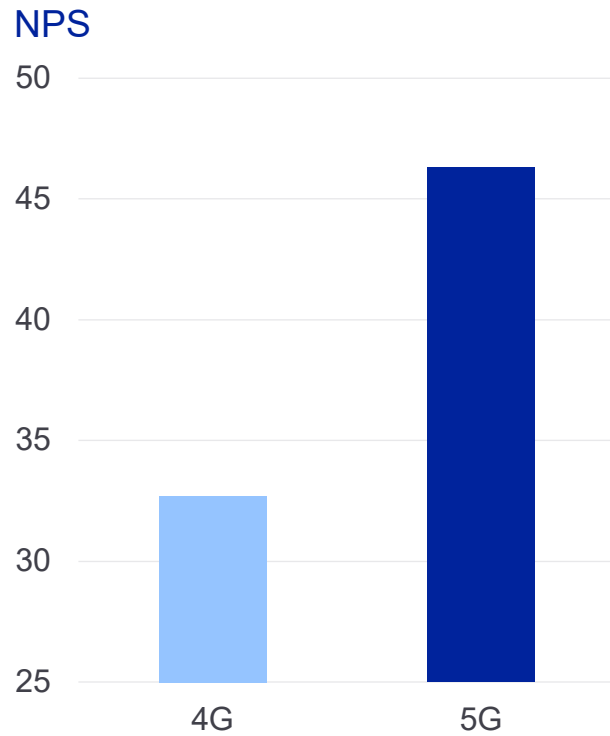
1) First 12 months campaign prices for consumer voice subscriptions in Finland  
 2) List prices for SME voice subscription in Finland, excluding VAT, public and private tendering excluded  
 3) All new SME subscriptions are 5G-capable  
 4) No longer in new sales

Sustainable profit and growth generation

# ...also when moving to 5G

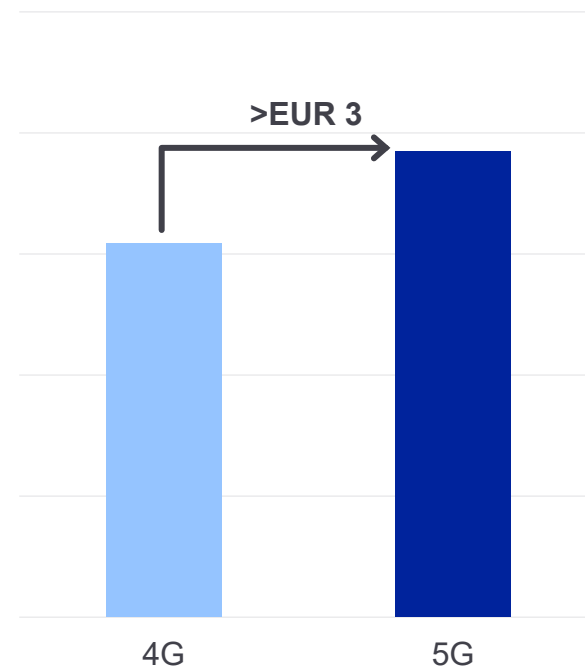


## 5G customers more satisfied...



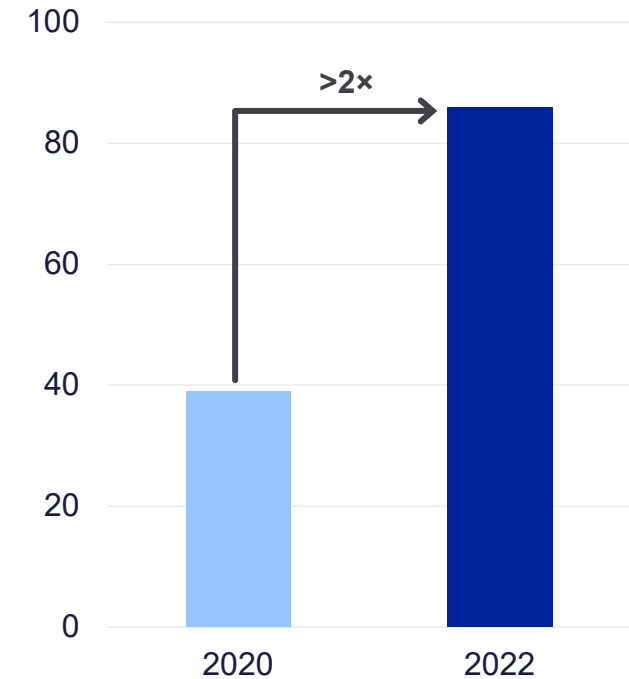
## ...and they are willing to pay more...

Avg. billing increase in 5G upgrades



## ...while we continue to grow our addressable market

5G population coverage, %

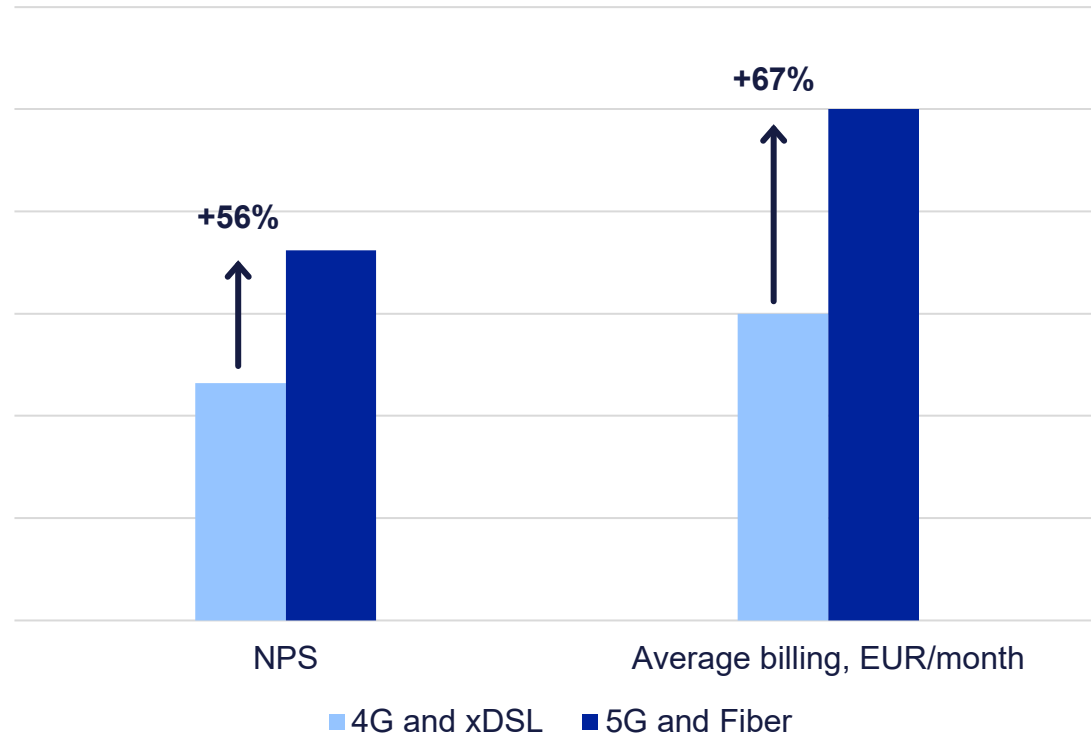


Sustainable profit and growth generation

# Fiber complements offering to meet growing connectivity demands...



- Optimal mix of mobile & fixed
- Strong preference for Elisa
  - 41% ready to choose Elisa
- Utilising existing assets
  - Serving both consumers & corporates





# ...and we have additional revenue streams

## Demand drivers

### SECURITY



Uncertain geopolitical circumstances



Increased awareness of security due to public cyber threats and breaches

### INTERNET OF THINGS



Faster and more reliable internet connections available



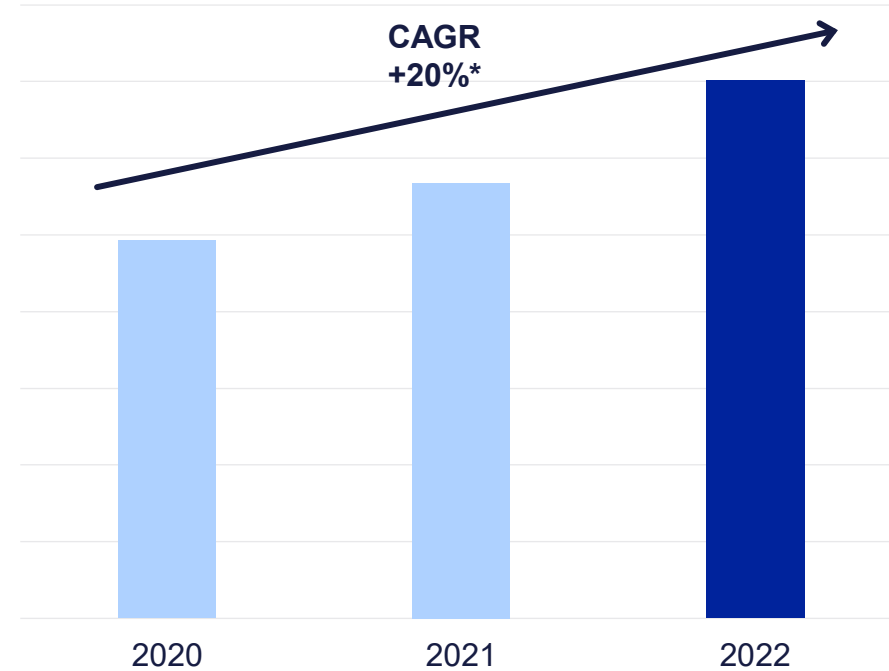
IoT technology innovations with more sophisticated and affordable components

## Additional profitable growth

IoT and security business

Revenue: EUR 70m<sup>1\*</sup>

EBITDA: 20–40%





Sustainable profit and growth generation

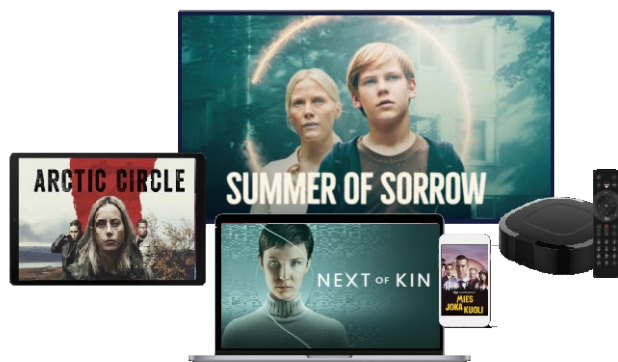
# We continue to grow our domestic & other digital services...



## Entertaining video services

Most popular entertainment video service in Finland

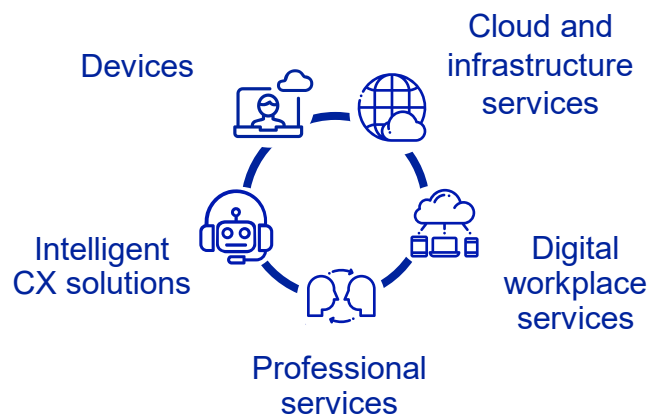
- EUR 180m revenue, CAGR +10%\*
- EBITDA level 10–15%\*
- Attractive Finnish & Estonian original content



## IT services and solutions

#1 in delivering customer value from integrated IT+C

- EUR 140m revenue, CAGR +10%\*
- EBITDA level 5%\*
- Intelligent automation and AI



## Visual communications

Transforming virtual comms with interoperable & secure technology solutions

- EUR 25m revenue, CAGR +8%\*
- Close to breakeven
- Industry-leading services, end-user experience



17 CMD 2021: Entertaining video services revenue (2020) EUR 149m, EBITDA 15-20%

\* 2020-2022; Approx. figures

CMD 2021: IT services revenue (2020) EUR 113m, EBITDA approx. 5% CX (customer experience)

CMD 2021: Visual communications revenue (2020) EUR 21m





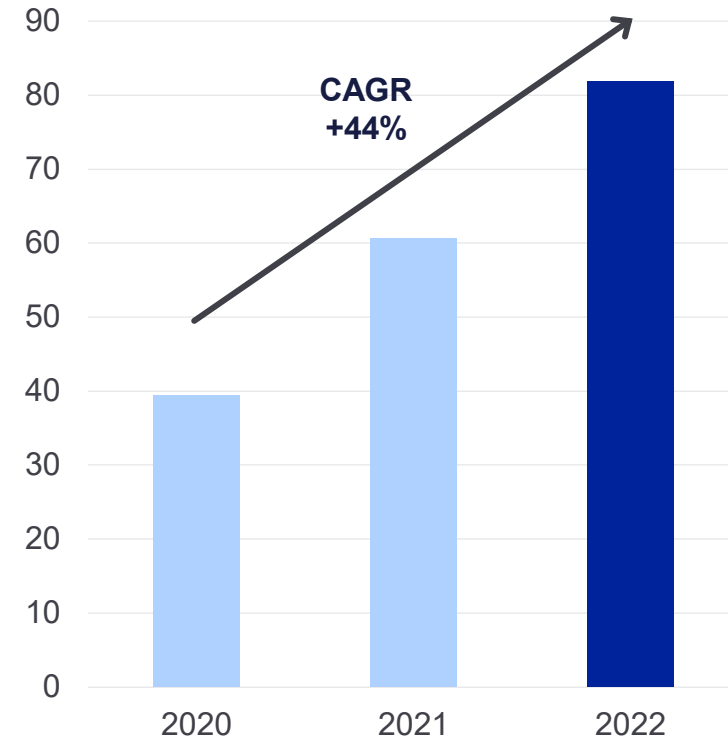
# ...and scale up our global software businesses

## International digital services

- EUR 82m revenue
  - 2022 YoY growth +35%
  - Organic growth +22%
- High share of growing recurring revenues
- EBITDA close to breakeven
- Technology leaders focused on selected product & industry verticals
  - AI and analytics
- We aim to continue strong double-digit organic growth and accelerate growth with M&A



Revenue growth in international digital services (EURm)



Sustainable profit and growth generation

# Unique approach drives excellence, innovation & productivity



## Solid bedrock of culture and values

- Customer-centric
- Long-term systems thinking

## Continuous improvement and innovation

- Robust system with over 100 shared practices
- Extensive experimentation over 12 years

## Investing in people and leadership

- Everyday learning
- Elisa Way leadership

## Elisa Business System



Simplified version

Sustainable profit and growth generation

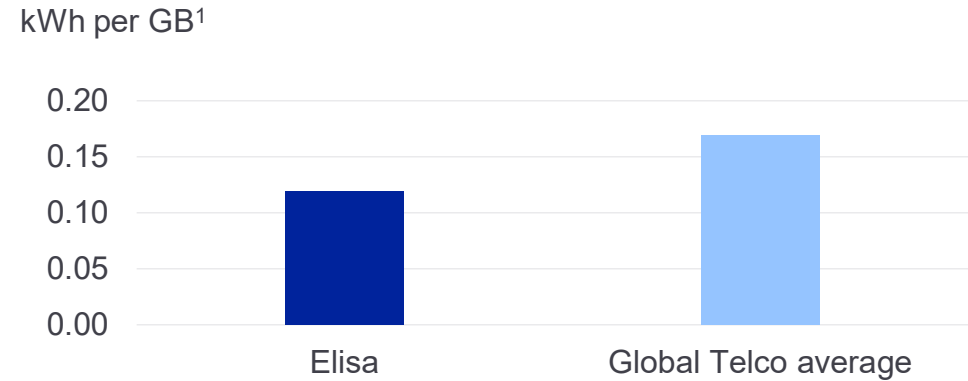
# Via unique approach, automation & AI continue to deliver improvements in our network...



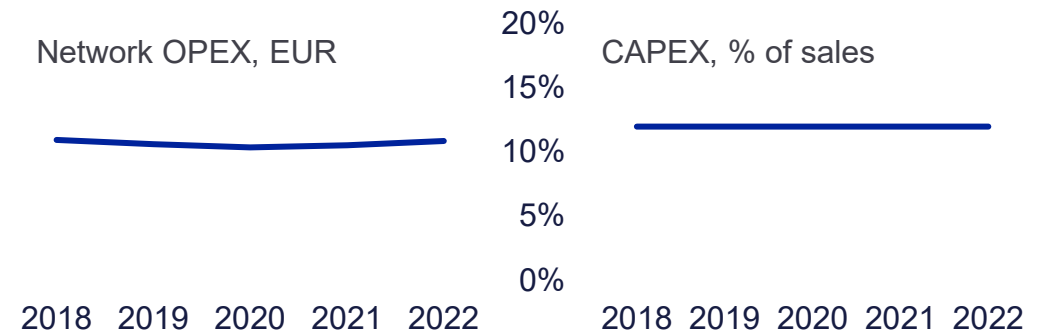
## Automating how we plan & run networks, for example...

<p><b>High-level planning</b> AI-driven automated network design algorithms define most efficient plans, e.g. next new base station &amp; capacity requirements</p>	<b>147,000 events a day</b>
<p><b>Planning &amp; rollout</b> Handle all relevant configurations and parameters for new sites</p>	<b>27,000 actions a day</b>
<p><b>Optimisation</b> Optimise number of changes required to run high-quality network performance</p>	<b>10,000 actions a day</b>
<p><b>Operations</b> Focus on preventive action, ensuring highly fault-tolerant network</p>	<b>10,000 actions a day</b>

## ...enables us to operate efficiently...



## ...and maintain steady network OPEX & CAPEX levels



Sustainable profit and growth generation

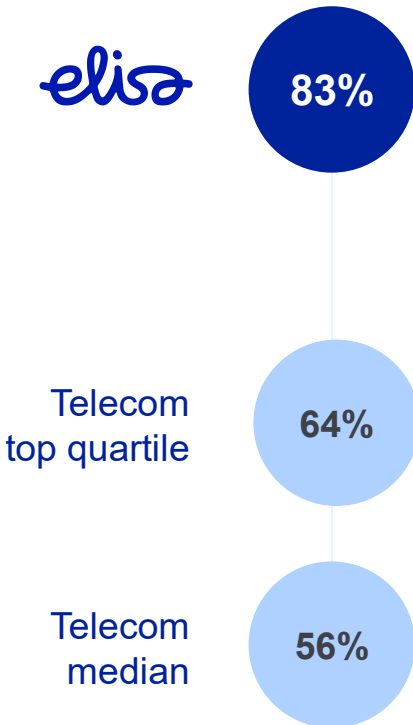
# ...and significant further potential in processes close to customers



## 2022 examples

	Consumer Customers	Corporate Customers
<b>130,000 cases resolved</b>  <b>Chatbot</b>	260 distinct use cases → <b>24/7 customer response</b>	→ <b>10 percentage point improvement</b> in case resolution
<b>70,000 cases resolved</b>  <b>Voicebot</b>	First point of contact in customer call → <b>10k less call transfers a mth</b>	Finnish postal service: 70% of phone calls in morning post distribution center. → <b>CSAT<sup>2</sup> increased by 30 pts</b>
<b>300,000 cases resolved</b>  <b>Predictive care</b>	Proactive SMS dialogues → <b>reinforcing the feeling that Elisa cares</b>	Predictive fault repair automation → <b>issues resolved before inbound contacts</b>

## Customer Effort Score<sup>1</sup>



<sup>1</sup>Gartner: How to Measure and Interpret Customer Effort Score (CES), 2021, Elisa analysis

<sup>2</sup>Customer satisfaction score

## Medium-term targets and CEO priorities

# We continue with same medium-term targets by the end of 2025

Parameter		Target by end of 2025
Revenue growth	→	2022–2025 CAGR >2%
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CAPEX-to-sales	→	≤12%
Capital structure		
Net debt / EBITDA	→	1.5–2×
Equity ratio	→	>35%
		<b>Policy</b>
Profit distribution	→	Pay-out 80–100% of net result

Medium-term targets and CEO priorities

# Elisa's unique strategy generates sustainable profit and growth

Increase mobile and fixed service revenues

Grow digital service businesses

Improve efficiency and quality



*elisa*

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**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.