

Interim Report

Q3 2020

16 October 2020



ELISA'S INTERIM REPORT JANUARY–SEPTEMBER 2020

Third quarter 2020 financial highlights

- Revenue increased by EUR 3m to EUR 468m.
- Mobile service revenue decreased by 0.5 per cent to EUR 206m mainly due to a substantial decrease in roaming revenue caused by COVID-19 travel restrictions. From the previous quarter, MSR grew by EUR 2m, or 1 per cent.
- EBITDA grew by EUR 1m to EUR 180m.
- EBIT decreased by EUR 1m to EUR 112m.
- Comparable cash flow decreased by EUR 2m to EUR 97m.
- Mobile post-paid ARPU was at the previous quarter's level of EUR 19.0 (19.1).
- Mobile post-paid churn increased to 17.6 per cent (16.4 in previous quarter).
- The number of post-paid mobile subscriptions increased by 24,800 from the previous quarter.
- Due to seasonality, prepaid subscriptions increased by 15,100 during the quarter.
- The number of fixed broadband subscriptions increased by 6,700 during the quarter.
- Guidance for 2020 is unchanged.

Key indicators

EUR million	3Q20	3Q19	Δ %	1Q-3Q20	1Q-3Q19	Δ %
Revenue	468	465	0.6 %	1,396	1,356	3.0 %
EBITDA	180	179	0.8 %	514	493	4.3 %
Comparable EBITDA	180	179	0.8 %	514	500	2.9 %
EBIT	112	113	-0.6 %	312	295	5.7 %
Comparable EBIT	112	113	-0.6 %	312	302	3.3 %
Profit before tax	108	107	1.6 %	300	276	8.5 %
Comparable PBT	108	107	1.6 %	300	283	5.9 %
EPS, EUR	0.55	0.53	5.2 %	1.54	1.40	9.6 %
Comparable EPS, EUR	0.55	0.53	5.2 %	1.54	1.44	6.8 %
Capital expenditure	75	56	34.8 %	201	173	15.9 %
Net debt	1,256	1,235	1.7 %	1,256	1,235	1.7 %
Net debt / EBITDA ¹⁾	1.8	1.9		1.8	1.9	
Gearing ratio, %	114.8 %	115.3 %		114.8 %	115.3 %	
Equity ratio, %	36.2 %	37.6 %		36.2 %	37.6 %	
Cash flow	91	97	-6.1 %	247	202	22.2 %
Comparable Cash flow ²⁾	97	98	-1.7 %	255	268	-4.8 %

¹⁾ (Interest-bearing debt – financial assets) / (four previous quarters' comparable EBITDA). ²⁾ Excluding investments in shares.

Additional key performance indicators are available at elisa.com/investors (Elisa Operational Data.xlsx).

CEO's review:

Solid performance in COVID-19 circumstances continued

In the third quarter, Elisa continued its solid development. Revenue increased by 1 per cent to EUR 468 million from the previous year. Comparable EBITDA improved by 1 percent, to EUR 180 million, and earnings per share by 5 per cent, to EUR 0.55.

Elisa's 5G network has expanded rapidly and now covers more than 50 Finnish towns and cities and over 1.6 million people. We continued innovating 5G pilot programmes, improving operations in schools, hospitals, and environmental and rescue services.

Demand for fast connections and remote services, especially customer service solutions (e.g. in the public sector and healthcare services), continued. Data usage in our mobile networks continued grow strongly from previous year, and capacity has met the increased demand well.

The COVID-19 pandemic continued to frame the third quarter. We focused on our innovative ways of working to ensure smooth operations and the safety of our customers and personnel. We participated in the development and deployment of the Finnish COVID-19 alert application, *Koronavilkku*, providing data from our network to the Finnish Transport and Communications Agency (Traficom) for development purposes, and once the application was launched, we offered guidance and assistance for customers in our nationwide customer service channels.

Our mission is a sustainable future through digitalisation. We are committed to the principles of the UN Global Compact and were one of the major companies to sign the UN Statement on Renewed Global Cooperation published in September. We have also continued to reduce our CO₂ emissions according to our goal to become the first carbon-neutral telco in the Nordics already in 2020.

The continuous improvement of the customer experience and quality are integral parts of our corporate culture, and we will continue to focus on them strongly. Increasing productivity, expanding our digital services internationally and creating value with data, as well as our strong investment capability, continue to lay a solid foundation for creating value competitively in the future.

Veli-Matti Mattila

CEO

INTERIM REPORT JANUARY–SEPTEMBER 2020

This interim report has been prepared in accordance with the IFRS recognition and measurement principles, although not all requirements of the IAS 34 standard have been followed. The information presented in this interim report is unaudited.

Market situation

The competitive environment has been active. However, during the quarter, the COVID-19 crisis continued to impact the market situation to some extent. Mobile service revenue has been negatively impacted, as travel is still non-existent in practice. In the corporate business, uncertainty has increased. On the other hand, the usage of mobile voice and data, as well as IPTV entertainment services, continued to evolve favourably. Another factor contributing to domestic mobile market growth has been the increased network capacity and demand for higher 4G and 5G speeds. Competition in the fixed broadband market has continued to be intense in multi-dwelling units. The number and usage of traditional fixed network subscriptions is decreasing.

The markets for IT and IPTV entertainment services have continued to develop favourably. The demand for other digital services is also growing.

Revenue, earnings and financial position

EUR million	3Q20	3Q19	Δ %	1Q-3Q20	1Q-3Q19	Δ %
Revenue	468	465	0.6 %	1,396	1,356	3.0 %
EBITDA	180	179	0.8 %	514	493	4.3 %
EBITDA-%	38.5 %	38.4 %		36.8 %	36.3 %	
Comparable EBITDA	180	179	0.8 %	514	500	2.9 %
Comparable EBITDA-%	38.5 %	38.4 %		36.8 %	36.8 %	
EBIT	112	113	-0.6 %	312	295	5.7 %
EBIT-%	23.9 %	24.2 %		22.3 %	21.7 %	
Comparable EBIT	112	113	-0.6 %	312	302	3.3 %
Comparable EBIT-%	23.9 %	24.2 %		22.3 %	22.3 %	
Return on equity, %	29.1 %	27.7 %		29.1 %	27.7 %	

Third quarter 2020

Revenue increased by 1 per cent, mostly due to growth in digital services, increased equipment sales and growth in Estonian business. Decrease in usage and subscriptions of traditional fixed telecom services, as well as a decrease in interconnection and roaming, affected revenue negatively. EBITDA increased by 1 per cent.

Net financial income and expenses were EUR -4 million (-6). Income taxes in the income statement amounted to EUR -19 million (-22). Net profit was EUR 89 million (84), and earnings per share were EUR 0.55 (0.53). Comparable earnings per share were EUR 0.55 (0.53).

January–September 2020

Revenue increased by 3 per cent on the previous year, mainly due to the Polystar acquisition in June 2019 and increases in equipment sales, mobile services and growth in Estonian business. The decrease in interconnection and roaming revenue, as well as usage and subscriptions of traditional fixed telecom services, affected revenue negatively.

Comparable EBITDA increased by 3 per cent, mainly due to revenue growth and efficiency improvement measures.

Net financial income and expenses decreased to EUR -13 million (-19) due to the refinancing of a EUR 180 million bond in 2019. Income taxes in the income statement increased to EUR -54 million (-52) due to higher profit before taxes. Net profit was EUR 246 million (224) and earnings per share were EUR 1.54 (1.40). Comparable earnings per share were EUR 1.54 (1.44).

Financial position

EUR million	3Q20	3Q19	Δ %	1Q-3Q20	1Q-3Q19	Δ %
Net debt	1,256	1,235	1.7 %	1,256	1,235	1.7 %
Net debt / EBITDA ¹⁾	1.8	1.9		1.8	1.9	
Gearing ratio, %	114.8 %	115.3 %		114.8 %	115.3 %	
Equity ratio, %	36.2 %	37.6 %		36.2 %	37.6 %	
Cash flow	91	97	-6.1 %	247	202	22.2 %
Comparable cash flow ²⁾	97	98	-1.7 %	255	268	-4.8 %

¹⁾ (Interest-bearing debt – financial assets) / (four previous quarters' comparable EBITDA). ²⁾ Excluding investments in shares.

Third quarter 2020

Net debt increased by EUR 21 million to EUR 1,256 million. Comparable cash flow after investments decreased by 2 percent to EUR 97 million (98). Cash flow was positively affected by higher EBITDA and a lower negative change in net working capital. Cash flow was negatively affected by higher capital expenditure.

January–September 2020

Comparable cash flow after investments decreased by 5 per cent to EUR 255 million (268). Higher EBITDA and lower net financial expenses affected cash flow positively. A change in net working capital, higher capital expenditure and higher licence fee payments affected cash flow negatively.

The financial position and liquidity are strong. Cash and undrawn committed credit lines totalled EUR 603 million at the end of the quarter.

Changes in corporate structure

There were no substantial changes in the corporate structure during the third quarter.

Consumer Customers business

EUR million	3Q20	3Q19	Δ %	1Q-3Q20	1Q-3Q19	Δ %
Revenue	299	295	1.4 %	871	850	2.4 %
EBITDA	123	117	5.3 %	344	324	6.0 %
EBITDA-%	41.0 %	39.5 %		39.5 %	38.2 %	
Comparable EBITDA	123	117	5.3 %	344	327	5.3 %
Comparable EBITDA-%	41.0 %	39.5 %		39.5 %	38.4 %	
EBIT	81	76	6.5 %	219	202	8.7 %
EBIT-%	26.9 %	25.7 %		25.2 %	23.7 %	
Comparable EBIT	81	76	6.5 %	219	204	7.5 %
Comparable EBIT-%	26.9 %	25.7 %		25.2 %	24.0 %	
CAPEX	46	38	21.4 %	128	117	9.3 %

Third quarter 2020

Revenue increased by 1 per cent. Revenue was positively affected by growth in domestic digital services, mobile services and Estonian business. Interconnection and roaming, as well as a decrease in usage and subscriptions of traditional fixed telecom services, affected revenue negatively.

EBITDA increased by 5 per cent, mainly due to revenue growth and efficiency improvements measures.

January–September 2020

Revenue increased by 2 per cent. Equipment sales, digital and mobile services, as well as growth in Estonian business, affected revenue positively. Revenue was negatively affected by the decrease in interconnection and roaming, as well as traditional fixed telecom services. Comparable EBITDA increased by 5 per cent, mainly due to efficiency improvement measures.

Corporate Customers business

EUR million	3Q20	3Q19	Δ %	1Q-3Q20	1Q-3Q19	Δ %
Revenue	168	170	-1.0 %	526	506	3.8 %
EBITDA	57	62	-7.7 %	170	168	1.0 %
EBITDA-%	34.0 %	36.5 %		32.3 %	33.2 %	
Comparable EBITDA	57	62	-7.7 %	170	173	-1.7 %
Comparable EBITDA-%	34.0 %	36.5 %		32.3 %	34.2 %	
EBIT	31	37	-15.3 %	93	93	-0.8 %
EBIT-%	18.6 %	21.7 %		17.6 %	18.4 %	
Comparable EBIT	31	37	-15.3 %	93	98	-5.5 %
Comparable EBIT-%	18.6 %	21.7 %		17.6 %	19.4 %	
CAPEX	29	18	63.8 %	73	57	29.3 %

Third quarter 2020

Revenue decreased by 1 per cent. A decrease in mobile services, equipment sales, as well as interconnection and roaming affected revenue negatively. Revenue was positively affected by domestic digital services.

EBITDA decreased by 8 per cent. The decrease in roaming revenue affected EBITDA negatively.

January–September 2020

Revenue increased by 4 per cent. Revenue was positively affected by the Polystar acquisition, equipment sales and domestic digital services. The decrease in mobile services, as well as interconnection and roaming affected negatively. Comparable EBITDA decreased by 2 per cent.

Personnel

In January–September, the average number of personnel at Elisa was 5,063 (4,876). Employee expenses totalled EUR 243 million (239). In the third quarter, employee expenses were EUR 74 million (74). Personnel by segment at the end of the period:

	3Q20	3Q19	2019
Consumer Customers	2,909	2,770	2,736
Corporate Customers	2,215	2,103	2,148
Total	5,124	4,873	4,884

Investments

EUR million	3Q20	3Q19	1Q-3Q20	1Q-3Q19
Capital expenditure ¹⁾ , of which	75	56	201	173
Consumer Customers	46	38	128	117
Corporate Customers	29	18	73	57
Shares	1	0	3	82
Total	76	56	204	256
Capital expenditure excluding leasing	61	52	181	156

¹⁾ 1Q-3Q20 include a EUR 7m investment in the 26 GHz frequency licence. 3Q20 includes EUR 11m for a lease agreement for the new Tampere office.

The main capital expenditures were related to the capacity and coverage increases in the 4G and 5G networks, as well as to other network and IT investments.

Financing arrangements and ratings

EUR million	Maximum amount	In use on 30 Sep 2020
Committed credit limits	300	0
Commercial paper programme (not committed)	350	152
EMTN programme (not committed)	1 500	1 074

Long-term credit ratings	Rating	Outlook
Credit rating agency		
Moody's Investor Services	Baa2	Stable
S&P Global Ratings	BBB+	Stable

On 15 September 2020, Elisa issued a seven-year, fixed-rate EUR 300 million Eurobond under the EUR 1.5 billion EMTN programme. Investor demand for the issue was strong, and the final book was over three times oversubscribed. The coupon is 0.25 per cent and the issue price was 99.502.

Share

Share trading volumes are based on trades made on the Nasdaq Helsinki and alternative marketplaces. Closing prices are based on the Nasdaq Helsinki.

Trading of shares	3Q20	3Q19	2019
Nasdaq Helsinki, millions	23.2	22.9	96.7
Other marketplaces, millions ¹⁾	60.0	37.6	168.5
Total volume, millions	83.2	60.4	265.2
Value, EUR million	4,289.1	2,625.3	11,145.4
% of shares	49.7 %	36.1 %	158.4 %

Shares and market values	30 Sep 2020	30 Sep 2019	2019
Total number of shares	167,335,073	167,335,073	167,335,073
Treasury shares	7,252,165	7,437,277	7,437,277
Outstanding shares	160,082,908	159,897,796	159,897,796
Closing price, EUR	50.28	47.30	49.25
Market capitalisation, EUR million	8,414	7,915	8,241
Treasury shares, %	4.33 %	4.44 %	4.44 %

Number of shares	Total	Treasury	Outstanding
Shares on 31 Dec 2019	167,335,073	7,437,277	159,897,796
Performance Share Plan 3 Feb 2020 ²⁾		-185,112	185,112
Shares on 30 Sep 2020	167,335,073	7,252,165	160,082,908

¹⁾ Other marketplaces: 3Q20 and 3Q19 based on Bloomberg, 2019 based on Bloomberg and the Fidessa Fragmentation Index.

²⁾ Stock exchange bulletin 3 February 2020.

Elisa Shareholders' Nomination Board

The biggest shareholders were determined according to the shareholder register of Elisa on 31 August 2020, and they named the members of the Nomination Board. The composition of the Nomination Board since September 2020 has been as follows:

- Mr Antti Mäkinen, CEO, nominated by Solidium Oy
- Mr Jouko Pölonen, President and CEO, nominated by Ilmarinen Mutual Pension Insurance Company
- Mr Reima Rytsölä, Deputy CEO, nominated by Varma Mutual Pension Insurance Company
- Ms Hanna Hiidenpalo, Director, Chief Investment Officer, nominated by Elo Mutual Pension Insurance Company
- Mr Anssi Vanjoki, Chair of the Board of Elisa

The Nomination Board elected from amongst its members Mr Antti Mäkinen as the chair.

Elisa's Shareholders' Nomination Board was established in 2012 by the Annual General Meeting. Its duty is to prepare proposals for the election and remuneration of the members of the Board of Directors of Elisa for the Annual General Meeting.

Significant legal and regulatory issues

In July, Tucana Telecom NV initiated legal proceedings against Polystar OSIX AB in the Corporate Court of Brussels with a claim of infringement of exclusivity included in the distribution agreement and also of wrongful termination of the distribution agreement. Elisa estimates that this will have no financial implications.

In September, the Supreme Administrative Court refused Elisa leave to appeal against the decision of the Market Court regarding the procurement of the City of Espoo's IT services. As a consequence, the Market Court's decision will become final. However, Elisa will continue to provide services to the City of Espoo under a temporary agreement.

Substantial risks and uncertainties associated with Elisa's operations

Risk management is part of Elisa's internal control system. It aims to ensure that risks affecting the company's business are identified, influenced and monitored. The company classifies risks into strategic, operational, hazard and financial risks.

Strategic and operational risks:

The telecommunications industry is under intense competition in Elisa's main market areas, which may have an impact on Elisa's business. The telecommunications industry is subject to heavy regulation. Elisa and its businesses are monitored and regulated by several public authorities. This regulation also affects the price level of some products and services offered by Elisa, and may also require investments that have long payback times.

Elisa processes different kinds of data, including personal and traffic data. Therefore, the applicable data protection legislation, especially the General Data Protection Regulation, has a significant impact on Elisa and its businesses.

The rapid developments in telecommunications technology may have a significant impact on Elisa's business.

Changes in governmental relationships may increase the risk that there will be restrictions on network providers' equipment, which is also used in Elisa's network. This might have financial or operational impacts on Elisa's business.

Elisa's main market is Finland, where the number of mobile phones per inhabitant is among the highest in the world and growth in subscriptions is therefore limited. Furthermore, the volume of phone traffic on the fixed network has decreased during the last years. These factors may limit opportunities for growth.

Elisa is liable for direct and indirect taxes and withholding taxes in the countries in which it operates. Tax authorities have taken a slightly more intense approach to tax inspection of late. Tax payments may be challenged by local tax authorities, and this may have a negative financial impact for Elisa.

Hazard risks:

The company's core operations are covered by insurance against damage and interruptions caused by accidents and disasters. Accident risks also include litigation and claims.

The direct and indirect effects of the coronavirus (COVID-19) pandemic are uncertain. The prolonged duration of the pandemic may significantly contribute to a slowdown in economic growth. This may have negative effects on Elisa through customer demand, suppliers' security of supply and employee health. Elisa has adapted its operations and taken many proactive measures due to the COVID-19 pandemic, e.g. more intensive follow-up of customer demand for existing services, as well as emerging demand for new business opportunities. Also, we have moved to remote working in the duties where it is possible.

Financial risks:

In order to manage the interest rate risk, the Group's loans and investments are diversified into fixed- and variable-rate instruments. Interest rate swaps can be used to manage the interest rate risk.

As most of Elisa's operations and cash flow are denominated in euros, the exchange rate risk is minor. Currency derivatives can be used to manage the currency risk.

The objective of liquidity risk management is to ensure the Group's financing in all circumstances. Elisa has cash reserves, committed credit facilities and a sustainable cash flow to cover its foreseeable financing needs.

Liquid assets are invested within confirmed limits in financially solid banks, domestic companies and institutions. Credit risk concentrations in accounts receivable are minor, as the customer base is broad.

COVID-19 has resulted in changes to interest rates and investors' willingness to invest in securities. This might have an effect on Elisa's possibilities to raise funds and increase financing costs.

A detailed description of financial risk management can be found in Note 7.1 to the Annual Report 2019.

COVID-19 situation and impacts

The impact of COVID-19 on Elisa's business has been limited. Operations have continued as planned and all supply chains have operated normally. Elisa has continued its way of working mainly as remote work. The financial effects have been seen mainly in lower roaming revenue due to the reduced amount of travel and decreased sports pay-TV content. Elisa's financial position and cash flow have remained strong. Elisa has prepared for various scenarios to secure its financial position.

Events after the financial period

Elisa has acquired a 57 per cent stake in CalcuQuote, a U.S. based supply chain software provider for the electronics manufacturing services industry. The acquisition is consistent with Elisa's strategy to grow digital businesses internationally and to accelerate the Elisa's industrial software business.

Outlook and guidance for 2020

The current coronavirus (COVID-19) situation will slow down economic growth and is creating uncertainty in macroeconomic development. A strong economic slowdown may impact Elisa. Competition in the Finnish telecommunications market remains keen.

Guidance for 2020 is unchanged. Full-year revenue is estimated to be at the same level or slightly higher than in 2019. Mobile data and digital services are expected to increase revenue. Full-year comparable EBITDA is anticipated to be at the same level or slightly higher than in 2019. Capital expenditure is expected to be a maximum of 12 per cent of revenue.

Elisa is continuing its productivity improvement development, for example, by increasing automation and data analytics in different processes, such as customer interactions, network operations and delivery. Additionally, Elisa's continuous quality improvement measures will increase customer satisfaction and efficiency, and reduce costs.

Elisa's transformation into a provider of exciting, new and relevant services for its customers is continuing. Long-term growth and profitability improvement will derive from growth in the mobile data market, as well as digital online and ICT services.

BOARD OF DIRECTORS

Unaudited

Consolidated income statement

EUR million	Note	7-9 2020	7-9 2019	1-9 2020	1-9 2019	1-12 2019
Revenue	1	467.5	464.9	1,396.5	1,356.3	1,843.5
Other operating income		1.3	0.9	2.6	2.7	5.7
Materials and services		-175.6	-172.1	-514.0	-501.4	-693.1
Employee expenses		-74.1	-74.0	-243.0	-239.4	-320.3
Other operating expenses		-39.1	-41.3	-128.0	-125.4	-175.0
EBITDA	1	180.0	178.5	513.9	492.7	660.8
Depreciation, amortisation and impairment	1	-68.1	-66.0	-202.3	-197.9	-265.8
EBIT	1	111.9	112.5	311.7	294.9	395.0
Financial income		1.2	0.5	2.4	5.7	6.1
Financial expenses		-5.4	-6.6	-15.8	-24.4	-29.0
Share of associated companies' profit		0.7	0.2	1.6	0.0	-0.2
Profit before tax		108.3	106.6	299.8	276.3	371.9
Income taxes		-19.4	-22.3	-54.0	-52.1	-68.7
Profit for the period		88.9	84.3	245.9	224.2	303.1
Attributable to						
Equity holders of the parent		88.8	84.3	245.8	224.1	303.0
Non-controlling interests		0.1	0.0	0.1	0.1	0.2
		88.9	84.3	245.9	224.2	303.1
Earnings per share (EUR)						
Basic		0.55	0.53	1.54	1.40	1.90
Diluted		0.55	0.53	1.54	1.40	1.90
Average number of outstanding shares (1000 shares)						
Basic		160,083	159,898	160,060	159,875	159,881
Diluted		160,083	159,898	160,060	159,875	159,881

Consolidated Statement of Comprehensive Income

Profit for the period	88.9	84.3	245.9	224.2	303.1
Other comprehensive income, net of tax					
Items which may be reclassified subsequently to profit or loss					
Cash flow hedge	0.0	0.1	0.1	-0.2	-0.4
Translation differences	-0.8	-1.2	-1.0	-1.3	1.2
	-0.8	-1.2	-0.9	-1.5	0.9
Items which are not reclassified subsequently to profit or loss					
Remeasurements of the net defined benefit liability					-1.7
Total comprehensive income	88.1	83.1	245.0	222.7	302.3
Total comprehensive income attributable to					
Equity holders of the parent	88.0	83.1	244.9	222.6	302.2
Non-controlling interest	0.1	0.0	0.1	0.1	0.2
	88.1	83.1	245.0	222.7	302.3

Consolidated statement of financial position

EUR million	30.9. 2020	31.12. 2019
Non-current assets		
Property, plant and equipment	726.7	731.8
Right-of-use assets	98.4	95.0
Goodwill	1,085.3	1,086.1
Intangible assets	203.4	202.5
Investments to associated companies	3.7	2.4
Other financial assets	15.4	13.7
Trade and other receivables	87.2	91.9
Deferred tax assets	13.0	14.4
	2,233.0	2,237.7
Current assets		
Inventories	65.8	67.7
Trade and other receivables	431.9	453.5
Tax receivables	0.4	3.3
Cash and cash equivalents	302.9	52.0
	801.0	576.5
Total assets	3,034.0	2,814.2
Equity attributable to equity holders of the parent	1,093.5	1,149.6
Non-controlling interests	0.5	0.7
Total shareholders' equity	1,094.0	1,150.3
Non-current liabilities		
Deferred tax liabilities	22.0	25.6
Interest-bearing financial liabilities	1,133.2	1,007.4
Lease liabilities, interest-bearing	81.9	77.6
Trade payables and other liabilities	26.8	36.8
Pension obligations	16.7	16.7
Provisions	2.8	2.9
	1,283.5	1,167.2
Current liabilities		
Interest-bearing financial liabilities	325.5	133.0
Lease liabilities, interest-bearing	18.0	18.1
Trade and other payables	305.9	343.2
Tax liabilities	6.3	0.4
Provisions	0.7	2.1
	656.5	496.7
Total equity and liabilities	3,034.0	2,814.2

Condensed consolidated cash flow statement

EUR million	1-9 2020	1-9 2019	1-12 2019
Cash flow from operating activities			
Profit before tax	299.8	276.3	371.9
Adjustments			
Depreciation, amortisation and impairment	202.3	197.9	265.8
Other adjustments	-0.5	13.3	11.9
	201.8	211.2	277.7
Change in working capital			
Increase (-) / decrease (+) in trade and other receivables	30.9	11.7	-20.4
Increase (-) / decrease (+) in inventories	0.9	4.4	-1.9
Increase (+) / decrease (-) in trade and other payables	-34.8	-10.5	16.8
	-2.9	5.6	-5.4
Financial items, net	-13.2	-17.0	-21.3
Taxes paid	-47.4	-47.7	-69.0
Net cash flow from operating activities	438.0	428.3	553.9
Cash flow from investing activities			
Capital expenditure	-186.1	-160.7	-231.6
Equity investments and business acquisitions	-8.4	-66.6	-67.1
Proceeds from disposal of tangible and intangible assets	3.6	1.2	2.3
Net cash used in investing activities	-190.9	-226.1	-296.5
Cash flow before financing activities	247.1	202.2	257.4
Cash flow from financing activities			
Proceeds from long-term borrowings	297.8	168.4	167.9
Repayment of long-term borrowings		0.0	-180.1
Increase (+) / decrease (-) in short-term borrowings	18.5	-2.0	26.0
Repayment of finance lease liabilities	-15.7	-14.7	-22.5
Dividends paid	-295.9	-279.9	-279.6
Net cash used in financing activities	4.6	-128.3	-288.3
Change in cash and cash equivalents	251.7	73.9	-30.9
Translation differences	-0.8	-0.7	2.0
Cash and cash equivalents at the beginning of period	52.0	80.9	80.9
Cash and cash equivalents at end of period	302.9	154.1	52.0

Consolidated statement of changes in equity

EUR million	Share capital	Treasury shares	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Non-controlling interests	Total equity
Balance at 1 January 2019	83.0	-135.6	90.9	372.8	715.2	0.5	1,126.9
Profit for the period					224.1	0.1	224.2
Translation differences				-0.5	-0.8		-1.3
Cash flow hedge				-0.2			-0.2
Total comprehensive income				-0.7	223.3	0.1	222.7
Dividend distribution					-279.8	0.0	-279.9
Share-based compensation		3.4					3.4
Other changes					-2.0		-2.0
Balance at 30 September 2019	83.0	-132.2	90.9	372.2	656.6	0.6	1,071.1
EUR million							
Balance at 1 January 2020	83.0	-132.2	90.9	370.8	737.0	0.7	1,150.3
Profit for the period					245.8	0.1	245.9
Translation differences					-1.0		-1.0
Cash flow hedge				0.1			0.1
Total comprehensive income				0.1	244.8	0.1	245.0
Dividend distribution					-296.2	-0.1	-296.2
Share-based compensation		3.8					3.8
Acquisition of non-controlling interests					0.0	-0.1	-0.1
Other changes					-8.7		-8.7
Balance at 30 September 2020	83.0	-128.4	90.9	371.0	677.0	0.5	1,094.0

1. Segment information

7-9/2020	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	299.2	168.3		467.5
EBITDA	122.7	57.2		180.0
Depreciation, amortisation and impairment	-42.1	-26.0		-68.1
EBIT	80.6	31.2		111.9
Financial income			1.2	1.2
Financial expenses			-5.4	-5.4
Share of associated companies' profit			0.7	0.7
Profit before tax				108.3
Investments	46.3	29.0		75.3
7-9/2019	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	295.0	169.9		464.9
EBITDA	116.5	62.0		178.5
Depreciation, amortisation and impairment	-40.9	-25.1		-66.0
EBIT	75.7	36.8		112.5
Financial income			0.5	0.5
Financial expenses			-6.6	-6.6
Share of associated companies' profit			0.2	0.2
Profit before tax				106.6
Investments	38.2	17.7		55.9

1-9/2020	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	870.8	525.6		1,396.5
EBITDA	343.9	170.0		513.9
Depreciation, amortisation and impairment	-124.8	-77.5		-202.3
EBIT	219.1	92.6		311.7
Financial income			2.4	2.4
Financial expenses			-15.8	-15.8
Share of associated companies' profit			1.6	1.6
Profit before tax				299.8
Investments	127.5	73.4		201.0
1-9/2019	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	850.0	506.2		1,356.3
EBITDA	324.5	168.3		492.7
Depreciation, amortisation and impairment	-122.9	-75.0		-197.9
EBIT	201.6	93.3		294.9
Financial income			5.7	5.7
Financial expenses			-24.4	-24.4
Share of associated companies' profit			0.0	0.0
Profit before tax				276.3
Investments	116.7	56.8		173.4
1-12/2019	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	1,151.9	691.6		1,843.5
EBITDA	433.2	227.6		660.8
Depreciation, amortisation and impairment	-164.8	-101.0		-265.8
EBIT	268.3	126.7		395.0
Financial income			6.1	6.1
Financial expenses			-29.0	-29.0
Share of associated companies' profit			-0.2	-0.2
Profit before tax				371.9
Investments	170.7	85.3		256.0
Total assets	1,748.2	980.2	85.8	2,814.2

2. Off-balance sheet lease commitments

The future minimum lease payments under non-cancellable off-balance sheet leases:

EUR million	30.9. 2020	31.12. 2019
Within one year	11.7	11.4
Later than one year, not later than five years	3.5	2.8
Later than five years	0.9	0.8
	16.1	15.0

Lease commitments are exclusive of value added tax.

3. Contingent liabilities

EUR million	30.9. 2020	31.12. 2019
For our own commitments		
Mortgages	1.2	1.2
Guarantees	0.1	0.1
Deposits	0.4	0.4
	1.6	1.6
Other contractual obligations		
Venture Capital investment commitment	1.5	2.2
Repurchase obligations	0.0	0.0
Letter of credit		0.1

4. Derivative instruments

EUR million	30.9. 2020	31.12. 2019
Nominal values of derivatives		
Electricity derivatives	0.6	1.0
Currency derivatives	11.7	4.4
	12.3	5.4
Fair values of derivatives		
Electricity derivatives	0.2	-0.1
Currency derivatives	-0.1	0.0
	0.1	0.0

Key figures

EUR million	1-9 2020	1-9 2019	1-12 2019
Shareholders' equity per share, EUR	6,83	6,70	7,19
Interest bearing net debt	1 255,8	1 235,2	1 184,2
Gearing, %	114,8 %	115,3 %	103,0 %
Equity ratio, %	36,2 %	37,6 %	41,0 %
Return on investment (ROI), % *)	16,7 %	16,6 %	17,2 %
Gross investments in fixed assets	201,0	173,4	256,0
of which right-of-use assets	19,9	17,6	29,0
Gross investments as % of revenue	14,4 %	12,8 %	13,9 %
Investments in shares and business combinations	3,4	82,3	83,4
Average number of employees	5 063	4 867	4 882

*) rolling 12 months' profit preceding the reporting date

Financial calendar

Financial Results 2020	28 January 2021
Interim Report Q1 2021	21 April 2021
Half-Year Report 2021	16 July 2021
Interim Report Q3 2021	20 October 2021

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