



# Interim Report Q4 2022

27 January 2023

## Q4 2022 highlights

- Revenue grew by 5.1%
- Comparable EBITDA up by 3.9%
- Mobile service revenue increased by 5.4%
- In Finland, post-paid churn decreased to 16.2% (18.6% in Q3)
- Post-paid subscriptions grew by 23,500. M2M and IoT subscription base grew by 35,400.
- Fixed broadband subscription base decreased by 1,500
- Good 5G momentum continues: network covers 86% of Finnish population in over 200 towns and cities
- Dividend proposal: €2.15 per share (pay-out ratio 92%)

# A record year 2022: 7% revenue growth, 7% EPS growth

Comparable figures

Financials	2022	CHANGE IN 2022
Revenue	€2,130m	+6.6%
EBITDA	€735m	+4.2%
EBITDA-%	34.5%	-0.8 pp
Earnings per share	€2.34	+7.2%
CAPEX <sup>1)</sup>	€255m	+3.1%
CAPEX / sales	12%	-0.4 pp

Operational KPIs	2022	CHANGE IN 2022
Mobile service revenue	€919m	+6.6%
Mobile subs	5,088,200	+3,4%
Fixed broadband subs	649,600	-2.5%
Post-paid ARPU <sup>2)</sup>	€21.1	+5.0%
Post-paid churn <sup>2)</sup>	16.8%	-1.6 pp
Mobile data, GB <sup>2)</sup>	1.92bn	+17%

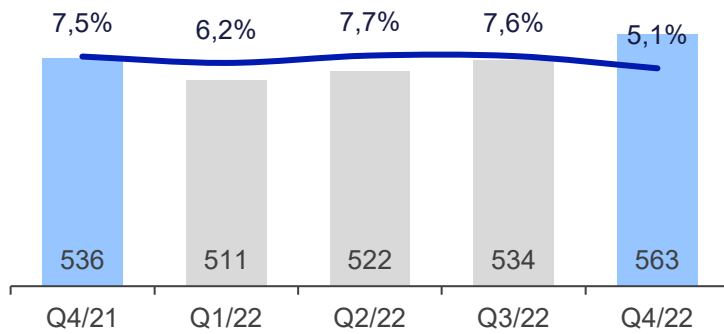
1) Excluding IFRS 16, investments in shares and licence fees

2) In Finland

# Solid performance continues in all businesses

## Revenue

● Revenue, €m — YoY change, %

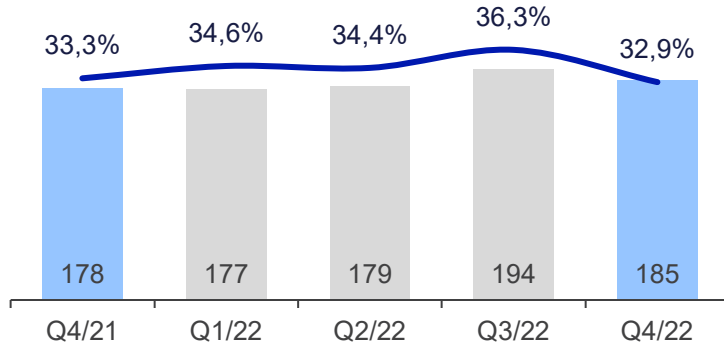


Increase

- Mobile and fixed services
- Digital services
- Equipment sales

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

● EBITDA, €m — EBITDA-%

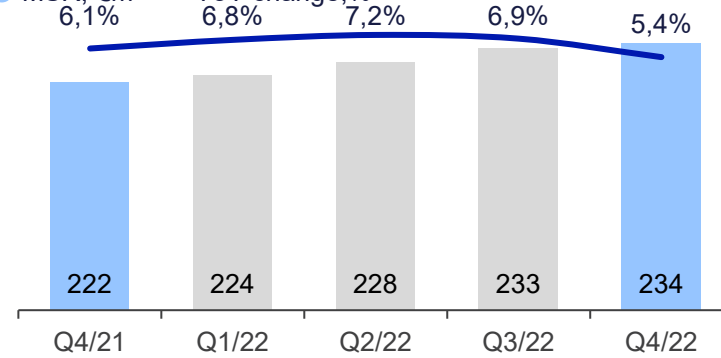


- Revenue growth
- Efficiency improvements
- Strong growth of IDS impacted on EBITDA-%

<sup>1)</sup> Comparable

## Mobile service revenue

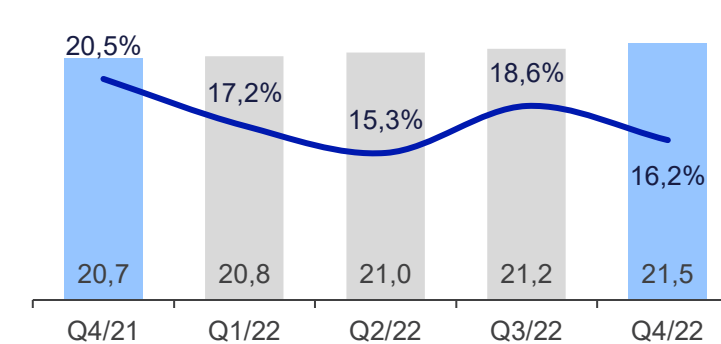
● MSR, €m — YoY change, %



- 5G upselling continuing
- Product changes

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

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



- YoY ARPU growth 5.0%
- Campaigning in 4G continues
- Competition remains keen

<sup>2)</sup> Finland, churn annualised

# Growth continued in all business areas

## Consumer Customers

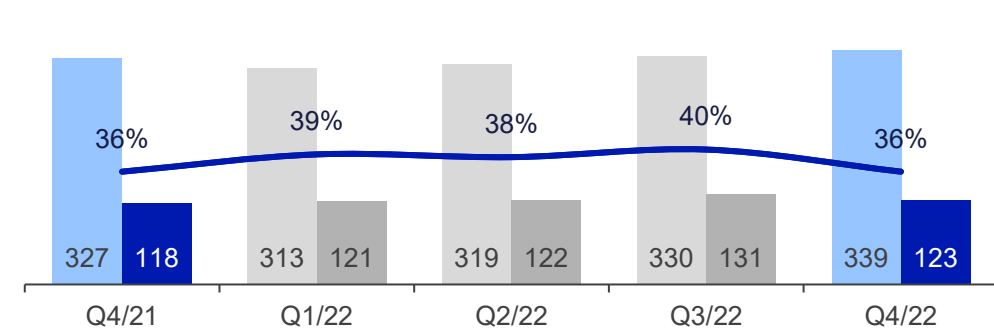
Revenue +4%

- + Mobile services
- + Digital services
- + Equipment sales
- Interconnection and traditional fixed-line services

Comparable EBITDA +4%

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

● Revenue, €m ● EBITDA, €m — EBITDA-%



## Corporate Customers

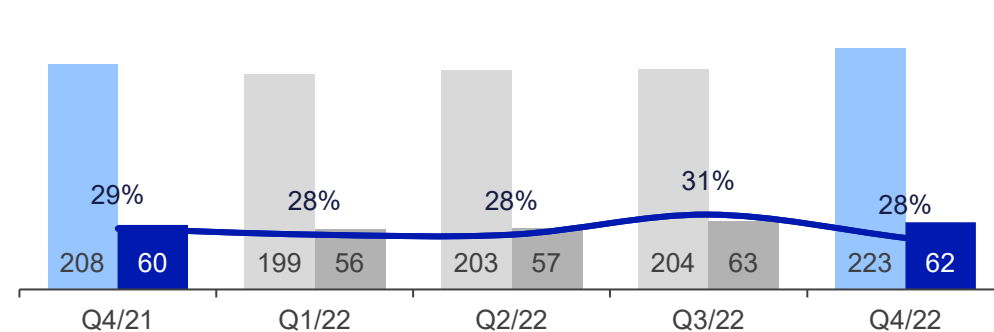
Revenue +7%

- + Mobile and fixed services
- + Digital services
- + Frinx and Cardinality acquisitions
- + Equipment sales
- Interconnection and traditional fixed-line services

Comparable EBITDA +4%

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

● Revenue, €m ● EBITDA, €m — EBITDA-%



1) Comparable

# Strategy execution

*A sustainable future through digitalisation*

Increase mobile and fixed service revenues

Grow digital service businesses

Improve efficiency and quality

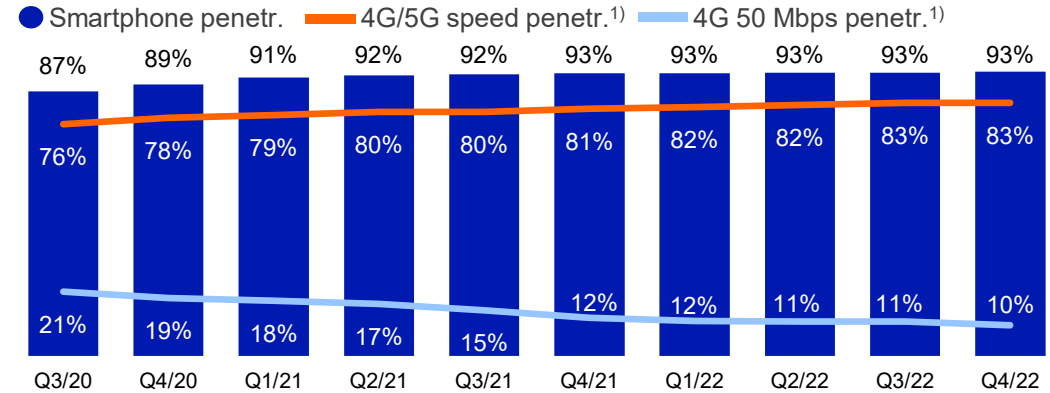


# Transformation to data bundles has taken place while speed upgrades continue

## Growth in smartphone penetration

- 93% of customers use a smartphone
  - 38% (33% in Q3/22) of smartphones are 5G devices
- 83% (81%) of voice subs at 4G or 5G speeds
  - Upselling to higher speeds continues
  - Share of 4G has begun declining, offset by 5G

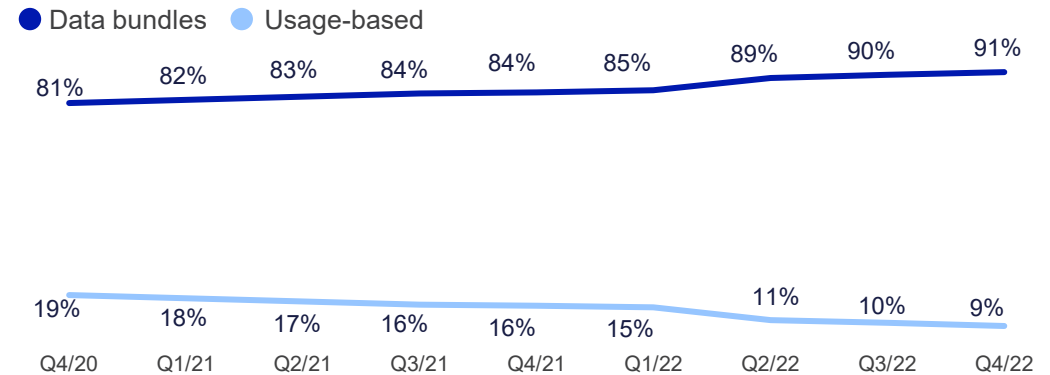
## Smartphone and 4G/5G speed penetration.%



## Proportion of data bundles continues to grow

- 91% of subscriptions<sup>1)</sup> are fixed-monthly-fee, “all-you-can-eat” bundles
- Strong demand for unlimited data bundles continues, driven by 5G

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



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



# Elisa leading in 5G, expansion of fibre network continues

- 5G coverage reached over 227 locations and over 86% population coverage in Finland, and over 70% in Estonia, where building began in H2 2022
- Average billing increase of >€3 in 5G upgrades intact
- In Estonia, Elisa won 2×10 MHz of spectrum in the auction for 700 MHz spectrum. Earlier, in spring, Elisa won 130 MHz of spectrum in the auction for the 3.5 GHz spectrum.
- Active investments in optical fibre network continued. Elisa's fast connection is already available to more than a million locations via optical fibre or cable modem.





# Expansion of digital service businesses continued





## Domestic digital services

- Entertainment services
  - New Elisa Viihde original series continued their success
    - *Summer of Sorrow* won four Golden Venla awards
    - 3rd season of *All the Sins* became our most viewed series in 2022 and it has been sold to 60+ countries including HBO and SkyShowtime
  - The biggest live esports event: Elisa Masters Espoo 22
    - Thousands of daily visitors, over 1 million viewers via global broadcasting
- IT services
  - In 2022, IT Business grew with improved profitability, especially due to automation
  - Customer demand for cybersecurity services remained high, with special focus on proactive services and improvement of continuity and resilience

## International digital services

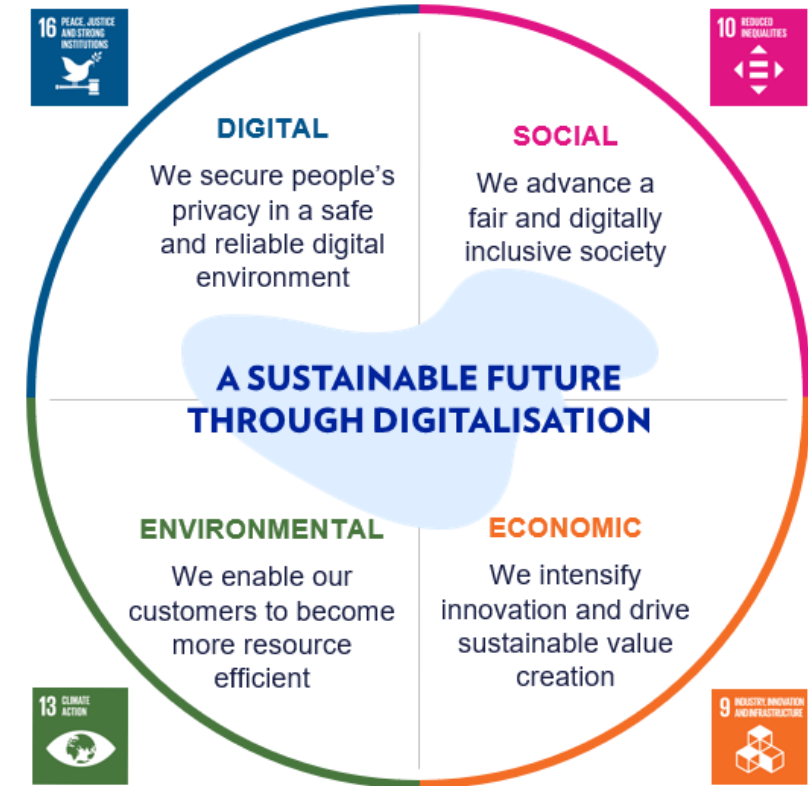
- Elisa IndustrIQ
  - Record order intake for IndustrIQ in Q4, customers very active
- Elisa Polystar
  - Record order intake in Q4, strengthened position in North America with contract expansions
- Elisa Videra
  - Business outlook remains strong with deliveries to 52 countries in 2022

# A sustainable future through digitalisation

Key ESG indicators	4Q22	4Q21
 Mobile network's energy efficiency in Finland Change in energy consumption per GB from Q4 2021 level	-5.7 %	-
 Population coverage of >100 Mbps connections in Finland	86.2 %	72.6 %
 Proportion of female supervisors	29.6 %	27.4 %
 Patent portfolio development		
Size of active patent portfolio, pcs <sup>1)</sup>	337	265
Amount of first applications	12	19

- We piloted our distributed energy storage solution, which utilises base station battery capacity to save on our own energy costs and offers a possibility to provide local electricity transmission system operator with grid balancing services
- As the next step in our continuous sustainability improvement work, our long-term environmental and energy management systems received ISO 14001 and ISO 50001 certification
- Our climate reporting score improved to A- in CDP (the global climate disclosure project), to which we have been reporting systematically since 2011
- Elisa's sustainability report won the climate change category in the Finnish annual sustainability reporting evaluation

<sup>1)</sup> Number of active patent applications and patents



# Outlook and guidance for 2023

The development of the general economy includes many uncertainties. Growth in the Finnish economy is expected to stall. In particular, uncertainty relating to Russia's war in Ukraine, such as inflation, energy prices and global supply chains, will continue. Competition remains keen.

- Revenue at the same level or slightly higher than in 2022
- Comparable EBITDA at the same level or slightly higher than in 2022
  - EBITDA growth potential is more challenging in the first half of the year
- CAPEX\* maximum 12% of revenue

\* Excluding leasing, licences and business acquisitions

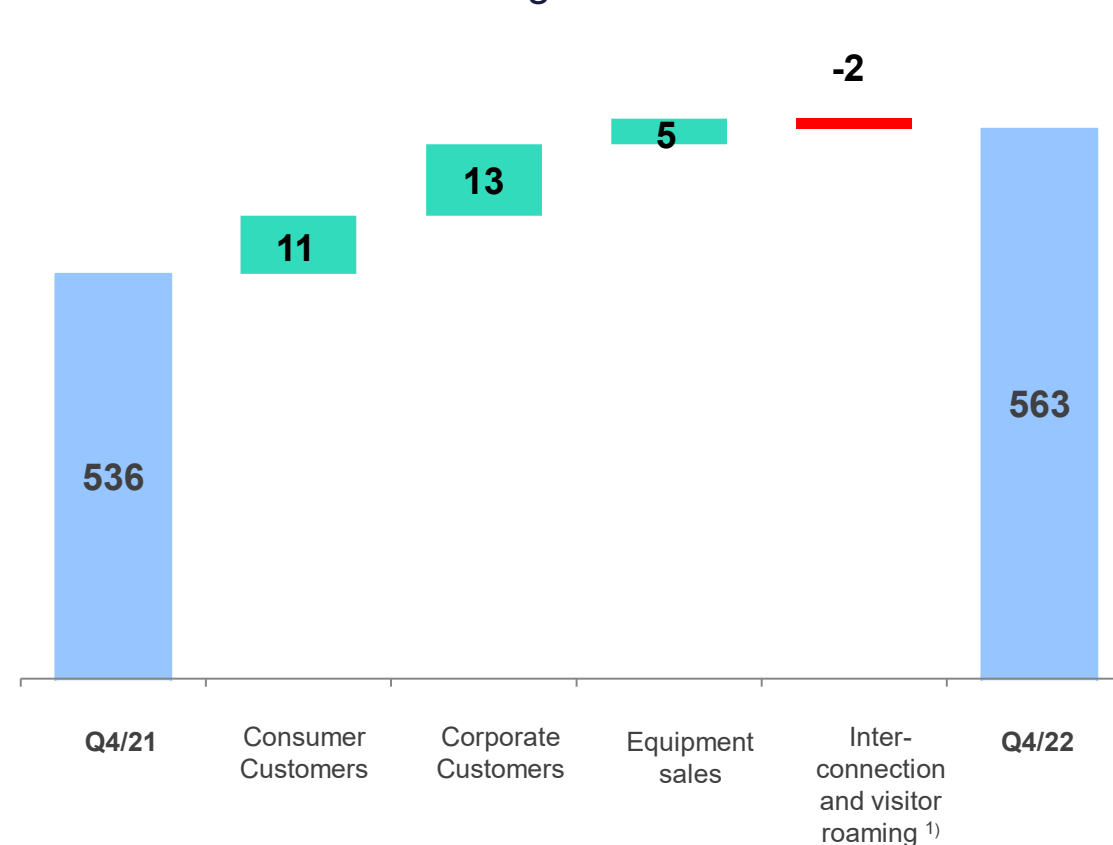


Financial review Q4 2022

# Growth continued – a record year 2022

EUR million 1)	Q4/22	Q4/21	Change	%	2022	2021	Change	%
<b>Revenue</b>	<b>563</b>	<b>536</b>	<b>27</b>	<b>5%</b>	<b>2,130</b>	<b>1,998</b>	<b>132</b>	<b>7%</b>
Other operating income	4	2	2	93%	7	9	-2	-24%
Materials and services	-224	-212	-12	5%	-821	-764	-57	8%
Employee expenses	-108	-100	-8	8%	-395	-374	-21	6%
Other operating expenses	-49	-49	0	0%	-188	-172	-15	9%
<b>EBITDA</b>	<b>185</b>	<b>178</b>	<b>7</b>	<b>4%</b>	<b>735</b>	<b>706</b>	<b>30</b>	<b>4%</b>
<i>EBITDA %</i>	<i>32.9%</i>	<i>33.3%</i>			<i>34.5%</i>	<i>35.3%</i>		
Depreciation	-66	-67	1	-2%	-263	-267	3	-1%
<b>EBIT</b>	<b>119</b>	<b>111</b>	<b>8</b>	<b>7%</b>	<b>472</b>	<b>439</b>	<b>33</b>	<b>7%</b>
<i>EBIT %</i>	<i>21.2%</i>	<i>20.8%</i>			<i>22.2%</i>	<i>22.0%</i>		
Financial expenses net	-4	-4	0	4%	-14	-12	-1	12%
<b>Profit before tax</b>	<b>115</b>	<b>108</b>	<b>8</b>	<b>7%</b>	<b>458</b>	<b>427</b>	<b>31</b>	<b>7%</b>
<b>Net profit</b>	<b>96</b>	<b>88</b>	<b>8</b>	<b>9%</b>	<b>374</b>	<b>350</b>	<b>24</b>	<b>7%</b>
<b>EPS, €</b>	<b>0.60</b>	<b>0.55</b>	<b>0.05</b>	<b>9%</b>	<b>2.34</b>	<b>2.19</b>	<b>0.16</b>	<b>7%</b>

Q4 2022 YoY revenue change €27m



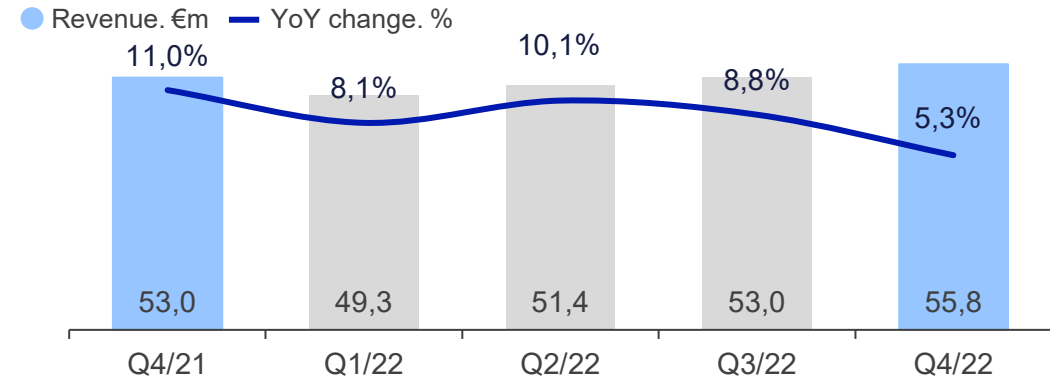
1) With comparable figures. Growth is calculated using exact figures prior to rounding.

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

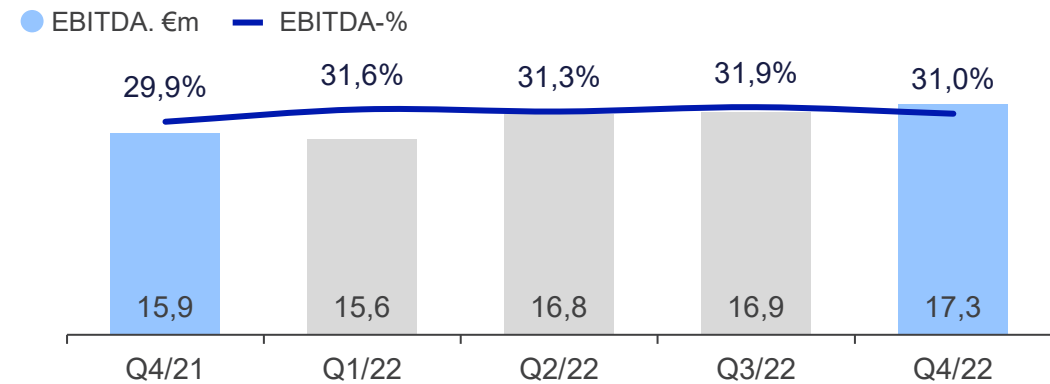
# Growth continues in Estonia

- Revenue and EBITDA improved
  - Revenue +5%
    - Mobile services
    - Equipment sales
    - Fixed services
  - EBITDA growth +9%
  - Mobile post-paid base -400, pre-paid +700
  - Churn 10.0% (12.7 in Q3)

## Revenue



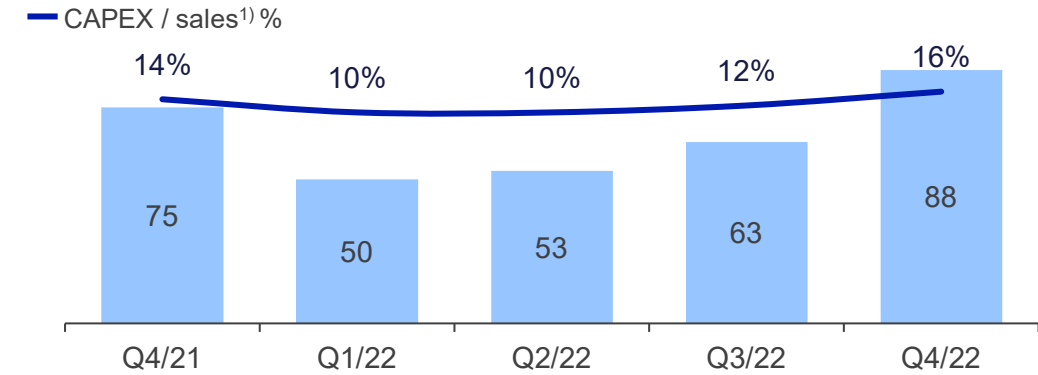
## EBITDA



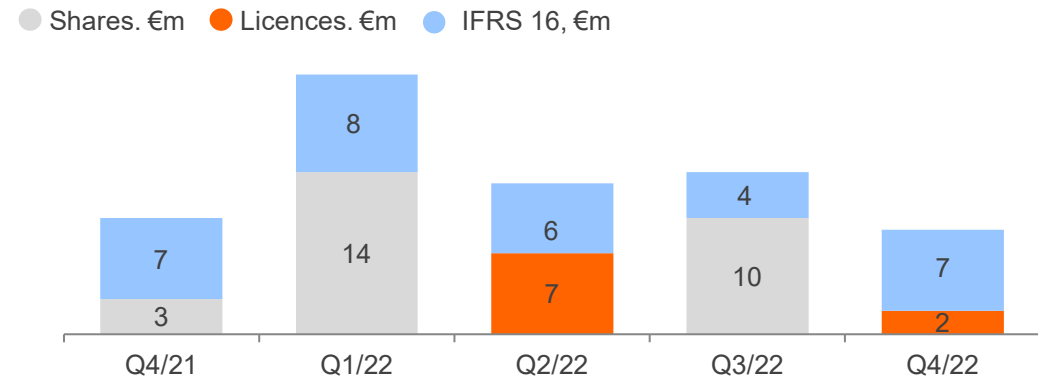
# CAPEX inline with guidance

- CAPEX €97m (84), excl. licences, lease agreements and acquisitions €88m (75)
  - Consumer €62m (54)
  - Corporate €35m (27)
- Full year CAPEX €255m (247), 12% of revenue
- Main CAPEX areas
  - 5G coverage increase
  - Other network and IT investments

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



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

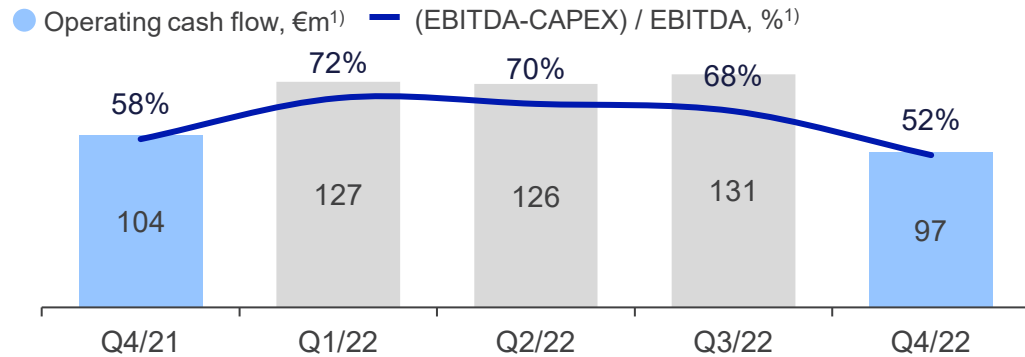


<sup>1)</sup> Investments excluding shares, licences and rental agreements (IFRS 16)

# Solid cash flow

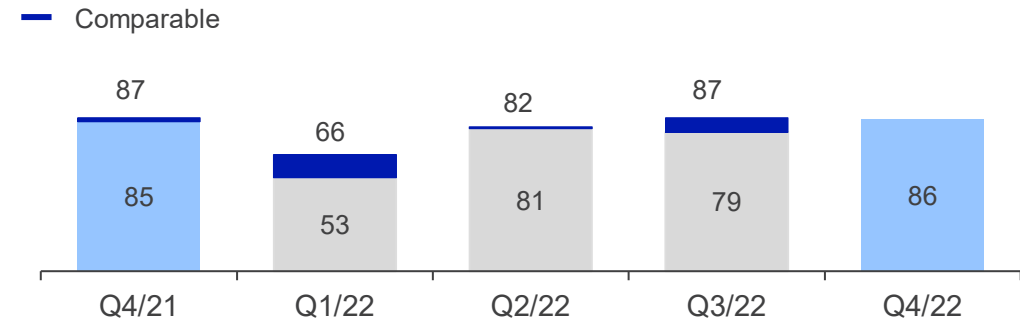
- Q4 cash flow €86m (85)
- Q4 comparable cash flow €86m (87)
  - + Higher EBITDA, NWC change
  - CAPEX, taxes

## Cash conversion

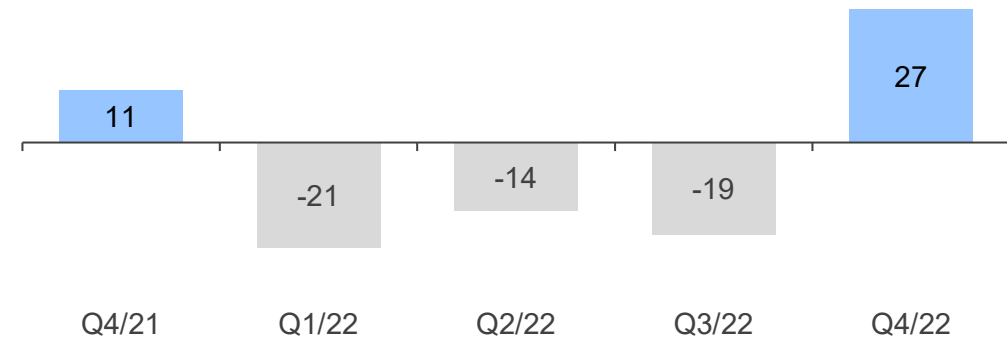


<sup>1)</sup> Comparable EBITDA – CAPEX excluding investments in shares, licences and finance leases (IFRS 16)

## Cash flow and comparable cash flow, €m



## Change in net working capital, €m

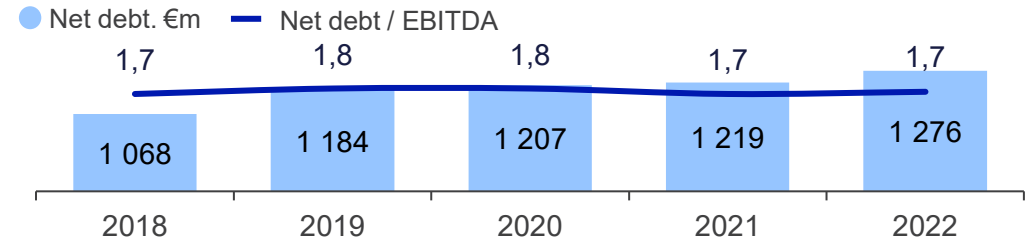




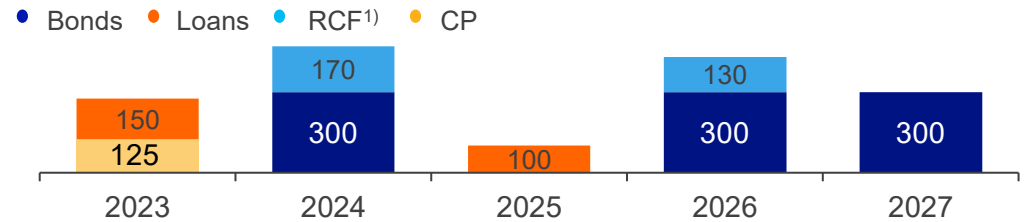
# Efficient capital structure and good returns

- Capital structure according to target
  - Net debt / EBITDA 1.7x (target: 1.5–2x)
  - Equity ratio 40.6% (target: >35%)
- Return ratios at good level
  - Efficient capital structure
- Average interest expense approx. 1.3%

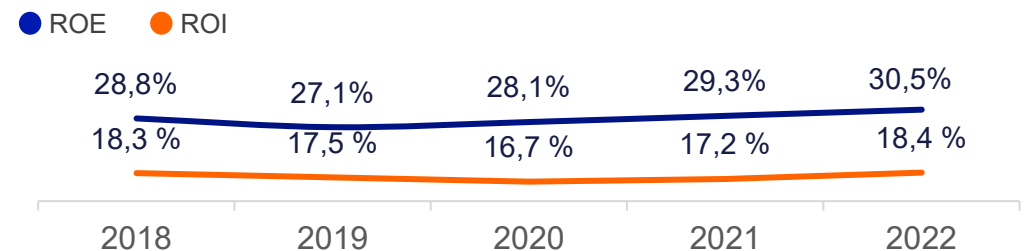
## Net debt



## Maturities as of 31 Dec 2022, €m



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



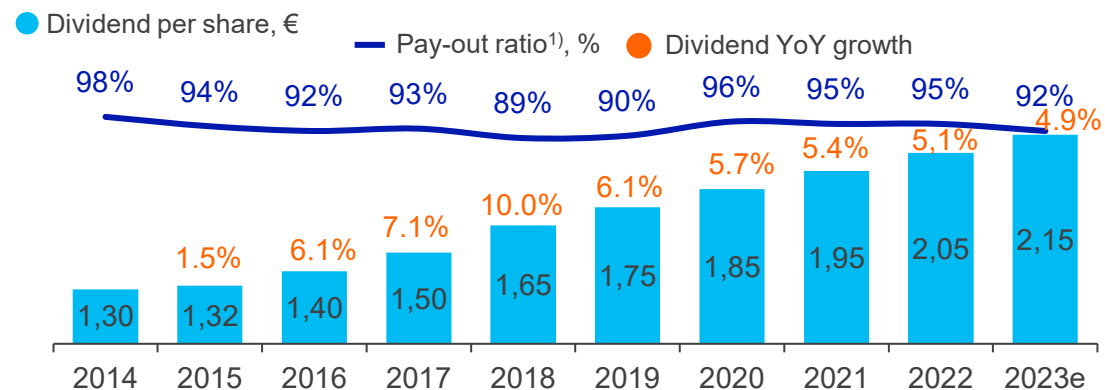
<sup>1)</sup> RCFs are fully undrawn

<sup>2)</sup> Comparable

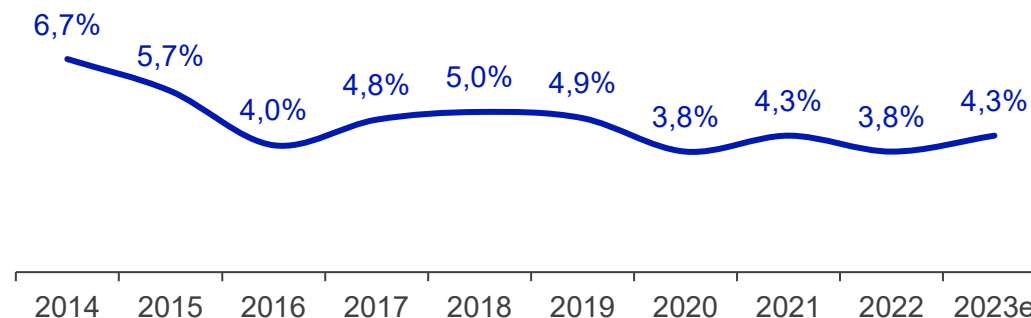
# Growing dividend for 9 consecutive years

- Dividend proposal of €2.15 per share
  - Dividend growth +4.9%
  - Total amount €345m
  - Ex-dividend date 11 April 2023
  - Payment date 19 April 2023
- Pay-out ratio<sup>1)</sup> 92%,
  - Dividend yield 4.3%<sup>2)</sup>
- Proposal for 5m share buyback authorisation
- Strong commitment to competitive shareholder remuneration
  - Distribution policy: 80–100% of net profit

## Dividend



## Dividend yield<sup>2)</sup>



1) 2020e calculated from comparable EPS

2) As a share price of last trading date of the year (in 2022 €49,46)

*elisa*

Q&A

## APPENDIX

# P&L by quarter

EUR million	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20
<b>Revenue</b>	<b>562,6</b>	<b>534,0</b>	<b>521,5</b>	<b>511,4</b>	<b>535,5</b>	<b>496,5</b>	<b>484,3</b>	<b>481,6</b>	<b>498,2</b>
<i>YoY growth</i>	5,1 %	7,6 %	7,7 %	6,2 %	7,5 %	6,2 %	5,1 %	2,9 %	2,2 %
Other operating income	3,5	1,3	1,1	0,9	1,8	1,6	3,0	2,5	1,6
Materials and services	-223,9	-208,4	-199,0	-189,5	-212,2	-188,3	-181,0	-182,0	-199,7
Employee expenses	-108,0	-89,1	-97,6	-100,1	-100,4	-80,4	-98,7	-94,3	-82,7
Other operating expenses	-49,3	-44,1	-48,6	-45,6	-49,2	-43,4	-41,4	-38,2	-46,1
<b>EBITDA</b>	<b>184,9</b>	<b>193,9</b>	<b>177,4</b>	<b>177,1</b>	<b>175,5</b>	<b>186,0</b>	<b>166,2</b>	<b>169,7</b>	<b>171,2</b>
<i>EBITDA %</i>	32,9 %	36,3 %	34,0 %	34,6 %	32,8 %	37,5 %	34,3 %	35,2 %	34,4 %
<i>YoY Growth</i>	5,4 %	4,2 %	6,7 %	4,4 %	2,5 %	3,4 %	-1,2 %	2,4 %	1,9 %
<b>Comparable EBITDA</b>	<b>184,9</b>	<b>193,9</b>	<b>179,4</b>	<b>177,1</b>	<b>178,1</b>	<b>186,0</b>	<b>172,0</b>	<b>169,7</b>	<b>171,2</b>
<i>YoY Growth</i>	3,9 %	4,2 %	4,3 %	4,4 %	4,0 %	3,4 %	2,2 %	2,4 %	1,9 %
<i>Comparable EBITDA %</i>	32,9 %	36,3 %	34,4 %	34,6 %	33,3 %	37,5 %	35,5 %	35,2 %	34,4 %
Depreciation, amortisation and impairment	-65,8	-65,9	-65,9	-65,8	-66,8	-65,4	-66,6	-67,6	-73,9
<b>EBIT</b>	<b>119,1</b>	<b>127,9</b>	<b>111,5</b>	<b>111,4</b>	<b>108,7</b>	<b>120,6</b>	<b>99,5</b>	<b>102,0</b>	<b>97,3</b>
<b>Comparable EBIT</b>	<b>119,1</b>	<b>127,9</b>	<b>113,5</b>	<b>111,4</b>	<b>111,2</b>	<b>120,6</b>	<b>105,3</b>	<b>102,0</b>	<b>103,4</b>
Financial income	0,6	1,6	1,9	1,5	0,9	1,3	1,0	1,4	6,3
Financial expense	-4,5	-5,4	-4,7	-4,2	-4,4	-4,1	-3,8	-4,2	-5,4
Share of associated companies' profit	0,1	-0,1	-0,3	-0,3	-0,2	-0,1	-0,2	0,0	0,3
<b>Profit before tax</b>	<b>115,3</b>	<b>124,0</b>	<b>108,4</b>	<b>108,4</b>	<b>105,0</b>	<b>117,7</b>	<b>96,5</b>	<b>99,2</b>	<b>98,5</b>
<b>Comparable profit before tax</b>	<b>115,3</b>	<b>124,0</b>	<b>110,4</b>	<b>108,4</b>	<b>107,6</b>	<b>117,7</b>	<b>102,3</b>	<b>99,2</b>	<b>98,9</b>
Income taxes	-19,7	-23,2	-20,0	-20,4	-19,0	-21,0	-17,3	-17,6	-16,2
<b>Profit for the period</b>	<b>95,6</b>	<b>100,8</b>	<b>88,4</b>	<b>88,0</b>	<b>86,0</b>	<b>96,7</b>	<b>79,2</b>	<b>81,6</b>	<b>82,3</b>
<b>Comparable Profit</b>	<b>95,6</b>	<b>100,8</b>	<b>90,0</b>	<b>88,0</b>	<b>88,1</b>	<b>96,7</b>	<b>83,9</b>	<b>81,6</b>	<b>81,7</b>
<b>Earnings per share (EUR)</b>	<b>0,60</b>	<b>0,63</b>	<b>0,55</b>	<b>0,55</b>	<b>0,54</b>	<b>0,60</b>	<b>0,49</b>	<b>0,51</b>	<b>0,51</b>
<b>Comparable EPS</b>	<b>0,60</b>	<b>0,63</b>	<b>0,56</b>	<b>0,55</b>	<b>0,55</b>	<b>0,60</b>	<b>0,52</b>	<b>0,51</b>	<b>0,51</b>
<i>YoY Growth</i>	8,9 %	4,4 %	7,7 %	8,0 %	7,8 %	8,9 %	5,9 %	4,7 %	3,4 %

# Cash flow YoY comparison

EUR million	Q4/22	Q4/21	Change <sup>1)</sup>	%	1-12/22	1-12/21	Change <sup>1)</sup>	%
EBITDA	185	176	9	5 %	733	697	36	5 %
Change in receivables	-42	-53	12	-22 %	-16	-32	16	-49 %
Change in inventories	5	-9	15	-159 %	-13	-18	4	-24 %
Change in payables	63	73	-10	-13 %	2	53	-51	-96 %
Change in NWC	27	11	17	156 %	-27	3	-31	
Financials (net)	-2	-1	-1	106 %	-10	-14	4	-29 %
Taxes for the year	-24	-20	-4		-83	-74	-8	11 %
Taxes for the previous year	0	0	0		-2	-1	-1	77 %
Taxes	-24	-20	-4	22 %	-85	-76	-9	12 %
CAPEX	-90	-72	-18	24 %	-255	-248	-7	3 %
Licence fees <sup>2)</sup>	-2	0	-2		-16	-11	-5	
Investments in shares <sup>3)</sup>	0	-2	3		-21	-16	-5	29 %
Sale of shares	0	0	0		0	0	0	
Sale of assets and adjustments	-9	-6	-3	45 %	-19	-14	-5	34 %
Cash flow after investments	86	85	1	1 %	300	322	-22	-7 %
Cash flow after investments excl. acquisitions <sup>4)</sup>	86	87	-1	-2 %	321	338	-17	-5 %

1) Difference is calculated using exact figures prior to rounding

2) Estonian 5G licence in Q2/22 and Q4/22. Last instalment €4m for 700 MHz was paid in Q1/21.

3) sedApta, LE-kuitu and TenForce in 2021. Frinx and Cardinality in 2022

4) Excluding share purchases and sale of shares.

# Cash flow by quarter

EUR million	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20
EBITDA	185	194	177	177	176	186	166	170	171
Change in receivables	-42	0	-17	43	-53	-6	5	23	-20
Change in inventories	5	-9	-3	-6	-9	-2	1	-7	-2
Change in payables	63	-9	6	-58	73	-3	13	-30	37
Change in NWC	27	-19	-14	-21	11	-12	19	-14	16
Financials (net)	-2	-1	0	-7	-1	-2	0	-11	-1
Taxes for the year	-24	-23	-19	-18	-20	-19	-18	-18	-20
Taxes for the previous year				-2				-1	
Taxes	-24	-23	-19	-20	-20	-19	-18	-19	-20
CAPEX	-90	-62	-53	-50	-72	-62	-65	-49	-63
Licence fees	-2	-1	-7	-5	0	-1	0	-10	0
Investments in shares	0	-8	0	-13	-2	-4	0	-10	-49
Sale of shares		0		0		0	0		3
Sale of assets and adjustments	-9	-1	-3	-7	-6	-1	-1	-6	-1
Cash flow after investments	86	79	82	53	85	86	101	50	53
Cash flow after investments excl. acquisitions	86	87	81	66	87	89	101	60	99

# Debt structure

EUR million at the end of the quarter

	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20
Bonds and notes	892	891	890	889	888	887	886	885	1 058
Commercial papers	125	169	180	140	0	55	130	103	20
Schuldschein	0	0	0	100	100	100	100	100	
Loans from financial institutions	253	283	353	253	254	254	253	253	252
Lease liabilities <sup>1)</sup>	91	93	95	94	92	91	94	96	97
Committed credit lines <sup>2)</sup>									
<b>Interest-bearing debt. total</b>	<b>1 361</b>	<b>1 436</b>	<b>1 518</b>	<b>1 477</b>	<b>1 333</b>	<b>1 387</b>	<b>1 463</b>	<b>1 438</b>	<b>1 427</b>
Cash and cash equivalents	85	78	87	301	114	89	84	274	220
<b>Net debt <sup>3)</sup></b>	<b>1 276</b>	<b>1 358</b>	<b>1 431</b>	<b>1 176</b>	<b>1 219</b>	<b>1 298</b>	<b>1 379</b>	<b>1 164</b>	<b>1 207</b>

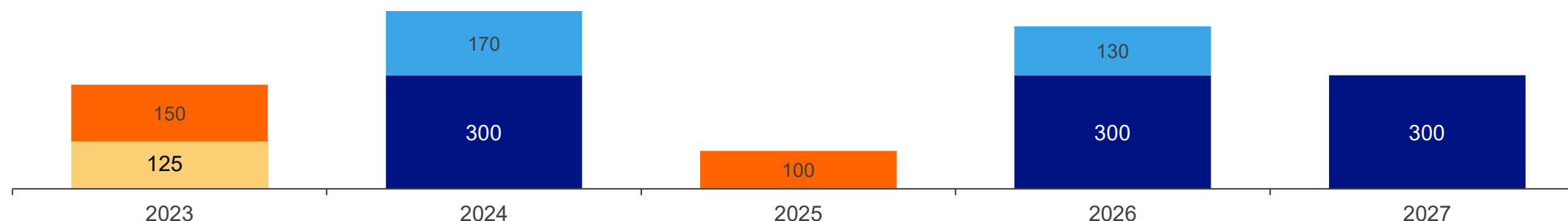
1) Lease liabilities are classified as interest bearing debt in accordance with IFRS 16 from Q1/19 onwards

2) The committed credit lines are €130m and €170m facilities that Elisa can use flexibly at agreed pricing

3) Net debt is interest-bearing debt less cash and interest-bearing receivables

Nominal values of bond, bank loan and CP maturities, 31 December 2022

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



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



## A SUSTAINABLE FUTURE THROUGH DIGITALISATION

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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.