



# Interim Report Q2 2022

15 July 2022

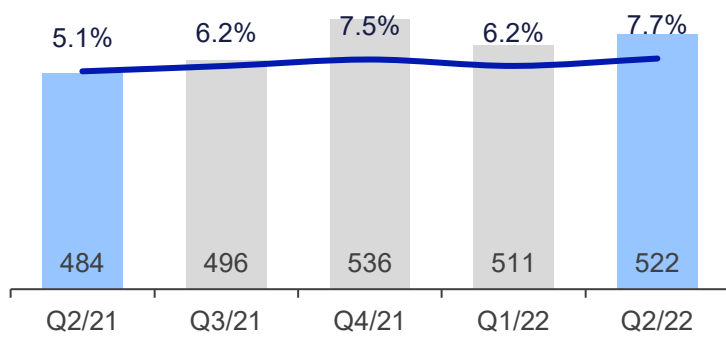
## Q2 2022 highlights

- Revenue grew by 8%
- Comparable EBITDA up by 4%
- Mobile service revenue increased by 7.2%
- In Finland, post-paid churn decreased to 15.3% (17.2% in Q1)
- Post-paid subscriptions grew by 52,300, of which M2M and IoT subscriptions were 26,800
- Fixed broadband subscription base decreased by 6,600
- Good 5G momentum continues: network covers 81% of Finnish population in over 180 towns and cities

# Solid performance continues

## Revenue

● Revenue, €m — YoY change, %

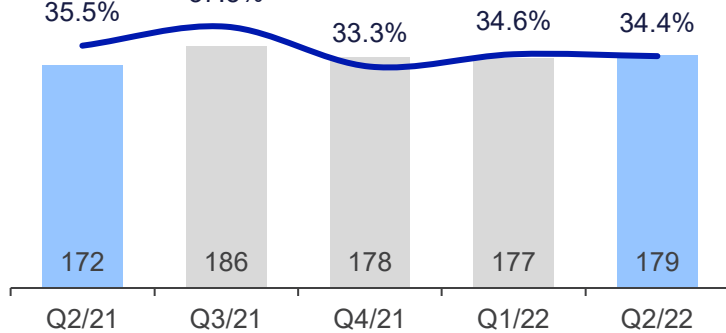


Increase

- Mobile and fixed services
- Digital services
- Equipment sales

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

● EBITDA, €m — EBITDA-%

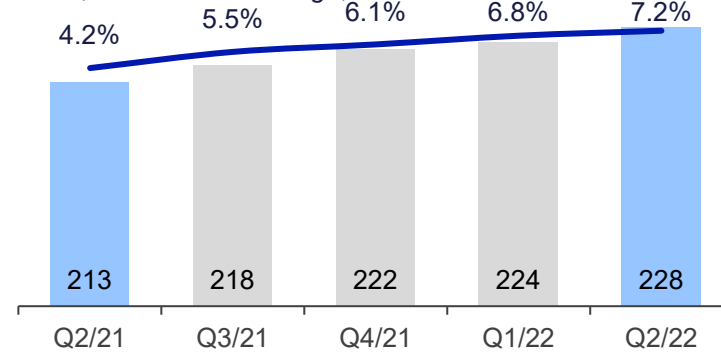


- Revenue growth
- Efficiency improvements

1) Comparable

## Mobile service revenue

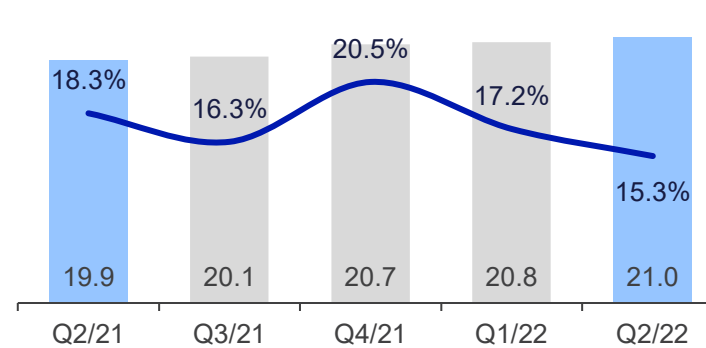
● MSR, €m — YoY change, %



- 5G upselling continuing
- Product changes

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

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



- YoY ARPU growth 5.5%
- Campaigning in 4G continues
- Competition remains keen

2) Finland, churn annualised

# Growth continued in all business areas

## Consumer Customers

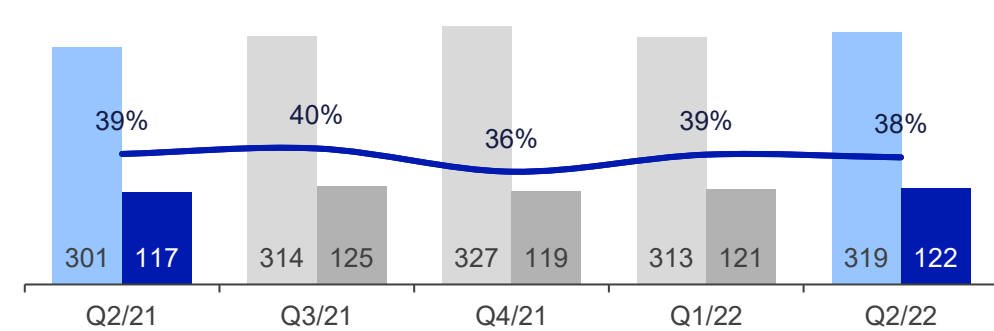
Revenue +6%

- + 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

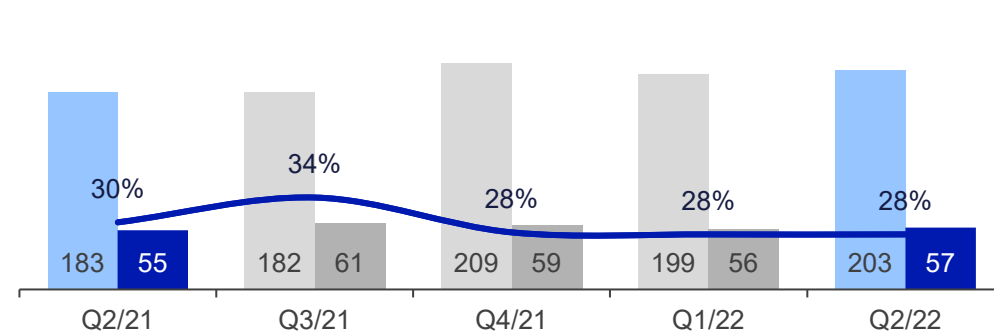
Revenue +11%

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

Comparable EBITDA +6%

## 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

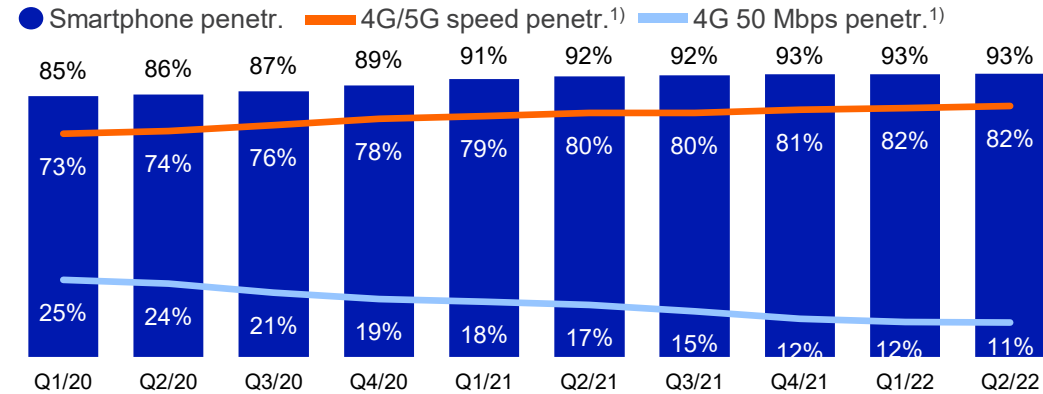


# 5G driving mobile upselling

## Growth in smartphone penetration

- 93% of customers use a smartphone
  - 29% (25% in Q1/22) of smartphones are 5G devices
- 82% (80%) of voice subs at 4G or 5G speeds
  - Upselling to higher speeds continues
  - Share of 4G has turned into a decline offset by 5G

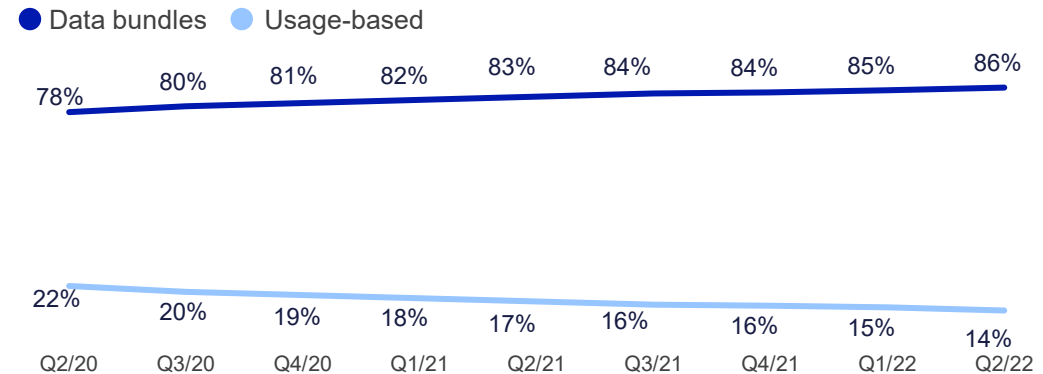
## Smartphone and 4G/5G speed penetration, %



## Proportion of data bundles continues to grow

- 86% 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 5G

- 5G coverage reached 81% of Finnish population in over 180 locations
- Average billing increase of >EUR 3 in 5G upgrades intact
- In Estonia we succeeded in the 3.5 GHz band 5G spectrum auction and won the efficient 130 MHz of spectrum according to our target
  - The new spectrum is being used to build Elisa's 5G network in Estonia
  - Elisa was first to launch 5G services with 3.5 GHz frequency
- Record-breaking 5G uplink speeds of 2.1 Gbps in a live demonstration in Finland with Nokia and Qualcomm
  - Enables ultra-high-performing, low-latency services



# Expansion of digital service businesses continued

## Domestic digital services

- Entertainment services
  - Elisa Viihde Original Series *Man Who Died (Mies joka kuoli)* launched with exceptional reviews, becoming among the most viewed content on Elisa Viihde Viaplay. Miniseries *My Son Joel (Poikani Joel)* was also critically acclaimed.
- IT services
  - Demand for IT hybrid cloud services continues
  - Elisa recognised among the most capable service providers in hybrid cloud orchestration<sup>1)</sup>

## International digital services

- Elisa IndustrIQ
  - Utility company Enel chose camLine, sedApta and Elisa IndustrIQ as their software business partner to support capacity expansion for solar panel production in Italy
  - Despite the tough market situation, Elisa IndustrIQ was able to grow strongly YoY
- Elisa Polystar acquired Cardinality Ltd
  - UK-based global supplier of cloud-native data management (DataOps), service assurance and customer experience analytics
  - Award-winning platform complements Elisa Polystar solutions providing a full, network-wide automation solution with cost benefits
- Elisa Videra
  - Demand for hybrid working solutions has significantly increased. E.g. SSP UK as well as Finnish Government ICT Centre Valtori (up to 80,000 users) chose Elisa Videra as a videoconferencing service provider.

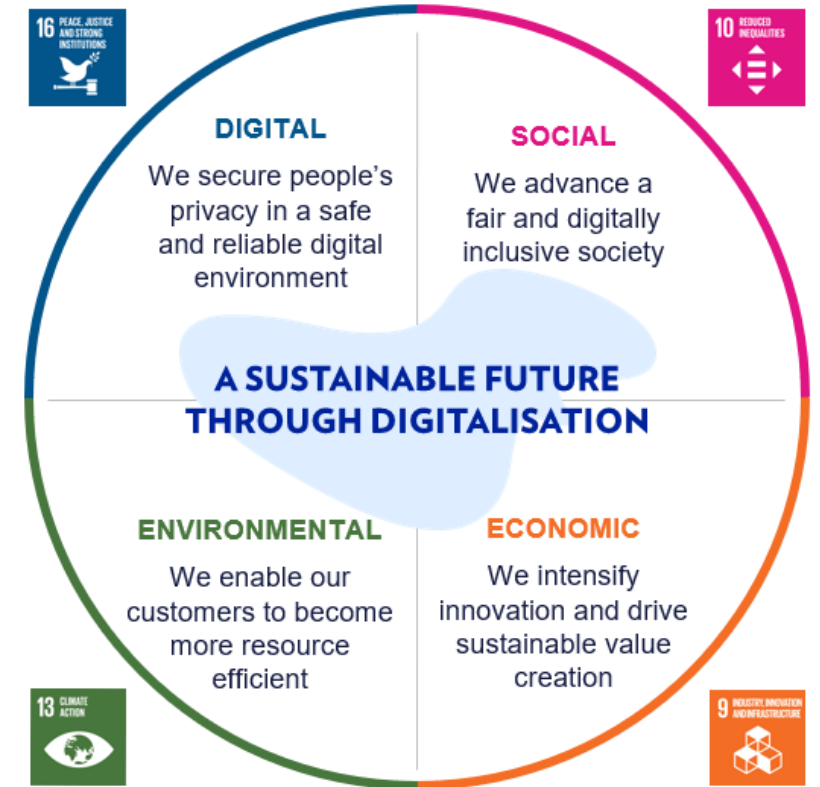
<sup>1)</sup> Prior Consulting: *IT infrastructure and cloud services today and in the future*, June 2022







# A sustainable future through digitalisation

## • Q2 highlights

- Elisa recognised as one of the 16 (out of 150) top performing digital companies in the recent *Greening Digital Companies: Monitoring Emissions and Climate Commitments* report (International Telecommunication Union (ITU))
- Among the *Financial Times* Europe’s Climate Leaders for the second consecutive year
- Continued support for Ukrainian people in need, e.g. prepaid subs in Finland and Estonia



### Key ESG indicators

	2Q22	2Q21	4Q21
 Mobile network energy efficiency in Finland Change in energy consumption per GB from Q4 2021 level	-8.8%	-	-
 Population coverage of >100 Mbps connections in Finland	80.8%	55.0%	72.6%
 Proportion of female supervisors	29.6 %	28.5 %	27.4%
 Patent portfolio development			
Size of active patent portfolio <sup>1)</sup>	312	221	265
Number of first applications	14	11	19

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

# Outlook and guidance for 2022

Growth in the Finnish economy is expected to continue; however, the outlook for GDP growth has deteriorated from the beginning of the year. There are increasing levels of uncertainty relating to Russia's war in Ukraine, such as inflation, energy prices and global supply chains. Competition remains keen.

- Revenue at same level as or slightly higher than in 2021
- Comparable EBITDA at same level as or slightly higher than in 2021
- CAPEX\* maximum 12% of revenue

\* Excluding leasing, licenses and business acquisitions



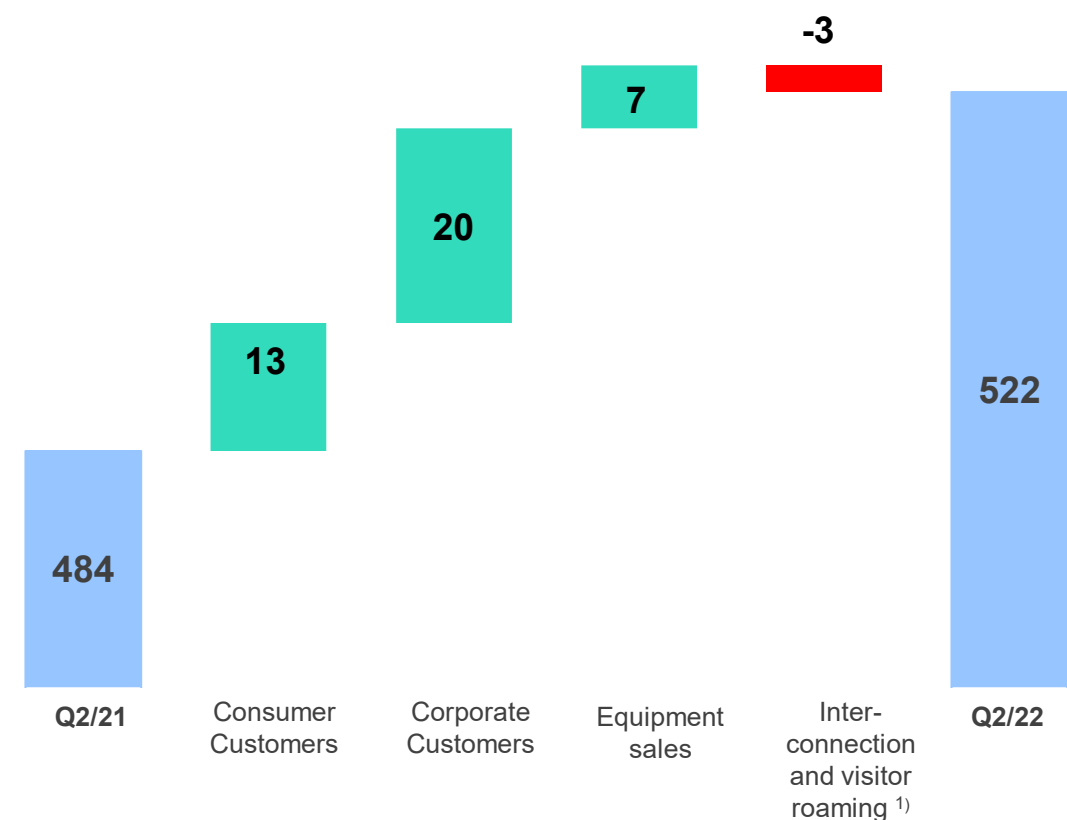
Financial review Q2 2022

# Growth in revenue and earnings continuing

EUR million 1)	Q2/22	Q2/21	Change	%
<b>Revenue</b>	<b>521.5</b>	<b>484.3</b>	<b>37.2</b>	<b>7.7%</b>
Other operating income	1.1	3.0	-1.9	-63.2%
Materials and services	-199.0	-181.0	-18.0	9.9%
Employee expenses	-97.6	-98.7	1.1	-1.1%
Other operating expenses	-48.6	-41.4	-7.2	17.3%
<b>EBITDA</b>	<b>179.4</b>	<b>172.0</b>	<b>7.4</b>	<b>4.3%</b>
<i>EBITDA %</i>	<i>34.4%</i>	<i>35.5%</i>		
Depreciation	-65.9	-66.6	0.7	-1.1%
<b>EBIT</b>	<b>113.5</b>	<b>105.3</b>	<b>8.1</b>	<b>7.7%</b>
<i>EBIT %</i>	<i>21.8%</i>	<i>21.8%</i>		
Financial expenses net	-3.1	-3.1	0.0	
<b>Profit before tax</b>	<b>110.4</b>	<b>102.3</b>	<b>8.1</b>	<b>7.9%</b>
<b>Net profit</b>	<b>90.0</b>	<b>83.9</b>	<b>6.1</b>	<b>7.3%</b>
<b>EPS, €</b>	<b>0.56</b>	<b>0.52</b>	<b>0.04</b>	<b>7.7%</b>

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

Q2 2022 YoY revenue change: €37m

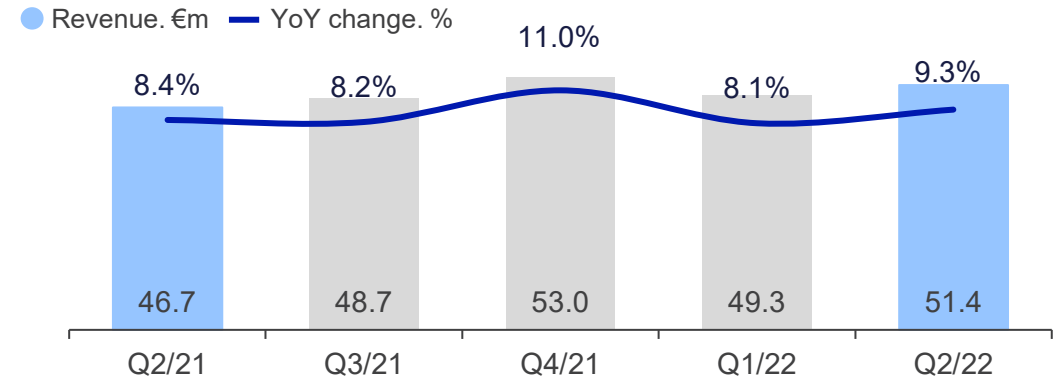


<sup>1)</sup> Mobile and fixed interconnection

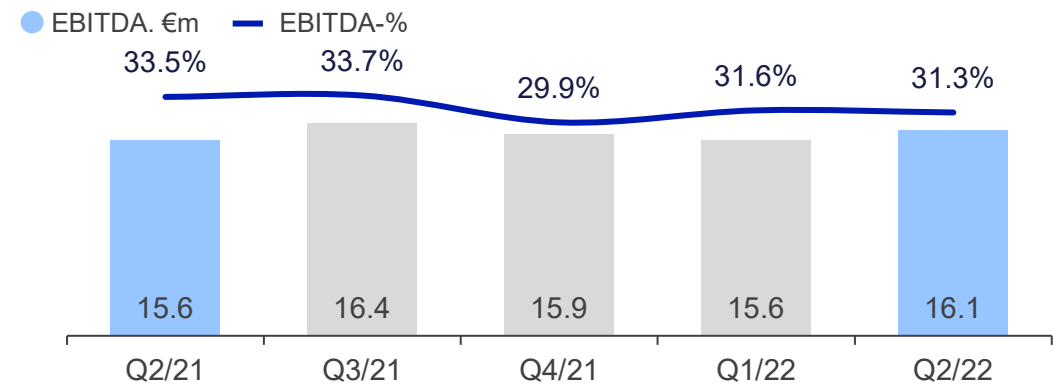
# Growth in Estonia continues

- Revenue and EBITDA improved
  - Revenue +9%
    - Mobile services
    - Equipment sales
  - EBITDA growth +2%
  - Mobile post-paid base +11,600, pre-paid -300
  - Churn 9.1% (8.7 in Q1)
  
- Elisa was first to launch 5G services with 3.5 GHz frequency

## Revenue



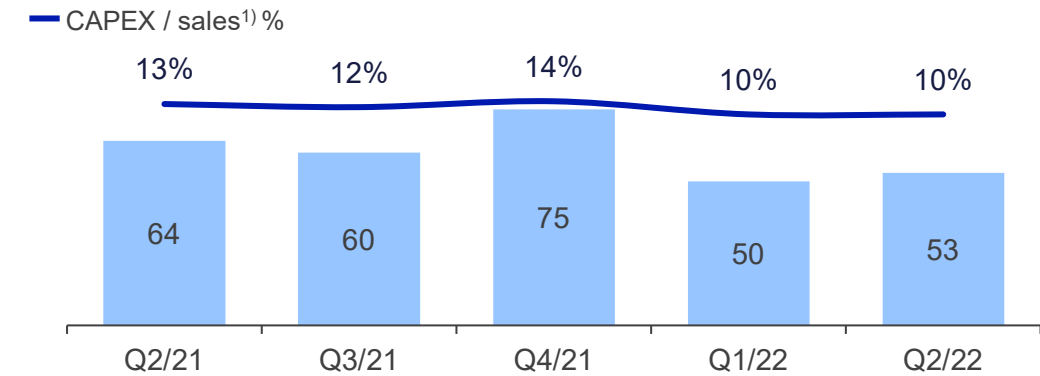
## EBITDA



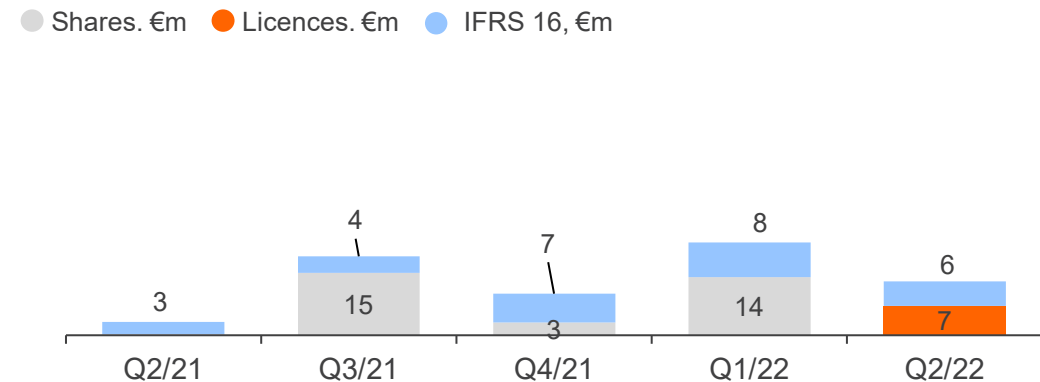
# Q2 CAPEX lower, full year guidance intact

- CAPEX €67m (67), excl. licences, lease agreements and acquisitions €53m (64)
  - Consumer €45m (42)
  - Corporate €22m (25)
- Main CAPEX areas
  - 5G coverage increase
  - Other network and IT investments
- Estonian 3.5 GHz licence
  - €7.2m fee paid in June

CAPEX<sup>1)</sup>



Shares, licences and rental agreements (IFRS 16)

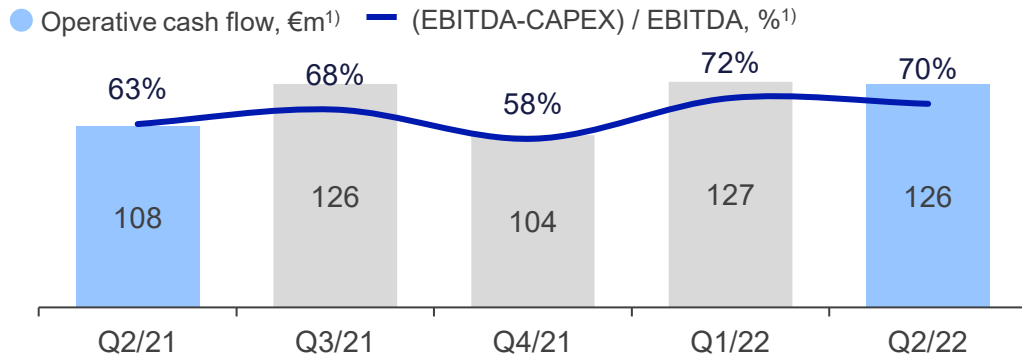


<sup>1)</sup> Investments excluding shares, licences and rental agreements (IFRS 16)

# Cash flow effected by NWC change

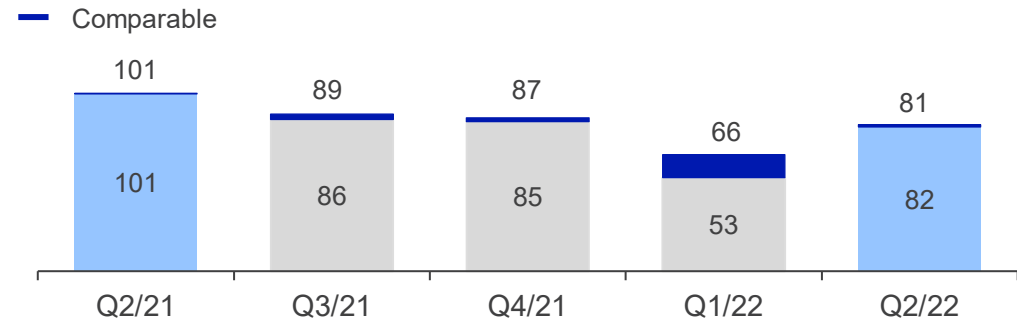
- Q2 cash flow €82m (101)
- Q2 comparable cash flow €81m (101)
  - + Higher EBITDA and lower CAPEX
  - NWC change, Estonian 5G licence

## Cash conversion

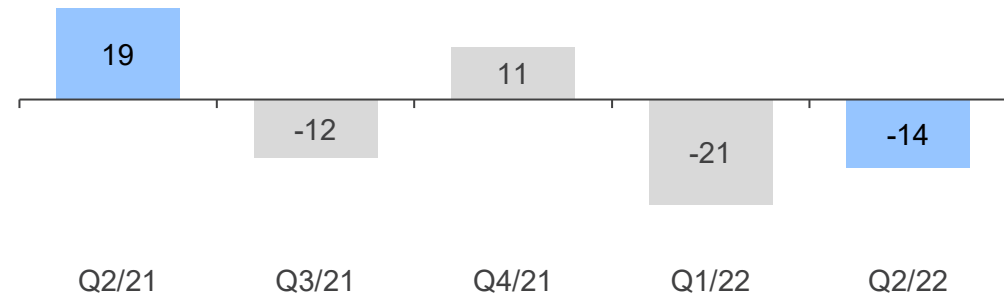


<sup>1)</sup> Comparable EBITDA – CAPEX excluding investments in shares, licences and finance leases (IFRS 16)

## Cash flow and comparable cash flow, €m



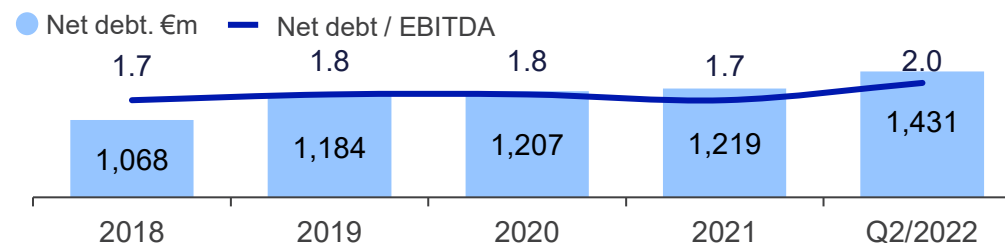
## Change in net working capital, €m



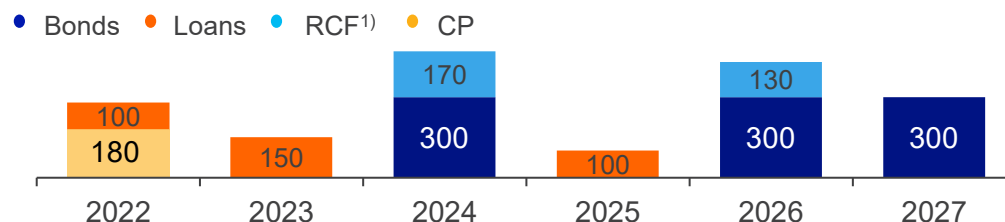
# Efficient capital structure and good returns

- Capital structure according to target
  - Net debt / EBITDA 2.0x (target 1.5–2x)
  - Equity ratio 35.3% (target >35%)
- Return ratios at good level
  - Efficient capital structure
- Average interest expense below 1%

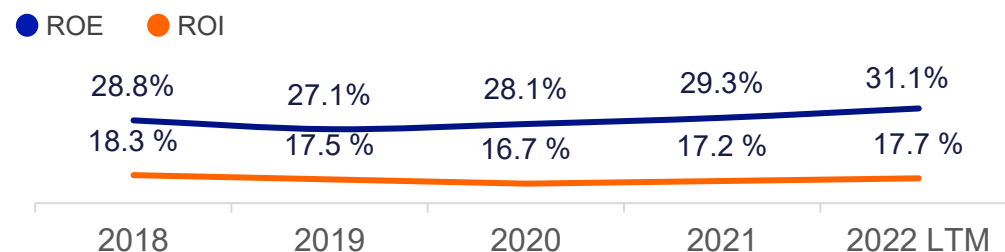
## Net debt



## Maturities as of 30 June 2022, €m



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



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

<sup>2)</sup> Comparable



*elisa*

Q&A

# P&L by quarter

EUR million	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
<b>Revenue</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>	<b>467.5</b>	<b>460.8</b>
<i>YoY growth</i>	7.7%	6.2%	7.5%	6.2%	5.1%	2.9%	2.2%	0.6%	2.0%
Other operating income	1.1	0.9	1.8	1.6	3.0	2.5	1.6	1.3	0.6
Materials and services	-199.0	-189.5	-212.2	-188.3	-181.0	-182.0	-199.7	-175.6	-166.8
Employee expenses	-97.6	-100.1	-100.4	-80.4	-98.7	-94.3	-82.7	-74.1	-81.8
Other operating expenses	-48.6	-45.6	-49.2	-43.4	-41.4	-38.2	-46.1	-39.1	-44.6
<b>EBITDA</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>	<b>180.0</b>	<b>168.3</b>
<i>EBITDA %</i>	34.0%	34.6%	32.8%	37.5%	34.3%	35.2%	34.4%	38.5%	36.5%
<i>YoY Growth</i>	6.7%	4.4%	2.5%	3.4%	-1.2%	2.4%	1.9%	0.8%	5.7%
<b>Comparable EBITDA</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>	<b>180.0</b>	<b>168.3</b>
<i>YoY Growth</i>	4.3%	4.4%	4.0%	3.4%	2.2%	2.4%	1.9%	0.8%	2.9%
<i>Comparable EBITDA %</i>	34.4%	34.6%	33.3%	37.5%	35.5%	35.2%	34.4%	38.5%	36.5%
Depreciation, amortisation and impairment	-65.9	-65.8	-66.8	-65.4	-66.6	-67.6	-73.9	-68.1	-67.4
<b>EBIT</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>111.9</b>	<b>100.9</b>
<b>Comparable EBIT</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>	<b>111.9</b>	<b>100.9</b>
Financial income	1.9	1.5	0.9	1.3	1.0	1.4	6.3	1.2	-0.2
Financial expense	-4.7	-4.2	-4.4	-4.1	-3.8	-4.2	-5.4	-5.4	-4.7
Share of associated companies' profit	-0.3	-0.3	-0.2	-0.1	-0.2	0.0	0.3	0.7	0.7
<b>Profit before tax</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>108.3</b>	<b>96.6</b>
<b>Comparable profit before tax</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>	<b>108.3</b>	<b>96.6</b>
Income taxes	-20.0	-20.4	-19.0	-21.0	-17.3	-17.6	-16.2	-19.4	-17.5
<b>Profit for the period</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>88.9</b>	<b>79.1</b>
<b>Comparable Profit</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>88.9</b>	<b>79.1</b>
<b>Earnings per share (EUR)</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>0.55</b>	<b>0.49</b>
<b>Comparable EPS</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>	<b>0.55</b>	<b>0.49</b>
<i>YoY Growth</i>	7.7%	8.0%	7.8%	8.9%	5.9%	4.7%	3.4%	5.2%	5.6%

# Cash flow YoY comparison

EUR million	Q2/22	Q2/21	Change <sup>1)</sup>	%	H1/22	H1/21	Change <sup>1)</sup>	%	2021
EBITDA	177	166	11	7 %	354	336	19	6 %	697
Change in receivables	-17	5	-22		26	28	-2		-32
Change in inventories	-3	1	-4		-9	-6	-3	51 %	-18
Change in payables	6	13	-7	-56 %	-52	-17	-35	201 %	53
Change in NWC	-14	19	-33	-177 %	-36	4	-40	-927 %	3
Financials (net)	0	0	0	-142 %	-7	-12	5	-40 %	-14
Taxes for the year	-19	-18	-1	4 %	-37	-36	-1	2 %	-74
Taxes for the previous year	0	0	0		-2	-1	-1		-1
Taxes	-19	-18	-1	4 %	-39	-37	-1	4 %	-76
CAPEX	-53	-65	11	-18 %	-103	-114	10	-9 %	-248
Licence fees <sup>2)</sup>	-7	0	-7		-12	-10	-3		-11
Investments in shares <sup>3)</sup>	0	0	1		-12	-10	-2	23 %	-16
Sale of shares	0	0	0	0 %	0	0	0		0
Sale of assets and adjustments	-3	-1	-2	165 %	-10	-7	-3	39 %	-14
Cash flow after investments	82	101	-19	-19 %	135	151	-16	-11 %	322
Cash flow after investments excl. acquisitions <sup>4)</sup>	81	101	-20	-20 %	147	161	-14	-8 %	338

1) Difference is calculated using exact figures prior to rounding

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

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

4) Excluding share purchases and sale of shares.

# Cash flow by quarter

EUR million	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
EBITDA	177	177	176	186	166	170	171	180	168
Change in receivables	-17	43	-53	-6	5	23	-20	0	8
Change in inventories	-3	-6	-9	-2	1	-7	-2	9	-10
Change in payables	6	-58	73	-3	13	-30	37	-15	2
Change in NWC	-14	-21	11	-12	19	-14	16	-6	1
Financials (net)	0	-7	-1	-2	0	-11	-1	-1	-1
Taxes for the year	-19	-18	-20	-19	-18	-18	-20	-17	-16
Taxes for the previous year		-2	0	0	0	-1	0	0	1
Taxes	-19	-20	-20	-19	-18	-19	-20	-17	-16
CAPEX	-53	-50	-72	-62	-65	-49	-63	-62	-65
Licence fees	-7	-5	0	-1	0	-10	0	0	-1
Investments in shares	0	-13	-2	-4	0	-10	-49	-6	-2
Sale of shares		0			0		3	2	0
Sale of assets and adjustments	-3	-7	-6	-1	-1	-6	-1	0	-1
Cash flow after investments	82	53	85	86	101	50	53	91	83
Cash flow after investments excl. acquisitions	81	66	87	89	101	60	99	97	85

APPENDIX

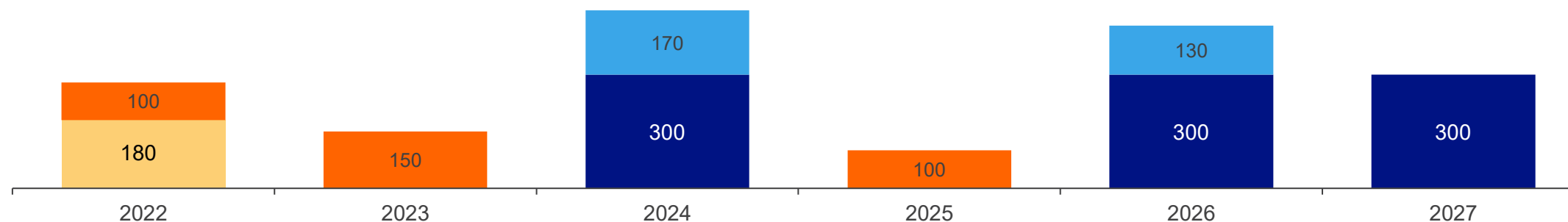
# Debt structure

EUR million at the end of the quarter	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
Bonds and notes	890	889	888	887	886	885	1 058	1 057	759
Commercial papers	180	140	0	55	130	103	20	152	307
Schuldschein	0	100	100	100	100	100			
Loans from financial institutions	353	253	254	254	253	253	252	250	250
Lease liabilities <sup>1)</sup>	95	94	92	91	94	96	97	100	90
Committed credit lines <sup>2)</sup>	0	0	0	0	0	0	0	0	0
<b>Interest-bearing debt, total</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>	<b>1,559</b>	<b>1,406</b>
Cash and cash equivalents	87	301	114	89	84	274	220	303	74
<b>Net debt <sup>3)</sup></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>	<b>1,256</b>	<b>1,332</b>

- 1) Lease liabilities are classified as interest-bearing debt according to 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, 30 June 2022

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



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



## A SUSTAINABLE FUTURE THROUGH DIGITALISATION

### Contacts

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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.