



# Interim Report Q1 2022

22 April 2022

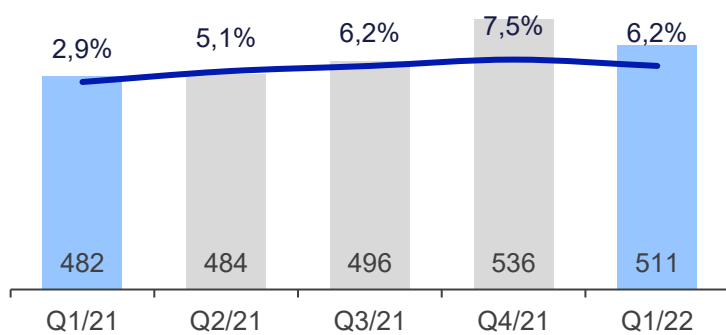
# Q1 2022 highlights

- Revenue grew by 6%
- EBITDA up by 4%
- Mobile service revenue increased by 6.8%
- In Finland, post-paid churn increased to 17.2% (20.1% in Q4)
- Post-paid subscriptions grew by 30,300, of which M2M and IoT subscriptions were 30,000
- Fixed broadband subscription base decreased by 6,800
- Good 5G momentum continuing: network covers 77% of Finnish population in over 160 towns and cities
- New ESG key indicators reporting started
- Dividend paid: €2.05 per share. Pay-out ratio: 94%

# Strong performance continued

## Revenue

● Revenue, €m — YoY change, %

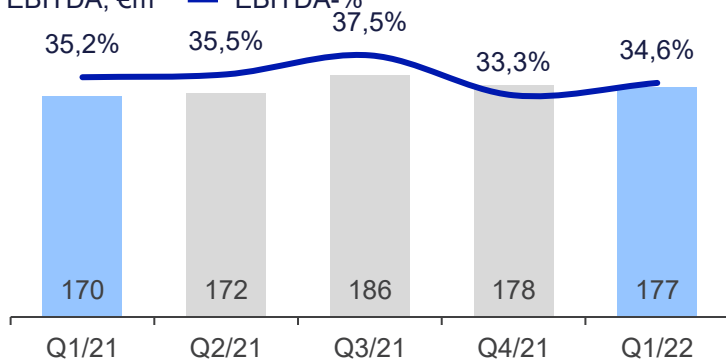


Increase

- Mobile and fixed services
- Digital services
- Equipment sales

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

● EBITDA, €m — EBITDA-%

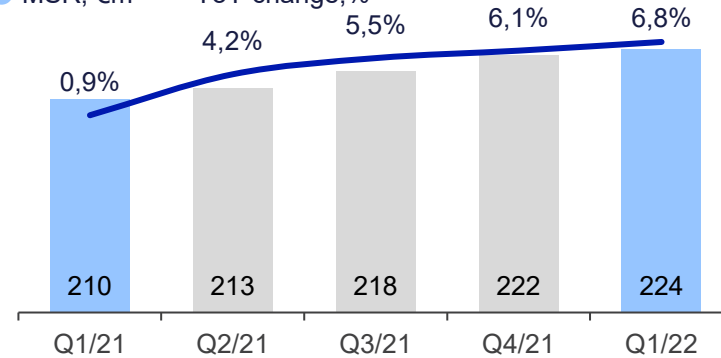


- Revenue growth
- Efficiency improvements

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 6.7%
- Campaigning in 4G continues
- Competition remains keen

2) Finland, churn annualised

# Good growth in Consumer Customers, strong improvement in Corporate Customers continued

## Consumer Customers

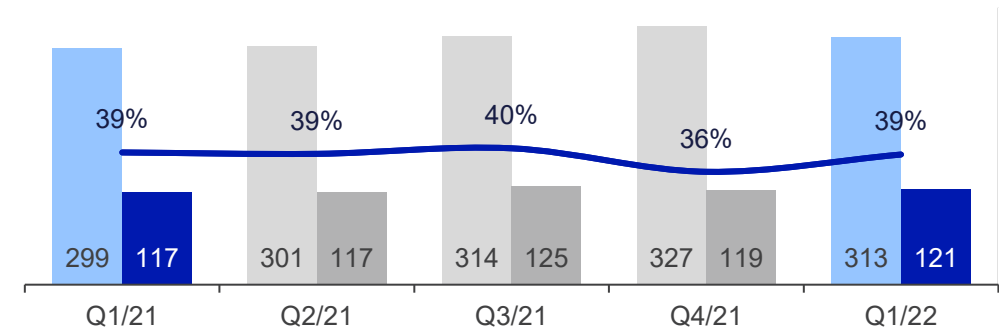
Revenue +4%

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

EBITDA +3%

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

● Revenue, €m ● EBITDA, €m — EBITDA-%



## Corporate Customers

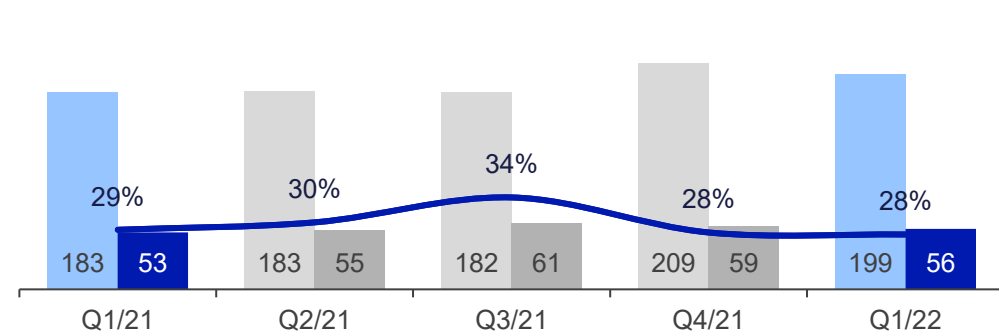
Revenue +9%

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

EBITDA +8%

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

● Revenue, €m ● EBITDA, €m — EBITDA-%



# Strategy execution

*A sustainable future through digitalisation*

Increase mobile and fixed service revenues

Grow digital service businesses

Improve efficiency and quality

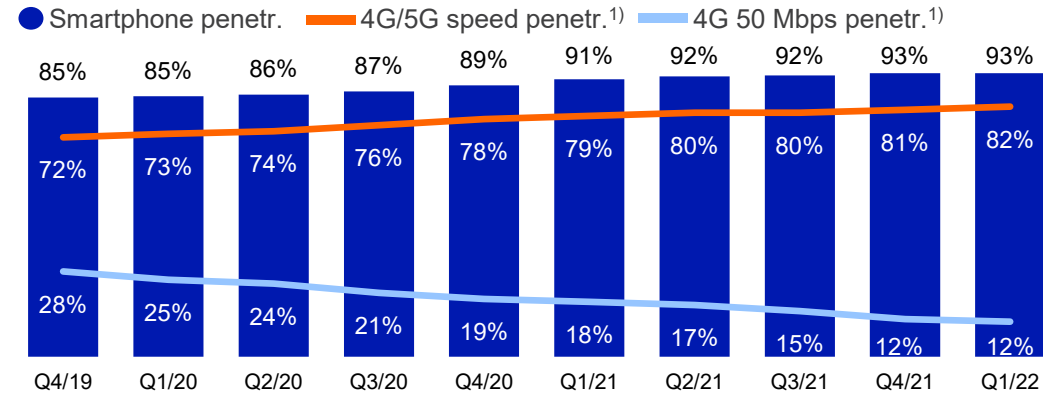


# Upselling of mobile subs continuing, driven by 5G

## Growth in smartphone penetration

- 93% of customers use a smartphone
  - 25% (20% in Q4/21) of smartphones are 5G devices
- 82% (79%) of voice subs at 4G or 5G speeds
  - Upselling to higher speeds continues
  - Share of 4G has turned into a decline offset by 5G

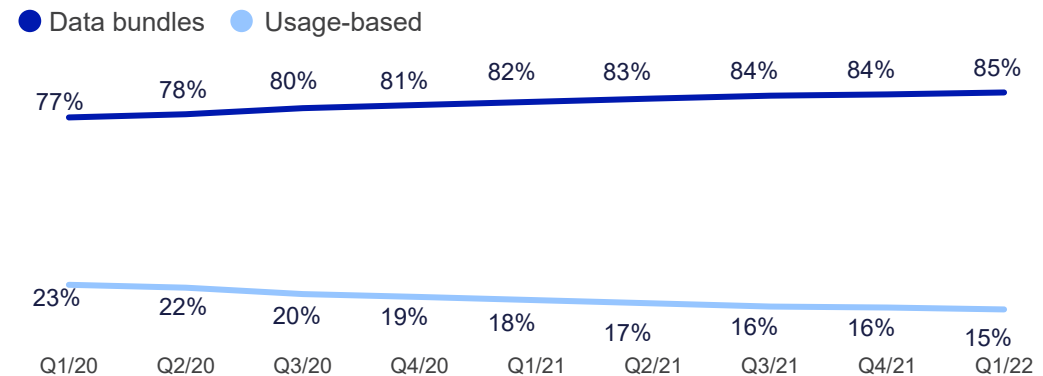
## Smartphone and 4G/5G speed penetration, %



## Proportion of data bundles continues to grow

- 85% 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 77% of Finnish population in over 160 locations – the widest coverage in Finland<sup>1)</sup>
- Customers value 5G features; average price of mobile phones sold has increased 10% since 2019
- 5G customers have the highest NPS
- Elisa joined forces with Wind River to build Europe's first fully automated far edge cloud for 5G
- According to recent Rewheel report<sup>2)</sup>
  - Elisa has the highest untapped mobile capacity potential – a terabyte per subscriber per month (lowest population per MHz per site)
  - Elisa has the densest mobile site grid in the world

<sup>1)</sup> BofTel: Operator comparison 15 Feb – 11 March 2022

<sup>2)</sup> Rewheel research PRO study, March 2022



# Expansion of digital service businesses continued

## Domestic digital services

- Entertainment services
  - Elisa original series continues to arouse interest internationally
  - Three Elisa Viihde original series were selected for MIPDrama Cannes as among the ten most interesting international series (*Evilside*, *Summer of Sorrow*, *The Invincibles*)
  - The original series *Mister8*, last autumn's Cannes Series winner, premiered on Canal+ in France
- IT services
  - Increasing demand for IT hybrid cloud services
  - Elisa in the top three most recognised cyber security providers in Finland<sup>1)</sup>

## International digital services

- Elisa IndustrIQ
  - Strong growth continued in Q1
- Elisa Polystar acquired FRINX
  - Slovak telecom network automation software supplier
  - Products and software complement Elisa Polystar's zero-touch automation and analytics offering
- Elisa Videra
  - Transforming to hybrid working increases
  - Over 300 video meeting rooms delivered globally in Q1





<sup>1)</sup>Prior Consulting: Cyber security buying preference study Feb 2022



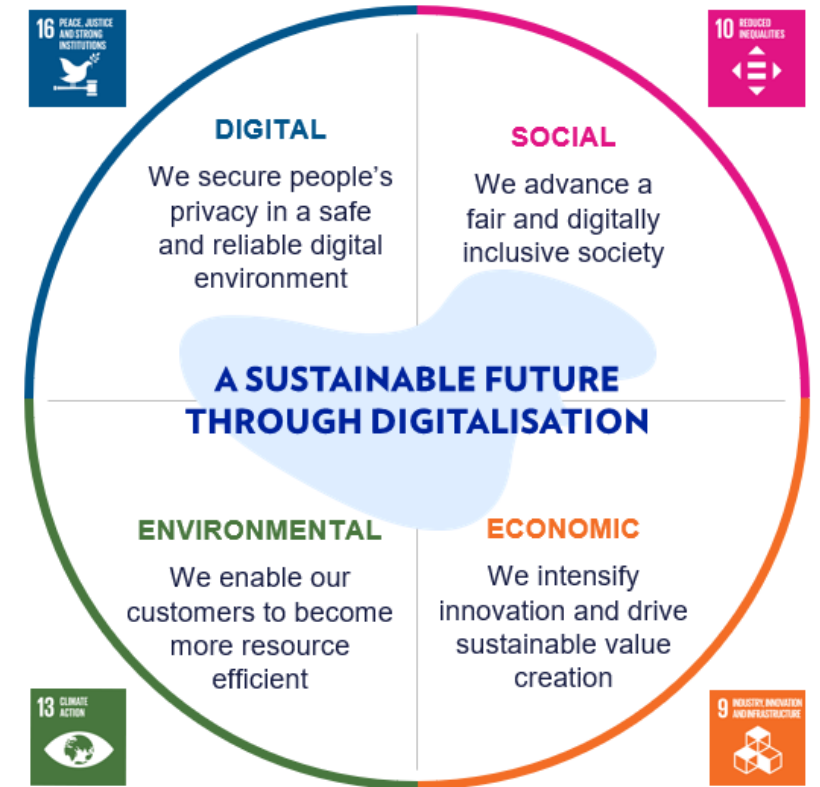
# A sustainable future through digitalisation

- New sustainability targets emphasise the impact of handprint
- Q1 highlights
  - Sustainability Finance Framework established
  - Ten-year wind power agreement
  - Assured Sustainability Report from 2021, TCFD report\*
  - Sustainable Brand Index 2022: industry winner for the third year in a row in Finland
  - Joining Women4Cyber Finland to increase the employment of women in the Finnish cybersecurity industry

\* Task Force on Climate-Related Financial Disclosures

Key ESG indicators	1Q22	1Q21	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	77.0%	46.7%	72.6%
 Proportion of female supervisors <sup>1)</sup>	-	-	27.4%
 Patent portfolio development			
Size of active patent portfolio <sup>2)</sup>	293	203	265
Number of first applications	6	9	19

<sup>1)</sup> Reported bi-annually <sup>2)</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



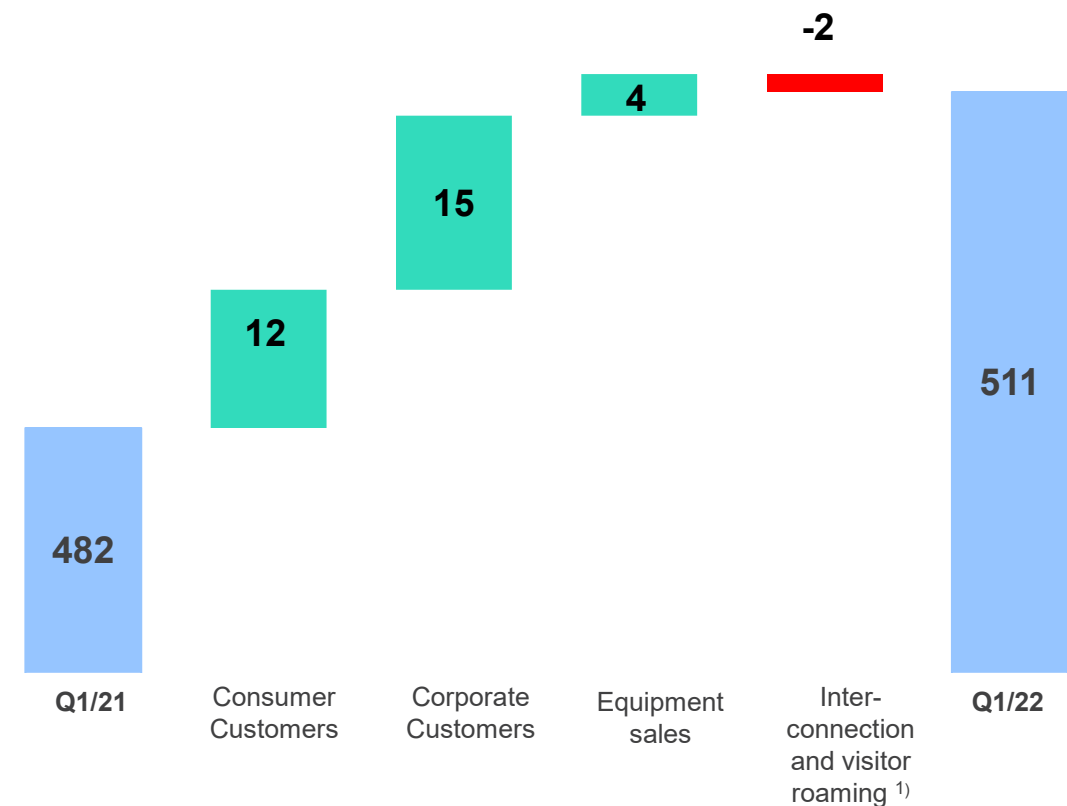
Financial review Q4 2021

# Growth in revenue and earnings continuing

EUR million <sup>1)</sup>	Q1/22	Q1/21	Change	%
<b>Revenue</b>	<b>511</b>	<b>482</b>	<b>29.8</b>	<b>6.2 %</b>
Other operating income	1	3	-1.6	-64.3 %
Materials and services	-190	-182	-7.5	4.1 %
Employee expenses	-100	-94	-5.8	6.2 %
Other operating expenses	-46	-38	-7.4	19.5 %
<b>EBITDA</b>	<b>177</b>	<b>170</b>	<b>7.5</b>	<b>4.4 %</b>
<i>EBITDA %</i>	0	0		
Depreciation	-66	-68	1.8	-2.7 %
<b>EBIT</b>	<b>111</b>	<b>102</b>	<b>9.3</b>	<b>9.1 %</b>
<i>EBIT %</i>	0	0		
Financial expenses net	-3	-3	-0.2	
<b>Profit before tax</b>	<b>108</b>	<b>99</b>	<b>9.2</b>	<b>9.2 %</b>
<b>Net profit</b>	<b>88</b>	<b>82</b>	<b>6.6</b>	<b>7.8 %</b>
<b>EPS, €</b>	<b>0.55</b>	<b>0.51</b>	<b>0.04</b>	<b>8.0 %</b>

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

Q1 2022 YoY revenue change €30m

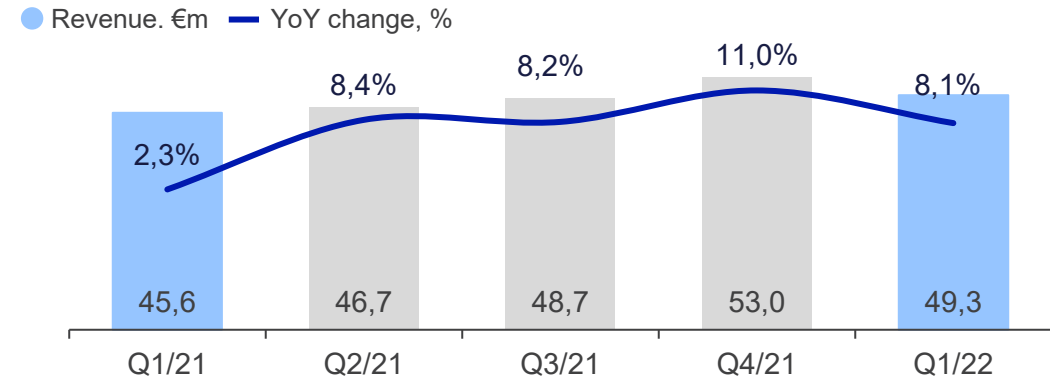


1) Mobile and fixed interconnection

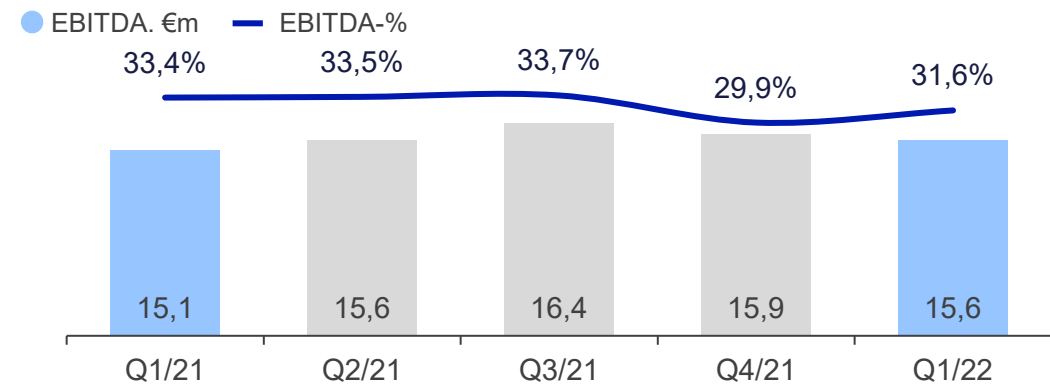
# Strong growth in Estonia

- Revenue and EBITDA improved
  - Revenue +8%
    - Mobile and fixed services
    - Equipment sales
  - EBITDA growth +3%
  - Mobile post-paid base +3,500, pre-paid +1,100
  - Churn 8.7% (9.2 in Q4)

## Revenue



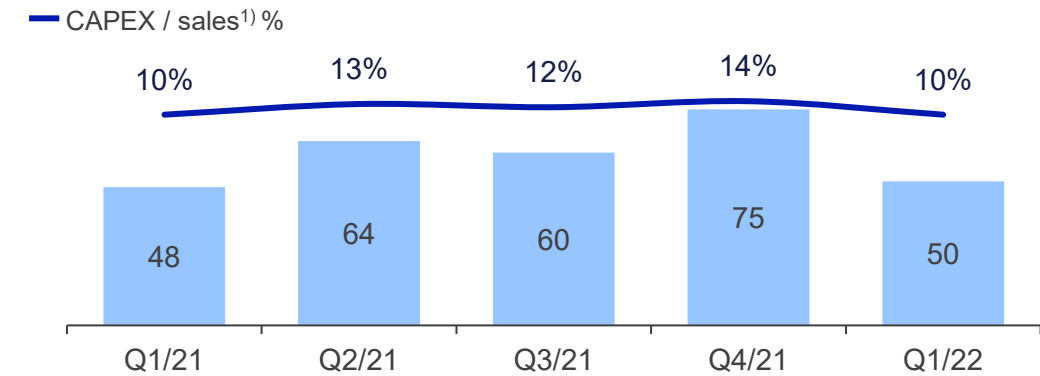
## EBITDA



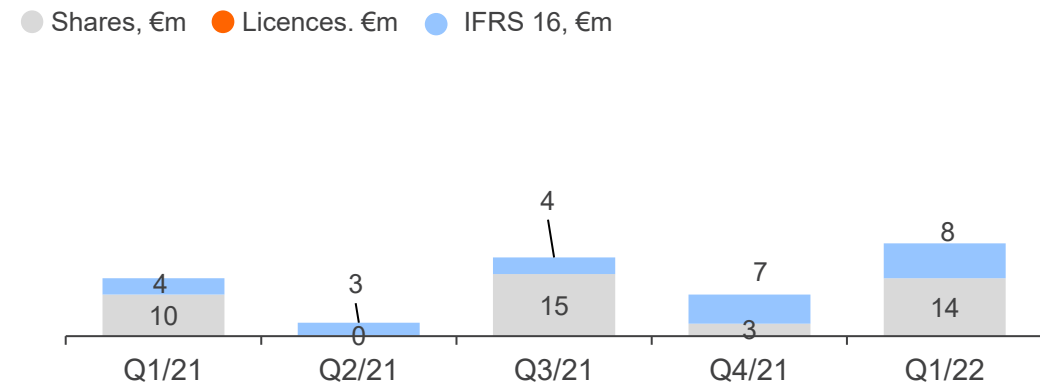
# CAPEX in line with guidance

- CAPEX €59m (53), excl. licences, lease agreements and acquisitions €50m (48)
  - Consumer €38m (32)
  - Corporate €20m (20)
- Main CAPEX areas
  - 5G coverage increase
  - Other network and IT investments

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



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

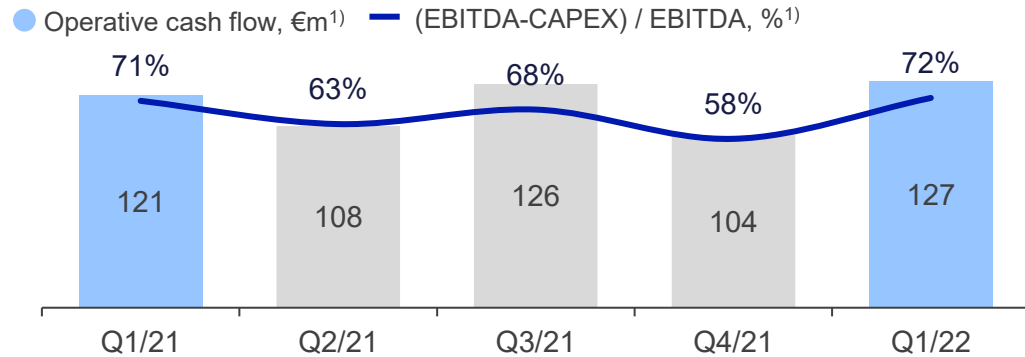


<sup>1)</sup> Investments excluding shares, licences and rental agreements (IFRS 16)

# Growth in cash flow

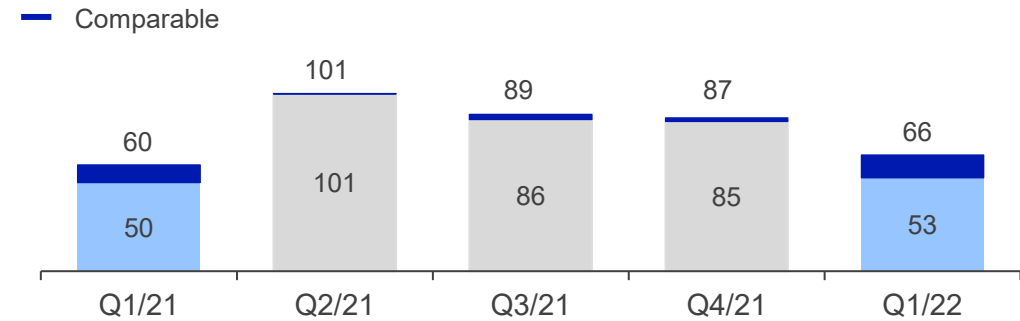
- Q1 cash flow €53m (50)
- Q1 comparable cash flow €66m (60)
  - + Higher EBITDA, lower interest paid and lower licence fees
  - NWC change, higher taxes and CAPEX

## Cash conversion

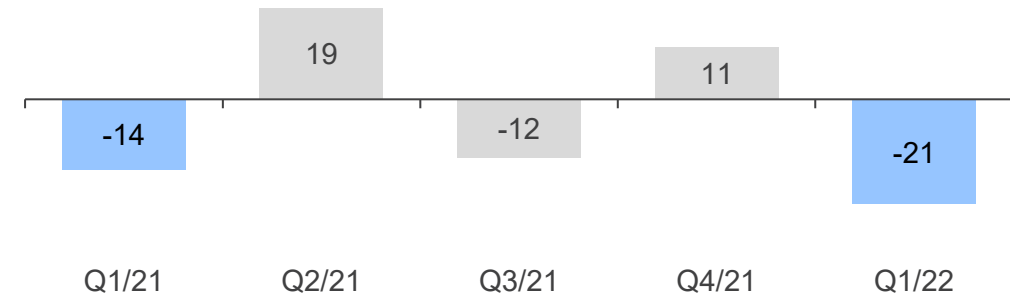


<sup>1)</sup> Comparable EBITDA – CAPEX excluding investments in shares, licences and finance leases (IFRS 16)

## Cash flow and comparable cash flow, €m



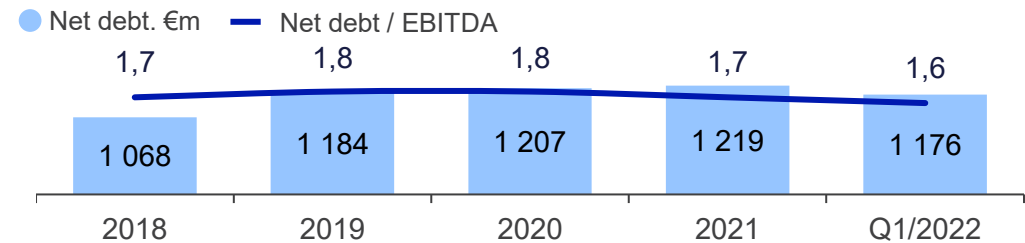
## Change in net working capital, €m



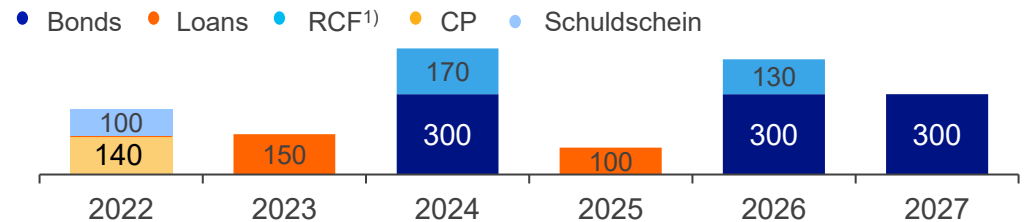
# Efficient capital structure and good returns

- Capital structure according to target
  - Net debt / EBITDA 1.6x (target 1.5–2x)
  - Equity ratio 40.7% (target >35%)
- Return ratios at good level
  - Efficient capital structure
- Average interest expense below 1%

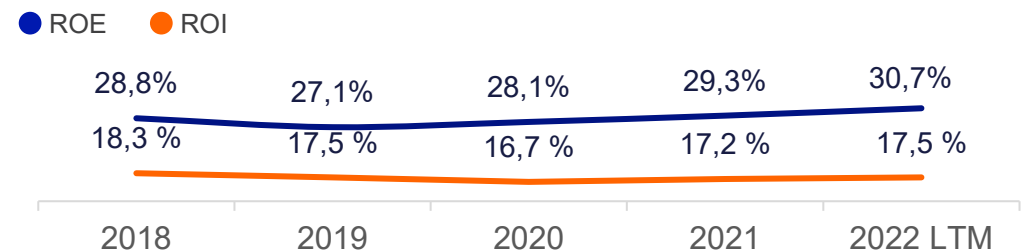
## Net debt



## Maturities as of 31 March 2022, €m



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



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

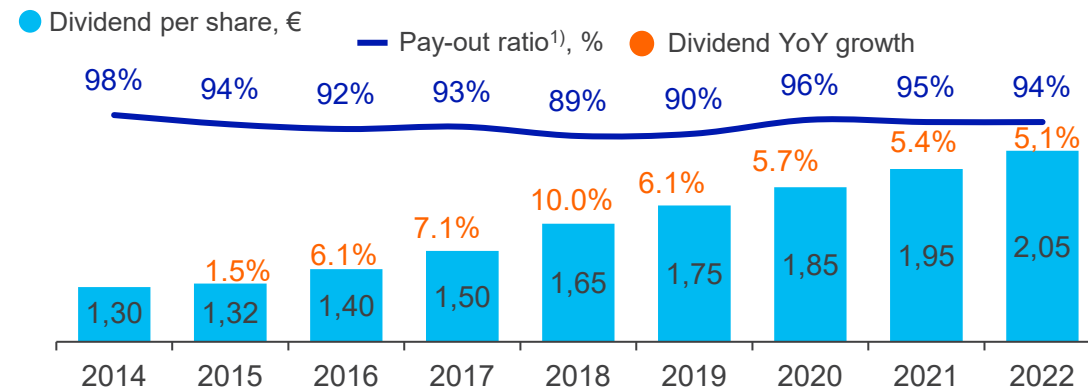
<sup>2)</sup> Comparable



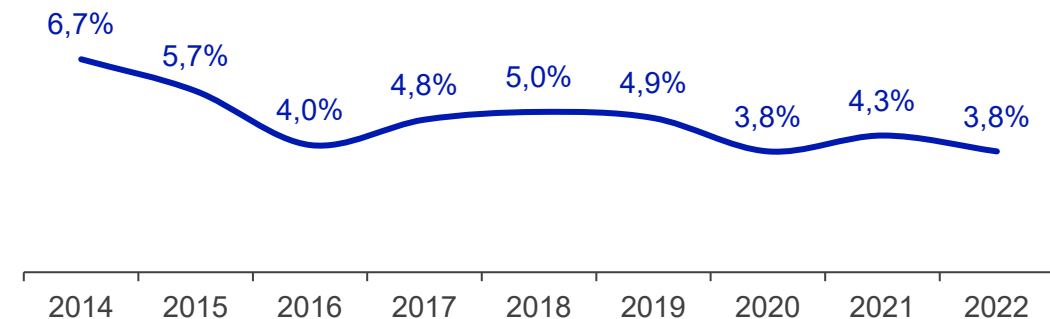
# Best-in-class dividend growth

- Dividend of €2.05 per share
  - Dividend growth +5.1%
  - Total amount €328m
  - Payment date was 20 April 2022
- Pay-out ratio<sup>1)</sup> 94%,
  - Dividend yield 3.8%<sup>2)</sup>
- 5m share buyback authorisation
- Strong commitment to competitive shareholder remuneration
  - Distribution policy 80–100% of net profit

## Dividend



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



1) 2022 calculated from comparable EPS

2) As a share price of last trading date of the year (in 2021 €54,12)

*elisa*

Q&A

## APPENDIX

## P&amp;L by quarter

EUR million	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20
<b>Revenue</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>	<b>468.1</b>
<i>YoY growth</i>	6.2 %	7.5 %	6.2 %	5.1 %	2.9 %	2.2 %	0.6 %	2.0 %	6.5 %
Other operating income	0.9	1.8	1.6	3.0	2.5	1.6	1.3	0.6	0.6
Materials and services	-189.5	-212.2	-188.3	-181.0	-182.0	-199.7	-175.6	-166.8	-171.6
Employee expenses	-100.1	-100.4	-80.4	-98.7	-94.3	-82.7	-74.1	-81.8	-87.1
Other operating expenses	-45.6	-49.2	-43.4	-41.4	-38.2	-46.1	-39.1	-44.6	-44.3
<b>EBITDA</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>	<b>165.7</b>
<i>EBITDA %</i>	34.6 %	32.8 %	37.5 %	34.3 %	35.2 %	34.4 %	38.5 %	36.5 %	35.4 %
<i>YoY Growth</i>	4.4 %	2.5 %	3.4 %	-1.2 %	2.4 %	1.9 %	0.8 %	5.7 %	6.9 %
<b>Comparable EBITDA</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>	<b>165.7</b>
<i>YoY Growth</i>	4.4 %	4.0 %	3.4 %	2.2 %	2.4 %	1.9 %	0.8 %	2.9 %	5.2 %
<i>Comparable EBITDA %</i>	34.6 %	33.3 %	37.5 %	35.5 %	35.2 %	34.4 %	38.5 %	36.5 %	35.4 %
Depreciation, amortisation and impairment	-65.8	-66.8	-65.4	-66.6	-67.6	-73.9	-68.1	-67.4	-66.8
<b>EBIT</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>99.0</b>
<b>Comparable EBIT</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>	<b>99.0</b>
Financial income	1.5	0.9	1.3	1.0	1.4	6.3	1.2	-0.2	1.4
Financial expense	-4.2	-4.4	-4.1	-3.8	-4.2	-5.4	-5.4	-4.7	-5.7
Share of associated companies' profit	-0.3	-0.2	-0.1	-0.2	0.0	0.3	0.7	0.7	0.2
<b>Profit before tax</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>94.9</b>
<b>Comparable profit before tax</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>	<b>94.9</b>
Income taxes	-20.4	-19.0	-21.0	-17.3	-17.6	-16.2	-19.4	-17.5	-17.0
<b>Profit for the period</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>77.9</b>
<b>Comparable Profit</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>77.9</b>
<b>Earnings per share (EUR)</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>0.49</b>
<b>Comparable EPS</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>	<b>0.49</b>
<i>YoY Growth</i>	8.0 %	7.8 %	8.9 %	5.9 %	4.7 %	3.4 %	5.2 %	5.6 %	10.1 %

# Cash flow YoY comparison

EUR million	Q1/22	Q1/21	Change <sup>1)</sup>	%	2021	2020
EBITDA	177	170	7	4 %	697	685
Change in receivables	43	23	20		-32	11
Change in inventories	-6	-7	1	-12 %	-18	-1
Change in payables	-58	-30	-28	91 %	53	3
Change in NWC	-21	-14	-7	50 %	3	13
Financials (net)	-7	-11	4	-38 %	-14	-15
Taxes for the year	-18	-18	0	1 %	-74	-70
Taxes for the previous year	-2	-1	-1		-1	3
Taxes	-20	-19	-1	4 %	-76	-68
CAPEX	-50	-49	-1	2 %	-248	-238
Licence fees <sup>2)</sup>	-5	-10	4		-11	-11
Investments in shares <sup>3)</sup>	-13	-10	-3	30 %	-16	-57
Sale of shares	0	0	0	0 %	0	6
Sale of assets and adjustments	-7	-6	-1	18 %	-15	-12
Cash flow after investments	53	50	3	6 %	322	300
Cash flow after investments excl. acquisitions <sup>4)</sup>	66	60	6	10 %	338	351

1) Difference is calculated using exact figures prior to rounding

2) 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	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20
EBITDA	177	176	186	166	170	171	180	168	166
Change in receivables	43	-53	-6	5	23	-20	0	8	23
Change in inventories	-6	-9	-2	1	-7	-2	9	-10	2
Change in payables	-58	73	-3	13	-30	37	-15	2	-22
Change in NWC	-21	11	-12	19	-14	16	-6	1	3
Financials (net)	-7	-1	-2	0	-11	-1	-1	-1	-11
Taxes for the year	-18	-20	-19	-18	-18	-20	-17	-16	-17
Taxes for the previous year	-2	0	0	0	-1	0	0	1	2
Taxes	-20	-20	-19	-18	-19	-20	-17	-16	-15
CAPEX	-50	-72	-62	-65	-49	-63	-62	-65	-48
Licence fees	-5	0	-1	0	-10	0	0	-1	-10
Investments in shares	-13	-2	-4	0	-10	-49	-6	-2	0
Sale of shares	0			0		3	2	0	1
Sale of assets and adjustments	-7	-8	-1	-1	-6	-1	0	-1	-11
Cash flow after investments	53	85	86	101	50	53	91	83	73
Cash flow after investments excl. acquisitions	66	87	89	101	60	99	97	85	73

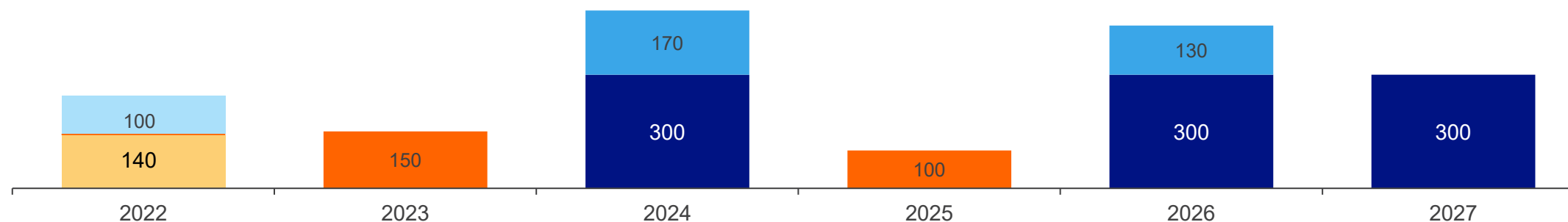
# Debt structure

EUR million at the end of the quarter	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20
Bonds and notes	889	888	887	886	885	1 058	1 057	759	758
Commercial paper	140	0	55	130	103	20	152	307	176
Schuldschein	100	100	100	100	100				
Loans from financial institutions	253	254	254	253	253	252	250	250	250
Lease liabilities <sup>1)</sup>	94	92	91	94	96	97	100	90	93
Committed credit lines <sup>2)</sup>	0	0	0	0	0	0	0	0	0
<b>Interest-bearing debt. total</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>	<b>1,277</b>
Cash and cash equivalents	301	114	89	84	274	220	303	74	161
<b>Net debt <sup>3)</sup></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>	<b>1,117</b>

- 1) Lease liabilities are classified as interest bearing debt according IFRS 16 from Q1/19 onwards  
 2) The committed credit lines are €130m and €170m facilities which Elisa may use flexibly on agreed upon pricing  
 3) Net debt is interest-bearing debt less cash and interest-bearing receivables

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

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



<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.