

A photograph of a woman with short blonde hair and a light-colored scarf smiling as she looks at a tablet held by a young boy with short blonde hair. They are both looking at the screen of the tablet. The background is slightly blurred, suggesting an indoor setting with a window. The entire image is overlaid with a semi-transparent blue gradient.

ANNUAL RESULTS
7th February 2014

2013



Agenda

CEO's review

Veli-Matti Mattila, CEO

Financial review

Jari Kinnunen, CFO

CEO's review

- 2013 overview
- Q4 2013 financial and operational highlights
- Segment review
- Strategy execution
- Outlook for 2014

2013 highlights

- Revenue at last year's level
- EBITDA excluding one-offs improved
- 2013 dividend payment €1.30 per share, yield 7.8%
- Strong growth in New Services continued
- Mobile and fixed broadband subscriptions developed favourably
- Strong growth in mobile data continued, boosted by 4G services
- New 800 MHz spectrums for LTE network expansion
- Execution of the PPO acquisition
- Dividend proposal for 2014 €1.30 per share
 - Authorisation for 5 million share buy-back

Profitability improved

	2013	Change in 2013
Revenue	€1,547m	-0.4%
EBITDA	€508m	+1.4%
EBITDA-%	32.8%	+0.5% unit
Earnings per share	€1.33	-1.5%
CAPEX	€202m	+4.3%
Cash flow	€177m	+14.5%
Net debt	€971m	+15.8%

EBITDA and EPS excluding one-offs, CAPEX excluding LTE licenses and investments in shares, CF excluding investments in shares

Growth in subscription bases

	2013	Change in 2013
Mobile subscriptions	4,535,200	+89,000
Fixed broadband subscriptions	565,700	+60,600
Cable TV subscriptions	312,600	+53,300
Mobile ARPU ¹⁾	€15.9	-€1.6
Mobile churn	18.3%	+1.8% unit
Mobile usage, minutes ²⁾	6,831m	-272m
SMS, units	2,263m	+33m
Mobile data, Giga bytes	75.8m	+32.2m

¹⁾ Revenue / SIM

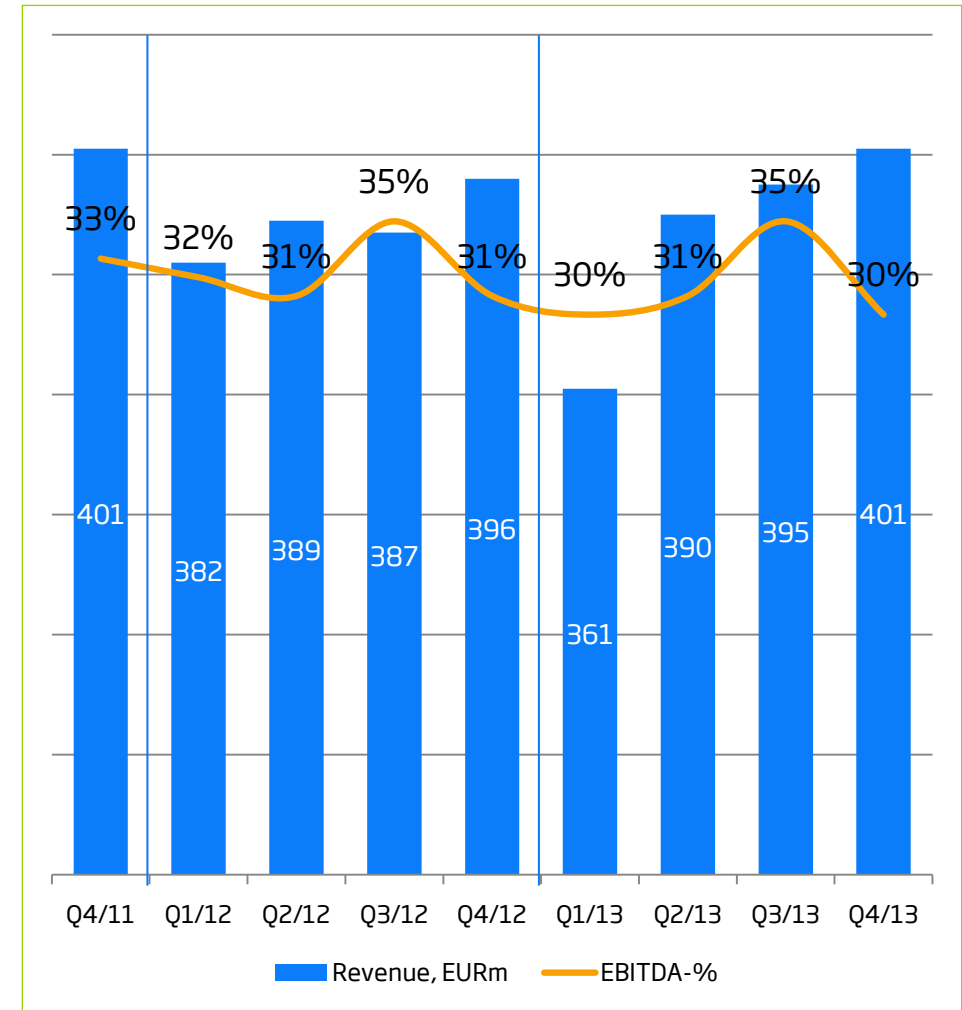
²⁾ Outgoing minutes

Q4 2013 highlights

- Operating environment remained challenging
- Price campaigns less intensive than at the beginning of the year
- Mobile subscription base continued to grow
- Growth in smartphone market accelerated, penetration almost 50%
- Elisa Viihde IPTV success continued
- Fixed broadband base stable, growth in cable TV
- Cost efficiency measures progressing

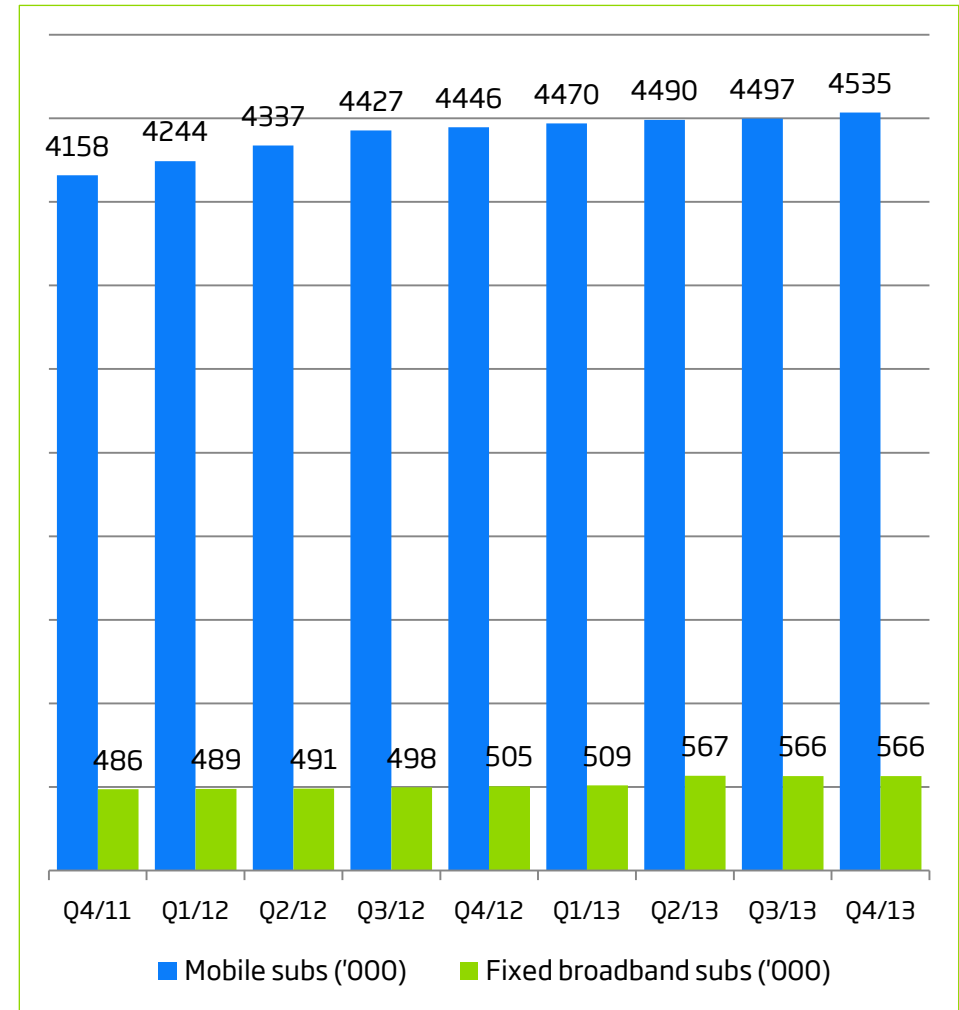
Growth in revenue and clean EBITDA

- Revenue €401m (396)
- EBITDA €122m (124), 30% of revenue (31)
 - Excluding one-offs €134m (124), 33% of revenue (31)
- EPS €0.32 (0.32)
 - Excluding one-offs €0.37 (0.34)
- CAPEX €90m (50), excluding licence €57m, 14% of revenue
- Net debt €971m (839)
 - Cash flow €26m (34)
 - Net debt / EBITDA 2.0 (1.7)



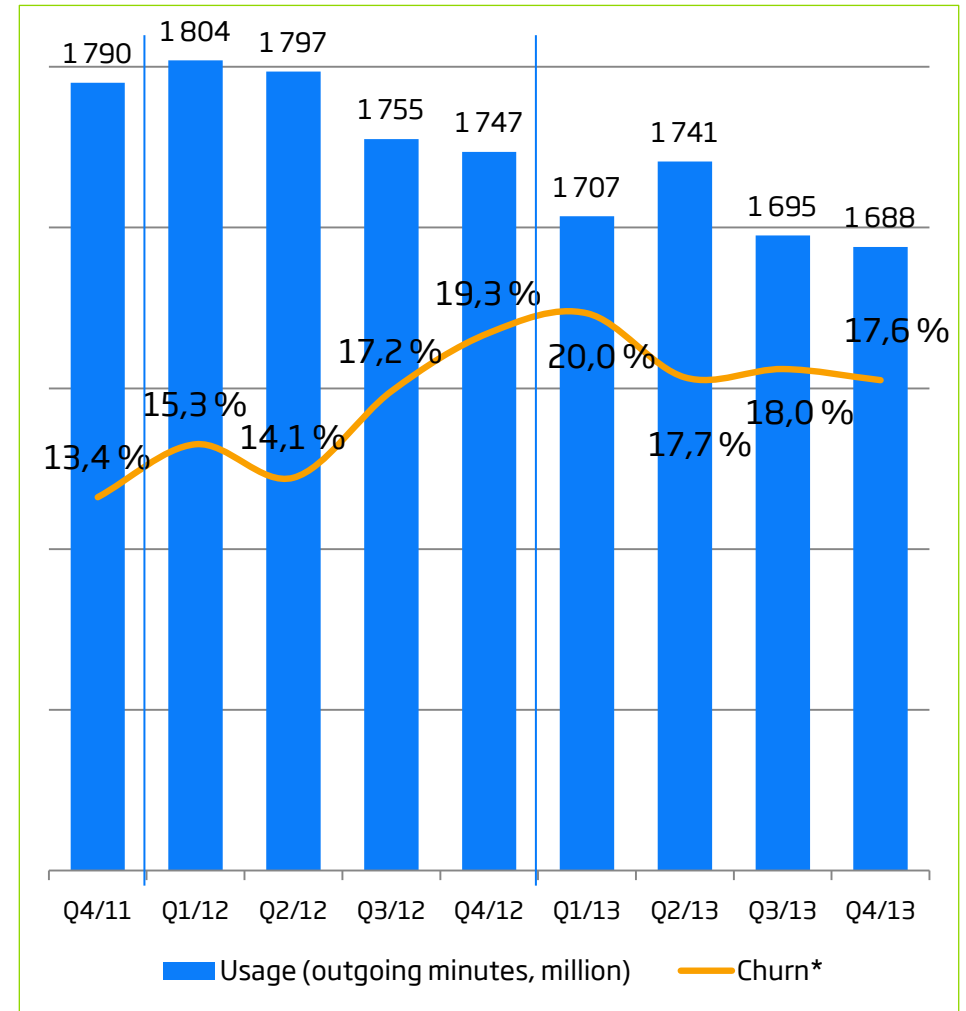
Subscription growth continued

- 37,900 new mobile subscriptions in Q4
 - Growth in both customer segments
 - Estonia +7,900 subscriptions
- Fixed broadband subscriptions at the previous quarter's level
 - Approx. 2,700 subs divested in Eastern Finland
- Elisa Viihde IPTV customer base continued to grow



Growth in data, minutes slightly down

- Mobile data YoY growth +62%
 - 23.2m Giga bytes (14.3)
- Outgoing minutes 1.7bn, slight decrease
- 598m SMS, YoY growth +6%
- Churn* slightly down to 17.6% (19.3)

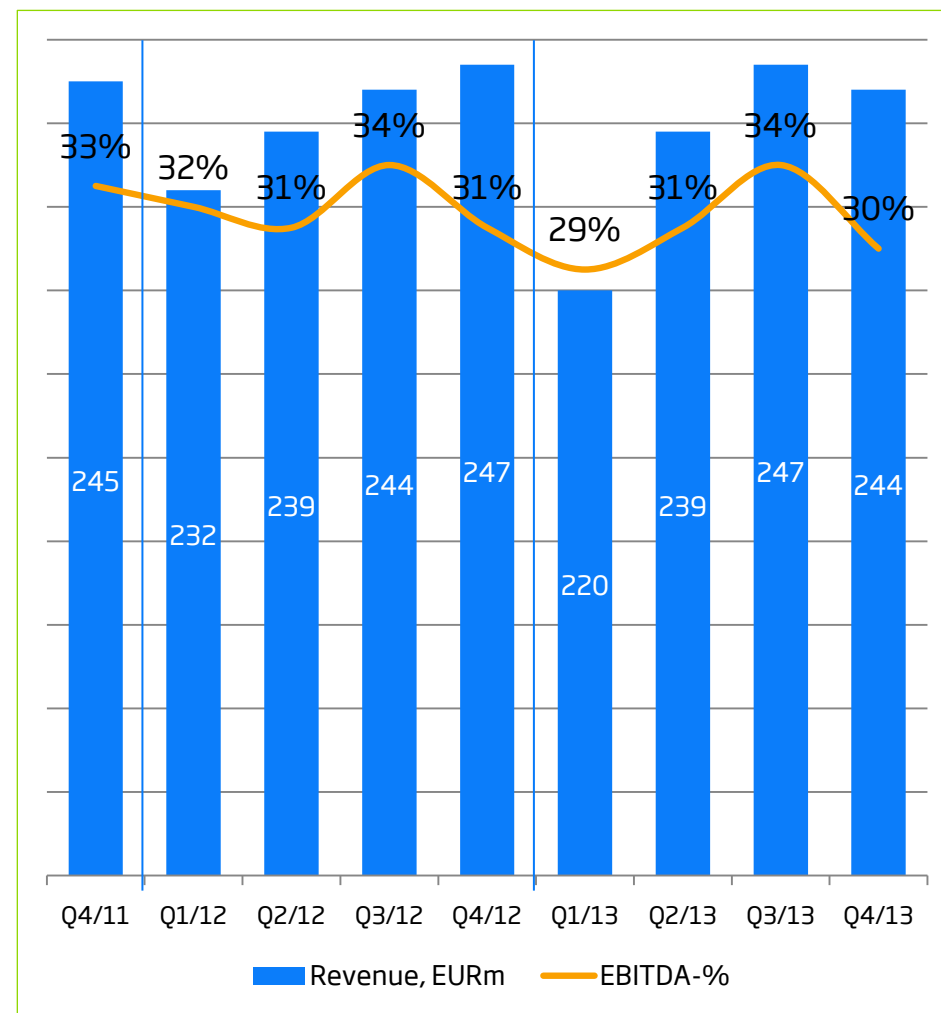


* Annualised

Business Segments

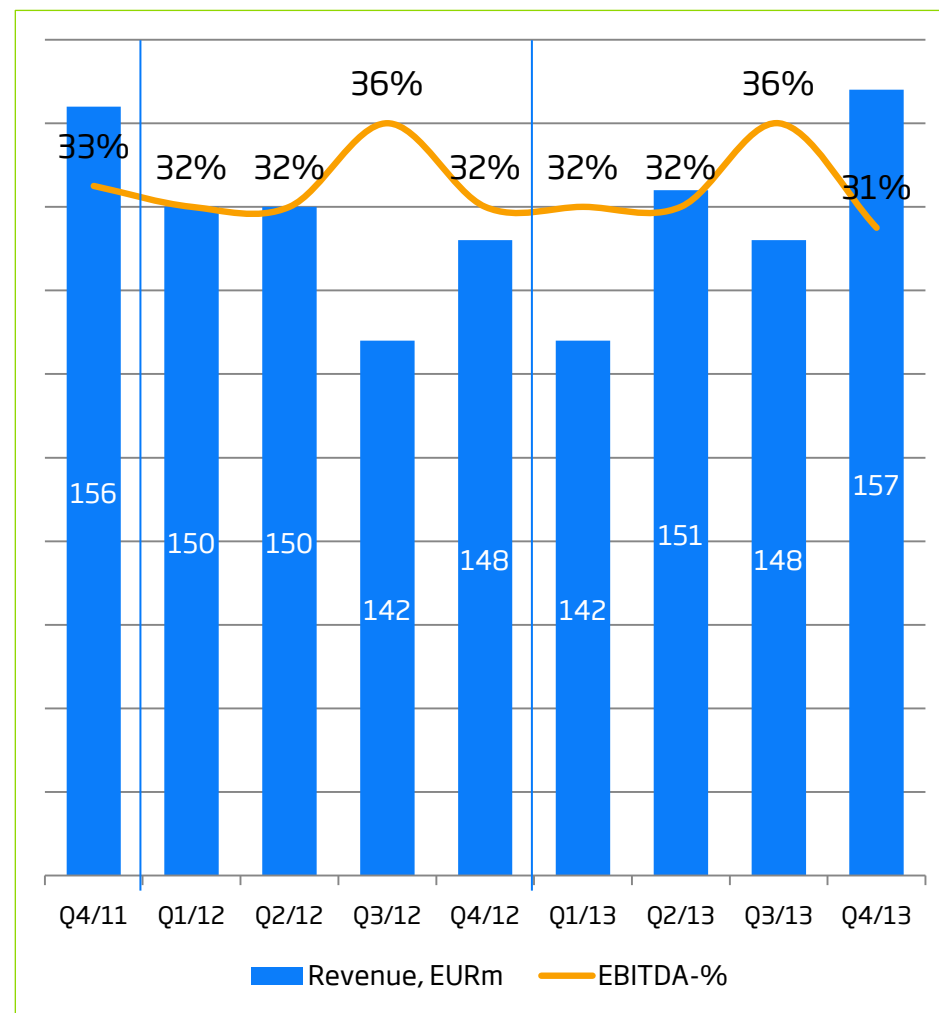
Clean EBITDA improved

- Revenue €244m (247)
 - Growth through new services, PPO acquisition and mobile services
 - Decrease in equipment sales and interconnection revenue
- EBITDA €73m (77), 30% of revenue (31)
 - Excluding one-offs €79m (77), 32% of revenue (31)
- CAPEX €48m (29)
 - Excluding 800 MHz LTE license €32m (29)



Growth in revenue and clean EBITDA

- Revenue €157m (148)
 - Growth through ICT services and PPO acquisition
 - Decrease in traditional fixed voice, as well as interconnection and roaming revenue
 -
- EBITDA €48m (47), 31% of revenue (32)
 - Excluding one-offs €55m (47), 35% of revenue (32)
- CAPEX €42m (21)
 - Excluding 800 MHz LTE license €25m (21)



Strategy execution

Build value on data

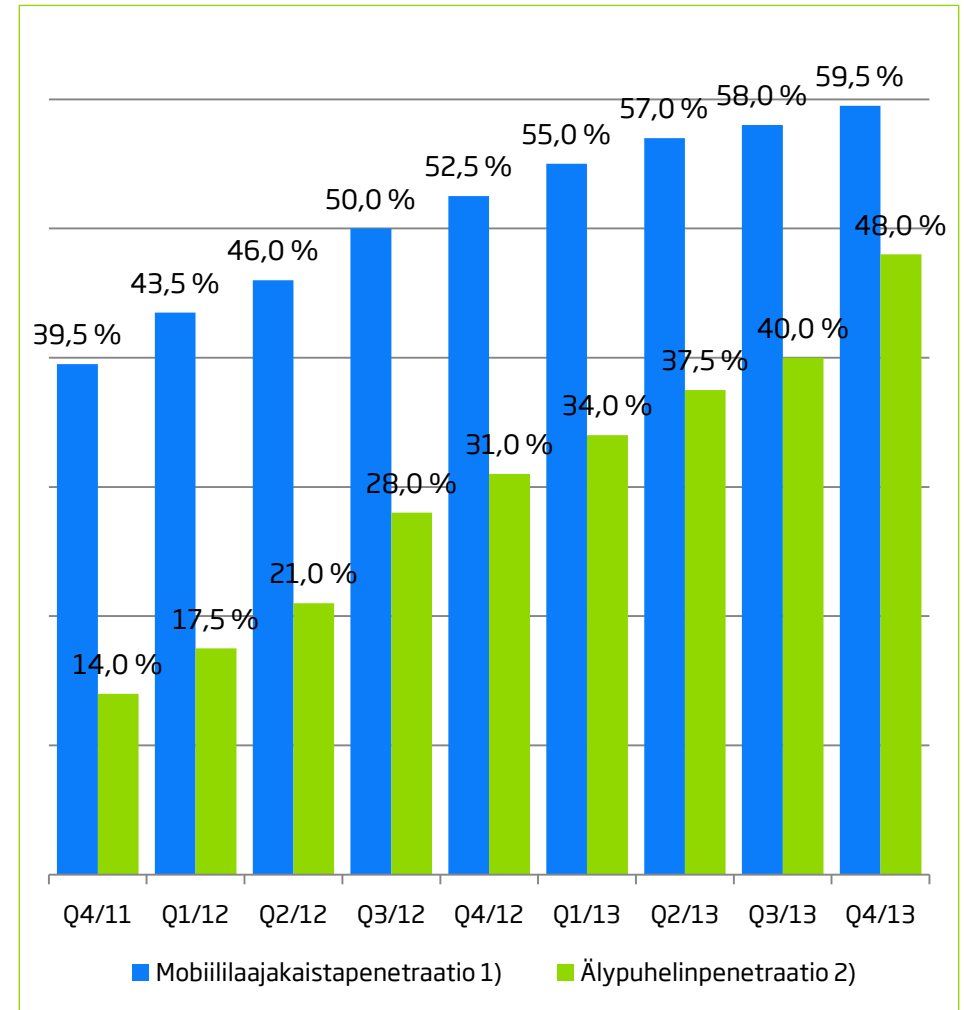
Accelerate new services businesses

Improve performance with
customer intimacy and operational excellence

Growth in smartphones accelerated

- Almost half of customers use a new type of smartphone
- Strong Christmas sales with lower-speed data subscriptions
- Smartphones top the list of most sold phones in January
 1. Apple iPhone 5s
 2. Samsung Galaxy Trend Plus
 3. Nokia Lumia 520
 4. Nokia 301 (feature phone)
 5. Samsung Galaxy S III
- 84% of all models sold were smartphones in Q4

Penetrations in Elisa's network in Finland



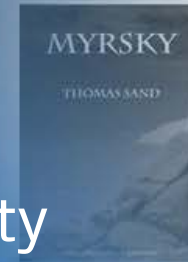
- 1) 3G/4G dongles and mobile BB add-on services (min. 384 kb/s) of the total subscription base excluding M2M and service operator subs
- 2) iOS (iPhone), Android, Symbian 3^ and Windows phones of the total phone base (no tablets)

One-million e-books downloaded from Elisa eBook service

- More than 170,000 applications downloaded to smartphones and tablets
- Elisa eBook service gives all Finns the opportunity to publish their own book
 - Elisa and Gummerus arranged a novel-writing competition
 - Over 700 manuscripts were entered in the competition

Elisa Kirja

Kirjoita itse



Julkaise tarinasi nyt. Kirjoita itse tarjoaa helpon ja maksuttoman tavan julkaista omaa kirjaa Elisa Kirjassa. [Elisa Kirja](#) tarjoaa laajimman valikoiman suomenkielisiä e-kirjoja sähköisessä muodossa.

Näin se toimii

Lähetä tarinasi meille

Voit lähettää tarinasi meille. Tarinasi voi olla ennen julkaisematon tai se voi olla julkaisematon. Voit lähettää tarinasi meille ja julkaisematon. Pääset lähettämään tarinasi klik...

Omaguru

- A new era of home advisory service for use of technical equipment
- In 2013 Omaguru resolved 140,000 customer cases
- Customer satisfaction at very high level



Elisa tested new generation LTE as first in the Nordic countries

- New technology (Carrier Aggregation) enables up to 300 Mbps speed
 - More speed and new capacity for customers
- Two times faster connection than the current LTE
- Two combined 20 MHz channels were tested in 1,800 MHz and 2,600 MHz commercial networks
 - New record in the Nordic countries
 - Estimated commercial launch in the beginning of 2015

Outlook and guidance for 2014

- Macroeconomic environment still weak in 2014
- Competition remains challenging
- Revenue at the previous year's level, or slightly above
- EBITDA excluding one-offs at the same level as last year, or slightly higher
- CAPEX maximum 12 per cent of revenue

Agenda

CEO's review

Veli-Matti Mattila, CEO

Financial review

Jari Kinnunen, CFO

Revenue and EBITDA as guided

EUR million	Q4/13	Q4/12	Δ^1	$\Delta\%$	2013	2012	Δ^1	$\Delta\%$
Revenue	401	396	5	1	1,547	1,553	-6	-0
Other operating income	2	1			4	5		
Operating expenses	-282	-273			-1,061	-1,057		
EBITDA	122	124	-2	-2	491	501	-10	-2
<i>EBITDA-%</i>	<i>30</i>	<i>31</i>			<i>32</i>	<i>32</i>		
EBITDA excl. one-offs	134	124	10	8	508	501	7	1
<i>EBITDA-% excl. one-offs</i>	<i>33</i>	<i>31</i>			<i>33</i>	<i>32</i>		
Depreciation and amortisation	-53	-50			-210	-202		
EBIT	69	74	-5	-7	281	299	-18	-6
EBIT excl. one-offs	81	74	7	9	298	299	-1	0
<i>EBIT-% excl. one-offs</i>	<i>20</i>	<i>19</i>			<i>19</i>	<i>19</i>		
Profit before tax	60	64	-4	-6	255	269	-14	-5
Income taxes	-11	-14			-58	-60		
Profit for the period	49	50	-1	-2	196	209	-12	-6
EPS, EUR/share	0.32	0.32	0	0	1.25	1.33	-0.08	-6
<i>EPS, excl. one-offs</i>	<i>0.37</i>	<i>0.34</i>	<i>0.04</i>	<i>11</i>	<i>1.33</i>	<i>1.35</i>	<i>-0.02</i>	<i>-2</i>

¹⁾ Difference is calculated using exact figures prior to rounding

Efficiency measures continued

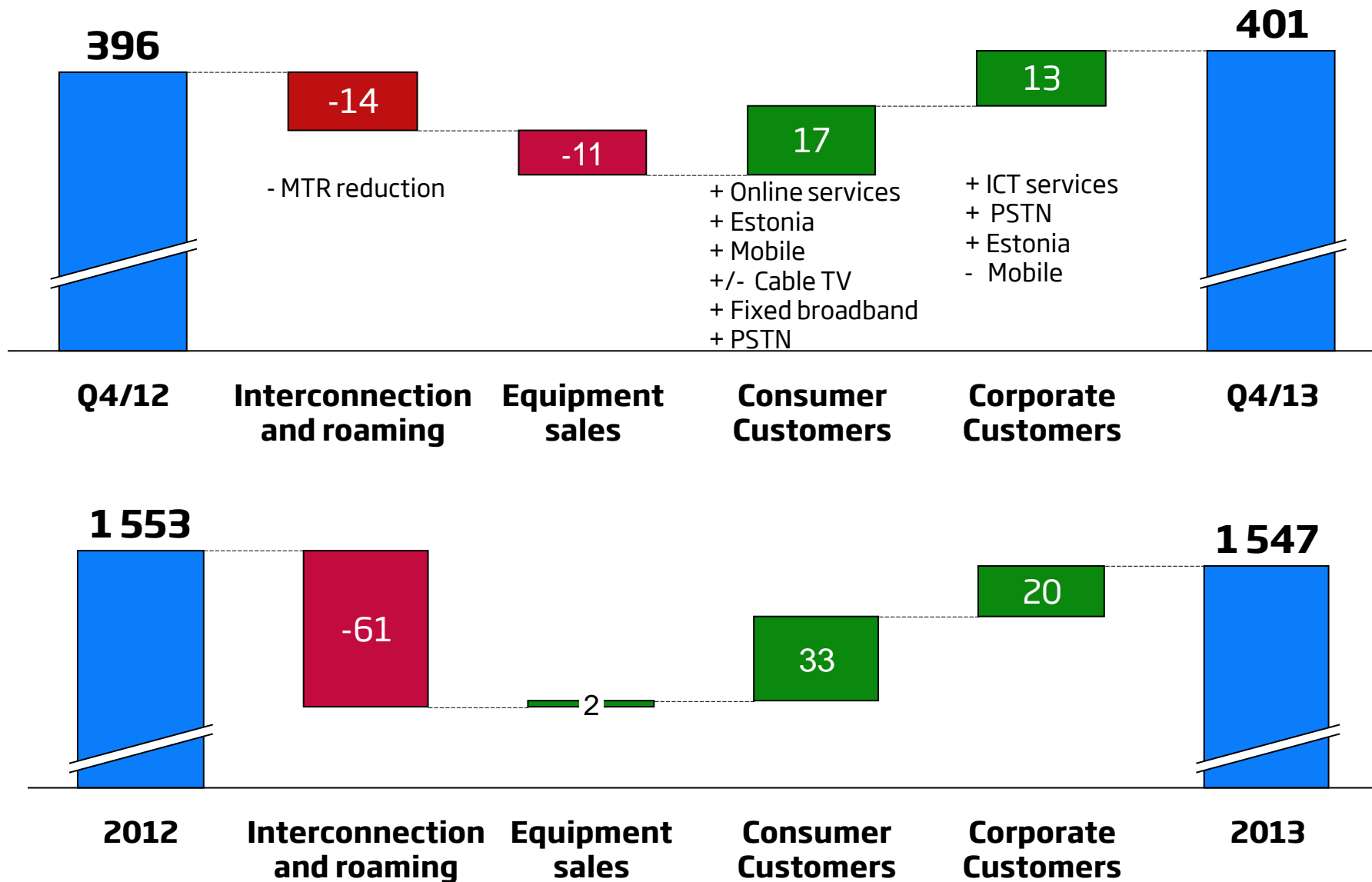
Cost efficiency measures contributed to EBITDA improvement

- Streamlining product portfolio
 - Increasing efficiency in customer service
 - Improving sales efficiency
 - Simplification of IT
 - Decreasing costs in general administration
-
- In Q4/2013 €12m in restructuring charges
 - Outsourcing of internal IT operations and systems in October

One-offs in 2013

EURm	Q1/13	Q2/13	Q3/13	Q4/13	2013
Consumer customers	0,6	0,0	2,7	5,8	9,0
Corporate customers	1,2	0,0	0,6	6,4	8,3
Total	1,8	0,0	3,3	12,2	17,3

Revenue change, €m



OPEX affected by one-offs

- OPEX decreases in Q4/13
 - Interconnection and roaming
 - Equipment purchase costs
 - Productivity improvements
- OPEX increases in Q4/13
 - Acquired companies
 - Personnel expenses
 - Restructuring costs €12m
 - Collective labour agreements 1.11.2013 increase of 1.9%
- Growth in depreciation due to companies acquired

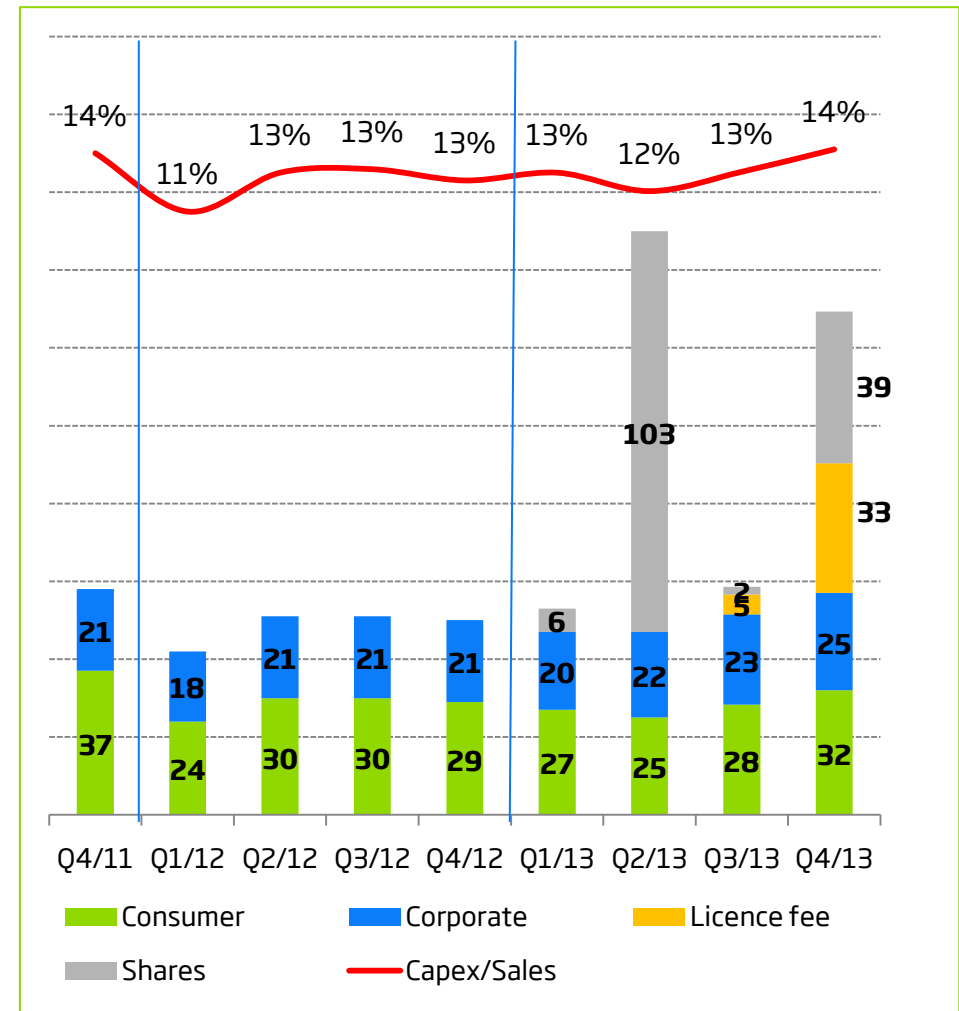
EURm	Q4 12	Q1 13	Q2 13	Q3 13	Q4 13
Materials and services	171	146	155	157	161
Employee benefit expenses 1)	62	64	66	62	78
Other operating expenses	40	43	48	38	42
Total expenses 2)	273	253	269	257	282
Depreciation	50	50	53	55	53

1) Excluding one-offs Q4/13 €66m

2) Excluding one-offs Q4 /13 €270m

CAPEX according to guidance

- FY CAPEX excl. licence €202m
 - CAPEX/sales 13% (12)
- Q4 CAPEX excl. licence €57m (50)
 - Consumer €32m (29)
 - Corporate €25m (21)
 - 800 MHz license fee in Finland €33m
 - Five annual installments
- Major CAPEX areas
 - 3G and 4G/LTE coverage and upgrade
 - Fixed access and backbone networks
 - IT systems
 - Customer equipment



Capex/sales excluding investments in shares and license fees.
 Q4/13 share issue of €39m for of Telekarelia and Kymen Puhelin mergers.

Cash flow

EUR million	Q4/13	Q4/12	Δ ¹⁾	2013	2012	Δ ¹⁾
EBITDA	122	124	-2	491	501	-10
Change in receivables	-17	-7	-10	-13	-14	1
Change in inventories	1	-5	6	6	-19	26
Change in payables	12	-6	17	2	-16	18
Change in NWC	-4	-17	13	-5	-50	45
Financials (net)	-9	-7	-2	-25	-30	5
Taxes for the year	-17	-15	-2	-65	-62	-3
Taxes for the previous year			0		-10	10
Taxes	-17	-15	-2	-65	-72	7
CAPEX	-54	-49	-5	-201	-189	-12
800 MHz licences ²⁾	-7		-7	-12		-12
Investments in shares ³⁾	-4		-4	-93	-1	-92
Sale of assets and adjustments	-2	-2	0	-6	-5	-2
Cash flow after investments	26	34	-8	84	155	-71
Cash flow after investments excl. acquisitions ⁴⁾	30	34	-4	177	155	22

1) Difference is calculated using exact figures prior to rounding

2) LTE 800 MHz licence in Finland Q4 €7m, Estonia Q3 €5m

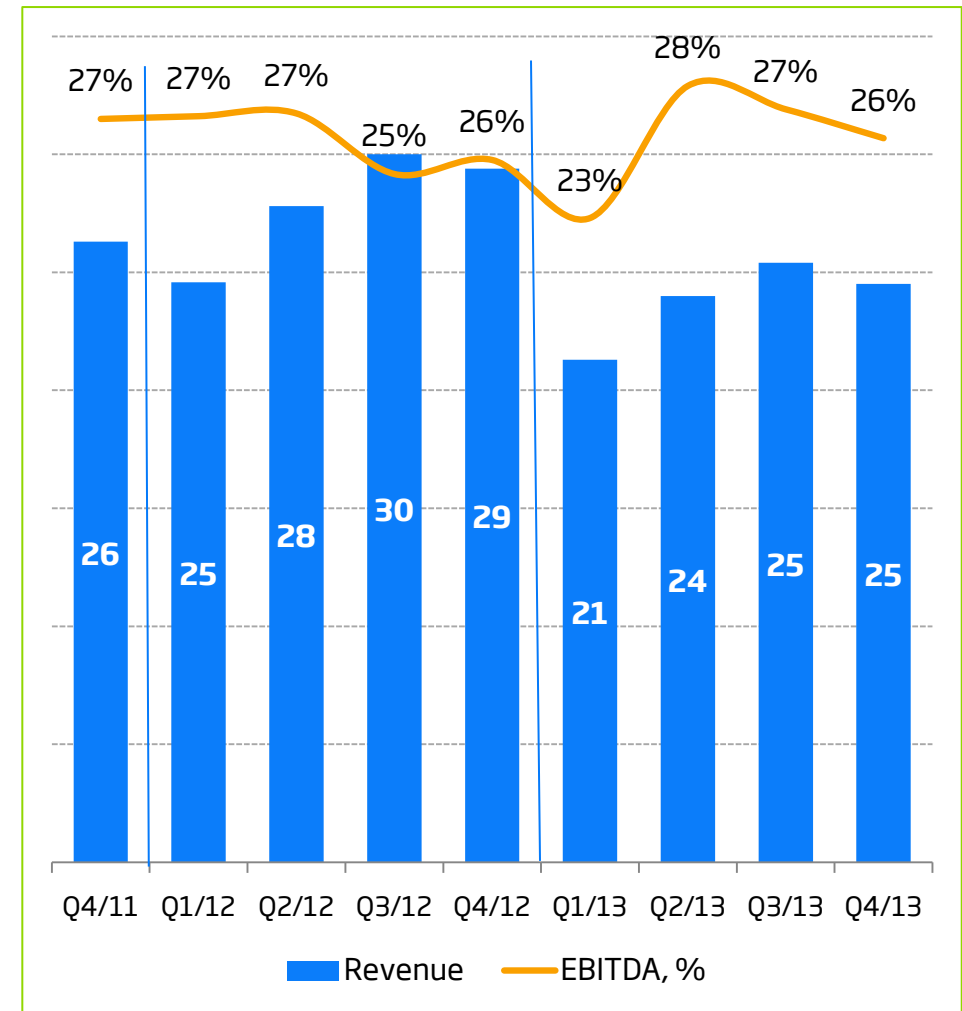
3) Investment in Sulake and PPO companies.

4) Without Sulake and PPO Acquisitions

MTR cuts lowered Estonian revenue

- Revenue €25m (29)
 - Decrease in MTRs
 - Growth in mobile data
- EBITDA €7m (8)
- CAPEX €3m (5)
 - LTE, 3G Coverage
 - Nationwide LTE network was opened in August
- Growth in mobile subs: +7,900 QoQ

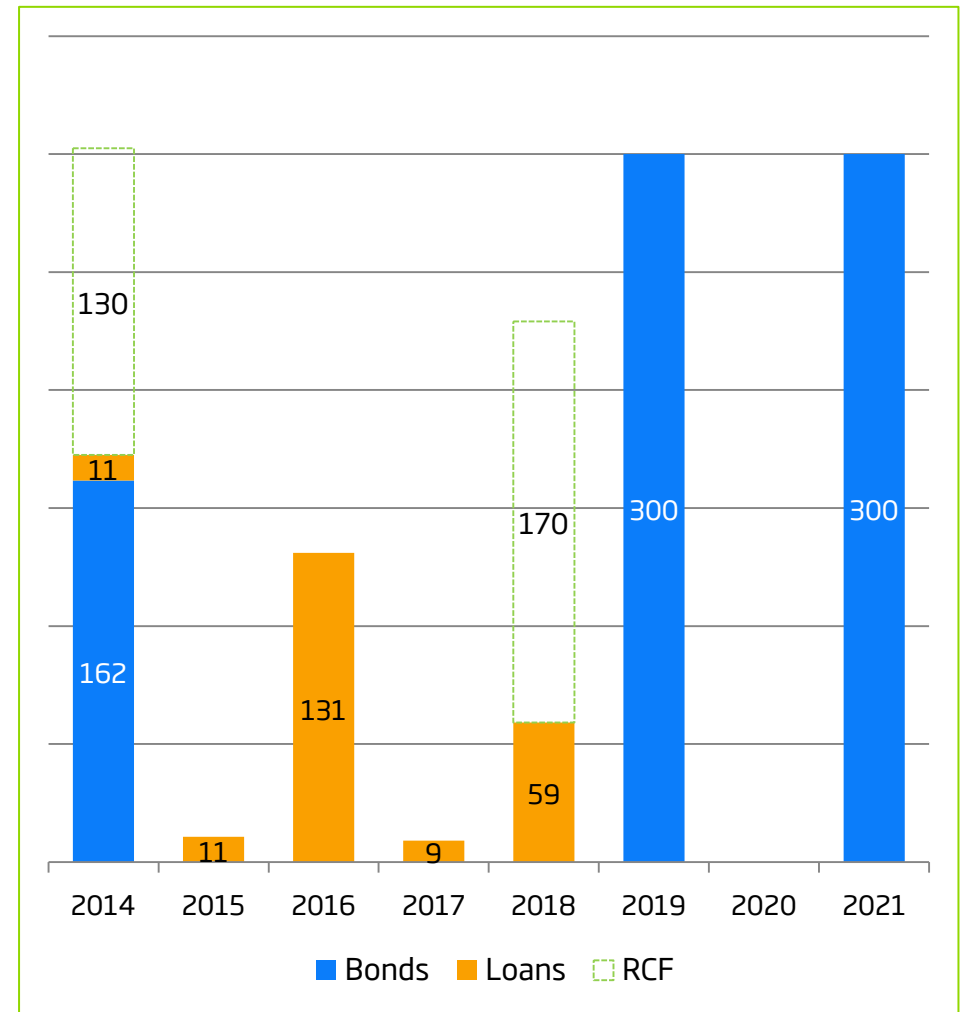
Estonian MTRs	Q4	Q4
	2012	2013
All operators, euro cents	6.32	1.29
MTR change, YoY		-80%



Solid liquidity position

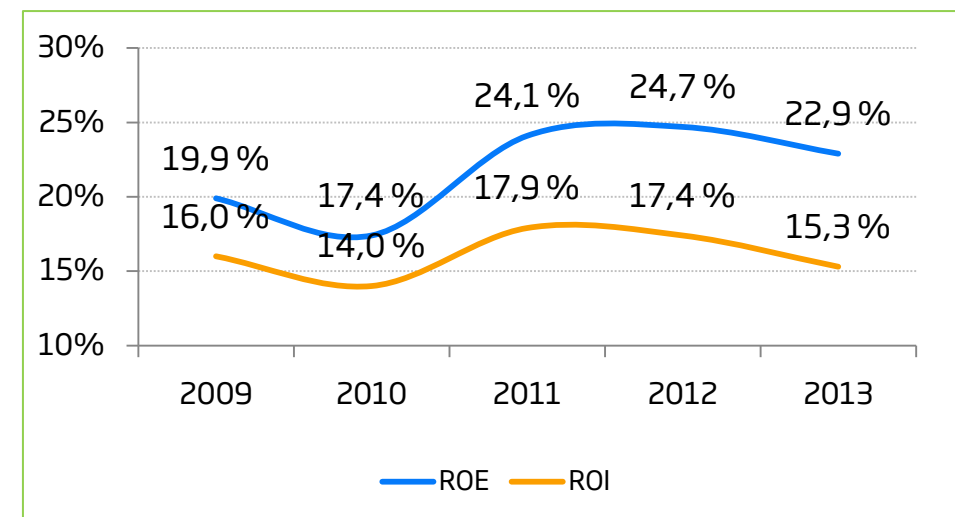
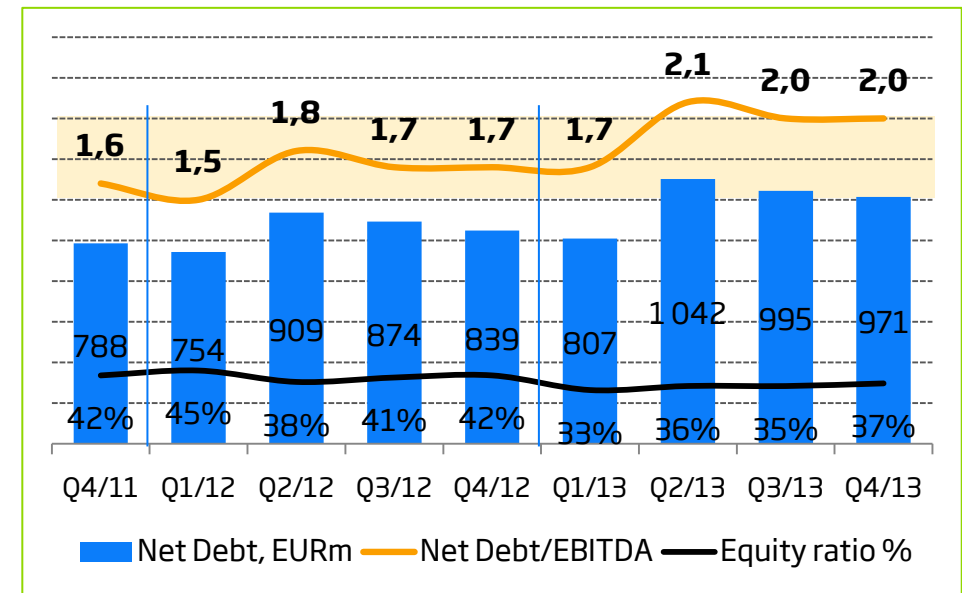
- Cash and undrawn committed facilities €438m (340)
 - Revolving Credit Facilities €300m fully undrawn
- Commercial paper programme
 - €101m in use as 31 December 2013
- Solid credit ratings since 2003
 - S&P BBB Stable outlook
 - Moody's Baa2 Stable outlook

Bond and bank loan maturities



Capital structure at target level

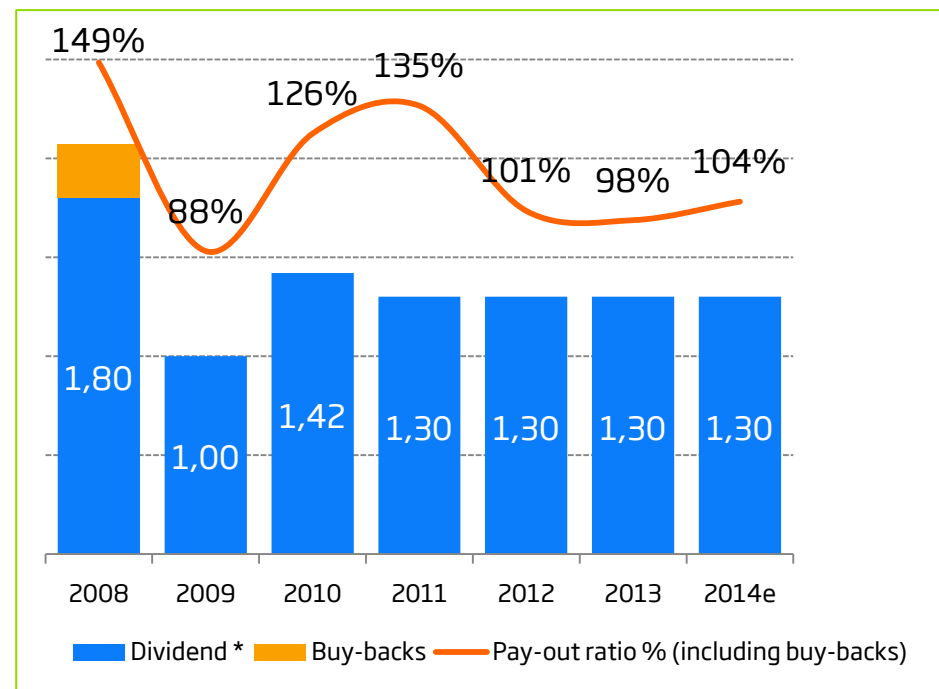
- Target setting
 - Net debt / EBITDA 1.5-2x
 - Equity ratio > 35%
- Capital structure
 - Net debt / EBITDA 2.0x
 - Gearing 113%
 - Equity ratio 37.3%
 - ROE 22.9%
 - ROI 15.3%



Competitive remuneration continues

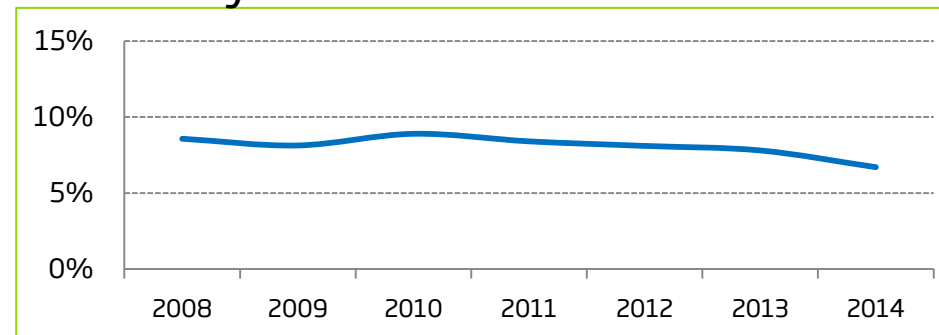
- EUR €1.30 per share proposal
 - Total amount €207m
 - Pro Forma Net Debt/EBITDA 2.1
 - ex-dividend date 3 April 2014
 - Payment date 15 April 2014
- Dividend yield 6.7% ¹⁾
 - Payout ratio 104%
- Strong commitment to competitive shareholder remuneration
 - Distribution policy 80-100% of the net profit
 - Long-term high dividend yield

¹⁾ as per share price of 30.12.2013 (€19.26)



* Includes capital repayment.

Dividend yield



A photograph of a woman with short blonde hair and a light-colored scarf smiling as she looks at a tablet held by a young boy with blonde hair. They are both looking at the screen. The background is slightly blurred, showing what appears to be a window with some greenery outside. The overall tone is warm and positive.

ANNUAL RESULTS
7th February 2014

2013



Consolidated cash flow statement

EUR million	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Cash flow from operating activities									
Profit before tax	60	78	63	53	64	78	66	61	72
Adjustments to profit before tax	59	60	54	55	58	54	55	59	58
Change in working capital	-4	-9	0	9	-17	-24	6	-14	4
Cash flow from operating activities	114	128	117	118	104	108	126	106	134
Received dividends and interests and interest paid	-9	-3	-2	-11	-7	-2	-2	-19	-1
Taxes paid	-17	-17	-17	-15	-15	-20	-26	-11	-13
Net cash flow from operating activities	89	109	98	92	82	86	98	77	120
Cash flow in investments									
Capital expenditure	-61	-57	-47	-49	-49	-49	-51	-40	-58
Investments in shares and other investments	-4	-1	-82	-6	0	0	-1	0	0
Proceeds from asset disposal	2	0	0	0	0	0	2	0	3
Net cash used in investment	-63	-58	-128	-55	-49	-49	-50	-40	-55
Cash flow after investments	26	51	-30	37	34	37	47	37	65
Cash flow in financing									
Share buy-backs and sales (net)	0	0	5						
Change in long-term debt	-2	296	0	-75	151	0	0	0	50
Change in short-term debt	-90	-184	192	83	-163	-54	129	-31	-15
Repayment of financing leases	-1	-1	-1	-1	-2	-1	-2	-2	-1
Increase in reserve for invested non-restricted equity	0	0	3	0	2		1	1	3
Acquisition of non-controlling interests w/o a change in control	0	-4							
Dividends paid	0	0	-203	0	0	-1	-203	0	-62
Cash flow in financing	-94	107	-5	7	-11	-56	-74	-32	-25
Change in cash and cash equivalents	-68	158	-35	44	22	-19	-27	5	39

Financial situation

EUR million	31 Dec 13	30 Sep 13	30 Jun 13	31 Mar 13	31 Dec 12	30 Sep 12	30 Jun 12	31 Mar 12	31 Dec 11
Interest-bearing debt									
Bonds and notes	750	750	451	450	525	375	375	375	375
Commercial papers	101	192	204	179	96	170	198	184	189
Loans from financial institutions	223	224	229	225	221	221	221	221	222
Financial leases	35	36	36	37	37	38	38	38	36
Committed credit lines ¹⁾	0	0	171	0	0	89	115	0	25
Interest-bearing debt, total	1 109	1 201	1 090	891	878	892	946	818	847
Cash and cash equivalents	138	206	48	83	40	18	37	64	59
Net debt 2)	971	995	1 042	807	839	874	909	754	788

1) The committed credit lines are EUR 130 million and EUR 170 million revolving credit facilities with five banks, which

Elisa Corporation may use flexibly on agreed pricing. The loan arrangements are valid until 21 November 2014 and 3 June 2018.

2) Net debt is interest-bearing debt less cash and interest-bearing receivables.