



ANNUAL RESULTS 2014

elisa

Agenda

CEO's review

Veli-Matti Mattila, CEO

Financial review

Jari Kinnunen, CFO

CEO's review

- 2014 overview
- Q4 2014 financial and operational highlights
- Segment review
- Strategy execution
- Outlook and guidance for 2015

2014 highlights

- Best ever result
- Revenue was at the previous year's level
- Comparable EBITDA grew by 2%, EPS by 6%*
- Dividend payment in 2014 was €1.30, total €207m
- Mobile subscription base increased, fixed broadband slightly down
- Strong mobile data growth continued, boosted by 4G LTE, data growth 79%
- 4G LTE covers already 95% of Finns
- Integration of PPO companies progressed well
- Dividend proposal for 2015 €1.32 per share
 - Authorisation for 5 million share buy-back

* Reported figures 6% and 13% respectively

Profitability improved

	2014	Change in 2014
Revenue	€1,535m	-0.8%
EBITDA	€520m	+2.3%
EBITDA-%	33.8%	+1% unit
Earnings per share	€1.41	+5.9%
CAPEX	€191m	-5.1%
Cash flow	€224m	+26.3%
Net debt	€1,001m	+3.1%

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

Growth in mobile data and subscriptions

	2014	Change in 2014
Mobile subscriptions	4,723,400	+32,800
Fixed broadband subscriptions	557,400	-8,300
Cable TV subscriptions	327,300	+14,700
Mobile ARPU ¹⁾	€15.3	€0
Mobile churn	16.6%	-1.7% unit
Mobile usage, minutes ²⁾	6,560m	-271m
SMS, units	2,251m	-12m
Mobile data, Gigabytes	139.0m	+61.3m

¹⁾ Revenue / subscription

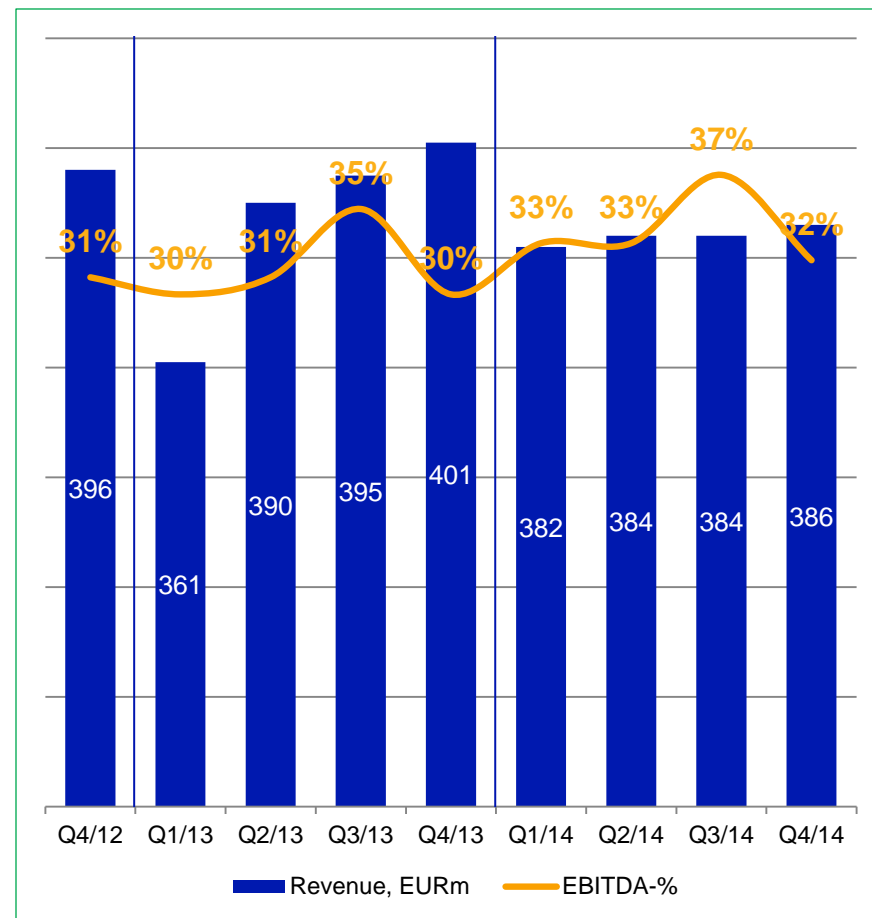
²⁾ Outgoing minutes

Q4 2014 highlights

- Revenue decreased by approx. 4%, mobile service revenue grew by 2%
- EBITDA decreased to €125m (134)
 - Extra expenses in Q4
- Mobile postpaid subscription base increased in spite of keen competition, prepaid base decreased
- Weak macro environment impacting corporate customer business
- Consumer customer business performing well
- Strong mobile data growth continues, smartphone penetration already 60%
 - Smartphones 95% of new sales, 75% LTE-capable
- Success in Elisa Viihde IPTV continued

Extra expenses affected result

- Revenue €386m (401)
- EBITDA €125m (134*), 32% of revenue (33%)
 - Extra expenses €6m in Q4
- EPS €0.31 (0.37*)
- CAPEX €47m (57**), 12% of revenue (14)
- Net debt €1,001m (971)
 - Cash flow €42m (26), excluding investments in shares €57m (30)
 - Net debt / EBITDA 1.9 (2.0)

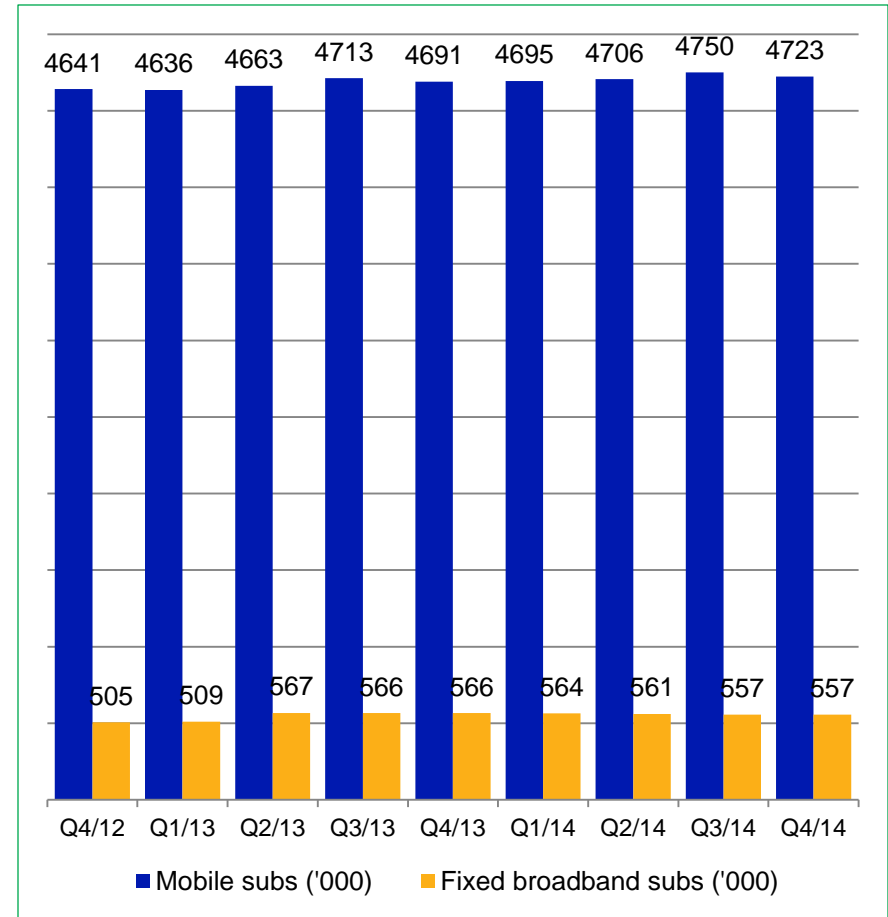


* Excluding one-offs

** Excluding license fees

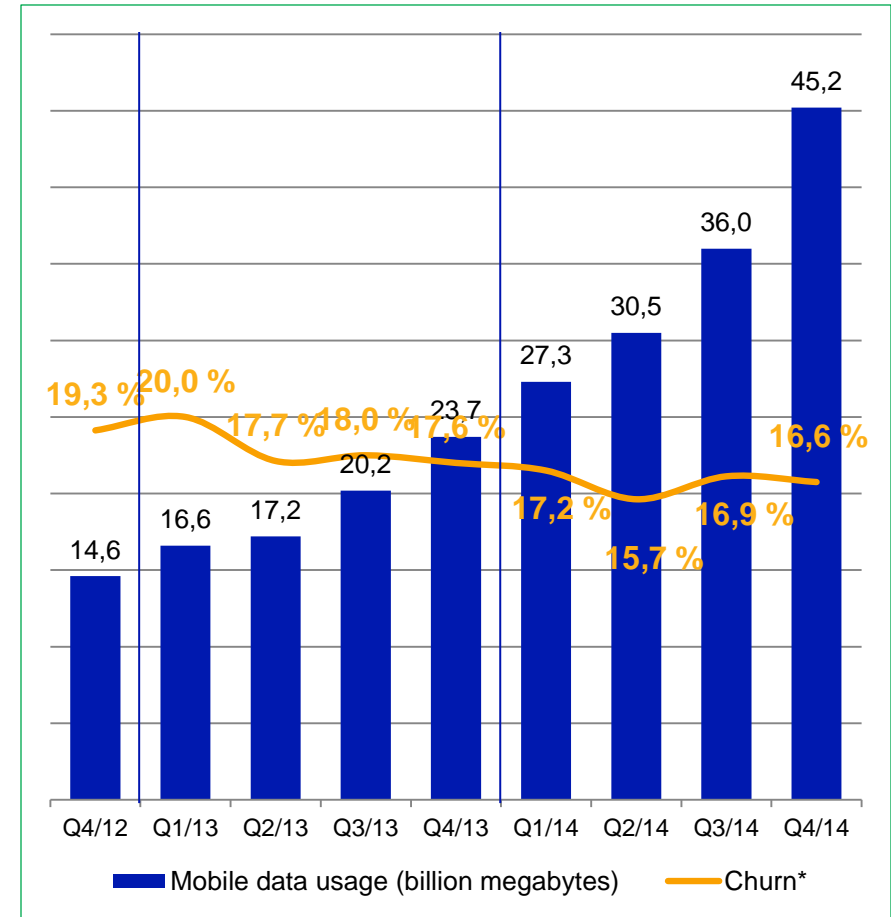
Decrease in mobile prepaid

- Mobile subs decreased by 26,600 in Q4
 - Prepaid base decreased by 32,400, postpaid base increased by 5,800
 - Growth in Corporate segment
 - Estonia +2,900 subscriptions
- Fixed broadband subscriptions at the previous quarter's level
- Elisa Viihde IPTV customer base continued to grow



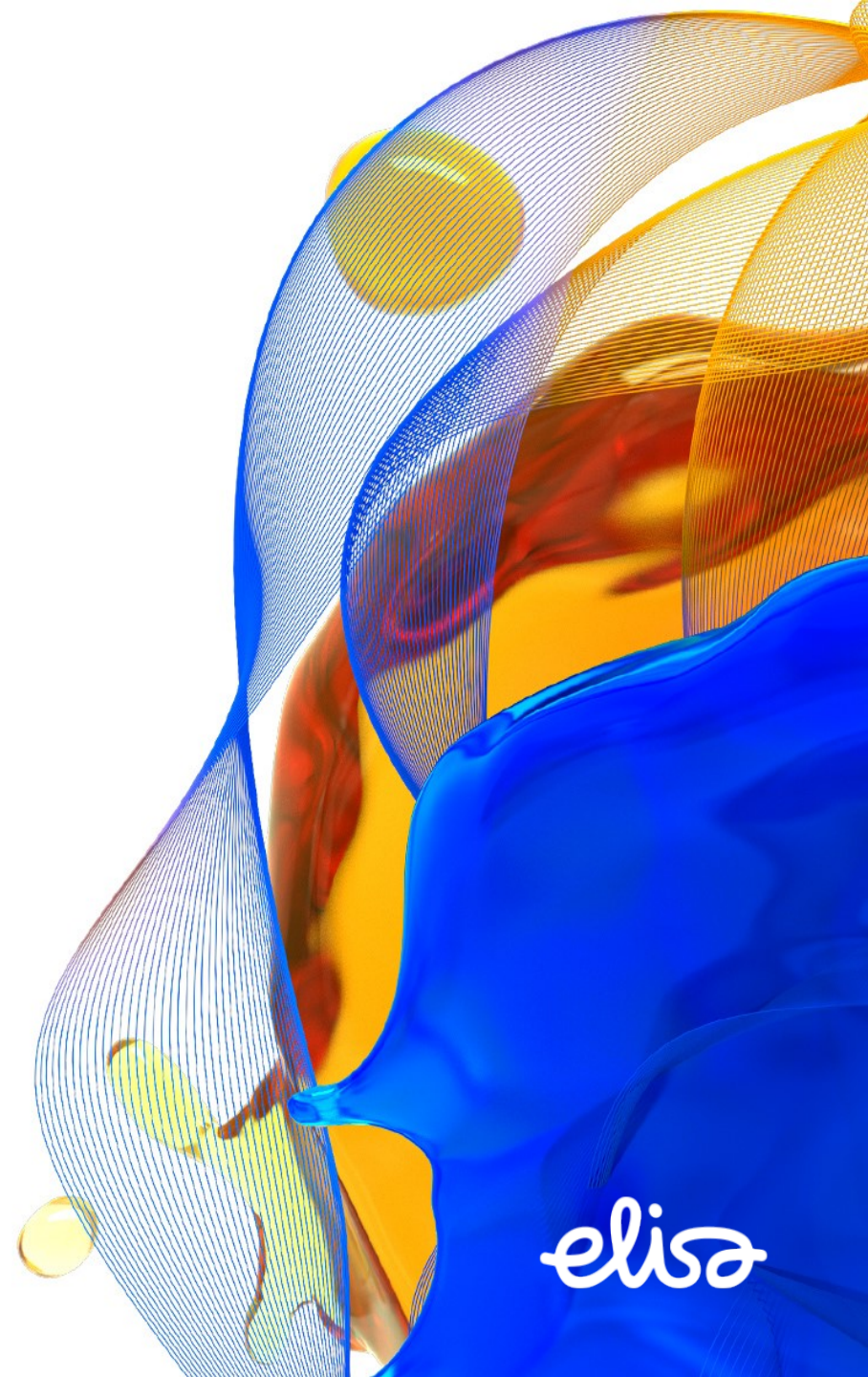
Growth in data, churn slightly down

- Mobile data YoY growth 90%
 - 45.2bn megabytes (23.7)
- Outgoing minutes 1.6bn, slight decrease
- 546m SMS, slight decrease
- Churn* down to 16.6% (17.6)



* Annualised

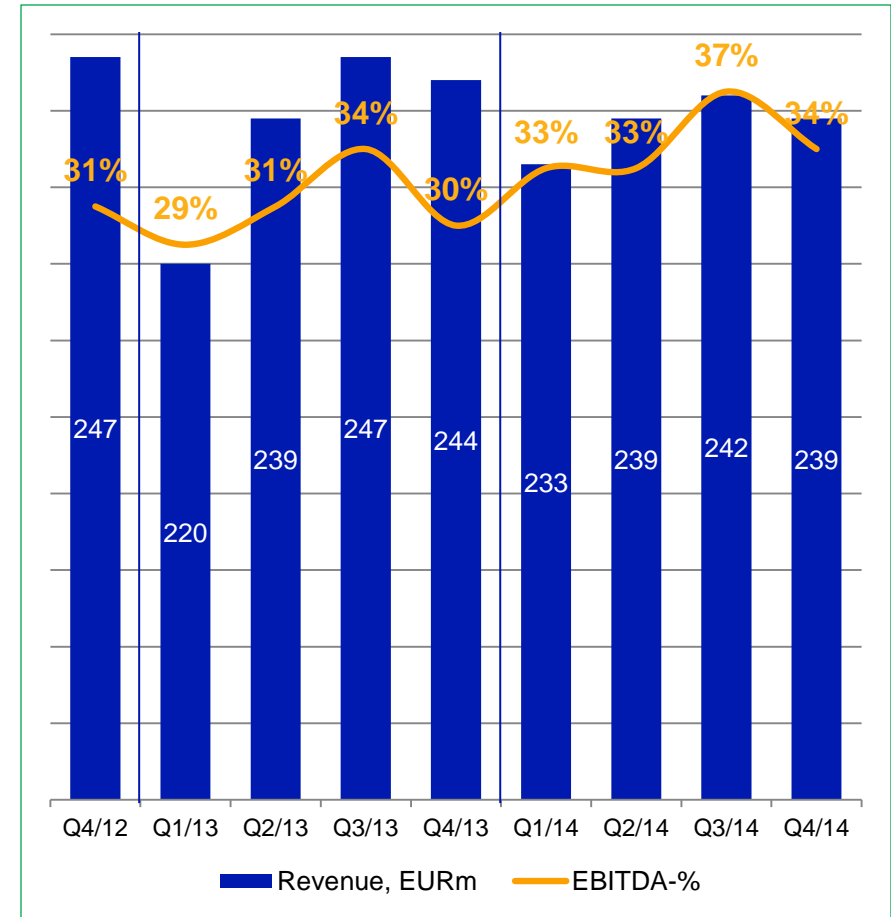
Business Segments



elisa

Growth in EBITDA and profitability

- Revenue €239m (244)
 - Growth in mobile services and equipment sales
 - Decrease in traditional fixed network, divestments and interconnection revenue
- EBITDA €81m (79*), 34% of revenue (32*)
 - Acquisition synergies and improved efficiency
 - Extra expenses had negative effect
- CAPEX €27m (48)

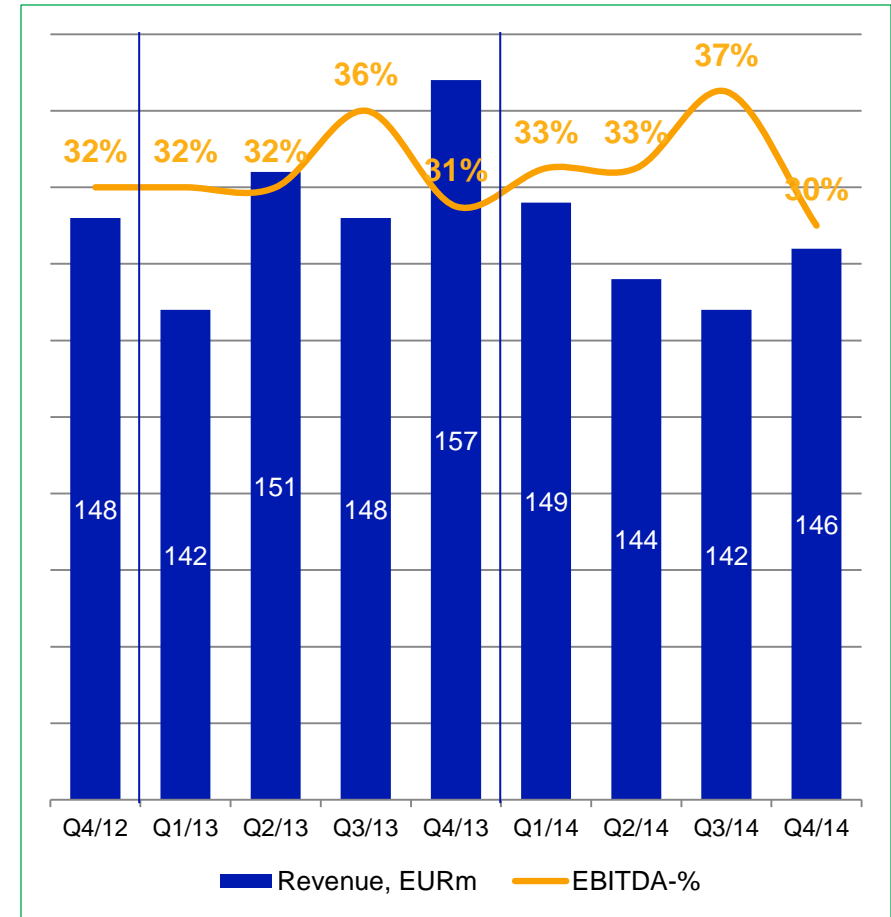


* Excluding one-offs

Weak macro environment affected result

- Revenue €146m (157)
 - Weak general economy
 - Decrease in traditional fixed network, interconnection and roaming revenue, visual communication revenue and divestments of non-core business
 - Growth through IT business
- EBITDA €44m (55*), 30% of revenue (35*)
 - Lower revenue and extra expenses
- CAPEX €20m (42)

* Excluding one-offs




Strategy execution



Build value on data



Accelerate new services businesses

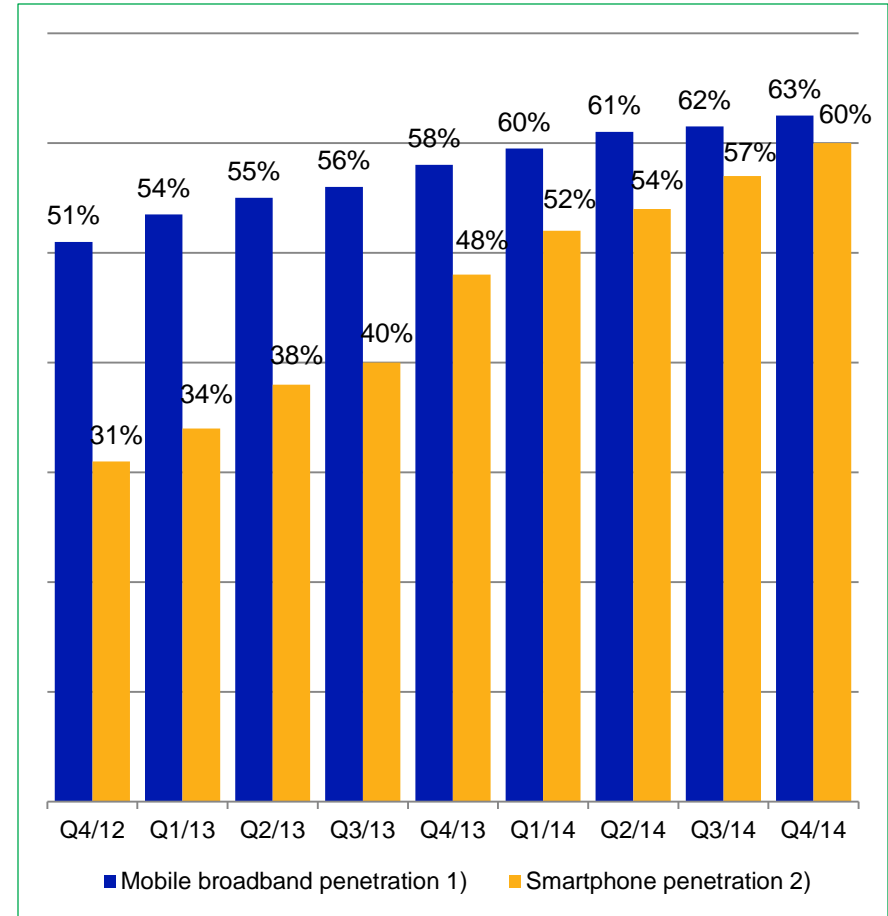


Improve performance with
customer intimacy and operational excellence

Strong smartphone base growth continues

- 60% of customers use smartphones
 - 40% of smartphones are LTE-capable
- 47% of voice subs* are data bundles
- Most sold phones in December
 1. Apple iPhone 6
 2. Samsung Galaxy S4 Mini
 3. Samsung Galaxy Trend Plus
 4. Samsung Galaxy Ace 4
 5. Samsung Galaxy S5
- Of all models sold in Q4
 - 95% were smartphones, 75% were LTE-capable

Penetration 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)

Significant growth in Elisa Viihde IPTV and Elisa Kirja e-book services in 2014

- Elisa Viihde IPTV's video rental and programme library watching grew by 75%
- Elisa Viihde is now also available for tablets and smartphones without fixed broadband
 - Mobile viewing increased 2.5 times
- Elisa Kirja e-book sales in Finland doubled
 - Elisa Kirja e-book service launched also in Estonia



Continuously developing new services, highlights from Q4

- SquareTrade additional protection plan for smartphones and tablets
 - Quick replacement for broken mobile device
- NFC payment technology to SIM card
 - For Elisa Lompakko wallet service – first in Finland
- Elisa Etämittaus remote health measurement service won Finland's Best Mobile Service 2014 award
 - Health measurement at home with mobile app
- EpicTV has more than 4 million monthly visitors



New technologies and sustainable services for our customers

- Elisa first in Europe to test two new coverage-enhancing technologies
 - Significant improvement of service quality at large public events. Enables excellent broadcast speeds over 4G LTE network.
 - A new portable mini-station to improve companies internal network coverage
- Demand for environmentally friendly ICT services continued to grow
 - Elisa once again one of the top-performing Nordic companies in Carbon Disclosure Project reporting

Outlook and guidance for 2015

- Macroeconomic environment still weak in 2015
- Competition remains challenging
- Revenue at the previous year's level
- EBITDA excluding one-offs at the previous year's level
- CAPEX maximum 12% of revenue

Agenda

CEO's review

Veli-Matti Mattila, CEO

Financial review

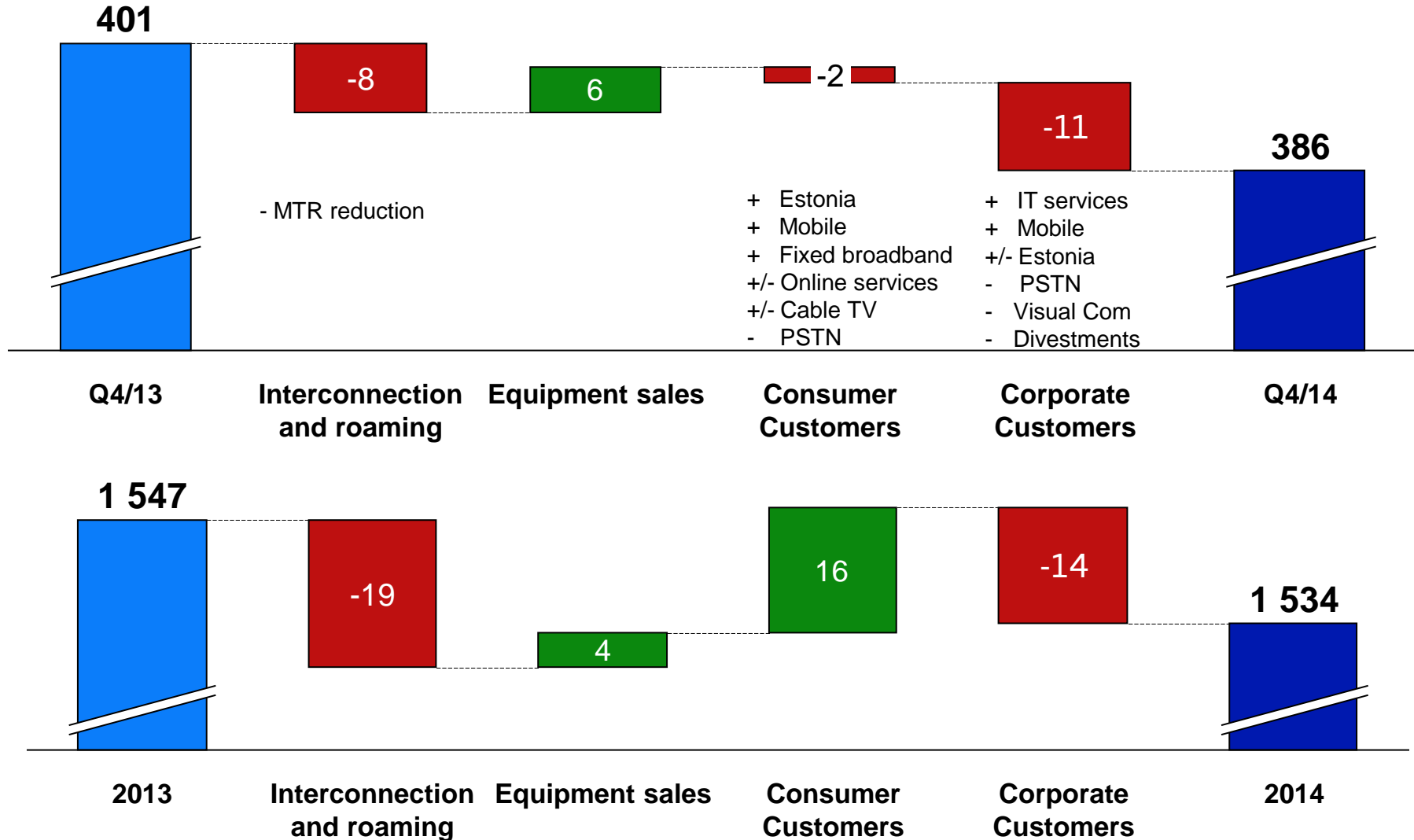
Jari Kinnunen, CFO

Best ever FY result, Q4 includes extra expenses

€ million	Q4/14	Q4/13	Δ ¹⁾	$\Delta\%$	2014	2013	Δ ¹⁾	$\Delta\%$
Revenue	386	401	-16	-4	1,535	1,547	-12	-1
Other operating income	2	2			8	4		
Operating expenses	-263	-282			-1,024	-1,061		
EBITDA	125	122	3	3	520	491	29	6
<i>EBITDA-%</i>	<i>32</i>	<i>30</i>			<i>34</i>	<i>32</i>		
EBITDA excl. one-offs	125	134	-9	-7	520	508	12	2
<i>EBITDA-% excl. one-offs</i>	<i>32</i>	<i>33</i>			<i>34</i>	<i>33</i>		
Depreciation	-54	-53			-215	-210		
EBIT	71	69	2	3	305	281	24	9
EBIT excl. one-offs	71	81	-10	-13	305	298	7	2
<i>EBIT-% excl. one-offs</i>	<i>18</i>	<i>20</i>			<i>20</i>	<i>19</i>		
Profit before tax	63	60	3	6	278	255	23	9
Income taxes	-14	-11			-55	-58		
Net profit	50	49	1	2	223	196	27	14
EPS, €	0.31	0.32	-0.01	-1	1.41	1.25	0.16	13
EPS, excl. one-offs, €	0.31	0.37	-0.06	-16	1.41	1.33	0.08	7

¹⁾ Difference is calculated using exact figures prior to rounding

Revenue change, €m



Total expenses decreasing despite extra costs in Q4

- OPEX decreases in Q4/14
 - Productivity improvements and synergies
 - Interconnection and roaming
- OPEX increases in Q4/14
 - Collective labour agreements 1.9 per cent Nov 2013
- Extra expenses €6m in Q4/14
 - Brand renewal
 - Outsourcing
 - Visual communication reorganisation

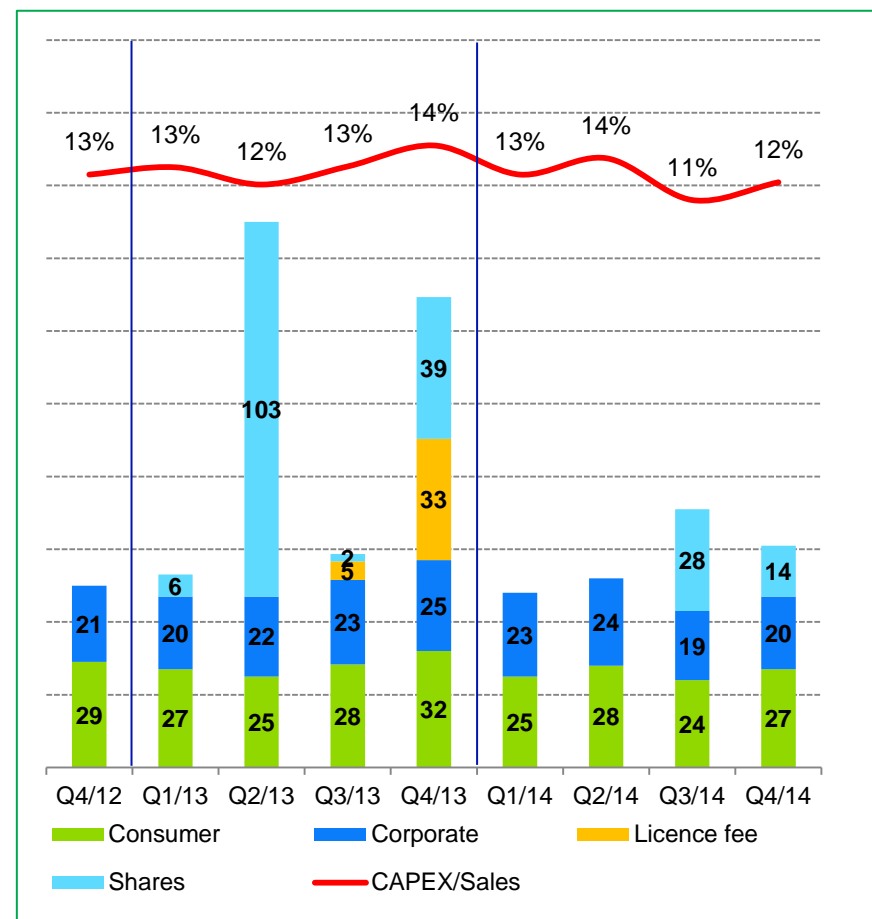
€m	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14
Materials and services	161	150	153	149	154
Employee benefit expenses ¹⁾	78	65	63	54	65
Other operating expenses	42	42	44	39	45
Total expenses ²⁾	282	257	261	243	263
Depreciation	53	54	54	52	54

¹⁾ Excluding one-offs Q4/13 €66m

²⁾ Excluding one-offs Q4/13 €270m

CAPEX in line with guidance

- Q4 CAPEX €47m (90, 57 excl. licence)
 - Consumer €27m (48, 32 excl. licence)
 - Corporate €20m (42, 25 excl. licence)
- FY 2014 CAPEX €191m (240, 202 excl. licenses)
 - CAPEX / sales 12% of revenue
- Major CAPEX areas
 - 4G/LTE rollout
 - Fixed access and backbone networks
 - IT systems
 - Customer equipment



CAPEX/sales excluding investments in shares and licence fees.
 Q4/13 share issue of €39m for Telekarelia and Kymen Puhelin mergers
 Q3/14 includes purchases of Anvia and Videra shares Q4/14 includes purchases of Anvia shares.



Clear improvement in cash flow

€ million	Q4/14	Q4/13	Δ ¹⁾	Δ%	2014	2013	Δ ¹⁾	Δ%
EBITDA	125	122	3		520	491	29	
Change in receivables	9	-17	25		-5	-13	9	
Change in inventories	-4	1	-4		-2	6	-8	
Change in payables	4	12	-8		-14	2	-16	
Change in NWC	8	-4	13		-20	-5	-16	
Financials (net)	-9	-9	0		-24	-25	0	
Taxes for the year	-13	-17	4		-51	-65	14	
Taxes for the previous year					1	0	1	
Taxes	-13	-17	4		-50	-65	15	
CAPEX	-46	-54	7		-191	-201	10	
800 MHz licence fees ²⁾	-7	-7	0		-7	-12	5	
Investments in shares ³⁾	-15	-4	-11		-39	-93	54	
Sale of assets and adjustments	-2	-2	0		-3	-6	3	
Cash flow after investments	42	26	17	65	185	84	101	55
Cash flow after investments excl. acquisitions ⁴⁾	57	30	27	92	224	177	47	21

1) Difference is calculated using exact figures prior to rounding

2) 800 MHz LTE licence in Finland Q4/13 and Q4/14 €7m, Estonia Q3/13 €5m

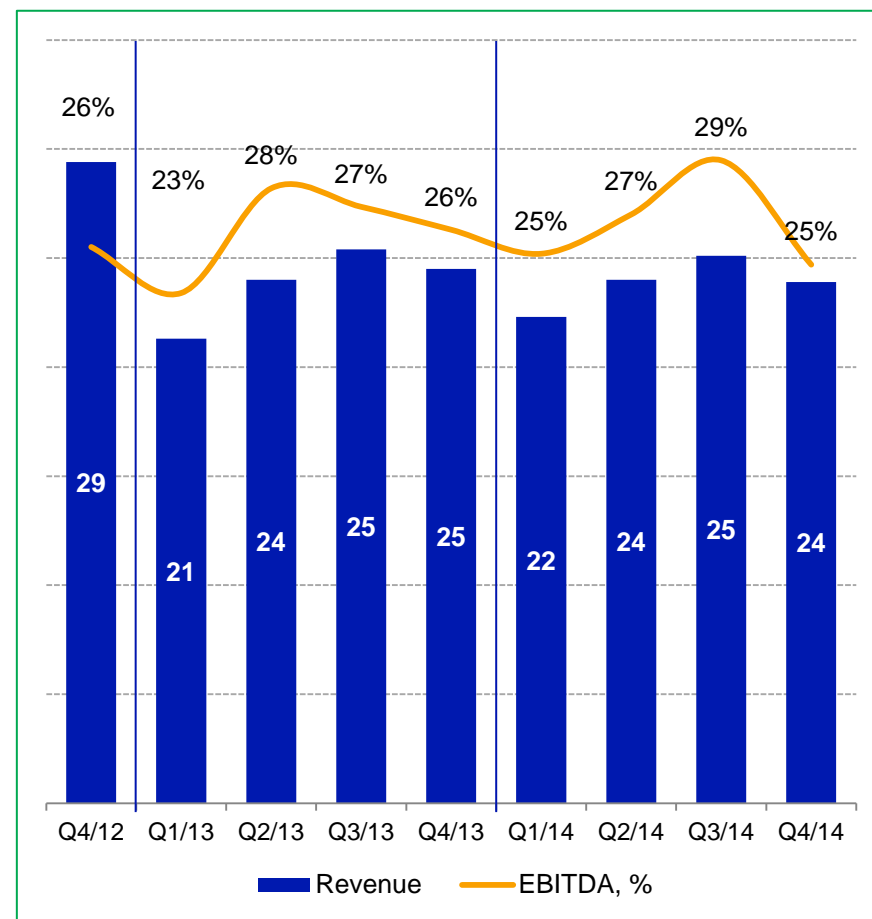
3) Investment in Sulake and PPO companies in 2013, Anvia in 2014

4) Excluding Sulake, PPO and Anvia shares

Stable revenue and EBITDA in Estonia

- Revenue €24m (25)
 - Decrease in MTRs
 - Growth in mobile data
- EBITDA €6m (7)
- CAPEX €4m (3)
 - 4G LTE
- Change in mobile subs: 5,900 QoQ

Estonian MTRs	1 Jul 2013	1 Jul 2014
All operators, euro cents	1.47	1.29
MTR change, YoY		-12%

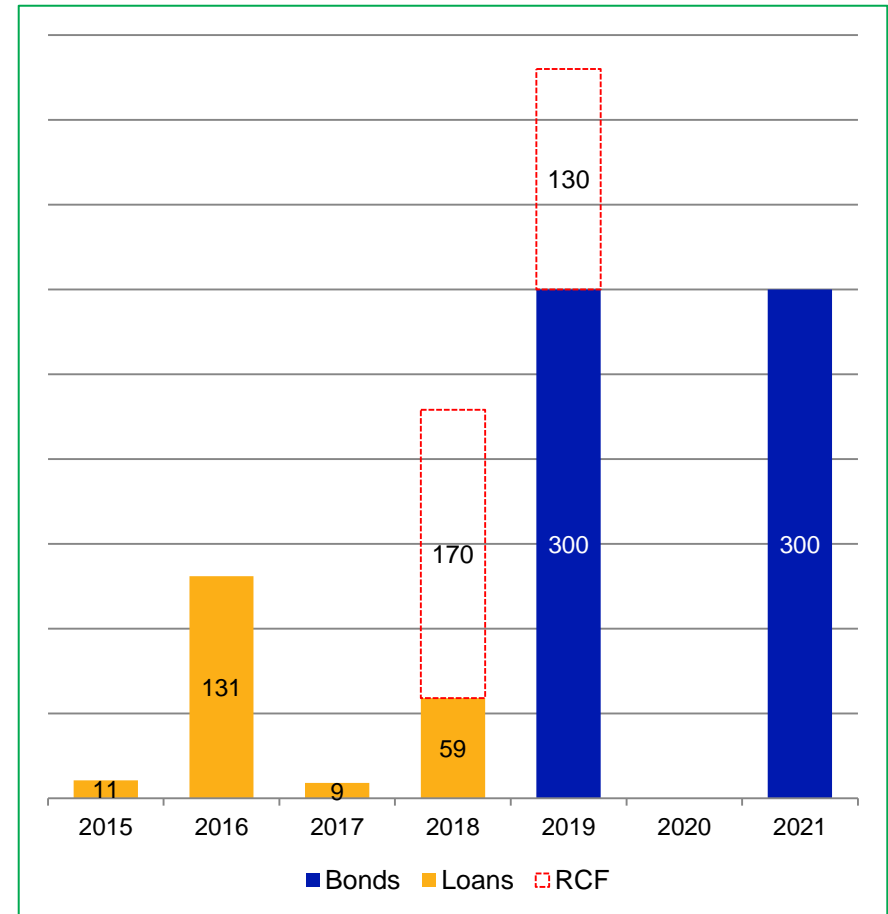


EBITDA margin is calculated using exact figures prior to rounding

Solid liquidity position

- Cash and undrawn committed facilities €341m (438)
 - Revolving Credit Facilities fully undrawn
- Commercial paper programme
 - €210m in use as of 31 December 2014
- Solid credit ratings since 2003
 - S&P BBB Positive outlook
 - Moody's Baa2 Stable outlook

Bond and bank loan maturities 31 Dec 2014



Return ratios improved

- Capital Structure

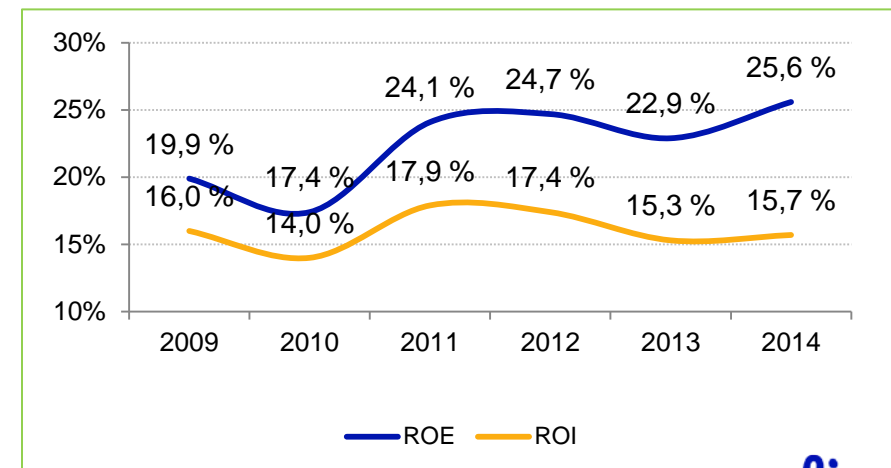
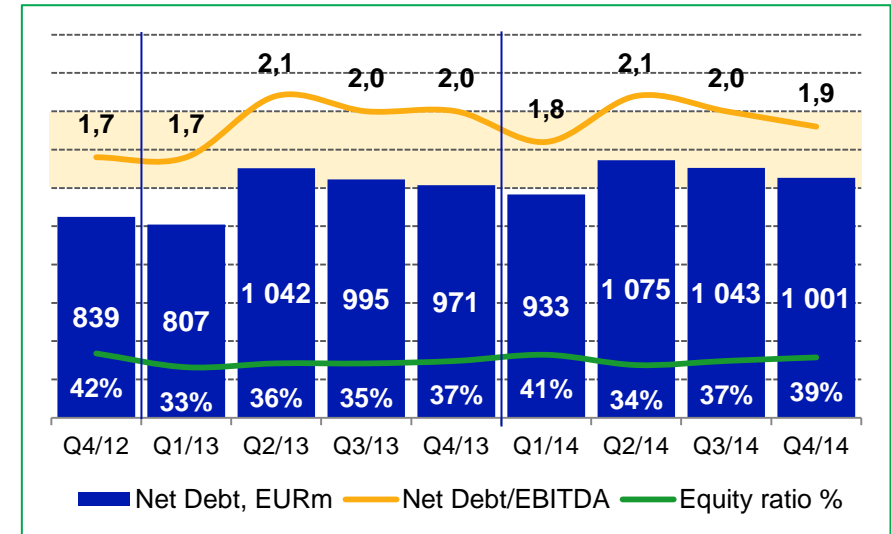
- Net debt / EBITDA 1.9x
- Gearing 114%
- Equity ratio 39.4%

- Target setting

- Net debt / EBITDA 1.5–2x
- Equity ratio >35%

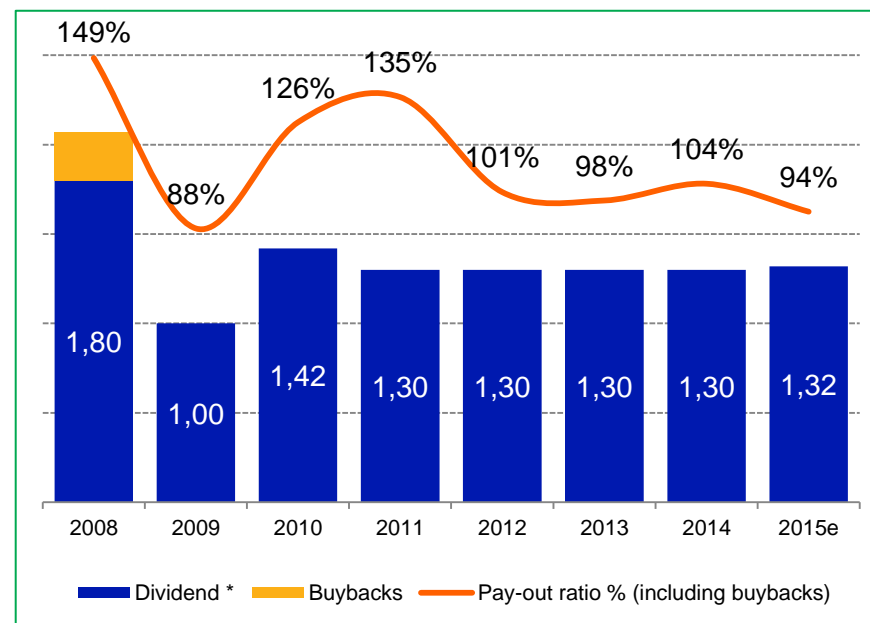
- Return ratios

- ROE 25.6%
- ROI 15.7%



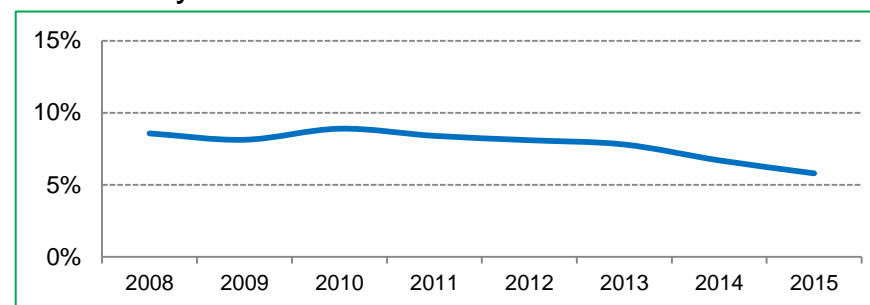
Competitive remuneration continues

- €1.32 per share dividend proposal
 - Total amount €211m
 - Ex-dividend date 2 April 2015
 - Payment 8 April 2015
- Dividend yield 5.8% ¹⁾
 - Pay-out ratio 94%
- Proposal for authorisation of 5m shares buyback
- Strong commitment to competitive shareholder remuneration
 - Distribution policy 80–100% of net profit
 - Long-term high dividend yield



* Includes capital repayment.

Dividend yield



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THANK
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The Elisa logo, consisting of the word "elisa" in a blue, lowercase, sans-serif font.

APPENDIX SLIDE

Consolidated cash flow statement

EUR million	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Cash flow from operating activities									
Profit before tax	63	83	67	64	60	78	63	53	64
Adjustments to profit before tax	59	57	57	56	59	60	54	55	58
Change in working capital	8	-22	-1	-6	-5	-9	0	9	-17
Cash flow from operating activities	130	119	123	114	114	128	117	118	104
Received dividends and interests and interest paid 1)	-9	-2	-2	-12	-9	-3	-2	-11	-7
Taxes paid	-13	-13	-11	-13	-17	-17	-17	-15	-15
Net cash flow from operating activities	109	104	110	89	89	109	98	92	82
Cash flow in investments									
Capital expenditure	-53	-43	-52	-50	-61	-57	-47	-49	-49
Investments in shares and other investments	-15	-22	-1	-1	-4	-1	-82	-6	0
Repayment of loan assets		0	0						
Proceeds from asset disposal	2	0	7	1	1	0	0	0	0
Net cash used in investment	-66	-65	-46	-50	-63	-58	-128	-55	-49
Cash flow after investments	42	39	64	39	26	51	-30	37	34
Cash flow in financing									
Share buybacks and sales (net)					0	0	5		
Change in interest-bearing receivables							0		
Change in long-term debt	0	-6		-167	-2	296	0	-75	151
Change in short-term debt	-40	-37	135	50	-90	-184	192	83	-163
Repayment of financing leases	-1	-1	-1	-1	-1	-1	-1	-1	-2
Increase in reserve for invested non-restricted equity					0	0	3	0	2
Acquisition of non-controlling interests w/o a change in control		-6			0	-4			
Dividends paid	0	0	-206		0	-1	-203	0	0
Cash flow in financing	-41	-50	-72	-118	-94	107	-5	7	-11
Change in cash and cash equivalents	1	-11	-9	-79	-68	158	-35	44	22

APPENDIX SLIDE

Financial situation

€million	31 Dec 14	30 Sep 14	30 Jun 14	31 Mar 14	31 Dec 13	30 Sep 13	30 Jun 13	31 Mar 13	31 Dec 12
Interest-bearing debt									
Bonds and notes	591	590	590	589	750	750	451	450	525
Commercial paper	210	200	217	152	101	192	204	179	96
Loans from financial institutions	211	211	216	216	223	224	229	225	221
Financial leases	31	32	33	34	35	36	36	37	37
Committed credit lines 1)	0	50	70	0	0	0	171	0	0
Interest-bearing debt, total	1,043	1,083	1,126	992	1,109	1,201	1,090	891	878
Cash and cash equivalents	41	40	51	59	138	206	48	83	40
Net debt 2)	1,001	1,043	1,075	933	971	995	1,042	807	839

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

Elisa Corporation may use flexibly on agreed pricing. The loan arrangements are valid until 11 June 2019 and 3 June 2018, respectively.

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