

The background features a dynamic composition of vibrant blue and orange liquid splashes and droplets. Interspersed among these are several wireframe spheres in shades of orange and yellow, creating a sense of depth and movement. The overall aesthetic is modern and energetic.

elisa

Acquisition of AS Starman

13 December 2016

Elisa acquires cable TV operator, Starman Estonia

Acquisition of a strong, well-performing business

- The Estonian pay TV market leader
- High profitability (2015 EBITDA-margin 49%) and growth track record

Significantly enhances Elisa's positioning in Estonia

- Highly complementary operations and service offerings
- Creates a leading integrated operator, strengthens Elisa's market position

Attractive synergy potential

- Cross-/up-selling and churn reduction
- Overlapping functions and network savings

According to Elisa's M&A policy

- Focus on home markets
- Value creating acquisition

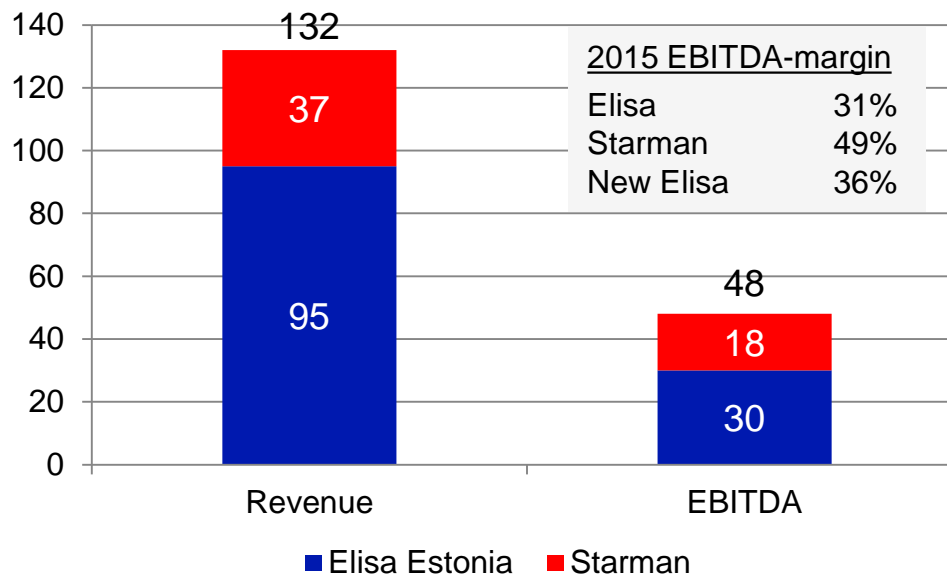
Creating a new integrated operator in Estonia

- New Elisa Estonia
 - Wider customer base
 - Expanded service offering to both Elisa and Starman customers
- No overlapping networks

elisa starman

Mobile	✓	
Fixed broadband		✓
TV		✓

Elisa Estonia and Starman
Revenue and EBITDA in 2015, €m



Starman Estonia in a nutshell

Market Position

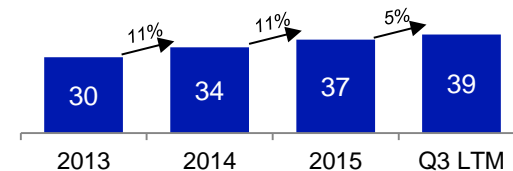
- Estonian #1 in paid TV subscription services
 - Market share c. 35%
- Estonian #2 in fixed broadband
 - Market share c. 20%
- c. 300,000 subscriptions in Q3 2016
 - 122,000 cable TV
 - 88,000 broadband
 - 60,000 DTT
 - 30,000 telephony

Coverage

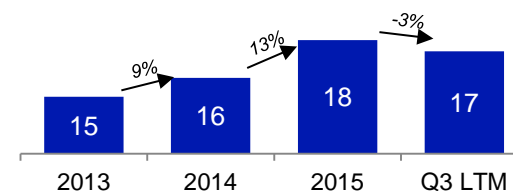
- Cable network covering >50% of Estonian households
 - > 300,000 homes passed
 - Upgraded to Docsis 3.0
- DTT network covering c. 97% of Estonian households
 - Serving non-cable areas
 - Primarily outside urban areas

Financials

Revenue *, €m and YoY change, %



EBITDA, €m and YoY change, %



Margin 49% 47% 49% 45%

* Rounded figures, change calculated with exact figures



Transaction details

- Elisa will buy 100% of AS Starman's share capital from Polaris Invest and Com Holding
- Purchase price (EV) €151 million paid in cash
 - Represents approximately 8.4x 2015 EBITDA
- Elisa is providing temporary loan funding to sellers
 - Seller will use pre-emption right before transaction
 - The loan is c. €165m
 - C. €125m will be repaid on closing of acquisition
 - C. €40m will be paid in April
- Transaction closing expected to be in Q1 2017
 - Subject to regulatory approvals in Estonia and other conditions relating acquisition

Transaction impact

- Earnings
 - Accretive to Elisa's EPS already in 2017
- Leverage
 - Increase in Net debt / EBITDA of c. 0.2x on a 2015 pro forma basis
- Synergies
 - Attractive areas of synergies including cross-/up-selling as well as cost savings
 - EBITDA impact neutral in 2017 and c. €4-6 million as a run-rate by end 2019
- Shareholder remuneration
 - No change to Elisa's dividend payment capabilities nor distribution policy
- Financing
 - The transaction will be financed using existing cash and debt facilities



Thank you