

# Interim Report

# Q1 2019

17 April 2019



# ELISA'S INTERIM REPORT JANUARY–MARCH 2019

## First quarter 2019 financial highlights

- Revenue decreased by EUR 10m to EUR 440m, mainly due to a decrease in equipment sales, lower interconnection revenue and divestments.
- Mobile service revenue increased by 2.1 per cent to EUR 204m. Keen competition impacted growth.
- Comparable EBITDA, including the change to IFRS 16, grew by EUR 2m to EUR 158m.
- Comparable EBIT, including the IFRS 16 change, decreased by EUR 5m to EUR 92m.
- Cash flow grew by EUR 16m to EUR 68m, mainly due to a positive change in net working capital.
- Mobile post-paid voice ARPU was at the previous quarter's level EUR 20.4 (20.5).
- Mobile post-paid voice churn increased to 19.7 per cent (18.7 in previous quarter).
- Number of post-paid mobile subscriptions decreased by 1,500 from the previous quarter.
- Due to seasonality prepaid subscriptions decreased by 17,300 during the quarter.
- The number of fixed broadband subscriptions decreased by 700 during the quarter.

## Key indicators

EUR million	1Q19	1Q18	Δ %	2018
Revenue	440	450	-2,2 %	1 832
EBITDA <sup>1)</sup>	155	153	1,1 %	640
Comparable EBITDA <sup>1)</sup>	158	156	1,2 %	639
EBIT <sup>2)</sup>	90	95	-5,4 %	404
Comparable EBIT <sup>2)</sup>	92	97	-5,0 %	403
Profit before tax	83	89	-7,5 %	381
Comparable profit before tax	85	92	-7,0 %	380
EPS, EUR	0,43	0,47	-7,8 %	1,98
Comparable EPS, EUR	0,44	0,48	-7,4 %	1,95
Capital expenditure <sup>3)</sup>	57	53	7,6 %	254
Net debt	1 075	1 018		1 068
Net debt / EBITDA <sup>4)</sup>	1,7	1,6		1,7
Gearing ratio, %	90,2 %	89,6 %		94,8 %
Equity ratio, %	41,9 %	42,9 %		42,4 %
Cash flow	68	52	30,3 %	272
Comparable cash flow <sup>5)</sup>	68	52	30,3 %	282

<sup>1)</sup> Includes EUR 4m IFRS 16 impact (see Note, page 15). <sup>2)</sup> IFRS 16 has no material impact on EBIT <sup>3)</sup> 2018 CAPEX includes EUR 26m licence investment. <sup>4)</sup> (Interest-bearing debt – financial assets) / (four previous quarters' comparable EBITDA). <sup>5)</sup> 2018 cash flow includes EUR 9m in investments in shares and sale of businesses.

Additional key performance Indicators are available at [elisa.com/investors](http://elisa.com/investors) (Elisa Operational Data.xlsx).

## CEO's review:

### Elisa's competitiveness continued to grow

Despite the challenging market situation, Elisa's competitiveness strengthened through the continuous improvement of the customer experience and quality. EBITDA was at last year's level and revenue declined slightly. The decline in revenue was due to a decrease in the sales of terminal devices and interconnection revenue, as well as divestments of business operations.

Consumers, corporate customers and organisations value effortless use of communication services. Customers are continuing to cancel passive subscriptions and switch to mobile broadband subscriptions with higher speeds. The post-paid mobile subscription base fell by 1,500 subscriptions and the prepaid subscription base by 17,300 subscriptions during the quarter. The fixed-network broadband subscription base decreased by 700 subscriptions. Elisa continued to expand the 5G network, and 5G networks were set up in Turku and Jyväskylä. We organised Finland's first mobile tour played in the 5G network in four cities. The tour was organised in cooperation with Hatch Entertainment and Elisa Viihde Sport.

Elisa announced that it would start selling 5G phones from several manufacturers during the spring. We will be among the first in Europe to start selling 5G phones from OnePlus and ZTE during the second quarter of the year. Cooperation with the Korean carrier LGU+ will intensify. The goal of this collaboration is to ensure first-rate quality in the network as well as to develop automation in the 4G and 5G networks.

Elisa has launched 14 original series since 2014. For 2019, we are continuing to publish original series. We launched one drama series, which received an international screenwriting award, and one spy thriller. The very latest announcements concerned two comedy series. There will also be new series of popular Elisa Viihde shows.

Elisa's systematic work to improve quality was recognised with Excellence Finland's quality award. The award is national recognition for excellence and a capacity for continuous improvement in areas valued by customers. Elisa's employees again rated Elisa among Finland's best workplaces in the Great Place to Work survey. For the third time, Elisa was the largest company to win the recognition. Elisa's personnel particularly appreciate the flexible ways of working that the company provides.

The continuous improvement of customer experience and quality are integral parts of our corporate culture, and we will continue to keep a strong focus on them. Increasing productivity, internationalising our digital services, creating value with data, and our strong investment capability will continue to create a solid foundation for the creation of competitive value in the future.

Veli-Matti Mattila

CEO

## INTERIM REPORT JANUARY–MARCH 2019

The interim report has been prepared in accordance with the IFRS recognition and measurement principles, although not all requirements of the IAS 34 standard have been followed. The information presented in this interim report is unaudited.

### Market situation

The competitive environment has been intense and active. Mobile churn levels are high due to continued campaigning. The smartphone market grew, and the usage of data services continued to evolve favourably. A total of 91 per cent of the mobile handsets sold in the first quarter were smartphones. Another factor contributing to mobile market growth has been the increased network coverage and capacity of 4G speeds. The competition in the fixed broadband market has continued to be intense in multi-dwelling units. The number and usage of traditional fixed network subscriptions is decreasing.

The markets for IT and IPTV entertainment services have continued to develop favourably. The demand for other digital services is also growing.

### Revenue, earnings and financial position

EUR million	1Q19	1Q18	Δ %	2018
Revenue	440	450	-2.2 %	1,832
EBITDA <sup>1)</sup>	155	153	1.1 %	640
EBITDA-%	35.3 %	34.1 %		34.9 %
Comparable EBITDA <sup>1)</sup>	158	156	1.2 %	639
Comparable EBITDA-%	35.8 %	34.6 %		34.9 %
EBIT <sup>2)</sup>	90	95	-5.4 %	404
EBIT-%	20.5 %	21.2 %		22.0 %
Comparable EBIT <sup>2)</sup>	92	97	-5.0 %	403
Comparable EBIT-%	21.0 %	21.6 %		22.0 %
Return on equity, %	28.8 %	34.1 %		29.2 %

<sup>1)</sup> Includes EUR 4 million IFRS 16 impact (see Note, page 15). <sup>2)</sup> IFRS 16 has no material impact on EBIT

Revenue decreased by 2 per cent. Decreased equipment sales, divestments, lower interconnection and roaming revenue, as well as decreases in usage and subscriptions of traditional fixed telecom services, affected revenue negatively. Revenue was positively affected by growth in mobile services in both Finland and Estonia.

Comparable EBITDA, excluding restructuring costs relating to personnel reductions, increased by 1 per cent. The IFRS 16 change impacted EBITDA growth positively. Comparable EBIT decreased by 5 per cent, mainly because of increased depreciation.

Net financial income and expenses were EUR -7 million (-6). Income taxes in the income statement amounted to EUR 14 million (15). Net profit was EUR 69 million (74), and earnings per share were EUR 0.43 (0.47). Comparable earnings per share were EUR 0.44 (0.48).

EUR million	1Q19	1Q18	Δ %	2018
Net debt	1,075	1,018	5.6 %	1,068
Net debt / EBITDA <sup>1)</sup>	1.7	1.6		1.7
Gearing ratio, %	90.2 %	89.6 %		94.8 %
Equity ratio, %	41.9 %	42.9 %		42.4 %
Cash flow	68	52	30.3 %	272
Comparable cash flow	68	52	30.3 %	282

<sup>1)</sup> (Interest-bearing debt – financial assets) / (four previous quarters' comparable EBITDA)

Net debt increased by EUR 57 million. The IFRS 16 change increased net debt by EUR 64 million. Cash flow after investments grew by 30 percent to EUR 68 million (52). Cash flow was positively affected by a change in net working capital, lower capital expenditure and higher EBITDA. Cash flow was negatively affected by higher financial expenditure and taxes paid.

## Changes in corporate structure

There were no material changes in the corporate structure during the financial period.

## Consumer Customers business

EUR million	1Q19	1Q18	Δ %	2018
Revenue	273	279	-2.1 %	1,150
EBITDA <sup>1)</sup>	104	100	3.8 %	416
EBITDA-%	38.1 %	35.9 %		36.2 %
Comparable EBITDA <sup>1)</sup>	105	100	4.3 %	415
Comparable EBITDA-%	38.2 %	35.9 %		36.1 %
EBIT	63	64	-0.8 %	268
EBIT-%	23.1 %	22.8 %		23.3 %
Comparable EBIT	64	64	-0.2 %	268
Comparable EBIT-%	23.3 %	22.8 %		23.3 %
CAPEX	37	35	6.0 %	166

<sup>1)</sup> Includes EUR 3 million IFRS 16 impact

Revenue decreased by 2 per cent. A decrease in equipment sales, divestments, lower mobile interconnection and roaming revenue, as well as a decrease in usage and subscriptions of traditional fixed telecom services, affected revenue negatively. Revenue was positively affected by growth in mobile and digital services.

Comparable EBITDA increased by 4 per cent, mainly due to productivity improvement measures and IFRS 16 change. EBITDA was negatively affected by the decrease in revenue.

## Corporate Customers business

EUR million	1Q19	1Q18	Δ %	2018
Revenue	166	170	-2.4 %	681
EBITDA <sup>1)</sup>	51	53	-4.1 %	224
EBITDA-%	30.6 %	31.2 %		32.9 %
Comparable EBITDA <sup>1)</sup>	53	55	-4.3 %	224
Comparable EBITDA-%	31.8 %	32.5 %		32.9 %
EBIT	27	31	-14.7 %	135
EBIT-%	16.1 %	18.4 %		19.9 %
Comparable EBIT	29	34	-14.2 %	135
Comparable EBIT-%	17.3 %	19.7 %		19.9 %
CAPEX	19	17	10.9 %	88

<sup>1)</sup> Includes EUR 2 million IFRS 16 impact

Revenue decreased by 2 per cent. A decrease in equipment sales, divestments, lower mobile interconnection and roaming revenue, as well as decrease in usage and subscriptions of traditional fixed telecom services, affected revenue negatively. Growth in mobile services contributed positively to revenue.

Comparable EBITDA decreased by 4 per cent. EBITDA was negatively impacted by the decrease in revenue and positively by the IFRS 16 change.

## Personnel

In January–March, the average number of personnel at Elisa was 4,810 (4,635). Employee expenses totalled EUR 83 million (82). Personnel by segment at the end of the period:

	1Q19	1Q18	2018
Consumer Customers	2,804	2,815	2,754
Corporate Customers	1,987	1,929	2,033
Total	4,791	4,744	4,787

## Investments

EUR million	1Q19	1Q18	2018
Capital expenditure, of which	57	53	254
Consumer Customers	37	35	166
Corporate Customers	19	17	88
Shares	0	0	14
Total	57	53	268

The main capital expenditures related to the capacity and coverage increases in the 4G networks, as well as to other network and IT investments. The IFRS 16 change increased capital expenditure by EUR 6 million (see Notes, page 15).

## Financing arrangements and ratings

EUR million	Maximum amount	In use on 31 Mar 2019
Committed credit limits	300	0
Commercial paper programme (not committed)	350	10
EMTN programme (not committed)	1,500	954

Long term credit ratings	Rating	Outlook
Credit rating agency		
Moody's Investor Services	Baa2	Stable
S&P Global Ratings	BBB+	Stable

On 14 February 2019, Elisa issued a seven-year, fixed-rate, EUR 300 million eurobond under the EUR 1.5 billion EMTN programme. The coupon is 1.125 per cent, and the issue price was 99.260.

On 21 February 2019, Elisa accepted a nominal value of EUR 126,036,000 for the 2021 EUR 300 million bonds it tendered. The tendered bonds were partially extinguished or exchanged for the new 2026 bonds. The outstanding nominal value of the bonds maturing in 2021 is EUR 173,964,000.

## Share

Share trading volumes are based on trades made on the Nasdaq Helsinki and alternative marketplaces. Closing prices are based on the Nasdaq Helsinki.

Trading of shares	1Q19	1Q18	2018
Nasdaq Helsinki, millions	27.3	29.4	103.9
Other marketplaces, millions <sup>1)</sup>	45.7	45.4	197.8
Total volume, millions	72.9	74.8	301.7
Value, EUR million	2,789.0	2,580.5	11,003.9
% of shares	43.6 %	44.7 %	180.3 %

Shares and market values	31 Mar 2019	31 Mar 2018	2018
Total number of shares	167,335,073	167,335,073	167,335,073
Treasury shares	7,437,277	7,572,854	7,611,821
Outstanding shares	159,897,796	159,762,219	159,723,252
Closing price, EUR	40.22	36.77	36.08
Market capitalisation, EUR million	6,730	6,153	6,037
Treasury shares, %	4.44 %	4.53 %	4.55 %

Number of shares	Total	Treasury	Outstanding
Shares on 31 Dec 2018	167,335,073	7,611,821	159,723,252
Performance Share Plan 5 Feb 2019 <sup>2)</sup>		-174,544	174,544
Shares on 31 Mar 2019	167,335,073	7,437,277	159,897,796

<sup>1)</sup> Other marketplaces based on the Fidessa Fragmentation Index. <sup>2)</sup> Stock exchange bulletin 5 February 2019.

On 5 February 2019, Elisa transferred 174,544 treasury shares to persons involved in the 2016–2018 Performance Share Plan.

## Significant legal and regulatory issues

In March, Elisa's 2,100 MHz licence was renewed in the Åland region. The licence is valid until 31 December 2033.

## Substantial risks and uncertainties associated with Elisa's operations

Risk management is part of Elisa's internal control system. It aims to ensure that risks affecting the company's business are identified, influenced and monitored. The company classifies risks into strategic, operational, hazard and financial risks.

### Strategic and operational risks:

The telecommunications industry is under intense competition in Elisa's main market areas, which may have an impact on Elisa's business. The telecommunications industry is subject to heavy regulation. Elisa and its businesses are monitored and regulated by several public authorities. This regulation also affects the price level of some products and services offered by Elisa, and may also require investments that have long payback times.

Elisa processes different kinds of data including personal and traffic data. Therefore, the applicable data protection legislation, especially the General Data Protection Regulation, has a significant impact on Elisa and its businesses.

The rapid developments in telecommunications technology may have a significant impact on Elisa's business.

Elisa's main market is Finland, where the number of mobile phones per inhabitant is among the highest in the world, and growth in subscriptions is thus limited. Furthermore, the volume of phone traffic on the fixed network has decreased during the last years. These factors may limit opportunities for growth.

### Hazard risks:

The company's core operations are covered by insurance against damage and interruptions caused by accidents and disasters. Accident risks also include litigation and claims.

### Financial risks:

In order to manage the interest rate risk, the Group's loans and investments are diversified into fixed- and variable-rate instruments. Interest rate swaps can be used to manage the interest rate risk.

As most of Elisa's operations and cash flow are denominated in euros, the exchange rate risk is minor.

The objective of liquidity risk management is to ensure the Group's financing in all circumstances. Elisa has cash reserves, committed credit facilities and a sustainable cash flow to cover its foreseeable financing needs.

Liquid assets are invested within confirmed limits in financially solid banks, domestic companies and institutions. Credit risk concentrations in accounts receivable are minor, as the customer base is broad.

A detailed description of financial risk management can be found in Note 34 to the Annual Report 2018.



## Events after the financial period

### Annual General Meeting 2019

On 3 April 2019, Elisa's Annual General Meeting decided to pay a dividend of EUR 1.75 per share based on the adopted financial statements for 2018. The dividend was paid to the shareholders who were registered in the company's share register maintained by Euroclear Finland Ltd on 5 April 2019. The dividend was paid on 16 April 2019.

The Annual General Meeting adopted the financial statements for 2018. The members of the Board of Directors and the CEO were discharged from liability for 2018.

The number of the members of the Board of Directors was confirmed at seven (7). Ms Clarisse Berggårdh, Mr Petteri Koponen, Ms Leena Niemistö, Ms Seija Turunen, Mr Anssi Vanjoki and Mr Antti Vasara were re-elected as members of the Board of Directors, and Mr Kim Ignatius was elected as a new member of the Board of Directors. Mr Anssi Vanjoki was appointed as the Chairman and Mr Petteri Koponen as the Deputy Chairman of the Board of Directors.

The Annual General Meeting decided to change the amount of annual remuneration for the members of the Board of Directors and to keep remuneration for meeting participation unchanged. The Chairman is paid an annual remuneration of EUR 120,000, the Vice Chairman and the Chairmen of the Committees EUR 80,000, and other Board members EUR 65,000; and additionally participants also receive EUR 700 per meeting of the Board and of its committees.

The audit firm KPMG Oy Ab was re-elected as the company's auditor. Mr Toni Aaltonen, APA, is the responsible auditor.

### Composition of the Committees of the Elisa's Board of Directors

The Board of Directors held its organising meeting and appointed Mr Petteri Koponen (Chair), Ms Leena Niemistö and Mr Antti Vasara to the People and Compensation Committee. Ms Seija Turunen (Chair), Ms Clarisse Berggårdh and Mr Kim Ignatius were appointed to the Audit Committee.

### The Board of Directors' authorisations

The Annual General Meeting decided on to authorise the Board of Directors to resolve to repurchase or accept as pledge the company's own shares. The repurchase may be directed. The amount of shares under this authorisation is 5 million shares at maximum. The authorisation is effective until 30 June 2020.

The Board of Directors already has authorisation to pass a resolution concerning the share issue, the right of assignment of treasury shares and/or the granting of special rights entitling to shares. The authorisation entitles the Board of Directors to issue the shares in a proportion other than that of the current shareholdings (directed share issue). A maximum aggregate of 15 million of the company's shares can be issued under the authorisation. The authorisation is effective until 30 June 2020.

## Outlook and guidance for 2019

The positive development of the macroeconomic environment is decelerating in Finland. Competition in the Finnish telecommunications market remains keen.

Full-year revenue is estimated to be at the same level or slightly higher than in 2018. Mobile data and digital services are expected to increase revenue. Full-year comparable EBITDA is anticipated to be at the same level or slightly higher than in 2018. Capital expenditure is expected to be a maximum of 12 per cent of revenue.

Elisa is continuing its productivity improvement development, for example by increasing automation and data analytics in different processes, such as customer interactions, network operations and delivery. Additionally, Elisa's continuous quality improvement measures will increase customer satisfaction and efficiency, and reduce costs.

Elisa's transformation into a provider of exciting, new and relevant services for its customers is continuing. Long-term growth and profitability improvement will derive from the growth in the mobile data market, as well as digital online and ICT services.

BOARD OF DIRECTORS

Unaudited

## Consolidated Income Statement

EUR million	Note	1-3 2019	1-3 2018	1-12 2018
<b>Revenue</b>	1	<b>439.7</b>	<b>449.6</b>	<b>1,831.5</b>
Other operating income		0.7	1.1	9.8
Materials and services		-160.5	-170.0	-704.4
Employee expenses		-83.5	-81.7	-311.4
Other operating expenses		-41.4	-45.6	-185.4
<b>EBITDA</b>	1	<b>155.1</b>	<b>153.4</b>	<b>640.1</b>
Depreciation, amortisation and impairment	1	-65.1	-58.3	-236.2
<b>EBIT</b>	1	<b>90.0</b>	<b>95.1</b>	<b>403.8</b>
Financial income		3.6	0.5	2.4
Financial expense		-10.8	-6.2	-25.0
Share of associated companies' profit		-0.1	0.0	-0.4
<b>Profit before tax</b>		<b>82.7</b>	<b>89.4</b>	<b>381.0</b>
Income taxes		-14.0	-15.0	-65.0
<b>Profit for the period</b>		<b>68.7</b>	<b>74.4</b>	<b>316.0</b>
<b>Attributable to</b>				
Equity holders of the parent		68.7	74.4	315.8
Non-controlling interests		0.0	0.0	0.2
		68.7	74.4	316.0
<b>Earnings per share (EUR)</b>				
Basic		0.43	0.47	1.98
Diluted		0.43	0.47	1.98
<b>Average number of outstanding shares (1000 shares)</b>				
Basic		159,828	159,671	159,737
Diluted		159,828	159,671	159,737

## Consolidated Statement of Comprehensive Income

<b>Profit for the period</b>	<b>68.7</b>	<b>74.4</b>	<b>316.0</b>
<b>Other comprehensive income, net of tax</b>			
<b>Items which may be reclassified subsequently to profit or loss</b>			
Cash flow hedge	-0.3	0.1	0.5
Translation differences	0.2	0.1	-0.1
	-0.1	0.2	0.4
<b>Items which are not reclassified subsequently to profit or loss</b>			
Remeasurements of the net defined benefit liability			0.7
<b>Total comprehensive income</b>	<b>68.5</b>	<b>74.6</b>	<b>317.0</b>
<b>Total comprehensive income attributable to</b>			
Equity holders of the parent	68.5	74.6	316.9
Non-controlling interest	0.0	0.0	0.2
	68.5	74.6	317.0

## Consolidated Statement of Financial Position

EUR million	31.3. 2019	31.12. 2018
<b>Non-current assets</b>		
Property, plant and equipment	816.4	751.6
Goodwill	1,020.8	1,020.7
Other intangible assets	203.9	206.7
Investments in associated companies	2.6	2.7
Other investments	9.4	9.6
Deferred tax assets	15.8	16.5
Trade and other receivables	89.0	93.8
	2,158.0	2,101.6
<b>Current assets</b>		
Inventories	59.8	65.4
Trade and other receivables	413.0	416.6
Tax receivables	5.5	4.3
Cash and cash equivalents	215.1	80.9
	693.4	567.2
<b>Total assets</b>	<b>2,851.3</b>	<b>2,668.8</b>
<b>Equity attributable to equity holders of the parent</b>	<b>1,190.7</b>	<b>1,126.3</b>
<b>Non-controlling interests</b>	<b>0.6</b>	<b>0.5</b>
<b>Total shareholders' equity</b>	<b>1,191.3</b>	<b>1,126.9</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	23.6	25.7
Pension obligations	15.2	15.2
Provisions	2.8	2.3
Financial liabilities	1,084.5	861.3
Trade payables and other liabilities	35.9	36.3
	1,161.9	940.8
<b>Current liabilities</b>		
Trade and other payables	289.3	309.3
Tax liabilities	0.4	1.7
Provisions	3.2	2.7
Financial liabilities	205.2	287.4
	498.1	601.1
<b>Total equity and liabilities</b>	<b>2,851.3</b>	<b>2,668.8</b>

## Condensed Consolidated Statement of Cash Flows

EUR million	1-3 2019	1-3 2018	1-12 2018
<b>Cash flow from operating activities</b>			
Profit before tax	82.7	89.4	381.0
Adjustments			
Depreciation, amortisation and impairment	65.1	58.3	236.2
Other adjustments	1.0	-2.5	4.4
	66.1	55.8	240.6
Change in working capital			
Increase (-) / decrease (+) in trade and other receivables	9.1	7.2	6.1
Increase (-) / decrease (+) in inventories	5.8	6.8	3.1
Increase (+) / decrease (-) in trade and other payables	-7.2	-25.7	-30.3
	7.7	-11.7	-21.1
Financial items, net	-16.2	-11.6	-16.9
Taxes paid	-17.9	-15.2	-68.2
<b>Net cash flow from operating activities</b>	<b>122.3</b>	<b>106.6</b>	<b>515.4</b>
<b>Cash flow from investing activities</b>			
Capital expenditure	-54.9	-56.0	-235.6
Investments in shares and business combinations	-0.1	-0.2	-10.5
Proceeds from asset disposal	0.5	1.6	3.0
<b>Net cash used in investing activities</b>	<b>-54.4</b>	<b>-54.6</b>	<b>-243.2</b>
<b>Cash flow before financing activities</b>	<b>67.8</b>	<b>52.1</b>	<b>272.2</b>
<b>Cash flow from financing activities</b>			
Proceeds from long-term borrowings	168.4		100.0
Repayment of long-term borrowings		-4.6	-59.5
Increase (+) / decrease (-) in short-term borrowings	-97.0	36.0	-9.6
Repayment of finance lease liabilities	-4.8	-0.9	-3.4
Dividends paid	-0.3	0.0	-263.1
<b>Net cash used in financing activities</b>	<b>66.3</b>	<b>30.5</b>	<b>-235.6</b>
<b>Change in cash and cash equivalents</b>	<b>134.2</b>	<b>82.6</b>	<b>36.6</b>
Cash and cash equivalents at the beginning of period	80.9	44.3	44.3
<b>Cash and cash equivalents at the end of period</b>	<b>215.1</b>	<b>126.9</b>	<b>80.9</b>

## Consolidated Statement of Changes in Equity

EUR million	Share capital	Treasury shares	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Non-controlling interests	Total equity
<b>Balance at 1 January 2018</b>	<b>83.0</b>	<b>-140.2</b>	<b>90.9</b>	<b>371.6</b>	<b>634.2</b>	<b>0.1</b>	<b>1,039.7</b>
Adoption of IFRS 15					7.5		7.5
Adoption of IFRS 9					4.2		4.2
Adoption of amendment to IFRS 2					14.5		14.5
<b>Balance at 1 January 2018</b>	<b>83.0</b>	<b>-140.2</b>	<b>90.9</b>	<b>371.6</b>	<b>660.4</b>	<b>0.1</b>	<b>1,065.9</b>
Profit for the period					74.4	0.0	74.4
Translation differences					0.1		0.1
Cash flow hedge				0.1			0.1
Total comprehensive income				0.1	74.5	0.0	74.6
Share-based compensation		4.5			-4.1		0.4
Other changes					-5.3		-5.3
<b>Balance at 31 March 2018</b>	<b>83.0</b>	<b>-135.7</b>	<b>90.9</b>	<b>371.8</b>	<b>725.5</b>	<b>0.1</b>	<b>1,135.6</b>
EUR million							
<b>Balance at 1 January 2019</b>	<b>83.0</b>	<b>-135.6</b>	<b>90.9</b>	<b>372.8</b>	<b>715.2</b>	<b>0.5</b>	<b>1,126.9</b>
Profit for the period					68.7	0.0	68.7
Translation differences					0.2		0.2
Cash flow hedge				-0.3			-0.3
Total comprehensive income				-0.3	68.8	0.0	68.5
Share-based compensation		3.4			-3.2		0.3
Other changes					-4.4		-4.4
<b>Balance at 31 March 2019</b>	<b>83.0</b>	<b>-132.2</b>	<b>90.9</b>	<b>372.6</b>	<b>776.4</b>	<b>0.6</b>	<b>1,191.3</b>

## Notes

### ACCOUNTING PRINCIPLES

The interim report has been prepared in accordance with the IFRS recognition and measurement principles, although not all requirements of IAS 34 *Interim Financial Reporting* have been followed. The information has been prepared in accordance with the International Financial Reporting Standards (IFRS) effective at the time of preparation and adopted for use by the European Union. Apart from the changes in accounting principles stated below, the accounting principles applied in the interim report are the same as in the financial statements on 31 December 2018.

#### Changes in the accounting principles

The Group adopted the following standards, amendments to standards and interpretations as of 1 January 2019:

- Annual improvements to IFRS standards
- IFRS 16 *Leases*. The standard specifies the definition of leases, recognition, the measurement of lease agreements and other information given in relation to lease agreements in the financial statements. The new lease standard requires the lessor to recognise the lessee's lease agreements as lease debt on the balance sheet and as an associated right-of-use asset. For the lessor, the situation remains largely unchanged.

The group has adopted the standard using a modified retrospective approach, whereby the requirements of the IFRS 16 standard are applied to the contracts open on 1 January 2019. The adoption of the standard had no effect on retained earnings.

The impact of the financial leases on the Group's Q1 2019 rental expenses is EUR +4.3 million, on depreciation EUR -4.5 million, and on financial expenses EUR -0.3 million. The effect on EBITDA is EUR +4.3 million, on operating profit EUR -0.1 million, and on profit before taxes EUR -0.4 million. The impact on the Group's Q1 2019 investments is EUR 6.2 million, of which EUR 5.1 million is related to the indexation of finance leases previously accounted for under IAS 17.

The Group applies the exemptions allowed by the standard not to recognise assets and liabilities for short-term leases and low-value assets. In Q1 2019, the Group recognised expenses relating to short-term leases of EUR 7.9 million and expenses relating to leases of low-value assets of EUR 2.4 million.

On 1 January 2019, the opening balance of the lease liability was EUR 85.3 million, and corresponding right-of-use assets were EUR 85.7 million. EUR 22.1 million of recognised lease liability is related to the earlier finance leases.

The implementation of the standard affected the opening balances of the right-of-use assets, EUR 70.3 million, and the lease liability, EUR 63.2 million. A EUR 7.1 million portion of right-of-use assets was included in prepayments recognised on the balance sheet on 31 December 2018. The figures for the comparison year have not been restated.

On 31 March 2019, the right-of-use assets, calculated in accordance with the standard, amounted to EUR 90.2 million and the corresponding interest-bearing liabilities to EUR 90.2 million.

In the cash flow statement, cash payments for the capital portion of the lease liability are presented under financing activities, and for the interest portion of the lease liability under operating cash flow. Previously, all the lease payments for operating leases were presented in the cash flow from the operating activities. The Q1 2019 impact on the Group's cash flow from the operating activities is

EUR +4.1 million, on cash flow from financing activities EUR -3.9 million, and on cash flow from investing activities EUR -0.2 million. The increase in prepayments included in right-of-use assets is presented under cash flow from investing activities.

## 1. Segment Information

<b>1-3/2019</b>	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	273.4	166.4		439.7
EBITDA	104.1	50.9		155.1
Depreciation, amortisation and impairment	-40.9	-24.2		-65.1
EBIT	63.2	26.7		90.0
Financial income			3.6	3.6
Financial expense			-10.8	-10.8
Share of associated companies' profit			-0.1	-0.1
Profit before tax				82.7
Investments	37.5	19.4		56.9
<b>1-3/2018</b>	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	279.2	170.4		449.6
EBITDA	100.3	53.1		153.4
Depreciation, amortisation and impairment	-36.5	-21.8		-58.3
EBIT	63.7	31.3		95.1
Financial income			0.5	0.5
Financial expense			-6.2	-6.2
Share of associated companies' profit			0.0	0.0
Profit before tax				89.4
Investments	35.3	17.5		52.8
<b>1-12/2018</b>	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	1,150.2	681.4		1,831.5
EBITDA	416.1	223.9		640.1
Depreciation, amortisation and impairment	-147.7	-88.5		-236.2
EBIT	268.4	135.4		403.8
Financial income			2.4	2.4
Financial expense			-25.0	-25.0
Share of associated companies' profit			-0.4	-0.4
Profit before tax				381.0
Investments	166.1	88.3		254.4
Total assets	1,680.2	874.7	114.0	2,668.8



## 2. Operating Lease Commitments

The future minimum lease payments under non-cancellable operating leases:

EUR million	31.3. 2019	31.12. 2018
Not later than one year	11.9	28.2
Later than one year not later than five years	1.9	36.4
Later than five years	1.3	14.4
	15.1	79.0

Rental liabilities are exclusive of value added tax.

## 3. Contingent Liabilities

EUR million	31.3. 2019	31.12. 2018
For our own commitments		
Mortgages	1.2	2.0
Guarantees	0.1	0.1
Deposits	0.4	0.4
	1.6	2.5
Other contractual obligations		
Venture Capital investment commitment	2.2	2.3
Repurchase obligations	0.0	
Letter of credit	0.1	0.1

## 4. Derivative Instruments

EUR million	31.3. 2019	31.12. 2018
Nominal values of derivatives		
Electricity derivatives	0.8	2.5
Fair values of derivatives		
Electricity derivatives	0.1	0.4

## 5. Key Figures

	1-3 2019	1-3 2018	1-12 2018
Shareholders' equity per share, EUR	7.45	7.11	7.05
Interest bearing net debt, EUR million	1,074.6	1,017.6	1,067.9
Gearing, %	90.2 %	89.6 %	94.8 %
Equity ratio, %	41.9 %	42.9 %	42.4 %
Return on investment (ROI), % *	17.5 %	19.7 %	18.3 %
Gross investments in fixed assets, EUR million	56.9	52.8	254.4
of which finance lease investments, EUR million	7.2	1.0	2.3
Gross investments as % of revenue	12.9 %	11.7 %	13.9 %
Investments in shares and business combinations, EUR million	0.1	0.3	13.6
Average number of employees	4,810	4,635	4,814

\* rolling 12 months profit preceding the reporting date

## Financial Calendar

Half-Year Report 2019

12 July 2019

Interim Report Q3 2019

17 October 2019

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