

Third Quarter Results 2016

19 October 2016

The logo for elisa, written in a blue, lowercase, cursive script font.

Third quarter 2016

- Revenue amounted to EUR 419 million (394)
 - EBITDA was EUR 154 million (145) and comparable EBITDA EUR 155 million
 - EBIT was EUR 98 million (90)
 - Profit before tax amounted to EUR 93 million (83)
 - Earnings per share were EUR 0.47 (0.43)
 - Cash flow after investments was EUR 47 million (85)
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- Mobile ARPU was EUR 16.7 (16.6 in previous quarter)
 - Mobile churn was 18.0 per cent (17.0 in previous quarter)
 - The number of Elisa's mobile subscriptions were at the previous quarter's level
 - The number of fixed broadband subscriptions increased by 58,500 on the previous quarter
 - Net debt / EBITDA was 1.8 (1.8 end 2015) and gearing 110 per cent (104 end 2015)

January–September 2016

- Revenue was EUR 1,202 million (1,165)
- EBITDA was EUR 424 million (405) and EBIT was EUR 263 million (244)
- Earnings per share was 1.24 (1.17)
- Cash flow after investments was EUR 180 million (223)

Key indicators

EUR million	3rd Quarter		Year-to-date	
	2016	2015	2016	2015
Revenue	419	394	1202	1165
EBITDA	154	145	424	405
Comparable EBITDA ¹⁾	155	145	425	405
EBIT ²⁾	98	90	263	244
Profit before tax ²⁾	93	83	246	229
Earnings per share, EUR ²⁾	0.47	0.43	1.24	1.17
Capital expenditure	42	46	142	146

¹⁾ Comparable EBITDA excludes net of transfer tax of EUR 1.7m relating to the Anvia acquisition and a capital gain of EUR 0.6m from the sale of Tansec shares

²⁾ Q3/2016 comparable EBIT EUR 100m, profit before tax EUR 94m and EPS EUR 0.48. 1–9/2016 comparable EBIT EUR 265m, profit before tax EUR 247m and EPS EUR 1.25

Financial position and cash flow

EUR million	30.9.2016	30.9.2015	End 2015
Net debt	1007	991	962
Net debt / EBITDA ¹⁾	1.8	1.9	1.8
Gearing ratio, %	110.4	115.5	103.9
Equity ratio, %	39.6	38.0	41.4

EUR million	3rd Quarter		Year-to-date	
	2016	2015	2016	2015
Cash flow after investments ²⁾	47	85	180	223

¹⁾ (interest-bearing debt – financial assets) / (four previous quarters' EBITDA exclusive of non-recurring items)

²⁾ Excluding investments in shares and business combinations Q3/2016 EUR 72m, 1–9/2016 EUR 228m, Q3/15 EUR 88m and 1–9/2015 EUR 236m

Elisa uses Alternative Performance Measures (APM), i.e. measures not based on IFRS. Definitions for these measures are available at elisa.com/investors/financial-information. Additional key performance indicators are also at the same address (Operational Data.xls).

CEO Veli-Matti Mattila:

Elisa's strong development continues

We succeeded in strengthening our competitiveness although the economic situation continued to be challenging during the third quarter. Our revenue and earnings grew again year-on-year. Our earnings improved similarly to the previous quarter with growth in mobile service revenue and through Elisa's efficiency improvements. Furthermore, the acquisition of Anvia's telecom, IT and entertainment services had a positive effect on revenue.

Consumers, corporate customers and public organisations appreciate the ease and speed provided by increasingly fast mobile broadband subscriptions. The volume of mobile data in Elisa's network reached an all-time high. The average volume of mobile data per user exceeded 13 gigabytes in August. The mobile subscription base remained on a par with the previous quarter, while the fixed-network broadband subscription base increased by over 58,000 subscriptions.

The Elisa Viihde IPTV service will feature extensive new Finnish and international entertainment and sports content in the near future. Elisa Viihde's most popular series ever, *Downshifataajat*, will continue in December, and a new original series, *Suomen Konttori*, will begin in March next year. Elisa Viihde is also showing the European FIFA World Cup qualifiers, UEFA Champions League and Mestis ice hockey league games.

Integration of Anvia's operations with Elisa has proceeded well. Anvia's capabilities combined with Elisa's investment and development resources ensure excellent services to customers in the Ostrobothnia region, as well as a basis for further developing shareholder value.

Elisa is the biggest fixed-network operator in Finland. We have brought fibre closer to our customers, and we are expanding our coverage by over 75,000 households in 2016, allowing speeds of up to 100 Mbit/s in low-rise residential areas and up to 1,000 Mbit/s in blocks of flats and terraced houses. Customers will benefit the most in remote working and home entertainment, such as online gaming.

Offering an increasingly better customer experience is important to us, and to guarantee it, we are testing new technologies in both mobile and fixed networks. In August, we broke a world speed record in the 4G network by achieving a speed of 1.9 Gbit/s. We were the first operator to test 5G in Finland. 5G will support, for example, virtual reality games, smart traffic, remote surgery and other future services.

The Elisa Innovation Challenge, part of Elisa's open development and service platform Elisa IoT, expanded internationally. This competition has two categories – the IoT and smart homes. Almost a hundred ideas were submitted, and three finalists were selected in both categories from three countries.

We will continue our determined work to improve both customer satisfaction and our operational productivity. Improving our productivity, developing digital services for our customers, and maintaining our strong investment ability create a solid foundation for competitive operations in the future.

INTERIM REPORT JANUARY–SEPTEMBER 2016

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 during the quarter, characterised by some campaigning and investments in customer acquisition. Some campaigns have quite long discount periods. The smartphone market grew, and the usage of data services continued to evolve favourably. Approximately 93 per cent of the mobile handsets sold during the third quarter were smartphones. Another factor contributing to mobile market growth has been the increased network coverage and capacity of new 4G speeds. The competition in the fixed broadband market has been fierce, especially 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 consumer online services is also growing.

Revenue, earnings and financial position

Revenue and earnings:

EUR million	3rd Quarter		Year-to-date	
	2016	2015	2016	2015
Revenue	419	394	1202	1165
EBITDA	154	145	424	405
Comparable EBITDA ¹⁾	155	145	425	405
<i>EBITDA-%</i>	36.8	36.6	35.3	34.7
<i>Comparable EBITDA-%</i>	37.0	36.6	35.4	34.7
EBIT	98	90	263	244
Comparable EBIT	100	90	265	244
<i>EBIT-%</i>	23.5	22.7	21.9	21.0
<i>Comparable EBIT-%</i>	23.8	22.7	22.0	21.0
EPS	0.47	0.43	1.24	1.17
Comparable EPS	0.48	0.43	1.25	1.17
<i>Return on equity, % ²⁾</i>	29.7	28.2	29.7	28.2

¹⁾ Comparable EBITDA excludes net of transfer tax of EUR 1.7m relating to the Anvia acquisition and a capital gain of EUR 0.6m from the sale of Tansec shares

²⁾ Last four quarters' profit per average of last four quarters' equity

Third quarter 2016

Revenue increased by 6 per cent on the previous year due to the consolidation of Anvia's ICT businesses, growth in mobile services, equipment sales and Estonian business, as well as growth in digital services in the Consumer Customers segment. Lower interconnection and roaming revenue in Finland affected revenue negatively. The decreasing trend in usage and subscriptions of traditional fixed telecom services in both segments was offset by the Anvia consolidation.

EBITDA increased by 7 per cent, mainly due to revenue growth and efficiency improvements.

Financial income and expenses totalled EUR -5 million (-7). Income taxes in the income statement were EUR -18 million (-15). Elisa's net profit was EUR 75 million (68). Earnings per share (EPS) were EUR 0.47 (0.43).

January–September 2016

Revenue increased by 3 per cent on the previous year due to the consolidation of Anvia's ICT businesses, growth in mobile services and digital Consumer Customers services, Estonian business as well as growth in equipment sales. Lower roaming and interconnection revenue both in Finland and Estonia, as well as a decrease in usage and subscriptions of traditional fixed telecom services in both segments, affected revenue negatively.

EBITDA increased by 5 per cent, mainly due to efficiency improvements and revenue growth.

Net financial income and expenses decreased to EUR -16 million (-18), mainly due to lower interest rates. Income taxes in the income statement were EUR -47 million (-41). Elisa's net profit was EUR 199 million (188). Earnings per share (EPS) amounted to EUR 1.24 (1.17).

Financial position

EUR million	30.9.2016	30.9.2015	End 2015
Net debt	1,007	991	962
Net debt / EBITDA ¹⁾	1.8	1.9	1.8
Gearing ratio, %	110.4	115.5	103.9
Equity ratio, %	39.6	38.0	41.4

EUR million	3rd Quarter		Year-to-date	
	2016	2015	2016	2015
Cash flow after investments ²⁾	47	85	180	223

¹⁾ (interest-bearing debt – financial assets) / (four previous quarters' EBITDA exclusive of non-recurring items)

²⁾ Excluding investments in shares Q3/2016 EUR 72m, 1–9/2016 EUR 228m, Q3/15 EUR 88m and 1–9/2015 EUR 236m

Third quarter 2016

Cash flow after investments decreased to EUR 47 million (85), mainly due to a negative change in net working capital due to higher inventories and receivables, lower payables and share acquisitions. Cash flow was positively affected by higher EBITDA and lower capital expenditure. Cash flow excluding share investments was EUR 72 million (88).

January–September 2016

Cash flow after investments decreased to EUR 180 million (223), mainly due to negative change in net working capital due to lower payables and higher inventories, as well as share acquisitions. Cash flow was positively affected by higher EBITDA and lower capital expenditure. Cash flow excluding share investments was EUR 228 million (236).

The financial position and liquidity are good. Net debt was EUR 1,007 million. Cash and undrawn committed credit lines totalled EUR 333 million at the end of the quarter.

Changes in corporate structure

On 29 June, an Extraordinary General Meeting of Anvia Oyj approved the sale of Anvia's ICT businesses to Elisa. The transaction was executed on 1 July 2016, when the acquired companies, Anvia Telecom Oy, Anvia IT-palvelut Oy, Anvia Hosting Oy, Anvia TV Oy and Watson Nordic Oy, were consolidated into Elisa. The acquisition price is approximately EUR 107 million, of which approximately EUR 76 million will be paid with Anvia shares, approximately EUR 30 million with cash and EUR 1 million with shares in the subsidiary company Tansec Oy.

On 1 July 2016, Elisa sold its fully owned subsidiary Elisa Rahoitus Oy to Aktia Bank plc.

Consumer Customers business

EUR million	3rd Quarter		Year-to-date	
	2016	2015	2016	2015
Revenue	268	251	758	729
EBITDA	101	94	278	262
Comparable EBITDA	101	94	279	262
<i>EBITDA-%</i>	37.6	37.5	36.7	36.0
<i>Comparable EBITDA-%</i>	37.8	37.5	36.8	36.0
EBIT	70	62	189	172
Comparable EBIT	71	62	190	172
CAPEX	24	26	79	83

Third quarter 2016

Revenue increased by 7 per cent due to the consolidation of Anvia's ICT businesses, as well as growth in mobile services, equipment sales, Estonian business and digital services. Lower interconnection and roaming revenue in Finland affected revenue negatively. The decreasing trend in usage and subscriptions of traditional fixed telecom services was offset by the Anvia consolidation.

EBITDA increased by 7 per cent, mainly due to revenue growth and productivity improvements.

January–September 2016

Revenue increased by 4 per cent due to the consolidation of Anvia's ICT businesses, as well as growth in mobile services, equipment sales, Estonian business and digital services. The decrease in traditional fixed network usage and subscriptions, as well as lower roaming and interconnection revenue in Finland, affected revenue negatively.

EBITDA increased by 6 per cent, mainly due to revenue growth and productivity improvements.

Corporate Customers business

EUR million	3rd Quarter		Year-to-date	
	2016	2015	2016	2015
Revenue	151	144	444	436
EBITDA	53	51	146	142
Comparable EBITDA	54	51	147	142
<i>EBITDA-%</i>	35.3	35.2	32.9	32.7
<i>Comparable EBITDA-%</i>	35.6	35.2	33.0	32.7
EBIT	28	27	74	72
Comparable EBIT	29	27	75	72
CAPEX	18	20	63	63

Third quarter 2016

Revenue increased by 5 per cent, mainly due to the consolidation of Anvia's ICT businesses and growth in mobile services. Lower interconnection and roaming revenue in Finland affected revenue negatively. The decreasing trend in usage and subscriptions of traditional fixed telecom services was offset by the Anvia consolidation.

EBITDA increased by 5 per cent mainly due to growth in revenue and productivity improvements.

January–September 2016

Revenue increased by 2 per cent, mainly due to the consolidation of Anvia's ICT businesses and growth in mobile services. The decline in usage and subscriptions of traditional fixed tele-

com services and lower interconnection and roaming revenue in Finland and decrease in visual communication business affected revenue negatively.

EBITDA increased by 3 per cent, mainly due to growth in revenue and productivity improvements.

Personnel

In January–September, the average number of personnel at Elisa was 4,221 (4,146). Personnel by segment at the end of the period was as follows:

	30.9.2016	30.9.2015	End 2015
Consumer Customers	2,433	2,388	2,290
Corporate Customers	1,899	1,812	1,793
Total	4,332	4,200	4,083

Total personnel increased by 3 per cent compared to the previous year's third quarter due to Anvia ICT businesses consolidation.

Investments

EUR million	3rd Quarter		Year-to-date	
	2016	2015	2016	2015
Capital expenditures, of which	42	46	142	146
- Consumer Customers	24	26	79	83
- Corporate Customers	18	20	63	63
Shares and business combinations	85	3	109	17
Total	127	48	251	163

The main capital expenditures related to the capacity and coverage increase of the 4G networks, as well as to other network and IT investments. The investments in shares relate to the Anvia acquisition.

Financing arrangements and ratings

Valid financing arrangements

EUR million	Maximum amount	In use on 30.9.2016
Committed credit limits	300	0
Commercial paper programme ¹⁾	250	201
EMTN programme ²⁾	1,000	600

¹⁾ The programme is not committed

²⁾ European Medium Term Note programme, not committed

In September 2016, Elisa drew a EUR 150 million loan, agreed in October 2015, from the EIB and paid back a maturing EUR 120 million loan.

Long-term credit ratings

Credit rating agency	Rating	Outlook
Moody's Investor Services	Baa2	Stable
Standard & Poor's	BBB+	Stable

Shares

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	3rd Quarter		Year-to-date	
	2016	2015	2016	2015
Nasdaq Helsinki, millions	23.8	29.7	74.1	89.0
Other marketplaces, millions ¹⁾	34.6	40.8	139.2	132.6
Total volume, millions	58.4	70.5	213.3	221.7
Value, EUR million	1,914.9	2,102.5	7,055.0	5,949.8
% of shares	35	42	127	132

Shares and market values	30.9.2016	30.9.2015	End 2015
Total number of shares	167,335,073	167,335,073	167,335,073
Treasury shares	7,716,969	7,852,846	7,851,006
Outstanding shares	159,618,104	159,482,227	159,484,067
Closing price, EUR	32.83	30.22	34.79
Market capitalisation, EUR million	5,494	5,057	5,822
Treasury shares, %	4.61	4.69	4.69

¹⁾ Other marketplaces based on the Fidessa Fragmentation Index.

Number of shares	Total number of shares	Treasury shares	Outstanding shares
Shares at 31 Dec 2015	167,335,073	7,851,006	159,484,067
Performance Share Plan 29 Jan 2016 ¹⁾		-134,037	134,037
Shares at 30 Sep 2016	167,335,073	7,716,969	159,618,104

¹⁾ Stock exchange bulletin 29 January 2016

Elisa Shareholders' Nomination Board

As of 2 September 2016, the composition of Elisa's Shareholders' Nomination Board is as follows:

- Mr Kari Järvinen, CEO, nominated by Solidium Oy
- Mr Reima Rytsölä, Executive Vice-President, nominated by Varma Mutual Pension Insurance Company
- Mr Timo Ritakallio, President and CEO, nominated by Ilmarinen Mutual Pension Insurance Company
- Ms Hanna Hiidenpalo, Director, Chief Investment Officer, nominated by Elo Mutual Pension Insurance Company
- Mr Raimo Lind, Chairman of the Board of Elisa

The Nomination Board elected Mr Kari Järvinen as the chair.

The Shareholders' Nomination Board was established in 2012 by the Annual General Meeting. Its duty is to prepare proposals for the election and remuneration of the members of the board of directors of Elisa for the Annual General Meeting.

Significant legal and regulatory issues

On 27 July 2016, the Supreme Administrative Court issued rulings on Ficora's significant market power decisions regarding the pricing of the leasing of copper and fibre access lines. The decisions were given to Elisa and other major Finnish fixed line operators. The court stated

that Ficora's decisions were contrary to law and were returned to Ficora for further consideration. The rulings do not have a financial impact on Elisa, as the new prices were not implemented based on the Courts's earlier interim decision.

On 16 August 2016, the Supreme Court gave its final decision and approved the additional fee for paper invoices. The Supreme Court reasoned that Elisa offers electronic invoices free of charge and digitalisation and environmental issues are acceptable grounds for promoting electronic invoices.

In September 2016, the European Commission published a revised draft of the rules regarding roaming, laying down detailed regulations on the application of fair use policy and on the methodology for assessing the sustainability of the abolition of retail roaming surcharges. The draft rules may still change and the Commission is due to adopt the final rules by 15 December 2016.

Anvia Oyj's Extraordinary General Meeting in June 2016 approved the sale of Anvia's ICT businesses to Elisa. One shareholder has bought an action in a district court against Anvia in order to annul the General Meeting's decision. The actual proceedings have not started.

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. Regulation may also require investments that have long payback times.

The final effects of the new EU regulations regarding roaming and net neutrality are still open, and therefore it might have a financial impact on Elisa's mobile business.

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 fixed network has decreased during the last few 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 2015.

Events after the financial period

In October, the Government adopted a decision on the details of the 700 MHz spectrum auction. The maximum amount of frequencies is limited to 2x10 MHz per operator (total 700 MHz band is 2x30 MHz) and the reserve price of the total 2x30 MHz band is EUR 66 million. The auction is expected to begin on 24 November 2016, and the 700 MHz frequencies are expected to be in mobile broadband use in 2017.

Outlook and guidance for 2016

The macroeconomic environment in Finland is still expected to be weak in 2016. Competition in the Finnish telecommunications market also remains challenging.

Full-year guidance includes the companies acquired from Anvia for six months. Full-year revenue is estimated to be slightly higher than in 2015. Mobile data, ICT and digital online services are expected to increase revenue. Comparable full-year EBITDA is anticipated to be slightly higher than in 2015. Full-year capital expenditure is expected to be a maximum of 12 per cent of revenue. Elisa's financial position and liquidity are good.

Elisa is continuing its productivity improvement measures, for example by streamlining the product portfolio and IT systems and operations. Additionally, Elisa is continuing to increase customer service and sales efficiency, as well as to reduce general administrative 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 mobile data market growth, as well as digital online and ICT services.

BOARD OF DIRECTORS

Unaudited

Consolidated Income Statement

EUR million	Note	7-9 2016	7-9 2015	1-9 2016	1-9 2015	1-12 2015
Revenue	1	418,7	394,5	1 201,7	1 165,1	1 569,5
Other operating income		1,8	0,7	2,9	1,8	4,8
Materials and services		-159,3	-152,9	-450,5	-444,6	-609,0
Employee expenses		-63,2	-59,2	-200,7	-195,2	-266,3
Other operating expenses		-44,1	-38,6	-129,2	-122,4	-166,5
EBITDA	1	154,0	144,5	424,3	404,8	532,5
Depreciation, amortisation and impairment		-55,5	-55,0	-160,8	-160,5	-220,4
EBIT	1	98,4	89,5	263,5	244,3	312,1
Financial income		0,6	0,6	2,4	2,9	3,6
Financial expense		-5,8	-7,2	-18,6	-20,8	-27,4
Share of associated companies' profit		0,0	0,5	-1,4	2,2	2,3
Profit before tax		93,2	83,5	245,9	228,6	290,6
Income taxes		-17,8	-15,2	-47,3	-41,0	-47,1
Profit for the period		75,4	68,3	198,6	187,6	243,5
Attributable to:						
Equity holders of the parent		75,3	68,2	198,4	187,3	243,1
Non-controlling interests		0,1	0,1	0,2	0,3	0,4
		75,4	68,3	198,6	187,6	243,5
Earnings per share (EUR)						
Basic		0,47	0,43	1,24	1,17	1,52
Diluted		0,47	0,43	1,24	1,17	1,52
Average number of outstanding shares (1000 shares)						
Basic		159 618	159 482	159 604	159 465	159 470
Diluted		159 618	159 482	159 604	159 465	159 470

Consolidated Statement of Comprehensive Income

Profit for the period		75,4	68,3	198,6	187,6	243,5
Other comprehensive income, net of tax						
Items which may be reclassified subsequently to profit or loss:						
Financial assets available-for-sale		9,4	-1,1	8,9	2,9	12,0
Cash flow hedge		0,3	-0,8	0,2	-1,2	-0,9
Translation difference		0,1	0,1	0,1	0,0	0,0
		9,9	-1,9	9,2	1,6	11,1
Items which are not reclassified subsequently to profit or loss:						
Remeasurements of the net defined benefit liability						1,8
Total comprehensive income		85,3	66,4	207,9	189,3	256,5
Total comprehensive income attributable to:						
Equity holders of the parent		85,2	66,3	207,6	189,0	256,1
Non-controlling interest		0,1	0,1	0,2	0,3	0,4
		85,3	66,4	207,9	189,3	256,5

Consolidated Statement of Financial Position

	30.9.	31.12.
EUR million	2016	2015
Non-current assets		
Property, plant and equipment	701,5	677,4
Goodwill	893,5	830,1
Other intangible assets	140,1	134,8
Investments in associated companies	2,5	59,5
Financial assets available-for-sale	40,1	30,3
Deferred tax assets	23,5	23,3
Trade and other receivables	71,4	73,7
	1 872,7	1 829,1
Current assets		
Inventories	53,0	54,8
Trade and other receivables	355,3	333,4
Tax receivables	0,4	0,2
Cash and cash equivalents	32,8	29,1
	441,4	417,5
Total assets	2 314,1	2 246,6
Equity attributable to equity holders of the parent	912,1	925,4
Non-controlling interests	0,3	0,5
Total shareholders' equity	912,5	925,9
Non-current liabilities		
Deferred tax liabilities	26,8	22,7
Pension obligations	15,5	15,6
Provisions	3,7	3,4
Financial liabilities	826,8	686,0
Trade payables and other liabilities	28,7	23,9
	901,5	751,6
Current liabilities		
Trade and other payables	275,1	255,5
Tax liabilities	8,2	2,9
Provisions	3,7	5,4
Financial liabilities	213,1	305,2
	500,1	569,1
Total equity and liabilities	2 314,1	2 246,6

Condensed Consolidated Statement of Cash Flows

	1-9 2016	1-9 2015	1-12 2015
EUR million			
Cash flow from operating activities			
Profit before tax	245,9	228,6	290,6
Adjustments			
Depreciation, amortisation and impairment	160,8	160,5	220,4
Other adjustments	14,6	15,4	22,6
	175,4	175,9	243,0
Change in working capital			
Increase (-) / decrease (+) in trade and other receivables	-9,0	-11,6	-1,6
Increase (-) / decrease (+) in inventories	2,7	6,6	-5,6
Increase (+) / decrease (-) in trade and other payables	3,7	26,6	6,9
	-2,5	21,6	-0,4
Financial items, net	-9,1	-10,2	-18,5
Taxes paid	-43,2	-37,0	-52,0
Net cash flow from operating activities	366,5	378,9	462,8
Cash flow from investing activities			
Capital expenditure	-141,5	-145,1	-199,8
Investments in shares and business combinations	-48,3	-12,2	-12,7
Repayment of loan assets		0,1	0,1
Proceeds from asset disposal	3,3	1,7	2,6
Net cash used in investing activities	-186,6	-155,5	-209,8
Cash flow before financing activities	180,0	223,4	253,0
Cash flow from financing activities			
Proceeds from long-term borrowings	150,0	0,1	0,2
Repayment of long-term borrowings	-130,7	-10,7	-10,7
Increase (+) / decrease (-) in short-term borrowings	30,5	18,5	-39,5
Repayment of finance lease liabilities	-3,4	-3,6	-4,8
Dividends paid	-222,7	-210,3	-210,3
Net cash used in financing activities	-176,3	-206,0	-265,2
Change in cash and cash equivalents	3,6	17,3	-12,2
Cash and cash equivalents at the beginning of period	29,1	41,3	41,3
Cash and cash equivalents at the end of period	32,8	58,7	29,1

Statement of Changes in Equity

EUR million	Share capital	Treasury shares	Other reserves	Reserve for invested non-restricted equity	Retained earnings	Non-controlling interests	Total equity
Balance at 1 January 2015	83,0	-148,2	384,8	90,9	467,5	0,6	878,6
Profit for the period					187,3	0,3	187,6
Translation differences					0,0		0,0
Financial assets available-for-sale			2,9				2,9
Cash flow hedge			-1,2				-1,2
Total comprehensive income			1,6		187,4	0,3	189,3
Dividend distribution					-210,5	-0,5	-211,0
Share-based compensation		2,7			1,3		3,9
Other changes					-2,7		-2,7
Balance at 30 September 2015	83,0	-145,6	386,4	90,9	443,0	0,4	858,1

EUR million	Share capital	Treasury shares	Other reserves	Reserve for invested non-restricted equity	Retained earnings	Non-controlling interests	Total equity
Balance at 1 January 2016	83,0	-145,5	397,7	90,9	499,3	0,5	925,9
Profit for the period					198,4	0,2	198,6
Translation differences					0,1		0,1
Financial assets available-for-sale			8,9				8,9
Cash flow hedge			0,2				0,2
Total comprehensive income			9,1		198,5	0,2	207,9
Dividend distribution					-223,5	-0,4	-223,9
Share-based compensation		2,6			2,6		5,2
Other changes					-2,6		-2,6
Balance at 30 September 2016	83,0	-142,9	406,8	90,9	474,3	0,3	912,5

Notes

ACCOUNTING PRINCIPLES

The Interim report has been prepared in accordance with the IFRS recognition and measurement principles, although all requirements of IAS 34 Interim Financial Reporting have not been followed. The information has been prepared in accordance with International Financial Reporting Standards (IFRS) effective at the time of preparation and adopted for use by 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 at 31 December 2015.

Changes in the accounting principles

The Group adopted the following standards, amendments to standards and interpretations as from 1 January 2016 onward:

- Annual improvements of IFRS-standards

1. Segment Information

7-9/2016	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	268,1	150,6		418,7
EBITDA	100,8	53,2		154,0
Depreciation, amortisation and impairment	-30,7	-24,8		-55,5
EBIT	70,1	28,4		98,4
Financial income			0,6	0,6
Financial expense			-5,8	-5,8
Share of associated companies' profit			0,0	0,0
Profit before tax				93,2
Investments	23,7	17,9		41,6
7-9/2015	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	250,6	143,9		394,5
EBITDA	93,9	50,6		144,5
Depreciation, amortisation and impairment	-31,6	-23,5		-55,0
EBIT	62,3	27,1		89,5
Financial income			0,6	0,6
Financial expense			-7,2	-7,2
Share of associated companies' profit			0,5	0,5
Profit before tax				83,5
Investments	26,1	19,5		45,6

1-9/2016	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	757,5	444,2		1 201,7
EBITDA	278,1	146,2		424,3
Depreciation, amortisation and impairment	-89,1	-71,7		-160,8
EBIT	189,0	74,5		263,5
Financial income			2,4	2,4
Financial expense			-18,6	-18,6
Share of associated companies' profit			-1,4	-1,4
Profit before tax				245,9
Investments	79,3	62,6		141,8
1-9/2015	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	729,1	436,1		1 165,1
EBITDA	262,3	142,5		404,8
Depreciation, amortisation and impairment	-90,4	-70,2		-160,5
EBIT	171,9	72,4		244,3
Financial income			2,9	2,9
Financial expense			-20,8	-20,8
Share of associated companies' profit			2,2	2,2
Profit before tax				228,6
Investments	82,7	63,3		145,9
1-12/2015	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	983,2	586,3		1 569,5
EBITDA	347,7	184,8		532,5
Depreciation, amortisation and impairment	-126,3	-94,2		-220,4
EBIT	221,5	90,6		312,1
Financial income			3,6	3,6
Financial expense			-27,4	-27,4
Share of associated companies' profit			2,3	2,3
Profit before tax				290,6
Investments	110,6	85,2		195,8
Total assets	1 271,6	832,1	143,0	2 246,6

2. Operating Lease Commitments

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

	30.9.	31.12.
EUR million	2016	2015
Not later than one year	30,3	29,0
Later than one year not later than than five years	38,5	42,3
Later than five years	27,5	28,0
	96,3	99,4

3. Contingent Liabilities

	30.9.	31.12.
EUR million	2016	2015
For our own commitments		
Mortgages	2,4	2,3
Pledged securities	0,1	0,1
Deposits	0,6	0,7
Guarantees	1,1	1,1
On behalf of others		
Guarantees	0,6	0,5
	4,8	4,8
Other contractual obligations		
Repurchase obligations	0,0	0,1
Letter of credit	0,1	0,1
Capital loan's unrecognised interest payable	0,0	0,0

4. Derivative Instruments

	30.9.	31.12.
EUR million	2016	2015
Nominal values of derivatives		
Interest rate and currency swap		1,5
Electricity derivatives	4,7	5,6
	4,7	7,1
Fair values of derivatives		
Interest rate and currency swap		-0,1
Electricity derivatives	-0,6	-0,6
	-0,6	-0,7

Key Figures

EUR million	1-9 2016	1-9 2015	1-12 2015
Shareholders' equity per share, EUR	5,71	5,38	5,80
Interest bearing net debt	1 007,2	990,9	962,0
Gearing, %	110,4	115,5	103,9
Equity ratio, %	39,6	38,0	41,4
Return on investment (ROI), % *	17,7	17,0	16,5
Gross investments in fixed assets	141,8	145,9	195,8
of which finance lease investments	1,3	1,5	1,8
Gross investments as % of revenue	11,8	12,5	12,5
Investments in shares and business combinations	108,7	17,1	17,6
Average number of employees	4 221	4 146	4 146

*) rolling 12 months profit preceding the reporting date

Financial Calendar

Annual results 2016	27 January 2017
First quarter 2017	20 April 2017
Second quarter 2017	14 July 2017
Third quarter 2017	18 October 2017

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