



ELENIA

ANNUAL INVESTOR UPDATE

DECEMBER 2018 – TAMPERE

PRESENTERS



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CEO

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COO

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AGENDA

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BUSINESS & REGULATORY UPDATE

- ✧ Business performance for the first half of 2018 in line with expectations
- ✧ Acquisition by Valtion Eläkerahasto, Allianz Capital Partners on behalf of the Allianz Group and Macquarie Super Core Infrastructure Fund in February
- ✧ Network investments € 81.0 million in the first half of 2018 and € 143.6 million on a rolling twelve month basis
- ✧ Amendment to the financial covenants to mitigate the implementation of the IFRS15 standard

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FINANCING UPDATE

- ✧ Successful issuance of additional € 161 million debt during 2018
- ✧ Elenia signed new credit facilities in June 2017 and extended them by one year in 2018
- ✧ The next material maturity is in 2020

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BUSINESS & REGULATORY UPDATE

ELENIA NETWORKS H1 2018 BUSINESS UPDATE

- ✧ For the first half of 2018, Elenia Networks' revenue and EBITDA increased 5.4% and 6.5% y-o-y respectively. The key drivers for the increase in revenue were:
 - ✧ An increase in distribution tariffs by 9.4%¹ in May 2017
 - ✧ Electricity distribution volumes increased (2.6% y-o-y) due to colder weather in winter
- ✧ There were no major power disruptions during the first half of 2018
 - ✧ In June, the Toivo and Pauliina storms caused outages in certain areas of Elenia's distribution network served by overhead lines. Elenia was prepared for the storms and worked to mitigate the impact on customers. The maximum number of customers simultaneously without electricity was less than 15,000. All connections were restored in less than 24 hours.
 - ✧ In September, the Kuisma storm caused minor outages in Elenia's network with less severe consequences than Toivo and Pauliina.
- ✧ Elenia successfully continued its capex programme to replace overhead lines with underground cables.
 - ✧ On a weighted average basis across medium and low voltage lines, 42.4% of the network is now underground (38.6% H1 2017) reducing outages and improving security of supply to customers.
- ✧ Furthermore, Elenia increased its distribution tariffs by 9.9% in August 2018. The increase is driven by the network investments to meet current and future requirements.

Elenia Networks (€m) ²	H1 2017	H1 2018	Y-o-Y Change	FY2017
Volume (GWh)	3353.3	3442.2	2.6 %	6342.2
Total Revenue ³	131.5	138.5	5.4 %	263.1
EBITDA	81.5	86.9	6.5 %	161.2
Capex ⁴	73.2	81.0	10.8%	135.8
EBITDA margin	62.0%	62.7%		61.3%

1 The tariff increase is 9.4% on pre-tax basis and 6% on post-tax basis.

2 Figures are prepared according to IFRS

3 Including Other Operating Income and intra-group items

4 Regulatory Asset Value (RAV) accretive capex

ELENIA HEAT H1 2018 BUSINESS UPDATE

- ✧ For the first half of 2018 Elenia Heat posted an increase of 2.7% in y-o-y revenue due to the relatively cold weather and the corresponding impact on heat volumes sold.
- ✧ Elenia Heat's EBITDA was 4.4% higher during the first half of 2018. This was driven by higher volumes and an increase in heat prices in August 2017.
- ✧ The share of domestically sourced fuels (biofuel and peat) was 85%.
- ✧ Elenia Heat continued to provide highly reliable heating.
 - ✧ No major interruptions in heat or gas delivery and the reliability of supply to customers was above the industry average.
- ✧ Elenia Heat invested € 2.5 million in improving the heat distribution network and generation assets in H1 2018.
- ✧ At the end of January, an oil leakage was observed at Elenia Heat Vuohkallio district heating plant with some 30,000 litres of light oil leaked due to technical error. The costs associated as of 30 September are expected to be approximately € 0.8 million.

Elenia Heat (€m) ¹	H1 2017	H1 2018	Y-o-Y Change	FY2017
Volume (GWh) ²	619.2	635.3	2.6%	1080.8
Total Revenue ³	43.8	45.0	2.7%	78.9
EBITDA	14.1	14.7	4.4%	25.6
Capex	1.8	2.5	38.9%	5.9
<i>EBITDA margin</i>	<i>32.1%</i>	<i>32.6%</i>		<i>32.4%</i>

1 Figures are prepared according to IFRS

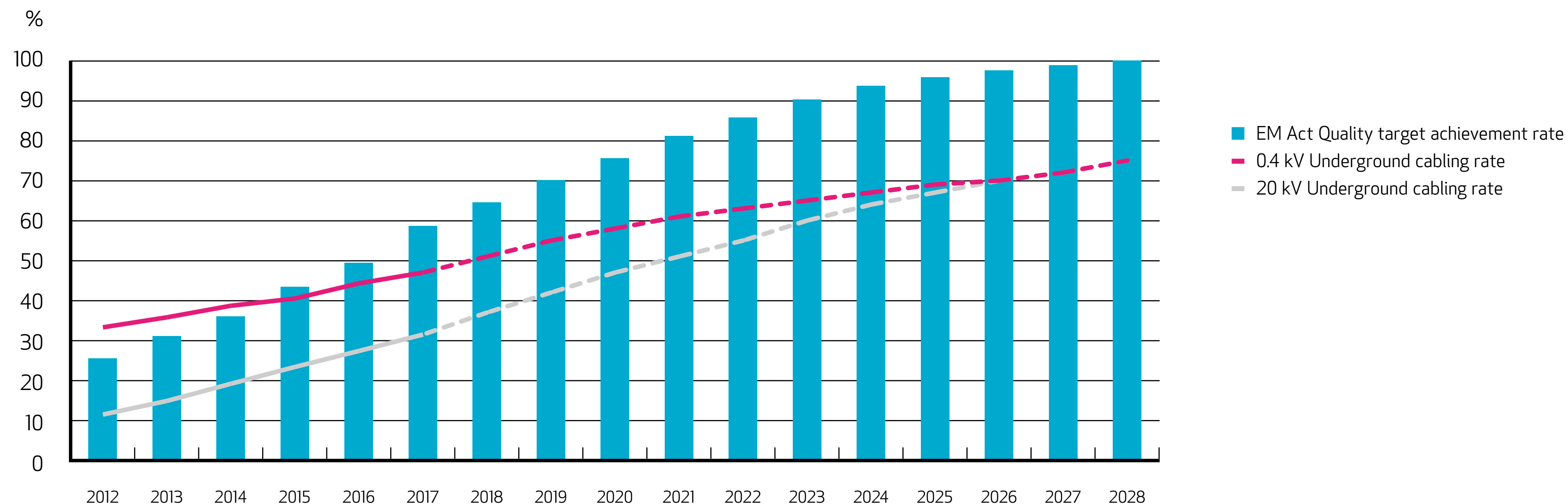
2 Includes heat, electricity and gas volumes

3 Including Other Operating Income and intra-group items

NETWORK DEVELOPMENT PLAN

- ✧ Elenia submitted its electricity network development plan to the Energy Authority in June 2018.
- ✧ The plan includes measures for fulfilling the Electricity Market Act's requirements during the transition period (by 2028).
 - ✧ In zoned areas, power needs to be restored within 6 hours, and in other areas, within 36 hours.
 - ✧ The Act's quality requirements apply to 50% of customers by 2019, 75% of customers by 2023 and 100% of customers by the end of 2028.

ELENIA'S CUSTOMERS WITHIN THE SCOPE OF QUALITY REQUIREMENTS AND UNDERGROUND CABLING RATES IN 2012-2028



RECENT DEVELOPMENT

- ✧ Excellent scores in GRESB Infrastructure Assessment 2018.
 - ✧ Out of 173 European companies, Elenia was 12th.
 - ✧ Among 11 European network utilities, Elenia placed fourth.
- ✧ Regulatory Update
 - ✧ During H1 2018 the Energy Authority published selected preliminary regulatory key figures of Finnish DSOs based on 2016 accounts.
 - ✧ Elenia Networks' regulatory asset value was € 1,521 million.
- ✧ Appointment in the Executive Management Team
 - ✧ D.Sc. (Tech.) Jouni Pylvänäinen was appointed Head of Strategic Development and member of the executive management team of Elenia Networks to strengthen the strategic innovation and business development capabilities of the company.
- ✧ EUR 30 Million Investment in Biofuel-fired Boiler
 - ✧ In November 2018, Elenia Heat invested in a new biofuel-fired boiler for the Vanaja power plant .
 - ✧ Share of renewable fuels in production in Elenia Heat will reach the level of 85% once the boiler is operational in 2020.

RECENT DEVELOPMENT

✧ Elenia Services' customer service agreement

- ✧ In April 2018, Elenia Services entered into a customer service agreement with Lahti Energy.

✧ Approved covenant amendment proposal

- ✧ IFRS 15 standard became effective on 1 January 2018 obliging Elenia to change the revenue recognition of connection charges under IFRS.
- ✧ Previously the connection charges revenue was recognized immediately or when the connection was established but from the beginning of 2018 onwards the connection charges revenue is recognized over period of 30 years.
- ✧ Elenia proposed to the Security Trustee and the Secured Creditors certain amendments to the financial covenant levels to mitigate the impact of implementing the IFRS 15 standard.
- ✧ Following the vote, the ratios were amended for the first adjustment period until 31 December 2027:
 - ✧ the Trigger Event ratio levels are 1.46 for Interest Coverage ratio and 10.18 for Leverage ratio
 - ✧ the Default ratios are 0.96 for Interest Coverage ratio and 11.33 for Leverage ratio

CONSOLIDATED FINANCIAL PERFORMANCE

ELENIA
GROUP

€m ¹	H1 2017	H1 2018	Y-o-Y Change	FY2017
Networks Total Revenue ²	131.5	138.5	5.4%	263.1
Heat Total Revenue ²	43.8	45.0	2.7%	78.9
Others ³	0.0	0.6		0.4
Consolidated Total Revenue²	175.3	184.1	5.0%	342.4
Networks EBITDA	81.5	86.9	6.5%	161.2
Heat EBITDA	14.1	14.7	4.4%	25.6
Other EBITDA ⁴	0.6	0.2		1.1
Non-recurring and exceptional items	0.7	0.3		3.0
Consolidated Adjusted EBITDA⁵	96.9	102.0	5.2%	190.9
<i>Consolidated Adjusted EBITDA margin</i>	55.3%	55.4%		55.7%
Consolidated Capex	76.5	85.3	11.5%	144.5
Net Debt	1401.9	1492.9	6.5%	1520.4
Interest Coverage Ratio	4.5 x	4.3 x		4.3 x
Leverage Ratio	7.7 x	7.6 x		8.0 x

1 Figures are prepared according to IFRS

2 Including Other Operating Income and intra-group items

3 Includes intra-group adjustments, IFRS adjustments and Elenia Service's revenue

4 Includes Elenia Services, Issuer, common services and street lighting

5 Excluding non-recurring and exceptional items



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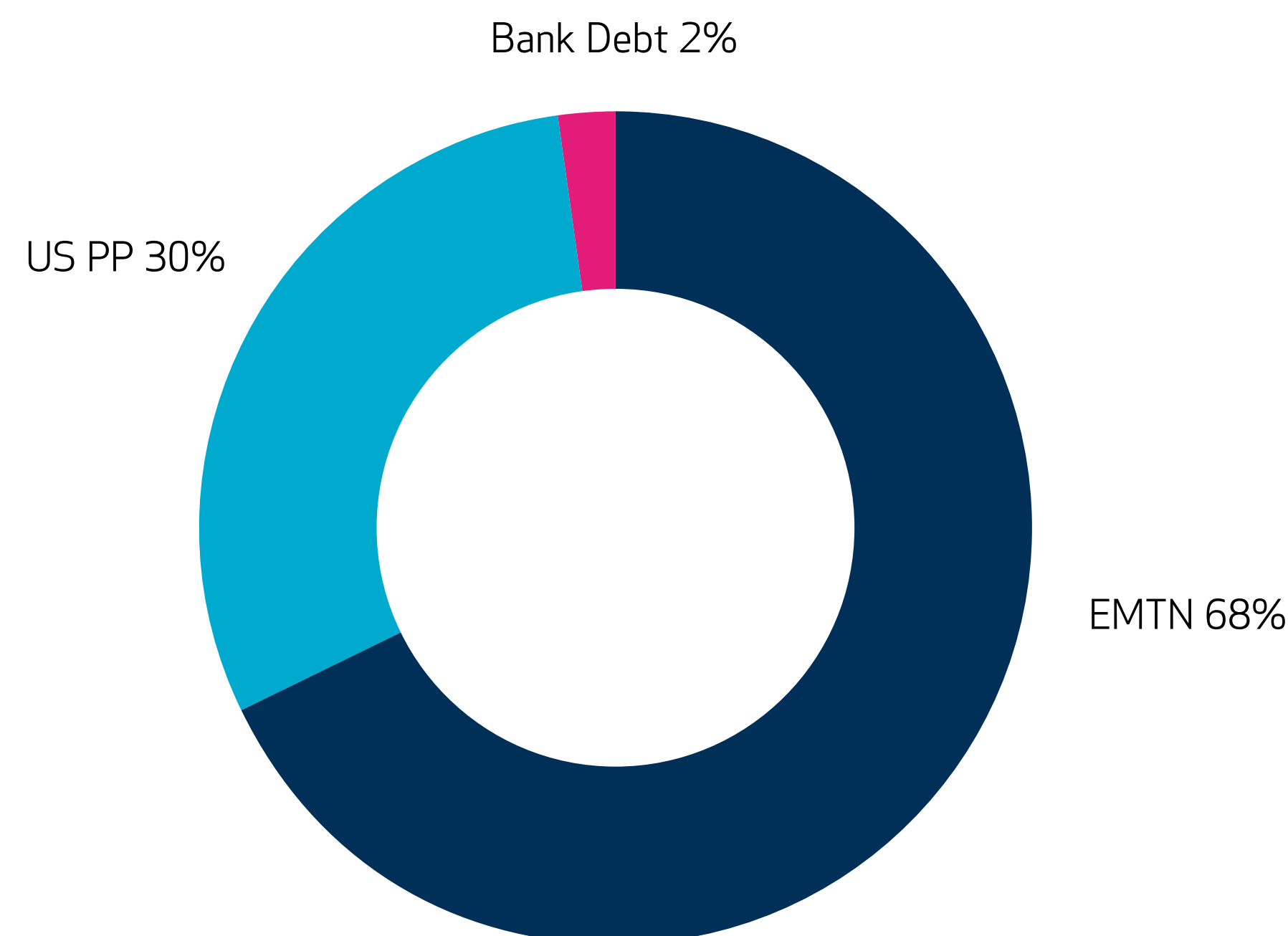
FINANCING UPDATE

ACTIVE PLAYER ON CAPITAL MARKETS

FINANCIAL POSITION

- ✦ Elenia Finance Oyj has € 3 billion multicurrency bond programme listed at London Stock Exchange.
- ✦ During 2018 Elenia has issued € 161 million of fixed rate bonds under the programme.
- ✦ At the end of September 2018 Elenia had € 1,171 million of bonds outstanding under the EMTN programme and € 518.5 million of US PPs bringing the total issuances to € 1,689.5 million.
- ✦ Elenia has committed credit facilities totaling € 470 million with a syndicate of Nordic and international banks:
 - ✦ € 350 million Capex Facility
 - ✦ € 60 million Working Capital Facility
 - ✦ € 60 million Liquidity Facility
- ✦ In June 2018, the Facilities were extended by one year.
- ✦ As of 30 September 2018, € 40 million has been withdrawn from the Working Capital Facility.

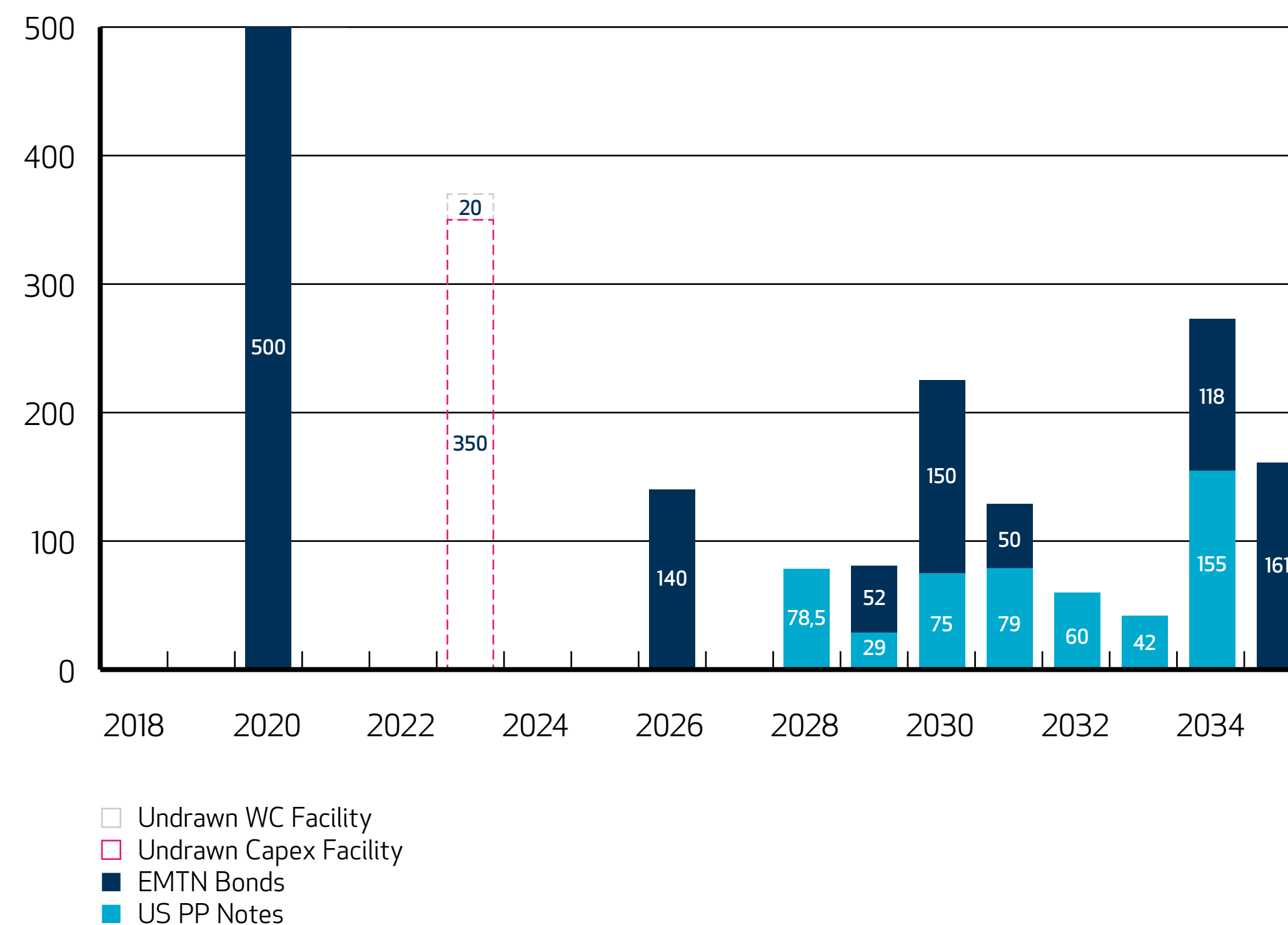
SOURCES OF FINANCING (30 SEP 2018)



FUNDING BASED ON LONG-DATED BONDS

- ✦ As of 30 September 2018, the weighted average interest rate on Elenia's outstanding debt was approximately 2.9%.
- ✦ Elenia's weighted average maturity has increased from 7.3¹ years on 31 December 2013 to 9.91 years on 30 September 2018.
- ✦ As of 30 September 2018, the hedging ratio was 98.5% and Elenia was in compliance with the Hedging Policy.
- ✦ The next material maturity is the benchmark € 500 million bond maturing in 2020.

MATURITY PROFILE - 30 SEPTEMBER 2017



¹ Excluding undrawn facilities and finance leases

FINANCIAL RATIOS AND COVENANTS

	Trigger Event ¹	Event of Default ¹	H1 2017	H2 2017	H1 2018 ²	H1 2019 E ³
Interest Coverage Ratio	1.46x	0.96x	4.46x	4.31x	4.28x	3.95x
<i>Headroom</i>					346%	311%
Leverage Ratio	10.18x	11.33x	7.65x	7.97x	7.63x	9.15x
<i>Headroom</i>					33%	19%

Elenia retains adequate headroom to both ICR and leverage ratio covenants on a historical and forward looking basis.

- 1 Ratio adjustment period ending 31 Dec 2027
- 2 Amended covenant levels introduced for the first time
- 3 Values are as based on Elenia's latest compliance certificate

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