



ELENIA

Annual Investor Presentation

16 December 2020

Helsinki

Presenters



Tommi Valento
CFO



Mikael Kovero
Head of Treasury



Sasu Kämäräinen
Treasury Manager

Agenda

1

Business Overview

- ✘ Business performance in line with expectations as operations continued without interruptions despite the activation of the pandemic preparedness plan
- ✘ Restructuring of Elenia Group completed successfully

2

Regulatory Update

- ✘ Regulatory methods remained the same when the fifth regulatory period began
- ✘ EMA amendment process still pending

3

Sustainability

- ✘ Elenia continues to develop its sustainability program and reporting
- ✘ Excellent score in GRESB Infrastructure Assessment 2020

4

Financing Update

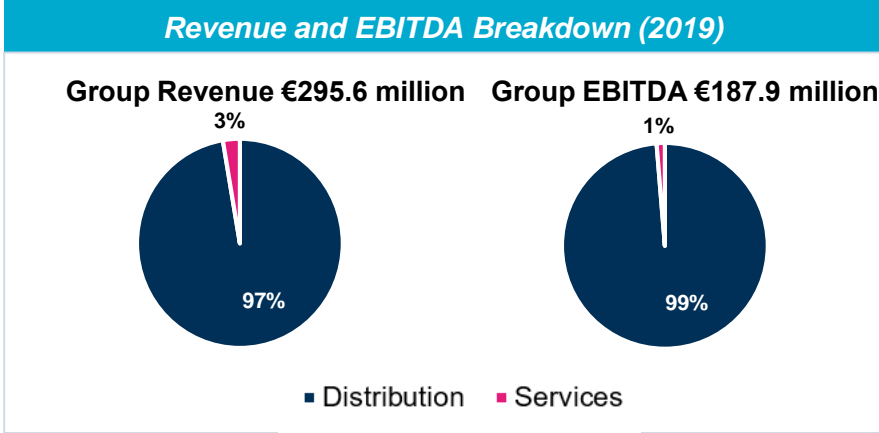
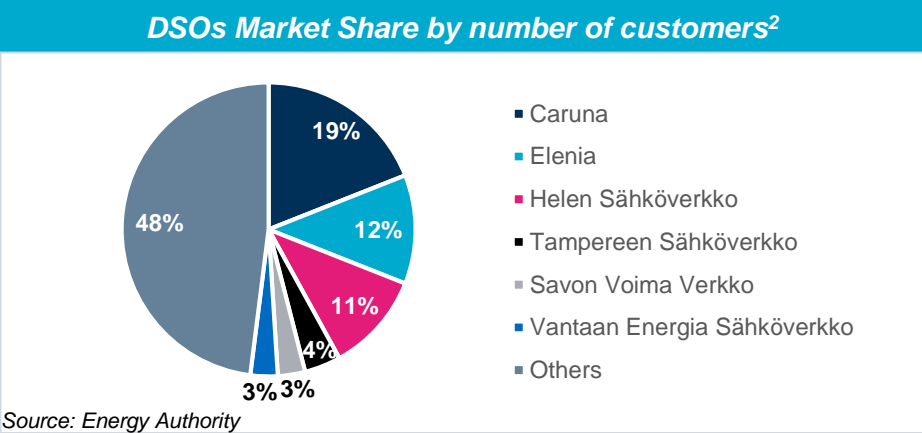
- ✘ Issuance of €500 million bond with a seven-year maturity and a coupon of 0.375%
- ✘ No upcoming refinancing needs until 2024 excluding the remaining €89 million outstanding of the benchmark bond maturing in December

1

Business Overview

Elenia Group Overview

- ✦ Elenia Verkko Oyj is a regulated regional monopoly operating in a supportive regulatory environment with strong focus on security of supply
- ✦ The Group also includes Elenia Oy (customer service, construction and project management, and embryonic fiber business)
- ✦ S&P has recently (November 2020) maintained BBB+ (stable) rating of the bonds and notes issued by Elenia Verkko Oyj
- ✦ Elenia is backed by committed and supportive long-term owners: Macquarie Infrastructure and Real Assets (45%), Allianz¹ (45%) and Valtion Eläkerahasto (10%)

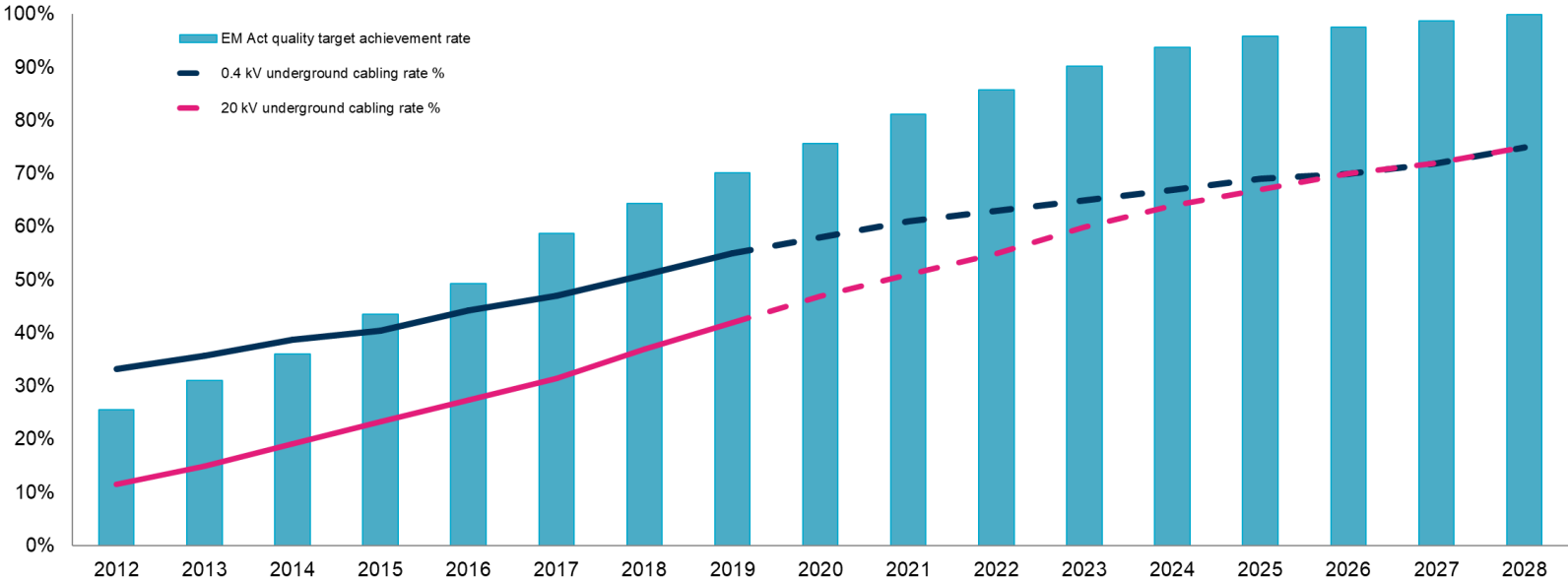


1. Allianz refers to Allianz subsidiaries and investment vehicles managed or advised by Allianz Capital Partners
 2. Only reflects the Network operations; Caruna is the joint market share for both Caruna Oy and Caruna Espoo Oy

Elenia Successfully Continued its Capex Programme to Replace Overhead Lines with Underground Cables

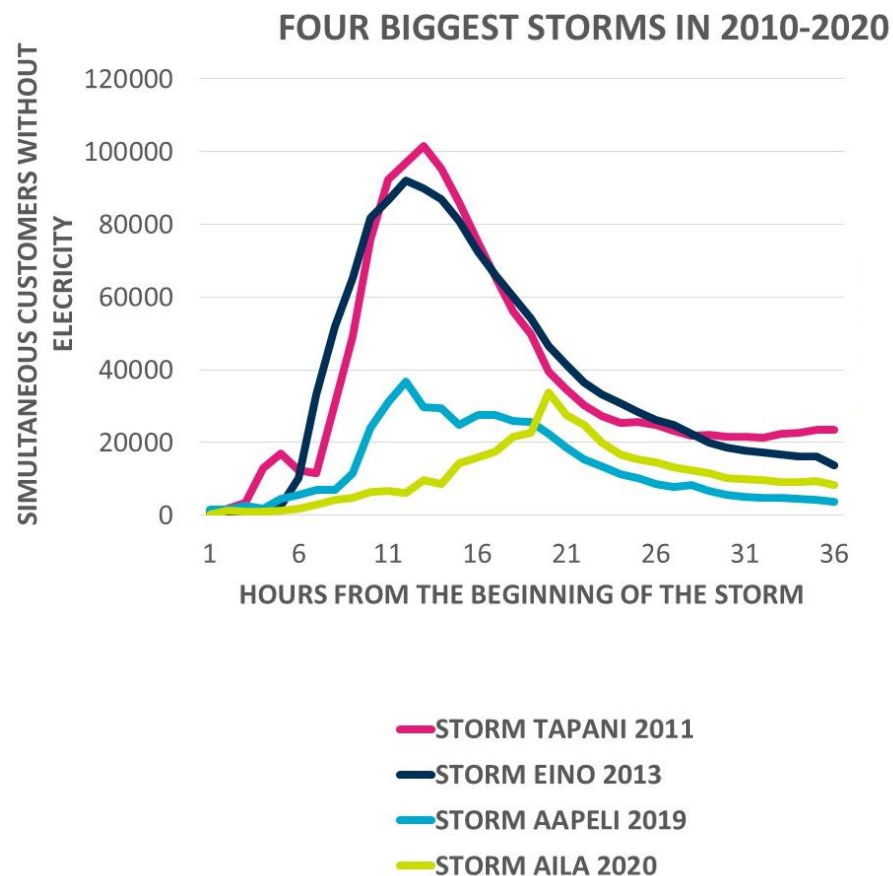
- ✘ The capex programme fulfils the Electricity Market Act’s quality requirements during the transition period
 - ✘ In zoned areas, power needs to be restored within 6 hours, and in other areas, within 36 hours
 - ✘ The quality requirements apply to 50% of customers by 2019, 75% of customers by 2023 and 100% of customers by the end of 2028
 - ✘ Elenia is targeting 75% underground cabling rate, which will be sufficient for the purposes of EMA
 - ✘ On a weighted average basis across medium and low voltage lines, 53.2 % of the network is now underground (46.8 % H1 2019) reducing outages and improving security of supply to customers
 - ✘ As of 30 June, 70.1% of the customers were within the scope of the requirements

Elenia’s customers within the scope of quality requirements and underground cabling rates in 2012–2028



Despite being Exceptionally Stormy Year the Underground Cabling has Proven Very Effective in Reducing the Impact of Storms

- ✘ The Suvi storm in June
 - ✘ Approximately 15,000 customers simultaneously without electricity but all connections were restored in less than 48 hours
 - ✘ During the outage the battery pack, developed and constructed together with Fortum and installed in Kuru, supplied power for the first time to our customers in the operation area mitigating the effects of the outage
- ✘ The Aila storm in September
 - ✘ The third most severe storm 2000-2020 after Janika (2001) and Tapani (2011)
 - ✘ Without substantial investments in underground cabling, the number of customers affected would have been 3-5x
 - ✘ The whole network area was impacted for 12 hours, which prolonged the outages as the repair could not begin until the storm had passed
 - ✘ At worst 34,000 customers without electricity simultaneously
- ✘ The Liisa storm in November
 - ✘ Approximately 25,000 customers without electricity simultaneously
- ✘ The Topi storm in November
 - ✘ Less than 15,000 customers without electricity simultaneously



Positive Financial Performance Despite Lower Volumes During H1 2020

€m ¹	H1 2019	H1 2020	Y-o-Y Change	FY2019
Volume (GWh)	3371.4	3158.7	-6.3%	6361.9
Networks Revenue ²	148.3	156.3	5.4%	294.3
Consolidated Revenue³	148.9	158.7	6.6%	295.6
Networks EBITDA	89.6	105.8	18.1%	183.4
Other EBITDA ⁴	0.4	-1.6		-0.8
Non-recurring and exceptional items	4.5	0.1		5.3
Consolidated EBITDA⁵	94.4	104.3	10.4%	187.9
<i>Consolidated EBITDA margin</i>	63.4%	65.7%		63.6%
Consolidated Capex	95.3	85.5	-10.3%	158.4
Net Debt	1835.1	1659.2	-9.6%	1629.4

¹ Figures are prepared according to IFRS (consolidated H1 2019 figures restated)

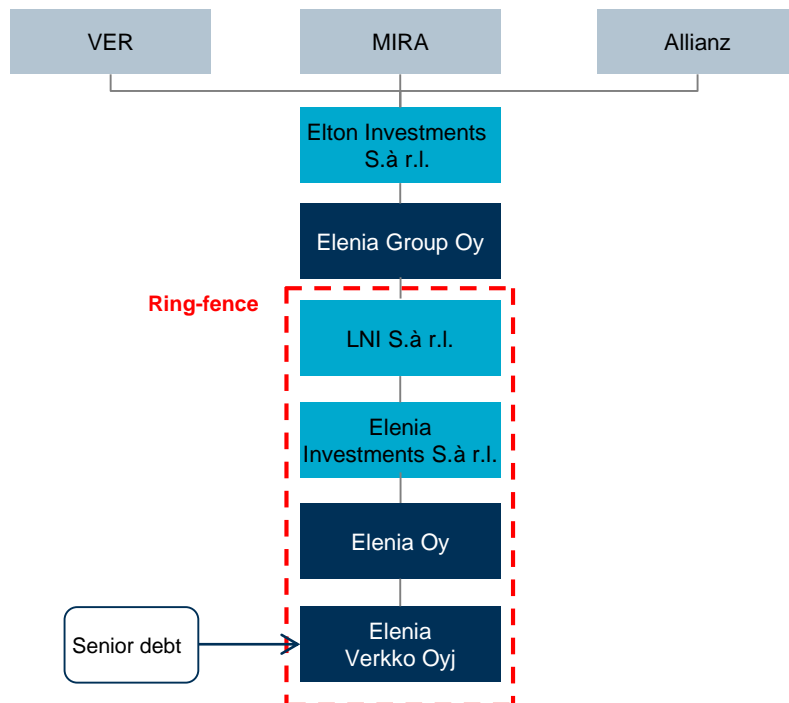
² Including intra-group items

³ Excluding intra-group items

⁴ Including Elenia Services, Elenia Finance, common services and street lighting

⁵ Excluding non-recurring and exceptional items

Elenia has Completed Successfully its Corporate Reorganisation



- ✦ Elenia Finance Oyj and Elenia Oy were merged with and into Elenia Verkkö Oy in July
- ✦ Elenia Verkkö Oy is now the main operating company of the Group as well as the Issuer under the EMTN programme
- ✦ All senior debt resides at Elenia Verkkö Oy
- ✦ Elenia Verkkö Oy's licence is valid until further notice within the current network area
- ✦ Bonds and notes issued by Elenia Verkkö Oy are rated BBB+ by S&P
- ✦ Elenia Services was renamed to Elenia Oy
- ✦ Other guarantors are LNI S.à r.l. as the Parent and Elenia Investments S.à r.l.
- ✦ LNI S.à r.l. will be renamed Elenia Holdings S.à r.l.

Notes: Allianz refers to Allianz subsidiaries and investment vehicles managed or advised by Allianz Capital Partners

- Controlling Shareholders
- Finnish entities
- Luxembourg entities

2

Regulatory Update

Recent Regulatory Development

- ✦ The regulatory methods have remained the same when moving to the first year of the fifth regulatory period (2020-2023)
 - ✦ Debt risk premium decreased from 1.40% to 1.26%
 - ✦ The reference level of the quality and efficiency incentive was updated

- ✦ For 2021, the risk-free component of the regulatory WACC has been confirmed at 1.12%, resulting in a WACC of 5.35%

- ✦ The Ministry of Economic Affairs and Employment published in January 2020 a government bill proposing the following main changes to the Electricity Market Act:
 - ✦ Prolonging the deadline to comply with the quality requirements set by the EMA from the end of 2028 to the end of 2036
 - ✦ Lowering the electricity distribution tariff increase cap from 15% to an aggregate level of 12.5% over any rolling 12-month period
 - ✦ Prolonging the offsetting period of regulatory deficit from four to eight years
 - ✦ The network development plan to be reviewed more extensively by the Energy Authority to make sure that DSOs invest efficiently and consider also other alternatives to investments
 - ✦ The level of mandatory compensations payable on outages that last more than 12 hours to be increased in cases where the outage lasts more than 48 hours

- ✦ The handling of the bill has been delayed, but it is expected to be sent to the Parliament in the beginning of 2021
 - ✦ The tariff increase cap included in the draft bill is expected to be lowered to a high single-digit number

Report Regarding Oversight on Distribution Tariffs and Security of Supply

- ✦ The EA published in November a report as background for the preparation of the government bill proposing amendments to the EMA
- ✦ The EA estimates that in order to achieve a balance between reasonable distribution tariffs and improving the security of supply in the future, the key development areas in the regulatory methods include:
 - ✦ updating the unit prices used for determining the regulatory asset base,
 - ✦ determining the level of reasonable rate of return (WACC), and
 - ✦ assessing the need for the security of supply incentive
- ✦ Amendments to the regulatory methods could come into force already during the current regulatory period, possibly in the beginning of 2022
- ✦ The EA highlights that the regulatory methods should be viewed as an entirety and any amendments should not jeopardize the fulfillment of the security of supply targets or the distribution system operator's ability to operate in the long-term
- ✦ It is too early to assess the impact of any potential amendments for distribution system operators
 - ✦ Elenia has invested approximately 1 000 million euros in its distribution network and created more than 10 000 person-years of work for contractors in a decade
 - ✦ The capex programme has enabled Elenia to replace overhead lines that are at the end of their useful life and bring over 70% of its customers within the security of supply targets set in the EMA
 - ✦ Elenia remains optimistic that the regulatory framework will encourage this work to continue in the future

3

Sustainability

Sustainability is at The Core of Social License to Operate

✧ Vision of being the most responsible reformer of energy services and markets

- ✧ Weatherproof electricity network to customers and connecting renewable energy to our network
- ✧ Responsible procurement of materials and investments
- ✧ Enabling completion of energy transition by developing smart grid
- ✧ Occupational safety, health and wellbeing of our employees and partners
- ✧ Ensuring energy supply in all situations
- ✧ Focus attention on local stakeholder cooperation and require our partners to commit to corporate responsibility

Elenia's Alignment with the SDGs



- Ensure access to affordable, reliable, sustainable and modern energy for all



- Promote inclusive and sustainable economic growth, employment and decent work for all



- Build resilient infrastructure, promote sustainable industrialization and foster innovation



- Make cities inclusive, safe, resilient and sustainable



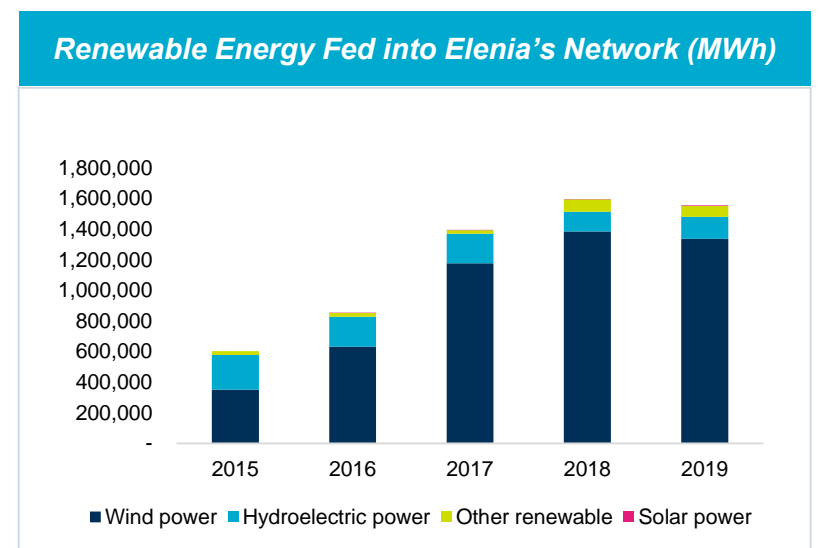
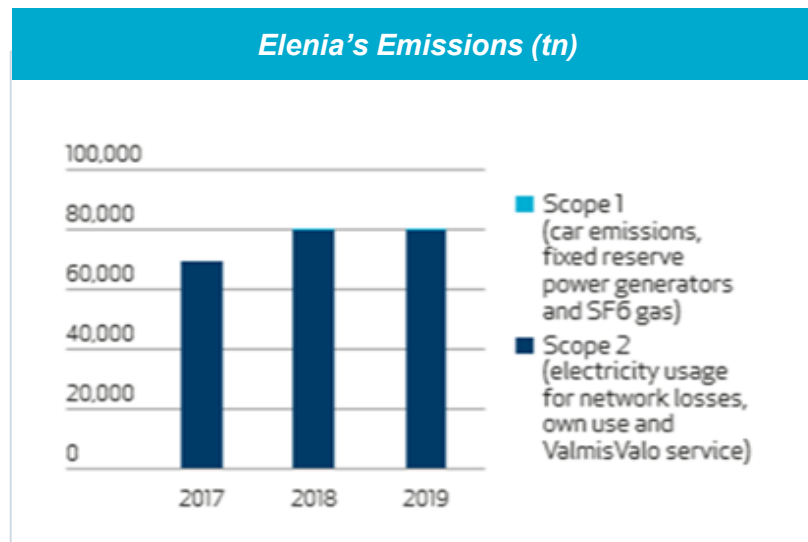
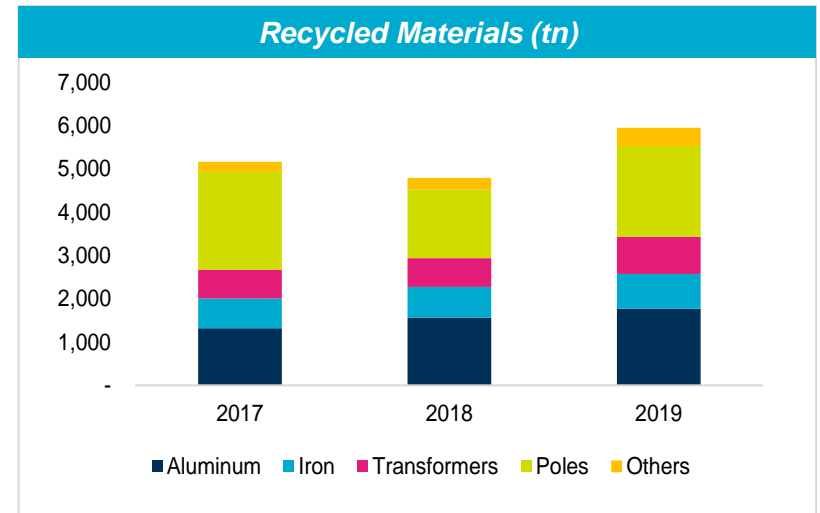
- Take urgent action to combat climate change and its impacts



- Revitalize the global partnership for sustainable development

Initiatives Related to Climate Change

- ✦ Elenia participates in building future energy system and makes it possible to connect renewable production to the network
- ✦ Elenia has almost 25 % of all grid connected wind power capacity in Finland
- ✦ Elenia has recycled over 15,000 tonnes of decommissioned network material
- ✦ An external audit of GHG emissions (scope 1 & 2) was carried out



Commitment to Safety Throughout the Value Chain

✦ Promoting safety in operations through *Safety Manifesto* and *Safely Back Home* project

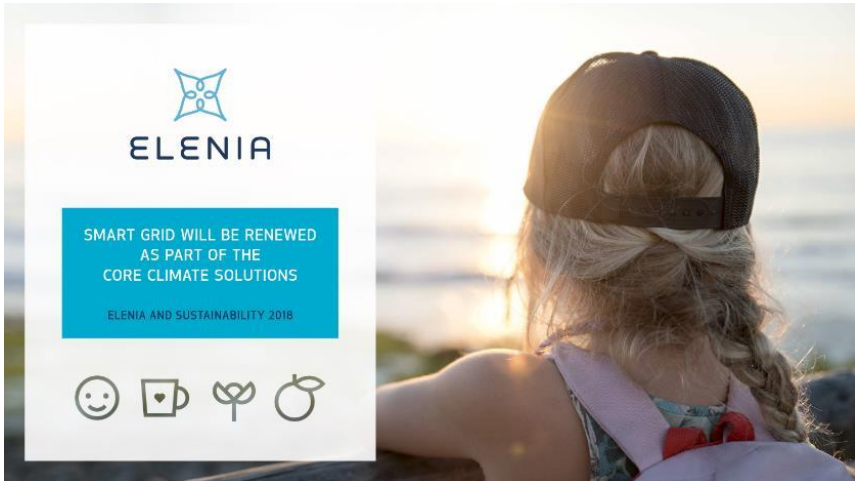
- ✦ Elenia is committed to promoting safety culture together with its contracting partners
- ✦ We will ensure that all employees leave the sites healthy after working day
- ✦ Elenia analyses potentially dangerous situations at work sites in order to learn from them
- ✦ All accidents are reported to the Board



Sustainability Reporting and Results

Elenia Sustainability Reports 2018 and 2019

- ✦ GRI standards applied and presented information in accordance with the GRI Electronic Utilities industry supplement with respect to Elenia's material themes of sustainability
- ✦ Sustainability Reports describe Elenia's sustainability in terms of work that has already been done and the future impacts of our sustainability efforts



GRESB Infrastructure Assessment 2020

- ✦ Captures information regarding ESG performance and sustainability best practices for real estate and infrastructure funds, companies and assets worldwide
- ✦ Elenia reached 96 points out of 100 and scored full five stars for the third consecutive year
- ✦ Elenia ranked ninth in the overall results among 406 infrastructure companies globally
- ✦ Important benchmark and research tool for continuous development



4

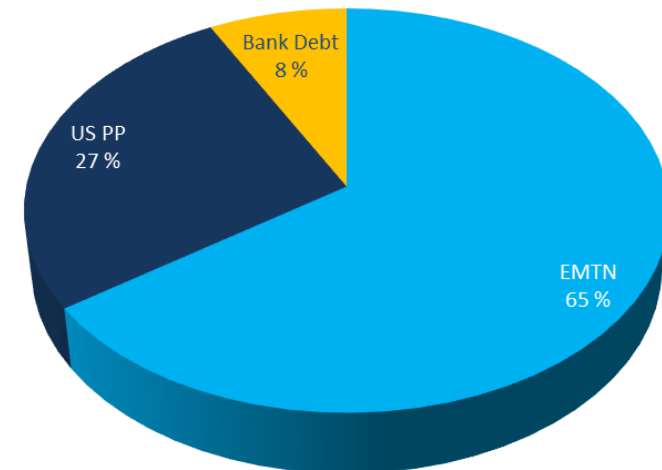
Financing Update

Recent Funding Activities

Financial Position

- ✘ Elenia Verkkö Oyj has € 3 billion multicurrency bond programme listed at London Stock Exchange
- ✘ In January 2020 issuance of €500 million benchmark bond with a seven-year maturity and a coupon of 0.375%
- ✘ At the end of September 2020 Elenia has € 1,260 million of bonds outstanding under the EMTN programme and € 518.5 million of US PPs bringing the total issuances to € 1,778.5 million
- ✘ Elenia has committed credit facilities totaling €470 million with a syndicate of nine domestic and international banks:
 - ✘ € 350 million Capex Facility
 - ✘ € 60 million Working Capital Facility
 - ✘ € 60 million Liquidity Facility
- ✘ In September 2020, the Facilities were undrawn
- ✘ Elenia has also agreed a second facility in the amount of € 100 million with the EIB

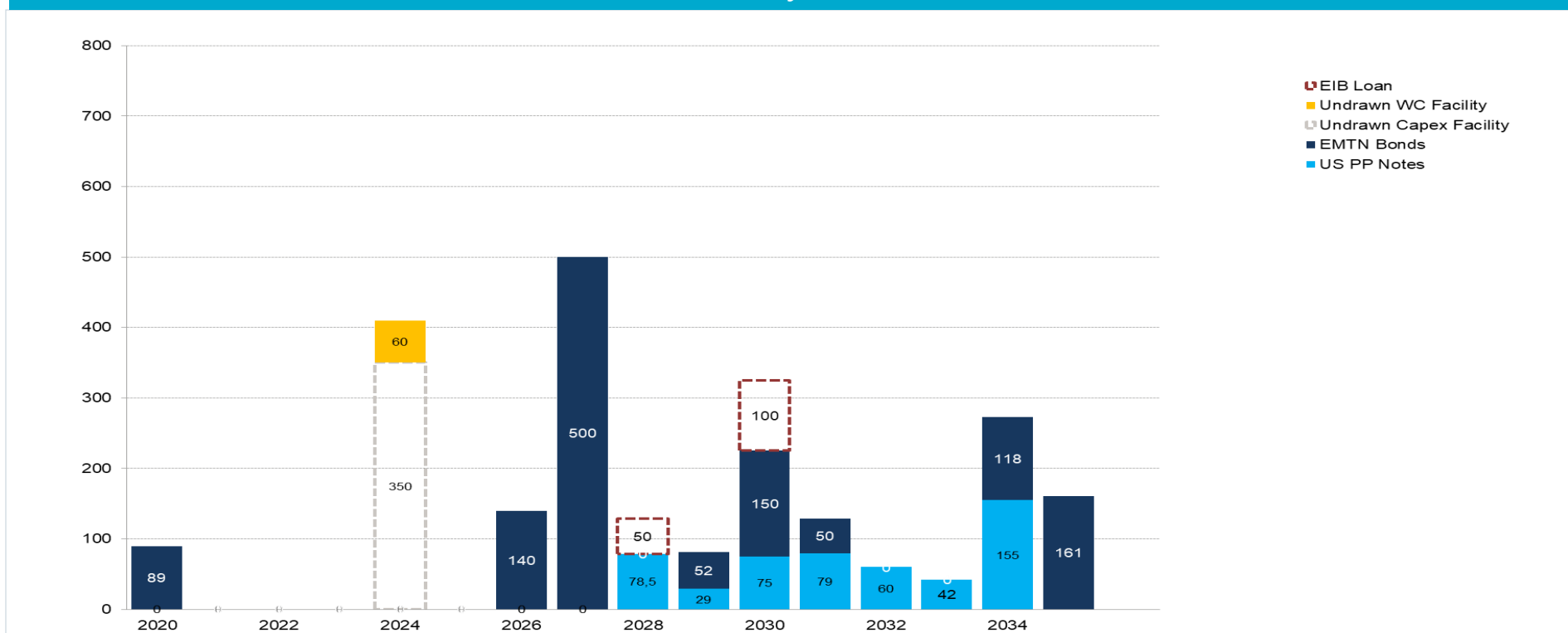
Sources of Financing



Funding Based on Long-dated Bonds - Limited Near Term Refinancing Needs

- ✘ The weighted average interest rate on Elenia's outstanding debt is approximately 2.0%
- ✘ Elenia's weighted average maturity has increased from 7.3¹ years on 31 December 2013 to 9.6¹ years on 30 September 2020
- ✘ The hedging ratio is 90.1% and Elenia is in compliance with the Hedging Policy

Maturity Profile

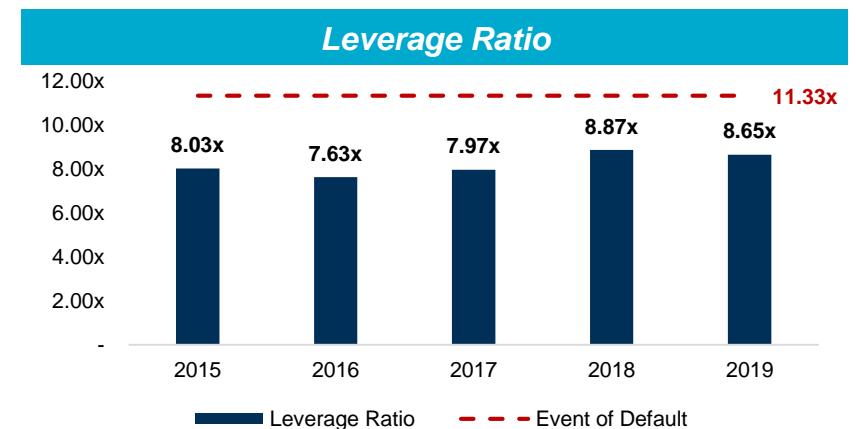
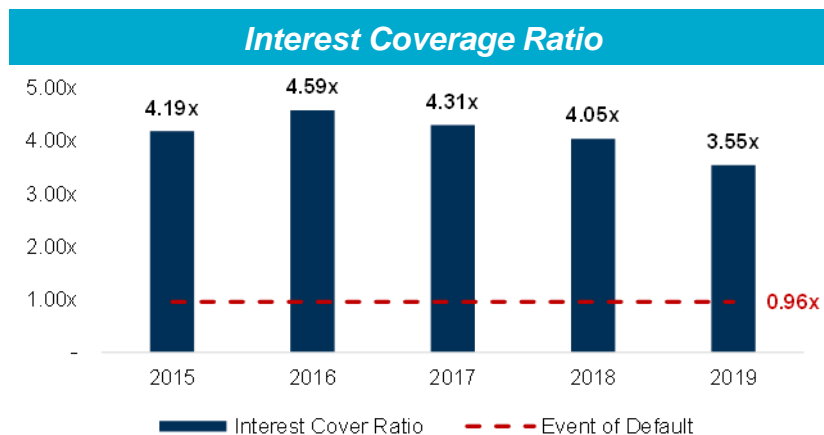


¹ Excluding undrawn facilities and finance leases

Financial Ratios and Covenants

	Trigger Event ¹	Event of Default ¹	H1 2019	H2 2019	H1 2020	H1 2021 E ²
Interest Coverage Ratio	1.46x	0.96x	3.89x	3.55x	4.24x	5.16x
<i>Headroom</i>			305%	270%	342%	438%
Leverage Ratio	10.18x	11.33x	9.02x	8.65x	8.37x	8.95x
<i>Headroom</i>			20%	24%	26%	21%

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



¹ Ratio adjustment period ending 31 December 2027

² Values are based on Elenia's latest compliance certificate

Disclaimer

This presentation and any related presentations are confidential and have been prepared by Elenia Verkkö Oyj (the “Company”) solely for use in its presentation to existing investors in securities issued by the Company. By reviewing this presentation or otherwise viewing this presentation, you are agreeing to be bound by the conditions set forth herein. Any failure to comply with these conditions may constitute a violation of applicable securities laws.

This presentation is being furnished to you solely for your information on a confidential basis and may not be taken away, reproduced, redistributed or passed on, in whole or in part, to any other person. By accepting the information contained herein, the recipient agrees to keep confidential at all times information contained in it or made available in connection with it. This presentation and any related presentations are for the exclusive use of the recipient and shall not be copied, reproduced or distributed (in whole or in part) or disclosed by recipients to any other person nor should any person act on it. This presentation does not constitute or form part of, and should not be construed as, an offer to sell or issue, or the solicitation of an offer to buy or acquire, securities in any jurisdiction or an inducement to enter into any contract or commitment or investment activity whatsoever in relation to any securities. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

The information contained in this presentation includes information obtained from Company records, publicly available sources and third party consultant reports and has not been independently verified by or on behalf of the Company or any of its affiliates. Neither the Company nor its affiliates guarantee or make any representation or warranty, express or implied, with respect to, and no reliance should be placed on, the fairness, accuracy, completeness, or correctness of the information and opinions contained in this presentation. Any data relating to past performance, modelling, scenario analysis or back-testing contained herein is no indication as to future performance. No representation is made as to the reasonableness of the assumptions made within or the accuracy or completeness of any modelling, scenario analysis or back-testing. All opinions and estimates are given as of the date hereof and are subject to change. The information in this presentation is not intended to predict actual results and no assurances are given with respect thereto. It is not the intention to provide, and you may not rely on this presentation as providing, a complete or comprehensive analysis of the Company’s financial or trading position or prospects.

The information in this presentation is provided as at the date of this presentation and is subject to change without notice or liability to any person. The information contained herein has not been audited and no representation or warranty express or implied is made and no reliance should be placed on the fairness, accuracy, completeness or correctness, sufficiency or usefulness of the information or opinions contained herein.

Certain statements in this presentation are forward-looking. Forward-looking statements can be identified, in some instances, by the use of words such as “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “intend”, “likely”, “predict” and similar language or the negative thereof. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. Statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation. Any forward-looking statements contained in this presentation represent the views of the Company only as of the date hereof and are presented for the purpose of assisting in understanding the Company’s financial position, objectives and priorities and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. Neither the Company nor any other person undertakes to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf, except as required under applicable securities legislation.

Disclaimer

This material must not be acted on or relied on (i) in the United Kingdom, by persons who are not Relevant Persons (as defined below), and (ii) in any other Member State of the European Economic Area other than the United Kingdom, by persons who are not qualified investors as defined in the Directive 2003/71/EC and any amendment thereto, including Directive 2010/73/EU (the “2010 PD Amending Directive”), to the extent implemented in the Relevant Member State (the “Prospectus Directive”) (“Qualified Investors”). Nothing in this material constitutes investment advice and any recommendations that may be contained herein have not been based upon a consideration of the investment objectives, financial situation or particular needs of any specific recipient. Any investment or investment activity to which this material relates is available only to (i) in the United Kingdom, Relevant Persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, Qualified Investors, and will be engaged in only with such persons. This material and its contents is confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

In relation to each Member State of the European Economic Area that has implemented the “Prospectus Directive, this presentation and any related oral presentation may only be distributed to and accessed by (a) legal entities which are Qualified Investors, (b) fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than Qualified Investors), or in (c) any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of securities shall require the publication by the Company or any other person of a prospectus pursuant to Article 3 of the Prospectus Directive.

This presentation is issued and distributed in the United Kingdom only to, and directed at, (a) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (b) high net worth entities and other persons to whom it may otherwise lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order and in all cases are capable of being categorised as a Professional Client or Eligible Counterparty for the purposes of the Financial Conduct Authority conduct of business rules (all such persons together being referred to as “Relevant Persons”). By attending this presentation, recipients are deemed to confirm that they are such Relevant Persons. This presentation must not be acted on or relied on by persons who are not relevant persons.

The securities issued by the Issuer have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act) or the securities laws or “blue sky” laws of any state or other jurisdiction of the United States and therefore may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable State or federal securities laws. This material is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. In particular, this material and the information contained herein, are not for publication or distribution, directly or indirectly, to persons in the United States (within the meaning of Regulation S under the Securities Act) or to entities in Canada, Australia or Japan or any other jurisdiction which prohibits the same except in compliance with applicable securities laws. By reviewing this material, you acknowledge and agree to be bound by the foregoing.

This presentation and any related presentations have not been approved by the UK Financial Conduct Authority or any other regulatory agency. Unauthorised disclosure of this presentation or any related presentations or any information contained in or relating to it could damage the interests of the Company or any of its affiliates and have serious consequences. The distribution of this presentation in other jurisdictions may be restricted by law and persons into whose possession this presentation comes should inform themselves about, and observe, any such restriction. Any failure to comply with these restrictions may constitute a violation of the laws of other jurisdictions.