

THIRD QUARTER RESULTS
21 OCTOBER 2011



siinä on ideaa.

Agenda

CEO's review

Veli-Matti Mattila, CEO

Financial review

Jari Kinnunen, CFO

CEO's review

- Q3 2011 financial and operational highlights
- Segment review
- Execution of the strategy
- Progress of new services and smartphone market development
- Outlook for 2011

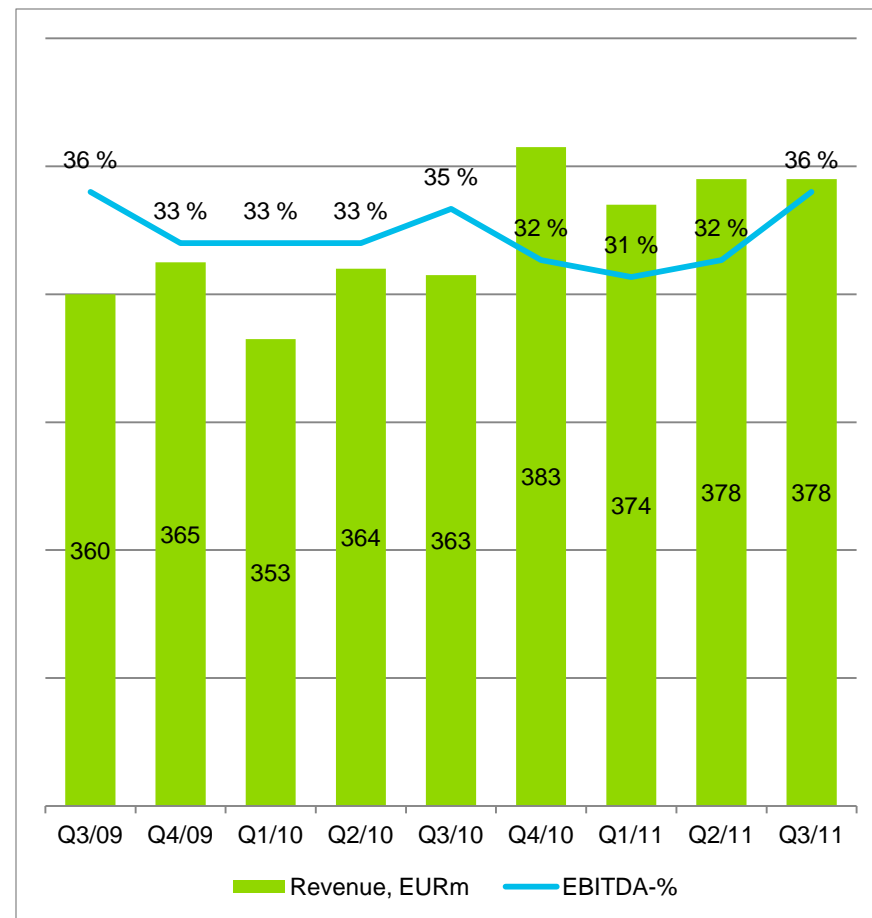
4% > 4,000,000

135M > 100,000

135%

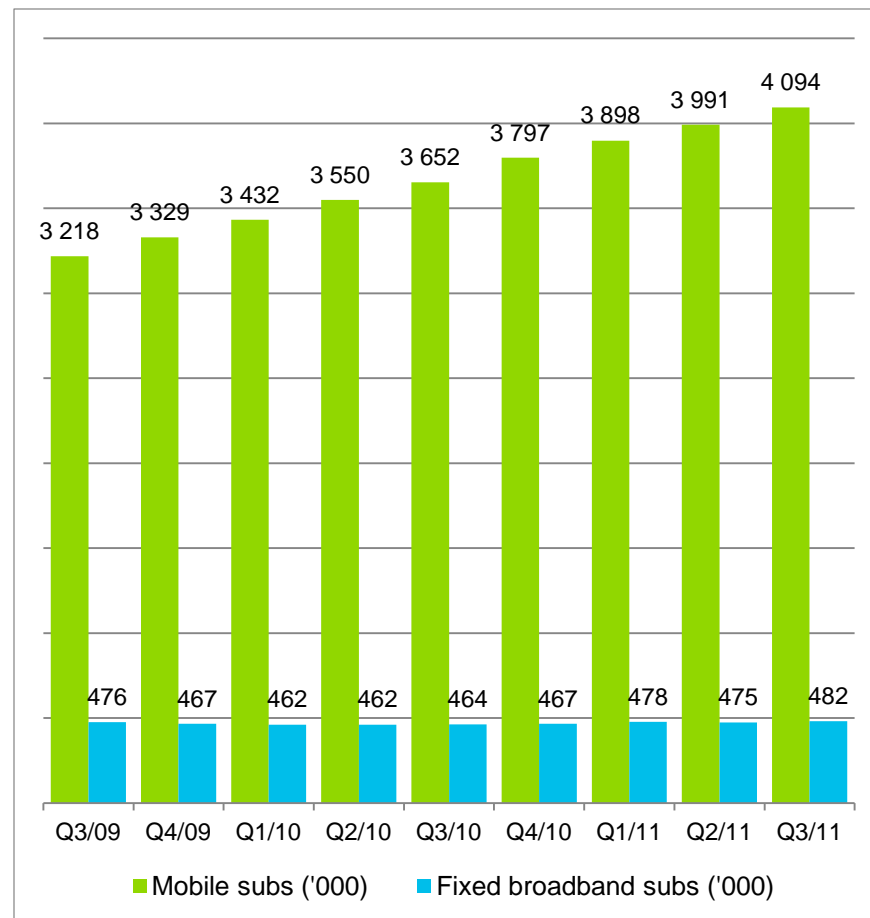
Solid revenue growth, record high EBITDA

- Revenue €378m (€363)
- EBITDA €135m (127), 36% of revenue
- CAPEX €45m (42), 12% of revenue
- Net debt €793m (725)
 - Cash flow €56m (29)
 - Net debt / EBITDA 1.6 (1.5)



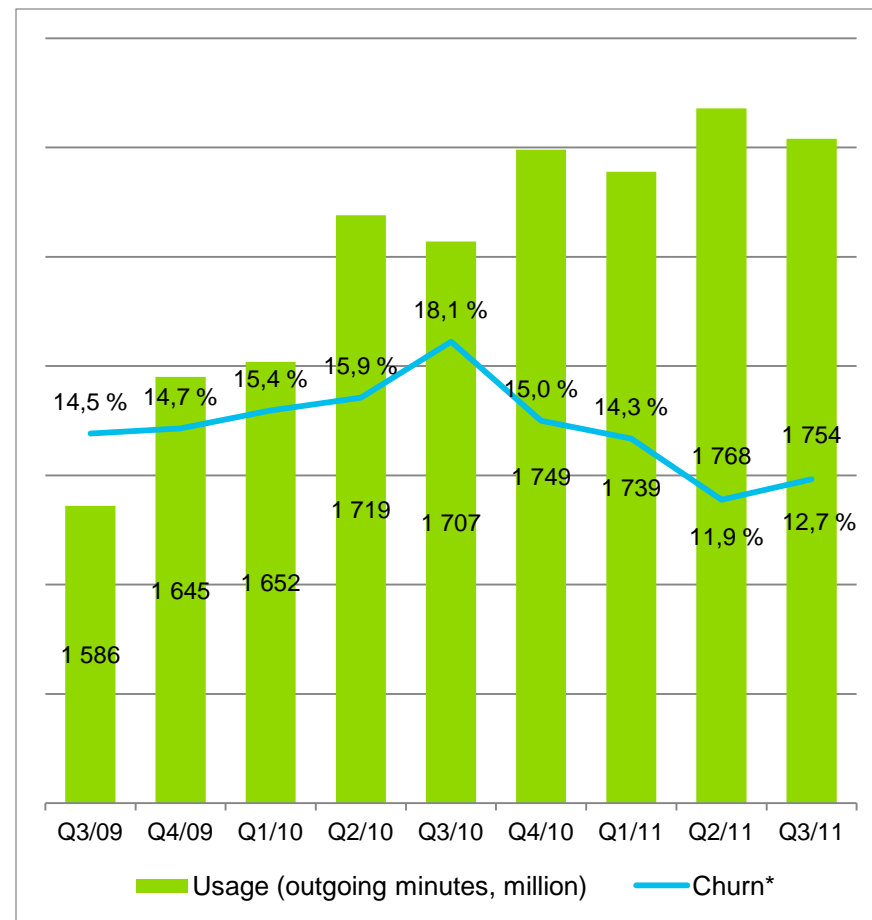
Four million mobile milestone in subscriptions

- **More than 100,000 new mobile subs**
 - Growth in both customer segments
 - Strongest growth again in mobile broadband
 - Estonia +14,000 subscriptions
- **Fixed broadband growing again**
 - Net adds almost 8,000
- **Number of Elisa Viihde IPTV customers exceed 100,000**



Growth in usage, steady mobile churn

- Growth in mobile usage in Q3
 - Outgoing minutes 1.75bn, 3% YoY growth
 - 512m SMS, 6% YoY growth
- Mobile churn 12.7% (18.1)
 - Churn at normal level
 - Competition has remained keen



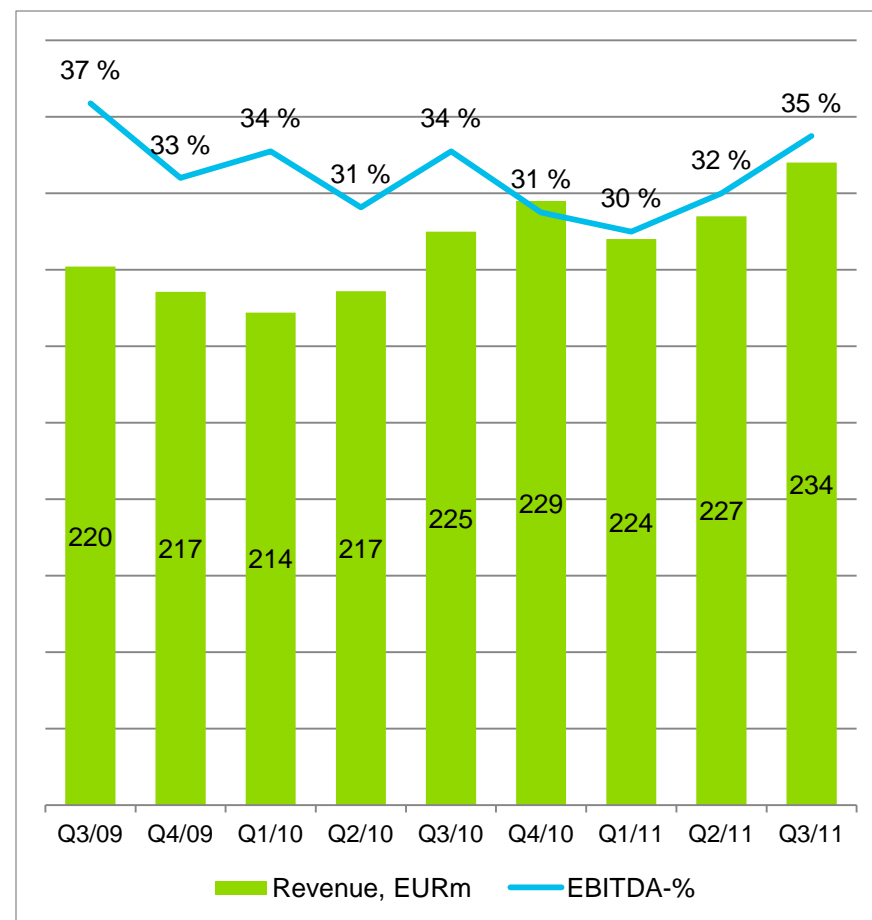
* Annualised



Business Segments

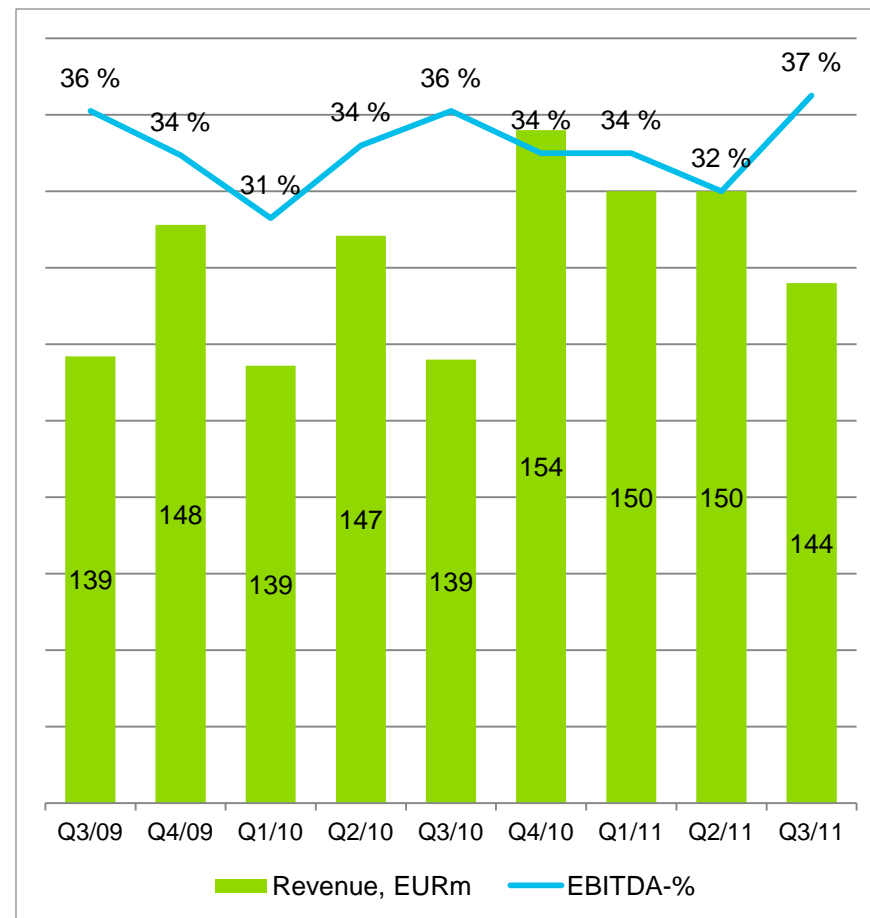
Growth in Online services and mobile data

- Revenue €234m (225)
 - Growth in mobile usage, smartphone sales and Online services
 - Growth in Estonia
 - Decrease in fixed telephony business and mobile interconnection revenue
- EBITDA €81m (77), 35% of revenue
 - Revenue growth
 - Cost efficiency
 - Lower sales costs
- CAPEX €27m (26)

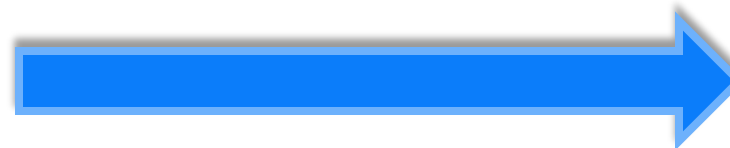


Corporate Customers' ICT services continued to grow

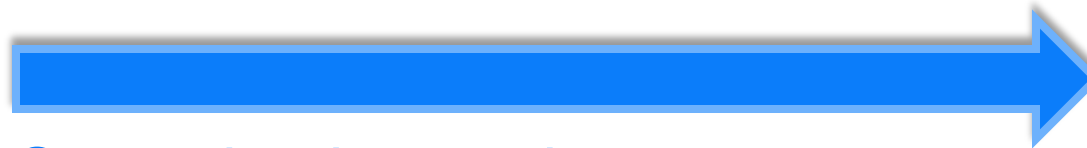
- Revenue € 144m (139)
 - Growth in ICT services and equipment sales
 - Decrease in fixed network business and mobile interconnection revenue
- EBITDA € 54m (50), 37% of revenue
 - Revenue growth
 - Cost efficiency
- CAPEX € 17m (16)



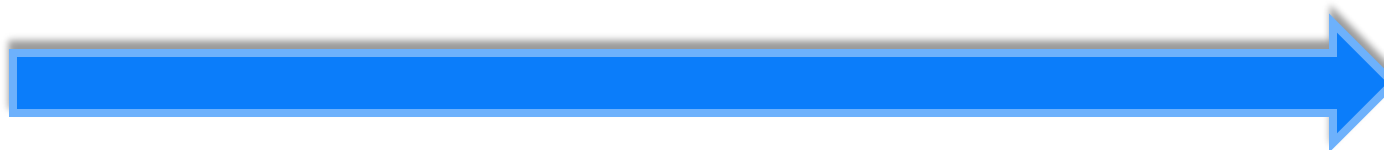
Strategy execution



New services and
new markets



Strengthening market
position in core markets

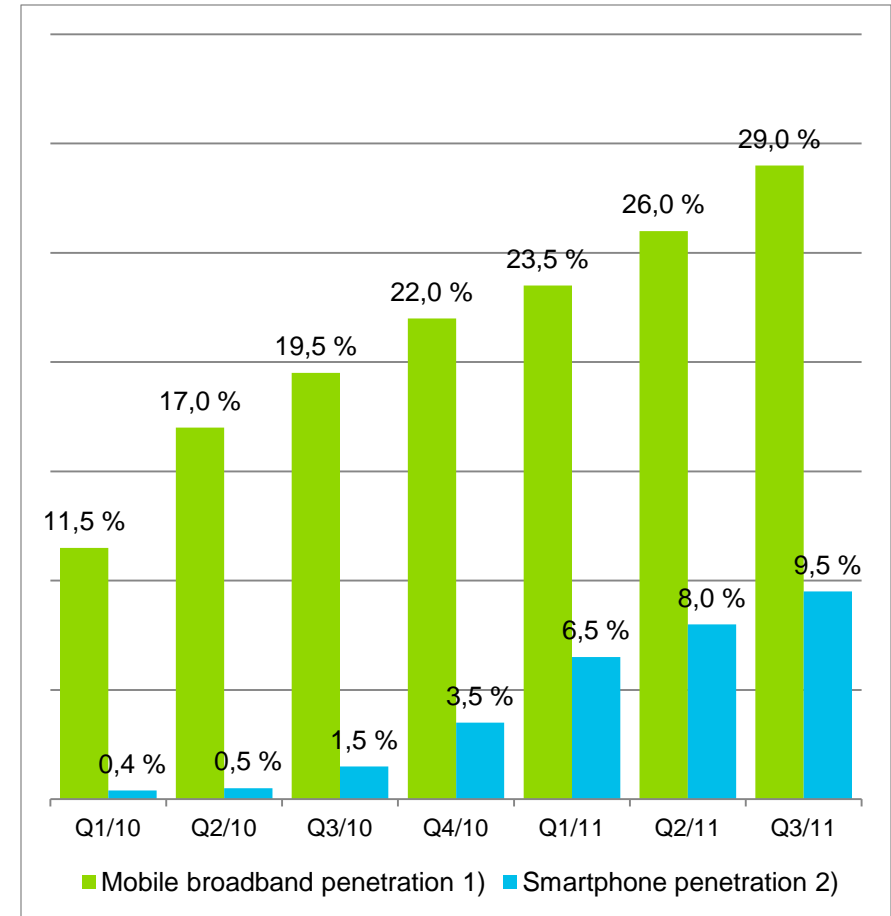


Integration of One Elisa

Strong growth in mobile broadband

- Steady growth in smartphones
- Smartphones top the list of most sold phones in September 2011
 1. Nokia C2-01 (feature phone)
 2. Nokia C6-01
 3. ZTE Blade
 4. iPhone 4
 5. Nokia E7-00
 6. Samsung Galaxy Gio
 7. Samsung Galaxy S II
- 66% of all models sold were smartphones in Q3/2011
 - In Q2/2011 64%, year ago 2%

Penetrations in Elisa's network in Finland



1) Dongles and mobile BB add-on services of the total subscription base

2) iOS (iPhone), Android, Symbian 3^ and Windows phones of the total phone base



Company subscription for personal use

- Elisa My Invoice (Oma Lasku) service can be used for personal purchases and mobile services
 - Separate invoice for personal usage
- Advantages
 - Clear cost savings to the companies from the invoices which do not belong to them
 - Enables personal use and access to services via company subscription



New content for Online services

- Elisa Viihde IPTV
 - Karaoke
 - Wide collection of Universal Music songs
 - The movie 'Trust' premiered simultaneously in theatres and Elisa Viihde – a first in Finland
- Elisa Book
 - Popular comic books now in Elisa Book service



Elisa recognized for its customer service

- Best practices reward
 - Best in class in the 2011 customer service contest
- The reward is based on
 - Exploitation of customer feedback
 - Support of customer service personnel

Source: www.vuodenparhaat.fi



elisa

Outlook for 2011

- Uncertainties in the general economy have also affected Finland
- Competition remains challenging
- Slight increase in revenue
- EBITDA excluding one-offs to improve slightly
- CAPEX maximum 12 per cent of revenue

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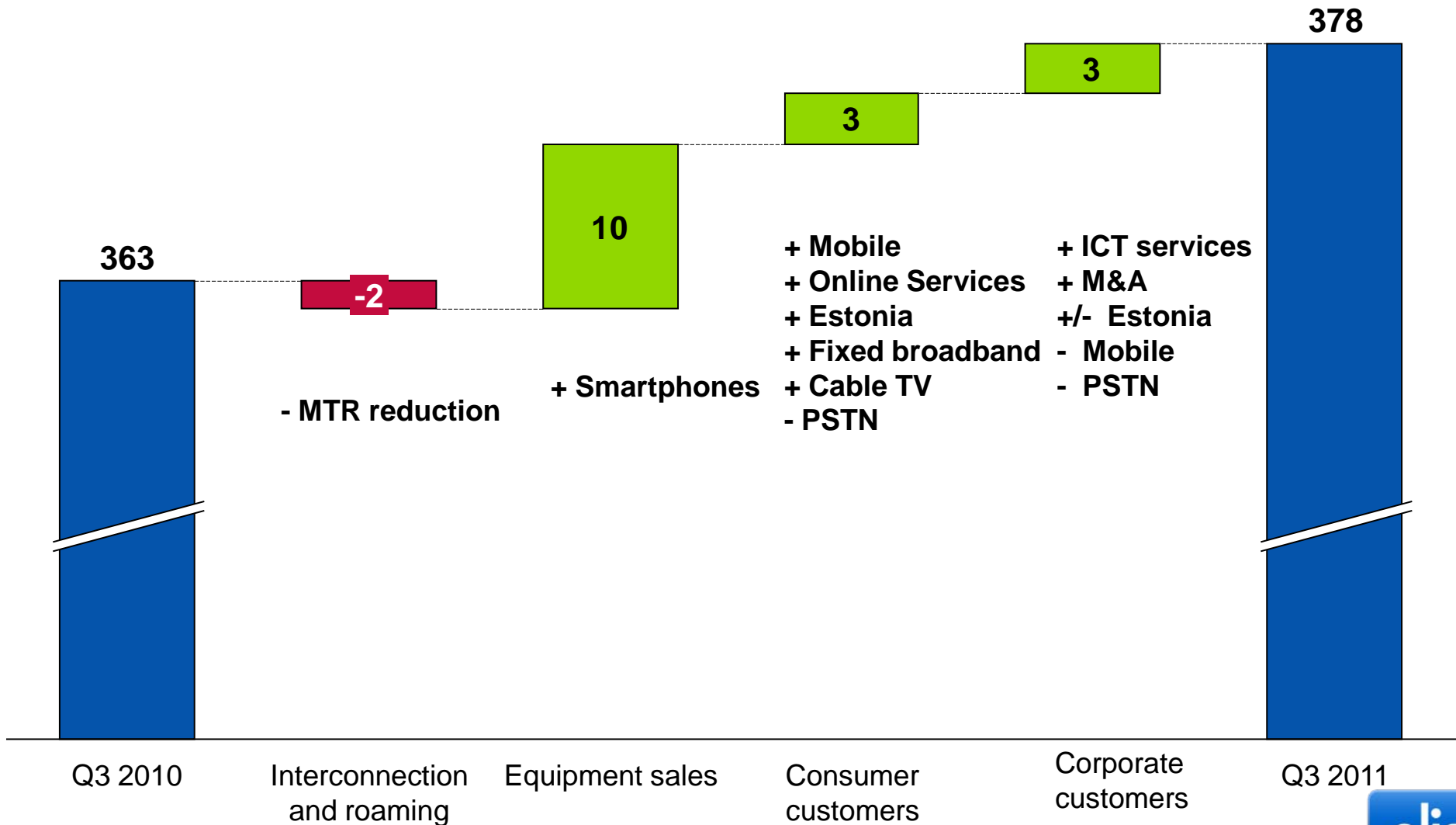
Strong earnings growth in Q3

EURm	Q3/11	Q3/10	Δ	Δ%	1-9/11	1-9/10	Δ	Δ%	2010
Revenue	378	363	14	4%	1 129	1 081	49	5%	1 463
Other operating income	1	1			4	3			5
Operating expenses	-243	-237	-7		-759	-722	-38		-984
EBITDA ¹⁾	135	127	8	6%	374	362	12	3%	485
<i>EBITDA-%</i>	36 %	35 %			33 %	33 %			33 %
Depreciation and amortisation	-53	-54	1		-158	-162	5		-217
EBIT	82	73	9	12%	216	199	17	8%	268
<i>EBIT-%</i>	22 %	20 %			19 %	18 %			18 %
Profit before tax	74	68	6		193	131	62		197
Profit before taxes w/o one-off ²⁾	74	68			193	175	18		237
Income taxes	-18	-17	-1		-49	-32	-17		-47
Profit for the period	56	51	6		145	99	46		151
<i>Profit for the period w/o one-off ²⁾</i>	56	51	6		145	132	13		180
EPS, EUR/share	0.36	0.32	0.04		0.93	0.63	0.30		0.96
<i>EPS w/o one-off ¹⁾</i>	0.36	0.32	0.04	13%	0.93	0.84	0.09	11%	1.15

¹⁾ 1H/11 EBITDA excluding one off items €375m

²⁾ CDO guarantee expense in 1-9/10 €45m, and in 2010 €40m

YoY revenue growth in both segments



Equipment sales and acquisitions increased OPEX YoY

- OPEX decreases

- Interconnections and roaming
- Productivity improvements, e.g.
 - IT
 - General and admin. expense
- Sales and service development

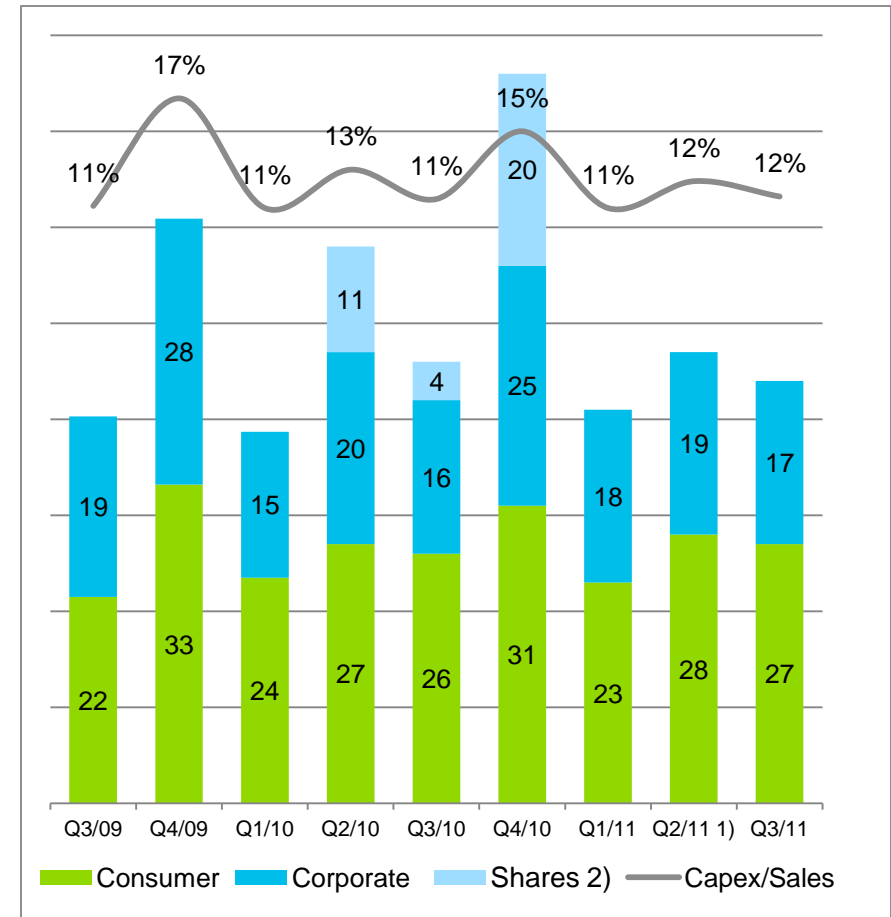
- OPEX increases

- Cost of equipment sales
- Acquisitions in 2010
 - Appelsiini (December 2010)
- Personnel expenses
 - Acquired companies in 2010
 - Collective labor agreement salary increases ca. 3%

EURm	Q3 10	Q4 10	Q1 11	Q2 11	Q3 11
Materials and services	148	163	158	159	156
Employee benefit expenses	46	55	58	57	49
Other operating expenses	42	44	41	43	38
Total expenses	237	262	257	259	243
Depreciation	54	55	52	53	53

CAPEX/Sales in line with guidance

- Total CAPEX in Q3 € 44m (46)
 - CAPEX/Sales 12% (11%)
- Q3/11 by segments
 - Consumer € 27m (26)
 - Corporate € 17m (16)
- Major CAPEX areas
 - Fixed access and backbone networks
 - 3G network
 - Customer equipment
 - IT systems



1) Excluding € 7m data center infrastructure lease Q2/11

2) Including acquisitions of business assets

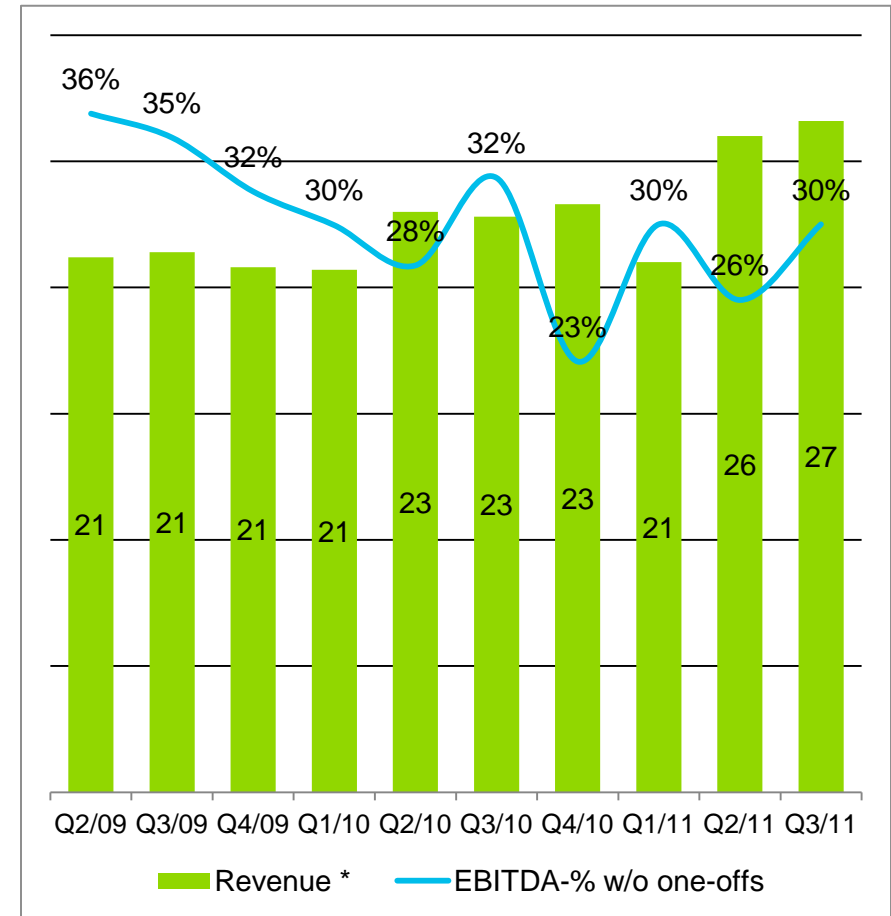
Cash flow

EURm	Q3/11	Q3/10	Δ	1-9/11	1-9/10	Δ	2010
EBITDA	135	127	8	374	362	12	485
Change in receivables	-21	-17	-4	-9	4	-13	2
Change in inventories	-3	-4	2	-6	-3	-3	-6
Change in payables	13	-6	19	-20	-12	-8	11
Change in NWC	-10	-27	16	-35	-11	-24	7
Finance income and expenses	-12	-11	-1	-30	-27	-3	-28
CDO Guarantee settlement							-40
Financials (net)	-12	-11	-1	-30	-27	-3	-68
Taxes for the year	-13	-16	3	-38	-41	3	-47
Taxes for the previous year	0	0			-6		-6
Taxes	-13	-16	3	-38	-47	9	-53
CAPEX	-45	-42	-3	-130	-126	-4	-182
Investments in shares	0	-4	4	-5	-9	4	-19
Sale of assets and adjustments	1	1	0	7	2	5	2
Cash flow after investments	56	29	27	142	144	-2	172
Cash Flow after investments excl. one-off items	56	29	27	142	144	-2	212

Revenue growth continued in Estonia

- Revenue €27m (23), growth 11%
 - Growth in subscriptions
 - + 74,900 YoY
 - + 14,000 QoQ
- EBITDA €8m (7)
- CAPEX €2m (3)
 - 3G coverage

EURm	Q311	Q3/10	2010
Revenue	27	23	90
EBITDA	8	7	25
<i>EBITDA-%</i>	<i>30</i>	<i>32</i>	<i>28</i>
EBIT	5	5	14
<i>EBIT-%</i>	<i>19</i>	<i>21</i>	<i>16</i>
CAPEX	2	2	12



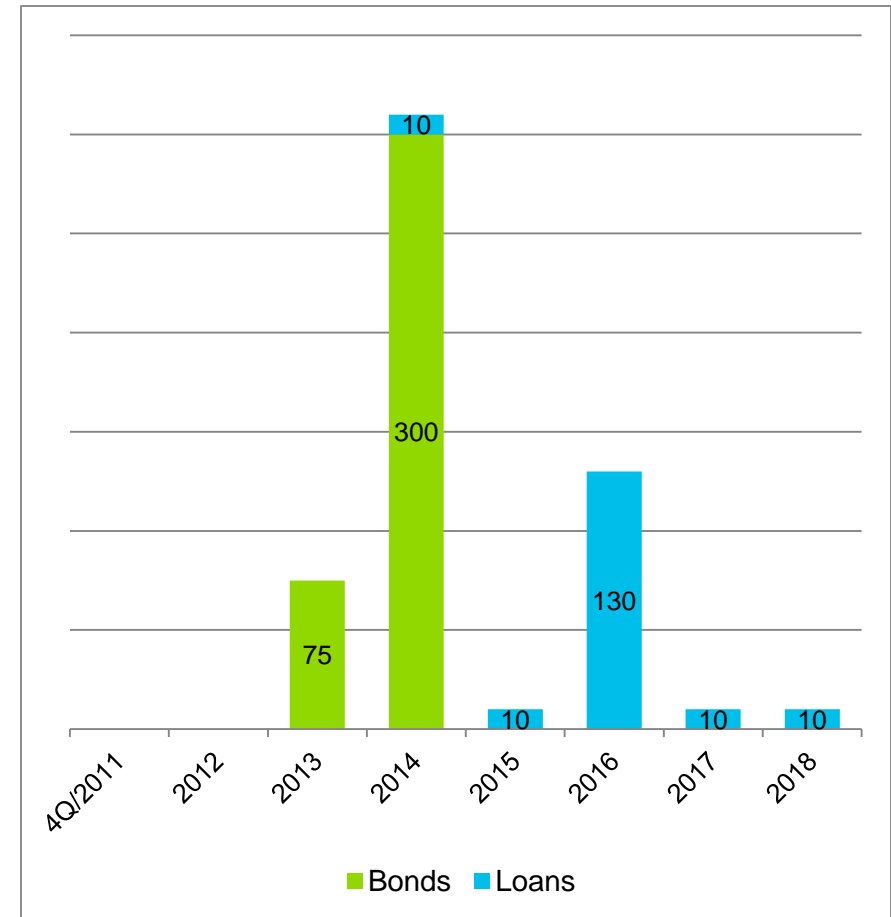
*2009 excluding internal group items, restated 2010 onwards: subsidiary Elisa Eesti AS including group items



Liquidity position is good

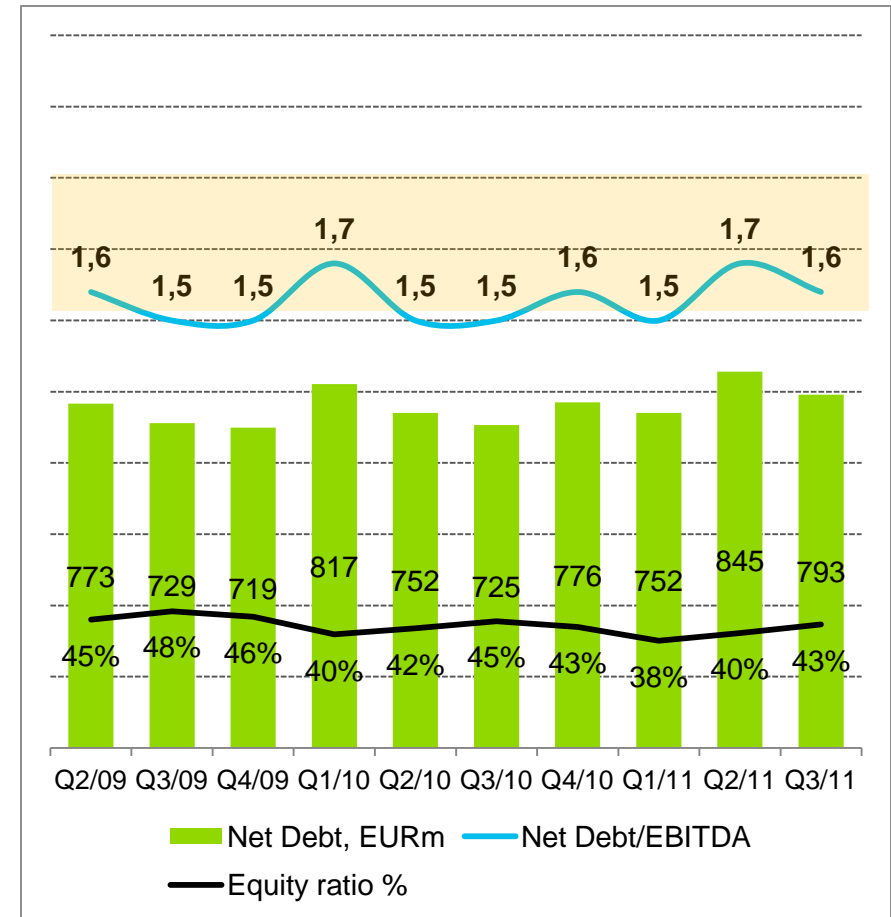
- Cash and undrawn committed facilities €249m (300)
- Revolving Credit Facilities
 - €130m maturing Nov 2014
 - €170m maturing Jun 2016
- Commercial Paper Program
 - €160m in use
- New 5 year bank loan €120m drawn in September 2011
- Maturing bond of €226m repaid
- Average debt interest has decreased
- Credit ratings constant since 2003
 - S&P BBB/Stable outlook
 - Moody's Baa2/Stable outlook

Bond and Bank loan maturities, EURm



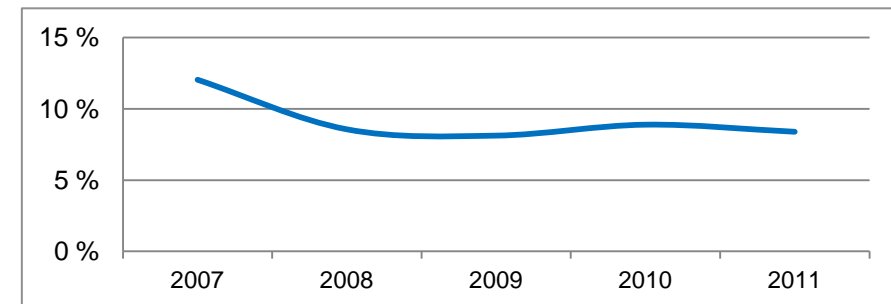
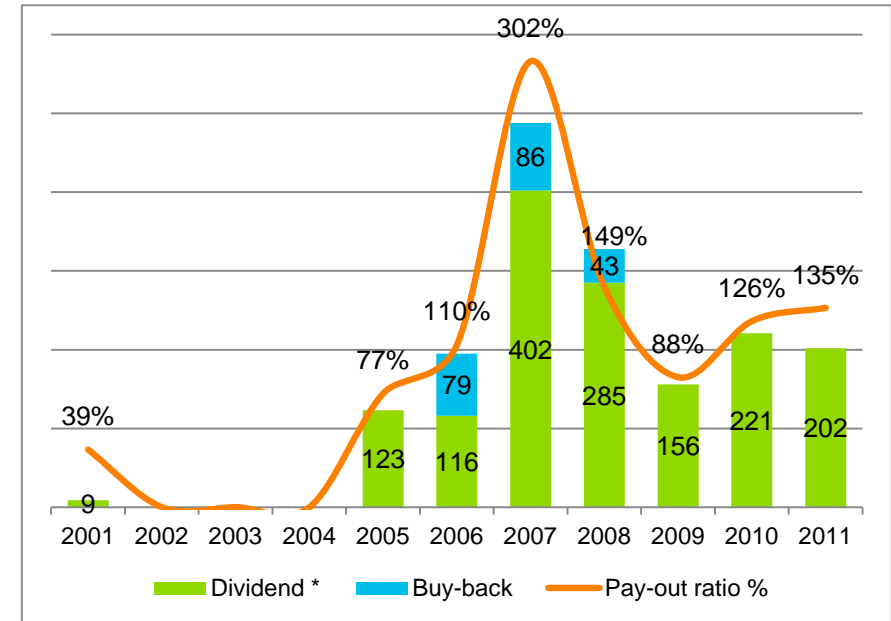
Capital structure in line with targets

- Capital structure
 - Net debt / EBITDA 1.6
 - Gearing 94%, Equity ratio 43%
- Target setting
 - Net debt / EBITDA 1.5 – 2x
 - Equity ratio >35%



Extraordinary dividend of € 0.40

- € 0.40 per share
 - Total amount € 62m
 - Ex-date 24 October 2011
 - Payment 2 November 2011
- Based on the AGM authorisation
- After the payment
 - Payout ratio 135%
 - Dividend yield ~8.4%
 - Pro Forma Q3/11
 - net debt/EBITDA 1.7



Dividend yield 8-12% during last 5 years

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21 OCTOBER 2011



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Consolidated Cash flow statement

EUR million	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009
Cash flow from operating activities									
Profit before tax	74	61	58	66	68	53	10	56	70
Adjustments to profit before tax	61	61	59	56	60	67	106	64	60
Change in working capital	-10	-11	-13	18	-27	20	-4	26	-23
Cash flow from operating activities	125	111	103	140	101	140	112	146	107
Received dividends and interests and interest paid 1)	-12	-1	-17	-41	-11	0	-15	-1	-12
Taxes paid	-13	-11	-15	-6	-16	-19	-13	-11	-11
Net cash flow from operating activities	100	99	71	92	74	121	84	134	84
Cash flow in investments									
Capital expenditure	-45	-45	-41	-55	-42	-46	-38	-61	-40
Investments in shares and other investments	0	0	-5	-10	-4	-5	-1		0
Proceeds from asset disposal	0	5	2	1	0	1		0	0
Net cash used in investment	-44	-40	-44	-64	-45	-51	-39	-61	-41
Cash flow after investments	56	59	27	28	29	70	45	74	43
Cash flow in financing									
Share Buy Backs and sales (net)									
Change in interest-bearing receivables									
Change in long-term debt	-106	0	0	0		-30	25		
Change in short-term debt	30	80	-14	65	-42	-33	69	13	-62
Repayment of financing leases	-1	-2	-1	-1	-1	-1	-1	-1	-1
Dividends paid	-1	-140	0	-78	-1	-1	-143	-63	0
Cash flow in financing	-78	-62	-15	-13	-43	-65	-50	-51	-64
Change in cash and cash equivalents	-22	-2	12	15	-15	5	-5	22	-20

1) Includes non recurring item: CDO guarantee settlement Q4/10

Financial situation

EUR Million	30 Sep 11	30 Jun 11	31 Mar 11	31 Dec 210	30 Sep 10	30 Jun 10	31 Mar 10	31 Dec 09	30 Sep 09
Interest-bearing debt									
Bonds and notes	375	600	600	599	598	598	597	572	572
Commercial Papers	160	160	120	102	68	110	118	74	62
Loans from financial institutions	171	51	52	52	52	52	80	80	80
Financial leases	36	35	24	23	23	24	23	23	24
Committed credit lines 1)	70	40	0	32	0	0	25	0	0
Others 2)	0	0	0	0	0	0	0	0	0
Interest-bearing debt, total	812	887	795	808	742	784	843	750	738
Security deposits									
Securities									
Cash and cash equivalents	19	42	44	32	17	32	26	31	9
Interest-bearing receivables	19	42	44	32	17	32	26	31	9
Net debt 3)	793	845	752	776	725	752	817	719	729

1) The committed credit lines are EUR 130 million and EUR 170 million revolving credit facilities with five banks, which Elisa Corporation may use flexibly on agreed pricing. The loan arrangements are valid until 23 November 2014 and 3 June 2016.

2) Redemption liability for minorities

3) Net debt is interest-bearing debt less cash and interest-bearing receivables.