

# **Elisa Communications**

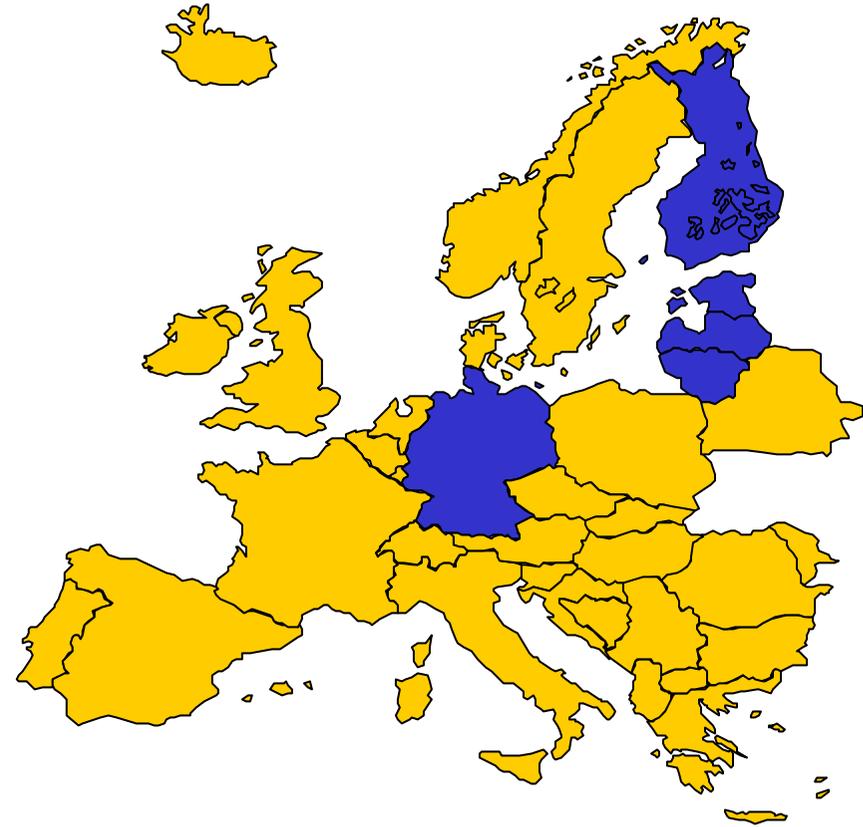
**Matti Mattheiszen**  
**CEO and President**

**Capital Market Day**  
**August 29, 2001**

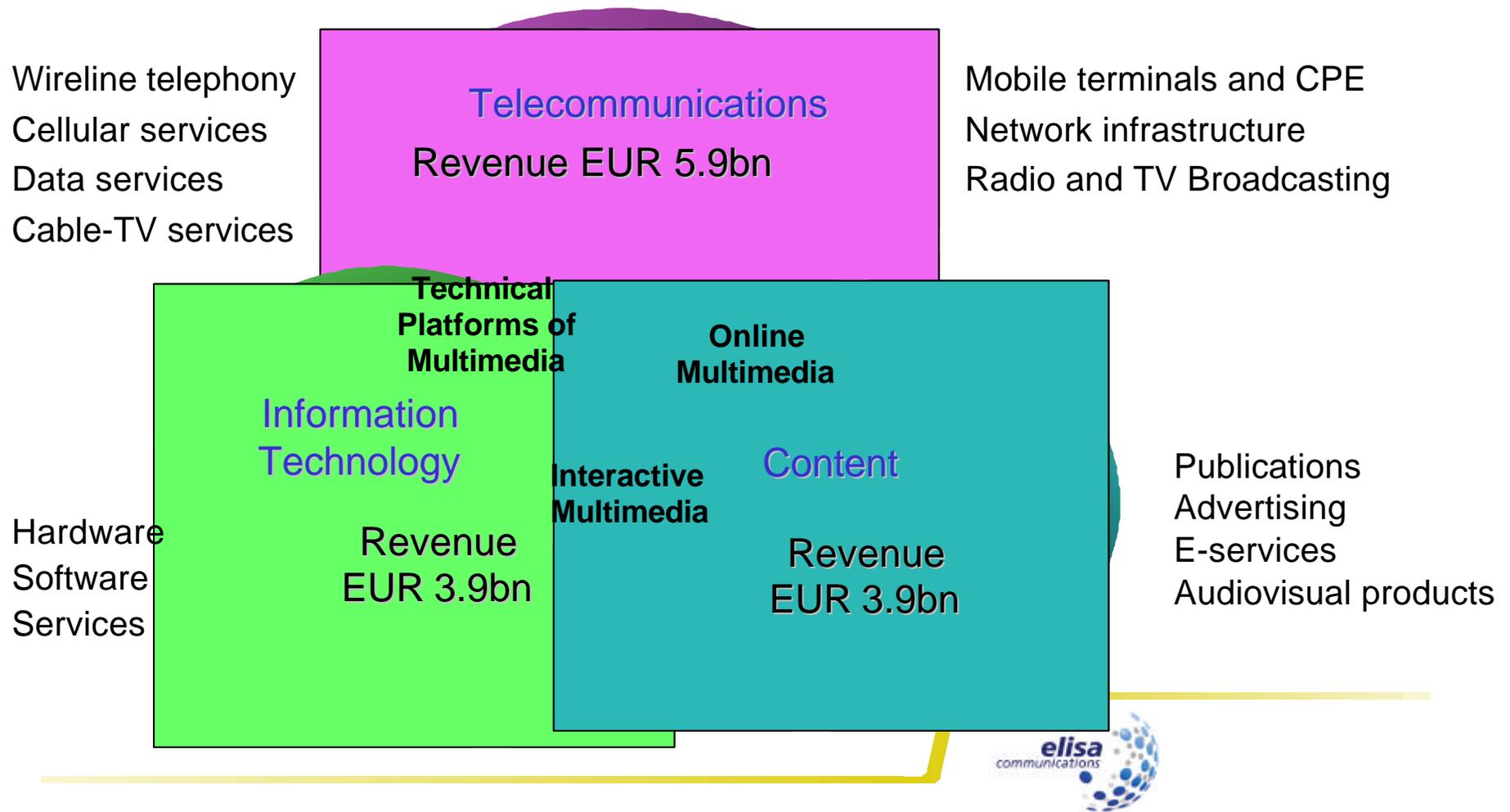


# Markets and Goals of Elisa

- Domestic market: Telecommunications market leadership by year 2005
- Baltic countries: Expansion of the domestic market, strong and profitable position in mobile services in Estonia
- Germany: Expansion of core business to focussed markets, significant relative market position in 3 to 5 years
- Globally: Opportunistic niche exploitation (e.g. Comptel)



# Information Society in Finland

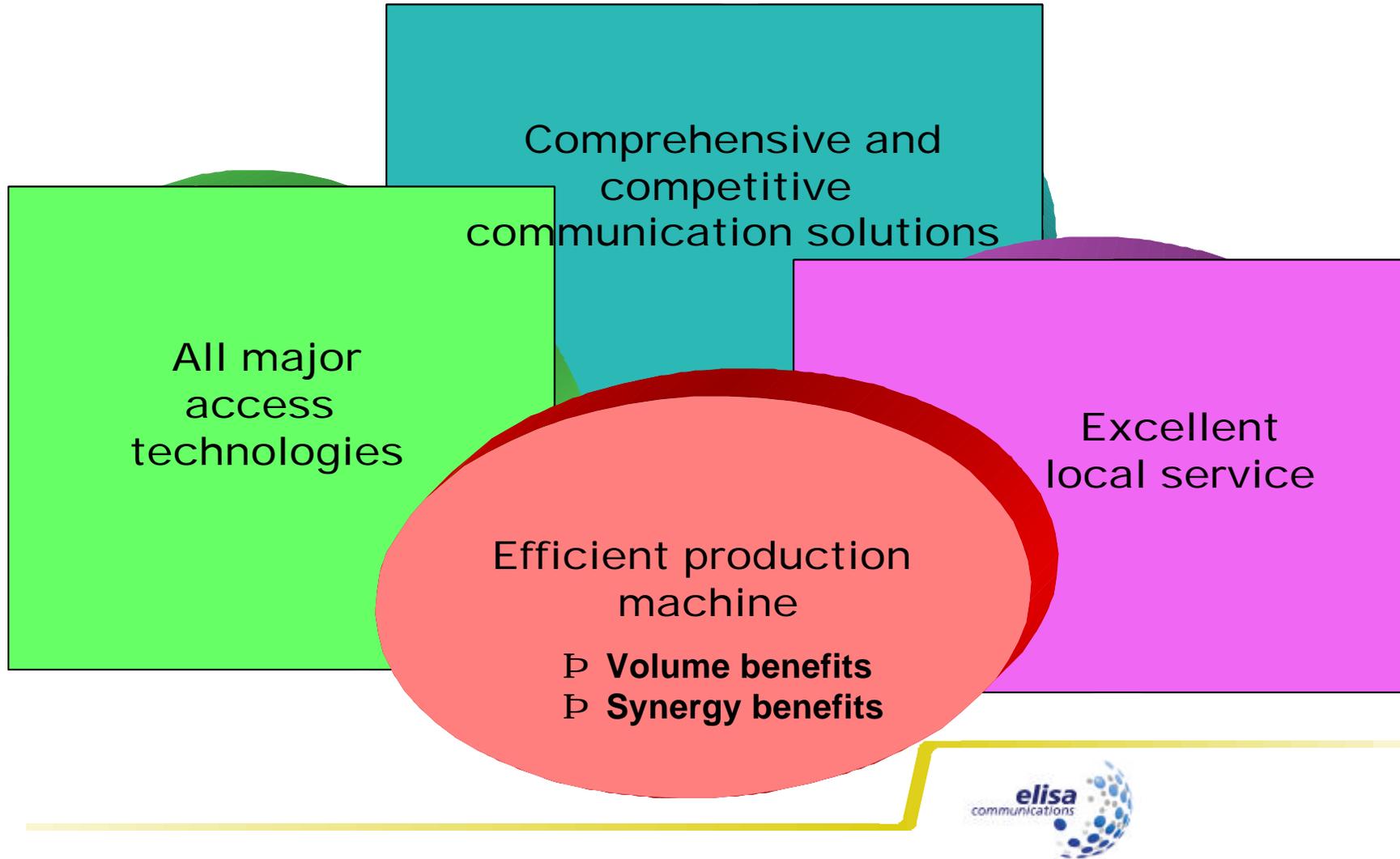


# Execution of Elisa's Strategic Agenda

- Domestic consolidation has made remarkable progress
  - Radiolinja is wholly-owned
  - Holding in Soon Communications close to 90% (share exchange)
  - KSP Group and Finnet International have become group companies
  - Holding in Riihimäen Puhelin almost 90% (private placement and share exchange)
  - Lounet has become a group company (private placement)
- ➔ Excellent position for national business operations, sustainable competitive edge and exploiting of synergies has been achieved



# Why Domestic Consolidation?



## Execution of Elisa's Strategic Agenda (cont'd)

Mobile business strategy of addressing the corporate and heavy-user segments as well as early movers produces results

- ARPU and subscription usage have continued to grow
- Use of content services has increased
- Market share of the network operator is 34% as of June 30, 2001
- GPRS will be commercially launched this autumn
- UMTS network will be implemented in 2002, in accordance with the license terms



# Execution of Elisa's Strategic Agenda (cont'd)

Fixed network business is being restructured

- Services have been expanded to major economic regions
- Sales of broadband access products have developed well
- A group-level decision was made to incorporate network and service businesses in spring
  - More efficient and market-aligned business structure
  - More transparency (financial markets, regulators, control)
  - Facilitates exploiting of synergies in the expanded Group
- Results of synergies are expected to show from 2002 onwards



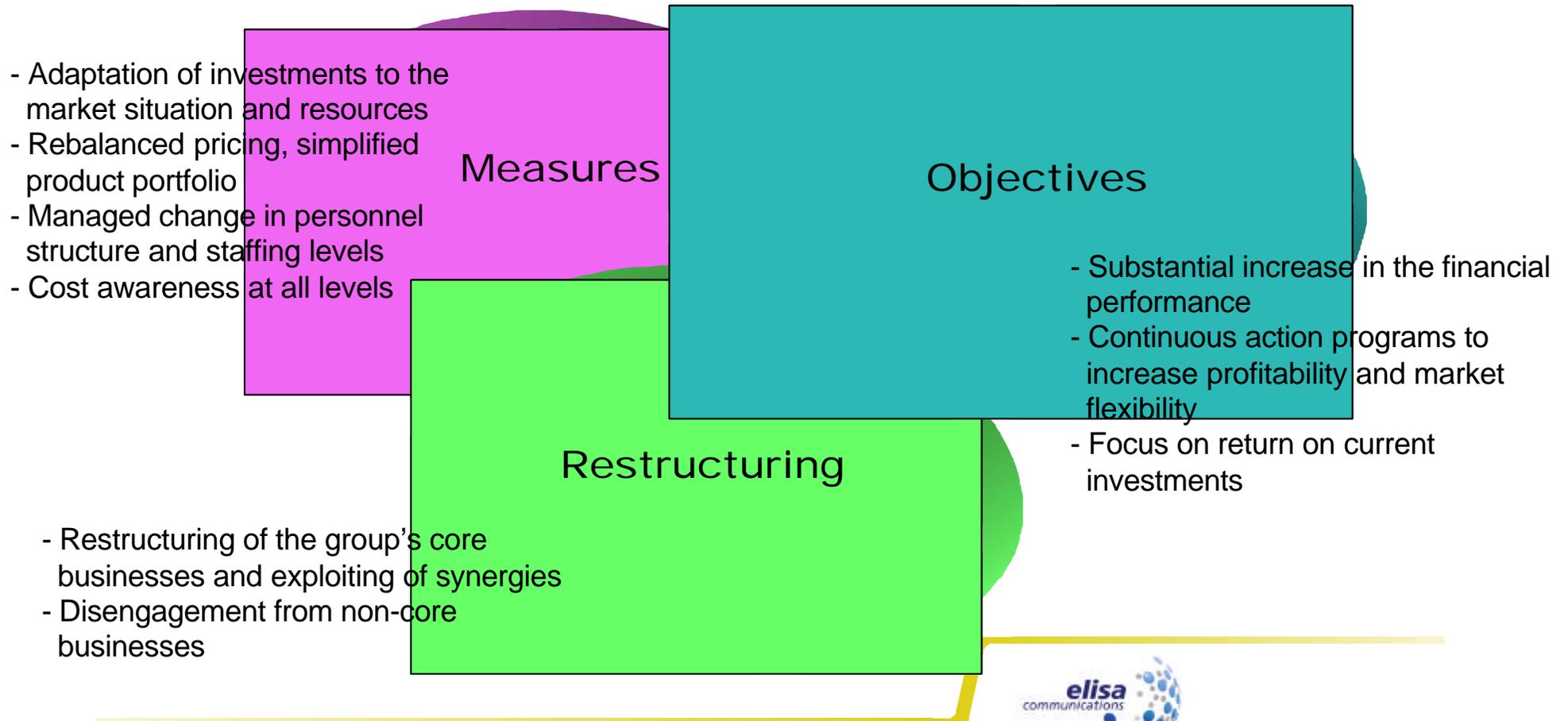
# Execution of Elisa's Strategic Agenda (cont'd)

## German operations proceed on track

- 1H/2001 revenue was EUR 26 million (full year 2000 EUR 17 million)
- Consolidation level has risen as planned, minority shareholdings have been sold
- The anticipated turn in earnings has taken place - negative EBITDA margin is halved H1/00 to H1/01
- Strategy is adapted to the changes in the German market
- Focus in improving earnings as soon as possible, even with less growth in mid-term turnover



# Elisa Consistently Adapts Its Operations into the Changing Market Situation



# Position of Elisa's Management to Partnerships, e.g. to "Nordic Consolidation" 1/2

- Elisa has seen no explicit partnership bids so far
- Nordic consolidation discussions are going on and Elisa has a significant role in the Finnish market
- The task of the management is to create sustainable shareholder value rather than a one-time speculation gain
- The executive management of Elisa measures any partnership scenario by (a) enhancement of our end-customer services for more revenues or better scope of service and/or (b) improvement of margins and earnings by cost and CAPEX saving synergies
- To date, the Nordic consolidation scenarios have not convinced Elisa management of such positive contributions to Elisa's operations



# Position of Elisa's Management to Partnerships, e.g. to "Nordic Consolidation" 2/2

- Summary:
  - The doors of Elisa's management are open for serious, long-term value-creating partners to discuss joint perspectives
  - Elisa's management have opened and continue to open ourselves doors for such discussions as well
  - So far, shareholder value is best assured by continuing to execute the Strategic Agenda which we have communicated to our investors.

