

Investor Day, February 2005

elisa

Pasi Lehmus

Elisa Fixed

Fixed segment

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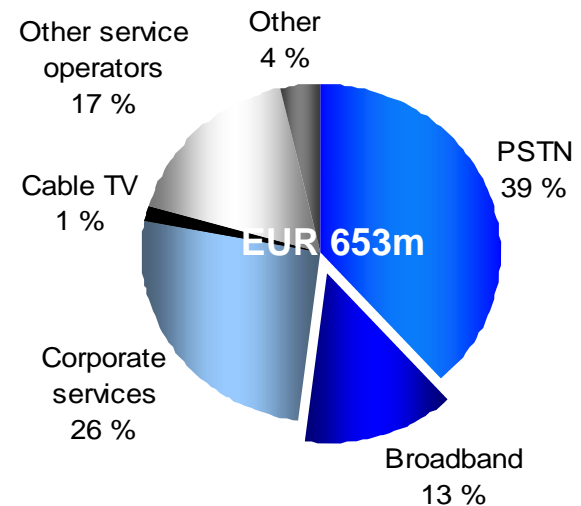
- Summary
- Financial performance
- Operational performance
- Operational priorities
- Market dynamics



Fixed segment Summary

- Top line in slight decline
- Margin stabilizing
- Capital intensity normalising due to broadband
- Success in the broadband market

Sales split 2004

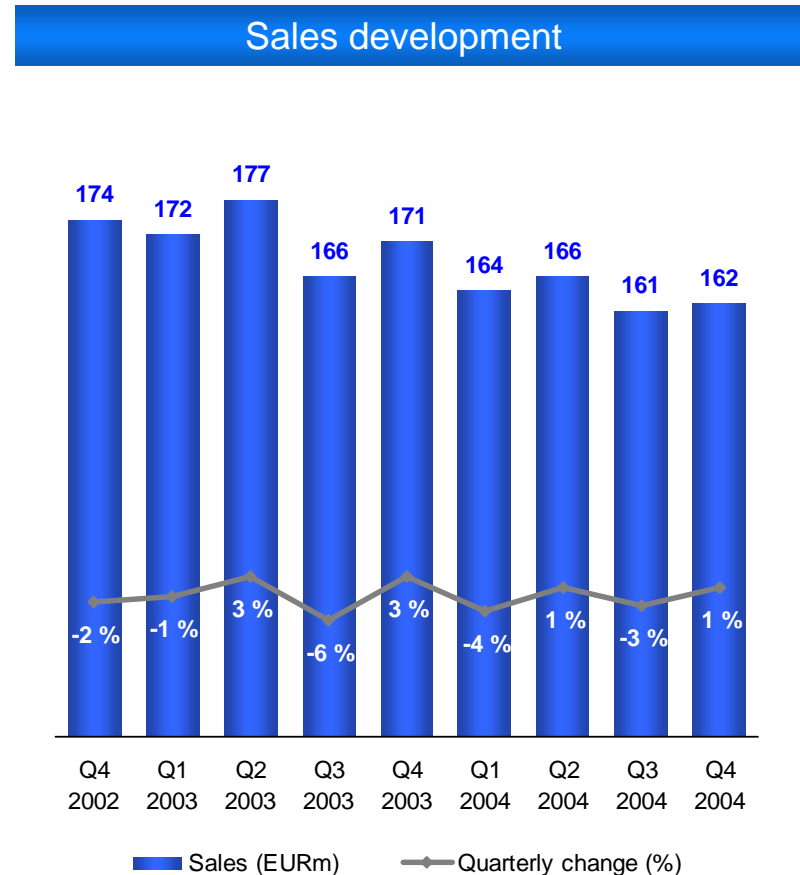


Based on consolidated numbers, Finland



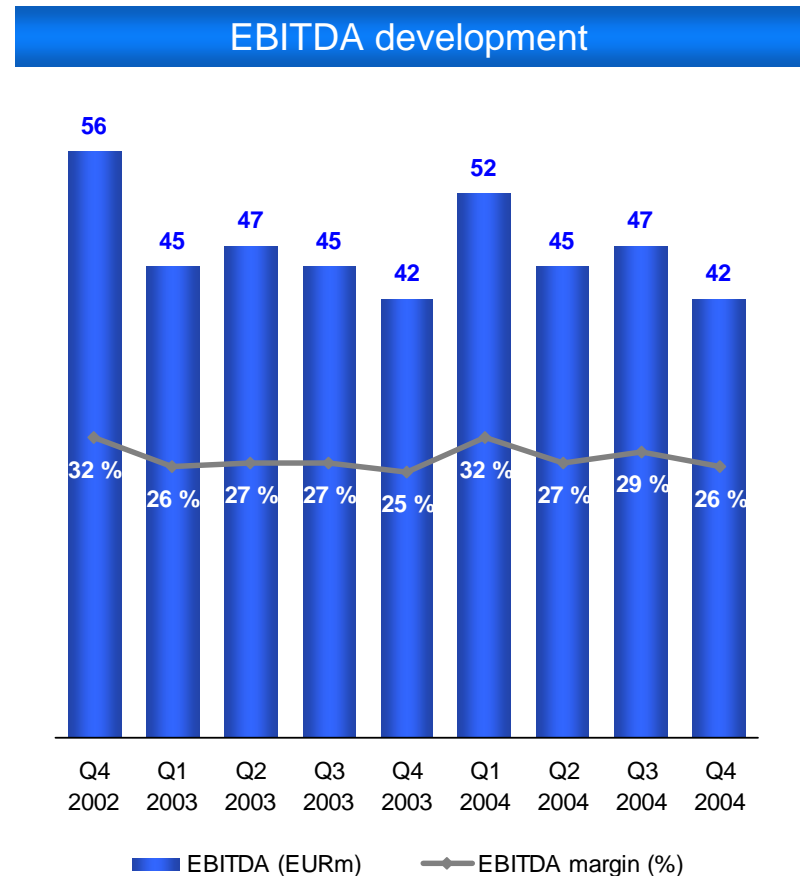
Broadband upheld top line decline

- Successful market operations in broadband boosted subscriber base
- Broadband could not fully compensate Fixed sales declining trend
- Price erosion in corporate data
- Q1 and Q3 down due to seasonal variations (vacations)



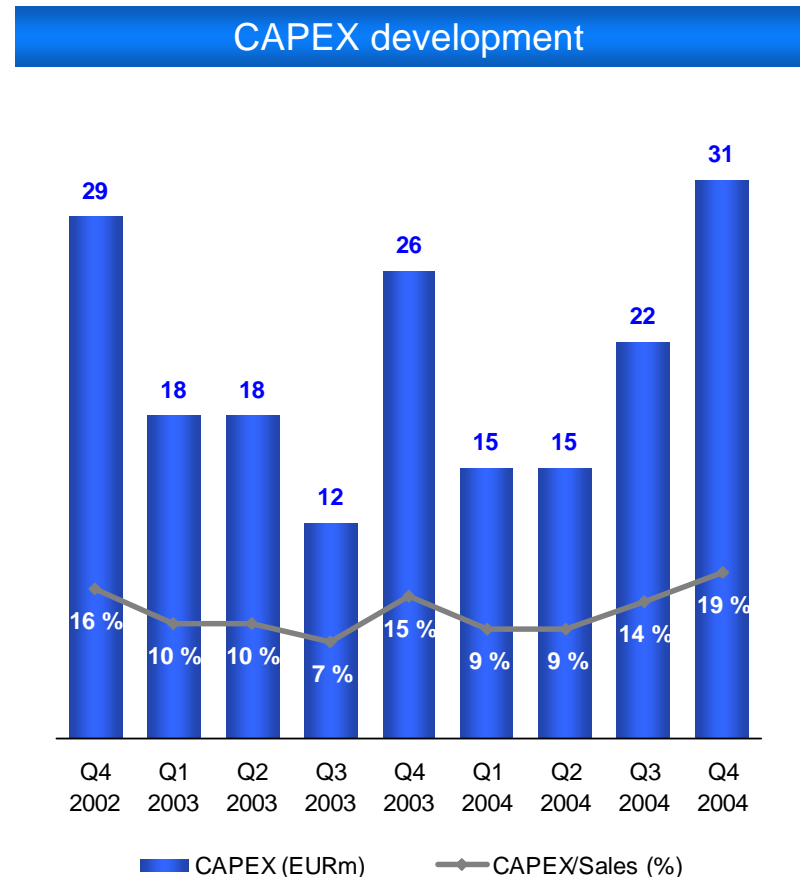
Stable margin level

- Successful cost control and operational development
 - Simplified corporate structure
 - Operational integration
 - Personnel reduction
 - Centralized purchasing, IT
- Broadband growth puts pressure on short term margin
 - Increased last mile and sales costs



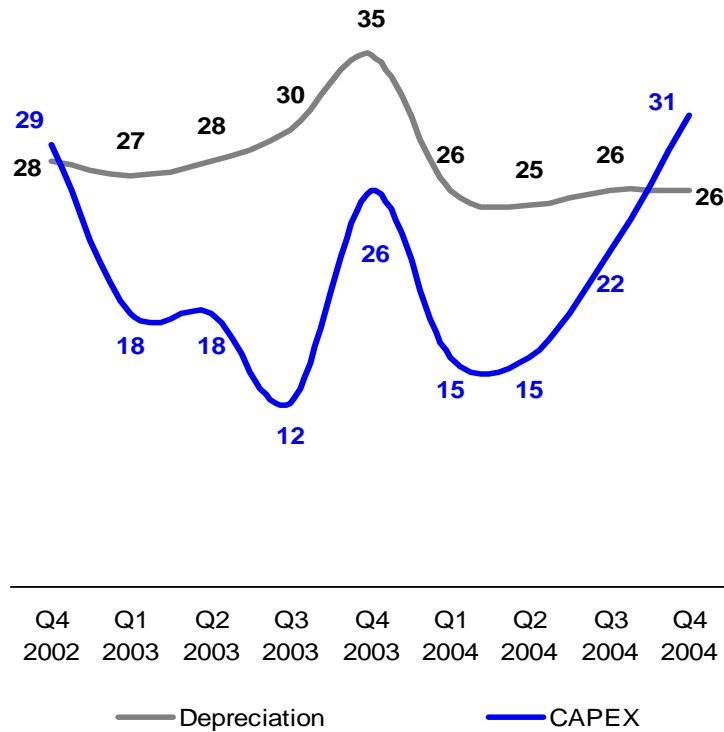
Capital intensity driven by broadband

- Capital intensity increased 2004
 - ADSL network expansion
 - Network IT systems (NIMS)
- Investments in customer premises equipment affecting Q4
 - Seasonal phenomenon

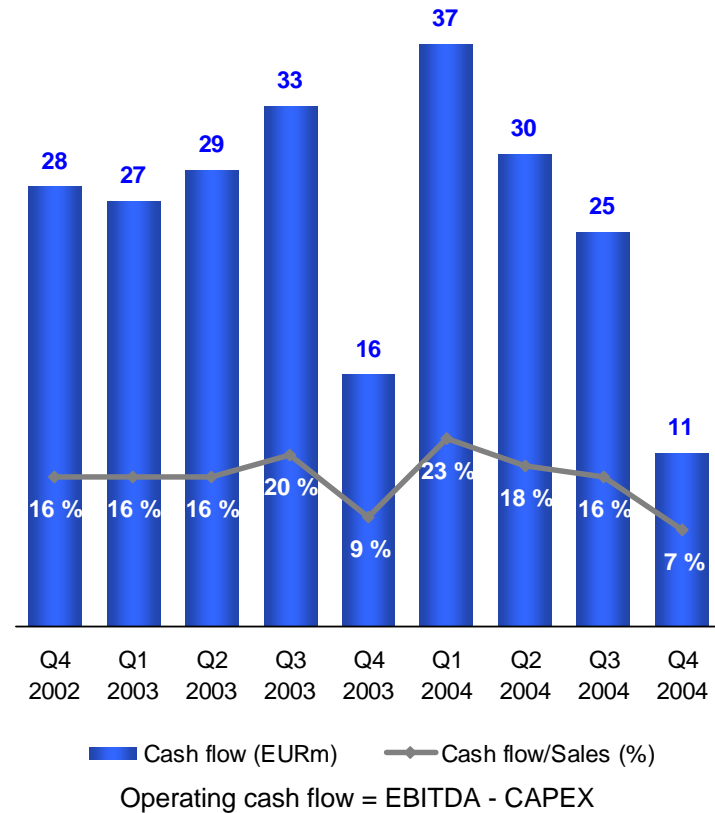


Capital intensity impacts cash flow

Depreciation vs. CAPEX development



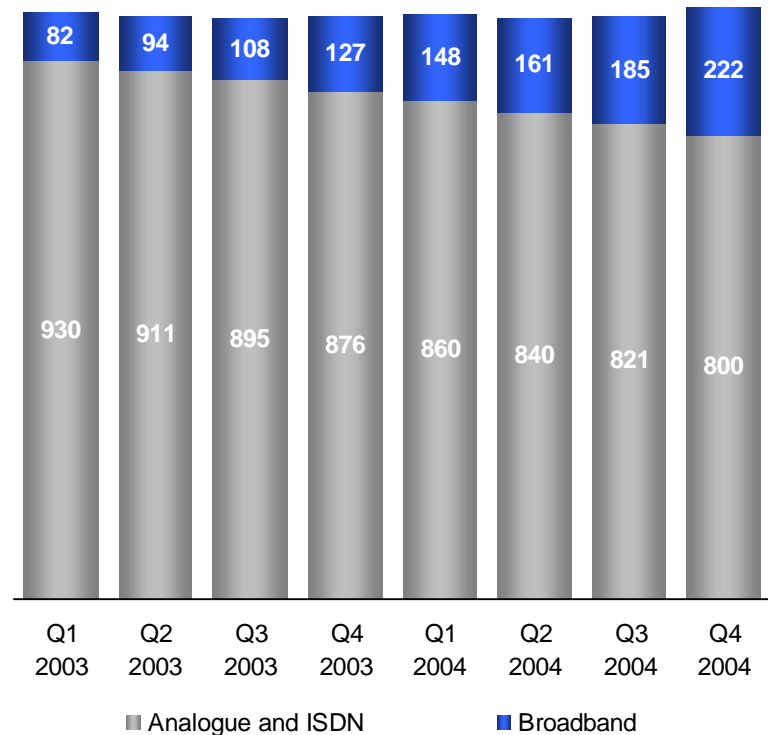
Operating cash flow development



PSTN line erosion driven by mobile and broadband

- Broadband is compensating decline, total fixed subscriber base grows
 - PSTN subscriber base and traffic are decreasing
- Traffic from fixed to mobile brings new revenue from mobile operators
- Number portability is extended to corporate numbers in 1H 2005

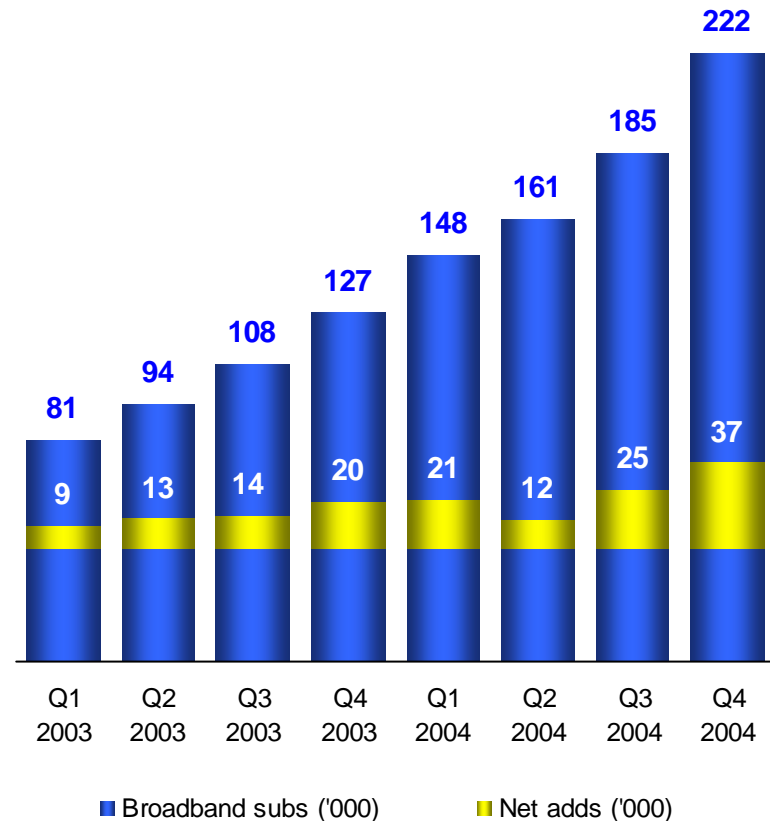
Quarterly Fixed subscriber base



Strong growth in broadband

- Active market strategy
 - Broadband offering expanded nationwide
 - Distribution extended to independent retail chains
- Estimated market share increased 2%-units in 2004
- Rapid growth created process issues
- Cable TV remains part of Elisa broadband strategy

Quarterly subscriber growth and net adds



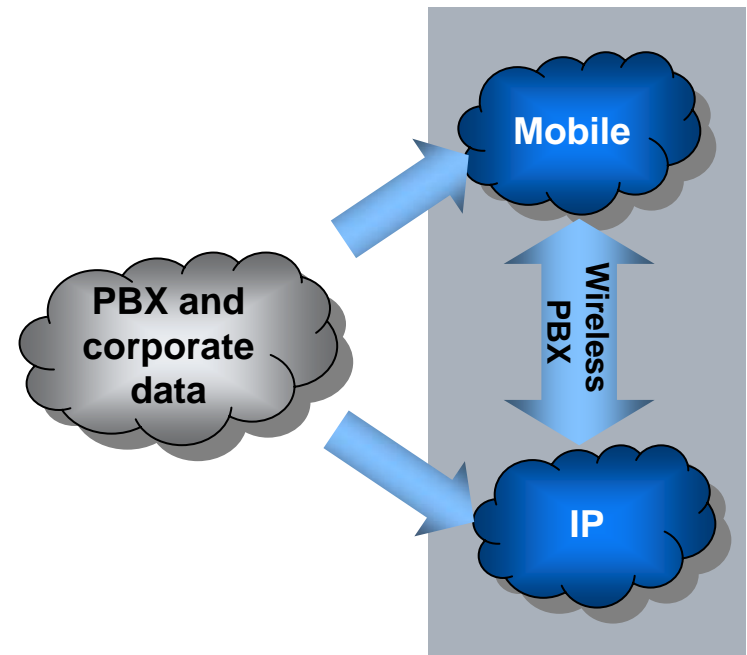
Broadband is in the focus

- Market development
 - Estimated market 1 million subscribers in summer 2005
 - Demand for higher access speeds
- Elisa drives the market
 - Active role to get maximum growth
 - Growth management by improving processes
 - Utilizing existing mobile retail channels
 - Customer loyalty programs



Corporate services driven by mobile and IP

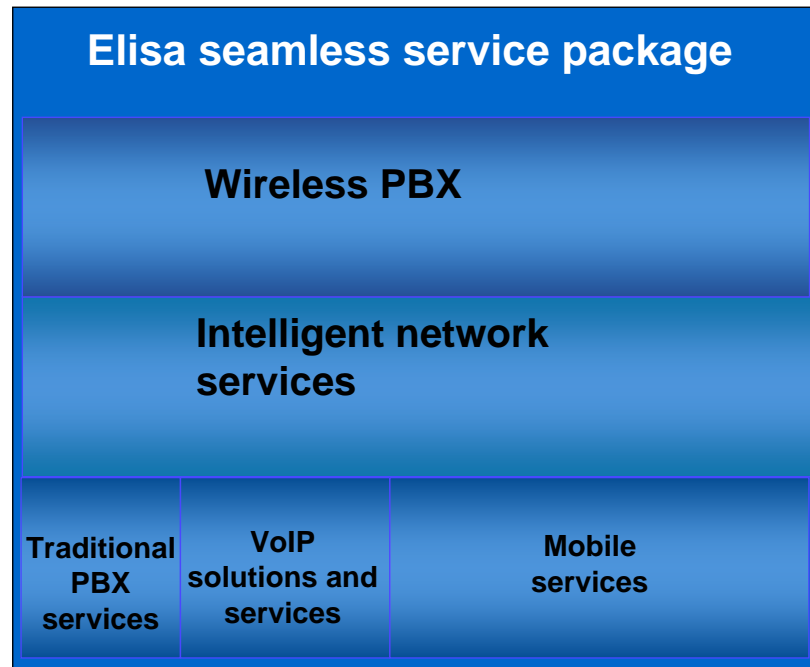
- As a fully integrated operator Elisa has capability of providing truly convergent solutions with wireless PBX
 - combining different networks (mobile, IP, fixed), intelligent network and terminals
 - enables "one terminal" concept for a customer
 - strengthens Elisa's position in the corporate market
- Elisa has a strong position in the market as the largest reseller of Cisco IP-communication equipment in Finland



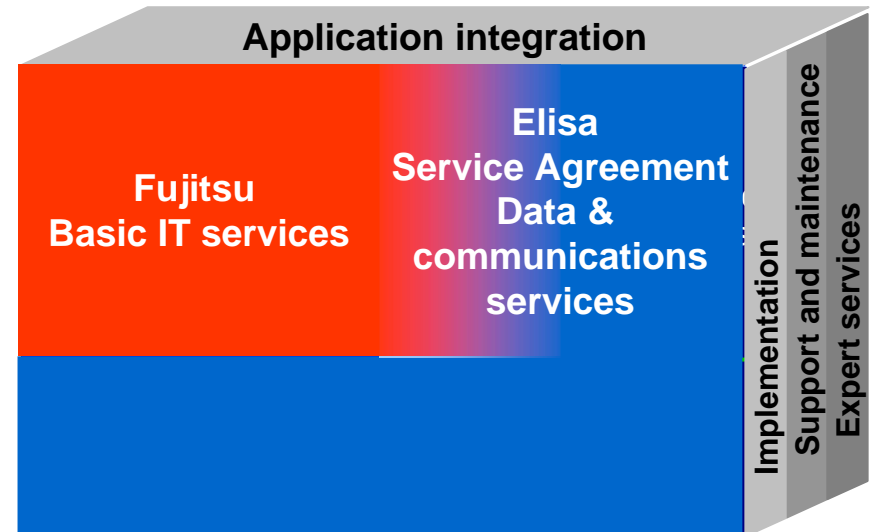
Fixed - Operational priorities

Convergence is reality

PBX is mobile



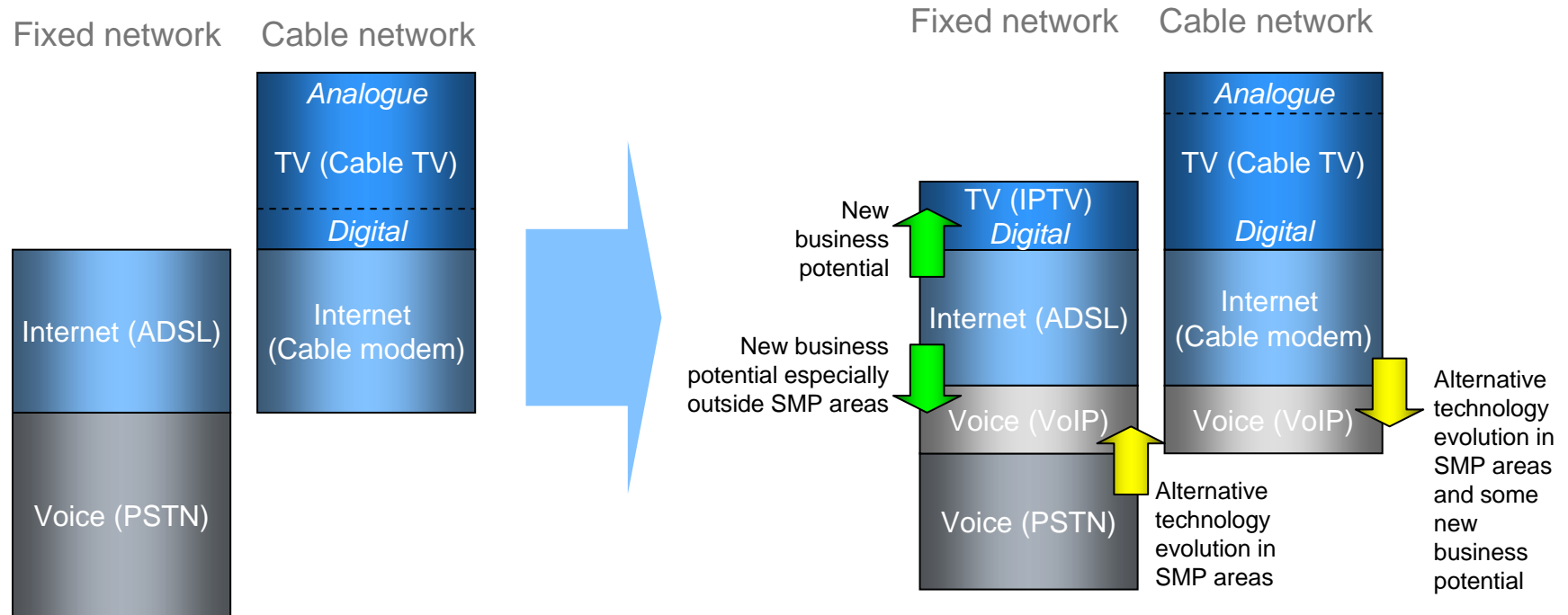
ICT –service package



VoIP is evolution not revolution

- VoIP is already significant driver in corporate segment
- Elisa provides VoIP telephony services to residential customers, but so far not aggressively
- VoIP is an opportunity to Elisa to expand market outside SMP areas

Triple play: Elisa is playing to win – win



Fixed summary

- Broadband growth
- Strong position in corporate segment
- Stable margins

Forward-looking statements

Statements made in this document relating to future status or circumstances, including future performance and other trend projections are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Elisa.



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Thank you