



Financial statements

2006



Q4 2006 Report

President and CEO Veli-Matti Mattila

Elisa Q4 2006

- Q4 2006 and financial highlights
- Distribution 2006
- Review of the mobile and fixed network businesses
- Execution of the strategy
- Interconnection fees
- Outlook for 2007

Q4 2006 and financial highlights

Elisa Q4 2006 highlights

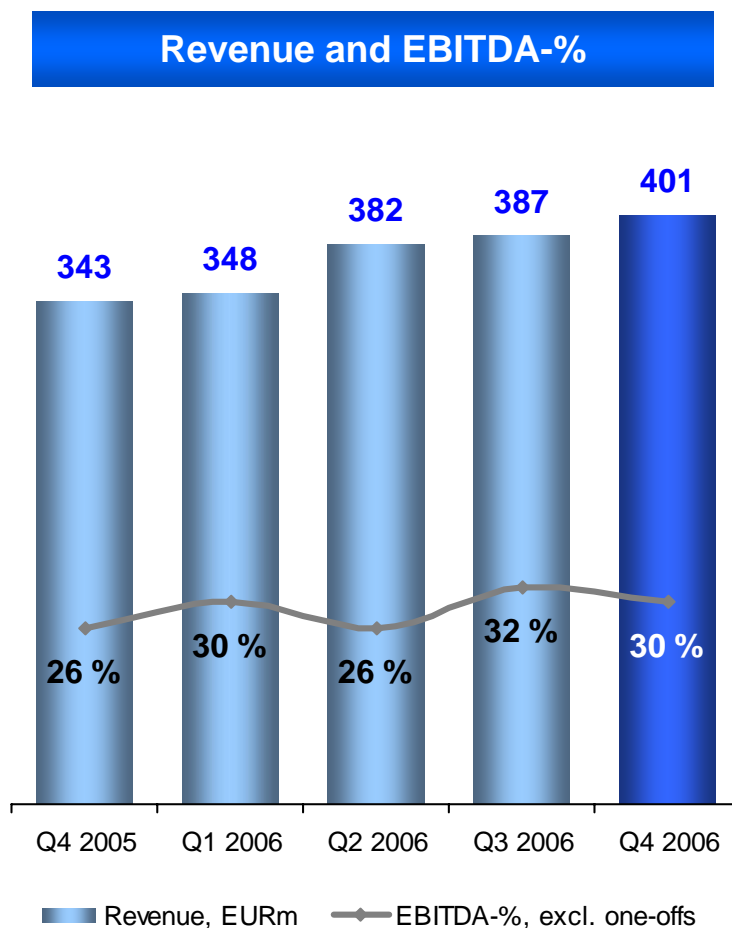
- Sales of 3G service bundles progressed well, growth in broadband increased from Q3
 - Elisa has more than 50% of 3G service bundles
 - In broadband 17,000 new customers
- Mobile ARPU improved from the previous quarter to EUR 30.8, churn increased to 14.0%
- Revenue continued to grow strongly, EBITDA improved clearly
- Dividend proposal EUR 1.50 per share
- Financial position remained strong



Q4 2006 and financial highlights

Revenue up 17%, EBITDA 34%

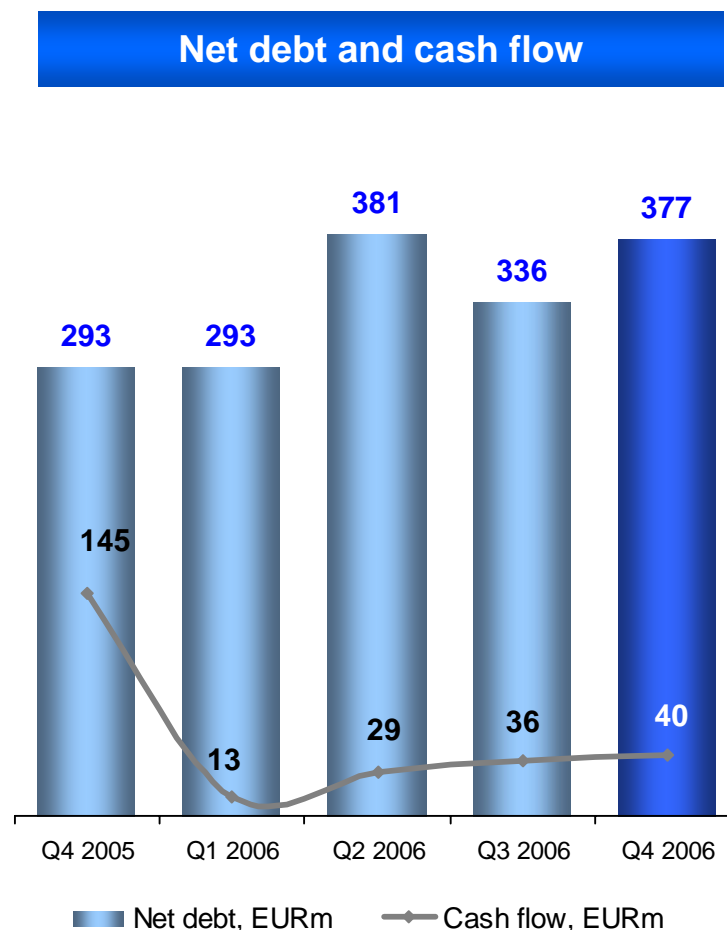
- Revenue EUR 401m (343)
- EBITDA EUR 118m (95)
 - excluding one-offs EUR 119m (89)
- EBIT EUR 70m (38)
- Pre-tax profit EUR 69m (33)
- EPS EUR 0,31 (0,18)



Q4 2006 and financial highlights

Financial position stable

- Cash flow EUR 40m (145)
- Net debt EUR 377m (293)
 - share buy-back EUR 79m
- CAPEX EUR 69m (67), 17% of revenue (20)
- Equity ratio 63% (62)
- Gearing 29% (22)



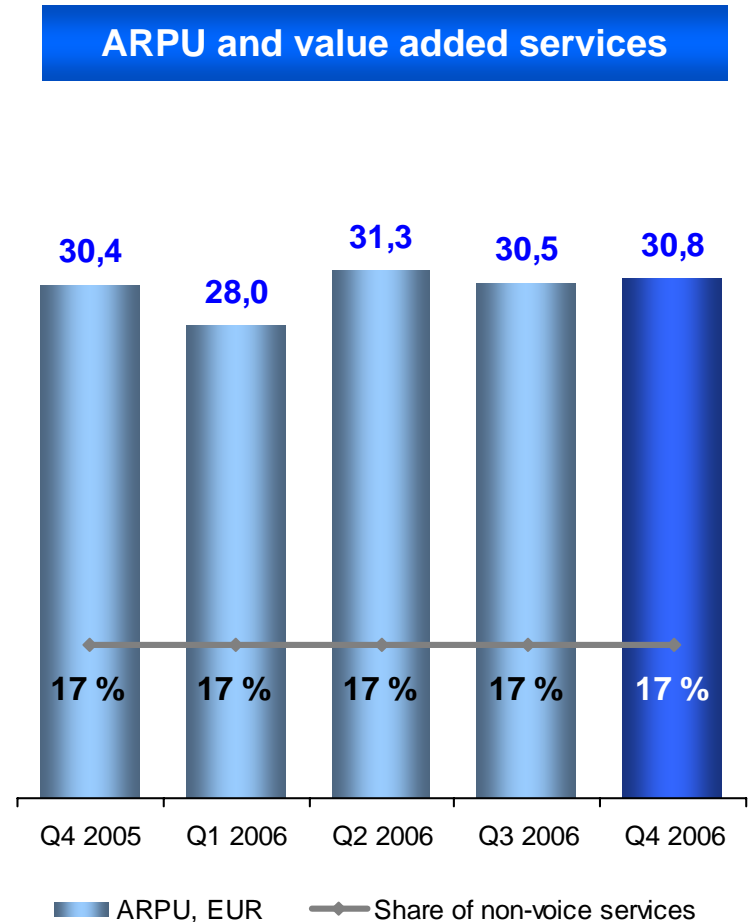
Dividend proposal EUR 1.50

- Distributable equity at the year end EUR 574m
- The Board proposes to the AGM a dividend of EUR 0.50 per share and extra dividend of EUR 1.00 per share; total EUR 1.50 per share
- Dividend payment EUR 243m
- Pay-out ratio 152%
- Also proposal for authorisation of share buy-backs
 - total 8 million shares
 - 5% of outstanding shares

Segment review, mobile business

Growth in customer base, ARPU increased

- Success in 3G subscriptions
 - market share above 50%
 - customer base increased about 30,000
- ARPU EUR 30.8 (30.4*)
- Churn 14.0% (22.6*)
 - Slight increase due to Christmas campaigns
- Growth in network usage
 - MoU/sub of own service providers +18% and SMS +35%
 - MoU growth of network operator +24% and +22%, respectively



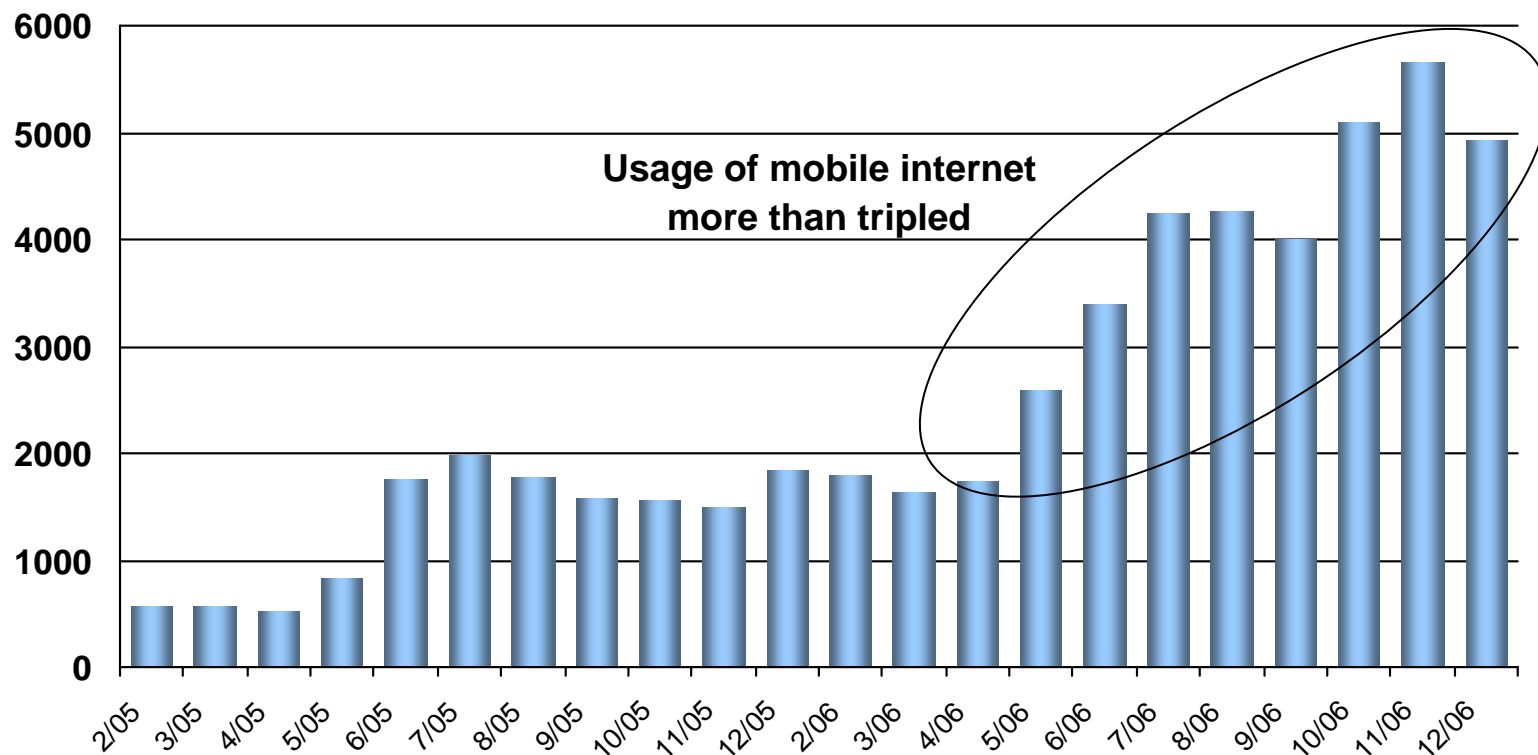
* partly without Saunalahti



Segment review, mobile business

3G bundles increase mobile internet usage

Amount of internet access, thousands

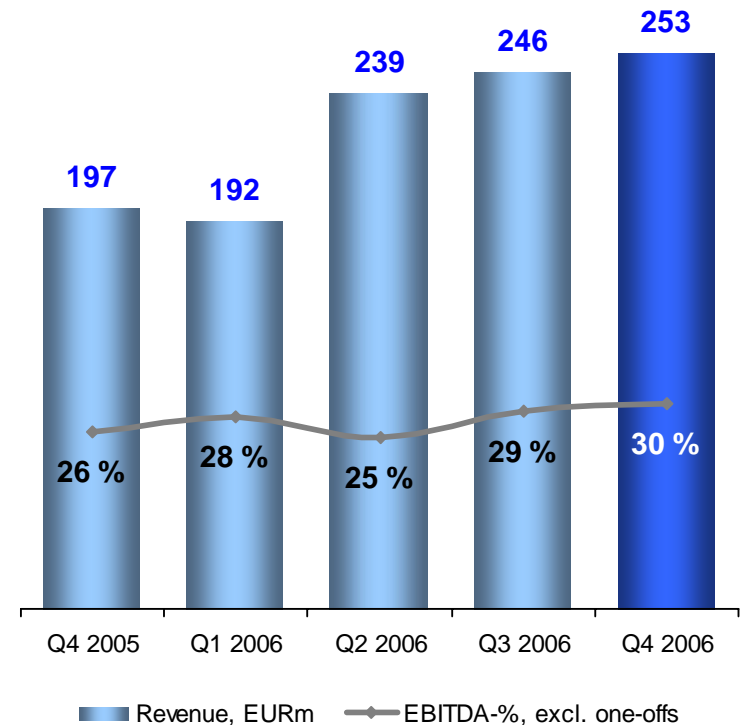


Segment review, mobile business

3G terminals and services generate growth

Revenue and EBITDA-%

- Revenue EUR 253m (197)
 - Increased usage of services and sale of 3G terminals
- EBITDA EUR 76m (52), 30% of revenue (26)
 - Cost efficiency, volume growth, increase in 3G service bundles
- EBIT 54m (27), 21% of revenue (14)

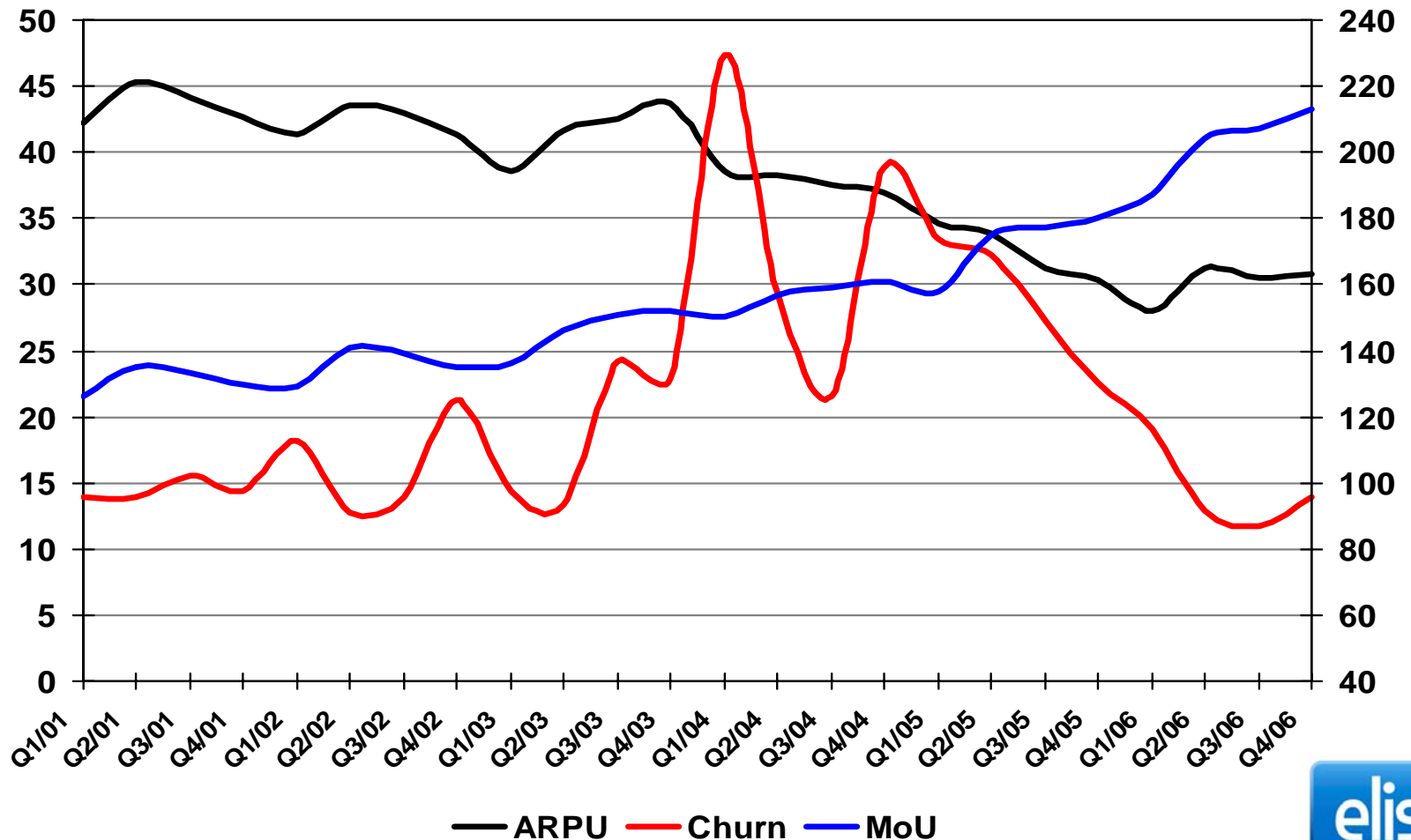


Segment review, mobile business

Slight ARPU growth from Q3

ARPU (€) and churn (%) annualised

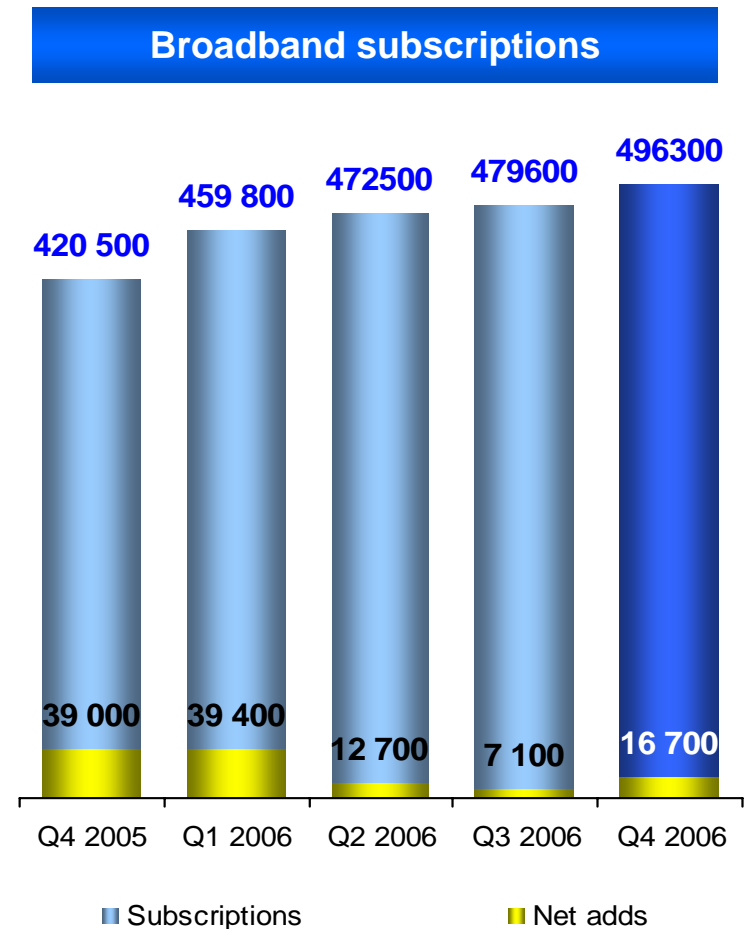
MoU (min/sub/month)
outgoing traffic



Segment review, fixed network business

Broadband growth accelerated

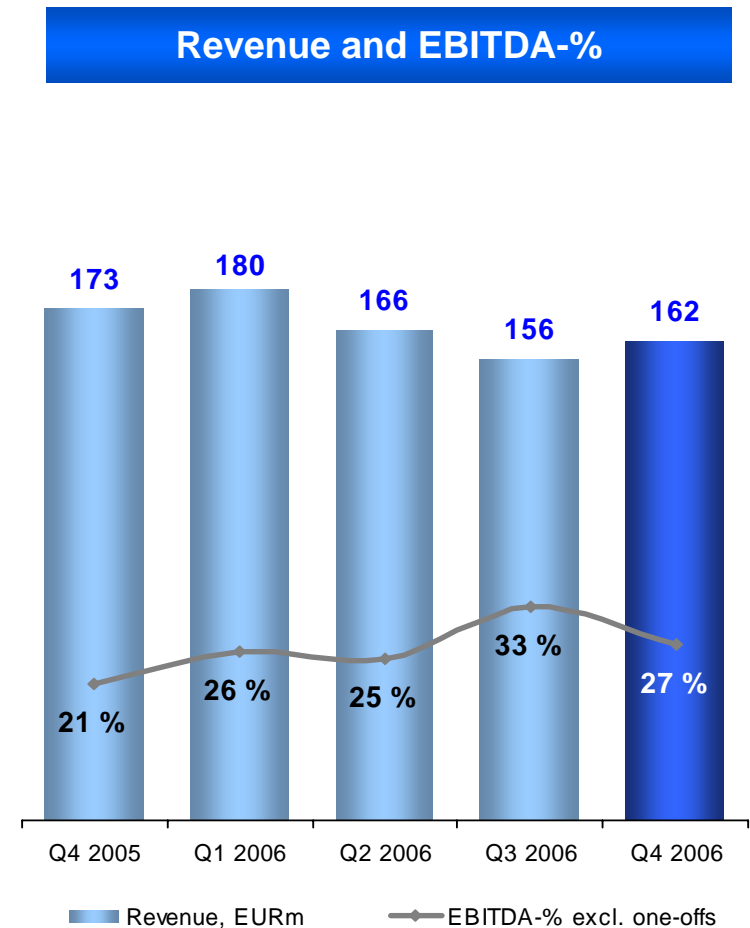
- Broadband subscriptions growth 18% y-o-y
 - 17,000 new subscriptions in Q4
 - Elisa market leader
- Elisa launched IPTV “Viihdekaista” onto the market
- Decrease in analogue lines continued
 - analogue voice lines decreased by 10% and lines including ISDN channels by 15%
 - One-off adjustment in ISDN channels



Segment review, fixed network business

Growth in broadband affected profitability

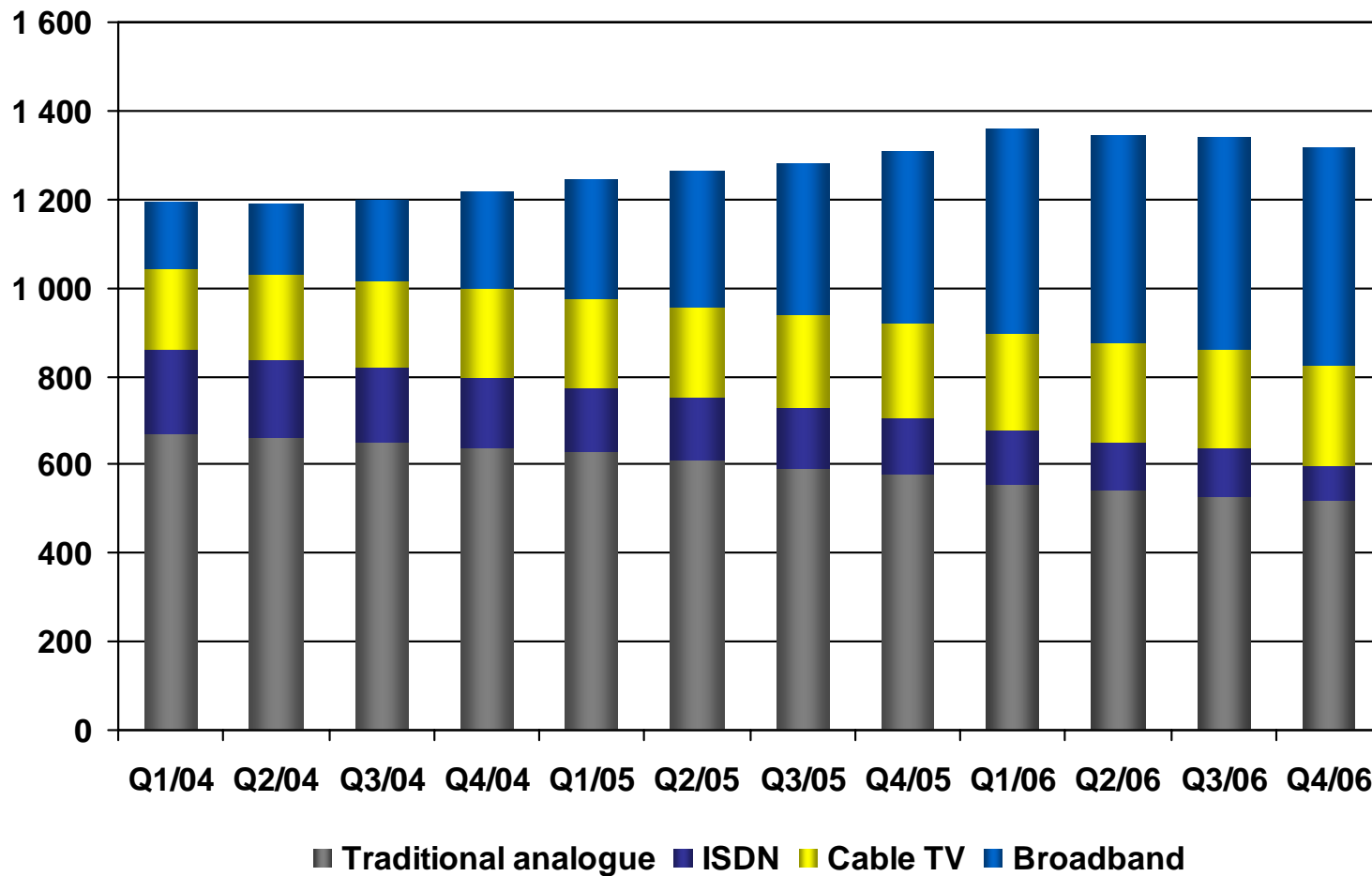
- Revenue EUR 162m (173)
- EBITDA EUR 43m (37), 27% of revenue (21)
 - Growth in broadband and seasonality decreased profitability from Q3
- EBIT EUR 19m (3), 12% of revenue (2)



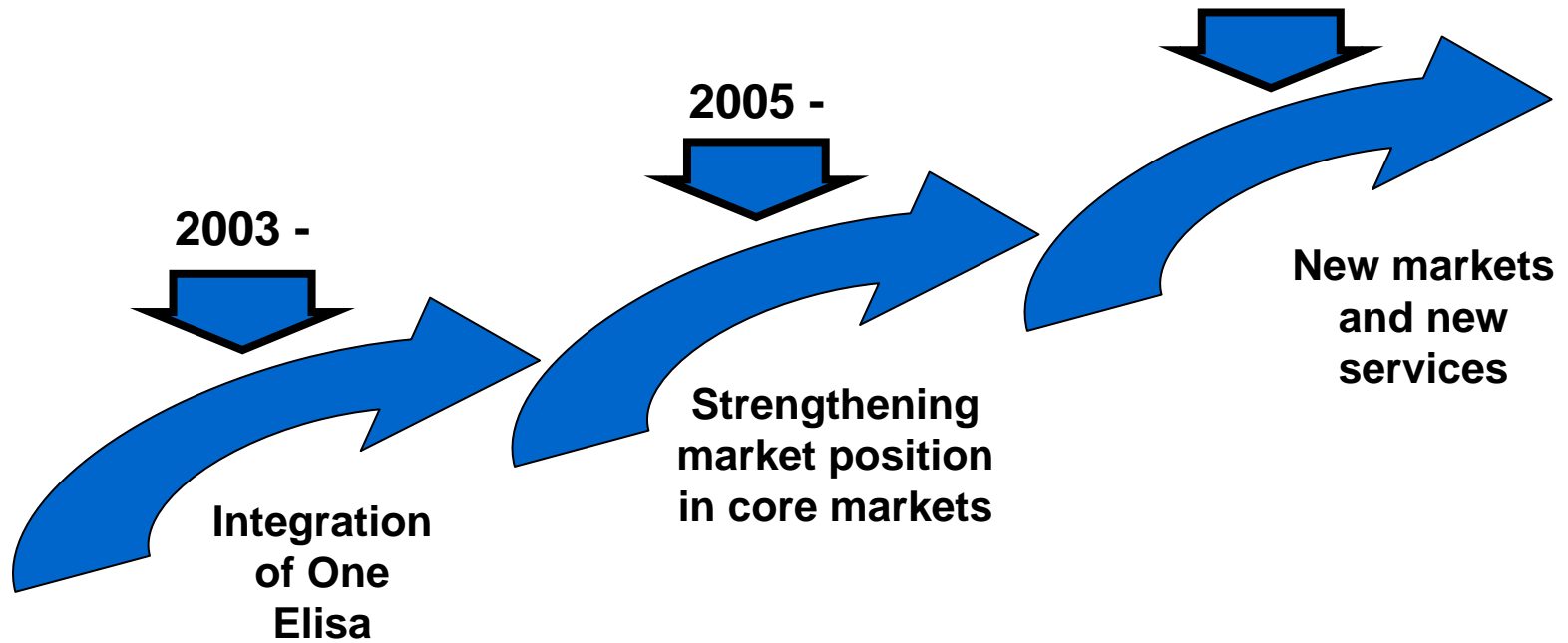
Segment review, fixed network business

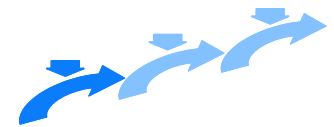
Decrease of analogue subs slowed down

Thousands



Strategy execution





Strategy execution

Productivity improvement

Significant profitability improvement

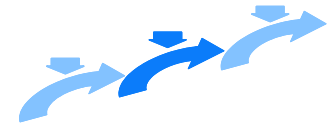
- Outsourcing of order processing and billing
- Outsourcing of installation and maintenance
- Reduction in personnel costs

Customer orientation

- 3G service bundles and wider service offering
- New roaming pricing
- New help program for broadband customers
- Launch of IPTV
- Increased speed of broadband network

Simplification of structure

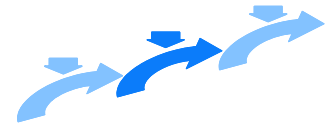
- Simplification of work processes through outsourcing



Strategy execution

3G service bundles success story

- Successful sale of 3G service bundles continued
 - Significant amount of new subscriptions are 3G service bundles
- Heavy users' ARPU increase 10-15% from 2G to 3G
 - Share of data significant
- Currently about 350,000 3G service bundle customers in Finland
- Elisa has the widest 3G terminal offering in Finland

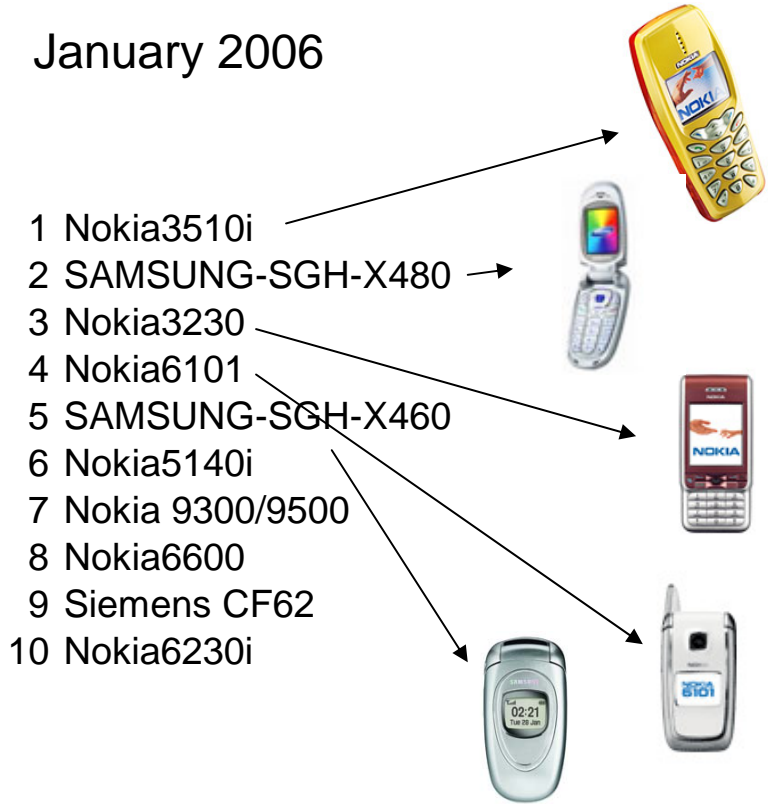


Strategy execution

Terminal base has changed

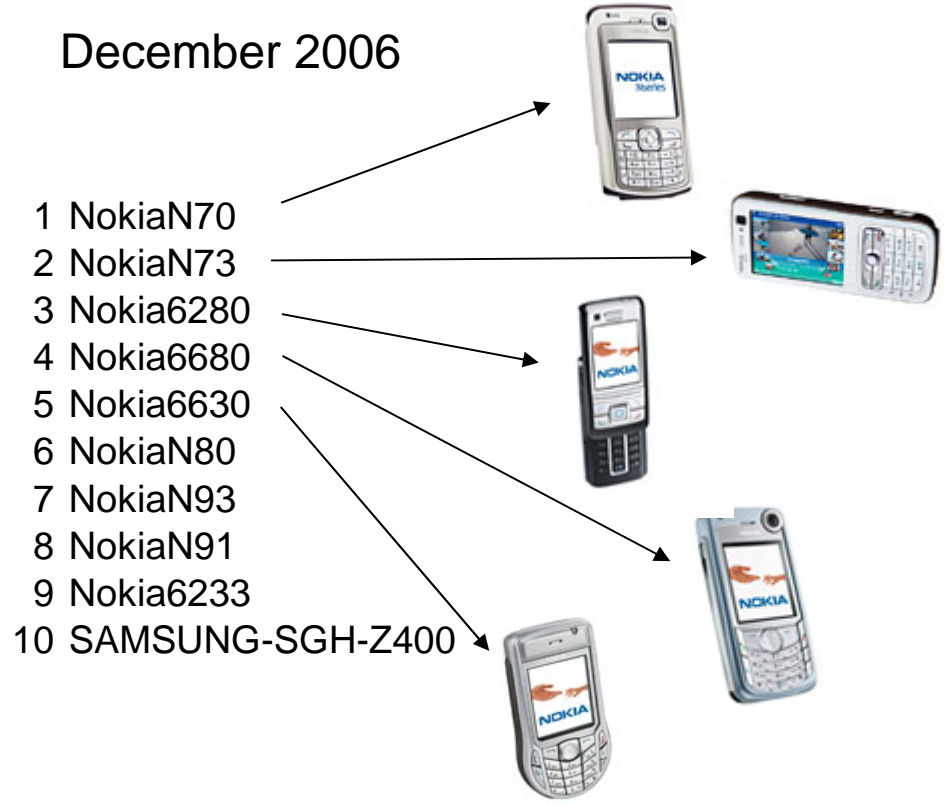
Most internet users have changed to 3G phones

January 2006

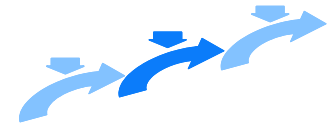


The most preferred phones were all 2G

December 2006



The most preferred phones were all 3G

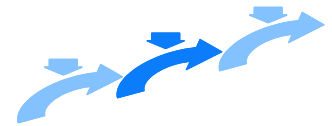


Strategy execution

Excellent network for 3G services

- The whole 3G network upgraded to fast HSDPA in April 2006
 - First operator in the world to cover entire network
- Elisa first to offer up to 3.6 Mbps speed in the HSDPA network in Finland
- Elisa made the first commercial UMTS900 call in the world in November 2006

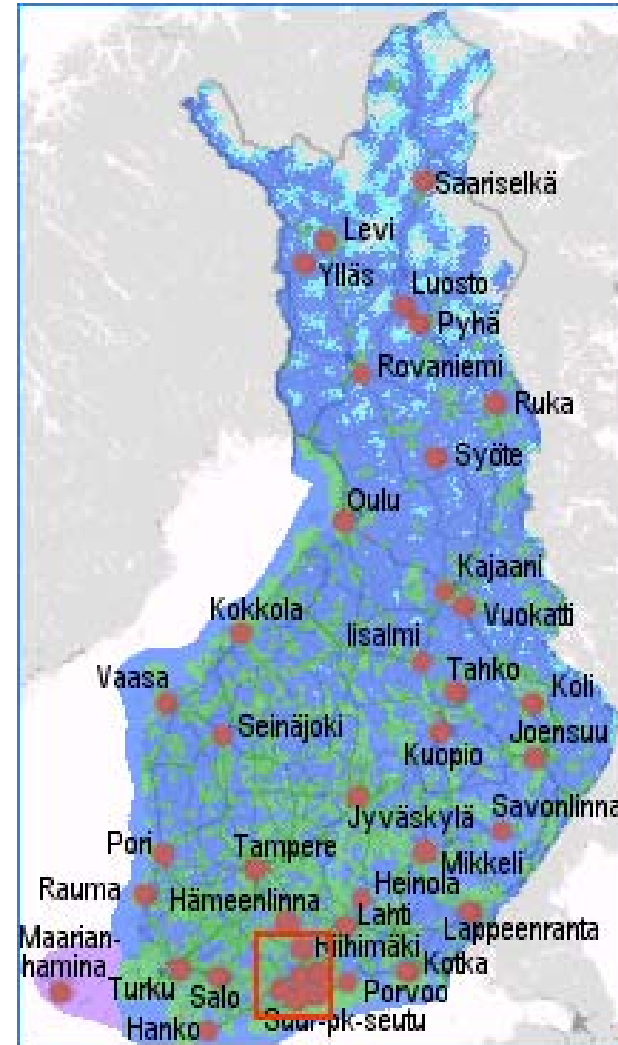




Strategy execution

Most comprehensive 3G network coverage

- Indoor coverage approx. 40% of population, at the year end approx. 60%
 - About 65 cities
- Outdoor coverage approx. 60% of population, at the year end approx. 70%
 - About 110 cities
- Number of base stations about 1,000
 - Amount will double in a year



Interconnection fees

Symmetric interconnection fees through legislation

- EU supports the view of Finnish Communications authorities
- Asymmetry in pricing skews the competition
 - Wholesale price higher than retail price
 - customers treated unequally
- Frequencies have already been allocated equally in the beginning of the year
- Symmetric interconnection fees needs to be changed into legislation

Outlook for 2007

- Challenging market
 - Competition remains challenging
 - Focus on services
- Result will improve from 2006
 - Revenue will grow
 - EBITDA and EBIT excluding non-recurring items will improve
 - H1/2007 EBITDA and EBIT slightly at the lower level than H2/2006
- Stable CAPEX and cash flow
 - CAPEX 11-13 per cent of revenue
 - Cash flow stable



Financial performance

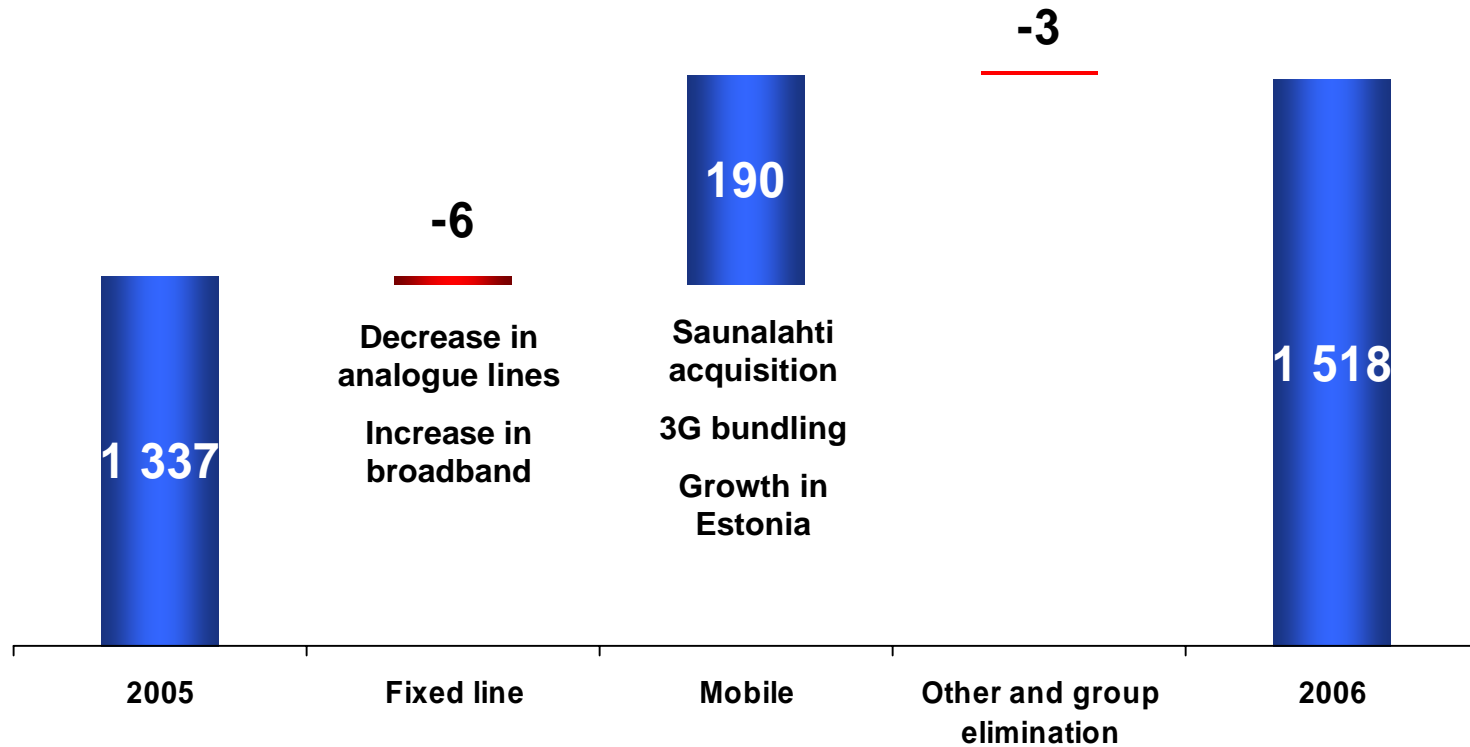
CFO Jari Kinnunen

Improved profitability

EUR Million	Q4 2006	Q4 2005	2006	2005	Growth
Revenue	401	343	1 518	1 337	EUR 181m, 14%
Other operating income	2	12	9	114	
Operating expenses	-285	-261	-1 093	-1 005	
EBITDA	118	95	434	446	Growth EUR 99m, 28%
EBITDA excluding one-offs	119	89	445	346	
<i>EBITDA-%</i>	29 %	28 %	29 %	33 %	
<i>EBITDA-% excluding one-offs</i>	30 %	26 %	29 %	26 %	
Depreciation and amortisation	-48	-57	-209	-213	
EBIT	70	38	225	233	Growth EUR 103m, 77%
EBIT excluding one-offs	71	32	236	133	
<i>EBIT-%</i>	17 %	11 %	15 %	17 %	
<i>EBIT-% excluding one-offs</i>	18 %	9 %	16 %	10 %	
Profit before tax	69	33	212	212	
Income taxes	-18	-5	-50	-34	
Profit for the period	51	28	161	178	
EPS, EUR/share	0,31	0,18	0,97	1,22	

Revenue growth y-o-y

EUR million



Comparable figures 2005 and 2006

EUR million	Elisa 2005	1)	2)	3)	4)	Elisa 2005 Pro Forma	Elisa 2006 excl. one-offs 5)	Change	%
Revenue	1 337	-47	217		-87	1 420	1 518	98	7%
+ other oper. income	114			-93		21	9	-12	
- operative expenses	-1005	42	-213	-7	87	-1 096	-1 082	14	-1%
EBITDA	446	-5	4	-100	0	345	445	100	29%
- depreciation	213	-5	8		14	230	209	-21	-9
EBIT	233	0	-4	-100	-14	115	236	121	105%

1) Subsidiaries sold in 2005: Comptel, Yomi Software, Estera and Keilasatama 5

2) Subsidiaries bought in 2005: Tikka and Saunalahti

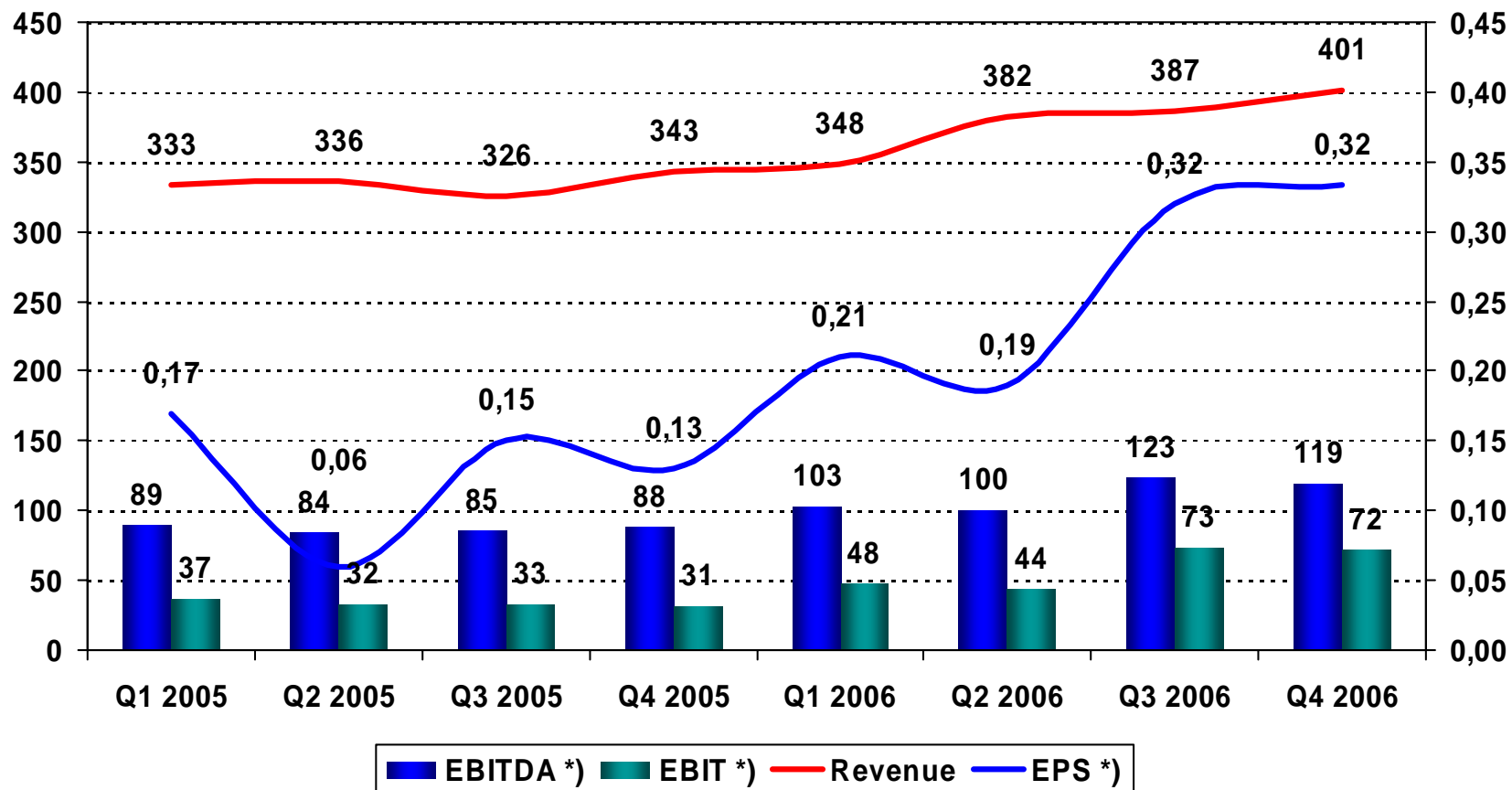
3) One-off items as reported in 2005.

4) Consolidation items and amortisation of intangible assets based on Saunalahti and Tikka Purchase Price Allocation (PPA)

5) One-off items as reported in 2006



Strong EPS growth in H2-2006

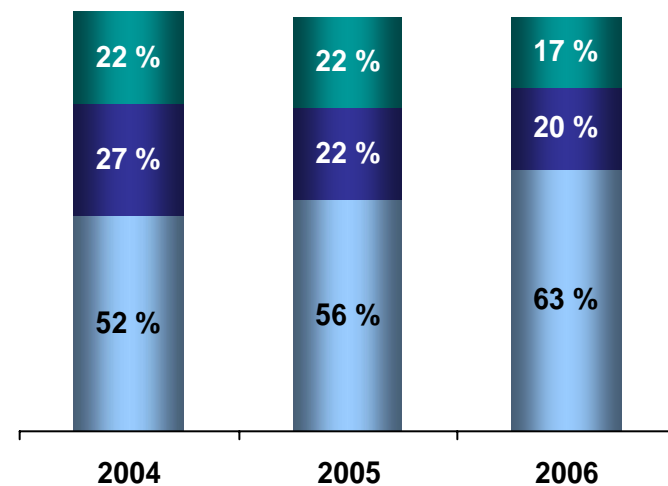


*) Exclusive of one-offs



Change in cost structure

	Q1 2006	Q2 2006	Q3 2006	Q4 2006
Revenue	348	382	387	401
Other income	3	1	3	1
Materials and services	-149	-179	-178	-181
Employee benefit expenses	-57	-60	-43	-54
Other operating expenses	-47	-49	-45	-48
Total	-253	-289	-267	-283
EBITDA	99	95	123	118
Depreciation	-55	-56	-50	-48
EBIT	43	39	73	71



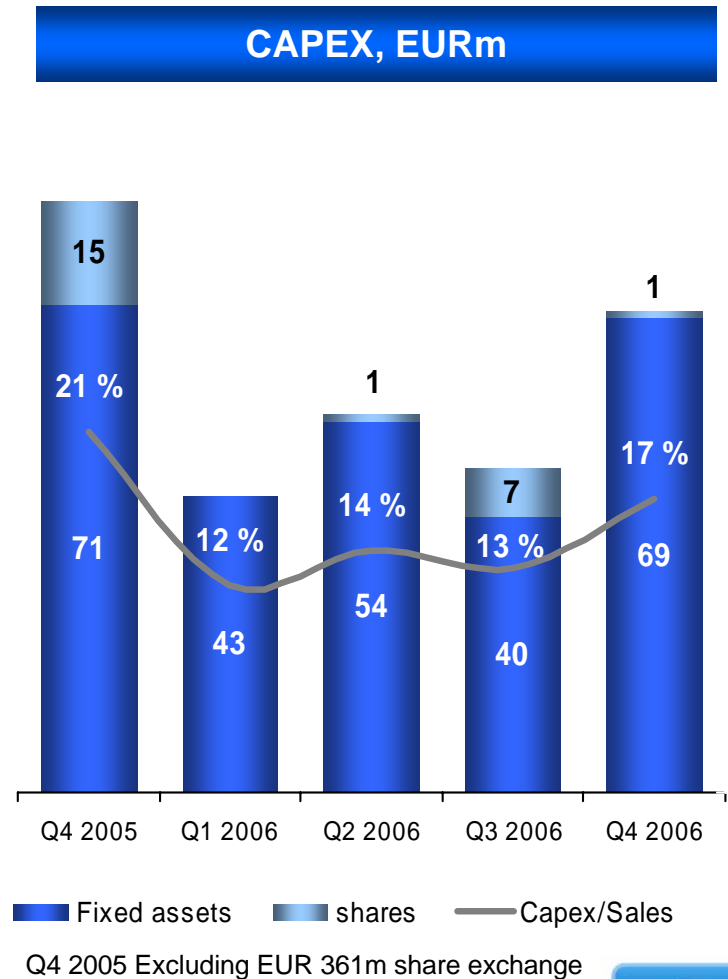
- Other operating expenses
- Employee benefit expenses
- Materials and services

Percentage of total expenses



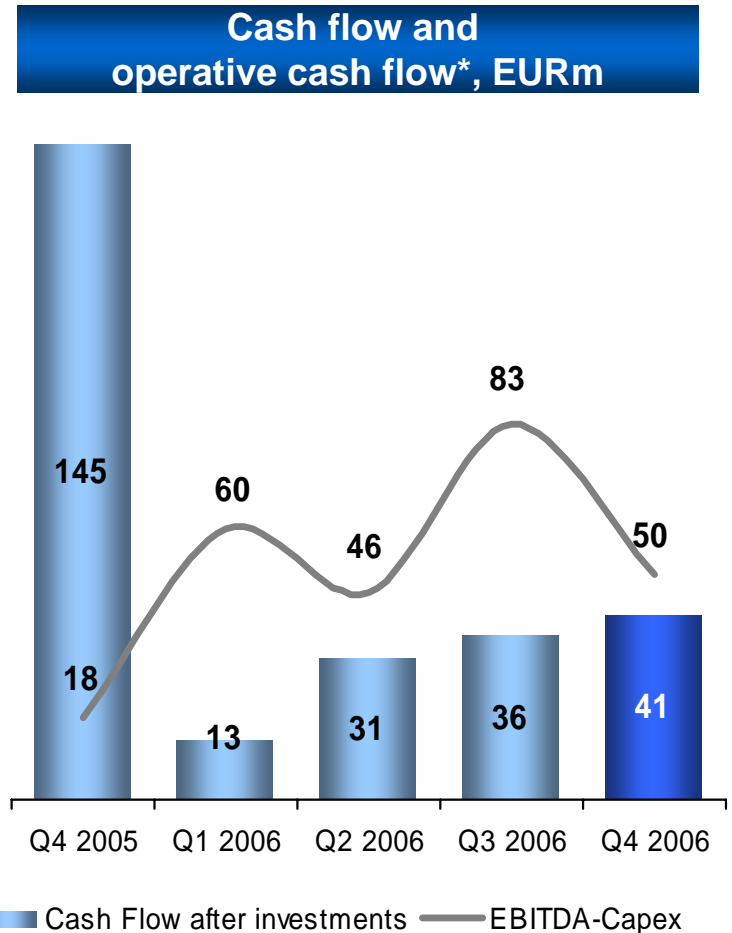
CAPEX higher in Q4

- CAPEX includes
 - New broadband infrastructure
 - 3G capacity and coverage increase
 - Billing and customer care system
- Investments in fixed assets
 - Mobile EUR 27m
 - Fixed network EUR 42m
- Lounet shares EUR 1m



Cash flow

- Positive cash flow EUR 41m in Q4
- Increase in net working capital EUR 9m
 - Sales receivables increased trough 3G bundling
 - Increase in inventories



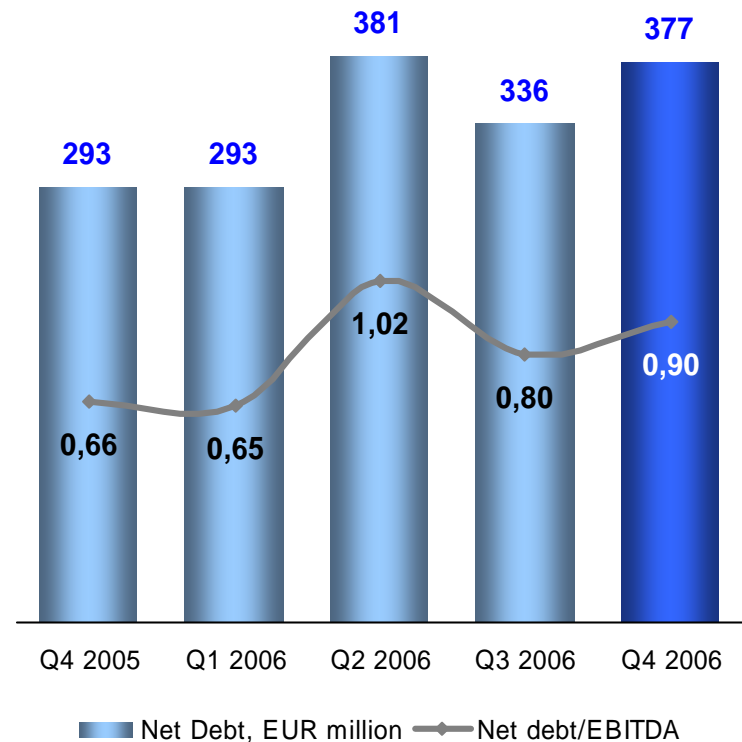
*Operative cash flow = EBITDA excl. one-offs - CAPEX



Net debt increased to EUR 377m

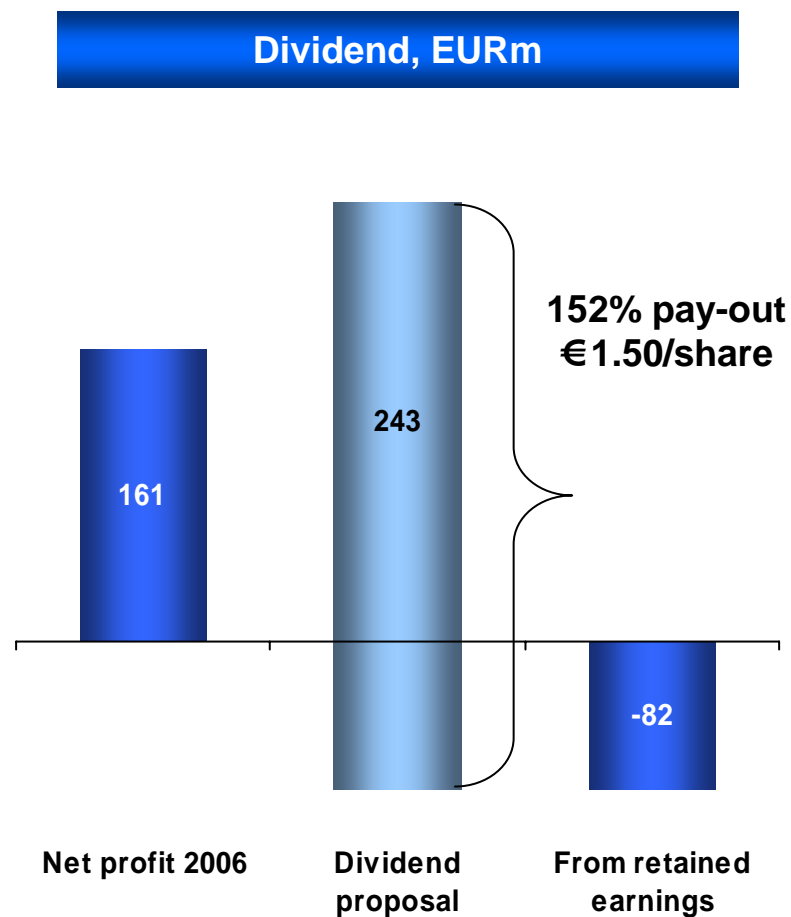
- Cash flow EUR 41m in Q4
- Share buybacks EUR 79m in Q4

Net debt, EURm and Net debt/EBITDA



Distribution proposal

- Distributable equity EUR 574m
- Dividend proposal EUR 1.50 share
 - Ordinary dividend EUR 0.50
 - Extra dividend EUR 1.00
 - Total dividend payment EUR 243m
- Dividend yield 7.2% (as 31.12.06)
- Proposal for 8 million shares buy-back authorisation
- Capital structure mid-term targets updated
 - Net Debt/EBITDA mid-term target updated to 1.5 – 2 (1 – 2)
 - Gearing target updated to 50 – 100% (50 -80%)





Financial statements

2006

Appendix slide

Consolidated Cash flow statement

CONSOLIDATED CASH FLOW STATEMENT

EUR million	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005
Cash flow from operating activities								
Profit before tax	69	69	34	39	33	28	113	39
Adjustments to profit before tax	46	50	63	59	57	53	-11	47
Change in working capital	-9	-22	-6	-40	14	-19	8	-26
Cash flow from operating activities	106	97	91	59	103	62	109	60
Received dividends and interests and interest paid	3	-10	-4	-6	2	-12	-4	-7
Taxes paid	1	0	0	-1	-1	-1	-2	-1
Net cash flow from operating activities	109	87	87	52	105	49	103	53
Cash flow in investments								
Capital expenditure	-69	-40	-54	-43	-71	-45	-38	-41
Investments in shares and other investments	-1	-18	-5	-3	13	-4	-14	1
Proceeds from asset disposal	1	7	0	7	98	2	85	13
Net cash used in investment	-69	-51	-58	-39	40	-48	33	-27
Cash flow after investments	41	36	29	13	145	1	136	26
Cash flow in financing								
Share Buy Backs	-79	0	0	1	1			
Change in interest-bearing receivables	0	0	0		0	1	0	0
Repayment of long-term debt	0	0	0	-122	-15	-2	-70	-15
Change in short-term debt	25	-35	35		-8	-9	-2	1
Repayment of financing leases	-2	-2	-3	-3	-4	-4	-4	-4
Dividends paid	-1	-1	-117	-5	-62	0	-5	-55
Cash flow in financing	-57	-38	-85	-129	-89	-14	-82	-74
Change in cash and cash equivalents	-17	-2	-56	-116	56	-13	54	-48



Appendix slide

Financial situation

Financial situation (million euros)

	31 December 2006	30 September 2006	30 June 2006	31 March 2006	31 December 2005
Interest-bearing debt					
Bonds and notes	327	327	326	326	446
Commercial Paper	25	0	35	0	0
Loans from financial institutions	0	0	0	0	0
Financial leases	46	48	49	51	56
Committed credit line 1)	0	0	0	0	0
Others 2)	1	1	11	13	4
Interest-bearing debt, total	399	375	421	390	506
Security deposits	1	1	1	1	1
Securities	0	0	0	41	177
Cash and bank	22	38	40	55	34
Interest-bearing receivables	22	39	41	96	213
Net debt 3)	377	336	380	294	293

- 1) The committed credit line is a joint EUR 170 million revolving credit facility with five banks, which Elisa Corporation may flexibly use on agreed pricing. The loan arrangement is valid until 17 June 2012.
- 2) Redemption liability for minorities
- 3) Net debt is interest-bearing debt less cash and interest-bearing receivables.

