

Elisa Financial Statement

1 January – 31 December 2003



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Q4 2003 Report

President and CEO Veli-Matti Mattila



Elisa Q4 2003

- Financial Highlights
- Market Review and Highlights per Segment
- Strategic Selections
- Future Outlook



Market Review 2003

- Slow market growth
- Competition has increased
- New players in the market



Favorable Progress in Q4

- Operative result improved further
- Market share sustained
 - Strong commitment of personnel
- Restructuring of operations proceeded as planned



Q4 2003 Highlights

- Revenue EUR 391m (385)
- EBITDA EUR 118m (88)
- Pre-tax profit EUR 23m (-3)
 - Mobile business' profitability improved
 - Profitability will improve further

Figures without one-off items



Q4 2003 Highlights

- Cash flow EUR 69m (41)
- Net debt EUR 654m (757)
- Operative CAPEX 14 % of revenue



Mobile

Market Review

- Growth in usage and number of subscriptions
- Price erosion due to competition
- Churn jumped after the launch of MNP



Mobile Q4/03

- Revenue up 10% to EUR 203m (185)
- EBITDA margin 33% (20)
- Number of subscriptions grew by 2% and was 1,374,000
 - Song and MTV3 new service operators
 - Own service operators' number of subscriptions increased



Fixed Network

Market Review

- Strong demand in broadband
- Number of analog lines decreased
- Growth in call center outsourcing
- Data communications created demand for ICT services



Fixed Network Q4/03

- Revenue EUR 169m (174)
- EBITDA margin 31% (32)
- Broadband channels up 77% to 127,400 (71,900)



Germany Q4/03

- Revenue EUR 33m (32)
- EBITDA EUR 2m (-1)
- EBIT EUR -9m (-10)
- Number of corporate customers grew further (42%)



Q4 and Year 2003

Elisa EURm	Excluding one-off items					
	Q4/03	Q4/02 change		2003	2002 change	
Revenue	391	385	1 %	1538	1563	-2 %
EBITDA	118	88	34 %	407	342	19 %
EBIT	33	10	221 %	83	32	159 %
Pre-tax profit	23	-3	-	43	-23	-

EURm	Reported figures					
	Q4/03	Q4/02 change		2003	2002 change	
Net result	-47	35	-	-17	-71	-
Cash flow	69	41	68 %	105	89	18 %



Strategic Selections

- Finland is the main market
- Carefully selected international markets
 - Estonia
 - International scope through partnerships
 - Structural changes in Germany



German Strategy

- Germany non-core business
 - Limited synergy benefits
 - No economies of scale without notable investments
- Negotiations for selling the business have commenced
- Write-down EUR 94m, tax benefit EUR 48m



Customer Oriented Offering

- Full range of telecom services
- ICT solutions
 - Comprehensive solutions: LAN, security services, mobile connectivity, call center services, VoIP
- Call center outsourcing
 - Elisa no. 1 in Finland
 - Annual market growth estimate 20%



Operational priorities

1. Customer orientation

- “One stop shopping”
- Strengthening of contact centers

2. Simplification of structure

- 1 July 2004 “one company” (New Elisa)
- New operational model

3. Significant profitability improvement

- Merging of billing and customer systems
- Centralisation of product management
- Integration and optimisation of networks
- Productivity improvements



Future Outlook

- Revenue at 2003 level
- Profitability will improve
- Effect of cost saving program from Q2/04 onwards
- Operative CAPEX below 15% of revenue
- Cash flow positive



Key Figures and Financial Position

CFO Tuija Soanjärvi



Elisa's Q4 and 2003 P&L

Elisa EURm	Excluding one-off items				Interim report			
	Q4/03	Q4/02	2003	2002	Q4/03	Q4/02	2003	2002
Revenue	391	385	1538	1563	391	385	1538	1563
Other operating income	13	9	34	18	13	37	34	92
EBITDA	118	88	407	342	96	118	385	333
<i>EBITDA margin</i>	30 %	23 %	26 %	22 %	25 %	31 %	25 %	21 %
Depreciation	-70	-64	-267	-255	-70	-64	-267	-255
Goodwill depreciation	-15	-14	-57	-55	-15	-14	-57	-55
Write-downs						-1	-94	-71
EBIT	33	10	83	32	-83	39	-34	-48
<i>EBIT margin</i>	9 %	3 %	5 %	2 %	-21 %	10 %	-2 %	-3 %
Share of assoc. comp. result	-1	-1	0	-5	-1	-1	0	-5
Net financial items	-10	-12	-40	-49	-10	-12	-40	-50
Pre Tax Profit	23	-3	43	-23	-93	26	-74	-103
Taxes	-7	10	-36	-16	47	2	60	3
Minority shares	-1	6	-3	26	-1	6	-3	26
Net Result	15	14	4	-13	-47	35	-17	-71
EPS, EUR	0,11	0,10	0,03	-0,10	-0,34	0,26	-0,12	-0,54

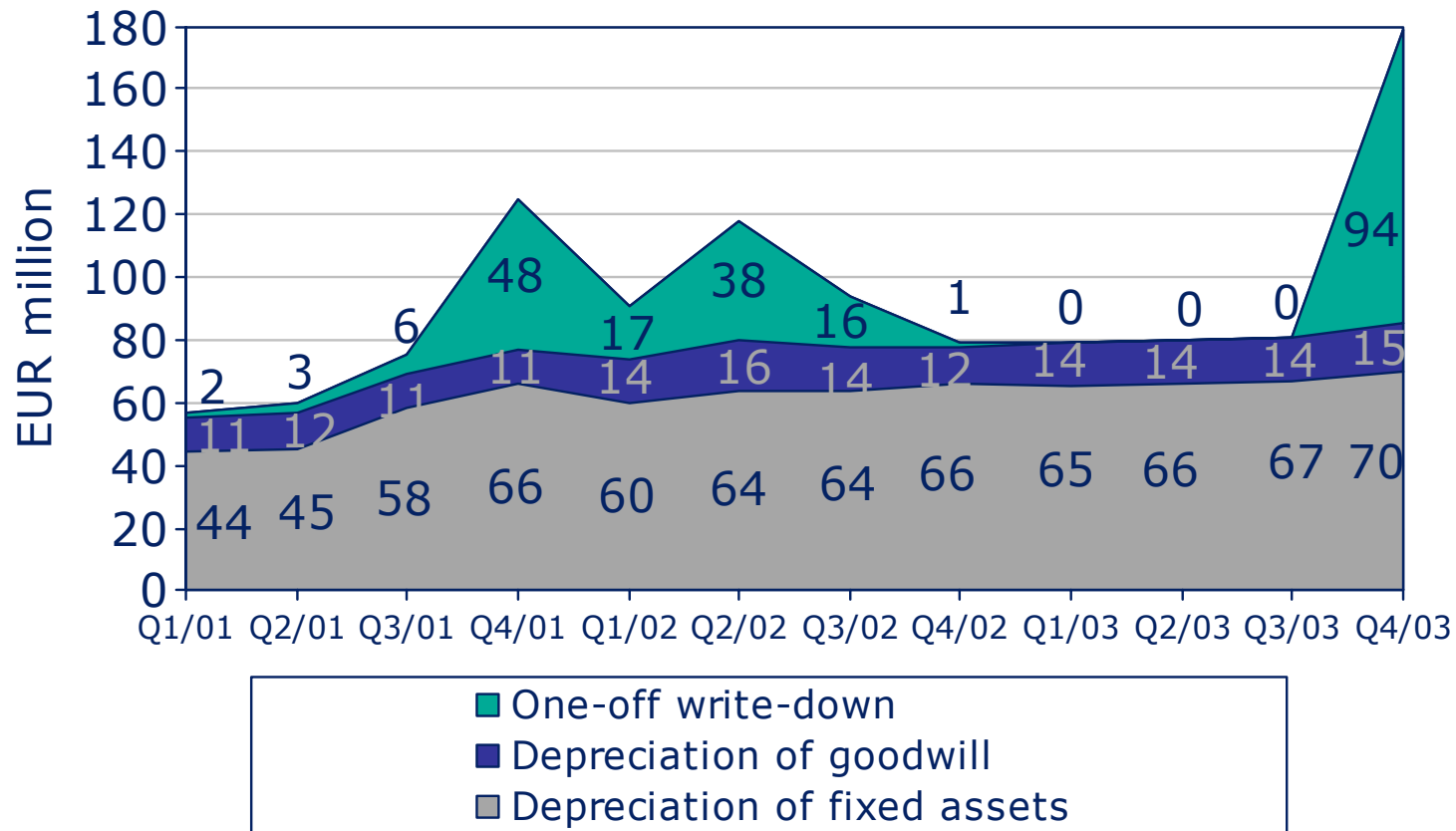


One-off Items Q4/03

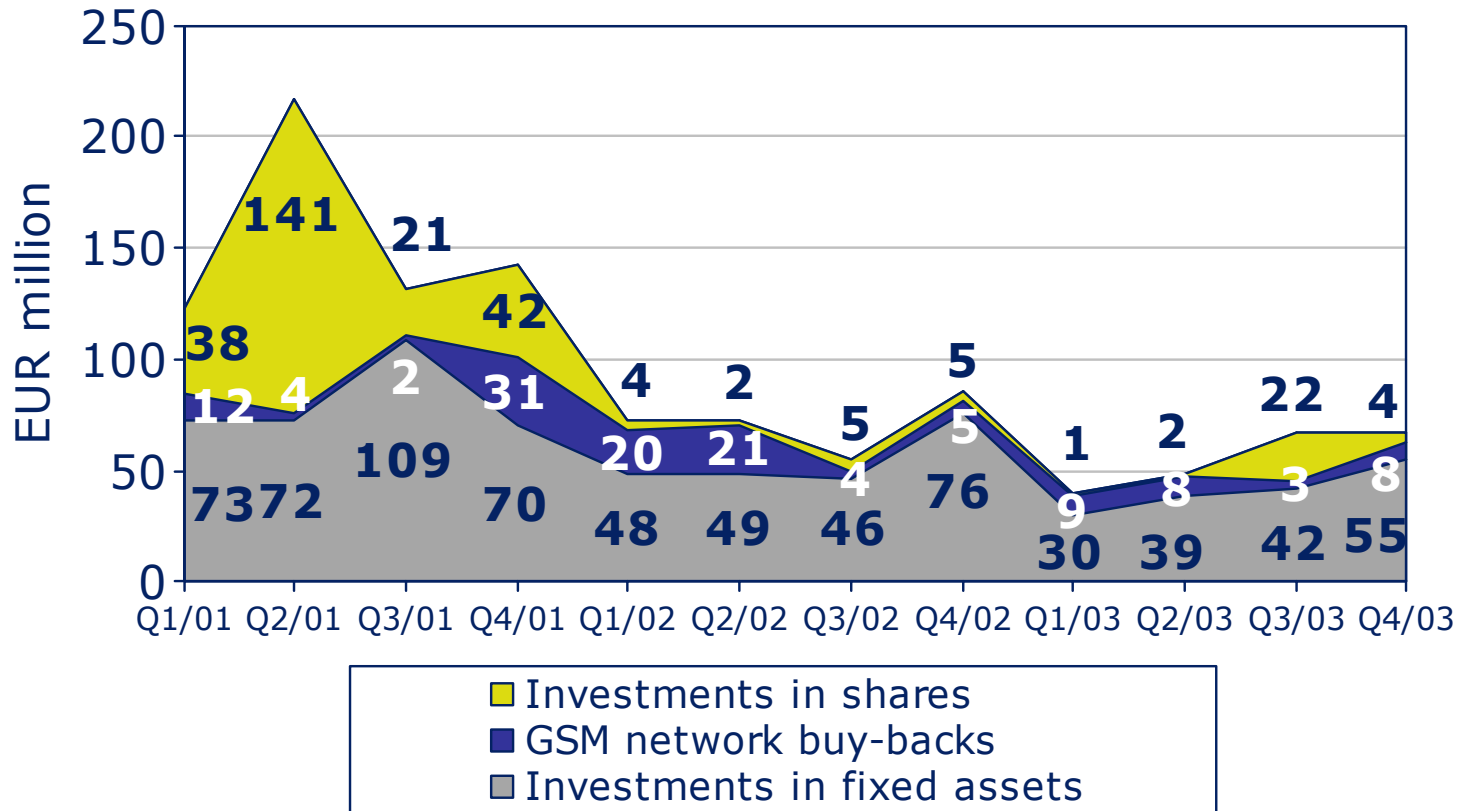
EURm	Clean Q4/2003	Reported Q4/2003
Revenue	391	391
Other operating income	13	13
Restructuring cost provision		-17
Increase in pension provision		-5
Opex	-286	-286
EBITDA	118	96
Depreciation	-70	-70
Goodwill depreciation	-15	-15
Write-down from German goodwill		-88
Write-down from German fixed assets		-6
EBIT	33	-83



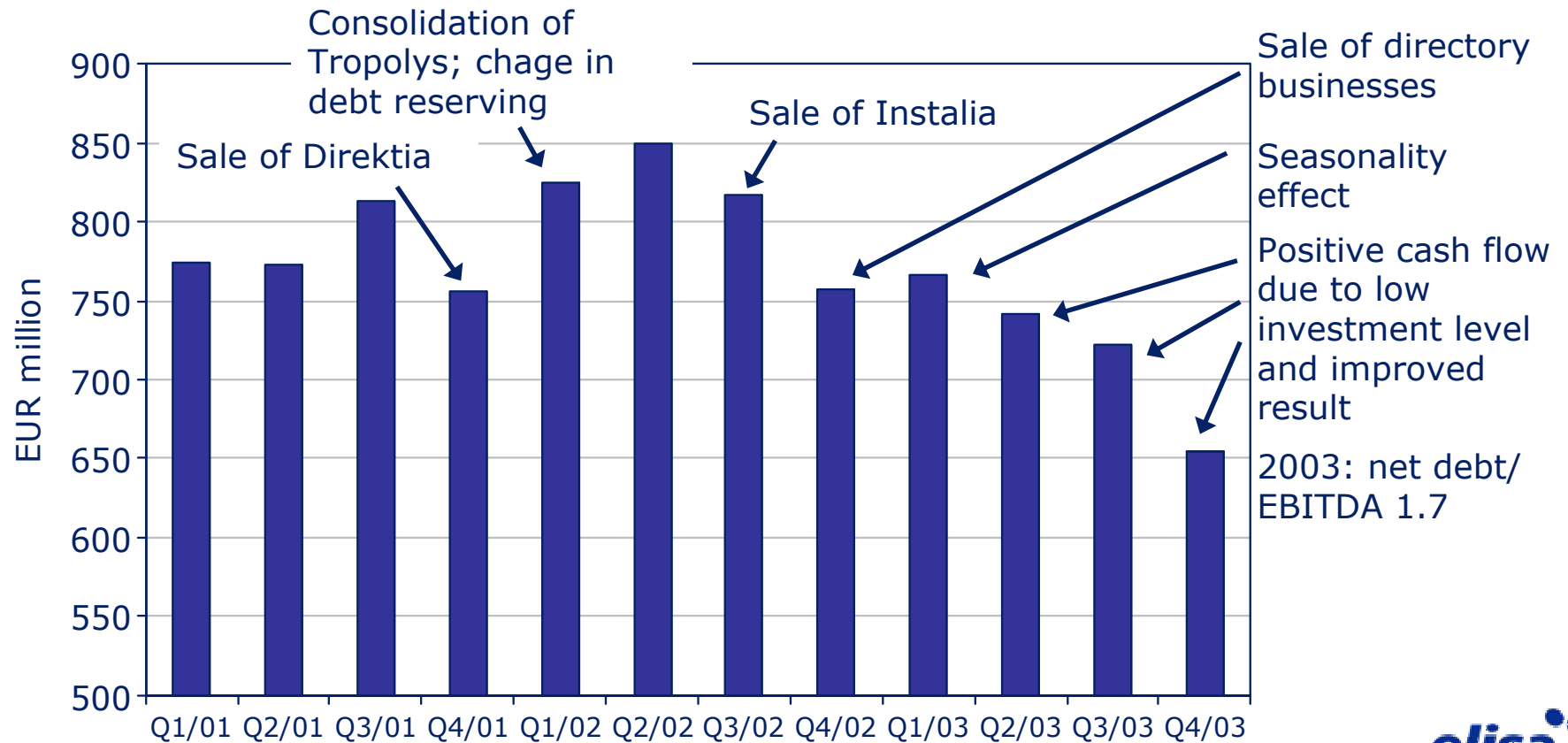
Write-downs and Depreciations



Operative CAPEX 14% of Revenue



Net Debt Decreased



Elisa Financial Statement

1 January – 31 December 2003



Key Figures of Mobile Business

Mobile business' key figures, EURm	Q4/03	Q4/02	%	2003
Revenue	203	185	10 %	762
Clean EBITDA	66	37	77 %	215
Clean EBITDA-%	33 %	20 %		28 %
Leasing adj. EBITDA	70	43	63 %	237
Leasing adj. EBITDA-%	34 %	23 %		31 %
CAPEX	34	54	-37 %	103
CAPEX excl. network buy-backs	26	50	-47 %	75
Oper CAPEX / sales	13 %	27 %		10 %
No. of Subscriptions in Finland *	1 374 146	1 342 417	2 %	1 374 146
ARPU, EUR **	43,7	41,3	6 %	41,6
Churn **	22,9 %	21,2 %		18,6 %
Minutes of use, million *	604	523	16 %	2 310
Minutes of use / subs / month **	152	136	11 %	146
No. of SMS, million *	121	111	9 %	453
No. of SMS / subs / month **	30	29	5 %	29
Value added services / revenue	12 %	12 %		12 %

* Network operator

** Service operator

Key Figures of Elisa Group

Elisa Group EURm	Q4/03	Q3/03	Q2/03	Q1/03	Q4/02	Q3/02	Q2/02	Q1/02	Q4/01
Revenue	391	385	391	371	385	388	406	384	386
EBITDA	96	107	97	85	118	51	86	78	183
<i>EBITDA-%</i>	25 %	28 %	25 %	23 %	31 %	13 %	21 %	20 %	47 %
Clean EBITDA	118	107	97	85	88	84	86	86	97
<i>Clean EBITDA-%</i>	30 %	28 %	25 %	23 %	23 %	22 %	21 %	22 %	25 %
EBIT	-83	26	17	7	39	-43	-32	-13	58
Clean EBIT	33	26	17	7	10	6	6	12	19
<i>Clean EBIT-%</i>	8 %	7 %	4 %	2 %	3 %	2 %	1 %	3 %	3 %
Pre-Tax Profit	-93	17	7	-5	26	-56	-49	-25	44
Clean Pre-Tax Profit	23	17	7	-5	-3	-7	-11	0	5

Financial position

Net debt	654	722	742	767	757	817	850	825	802
Equity ratio	40 %	40 %	40 %	38 %	38 %	35 %	38 %	38 %	40 %
Net debt / EBITDA	1,7	1,9	2	2,2	2,2	2,4	2,45	2,7	2,3
Net interest coverage	9,6	10	8,9	8,1	7	6,7	7,2	6,8	8,8
Gearing	87 %	88 %	91 %	97 %	95 %	105 %	102 %	94,1 %	88,4 %

Investments

in fixed assets	55	42	39	30	76	46	49	48	70
Operative CAPEX/Sales	14 %	11 %	10 %	8 %	20 %	12 %	12 %	13 %	18 %
in network buy-backs	8	3	8	9	5	4	21	20	31
in shares	4	22	2	1	5	5	2	4	42
Total	67	67	49	40	86	55	72	72	143
CAPEX/Sales	17 %	17 %	13 %	11 %	22 %	14 %	18 %	19 %	37 %

Key Figures of Elisa Group (cont.)

Segments	Q4/03	Q3/03	Q2/03	Q1/03	Q4/02	Q3/02	Q2/02	Q1/02	Q4/01
Mobile									
Revenue	203	195	190	175	185	188	192	174	180
ARPU, EUR	43,7	42,5	41,7	38,5	41,3	43,0	43,5	41,4	42,7
Churn, %	22,9	24,2	13,4	14,4	21,2	14,0	12,7	18,2	14,4
Subscriptions	1 374 146	1 374 847	1 356 881	1 348 183	1 342 417	1 301 621	1 289 016	1 348 710	1 356 204
Clean EBITDA	66	58	49	42	37	50	55	52	47
<i>Clean EBITDA</i> -%	33 %	30 %	26 %	24 %	20 %	27 %	29 %	30 %	28 %
Leasing adjusted EBITDA	70	64	56	49	43	57	66	63	60
<i>Leasing adj. EBITDA</i> -%	34 %	33 %	29 %	28 %	23 %	30 %	34 %	36 %	35 %
Fixed network									
Revenue	169	163	175	170	174	177	181	203	209
Subscriptions, total	1 186 584	1 182 402	1 181 008	1 184 222	1 184 938	1 141 658	1 142 755	1 147 000	1 137 000
Broadband subscriptions	127 388	107 875	93 677	81 781	71 855	58 974	43 865	36 000	27 000
ISDN channels	200 455	211 510	222 153	229 252	237 263	249 667	260 015	269 000	276 000
Cable TV subscriptions	183 469	179 858	176 506	172 400	169 900	143 700	139 000	136 000	154 400
Analogue and other subs	675 272	683 159	688 672	700 789	705 920	689 317	699 875	706 000	679 600
Clean EBITDA	52	50	50	52	56	57	52	52	63
<i>EBITDA</i> -%	31 %	31 %	29 %	31 %	32 %	32 %	29 %	26 %	27 %
Germany									
Revenue	33	34	35	32	32	31	28	27	14
Clean EBITDA	2	1	1	-1	-1	-9	-4	-8	-9
<i>Clean EBIT</i> -%	6 %	3 %	3 %	-2 %	-2 %	-20 %	-14 %	-30 %	-64 %

Q4 2003 Key Figures per Segment

	Revenue		EBITDA		EBIT		Clean EBITDA		Clean EBIT	
	Q4/03	Q4/02	Q4/03	Q4/02	Q4/03	Q4/02	Q4/03	Q4/02	Q4/03	Q4/02
Mobile										
Service- and network operators	203	185	64	37	38	13	66	37	40	13
Intra-SBA sales										
Group bookings					-9	-9			-9	-9
Total	203	185	64	37	29	4	66	37	31	4
Fixed network										
Service operator	162	153	2	38	-15	31	15	14	-2	8
Network operator	71	77	37	42	21	24	37	42	21	24
Intra-SBA sales	-64	-56								
Group bookings					0	-1			0	-1
Total	169	174	39	80	6	54	52	56	19	31
Germany										
Carrier-business	33	32	2	1	-11	-7	2	-1	-9	-10
Mäkitorppa GmbH		0		0		0		0		0
Group bookings					-92	-1			0	0
Total	33	32	2	1	-103	-8	2	-1	-9	-10
Other companies										
Comptel	13	12	3	-1	2	-2	3	-1	2	-2
Other companies *	12	14	1	-2	0	-3	1	-2	0	-3
Group bookings	-1	-1			-2	-4			-2	-4
Total	24	25	4	-3	0	-9	4	-3	0	-9
Group functions**	10	11	-13	3	-15	-2	-6	-1	-8	-6
Elisa Group										
Business areas total	439	427	96	118	-83	39	118	88	33	10
Inter-SBA sales	-48	-42								
Group total	391	385	96	118	-83	39	118	88	33	10

*) Yomi IT companies and Yomi Group's parent company

***) headquarter staff, centralized R&D and group internal services

Due to structural changes in the fixed line business 2003 and 2002 figures are not fully comparable

Fixed Assets and Goodwill by Segments

EURm	Fixed assets Dec 2003	Depreciations 2003	One-off depr. 2003	Depr. from fixed assets total	Goodwill Dec 2003	Goodwill depr. 2003	Goodwill depr. est. 2004	Depr. time, years
Mobile	363	103	0	103	424	38	38	15
Fixed network	385	120	0	120	30	2	2	15
Germany	135	31	6	37	3	100*	0	10
Others	37	13	0	13	3	5	1	5
Total	920	267	6	273	460	145	41	

* incl. EUR 88m one-off write-down