Financial Statements 2014

30 January 2015

ELISA'S FINANCIAL STATEMENTS 2014

Fourth quarter 2014

- Revenue amounted to EUR 386 million (401)
- EBITDA was EUR 125 million (122, excluding non-recurring items 134) and EBIT was EUR 71 million (69, excluding non-recurring items 81)
- Profit before taxes amounted to EUR 63 million (60, excluding non-recurring items 72)
- Earnings per share were EUR 0.31 (0.32, excluding non-recurring items 0.37)
- Cash flow after investments was EUR 42 million (26)
- Result includes extra expenses of approx. EUR 6 million relating brand renewal, outsourcing and visual communications business reorganization

- Mobile ARPU was EUR 15.0 (15.3 in previous quarter)
- Mobile churn was 16.6 per cent (16.9 in previous quarter)
- The number of Elisa's mobile subscriptions decreased by 26,600 during the quarter. Prepaid decreased by 32,400 and postpaid increased by 5,800.
- The number of fixed broadband subscriptions was at the previous quarter's level
- Net debt / EBITDA was 1.9 (2.0 end 2013) and gearing 114 per cent (113)

Year 2014

- Revenue was EUR 1,535 million (1,547)
- EBITDA was EUR 520 million (491, excluding non-recurring items 508) and EBIT was EUR 305 million (281, excluding non-recurring items 298)
- Profit before tax was EUR 278 million (255, excluding non-recurring items 272)
- Earnings per share were EUR 1.41 (1.25, excluding non-recurring items 1.33)
- Cash flow after investments was EUR 185 million (84), excl. acquisitions EUR 224 (177)
- The Board of Directors proposes a dividend of EUR 1.32 per share

Key indicators

	4th Quarter		Full year	
EUR million	2014	2013[1)]	2014	2013[1)]
Revenue	386	401	1,535	1,547
EBITDA	125	122	520	491
EBIT	71	69	305	281
Profit before tax	63	60	278	255
Earnings per share, EUR	0.31	0.32	1.41	1.25
Capital expenditure	47	90	191	240
CAPEX excluding licence fees	47	57	191	202

1) Excluding non-recurring items: Q4 2013 EBITDA EUR 134m, EBIT EUR 81m, Profit before tax EUR 72m and EPS EUR 0.37, FY 2013: EBITDA EUR 508m, EBIT EUR 298m, Profit before tax EUR 272m and EPS EUR 1.33

Financial position and cash flow

EUR million	End 2014	End 2013
Net debt	1,001	971
Net debt / EBITDA [1)]	1.9	2.0
Gearing ratio, %	114.0	112.6
Equity ratio, %	39.4	37.3

	4th Quarter		Full year	
EUR million	2014	2013	2014	2013
Cash flow after investments [2)]	42	26	185	84

1) (interest-bearing debt – financial assets) / (four previous quarters' EBITDA exclusive of non-recurring items)
2) Full-year cash flow after investments excluding investments in PPO, Sulake and Anvia shares EUR 224m (177)

The Board of Directors proposes to the Annual General Meeting a dividend of EUR 1.32 (1.30) per share. The Board of Directors decided also to propose to the General Meeting an authorisation to acquire max. 5 million treasury shares, which corresponds to 3 per cent of the total shares. Key Performance Indicators: www.elisa.com/investors, Elisa Operational Data.xls

CEO Veli-Matti Mattila:

Best result in Elisa's history

Elisa's earnings grew in 2014 and competitiveness improved further. The use of mobile data services continued to increase intensely. The availability of 4G, the widespread use of smartphones and the popularity of mobile apps have already become deeply rooted in the lives of consumers, corporate customers and organisations. Revenue remained at the previous year's level. In the last quarter of the year, extra costs affected our earnings negatively. Divestments, Elisa Videra and lower interconnection prices reduced fourth-quarter revenue. The overall uncertainty in the general economic situation continued.

Our mobile subscription base grew by approximately 33,000 during the year. The decline in the number of fixed broadband subscriptions amounted to 8,000. During the last quarter of the year, the mobile subscription base fell by approximately 27,000 due to the decline in prepaid subscriptions during the summer. The number of fixed broadband subscriptions remained unchanged.

The Elisa Viihde IPTV service gained a number of new functionalities and additional content during the year. Towards the end of the year, Elisa Viihde IPTV was made accessible to smartphones and tablets, whereby the viewing of recordings is possible across 3G, 4G and WLAN connections. Sales of e-books in the Elisa Kirja service doubled during the year. EpicTV, which focuses on outdoor and adventure sports, already reaches 4.4 million visitors each month. We introduced a Square Trade additional protection plan for smartphones and tablets. The service guarantees users a quick replacement for mobile equipment in case of failures. We also introduced MS Office for consumers. It will be possible to get programs through a monthly subscription as part of their operator's invoice.

The uncertainty in the economic situation is creating demand for ICT services. Companies and organisations have been investing in innovative new practices that improve productivity and bring value to their customers. The Elisa Etämittaus (remote measurement) mobile app received an award in the Best Mobile Service in Finland 2014 competition. The app accelerates the diagnosis of various diseases, asthma, for example. We strengthened our selection of information and cybersecurity services for corporate customers. The Elisa Kilpi service offers help during denial-of-service attacks, and the Elisa Aisti service’s security view provides operator-level monitoring for the use of companies.

During the year, we expanded Elisa 4G to cover almost all Finns. A significant part of our EUR 200 million annual investments in Finland are directed towards enabling 4G LTE speeds, which already cover 95 per cent of Finns. We were also the first company in Europe to test new technologies improving coverage, double 4G LTE network transmission speeds at large public events, and use a mini base station augmenting indoor coverage for companies.

For schoolchildren, Elisa organised a number of digital schools, as well as helping senior citizens to get acquainted with new technologies and the opportunities they provide. Elisa's climate report again received an excellent grade in the CDP index. The result is an indication of our long-term work to measure emissions.

We will continue our determined work to improve both customer satisfaction and our operational productivity. Improving our productivity, developing new services for our customers, and maintaining our strong investment ability create a solid foundation for competitive operations in the future.

FINANCIAL STATEMENTS 2014

The Interim report has been prepared in accordance with the IAS 34 standard.

Market situation

The competitive environment has been intense during the year. The mobile smartphone market grew rapidly and the usage of data services continued to evolve favourably. Approximately 90 per cent of the mobile handsets sold were smartphones. Another factor contributing to mobile market growth has been the increased network coverage of new 4G speeds. The number and usage of traditional fixed network subscriptions is decreasing.

The markets for new visual communications (video conferencing), IT outsourcing and IPTV entertainment services have continued to develop favourably. The demand for other new consumer online services is also growing.

Revenue, earnings and financial position

Revenue and earnings:

EUR million	2014	2013 [1)]	2012
Revenue	1,535	1,547	1,553
EBITDA	520	491	501
EBITDA-%	*33.8*	*31.7*	*32.3*
EBIT	305	281	299
EBIT-%	*19.9*	*18.1*	*19.2*
Return on equity, %	25.6	22.9	24.7

[1)] 2013 excluding non-recurring items: EBITDA EUR 508m, EBIT EUR 298m

Year 2014

Revenue decreased by 1 per cent. Positive contributors to revenue included the acquisition of the regional fixed network operator PPO in 2013, mobile service business, equipment sales, Corporate Customers' IT services and Consumer Customers' Elisa Viihde IPTV service. Divestments of some non-core businesses, lower mobile termination rates as well as the decrease in usage and subscriptions of traditional fixed telecom services in both segments affected revenue negatively.

EBITDA excluding non-recurring items increased by 2 per cent (reported EBITDA by 6 per cent), mainly due to acquisitions and synergies as well as productivity improvement measures. EBIT excluding non-recurring items increased by 2 per cent. Depreciation grew, mainly due to full-year consolidation of PPO companies in 2014.

Net financial income and expenses were EUR -27 million (-26). Financial expenses include a EUR 1 million write-down of the BCC Finland Oy divestment. Income taxes in the income statement decreased to EUR -55 million (-58) due to the lower corporate tax rate in Finland from the beginning of the year. Elisa's net profit was EUR 223 million (196). The Group's earnings per share amounted to EUR 1.41 (1.25, excluding non-recurring items EUR 1.33).

Fourth quarter 2014

Revenue decreased by 4 per cent from EUR 401 million to EUR 386 million. Divestments of some non-core businesses, lower visual communication business revenue, lower interconnection prices, as well as decrease in usage and subscriptions of traditional fixed telecom services in both segments affected revenue negatively. Revenue was positively affected by growth in mobile services and equipment sales, as well as Corporate Customers' IT services and Consumer Customers' Elisa Viihde IPTV service.

EBITDA excluding non-recurring items decreased by 7 per cent from EUR 134 million to EUR 125 million mainly due to lower revenue and extra expenses relating to brand renewal, outsourcing and visual communication business reorganization of EUR 6 million.

Net financial income and expenses improved to EUR -7 million (-9) mainly due to lower interest rates. Income taxes in the income statement amounted to EUR -14 million (-11). Elisa's net profit was EUR 50 million (49). The Group's earnings per share amounted to EUR 0.31 (0.32, excluding non-recurring items EUR 0.37).

Financial position

EUR million	End 2014	End 2013	End 2012
Net debt	1,001	971	839
Net debt / EBITDA [1)]	1.9	2.0	1.7
Gearing ratio, %	114.0	112.6	99.3
Equity ratio, %	39.4	37.3	42.3

EUR million	Full year 2014	Full year 2013	Full year 2012
Cash flow after investments [2)]	185	84	155

[1)] (interest-bearing debt – financial assets) / (4 previous quarters' EBITDA exclusive of non-recurring items)
[2)] Full-year cash flow after investments excluding investments in PPO, Sulake and Anvia shares EUR 224m (177)

Year 2014
Cash flow after investments was EUR 185 million, excluding acquisition EUR 224 million (84, excluding acquisitions EUR 177 million). Cash flow excluding acquisitions grew due to increased EBITDA, lower investment level and lower taxes. Cash flow was negatively affected by net working capital change.

The financial and liquidity positions are good. Net debt increased to EUR 1,001 million mainly as a result of share acquisitions. Cash and undrawn committed credit lines totalled EUR 341 million at the end of the fourth quarter.

Fourth quarter 2014
Cash flow after investments was EUR 42 million (26). The increase was mainly due to the higher EBITDA, lower investment level, lower paid taxes and positive change in net working capital. Cash flow was negatively affected by higher cash investment in shares.

Changes in corporate structure

On 31 July 2014, Elisa increased its ownership in Videra Oy to 100 per cent.

During August–December, Elisa's ownership of regional fixed line operator Anvia Corporation grew to 24 per cent of the share capital and 26 per cent of the outstanding shares. Anvia is consolidated to Elisa's financial statements as an associated company from 1 October 2014 onwards.

Elisa's fully owned subsidiaries Ecosite Oy, KYMP Oy, Optimiratkaisut Oy and Viske Oy merged with Elisa Corporation on 31 December 2014.

Consumer Customers business

EUR million	4th Quarter 2014	2013[1)]	Full year 2014	2013[1)]
Revenue	239	244	954	949
EBITDA	81	73	327	295
EBITDA-%	*33.9*	*30.1*	*34.3*	*31.1*
EBIT	50	45	204	178
CAPEX	27	48	105	132

1) Excluding non-recurring items: Q4 2013: EBITDA EUR 79m, EBIT EUR 50m. Full year 2013: EBITDA EUR 304m, EBIT EUR 187m.

Year 2014
Revenue increased by 1 per cent. The PPO acquisition in 2013, mobile services, equipment sales and growth in Elisa Viihde IPTV service contributed positively to revenue. Divestments of some non-core businesses and the decrease in usage and subscriptions of traditional fixed telecom services affected revenue negatively, as did the lower mobile termination rates.

EBITDA excluding non-recurring items increased by 7 per cent, mainly due to the PPO acquisition and synergies, as well as growth in revenue and productivity improvement measures.

Fourth quarter 2014
Revenue decreased by 2 per cent, mainly due to the lower mobile termination rate. The decrease in fixed network usage and subscriptions also affected revenue negatively. Growth in equipment sales, mobile services and in Elisa Viihde IPTV service contributed positively to revenue.

EBITDA excluding non-recurring items increased by 3 per cent, mainly due to PPO acquisition synergies, as well as increased mobile service revenue and productivity improvement measures. Extra expenses relating to brand renewal and outsourcing affected EBITDA negatively.

Corporate Customers business

EUR million	4th Quarter 2014	2013[1)]	Full year 2014	2013[1)]
Revenue	146	157	581	598
EBITDA	44	48	193	195
EBITDA-%	*29.8*	*30.7*	*33.2*	*32.7*
EBIT	20	24	101	103
CAPEX	20	42	87	108

1) Excluding non-recurring items: Q4 2013: EBITDA EUR 55m, EBIT EUR 30m. Full year 2013: EBITDA EUR 204m, EBIT EUR 111m.

Year 2014
Revenue decreased by 3 per cent. Divestments of some non-core businesses, lower mobile termination rate and roaming fees, as well as a decrease in traditional fixed network business affected revenue negatively. The PPO acquisition and growth in IT services contributed positively to revenue.

EBITDA excluding non-recurring items decreased by 5 per cent, mainly as a result of lower revenue.

Fourth quarter 2014
Revenue decreased by 7 per cent. Divestments of some non-core businesses, lower visual communication business revenue, decline in usage and subscriptions in traditional fixed telecom services and lower mobile termination rates and roaming decreased revenue. Growth in IT services affected revenue positively.

EBITDA excluding non-recurring items decreased by 20 per cent mainly due to decreased revenue as well as extra expenses relating to brand renewal, outsourcing and visual communications business reorganization.

Personnel

In 2014, the average number of personnel at Elisa was 4,138 (4,320). Employee expenses totalled EUR 248 million (270). Personnel at the end of 2014 amounted to 4,089 (4,217). Personnel by segment at the end of the period:

	End 2014	End 2013
Consumer Customers	2,338	2,424
Corporate Customers	1,751	1,793
Total	4,089	4,217

Investments

	4th Quarter		Full year	
EUR million	2014	2013	2014	2013
Capital expenditure, of which	47	90	191	240
- Consumer Customers	27	48	105	132
- Corporate Customers	20	42	87	108
Shares	14	39	43	150
Total	62	128	235	390

Year 2014
In 2014, the main capital expenditures related to the capacity and coverage increase of the 4G networks, as well as to other network and IT investments. 2013 capital expenditure includes 800 MHz LTE licences of EUR 38 million, of which EUR 33 million relates to Finland and EUR 5 million to Estonia. 2014 investments in shares relate to the ownership increase in Anvia and 2013 to the PPO and Sulake acquisitions and merger consideration of Kymen Puhelin and Telekarelia minority shareholders.

Fourth quarter 2014
The main capital expenditures related to the capacity and coverage increase of the 4G networks, as well as to other network and IT investments. 2013 capital expenditure includes 800 MHz LTE licences of EUR 33 million in Finland. 2014 investments in shares relate to the ownership increase in Anvia and 2013 to merger consideration of Kymen Puhelin and Telekarelia minority shareholders.

Financing arrangements and ratings

Valid financing arrangements

EUR million	Maximum amount	In use on 31 Dec 2014
Committed credit lines	300	0
Commercial paper programme [1)]	250	210
EMTN programme [2)]	1,000	600

[1)] The programme is not committed
[2)] Euro Medium Term Note programme, not committed

Long-term credit ratings

Credit rating agency	Rating	Outlook
Moody's Investor Services	Baa2	Stable
Standard & Poor's	BBB	Positive

The Group's cash and undrawn committed credit lines totalled EUR 341 million (438) on 31 December 2014.

Share

Share trading volumes and closing prices are based on trades made on the Nasdaq Helsinki.

	4th Quarter		Full year	
Trading of shares	2014	2013	2014	2013
Shares traded, millions	29.8	23.4	112.7	128.1
Volume, EUR million	637.0	429.8	2,359.4	2,068.4
% of shares	21.3	14.0	67.4	76.6

Shares and market values	End 2014	End 2013
Total number of shares	167,335,073	167,335,073
Treasury shares	7,986,043	7,986,043
Outstanding shares	159,349,030	159,349,030
Closing price, EUR	22.61	19.26
Market capitalisation, EUR million	3,611	3,069
Treasury shares, %	4.77	4.77

Elisa shares are also traded in alternative marketplaces. According to the Fidessa Fragmentation Index, the trading volumes in these markets during the fourth quarter were approximately 119 per cent (89), and in 2014, 112 per cent (93) of the Nasdaq Helsinki. The total trading volume in all marketplaces represents approximately 143 per cent (148) of outstanding shares.

Number of shares	Total number of shares	Treasury shares	Outstanding shares
Shares at 31 Dec 2013	167,335,073	7,986,043	159,349,030
Shares at 31 Dec 2014	167,335,073	7,986,043	159,349,030

Research and development

The majority of the service development occurs during the ordinary course of business and is accounted for as a normal operating expense. Elisa invested EUR 13 million (10) in research and development, of which EUR 11 million has been capitalised in 2014 (EUR 8 million in

2013 and EUR 7 million in 2012), corresponding to 0.8 per cent of revenue (0.6 per cent in 2013 and 0.6 per cent in 2012).

The Annual General Meeting

On 2 April 2014, Elisa's Annual General Meeting decided to pay a dividend of EUR 1.30 per share based on the 2013 financial statements. The dividend was paid to shareholders on 15 April 2014.

The Annual General Meeting adopted the financial statements for 2013. The members of the Board of Directors and the CEO were discharged from liability for 2013.

The number of the members of the Board of Directors was confirmed at seven. Mr Raimo Lind, Mr Mika Vehviläinen, Ms Leena Niemistö, Ms Eira Palin-Lehtinen and Mr Jaakko Uotila were re-elected as members of the Board of Directors and Mr Petteri Koponen and Ms Seija Turunen as new members of the Board of Directors. Mr Raimo Lind was elected as the Chairman of the Board and Mr Mika Vehviläinen as the Deputy Chairman. Mr Raimo Lind, Ms Leena Niemistö and and Mr Mika Vehviläinen were appointed to the Compensation & Nomination Committee. Ms Eira Palin-Lehtinen (Chair), Mr Petteri Koponen, Ms Seija Turunen and Mr Jaakko Uotila were appointed to the Audit Committee.

KPMG Oy Ab, authorised public accountants, was appointed the company's auditor. APA Esa Kailiala is the responsible auditor.

The Board of Directors' authorisations

The Annual General Meeting decided to authorise the Board of Directors to resolve to repurchase or accept as pledge the company's own shares. The repurchase may be directed. The amount of shares under this authorization is 5 million shares at maximum. The authorisation is effective until 30 June 2015.

The Annual General Meeting decided to authorise the Board of Directors to pass a resolution concerning the share issue, the right of assignment of treasury shares and/or the granting of special rights entitling to shares. A maximum aggregate of 15 million of the company's shares can be issued under the authorization. The authorisation is effective until 30 June 2016.

Elisa Shareholders' Nomination Board

As of 3 September 2014, the composition of Elisa's Shareholders' Nomination Board is as follows:

- Eija Ailasmaa, Master of Political Science, nominated by Solidium Oy
- Reima Rytsölä, Chief Investment Officer, nominated by Varma Mutual Pension Insurance Company
- Timo Ritakallio, CEO, nominated by Ilmarinen Mutual Pension Insurance Company
- Jorma Eräkare, Head of Finnish Equities, nominated by Nordea Nordic Small Cap
- Raimo Lind, Chairman of the Board of Elisa

The Nomination Board elected Eija Ailasmaa as the chair.

The shareholders' Nomination Board was established in 2012 by Annual General Meeting. Its duty is to prepare proposals for the election and remuneration of the members of the Board of Directors of Elisa for the Annual General Meeting.

Significant legal and regulatory issues

In March, at the request of the Consumer Ombudsman, the Market Court prohibited Elisa from charging a separate fee of EUR 1.90 or more for mobile subscription paper invoices. The decision includes a conditional fine. The Market Court did not impose a prohibition on charging a separate fee for paper invoices in general. On 28 October 2014, the Supreme Court granted both Elisa and Consumer Ombudsman leave to appeal against the Market Court's decision concerning paper invoice fees for mobile subscriptions.

Since 31 July 2014, Videra Oy has been wholly owned by Elisa as Elisa has redeemed all the shares from minority shareholders. Regarding the redemption price, the minority shareholders filed a request for arbitration with the Arbitration Institute of the Finland Chamber of Commerce in September 2014. The monetary value of the claim is about EUR 5 million. Elisa considers the claim unfounded.

On 27 November, the Supreme Administrative Court gave its final ruling on Finnish Communications Regulation Authority (FICORA) decisions (given 2 December 2012) regarding FICORA's right to set a maximum price for copper and fibre access lines. According to the court's decision, FICORA did not have authority to set the maximum price. Thus, FICORA announced that it would not proceed with the process of setting the maximum price level decisions.

Regarding publishing of subscribers' contact information, Visual Data Oy has claimed damages from Elisa and several other telecommunication companies under Competition Act. The claim is joint and several liability and totalled EUR 3.5 million, including interest and legal costs. The process started in 2004 and is now continuing in a district court. Elisa considers the claim unfounded.

Substantial risks and uncertainties associated with Elisa's operations

Risk management is part of Elisa's internal control system. It aims to ensure that risks affecting the company's business are identified, influenced and monitored. The company classifies risks into strategic, operational, hazard and financial risks.

Strategic and operational risks:
The telecommunications industry is under intense competition in Elisa's main market areas, which may have an impact on Elisa's business. The telecommunications industry is subject to heavy regulation. Elisa and its businesses are monitored and regulated by several public authorities. This regulation also affects the price level of some products and services offered by Elisa. Regulation may also require investments which have long payback times.

The rapid developments in telecommunications technology may have a significant impact on Elisa's business.

Elisa's main market is Finland, where the number of mobile phones per inhabitant is among the highest in the world, and growth in subscriptions is thus limited. Furthermore, the volume of phone traffic on Elisa's fixed network has decreased during the last few years. These factors may limit opportunities for growth.

Hazard risks:
The company's core operations are covered by insurance against damage and interruptions caused by accidents and disasters. Accident risks also include litigation and claims.

Financial risks:
In order to manage the interest rate risk, the Group's loans and investments are diversified into fixed- and variable-rate instruments. Interest rate swaps can be used to manage the interest rate risk.

As most of Elisa's operations and cash flow are denominated in euros, the exchange rate risk is minor.

The objective of liquidity risk management is to ensure the Group's financing in all circumstances. Elisa has cash reserves, committed credit facilities and a sustainable cash flow to cover its foreseeable financing needs.

Liquid assets are invested within confirmed limits in financially solid banks, domestic companies and institutions. Credit risk concentrations in accounts receivable are minor as the customer base is broad.

A detailed description of financial risk management can be found in Note 34 to the Annual Report 2013.

Corporate responsibility

Elisa is strongly committed to building a digitally and socially sustainable society. Elisa's focus is on climate responsibility and energy efficiency.

Demand for environmentally friendly ICT and online services continued to grow in 2014. This enabled a reduction in the carbon dioxide footprint of a total of 30,971 tCO_2 (21,965), showing a 41 per cent larger reduction. The carbon footprint in mobile data declined by 72 per cent (0.08 kg/GB). Energy efficiency in Elisa's datacentres improved further showing 5,029 tCO_2 savings (3,797). Elisa saved 823 tCO_2 (678) in e-billing. Since 2013, our energy usage has been covered by renewable energy with guarantees of origin.

In 2014, Elisa continued its excellent performance in the Carbon Disclosure Project (CDP), scoring 92 out of 100 and joining the best companies in performance band A. The average score of Nordic companies was 80 (performance band C). The result is confirmation of long-term work carried out to measure emissions, as well as an understanding of climate change issues in the industry.

Elisa invests in flexible working. The 2014 personnel survey result was the best over an eleven-year period. Almost 90 per cent of Elisa's managerial employees teleworked at least one day a week.

Elisa will publish its second online responsibility report as part of the Annual Report 2014. Responsibility report incorporates the GRI index.

2014 Annual Report and Corporate Governance Statement

Elisa will publish its 2014 Annual Report, which contains the report by the Board of Directors and the financial statements for 2014, as well as a separate Corporate Governance Statement during week 10 (beginning 2 March 2015) on the company website at www.elisa.com.

Events after the financial period

On 9 January 2015, the Finnish Competition Authority initiated further proceedings relating to the Anvia merger notification. These further proceedings will not take longer than three months.

On 15 January 2015, FICORA released draft decisions of an obligation of maximum price level of 1.25 cents per minute for mobile termination rate (MTR) to Elisa and other Finnish mobile network operators. The draft decisions are under public and EU commission consultation. FICORA has also mandated a three-month transition period. The MTR price reduction lowers both Elisa’s revenue and costs, and thus has no material impact on profitability.

Outlook and guidance for 2015

The macroeconomic environment in Finland is still expected to be weak in 2015. Competition in the Finnish telecommunications market also remains challenging.

Full-year revenue is estimated to be at the same level as in 2014. Mobile data, ICT and new online services are expected to increase revenue. Full-year EBITDA, excluding non-recurring items, is anticipated to be at the same level as in 2014. Full-year capital expenditure is expected to be a maximum of 12 per cent of revenue. Elisa’s financial position and liquidity are good.

Elisa is continuing its productivity improvement measures, for example by streamlining the product portfolio and IT systems and operations. Additionally, Elisa is continuing to increase customer service and sales efficiency, as well as to reduce general administrative costs.

Elisa's transformation into a provider of exciting, new and relevant services for its customers is continuing. Long-term growth and profitability improvement will derive from mobile data market growth, as well as new online and ICT services.

Profit distribution

According to Elisa’s distribution policy, profit distribution is 80–100 per cent of the previous fiscal year’s net profit. In addition, any possible excess capital can be distributed to shareholders. When making the distribution proposal or decision, the Board of Directors will take into consideration the company's financial position, future financial needs and financial targets. Profit distribution includes dividend payment, capital repayment and purchase of treasury shares.

The Board of Directors proposes to the Annual General Meeting a dividend of EUR 1.32 per share. The dividend payment corresponds to 94 per cent of the financial period’s net profit.

Shareholders who are listed in the company’s register of shareholders maintained by Euroclear Finland Ltd on 30 March 2015 are entitled to funds distributed by the General Meeting. The Board of Directors proposes that the payment date be 8 April 2015. The profit for the period shall be added to retained earnings.

The Board of Directors decided also to propose to the General Meeting that the Board of Directors be authorised to acquire a maximum of 5 million treasury shares, which corresponds to 3 per cent of the total shares.

BOARD OF DIRECTORS

The annual financial statements figures presented in this release are based on the company's audited financial statements. The auditor's report was issued on 29 January 2015.

Consolidated Income Statement

EUR million	Note	10-12 2014	10-12 2013	1-12 2014	1-12 2013
Revenue	1	**385,6**	401,2	**1 535,2**	1 547,4
Other operating income		**2,5**	2,5	**8,2**	4,0
Materials and services		**-153,7**	-161,5	**-606,1**	-619,9
Employee expenses		**-64,6**	-78,1	**-247,7**	-270,0
Other operating expenses		**-45,1**	-42,4	**-170,0**	-170,8
EBITDA	1	**124,8**	121,6	**519,7**	490,7
Depreciation and amortisation		**-54,2**	-52,9	**-214,7**	-210,1
EBIT	1	**70,6**	68,7	**305,0**	280,6
Financial income		**0,8**	2,2	**4,7**	10,3
Financial expense		**-7,6**	-10,8	**-31,9**	-36,2
Share of associated companies' profit		**-0,3**	0,0	**-0,1**	0,0
Profit before tax		**63,4**	60,0	**277,7**	254,6
Income taxes		**-13,5**	-10,8	**-54,7**	-58,2
Profit for the period		**49,9**	49,2	**222,9**	196,3
Attributable to:					
Equity holders of the parent		**49,8**	49,8	**224,9**	196,6
Non-controlling interests		**0,2**	-0,6	**-1,9**	-0,2
		49,9	49,2	**222,9**	196,3
Earnings per share (EUR)					
Basic		**0,31**	0,32	**1,41**	1,25
Diluted		**0,31**	0,32	**1,41**	1,25
Average number of outstanding shares (1000 shares)					
Basic		**159 349**	157 539	**159 349**	157 269
Diluted		**159 349**	157 539	**159 349**	157 269

Consolidated Statement of Comprehensive Income

	10-12 2014	10-12 2013	1-12 2014	1-12 2013
Profit for the period	**49,9**	49,2	**222,9**	196,3
Other comprehensive income, net of tax				
Items which may be reclassified subsequently to profit or loss:				
Financial assets available-for-sale	**5,0**	-0,7	**7,3**	1,1
Cash flow hedge	**-0,2**		**-0,1**	
Translation difference	**0,1**	-0,1	**0,2**	-0,2
	4,9	-0,9	**7,3**	0,9
Items which are not reclassified subsequently to profit or loss:				
Remeasurements of the net defined benefit liability	**-3,6**	-6,3	**-3,6**	-6,3
Total comprehensive income	**51,2**	42,0	**226,7**	190,9
Total comprehensive income attributable to:				
Equity holders of the parent	**51,0**	42,6	**228,6**	191,2
Non-controlling interest	**0,2**	-0,6	**-1,9**	-0,2
	51,2	42,0	**226,7**	190,9

Consolidated Statement of Financial Position

EUR million	31.12. 2014	31.12. 2013
Non-current assets		
Property, plant and equipment	**692,0**	713,6
Goodwill	**831,5**	832,4
Other intangible assets	**137,0**	143,3
Investments in associated companies	**48,8**	2,4
Financial assets available-for-sale	**20,4**	22,5
Deferred tax assets	**13,5**	13,5
Other receivables	**72,4**	70,5
	1 815,5	1 798,3
Current assets		
Inventories	**53,2**	55,5
Trade and other receivables	**330,4**	327,3
Tax receivables	**2,9**	5,4
Cash and cash equivalents	**41,3**	137,8
	427,8	526,0
Total assets	**2 243,4**	2 324,3

Equity attributable to equity holders of the parent	**878,0**	860,3
Non-controlling interests	**0,6**	1,9
Total shareholders' equity	**878,6**	862,2
Non-current liabilities		
Deferred tax liabilities	**21,0**	21,0
Pension obligations	**18,2**	13,8
Provisions	**3,1**	2,4
Financial liabilities	**818,0**	829,7
Other non-current liabilities	**28,2**	35,6
	888,5	902,5
Current liabilities		
Trade and other payables	**246,0**	267,4
Tax liabilities	**1,7**	0,3
Provisions	**3,8**	12,6
Financial liabilities	**224,9**	279,3
	476,3	559,6
Total equity and liabilities	**2 243,4**	2 324,3

Condensed Consolidated Statement of Cash Flows

EUR million	1-12 2014	1-12 2013
Cash flow from operating activities		
Profit before tax	**277,7**	254,6
Adjustments		
Depreciation and amortisation	**214,7**	210,1
Other adjustments	**14,5**	17,8
	229,2	227,9
Change in working capital		
Increase (-) / decrease (+) in trade and other receivables	**-4,8**	-13,5
Increase (-) / decrease (+) in inventories	**-1,6**	6,4
Increase (+) / decrease (-) in trade and other payables	**-14,1**	2,1
	-20,5	-4,9
Financial items, net	**-24,2**	-24,6
Taxes paid	**-50,1**	-64,9
Net cash flow from operating activities	**412,1**	388,1
Cash flow from investing activities		
Capital expenditure [1]	**-197,8**	-212,5
Investments in shares	**-38,7**	-93,1
Repayment of loan assets	**0,3**	
Proceeds from asset disposal	**9,2**	1,5
Net cash used in investing activities	**-227,0**	-304,1
Cash flow before financing activities	**185,0**	84,0
Cash flow from financing activities		
Proceeds from long-term borrowings	**0,1**	300,1
Repayment of long-term borrowings	**-172,7**	-82,1
Increase (+) / decrease (-) in short-term borrowings	**108,1**	1,5
Repayment of finance lease liabilities	**-4,6**	-4,8
Proceeds from increase in reserve for invested non-restricted equity		2,9
Proceeds from the sale of treasury shares		4,6
Acquisition of non-controlling interest	**-5,6**	-4,0
Dividends paid	**-206,7**	-204,2
Net cash used in financing activities	**-281,5**	14,0
Change in cash and cash equivalents	**-96,4**	98,1
Cash and cash equivalents at the beginning of period	**137,8**	39,8
Cash and cash equivalents at the end of period	**41,3**	137,8

[1] In comparison year 2013 the total investments in 800 MHz spectrum licenses were EUR 38.4 million, of which year 2013 cash flow effect was EUR 11.8 million. Year 2014 cash flow effect is EUR 6.7 million. The Finnish 800 MHz spectrum license EUR 33.3 million will be paid in 5 annual installments in 2013 - 2017. The Estonian license EUR 5.1 million was paid in one installment in 2013.

Statement of Changes in Equity

EUR million	Share capital	Treasury shares	Other reserves	Reserve for invested non-restricted equity	Retained earnings	Non-controlling interests	**Total equity**
Balance at 1 January 2013	83,0	-194,1	386,4	52,7	514,2	2,8	**844,9**
Profit for the period					196,6	-0,2	**196,3**
Translation differences					-0,2		**-0,2**
Financial assets available-for-sale			1,1				**1,1**
Remeasurements of the net defined benefit liability			-6,3				**-6,3**
Total comprehensive income			-5,2		196,4	-0,2	**190,9**
Dividends					-203,2	-0,6	**-203,8**
Share-based compensation					3,2		**3,2**
Disposal of new and treasury shares		6,0		35,3	-1,3		**40,0**
Cancellation of treasury shares		39,9			-39,9		**0,0**
Acquisition of subsidiary with non-controlling interest						23,2	**23,2**
Acquisition of non-controlling interests					-15,9	-23,2	**-39,1**
Options exercised				2,9			**2,9**
Balance at 31 December 2013	83,0	-148,2	381,2	90,9	453,4	1,9	**862,2**

EUR million							
Balance at 1 January 2014	83,0	-148,2	381,2	90,9	453,4	1,9	**862,2**
Profit for the period					224,9	-1,9	**222,9**
Translation differences					0,2		**0,2**
Financial assets available-for-sa			7,3				**7,3**
Cash flow hedge			-0,1				**-0,1**
Remeasurements of the net defined benefit liability			-3,6				**-3,6**
Total comprehensive income			3,5		225,1	-1,9	**226,7**
Dividends					-207,2	-0,3	**-207,5**
Share-based compensation					2,3		**2,3**
Acquisition of non-controlling interests					-6,3	1,0	**-5,3**
Other changes					0,4		**0,4**
Balance at 31 December 2014	83,0	-148,2	384,8	90,9	467,5	0,6	**878,6**

Notes

ACCOUNTING PRINCIPLES

The Interim consolidated financial statements are in compliance with IAS 34 Interim Financial Reporting. The information has been prepared in accordance with International Financial Reporting Standards (IFRS) effective at the time of preparation and adopted for use by the European Union. Apart from the changes in accounting principles stated below, the accounting principles applied in the interim report are the same as in the financial statements at 31 December 2013.

Changes in the accounting principles

The Group adopted the following standards, amendments to standards and interpretations as from 1 January 2014 onward:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interest in Other Entities
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- Annual improvements of IFRS-standards

1. Segment Information

10-12/2014	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	239,4	146,2		385,6
EBITDA	81,2	43,6		124,8
Depreciation and amortisation	-31,1	-23,1		-54,2
EBIT	50,1	20,5		70,6
Financial income			0,8	0,8
Financial expense			-7,6	-7,6
Share of associated companies' profit			-0,3	-0,3
Profit before tax				63,4
Investments	27,5	19,8		47,3

10-12/2013	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	243,8	157,4		401,2
EBITDA	73,4	48,2		121,6
Depreciation and amortisation	-28,7	-24,2		-52,9
EBIT	44,7	24,1		68,7
Financial income			2,2	2,2
Financial expense			-10,8	-10,8
Share of associated companies' profit			0,0	0,0
Profit before tax				60,0
Investments	48,2	41,6		89,9

1-12/2014 EUR million	Consumer Customers	Corporate Customers	Unallocated Items	Group Total
Revenue	954,1	581,1		1 535,2
EBITDA	326,9	192,8		519,7
Depreciation and amortisation	-122,7	-92,0		-214,7
EBIT	204,2	100,7		305,0
Financial income			4,7	4,7
Financial expense			-31,9	-31,9
Share of associated companies' profit			-0,1	-0,1
Profit before tax				277,7
Investments	104,9	86,6		191,5
Total assets				2 243,4

1-12/2013 EUR million	Consumer Customers	Corporate Customers	Unallocated Items	Group Total
Revenue	949,1	598,3		1 547,4
EBITDA	295,2	195,5		490,7
Depreciation and amortisation	-117,6	-92,5		-210,1
EBIT	177,6	103,0		280,6
Financial income			10,3	10,3
Financial expense			-36,2	-36,2
Share of associated companies' profit			0,0	0,0
Profit before tax				254,6
Investments	132,4	107,7		240,1
Total assets	1 211,9	835,6	276,8	2 324,3

2. Disposals

Disposal of BCC Finland Oy

Elisa divested the fully owned BCC Finland Oy on 8 April 2014. The sales price was EUR 0.0 million. The divestment resulted in a loss of EUR 1.2 million recorded within Financial expenses in the Consolidated income statement and it removed a total of EUR 0.8 million goodwill from the Group. The impact of the result incurred during the period of the ownership by the Group have been taken into account in the loss.

The Group has consolidated the result of BCC Finland Oy until 31 March 2014.

Net assets of the sold entity EUR million	Carrying amount
Tangible assets	0,1
Inventories	0,3
Trade and other current receivables	0,9
Cash and cash equivalents	0,1
Financial liabilities	-0,6
Trade payables and other current liabilities	-1,2
	-0,3

Effects of disposal on cash flow EUR million	
Sales price received in cash	0,0
Cash and cash equivalents of the sold entity	-0,1
	-0,1

3. Property, plant and equipment and intangible assets

31.12.2014 EUR million	Property plant and equipment	Goodwill	Other intangible assets
Acquisition cost at 1 January 2014	3 125,4	832,4	558,4
Additions	152,7		38,8
Disposals	-26,0		-0,2
Companies sold	-0,1	-0,9	0,0
Reclassifications	5,0		-0,5
Translation differences	0,2		0,1
31 December 2014	3 257,1	831,5	596,7
Accumulated depreciation and impairment at 1 January 2014	2 411,8		415,1
Depreciation for the period	170,0		44,6
Accumulated depreciation on disposals and reclassifications	-16,9		-0,2
Translation differences	0,2		0,2
31 December 2014	2 565,1		459,6
Book value:			
1 January 2014	713,6	832,4	143,3
31 December 2014	692,0	831,5	137,0

31.12.2013 EUR million	Property plant and equipment	Goodwill	Other intangible assets
Acquisition cost at 1 January 2013	2 869,1	797,1	471,7
Additions	166,3		73,8
Companies acquired	96,9	35,3	13,2
Disposals	-6,7		-1,1
Companies sold	-0,1		
Reclassifications	0,1		0,8
Translation differences	-0,1		0,0
31 December 2013	3 125,4	832,4	558,4
Accumulated depreciation and impairment at 1 January 2013	2 253,2		370,4
Depreciation for the period	165,0		45,1
Accumulated depreciation on disposals and reclassifications	-6,2		-0,4
Translation differences	-0,2		
31 December 2013	2 411,8		415,1
Book value:			
1 January 2013	615,9	797,1	101,3
31 December 2013	713,6	832,4	143,3

Commitments to purchase property, plant and equipment and intangible assets amounts to EUR 52.7 million at 31 December 2014.

4. Carrying amounts of financial assets and liabilities by category

31 December 2014 EUR million	Financial assets available-for-sale	Loans and receivables	Financial assets/ liabilities recognised at fair value through profit or loss (1	Financial liabilities measured at amortised cost	Book values	Fair values
Non-current financial assets						
sale	20,4				20,4	20,4
Receivables		72,4			72,4	72,4
Current financial assets						
Trade and other receivables		330,4			330,4	330,4
	20,4	402,7			423,1	423,1
Non-current financial liabilities						
Financial liabilities				818,0	818,0	875,1
Other liabilities (2			0,4	22,2	22,6	22,6
Current financial liabilities						
Financial liabilities				224,9	224,9	224,9
Trade and other payables (2				239,7	239,7	239,7
			0,4	1 304,7	1 305,1	1 362,2

31 December 2013 EUR million	Financial assets available-for-sale	Loans and receivables	Financial assets/ liabilities recognised at fair value through profit or loss (1	Financial liabilities measured at amortised cost	Book values	Fair values
Non-current financial assets						
sale	22,5				22,5	22,5
Receivables		70,4	0,1		70,5	70,5
Current financial assets						
Trade and other receivables		327,3			327,3	327,3
	22,5	397,7	0,1		420,3	420,3
Non-current financial liabilities						
Financial liabilities				829,7	829,7	837,2
Other liabilities (2			0,0	29,4	29,4	29,4
Current financial liabilities						
Financial liabilities				279,3	279,3	280,4
Trade and other payables (2				261,4	261,4	261,4
			0,0	1 399,7	1 399,7	1 408,3

1) Assets classified as such at initial recognition

2) Excluding advances received

Equity investments are classified as financial assets available-for-sale and are generally measured at fair value. Equity investments for which values cannot be measured reliably are reported at cost less impairment.

Loans and receivables are valued at amortised cost less impairment loss.

Derivatives are recognised at cost on the date of acquisition and are subsequently remeasured at fair value. They are classified as financial assets or liabilities recognised at fair value through profit or loss.

Financial liabilities are initially recognised at fair value equalling the net proceeds received and are subsequently measured at amortised cost by using the effective interest method.

The classification and measurement of each financial asset and liability item are presented in more detail under the financial statements accounting principles at 31 December 2013.

5. Financial assets and liabilities recognised at fair value

EUR million	31.12.2014	Level 1	Level 2	Level 3
Financial assets/liabilities recognised at fair value (1	-0,4		-0,4	
Financial assets available-for-sale (2	14,2	14,2		
Other liabilities (3	-1,2			-1,2
	12,5	14,2	-0,4	-1,2

EUR million	31.12.2013	Level 1	Level 2	Level 3
Financial assets/liabilities recognised at fair value (1	0,0		0,0	
Financial assets available-for-sale (2	6,9	6,9		
Other liabilities (3	-2,0			-2,0
	4,9	6,9	0,0	-2,0

Level 1 includes instruments with quoted prices in active markets. Level 2 includes instruments with observable prices based on market data. Level 3 includes instruments with prices that are not based on verifiable market data but instead on the company's internal information, for example.

1) Interest rate swap, currency swap and electricity derivatives. The fair value is expected to approximate the quoted market price or, if this is not available it is estimated using commonly used valuation methods.

2) Publicly listed equity investments and funds. Fair values are measured by using quoted marked rates.

3) Contingent considerations relating to business combinations.

6. Financial assets available-for-sale

EUR million	31.12.2014	31.12.2013
Publicly listed equity investments and funds	14,2	6,9
Unlisted equity investments and funds	6,2	15,7
	20,4	22,5

The most significant unlisted equity investments

EUR million		
Anvia Plc		8,6
Datawell Oy	2,1	2,1
	2,1	10,7

Listed shares are measured at fair value. The unlisted equity investments are recognised at acquisition cost less possible impairment, because the fair value of the equity investment cannot be determined reliably.

During the reporting period Elisa increased its ownership in Anvia Plc from 4 per cent to 24 per cent. As a result the shares which had been previously classified as available for sale have been classified as associated company shares since 1 October 2014.

7. Inventories

Write-down of inventories of EUR 5.3 million was recorded during the accounting period.

8. Equity

	Number of shares pcs	Treasury shares pcs	Holding, % of shares and votes
Shares at 31 December 2013	167 335 073	7 986 043	4,77 %
Shares at 31 December 2014	167 335 073	7 986 043	4,77 %

Dividend

On 2 April 2014 Elisa's Annual General Meeting decided of a dividend of 1.30 euros per share. The total dividend amounts to EUR 207.2 million and payment started on 15 April 2014.

9. Issuances and repayment of debt

On 11 June 2014 Elisa signed a EUR 130 million five-year Revolving Credit Facility, which replaces the facility with same size that was signed in 2007 and maturing in November 2014.

The group has not issued bonds during 1 January - 31 December 2014. The group repaid a 161 million bond matured in March.

The unused amount of EUR 1,000 million EMTN program is EUR 400 million as at 31 December 2014. The base prospectus has been updated on 2 June 2014.

EUR million	**31.12. 2014**	31.12. 2013
Issued commercial papers	**210,0**	101,0
Withdrawn committed credit lines	**0,0**	0,0

10. Provisions

EUR million	**Termination benefits**	**Other**	**Total**
1 January 2014	12,8	2,3	15,1
Increases in provisions	2,9	1,0	3,9
Reversals of unused provisions	-2,2	-0,6	-2,9
Utilised provisions	-9,1	-0,2	-9,2
31 December 2014	4,4	2,5	6,8

EUR million	**Termination benefits**	**Other**	**Total**
1 January 2013	1,2	2,4	3,6
Business combinations		6,4	6,4
Increases in provisions	17,2		17,2
Reversals of unused provisions	-0,9	-0,7	-1,6
Utilised provisions	-4,7	-5,8	-10,5
31 December 2013	12,8	2,3	15,1

11. Operating Leases

The future minimum lease payments under non-cancellable operating leases:

EUR million	**31.12. 2014**	31.12. 2013
Not later than one year	**28,1**	28,8
Later than one year not later than than five years	**27,9**	37,0
Later than five years	**6,5**	6,9
	62,5	72,7

12. Contingent Liabilities

EUR million	**31.12. 2014**	31.12. 2013
For our own commitments		
Mortgages	**1,5**	14,5
Pledged securities	**0,1**	2,9
Deposits	**0,9**	0,8
Guarantees	**1,1**	1,1
On behalf of associated companies		
Other		0,0
On behalf of others		
Guarantees	**0,6**	0,6
Other	**0,0**	0,0
	4,3	20,0
Other contractual obligations		
Repurchace obligations	**0,0**	0,1
Letter of credit	**0,1**	0,1
Capital loan's unrecognised interest payable	**0,0**	

13. Derivative Instruments

EUR million	**31.12. 2014**	31.12. 2013
Nominal values of derivatives		
Interest rate swap [1]		150,5
Currency swap	**3,0**	4,0
Electricity derivatives [2]	**7,4**	
	10,4	154,5
Fair values of derivatives		
Interest rate swap		0,1
Currency swap	**-0,2**	0,0
Electricity derivatives	**-0,3**	
	-0,4	0,0

[1] EUR 150.0 million interest rate swap matured at the same date as the bond on 3 March 2014.

[2] Elisa has started hedge electricity purchases by derivatives during 2014. Earlier the company bought electricity by advance contracts.

14. Related party transactions

Elisa Group's related parties include the parent company, subsidiaries, associates, joint ventures and key management. Key management consists of Elisa's Board of Directors, the CEO and the Executive Board.

Acquisitions and disposals during the period are presented in Note 2.

Related party transactions with associated companies	**1-12/2014**	1-12/2013
Sales	**0,3**	0,2
Purchases	**2,6**	2,2
Receivables	**0,1**	0,1

There were no related party transactions with key management.
Management remuneration will be announced in Annual financial statements.

Key Figures

EUR million	**1-12 2014**	1-12 2013
Shareholders' equity per share, EUR	**5,51**	5,40
Interest bearing net debt	**1 001,5**	971,2
Gearing, %	**114,0**	112,6
Equity ratio, %	**39,4**	37,3
Return on investment (ROI), % *)	**15,7**	15,3
Gross investments in fixed assets	**191,5**	240,1
of which finance lease investments	**1,0**	2,9
Gross investments as % of revenue	**12,5**	15,5
Investments in shares	**43,5**	149,7
Average number of employees	**4 138**	4 320

*) rolling 12 months profit preceding the reporting date

Financial Calendar

First quarter 2015	16 April 2015
Second quarter 2015	16 July 2015
Third quarter 2015	16 October 2015

Contact Information

Investor Relations:
investor.relations@elisa.fi

Press:
communications@elisa.fi

Elisa website: www.elisa.com