

Second Quarter Results 2015

16 July 2015

The logo for elisa, written in a blue, lowercase, cursive script font.

Second quarter 2015

- Revenue amounted to EUR 390 million (384)
- EBITDA was EUR 131 million (127) and EBIT was EUR 79 million (73)
- Profit before taxes amounted to EUR 74 million (67)
- Earnings per share were EUR 0.38 (0.35)
- Cash flow after investments was EUR 70 million (64)

- Mobile ARPU grew to EUR 15.7 (15.3 in previous quarter)
- Mobile churn decreased to 14.4 per cent (17.7 in previous quarter)
- The number of Elisa's mobile subscriptions increased by 25,200 during the quarter
- The number of fixed broadband subscriptions decreased by 5,500 on the previous quarter
- Net debt / EBITDA was 2.0 (1.9 end 2014) and gearing 136 per cent (114 end 2014)

January – June 2015

- Revenue was EUR 771 million (766)
- EBITDA was EUR 260 million (253), EBIT EUR 155 million (145)
- Earnings per share grew to EUR 0.75 (0.67)
- Cash flow after investments was EUR 138 million (103)

Key indicators

EUR million	2nd Quarter		Year-to-date	
	2015	2014	2015	2014
Revenue	390	384	771	766
EBITDA	131	127	260	253
EBIT	79	73	155	145
Profit before tax	74	67	145	131
Earnings per share, EUR	0,38	0.35	0,75	0.67
Capital expenditure	49	52	100	101

Financial position and cash flow

EUR million	30.6.2015	30.6.2014	End 2014
Net debt	1,075	1,075	1,001
Net debt / EBITDA ¹⁾	2.0	2.1	1.9
Gearing ratio, %	135.8	140.7	114.0
Equity ratio, %	35.1	34.4	39.4

EUR million	2nd Quarter		Year-to-date	
	2015	2014	2015	2014
Cash flow after investments	70	64	138	103

¹⁾ (interest-bearing debt – financial assets) / (four previous quarters' EBITDA exclusive of non-recurring items)

Additional information regarding the Key Performance Indicators is available at:
www.elisa.com/investors (Elisa Operational Data.xls)

CEO Veli-Matti Mattila:

Mobile services yielding strong earnings

The challenging general economic situation has remained unchanged. Nevertheless, we were able to strengthen Elisa's competitiveness further. In the second quarter of the year, our revenue and earnings grew year-on-year. The growth in earnings was boosted by the increasing demand for mobile data and the improvement of the profitability of operations.

During the quarter, the number of mobile subscriptions increased by more than 25,000, while the number of fixed network broadband subscriptions fell by 5,500. The demand for 4G subscriptions grew strongly, and customers are ready to pay more for the use of faster data speeds. Elisa's determined construction of the 4G network has progressed at record speed and Elisa has already fulfilled the terms and conditions set for its licence in connection with the 800 MHz auction well in advance of the time limit of 2019. 97 per cent of Finns live within the reach of the 4G network with the broadest coverage in Finland, and it extends to over 290 localities. Fast Internet connections have been constructed using new frequencies in sparsely populated areas, in particular.

The content of Elisa Viihde was enhanced with both entertainment and sports content. As a continuation to our significant and long-term investments in domestic films, we will produce the first original series in the history of Elisa Viihde. Finnish front-line actors will star in the extensive drama production named *Downshifitajat*. Netflix is now for the first time part of the IPTV service, integrated into Elisa Viihde. Beginning next autumn, we will show all European Championship and World Championship football qualification games played in Europe.

We launched a new Elisa Kassa service for companies, which enables trading without heavy cash systems. It makes it possible to introduce efficient product and inventory management. In a groundbreaking experiment, self-measured data is becoming part of health care services. In an internationally advanced experiment, we have adopted digital meters producing information that is integrated more closely into health care services and systems for utilisation. We established a unique test laboratory in Finland, where it is possible to test apps in a genuine mobile phone network already before their launch.

We take corporate responsibility into account in all our business operations. In addition, we invest in important social projects. Together with Nokia, we donated a turnkey mobile phone network providing full internal facility coverage to the New Children's Hospital to be completed in 2017. The latest technology is used in the construction of the network, which will also enable the use of services of the future.

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.

ELISA CORPORATION

INTERIM REPORT JANUARY–JUNE 2015

The interim report has been prepared in accordance with the IAS 34 standard. The information presented in this interim report is unaudited.

Market situation

The competitive environment has been stable but intense during the quarter, typically having some campaigning and quite long discount periods in campaigns. The mobile smartphone market grew and the usage of data services continued to evolve favourably. Approximately 87 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 competition in the fixed broadband market has been mainly in Multi Dwelling Units. The number of 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	2nd Quarter		Year-to-date	
	2015	2014	2015	2014
Revenue	390	384	771	766
EBITDA	131	127	260	253
EBITDA-%	33.6	33.1	33.8	33.1
EBIT	79	73	155	145
EBIT-%	20.2	19.0	20.1	18.9
Return on equity, % ¹⁾	30.5	28.0	30.5	28.0

¹⁾ Rolling 12-month profit preceding the reporting date

Second quarter 2015

Revenue increased by 2 per cent on the previous year. Growth in mobile services, equipment sales and Estonian business as well as new services in both customer segments affected revenue positively. Lower roaming and interconnection revenue both in Finland and Estonia, as well as a decrease in usage and subscriptions of traditional fixed telecom services in both segments affected revenue negatively.

EBITDA increased by 3 per cent mainly due to revenue growth and efficiency improvements.

Financial income and expenses totalled EUR -6 million (-6). Income taxes in the income statement were EUR -13 million (-13). Elisa's net profit was EUR 60 million (54). Earnings per share (EPS) were EUR 0.38 (0.35).

January–June 2015

Revenue increased by 1 per cent on the previous year. Growth in mobile services and Consumer Customers new services, as well as equipment sales affected revenue positively. Divestments of some non-core businesses, lower roaming and interconnection revenue both in Finland and Estonia, as well as a decrease in usage and subscriptions of traditional fixed telecom services in both segments affected revenue negatively.

EBITDA increased by 3 per cent mainly due to efficiency improvements and revenue growth.

Financial income and expenses decreased to EUR -11 million (-14) mainly due to lower interest rates. Income taxes in the income statement were EUR -26 million (-25). Elisa's net profit was EUR 119 million (105). Earnings per share (EPS) amounted to EUR 0.75 (0.67).

Financial position

EUR million	30.6.2015	30.6.2014	End 2014
Net debt	1,075	1,075	1,001
Net debt / EBITDA ¹⁾	2.0	2.1	1.9
Gearing ratio, %	135.8	140.7	114.0
Equity ratio, %	35.1	34.4	39.4

EUR million	2nd Quarter		Year-to-date	
	2015	2014	2015	2014
Cash flow after investments	70	64	138	103

¹⁾ (interest-bearing debt – financial assets) / (four previous quarters' EBITDA exclusive of non-recurring items)

Second quarter

Cash flow after investments grew by 9 per cent to EUR 70 million mainly due to improved positive net working capital change and higher earnings.

January–June 2015

Cash flow after investments grew by 34 per cent to EUR 138 million mainly due to improved positive net working capital change and higher earnings.

The financial position and liquidity are good. Net debt was EUR 1,075 million. Cash and undrawn committed credit lines totalled EUR 270 million at the end of the quarter.

Changes in corporate structure

Elisa made a tender offer to all shareholders in Anvia at a price of EUR 2,000 per share from 15 April 2015 to 26 June 2015. Elisa's ownership in Anvia increased to 32.5 per cent calculated without the disputable transaction of Anvia's treasury shares.

Consumer Customers business

EUR million	2nd Quarter		Year-to-date	
	2015	2014	2015	2014
Revenue	243	239	478	473
EBITDA	86	80	168	156
EBITDA-%	35.5	33.2	35.2	33.0
EBIT	57	49	110	94
CAPEX	27	28	57	53

Second quarter

Revenue increased by 1 per cent. Growth in mobile services, equipment sales as well as new services affected revenue positively. The decrease in traditional fixed network usage and subscriptions as well as lower roaming and interconnection revenue both in Finland and Estonia affected revenue negatively. EBITDA increased by 9 per cent mainly due to revenue growth and productivity improvements.

January–June 2015

Revenue increased by 1 per cent mainly due to growth in mobile services, equipment sales and new services. The decrease in traditional fixed network usage and subscriptions, as well as lower roaming and interconnection revenue both in Finland and Estonia affected revenue negatively. EBITDA increased by 8 per cent mainly due to revenue growth and productivity improvements.

Corporate Customers business

EUR million	2nd Quarter		Year-to-date	
	2015	2014	2015	2014
Revenue	147	144	292	293
EBITDA	45	47	92	97
EBITDA-%	30.5	32.9	31.5	33.2
EBIT	22	24	45	51
CAPEX	21	24	44	47

Second quarter

Revenue increased by 2 per cent. Growth in mobile services, ICT services and equipment sales affected revenue positively. The decline in usage and subscriptions in traditional fixed telecom services, and lower interconnection and roaming revenue both in Finland and Estonia affected revenue negatively. EBITDA decreased by 5 per cent mainly due to a higher proportion of low-margin equipment sales and some seasonal effects.

January–June 2015

Revenue was at the previous year's level. Growth in mobile and ICT services, as well as equipment sales affected revenue positively. The decline in usage and subscriptions of traditional fixed telecom services and lower interconnection and roaming revenue both in Finland and Estonia affected revenue negatively. EBITDA decreased by 5 per cent mainly due to a higher proportion of low-margin equipment sales and some seasonal effects.

Personnel

In January–June, the average number of personnel at Elisa was 4,131 (4,154). Employee expenses totaled EUR 136 million (129). In the second quarter employee expenses were EUR 69 million (63). Personnel by segment at the end of the period:

	30.6.2015	30.6.2014	End 2014
Consumer Customers	2,381	2,351	2,338
Corporate Customers	1,789	1,742	1,751
Total	4,170	4,093	4,089

Investments

EUR million	2nd Quarter		Year-to-date	
	2015	2014	2015	2014
Capital expenditures, of which	49	52	100	101
- Consumer Customers	27	28	57	53
- Corporate Customers	21	24	44	47
Shares	13	0	14	0
Total	62	52	114	101

The main capital expenditures related to the capacity and coverage increase of the 4G networks, as well as to other network and IT investments. Investments in shares relates mainly to Anvia share acquisitions.

Financing arrangements and ratings

Valid financing arrangements

EUR million	Maximum amount	In use on 30.6.2015
Committed credit limits	300	90
Commercial paper programme ¹⁾	250	218.5
EMTN programme ²⁾	1,000	600

¹⁾ The programme is not committed

²⁾ European 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+	Stable

Share

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

Trading of shares	2nd Quarter		Year-to-date	
	2015	2014	2015	2014
Volume, millions	31.0	26.5	59.3	59.1
Value, EUR million	828.7	567.0	1,511.2	1,216.7
% of shares	19	16	35	35

Shares and market values	30.6.2015	30.6.2014	31.12.2014
Total number of shares	167,335,073	167,335,073	167,335,073
Treasury shares	7,852,846	7,986,043	7,986,043
Outstanding shares	159,482,227	159,349,030	159,349,030
Closing price, EUR	28.43	22.34	22.61
Market capitalisation, EUR million	4,757	3,738	3,783
Treasury shares, %	4.69	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 second quarter were approximately 154 per cent (126) of the Nasdaq Helsinki. The total trading volume in all marketplaces represents approximately 47 per cent (36) of outstanding shares.

Number of shares	Total number of shares	Treasury shares	Outstanding shares
Shares at 31.12.2014	167,335,073	7,986,043	159,349,030
Share incentive plan 4.2.2015 ¹⁾		-133,197	
Shares at 31.3.2014	167,335,073	7,852,846	159,482,227

¹⁾ The Stock exchange bulletin 5 February 2015

Significant legal and regulatory issues

On 8 April 2015, according to the Finnish Competition Act, the Finnish Competition and Consumer Authority (FCCA) approved the transaction in which Elisa gains control over Anvia.

Elisa and Anvia are in dispute over the ownership arrangement of Anvia's treasury shares and their use at the General Meeting on 20 May 2015. Elisa requests that the aforementioned arrangement be confirmed to be invalid. Companies owned by Anvia, in turn, have brought an

action for annulment in order to amend or annul the decisions made at the General Meeting. The consideration of the matters in the court instances is ongoing.

In April 2015, FICORA released the decisions on price levels of copper and fibre access lines. According to the decisions, Elisa and other major Finnish fixed-line operators have to apply monthly maximum rental prices of EUR 10.70 in copper access lines and EUR 75.50 in fibre access lines. Elisa and some other fixed-line operators have appealed against the decision to the Supreme Administrative Court. On 6 July 2015 the Supreme Administrative Court has issued interim decisions, in which it has suspended the implementation of the FICORA decisions until the appeals are resolved in the Supreme Administrative Court or until otherwise ordered.

In June, the European Commission, Parliament and Council have agreed upon prospective changes to the contents of roaming and network neutrality regulations.

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 2014.

Annual General Meeting 2015 and Board of Directors' organising meeting

On 26 March 2015, Elisa's Annual General Meeting decided to pay a dividend of EUR 1.32 per share based on the adopted financial statements for 2014. The dividend was paid on 8 April 2015.

The Annual General Meeting adopted the financial statements for 2014. The members of the Board of Directors and the CEO were discharged from liability for 2014.

The number of the members of the Board of Directors was confirmed at six (6). Raimo Lind, Petteri Koponen, Leena Niemistö, Seija Turunen, Jaakko Uotila and Mika Vehviläinen were re-elected as members of the Board of Directors.

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

Mr Raimo Lind was elected as the Chairman of the Board and Mr Mika Vehviläinen as the Deputy Chairman. Mr Raimo Lind (Chair), Ms Leena Niemistö and Mr Mika Vehviläinen were appointed to the Compensation & Nomination Committee. Ms Seija Turunen (Chair), Mr Petteri Koponen and Mr Jaakko Uotila were appointed to the Audit Committee.

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 authorisation is 5 million shares at maximum. The authorisation is effective until 30 June 2016.

On 2 April 2014, 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 authorisation. The authorisation is effective until 30 June 2016.

Events after the financial period

There were no major events after the financial period.

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.

BOARD OF DIRECTORS

Unaudited

Consolidated Income Statement

EUR million	Note	4-6 2015	4-6 2014	1-6 2015	1-6 2014	1-12 2014
Revenue	1	390,0	383,5	770,6	765,8	1 535,2
Other operating income		0,6	4,2	1,1	5,2	8,2
Materials and services		-147,3	-153,1	-291,7	-303,1	-606,1
Employee expenses		-69,1	-63,5	-136,0	-128,7	-247,7
Other operating expenses		-42,9	-44,2	-83,8	-86,1	-170,0
EBITDA	1	131,2	127,0	260,3	253,1	519,7
Depreciation and amortisation		-52,5	-54,1	-105,5	-108,2	-214,7
EBIT	1	78,7	72,9	154,8	144,9	305,0
Financial income		1,1	1,2	2,3	3,2	4,7
Financial expense		-6,9	-7,2	-13,6	-17,5	-31,9
Share of associated companies' profit		1,0	0,2	1,7	0,2	-0,1
Profit before tax		74,0	67,0	145,1	130,8	277,7
Income taxes		-13,5	-12,9	-25,8	-25,5	-54,7
Profit for the period		60,5	54,2	119,4	105,3	222,9

Attributable to:

Equity holders of the parent	60,4	55,0	119,2	106,7	224,9
Non-controlling interests	0,1	-0,9	0,2	-1,4	-1,9
	60,5	54,2	119,4	105,3	222,9

Earnings per share (EUR)

Basic	0,38	0,35	0,75	0,67	1,41
Diluted	0,38	0,35	0,75	0,67	1,41

Average number of outstanding shares (1000 shares)

Basic	159 482	159 349	159 456	159 349	159 349
Diluted	159 482	159 349	159 456	159 349	159 349

Consolidated Statement of Comprehensive Income

Profit for the period	60,5	54,2	119,4	105,3	222,9
Other comprehensive income, net of tax					
Items which may be reclassified subsequently to profit or loss:					
Financial assets available-for-sale	4,1	1,3	4,0	2,0	7,3
Cash flow hedge	-0,2	0,1	-0,4	0,0	-0,1
Translation difference	0,0	0,1	0,0	0,3	0,2
	3,9	1,5	3,5	2,3	7,3
Items which are not reclassified subsequently to profit or loss:					
Remeasurements of the net defined benefit liability					-3,6
Total comprehensive income	64,4	55,6	122,9	107,6	226,7
Total comprehensive income attributable to:					
Equity holders of the parent	64,3	56,5	122,7	109,0	228,6
Non-controlling interest	0,1	-0,9	0,2	-1,4	-1,9
	64,4	55,6	122,9	107,6	226,7

Consolidated Statement of Financial Position

	30.6. 2015	31.12. 2014
EUR million		
Non-current assets		
Property, plant and equipment	687,1	692,0
Goodwill	834,7	831,5
Other intangible assets	136,7	137,0
Investments in associated companies	61,3	48,8
Financial assets available-for-sale	24,4	20,4
Deferred tax assets	15,5	13,5
Trade and other receivables	72,2	72,4
	1 831,9	1 815,5
Current assets		
Inventories	49,1	53,2
Trade and other receivables	319,9	330,4
Tax receivables	0,2	2,9
Cash and cash equivalents	60,4	41,3
	429,5	427,8
Total assets	2 261,4	2 243,4
Equity attributable to equity holders of the parent	791,1	878,0
Non-controlling interests	0,3	0,6
Total shareholders' equity	791,4	878,6
Non-current liabilities		
Deferred tax liabilities	19,4	21,0
Pension obligations	18,3	18,2
Provisions	3,4	3,1
Financial liabilities	811,3	818,0
Other non-current liabilities	29,9	28,2
	882,3	888,5
Current liabilities		
Trade and other payables	256,4	246,0
Tax liabilities	4,5	1,7
Provisions	2,9	3,8
Financial liabilities	323,9	224,9
	587,7	476,3
Total equity and liabilities	2 261,4	2 243,4

Condensed Consolidated Statement of Cash Flows

EUR million	1-6 2015	1-6 2014	1-12 2014
Cash flow from operating activities			
Profit before tax	145,1	130,8	277,7
Adjustments			
Depreciation and amortisation	105,5	108,2	214,7
Other adjustments	9,0	5,0	14,5
	114,6	113,2	229,2
Change in working capital			
Increase (-) / decrease (+) in trade and other receivables	10,1	-13,6	-4,8
Increase (-) / decrease (+) in inventories	3,0	2,0	-1,6
Increase (+) / decrease (-) in trade and other payables	8,9	4,5	-14,1
	22,0	-7,0	-20,5
Financial items, net	-10,9	-13,8	-24,2
Taxes paid	-23,6	-24,2	-50,1
Net cash flow from operating activities	247,1	198,9	412,1
Cash flow from investing activities			
Capital expenditure	-99,8	-101,2	-197,8
Investments in shares	-9,5	-2,0	-38,7
Repayment of loan assets	0,1	0,3	0,3
Proceeds from asset disposal	0,1	7,4	9,2
Net cash used in investing activities	-109,1	-95,6	-227,0
Cash flow before financing activities	138,0	103,4	185,0
Cash flow from financing activities			
Proceeds from long-term borrowings		0,1	0,1
Repayment of long-term borrowings	-5,4	-167,0	-172,7
Increase (+) / decrease (-) in short-term borrowings	98,5	185,0	108,1
Repayment of finance lease liabilities	-2,4	-2,3	-4,6
Acquisition of non-controlling interest		0,0	-5,6
Dividends paid	-209,7	-206,3	-206,7
Net cash used in financing activities	-118,9	-190,5	-281,5
Change in cash and cash equivalents	19,1	-87,1	-96,4
Cash and cash equivalents at the beginning of period	41,3	137,8	137,8
Cash and cash equivalents at the end of period	60,4	50,7	41,3

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 2014	83,0	-148,2	381,2	90,9	453,4	1,9	862,2
Profit for the period					106,7	-1,4	105,3
Translation differences					0,3		0,3
Financial assets available-for-sale			2,0				2,0
Cash flow hedge			0,0				0,0
Total comprehensive income			2,0		107,0	-1,4	107,6
Dividends					-207,2	-0,3	-207,5
Share-based compensation					1,9		1,9
Acquisition of non-controlling interests					-0,1	0,1	0,0
Balance at 30 June 2014	83,0	-148,2	383,3	90,9	355,1	0,3	764,3

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 2015	83,0	-148,2	384,8	90,9	467,5	0,6	878,6
Profit for the period					119,2	0,2	119,4
Translation differences					0,0		0,0
Financial assets available-for-sale			4,0				4,0
Cash flow hedge			-0,4				-0,4
Total comprehensive income			3,6		119,1	0,2	122,9
Dividends					-210,5	-0,5	-211,0
Share-based compensation		2,7			0,9		3,6
Other changes					-2,7		-2,7
Balance at 30 June 2015	83,0	-145,6	388,4	90,9	374,4	0,3	791,4

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 2014.

Changes in the accounting principles

The Group adopted the following standards, amendments to standards and interpretations as from 1 January 2015 onward:
- Annual improvements of IFRS-standards

1. Segment Information

4-6/2015	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	242,9	147,1		390,0
EBITDA	86,3	44,9		131,2
Depreciation and amortisation	-29,2	-23,3		-52,5
EBIT	57,2	21,6		78,7
Financial income			1,1	1,1
Financial expense			-6,9	-6,9
Share of associated companies' profit			1,0	1,0
Profit before tax				74,0
Investments	27,3	21,4		48,7
4-6/2014	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	239,4	144,2		383,5
EBITDA	79,5	47,5		127,0
Depreciation and amortisation	-30,7	-23,4		-54,1
EBIT	48,8	24,1		72,9
Financial income			1,2	1,2
Financial expense			-7,2	-7,2
Share of associated companies' profit			0,2	0,2
Profit before tax				67,0
Investments	27,9	24,5		52,4

1-6/2015	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	478,4	292,2		770,6
EBITDA	168,4	92,0		260,3
Depreciation and amortisation	-58,8	-46,7		-105,5
EBIT	109,6	45,2		154,8
Financial income			2,3	2,3
Financial expense			-13,6	-13,6
Share of associated companies' profit			1,7	1,7
Profit before tax				145,1
Investments	56,5	43,8		100,3
1-6/2014	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	472,7	293,1		765,8
EBITDA	155,8	97,3		253,1
Depreciation and amortisation	-61,6	-46,7		-108,2
EBIT	94,3	50,6		144,9
Financial income			3,2	3,2
Financial expense			-17,5	-17,5
Share of associated companies' profit			0,2	0,2
Profit before tax				130,8
Investments	53,4	47,4		100,8
1-12/2014	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	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	1 248,2	868,1	127,1	2 243,4

2. Acquisitions and disposals

Acquisition of Banana Finders Ltd

Elisa acquired all shares of Banana Fingers Ltd., which is a part of EpicTV business. The purchase price was EUR 3.3 million including a contingent consideration of EUR 1.4 million. The business combination resulted in goodwill of EUR 2.9 million. The goodwill resulted from the acquisition of e-commerce know-how and a business concept and faster access to the sports equipment e-commerce market for consumer customers.

Banana Fingers is consolidated from 1 January 2015 onwards.

There were no pre-existing relationships between the Group and the acquired company at the time of the acquisition that should be taken into account in the consolidation of the business operations.

Analysis of net assets acquired	Carrying amount
EUR million	
Inventories	0,3
Cash and cash equivalents	0,3
Trade payables and other current liabilities	-0,2
	0,4

Effects of acquisition on cash flow

EUR million	
Purchase price paid in cash	-1,9
Cash and cash equivalents of the acquired entity	0,3
	-1,6

There were no disposals during the first half of 2015.

3. Property, plant and equipment and intangible assets

	Property plant and equipment	Goodwill	Other intangible assets
30.6.2015			
EUR million			
Acquisition cost at 1 January 2015	3 257,1	831,5	596,7
Additions	80,0		20,3
Companies acquired		3,2	
Disposals	-4,4		0,0
Reclassifications	-0,3		0,2
Translation differences	0,1		0,0
Acquisition cost at 30 June 2015	3 332,4	834,7	617,1
Accumulated depreciation and impairment at 1 January 2015	2 565,1		459,6
Depreciation for the period	84,7		20,8
Accumulated depreciation on disposals and reclassifications	-4,5		-0,1
Translation differences	0,0		
Accumulated depreciation and impairment at 30 June 2015	2 645,3		480,4
Book value at 1 January 2015	692,0	831,5	137,0
Book value at 30 June 2015	687,1	834,7	136,7
30.6.2014			
EUR million			
Acquisition cost at 1 January 2014	3 125,4	832,4	558,4
Additions	81,3	0,0	19,4
Companies sold	-0,1	-0,8	0,0
Disposals	-13,7		0,0
Reclassifications	1,7		-0,5
Translation differences	0,1		
Acquisition cost at 30 June 2014	3 194,7	831,6	577,3
Accumulated depreciation and impairment at 1 January 2014	2 411,8		415,1
Depreciation for the period	86,4		21,9
Accumulated depreciation on disposals and reclassifications	-8,4		0,0
Accumulated depreciation and impairment at 30 June 2014	2 489,8		436,9
Book value at 1 January 2014	713,6	832,4	143,3
Book value at 30 June 2014	704,9	831,6	140,4

Commitments to purchase property, plant and equipment and intangible assets amounts to EUR 50.1 million at 30 June 2015

4. Carrying amounts of financial assets and liabilities by category

	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
30 June 2015						
EUR million						
Non-current financial assets						
Financial assets available-for-sale	24,4				24,4	24,4
Receivables		72,2			72,2	72,2
Current financial assets						
Trade and other receivables		319,9			319,9	319,9
	24,4	392,1			416,4	416,4
Non-current financial liabilities						
Financial liabilities				811,3	811,3	862,0
Other liabilities ⁽²⁾			1,0	23,1	24,1	24,1
Current financial liabilities						
Financial liabilities				323,9	323,9	323,9
Trade and other payables ⁽²⁾				253,1	253,1	253,1
			1,0	1 411,4	1 412,4	1 463,1
31 December 2014						
EUR million						
Non-current financial assets						
Financial assets available-for-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

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 2014.

5. Financial assets and liabilities recognised at fair value

EUR million	30.6.2015	Level 1	Level 2	Level 3
Financial assets/liabilities recognised at fair value ⁽¹⁾	-1,0		-1,0	
Financial assets available-for-sale ⁽²⁾	18,2	18,2		
Other liabilities ⁽³⁾	-1,8			-1,8
	15,4	18,2	-1,0	-1,8

EUR million	31.12.2014	Level 1	Level 2	Level 3
Financial assets 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

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 market rates.

³⁾ Contingent considerations relating to business combinations.

6. Financial assets available-for-sale

EUR million	30.6.2015	31.12.2014
Publicly listed equity investments and funds	18,2	14,2
Unlisted equity investments and funds	6,2	6,2
	24,4	20,4
The most significant unlisted equity investments		
EUR million		
Datawell Oy ⁽¹⁾	2,1	2,1
	2,1	2,1

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.

¹⁾ Elisa will acquire Datawell Oy's MDM (Master Data Management) business and its rights. Simultaneously Elisa will sell its ownership (18.9 per cent) in Datawell Oy. The acquisition is conditional and requires that certain conditions are met. They are estimated to be met by 31 August 2015.

7. Inventories

Write-down of inventories of EUR 1.5 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 2014	167 335 073	7 986 043	4,77 %
Disposal of treasury shares		-133 197	
Shares at 30 June 2015	167 335 073	7 852 846	4,69 %

Dividend

On 26 March 2015 Elisa's Annual General Meeting decided of a dividend of 1.32 euros per share. The total dividend amounts to EUR 210.5 million and payment started on 8 April 2015.

9. Issuances and repayment of debt

The group has not issued bonds during 1 January - 30 June 2015.

The unused amount of EUR 1,000 million EMTN program is EUR 400 million as at 30 June 2015. The base prospectus has been updated on 2 June 2014.

EUR million	30.6.	31.12.
	2015	2014
Issued commercial papers	218,5	210,0
Withdrawn committed credit lines	90,0	0,0

10. Provisions

EUR million	Termination benefits	Other	Total
1 January 2015	4,4	2,5	6,8
Increases in provisions	1,3		1,3
Reversals of unused provisions	-0,1		-0,1
Utilised provisions	-1,6	-0,1	-1,7
30 June 2015	3,9	2,4	6,3

EUR million	Termination benefits	Other	Total
1 January 2014	12,8	2,3	15,1
Increases in provisions	1,4	0,8	2,2
Reversals of unused provisions	-1,7		-1,7
Utilised provisions	-5,4		-5,4
30 June 2014	7,0	3,1	10,1

11. Operating Lease Commitments

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

	30.6.	31.12.
EUR million	2015	2014
Not later than one year	27,6	28,1
Later than one year not later than than five years	37,3	27,9
Later than five years	33,6	6,5
	98,5	62,5

12. Contingent Liabilities

	30.6.	31.12.
EUR million	2015	2014
For our own commitments		
Mortgages	1,5	1,5
Pledged securities	0,1	0,1
Deposits	0,8	0,9
Guarantees	1,1	1,1
On behalf of others		
Guarantees	0,5	0,6
Other		0,0
	4,1	4,3
Other contractual obligations		
Repurchase obligations	0,1	0,0
Letter of credit	0,1	0,1
Capital loan's unrecognised interest payable	0,0	0,0

13. Derivative Instruments

	30.6.	31.12.
EUR million	2015	2014
Nominal values of derivatives		
Currency swap	2,3	3,0
Electricity derivatives	8,9	7,4
	11,2	10,4
Fair values of derivatives		
Currency swap	-0,1	-0,2
Electricity derivatives	-0,9	-0,3
	-1,0	-0,4

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, EUR million	1-6/2015	1-6/2014	1-12/2014
Sales	0,2	0,1	0,3
Purchases	2,1	1,5	3,5
Receivables	0,8	0,1	0,1
Liabilities	0,4		

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

Key Figures

EUR million	1-6 2015	1-6 2014	1-12 2014
Shareholders' equity per share, EUR	4,96	4,79	5,51
Interest bearing net debt	1 074,7	1 075,5	1 001,5
Gearing, %	135,8	140,7	114,0
Equity ratio, %	35,1	34,4	39,4
Return on investment (ROI), % *	16,7	15,9	15,7
Gross investments in fixed assets	100,3	100,8	191,5
of which finance lease investments	0,9	0,2	1,0
Gross investments as % of revenue	13,0	13,2	12,5
Investments in shares	14,2	0,0	43,5
Average number of employees	4 131	4 154	4 138

*) rolling 12 months profit preceding the reporting date

Financial Calendar

Third quarter 2015

16 October 2015

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