

The logo for elisa, featuring the word "elisa" in a white, lowercase, sans-serif font, centered within a blue rounded rectangle with a subtle gradient and a thin white border.

elisa

First Quarter Results 2010

23 April 2010

Agenda

CEO's review

Veli-Matti Mattila, CEO

Financial review

Jari Kinnunen, CFO

CEO's review

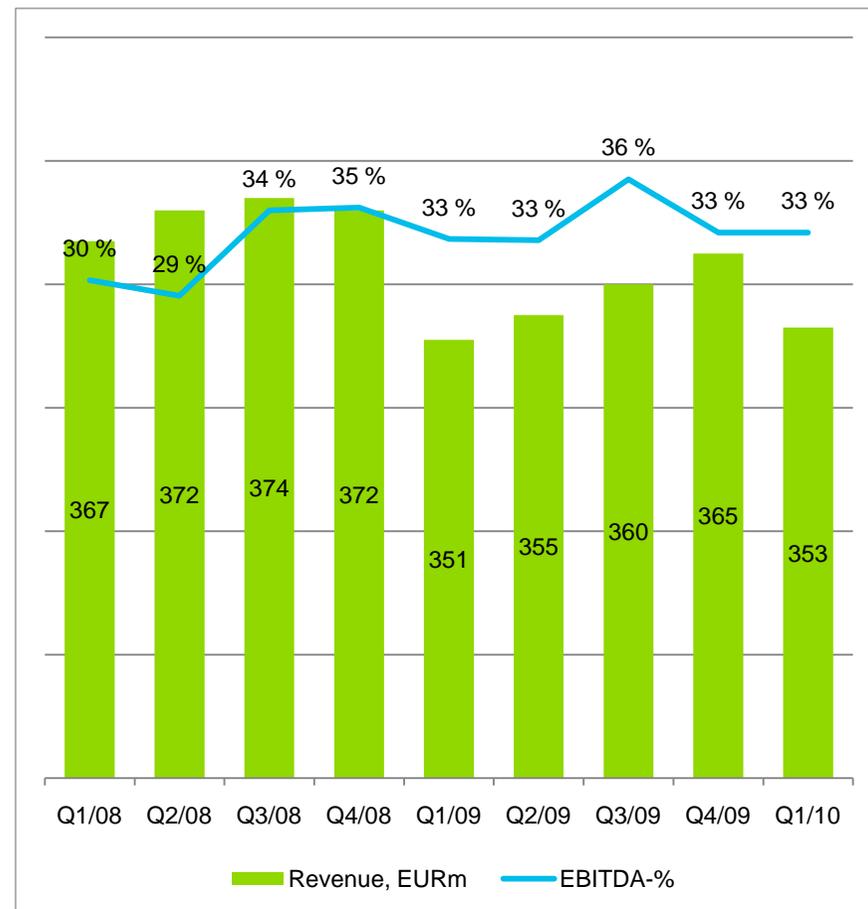
- Q1 2010 highlights
- Segment review
 - Consumer Customers
 - Corporate Customers
- Execution of the strategy
- Progress of new services
- Outlook for 2010

Q1 2010 highlights

- YoY revenue growth
 - Consumer Customer business €+13m (+6%)
 - Corporate Customer business €-11m (-7%)
- Good profitability and cash flow
- Mobile subscription and usage growth continues
- IPTV Elisa Viihde continues its success
- Growth in 3G customer base continued

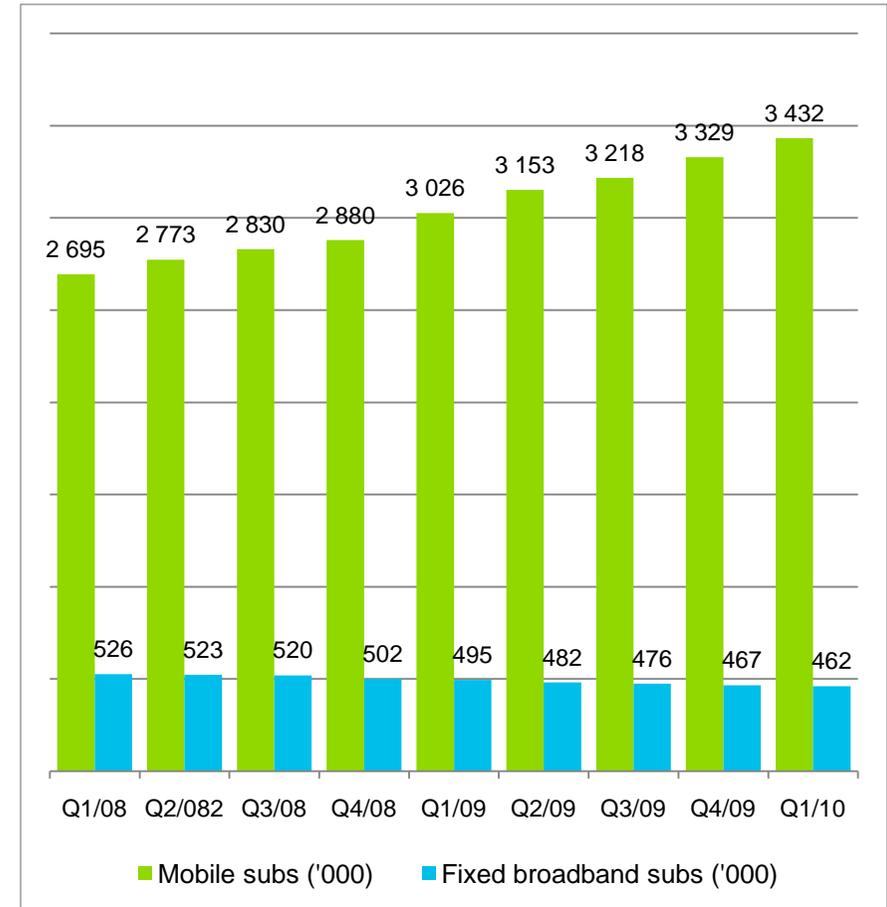
Slight YoY growth in revenue

- Revenue €353m (351)
 - Growth in consumer mobile business
 - Decrease in traditional fixed business
 - Growth in online and ICT service business
- EBITDA €116m (115), 33% of revenue
- CAPEX €39m (34), 11% of revenue
- Net debt €817m (719 in 2009)
 - Capital repayment €143m
 - Cash flow €45m
 - Net debt / EBITDA 1.7 (1.8), according to target
- One-off provision booked for possible guarantee expense, net impact €-33m



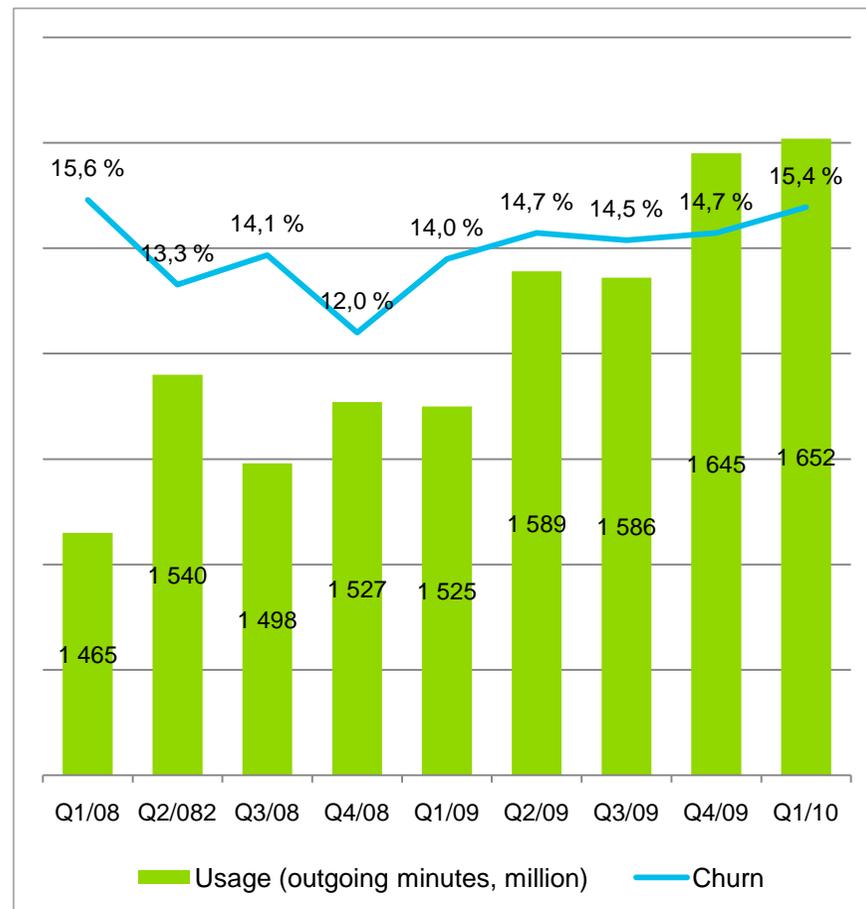
Mobile subscription growth continues

- **Mobile net adds 103,000 in Q1/10**
 - Growth in both customer segments
 - Growth in mobile broadband, postpaid and prepaid
 - Estonia +5,400 in Q1/10
- **Fixed broadband decrease slowed down**
 - Decrease 5,200 in Q1/10
 - Market has matured



Keen but stable competition, growth in mobile usage

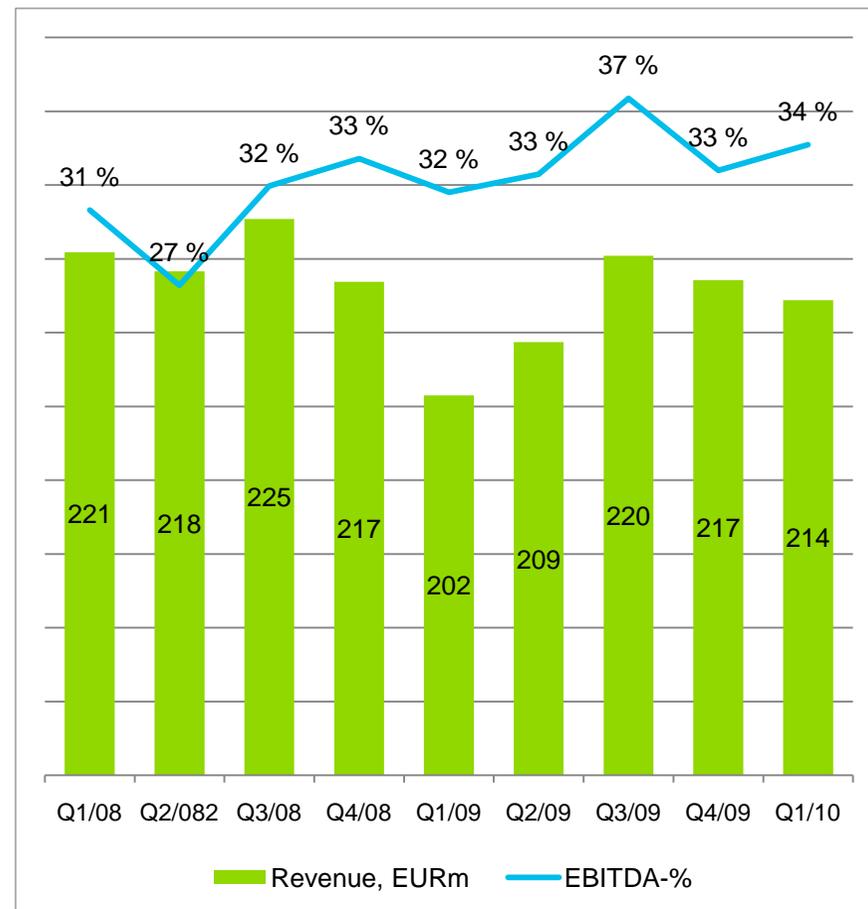
- Growth in mobile usage
 - Outgoing minutes growth 8% YoY
 - SMS growth 6% YoY
- Mobile churn 15.4% (14.0)
 - Slight increase, but still at normal level
 - Slight QoQ increase in number portability, YoY at the same level



Business Segments

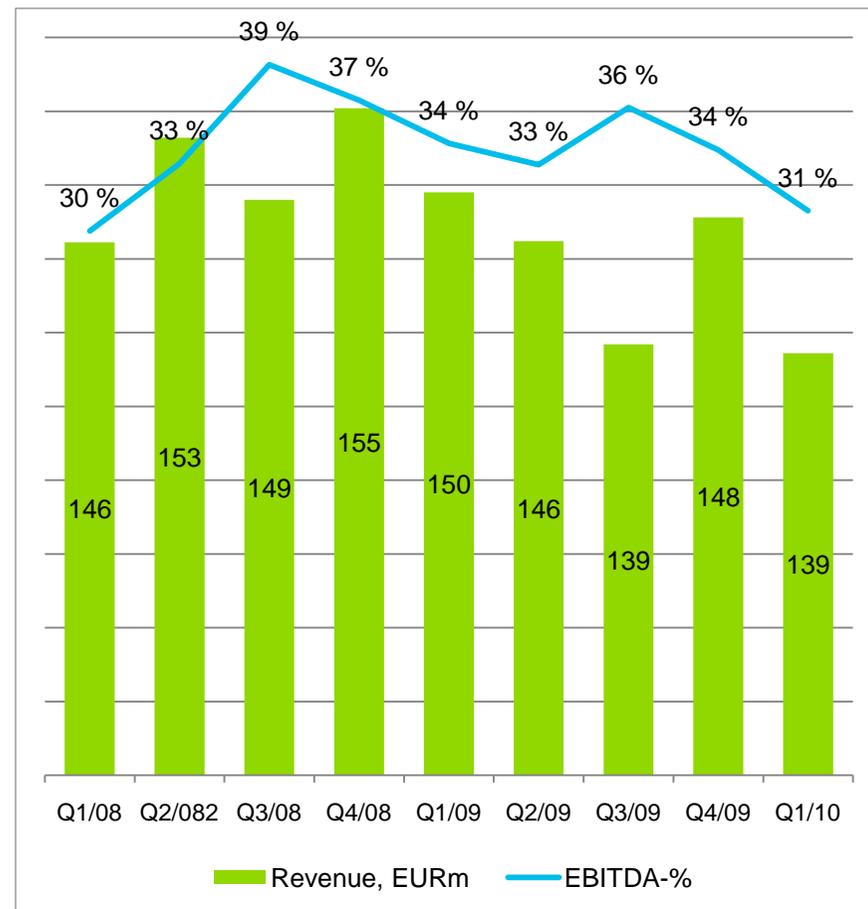
Strong YoY revenue growth

- **Revenue €214m (202)**
 - Growth in mobile customer billing and online services
 - Increase in equipment sales
 - Change in revenue allocation between segments €+2m
 - Decrease in fixed broadband
- **EBITDA €73m (64), 34% of revenue**
 - Revenue growth
 - Increase in personnel costs
 - Decrease in mobile SAC
- **CAPEX €24m (18)**
 - Growth in customer equipment and mobile products



Uncertainties in telco services, ICT services growing

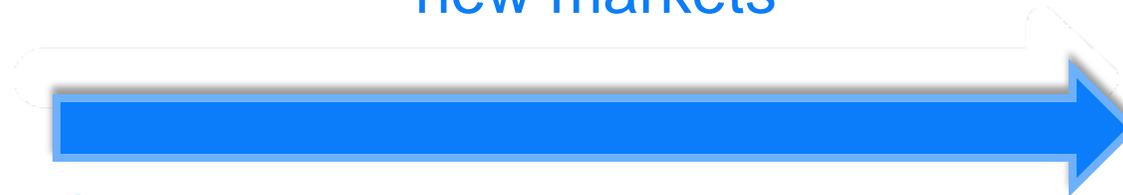
- **Revenue € 139m (150)**
 - Lower usage in traditional fixed
 - Decrease in mobile revenue
 - Change in revenue allocation between segments €-2m
 - Growth in ICT services
- **EBITDA € 43m (51)**
 - Revenue decrease
 - Decrease in OPEX
 - Decrease in mobile SAC
- **CAPEX € 15m (16)**



Strategy execution



New services and
new markets



Strengthening market
position in core markets



Integration of One Elisa

Determined improvement of productivity

Self-service and automatisisation

IT consolidation

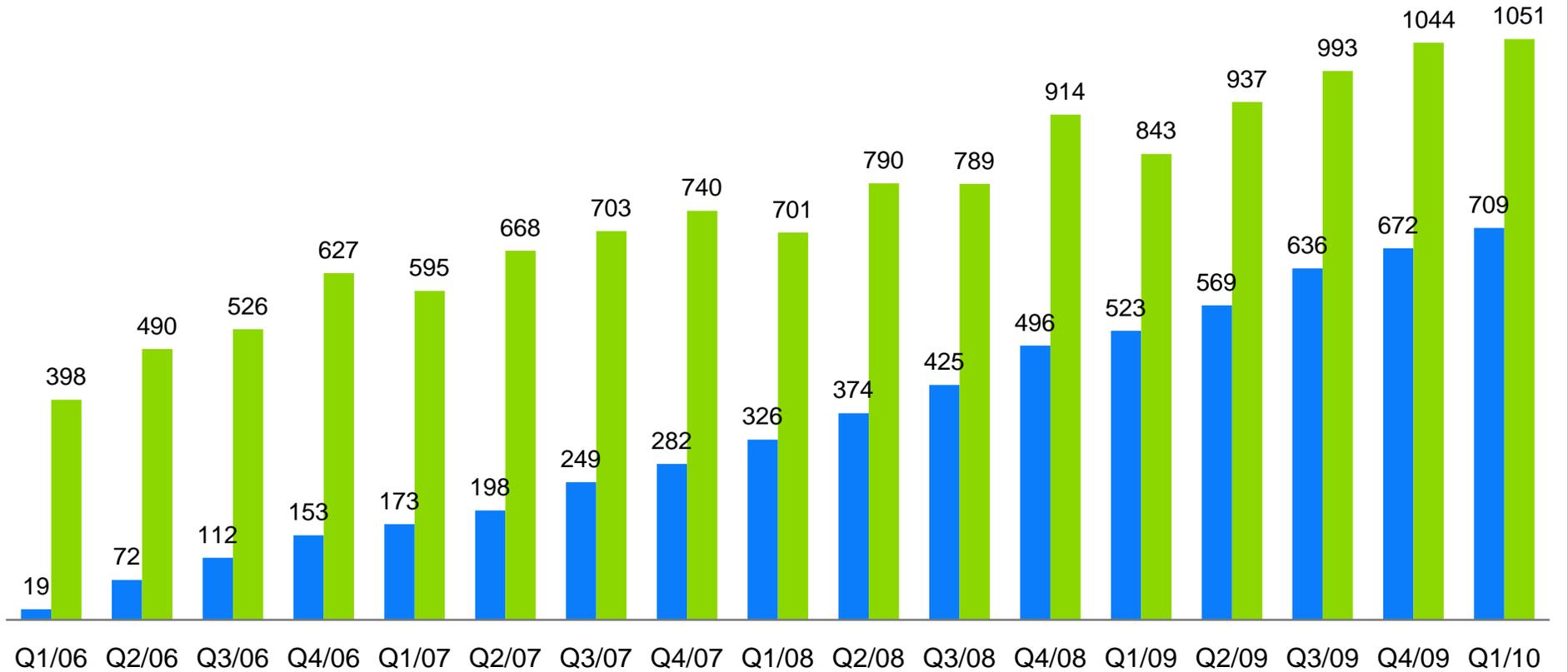
Sourcing and procurement

Quality improvements

Growth in 3G data users continued

Active 3G users Active GPRS users

Number of active mobile data users in Elisa's network, thousands



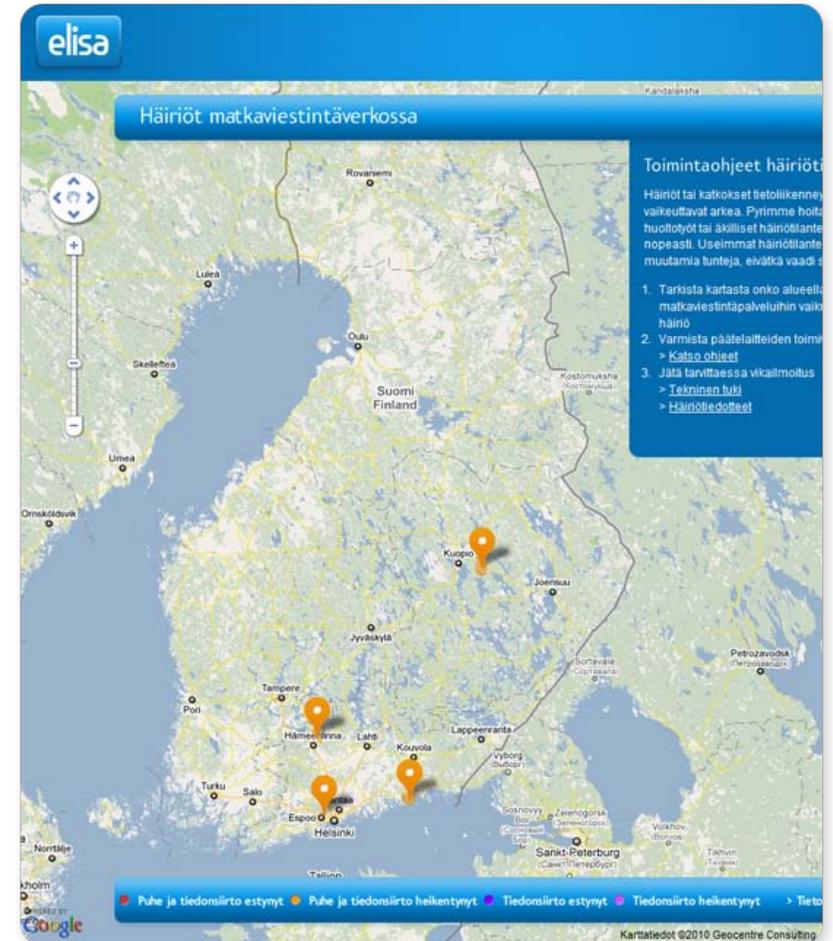
New content in Elisa Viihde IPTV

- Unique Formula 1 interactive experience coming to Elisa Viihde
 - Formula 1 fans can select how they wish to view the race from a range of exciting options
 - Rich-media and real time race information available
- Finland's national public service broadcasting company, YLE's internet TV programs
- Also, the commercial broadcasting company, MTV3's internet TV programs soon available



Increased openness in customer interaction

- Real time information regarding mobile network available to Elisa and Saunalahti customers
- Fault situation and maintenance work monitoring
- First of its kind in Finland



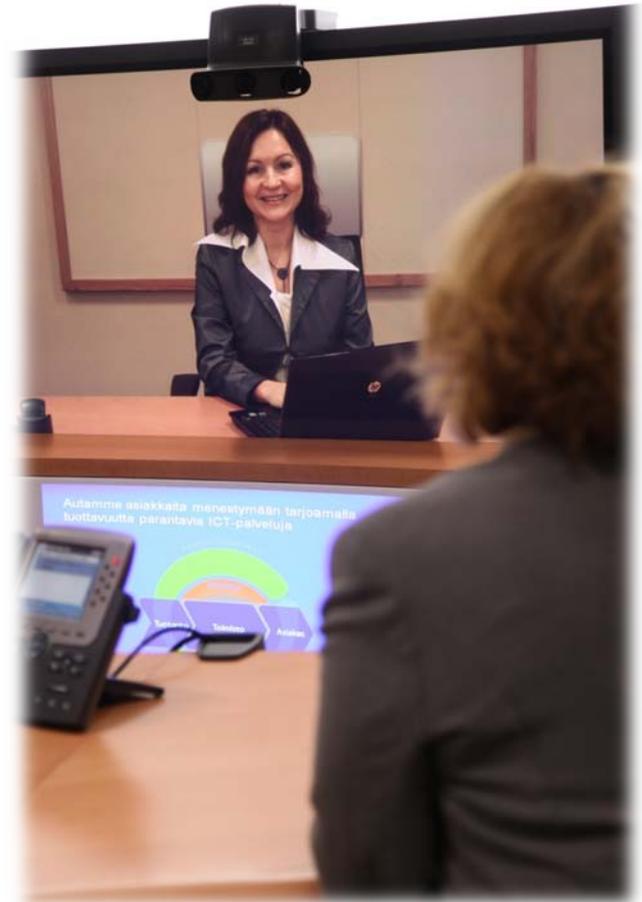
Environmental friendly IT server centre

- New server centre in the city of Espoo
- Heat recovery from the centre is used in district heating for Espoo
- Internationally unique total energy solution



New corporate customer service concept

- Advanced virtual service concept to facilitate improved interaction with corporate customers
- Personnel familiar with customers' needs serve SME customers face to face through a video connection across different parts of Finland



Outlook for 2010

- Economic environment still creates uncertainty
 - The main risks relate to the predictability of the Estonian economy and the corporate customer business development
- Competition remains challenging
- Revenue at the same level as in 2009
- EBITDA excluding one-offs at the same level as in 2009
- CAPEX 10 – 12 per cent of revenue

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CEO's review

Veli-Matti Mattila, CEO

Financial review

Jari Kinnunen, CFO

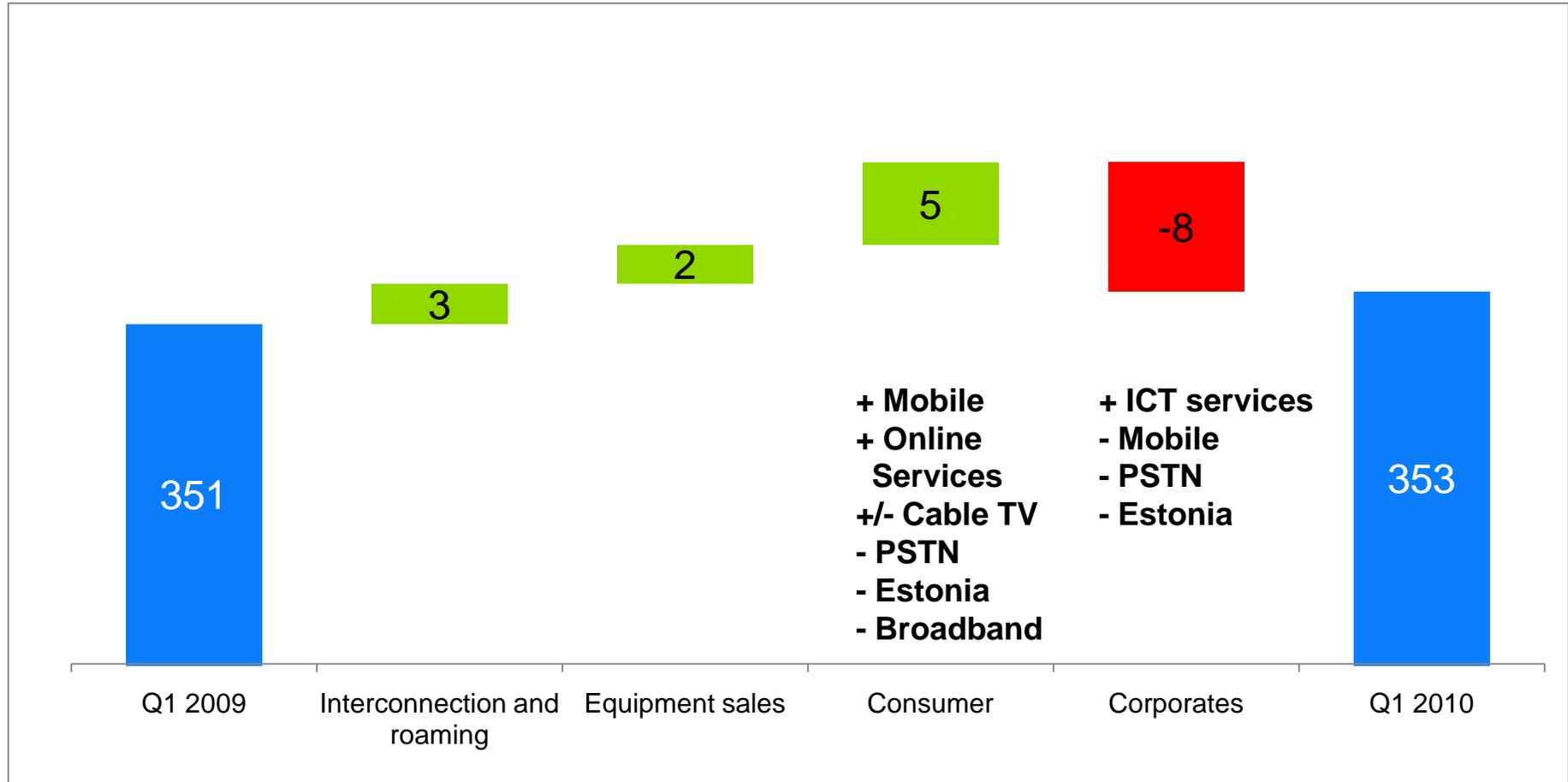
Slight growth in revenue, stable profitability

EUR million	Q1/10	Q1/09	Δ	2009
Revenue	353	351	2	1430
Other operating income	1	1		4
Operating expenses	-238	-237	-1	-951
EBITDA	116	115	1	484
<i>EBITDA-%</i>	33%	33%		34%
Depreciation and amortisation	-54	-53		-216
EBIT	61	62	-1	267
<i>EBIT-%</i>	17%	18%		19%
Profit before tax	10	53	-44	235
Profit before tax excl. one-off item	54			
Income taxes	-1	-12	11	-58
Net profit	8	41	-33	177
Net period excl. one-off item	41			
EPS, EUR/share	0.05	0.26	-0.21	1.13
EPS, EUR/share excl. one-off item	0.26			

Guarantee expense provision

- One-off provision of EUR 45 million
 - Booked in finance expenses
 - Relates to USD 60m guarantee given in 2007
 - A tax asset of EUR 12m booked
 - Net negative effect on the 2010 result is EUR 33m
 - There is dispute with the arranger bank regarding guarantee obligations and court proceedings have started
 - The final expense amount will depend on the developments of the CDO portfolio until 31 Dec 2012 and outcome of court proceedings
 - Provision booked now to the possible maximum on prudence principle, final expense may be significantly smaller
 - If fully realised, net cash payments after tax of approximately USD 25m in 2011 and USD 20m in 2012
- CDO portfolio guarantee was linked to counter party hedge in QTE
 - The positive effect of the QTE arrangement on Elisa's results was EUR 13m in 1999-2008

YoY revenue growth



Total expenses at same level as in 2010

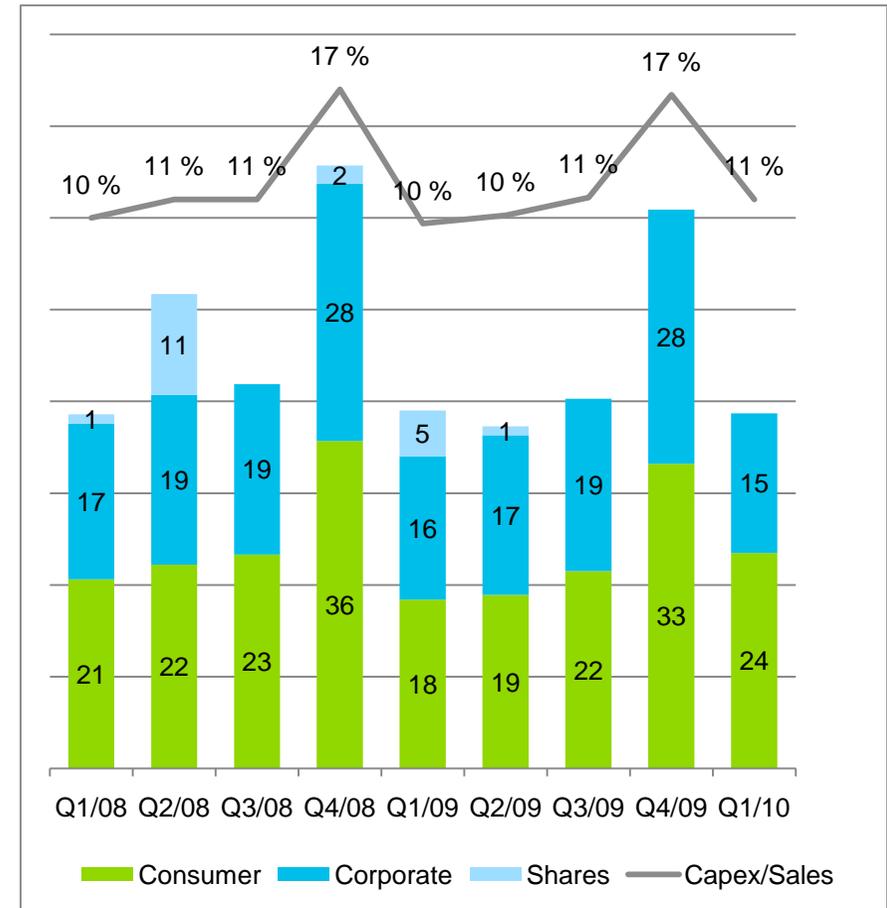
- OPEX decreases
 - Equipment purchase costs
 - Productivity improvements
 - External services
 - Lower SAC

- OPEX increases
 - Personnel increased in call-centers
 - Collective labor agreements
 - 1.9.2009 2.6% increase

EURm	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10
Materials and services	146	144	143	144	140
Employee benefit expenses	47	48	43	51	55
Other operating expenses	44	48	43	50	43
Total expenses	237	240	229	246	238
Depreciation	53	53	54	57	54

CAPEX in line with guidance

- **Total CAPEX EUR 39m (34)**
 - CAPEX/Sales 11% (10%)
- **Q1/10 by segments**
 - Consumer EUR 24m (18)
 - Corporate EUR 15m (16)
- **Major CAPEX areas**
 - 3G network rollout
 - Fixed and corporate networks
 - IT systems
 - Customer equipment



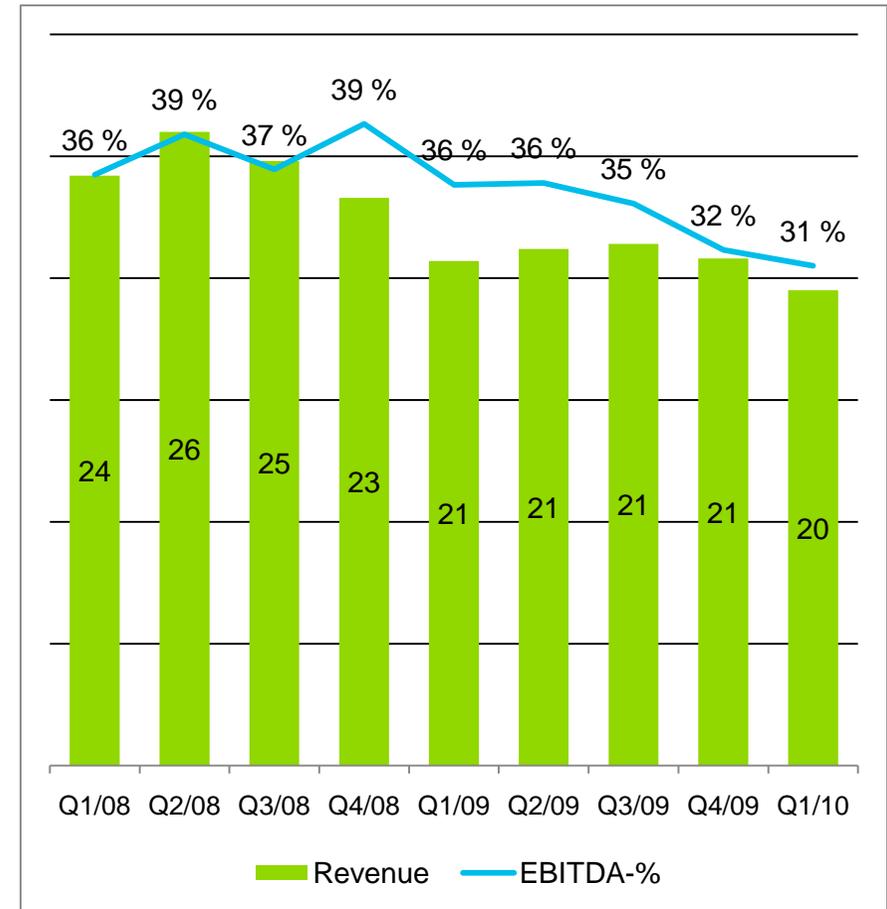
Strong cash flow continued

EUR million	Q1/10	Q1/09	Δ	2009
EBITDA	116	115	1	484
Change in receivables	5	12		36
Change in inventories	3	2		-9
Change in payables	-12	-10		10
Change in NWC	-4	4	-8	37
Financials (net)	-15	-15		-30
Taxes for the year	-13	-17		-55
Taxes for the previous year				-2
Taxes	-13	-17	4	-57
CAPEX	-38	-34	-4	-170
Investments in shares	-1	-7	6	-10
Sale of assets and adjustments	0	0		-2
Cash flow after investments	45	46	-1	252

Recession effects on Estonian business

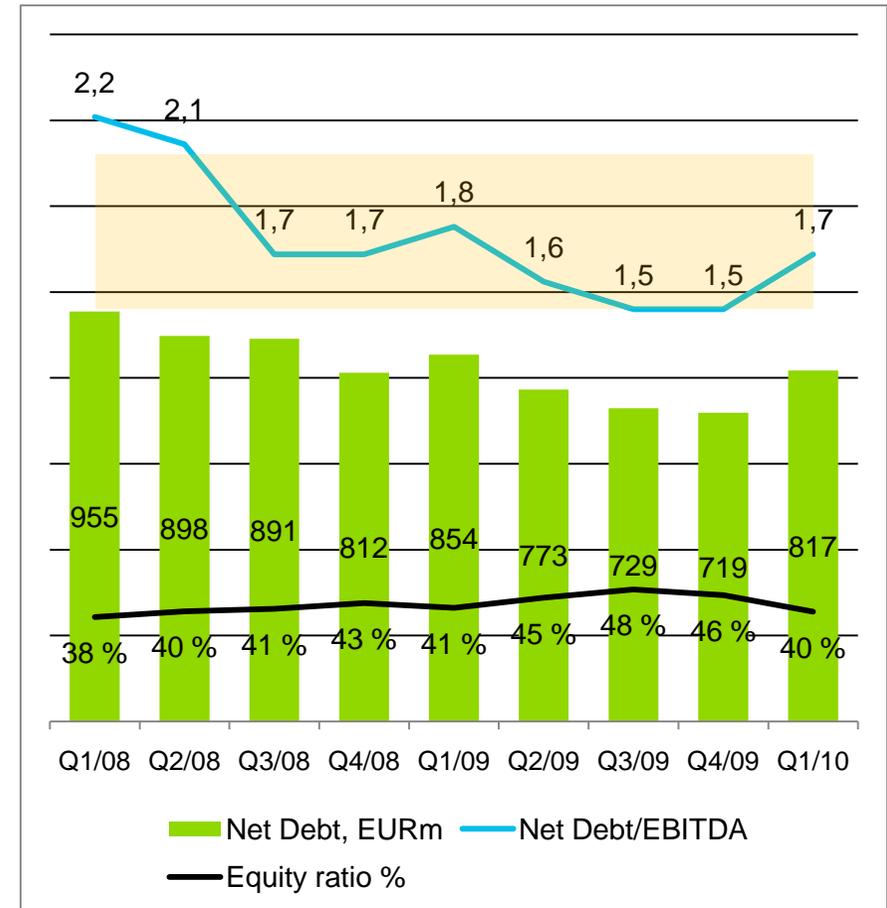
- Revenue decreased
 - Customer billing
 - Termination fee and roaming revenue
 - Equipment sales
- 294.200 mobile subscriptions
 - +25 800 y-o-y
 - +5 400 q-o-q

EUR million	Q1/10	Q1/09	2009
Revenue	20	21	84
EBITDA	6	7	29
<i>EBITDA-%</i>	<i>31</i>	<i>36</i>	<i>34</i>
EBIT	3	5	18
<i>EBIT-%</i>	<i>16</i>	<i>22</i>	<i>21</i>
CAPEX	2	2	7



Capital structure in line with targets

- **Capital structure**
 - Net debt / EBITDA 1.7
 - Gearing 107%, Equity ratio 40%
- **Target setting**
 - Net debt / EBITDA 1.5 – 2x
 - Equity ratio >35%
- **Focus on cash generation**
 - CAPEX control
 - Net Working Capital
 - Efficiency programs
 - Customer credit control





First Quarter Results 2010

23 April 2010

Consolidated Cash Flow Statement

EUR million	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Cash flow from operating activities									
Profit before tax	10	56	70	56	53	70	67	38	52
Adjustments to profit before tax	106	64	60	60	61	57	59	67	56
Change in working capital	-4	26	-23	30	4	33	-2	30	22
Cash flow from operating activities	112	146	107	146	119	159	124	135	130
Received dividends and interests and interest paid	-15	-1	-12	-2	-15	-4	-15	-6	-14
Taxes paid	-13	-11	-11	-18	-17	-11	-15	-22	-12
Net cash flow from operating activities	84	134	84	127	87	145	93	108	104
Cash flow in investments									
Capital expenditure	-38	-61	-40	-36	-34	-60	-42	-40	-37
Investments in shares and other investments	-1		0	-2	-7	-1	-1	-9	-1
Proceeds from asset disposal		0	0	1	0	0	0	0	0
Net cash used in investment	-39	-61	-41	-37	-41	-61	-42	-49	-38
Cash flow after investments	45	74	43	89	46	84	51	59	66
Cash flow in financing									
Share Buy Backs and sales (net)	0	0		0		0	-43		0
Change in interest-bearing receivables		0		0					0
Change in long-term debt	25	0	0	-36		0		50	0
Change in short-term debt	69	13	-62	-47	40	-70	-1	-136	246
Repayment of financing leases	-1	-1	-1	-1	-1	-1	-1	-1	-1
Dividends paid	-143	-63	0	-8	-86	-1	0	-1	-284
Cash flow in financing	-50	-51	-64	-92	-47	-72	-45	-87	-40
Change in cash and cash equivalents	-5	22	-20	-2	-2	12	6	-28	26

Financial situation

EUR Million	31 Mar 2010	31 Dec 2009	30 Sep 2009	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008	30 Jun 2008	31 Mar 2008
Interest-bearing debt									
Bonds and notes	597	572	572	570	606	606	604	604	634
Commercial Papers	118	74	62	119	101	56	81	107	118
Loans from financial institutions	80	80	80	80	80	80	80	80	0
Financial leases	23	23	24	27	27	27	26	26	26
Committed credit lines 1)	25	0	0	5	70	75	120	95	220
Others 2)	0	0	0	1	1	1	1	1	1
Interest-bearing debt, total	843	750	738	802	885	845	912	913	998
Security deposits									
Securities									
Cash and bank	26	31	9	29	31	33	21	15	43
Interest-bearing receivables	26	31	9	29	31	33	21	15	43
Net debt 3)	817	719	729	773	854	812	891	898	955

1) The committed credit lines are EUR 170 million and EUR 130 million revolving credit facilities with five banks, which Elisa Corporation may use flexibly on agreed pricing. The loan arrangements are valid until 17 June 2012 and 23 November 2014.

2) Redemption liability for minorities

3) Net debt is interest-bearing debt less cash and interest-bearing receivables.