

FIRST QUARTER RESULTS

2011



20 April 2011

Agenda

CEO's review

Veli-Matti Mattila, CEO

Financial review

Jari Kinnunen, CFO

CEO's review

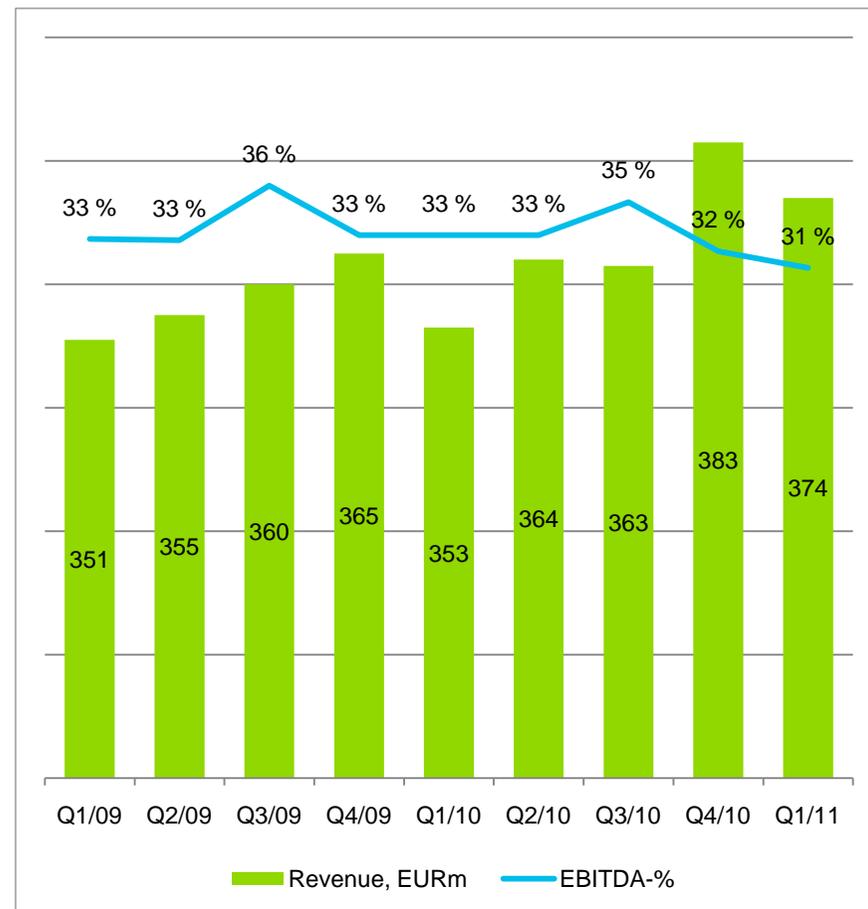
- Q1 2011 financial and operational highlights
- Segment review
- Execution of the strategy
- Progress of new services and smartphone market development
- Outlook for 2011

Q1 2011 highlights

- Strong revenue growth continued
- Profitability was at a good level
- Mobile subscription base continued to grow
- Smartphone market growth accelerated, excellent demand for 3G data services
- Elisa Kirja e-book service was launched
- Elisa Viihde IPTV success continues
- AGM decided on EUR 0.90 dividend and granted authorisation for an additional dividend

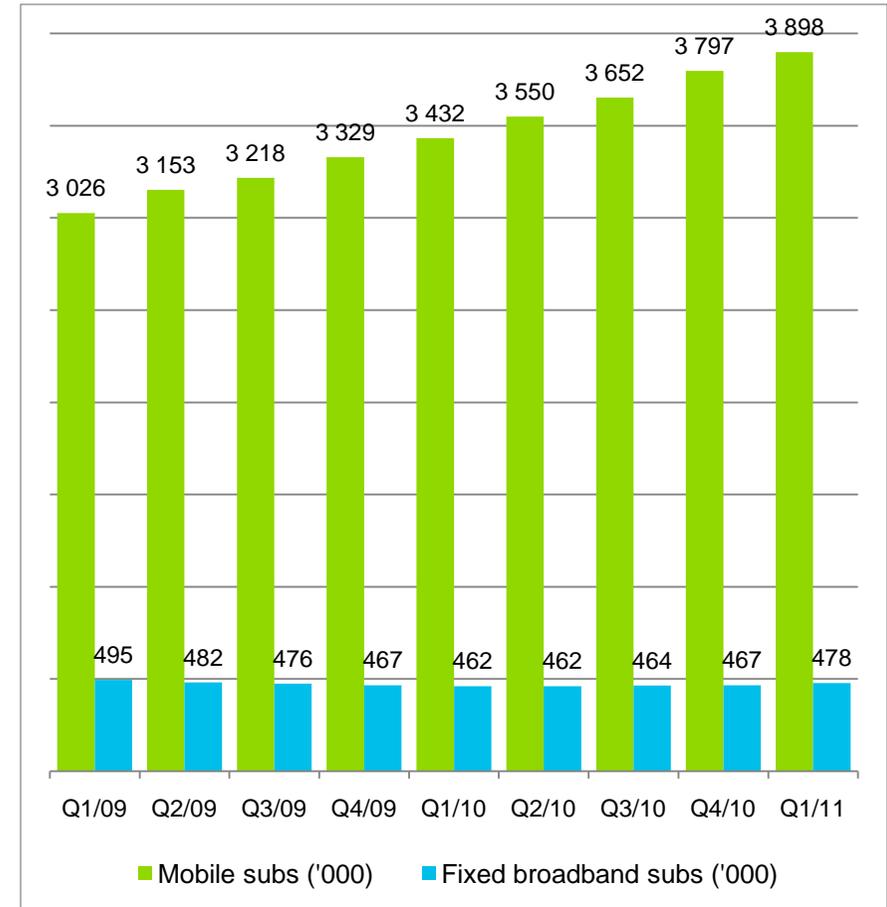
Revenue growth continued

- **Revenue €374m (353)**
 - Growth in equipment sales and mobile services
 - Decrease in fixed telephony business and MTR
 - Growth in Online and ICT service businesses
- **EBITDA €118m (116)**
 - €119m excluding Estonian one-off MTR settlement fee
- **CAPEX €41m (39), 11% of revenue**
- **Net debt €752m (817)**
 - Cash flow €27m
 - Net debt / EBITDA 1.5 (1.7)



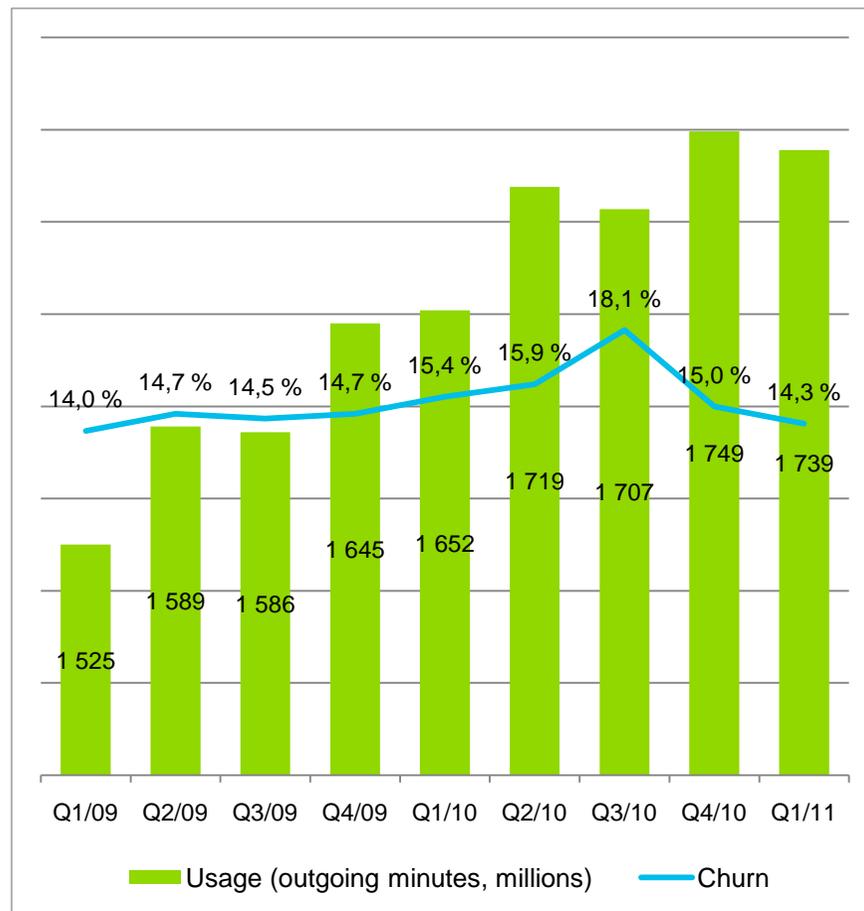
Strong growth in mobile subscriptions continued

- **Mobile net adds 101,300 in Q1/11**
 - Growth in both customer segments
 - Strongest growth in mobile broadband and 3G subscriptions
 - Estonia +9,900 subscriptions
- **Growth rate strengthened in fixed broadband**
 - Growth 10,400 in Q1/11



Mobile churn decreased further

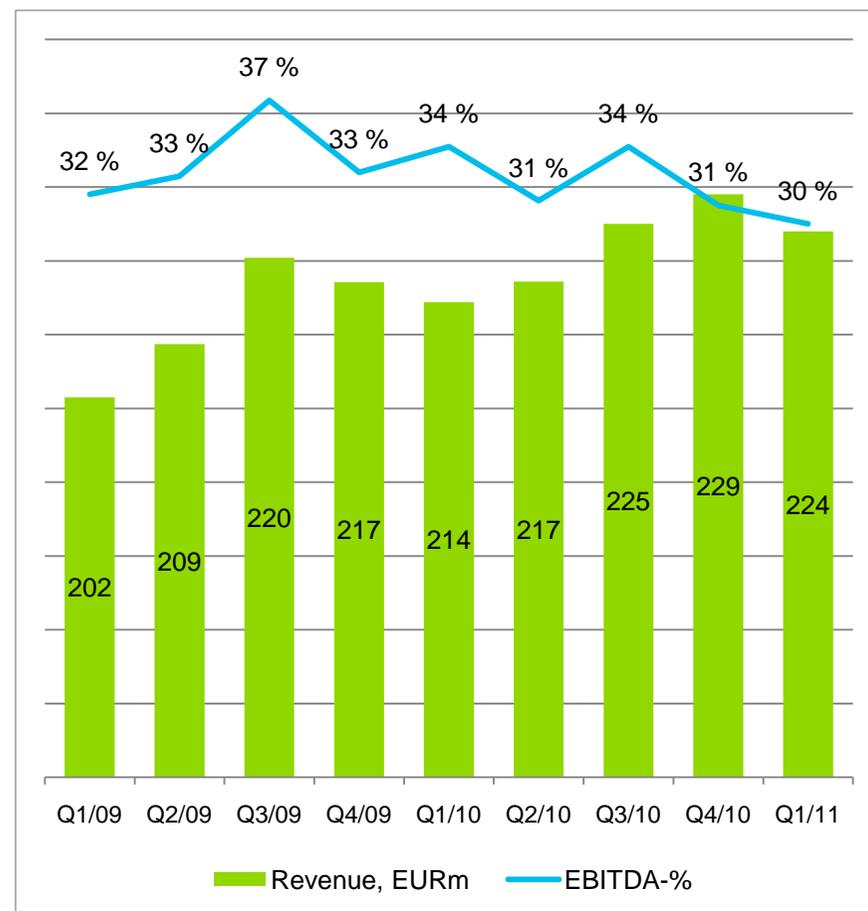
- Growth in mobile services
 - Outgoing minutes growth +5% YoY
 - SMS growth +12% YoY
- Mobile churn 14.3% (15.4)
 - Mobile churn decrease continued
 - Keen competition will continue



Business Segments

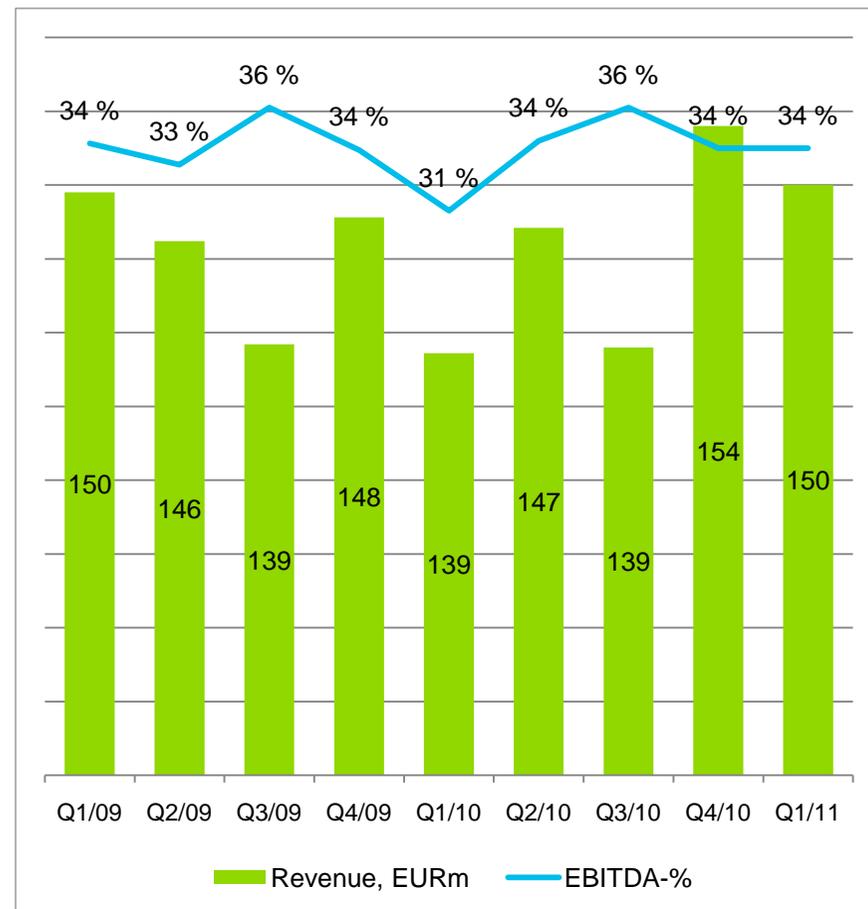
Growth in Online-services and equipment sales

- **Revenue €224m (214)**
 - Growth in smartphones and Online-services
 - Decrease in fixed telephony business and mobile interconnection revenue
- **EBITDA €67m (73), 30% of revenue**
 - Higher equipment and fixed broadband sales costs
 - Higher Online-service sales and development costs
 - One-off MTR settlement fee in Estonia
- **CAPEX €23m (24)**



Strong growth in corporate customers' ICT services

- Revenue € 150m (139)
 - Growth in ICT services, mobile usage and smartphone sales
 - Decrease in fixed network business
- EBITDA € 51m (43), 34% of revenue
 - Revenue growth
- CAPEX € 18m (15)



Strategy execution



New services and
new markets



Strengthening market
position in core markets

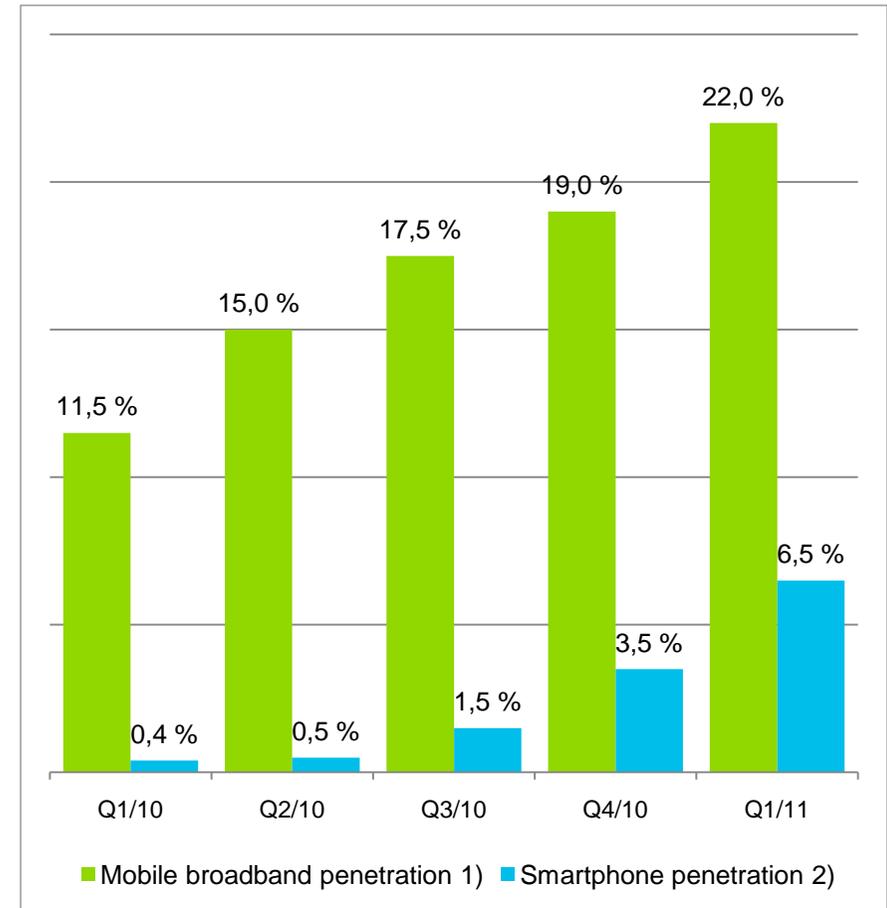


Integration of One Elisa

Good growth in mobile broadband and smartphones

- Smartphone growth accelerated, still great growth potential
- Smartphones top the list of most sold phones in March 2011
 1. iPhone 4
 2. Nokia E7
 3. Nokia C7
 4. ZTE Blade
 5. Huawei Ideos X5
 6. HTC Desire HD
- 50% of all models sold were smartphones in Q1

Penetration in Elisa's network in Finland



1) Dongles and mobile BB add-on services of the total subscription base

2) iOS, Android, Symbian 3^ and Windows phones of the total phone base



Elisa Kirja – most extensive Finnish e-book service

- May be used with tablets, smartphones, electronic readers and computers
- Service includes the e-books and audio books
- Smartphone applications for Android and Apple devices



Exclusive content for Elisa Viihde IPTV

- Exclusive contract with the Nordic film distributor Nordisk Film
- Exclusive rights to comprehensive range of domestic films
 - Producer Solar Films, MRP Matila Röhr Productions and Bronson Club
- Smartphone applications for Android and Apple devices



Sales and marketing power with Digital Signage

- **Customer benefits**
 - More effective customer service
 - Facilitates easy purchasing of products and services
 - Offers up-to-date information
- **Possible to incorporate a video conference connection to the solutions**



Elisa the first in Finland to grant mobile certificates

- Electronic identification using SIM card
- Electronic signature
- Facilitates online services and electronic commerce
- The insurance company If was the first firm to deploy the ID certificate to its customers



Outlook for 2011

- Positive trends of the general economy have continued
- Competition remains challenging
- Slight increase in revenue
- EBITDA excluding one-offs to improve slightly
- CAPEX maximum 12 per cent of revenue

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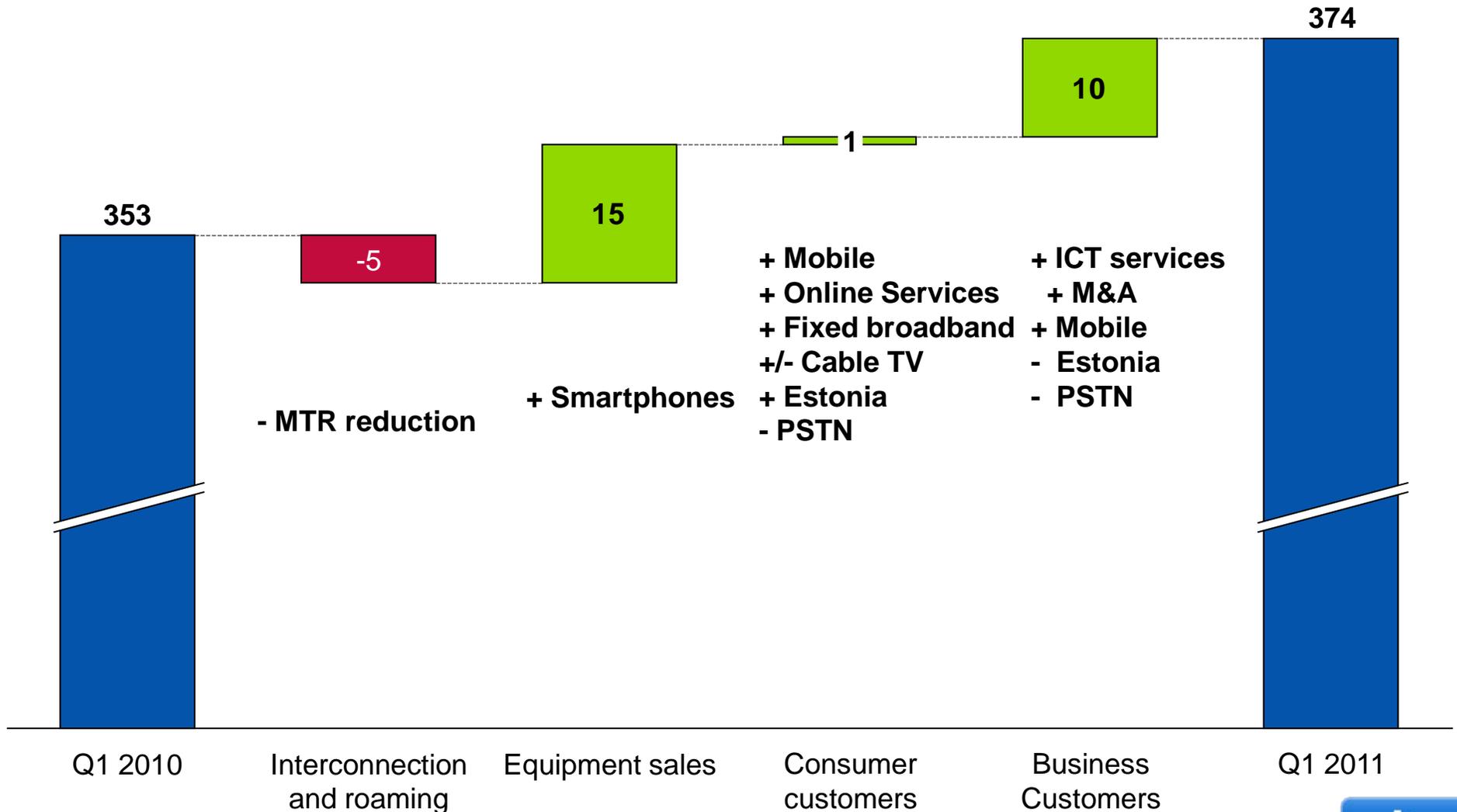
Strong revenue growth continued

EUR million	Q1/11	Q1/10	Δ	2010
Revenue	374	353	21	1463
Other operating income	1	1		5
Operating expenses	-257	-238	-19	-984
EBITDA	118	116	2	485
EBITDA excluding on-offs ¹⁾	119	116	3	
<i>EBITDA-%</i>	31%	33%		33 %
<i>EBITDA-% excluding one-off ¹⁾</i>	32%	33%		
Depreciation and amortisation	-52	-54	2	-217
EBIT	65	61	4	268
<i>EBIT-%</i>	17%	17%		18%
Profit before tax	58	10	48	197
Profit before taxes excl. one-off ^{1) 2)}	59	54	5	237
Income taxes	-15	-1	-14	-47
Profit for the period	43	8	35	151
Profit for the period excl. one-off ^{1) 2)}	44	41	3	180
EPS, EUR/share	0.27	0.05	0.22	0.96
EPS excl. one-off ^{1) 2)}	0.28	0.26	0.02	1.15

¹⁾ Settlement of Estonian interconnection fee dispute Q1/11 EUR 1m

²⁾ CDO guarantee settlement PTP Q1/10 EUR 45m and 2010 EUR 40m

Revenue change YoY



Equipment sales and acquisitions affected OPEX

- OPEX decreased

- Network operating expenses
- Interconnections and roaming
- Productivity improvements in various areas

- OPEX increased

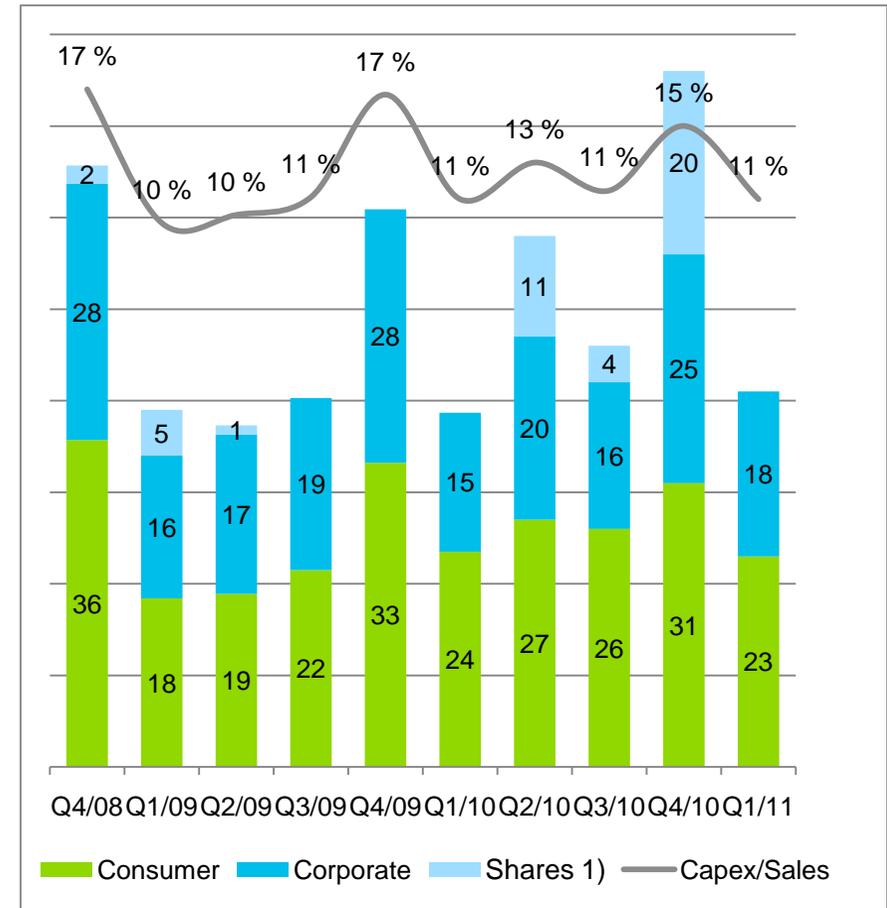
- Cost of equipment sales
- Structural changes 2010
 - Videra (Q2) and Appelsiini (Q4)
- Personnel expenses
 - 207 persons in acquired companies
 - Call center and customer service personnel increase
 - Salary increases based on collective labor agreements in Q4/10

EURm	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11
Materials and services	140	148	148	163	158
Employee benefit expenses	55	52	46	55	58
Other operating expenses	43	46	42	44	41
Total expenses	238	247	237	262	257
Depreciation	54	54	54	55	52

- Cost of Saunalahti acquisition allocated to customer base was fully amortised in 2010. Annual impact is EUR 10m.

CAPEX/Sales in line with guidance

- Total CAPEX in Q1 EUR 41m (39)
 - CAPEX/Sales 11% (11)
- Q1/11 by segments
 - Consumer EUR 23m (24)
 - Corporate EUR 18m (15)
- Major CAPEX areas
 - Fixed access and backbone networks
 - 3G network
 - Customer equipment
 - IT systems



1) Including acquisitions of business assets

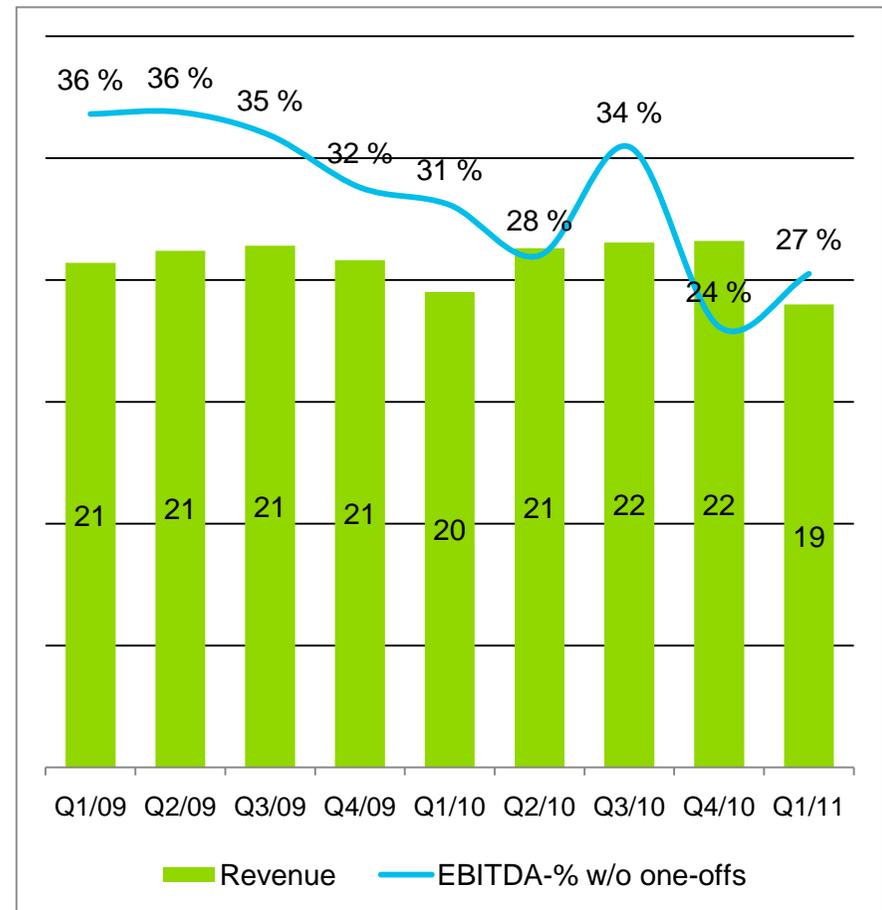
Cash flow

EUR million	Q1/11	Q1/10	Δ	2010
EBITDA	118	116	2	485
Change in receivables	3	5	-2	2
Change in inventories	-4	3	-7	-6
Change in payables	-12	-12	0	11
Change in NWC	-13	-4	-9	7
Finance income and expenses	-17	-15	-2	-28
CDO Guarantee settlement				-40
Financials (net)	-17	-15	-2	-68
Taxes for the year	-15	-13	-2	-47
Taxes for the previous year				-6
Taxes	-15	-13	-2	-53
CAPEX	-41	-38	-3	-182
Investments in shares	-5	-1	-4	-19
Sale of assets and adjustments	1	0	1	2
Cash flow after investments	27	45	-18	172
Cash Flow after investments excl. one-off items				212

Subscription growth continued in Estonia

- Slight decrease in revenue
 - Lower MTR affected negatively
- EBITDA decreased
 - Strong growth in mobile subscriptions
 - + 84,600 YoY, + 9,900 QoQ
 - One-off MTR settlement of EUR 1m

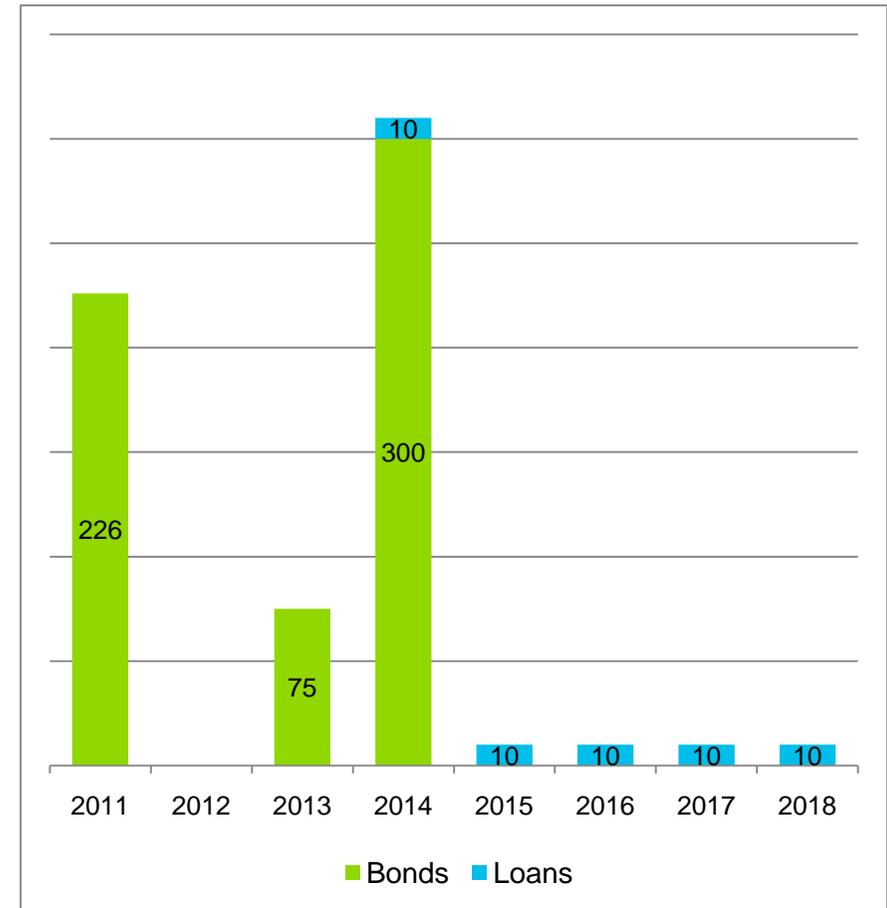
EUR million	Q1/11	Q1/10	2010
Revenue	19	20	84
EBITDA	4	6	25
EBITDA w/o one-offs	5	6	25
<i>EBITDA-%</i>	<i>20</i>	<i>31</i>	<i>29</i>
<i>EBITDA-% w/o one-offs</i>	<i>27</i>	<i>31</i>	<i>29</i>
EBIT	1	3	13
<i>EBIT-%</i>	<i>6</i>	<i>16</i>	<i>16</i>
CAPEX	2	2	10



Liquidity position is good

- Cash and undrawn committed facilities EUR 344m (301m)
- Revolving Credit Facilities
 - EUR 170m maturing Jun 2012
 - EUR 130m maturing Nov 2014
- Commercial Paper Program
 - EUR 120m in use
- Credit ratings constant since 2003
 - S&P BBB/Stable outlook
 - Moody's Baa2/Stable outlook

Bond and Bank loan maturities

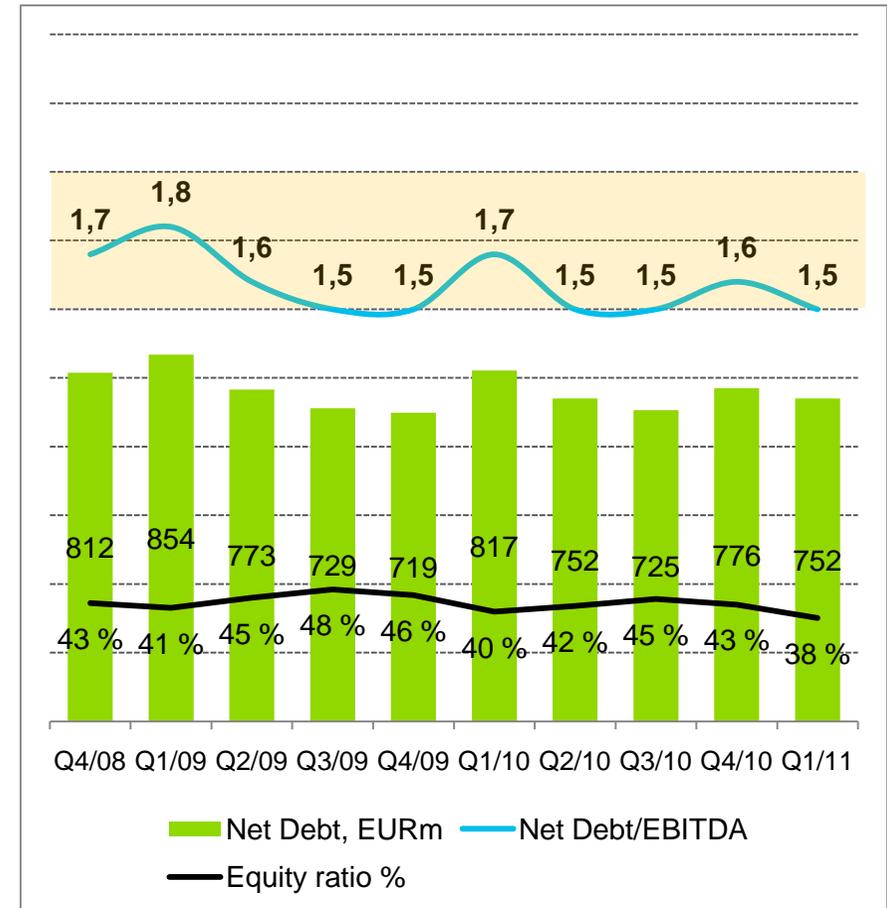


Capital structure in line with targets

Capital Structure

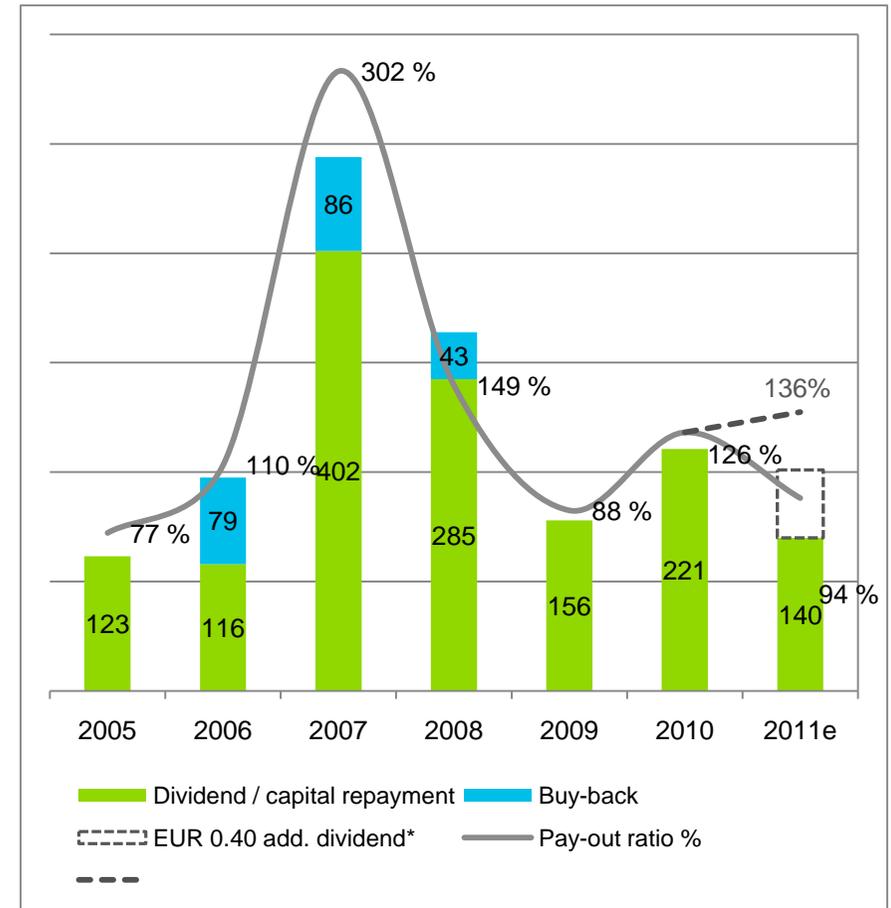
	31.3.2011	Pro Forma *)	Target
Net Debt/EBITDA	1.5	1.8	1.5 - 2.0
Equity Ratio	37.6%	37.6%	>35%
Gearing	102%	121%	-

*) Dividend EUR 140m included



Competitive profit distribution

- EUR 0.90 dividend per share paid in 7 April 2011
 - Total amount EUR 140m
 - Dividend yield 6% *
 - Payout ratio 94%
- Authorisation max EUR 70m dividend or max 5 million shares buy back
 - Board of Directors plan EUR 0.40 per share



* if decided by BoD



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Consolidated Cash flow statement

EUR million	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Cash flow from operating activities									
Profit before tax	58	66	68	53	10	56	70	56	53
Adjustments to profit before tax	59	56	60	67	106	64	60	60	61
Change in working capital	-13	18	-27	20	-4	26	-23	30	4
Cash flow from operating activities	103	140	101	140	112	146	107	146	119
Received dividends and interests and interest paid 1)	-17	-41	-11	0	-15	-1	-12	-2	-15
Taxes paid	-15	-6	-16	-19	-13	-11	-11	-18	-17
Net cash flow from operating activities	71	92	74	121	84	134	84	127	87
Cash flow in investments									
Capital expenditure	-41	-55	-42	-46	-38	-61	-40	-36	-34
Investments in shares and other investments	-5	-10	-4	-5	-1		0	-2	-7
Proceeds from asset disposal	2	1	0	1		0	0	1	0
Net cash used in investment	-44	-64	-45	-51	-39	-61	-41	-37	-41
Cash flow after investments	27	28	29	70	45	74	43	89	46
Cash flow in financing									
Share Buy Backs and sales (net)									
Change in interest-bearing receivables									
Change in long-term debt	0	0		-30	25			-36	
Change in short-term debt	-14	65	-42	-33	69	13	-62	-47	40
Repayment of financing leases	-1	-1	-1	-1	-1	-1	-1	-1	-1
Dividends paid	0	-78		-1	-143	-63	0	-8	-86
Cash flow in financing	-15	-13	-43	-65	-50	-51	-64	-92	-47
Change in cash and cash equivalents	12	15	-15	5	-5	22	-20	-2	-2

1) Includes non recurring item: CDO guarantee settlement Q4/10

APPENDIX SLIDE

Financial situation

EUR Million	31 Mar 11	31 Dec 210	30 Sep 10	30 Jun 10	31 Mar 10	31 Dec 09	30 Sep 09	30 Jun 09	31 Mar 09
Interest-bearing debt									
Bonds and notes	600	599	598	598	597	572	572	570	606
Commercial Papers	120	102	68	110	118	74	62	119	101
Loans from financial institutions	52	52	52	52	80	80	80	80	80
Financial leases	24	23	23	24	23	23	24	27	27
Committed credit lines 1)	0	32	0	0	25	0	0	5	70
Others 2)	0	0	0	0	0	0	0	1	1
Interest-bearing debt, total	795	808	742	784	843	750	738	802	885
Cash and cash equivalents	44	32	17	32	26	31	9	29	31
Interest-bearing receivables	44	32	17	32	26	31	9	29	31
Net debt 3)	752	776	725	752	817	719	729	773	854

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.