

View on Strategy and Outlook 2003

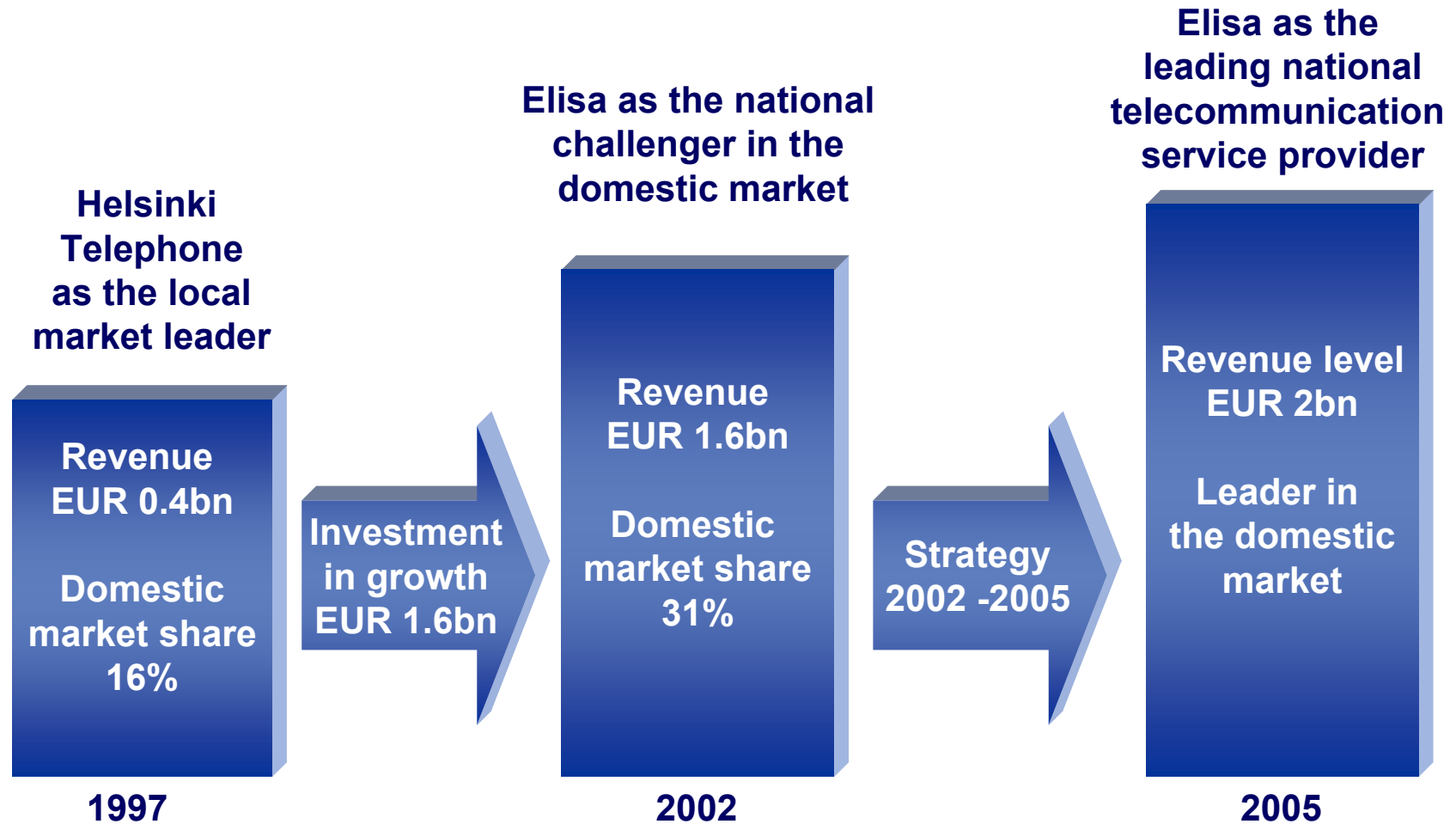
Matti Mattheiszen
CEO and President

Elisa Communications' Capital Markets Day
28 November 2002

View on Strategy and Outlook for 2003

- **Underlying Elisa's Strategy**
- **Status Report of Strategy Execution**
- **Strategy Focus 2003**
- **Growth Trends of the Finnish Market**
- **Outlook for 2003**

Underlying Elisa's Strategy



Status Report of Strategy Execution

(1) Domestically

Announced strategy	Strategy executed
Mobile services	Radiolinja in full control
Nationwide backbone	Datatie's network merged to Elisa Networks, strong synergy benefits
Access and presence in key markets	SoonCom, Kestel, Lounet, RPO, TikkaCom
Scale and control of domestic wireline business	Restructuring completed, non-core divested, profitability up
Convergent customer solutions in ICT	Case by case IT partnerships
We stick to our knitting	Elisa is a neutral partner for all content providers
Reaching market leadership in 2005	Wireline and broadband access leadership reached, strong market share in national corporate accounts also in mobile

Status Report of Strategy Execution (2) Internationally

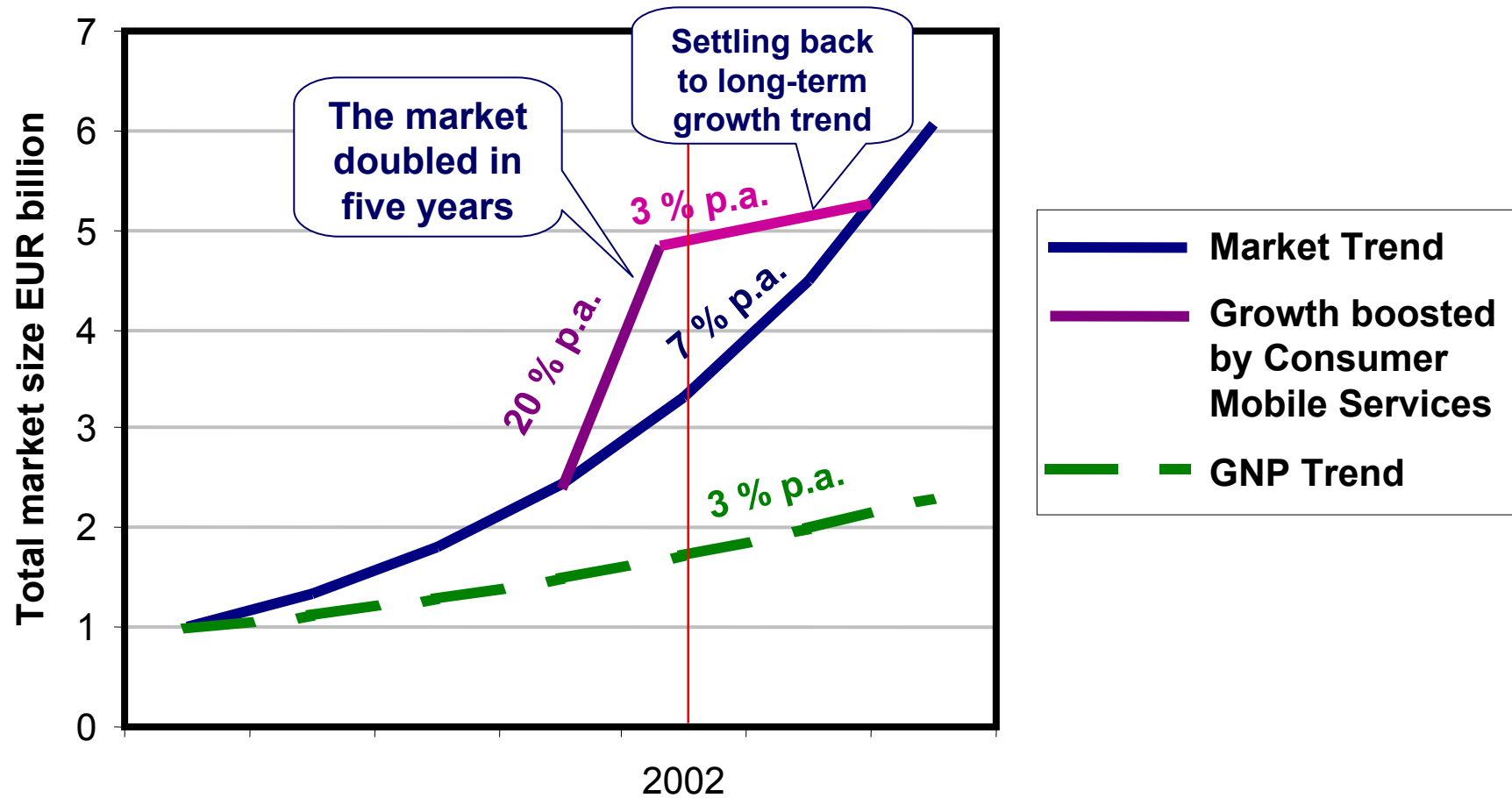
Announced strategy	Solution delivered
Global reach of services to Elisa's customers	Vodafone cooperation ensures global scope and quality of mobile services to Elisa's customers
Profitable growth from neighbour countries	Profitable business in Estonia. Tailored Nordic mobile services in cooperation with Vodafone.
Shareholder value and growth potential in Germany	EBITDA breakeven during Q4/2002, share of Group revenue 6-7% in 2002
Risk management	No UMTS exposure abroad, current ratings (A3, A-) sustainable, net debt less than one half of revenue in 2002

Strategy Focus in 2003

Elisa will strengthen further its core businesses and thus increase the shareholder value by

- focusing in telecommunication business,
- integrating domestic businesses further,
- turning the German-based businesses profitable, and
- divesting remaining non-core businesses.

Growth Trends of the Finnish Market



Outlook 2003

Objective	Execution
<p>Management continues to focus on long term share holder value ...</p>	<p>Group synergy effects facilitate more competition power. Business Areas concentrate on improving their margins by leveraging existing infrastructure assets. Strong customer intake in H1 2002 partly compensates for loss of network capacity sales in H2 2002 going forward. Domestic and Vodafone partnerships contribute to market power. German-based business is on track as guided. Depreciations and financial expenses will gradually decrease.</p>

Outlook 2003

Objective	Execution
... positive cash flow,	EBITDA / CAPEX ratio is stable, financial expenses are decreasing.
... and decreasing net debt.	Further non-core businesses and assets will be divested. Net debt will be further reduced to the level of 2 x EBITDA, and the stable financial position will be maintained.

Outlook 2003

Objective	Execution
Growth potential	Domestic telecom market annual growth 1...3%. Elisa leverages its broadband market leadership in fixed, MNP* is seen as an opportunity in mobile.
CAPEX control	Operative investments of the Group are targeted to level of 15% of revenue, excluding targeted GSM leasing liability buy-backs. Additional financing of business in Germany will be capped to EUR 40m, which includes possible ownership increases in EBITDA positive carriers.
Improving profitability in Germany	German city carrier business is EBITDA positive and is expected to reach EBIT break-even in 2003.

* Mobile Number portability

Financial Figures

Vesa-Pekka Silaskivi

CFO

Elisa Communications' Capital Markets Day

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Financial Figures, Key Topics

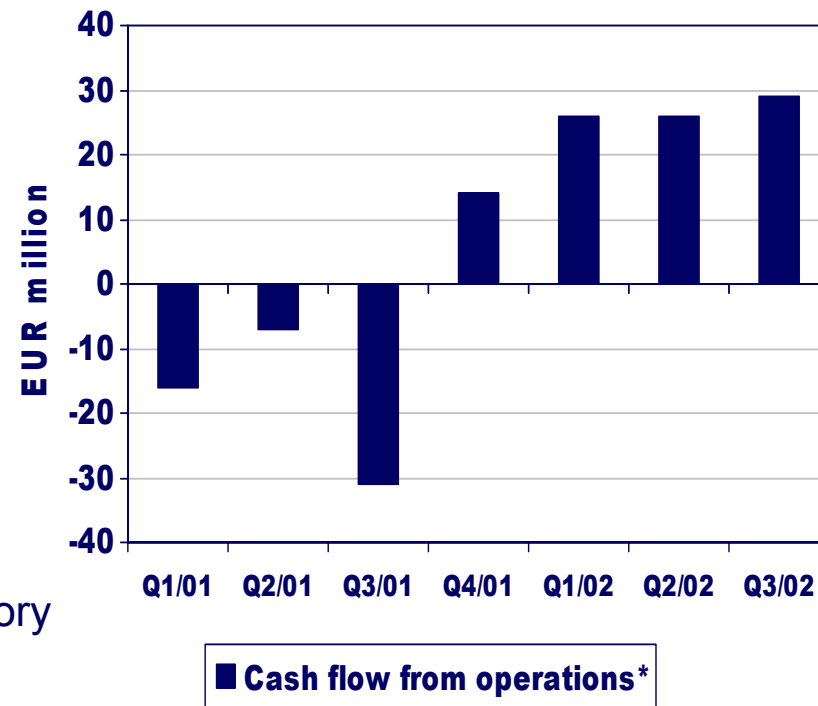
- **Financial Objectives**
- **Cash Flow**
- **Earnings Development**
- **Balance Sheet Policy**
- **Elisa's Equity Policy**

Financial Objectives

- Improving profitability
 - Synergy benefits, cost cutting programmes (2002 onwards)
 - EBITDA-% more than 25%, EBIT-% above 10% (2004 onwards)
- Solid financial position
 - Positive operative cash flow (2002 onwards)
 - Decreasing net debt, net debt / EBITDA \leq 2x (remains as target)
- CAPEX programme
 - Operative CAPEX / sales at the level of 15% (2002 onwards)
 - Operative CAPEX increase in line with EBITDA improvement (2003 onwards)
- Positive earnings trend
 - Decreasing depreciations and financial expenses (2003 onwards)
 - Positive net result (2004 onwards)

Cash Flow from Operations is Positive

- EBITDA
 - Germany, Mobile, Fixed
- CAPEX
 - Controlled level
- Financial expenses
 - Lower net debt and interest rates
- Working capital management
 - Receivables, procurement, inventory
- Taxes
 - Domestic tax consolidation



* Cash flow from operations = clean EBITDA – net financial items – CAPEX (excl. GSM network buy-backs)

Earnings Development

- Estimated synergy benefits EUR 20 – 25 million in 2003

Change in prices	Market growth					
	0 %	1 %	2 %	3 %	4 %	5 %
4 %	30	40	50	60	60	70
3 %	20	30	40	50	60	60
2 %	20	20	30	40	50	60
1 %	10	20	20	30	40	50
0 %	0	10	20	20	30	40
-1 %	-10	0	10	20	20	30
-2 %	-20	-10	0	10	20	20
-3 %	-20	-20	-10	0	10	20
-4 %	-30	-20	-20	-10	0	10

- Effect on profits depends on the market growth and compounded price change of the Group's product portfolio

Balance Sheet Policy

- **Healthy balance sheet**
 - No “soft points”, no need for exceptional write downs in tangible assets
 - Prudent depreciation schedules (e.g. mobile network 6-8 years, fixed network nodes 8-10 years)
- **Lighter balance sheet**
 - Sale of non-core assets
 - Working capital management
- **Equity**
 - Improved net result, stronger equity
 - Equity ratio target 40%

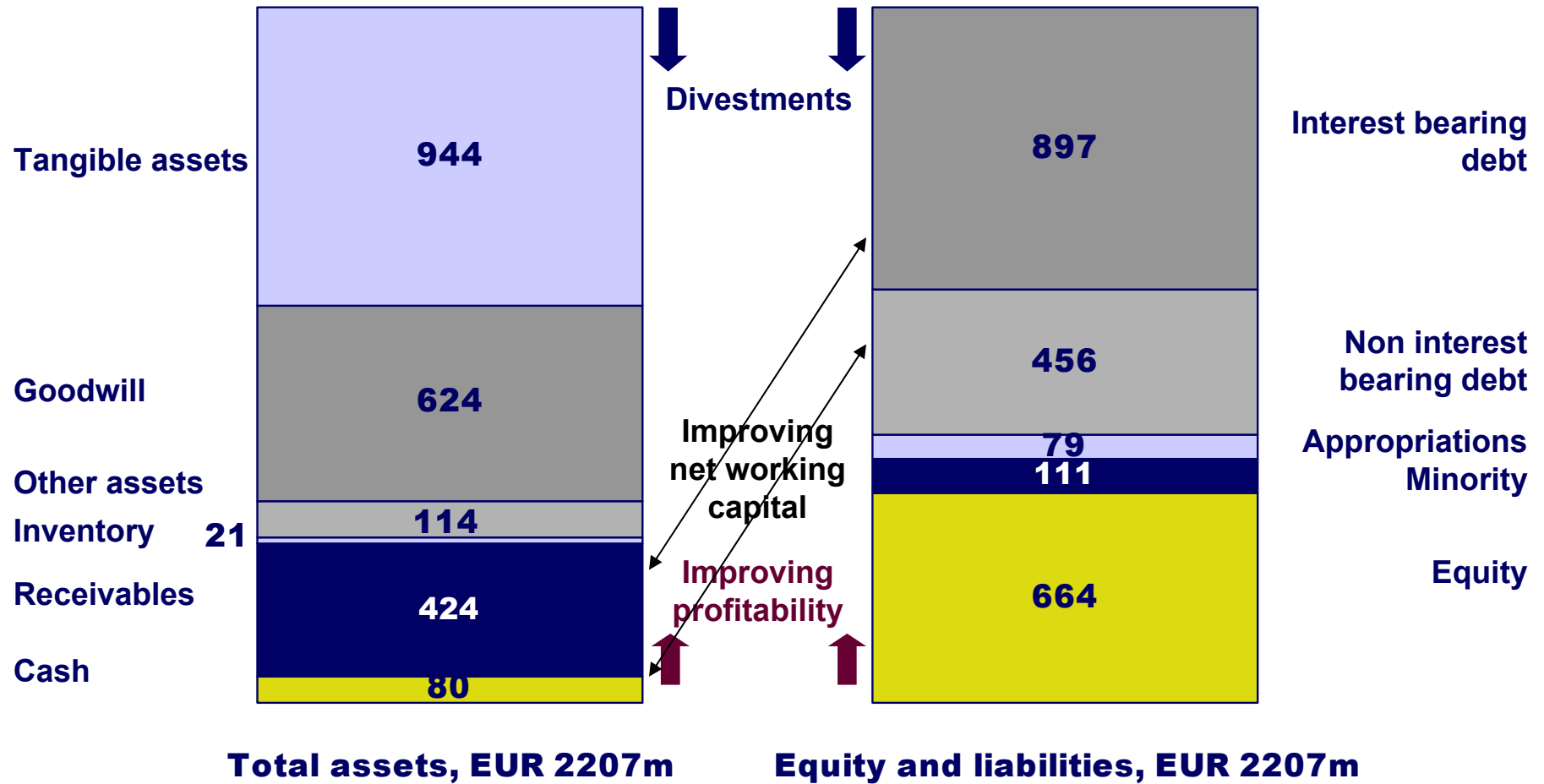
Elisa's Equity Policy

- No share issues considered for raising equity
- Use of share issuance rights for share exchange deals unlikely in 2003, but the rights are expected to be applied from AGM
- Application for share buy-back authorisation of the AGM in April 2003 is under consideration

Investor's Appendix

- **Balance Sheet Structure**
- **Fixed Assets and Goodwill**
- **Net Debt**
- **Key Figures**

Balance Sheet Structure

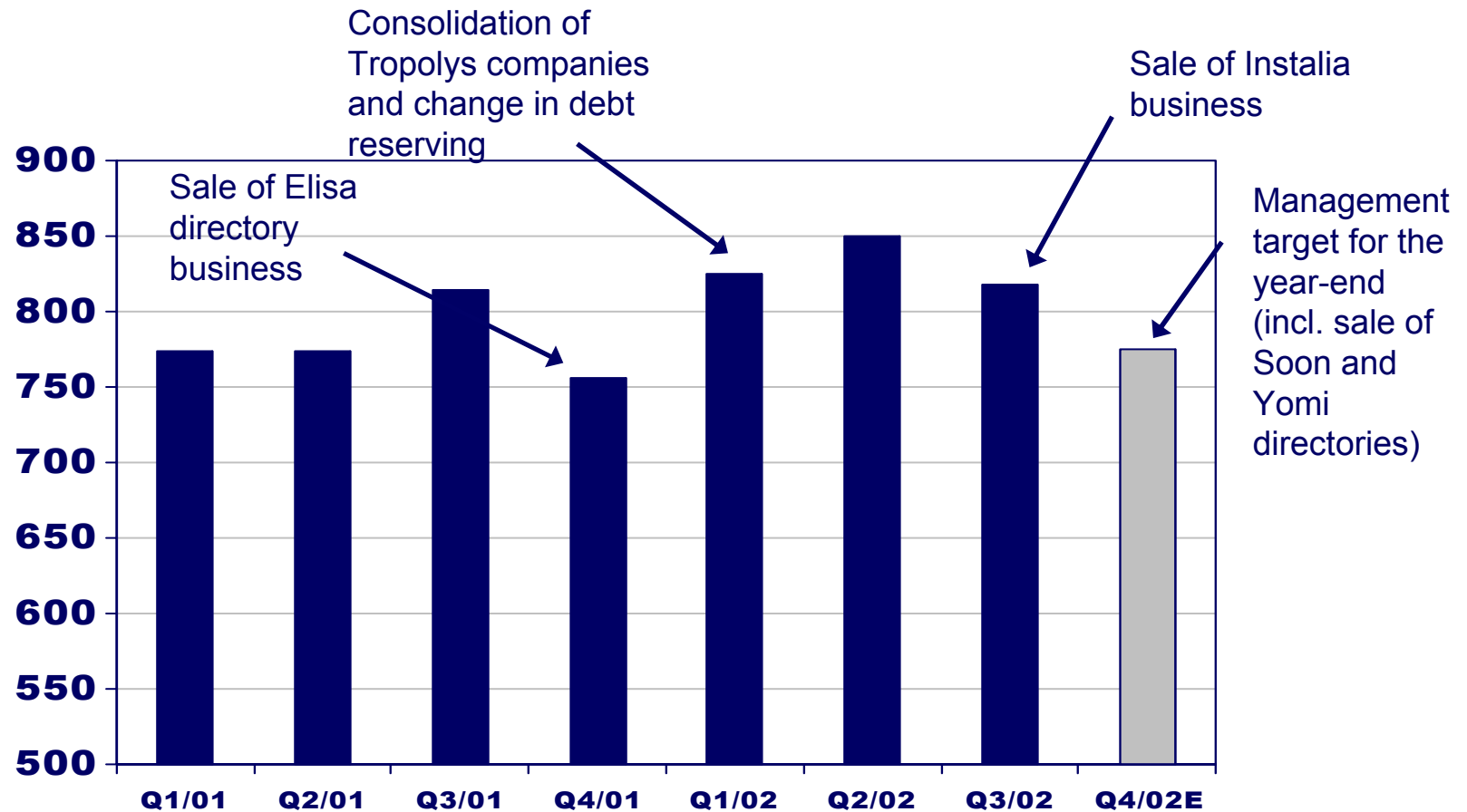


Fixed Assets and Goodwill

EURm	Fixed assets 9M 2002	Depr. from fixed assets 9M 2002*	Goodwill 9M 2002	Goodwill depr. 9M 2002*	Gw depr. time, years
Mobile business	365	71	474	29	15
Fixed network business	444	85	32	2	15
Germany-based business	160	17	105	9	10
Other companies	54	17	13	3	5
Total	1023	190	624	43	

* excluding one-off items

Net Debt Reduction in Progress



Key Figures of Elisa Communications

Elisa Group	Q3/02	Q2/02	Q1/02	Q4/01	Q3/01	Q2/01	Q1/01
EURm							
Revenue	388	406	384	386	389	331	333
EBITDA	51	86	78	183	91	75	76
<i>EBITDA-%</i>	13 %	21 %	20 %	47 %	23 %	23 %	23 %
Clean EBITDA	84	86	86	97	91	77	68
<i>Clean EBITDA-%</i>	22 %	21 %	22 %	25 %	23 %	23 %	20 %
EBIT	-43	-32	-13	58	16	15	19
Clean EBIT	6	6	12	19	22	31	13
<i>Clean EBIT-%</i>	2 %	1 %	3 %	5 %	6 %	9 %	4 %
Pre-Tax Profit	-56	-49	-25	44	-1	3	0
Clean Pre-Tax Profit	-7	-11	0	5	5	3	0
Financial position							
Net debt	817	850	825	756	814	773	774
Equity ratio	35 %	38 %	38 %	40 %	40 %	39 %	37 %
Net debt / EBITDA	2,4	2,45	2,7	1,8	2,5	2,6	2,1
Net interest coverage	6,7	7,2	6,8	8,8	7,3	6,8	7,8
Gearing	105 %	102 %	94,1 %	88,4 %	96,7 %	91,1 %	112,8 %
Investments							
in fixed assets	50	70	68	101	111	76	85
in shares	5	2	4	42	21	141	38
Total	55	72	72	143	132	217	123

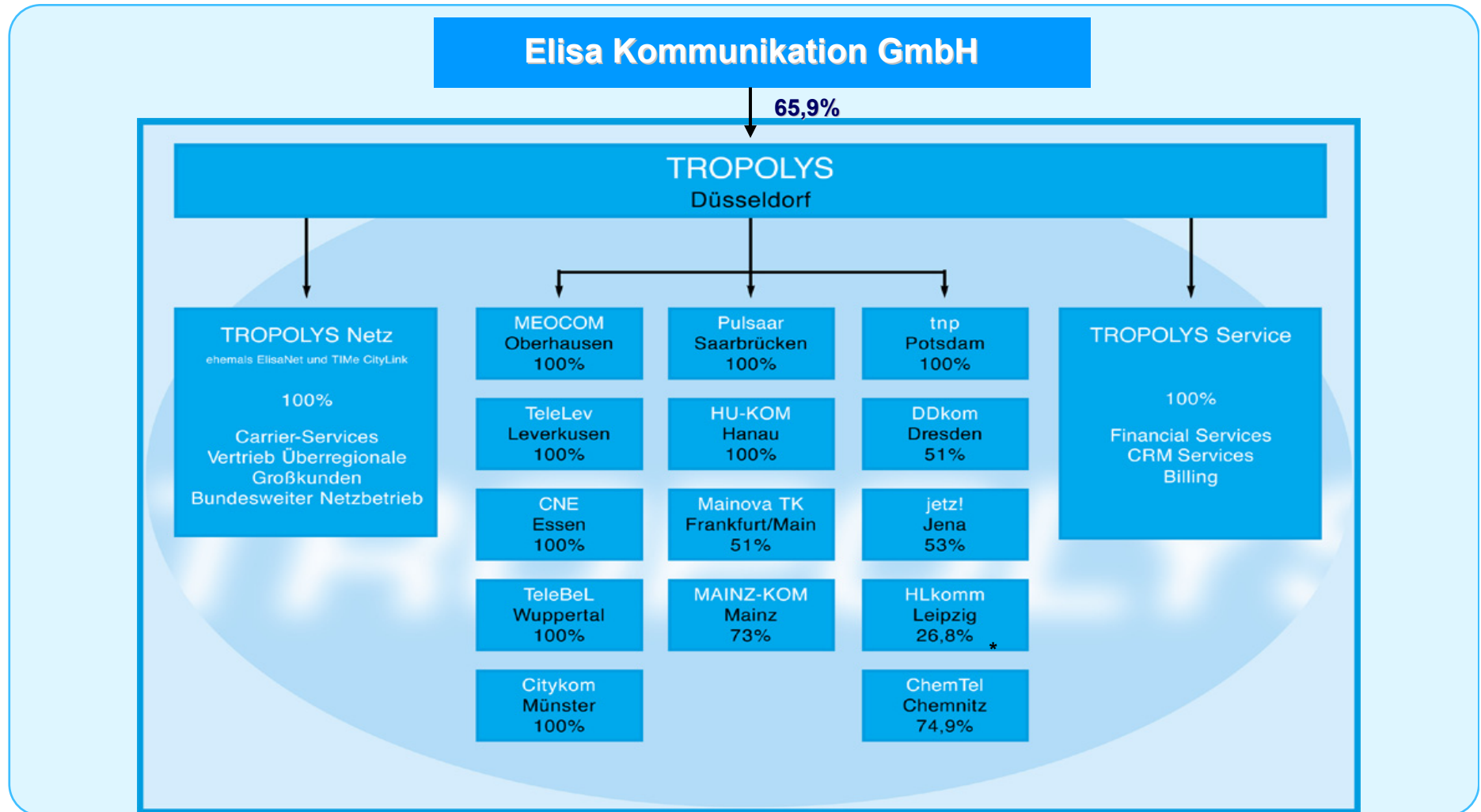
Key Figures (cont.)

Business Areas	Q3/02	Q2/02	Q1/02	Q4/01	Q3/01	Q2/01	Q1/01
Elisa Mobile							
Revenue	188	192	174	180	185	170	152
ARPU, EUR	43,0	43,5	41,4	42,7	44,2	45,3	42,2
Churn, %	14,0	12,7	18,2	14,4	15,5	13,9	13,9
Subscriptions	1 301 621	1 289 016	1 348 710	1 356 204	1 295 280	1 281 577	1 392 000
Clean EBITDA	50	55	52	47	58	47	46
<i>Clean EBITDA-%</i>	27 %	29 %	30 %	28 %	33 %	27 %	29 %
Leasing adjusted EBITDA	57	66	63	60	71	60	59
<i>Leasing adj. EBITDA-%</i>	30 %	34 %	36 %	35 %	41 %	34 %	37 %
Fixed line							
Revenue	177	181	203	209	191	121	137
Subscriptions, total	1 141 658	1 142 755	1 147 000	1 137 000	1 152 000	735 570	747 968
Broadband subscriptions	58 974	43 865	36 000	27 000	19 000	11 623	8 300
ISDN channels	249 667	260 015	269 000	276 000	272 000	219 147	213 811
Clean EBITDA	57	52	52	63	52	32	34
<i>EBITDA-%</i>	32 %	29 %	26 %	27 %	27 %	26 %	25 %
Germany							
Revenue	31	28	27	14	14	13	13
Clean EBITDA	-9	-4	-8	-9	-9	-5	-7
<i>Clean EBIT-%</i>	-20 %	-14 %	-30 %	-64 %	-34 %	-39 %	-54 %



Werner Kühne, CFO of TROPOLYS GmbH

TROPOLYS[®]
Kommunikation wächst zusammen.



**planned as of 2003-01-01*

- ◆ **TROPOLYS is a company group of 14 local telecommunication operators (city carriers) in Saarland, North Rhine Westphalia, in the Rhine Main region and in the Eastern Germany**
- ◆ **The group will be successfully enlarged by a phased consolidation of new carriers**
- ◆ **As a competitor to Deutsche Telekom AG (DTAG) all the TROPOLYS Group companies provide fixed line telecommunication services (voice, broadband, Internet, value added services)**
- ◆ **By possessing state of the art telecommunication infrastructure in their licence areas all the TROPOLYS carriers are able to provide direct (technical) access to end customers**
- ◆ **Main customer segments of the TROPOLYS carriers are municipal organisations and companies, small and medium sized companies (SME), other telecommunication carriers, Internet service providers (ISP) and residential customers**
- ◆ **By a rapid customer growth rate TROPOLYS carriers expand their already solid customer basis at the expense of Deutsche Telekom AG**

◆ Market potential today

- 8,8 Mio. citizens
- 4,4 Mio. households
- 252.000 SME

◆ 640 employees year end 2002

◆ Customers

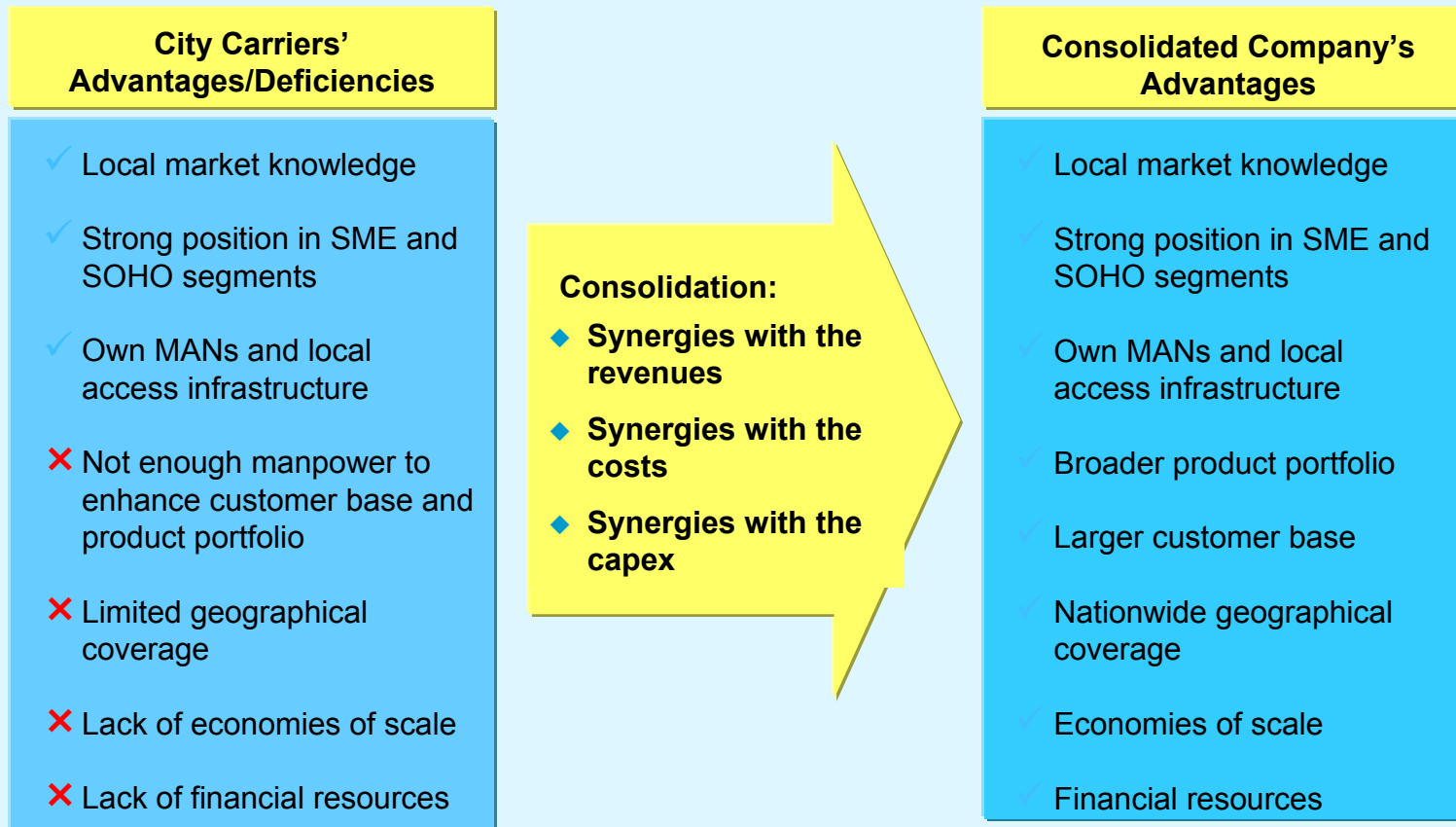
- approx. 13.000 business customers
- strong increase in business customers continues

◆ Network

- approx. 11.000 route kilometres of fibre network
- at present 243 developed main distribution frames of Deutsche Telekom AG

Strategy

- ◆ The consolidation opportunity is to integrate City Carriers to overcome their scale deficiencies while maintaining their inherent strengths



Products Description

- ◆ A dedicated array of products for the SME/corporate customer base

Narrow band services (ISDN / IP)

Product bundle of Voice and Data and accordingly Internet with up to 128 kbit/s

Broadband services (DSL / IP)

High speed data transmission up to 2 Mbit/s

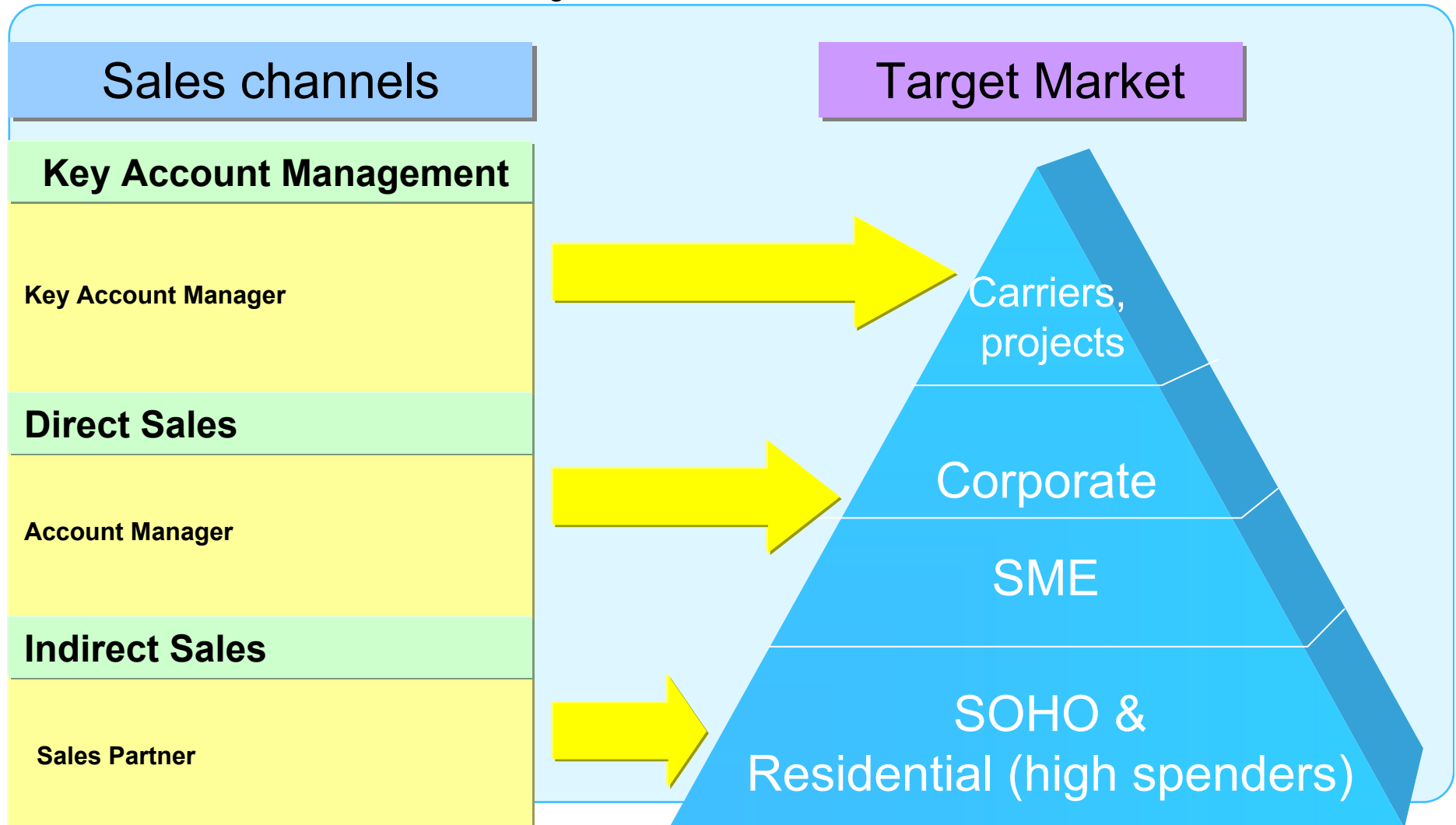
Carrier and ISP products

Provision of broadband products to alternative carriers for "last mile" access to the customer (leased lines with 2 Mbit/s to n*155 Mbit/s, POP's as "carrier hotels")

Advanced services (IN / UMS)

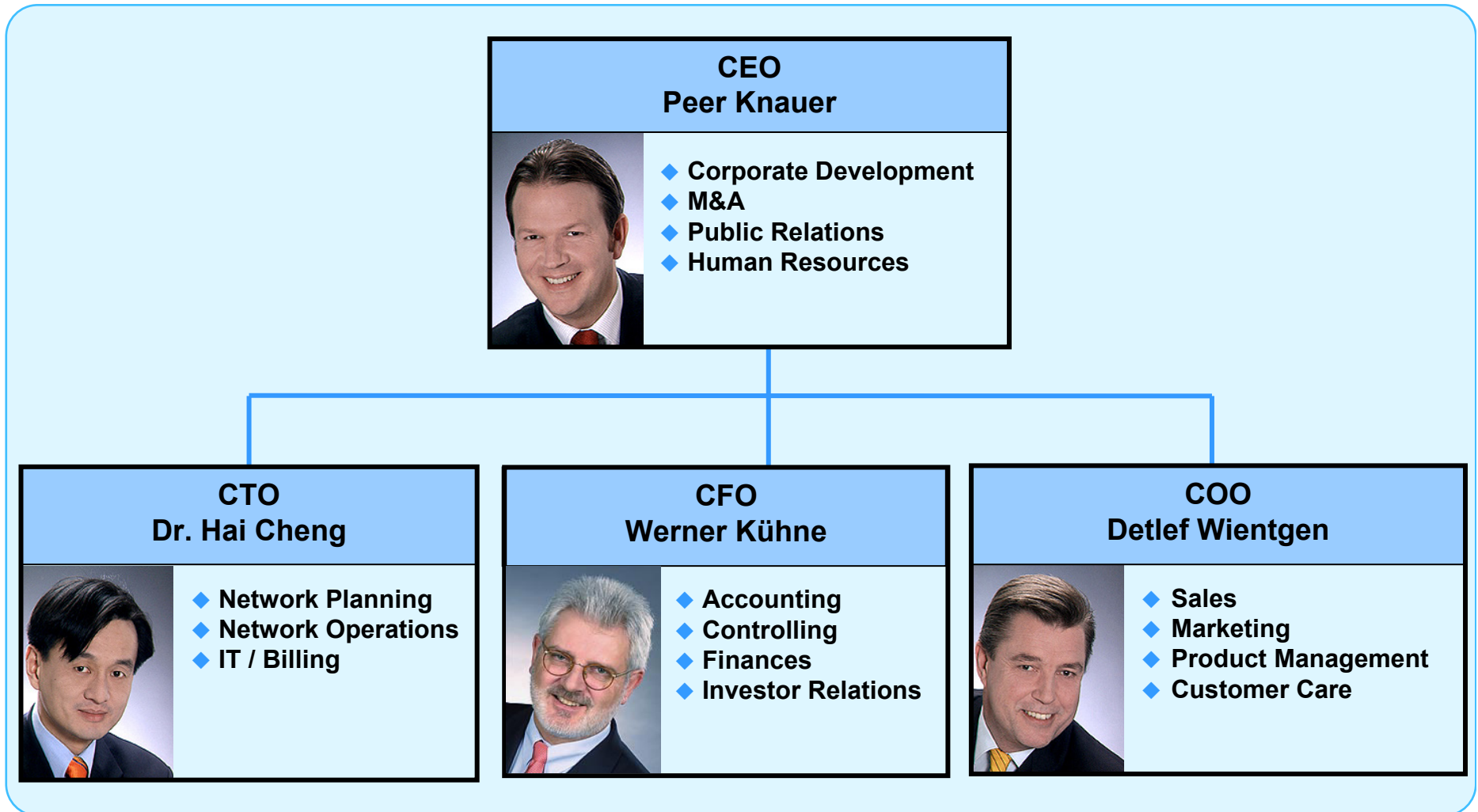
Intelligent mailboxes, free phone, share cost services, unified message services

- ◆ Focused sales channels for each target customer base



Management

TROPOLYS Management Structure



Summary

- ◆ TROPOLYS is one of the largest local access network carriers in Germany
- ◆ TROPOLYS aims to become the leading alternative local access network carrier after Deutsche Telekom AG in its respective regions
- ◆ TROPOLYS has a clear strategy for achieving growth through strategic acquisitions and delivery of high quality products and services
- ◆ TROPOLYS enjoys strong financial and political support from its shareholders

Multimedia Messaging – Radiolinja Picture Messages

- › Jouko Lintunen
- › Elisa Capital Market Day, November 28, 2002



radiolinja

Multimedia Messaging – Radiolinja Picture Messages



Kun sanat eivät riitä.



radiolinjan kuvaviestit

radiolinja
Liikkuvan ilmiön palveluksessa

Agenda

Multimedia Messaging Services

Radiolinja Picture Messaging

First Impressions on Take-up

Conclusions



MMS Is the Next Generation Messaging Standard for Mobile Phones

- › MMS can consist of text, pictures, sound and their combinations.
The messages can be composed as slideshows timed with SMIL (Synchronized Multimedia Integration Language).
- › Composing, sending and receiving a MMS with a mobile phone is very much like an SMS but with much richer content. Due to the success of text messages, the expectations for fast adoption of Multimedia Messaging Services is well grounded.
- › MMS is a medium with many uses: content can be produced by the subscribers themselves or it can be purchased from professional content providers, moreover, it enables wide variety of applications for both private and corporate subscribers.
- › GPRS is an excellent bearer for MMS, the increased bandwidth of 3G will enable larger content and video.
- › The service itself is not mobile system specific and through wide deployment has a potential of becoming the first global messaging service.

Radiolinja Strongly Believes in MMS...

Consumers intuitively understand the benefits of MMS

- › Findings from concept testing and pilot very promising
- › Increasing digital photography supports MMS

Rare opportunity to leverage existing investments

- › Use of existing GPRS network and WAP Gateways
- › MMSC as an incremental investment

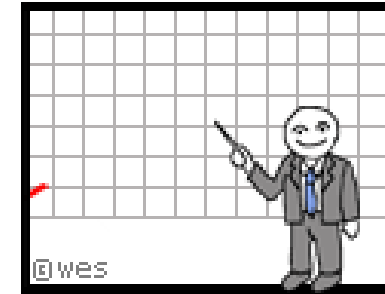
Strong emphasis on MMS by terminal manufacturers

- › Logical and clearly visible innovation for new breed of mobile terminals



Pike 3.44 kg, ice 10 cm,
depth 1 m.

...Yet Certain Challenges Still Exist



Terminals

- › Terminal interoperability: common ground still quite narrow
- › Finland possibly less affected due to a very high share of Nokia terminals

Premium Content

- › Digital Rights Management (DRM) solution required for premium entertainment and sports multimedia content

Networks

- › Variable cost: GPRS data twice over the air + wap push (2 x SMS)
- › Sharp decline of per byte production cost of packet data required if the terminal feature developments start driving up average message size

Customer Behaviour

- › Two requirements for success: interest in acquiring picture/camera phone **AND** sustained interest in communicating with multimedia messages

MMS Must Succeed for the Need for 3G to Arise

STARS

WWW.FIREVISION.NU

The value proposition of 3G is based on improved data and multimedia

- › Current cellular usage is almost entirely voice and SMS messaging

MMS improve user experience of messaging and mobile content

- › With current bandwidth requirements, plenty of available GPRS capacity
- › The additional investments in MMS solution are relatively inexpensive

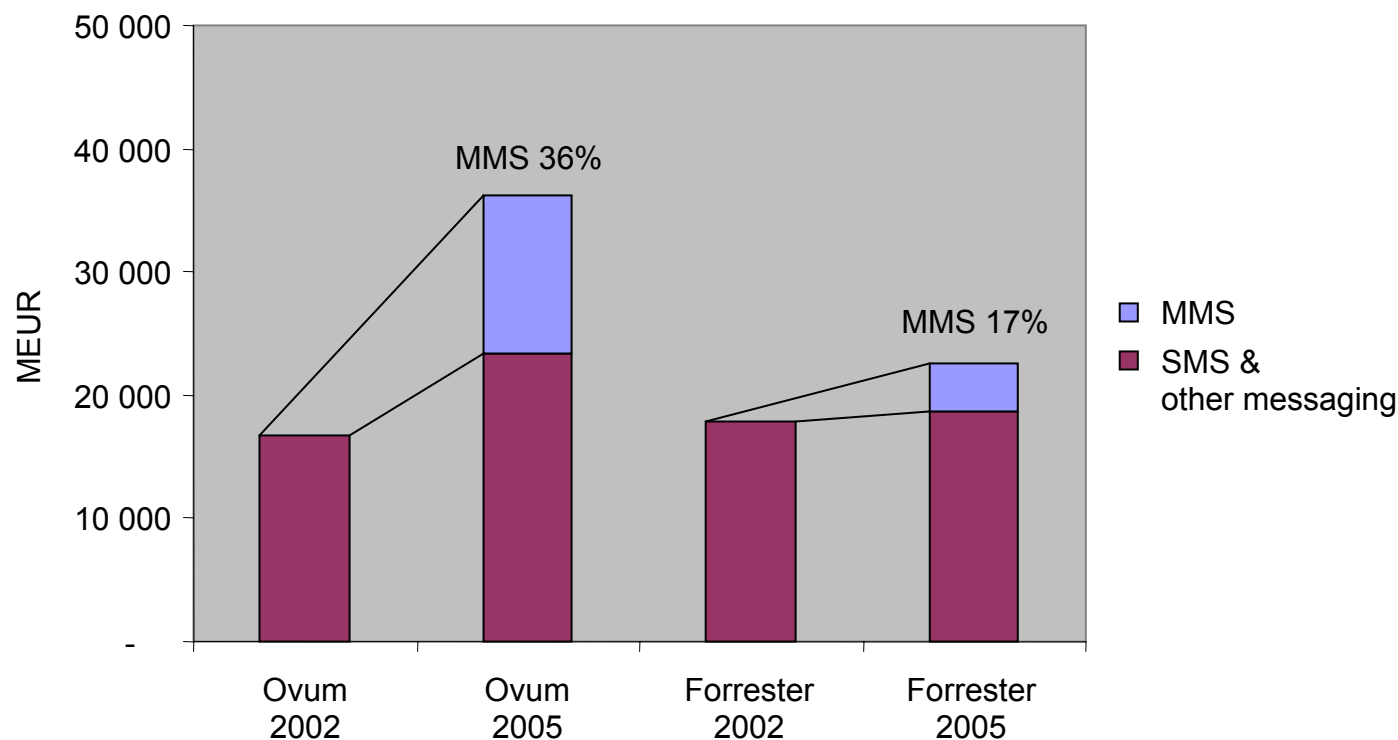
➔ No compelling reason for masses to take up 3G

But, eventually the success of MMS will lead to the need for 3G bandwidth

- › Photo messaging paves the way for video messaging
- › Improved image and sound quality motivate customer take-up of 3G

MMS Expected to Bring 17–36% of Messaging Revenues in 2005

Messaging revenue forecasts for Western Europe



Sources (exchange rate: 1€ = 1\$)

- Ovum: MMS and SMS: Multimedia Strategies for Mobile Messaging By Dario Betti, John Delaney, Nikki Murrell, April 2002
- Forrester: Mobile Messaging's Next Generation by Michelle de Lussanet, March 2002

The Finnish Mobile Ground Is Ready!

Very high penetration of mobile subscriptions, 80%

- › Almost entirely post-paid

Low churn, 14%

High ARPU, 43 EUR/mo/subscriber

High usage, 27 SMS/mo/subscriber

- › 67% of Radiolinja subscribers use SMS

Illegal to bundle handsets with subscriptions

Finnish market is mature and subscribers are ready for MM services but waiting for affordable handsets capable of sending multimedia messages.

Radiolinja MMS Strategy

Multimedia messaging as evolution to text messaging

- › Similar pricing: sender pays an event based charge, no monthly fees

Mitigation of the “first user’s challenge”

- › Legacy phone support, free of charge picture album with message composer for legacy users – bigger pool of MMS enabled users from start
- › Maximising the perceived value of the service

Enabling role in content services

- › Maximizing content and VAS offering to Radiolinja subscribers

Understanding the momentum of the masses

- › Careful pricing decisions for long-term viability of the market
- › Focusing initial marketing effort cost-effectively on handset sales

Vodafone collaboration in service coverage, content and product development

About Radiolinja MMS Services

The most versatile MMS offering in Finland

First services launched in mid- September

- › Event based billing 0.58 EUR per message (up to 100 kB)
- › No activation or monthly charges
- › Dedicated MMS Access Point, GPRS service not visible to subscribers
- › Service provider interface for 3rd party content & VAS providers

Domestic interconnection with Sonera from 25 November 2002

MMS global roaming, leveraging the partnership with Vodafone

Plans for video messaging in early 2003

Most Versatile MMS Offering in Finland – Radiolinja Picture Messages

Person to person MMS messaging

Message album on the web

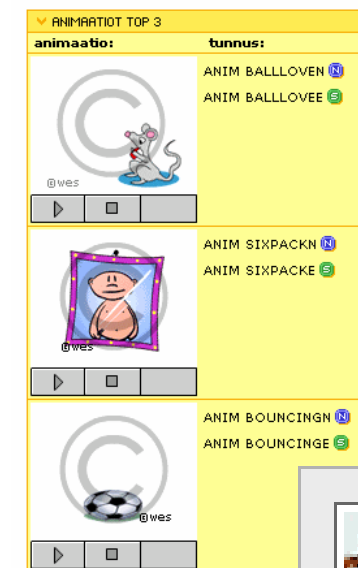
MMS legacy support

- › SMS notification and web page
- › Message album also for registered legacy users

Content services

- › Postcard service
- › Animations
- › Polyphonic ringing tones
- › Background pictures
- › Greetings

Interface for MMS content providers



First Impressions on Take-up

Radiolinja has commissioned a research as part of doctoral thesis on the picture messaging strategies of its pilot customers in summer 2002

- › A pre-launch pilot in the summer of 2002 consisting of 96 Radiolinja subscribers in sixteen groups of friends, family and co-workers
- › The pilot simulated messaging in a highly penetrated market situation
- › Clear correlation with terminal's ease of use and number of messages sent
- › Person-to-person picture messaging by nature very interactive, one-on-one
- › Heavy users composing elaborate messages with pictures, text and sound

The data from the first six weeks of Radiolinja Picture Messages show

- › Expected take-up of MMS capable terminals
- › Higher than expected usage of person-to-person messages per user
- › Slightly lower than expected average message size
- › Relatively strong appeal of the postcard service

Conclusions

MMS technology is by large ready for deployment; terminal interoperability challenge less pronounced in Finland due to high Nokia share of market

Finnish market ready for MMS and among the first to offer national interconnection in MMS

Radiolinja has the most versatile MMS offering in Finland

Strategy to grow the market at a cost efficient pace and enabling 3rd party content and value-added service providers

First weeks of commercial services already proving the underlying assumptions of Radiolinja's MMS business plan

MMS expected to become a measurable business in 2004- 2005 commanding around one third of the messaging category revenues



Thank You!

Elisa ei ole vastuussa kuvaviestin sisällöstä.