Elisa Communications

HSBC Telecom Conference

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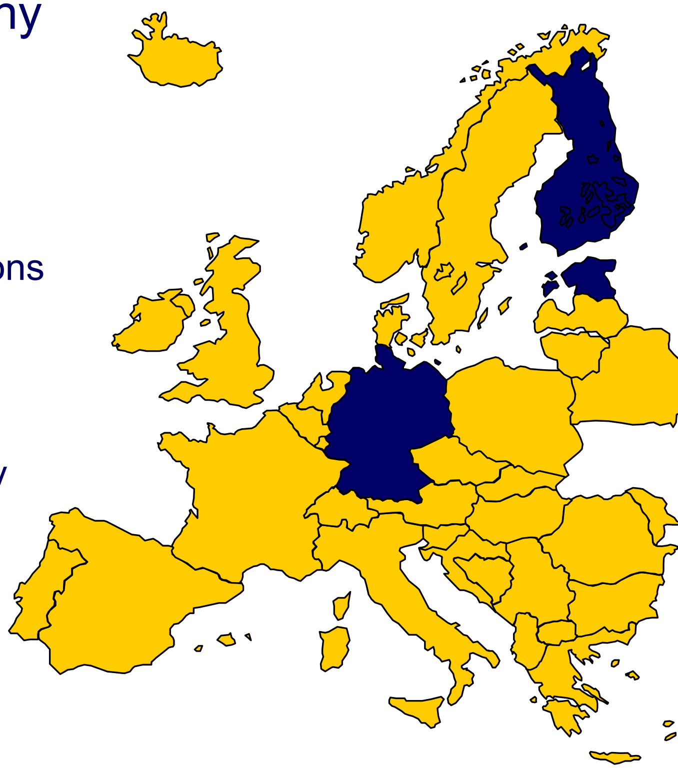
www.elisa.com

Key Topics

- Elisa’s Business Portfolio
- Review on Strategy
- Financial Position
- Elisa’s Equity Policy
- Performance of Core Business Areas
- Outlook for 2003

Elisa’s Business Portfolio

- Leading telecommunications service company in Finland
  - Towards domestic market leadership in 2005
  - Reached market leadership in fixed line business starting Q3 2001 by purchasing Soon Communications
- Mobile operator in North-western Europe
  - Second player in Finland and Estonia
  - Offering Pan-European and global scope and quality with **Vodafone**’s product and brand partnerships
- Broadband access network operator in Germany
  - Leading consolidator of city carriers **Tropolys**, significant effect on revenue growth of Elisa starting from 2002 and EBITDA growth starting from 2003



Core Business of Elisa

- **Elisa provides**

  (1) telecommunications solutions to end-user customers, and

  (2) network services to carriers in chosen markets.
- Elisa targets market leadership in the domestic market in all customer segments
- Abroad, Elisa applies focused strategy: mobile operator in Estonia, multi-local access network provider in Germany.

Elisa's Underlying Strategy

Helsinki Telephone as the local market leader

Revenue
EUR 0.4bn

Domestic market share 16%

1997

Investment in growth EUR 1.6bn

Elisa as the national challenger in the domestic market

Revenue
EUR 1.6bn

Domestic market share 31%

2002

Strategy 2002 -2005

Elisa as the leading national telecommunication service provider

Revenue level EUR 2bn

Leader in the domestic market

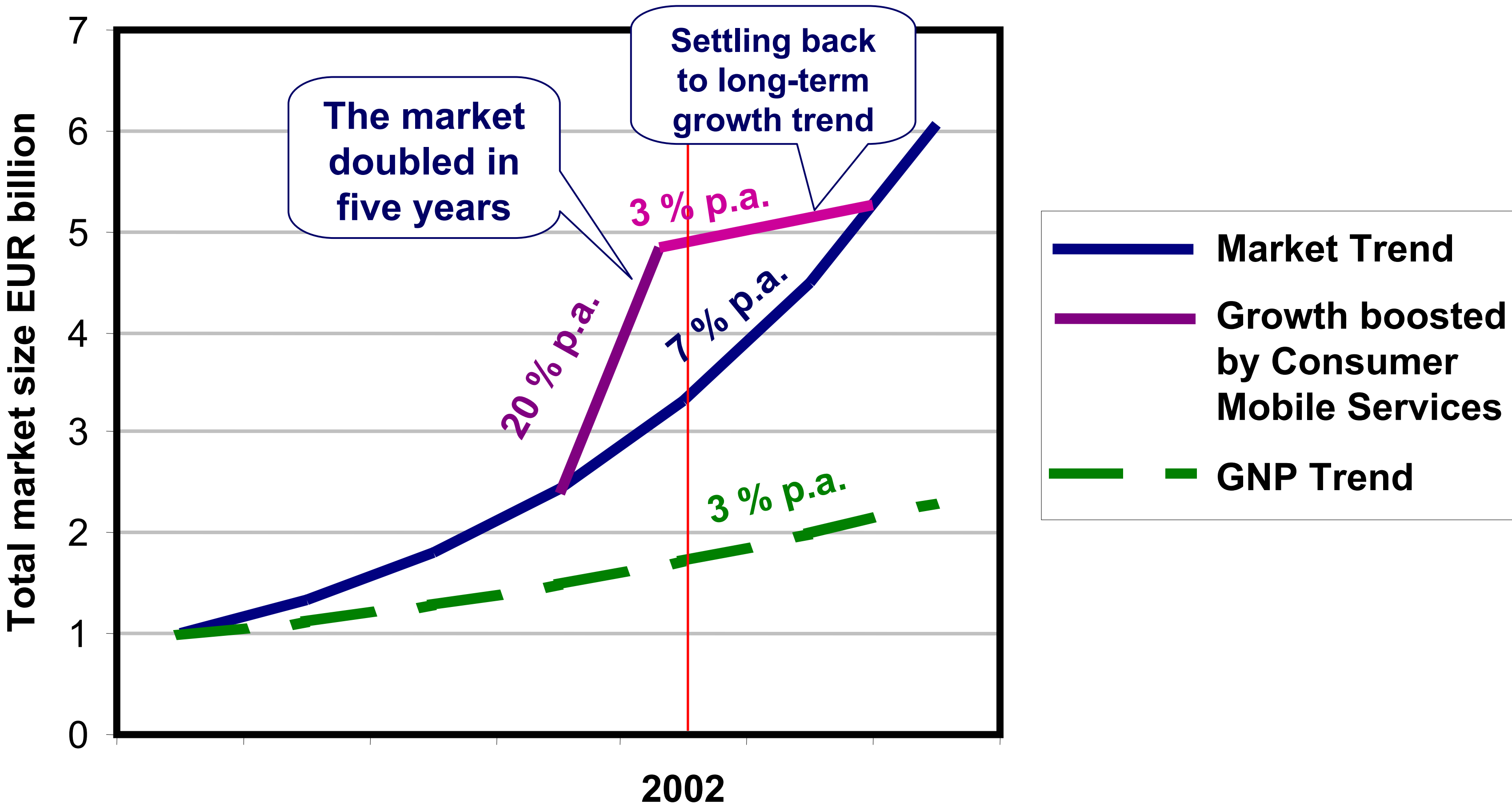
2005

Strategy Focus in 2003

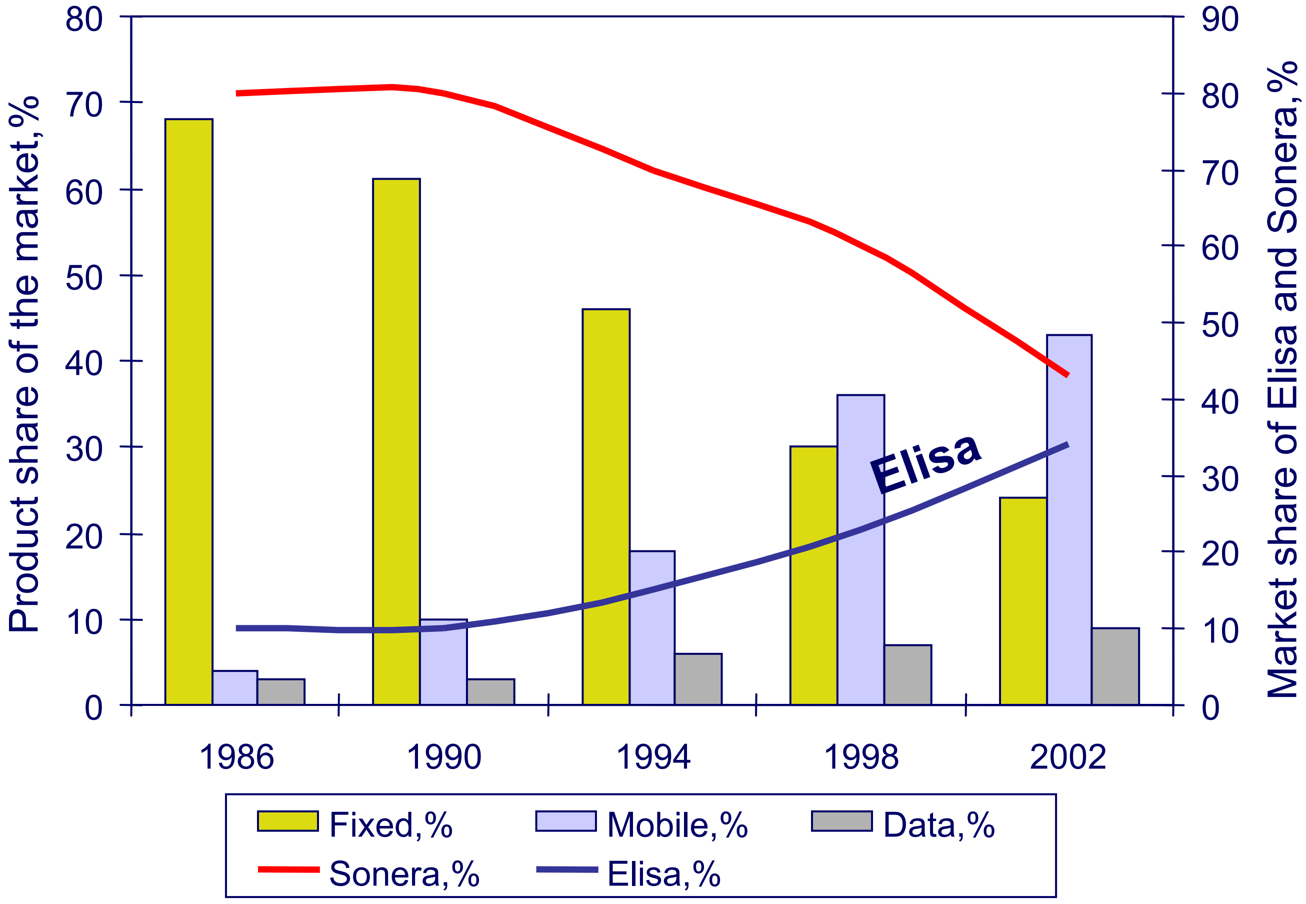
Elisa will strengthen further its core businesses and thus increase the shareholder value by

- 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



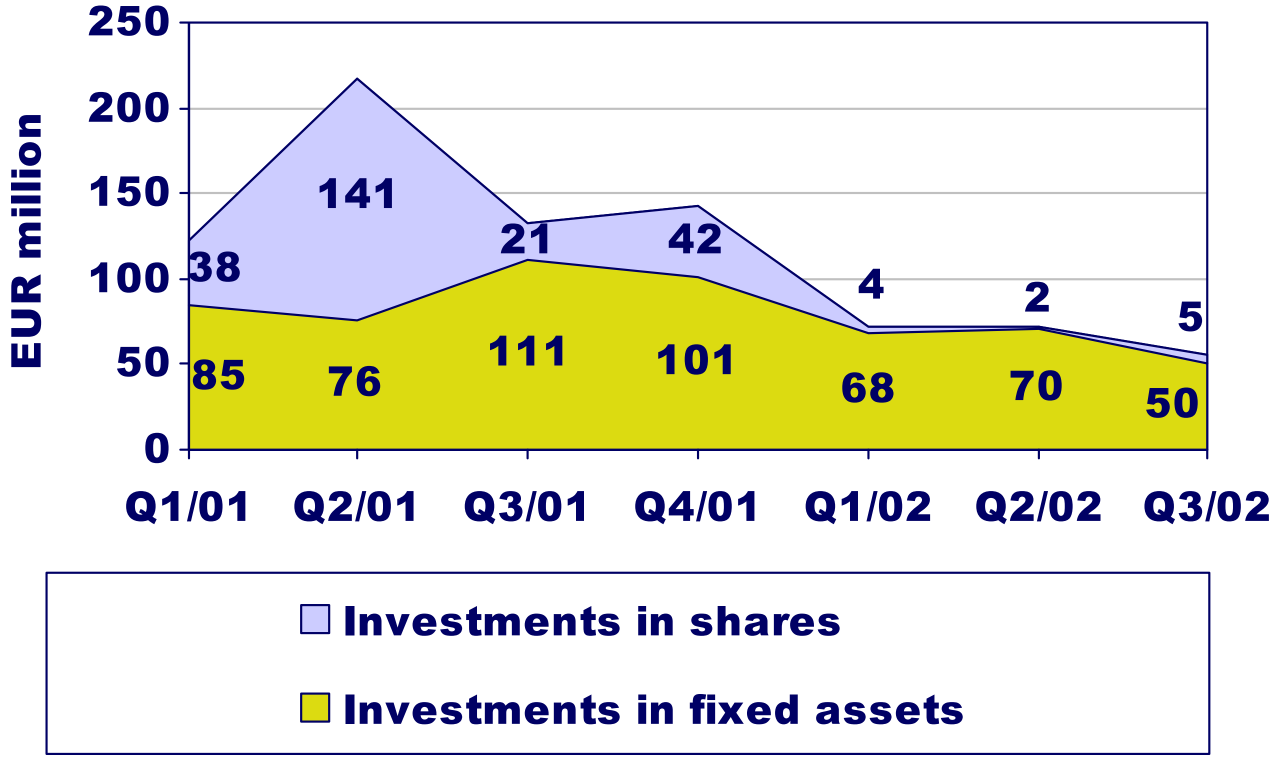
Elisa on Track to Domestic Market Leadership



Focus on CAPEX and Cash Flow

- 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 ≤ 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)

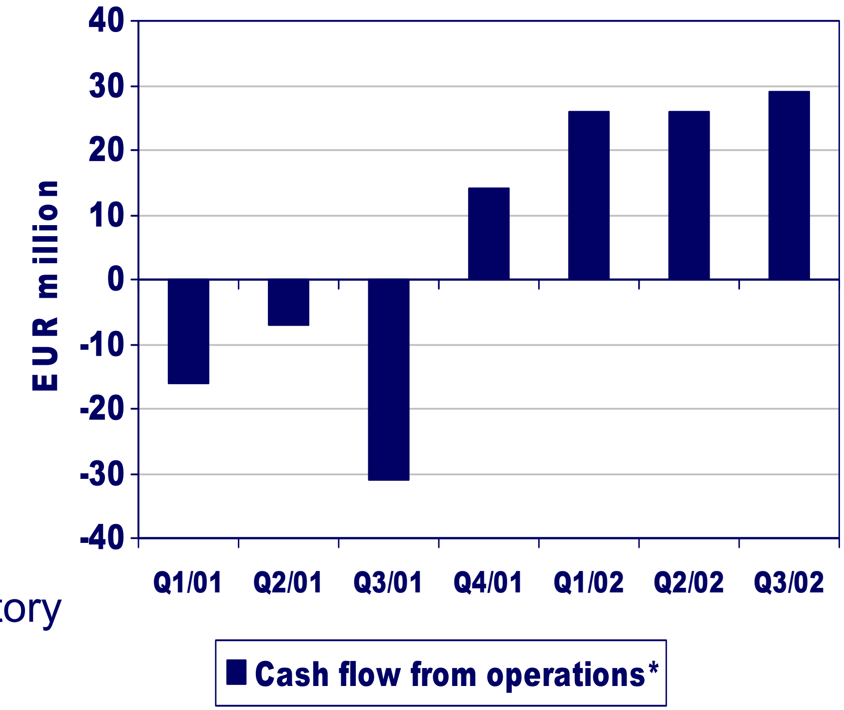
CAPEX by Quarters



Investments in fixed assets include Radiolinja's buy-backs of leasing liabilities

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

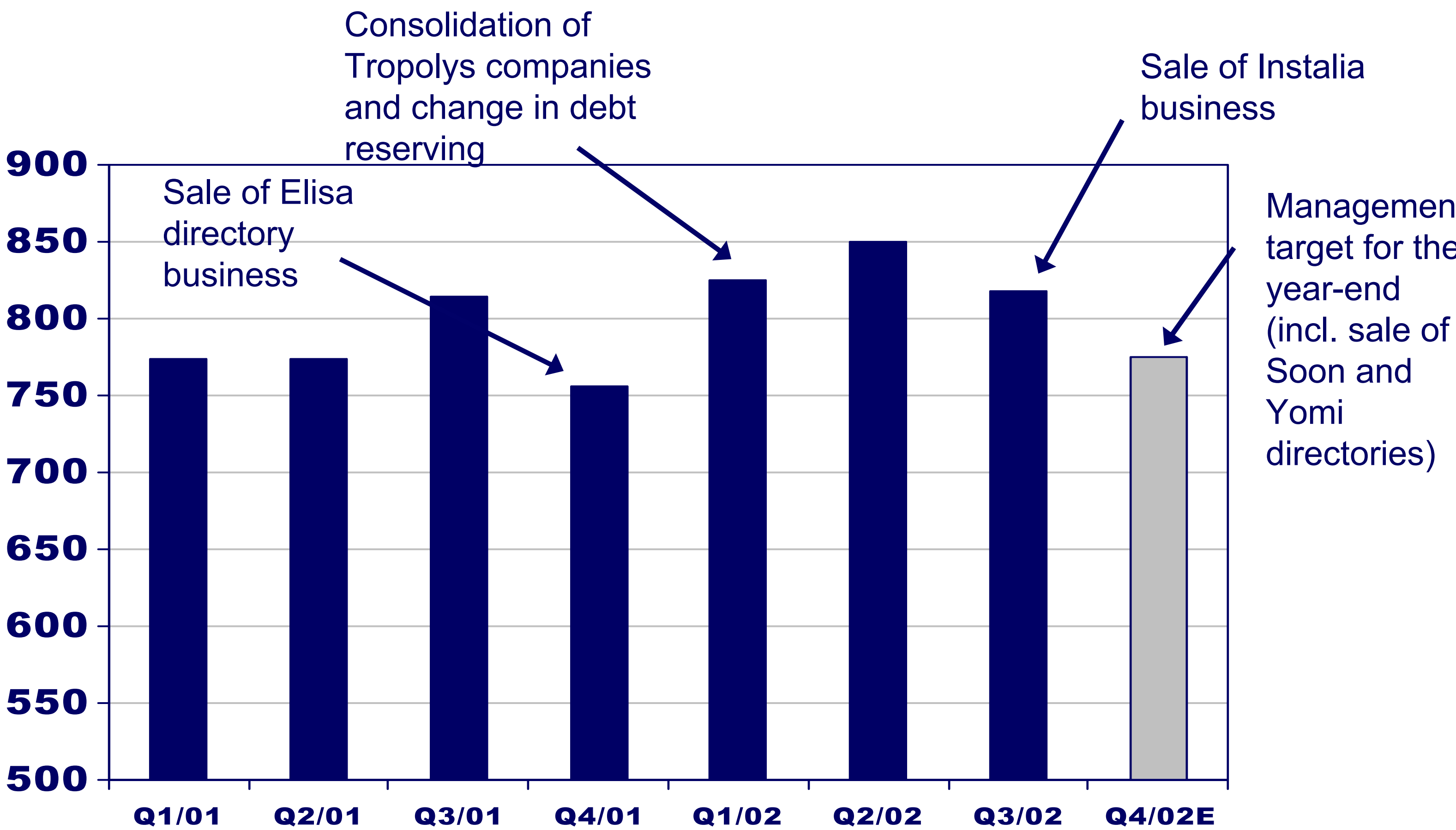


* Cash flow from operations = clean EBITDA – net financial items – CAPEX (excl. GSM network buy-backs)

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%

Net Debt Reduction in Progress



Elisa's Equity Policy

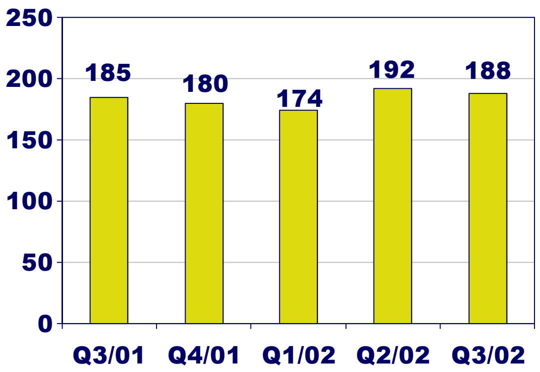
- No share issues considered for raising equity
- Use of share issuance rights for share exchange deals unlikely in 2003, but the rights are expected to be applied from AGM
- Application for share buy-back authorisation of the AGM in April 2003 is under consideration

Performance of Core Business Areas Q3 2001 – Q3 2002

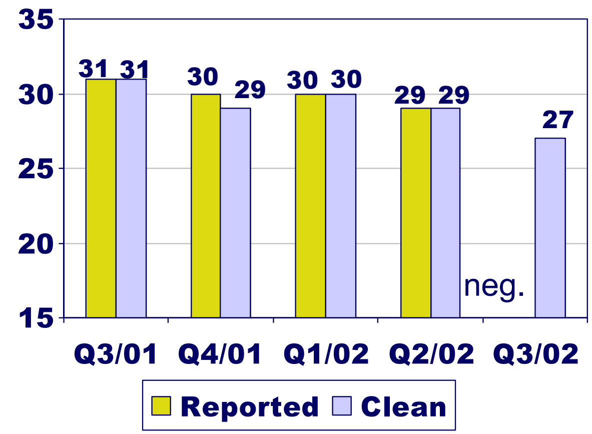
Elisa Communications

Mobile Business

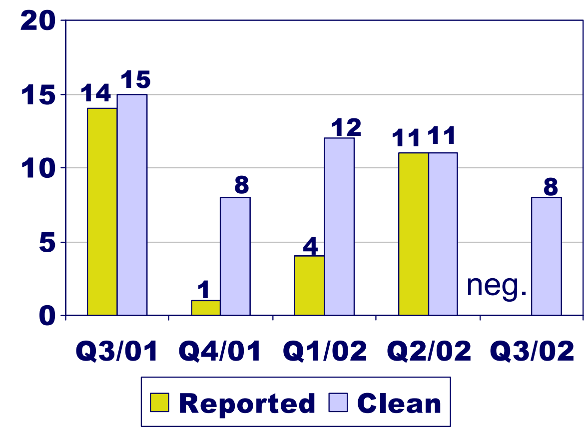
Revenue, EUR million



EBITDA / revenue, %



EBIT / revenue, %

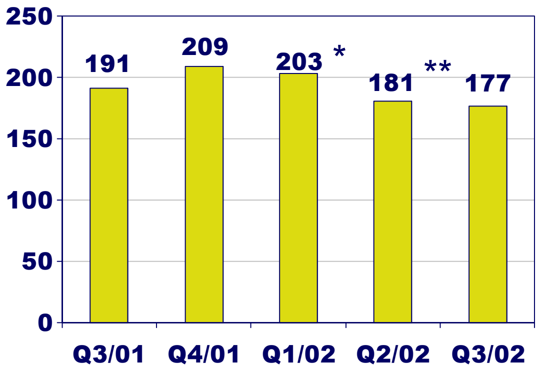


Future profitability drivers

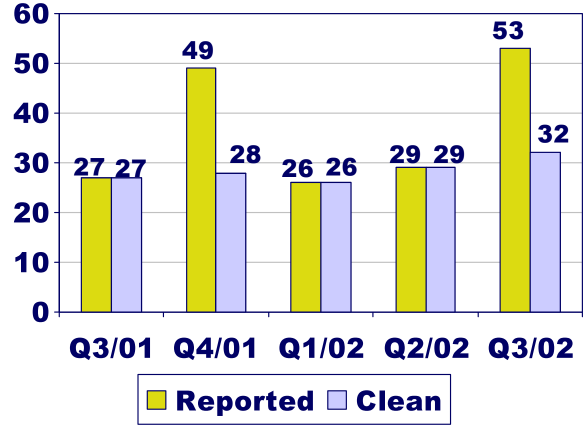
- Reserve for network leasing liabilities will improve margins
- Vodafone cooperation brings more high ARPU business customers
- Vodafone cooperation allows optimisation of R&D costs
- New services (GPRS, MMS) will bring gradual growth
- Strict cost control supports better profitability

Fixed Network Business

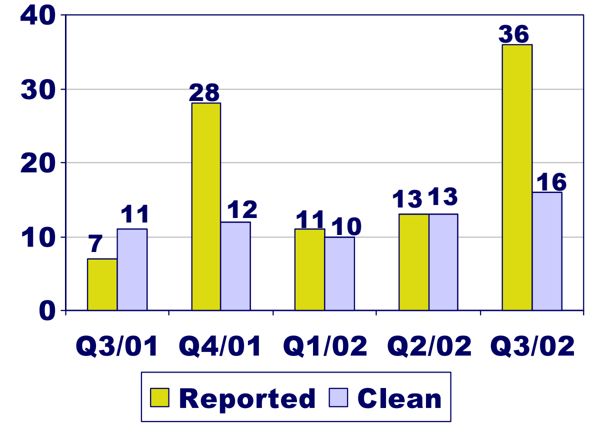
Revenue, EUR million



EBITDA / revenue, %



EBIT / revenue, %



* Sale of Elisa Direktia business

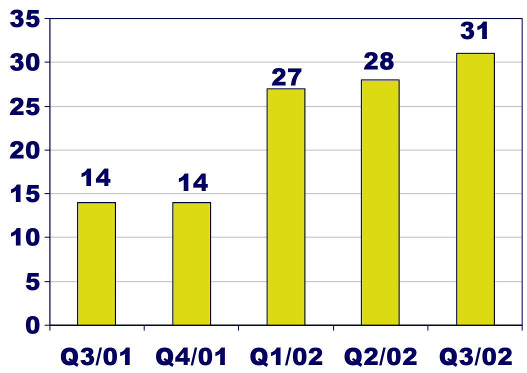
** Yomi IT and Estera figures in the SBA of Other Companies

Future profitability drivers

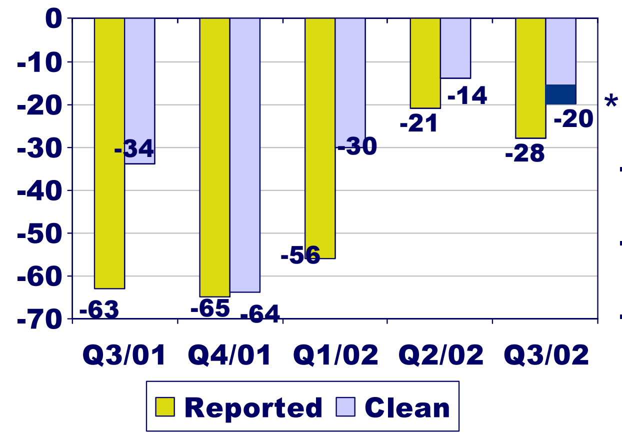
- Executed cost cutting programs will gradually take full effect
- Sale of low margin businesses improve margins (for example Instalia)
- Network integration and optimising decreases CAPEX needs
- New higher prices from July 1, 2002 will bring EUR 10m more revenue annually
- New domestic competition environment will enhance the position of Elisa as a domestic solution provider

Germany-based Business

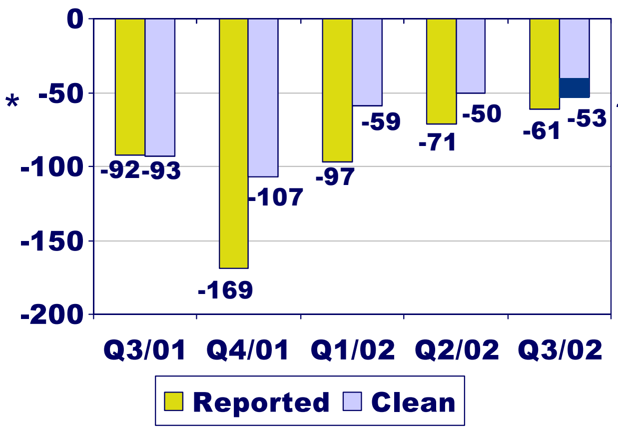
Revenue, EUR million



EBITDA / revenue, %



EBIT / revenue, %



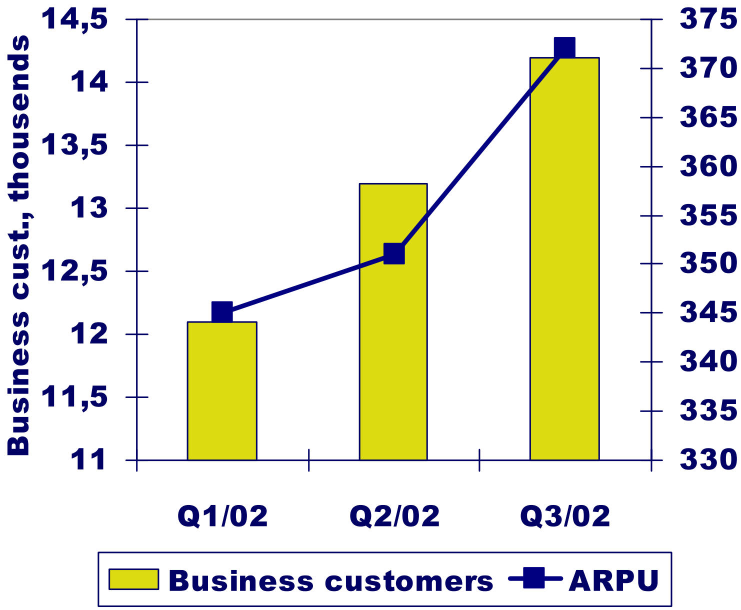
* Q3/02: without TIMe CityLink EBITDA/revenue was -15.5% and EBIT/revenue -47.5%

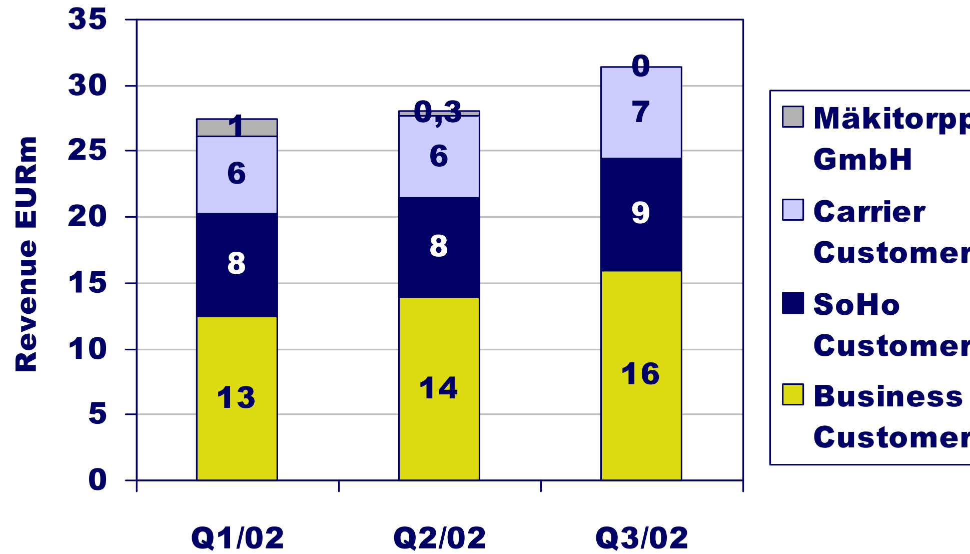
Future profitability drivers

- Shutdown of the loss making mobile retail business was completed according to plan
- Revenue is estimated to grow faster than the sector in Germany
- Margins are improving, EBITDA will turn positive by the end of 2002 and EBIT by the end of 2003
- In 2003 EBITDA is expected to be positive on annual basis
- Financial need of Germany-based business will decrease significantly

Germany-based Business (cont.)

- The amount of new business customers and ARPU exceeded the objectives





Outlook for 2003

Outlook 2003

Objective	Execution
Management continues to focus on long term share holder value …	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.

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.
Improving profitability in Germany	German city carrier business is EBITDA positive and is expected to reach EBIT break-even in 2003.

* MNP = Mobile Number Portability