

Elisa Corporation Interim Report

1 January 2003 – 31 March 2003

Contents

- Review of Q1 2003 and Future Outlook
 - CEO Matti Mattheiszen
- Group Key Figures and Financial Situation
 - CFO Vesa-Pekka Silaskivi
- Performance of Business Areas
 - Group Spokesman Pekka Perttula

Review of Q1 2003 and Future Outlook

Matti Mattheiszen, President & CEO

Elisa Increased its Competitiveness

- ElisaCom successfully built up its ICT activities and gained new corporate customers
- Broadband access offerings were expanded to 15 new regions
- Elisa Mobile implemented a regional sales channel organisation
- Radiolinja successfully replaced the loss of Telia post-paid customers by means of its sales efforts
- Elisa increased its mobile and broadband service provider sales
- Cost-cutting and synergy-creating measures produced positive results

Elisa Group Highlights in Q1 2003

- Group's financial position remained stable
 - Operative CAPEX amounted to EUR 30 million, 8% of revenue
 - The Group generated EUR 44m (75 in 2002) operative cash flow*
- Group revenue amounted to EUR 371m (384)
 - Revenue was affected by change in accounting principles, divested non-core businesses and competition, total EUR 10m
- The Group's result was still unsatisfactory
 - Group EBITDA was EUR 85m (78)
 - EBITA was EUR 21m (1)
 - EBIT was EUR 7m (-13)
 - Pre-tax profit excluding goodwill depreciation was EUR 9m (-11)
 - Pre-tax profit was EUR -5m (-25)

* Operative cash flow = clean EBITDA – net financial items – CAPEX (excl. GSM network buy-backs)
Q1 2002 figures include one-off items

Restructuring Has Brought Major Cost Savings

- The new Group structure has enabled significantly lower fixed costs
- Operating expenses decreased by EUR 21m Q1 2003 vs. Q1 2002
- Number of personnel decreased by 1300

Outlook for 2003

- The organic growth in revenue will be 3% at the maximum
- In the current market outlook clean EBITDA and result is estimated to improve slightly from 2002
- Operative annual CAPEX as a percentage of sales will not exceed the 15% limit
- Divestment of non-core business operations will be continued
- Cash flow will remain positive and net debt will be reduced
- EBITDA of German-based Business will be positive in 2003. EBIT is estimated to develop favourably, but due to uncertainties of the German market it is difficult to be more exact.

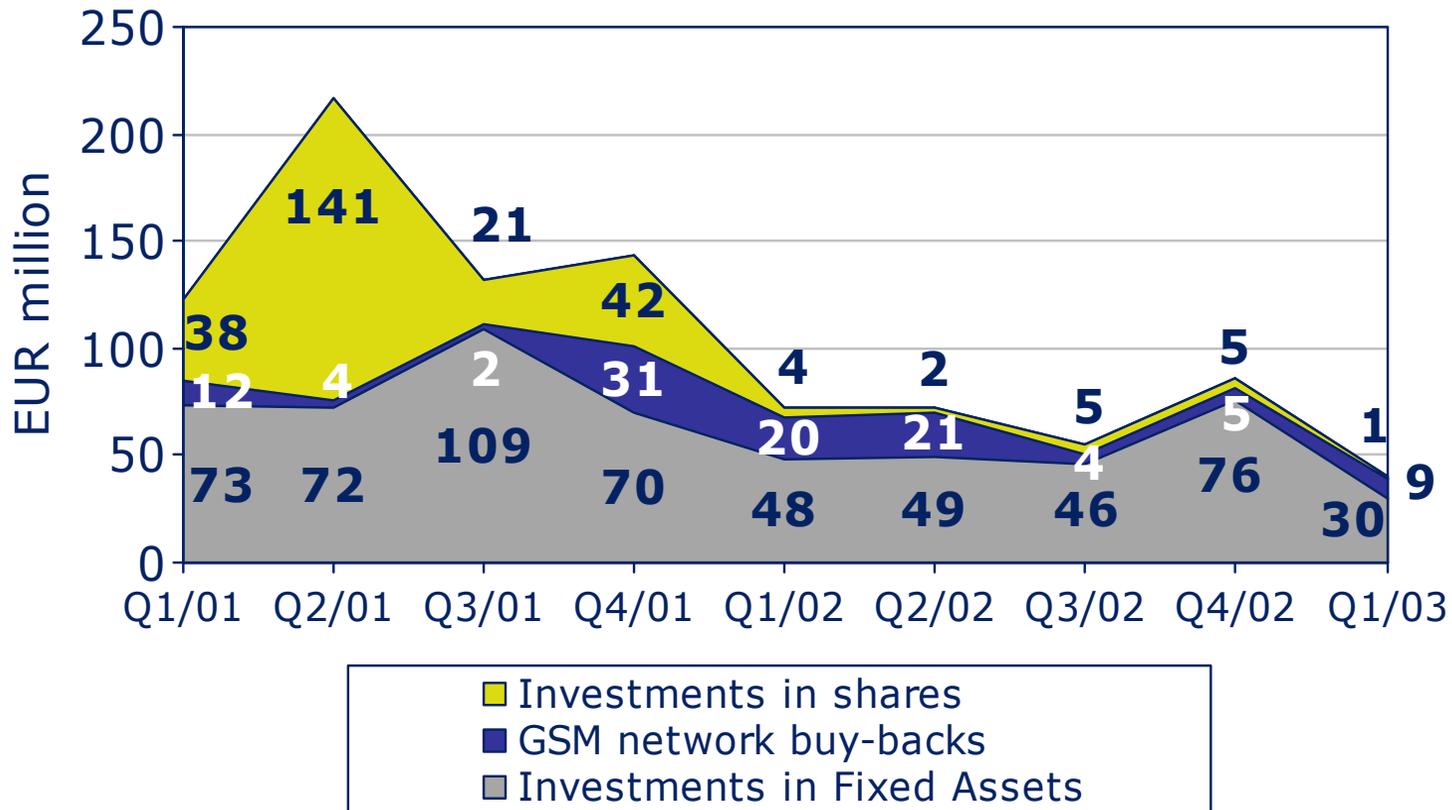
Group Key Figures and Financial Position

Vesa-Pekka Silaskivi, CFO

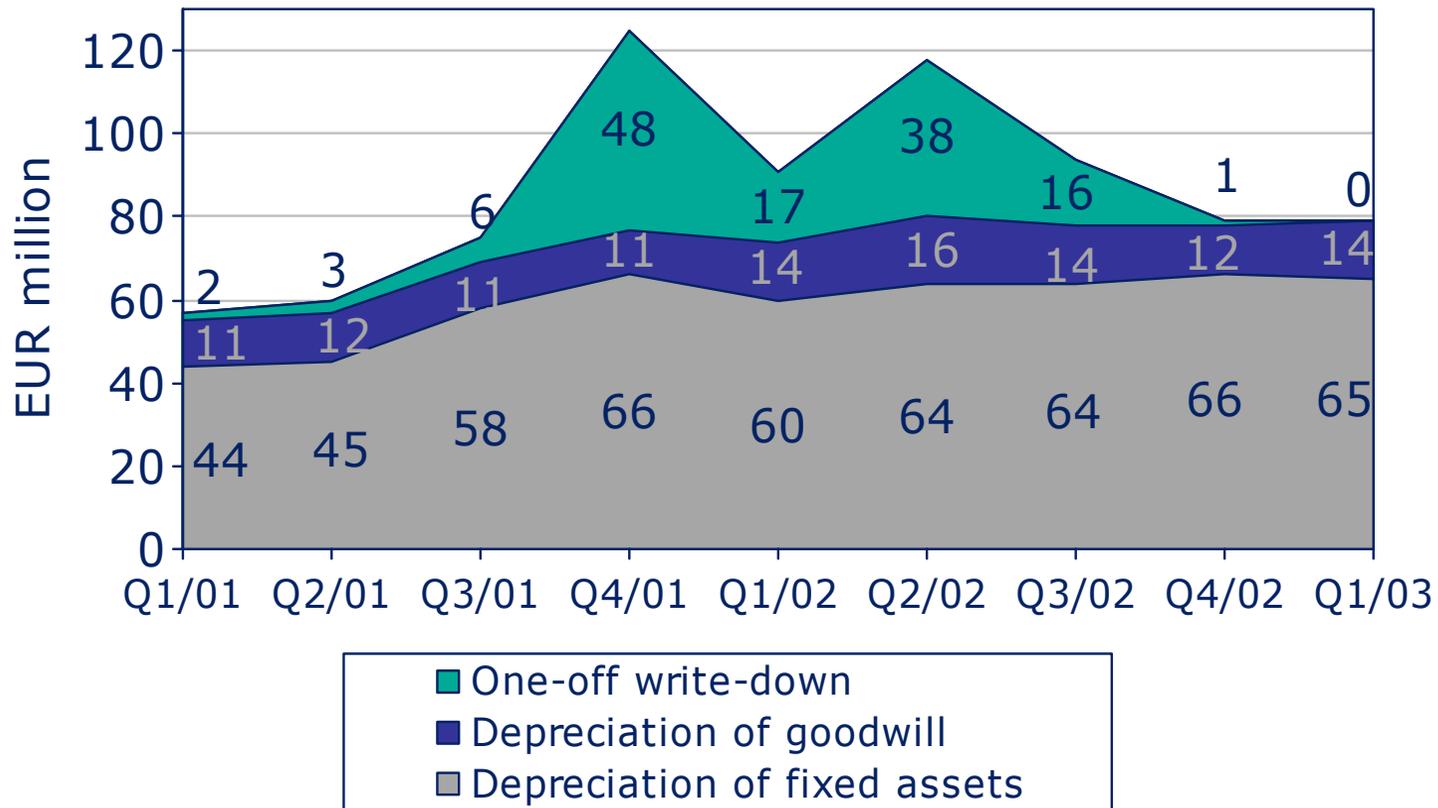
Elisa Group Q1 2003 Financial Highlights

- Profitability of the Group remained stable
 - Profitability of Fixed Network Business remained good
 - Mobile business recovered from Q4 2002 but the aggressive competition continued to affect profitability
 - EBITDA of German-based business was in line with expectations
- Operative cash flow was strongly positive
 - Strict CAPEX control and timing of investments
- Financial position remains intact
 - Due to seasonality, net debt increased slightly (EUR 767m), but it is expected to decrease on annual basis (targeted level is < 2xEBITDA)
 - Equity ratio was 38% (38%)

CAPEX of Sales was 11%, Operative CAPEX of Sales was 8%

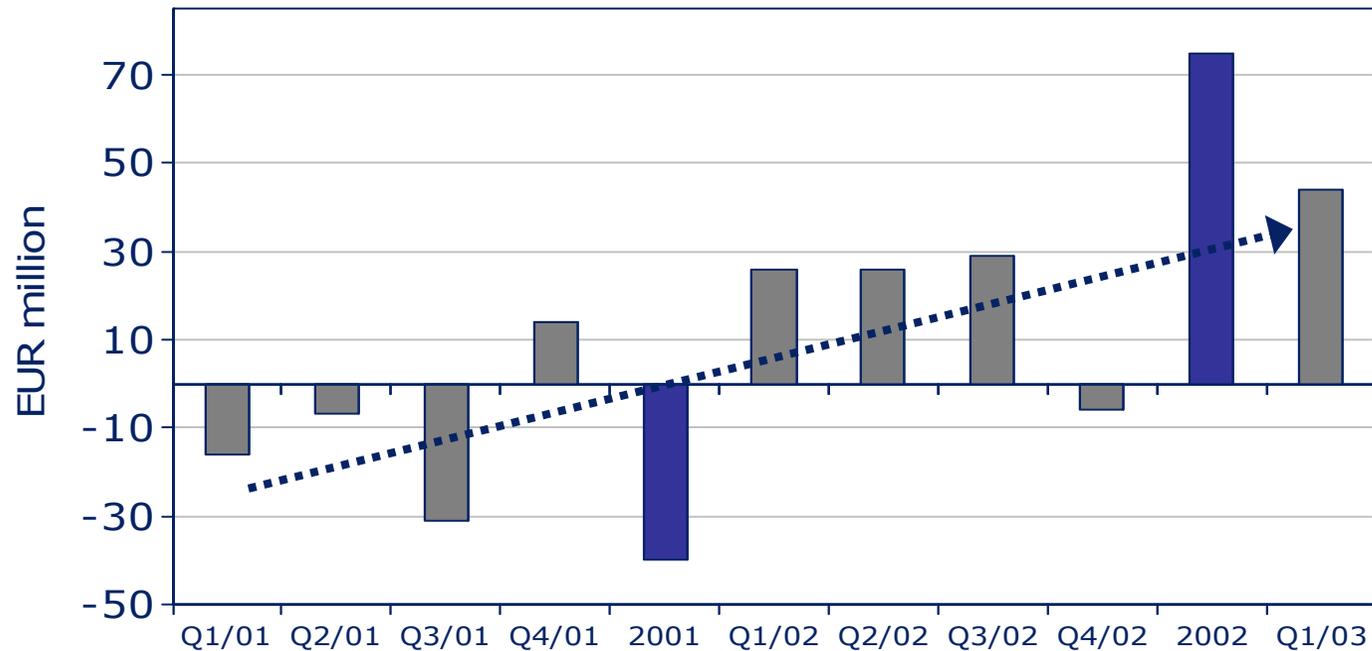


No One-off Write-Downs in Q1 2003



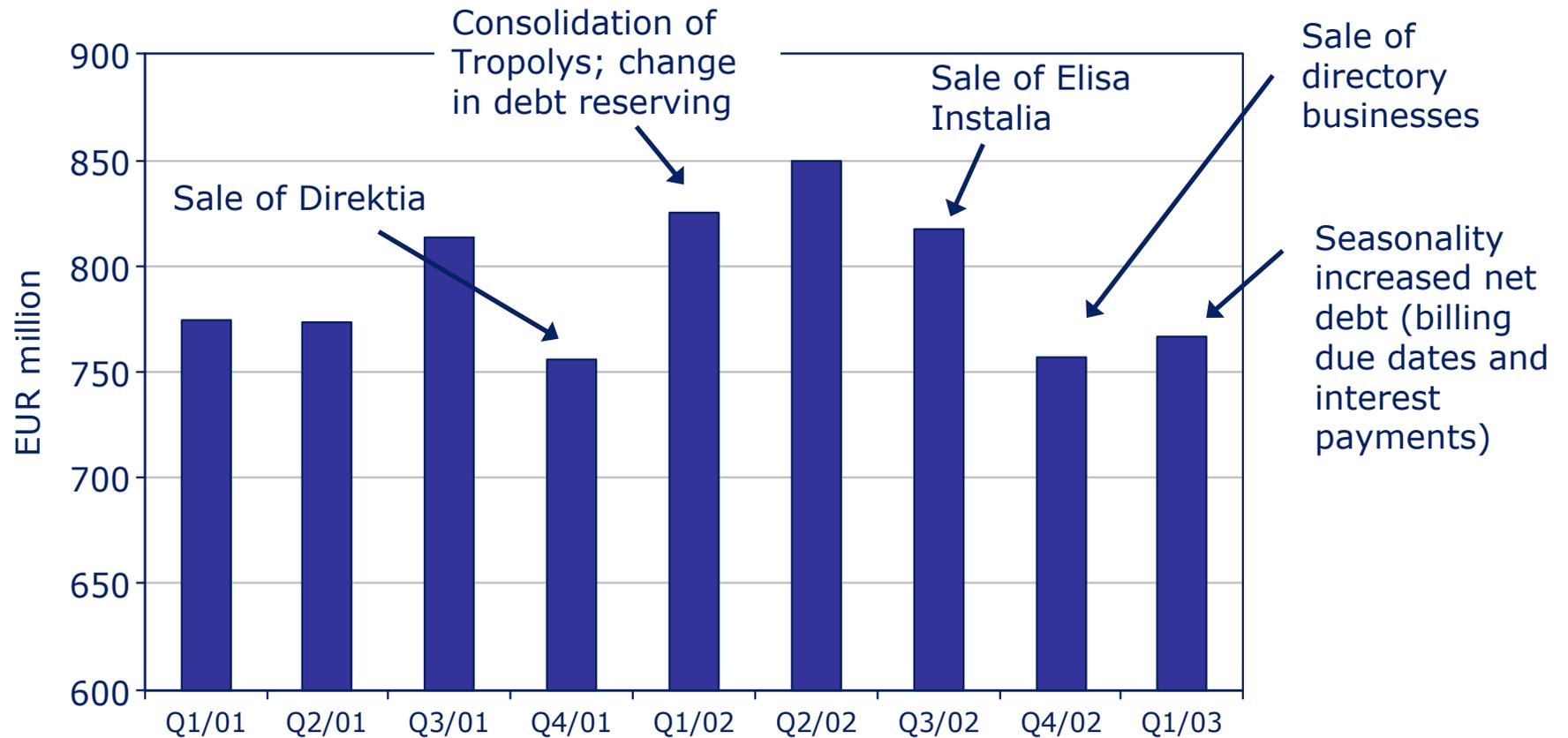
Cash Flow from Operations was EUR 44m

Consolidated cash flow was EUR -10m (see appendix, page 23)



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

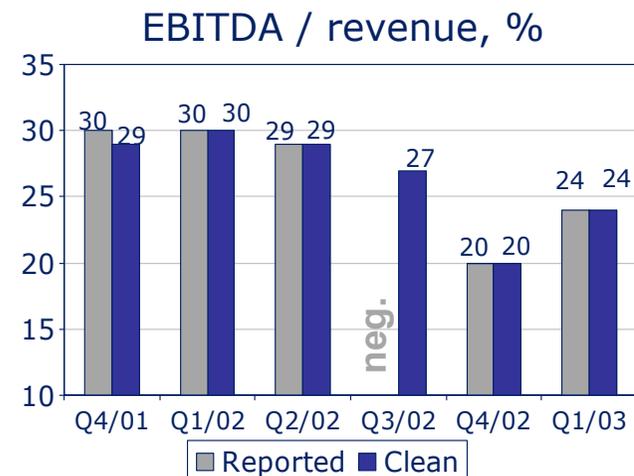
Seasonality Affected the Net Debt Level



Performance of Business Areas

Pekka Perttula, Group Spokesman

Elisa Mobile Q1 2003



- Revenue was EUR 175m (174)
 - Revenue growth was affected by increased competition, price erosion and termination of the Telia deal
 - Mobile business has recovered to the same level as before the Telia exit
- EBITDA was EUR 42m (52)
- EBITA was EUR 15m (16*)
- EBIT was EUR 5m (7*)

Elisa Mobile	EURm			Revenue			EBITDA			EBIT		
	Service- and network operators	Distribution companies	Intra-SBA sales	Q1/03	Q1/02	change	Q1/03	Q1/02	change	Q1/03	Q1/02	change
				165	166		41	53		14	18	
				16	12		1	-1		1	-2	
				-6	-4							
											14	
										-10	-9	
Total excl. one-offs				175	174	1 %	42	52	-19 %	5	21	-76 %

* Q1 2002 figures include one-off items

Volumes are Increasing, Prices Decreasing

- The number of subscriptions increased to the previous year's level and was 1,348,000 (1,349,000)
- Cubio Communications was signed up as a service provider
- Usage of voice services increased by 6%, MOU was 531m (501)
- Number of SMS increased by 4% to 109m (104)
- Annualised churn was 14.4% (18.2%)
- ARPU was EUR 38.5 (41.4)
- Share of value added services of revenue was 13% (12%)

Fixed Network Business Q1 2003

- Revenue was EUR 170m (186)
 - Revenue difference results from divested directory media and installation businesses, change in accounting principles and price erosion of business customer products, total about EUR 10m
 - ICT activities successfully developed, new corporate customers gained
- EBITDA was EUR 52m (51)
- EBIT was EUR 24m (23)
- EBITDA/revenue was sustained at the 31% (27%) level

Fixed network EURm	Revenue			EBITDA			EBIT		
	Q1/03	Q1/02	change	Q1/03	Q1/02	change	Q1/03	Q1/02	change
Service operator	159	173		8	8		-3	-2	
Network operator	71	80		44	43		27	25	
Intra-SBA sales	-60	-67							
One-time items									
Group bookings									
Total excl. one-offs	170	186	-9 %	52	51	2 %	24	23	4 %

Fixed Network Business Focused on the Broadband Access Market

No. of Subscriptions	Q1/2003	Q1/2002	Change
ISDN channels	229 300	272 400	-16 %
Broadband channels	81 800	37 000	121 %
Cable TV	172 400	157 900	9 %
Analogue and others	700 800	728 900	-4 %
Total	1 184 200	1 196 300	-1 %

- Strong growth in broadband channels continued, about 10 000 new customers signed up in Q1
- Elisa Networks broadband service provider sales increased
- Profitability of Cable TV Business continues at a good level
 - The Group and its associated companies have more than 170,000 cable TV subscriptions
- Elisa has become the leading provider of electronic directory platforms including PKI-based products

Germany-based Operations Q1 2003

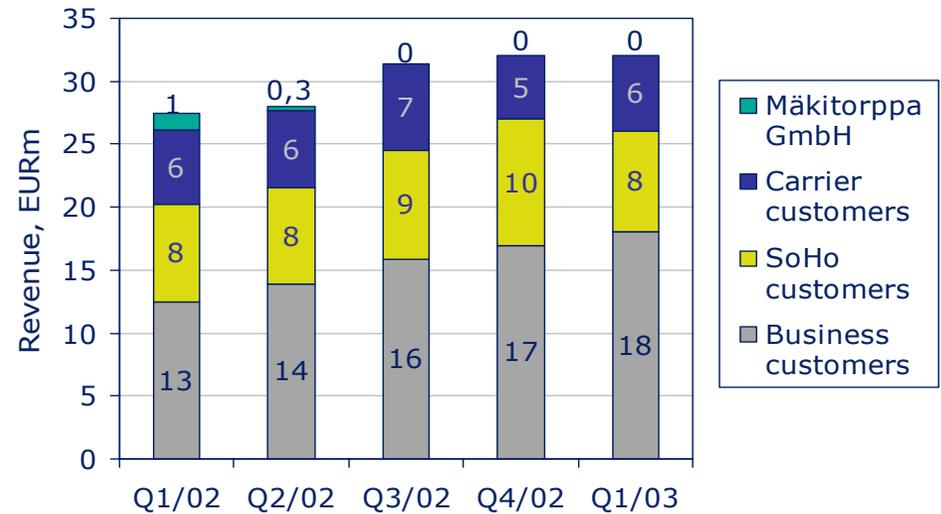
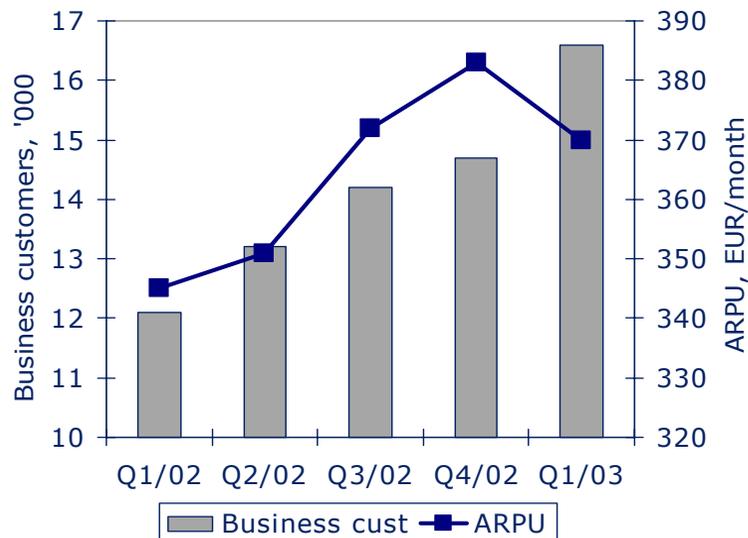
- Revenue was EUR 32m (27), growth 19%
 - Revenue growth estimate is 15% in 2003
- EBITDA was EUR -1m (-15*)
 - Due to seasonality factors EBITDA was slightly negative
 - Full year EBITDA margin target is 5%-8% of revenue
- EBITA was EUR -7m (-24*)
- EBIT improved to EUR -10m (-27*)

Germany EURm	Revenue		EBITDA			EBIT	
	Q1/03	Q1/02 change	Q1/03	Q1/02 change	Q1/03	Q1/02 change	
Carrier-business	32	26	-1	-8	-7	-14	
Mäkitorppa GmbH		1		-7		-10	
One-time items				7		10	
Goodwill depreciation					-3	-3	
Total excl. one-offs	32	27 19 %	-1	-8	-10	-17	

* Q1 2002 figures include one-off items

Local Presence Brings Customers

- Winning of new business customers continued despite the slow economy in Germany, about 2000 new customers in Q1 2003
- Higher ARPU in SoHo customers targeted with rebalancing of price structures



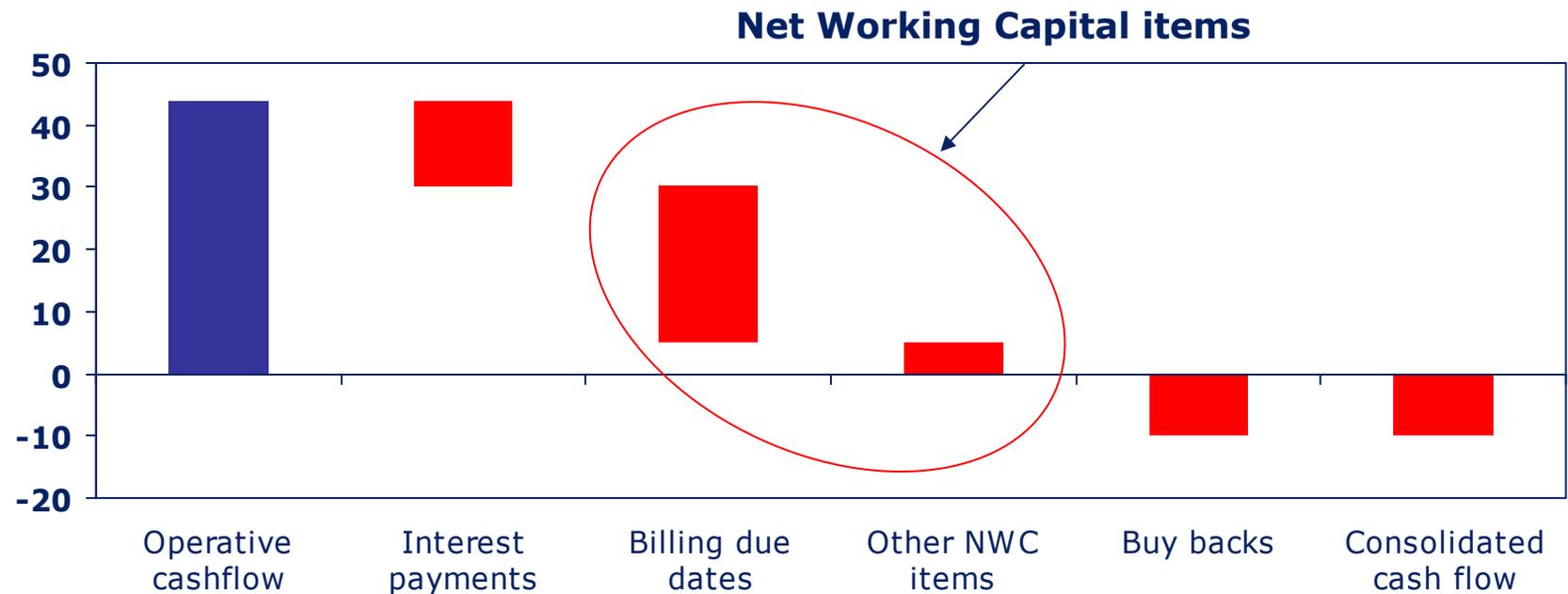
Elisa Corporation Interim Report

1 January 2003 – 31 March 2003

Elisa Corporation
Interim Report
Appendix

1 January 2003 – 31 March 2003

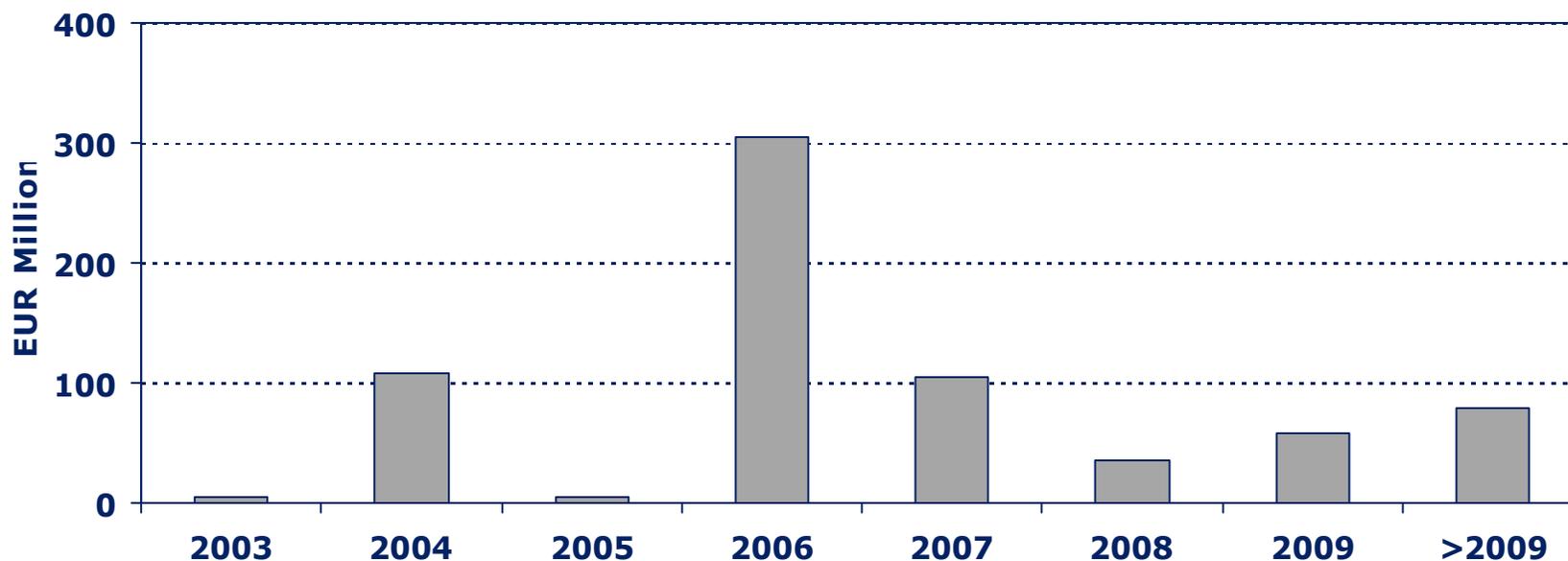
Operative Cash Flow Versus Consolidated Cash Flow 1Q 2003, Major Differences



Elisa's interest payments are weighted to the Q1 due to the EUR 300m (6,375%) bond interest payment on 31st January. Over half of the interest payments fell on Q1.

Fixed line customers are mainly billed bi-monthly. Mobile customers are billed monthly. 1/6 of the due dates of the fixed line bills falls to Q1 and Q3 and 2/6 to Q2 and Q4. This increases the NWC in 1st and 3rd and reduces it in 2nd and 4th quarter.

Debt Maturity of Elisa's Bonds, Bank loans and Pension loans



Main Decisions of the AGM on 4 April 2003

- Changes to Articles of Association
 - Name shortened to Elisa Corporation
 - Minimum and maximum share capital EUR 25 – 500m
 - Tenure of the board members from three to one year
- No dividend from 2002
- Rights for share issue
 - The board was granted to issue up to 27.6 million shares
- Board members
 - Number of members reduced from 8 to 6
 - New member: COO of Sampo Bank, Mr Mika Ihamuotila

Radiolinja's Key Figures

Radiolinja's key figures, EURm	Q1/03	Q1/02	%	2002
Revenue	175	174	1 %	739
Clean EBITDA	42	52	-19 %	117
Clean EBITDA-%	24 %	30 %		16 %
Leasing adj. EBITDA	49	64	-23 %	229
Leasing adj. EBITDA-%	28 %	37 %		31 %
CAPEX	16	33	-45 %	145
CAPEX excl. network buy-backs	7	13		96
Oper CAPEX / sales	4 %	7 %		13 %
No. of Subscriptions in Finland *	1 348 183	1 348 710	0 %	1 342 417
ARPU, EUR **	38,5	41,4	-7 %	42,2
Churn **	14,4 %	18,2 %		15,7 %
Minutes of use, million *	531	501	6 %	2 087
Minutes of use / subs / month **	136	129	5 %	136
No. of SMS, million *	109	104	5 %	422
No. of SMS / subs / month **	28	26	8 %	27
Value added services / revenue	13 %	12 %		12 %

* Network operator

** Radiolinja's service operators in Finland

Elisa Group's Q1 2003 P&L

Elisa Group EURm	Excl. one-off items*					
	Q1/03	Q1/02	2002	Q1/03	Q1/02	2002
Revenue	371	384	1563	371	384	1563
Other income from operations	4	5	18	4	5	92
EBITDA	85	85	342	85	78	333
<i>EBITDA margin</i>	23 %	22 %	22 %	23 %	20 %	21 %
Depreciation	-65	-60	-255	-65	-60	-255
Goodwill depreciation	-14	-14	-55	-14	-14	-55
Write-downs					-17	-71
EBIT	7	11	32	7	-13	-48
<i>EBIT margin</i>	2 %	3 %	2 %	2 %	-3 %	-3 %
Share of associated comp. result	-1	-1	-5	-1	-1	-5
Net financial items	-11	-11	-50	-11	-11	-50
Pre Tax Profit	-5	-1	-23	-5	-25	-103

*Q1 2003 does not include any one-off items

Q1 2002 one-off items: GSM network write-down EUR 14m, Mäkitorppa GmbH shutdown EUR 10m (EUR 7m expenses in EBITDA, EUR 3m write down, total EUR 10 in EBIT)

Key Figures of Elisa Group

Elisa Group	Q1/03	Q4/02	Q3/02	Q2/02	Q1/02	Q4/01	Q3/01	Q2/01	Q1/01
EURm									
Revenue	371	385	388	406	384	386	389	331	333
EBITDA	85	118	51	86	78	183	91	75	76
<i>EBITDA-%</i>	23 %	31 %	13 %	21 %	20 %	47 %	23 %	23 %	23 %
Clean EBITDA	85	88	84	86	86	97	91	77	68
<i>Clean EBITDA-%</i>	23 %	23 %	22 %	21 %	22 %	25 %	23 %	23 %	20 %
EBIT	7	39	-43	-32	-13	58	16	15	19
Clean EBIT	7	10	6	6	12	19	22	31	13
<i>Clean EBIT-%</i>	2 %	3 %	2 %	1 %	3 %	3 %	6 %	9 %	4 %
Pre-Tax Profit	-5	26	-56	-49	-25	44	-1	3	0
Clean Pre-Tax Profit	-5	-3	-7	-11	0	5	5	3	0
Financial position									
Net debt	767	757	817	850	825	802	814	773	774
Equity ratio	38 %	38 %	35 %	38 %	38 %	40 %	40 %	39 %	37 %
Net debt / EBITDA	2,2	2,2	2,4	2,45	2,7	2,3	2,5	2,6	2,1
Net interest coverage	8,1	7	6,7	7,2	6,8	8,8	7,3	6,8	7,8
Gearing	97 %	95 %	105 %	102 %	94,1 %	88,4 %	96,7 %	91,1 %	112,8 %
Investments									
in fixed assets	39	81	50	70	68	71	111	76	85
in shares	1	5	5	2	4	42	21	141	38
Total	40	86	55	72	72	113	132	217	123

Key Figures of Elisa Group (cont.)

Business Areas	Q1/03	Q4/02	Q3/02	Q2/02	Q1/02	Q4/01	Q3/01	Q2/01	Q1/01
Elisa Mobile									
Revenue	175	185	188	192	174	180	185	170	152
ARPU, EUR	38,5	41,3	43,0	43,5	41,4	42,7	44,2	45,3	42,2
Churn, %	14,4	21,2	14,0	12,7	18,2	14,4	15,5	13,9	13,9
Subscriptions	1 348 183	1 342 417	1 301 621	1 289 016	1 348 710	1 356 204	1 295 280	1 281 577	1 392 000
Clean EBITDA	42	37	50	55	52	47	58	47	46
<i>Clean EBITDA-%</i>	24 %	20 %	27 %	29 %	30 %	28 %	33 %	27 %	29 %
Leasing adjusted EBITDA	49	43	57	66	63	60	71	60	59
<i>Leasing adj. EBITDA-%</i>	28 %	23 %	30 %	34 %	36 %	35 %	41 %	34 %	37 %
Fixed network									
Revenue	170	174	177	181	203	209	191	121	137
Subscriptions, total	1 184 222	1 184 938	1 141 658	1 142 755	1 147 000	1 137 000	1 152 000	735 570	747 968
Broadband subscriptions	81 781	71 855	58 974	43 865	36 000	27 000	19 000	11 623	8 300
ISDN channels	229 252	237 263	249 667	260 015	269 000	276 000	272 000	219 147	213 811
Clean EBITDA	52	56	57	52	52	63	52	32	34
<i>EBITDA-%</i>	31 %	32 %	32 %	29 %	26 %	27 %	27 %	26 %	25 %
Germany									
Revenue	32	32	31	28	27	14	14	13	13
Clean EBITDA	-1	-1	-9	-4	-8	-9	-9	-5	-7
<i>Clean EBIT-%</i>	-2 %	-2 %	-20 %	-14 %	-30 %	-64 %	-34 %	-39 %	-54 %

Q1 2003 Key Figures per Business Area

Elisa Mobile

	Revenue		EBITDA		EBIT		Clean EBITDA		Clean EBIT	
	Q1/03	Q1/02	Q1/03	Q1/02	Q1/03	Q1/02	Q1/03	Q1/02	Q1/03	Q1/02
Service- and network operators	165	166	41	53	14	18	41	53	14	32
Distribution companies	16	12	1	-1	1	-2	1	-1	1	-2
Intra-SBA sales	-6	-4								
Group bookings					-10	-9			-10	-9
Total	175	174	42	52	5	7	42	52	5	21

Fixed network

	Q1/03	Q1/02	Q1/03	Q1/02	Q1/03	Q1/02	Q1/03	Q1/02	Q1/03	Q1/02
Service operator	159	173	8	8	-3	-2	8	8	-3	-2
Network operator	71	80	44	43	27	25	44	43	27	25
Intra-SBA sales	-60	-67								
Group bookings										
Total	170	186	52	51	24	23	52	51	24	23

Germany

	Q1/03	Q1/02	Q1/03	Q1/02	Q1/03	Q1/02	Q1/03	Q1/02	Q1/03	Q1/02
Carrier-business	32	26	-1	-8	-7	-14	-1	-1	-7	-4
Mäkitorppa GmbH		1		-7		-10		-7		-10
Group bookings					-3	-3			-3	-3
Total	32	27	-1	-15	-10	-27	-1	-8	-10	-17

Other companies

	Q1/03	Q1/02								
Comptel	12	11	1	-2	0	-3	1	-2	0	-3
Other companies	13	9	-2	1	-2	0	-2	1	-2	0
Group bookings	-1				-1				-1	
Total	24	20	-1	-1	-3	-3	-1	-1	-3	-3

Group functions

	Q1/03	Q1/02								
Group functions*	9	8	-7	-9	-9	-12	-7	-9	-9	-12

*) headquarter staff, centralized R&D and group internal services

Elisa Group

	Q1/03	Q1/02	Q1/03	Q1/02	Q1/03	Q1/02	Q1/03	Q1/02	Q1/03	Q1/02
Business areas total	410	415	85	78	7	-12	85	85	7	12
Inter-SBA sales	-39	-31								
Group total	371	384	85	78	7	-12	85	85	7	12