

# Interim Report

**July 1 - September 31, 2001**



# Elisa continued to grow maintaining a solid financial position

## Execution of strategic agenda on track

- Completing a successful share exchange, Elisa owns over 90% of Soon
- Network and service operations of Elisa, Soon and Radiolinja will be incorporated to facilitate cost and capex savings
- Elisa Networks commenced operations on October 1, 2001
- Radiolinja reported excellent results, EBITDA up 38% and EBIT soared by 54%
- City carrier business in Germany proceeded as planned
- Agreement to sell the directory business was signed
- Solidity and financial position of Elisa Group remained good



# Key figures of Elisa Communications Group

EURm	3Q/2001	3Q/2000	3Q/2001*	3Q/2000*
Revenue	389	306	<b>389</b>	306
EBITDA	91	72	<b>91</b>	72
EBIT	16	25	<b>22</b>	25
Pre Tax Profit	-1	17	<b>5</b>	17

\* **excl. one-time items**

- Revenue growth 27%, including new subsidiaries
- EBITDA growth 26%, margin remained flat at 23%
- EBIT was affected by depreciation from increased fixed assets of Radiolinja and new subsidiaries, including EUR 6 million one-time items
- Pre-tax profit was lower due to increased financial expense from acquisitions and losses from Germany-based operations

# Business Areas

## Mobile Business 3Q/2001

EURm	3Q/2001	3Q/2000	change	2000
Revenue	175	153	14 %	614
EBITDA	58	42	38 %	170
EBIT	36	24	54 %	4

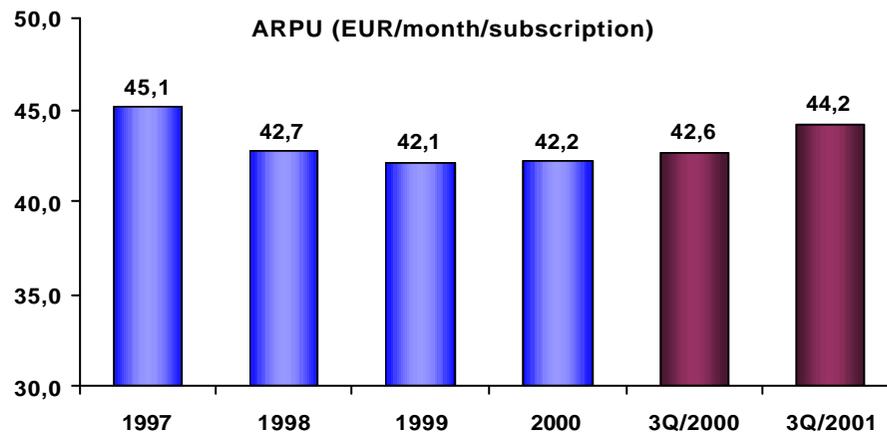
Radiolinja Group

- Radiolinja Group's top-line growth was 14%
- ARPU increased to EUR 44.2 per month (42.6)
- Subscriptions in networks increased by 10% to 1.44 million (1.31)
- Annualised churn was 15.5% (12.5%)
- Revenue share of value-added services was 11% (11%)
- Market share of subscriptions in Finland amounted to about 34% (35%). Revenue based market share was higher.



## Mobile Business 3Q/2001

- New domestic terminating tariff reduced revenues 3 to 4% from September onwards, but margins remained unaffected
- Average amount of SMS sent per subscriber increased to 26 per month (24)
- Radiolinja launched a subscription product "Tandem Aina" in September
- Content services were used by one fourth of users
- GPRS service was launched in September



## Fixed Network Business 3Q/2001

EURm	3Q/2001	3Q/2000	change	2000*
Revenue	191	120	59 %	504
EBITDA	52	22	136 %	155
EBIT	13	1	1300 %	58

\*excl. sales profit of Comptel's shares

- EBITDA boosted to EUR 52 million (22) with margin of 27% (18%)
- Revenue growth was 59%, comparable growth 5%
- Elisa Group's access lines totalled 1.15 million (0.74)
- Revenue and access line growth includes new subsidiaries as of July 1, 2001
- Elisa Group leads the fixed access market in Finland with a share of about 36%
- ADSL subscriptions amounted to 19,000 (2,000)



## Fixed Network Business 3Q/2001

- Elisa Networks commenced operations as of 1.10.2001
- Elisa switched most of the domestic long-distance traffic to its own network
- Voice service business was transferred to Datatie
- Elisa Group signed an agreement with Eniro to sell the directory business
- The carrier-to-carrier interconnection tariffs were decreased by an average of 20%
- Number of cable TV connections increased to about 127,000

Subscriptions, '000	3Q/2001	3Q/2000	3Q/2000*	change*
ISDN channels	272	201	247	10 %
ADSL channels	19	2	3	638 %
Cable TV	127	11	109	16 %
PSTN and others	734	528	767	-4 %
Total	1 152	742	1 126	

\* incl. also subscriptions of Soon, KSP, RPO and Lounet



## Germany-based Operations 3Q/2001

EURm	3Q/2001	3Q/2000	change**	2000*
Revenue	14	6	n.a.	17
EBITDA	-9	-5	n.a.	-15
EBIT	-13	-6	n.a.	-18

\* All companies in Germany without one-time items

\*\* Disparate figures

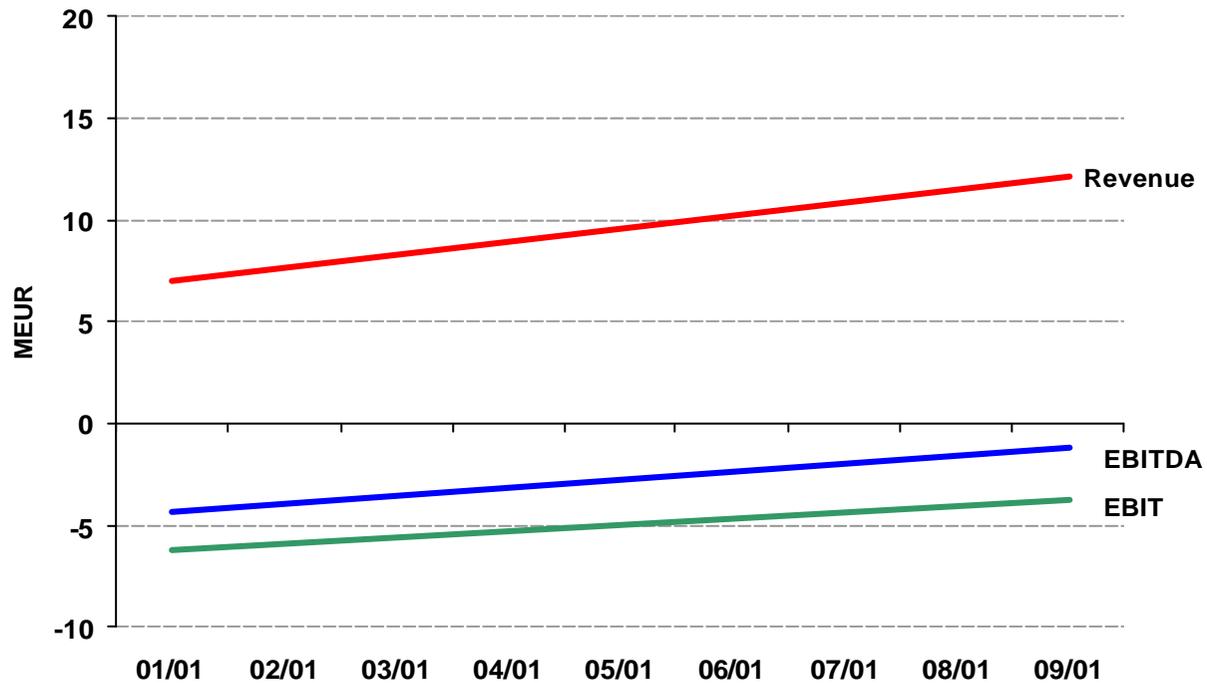
- Consolidated revenue was EUR 14.2 million (17 full year 2000)
- The aggregate revenue volume of Elisa subsidiaries and affiliates in Germany amounted to EUR 39.8 million (40 full year 2000)
- Consolidated EBIT amounted to EUR -13.1 million (-18 full year 2000)
- The loss contribution to Elisa Group was further affected by EUR -4.8 million (-33 full year 2000) share of associated companies result
- Mobile retail business continued to be loss-making and consequently Mäkitorppa GmbH is undergoing a severe downscaling and cost-minimising program



# Germany-based Operations 3Q/2001

- City carrier business, which represents over 80% of the total investment of Elisa in Germany, progressed according to plan

Aggregate actual figures from carriers in portfolio  
(trend-lines from January-September)



## Other Operations 3Q/2001

EURm	3Q/2001	3Q/2000	change	2000
Revenue	19	34	-44 %	134
EBITDA	-10	12	-183 %	1
EBIT	-12	-7	-71 %	-6

- Comptel revenue EUR 11.0 million (14.2), EBIT EUR 0.7 million (5.2)
- Comptel retained its leading position in the mediation market world-wide in a challenging situation, winning a major contract in October from Deutsche Telekom
- Comptel's revenue and earnings were affected by the current market situation and the postponed investment decisions of operators
- Mäkitorppa Group revenue was EUR 13.8 million (22.5). EBIT EUR -2.2 million (0.2). The Group was successful in scaling its operations down to the current market situation.
- Mobile handset market volume in Finland decreased in August by 35% and in September by 50% compared to respective months in 2000

# Elisa Focuses on Profitability

- **Cost savings in the new group structure**
  - Synergy benefits from the new service and network operator companies
  - Adaptation of the personnel capacity to the new requirements
  - Cost cut program in the entire Group
  - Price adjustments, simplified product portfolio
- **Scaling capex down to new market situation**
  - New fixed network business structure reduces capex needs
  - The investment needs of the mobile networks are lower in the next few years and the new technology investments will be spread over several more years
  - Group capex are sharply declining: year 2000 EUR 978 million, current year 2001 estimate EUR 490 million

# Future Outlook

- The group's revenue is expected to grow faster than the sector in general in 2001
- Euro value of EBITDA without one-time items is estimated to improve compared to 2000
- Net profit is estimated to reach zero level. This estimate includes one-time items such as the capital gain expected from the directory business deal and possible one-time write off from GSM networks in approval of the financial statements.
- Radiolinja's full year operative EBIT without one-off items is expected to be at the previous year's level
- Elisa's mobile retail business in Germany will be adapted to the market situation
- German city carrier business is expected to continue on the improving track. The revenue of the sub-group is estimated to grow and EBITDA to turn positive by the end of 2002, as well as EBIT by the end of 2003

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# Elisa Communications Group figures without one-time items

EURm	7-9/01*	7-9/00	1-9/01*	1-9/00**
Revenue	389	306	1053	899
Other income from operations	4	4	24	7
EBITDA	91	72	242	228
<i>EBITDA margin</i>	23 %	24%	23%	25%
Depreciation	-58	-39	-146	-109
Goodwill depreciation	-11	-8	-35	-23
EBIT	22	25	61	96
<i>EBIT margin</i>	6%	8 %	6%	11 %
Share of associated companies result	-5	-1	-14	-3
Net financial items	-12	-7	-34	-15
Pre Tax Profit	5	17	13	78
Taxes	-9	-10	-22	-36
Minority shares	2	-1	-2	-12
Net Profit	-2	6	-11	30
EPS, EUR	-0,01	0,05	-0,09	0,24
CEPS, EUR	0,50	0,43	1,34	1,30
No. of shares, million	133,7	124,5	126,8	124,5

\* excl. write-off of Radiolinja GSM network

\*\* excl. sales profit of Comptel shares (58 milj. euroa)



# Revenue, EBITDA and EBIT Breakdown 1-9/2001 (EURm)

Mobile	Revenue		EBITDA		EBIT	
	1-9/2001	1-9/2000	1-9/2001	1-9/2000	1-9/2001	1-9/2000
Radiolinja	513	455	151	138	92	95
Group bookings	-27	-23		-7	-29	-24
<b>Total</b>	<b>486</b>	<b>432</b>	<b>151</b>	<b>131</b>	<b>63</b>	<b>71</b>
Share of associated companies						-1

Fixed Network	Revenue		EBITDA		EBIT	
	1-9/2001	1-9/2000	1-9/2001	1-9/2000	1-9/2001	1-9/2000
Elisa Communications Oyj	354	380	78	233	22	176
Datatie	92	76	11	11	1	4
Invoicia	20	11	1		1	-1
Kolumbus	24		-2		-5	
Direktia	32		5		5	
Lounet	6		1		-1	
Soon Communications Oyj**	27		10		5	
KSP Yhtiöt Oyj**	13		4		1	
Finnet International**	20		3		-1	
Riihimäen Puhelin**	2		2		1	
Group bookings	-141	-105	5	-90	3	-89
<b>Total</b>	<b>449</b>	<b>362</b>	<b>118</b>	<b>154</b>	<b>32</b>	<b>90</b>
Sales of Comptel shares				58		58
Share of associated companies					2	6

\*\* consolidated since July 1, 2001

German Business	Revenue		EBITDA		EBIT	
	1-9/2001	1-9/2000	1-9/2001	1-9/2000	1-9/2001	1-9/2000
Elisa Kommunikation GmbH	40	7	-21	-6	-33	-8
Group bookings		-1				
<b>Total</b>	<b>40</b>	<b>6</b>	<b>-21</b>	<b>-6</b>	<b>-33</b>	<b>-8</b>
Share of associated companies						-16

Other operations	Revenue		EBITDA		EBIT	
	1-9/2001	1-9/2000	1-9/2001	1-9/2000	1-9/2001	1-9/2000
Comptel	49	43	17	19	15	17
Mäkitorppa Group	46	66	-4	2	-8	-1
Heltel	24	26	1	2		2
Epstar	2		-1		-1	
Other companies	1	4		-1		-1
Group bookings *	-44	-40	-19	-16	-19	-16
<b>Total</b>	<b>78</b>	<b>99</b>	<b>-6</b>	<b>6</b>	<b>-13</b>	<b>1</b>
Share of associated companies					0	-1

Elisa Communications Group	Revenue		EBITDA		EBIT	
	1-9/2001	1-9/2000	1-9/2001	1-9/2000	1-9/2001	1-9/2000
Mobile	486	432	151	131	63	71
Fixed Network	449	362	118	154	32	90
German Business	40	6	-21	-6	-32	-8
Other operations	78	99	-6	7	-13	1
<b>Total</b>	<b>1053</b>	<b>899</b>	<b>242</b>	<b>286</b>	<b>50</b>	<b>154</b>
Sales of Comptel shares				58		58
Share of associated companies					-14	-3

\*incl. group staff costs 19 EURm



# Churn annually, %

