Elisa Corporation
Interim Report

1 July 2003 – 30 September 2003

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Q3 2003 Report

President and CEO Veli-Matti Mattila

Elisa Q3 2003

- Financial Highlights
- Highlights per Business Area
- Strategic Selections & Operational Priorities
- Outlook for Rest of the Year

Q3 2003 Highlights

- Revenue stable EUR 385m (388),
- EBITDA up EUR 107m (84)
- Pre-tax profit improved EUR 17m (-7),
  - core business profitability stable

Figures without one-off items

Q3 2003 Highlights

- Stable financial position
  - Net debt decreased to EUR 722m
  - profitability improved from Q2 but still not at a satisfactory level
- Operative CAPEX 11% of revenue

Elisa Mobile

- Revenue increased slightly
- Profitability improved
- Number of subscriptions increased 6% to 1,375,000
  - Net addition 18,000 subscriptions in Q3

Fixed Network

- Revenue and profit down slightly
- Number of Broadband channels almost doubled at 107,900
- Cable-TV subscriptions grew 9% to 179,900

Germany

- Business is according to plan
- Losses have narrowed
  - Personnel have decreased to 472 (674 in January 2003)
- Strong growth in corporate customer segment

Strategic Selections
Geographical Markets

- Finland is the main market
  - All segments
- Carefully selected international markets
  - Estonia
  - Germany, fixed services for corporates (strategy review by the end of 2003)
  - International scope through partnerships

Strategic Selections

Customer oriented offering in Finland

- Full range of telecom services
- Call center outsourcing
- ICT solutions
- Nordic telecommunication solutions and international mobile solutions

Operational Priorities

1. Significant profitability improvement
   – Capitalising the investments on domestic consolidation

2. Customer orientation

3. Simplification of structure and operations
   – One Company

Significant Profitability Improvement

- Executed
  - Restructuring of corporate staff functions
  - Headquarters to less expensive facilities
  - Increased cost efficiency
- Actions started/ongoing
  - Restructuring of operations

Restructuring of Operations

- EUR 80m reduction in annual cost base by the end of 2005,
  - of which EUR 40m by the end of 2004
- Estimated reduction of headcount 900
- Restructuring is comprehensive (3800 persons), excluding corporate staff and Contact Centers
- Restructuring cost in 2003 EUR 17m
- Programme is completed by the end on 2005

Customer Orientation

- Executed
  - Key account sales integrated
  - Telenor preferred partner agreement Oct 21st
  - Further development of Vodafone partnership
  - New customers in public and industrial sector
- Actions started/ongoing
  - Creating consumer and business customer segments in sales
  - Strengthening of Contact Centers

Simplification of Structure and Operations

- Executed
  - Strong management teams established
  - Implementation of shared service centers
  - Non-core asset divestment continued
  - Comptel and Estera as financial assets
- Actions started/ongoing
  - Development towards one company
  - Reduction of number of brands
  - Implementation of common processes

Outlook 2003

- Revenue slightly less than 2002
- Clean EBITDA and result improving
- Operative CAPEX below 15% of revenue in Q4 2003
- EBITDA of Germany-based business is estimated to be positive in 2003

Key Figures and Financial Position

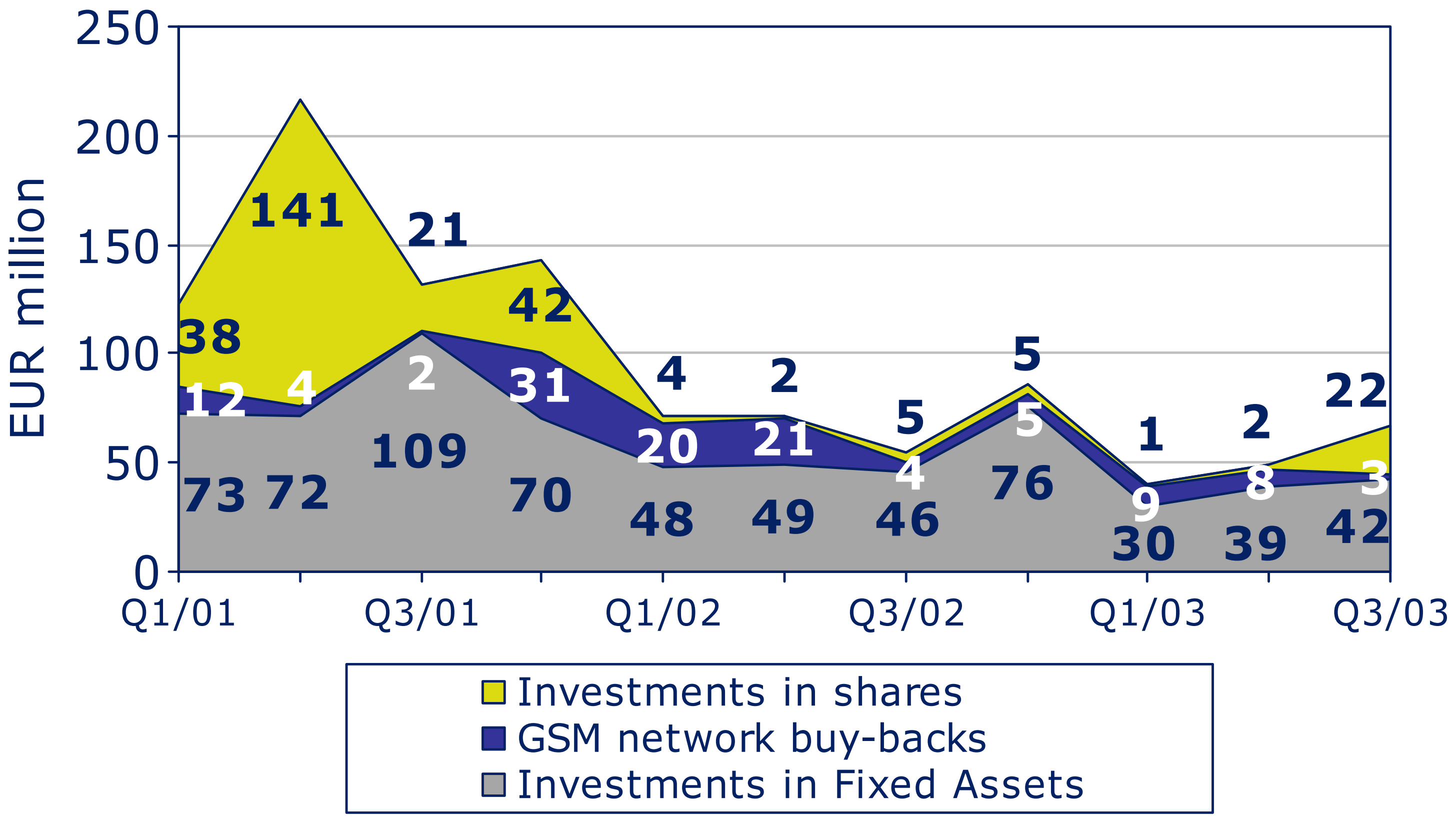
IR Director Vesa Sahivirta

Elisa Group's Q3 2003 P&L

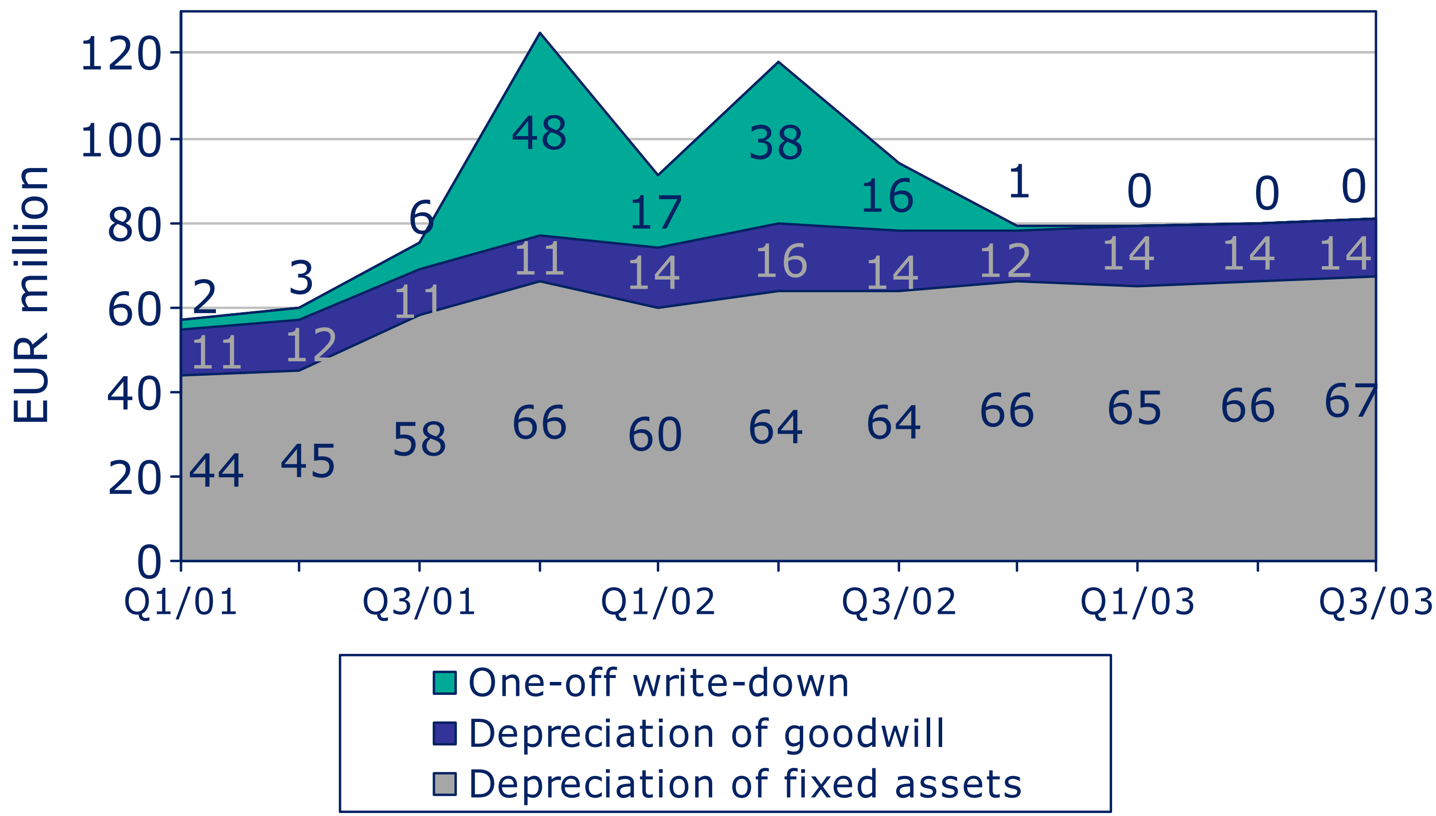
Elisa Group EURm	Excl. one-off items* Q3/03	 Q3/02	 2002	Interim report Q3/03	 Q3/02	 2002
Revenue	**385**	**388**	**1563**	**385**	**388**	**1563**
Other income from operations	8	2	18	8	46	92
EBITDA	**107**	**84**	**342**	**107**	**51**	**333**
EBITDA margin	*28 %*	*22 %*	*22 %*	*28 %*	*13 %*	*21 %*
Depreciation	-67	-64	-255	-67	-64	-255
Goodwill depreciation	-14	-14	-55	-14	-14	-55
Write-downs					-16	-71
EBIT	**26**	**6**	**32**	**26**	**-43**	**-48**
EBIT margin	*7 %*	*2 %*	*2 %*	*7 %*	*-11 %*	*-3 %*
Share of associated comp. result	1	-1	-5	1	-1	-5
Net financial items	-10	-13	-50	-10	-13	-50
Pre Tax Profit	**17**	**-7**	**-23**	**17**	**-56**	**-103**

*Q3 2003 does not include any major one-off items
Q3 2002 one-off items: GSM provision EUR -77m, sale of Elisa Instalia EUR +35m, sale of Yomi directories EUR +8m, sale of Telekolmio shares EUR +1m, GSM write-off EUR -12m and one-off depreciation in Yomi EUR -4m

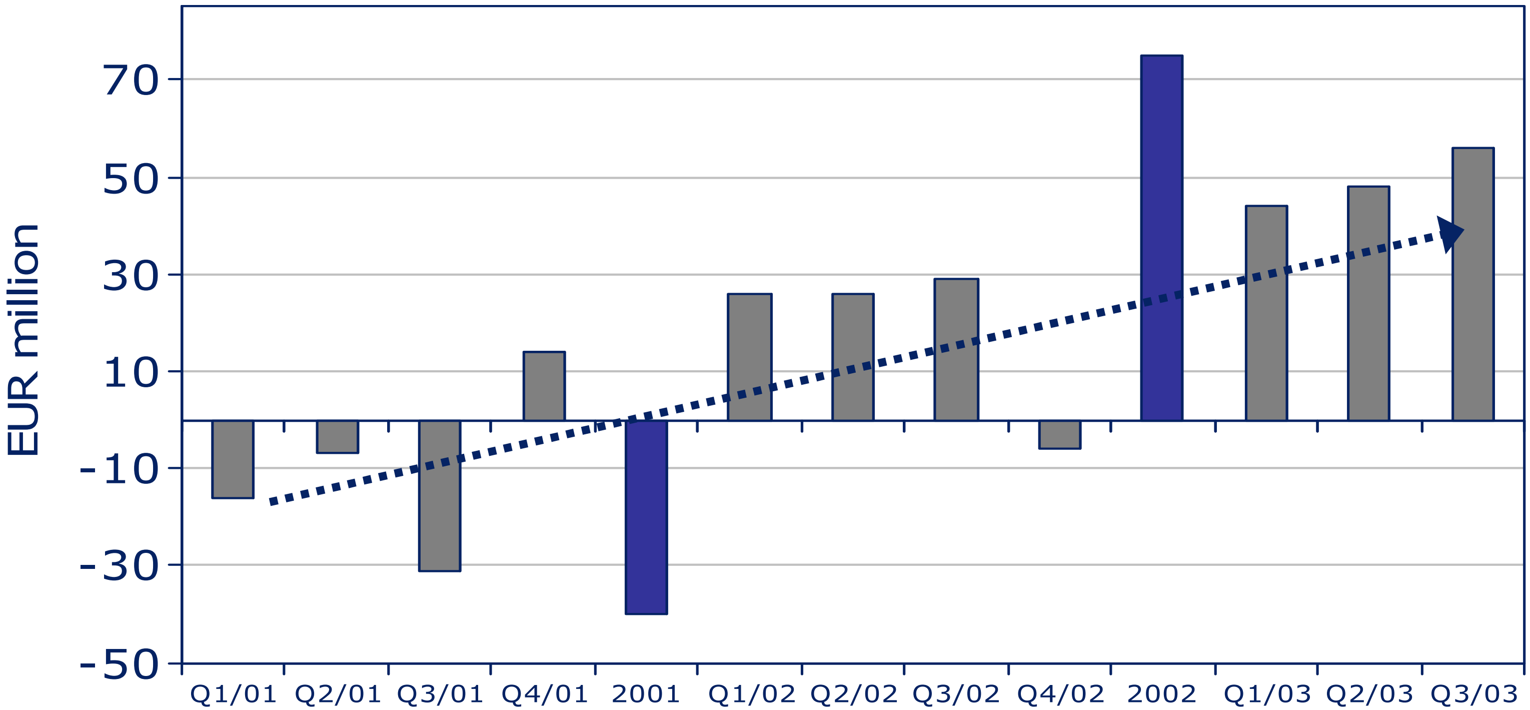
Operative CAPEX of Sales was 11%



Write-Downs and Depreciations

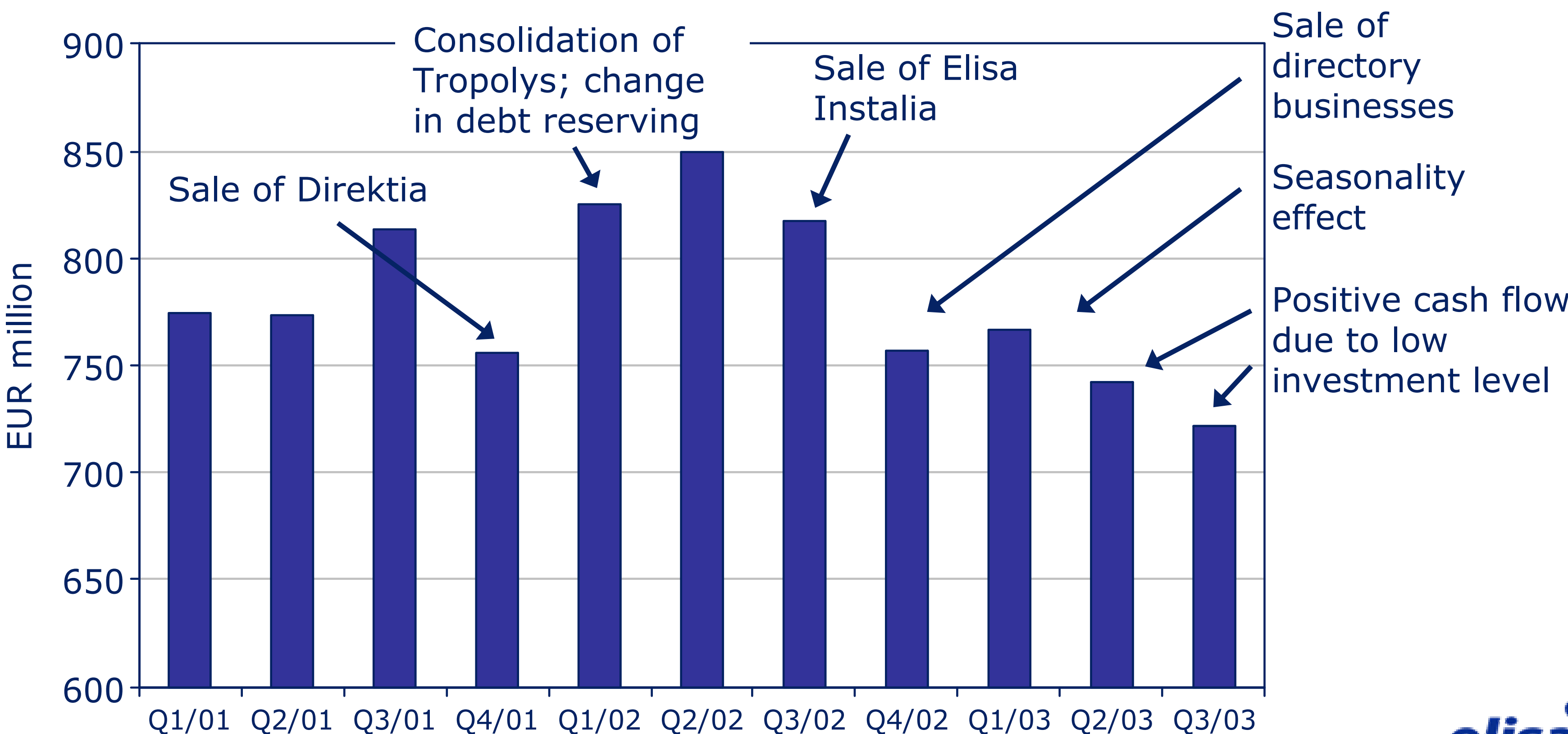


Operative Cash Flow was EUR 56m



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

Positive Cash Flow Lowered Net Debt



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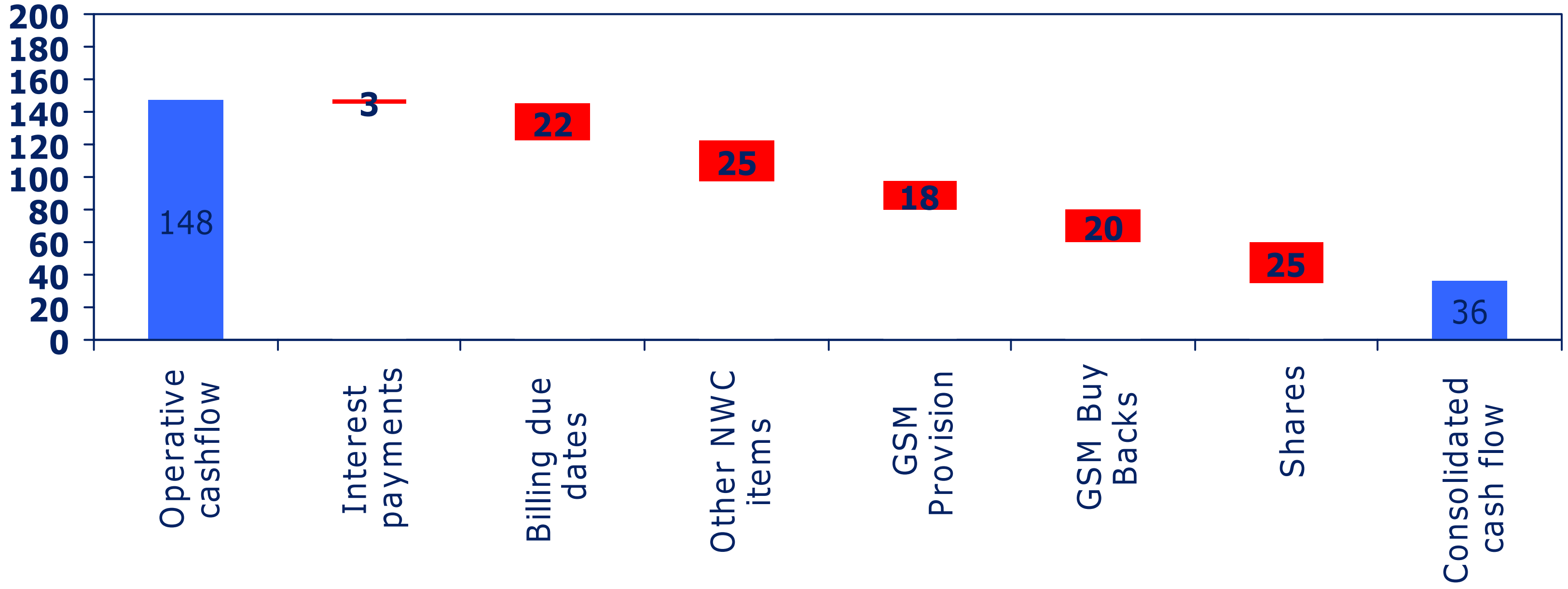
Appendix: Operative Cash Flow Versus Consolidated Cash Flow Jan-Sep 2003



Elisa's interest payments are weighted to the Q1. Billing is one month behind in first 9 months due to billing periods.

Other Net Working Capital items include typical accruals like holiday pay.

EUR 18 million of the GSM rentals and EUR 9 million of buy-backs was booked against the GSM provision.

Elisa Mobile's Key Figures

Elisa Mobile's key figures, EURm	Q3/03	Q3/02	%	2002
Revenue	195	188	3 %	739
Clean EBITDA	58	50	-17 %	194
Clean EBITDA-%	30 %	27 %		26 %
Leasing adj. EBITDA	64	57	12 %	229
Leasing adj. EBITDA-%	33 %	31 %		31 %
CAPEX	22	16	42 %	145
CAPEX excl. network buy-backs	19	10	87 %	96
Oper CAPEX / sales	10 %	6 %		13 %
No. of Subscriptions in Finland *	1 374 847	1 301 621	6 %	1 342 417
ARPU, EUR **	42,5	43,0	-1 %	42,2
Churn **	24,2 %	14,0 %		15,7 %
Minutes of use, million *	598	521	15 %	2 087
Minutes of use / subs / month **	151	139	9 %	136
No. of SMS, million *	111	100	11 %	422
No. of SMS / subs / month **	28	27	5 %	27
Value added services / revenue	12 %	13 %		12 %

* Network operator
** Service operator

Key Figures of Elisa Group

Elisa Group EURm	Q3/03	Q2/03	Q1/03	Q4/02	Q3/02	Q2/02	Q1/02	Q4/01	Q3/01
Revenue	385	391	371	385	388	406	384	386	389
EBITDA	107	97	85	118	51	86	78	183	91
EBITDA-%	*28 %*	*25 %*	*23 %*	*31 %*	*13 %*	*21 %*	*20 %*	*47 %*	*23 %*
Clean EBITDA	107	97	85	88	84	86	86	97	91
Clean EBITDA-%	*28 %*	*25 %*	*23 %*	*23 %*	*22 %*	*21 %*	*22 %*	*25 %*	*23 %*
EBIT	26	17	7	39	-43	-32	-13	58	16
Clean EBIT	26	17	7	10	6	6	12	19	22
Clean EBIT-%	*7 %*	*4 %*	*2 %*	*3 %*	*2 %*	*1 %*	*3 %*	*3 %*	*6 %*
Pre-Tax Profit	17	7	-5	26	-56	-49	-25	44	-1
Clean Pre-Tax Profit	17	7	-5	-3	-7	-11	0	5	5
Financial position									
Net debt	722	742	767	757	817	850	825	802	814
Equity ratio	*40 %*	*40 %*	*38 %*	*38 %*	*35 %*	38 %	38 %	40 %	40 %
Net debt / EBITDA	1,9	2	2,2	2,2	2,4	2,45	2,7	2,3	2,5
Net interest coverage	10,0	8,9	8,1	7	6,7	7,2	6,8	8,8	7,3
Gearing	*88 %*	*91 %*	*97 %*	*95 %*	*105 %*	102 %	94,1 %	88,4 %	96,7 %
Investments									
in fixed assets	42	39	30	76	46	49	48	70	109
Operative CAPEX/Sales	*11 %*	*10 %*	*8 %*	*20 %*	*12 %*	*12 %*	*13 %*	*18 %*	*28 %*
in network buy-backs	3	8	9	5	4	21	20	31	2
in shares	22	2	1	5	5	2	4	42	21
Total	67	49	40	86	55	72	72	143	132
CAPEX/Sales	*17 %*	*13 %*	*11 %*	*22 %*	*14 %*	*18 %*	*19 %*	*37 %*	*34 %*

Key Figures of Elisa Group (cont.)

Business Areas	Q3/03	Q2/03	Q1/03	Q4/02	Q3/02	Q2/02	Q1/02	Q4/01	Q3/01
Elisa Mobile									
Revenue	195	190	175	185	188	192	174	180	185
ARPU, EUR	42,5	41,7	38,5	41,3	43,0	43,5	41,4	42,7	44,2
Churn, %	24,2	13,4	14,4	21,2	14,0	12,7	18,2	14,4	15,5
Subscriptions	1 374 847	1 356 881	1 348 183	1 342 417	1 301 621	1 289 016	1 348 710	1 356 204	1 295 280
Clean EBITDA	58	49	42	37	50	55	52	47	58
Clean EBITDA-%	*30 %*	*26 %*	*24 %*	*20 %*	*27 %*	*29 %*	*30 %*	*28 %*	*33 %*
Leasing adjusted EBITDA	64	56	49	43	57	66	63	60	71
Leasing adj. EBITDA-%	*33 %*	*29 %*	*28 %*	*23 %*	*30 %*	*34 %*	*36 %*	*35 %*	*41 %*
Fixed network									
Revenue	163	175	170	174	177	181	203	209	191
Subscriptions, total	1 182 402	1 181 008	1 184 222	1 184 938	1 141 658	1 142 755	1 147 000	1 137 000	1 152 000
Broadband subscriptions	107 875	93 677	81 781	71 855	58 974	43 865	36 000	27 000	19 000
ISDN channels	211 510	222 153	229 252	237 263	249 667	260 015	269 000	276 000	272 000
Cable TV subscriptions	179 858	176 506	172 400	169 900	143 700	139 000	136 000	154 400	128 800
Analogue and other subs	683 159	688 672	700 789	705 920	689 317	699 875	706 000	679 600	732 200
Clean EBITDA	50	50	52	56	57	52	52	63	52
EBITDA-%	*31 %*	*29 %*	*31 %*	*32 %*	*32 %*	*29 %*	*26 %*	*27 %*	*27 %*
Germany									
Revenue	34	35	32	32	31	28	27	14	14
Clean EBITDA	1	1	-1	-1	-9	-4	-8	-9	-9
Clean EBIT-%	*3 %*	*3 %*	*-2 %*	*-2 %*	*-20 %*	*-14 %*	*-30 %*	*-64 %*	*-34 %*

Q3 2003 Key Figures per Business Area

	Revenue		EBITDA		EBIT		Clean EBITDA		Clean EBIT	
	Q3/03	Q3/02	Q3/03	Q3/02	Q3/03	Q3/02	Q3/03	Q3/02	Q3/03	Q3/02
Elisa Mobile										
Service- and network operators	195	188	58	-27	35	-64	58	50	35	25
Intra-SBA sales										
Group bookings					-10	-10			-10	-10
Total	**195**	**188**	**58**	**-27**	**25**	**-74**	**58**	**50**	**25**	**15**
Fixed network										
Service operator	151	170	7	15	-3	1	7	14	-3	0
Network operator	68	77	43	78	25	64	43	43	25	29
Intra-SBA sales	-56	-70								
Group bookings					-1	-1			-1	-1
Total	**163**	**177**	**50**	**93**	**21**	**64**	**50**	**57**	**21**	**28**
Germany										
Carrier-business	34	30	1	-9	-9	-16	1	-9	-9	-16
Mäkitorppa GmbH		1		0		0		0		0
Group bookings					-3	-3			-3	-3
Total	**34**	**31**	**1**	**-9**	**-12**	**-19**	**1**	**-9**	**-12**	**-19**
Other companies										
Comptel	12	12	4	-1	3	-2	4	-1	3	-2
Other companies	12	14	0	7	-1	3	0	-1	-1	-1
Group bookings	-4				-2	-2			-2	-2
Total	**20**	**26**	**4**	**6**	**0**	**-1**	**4**	**-2**	**0**	**-5**
Group functions*	7	8	-6	-12	-8	-13	-6	-12	-8	-13
Elisa Group										
Business areas total	419	430	107	51	26	-43	107	84	26	6
Inter-SBA sales	-34	-42								
Group total	**385**	**388**	**107**	**51**	**26**	**-43**	**107**	**84**	**26**	**6**

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