Financial statements

2005

Q4 2005 Report

President and CEO Veli-Matti Mattila

Elisa Q4 2005

- Q4 2005 and financial highlights
- Review of the mobile and fixed network businesses
- Execution of the strategy
- Outlook for 2006

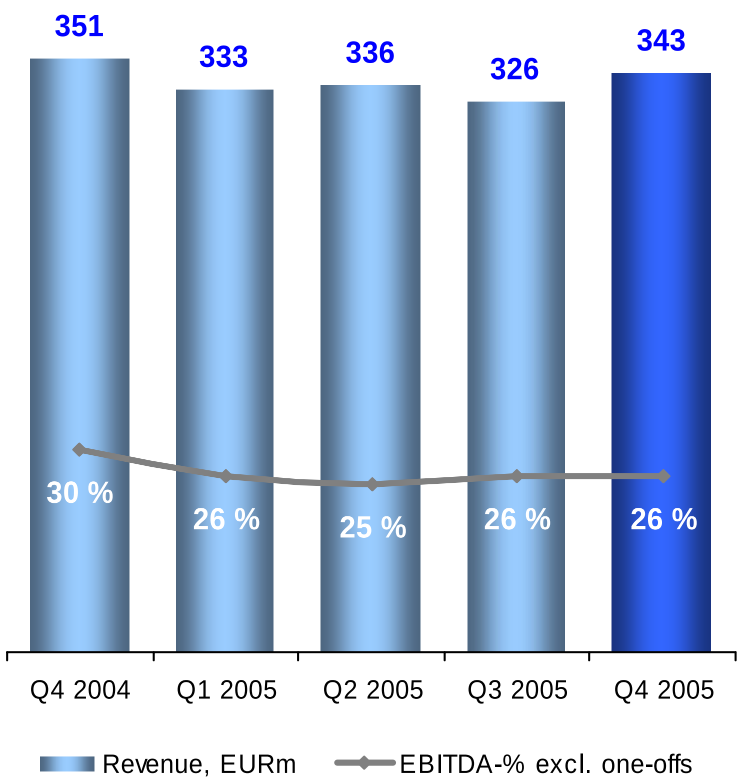
Elisa Q4 2005 highlights

- Elisa further strengthened its market position, more stable competition at year-end
- In mobile business usage growth and price erosion continued, churn decreased
- Strong growth has continued in broadband subscriptions
- EBITDA and EBIT slightly better than the guidance
- Financial position remained strong
- Dividend proposal EUR 0.70 per share or 66% of net result, also proposal for authorisation of share buy-backs

Profitability slightly better than the guidance

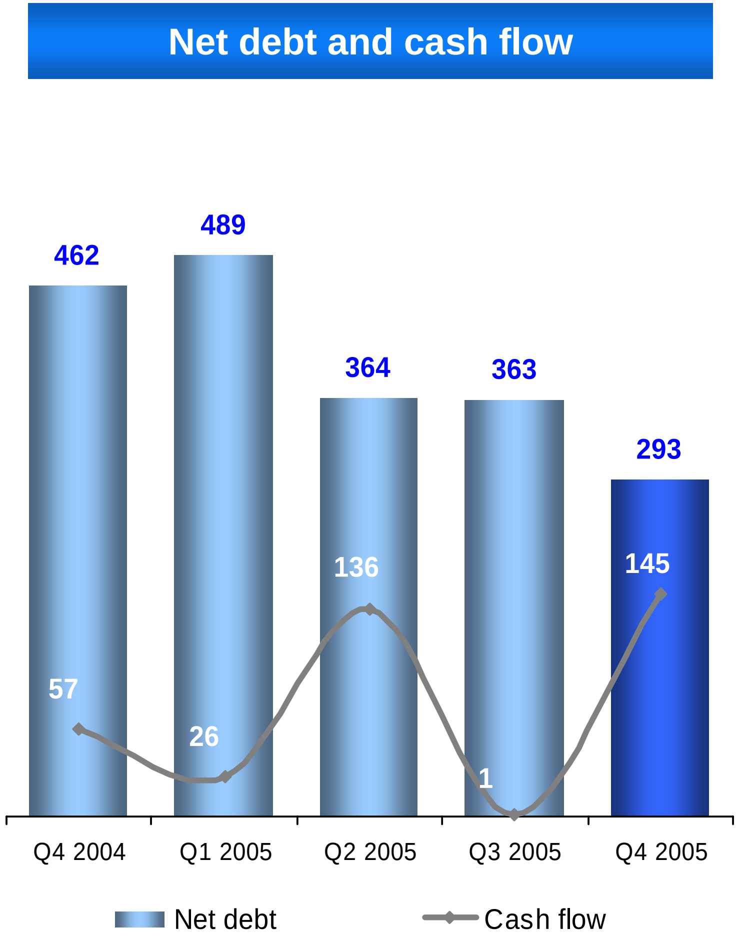
- Revenue EUR 343m (351)
  - Consolidation of Saunalahti as of 1 December 2005
- EBITDA EUR 95m (122)
  - excluding one-offs EUR 89m (108)
- EBIT EUR 38m (69)
- Pre-tax profit EUR 33m (65)
- EPS EUR 0.18 (0.35)

Revenue and EBITDA-%



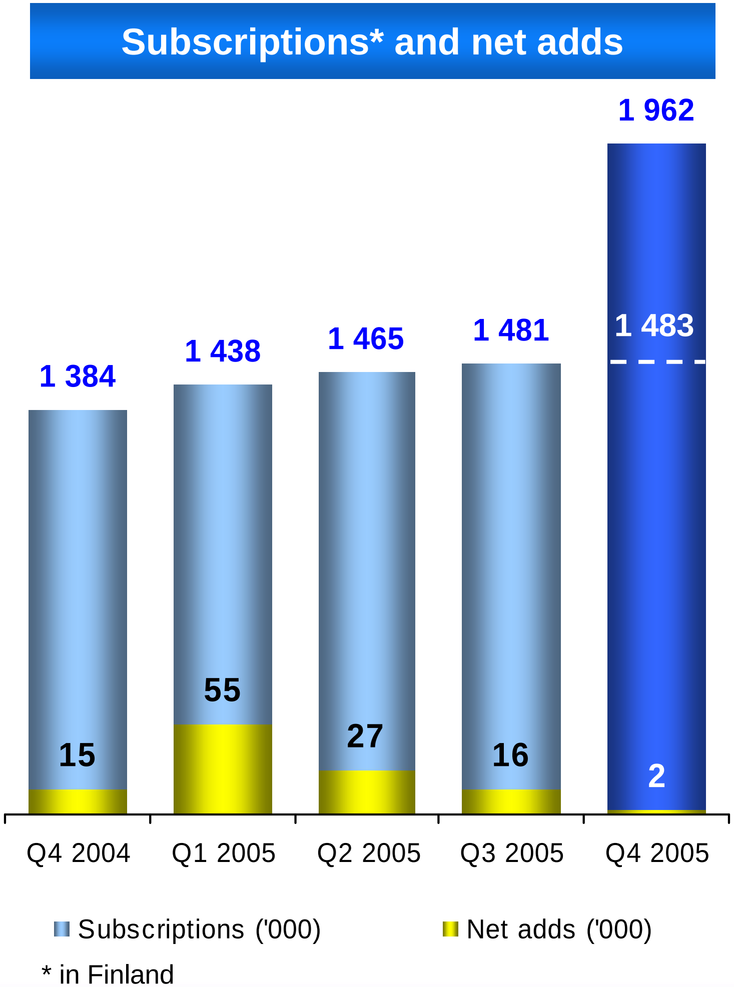
Financial position strengthened

- Cash flow EUR 145m (57)
  - One-off items approx. EUR 100m
- Net debt EUR 293m (462)
- CAPEX EUR 71m (59), 21% of revenue (17)
- Equity ratio 62% (49)
- Gearing 22% (51)
- Distributable equity EUR 276m (143)



Less net adds, churn decreasing

- Organic growth 2 300 in Q4
- Total amount of subscriptions in Elisa's network about 2 million
- Competition slightly less intensive
  - churn 22.6% (38.9)
  - ARPU EUR 30.4 (37.0)
- Growth in network usage
  - MOU grew by 62% and SMS 79% due to increased Saunalahti traffic
  - growth in own service provider's numbers 12% and 5%, respectively

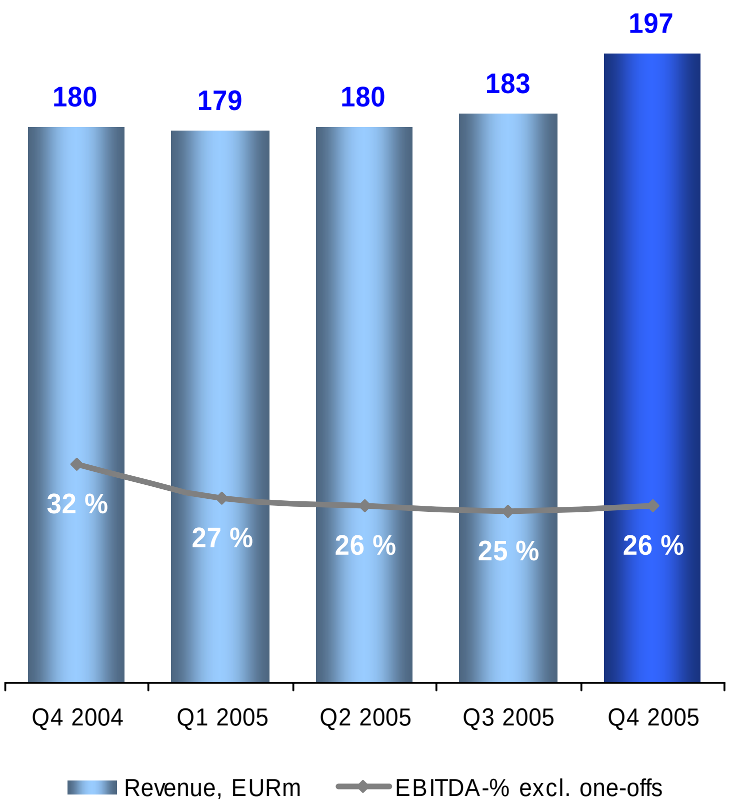


Segment review, mobile business

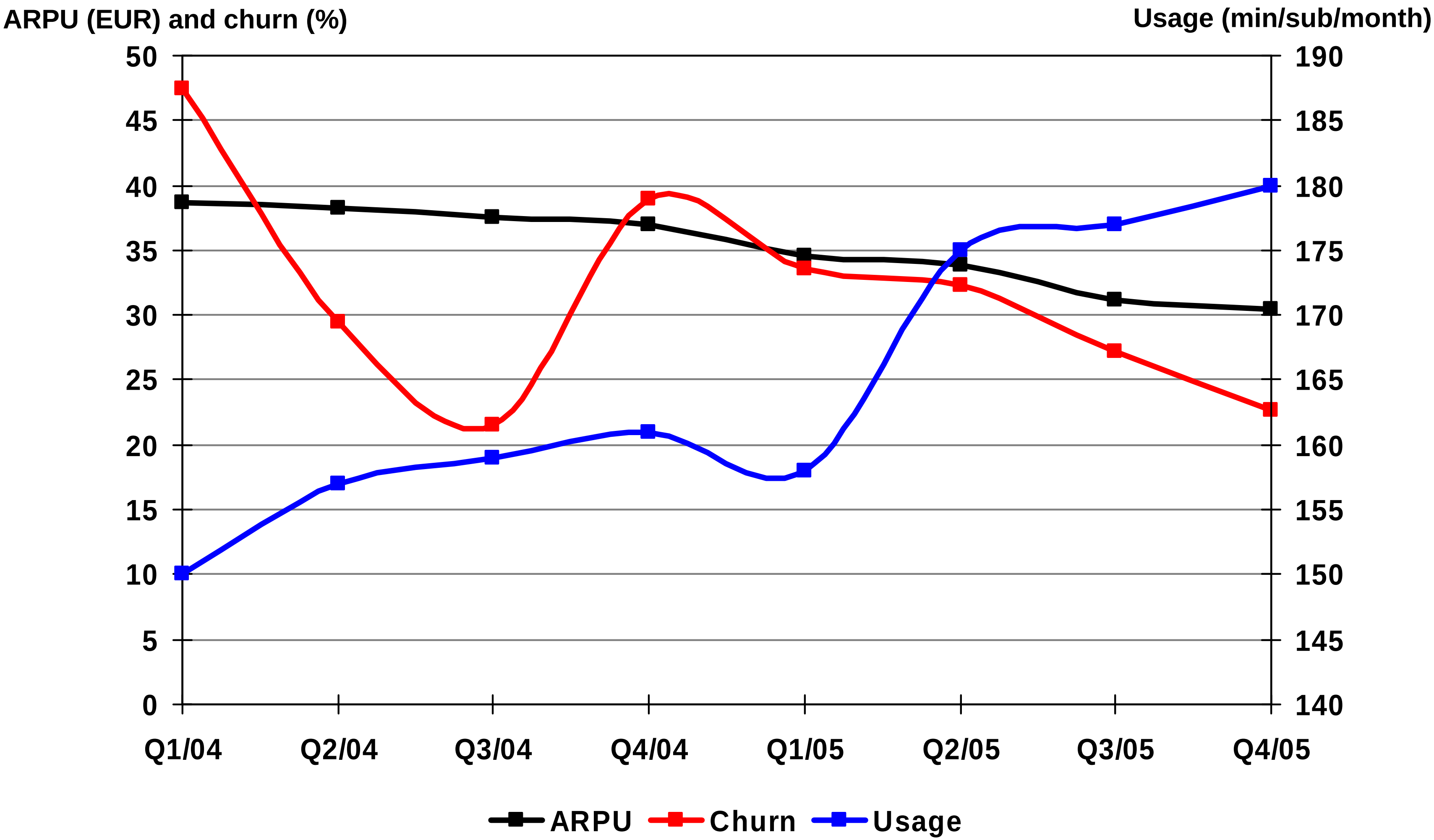
Saunalahti generated growth

- Revenue EUR 197m (180)
  - growth due to increased Saunalahti traffic
- EBITDA EUR 52m (57), 26% of revenue (32)
  - decrease in average minute prices faster than cost adaptation
- EBIT EUR 27m (35), 14% of revenue (19)

Revenue and EBITDA-%

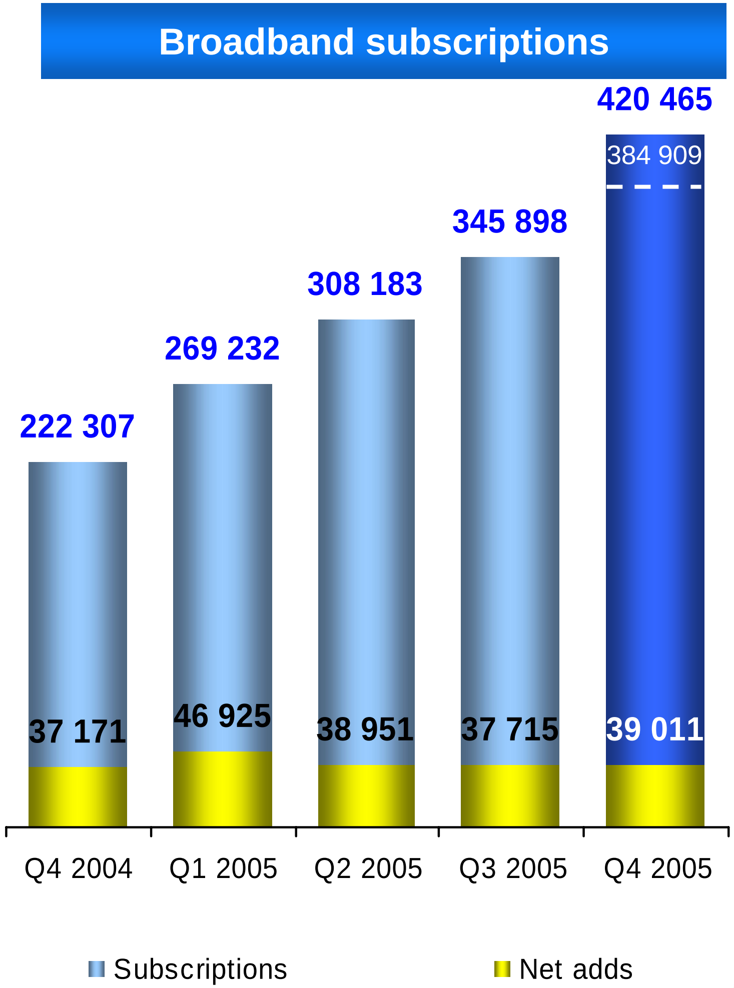


MOU up, churn and ARPU decreasing



Market leadership in broadband strengthened

- ADSL subscriptions growth 70% yoy
- Organic growth 39,000 subscriptions in Q4
- Elisa strengthened its market position
- Decrease in analogue lines accelerated

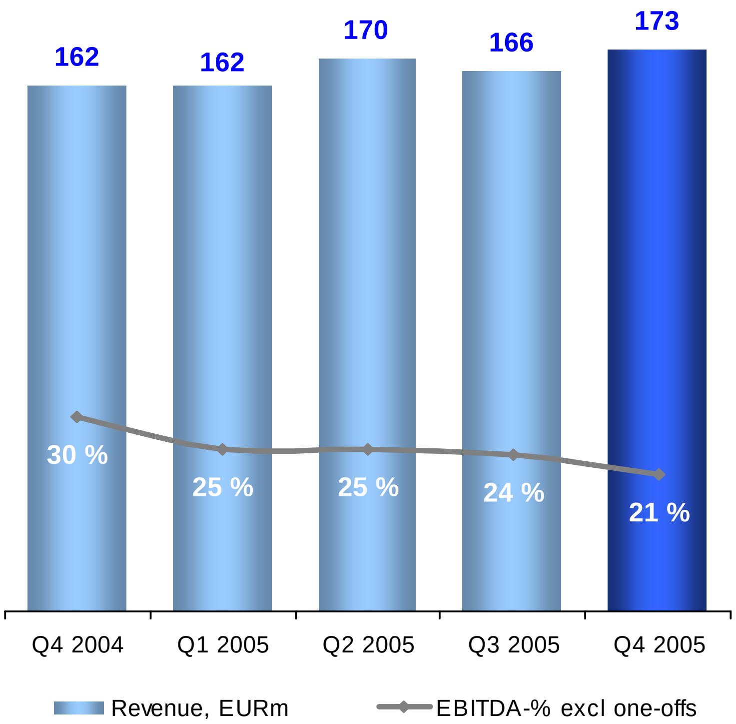


Segment review, fixed network business

Strong broadband sales lowers the profitability

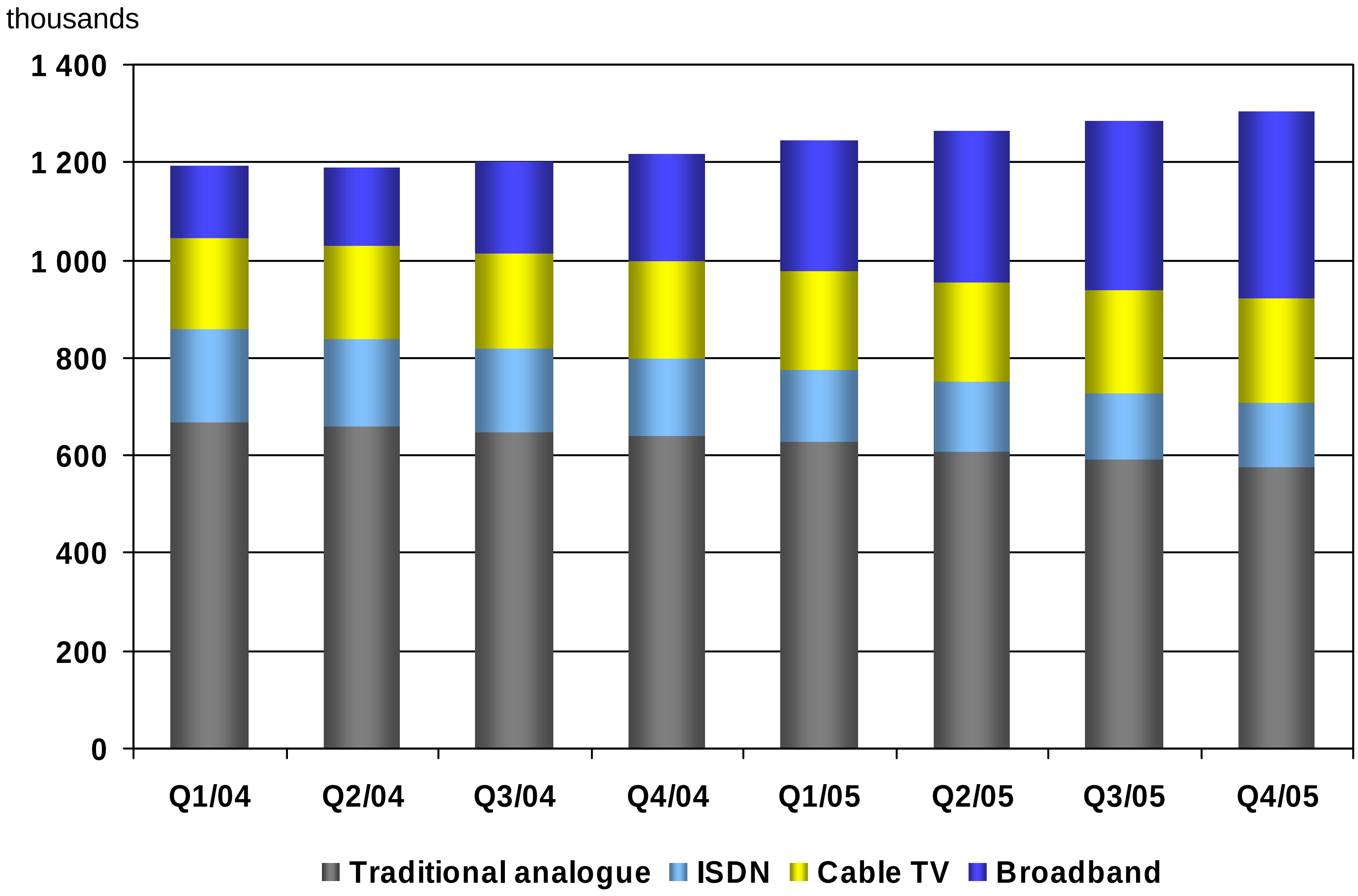
- Revenue EUR 173m (162)
- EBITDA EUR 37m (48), 21% of revenue (30)
  - market activities in broadband subscriptions
  - analogue lines decreased by 10% and ISDN channels by 19%
- EBIT EUR 3m (21), 2% of revenue (13)
  - additional depreciations at year-end

Revenue and EBITDA-%

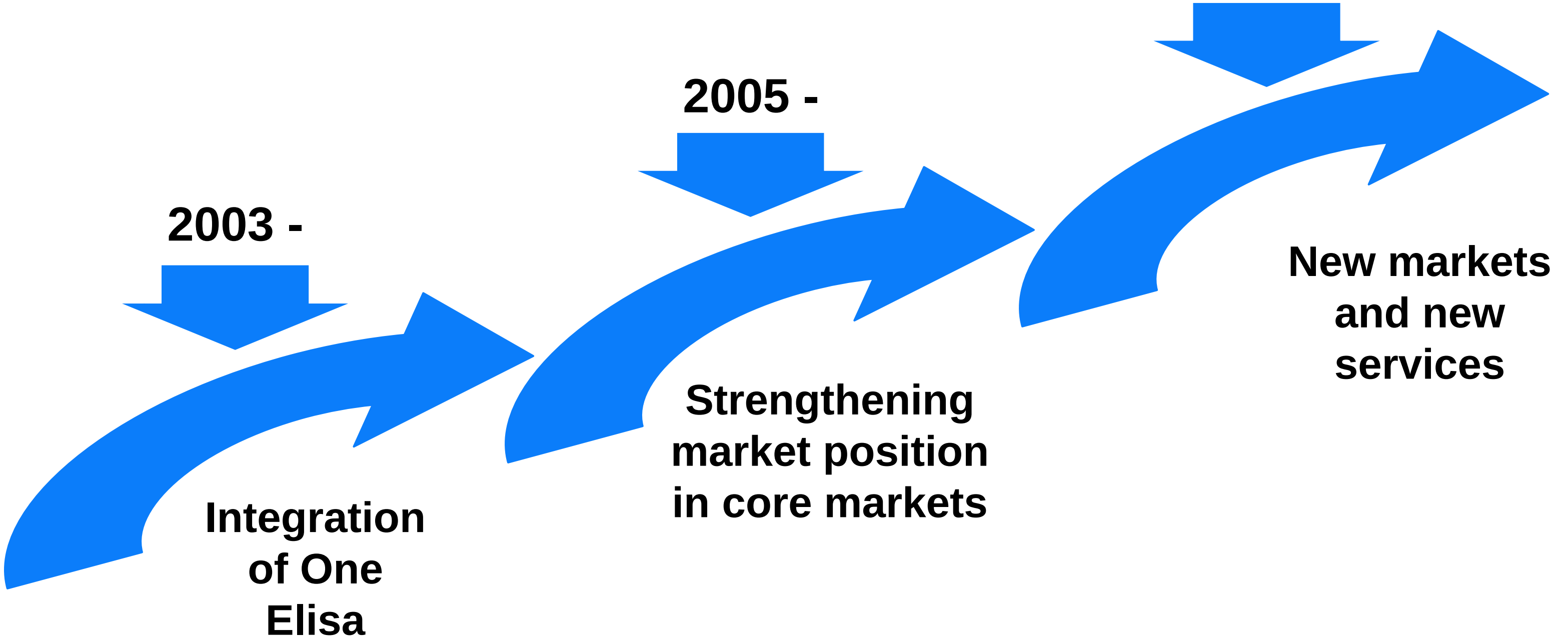


Segment review, fixed network business

ADSL compensates decrease in traditional lines



Strategy execution



Strategy execution 2005

Integration improved operative effeciency

Significant profitability improvement

- Savings in procurement
- Reduction in personnel costs
- Outsourcing of application management services
- Outsourcing of network installation
- Sale of real estate

Customer orientation

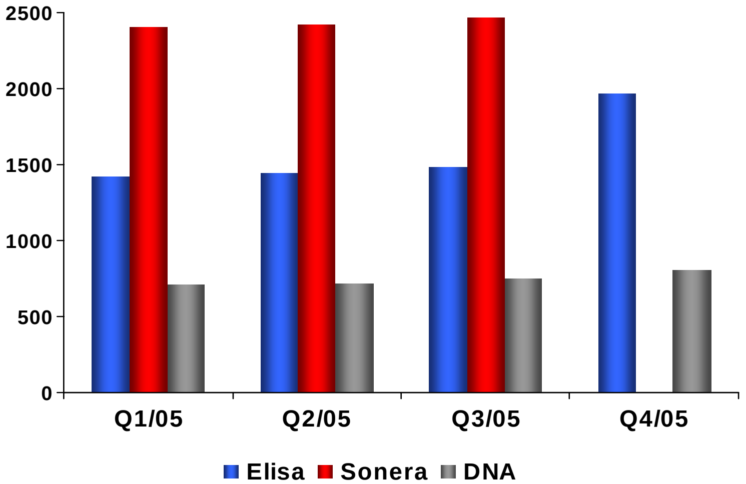
- New products and services
  - Mobile PABX, Mobile TV, Vodafone Push Email, Elisa Mobi
- A citizen certificate stored on SIM card
- Improvement in call centre services
- Mobile phones management services for corporate
- New operational model

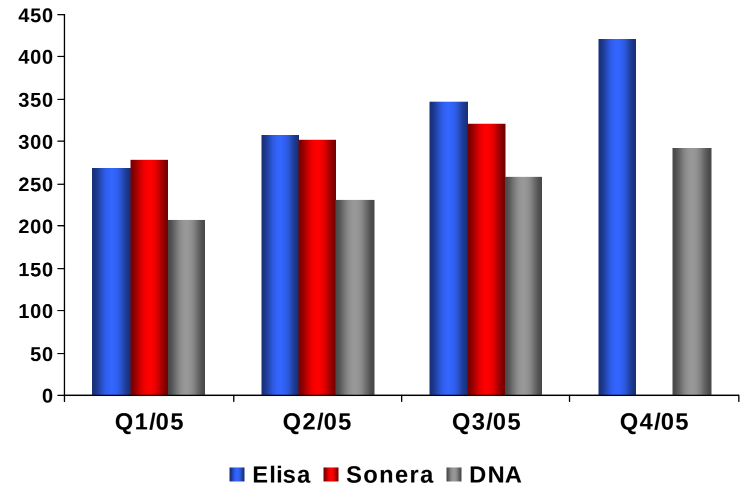
Simplification of structure

- Sale of Yomi Software
- Sale of Comptel shares
- Sale of Estera
- Integration of Tikka into Elisa
- Integration of Jyväsviestintä into Elisa

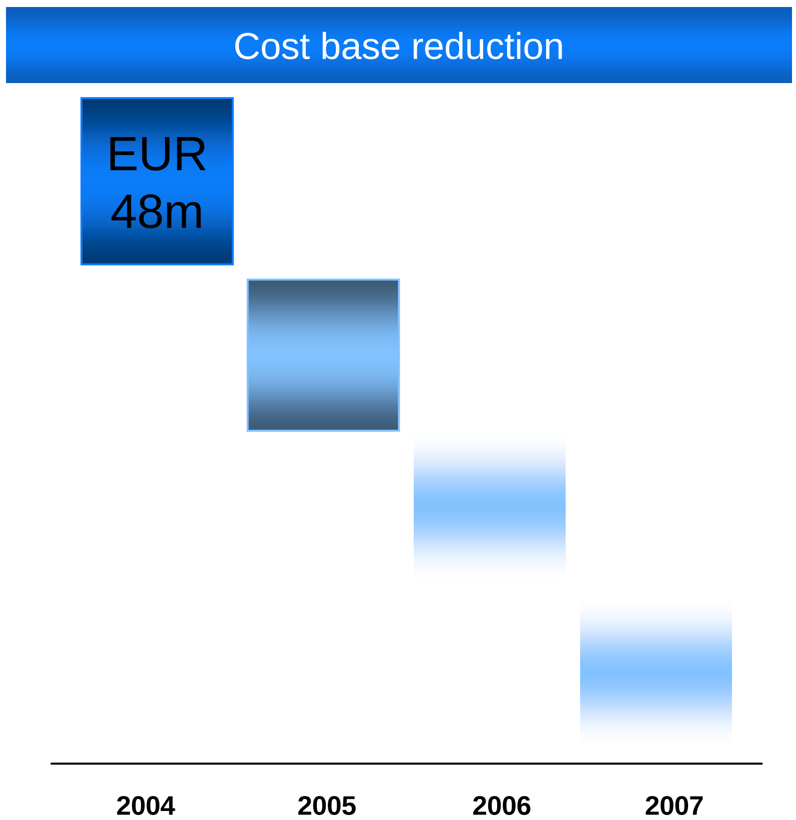
Market position strengthened in 2005

- Scale advantage in mobile business
  - organic growth
  - Saunalahti deal
- Market leadership in broadband business
  - competitive offering in own network areas
  - offering expansion to nationwide





Productivity improvement



- New operational model as of 1 January 2006
- Development of processes
- Renewal of information systems
- Procurement and outsourcing
- Personnel reductions

Customer intimacy

- Customer satisfaction
  - further quality improvements
- Customer loyalty
  - focus on existing customers
- Customer value
  - new services

New businesses

- Mobile broadband product (Saunalahti)
  - more customer friendly pricing
- 3G bundle
  - new user friendly mobile terminals
- IP/internet based services, like VoIP and IPTV
- New turnkey solutions for enterprises

Outlook for 2006

- Market
  - Competition remains challenging
  - More focus on services
- Financial position
  - Revenue will grow clearly
  - EBITDA and EBIT excluding non-recurring items will improve
- CAPEX and cash flow
  - CAPEX 13-15 per cent of revenue
    - certain non-recurring items due to IT and production system reforms are scheduled for 2006
  - Cash flow clearly positive

Financial performance

CFO Jari Kinnunen

Income statement

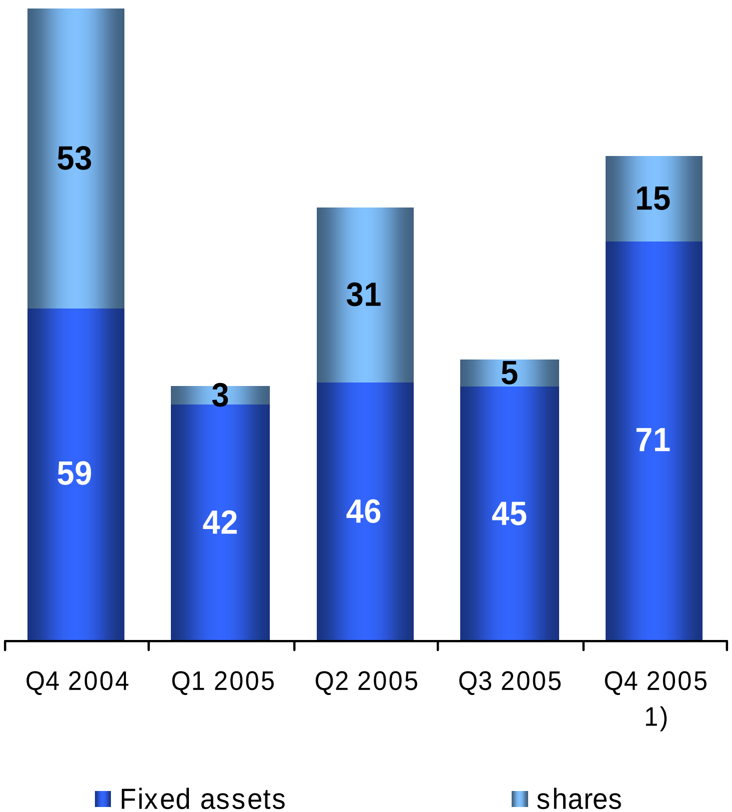
EUR milllion	Q4 2005	Q4 2004	2005	2004
Revenue	**343**	**351**	**1 337**	**1 356**
Other income from operations	12	16	114	27
Operating expenses	-261	-245	-1 005	-928
EBITDA	**95**	**122**	**446**	**455**
EBITDA-%	*28%*	*35%*	*33%*	*34%*
EBITDA excluding one-offs	**89**	**108**	**346**	**441**
EBITDA-% excluding one-offs	*26%*	*31%*	*26%*	*33%*
Depreciations	-57	-53	-213	-213
EBIT	**38**	**69**	**233**	**242**
EBIT-%	*11%*	*20%*	*17%*	*18%*
Pre-tax profit	**33**	**65**	**212**	**213**
Taxes	-5	-13	-34	-53
Net result	**28**	**52**	**178**	**159**
EPS, EUR	**0,18**	**0,35**	**1,22**	**1,10**

CAPEX increased at year-end

- CAPEX includes
  - capacity increase
    - in mobile network
    - in broadband infrastructure
  - new billing, CRM and network management systems
  - share acquisitions
    - in cash EUR 15m
    - share exchange EUR 361m

- Investments in fixed assets
  - Mobile EUR 33m
  - Fixed network EUR 38m

CAPEX, EURm

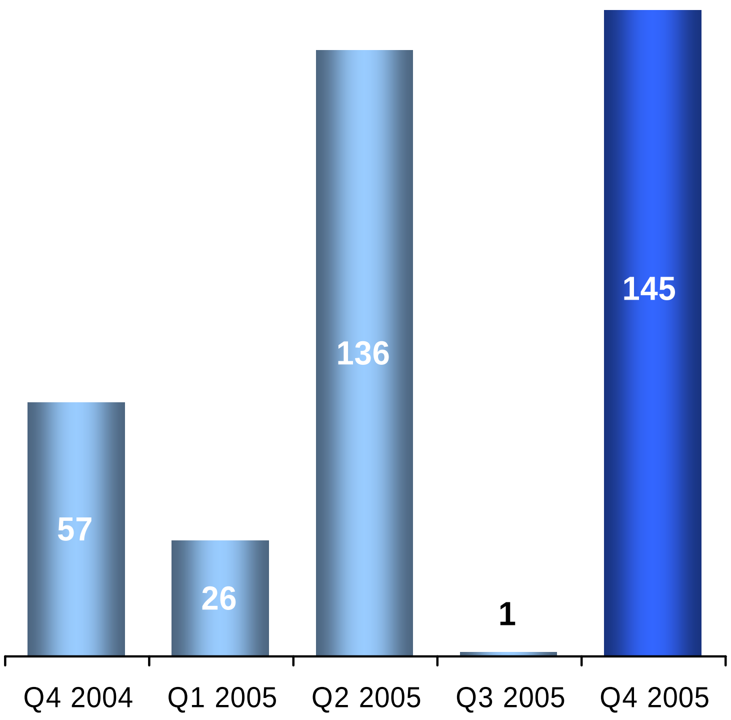


1) Excluding EUR 361 share exchange

Asset disposals generated cash flow in Q4

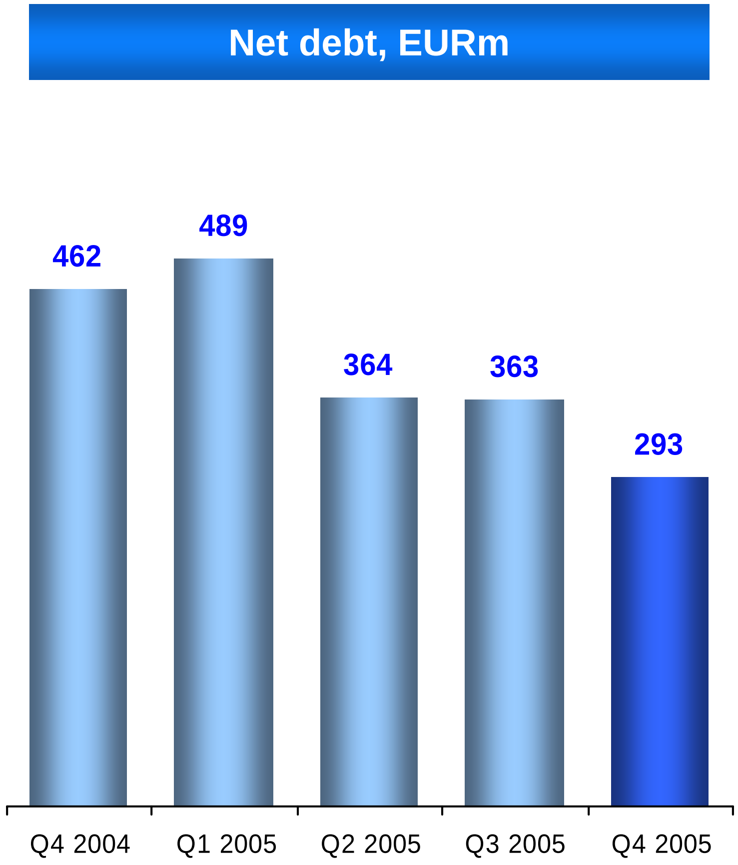
- Positive operative cash flow
- Disposals
  - Real Estate
  - German receivables
  - Estera
- Change in net working capital EUR 14m

Cash flow after investments, EURm



Net debt decreased further

- Cash flow EUR 145m in Q4
- Dividend payment EUR 66m in Q4



Pro Forma key figures

EUR million	Elisa 2005	Sold sub-sidiaries [1)]	Bought sub-sidiaries [2)]	One-off items [3)]	Elimination	Elisa Pro Forma 2005
Revenue	1 337	-47	217		-87	1 420
EBITDA	446	-5	4	-100	0	345
Depreciations and amortisations	213	-5	8		14 [4)]	230
EBIT	233	0	-4	-100	-14	115

1) Comptel, Yomi Software, Estera and Espoon Keilasatama 5 (real estate company)
2) Tikka Communications and Saunalahti without one-off items
3) As reported in Elisa's 2005 report
4) Amortisation of intangible assets based on Saunalahti and Tikka Purchase Price Allocation (PPA)

Expected synergy benefits from Saunalahti are not fully reflected in Pro Forma 2005

Execution of non-core assets' sale

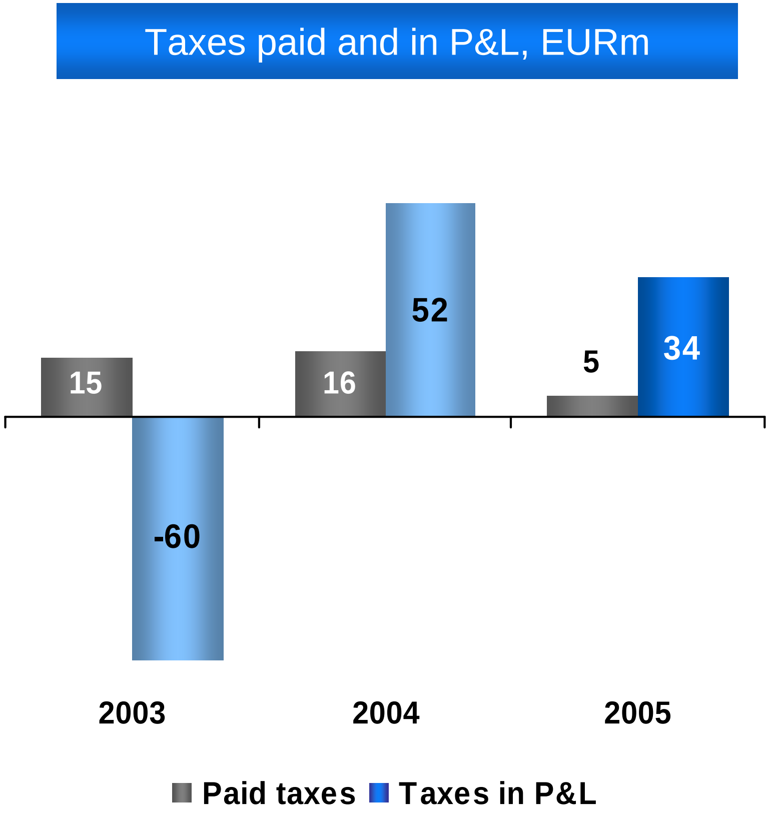
EUR million	Estimated value in Feb 2005 [1)]	Execution price	Remaining value
Comptel	128	66 [2)]	36 [3)]
Yomi-IT, Estera and others	20 – 25	23	-
Non-core properties	60 – 70	75	
Receivables from the sale of			
German business receivable	40	40	-
Total	**240 – 260**	**204**	**36**

1) Estimate in Elisa's CMD material in February 2005
2) Sale price EUR 66m, profit EUR 40m
3) Based on Elisa's 19.9% stake and share price of EUR 1.68, possible sale is tax free

Taxes in 2005

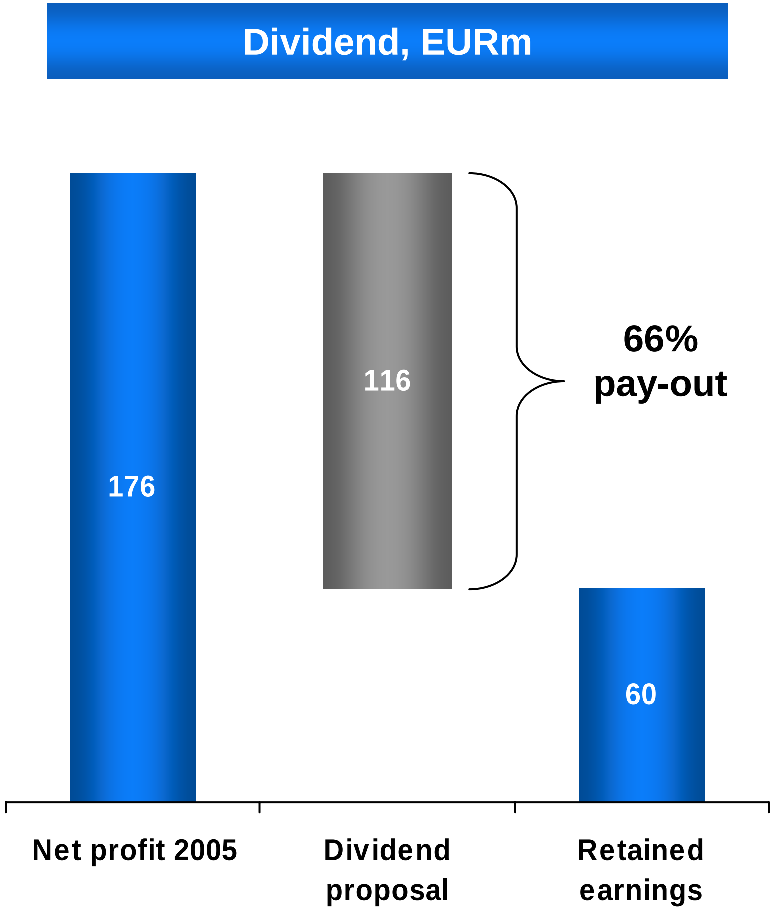
- Tax rate in Finland 26%
  - in Estonia taxes are paid only when profit is distributed

- Tax credit 31 December 2005
  - Elisa parent EUR 19 million
  - Saunalahti EUR 22 million



Dividend proposal

- Dividend proposal
  EUR 0.70/share
- Distributable equity EUR 276m
  - retained earnings and 2005 net profit total EUR 307m
  - accumulated depreciation difference, EUR 31m, restricts distributable equity
- Proposal for 10% share buy-back authorisation



Summary

- Profitability improvement in focus
  - productivity improvement
  - synergy benefits
- Strong financial position
  - capability to develop operations
- Financial discipline
  - investment criteria
- Distribution capacity
  - dividend
  - share buy-backs

elisa

Financial statements

2005

Consolidated Cash flow statement

EUR million	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004
Cash flow from operating activities								
Profit before tax	33	28	113	39	65	50	41	56
Adjustments to profit before tax	57	53	-11	47	34	57	46	62
Change in working capital	14	-19	8	-26	18	-16	27	-24
Cash flow from operating activities	103	62	109	60	117	92	114	95
Received dividends and interests and interest paid	2	-12	-4	-7	-5	-11	-8	-23
Taxes paid	-1	-1	-2	-1	-5	0	-6	-5
Net cash flow from operating activities	105	49	103	53	107	81	101	67
Cash flow in investments								
Capital expenditure	-71	-45	-38	-41	-54	-41	-33	-43
Investments in shares and other investments	13	-4	-14	1	-2	0	-8	0
Proceeds from asset disposal	98	2	85	13	6	31	29	-15
Net cash used in investment	40	-48	33	-27	-50	-10	-13	-58
Cash flow after investments	145	1	136	26	57	71	88	9
Cash flow in financing								
Sales of treasury shares	1				6			
Change in interest-bearing receivables	0	1	0	0	-1	0	25	0
Repayment of long-term debt	-15	-2	-70	-15	-110		-1	
Change in short-term debt	-8	-9	-2	1	0	0	-14	-2
Repayment of financing leases	-4	-4	-4	-4	-5	-6	-4	-7
Dividends paid	-62	0	-5	-55	-3	0	-9	
Cash flow in financing	-89	-14	-82	-74	-112	-6	-3	-8
Change in cash and cash equivalents	**56**	**-13**	**54**	**-48**	**-55**	**65**	**85**	**1**

Appendix slide

Financial situation

FINANCIAL SITUATION
(EUR million)

	31 December 2005	30 September 2005	30 June 2005	31 March 2005	31 December 2004
Interest-bearing debt					
Bonds and notes	446	455	458	463	467
Loans from the Pension fund	0	0	0	64	75
Loans from financial institutions	0	0	1	0	0
Financial leases	56	59	63	61	68
Committed credit line 1)	0	0	0	0	0
Others	4 2)	4	13	15	14
Interest-bearing debt, total	506	519	534	604	625
Security deposits	1	1	1	1	1
Securities 3)	177	122	139	67	96
Cash and bank	35	33	30	48	67
Interest-bearing receivables	213	156	170	116	164
Net debt 4)	293	363	364	489	462

1) The committed credit line is a joint EUR 170 million revolving credit facility with five banks, which Elisa Corporation may flexibly use on agreed pricing. The loan arrangement is valid until 17 June 2012.
2) Redemption liability for minority shareholders in Radiolinja (EUR 0,9m) and Yomi (EUR 3,1m)
3) Securities consists money-market instruments.
4) Net debt is interest-bearing debt less cash and interest-bearing receivables.