

Elisa Communications

Roadshow
September 2001

www.elisa.com

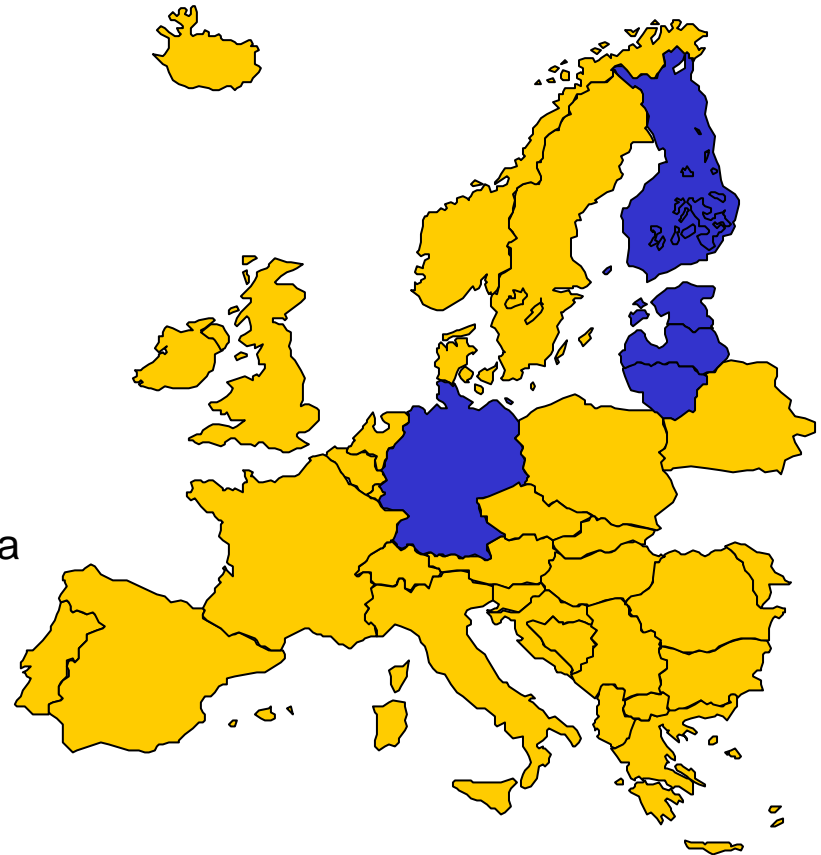


Elisa's Strategic Agenda



Elisa's Strategic Agenda

- Domestic consolidation
 - towards market leadership in 2005
 - excellent progress in H1 of 2001
- Restructuring of wireline business
 - nation-wide service and network operators
 - economies of scale and cost savings
- Mobile business strategy
 - revenue share growth in Finland and Estonia
 - focus on high-end customers and ARPU
- German operations
 - leading city carrier consolidator
 - revenue and earnings growth



Execution of the Strategic Agenda Creates Shareholder Value

- Maximisation of core business cash flow
 - Higher margins by cost cuts in operations and in overhead
 - Rapid exploitation of synergy benefits from the new Group structures, both in Finland and in Germany
 - Scaling CAPEX down to current market situation, which contributes also to lower cost of finance
- Selective use of Elisa shares as currency
 - Share swaps for investments ensuring high level of return
- Transparency of the German business value
 - Business shall be eligible for value-manifesting transactions in 2003
- Revealing hidden value from the new Group
 - Crystallising new sources for operational cash flows
 - Identifying “raw diamonds” in new members of the Group
 - Disposal of non-core businesses at an opportune moment



Elisa's Expansion in the Domestic Market

Targeting Market Leadership by 2005



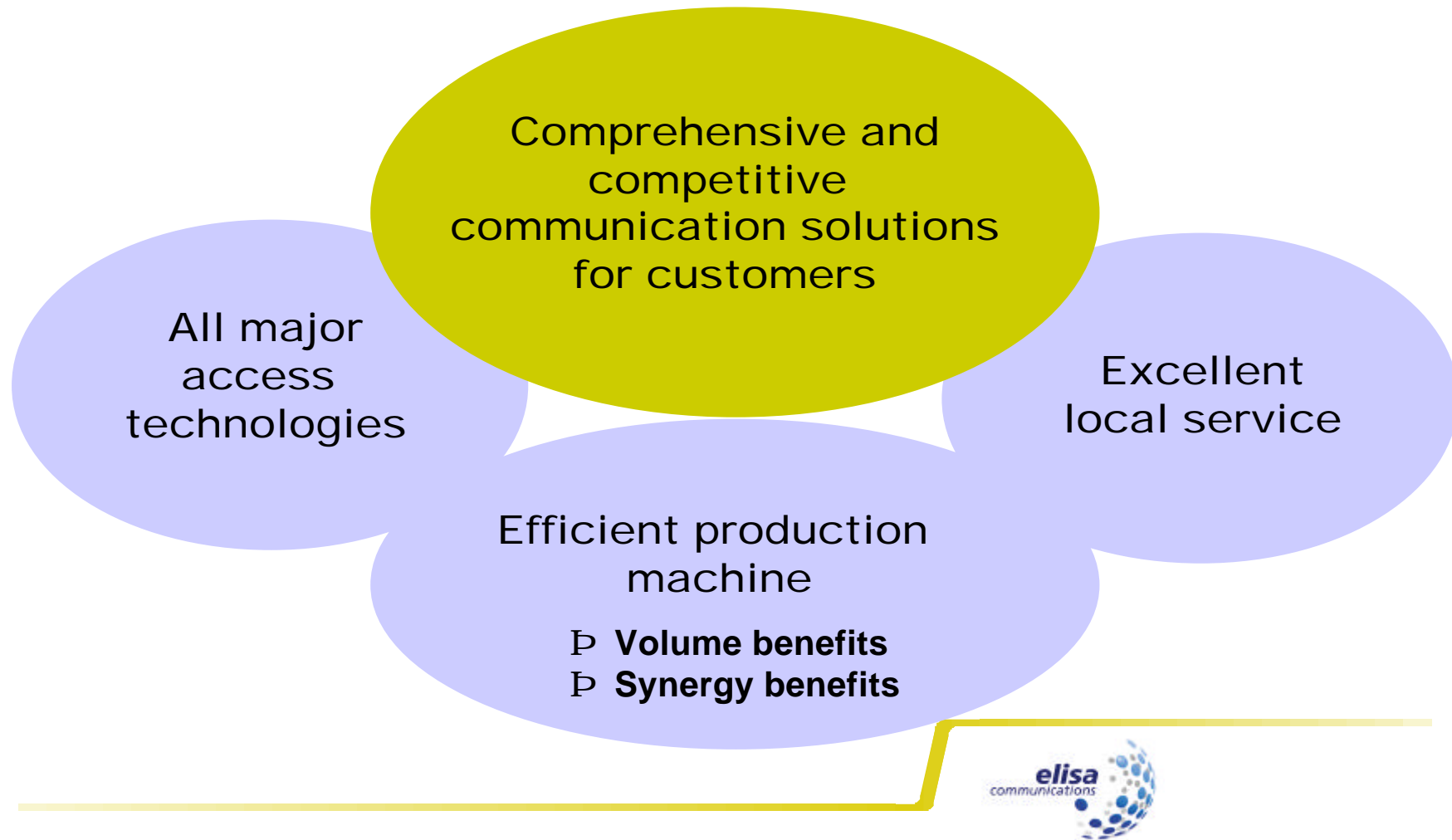
Domestic Consolidation: Core Strategy of Elisa

- Elisa has made remarkable progress in 2001:
 - Radiolinja is wholly-owned
 - Holding in Soon Communications about 90% (share swap)
 - KSP Group and Finnet International now Group companies
 - Riihimäen Puhelin and Lounet also Group companies
 - Subsequent decisions to restructure all Group Telcos and Radiolinja to Service Operator and Network Operator businesses as of 1.1.2002

- ➔ Elisa has reached an excellent position for nation-wide business operations, sustainable competitive edge and exploiting of synergies.



Domestic Consolidation towards Market Leadership by 2005



Elisa Value to Customers in Finland

- Brand equity of the regional Service Operators: familiarity, local customer relations management and service close to the customer
- Fixed-network market leadership in major city markets
- Customer segmentation and branch-specific solutions (“Know-how”)
- Unique contact channels to corporate and SME clients (“Know-who”)
- Harmonised product portfolio, ”regionally nation-wide”
- Scalable product solutions for local, regional, nation-wide and international reach

Customer
intimacy

Efficiency

Market focus



Elisa Potential for Improved Wireline Earnings

Cost and CAPEX savings sources

- Network operation synergies for over 0.9 million fixed-line ISDN & POTS access customers
 - Optimised investments
 - Centralised network management
 - Purchasing and logistics
 - Centralised administration
 - Harmonised information systems
 - Optimised resources in field work
 - Local "competence centres"
- Optimisation of nation-wide backbone and switching platforms
- Integrating Cable TV operations for over 100 thousand homes in five regions
 - Centralised head-end with own backbone
 - Lower content cost with direct acquisition
 - Centralised administration and processes
 - Today's positive cash flow will increase

Revenue growth drivers

- *New residential and SME customer markets*
- *Development of the corporate customer relations towards outsourcing solutions*
- *New service solutions, e.g. PKI, ASP*
- *Network services to third parties*



German Business

Elisa Kommunikation GmbH



Elisa Expands Core Business into Germany

Current Situation

- City Carrier business proceeds on track
- Turn in earnings has been achieved in Q2/2001 (negative EBITDA-% halved)
- Negotiations to integrate all city carrier business to Tropolys and gaining majority of "New Tropolys" are approaching closure.
- Mobile retail as stand-alone business does not promise profitable growth - thus the position is being revised, stopping of losses pursued by end of current year
- Nation-wide backbone business is being re-planned by new TCL/RMN management

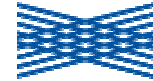
Master Plan going forward

- *Elisa/Tropolys city carriers in three chosen regions will reach a 15...20% market share in the targeted customer segments*
- *The Elisa/ Tropolys USP is local presence, local image and local partnerships - "**best alternative in town**"*
- *Earnings will continue to improve: EBITDA breakeven latest 2002, EBIT breakeven latest 2003*
- *Shareholder value will be shown in 2003*



Elisa's City Carriers and Nation-wide Broadband Network in Germany

TIME CityLink AG



- 3 independent fibre-optic rings (North, Middle, South incl. RMN) with DWDM- and SDH-Technology
- 3.200 km of fibre optic cable
- Bandwidth capacity up to 10 x STM-64 (160 Gbit/s)
- Currently 32 interconnection points (solid lines: operational in June 2001), connection with additional City Carriers (dotted lines: ready by end 2001)

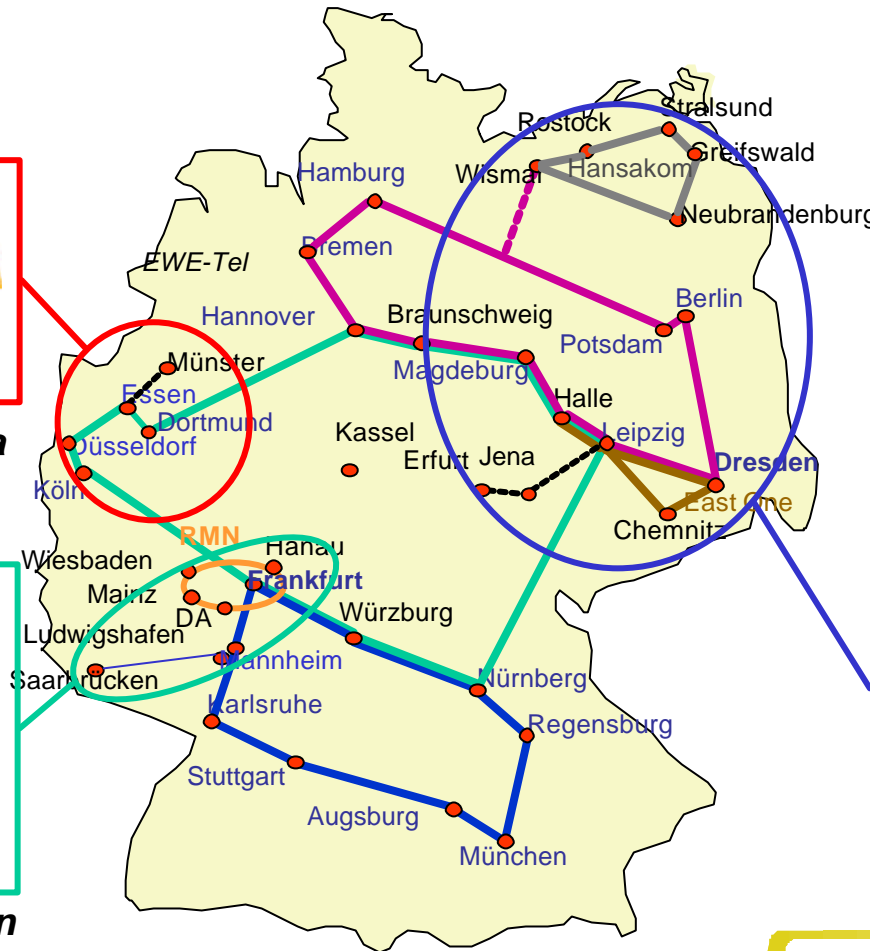
TROPOLYS
Kommunikation wächst zusammen.



North Rhine-Westphalia



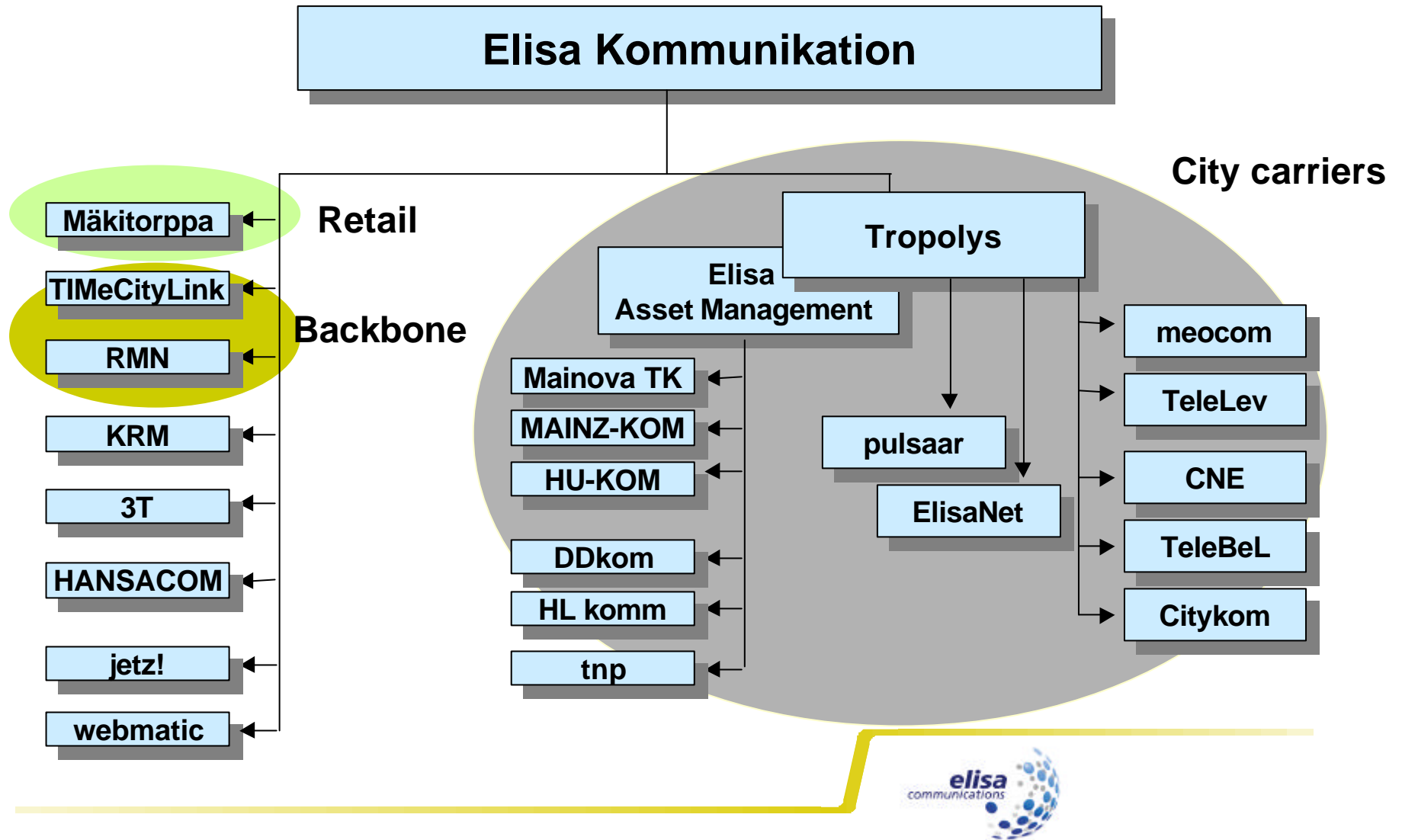
Rhine-Main-Saar Region



The New Federal States



Current Negotiations for Gaining Control of "New Tropolys"



Outlook of Elisa's German Business

	H2/2001	FY 2001	2002	2003
Consolidated turnover	<i>Significant growth from H1/2001</i>	<i>Several times turnover of FY 2000</i>	<i>Doubling of FY 2001 targeted (incl. consolidation effect)</i>	<i>Strong organic growth</i>
Consolidated EBITDA	<i>Improving from H1/2001</i>		<i>Breakeven by End of year 2002</i>	<i>Positive and strongly growing</i>
Consolidated EBIT	<i>Improving from H1/2001</i>			<i>Breakeven by end of year 2003</i>
Net Cash Investment	<i>according to approved budget</i>	<i>-94 MEUR according to approved budget</i>	<i>Less than 2001 (incl. consolidation effect)</i>	<i>Significantly less than 2002</i>
Major Events	<i>Mobile retail position revised, nation-wide backbone replanned</i>	<i>Focus on three city carrier regions and operational integration</i>	<i>Subsidiaries only, efficient simple management structure</i>	<i>Manifestation of shareholder value</i>





Radiolinja

www.radiolinja.fi

Radiolinja - A Different Mobile Operator

Radiolinja can justifiably be interpreted as a low-risk investment among mobile operators

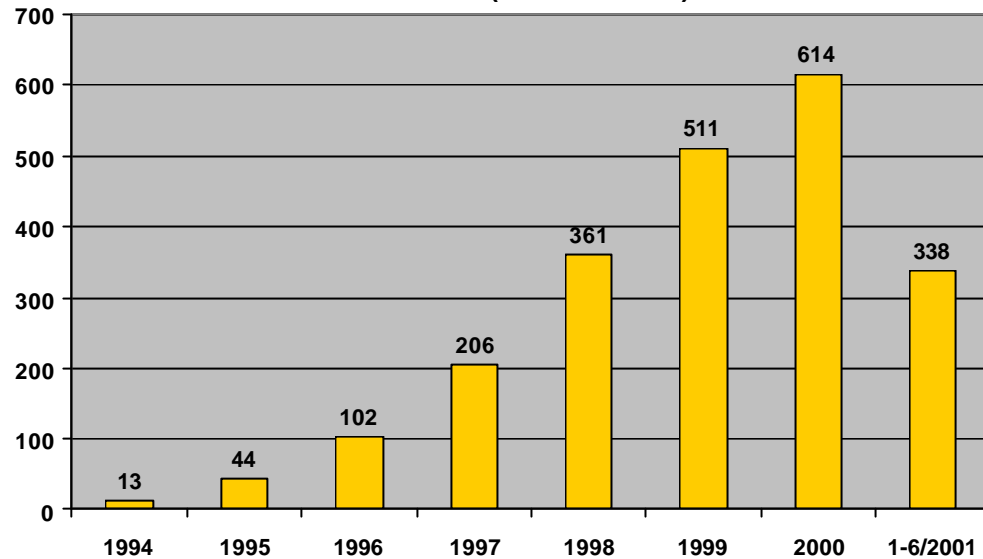
- › Operations on a solid ground both in Finland and Estonia (No. 2 operator)
- › Top-line growth exceeds market average without damaging bottom-line
- › Strong financial background
- › No participation in 3G -license auctions
- › Currently license only in Finland, where the roll-out of the network can be market driven
- › Competitors' ability to enter into a price war limited
- › Elisa Group synergies include advantage both among the corporate and retail customer segment

Major Contributor to Elisa's Value

Radiolinja increases its market share in terms of revenues

- Subscription based market share 34% in Finland and 23% in Estonia
- Competition is, however, increasing while market growth is slowing down
- Radiolinja is well-positioned to face challenging future environment

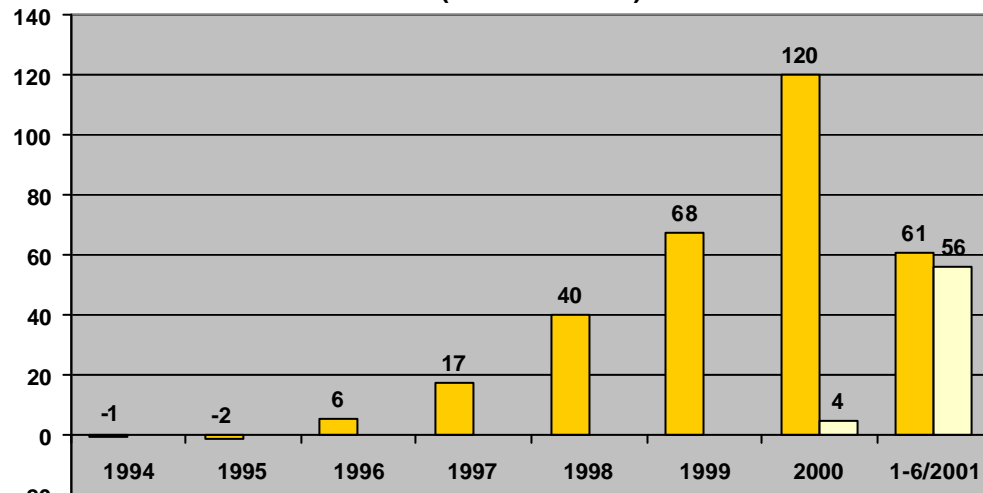
NET SALES (EUR millions)



Profitability at a reasonable level

- Leasing liabilities and depreciation increasing
- Interconnection charges decreasing due to regulator's demand - minor impact on profitability
- Cost structure under careful observation

EBIT (EUR millions)



* The operative EBIT is the EBIT before non-recurring depreciation relating to the purchases of the mobile networks.

■ EBIT (Operative) □ EBIT

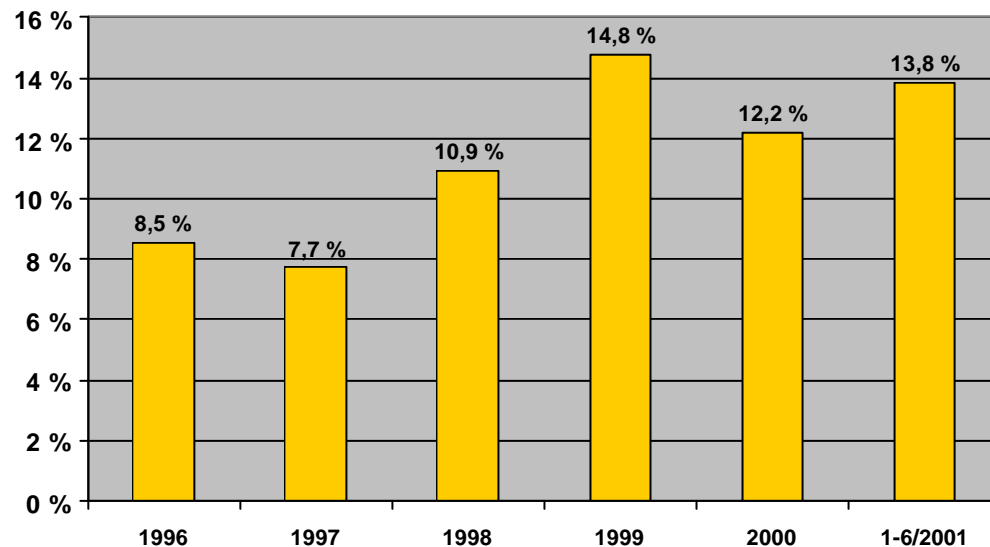
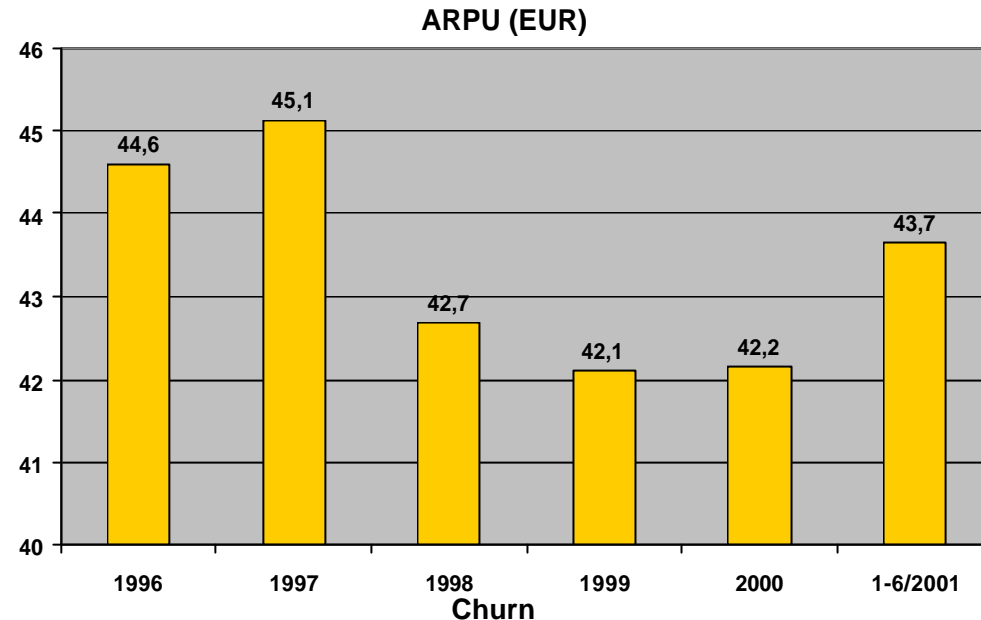
Operationally Competitive Position

Focus on profitability

- ARPU is increasing due to changed focus on improving profitability
- Traditional traffic still a major contributor on ARPU
- New business areas expected to offset a slow-down of traditional traffic

... and customer relationship

- Slightly increased churn is a result of the minor - but carefully planned - change in pricing
- No active participation to the fight of the low-end customer segment
- Strategy is to intensify customer relationship with existing profitable customers



Lease Payments and Capex

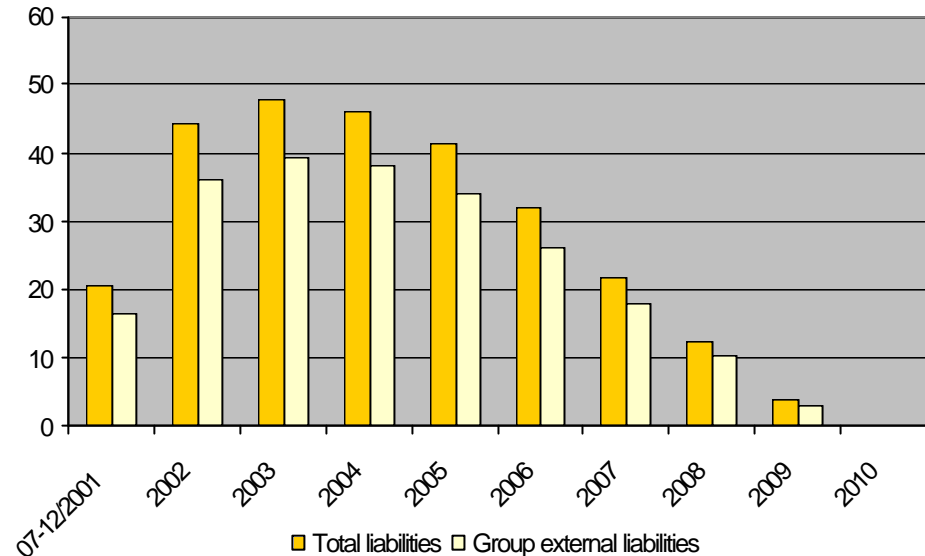
Leasing liabilities

- The leased network accounts for approx. 1/3 of the total GSM network in Radiolinja's use.
- The NPV of total leasing liabilities in June 30, 2001 amounted to EUR 196m and leasing liabilities outside Elisa Group EUR 163m.
- Of the figures presented above some 66% would be written off and 34% activated to the balance sheet as fixed assets if acquired by Radiolinja.

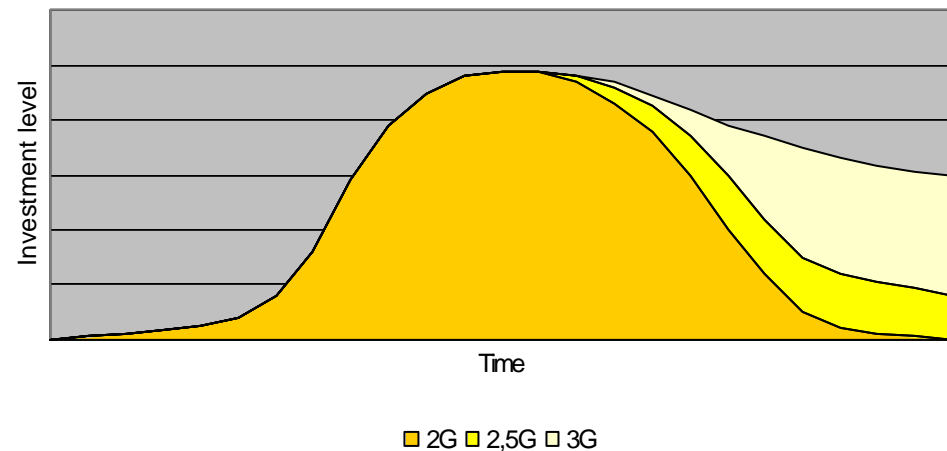
Capex

- Capex in January - June 2001 were EUR 81m.
- In 2001, the total amount of Capex will be less than in 2000.
- The investment consist mainly on the acquisitions of the leased network, updating the GSM network to GPRS technology and piloting UMTS network
- Over the next five years, Radiolinja estimates to invest approximately EUR 350 - 700m on third-generation network technology.

Leasing liabilities (EUR millions)



INVESTMENT SCENARIO - EXAMPLE



Wireless Lifestyle Creates New Business Areas

Mobile Portal & Internet

- › Multiple channel approach takes shape: Metropolis portal platform enables varied service provision in any place or terminal (SMS, WAP, WEB)

Content

- › Sophisticated concepts expected to bring a new uplift to the “logo market “
- › New services developed together with selected partners from diverse media

Telematics & localisation

- › Aim to be the leading supplier of telematic services in Finland and Estonia
- › Localisation services are already in test use, and will be launched initially for the business segment during autumn 2001

M-commerce

- › Collaboration on M-commerce platform development leads up to a pioneering, PKI-based scalable solution for secured identification and electric signature

Business Areas in Different Phases to Secure New Profitable Growth

