



elisa
ANNUAL RESULTS
2012

6 FEBRUARY 2013

Agenda

CEO's review

Veli-Matti Mattila, CEO

Financial review

Jari Kinnunen, CFO

CEO's review

- 2012 overview
- Q4 2012 financial and operational highlights
- Segment review
- Strategy execution
- Outlook for 2013

2012 highlights

- Revenue growth again exceeded the industry average
- Good growth in Estonia
- Profitability maintained, EPS grew by 3%
- 2012 dividend payment € 1.30, yield 8%, among the best in the industry
- Strong growth in New Services continued
- Mobile and fixed broadband subscriptions developed favourably
- Growth of smartphone market as well as mobile data continued
- Dividend proposal: € 1.30 per share
 - Authorisation for 5 million share buy-back

Result according to guidance

	2012	Change in 2012
Revenue	€1,553m	+1.5%
EBITDA	€501m	-1.0%
Earnings per share	€1.33	+3.2%
CAPEX	€193m	-2.0%
Cash flow	€155m	-25.4%
Net debt	€839m	+6.4%

Use of services increased

	2012	Change in 2012
Mobile subscriptions	4,446,200	+288,400
Fixed broadband subscriptions	505,100	+18,700
Mobile ARPU ¹⁾	€17.5	€-1.6
Mobile churn ²⁾	16.5%	+3.4% unit
Mobile usage, minutes ³⁾	7,103m	+52m
SMS, units	2,230m	+208m

¹⁾ Revenue / SIM

²⁾ Annualised

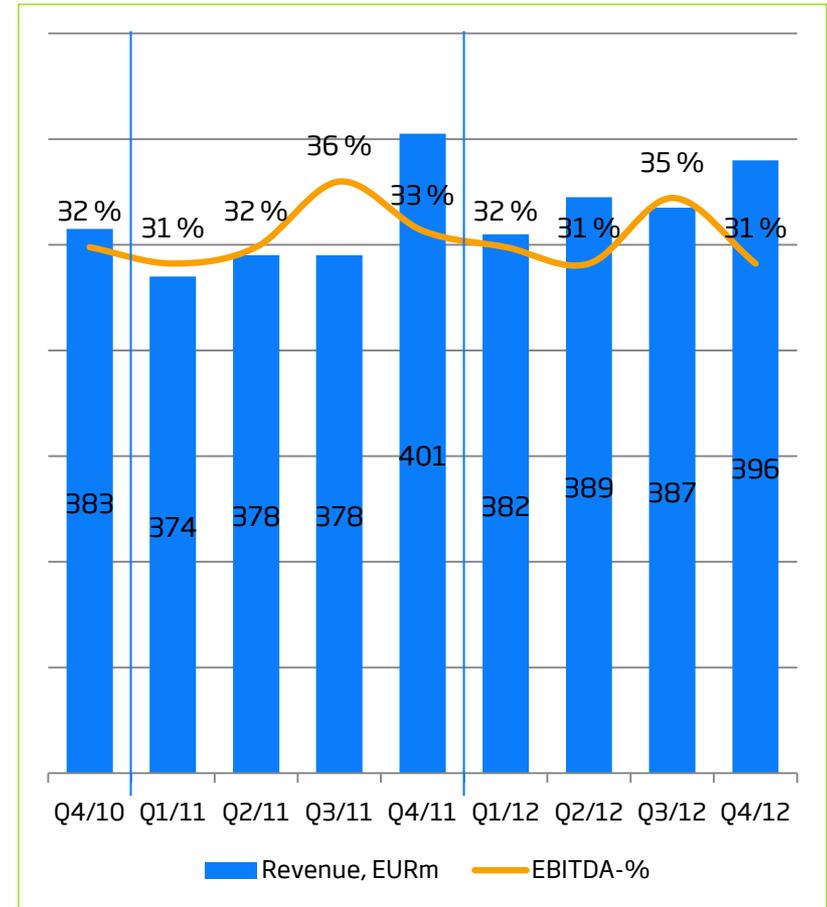
³⁾ Outgoing minutes

Q4 2012 highlights

- Good profitability level
- Mobile subscription base continued to increase
- Slight decrease in mobile usage
- Strong growth in smartphone market
- Elisa Viihde IPTV contributed to fixed broadband growth
- Elisa to acquire fixed network operator PPO's telecom and IT businesses
 - Transaction includes PPO's ownership in telecom operators Kymen Puhelin and Telekarelia

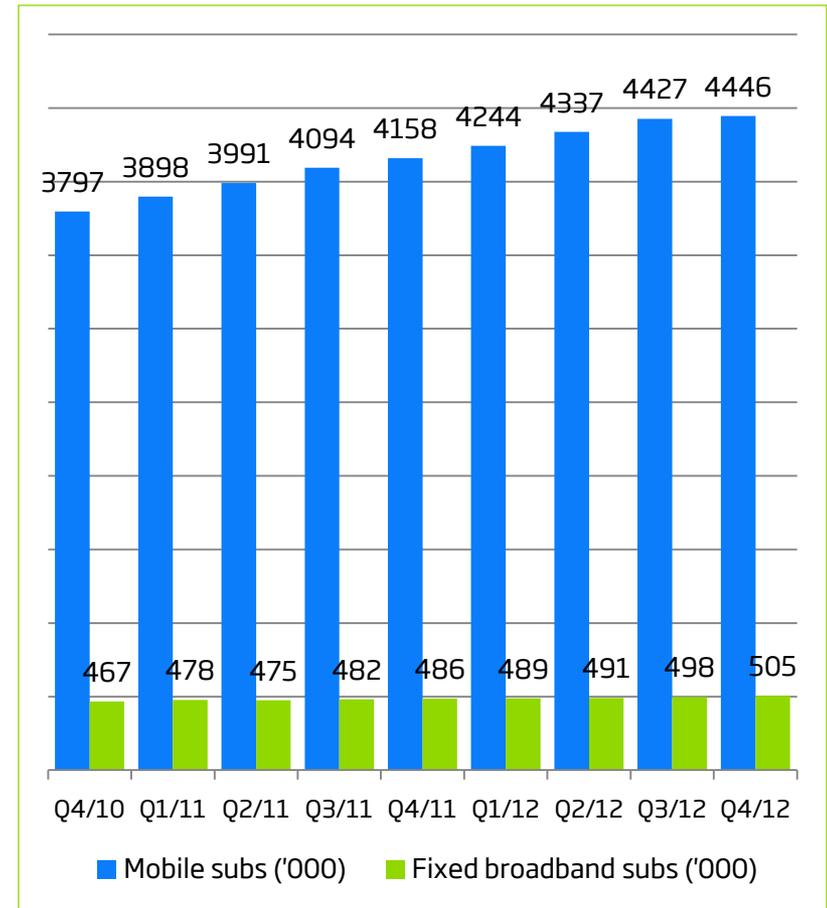
Campaigning increased at year-end

- Revenue € 396m (401)
- EBITDA € 124m (133), 31% of revenue (33)
- EBIT € 74m (79)
- EPS € 0.32 (0.36)
- CAPEX € 50m (58), 13% of revenue
 - 2012 CAPEX 12% of revenue
- Net debt € 839m (788)
 - Cash flow € 34m (65)
 - Net debt / EBITDA 1.7 (1.6)



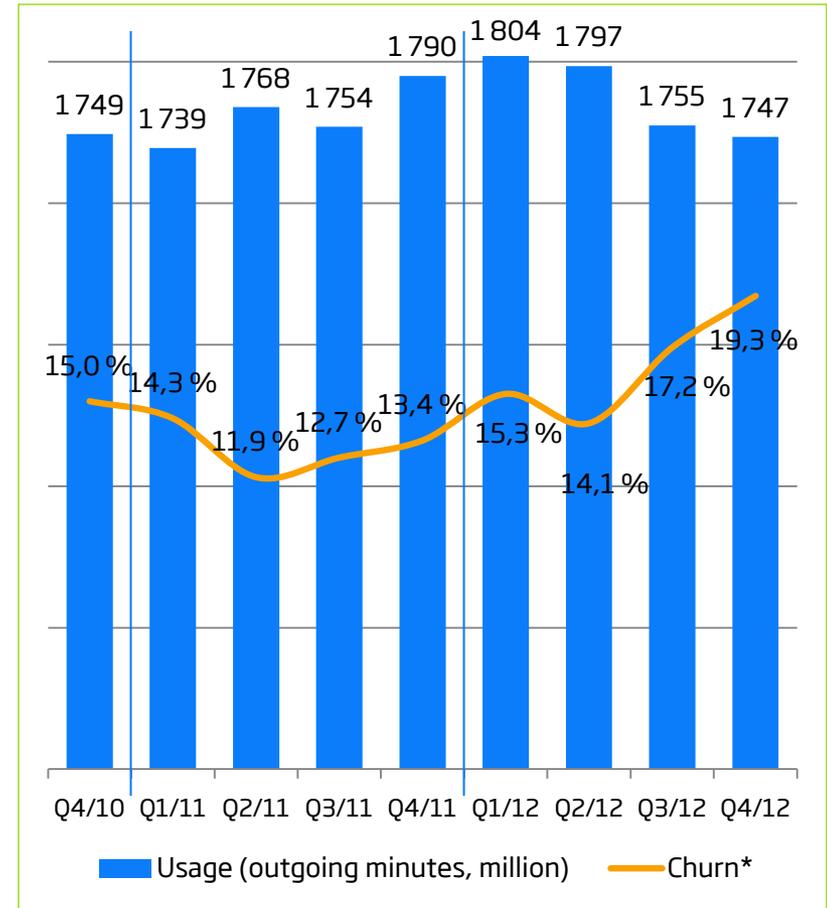
Subscription growth continued

- 19,500 new mobile subscriptions
 - Growth in corporate segment, slight decrease in consumer segment
 - Growth in voice and mobile broadband subs
 - Estonia +13,500 subscriptions
- Fixed broadband growth continued
 - Net adds 7,100
- Elisa Viihde IPTV customer base continued to grow



Campaigns impacted churn

- Strong growth in mobile data
 - Outgoing minutes 1.7bn, slight decrease
 - Data YoY growth over 50%
 - 564m SMS, YoY growth 6%
- Churn* 19.3% (13.4)

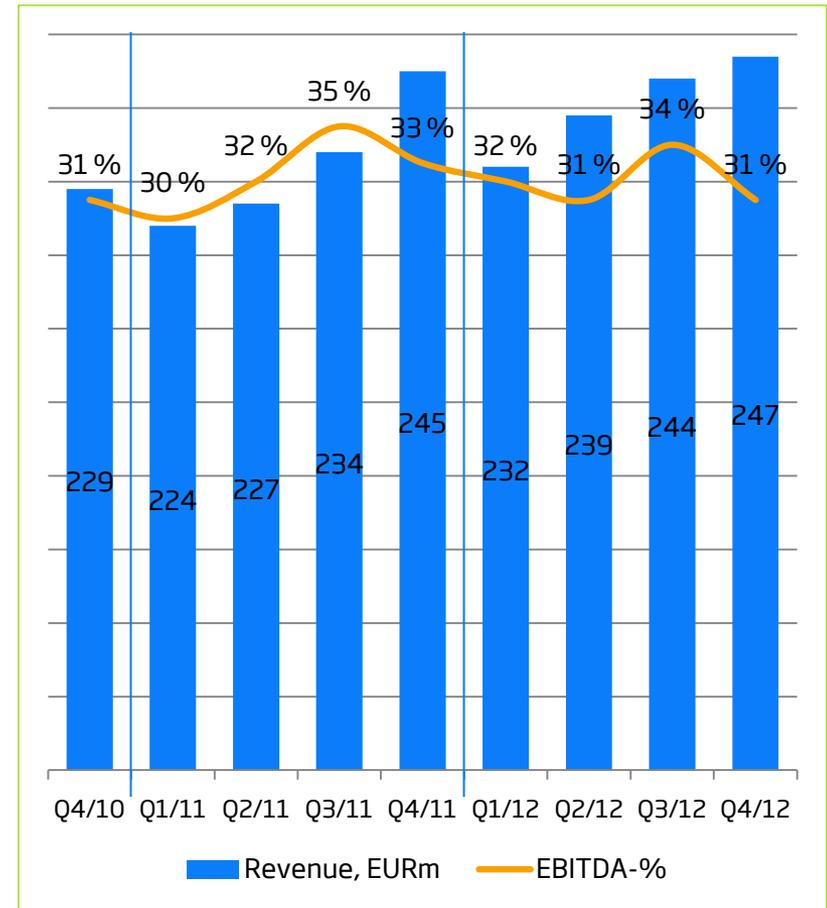


* Annualised

Business Segments

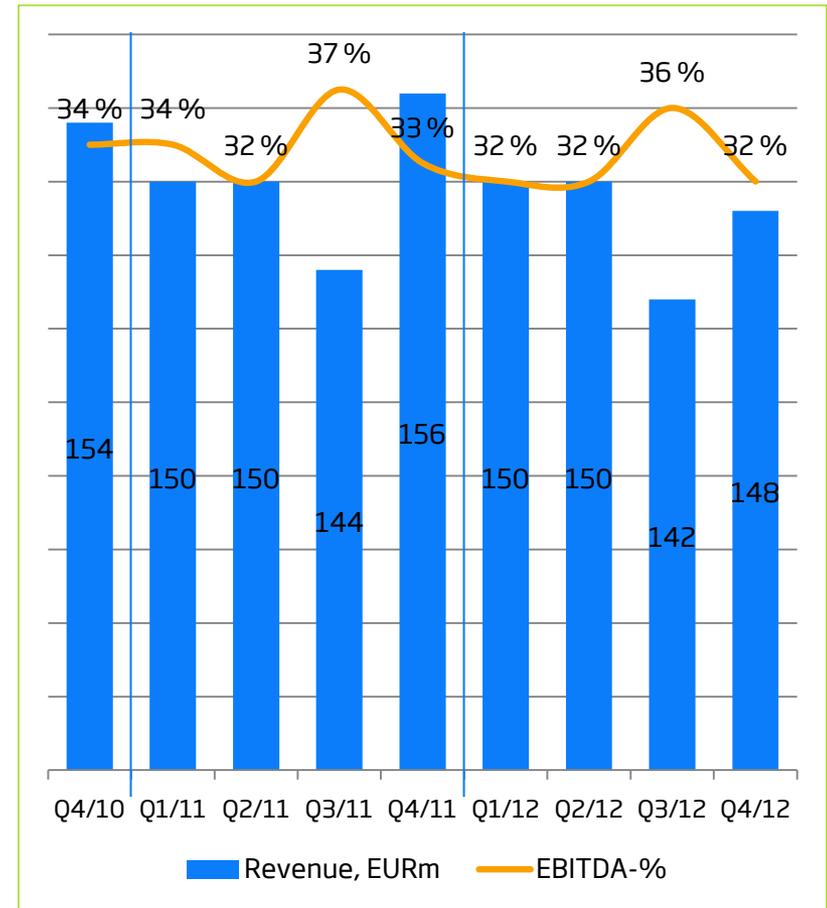
Growth in new services and smartphones

- Revenue € 247m (245)
 - Smartphones and new services growth continued
 - Estonian revenue increased
 - Decrease in traditional fixed network business, mobile usage and interconnection revenue
- EBITDA € 77m (81), 31% of revenue (33)
 - Increased sales costs
 - Mobile usage
- CAPEX € 29m (37)

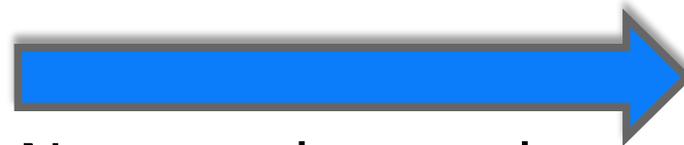


ICT business is growing

- Revenue € 148m (156)
 - Growth in ICT services
 - Decrease in mobile and fixed businesses, as well as in interconnection revenue
- EBITDA € 47m (52), 32% of revenue (33)
 - Decrease in revenue
- CAPEX € 21m (21)



Strategy execution



New services and
new markets



Strengthening market
position in core markets

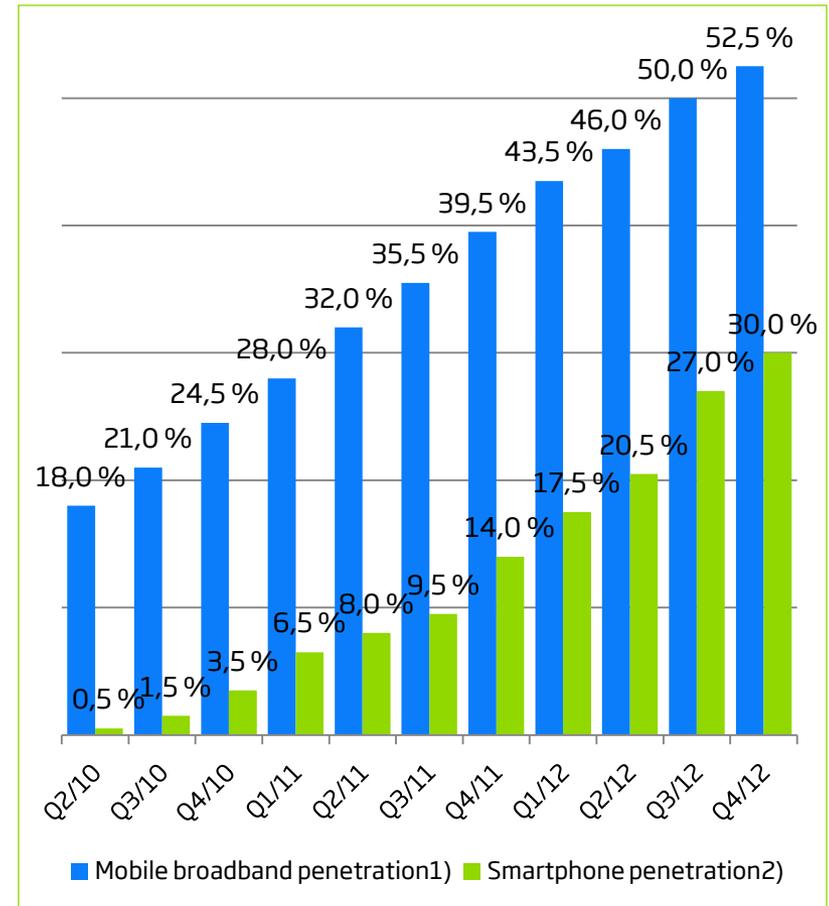


Integration of One
Elisa

Smartphone market growth continues

- Almost one in three customers uses new a type of smartphone
- Smartphones top the list of most sold phones in January
 1. Nokia Lumia 800
 2. Apple iPhone 5
 3. Samsung Galaxy S III
 4. Nokia Lumia 820
 5. Samsung Galaxy S III Mini
- 87% of all models sold were smartphones in Q4
 - In previous quarter 82 %, a year ago 74%

Penetrations in Elisa's network in Finland

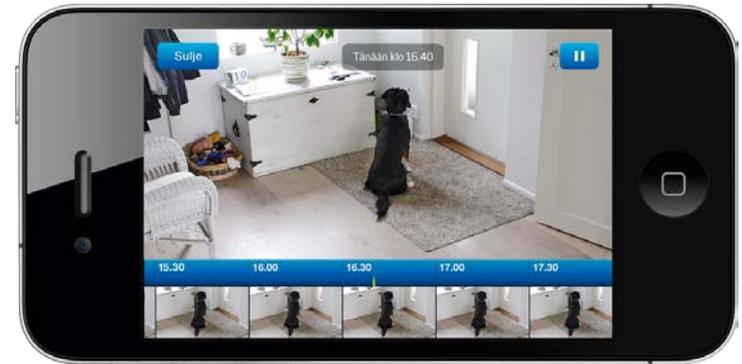


1) Dongles and mobile BB add-on services of the total subscription base excluding M2M and service operator subs

2) iOS (iPhone), Android ,Symbian 3^ and Windows phones of the total phone base

New Elisa services

- Elisa Vahti Live
 - Real time video to smartphone or tablet
- Elisa Wallet
 - "Mobile enabled" payment, separate online credit cards, internet and mobile applications, as well as money transfers between users
- Elisa eSali data center
 - Flexible server capacity from the virtual data center to companies



Elisa eSali



New way to enjoy Elisa eBook

- Elisa has developed a new way to experience children's books
- Eero-combines illustrations with voice over narration
- The book can be downloaded from Elisa eBook application to tablets (Android or iPad) or smartphones (Android, iPhone or Windows Phone 7)



Ranked #1 in the Nordic climate index

- Elisa awarded first place in the Carbon Disclosure Project (CDP) climate index of the telecom industry
- Companies were ranked on the basis of climate reporting
- Relevant emission reduction factors are
 - Increase in mobile working solutions
 - Growth in demand of video conferencing solutions

CARBON DISCLOSURE PROJECT

High-speed network with wide coverage

- Increase in nationwide network capacity and speed
 - 3G coverage above 95% of population, more than one million active data users
 - 4G speeds already in over 200 municipalities
 - LTE speeds in 42 cities
- Good demand for 4G speeds in 2012



New international call rates

- New roaming pricing model for international calls
- For corporate customers: competitive and transparent pricing in Europe, Russia, China and the United States
- In cooperation with Vodafone



vodafone



Outlook for 2013

- Macroeconomic environment still weak in 2013
 - Weakness is expected to be stronger in first half of the year
- Competition remains challenging
- Revenue and EBITDA excluding one-offs at the same level as last year
 - First half of 2013 is expected to be slightly below first half of 2012
 - Estimate excluding pending PPO acquisition
- CAPEX maximum 12 per cent of revenue

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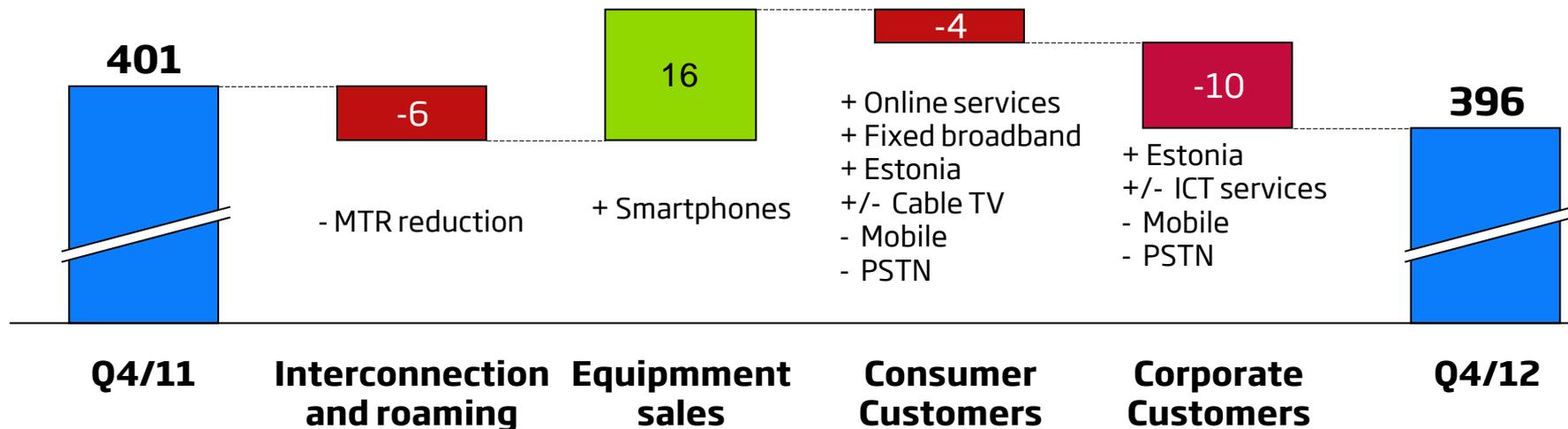
FY 12 according to guidance, in Q4 more campaigns and macro effect

EUR million	Q4/12	Q4/11	Δ ²⁾	Δ %	2012	2011	Δ ²⁾	Δ %
Revenue	396	401	-5	-1%	1 553	1 530	23	2%
Other operating income	1	2			5	6		
Operating expenses	-273	-270			-1 057	-1 030		
EBITDA	124	133	-9	-7%	501	506	-5	-1%
EBITDA-%	31%	33%			32%	33%		
Depreciation and amortisation	-50	-54			-202	-211		
EBIT	74	79	-5	-6%	299	295	4	1%
EBIT-%	19%	20%			19%	19%		
Profit before tax	64	72	-8	-11%	269	265	4	1%
Income taxes	-14	-15			-60	-64		
Profit for the period	50	57	-7	-12%	209	201	7	4%
EPS, EUR	0.32	0.36	-0.05	-13%	1.33	1.29	0.04	3%
EPS, EUR excl. non recurring items ¹⁾	0.34	0.36	-0.03	-7%	1.35	1.29	0.06	5%

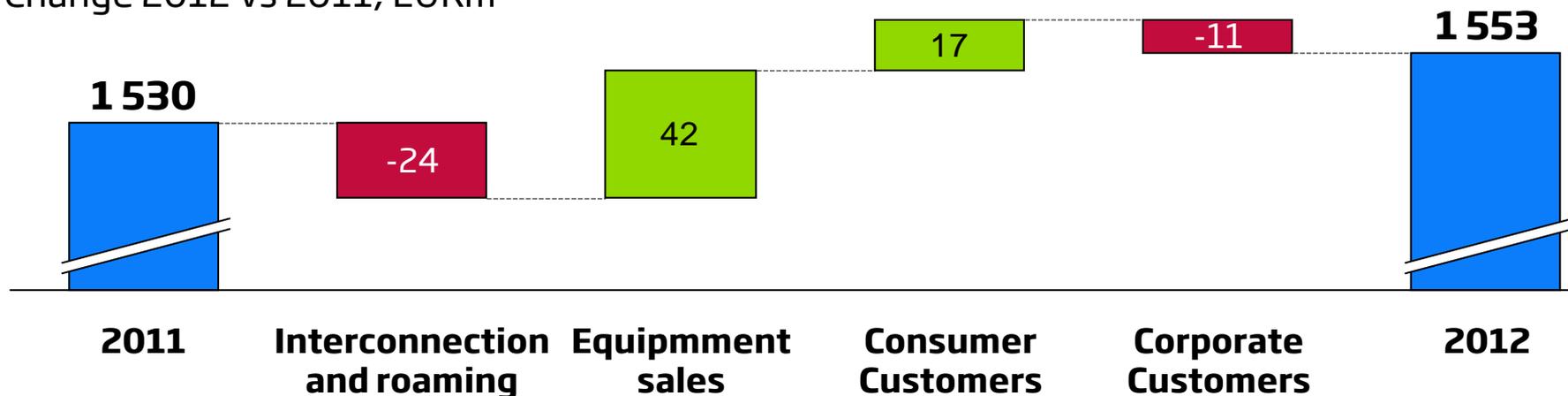
- 1) Write-down of EUR 3 million from Voddler Group Ab shares
2) Difference is calculated using exact figures prior to rounding.

Revenue change

Change Q4/12 vs Q4/11, EURm



Change 2012 vs 2011, EURm



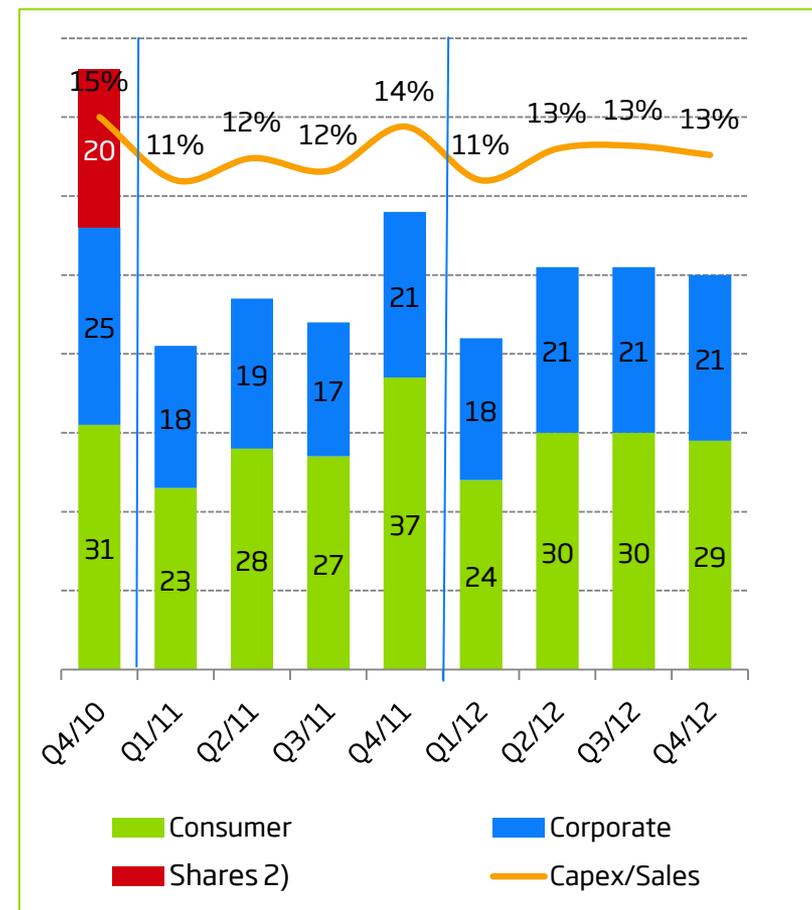
Equipment sales increased OPEX

- OPEX decreases in Q4
 - Interconnection and roaming
 - Productivity improvements
 - e.g. outsourced services, network management
- OPEX increases in Q4
 - Equipment sales
 - New service development
 - Personnel expenses
 - Increased personnel in new services
 - Collective labour agreement salary increases 1.10.2012 and 1.1.2012

MEUR	Q4 11	Q1 12	Q2 12	Q3 12	Q4 12
Materials and services	170	158	164	163	171
Employee benefit expenses	59	61	61	53	62
Other operating expenses	41	42	44	39	40
Total expenses	270	261	269	254	273
Depreciation	54	53	50	49	50

CAPEX/Sales in line with guidance

- Q4 CAPEX EUR 50m (58)
 - CAPEX/Sales 13% (14)
 - Consumer EUR 29m (37)
 - Corporate EUR 21m (21)
- FY CAPEX EUR 193m (190) ¹⁾
 - CAPEX/Sales 12% (12)
- Major CAPEX areas
 - 3G and 4G coverage and upgrade
 - Fixed access and backbone networks
 - IT systems
 - Customer equipment



¹⁾2011 CAPEX figures excluding EUR 7m data centre infrastructure lease

²⁾Including acquisitions of business assets

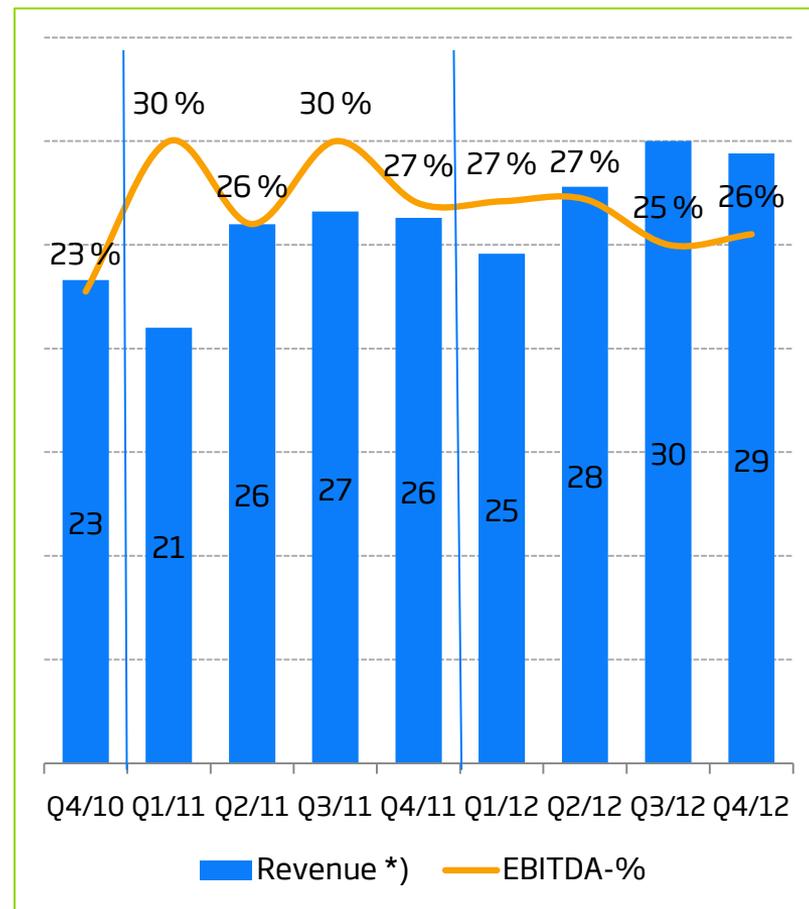
Cash flow affected by NWC change

EUR million	Q4/12	Q4/11	$\Delta^1)$	2012	2011	$\Delta^1)$
EBITDA	124	133	-9	501	506	-5
Change in receivables	-7	-10	3	-14	-19	5
Change in inventories	-5	5	-10	-19	-2	-18
Change in payables	-6	10	-16	-16	-11	-6
Change in NWC	-17	4	-22	-50	-31	-19
Financials (net)	-7	-1	-6	-30	-31	1
Taxes for the year	-15	-15	0	-62	-53	-9
Taxes for the previous year		2	-2	-10	2	-12
Taxes	-15	-13	-2	-72	-51	-22
CAPEX	-49	-58	9	-189	-188	-1
Investments in shares	0	0	0	-1	-5	4
Sale of assets and adjustments	-2	1	-3	-5	8	-13
Cash flow after investments	34	65	-31	155	207	-53

¹⁾ Difference is calculated using exact figures prior to rounding

Growth in Estonia continued

- Revenue EUR 29m (27)
 - Revenue growth 12%
 - Growth in mobile subs: +66,400 YoY, +13,500 QoQ
 - Mobile broadband growing
- EBITDA EUR 8m (7)
 - Revenue growth
- CAPEX EUR 5m (5)
 - 3G Coverage



* Elisa Eesti AS including group items

Fixed network operator PPO acquisition

- Acquisition of PPO's telecom and IT businesses
 - Published on 20 December 2012
 - Including 67% of Telekarelia Oy and 46% Kymen Puhelin Oy shares
- Acquisition price approx. EUR 101m
 - EUR 5m in shares, EUR 96m in cash
 - Estimated synergy benefits EUR 10m
- Estimated closing of transaction H1/2013
 - After the Finnish Competition authorities' processing

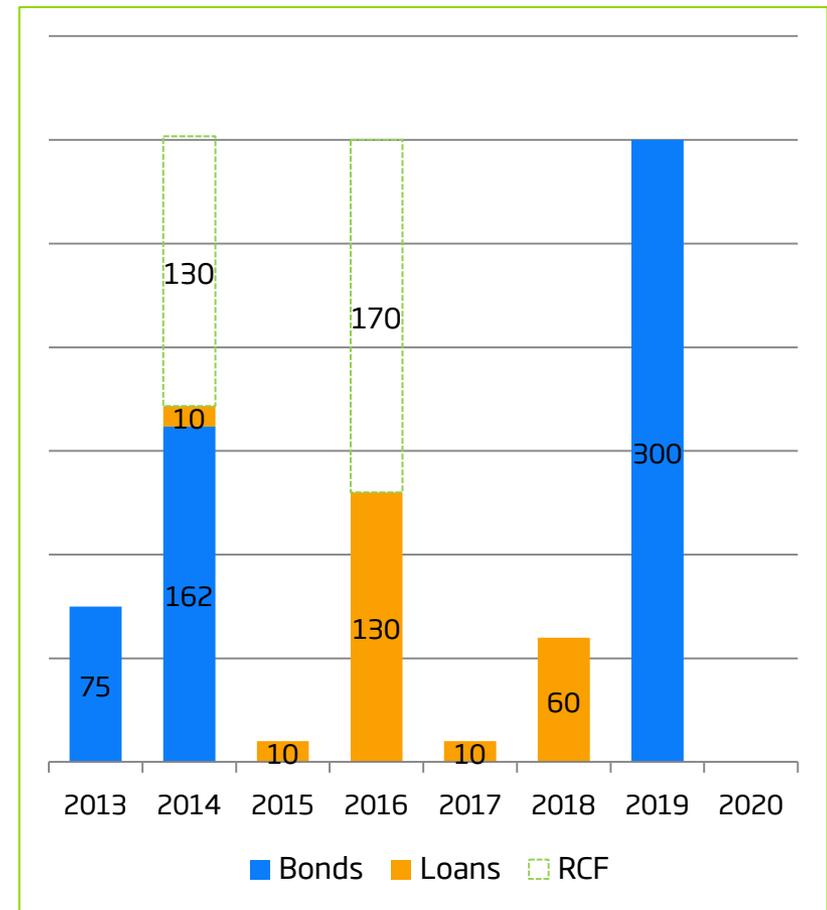
EUR million	Elisa 2012	Acquisition ¹⁾ 2011
Consumer	962	40
Corporate	591	60
Revenue total	1 553	100
EBITDA	501	22
PSTN subscriptions '000	234	54
Broadband '000	505	70
Cable TV '000	259	35
Personnel	3 863	470

¹⁾ Revenue and EBITDA (100%) of the acquired businesses. No synergies included

Liquidity position remains good

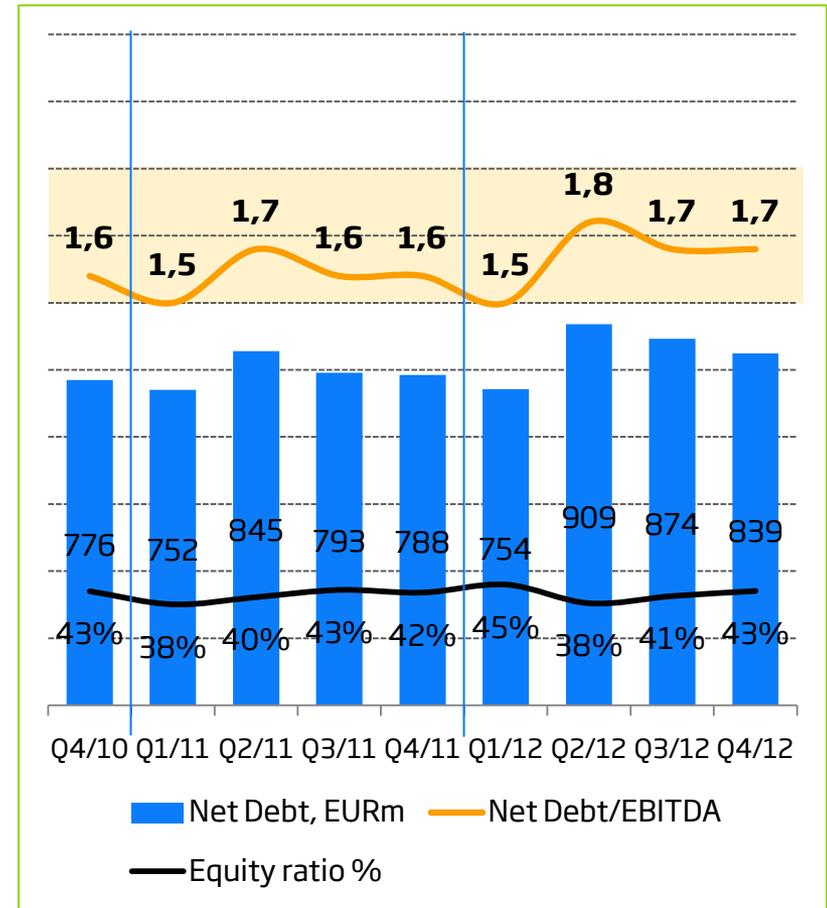
- Cash and undrawn committed facilities EUR 340m (334)
- Revolving Credit Facilities EUR 300m
 - Fully undrawn 4Q/12
- Commercial Paper Program
 - EUR 96m in use
- Solid credit ratings since 2003
 - S&P BBB
 - Moody's Baa2

Bond and bank loan maturities



Capital structure in line with targets

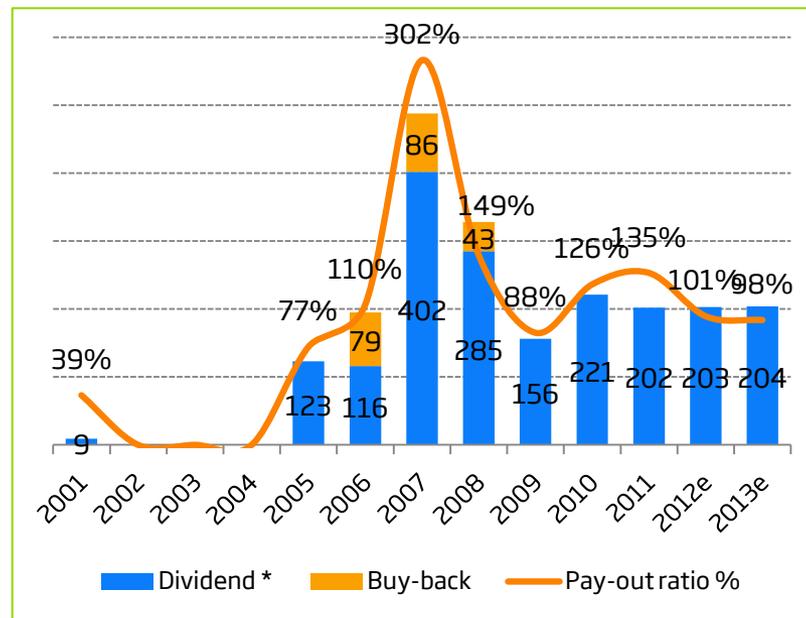
- Capital structure
 - Net debt / EBITDA 1.7
 - Gearing 98%, Equity ratio 43%
- Target setting
 - Net debt / EBITDA 1.5 - 2x
 - Equity ratio > 35%



Competitive remuneration continues

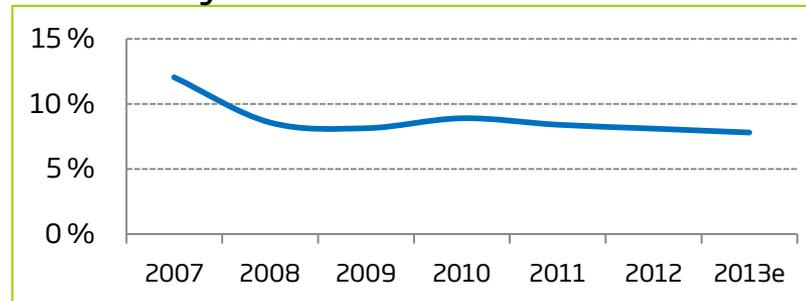
- EUR € 1.30 per share proposal
 - Total amount € 204m
 - Pro Forma Net Debt/EBITDA 2.1
 - ex-dividend date 26 March 2013
 - Payment date 9 April 2013
- Dividend yield 7.8% ¹⁾
 - Payout ratio 98%
- Strong commitment to competitive shareholder remuneration
 - Upgraded distribution policy
 - 80- 100 per cent of the net profit
 - Dividend yield 8-12% during last 7 years

¹⁾ as per share price of 30.12.2012 (€ 16.73)



* Includes capital repayment.

Dividend yield





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Consolidated cash flow statement

EUR million	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Cash flow from operating activities									
Profit before tax	64	78	66	61	72	74	61	58	66
Adjustments to profit before tax	58	54	55	59	58	61	61	59	56
Change in working capital	-17	-24	6	-14	4	-10	-11	-13	18
Cash flow from operating activities	104	108	126	106	134	125	111	103	140
Received dividends and interests and interest paid 1)	-7	-2	-2	-19	-1	-12	-1	-17	-41
Taxes paid	-15	-20	-26	-11	-13	-13	-11	-15	-6
Net cash flow from operating activities	82	86	98	77	120	100	99	71	92
Cash flow in investments									
Capital expenditure	-49	-49	-51	-40	-58	-45	-45	-41	-55
Investments in shares and other investments	0	0	-1	0	0	0	0	-5	-10
Proceeds from asset disposal	0	0	2	0	3	0	5	2	1
Net cash used in investment	-49	-49	-50	-40	-55	-44	-40	-44	-64
Cash flow after investments	34	37	47	37	65	56	59	27	28
Cash flow in financing									
Share Buy Backs and sales (net)									
Change in interest-bearing receivables									
Change in long-term debt	151	0	0	0	50	-106	0	0	0
Change in short-term debt	-163	-54	129	-31	-15	30	80	-14	65
Repayment of financing leases	-2	-1	-2	-2	-1	-1	-2	-1	-1
Increase in reserve for invested non-restricted equity	2		1	1	3				
Dividends paid	0	-1	-203	0	-62	-1	-140	0	-78
Cash flow in financing	-11	-56	-74	-32	-25	-78	-62	-15	-13
Change in cash and cash equivalents	22	-19	-27	5	39	-22	-2	12	15

1) Includes non recurring item: CDO guarantee settlement Q4/10

Financial situation

EUR million	31 Dec 12	30 Sep 12	30 Jun 12	31 Mar 12	31 Dec 11	30 Sep 11	30 Jun 11	31 Mar 11	31 Dec 10
Interest-bearing debt									
Bonds and notes	525	375	375	375	375	375	600	600	599
Commercial Papers	96	170	198	184	189	160	160	120	102
Loans from financial institutions	221	221	221	221	222	171	51	52	52
Financial leases	37	38	38	38	36	36	35	24	23
Committed credit lines 1)	0	89	115	0	25	70	40	0	32
Interest-bearing debt, total	878	892	946	818	847	812	887	795	808
Cash and cash equivalents	40	18	37	64	59	19	42	44	32
Net debt 2)	839	874	909	754	788	793	845	752	776

1) The committed credit lines are EUR 130 million and EUR 170 million revolving credit facilities with five banks, which Elisa Corporation may use flexibly on agreed pricing. The loan arrangements are valid until 23 November 2014 and 3 June 2016.

2) Net debt is interest-bearing debt less cash and interest-bearing receivables.