

Third Quarter Results 2013

17 October 2013



Third quarter 2013

- Revenue amounted to EUR 395 million (387)
- EBITDA was EUR 138 million (134), and excluding non-recurring items EUR 142 million
- EBIT was EUR 84 million (85), and excluding non-recurring items EUR 87 million
- Profit before taxes amounted to EUR 78 million (78)
- Earnings per share was EUR 0.38 (0.38)
- Cash flow after investments increased to EUR 51 million (37)
- Mobile ARPU was EUR 16.1 (16.2 in previous quarter)
- Mobile churn was 18.0 per cent (17.7 in previous quarter)
- The number of Elisa's mobile subscriptions increased by 7,500 during the quarter
- The number of fixed broadband subscriptions decreased by 1,300 on the previous quarter
- Net debt / EBITDA was 2.0 (1.7 end 2012) and gearing 121 per cent (99 end 2012)

January-September 2013

- Revenue was EUR 1,146 million (1,158)
- EBITDA was EUR 369 million (377) and excluding non-recurring items EUR 374 million
- EBIT was EUR 212 million (225) and excluding non-recurring items EUR 217 million
- Cash flow after investments was EUR 58 million (121), excluding acquisitions EUR 146 million

Key indicators

EUR million	3rd Quarter		Year-to-date	
	2013	2012	2013	2012
Revenue	395	387	1,146	1,158
EBITDA	138	134	369	377
EBITDA excl. non-recurring items	142	134	374	377
EBIT ¹⁾	84	85	212	225
Profit before tax ¹⁾	78	78	195	205
Earnings per share, EUR ¹⁾	0.38	0.38	0.93	1.02
Capital expenditure	57	51	150	143

¹⁾ Excluding non-recurring items: Q3: EBIT EUR 87m, profit before tax EUR 81m and EPS EUR 0.40. 1-9/2013 EBIT: EUR 217m, profit before tax EUR 200m and EPS EUR 0.96.

Financial position and cash flow

EUR million	30.9.2013	30.9.2012	End 2012
Net debt	995	874	839
Net debt / EBITDA ¹⁾	2.0	1.7	1.7
Gearing ratio, %	121.1	109.8	99.3
Equity ratio, %	35.5	40.6	42.3

EUR million	3rd Quarter		Year-to-date	
	2013	2012	2013	2012
Cash flow after investments	51	37	58 ²⁾	121

¹⁾ (interest-bearing debt - financial assets) / (four previous quarters' EBITDA exclusive of non-recurring items)

²⁾ 1-9/2013 cash flow after investments excluding investments in PPO and Sulake shares EUR 146m

CEO Veli-Matti Mattila:

“Elisa’s revenue and earnings grew year on year

In the third quarter of the year, Elisa’s earnings and revenue grew year on year, even though the operating environment continued to be challenging. The uncertainty in the general economic situation could still be seen in the cautiousness of companies and consumers, but the most aggressive price campaigns seen at the beginning of the year did not continue as intensively. Demand for new services and growth in the smartphone market continued to be strong.

The mobile subscription base grew by 7,500 during the third quarter. The number of fixed broadband subscriptions fell by approximately 1,300 subscriptions as companies reduced the number of their subscriptions. The use of mobile data services increased, while the demand for smartphones, dongles and routers grew among both consumers and corporate customers.

New services were developed for corporate customers. Elisa’s subsidiary Appelsiini introduced to the market the information dissemination service Povari. Povari is a new way of storing and sharing information in a secure and effortless manner. In Povari, the information is securely stored in Finland, in Elisa’s domestic data centres. Elisa began cooperation with the Jyväskylän University of Applied Sciences, the aim of which is to improve operational readiness and the prevention and anticipation of cyber threats to companies.

In the first quarter of the year, we began new measures to improve profitability in the current challenging environment. Our measures in streamlining product portfolio and IT systems and operations, enhancing the efficiency of customer service and sales, and cutting administrative costs, continued with increased effectiveness.

We will continue the determined implementation of actions promoting customer satisfaction and the productivity of our operations. Improving our productivity, developing new services for our customers, and maintaining our strong investment ability all create a solid foundation for competitive operations in the future.”

ELISA CORPORATION

INTERIM REPORT JANUARY-SEPTEMBER 2013

The Interim report has been prepared in accordance with the IFRS recognition and measurement principles, although not all requirements of the IAS 34 standard have been followed. The information presented in this interim report is unaudited.

Market situation

The competitive environment has been keen during the year. However, the price campaigns during the third quarter were less intense than at the beginning of the year. The mobile subscription base and use of data services continued to evolve favourably. The mobile smartphone market is growing rapidly. Approximately 86 per cent of the mobile handsets sold are smartphones, which further increases the use of mobile data services. Another factor contributing to mobile market growth has been the increased coverage of new 4G speeds. The number and usage of traditional fixed network subscriptions decreased.

The market for new visual communications (videoconferencing), IT outsourcing and IPTV entertainment services have continued to develop favourably. The demand for other new consumer online services is also growing.

Revenue, earnings and financial position

Revenue and earnings:

EUR million	3rd Quarter		Year-to-date	
	2013	2012	2013	2012
Revenue	395	387	1,146	1,158
EBITDA	138	134	369	377
EBITDA excl. non-recurring items	142	134	374	377
<i>EBITDA-% excl. non-recurring items</i>	<i>35.9</i>	<i>34.7</i>	<i>32.6</i>	<i>32.6</i>
EBIT	84	85	212	225
EBIT excl. non-recurring items	87	85	217	225
<i>EBIT-% excl. non-recurring items</i>	<i>22.0</i>	<i>22.0</i>	<i>18.9</i>	<i>19.4</i>

Revenue and earnings

Third quarter 2013

Revenue increased by 2 per cent. Positive contributors to revenue included the acquisition of regional fixed network operator PPO, increased usage of mobile data and Corporate Customers' ICT services such as videoconferencing, as well as Consumer Customers' online services like the Elisa Viihde IPTV service. Increased equipment sales also contributed positively to revenue. Lower mobile interconnection fees in both Finland and Estonia, as well as the decrease in usage and subscriptions of traditional fixed telecoms services in both segments, negatively affected to revenue.

EBITDA increased by 3 per cent, mainly due to increased revenue, cost efficiency measures and the PPO acquisition. Non-recurring items are related to the personnel reduction.

Financial income and expenses decreased to EUR -6 million (-7) due to lower interest rates. Income taxes in the income statement amounted to EUR -19 million (-18). Elisa's net profit was EUR 61 million (60). The Group's earnings per share were at last year's level, EUR 0.38 (0.38).

January-September 2013

Revenue decreased by 1 per cent on last year mainly due to lower mobile interconnection fees in both Finland and Estonia, as well as reduced usage and campaign prices in the mobile business in the first half of the year. The decrease in usage and subscriptions of traditional fixed telecoms services in both segments also affected revenue negatively. Increased equipment sales, especially smartphones, as well as Corporate Customers' ICT services, such as video-conferencing, and Consumer Customers' online services like the Elisa Viihde IPTV service, affected revenue positively. The acquisition of regional fixed network operator PPO also increased revenue.

EBITDA decreased by 2 per cent on the previous year mainly due to lower revenue in the first quarter of the year.

Financial income and expenses decreased to EUR -17 million (-20) due to lower interest on outstanding debt. Income taxes in the income statement amounted to EUR -47 million (-46). Elisa's net profit decreased by 7 per cent to EUR 147 million (159) and earnings per share by 8 per cent to EUR 0.93 (1.02).

Financial position

EUR million	30.9.2013	30.9.2012	30.12.2012
Net debt	995	874	839
Net debt / EBITDA ¹⁾	2.0	1.7	1.7
Gearing ratio, %	121.1	109.8	99.3
Equity ratio, %	35.5	40.6	42.3

EUR million	3rd Quarter		Year-to-date	
	2013	2012	2013	2012
Cash flow after investments	51	37	58	121

¹⁾ (interest-bearing debt - financial assets) / (four previous quarters' EBITDA exclusive of non-recurring items)

Third quarter 2013

July-September cash flow after investments was EUR 51 million (37). The improvement was mainly due to change in net working capital, improved EBITDA and lower paid taxes. Cash flow was negatively affected by the higher CAPEX.

January-September 2013

Cash flow after investments was EUR 58 million (121). Excluding the investments in PPO and Sulake shares, cash flow after investments was EUR 146 million. The improvement was mainly due to change in net working capital, lower financial expenses and lower paid taxes. Cash flow was negatively affected by the higher CAPEX and lower EBITDA.

The financial and liquidity positions are good. Net debt increased to EUR 995 million mainly as a result of the PPO acquisition purchase price payment of EUR 101 million in April 2013. Cash and undrawn committed credit lines totalled EUR 506 million at the end of the third quarter.

Changes in corporate structure

On 15 February, Elisa increased its ownership in Sulake Corporation to 100 per cent. Sulake is consolidated from 1 March 2013 onwards.

On 25 April, the Finnish Competition and Consumer Authority approved the transaction, in which Elisa acquired PPO's Telecom and IT operations. The acquisition also included the PPO's holdings in Kymen Puhelin Oy and Telekarelia Oy. The transaction was completed by 30 April 2013 and acquired companies were consolidated into Elisa's financial statements effective 1 May 2013.

In June, Elisa, its wholly owned subsidiary PPO-Yhtiöt Oy, and its subsidiaries Kymen Puhelin Oy and Telekarelia Oy signed merger plans to merge with Elisa.

Extraordinary shareholder meetings of Kymen Puhelin on 21 August 2013 and Telekarelia on 22 August approved the mergers. On 23 August, the Board of Directors of Elisa approved the mergers.

The estimated registration date of the mergers is 31 December 2013. The merger considerations are explained in more detail in the section 'Shares'.

On 30 September, Elisa divested PPO's home appliance business in Ylivieska, Raahe and Kokkola. The annual revenue of the divested business is approximately EUR 5 million. The transaction has no impact on Elisa's result.

Consumer Customers business

EUR million	3rd Quarter		Year-to-date	
	2013	2012	2013	2012
Revenue	247	244	705	715
EBITDA	85	83	222	231
EBITDA-%	34.4	33.8	31.5	32.2
EBIT	54	55	133	144
CAPEX	33	30	84	84

Third quarter 2013

The Consumer Customers business revenue increased by 1 per cent. The PPO acquisition, new online services, mobile data and increased equipment sales contributed positively to revenue. The decrease in traditional fixed network usage and subscriptions as well as lower interconnection fees in both Finland and Estonia affected revenue negatively. EBITDA increased by 3 per cent mainly due to growth in revenue and cost efficiency measures.

January-September 2013

Revenue decreased by 1 per cent, mainly due to lower usage and campaign prices in the mobile business in the first half of the year, and lower interconnection fees in both Finland and Estonia. The decrease in traditional fixed network usage and subscriptions also affected revenue negatively. New online services, mobile data and increased equipment sales contributed positively to revenue. EBITDA decreased by 4 per cent, attributable mainly to lower revenue in the first quarter of the year.

Corporate Customers business

EUR million	3rd Quarter		Year-to-date	
	2013	2012	2013	2012
Revenue	148	142	441	443
EBITDA	54	51	147	147
EBITDA-%	36.2	36.2	33.4	33.1
EBIT	29	30	79	81
CAPEX	24	21	66	59

Third quarter 2013

Corporate Customers business revenue increased by 4 per cent. The PPO acquisition, ICT services and mobile data affected revenue positively. The decline in usage and subscriptions in traditional fixed telecom services, lower mobile voice prices, as well as lower mobile interconnection fees and roaming decreased revenue. EBITDA increased by 4 per cent mainly due to growth in revenue and cost efficiency measures.

January-September 2013

Revenue was at the previous year's level. The PPO acquisition, ICT services and mobile data affected revenue positively. The decline in usage and subscriptions in traditional fixed telecom services, lower mobile voice prices as well as lower mobile interconnection fees and roaming decreased revenue. EBITDA was also at the previous year's level.

Personnel

In January-September, the average number of personnel at Elisa was 4,320 (3,978). Personnel by segment at the end of period were as follows:

	30.9.2013	30.9.2012	End 2012
Consumer Customers	2,574	2,286	2,182
Corporate Customers	1,903	1,680	1,681
Total	4,477	3,966	3,863

The increase in the number of personnel was attributable mainly to the PPO acquisition and growth in the corporate ICT service and consumer on-line service businesses.

Investments

EUR million	3rd Quarter		Year-to-date	
	2013	2012	2013	2012
Capital expenditures, of which	57	51	150	143
- Consumer Customers	33	30	84	84
- Corporate Customers	24	21	66	59
Shares	2	0	111	0
Total	59	51	261	143

Capital expenditure include a EUR 5 million licence fee for the 800 MHz frequency in Estonia. The main capital expenditures relate to the capacity and coverage increase of the 3G and 4G networks, as well as to other network and IT investments.

Financing arrangements and ratings

On 17 September 2013, Elisa placed a new EUR 300 million senior unsecured bond that matures in January 2021 and pays an annual coupon of 2.75 per cent. The first coupon is payable in January 2014. The bond was issued under Elisa's EUR 1 billion EMTN (Euro Medium Term Note) programme and listed on the Luxembourg Stock Exchange.

The proceeds will be used to extend the debt maturity profile, refinance maturing debt and for general corporate purposes.

Valid financing arrangements

EUR million	Maximum amount	In use on 30.9.2013
Committed credit limits	300	0
Commercial paper programme ¹⁾	250	192
EMTN programme ²⁾	1,000	762

¹⁾ The programme is not committed

²⁾ European Medium Term Note programme, not committed

Long-term credit ratings

Credit rating agency	Rating	Outlook
Moody's Investor Services	Baa2	Stable
Standard & Poor's	BBB	Stable

Share

Share trading volumes and closing prices are based on trades made on the NASDAQ OMX Helsinki.

	3rd Quarter		Year-to-date	
	2013	2012	2013	2012
Trading of shares				
Volume, millions	24.8	23.7	104.7	92.3
Value, EUR million	407.0	397.0	1,638.6	1,531.1
% of shares	14.8	14.2	62.5	55.3
Shares and market values	30.9.2013	30.9.2012	31.12.2012	
Total number of shares	167,504,660	166,932,020	167,167,782	
Treasury shares	9,986,043	10,284,003	10,288,116	
Outstanding shares	157,518,617	156,648,017	156,879,666	
Closing price, EUR	17.62	17.59	16.73	
Market capitalisation, EUR million	2,775	2,755	2,625	
Treasury shares, %	5.96	6.16	6.15	

Elisa shares are also traded in alternative marketplaces. According to the Fidessa Fragmentation report, the trading volumes in these markets during the third quarter were approximately 102

(122) per cent of the NASDAQ OMX Helsinki. The total trading volume in all marketplaces represents approximately 30 (31) per cent of outstanding shares.

Number of shares	Total number of shares	Treasury shares	Outstanding shares
Shares at 30.6.2013	167,504,660	9,985,475	157,519,185
Share incentive plan, returned shares		568	-568
Shares at 30.9.2013	167,504,660	9,986,043	157,518,617

Relating to the PPO acquisition, merger plans for Kymen Puhelin and Telekarelia were released on 10 June 2013. Merger consideration of approximately 1,840,000 new Elisa shares will be issued to the minority shareholders. This represents approximately 1.1 per cent of the total number of Elisa shares. Of these shares, approximately 1,610,000 will be given to Kymen Puhelin shareholders and 230,000 to Telekarelia shareholders. The trading of the new shares on the NASDAQ OMX Helsinki is estimated to begin on 3 January 2014.

The Board of Directors has decided to cancel 2,000,000 treasury shares. After the cancellation the company has 7,986,043 treasury shares, which represents 4.8 per cent of the total number of shares. Cancellation does not have an effect on the share capital. The cancellation is valid after it is registered in the Trade Register, which is expected to happen on 7 November 2013.

The Board of Directors' authorisations

The Annual General Meeting 2013 decided on the authorization to repurchase or accept as pledge the company's own shares. The repurchase may be directed. The amount of shares under this authorization is 5 million shares at maximum. The authorization is effective until 30 June 2014.

Elisa Shareholders' Nomination Board

As of 5 September 2013, the composition of Elisa's Shareholders' Nomination Board is as follows:

- Eija Ailasmaa, Master of Political Science, nominated by Solidium Oy
- Pekka Pajamo, CFO, nomnated by Varma Mutual Pension Insurance Company
- Timo Ritakallio, Deputy CEO, nominated by Ilmarinen Mutual Pension Insurance Company
- Jorma Eräkare, Head of Finnish Equities, nominated by Nordea Finland Fund
- Raimo Lind, Chairman of the Board of Elisa

The Nomination Board elected Eija Ailasmaa as the chair.

The shareholders' Nomination Board was established in 2012 by the Annual General Meeting. Its' duty is to prepare proposals for the election and remuneration of the members of the Board of Directors of Elisa for the Annual General Meeting.

Significant legal and regulatory issues

According to the Finnish Competition and Consumer Authority's condition for the PPO acquisition, Elisa has divested in October approximately 2,700 customer agreements in the Joensuu, Kontiolahti and Outokumpu areas in eastern Finland.

Substantial risks and uncertainties associated with Elisa's operations

Risk management is part of Elisa's internal control system. It aims to ensure that risks affecting the company's business are identified, influenced and monitored. The company classifies risks into strategic, operational, hazard and financial risks.

Strategic and operational risks:

The telecommunications industry is under intense competition in Elisa's main market areas, which may have an impact on Elisa's business. The telecommunications industry is subject to heavy regulation. Elisa and its businesses are monitored and regulated by several public authorities. This regulation also affects the price level of some products and services offered by Elisa. Regulation may also require investments which have long pay-back times.

The rapid developments in telecommunications technology may have a significant impact on Elisa's business.

Elisa's main market is Finland, where the number of mobile phones per inhabitant is among the highest in the world, and growth in subscriptions is thus limited. Furthermore, the volume of phone traffic on Elisa's fixed network has decreased during the last few years. These factors may limit opportunities for growth.

Hazard risks:

The company's core operations are covered by insurance against damage and interruptions caused by accidents and disasters. Accident risks also include litigation and claims.

Financial risks:

In order to manage the interest rate risk, the Group's loans and investments are diversified into fixed- and variable-rate instruments. Interest rate swaps can be used to manage the interest rate risk.

As most of Elisa's operations and cash flow are denominated in euros, the exchange rate risk is minor.

The objective of liquidity risk management is to ensure the Group's financing in all circumstances. Elisa has cash reserves, committed credit facilities and a sustainable cash flow to cover its foreseeable financing needs.

Liquid assets are invested within confirmed limits in financially solid banks, domestic companies and institutions. Credit risk concentrations in accounts receivable are minor as the customer base is wide.

A detailed description of financial risk management can be found in Note 34 to the Annual Report 2012.

Events after the financial period

Elisa signed partnership agreements with Tata Consultancy Services (TCS) and Amdocs. Elisa outsourced maintenance and development of IT applications concerning Elisa's own operations and processes. 100 IT professionals were transferred to these companies. ICT services and related applications offered to Elisa's customers, and network planning and maintenance will remain in Elisa.

Outlook for 2013

The macroeconomic environment in Finland is still expected to be weak in 2013. Competition in the Finnish telecommunications market also remains challenging.

Full year revenue is estimated to be at the same level or slightly higher than in the previous year. Mobile data, ICT and new online services as well as completed acquisitions are expected to increase revenue. Full-year EBITDA, excluding non-recurring items, is anticipated to be at the same level as in 2012. As a result of the PPO consolidation, full-year capital expenditure is expected to be approximately 13 per cent of revenue. The mid-term target of a maximum of 12 per cent is still valid. Elisa's financial position and liquidity are good.

In order to secure good results in a challenging environment, Elisa is continuing its accelerated cost efficiency measures, in the areas of streamlining product portfolio and IT systems and operations, increasing customer service and sales efficiency, as well as reducing general administration costs.

Elisa's transformation into a provider of new, exciting and relevant services for its customers is continuing. Long-term growth and profitability improvement will derive from mobile data market growth, as well as new online and ICT services.

BOARD OF DIRECTORS

Consolidated Income Statement

EUR million	Note	7-9 2013	7-9 2012	1-9 2013	1-9 2012	1-12 2012
Revenue	1	394,8	386,7	1146,2	1 157,7	1 553,4
Other operating income		0,5	1,5	1,5	3,5	4,7
Materials and services		-157,4	-162,5	-458,4	-484,4	-655,6
Employee expenses		-61,7	-52,8	-191,9	-175,2	-237,0
Other operating expenses		-37,8	-38,7	-128,4	-124,4	-164,5
EBITDA	1	138,4	134,2	369,0	377,2	501,1
Depreciation and amortisation		-54,8	-49,3	-157,2	-152,2	-202,1
EBIT	1	83,6	84,9	211,8	225,0	298,9
Financial income		3,0	2,1	8,1	7,1	9,4
Financial expense		-8,5	-8,7	-25,4	-27,1	-39,5
Share of associated companies' profit		0,0	0,0	0,0	0,0	0,1
Profit before tax		78,0	78,2	194,6	205,0	268,9
Income taxes		-18,6	-18,0	-47,4	-46,5	-60,4
Profit for the period		59,4	60,2	147,2	158,5	208,5
Attributable to:						
Owners of the parent		59,5	60,3	146,8	159,0	208,7
Non-controlling interests		0,0	-0,1	0,3	-0,5	-0,2
		59,4	60,2	147,2	158,5	208,5
Earnings per share (EUR)						
Basic		0,38	0,38	0,93	1,02	1,33
Diluted		0,38	0,38	0,93	1,01	1,33
Average number of outstanding shares (1000 shares)						
Basic		157 519	156 649	157 178	156 489	156 548
Diluted		157 519	156 898	157 178	156 737	156 685

Consolidated Statement of Comprehensive Income

Profit for the period		59,4	60,2	147,2	158,5	208,5
Other comprehensive income, net of tax						
Items which may be reclassified subsequently to profit or loss:						
Translation difference		-0,1	0,0	-0,1	0,0	0,0
Available-for-sale investments		1,1	-0,1	1,9	-1,3	-1,3
		1,1	-0,1	1,7	-1,3	-1,3
Items which are not reclassified subsequently to profit or loss:						
Actuarial gains and losses		0,1	0,0	0,0	0,0	-4,5
Total comprehensive income		60,6	60,1	148,9	157,2	202,7
Total comprehensive income attributable to:						
Owners of the parent		60,6	60,2	148,6	157,7	202,9
Non-controlling interests		0,0	-0,1	0,3	-0,5	-0,2
		60,6	60,1	148,9	157,2	202,7

Consolidated Statement of Financial Position

EUR million	30.9. 2013	31.12. 2012
Non-current assets		
Property, plant and equipment	708,1	616,1
Goodwill	822,9	797,1
Other intangible assets	112,6	101,3
Investments in associated companies	7,4	6,5
Available-for-sale investments	24,9	19,9
Receivables	59,8	45,1
Deferred tax assets	18,1	12,1
	1 753,8	1 598,1
Current assets		
Inventories	56,0	59,4
Trade and other receivables	315,5	310,0
Tax receivables	1,9	1,4
Cash and cash equivalents	206,0	39,8
	579,4	410,6
Total assets	2 333,2	2 008,7
Equity attributable to owners of the parent	795,7	842,1
Non-controlling interests	26,2	2,8
Total equity	821,9	844,9
Non-current liabilities		
Deferred tax liabilities	25,6	16,9
Pension obligations	7,3	7,1
Provisions	3,1	3,3
Financial liabilities	832,3	702,8
Other non-current liabilities	16,2	13,7
	884,5	743,8
Current liabilities		
Trade and other payables	247,9	243,3
Tax liabilities	3,7	0,8
Provisions	6,1	0,3
Financial liabilities	369,0	175,6
	626,8	419,9
Total equity and liabilities	2 333,2	2 008,7

Condensed Consolidated Statement of Cash Flows

EUR million	1-9 2013	1-9 2012	1-12 2012
Cash flow from operating activities			
Profit before tax	194,6	205,0	268,9
Adjustments			
Depreciation and amortisation	157,2	152,2	202,1
Other adjustments	12,2	15,6	23,3
	169,4	167,8	225,4
Change in working capital			
Change in trade and other receivables	3,3	-7,5	-14,2
Change in inventories	5,7	-14,4	-19,2
Change in trade and other payables	-9,5	-10,3	-16,1
	-0,5	-32,3	-49,5
Financial items, net	-15,6	-23,0	-30,1
Taxes paid	-48,4	-57,4	-72,3
Net cash flow from operating activities	299,4	260,1	342,5
Cash flow from investing activities			
Capital expenditure	-152,0	-140,0	-188,9
Investments in shares	-89,2	-0,7	-0,7
Proceeds from asset disposal	0,0	1,7	1,9
Net cash used in investing activities	-241,2	-138,9	-187,7
Cash flow before financing activities	58,2	121,2	154,7
Cash flow from financing activities			
Proceeds from long-term borrowings	300,0		150,9
Repayment of long-term borrowings	-79,8	-0,3	-0,3
Change in short-term borrowings	91,4	43,5	-119,6
Repayment of finance lease liabilities	-3,5	-4,4	-6,0
Proceeds from increase in reserve for invested non-restricted equity	2,9	2,1	4,4
Proceeds from the sale of treasury shares	4,6		
Acquisition of non-controlling interests without a change in control	-3,8		
Dividends paid	-203,9	-203,4	-203,5
Net cash used in financing activities	108,0	-162,5	-174,0
Change in cash and cash equivalents	166,2	-41,3	-19,2
Cash and cash equivalents at beginning of period	39,8	59,0	59,0
Cash and cash equivalents at end of period	206,0	17,7	39,8

Statement of Changes in Equity

EUR million	Share capital	Treasury shares	Other reserves	Reserve for invested non-restricted equity	Retained earnings	Non-controlling interests	Total equity
Balance at 1 January 2012	83,0	-197,0	392,3	48,3	510,3	3,5	840,3
Adoption of IAS 19R					-2,0		-2,0
Balance at 1 January 2012	83,0	-197,0	392,3	48,3	508,4	3,5	838,5
Profit for the period					159,0	-0,5	158,5
Translation differences					0,0		0,0
Available-for-sale investments			-1,3				-1,3
Total comprehensive income			-1,3		159,0	-0,5	157,2
Dividends					-203,4	-0,5	-204,0
Share-based compensation		3,0			2,7		5,7
Stock options exercised				2,1			2,1
Other changes					-3,0		-3,0
Balance at 30 September 2012	83,0	-194,0	391,0	50,4	463,5	2,5	796,2

EUR million	Share capital	Treasury shares	Other reserves	Reserve for invested non-restricted equity	Retained earnings	Non-controlling interests	Total equity
Balance at 1 January 2013	83,0	-194,1	391,0	52,7	516,1	2,8	851,4
Adoption of IAS 19R			-4,5		-2,0		-6,5
Balance at 1 January 2013	83,0	-194,1	386,4	52,7	514,2	2,8	844,9
Profit for the period					146,8	0,3	147,2
Translation differences					-0,1		-0,1
Available-for-sale investments			1,9				1,9
Actuarial gains and losses			0,0				0,0
Total comprehensive income			1,9		146,7	0,3	148,9
Dividends					-203,9	-0,6	-204,6
Share-based compensation					2,4		2,4
Disposal of treasury shares		6,0			-1,4		4,6
Acquisition of subsidiary with non-controlling interests						25,6	25,6
Acquisition of non-controlling interests without a change in control					-1,0	-1,9	-2,9
Stock options exercised				2,9			2,9
Balance at 30 September 2013	83,0	-188,1	388,3	55,6	457,0	26,2	821,9

Notes

ACCOUNTING PRINCIPLES

The Interim report has been prepared in accordance with the IFRS recognition and measurement principles, although all requirements of IAS 34 Interim Financial Reporting have not been followed. The information has been prepared in accordance with International Financial Reporting Standards (IFRS) effective at the time of preparation and adopted for use by European Union. Apart from the changes in accounting principles stated below, the accounting principles applied in the interim report are the same as in the financial statements at 31 December 2012.

Changes in the accounting principles

The Group adopted the following standards, amendments to standards and interpretations effective 1 January 2013:

- Amended IAS 19 Employee Benefits
- Amended IAS 1 Presentation of Financial Statements
- IFRS 13 Fair Value Measurement
- Annual Improvements of IFRS standards

As a result of the adoption of the amended IAS 19 Employee Benefits -standard, actuarial gains and losses are recorded directly in the consolidated statement of comprehensive income . The impact of the adoption on 31 December 2012 was a reduction of EUR 6.5 million in group equity and an increase of post-employee liabilities to EUR 5.9 million. The reduction in the Group's total comprehensive income in 2012 was EUR 4.5 million. The comparative financial information for 2012 has been revised in accordance with the amended accounting standard.

1. Segment Information

7-9/2013	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	246,7	148,1		394,8
EBITDA	84,8	53,6		138,4
Depreciation and amortisation	-30,6	-24,3		-54,8
EBIT	54,2	29,3		83,6
Financial income			3,0	3,0
Financial expense			-8,5	-8,5
Share of associated companies' profit			0,0	0,0
Profit before tax				78,0
Investments	32,5	24,1		56,6
7-9/2012	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	244,4	142,3		386,7
EBITDA	82,7	51,5		134,2
Depreciation and amortisation	-27,9	-21,4		-49,3
EBIT	54,8	30,1		84,9
Financial income			2,1	2,1
Financial expense			-8,7	-8,7
Share of associated companies' profit			0,0	0,0
Profit before tax				78,2
Investments	30,4	20,7		51,1

1-9/2013	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	705,3	440,9		1 146,2
EBITDA	221,8	147,2		369,0
Depreciation and amortisation	-88,9	-68,3		-157,2
EBIT	132,9	78,9		211,8
Financial income			8,1	8,1
Financial expense			-25,4	-25,4
Share of associated companies' profit			0,0	0,0
Profit before tax				194,6

Investments	84,2	66,1		150,3
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1-9/2012	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	715,0	442,7		1 157,7
EBITDA	230,5	146,7		377,2
Depreciation and amortisation	-86,7	-65,4		-152,2
EBIT	143,8	81,2		225,0
Financial income			7,1	7,1
Financial expense			-27,1	-27,1
Share of associated companies' profit			0,0	0,0
Profit before tax				205,0

Investments	84,2	59,0		143,2
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1-12/2012	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	962,4	591,1		1 553,4
EBITDA	307,0	194,1		501,1
Depreciation and amortisation	-115,0	-87,1		-202,1
EBIT	191,9	107,0		298,9
Financial income			9,4	9,4
Financial expense			-39,5	-39,5
Share of associated companies' profit			0,1	0,1
Profit before tax				268,9

Investments	113,6	79,9		193,4
Total assets	1 145,7	760,3	102,7	2 008,7

2. Operating Lease Commitments

EUR million	30.9. 2013	31.12. 2012
Due within 1 year	29,6	30,2
Due after 1 year but within 5 years	33,2	38,0
Due after 5 years	6,8	7,0
Total	69,6	75,3

3. Contingent Liabilities

EUR million	30.9. 2013	31.12. 2012
For our own commitments		
Mortgages	15,4	4,8
Pledged securities	2,9	
Deposits	0,8	0,9
Guarantees	1,5	
Other	0,2	
On behalf of associated companies		
Guarantees	0,5	
Other	0,1	
On behalf of others		
Guarantees	0,6	0,5
Total	22,0	6,2

Other contractual obligations		
Repurchase obligations	0,1	0,0
Letter of credit	0,5	

4. Derivative Instruments

EUR million	30.9. 2013	31.12. 2012
Interest rate swaps		
Nominal value	150,5	150,0
Fair value	0,1	0,4
Currency swaps		
Nominal value	4,0	
Fair value	0,1	

Key Figures

EUR million	1-9 2013	1-9 2012	1-12 2012
Shareholders' equity per share, EUR	5,05	5,07	5,37
Interest bearing net debt	995,4	874,2	838,6
Gearing	121,1 %	109,8 %	99,3 %
Equity ratio	35,5 %	40,6 %	42,3 %
Return on investment (ROI) *)	15,4 %	18,3 %	17,4 %
Gross investments in fixed assets	150,3	143,2	193,4
of which finance lease investments	1,1	3,3	3,1
Gross investments as % of revenue	13,1 %	12,4 %	12,5 %
Investments in shares	111,1	0,0	0,0
Average number of employees	4 320	3978	3973

*) rolling 12 months profit preceding the reporting date

Financial Calendar

Financial Statements 2013	7 February 2014
First quarter 2014	24 April 2014
Second quarter 2014	16 July 2014
Third quarter 2014	17 October 2014

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