



# First Quarter Results 2009

24 April 2009

# Agenda

**CEO's review**  
Veli-Matti Mattila,  
CEO

**Financial review**  
Jari Kinnunen,  
CFO

# CEO's review

- Financial and operational highlights
- Review of the Consumer Customer and Corporate Customer businesses
- Execution of the strategy
- Progress of 3G services
- Outlook for 2009

# Q1 2009 financial highlights

## Revenue and EBITDA as expected

- Revenue € 351m (367)
  - Lower interconnection fees and roaming revenues, approx. € -3
  - Lower equipment sales volumes, approx. € -11
- EBITDA € 115m (111\*), EBITDA margin 33% (30\*)
  - Increase in sales costs due to strong growth in mobile subscriptions
- EPS € 0.26 (0.25)
- Net debt € 854m (955)
  - Dividend payment € 86m in March 2009, share buybacks EUR 43m in September 2008
  - Strong cash flow during Q2/08 – Q1/09
- Net debt / EBITDA 1.8x (1.9), gearing 104% (121)
  - According to target setting

\* 2008 excluding one-off items



# Q1 2009 operational highlights

Record high growth in mobile subscriptions

	Q1 2009	Change in Q1 2009
Mobile subscriptions	3,025,600	146,000
Fixed broadband	495,300	-6,200
Mobile ARPU *	€24.1	€-2.3
Mobile Churn **	14.0%	+2 %-units
Mobile usage, min ***	1,525m	-2m
Active 3G data users	523,000	27,000

\* Revenue per subscription

\*\* Annualised

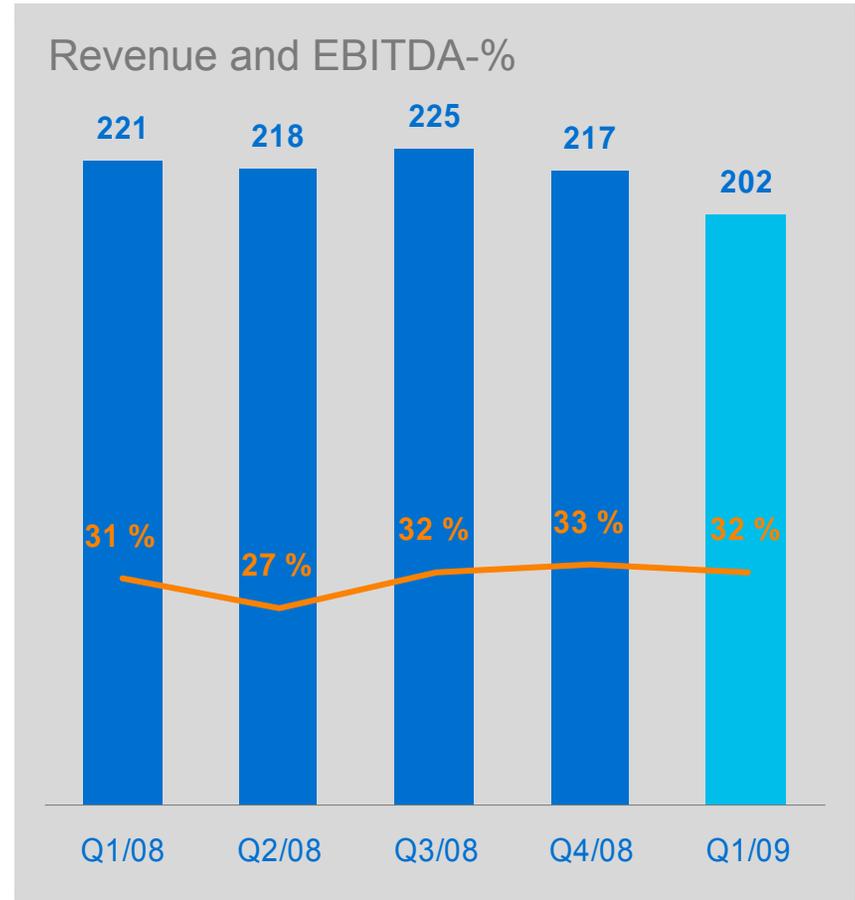
\*\*\* Outgoing minutes



# Q1 2009 Consumer Customers

Revenue affected by interconnection and equipment sales

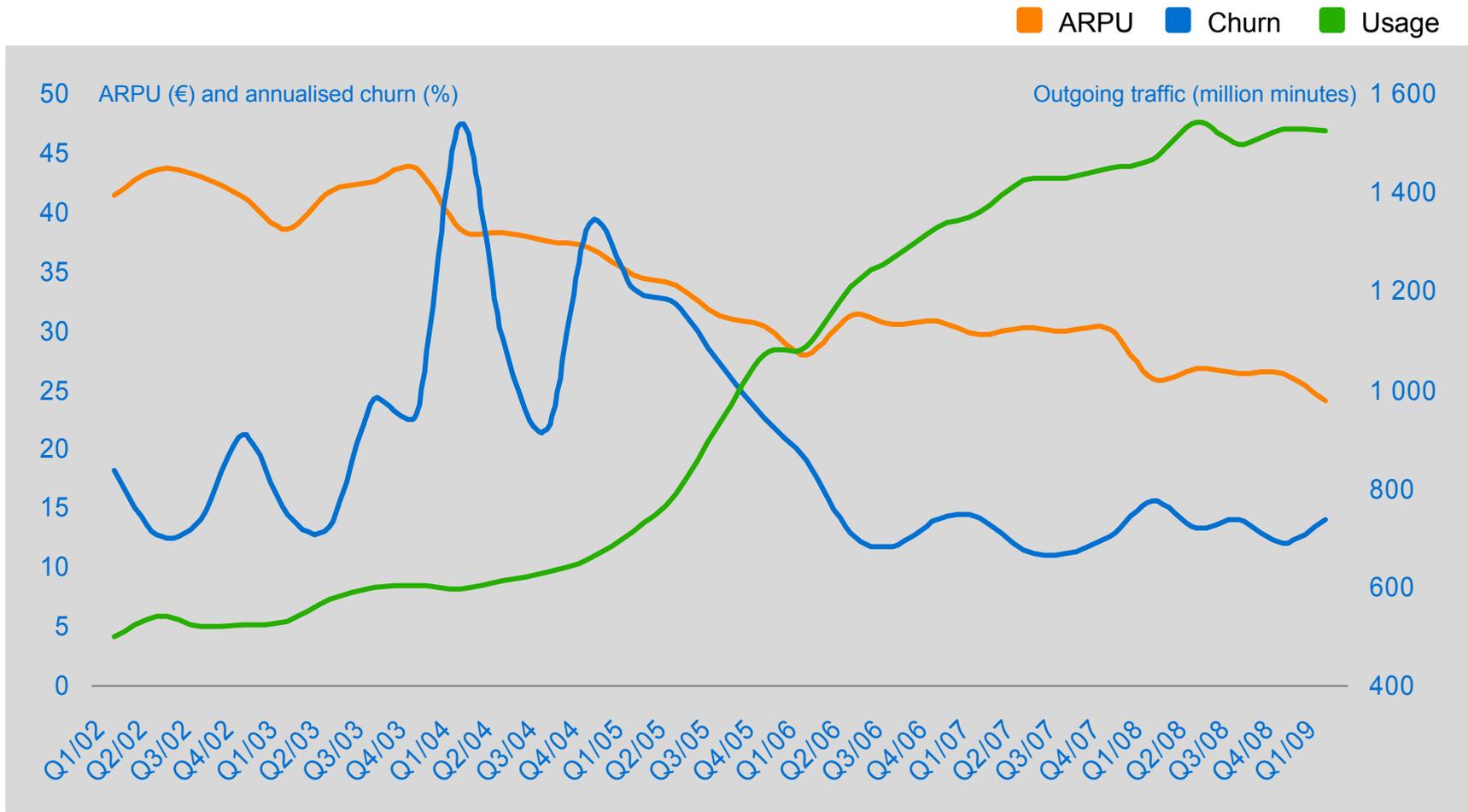
- Revenue € 202m (221)
  - Lower equipment sales
  - Decrease in traditional fixed lines
  - Lower interconnection fees in Finland and Estonia
- EBITDA € 64m (68\*), 32% of revenue (31\*)
  - Cost efficiency
  - Increase in sales costs
  - SAC has been stable
- EBIT € 33m (38\*), 17% of revenue (17\*)



\* 2008 excluding one-off items

# Mobile subscription KPIs

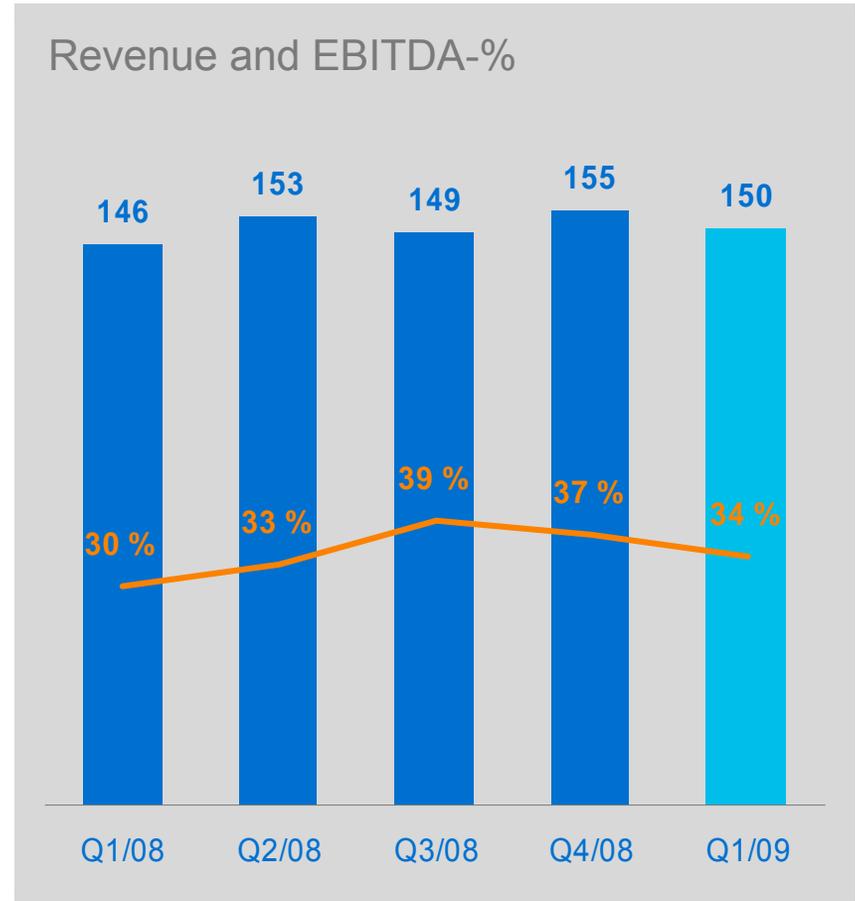
Lower interconnection fee, increase in Churn



# Q1 2009 Corporate Customers

Solid performance in challenging environment

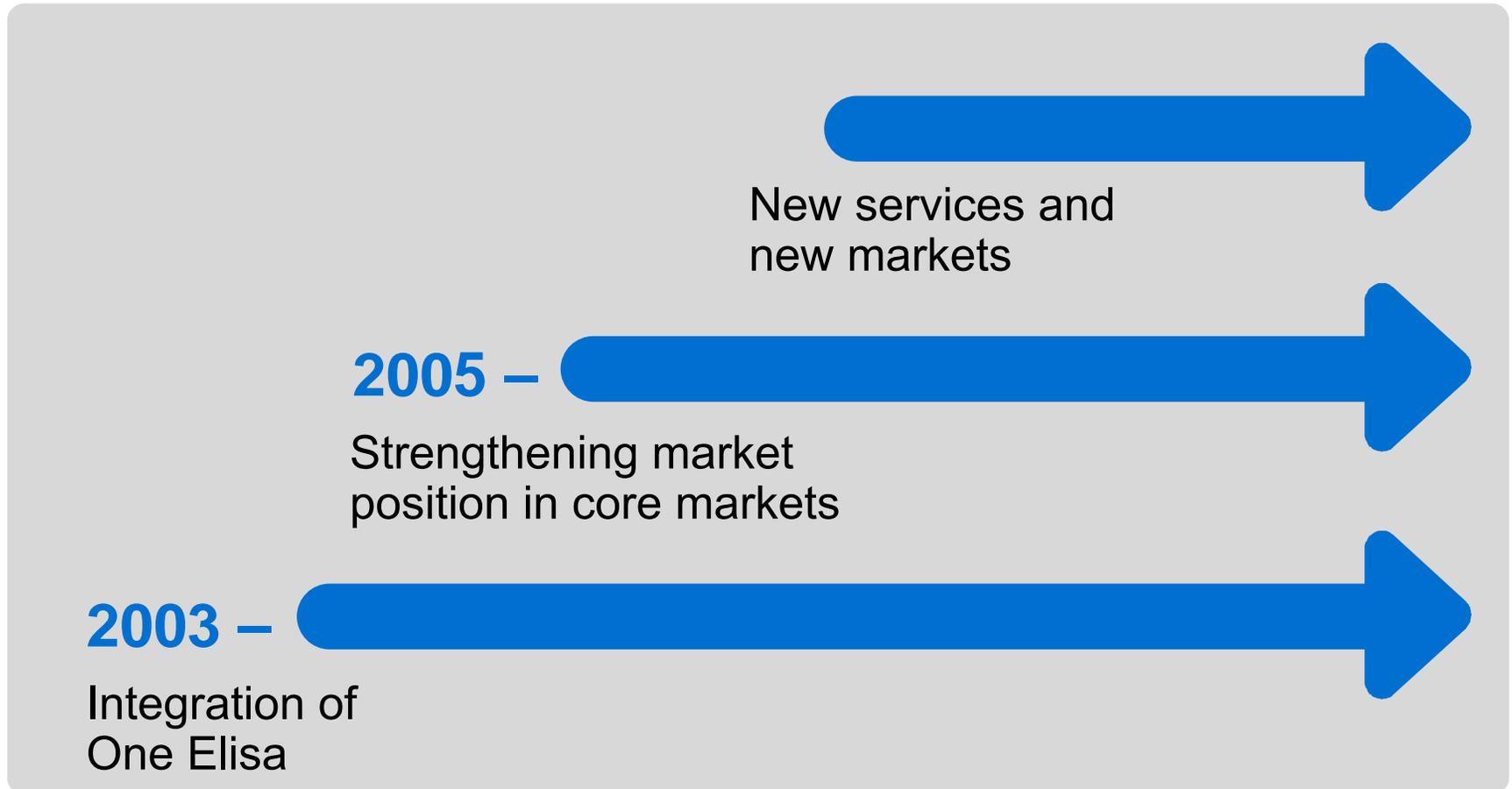
- Revenue € 150m (146)
  - Growth in mobile data services
  - Decrease in equipment sales
  - Lower interconnection fees and roaming revenues
- EBITDA € 51m (43\*), 34% of revenue (30\*)
  - Cost efficiency
  - Extra expenses in 2008
- EBIT € 28m (21\*), 19% of revenue (15\*)

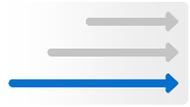


\* 2008 excluding one-off items

# Strategy execution

Elisa's strategy





# Strategy execution

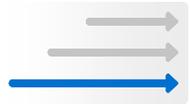
## Operational excellence

Productivity improvements in Q1 2009:

- Clearly shortened delivery times
  - E.g. fixed broadband delivery time from 15-20 days to 48 hours
- Faster repair times
  - E.g. 50% reduction in fixed broadband repair time
- Increase in the degree of automation and self-service

=> Increased customer satisfaction

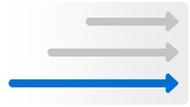
=> Decreased cost



# Ease and productivity through self-service

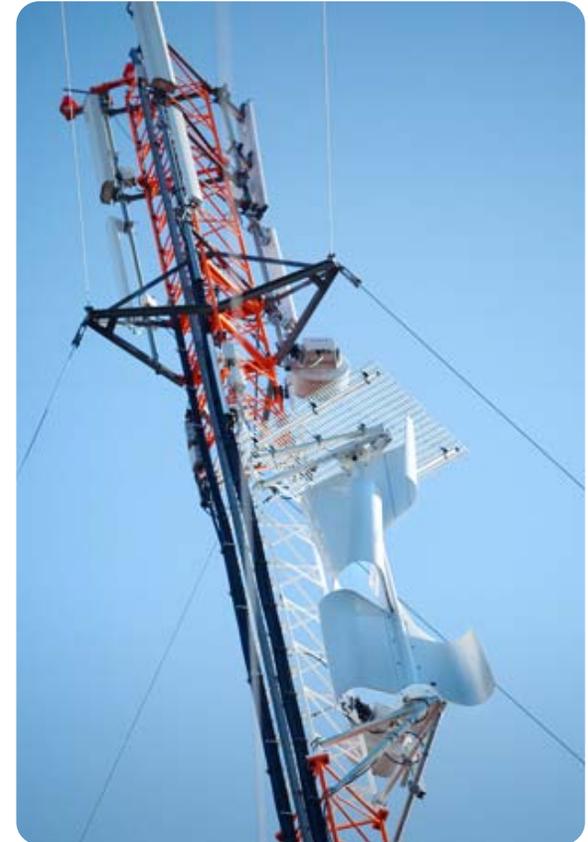
- Consumers appreciate Oma Elisa (Own Elisa) service
  - More than 50% of the Consumer Customer contacts are handled through Oma Elisa
  - Number of Oma Elisa users growing steadily
- Corporate customers also benefiting from Oma Elisa
  - Clear increase in utilisation and automation rates
  - More than 55% of all orders through Oma Elisa

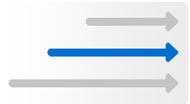




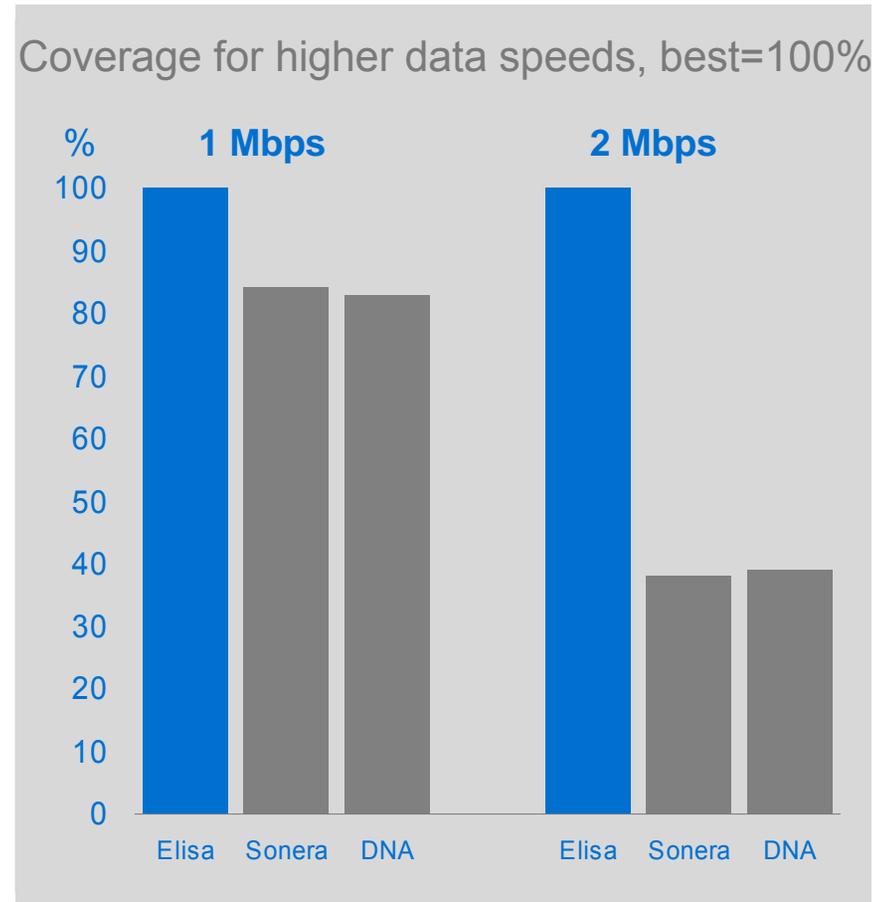
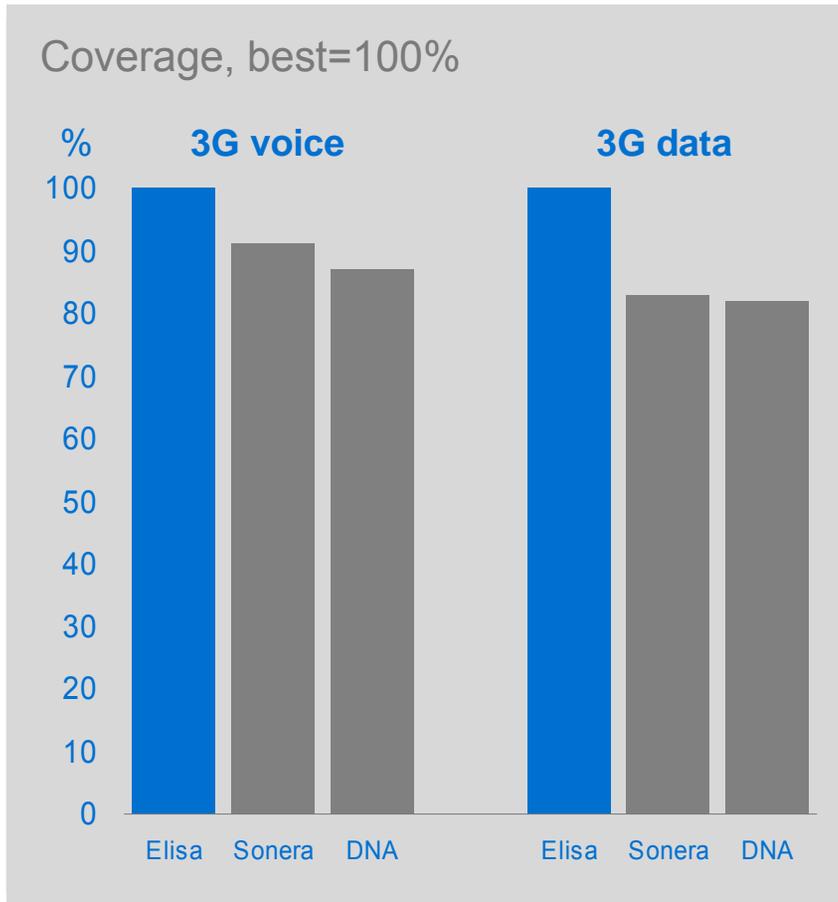
# Elisa harnesses wind power in towers

- First wind power pilot in the mobile network in Finland
  - Elisa Estonia is also piloting in its mobile network
- Efficient use of energy
  - Environment friendly
  - Cost-effective





# Elisa has the best 3G coverage



Source: *European Communications Engineering 4/2009*

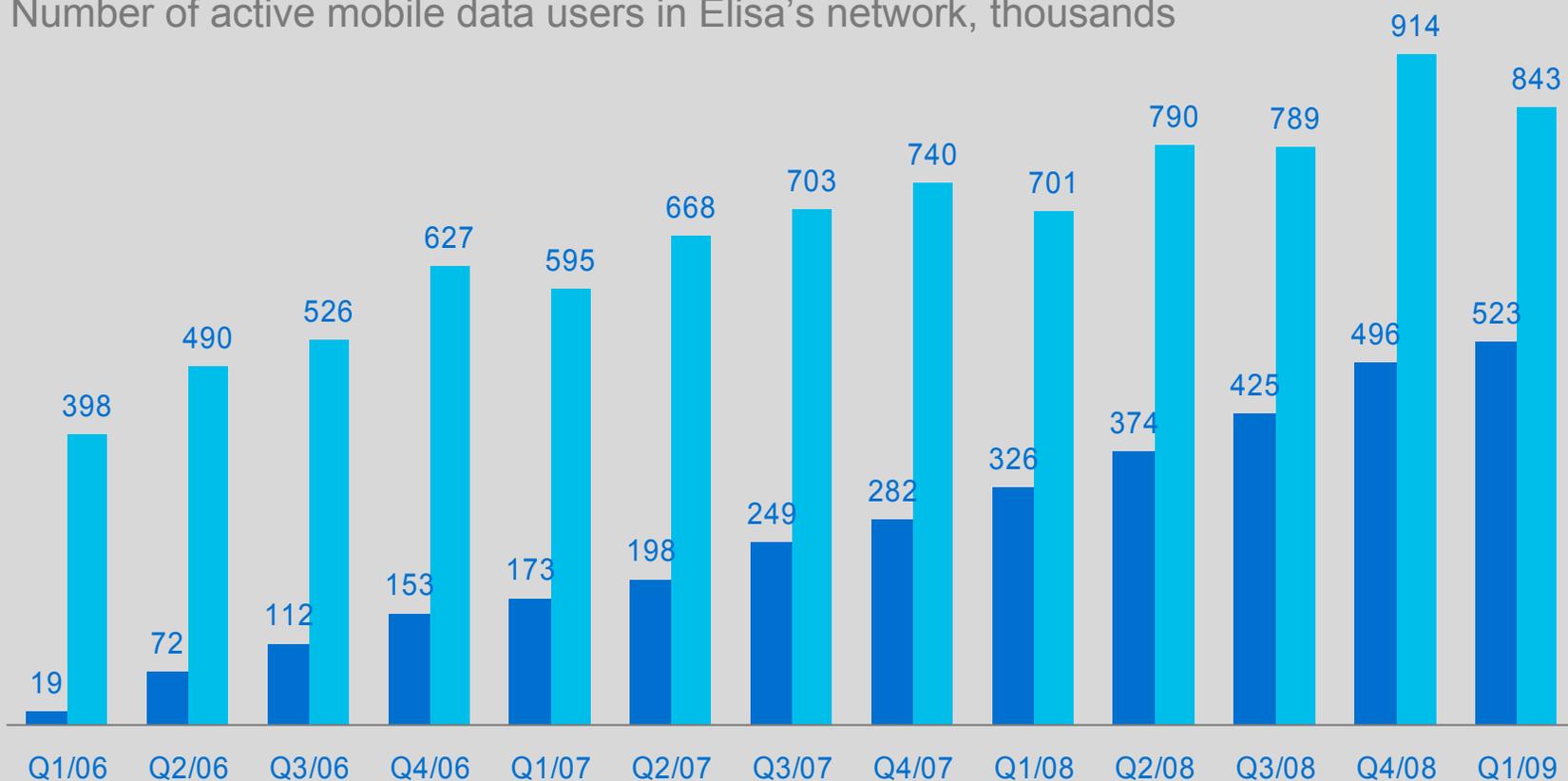


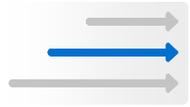


# Growth in active 3G data users continues

■ Active 3G users ■ Active GPRS users

Number of active mobile data users in Elisa's network, thousands

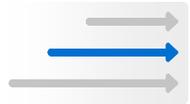




# Elisa leads the way in mobile marketing

- “Elisa Advantage Program” – the channel to the ad-based market
- The first national mobile marketing channel





# ICT strategy execution with bolt-on acquisitions

- Xenetic Oy

- Finnish hosting service company
- On-demand service development and SaaS (Software as a Service) offering



- Trackway

- Solutions for logistics and asset tracking
- In addition to RFID, also other location and asset tracking technologies, like sensors



# Outlook for 2009

- Current economic environment creates uncertainty
  - Elisa is not immune to the negative development of the economy
  - The main risks relate to the development of the Estonian economy and the Corporate Customer segment
- Competition remains challenging
- Revenue at the same or slightly lower level than in 2008
- EBITDA excluding one-offs at the same or slightly lower level than in 2008
- CAPEX maximum 12 per cent of revenue
  - May be clearly less, if the general economy deteriorates further

# Agenda

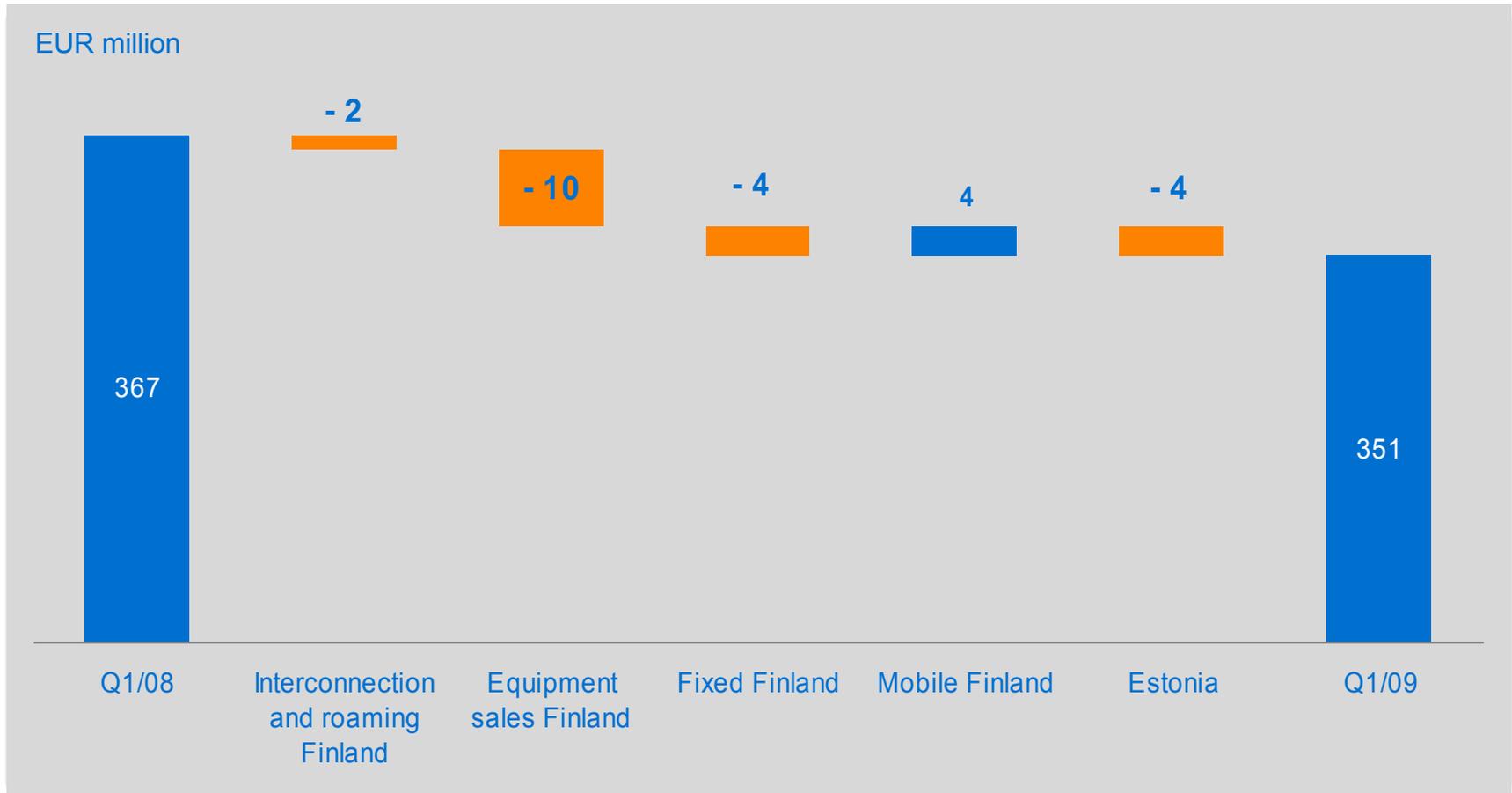
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# Profitability improved in Q1 2009

EUR million	Q1/09	Q1/08	Δ	2008
Revenue	351	367	-16	1,485
Other operating income	1	1		7
Operating expenses	-237	-260	23	-1 020
EBITDA	115	108	7	472
EBITDA excluding one-offs	115	111	4	478
<i>EBITDA-%</i>	<i>32.7</i>	<i>29.5</i>		<i>31.8</i>
<i>EBITDA-% excluding one-offs</i>	<i>32.7</i>	<i>30.2</i>		<i>32.2</i>
Depreciation and amortisation	-53	-51		-207
EBIT	62	57	5	265
EBIT excluding one-offs	62	60	2	271
<i>EBIT-%</i>	<i>17.6</i>	<i>15.6</i>		<i>17.8</i>
<i>EBIT-% excluding one-offs</i>	<i>17.6</i>	<i>16.3</i>		<i>18.2</i>
Profit before tax	53	52	1	228
Income taxes	-12	-12		-51
Profit for the period	41	40	1	177
EPS, EUR/share	0.26	0.25	+0.01	1.12

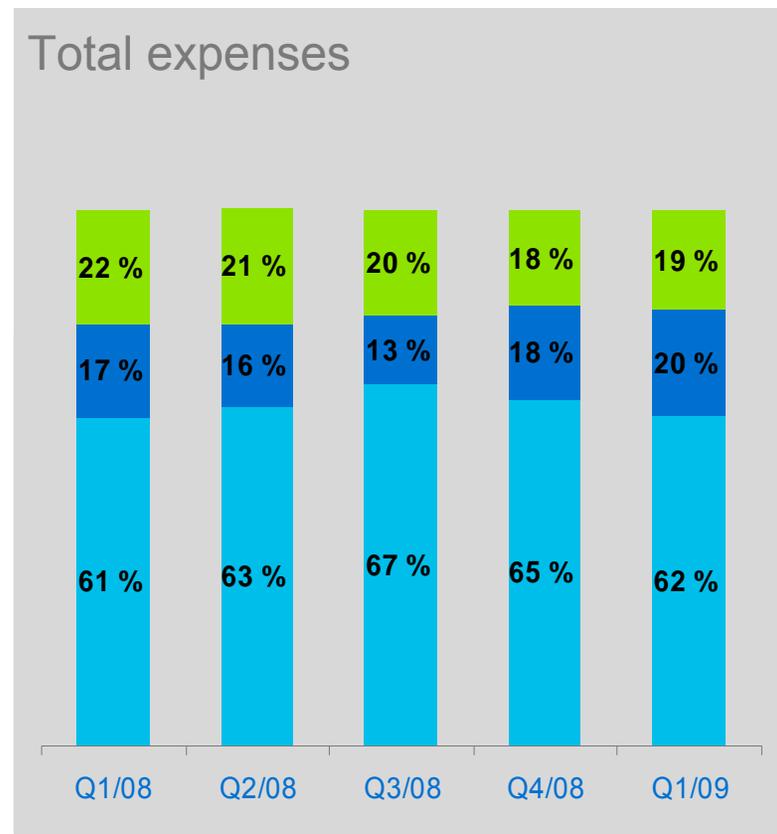
# Revenue change in 2009



# Total expenses continued to decrease

- Other operating expenses
- Employee benefit expenses
- Materials and services

EURm	Q1 08	Q2 08	Q3 08	Q4 08	FY 08	Q1 09
Materials and services	159	169	166	159	652	146
Employee benefit expenses	45	42	32	43	163	47
Other operating expenses	56	57	49	44	205	44
<b>Total expenses</b>	<b>260</b>	<b>268</b>	<b>247</b>	<b>246</b>	<b>1,020</b>	<b>237</b>
Depreciation	51	52	53	52	207	53

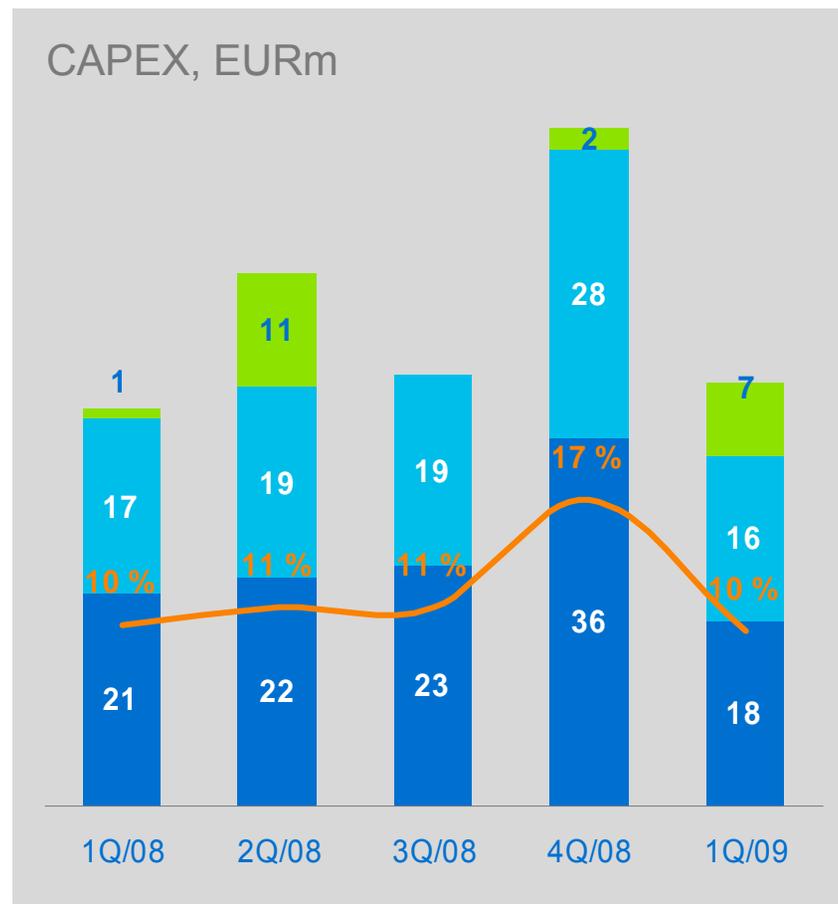


# Solid Cash Flow

EUR million	Q1/2009	Q1/2008	Δ	2008
EBITDA	115	108	7	472
Change in receivables	12	67		132
Change in inventories	2	4		7
Change in payables	-10	-49		-56
Change in NWC	4	22	-18	83
Financials (net)	-15	-14	-1	-39
Taxes for the year	-17	-12	-5	-50
Taxes for the previous year				-10
Taxes	-17	-12	-5	-60
CAPEX	-34	-37	3	-179
Investments in shares	-7	-1		-12
Sale of assets and adjustments	0	0		-3
Cash flow after investments	46	66	-20	260

# CAPEX decreased by 11% y-o-y

- Total CAPEX EUR 34m (38)
  - CAPEX/Sales 10% (10%)
- Q1 2009 by segments
  - Consumer EUR 18m (21)
  - Corporate EUR 16m (17)
- Major CAPEX areas
  - 3G networks and services
  - Backbone and access networks
  - IT systems

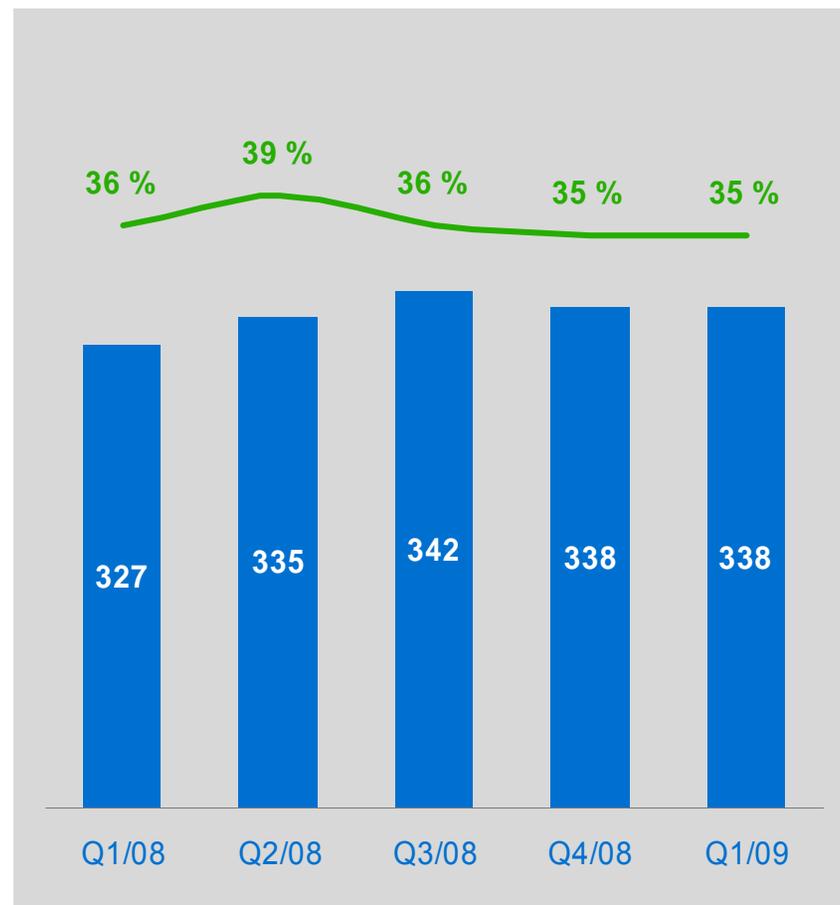


■ Consumer ■ Shares  
■ Corporate ■ CAPEX/Sales

# Recession affected the Estonian business

- Revenue decreased
  - Termination fee and roaming revenue
  - Equipment sales
- Subscriptions grew by 10,200 y-o-y

EUR million	Q1/09	Q1/08	2008
Revenue	20	24	99
EBITDA	7	9	37
<i>EBITDA-%</i>	<i>35 %</i>	<i>36 %</i>	<i>37 %</i>
EBIT	4	5	26
<i>EBIT-%</i>	<i>21 %</i>	<i>22 %</i>	<i>26 %</i>
CAPEX	1	2	15



■ Subs, thousands ■ EBITDA%



# Capital structure within target range

## ■ Capital structure

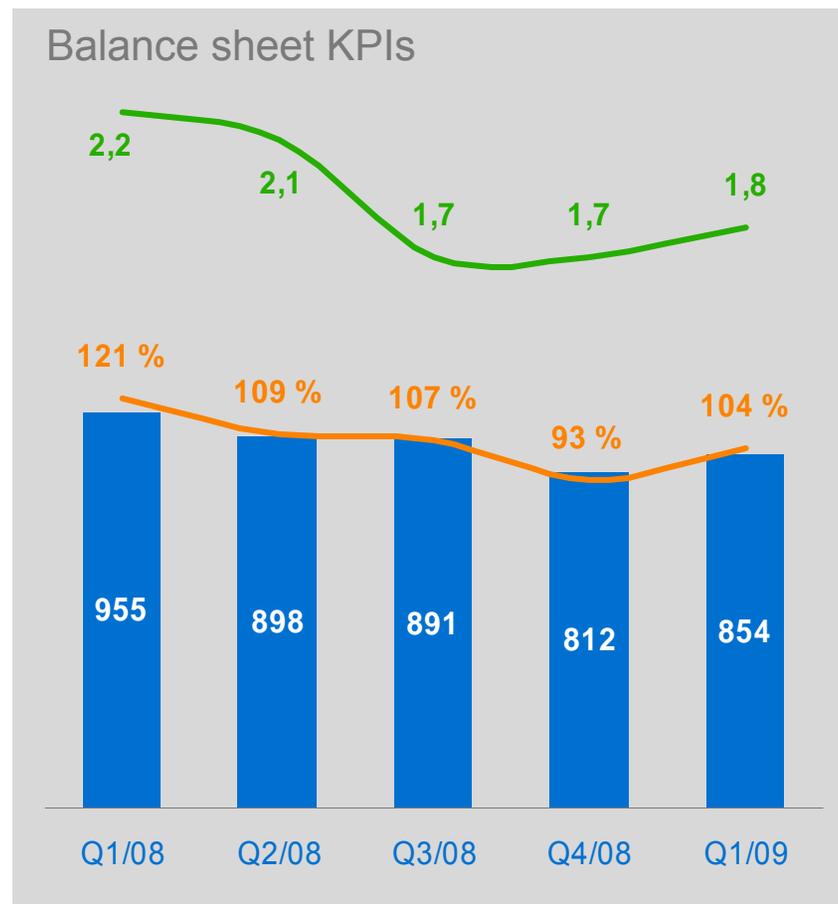
- Net debt / EBITDA 1.8
- Gearing 104%

## ■ Target setting

- Net debt / EBITDA 1.5 – 2x
- Gearing 50 – 100%

## ■ Dividend

- Ordinary dividend EUR 0.60
- EUR 86m was paid in Q1 2009
- Withholding taxes, EUR 8m, will be paid in Q2

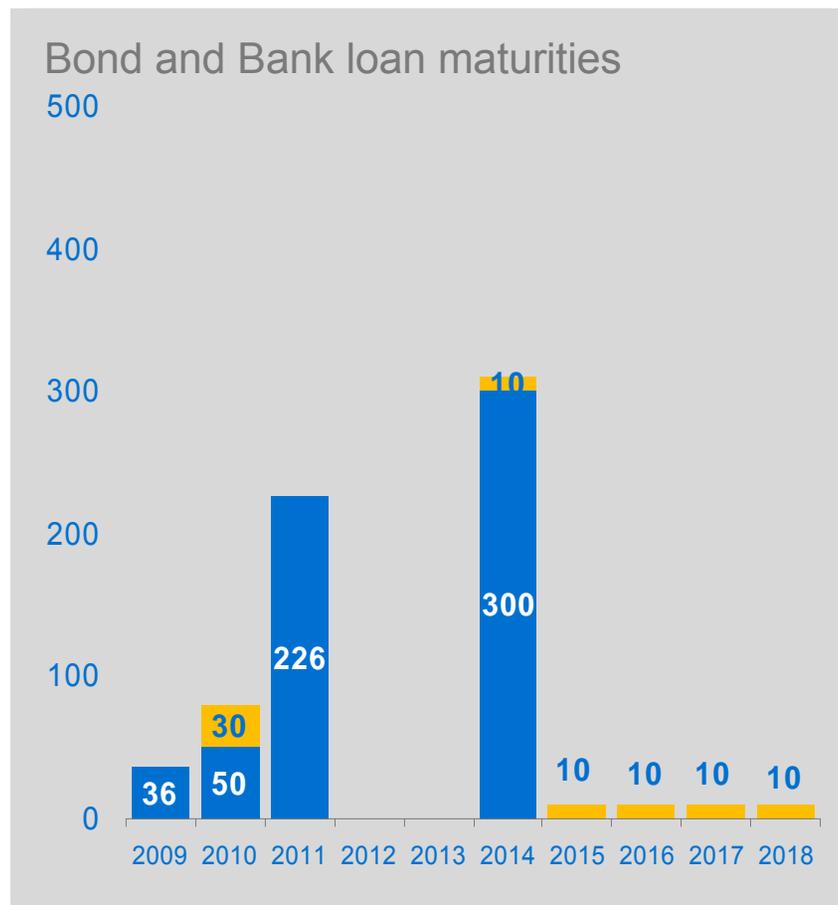


■ Net Debt, EURm   ■ Net Debt/EBITDA  
■ Gearing, %



# Liquidity position good

- Cash and undrawn committed facilities EUR 261m (123m)
- Revolving Credit Facilities
  - EUR 170m maturing June 2012
  - EUR 130m maturing November 2014
  - EUR 70m in use Q1/09
- Commercial Paper Program
  - EUR 101m in use, back up with RCF
- No changes in credit ratings
  - S&P                      BBB/Stable outlook
  - Moody's                Baa2/Stable outlook



■ Bonds    ■ Bank Loans

# Focus on Cash flow in the current downturn

- Focus on cash generation
  - CAPEX control
  - Net Working Capital
  - Contingency plans
    - Operative costs
    - CAPEX
- Productivity programs
  - Improved lead times
  - Process improvements
- Cost control
  - Suppliers and subcontractors
  - G&A cost
- Customer credit control

# Distribution possibilities have remained

- Capital structure targets unchanged
  - Net debt / EBITDA 1.5 – 2x
- Cash flow generation in focus
  - Net debt / EBITDA and gearing are expected to decrease
- Authorisation from the shareholders
  - Special dividend or capital repayment up to EUR 150m
  - Share buy-backs up to 15m shares



# First Quarter Results 2009

24 April 2009

## APPENDIX SLIDE

# Consolidated Cash flow statement

EUR million	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2/2007	Q1/2007
<b>Cash flow from operating activities</b>									
Profit before tax	53	70	67	38	52	65	89	67	64
Adjustments to profit before tax	61	57	59	67	56	63	41	47	50
Change in working capital	4	33	-2	30	22	19	-59	-15	-45
Cash flow from operating activities	119	159	124	135	130	148	71	99	69
Received dividends and interests and interest paid	-15	-4	-15	-6	-14	-3	-13	-2	0
Taxes paid	-17	-11	-15	-22	-12	-23	-22	-33	-4
Net cash flow from operating activities	87	145	93	108	104	121	36	64	65
<b>Cash flow in investments</b>									
Capital expenditure	-34	-60	-42	-40	-37	-69	-45	-46	-44
Investments in shares and other investments	-7	-1	-1	-9	-1	-1	-1	-2	-3
Proceeds from asset disposal	0	0	0	0	0	1	16	21	1
Net cash used in investment	-41	-61	-42	-49	-38	-69	-30	-27	-46
<b>Cash flow after investments</b>	46	84	51	59	66	53	6	37	19
<b>Cash flow in financing</b>									
Share Buy Backs and sales (net)		0	-43		0	0	0	-84	
Change in interest-bearing receivables					0		0	0	
Change in long-term debt		0		50	0	0	0	-44	350
Change in short-term debt	40	-70	-1	-136	246	92	0	0	-25
Repayment of financing leases	-1	-1	-1	-1	-1	-1	-2	-2	-2
Dividends paid	-86	-1	0	-1	-284	-158	-1	-23	-220
Cash flow in financing	-47	-72	-45	-87	-40	-67	-2	-153	103
<b>Change in cash and cash equivalents</b>	<b>-2</b>	<b>12</b>	<b>6</b>	<b>-28</b>	<b>26</b>	<b>-15</b>	<b>4</b>	<b>-116</b>	<b>121</b>

## APPENDIX SLIDE

# Financial situation

EUR Million	31 Mar 2009	31 Dec 2008	30 Sep 2008	30 Jun 2008	31 Mar 2008
<b>Interest-bearing debt</b>					
Bonds and notes	606	606	604	604	634
Commercial Paper	101	56	81	107	118
Loans from financial institutions	80	80	80	80	0
Financial leases	27	27	26	26	26
Committed credit lines 1)	70	75	120	95	220
Others 2)	1	1	1	1	1
<b>Interest-bearing debt, total</b>	<b>885</b>	<b>845</b>	<b>912</b>	<b>913</b>	<b>998</b>
Security deposits					
Securities					
Cash and bank	31	33	21	15	43
<b>Interest-bearing receivables</b>	<b>31</b>	<b>33</b>	<b>21</b>	<b>15</b>	<b>43</b>
<b>Net debt 3)</b>	<b>854</b>	<b>812</b>	<b>891</b>	<b>898</b>	<b>955</b>

- 1) The committed credit lines are joint EUR 170 million and EUR 130 million revolving credit facilities with five banks, which Elisa Corporation may flexibly use on agreed pricing. The loan arrangements are valid until 17 June 2012 and 23 November 2014.
- 2) Redemption liability for minorities
- 3) Net debt is interest-bearing debt less cash and interest-bearing receivables.