

SECOND
QUARTER
RESULTS

19 JULY 2011

2011



siinä on ideaa.

Agenda

CEO's review

Veli-Matti Mattila, CEO

Financial review

Jari Kinnunen, CFO

CEO's review

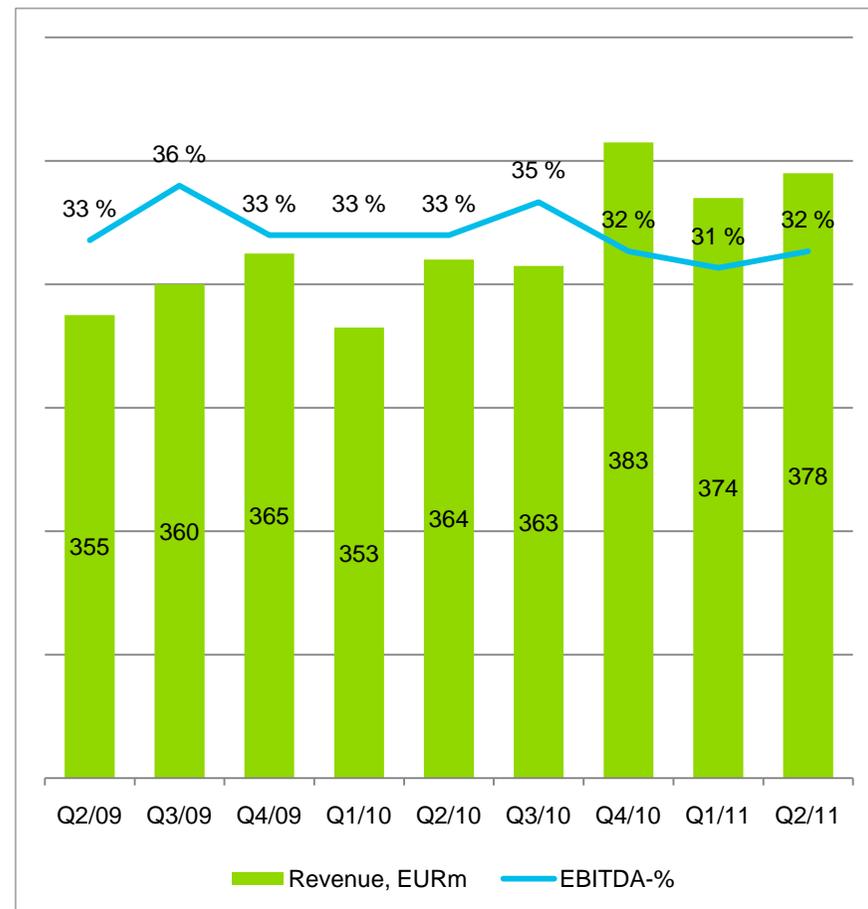
- Q2 2011 financial and operational highlights
- Segment review
- Execution of the strategy
- Progress of new services and smartphone market development
- Outlook for 2011

Q2 2011 highlights

- Strong revenue growth continued
- Profitability was at a good level
- Mobile subscription base and usage continued to grow
- Smartphone market and 3G data services continued strong growth trend
- New data roaming service – predictable cost and excellent coverage across Europe
- New video conferencing service for corporate customers

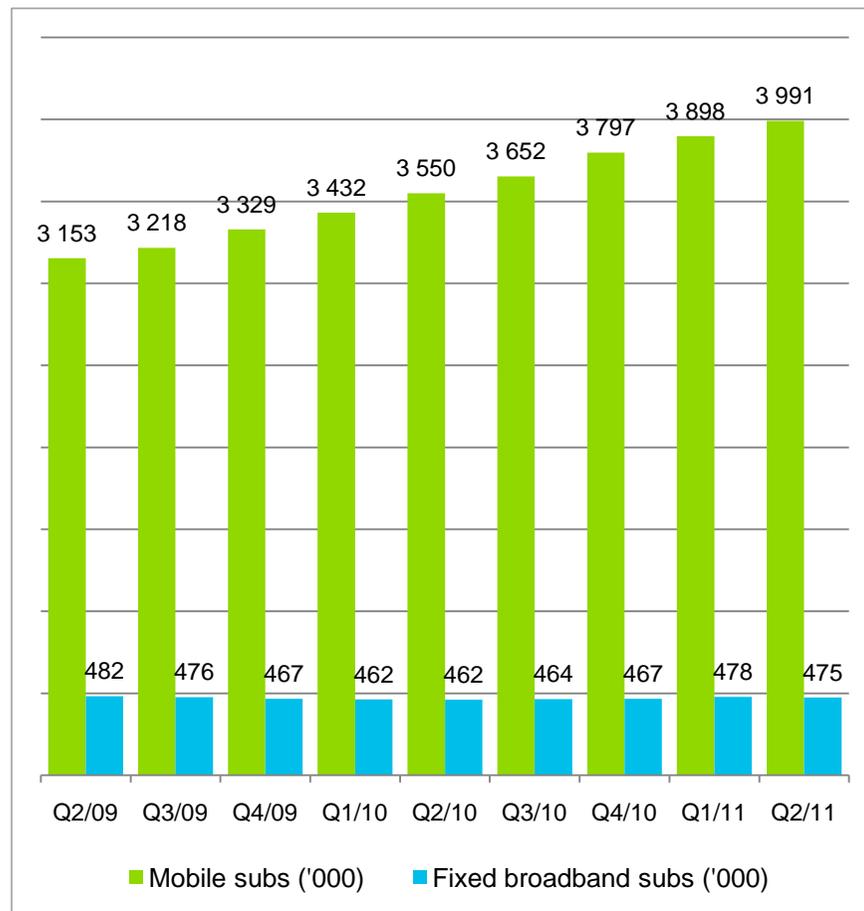
New services and smartphones boosted revenue

- Revenue €378m (364)
 - Growth in equipment sales, mobile, online and ICT services
 - Decrease in fixed telephony business and MTR
- EBITDA €121m (119)
- CAPEX €54m (47), 14% of revenue
 - Excluding IFRS booking of the new lease agreement €47m, 12% of revenue
- Net debt €845m (752)
 - Cash flow €59m
 - Net debt / EBITDA 1.7 (1.5)



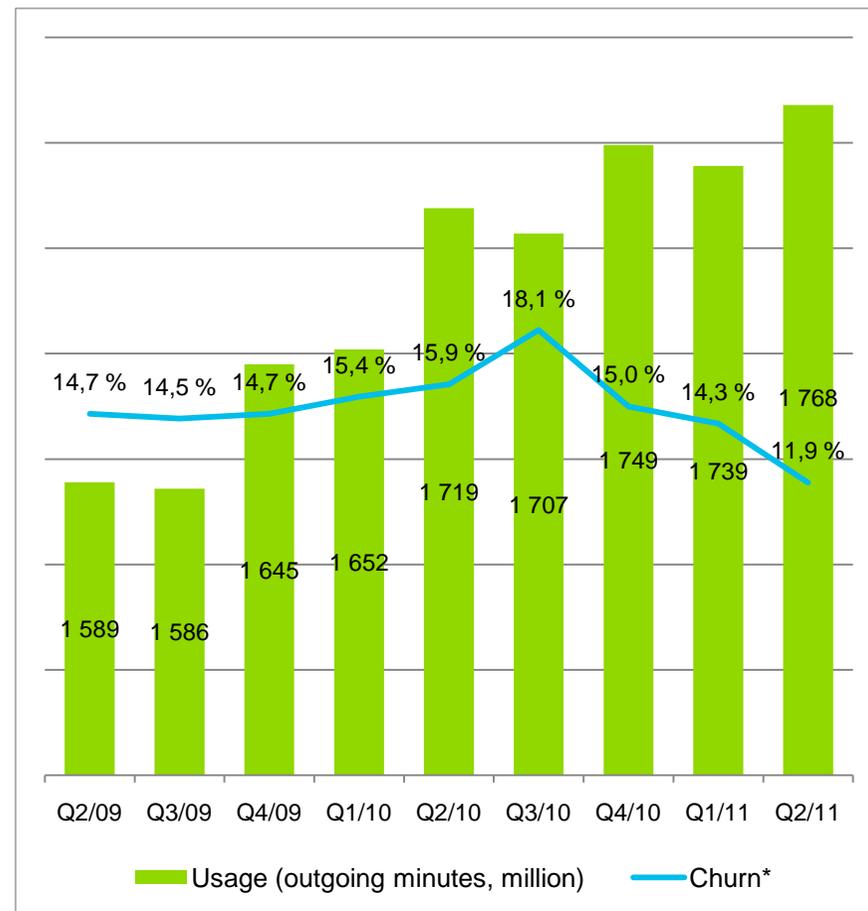
Strong growth in mobile subscriptions continued

- **Mobile net adds 92,500 in Q2/11**
 - Growth in both customer segments
 - Strongest growth in mobile broadband
 - Estonia +14,600 subscriptions
- **Slight decrease in fixed broadband**
 - Decrease 3,000 subscriptions in Q2/11
 - Seasonality



Mobile churn decrease continued

- Growth in mobile services
 - Outgoing minutes growth +3% YoY
 - SMS growth +9% YoY
- Mobile churn 11.9% (15.9)
 - Both voice and mobile broadband churns decreased
 - Competition has remained keen



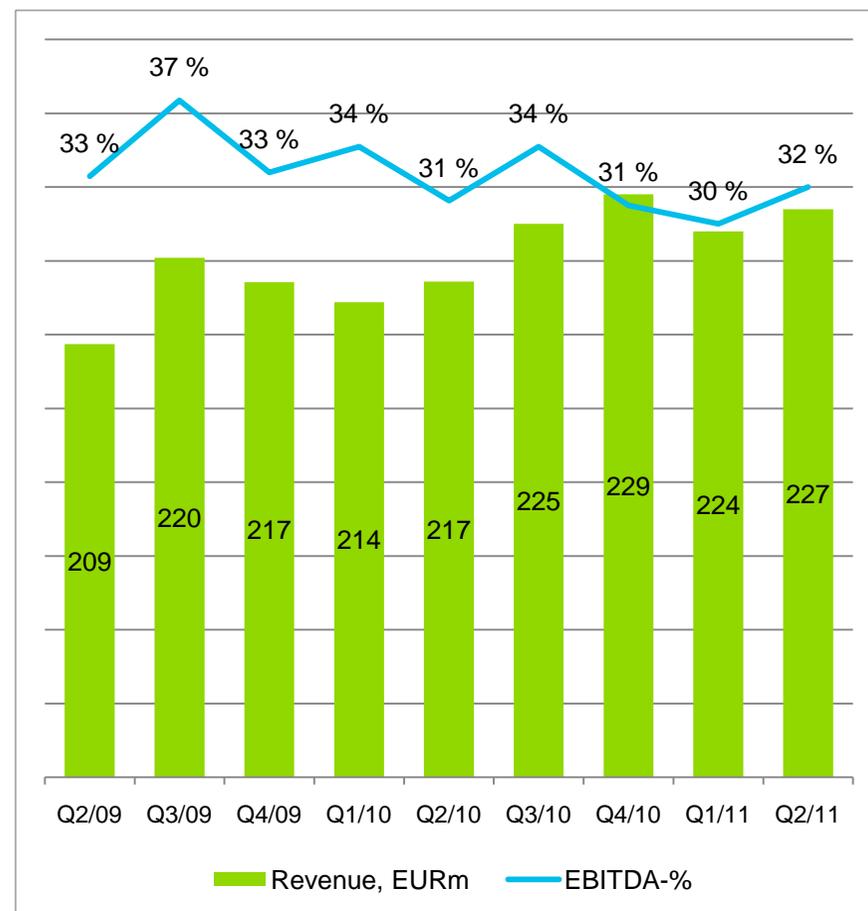
* Annualised



Business Segments

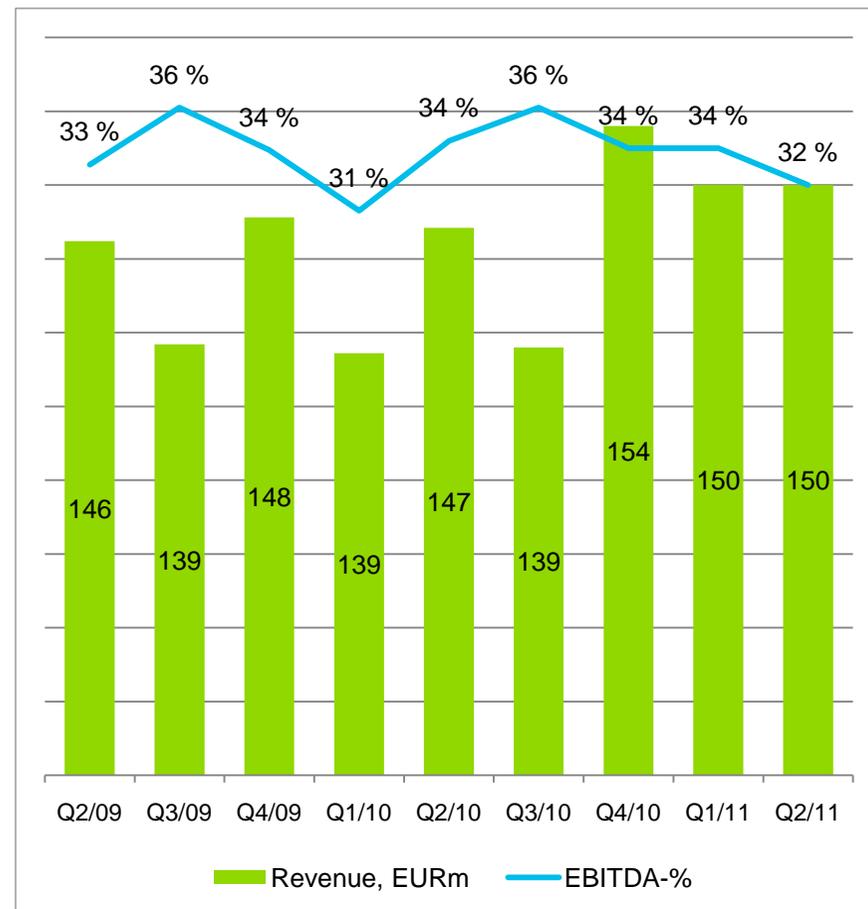
Growth in online services and equipment sales

- Revenue €227m (217)
 - Growth in mobile usage, smartphone sales and online services
 - Decrease in fixed telephony business and mobile interconnection revenue
- EBITDA €72m (68), 32% of revenue
 - Revenue growth
 - Cost efficiency
- CAPEX €32m (27)



Growth in corporate customers' ICT services

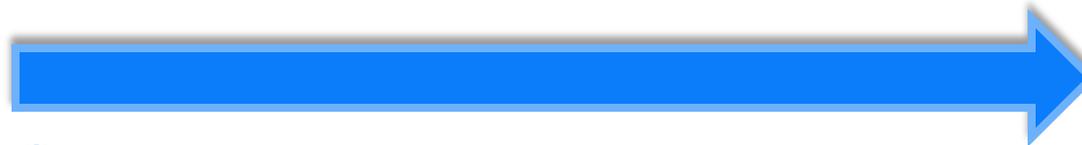
- Revenue € 150m (147)
 - Growth in ICT services and equipment sales
 - Decrease in fixed network business and mobile interconnection revenue
- EBITDA € 49m (51), 32% of revenue
 - Investments in ICT and video conferencing services
- CAPEX € 22m (20)



Strategy execution



New services and
new markets



Strengthening market
position in core markets

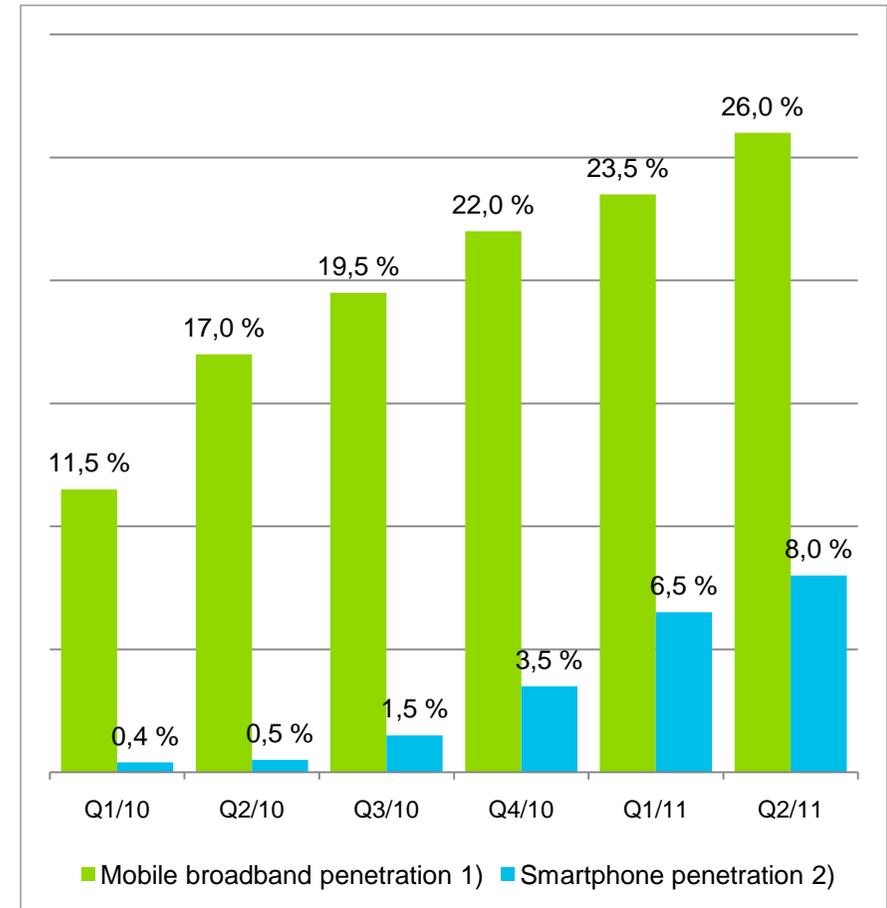


Integration of One Elisa

Mobile broadband and smartphones growth continues

- Broad assortment of smartphones
- Smartphones top the list of most sold phones in June 2011
 1. iPhone 4
 2. Nokia C2-01 (feature phone)
 3. Samsung Galaxy Gio
 4. Nokia C6-01
 5. ZTE Blade
 6. Samsung Galaxy S II
- 64% of all models sold were smartphones in Q2/2011
 - In Q1/2011 50%, year ago 3%

Penetrations in Elisa's network in Finland



1) Dongles and mobile BB add-on services of the total subscription base

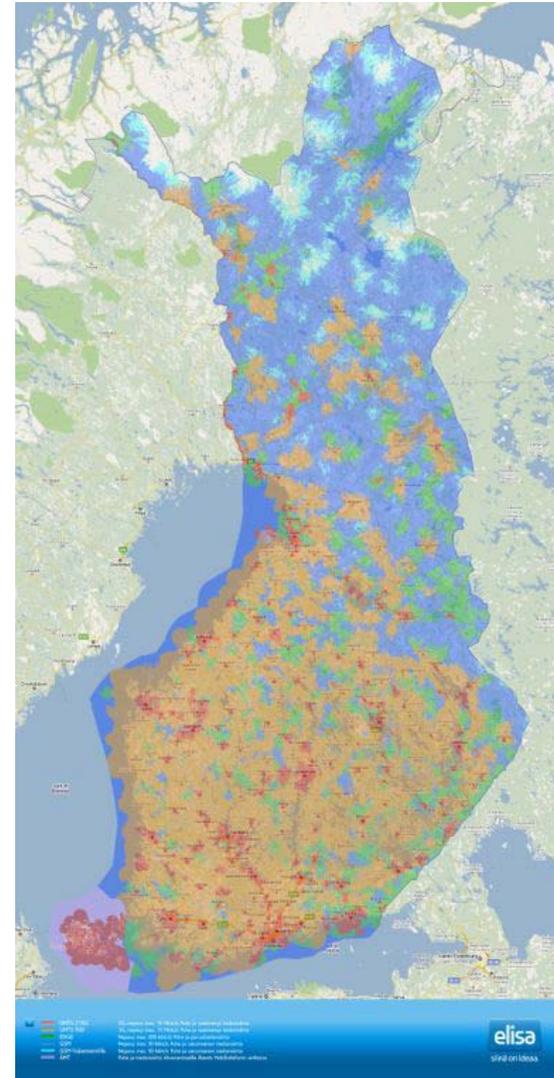
2) iOS (iPhone), Android, Symbian 3^ and Windows phones of the total phone base

1) Mobile BB penetration restated based on Ficora's definition. Includes also multi-SIM BB subscriptions



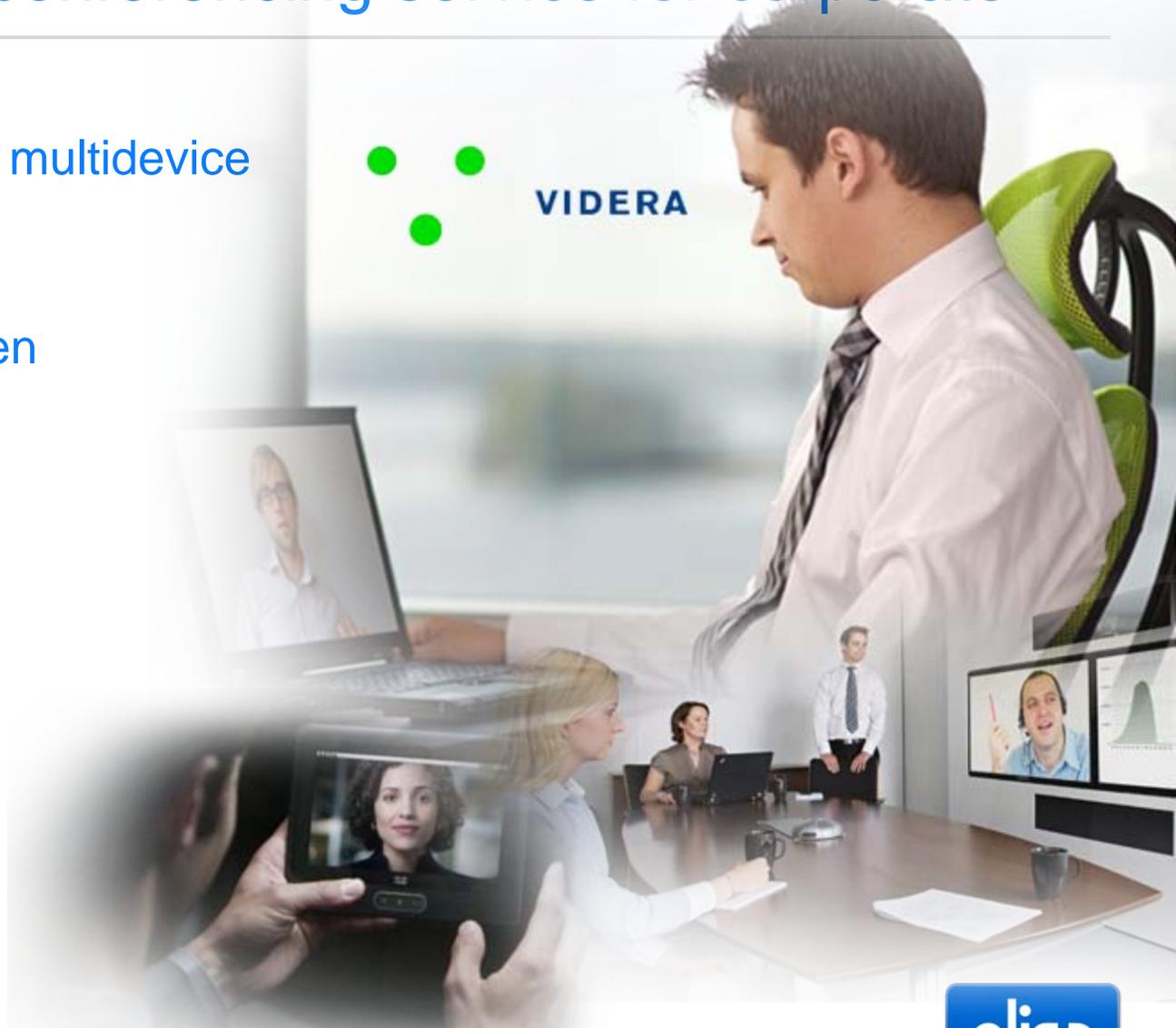
Best 3G coverage in Finland

- Elisa's investments in 3G network guarantee high quality user experience
- Research of European Communications Engineering, spring 2011
 - Best 3G coverage
 - Most 3G base stations
 - Lowest interference levels



Bringio – new video conferencing service for corporate

- World's first multiparty and multidevice HD video conferencing
- Video conferencing between
 - mobile phones
 - tablets
 - laptops
 - video conference rooms



Transparency for data roaming: Elisa Daily Traveller

- Predictable pricing for data usage abroad
 - mobile devices
 - laptops
- Excellent coverage through cooperation with Vodafone and Telenor

	In the EU area	Globally
	€1/MB up to 5 MB	€4/MB up to 5 MB
	€15/50 MB	€50/50 MB

Outlook for 2011

- Positive trends of the Finnish economy have continued
- Competition remains challenging
- Slight increase in revenue
- EBITDA excluding one-offs to improve slightly
- CAPEX maximum 12 per cent of revenue

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Revenue and earnings continued to grow

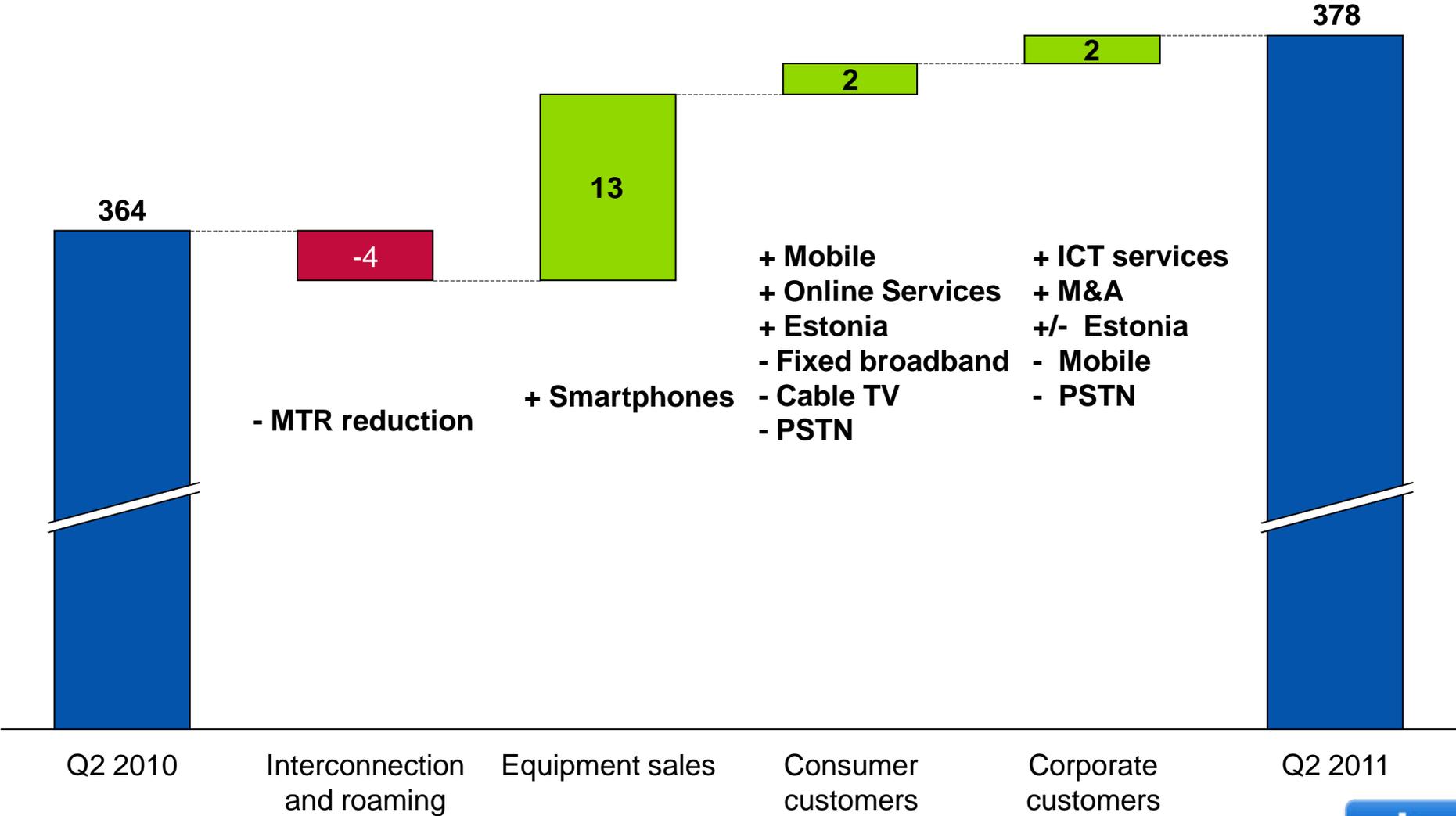
EUR million	Q2/11	Q2/10	Δ	1H/11	1H/110	Δ	2010
Revenue	378	364	13	752	717	35	1463
Other operating income	2	1		3	2		5
Operating expenses	-259	-247	-12	-516	-485	-31	-984
EBITDA 1)	121	119	2	239	234	5	485
<i>EBITDA-%</i>	32 %	33 %		32 %	33 %		33 %
Depreciation and amortisation	-53	-54	2	-105	-108	3	-217
EBIT	69	65	4	134	126	8	268
<i>EBIT-%</i>	18 %	18 %		18 %	18 %		18 %
Profit before tax	61	53	8	119	63	56	197
Profit before taxes w/o one-off 2)	61	53	8	119	107	12	237
Income taxes	-16	-13	-3	-31	-15	-16	-47
Profit for the period	45	40	5	88	48	40	151
Profit for the period w/o one-off 2)	45	40	5	88	81	7	180
EPS, EUR/share	0.29	0.26	0.03	0.56	0.31	0.25	0.96
EPS w/o one-off 1)	0.29	0.26	0.03	0.56	0.52	0.04	1.15

1) 1H/11 EBITDA excluding one off items EUR 240m

2) CDO guarantee expense in H1/10 EUR 45m, and in 2010 EUR 40m



Revenue change YoY



Equipment sales and acquisitions increased OPEX

- **OPEX decreases**

- Interconnections and roaming
- Productivity improvements
 - Network operating expenses
 - e.g. marketing and administration

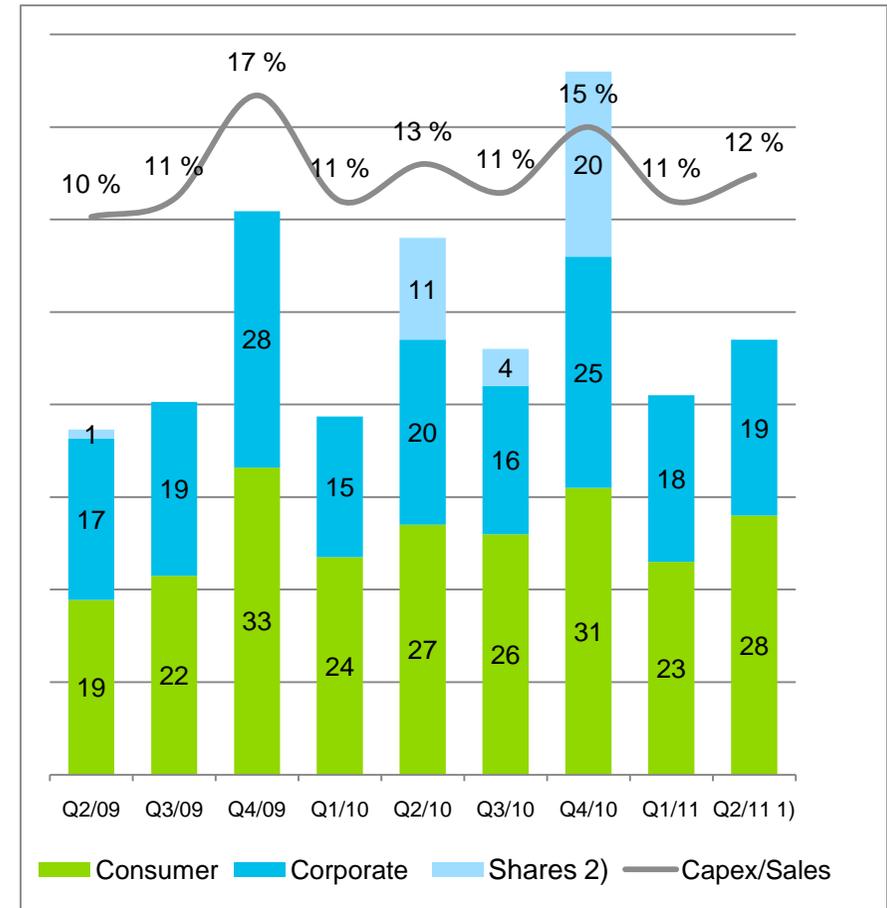
- **OPEX increases**

- Cost of equipment sales
- Acquisitions in 2010
 - Videra (June 2010) and Appelsiini (December 2010)
- Personnel expenses
 - Acquired companies in 2010
 - Salary increases based on collective labor agreements 1 October 2010

EURm	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11
Materials and services	148	148	163	158	159
Employee benefit expenses	52	46	55	58	57
Other operating expenses	46	42	44	41	43
Total expenses	247	237	262	257	259
Depreciation	54	54	55	52	53

CAPEX/Sales in line with guidance

- Total CAPEX in Q2 EUR 54m (47), excl. new long term lease EUR 47m
 - CAPEX/Sales 12% (13%) ¹⁾
 - Long-term data center infrastructure lease agreement classified as CAPEX in IFRS
- Q2/11 by segments ¹⁾
 - Consumer EUR 28m (27)
 - Corporate EUR 19m (20)
- Major CAPEX areas
 - Fixed access and backbone networks
 - 3G network
 - Customer equipment
 - IT systems



1) Excluding EUR 7m data center infrastructure lease Q2/11

2) Including acquisitions of business assets

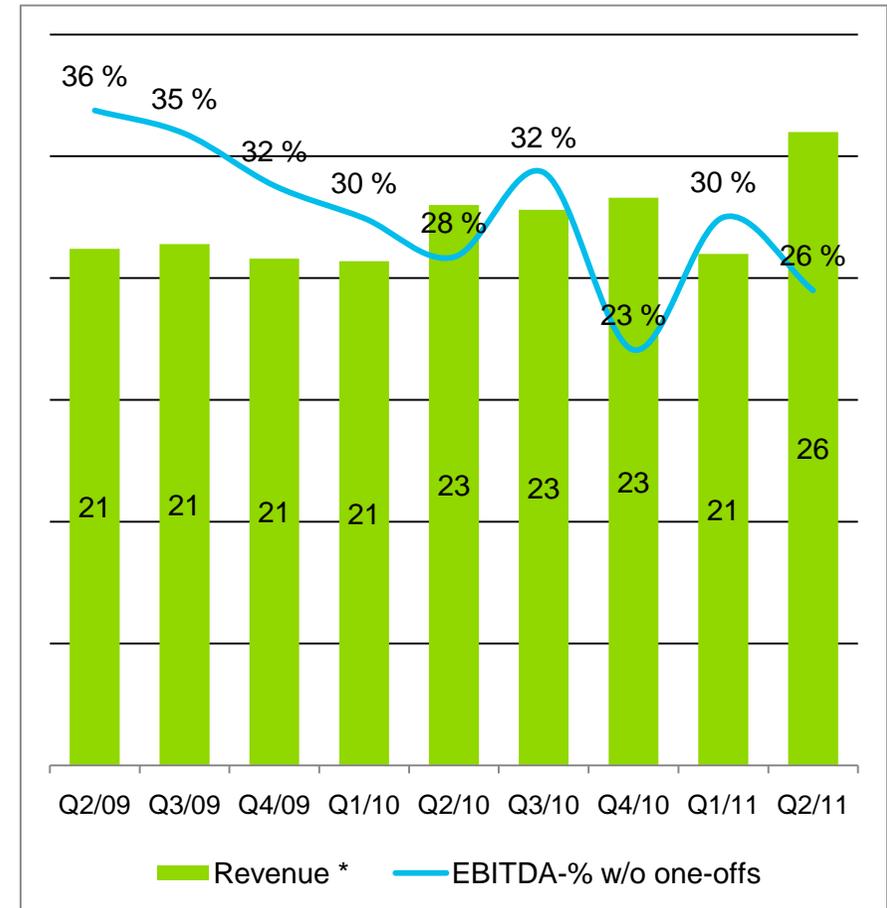
Cash flow

EUR million	Q2/11	Q2/10	Δ	H1/11	H1/10	Δ	2010
EBITDA	121	119	2	239	234	5	485
Change in receivables	9	16	-7	12	21	-9	2
Change in inventories	1	-2	3	-4	1	-5	-6
Change in payables	-21	6	-27	-33	-6	-27	11
Change in NWC	-11	20	-31	-25	16	-41	7
Finance income and expenses	-1	0	-1	-18	-15	-3	-28
CDO Guarantee settlement	0	0	0	0	0	0	-40
Financials (net)	-1	0	-1	-18	-15	-3	-68
Taxes for the year	-11	-13	2	-26	-25	0	-47
Taxes for the previous year	0	-6	6	0	-6	6	-6
Taxes	-11	-19	8	-26	-31	6	-53
CAPEX	-45	-46	1	-86	-85	-1	-182
Investments in shares	0	-5	5	-5	-5	0	-19
Sale of assets and adjustments	5	1	4	6	2	4	2
Cash flow after investments	59	70	-11	86	115	-29	172
Cash Flow after investments excl. one-off items	59	70	-11	86	115	-29	212

Subscription growth continued in Estonia

- Revenue EUR 26m (23), growth 11%
 - Growth in subscriptions
 - + 84,900 YoY
 - + 14,600 QoQ
 - Equipment sales
 - Improved economical situation in Estonia
- EBITDA EUR 7m (6), growth 5%
- CAPEX EUR 3m (3)
 - 3G coverage

EUR million	Q2/11	Q2/10	2010
Revenue	26	23	90
EBITDA	7	6	25
<i>EBITDA-%</i>	<i>26</i>	<i>28</i>	<i>28</i>
EBIT	4	4	14
<i>EBIT-%</i>	<i>15</i>	<i>16</i>	<i>16</i>
CAPEX	3	3	12



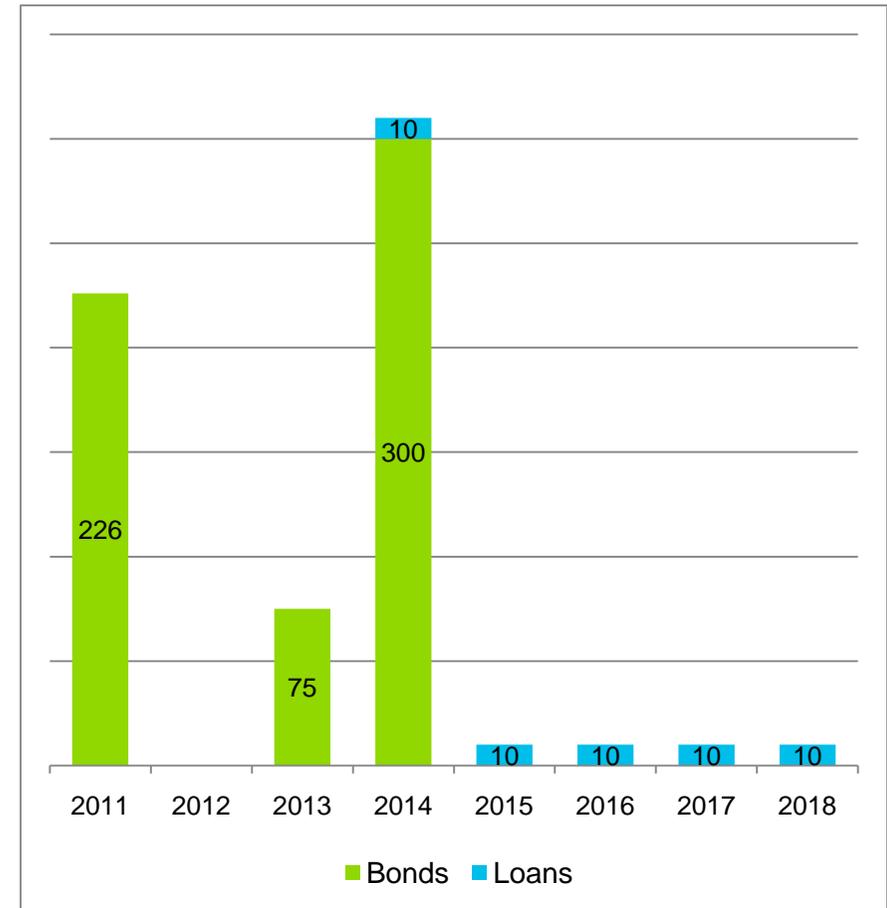
*2009 excluding internal group items, restated 2010 onwards: subsidiary Elisa Eesti AS including group items



Liquidity position is good, RCF EUR 170m extended

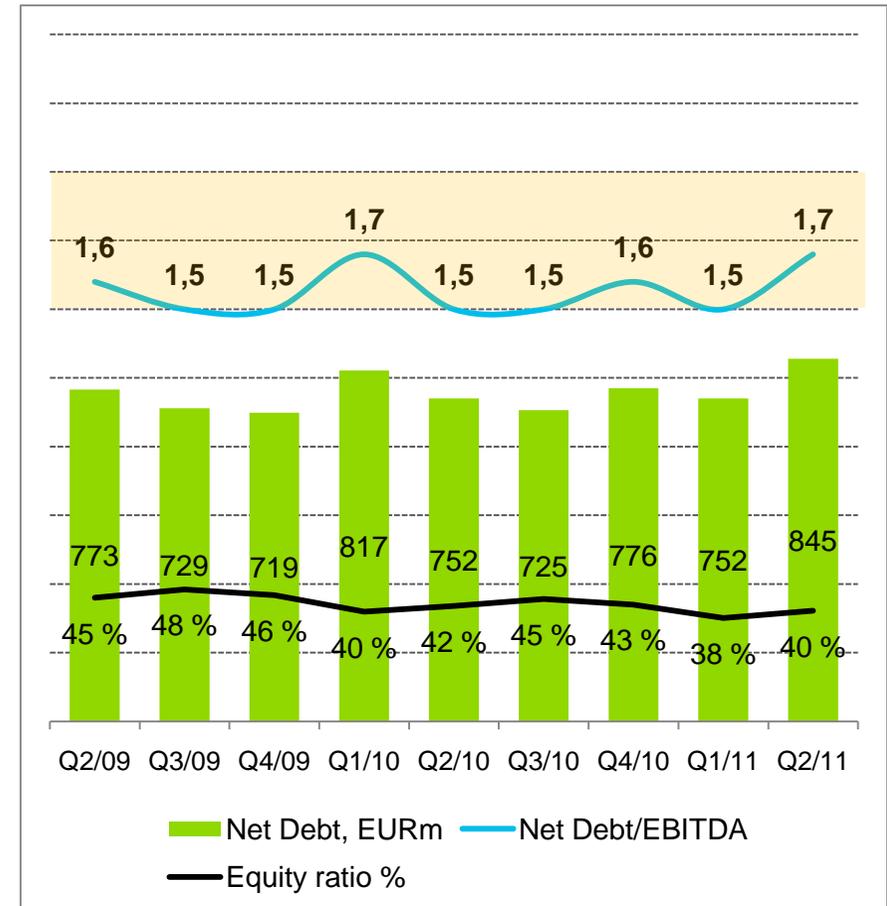
- Cash and undrawn committed facilities EUR 302m (300)
- Revolving Credit Facilities
 - EUR 130m maturing Nov 2014
 - EUR 170m maturing Jun 2016, re-arranged in June 2011
- Commercial Paper Program
 - EUR 160m in use
- Credit ratings constant since 2003
 - S&P BBB/Stable outlook
 - Moody's Baa2/Stable outlook

Bond and Bank loan maturities



Capital structure in line with targets

- Capital structure
 - Net debt / EBITDA 1.7
 - Gearing 108%, Equity ratio 40%
- Target setting
 - Net debt / EBITDA 1.5 – 2x
 - Equity ratio >35%



New MTRs agreed until November 2014

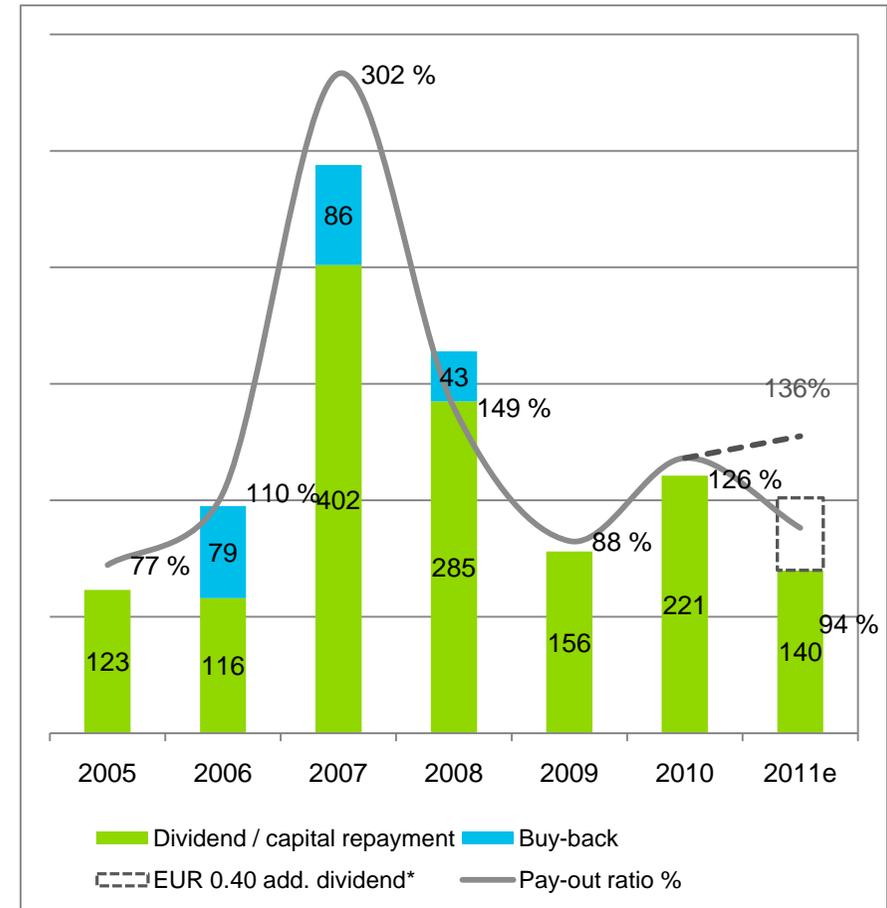
- Decreases mobile revenue and costs
- Neutral for EBITDA
- No direct impact on end user prices

Mobile Termination Price per minute, euro cents

Operator	1 Dec 2010	1 Dec 2011	1 Dec 2012- 30 Nov 2014
Elisa	4.4	3.82	2.8
TeliaSonera	4.4	3.82	2.8
DNA	4.4	3.82	2.8

Competitive profit distribution

- Distribution capabilities maintained
- Capital structure targets unchanged
- Cash Flow generation in focus
 - Net debt/EBITDA and gearing expected to decrease
- Authorisation max EUR 70m dividend or max 5 million shares buy back
 - Board of Directors plans to pay EUR 0.40 per share
 - If paid pro forma dividend yield 8% *



* Total profit distribution / share price as 30 December 2010 (€16.27)

* if decided by BoD

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Consolidated Cash flow statement

EUR million	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
Cash flow from operating activities									
Profit before tax	61	58	66	68	53	10	56	70	56
Adjustments to profit before tax	61	59	56	60	67	106	64	60	60
Change in working capital	-11	-13	18	-27	20	-4	26	-23	30
Cash flow from operating activities	111	103	140	101	140	112	146	107	146
Received dividends and interests and interest paid 1)	-1	-17	-41	-11	0	-15	-1	-12	-2
Taxes paid	-11	-15	-6	-16	-19	-13	-11	-11	-18
Net cash flow from operating activities	99	71	92	74	121	84	134	84	127
Cash flow in investments									
Capital expenditure	-45	-41	-55	-42	-46	-38	-61	-40	-36
Investments in shares and other investments	0	-5	-10	-4	-5	-1	0	0	-2
Proceeds from asset disposal	5	2	1	0	1	0	0	0	1
Net cash used in investment	-40	-44	-64	-45	-51	-39	-61	-41	-37
Cash flow after investments	59	27	28	29	70	45	74	43	89
Cash flow in financing									
Share Buy Backs and sales (net)									
Change in interest-bearing receivables									
Change in long-term debt	0	0	0		-30	25			-36
Change in short-term debt	80	-14	65	-42	-33	69	13	-62	-47
Repayment of financing leases	-2	-1	-1	-1	-1	-1	-1	-1	-1
Dividends paid	-140	0	-78		-1	-143	-63	0	-8
Cash flow in financing	-62	-15	-13	-43	-65	-50	-51	-64	-92
Change in cash and cash equivalents	-2	12	15	-15	5	-5	22	-20	-2

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

Financial situation

EUR Million	30 Jun 11	31 Mar 11	31 Dec 210	30 Sep 10	30 Jun 10	31 Mar 10	31 Dec 09	30 Sep 09	30 Jun 09
Interest-bearing debt									
Bonds and notes	600	600	599	598	598	597	572	572	570
Commercial Papers	160	120	102	68	110	118	74	62	119
Loans from financial institutions	51	52	52	52	52	80	80	80	80
Financial leases	35	24	23	23	24	23	23	24	27
Committed credit lines 1)	40	0	32	0	0	25	0	0	5
Others 2)	0	0	0	0	0	0	0	0	1
Interest-bearing debt, total	887	795	808	742	784	843	750	738	802
Security deposits									
Securities									
Cash and cash equivalents	42	44	32	17	32	26	31	9	29
Interest-bearing receivables	42	44	32	17	32	26	31	9	29
Net debt 3)	845	752	776	725	752	817	719	729	773

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) Redemption liability for minorities

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