



Interim Report

1 January 2007 – 31 March 2007



Q1 2007 Report

President and CEO Veli-Matti Mattila

Elisa Q1 2007

- Q1 2007 and financial highlights
- Review of the mobile and fixed network businesses
- Execution of the strategy
- Progress of mobile services and 3G
- Outlook for 2007



Elisa Q1 2007 highlights

- Sales of 3G service bundles progressed as expected, good growth in broadband subscriptions
 - Use of new mobile value-added services has increased
 - 17,000 new broadband customers
- Mobile ARPU slightly down from Q4 2006 due to lower interconnection fees, Churn at the same level
- Mobile added value services reached almost one fifth of ARPU
- Revenue continued to grow, EBITDA improved from Q1 2006
- Capital structure changes closer to mid-term targets through dividend payment
- Share buy-back will start

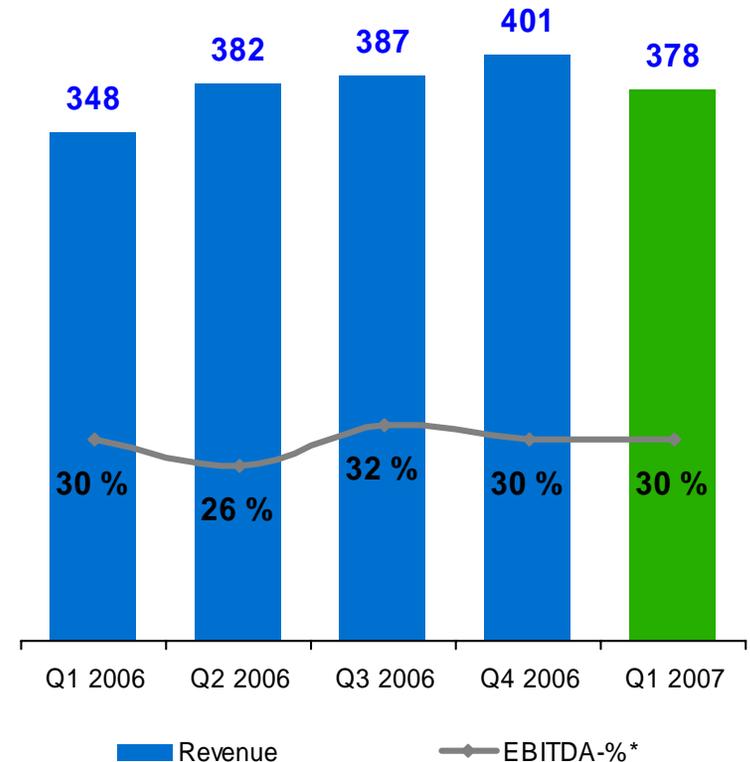


Revenue up 9%, EBITDA* 12%

Q1 2007 AND FINANCIAL HIGHLIGHTS

- Revenue EUR 378m (348)
 - growth from sales of 3G terminals and increased usage of mobile services
 - down from Q4 due to lower interconnection fees and seasonality
- EBITDA EUR 115m (99, excluding one-offs 103)
- EBIT EUR 68m (43)
- Pre-tax profit EUR 64m (39)
- EPS EUR 0.30 (0.18)

Revenue and EBITDA-%



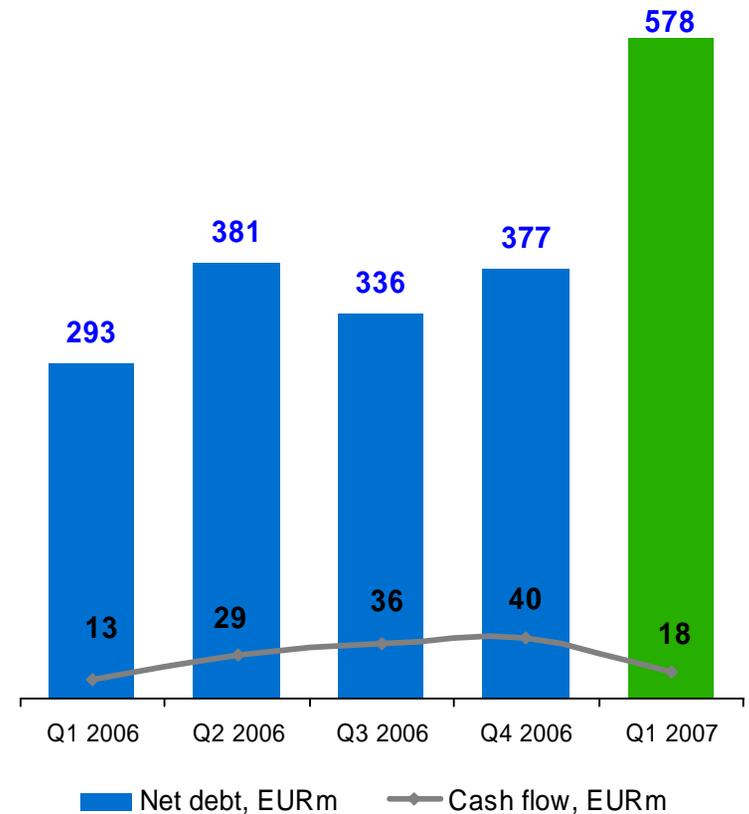
* excluding one-offs

More efficient capital structure

Q1 2007 AND FINANCIAL HIGHLIGHTS

- Cash flow EUR 18m (13)
- Net debt EUR 578m (293)
 - development of capital structure
 - dividend payment EUR 243m
- CAPEX EUR 45m (43), 12% of revenue (12)
- Net debt / EBITDA 1.3 (0.9)
- Equity ratio 51% (62)
- Gearing 52% (23)

Net debt and cash flow

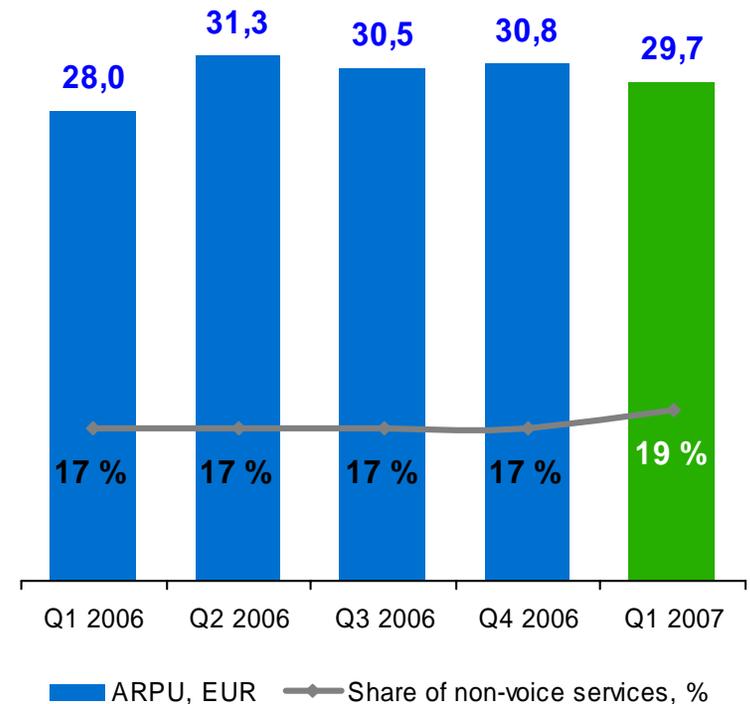


Growth in subs, ARPU improved slightly

SEGMENT REVIEW, MOBILE BUSINESS

- Active sales in 3G service bundles
 - Elisa's market share > 50%
 - customer base increased 41,000
- ARPU EUR 29.7 (28.0)
 - lower interconnection fee
- Churn 14.2% (19.0)
- Growth in usage
 - MoU/sub of own service operator +16% and SMS +11%
 - Total MoU growth in network +25% and SMS +22%

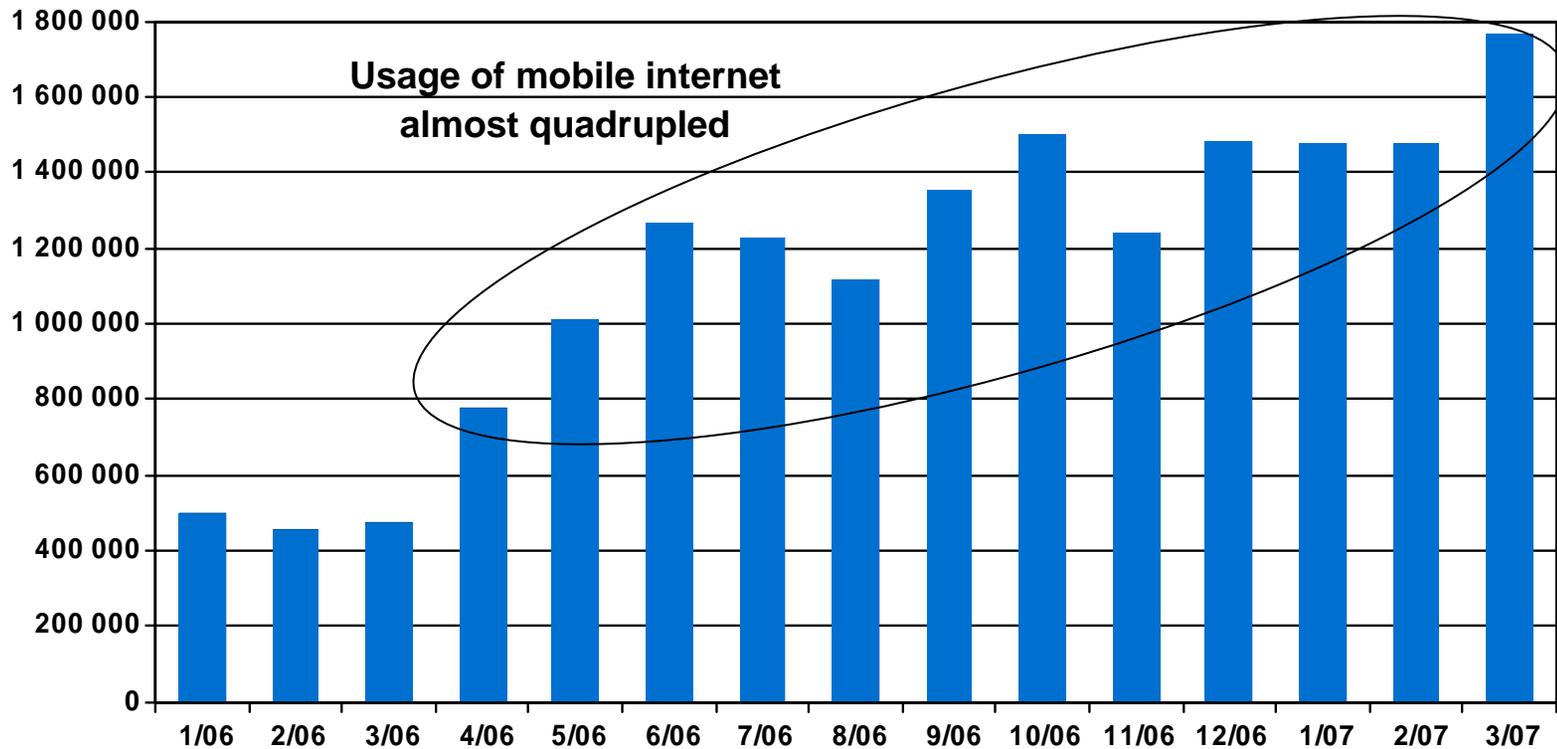
ARPU and value-added services



3G bundles increase mobile internet usage

SEGMENT REVIEW, MOBILE BUSINESS

Number of Internet sessions

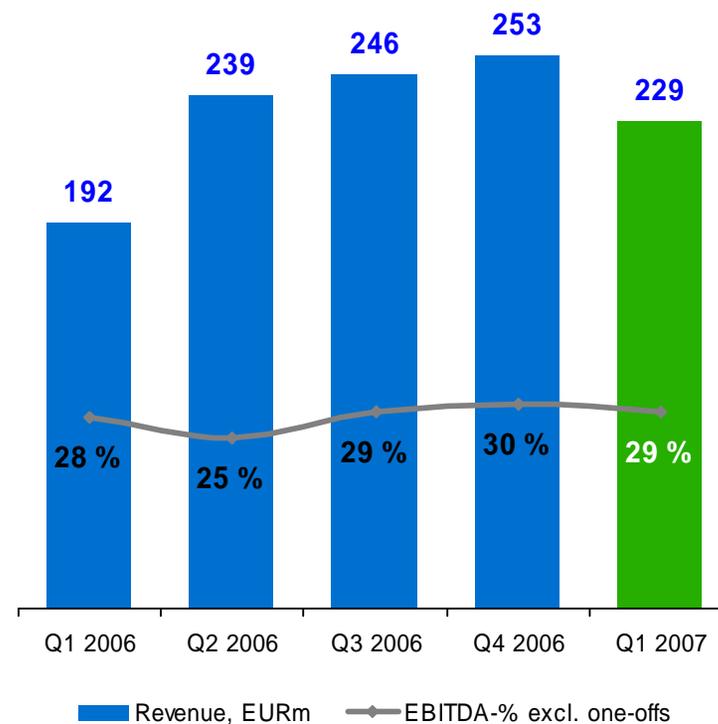


3G terminals and services brought growth

SEGMENT REVIEW, MOBILE BUSINESS

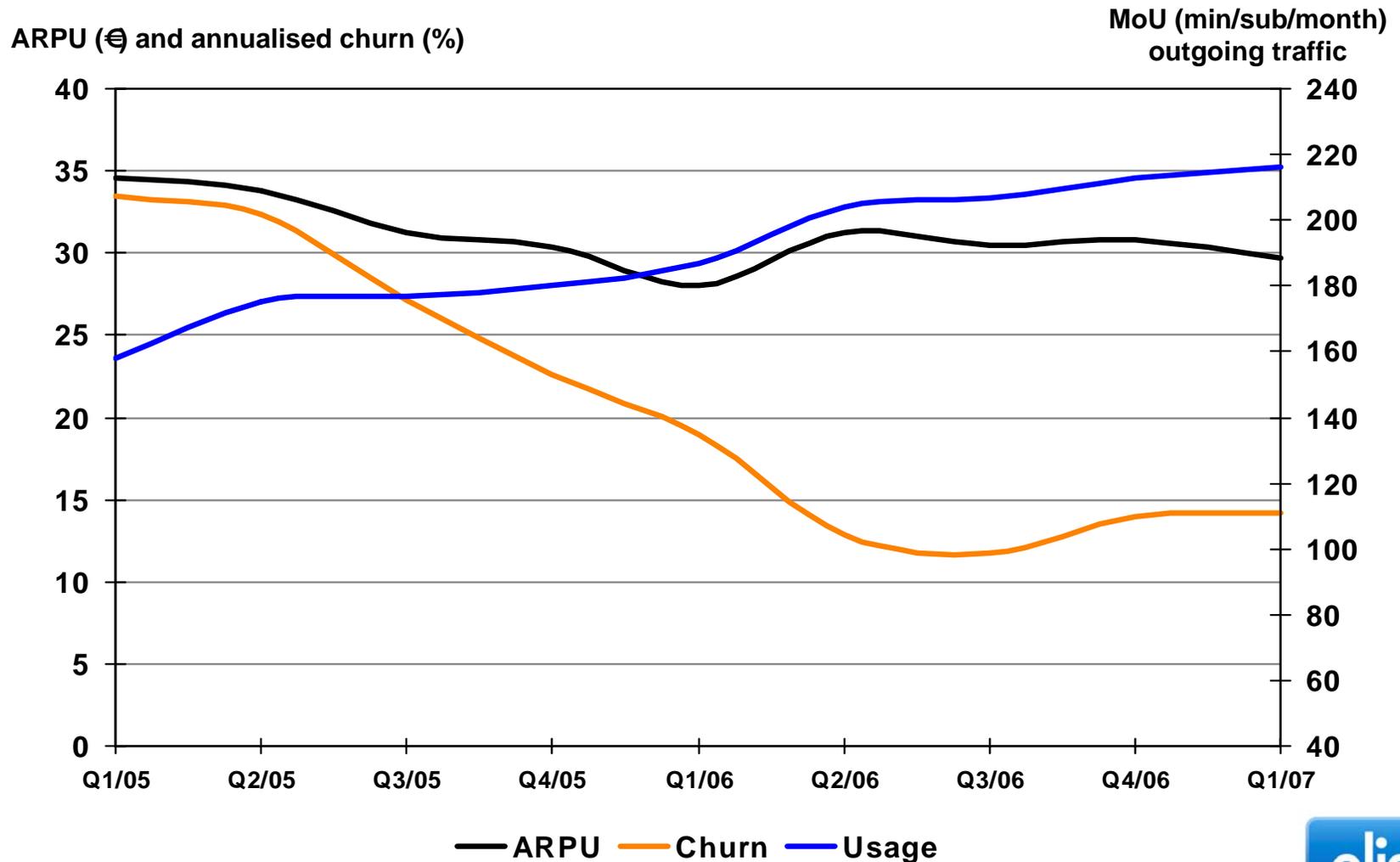
- Revenue EUR 229m (192)
 - growth from sales of 3G terminals and increased usage of mobile services
- EBITDA EUR 67m (53), 29% of revenue (28)
 - cost efficiency, volume growth, growth in 3G usage
- EBITDA EUR 44m (30), 19% of revenue (16)

Revenue and EBITDA-%



ARPU and Churn stable, growth in usage

SEGMENT REVIEW, MOBILE BUSINESS

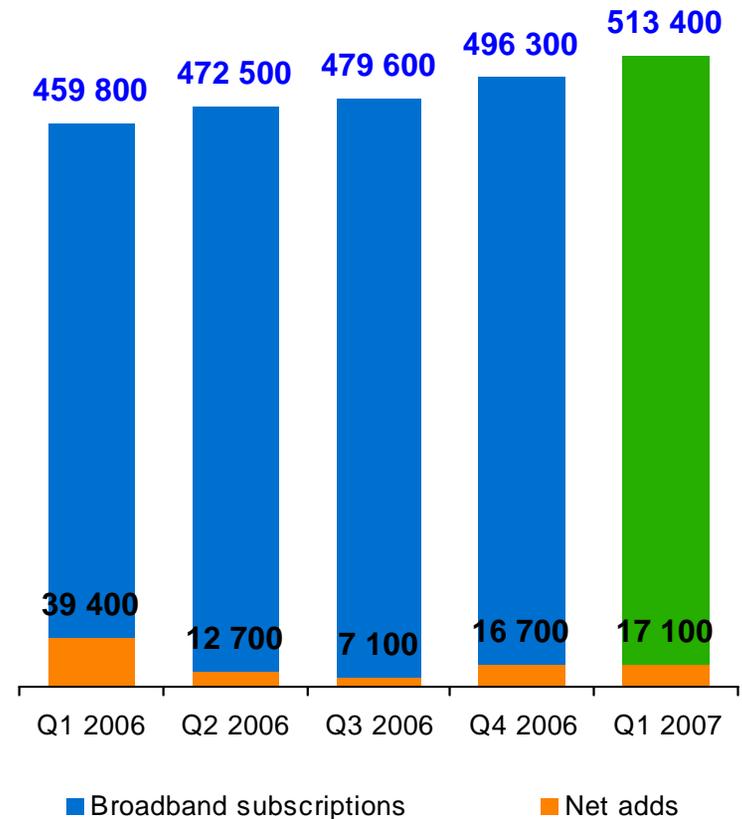


Stable growth in broadband subscriptions

SEGMENT REVIEW, FIXED NETWORK BUSINESS

- Broadband subscriptions growth continued, y-o-y growth 12%
 - net adds 17,000 in Q1
 - Elisa market leader
- Decrease in analogue lines slowed down slightly
 - analogue voice lines decreased by 8% and lines including ISDN channels by 13%

Broadband subscriptions

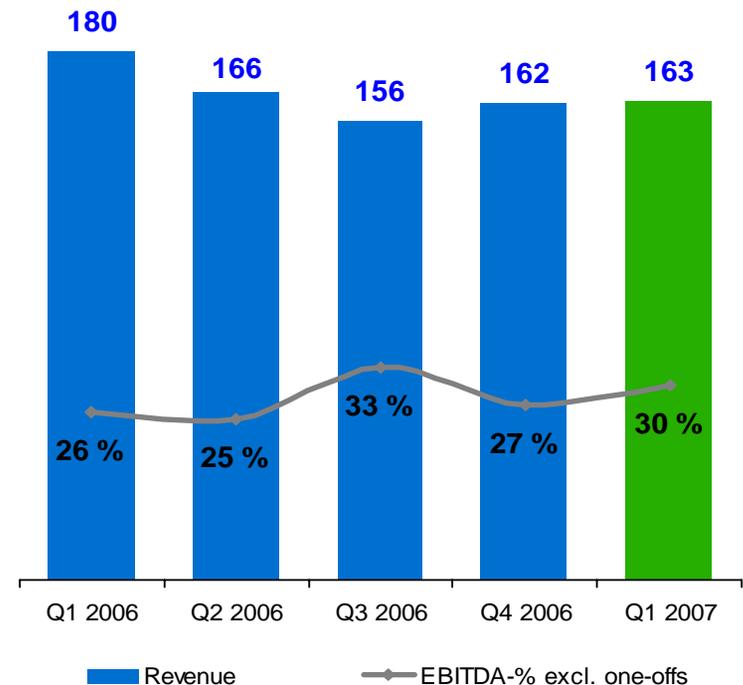


Stable revenue development...

Q1 2007 SEGMENT REVIEW, FIXED NETWORK BUSINESS

- Revenue EUR 163m (180)
- EBITDA EUR 49m (46), 30% of revenue (26)
 - changes in broadband pricing and growth in subscriptions improved profitability
- EBIT EUR 26m (15), 16% of revenue (8)

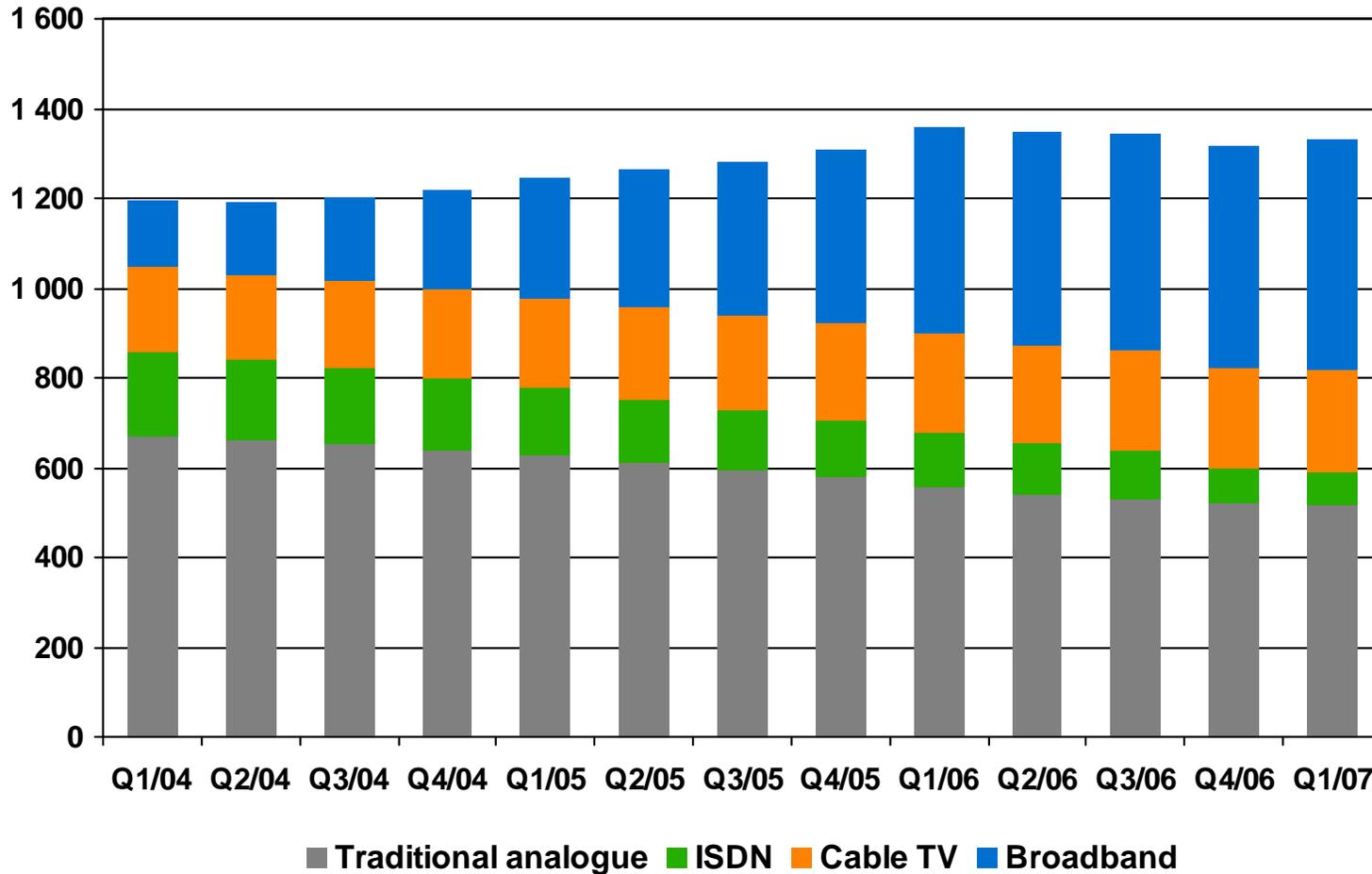
Revenue and EBITDA-%



... and stable subscription development

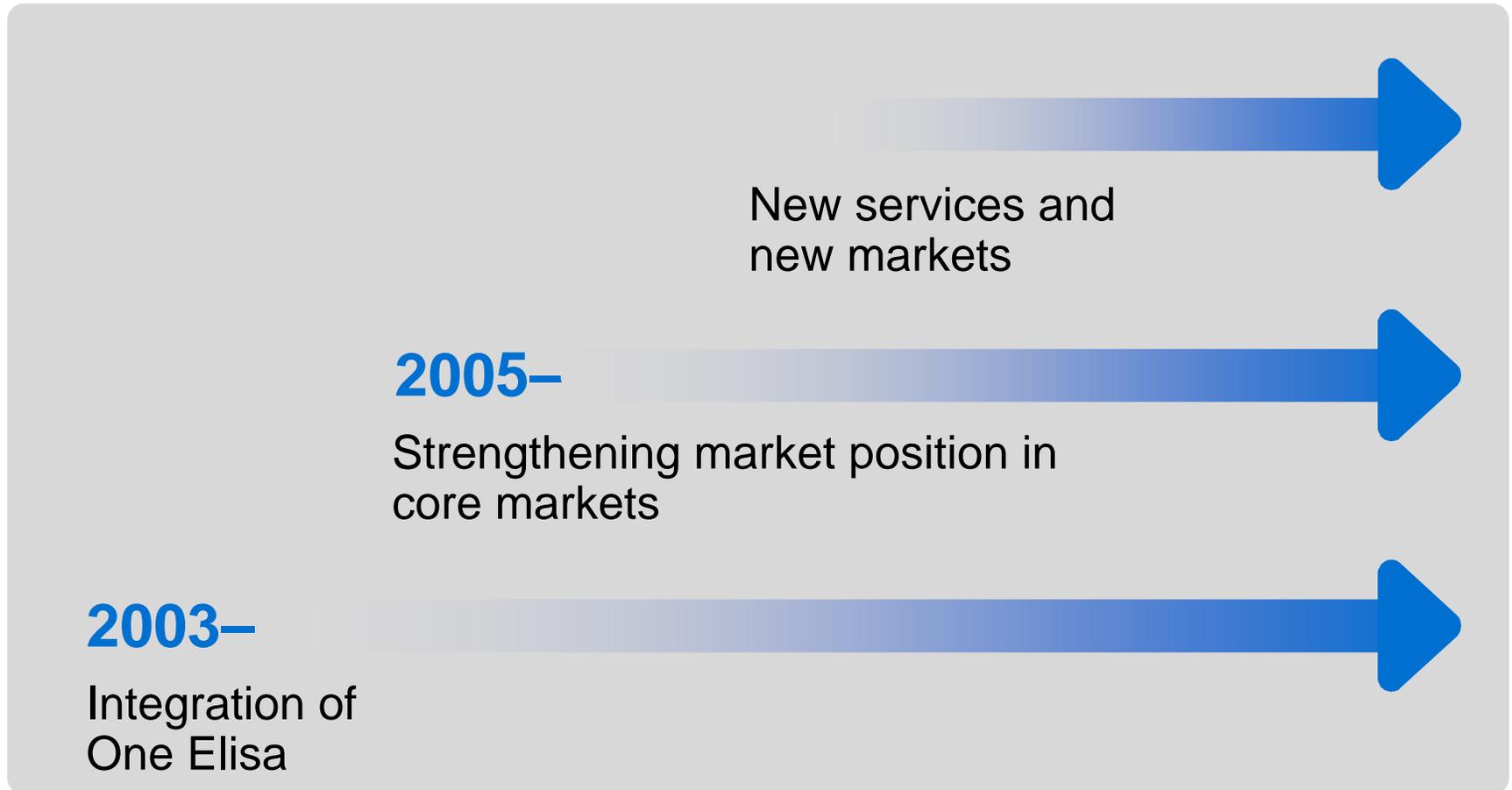
SEGMENT REVIEW, FIXED NETWORK BUSINESS

Thousands



Elisa strategy

STRATEGY EXECUTION



Productivity improvement

STRATEGY EXECUTION – INTEGRATION OF ONE ELISA



Significant profitability improvement

- Outsourcing of billing and order processing
- Changes in mobile pricing
- Reduction in personnel costs

Customer orientation

- Intranet and internal applications to mobile phone
- Electronic service network for public health service
- Mobile broadband for Apple Mac
- Microsoft enterprise solutions part of Elisa's offering

Simplification of structure

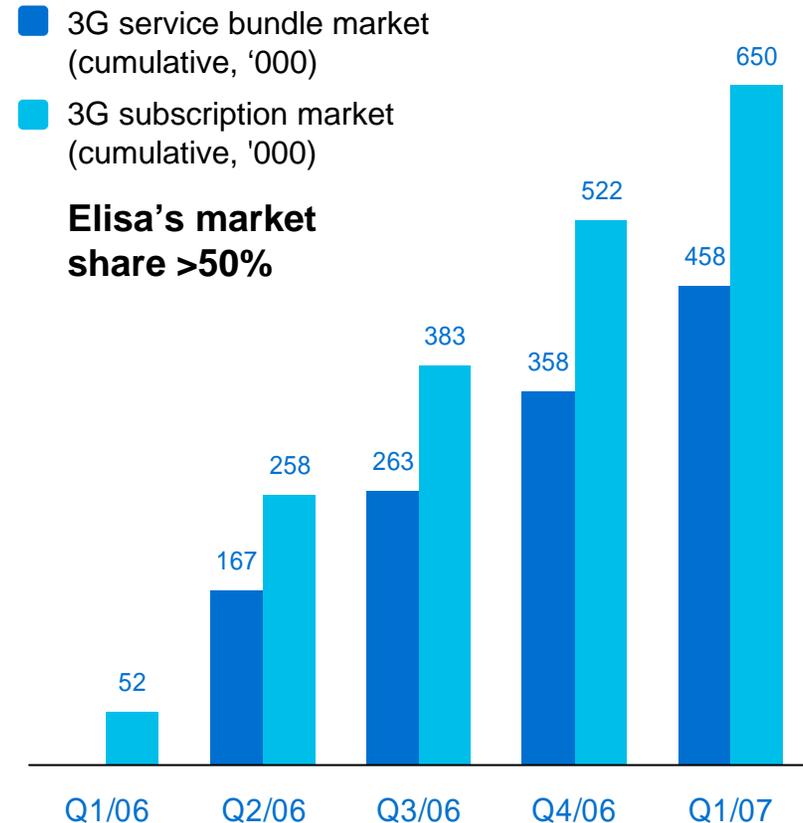
- Simplification of work processes through outsourcing

3G service bundles success story

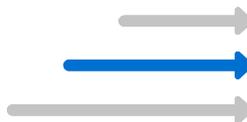
STRATEGY EXECUTION – STRENGTHENING MARKET POSITION

- Active sales of 3G service bundles continued
 - significant amount of new subscriptions are 3G service bundles (50%)
- Elisa's market share in 3G service bundles > 50 %
 - in Q1 100,000 new service bundles in Finland
 - 3G service bundle base about 460,000 at end of Q1
 - Cumulative amount of 3G terminals sold since 2006 about 650,000, total 3G terminal base about 700,000

3G subscriptions and services



Source: Elisa estimates, Matkaviestintoimittajat ry (MVT)



Strong commitment to 3G services continues

STRATEGY EXECUTION – STRENGTHENING MARKET POSITION

- Coverage of Elisa's 3G network 50% of population at the end of September, total about 100 cities
 - network will be expanded to more than 30 new cities
- Elisa's 1 Mb/s (HSDPA) 3G network the most rapid, with the widest coverage in Finland
 - in high-traffic regions Elisa offers 2Mb/s (max 3.6 Mb/s)
- 3G market is boosted by new multimedia terminals
- Heavy users' ARPU increase 10-15% from 2G to 3G
- Elisa has the widest 3G terminal offering in Finland
 - most sold mobile phones are 3G models

3G phone in high demand price category

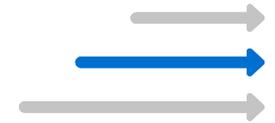
STRATEGY EXECUTION – STRENGTHENING MARKET POSITION

- Elisa expand its Vodafone product range to include mobile phones for the first time
- Elisa introduces the Vodafone 710 3G phone, very popular in the under EUR 100 price category, to the market
- Vodafone 710 complements Elisa's existing wide range of 3G terminals
- Elisa's 3G services are now available for mobile users in the more affordable price category



Customer driven services for corporate clients strengthened

STRATEGY EXECUTION – STRENGTHENING MARKET SHARE



- Competence in customer service solutions strengthened
 - Elisa strengthened its market leader position by acquiring the entire share capital of the contact centre system supplier First Orange Contact
- Interactive services expanded
 - Elisa and Microsoft launched a partnership under which Elisa will offer Microsoft's corporate products as a service under its solutions offering
- Leading expert in IP know-how
 - Elisa's IP and mobile know-how received international recognition:
 - Cisco Gold Partner
 - Cisco Mobility Partner of the Year
 - Outdoor Wireless Mesh –certificate first in Europe

Outlook for 2007

- Challenging market
 - Competition remains challenging
 - Focus on services
- Result will improve from 2006
 - Revenue will grow
 - EBITDA and EBIT excluding non-recurring items will improve
 - Q2 EBITDA and EBIT at the same level with Q1 – will improve clearly in H2
- Stable CAPEX and cash flow
 - CAPEX 11-13 per cent of revenue
 - Cash flow clearly positive



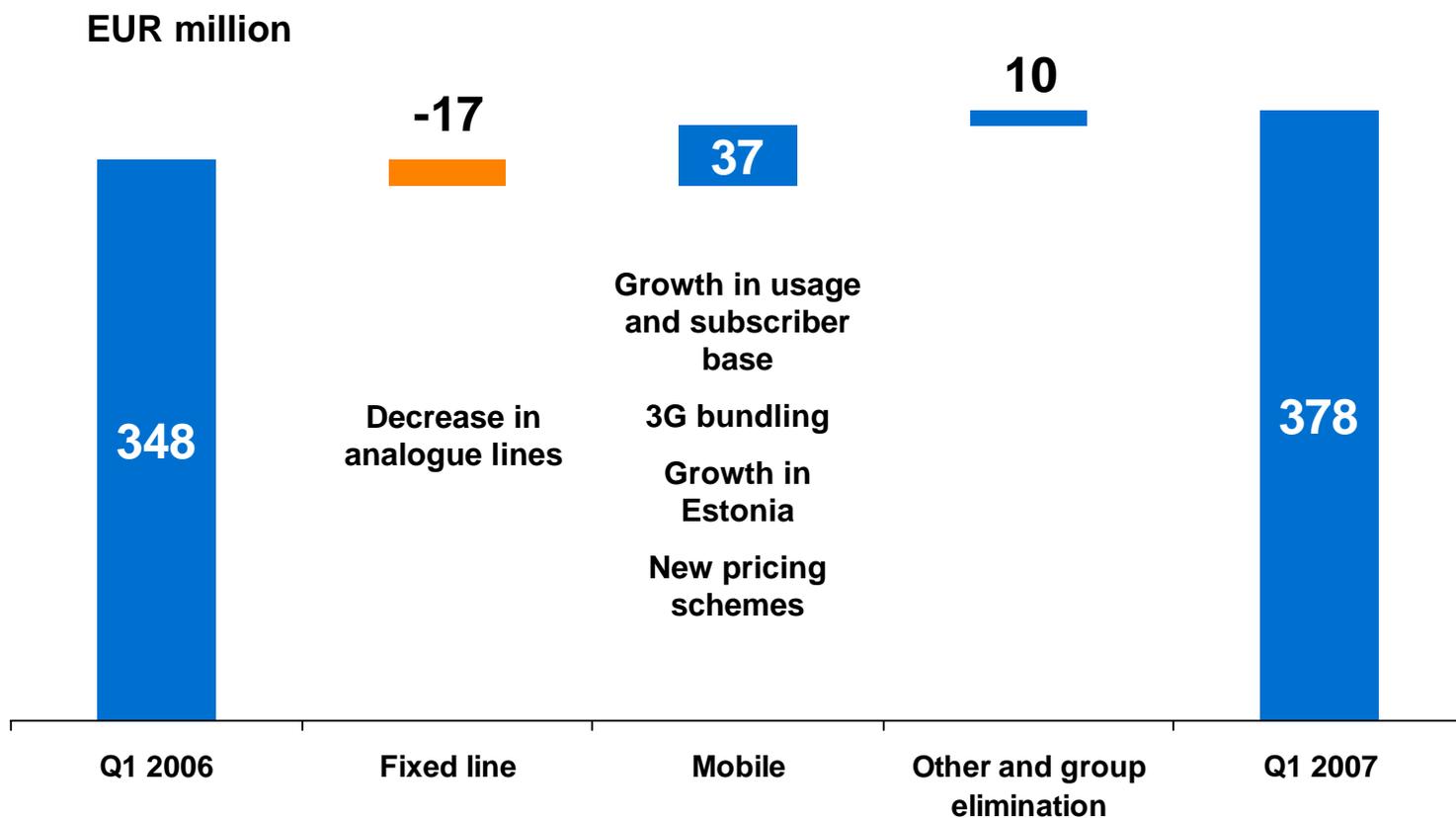
Financial performance

CFO Jari Kinnunen

Clear earnings improvement

EUR million	Q1 2007	Q1 2006	change	2006
Revenue	378	348	9%	1 518
Other operating income	1	3		9
Operating expenses	-265	-253	5%	-1 093
EBITDA	115	99	16%	434
EBITDA excluding one-offs	115	103	12%	445
<i>EBITDA-%</i>	30 %	28 %		29 %
<i>EBITDA-% excluding one-offs</i>	30 %	30 %		29 %
Depreciation and amortisation	-46	-55	-17%	-209
EBIT	69	43	59%	225
EBIT excluding one-offs	69	47	45%	236
<i>EBIT-%</i>	18 %	12 %		15 %
<i>EBIT-% excluding one-offs</i>	18 %	14 %		16 %
Pre-tax profit	64	39	64%	212
Income taxes	-15	-9	64%	-50
Net profit	49	30	64%	161
EPS, EUR	0,30	0,18	67%	0,97

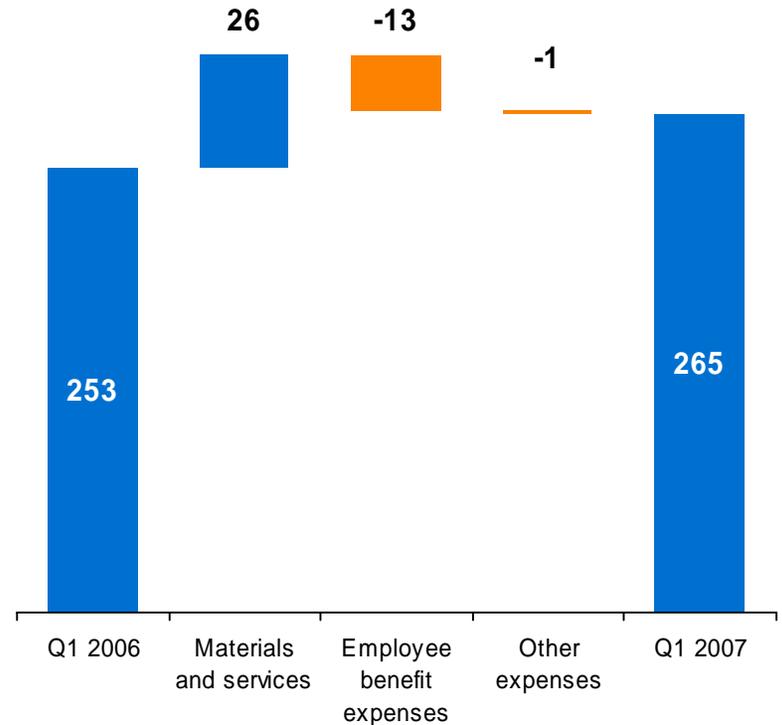
Mobile business increased revenue



Cost structure improved

- Decrease in personnel expenses
 - Number of personnel decreased by 1 009 year on year
- Increases in materials and services
 - Bundling
 - Outsourcing
 - Interconnection through increased usage

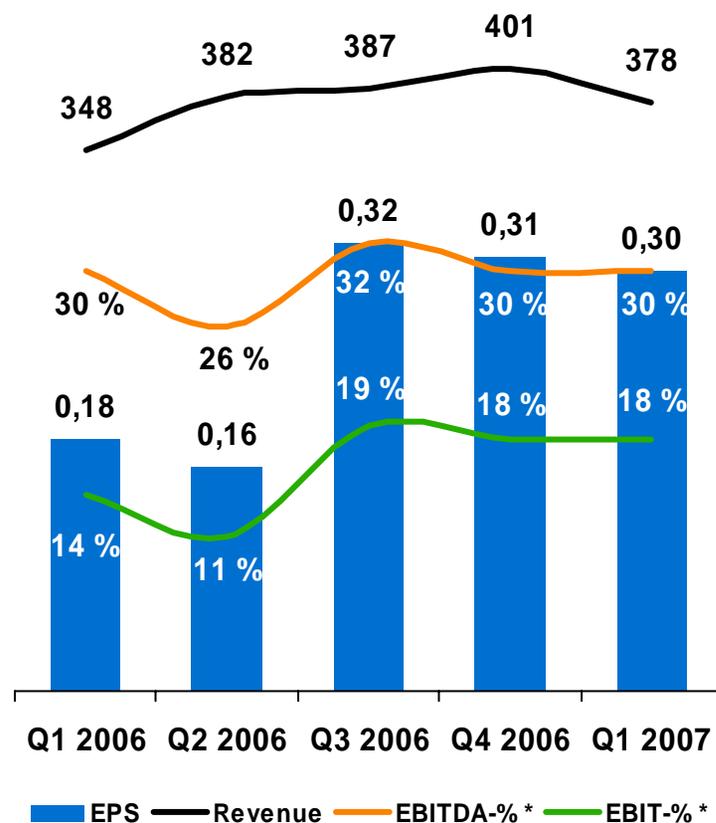
Operating expenses, EURm



Steady profitability development

- In spite of lower q-o-q revenue margins at the same level
- Clear improvement in EPS y-o-y
 - Cost efficiency
 - Lower depreciation
- Q1 2007 revenue down from Q4 2006
 - Seasonality effects
 - Interconnection
 - Equipment sales

Revenue EURm, EPS EUR



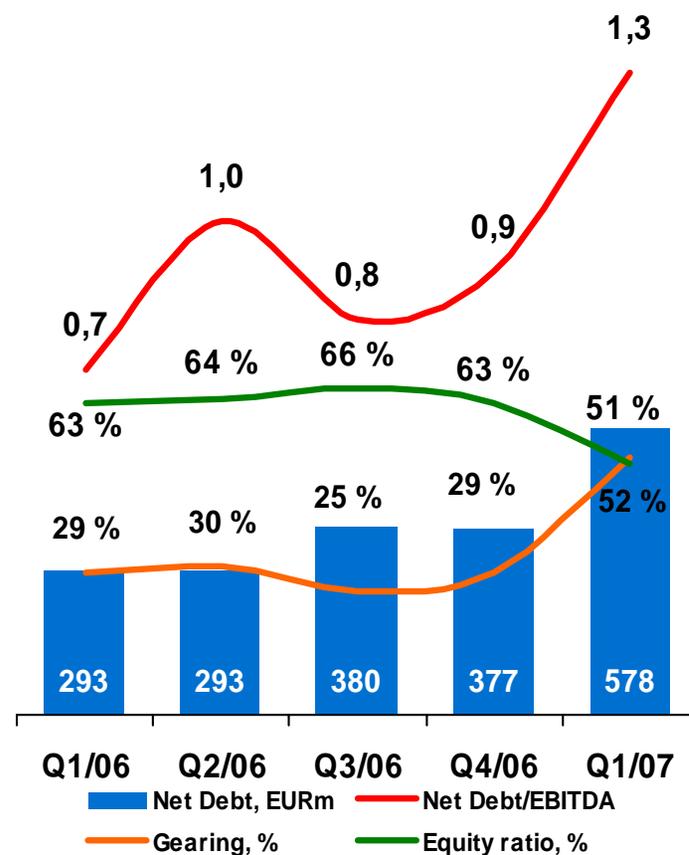
* excluding one-offs



More efficient capital structure

- Balance sheet structure improved towards company's mid term targets
 - Net debt/EBITDA 1.3
 - Gearing 51%
- Dividend EUR 243m

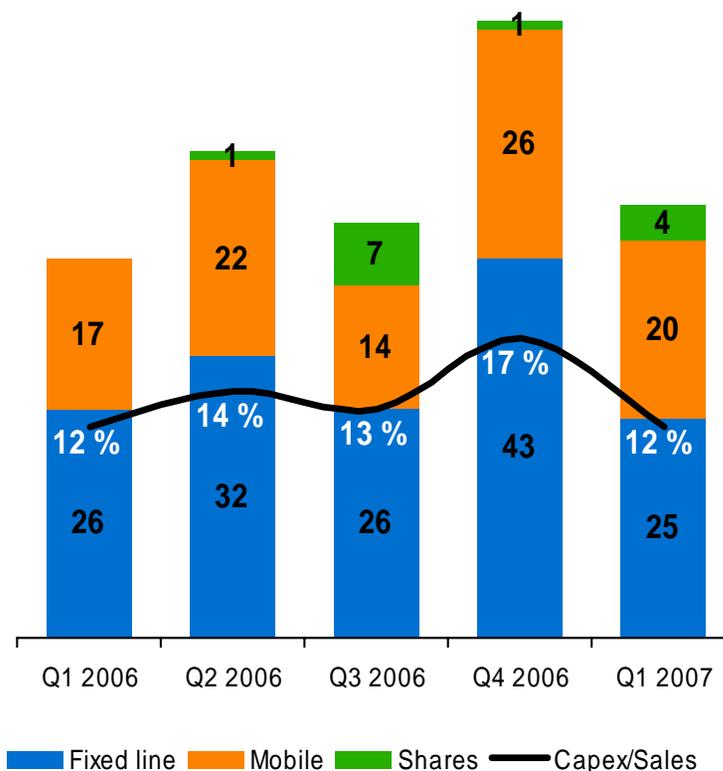
Balance sheet KPIs



CAPEX to sales according to targets

- CAPEX includes
 - New broadband infrastructure
 - 3G capacity and coverage increase
 - Billing and customer care system
- Investments in fixed assets
 - Mobile EUR 20m
 - Fixed network EUR 25m
- Shares EUR 4m
 - First Orange Contact acquisition

CAPEX, EURm



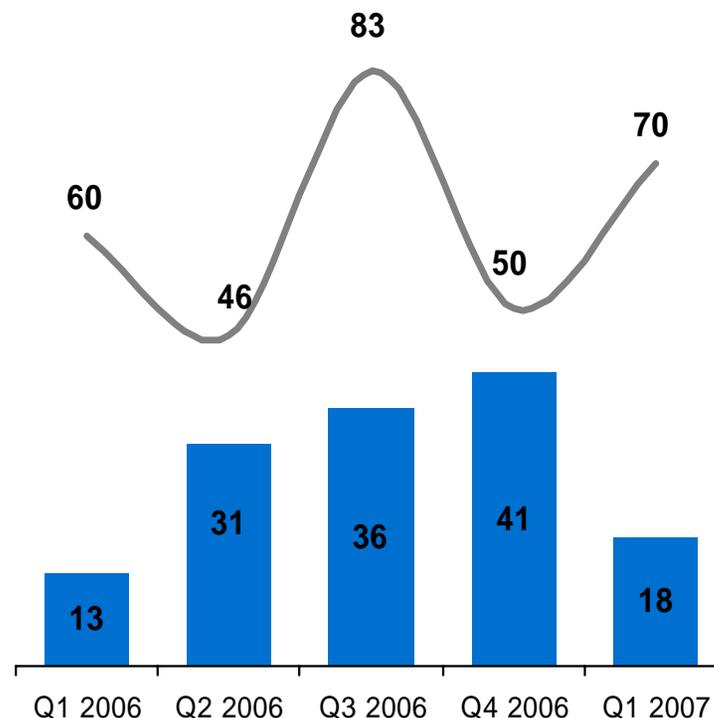
Q4 2005 Excluding EUR 361m share exchange



Cash flow positive

- Positive cash flow EUR 18m in Q1
- Increase in net working capital EUR 45m
 - decrease in accounts payable
 - decrease in inventories

Cash flow and operative cash flow, EURm



■ Cash Flow after investments — EBITDA-Capex

*Operative cash flow = EBITDA excl. one-offs - CAPEX

Net debt increased to EUR 578m

- Cash flow EUR 18m in Q4
- Dividend EUR 220m in Q1
 - withholding tax EUR 23m payable in Q2

Net debt and Net debt/EBITDA



Mobile termination fees

- Termination fees were agreed by the operators in February
- Changes in interconnection fees has negative effect on ARPU
 - Customer billing increased in 1Q/07
 - Interconnection portion of the ARPU decreased through changes
- In 2007 Elisa's interconnection cost will decrease but less than interconnection revenue
- No changes in outlook for 2007

Mobile termination fees, eurocents per minute

<u>Operator</u>	<u>1.1.2006</u>	<u>1.1.2007</u>	<u>1.1.2008</u>
Elisa	8,4	7,0	5,1
TeliaSonera	6,8	6,6	5,1
DNA	10,0	8,2	6,0

In 1.1.2009 DNA's price is 0,5 cents higher than Elisa's
In 1.12.2009 the termination prices will be equal

Source Ficora's release 19.2.2007



Share buy-back will be started

- The board of directors have decided to start the purchase of maximum 4 million Elisa shares
 - purchases to start earliest on 25th April 2007
 - about 2.5% of shares (excluding treasury shares)
- The share buy-back may be used
 - to improve financial structure
 - for cancelling the shares
 - for making acquisitions or implementing other arrangements related to the Elisa's business
 - to be used as part of the incentive compensation plan





Interim Report

1 January 2007 – 31 March 2007

Consolidated Cash flow statement

APPENDIX SLIDE

EUR million	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Q2 2004
Cash flow from operating activities												
Profit before tax	64	69	69	34	39	33	28	113	39	65	50	41
Adjustments to profit before tax	50	46	50	63	59	57	53	-11	47	34	57	46
Change in working capital	-45	-9	-22	-6	-40	14	-19	8	-26	18	-16	27
Cash flow from operating activities	69	106	97	91	59	103	62	109	60	117	92	114
Received dividends and interests and interest paid	0	3	-10	-4	-6	2	-12	-4	-7	-5	-11	-8
Taxes paid	-4	1	0	0	-1	-1	-1	-2	-1	-5	0	-6
Net cash flow from operating activities	65	109	87	87	52	105	49	103	53	107	81	101
Cash flow in investments												
Capital expenditure	-44	-69	-40	-54	-43	-71	-45	-38	-41	-54	-41	-33
Investments in shares and other investments	-3	-1	-18	-5	-3	13	-4	-14	1	-2	0	-8
Proceeds from asset disposal	1	1	7	0	7	98	2	85	13	6	31	29
Net cash used in investment	-46	-69	-51	-58	-39	40	-48	33	-27	-50	-10	-13
Cash flow after investments	19	41	36	29	13	145	1	136	26	57	71	88
Cash flow in financing												
Share Buy Backs		-79	0	0	1	1				6		
Change in interest-bearing receivables		0	0	0		0	1	0	0	-1	0	25
Change in long-term debt	350	0	0	0	-122	-15	-2	-70	-15	-110		-1
Change in short-term debt	-25	25	-35	35		-8	-9	-2	1	0	0	-14
Repayment of financing leases	-2	-2	-2	-3	-3	-4	-4	-4	-4	-5	-6	-4
Dividends paid	-220	-1	-1	-117	-5	-62	0	-5	-55	-3	0	-9
Cash flow in financing	103	-57	-38	-85	-129	-89	-14	-82	-74	-112	-6	-3
Change in cash and cash equivalents	121	-17	-2	-56	-116	56	-13	54	-48	-55	65	85

Financial situation

APPENDIX SLIDE

Financial situation (million euros)

	31 March 2007	31 December 2006	30 September 2006	30 June 2006	31 March 2006
Interest-bearing debt					
Bonds and notes	677	327	327	326	326
Commercial Paper	0	25	0	35	0
Loans from financial institutions	0	0	0	0	0
Financial leases	45	46	48	49	51
Committed credit line 1)	0	0	0	0	0
Others 2)	1	1	1	11	13
Interest-bearing debt, total	723	399	375	421	390
Security deposits	1	1	1	1	1
Securities	108	0	0	0	41
Cash and bank	35	22	38	40	55
Interest-bearing receivables	144	22	39	41	96
Net debt 3)	578	377	336	380	294

1) The committed credit line is a joint EUR 170 million revolving credit facility with five banks, which Elisa Corporation may flexibly use on agreed pricing. The loan arrangement is valid until 17 June 2012.

2) Redemption liability for minorities

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