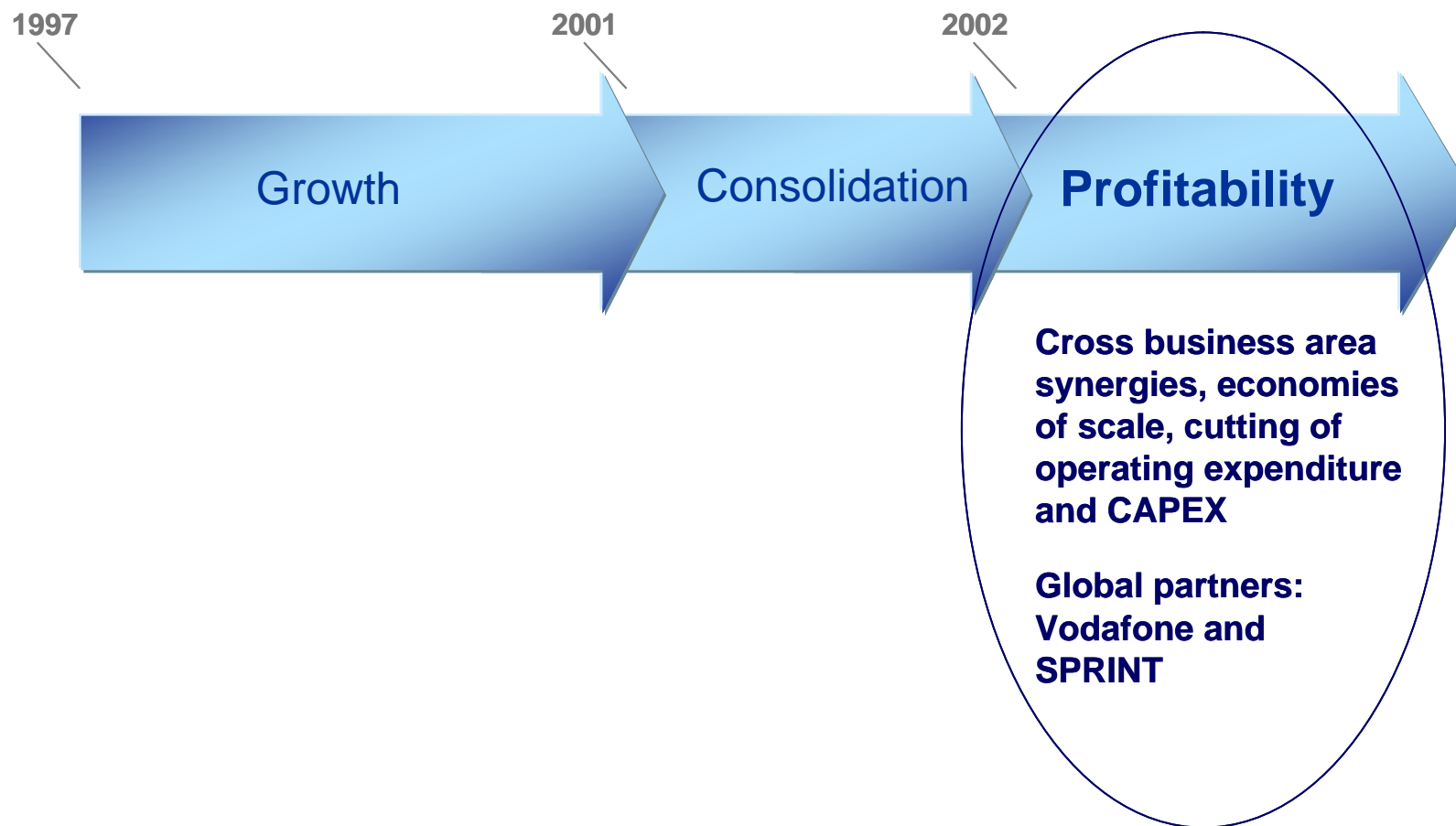


# Elisa Communications Interim Report

January 1, 2002 – March 31, 2002

# Execution of Elisa's strategy 2002



## Group Business Proceeded on Track in the First Quarter of 2002

- ✦ Business operations were executed as planned, revenue growth of 15% clearly exceeded sector growth
- ✦ Mobile business reported EBITDA growth and Fixed business EBITDA margin stayed flat compared to first quarter of previous year
- ✦ CAPEX was on a low level in accordance with plan
- ✦ Personnel capacity was reduced as planned
- ✦ German mobile retail chain Mäkitorppa GmbH has been scaled down, no further losses will incur
- ✦ Execution of partner strategy achieved major milestones: co-operation with Vodafone and Sprint sharpen the competitive edge of service offering

# Key Figures of Elisa Group 1Q 2002

EUR million	Reported figures			Excluding one-time items		
	1Q/02	1Q/01	change	1Q/02*	1Q/01**	change
Revenue	384	333	15 %	<b>385</b>	333	16 %
EBITDA	78	76	3 %	<b>86</b>	68	26 %
EBIT	-13	19	-	<b>12</b>	13	-8 %
Pre Tax Profit	-25	0	-	<b>0</b>	-6	-

- ✦ Revenue growth 15 %. The new group companies contributed EUR 42m.
- ✦ EBITDA remained flat, without one-time items EBITDA growth 26%
- ✦ EBIT and pre-tax profit were lower mainly due to non-recurring loss of scaling the German mobile retail chain down and increased depreciation of Radiolinja's fixed assets
- ✦ EBIT without one-time items amounted to EUR 12m (13)
- ✦ Operational cash flow\*\*\* was positive

\* 1Q/02: GSM write-off EUR -14 m, Mäkitorppa GmbH shutdown EUR -10 m and Comptel IAS-change EUR -1m

\*\* 1Q/01: GSM write-off EUR -2m, capital gain EUR 8m

\*\*\* EBITDA – operative CAPEX – net financial items – taxes = 78 – 48 – 11 – 7 = EUR 12m

# Business Areas: Mobile Business 1Q 2002

Mobile Service- and network operators Distribution companies Intra-SBA sales Group bookings <b>Total</b>	Revenue			EBITDA			EBIT		
	1Q/02	1Q/01	change	1Q/02	1Q/01	change	1Q/02	1Q/01	change
	166	161	3 %	53	46	15 %	18	28	-36 %
	12	17	-29 %	-1	-2	-	-2	-3	-
	-4	-3					-9	-10	
	<b>174</b>	<b>175</b>	<b>-1 %</b>	<b>52</b>	<b>44</b>	<b>18 %</b>	<b>7</b>	<b>15</b>	<b>-53 %</b>

- ✦ Radiolinja's comparable revenue remained flat and EBITDA growth was 18% with EBITDA margin of 30% (25%)
- ✦ EBIT decreased with EUR 8m affected by EUR -14m write-down of GSM network
- ✦ Leasing adjusted EBITDA was EUR 63m (59) and EBITDA margin 36% (37%)
- ✦ ARPU was EUR 41.4 per month (42.0), which was affected by lower domestic terminating tariff introduced in September 2001
- ✦ Subscriptions in networks increased by 7% to 1.35 million (1.26)
- ✦ MOU up by 8% to 501 million (465) and amount of SMS by 10% to 104 million (94)
- ✦ Average monthly usage of subscriptions increased to 129 minutes (126)

## Business Areas: Mobile Business (cont.)

- ✦ Average amount of SMS sent per subscriber was 26 per month (26)
- ✦ Value added services accounted for 12% of revenues (12%)
- ✦ Service operator's annualised churn was 18.2% (13.9%)
- ✦ Churn was affected by exceptional, even unhealthy competition in last December. At the end of quarter churn returned to earlier level, about 13%.
- ✦ Market share of subscriptions in Finland amounted to about 34% (35%)
- ✦ On January 1 Radiolinja launched UMTS test network in the capital region and Tampere
- ✦ Vodafone and Radiolinja signed a business and partnership agreement on February 14. The co-operation ensures more international products and services to Radiolinja's customers, e.g. the affordable Eurocall and GPRS roaming in Vodafone partner countries.

# Business Areas:

## Fixed Network Business 1Q 2002

Fixed network	Revenue			EBITDA			EBIT		
	1Q/02	1Q/01	change	1Q/02	1Q/01	change	1Q/02	1Q/01	change
*Service operator and Network operator	258			52			23		
Intra-SBA sales	-55								
Group bookings							-1		
<b>Total</b>	<b>203</b>	<b>143</b>	<b>42 %</b>	<b>52</b>	<b>41</b>	<b>27 %</b>	<b>22</b>	<b>20</b>	<b>10 %</b>

- ✦ Fixed network business was incorporated to service operator and network operator businesses from the beginning of the year. EBIT of service operator was slightly negative and EBIT of network operator clearly positive.
- ✦ Service operator business consists of ElisaCom sub-group and local operators Kestel, Soon Com, Lounet, Riihimäki Telephone and Tikka Communications
- ✦ Network operator business consists of Elisa Networks sub-group and local network operators Soon Net and Kesnet
- ✦ Revenue growth 40%. The new group companies contributed EUR 42m.
- ✦ EBITDA growth 27% to EUR 52m (41)

\* Includes also Yomi's IT-business and Soon's security business

## Business Areas: Fixed Network Business (cont.)

- ✦ The amount of subscriptions in Elisa group was 1.15 million (0.73)
- ✦ The broadband access market leadership was further enhanced. The number of ADSL channels increased to 36 300 (8 300).
- ✦ Fixed network companies focused on national integration of the business and synergy benefits
- ✦ Soon Com's ISP business was integrated to Elisa Internet Ltd. (formerly Kolumbus Ltd.)

<b>Subscriptions, '000</b>	1Q/2002	1Q/2001	1Q/2001*	change*
ISDN channels	269	226	245	10 %
ADSL channels	36	8	11	244 %
Cable TV	136	11	124	9 %
Analogue and others	706	500	750	-6 %
<b>Total</b>	<b>1147</b>	<b>746</b>	<b>1130</b>	<b>2 %</b>

\* includes also subscriptions of Soon, Yomi, RPO and Lounet



# Business Areas: Germany-based Operations Q1 2002

Germany	Revenue		EBITDA		EBIT + share of associated comp	
	1Q/02	1Q/01	1Q/02	1Q/01	1Q/02	1Q/01
Carrier-business	26	9	-8	-4	-18	-18
Mäkitorppa GmbH	1	4	-7	-3	-10	-3
Group bookings						
<b>Total</b>	<b>27</b>	<b>13</b>	<b>-15</b>	<b>-7</b>	<b>-28</b>	<b>-21</b>

- ✦ City carrier business progressed according to plan: strong revenue growth and both EBITDA and EBIT margins improved
- ✦ Consolidated revenues doubled to EUR 27m (13)
- ✦ Consolidated net loss was EUR 22m (-18), which includes non-recurring losses of EUR 10m from Mäkitorppa GmbH
- ✦ Share of associated companies result improved to EUR -1m (-10)
- ✦ Mobile retail business will not incur any more losses after 1Q

## Business Areas: Germany-based Operations (cont.)

- ✦ Consolidation and integration of city carrier business to Tropolys GmbH was continued. Elisa holds now 64.5% of Tropolys.
- ✦ Acquisition of HLkomm majority is being pursued, as the carrier would contribute significantly to consolidated earnings of Tropolys (stake currently 23%)
- ✦ An agreement was signed on 30th April to acquire all the shares of TIME CityLink to Elisa (previous stake 50%). New management was installed effective that date.

# Strategic Alignment of Elisa in the New Domestic Market Scenario

- ✦ Finland is the main market of Elisa
- ✦ Elisa offers in the domestic market comprehensive telecommunications solutions tailored for the needs of Finnish customers
- ✦ Continuing to execute the current strategy Elisa has an increased opportunity to strengthen the market share in Finland
- ✦ Elisa is free and willing to choose best partners for each customer for supply of convergent ICT solutions
- ✦ Elisa offers an open and efficient access channel for all content providers
- ✦ Conducting the business with strong partners, Elisa Group maintains an ability to operate independently – the scale is suitable for the scope of the market

## Future Outlook

- ✦ The Group's revenue is expected to grow faster than the sector in general in 2002
- ✦ Euro value of EBITDA and PTP without one-time items are estimated to improve compared to 2001
- ✦ The positive impact of the restructuring programs executed in 2001 will start showing in the results of 2Q 2002 and the full effect to occur in the latter half of 2002. Profitability is estimated to improve towards the year-end.
- ✦ Cash flow of the Elisa Group is estimated to turn positive during the year 2002
- ✦ Co-operation with Vodafone is estimated to strengthen the product portfolio of the Group and thus the position in the domestic mobile market towards the end of the current year
- ✦ EBITDA of the Elisa Kommunikation GmbH sub-group is expected to turn positive by the end of 2002, and EBIT to turn positive by the end of 2003
- ✦ Mobile retail business in Germany will incur no more losses

# Elisa Communications Interim Report

January 1, 2002 – March 31, 2002

# Elisa Communications' 1Q/2002 P&L

Elisa Communications Group EURm	Excl. one-time items *			
	Q1/02	Q1/01	Q1/02	Q1/01
<b>Revenue</b>	<b>384</b>	<b>333</b>	<b>385</b>	<b>333</b>
Other income from operations	5	11	5	3
<b>EBITDA</b>	<b>77</b>	<b>76</b>	<b>86</b>	<b>68</b>
<i>EBITDA margin</i>	20 %	23 %	22 %	20 %
Depreciation	-77	-46	-60	-44
Goodwill depreciation	-13	-11	-13	-11
<b>EBIT</b>	<b>-13</b>	<b>19</b>	<b>12</b>	<b>13</b>
<i>EBIT margin</i>	-3 %	6 %	3 %	4 %
Share of associated companies result	-1	-9	-1	-9
Net financial items	-11	-10	-11	-10
<b>Pre Tax Profit</b>	<b>-22</b>	<b>0,3</b>	<b>0</b>	<b>-6</b>

\*) GSM write-off EUR -14 m, Mäkitorppa GmbH shutdown EUR -10 m and Comptel IAS-change EUR -1m

# Key Figures of Elisa Communications

<b>Elisa Group</b>	<b>1Q/02</b>	<b>4Q/01</b>	<b>3Q/01</b>	<b>2Q/01</b>	<b>1Q/01</b>
<b>EURm</b>					
Revenue	384	386	389	331	333
EBITDA	78	183	91	75	76
<i>EBITDA-%</i>	<i>20 %</i>	<i>47 %</i>	<i>23 %</i>	<i>23 %</i>	<i>23 %</i>
Adjusted EBITDA	86	97	91	77	68
<i>Adj. EBITDA-%</i>	<i>22 %</i>	<i>25 %</i>	<i>23 %</i>	<i>23 %</i>	<i>20 %</i>
EBIT	-13	58	16	15	19
Adjusted EBIT	12	19	22	31	13
Pre-Tax Profit	-25	44	-1	3	0
Adj. Pre-Tax Profit	0	5	5	24	-6
<b>Financial position</b>					
Net debt	825	756	814	773	774
Equity ratio	38 %	40 %	40 %	39 %	37 %
Net debt / EBITDA	2,7	1,8	2,5	2,6	2,1
Net interest coverage	6,8	8,8	7,3	6,8	7,8
Gearing	94,1 %	88,4 %	96,7 %	91,1 %	112,8 %

## Key Figures (cont.)

<b>Business Areas</b>	<b>1Q/02</b>	<b>4Q/01</b>	<b>3Q/01</b>	<b>2Q/01</b>	<b>1Q/01</b>
<b>Mobile</b>					
ARPU, EUR	41,4	42,7	44,2	45,3	42,2
Churn, %	18,2	14,4	15,5	13,9	13,9
Subscriptions	1 348 710	1 356 204	1 295 280	1 281 577	1 392 000
EBITDA, EURm	52	47	58	47	46
<i>EBITDA-%</i>	30 %	28 %	33 %	27 %	29 %
Leasing adj. EBITDA, EURm	63	60	71	60	59
<i>Leasing adj. EBITDA-%</i>	36 %	35 %	41 %	34 %	37 %
<b>Fixed line</b>					
Subscriptions, total	1 147 000	1 137 000	1 152 000	735 570	747 968
ADSL subscriptions	36 000	27 000	19 000	11 623	8 300
ISDN channels	269 000	276 000	272 000	219 147	213 811
EBITDA, EURm	52	63	52	32	34
<i>EBITDA-%</i>	26 %	27 %	27 %	26 %	25 %



# Reconciliation of Clean Sales, EBITDA and EBIT

Clean Sales, EBITDA and EBIT

<b>EURm</b>	<b>1Q 2002</b>
Sales	384
IAS accounting	1 1)
<b>Clean Sales</b>	<b>385</b>
Other income	5
One-time costs from Mäkitorppa GmbH	7 2)
Opex	-311
<b>Clean EBITDA</b>	<b>86</b>
Depreciation	-77
Goodwill depreciation	-14
Write off in Radiolinja	14 3)
Write off in Mäkitorppa GmbH	3 4)
<b>Clean EBIT</b>	<b>12</b>

1) Change in Comptel's accounting standards

2) Shutdown costs from mobile retail business in Germany

3) One-time write-offs from fixed assets (GSM network)

4) One-time write-offs from fixed assets

## Revenue, EBITDA and EBIT by Business Areas, EURm

	Revenue			EBITDA			EBIT		
	Q1/02	Q1/01	change	Q1/02	Q1/01	change	Q1/02	Q1/01	change
Operator business	166	161	3 %	53	46	15 %	18	28	-36 %
Distribution companies	12	17	-29 %	-1	-2	-	-2	-3	-
Intra-SBA sales	-4	-3							
Group bookings							-9	-10	
<b>Total</b>	<b>174</b>	<b>175</b>	<b>-1 %</b>	<b>52</b>	<b>44</b>	<b>18 %</b>	<b>7</b>	<b>15</b>	<b>-53 %</b>

	Revenue			EBITDA			EBIT		
	Q1/02	Q1/01	change	Q1/02	Q1/01	change	Q1/02	Q1/01	change
Service operator*	178			10			-2		
Network operator	80			42			25		
Intra-SBA sales	-55								
Group bookings							-1		
<b>Total</b>	<b>203</b>	<b>143</b>	<b>42 %</b>	<b>52</b>	<b>41</b>	<b>27 %</b>	<b>22</b>	<b>20</b>	<b>10 %</b>

\*) includes also Yomi's IT- and Soon's security businesses

	Revenue		EBITDA		EBIT	
	Q1/02	Q1/01	Q1/02	Q1/01	Q1/02	Q1/01
Carrier-business	26	9	-8	-4	-17	-8
Mäkitorppa GmbH	1	4	-7	-3	-10	-3
Group bookings						
<b>Total</b>	<b>27</b>	<b>13</b>	<b>-15</b>	<b>-7</b>	<b>-27</b>	<b>-11</b>

Share of associated companies results: Q1/02: -1 and Q1/01: -10

	Revenue			EBITDA			EBIT		
	Q1/02	Q1/01	change	Q1/02	Q1/01	change	Q1/02	Q1/01	change
Comptel	11	19	-42 %	-2	8	-	-3	8	-
Other companies	1	1		0	0		0	0	
Group bookings									
<b>Total</b>	<b>12</b>	<b>20</b>	<b>-40 %</b>	<b>-2</b>	<b>8</b>	<b>-</b>	<b>-3</b>	<b>8</b>	<b>-</b>

	Revenue			EBITDA			EBIT		
	Q1/02	Q1/01	change	Q1/02	Q1/01	change	Q1/02	Q1/01	change
Group fuctions*	8	3	167 %	-9	-10	-	-12	-13	-

\*) headquarters staff, centralized R&D and group internal services

	Revenue			EBITDA			EBIT		
	Q1/02	Q1/01	change	Q1/02	Q1/01	change	Q1/02	Q1/01	change
Business areas total	424	354	20 %	78	76	3 %	-13	19	-
Inter-SBA sales	-40	-21							
<b>Total</b>	<b>384</b>	<b>333</b>	<b>15 %</b>	<b>78</b>	<b>76</b>	<b>3 %</b>	<b>-13</b>	<b>19</b>	<b>-</b>