Interim Report

1 April 2006 – 30 June 2006

Q2 2006 Report

President and CEO Veli-Matti Mattila

Elisa Q2 2006

- Q2 2006 and financial highlights
- Review of the mobile and fixed network businesses
- Execution of the strategy and 3G service bundles
- Outlook for 2006

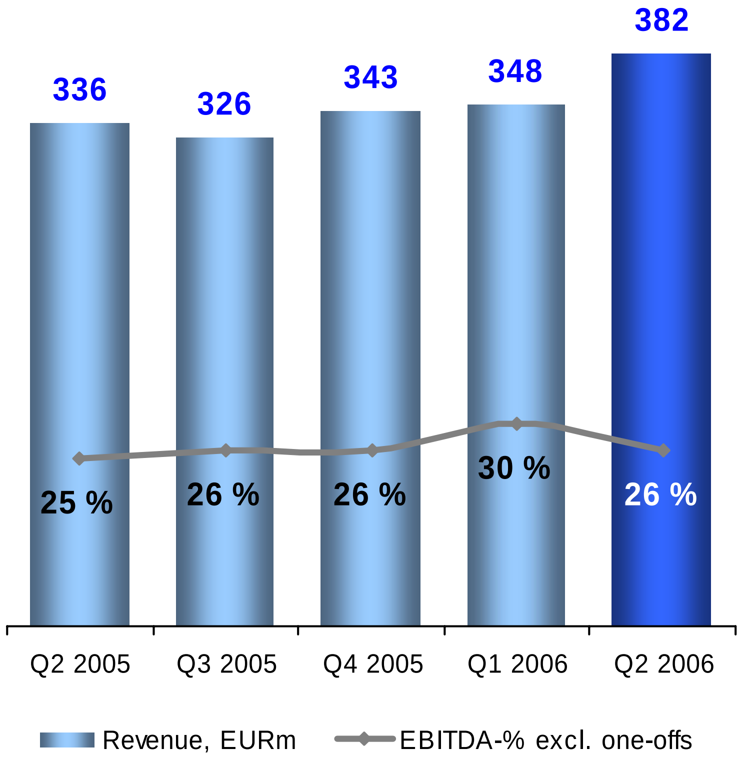
Elisa Q2 2006 highlights

- Sale of new 3G service bundles progressed well
  - increasing interest in new services
  - majority of new subscriptions 3G service bundles
- Mobile ARPU improved from previous quarter, churn deceased to 13%
- Both mobile and ADSL subscription base increased
- Revenue and EBITDA excluding one-offs improved
- Financial position remained stable

EBITDA excluding one-offs improved clearly

- Revenue EUR 382m (336)
- EBITDA EUR 95m (170)
  - excluding one-offs EUR 100m (84)
- EBIT EUR 39m (118)
  - excluding one-offs EUR 44m (32)
- Pre-tax profit EUR 35m (113)
  - excluding one-offs EUR 40m (26)
- EPS EUR 0.16 (0.66)
  - excluding one-offs EUR 0.19 (0.15)

Revenue and EBITDA-%*

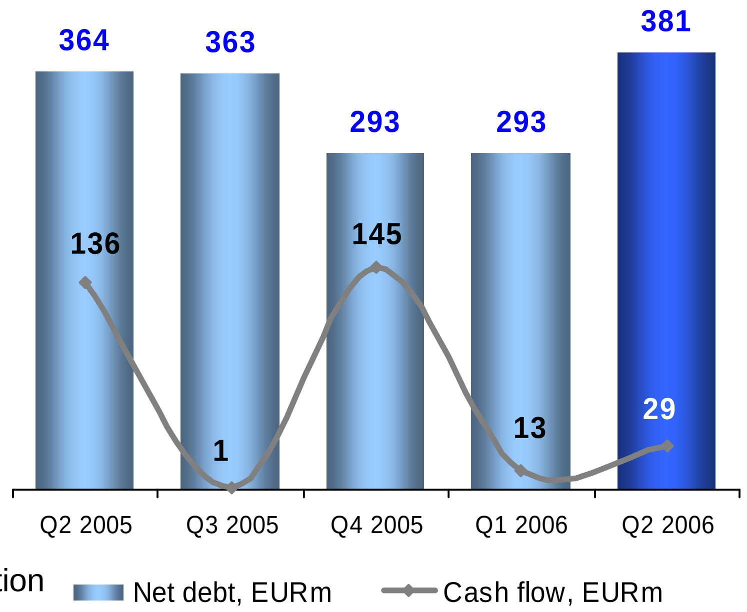


Q2 2006 and financial highlights

Financial position stable

- Cash flow EUR 29m (136*)
- Net debt EUR 381m (364)
  - dividend EUR 117m
- CAPEX EUR 54m (46), 14% of revenue (14)
- Equity ratio 64% (55)
- Gearing 30% (36)

Net debt and cash flow

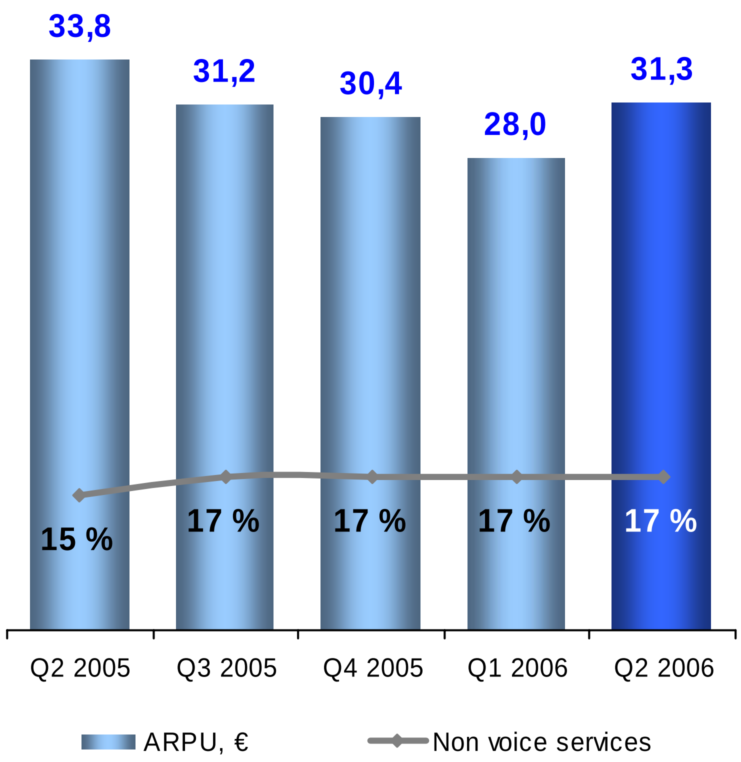


* Incl. EUR 104m of compensations for damage in interconnection traffic and sale income on shares and real estate

Lower churn, ARPU decrease stopped

- Churn 12.9% (32.3*)
  - service competition intensifying
- ARPU EUR 31.3 (33.8*)
- Usage growth in non-voice services
  - revenues increased 12% to 5.3 €/user/month from Q1
- Growth in network usage
  - MOU grew by 53% and SMS 68% due to increased Saunalahti traffic
  - growth excluding Saunalahti 17% and 32%, respectively (2005 figures)

ARPU and value added services

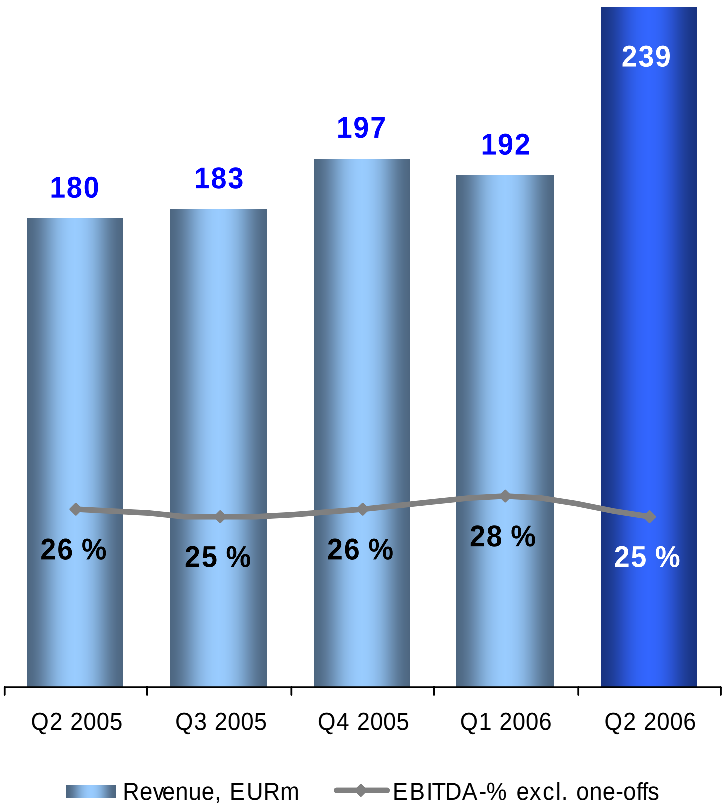


* excluding Saunalahti

3G handset sales increased revenue

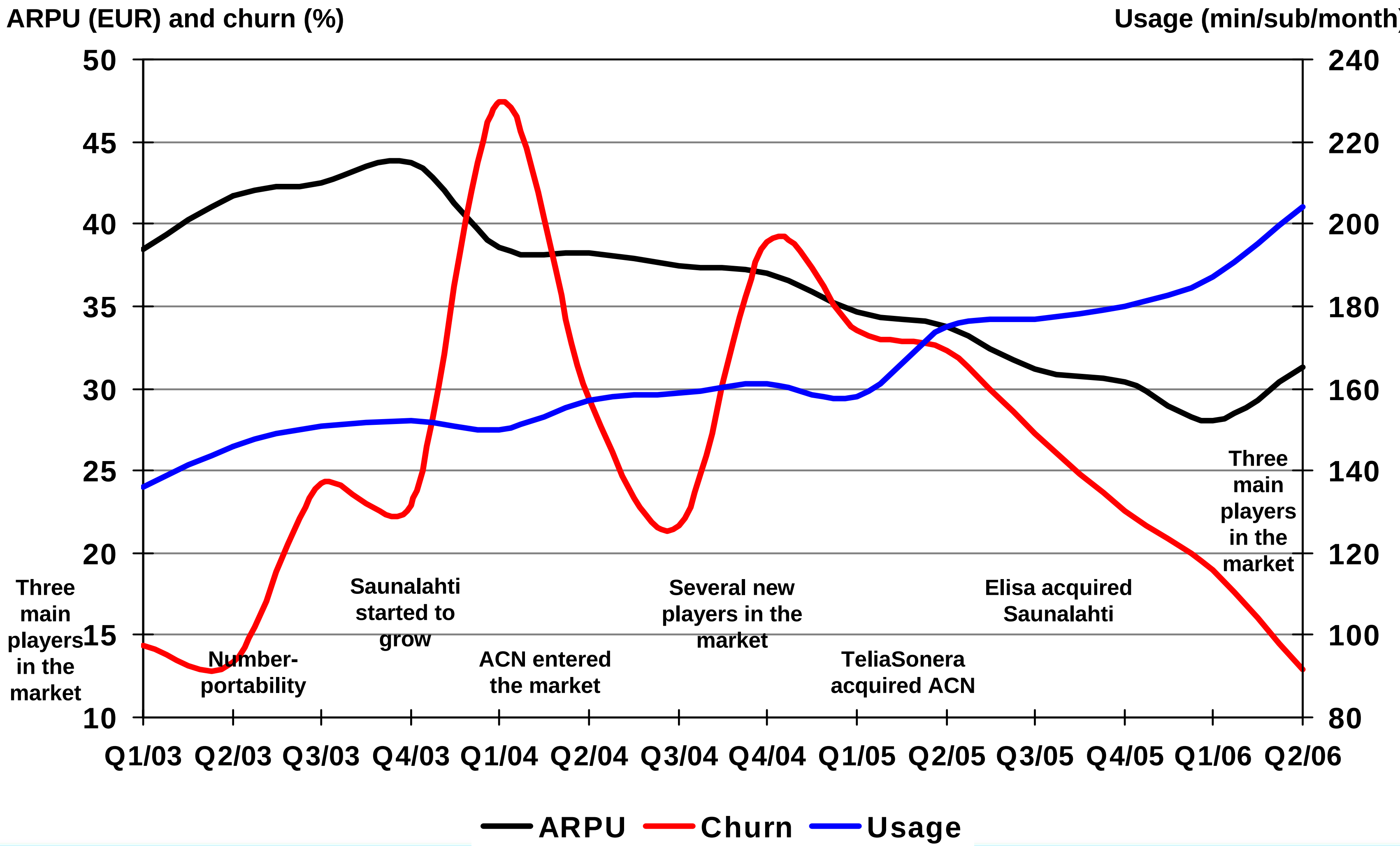
- Revenue EUR 239m (180)
  - growth due to increased Saunalahti traffic and sale of 3G terminals
- EBITDA EUR 57m (74), 24% of revenue (41)
  - excluding one-offs EUR 59m (46), 25% of revenue (26)
- EBIT EUR 29m (52), 12% of revenue (29)
  - excluding one-offs EUR 31m (24), 13% of revenue (13)

Revenue and EBITDA-%



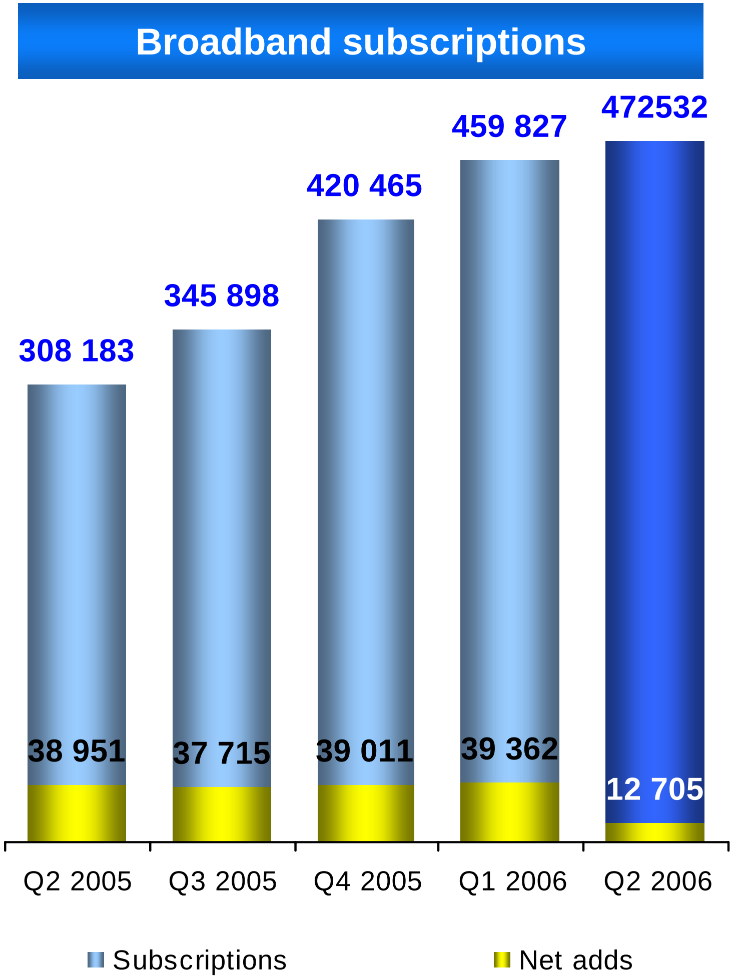
Segment review, mobile business

ARPU decrease stopped



Broadband growth continued

- ADSL subscriptions growth 53% y-o-y
  - broadband penetration 56%, PC penetration 72%*
- ADSL growth 12,700 subscriptions in Q2
  - marketing activities decreased in the market place
- Elisa as a market leader in slightly slower growth subscription market
- Decrease in analogue lines continued
  - analogue lines decreased by 11% and ISDN channels by 20%

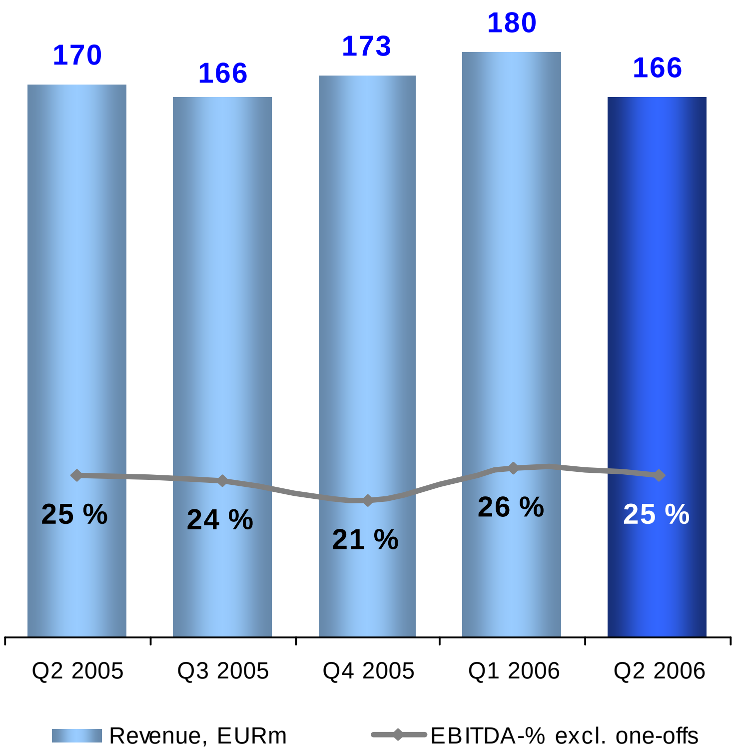


* Statistics Finland

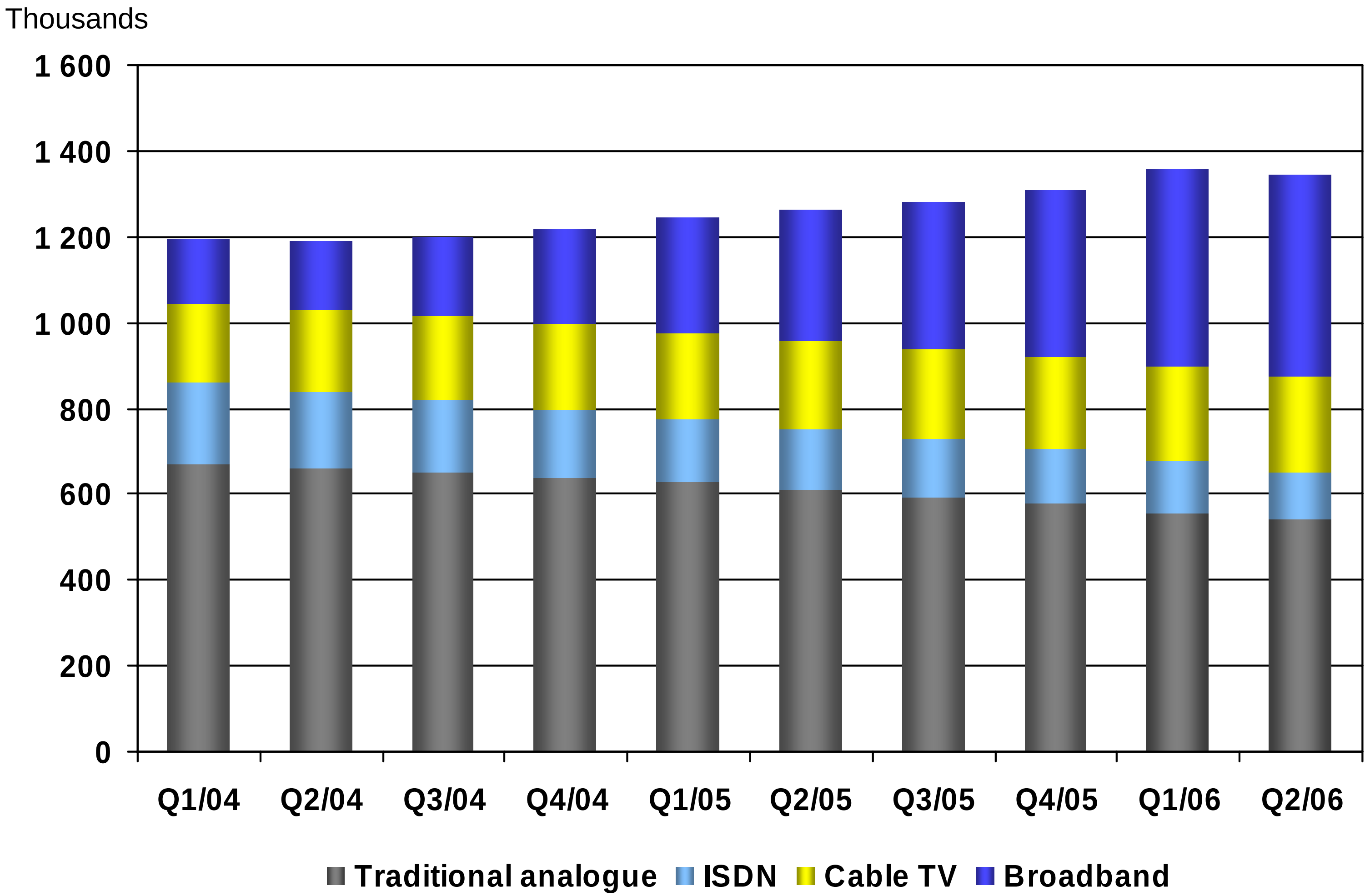
Revenue at the same level

- Revenue EUR 166m (170)
- EBITDA EUR 39m (43), 24% of revenue (25)
  - excluding one-offs EUR 42m (43), 25% of revenue (25)
- EBIT EUR 11m (17), 7% of revenue (10)
  - excluding one-offs EUR 14m (17), 9% of revenue (10)

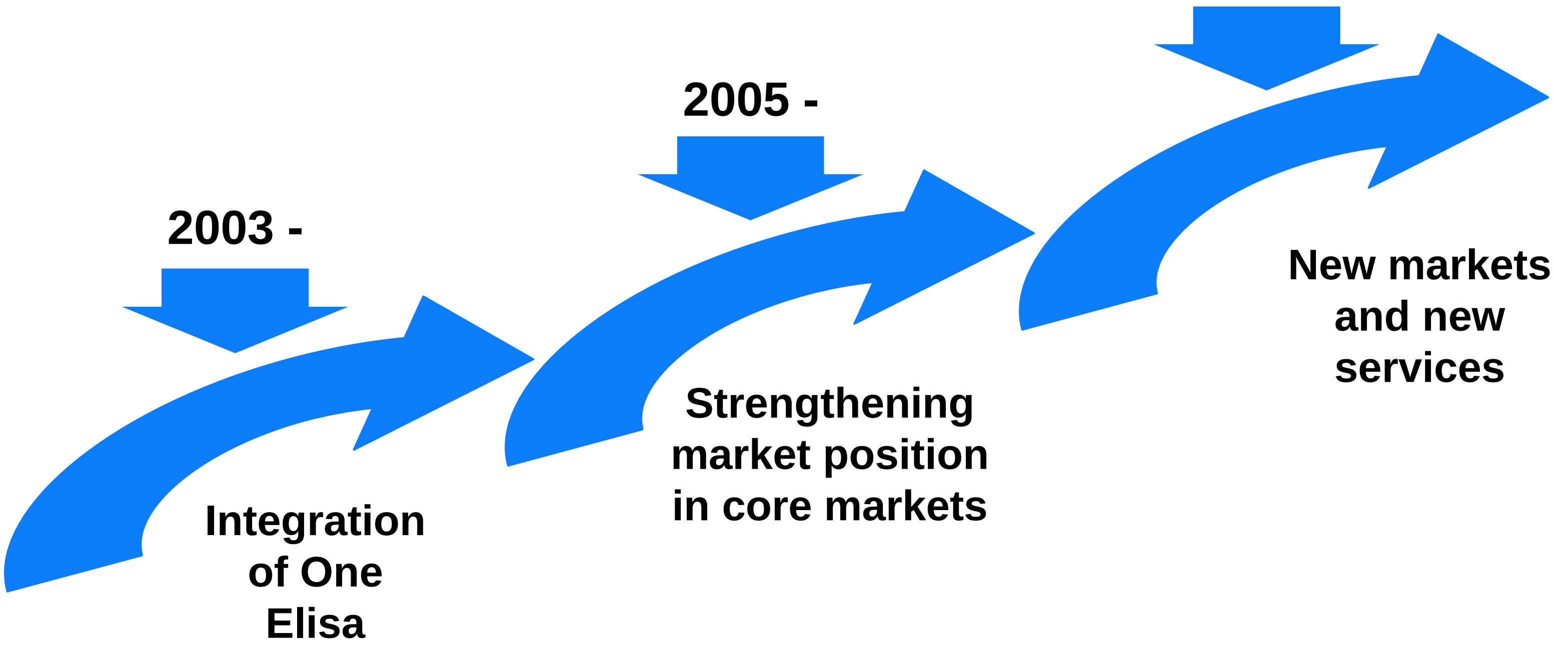
Revenue and EBITDA-%



Growth in fixed network subscriptions



Strategy execution



Strategy execution

Productivity improvement

Significant profitability improvement

- Installation outsourcings in fixed network business
- Reduction in personnel costs
- New broadband pricing
- Changes in mobile pricing

Customer orientation

- 3G service bundles and wider service offering
- Capacity and speed Increases in broadband
- Simple and clear pricing for HSDPA service

Simplification of structure

- Tender offer of Lounet shares
- Merger of Tikka Communications and Jyväsviestintä into Elisa

3G service bundles in favour

- Sale of 3G packages exceeded expectations
- Currently about 150,000 3G customers in Finland, estimated amount at the year end 250,000 - 300,000
- Usage growth in several new services
  - e-mail, video calls, video streaming, MMS, information services
- Fast renewal of mobile handset base
- More customers in reach of new services

Growth in new services

- Decline in ARPU trend stopped
- Lower churn indicates customers increasing demand for better services
- 3G customers more active at using new services
- About half of 3G service bundle customers also buy data package services
- Clear pricing and predictability (3G service bundles) are appreciated by customers

Outlook for 2006

- Market
  - Competition remains challenging
  - More focus on services

- Financial position
  - Revenue will clearly grow
  - EBITDA and EBIT excluding non-recurring items will improve

- CAPEX and cash flow
  - CAPEX 13-15 per cent of revenue
  - Cash flow clearly positive

Financial performance

CFO Jari Kinnunen

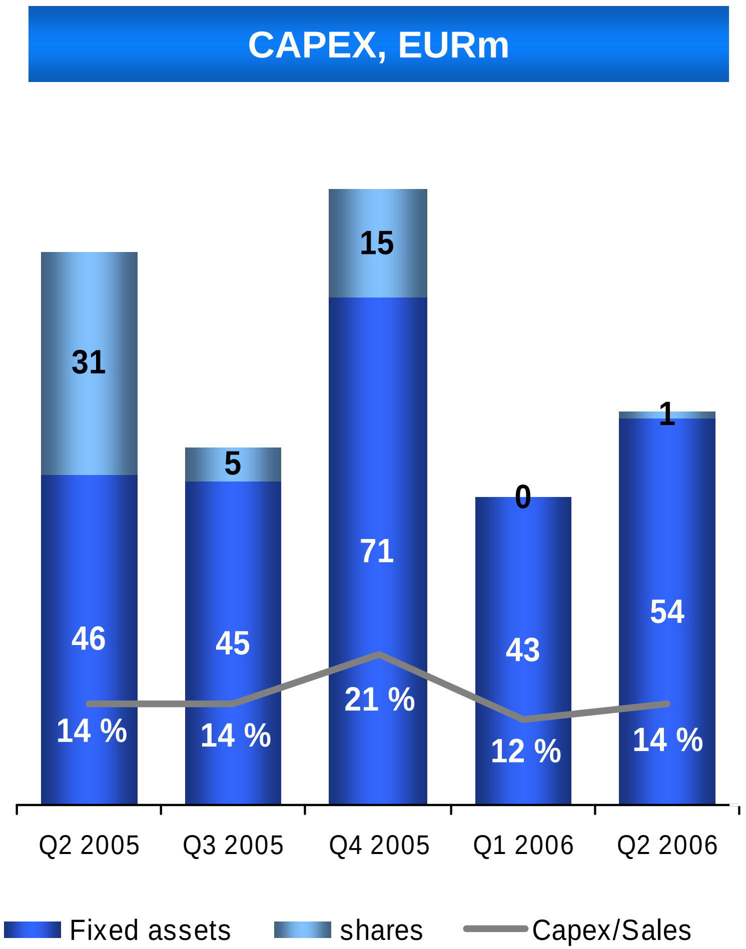
Income statement

EUR million	Q2 2006	Q2 2005	2005
Revenue	**382**	**336**	**1 337**
Revenue growth, y-o-y	*14%*		*-1%*
Other income from operations	1	87	114
Operating expenses	-289	-253	-1 005
EBITDA	**95**	**170**	**446**
EBITDA-%	*25%*	*51%*	*33%*
EBITDA excluding one-offs	**100**	**84**	**346**
EBITDA-% excluding one-offs	*26%*	*25%*	*26%*
Depreciations	-56	-52	-213
EBIT	**39**	**118**	**233**
EBIT-%	*10%*	*35%*	*17%*
EBIT excluding one-offs	**44**	**32**	**133**
EBIT-% excluding one-offs	*12%*	*10%*	*10%*
Pre-tax profit	**35**	**113**	**212**
Taxes	-7	-18	-34
Net result	**28**	**95**	**178**
EPS, EUR	**0.16**	**0.66**	**1.22**
EPS excluding one-offs, EUR	**0.19**	**0.15**	**0.61**

Q2 2005 includes EUR 86m one-time items on the EBITDA level

CAPEX

- CAPEX includes
  - Broadband infrastructure
    - Speed increases
  - 3G-capacity and coverage increase
    - HSDPA in Finland and Estonia
  - Investments in new billing, CRM and network management systems
- Investments in fixed assets
  - Mobile EUR 22m
  - Fixed network EUR 32m
- Lounet shares EUR 1m

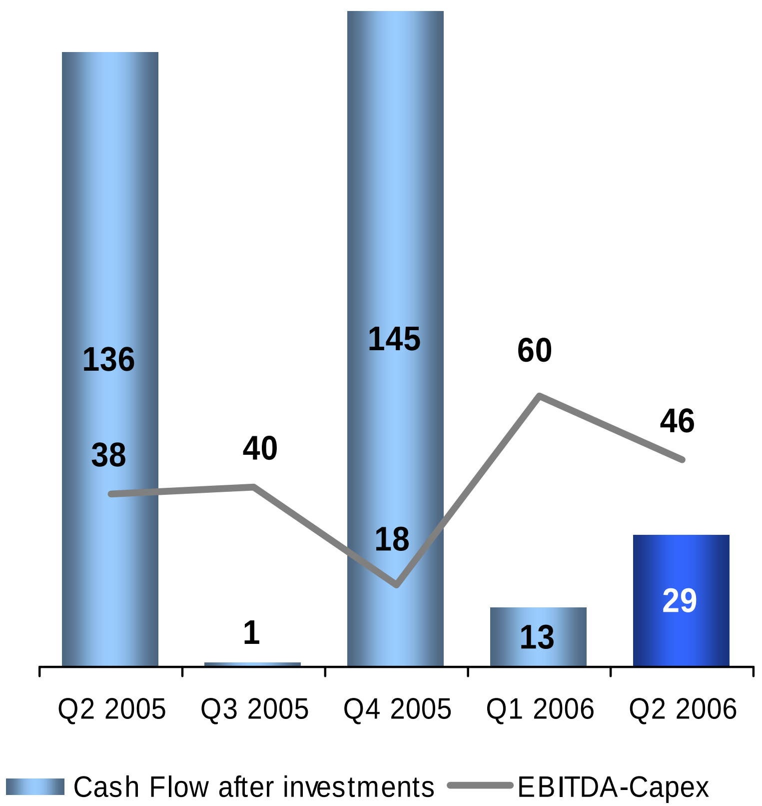


Q4 2005 Excluding EUR 361m share exchange

Cash flow

- Positive cash flow EUR 29m in Q2
- Change in net working capital EUR –6m
  - Positive effect from seasonality
  - Sales receivables increased through bundling
  - Inventories increased through 3G bundling

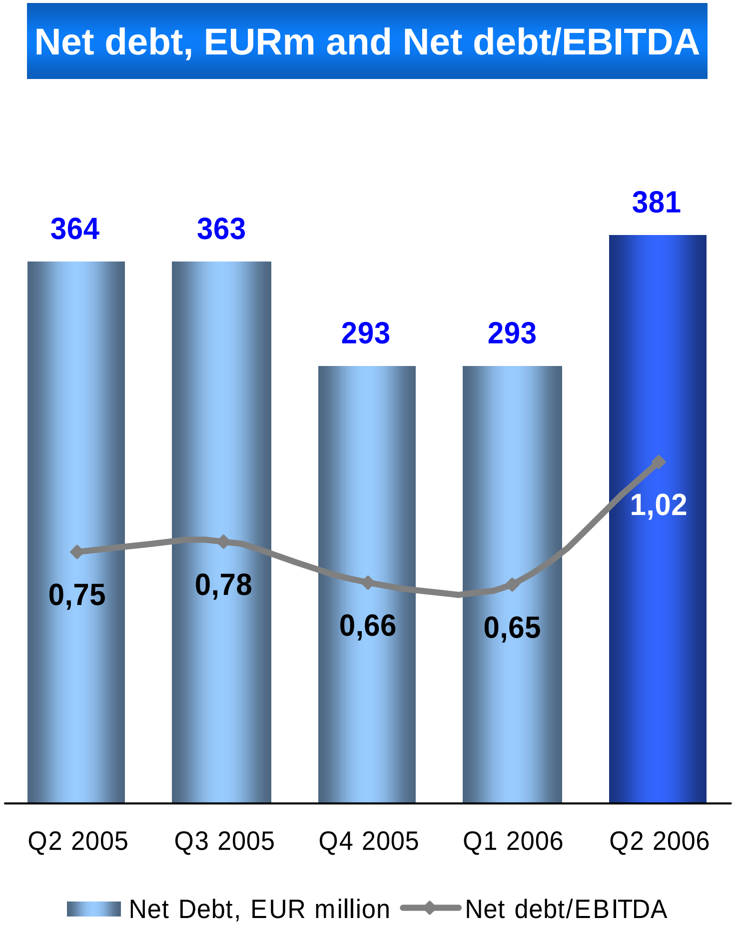
Cash flow and operative cash flow*, EURm



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

Net debt

- Cash flow EUR 29m in Q2
- Dividend paid in Q2 EUR 117m



Summary

- Profitability improvement still main focus
  - streamlining of processes
  - cost cutting programs
- 3G service bundles
  - Increases revenue (handset sales)
  - Increases usage
  - Lowers churn
  - Increases receivables and inventory
- Stable financial position

Interim Report

1 April 2006 – 30 June 2006

Consolidated Cash flow statement

CONSOLIDATED CASH FLOW STATEMENT

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

Appendix slide

Financial situation

Financial situation

(million euros)

	30 Jun 2006	31 Mar 2006	31 Dec 2005	30 Sep 2005	30 Jun 2005
Interest-bearing debt					
Bonds and notes	326	326	446	455	458
Commercial Paper	35	0	0	0	0
Loans from financial institutions	0	0	0	0	1
Financial leases	49	51	56	59	63
Committed credit line 1)	0	0	0	0	0
Others	11 2)	13	4	4	13
Interest-bearing debt, total	421	390	506	519	534
Security deposits	1	1	1	1	1
Securities	0	41	177	122	139
Cash and bank	40	55	34	33	30
Interest-bearing receivables	41	96	213	156	170
Net debt 3)	381	294	293	363	364

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 minority shareholders in Radiolinja (EUR 0,5m), Saunalahti (EUR 9,8m) and Tikka (EUR 0,6m)
3) Net debt is interest-bearing debt less cash and interest-bearing receivables.