

ELISA CORPORATION STOCK EXCHANGE RELEASE 20 OCTOBER 2006 AT 8.30 am

ELISA'S INTERIM REPORT FOR JULY-SEPTEMBER 2006

- The profit before tax improved from EUR 28 million to EUR 69 million and the EBITDA from EUR 85 million to EUR 123 million
- Revenue increased by 19 per cent and was EUR 387 million (326).
- Revenue per subscription (ARPU) decreased slightly from EUR 31.3 in the second quarter to EUR 30.5 due to a reduction in Saunalahti's interconnection fee
- Churn in mobile communications decreased further to stand at 11.7 per cent, compared with 12.9 per cent in the second quarter.
- The introduction of new 3G service bundles and prepaid subscriptions contributed to an increase in the number of mobile subscriptions.
- The number of broadband subscriptions increased by approximately 7,000 on the previous quarter.
- The financial position remained stable: at the end of September, the equity ratio was 65 per cent (62 per cent at the end of 2005) and net debt at EUR 336 million (293 at the end of 2005)

In July-September, Elisa's key indicators were as follows:

Income statement EUR million	7-9/2006	7-9/2005	1-12/2005
Revenue	387	326	1 337
EBITDA	123	85	446*
EBIT	73	33	233*
Profit before taxes	69	28	212*
Earnings per share, EUR	0.32	0.15	1.22*
Capital expenditures	40	45	204

* Excluding non-recurring items: EBITDA EUR 346 million, EBIT EUR 133 million, profit before taxes EUR 112 million and earnings per share EUR 0.61

Figures describing the financial position and cash flow:

Financial position	30.9.2006	30.9.2005	31.12.2005
Net debt	336	363	293
Equity ratio, %	65.5	55.3	61.7
Cash flow statement	7-9/2006	7-9/2005	1-12/2005
Cash flow after investments	36	1	308

CEO Veli-Matti Mattila:

"Uniform interconnection fees

Interconnection fees between operators have been widely discussed. Different rates have a highly distorting effect on competition and thus the fees should be adjusted to a uniform level. Unless operators can soon come to a mutual agreement, the regulatory authorities are positioned to promote a speedy solution to the problem. The Ministry of Transport and Communications has already forcibly expressed its opinions in this respect.

In this matter we should look at what is happening elsewhere in Europe. The trend is towards uniform rates, which also corresponds with the intent of the European Commission. For example, Sweden has announced its aim to harmonise the interconnecting fees already next year.

There are currently some 220,000 3G data terminals in Finland, which means growth has been very strong. We estimate this number to exceed 300,000 by the end of the year. One of the main objectives was to update the country's mobile phone base to correspond to the requirements of the information society. Service bundles have been an undeniable success.

Elisa's third-quarter performance was very successful. We retained our leading position on the slackening broadband market and the number of our mobile network subscriptions increased markedly. Mobile subscription usage also increased favourably. I am particularly pleased with the growing usage of new services, which testifies to the popularity of our service bundles."

ELISA CORPORATION

Vesa Sahivirta
Director, IR and Financial Communications

Further information:

Mr Veli-Matti Mattila, President and CEO, tel. +358 10 262 2635

Mr Jari Kinnunen, CFO, tel. +358 10 262 9510

Mr Vesa Sahivirta, Director, IR and Financial Communication, tel. +358 10 262 3036

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Interim report for January-September 2006

This interim report has been prepared in accordance with the IFRS recognition and measurement principles. The information presented in this interim report is unaudited. This report concerns the July-September period. The figures in the tables for the Stock Exchange Release concern the January-September period.

Market situation

The new 3G service bundles, which have been permitted since 1 April, have clearly strengthened the service competition. These bundles offer new services and have been highly popular. The number of mobile network subscriptions developed positively, and usage of subscriptions increased.

The fixed network business continued its earlier trend: the number of broadband subscriptions continued to grow, while the number and usage of traditional subscriptions decreased.

Revenue

EUR million	7-9/2006	7-9/2005	Change, %
Mobile communications	246	183	34
Fixed network	156	166	-6
Other businesses	0	5	
Inter-segment sales	-16	-28	-43
Total	387	326	19

Elisa's revenue for July-September was up 19 per cent on last year. The growth was positively affected by Elisa's acquisition of Saunalahti's business and an increase in the sale of mobile handsets.

Performance

EUR million	7-9/2006	7-9/2005	Change, %
Mobile communications			
EBITDA	72	46	57
EBITDA, %	29	25	
EBIT	49	24	104
Fixed network			
EBITDA	52	40	30
EBITDA, %	33	24	
EBIT	26	12	117
Other business and corporate functions			
EBITDA	-1	-1	
EBIT	-1	-3	
Group, total			
EBITDA	123	85	45
EBITDA, %	32	26	
EBIT	73	33	121

Elisa's EBITDA grew 45 per cent on the corresponding period in 2005. This increase was attributable to improved profitability, the synergy benefits created by the acquisition of Saunalahti and the increased usage of service bundles and new services.

The Group's financial income and expenses totalled EUR -4 million (-5). Reduced financial expenses were mainly due to a decrease in average net debt in the period under review.

Income taxes in the period under review amounted to EUR -16 million (-6).

The Group's July-September profit after taxes amounted to EUR 53 million (22). The Group's earnings per share (EPS) amounted to EUR 0.32 (0.15). At the end of September, the Group's equity per share was EUR 8.01 (8.06 at the end of 2005).

Changes in corporate structure

Elisa sold the television business of TV Jyväskylä, a local channel operating in Elisa's cable television network in the Jyväskylä region, to TV Jyväskylä Ky with an agreement signed on 8 September 2006.

Mobile communication business

Number of subscriptions	30.9.2006	30.9.2005	31.12.2005
Total number of subscriptions (Finland and Estonia)	2,452,487	1,738,624	2,228,101
Total number of subscriptions in Finland *	2,163,887	1,480,794	1,962,101
Subscriptions in Estonia	288,600	257,830	266,000

* Elisa's network operator in Finland

Operating figures in Finland	7-9/2006	7-9/2005	2005
Revenue/subscription**(ARPU),€	30.5	31.2	32.5
Churn**, %	11.7	27.2	28.4
Usage, million minutes*	1,265	934	3,509
Usage, min/subscription/month**	207	177	172
SMS, million msg*	303	219	827
SMS, msg/subscription/month**	50	38	38
Value-added services/revenue, %	17	17	16

* Elisa's network operator in Finland (2005 figures include some Saunalahti subscriptions)

** Elisa's service operator in Finland (2005 figures exclude Saunalahti)

Elisa's network operator increased the number of its subscriptions by some 683,100 subscriptions during the year. The increase was markedly due to Saunalahti shifting its subscriptions to Elisa's network. The third-quarter increase was approximately 103,500 subscriptions. The increase was affected by the positive demand for 3G service bundles and prepaid subscriptions.

The call minutes per subscription of Elisa's own service operator rose by approximately 17 per cent and the number of SMS messages increased by approximately 32 per cent on the corresponding period in 2005. The call minutes of the network operator rose by 35 per cent and SMS messages by 38 per cent. The increase was affected by e.g. the additional traffic generated by Saunalahti.

Revenue per subscription (ARPU) decreased by approximately 2 per cent on the comparison period. This was due to a fall in consumer prices and interconnection fees in June 2006. The increased usage per subscription failed to completely compensate for the decrease due to price erosion. Compared with the previous quarter, revenue per subscription was down by some 3 per cent, decreasing from EUR 31.3 to EUR 30.5, which was partially due to the reduction of Saunalahti's interconnection fees.

On 20 September 2006, Elisa began offering its 2G and 3G customers the most comprehensive mobile TV service in Finland, providing users with access to eight different TV channels.

From September to November, Elisa will expand its 3G network to seven new locations. Elisa will also improve network functionality by establishing new base stations at current 3G locations across the whole country.

Elisa's Estonian subsidiary continued to grow. Revenue was EUR 27.8 million (23.9), EBITDA EUR 9.6 million (7.5) and EBIT 6.9 million (5.2). The number of subscriptions increased by approximately 12 per cent to 288,600 subscriptions at the end of September (257,830). In July, Elisa launched its HSDPA network in Tallinn and Pärnu. The maximum speed of the network is 1 Mbit/s.

Fixed network business

Number of subscriptions	30.9.2006	30.9.2005	31.12.2005
Broadband subscriptions	479,586	345,896	420,465
ISDN channels	110,226	135,716	128,665
Cable TV subscriptions	223,192	208,592	214,054
Analogue and other subscriptions	528,766	592,663	578,002
Subscriptions, total	1,341,770	1,282,869	1,341,186

The number of broadband subscriptions rose by 7,054 in the July-September period, showing an increase of 39 per cent on the previous year.

The number of traditional subscriptions continued to decrease steadily as voice calls shifted to the mobile communication network and data transfers to broadband subscriptions.

Elisa continued its investments targeted at increasing the speeds of the fixed broadband network and enabling the company to offer new services.

Elisa introduced a broadband service bundle, which includes a broadband subscription and a laptop PC.

Personnel

During July-September, the average number of personnel at Elisa was 3,956 (an average of 4,989 in 2005).

	30.9.2006	30.9.2005	31.12.2005
Mobile communications	1,355	1,449	1,629
Fixed network	2,267	3,102	3,001
Other business operations	-	166	-
Corporate functions	39	55	51
Total	3,661	4,772	4,681

Elisa's business transfer agreements made in the first half of 2006 concerning the partial transfer of Elisa's field operations in the area of customer installations and maintenance to Relacom Finland Oy took effect as of 1 September 2006.

The business transfer agreement concerning the outsourcing of external accounting processes related to Elisa's financial administration to Pretax BSP Oy took effect as of 1 September 2006.

In connection with the outsourcing agreements, 337 employees transferred from Elisa to Relacom and 32 employees to Pretax as established employees.

Investments

EUR million	7-9/2006	7-9/2005	1-12/2005
Capital expenditures, of which	40	45	204
- mobile communication business	14	18	86
- GSM leasing liability buy-backs	0	0	4
- fixed network business	27	27	112
- others	0	0	2
Shares	7	5	415
- of which achieved through an exchange of shares			361
Total	47	51	619

Financial position

Elisa's financial position and liquidity remained stable during the third quarter. The Group's July-September cash flow after investments amounted to EUR 36 million (1).

Financial key indicators

EUR million	30.9.2006	30.9.2005	31.12.2005
Net debt	336	363	293
Gearing, %	25.2	35.3	21.7
Equity ratio, %	65.5	55.3	61.7
	7-9/2006	7-9/2005	1-12/2005
Cash flow after investments	36	1	308

Valid financing arrangements

EUR million	Maximum amount	In use on 30.9.2006
Committed credit line	170	0
Commercial paper programme1)	150	0
EMTN programme2)	1,000	336

1) The programme is not committed

2) European Medium Term Note programme, not committed.

Long-term credit ratings

Credit rating agency	Rating	Outlook
Moody's Investor Services	Baa2	Stable
Standard & Poor's	BBB	Negative

Share

At the end of September the company's total number of shares was 166,066,016 and its market capitalisation on 30 September 2006 stood at EUR 2,887 million.

In July-September, a total of 47.4 million shares were traded on the Helsinki Stock Exchange for an aggregate of EUR 762.3 million. The exchange was 28.6 per cent of the number of shares on the market.

Treasury shares

The Annual General Meeting held on 27 March 2006 authorised the Board of Directors to acquire and assign treasury shares. The authorisation has not been used. At the end of September, the companies consolidated in the Elisa Group's financial statements held 125,000 Elisa Corporation shares. The nominal value of the shares totalled EUR 62,500, and their proportion of the share capital and voting rights was 0.1 per cent.

Significant legal issues

Since the publication of Elisa's Annual Report 2005 and the 2006 interim reports, the following legal developments concerning Elisa have taken place:

A total of 379,800 shares held in Elisa's joint book-entry account were sold on the Helsinki Stock Exchange between 27 July and 1 August 2006. These shares represent approximately 0.23 per cent of Elisa's shares and votes. The sale was based on the decision made by Elisa's Annual General Meeting on 14 March 2005 to sell the non-transferred shares held in the joint book-entry account on behalf of their owners in accordance with Chapter 31, section 3a of the Finnish Companies Act.

The proceeds received from the sale have been deposited with the State Provincial Office of Southern Finland. The owners of shares held in the joint account or other assignees are entitled to receive a share of the proceeds corresponding to the number of shares owned.

Events after the reporting period

Elisa's tender offer to the shareholders of Lounet Oy continues until 17 November 2006. As a result of the offer, Elisa's ownership in Lounet is now almost 80 per cent.

Outlook for 2006

Competition in the Finnish telecommunications market remains challenging, while the focus is increasingly shifting to services. The use of mobile communications and broadband products continues to increase. Elisa's aim is to further reinforce its position as the leading service supplier.

The Group's revenue is expected to increase clearly on the previous year. The growth will be partially attributable to an increase in handset sales. Elisa expects to see a clear improvement in EBITDA and EBIT excluding non-recurring items in 2006. This will be due to e.g. the synergy benefits created by the Saunalahti deal and Elisa's rationalisation procedures. Profitability in the fourth quarter will remain good, although a slight fall in EBITDA and EBIT from third-quarter levels is expected due to increasing market activities and seasonal variation in personnel expenses.

Capital expenditures during the year are estimated to total 13 to 15 per cent of the revenue, and cash flow will remain clearly positive. Certain non-recurring items due to IT and production system reforms, which will support the "One Elisa" operational model, are scheduled for 2006.

BOARD OF DIRECTORS

Figures are not audited.

CONSOLIDATED INCOME STATEMENT

EUR million	7-9	7-9	1-9	1-9	1-12
	2006	2005	2006	2005	2005
Revenue	386,9	325,5	1 117,7	994,3	1 337,3
Other operating income	2,8	3,2	6,7	101,5	113,9
Operating expenses	-266,7	-244,0	-808,1	-744,2	-1 005,1
EBITDA	123,0	84,7	316,3	351,6	446,1
Depreciation and amortisation	-49,8	-51,9	-161,3	-156,4	-213,2
EBIT	73,2	32,8	155,0	195,2	232,9
Share of associated companies' profit	0,0	0,0	0,0	1,2	1,2
Financial income and expenses	-3,9	-5,0	-12,3	-17,1	-22,2
Profit before tax	69,3	27,8	142,7	179,3	211,9
Income taxes	-16,3	-5,7	-32,3	-29,5	-34,1
Profit for the period	53,0	22,1	110,4	149,8	177,8
Attributable to:					
Equity holders of the parent	52,6	21,6	109,6	149,0	176,2
Minority interest	0,4	0,5	0,8	0,8	1,6
Profit for the period	53,0	22,1	110,4	149,8	177,8
Earnings per share (EUR)					
Basic	0,32	0,15	0,66	1,05	1,22
Diluted	0,32	0,15	0,66	1,05	1,22
Average number of outstanding shares (1000 shares)					
Basic	165 941	141 757	165 933	141 769	144 807
Diluted	165 941	141 757	165 933	141 769	144 807

REVENUE BY BUSINESS SEGMENTS

	7-9	7-9	1-9	1-9	1-12
EUR million	2006	2005	2006	2005	2005
Mobile	245,7	183,3	677,1	542,6	739,9
Fixed Network	156,4	166,0	502,6	497,9	670,9
Other Companies		5,4	0,1	36,7	38,2
Unallocated					
Intra-segment sales elimination	-15,2	-29,2	-62,3	-82,9	-111,7
Corporation total	386,9	325,5	1 117,5	994,3	1 337,3

EBITDA BY BUSINESS SEGMENTS

	7-9	7-9	1-9	1-9	1-12
EUR million	2006	2005	2006	2005	2005
Mobile	72,3	45,6	182,6	168,3	220,1
Fixed Network	52,0	40,2	137,7	122,8	159,6
Other Companies		0,8		50,6	55,8
Unallocated	-1,3	-1,9	-4,0	9,9	10,5
Corporation total	123,0	84,7	316,3	351,6	446,1

EBIT BY BUSINESS SEGMENTS

	7-9	7-9	1-9	1-9	1-12
EUR million	2006	2005	2006	2005	2005
Mobile	48,7	24,0	107,9	102,8	129,9
Fixed Network	25,5	11,6	51,8	41,4	44,8
Other Companies		0,5		42,1	47,3
Unallocated	-1,0	-3,3	-4,7	8,9	10,9
Corporation total	73,2	32,8	155,0	195,2	232,9

CONSOLIDATED BALANCE SHEET

	30.9.	30.9.	31.12.
EUR million	2006	2005	2005
Non-current assets			
Property, plant and equipment	629,6	693,6	660,6
Goodwill	772,2	471,1	770,6
Other intangible assets	183,7	81,0	178,7
Investments in associated companies	0,3	0,4	0,4
Available-for-sale investments	32,1	46,5	44,2
Other receivables	14,4	10,8	10,6
Deferred tax receivable	37,2	35,0	42,5
	1 669,5	1 338,4	1 707,6
Current assets			
Inventories	24,4	17,6	20,3
Trade and other receivables	319,5	359,1	261,8
Cash and cash equivalents	38,8	156,3	212,7
	382,7	533,0	494,8
Total assets	2 052,2	1 871,4	2 202,4
Equity attributable to equity holders of the parent	1 328,8	1 016,2	1 337,3
Minority interest	6,6	12,5	12,4
Total equity	1 335,4	1 028,7	1 349,7
Non-current liabilities			
Deferred tax liabilities	36,9	31,4	40,6
Provisions	8,7	6,1	9,4
Interest-bearing debt	323,9	403,3	393,7
Other non-current liabilities	12,2	13,1	12,7
	381,7	453,9	456,4
Current liabilities			
Trade and other payables	279,7	268,5	280,5
Provisions	4,5	4,6	3,4
Interest-bearing debt	50,9	115,7	112,4
	335,1	388,8	396,3
Total equity and liabilities	2 052,2	1 871,4	2 202,4

STATEMENT OF CHANGES IN EQUITY

EUR million	Share						Total equity
	Share capital	Share issue premium	Treasury shares	Other reserves	Retained earnings	Minority interest	
Total equity at 31.12.2004	71,0	530,4	-3,1	34,5	250,8	31,0	914,5
Available for sale investments				37,0			37,0
Other changes					3,2	-15,7	-12,5
Items recognised directly in equity				37,0	3,2	-15,7	24,5
Profit for the period					149,0	0,8	149,8
Total recognised income and expense for the period				37,0	152,2	-14,9	174,3
Dividends					-56,8	-3,6	-60,4
Purchase of treasury shares			0,2				0,2
Total equity at 30.9.2005	71,0	530,4	-2,9	71,5	346,2	12,5	1 028,7
Total equity at 31.12.2005	83,0	530,4	-2,5	418,9	307,5	12,4	1 349,7
Available for sale investments				-2,6			-2,6
Other changes			-0,1	-0,2	-1,0	-4,5	-5,8
Items recognised directly in equity			-0,1	-2,8	-1,0	-4,5	-8,4
Profit for the period					109,6	0,8	110,4
Total recognised income and expense for the period			-0,1	-2,8	108,6	-3,7	102,0
Dividends					-116,1	-2,1	-118,2
Sales of treasury shares			0,8		0,1		0,9
Share based compensation				1,0			1,0
Total equity at 30.9.2006	83,0	530,4	-1,8	417,1	300,1	6,6	1 335,4

CONSOLIDATED CASH FLOW STATEMENT

EUR million	1-9 2006	1-9 2005	1-12 2005
Cash flow from operating activities			
Profit before tax	142,7	179,3	211,9
Depreciation and amortisation	161,3	156,4	213,2
Other adjustments to profit before tax	10,1	-66,5	-66,3
Change in working capital	-69,5	-37,4	-23,7
Cash flow from operating activities	244,6	231,8	335,1
Received dividends and interests and interest paid	-18,5	-22,7	-20,5
Taxes paid	-0,9	-4,2	-5,1
Net cash flow from operating activities	225,2	204,9	309,5
Cash flow from investments			
Capital expenditure	-136,7	-124,0	-194,9
Investments in shares and other investments	-24,6	-17,2	-4,1
Proceeds from asset disposal	13,7	99,7	197,5
Net cash used in investment	-147,6	-41,5	-1,5
Cash flow after investments	77,6	163,4	308,0
Cash flow from financing			
Proceeds from treasury shares	0,9		0,8
Change in interest-bearing receivables		0,7	0,8
Repayment of long-term debt	-122,4	-87,5	-102,4
Change in short-term debt		-10,4	-18,6
Repayment of financing leases	-7,5	-12,4	-16,7
Dividends paid	-122,5	-60,3	-122,0
Net cash used in financing	-251,5	-169,9	-258,1
Change in cash and cash equivalents	-173,9	-6,5	49,9
Cash and cash equivalents at beginning of period	212,7	162,8	162,8
Cash and cash equivalents at end of period	38,8	156,3	212,7

LIABILITIES

	30.9.	30.9.	31.12.
EUR million	2006	2005	2005
Mortgages, pledges and guarantees			
Mortgages			
For own and group companies	0,0	1,9	18,7
Pledges given			
Pledges given as surety	0,7	1,0	0,9
Guarantees given			
For others	0,5	2,6	3,1
Mortgages, pledges and guarantees total	1,2	5,5	22,6
Leasing contracts and other commitments			
Leasing commitments	12,0	14,3	14,3
Repurchase commitments	0,5	0,8	0,7
Real estate leases	57,2	57,7	63,3
Lease liabilities total	69,7	72,8	78,3
Other commitments			
Lease-leaseback agreement (QTE facility)			
Termination risk	19,4	23,1	23,5
Total value of the arrangement	160,3	168,7	171,5
Other commitments	0,0	0,1	0,6

EUR million	2006	2005	2006	2005	2005
Shareholders' equity/share, EUR			8,01	7,17	8,06
Net debt			336,0	362,7	293,5
Gearing			25,2 %	35,3 %	21,7 %
Equity ratio			65,5 %	55,3 %	61,7 %
Gross investments in fixed assets	39,7	45,2	137,6	133,1	204,4
of which finance lease investments	0,1	0,4	1,0	9,2	9,5
Gross investments as % of revenue	10,3 %	13,9 %	12,3 %	13,4 %	15,3 %
Investments in shares, of which paid in equity issue	6,9	5,4	8,2	40,1	414,8 361,2
Average number of personnel			4 239	5 109	4 989

Formulae for financial indicators

Gearing %	$\frac{\text{Interest-bearing debt - cash and cash equivalents}}{\text{Total equity}} \times 100$
Equity ratio %	$\frac{\text{Total equity}}{\text{Balance sheet total - advances received}} \times 100$
Net debt	Interest-bearing debt - cash and cash equivalents
Shareholders' equity/share	$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Number of shares outstanding at end of period}}$
Earnings/share	$\frac{\text{Profit for the period attributable to equity holders of parent}}{\text{Average number of outstanding shares}}$