



Interim Report

1 July 2007 – 30 September 2007



Q3 2007 Report

President and CEO Veli-Matti Mattila

Elisa Q3 2007

- Q3 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 Q3 2007 highlights

- Sales of 3G subscriptions progressed very well, growth in broadband subscriptions continued
- Mobile ARPU decreased slightly from the previous quarter and churn was at the same level
- Use of mobile data services increased clearly
- Delayed invoicing by the new customer care and billing system decreased cash flow
- Revenue continued to grow and EBITDA improved clearly from the beginning of the year

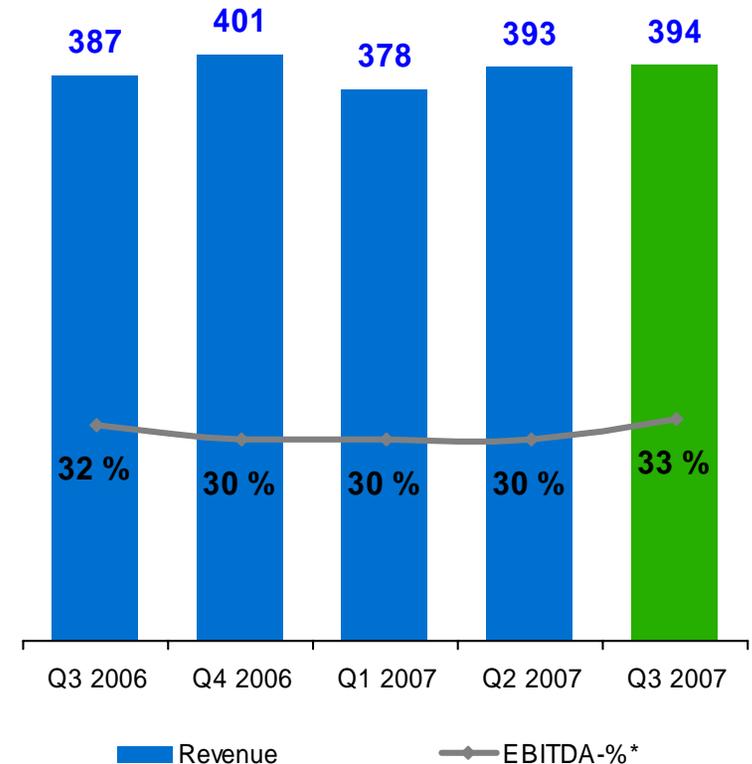


Revenue up 2%, EBITDA* 7%

Q3 2007 AND FINANCIAL HIGHLIGHTS

- Revenue EUR 394m (387)
 - Growth from increased usage of mobile services and subscriptions
 - Decrease from lower interconnection and roaming fees, as well as lower amount and usage of traditional analogue lines
- EBITDA EUR 132m (123)
- EBIT EUR 82m (73)
- Pre-tax profit EUR 89m (69)
 - Excluding one-offs EUR 76m (69) (capital gain from the sale of Comptel shares EUR 13m)
- EPS EUR 0.45 (0.32)
 - Share of one-off items about EUR 0.08

Revenue and EBITDA-%



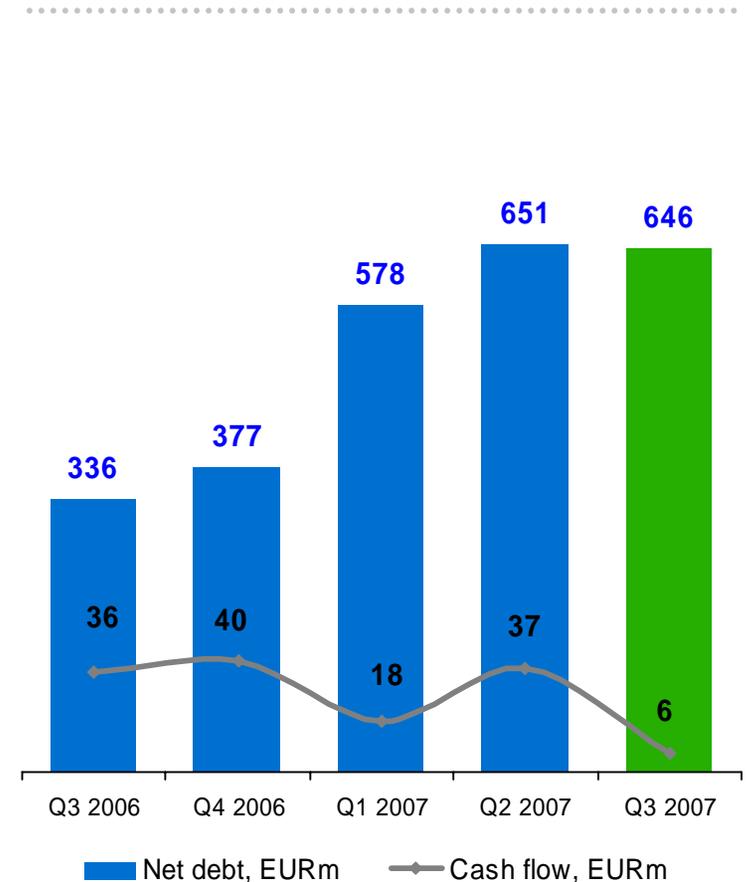
* excluding one-offs

Capital structure target will be reached

Q3 2007 AND FINANCIAL HIGHLIGHTS

- CAPEX EUR 44m (40), 11% of revenue (10)
- Cash flow EUR 6m (36)
 - Delays in invoicing
- Net debt EUR 646m (336)
 - After special dividend EUR 804m
- Net debt / EBITDA 1.2 (0.7)
 - After special dividend 1.5
- Gearing 65% (25)
 - After special dividend 81%

Net debt and cash flow

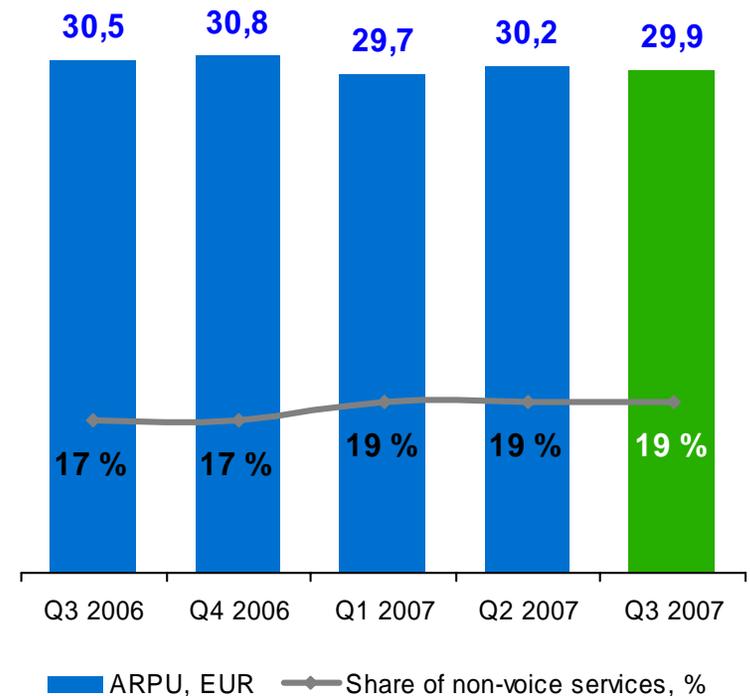


Growth in customer base

SEGMENT REVIEW, MOBILE BUSINESS

- Very good progress in 3G subscriptions
 - Elisa's market share about 50%
- Customer base increased by 53,000
- ARPU EUR 29.9 (30.5)
 - Lower interconnection price
 - Lower roaming price
 - MoU/sub of own service operator +5% and SMS +2%
- Churn 11.2% (11.7)
- Growth in network usage
 - Total MoU growth +13% and SMS +26%

ARPU* and non-voice services



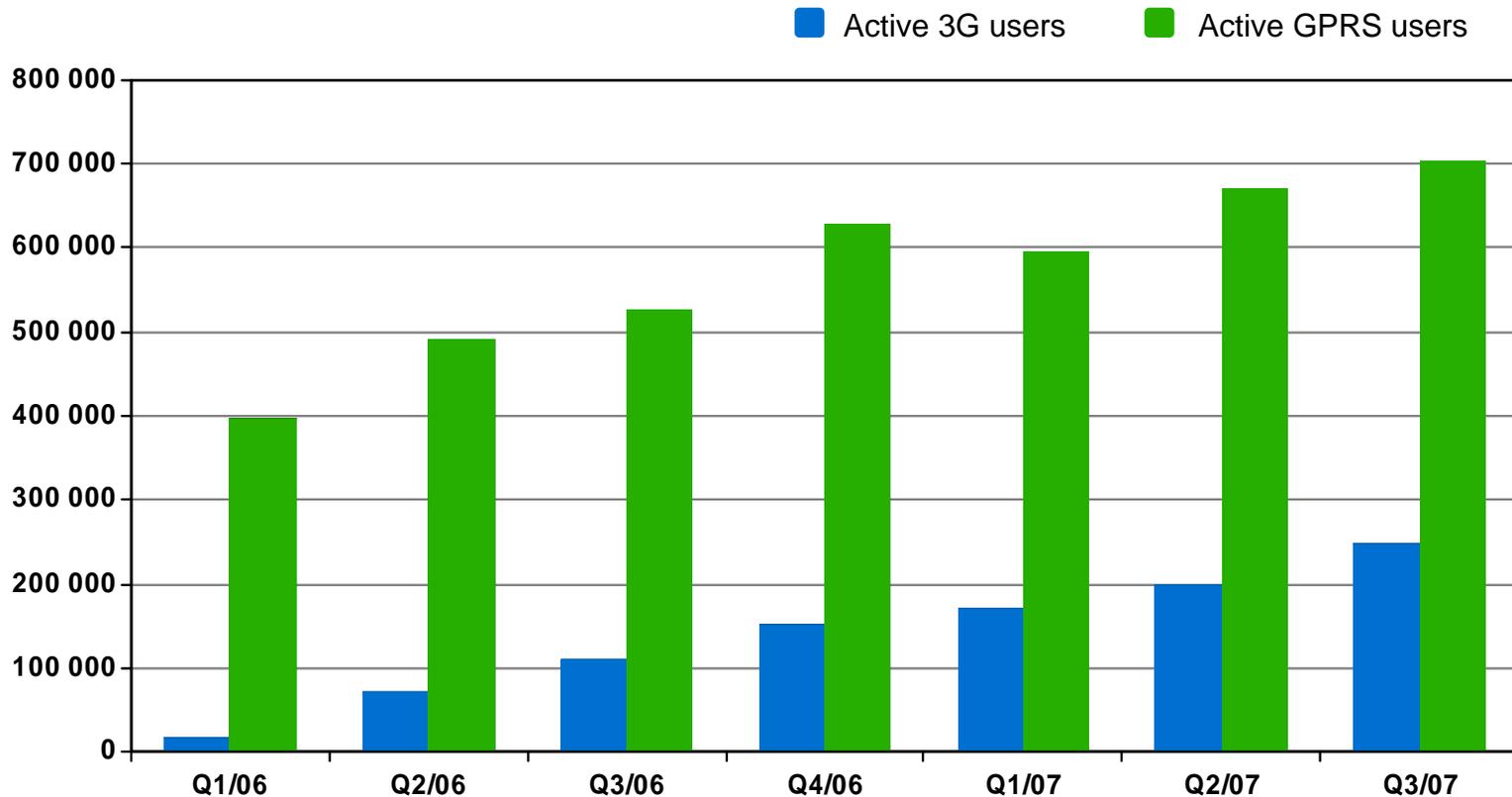
* Average revenue per subscription



Clear growth in mobile data usage

SEGMENT REVIEW, MOBILE BUSINESS

Number of active mobile data users in Elisa's network

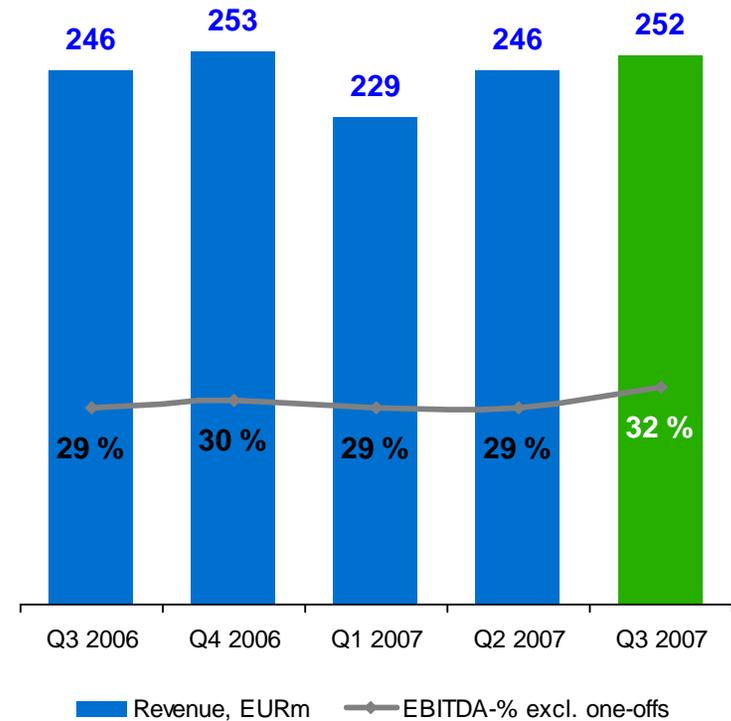


3G services generated growth and profitability

SEGMENT REVIEW, MOBILE BUSINESS

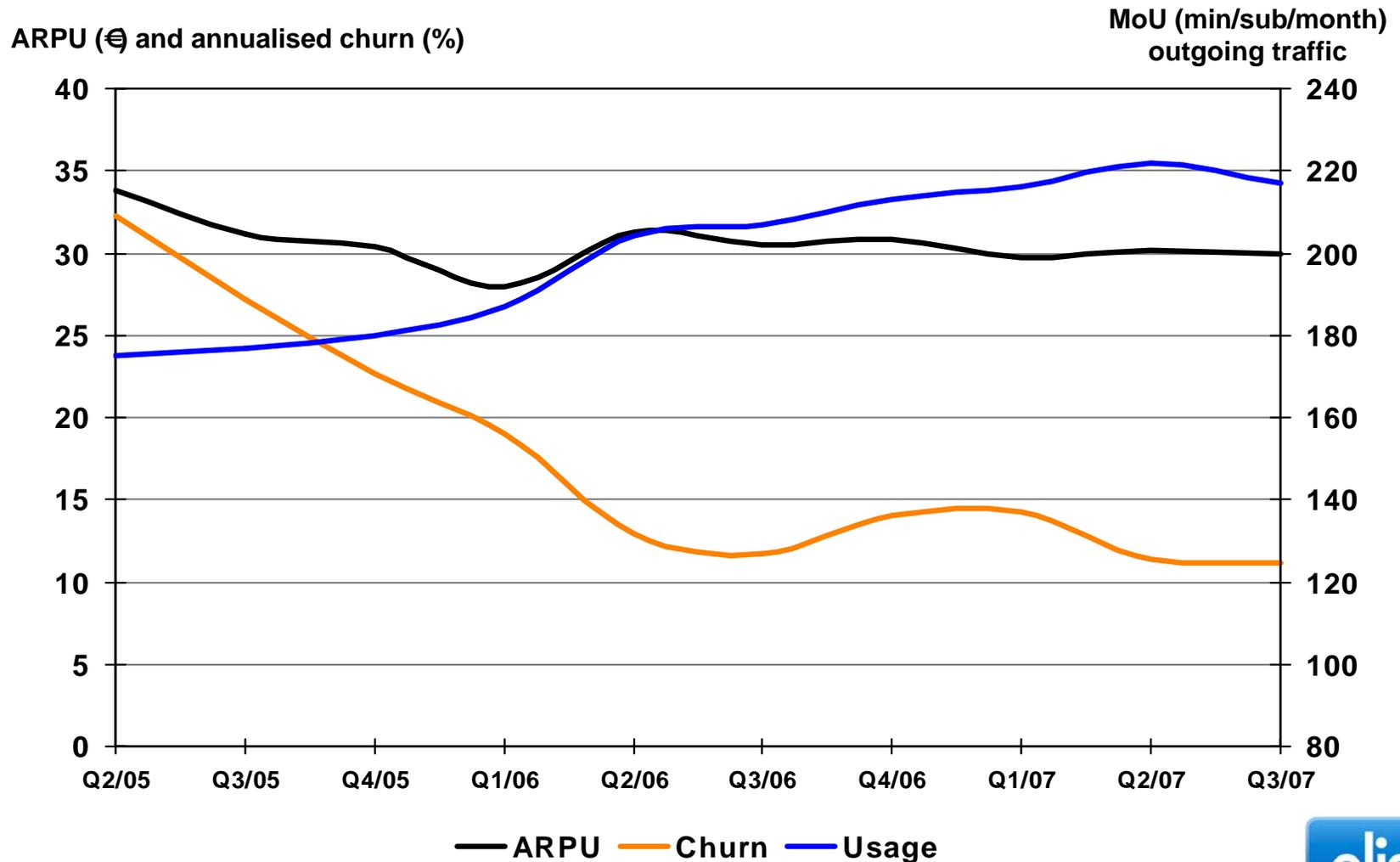
- Revenue EUR 252m (246)
 - Increased usage of mobile services and amount of subscriptions
 - New interconnection and roaming fees, and lower handset sales decreased revenue
- EBITDA EUR 80m (72), 32% of revenue (29)
 - Cost efficiency, volume growth, growth in 3G usage
- EBIT EUR 53m (49), 21% of revenue (20)

Revenue and EBITDA-%



Growth in usage and ARPU stable

SEGMENT REVIEW, MOBILE BUSINESS

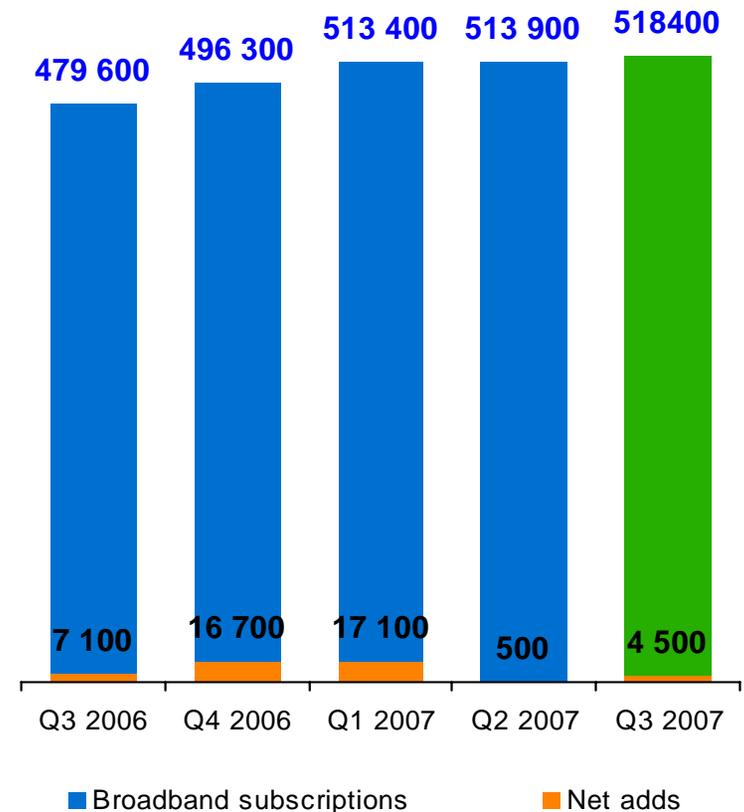


Growth in broadband continued

SEGMENT REVIEW, FIXED NETWORK BUSINESS

- Growth in broadband subscriptions continued
 - Net adds 4 500 in Q3
 - Elisa market leader
- Decrease in analogue lines stable
 - Analogue voice lines decreased by 9% and lines including ISDN channels by 13%

Broadband subscriptions

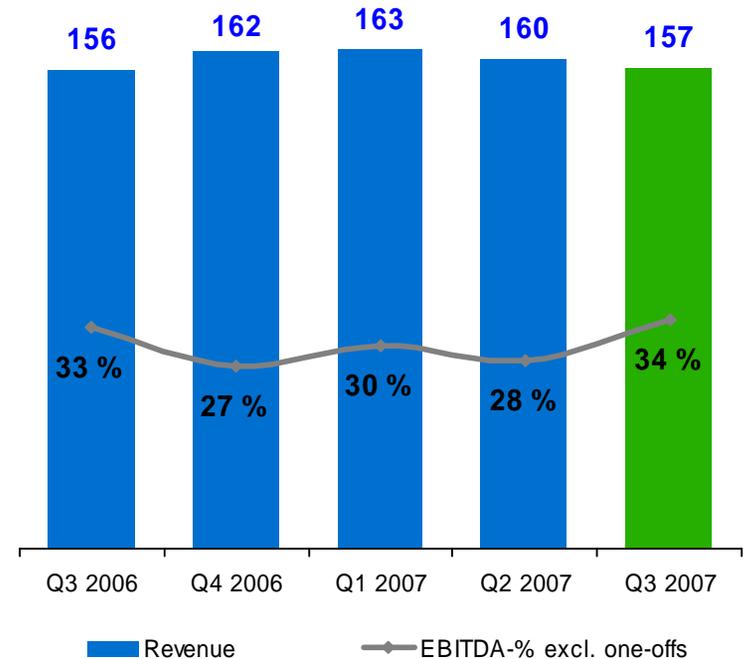


Cost efficiency improves profitability

SEGMENT REVIEW, FIXED NETWORK BUSINESS

- Revenue EUR 157m (156)
- EBITDA EUR 54m (52), 34% of revenue (33)
 - Efficiency programs
 - Outsourcings
- EBIT EUR 31m (26), 20% of revenue (17)

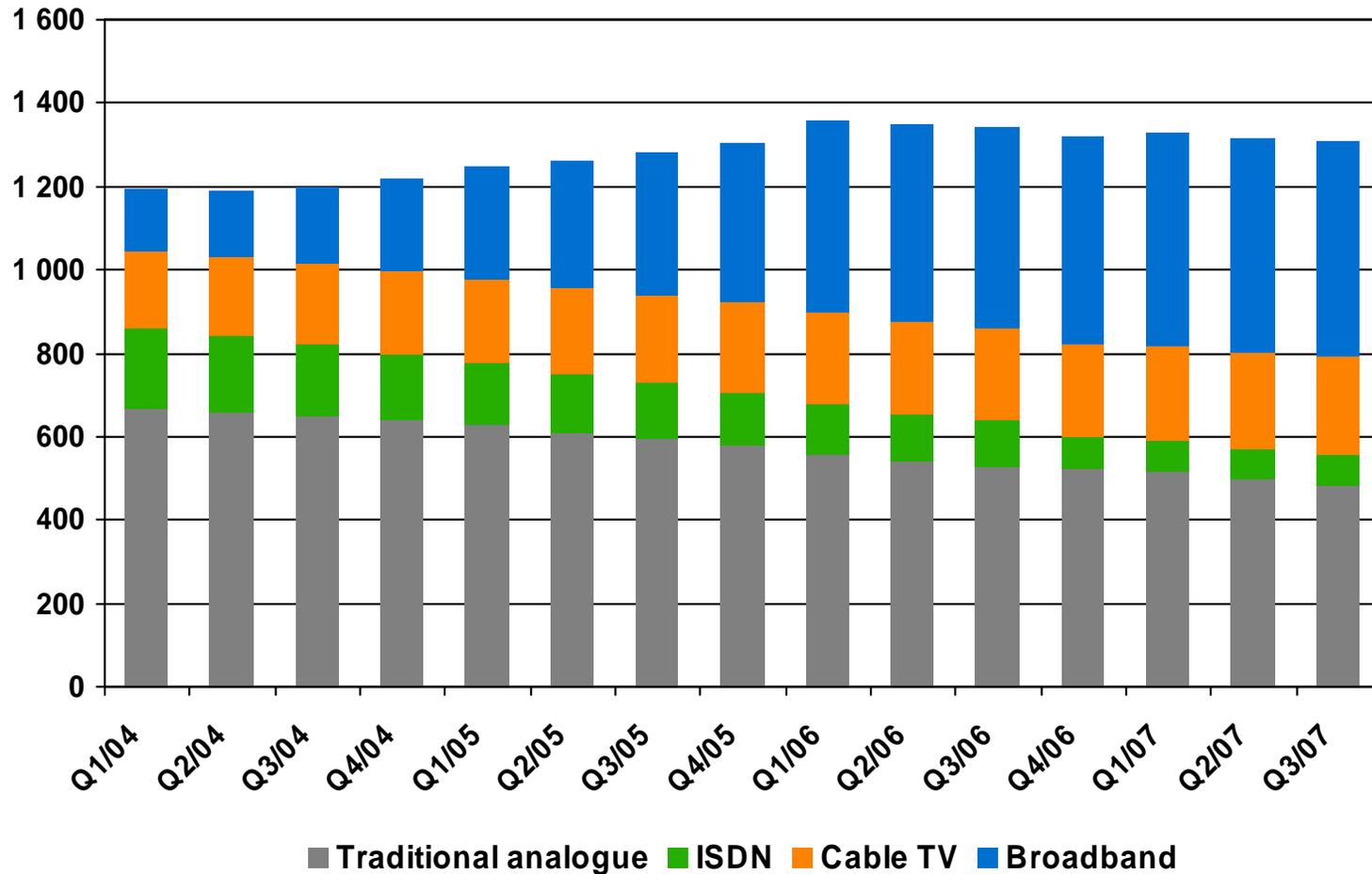
Revenue and EBITDA-%



Stable subscription development

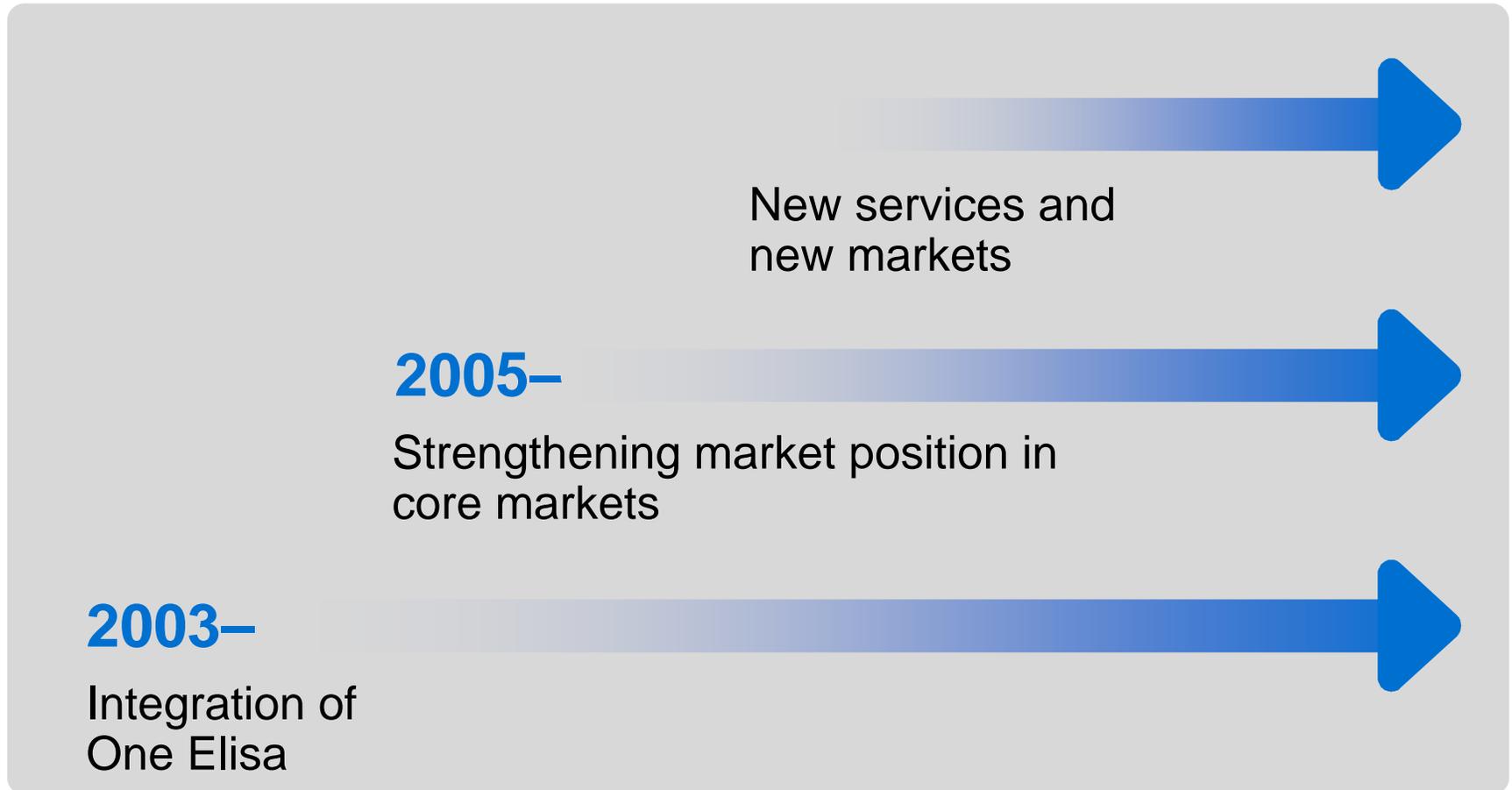
SEGMENT REVIEW, FIXED NETWORK BUSINESS

Thousands



Elisa strategy

STRATEGY EXECUTION



Productivity improvement

STRATEGY EXECUTION – INTEGRATION OF ONE ELISA



Significant profitability improvement

- Outsourcing of PBX remote management
- Outsourcing of subscriber lines' rental business

Customer orientation

- 100 Mbps broadband subscription
- New Wippies service for WLAN usage
- HDTV channels in cable TV
- Launch of Elisa Messenger
- Mobile broadband to prepaid subscriptions

Simplification of structure

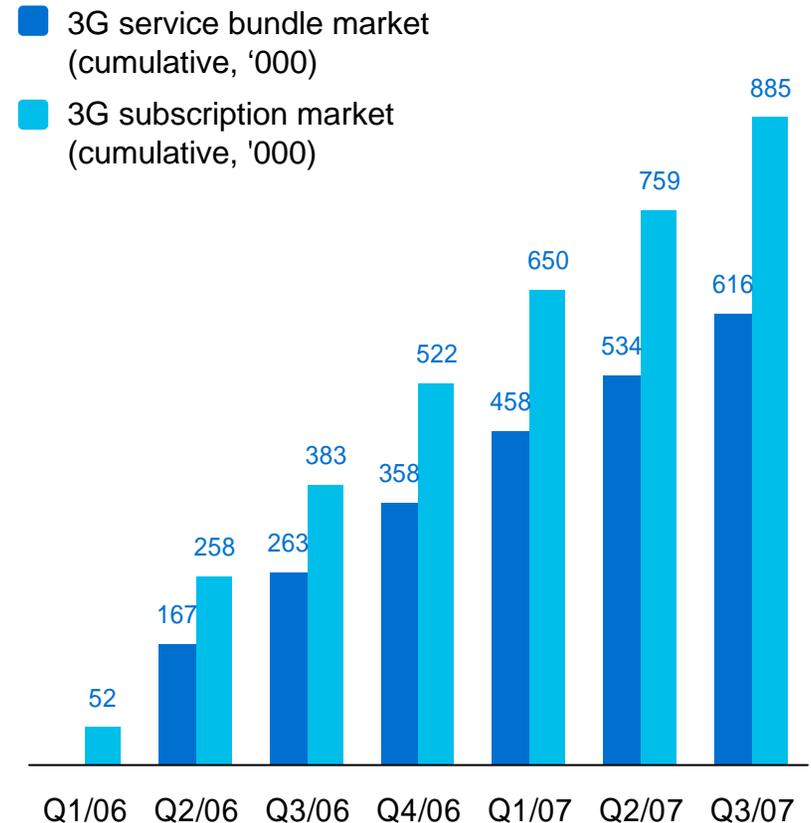
- Integration of Saunalahti employees into Elisa
- First Orange Contact, Elisa Ventures and Lounet mergers into Elisa

3G success story continued

STRATEGY EXECUTION – STRENGTHENING MARKET POSITION

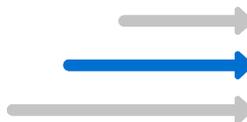
- Sale of 3G service bundles continued well
 - Significant amount of new subscriptions are 3G service bundles
- Elisa's market share in 3G service bundles about 50 %
 - In Q3 82,000 new service bundles in Finland (76.000 in Q2)
 - 3G service bundle base about 616,000 at end of Q3
 - Cumulative amount of 3G terminals sold since 2006 about 885,000, total 3G terminal base about 937,000
- ARPU increase still 10-15% from 2G to 3G

3G subscriptions and services



Source: Elisa estimates, Matkaviestintoimittajat ry (MVT)





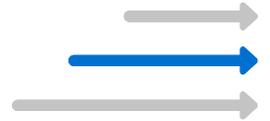
Strong commitment to 3G services continues

STRATEGY EXECUTION – STRENGTHENING MARKET POSITION

- Elisa's market share about 50%
- Elisa further strengthens its position as a leading 3G service provider
- In 2008 Elisa strongly continues the 3G network rollout and delivery of 3G services also to rural areas
 - Elisa's 3G network coverage about 75% of population by the end of Q1 2008
- Elisa improves the usage of mobile data with the new HSUPA technology

Customer driven services for corporate clients strengthened

STRATEGY EXECUTION – STRENGTHENING MARKET POSITION



- Mobile working made easier
 - HSUPA for all Mobile broadbands of Premium speed class, effectively enabling quadruple the amount of data transfer from work station to the network
 - Wireless switchboard services available with mobile subscriptions
- Solution range expanded
 - Elisa's new Virtual meeting facilitates internet-based group working
- Healthcare services improved
 - New portal services enable the seamless transfer of patient information between various authorities
- Position in neighbouring market strengthened
 - Elisa offers to its corporate customers now also VoIP services in Russia

Outlook for 2007

- Outlook for the rest of the year has not changed
- 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
- H2 2007 EBITDA and EBIT will improve clearly from H1 2007, Q4 2007 slightly below the Q3 2007 level
- 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	Q3 2007	Q3 2006	change	2006
Revenue	394	387	2 %	1 518
Other operating income	5	3		9
Operating expenses	-267	-267	0 %	-1 093
EBITDA	132	123	7 %	434 ¹⁾
<i>EBITDA-%</i>	<i>33 %</i>	<i>32 %</i>		<i>29 %</i>
Depreciation and amortisation	-50	-50	0 %	-209
EBIT	82	73	12 %	225
<i>EBIT-%</i>	<i>21 %</i>	<i>19 %</i>		<i>15 %</i>
Pre-tax profit	89	69	29 %	212
Pre-tax profit without one-off items	76 ²⁾	69	10 %	
Income taxes	-17	-16	2 %	-50
Net profit	72	53	37 %	161
EPS, EUR	0,45	0,32	44 %	0,97

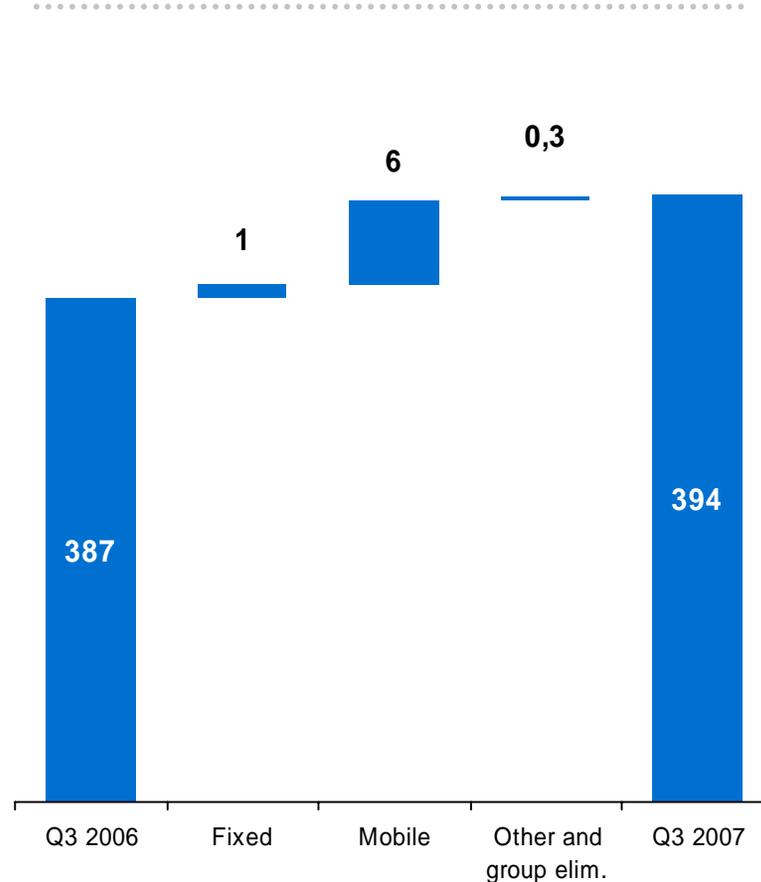
¹⁾ excluding one-off items EUR 445m

²⁾ excluding the sale of Comptel shares EUR 13m

Mobile services increased revenue

- Fixed network
 - Increase
 - Broadband subscriptions
 - Decrease
 - Analogue lines
- Mobile
 - Increase
 - Usage
 - Number of subscriptions
 - Decrease
 - Handset sales
 - Interconnection
 - Roaming

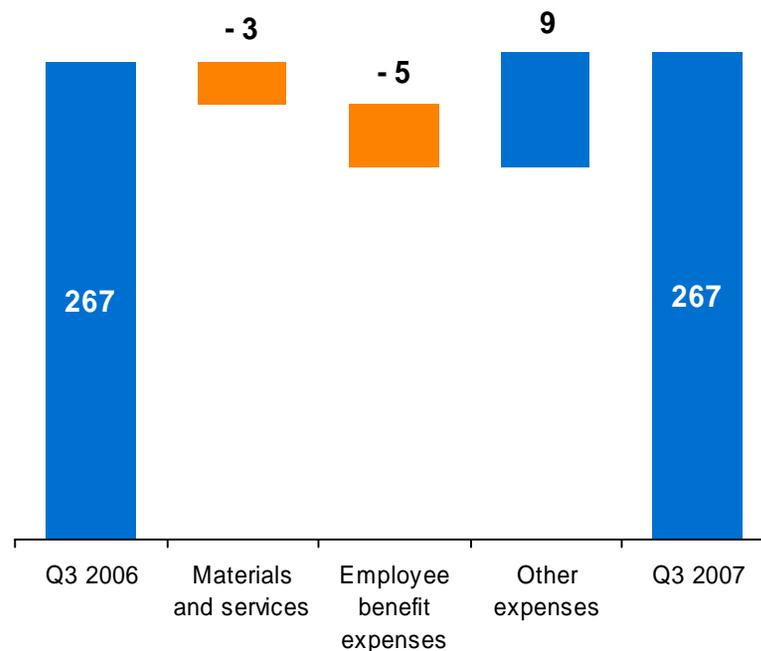
Revenue, EURm



Operating expenses at the same level

- Employee benefit expenses
 - Number of personnel decreased by 432 y-o-y
- Materials and services
 - Decrease in cost of handsets
 - Decrease in interconnection charges
 - Increase in outsourcing
- Other expenses
 - Increase in outsourcing
 - Costs relating to launch of new CRM system

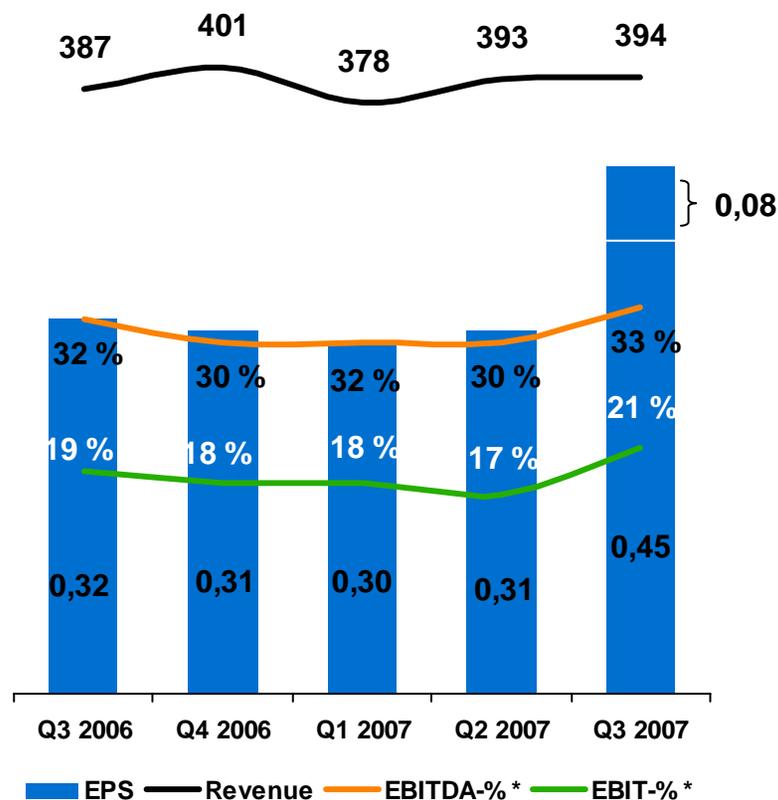
Operating expenses, EURm



Profitability improved

- Clear improvement in EPS y-o-y
 - Revenue growth
 - Cost efficiency
 - Lower number of outstanding shares
- Financial items positive EUR +7m
 - Sale of Comptel shares EUR +13m
 - Mark to market valuation of interest rate swap EUR +2m
 - Interest expenses EUR -8m
 - Increased net debt
 - Higher interest rate level

Revenue EURm, EPS EUR



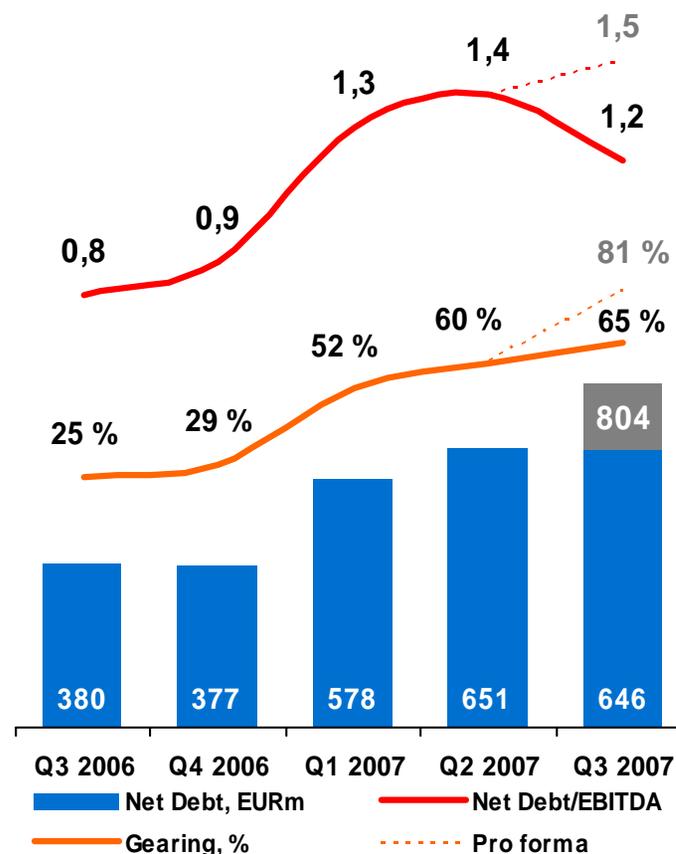
* excluding one-offs



Capital structure improved further

- Balance sheet structure improved towards mid term targets
 - Net debt/EBITDA 1.2
 - 1.5 after extraordinary dividend
 - Gearing 65%
 - 81% after extraordinary dividend
- Extraordinary dividend
 - October 2007 EUR 1.00 per share
 - Total EUR 158m
 - Dividend yield ~12 %
- Transfer of share premium account in distributable equity
 - Oppositions filed in the Trade Register
 - This may delay the process

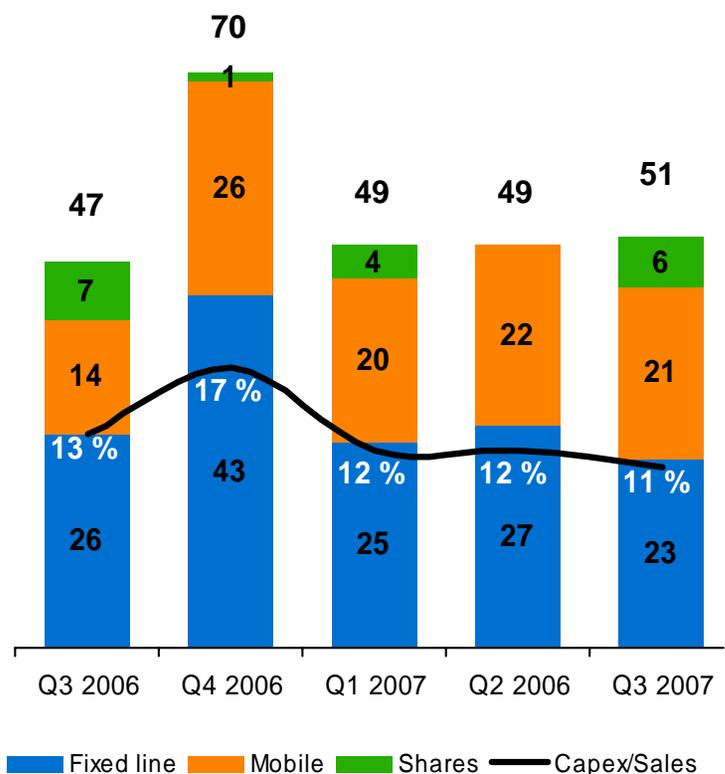
Balance sheet KPIs



CAPEX to sales according to targets

CAPEX, EURm

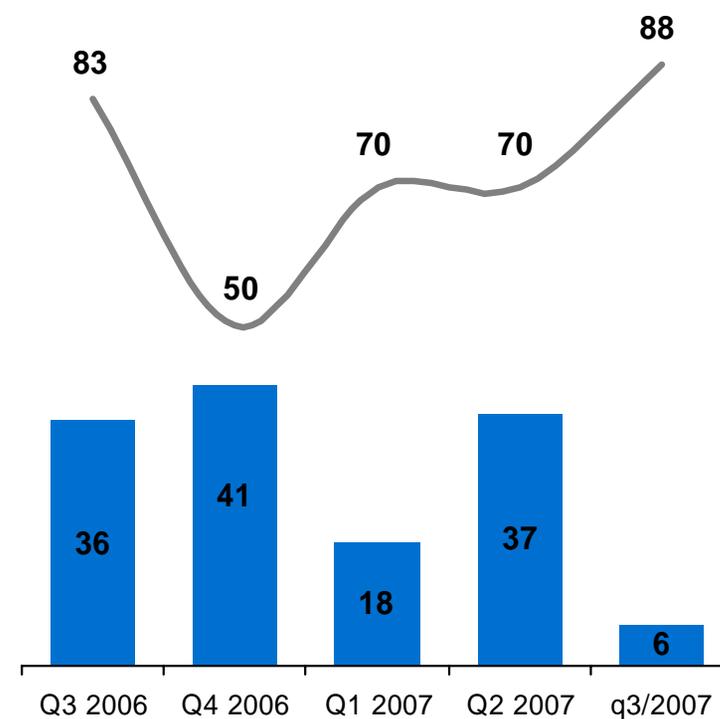
- CAPEX includes
 - 3G capacity and coverage increase
 - New CRM and billing system
 - New network management system
 - New broadband infrastructure
- Investments in fixed assets
 - Mobile EUR 21m same level as Q2/07
 - Estonia EUR 2m, EUR 9m in 2007
 - Fixed network EUR 23m, down 15% q-o-q
- Shares
 - Lounet merger



Cash flow

- Cash flow EUR 6m in Q3
 - Sale of Comptel shares EUR 13m
- Increase in net working capital EUR 59m q-o-q
 - Increase in receivables EUR 80m
 - Delays in invoicing due to the new CRM system
 - On schedule in Q1/08
 - Increase in accounts payable EUR 15m
 - Decrease in inventories EUR 6m

Cash flow and operative cash flow, EURm



■ Cash Flow after investments — EBITDA-Capex

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



Interim Report

1 July 2007 – 30 September 2007

Consolidated Cash flow statement

APPENDIX SLIDE

EUR million	Q3 07	Q2 07	Q1 07	Q4 06	Q3 06	Q2 06	Q1 06	Q4 05	Q3 05	Q2 05	Q1 05	Q4 04	Q3 04	Q2 04
Cash flow from operating activities														
Profit before tax	89	67	64	69	69	34	39	33	28	113	39	65	50	41
Adjustments to profit before tax	41	47	50	46	50	63	59	57	53	-11	47	34	57	46
Change in working capital	-59	-15	-45	-9	-22	-6	-40	14	-19	8	-26	18	-16	27
Cash flow from operating activities	71	99	69	106	97	91	59	103	62	109	60	117	92	114
Received dividends and interests and interest paid	-13	-2	0	3	-10	-4	-6	2	-12	-4	-7	-5	-11	-8
Taxes paid	-22	-33	-4	1	0	0	-1	-1	-1	-2	-1	-5	0	-6
Net cash flow from operating activities	36	64	65	109	87	87	52	105	49	103	53	107	81	101
Cash flow in investments														
Capital expenditure	-45	-46	-44	-69	-40	-54	-43	-71	-45	-38	-41	-54	-41	-33
Investments in shares and other investments	-1	-2	-3	-1	-18	-5	-3	13	-4	-14	1	-2	0	-8
Proceeds from asset disposal	16	21	1	1	7	0	7	98	2	85	13	6	31	29
Net cash used in investment	-30	-27	-46	-69	-51	-58	-39	40	-48	33	-27	-50	-10	-13
Cash flow after investments	6	37	19	41	36	29	13	145	1	136	26	57	71	88
Cash flow in financing														
Share Buy Backs	0	-84		-79	0	0	1	1				6		
Change in interest-bearing receivables	0	0		0	0	0		0	1	0	0	-1	0	25
Change in long-term debt	0	-44	350	0	0	0	-122	-15	-2	-70	-15	-110		-1
Change in short-term debt	0	0	-25	25	-35	35		-8	-9	-2	1	0	0	-14
Repayment of financing leases	-2	-2	-2	-2	-2	-3	-3	-4	-4	-4	-4	-5	-6	-4
Dividends paid	-1	-23	-220	-1	-1	-117	-5	-62	0	-5	-55	-3	0	-9
Cash flow in financing	-2	-153	103	-57	-38	-85	-129	-89	-14	-82	-74	-112	-6	-3
Change in cash and cash equivalents	4	-116	121	-17	-2	-56	-116	56	-13	54	-48	-55	65	85

Financial situation

APPENDIX SLIDE

EUR Million	30 September 2007	30 June 2007	31 March 2007	31 December 2006	30 September 2006
Interest-bearing debt					
Bonds and notes	633	633	677	327	327
Commercial Paper	0	0	0	25	0
Loans from financial institutions	0	0	0	0	0
Financial leases	44	46	45	46	48
Committed credit line 1)	0	0	0	0	0
Others 2)	1	1	1	1	1
Interest-bearing debt, total	678	680	723	399	375
Security deposits	1	1	1	1	1
Securities	0	0	108	0	0
Cash and bank	31	28	35	22	38
Interest-bearing receivables	32	29	144	22	39
Net debt 3)	646	651	578	377	336

- 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.