ELISA CORPORATION STOCK EXCHANGE RELEASE 10 FEBRUARY 2005 AT 8.30am

ELISA'S OCTOBER-DECEMBER PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXES INCREASED TO EUR 51 MILLION

October-December

- Profit before extraordinary items and taxes increased to EUR 51 million (-93). Revenue amounted to EUR 351 million (391). The comparable profit before taxes was EUR 33 million (32).
- During the last quarter of 2004, the number of Elisa's subscriptions in mobile communications rose by 15 000 subscriptions excluding MVNO subscriptions. At the end of the year, the number of subscriptions amounted to 1 383 515. The number of subscriptions, both for Elisa's own and for service operators in Elisa's network, developed favourably.
- During the fourth quarter, the number of broadband subscriptions rose by over 37 000, amounting to 222 307 subscriptions at the end of the year.
- The financial position strengthened: equity ratio was 51 per cent (40) and net debt was reduced to EUR 410 million (654).

In October-December 2004, Elisa's key figures were:

| **Income statement** | **Financial statements** | | **Comparable** | |
|---|---|---|---|---|
| EUR million | **Q4/2004** | **Q4/2003** | Q4/2004* | Q4/2003** |
| Revenue | 351 | 391 | 351 | 351 |
| EBITDA | 114 | 96 | 96 | 116 |
| EBIT | 55 | -83 | 37 | 41 |
| Profit before extraordinary items and taxes | 51 | -93 | 33 | 32 |
| Earnings per share, EUR | 0.26 | -0.34 | 0.17 | 0.16 |
| CAPEX | 54 | 63 | 54 | 60 |

Figures describing the financial position and cash flow:

| **Financial position** | **31.12.2004** | **31.12.2003** |
|---|---|---|
| Net debt | 410 | 654 |
| Equity ratio, % | 51.1 | 40.4 |
| **Cash flow statement** | **1-12/2004** | **1-12/2003** |
| Cash flow after investments | 204 | 105 |

In January-December 2004, Elisa's key figures were:

| **Income statement** | **Financial statements** | | **Comparable** | |
|---|---|---|---|---|
| EUR million | **1-12/2004** | **1-12/2003** | 1-12/2004* | 1-12/2003** |
| Revenue | 1356 | 1538 | 1356 | 1382 |
| EBITDA | 432 | 385 | 414 | 403 |
| EBIT | 193 | -34 | 175 | 122 |
| Profit before extraordinary items and taxes | 166 | -74 | 148 | 86 |

| | | | | |
|---|---|---|---|---|
| Earnings per share, EUR | 0.78 | -0.12 | 0.68 | 0.33 |
| CAPEX | 170 | 194 | 170 | 176 |

* Exclusive of EUR 13 million capital gain on real estate and EUR 5 million revenue recognition due to a change in calculating principles of the pension provision.
** Exclusive of the Germany-based business, and adjusted to correspond to the revenue booking procedure change in mobile communications, effective as of early 2004, as well as exclusive of substantial non-recurring items.

The Board of Directors will recommend that a dividend of EUR 0.40 per share be distributed for 2004, and that authorisation to purchase own shares be acquired.

**CEO Veli-Matti Mattila:**

**“Elisa did well in the fierce market. The 2004 performance clearly improved.**

More than a year ago we set our target to improve profitability. Now our comparable results before taxes have improved substantially, by approximately 70 per cent.

Last year Elisa did very well in the fierce market.  Weighed against the other large mobile communications operators, we were the first to turn the amount of subscriptions back onto a growth track. Our broadband subscriptions almost doubled. Elisa Broadband is now available in every municipality in Finland.

Elisa underwent a radical restructuring last year. All our products and services are now available to our customers in ‘one desk’. Our operational model was adapted to correspond to the objectives of an integrated Elisa. Elisa became an umbrella brand, offering all mobile communication services.

Last November, we introduced our third-generation mobile communication services. At the early stage, business customers will be the main users of these services. In 2005, we expect to gain thousands of new 3G customers.

We believe the market situation will remain fierce and prices may still fall. However, our target is to consolidate our market position further and improve our results.”

ELISA CORPORATION

Velipekka Nummikoski
Vice President, Corporate Communications

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Distribution:

Helsinki Stock Exchange
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## Financial statement 2004

### Market situation

The market situation was tight throughout 2004. Prices continued to fall for the average call minute rate in the mobile phone business, and subscriber usage increased. The robust demand for broadband subscriptions in the fixed network market prevailed, whereas the number of traditional subscriptions decreased.

Elisa invested heavily in sales and continued extensive marketing. Consumer awareness of the umbrella brand increased substantially. The number of Elisa's own mobile phone subscriptions and those of service operators in Elisa's network continued to develop favourably. The decrease in subscriptions in early 2004 was reversed already in the second quarter, and the number of subscriptions at the year-end was larger than a year earlier. New operators increased their market share in the low-end segment. Elisa's Kolumbus subscription that was launched in this segment succeeded well, and increased its number of subscriptions. The number of broadband subscriptions in the fixed network business continued to grow strongly. The number of traditional subscriptions decreased as voice shifts to mobile subscriptions.

In April, Elisa revamped its brand as part of the corporate strategy process. Elisa became the principal umbrella brand of the whole group. In addition, Elisa will use selected retail and product brands.

### Changes in corporate structure

The group's judicial structure was radically changed. The mergers of the following companies into Elisa were entered in the Trade Register: Elisa Networks Ltd and Soon Net Ltd on 30 April 2004; Soon Com Ltd, Oy Heltel Ab, ElisaCom Ltd, RPOCom Oy and Riihimäen Puhelin Oy on 1 July 2004. In accordance with an announced plan, the following companies merged into their parent company Oy Radiolinja Ab: Radiolinja Aava Oy, Radiolinja Suomi Oy, Radiolinja Origo Oy and Witem Oy. The change of Oy Radiolinja Ab's name to Elisa Matkapuhelinpalvelut Oy was entered in the Trade Register on 1 July 2004. The merger of Oy Radiolinja Ab into Elisa was delayed due to a district court process on the annulment of the decision made at Oy Radiolinja Ab's shareholders' meeting in spring 2000 to increase the share capital.

Soon Net Ltd of Elisa and Eltel Networks signed an agreement on transferring the installation business. Along with the transaction, 67 Soon Net employees joined Eltel Networks on 1 April 2004. The business transfer applied to the construction, maintenance and repairing of the telecommunication network.

Elisa abandoned the Germany-based business and divested the entire share capital of its subsidiary Elisa Kommunikation GmbH to a consortium led by Apax Partners. Due to the transaction, which took place in early 2004, the Germany-based business has not been consolidated into Elisa for 2004. The financial impact of the transaction was recorded for the year 2003.

On 27 May 2004, extraordinary meetings of Yomi and Elisa approved a merger plan, according to which Yomi merged into Elisa on 31 December 2004. For each Yomi share, Yomi's shareholders received a merger consideration of 0.5654 of a new Elisa share. The acquisition cost of the shares within the group amounted to EUR 52 million.

Elisa increased its holdings in its subsidiary Finnet International Ltd, a provider of international telecommunication services, from 51.2 per cent to 100 per cent. The purchase price was EUR 7.7 million. The selling parties were minority shareholders which comprise local telcos.

On 30 June 2004, Elisa and Fujitsu Services Oy signed an agreement on outsourcing Elisa's desktop and data centre services to Fujitsu. The agreement came into force on 1 July 2004. At the same time, approximately 100 employees from Elisa joined Fujitsu.

**Revenue**

| | **Financial statements** | | **Comparable** | |
|---|---|---|---|---|
| EUR million | **1-12/2004** | **1-12/2003** | 1-12/2004 | 1-12/2003* |
| Mobile communications | 713 | 757 | 713 | 735 |
| Fixed network | 654 | 686 | 654 | 686 |
| Germany-based business | - | 134 | - | - |
| Other businesses | 111 | 98 | 111 | 98 |
| Sales between segments | -121 | -137 | -121 | -137 |
| Total | 1356 | 1538 | 1356 | 1382 |

*Exclusive of the Germany-based business, and adjusted to correspond to the change in the revenue booking procedure in mobile communications, effective as of early 2004.

Elisa's revenue for January-December decreased by 12 per cent over the last year. The reduced revenue was affected by the divested German operations, the volume of the traditional fixed network products, as well as by the reduced interconnection fees in the mobile communications business, the fall in prices, and the change in the revenue booking procedure. The comparable revenue decreased by 2 per cent.

Comparable revenue for the mobile communication business decreased by 3 per cent over the previous year. The fall in prices slightly exceeded the increased usage. Revenue was boosted by the enhanced operations of the Estonian subsidiary.

Revenue for the fixed network business decreased by 5 per cent over last year. The change in revenue was mainly due to the declining volume in traditional subscription products and equipment sales. The increased number of broadband subscriptions improved the revenue.

**Performance**

| | Financial statements | | Comparable | |
|---|---|---|---|---|
| EUR million | 1-12/2004 | 1-12/2003 | 1-12/2004* | 1-12/2003** |
| Mobile communications | | | | |
| EBITDA | 219 | 210 | 219 | 212 |
| EBITDA, % | 31 % | 28 % | 31 % | 29 % |
| EBIT | 101 | 73 | 101 | 75 |
| Fixed network | | | | |
| EBITDA | 185 | 167 | 185 | 180 |
| EBITDA, % | 28 % | 24 % | 28 % | 26 % |
| EBIT | 79 | 45 | 79 | 58 |
| Germany-based business | | | | |
| EBITDA | - | 4 | - | - |
| EBIT | - | -134 | - | - |
| Other businesses and corporate functions | | | | |
| EBITDA | 28 | 4 | 10 | 12 |
| EBIT | 14 | -17 | -4 | -10 |
| Total | | | | |
| EBITDA | 432 | 385 | 414 | 403 |
| EBITDA, % | 32 % | 25 % | 31 % | 29 % |
| EBIT | 193 | -34 | 175 | 122 |

*Exclusive of EUR 13 million capital gain on real estate, and EUR 5 million revenue recognition due to a change in calculating principles of pension provision.
** Exclusive of the Germany-based business, and adjusted to correspond to the change in the revenue booking procedure in mobile communications, effective as of early 2004, as well as exclusive of substantial non-recurring items.

Elisa’s EBITDA increased by 12 per cent over the previous year, and relative profitability rose to 32 per cent (25) of the revenue. Improved profitability was substantially affected by streamlining measures executed in the business, reduction in pension fund payments and disposal of the Germany-based business. Elisa sold its former main office and booked a EUR 13 million capital gain on the transaction. Owing to the change in calculating principles of the pension provision, the company also recognised EUR 5 million in revenue. All these have been handled as non-recurring items.

The group's other financing income and expenses totalled EUR -27 million (-40). The financing income also included the share of the associated companies’ results, EUR 0.7 million (-0.3). Reduced financing expenses were mainly due to the decreased net debt.

Income taxes in the income statement amounted to EUR -52 million (+60, including a EUR 89 million tax asset booked from the losses of the Germany-based business). Altering the tax base from 29 per cent to 26 per cent at the beginning of 2005 increased tax expenses by EUR 2 million due to a change in the deferred tax asset.

The group's January-December results after taxes and minority interests were EUR 107 million (-17). The group's earnings per share (EPS) amounted to EUR 0.78 (-0.12). At the end of 2004, the group shareholders' equity per share stood at EUR 6.00 (5.09 at the end of 2003).

**Mobile communications**

| | 1-12/2004 | 1-12/2003 | Change |
|---|---|---|---|
| Number of subscriptions* | 1 383 515 | 1 374 146 | 1 % |
| Revenue/subscription**(ARPU),€ | 37.8 | 41.6 | -9 % |
| Churn**, % | 33.7 | 18.6 | |
| Usage, million minutes* | 2 498 | 2 310 | 8 % |
| Usage, min./subscription/mth** | 156 | 146 | 7 % |
| SMS, million minutes* | 537 | 453 | 19 % |
| SMS, msg/subscription/mth** | 34 | 29 | 18 % |
| Value-added services/revenue | 14 % | 12 % | |

* Elisa's network operator in Finland
** Elisa's service operator

In 2004, the number of Elisa's network operator subscriptions in Finland rose by approximately 9 400 excluding MVNO subscriptions. The share of Elisa's own service operator accounted for approximately 2 300 subscriptions of the increase.

The usage by subscribers continued to grow throughout the year. The number of call minutes increased by approximately 8 per cent, and the number of SMS messages sent grew by approximately 19 per cent.

Revenue per subscription (ARPU) decreased by approximately 9 per cent over last year. This was partly due to a change in the revenue booking procedure. Comparable ARPU decreased by approximately 4 per cent because of reduced interconnection fees and consumer prices. The revenue booking procedure was changed in early 2004, so that remunerations payable to providers of value-added services and interconnection costs to be invoiced are directly booked as a deduction of revenue.

Elisa's subsidiary in Estonia succeeded well. Revenue was EUR 75.3 million (60.9), EBITDA EUR 22.5 million (17.5) and EBIT EUR 13.2 million (8.2). At the end of 2004, there were 225 500 subscriptions (167 750).

On 15 April 2004, the Finnish Government amended 3G mobile communication licences. The amended licenses allow partial joint constructing and use of networks.

On 23 November 2004, Elisa launched its 3G network for commercial use and simultaneously began offering the Vodafone Mobile Connect 3G/GPRS data card, which is connected to laptops.

Elisa and Saunalahti agreed on initiating mobile network cooperation. A part of Saunalahti's new customers use Elisa's network, and the 3G services to be launched will function on Elisa's network.

## Fixed network business

| Number of subscriptions | 31.12.2004 | 31.12.2003 | Change |
|---|---|---|---|
| Broadband subscriptions | 222 307 | 127 388 | 75 % |
| ISDN channels | 159 591 | 200 455 | -20 % |
| Cable TV subscriptions | 198 447 | 183 469 | 8 % |
| Analogue and other subscriptions | 639 202 | 675 272 | -5 % |
| Subscriptions, total | 1 219 547 | 1 186 584 | 3 % |

Brisk demand for broadband subscriptions continued during the whole 2004. In autumn, the speeds in slower categories were doubled, and the prices of the greater speed categories were reduced. The number of broadband subscriptions increased by 75 per cent over the previous year. The number of traditional subscriptions continued to decrease as voice is shifting to the mobile network and data to broadband subscriptions.

Elisa continued to substantially expand the coverage area of broadband during 2004. By the end of the year, the availability of broadband was extended to every municipality in Finland. Sales in the new areas had a very positive start.

Nordea and Elisa signed an agreement, which states that Elisa acts as Nordea’s principal provider of telecommunication services in Finland. The agreement entails fixed network voice communications, mobile communications and data transfer services throughout the country.

The Ministry of Justice renewed its voice services by outsourcing the phone systems of 9 500 employees and over 350 offices to Elisa’s service production. The new Salmisaari Courthouse in Ruoholahti, Helsinki, was one of the principal targets of the agreement.

Elisa is the first commercial enterprise in Finland, which has been registered as a CERT organisation (Computer Emergency Response Team) with 24-hour CERT operations. A CERT team is a group of experts specialised in information security emergencies and situations requiring immediate action.

## Personnel

During 2004, the average number of personnel at Elisa was 5 590 (7 172). By the end of 2004, the number of personnel was 5 376 (6 683).

| | 31.12.2004 | 31.12.2003 | Change |
|---|---|---|---|
| Mobile communications | 1 477 | 1 678 | -12 % |
| Fixed network | 3 015 | 3 572 | -16 % |
| Germany-based business | - | 426 | - |
| Other businesses | 814 | 905 | -10 % |
| Corporate functions | 70 | 102 | -31 % |
| Total | 5 376 | 6 683 | -20 % |

Labour negotiations, initiated in October 2003, were completed on 12 January 2004. As a result, the number of personnel was reduced by approximately 900 people.

On 22 April 2004, Elisa's employees established a personnel fund. The fund includes approximately 4 000 members with membership based on employment. The fund is owned by the employees, and they administer the funds paid as rewards by the company and the proceeds received from the invested capital.

**Investments**

| EUR million | 1-12/2004 | 1-12/2003 | Comparable 1-12/2003* |
|---|---|---|---|
| Investments | | | |
| - in fixed assets | 170 | 194 | 176 |
| - in shares | 61 | 28 | 8 |
| Total | 231 | 222 | 184 |
| Aforementioned investments include GSM leasing liability buy-backs | 20 | 28 | |

*Exclusive of the Germany-based business

Capital expenditures in the mobile business were EUR 83 million (98) and EUR 83 million (74) in the fixed network business. The investments included GSM leasing liability buy-backs from telcos for EUR 20 million (28).

Investments in shares were mainly the increase in Elisa's holdings to 100 per cent of Yomi and Finnet International.

**Financial position**

The group's financial position and liquidity strengthened clearly in 2004. This was particularly affected by positive performance, the divestment of the Germany-based business and the disposal of real estate. The January-December cash flow after investments amounted to EUR 204 million (105).

The disposal of the Germany-based business reduced the group's interest-bearing liabilities by EUR 65 million, and the leasing liabilities outside the balance sheet decreased by EUR 133 million. During 2004, the group's net debt decreased by one-third from the level in 2003, amounting to EUR 410 million (654) on 31 December 2004.

Elisa sold its former main office real estate to Sponda.  The selling price was EUR 25.5 million and a capital gain of approximately EUR 13 million was booked from the transaction.

On 20 September 2004, Elisa completed a note exchange offer. As a consequence of this, the average maturity of loans was extended from 3 years to 5.5 years. A new long-term benchmark bond was also issued. Of the old loans, 66.4 per cent were exchanged for notes maturing on 22 September 2011. All in all, the notes issued amounted to EUR 260 010 000.

Financial key indicators

| EUR million | 31.12.2004 | 31.12.2003 |
|---|---|---|
| Net debt | 410 | 654 |
| Gearing, % | 46.4 | 87.5 |
| Equity ratio, % | 51.1 | 40.4 |
| | | |
| | 1-12/2004 | 2003 |
| Cash flow after investments | 204 | 105 |

Ratings per long-term loans

| Credit rating agency | Rating | Outlook |
|---|---|---|
| Moody’s Investor Services | Baa2 | Stable |
| Standard & Poor’s | BBB | Stable |

**Share**

At the end of 2004, the company's total number of shares was 141 989 109. The market capitalisation on 31 December 2004 stood at EUR 1 682 million. In 2004, a total of 121.4 million company shares were traded on the Helsinki Stock Exchange for an aggregate of EUR 1 380 million. The exchange was 88.3 per cent of the number of shares in the market.

The number of Elisa’s A warrants for the year 2000 was 3 600 000 and B warrants for the year 2000 was 3 600 000. At the end of the year, the market capitalisation of the warrants amounted to EUR 0.3 million.

**Treasury shares**

At the end of 2004, the total number of Elisa's shares owned by the subsidiaries was 210 672 (781 563 at the end of 2003). The nominal value of the shares totalled EUR 105 336, and their proportion of the share capital and voting rights was 0.15 per cent.

During the period of 2-3 November 2004, Yomi sold its 556 870 Elisa shares with a nominal value of EUR 278 435 in total on the Helsinki Stock Exchange. The sale price totalled EUR 6 388 573.55, on average EUR 11.47 per share. The transaction related to the restructuring of Yomi's balance sheet.

Moreover, the Elisa Group Pension Fund owned 202 263 Elisa shares (722 363 at the end of 2003) at year-end.

**Research and Development**

In 2004, the group invested EUR 17 million (24) in research and development. Important research trends were IP technologies, the end-user’s perspective, and the evolution of wireless equipment. Customer-centred R&D is of key importance in developing new services.

## Shifting to IFRS reporting

Elisa will adopt International Financial Reporting Standards (IFRS) at the beginning of 2005. The first interim report conforming to IFRS will be for the period of January-March 2005. On 14 February 2005, Elisa will publish a release on the effects of shifting to IFRS.

## The Board of Directors' authorisations

On 31 March 2004, the Annual General Meeting authorised the Board of Directors to decide on increasing the company's share capital through one or more new issues, taking a convertible bond and/or granting warrants, so that in a new issue the subscription of new shares in exchange for the convertible bonds and pursuant to warrants, a maximum aggregate of 27.6 million of the company's shares can be issued and the company's share capital can be increased by a maximum of EUR 13.8 million in total. The authorisation is valid for one year from the Annual General Meeting. The pre-emption rights of shareholders may be waived by means of this authorisation if there is an important financial reason for doing so.

The company's Board of Directors has no valid authorisation to acquire or assign own shares.

## Private offering

On 28 March 2004, the Boards of Directors of Elisa and Yomi signed a merger plan, which was approved by an extraordinary meeting of Yomi on 27 May 2004. According to the plan, Yomi merged with Elisa on 31 December 2004.

As a merger consideration, Yomi's shareholders received 0.5654 of an Elisa share for each Yomi share. All in all 3 977 352 new Elisa shares were given as merger consideration. The shares were entered in the Trade Register on 31 December 2004, whereupon they received full shareholder rights. These shares entitle their holders to a dividend for the financial year ending on 31 December 2004. Due to this share issue, the company's share capital increased by EUR 1 988 676. After the share issue, the company's shares amounted to 141 989 109 and the share capital entered in the Trade Register increased to EUR 70 994 554.50.

## Major legal issues

Processes pending in regard to Elisa Matkapuhelinpalvelut Oy (formerly known as Oy Radiolinja Ab) are the action for annulment of the decision made at the spring 2000 shareholders' meeting to increase the share capital, an appeal against the resolution by Helsinki District Court to dismiss the action (with which Oy Multiclearing Ltd demands increasing the redemption price of 255 shares from EUR 7 904.83 to approximately EUR 50 000), plus an action for annulment demanding the cancellation of the merger decision made at the shareholders' meeting in December 2003.

Processes relating to the merger of Yomi and Elisa are the request of shareholders who oppose the merger decision on the redemption price of approx. 636 000 shares, and an appeal against a decision by Turku Administrative Court, in which the Administrative Court dismissed the request for a special audit.

TeliaSonera Finland Oyj is demanding EUR 13.2 million in compensation from Elisa Matkapuhelinpalvelut Oy for patent infringement and damages. It also requests that using the system pursuant to the alleged patent must be prohibited. The patent dispute relates to the implementation of Elisa Heimopalvelu. Elisa denies the patent infringement allegations.

On 2 November 2004, the Finnish Communications Regulatory Authority (Ficora) initiated an investigation on the pricing of Elisa Matkapuhelinpalvelut Oy’s terminating traffic. Elisa Matkapuhelinpalvelut Oy has forwarded clarifications to Ficora. The matter is still pending.

## Events after the financial period

On 18 January 2005, Elisa and IBM signed a letter of intent to concentrate Elisa's application management services in IBM. The seven-year agreement will come into force on 1 March 2005. On that date, 150 employees from Elisa will join IBM as established employees.

## Outlook

The competition in the telecommunications market in Finland is envisaged to remain tight. It is estimated that usage of both the mobile and fixed network products will increase. Elisa aims to strengthen its market position.

Elisa’s revenue for 2005 is estimated to increase slightly. Due to the implemented and ongoing revamping of operations, the company’s competitive edge will continue to improve and profitability will remain good. The comparable EBITDA and EBIT for the first half of the year are estimated to remain at the same level as in the fourth quarter of 2004. Capital expenditure will amount to 15 per cent of the revenue at most, and the cash flow will continue to be clearly positive.

THE BOARD OF DIRECTORS

## ELISA CORPORATION

## FINANCIAL STATEMENTS 1 JANUARY - 31 DECEMBER 2004
**(eur million)**
(Figures are not audited)

### CONSOLIDATED INCOME STATEMENT

| | Oct-Dec 2004 | Oct-Dec 2003 | Jan-Dec 2004 | Jan-Dec 2003 |
|---|---|---|---|---|
| **Revenue** | 350,8 | 391,0 | 1 356,0 | 1 538,2 |
| Other operating income | 19,9 | 12,8 | 30,9 | 33,9 |
| Operating expenses | -257,2 | -308,0 | -954,7 | -1 187,4 |
| Depreciation and value adjustments: | | | | |
| On fixed assets | -48,2 | -75,6 | -195,5 | -273,2 |
| On Corporation's goodwill | -10,8 | -103,2 | -43,3 | -145,1 |
| **EBIT** | 54,5 | -83,0 | 193,4 | -33,6 |
| Financial income and expenses: | | | | |
| Share of associated companies' profit | 1,5 | 0,3 | 0,7 | -0,3 |
| Other financial income and expenses | -5,0 | -10,6 | -27,9 | -39,7 |
| **Profit before extraordinary items** | 51,0 | -93,3 | 166,2 | -73,6 |
| Extraordinary items | | | | |
| **Profit after extraordinary items** | 51,0 | -93,3 | 166,2 | -73,6 |
| Income taxes | -12,6 | 47,0 | -52,2 | 59,7 |
| Minority interest | -2,7 | -0,5 | -7,4 | -2,6 |
| **Net profit** | 35,7 | -46,8 | 106,6 | -16,5 |

### CONSOLIDATED BALANCE SHEET

| | 31 Dec 2004 | 31 Dec 2003 |
|---|---|---|
| **Fixed assets** | | |
| Intangible assets | 62,5 | 64,2 |
| Consolidated goodwill | 440,6 | 459,5 |
| Tangible assets | 649,9 | 856,4 |
| Share in associated companies | 16,2 | 20,1 |
| Other investments | 12,5 | 12,0 |
| | 1 181,7 | 1 412,2 |
| **Current assets** | | |
| Inventories | 15,1 | 15,9 |
| Deferred tax receivable | 13,5 | 81,9 |
| Receivables | 368,0 | 352,4 |
| Marketable securities | 96,1 | 6,5 |
| Cash in hand and in banks | 66,8 | 60,8 |
| | 559,5 | 517,5 |
| **Total assets** | 1 741,2 | 1 929,7 |
| | | |
| **Shareholders' equity** | | |
| Share capital | 71,0 | 69,0 |
| Share premium account | 561,8 | 516,7 |
| Contingency fund | 3,4 | 3,4 |
| Retained earnings | 108,2 | 126,5 |
| Net profit | 106,6 | -16,5 |
| | 851,0 | 699,1 |
| **Minority interests** | 33,6 | 77,3 |
| **Provisions for liabilities and charges** | 17,1 | 51,6 |
| **Liabilities** | | |
| Long-term creditors | 565,5 | 616,5 |
| Short-term creditors | 274,0 | 485,2 |
| | 839,5 | 1 101,7 |
| **Total shareholders' equity and liabilities** | 1 741,2 | 1 929,7 |

Items presented in the tables for each row have been rounded.

## CONSOLIDATED CASH FLOW STATEMENT 1)

| (eur million) | Jan-Dec 2004 | Jan-Dec 2003 |
|---|---|---|
| **Cash inflow from operating activities** | | |
| Profit before extraordinary items | 166,2 | -73,6 |
| Adjustments: | | |
| Depreciation and value adjustments | 238,8 | 418,3 |
| Other financial income and expenses | 27,2 | 39,6 |
| Provisions for liabilities and charges | -23,3 | -4,3 |
| Sales profits from the disposal of fixed assets | -16,6 | -2,0 |
| Sales profits from business operations and shares | -5,6 | -1,3 |
| Other adjustments | 0,3 | -0,6 |
| Cash inflow before working capital | 387,0 | 376,1 |
| | | |
| Change in working capital | 4,9 | -16,0 |
| Cash inflow before taxes and financials | 391,9 | 360,1 |
| | | |
| Received dividends and interests and interest paid | -42,9 | -40,7 |
| Taxes paid | -16,0 | -14,6 |
| Free funds from operations | 333,0 | 304,8 |
| | | |
| **Cash flow in investments** | | |
| Investments in fixed assets | -170,1 | -193,7 |
| Disposal of fixed assets | 36,6 | 5,0 |
| Investments in shares and other investments | -10,4 | -26,9 |
| Disposal of shares and other investments | 12,0 | 15,2 |
| Disposal of business operations | 2,8 | 1,0 |
| Cash flow in investments | -129,1 | -199,4 |
| | | |
| **Cash flow after investments** | 203,9 | 105,4 |
| | | |
| **Cash flow in financing** | | |
| Change in interest-bearing receivables | 24,3 | -17,6 |
| Change in long-term loans | -9,1 | -96,5 |
| Change in short-term loans | -116,9 | 12,0 |
| Dividends paid | -13,0 | -1,8 |
| Cash flow in financing | -108,3 | -104,0 |
| | | |
| Change in financial assets | 95,6 | 1,4 |
| Financial assets at the beginning of the financial period | 67,3 | 65,9 |
| Financial assets at the end of the financial period | 162,9 | 67,3 |

1) Consolidated cash flow statement has been regrouped from the beginning of 2004.

| **LIABILITIES**<br>**(eur million)** | **31 Dec 2004** | **31 Dec 2003** |
|---|---|---|
| **Mortagages, pledges and guarantees** | | |
| Mortgages | | |
| For own and group companies | 27,6 | 77,0 |
| Pledges given | | |
| Pledges given as surety | 0,2 | 23,7 |
| Guarantees given | | |
| For others | | 11,0 |
| Mortagages, pledges and guarantees total | 27,8 | 111,6 |
| | | |
| **Derivative contracts** | | |
| Forward contracts and swap agreements | | |
| Market value of underlying security | 13,5 | 14,2 |
| Market value | 1,3 | 1,7 |
| | | |
| **Leasing contracts and other commitments** | | |
| Leasing commitments | 23,6 | 35,3 |
| Repurchase commitments | 4,6 | 2,7 |
| Real estate leases | 156,6 | 136,1 |
| Lease liabilities total | 184,8 | 174,1 |

Leasing commitments consists mainly from leases of IT and office equipment and cars.
Real estate leases consists both office and technical space.

| | | |
|---|---|---|
| Leasing and rental agreements of telecom networks | | |
| Fixed network | 9,0 | 16,0 |
| German business | | 132,8 |
| Mobile network *) | 29,8 | 55,4 |
| Rental agreement liabilities, total | 38,8 | 204,2 |

*) Added to this, a provision for the future redemptions of GSM network financial agreements

| | | |
|---|---|---|
| Other commitments | 9,1 | 6,0 |
| Lease-leaseback agreement (QTE facility) | | |
| Termination risk | 22,8 | 26,8 |
| Total value of the arrangement | 149,8 | 160,7 |

| **KEY FIGURES (eur million)** | **Oct-Dec 2004** | **Oct-Dec 2003** | **Jan-Dec 2004** | **Jan-Dec 2003** |
|---|---|---|---|---|
| Earnings/share (EPS), EUR | 0,3 | -0,3 | 0,8 | -0,1 |
| Shareholders' equity/share, EUR | | | 6,0 | 5,1 |
| Gross investments in fixed assets | 54,0 | 63,1 | 170,2 | 193,8 |
| Gross investments as % of revenue | 15,4 | 16,1 | 12,5 | 12,6 |
| Purchase of shares | 52,7 | 3,4 | 61,1 | 27,7 |
| Non-interest-bearing debt | | | 283,2 | 406,7 |
| Average number of personnel | | | 5 590 | 7 172 |

| **ADJUSTED GROUP KEY FIGURES** (exclusive of non-recurring items) | **Oct-Dec 2004** | **Oct-Dec 2003** | **Jan-Dec 2004** | **Jan-Dec 2003** |
|---|---|---|---|---|
| Revenue | 350,8 | 391,0 | 1 356,0 | 1 538,2 |
| EBITDA | 95,6 | 118,0 | 414,3 | 406,9 |
| EBITDA, % | 27,3 | 30,2 | 30,6 | 26,5 |
| EBIT | 36,6 | 33,3 | 175,5 | 82,7 |
| EBIT, % | 10,4 | 8,4 | 12,9 | 5,4 |
| Profit before extraordinary items | 33,1 | 23,0 | 148,3 | 42,7 |

**Adjusted key figures have been calculated without the following non-recurring items:**

| | | | | |
|---|---|---|---|---|
| Restructuring costs | 5,1 | -22,2 | 5,1 | -22,2 |
| Capital gain of real estate sales | 12,8 | | 12,8 | |
| Write-downs in Germany | | -94,1 | | -94,1 |
| Non-recurring items, total | 17,9 | -116,3 | 17,9 | -116,3 |
| Impact on EBITDA | 17,9 | -22,2 | 17,9 | -22,2 |
| Impact on EBIT | 17,9 | -116,3 | 17,9 | -116,3 |
| Impact on profit before extraordinary items | 17,9 | -116,3 | 17,9 | -116,3 |

## KEY FIGURES BY SEGMENTS OCTOBER-DECEMBER/2004 1)

**(eur million)**

| | Revenue Oct-Dec 2004 | Revenue Oct-Dec 2003 | EBITDA Oct-Dec 2004 | EBITDA Oct-Dec 2003 | EBIT Oct-Dec 2004 | EBIT Oct-Dec 2003 |
|---|---|---|---|---|---|---|
| **Mobile** | 179,9 | 201,3 | 52,1 | 62,7 | 32,2 | 38,8 |
| Amortisation on goodwill | | | | | -9,6 | -9,6 |
| Total | 179,9 | 201,3 | 52,1 | 62,7 | 22,6 | 29,2 |
| **Fixed Network** | 162,0 | 171,4 | 41,8 | 29,2 | 16,1 | -5,6 |
| Amortisation on goodwill | | | | | -0,9 | 0,8 |
| Total | 162,0 | 171,4 | 41,8 | 29,2 | 15,2 | -4,8 |
| **Germany** | | | | | | |
| Carrier-business | | 32,6 | | 2,2 | | -10,7 |
| Amortisation on goodwill | | | | | | -91,6 |
| Total | | 32,6 | | 2,2 | | -102,3 |
| **Other Companies** | | | | | | |
| Comptel | 17,9 | 13,3 | 5,1 | 2,6 | 4,6 | 1,9 |
| Other Companies 2) | 15,5 | 10,6 | 1,0 | 1,0 | -0,9 | 0,4 |
| Amortisation on goodwill | | | | | -0,4 | -2,9 |
| Total | 33,4 | 23,9 | 6,1 | 3,6 | 3,3 | -0,6 |
| **Unallocated expenses 3)** | 2,6 | 0,9 | 13,5 | -1,9 | 13,4 | -4,5 |
| **Intra-segment sales elimination** | -27,1 | -39,1 | | | | |
| **Corporation total** | 350,8 | 391,0 | 113,5 | 95,8 | 54,5 | -83,0 |

## KEY FIGURES BY SEGMENTS (exclusive of non-recurring items)

| Segments | Revenue Oct-Dec 2004 | Revenue Oct-Dec 2003 | EBITDA Oct-Dec 2004 | EBITDA Oct-Dec 2003 | EBIT Oct-Dec 2004 | EBIT Oct-Dec 2003 |
|---|---|---|---|---|---|---|
| **Mobile** | 179,9 | 201,3 | 52,1 | 64,3 | 22,6 | 30,8 |
| **Fixed Network** | 162,0 | 171,4 | 41,8 | 42,3 | 15,2 | 8,3 |
| **Germany** | | 32,6 | | 2,2 | | -8,2 |
| **Other Companies** | 33,4 | 23,9 | 6,1 | 3,6 | 3,3 | -0,6 |
| **Unallocated expenses** | 2,6 | 0,9 | -4,4 | 5,6 | -4,5 | 3,0 |
| **Intra-segment sales** | -27,1 | -39,1 | | | | |
| **Corporation total** | 350,8 | 391,0 | 95,6 | 118,0 | 36,6 | 33,3 |

1) Business has been re-grouped to match new organisation.
Segment figures are not comparable with the previously reported figures
for the business areas in earlier years.
2) Includes Yomi IT companies.
3) Includes unallocated expenses of corporate headquarters and administration.

## KEY FIGURES BY SEGMENTS JANUARY - DECEMBER/2004 1)

**(eur million)**

| | Revenue Jan-Dec | | EBITDA Jan-Dec | | EBIT Jan-Dec | |
|---|---|---|---|---|---|---|
| | **2004** | **2003** | **2004** | **2003** | **2004** | **2003** |
| **Mobile** | 712,8 | 757,3 | 218,7 | 210,0 | 139,1 | 110,9 |
| Amortisation on goodwill | | | | | -38,2 | -38,2 |
| Total | 712,8 | 757,3 | 218,7 | 210,0 | 100,9 | 72,7 |
| **Fixed Network** | 653,6 | 686,0 | 185,3 | 166,6 | 82,3 | 46,3 |
| Amortisation on goodwill | | | | | -3,5 | -1,8 |
| Total | 653,6 | 686,0 | 185,3 | 166,6 | 78,8 | 44,5 |
| **Germany** | | | | | | |
| Carrier-business | | 134,1 | | 3,8 | | -33,7 |
| Amortisation on goodwill | | | | | | -100,0 |
| Total | | 134,1 | | 3,8 | | -133,7 |
| **Other Companies** | | | | | | |
| Comptel | 59,7 | 54,0 | 16,7 | 9,5 | 14,5 | 6,6 |
| Other Companies 2) | 48,7 | 41,7 | 1,2 | -1,8 | -4,8 | -5,6 |
| Amortisation on goodwill | | | | | -1,7 | -5,1 |
| Total | 108,4 | 95,7 | 17,9 | 7,7 | 8,0 | -4,1 |
| **Unallocated expenses 3)** | 2,4 | 2,2 | 10,3 | -3,4 | 5,7 | -13,0 |
| **Intra-segment sales elimination** | -121,2 | -137,1 | | | | |
| **Corporation total** | 1 356,0 | 1 538,2 | 432,2 | 384,7 | 193,4 | -33,6 |

## KEY FIGURES BY SEGMENTS 4)

| **Segments** | Revenue Jan-Dec | | EBITDA Jan-Dec | | EBIT Jan-Dec | |
|---|---|---|---|---|---|---|
| | **2004** | **2003** | **2004** | **2003** | **2004** | **2003** |
| **Mobile** | 712,8 | 757,3 | 218,7 | 211,6 | 100,9 | 74,3 |
| **Fixed Network** | 653,6 | 686,0 | 185,3 | 179,7 | 78,8 | 57,6 |
| **Germany** | | 134,1 | | 3,8 | | -39,6 |
| **Other Companies** | 108,4 | 95,7 | 17,9 | 7,7 | 8,0 | -4,1 |
| **Unallocated expenses** | 2,4 | 2,2 | -7,6 | 4,1 | -12,2 | -5,5 |
| **Intra-segment sales** | -121,2 | -137,1 | | | | |
| **Corporation total** | 1 356,0 | 1 538,2 | 414,3 | 406,9 | 175,5 | 82,7 |

1) Business has been re-grouped to match new organisation.
Segment figures are not comparable with the previously reported figures
for the business areas in earlier years.

2) Includes Yomi IT companies.

3) Includes unallocated expenses of corporate headquarters and administration.

4) Reporting period figures don't include any non-recurring items.

## FINANCIAL SITUATION

**(eur million)**

| | 31 Dec 2004 | 30 Sep 2004 | 30 Jun 2004 | 31 Mar 2003 | 31 Dec 2003 |
|---|---|---|---|---|---|
| **Long-term debt** | | | | | |
| Bonds and notes | 481,4 | 484,9 | 471,5 | 471,5 | 471,5 |
| Loans from the Pension funds | 75,4 | 79,6 | 79,5 | 79,6 | 79,5 |
| Loans from financial institutions | 1,9 | 3,3 | 3,5 | 3,4 | 57,8 |
| **Total** | 558,8 | 567,8 | 554,5 | 554,5 | 608,8 |
| **Short-term debt** | | | | | |
| Bonds and notes | 0,0 | 100,0 | 100,0 | 100,0 | 100,0 |
| Loans from financial institutions | 0,2 | 0,7 | 0,7 | 1,7 | 12,2 |
| Committed credit line 1) | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Commercial papers 2) | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Others | 14,4 3) | 10,2 | 10,2 | 23,9 | 25,5 |
| **Total** | 14,6 | 111,0 | 110,9 | 125,6 | 137,7 |
| **Interest-bearing debt, total** | 573,4 | 678,8 | 665,5 | 680,1 | 746,6 |
| | | | | | |
| Security deposits | 0,0 | 0,0 | 0,0 | 25,2 | 24,5 |
| Securities | 96,1 | 128,7 | 114,0 | 24,3 | 6,5 |
| Cash and bank | 66,8 | 89,1 | 39,0 | 43,3 | 60,8 |
| **Interest-bearing receivables** | 162,9 | 217,8 | 153,0 | 92,8 | 91,8 |
| | | | | | |
| **Net debt 4)** | 410,5 | 461,0 | 512,5 | 587,3 | 654,8 |

1) The committed credit line is a joint EUR 170 million revolving credit facility with eight banks, which Elisa Corporation may flexibly use on agreed pricing. The loan arrangement is valid until 16 June 2008.

2) Elisa Corporation has agreed on a joint programme with seven banks on issuing commercial papers. The arrangement is not committed. The maximum amount of the arrangement is EUR 150 million.

3) Redemption liability for minority shareholders in Elisa Matkapuhelinpalvelut (EUR 2,6m) and in Yomi Oyj (EUR 4,3m) and deposits in the Financial Services Office (EUR 7,6m).

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

| **Key Financial Indicators** | 31 Dec 2004 | 30 Sep 2004 | 30 Jun 2004 | 31 Mar 2004 | 31 Dec 2003 |
|---|---|---|---|---|---|
| Gearing | 46,4 % | 56,0 % | 64,0 % | 75,9 % | 87,5 % |
| Equity ratio | 51,1 % | 45,5 % | 46,2 % | 44,4 % | 40,4 % |

**Formulae for financial indicators**

$$\text{Gearing \%} = \frac{\text{Interest-bearing debt - cash and bank - securities}}{\text{Shareholders' equity + minority interests}} \times 100$$

$$\text{Equity ratio \%} = \frac{\text{Shareholders' equity + minority interests}}{\text{Balance sheet total - advances received}} \times 100$$