New drivers of mobile business

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Tapio Karjalainen
Executive Vice President
Elisa Oyj

Agenda

- Elisa
- Mobile business
- New drivers of mobile business
- Conclusions
Elisa Group Structure

Elisa Corporation
Group management
Group functions and R&D

Elisa Mobile
Radiolinja
Mäkitorppa
Kamastore
Radiolinja Solutions

ElisaCom
Service Operator
ElisaCom
Finmat
International
Soon Com
Kestel
Lounet
RPO
TikkaCom

Elisa Networks
Network Operator
Elisa Networks
Soon Net
Kesnet

Elisa Kommunikation
Germany
Elisa Kommunikation
Tropolys

Other Companies
Comptel
Yomi Group
Estera
EPStar

Elisa
Geographical Markets

- Finland is the main market
  - All segments

- Carefully selected international markets
  - Estonia
  - Germany, fixed services for corporates
  - International scope through partnerships
Elisa

Customer oriented offering in Finland

- Full range of telecom services
- Call center outsourcing
- ICT solutions
- Nordic telecommunication solutions and international mobile solutions

Elisa Group’s Q3 2003 P&L

<table>
<thead>
<tr>
<th>Elisa Group</th>
<th>Excl. one-off items</th>
<th>Interim report</th>
</tr>
</thead>
<tbody>
<tr>
<td>EURm</td>
<td>Q3/03</td>
<td>Q3/02</td>
</tr>
<tr>
<td>Revenue</td>
<td>385</td>
<td>388</td>
</tr>
<tr>
<td>Other income from operations</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>EBITDA</td>
<td>107</td>
<td>84</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>28%</td>
<td>22%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-67</td>
<td>-64</td>
</tr>
<tr>
<td>Goodwill depreciation</td>
<td>-14</td>
<td>-14</td>
</tr>
<tr>
<td>Write-downs</td>
<td>-16</td>
<td>-71</td>
</tr>
<tr>
<td>EBIT</td>
<td>26</td>
<td>6</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>7%</td>
<td>2%</td>
</tr>
<tr>
<td>Share of associated comp. result</td>
<td>1</td>
<td>-1</td>
</tr>
<tr>
<td>Net financial items</td>
<td>-10</td>
<td>-13</td>
</tr>
<tr>
<td>Pre Tax Profit</td>
<td>17</td>
<td>-7</td>
</tr>
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</table>

*Q3 2003 does not include any major one-off items
Q3 2002 one-off items: GSM provision EUR -77m, sale of Elisa Instalia EUR +35m, sale of Yomi directories EUR +8m, sale of Telekolmio shares EUR +1m, GSM write-off EUR -12m and one-off depreciation in Yomi EUR -4m
Elisa Mobile’s Key Figures

<table>
<thead>
<tr>
<th>Elisa Mobile’s key figures, EURm</th>
<th>Q3/03</th>
<th>Q3/02</th>
<th>%</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>195</td>
<td>188</td>
<td>3 %</td>
<td>734</td>
</tr>
<tr>
<td>Clean EBITDA</td>
<td>58</td>
<td>50</td>
<td>17 %</td>
<td>194</td>
</tr>
<tr>
<td>Clean EBITDA-%</td>
<td>30 %</td>
<td>27 %</td>
<td>26 %</td>
<td></td>
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<tr>
<td>Leasing adj. EBITDA</td>
<td>64</td>
<td>57</td>
<td>12 %</td>
<td>222</td>
</tr>
<tr>
<td>Leasing adj. EBITDA -%</td>
<td>33 %</td>
<td>31 %</td>
<td>31 %</td>
<td></td>
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<tr>
<td>CAPEX</td>
<td>22</td>
<td>16</td>
<td>42 %</td>
<td>145</td>
</tr>
<tr>
<td>CAPEX excl. network buy-backs</td>
<td>19</td>
<td>10</td>
<td>87 %</td>
<td>96</td>
</tr>
<tr>
<td>Oper CAPEX / sales</td>
<td>10 %</td>
<td>6 %</td>
<td>13 %</td>
<td></td>
</tr>
<tr>
<td>No. of Subscriptions in Finland *</td>
<td>1 374</td>
<td>1 301</td>
<td>6 %</td>
<td>1 342</td>
</tr>
<tr>
<td>ARPU, EUR **</td>
<td>42,5</td>
<td>43,0</td>
<td>-1 %</td>
<td>42,2</td>
</tr>
<tr>
<td>Churn **</td>
<td>24,2 %</td>
<td>14,0 %</td>
<td>15,7 %</td>
<td></td>
</tr>
<tr>
<td>Minutes of use, million *</td>
<td>598</td>
<td>521</td>
<td>15 %</td>
<td>2 087</td>
</tr>
<tr>
<td>Minutes of use / subs / month **</td>
<td>151</td>
<td>139</td>
<td>9 %</td>
<td>131</td>
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<tr>
<td>No. of SMS, million *</td>
<td>111</td>
<td>100</td>
<td>11 %</td>
<td>422</td>
</tr>
<tr>
<td>No. of SMS / subs / month **</td>
<td>28</td>
<td>27</td>
<td>5 %</td>
<td>27</td>
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<tr>
<td>Value added services / revenue</td>
<td>12 %</td>
<td>13 %</td>
<td>12 %</td>
<td></td>
</tr>
</tbody>
</table>

* Network operator
** Service operator

Mobile business environment

- Customers
- Services
- Terminals
- Technology
- Regulation
- Market dynamics

Mobile business
Finland has traditionally been among the lowest tariff countries in Europe.

<table>
<thead>
<tr>
<th>Maa</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>'01-'03</th>
<th>Muutos €</th>
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<tbody>
<tr>
<td>Luxemburg</td>
<td>30,03</td>
<td>29,55</td>
<td>29,42</td>
<td>-2,0</td>
<td>-0,61</td>
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<tr>
<td>Suomi</td>
<td>33,21</td>
<td>31,44</td>
<td>31,09</td>
<td>-6,4</td>
<td>-2,12</td>
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<td>Tanska</td>
<td>40,32</td>
<td>40,67</td>
<td>32,05</td>
<td>-20,5</td>
<td>-8,27</td>
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<tr>
<td>Espanja</td>
<td>34,96</td>
<td>36,15</td>
<td>33,21</td>
<td>-5,0</td>
<td>-1,75</td>
</tr>
<tr>
<td>Ranska</td>
<td>42,98</td>
<td>42,41</td>
<td>41,58</td>
<td>-3,3</td>
<td>-1,4</td>
</tr>
<tr>
<td>Italia</td>
<td>41,17</td>
<td>40,55</td>
<td>42,89</td>
<td>4,2</td>
<td>1,72</td>
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<tr>
<td>Ruotsi</td>
<td>45,72</td>
<td>45,54</td>
<td>44,08</td>
<td>-3,6</td>
<td>-1,64</td>
</tr>
<tr>
<td>Belgia</td>
<td>43,41</td>
<td>47,06</td>
<td>46,66</td>
<td>7,5</td>
<td>3,25</td>
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<tr>
<td>Hollanti</td>
<td>46,85</td>
<td>46,69</td>
<td>47,54</td>
<td>1,5</td>
<td>0,69</td>
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<tr>
<td>Norja</td>
<td>48,96</td>
<td>50,23</td>
<td>47,62</td>
<td>-2,7</td>
<td>-1,34</td>
</tr>
<tr>
<td>UK</td>
<td>67,29</td>
<td>66,23</td>
<td>50,47</td>
<td>-25,0</td>
<td>-16,82</td>
</tr>
<tr>
<td>Saksia</td>
<td>63,02</td>
<td>62,31</td>
<td>61,08</td>
<td>-3,1</td>
<td>-1,94</td>
</tr>
<tr>
<td>Sveitsi</td>
<td>59,73</td>
<td>62,34</td>
<td>63,33</td>
<td>6,0</td>
<td>3,6</td>
</tr>
</tbody>
</table>

Market dynamics

- 1983 ~ 1990: Early market
- 1995: Rapid growth
- 2000: High penetration
- 2005: Service market

Penetration

- 0 %
- 100 %
Market dynamics - consumers

- Competition: price, churn, new players

Mobile marketplace

Market dynamics – corporate customers

Applications:
- E-mail
- Directories
- Files
- Internet
- Calendar
- Databases
- Office Systems
- Extranet
- CRM-systems
- ERP-systems
- Process Management

Regardless of time, place or terminal

Corporate LAN

GPRS Network
Radiolinja and Vodafone

Radiolinja is in close co-operation with the biggest mobile operator in the world - Vodafone. For our customers, this co-operation means a more extensive service selection than ever before as well as more advantageous international calls.

- Europe-wide GPRS services, i.e. wireless access to WAP services, the Internet, E-mail and information systems.
- Vodafone Eurocall clarifies call charges
- When abroad, you have access to the network of the Vodafone operator or co-operation partner
- Short number services (118 Directory service and 777 answering service) now available to you also when abroad
- Nordic cooperation

Global reach through Vodafone
Regulation

- Creating active markets through
  - licencing
  - network operator products
  - interconnection
  - number portability

- Ensuring service quality

Operator market

Traditional structure                Present/future structure

Telco

Customers A B

Customers A B C D E

Service operator

Network operator
Elisa Mobile milestones

- September 19th 1988,
  - Oy Radiolinja Ab was established as the first GSM operator in Finland
- March 1991
  - the world’s first GSM call was made in Radiolinja’s network
- July 1991
  - Radiolinja’s GSM network was the first to be opened in the world
- January 1995
  - Radiolinja Eesti AS’s GSM network was opened in Estonia
- March 1999
  - Radiolinja was granted a UMTS operating licence
- October 2001
  - Radiolinja brings the GPRS network and services to the market
- February 2002
  - Radiolinja and Vodafone sign a co-operation agreement
- August 2003
  - Contact Center of the year award for Radiolinja

Customer needs and service offering

Customer needs
- Communication
- Entertainment
- Information
- e-to-e services

Offering today
- Subscription
- SMS
- WAP
- GPRS
- Tailored solutions
Use of services

- Voice
- Data

Today's business focus
Limited use, mobile data and GPRS

2003

* Radiolinja figures

Customer value creation

Customer focused services
E-to-e processes
Commercialisation
Marketing
Technical product

1990's 2000 ...

Customer value
You CAN Read Your e-mail Using Your Phone!

E-mail
Calendar
Addressbook

• Can read your e-mail using a phone, a PDA or a PC
• Uses your existing e-mail address
• Access corporate directories
• Real-time updates to your calendar
• Works in Finland and abroad
• Can be also used with other operators’ subscriptions
• High data security
• Turnkey implementation

Positioning services

Thanks to the data transmitted over the mobile phone network, the location of the phone can be determined – with the owner’s consent

• you can find the nearest post office
• you can conveniently acquire a route map of the cottage you rented
• you can find out where you are
• you will know exactly where your friends are
Positioning services - Internet interface

Buddylist

Buddy located

Picture Messaging Service

Multimedia messaging— it will lift the personality, expressiveness and possibilities of mobile communications to a totally new level.

- person to person picture messages
- personal photo album
- content services
- an interface for external service providers

Tiny pictures, big emotions
Most Versatile MMS Offering in Finland – Radiolinja Picture Messages (launched 18.9.2002)

- Person to person MMS messaging
  - Video messages 5.3.2003
- Message album on the web
- MMS legacy support
  - SMS notification and web page
  - Message album also for registered legacy users
- Content services
  - Postcard service
  - Animations
  - Polyphonic ringing tones
  - Background pictures
  - Greetings
- Interface for MMS service providers

Example: Real Estate Listings by Huoneistokeskus

For sale fl. 60 m2, 2h+k+s. HKI, Mesenaatinkj. XXX kEUR. Picture: send home key sms 12345 to 12123. Info. t. 050 1234567 or www.huoneistokeskus.fi

Terminals driving services (or vice versa)

Terminals
- Colour display
- Camera
- Browser

Services
- MMS
- Video clip
- eMail
- Internet
- Games

Key drivers
- New features
- Availability
- Price
  - supported vs market price
- Service compatibility
  - settings
- Operating systems
  - manufacturer specific
  - i-mode, Windows
- Tailored terminals
  - user interface (Vodafone Live)

Finnish annual market
~ 1,400,000 mobile phones
Vodafone Live

Provides a rich colour interface with easy intuitive navigation giving access to Vodafone services

Instant Messaging
Email

Games

‘My Nearest’
Inc colour maps and city guides

Content
Will include colour pictures and graphics in all categories

Colour icons and easy navigation

Business drivers - Conclusions

- Consumers
  - Flexible and easy to use services
  - Mass market rules
  - Value for money
  - Security

- Corporate customers
  - Service integration
  - End-to-end service delivery
  - Trusted partner
Thank you!

Tapio Karjalainen

tapio.karjalainen@radiolinja.fi