

Third Quarter Results 2014

17 October 2014

The logo for elisa, written in a blue, lowercase, cursive script font.

Third quarter 2014

- Revenue amounted to EUR 384 million (395)
- EBITDA was EUR 142 million (138) and EBIT was EUR 89 million (84)
- Profit before taxes amounted to EUR 83 million (78)
- Earnings per share were EUR 0.43 (0.38)
- Cash flow after investments was EUR 39 million (51)

- Mobile ARPU was EUR 15.9 (16.2 in previous quarter)
- Mobile churn was 16.9 per cent (15.7 in previous quarter)
- The number of Elisa's mobile subscriptions increased by 33,600 during the quarter
- The number of fixed broadband subscriptions decreased by 3,600 on the previous quarter
- Net debt / EBITDA was 2.0 (2.0 end 2013) and gearing 126 per cent (113 end 2013)

January–September 2014

- Revenue was EUR 1,150 million (1,146)
- EBITDA was EUR 395 million (369) and EBIT was EUR 234 million (212)
- Earnings per share grew to 1.10 (0.93)
- Cash flow after investments was EUR 143 million (58), excluding investments in shares EUR 166 million (146)

Key indicators

EUR million	3rd Quarter		Year-to-date	
	2014	2013	2014	2013
Revenue	384	395	1,150	1,146
EBITDA	142	138	395	369
EBIT ¹⁾	89	84	234	212
Profit before tax ¹⁾	83	78	214	195
Earnings per share, EUR ¹⁾	0.43	0.38	1.10	0.93
Capital expenditure	43	57	144	150

¹⁾ Excluding non-recurring items: Q3/2013: EBITDA EUR 142m, EBIT EUR 87m, profit before tax EUR 81m and EPS EUR 0.40. 1-9/2013: EBITDA EUR 374m, EBIT EUR 217m, profit before tax EUR 200m and EPS EUR 0.96.

Financial position and cash flow

EUR million	30.9.2014	30.9.2013	End 2013
Net debt	1,043	995	971
Net debt / EBITDA ¹⁾	2.0	2.0	2.0
Gearing ratio, %	126.1	121.1	112.6
Equity ratio, %	37.2	35.5	37.3

EUR million	3rd Quarter		Year-to-date	
	2014	2013	2014	2013
Cash flow after investments	39 ²⁾	51	143 ²⁾	58 ²⁾

¹⁾ (interest-bearing debt – financial assets) / (four previous quarters' EBITDA exclusive of non-recurring items)

²⁾ Excluding investments in shares Q3/14 EUR 61m, 1-9/2014 EUR 166m and 1-9/2013 EUR 146m

Additional information regarding the Key Performance Indicators is available at:
www.elisa.com/investors (Elisa Operational Data.xls)

CEO Veli-Matti Mattila:

Strong earnings thanks to comprehensive improvement of competitiveness

The overall uncertainty of the general economic situation continued. Earnings grew year-on-year in the third quarter. Revenue fell slightly, but the improvement of Elisa's competitiveness continued successfully. The demand for 4G subscriptions continued to be brisk, which is a sign of customers' readiness to pay more for faster connections. We actively built the most comprehensive LTE network in Finland, with almost 3,000 4G LTE base stations. According to the independent research company European Communications Engineering Oy, Elisa's 4G LTE network has the widest coverage in Finland.

A record amount of data moved through Elisa's network during the period. The use of mobile data services increased by 80 per cent since last year among both consumers and corporate customers. We lowered mobile roaming prices, which fuelled mobile data growth abroad as well. An example of this is the 15-fold increase in the United States during the vacation season. Our mobile subscription base grew by 33,600 during the third quarter. The number of fixed network broadband subscriptions fell by approximately 3,600 but the number of cable TV subscriptions grew by 3,400.

The popularity of Elisa Viihde IPTV is based on its continuously developing content. In the third quarter we introduced a variety of different content to Elisa Viihde. The new content covers, for example, sports, tourism, and crime drama. The position of the Elisa Kirja e-book service as the leading publisher of Finnish language e-books strengthened further when the sales of e-books almost doubled compared with last summer.

We invested in cybersecurity services offered to corporations. In the future, our customers will be able to obtain the most comprehensive data security solutions on the market as managed services from one operator. Elisa Videra was the first corporation in Finland to be awarded the CMSP certificate by Cisco for its highest level video conferencing services.

Elisa's 4G network already covers 95 per cent of Finns. 4G LTE speeds are available to 90 per cent of Finns. The EUR 200 million that we annually invest in Finland enables even smoother connections for modern data transfer needs.

Elisa has expanded strongly into new business areas. Our new brand strategy and corporate identity, launched on 15 October, covers our multifaceted business. From now on our services for both consumer and corporate customers are known under one, unified brand. Our renewed brand communicates more clearly Elisa's broad offering of services and products, and also brings efficiency in marketing.

We will continue our determined work to improve both customer satisfaction and our operational productivity. Improving our productivity, developing new services for our customers, and maintaining our strong investment ability create a solid foundation for competitive operations in the future.

INTERIM REPORT JANUARY–SEPTEMBER 2014

The interim report has been prepared in accordance with the IFRS recognition and measurement principles, although not all requirements of the IAS 34 standard have been followed. The information presented in this interim report is unaudited.

Market situation

The competitive environment has been intense during the year. The mobile smartphone market grew rapidly and the usage of data services continued to evolve favourably. Approximately 90 per cent of the mobile handsets sold are smartphones. Another factor contributing to mobile market growth has been the increased network coverage of new 4G speeds. The number and usage of traditional fixed network subscriptions is decreasing.

The market for new visual communications (video conferencing), IT outsourcing and IPTV entertainment services have continued to develop favourably. The demand for other new consumer online services is also growing.

Revenue, earnings and financial position**Revenue and earnings:**

EUR million	3rd Quarter		Year-to-date	
	2014	2013 ¹⁾	2014	2013 ¹⁾
Revenue	384	395	1,150	1,146
EBITDA	142	138	395	369
EBITDA-%	36.9	35.1	34.3	32.2
EBIT	89	84	234	212
EBIT-%	23.3	21.2	20.4	18.5
Return on equity, % ²⁾	26.9	24.3	26.9	24.3

¹⁾ Excluding non-recurring items: Q3/2013: EBITDA EUR 142m, EBITDA-% 35.9, EBIT EUR 87m and EBIT-% 22.0. 1-9/2013: EBITDA EUR 374m, EBITDA-% 32.6, EBIT EUR 217m and EBIT-% 18.9.

²⁾ Rolling 12-month profit preceding the reporting date

Third quarter 2014

Revenue decreased by 3 per cent on the previous year. Divestments of some non-core businesses, lower interconnection fees both in Finland and Estonia, a decrease in equipment sales, as well as a decrease in usage and subscriptions of traditional fixed telecom services in both segments, affected revenue negatively. Growth in domestic mobile services, Corporate ICT services, Consumer Online services and Estonian business contributed positively to revenue. EBITDA increased by 2 per cent, mainly due to PPO synergies and cost efficiency measures.

Financial income and expenses were EUR -6 million (-6). Income taxes in the income statement amounted to EUR -16 million (-19) due to lower tax rate in Finland from the beginning of the year. Net profit was EUR 68 million (59). Earnings per share increased by 14 per cent to EUR 0.43 (0.38).

January–September 2014

Revenue was at the previous year's level. Acquisition of regional fixed network operator PPO in 2013, growth in mobile services, Corporate ICT and Consumer Online services, as well as Estonian business affected revenue positively. Divestments of some non-core businesses, lower interconnection fees in both Finland and Estonia, equipment sales, as well as a decrease in usage and subscriptions of traditional fixed telecom services in both segments, affected revenue negatively.

EBITDA increased by 7 per cent on the previous year, mainly due to PPO synergies and cost efficiency measures.

Net financial income and expenses increased to EUR -20 million (-17) due to higher net debt. Income taxes in the income statement amounted to EUR -41 million (-47) due to lower tax rate in Finland from the beginning of the year. Net profit increased by 18 per cent to EUR 173 million (147) and earnings per share by 18 per cent to EUR 1.10 (0.93).

Financial position

EUR million	30.9.2014	30.9.2013	30.12.2013
Net debt	1,043	995	971
Net debt / EBITDA ¹⁾	2.0	2.0	2.0
Gearing ratio, %	126.1	121.1	112.6
Equity ratio, %	37.2	35.5	37.3

EUR million	3rd Quarter		Year-to-date	
	2014	2013	2014	2013
Cash flow after investments	39 ²⁾	51	143 ²⁾	58 ²⁾

¹⁾ (interest-bearing debt – financial assets) / (four previous quarters' EBITDA exclusive of non-recurring items)

²⁾ Excluding investments in shares Q3/2014 EUR 61m, 1-9/2014 EUR 166m and 1-9/2013 EUR 146m

Third quarter 2014

July–September cash flow after investments was EUR 39 million (51). The decrease was mainly due to share investment to Anvia Oyj shares. Cash flow excluding share investments was EUR 61 million (51). Growth was mainly due to increased EBITDA, lower investment level and lower taxes. Cash flow was negatively affected by net working capital change.

January–September 2014

Cash flow after investments was EUR 143 million (58). Cash flow excluding share investments grew from EUR 146 million to EUR 166 million due to increased EBITDA, lower investment level and lower taxes. Cash flow was negatively affected by net working capital change.

The financial and liquidity positions are good. Net debt increased to EUR 1,043 million mainly as a result of the dividend payment of EUR 207 million. Cash and undrawn committed credit lines totalled EUR 290 million at the end of the third quarter.

Changes in corporate structure

On 31 July 2014, Elisa increased its ownership in Videra Oy to 100 per cent.

Consumer Customers business

EUR million	3rd Quarter		Year-to-date	
	2014	2013 ¹⁾	2014	2013 ¹⁾
Revenue	242	247	715	705
EBITDA	90	85	246	222
EBITDA-%	37.1	34.4	34.4	31.5
EBIT	60	54	154	133
CAPEX	24	33	77	84

¹⁾ Excluding non-recurring items: Q3 2013 EBITDA EUR 88m, EBITDA-% 35.5, EBIT EUR 57m, 1-9/2013: EBITDA EUR 225m, EBITDA-% 31.9, EBIT EUR 136m.

Third quarter 2014

Revenue decreased by 2 per cent. Divestments of some non-core businesses, lower interconnection fees in both Finland and Estonia, a decrease in equipment sales, as well as a decrease in usage and subscriptions of traditional fixed telecom services affected revenue negatively. Growth in domestic mobile services, Consumer Online services and Estonian business contributed positively to revenue. EBITDA increased by 6 per cent mainly due to PPO synergies and productivity improvements.

January–September 2014

Revenue increased by 1 per cent mainly due to the PPO acquisition, growth in mobile services, Consumer Online services, as well as Estonian business. Divestments of some non-core businesses, lower interconnection revenue in both Finland and Estonia, equipment sales, as well as a decrease in usage and subscriptions of traditional fixed telecom services in both segments, affected revenue negatively. EBITDA increased by 11 per cent, mainly due to the PPO acquisition and synergies, as well as productivity improvements.

Corporate Customers business

EUR million	3rd Quarter		Year-to-date	
	2014	2013 ¹⁾	2014	2013 ¹⁾
Revenue	142	148	435	441
EBITDA	52	54	149	147
EBITDA-%	36.6	36.2	34.3	33.4
EBIT	30	29	80	79
CAPEX	19	24	67	66

¹⁾ Excluding non-recurring items: Q3 2013: EBITDA EUR 54m, EBITDA-% 36.6, EBIT EUR 30m, 1-9/2013: EBITDA 149m, EBITDA-% 33.8, EBIT EUR 81m.

Third quarter 2014

Revenue decreased by 4 per cent. The decline in usage and subscriptions in traditional fixed telecom services and divestments of some non-core businesses, lower interconnection and roaming fees in both Finland and Estonia affected revenue negatively. ICT and mobile services increased revenue. EBITDA decreased by 3 per cent, mainly due to a decrease in revenue.

January–September 2014

Revenue decreased by 1 per cent from the previous year. The decline in usage and subscriptions of traditional fixed telecom services and lower interconnection and roaming fees in both Finland and Estonia affected revenue negatively. The PPO acquisition and growth in ICT and mobile services contributed positively to revenue. EBITDA increased by 1 per cent, mainly due to the PPO acquisition and synergies, as well as productivity improvements.

Personnel

In January–September, the average number of personnel at Elisa was 4,140 (4,320). Personnel by segment at the end of the period were as follows:

	30.9.2014	30.9.2013	End 2013
Consumer Customers	2,354	2,574	2,424
Corporate Customers	1,762	1,903	1,793
Total	4,116	4,477	4,217

Total personnel decreased by 361 compared to the previous year's third quarter, mainly due to outsourcing, divestments and personnel reductions. Growth in corporate ICT service increased the number of personnel.

Investments

EUR million	3rd Quarter		Year-to-date	
	2014	2013	2014	2013
Capital expenditures, of which	43	57	144	150
- Consumer Customers	24	33	77	84
- Corporate Customers	19	24	67	66
Shares	28	2	29	111
Total	71	59	173	261

The main capital expenditures relate to the capacity and coverage increase of the 4G networks, as well as to other network and IT investments.

Financing arrangements and ratings

Valid financing arrangements

EUR million	Maximum amount	In use on 30.9.2014
Committed credit limits	300	50
Commercial paper programme ¹⁾	250	200
EMTN programme ²⁾	1,000	600

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	Positive

Share

Share trading volumes and closing prices are based on trades made on the NASDAQ OMX Helsinki.

Trading of shares	3rd Quarter		Year-to-date	
	2014	2013	2014	2013
Volume, millions	23.8	24.8	82.9	104.7
Value, EUR million	505.7	407.0	1,772.4	1,638.6
% of shares	14.2	14.8	48.5	62.5

Shares and market values	30.9.2014	30.9.2013	31.12.2013
Total number of shares	167,335,073	167,504,660	167,335,073
Treasury shares	7,986,043	9,986,043	7,986,043
Outstanding shares	159,349,030	157,518,617	159,349,030
Closing price, EUR	21.02	17.62	19.26
Market capitalisation, EUR million	3,350	2,775	3,069
Treasury shares, %	4.77	5.96	4.77

Elisa shares are also traded in alternative marketplaces. According to the Fidessa Fragmentation report, the trading volumes in these markets during the third quarter were approximately 133 (102) per cent of the NASDAQ OMX Helsinki. The total trading volume in all marketplaces represents approximately 31 (30) per cent of outstanding shares.

The Board of Directors' authorisations

The Annual General Meeting decided to authorise the Board of Directors to resolve to repurchase or accept as pledge the company's own shares. The repurchase may be directed. The amount of shares under this authorization is 5 million shares at maximum. The authorisation is effective until 30 June 2015.

Elisa Shareholders' Nomination Board

As of 3 September 2014, the composition of Elisa's Shareholders' Nomination Board is as follows:

- Eija Ailasmaa, Master of Political Science, nominated by Solidium Oy
- Reima Rytsölä, Chief Investment Officer, nominated by Varma Mutual Pension Insurance Company
- Timo Ritakallio, Deputy CEO, nominated by Ilmarinen Mutual Pension Insurance Company
- Jorma Eräkare, Head of Finnish Equities, nominated by Nordea Nordic Small Cap
- Raimo Lind, Chairman of the Board of Elisa

The Nomination Board elected Eija Ailasmaa as the chair.

The shareholders' Nomination Board was established in 2012 by Annual General Meeting. Its duty is to prepare proposals for the election and remuneration of the members of the Board of Directors of Elisa for the Annual General Meeting.

Significant legal and regulatory issues

Since 31 July 2014, Videra Oy has been wholly owned by Elisa as Elisa has redeemed all the shares from minority shareholders. Regarding the redemption price the minority shareholders have filed a request for arbitration with the Arbitration Institute of the Finland Chamber of Commerce on September 2014. The monetary value of the claim is about EUR 5 million. Elisa considers the claim unfounded.

Substantial risks and uncertainties associated with Elisa's operations

Risk management is part of Elisa's internal control system. It aims to ensure that risks affecting the company's business are identified, influenced and monitored. The company classifies risks into strategic, operational, hazard and financial risks.

Strategic and operational risks:

The telecommunications industry is under intense competition in Elisa's main market areas, which may have an impact on Elisa's business. The telecommunications industry is subject to heavy regulation. Elisa and its businesses are monitored and regulated by several public authorities. This regulation also affects the price level of some products and services offered by Elisa. Regulation may also require investments which have long payback times.

The rapid developments in telecommunications technology may have a significant impact on Elisa's business.

Elisa's main market is Finland, where the number of mobile phones per inhabitant is among the highest in the world, and growth in subscriptions is thus limited. Furthermore, the volume of phone traffic on Elisa's fixed network has decreased during the last few years. These factors may limit opportunities for growth.

Hazard risks:

The company's core operations are covered by insurance against damage and interruptions caused by accidents and disasters. Accident risks also include litigation and claims.

Financial risks:

In order to manage the interest rate risk, the Group's loans and investments are diversified into fixed- and variable-rate instruments. Interest rate swaps can be used to manage the interest rate risk.

As most of Elisa's operations and cash flow are denominated in euros, the exchange rate risk is minor.

The objective of liquidity risk management is to ensure the Group's financing in all circumstances. Elisa has cash reserves, committed credit facilities and a sustainable cash flow to cover its foreseeable financing needs.

Liquid assets are invested within confirmed limits in financially solid banks, domestic companies and institutions. Credit risk concentrations in accounts receivable are minor as the customer base is wide.

A detailed description of financial risk management can be found in Note 34 to the Annual Report 2013.

Events after the financial period

During August – October, Elisa's ownership in regional fixed line operator Anvia Corporation grew to 23 per cent of the share capital and 25 per cent of the outstanding shares. Anvia is consolidated to Elisa's financial statements as an associated company from 1 October 2014 onwards.

On 16 October 2014, Elisa Corporation and its wholly owned subsidiaries Ecosite Oy, KYMP Oy, Optimiratkaisut Oy and Viske Oy have decided to execute mergers according to merger plans. According to the plans, Ecosite Oy, KYMP Oy, Optimiratkaisut Oy and Viske Oy will merge into the parent company. No merger consideration will be paid.

The Finnish Communications Regulatory Authority (FICORA) issued decisions on 3 December 2012 regarding copper and fiber access lines. These decisions are for the six major fixed network operators, including Elisa, that have significant market power. On 10 October 2014, FICORA released the draft decision for maximum price levels. In the decision the maximum price rental fee for copper access line was set as EUR 10.70 and for fibre access line EUR 75 per month. These maximum prices are obligatory for all major fixed network operators. This decision would decrease Elisa's revenue from line rentals in its network area but it lowers the line rents that Elisa pays to other operators.

Outlook and guidance for 2014

The macroeconomic environment in Finland is still expected to be weak in 2014. Competition in the Finnish telecommunications market also remains challenging.

Full-year revenue is estimated to be at the same level or slightly higher than in 2013. Mobile data, ICT and new online services as well as completed acquisitions are expected to increase revenue. Full-year EBITDA, excluding non-recurring items, is anticipated to be slightly higher than in 2013. Full-year capital expenditure is expected to be a maximum of 12 per cent of revenue. Elisa's financial position and liquidity are good.

Elisa is continuing its cost efficiency measures, for example by streamlining the product portfolio and IT systems and operations. Additionally, Elisa is continuing to increase customer service and sales efficiency, as well as to reduce general administration costs.

Elisa's transformation into a provider of exciting, new and relevant services for its customers is continuing. Long-term growth and profitability improvement will derive from mobile data market growth, as well as new online and ICT services.

BOARD OF DIRECTORS

Unaudited

Consolidated Income Statement

EUR million	Note	7-9 2014	7-9 2013	1-9 2014	1-9 2013	1-12 2013
Revenue	1	383,8	394,8	1 149,6	1 146,2	1 547,4
Other operating income		0,5	0,5	5,7	1,5	4,0
Materials and services		-149,4	-157,4	-452,5	-458,4	-619,9
Employee expenses		-54,4	-61,7	-183,1	-191,9	-270,0
Other operating expenses		-38,8	-37,8	-124,9	-128,4	-170,8
EBITDA	1	141,8	138,4	394,9	369,0	490,7
Depreciation and amortisation		-52,3	-54,8	-160,5	-157,2	-210,1
EBIT	1	89,5	83,6	234,4	211,8	280,6
Financial income		0,8	3,0	4,0	8,1	10,3
Financial expenses		-6,9	-8,5	-24,3	-25,4	-36,2
Share of associated companies' profit		0,0	0,0	0,2	0,0	0,0
Profit before tax		83,5	78,0	214,2	194,6	254,6
Income taxes		-15,7	-18,6	-41,2	-47,4	-58,2
Profit for the period		67,7	59,4	173,0	147,2	196,3
Attributable to:						
Equity holders of the parent		68,5	59,5	175,1	146,8	196,6
Non-controlling interests		-0,7	0,0	-2,1	0,3	-0,2
		67,7	59,4	173,0	147,2	196,3
Earnings per share (EUR)						
Basic		0,43	0,38	1,10	0,93	1,25
Diluted		0,43	0,38	1,10	0,93	1,25
Average number of outstanding shares (1,000 shares)						
Basic		159 349	157 519	159 349	157 178	157 269
Diluted		159 349	157 519	159 349	157 178	157 269

Consolidated Statement of Comprehensive Income

Profit for the period		67,7	59,4	173,0	147,2	196,3
Other comprehensive income, net of tax						
Items which may be reclassified subsequently to profit or loss:						
Financial assets available-for-sale		0,3	1,1	2,3	1,9	1,1
Cash flow hedge		0,0		0,1		
Translation differences		-0,2	-0,1	0,1	-0,1	-0,2
		0,1	1,1	2,4	1,7	0,9
Items which are not reclassified subsequently to profit or loss:						
Remeasurements of the net defined benefit liability		0,0	0,1	0,0	0,0	-6,3
Total comprehensive income		67,8	60,6	175,4	148,9	190,9
Total comprehensive income attributable to:						
Equity holders of the parent		68,6	60,6	177,6	148,6	191,2
Non-controlling interests		-0,7	0,0	-2,1	0,3	-0,2
		67,8	60,6	175,4	148,9	190,9

Consolidated Statement of Financial Position

	30.9. 2014	31.12. 2013
EUR million		
Non-current assets		
Property, plant and equipment	696,5	713,6
Goodwill	831,5	832,4
Other intangible assets	139,7	143,3
Investments in associated companies	2,6	2,4
Financial assets available-for-sale	48,8	22,5
Deferred tax assets	14,5	13,5
Other receivables	70,0	70,5
	1 803,7	1 798,3
Current assets		
Inventories	49,9	55,5
Trade and other receivables	340,2	327,3
Tax receivables	4,0	5,4
Cash and cash equivalents	40,2	137,8
	434,3	526,0
Total assets	2 237,9	2 324,3
Equity attributable to equity holders of the parent	826,7	860,3
Non-controlling interests	0,4	1,9
Total shareholders' equity	827,1	862,2
Non-current liabilities		
Deferred tax liabilities	19,7	21,0
Pension obligations	13,2	13,8
Provisions	2,7	2,4
Financial liabilities	818,3	829,7
Other liabilities	34,6	35,6
	888,4	902,5
Current liabilities		
Trade and other payables	247,1	267,4
Tax liabilities	5,2	0,3
Provisions	5,2	12,6
Financial liabilities	264,9	279,3
	522,4	559,6
Total equity and liabilities	2 237,9	2 324,3

Condensed Consolidated Statement of Cash Flows

EUR million	1-9 2014	1-9 2013	1-12 2013
Cash flow from operating activities			
Profit before tax	214,2	194,6	254,6
Adjustments			
Depreciation and amortisation	160,5	157,2	210,1
Other adjustments	10,1	12,2	17,8
	170,6	169,4	227,9
Change in working capital			
Change in trade and other receivables	-13,4	3,3	-13,5
Change in inventories	2,1	5,7	6,4
Change in trade and other payables	-17,6	-9,5	2,1
	-28,9	-0,5	-4,9
Financial items, net	-15,4	-15,6	-24,6
Taxes paid	-37,2	-48,4	-64,9
Net cash flow from operations	303,3	299,4	388,1
Cash flow from investing activities			
Capital expenditure	-144,6	-152,0	-212,5
Investments in shares	-23,9	-89,2	-93,1
Repayment of loan assets	0,3		
Proceeds from asset disposal	7,6	0,0	1,5
Net cash used in investing activities	-160,6	-241,2	-304,1
Cash flow before financing activities	142,7	58,2	84,0
Cash flow from financing activities			
Proceeds from long-term borrowings	0,1	300,0	300,1
Repayment of long-term borrowings	-172,7	-79,8	-82,1
Change in short-term borrowings	148,1	91,4	1,5
Repayment of finance lease liabilities	-3,5	-3,5	-4,8
Proceeds from increase in reserve for invested non-restricted equity		2,9	2,9
Proceeds from the sale of treasury shares		4,6	4,6
Acquisition of non-controlling interests	-5,6	-3,8	-4,0
Dividends paid	-206,7	-203,9	-204,2
Net cash used in financing activities	-240,3	108,0	14,0
Change in cash and cash equivalents	-97,6	166,2	98,1
Cash and cash equivalents at the beginning of the period	137,8	39,8	39,8
Cash and cash equivalents at the end of the period	40,2	206,0	137,8

Statement of Changes in Shareholders' Equity

EUR million	Share capital	Treasury shares	Other reserves	Reserve for invested non-restricted equity	Retained earnings	Non-controlling interests	Total shareholders equity
Balance at 1 January 2013	83,0	-194,1	386,4	52,7	514,2	2,8	844,9
Profit for the period					146,8	0,3	147,2
Translation differences					-0,1		-0,1
Financial assets available-for-sale			1,9				1,9
Remeasurements of the net defined benefit liability			0,0				0,0
Total comprehensive income			1,9		146,7	0,3	148,9
Dividends					-203,9	-0,6	-204,6
Share-based compensation					2,4		2,4
Disposal of treasury shares		6,0			-1,4		4,6
Acquisition of subsidiary with non-controlling interests						25,6	25,6
Acquisition of non-controlling interest					-1,0	-1,9	-2,9
Options exercised				2,9			2,9
Balance at 30 Sept 2013	83,0	-188,1	388,3	55,6	457,0	26,2	821,9

EUR million	Share capital	Treasury shares	Other reserves	Reserve for invested non-restricted equity	Retained earnings	Non-controlling interests	Total shareholders equity
Balance at 1 January 2014	83,0	-148,2	381,2	90,9	453,4	1,9	862,2
Profit for the period					175,1	-2,1	173,0
Translation differences					0,1		0,1
Financial assets available-for-sale			2,3				2,3
Cash flow hedge			0,1				0,1
Total comprehensive income			2,3		175,2	-2,1	175,4
Dividends					-207,2	-0,3	-207,5
Share-based compensation					2,5		2,5
Acquisition of non-controlling interests					-6,3	1,0	-5,3
Balance at 30 Sept 2014	83,0	-148,2	383,6	90,9	417,5	0,4	827,1

Notes

ACCOUNTING PRINCIPLES

The Interim report has been prepared in accordance with the IFRS recognition and measurement principles, although all requirements of IAS 34 Interim Financial Reporting have not been followed. The information has been prepared in accordance with International Financial Reporting Standards (IFRS) effective at the time of preparation and adopted for use by European Union. Apart from the changes in accounting principles stated below, the accounting principles applied in the interim report are the same as in the financial statements at 31 December 2013.

Changes in the accounting principles

The Group adopted the following standards, amendments to standards and interpretations effective 1 January 2014:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interest in Other Entities
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- Annual improvements of IFRS-standards

1. Segment Information

7-9/2014	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	242,0	141,9		383,8
EBITDA	89,9	51,9		141,8
Depreciation and amortisation	-30,0	-22,3		-52,3
EBIT	59,8	29,6		89,5
Financial income			0,8	0,8
Financial expenses			-6,9	-6,9
Share of associated companies' profit			0,0	0,0
Profit before tax				83,5
Investments	24,0	19,3		43,3
7-9/2013	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	246,7	148,1		394,8
EBITDA	84,8	53,6		138,4
Depreciation and amortisation	-30,6	-24,3		-54,8
EBIT	54,2	29,3		83,6
Financial income			3,0	3,0
Financial expenses			-8,5	-8,5
Share of associated companies' profit			0,0	0,0
Profit before tax				78,0
Investments	32,5	24,1		56,6

1-9/2014	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	714,7	435,0		1 149,6
EBITDA	245,7	149,2		394,9
Depreciation and amortisation	-91,6	-68,9		-160,5
EBIT	154,1	80,3		234,4
Financial income			4,0	4,0
Financial expenses			-24,3	-24,3
Share of associated companies' profit			0,2	0,2
Profit before tax				214,2
Investments	77,4	66,7		144,1
1-9/2013	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	705,3	440,9		1 146,2
EBITDA	221,8	147,2		369,0
Depreciation and amortisation	-88,9	-68,3		-157,2
EBIT	132,9	78,9		211,8
Financial income			8,1	8,1
Financial expenses			-25,4	-25,4
Share of associated companies' profit			0,0	0,0
Profit before tax				194,6
Investments	84,2	66,1		150,3
1-12/2013	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	949,1	598,3		1 547,4
EBITDA	295,2	195,5		490,7
Depreciation and amortisation	-117,6	-92,5		-210,1
EBIT	177,6	103,0		280,6
Financial income			10,3	10,3
Financial expenses			-36,2	-36,2
Share of associated companies' profit			0,0	0,0
Profit before tax				254,6
Investments	132,4	107,7		240,1
Total assets	1 211,9	835,6	276,8	2 324,3

2. Operating Leases

The future minimum lease payments under non-cancellable operating leases:

	30.9.	31.12.
EUR million	2014	2013
Not later than one year	28,4	28,8
Later than one year not later than than five years	29,1	37,0
Later than five years	6,6	6,9
	64,0	72,7

3. Contingent Liabilities

	30.9.	31.12.
EUR million	2014	2013
For our own commitments		
Mortgages	1,5	14,5
Pledged securities	0,1	2,9
Deposits	0,9	0,8
Guarantees	1,1	1,1
On behalf of associated companies		
Other		0,0
On behalf of others		
Guarantees	0,6	0,6
Other	0,0	0,0
	4,3	20,0
Other contractual obligations		
Repurchase obligations	0,1	0,1
Letter of credit	0,1	0,1

4. Derivative Instruments

	30.9.	31.12.
EUR million	2014	2013
Nominal values of derivatives		
Interest rate swap ¹⁾		150,5
Currency swap	3,0	4,0
Electricity derivatives ²⁾	3,0	
	6,0	154,5
Fair values of derivatives		
Interest rate swap		0,1
Currency swap	-0,1	0,0
Electricity derivatives	0,1	
	0,0	0,0

¹⁾ EUR 150.0 million interest rate swap matured at the same date as the bond on 3 March 2014.

²⁾ Elisa has started to hedge electricity purchases by derivatives during 2014. Earlier company bought electricity by advance contracts.

Key Indicators

EUR million	1-9 2014	1-9 2013	1-12 2013
Shareholders' equity per share, EUR	5,19	5,05	5,40
Interest bearing net debt	1 043,0	995,4	971,2
Gearing, %	126,1	121,1	112,6
Equity ratio, %	37,2	35,5	37,3
Return on investment (ROI), % *)	15,4	15,4	15,3
Gross investments in fixed assets	144,1	150,3	240,1
of which finance lease investments	0,6	1,1	2,9
Gross investments as % of revenue	12,5	13,1	15,5
Investments in shares	29,1	111,1	149,7
Average number of employees	4 140	4 320	4 320

*) rolling 12 months profit preceding the reporting date

Financial Calendar

Annual results 2014	30 January 2015
First quarter 2015	16 April 2015
Second quarter 2015	16 July 2015
Third quarter 2015	16 October 2015

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