

Financial Statements 2012

6 February 2013



Fourth quarter 2012

- Revenue amounted to EUR 396 (401) million
- EBITDA was EUR 124 (133) million and EBIT EUR 74 (79) million
- Earnings per share decreased to EUR 0.32 (0.36)
- Cash flow after investments was EUR 34 (65) million
- Mobile ARPU was EUR 16.7 (17.3 in the third quarter)
- Churn was 19.3 (17.2 in the third quarter) per cent
- The number of Elisa's mobile subscriptions increased by 19,500 during the quarter.
- The number of fixed broadband subscriptions increased by 7,000 on the previous quarter
- Net debt/EBITDA was 1.7 (1.6) and gearing 98 (94) per cent

Year 2012

- Revenue increased to EUR 1,553 (1,530) million
- EBITDA was EUR 501 (506) million and EBIT EUR 299 (295) million
- Earnings per share was EUR 1.33 (1.29)
- Cash flow after investments was EUR 155 (207) million
- The Board of Directors proposes a dividend of EUR 1.30 per share

Key indicators

EUR million	4th Quarter		Full year	
	2012	2011	2012	2011
Revenue	396	401	1,553	1,530
EBITDA	124	133	501	506
EBIT	74	79	299	295
Profit before tax ¹⁾	64	72	269	265
Earnings per share, EUR ¹⁾	0.32	0.36	1.33	1.29
Capital expenditures	50	58	193	197

¹⁾ Excluding non-recurring write down of EUR 3m (see page 4): Profit before tax Q4 EUR 67m and 2012 EUR 272m, Q4 EPS EUR 0.34 and 2012 EUR 1.35

Financial position and cash flow

EUR million	End 2012	End 2011
Net debt	839	788
Net debt / EBITDA ¹⁾	1.7	1.6
Gearing ratio, %	98.5	93.8
Equity ratio, %	42.6	42.3

EUR million	4th Quarter		Full year	
	2012	2011	2012	2011
Cash flow after investments	34	65	155	207

¹⁾ (interest-bearing debt - financial assets) / (4 previous quarters' EBITDA exclusive of non-recurring items)

The Board of Directors proposes to the Annual General Meeting a dividend of EUR 1.30 per share. The Board of Directors decided also to propose to the General Meeting an authorisation to acquire maximum 5 million treasury shares, which corresponds to 3 per cent of the total shares.

Additional information regarding the Key Performance Indicators is available on www.elisa.com/investors Elisa Quarterly Data.xls.

“Growth in revenue and earnings in 2012

Elisa's revenue and earnings grew in 2012. There was revenue growth from the mobile business and from the sales of terminal equipment and new services. The growth in revenue from new services was significant. Earnings were strengthened by consistent profitability improvements that were implemented in accordance with the strategy. The economic recession had a negative impact on the earnings development towards the end of the year in particular. The competitive situation was challenging in 2012, and campaigning increased during the fourth quarter. Nevertheless, Elisa was able to strengthen its market position and competitiveness.

Growth of the mobile subscription base continued, and the number of subscriptions increased by nearly 290,000 during the year. The number of fixed broadband subscriptions also continued to grow, by 19,000 subscriptions. During the last quarter of the year, mobile subscriptions increased by more than 19,500 and fixed broadband subscriptions by approximately 7,000.

Consumer Business revenue developed well with the growth of the mobile business and new services. The Elisa Viihde, Elisa Vahti, and Elisa Kirja services grew strongly. During the year, we introduced two new services to supplement our services business: Elisa Vahti Live and Elisa Lompakko. During the last quarter of the year, we introduced a new e-reading feature to our Elisa Kirja service: an audio picture book combining illustrations with voiceover narration.

Demand for ICT services strengthened among corporate customers with new services that improve productivity. Elisa's visual communication solutions have been delivered to more than 100 countries. To support corporate IT solutions, Elisa introduced the Elisa eSali cloud service to the market. During the last quarter of the year, we also introduced a new pricing model for mobile roaming fees in cooperation with Vodafone. It guarantees competitive and clear pricing for companies in Europe, Russia, China, and the United States.

In 2012, we continued to strengthen the capacity and speed of our 3G network. We added 4G speeds to the 3G network in over 200 municipalities. Our customers have found the 4G services to be excellent, and demand for them was strong during the year. Elisa is confirmed to be the Finnish operator with the most extensive roaming network, which enables seamless use of mobile phones around the world for consumer and corporate customers alike. We ranked number one within our industry in the Carbon Disclosure Project (CDP) Nordic climate index, which evaluates companies based on their emission reporting.

Our consistent improvement in customer satisfaction and profitability continues. Elisa creates services that improve productivity and provide an enhanced user experience. Combined with our strong financial position, this creates a solid foundation for the future.”

ELISA CORPORATION

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FINANCIAL STATEMENTS 2012

The Financial Statements have been prepared in accordance with the IFRS recognition and measurement principles but not all IAS 34 requirements have been observed.

Market situation

The competitive environment has been intense and the campaigning activity increased at the end of the year. The subscription base and the use of data services continued to evolve favourably. The mobile smartphone market is growing rapidly. Almost 90 per cent of the mobile handsets sold are smartphones. This further increases the use of mobile data services. Another factor contributing to the mobile market growth has been the increased coverage of new 4G speeds. The number and usage of traditional fixed network subscriptions decreased.

The market for new visual communications (video conference), 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	2012	2011	2010
Revenue	1,553	1,530	1,463
EBITDA	501	506	485
<i>EBITDA-%</i>	<i>32.3</i>	<i>33.1</i>	<i>33.1</i>
EBIT	299	295	268
<i>EBIT-%</i>	<i>19.2</i>	<i>19.3</i>	<i>18.3</i>
Return on equity, %	24.7	24.1	17.4
Equity ratio, %	42.6	42.3	42.5

Year 2012

Revenue increased by 2 per cent on the previous year. The main growth drivers were increased equipment sales, especially smartphones and mobile services. Likewise, Corporate Customers' ICT services, such as Video Conferencing, and Consumer Customers' online services like the Elisa Viihde IPTV service grew well. Elisa's Estonian business also contributed positively to revenue growth. The decrease in usage and subscriptions of traditional fixed telecom services in both segments affected revenue negatively, as did the decrease in mobile termination rates.

EBITDA remained at the previous year's level. The EBITDA margin was negatively affected by the increase in equipment sales and in ICT and online services, which also typically carry lower margins than traditional telecom services. EBIT increased by EUR 4 million given reduced depreciations.

Financial income and expenses totalled EUR -30 (-30) million. This includes a non-recurring write-down of EUR 3 million from investments available for sale (Voddler Group Ab shares). Income taxes in the income statement amounted to EUR -60 (-64) million. Elisa's earnings after taxes were EUR 209 (201) million. The Group's earnings per share amounted to EUR 1.33 (1.29).

Fourth quarter 2012

Revenue decreased by 1 per cent from EUR 401 million to EUR 396 million. Revenue was positively affected by equipment sales, new online services and the Estonian business. Lower usage of mobile services and interconnection prices, as well as traditional fixed network services affected revenue negatively.

EBITDA decreased by 7 per cent from EUR 133 million to EUR 124 million mainly due to decreased revenue and a rising share of low margin equipment sales. Increased personnel expenses also weakened EBITDA.

Financial income and expenses totalled EUR -10 (-7) million. This includes a non-recurring write-down of EUR 3 million from investments available for sale (Voddler Group Ab shares). Income taxes in the income statement amounted to EUR -14 (-15) million. Elisa's earnings after taxes were EUR 50 (57) million. The Group's earnings per share amounted to EUR 0.32 (0.36).

Financial position

EUR million	End 2012	End 2011	End 2010
Net debt	839	788	776
Net debt / EBITDA ¹⁾	1.7	1.6	1.6
Gearing ratio, %	98.5	93.8	93.2
Equity ratio, %	42.6	42.3	42.5

EUR million	Full year 2012	Full year 2011	Full year 2010
Cash flow after investments	155	207	172

¹⁾ (interest-bearing debt - financial assets) / (4 previous quarters' EBITDA exclusive of non-recurring items)

Year 2012

Elisa's cash flow after investments was EUR 155 (207) million. Cash flow was negatively affected by changes in net working capital, given increased inventory as a result of higher equipment sales volumes and lower accounts payable. Increased tax and supplementary tax payment of EUR 10 million relating to taxes from the previous fiscal year and lower asset sales also had a negative impact on cash flow.

Fourth quarter 2012

The fourth quarter cash flow after investments decreased to EUR 34 (65) million. Cash flow was negatively affected by changes in net working capital, given increased inventory as a result of higher equipment sales volumes and lower accounts payable. Lower EBITDA as well as a change in interest payment schedules also decreased cash flow. Cash flow was positively affected by reduced capital expenditure.

Elisa's financial position and liquidity remained good.

Changes in corporate structure

Year 2012

Elisa's fully owned subsidiary Elisa Links Oy merged with Elisa Corporation on 31 December 2012.

Consumer Customers business

EUR million	4th Quarter		Full year	
	2012	2011	2012	2011
Revenue	247	245	962	930
EBITDA	77	81	307	301
EBITDA-%	30.9	33.0	31.9	32.4
EBIT	48	50	192	181
CAPEX	29	37	114	119

Year 2012

The Consumer Customers business' revenue increased by 3 per cent. Revenue growth was driven by online services, growth in the Estonian business, increased equipment sales and mobile services as a result of an increased number of subscriptions. EBITDA grew by 2 per cent mainly due to revenue growth and cost efficiency measures.

Fourth quarter 2012

Consumer Customers business' revenue increased by 1 per cent. Revenue growth was driven by online services, growth in the Estonian business and increased equipment sales. Revenue was negatively impacted by a decrease in interconnection revenue and lower mobile service revenue. The decrease in fixed network usage and subscriptions also affected revenue negatively. EBITDA decreased by 5 per cent mainly due to lower service revenue and increased sales costs in the mobile business. The EBITDA margin was also negatively impacted by growth in low-margin equipment sales.

Corporate Customers business

EUR million	4th Quarter		Full year	
	2012	2011	2012	2011
Revenue	148	156	591	600
EBITDA	47	52	194	205
EBITDA-%	31.9	33.2	32.8	34.1
EBIT	26	29	107	114
CAPEX	21	21	80	78

Year 2012

Revenue decreased by 1 per cent. Revenue was positively affected by growth in ICT services and equipment sales, and negatively by the decrease in interconnection revenue and traditional fixed network business. EBITDA fell by 5 per cent, mainly as a result of the fall in revenue. The EBITDA margin was negatively impacted by growth in low-margin equipment sales.

Fourth quarter 2012

Corporate Customers business revenue decreased by 5 per cent, but was positively affected by the growth in equipment sales. The decline in usage and subscriptions in traditional fixed telecom services and lower mobile termination rates decreased revenue. EBITDA fell by 8 per cent mainly due to decreased revenue. The EBITDA margin was negatively impacted by growth in low-margin equipment sales.

Personnel

In 2012, the average number of personnel at Elisa was 3,973 (3,757). Employee expenses totalled EUR 237 (223) million. Personnel at the end of 2012 amounted to 3,863 (3,772). Personnel by segment at the end of the period:

	End 2012	End 2011
Consumer Customers	2,182	2,153
Corporate Customers	1,681	1,619
Total	3,863	3,772

The increase in the number of personnel was attributable mainly to growth in the corporate ICT service and consumer online service businesses, as well as in Estonia.

Investments

EUR million	4th Quarter		Full year	
	2012	2011	2012	2011
Capital expenditures, of which	50	58	193	197
- Consumer Customers	29	37	114	119
- Corporate Customers	21	21	80	78
Shares	0	0	0	0
Total	50	58	193	197

In 2012, the main capital expenditures relate to the capacity and coverage increase of the 3G and 4G networks, as well as to other network and IT investments.

Financing arrangements and ratings

On 25 September 2012, Elisa issued a seven-year EUR 300 million Eurobond. The interest coupon is 2.25 per cent and the issue price was 99.025 per cent. The bond was issued under Elisa's EUR 1 billion EMTN (Euro Medium Term Note) programme.

At the same time, a tender offer to exchange the 2014 EUR 300 million bonds to new 2019 bonds was announced. A nominal value of EUR 138.3 million of the 2014 bonds was exchanged for new 2019 bonds. The exchange price was 105.687 per cent and the settlement date for the bonds was 2 October 2012. The premium above the nominal value, EUR 7.9 million, will be amortised over the lifetime of the new 2019 bonds. After the arrangements the outstanding amount of the bonds maturing in 2014 is EUR 161.7 million.

Valid financing arrangements

EUR million	Maximum amount	In use on 31.12.2012
Committed credit lines	300	0
Commercial paper program ¹⁾	250	95,5
EMTN program ²⁾	1,000	536,7

¹⁾ The program is not committed

²⁾ European Medium Term Note program, not committed

Long-term credit ratings

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

The Group's cash and undrawn committed credit lines totalled EUR 340 (334) million at 31 December 2012.

Share

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

Trading of shares	4th Quarter		Full year	
	2012	2011	2012	2011
Shares traded, millions	24.2	27.4	116.5	121.9
Volume, EUR million	402.2	423,7	1.935.4	1,880.9
% of shares	14.5	16.4	69.7	73.1

Shares and market values	End 2012	End 2011
Total number of shares	167,167,782	166,662,763
Treasury shares	10,288,116	10,435,275
Outstanding shares	156,879,666	156,227,488
Closing price, EUR	16.73	16.13
Market capitalisation, EUR million	2,625	2,520
Treasury shares, %	6.15	6.26

Elisa share is also traded in alternative marketplaces. According to the Fidessa Fragmentation report, the trading volumes in these markets during the fourth quarter were approximately 106 (87) per cent, and in 2012, 104 (87) per cent of NASDAQ OMX Helsinki. Total trading volume in all marketplaces represents approximately 151 (146) per cent of outstanding shares.

Number of shares	Total number of shares	Treasury shares	Outstanding shares	Change in equity, €
Shares as 31.12.2011	166,662,763	10,435,275	156,227,488	
Share incentive plan 1.3.2012 ¹⁾		-152,503	152,503	
Returned shares, incentive plan 2012		5,344	-5,344	
Option subscriptions in 2012 ²⁾	505,019		505,019	4,425,347
Shares at 31.12.2012	167,167,782	10,288,116	156,879,666	

¹⁾ Stock exchange bulletin 3.2.2012, ²⁾ Stock exchange bulletins 3.4.2012, 26.6.2012, 31.10.2012, and 28.12.2012

Options	2007A	2007B	2007C	Total
Total number of options	850,000	850,000	850,000	2,550,000
Held by Elisa or not distributed	0	0	245,000	245,000
Used in share subscription	12,375	581,999	266,822	861,196
Terminated	837,625	268,001	0	1,105,626
Outstanding	0	0	338,178	338,178
Current subscription price, €	-	-	9,97	
Subscription period	1.10.2009- 31.5.2011	1.10.2010- 31.5.2012	1.10.2011- 31.5.2013	

At the end of the year, Elisa's total number of the shares was 167,167,782 (166,662,763), all within one share series.

On 1 March 2012, Elisa transferred 152,503 treasury shares to persons involved in the 2011 Incentive program. In 2012, a total of 5,344 of the transferred shares were returned to company.

In April, Elisa distributed a dividend of EUR 1.30 per share, totalling EUR 203 million, in accordance with the decision of the shareholders at the Annual General Meeting.

Shares subscribed with options

Subscribed between	Register date	2007B	2007C	Total	Equity increase ¹⁾
13.12.2011-16.3.2012	3.4.2012	70,204	28,810	99,014	898,255
17.3.2012 -31.5.2012	26.6.2012	167,993	2,250	170,243	1,176,544
1.6.2012 -5.10.2012	31.10.2012		206,800	206,800	2,061,796
6.10.2012-4.12.2012	28.12.2012		28,962	28,962	288,751
Total		238,197	266,822	505,019	4,425,347

¹⁾ The subscription price has been booked into Elisa's reserve for invested non-restricted equity

For more information, see Elisa's Annual report 2011 page 47 and the Stock exchange release of 18 December 2007.

Research and development

The majority of the service development occurs during the ordinary course of business and is accounted for as a normal operating expense. Elisa invested EUR 9 million in research and development, of which EUR 7 million has been capitalised in 2012 (EUR 5 million in 2011 and EUR 10 million in 2010), corresponding to 0.6 per cent of revenue (0.3 per cent in 2011 and 0.7 per cent in 2010).

The Annual General Meeting

On 4 April 2012, Elisa's Annual General Meeting decided to pay a dividend of EUR 1.30 per share based on the 2011 financial statements. The dividend was paid to shareholders on 18 April 2012.

The Annual General Meeting adopted the financial statements for 2011. The members of the Board of Directors and the CEO were discharged from liability for 2011.

The number of the members of the Board of Directors was confirmed at six. Ari Lehtoranta, Raimo Lind, Leena Niemistö and Eira Palin-Lehtinen, were re-elected as members of the Board of Directors and Mika Salmi and Mika Vehviläinen as new members of the Board of Directors. The Board of Directors elected Raimo Lind as the Chairman of the Board and Ari Lehtoranta as the Deputy Chairman. Raimo Lind (Chairman), Ari Lehtoranta and Mika Salmi were appointed to the Nomination and Compensation Committee. Eira Palin-Lehtinen (Chairman), Leena Niemistö and Mika Vehviläinen were appointed to the Audit Committee.

KPMG Oy Ab, authorised public accountants, was appointed the company's auditor. APA Esa Kailiala is the responsible auditor.

The Board of Directors' authorisations

The Annual General Meeting 2012 decided on the authorization 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 authorization is effective until 30 June 2013

The Annual General Meeting of 2010 approved the proposal of the Board of Directors on the issuance of shares as well as the issuance of special rights entitled to shares. The issue may be directed. The authorisation is effective until 30 June 2014. A maximum aggregate of 15 million of the company's shares can be issued under the authorisation.

Elisa Shareholders' Nomination Board

According to the decision of the Annual General Meeting on 4 April 2012, the Shareholders' Nomination Board was established. 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.

The composition of Elisa's Shareholders' Nomination Board has been as follows:

- Eija Ailasmaa, Vice Chairman of the Board of Solidium Oy
- Risto Murto, Exec. Vice-President, Varma Mutual Pension Insurance Company
- Timo Ritakallio, Deputy CEO, Ilmarinen Mutual Pension Insurance Company
- Dag Wallgren, CEO, The Society of Swedish Literature in Finland
- Raimo Lind, Chairman of the Board of Elisa

The Nomination Board elected Eija Ailasmaa as the chairman.

Significant legal and regulatory issues

The Supreme Administrative Court issued a decision on 27 July 2012, according to which the decision of the Finnish Communications Regulatory Authority (FICORA) of 5 May 2010 regarding Elisa's local loop pricing was declared unlawful and therefore returned the case back to FICORA. FICORA closed the case in January 2013.

On 21 December 2012, the Court of Appeal of Helsinki rendered its verdict in the proceedings concerning the stock exchange disclosures of the Jippii Group in 2001. In its verdict the Court of Appeal rendered no corporate fine or forfeiture to Elisa Corporation. Saunalahti Group Oyj was merged into Elisa Corporation in 2011.

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 pay-back 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 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 in 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 to 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 of the Annual Report 2011.

Environmental issues

Corporate social responsibility issues became more visible in 2012 with new GRI (Global Reporting Initiative) index reporting. Elisa also participated for the second year in CDP (Carbon Disclosure Project) reporting, earning the leading teleoperator position in the Nordic area.

A less carbon intensive work culture has been enabled by Elisa's models for mobile work, cloud computing services, solutions for public services, office space efficiency and data center efficiency. The trend of adopting these climate friendly solutions continues.

Reduction of our customers' carbon footprint guides Elisa's environmental responsibility. In 2012, ICT and online services reduced this footprint by a total of 20,928 tonnes of carbon dioxide (tCO₂).

In Finland, the emissions of Elisa's radio network per subscription decreased by 20 per cent and emissions reduction in relation to transferred mobile data volume was 79 percent, as compared with the baseline year 2009.

2012 Annual Report and Corporate Governance Statement

Elisa will publish its 2012 Annual Report, which contains the report by the Board of Directors and the financial statements for 2012, as well as a separate Corporate Governance Statement during week 9 (beginning 25 February 2013) on its website at www.elisa.com.

Events after the financial period

On 19 December 2012, Elisa and Osuuskunta PPO signed an agreement in which Elisa will acquire fixed network operator PPO's telecom and IT businesses. The acquisition includes PPO's ownerships in fixed network operators Kymen Puhelin Oy and Telekarelia Oy. The transaction is subject to the approval of the Finnish Competition Authorities and normal condition precedents. Elisa estimates to finalize the transaction during the first half 2013.

The Shareholders' Nomination Board of Elisa Corporation proposes to the Annual General Meeting of 25 March 2013 that the number of members of the Board of Directors is seven. The Nomination Board proposes that Mr Ari Lehtoranta, Mr Raimo Lind, Ms Leena Niemistö, Ms Eira Palin-Lehtinen, Mr Mika Salmi and Mr Mika Vehviläinen be re-elected as members of the Board. The Nomination Board proposes that Mr Jaakko Uotila be elected as a new member of the Board.

Outlook for 2013

The macroeconomic environment in Finland is still expected to be weak in 2013, with several companies already announcing employee reductions. This weakness is expected to be more pronounced during the first half of the year. Competition in the Finnish telecommunications market also remains challenging.

Full year revenue excluding the pending PPO acquisition is estimated to be at the same level as in the previous year. Mobile communications, ICT and new online services are expected to increase revenue. Full year EBITDA, excluding non-recurring items and the pending PPO acquisition, is anticipated to be at the same level as in 2012. However, for the first half of 2013, EBITDA is expected to be slightly below the corresponding level of the previous year. Full year capital expenditure is expected to be maximum 12 per cent of revenue. Elisa's financial position and liquidity are good.

Elisa's transformation into a provider of new exciting and relevant services to its customers continues. Long-term growth and profitability improvement will derive from mobile data market growth, as well as new online and ICT services. In addition, Elisa will continue to determinedly to employ its efficiency measures.

Profit distribution

In November, Elisa updated its distribution policy, according to which profit distribution is 80-100 per cent of the previous fiscal year's net profit. In addition, any possible excess capital can be distributed to shareholders. When making the distribution proposal or decision, the Board of Directors will take into consideration the company's financial position, future financial needs and financial targets. Profit distribution methods include dividend payment, capital repayment and purchase of treasury shares.

The Board of Directors proposes to the Annual General Meeting a dividend of EUR 1.30 per share. The dividend payment corresponds to 98 per cent of the financial period's net profit.

Shareholders who are listed in the company's register of shareholders maintained by Euroclear Finland Ltd on 28 March 2013 are entitled to funds distributed by the General Meeting. The Board of Directors proposes that the payment date be 9 April 2013. The profit for the period shall be added to retained earnings.

The Board of Directors decided also to propose to the General Meeting that the Board of Directors be authorised to acquire a maximum of 5 million treasury shares, which corresponds to 3 per cent of the total shares.

BOARD OF DIRECTORS

The annual financial statements figures presented in this release are based on the company's audited financial statements. The auditor's report was issued on 5 February 2013.

Consolidated Income Statement

EUR million	Note	10-12 2012	10-12 2011	1-12 2012	1-12 2011
Revenue	1	395,8	400,7	1 553,4	1 530,0
Other operating income		1,2	2,2	4,7	5,8
Materials and services		-171,2	-170,2	-655,6	-643,5
Employee expenses		-61,8	-58,7	-237,0	-223,0
Other operating expenses		-40,1	-41,4	-164,5	-163,1
EBITDA	1	123,9	132,6	501,1	506,2
Depreciation and amortisation		-50,0	-53,8	-202,1	-211,4
EBIT	1	73,9	78,8	298,9	294,8
Financial income		2,3	3,0	9,4	11,6
Financial expense		-12,4	-9,7	-39,5	-41,2
Share of associated companies' profit		0,1	0,0	0,1	0,1
Profit before tax		63,9	72,1	268,9	265,3
Income taxes		-13,9	-15,4	-60,4	-63,9
Profit for the period		50,0	56,7	208,5	201,4

Attributable to:

Owners of the parent	49,7	56,6	208,7	201,5
Non-controlling interests	0,3	0,1	-0,2	-0,1
	50,0	56,7	208,5	201,4

Earnings per share (EUR)

Basic	0,32	0,36	1,33	1,29
Diluted	0,32	0,36	1,33	1,29

Average number of outstanding shares (1000 shares)

Basic	156 783	155 911	156 548	155 878
Diluted	156 920	156 212	156 685	156 179

Consolidated Statement of Comprehensive Income

Profit for the period	50,0	56,7	208,5	201,4
Other comprehensive income, net of tax:				
Translation difference	0,0	0,0	0,0	0,2
Available-for-sale investments		-0,2	-1,3	-1,2
Total comprehensive income	50,0	56,5	207,2	200,4
Total comprehensive income attributable to:				
Owners of the parent	49,7	56,4	207,4	200,5
Non-controlling interest	0,3	0,1	-0,2	-0,1
	50,0	56,5	207,2	200,4

Consolidated Statement of Financial Position

EUR million	31.12. 2012	31.12. 2011
Non-current assets		
Property, plant and equipment	616,1	617,7
Goodwill	797,1	797,1
Other intangible assets	101,3	109,2
Investments in associated companies	6,5	0,1
Available-for-sale investments	19,9	30,8
Receivables	47,8	30,3
Deferred tax assets	10,7	11,9
	1 599,4	1 597,2
Current assets		
Inventories	59,4	40,2
Trade and other receivables	310,0	302,7
Tax receivables	1,4	0,3
Cash and cash equivalents	39,8	59,0
	410,6	402,2
Total assets	2 009,9	1 999,4
Equity attributable to owners of the parent	848,6	836,8
Non-controlling interests	2,8	3,5
Total equity	851,4	840,3
Non-current liabilities		
Deferred tax liabilities	17,6	19,4
Pension obligations	1,2	1,2
Provisions	3,3	3,5
Financial liabilities	702,8	625,9
Other non-current liabilities	13,7	15,6
	738,6	665,7
Current liabilities		
Trade and other payables	243,3	260,4
Tax liabilities	0,8	11,0
Provisions	0,3	0,8
Financial liabilities	175,6	221,2
	419,9	493,4
Total equity and liabilities	2 009,9	1 999,4

Condensed Consolidated Statement of Cash Flows

EUR million	1-12 2012	1-12 2011
Cash flow from operating activities		
Profit before tax	268,9	265,3
Adjustments		
Depreciation and amortisation	202,1	211,4
Other adjustments	23,3	27,2
	225,4	238,7
Change in working capital		
Change in trade and other receivables	-14,2	-18,7
Change in inventories	-19,2	-1,5
Change in trade and other payables	-16,1	-10,5
	-49,5	-30,7
Financial items, net	-30,1	-31,2
Taxes paid	-72,3	-50,7
Net cash flow from operating activities	342,5	391,3
Cash flow from investing activities		
Capital expenditure	-188,9	-188,2
Investments in shares	-0,7	-5,2
Proceeds from asset disposal	1,9	9,5
Net cash used in investing activities	-187,7	-183,9
Cash flow before financing activities	154,7	207,4
Cash flow from financing activities		
Proceeds from long-term borrowings	150,9	170,0
Repayment of long-term borrowings	-0,3	-226,2
Change in short-term borrowings	-119,6	80,7
Repayment of finance lease liabilities	-6,0	-4,9
Proceeds from increase in reserve for invested non-restricted equity	4,4	3,0
Dividends paid and capital repayment	-203,5	-202,8
Net cash used in financing activities	-174,0	-180,2
Change in cash and cash equivalents	-19,2	27,2
Cash and cash equivalents at beginning of period	59,0	31,8
Cash and cash equivalents at end of period	39,8	59,0

Statement of Changes in Equity

EUR million	Share capital	Treasury shares	Other reserves	Reserve for invested non-restricted equity	Retained earnings	Non-controlling interests	Total equity
Balance at 1 January 2011	83,0	-199,0	393,5	45,3	507,0	3,1	832,9
Profit for the period					201,5	-0,1	201,4
Translation differences					0,2		0,2
Available-for-sale investments			-1,2				-1,2
Total comprehensive income	0,0	0,0	-1,2	0,0	201,7	-0,1	200,4
Dividends and capital repayment					-202,7	-0,7	-203,4
Share-based compensation		2,0			2,3		4,3
Stock options exercised				3,0			3,0
Other changes					2,1	1,2	3,3
Balance at 31 December 2011	83,0	-197,0	392,3	48,3	510,3	3,5	840,3

EUR million

Balance at 1 January 2012	83,0	-197,0	392,3	48,3	510,3	3,5	840,3
Profit for the period					208,7	-0,2	208,5
Translation differences					0,0		0,0
Available-for-sale investments			-1,3				-1,3
Total comprehensive income			-1,3		208,7	-0,2	207,2
Dividends					-203,4	-0,5	-204,0
Share-based compensation		2,9			3,5		6,4
Stock options exercised				4,4			4,4
Other changes					-2,8	0,0	-2,8
Balance at 31 December 2012	83,0	-194,1	391,0	52,7	516,1	2,8	851,4

Notes

ACCOUNTING PRINCIPLES

The interim report has been prepared in accordance with the IFRS recognition and measurement principles, although all requirements of IAS 34 standard 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 2011.

Changes in the accounting principles

The Group adopted the following standards, amendments to standards and interpretations as from 1 January 2012 onward:

- Annual Improvements of IFRS standards

1. Segment Information

10-12/2012	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	247,4	148,4		395,8
EBITDA	76,5	47,4		123,9
Depreciation and amortisation	-28,3	-21,6		-50,0
EBIT	48,2	25,8		73,9
Financial income			2,3	2,3
Financial expense			-12,4	-12,4
Share of associated companies' profit			0,1	0,1
Profit before tax				63,9
Investments	29,3	20,9		50,2
10-12/2011	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	244,9	155,8		400,7
EBITDA	80,8	51,8		132,6
Depreciation and amortisation	-30,8	-23,0		-53,8
EBIT	50,0	28,8		78,8
Financial income			3,0	3,0
Financial expense			-9,7	-9,7
Share of associated companies' profit			0,0	0,0
Profit before tax				72,1
Investments	36,6	21,0		57,6

1. Segment Information (continued)

1-12/2012	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	962,4	591,1		1 553,4
EBITDA	307,0	194,1		501,1
Depreciation and amortisation	-115,0	-87,1		-202,1
EBIT	191,9	107,0		298,9
Financial income			9,4	9,4
Financial expense			-39,5	-39,5
Share of associated companies' profit			0,1	0,1
Profit before tax				268,9
Investments	113,6	79,9		193,4
Total assets	1 146,3	760,9	102,7	2 009,9
1-12/2011	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	930,1	599,9		1 530,0
EBITDA	301,5	204,7		506,2
Depreciation and amortisation	-120,2	-91,2		-211,4
EBIT	181,3	113,5		294,8
Financial income			11,6	11,6
Financial expense			-41,2	-41,2
Share of associated companies' profit			0,1	0,1
Profit before tax				265,3
Investments	119,0	78,4		197,4
Total assets	1 084,1	773,8	141,5	1 999,4

2. Operating Lease Commitments

EUR million	31.12. 2012	31.12. 2011
Due within 1 year	45,5	43,2
Due after 1 year but within 5 years	38,0	37,1
Due after 5 years	7,0	11,3
Total	90,5	91,6

3. Contingent Liabilities

EUR million	31.12. 2012	31.12. 2011
Mortgages		
For own	4,8	2,0
Pledges given		
Pledges given as surety	0,9	0,9
Guarantees given		
For others	0,5	0,5
Total	6,2	3,4

4. Derivative Instruments

EUR million	31.12. 2012	31.12. 2011
Interest rate swaps		
Nominal value	150,0	150,0
Fair value	0,4	0,8

Key Figures

EUR million	1-12 2012	1-12 2011
Shareholders' equity per share, EUR	5,41	5,36
Earnings per share	1,33	1,29
Dividend per share (2012 proposal)	1,30	1,30
Interest bearing net debt	838,6	788,0
Gearing	98,5 %	93,8 %
Equity ratio	42,6 %	42,3 %
Return on investment (ROI) *)	17,4 %	17,9 %
Gross investments in fixed assets	193,4	197,4
of which finance lease investments	3,1	9,2
Gross investments as % of revenue	12,5 %	12,9 %
Investments in shares	0,0	0,1
Average number of employees	3 973	3 757

*) rolling 12 months profit preceding the reporting date

Financial Calendar

2012 Annual General Meeting	25 March 2013
Q1 2013 Interim report	19 April 2013
Q2 2013 Interim report	12 July 2013
Q3 2013 Interim report	17 October 2013

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