

RESULTS FOR THE 3 MONTHS OF 2013

TEO LT, AB GROUP



Results for 3 months of 2013 / 17-04-2013

MAIN EVENTS AND FIGURES

Highlights of Q1 2013
Structure of the Group
Operating figures
Employees



Results for 3 months of 2013 / 17-04-2013

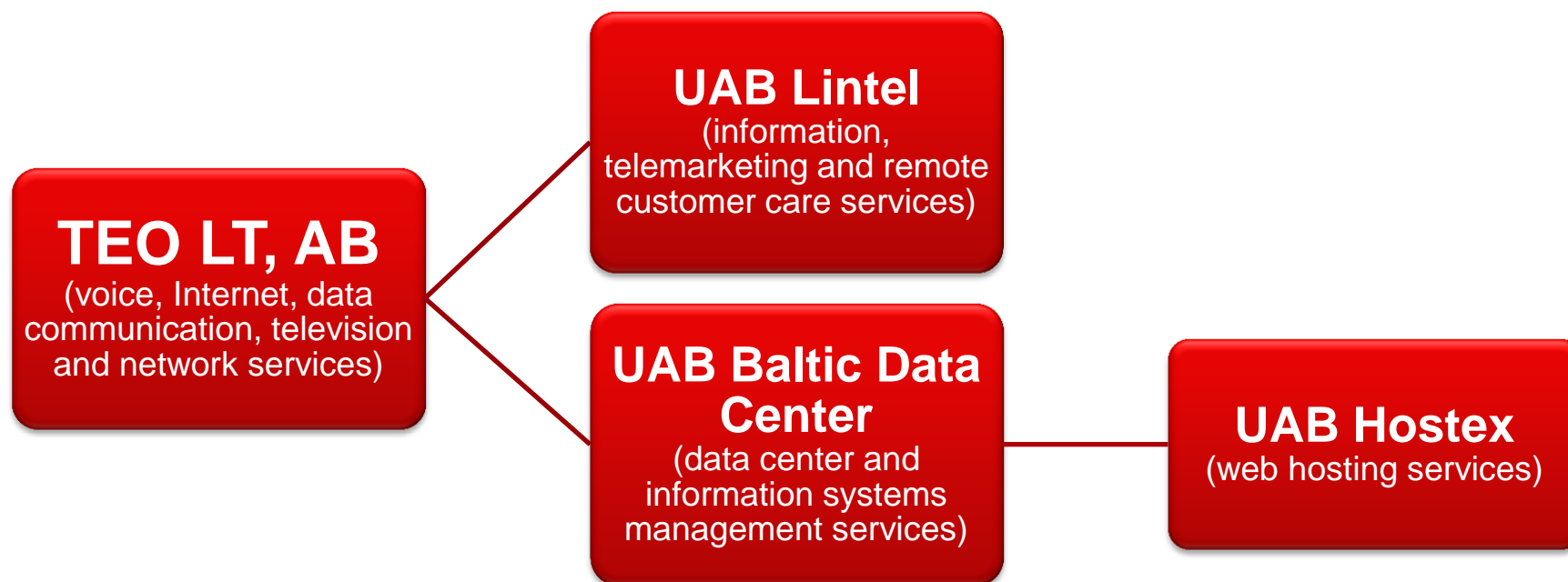
HIGHLIGHTS OF Q1 2013

- Giedrius Vegys is acting **General Manager of TEO** from 23 February as Arūnas Šikšta has resigned from his position as of 22 February 2013
- Edis Kasperavičius became **Chief Sales Officer** from 14 February as Darius Gudačiauskas left this position as of 1 February 2013
- Bertil Abrahamsson was appointed as acting **Director of Human Resources Unit** from 8 March 2013
- The Board convokes the **Annual General Meeting** of Shareholders on 25 April and proposes to pay **LTL 0.20 dividend per share** for the year 2012



During NASDAQ OMX Baltic Market Awards TEO for the six time was awarded for the Best Investor Relations in the Baltic countries

TEO GROUP

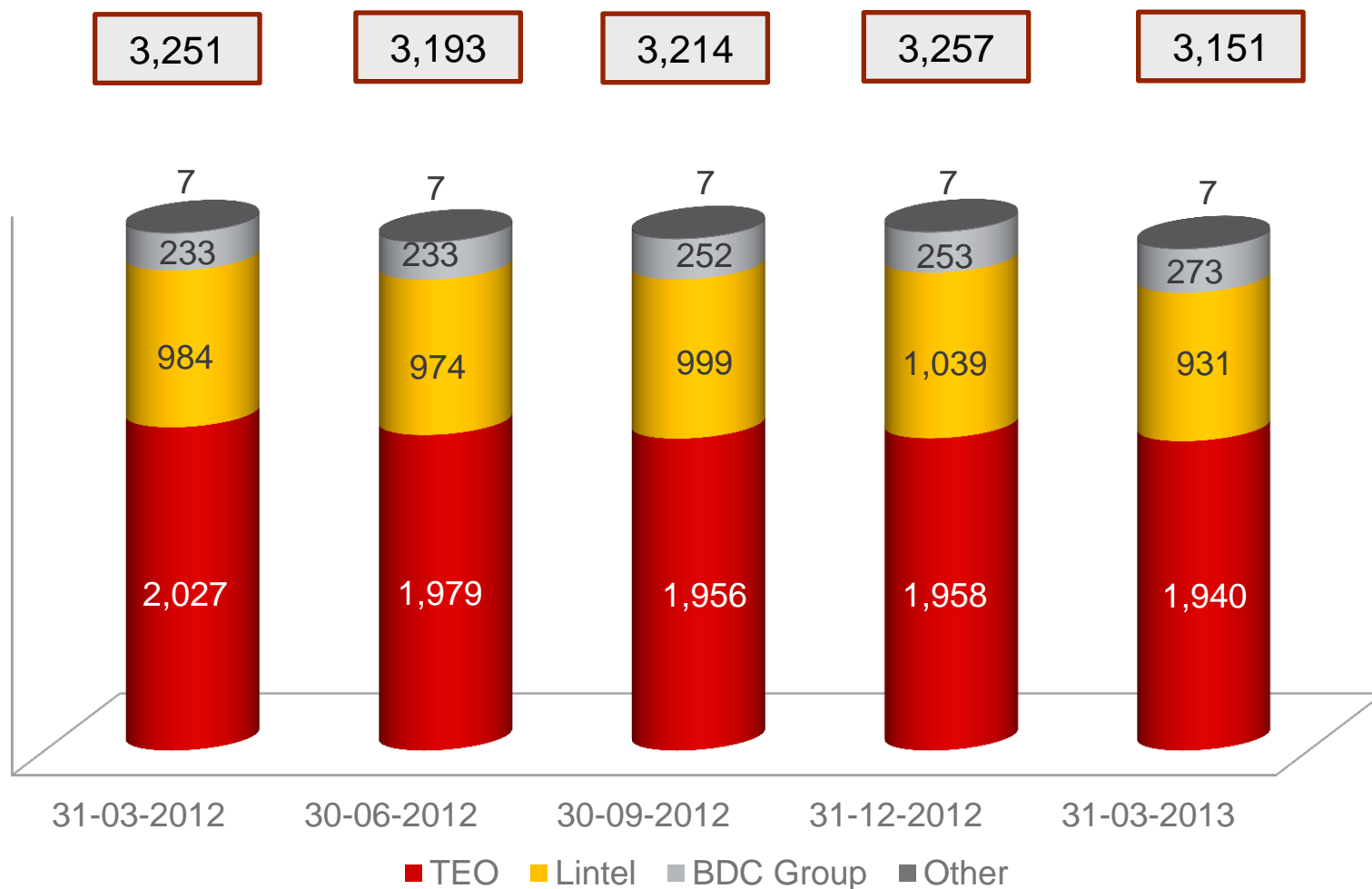


- **TEO LT, AB** also holds 100% stakes in UAB Verslo Investicijos (investment project) and UAB Kompetencijos Ugdymo Centras (dormant subsidiary), and is the sole owner of a not-for-profit organization VšĮ Ryšių Istorijos Muziejus (Communications History Museum)
- **UAB Baltic Data Center** has a dormant subsidiary in Latvia. **UAB Hostex** has a subsidiary, UAB Interdata, which shall be merged into UAB Hostex. UAB Interdata has a subsidiary UAB Hosting.

MAIN OPERATING FIGURES

	31-03-2013	31-03-2012	Change (%)
Number of telephone lines	594,437	636,132	(6.6)
Number of broadband Internet accesses, in total:	389,457	373,899	4.2
- via fiber-optic lines	166,032	146,735	13.2
- via copper lines	181,020	192,809	(6.1)
- wireless (WiFi) access	42,405	34,355	23.4
Number of TV services users, in total:	169,410	154,246	(9.8)
- IPTV	97,185	82,891	17.2
- DVB-T	72,225	71,355	1.2
Number of employees	3,151	3,251	(3.1)

EMPLOYEES OF TEO GROUP



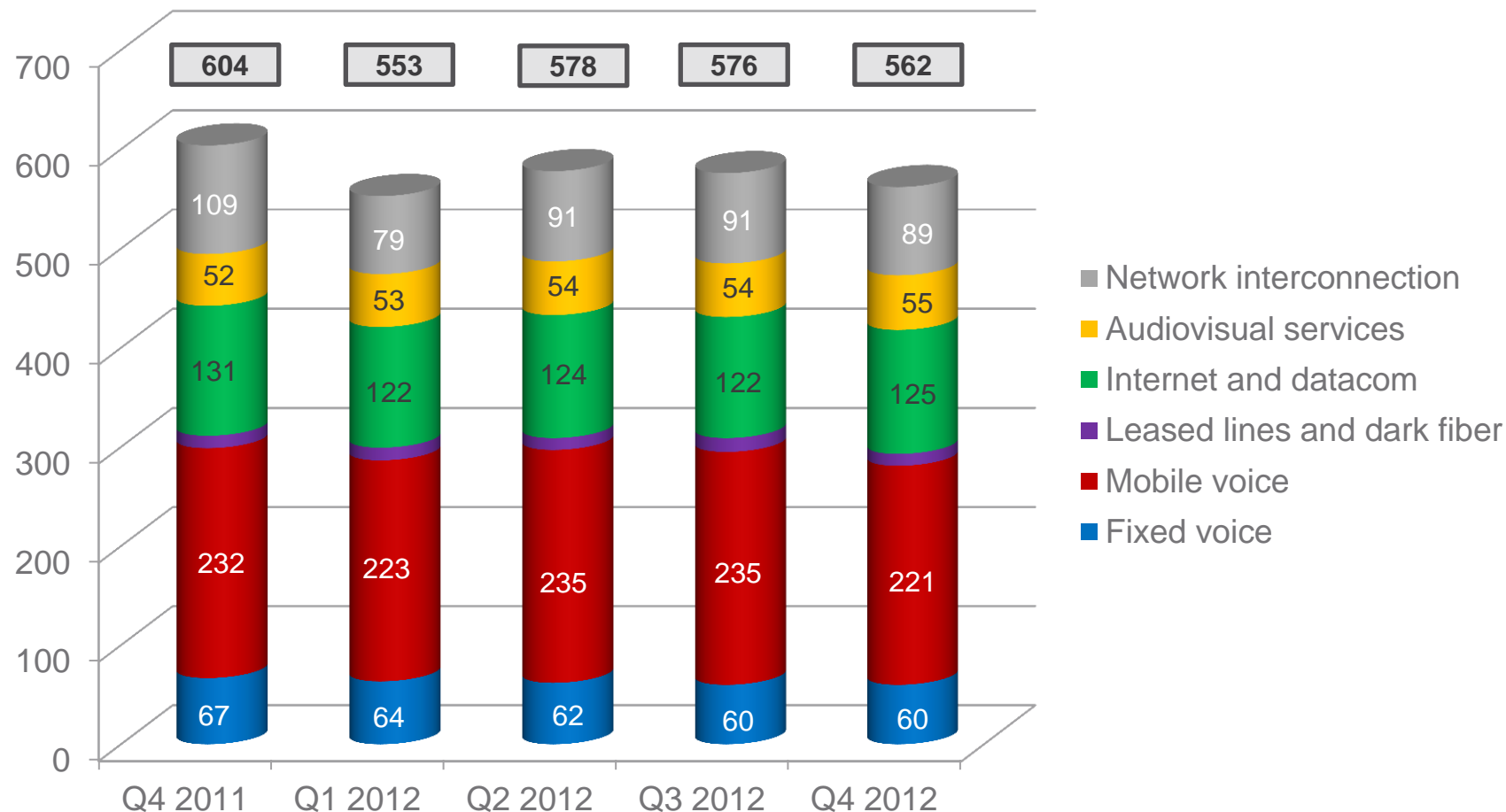
ELECTRONIC COMMUNICATIONS MARKET OF LITHUANIA

Dynamics of the market
Figures of main operators
TEO market shares
Voice telephony market
Internet market
Pay-TV market



Results for 3 months of 2013 / 17-04-2013

TELECOMMUNICATION MARKET IN LITHUANIA (LTL MILLION)



Source: Report of Communications Regulatory Authority

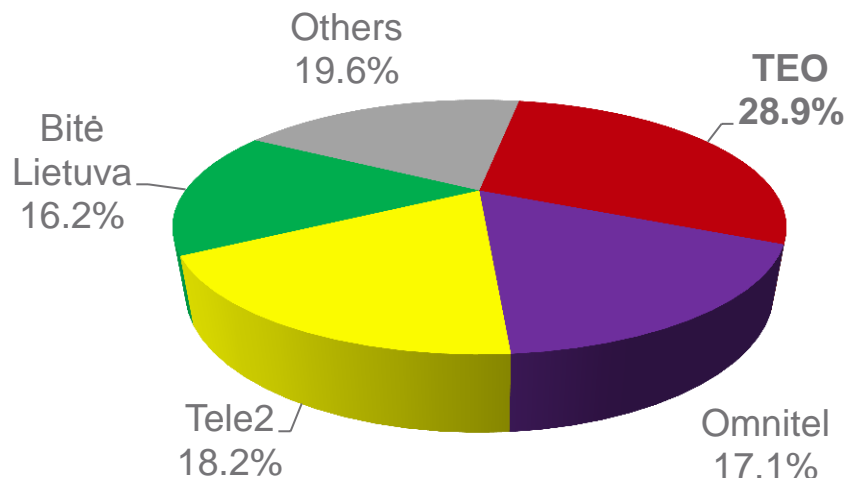
MAIN MARKET FIGURES

	31-12-2012	31-12-2011	Change (%)
Total market revenue (LTL million)	2,271.4	2,394.7	(5.2)
Number of telephone lines per 100 inhabitants	22.1	21.7	2.1
Number of mobile voice subscribers per 100 inhabitants	167.7	154.3	8.7
Number of Internet access subscribers	1,054,262	988,825	6.6
Number of broadband Internet access subscribers per 100 inhabitants	35.4	30.9	14.5
Number of fixed Internet access subscribers per 100 inhabitants	25.9	22.9	13.1
Number of pay-TV subscribers	709,567	668,172	6.2
Number of digital pay-TV subscribers per 100 households	32.1	25.2	27.6
Total market investments (LTL million)	265.8	359.9	(26.2)

Source: Report of Communications Regulatory Authority

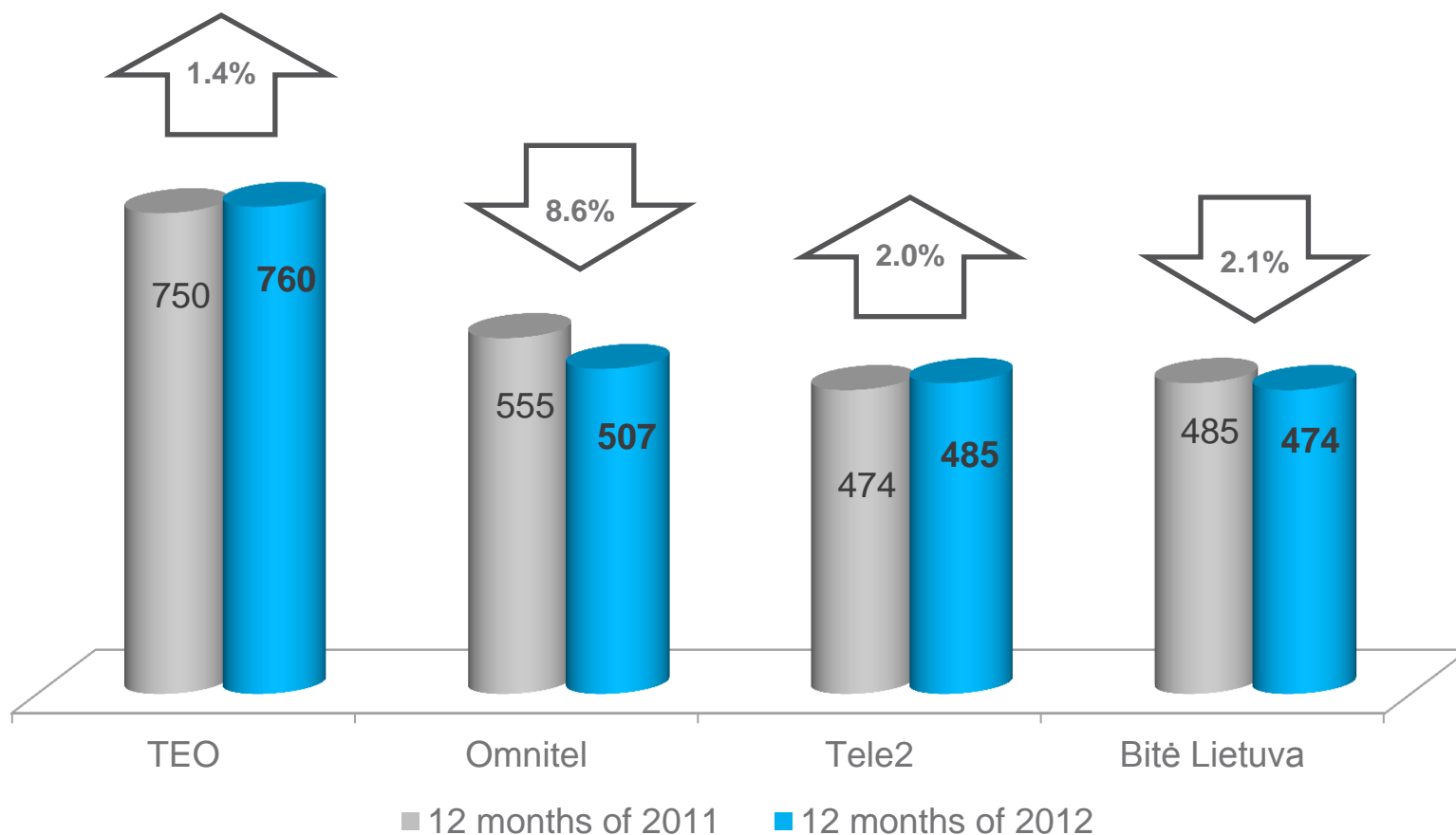
BREAKDOWN OF THE TELECOMMUNICATIONS MARKET REVENUE IN 2012 BY OPERATORS

- **TEO** is the largest operator in Lithuania in terms of revenue
- Omnitel, Tele2 and Bitė Lietuva are **mobile operators**
- Omnitel and TEO belong to **TeliaSonera Group**

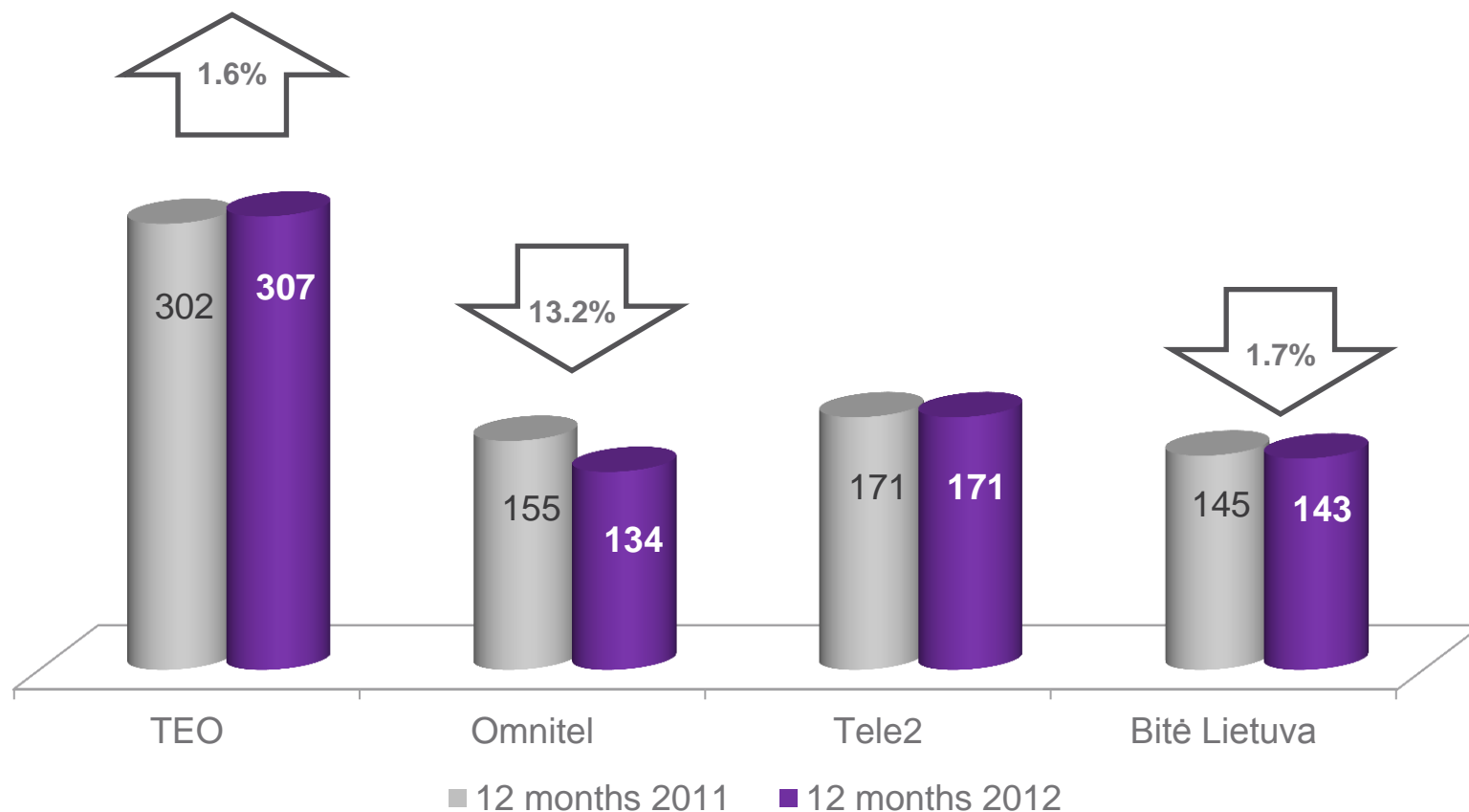


Source: Report of the Communications Regulatory Authority

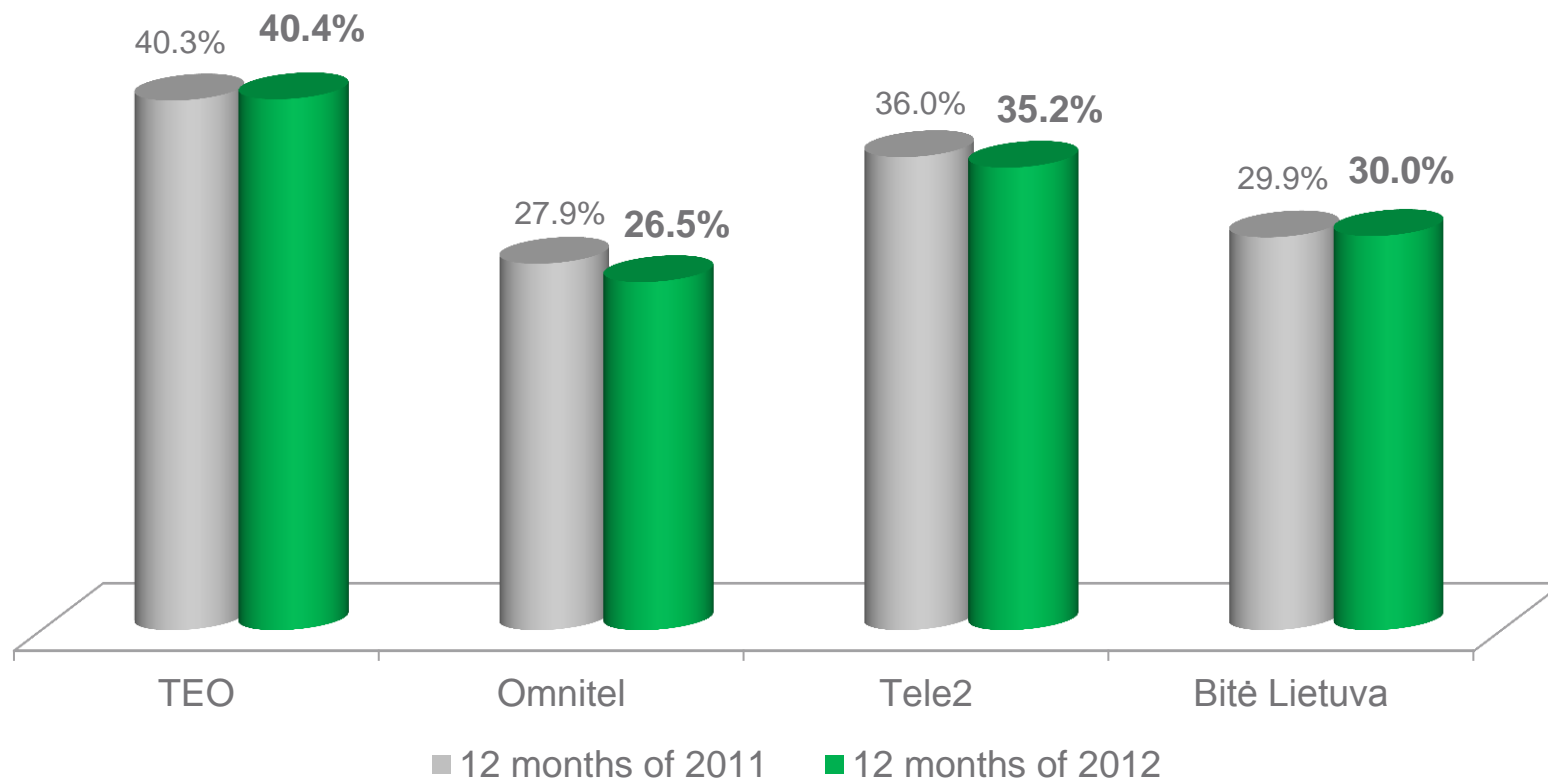
MAIN TELECOMMUNICATIONS MARKET PLAYERS' **REVENUE** CHANGES (LTL MILLION)



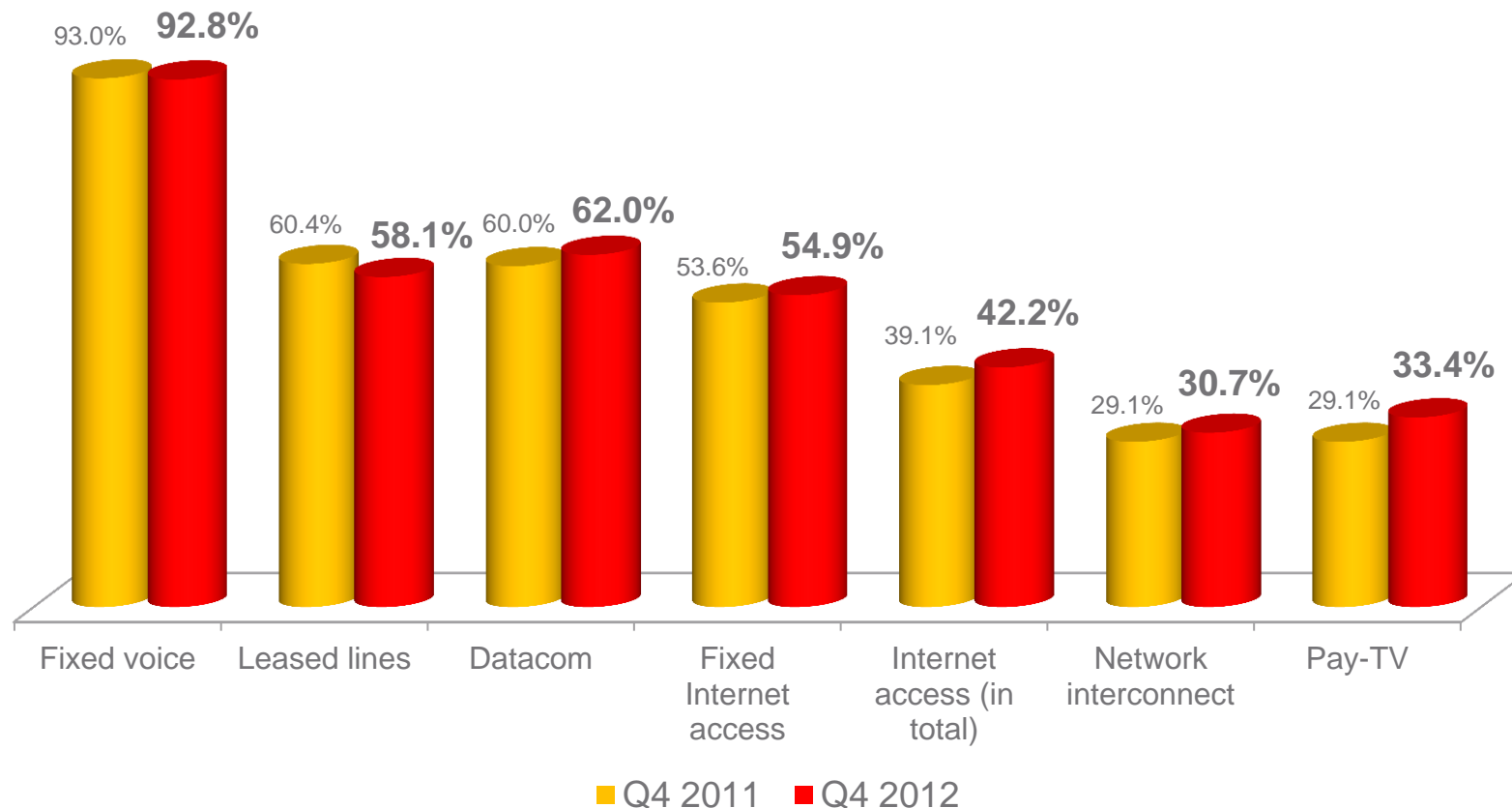
MAIN TELECOMMUNICATIONS MARKET PLAYERS' **EBITDA** CHANGES (LTL MILLION)



MAIN TELECOMMUNICATIONS MARKET PLAYERS' EBITDA MARGIN CHANGE



TEO MARKET SHARE IN TERMS OF REVENUE



Source: Report of the Communications Regulatory Authority

TEO COMPETES IN ALL AREAS EXCEPT MOBILE VOICE

Market	Market revenue for the year 2012 (LTL million)	Change from 2011 (%)	Number of market players	TEO share in Q4 2012 (%)
Fixed voice	245.6	(9.4)	48	92.8
Internet access	406.9	(1.8)	100	42.2
Leased lines	27.0	(2.0)	11	62.0
Data communication	86.2	(0.2)	20	58.1
Network interconnection	349.6	(18.3)	>5	35.3
Pay-TV	188.7	10.2	45	30.7
TV and radio program transmission	27.0	(13.0)	2	n/a
Dark fiber	23.6	18.0	17	n/a
Mobile voice	916.0	(3.0)	3+4	-

Source: Report of the Communications Regulatory Authority

FIXED VOICE TELEPHONY MARKET IN LITHUANIA (Q4 2012)

- **48 companies** are providing fixed voice services:
 - 35 provide national and international calls
 - 8 – only international calls
 - 5 – only wholesales (transit) services
- 35 companies are using **IP network**, 16 of them – CATV and data communication networks
- Number of alternative operators' subscribers: **71.2 thousand** or 10.5% of total subscribers' number



TEO market share (Q4 2012) in terms of:	(%)
Total number of customers	89.5
Total traffic	93.7
Revenue from local calls	99.9
Revenue from domestic long distance calls	90.9
Revenue from international calls	77.5

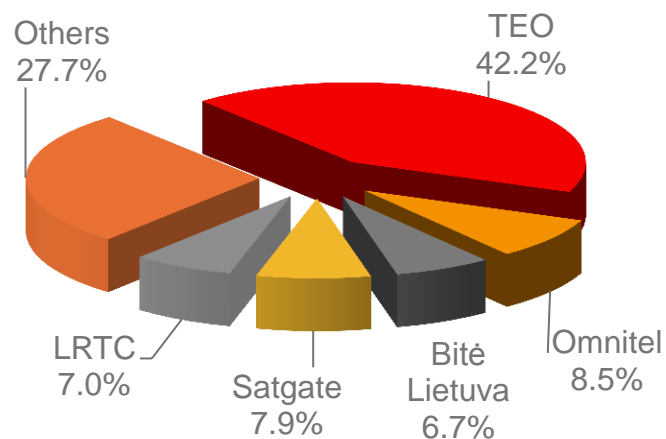


Source: Report of the Communications Regulatory Authority

INTERNET ACCESS MARKET IN LITHUANIA (Q4 2012)

Access type	Number of users ('000)	Change, y-o-y (%)
Fiber optics	403	11.9
Via mobile network	282	9.6
DSL	183	(7.2)
Wireless	128	20.4
Via CATV network	43	(6.4)
Via LAN	15	(30.0)
Total:	1,054	6.6

Q4 2012 revenue by service providers



PAY TV MARKET IN LITHUANIA (Q4 2012)

Access type	Number of operators	Number of users ('000)	Change to Q3 2011 (%)	Revenue 9 months of 2012 (mLTL)	Change to 9 months of 2011 (%)
Analogue CATV	41	310.5	(5.3)	63.2	(6.5)
Digital:					
Digital CATV	19	102.4	30.4	22.9	89.3
Digital MVDS	2	17.5	(6.5)	5.7	3.5
IP TV	9	102.5	22.7	33.8	32.8
DVB-T	2	75.8	5.5	23.8	11.3
Digital satellite	1	100.9	15.0	39.3	0.1
Total digital:	25	399.1	17.3	125.5	21.0
Total:		709.6	6.2	188.7	10.2

Source: Report of the Communications Regulatory Authority

FINANCIAL RESULTS

Revenue, EBITDA, net profit

Main financial indicators

Dynamics of main indicators

Revenue breakdown

Operating expenses

Balance sheet

Cash flow

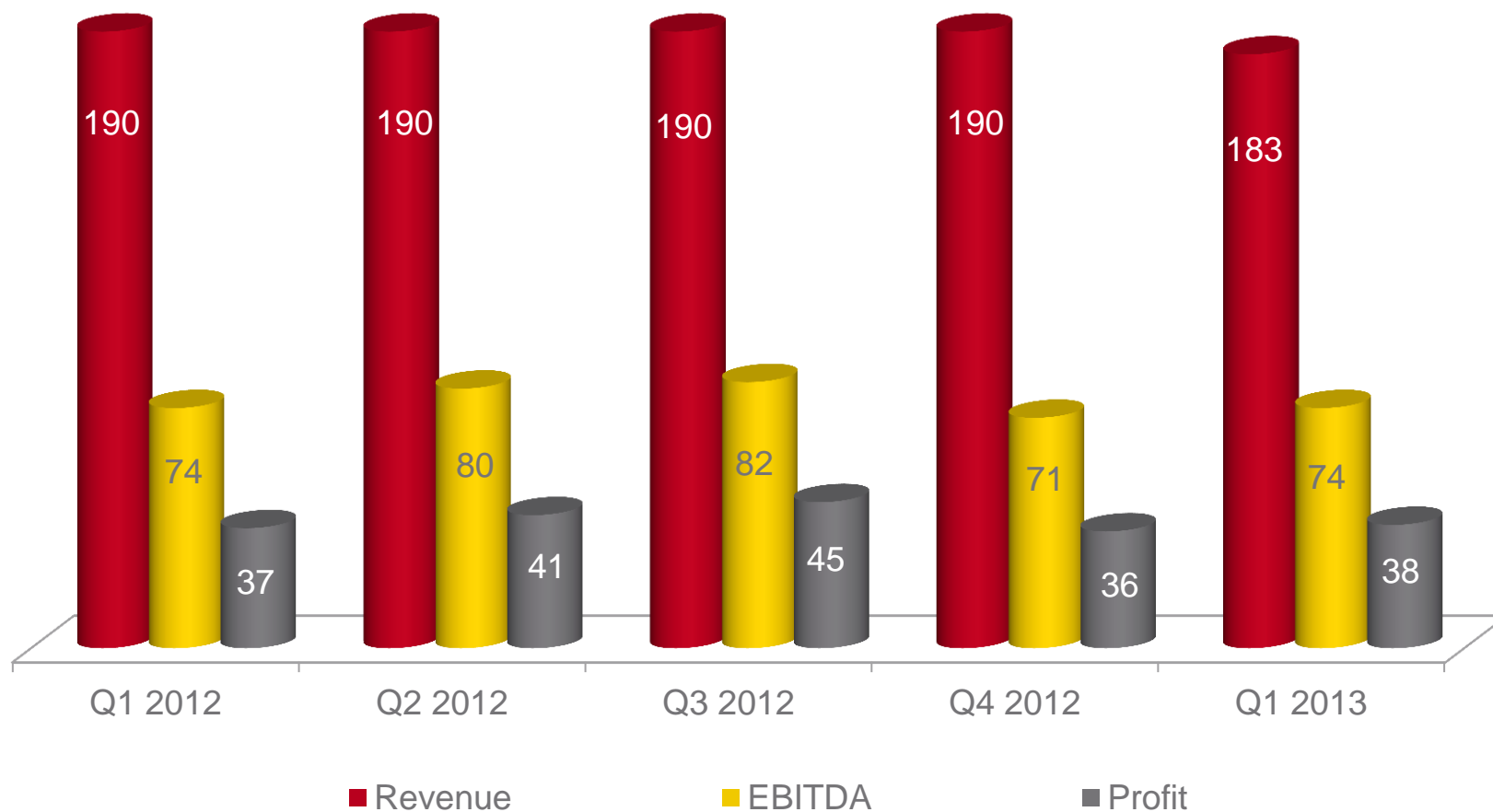
Investments



Results for 3 months of 2013 / 17-04-2013

REVENUE, EBITDA & NET PROFIT

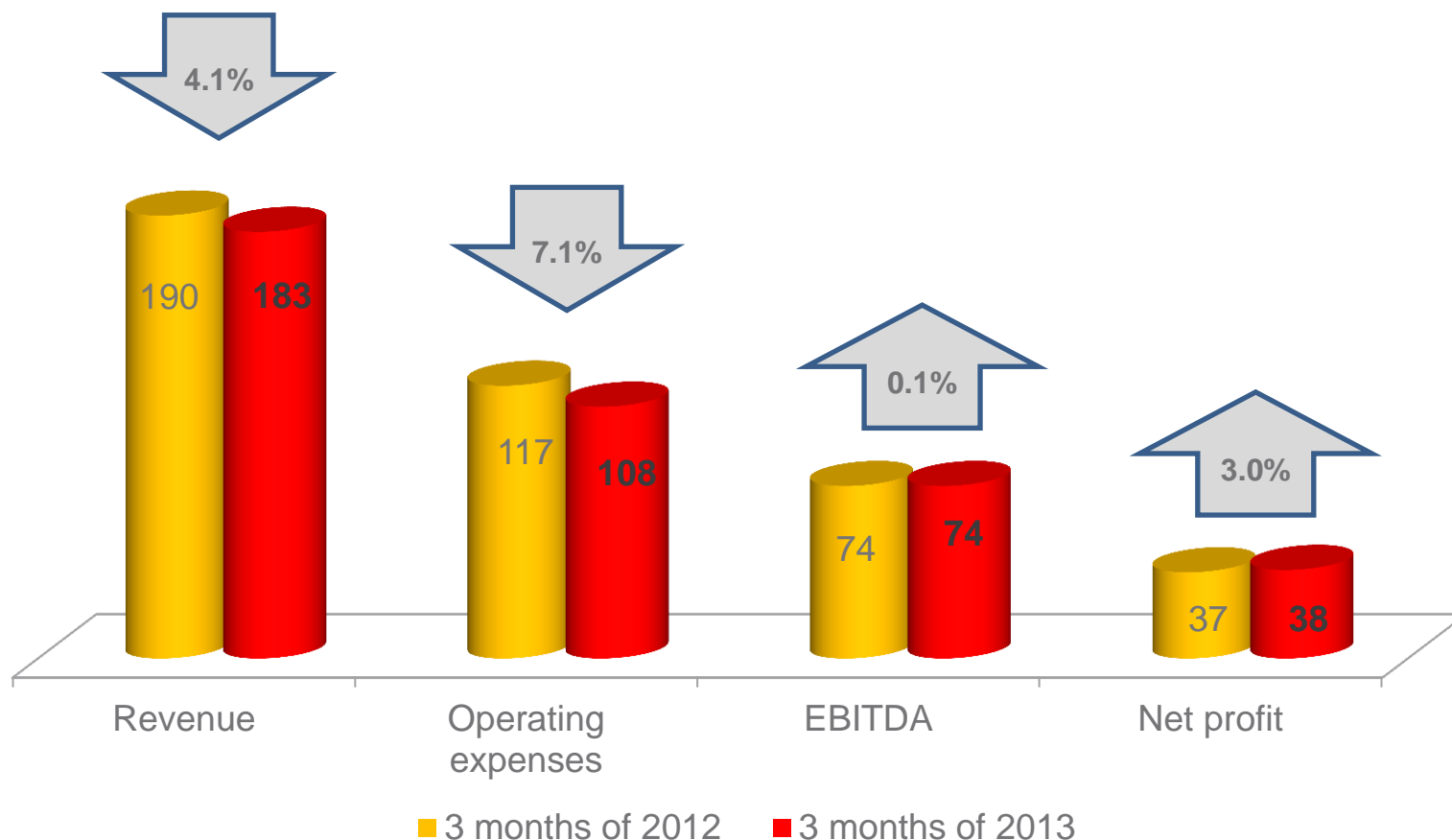
(LTL MILLION)



MAJOR FINANCIAL INDICATORS

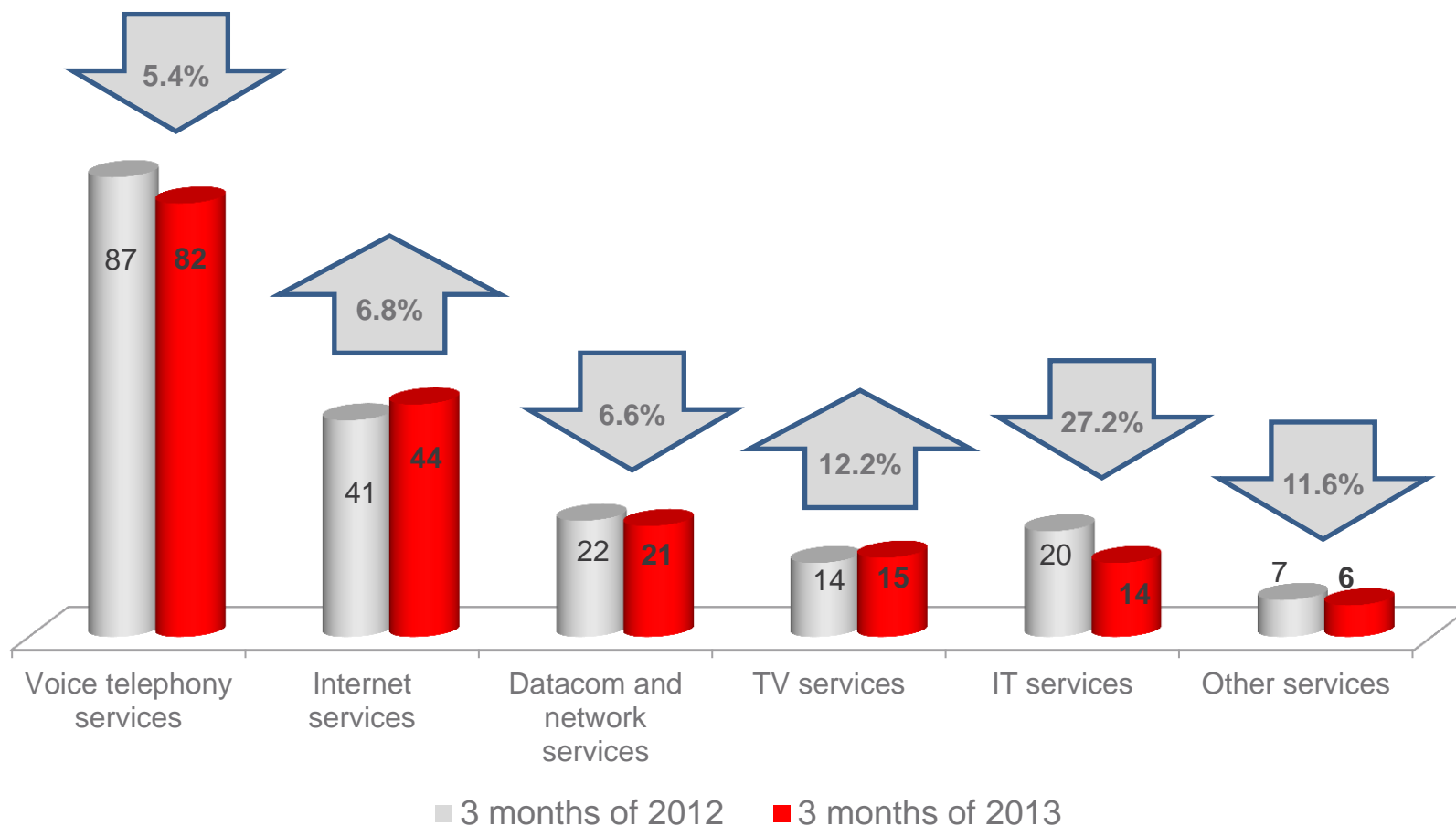
(thousand LTL)	Q1 2013	Q1 2012	Change (%)
Revenue	182,666	190,492	(4.1)
Operating expenses	108,424	116,716	(7.1)
EBITDA	74,437	74,396	0.1
EBITDA margin	40.8%	39.1%	
Depreciation and amortization	32,722	32,352	1.1
Operating profit	41,714	42,044	(0.8)
Operating profit margin	22.8%	22.1%	
Net profit	38,252	37,147	3.0
Profit margin	20.9%	19.5%	
Earnings per share (LTL)	0.049	0.048	

DYNAMICS OF TEO MAIN FINANCIAL INDICATORS (LTL MILLION)



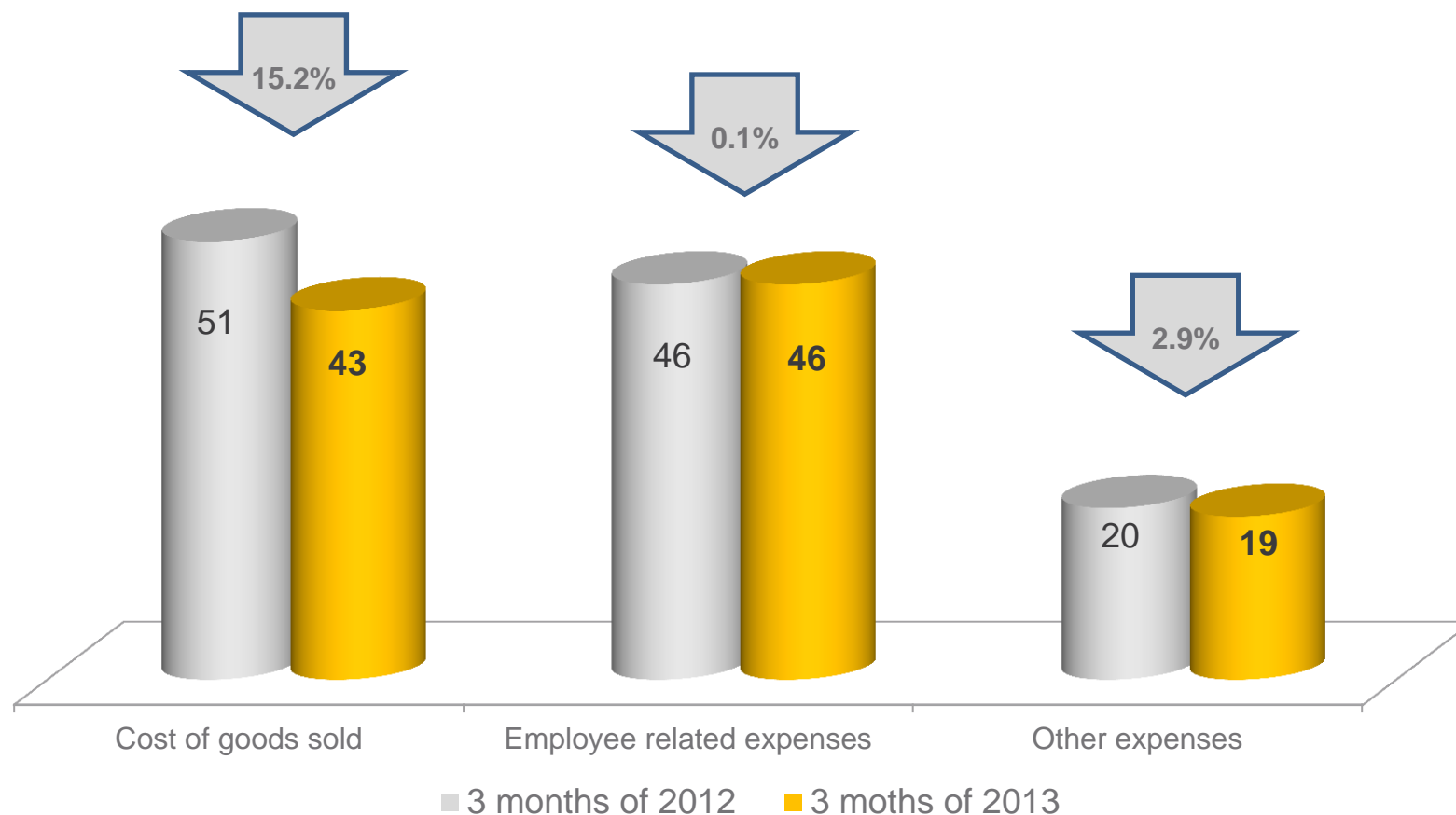
- Underlying revenue, excluding one-off IT equipment sale in Q1 2012, increased by 0.7 per cent, y-o-y.

REVENUE (LTL MILLION)

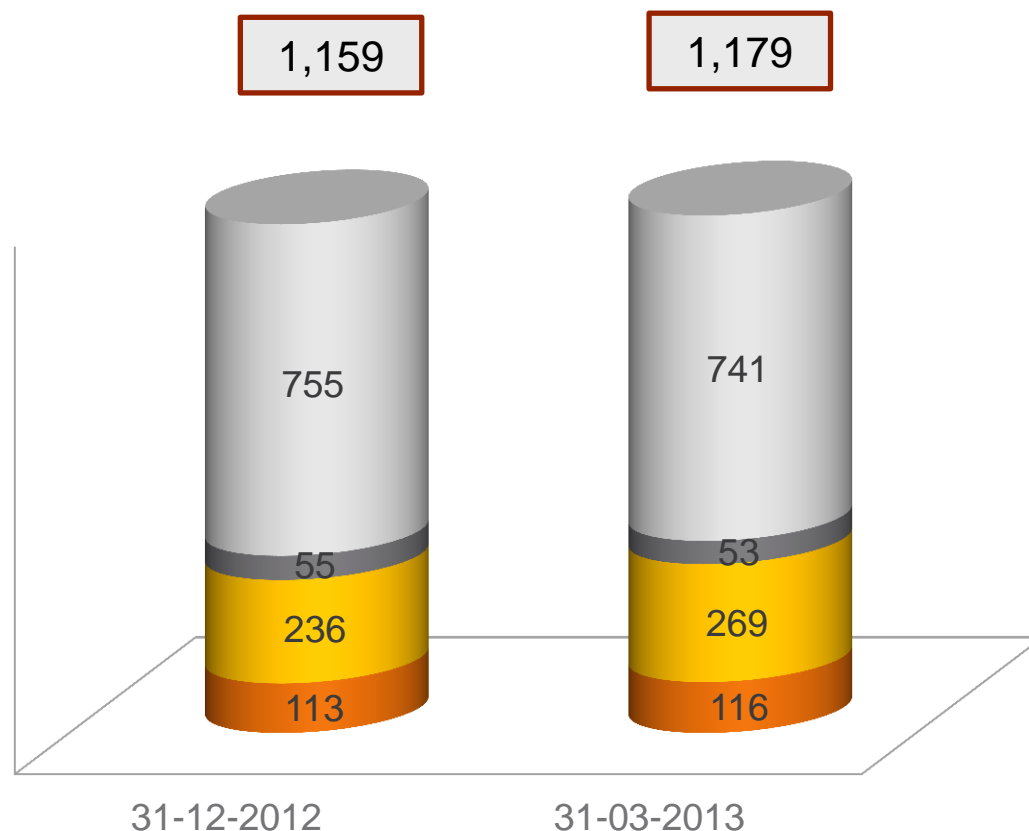


- Underlying IT revenue, excluding one-off IT equipment sale in Q1 2012, increased by 37.5 per cent, y-o-y.

OPERATING EXPENSES (LTL MILLION)



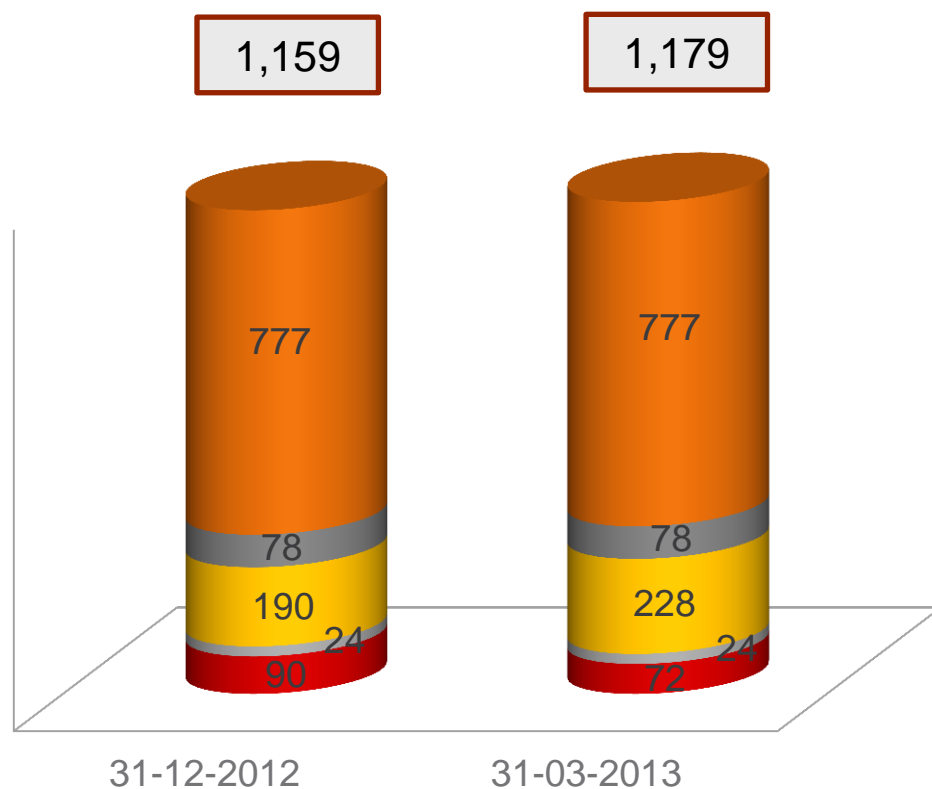
ASSETS (LTL MILLION)



■ Property, plant and equipment ■ Other non-current assets
■ Cash and investments ■ Other current assets

- **Non-current assets** amounted to 67.3% of total assets (31-03-2013)
- **Cash and held-to-maturity investments** alone amounted to 22.8%
- **Return on capital employed:** 17.5%
- **Return on average assets:** 15.7%

EQUITY AND LIABILITIES (LTL MILLION)

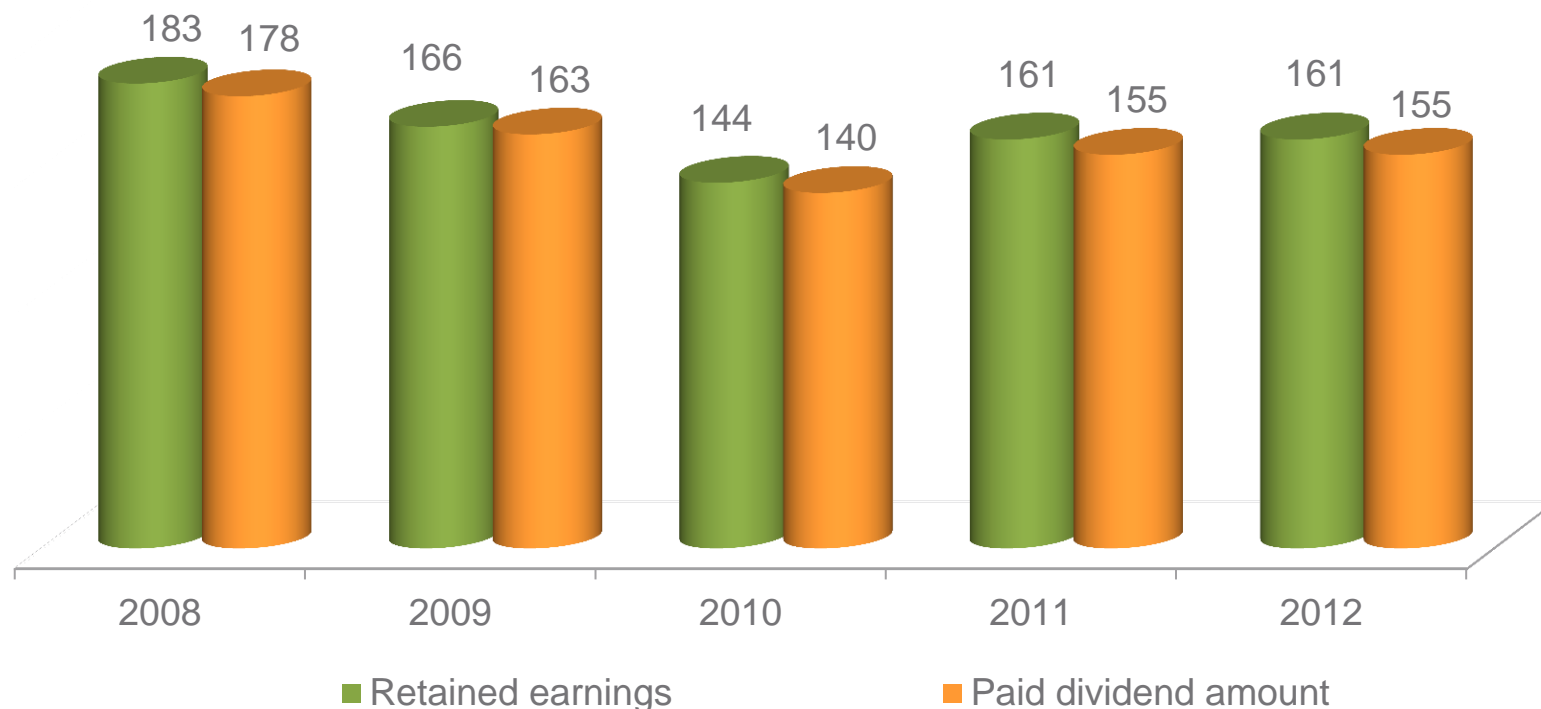


- Current liabilities
- Retained earnings
- Share capital
- Non-current liabilities
- Legal reserve

- **Shareholders' equity** amounted to 91.8% of the total assets (31-03-2013)
- **Borrowings** amounted to LTL 3 million
- **Net debt** was negative and amounted to LTL 266 million
- **Gearing ration:** (24.6)%
- **Debt to equity:** 0.3%
- **Return on equity:** 15.8%

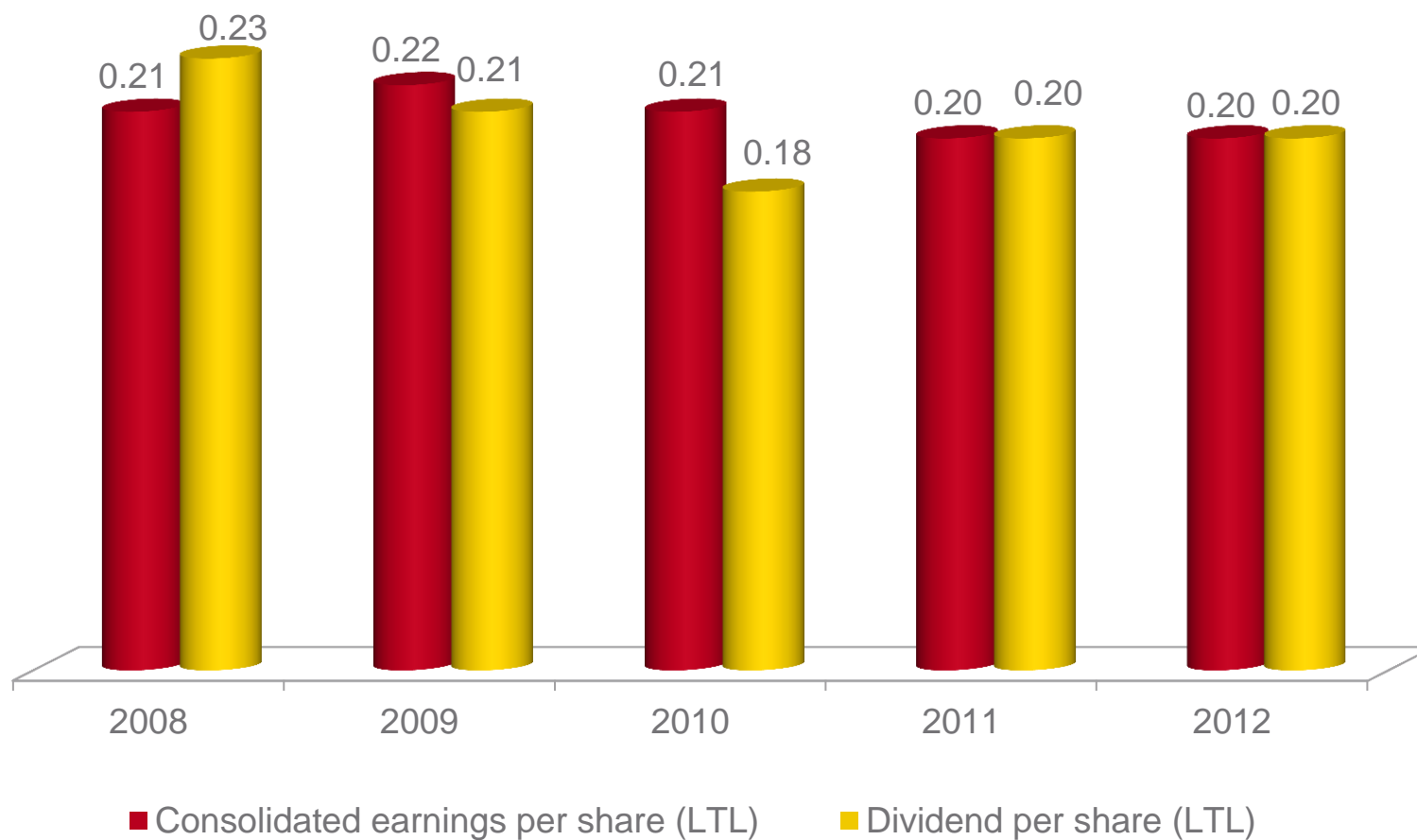
TEO RETAINED EARNINGS VS DIVIDENDS

(LTL MILLION)



- The Board proposed to AGM (to be held on 25 April 2013) to pay **dividends** of LTL 155 million for the year 2012 (i.e. **0.20 litas per share**).
- Shareholders who on 10 May 2013 will be on the shareholders list of the Company will have a right to dividends.

DIVIDEND PAYOUT

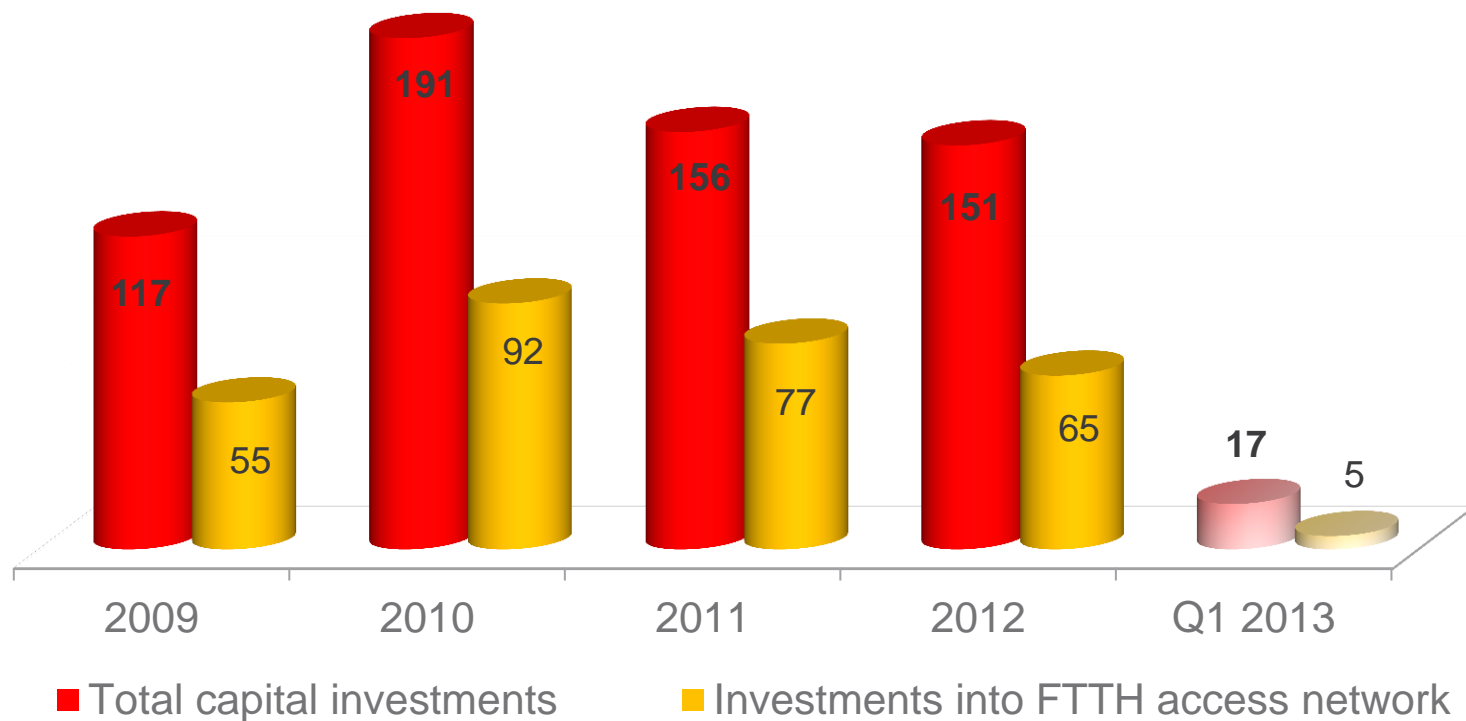


CASH FLOW

(thousand LTL)	3 months of 2013	3 months of 2012
Net cash from operating activities	65,526	76,966
Net cash used in investing activities	(52,170)	(104,055)
Net cash used in financing activities	(241)	(266)
Increase in cash and cash equivalents	13,115	(27,355)

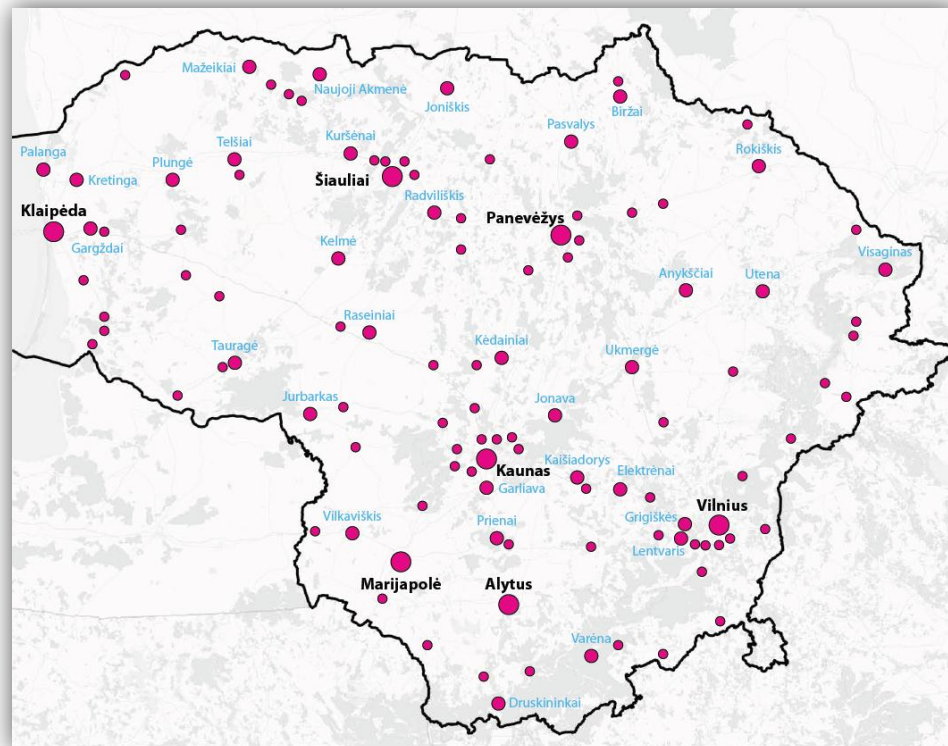
- Capital **investments** during 3 months of 2013 amounted to LTL 17 million (LTL 23 million in 2012)
- LTL 15 million went to expansion of the **core and fiber-optic access network**
- LTL 2 million was invested into **IT systems**

TEO INVESTMENTS (LTL MILLION)



TEO FIBER OPTIC (FTTH) NETWORK

- **LTL 400 million** was invested in the next-generation fiber optic access network (FTTH) of TEO since 2007
- TEO FTTH network operates in more than 100 Lithuanian cities and towns
- **764 thousand** households (714 thousand a year ago), or 64 per cent of the country's households, by the end of March 2013 were passed by TEO FTTH network
- **Lithuania is No. 1** in Europe in terms of FTTH/B penetration (Source: FTTH Council Europe)



SHARES AND SHAREHOLDERS

Shareholders

Listing of shares

Market capitalisation

Trading in shares

Shares and indexes



SHAREHOLDERS OF TEO

- **TeliaSonera AB** (Sweden) is the largest shareholders of TEO LT, AB
- In June 2011, TeliaSonera AB took over from its subsidiary, Amber Teleholding A/S, the controlling interest in TEO (**62.94%**)
- Before that TeliaSonera AB directly owned **5.14%** of the Company's shares
- During Q3 2011, TeliaSonera additionally acquired **0.21%** of the Company's shares
- In May-July 2012, TeliaSonera AB acquired **7.87%** of shares over direct deals and **10.35%** on the stock exchange
- During takeover bid TeliaSonera acquired **1.64%** of shares
- Since 4 July 2012 TeliaSonera holds **88.15%** of TEO shares

Shareholders as of 31 March 2012

	Part of shares and votes
TeliaSonera AB	68.29%
East Capital (Sweden)	7.29%
Others	24.42%

Shareholders as of 31 March 2013

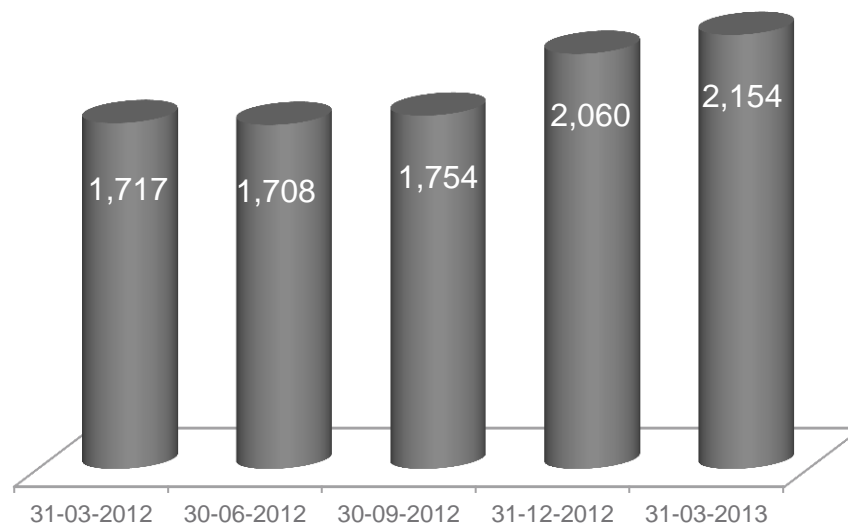
	Part of shares and votes
TeliaSonera AB	88.15%
Others	11.85%

TEO SHARES

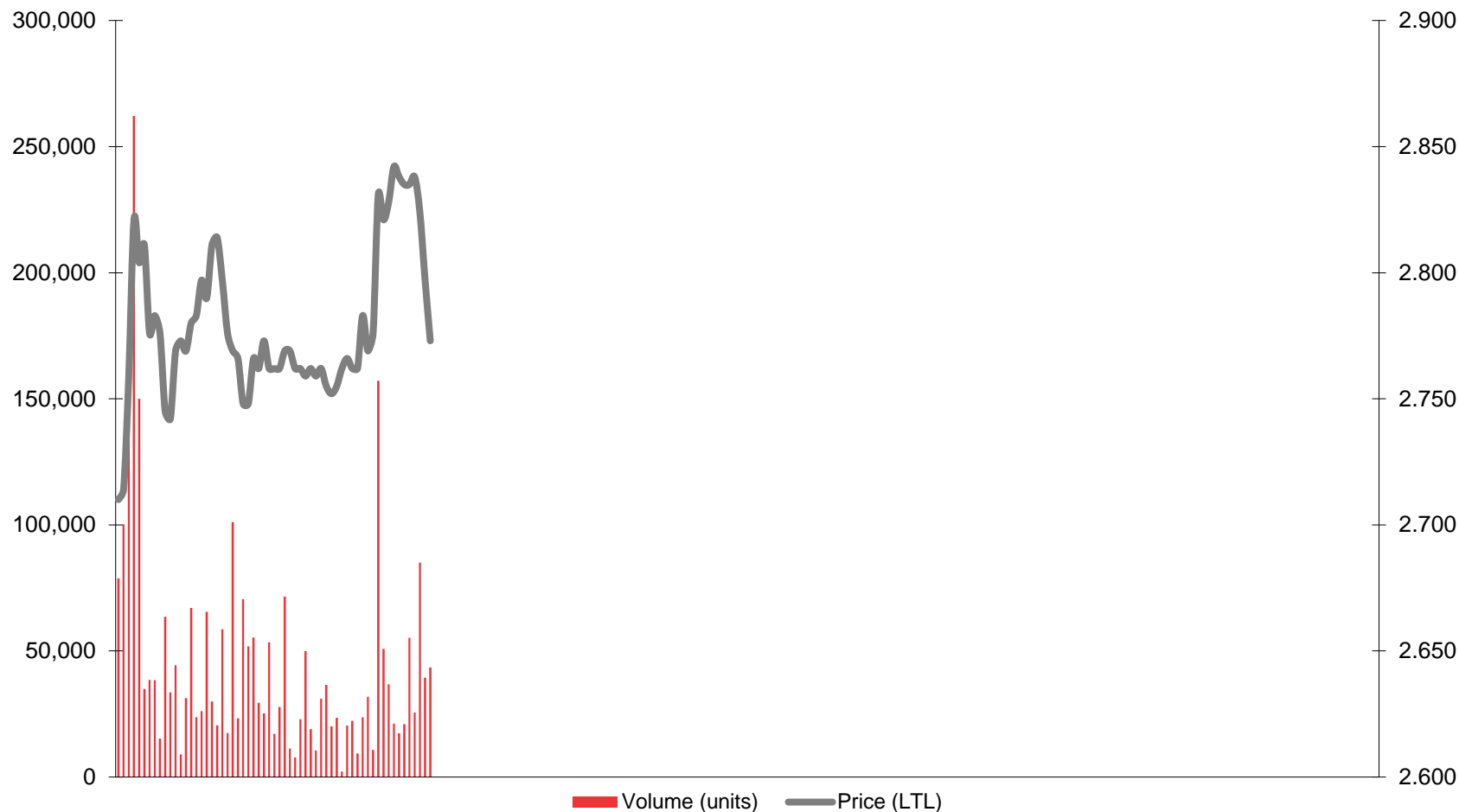
- Since 2000 TEO shares are listed on **NASDAQ OMX Vilnius** stock exchange (ticker: TEO1L)
- Since January 2011, TEO shares are included into the trading lists of a few **German stock exchanges** (ticker: ZWS)
- **Turnover** on Vilnius stock exchange during January-March 2013: 2.8 million shares or LTL 7.7 million
- Share **price** on NASDAQ OMX Vilnius:

	LTL	EUR
01-01-2013	2.655	0.769
High	2.842	0.823
Low	2.648	0.767
31-03-2013	2.773	0.803

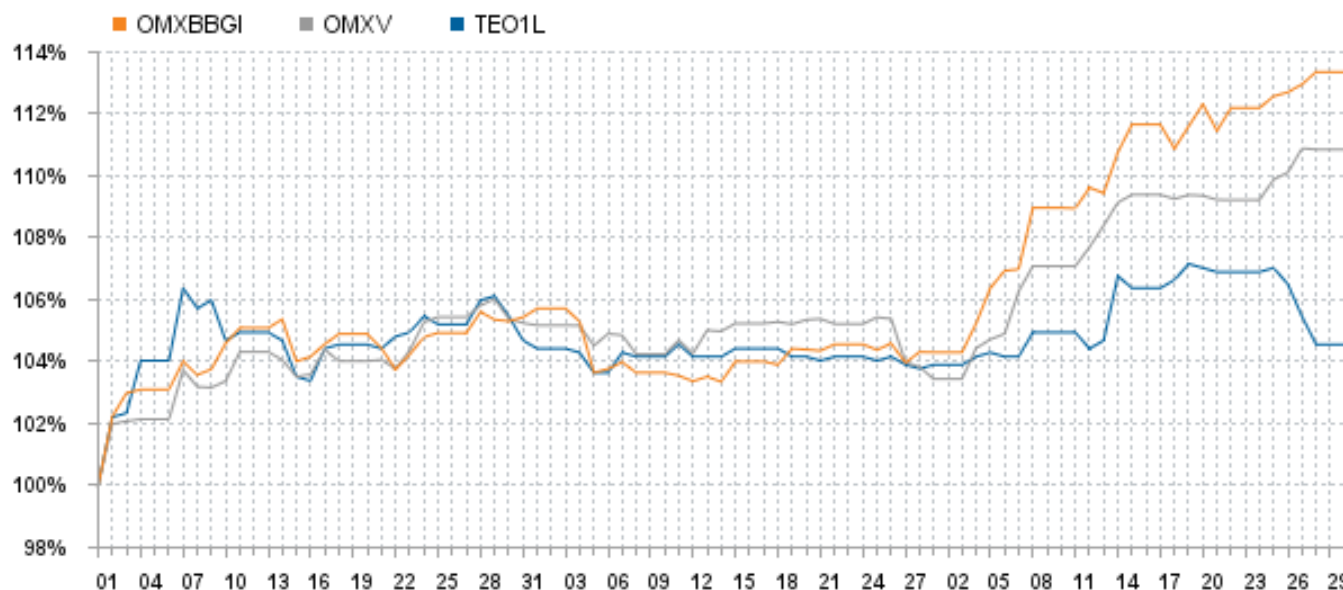
Market Capitalisation (LTL million)



TRADING IN TEO SHARES ON NASDAQ OMX VILNIUS STOCK EXCHANGE IN 201



TEO SHARE PRICE AND NASDAQ OMX VILNIUS INDEXES COMPARISON



Source: NASDAQ OMX Vilnius

CORPORATE GOVERNANCE

Governing bodies

Board

Senior management

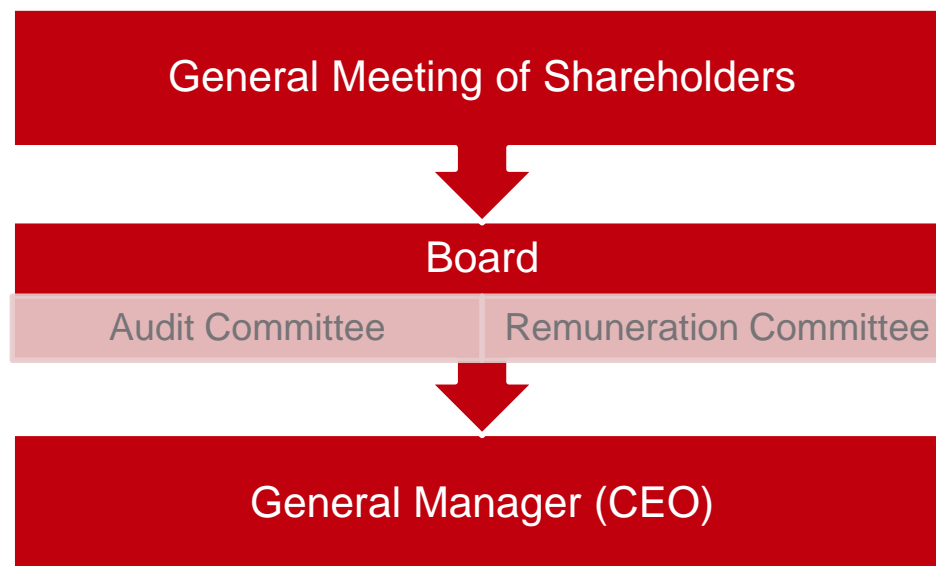
Corporate social responsibility



Results for 3 months of 2013 / 17-04-2013

GOVERNING BODIES

- The **Annual General Meeting** of Shareholders will be held on 25 April 2013
- Upon termination of the 2 years term a new **Board consisting of 6 members** shall be elected
- TeliaSonera AB proposed to elect M.Frenning, T.Tuovinen, I.Skisaker, J.Löow, M.Lillienberg and R.Viršilas to the Board
- The Board elects and recalls the **General Manager (CEO)**
- The General Meeting also elects the Company's **independent auditor** for 2 years term
- UAB PricewaterhouseCoopers is the Company's independent auditor



TEO BOARD (ELECTED IN 2011)



Malin Frenning
Chairwoman of the Board
Represents TeliaSonera AB
Member of Remuneration
Committee



Tiia Tuovinen
Member of the Board
Represents TeliaSonera AB
Member of Audit Committee



Lars Klasson
Member of the Board
Represents TeliaSonera AB
Member of Remuneration
Committee



Inga Skisaker
Independent member of the
Board
Member of Audit Committee



Joakim Sundström
Member of the Board
Represents TeliaSonera AB
Chairman of Audit Committee



Jonas Pilkauskas
Independent member of the
Board
Member of Remuneration
Committee

- Members of the Board have no direct interest in the share capital of TEO

SENIOR MANAGEMENT



Giedrius Vegys
(born in 1959),
Acting General Manager



Darius Didžgalvis
(born in 1969)
Chief Technology Officer and
Deputy General Manager



Edis Kasperavičius
(born in 1961)
Chief Sales Officer



Eglutė Bivainienė
(born in 1967)
Chief Operational Officer



Nerijus Ivanauskas
(born in 1970),
Chief Marketing Officer and
Deputy General Manager



Antanas Poška
(born in 1967)
Acting Chief Financial Officer

- Senior managers of the Company do not own any shares of the Company

TEO - SOCIALLY RESPONSIBLE COMPANY

- In 2005, the Company joined the UN **Global Compact**
- Since 2007 TEO annually issues its **Social Corporate Responsibility Reports**
- **TEO acts** in an ethical, fair and transparent manner towards the market, environment protection, society and employees
- In its activities, TEO uses only the **most innovative means and the most modern technological processes** that meet all ecological standards and help reduce the negative impact on the environment
- In 2012, the Company **reduced** fuel **consumption** by 5.4%, electricity – by 9.7%



On 8 May 2012, during National Responsible Business Awards 2011 TEO was recognized as a "Socially Responsible Enterprise" of the year

THANK YOU FOR YOUR ATTENTION

BŪTI SU PASAULIU



For more information about the Company please visit our website www.teo.lt