

# RESULTS FOR THE FIRST THREE MONTHS OF 2008

TEO LT, AB GROUP

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# HIGHLIGHTS OF Q1 2008

- Revenue up by 11.3% (y-o-y)
- EBITDA up by 9.6% (y-o-y)
- Net profit up by 19.4% (y-o-y)
- Completed acquisition of DVB-T content provider
- Launched DVB-T services
- Over the year number of broadband connections up by 34%
- Number of IPTV users increased by 2.5 times
- In March 2008, the Board proposed LTL 0.25 dividend per share for the year 2007



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# TEO GROUP

## TEO LT, AB

(voice, internet, wholesales, data communication, IT, digital TV services; Internet portal *Zebra*)

- In January 2008, TEO acquired 100% stake in UAB Nacionaline Skaitmenine Televizija

100%

→ **UAB Lintel** (information, telemarketing and remote customer care services)

100%

→ **UAB Baltic Data Center** (data center and information system management services)

100%

→ **UAB Nacionalinė Skaitmeninė Televizija** (re-broadcasting of TV programs over DVB-T network)

100%

→ **UAB Voicecom** (NMT-450 network)

100%

→ **UAB Kompetencijos Ugdymo Centras** (training and consultancy)

100%

→ **VšĮ TEO Sportas** (women's basketball team TEO)

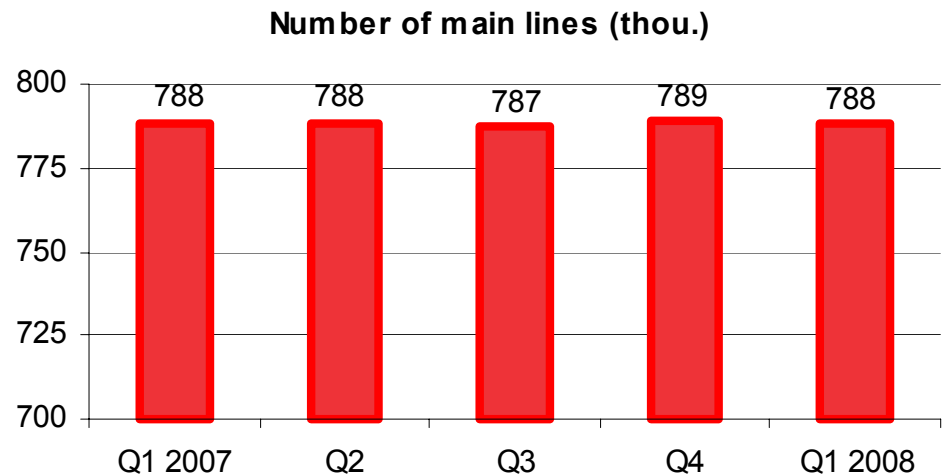
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# VOICE TELEPHONY SERVICES

- In February 2008, TEO terminated provision of temporary disconnected telephone line with incoming calls service
- During January-March 2008, number of active lines increased by almost 42 thousand
- Net number of telephone lines during January-March 2008 decrease by 10.3 thousand
- In March 2008, payment plan *Universal* was upgraded by giving unlimited calls within TEO network
- Total traffic (y-o-y): -2.8%



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# INTERNET SERVICES

	2008-03-31	2007-03-31	Change
Number of DSL retail connections	236,935	195,346	41,589
Number of WiFi connections	20,328	608	19,720
Number of LAN connections	6,631	3,292	3,339
Number of FTTH connections	3,836	-	3,836
Number of DSL wholesale connections	2,382	2,280	102
<b>Total broadband connections:</b>	<b>270,112</b>	<b>201,526</b>	<b>68,586</b>
Number of dial-up connections	4,402	8,337	(3,935)
Number of WiFi hot-spots	3,425	842	2,583

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# DIGITAL TERRESTRIAL TELEVISION

- In March 2008, TEO Group launched digital terrestrial television (DVB-T) service *Digital GALA (Skaitmeninė GALA)*
- It offers 33 TV channels: 13 free-to-air and 20 encoded
- By July 2008, number of TV channels should reach 40
- Monthly fee – 29 Litas (for first service subscribers (till the end of May) one year is for free)
- By the end of March there were 1,612 users
- By December 2008, 4 networks of DVB-T transmitters should cover 95% of population of Lithuania
- TEO operates 2 networks of DVB-T transmitters
- By 2012 DVB-T should completely substitute analogue terrestrial transmission in Lithuania



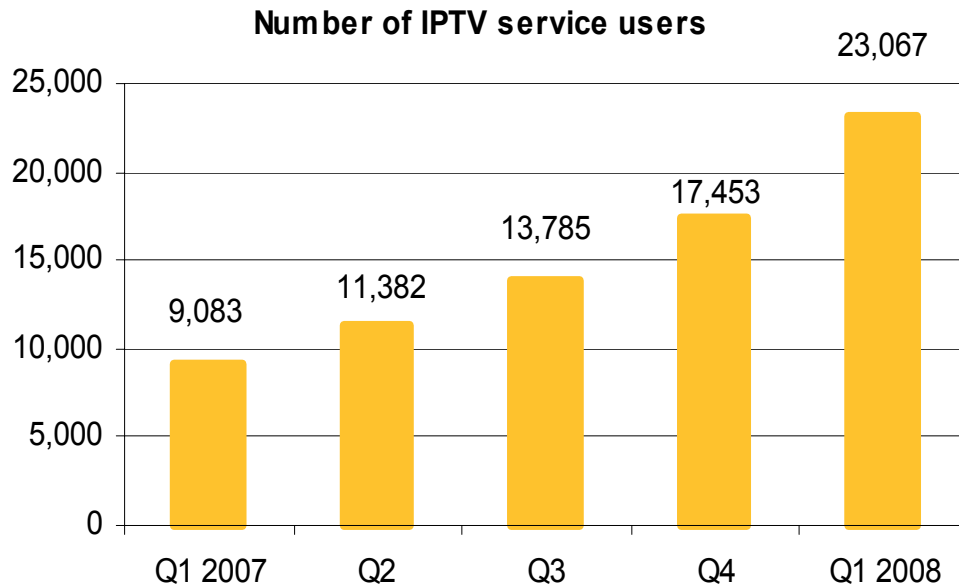
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# INTERNET TELEVISION



- From March 2008, IPTV service is branded as *Interactive GALA (Interaktyvioji GALA)*

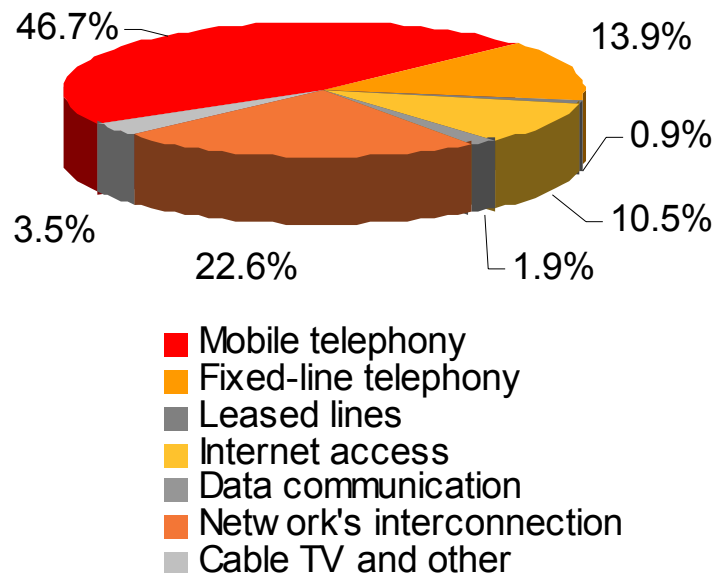


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# TELECOMMUNICATION MARKET IN LITHUANIA (YEAR 2007)

- Total revenue: LTL 2,974 million  
(2006: LTL 2,695 million)
- Growth: 10.3 % (y-o-y)
- Penetration per 100 residents:
  - fixed voice: 23.7
  - mobile voice: 146.2
  - internet: 17.3
  - broadband: 15.1
- Capital investments: LTL 461 million

Revenue breakdown by segments



Source: Report of Communications Regulatory Authority

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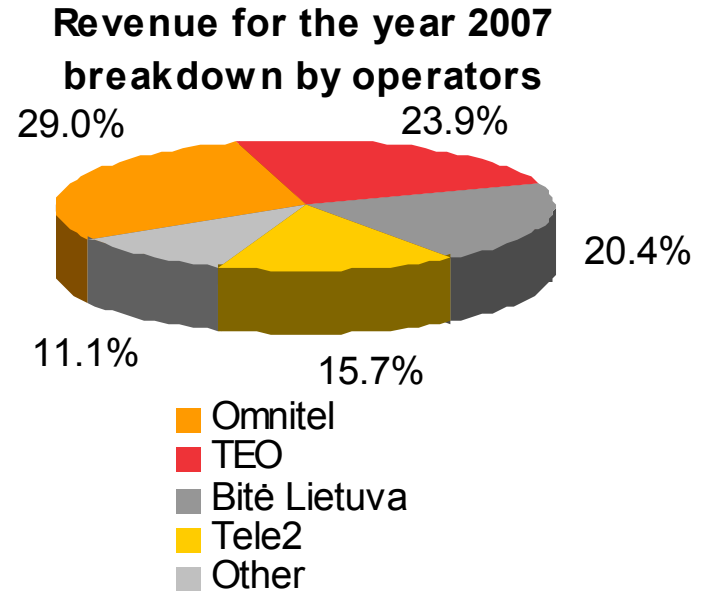
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# MAJOR PLAYER ON TELECOMMUNICATION MARKET (YEAR 2007)

- Only 4 operators in Lithuania have a market share higher than 2%
- Total revenue of other 156 companies amounted to 11.1%
- Omnitel and TEO belongs to TeliaSonera Group
- In total, Omnitel and TEO have 52.9% of the Lithuanian telecommunications market



Source: Report of Communications Regulatory Authority

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# TEO COMPETES IN ALL AREAS EXCEPT MOBILE VOICE

Market	Market revenue for the year 2007 (mLTL)	Market growth y-o-y (%)	Number of players	Share of TEO in Q4 2007 (%)
Fixed voice	413	-2.8	48	95.3
Leased lines	27	5.0	15	54.9
Internet access	313	18.2	115	43.0
Data communication	56	18.8	15	51.7
Network interconnection	673	10.8	4+	19.5
Mobile voice	1,387	12.1	8	--

- CATV market is fragmented: 50 players, market revenue LTL 66 million, only 2 operators with market share above 10%.
- TV program transmission is dominated by one player. Market revenue LTL 21 million.

Source: Report of Communications Regulatory Authority

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# FIXED VOICE TELEPHONY MARKET IN LITHUANIA (YEAR 2007)

- Total revenue: LTL 413 million  
(2006: LTL 425 million)
- 48 companies are providing fixed voice services: 28 provide national and international calls, 14 only international, 6 only wholesales (transit)
- 32 companies are using IP network, 14 of them CATV networks
- Total fixed voice traffic (y-o-y): -3.6%
- TEO market share (Q4 2007) in terms of:
  - total number of customers: 93.8%
  - total traffic: 96.6%
  - revenue from local calls: 99.1%
  - revenue from domestic long distance calls: 90.6%
  - revenue from international calls: 77.9%



Source: Report of Communications Regulatory Authority

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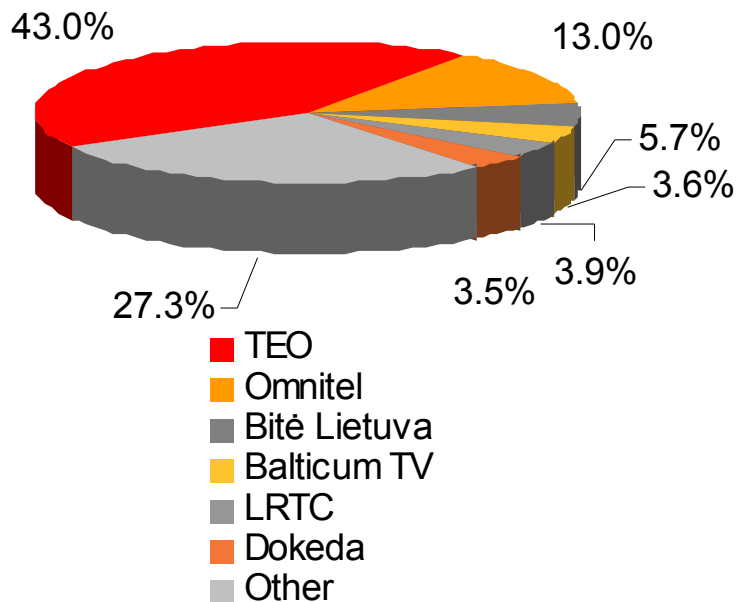
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# INTERNET ACCESS MARKET IN LITHUANIA (YEAR 2007)

- Total revenue: LTL 313 million  
(2006: LTL 265 million)
- TEO share of broadband internet market in terms of revenue: 48.7%
- 115 internet service providers
- 582 thousand internet users:
  - DSL: 231 thousand
  - fiber optics (FTTH): 95 thousand
  - via CATV networks: 65 thousand
  - LAN: 63 thousand
  - via mobile network: 69 thousand
  - wireless access: 51 thousand
  - dial-up: 6 thousand
  - other: 2 thousand

Revenue by service providers for Q4 2007



Source: Report of Communications Regulatory Authority

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# MAJOR FINANCIAL INDICATORS

(thousand LTL)	Q1 2008	Q1 2007	Change
Revenue	206,803	185,805	11.3%
Operating expenses	115,713	101,151	14.4%
EBITDA	94,424	86,185	9.6%
EBITDA margin	45.7%	46.4%	
Depreciation and amortization	43,406	42,439	2.3%
Operating profit	51,018	43,746	16.6%
Operating profit margin	24.7%	23.5%	
Net profit	45,233	37,878	19.4%
Profit margin	21.9%	20.4%	
Earnings per share (LTL)	0.058	0.049	19.4%



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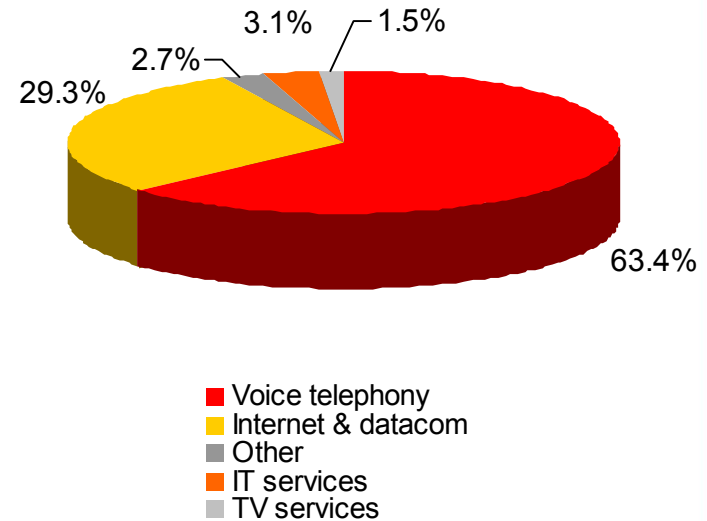
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# REVENUE

(thousand LTL)	Q1 2008	Q1 2007	Change
Voice telephony services	131,115	129,615	1.2%
Internet & data communications services	60,670	48,597	24.8%
IT services	6,430	2,755	133.4%
TV services	3,074	1,073	186.5%
Other services	5,514	3,765	46.5%
<b>Total:</b>	<b>206,803</b>	<b>185,805</b>	<b>11.3%</b>

**Breakdown of revenue for Q1 2008**



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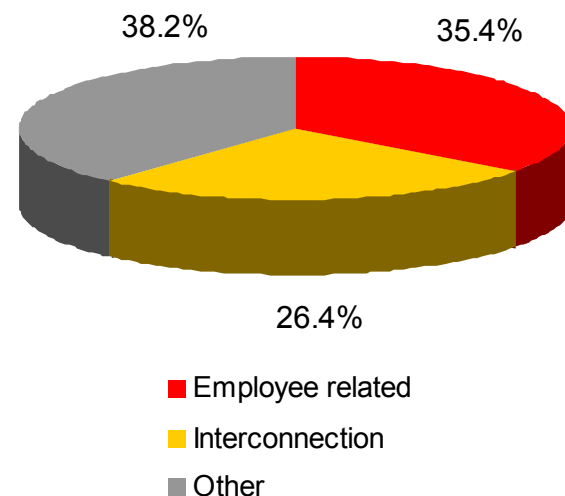
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# OPERATING EXPENSES

(thousand LTL)	Q1 2008	Q1 2007	Change
Employee related	40,910	36,265	12.8%
Interconnection	30,576	25,896	18.1%
Other	44,227	38,990	13.4%
<b>Total:</b>	<b>115,713</b>	<b>101,151</b>	<b>14.4%</b>

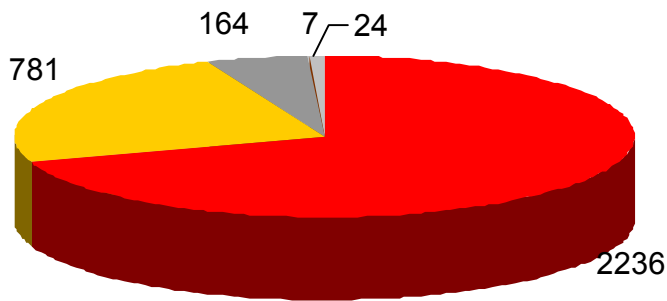
Breakdown of expenses  
for Q1 2008



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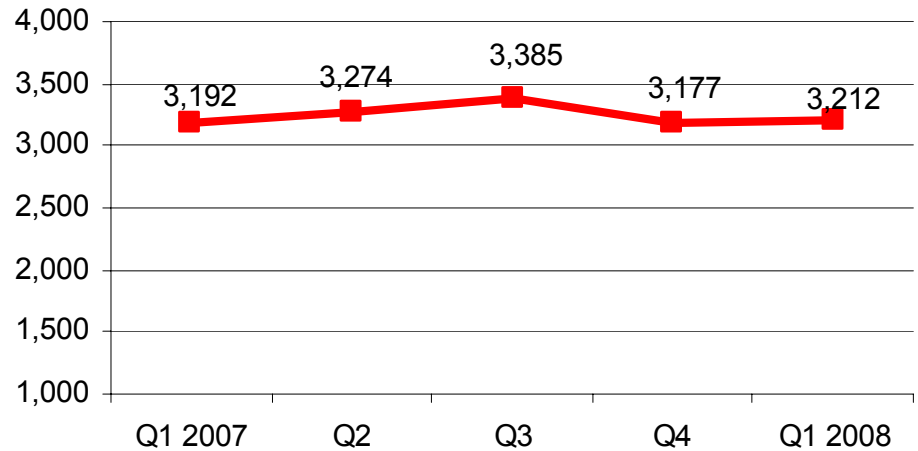
# EMPLOYEES

Breakdown of TEO Group employees (31 March 2008)



- TEO LT, AB
- UAB Lintel
- UAB Baltic Data Center
- VsI TEO Sportas
- UAB Kompetencijos Ugdymo Centras

Number of TEO Group employees (head-counts)



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# BALANCE SHEET

(thousand LTL)	2008-03-31	2007-12-31	Change
Total assets	1,205,725	1,205,642	-
Cash, trading and held-to-maturity investments	393,402	380,637	3.4%
Equity	1,115,812	1,070,579	4.2%
Borrowings (financial liabilities)	7,415	7,614	(2.6%)
Net debt	-385,987	-373,023	(3.5%)
Gearing ratio	-34.6%	-34.8%	
ROAA	16.2%	15.7%	
ROE	18.8%	15.3%	

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# CASH FLOW

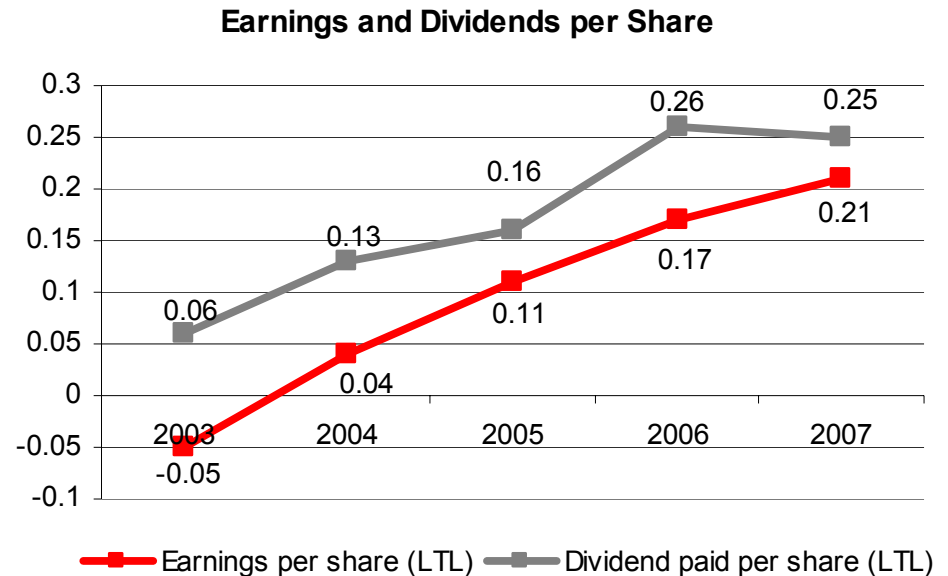
(thousand LTL)	Q1 2008	Q1 2007
Net cash from operating activities	75,945	48,000
Net cash used in investing activities	(53,070)	78,613
Net cash used in financing activities	(199)	(203)
Increase in cash and cash equivalents	22,676	126,410

- In January 2008, TEO acquired UAB Nacionalinė Skaitmeninė Televizija for LTL 16.4 million
- Capital investments for January-March 2008 amounted to LTL 17.9 million
- In 2008, LTL 33.4 million were paid for investments made in 2007
- The Board proposed to pay LTL 194 million dividend for the year 2007

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# DIVIDEND PAYOUT

- Following the Lithuanian Law on Company dividends should be paid from the Parent company's retained earnings
- TEO LT, AB retained earnings 2007: LTL 197 million
- Consolidated TEO Group retained earnings 2007: LTL 294 million
- On 13 March 2008 the Board proposed the Annual General Meeting of shareholders to pay from distributable profit LTL 194 million or 0.25 Litass per share dividend for the year 2007



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# SHAREHOLDERS OF TEO

	Part of share capital		Part of votes
	2008-03-31	2007-12-31	2008-03-31
Amber Teleholding A/S (Denmark)	60.00%	60.00%	62.94%
Treasury stocks	4.67%	4.67%	--
State of Lithuania	1.44%	1.57%	1.51%
Other shareholders	33.89%	33.76%	35.55%

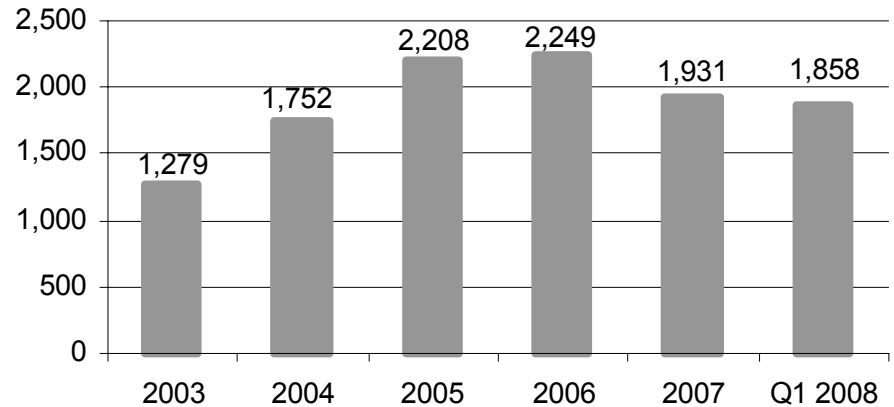
- Amber Teleholding A/S is a subsidiary of TeliaSonera AB, Sweden
- State of Lithuania, represented by State Property Fund, is giving TEO shares to the citizens of Lithuania as a compensation for realty redeemable by the State (realty seized during the Soviet times)
- In September 2007, TEO LT, AB took over treasury stocks from its subsidiary UAB Lintel
- Total number of shareholders: 14.8 thousand (31-03-2007)

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# TEO MARKET CAPITALISATION

- Shares listed on Vilnius Stock Exchange (VSE ticker: TEO1L)
- 4.35% of shares are represented by GDRs (1 GDR = 10 shares)
- GDRs are listed on London Stock Exchange (LSE ticker: TEOL).
- Share price on VSE (in LTL)
  - start of 2008: 2.38
  - year low: 2.07
  - year high: 2.38
  - end of March 2008: 2.28
- Turnover on VSE during Q1 2007: 34.8 million shares or LTL 76.1 million

Market Capitalisation at the end of period (LTL million)



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THANK YOU FOR YOUR  
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