

RESULTS FOR THE TWELVE MONTHS OF 2009

TEO LT, AB GROUP

10-02-2010

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HIGHLIGHTS OF 12 MONTHS OF 2009

- Moderate revenue declined by 1.3%
- Expenses are under control and down by 0.1%
- EBITDA margin at 41.5%
- Net profit increased by 5.7%
- Number of FTTH connections exceeded 50 thousand
- Total number of TV service users exceeded 100 thousand
- Capital investments amounted to LTL 117 million
- TeliaSonera Group increased its holding in TEO up to 64.90% of shares and 68.08% of votes
- UAB Baltic Data Center acquired UAB Interdata, a webhosting service provider



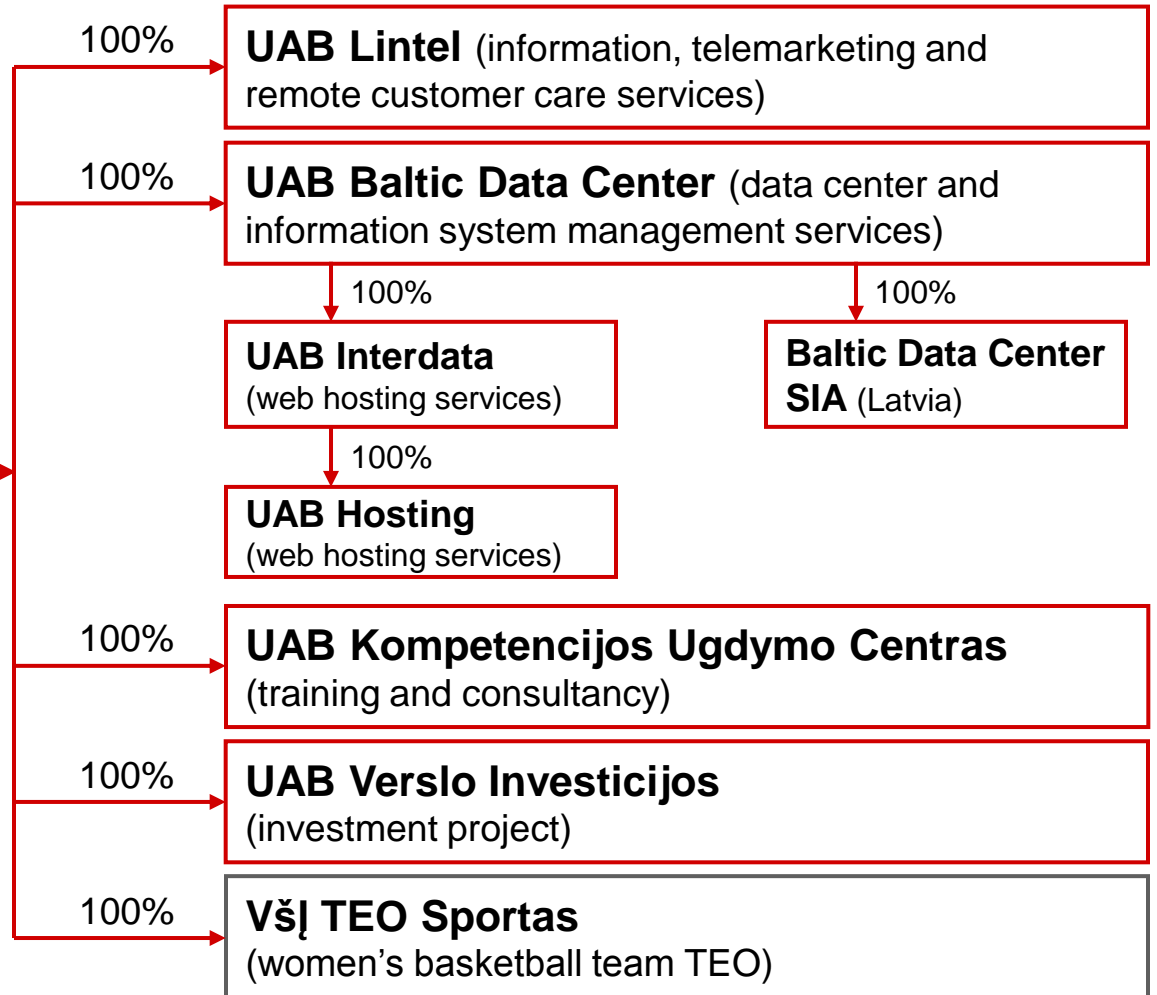
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TEO GROUP

TEO LT, AB
(voice, internet, data communication, television and network services; Internet portal *Zebra*)



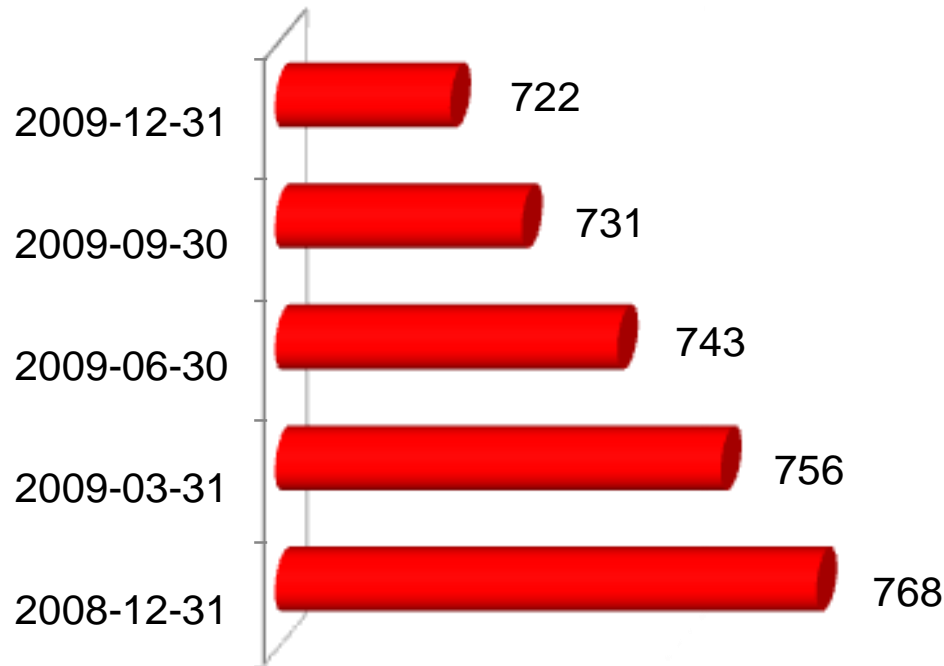
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VOICE TELEPHONY SERVICES

Number of main lines (thou.)



- More disconnections in 2009 due to economic slow-down
- In May, new flat fee payment plans for residential customers were introduced
- Almost all residential customers are subscribers of one or more payment plans
- Residential customers' traffic increased by 1.3%, business customers' traffic decreased by 18.2%

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INTERNET SERVICES

	2009-12-31	2008-12-31	Change
Number of DSL retail connections	226,484	248,553	(22,069)
Number of FTTH connections	50,854	14,667	36,187
Number of FTTB connections	11,621	9,280	2,341
Number of WiFi connections	22,531	23,052	(521)
Number of DSL wholesale connections	1,606	2,217	(611)
Number of leased line and fiber optic connections	353	311	42
Total broadband connections:	313,449	298,080	15,369
Number of WiFi hot-spots	3,998	4,203	(205)

- In 2009, accelerated shift from copper to fibre optical Internet access

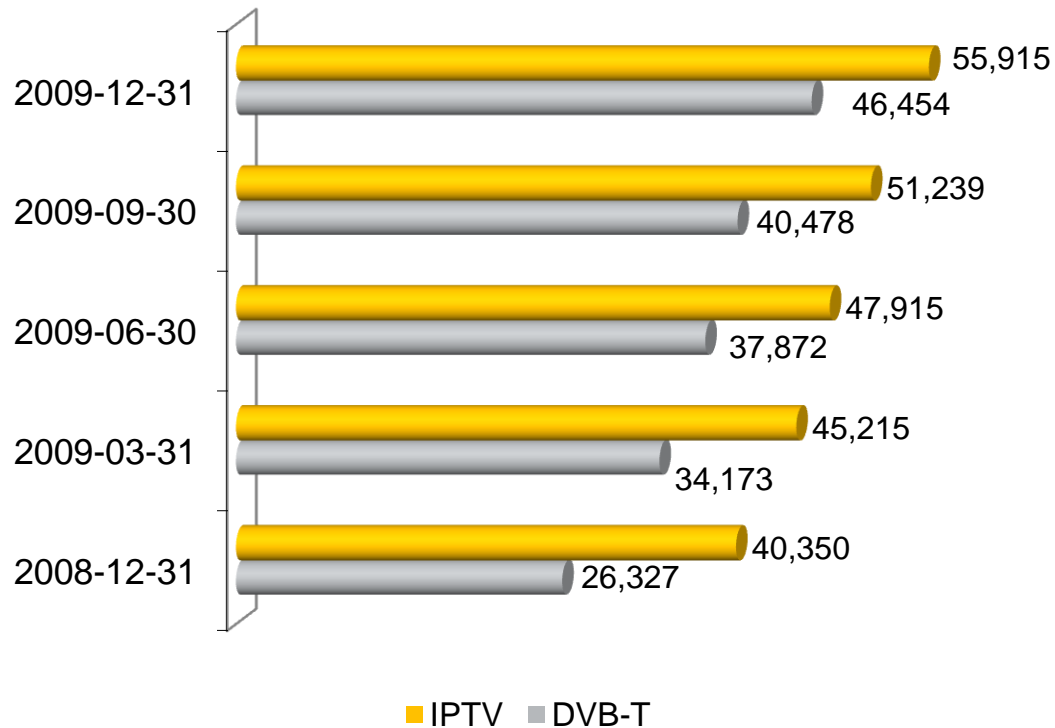
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TELEVISION SERVICES

Number of television service users



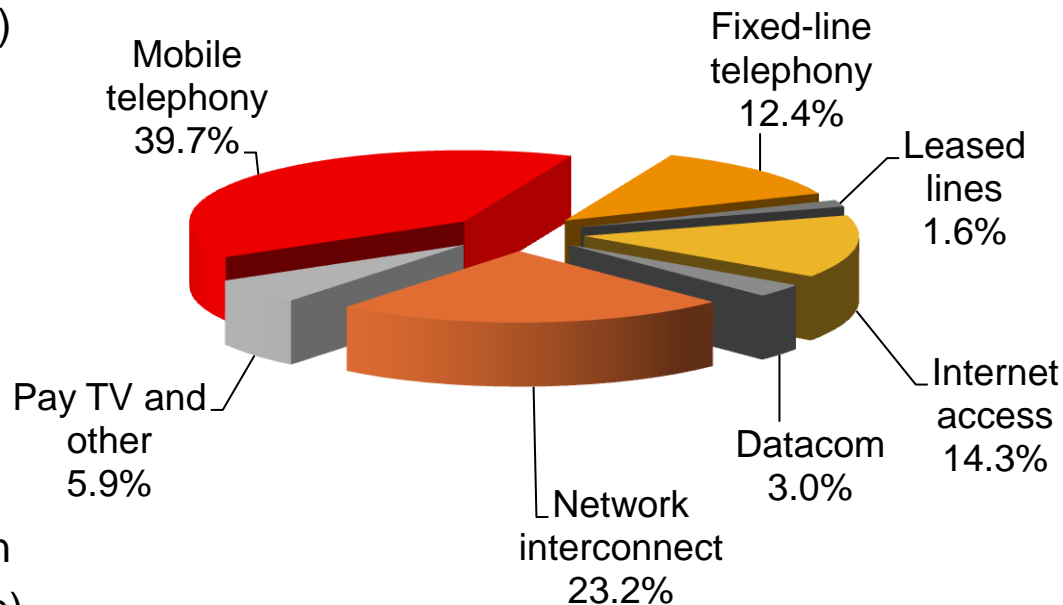
- Over the year number of DVB-T users increased by 20 thousand and IPTV by 15.6 thousand
- In October DVB-T users were offered 3 high-definition television (HDTV) channels in Vilnius area. IP TV users may watch 4 HDTV channels since May
- On 29 October 2012 Lithuania shall switch from analogue to digital TV broadcasting

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TELECOMMUNICATION MARKET IN LITHUANIA (9 MONTH OF 2009)

- Total revenue: LTL 2,182 million
(9 months 2008: LTL 2,332 million)
- Change: (6.4)%
- Penetration per 100 residents:
 - fixed voice: 22.5
 - mobile voice: 148.0
 - internet: 23.3
 - fixed broadband: 18.6
 - digital pay TV: 6.3
- Capital investments: LTL 240 million
(9 months 2008: LTL 285 million)

Revenue breakdown by segments



Source: Report of Communications Regulatory Authority

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TEO COMPETES IN ALL AREAS EXCEPT MOBILE VOICE

Market	Market revenue for 9m 2009 (LTL million)	Change to 9m 2008 (%)	Number of players	TEO share in Q3 2009 (%)
Fixed voice	271	(9.9)	48	94.6
Leased lines	34	18.8	13	62.4
Internet access	311	12.4	107	40.8
Data communication	66	27.3	15	69.0
Network interconnection	505	(7.0)	>5	20.3
Pay TV	89	35.4	47	n/a
Radio and TV program transmission	23	8.2	2	n/a
Mobile voice	866	(16.0)	3+4	-

Source: Report of Communications Regulatory Authority

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FIXED VOICE TELEPHONY MARKET IN LITHUANIA (Q3 2009)

- 48 companies are providing fixed voice services:
 - 36 provide national and international calls
 - 6 only international calls
 - 6 only wholesales (transit) services
- 32 companies are using IP network, 15 of them CATV and data communication networks
- Number of alternative operators subscribers: 49.5 thousand or 6.4% of total subscribers' number
- TEO market share (Q3 2009) in terms of:
 - total number of customers: 93.6%
 - total traffic: 96.0%
 - revenue from local calls: 99.3%
 - revenue from domestic long distance calls: 89.2%
 - revenue from international calls: 75.3%

Source: Report of Communications Regulatory Authority



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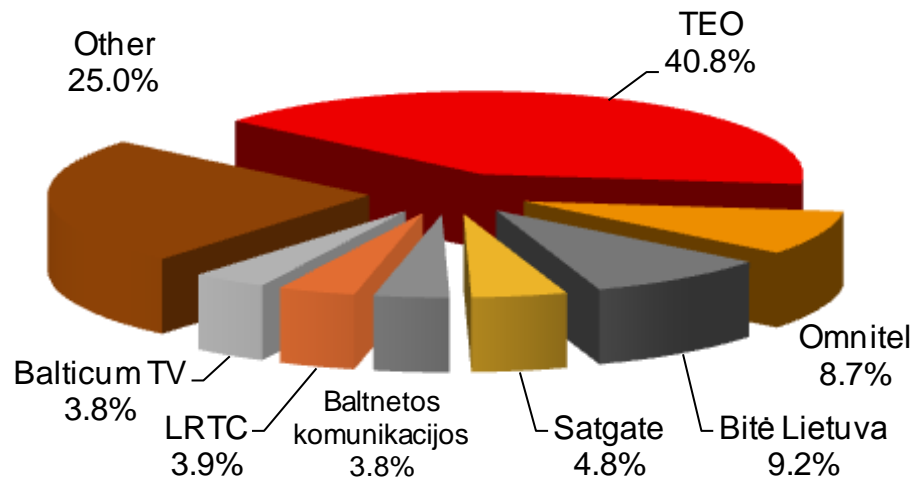


INTERNET ACCESS MARKET IN LITHUANIA (Q3 2009)

Access type	Number of users ('000)	Change to Q2 2009 (%)
DSL	233.0	(2.7)
Fiber optics	232.9	11.0
Via mobile network	154.7	6.0
Wireless	66.2	0.2
Via CATV networks	53.4	(13.7)
Via LAN	33.8	(8.3)
Dial-up	2.5	(11.1)
Via leased-lines	1.4	(3.7)
Total:	777.9	2.6

Source: Report of Communications Regulatory Authority

Q3 2009 revenue by service providers



- TEO has 50.3% of broadband internet using fixed connection market in terms of revenue

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PAY TV MARKET IN LITHUANIA (Q3 2009)

Access type	Number of operators	Number of users ('000)	Change to Q2 2009 (%)	Revenue Q3 (LTL million)	Change to Q2 2009 (%)
Analogue CATV	47	372.1	(1.6)	18.43	(0.8)
Analogue MVDS	4				
Digital CATV	16	44.0	2.9	2.97	2.4
Digital MVDS	4				
Total CATV & MVDS		416.1	(1.1)	21.40	1.0
IP TV	5	52.6	7.0	3.86	7.0
DVB-T	2	40.7	6.9	2.69	9.8
Digital satellite	1	72.1	n/a	9.42	n/a
Total:		581.5	14.4	37.37	37.1

- According to the Company's calculations in terms of users TEO share of pay TV market was 15.8%

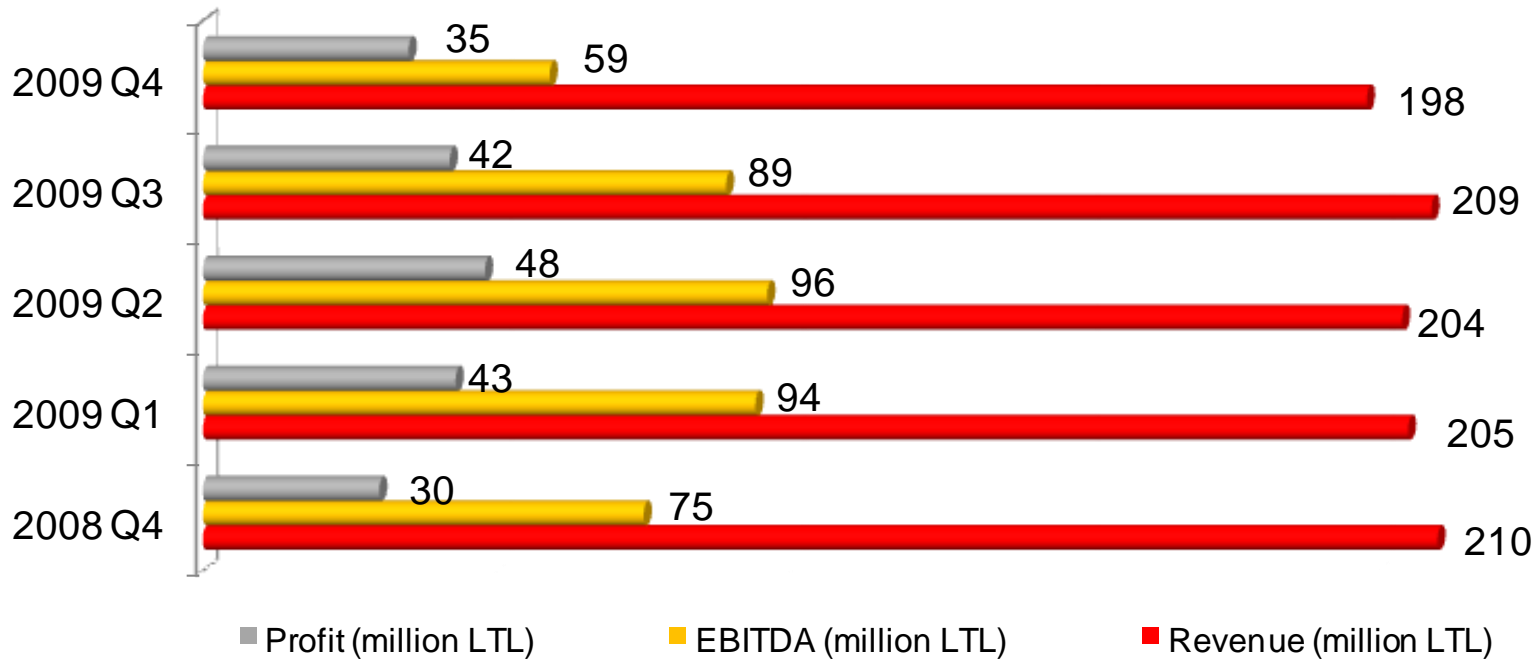
Source: Report of Communications Regulatory Authority

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REVENUE, EBITDA & NET PROFIT



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MAJOR FINANCIAL INDICATORS

(thousand LTL)	Q4 2009	Q4 2008	Change (%)	12 months of 2009	12 months of 2008	Change (%)
Revenue	197,921	210,173	(5.8)	815,551	826,267	(1.3)
Operating expenses	139,957	137,784	1.6	486,701	487,076	(0.1)
EBITDA	58,758	75,375	(22.0)	338,087	349,071	(3.1)
EBITDA margin	29.7%	35.9%		41.5%	42.2%	
Depreciation and amortization	34,587	38,974	(11.3)	142,040	166,833	(14.9)
Operating profit	24,171	36,401	(33.6)	196,047	182,238	7.6
Operating profit margin	12.2%	17.3%		24.0%	22.1%	
Net profit	34,830	30,432	14.5	169,072	159,908	5.7
Profit margin	17.6%	14.5%		20.7%	19.4%	
Earnings per share (LTL)	0.045	0.039	14.5	0.218	0.206	5.7

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REVENUE

(thousand LTL)	Q4 2009	Q4 2008	Change (%)	12 months of 2009	12 months of 2008	Change (%)
Voice telephony services	109,130	124,873	(12.6)	461,180	508,510	(9.3)
Internet & data communications services	66,517	69,038	(3.7)	275,339	256,662	7.3
TV services	7,937	5,353	48.3	27,598	16,457	67.7
IT services	7,621	5,371	41.9	24,866	21,282	16.8
Other services	6,716	5,538	21.3	26,568	23,356	13.8
Total:	197,921	210,173	(5.8)	815,551	826,267	(1.3)

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OPERATING EXPENSES

(thousand LTL)	Q4 2009	Q4 2008	Change (%)	12 months of 2009	12 months of 2008	Change (%)
Employee related	53,134	54,124	(1.8)	178,029	183,382	(2.9)
Interconnection	27,358	29,315	(6.7)	114,663	119,997	(4.4)
Other	59,465	54,345	9.4	194,009	183,697	5.6
Total:	139,957	137,784	1.6	486,701	487,076	(0.1)

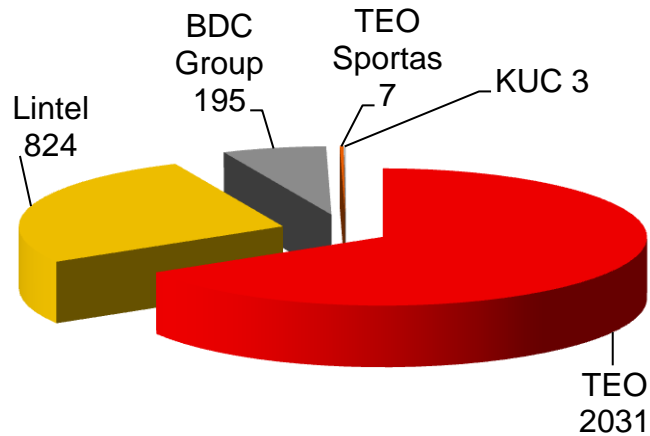
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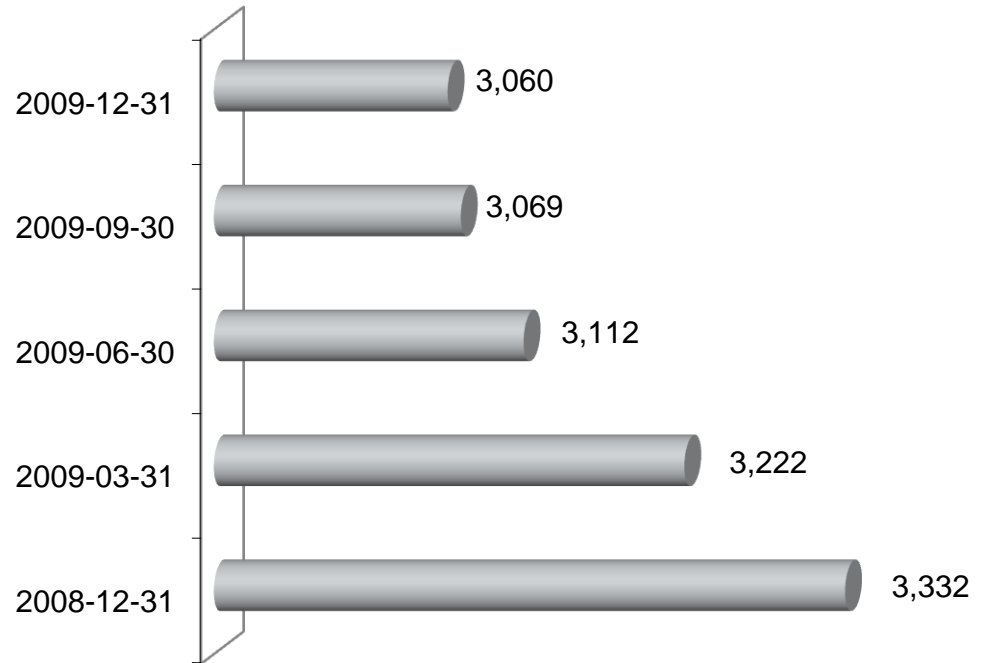


EMPLOYEES

Breakdown of TEO Group employees (31-12-2009)



Number of TEO Group employees



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BALANCE SHEET

(thousand LTL)	2009-12-31	2008-12-31	Change
Total assets	1,150,717	1,182,623	(2.7)%
Cash, held-to-maturity investments, loans to banks	307,242	322,193	(4.6)%
Equity	1,026,634	1,036,230	(0.9)%
Borrowings	6,163	6,808	(9.5)%
Net debt	(301,079)	(315,385)	
Gearing ratio	(29.3)%	(30.4)%	
ROAA	17.6%	16.0%	
ROE	16.9%	15.7%	

- Following the Lithuanian Law on Company dividends should be paid from the Parent company's retained earnings
- TEO LT, AB retained earnings as of 31-12-2009 were LTL 168 million or LTL 0.217 per share
- In March 2010, the Board shall present a year 2009 profit allocation proposal to AGM

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CASH FLOW

(thousand LTL)	12 months of 2009	12 months of 2008
Net cash from operating activities	293,673	315,964
Net cash used in investing activities	(82,062)	(200,407)
Net cash used in financing activities	(179,566)	(195,009)
Increase in cash and cash equivalents	32,045	(79,452)

- Capital investments during October-December 2009 amounted to LTL 43 million and during the full year to LTL 117 million
- LTL 100 million were invested into expansion of core network and development of fiber-optical access network
- LTL 11 million spend for upgrading of IT systems and LTL 6 million for renovation of technological buildings
- In May, LTL 179 million (i.e. 0.23 litas per share) of dividends for year 2008 were paid
- In November, Baltic Data Center acquired a web-hosting service provider, Interdata

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SHAREHOLDERS OF TEO

	Part of share capital		Part of votes
	2009-12-31	2008-12-31	2009-12-31
Amber Teleholding A/S (Denmark)	60.00%	60.00%	62.94%
TeliaSonera AB (publ) (Sweden)	4.90%	-	5.14%
East Capital (Sweden)	4.89%	2.70%	5.12%
Treasury stocks	4.67%	4.67%	-
State of Lithuania	0.51%	1.26%	0.54%
Other shareholders	25.03%	31.37%	26.26%

- In September, TeliaSonera made a tender offer to buy remaining TEO shares for LTL 1.83 per share. Tender offer was over on 9 October 2009.
- As Amber Teleholding is a subsidiary of TeliaSonera, in total TeliaSonera Group has 64.90% of share capital and 68.08% of votes.
- In October, East Capital Assets Management exceeded the 5% limit of votes at GM

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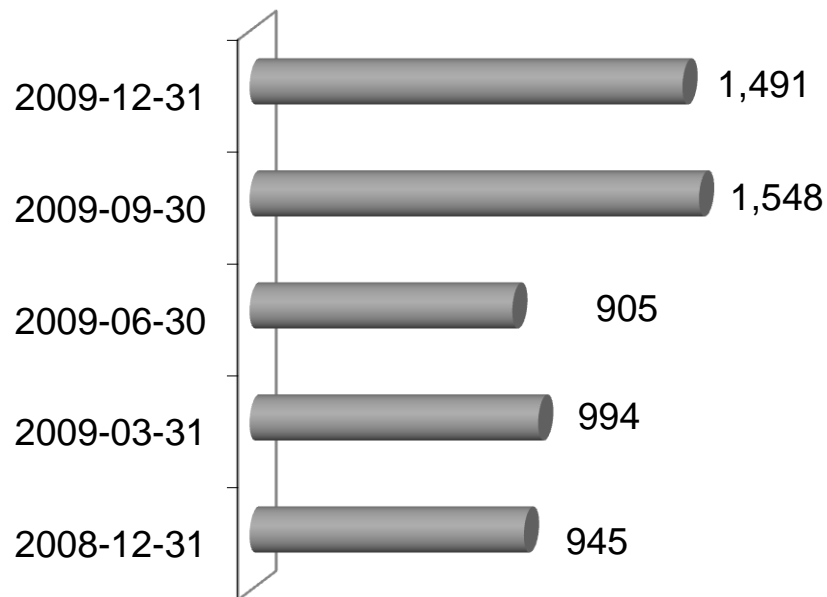
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TEO SHARES

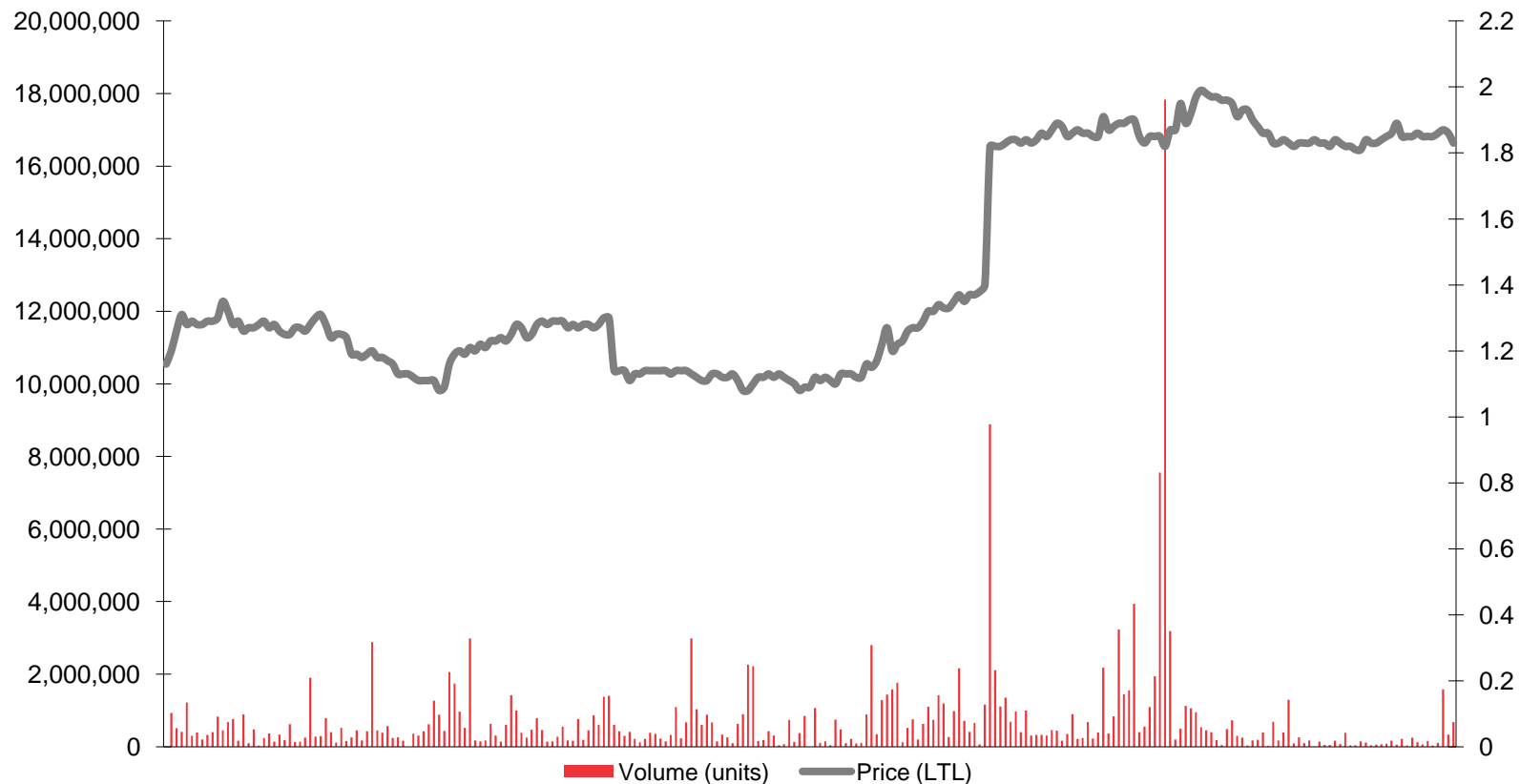
- Shares are listed on NASDAQ OMX Vilnius stock exchange (ticker: TEO1L)
- GDRs (1 GDR = 10 shares) are traded on London Stock Exchange (ticker: TEOL). As of 31-12-2009 GDRs amounted to 3.74% of total share capital
- Share price on NASDAQ OMX Vilnius:
 - start of 2009: LTL 1.16
 - low: LTL 1.07
 - high: LTL 2.03
 - end of 2009: LTL 1.83
- Turnover on NASDAQ OMX Vilnius stock exchange during 2009: 181.7 million shares or LTL 274.7 million

Market Capitalisation (LTL million)



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TRADING IN TEO SHARES ON NASDAQ OMX VILNIUS STOCK EXCHANGE IN 2009

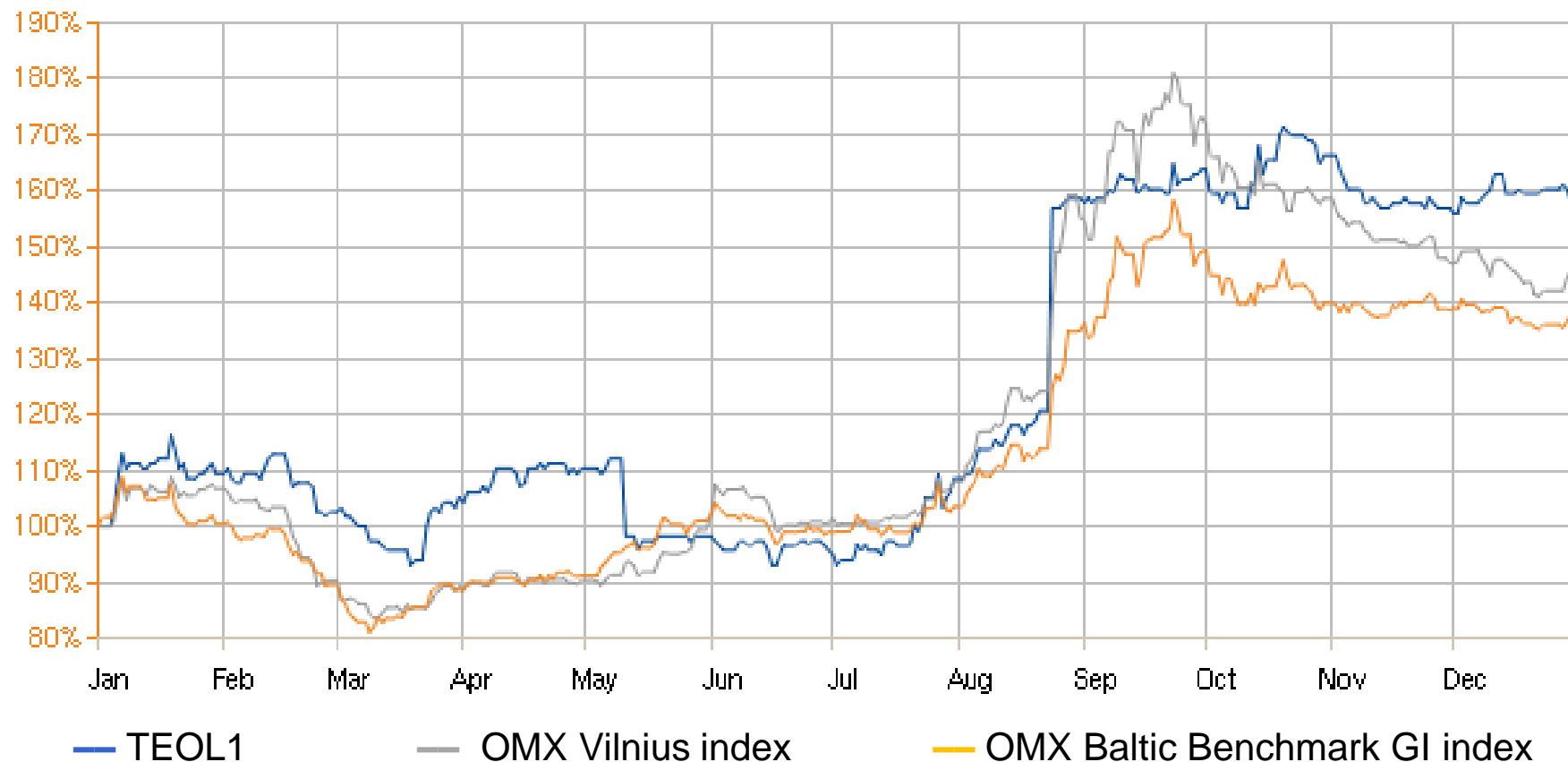


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TEO SHARE AND NASDAQ OMX VILNIUS STOCK EXCHANGE INDEXES COMPARISON

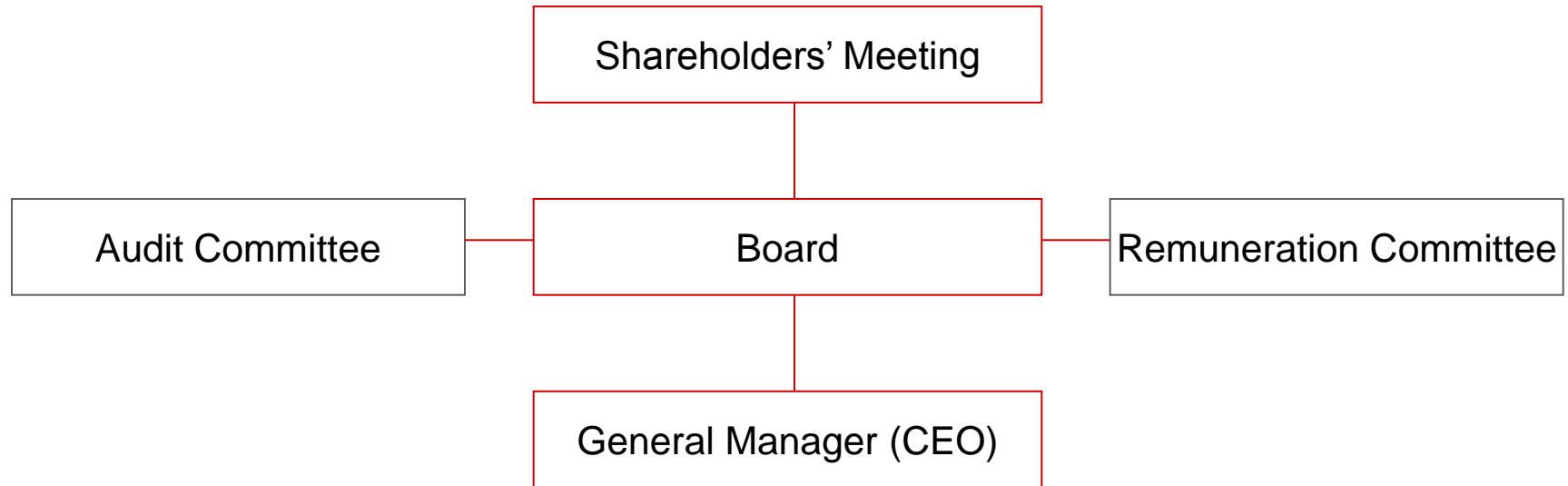


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TEO CORPORATE GOVERNANCE



- EGM was held on 9 February 2009 and AGM on 28 April 2009
- During the AGM a new Board was elected
- The Board consist of 7 members elected for a 2 years term
- New members of Audit and Remuneration Committees (3 Board members per committee) were elected in June 2009

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NEW TEO BOARD



Håkan Dahlström,
Representative of
TeliaSonera AB



Anders Gylder,
Representative of
TeliaSonera AB



Ove Alm,
Representative of
TeliaSonera AB



Joakim Sundström,
Representative of
TeliaSonera AB



Tiia Tuovinen,
Representative of
TeliaSonera AB



Lars Ohnemus,
Independent member
of the Board



Martynas Česnavičius,
Independent member
of the Board

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TEO MANAGEMENT



Arūnas Šikšta
(born in 1968),
General
Manager
(CEO)



**Darius
Gudačiauskas**
(born in 1975),
Chief Sales
Officer and
Deputy General
Manager



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



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



Giedrius Vegys
(born in 1959)
Chief Financial
Officer

- In September Darius Gudačiauskas and in October Darius Didžgalvis disposed their shareholdings in TEO – 13,719 and 4,669 shares, respectively. Top managers of the Company do not own any shares of the Company.

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THANK YOU FOR YOUR
ATTENTION

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