

# RESULTS FOR THE THREE MONTHS OF 2010

TEO LT, AB GROUP

19-04-2010

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# HIGHLIGHTS OF 3 MONTHS OF 2010

- Revenue declined by 6.4%
- Expenses are under control and down by 3.5%
- EBITDA margin at 42.4%
- Net profit declined by 1%
- Number of fibre-optical connections exceeded 74 thousand
- Total number of TV service users exceeded 108 thousand
- Capital investments amounted to LTL 19 million
- The Board proposed to AGM to pay LTL 0.21 dividends for the year 2009 and to decided whether to cancel or sell treasury stocks
- Anders Gylder, a member of the Board, will resign as of 26 April 2010



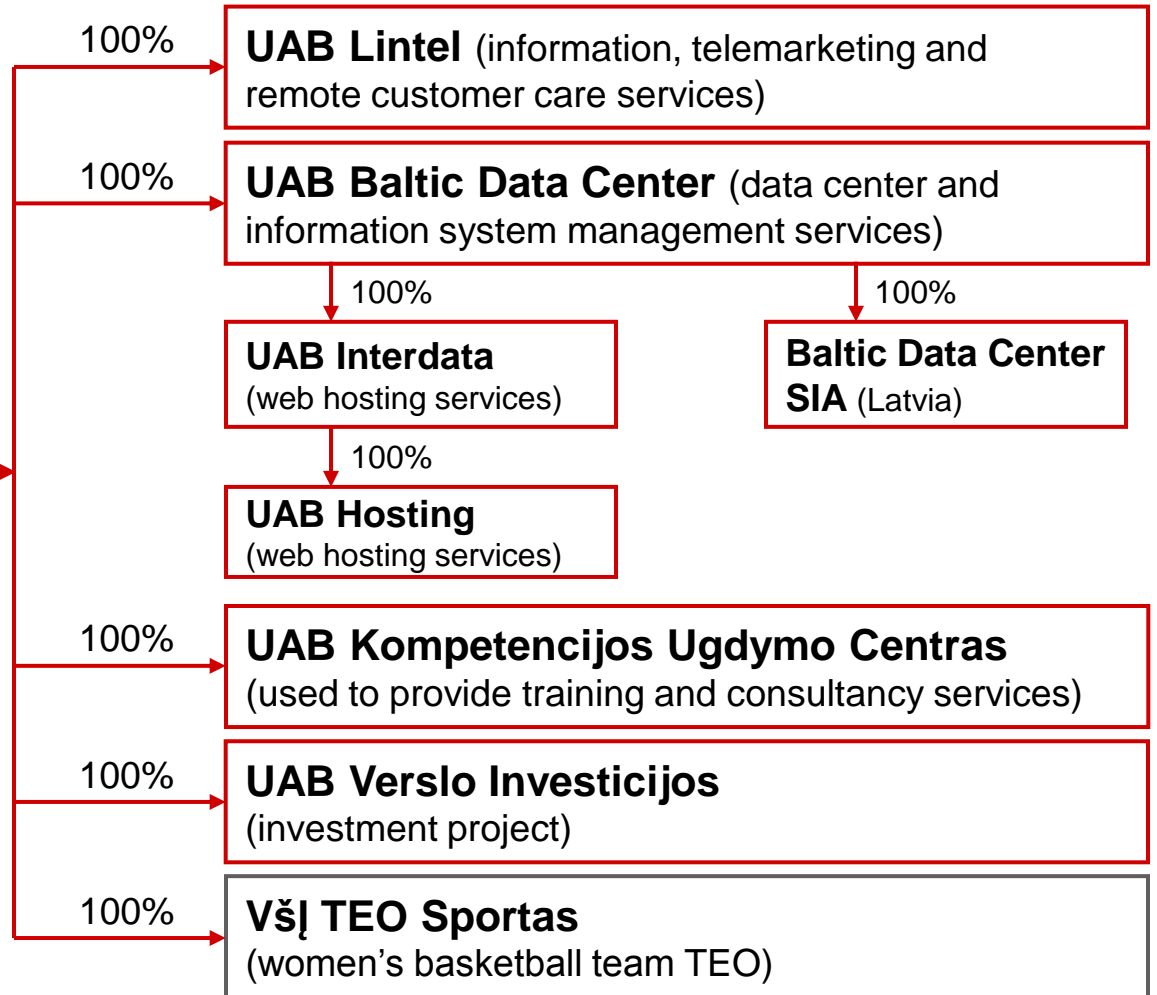
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# TEO GROUP

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



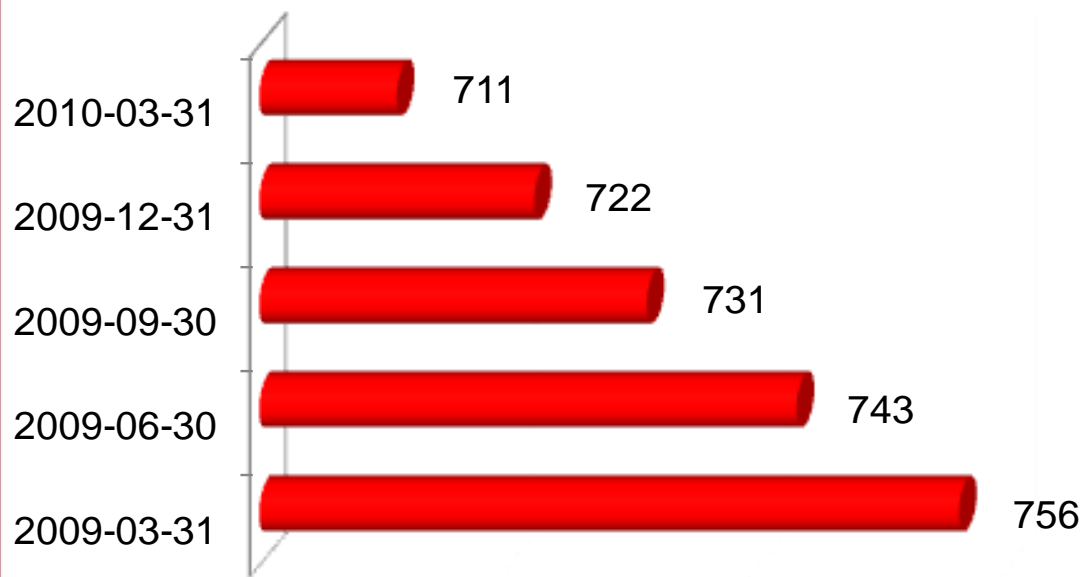
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# VOICE TELEPHONY SERVICES

Number of main lines (thou.)



- During January-March 2010, the total number of main telephone lines in service decreased by 10.8 thousand
- Traffic volume generated by residential customers increased by 1.3%, but traffic volume of business customers was lower by 18.3%
- Due to decreased interconnection rates TEO offered lower prices for calls to mobile and other fixed networks of Lithuania for residential and business customers using flat-fee payment plans

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# INTERNET SERVICES

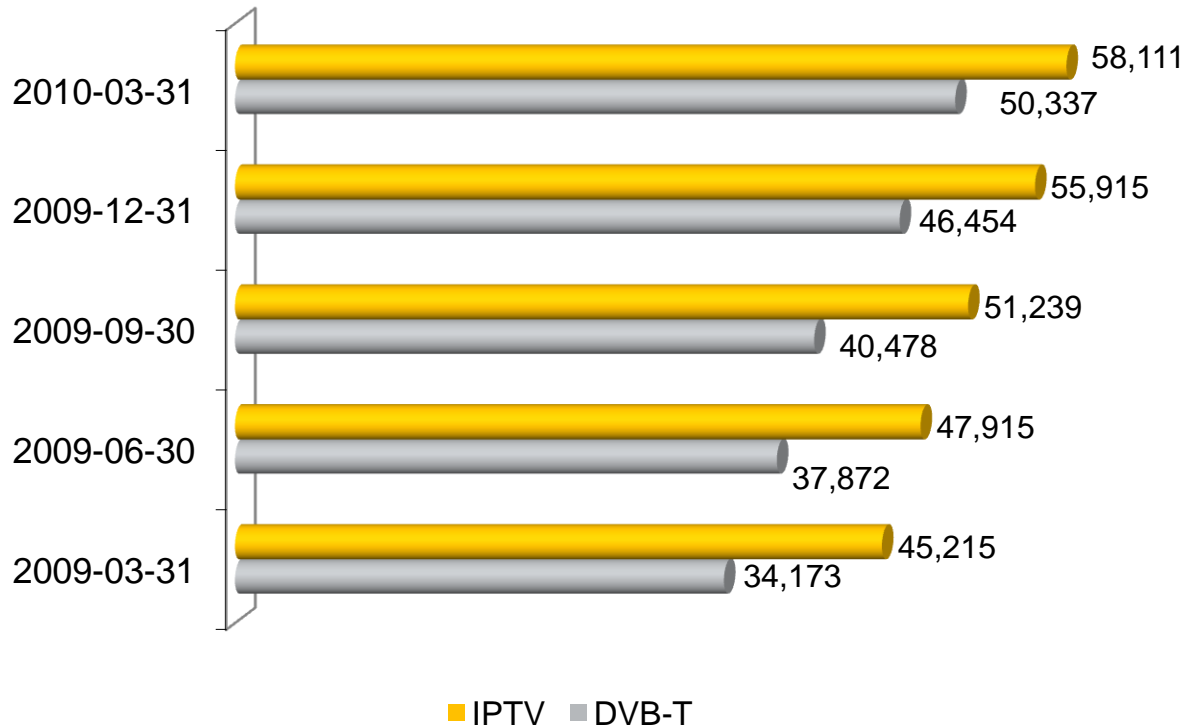
	2010-03-31	2009-03-31	Change
Number of DSL retail connections	220,678	245,748	(25,070)
Number of FTTB and FTTH connections	73,836	32,416	41,420
Number of WiFi connections	22,844	24,089	(1,245)
Number of DSL wholesale connections	1,517	2,071	(554)
Number of leased line and fiber optic connections	373	330	43
<b>Total broadband connections:</b>	<b>319,248</b>	<b>304,654</b>	<b>14,594</b>
Number of WiFi hot-spots	3,893	4,175	(282)

- From March, the Company increased the speed of FTTH Internet payment plans two-fold and introduced the new payment plan of 200 Mbps
- Also, TEO increased the speed of international Internet connections.

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# TELEVISION SERVICES

Number of television service users



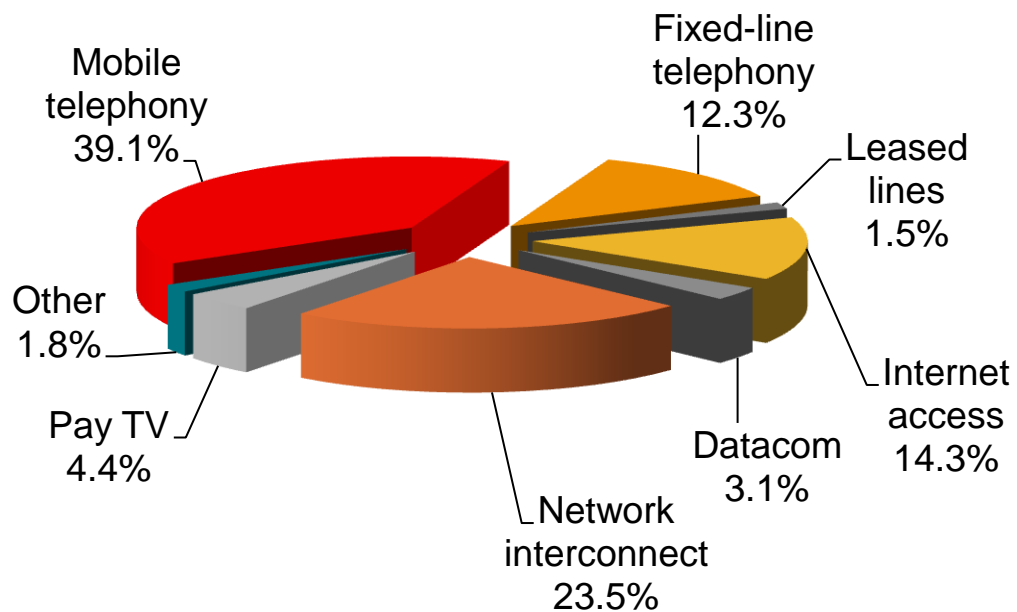
- During January-March 2010 number of television service users increased by 6.1 thousand
- On 29 October 2012 Lithuania shall switch from analogue to digital TV broadcasting

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# TELECOMMUNICATION MARKET IN LITHUANIA IN 2009

- Total revenue: LTL 2,883 million  
(2008: LTL 3,125 million)
- Change: (7.7)%
- Penetration per 100 residents:
  - fixed voice: 22.5
  - mobile voice: 149.0
  - internet: 23.9
  - fixed broadband: 19.0
  - pay TV: 16.1
- Capital investments: LTL 328 million  
(2008: LTL 454 million)

Revenue breakdown by segments



Source: Report of Communications Regulatory Authority

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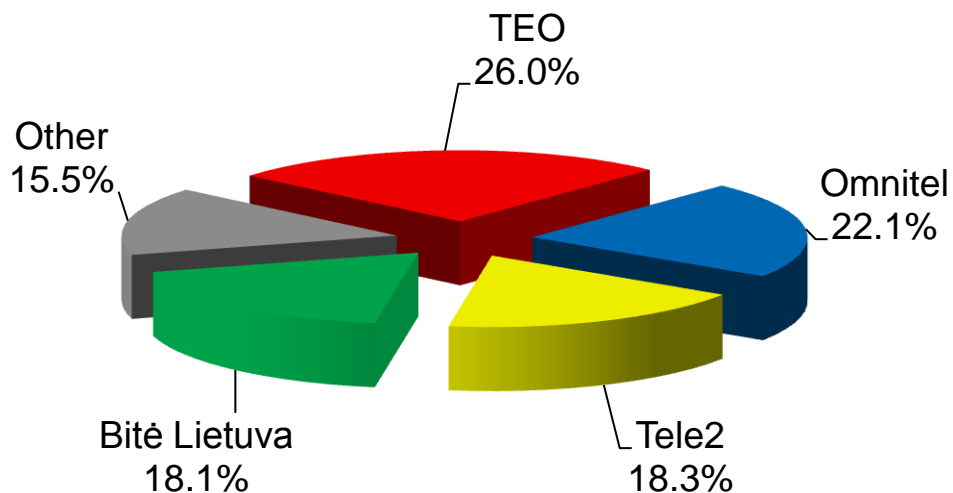
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# MAJOR PLAYERS ON TELECOMMUNICATION MARKET IN 2009

- TEO is the largest operator in Lithuania in terms of revenue
- Only 4 operators in Lithuania have a market share higher than 2%
- Total revenue of other 155 companies amounted to 15.5%
- Omnitel and TEO belongs to TeliaSonera Group
- In total, Omnitel and TEO have 48.1% of the Lithuanian telecommunications market

Revenue breakdown by operators



Source: Report of Communications Regulatory Authority

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# TEO COMPETES IN ALL AREAS EXCEPT MOBILE VOICE

Market	Market revenue for 2009 (LTL million)	Change to 2008 (%)	Number of players	TEO share in Q4 2009 (%)
Fixed voice	355	(11.2)	48	94.3
Leased lines	44	15.6	13	63.2
Internet access	412	7.4	109	39.3
Data communication	88	20.6	14	70.2
Network interconnection	677	(7.3)	>5	16.9
Pay TV	127	42.1	47	n/a
TV and radio program transmission	30	7.4	2	n/a
Mobile voice	1,126	(17.4)	3+4	-

Source: Report of Communications Regulatory Authority

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# FIXED VOICE TELEPHONY MARKET IN LITHUANIA IN 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: 52.8 thousand or 6.8% of total subscribers' number
- TEO market share (Q4 2009) in terms of:
  - total number of customers: 93.2%
  - total traffic: 96.2%
  - revenue from local calls: 99.2%
  - revenue from domestic long distance calls: 92.4%
  - revenue from international calls: 78.0%

Source: Report of Communications Regulatory Authority



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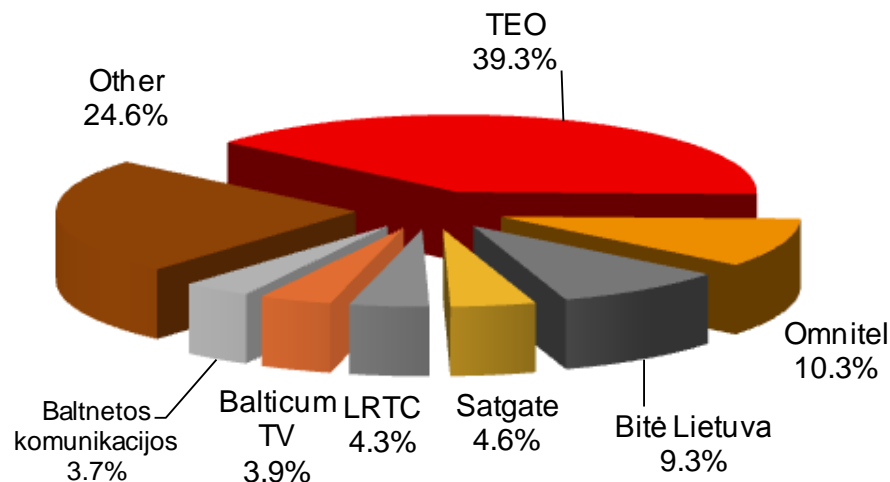


# INTERNET ACCESS MARKET IN LITHUANIA IN 2009

Access type	Number of users ('000)	Change to 2008 (%)
Fiber optics	255	56.0
DSL	228	(9.1)
Via mobile network	160	38.1
Wireless	69	16.9
Via CATV networks	53	(19.3)
Via LAN	27	(44.6)
Dial-up	2	(42.3)
Via leased-lines	1	(7.2)
<b>Total:</b>	<b>796</b>	<b>12.2</b>

Source: Report of Communications Regulatory Authority

Q4 2009 revenue by service providers



- TEO has 49.8% of broadband internet using fixed connection market in terms of revenue

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# PAY TV MARKET IN LITHUANIA IN 2009

Access type	Number of operators	Number of users ('000)	Change to 2008 (%)	Revenue Q4 2009 (mLTL)	Change to Q3 2009 (%)
Analogue CATV	47	372	(0.1)	17.3	(6.4)
<b>Digital:</b>					
Digital CATV	16	27	42.1	1.4	10.8
Digital MVDS	4	21	9.9	1.7	(2.4)
IP TV	7	58	40.7	4.1	7.7
DVB-T	2	47	76.9	3.4	25.9
Digital satellite	1	74	n/a	10.2	8.4
<b>Total digital:</b>	<b>30</b>	<b>227</b>	n/a	<b>20.8</b>	<b>9.9</b>
<b>Total:</b>		<b>599</b>	<b>22.5</b>	<b>38.1</b>	<b>1.9</b>

- TEO has 96.7% of IPTV and 99.5% of DVB-T customers; in total, 17.1% of all pay TV users

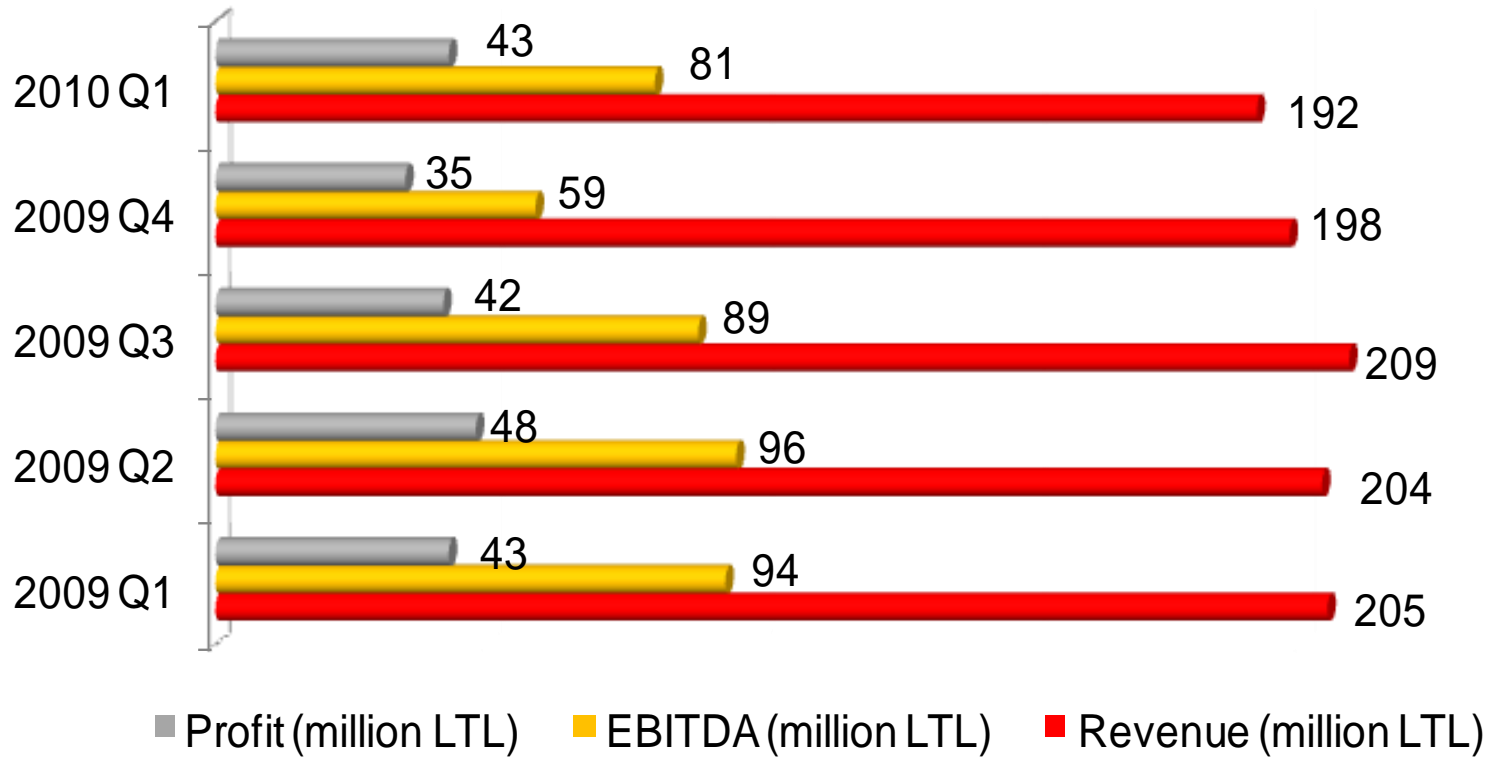
Source: Report of Communications Regulatory Authority

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# REVENUE, EBITDA & NET PROFIT



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# MAJOR FINANCIAL INDICATORS

(thousand LTL)	Q1 2010	Q1 2009	Change (%)
Revenue	191,994	205,217	(6.4)
Operating expenses	111,080	115,153	(3.5)
EBITDA	81,407	94,006	(13.4)
EBITDA margin	42.4	45.8	
Depreciation and amortization	32,887	37,439	(12.2)
Operating profit	48,520	56,567	(14.2)
Operating profit margin	25.3	27.6	
Net profit	43,049	43,463	(1.0)
Profit margin	22.4	21.2	
Earnings per share (LTL)	0.06	0.06	(1.0)

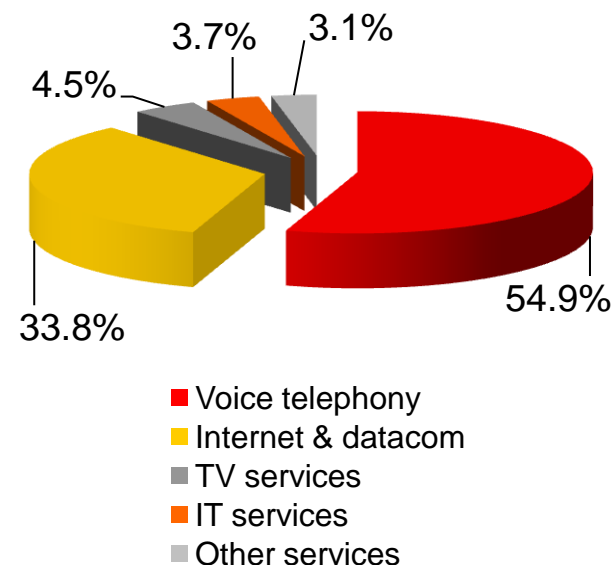


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# REVENUE

(thousand LTL)	3 months of 2010	3 months of 2009	Change (%)
Voice telephony services	105,366	118,307	(10.9)
Internet & data communications services	64,905	70,508	(7.9)
TV services	8,705	6,241	39.5
IT services	7,132	4,897	45.6
Other services	5,886	5,264	11.8
<b>Total:</b>	<b>191,994</b>	<b>205,217</b>	<b>(6.4)</b>

Breakdown of revenue for 3 months of 2010



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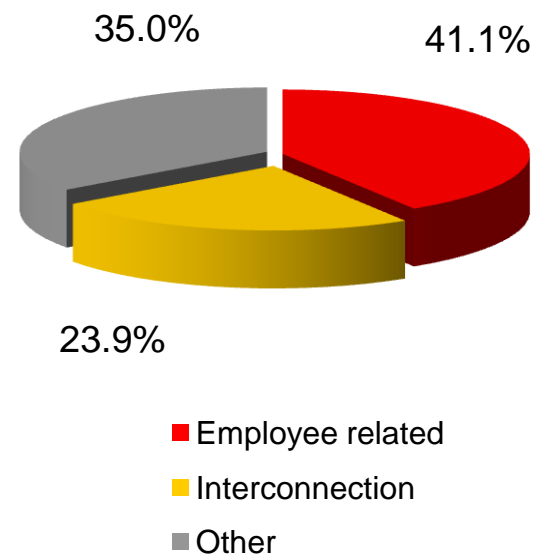
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# OPERATING EXPENSES

(thousand LTL)	3 months of 2010	3 months of 2009	Change (%)
Employee related	38,875	46,712	(16.8)
Interconnection	26,558	24,995	6.3
Other	45,647	43,446	5.1
<b>Total:</b>	<b>111,080</b>	<b>115,153</b>	<b>(3.5)</b>

Breakdown of expenses for 3 months of 2010

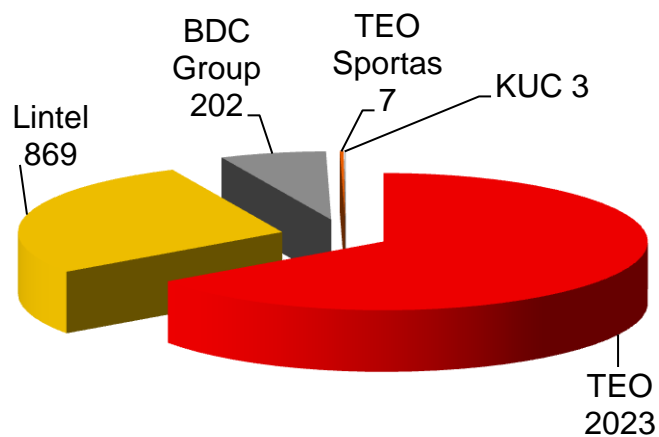


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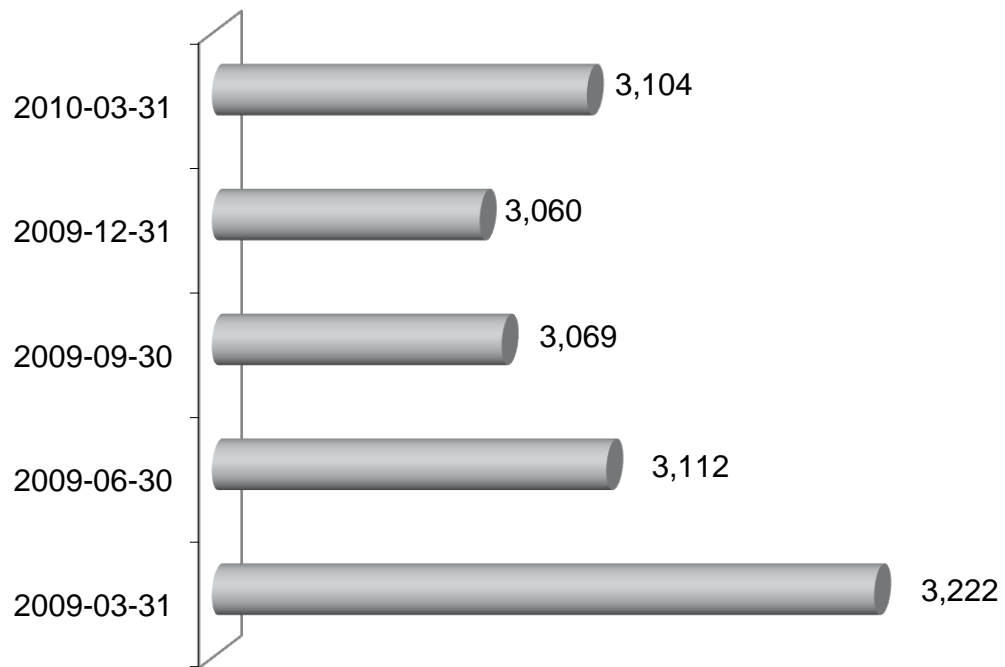


# EMPLOYEES

Breakdown of TEO Group employees (31-03-2010)



Number of TEO Group employees



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# BALANCE SHEET

(thousand LTL)	2010-03-31	2009-12-31	Change (%)
Total assets	1,160,330	1,150,717	0.8
Cash, held-to-maturity investments, loans to banks	332,120	307,242	8.1
Equity	1,069,683	1,026,634	4.2
Borrowings	5,896	6,163	(4.3)
Net debt	(326,224)	(301,079)	
Gearing ratio	(30.5)%	(29.3)%	
ROAA	17.0%	17.6%	
ROE	16.9%	16.9%	

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# CASH FLOW

(thousand LTL)	3 months of 2010	3 months of 2009
Net cash from operating activities	61,937	61,925
Net cash used in investing activities	(14,296)	(72,134)
Net cash used in financing activities	(267)	(205)
Increase in cash and cash equivalents	47,374	(10,414)

- Capital investments during January-March 2010 amounted to LTL 19.1 million
- LTL 17.8 million were invested into development of network, LTL 0.8 million into buildings and LTL 0.5 million into IT systems
- The Board proposed to pay dividends of LTL 163 million for the year 2009 (i.e. 0.21 litas per share)
- Annual General Meeting will be held on 26 April 2010
- Shareholders who on 10 May 2010 will be on the shareholders list of the Company will have a right to dividends

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# SHAREHOLDERS OF TEO

	Part of share capital		Part of votes
	2010-03-31	2009-12-31	2010-03-31
Amber Teleholding A/S (Denmark)	60.00%	60.00%	62.94%
TeliaSonera AB (publ) (Sweden)	4.90%	4.90%	5.14%
East Capital (Sweden)	5.89%	4.89%	6.18%
Treasury stocks	4.67%	4.67%	-
State of Lithuania	0.48%	0.51%	0.51%
Other shareholders	24.06%	25.03%	25.23%

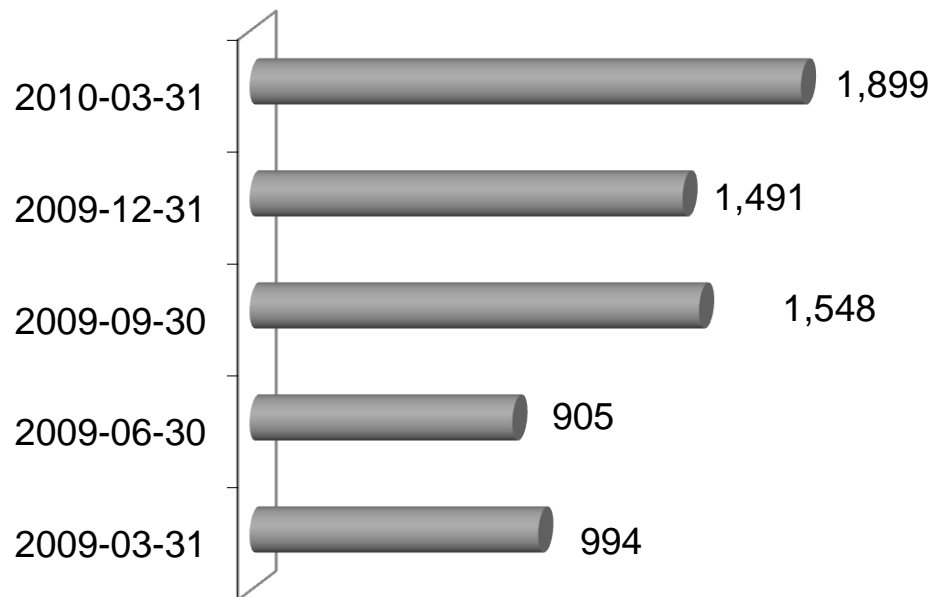
- As Amber Teleholding is a subsidiary of TeliaSonera, in total TeliaSonera Group has 64.90% of share capital and 68.08% of votes
- The Board proposed to the AGM to decided whether to cancel or sell treasury stocks
- TEO Global Depository Receipt (GDR) program will be terminated as of 1 July 2010. One GDR represents 10 ordinary shares
- As of 31 March 2010 Global Depository Receipts amounted to 3.71% of total share capital

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# TEO SHARES

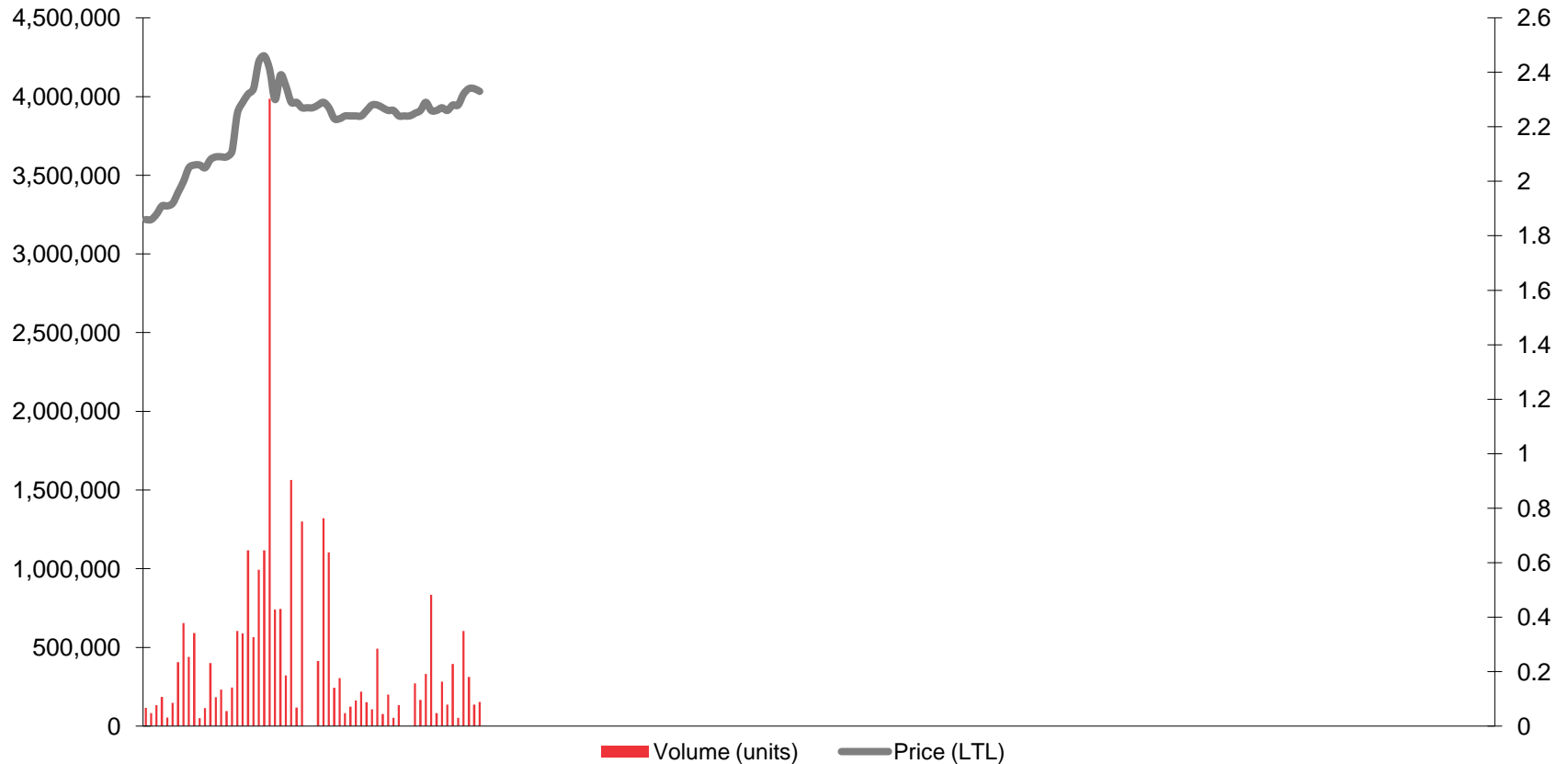
- Shares are listed on NASDAQ OMX Vilnius stock exchange (ticker: TEO1L)
- Global Depository Receipts are traded on London Stock Exchange (ticker: TEOL).
- Share price on NASDAQ OMX Vilnius:
  - start of 2010: LTL 1.86
  - low: LTL 1.85
  - high: LTL 2.47
  - end of March 2010: LTL 2.33
- Turnover on NASDAQ OMX Vilnius stock exchange during January-March 2010: 26.8 million shares or LTL 60.9 million

Market Capitalisation (LTL million)



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# TRADING IN TEO SHARES ON NASDAQ OMX VILNIUS STOCK EXCHANGE IN 2010

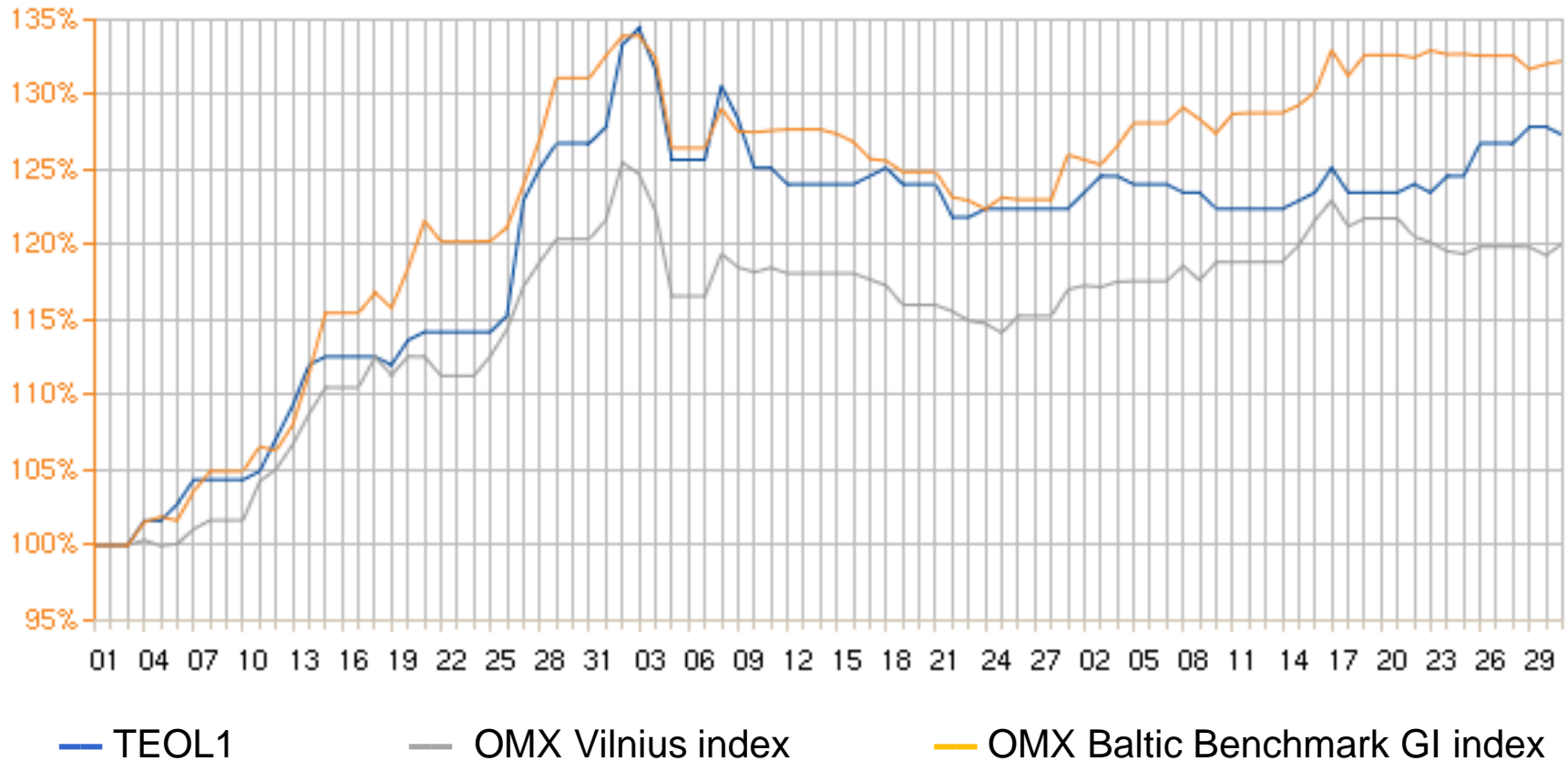


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# TEO SHARE AND NASDAQ OMX VILNIUS STOCK EXCHANGE INDEXES COMPARISON

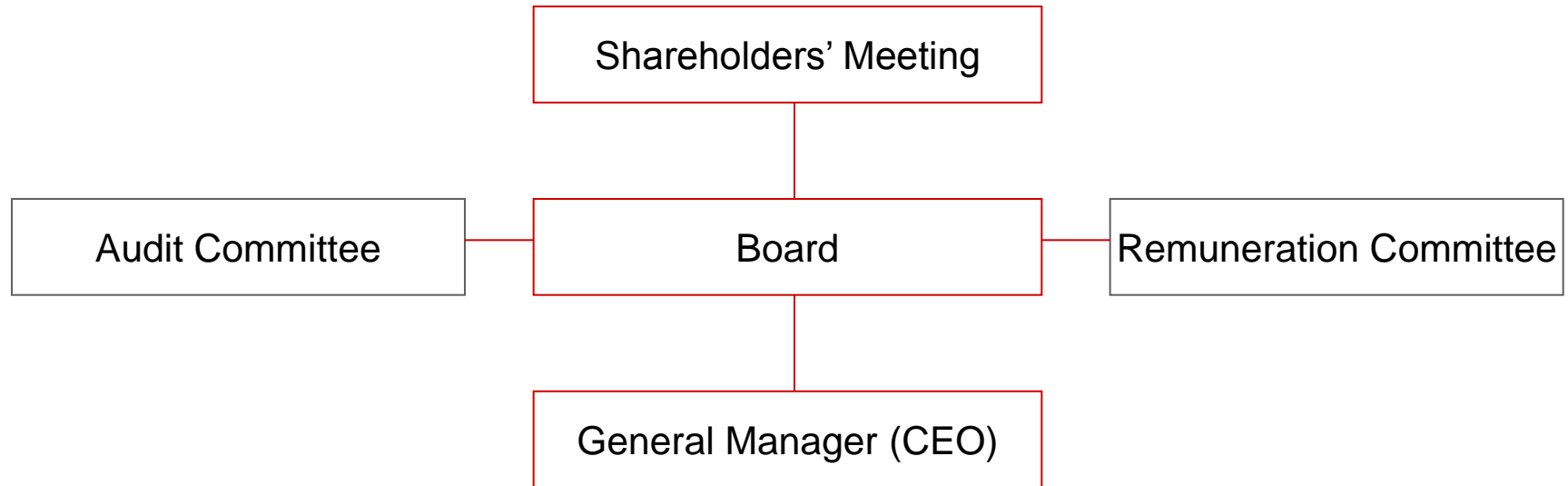


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# TEO CORPORATE GOVERNANCE



- The Annual General Meeting of Shareholders will be held on 26 April 2010
- The Board proposes to elect UAB PricewaterhouseCoopers as the Company's auditor
- As a member of the Board Anders Gylder will resign from the Board as of 26 April 2010 it is proposed to elect Malin Frenning, a Vice President of Business Area Broadband Services of TeliaSonera AB (publ), to the Board for the current term of the Board

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# 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

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

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THANK YOU FOR YOUR  
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