

RESULTS FOR THE SIX MONTHS OF 2010

TEO LT, AB GROUP

19-07-2010

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HIGHLIGHTS OF 6 MONTHS OF 2010

- Revenue declined by 5.3%
- EBITDA margin stood at 41.2%
- Net profit amounted to LTL 84 million
- Number of fibre-optical connections exceeded 85 thousand
- Total number of TV service users reached 114 thousand
- Dividends of LTL 0.21 per share for the year 2009 were paid in May
- AGM decided to cancel treasury stocks
- TEO closed its GDRs program on 1 July 2010 and delisted from the London Stock Exchange
- Malin Frenning was elected to the Board instead of the resigned member of the Board



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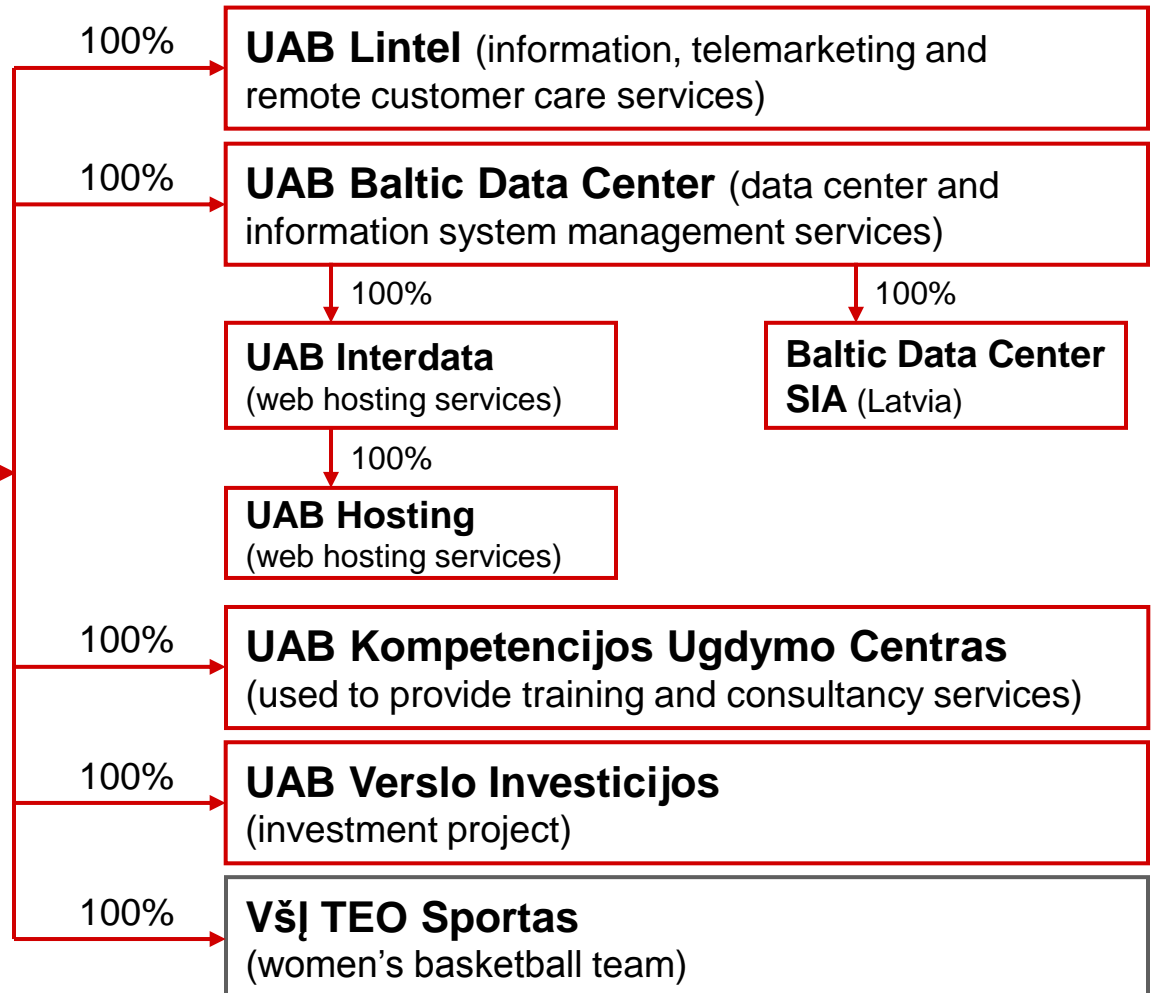


TEO GROUP

TEO LT, AB

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

- The Board allowed to sell TEO Sportas
- In July, TEO established a non-profit organisation for management of the Communications History Museum



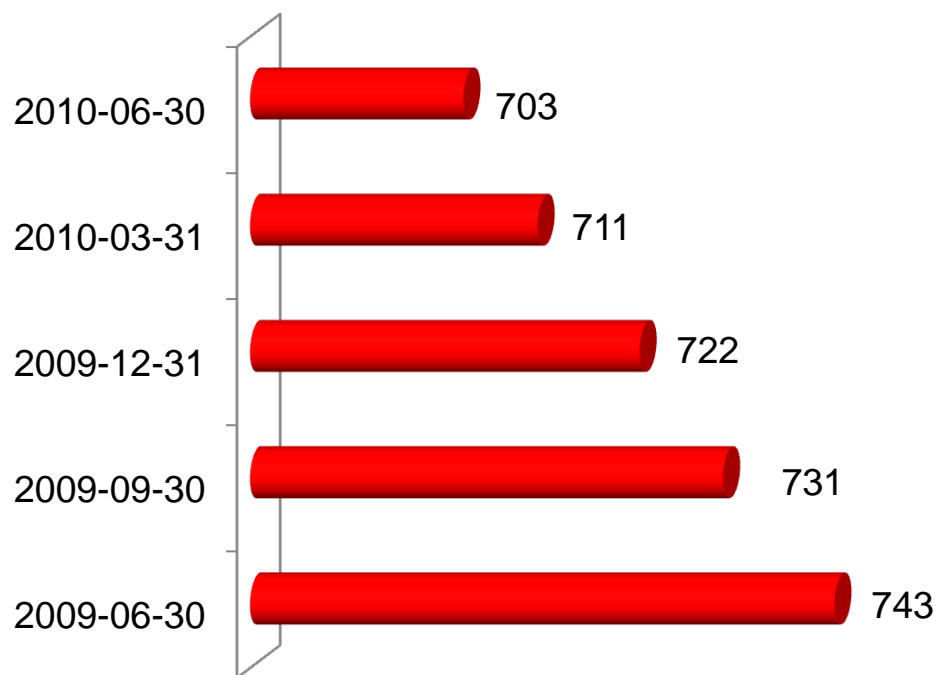
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VOICE TELEPHONY SERVICES

Number of telephone lines (thou.)



- During January-June 2010, the total number of main telephone lines in service decreased by 18.6 thousand
- Traffic volume generated by residential customers decreased by 1%, while traffic volume of business customers down by 17.2%
- In February TEO offered lower prices for calls to mobile and other fixed networks of Lithuania for residential and business customers using flat-fee payment plans, and from June – free calls to mobile network of Omnitel

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FASTER INTERNET PLANS FOR RESIDENTIAL CUSTOMERS

Internet plan	Monthly fee (incl. VAT)	Internet speed in Lithuania/abroad (Mbps)	
		Fiber optic (FTTH/FTTB) access	Copper (DSL) access
'Mega'	LTL 99.90	up to 200 / 80	--
'Premium'	LTL 79.90	up to 100 / 40	up to 12
'Optimal'	LTL 49.90	up to 80 / 20	up to 8
'Basic'	LTL 36.90	up to 20 / 5	up to 4
'24 hours'	LTL 9.90	up to 10 / 1	up to 1

- From March, TEO increased the speed of Internet access over fiber optic (FTTH/FTTB) and from May – for DSL access users
- Internet speed in Lithuania and abroad for DSL access users became the same
- New Internet plans: 200 Mbps speed over fiber optics and flexible payment plan '24 hours'
- TEO doubled the speed of its international Internet connections up to 45 Gbps

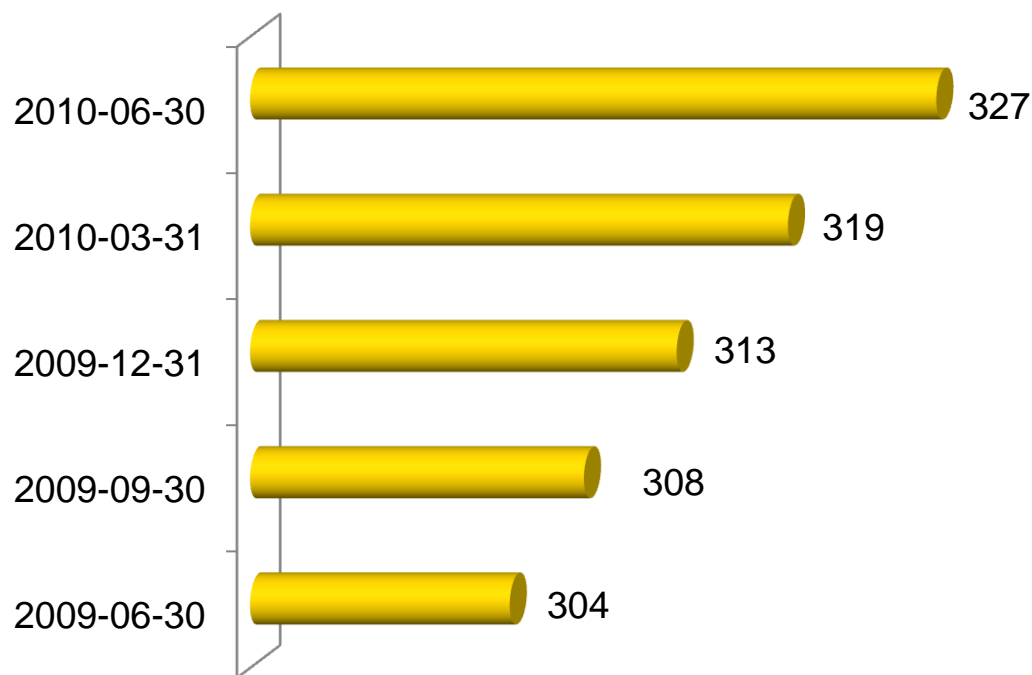
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INTERNET SERVICES

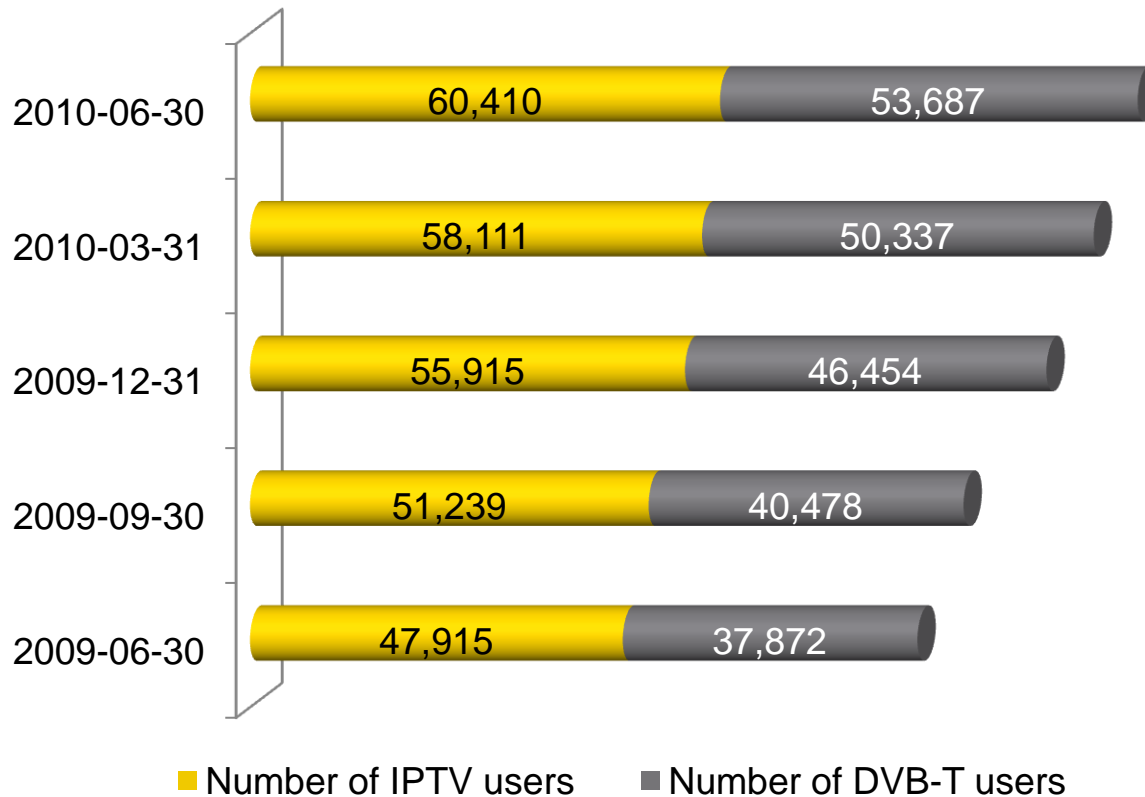
Number of broadband connections (thou.)



- During January-June 2010, the total number of broadband connections increased by 13.5 thousand
- 85 thousand of fiber optical (FTTB, FTTH) connections
- 25 thousand WiFi connection users
- 3,899 WiFi hot-spots network – the largest in the country
- 43% of Lithuania's direct international Internet traffic goes through TEO connections

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TELEVISION SERVICES



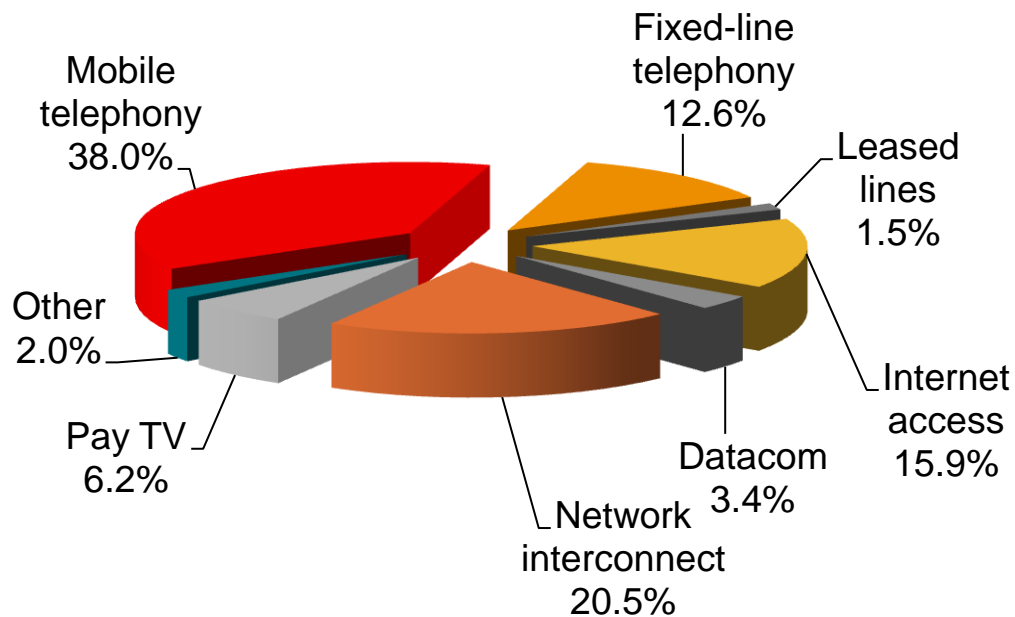
- During January-June 2010 the total number of television service users increased by 11.7 thousand and exceeded 114 thousand
- From May, IPTV users could record and replay programs and movies of 77 TV channels
- On 29 October 2012 Lithuania shall switch from analogue to digital TV broadcasting

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TELECOMMUNICATION MARKET IN LITHUANIA (Q1 2010)

- Total revenue: LTL 628 million
(Q1 2009: LTL 714 million)
- Change: (11.9)%
- Penetration per 100 residents:
 - fixed voice: 22.2
 - mobile voice: 144.8
 - Internet: 24.3
 - fixed broadband: 19.3
 - pay TV: 16.9
- Capital investments: LTL 48 million
(Q1 2009: LTL 68 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 Q1 2010 (LTL million)	Change from Q1 2009 (%)	Number of players	TEO share in Q1 2010 (%)
Fixed voice	79	(16.7)	48	94.5
Leased lines	9	(22.4)	13	63.8
Internet access	100	(2.2)	108	39.4
Data communication	21	(6.7)	14	69.3
Network interconnection	127	(15.3)	>5	23.2
Pay TV	39	59.0	48	n/a
TV and radio program transmission	7	(2.8)	2	n/a
Mobile voice	239	(18.4)	3+4	-

Source: Report of Communications Regulatory Authority

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FIXED VOICE TELEPHONY MARKET IN LITHUANIA (Q1 2010)

- 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: 47.7 thousand or 6.3% of total subscribers' number
- TEO market share (Q1 2010) in terms of:
 - total number of customers: 93.7%
 - total traffic: 96.6%
 - revenue from local calls: 99.2%
 - revenue from domestic long distance calls: 85.4%
 - revenue from international calls: 78.1%

Source: Report of Communications Regulatory Authority



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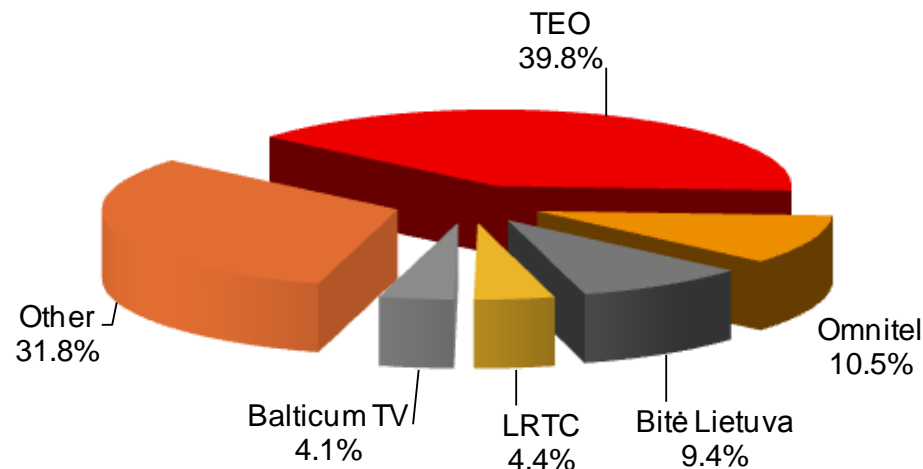


INTERNET ACCESS MARKET IN LITHUANIA (Q1 2010)

Access type	Number of users ('000)	Change from Q1 2009 (%)
Fiber optics	267	38.4
DSL	223	(10.3)
Via mobile network	165	14.7
Wireless	73	19.2
Via CATV networks	51	(20.8)
Via LAN	27	(29.3)
Dial-up	2	(38.0)
Via leased-lines	1	(11.7)
Total:	809	7.4

Source: Report of Communications Regulatory Authority

Q1 2010 revenue by service providers



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

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PAY TV MARKET IN LITHUANIA (Q1 2010)

Access type	Number of operators	Number of users ('000)	Change to Q4 2009 (%)	Revenue Q1 2010 (mLTL)	Change to Q4 2010 (%)
Analogue CATV	48	370	(0.7)	18.3	5.8
Digital:					
Digital CATV	16	29	10.1	1.6	16.6
Digital MVDS	4	21	(1.1)	1.5	(9.9)
IP TV	7	60	4.3	4.4	7.5
DVB-T	2	51	8.4	3.9	13.5
Digital satellite	1	76	2.6	9.2	(10.2)
Total digital:	30	237	4.8	20.6	(1.0)
Total:		607	1.4	38.9	2.3

- TEO has 96.3% of IPTV and 99.4% of DVB-T customers; in total, 17.9% of all pay TV users

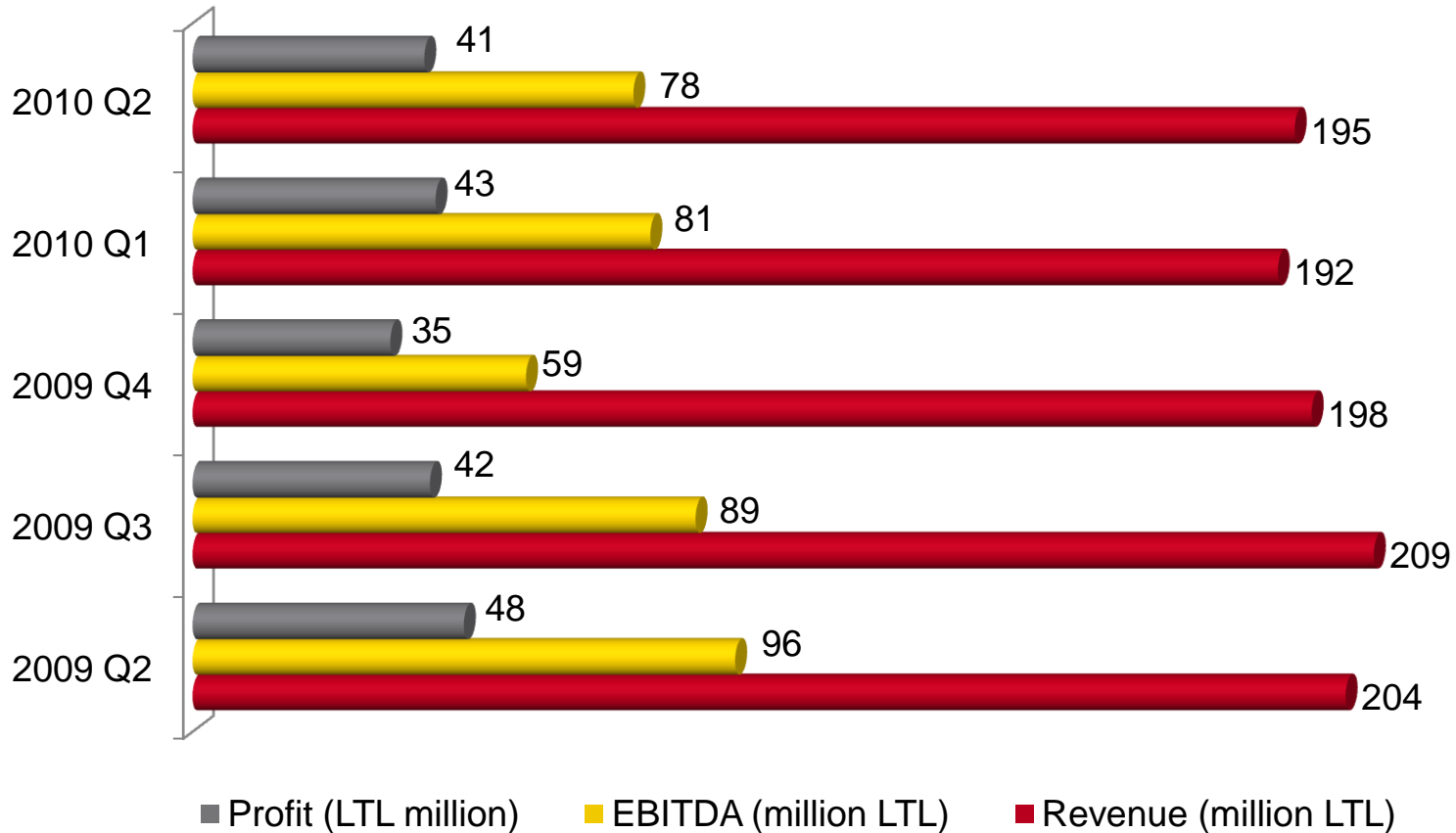
Source: Report of Communications Regulatory Authority

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REVENUE, EBITDA & NET PROFIT



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MAJOR FINANCIAL INDICATORS

(thousand LTL)	Q2 2010	Q2 2009	Change (%)	H1 2010	H1 2009	Change (%)
Revenue	195,003	203,647	(4.2)	386,997	408,864	(5.3)
Operating expenses	116,971	110,668	5.7	228,051	225,821	1.0
EBITDA	78,177	95,947	(18.5)	159,584	189,953	(16.0)
EBITDA margin	40.1%	47.1%		41.2%	46.5%	
Depreciation and amortization	32,511	35,399	(8.2)	65,398	72,838	(10.2)
Operating profit	45,666	60,548	(24.6)	94,186	117,115	(19.6)
Operating profit margin	23.4%	29.7%		24.3%	28.6%	
Net profit	40,504	48,426	(16.4)	83,553	91,889	(9.1)
Profit margin	20.8%	23.8%		21.6%	22.5%	
Earnings per share (LTL)	0.052	0.062	(16.4)	0.108	0.118	(9.1)

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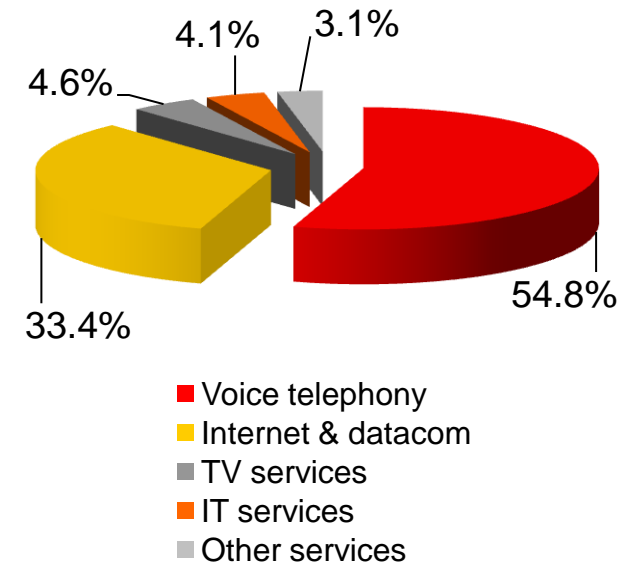
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REVENUE

(thousand LTL)	H1 2010	H1 2009	Change (%)
Voice telephony services	212,140	232,528	(8.8)
Internet & data communications services	129,373	140,226	(7.7)
TV services	17,775	12,715	39.8
IT services	15,774	10,519	50.0
Other services	11,935	12,879	(7.3)
Total:	386,997	408,864	(5.3)

Breakdown of revenue
H1 2010

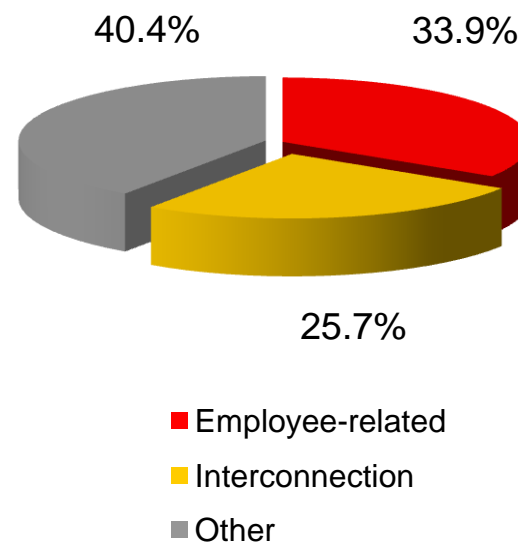


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OPERATING EXPENSES

(thousand LTL)	H1 2010	H1 2009	Change (%)
Employee-related	77,407	86,278	(10.3)
Interconnection	58,557	51,522	13.7
Other	92,087	88,020	4.6
Total:	228,051	225,820	1.0

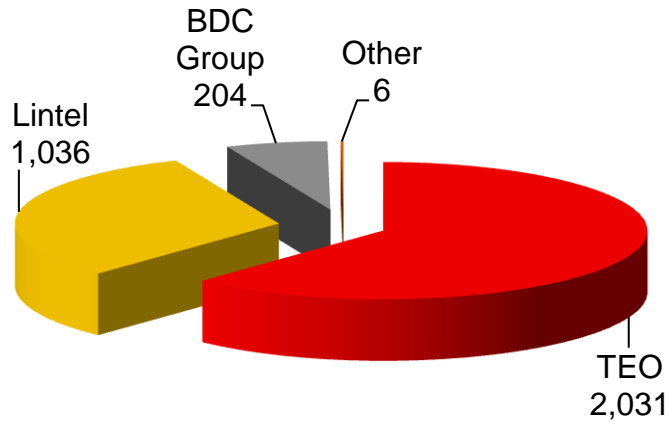
Breakdown of expenses
H1 2010



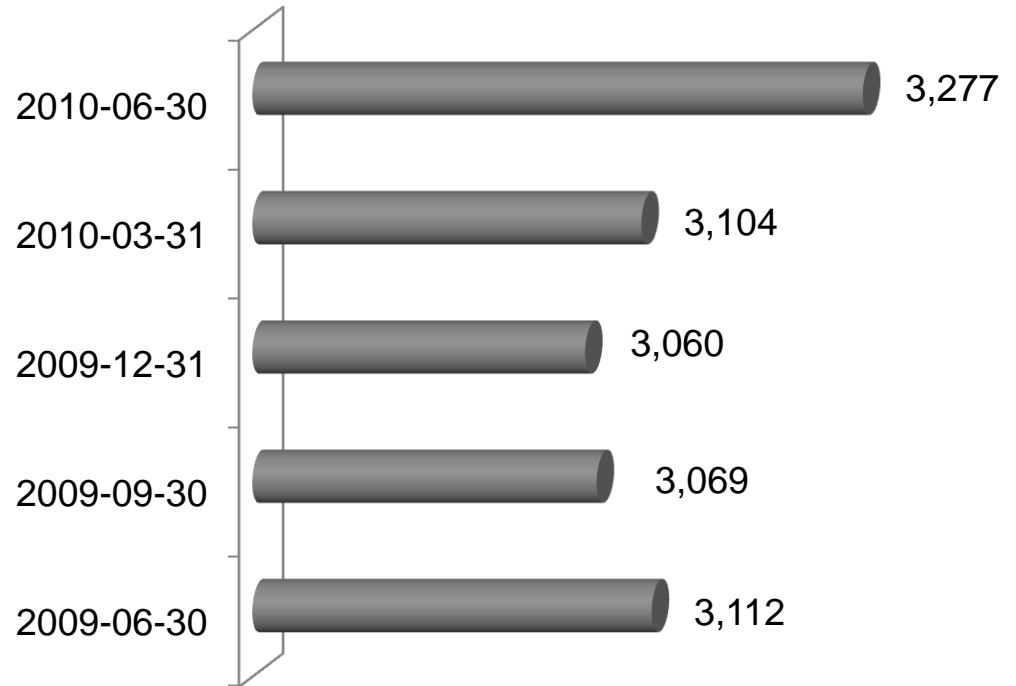
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EMPLOYEES

Breakdown of TEO Group employees (30-06-2010)



Number of TEO Group employees



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BALANCE SHEET

(thousand LTL)	2010-06-30	2009-12-31	Change (%)
Total assets	1,045,817	1,150,717	(9.1)
Cash, held-to-maturity investments, loans to banks	219,211	307,242	(28.7)
Equity	947,055	1,026,634	(7.8)
Borrowings	5,630	6,163	(8.6)
Net debt	(213,581)	(301,079)	
Gearing ratio	(22.6)%	(29.3)%	
ROAA	15.6%	17.6%	
ROE	16.1%	16.9%	

- The AGM decided to cancel treasury shares and reduced share capital by LTL 38.1 million
- Share capital will be reduced to LTL 776.8 million in H2 2010

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CASH FLOW

(thousand LTL)	H1 2010	H1 2009
Net cash from operating activities	144,188	137,338
Net cash used in investing activities	(3,351)	(32,067)
Net cash used in financing activities	(163,661)	(179,081)
Increase in cash and cash equivalents	(22,824)	(73,810)

- Capital investments during H1 2010 amounted to LTL 51 million
- LTL 49 million were invested into development of network, LTL 1 million into buildings and LTL 1 million into IT systems
- In May, LTL 163 million (i.e. 0.21 litas per share) of dividends for year 2009 were paid

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SHAREHOLDERS OF TEO

	Part of share capital		Part of votes
	2010-06-30	2009-12-31	2010-06-30
Amber Teleholding A/S (Denmark)	60.00%	60.00%	62.94%
TeliaSonera AB (publ) (Sweden)	4.90%	4.90%	5.14%
East Capital (Sweden)	5.52%	4.89%	5.79%
Treasury stocks	4.67%	4.67%	-
State of Lithuania	0.48%	0.51%	0.51%
Other shareholders	24.42%	25.03%	25.62%

- Amber Teleholding is a subsidiary of TeliaSonera AB, in total TeliaSonera Group holds 64.90% of share capital and 68.08% of votes
- The AGM to decided to cancel treasury stocks and reduce share capital of the Company
- TEO Global Depository Receipts (GDR) program was terminated on 1 July 2010 and GDRs were delisted from the London Stock Exchange. One GDR represented 10 ordinary shares
- As of 30 June 2010 Global Depository Receipts amounted to 0.13% of total share capital

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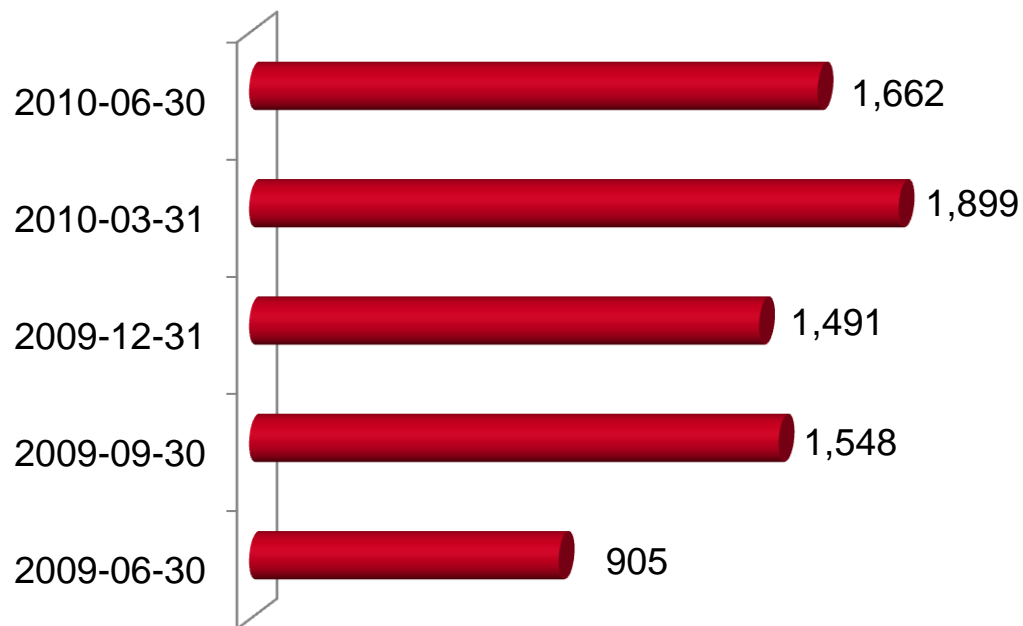
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TEO SHARES

- Shares are listed on NASDAQ OMX Vilnius stock exchange (ticker: TEO1L)
- Global Depository Receipts until 30 June 2010 were traded on the London Stock Exchange (ticker: TEOL).
- Share price on NASDAQ OMX Vilnius:
 - start of 2010: LTL 1.86
 - low: LTL 1.84
 - high: LTL 2.47
 - end of June 2010: LTL 2.04
- Turnover on NASDAQ OMX Vilnius stock exchange during H1 2010: 29.6 million shares or LTL 88.1 million

Market Capitalisation (LTL million)



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

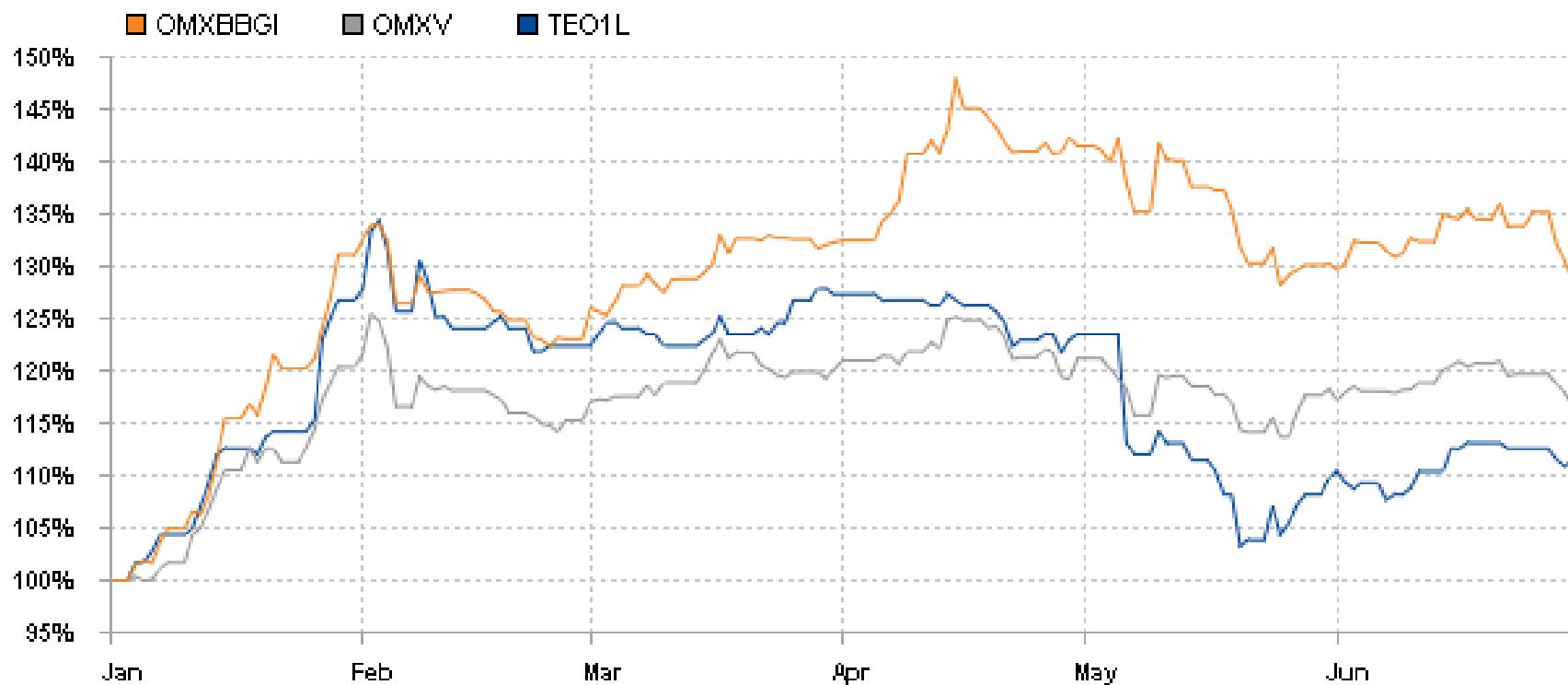


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TEO SHARE AND NASDAQ OMX VILNIUS STOCK EXCHANGE INDEXES COMPARISON



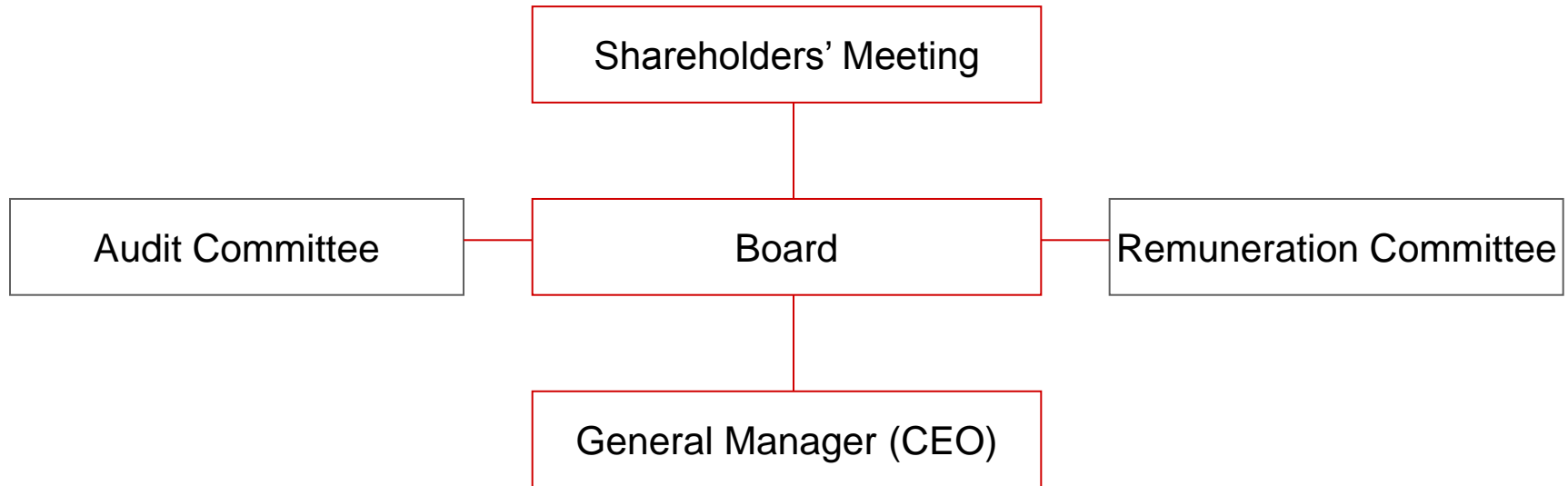
Source: NASDAQ OMX Vilnius

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TEO CORPORATE GOVERNANCE



- The Annual General Meeting of Shareholders was held on 26 April 2010
- The AGM elected UAB PricewaterhouseCoopers as the Company's auditor for 2 years
- Malin Frenning, a Vice President of Business Area Broadband Services of TeliaSonera AB, was elected to the Board for the current term of the Board as Anders Gylder resigned from the Board as of 26 April 2010

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TEO BOARD



Håkan Dahlström,
Representative of
TeliaSonera AB



Malin Frenning,
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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