

RESULTS FOR THE NINE MONTHS OF 2010

TEO LT, AB GROUP

21-10-2010

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HIGHLIGHTS OF Q3 2010

- Continuous growth of Internet and TV services users
- TEO accelerates development of FTTH network
- Total capital investment for 2010 will amount to LTL 178 million
- TEO closed its GDRs program and delisted from the London Stock Exchange
- The Company cancelled its treasury stocks and reduced share capital
- TEO disposed VŠĮ TEO Sportas (women basketball team) and established a non profit organisation for management of Communications History Museum in Kaunas
- Baltic Data Center acquired UAB Hostex



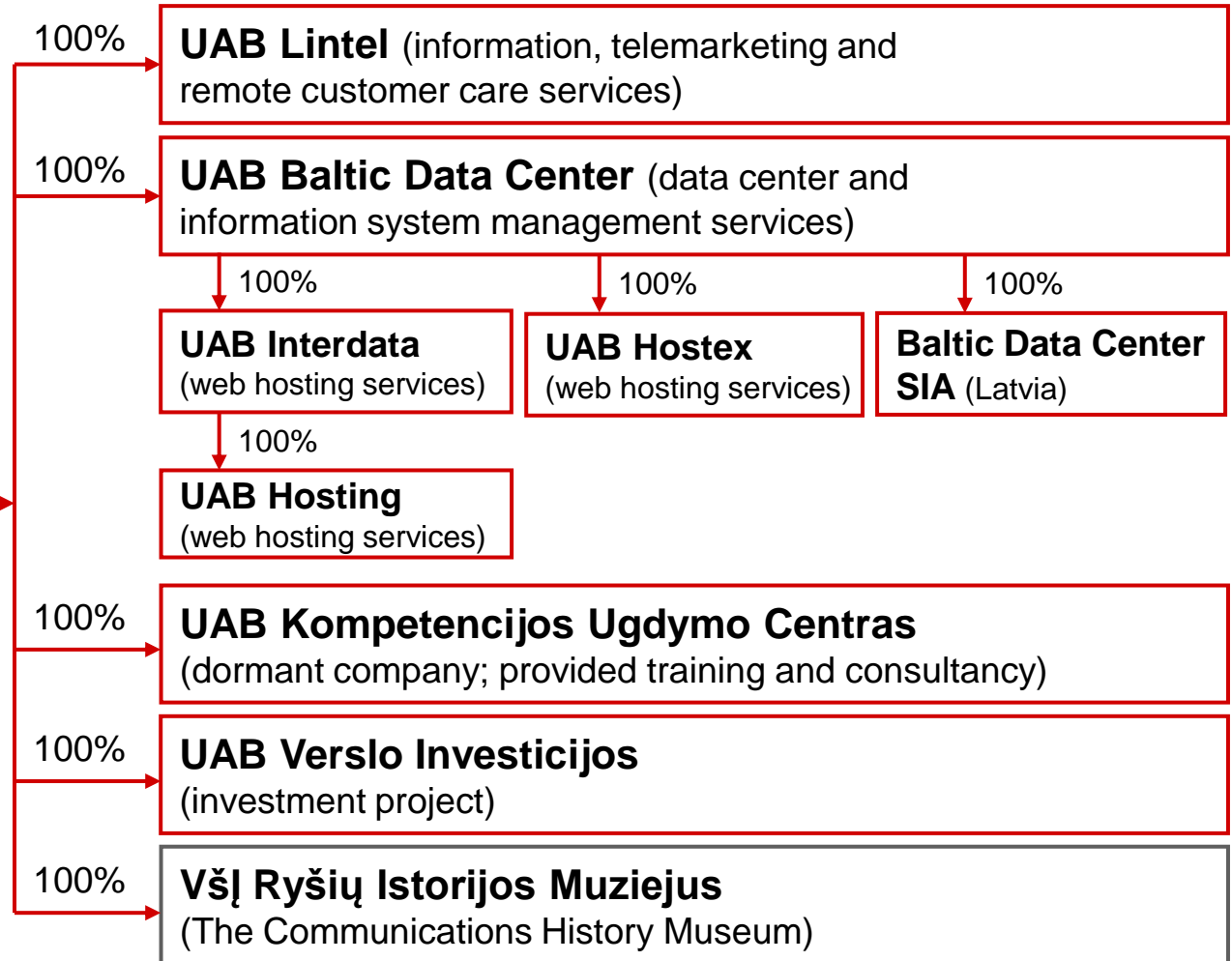
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TEO GROUP

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



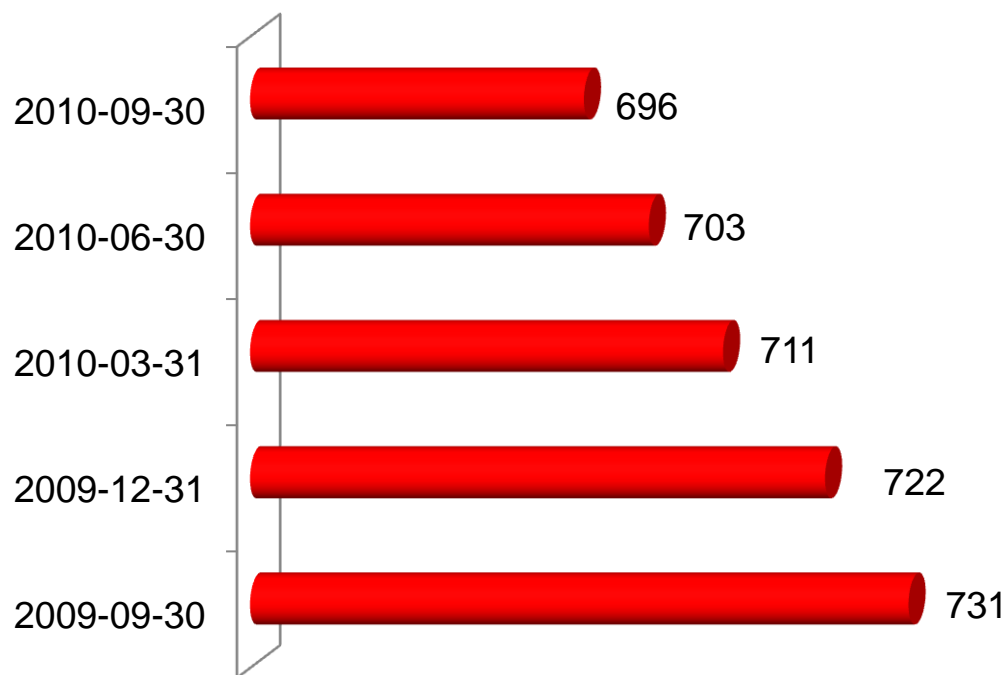
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VOICE TELEPHONY SERVICES

Number of telephone lines (thou.)



- During January-September 2010, the total number of main telephone lines in service decreased by 25.5 thousand
- Traffic volume generated by residential customers decreased by 0.4%, while traffic volume of business customers down by 15.5%
- In 2010, 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

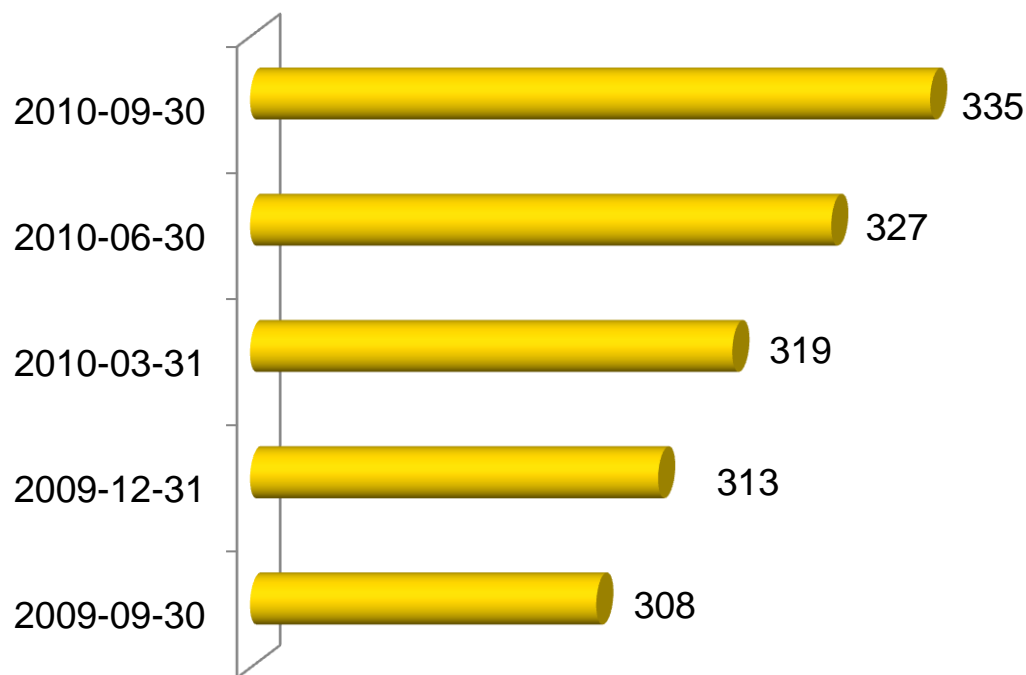
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INTERNET SERVICES

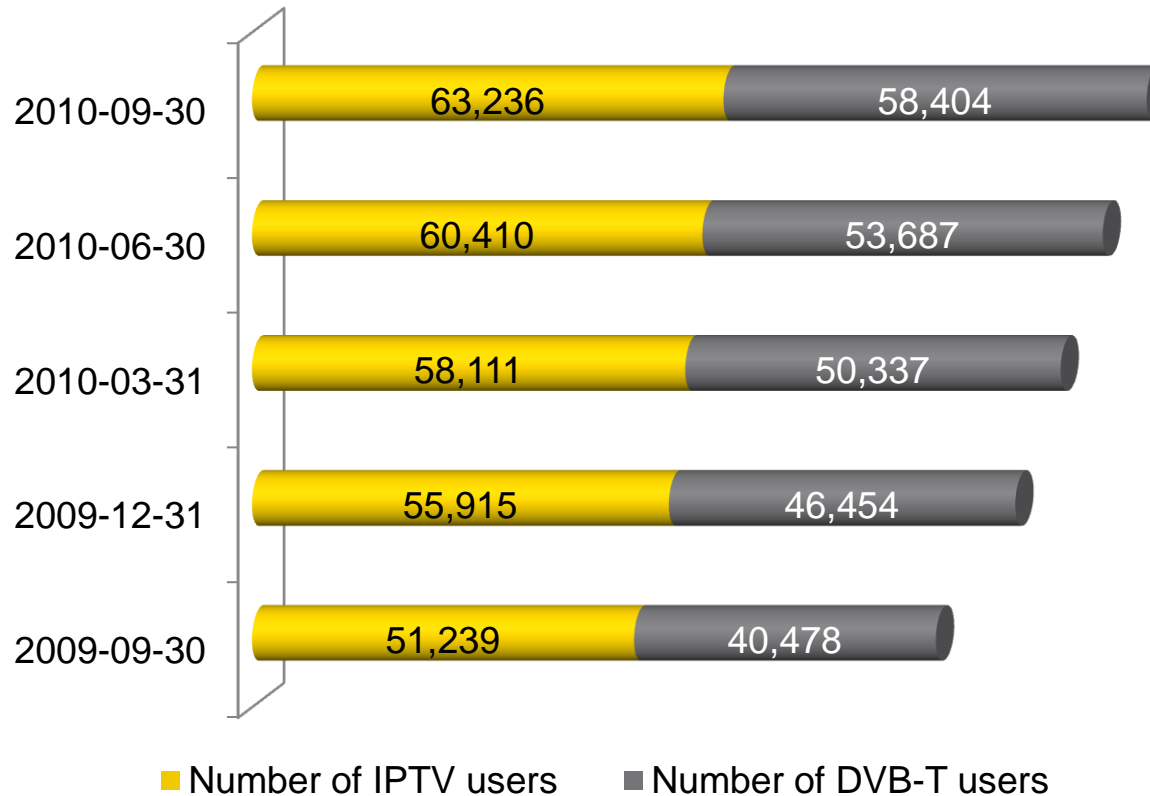
Number of broadband connections (thou.)



- During January-September 2010, the total number of broadband connections increased by 21.3 thousand
- 93 thousand of fiber optical (FTTB, FTTH) connections
- 26 thousand WiFi connection users
- 3,800 WiFi hot-spots network – the largest in the country
- 61% of Lithuania's direct international Internet traffic goes through TEO connections

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TELEVISION SERVICES

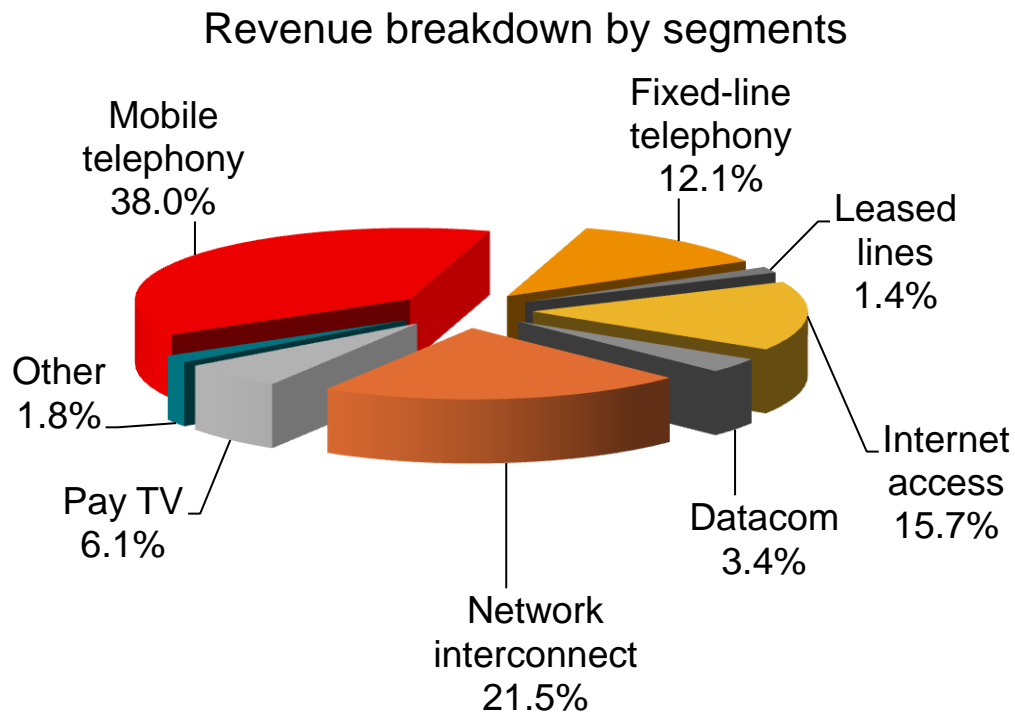


- During January-September 2010 the total number of television service users increased by 19.3 thousand and exceeded 121 thousand
- On 29 October 2012 Lithuania shall switch from analogue to digital TV broadcasting

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TELECOMMUNICATION MARKET IN LITHUANIA (H1 2010)

- Total revenue: LTL 1,282 million
(H1 2009: LTL 1,445 million)
- Change: (11.3)%
- Penetration per 100 residents:
 - fixed voice: 22.7
 - mobile voice: 146.6
 - Internet: 25.1
 - fixed broadband: 19.8
 - pay TV: 17.6
- Capital investments: LTL 109 million
(H1 2009: LTL 173 million)



Source: Report of Communications Regulatory Authority

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TEO COMPETES IN ALL AREAS EXCEPT MOBILE VOICE

Market	Market revenue for H1 2010 (LTL million)	Change from H1 2009 (%)	Number of players	TEO share in Q2 2010 (%)
Fixed voice	155	(16.4)	48	93.9
Leased lines	18	(22.3)	13	64.2
Internet access	202	(3.1)	112	39.6
Data communication	43	(3.1)	14	64.4
Network interconnection	276	(15.3)	>5	23.7
Pay TV	78	51.0	50	n/a
TV and radio program transmission	12	(18.7)	2	n/a
Mobile voice	487	(17.0)	3+4	-

Source: Report of Communications Regulatory Authority

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FIXED VOICE TELEPHONY MARKET IN LITHUANIA (H1 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: 64.5 thousand or 8.4% of total subscribers' number
- TEO market share (Q2 2010) in terms of:
 - total number of customers: 91.6%
 - total traffic: 95.9%
 - revenue from local calls: 99.1%
 - revenue from domestic long distance calls: 81.8%
 - revenue from international calls: 75.1%

Source: Report of Communications Regulatory Authority



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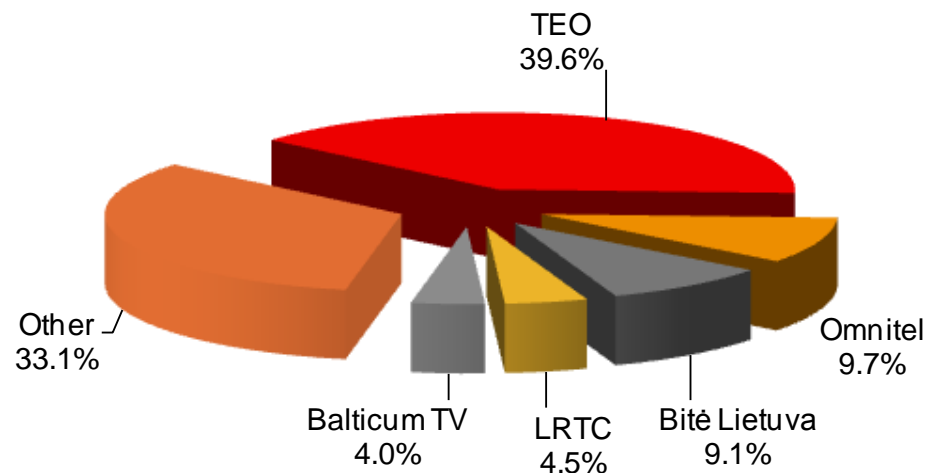


INTERNET ACCESS MARKET IN LITHUANIA (H1 2010)

Access type	Number of users ('000)	Change from H1 2009 (%)
Fiber optics	280	33.3
DSL	218	(8.9)
Via mobile network	175	19.7
Wireless	76	15.6
Via CATV networks	50	(19.9)
Via LAN	26	(16.4)
Dial-up	2	(44.4)
Via leased-lines	1	(5.8)
Total:	828	9.1

Source: Report of Communications Regulatory Authority

Q2 2010 revenue by service providers



- TEO has 50.4% of the broadband Internet using fixed connection market in terms of revenue

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PAY TV MARKET IN LITHUANIA (H1 2010)

Access type	Number of operators	Number of users ('000)	Change to H1 2009 (%)	Revenue H1 2010 (mLTL)	Change to H1 2009 (%)
Analogue CATV	50	367	(4.1)	36	(0.4)
Digital:					
Digital CATV	19	32	51.1	3	52.1
Digital MVDS	4	21	(3.8)	3	(10.6)
IP TV	8	63	27.6	9	28.8
DVB-T	2	54	42.0	8	n/a
Digital satellite	1	76	n/a	18	n/a
Total digital:	27	246	89.3	42	173.7
Total:		613	20.6	78	51.0

- TEO has 46.4% of all digital TV users and 18.6% of all pay TV users.

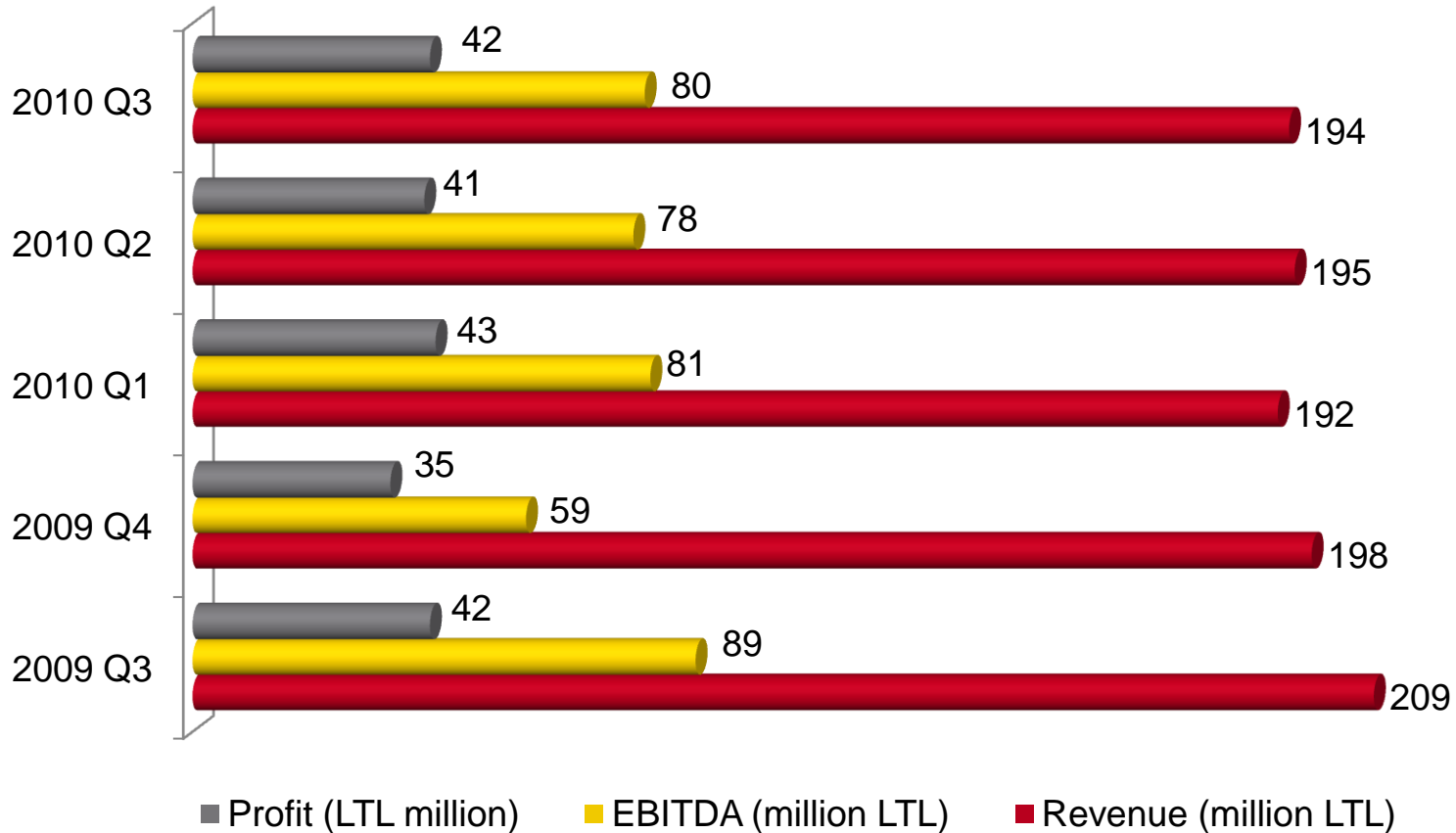
Source: Report of Communications Regulatory Authority

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REVENUE, EBITDA & NET PROFIT



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MAJOR FINANCIAL INDICATORS

(thousand LTL)	Q3 2010	Q3 2009	Change (%)	9 months of 2010	9 months of 2009	Change (%)
Revenue	193,885	208,766	(7.1)	580,882	617,630	(5.9)
Operating expenses	114,554	120,924	(5.3)	342,605	346,744	(1.2)
EBITDA	80,032	89,376	(10.5)	239,616	279,329	(14.2)
EBITDA margin	41.3%	42.8%		41.3%	45.2%	
Depreciation and amortization	32,981	34,615	(4.7)	98,379	107,453	(8.4)
Operating profit	47,051	54,761	(14.1)	141,237	171,876	(17.8)
Operating profit margin	24.3%	26.2%		24.3%	27.8%	
Net profit	41,601	42,353	(1.8)	125,154	134,242	(6.8)
Profit margin	21.5%	20.3%		21.5%	21.7%	
Earnings per share (LTL)	0.054	0.055	(1.8)	0.161	0.173	(6.8)

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REVENUE

(thousand LTL)	Q3 2010	Q3 2009	Change (%)	9 months of 2010	9 months of 2009	Change (%)
Voice telephony services	104,113	119,522	(12.9)	316,253	352,050	(10.2)
Internet & data communications services	64,127	68,596	(6.5)	193,500	208,822	(7.3)
TV services	9,489	6,946	36.6	27,264	19,661	38.7
IT services	8,825	6,726	31.2	24,600	17,245	42.6
Other services	7,331	6,976	5.1	19,265	19,852	(3.0)
Total:	193,885	208,766	(7.1)	580,882	617,630	(5.9)

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OPERATING EXPENSES

(thousand LTL)	Q3 2010	Q3 2009	Change (%)	9 months of 2010	9 months of 2009	Change (%)
Employee related	37,549	38,617	(5.3)	114,956	124,895	(8.0)
Interconnection	31,050	35,783	(2.8)	89,607	87,305	2.6
Other	45,955	46,524	(13.2)	138,042	134,544	2.6
Total:	114,554	120,924	(1.2)	342,605	346,744	(1.2)

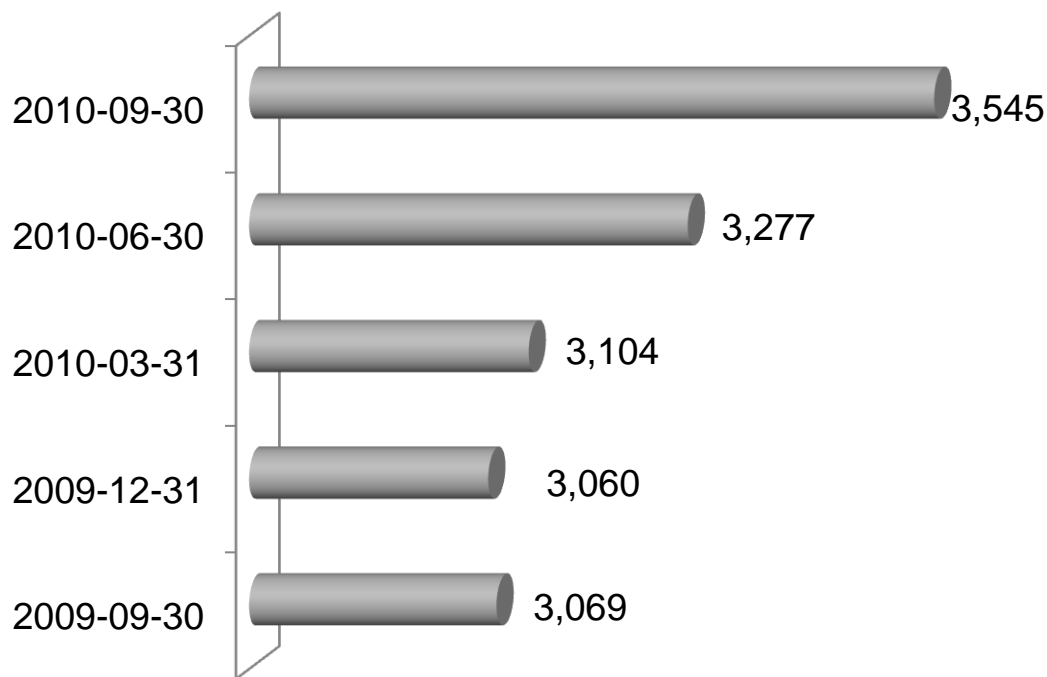
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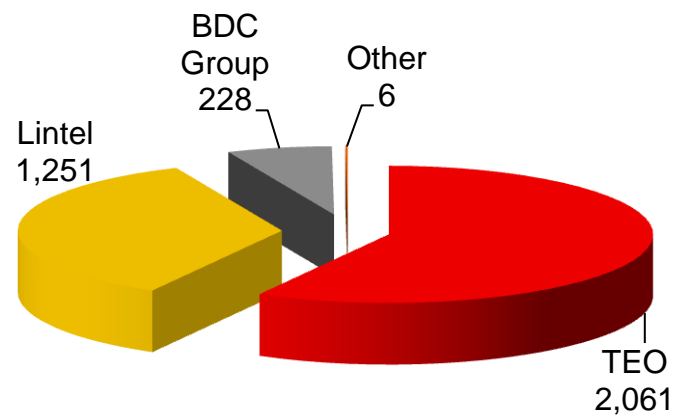


EMPLOYEES

Number of TEO Group employees



Breakdown of TEO Group employees (30-09-2010)



- Call Center of Lintel is expanding its activities and employs new consultants

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BALANCE SHEET

(thousand LTL)	2010-09-30	2009-12-31	Change (%)
Total assets	1,092,749	1,150,717	(5.0)
Cash, held-to-maturity investments, loans to banks	247,811	307,242	(19.3)
Equity	988,657	1,026,634	(3.7)
Borrowings	5,836	6,163	(5.3)
Net debt	(241,975)	(301,079)	
Gearing ratio	(24.5)%	(29.3)%	
ROAA	14.9%	17.6%	
ROE	16.1%	16.9%	

- In September 2010, following the AGM decision, 38.1 million treasury stocks were cancelled and authorised share capital was reduced by LTL 38.1 million to LTL 776.8 million

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CASH FLOW

(thousand LTL)	9 months of 2010	9 months of 2009
Net cash from operating activities	214,992	227,150
Net cash used in investing activities	(77,064)	(63,683)
Net cash used in financing activities	(163,960)	(179,292)
Increase in cash and cash equivalents	(26,032)	(15,825)

- Capital investments during 9 months of 2010 amounted to LTL 91 million
- LTL 81 million were invested into development of network, LTL 6 million into IT systems, LTL 1 million into buildings and LTL 1 million into transportation
- In 2010, total investments will amount to LTL 178 million
- 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

	2010-09-30		2010-06-30	
	Part of share capital	Part of votes	Part of share capital	Part of votes
Amber Teleholding A/S (Denmark)	62.94%	62.94%	60.00%	62.94%
TeliaSonera AB (publ) (Sweden)	5.14%	5.14%	4.90%	5.14%
East Capital (Sweden)	5.94%	5.94%	5.52%	5.79%
Treasury stocks	--	--	4.67%	--
State of Lithuania	0.44%	0.44%	0.48%	0.51%
Other shareholders	25.54%	25.54%	24.42%	25.62%

- In September treasury stocks were cancelled and total share capital was reduced
- Part of share capital of all shareholders increased and became the same as part of votes
- Amber Teleholding is a subsidiary of TeliaSonera AB, in total TeliaSonera Group holds 68.08% of share capital and votes
- 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

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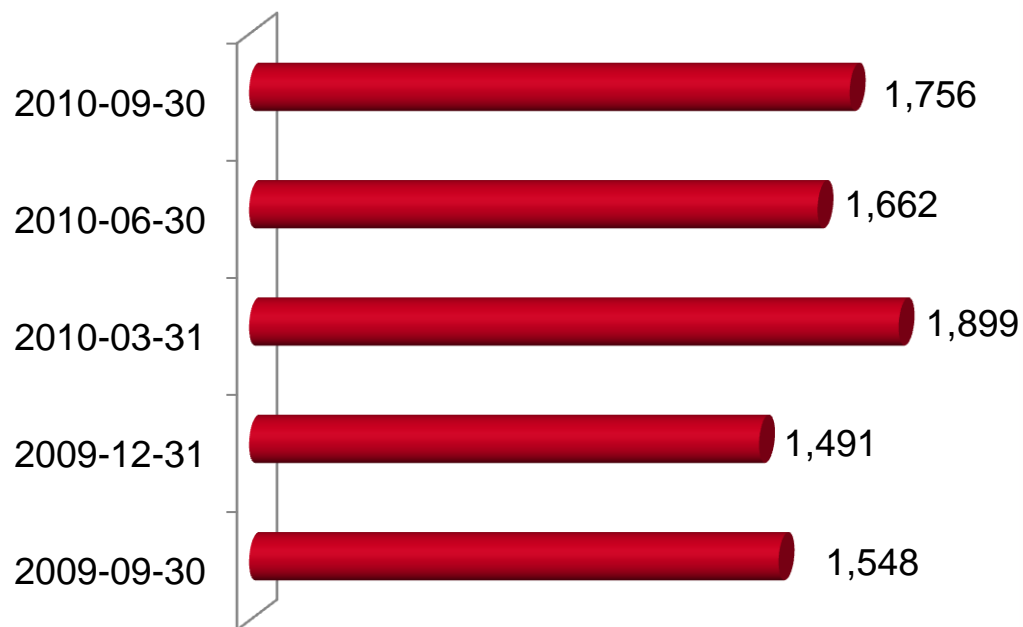
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TEO SHARES

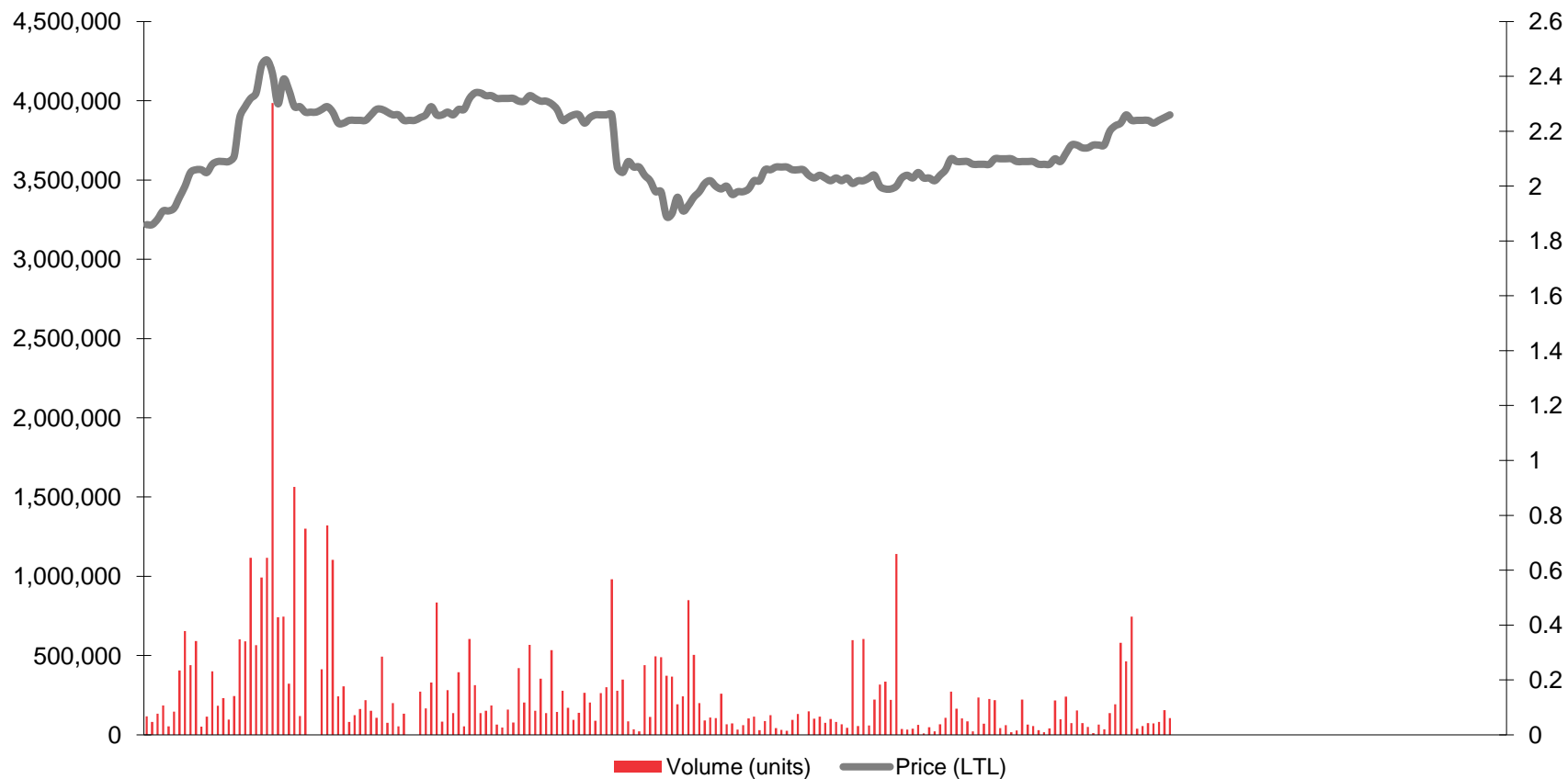
- Shares are listed on NASDAQ OMX Vilnius stock exchange (ticker: TEO1L)
- Global Depository Receipts until 30 June 2010 were traded on the London Stock Exchange (ticker: TEOL).
- Share price on NASDAQ OMX Vilnius:
 - start of 2010: LTL 1.86
 - low: LTL 1.84
 - high: LTL 2.47
 - end of September 2010: LTL 2.26
- Turnover on NASDAQ OMX Vilnius stock exchange during 9 months of 2010: 49.6 million shares or LTL 109.1 million

Market Capitalisation (LTL million)



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

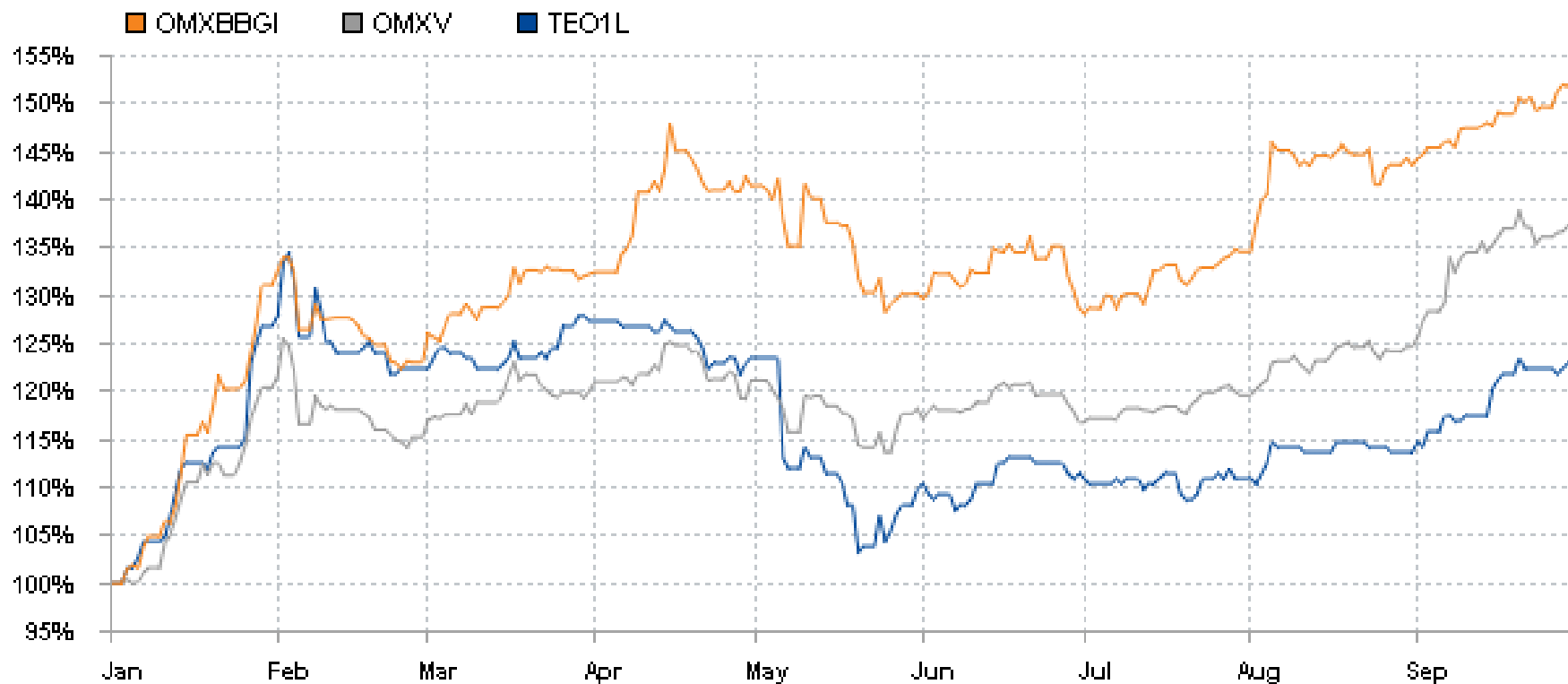


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TEO SHARE AND NASDAQ OMX VILNIUS STOCK EXCHANGE INDEXES COMPARISON



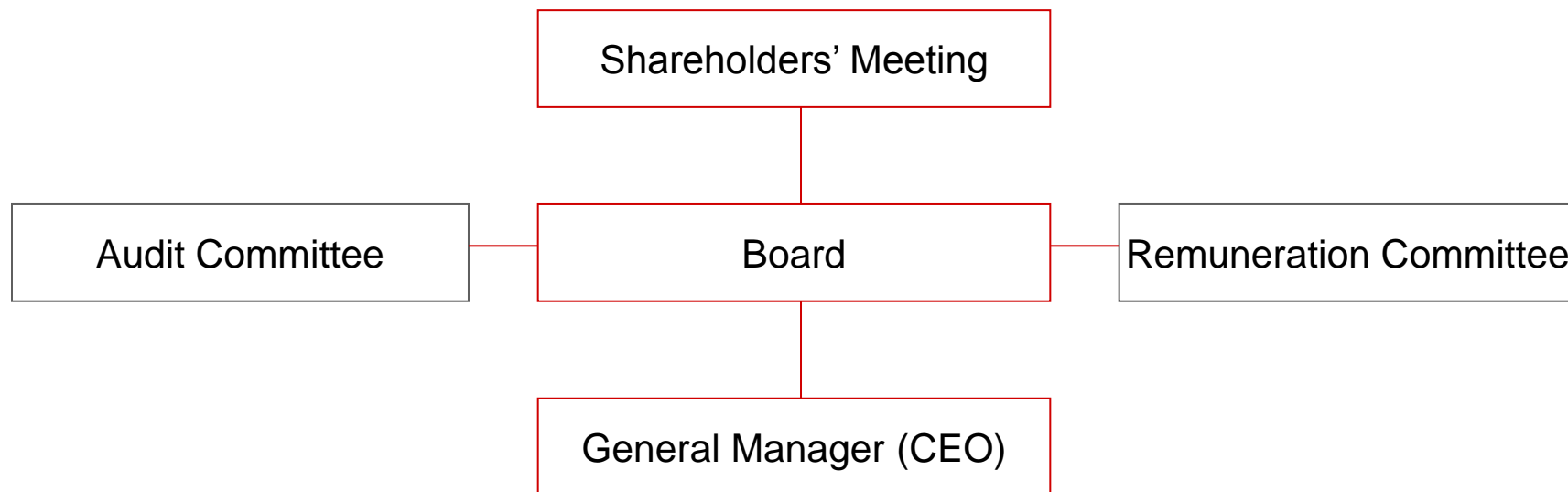
Source: NASDAQ OMX Vilnius

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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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