

RESULTS FOR THE THREE MONTHS OF 2012

TEO LT, AB GROUP

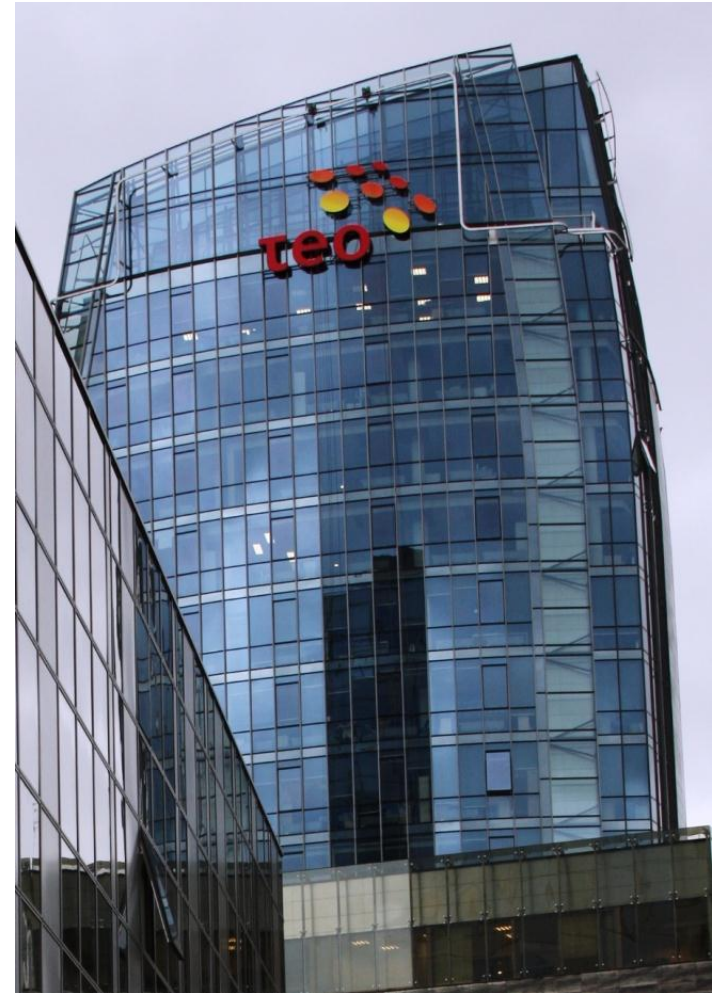
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HIGHLIGHTS OF Q1 2012

- In January, TEO launched long-term computer and office equipment rental services for business customers.
- In March, the Company offered two new additional ZEBRA Internet services: “Storage” and “Time Control”.
- In March, TEO increased the speed of the ZEBRA Internet plans “Start” and “Basic FTTH”.
- In March, TEO transferred its entertainment news Internet portal Zebra.lt. to UAB "15 min", owned by the media group Schibsted ASA.
- The Board proposed to the AGM to pay 0.20 litas of dividend per share for the year 2011.

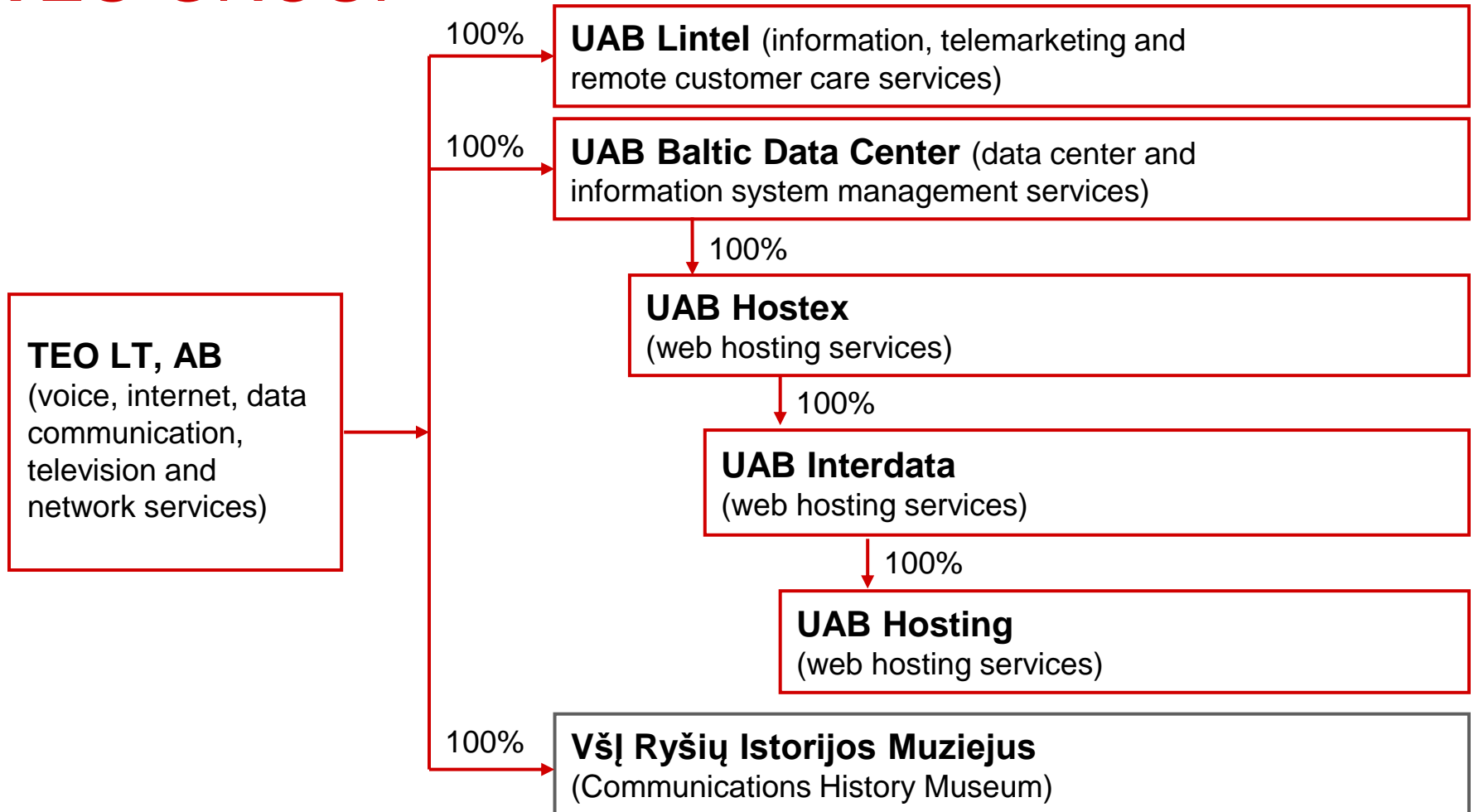


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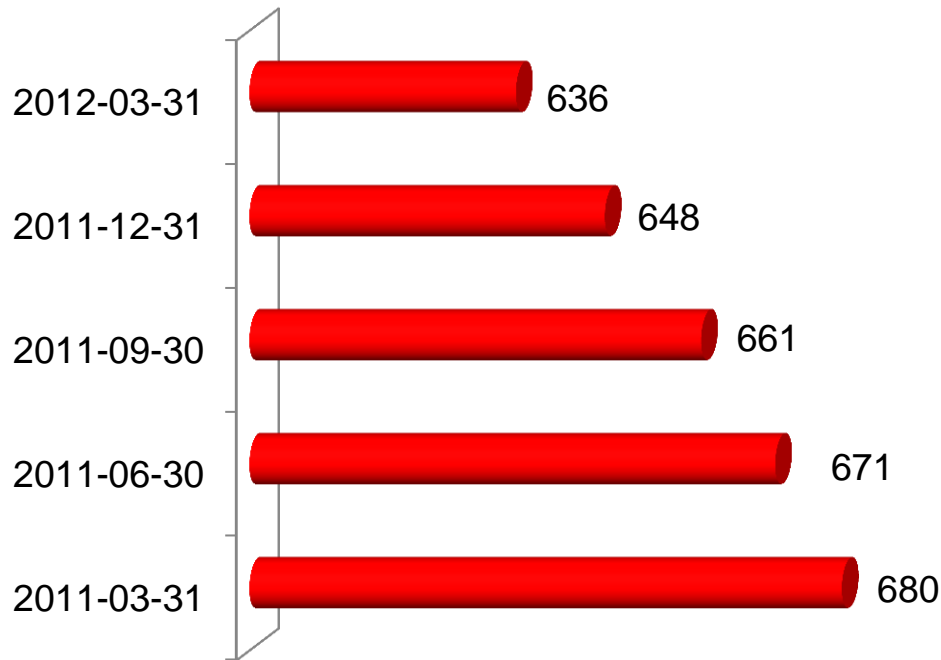
TEO GROUP



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VOICE TELEPHONY SERVICES

Number of telephone lines (thou.)

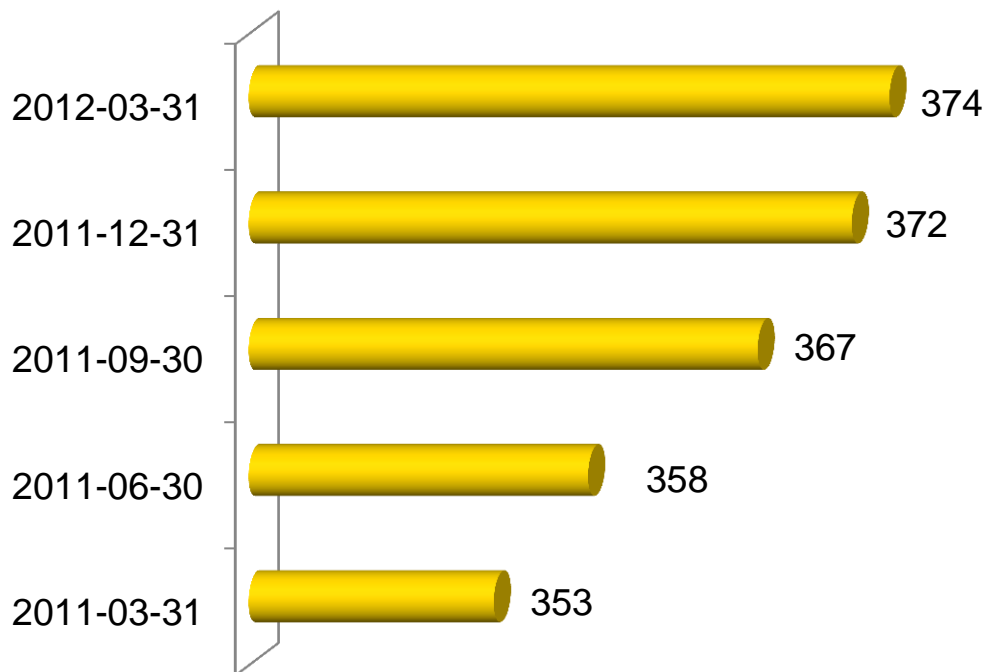


- During January-March 2012, the total number of main telephone lines in service decreased by 11.4 thousand, while over the last twelve months – by 43.4 thousand lines.
- Total voice telephony traffic volume generated by residential and business customers decreased by 11.8 and 8.9 per cent, respectively.

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INTERNET SERVICES

Number of broadband connections (thou.)



- During January-March 2012, the total number of broadband Internet access users increased by 1.7 thousand, while over the last twelve months – by 21.2 thousand.
- 147 thousand of fiber optical (FTTB, FTTH) connections.
- 34 thousand WiFi connection users.
- 3,264 WiFi hot-spots network – the largest in the country.
- 53% of Lithuania's direct international Internet traffic goes through TEO connections.

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INTERNET PLANS FOR RESIDENTIAL CUSTOMERS

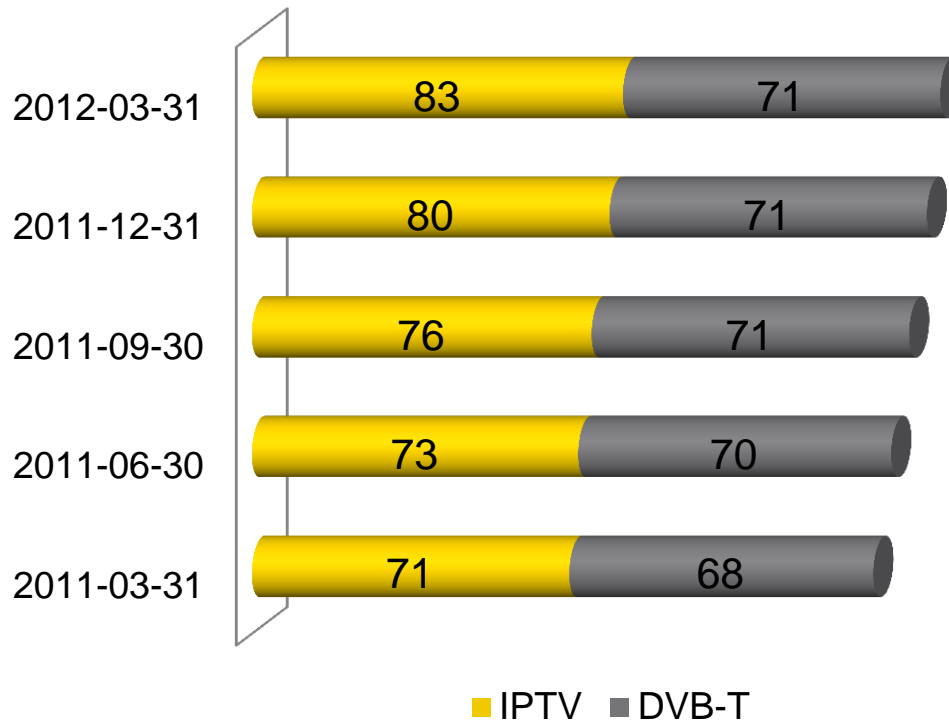
Internet plan	Monthly fee (incl. VAT)	Internet speed (Mbps)	
		Fiber optic (FTTH/FTTB) access	Copper (DSL) access
'Premium'	LTL 79.90	up to 300	up to 12
'Optimal'	LTL 49.90	up to 100	up to 8
'Basic'	LTL 39.90	up to 50	up to 4
'Start'	LTL 29.90	-	up to 2
'24 hours'	LTL 9.90	up to 10	up to 1

- In March, TEO increased the speed of the ZEBRA Internet plans "Start" from 1 up to 2 Mbps and "Basic FTTH" – from 40 up to 50 Mbps.
- Monthly fees for the Internet plans "Start", "Basic Plus" and "Basic FTTH" was increased by 3 litas.

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TELEVISION SERVICES

Number of TV services users (thou.)



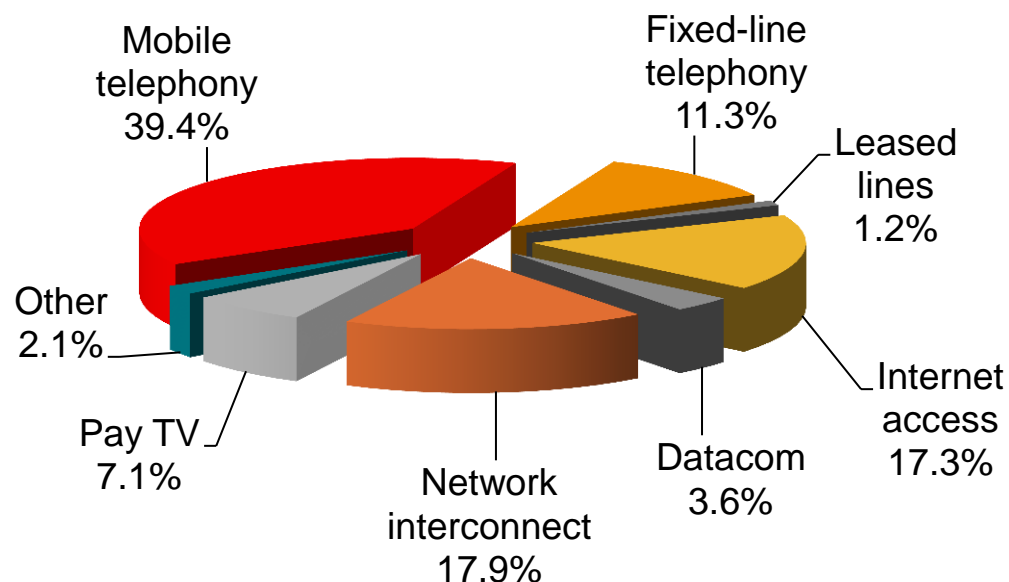
- During January-March 2012 the total number of television services users increased by 3.1 thousand, while over the last twelve months – by 15.8 thousand.
- On 29 October 2012 Lithuania shall switch from analogue to digital TV broadcasting.

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TELECOMMUNICATION MARKET IN LITHUANIA (2011)

- Total revenue: LTL 2,394 million
(2010: LTL 2,574 million)
- Change: (7.0)%
- Penetration per 100 residents:
 - fixed voice: 22.7
 - mobile voice: 154.3
 - broadband Internet: 30.9
 - fixed broadband: 22.9
 - digital Pay-TV: 25.2
- Capital investments: LTL 360 million
(2010: LTL 321 million)

Revenue breakdown by segments



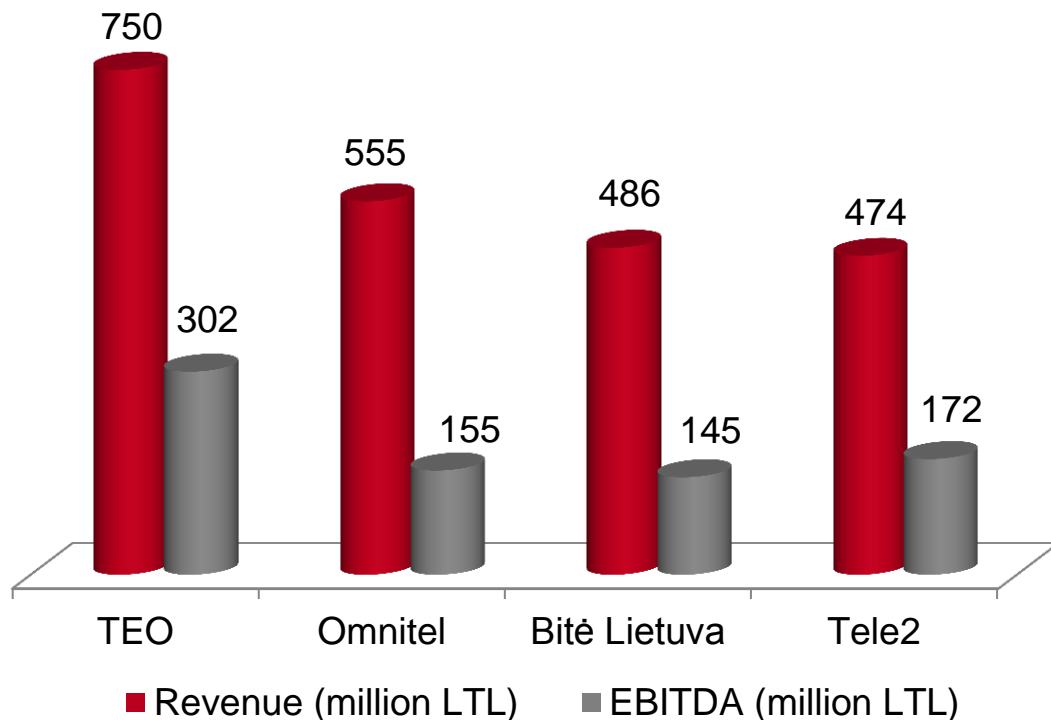
Source: Report of Communications Regulatory Authority

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MAJOR PLAYERS ON LITHUANIAN TELECOMMUNICATIONS MARKET (2011)



- TEO is the largest operator in Lithuania in terms of revenue.
- Omnitel, Tele2 and Bitė Lietuva are mobile operators
- Change in revenue (y-o-y):
 - TEO (3.1)%
 - Omnitel (7.7)%
 - Bitė Lietuva (5.9)%
 - Tele2 (1.2)%
- Omnitel and TEO belong to TeliaSonera Group.

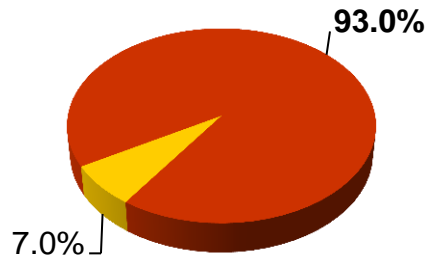
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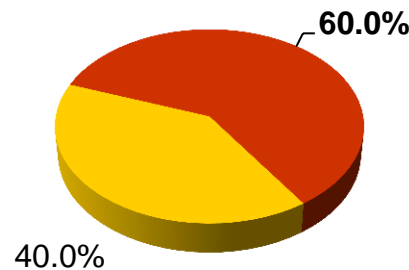
TEO MARKET SHARE IN TERMS OF REVENUE (Q4 2011)

Fixed telephony



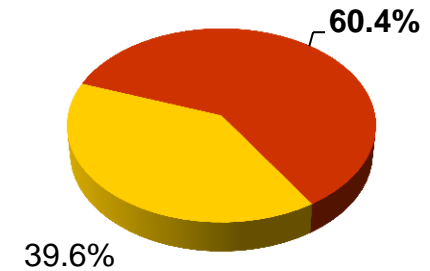
■ TEO ■ Others

Leased lines



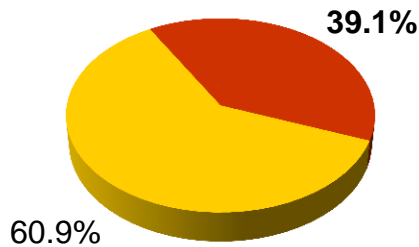
■ TEO ■ Others

Data communication



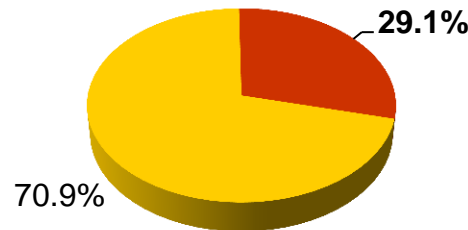
■ TEO ■ Others

Internet access



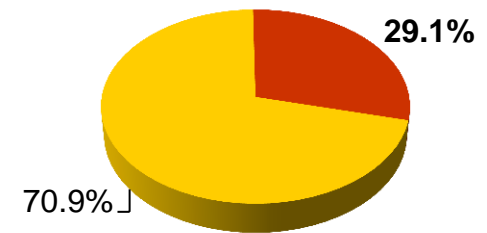
■ TEO ■ Others

Pay TV



■ TEO ■ Others

Networks interconnection



■ TEO ■ Others

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TEO COMPETES IN ALL AREAS EXCEPT MOBILE VOICE

Market	Market revenue for 2011 (LTL million)	Change from 2010 (%)	Number of players	TEO share in Q4 2011 (%)
Fixed voice	271	(10.5)	52	93.0
Leased lines	28	(21.4)	11	60.0
Internet access	414	2.0	103	39.1
Data communication	86	(0.8)	15	60.4
Network interconnection	428	(19.4)	>5	29.1
Pay-TV	171	7.5	45	29.1
TV and radio program transmission	24	21.7	2	n/a
Mobile voice	945	(4.1)	3+4	-

Source: Report of Communications Regulatory Authority

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FIXED VOICE TELEPHONY MARKET IN LITHUANIA (Q4 2011)

- 52 companies are providing fixed voice services:
 - 39 provide national and international calls
 - 7 – only international calls
 - 6 – only wholesales (transit) services
- 38 companies are using IP network, 19 of them CATV and data communication networks
- Number of alternative operators' subscribers: 65.7 thousand or 9.2% of total subscribers' number
- TEO market share (Q4 2011) in terms of:
 - total number of customers: 90.8%
 - total traffic: 94.0%
 - revenue from local calls: 99.3%
 - revenue from domestic long distance calls: 89.4%
 - revenue from international calls: 72.3%

Source: Report of Communications Regulatory Authority



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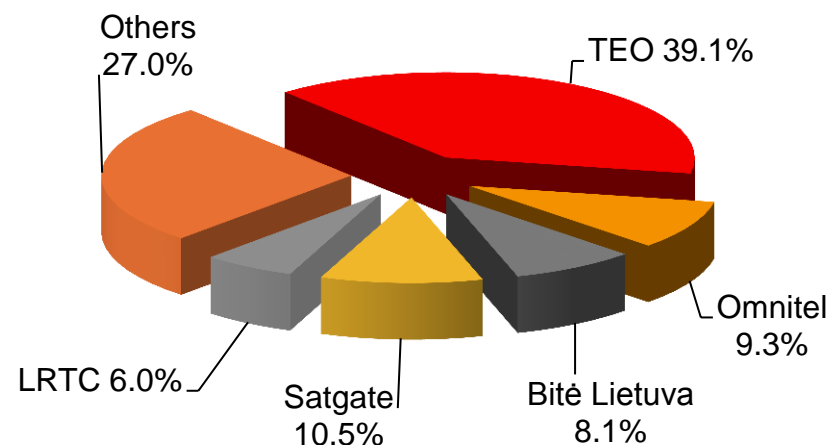


INTERNET ACCESS MARKET IN LITHUANIA (Q4 2011)

Access type	Number of users ('000)	Change from Q4 2010 (%)
Fiber optics	360	17.0
Via mobile network	257	32.2
DSL	198	(7.2)
Wireless	107	20.4
Via CATV networks	46	(6.0)
Via LAN	21	(15.6)
Total:	989	12.5

Source: Report of Communications Regulatory Authority

Q4 2011 revenue by service providers



- TEO has 53.6% of the broadband Internet using fixed connection market in terms of revenue

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PAY TV MARKET IN LITHUANIA (Q4 2011)

Access type	Number of operators	Number of users ('000)	Change to Q4 2010 (%)	Revenue 2011 (mLTL)	Change to 2010 (%)
Analogue CATV	44	328	(9.3)	68	(5.1)
Digital:					
Digital CATV	17	78	81.1	12	63.5
Digital MVDS	3	19	(6.4)	6	(6.8)
IP TV	7	83	18.0	25	31.2
DVB-T	2	72	12.8	21	26.4
Digital satellite	1	84	6.1	39	1.9
Total digital:	23	336	21.5	103	17.7
Total:		664	4.1	171	7.5

- TEO has 45% of all digital TV users and 22.8% of all pay TV users.

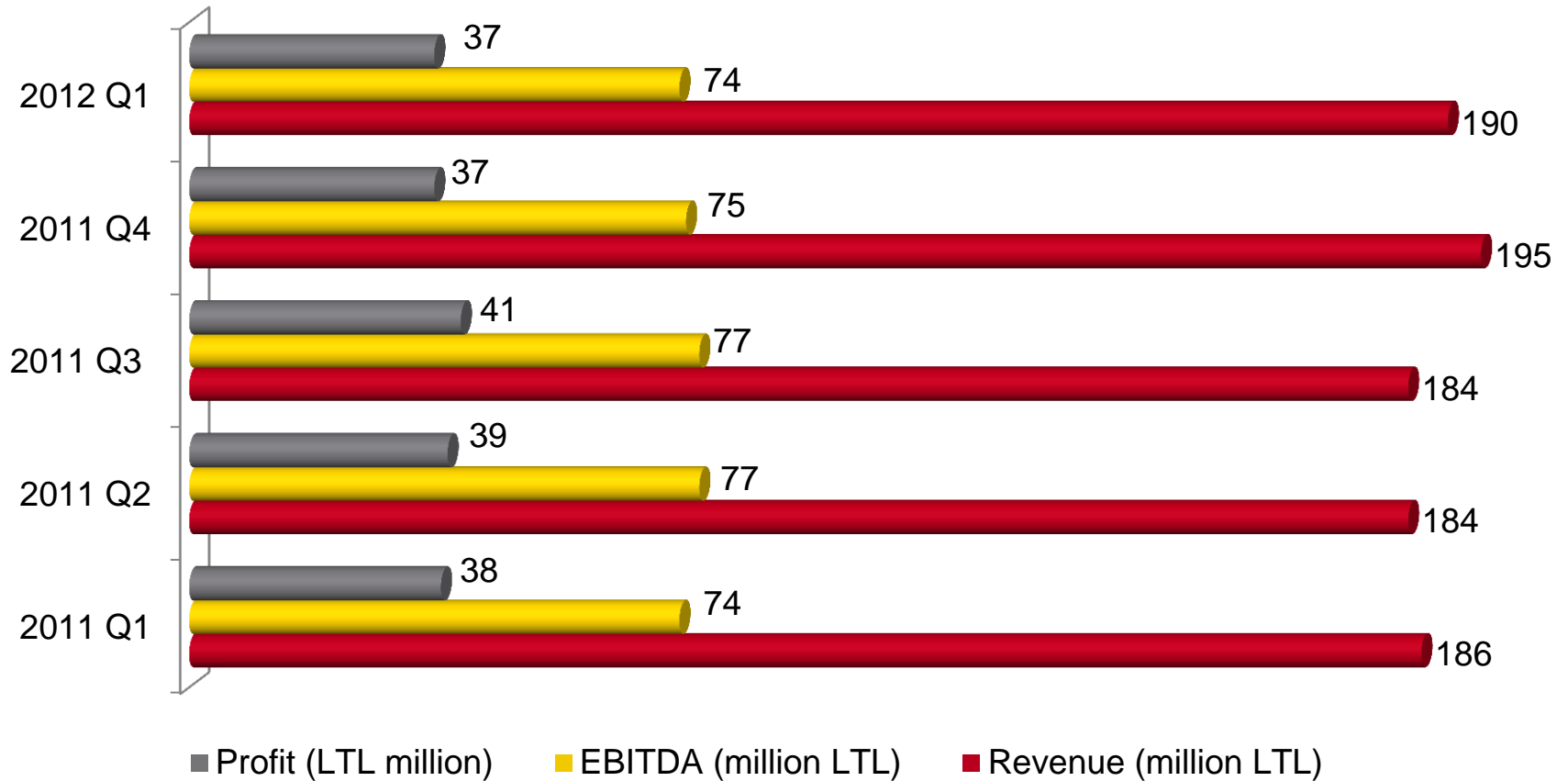
Source: Report of Communications Regulatory Authority

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REVENUE, EBITDA & NET PROFIT



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MAJOR FINANCIAL INDICATORS

(thousand LTL)	Q1 2012	Q1 2011	Change (%)
Revenue	190,492	185,782	2.5
Operating expenses	116,716	112,102	4.1
EBITDA	74,396	73,896	0.7
EBITDA margin	39.1 %	39.8 %	
Depreciation and amortization	32,352	32,430	(0.2)
Operating profit	42,044	41,466	1.4
Operating profit margin	22.1 %	22.3 %	
Net profit	37,147	37,731	(1.5)
Profit margin	19.5 %	20.3 %	
Earnings per share (LTL)	0.05	0.05	



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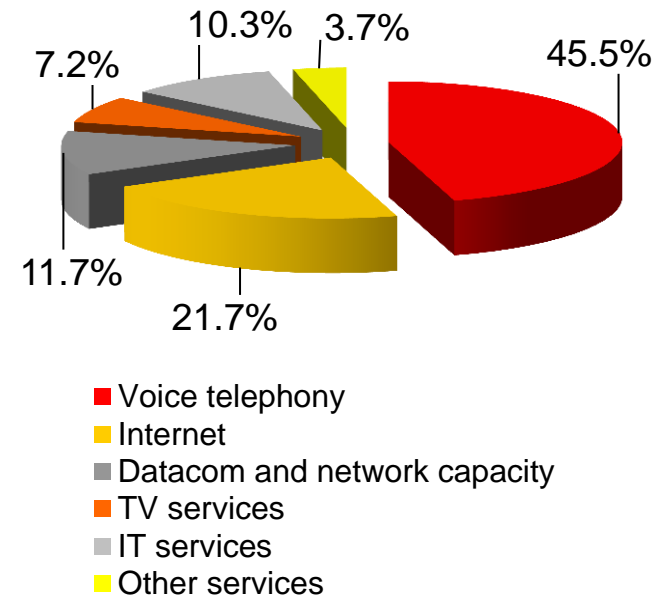
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REVENUE

(thousand LTL)	Q1 2012	Q1 2011	Change (%)
Voice telephony services	86,662	96,959	(10.6)
Internet services	41,276	39,496	4.5
Data communications and network capacity services	22,265	23,196	(4.0)
TV services	13,733	11,094	23.8
IT services	19,566	9,340	109.5
Other services	6,990	5,697	22.7
Total:	190,492	185,782	2.5

Breakdown of revenue for Q1 2012

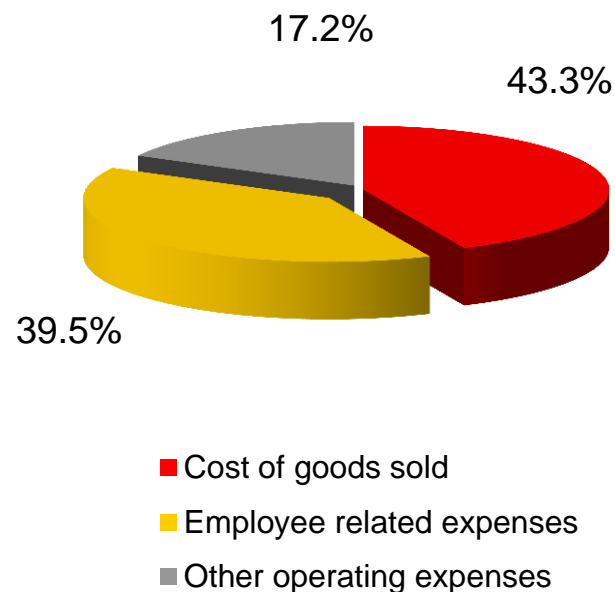


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OPERATING EXPENSES

(thousand LTL)	Q1 2012	Q1 2011	Change (%)
Cost of goods sold	50,562	48,265	4.8
Employee related expenses	46,069	40,407	14.0
Other operating expenses	20,085	23,430	(14.3)
Total:	116,716	112,102	4.1

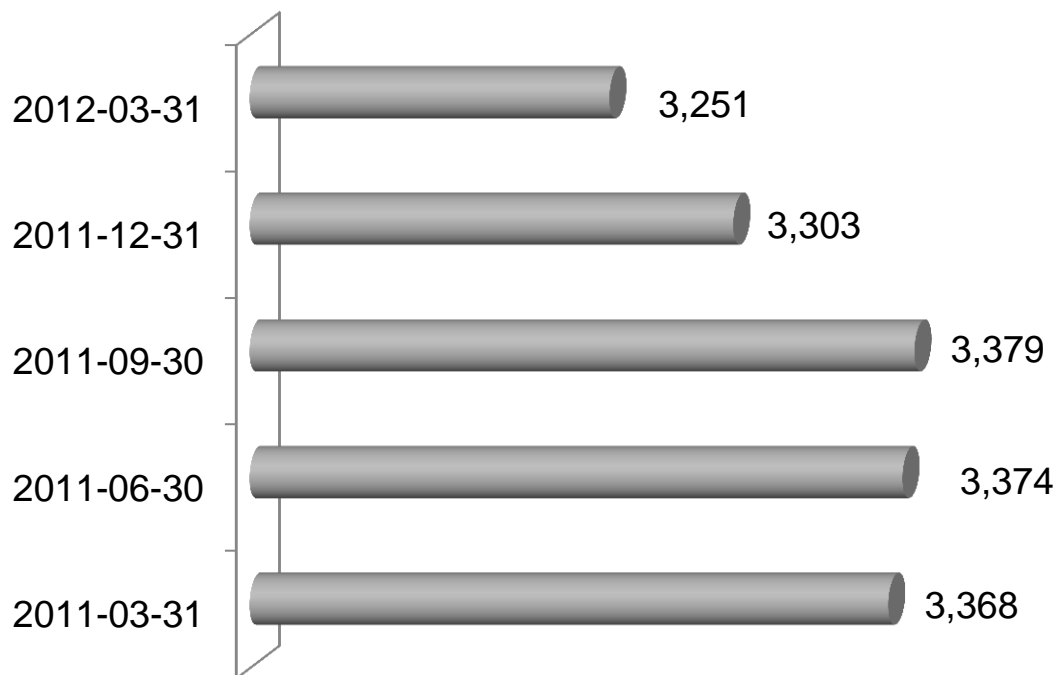
Breakdown of expenses for Q1 2012



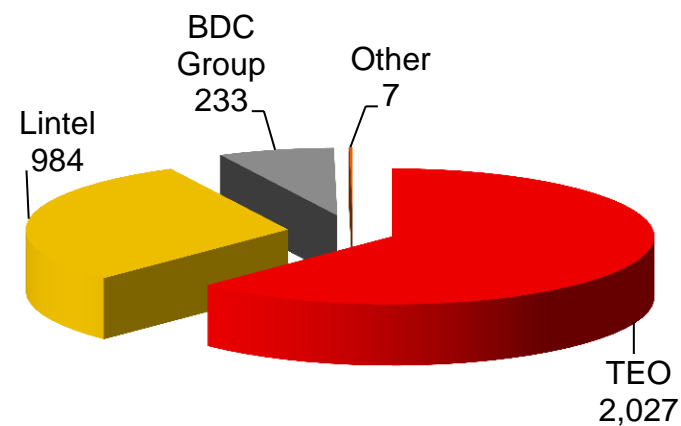
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EMPLOYEES

Number of TEO Group employees



Breakdown of TEO Group employees (31-03-2012)



- During the first quarter of 2012, the total number of employees went down by 52.

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BALANCE SHEET

(thousand LTL)	2012-03-31	2011-12-31	Change (%)
Total assets	1,181,091	1,137,690	3,8
Cash, held-to-maturity investments, loans to banks	262,553	218,775	20,0
Equity	1,078,244	1,041,097	3,6
Borrowings	3,698	4,233	(6,3)
Net debt	(258,855)	(214,542)	
Gearing ratio	(24.0)%	(20.6)%	
ROAA	15.3%	15.3%	
ROE	15.3%	15.4%	

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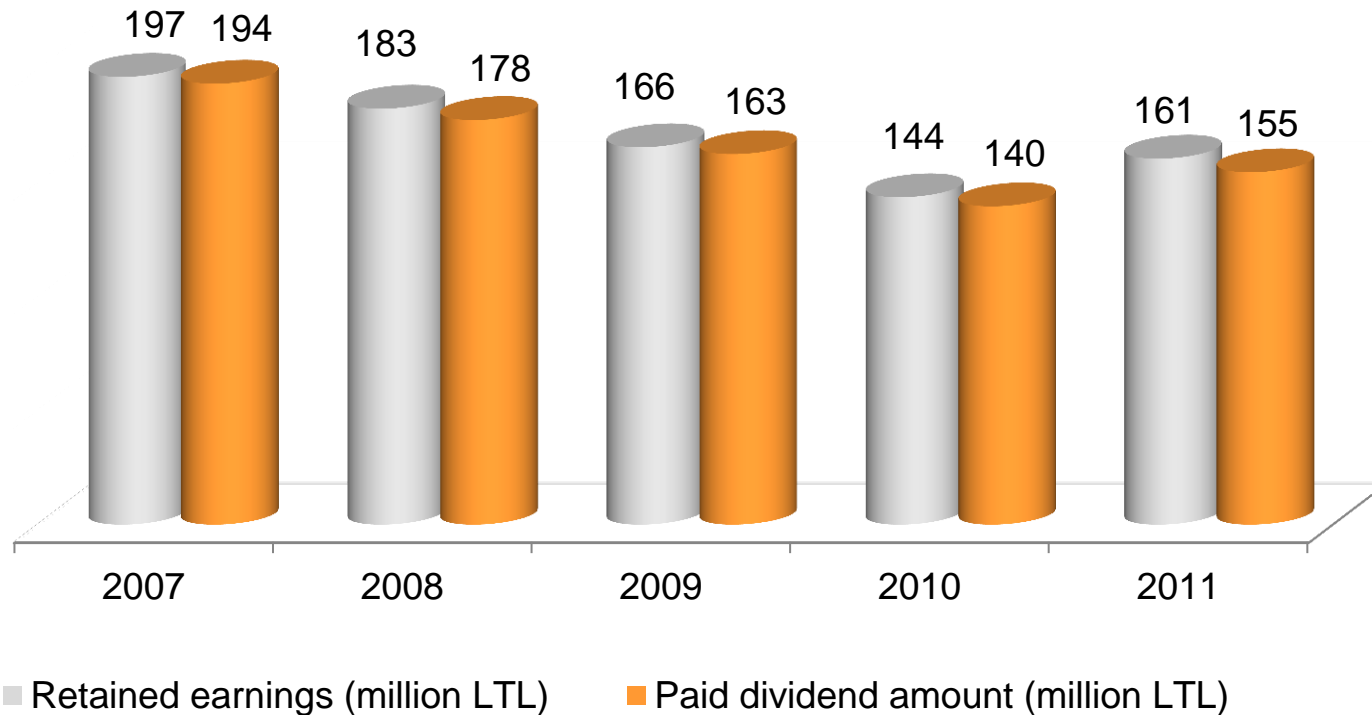
CASH FLOW

(thousand LTL)	Q1 2012	Q1 2011
Net cash from operating activities	76,966	72,688
Net cash used in investing activities	(104,055)	(68,753)
Net cash used in financing activities	(266)	(314)
Increase in cash and cash equivalents	(27,355)	3,621

- During the first three months of 2012 capital investments amounted to LTL 23 million, an increase by 57.5 per cent over capital investments of LTL 14.6 million a year ago.
- The majority of capital investments (66 per cent or LTL 15.1 million) went to expansion of the core network and development of the next-generation fiber-optic access network.
- An amount of LTL 6.9 million (30 per cent of total capital investments) was invested into IT systems.
- By the end of March 2012, TEO had 714 thousand households passed (579 thousand a year ago), or 59 per cent of the country's households, by the FTTH network.

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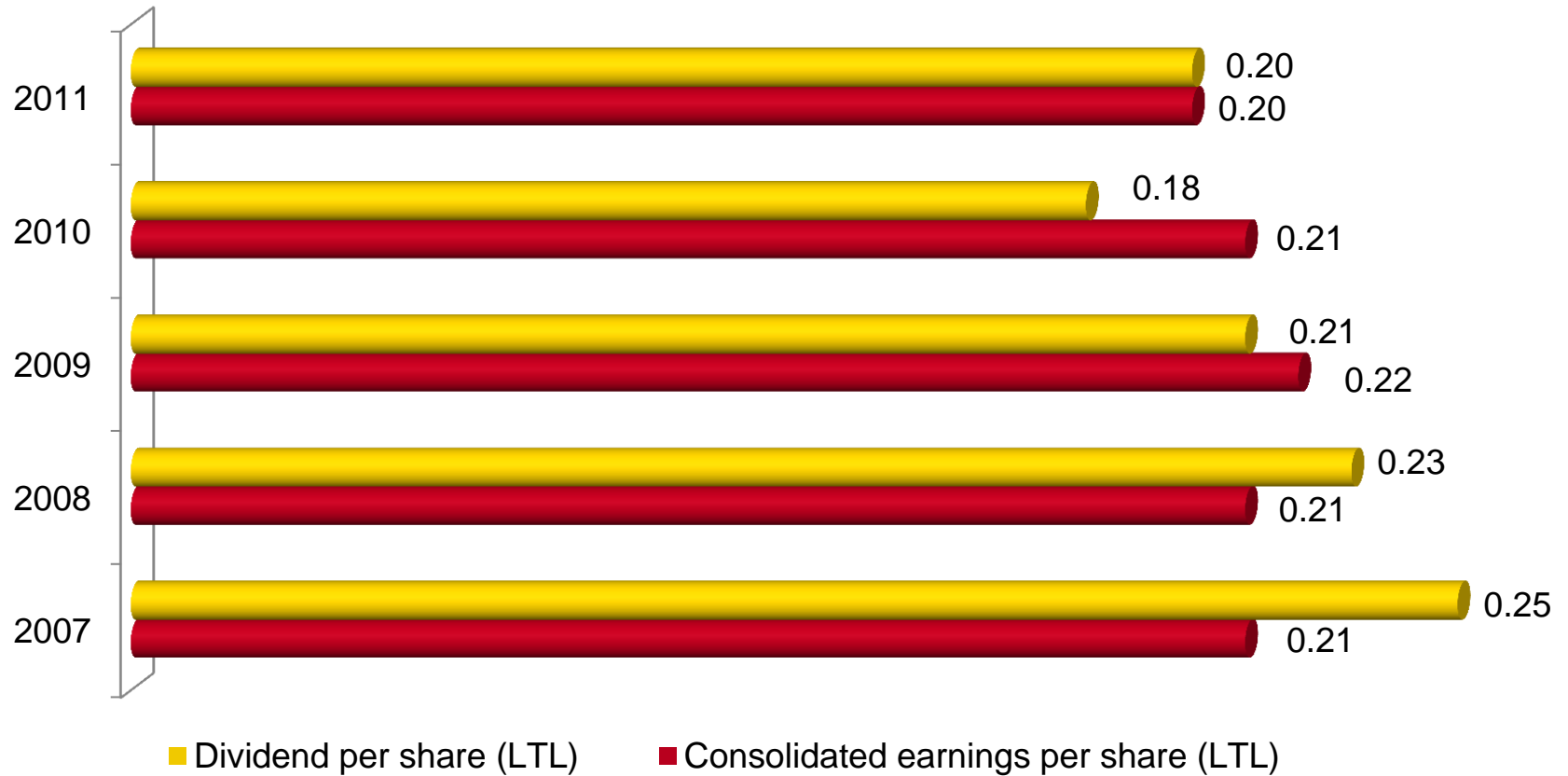
TEO RETAINED EARNINGS VS DIVIDENDS



- The Board proposed to AGM (to be held on 24 April 2012) to pay dividends of LTL 155 million for the year 2011 (i.e. 0.20 litas per share).
- Shareholders who on 9 May 2012 will be on the shareholders list of the Company will have a right to dividends.

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DIVIDENDS



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SHAREHOLDERS OF TEO

	Part of share capital and votes	
	2012-03-31	2011-12-31
TeliaSonera AB (Sweden)	68.29%	68.29%
East Capital (Sweden)	7.29%	7.24%
State of Lithuania	0.05%	0.05%
Other shareholders	24.37%	24.42%

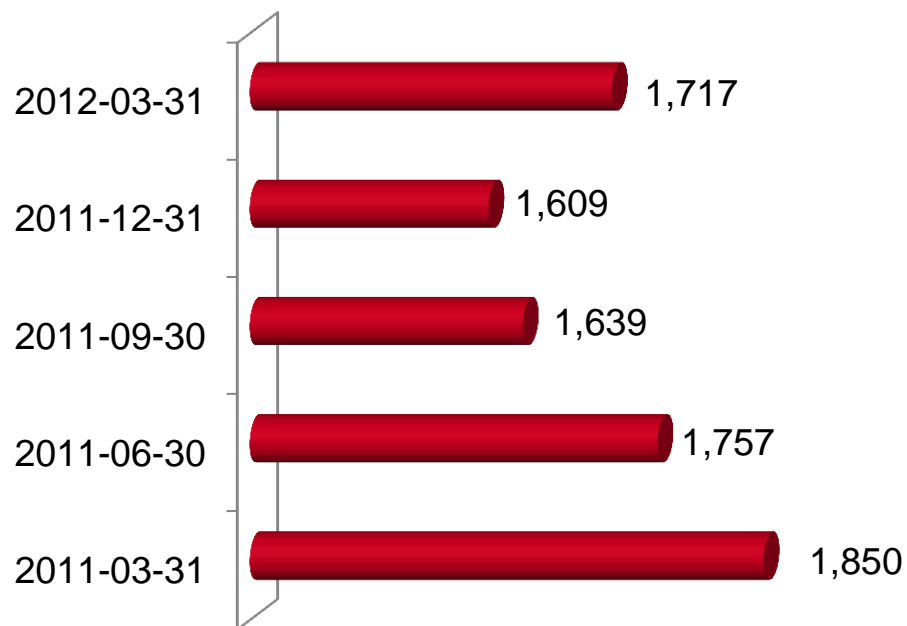
- In June 2011, TeliaSonera AB took over from its subsidiary, Amber Teleholding A/S, the controlling interest in TEO (62.94%) and during July-September additionally acquired 0.21% of the Company's shares.
- Republic of Lithuania, represented by State Tax Inspectorate, holds 362,865 shares of the Company.

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TEO SHARES

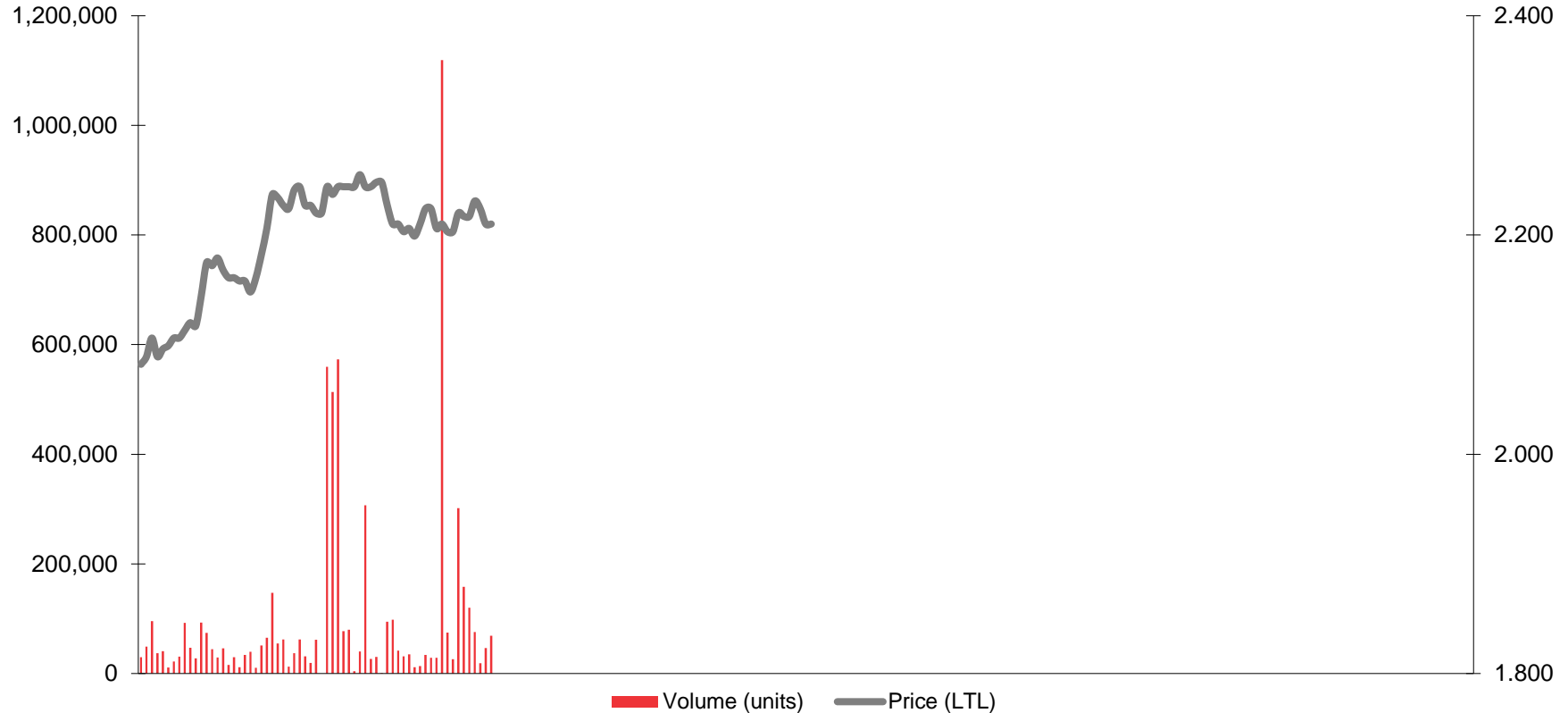
- Shares are listed on NASDAQ OMX Vilnius stock exchange (ticker: TEO1L)
- In January 2011, TEO shares were included into the trading lists of a few German stock exchange (ticker: ZWS)
- Share price on NASDAQ OMX Vilnius:
 - 01-01-2012: LTL 2.075
 - high: LTL 2.313
 - low: LTL 2.072
 - 31-03-2012: LTL 2.210
- Turnover on NASDAQ OMX Vilnius stock exchange during January-March of 2012: 6.2 million shares or LTL 13.6 million

Market Capitalisation (LTL million)



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TRADING IN TEO SHARES ON NASDAQ OMX VILNIUS STOCK EXCHANGE IN 2012

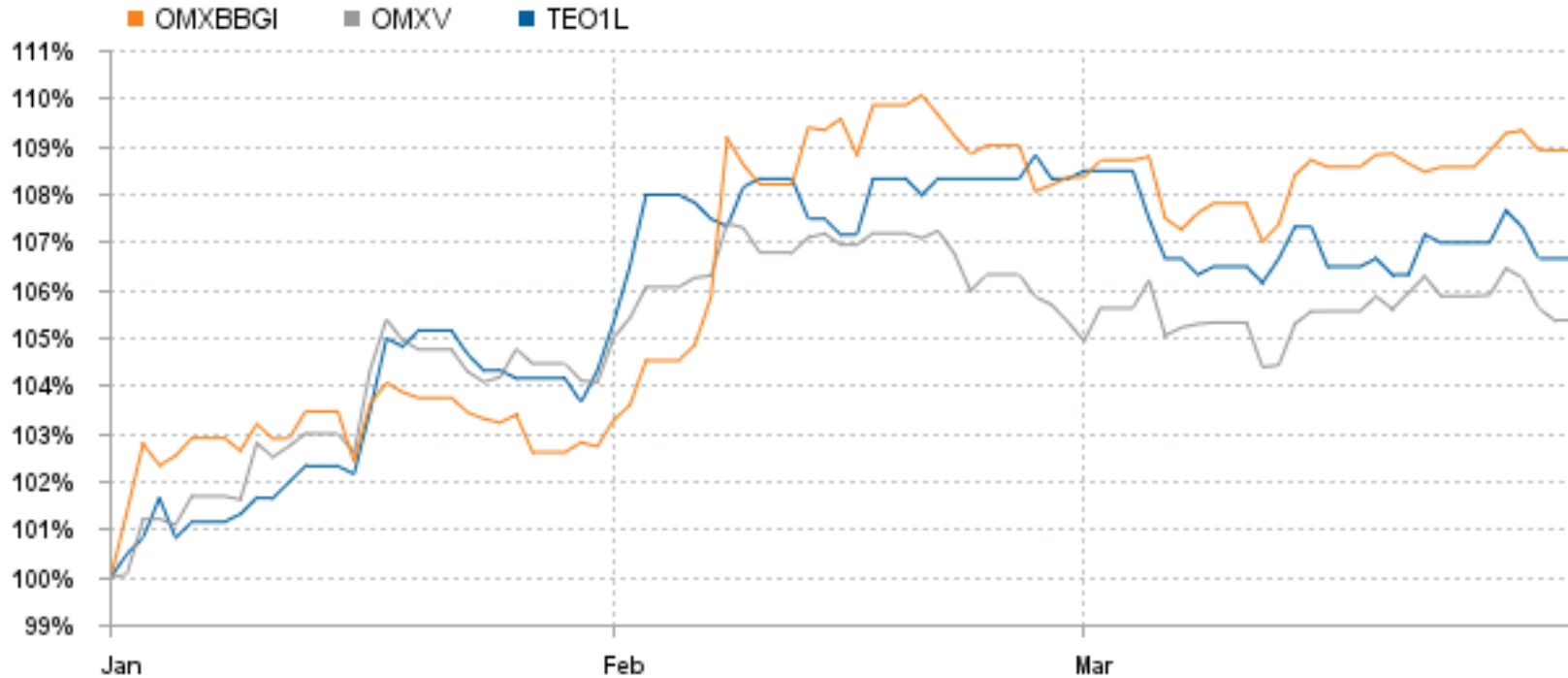


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TEO SHARE AND NASDAQ OMX VILNIUS STOCK EXCHANGE INDEXES COMPARISON



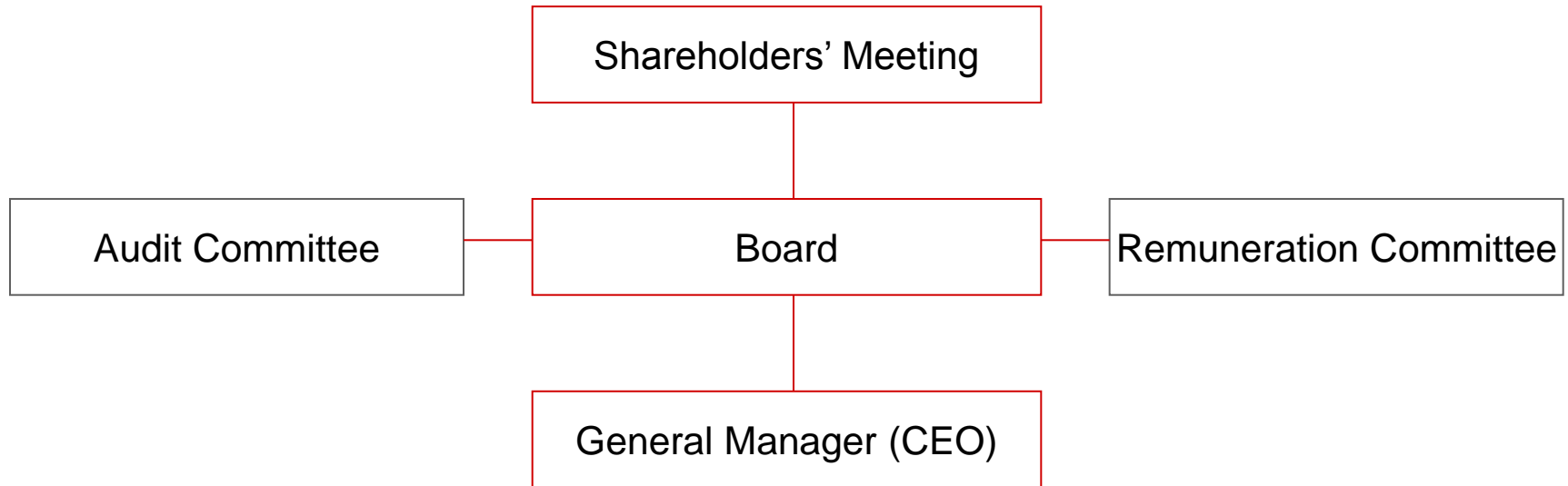
Source: NASDAQ OMX Vilnius

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TEO CORPORATE GOVERNANCE



- The Annual General Meeting of Shareholders is scheduled for 24 April 2012
- The Board proposed to AGM to elect UAB PricewaterhouseCoopers as the Company's independent auditor for another two years (2012 and 2013)

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TEO BOARD



Malin Frenning,
Representative of
TeliaSonera AB



Lars Klasson,
Representative of
TeliaSonera AB



Joakim Sundström,
Representative of
TeliaSonera AB



Tiia Tuovinen,
Representative of
TeliaSonera AB



Inga Skisaker,
Independent member
of the Board



Jonas Pilkauskas,
Independent member
of the Board

- Malin Frenning is Chairwoman of the Board
- Audit Committee: Joakim Sundström, Tiia Tuovinen and Inga Skisaker
- Remuneration Committee: Malin Frenning, Lars Klasson and Jonas Pilkauskas
- Members of the Board have no direct interest in the share capital of TEO

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TEO MANAGEMENT



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

Giedrius Vegys
(born in 1959),
Chief Financial
Officer

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

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

Eglutė Bivainienė
(born in 1967),
Chief Operational
Officer

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

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

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