

# RESULTS FOR THE 6 MONTHS OF 2012

TEO LT, AB GROUP



/ 16-07-2012

# MAIN EVENTS AND FIGURES

Highlights of Q2 2012  
Structure of the Group  
Operating figures  
Employees

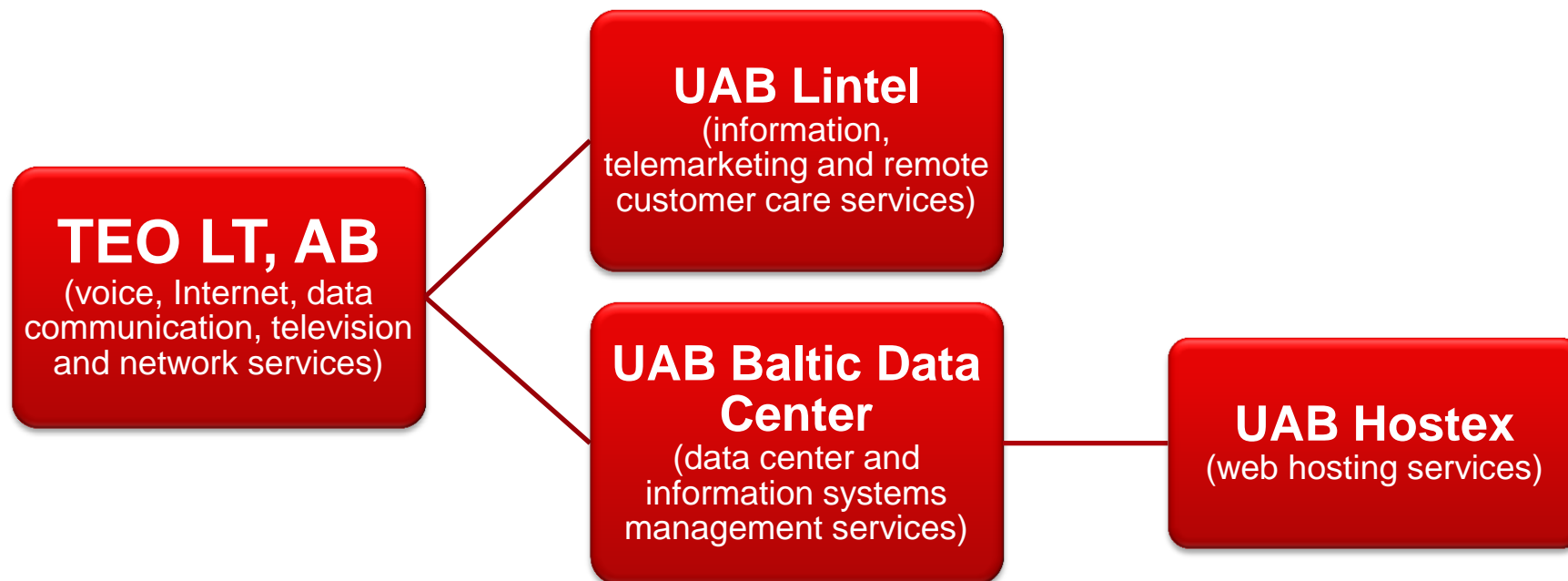


# HIGHLIGHTS OF Q2 2012

- On 10 May 2012, TeliaSonera AB acquired from the funds managed by East Capital Asset Management AB and East Capital AB, and Coneglen Limited 7.87 per cent of the Company's shares paying EUR 0.637 per share and exceeded 75 per cent threshold of votes at the Company's AGM
- From 5 till 29 June 2012, TeliaSonera was implementing a voluntary takeover bid for remaining TEO shares paying EUR 0.637 per share, while simultaneously buying TEO shares in open market at the same price
- As a result, TeliaSonera increased its holding in TEO from 68.29 to 88.15 per cent (as of 4 July 2012)
- On 23 May 2012, dividends of 0.20 litas per share for the year 2011 were paid
- In May, TEO offered bundled services to residential customers
- IPTV services customers were offered a possibility to watch the year's most important sporting and music events in High Definition (HD) format
- In May, Baltic Data Center implemented the Storwize V7000 solutions from IBM in its data centers
- In May, Lintel offered 118, an application for smartphones



# TEO GROUP

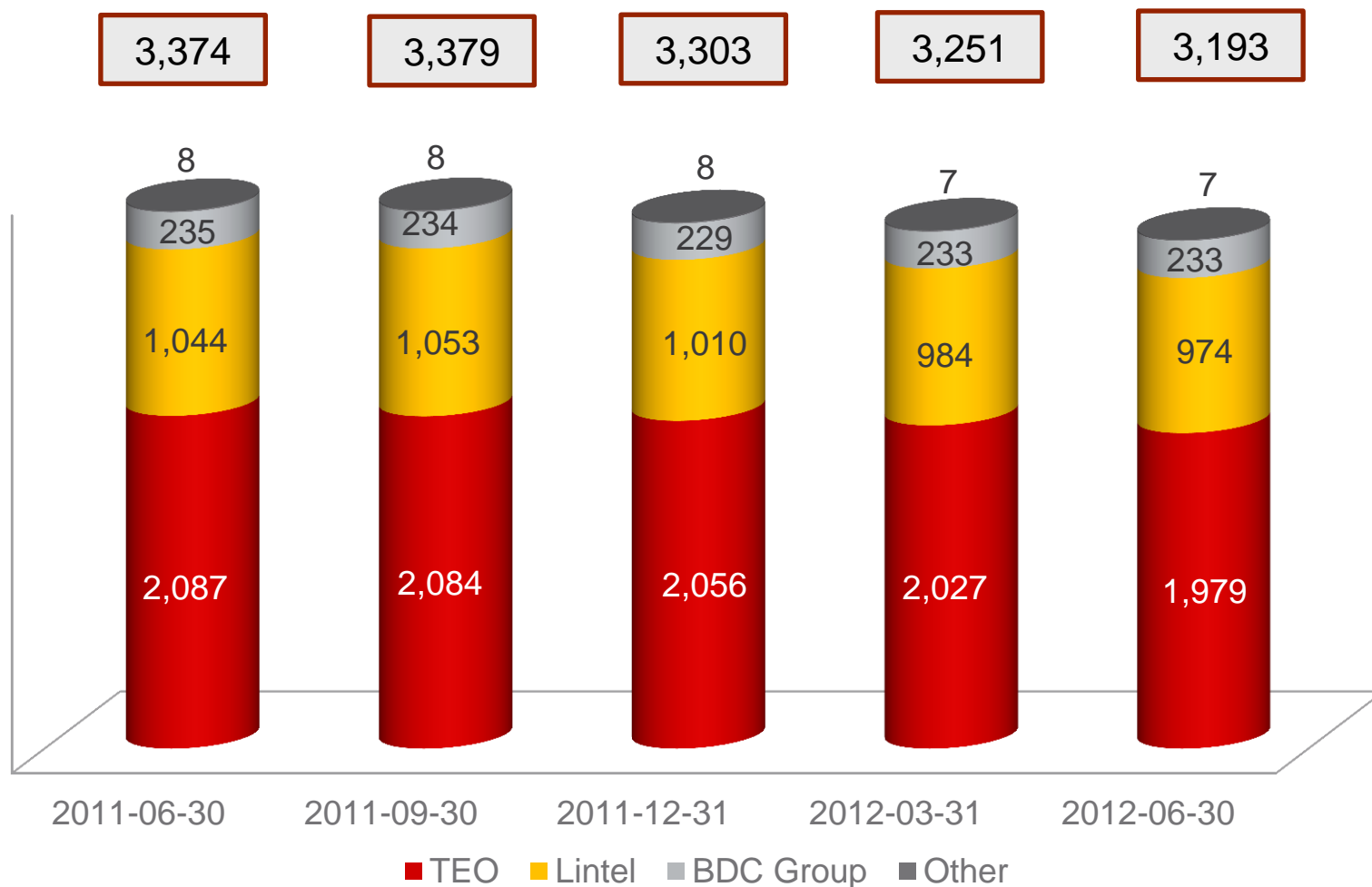


- **TEO LT, AB** also holds 100% stakes in UAB Verslo Investicijos (investment project) and UAB Kompetencijos Ugdymo Centras (dormant subsidiary), and is the sole owner of a not-for-profit organization VšĮ Ryšių Istorijos Muziejus (Communications History Museum)
- UAB Baltic Data Center has a dormant subsidiary in Latvia. UAB Hostex has a subsidiary, UAB Interdata, which has a dormant subsidiary UAB Hosting.

# MAIN OPERATING FIGURES

	30-06-2012	30-06-2011	Change (%)
Number of telephone lines	<b>625,671</b>	<b>671,415</b>	<b>(6.8)</b>
Number of broadband Internet accesses, in total:	<b>377,045</b>	<b>357,957</b>	<b>5.3</b>
- via fiber-optic lines	150,887	119,427	26.3
- via copper lines	189,773	206,136	(7.9)
- wireless (WiFi) access	36,385	32,394	12.3
Number of TV services users, in total:	<b>156,364</b>	<b>142,484</b>	<b>9.7</b>
- IPTV	85,014	72,545	17.2
- DVB-T	71,350	69,939	2.0
Number of employees	<b>3,193</b>	<b>3,374</b>	<b>(5.4)</b>

# EMPLOYEES OF TEO GROUP

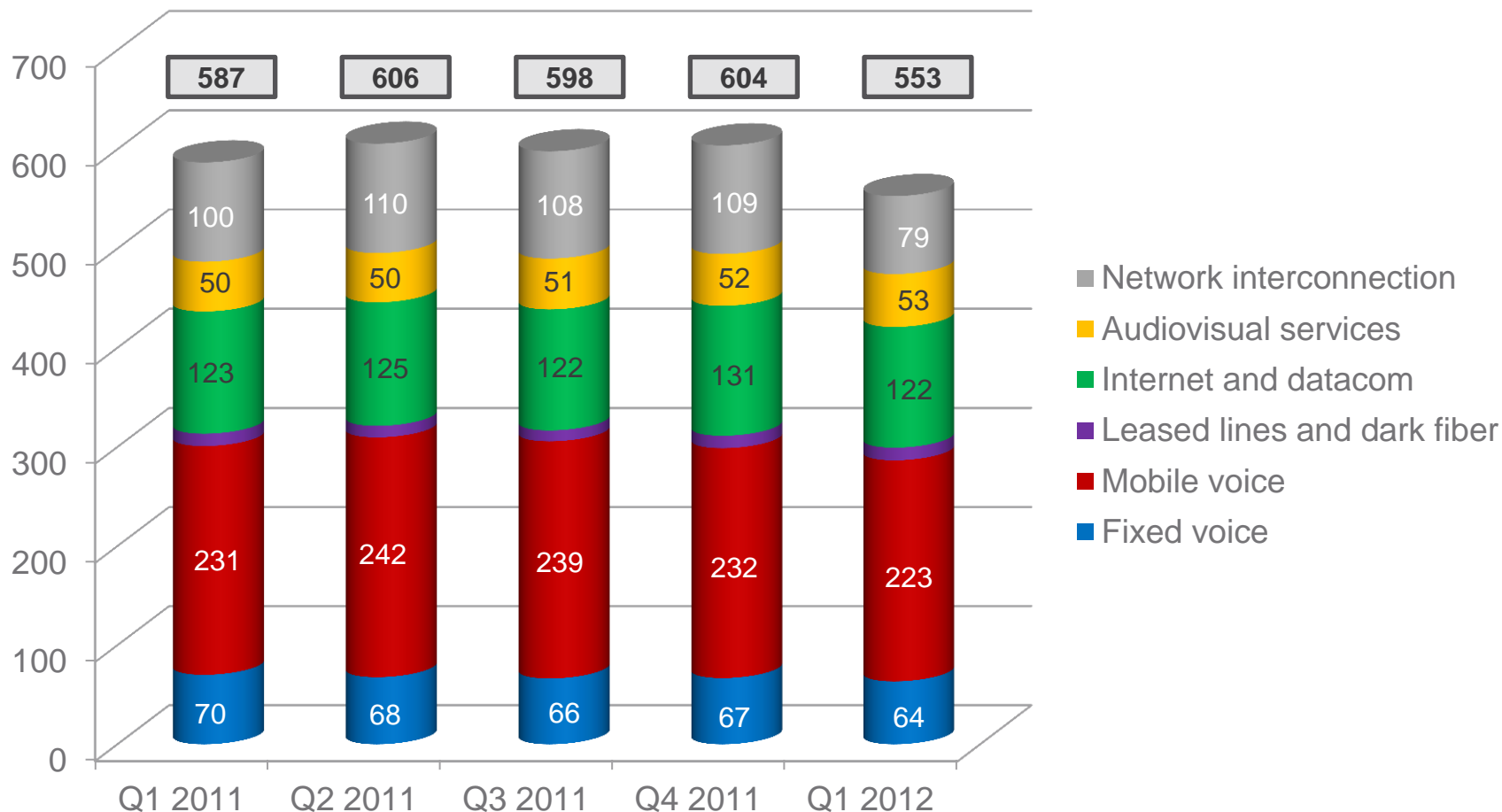


# ELECTRONIC COMMUNICATIONS MARKET OF LITHUANIA

Dynamics of the market  
Figures of main operators  
TEO market shares



# TELECOMMUNICATION MARKET IN LITHUANIA (LTL MILLION)



Source: Report of Communications Regulatory Authority

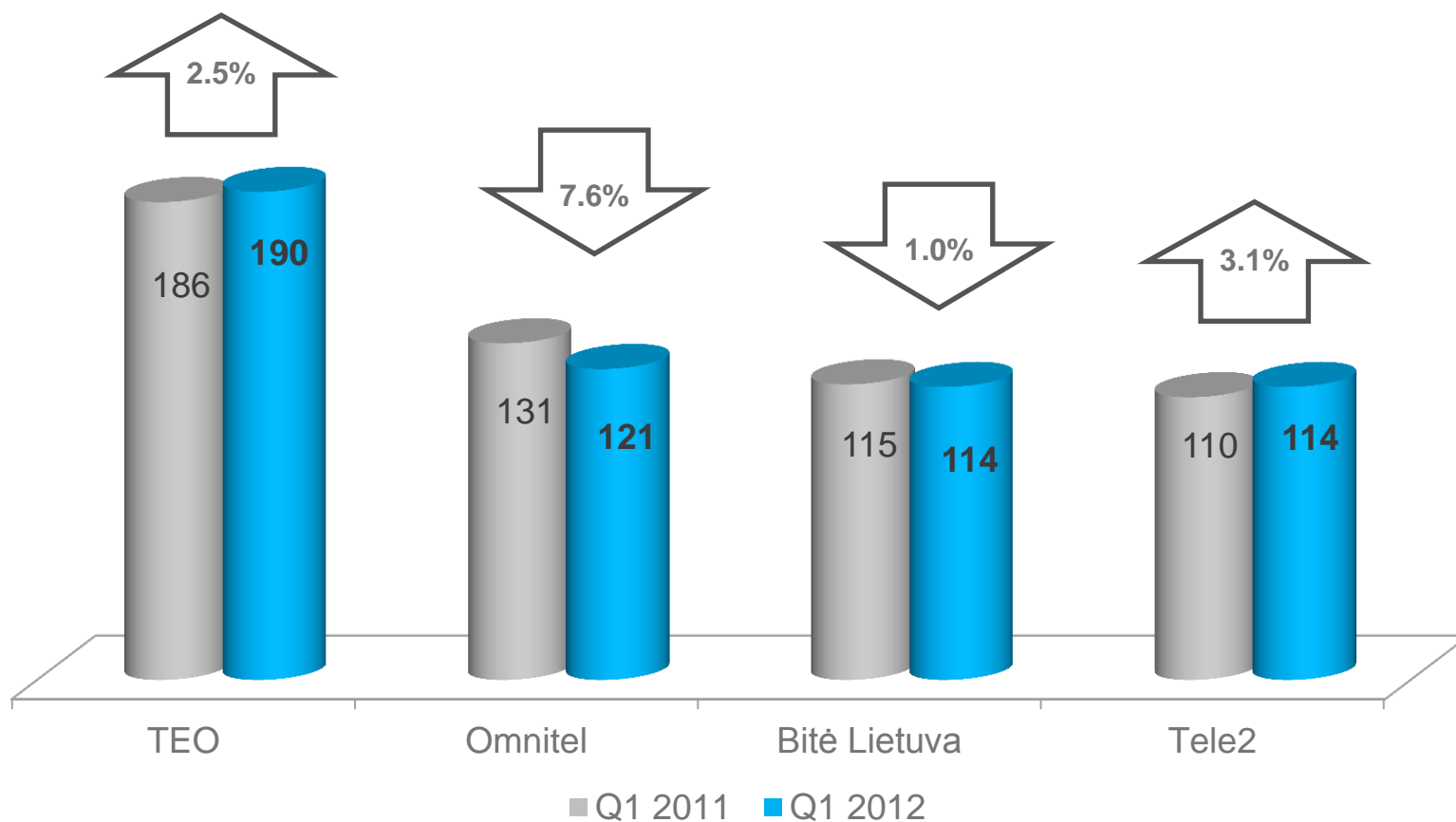


# MAIN MARKET FIGURES

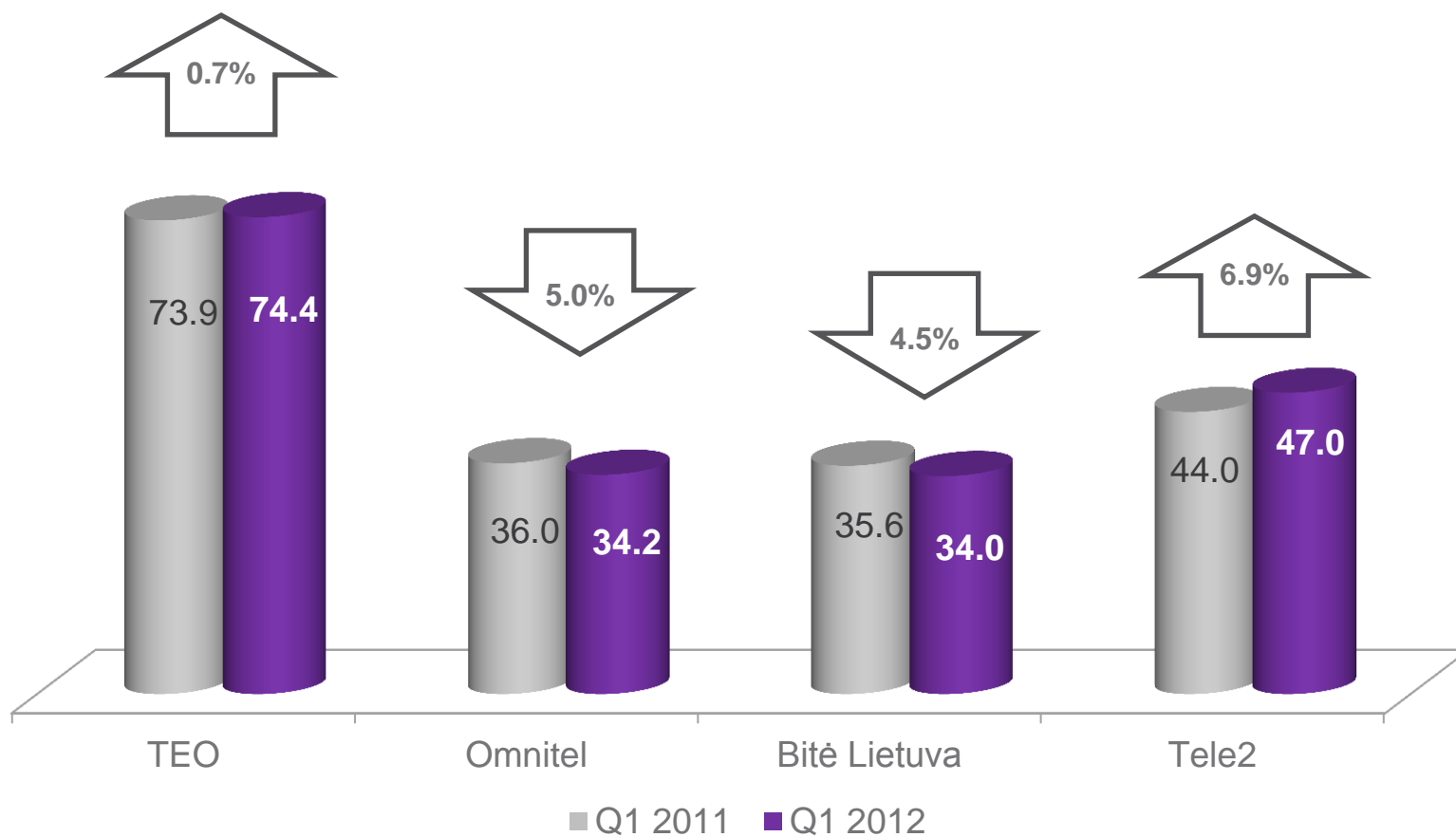
	31-03-2012	31-03-2011	Change (%)
Total market revenue (LTL million)	552.9	586.7	(5.8)
Number of telephone lines per 100 inhabitants	21.5	22.5	
Number of mobile voice subscribers per 100 inhabitants	152.9	150.7	
Number of Internet access subscribers	997,407	903,204	10.4
Number of broadband Internet access subscribers per 100 inhabitants	31.3	28.0	
Number of fixed Internet access subscribers per 100 inhabitants	23.2	21.6	
Number of pay-TV subscribers	665,809	641,037	3.9
Number of digital pay-TV subscribers per 100 households	26.3	21.3	
Total market investments (LTL million)	61.2	59.6	2.6

Source: Report of Communications Regulatory Authority

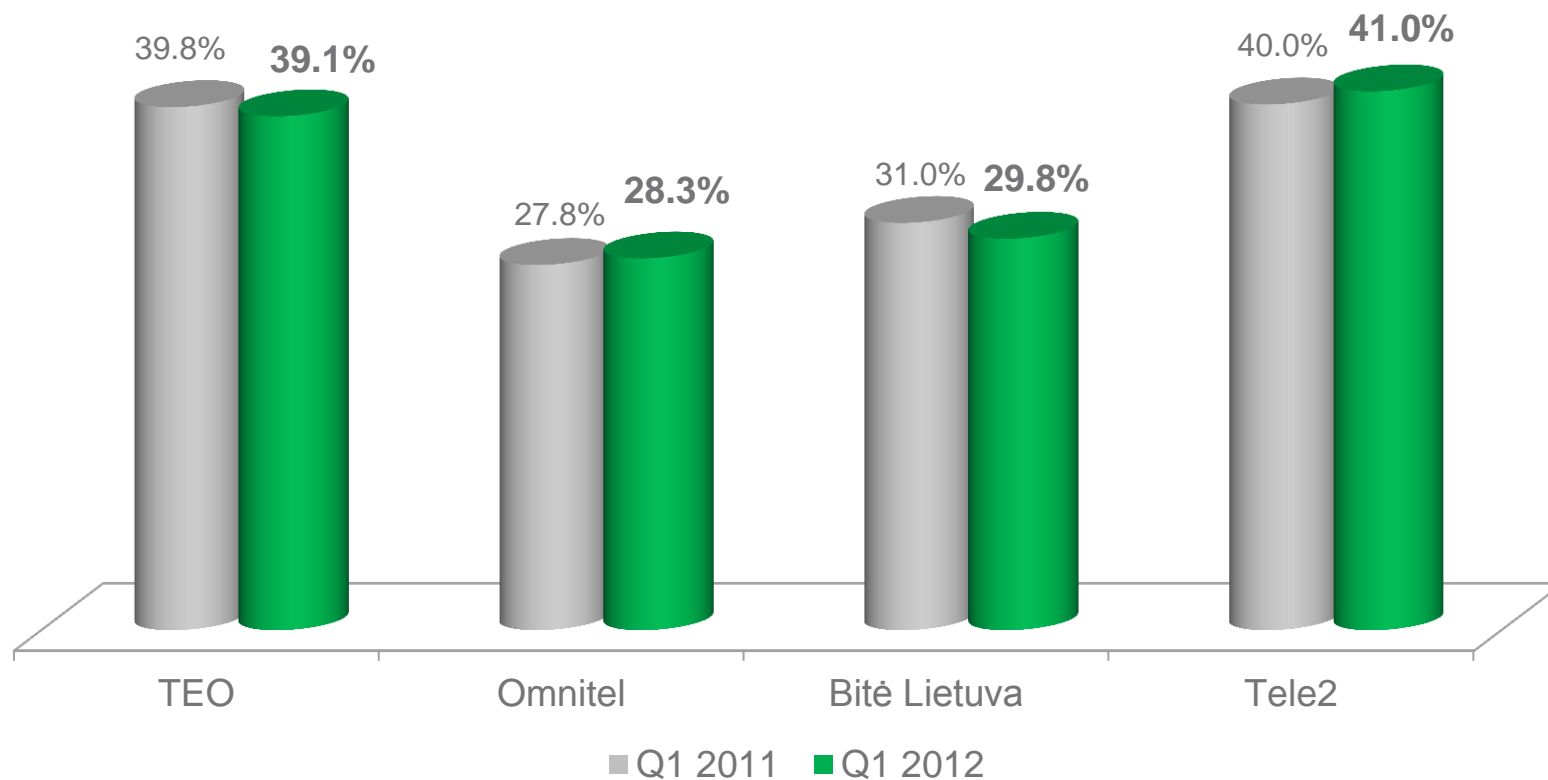
# MAIN TELECOMMUNICATIONS MARKET PLAYER'S **REVENUE** CHANGES (LTL MILLION)



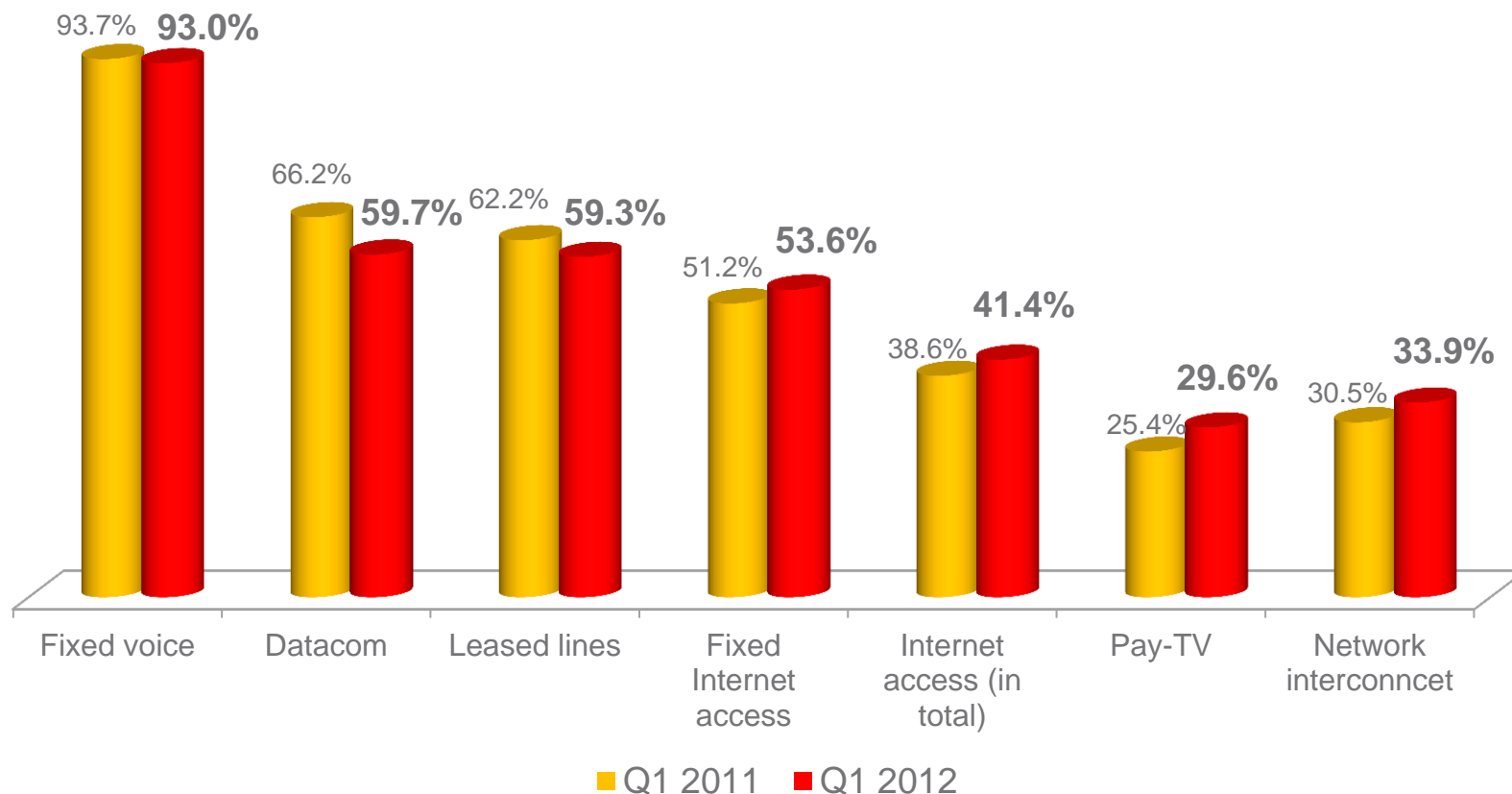
# MAIN TELECOMMUNICATIONS MARKET PLAYER'S **EBITDA** CHANGES (LTL MILLION)



# MAIN TELECOMMUNICATIONS MARKET PLAYER'S **EBITDA MARGIN** CHANGE



# TEO MARKET SHARE IN TERMS OF REVENUE



Source: Report of Communications Regulatory Authority



# TEO COMPETES IN ALL AREAS EXCEPT MOBILE VOICE

Market	Market revenue for Q1 2012 (LTL million)	Change from Q1 2011 (%)	Number of market players	TEO share in Q1 2012 (%)
Fixed voice	63.5	(9.5)	51	93.0
Internet access	99.9	(2.6)	101	41.4
Leased lines	6.7	(12.6)	12	59.3
Data communication	21.8	5.4	16	59.7
Network interconnection	78.6	(21.5)	>5	33.9
Pay-TV	45.7	8.7	45	29.6
TV and radio program transmission	7.5	(3.8)	2	n/a
Mobile voice	223.0	(3.4)	3+4	-

Source: Report of Communications Regulatory Authority

# FIXED VOICE TELEPHONY MARKET IN LITHUANIA (Q1 2012)

- 51 company is providing fixed voice services:
  - 38 provide national and international calls
  - 7 – only international calls
  - 6 – only wholesales (transit) services
- 37 companies are using IP network, 19 of them CATV and data communication networks
- Number of alternative operators' subscribers: 71.4 thousand or 10.1% of total subscribers' number
- TEO market share (Q1 2012) in terms of:

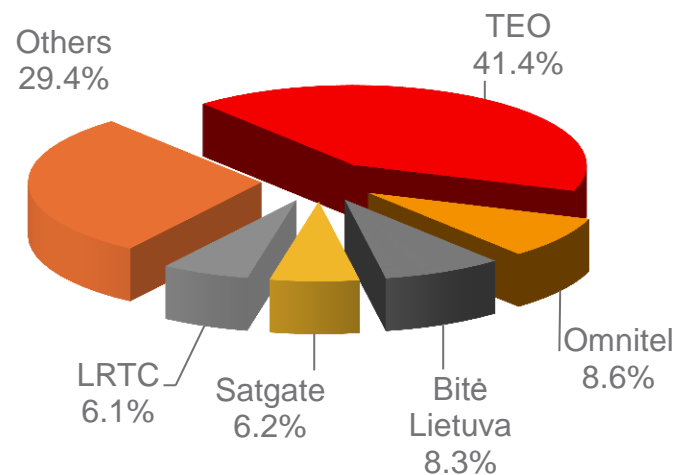
	(%)
Total number of customers	89.9
Total traffic	93.9
Revenue from local calls	99.0
Revenue from long distance domestic calls	88.8
Revenue from international calls	71.2

Source: Report of Communications Regulatory Authority

# INTERNET ACCESS MARKET IN LITHUANIA (Q1 2012)

Access type	Number of users ('000)	Change from Q1 2011 (%)
Fiber optics	376	16.2
Via mobile network	258	25.9
DSL	193	(7.8)
Wireless	110	(19.1)
Via CATV network	44	(6.7)
Via LAN	16	(36.5)
<b>Total:</b>	<b>998</b>	<b>10.3</b>

Q1 2012 revenue by service providers



# PAY TV MARKET IN LITHUANIA (Q1 2012)

Access type	Number of operators	Number of users ('000)	Change to Q1 2011 (%)	Revenue Q1 2012 (mLTL)	Change to Q1 2011 (%)
Analogue CATV	44	316.6	(10.7)	15.6	(11.1)
<b>Digital:</b>					
Digital CATV	19	88.9	84.9	5.0	109.6
Digital MVDS	3	17.9	(8.0)	1.4	(5.4)
IP TV	7	86.7	18.1	7.9	39.1
DVB-T	2	72.0	5.8	5.9	13.5
Digital satellite	1	83.7	8.1	9.9	1.3
<b>Total digital:</b>	<b>26</b>	<b>349.2</b>	<b>21.9</b>	<b>30.1</b>	<b>22.8</b>
<b>Total:</b>		<b>665.8</b>	<b>3.9</b>	<b>45.7</b>	<b>8.7</b>

Source: Report of Communications Regulatory Authority

# FINANCIAL RESULTS

Revenue, EBITDA, net profit

Main financial indicators

Dynamics of main indicators

Revenue breakdown

Operating expenses

Balance sheet

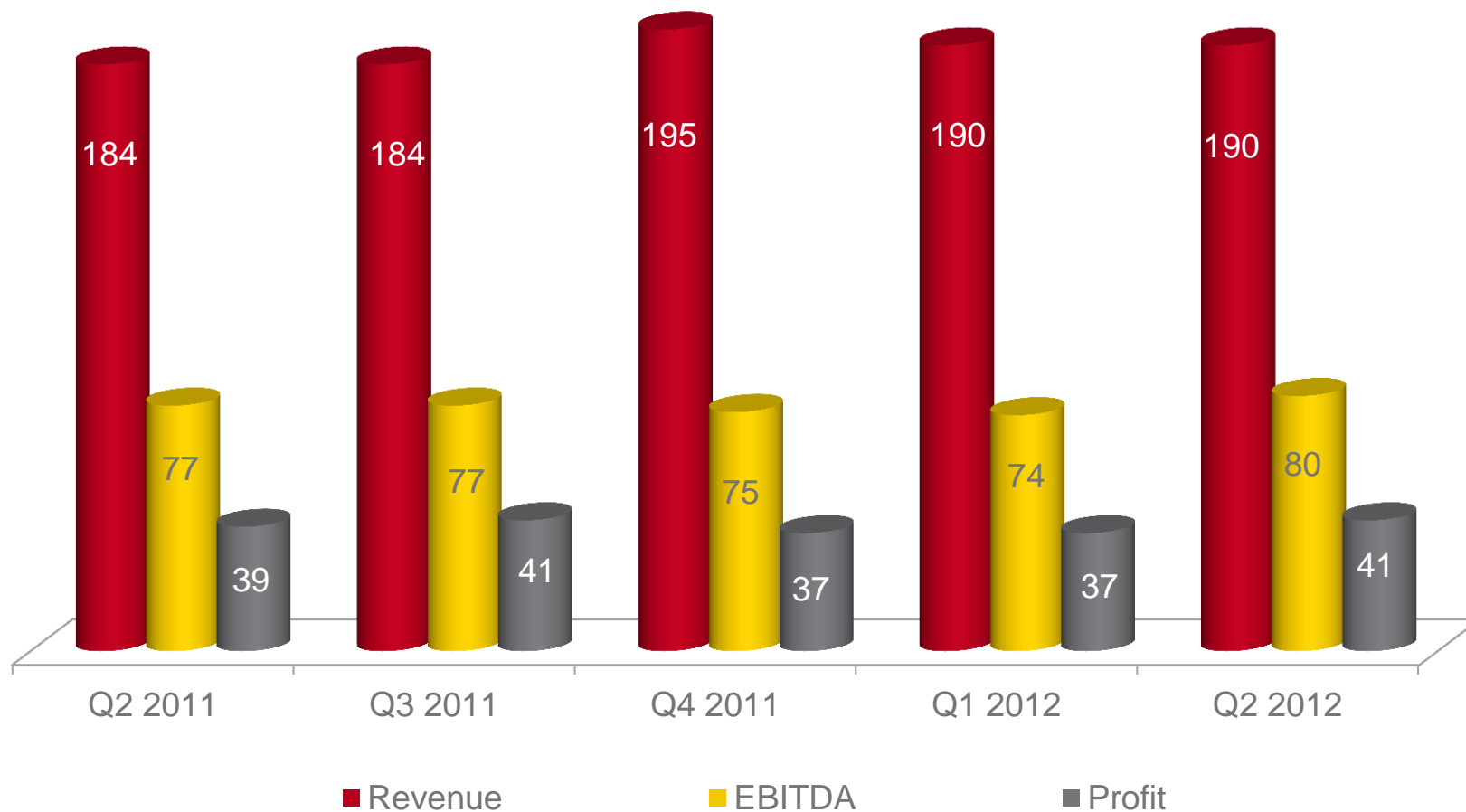
Cash flow

Investments





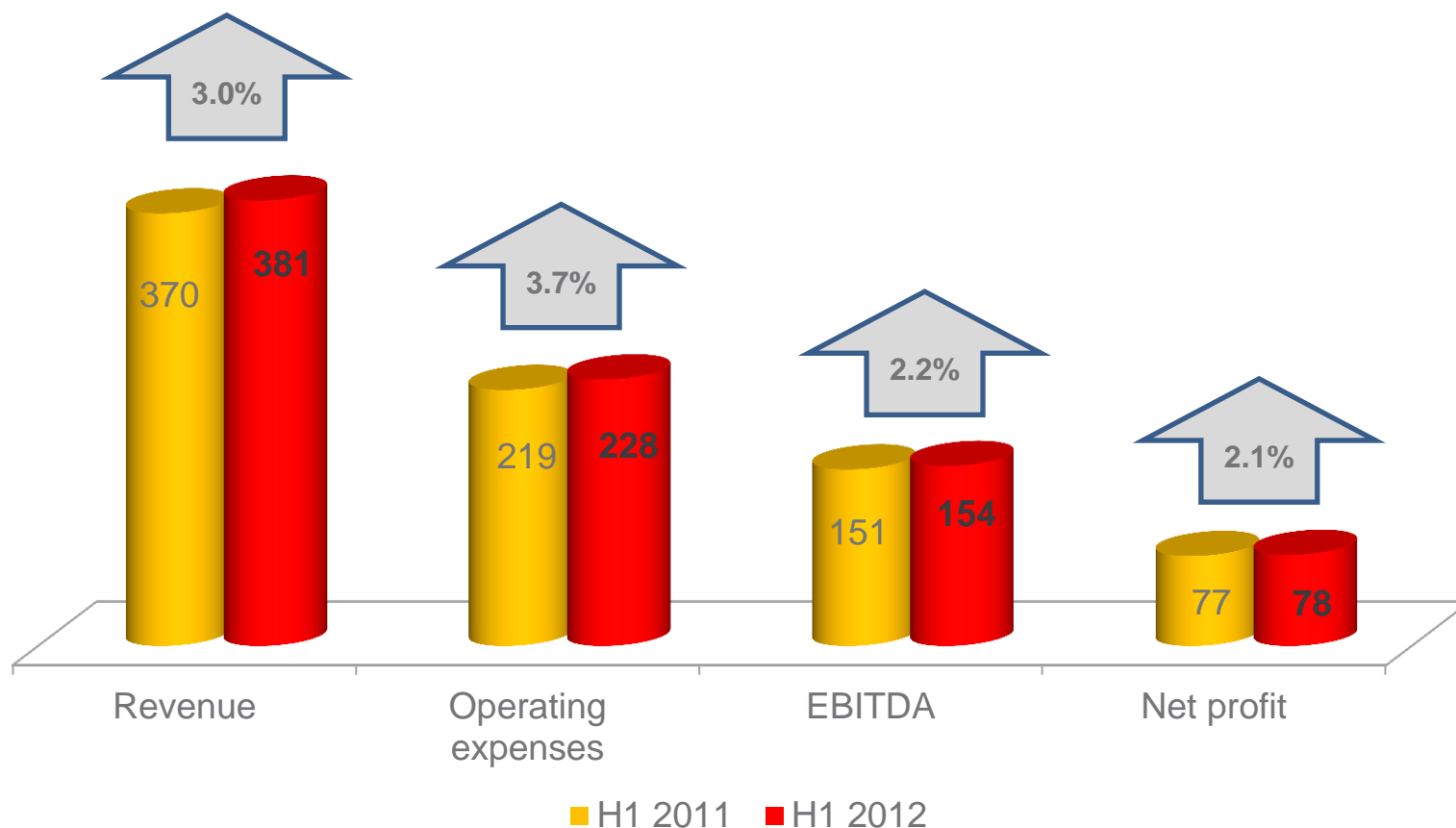
# REVENUE, EBITDA & NET PROFIT (LTL MILLION)



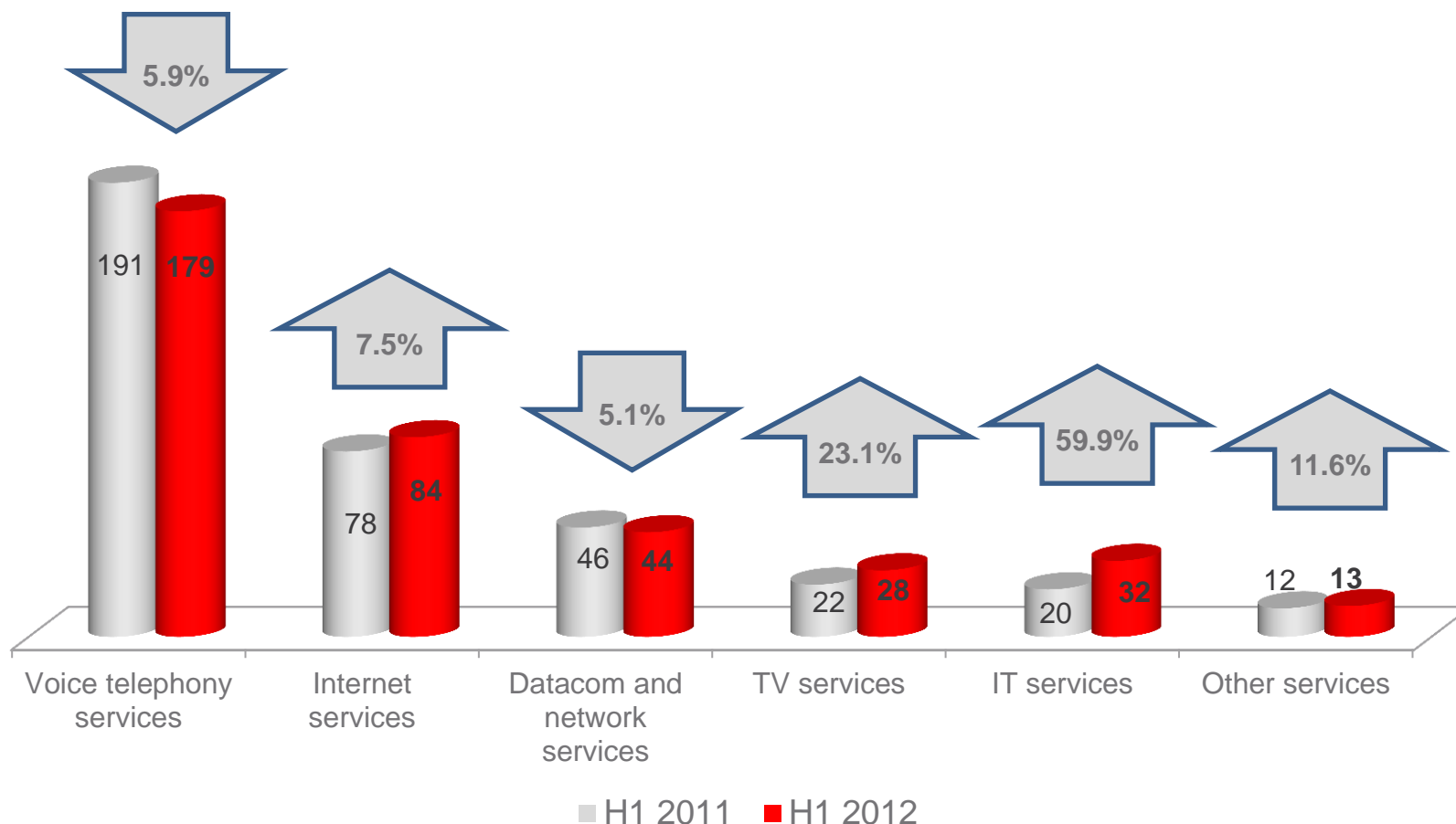
# MAJOR FINANCIAL INDICATORS

(thousand LTL)	Q2 2012	Q2 2011	Change (%)	H1 2012	H1 2011	Change (%)
Revenue	190,231	184,026	3.4	380,722	369,809	3.0
Operating expenses	110,820	107,335	3.2	227,536	219,437	3.7
EBITDA	79,888	77,086	3.6	154,284	150,982	2.2
EBITDA margin	42.0%	41.9%		40.5%	40.8%	
Depreciation and amortization	33,005	33,444	(1.3)	65,357	65,873	(0.8)
Operating profit	46,883	43,643	7.4	88,927	85,109	4.5
Operating profit margin	24.6%	23.7%		23.4%	23.0%	
Net profit	41,134	38,919	5.7	78,281	76,649	2.1
Profit margin	21.6%	21.1%		20.6%	20.7%	
Earnings per share (LTL)	0.053	0.050		0.101	0.099	

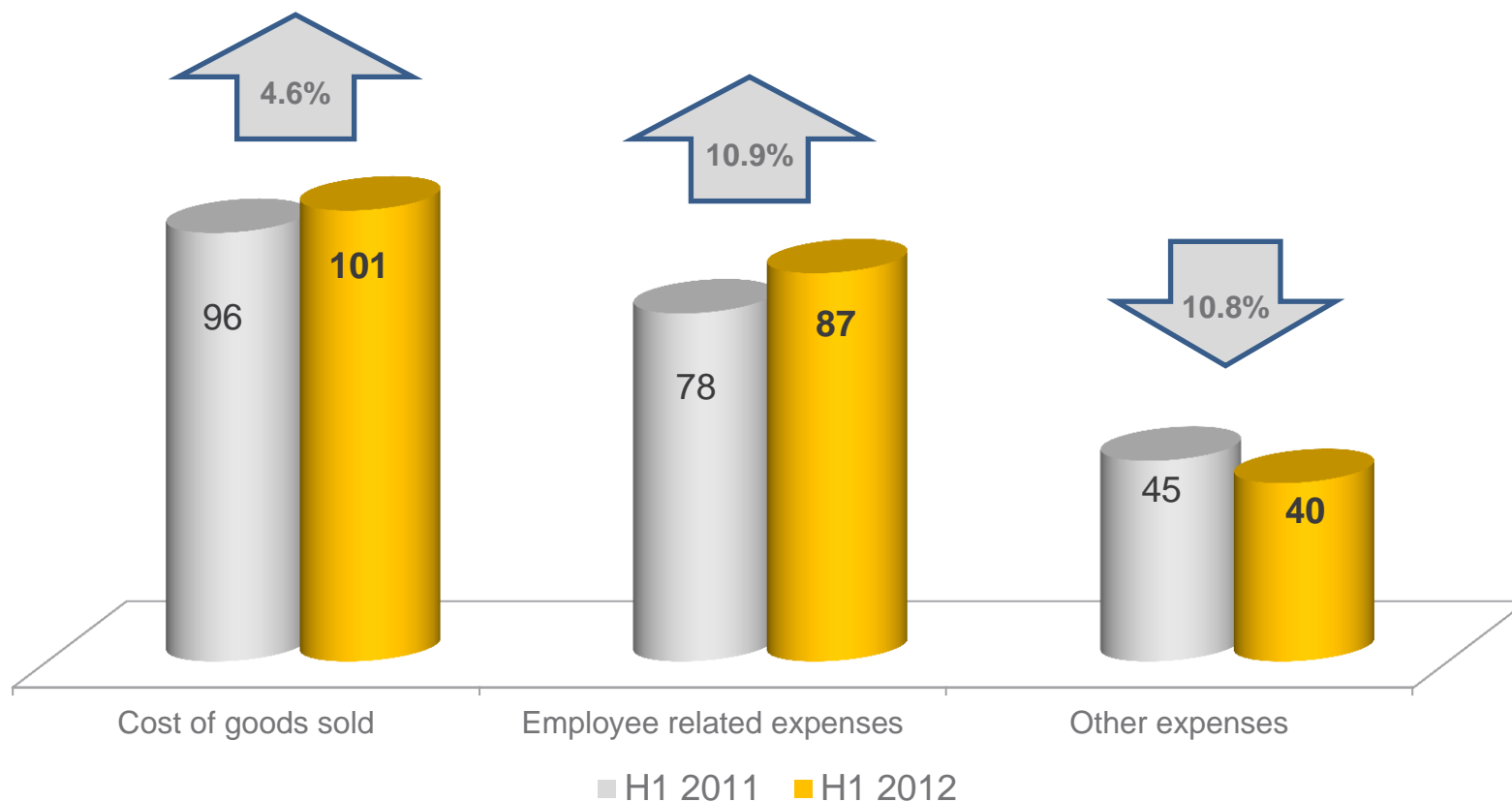
# DYNAMICS OF TEO MAIN FINANCIAL INDICATORS (LTL MILLION)



# REVENUE (LTL MILLION)



# OPERATING EXPENSES (LTL MILLION)





# BALANCE SHEET

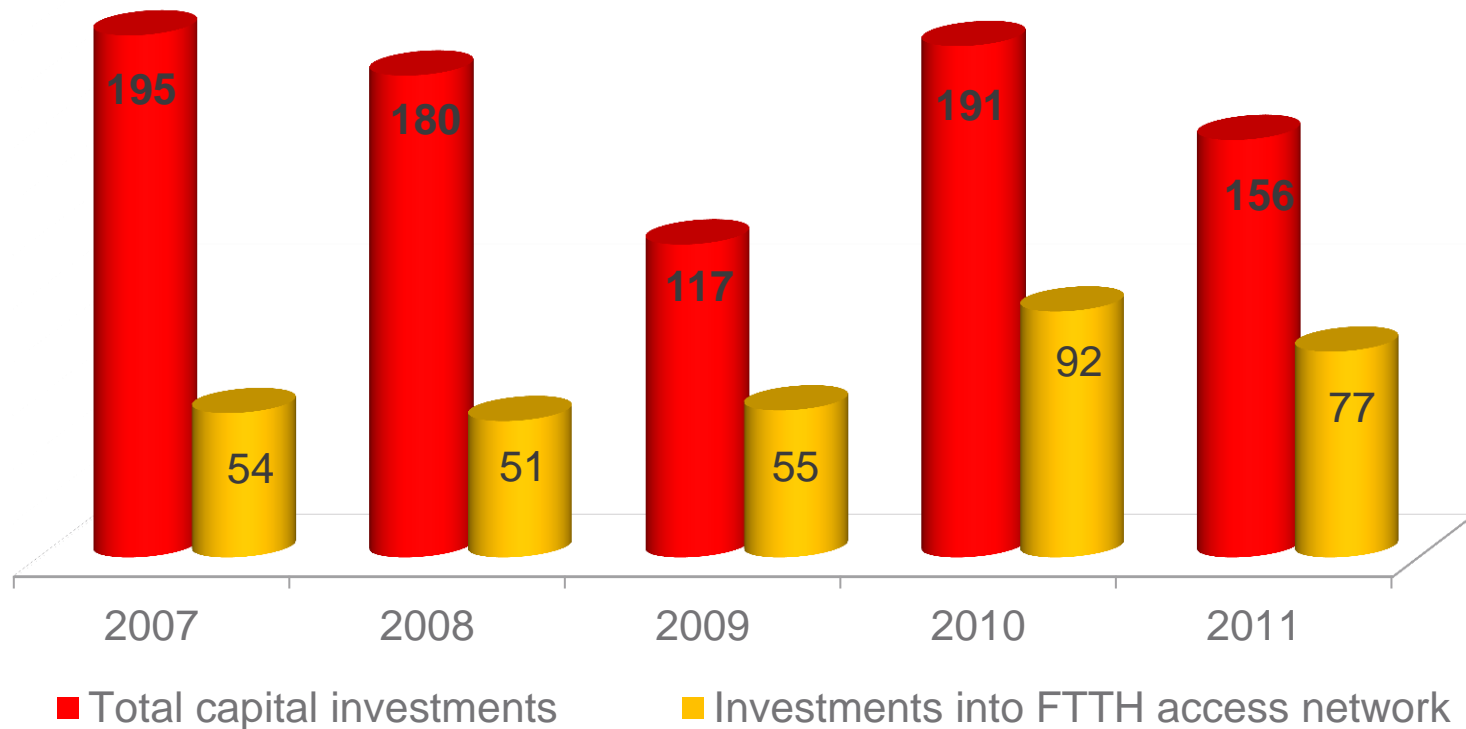
(thousand LTL)	30-06-2012	31-12-2011	Change (%)
Total assets	1,060,897	1,137,690	(6.7)
Cash, held-to-maturity investments	160,111	218,775	(26.8)
Equity	964,014	1,041,097	(7.4)
Borrowings	3,734	4,233	(11.8)
Net debt	(156,377)	(214,542)	
Gearing ratio	(16.2)%	(20.6)%	
ROAA	15.6%	15.3%	
ROE	15.5%	15.4%	

# CASH FLOW

(thousand LTL)	H1 2012	H1 2011
Net cash from operating activities	157,049	143,003
Net cash used in investing activities	(84,788)	(117,117)
Net cash used in financing activities	(155,864)	(140,431)
Increase in cash and cash equivalents	(83,603)	(114,545)

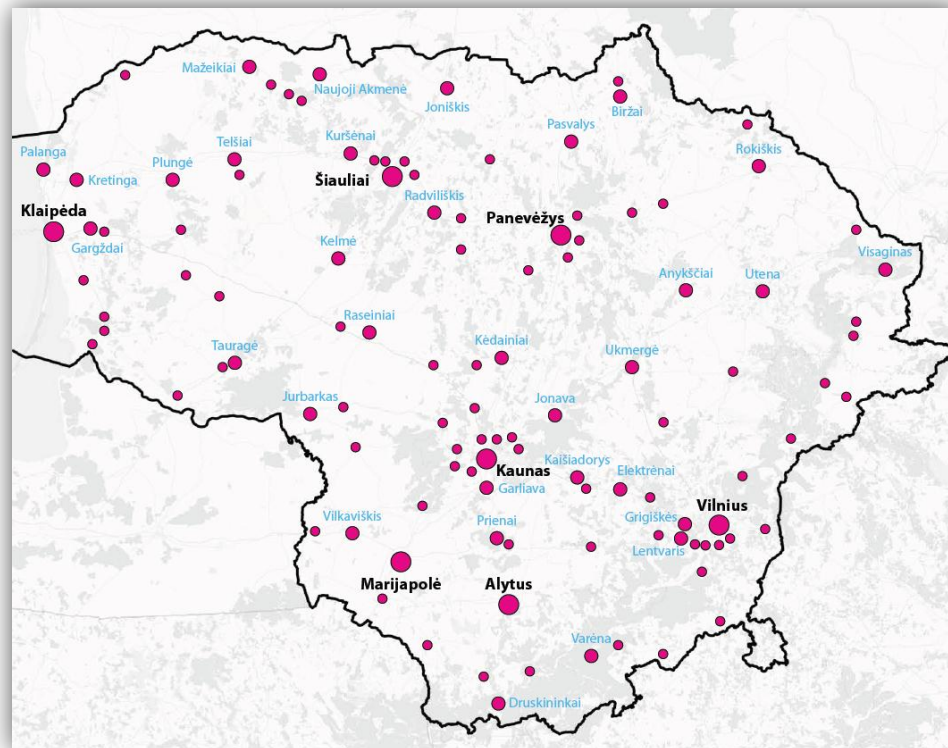
- Capital investments during H1 2012 amounted to LTL 52 million (LTL 63 million in 2011)
- LTL 41 million went to expansion of the core network and fiber-optic access network
- LTL 9 million was invested into IT systems
- In May, the Company paid out LTL 155 million of dividends of for the year 2011 (i.e. 0.20 litas per share)

# TEO INVESTMENTS (LTL MILLION)



# TEO FIBER OPTIC (FTTH) NETWORK

- **LTL 329 million** was invested in the next-generation fiber optic access network (FTTH) of TEO during the last 5 years
- TEO FTTH network operates in more than 100 Lithuanian cities and towns
- **732 thousand** households (593 thousand a year ago), or 61 per cent of the country's households, by the end of June 2012 were passed by TEO FTTH network
- **Lithuania is No. 1** in Europe in terms of FTTH/B penetration (Source: FTTH Council Europe)



# SHARES AND SHAREHOLDERS

Shareholders

Listing of shares

Market capitalisation

Trading in shares

Shares and indexes





# SHAREHOLDERS OF TEO

- **TeliaSonera AB** (Sweden) is the largest shareholders of TEO LT, AB
- In June 2011, TeliaSonera AB took over from its subsidiary, Amber Teleholding A/S, the controlling interest in TEO (**62.94%**)
- Before that TeliaSonera AB directly owned **5.14%** of the Company's shares
- During Q3 2011, TeliaSonera additionally acquired **0.21%** of the Company's shares
- In May-June 2012, TeliaSonera AB acquired **7.87%** of shares over direct deals and **9.56%** on the stock exchange
- Settlement for the shares acquired by TeliaSonera AB during takeover bid (5-29 June 2012) (**1.64%**) and on the stock exchange (**0.79%**) took place after 30 June 2012
- As of 4 July 2012 TeliaSonera holds **88.15%**

Shareholders as of 31 March 2012

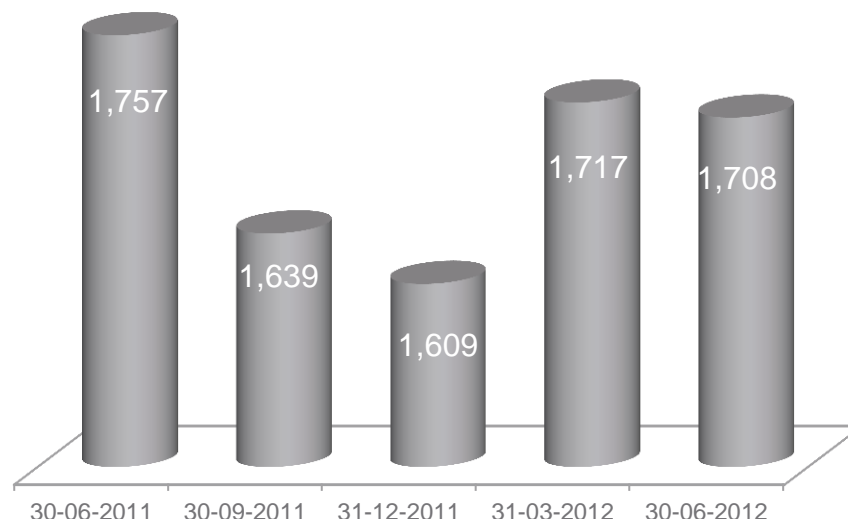
	Part of shares and votes
TeliaSonera AB	68.29%
East Capital (Sweden)	7.29%
Others	24.42%

Shareholders as of 30 June 2012

	Part of shares and votes
TeliaSonera AB	85.72%
Others	14.28%

# TEO SHARES

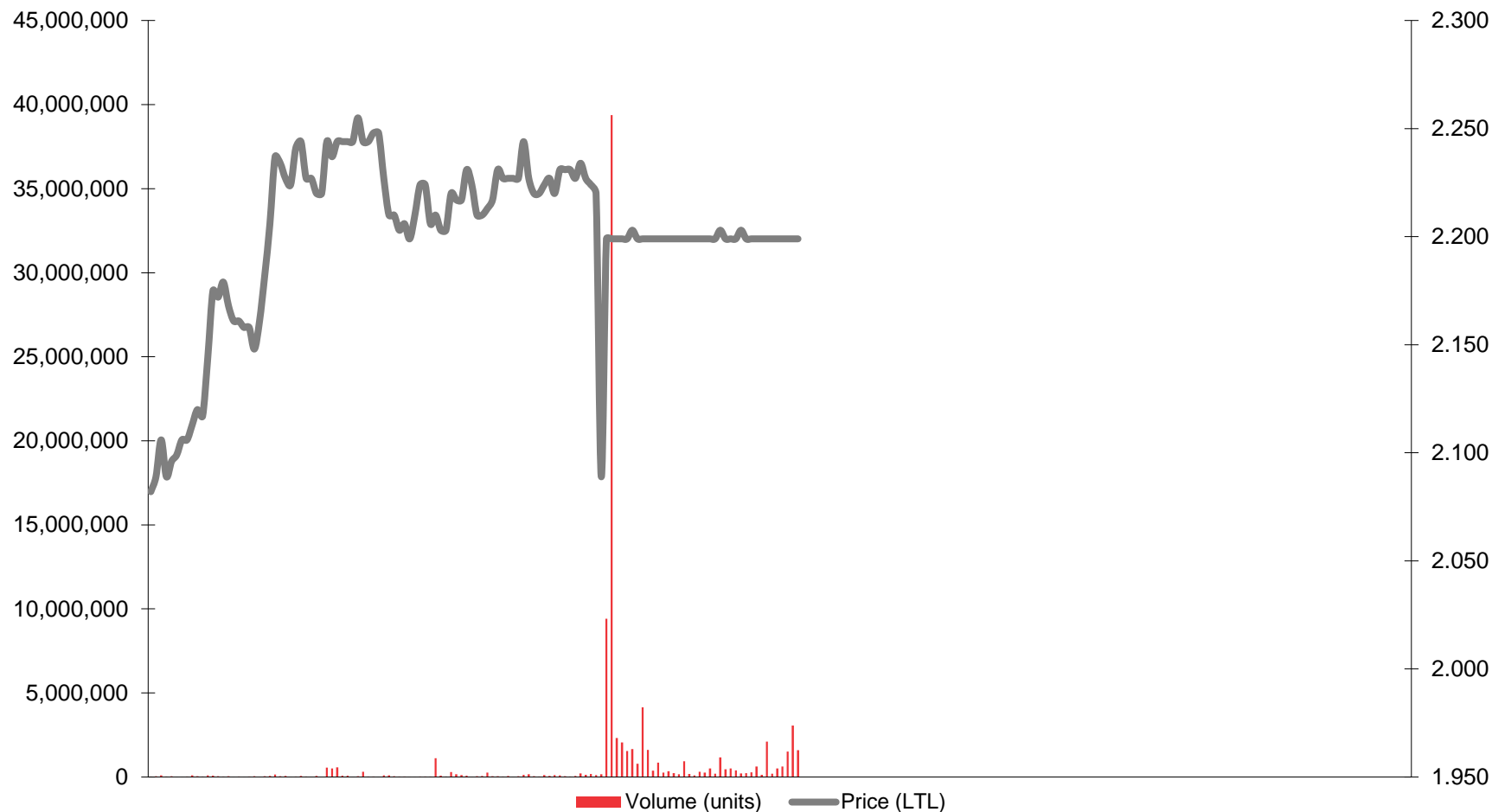
Market Capitalisation (LTL million)



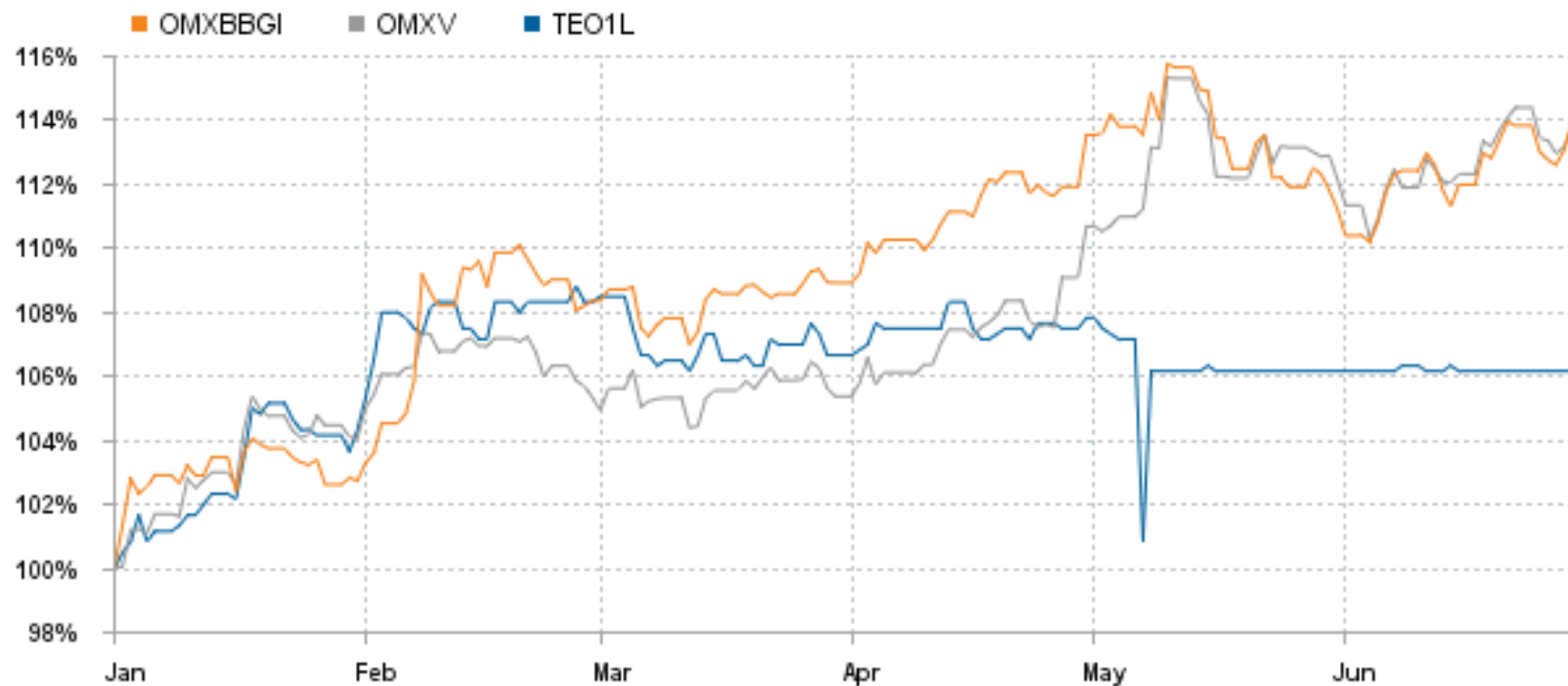
- Since 2000 TEO shares are listed on NASDAQ OMX Vilnius stock exchange (ticker: TEO1L)
- In January 2011, TEO shares were included into the trading lists of a few German stock exchange (ticker: ZWS)
- Turnover on NASDAQ OMX Vilnius stock exchange during January-June 2012: 89.6 million shares or LTL 197 million (EUR 57 million)
- Share price on NASDAQ OMX Vilnius:

	LTL	EUR
01-01-2012	2.075	0.601
High	2.313	0.670
Low	2.061	0.597
30-06-2012	2.199	0.637

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



# TEO SHARE PRICE AND NASDAQ OMX VILNIUS INDEXES COMPARISON



Source: NASDAQ OMX Vilnius

# CORPORATE GOVERNANCE

Governing bodies

Board

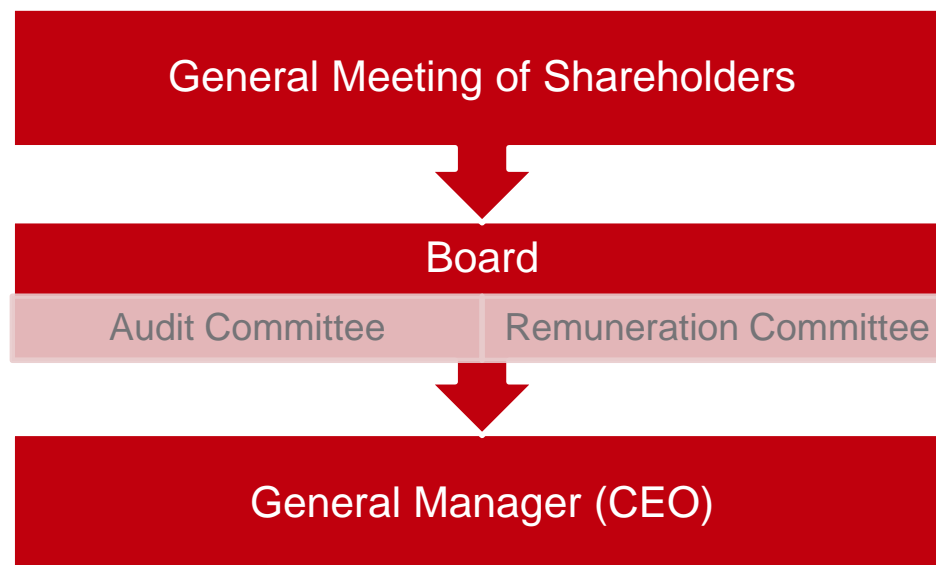
Senior management

Corporate social responsibility



# GOVERNING BODIES

- The Annual General Meeting of Shareholders shall be convoked within 4 months after the end of financial year
- The Board consist of 6 members elected for the 2 years term during the Annual General Meeting of Shareholders
- The Board elects and recalls the General Manager (CEO)
- The General Meeting also elects the Company's independent auditor for 2 years term
- On 24 April 2012 shareholders elected PricewaterhouseCoopers as the Company's independent auditor



# TEO BOARD (ELECTED IN 2011)



**Malin Frenning**  
**Chairwoman** of the Board  
 Represents TeliaSonera AB  
 Member of Remuneration Committee



**Tiia Tuovinen**  
**Member** of the Board  
 Represents TeliaSonera AB  
 Member of Audit Committee



**Lars Klasson**  
**Member** of the Board  
 Represents TeliaSonera AB  
 Member of Remuneration Committee



**Inga Skisaker**  
**Independent member** of the Board  
 Member of Audit Committee



**Joakim Sundström**  
**Member** of the Board  
 Represents TeliaSonera AB  
 Chairman of Audit Committee



**Jonas Pilkauskas**  
**Independent member** of the Board  
 Member of Remuneration Committee

- Members of the Board have no direct interest in the share capital of TEO



# SENIOR 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

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



# TEO - SOCIALLY RESPONSIBLE COMPANY

- In 2005, the Company joined the UN Global Compact
- Since 2007 TEO annually issues its Social Corporate Responsibility Reports
- TEO acts in an ethical, fair and transparent manner towards the market, environment protection, society and employees
- In its activities, TEO uses only the most innovative means and the most modern technological processes that meet all ecological standards and help reduce the negative impact on the environment
- In 2011, the Company reduced fuel consumption by 11.4%, electricity – by 6.2%, water – by 3.2% and office paper usage by 1%



*On 8 May 2012, during National Responsible Business Awards 2011 TEO was recognized as a "Socially Responsible Enterprise" of the year*

# THANK YOU FOR YOUR ATTENTION

BŪTI SU PASAULIU



For more information about the Company please visit our website [www.teo.lt](http://www.teo.lt)