

RESULTS FOR THE 9 MONTHS OF 2012

TEO LT, AB GROUP



Results for 9 months of 2012 / 15-10-2012

MAIN EVENTS AND FIGURES

Highlights of Q3 2012
Structure of the Group
Operating figures
Employees

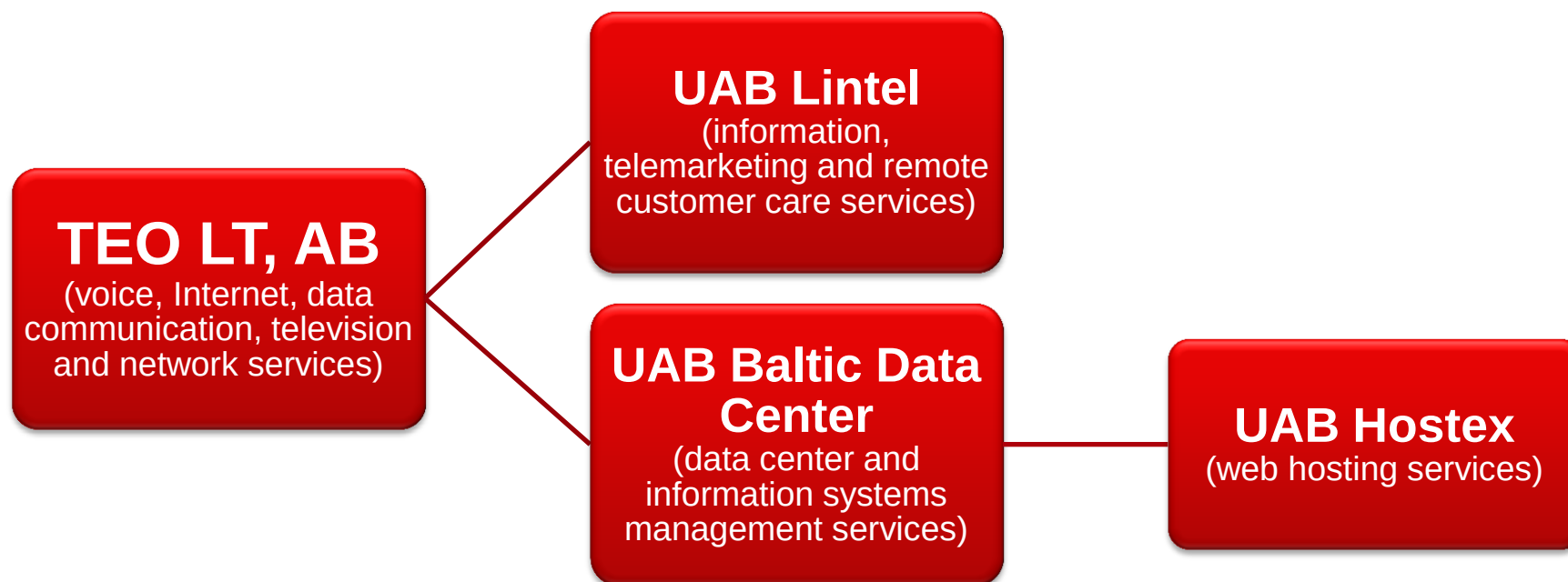


Results for 9 months of 2012 / 15-10-2012

HIGHLIGHTS OF Q3 2012

- **TeliaSonera AB** concluding direct deals, buying on the open market and implementing a voluntary takeover increased its holding in TEO **from 68.29 to 88.15 per cent** (as of 4 July 2012)
- IPTV services customers were offered a possibility to watch London Summer Olympic games in **High Definition (HD) format**
- Users of IPTV services were offered a new additional service, **Startover**, and a **new packages of TV channels** in Russian as well as Viasat sports and movie channels
- In August, the Company launched a new service to private customers by offering them **TV sets for a monthly fee**
- TEO offered its residential customers new additional flat fee payment plans, enabling them to make **calls to Lithuanian mobile network subscribers** for no extra charges
- **Arūnas Šikšta**, **CEO** of the Company, by the decree of the Prime Minister of the Republic of Lithuania, was appointed as the Chairman of the Commission for implementation of the reform of state-owned enterprises

TEO GROUP

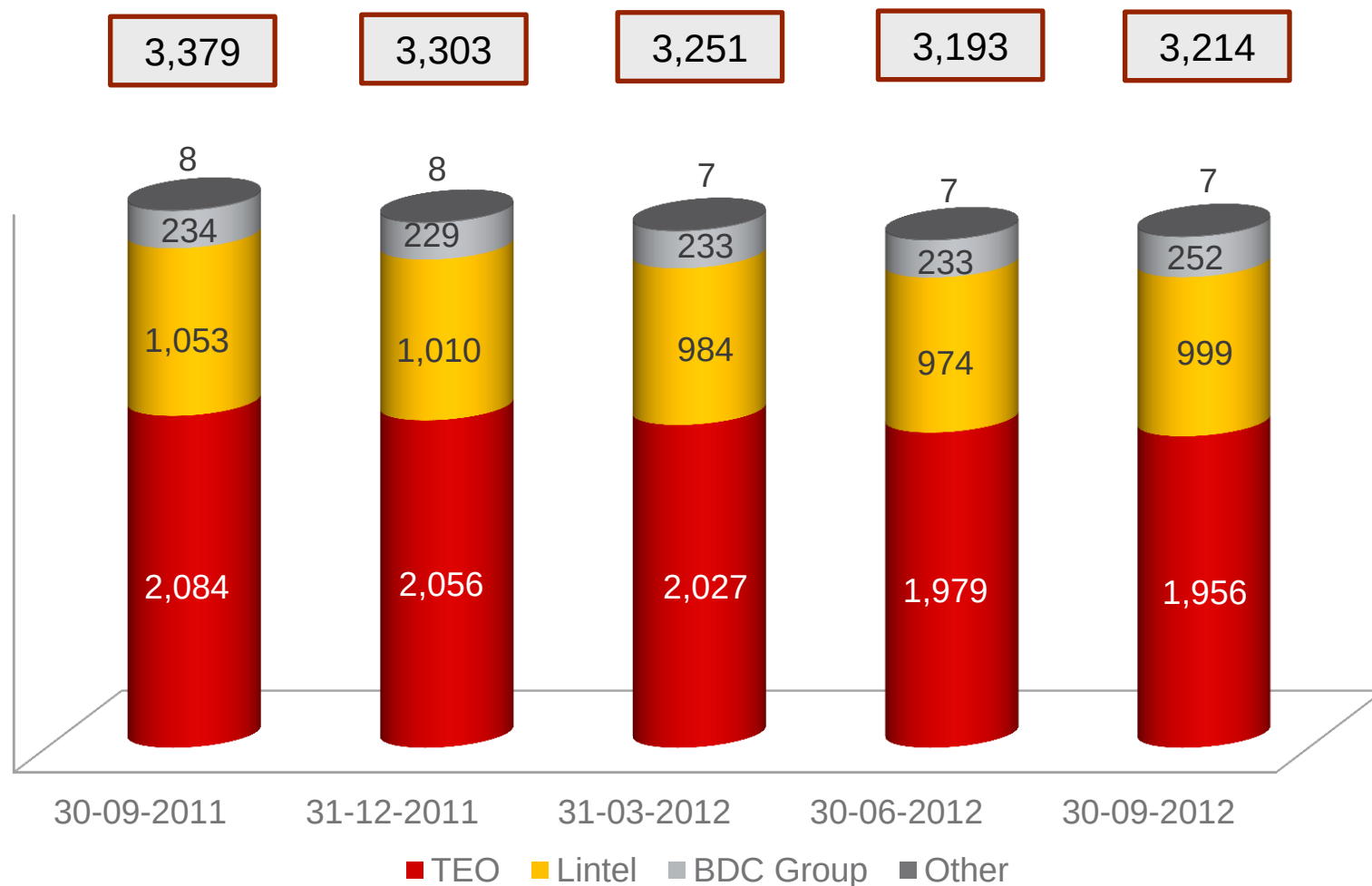


- **TEO LT, AB** also holds 100% stakes in UAB Verslo Investicijos (investment project) and UAB Kompetencijos Ugdymo Centras (dormant subsidiary), and is the sole owner of a not-for-profit organization VšĮ Ryšių Istorijos Muziejus (Communications History Museum)
- UAB Baltic Data Center has a dormant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

MAIN OPERATING FIGURES

	30-09-2012	30-09-2011	Change (%)
Number of telephone lines	615,807	660,767	(6.8)
Number of broadband Internet accesses, in total:	380,824	367,396	3.7
- via fiber-optic lines	156,068	131,050	19.1
- via copper lines	186,423	202,072	(6.3)
- wireless (WiFi) access	38,333	34,274	11.8
Number of TV services users, in total:	161,921	147,104	10.1
- IPTV	89,076	75,758	17.6
- DVB-T	72,845	71,346	2.1
Number of employees	3,214	3,379	(4.9)

EMPLOYEES OF TEO GROUP



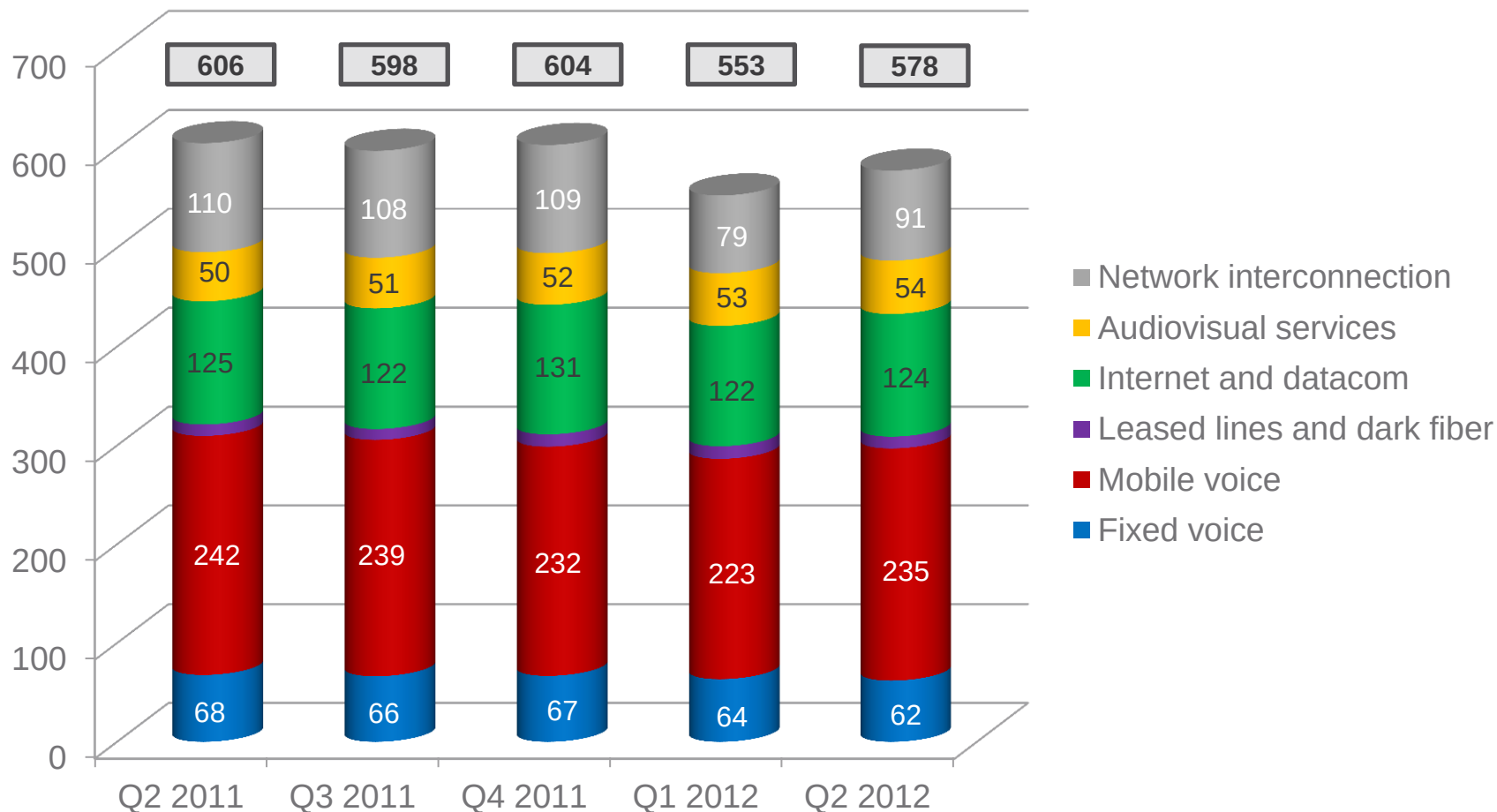
ELECTRONIC COMMUNICATIONS MARKET OF LITHUANIA

Dynamics of the market
Figures of main operators
TEO market shares



Results for 9 months of 2012 / 15-10-2012

TELECOMMUNICATION MARKET IN LITHUANIA (LTL MILLION)



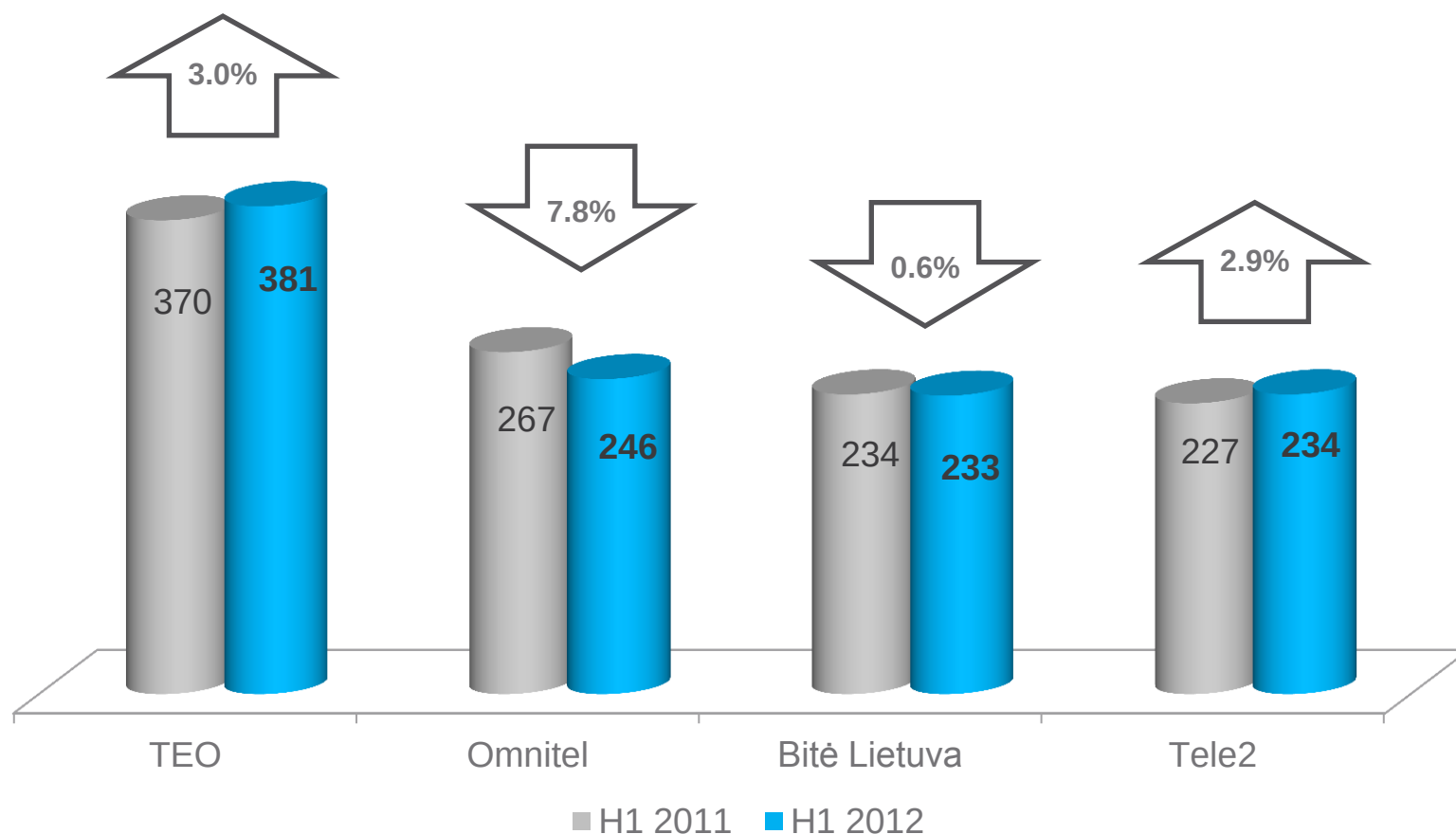
Source: Report of Communications Regulatory Authority

MAIN MARKET FIGURES

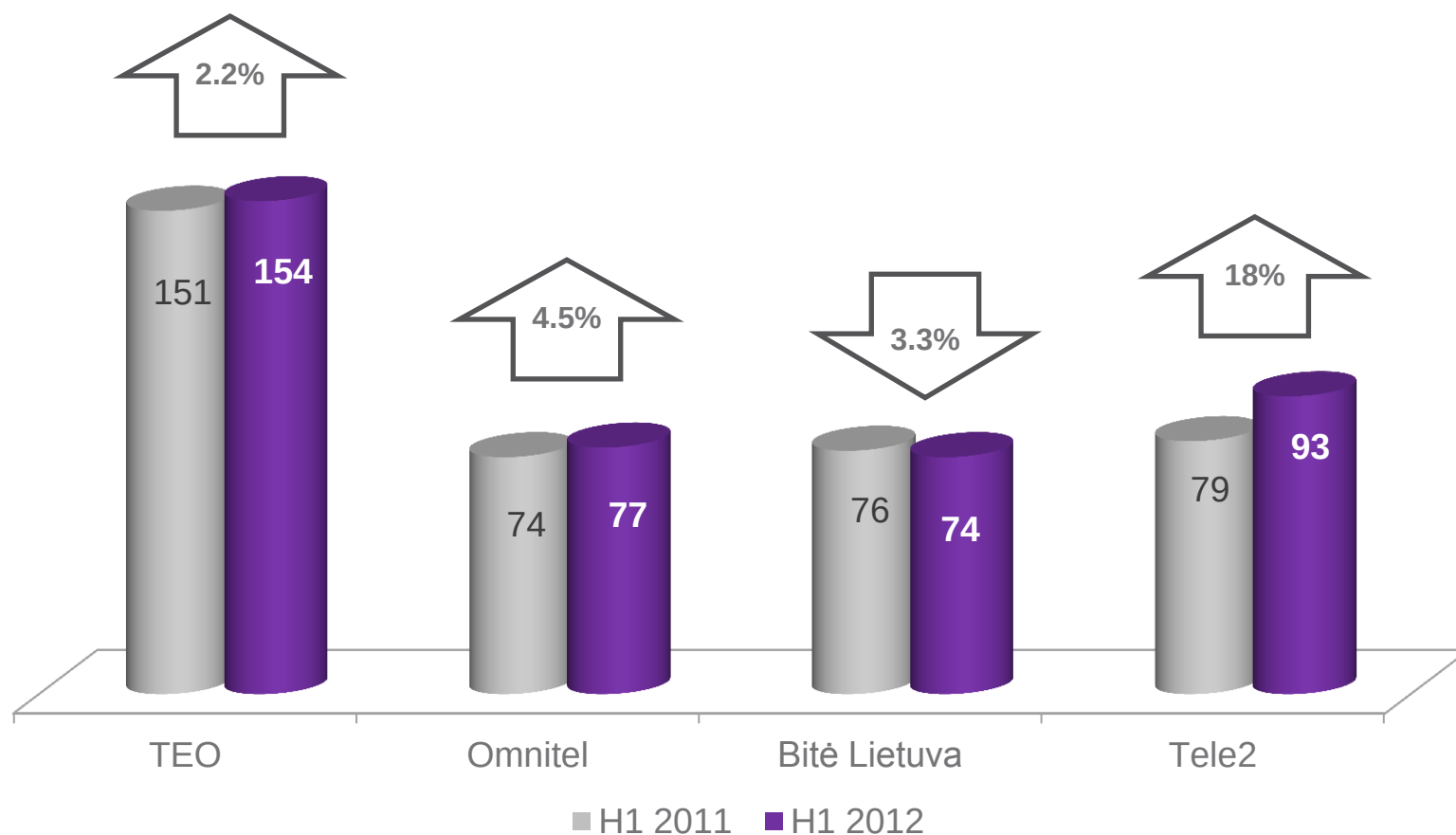
	30-06-2012	30-06-2011	Change (%)
Total market revenue (LTL million)	1,133.7	1,192.5	(4.9)
Number of telephone lines per 100 inhabitants	21.3	22.3	
Number of mobile voice subscribers per 100 inhabitants	152.9	151.5	
Number of Internet access subscribers	1,010,586	921,619	9.7
Number of broadband Internet access subscribers per 100 inhabitants	31.7	28.6	
Number of fixed Internet access subscribers per 100 inhabitants	23.4	21.8	
Number of pay-TV subscribers	667,333	642,640	3.8
Number of digital pay-TV subscribers per 100 households	26.9	22.2	
Total market investments (LTL million)	130.6	164.7	(20.7)

Source: Report of Communications Regulatory Authority

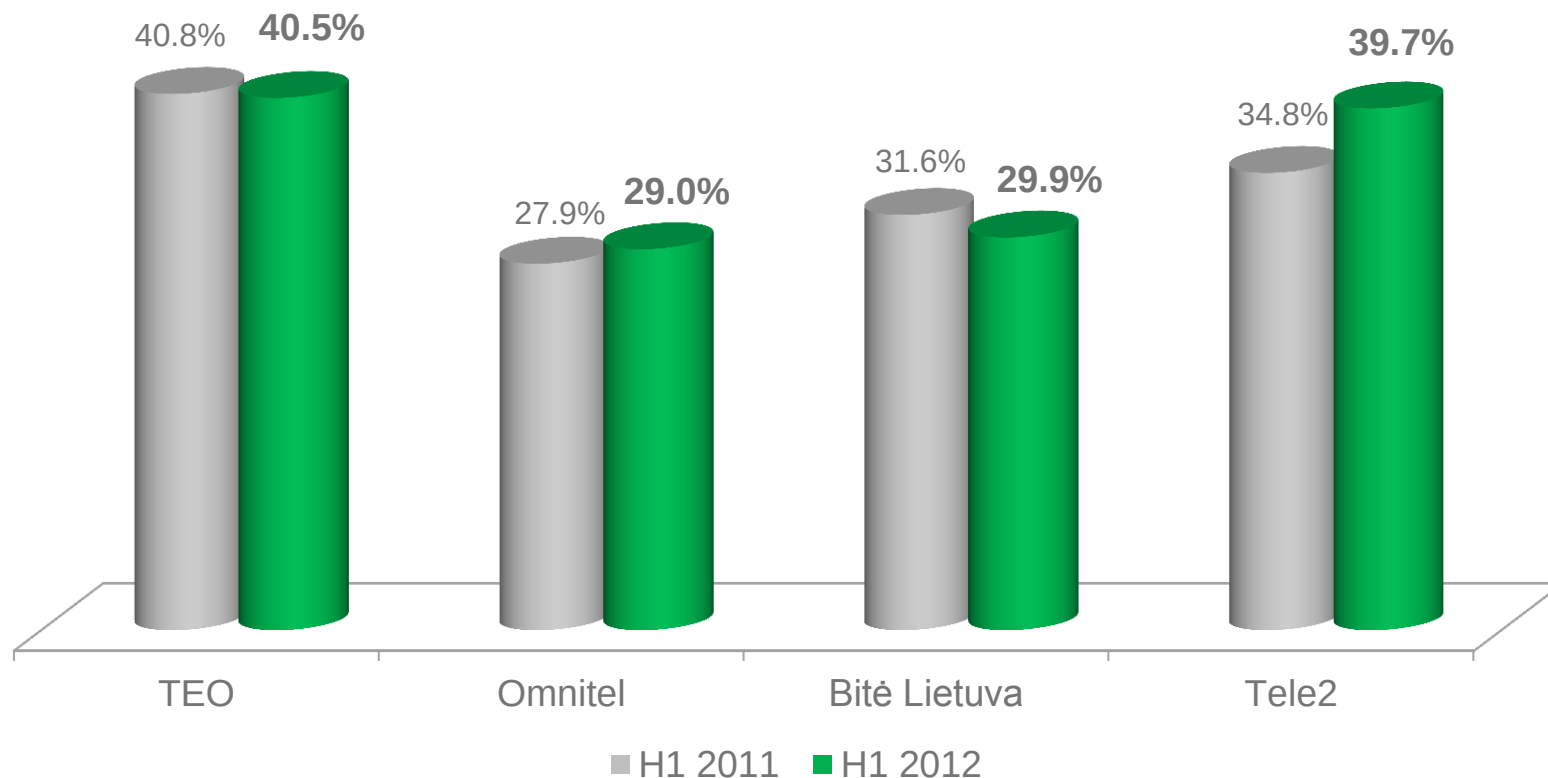
MAIN TELECOMMUNICATIONS MARKET PLAYER'S **REVENUE** CHANGES (LTL MILLION)



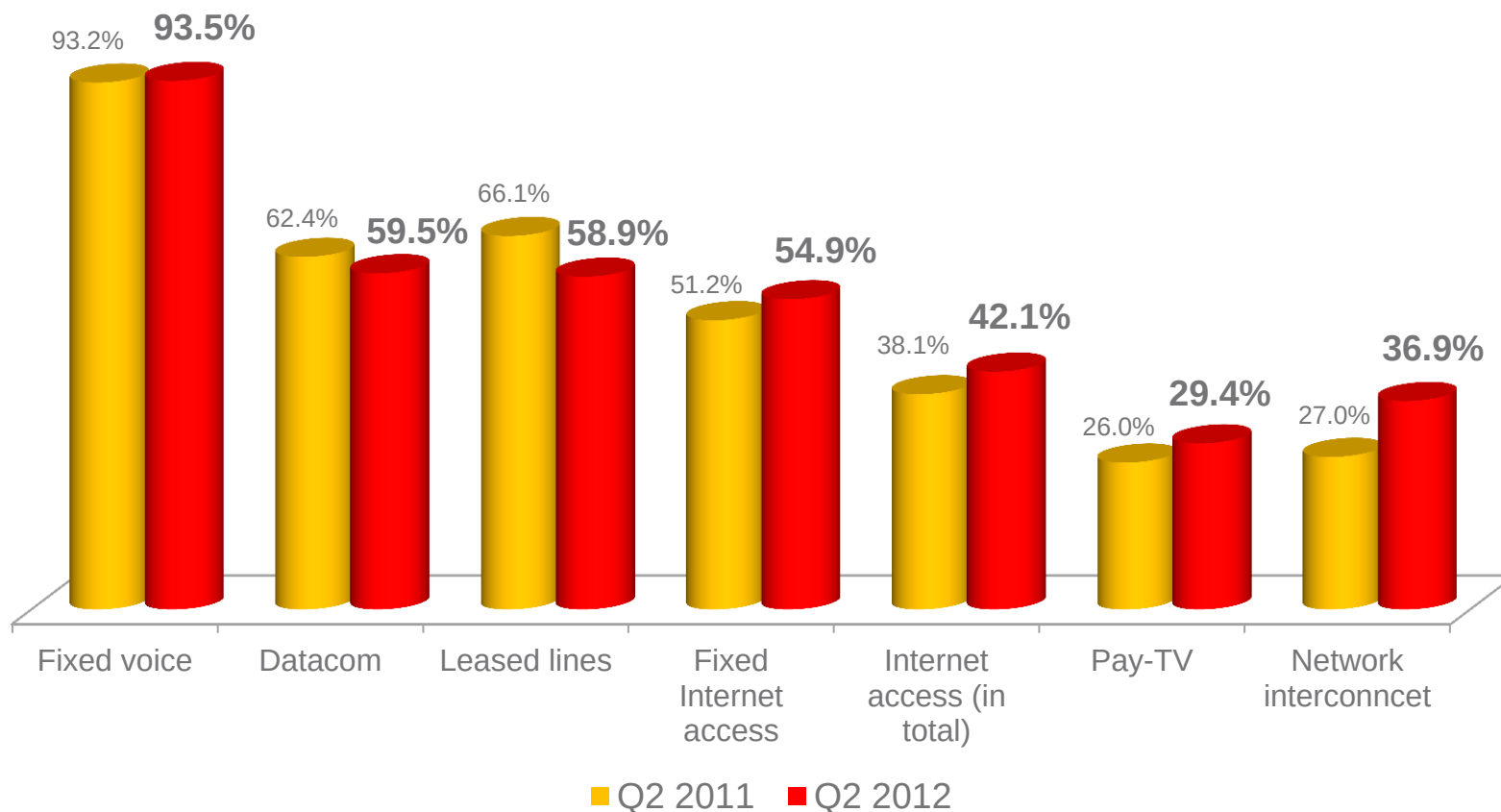
MAIN TELECOMMUNICATIONS MARKET PLAYER'S **EBITDA** CHANGES (LTL MILLION)



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 H1 2012 (LTL million)	Change from H1 2011 (%)	Number of market players	TEO share in Q2 2012 (%)
Fixed voice	125.5	(8.9)	49	93.5
Internet access	202.3	(1.3)	101	42.1
Leased lines	13.1	(9.9)	12	58.9
Data communication	43.6	2.3	20	59.5
Network interconnection	169.9	(19.2)	>5	36.9
Pay-TV	91.9	9.8	45	29.4
TV and radio program transmission	15.0	(3.3)	2	n/a
Mobile voice	460.0	(2.7)	3+4	-

Source: Report of Communications Regulatory Authority

FIXED VOICE TELEPHONY MARKET IN LITHUANIA (Q2 2012)

- 49 companies are providing fixed voice services:
 - 37 provide national and international calls
 - 7 – only international calls
 - 5 – only wholesales (transit) services
- 36 companies are using IP network, 19 of them CATV and data communication networks
- Number of alternative operators' subscribers: 71.5 thousand or 10.3% of total subscribers' number



TEO market share (Q2 2012) in terms of:	(%)
Total number of customers	89.7
Total traffic	93.0
Revenue from local calls	99.9
Revenue from long distance domestic calls	89.5
Revenue from international calls	71.9

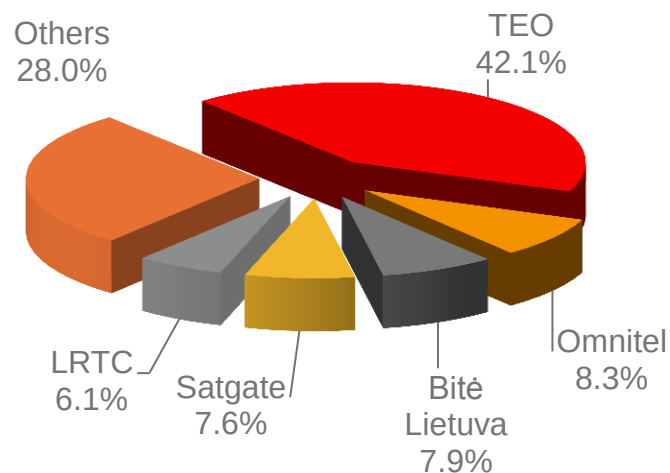


Source: Report of Communications Regulatory Authority

INTERNET ACCESS MARKET IN LITHUANIA (Q2 2012)

Access type	Number of users ('000)	Change, y-o-y (%)
Fiber optics	381	16.4
Via mobile network	267	20.2
DSL	190	(7.9)
Wireless	115	(19.7)
Via CATV network	43	(8.3)
Via LAN	15	(33.2)
Total:	1,011	9.6

Q2 2012 revenue by service providers



Source: Report of Communications Regulatory Authority

PAY TV MARKET IN LITHUANIA (Q2 2012)

Access type	Number of operators	Number of users ('000)	Change to Q2 2011 (%)	Revenue Q2 2012 (mLTL)	Change to Q2 2011 (%)
Analogue CATV	44	309.8	(10.3)	30.7	(12.4)
Digital:					
Digital CATV	20	93.8	76.9	10.6	109.4
Digital MVDS	3	17.5	(8.8)	3.0	(13.6)
IP TV	7	90.4	20.4	16.0	37.3
DVB-T	2	72.1	2.3	11.6	13.8
Digital satellite	1	83.7	5.3	19.9	4.6
Total digital:	26	357.5	20.3	61.2	25.8
Total:		667.3	3.8	91.9	9.8

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

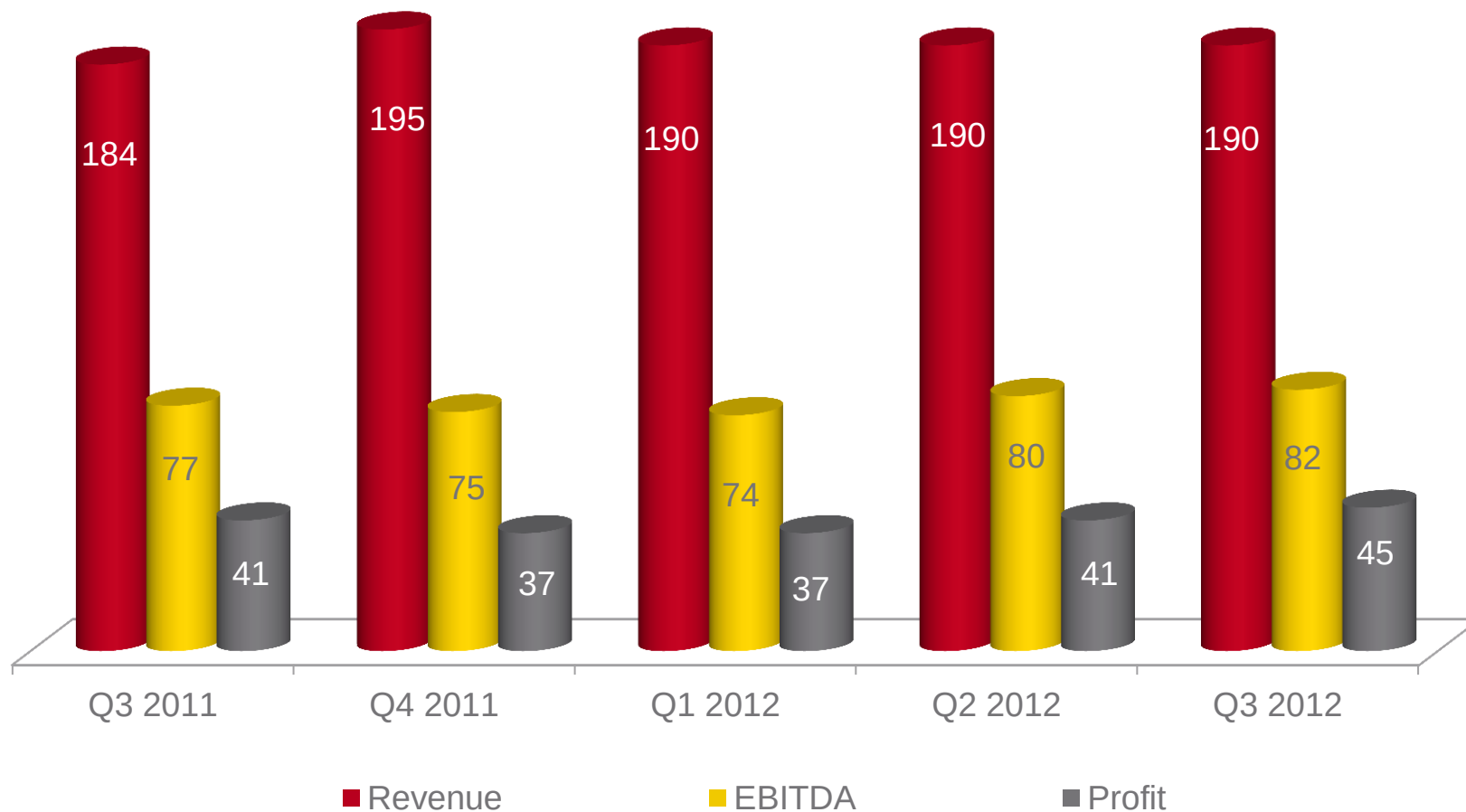
Investments



Results for 9 months of 2012 / 15-10-2012

REVENUE, EBITDA & NET PROFIT

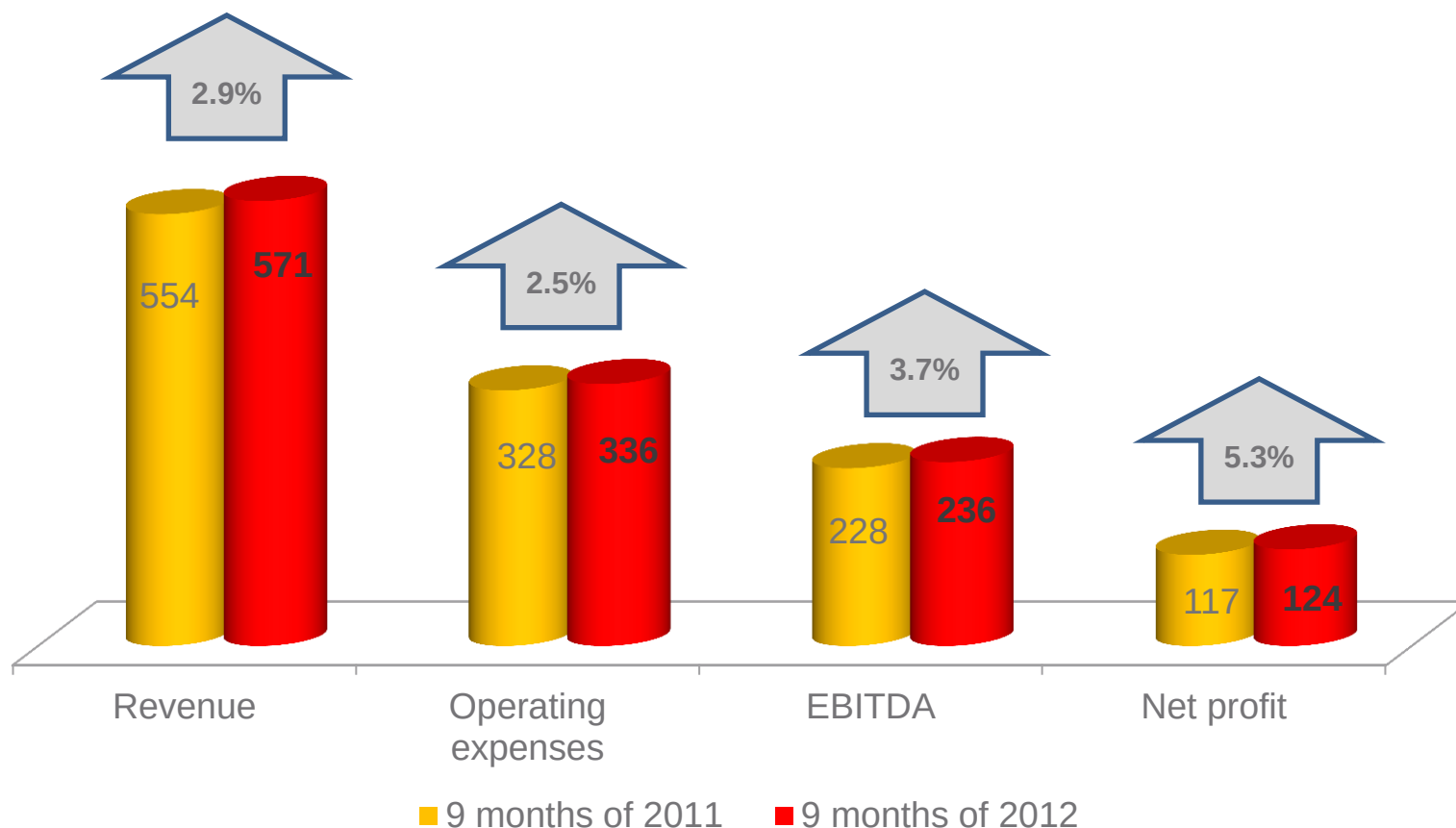
(LTL MILLION)



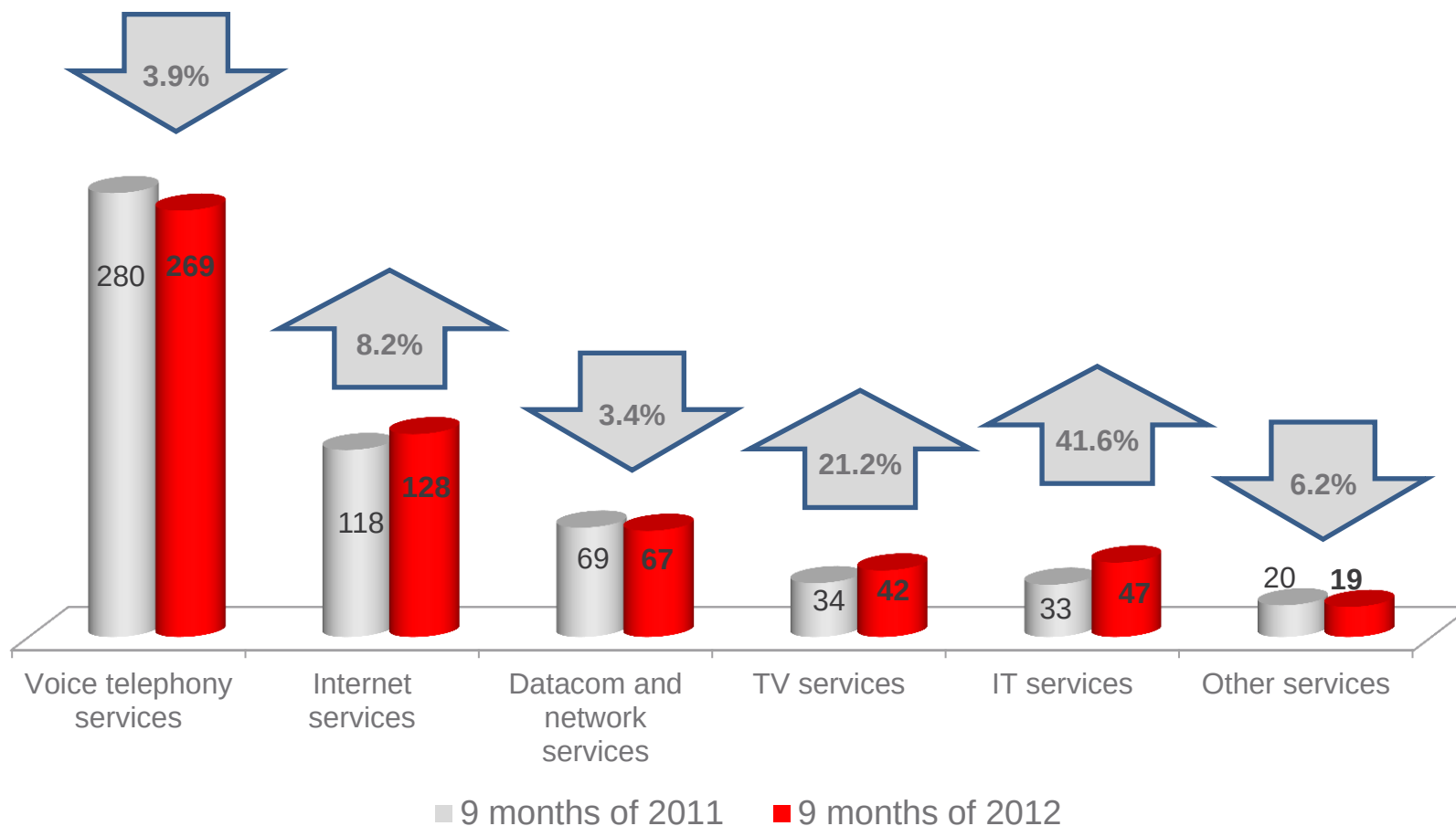
MAJOR FINANCIAL INDICATORS

(thousand LTL)	Q3 2012	Q3 2011	Change (%)	9 months of 2012	9 months of 2011	Change (%)
Revenue	189,779	184,498	2.9	570,501	554,307	2.9
Operating expenses	108,257	108,143	0.1	335,793	327,580	2.5
EBITDA	81,915	76,778	6.7	236,199	227,761	3.7
EBITDA margin	43.2%	41.6%		41.4%	41.1%	
Depreciation and amortization	32,307	32,396	(0.3)	97,663	98,270	
Operating profit	49,609	44,382	11.8	138,536	129,491	7.0
Operating profit margin	26.1%	24.1%		24.3%	23.4%	
Net profit	45,269	40,642	11.4	123,550	117,291	5.3
Profit margin	23.9%	22.0%		21.7%	21.2%	
Earnings per share (LTL)	0.058	0.052		0.159	0.151	

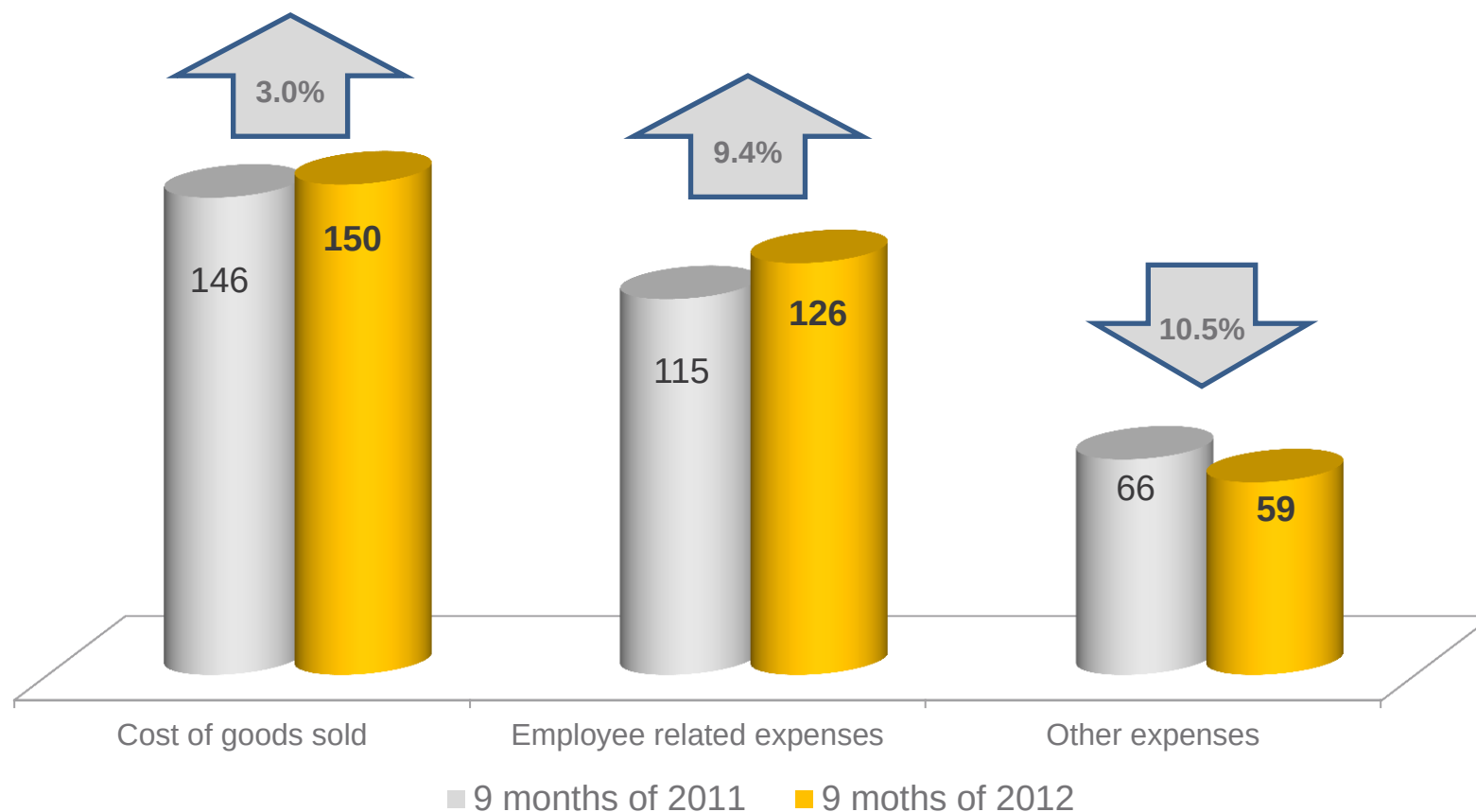
DYNAMICS OF TEO MAIN FINANCIAL INDICATORS (LTL MILLION)



REVENUE (LTL MILLION)



OPERATING EXPENSES (LTL MILLION)



BALANCE SHEET

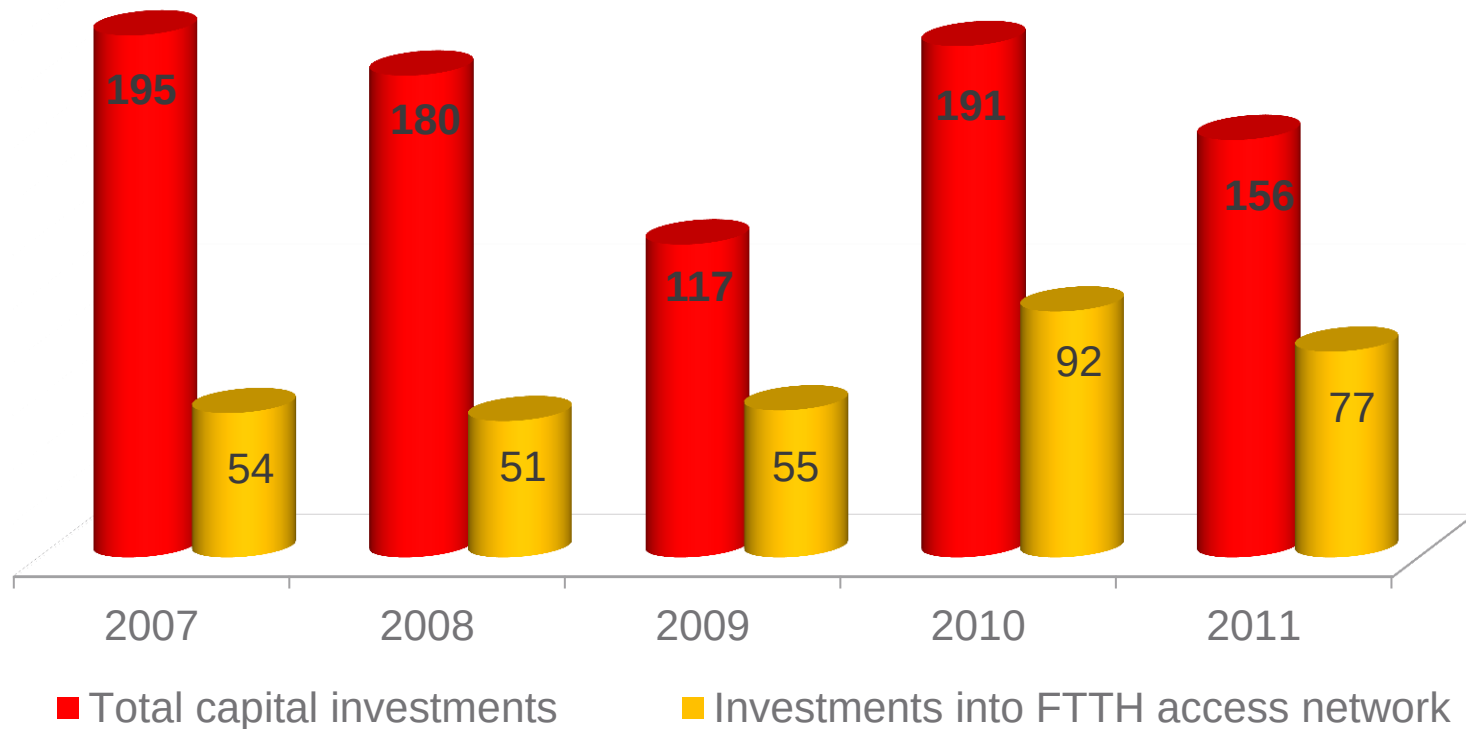
(thousand LTL)	30-09-2012	31-12-2011	Change (%)
Total assets	1,110,364	1,137,690	(2.4)
Cash, held-to-maturity investments	199,077	218,775	(9.0)
Equity	1,009,283	1,041,097	(3.1)
Borrowings	3,498	4,233	(17.4)
Net debt	(156,377)	(214,542)	
Gearing ratio	(19.4)%	(20.6)%	
ROAA	16.0%	15.3%	
ROE	15.9%	15.4%	

CASH FLOW

(thousand LTL)	9 months of 2012	9 months of 2011
Net cash from operating activities	230,973	215,859
Net cash used in investing activities	(114,629)	(158,425)
Net cash used in financing activities	(156,100)	(140,735)
Increase in cash and cash equivalents	(39,756)	(83,301)

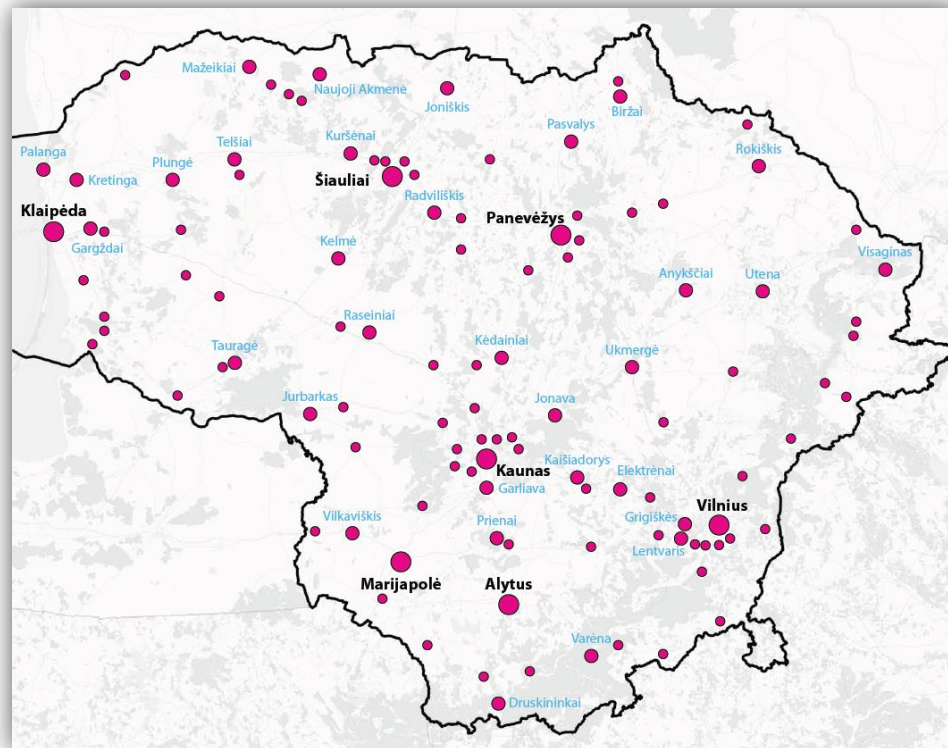
- Capital investments during 9 months of 2012 amounted to LTL 100 million (LTL 105 million in 2011)
- LTL 83 million went to expansion of the core network and fiber-optic access network
- LTL 14 million was invested into IT systems
- In May, the Company paid out LTL 155 million of dividends of for the 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
- **747 thousand** households (705 thousand a year ago), or 62 per cent of the country's households, by the end of September 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-July 2012, TeliaSonera AB acquired **7.87%** of shares over direct deals and **10.35%** on the stock exchange
- During takeover bid TeliaSonera acquired **1.64%** of shares
- As of 4 July 2012 TeliaSonera held **88.15%** of TEO shares

Shareholders as of 30 September 2011

	Part of shares and votes
TeliaSonera AB	68.29%
East Capital (Sweden)	7.02%
Others	24.69%

Shareholders as of 30 September 2012

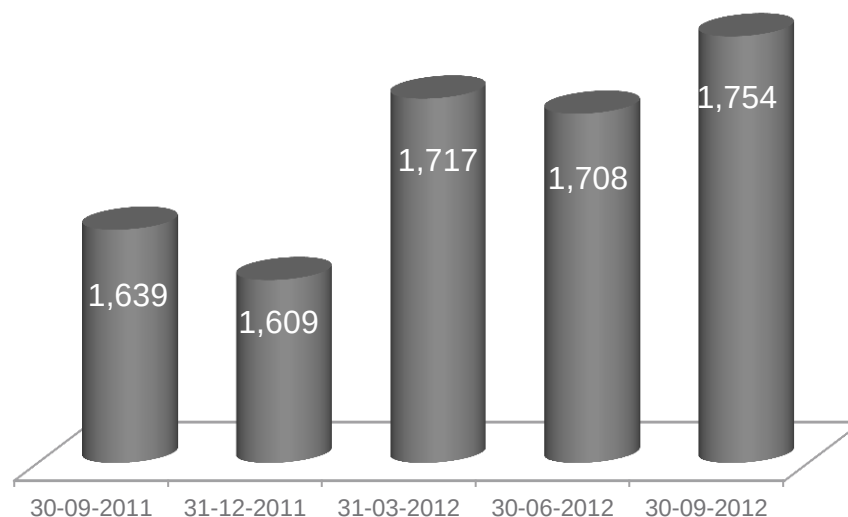
	Part of shares and votes
TeliaSonera AB	88.15%
Others	11.85%

TEO SHARES

- 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 exchanges** (ticker: ZWS)
- **Turnover** on Vilnius stock exchange during January-September 2012: 96 million shares or LTL 211 million
- Share **price** on NASDAQ OMX Vilnius:

	LTL	EUR
01-01-2012	2.075	0.601
High	2.386	0.691
Low	2.061	0.597
30-09-2012	2.258	0.654

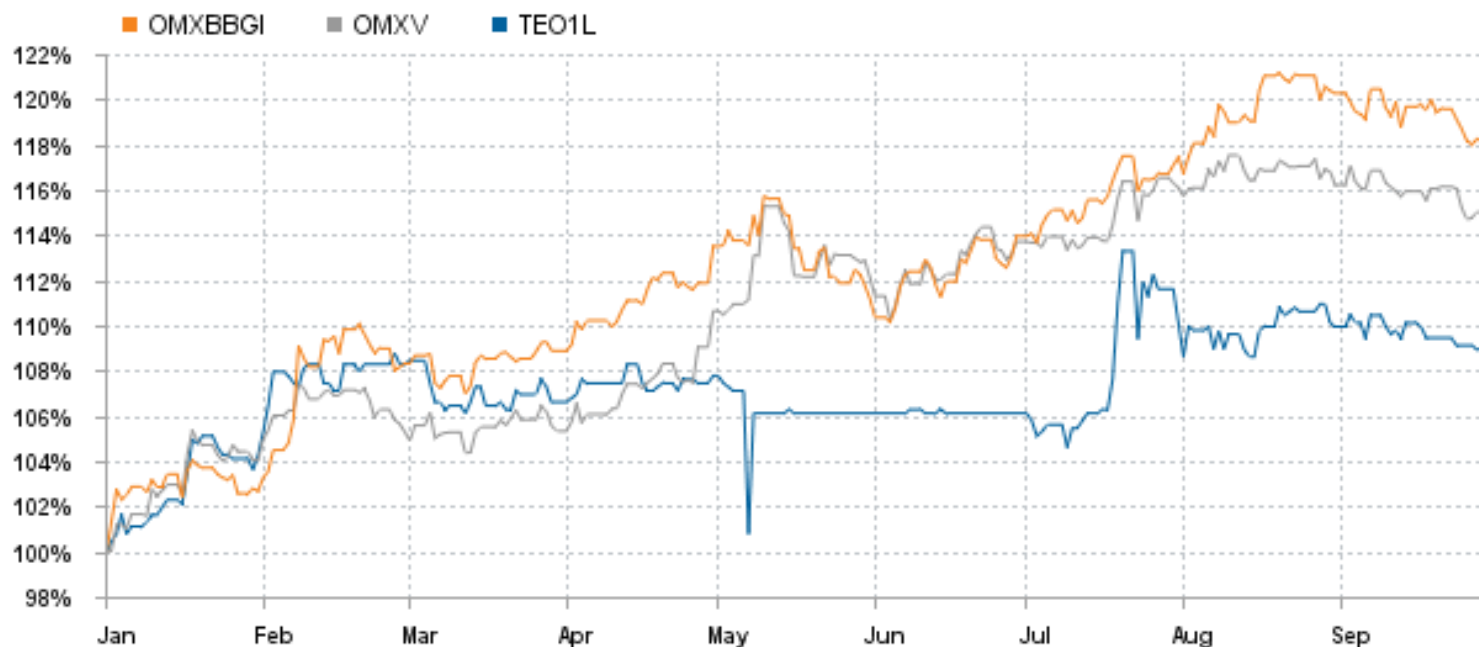
Market Capitalisation (LTL million)



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

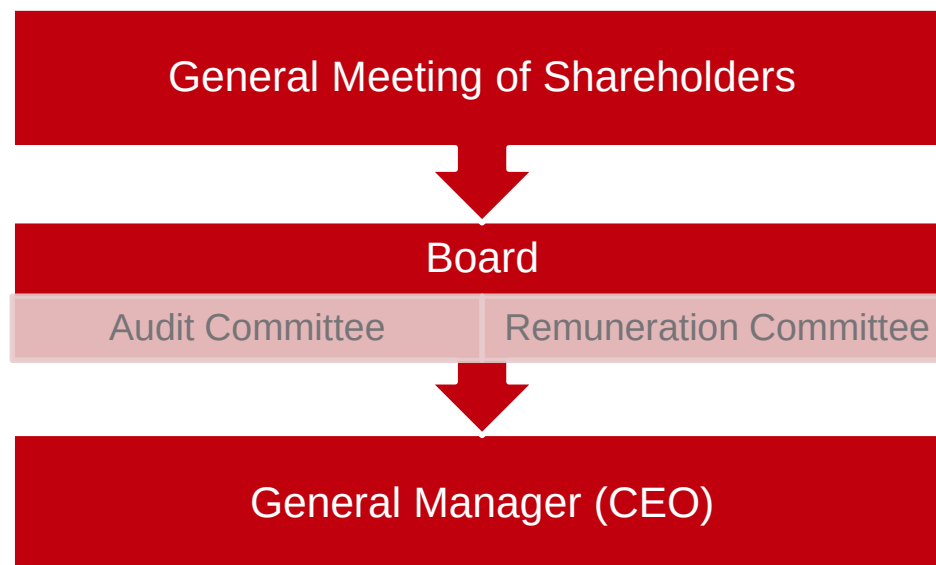
Corporate social responsibility



Results for 9 months of 2012 / 15-10-2012

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