

RESULTS FOR THE 12 MONTHS OF 2012

TEO LT, AB GROUP



Results for 12 months of 2012 / 30-01-2013

MAIN EVENTS AND FIGURES

Highlights of Q4 2012
Structure of the Group
Operating figures
Employees



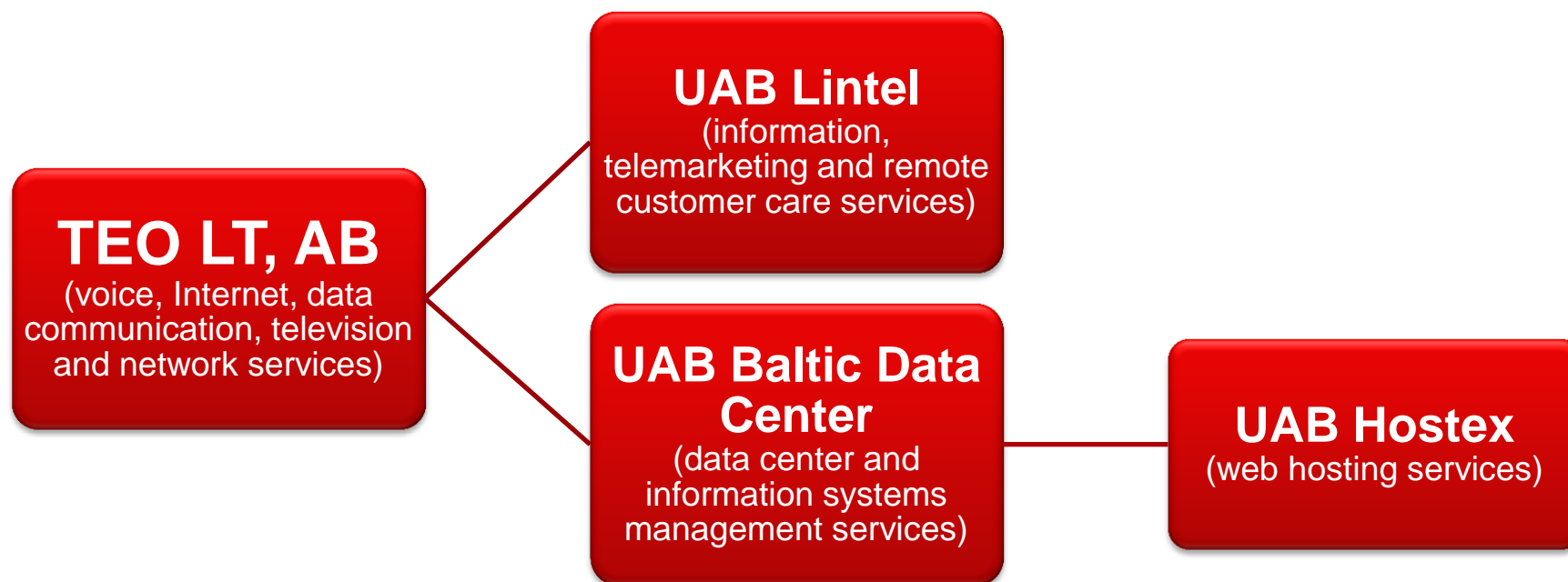
Results for 12 months of 2012 / 30-01-2013

HIGHLIGHTS OF Q4 2012

- Arūnas Šikšta, CEO of TEO, rung a **closing bell** at NASDAQ OMX stock exchange in New York on 26 October 2012
- On 29 October 2012 an **analogue TV broadcasting** was shutdown in Lithuania
- **Baltic Data Center** will provide IT services free of charge during the Lithuanian Presidency of the EU Council in the second half of 2013
- It was announced that webhosting subsidiary UAB Interdata **will be merged** into its parent company, UAB Hostex



TEO GROUP

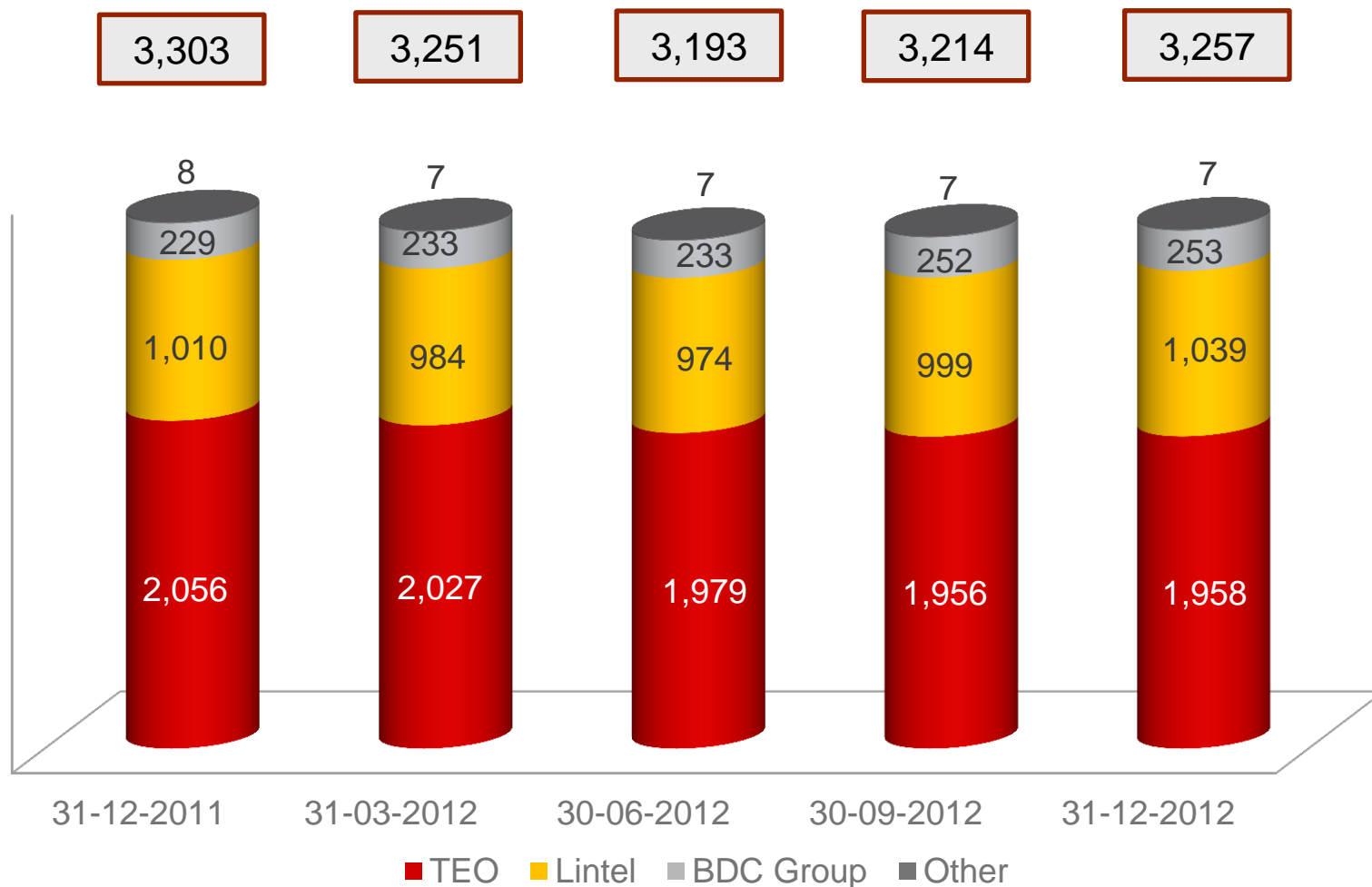


- **TEO LT, AB** also holds 100% stakes in UAB Verslo Investicijos (investment project) and UAB Kompetencijos Ugdymo Centras (dormant subsidiary), and is the sole owner of a not-for-profit organization VšĮ Ryšių Istorijos Muziejus (Communications History Museum)
- UAB Baltic Data Center has a dormant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

MAIN OPERATING FIGURES

	31-12-2012	31-12-2011	Change (%)
Number of telephone lines	605,424	647,524	(6.5)
Number of broadband Internet accesses, in total:	385,863	372,212	3.7
- via fiber-optic lines	162,038	140,242	13.5
- via copper lines	183,396	197,405	(7.1)
- wireless (WiFi) access	40,429	34,565	17.0
Number of TV services users, in total:	169,285	151,175	12.0
- IPTV	94,665	79,918	18.5
- DVB-T	74,620	71,257	4.7
Number of employees	3,257	3,303	(1.4)

EMPLOYEES OF TEO GROUP



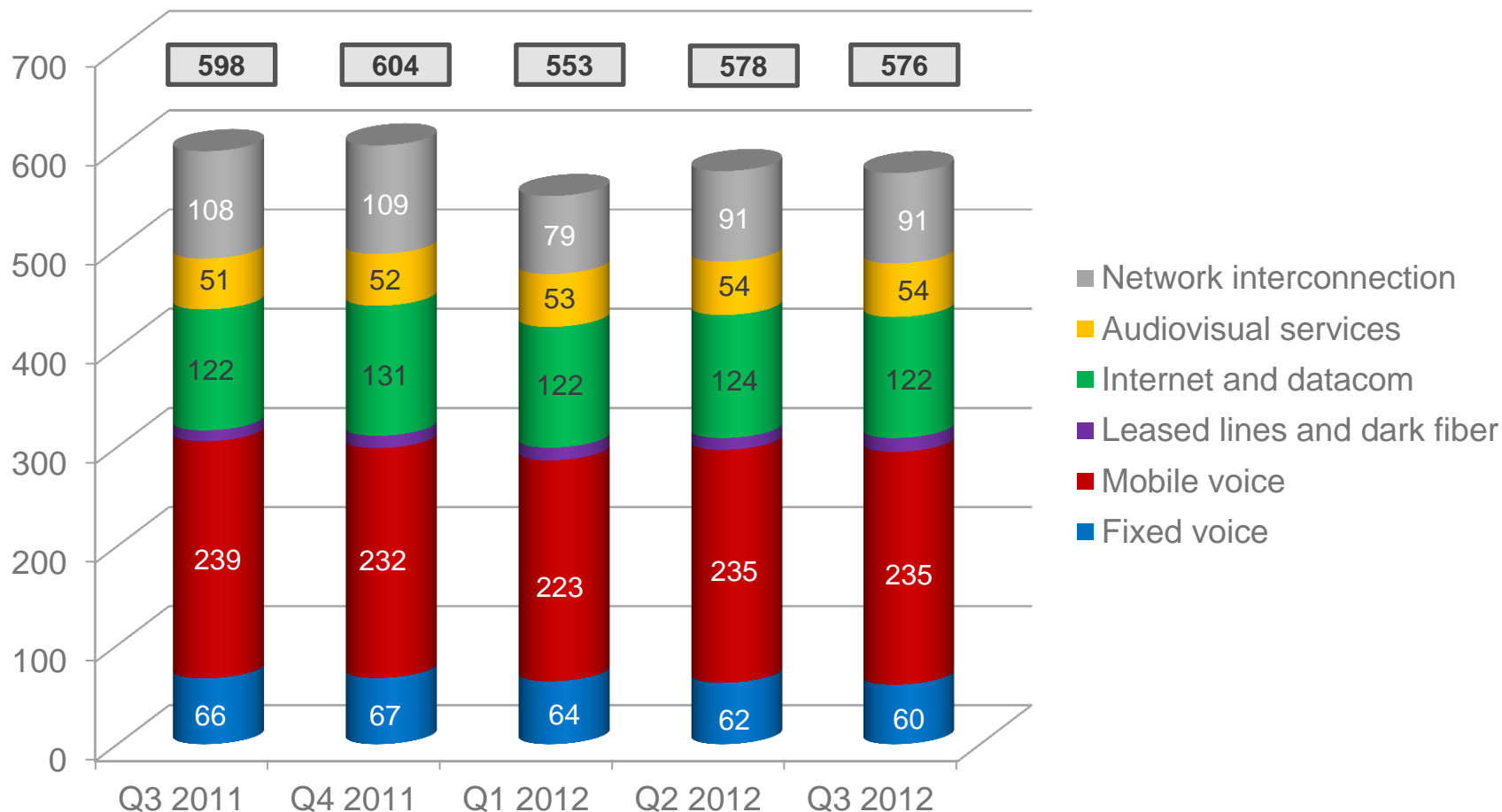
ELECTRONIC COMMUNICATIONS MARKET OF LITHUANIA

Dynamics of the market
Figures of main operators
TEO market shares



Results for 12 months of 2012 / 30-01-2013

TELECOMMUNICATION MARKET IN LITHUANIA (LTL MILLION)



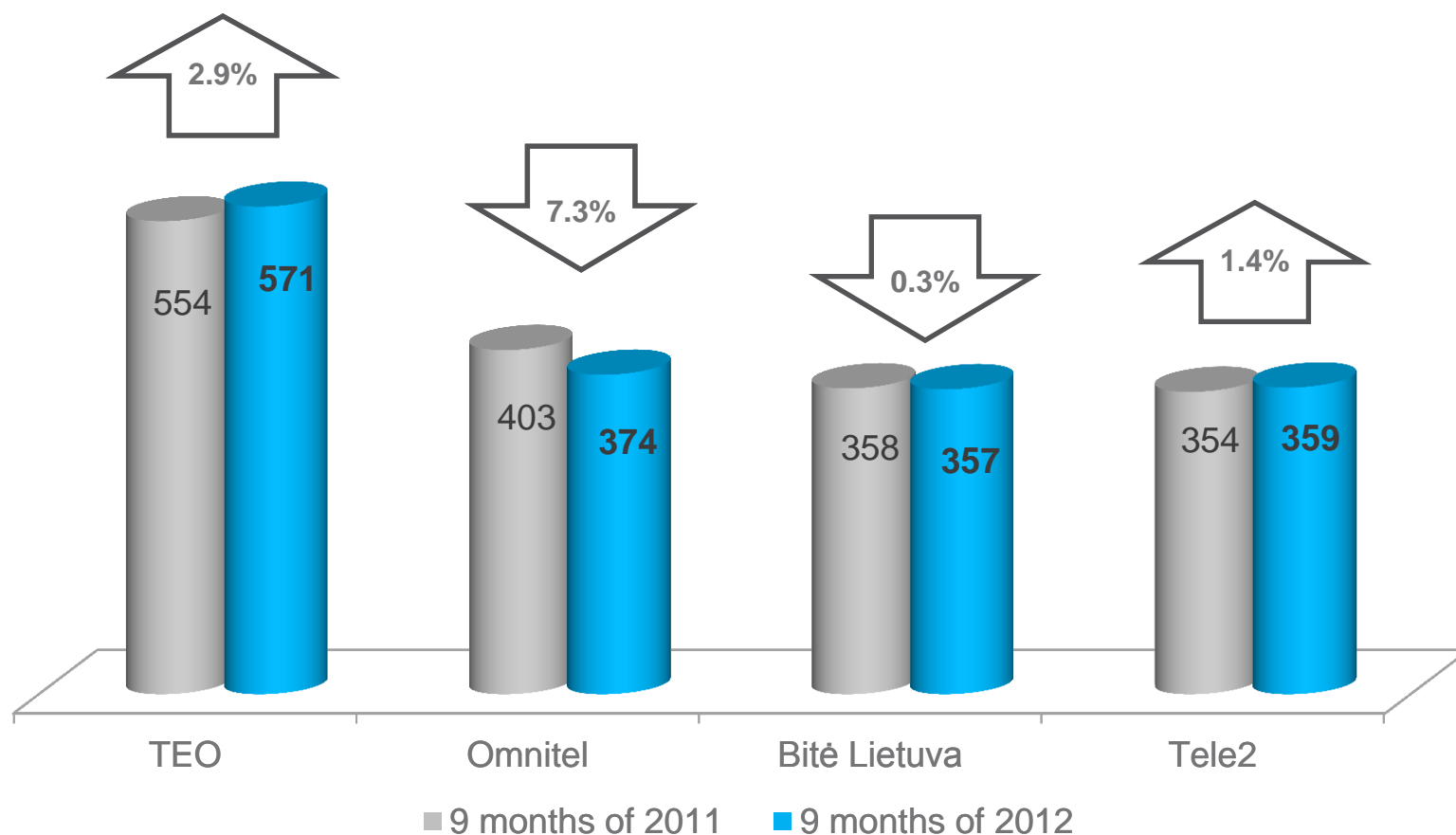
Source: Report of Communications Regulatory Authority

MAIN MARKET FIGURES

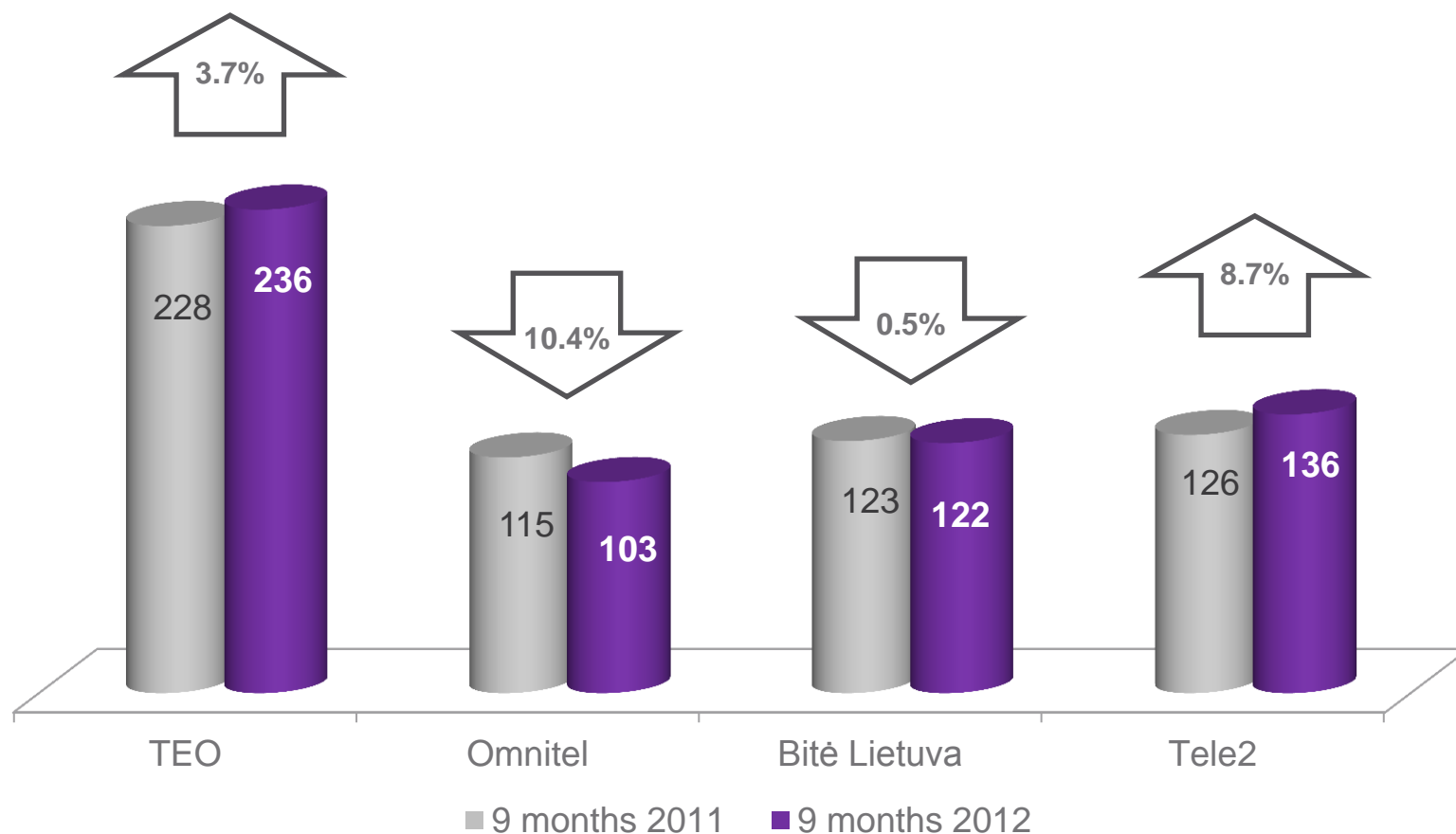
	30-09-2012	30-09-2011	Change (%)
Total market revenue (LTL million)	1,709.6	1,791.5	(4.5)
Number of telephone lines per 100 inhabitants	22.4	22.1	1.4
Number of mobile voice subscribers per 100 inhabitants	165.9	153.6	8.0
Number of Internet access subscribers	1,033,903	956,646	8.1
Number of broadband Internet access subscribers per 100 inhabitants	34.6	29.8	16.2
Number of fixed Internet access subscribers per 100 inhabitants	25.4	22.4	13.4
Number of pay-TV subscribers	681,436	651,266	4.6
Number of digital pay-TV subscribers per 100 households	30.2	23.8	26.8
Total market investments (LTL million)	227.4	262.3	(13.3)

Source: Report of Communications Regulatory Authority

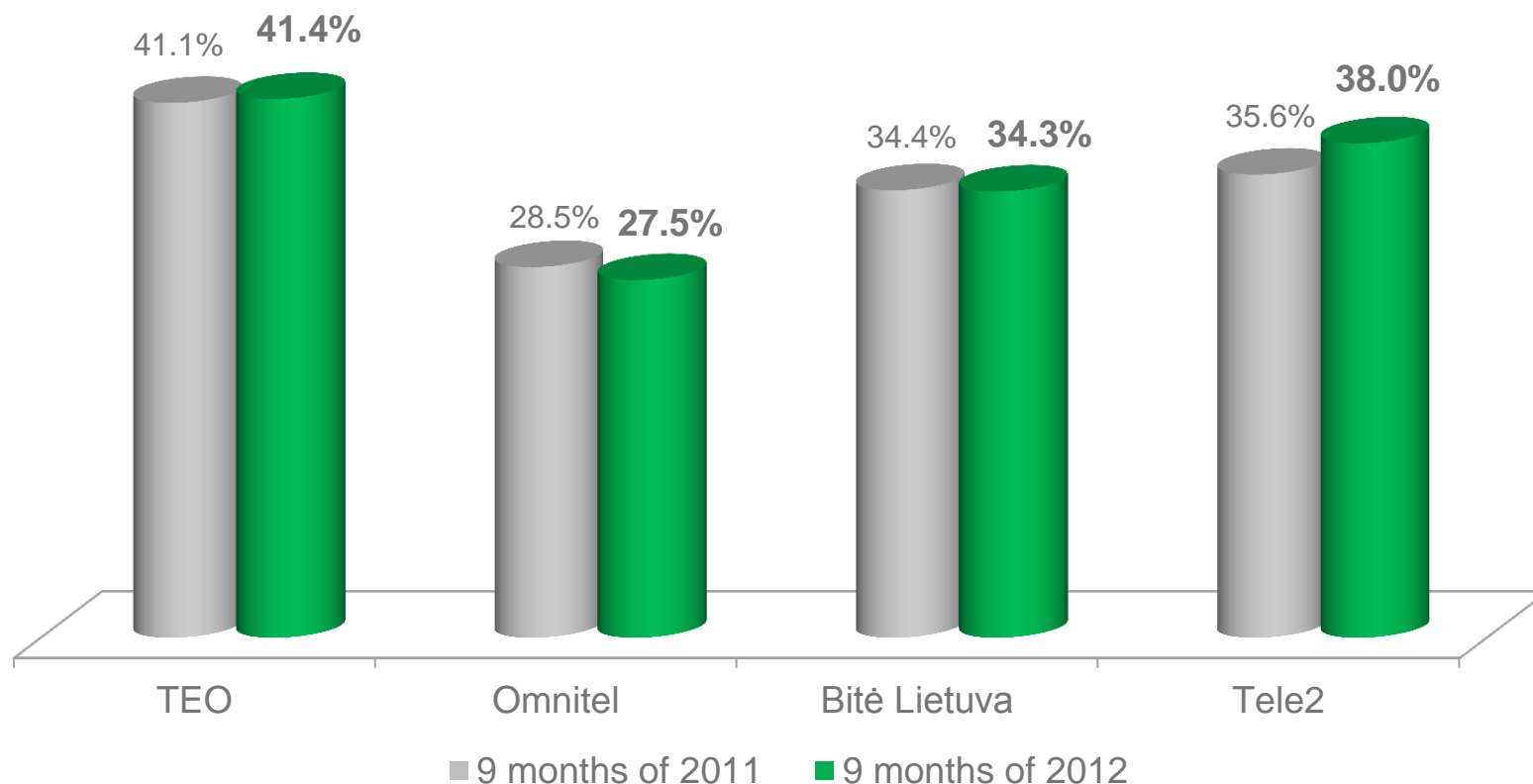
MAIN TELECOMMUNICATIONS MARKET PLAYER'S REVENUE CHANGES (LTL MILLION)



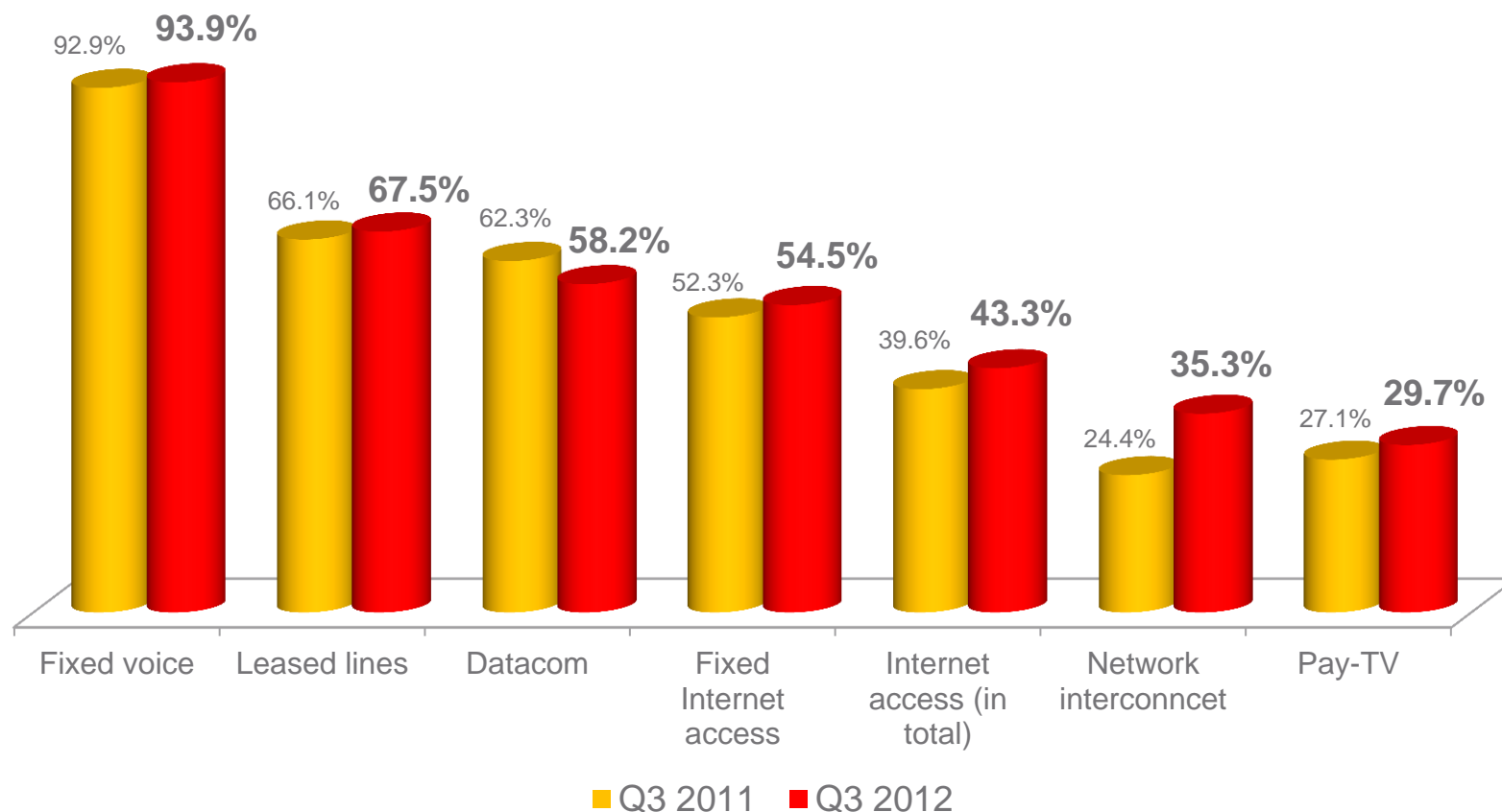
MAIN TELECOMMUNICATIONS MARKET PLAYER'S **EBITDA** CHANGES (LTL MILLION)



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 9 months of 2012 (LTL million)	Change from 9 months of 2011 (%)	Number of market players	TEO share in Q3 2012 (%)
Fixed voice	185.5	(9.1)	49	93.9
Internet access	302.9	(0.9)	102	43.3
Leased lines	21.1	1.3	12	67.5
Data communication	65.1	1.6	20	58.2
Network interconnection	260.9	(18.1)	>5	35.3
Pay-TV	138.8	9.6	45	29.7
TV and radio program transmission	22.2	(5.4)	2	n/a
Dark fiber	17.8	24.2	17	n/a
Mobile voice	694.7	(2.5)	3+4	-

Source: Report of Communications Regulatory Authority

FIXED VOICE TELEPHONY MARKET IN LITHUANIA (Q3 2012)

- **49 companies** are providing fixed voice services:
 - 36 provide national and international calls
 - 8 – only international calls
 - 5 – only wholesales (transit) services
- 36 companies are using **IP network**, 18 of them CATV and data communication networks
- Number of alternative operators' subscribers: **69.5 thousand** or 10.2% of total subscribers' number



TEO market share (Q3 2012) in terms of:	(%)
Total number of customers	89.8
Total traffic	92.6
Revenue from local calls	99.9
Revenue from long distance domestic calls	90.8
Revenue from international calls	69.6



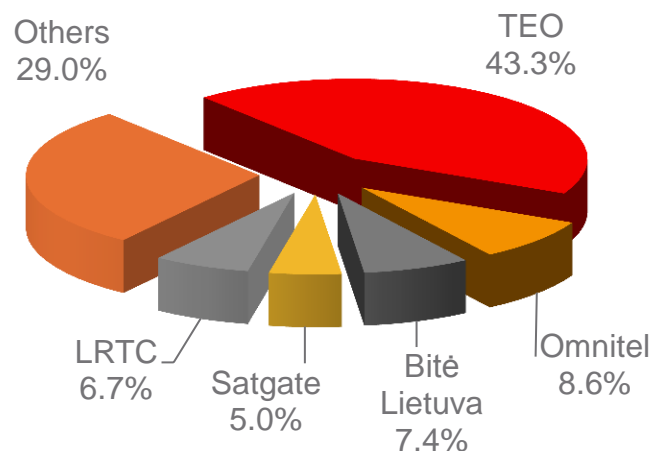
Source: Report of Communications Regulatory Authority

INTERNET ACCESS MARKET IN LITHUANIA

(Q3 2012)

Access type	Number of users ('000)	Change, y-o-y (%)
Fiber optics	392	13.8
Via mobile network	275	14.9
DSL	186	(8.1)
Wireless	122	(20.9)
Via CATV network	43	(6.4)
Via LAN	15	(33.7)
Total:	1,034	8.0

Q3 2012 revenue by service providers



Source: Report of Communications Regulatory Authority

PAY TV MARKET IN LITHUANIA (Q3 2012)

Access type	Number of operators	Number of users ('000)	Change to Q3 2011 (%)	Revenue 9 months of 2012 (mLTL)	Change to 9 months of 2011 (%)
Analogue CATV	44	305.8	(8.4)	46.0	(10.6)
Digital:					
Digital CATV	20	98.2	53.9	16.7	101.1
Digital MVDS	3	16.9	(11.7)	4.5	9.5
IP TV	7	97.4	23.2	24.5	34.9
DVB-T	2	73.6	2.4	17.3	11.4
Digital satellite	1	89.5	7.0	29.8	2.8
Total digital:	26	375.6	18.3	92.8	23.5
Total:		681.4	4.6	138.8	9.6

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

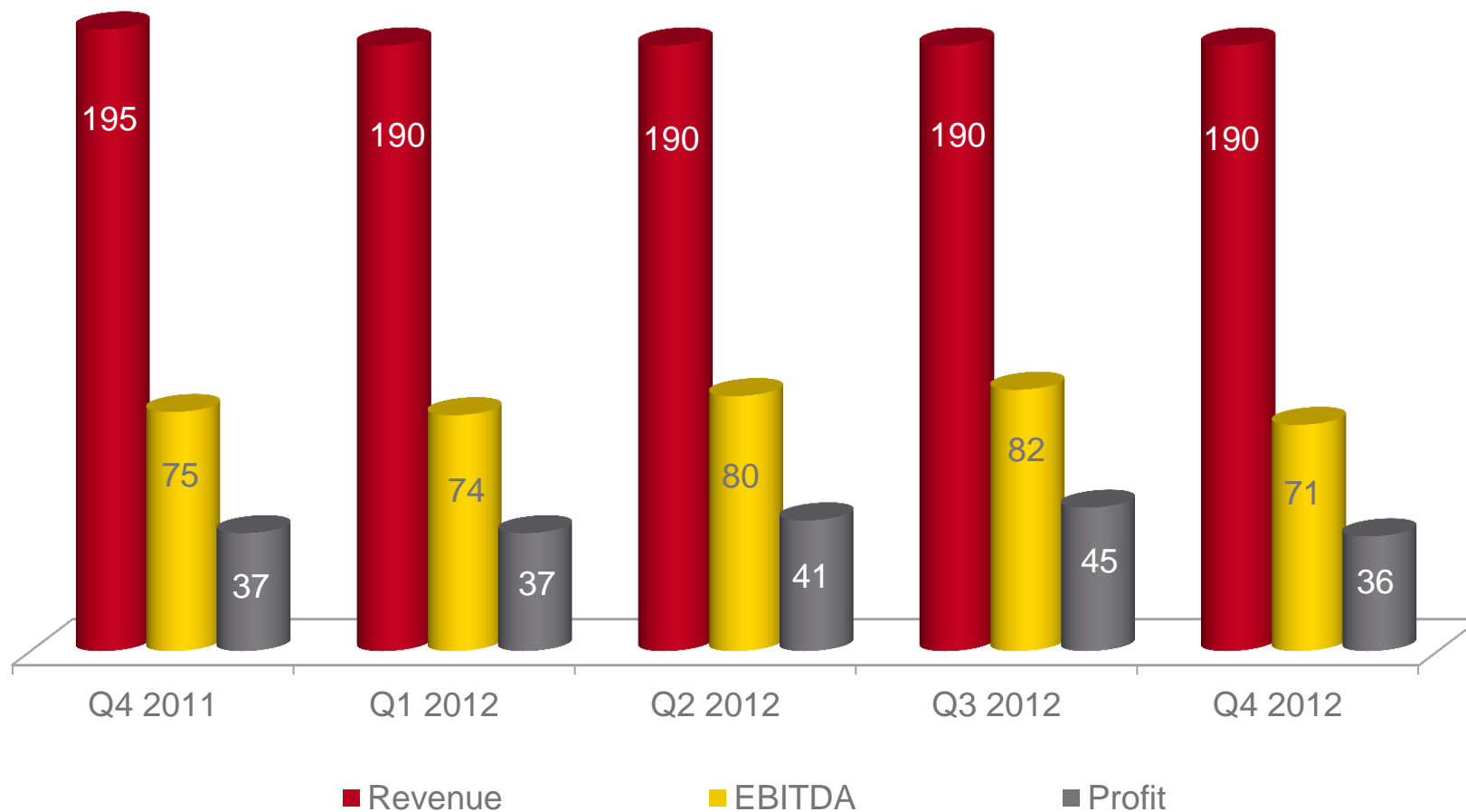
Investments

Results for 12 months of 2012 / 30-01-2013



REVENUE, EBITDA & NET PROFIT

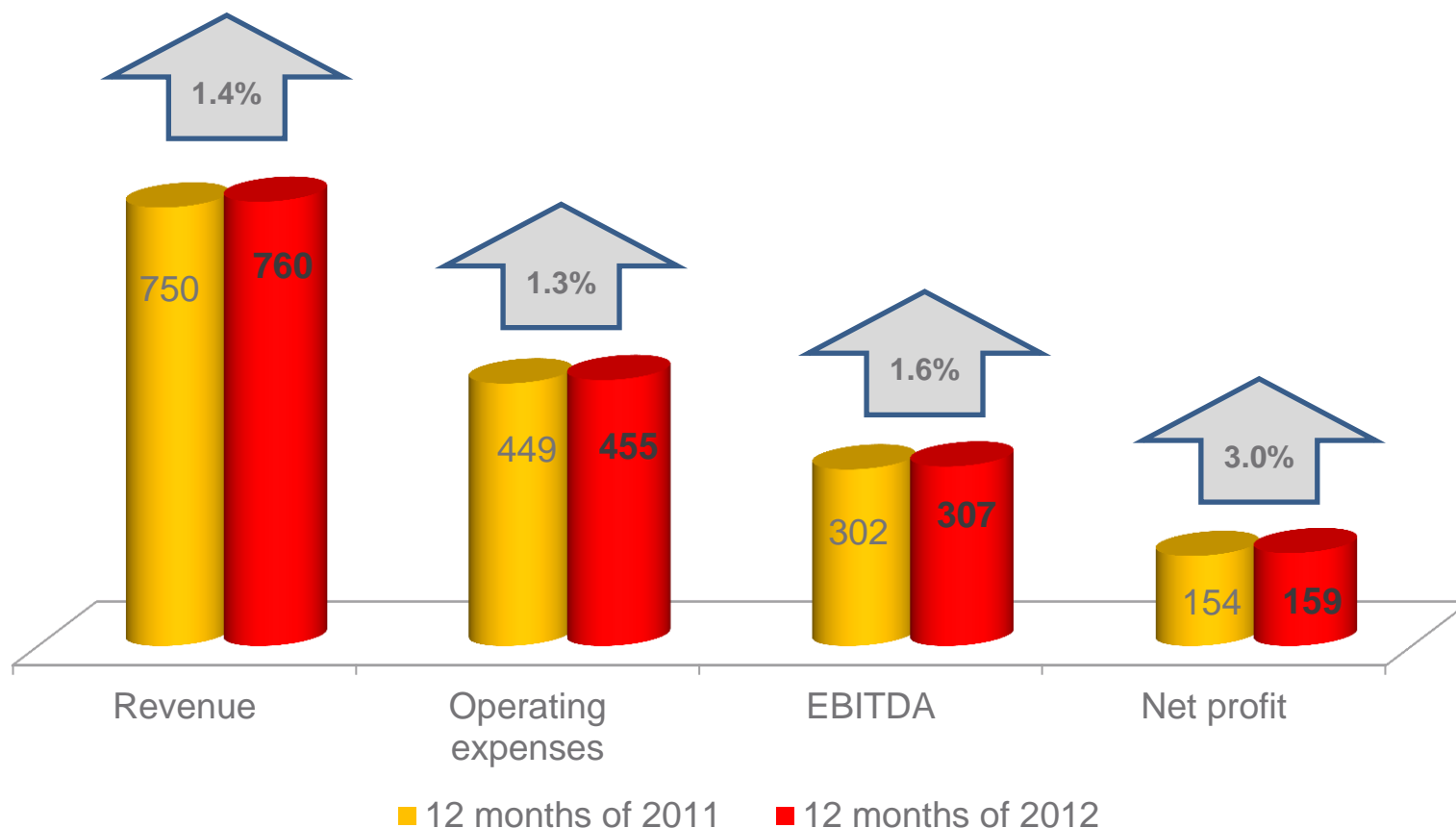
(LTL MILLION)



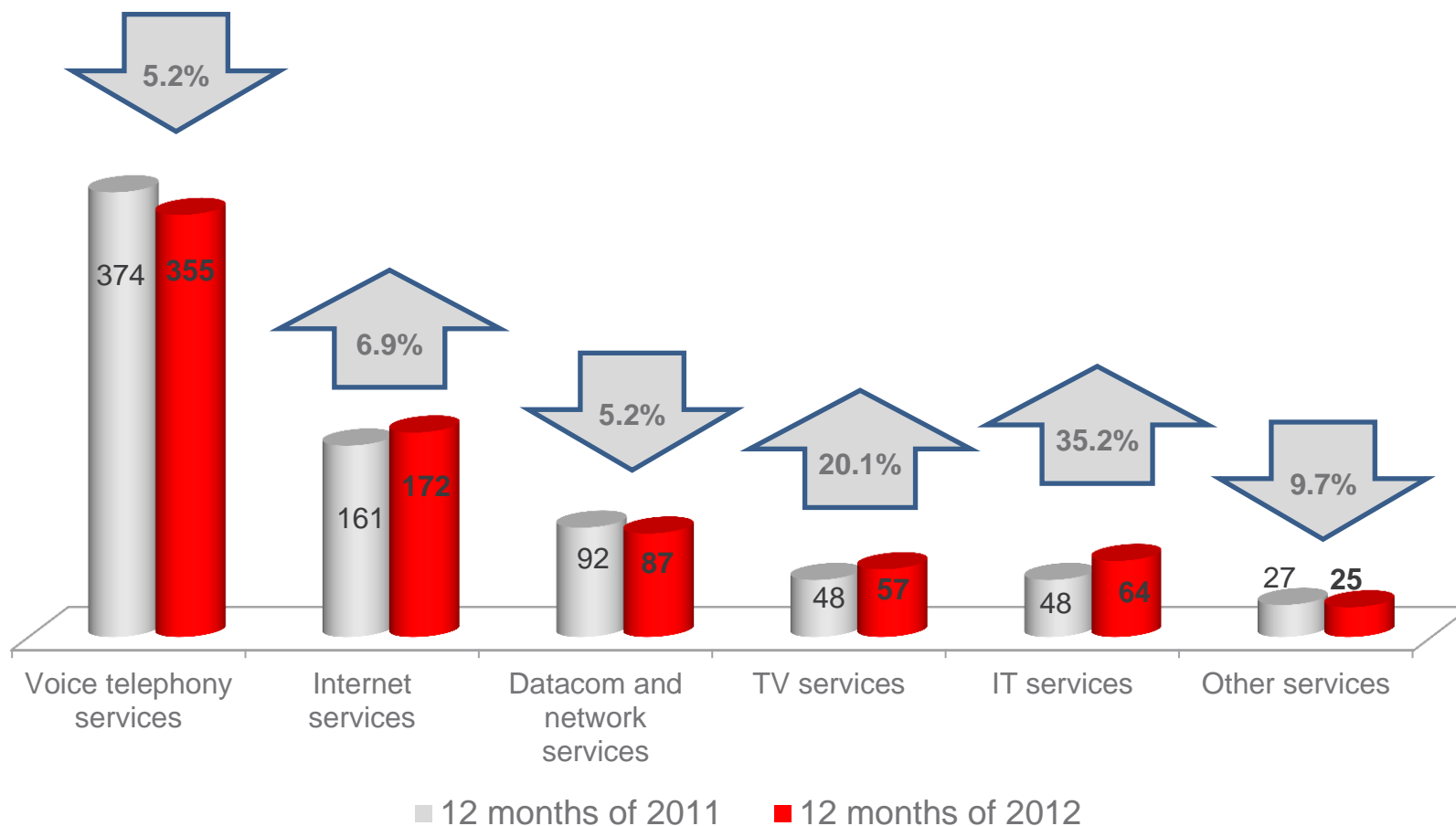
MAJOR FINANCIAL INDICATORS

(thousand LTL)	Q4 2012	Q4 2011	Change (%)	12 months of 2012	12 months of 2011	Change (%)
Revenue	189,672	195,477	(3.0)	760,174	749,784	1.4
Operating expenses	119,459	121,648	(1.8)	455,253	449,228	1.3
EBITDA	70,881	74,527	(4.9)	307,080	302,287	1.6
EBITDA margin	37.4%	38.1%		40.4%	40.3%	
Depreciation and amortization	32,899	34,184	(3.8)	130,562	132,453	(1.4)
Operating profit	37,982	40,343	(5.9)	176,518	169,834	3.9
Operating profit margin	20.0%	20.6%		23.2%	22.7%	
Net profit	35,516	37,195	(4.5)	159,066	154,486	3.0
Profit margin	18.7%	19.0%		20.9%	20.6%	
Earnings per share (LTL)	0.046	0.048		0.205	0.199	

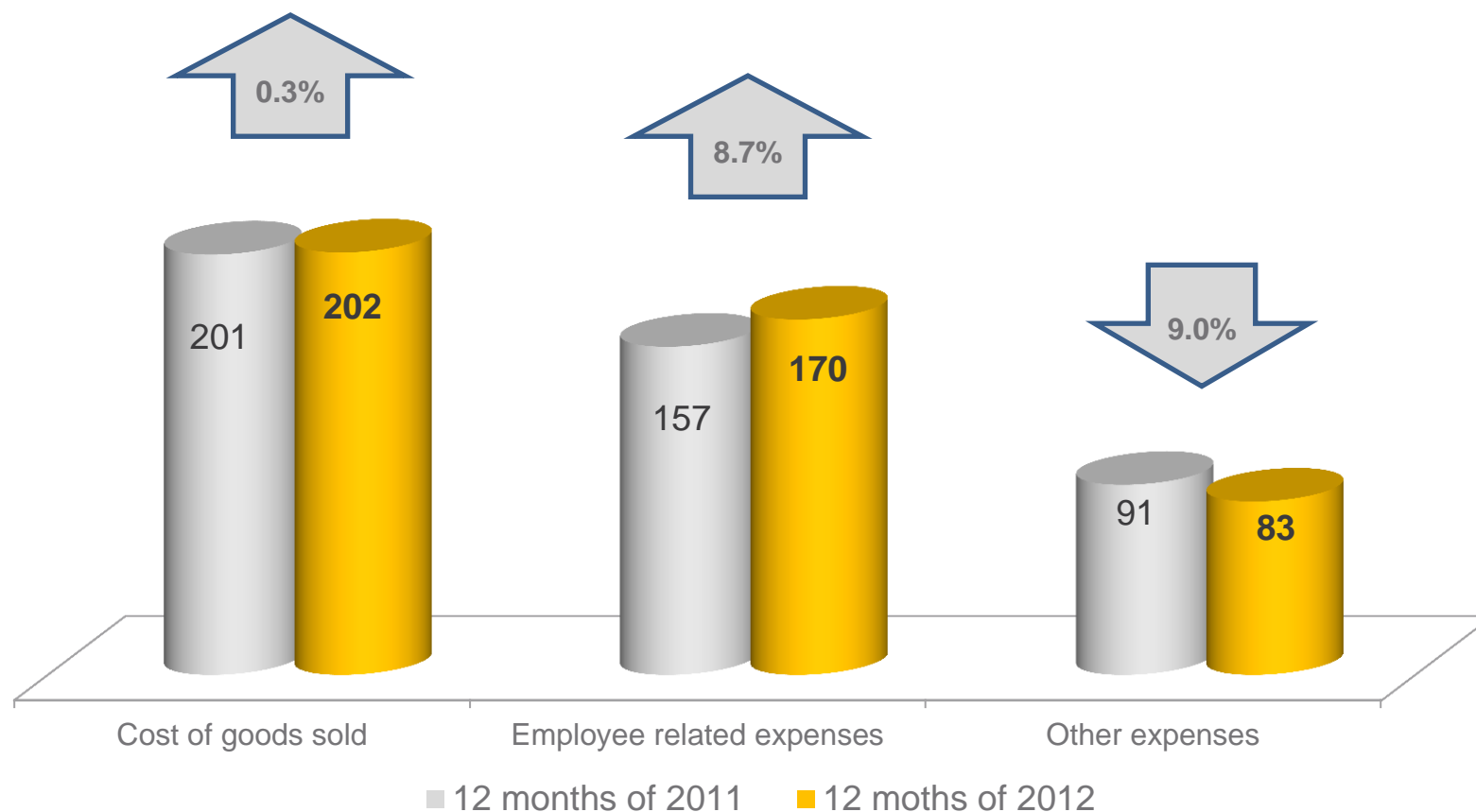
DYNAMICS OF TEO MAIN FINANCIAL INDICATORS (LTL MILLION)



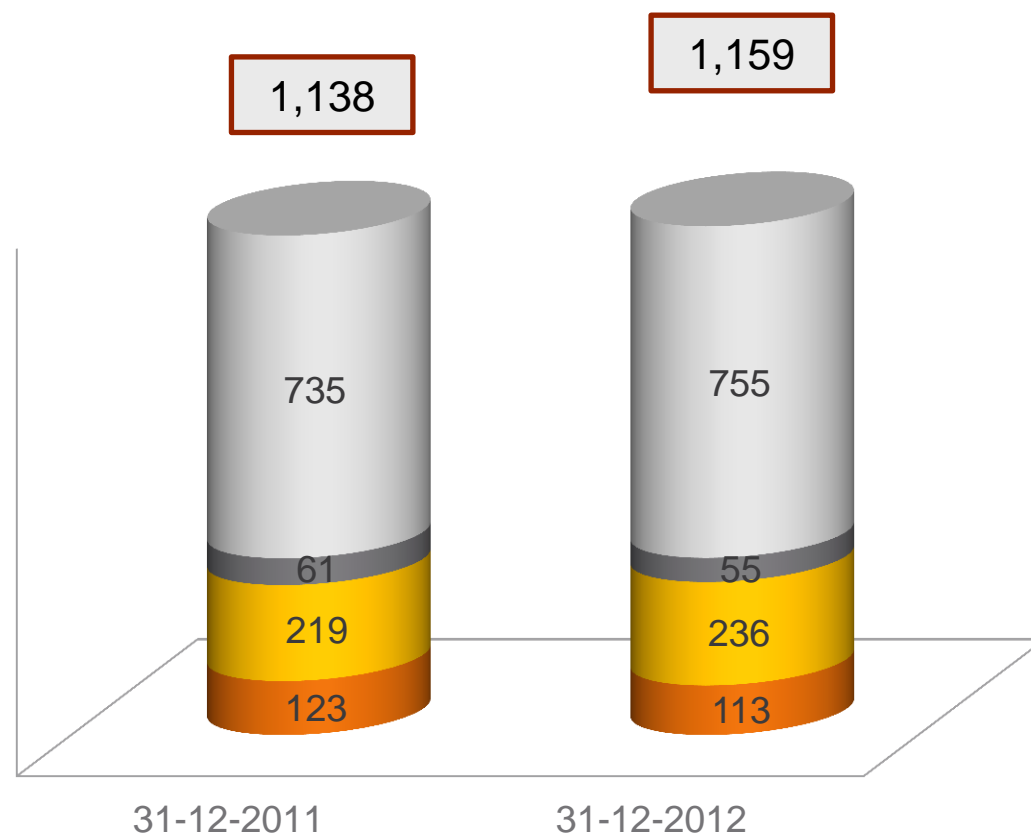
REVENUE (LTL MILLION)



OPERATING EXPENSES (LTL MILLION)



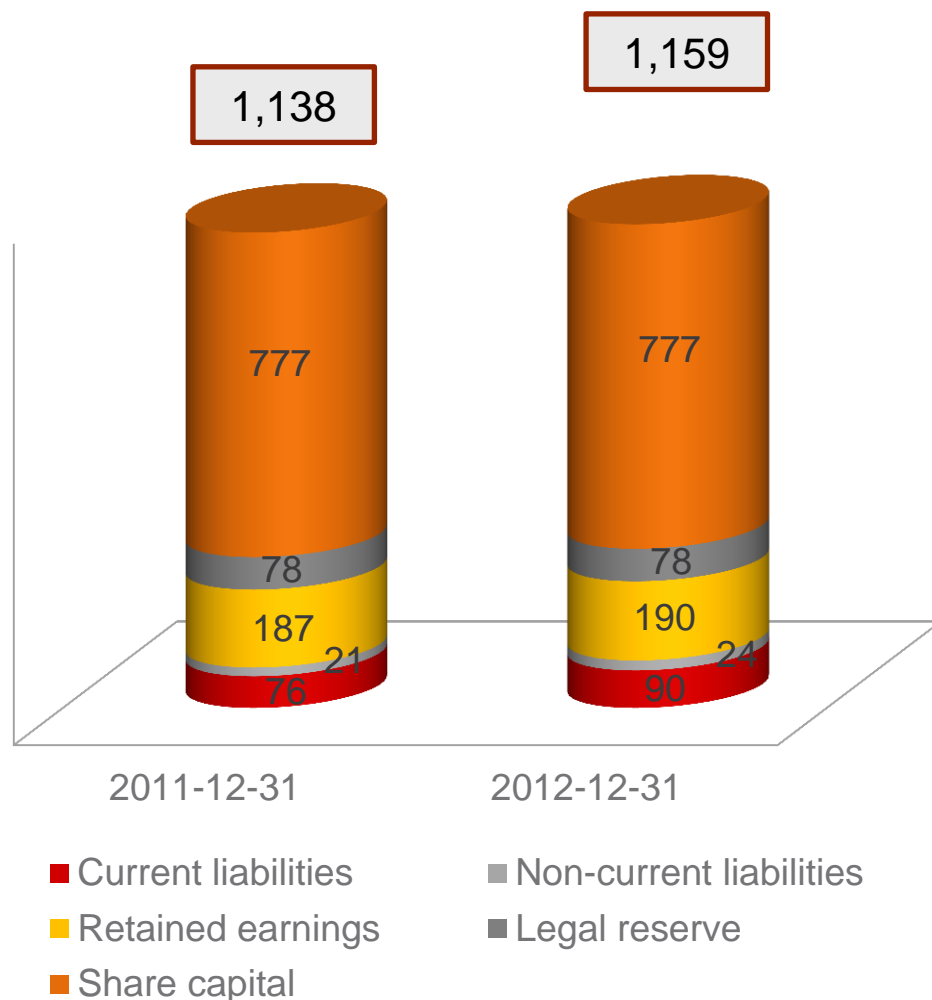
ASSETS (LTL MILLION)



■ Property, plant and equipment ■ Other non-current assets
 ■ Cash and investments ■ Other current assets

- **Non-current assets** amounted to 69.9% of total assets (31-12-2012)
- **Cash and held-to-maturity investments** alone amounted to 20.3%
- LTL 155 million were paid out as **dividends for 2011** in May 2012
- **Return on capital employed: 17.6%**
- **Return on average assets: 15.8%**

EQUITY AND LIABILITIES (LTL MILLION)



- **Shareholders' equity** amounted to 90.1% of the total assets (31-12-2012)
- LTL 155 million were paid out as **dividends for 2011** in May 2012
- **Borrowings** amounted to LTL 3.3 million
- **Net debt** was negative and amounted to LTL 232 million
- **Gearing ration:** (22.2)%
- **Debt to equity:** 0.3%
- **Return on equity:** 15.7%

TEO RETAINED EARNINGS VS DIVIDENDS

(LTL MILLION)



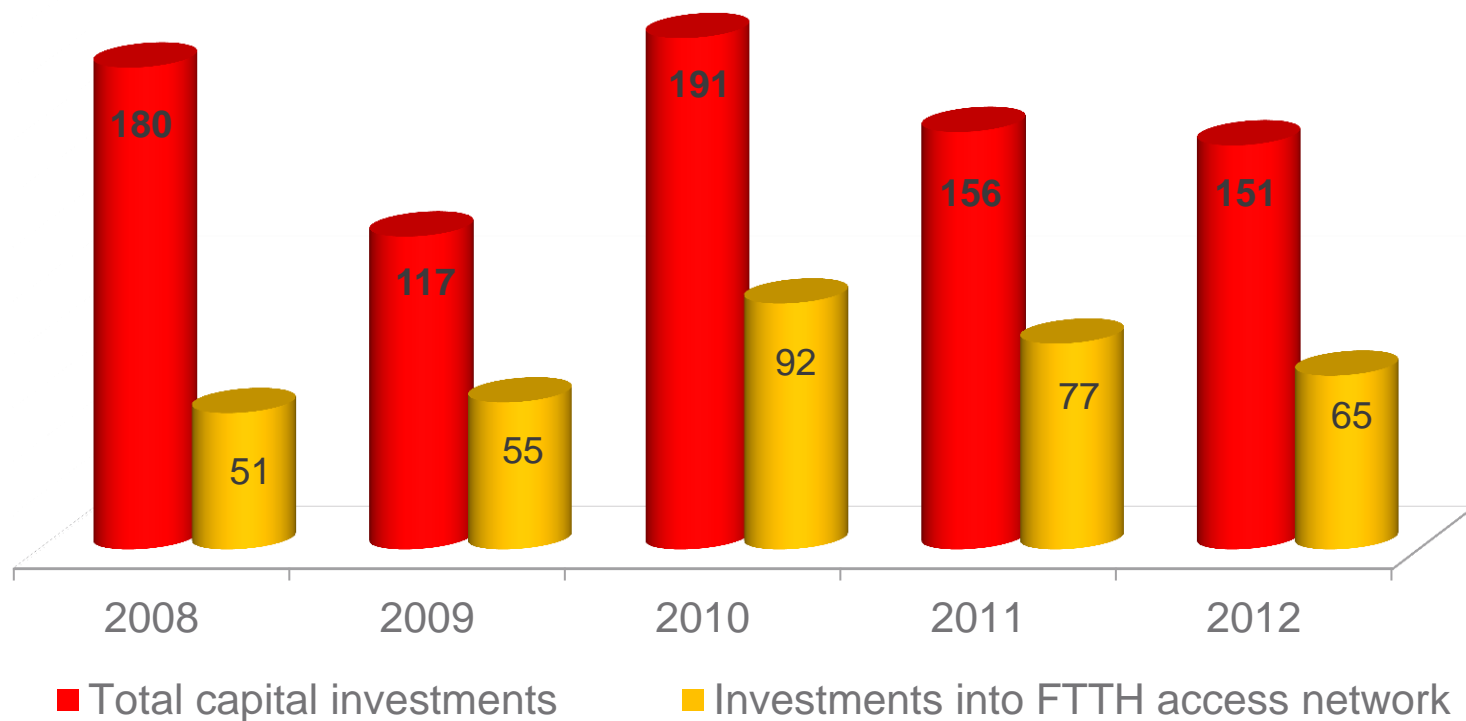
- Following the Lithuanian Law on Company dividends shall be paid **from the Parent company's retained earnings**
- Retained earnings of the Parent company for 2012 amounted to LTL 155 million or **LTL 0.199 per share**

CASH FLOW

(thousand LTL)	12 months of 2012	12 months of 2011
Net cash from operating activities	308,489	298,567
Net cash used in investing activities	(165,142)	(188,488)
Net cash used in financing activities	(156,338)	(141,016)
Increase in cash and cash equivalents	(12,991)	(30,937)

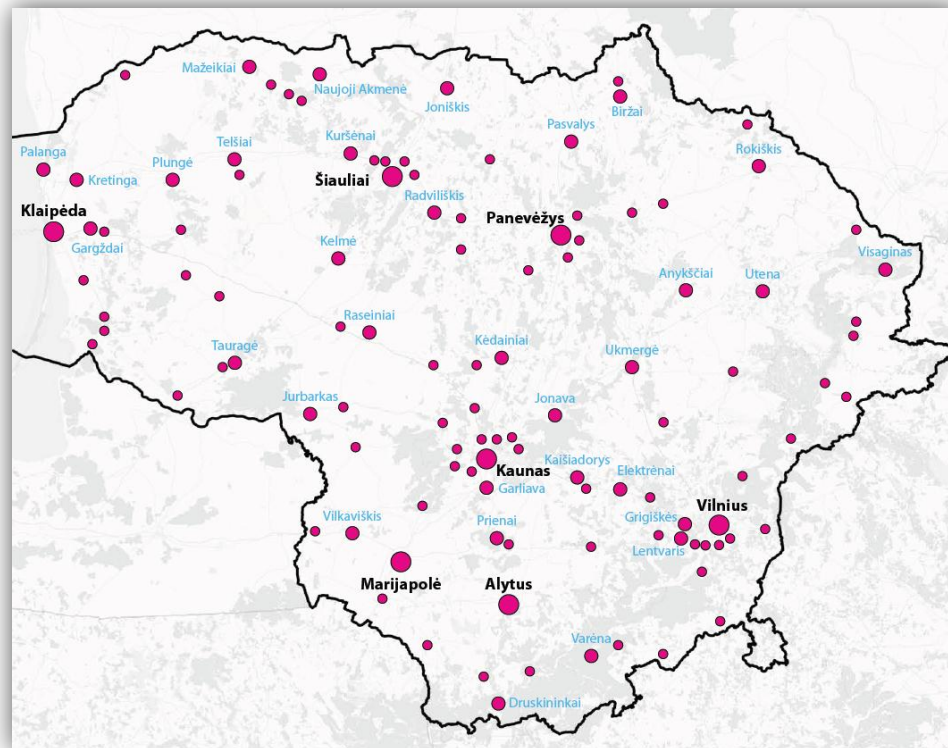
- Capital **investments** during 12 months of 2012 amounted to LTL 151 million (LTL 156 million in 2011)
- LTL 120 million went to expansion of the **core and fiber-optic access network**
- LTL 25 million was invested into **IT systems**, LTL 3 million into transportation and LTL 2 million – renovation of premises
- 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 394 million** was invested in the next-generation fiber optic access network (FTTH) of TEO during the last 6 years
- TEO FTTH network operates in more than 100 Lithuanian cities and towns
- **764 thousand** households (705 thousand a year ago), or 64 per cent of the country's households, by the end of December 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
- Since 4 July 2012 TeliaSonera holds **88.15%** of TEO shares

Shareholders as of 31 December 2011

	Part of shares and votes
TeliaSonera AB	68.29%
East Capital (Sweden)	7.24%
Others	24.47%

Shareholders as of 31 December 2012

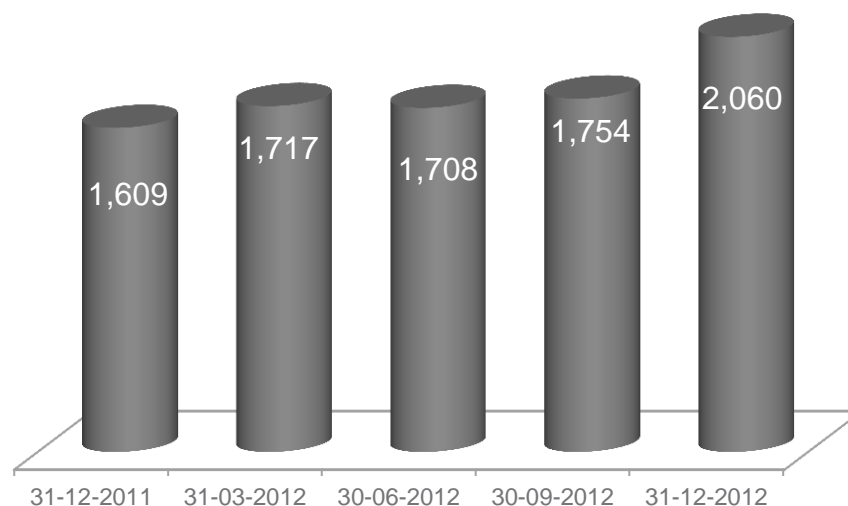
	Part of shares and votes
TeliaSonera AB	88.15%
Others	11.85%

TEO SHARES

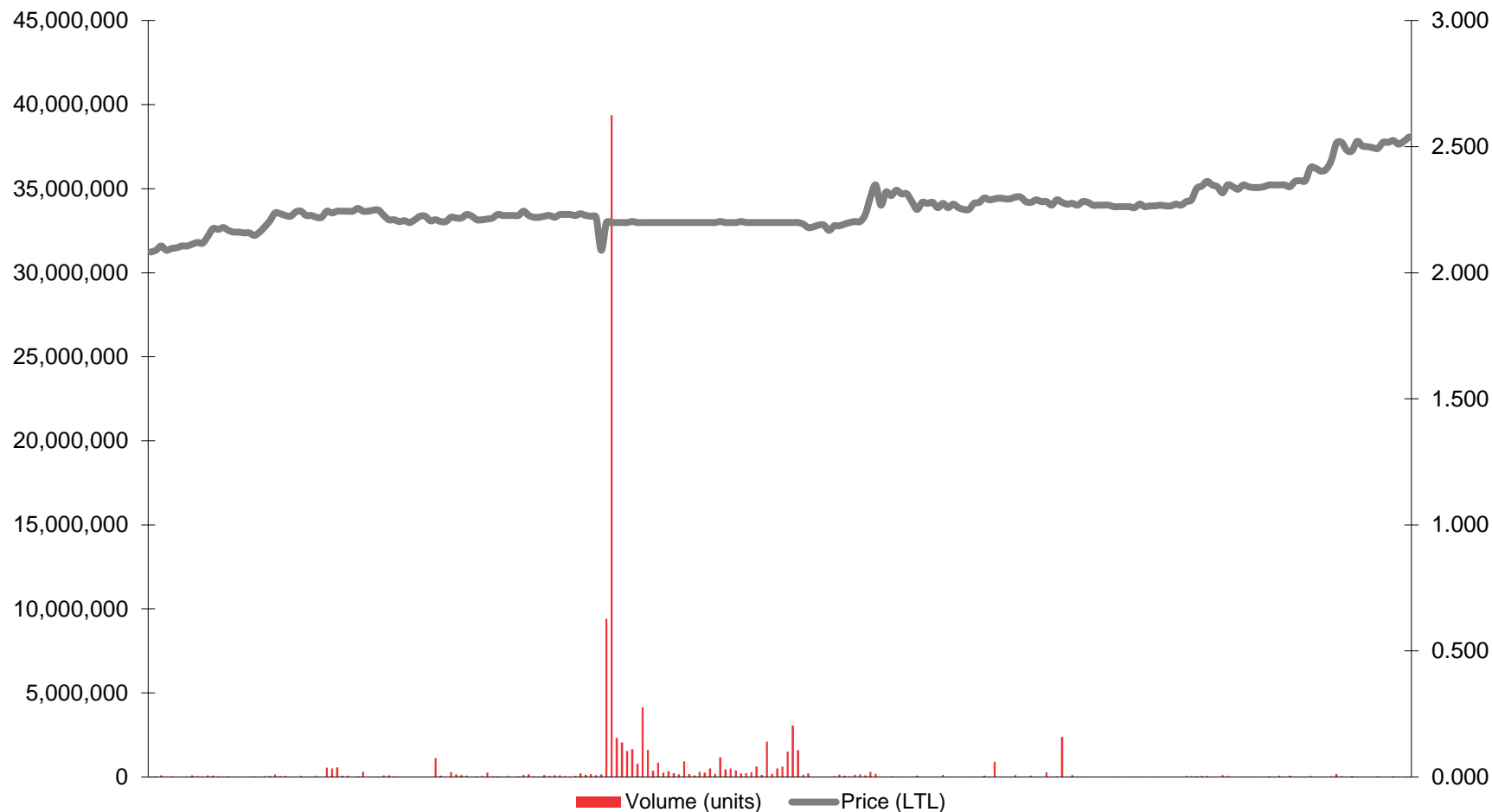
- Since 2000 TEO shares are listed on **NASDAQ OMX Vilnius** stock exchange (ticker: TEO1L)
- In January 2011, TEO shares were included into the trading lists of a few **German stock exchanges** (ticker: ZWS)
- **Turnover** on Vilnius stock exchange during January-December 2012: 98 million shares or LTL 217 million
- Share **price** on NASDAQ OMX Vilnius:

	LTL	EUR
01-01-2012	2.075	0.601
High	2.659	0.770
Low	2.061	0.597
31-12-2012	2.625	0.768

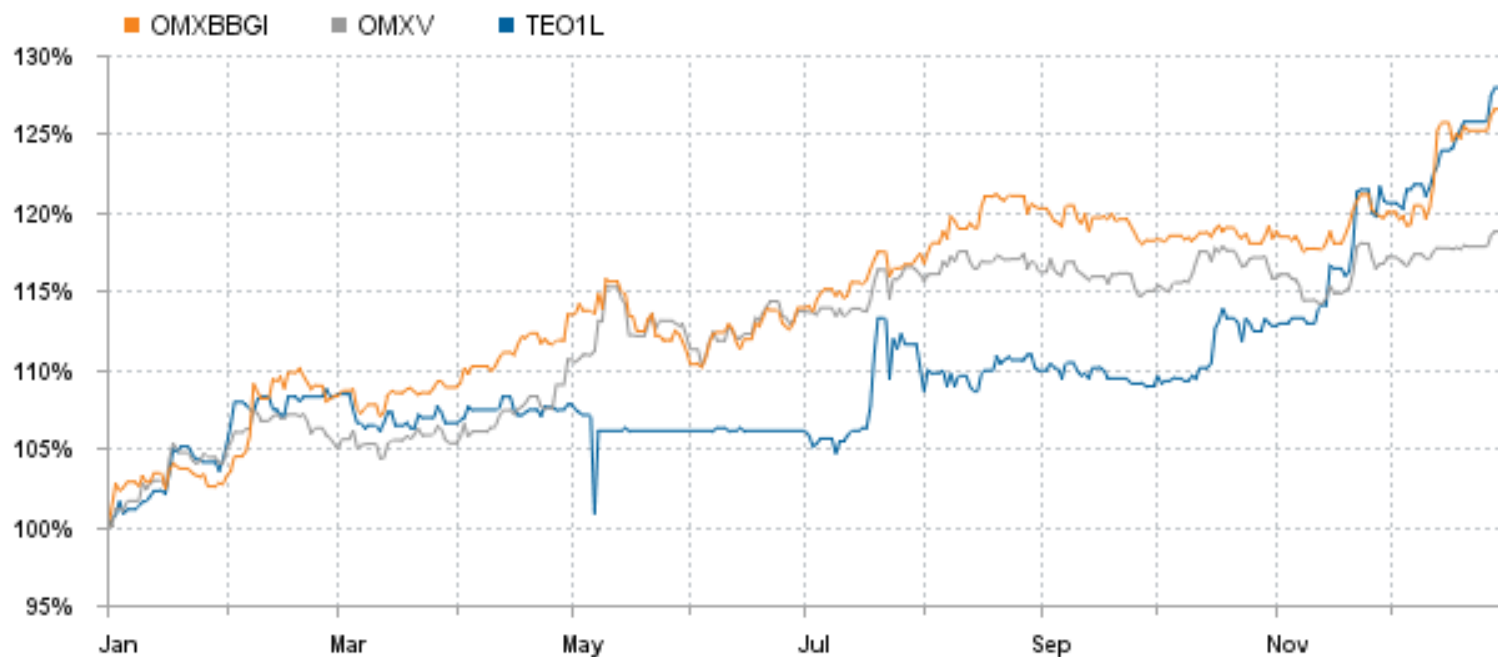
Market Capitalisation (LTL million)



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

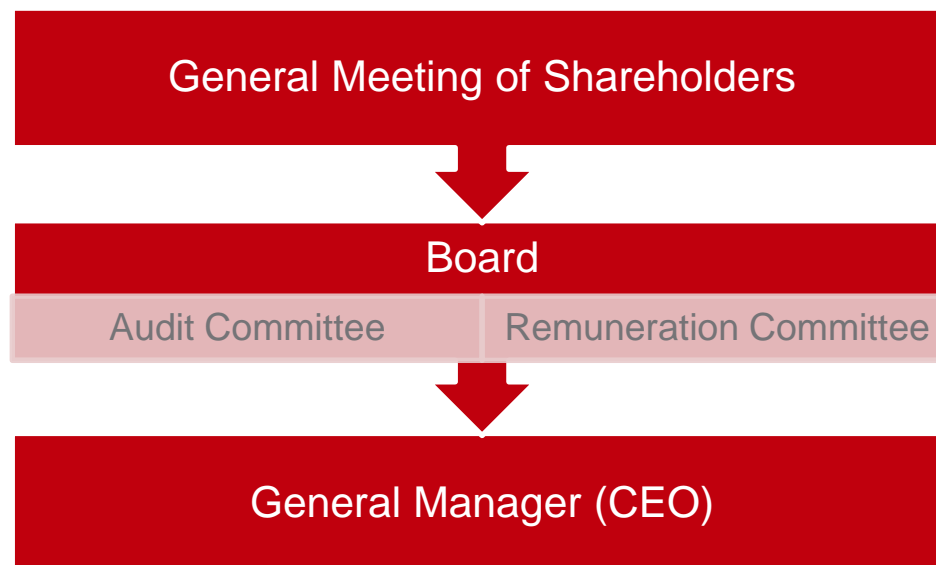
Corporate social responsibility



Results for 12 months of 2012 / 30-01-2013

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 2012, the Company **reduced** fuel **consumption** by 5.4%, electricity – by 9.7%



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