

RESULTS FOR THE 6 MONTHS OF 2013

TEO LT, AB GROUP



Results for 6 months of 2013 / 16-07-2013

MAIN EVENTS AND FIGURES

Highlights of Q2 2013

New services

Structure of the Group

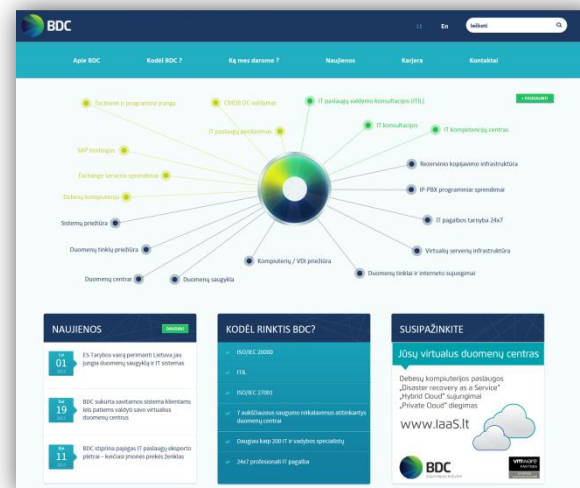
Operating figures

Employees



HIGHLIGHTS OF Q2 2013

- The **Annual General Meeting** of Shareholders on 25 April 2013 decided to pay **LTL 0.20 dividend per share** for the year 2012 and elected **new Board**
- **Malin Frenning** re-elected as Chairwoman of the Board. Also elected new members of Audit and Remuneration Committees
- TEO subsidiary UAB Baltic Data Center **rebranded into BDC** and changed its logo
- TEO as **SMP on wholesale broadband access market** (incl. fiber-optic) had to publish Public Offer to provide wholesale broadband access
- Web hosting service provider UAB Interdata **merged** into its parent company UAB Hostex
- **Martynas Špokas** appointed as new Director of UAB Hostex



The new brand of BDC more accurately reflects the company's business direction and identity, associated with the complex IT solutions that are developed by the company, services that it delivers and consulting.

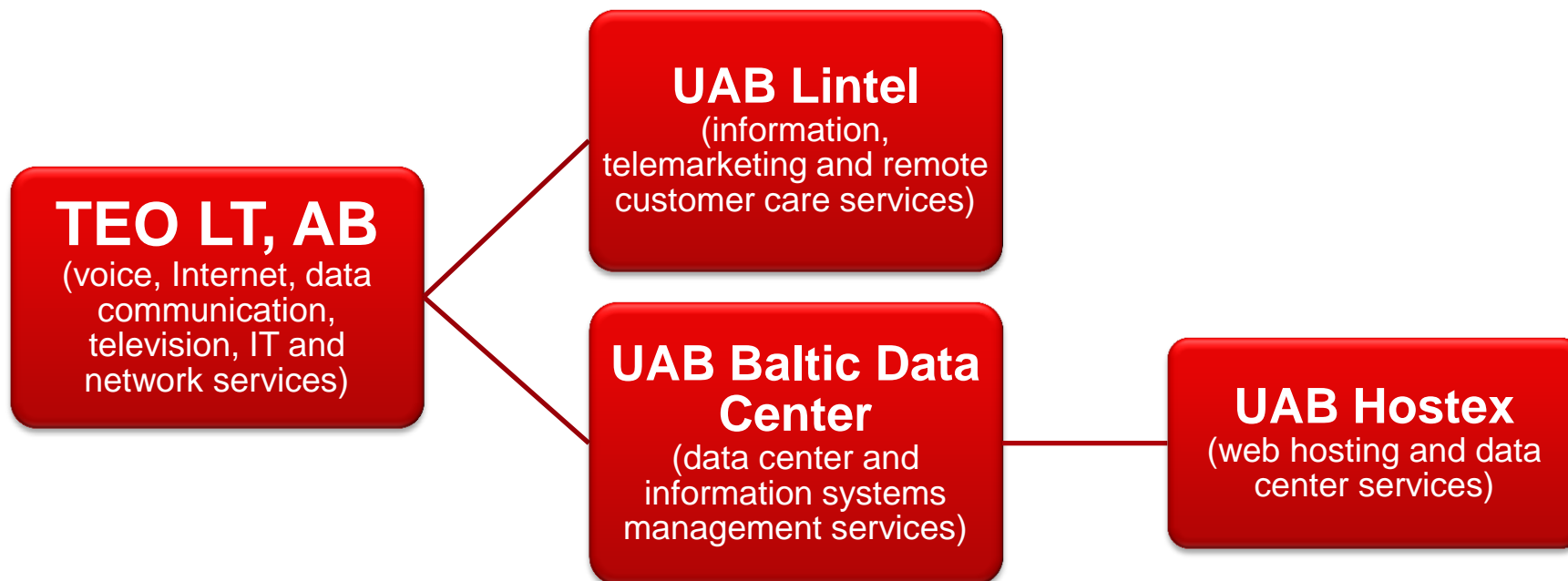


NEW SERVICES

- A new **3D TV channel, 3flow**, for wildlife and extreme sports enthusiasts on IPTV
- **NBA TV HD channel** that broadcasts NBA matches in High Definition format also on IPTV
- A new service “**My package**” (“Mano rinkinys”): users of IPTV service could create their own package of 6 out of the 27 additional movie, entertainment, sports, popular scientific and information programs or children's channels. It costs 6 litas per month
- From July 2013 TEO has substantially reorganized the **basic home phone payment plans**. For almost the same price now they include 0 cents per minute calls not only to fixed-line networks of Lithuania, but mobile ones, too.
- Starting from July 2013, TEO Internet Wi-Fi service in public places is rebranded from "ZEBRA Wireless" to "**TEO Wi-Fi**"



TEO GROUP

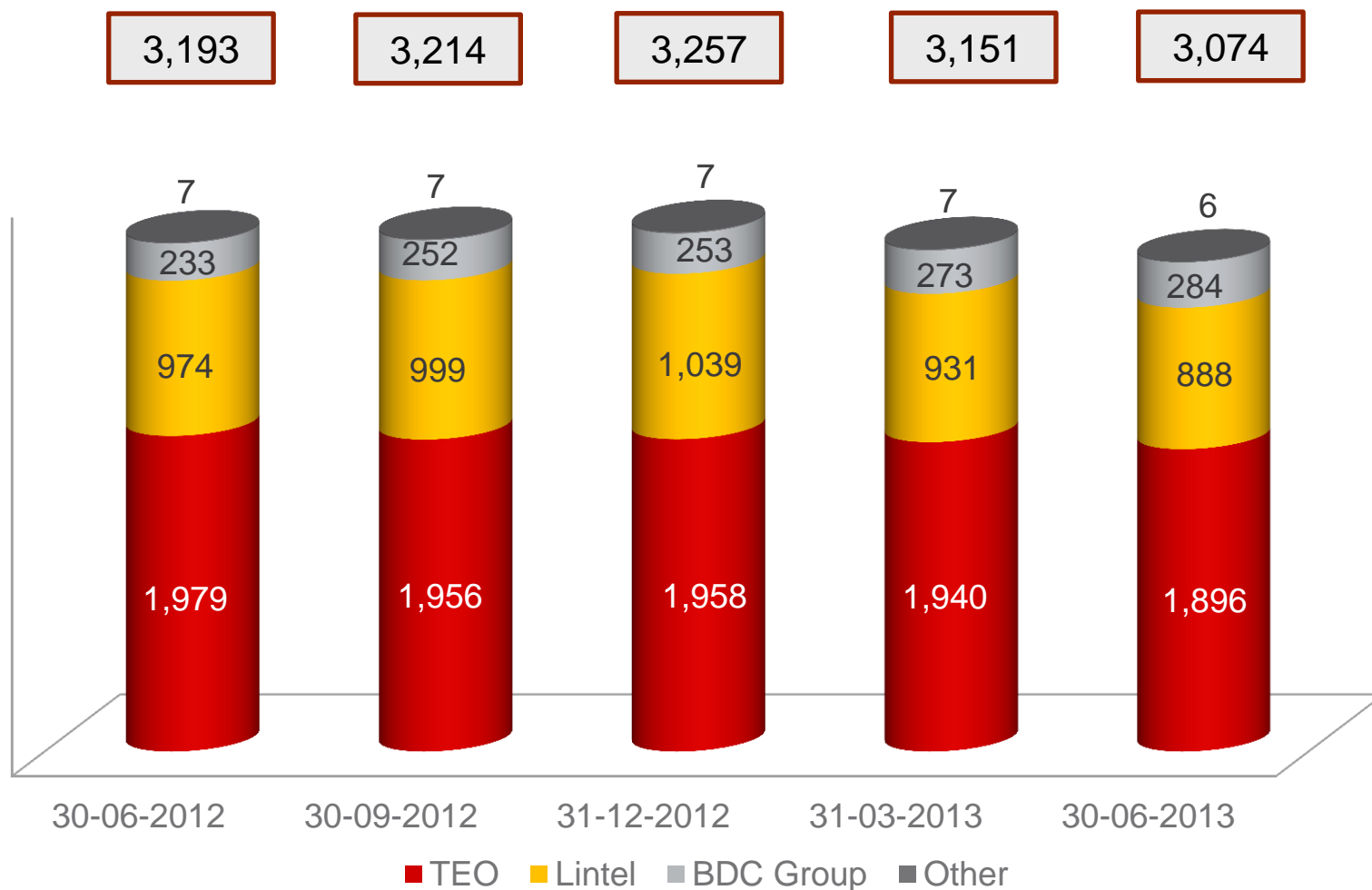


- **TEO LT, AB** also holds 100% stakes in UAB Verslo Investicijos (investment project) and UAB Kompetencijos Ugdymo Centras (dormant subsidiary), and is the sole owner of a not-for-profit organization VšĮ Ryšių Istorijos Muziejus (Communications History Museum)
- **UAB Baltic Data Center** has a dormant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

MAIN OPERATING FIGURES

	30-06-2013	30-06-2012	Change (%)
Number of telephone lines	584,766	625,671	(6.5)
Number of broadband Internet accesses, in total:	394,123	377,045	4.5
- via fiber-optic lines	168,955	150,887	12.0
- via copper lines	179,955	189,773	(5.2)
- wireless (WiFi) access	45,213	36,385	24.3
Number of TV services users, in total:	170,219	156,364	8.9
- IPTV	99,832	85,014	17.4
- DVB-T	70,387	71,350	(1.3)
Number of employees	3,074	3,193	(3.7)

EMPLOYEES OF TEO GROUP



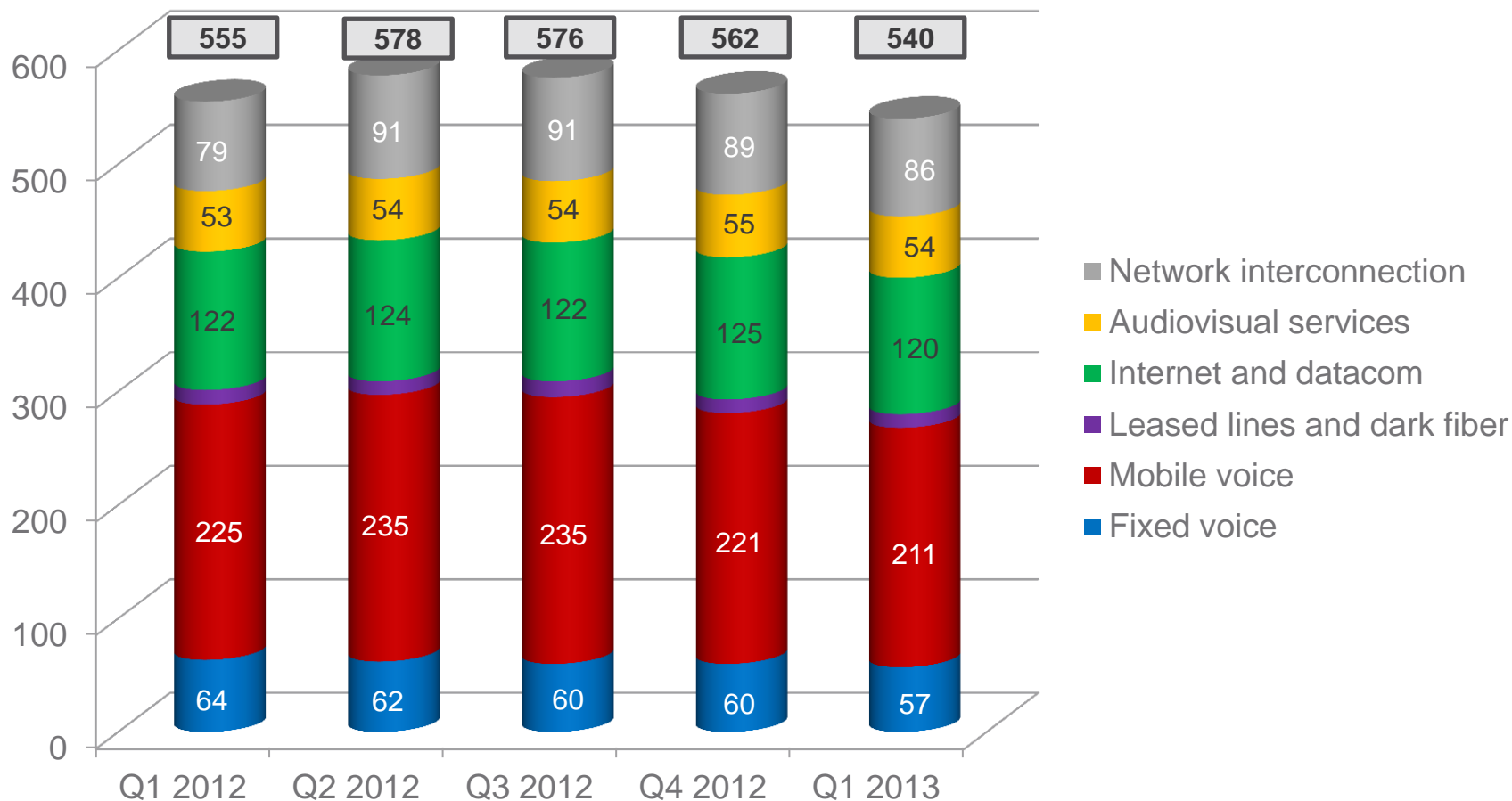
ELECTRONIC COMMUNICATIONS MARKET OF LITHUANIA

Dynamics of the market
Figures of main operators
TEO market shares
Voice telephony market
Internet market
Pay-TV market



Results for 6 months of 2013 / 16-07-2013

TELECOMMUNICATION MARKET IN LITHUANIA (LTL MILLION)



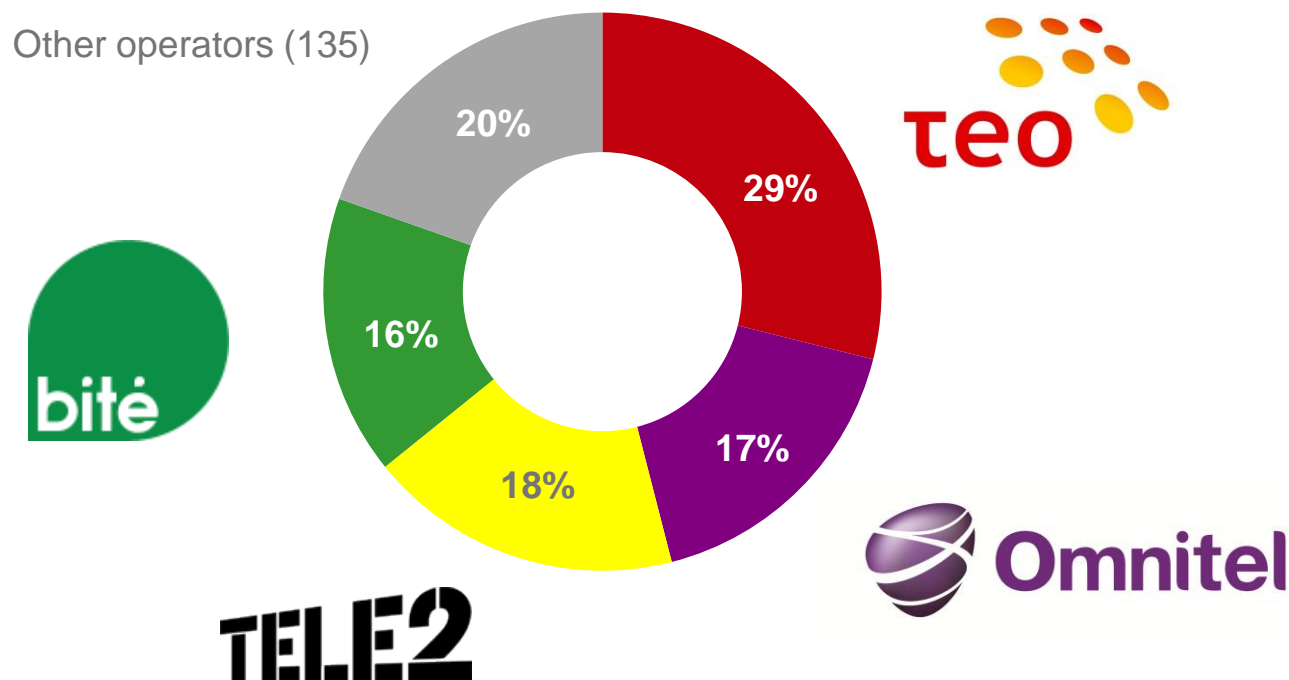
Source: Report of Communications Regulatory Authority

MAIN MARKET FIGURES

	31-03-2013	31-03-2012	Change (%)
Total market revenue (LTL million)	540.1	554.8	(2.7)
Number of telephone lines per 100 inhabitants	21.8	21.5	1.2
Number of mobile voice subscribers per 100 inhabitants	167.2	152.9	9.4
Number of Internet access subscribers	1,070,152	997,407	7.3
Number of broadband Internet access subscribers per 100 inhabitants	36.0	31.3	15.1
Number of fixed Internet access subscribers per 100 inhabitants	26.3	23.2	13.4
Number of pay-TV subscribers	732,701	669,840	9.4
Number of digital pay-TV subscribers per 100 households	32.6	26.3	24.0
Total market investments (LTL million)	42.7	41.5	2.9

Source: Report of Communications Regulatory Authority

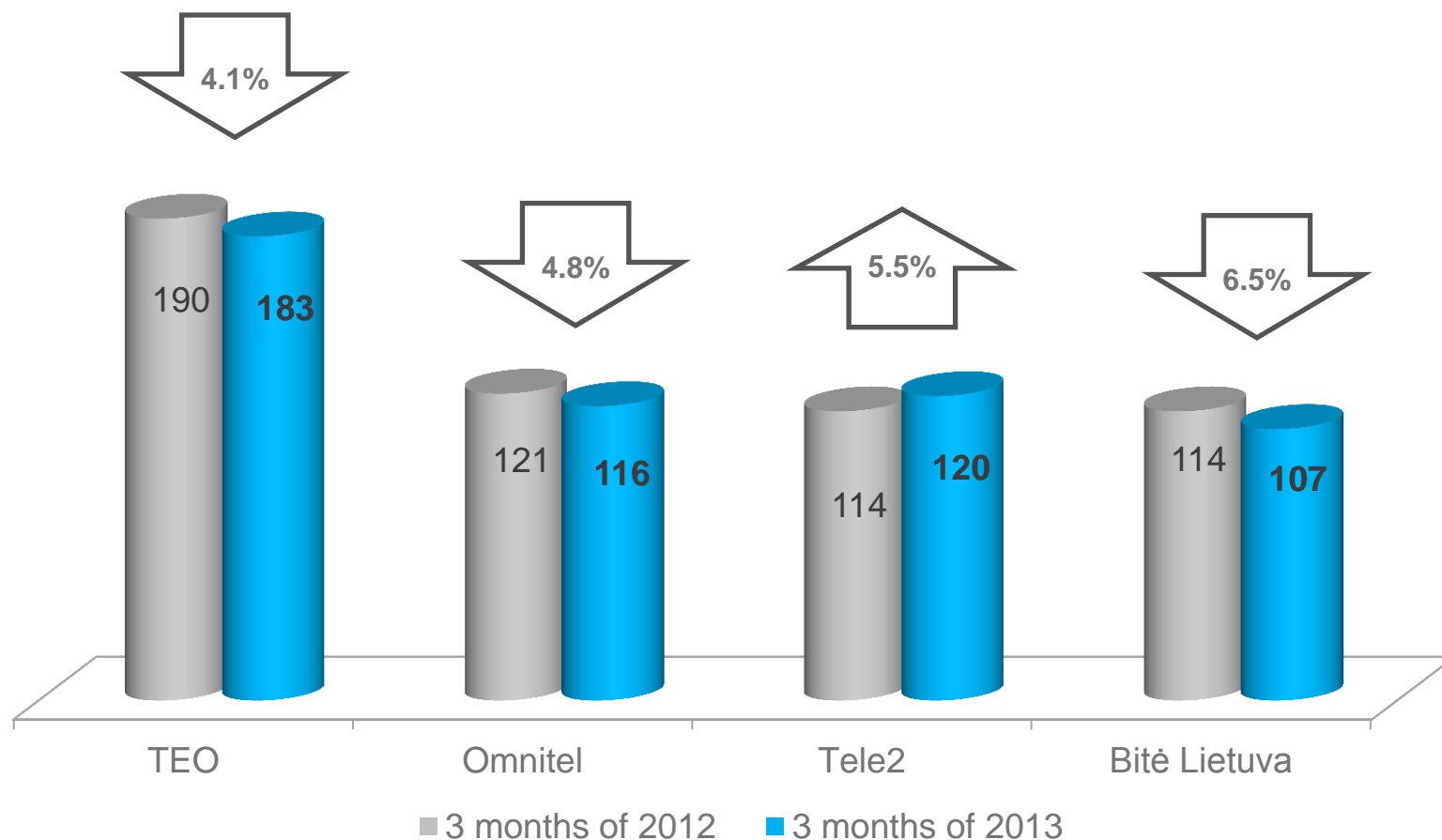
BREAKDOWN OF THE TELECOMMUNICATIONS MARKET REVENUE IN 2012 BY OPERATORS



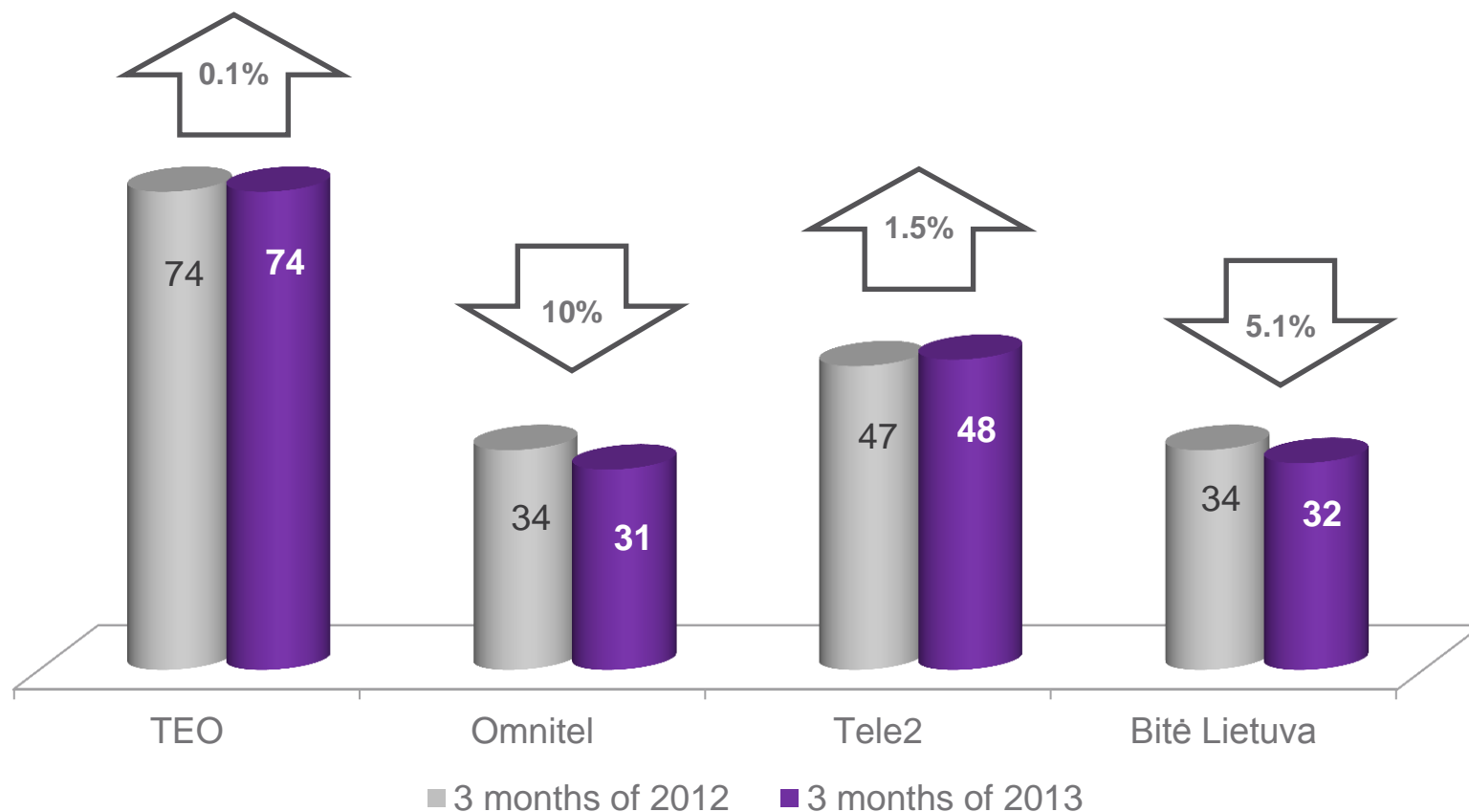
- Omnitel, Tele2 and Bité Lietuva are **mobile operators**
- Omnitel and TEO belong to **TeliaSonera Group**

Source: Report of the Communications Regulatory Authority

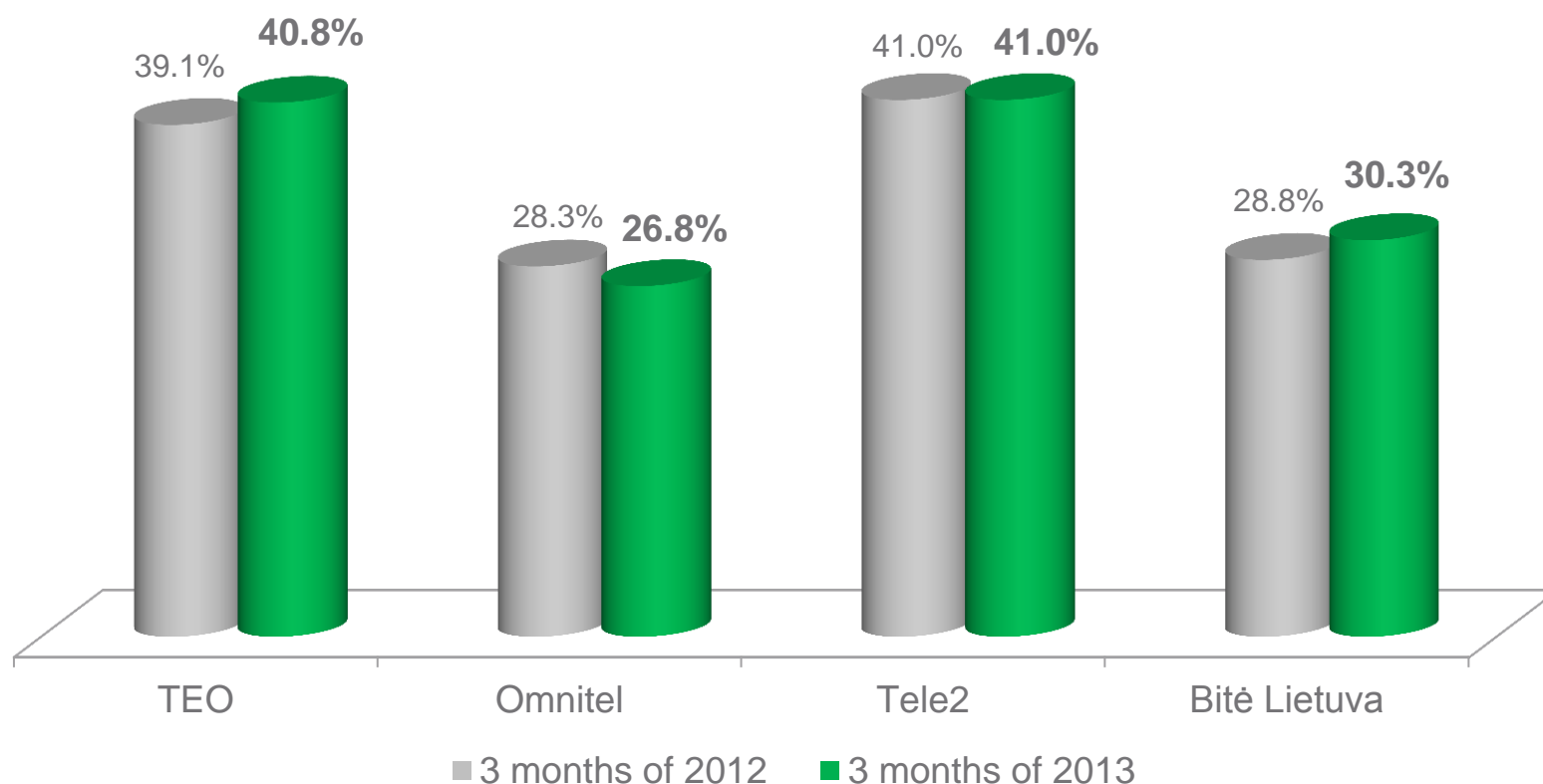
MAIN TELECOMMUNICATIONS MARKET PLAYERS' **REVENUE** CHANGES (LTL MILLION)



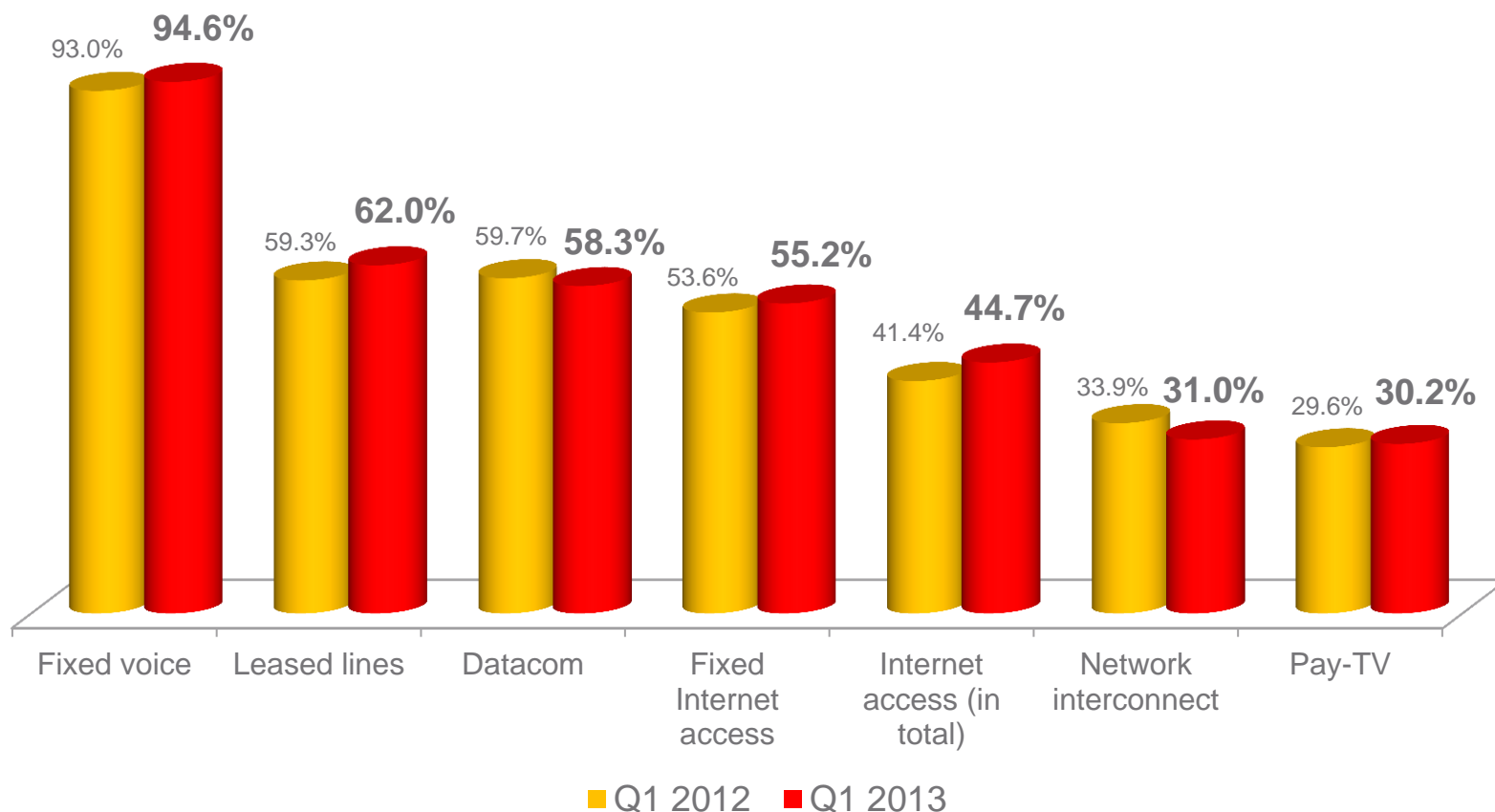
MAIN TELECOMMUNICATIONS MARKET PLAYERS' **EBITDA** CHANGES (LTL MILLION)



MAIN TELECOMMUNICATIONS MARKET PLAYERS' EBITDA MARGIN CHANGE



TEO MARKET SHARE IN TERMS OF REVENUE



Source: Report of the Communications Regulatory Authority

TEO COMPETES IN ALL AREAS EXCEPT MOBILE VOICE

Market	Market revenue Q1 2013 (LTL million)	Change from Q1 2012 (%)	Number of market players	TEO share in Q1 2013 (%)
Fixed voice	57.4	(9.5)	46	94.6
Internet access	98.6	(1.2)	99	44.7
Network interconnection	86.3	(9.7)	>5	31.0
Pay-TV	50.3	10.8	45	30.2
Data communication	21.2	(2.6)	20	58.3
Leased lines	5.7	(15.2)	11	62.0
TV and radio program transmission	3.9	(48.2)	2	n/a
Dark fiber	5.8	(5.2)	16	n/a
Mobile voice	210.8	(6.4)	3+4	-

Source: Report of the Communications Regulatory Authority

FIXED VOICE TELEPHONY MARKET IN LITHUANIA (Q1 2013)

- **46 companies** are providing fixed voice services:
 - 34 provide national and international calls
 - 7 – only international calls
 - 5 – only wholesales (transit) services
- 33 companies are using **IP network**, 16 of them – CATV and data communication networks
- Number of alternative operators' subscribers: **70.6 thousand** or 10.6% of total subscribers' number



TEO market share (Q1 2013) in terms of:	(%)
Total number of customers	89.4
Total traffic	94.9
Revenue from local calls	99.9
Revenue from domestic long distance calls	91.8
Revenue from international calls	79.1

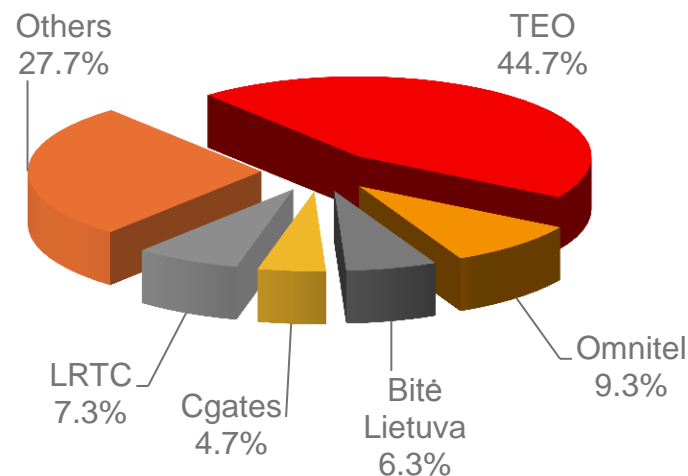


Source: Report of the Communications Regulatory Authority

INTERNET ACCESS MARKET IN LITHUANIA (Q1 2013)

Access type	Number of users ('000)	Change, y-o-y (%)
Fiber-optic	411	9.3
Via mobile network	288	11.5
DSL	181	(6.1)
Wireless	133	21.3
Via CATV network	43	(3.2)
Via LAN	14	(11.9)
Total:	1,070	7.2

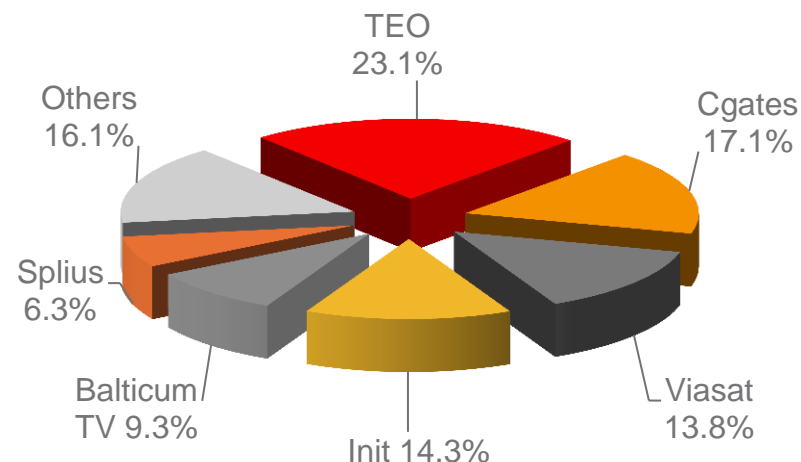
Q1 2013 revenue by service providers



PAY TV MARKET IN LITHUANIA (Q1 2013)

Access type	Number of users ('000)	Change, y-o-y (%)
Analogue CATV	330	3.9
Digital CATV	106	19.1
IPTV	106	22.7
Satellite	101	15.0
DVB-T	74	2.3
MVDS	17	(5.5)
Total:	734	9.4

Breakdown of users by service providers



FINANCIAL RESULTS

Revenue, EBITDA, net profit

Main financial indicators

Dynamics of main indicators

Revenue breakdown

Operating expenses

Balance sheet

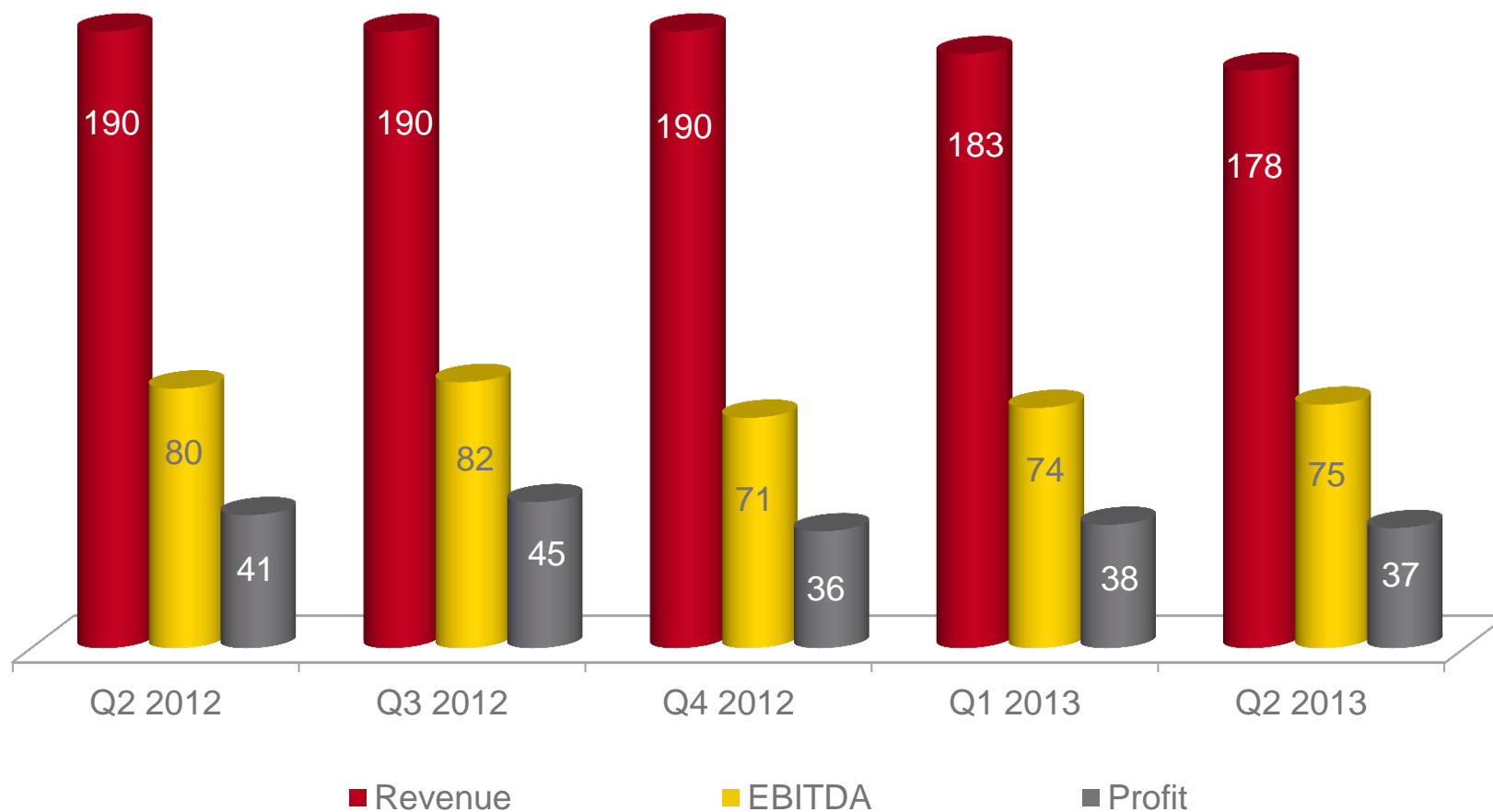
Cash flow

Investments



Results for 6 months of 2013 / 16-07-2013

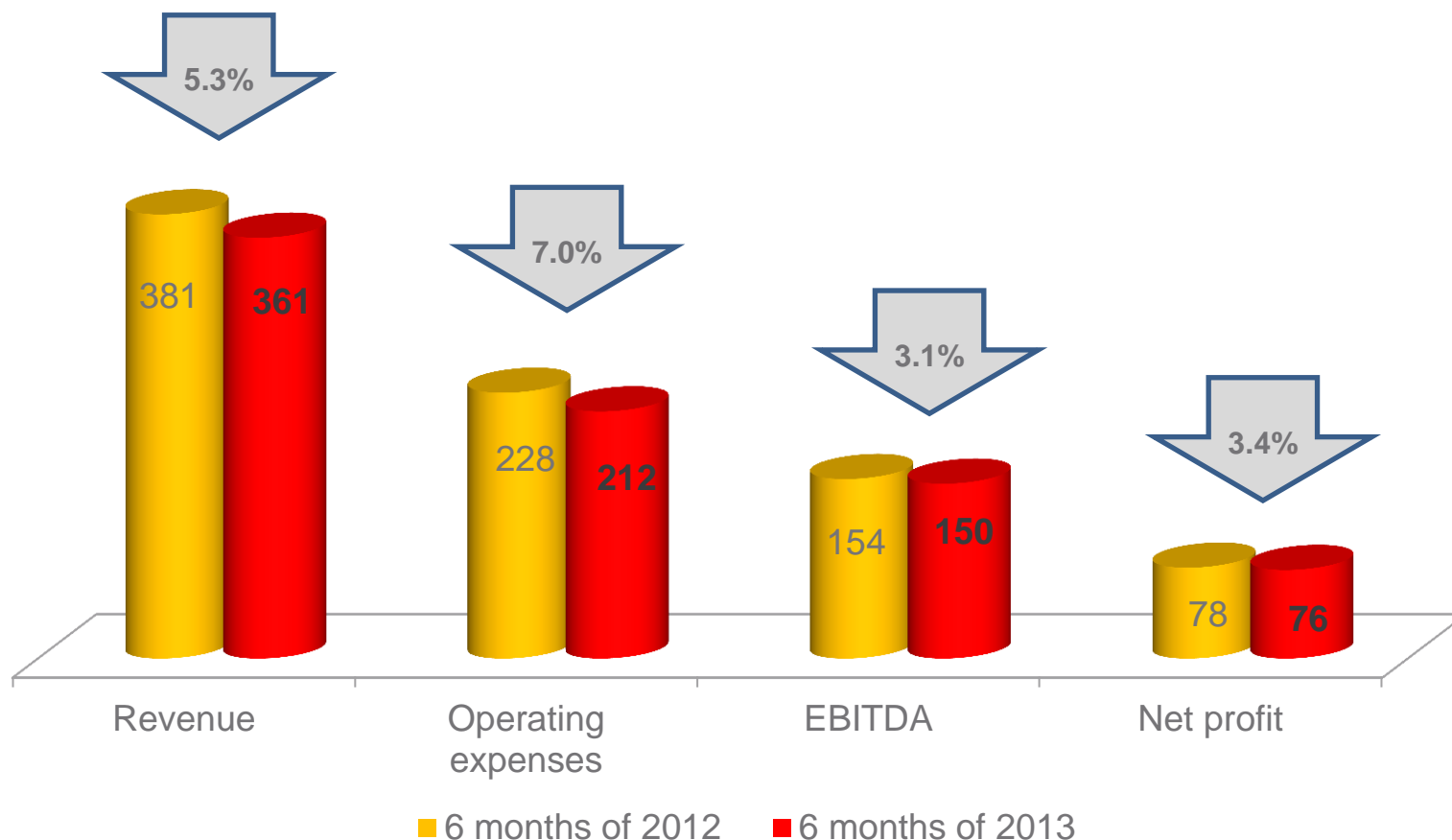
REVENUE, EBITDA & NET PROFIT (LTL MILLION)



MAJOR FINANCIAL INDICATORS

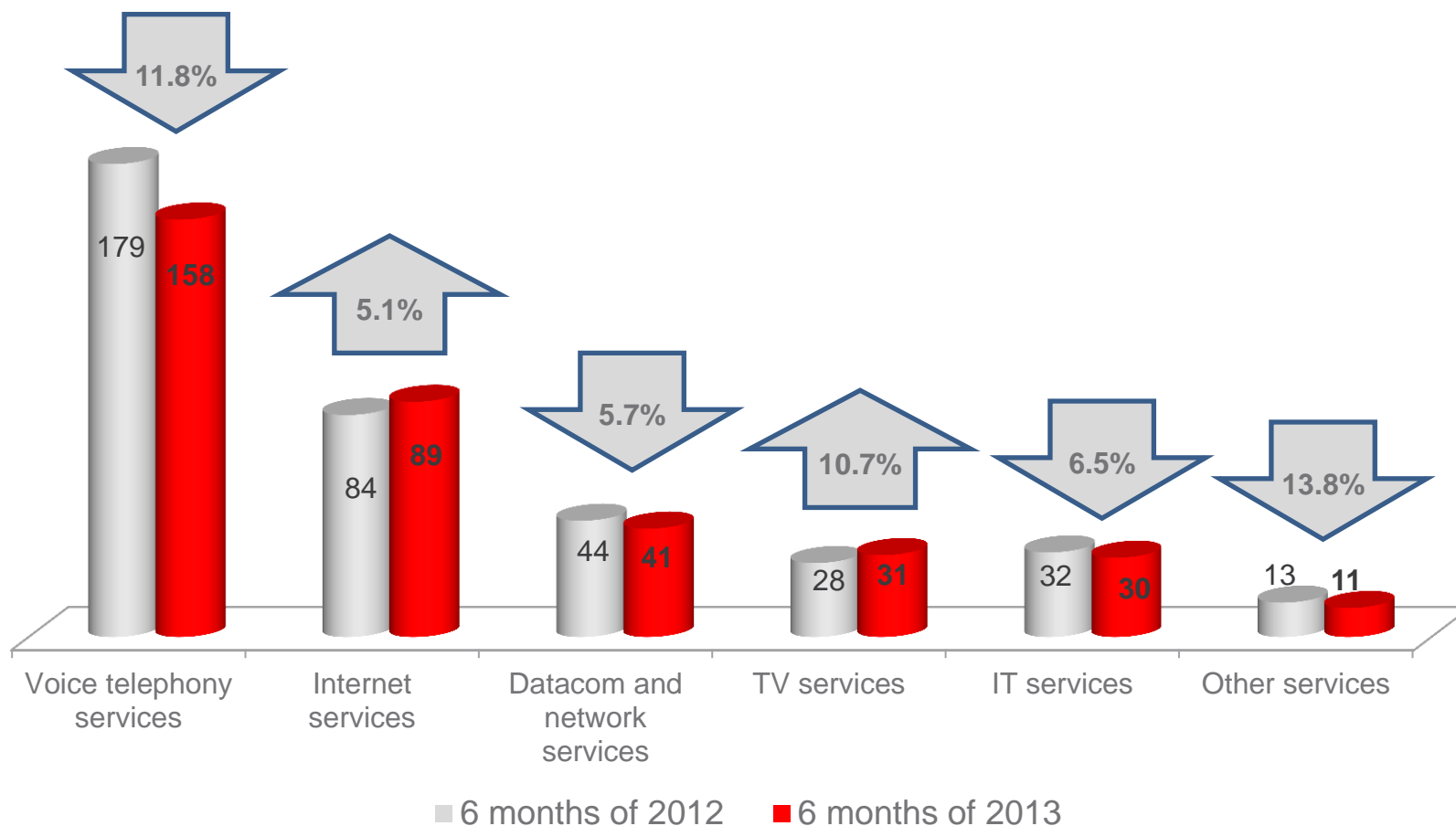
(thousand LTL)	Q2 2013	Q2 2012	Change (%)	H1 2013	H1 2012	Change (%)
Revenue	177,834	190,231	(6.5)	360,500	380,722	(5.3)
Operating expenses	103,086	110,820	(7.0)	211,510	227,536	(7.0)
EBITDA	75,113	79,888	(6.0)	149,550	154,284	(3.1)
EBITDA margin	42.2%	42.0%		41.5%	40.5%	
Depreciation and amortization	32,909	33,005	(0.3)	65,631	65,357	0.4
Operating profit	42,205	46,883	(10.0)	83,919	88,927	(5.6)
Operating profit margin	23.7%	24.6%		23.3%	23.4%	
Net profit	37,358	41,134	(9.2)	75,609	78,281	(3.4)
Profit margin	21.0%	21.6%		21.0%	20.6%	
Earnings per share (LTL)	0.048	0.053		0.097	0.101	

DYNAMICS OF TEO MAIN FINANCIAL INDICATORS (LTL MILLION)



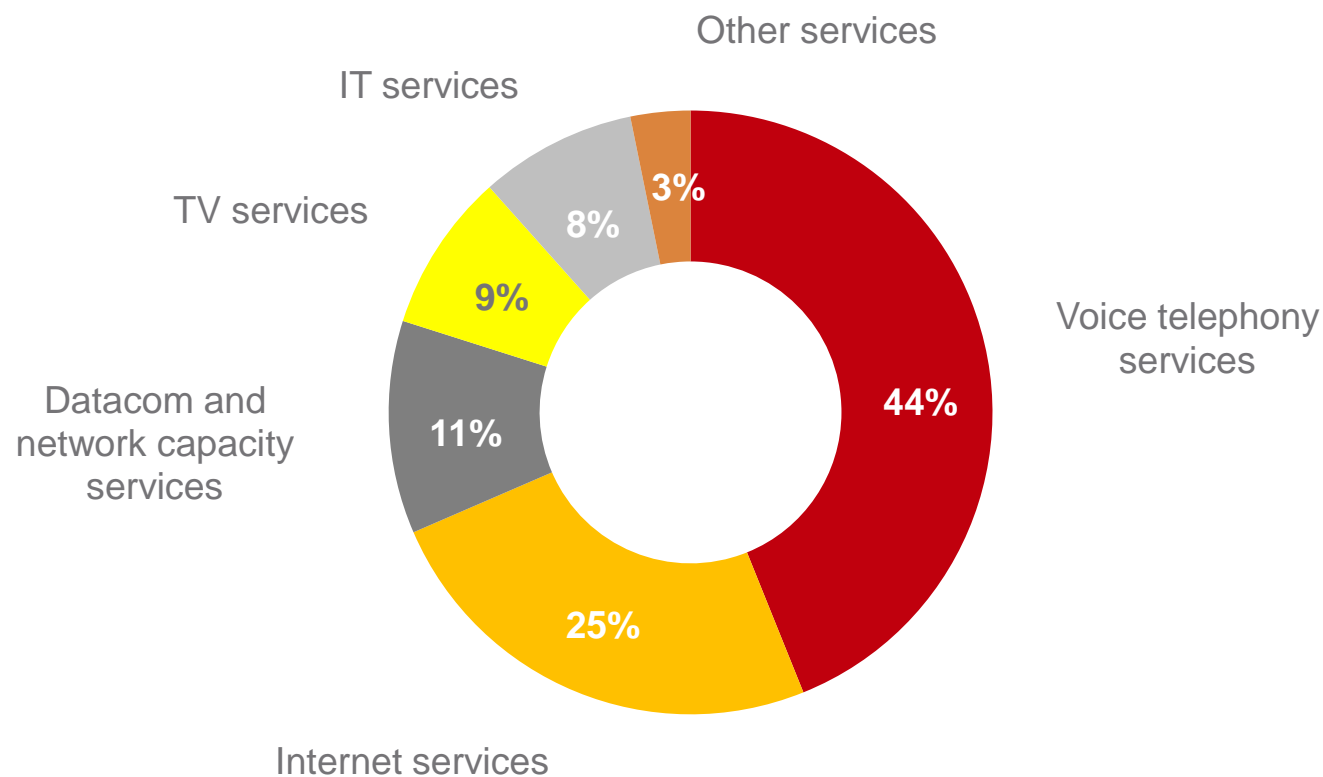
- **Underlying revenue**, excluding one-off IT equipment sale in 2012, decreased by 2.7 per cent, y-o-y.

REVENUE (LTL MILLION)

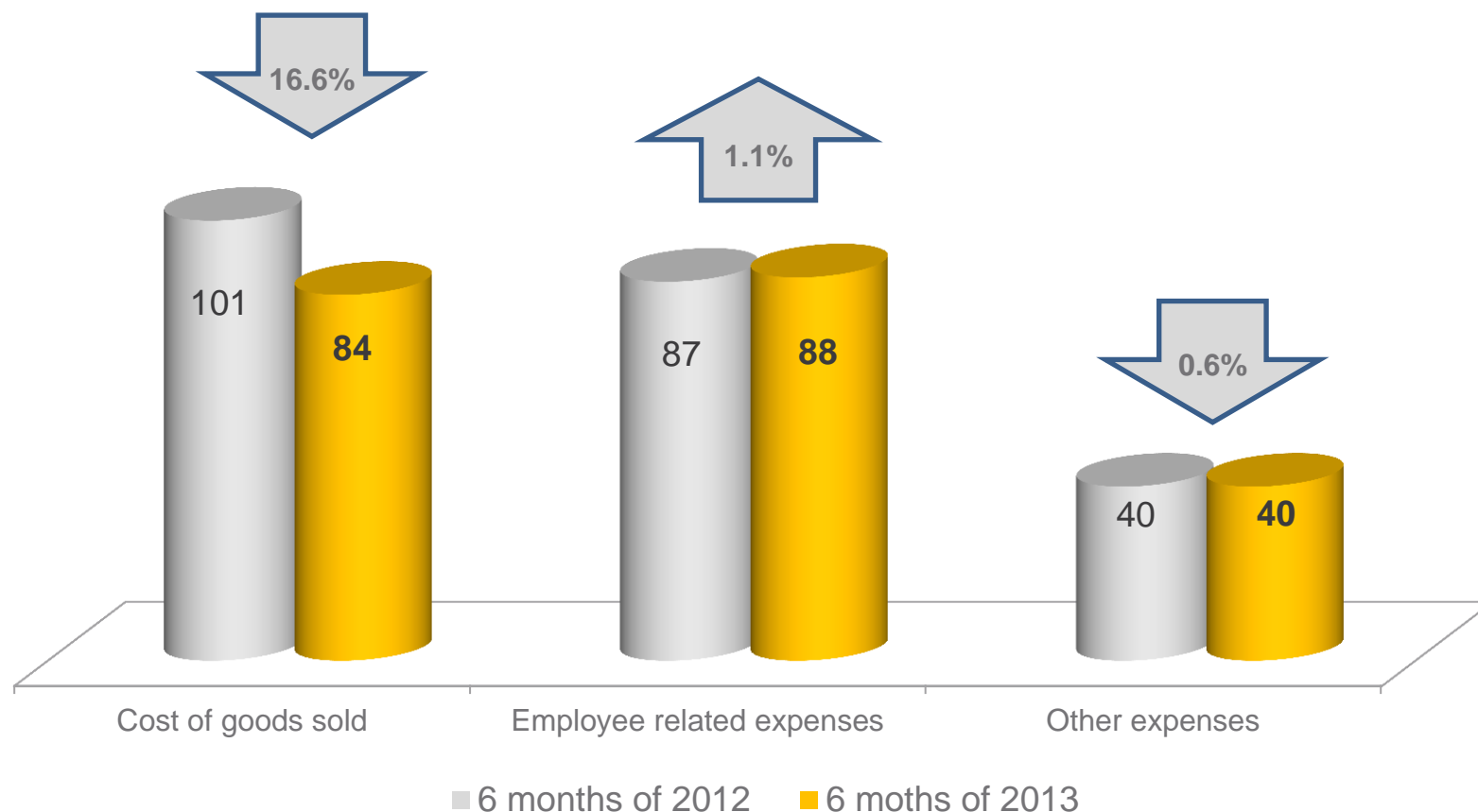


- **Underlying IT revenue**, excluding one-off IT equipment sale in 2012, increased by 36 per cent, y-o-y.

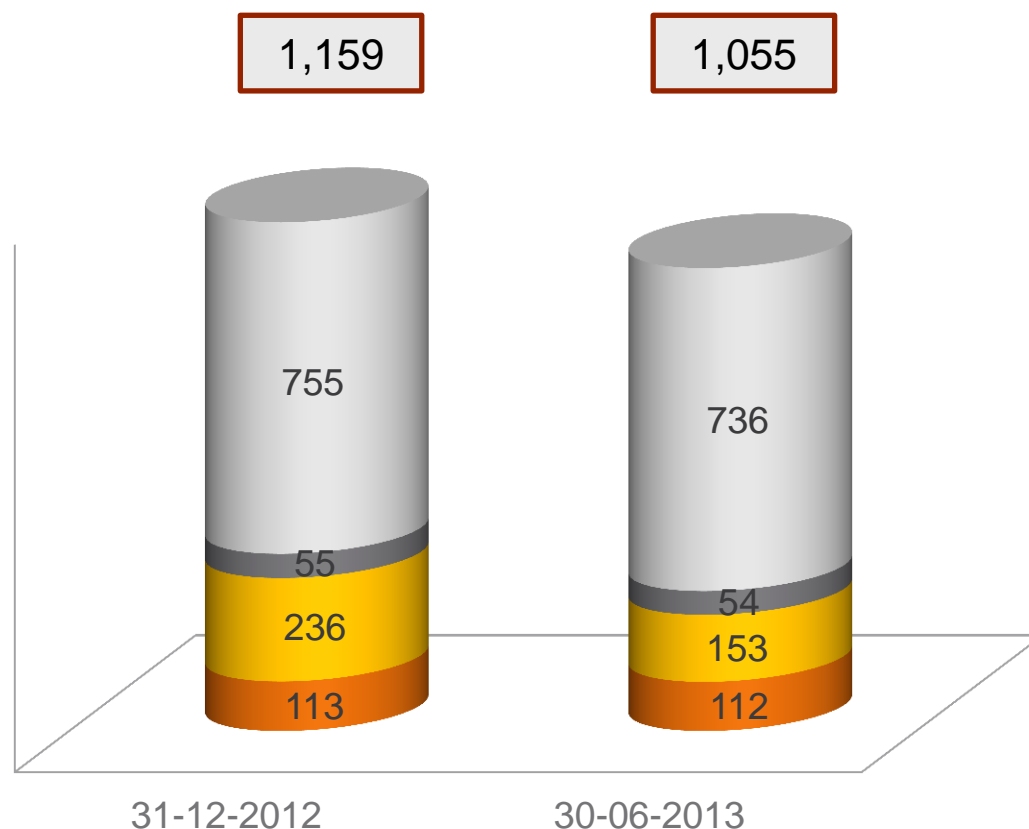
BREAKDOWN OF REVENUE (6 MONTHS OF 2013)



OPERATING EXPENSES (LTL MILLION)



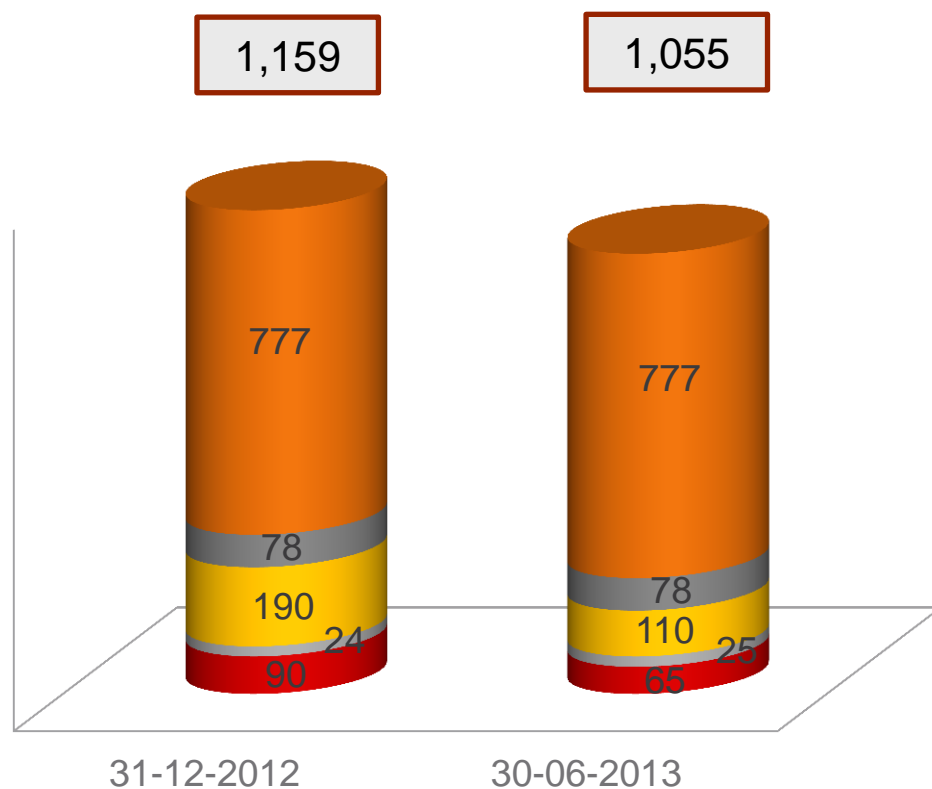
ASSETS (LTL MILLION)



- **Non-current assets** amounted to 74.8% of total assets (30-06-2013)
- **Cash and held-to-maturity investments** alone amounted to 14.5%
- **Return on capital employed:** 17.0%
- **Return on average assets:** 15.3%

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

EQUITY AND LIABILITIES (LTL MILLION)



- Current liabilities
- Retained earnings
- Share capital
- Non-current liabilities
- Legal reserve

- **Shareholders' equity** amounted to 91.4% of the total assets (30-06-2013)
- **Borrowings** amounted to LTL 2.8 million
- **Net debt** was negative and amounted to LTL 151 million
- **Gearing ration:** (15.6)%
- **Debt to equity:** 0.3%
- **Return on equity:** 15.5%

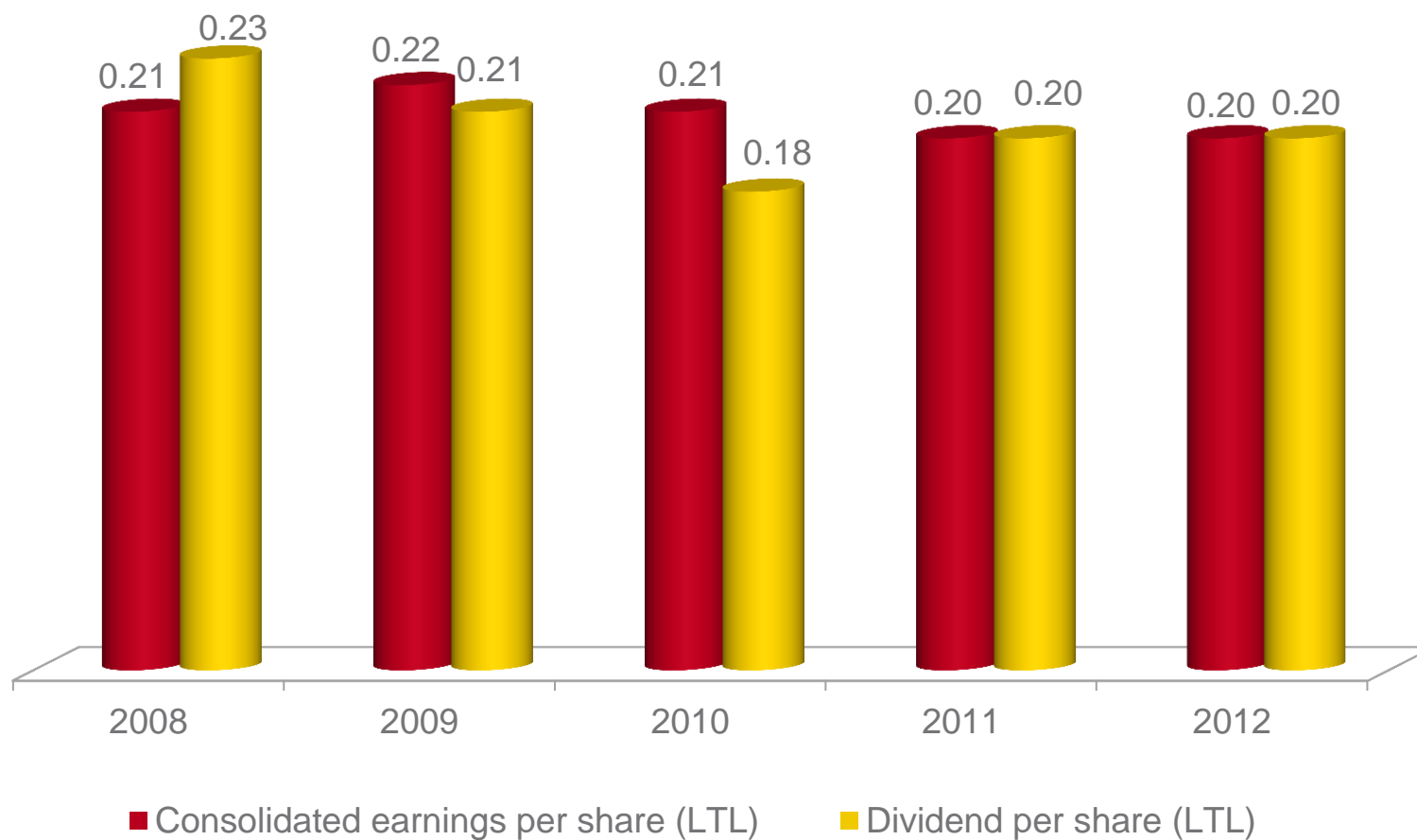
TEO RETAINED EARNINGS VS DIVIDENDS

(LTL MILLION)



- The Annual General Meeting decided to pay **dividends** of LTL 155 million for the year 2012 (i.e. **0.20 litas per share**)
- Dividends to the shareholders were **paid on 23 May 2013**

DIVIDEND PAYOUT

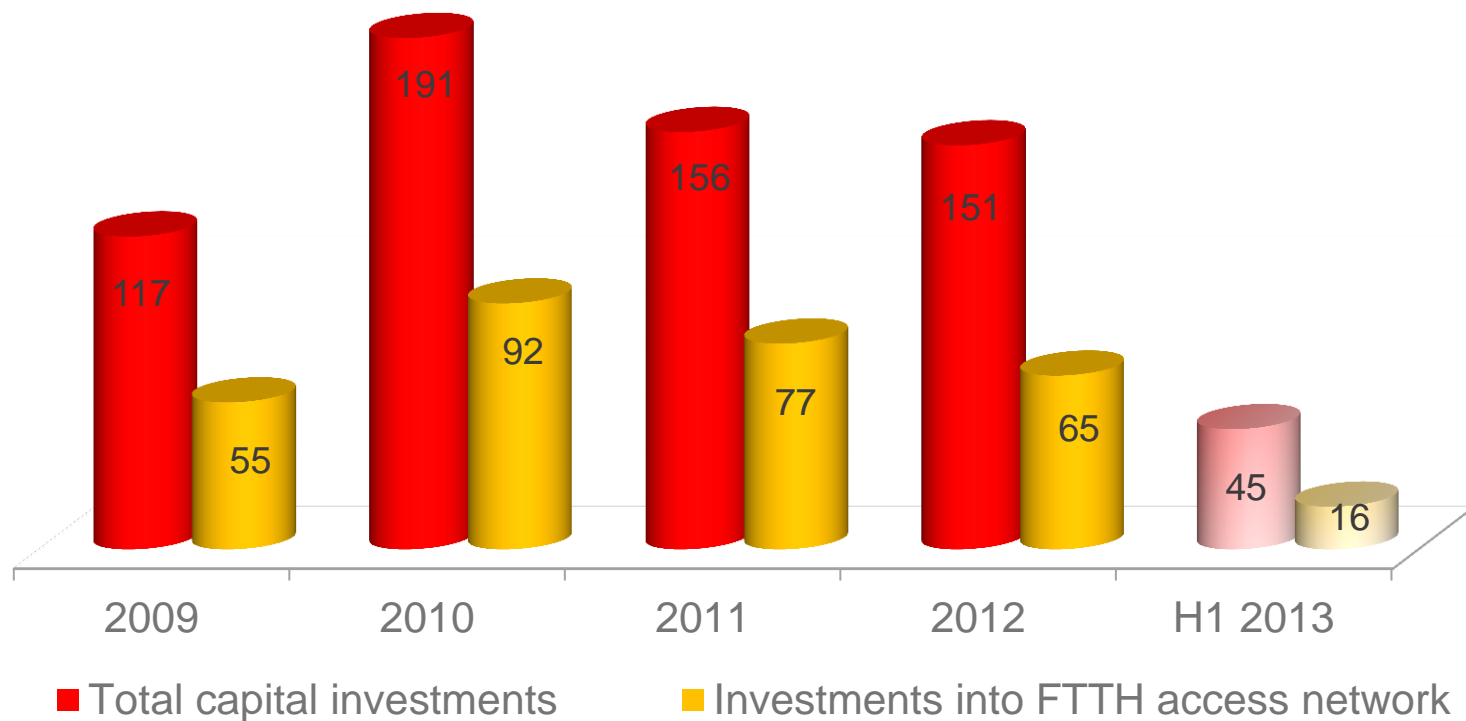


CASH FLOW

(thousand LTL)	6 months of 2013	6 months of 2012
Net cash from operating activities	133,110	157,049
Net cash used in investing activities	(58,681)	(84,788)
Net cash used in financing activities	(155,848)	(155,864)
Increase in cash and cash equivalents	(81,419)	(83,603)

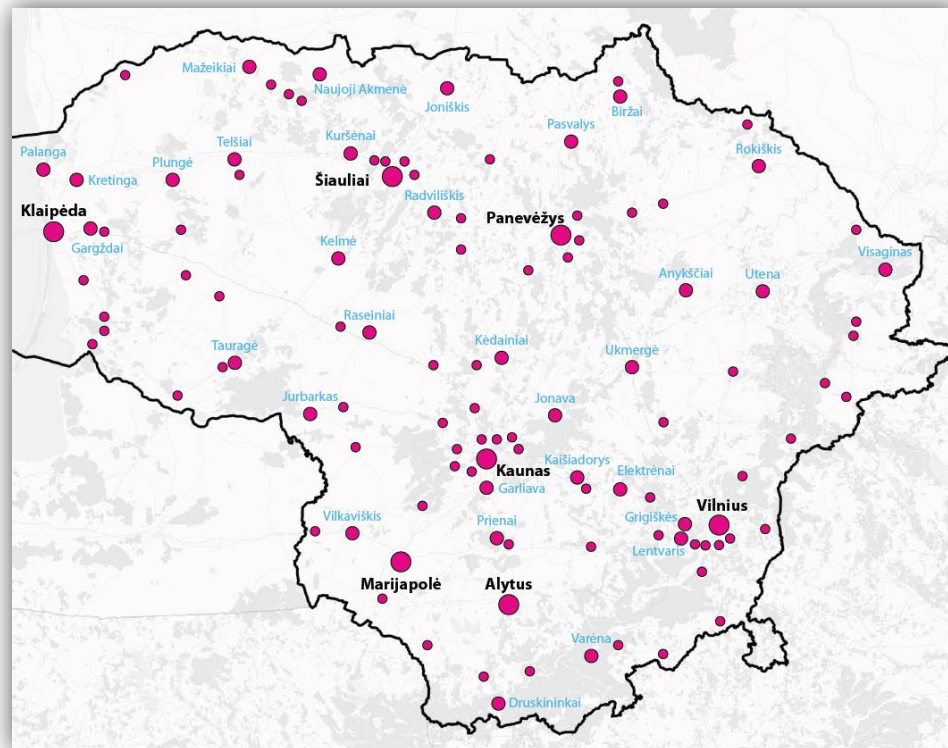
- Capital **investments** during 6 months of 2013 amounted to LTL 44.6 million (LTL 51.6 million in 2012)
- LTL 38.8 million went to expansion of the **core and fiber-optic access network**
- LTL 5.6 million was invested into **IT systems**
- In May, the Company paid out **LTL 155 million of dividends** for the year 2012 (i.e. 0.20 litas per share)

TEO INVESTMENTS (LTL MILLION)



TEO FIBER OPTIC (FTTH) NETWORK

- **More than LTL 400 million** was invested in the next-generation fiber optic access network (FTTH) of TEO since 2007
- TEO FTTH network operates in more than 100 Lithuanian cities and towns
- **778 thousand** households (732 thousand a year ago), or 65 per cent of the country's households, by the end of June 2013 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 30 June 2012

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

Shareholders as of 30 June 2013

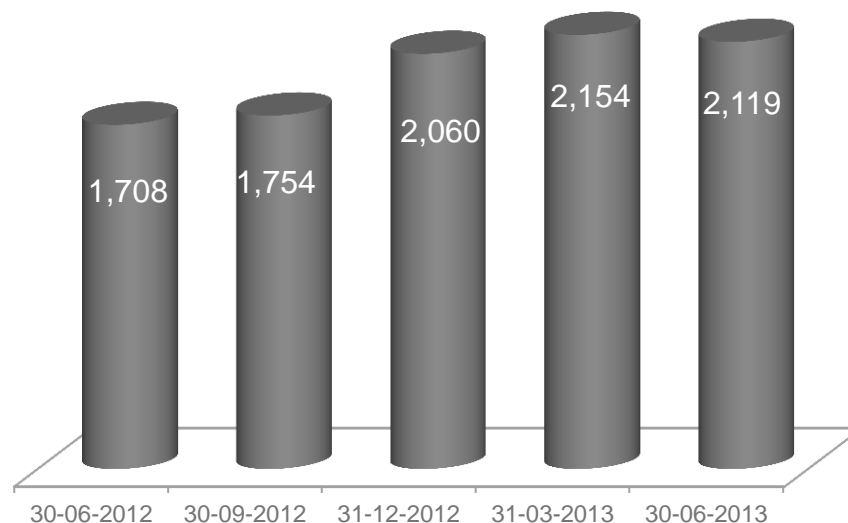
	Part of shares and votes
TeliaSonera AB	88.15%
Others	11.85%

TEO SHARES

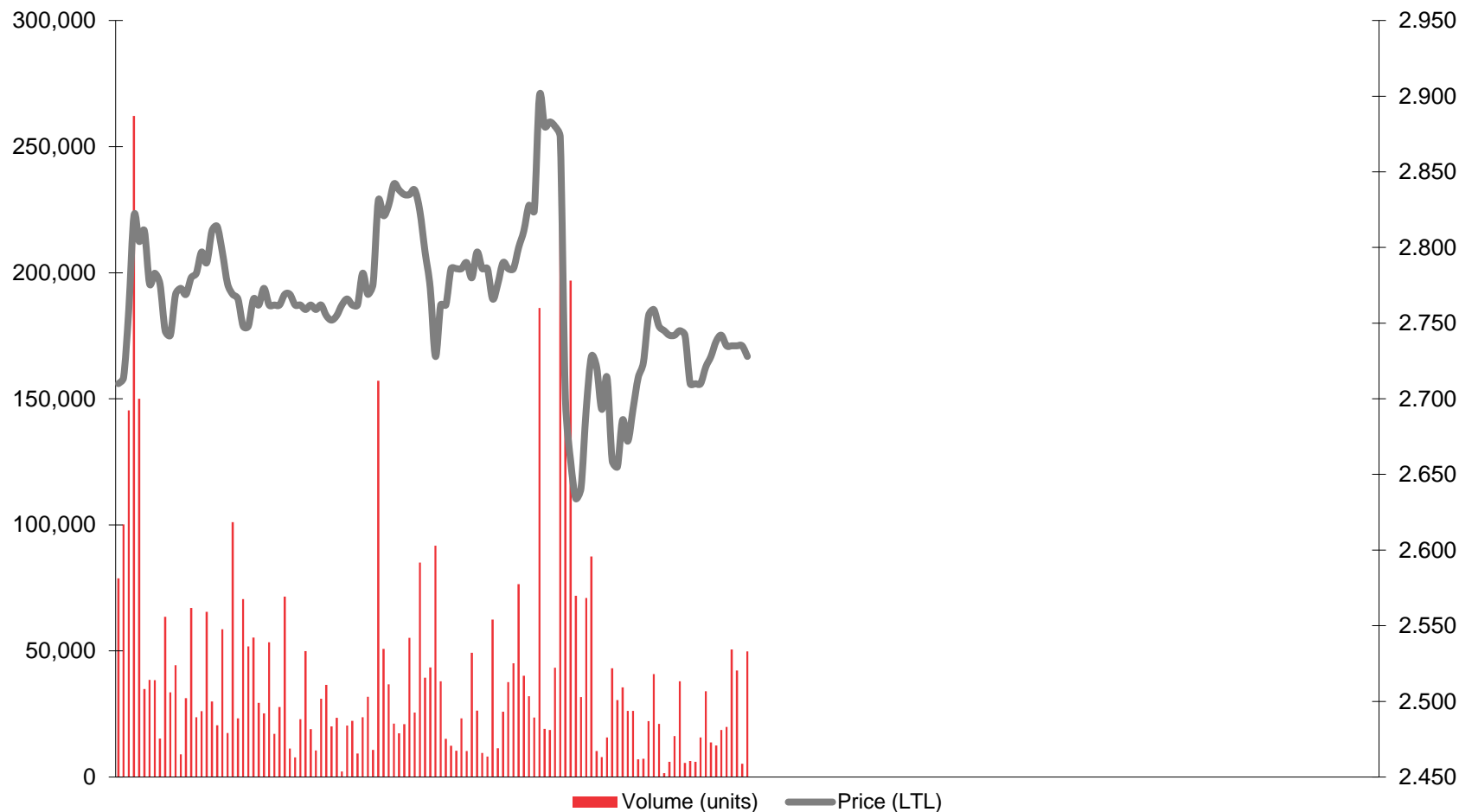
- Since June 2000, TEO shares are listed on **NASDAQ OMX Vilnius** stock exchange (ticker: TEO1L)
- Since January 2011, TEO shares are included into the trading lists of a few **German stock exchanges** (ticker: ZWS)
- **Turnover** on Vilnius stock exchange during January-June 2013: 5.2 million shares or LTL 14.4 million
- Share **price** on NASDAQ OMX Vilnius:

	LTL	EUR
01-01-2013	2.655	0.769
High	2.904	0.841
Low	2.631	0.762
30-06-2013	2.728	0.790

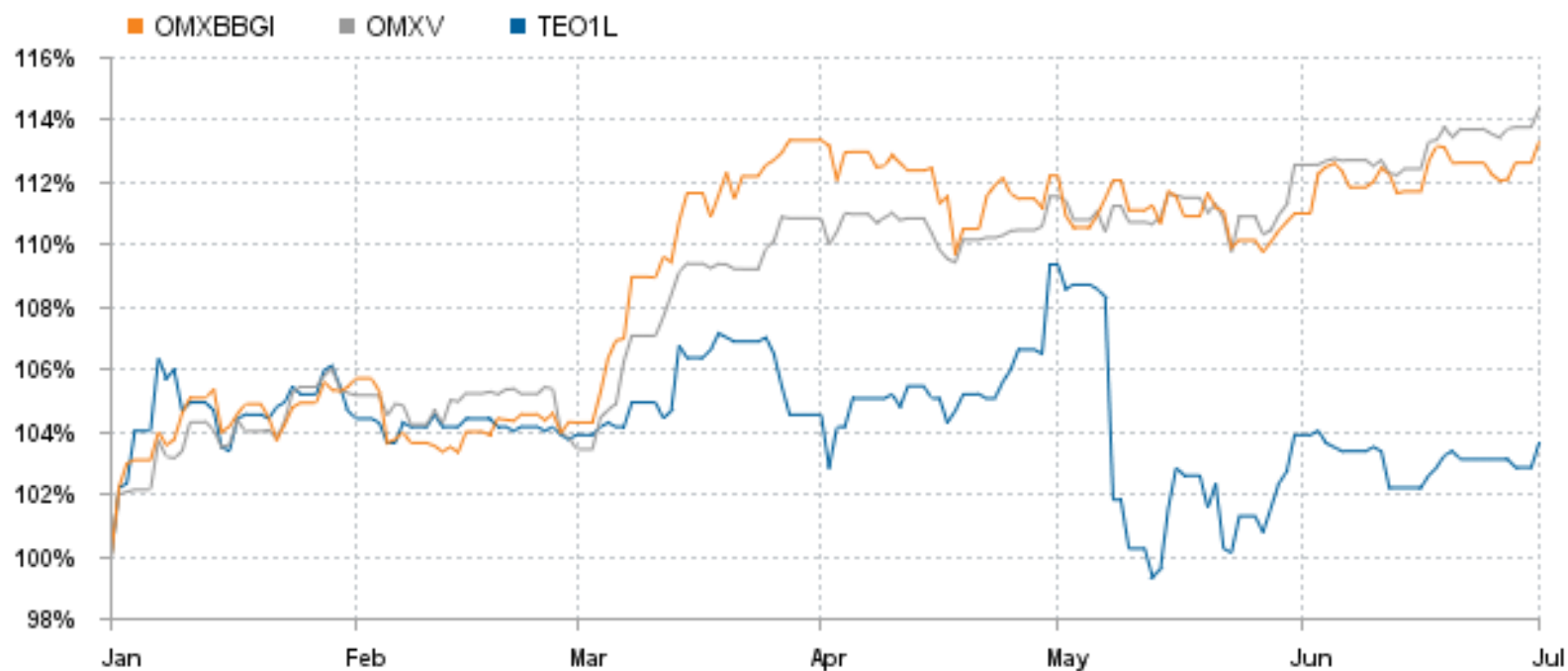
Market Capitalisation (LTL million)



TRADING IN TEO SHARES ON NASDAQ OMX VILNIUS STOCK EXCHANGE IN 2013



TEO SHARE PRICE AND NASDAQ OMX VILNIUS INDEXES COMPARISON



Source: NASDAQ OMX Vilnius

CORPORATE GOVERNANCE

Governing bodies

Board

Senior management

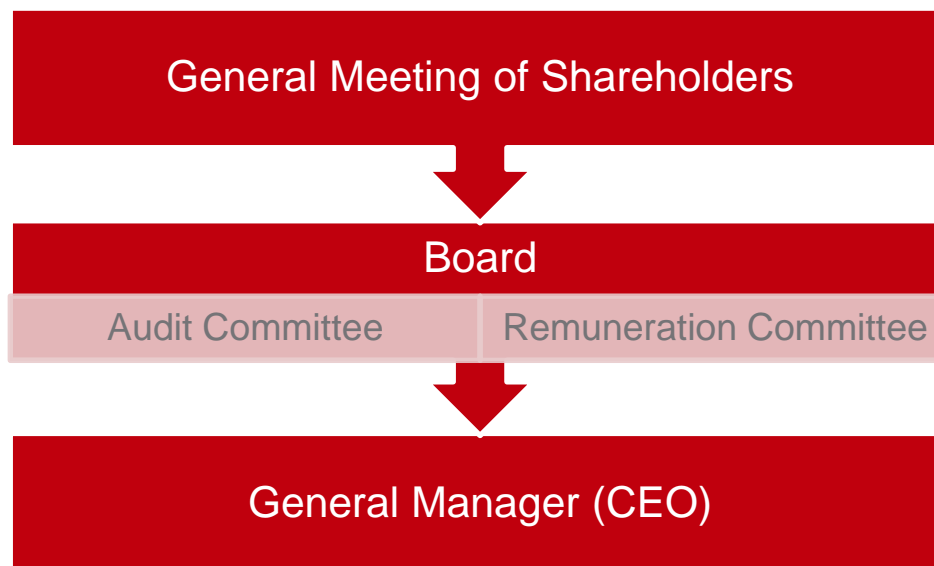
Corporate social responsibility



Results for 6 months of 2013 / 16-07-2013

GOVERNING BODIES

- The **Annual General Meeting** of Shareholders was held on 25 April 2013
- Upon termination of the 2 years term a new **Board consisting of 6 members** was elected
- The Board elects and recalls the **General Manager (CEO)**
- The General Meeting also elects the Company's **independent auditor** for 2 years term
- UAB PricewaterhouseCoopers is the Company's independent auditor



TEO BOARD (ELECTED IN 2013)



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



Jens Lööw
Member of the Board
 Represents TeliaSonera AB
 Chairman of Audit Committee



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



Mats Lillienberg
Member of the Board
 Represents TeliaSonera AB
 Member of Remuneration
 Committee



Inga Skisaker
Independent member of the Board
 Member of Audit Committee



Rolandas Viršilas
Independent member of the Board
 Member of Remuneration
 Committee

- **Rolandas Viršilas has 100,000 shares of TEO**, other members of the Board have no direct interest in the share capital of TEO

SENIOR MANAGEMENT



Giedrius Vegys
(born in 1959),
Acting General Manager



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



Edis Kasperavičius
(born in 1961)
Chief Sales Officer



Eglutė Bivainienė
(born in 1967)
Chief Operational Officer



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



Antanas Poška
(born in 1967)
Acting Chief Financial Officer

- 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** CO2 emission by 6.7% and **consumption** of electricity by 9.7%, office paper – by 11%, water – by 6%



Since 2008 TEO implements internal project „Tausok ir keiskis“ („Save resources and change yourself“), that helped to save LTL 4.5 million by reducing consumption of fuel, electricity, water, office paper and other resources

THANK YOU FOR YOUR ATTENTION

BŪTI SU PASAULIU



For more information about the Company please visit our website www.teo.lt