



# RESULTS FOR THE YEAR OF 2017

Telia Lietuva, AB Group





**Teo, Omnitel & Baltic  
Data Center united their  
efforts and became  
Telia Lietuva, AB  
#visakotinklas**



**TELIA LIETUVA PROVIDES TELECOMMUNICATION,  
IT & TV SERVICES IN LITHUANIA FROM A SINGLE  
POINT**

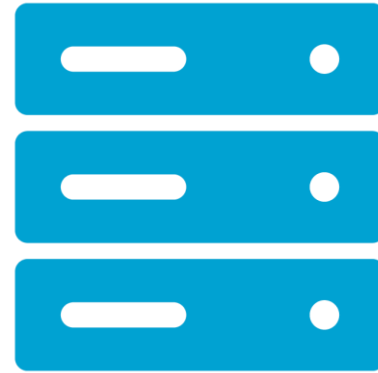
# TELIA LIETUVA MEANS:



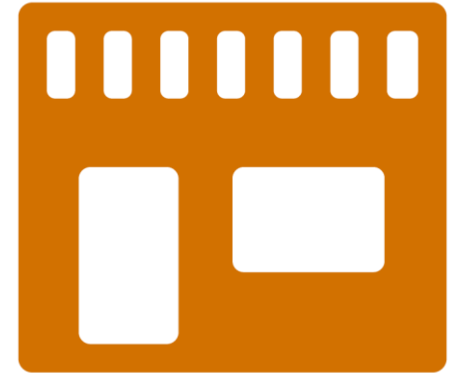
Wide range of  
services



The most developed  
networks



Modern data  
centres



Everything from a  
single point



# TELIA LIETUVA MEANS:



Customer care  
24/7/365



Quality of operations'  
management  
confirmed by ISO  
certificates



Team of 3,000  
professionals

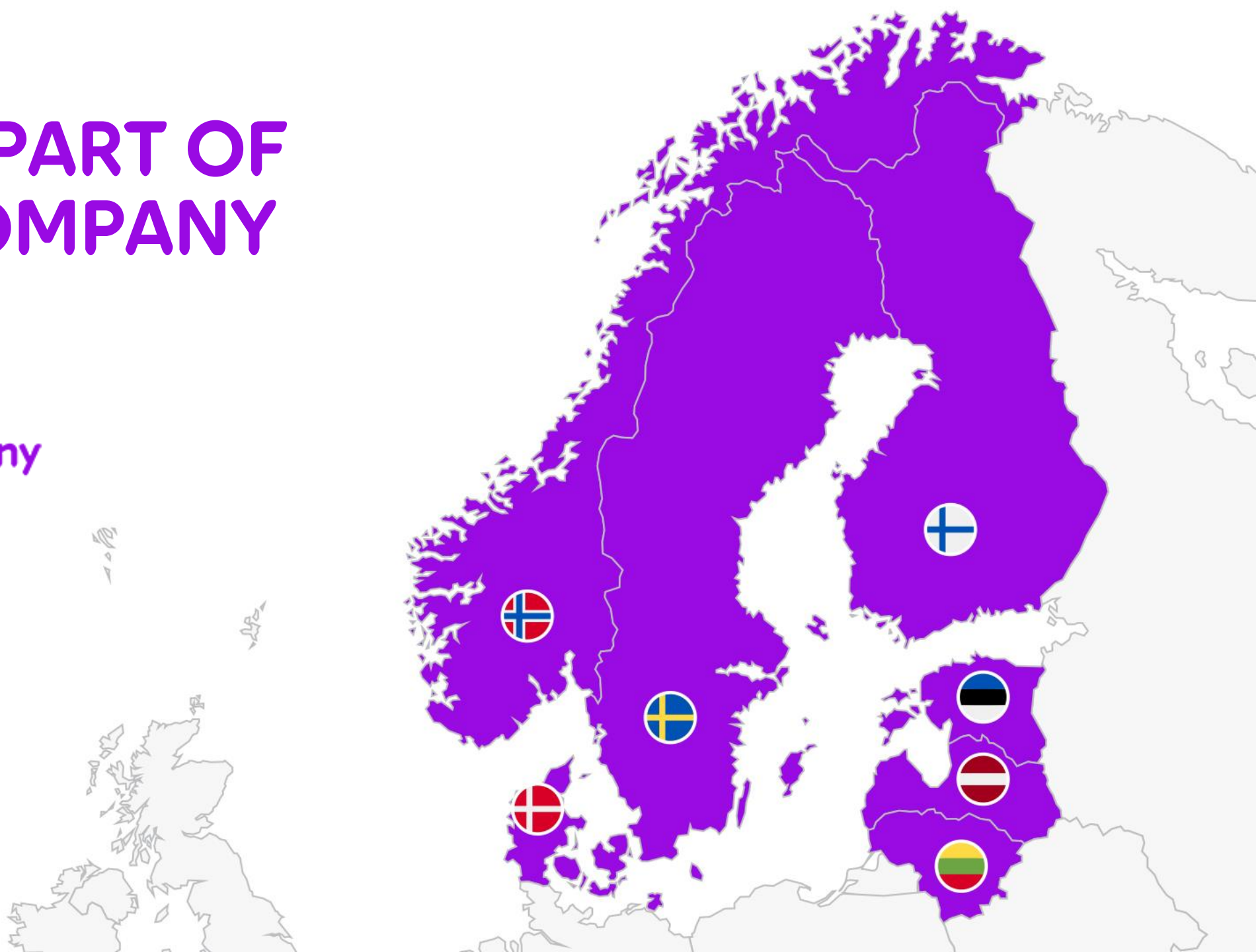


Sustainable and  
responsible  
business





# WE ARE PART OF TELIA COMPANY GROUP



**OUR PURPOSE:  
BRINGING THE  
WORLD CLOSER –  
ON THE CUSTOMER'S  
TERMS**



# OUR VALUES



## **We dare to:**

- innovate
- lead
- speak-up

## **We care for:**

- our customers
- each other
- our world

## **We simplify:**

- execution
- teamwork
- our operations





# TELIA LIETUVA GROUP

## TELIA LIETUVA, AB

Telia Customer Service LT, UAB	100 %
UAB Verslo Investicijos	100 %
UAB Kompetencijos Ugdymo Centras	100 %
VšĮ Numerio Perkėlimas	50 %
UAB Mobilieji Mokėjimai	33.3 %

- On 1 February 2017, subsidiaries **AB Omnitel** and **AB Baltic Data Center** were merged into the Company, and the Company changed its name to **Telia Lietuva, AB**
- On 1 February 2017, subsidiary UAB Lintel (Contact Centre) changed its name to **Telia Customer Service LT, UAB**
- **UAB Verslo Investicijos** implements an investment project, while **UAB Kompetencijos Ugdymo Centras** is a dormant subsidiary
- **VšĮ Numerio Perkėlimas** administers the central database to ensure telephone number portability in Lithuania (Tele2 and Bitė Lietuva owns 25% each)
- In December 2017, Telia Lietuva together with Tele2 and Bitė Lietuva each acquired a 33.3% stake in **UAB Mobilieji Mokėjimai**, which creates a platform for instant payments



# OFFERS TO CUSTOMERS DURING 2017



The **speed** of broadband Internet over fiber-optic connections **increased up to 1 Gbps**



Broadband (DSL) Internet + 4G mobile Internet = **Hybrid type Internet** of speed up to 100 Mbps



**Telia Cloud** – new service to business customers



New **mobile payments plans** with more data and certain amount of free Internet roaming in EU



# OTHER HIGHLIGHTS OF 2017

- The Company signed **an agreement for acquisition** of UAB Duomenų Logistikos Centras
- **CyberGym**, the first in Lithuania and Northern Europe remote cyber security training centre, was opened
- Telia Lietuva launched the unique in the market converged offer “**Telia One**”, that gives more value to those who have both fixed and mobile services
- The Company obtained **Quality Management** (ISO 9001), **Environmental Management** (ISO 14001) and **Occupational Health & Safety** (OHSAS 18001) certificates
- From October customers of Telia Lietuva are the first in Lithuania to use **VoLTE technology**, that ensures HD voice quality and possibility to talk on the phone and use the Internet simultaneously



# OPERATING FIGURES



2.6%

1,352

thousand of  
**mobile** service users



10.7%

416

thousand of  
**fixed telephone** lines  
in service



2.0%

412

thousand of  
**broadband Internet**  
connections



5.7%

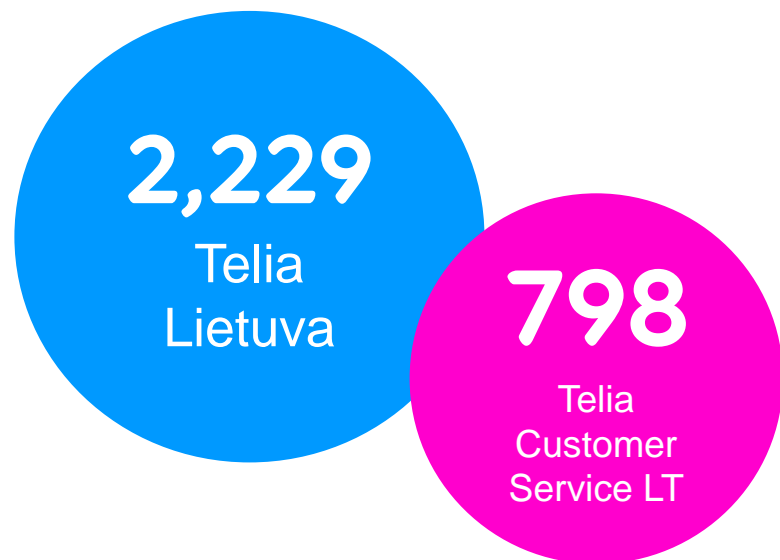
242

thousand of  
**TV service** users

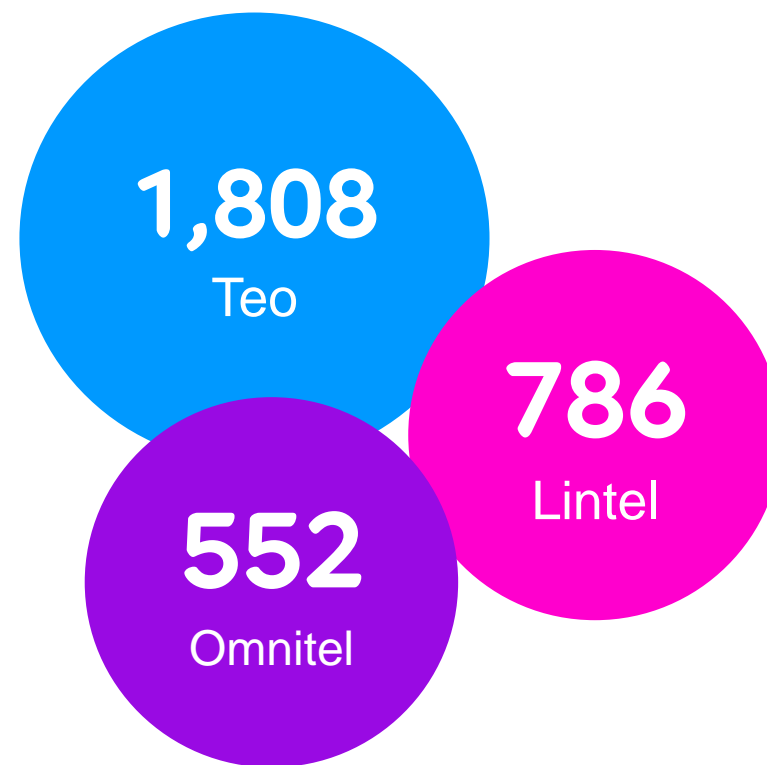
Data as of 31-12-2017 & change (y-o-y)



# NUMBER OF EMPLOYEES



In total **3,027** (31-12-2017)



In total **3,146** (31-12-2016)

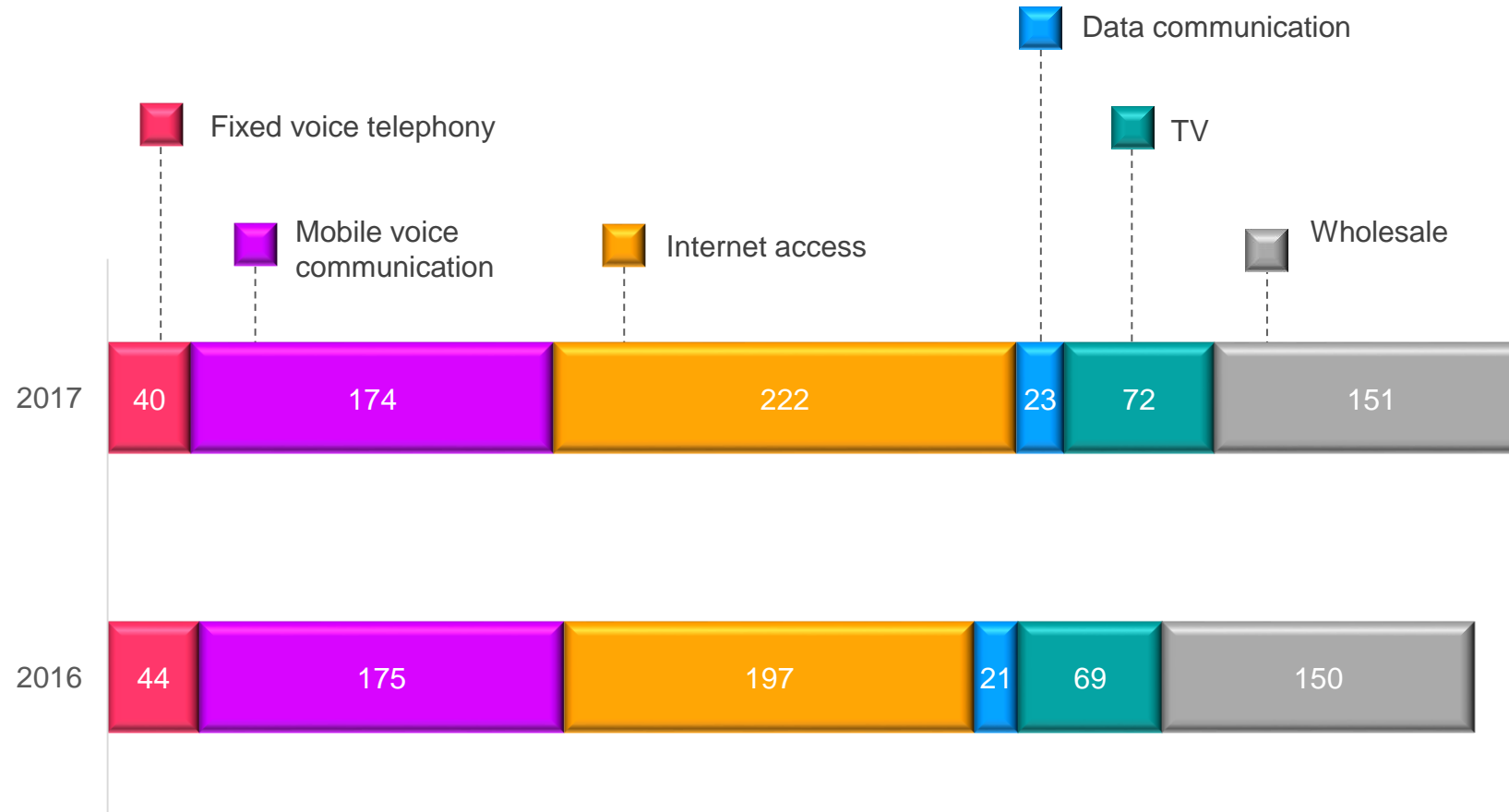




# **ELECTRONIC COMMUNICATIONS MARKET OF LITHUANIA**

# WE ARE OPERATING IN GROWING TELCO MARKET

(EUR million)

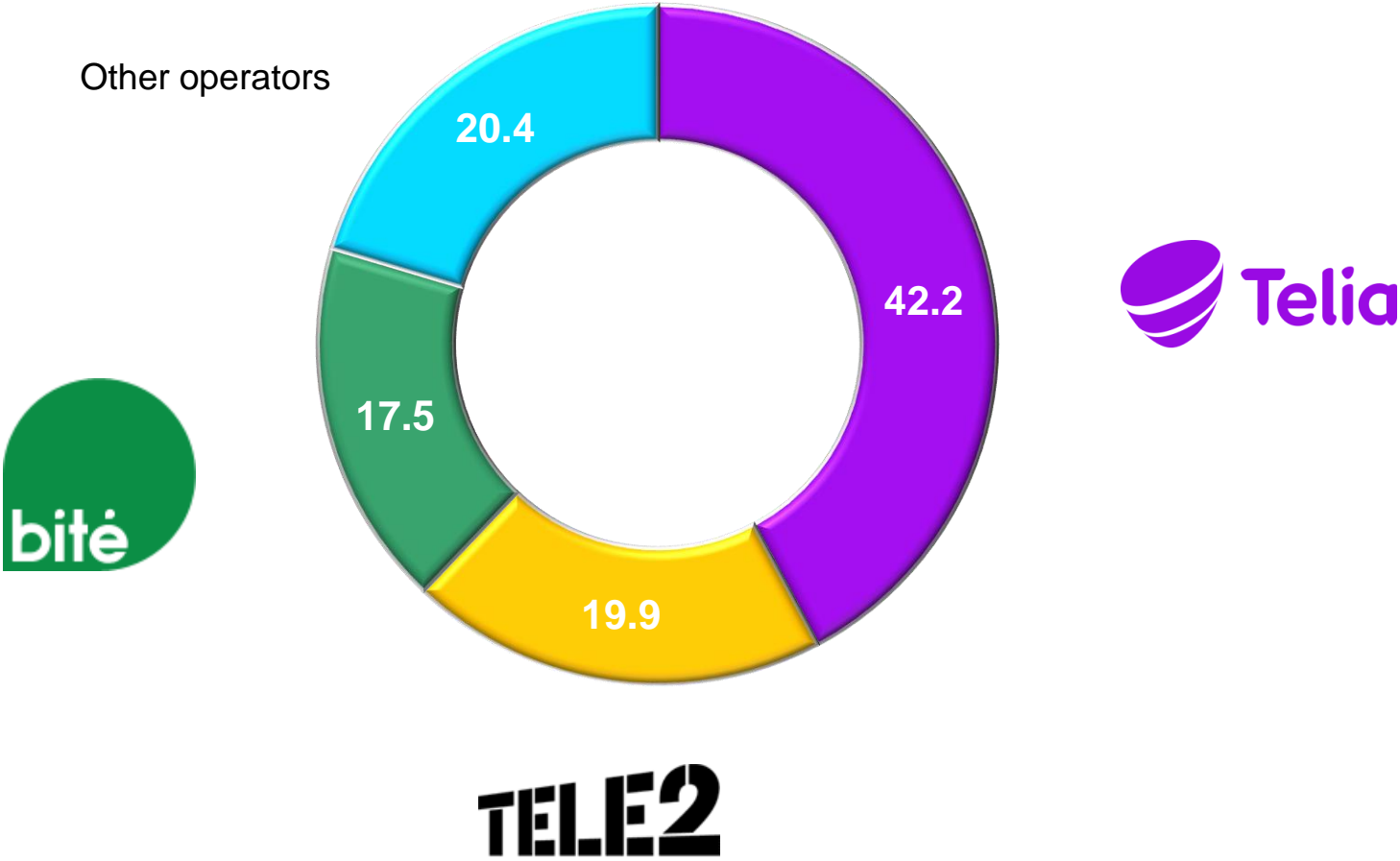


**+3.8%**

Source: Report of the Communications Regulatory Authority



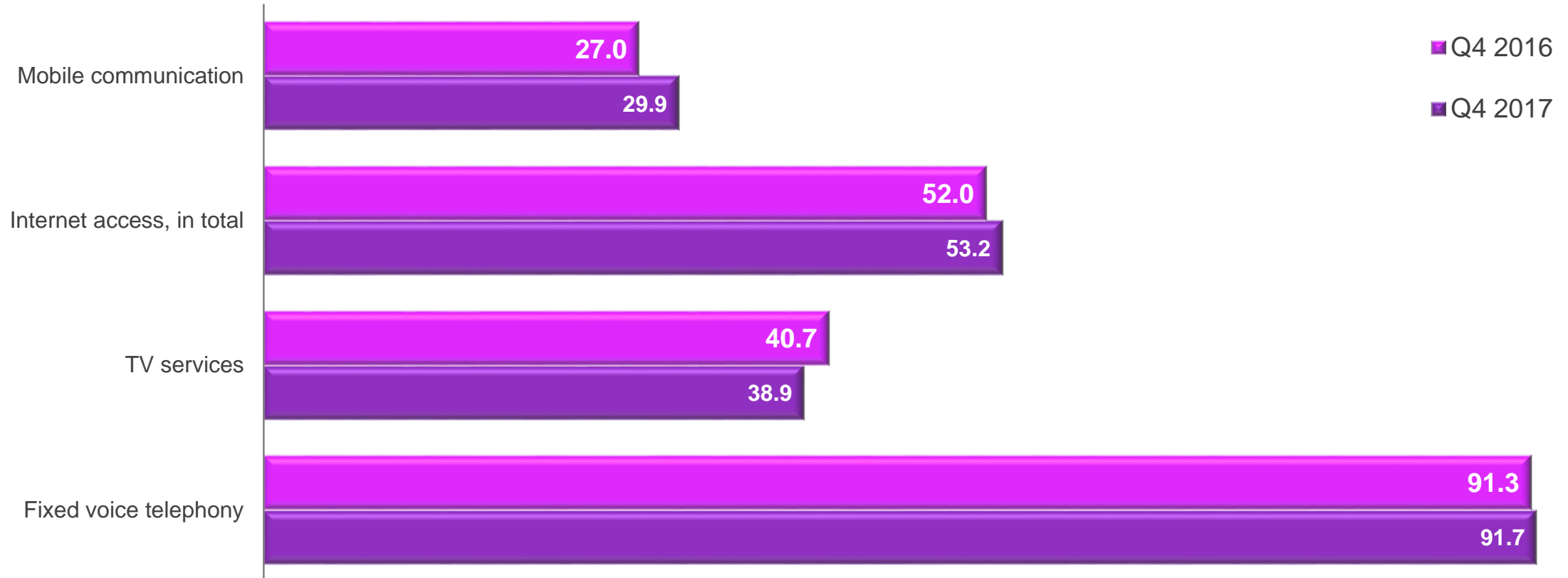
# BREAKDOWN OF THE TELECOMMUNICATIONS MARKET REVENUE BY OPERATORS FOR Q4 2017 (%)



Source: Report of the Communications Regulatory Authority



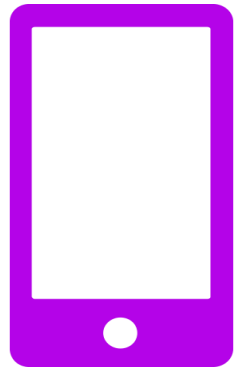
# TELIA LIETUVA MARKET SHARES IN TERMS OF REVENUE (%)



Source: Report of the Communications Regulatory Authority



# MARKET: THE FASTEST GROWTH IN USAGE OF DATA



**12.7%**  
(q-o-q)

Increasing usage of  
**mobile data**

(uploaded/downloaded  
**59,929 million MB**  
of data per quarter)



**3.7%**  
(y-o-y)

Growing number of  
**FTTH/B connections**

(accounts for **71%** of all  
fixed Internet connections)



**11.3%**  
(y-o-y)

Growing number of  
**IPTV users**

(accounts for **32%** of all  
pay-TV service users)





# MARKET PENETRATION PER 100 INHABITANTS



152.8

**mobile** communications  
subscribers



16.9

**fixed telephony** lines



41.7

broadband **Internet**  
access



56.8

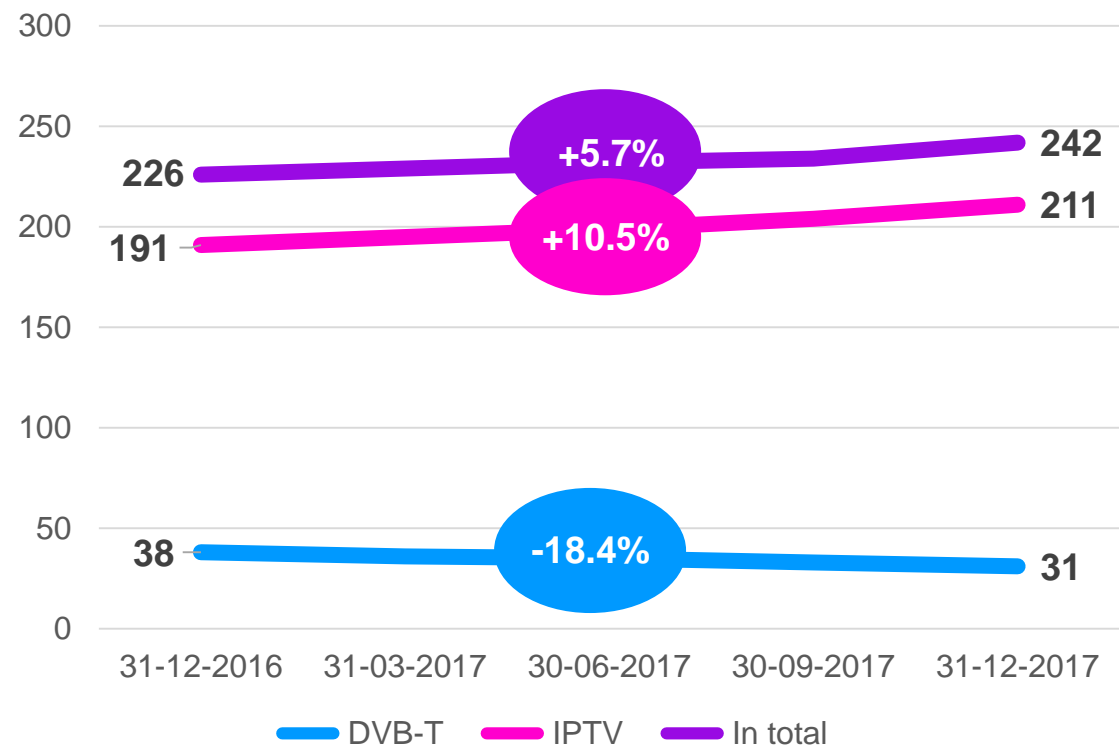
**pay-TV** subscribers  
(households)



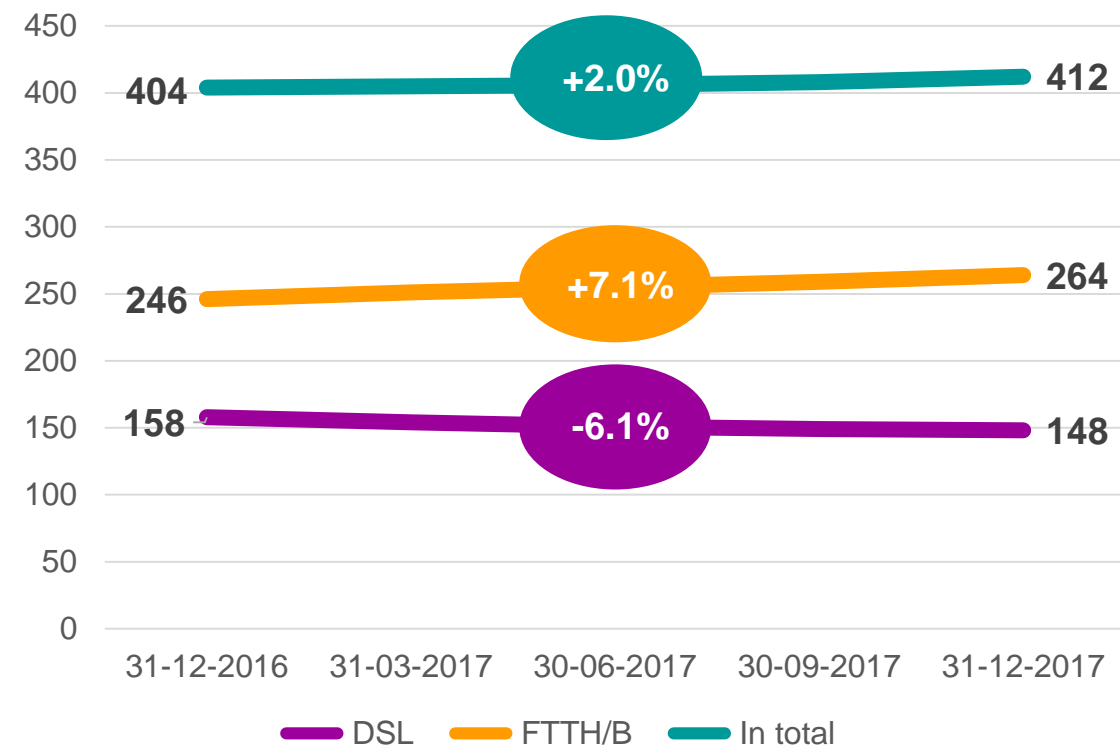
# OPERATING AND FINANCIAL RESULTS

# CONTINUOUS GROWTH IN NUMBER OF IPTV AND FTTH USERS

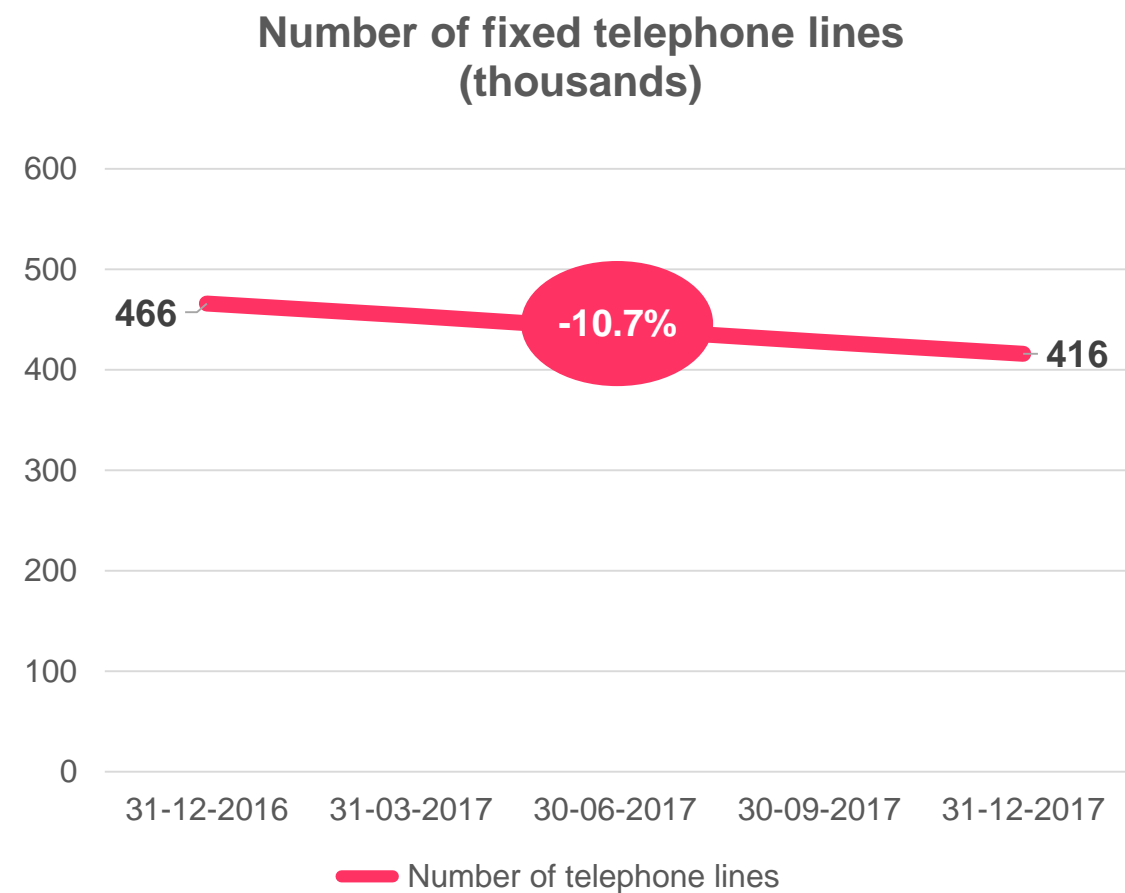
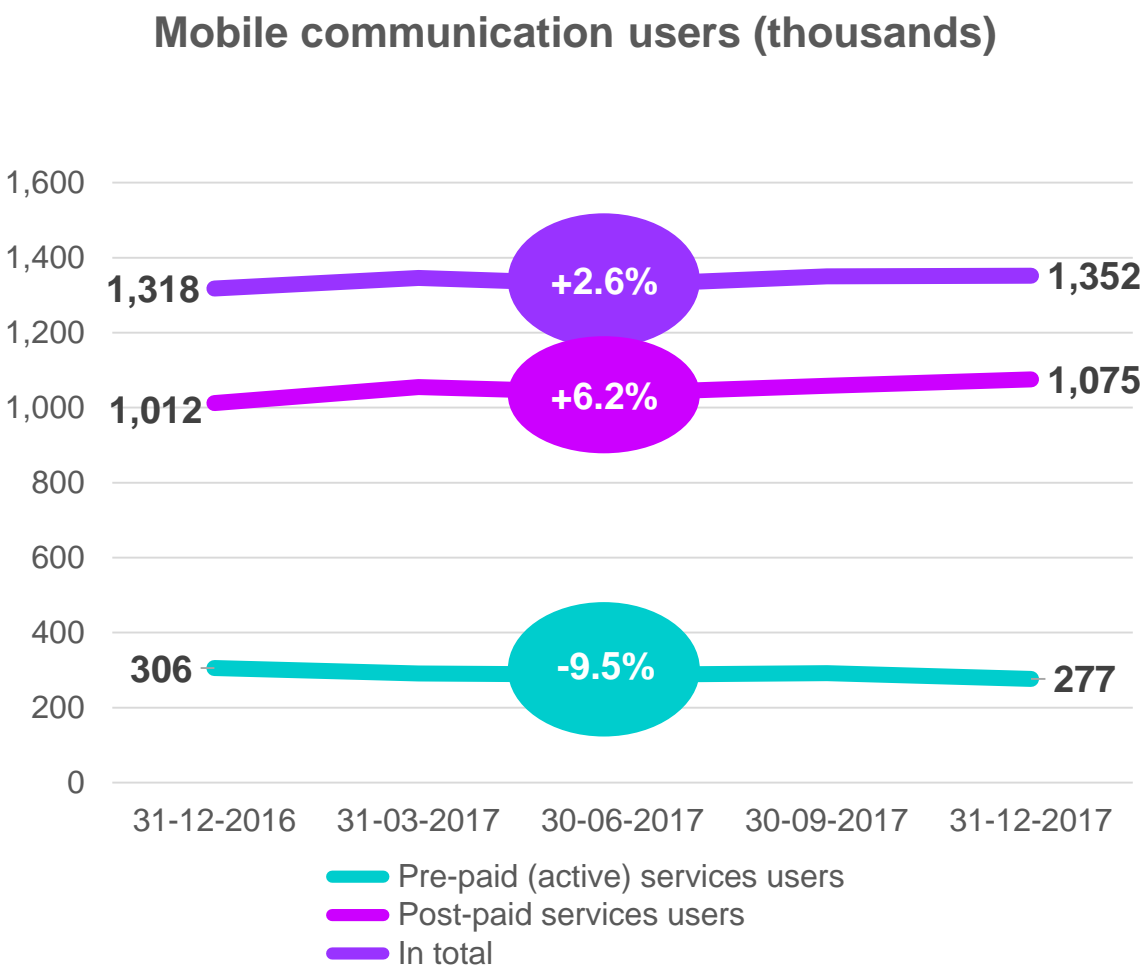
Number of TV service users (thousands)



Number of broadband Internet users (thousands)

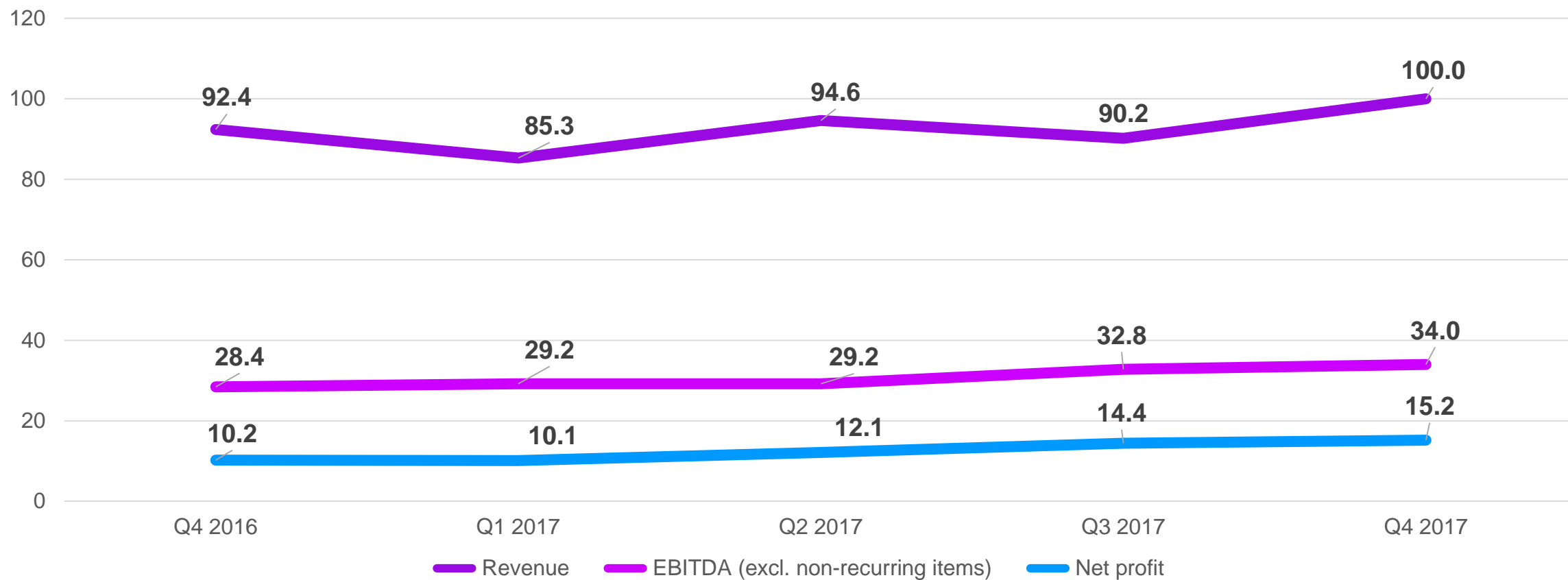


# NUMBER OF MOBILE POST-PAID SERVICE USERS IS GROWING



# REVENUE, EBITDA & NET PROFIT

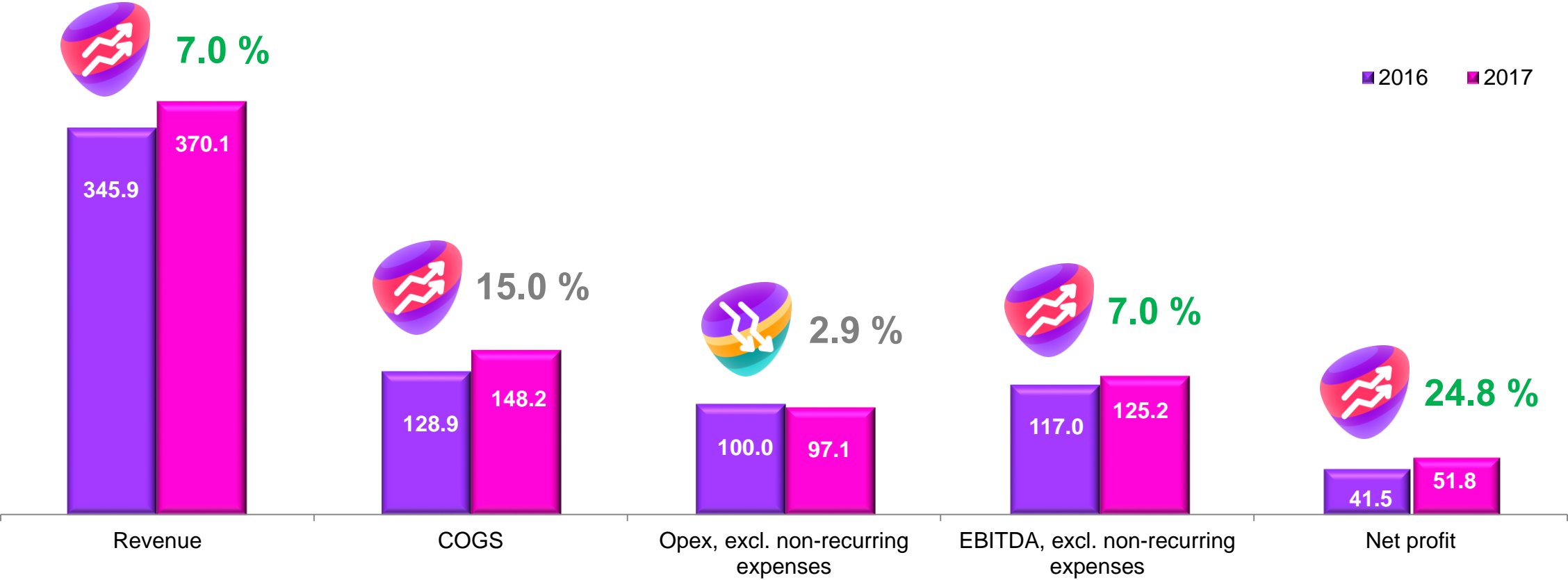
(EUR million)



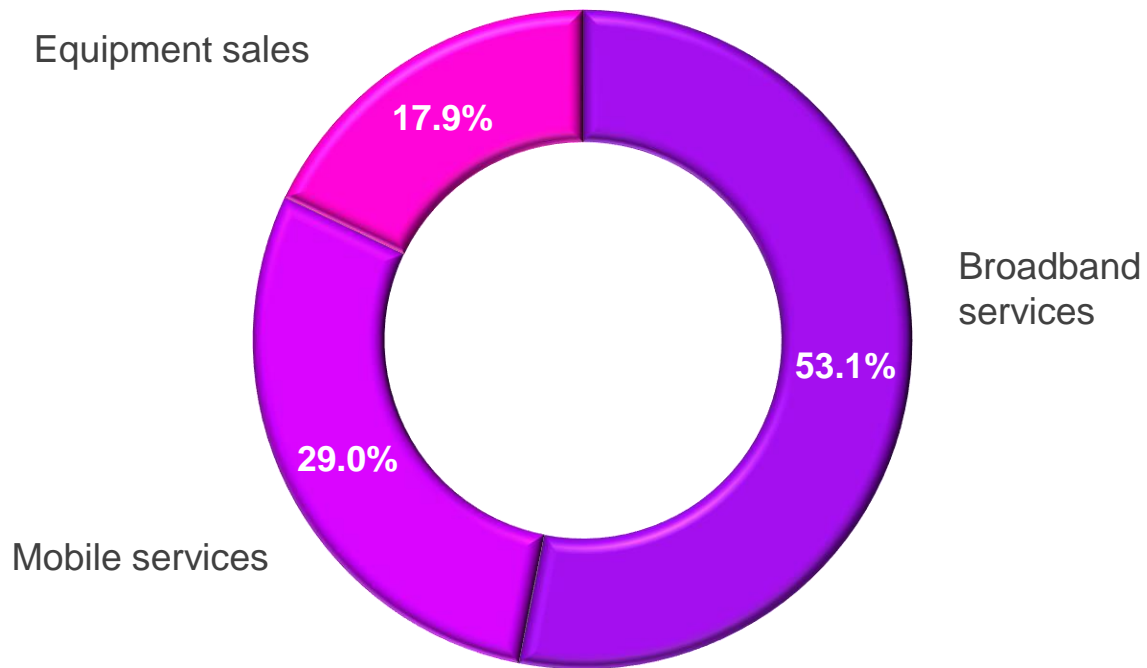


# DYNAMICS OF MAIN FINANCIAL INDICATORS

(EUR million)



# 2017 REVENUE BREAKDOWN



B2B

42.5%



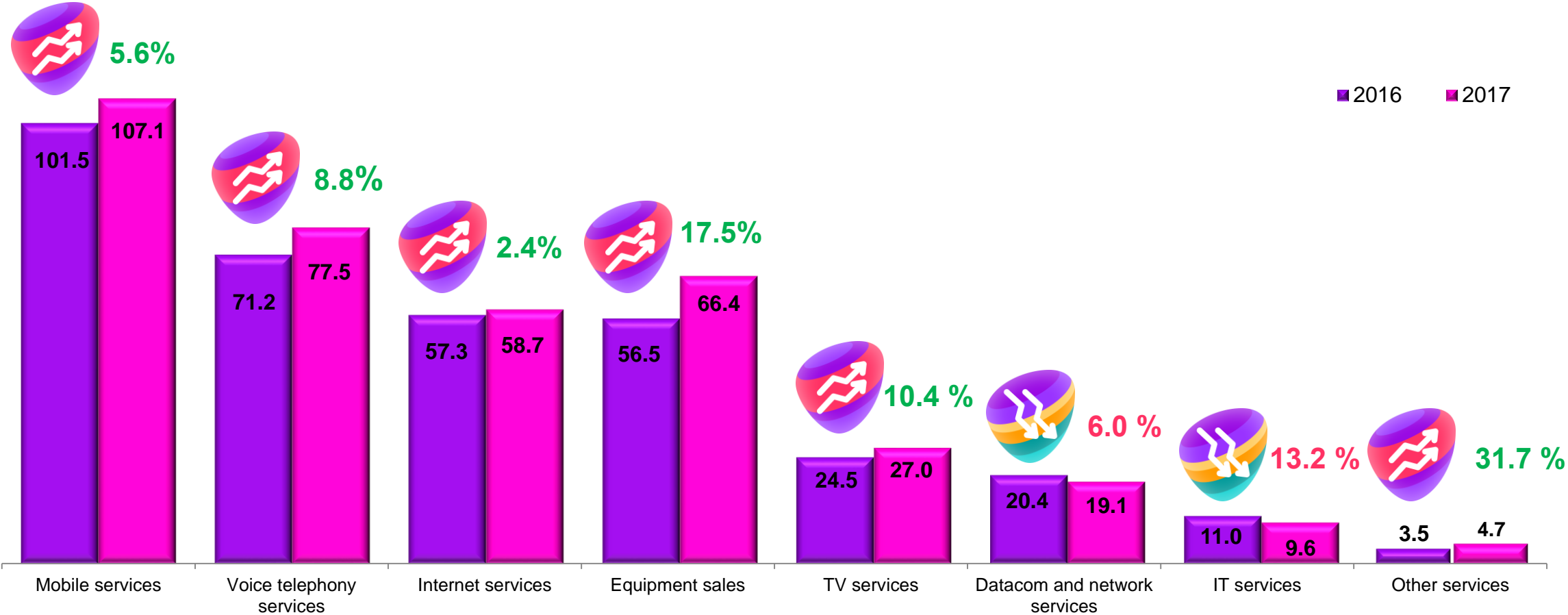
B2C

56.6%



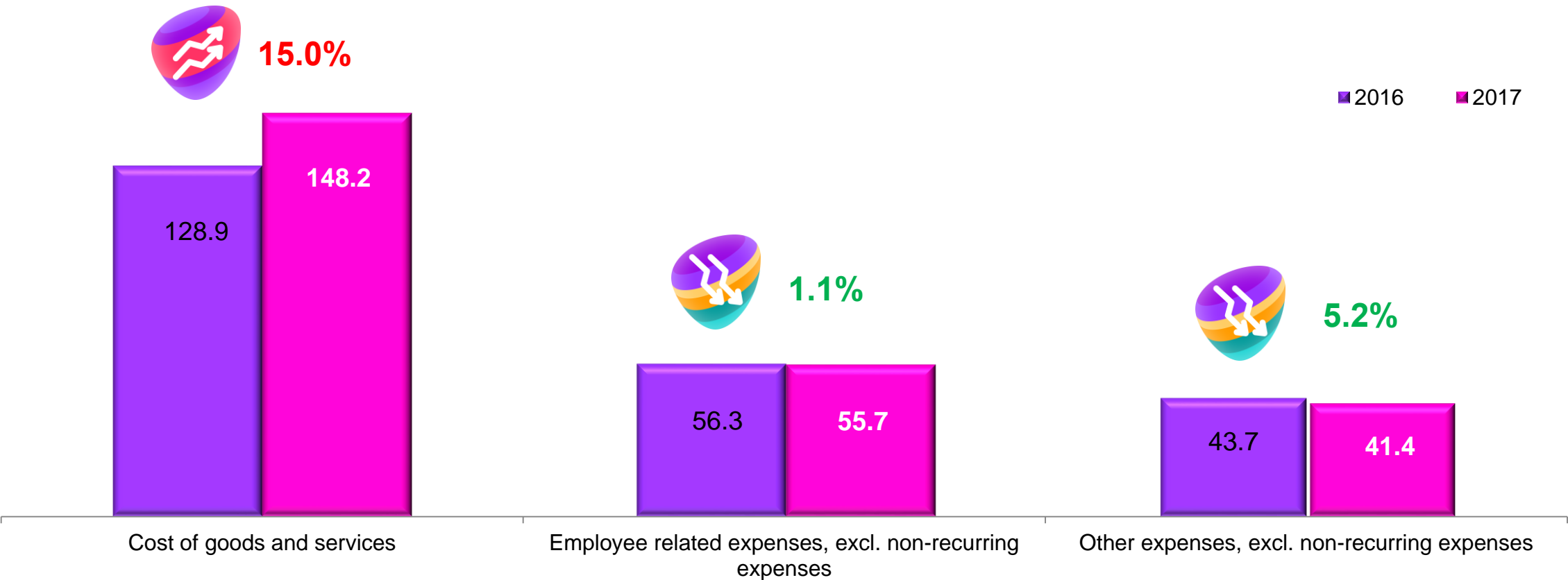
# REVENUE BY SERVICES

(EUR million)



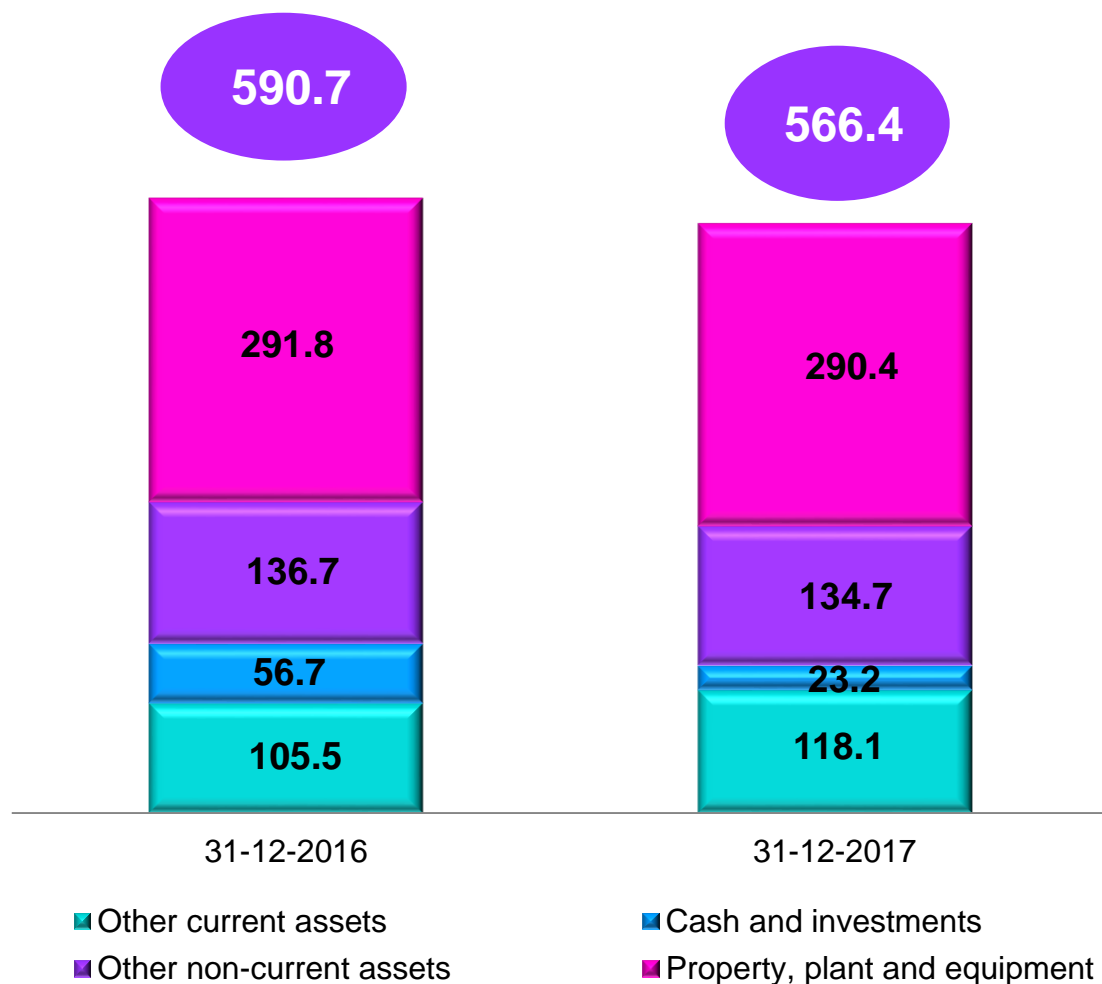
# OPERATING EXPENSES

(EUR million)



# ASSETS

(EUR million)



- During 2017, **total assets** decreased by 4.1%
- **Non-current assets** amounted to 75.1% of total assets (31-12-2017)
- **Cash** alone amounted to 4.1%
- **Return on capital employed:** 12.2%
- **Return on average assets:** 10.1%



# EQUITY AND LIABILITIES

(EUR million)

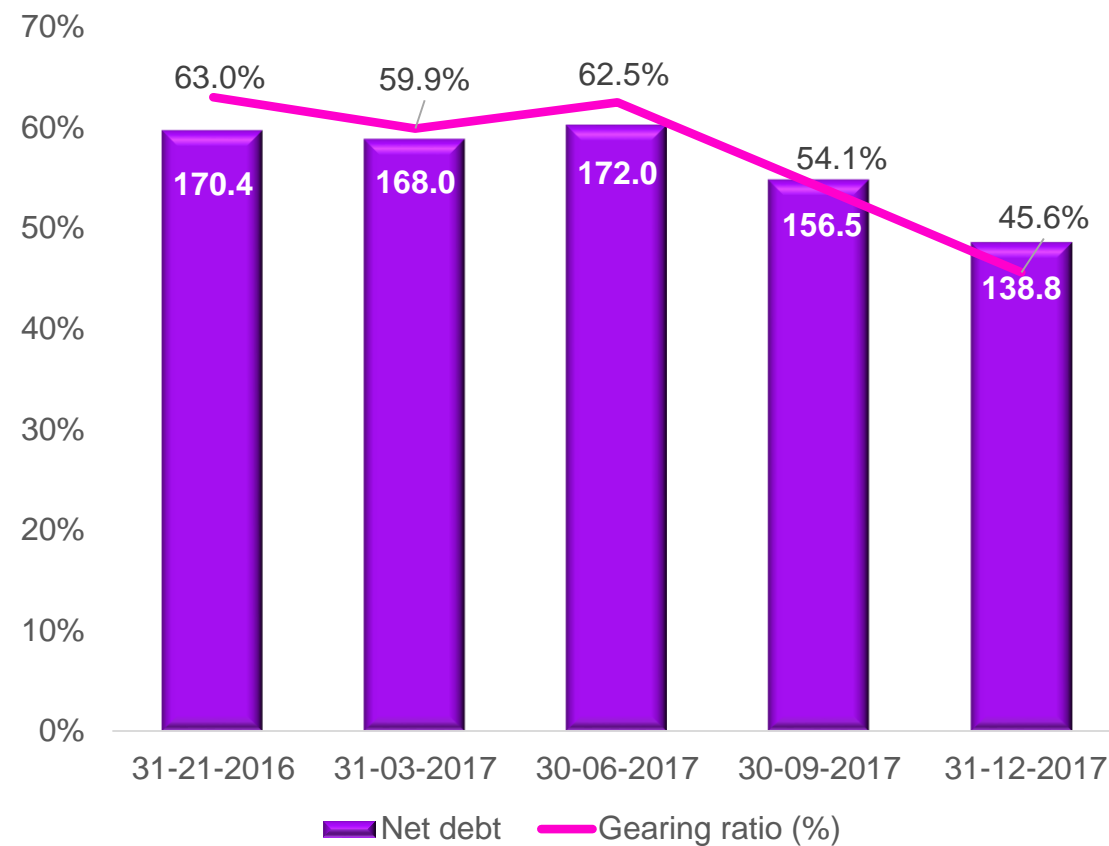
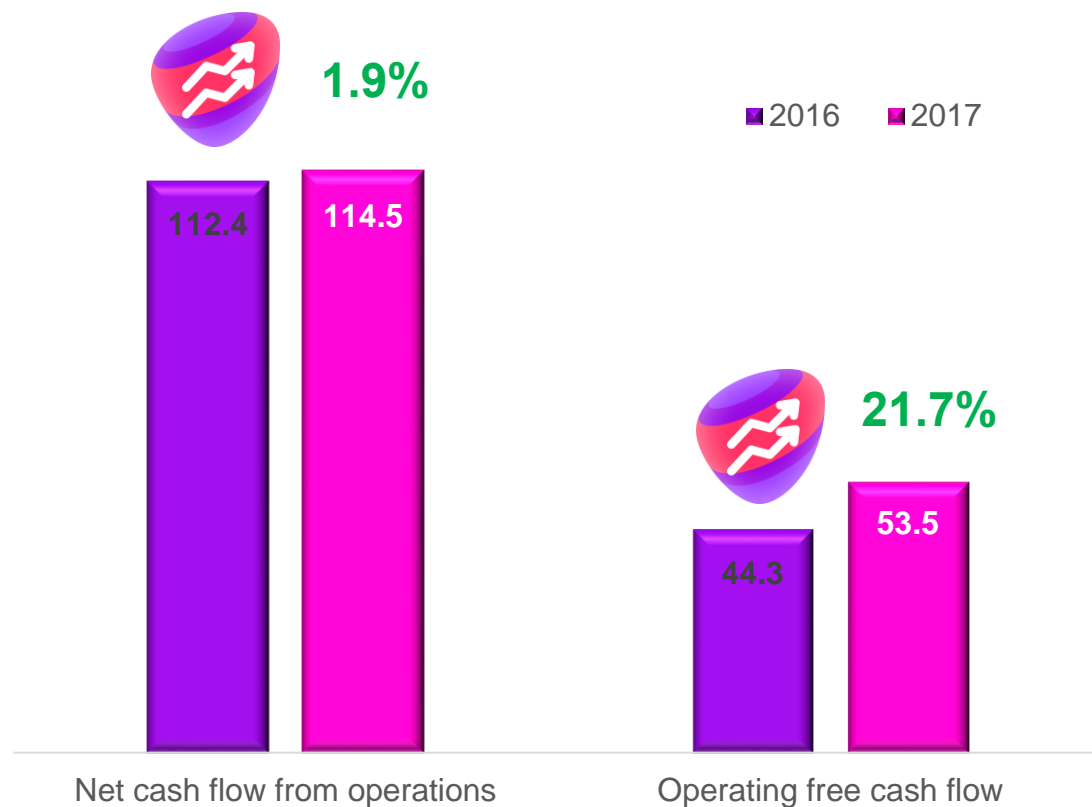


- Shareholders' **equity** amounted to 53.8% of the total assets (31-12-2017)
- In May, the Company signed **EUR 60 million 5 years-term loan** agreement to refinance the loan previously extended by Telia Company to Omnitel
- During 2017, the Company repaid EUR 52.5 million of the long-term **loan of EUR 150 million** taken to finance Omnitel acquisition, and EUR 92 million of internal loans from Telia Company
- Total **borrowings** amounted to EUR 162 million (31-12-2017)
- **Gearing ration:** 45.6%
- **Debt to equity:** 53.2%
- **Return on equity:** 18%
- In May, following the AGM decision the Company paid **EUR 17.5 million of dividends for the year 2016**, and EUR 50.6 million as not distributed profit was carried forwards to the next financial year

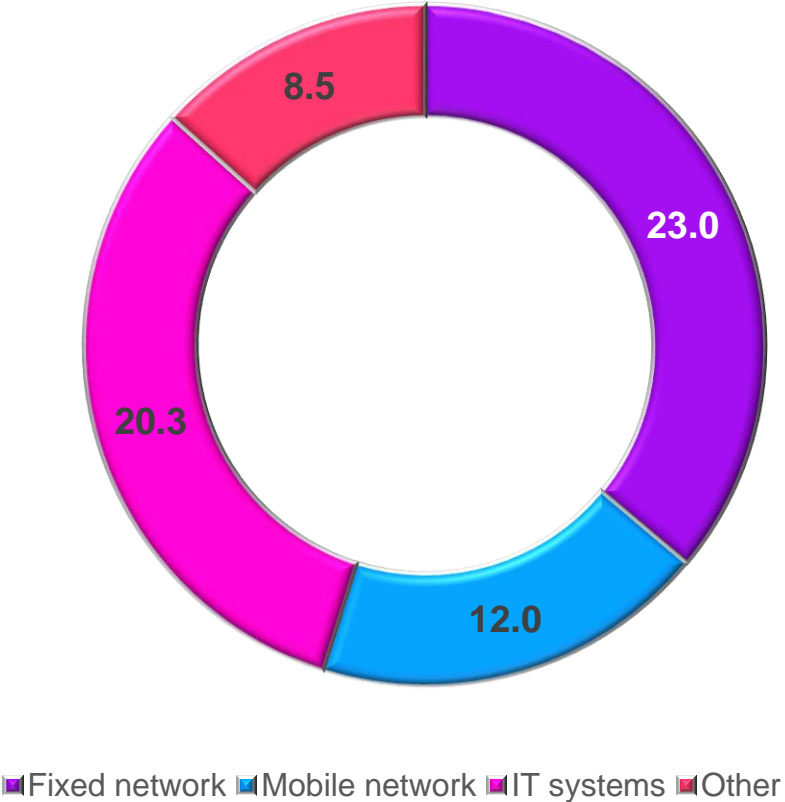
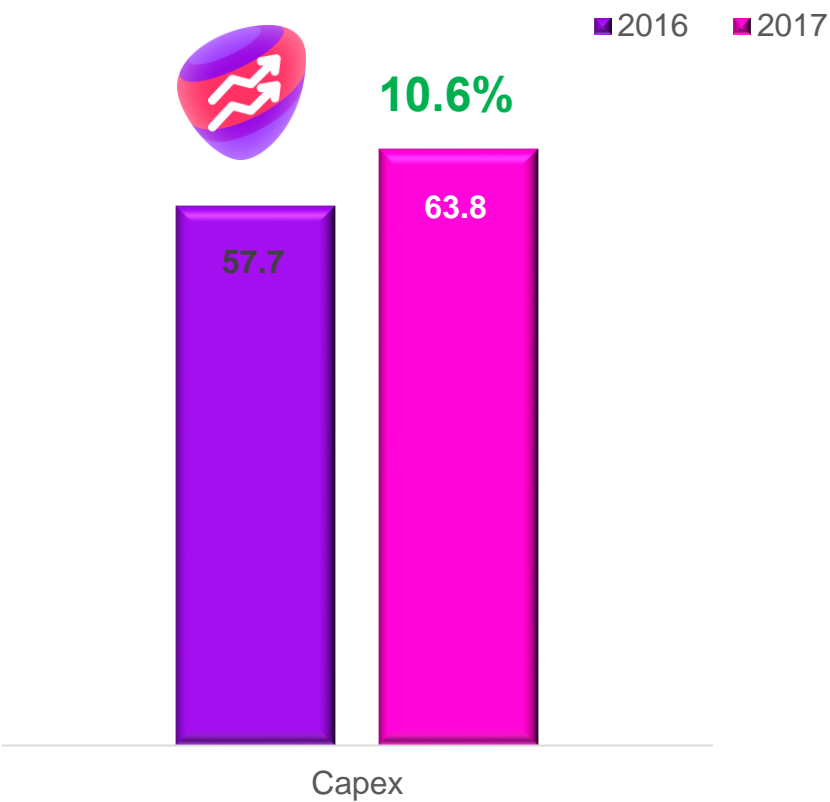


# CASH FLOW & NET DEBT

(EUR million)

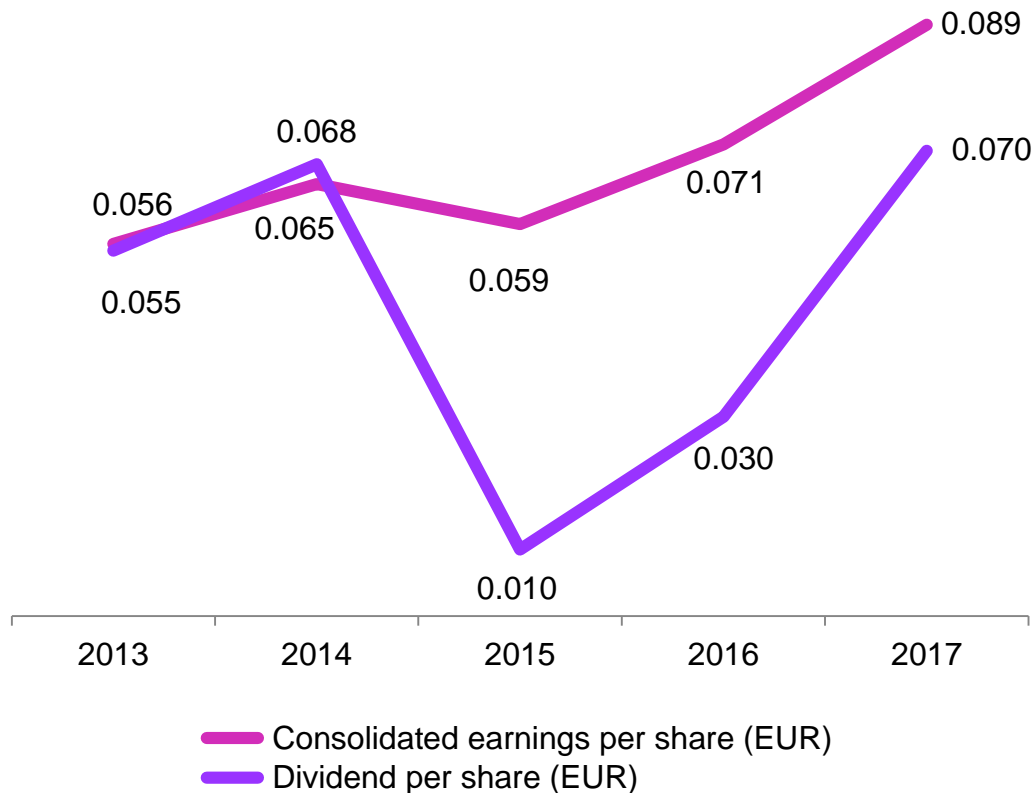


# CAPEX & CAPEX BREAKDOWN IN 2017





# DIVIDENDS



- Earnings and dividends till 2014 are allocated to **776,817,518** shares, from 2014 – to **582,613,138** shares
- On 17 November 2014 shareholders got **0.072 euro** per share payment **due to reduction of authorized capital**
- On 27 April 2017, the AGM of Shareholders decided to pay **EUR 0.03 dividend per share for the year 2016**
- The Board set a target to maintain the Company's **net debt to EBITDA ratio** not higher than 1.5 and to pay out up to 80 per cent of free cash flow as dividend
- According to the Law, dividends should be paid from **retained earnings of the Parent company**
- As of 31 December 2017, retained earnings of the Parent company amounted to **EUR 116.7 million**
- The Board proposed to the AGM, that will take place on 25 April 2018, to decide on payment of **dividend of 0.07 euro per share** for the year 2017



# SHARES AND SHAREHOLDERS

The background of the slide is composed of several diagonal stripes. The top-left stripe is red. Below it is a wide purple stripe. Further down is a thinner, lighter purple stripe. The bottom-right corner features a yellow stripe.

# SHAREHOLDERS

- **Telia Company AB** (Sweden) is the largest shareholder of Telia Lietuva, AB
- The Company's share capital consist of **582,613,138** ordinary registered shares of **EUR 0.29** nominal value each
- On **24 October 2014**, **authorized capital was reduced** by LTL 194 million (EUR 56.2 million) and accordingly number of **voting shares was reduced** from 776,817,518 to **582,613,138**
- The **total number of Telia Lietuva shareholders is 11,344** (as of 20-04-2017)

## Shareholders as of 31-12-2017

	Part of shares and votes
Telia Company AB	88.15%
Other	11.85%

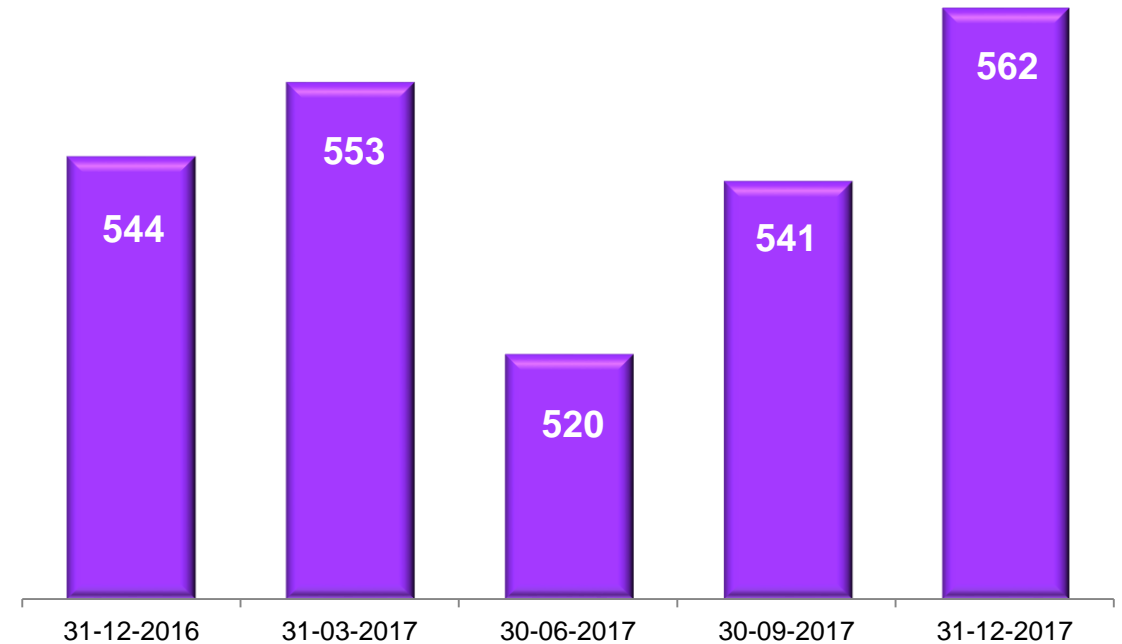


# SHARES

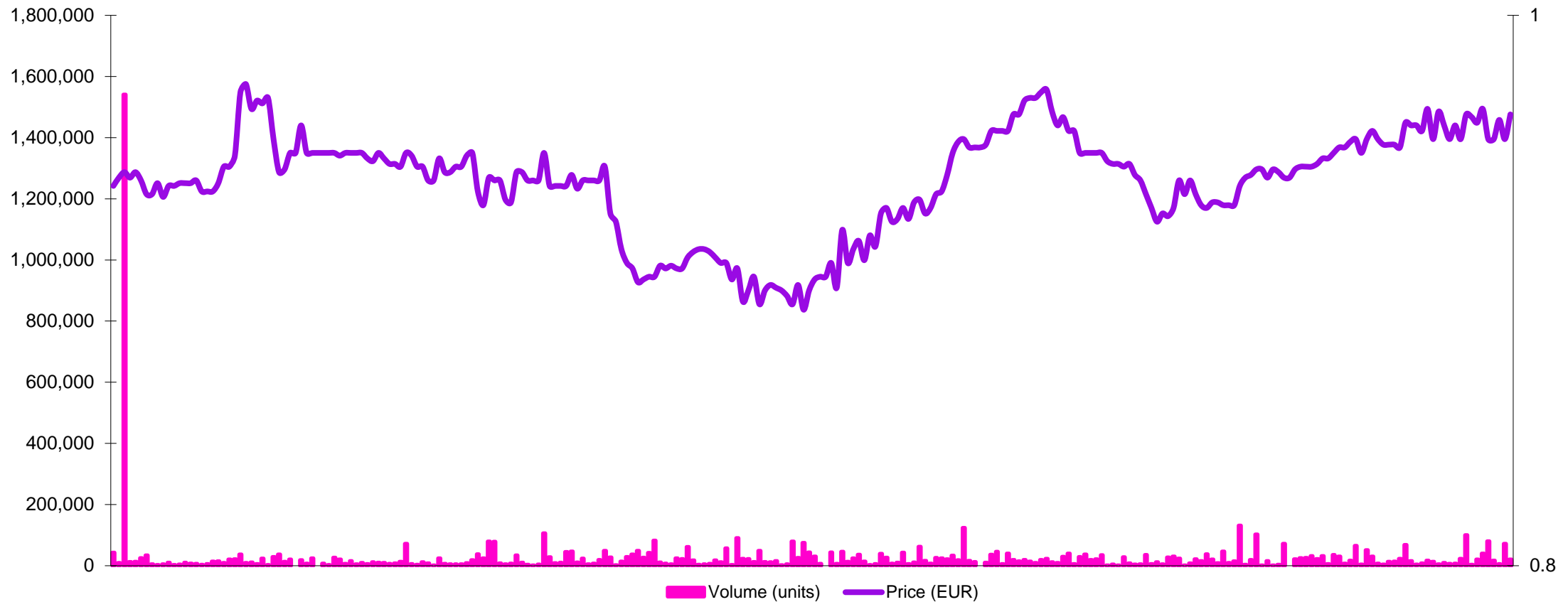
- Since June 2000, the Company's shares are listed on **Nasdaq Vilnius stock exchange** (ticker: TEL1L)
- Since January 2011, the Company's shares were included into the trading lists of a few German stock exchanges (ticker: ZWS)
- **Turnover** on Nasdaq Vilnius stock exchange during January–September 2017: 6.9 million of shares or EUR 6.5 million
- Share **price** on Nasdaq Vilnius:

	EUR
01-01-2017	0.933
High	0.979
Low	0.888
31-12-2017	0.964

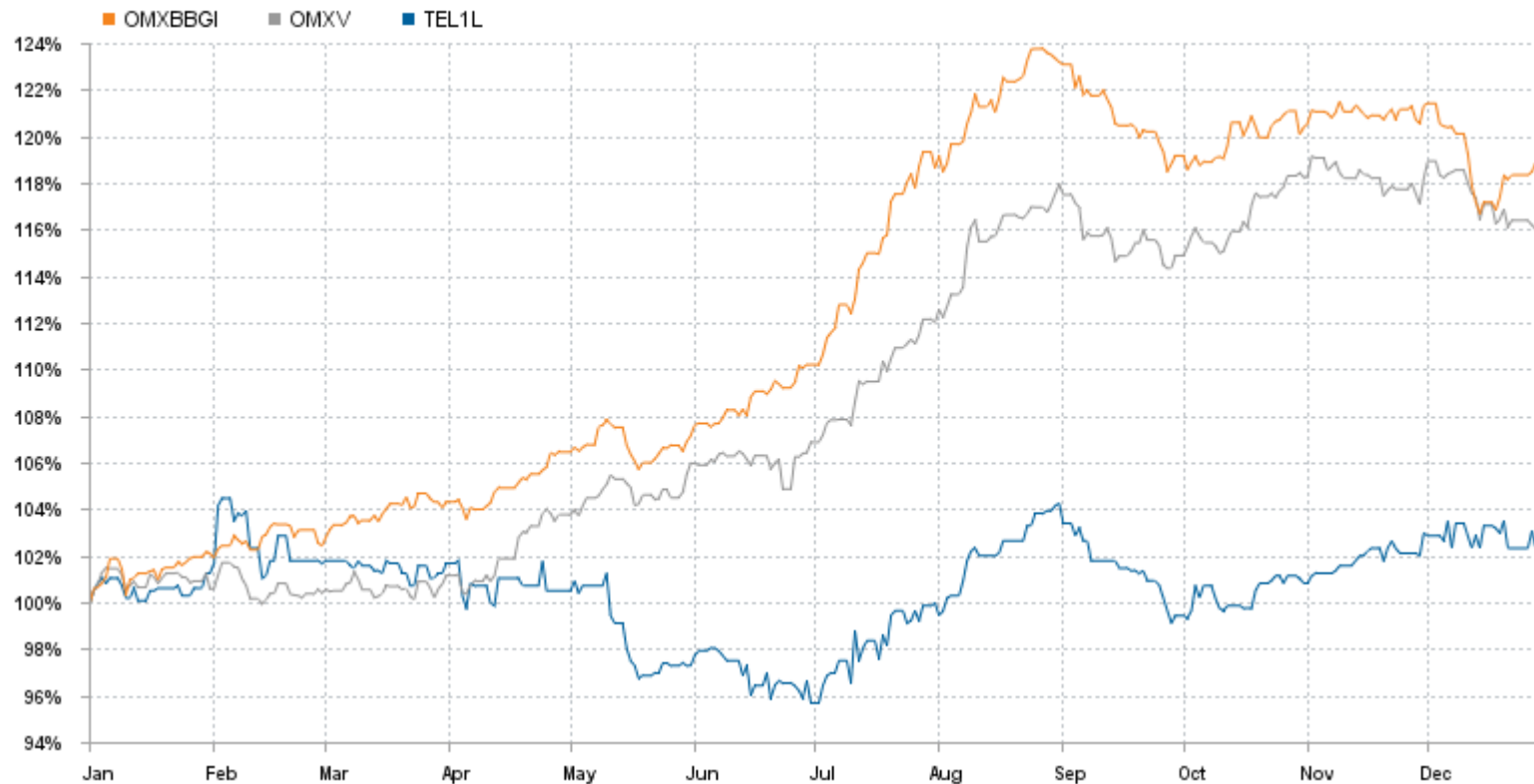
**Market capitalization (EUR million)**



# TRADING IN THE COMPANY'S SHARES ON NASDAQ VILNIUS STOCK EXCHANGE IN 2017



# THE COMPANY SHARE PRICE AND NASDAQ VILNIUS INDEXES COMPARISON



Source: Nasdaq Vilnius

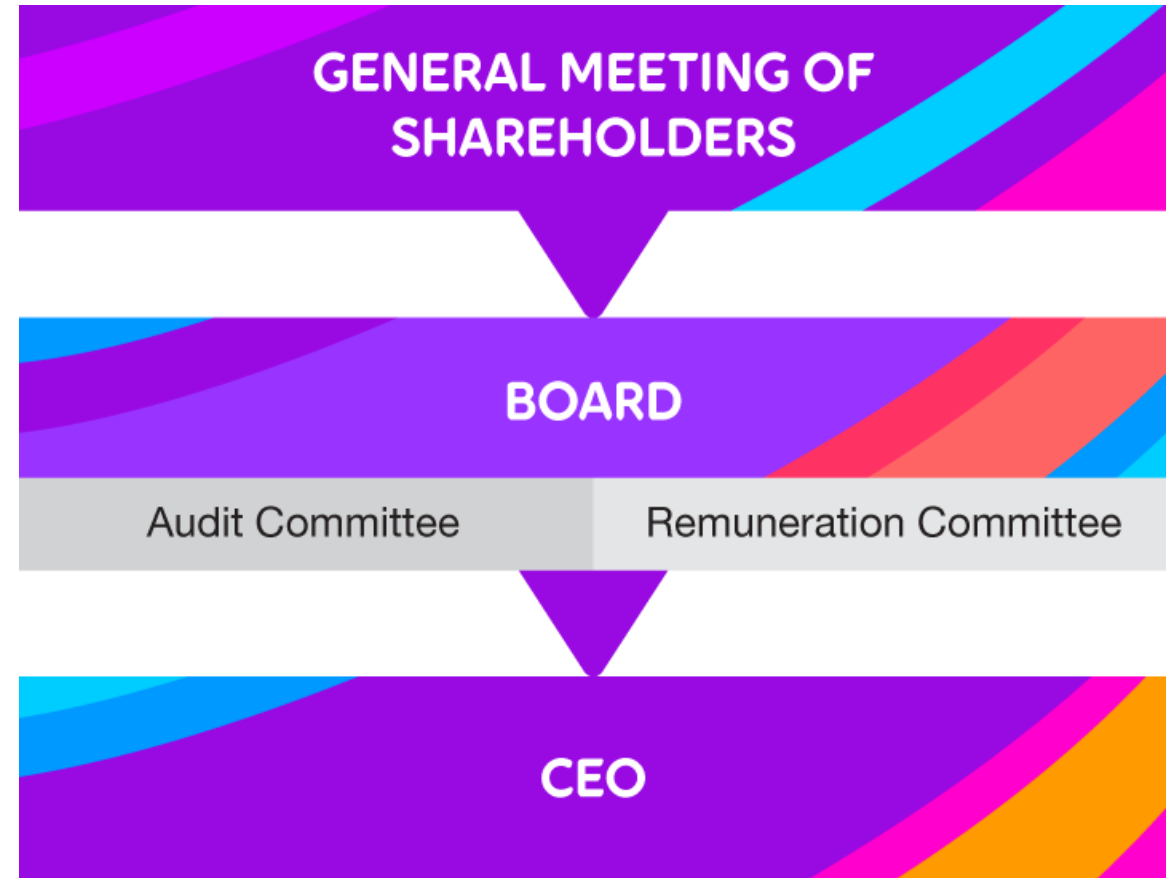


# CORPORATE GOVERNANCE

The background of the slide is composed of several broad, diagonal bands of color. From top-left to bottom-right, the colors are: a deep purple, a vibrant blue, a bright yellow, a warm orange, and a teal green. The bands are separated by smooth, wavy lines that create a sense of movement and modernity.

# GOVERNING BODIES

- The Annual **General Meeting of Shareholders** was held on 27 April 2017
- The **Board** consist of 6 members elected for the 2 year term
- Upon termination of the 2 year term of the Board, the AGM **re-elect** Stefan Block, Claes Nycander, Inga Skisaker and Rolandas Viršilas (the last both as independent member of the Board) and instead of Robert Andersson and Hannu-Matti Mäkinen **elected** Henriette Wendt and Ole Stenkil to the Board
- 3 members of the Board comprise **Audit and Remuneration Committees**
- **UAB Deloitte Lietuva** is the Company's independent auditor for the year 2017
- The Board elects and recalls **CEO**





# BOARD



**Henriette Wendt** (born in 1969),  
**Chairwoman** of the Board,  
represents Telia Company AB,  
Chairwoman of the Remuneration  
Committee



**Ole Stenkil** (born in 1973),  
**Member** of the Board,  
represents Telia Company AB,  
Member of the Audit Committee



**Stefan Block** (born in 1967),  
**Member** of the Board,  
represents Telia Company AB,  
Chairman of the Audit Committee



**Inga Skisaker** (born in 1971),  
**Independent member** of the Board,  
Member of the Audit Committee



**Claes Nycander** (born in 1963),  
**Member** of the Board,  
represents Telia Company AB,  
Member of the Audit Committee



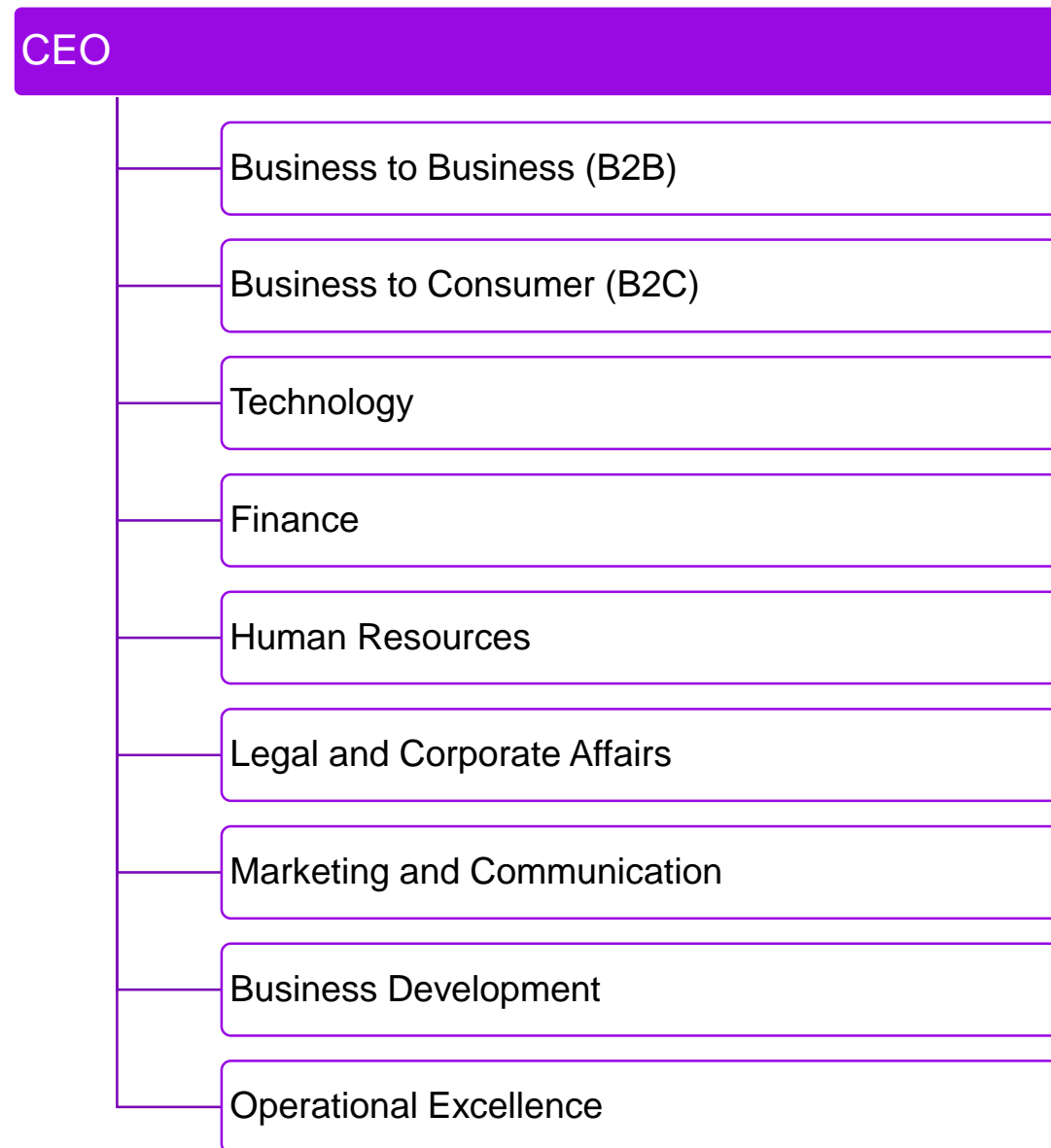
**Rolandas Viršilas** (born in 1963),  
**Independent member** of the Board,  
Member of the Remuneration  
Committee

- Inga Skisaker and Rolandas Viršilas will resign from the Board as of 24 April 2018
- Rolandas Viršilas has 75,000 shares of Telia Lietuva, other members of the Board have no direct interest in the share capital of Telia Lietuva



# GOVERNING STRUCTURE

VALID FROM 15 DECEMBER 2017



# MANAGEMENT TEAM



**Kęstutis Šliužas,**  
CEO



**Mindaugas Ubartas,**  
Head of B2B



**Haval van Drumpt,**  
Head of B2C



**Andrius Šemeškevičius,**  
Head of Technology



**Laimonas Devyžis,**  
Head of Finance



**Ramūnas Bagdonas,**  
Head of Human  
Resources



**Giedrė Kaminskaitė–Salters,**  
General Counsel &  
Head of Public Affairs



**Vaida Jurkonienė,**  
Head of Marketing &  
Communication



**Mantas Goštautas,**  
Head of Business  
Development



**Vytautas Bučinskas,**  
Head of Operational  
Excellence



# PRINCIPLES THAT WE FOLLOW



Anti-bribery and  
corruption



Freedom of  
expression



Customer privacy



Occupational health  
and safety



Responsible  
procurement



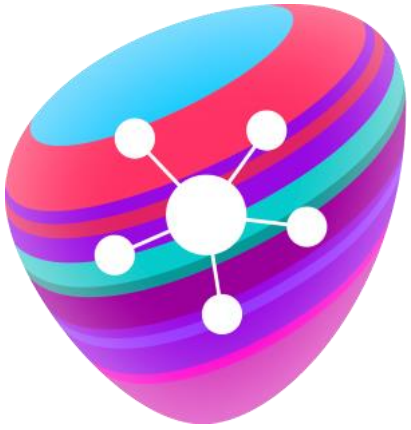
Environmental  
responsibility



Children safety  
online



# ALL IN APPROACH



Connecting the  
unconnected



A healthy and safe  
society



Education for all



Digital  
entrepreneurship and  
innovation







Telia

**#VISA KOTINKLAS**