

RESULTS FOR THE 9 MONTHS OF 2013

TEO LT, AB GROUP



Results for 9 months of 2013 / 15-10-2013

MAIN EVENTS AND FIGURES

Highlights of Q3 2013

New services

Structure of the Group

Operating figures

Employees



Results for 9 months of 2013 / 15-10-2013

HIGHLIGHTS OF Q3 2013

- **Kęstutis Šliužas** is appointed to the position of CEO of TEO LT, AB starting from 1 November 2013
- Starting from 1 January 2014 TEO will **cease to be recognized as SMP** on markets of National and International calls' services provided for residential and non-residential customers
- TEO Group **provides services** during the events of Lithuania's Presidency of the Council of the EU
- For the fifth year in a row, TEO was **recognized as the best** listed company in the Baltic States
- In more than 300 schools of Lithuania TEO installed wireless internet **(Wi-Fi) hot-spots**

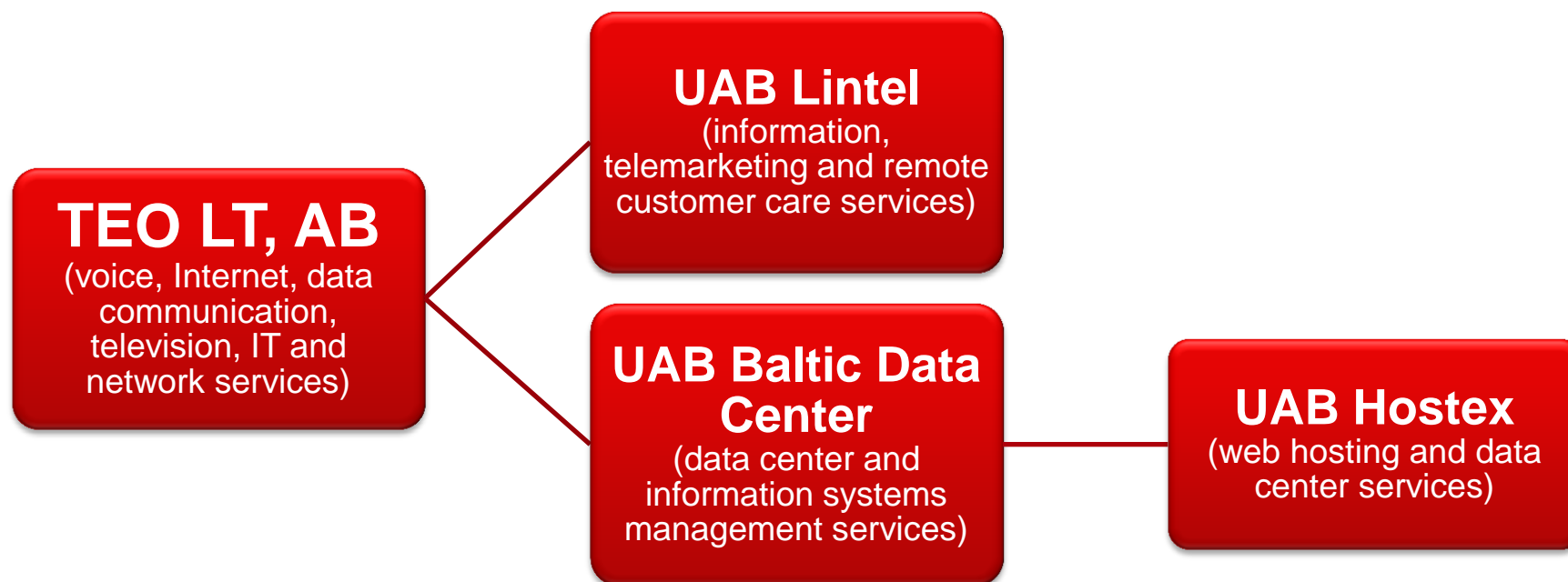


NEW SERVICES

- From July 2013 TEO has substantially reorganized the **basic home phone payment plans**
- Starting from July 2013 TEO Internet Wi-Fi service in public places is rebranded from "ZEBRA Wireless" to "**TEO Wi-Fi**"
- In September the Company **increased speed** of DSL broadband Internet
- From September the new "**Internet Security**" service ensures not only the security of users' computers, but also the security of their identity and financial data
- In September the Company offered the first standardized Internet "**Security Solutions**" service in Lithuania not only for large companies, but also for small and medium-sized businesses



TEO GROUP

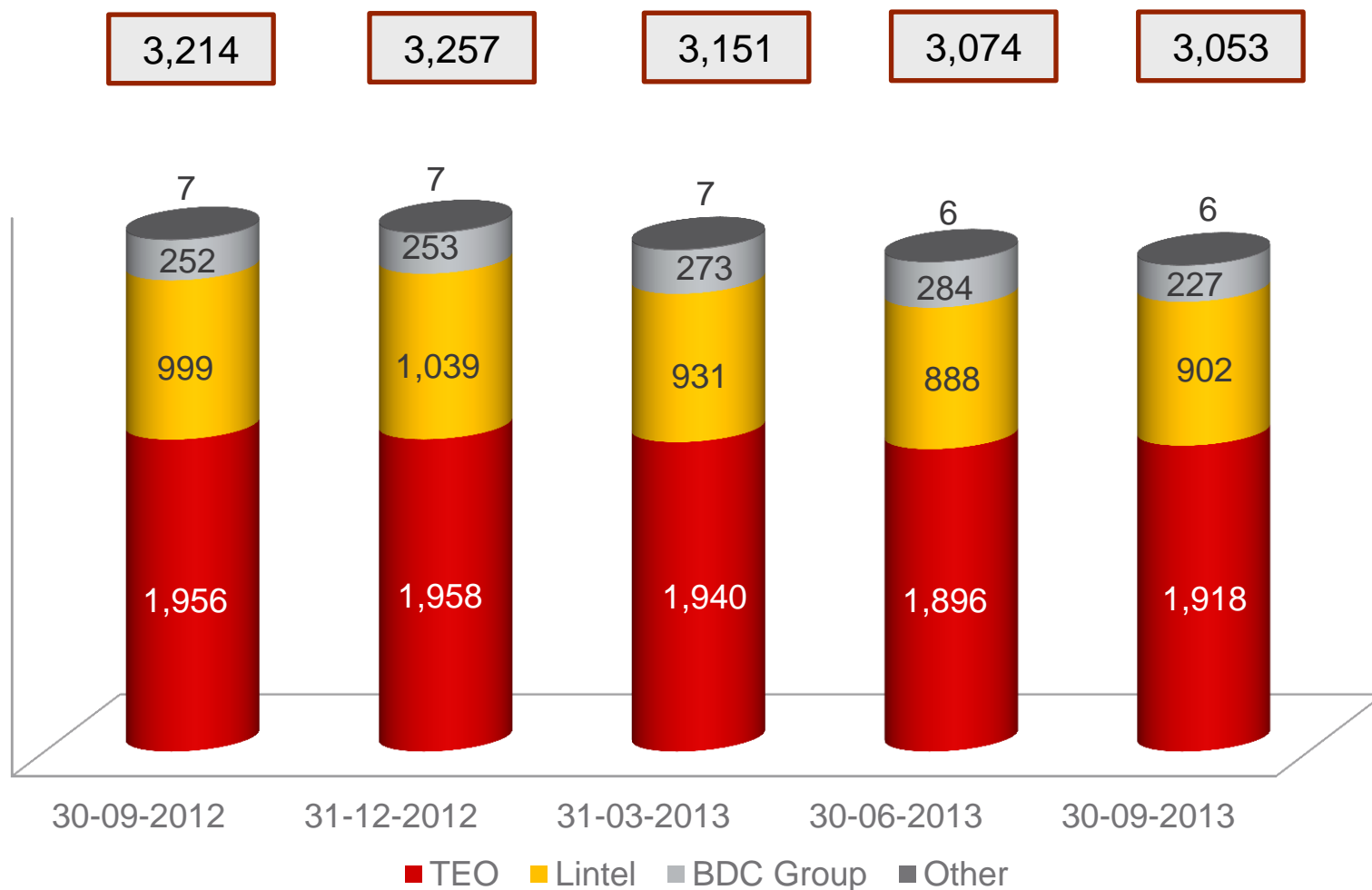


- **TEO LT, AB** also holds 100% stakes in UAB Verslo Investicijos (investment project) and UAB Kompetencijos Ugdymo Centras (dormant subsidiary), and is the sole owner of a not-for-profit organization VšĮ Ryšių Istorijos Muziejus (Communications History Museum)
- **UAB Baltic Data Center** has a dormant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

MAIN OPERATING FIGURES

	30-09-2013	30-09-2012	Change (%)
Number of telephone lines	575,778	615,807	(6.5)
Number of broadband Internet accesses, in total:	418,259	380,824	9.8
- via fiber-optic lines	173,830	156,068	11.4
- via copper lines	178,462	186,423	(4.3)
- wireless (WiFi) access	65,967	38,333	72.1
Number of TV services users, in total:	171,041	161,921	5.6
- IPTV	102,658	89,076	15.2
- DVB-T	68,383	72,845	(6.1)
Number of employees	3,053	3,214	(5.0)

EMPLOYEES OF TEO GROUP



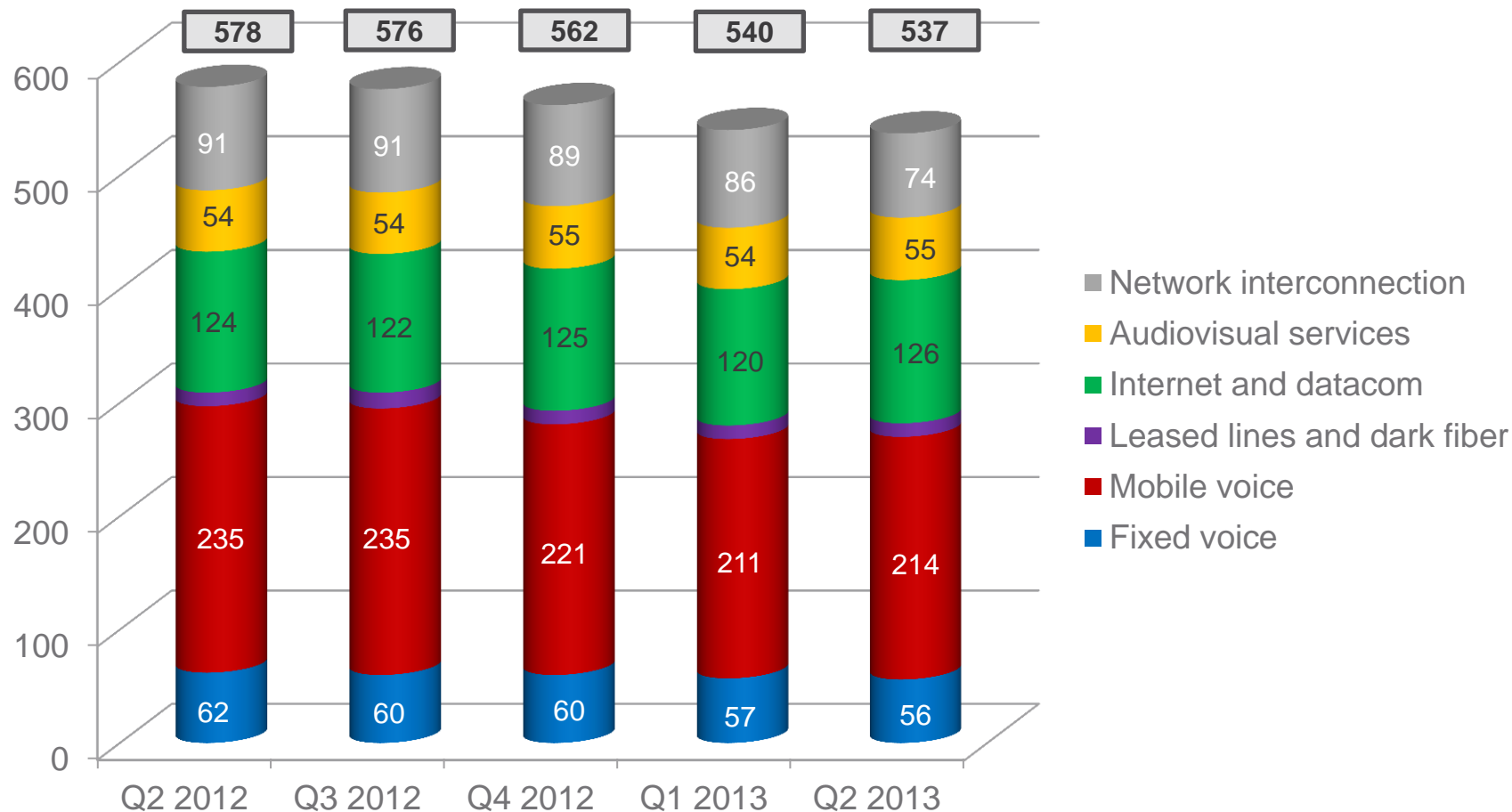
ELECTRONIC COMMUNICATIONS MARKET OF LITHUANIA

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



Results for 9 months of 2013 / 15-10-2013

TELECOMMUNICATION MARKET IN LITHUANIA (LTL MILLION)



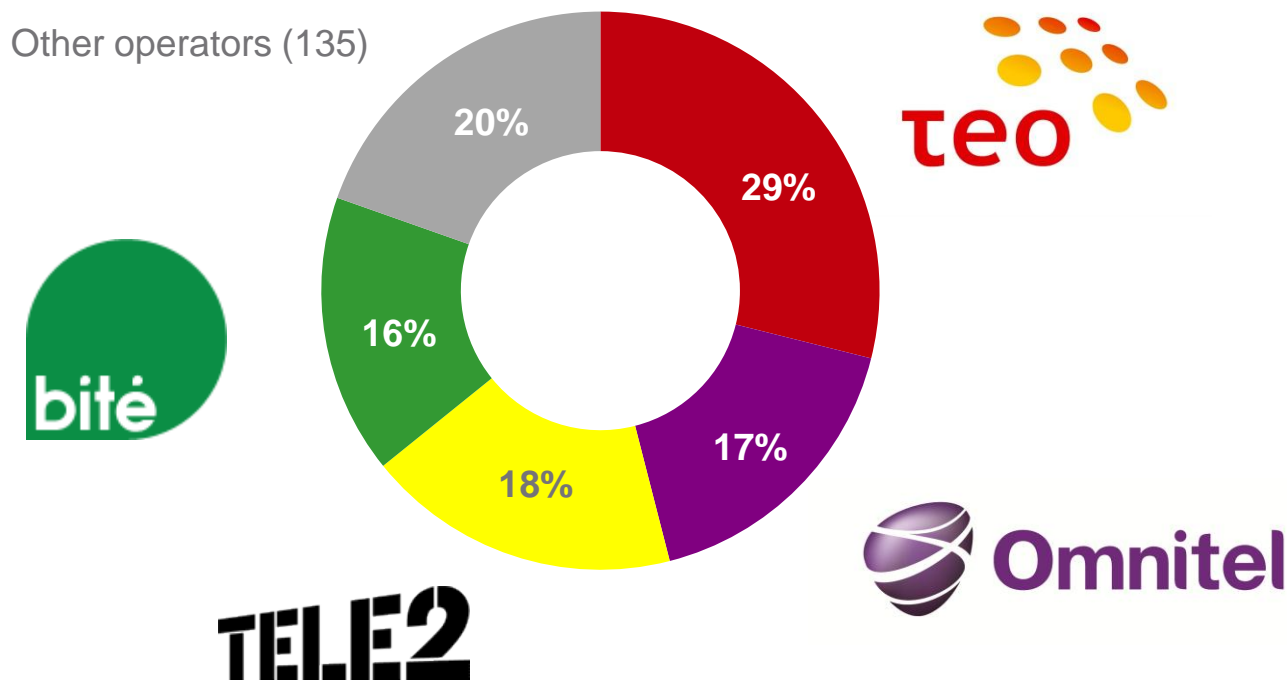
Source: Report of Communications Regulatory Authority

MAIN MARKET FIGURES

	30-06-2013	30-06-2012	Change (%)
Total market revenue (LTL million)	1,077.9	1,133.3	(4.9)
Number of telephone lines per 100 inhabitants	21.6	21.3	1.3
Number of mobile voice subscribers per 100 inhabitants	167.2	152.9	9.3
Number of Internet access subscribers	1,085,856	1,010,586	7.5
Number of broadband Internet access subscribers per 100 inhabitants	36.7	31.7	15.9
Number of fixed Internet access subscribers per 100 inhabitants	26.7	23.4	14.1
Number of pay-TV subscribers	731,858	686,140	6.7
Number of digital pay-TV subscribers per 100 households	33.1	27.4	20.9
Total market investments (LTL million)	105.7	101.6	4.0

Source: Report of Communications Regulatory Authority

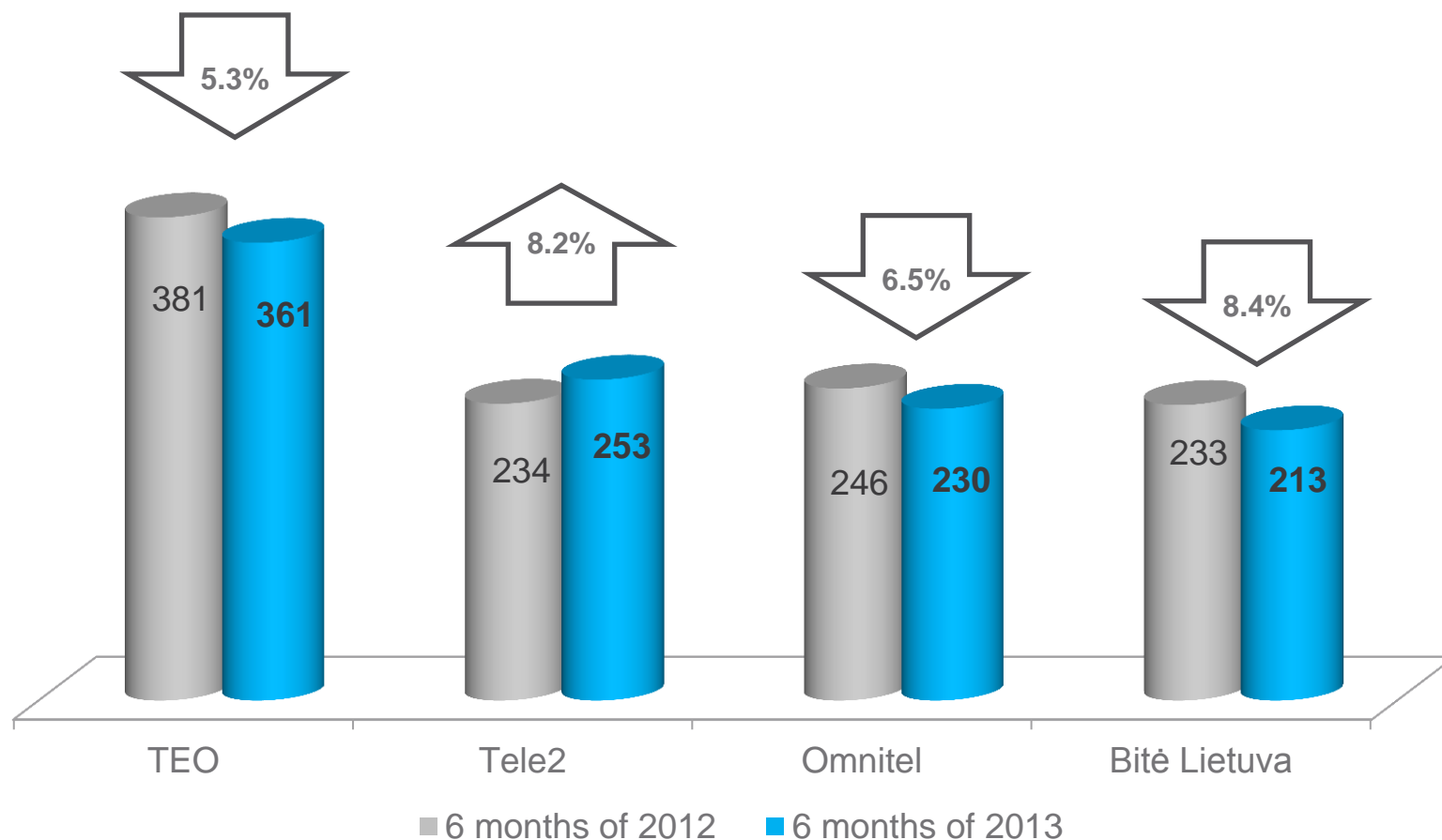
BREAKDOWN OF THE TELECOMMUNICATIONS MARKET REVENUE IN 2012 BY OPERATORS



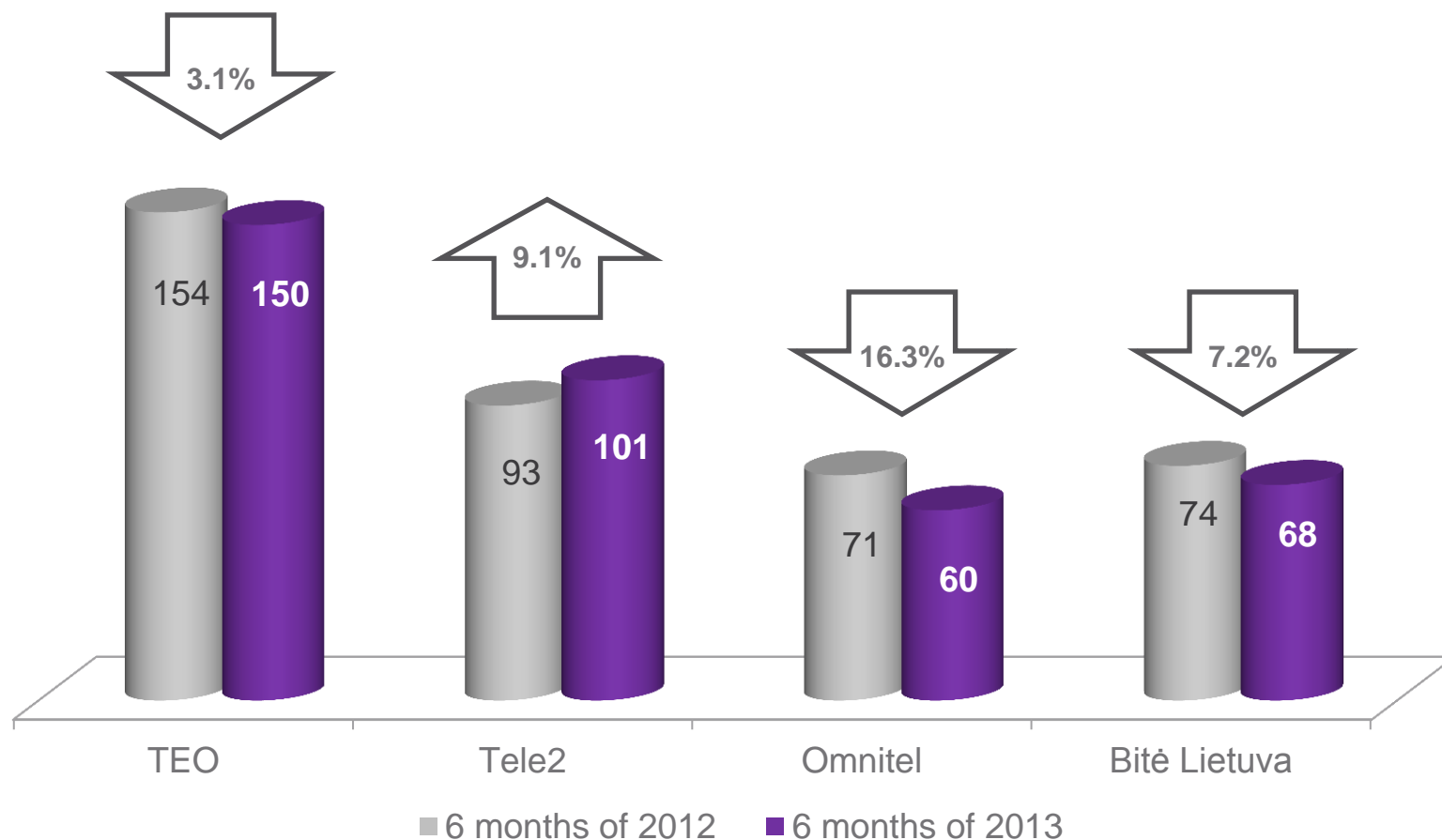
- Omnitel, Tele2 and Bitė Lietuva are **mobile operators**
- Omnitel and TEO belong to **TeliaSonera Group**

Source: Report of the Communications Regulatory Authority

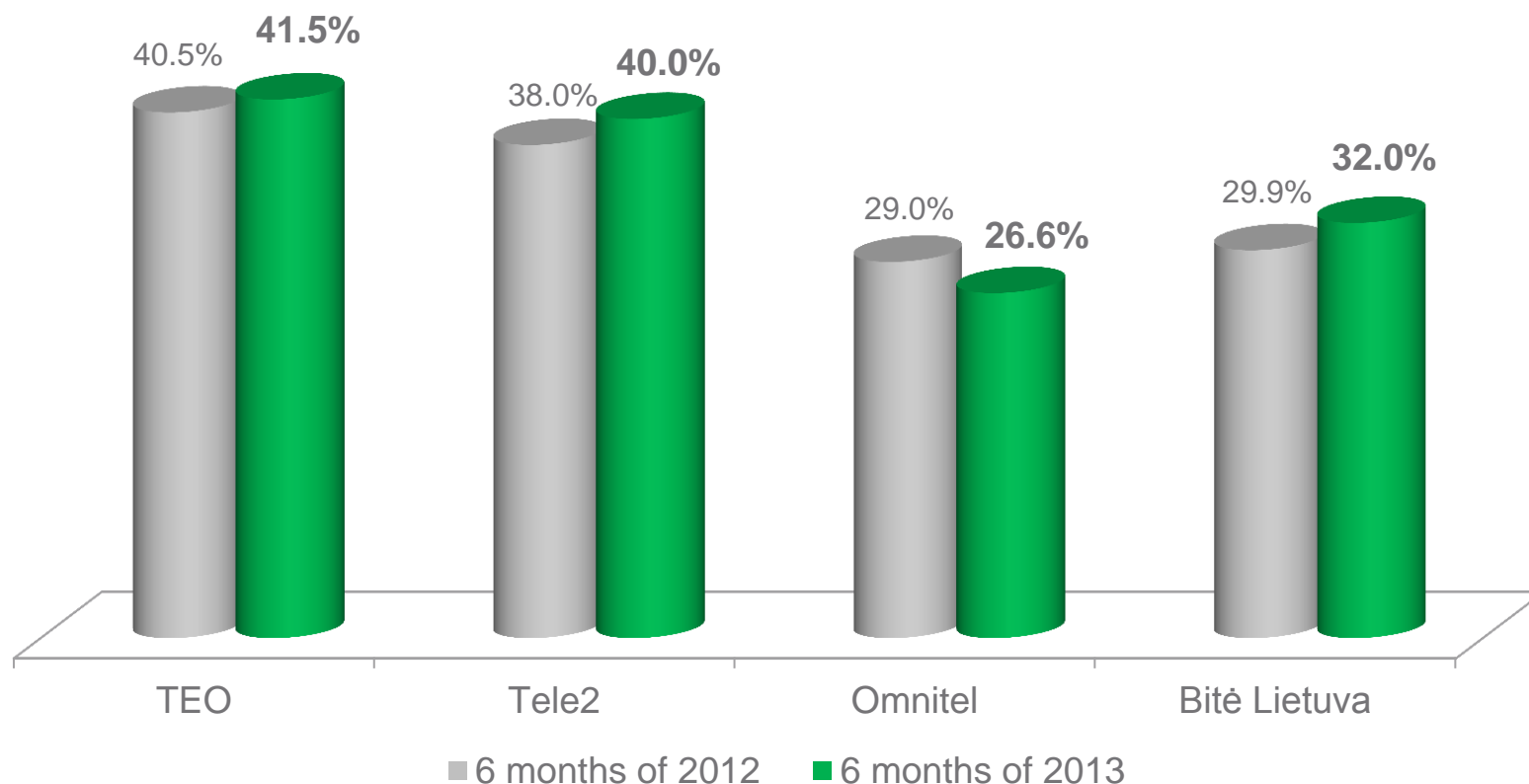
MAIN TELECOMMUNICATIONS MARKET PLAYERS' **REVENUE** CHANGES (LTL MILLION)



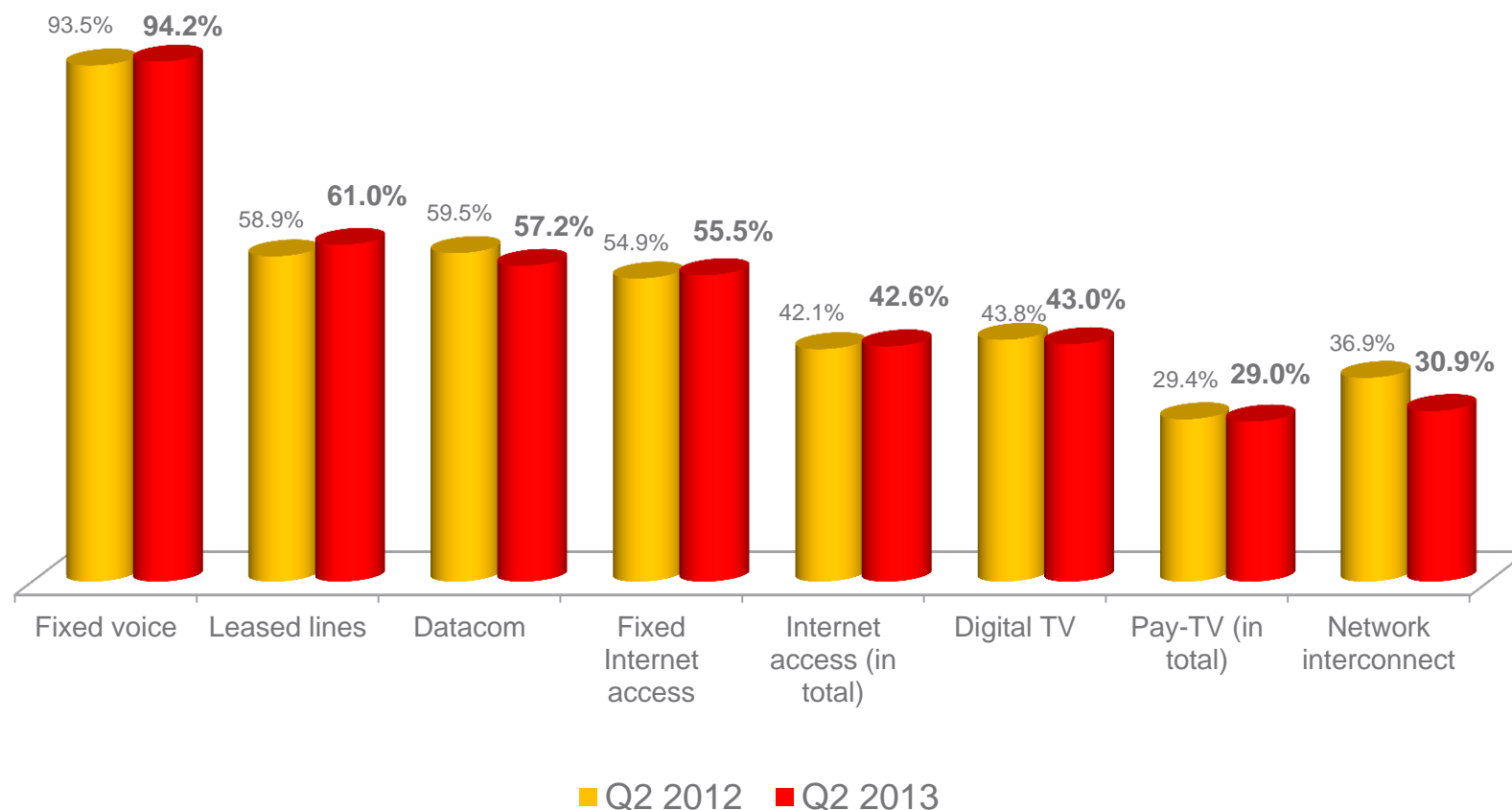
MAIN TELECOMMUNICATIONS MARKET PLAYERS' **EBITDA** CHANGES (LTL MILLION)



MAIN TELECOMMUNICATIONS MARKET PLAYERS' EBITDA MARGIN CHANGES



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 6 months of 2013 (LTL million)	Change from 6 months of 2012 (%)	Number of market players	TEO share in Q2 2013 (%)
Fixed voice	113.2	(9.8)	46	94.2
Internet access	203.4	(0.5)	100	42.6
Network interconnection	160.0	(5.8)	>5	30.9
Pay-TV	103.0	12.5	45	29.0
Data communication	42.4	(2.8)	19	57.2
Leased lines	11.3	(13.6)	11	61.0
TV and radio program transmission	7.6	(49.2)	2	n/a
Dark fiber	11.7	(2.5)	17	n/a
Mobile voice	425.2	(7.6)	3+4	-

Source: Report of the Communications Regulatory Authority

FIXED VOICE TELEPHONY MARKET IN LITHUANIA (Q2 2013)

- **46 companies** are providing fixed voice services:
 - 33 provide national and international calls
 - 7 – only international calls
 - 6 – only wholesales (transit) services
- 32 companies are using **IP network**, 16 of them – CATV and data communication networks
- Number of alternative operators' subscribers: **66.6 thousand** or 10.2% of total subscribers' number



TEO market share (Q2 2013) in terms of:	(%)
Total number of customers	89.8
Total traffic	94.0
Revenue from local calls	99.9
Revenue from domestic long distance calls	91.2
Revenue from international calls	77.1

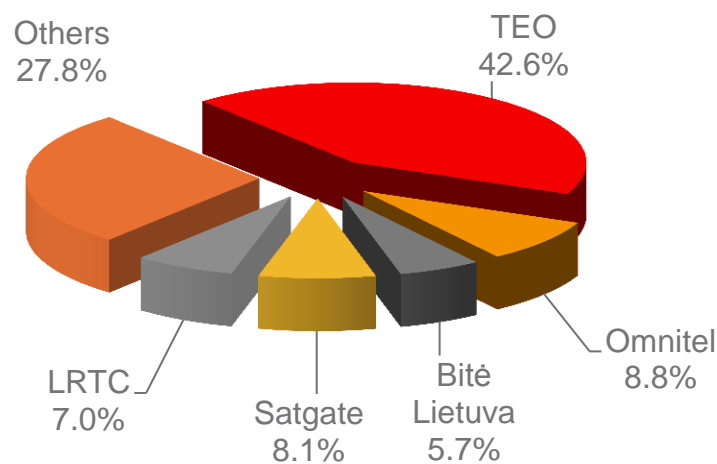


Source: Report of the Communications Regulatory Authority

INTERNET ACCESS MARKET IN LITHUANIA (Q2 2013)

Access type	Number of users ('000)	Change, y-o-y (%)
Fiber-optic	417	9.3
Via mobile network	297	11.7
DSL	180	(5.3)
Wireless	137	19.6
Via CATV network	41	(5.5)
Via LAN	14	(9.2)
Total:	1,086	7.4

Q2 2013 revenue by service providers

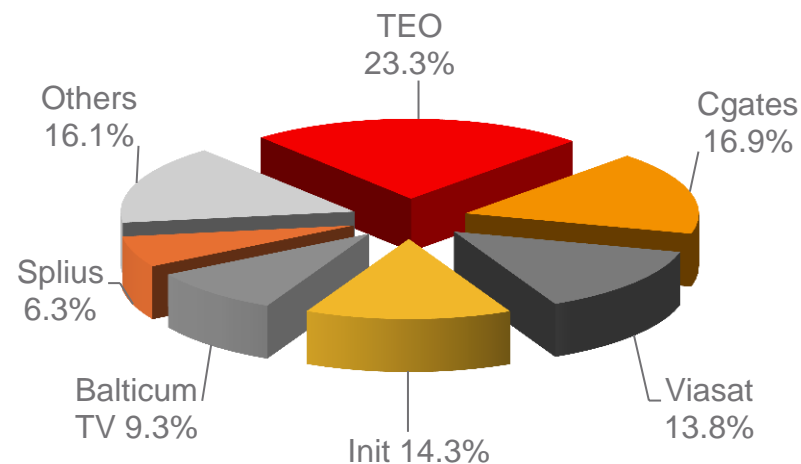


Source: Report of the Communications Regulatory Authority

PAY TV MARKET IN LITHUANIA (Q2 2013)

Access type	Number of users ('000)	Change, y-o-y (%)
Analogue CATV	324	(1.6)
Digital CATV	110	21.5
IPTV	109	16.1
Satellite	101	12.8
DVB-T	72	(0.2)
MVDS	16	(6.1)
Total:	732	6.7

Breakdown of users by service providers



Source: Report of the Communications Regulatory Authority

FINANCIAL RESULTS

Revenue, EBITDA, net profit

Main financial indicators

Dynamics of main indicators

Revenue breakdown

Operating expenses

Balance sheet

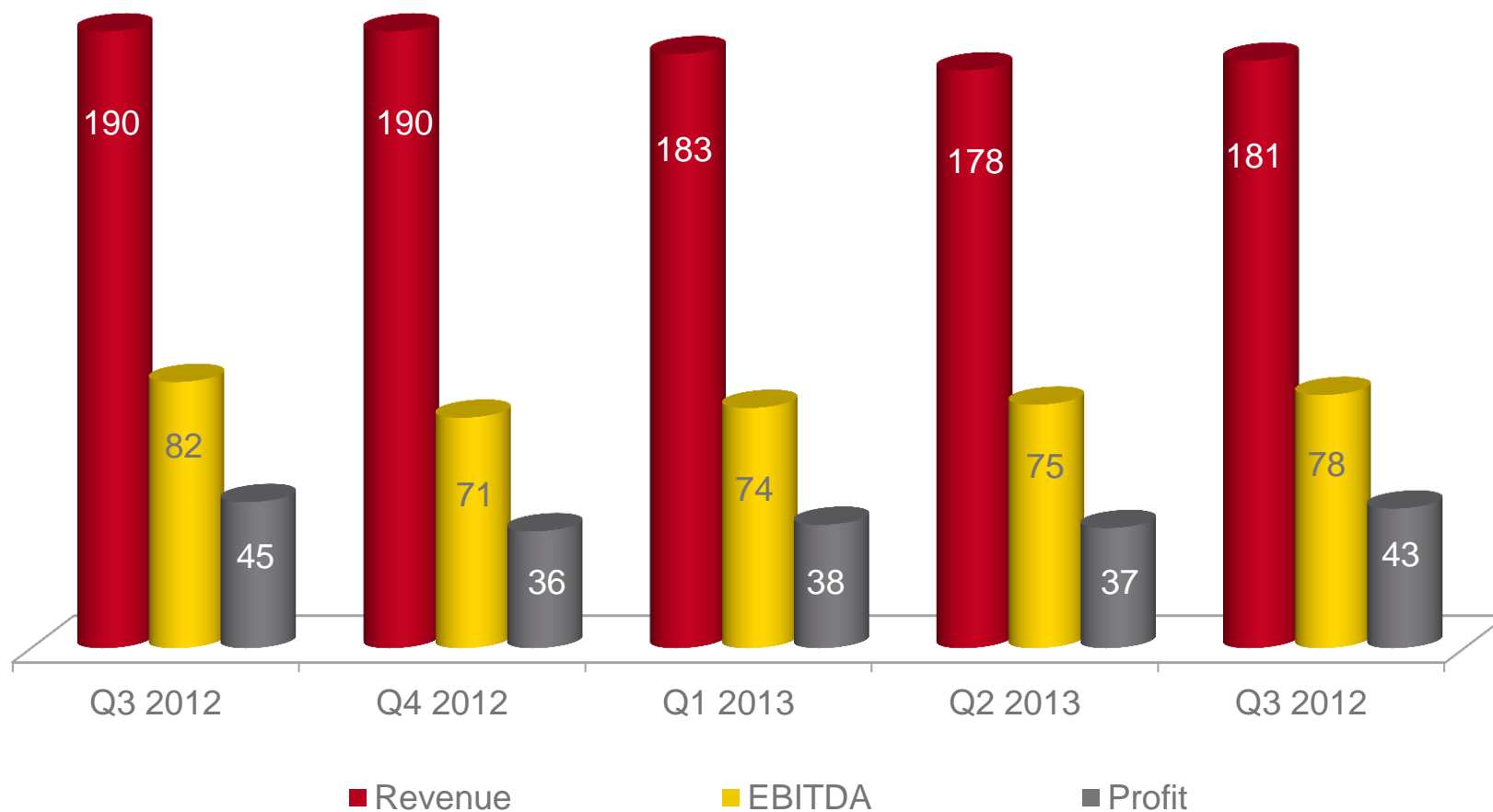
Cash flow

Investments



Results for 9 months of 2013 / 15-10-2013

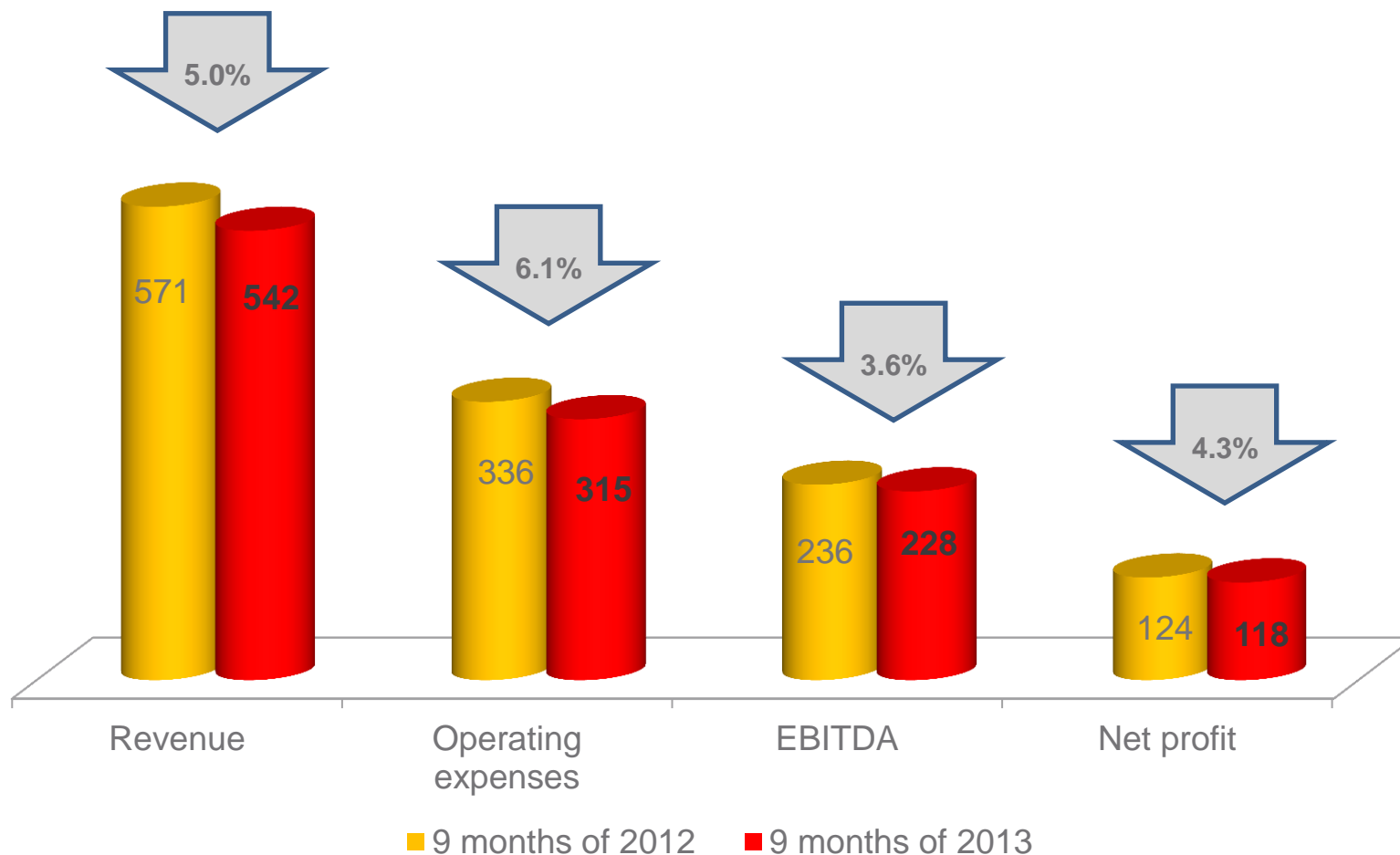
REVENUE, EBITDA & NET PROFIT (LTL MILLION)



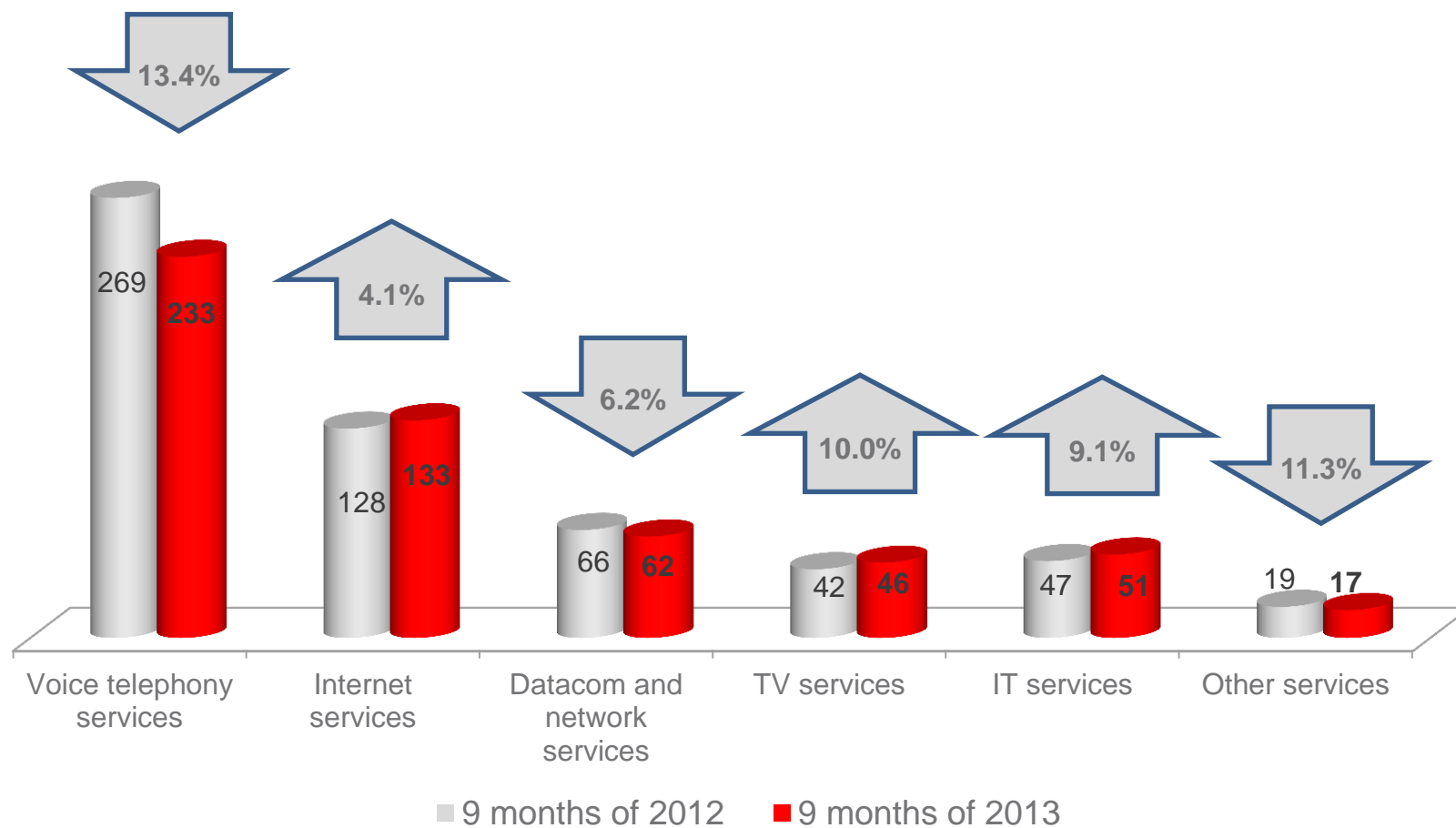
MAJOR FINANCIAL INDICATORS

(thousand LTL)	Q3 2013	Q3 2012	Change (%)	9 months of 2013	9 months of 2012	Change (%)
Revenue	181,285	189,779	(4.5)	541,785	570,501	(5.0)
Operating expenses	103,756	108,257	(4.2)	315,267	335,793	(6.1)
EBITDA	78,057	81,915	(4.7)	227,607	236,199	(3.6)
EBITDA margin	43.1%	43.2%		42.0%	41.4%	
Depreciation and amortization	31,087	32,307	(3.8)	96,718	97,663	(1.0)
Operating profit	46,971	49,609	(5.3)	130,889	138,536	(5.5)
Operating profit margin	25.9%	26.1%		24.2%	24.3%	
Net profit	42,621	45,269	(5.9)	118,230	123,550	(4.3)
Profit margin	23.5%	23.9%		21.8%	21.7%	
Earnings per share (LTL)	0.055	0.058		0.152	0.159	

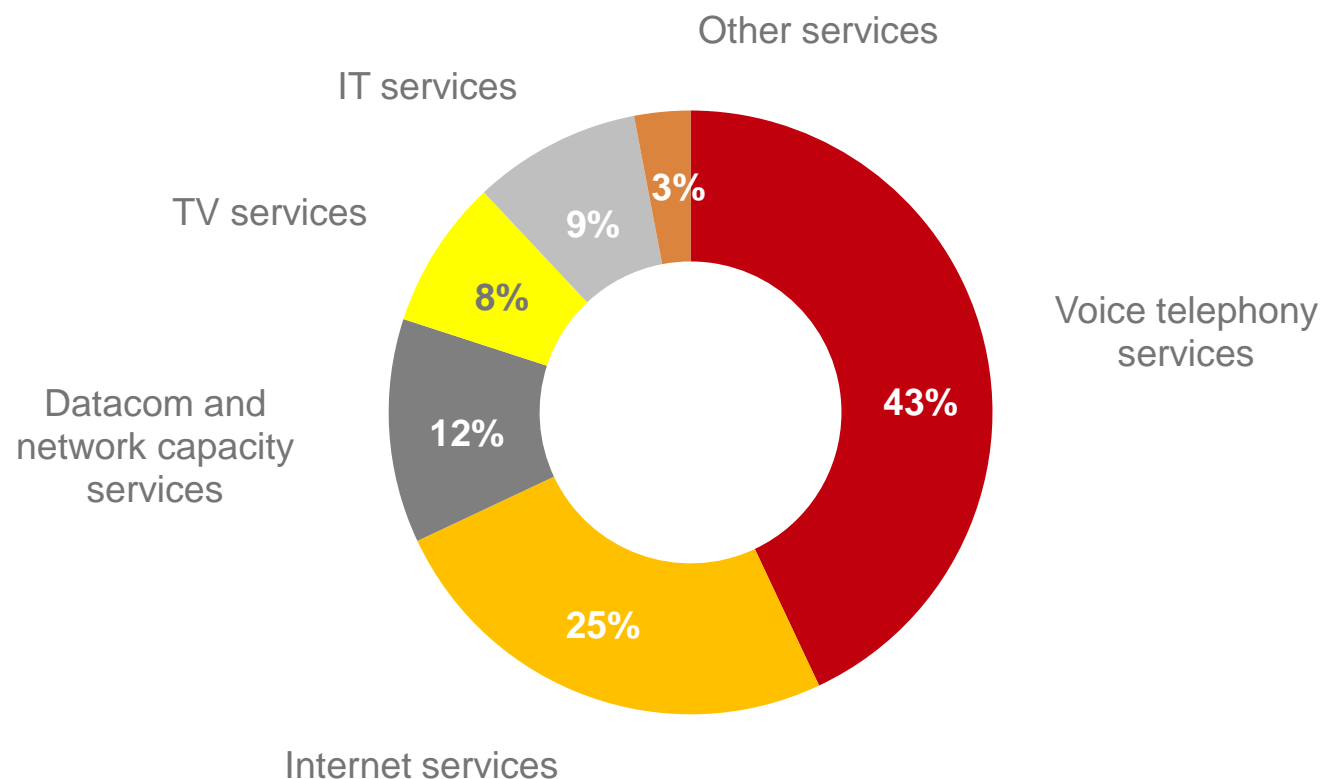
DYNAMICS OF TEO MAIN FINANCIAL INDICATORS (LTL MILLION)



REVENUE (LTL MILLION)



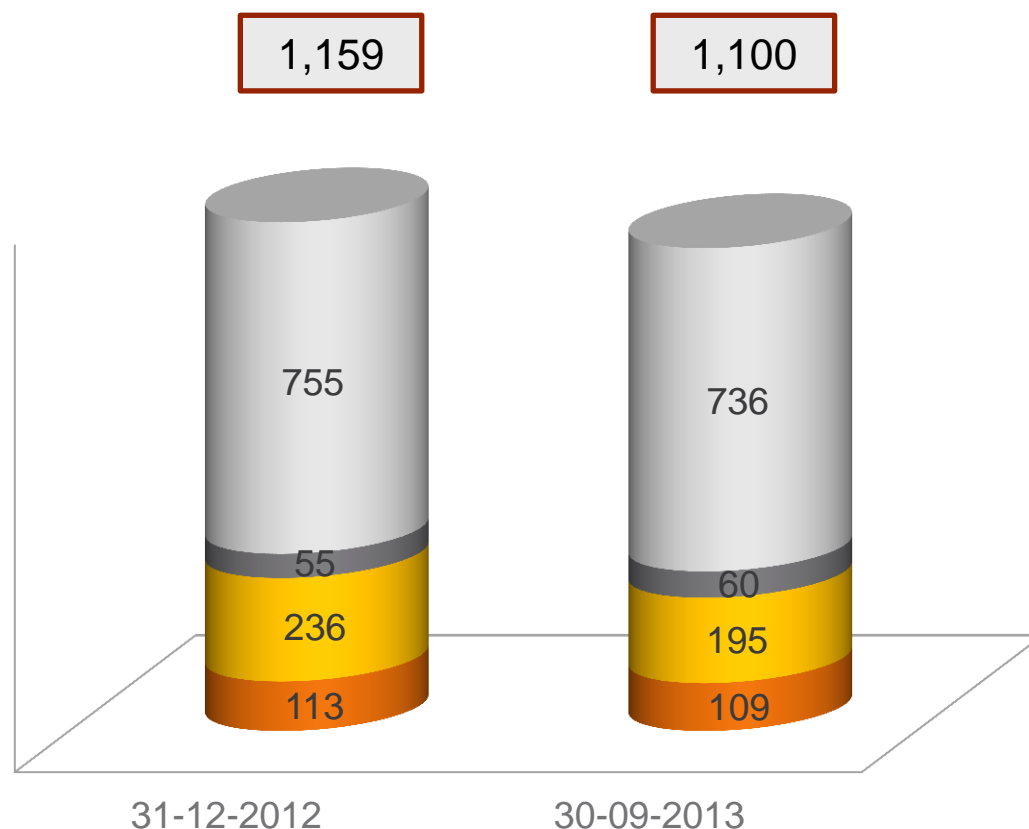
BREAKDOWN OF REVENUE (9 MONTHS OF 2013)



OPERATING EXPENSES (LTL MILLION)



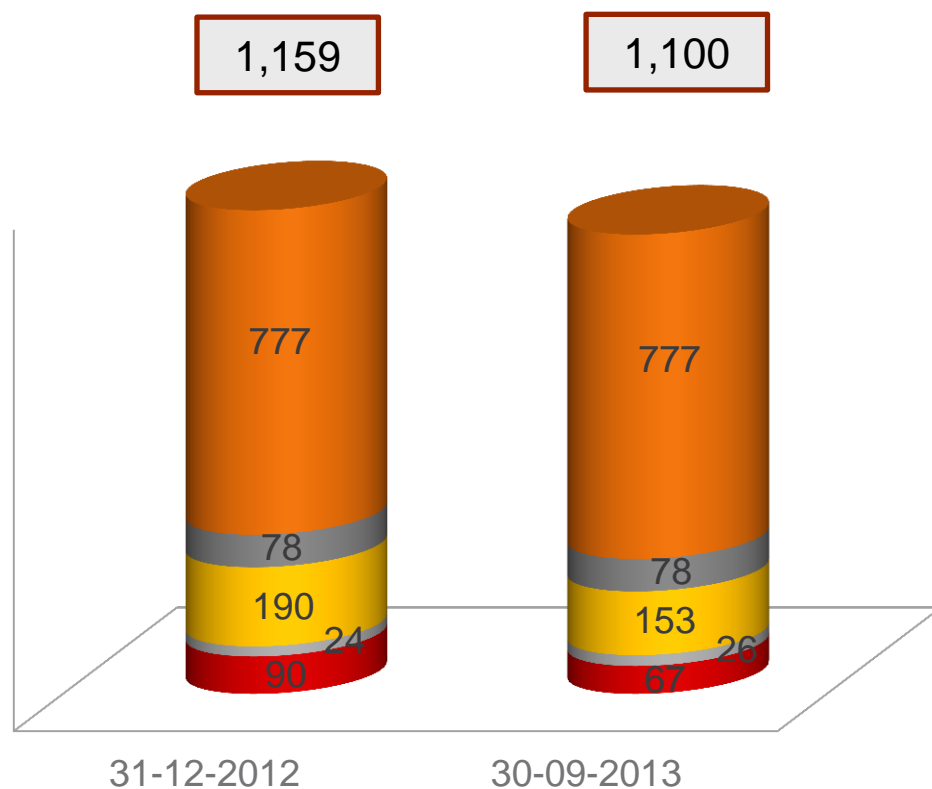
ASSETS (LTL MILLION)



- **Non-current assets** amounted to 72.4% of total assets (30-09-2013)
- **Cash and held-to-maturity investments** alone amounted to 17.7%
- **Return on capital employed:** 16.7%
- **Return on average assets:** 15.0%

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

EQUITY AND LIABILITIES (LTL MILLION)



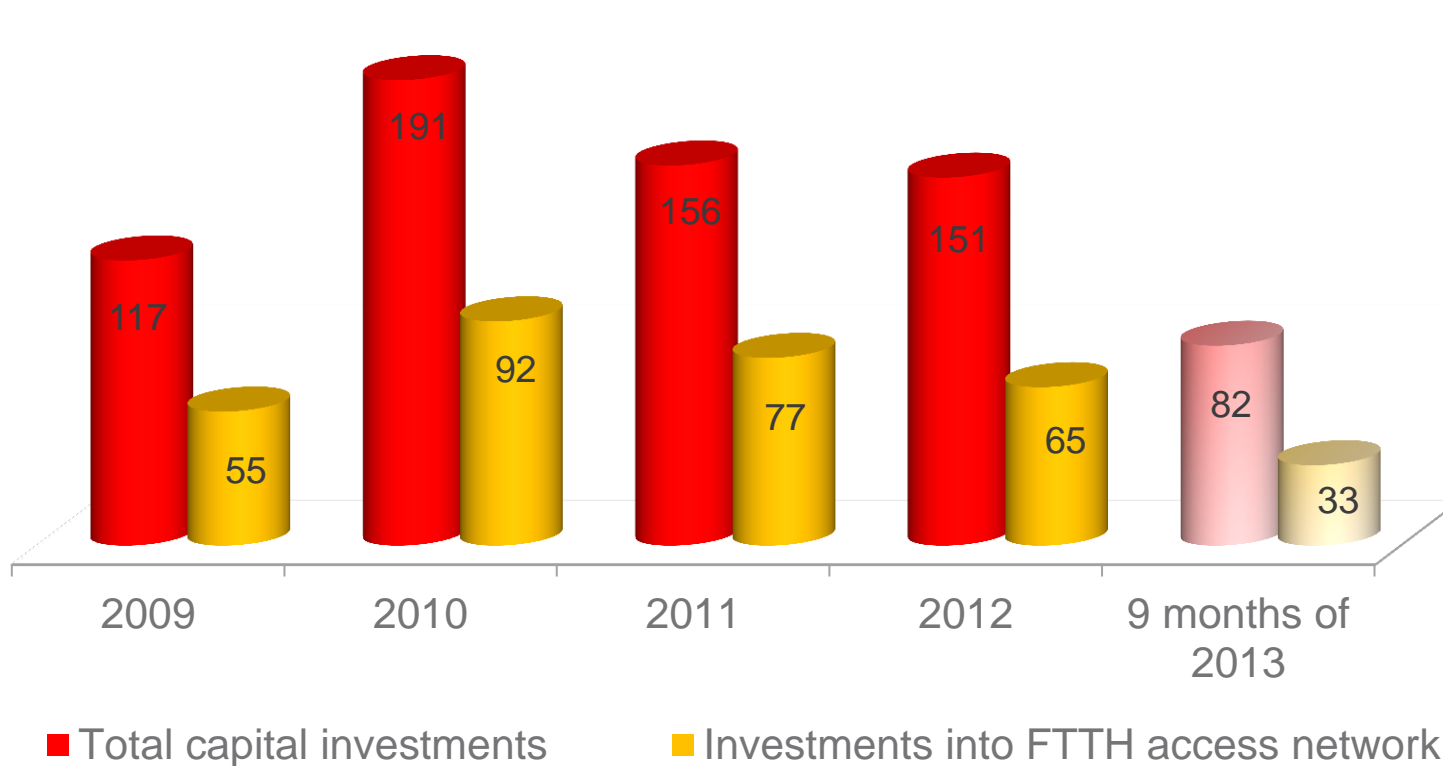
- **Shareholders' equity** amounted to 91.6% of the total assets (30-09-2013)
- **Borrowings** amounted to LTL 2.5 million
- **Net debt** was negative and amounted to LTL 192 million
- **Gearing ration:** (19.1)%
- **Debt to equity:** 0.3%
- **Return on equity:** 15.2%

CASH FLOW

(thousand LTL)	9 months of 2013	9 months of 2012
Net cash from operating activities	209,403	230,973
Net cash used in investing activities	(102,765)	(114,629)
Net cash used in financing activities	(156,093)	(156,100)
Increase in cash and cash equivalents	(49,455)	(39,756)

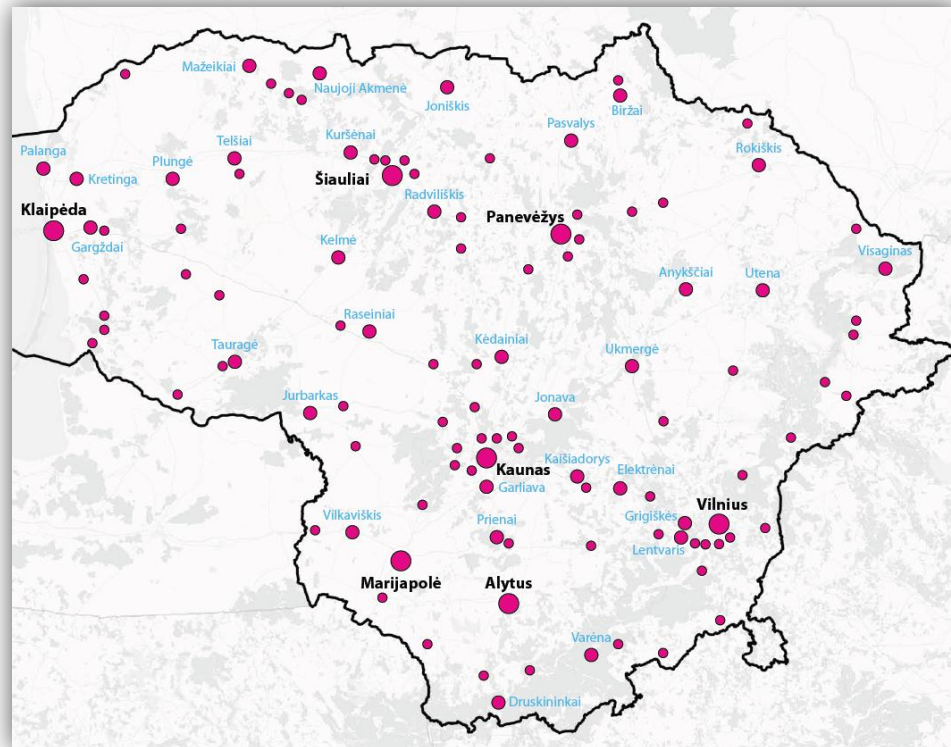
- Capital **investments** during 9 months of 2013 amounted to LTL 82 million (LTL 100 million in 2012)
- LTL 68 million went to expansion of the **core and fiber-optic access network**
- Almost LTL 14 million was invested into **IT systems**
- In May, the Company paid out **LTL 155 million of dividends** 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
- **790 thousand** households (747 thousand a year ago), or 66 per cent of the country's households, by the end of September 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 September 2012

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

Shareholders as of 30 September 2013

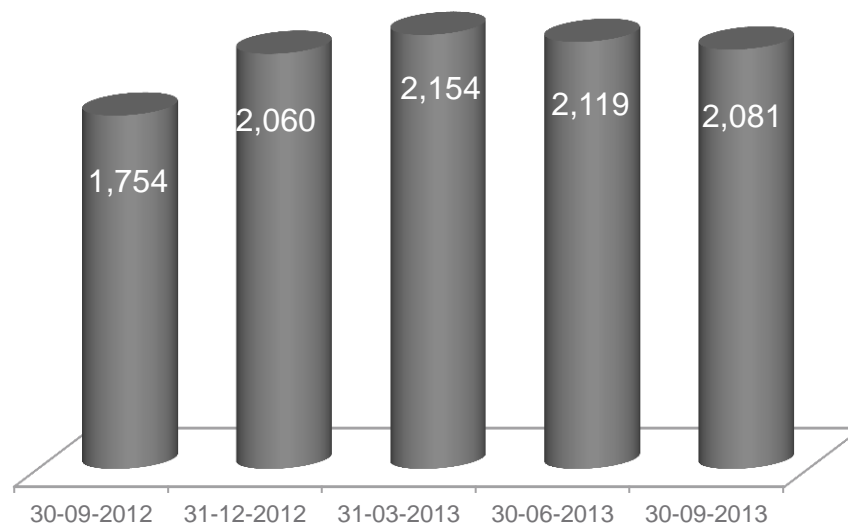
	Part of shares and votes
TeliaSonera AB	88.15%
Others	11.85%

TEO SHARES

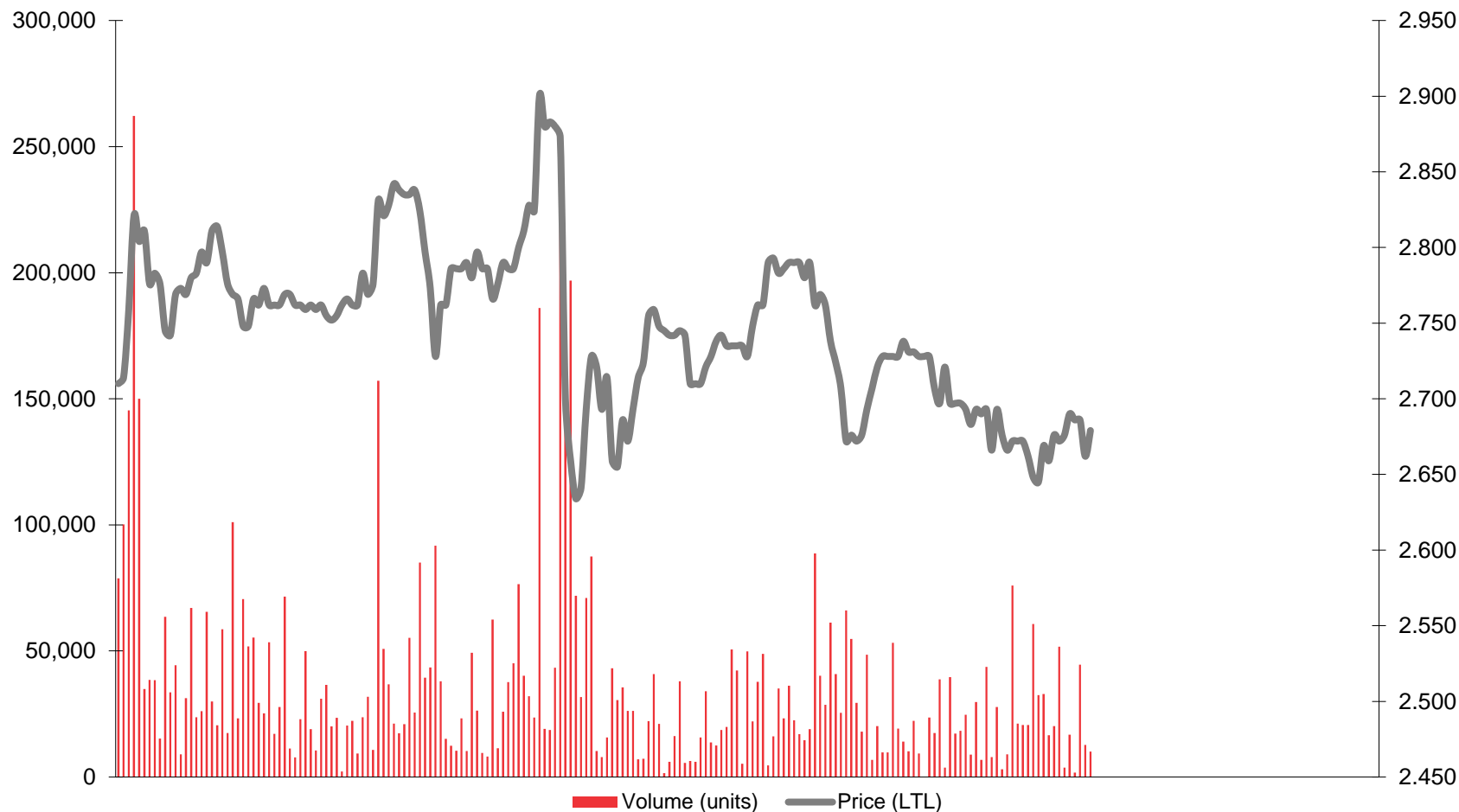
- Since June 2000, TEO shares are listed on **NASDAQ OMX Vilnius** stock exchange (ticker: TEO1L)
- Since January 2011, TEO shares are included into the trading lists of a few **German stock exchanges** (ticker: ZWS)
- **Turnover** on Vilnius stock exchange during January-September 2013: 6.9 million shares or LTL 19 million
- Share **price** on NASDAQ OMX Vilnius:

	LTL	EUR
01-01-2013	2.655	0.769
High	2.904	0.841
Low	2.628	0.761
30-09-2013	2.679	0.776

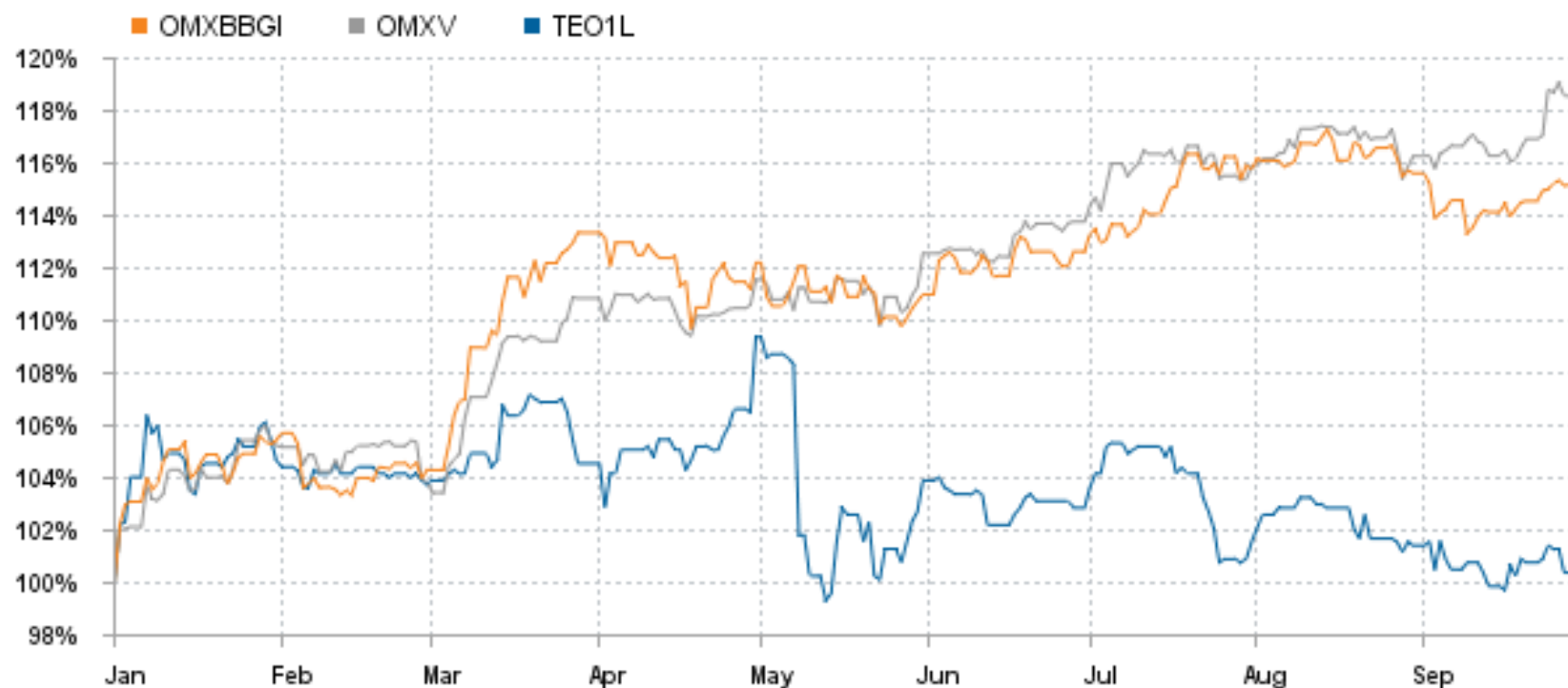
Market Capitalisation (LTL million)



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

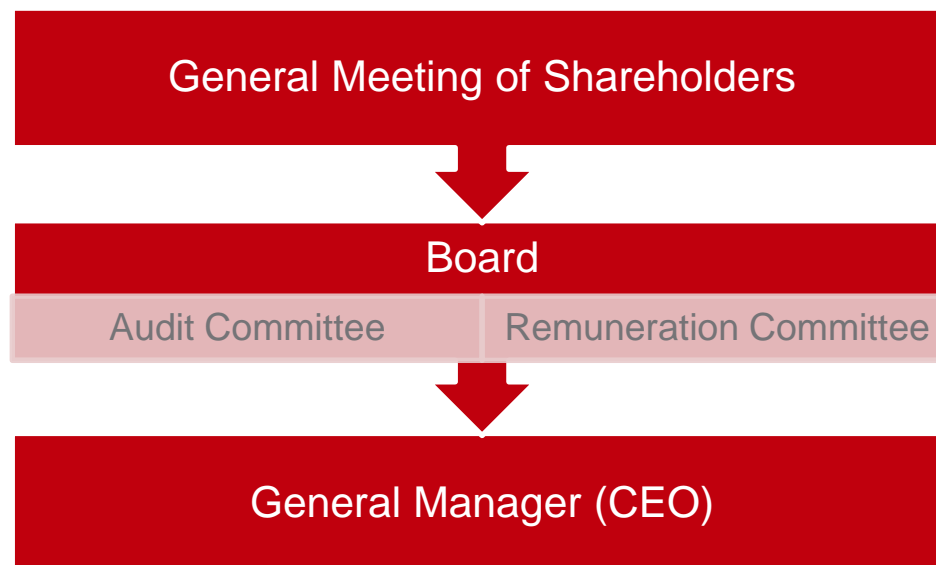
Corporate social responsibility



Results for 9 months of 2013 / 15-10-2013

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)**
- In August 2013, the Board elected **Kęstutis Šliūžas** as a new CEO of the Company
- 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
Chairwoman of the Board
Represents TeliaSonera AB
Chairwoman 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
(till 1 November 2013)



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
(till 1 November 2013)

- 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