



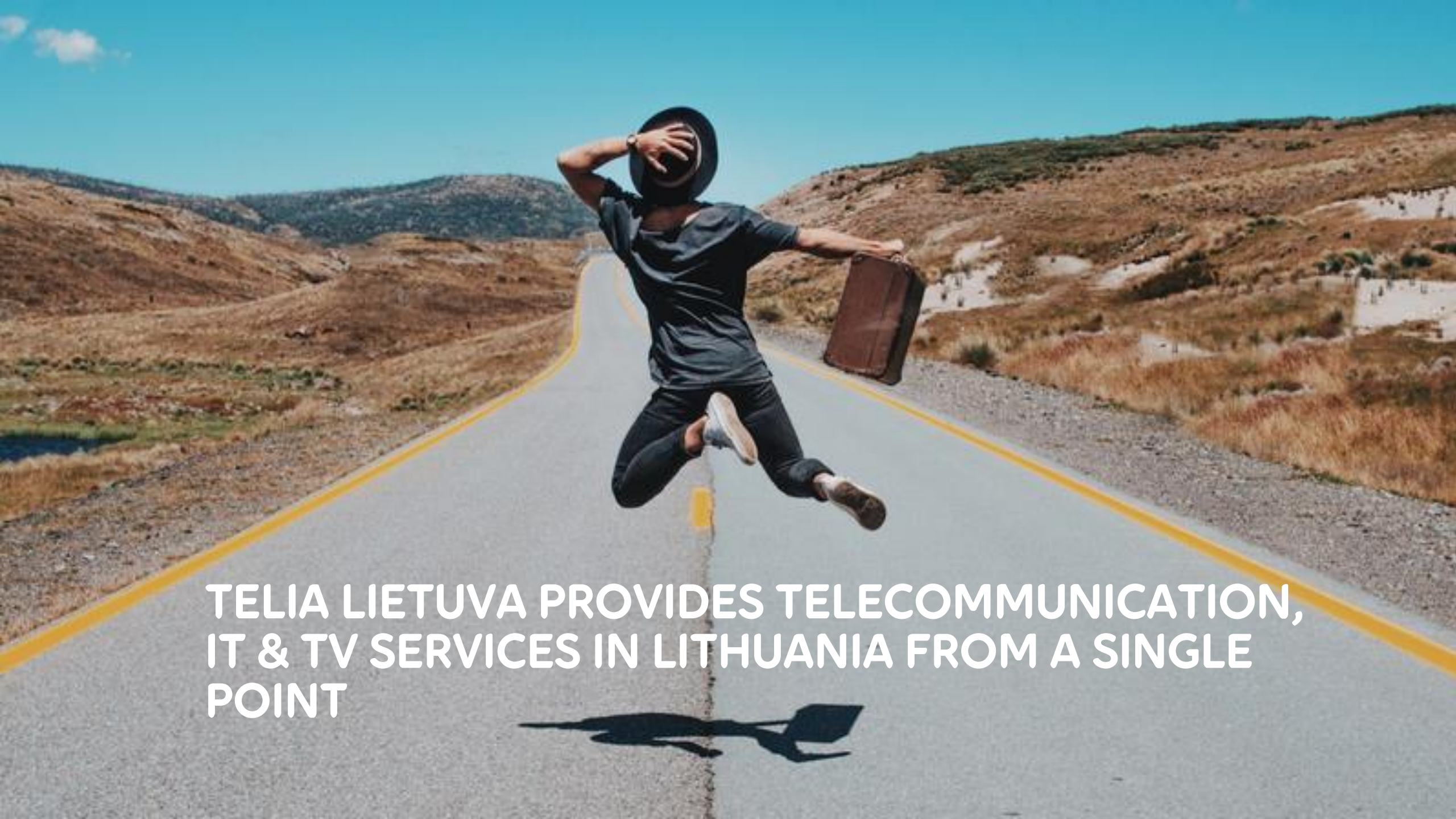
RESULTS FOR THE 6 MONTHS OF 2017

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**

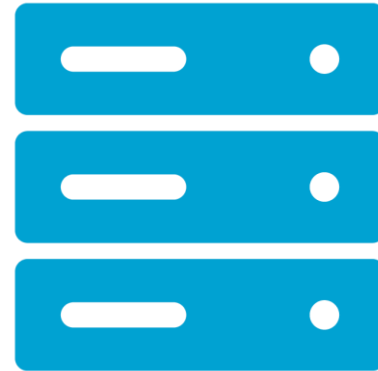
TELIA LIETUVA MEANS:



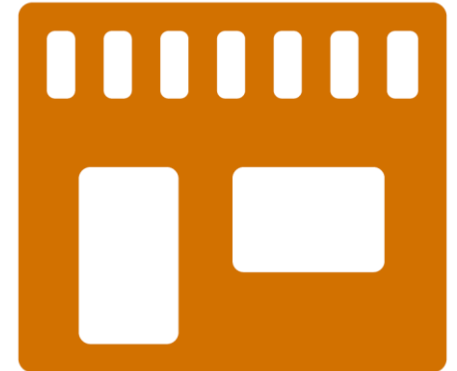
Wide range of
services



The most developed
networks



Modern data
centres



Everything from a
single point



TELIA LIETUVA MEANS:



Customer care
24/7/365



IT Management and
Information Security
Management ISO
certificates



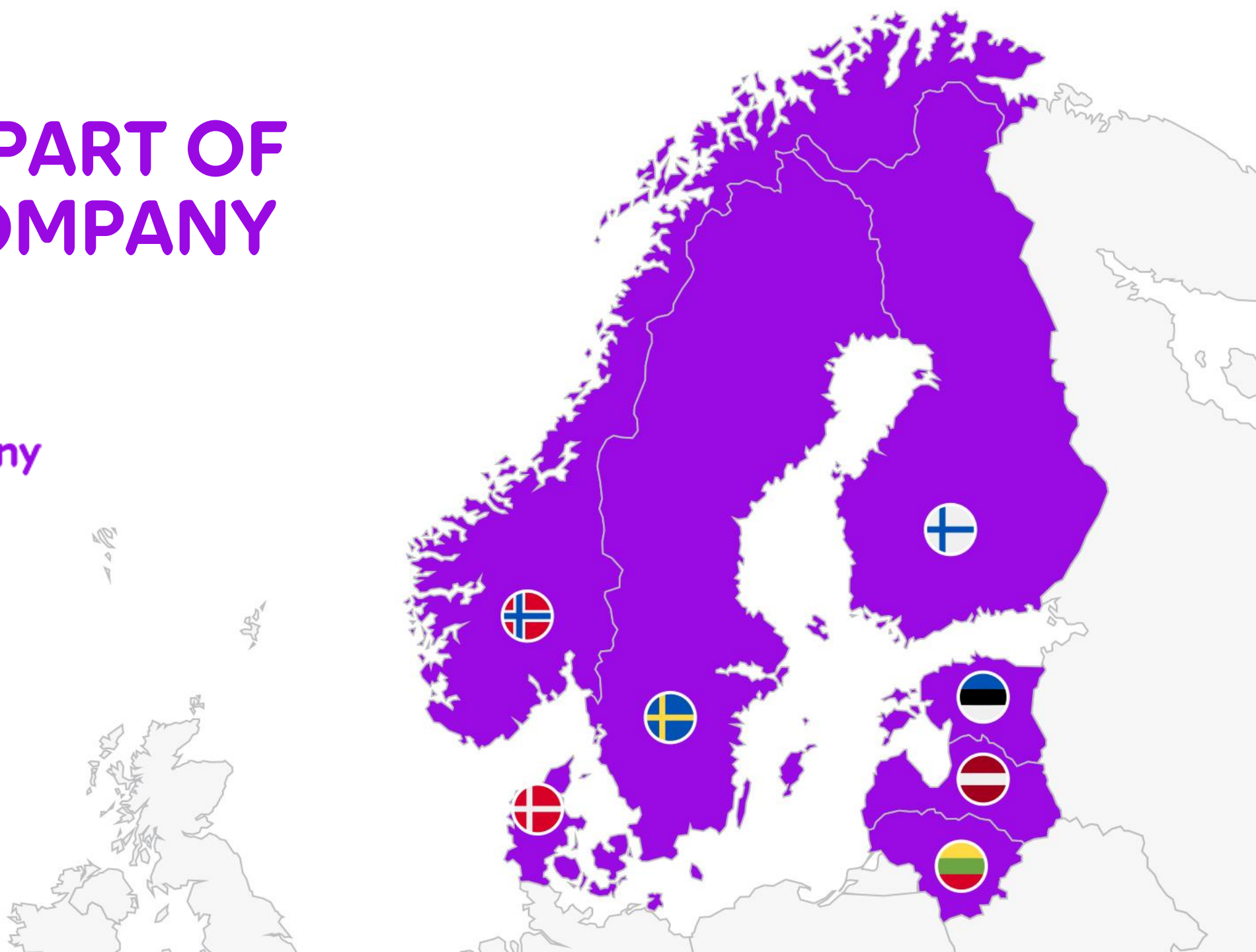
Team of more than
3,000 professionals



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 | |
|-------------------|----------------------------------|
| 100% → | Telia Customer Service LT, UAB |
| 100% → | UAB Verslo Investicijos |
| 100% → | UAB Kompetencijos Ugdymo Centras |
| 50% → | VšĮ Numerio Perkėlimas |

- 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)



OPERATING FIGURES



0.8%

1,328

thousand of
mobile service users



9.0%

441

thousand of
fixed telephone lines
in service



1.9%

406

thousand of
broadband Internet
connections



5.6%

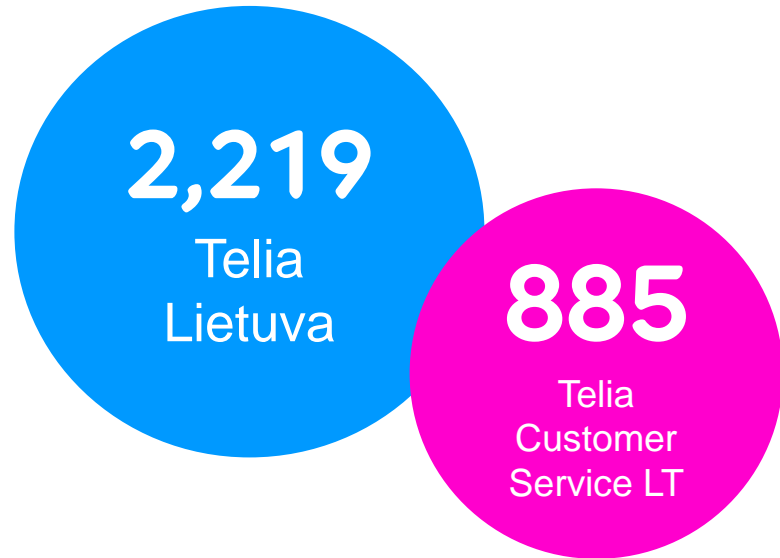
234

thousand of
TV service users

Data as of 30-06-2017 & change (y-o-y)



NUMBER OF EMPLOYEES



In total **3,104** (30-06-2017)



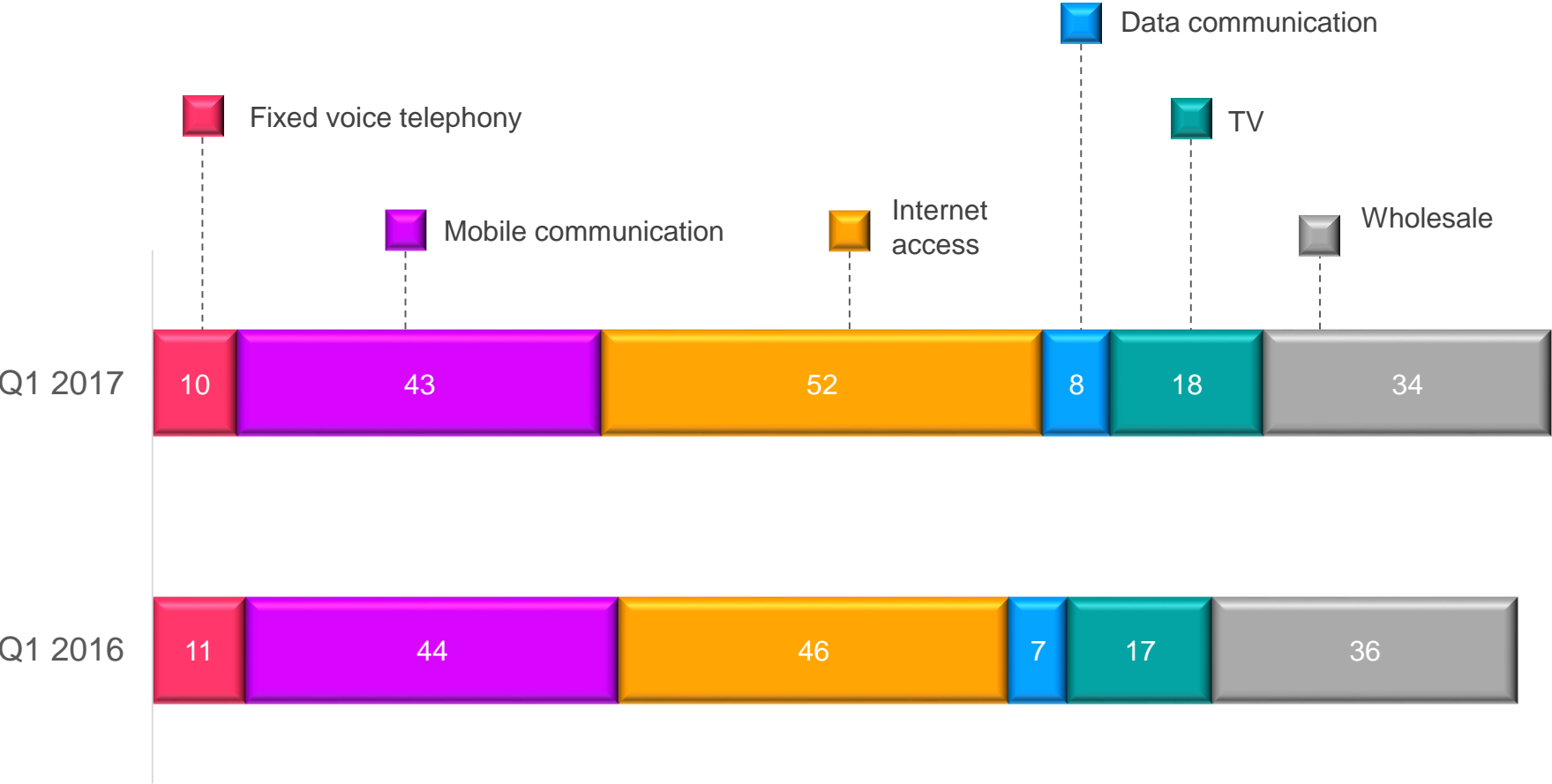
In total **3,083** (30-06-2016)



ELECTRONIC COMMUNICATIONS MARKET OF LITHUANIA

WE ARE OPERATING IN GROWING TELCO MARKET

(EUR MILLION)

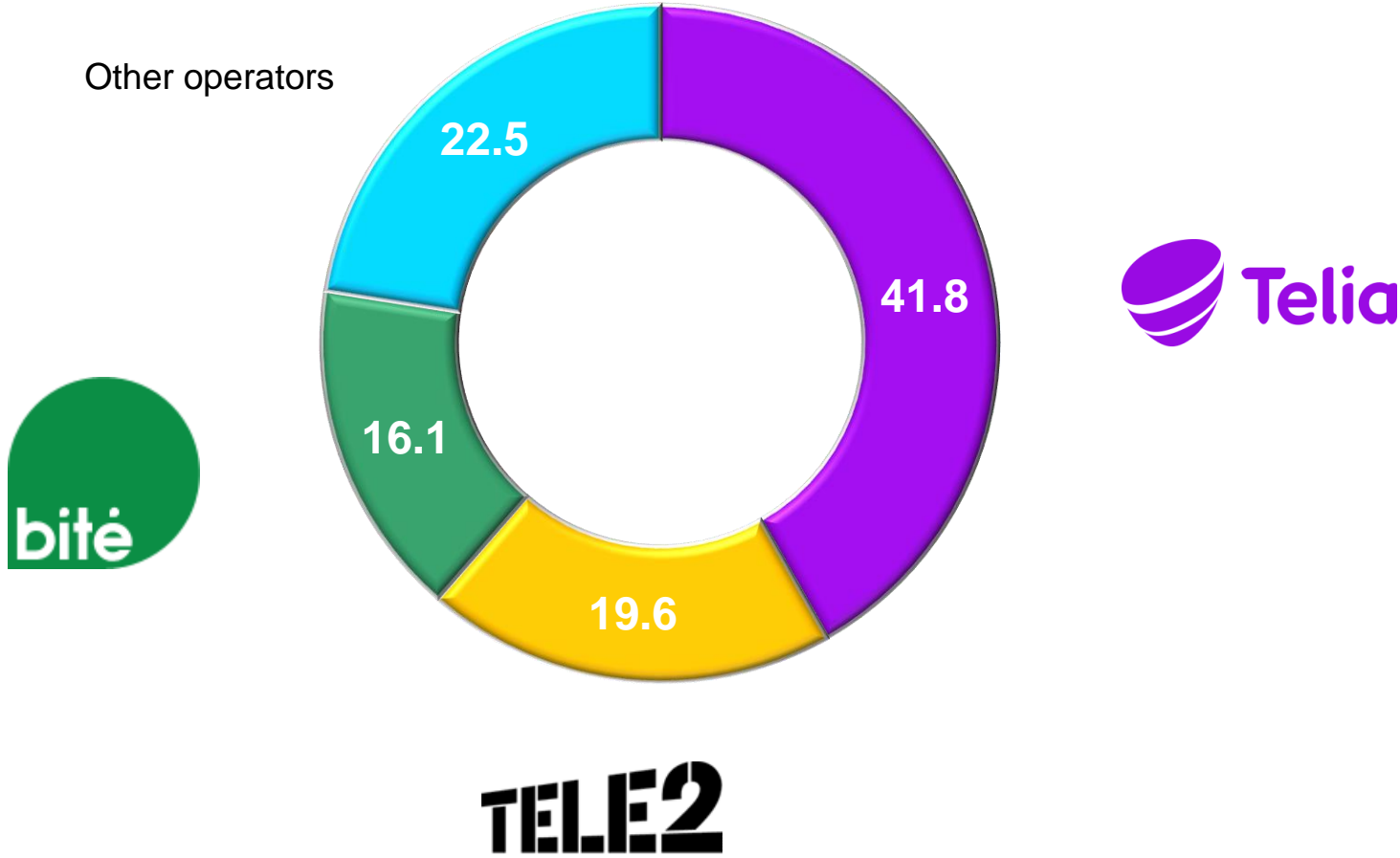


+2.9%

Source: Report of the Communications Regulatory Authority



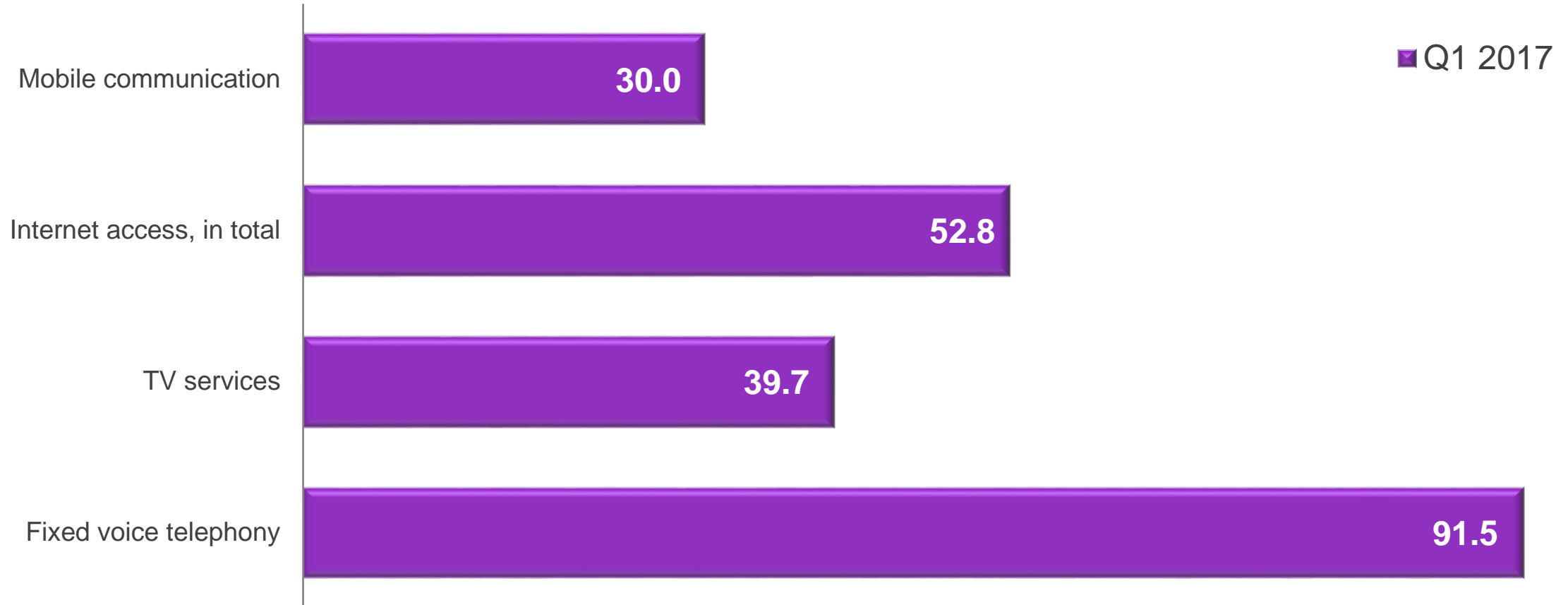
BREAKDOWN OF THE TELECOMMUNICATIONS MARKET REVENUE BY OPERATORS FOR Q1 2017 (%)



Source: Report of the Communications Regulatory Authority



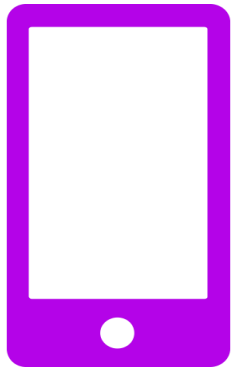
SEGMENTS: WE HAVE 1/3 OR MORE OF THE MARKET (%)



Source: Report of the Communications Regulatory Authority



FAST GROWING USAGE OF DATA



0.4%

Reviving usage of **mobile voice** services

(**169 min/month**
per SIM card)



1.8 times

Increased usage of **mobile data**

(uploaded/downloaded
36.7 million MB
of data per quarter)



2.8%

Growing number of **IPTV users**

(accounts for **30%** of all
pay-TV service users)



MARKET PENETRATION PER 100 INHABITANTS



148

mobile communications
subscribers



18

fixed telephony lines



39.4

broadband Internet
access



56.2

pay-TV subscribers
(households)



OPERATING AND FINANCIAL RESULTS

NEW OFFERS TO CUSTOMERS DURING H1 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

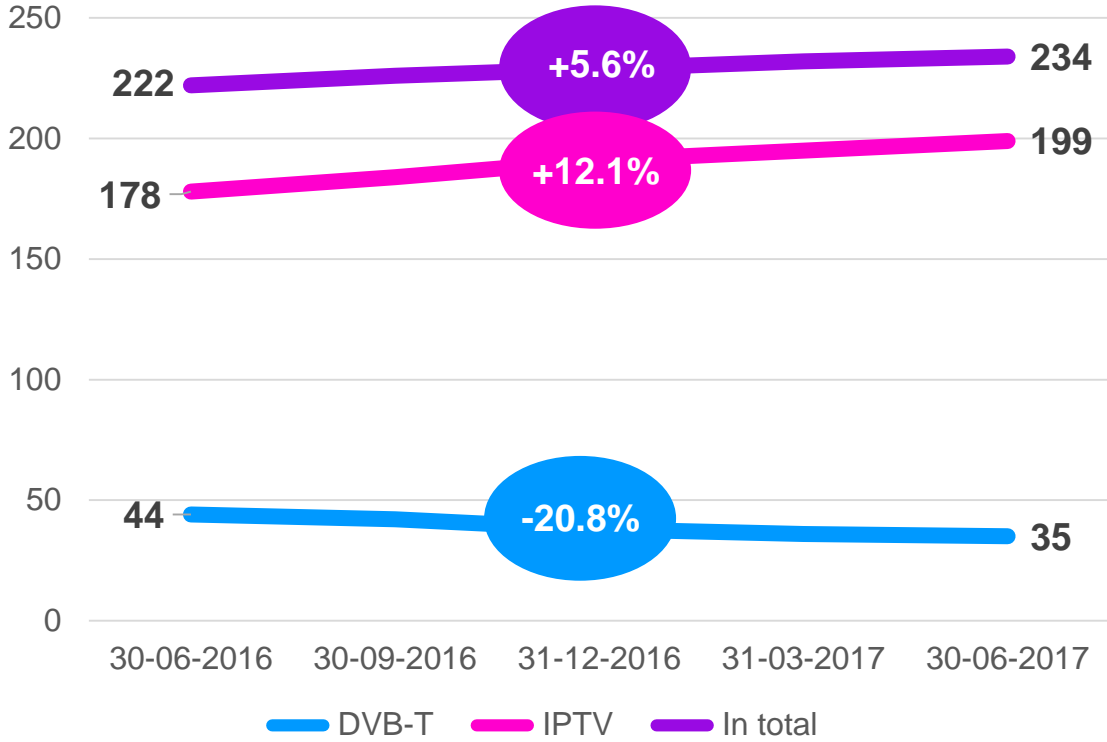


New **mobile payments plans** with more data and certain amount of free Internet roaming in EU

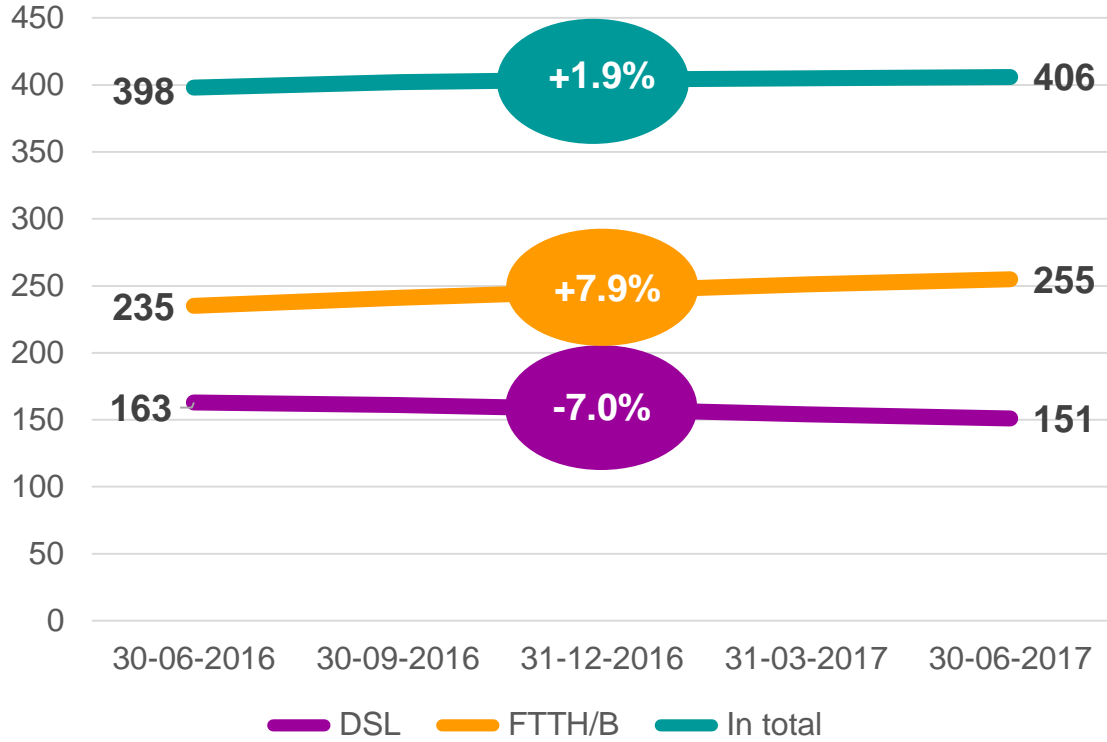


CONTINUOUS GROWTH IN NUMBER OF IPTV AND FTTH USERS

Number of TV service users (thousands)

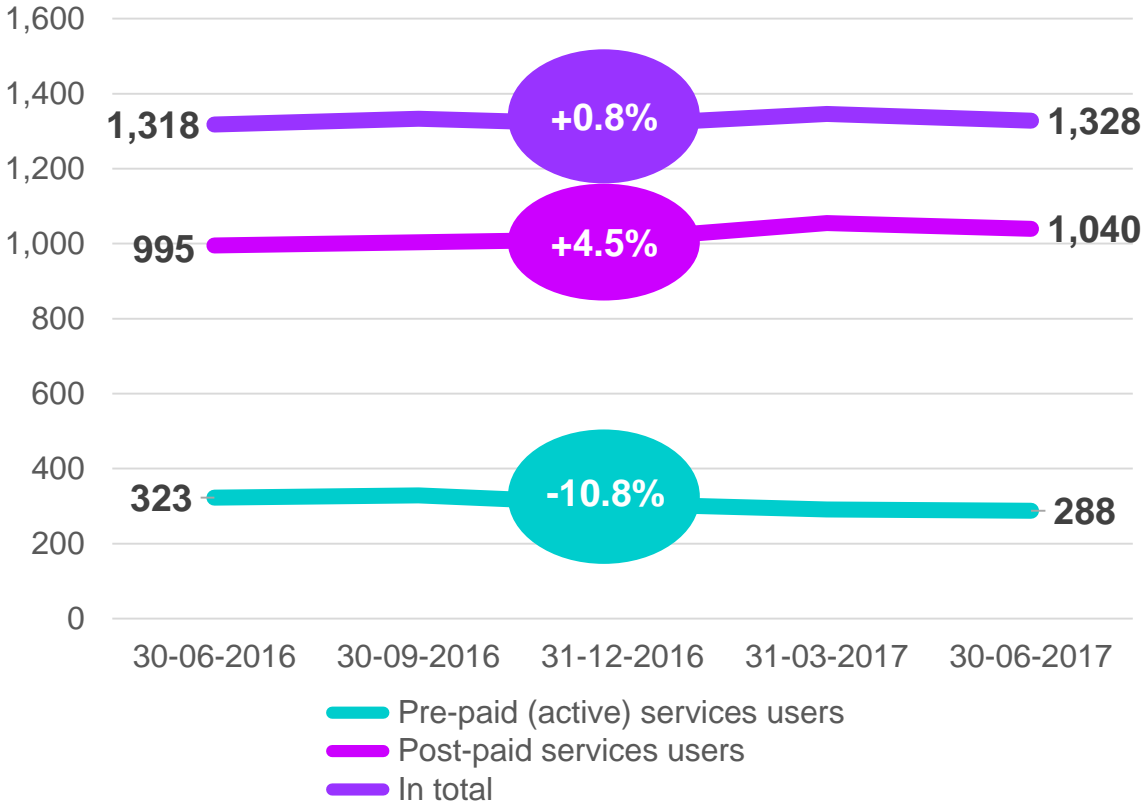


Number of broadband Internet users (thousands)

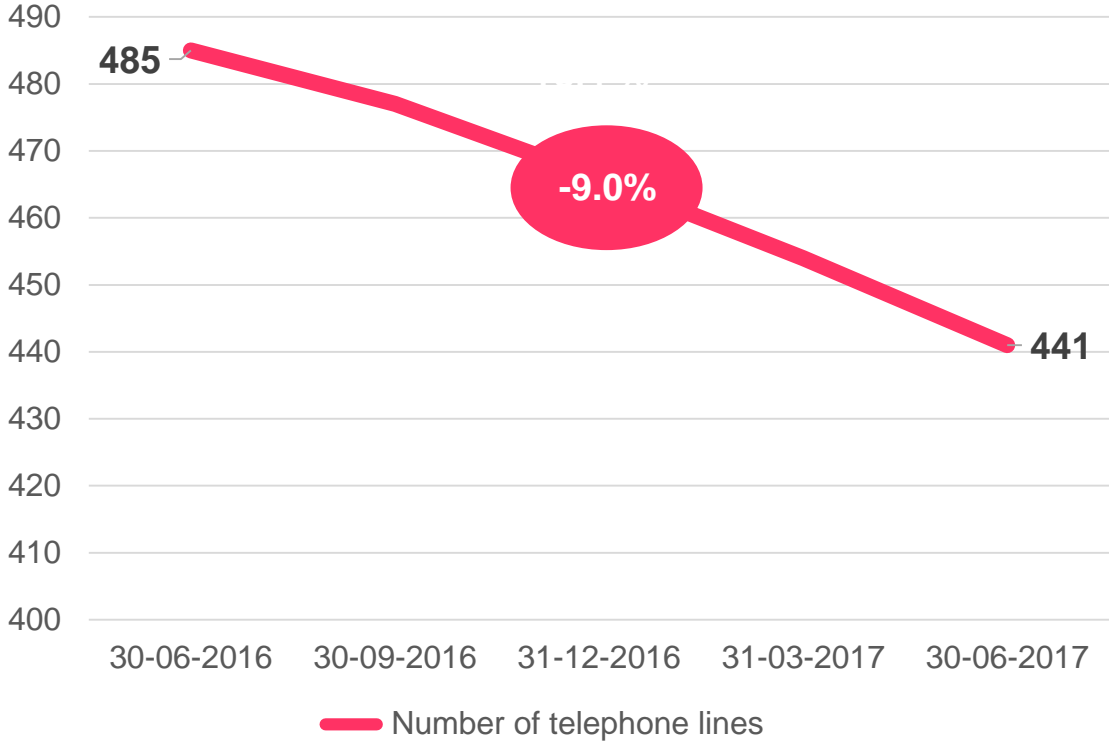


NUMBER OF MOBILE POST-PAID SERVICE USERS IS GROWING

Mobile communication users (thousands)

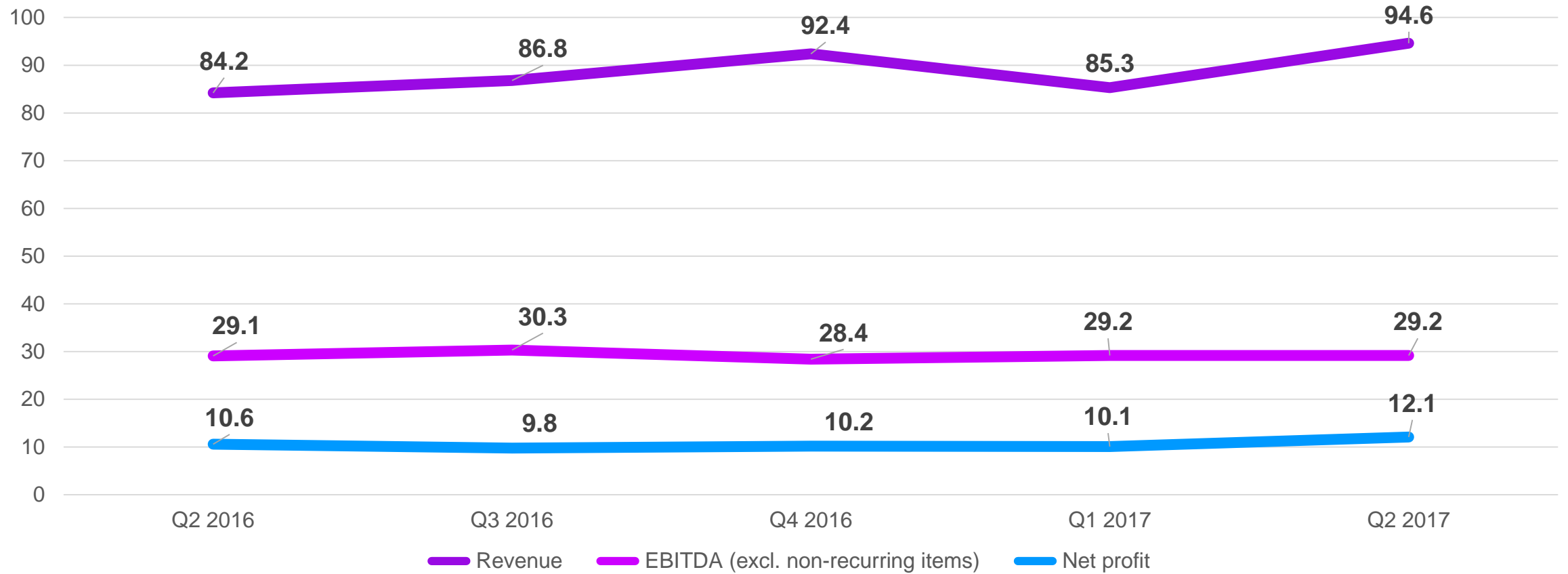


Number of fixed telephone lines (thousands)



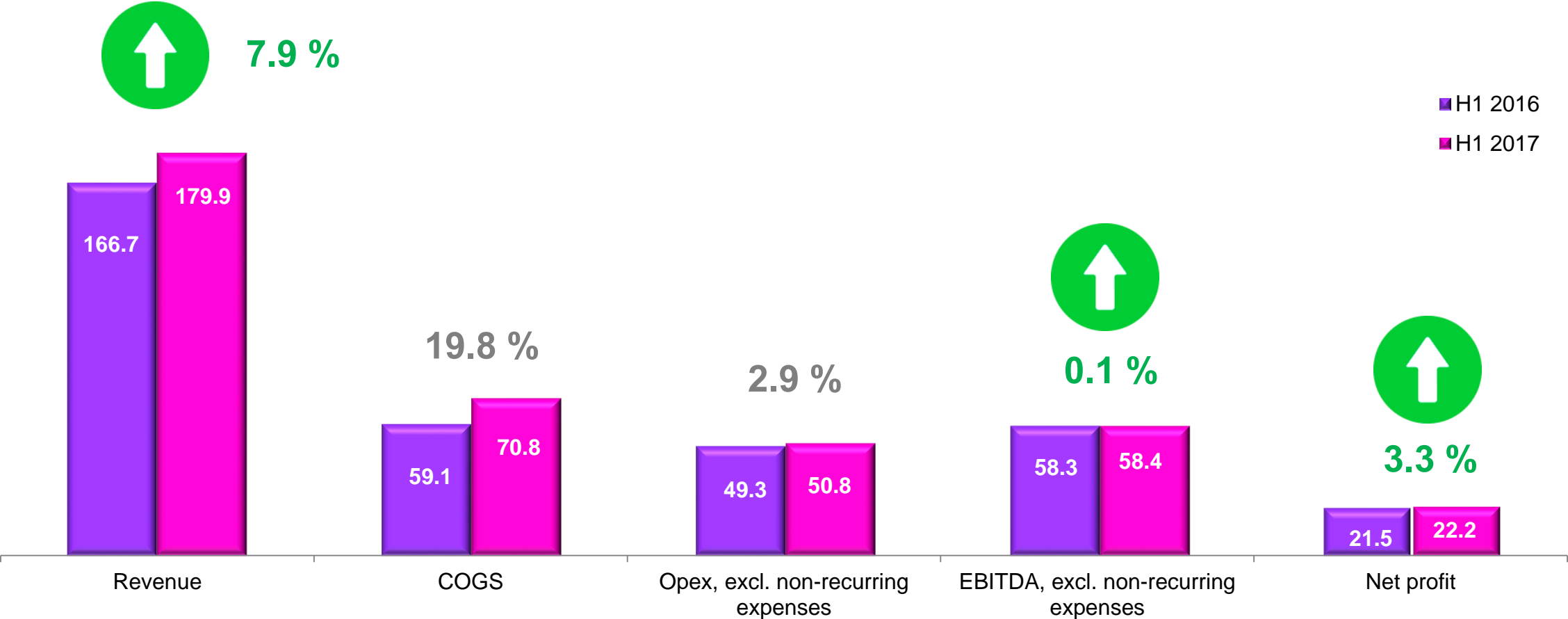
REVENUE, EBITDA & NET PROFIT

(EUR millions)



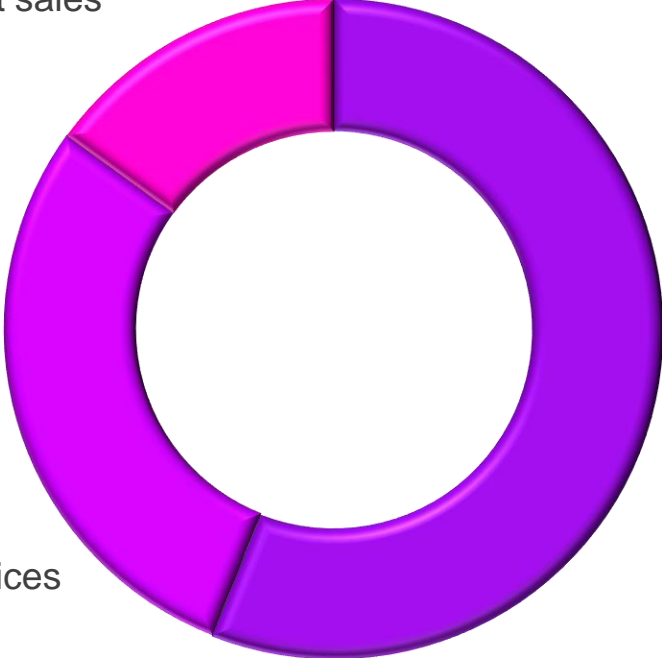
DYNAMICS OF MAIN FINANCIAL INDICATORS

(EUR million)



H1 2017 REVENUE BREAKDOWN

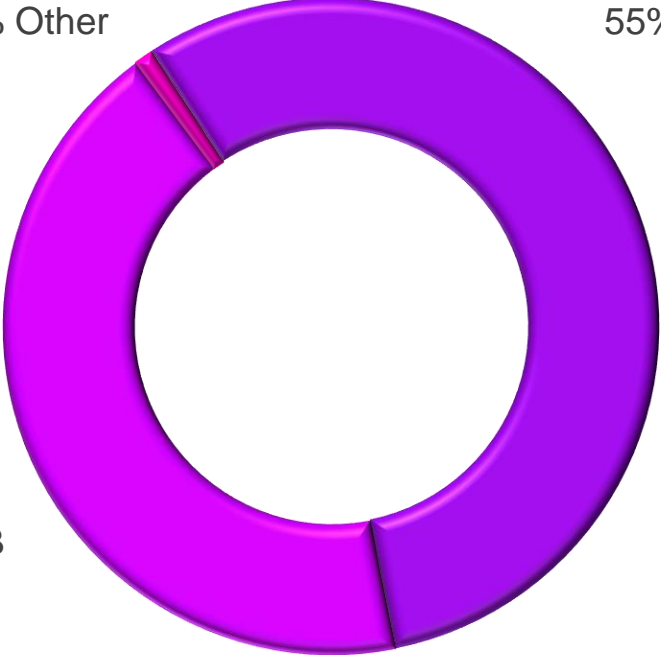
15% Equipment sales



56% Broadband services

29% Mobile services

1% Other



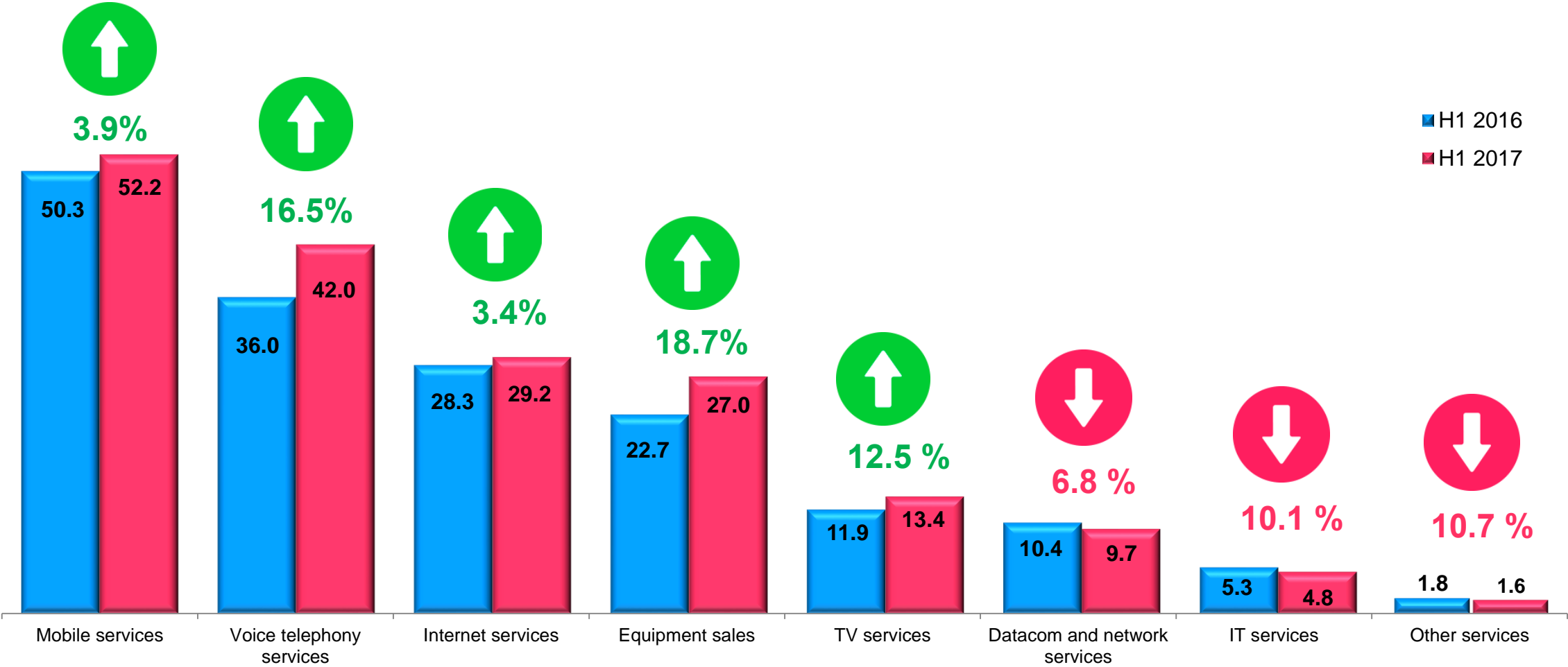
55% B2C

44% B2B

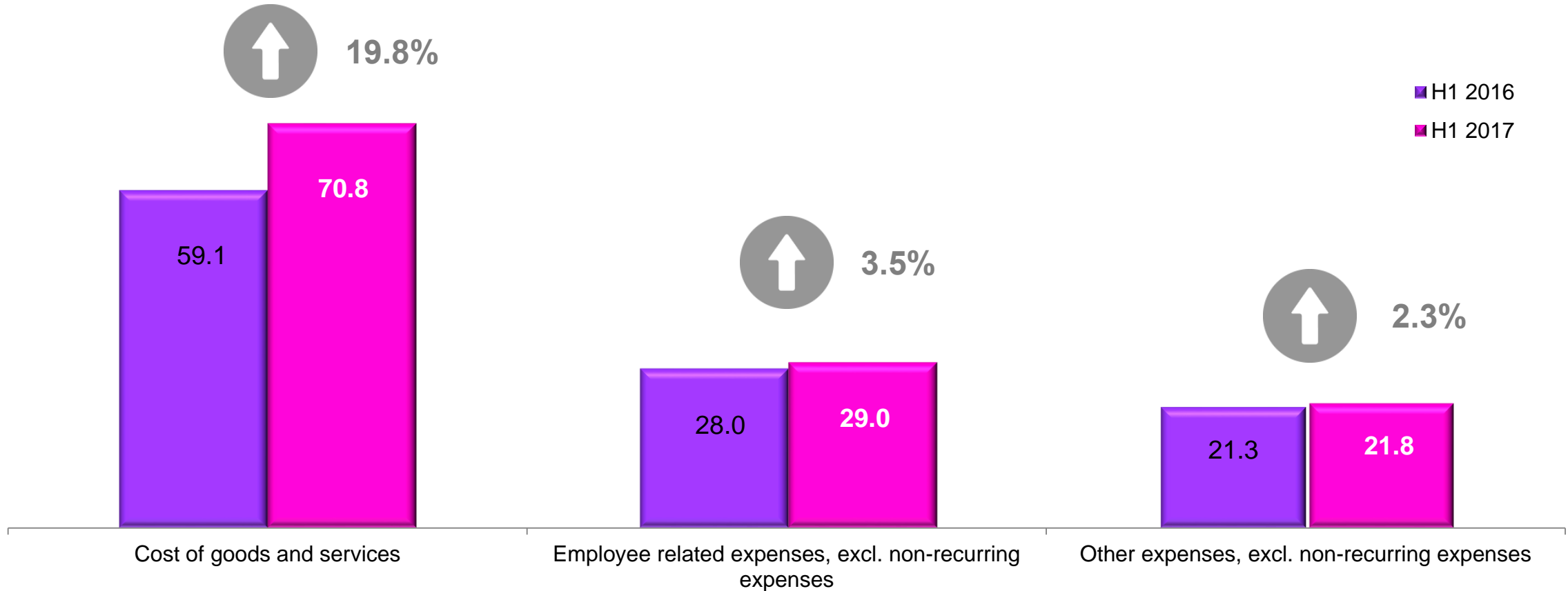


REVENUE BY SERVICES

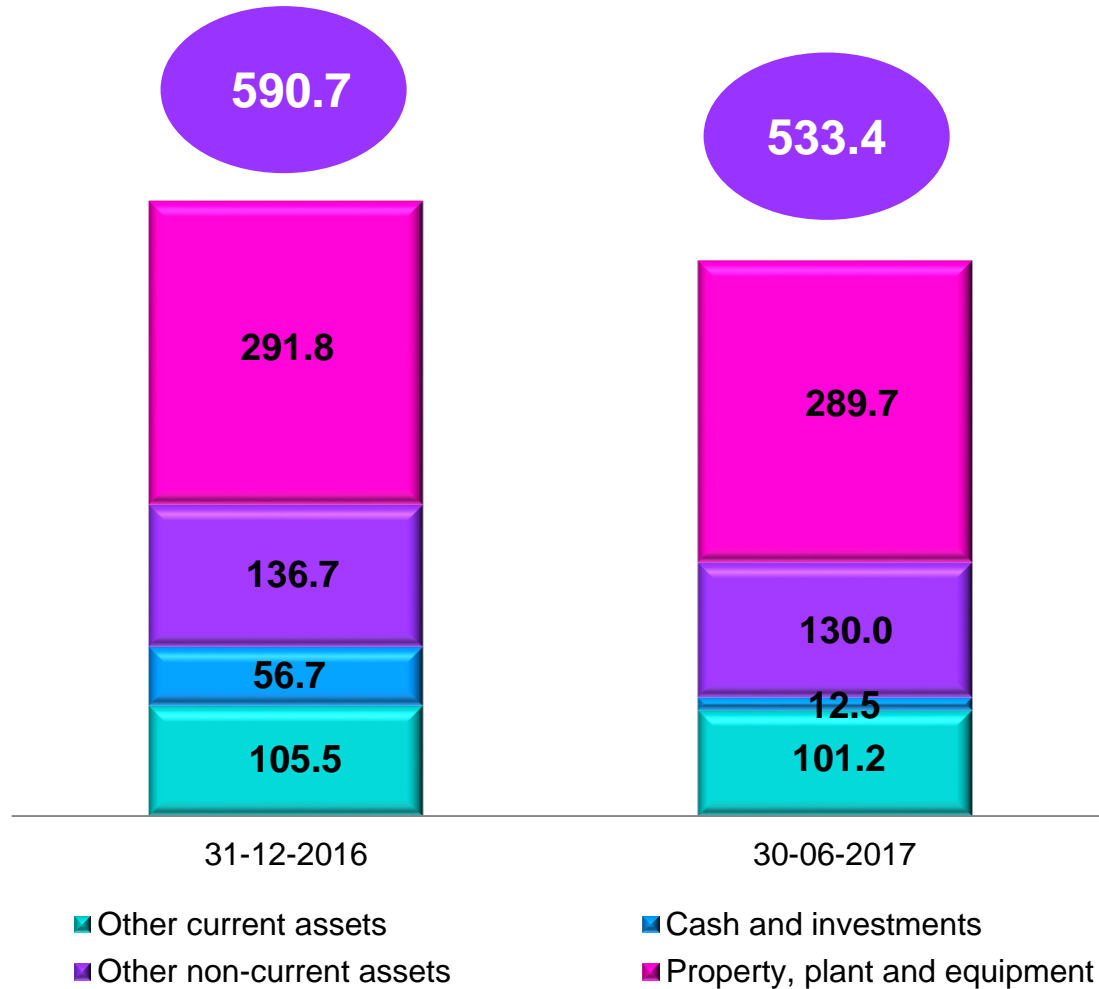
(EUR million)



OPERATING EXPENSES (EUR million)



ASSETS (EUR million)



- During H1 2017, **total assets** decreased by 9.7%
- **Non-current assets** amounted to 78.7% of total assets (30-06-2017)
- **Cash** alone amounted to 2.3%
- **Return on capital employed:** 9.4%
- **Return on average assets:** 8.0%



EQUITY AND LIABILITIES (EUR million)



- Shareholders' **equity** amounted to 51.3% of the total assets (30-06-2017)
- During H1 2017, the Company repaid the 1st and 2nd tranches (in total EUR 37.5 million) of the long-term **loan of EUR 150 million** taken to finance Omnitel acquisition
- In May, the Company signed **EUR 60 million 5 years-term loan** agreement to refinance the loan previously extended by Telia Company to Omnitel
- Total **borrowings** amounted to EUR 184.5 million (30-06-2017)
- **Gearing ration:** 62.5%
- **Debt to equity:** 67.1%
- **Return on equity:** 15.5%
- 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



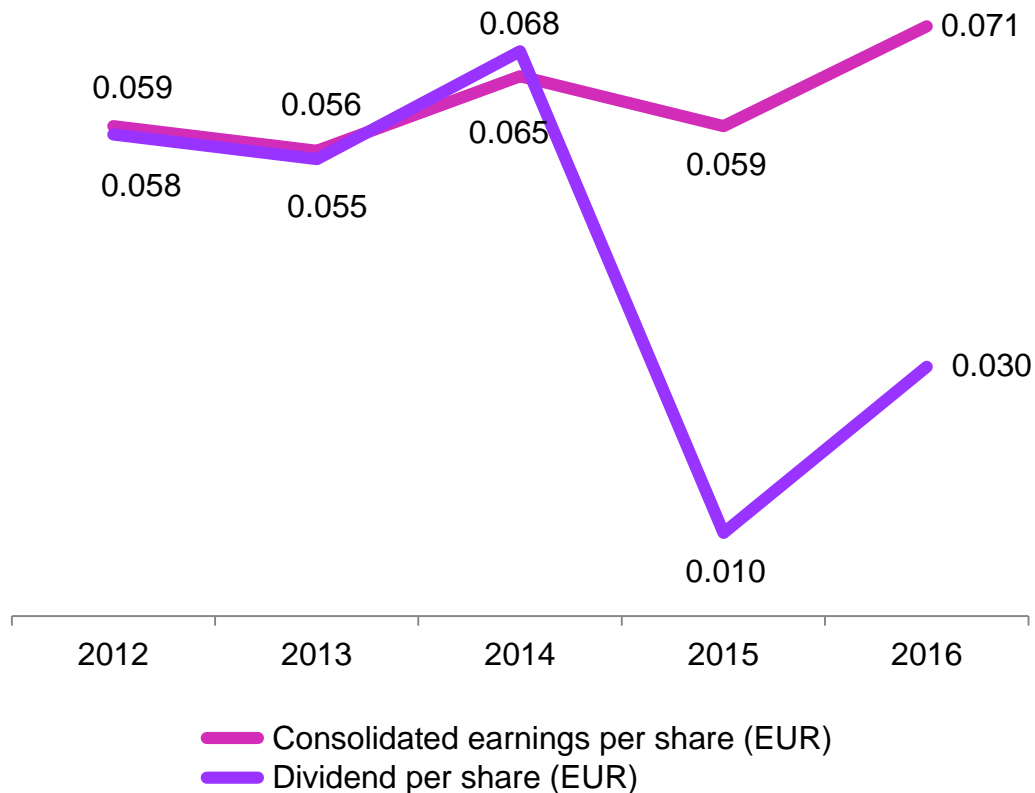
CASH FLOW

| (thousand EUR) | 6 months of 2017 | 6 months of 2016 |
|--|------------------|------------------|
| Net cash from operating activities | 49,525 | 51,683 |
| Net cash used in investing activities | (33,681) | (160,474) |
| Net cash used in financing activities | (59,978) | 129,113 |
| Increase (decrease) in cash and cash equivalents | (44,134) | 20,322 |

- **Free Cash Flow** during H1 2017 was EUR 15.8 million (EUR 20.8 million a year ago)
- **Investments** during H1 2017 amounted to EUR 26.9 million (EUR 23.5 million a year ago)
- EUR 9.4 million invested into expansion of the **fixed network**, EUR 7.8 million – to development of **mobile network** and EUR 8.2 million – into **IT systems**
- In January 2016, the Company took a long-term **loan of EUR 150 million** to finance acquisition of Omnitel, and by the end of June 2017, it had repaid in total EUR 37.5 million
- In May 2017, the Company took a 5-years term **loan of EUR 60 million** from the banks to refinance the loan previously extended by Telia Company to Omnitel



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



SHARES AND SHAREHOLDERS

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 30-06-2017

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

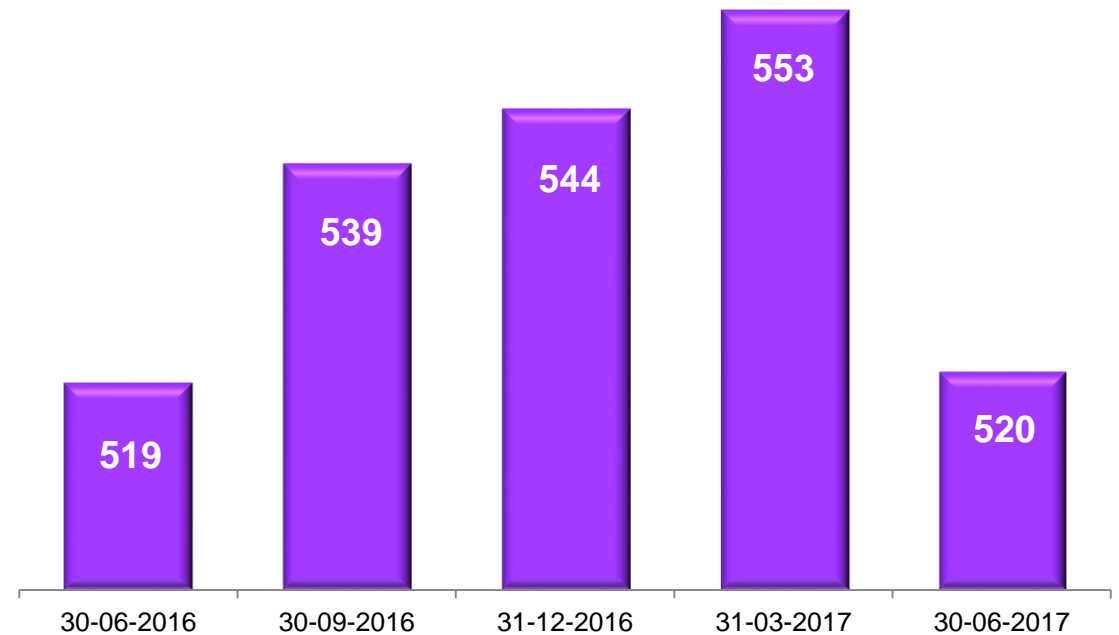


SHARES

- 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-June 2017: 3.7 million of shares or EUR 4 million
- Share **price** on Nasdaq Vilnius:

| | EUR |
|------------|-------|
| 01-01-2017 | 0.933 |
| High | 0.979 |
| Low | 0.888 |
| 30-06-2017 | 0.893 |

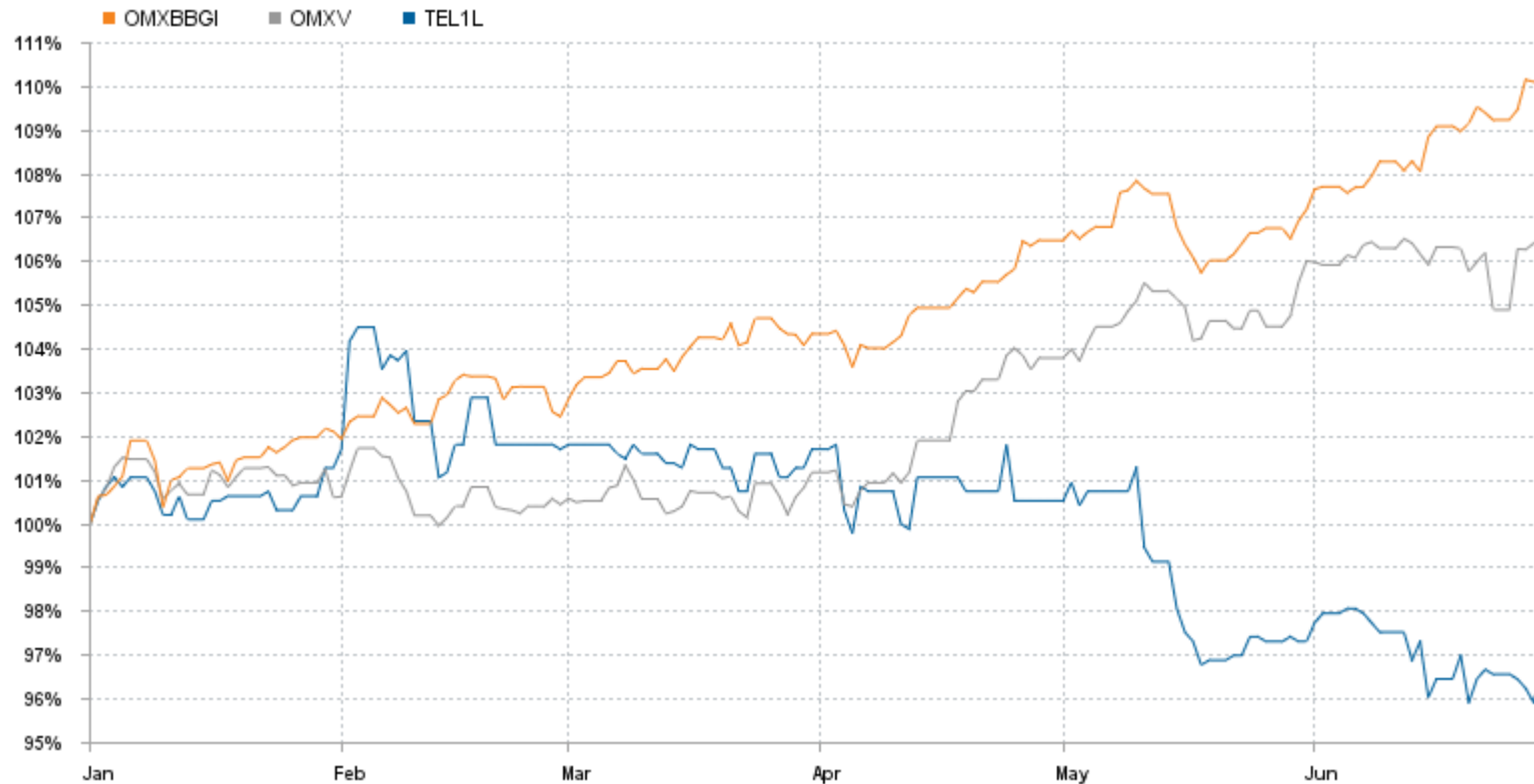
Market capitalization (EUR million)



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 features a series of overlapping, wavy bands of color. From top to bottom, the colors are: a dark purple band, a medium purple band, a light yellow band, a bright orange band, and a teal band in the bottom right corner.

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



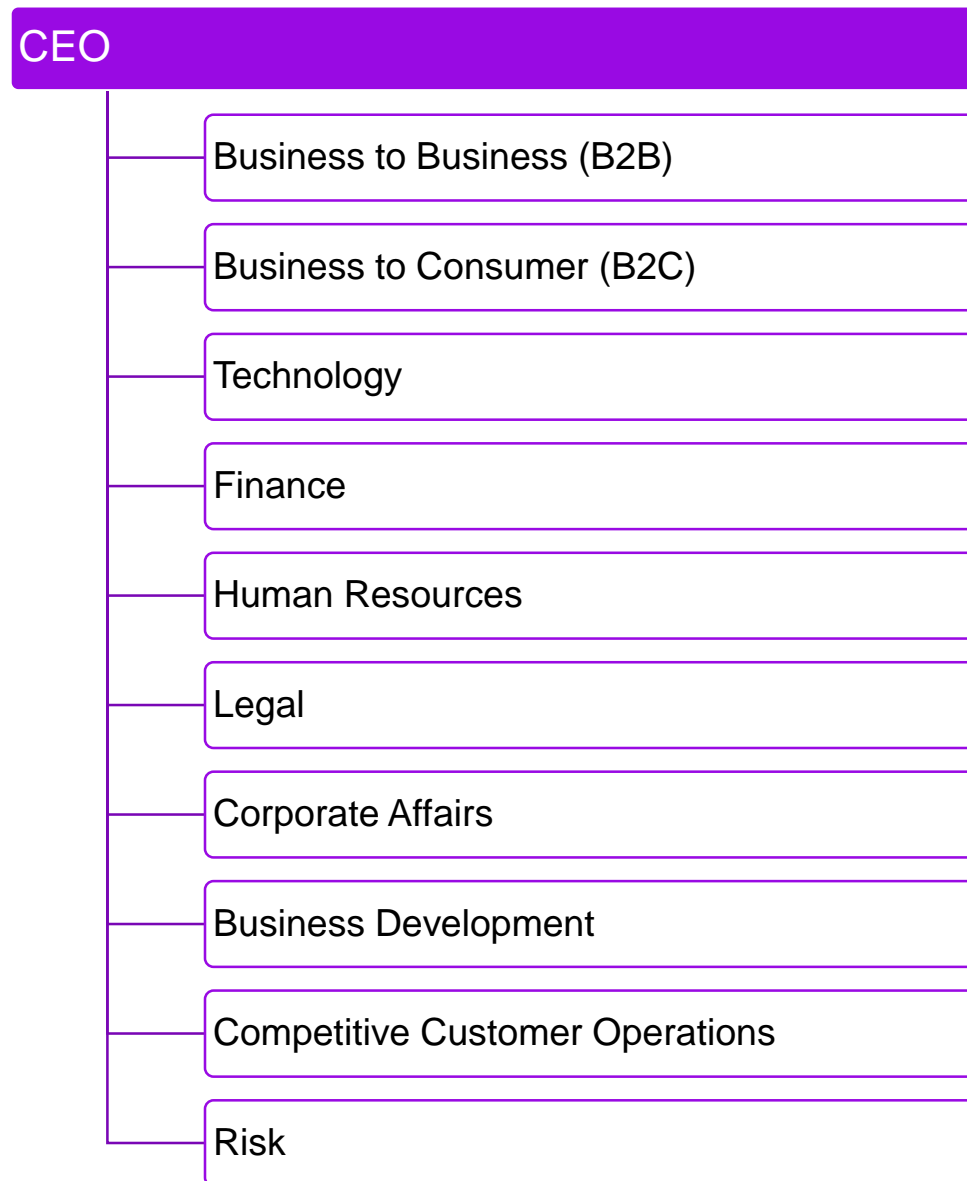
Rolandas Viršilas (born in 1963)
Independent member of the Board,
Member of the Remuneration
Committee

- 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 1 JANUARY 2016



MANAGEMENT TEAM



In April 2017,
Mindaugas Ubartas
became Head of B2B

On the picture from the left to the right:

Laimonas Devyžis, Head of Finance, **Giedrė Kaminskaitė-Salters**, Head of Legal, **Mantas Goštautas**, Head of Business Development, **Kęstutis Šliužas**, CEO, **Andrius Šemeškevičius**, Head of Technology (owns 8,761 shares of Telia Lietuva), **Ramūnas Bagdonas**, Head of Human Resources, **Vytautas Bučinskas**, Head of Risk, **Audronė Mažeikaitė**, Head of Corporate Affairs, **Andrius Byčkovas**, Head of Competitive Customer Operations, **Norbertas Žioba**, Head of B2C (owns 3,601 shares of Telia Lietuva)



RESPONSIBLE BUSINESS



Anti-bribery and corruption



Freedom of expression



Customer privacy



Occupational health and safety



Responsible procurement



Environmental responsibility



Children online





Telia

#VISAKOTINKLAS