



The story of two companies' integration

Telia Lietuva Group results for the year 2016





**Teo acquired a 100%
stake in Omnitel and
started integration of
two companies**

TEO & OMNITEL INTEGRATION JOURNEY



Announcement of plans to acquire Omnitel

Formation of a joint management team



Introduction of the Telia brand internally



Completion of employees' relocation

Unified customers' search



The first joint Telia summer event



Purple Boost

2015
10

2015
11

2015
12

2016
01

2016
02

2016
03

2016
04

2016
05

2016
06

2016
07

2016
08

2016
09

Opening of the first joint showroom



Acquisition of Omnitel shares; unification of the companies' management structures

Identification of priority projects; alignment of regional boundaries

Teo shareholders approved the preparation of Terms of Merger

Omnitel & BDC changed their legal form into AB; Terms of Merger announced

One B2B account manager

70 outlets integration





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



**Telia Lietuva – #visakotinklas –
provides telecommunication, IT and TV services
in Lithuania from a single source**

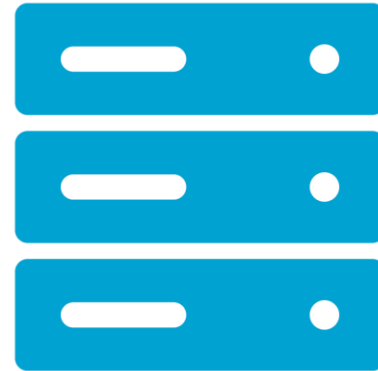
TELIA LIETUVA IS –



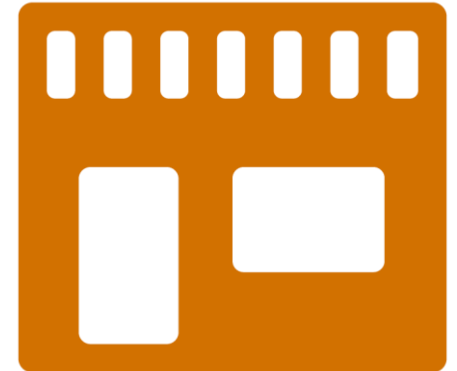
Wide range of
services



The most developed
networks



Modern data
centres



Everything from a
single source



TELIA LIETUVA IS –



Customer care
24/7/365



IT Management and
Information Security
Management ISO
certificates



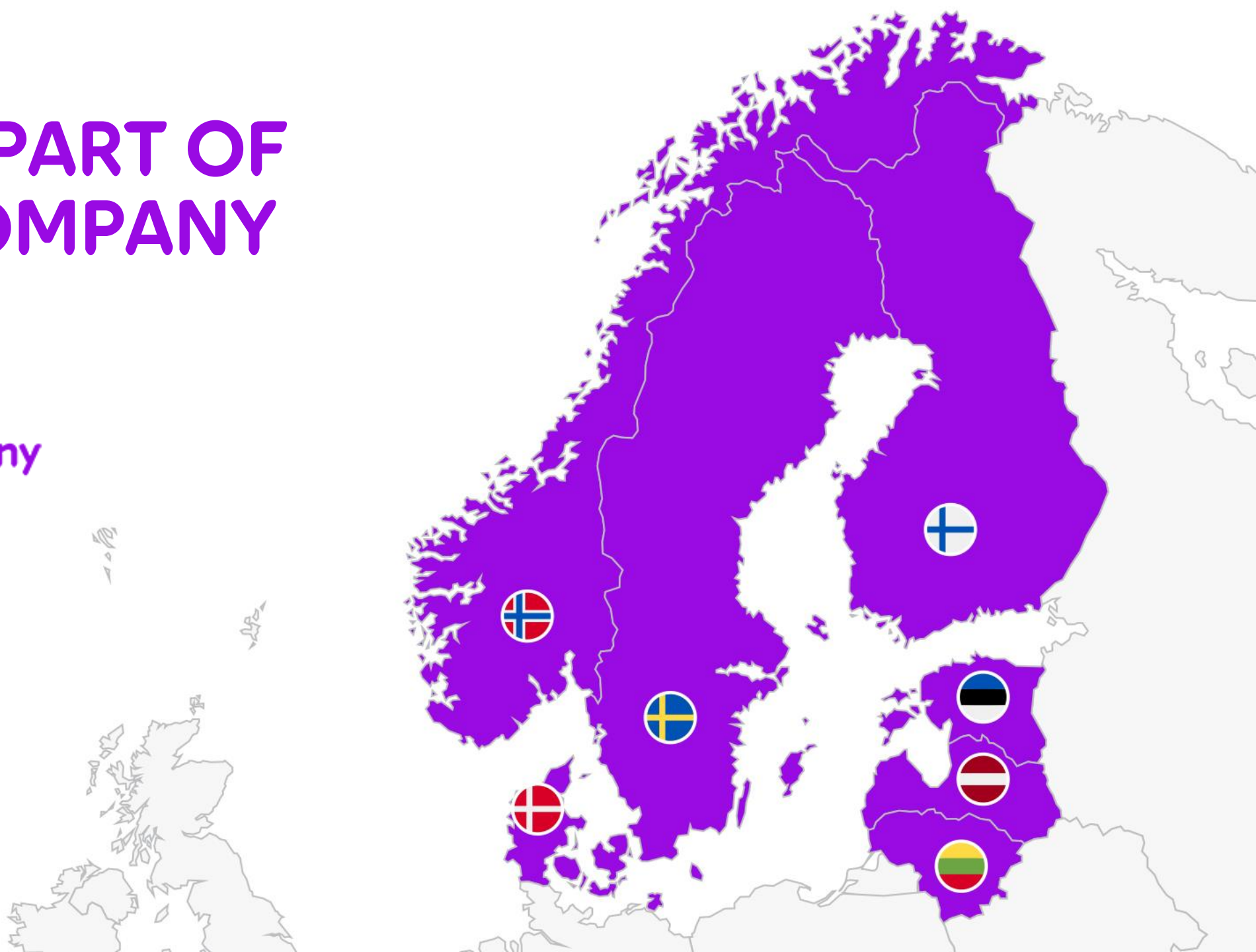
Team of more than
3,000 professionals



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

100%

Telia Customer
Service LT, UAB

Contact Center

100%

UAB Verslo
Investicijos

Investment project

100%

UAB
Kompetencijų
Ugdymo Centras

Dormant subsidiary

50%

VšĮ Numerio
Perkėlimas

Administration of data
base for number
portability

- On 1 February 2017, subsidiaries **AB Omnitel** and **AB Baltic Data Center** were merged into **TEO LT, AB** and TEO LT, AB changed the name into **Telia Lietuva, AB**, while subsidiary UAB Lintel changed to **Telia Customer Service LT, UAB**.



WIDE RANGE OF SERVICES



THE BEST DEVELOPED NETWORK



70%

of households are
home passed
by FTTH network

4G

99%

of populated territory is
covered by 4G network



8

data centers



IMPLEMENTING THE LATEST TECHNOLOGIES



756.1 Mbps

speed in 4.5G mobile network



The first

VoLTE call in Lithuania

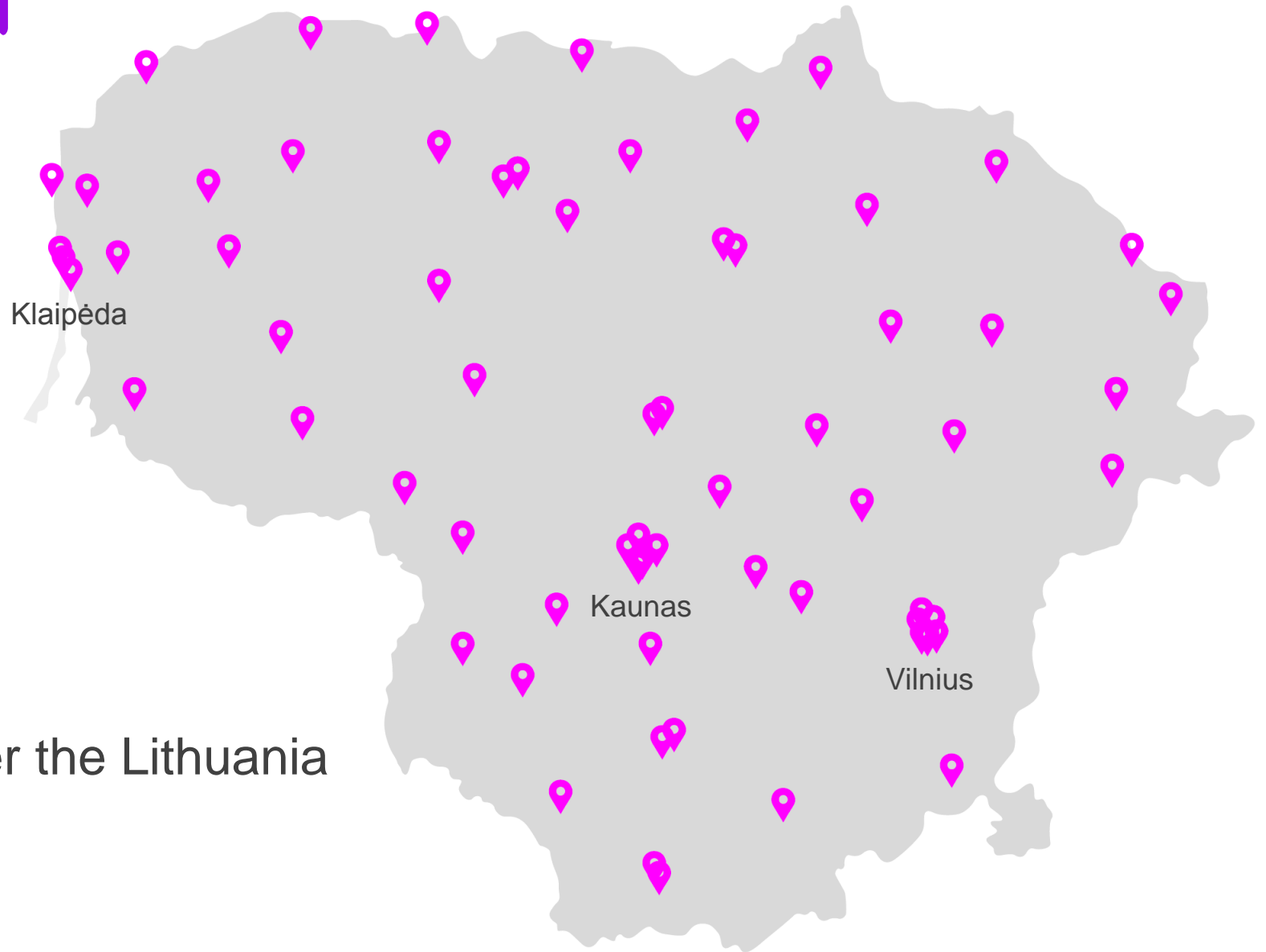
5G

Technology

is tested in Sweden by
Telia Company



ALL SERVICES FROM A SINGLE SOURCE



70 retail outlets all over the Lithuania



OPERATING FIGURES



2.1%

1,458

thousand of
mobile service users



6.9%

466

thousand of
fixed telephone lines
in service



3.4%

404

thousand of
broadband Internet
connections



8.1%

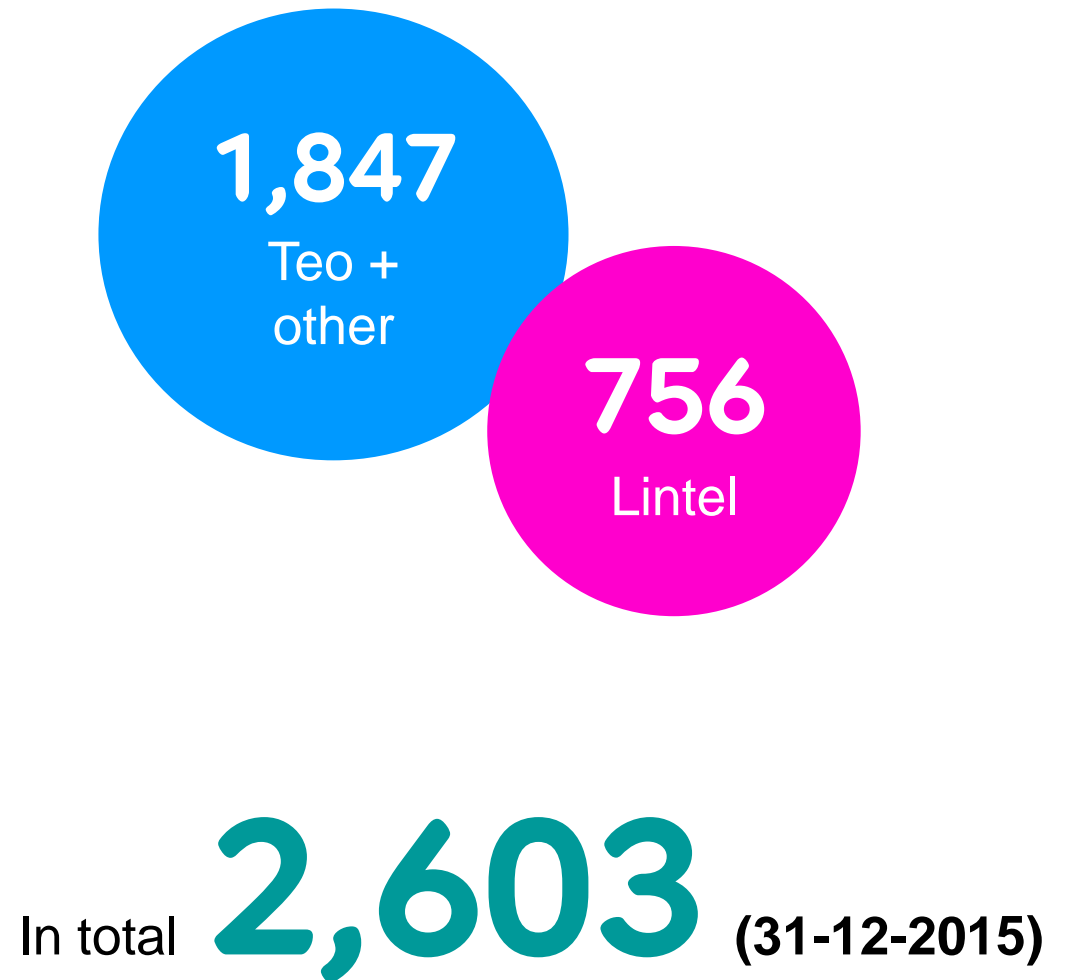
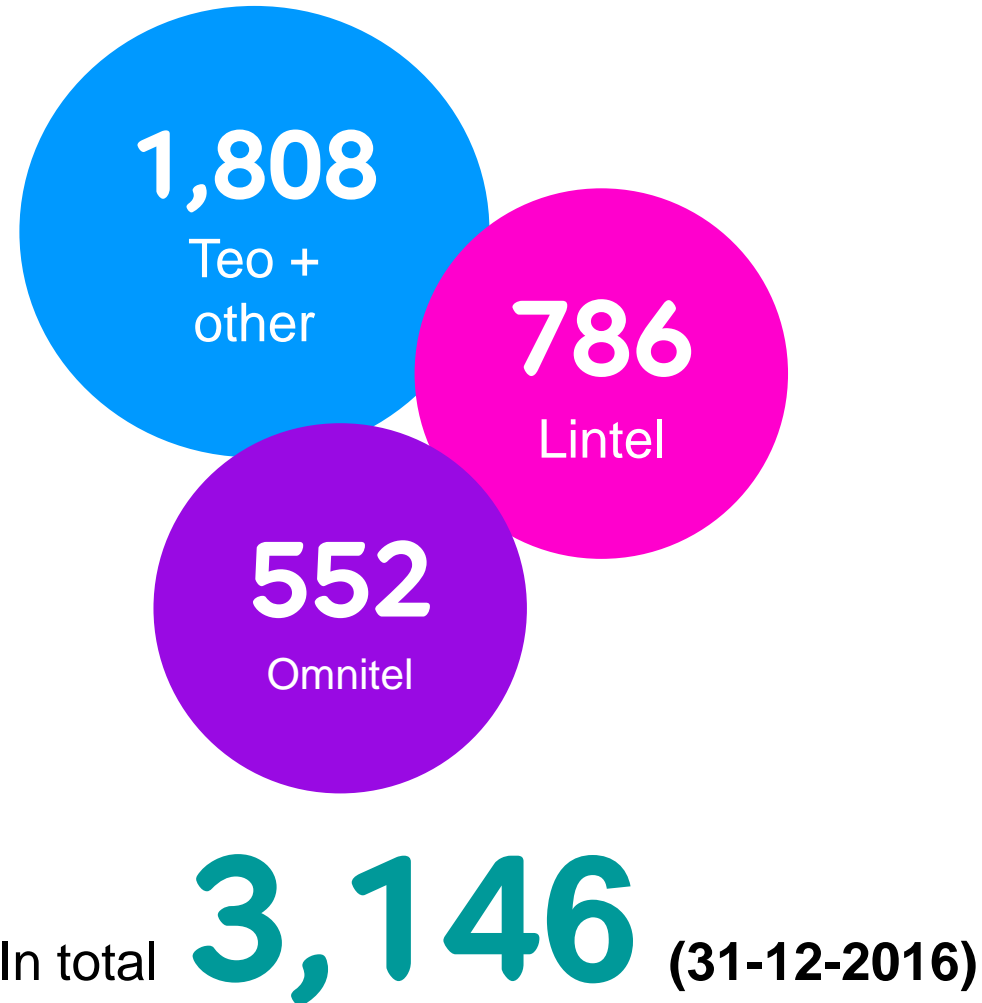
229

thousand of
TV service users

Data as of 31-12-2016 and change (y-o-y)



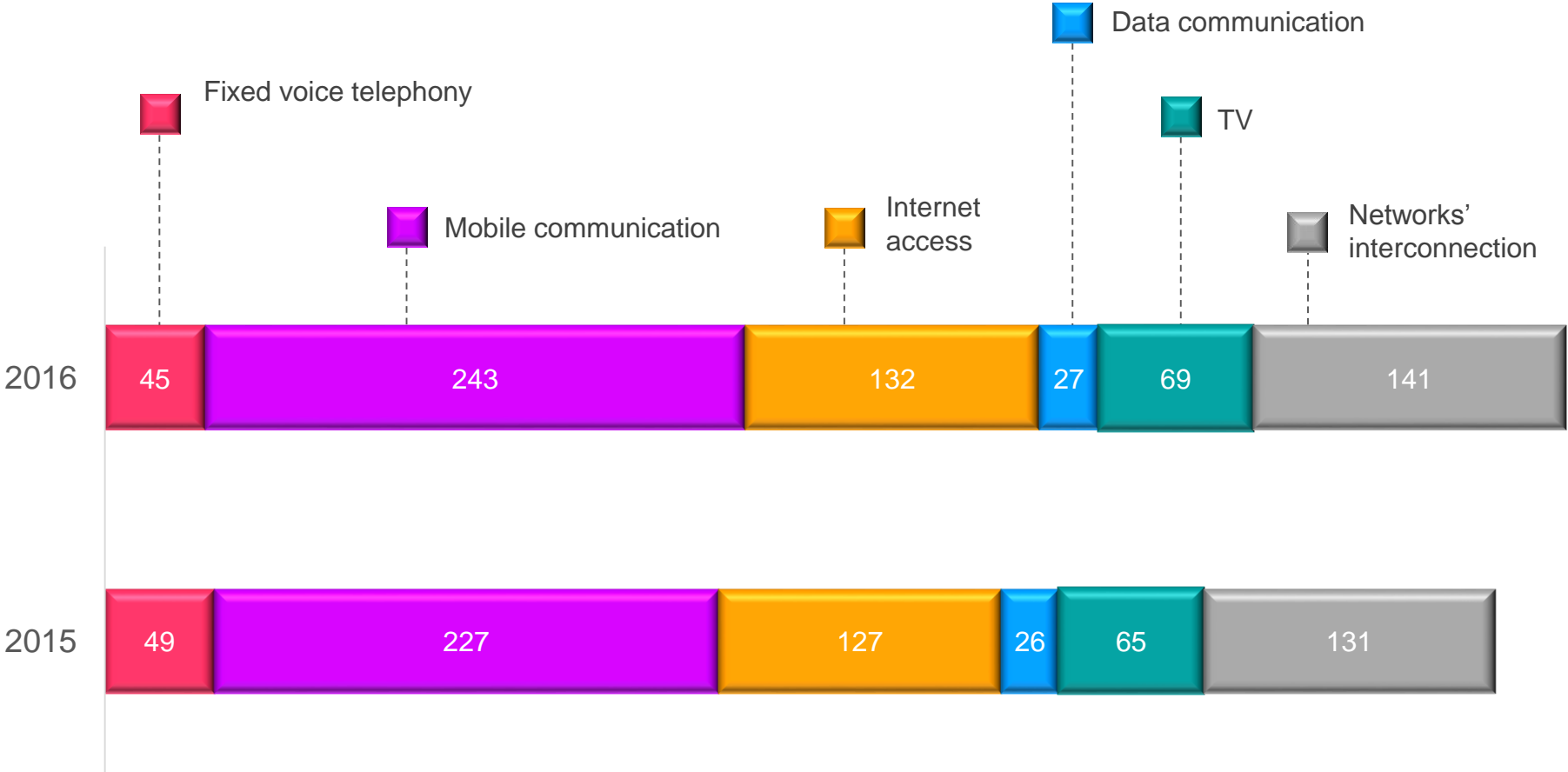
NUMBER OF EMPLOYEES



ELECTRONIC COMMUNICATIONS MARKET OF LITHUANIA

WE ARE OPERATING IN GROWING TELCO MARKET

(EUR MILLION)



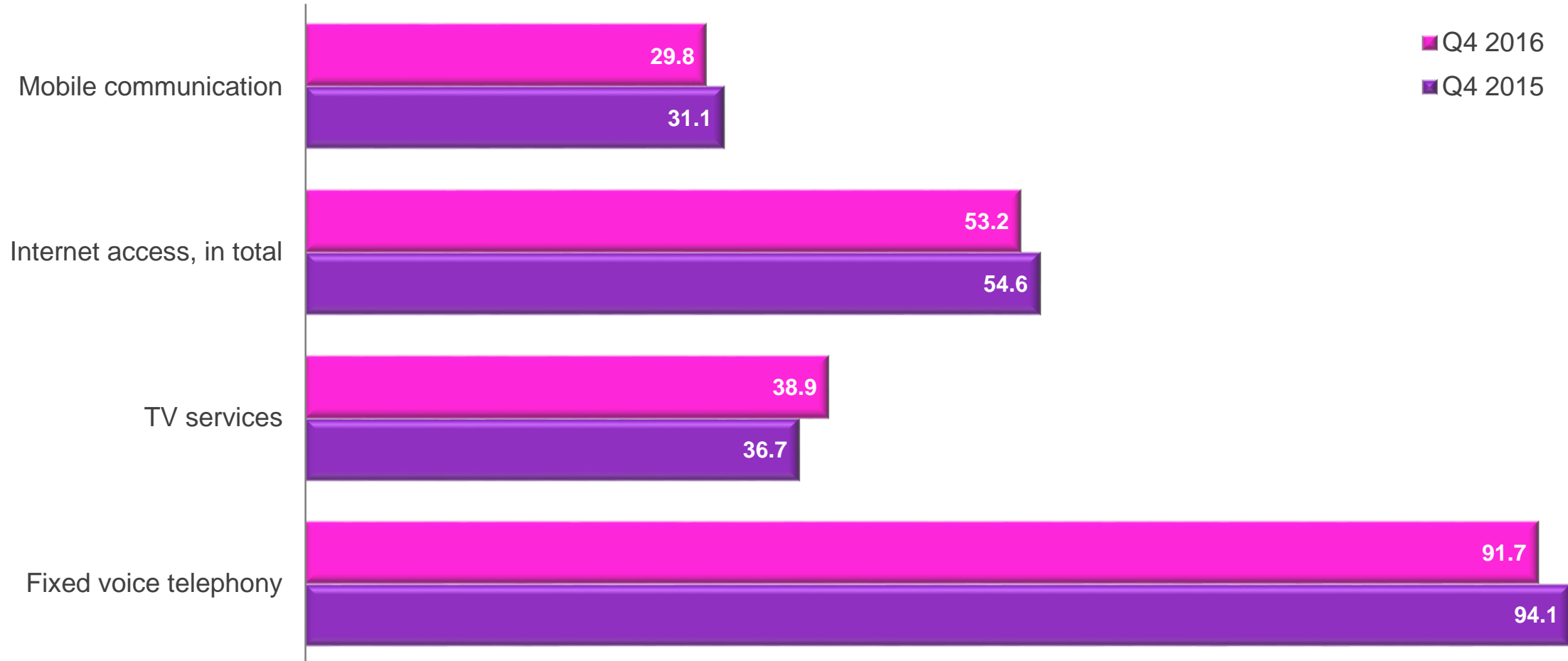
+4.8%

Source: Report of the Communications Regulatory Authority



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

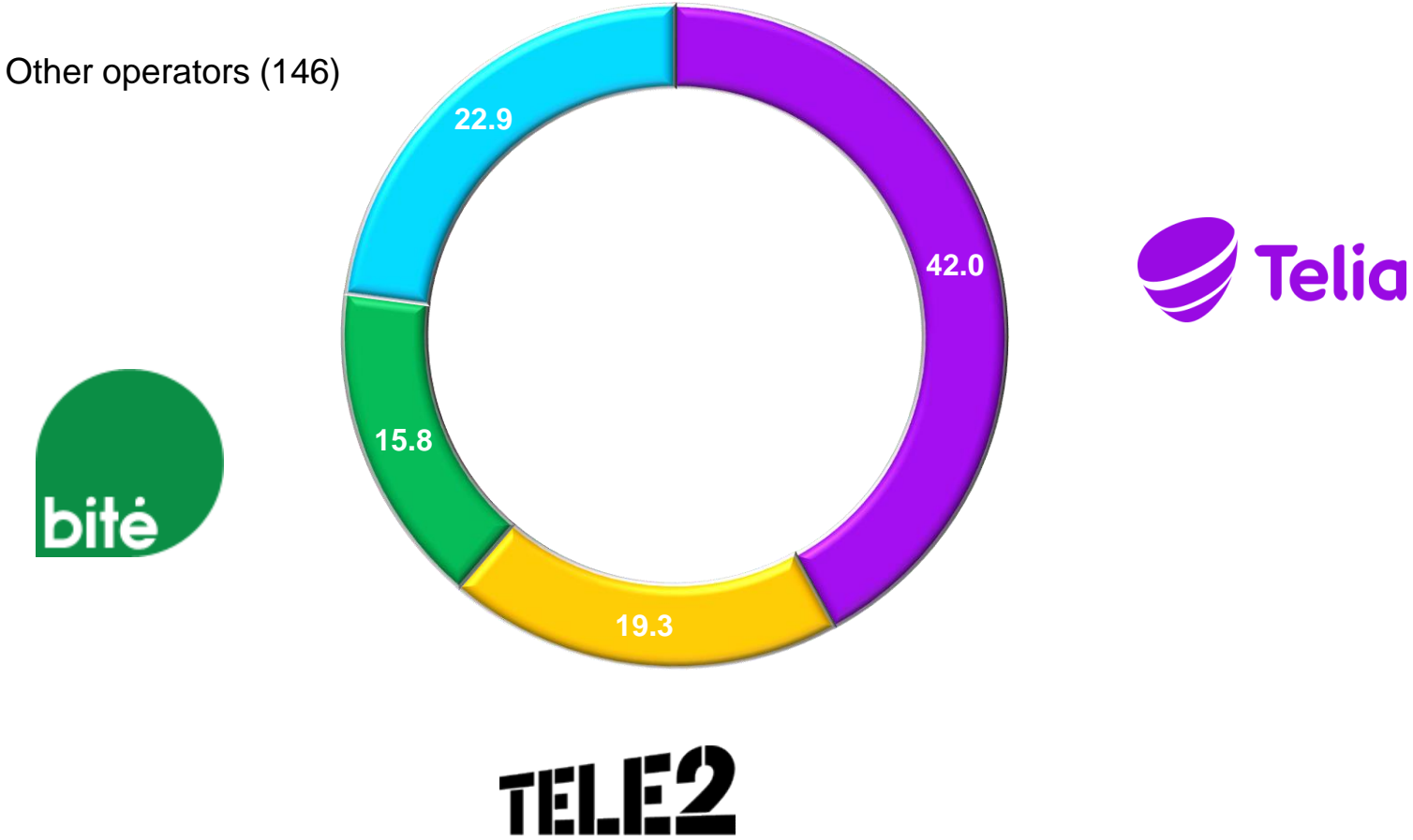
Teo + Omnitel market shares in terms of revenue (%)



Source: Report of the Communications Regulatory Authority



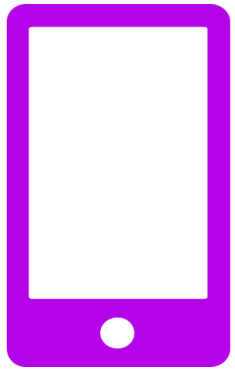
BREAKDOWN OF THE TELECOMMUNICATIONS MARKET REVENUE IN 2016 BY OPERATORS



Source: Report of the Communications Regulatory Authority



FAST GROWING USAGE OF DATA



1.8%

Reviving usage of **mobile voice** services

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



2 times

Increased usage of **mobile data**

(uploaded/downloaded **22.2 thousand TB** of data per quarter)



14.5%

Growing number of **IPTV users**

(accounts for **29%** of all pay-TV service users)



MARKET PENETRATION PER 100 INHABITANTS



147.6

mobile communications
subscribers



18.3

fixed telephony lines



44.7

broadband Internet
access



55.6

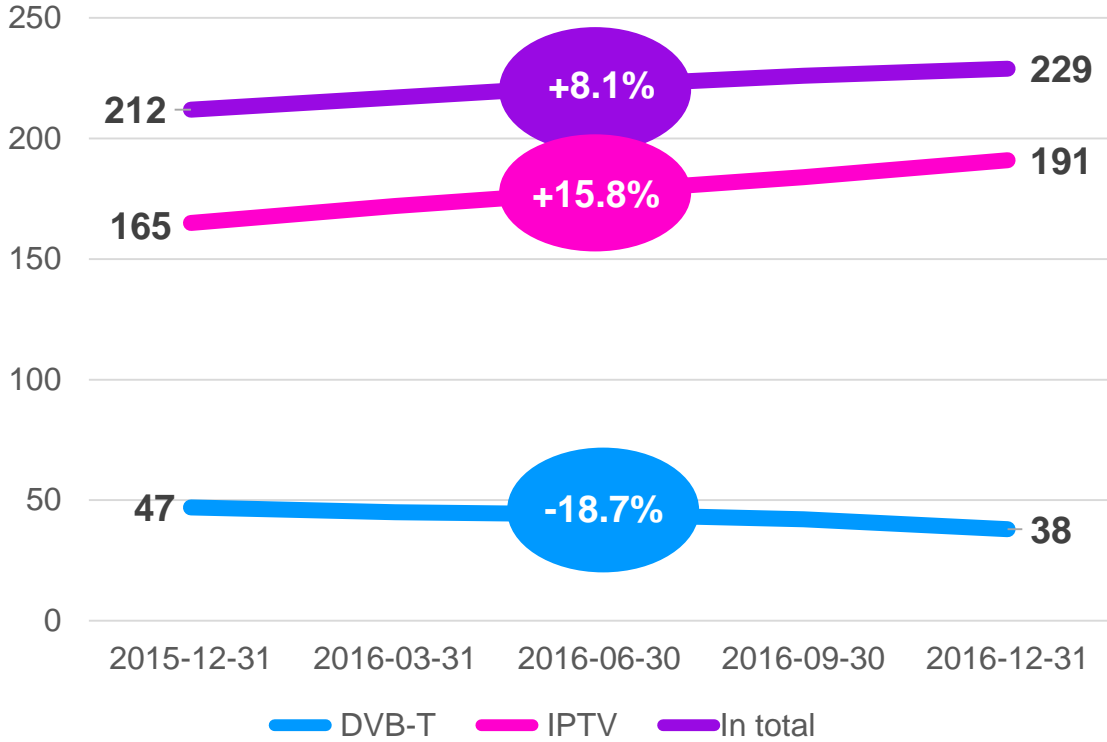
pay-TV subscribers
(households)



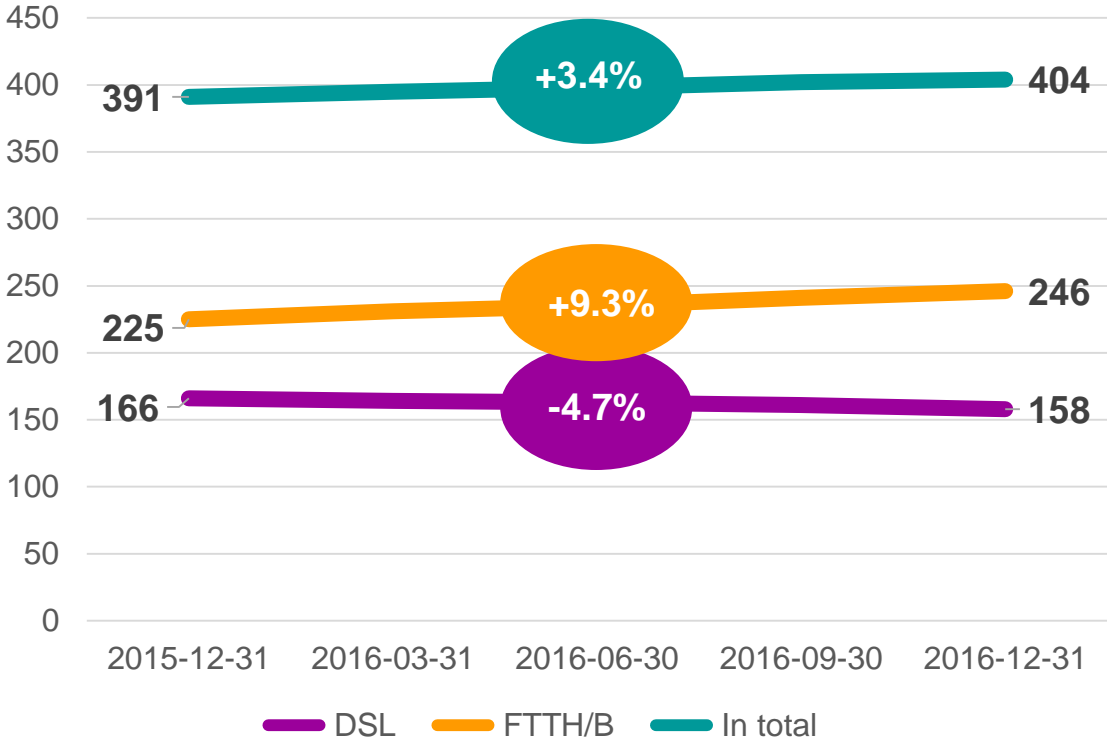
OPERATING AND FINANCIAL RESULTS

THE FASTEST GROWTH IN NUMBER OF IPTV AND FTTH USERS

Number of TV service users (thousands)

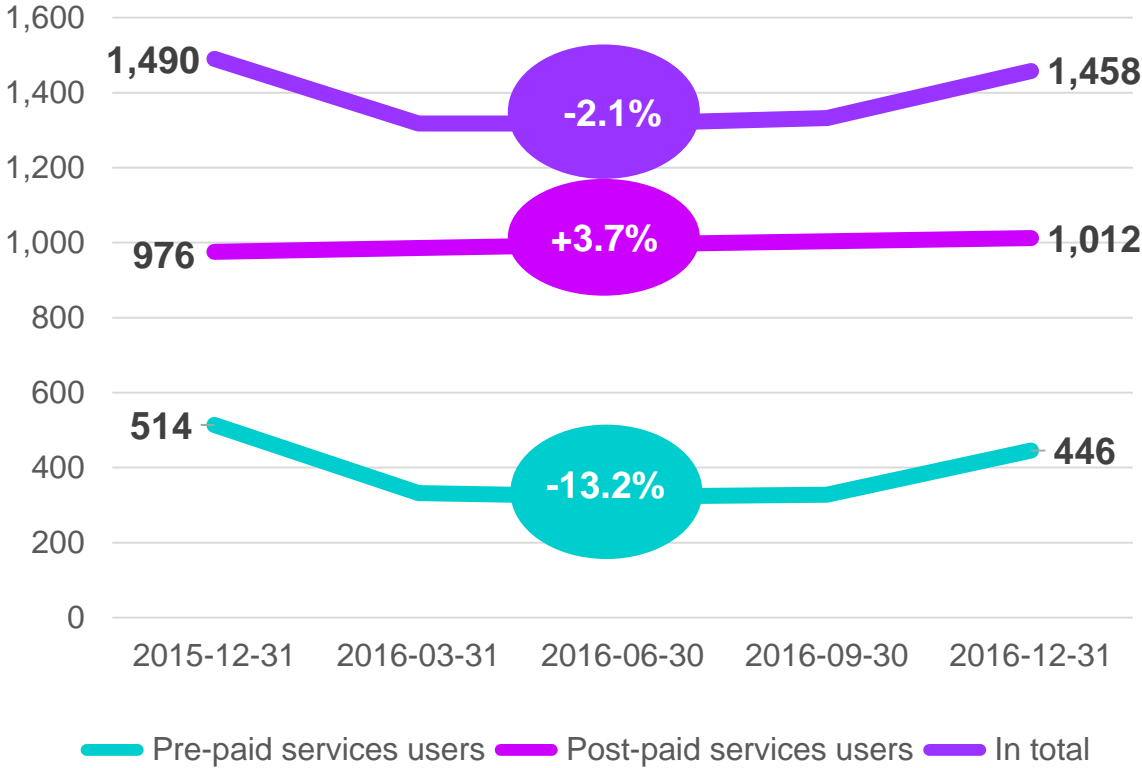


Number of broadband internet users (thousands)

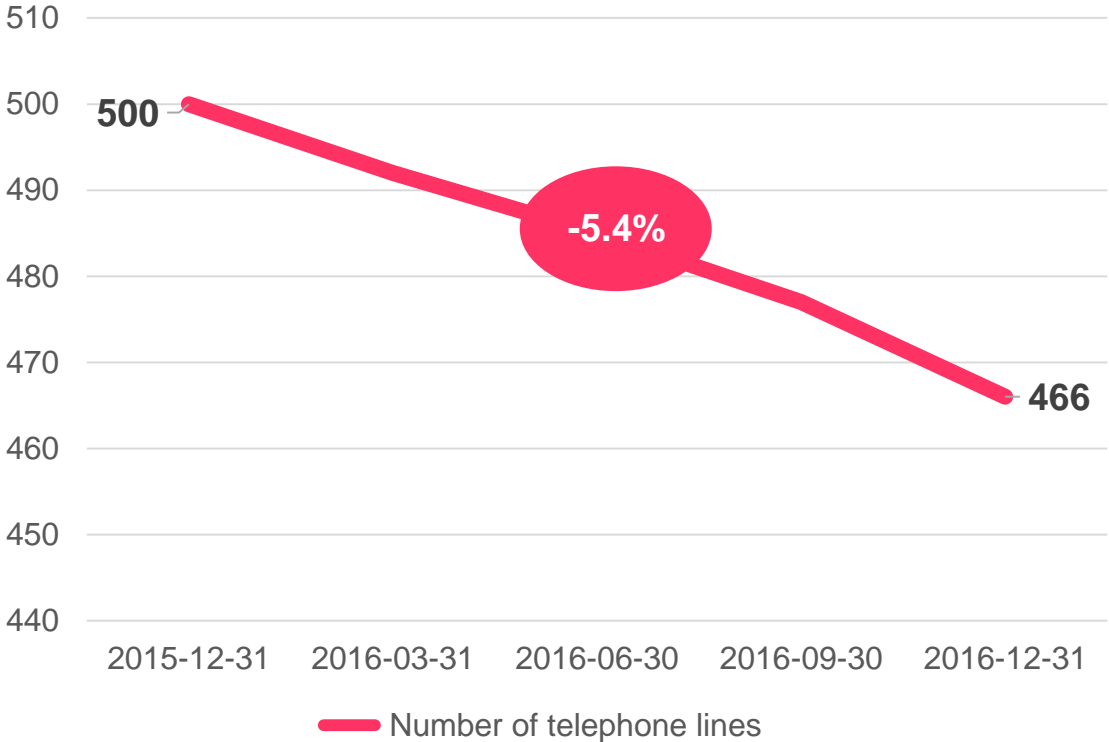


NUMBER OF MOBILE POST-PAID SERVICE USERS IS GROWING

Mobile communication users (thousands)

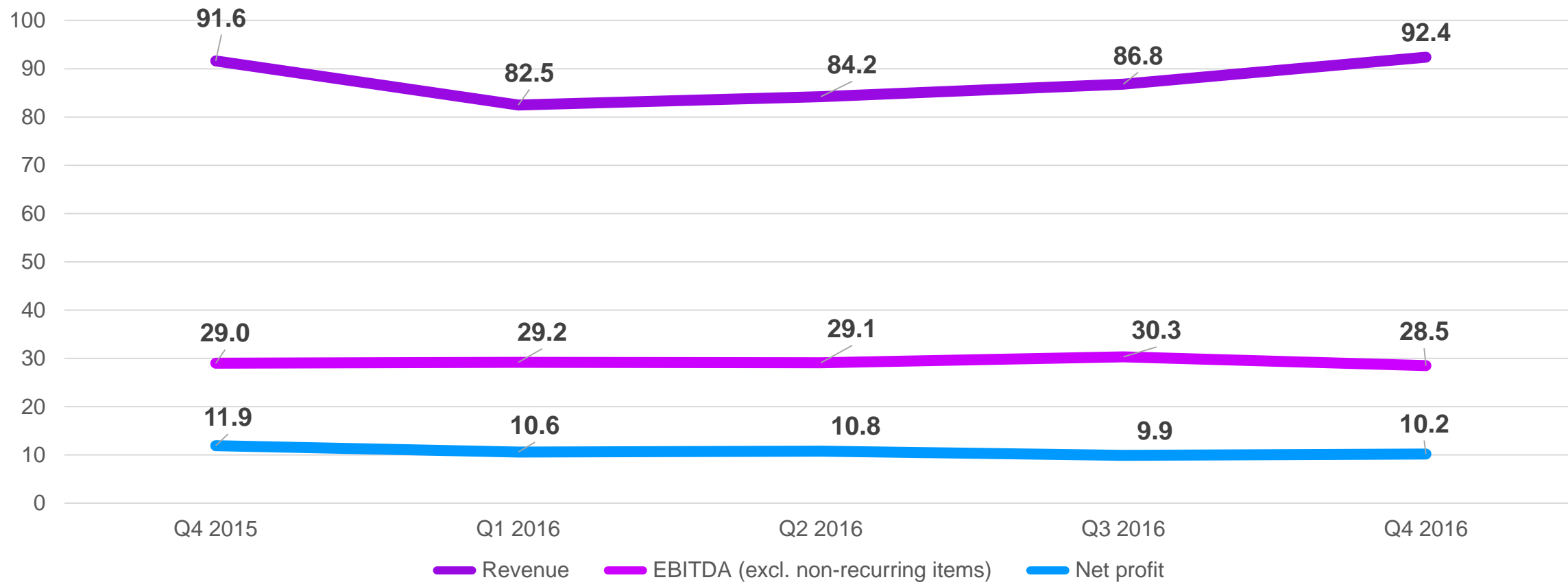


Number of fixed telephone lines (thousands)



REVENUE, EBITDA & NET PROFIT

(EUR millions)

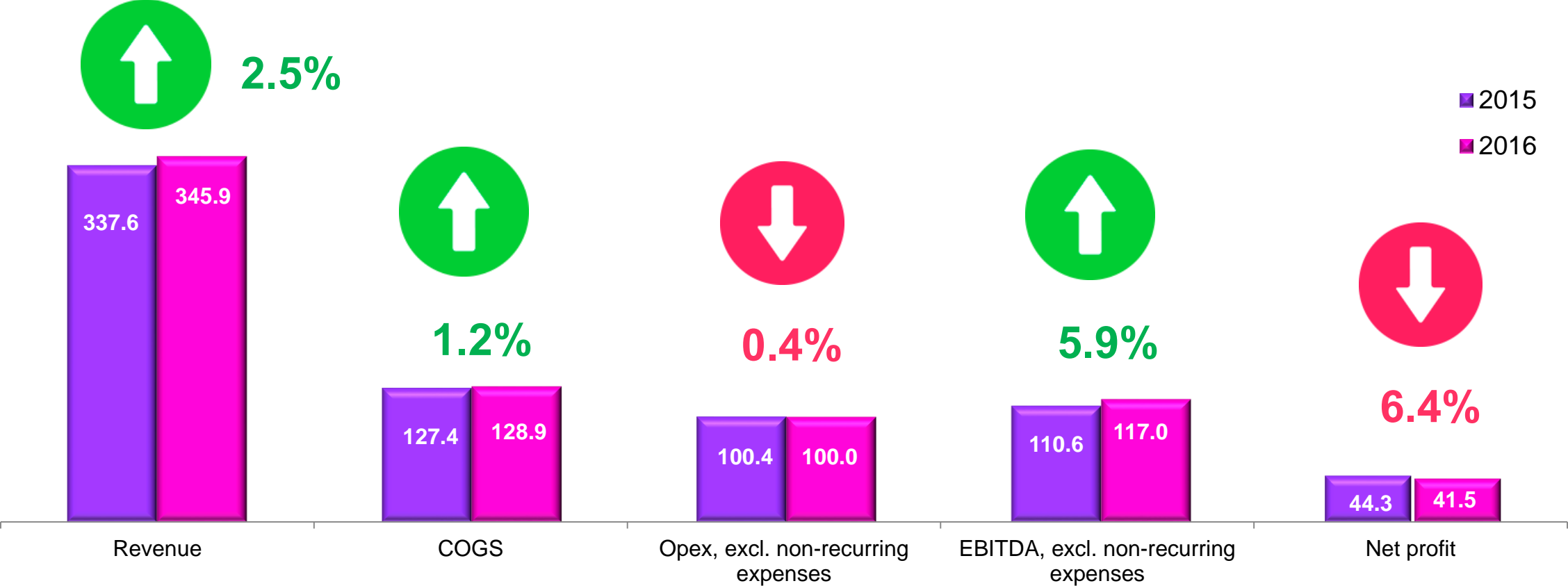


Note. The comparable combined data for 2015 is a data combined by simple aggregation after elimination of intragroup transactions as if Omnitel was the then a part of Teo Group.



DYNAMICS OF MAIN FINANCIAL INDICATORS

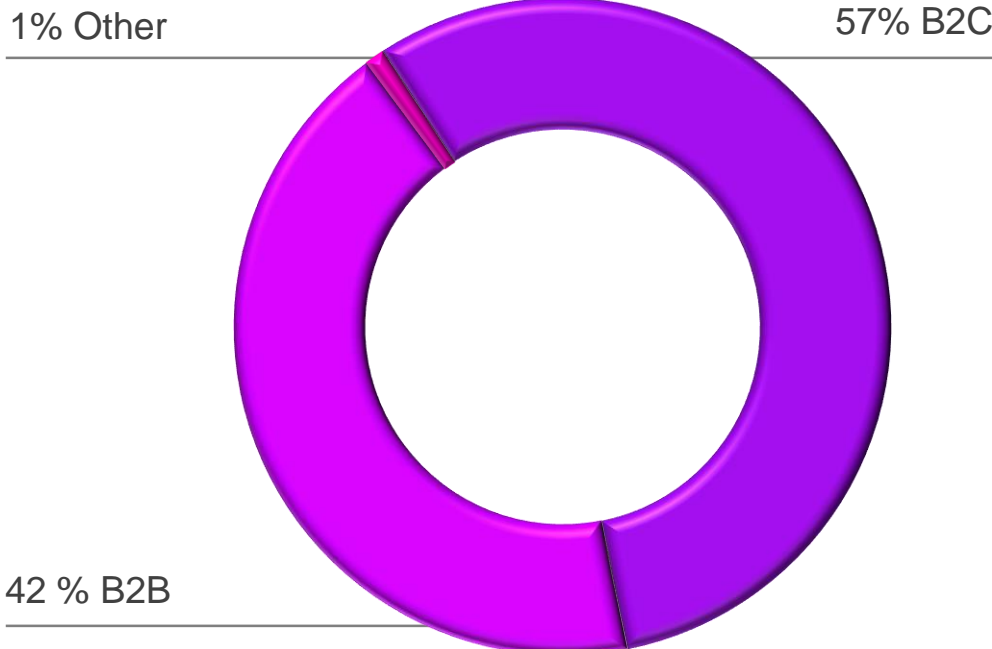
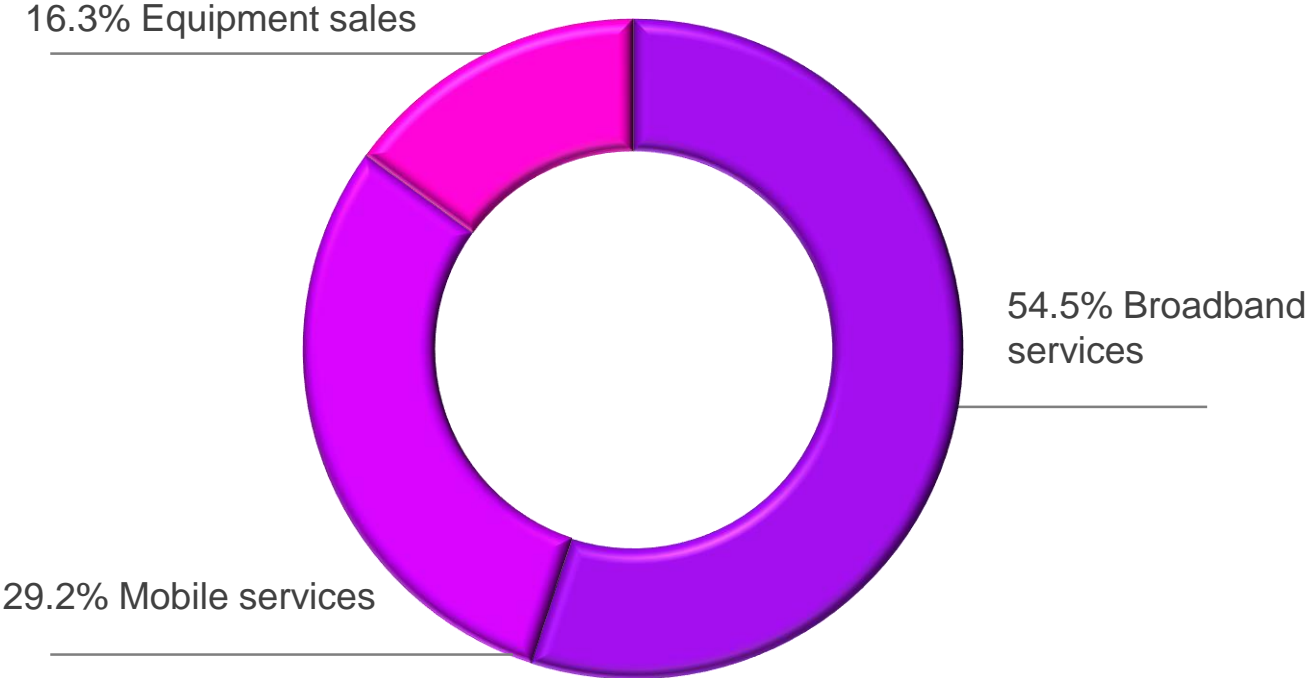
(EUR million)



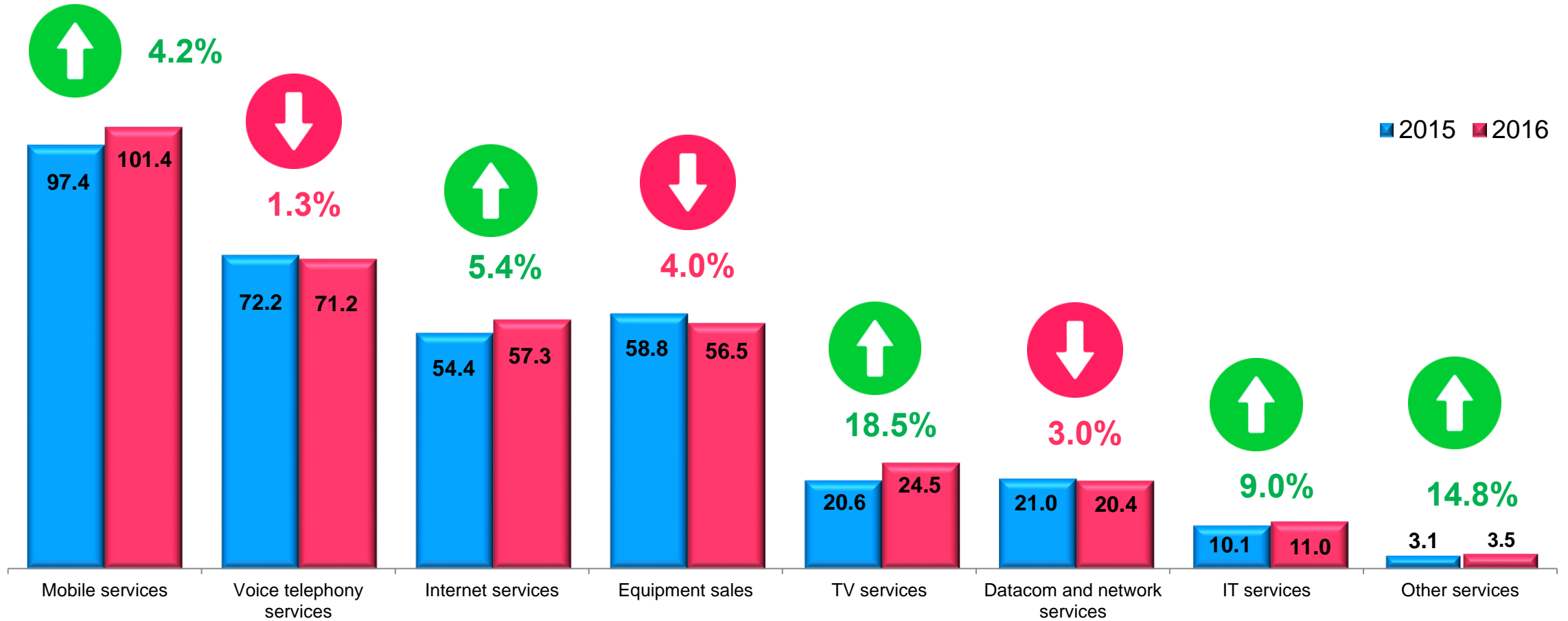
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2016 REVENUE BREAKDOWN



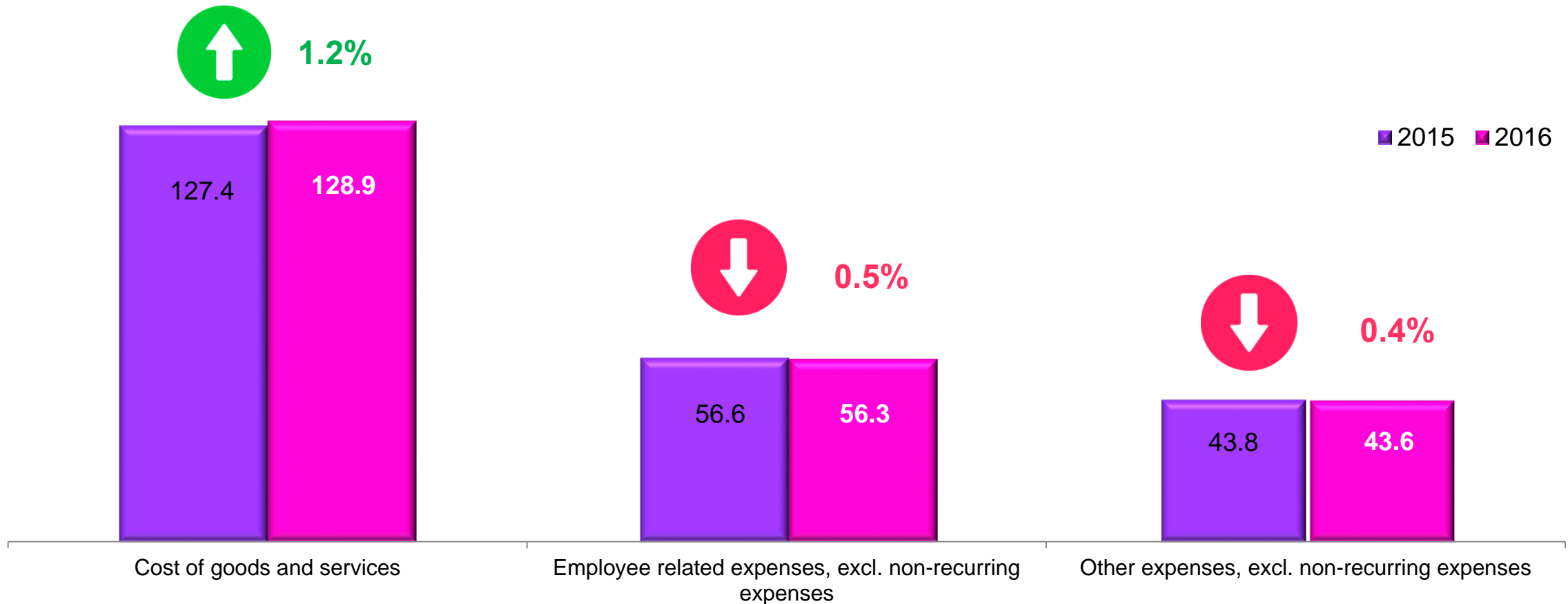
REVENUE BY SERVICES (EUR million)



Note. The comparable combined data for 2015 is a data combined by simple aggregation after elimination of intragroup transactions as if Omnitel was the then a part of Teo Group.



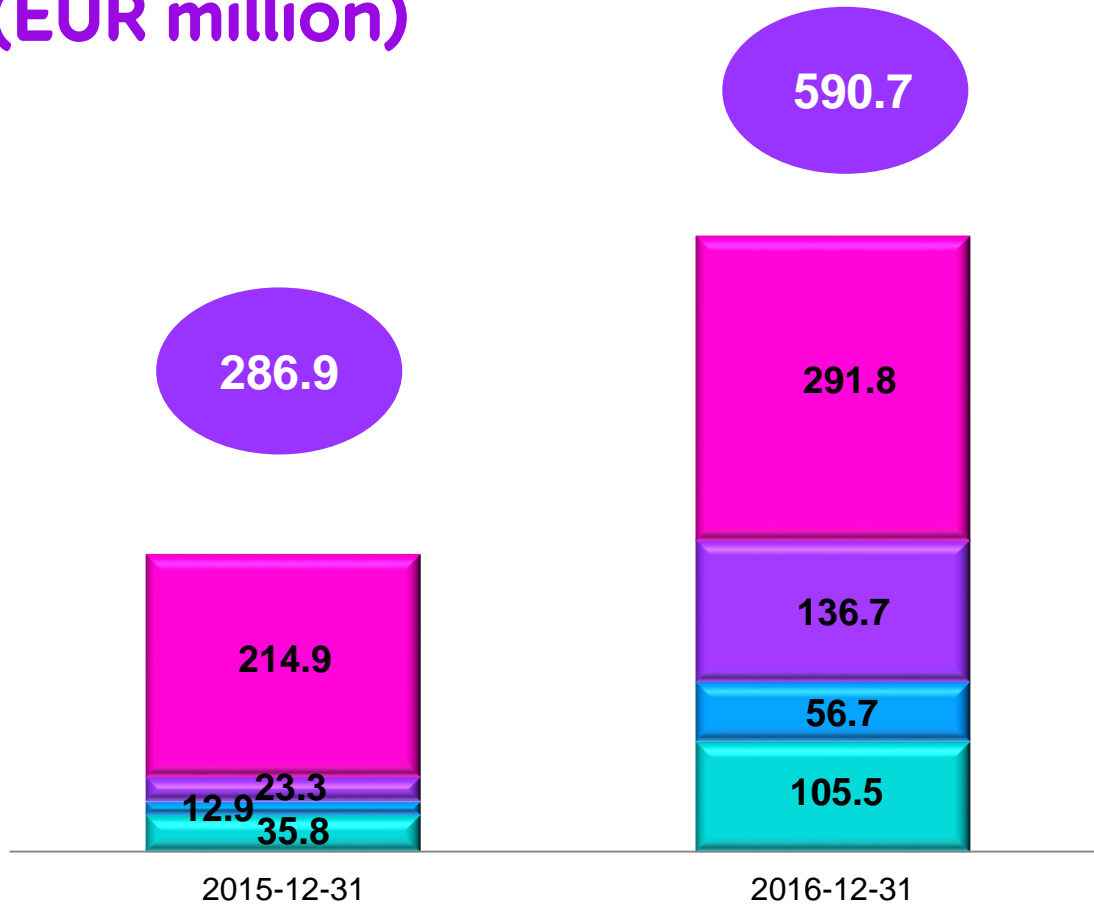
OPERATING EXPENSES (EUR million)



Note. The comparable combined data for 2015 is a data combined by simple aggregation after elimination of intragroup transactions as if Omnitel was the then a part of Teo Group.



ASSETS (EUR million)

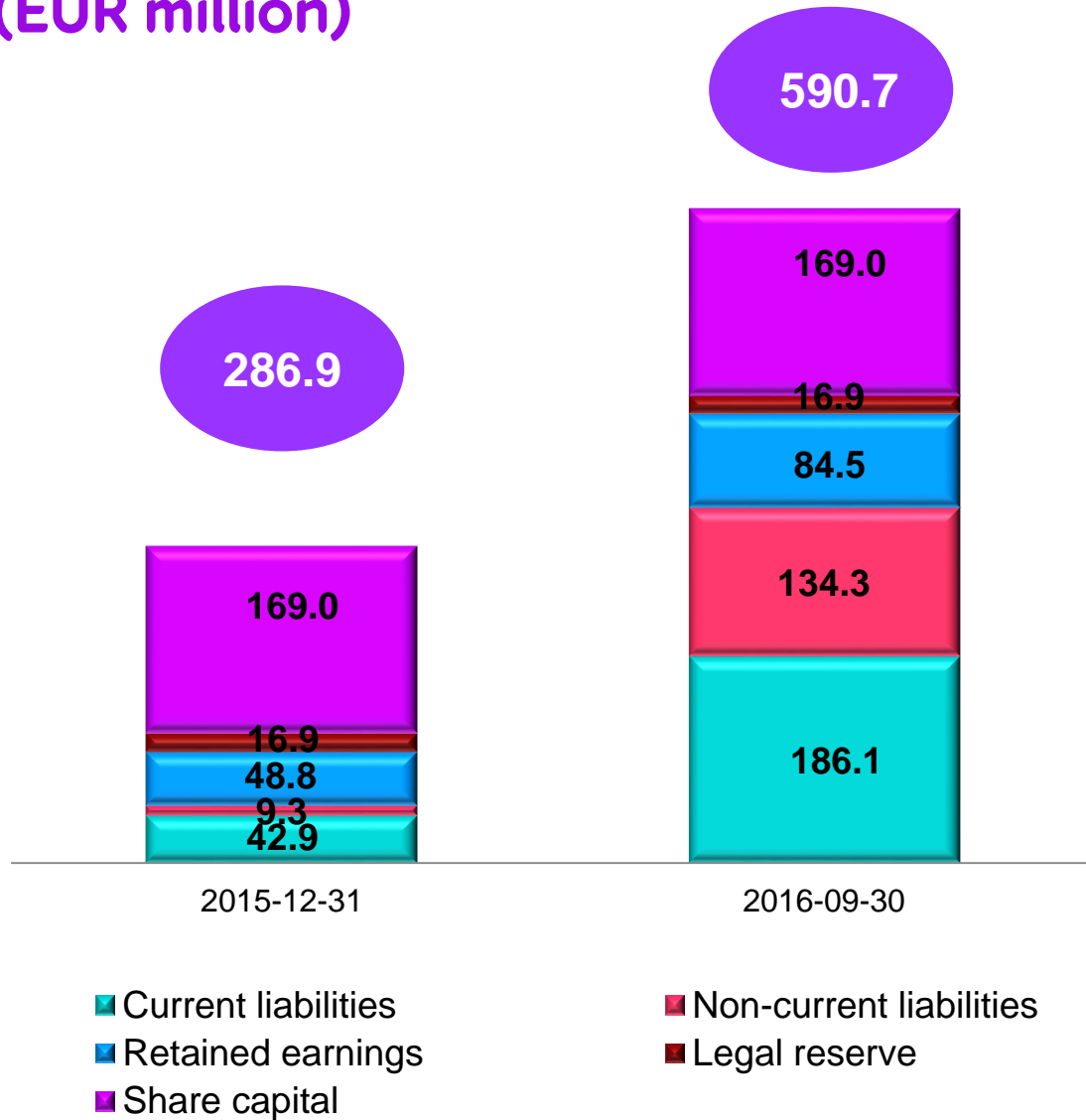


- **Assets** increased by more than 2 times due to acquisition of Omnitel
- **Non-current assets** amounted to 72.5% of total assets (31-12-2016)
- **Cash** alone amounted to 9.6%
- **Return on capital employed:** 10.2%
- **Return on average assets:** 8.6%

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



EQUITY AND LIABILITIES (EUR million)



- Shareholders' **equity** amounted to 45.8% of the total assets (31-12-2016)
- To finance Omnitel acquisition the Company took a long-term **loan of EUR 150 million**
- At acquisition Omnitel had outstanding loans amounting to **EUR 77 million**
- Total **borrowings** amounted to EUR 227 million (31-12-2016)
- **Gearing ratio: 63%**
- **Debt to equity: 84%**
- **Return on equity: 16.1%**
- On 26 April 2016 shareholders decided to allocate the profit for the year 2015: **EUR 5.8 million was allocated for dividends** and EUR 34 million as not distributed profit was carried forwards to the next financial year



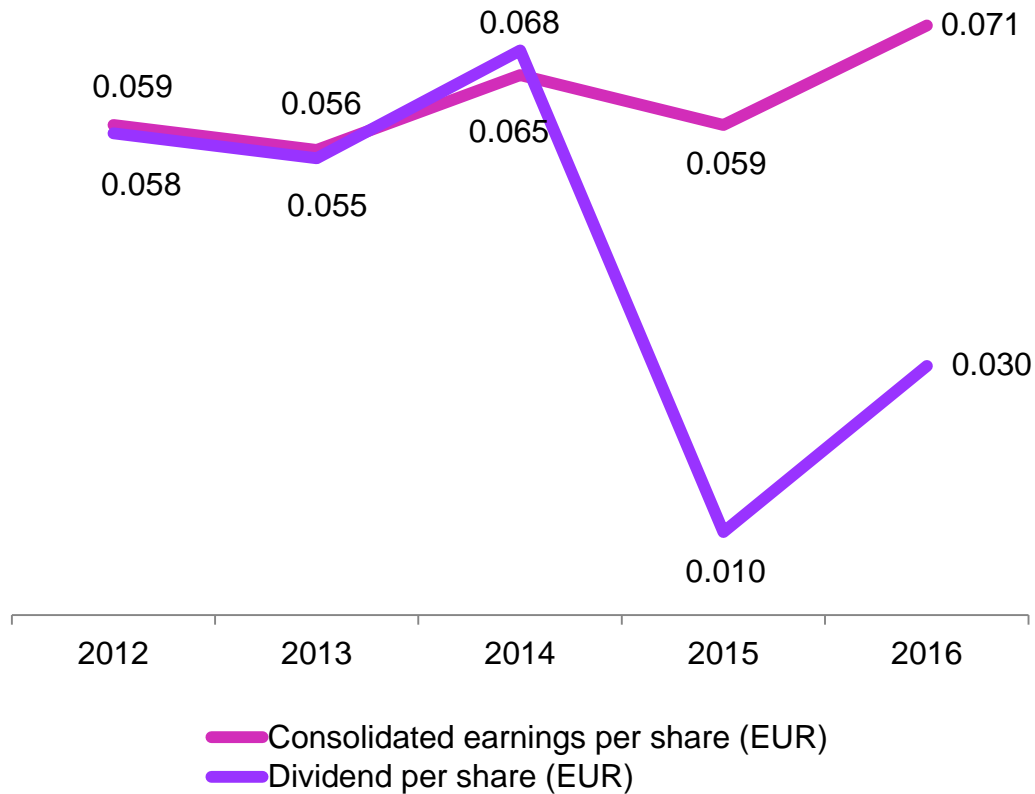
CASH FLOW

(thousand EUR)	12 months of 2016	12 months of 2015
Net cash from operating activities	112,429	62,408
Net cash used in investing activities	(197,790)	(31,449)
Net cash used in financing activities	129,113	(34,923)
Increase in cash and cash equivalents	43,752	(3,964)

- **Free Cash Flow** during 2016 was EUR 44.2 million or by 1.5 times higher than a year ago
- **Investments** during 2016 amounted to EUR 57.7 million (EUR 50.8 million a year ago)
- EUR 26.6 million went to expansion of the **core and fiber-optic access network**
- EUR 13.5 million invested into development of **mobile network** and EUR 16.7 million into **IT systems**
- In January 2016, the Company took a long-term **loan of EUR 150 million** to finance acquisition of Omnitel's shares



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**
- **The Board proposed** to the Annual General Meeting of shareholders, that will be held on 27 April 2017, to decide on **EUR 0.03 dividend per share for the year 2016**



SHARES AND SHAREHOLDERS

The background features a series of diagonal stripes in vibrant colors: red, purple, and yellow, creating a dynamic and modern aesthetic.

SHAREHOLDERS

- **Telia Company AB** (till 13 April 2016 called TeliaSonera 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 and accordingly number of **voting shares was reduced** from 776,817,518 to **582,613,138**

Shareholders as of 31-12-2016

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

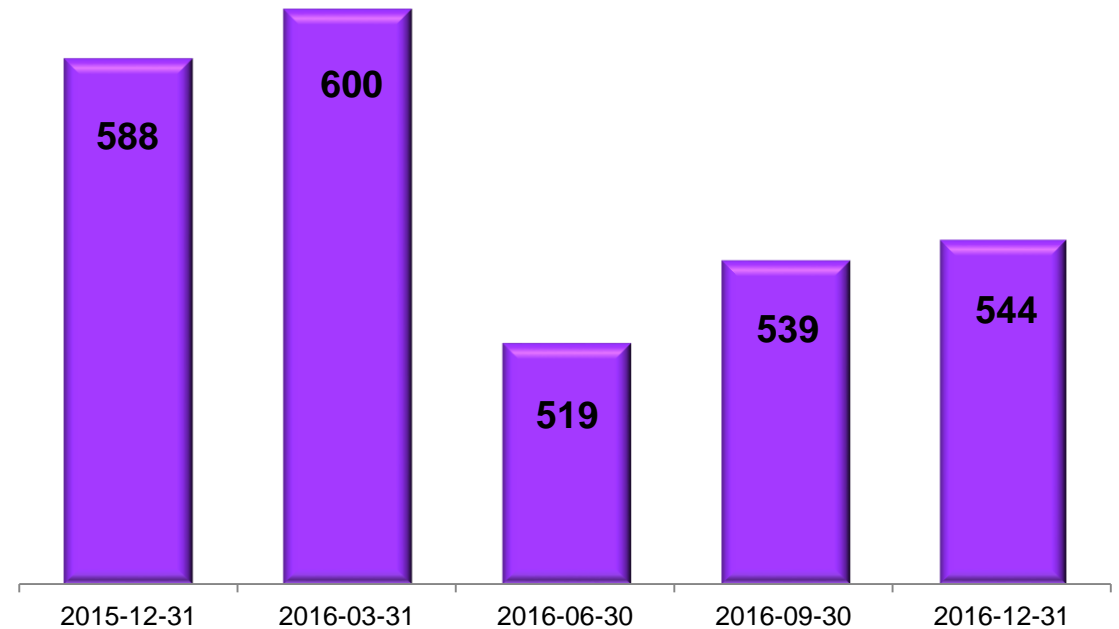


SHARES

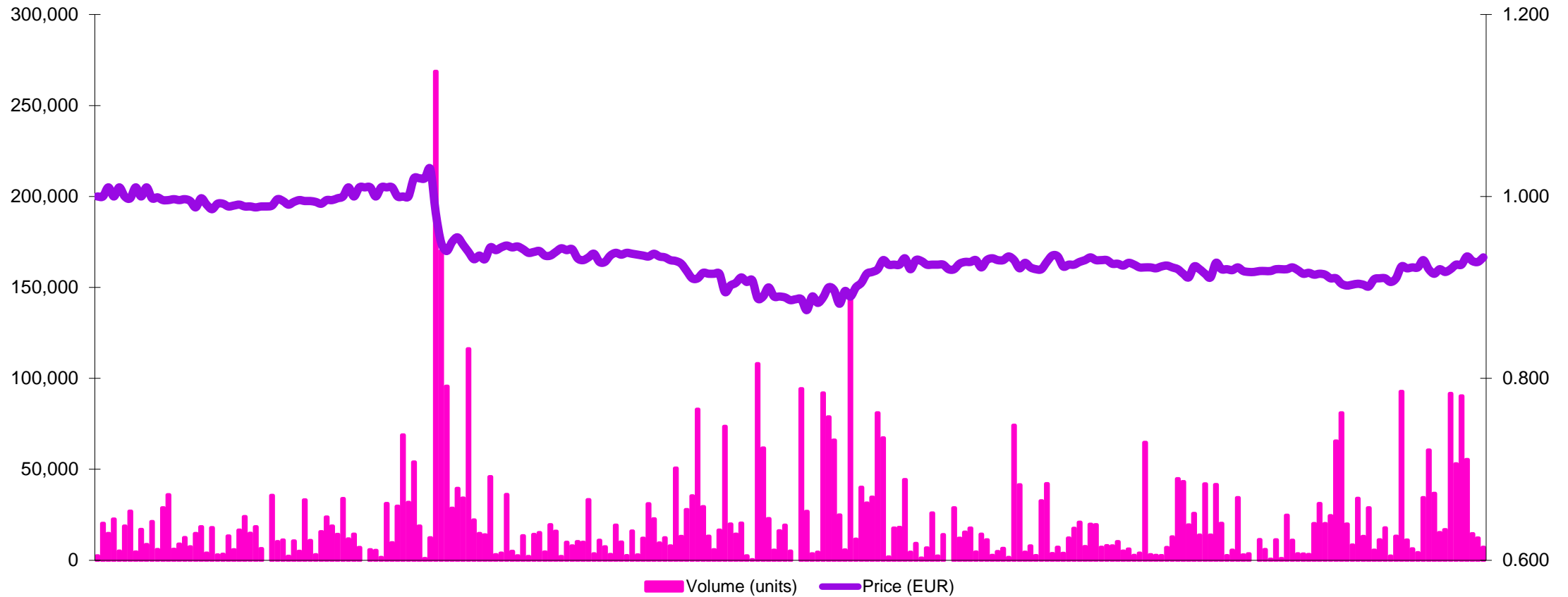
- Since June 2000, the Company's shares are listed on **Nasdaq Vilnius stock exchange** (ticker: TEL1L)
- Since January 2011, the Company's shares were included into the trading lists of a few German stock exchanges (ticker: ZWS)
- **Turnover** on Nasdaq Vilnius stock exchange during January-December 2016: 5.7 million of shares or EUR 5.4 million
- Share **price** on Nasdaq Vilnius:

	EUR
01-01-2016	1.010
High	1.030
Low	0.875
31-12-2016	0.933

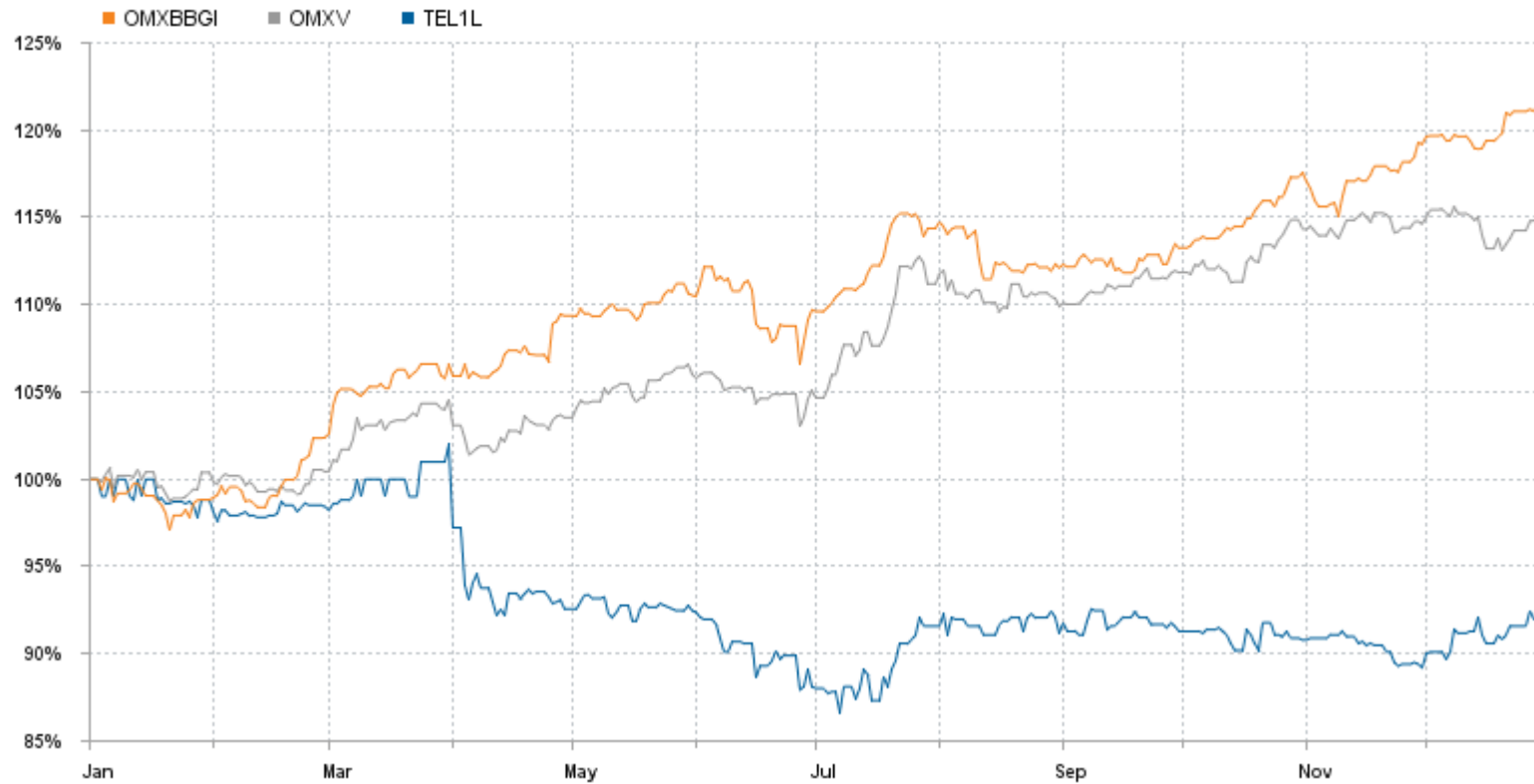
Market capitalization (EUR million)



TRADING IN THE COMPANY'S SHARES ON NASDAQ VILNIUS STOCK EXCHANGE IN 2016



THE COMPANY SHARE PRICE AND NASDAQ VILNIUS INDEXES COMPARISON



Source: Nasdaq Vilnius



CORPORATE GOVERNANCE

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

GOVERNING BODIES

- The Annual **General Meeting of Shareholders** was held on 26 April 2016, and Extraordinary – on 15 December 2016
- The **Board** consist of 6 members elected for the 2 year term
- Instead of Tiia Tuovinen who resigns from the Board as of 25 April 2016, shareholders **elected** Hannu-Matti Mäkinen 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 2016
- The Board elects and recalls **CEO**



VALDYBA



Robert Andersson (born in 1960),
Chairman of the Board,
represents Telia Company AB,
Chairman of the Remuneration
Committee



Hannu-Matti Mäkinen (born in
1970)
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



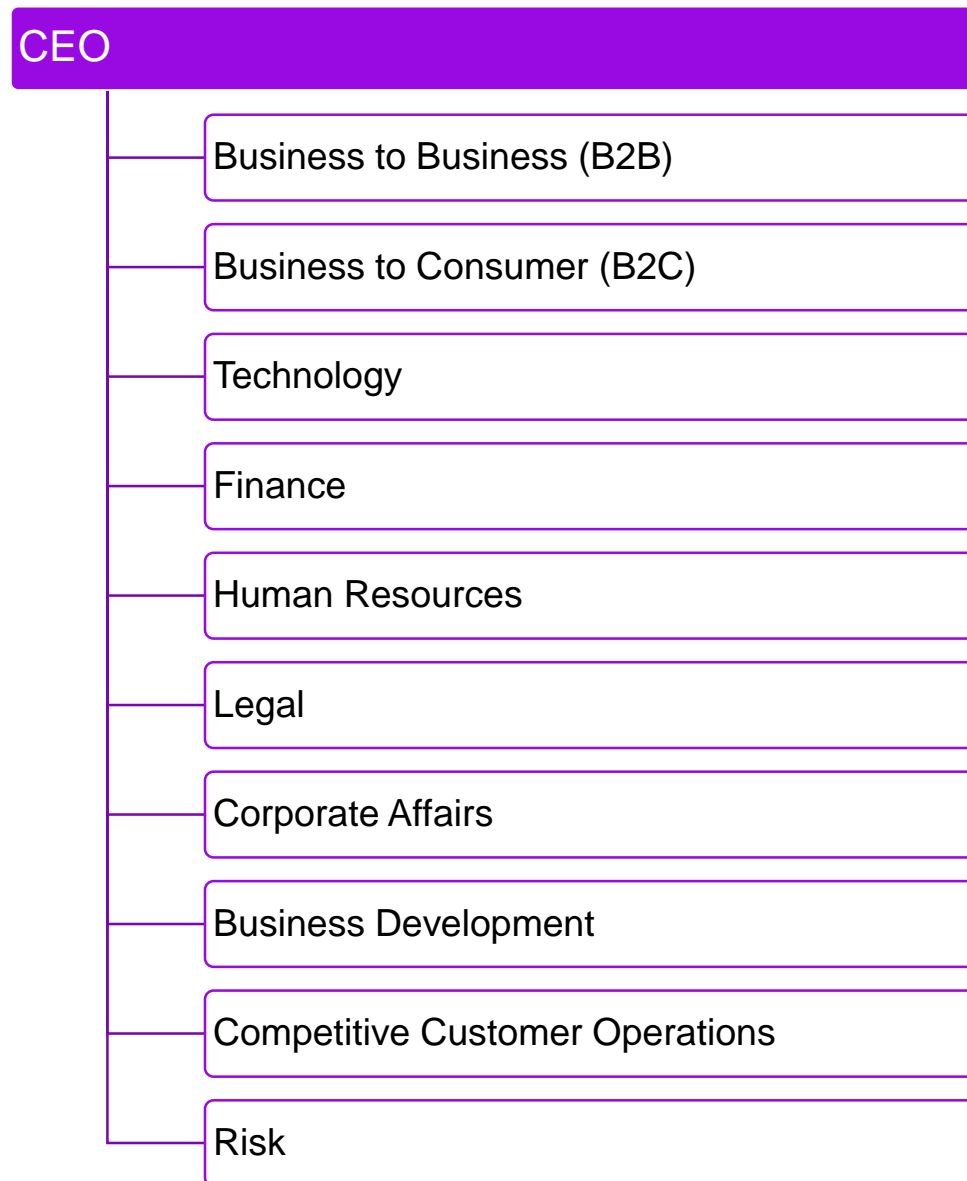
Rolandas Viršilas (born in 1963)
Independent member of the Board,
Member of the Remuneration
Committee

- 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

FROM 1 JANUARY 2016



MANAGEMENT TEAM



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
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

- Norbertas Žioba owns 3601, Andrius Šemeškevičius – 8,761 shares of Telia Lietuva. Other managers do not own any shares of the Company





Telia

#VISAKOTINKLAS