



# RESULTS FOR THE YEAR OF 2017

Audited and approved by the Annual General  
Meeting of Shareholders financial statements  
of Telia Lietuva, AB Group





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

A man in a dark t-shirt and pants is captured mid-jump over a two-lane asphalt road. He is holding a brown suitcase in his right hand and has his left hand on his head. The road has yellow lines and a dashed center line. The background shows a dry, hilly landscape under a clear blue sky. The man's shadow is cast on the road below him.

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

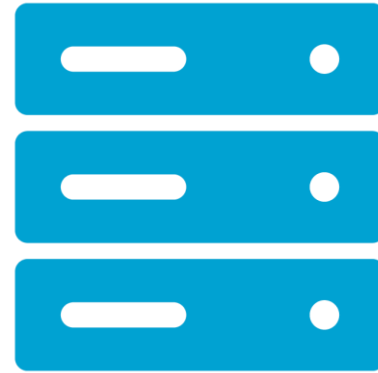
# TELIA LIETUVA MEANS:



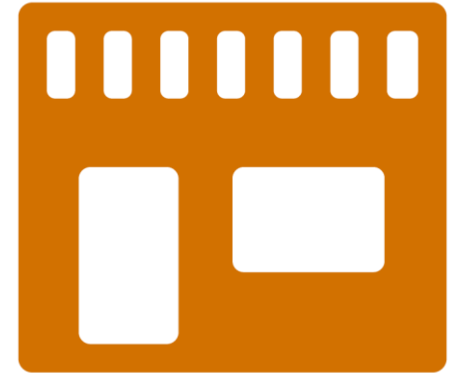
Wide range of  
services



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

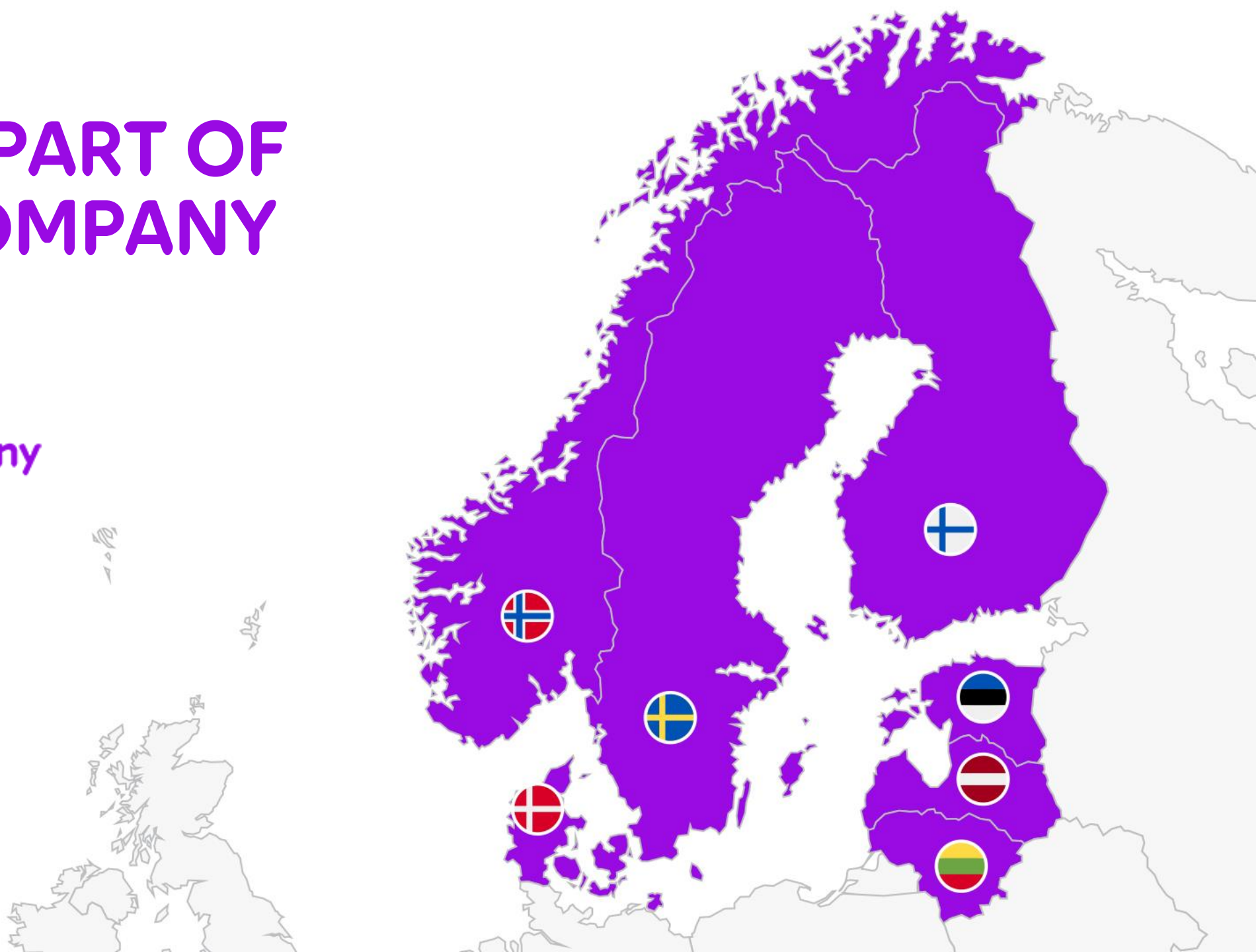


Sustainable and  
responsible  
business





# 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 %
Telia Global Services Lithuania, UAB	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**
- **Verslo Investicijos** implements an investment project in Vilnius, at Lvovo str. 21A
- **Telia Global Services Lithuania** (till 30-01-2018 was named **UAB Kompetencijos Ugdymo Centras**) is a base for establishment of shared services center
- **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



# HIGHLIGHTS OF 2017

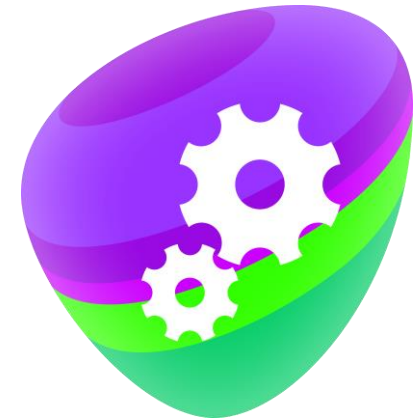


**New brand**



**Converged services**

- Hybrid-type Internet
- Converged offer „Telia One“



**Business transformation**

- More than 160 thousand customers migrated to SAP



# Q1 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



**„Augu internete“** – children safety online initiative



# Q2 2017



New **mobile payment plans**: more data and Europe included



**4.5G / LTE Advanced Pro**  
base stations in 5 cities of Lithuania



**EUR 60 million**  
5 years' term loan

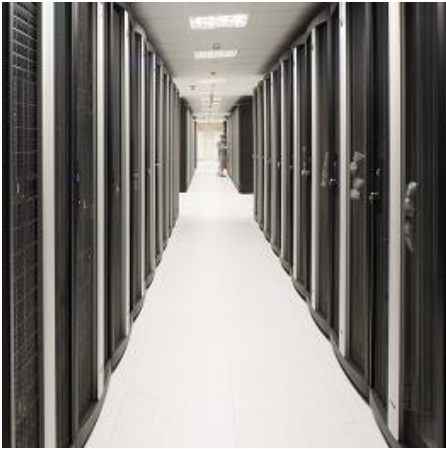


New mentorship program  
**Telia HUB**





# Q3 2017



Agreement regarding acquisition of **Duomenų Logistikos Centras**



The first in Lithuania cyber security training center **CyberGym**



ISO certificates on **Quality management, Environmental management and Occupational Health and Safety**



The first season of mentorship program of initiative **Women Go Tech** was over



# Q4 2017



Unique on the market converge offer **Telia One**: higher speed, more data and more TV content



Activated **VoLTE** technology



Launch of **Telia IT Academy**



Acquired a **33.3%** stake in **Mobilieji Mokėjimai**



# 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%

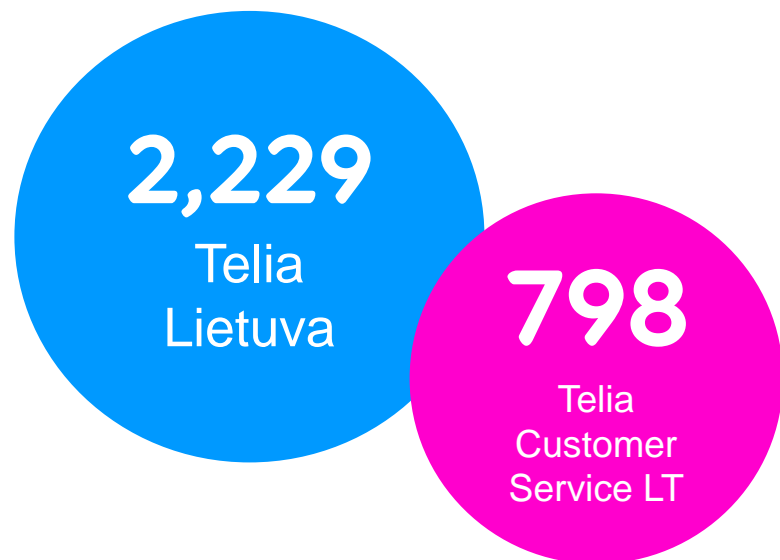
242

thousand of  
**TV service** users

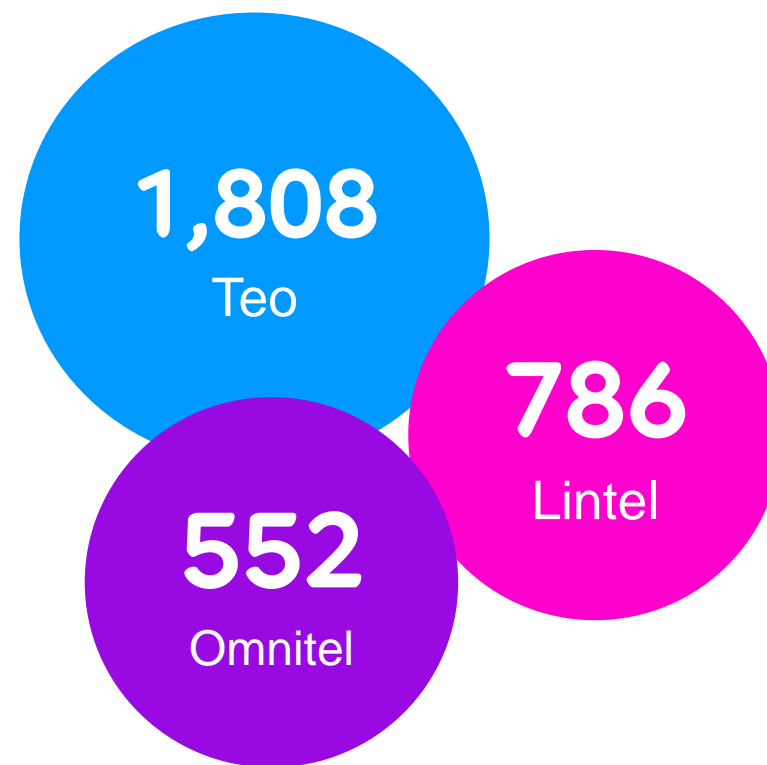
Data as of 31-12-2017 & change (y-o-y)



# NUMBER OF EMPLOYEES



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



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

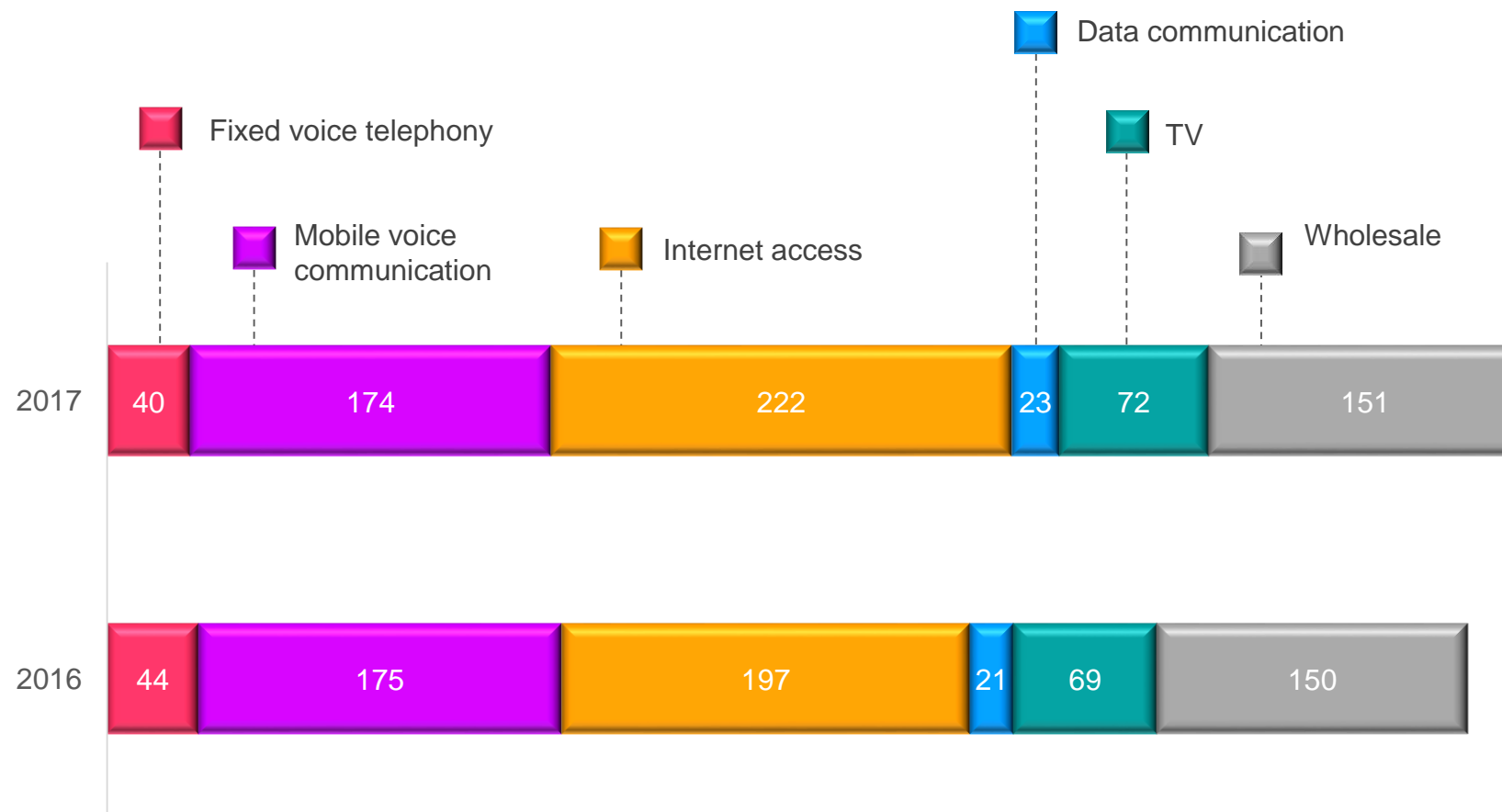




# **ELECTRONIC COMMUNICATIONS MARKET OF LITHUANIA**

# WE ARE OPERATING IN GROWING TELCO MARKET

(EUR million)

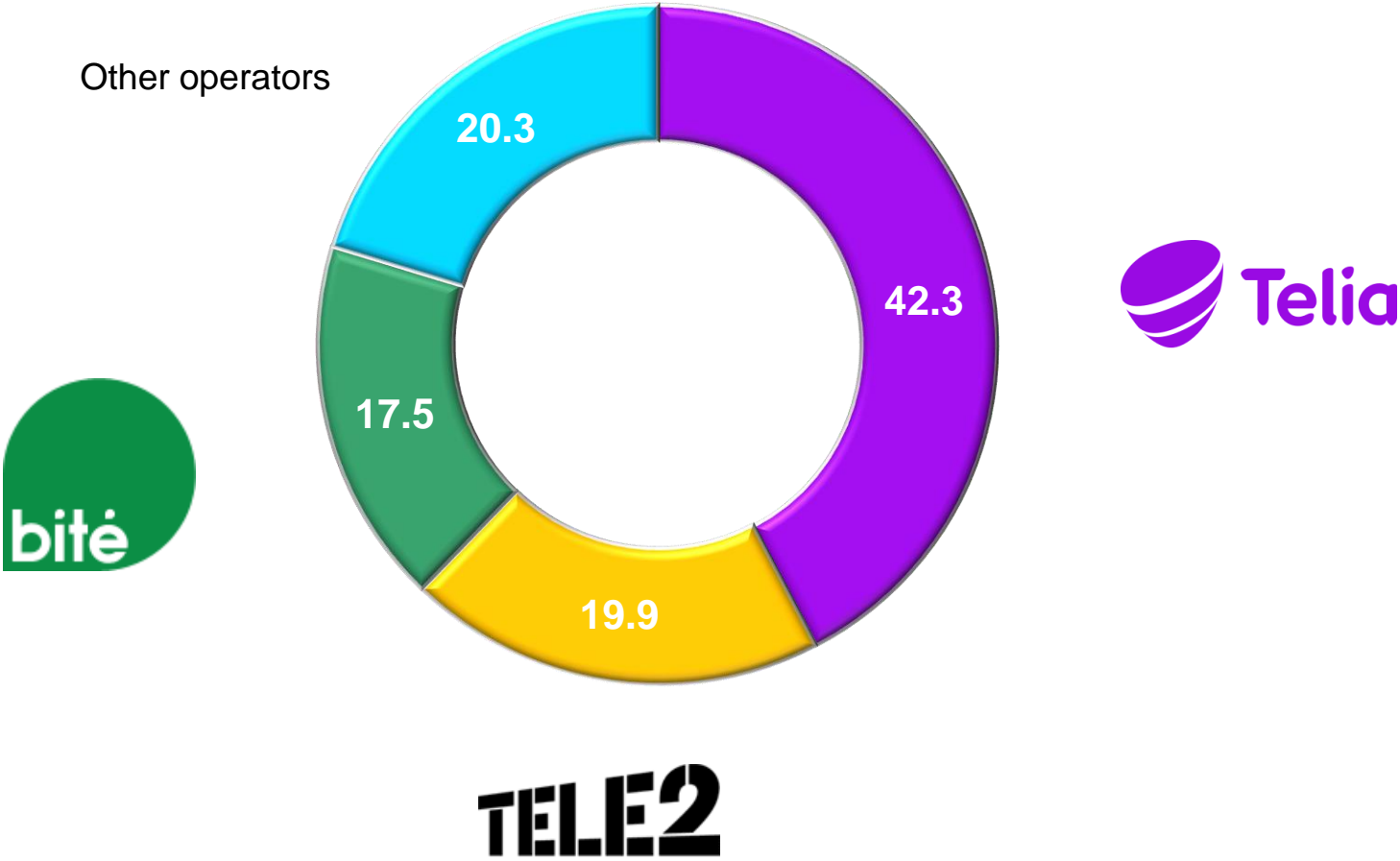


+ 3.8%

Source: Report of the Communications Regulatory Authority



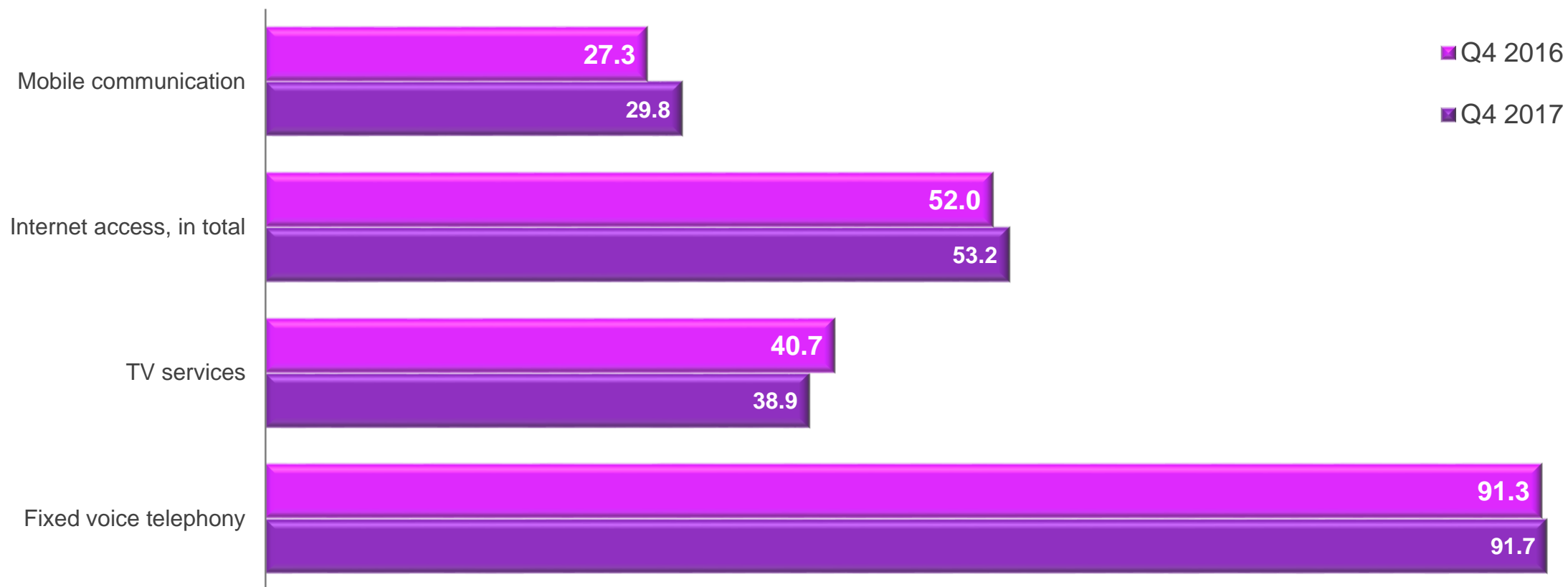
# BREAKDOWN OF THE TELECOMMUNICATIONS MARKET REVENUE BY OPERATORS FOR Q4 2017 (%)



Source: Report of the Communications Regulatory Authority



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

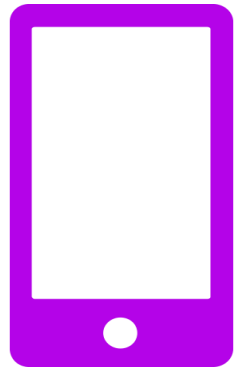


Source: Report of the Communications Regulatory Authority





# 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

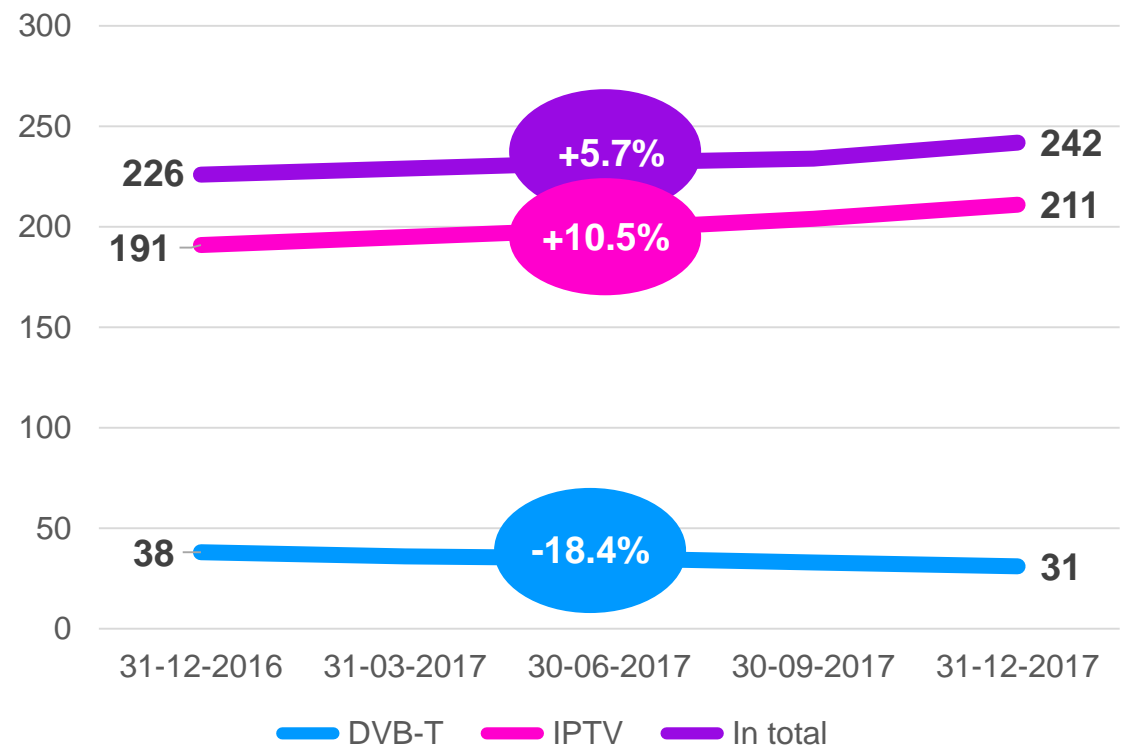
**pay-TV** subscribers  
(households)



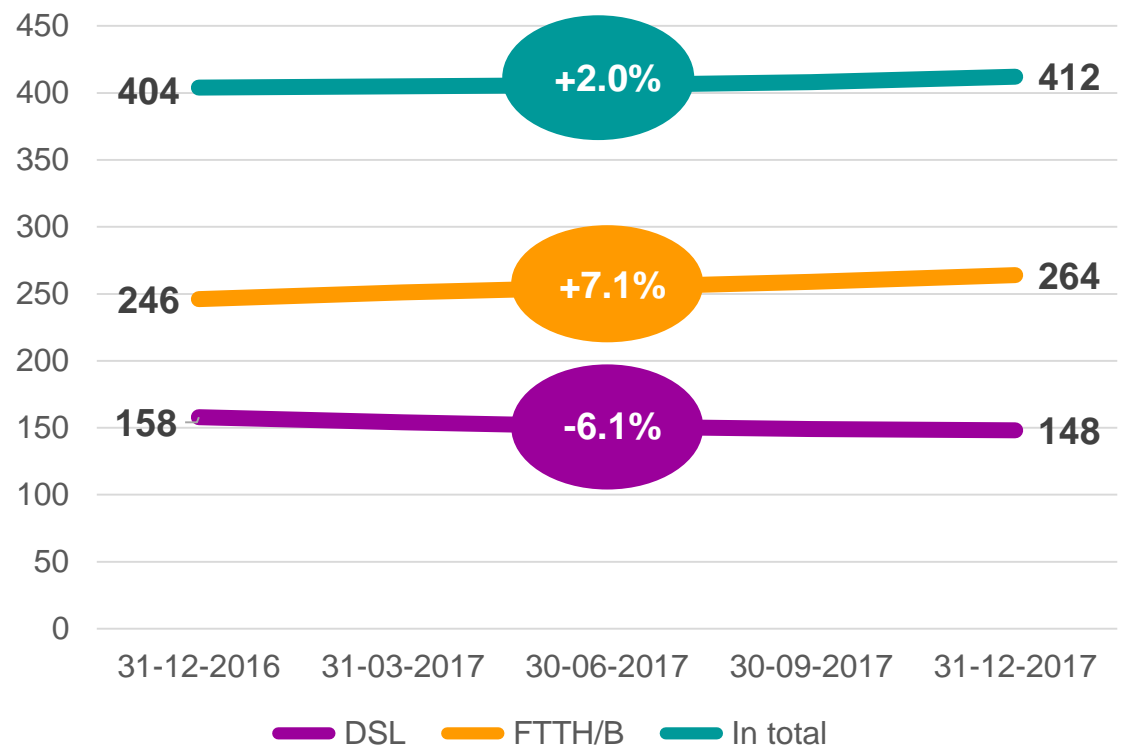
# OPERATING AND FINANCIAL RESULTS

# CONTINUOUS GROWTH IN NUMBER OF IPTV AND FTTH USERS

Number of TV service users (thousands)

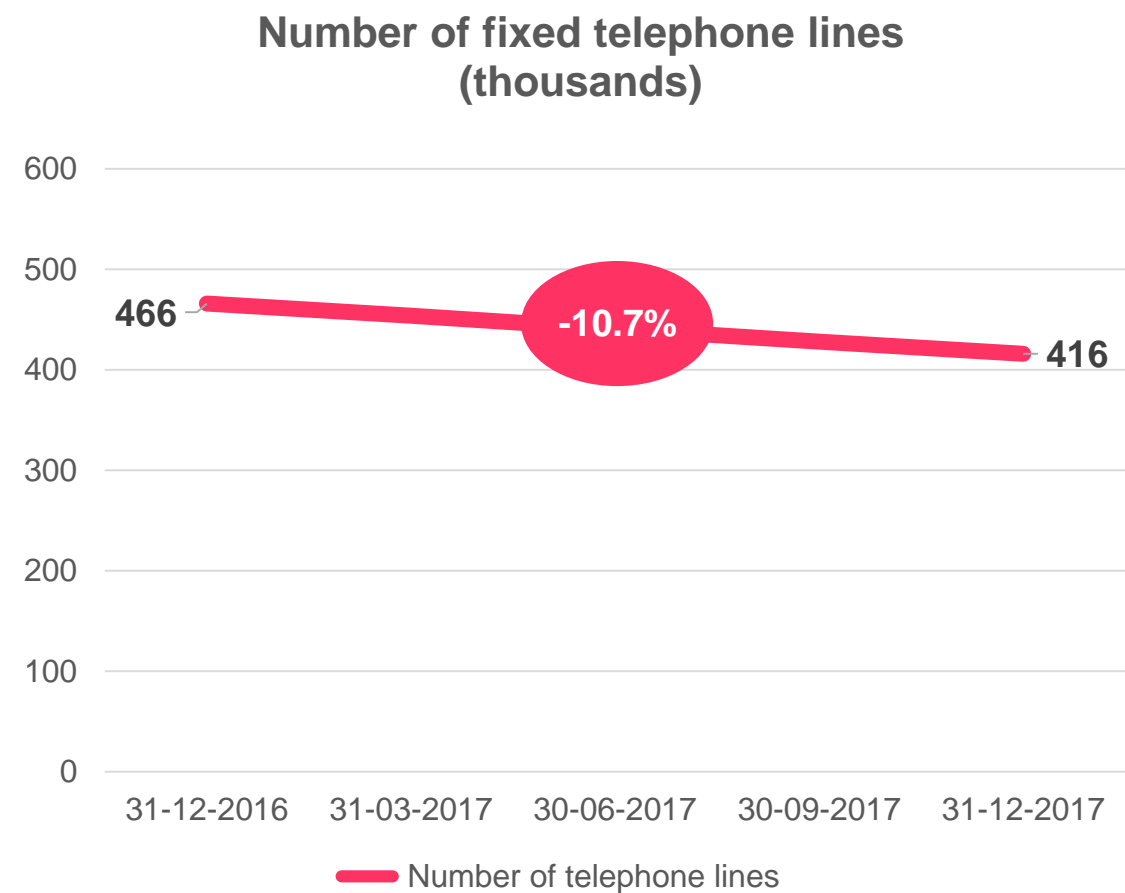
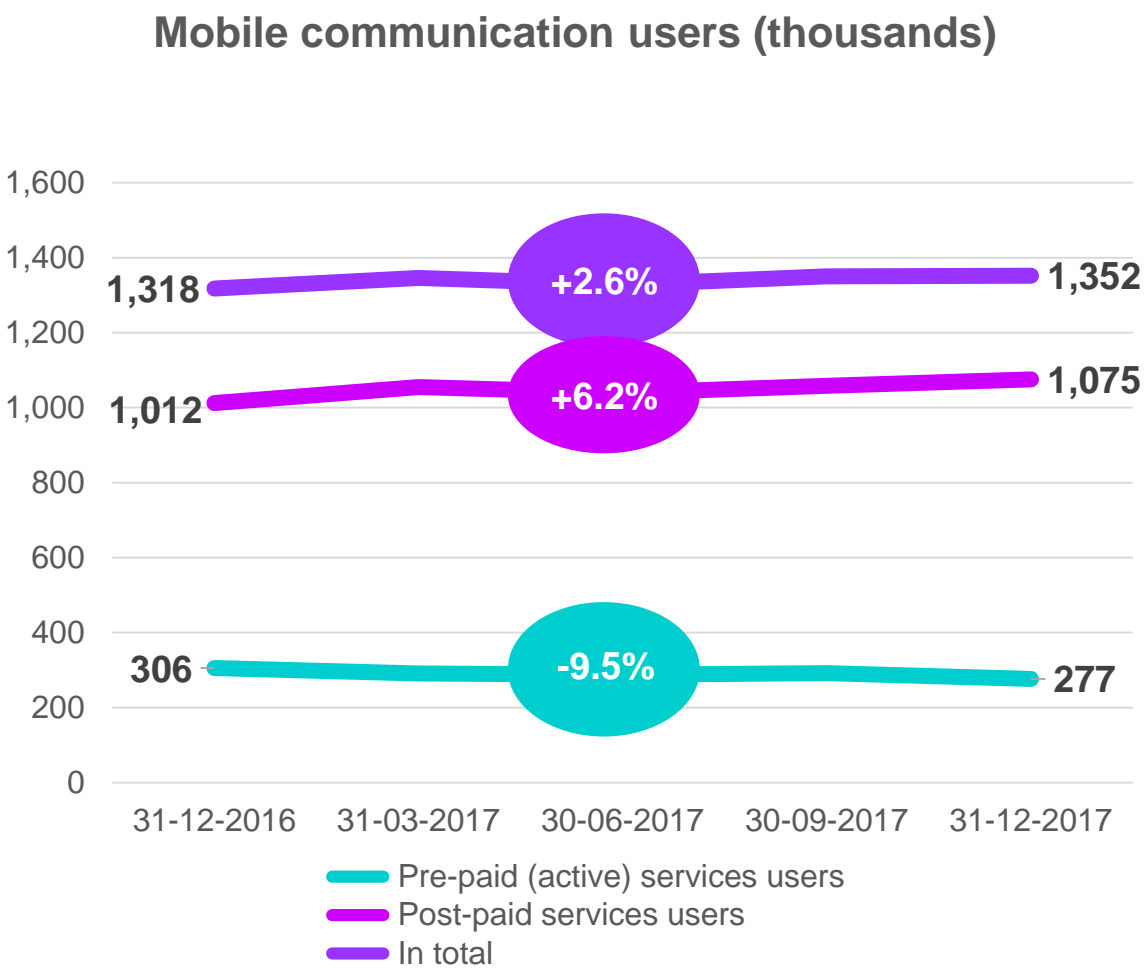


Number of broadband Internet users (thousands)



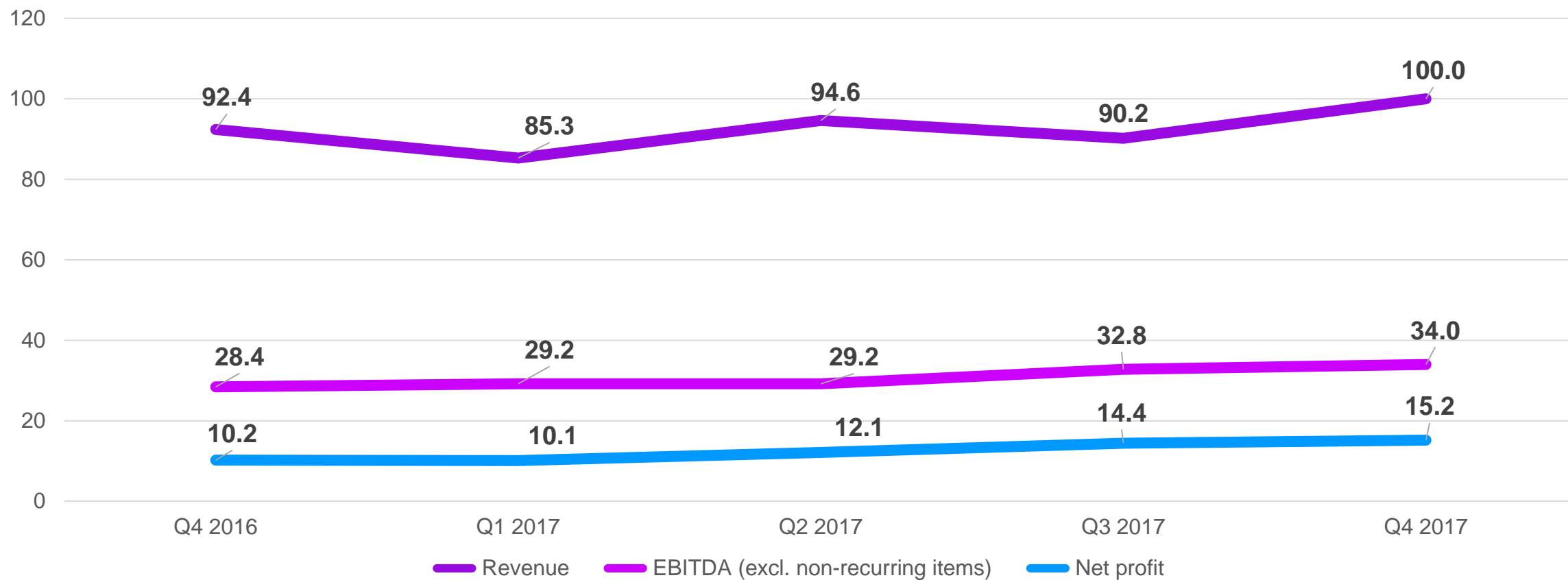


# NUMBER OF MOBILE POST-PAID SERVICE USERS IS GROWING



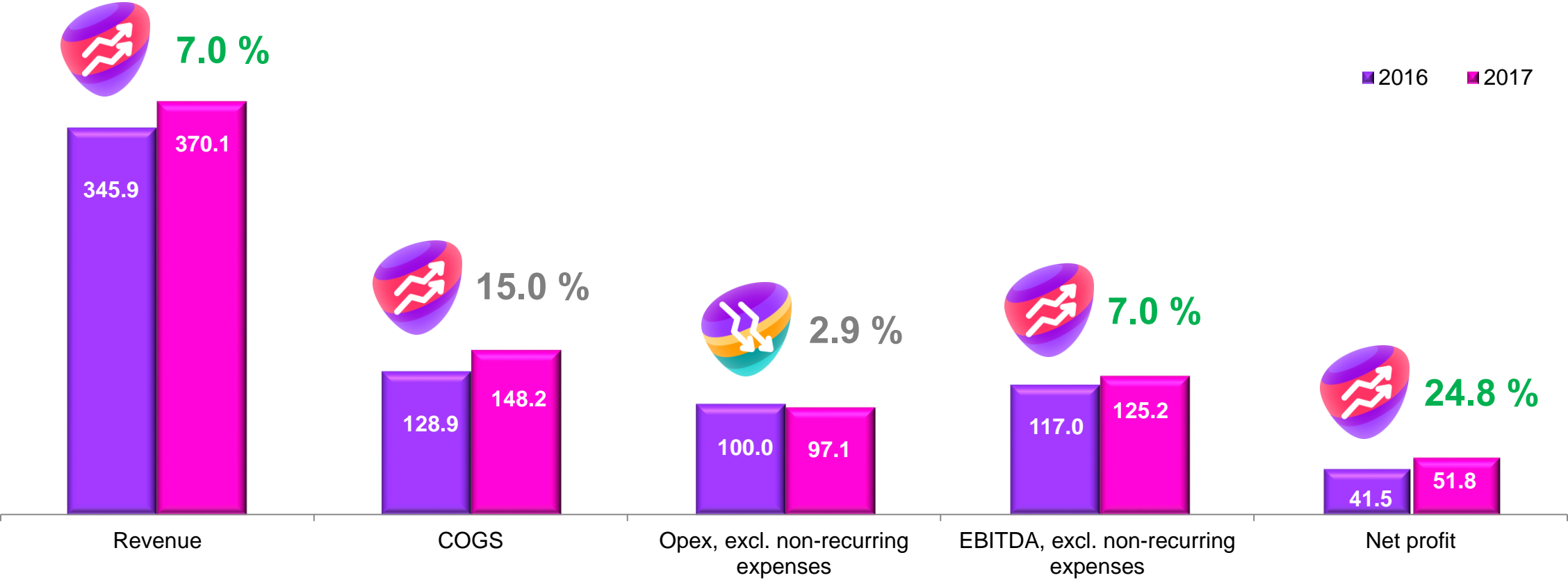
# REVENUE, EBITDA & NET PROFIT

(EUR million)

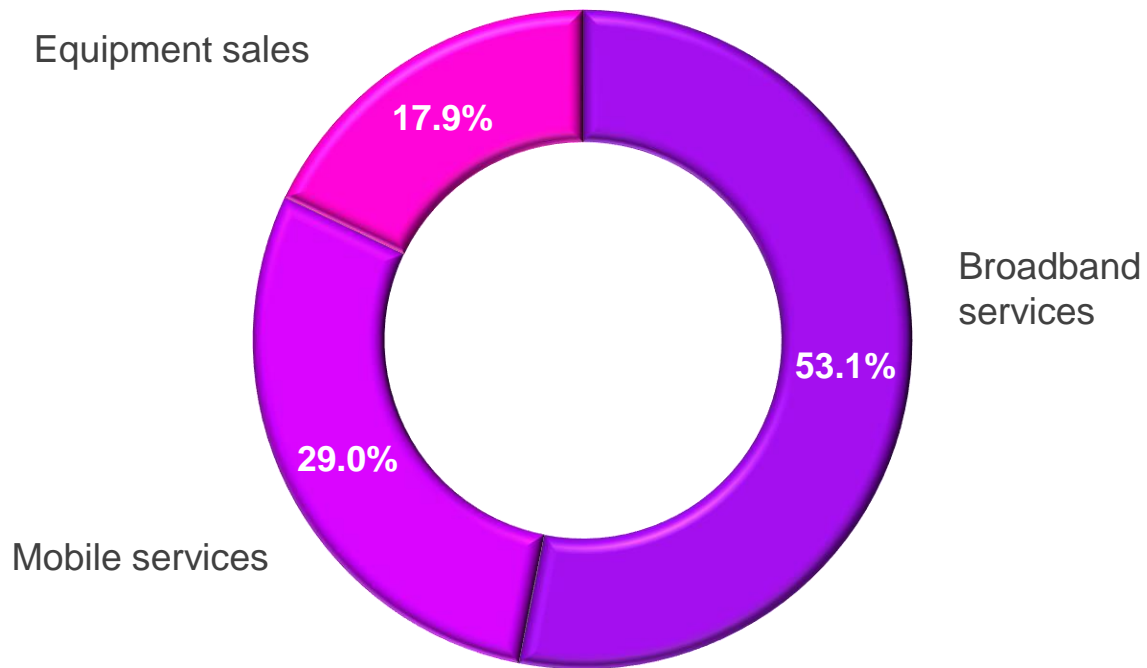


# DYNAMICS OF MAIN FINANCIAL INDICATORS

(EUR million)



# 2017 REVENUE BREAKDOWN



B2B

42.5%



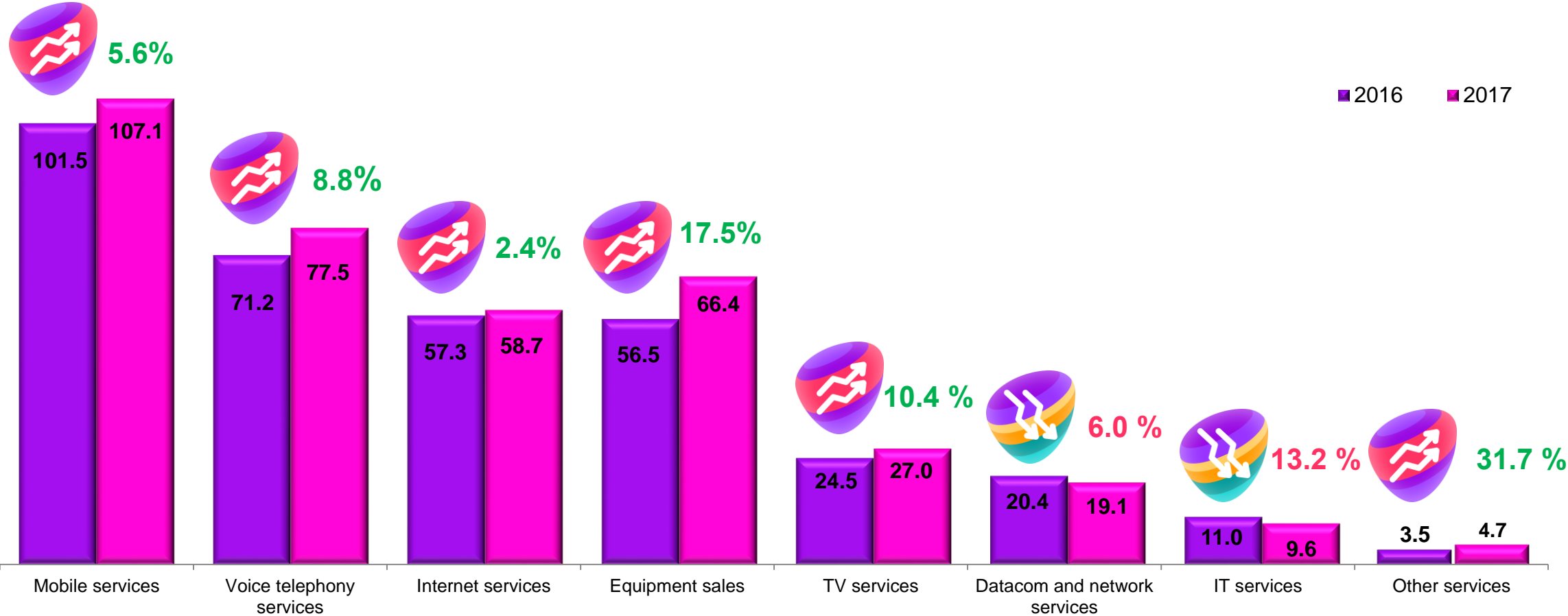
B2C

56.6%



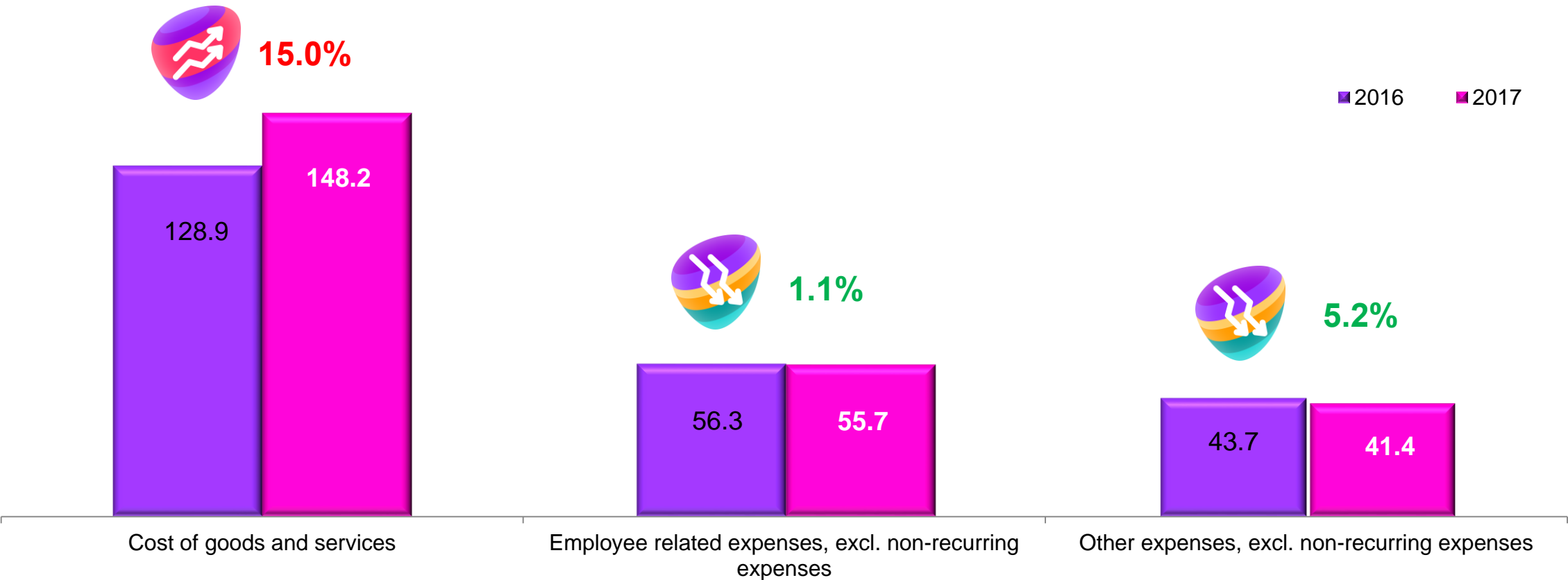
# REVENUE BY SERVICES

(EUR million)



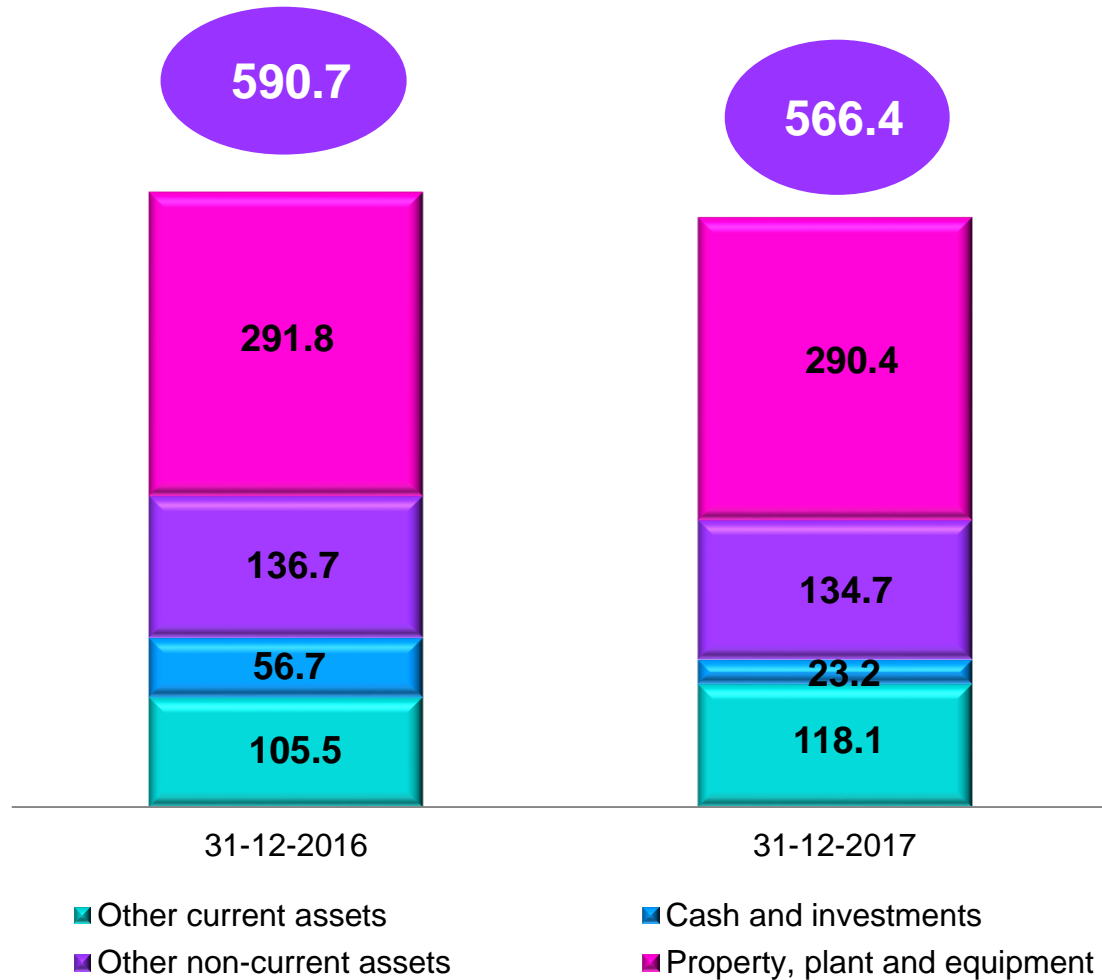
# OPERATING EXPENSES

(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)

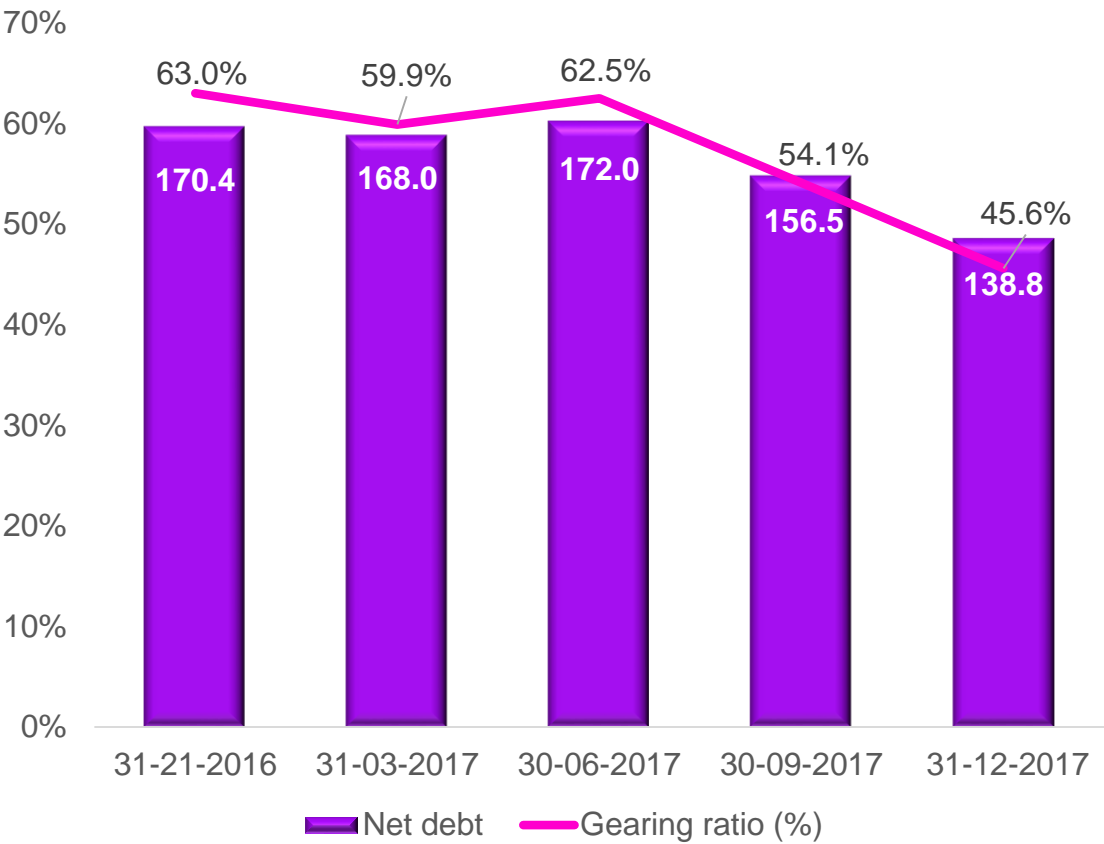
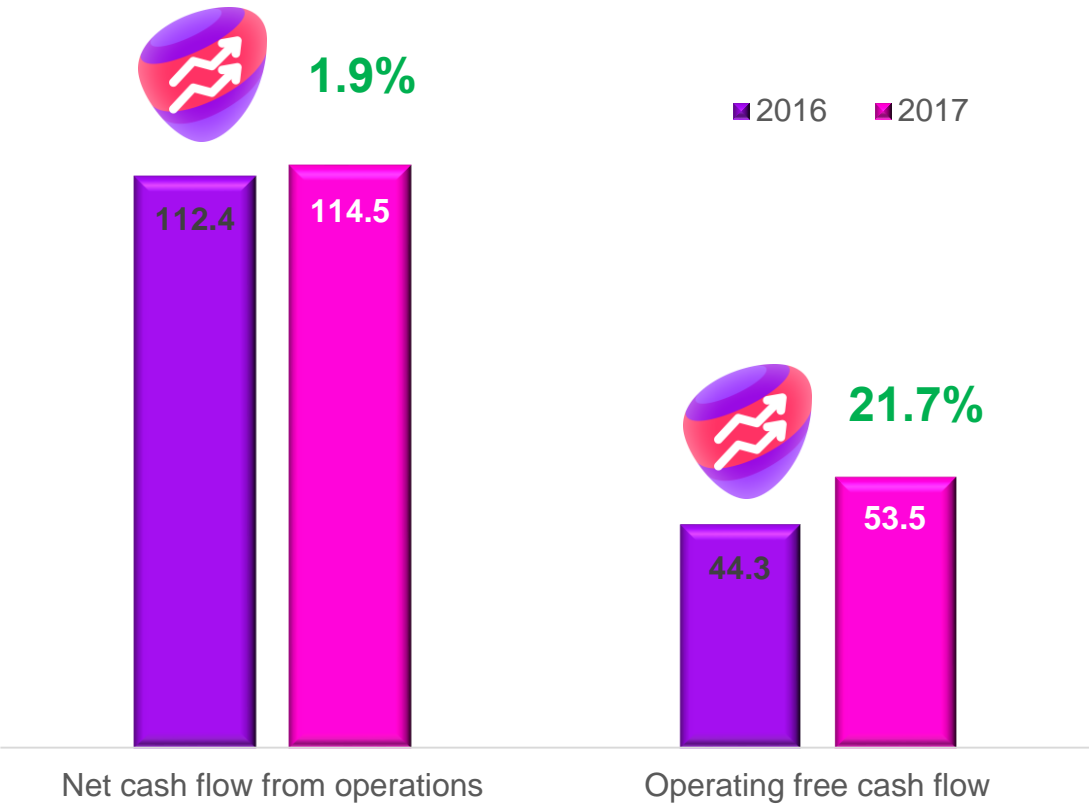


- Shareholders' **equity** amounted to 53.8% of the total assets (31-12-2017)
- In May, the Company signed **EUR 60 million 5 years-term loan** agreement to refinance the loan previously extended by Telia Company to Omnitel
- During 2017, the Company repaid EUR 52.5 million of the long-term **loan of 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 2017, 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

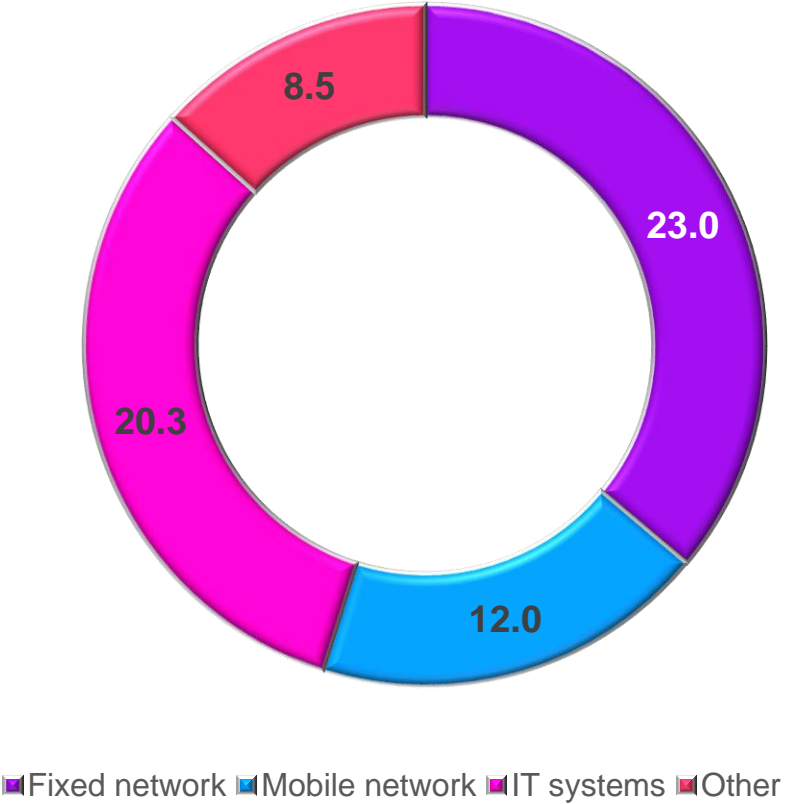
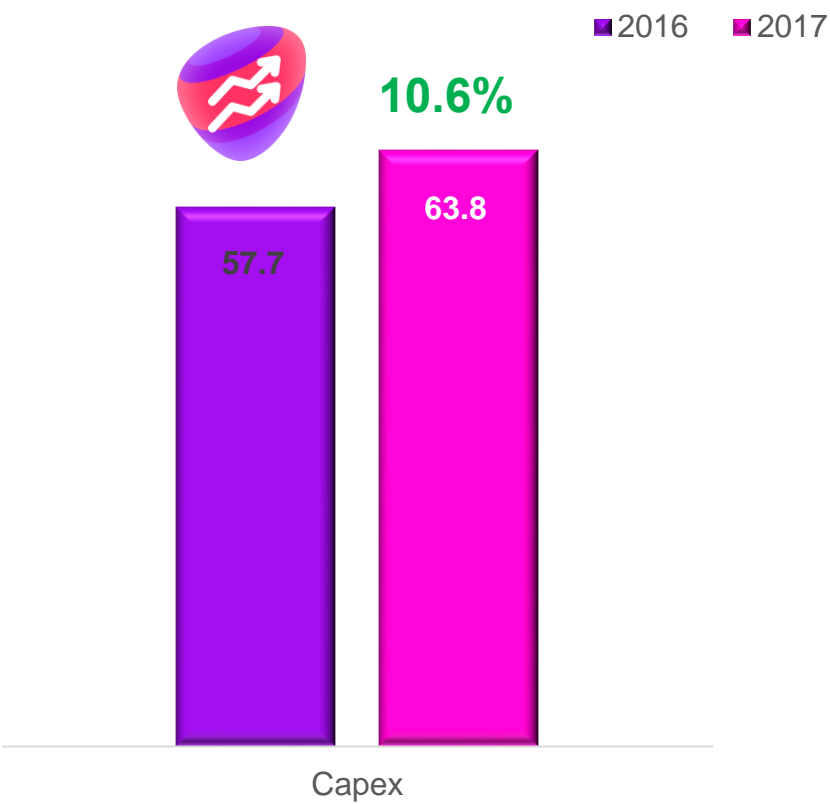


# CASH FLOW & NET DEBT

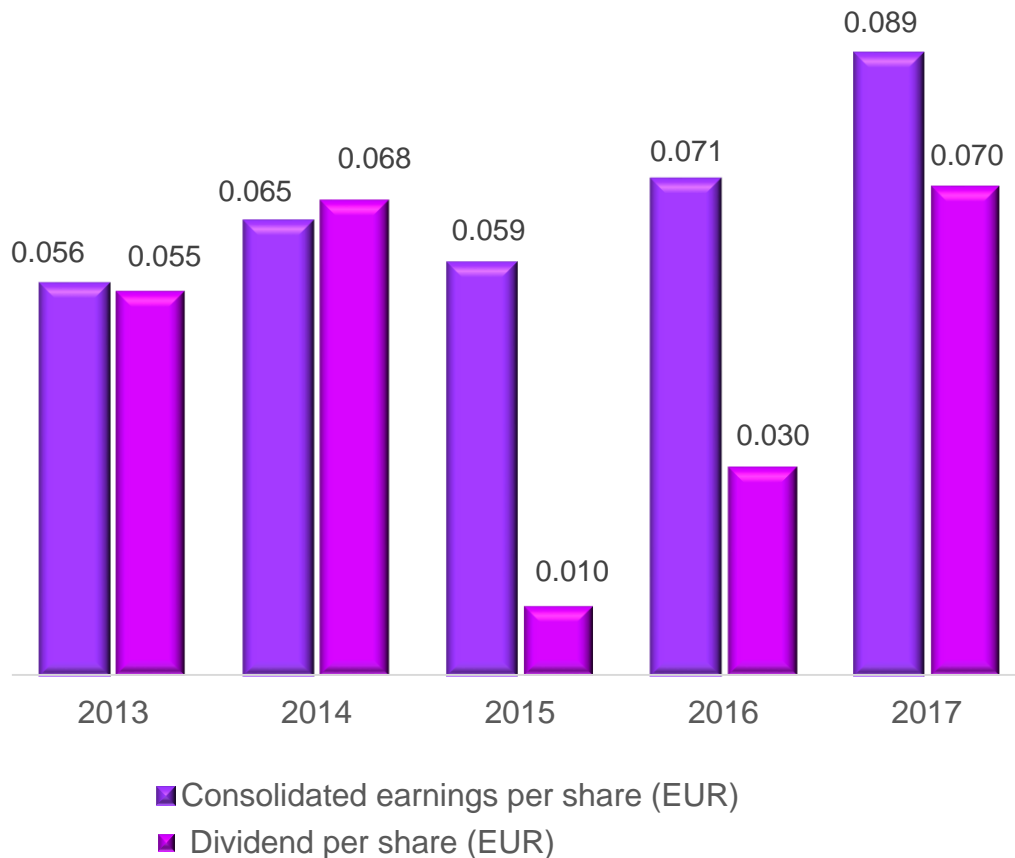
(EUR million)



# CAPEX & CAPEX BREAKDOWN IN 2017



# DIVIDENDS



- Earnings and dividends till 2014 were 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 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, audited retained earnings of the Parent company amounted to **EUR 116.7 million**
- On 25 April 2018, the AGM distributed profit for the year 2017 and decided to pay **dividend of 0.07 euro per share** for the year 2017, and EUR 76 million as not distributed profit was carried forwards to the next financial year



# 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 11,083** (as of 18-04-2018)

## Shareholders as of 31-12-2017

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

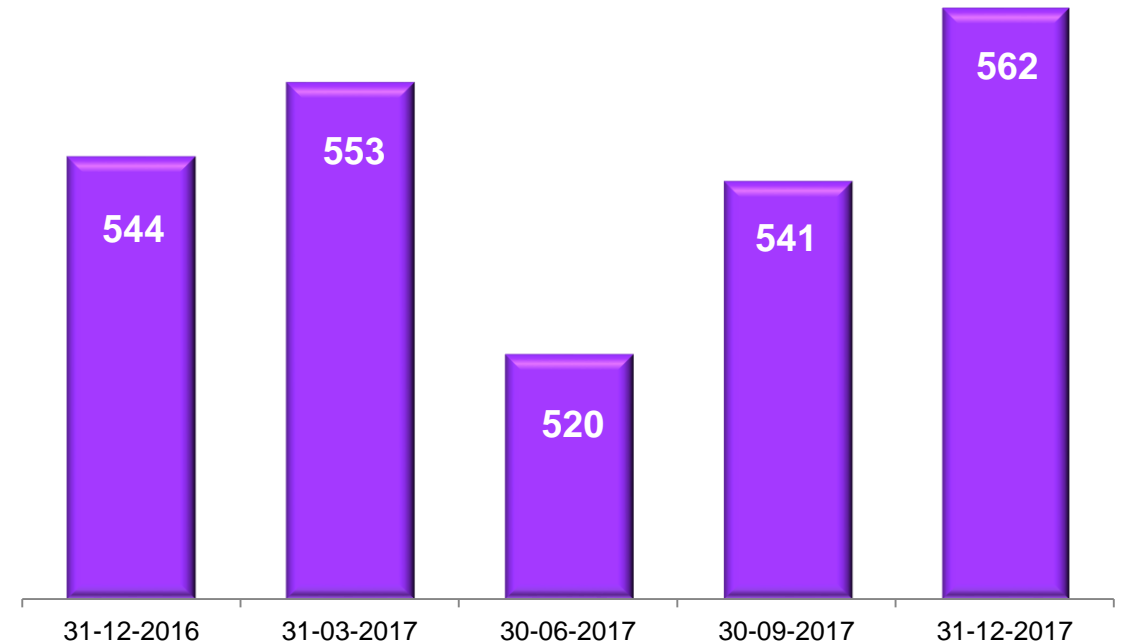


# SHARES

- 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:

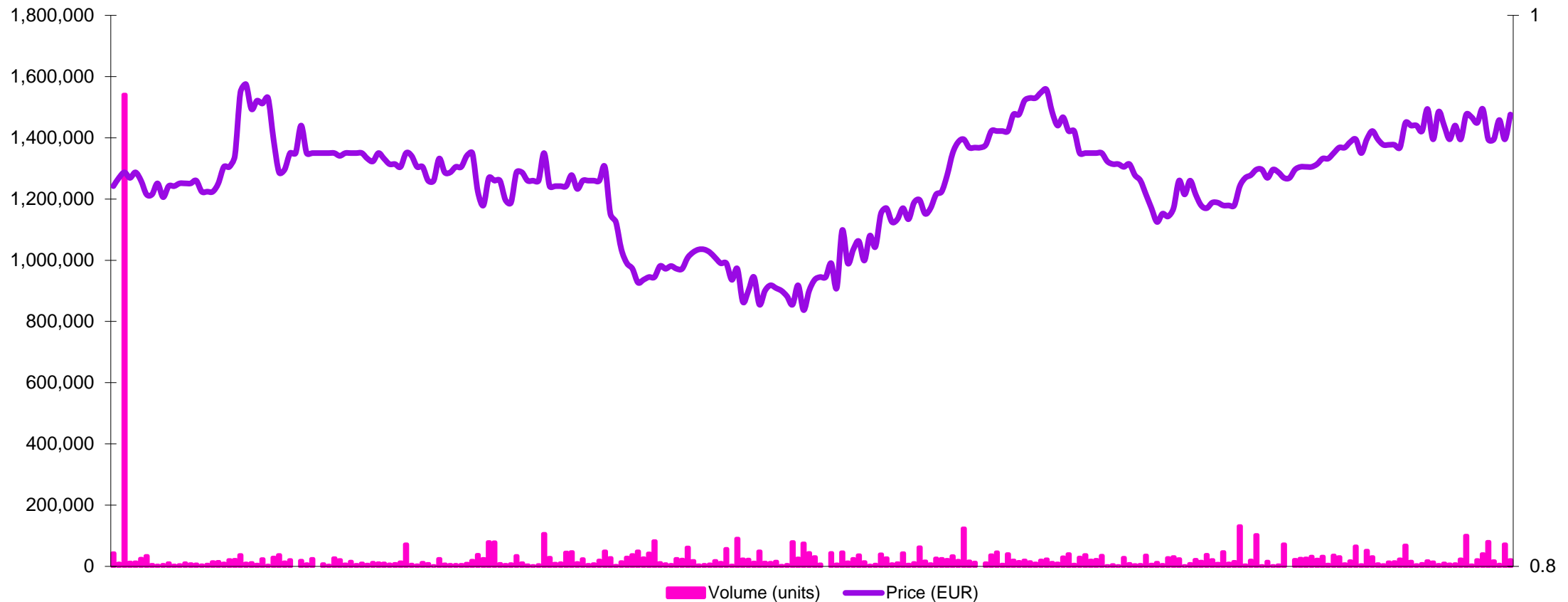
	EUR
01-01-2017	0.933
High	0.979
Low	0.888
31-12-2017	0.964

**Market capitalization (EUR million)**

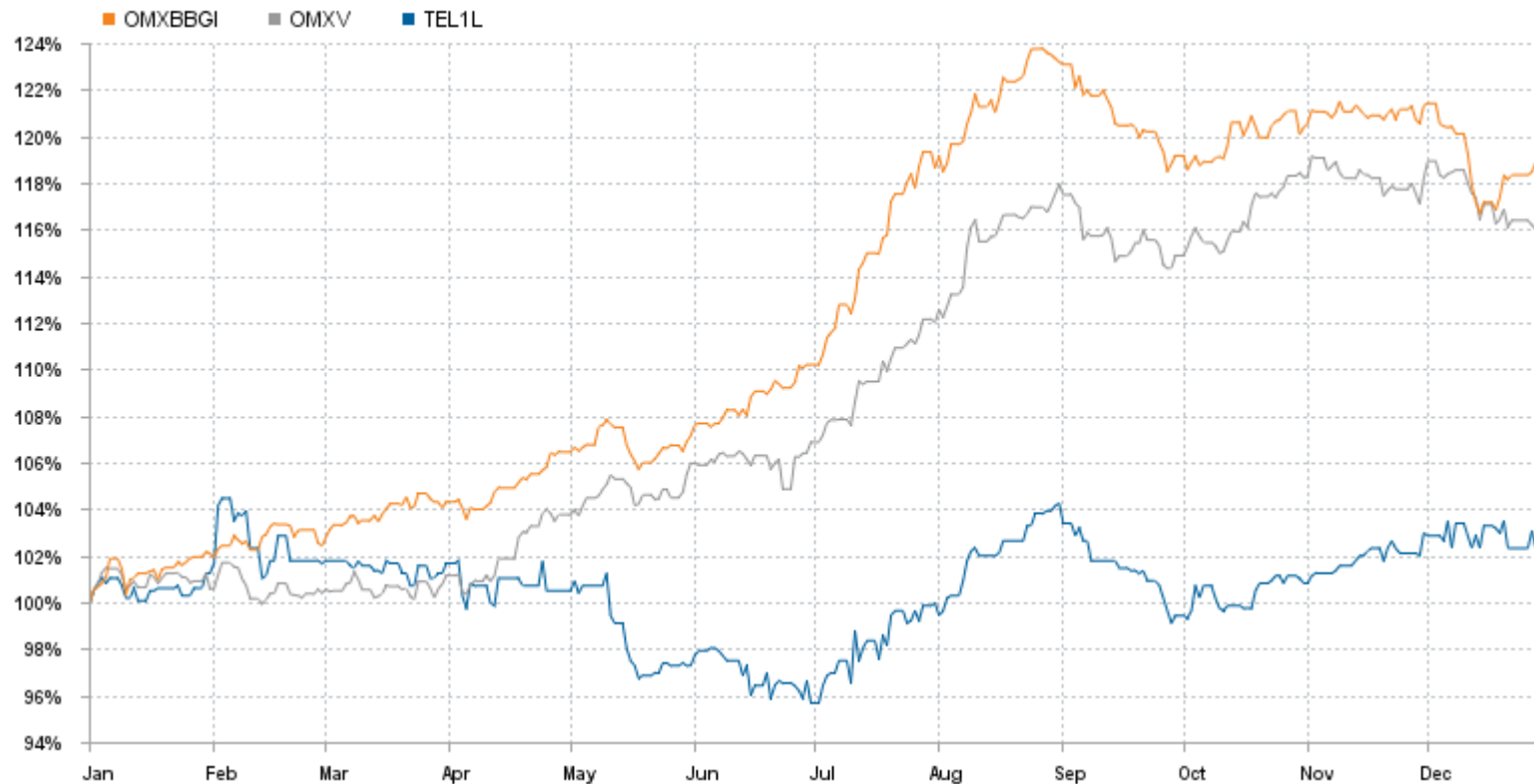




# TRADING IN THE COMPANY'S SHARES ON NASDAQ VILNIUS STOCK EXCHANGE IN 2017



# THE COMPANY SHARE PRICE AND NASDAQ VILNIUS INDEXES COMPARISON



Source: Nasdaq Vilnius



# CORPORATE GOVERNANCE

The background of the slide is composed of several overlapping, wavy bands of color. From top to bottom, the colors transition from a deep purple to a bright blue, then to a pale yellow, and finally to a vibrant orange. The waves create a sense of movement and depth across the entire slide.

# 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
- Stefan Block, Ole Stenkil, Inga Skisaker and Rolandas Viršilas **resigned** from the Board as of 24 April 2018
- Agneta Wallmark, Hannu-Matti Mäkinen, Tomas Balžekas and Mindaugas Glodas (the last both as independent members of the Board) were **elected** to the Board for the current term of the Board
- 3 members of the Board comprise **Audit and Remuneration Committees**
- **UAB Deloitte Lietuva** was elected as the Company's independent auditor for the years 2018 and 2019
- 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



**Hannu-Matti Mäkinen** (born in 1970),  
**Member** of the Board,  
represents Telia Company AB



**Agneta Wallmark** (born in 1960),  
**Member** of the Board,  
represents Telia Company AB



**Tomas Balžekas** (born in 1977),  
**Independent member** of the Board



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



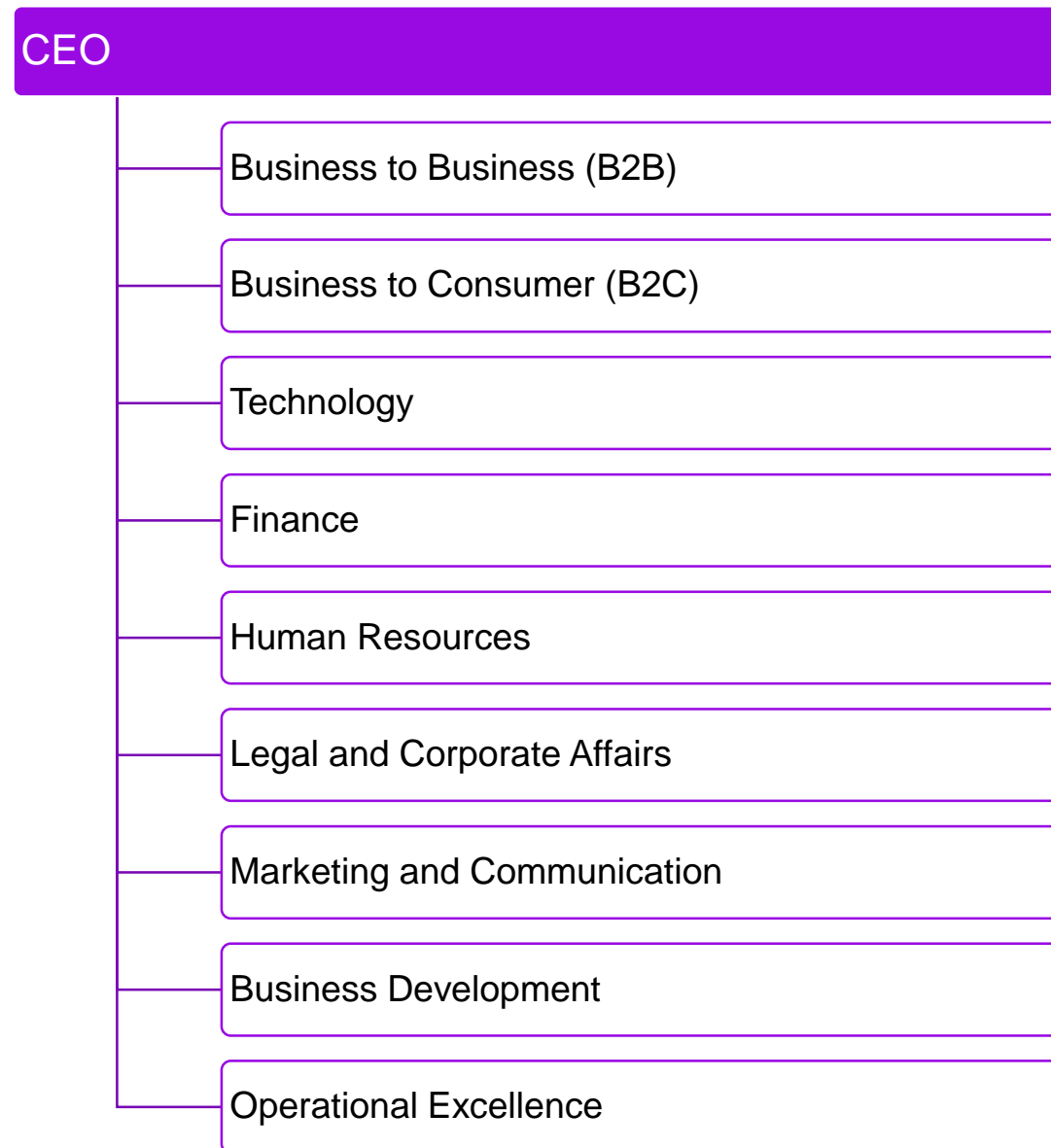
**Mindaugas Glodas** (born in 1972),  
**Independent member** of the Board

- The current 2-years term of the Board will end in April 2019
- 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



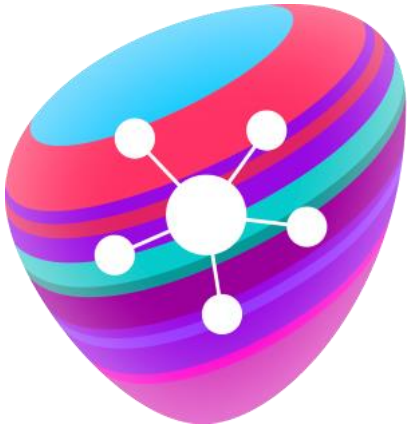
Environmental  
responsibility



Children safety  
online



# ALL IN APPROACH



Connecting the  
unconnected



A healthy and safe  
society



Education for all



Digital  
entrepreneurship and  
innovation





Telia

**#VISAOTINKLAS**