

TELIA LIETUVA ANNUAL REPORT



CEO'S WORD

Big things do not always fit into the standard packaging. Sometimes we also find 24 hours per day and 12 months per year insufficient. This is what our 2016 looked like - a year of big works, good results and special mood.



We started our path to the next generation telecommunications business in October 2015 having announced our plans to merge Teo and Omnitel. We agreed on strategic goals, formed a joint management team and made organizational structures of both companies uniform. On 4 January 2016, Teo acquired 100 percent of shares of Omnitel, and both companies started joint operations. On 1 February 2017, after the merger of Omnitel and Baltic Data Center with Teo under a new Telia Lietuva name, we turned the page in the history of telecommunications business of Lithuania. Today we are a company providing the most telecommunications, IT and TV services from a single point in Lithuania.

However, high temperature was needed for this high-quality alloy, which we had to maintain throughout 2016. Cultures of different companies became a single Telia family - with joint teams of employees, merged offices, new offers, merged technologies and networks, IT systems and common resource management.

At the end of the year, our customers could clearly see that they were communicating with a single company: we started selling all services from a single point having merged and renovated more than 70 customer service centres throughout Lithuania. We became available to residents and business customers by calling a single telephone number or contacting a single manager. Simply and conveniently.

This was needed to exploit the entire potential, which Telia Lietuva had accumulated. Today we see that more than half of residents of Lithuania and thousands of businesses use our services. We are already able to offer you solutions that allow creating the ecosystem of inter-related

devices and technologies that facilitate life, the so called **#allthingsnetwork (visakotinklas)**, from a single point.

In addition to typical activities, the process of integration of Telia, which lasted for a year and a half, demanded additional focus and energy. Thus now, having successfully completed this stage and laid strong foundation for the next generation telecommunications business, we are going back to our essence - leadership in technology, focus on customers and development of new services.

The path, which we took in October 2015, is a correct path, thus we are determined to continue following it, offering to our customers even more solutions, technology, convenience and, most importantly, **#more life (#daugiaugyvenimo)**.

Kęstutis Ŗliužas,
CEO of Telia Lietuva

WHAT IS TELIA LIETUVA?

Telia Lietuva continues the activities of Teo, Omnitel and Baltic Data Center. After the reorganisation and change of the name on 1 February 2017, we provide the telecommunications, IT and TV services to you from a single source, servicing you at our joint retail outlet and by one short number.



We are the part of an international Telia Company Group operating in 15 countries – from Norway to Turkey. Creating together, sharing experiences and ideas, we do our best so that technology would help you to make your life and work easier, more convenient and colourful.

Shares of Telia Lietuva are listed on Nasdaq Vilnius Stock Exchange (symbolis – TEL1L).

The Communication Regulatory Authority (CRA) of Lithuania has designated the Company together with its related legal entities as an operator with significant market power (SMP) on 9 markets.

Telia Lietuva head office is located at Lvovo str. 25 in Vilnius. The Company's services are available all over Lithuania.

BUSINESS PHILOSOPHY

Our **purpose** is bringing the world closer – on the customer's terms

Our shared **values**



We **DARE** to

INNOVATE by sharing ideas, taking risk and continuously learn
LEAD by engaging with our customers and challenging ourselves
SPEAK UP by expressing opinions and concerns

We **CARE** for

OUR CUSTOMERS by providing solution that are adapted to their needs
EACH OTHER by being supportive, respectful and honest
OUR WORLD by acting responsively and in accordance with our ethical standards

We **SIMPLIFY**

EXECUTION by taking actionable decisions and deliver with speed
TEAMWORK by transparent communication, active collaboration and knowledge sharing
OUR OPERATIONS by efficient processes and clear ownership

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

Group structure as of 1 February 2017

From 1 February 2017 **Telia Lietuva, AB** continuous activities of telecommunications and IT service provider TEO LT, AB, and activities of the merged into it mobile operator Omnitel and data center business leader Baltic Data Center. The Company provides services primarily to residents and businesses in Lithuania as well as to domestic and international telecommunications operators.

The Contact Centers of **Telia Customer Service LT, UAB** are taking care of Telia Lietuva' customers and providing Directory Inquiry service 118 in Lithuania. Until 1 February 2017 the subsidiary was named UAB Lintel.

UAB Verslo Investicijos implements an investment project in Vilnius, while **UAB Kompetencijos Ugdymo Centras** is a dormant subsidiary.

VšĮ Numerio Perkėlimas, a joint not for profit organization established together with UAB Bitė Lietuva and UAB Tele2 (each holding a 25 per cent stake), in collaboration with UAB Mediafon from 1 January 2016 administers central database to ensure telephone number portability in Lithuania.

In January 2016, Baltic Data Center SIA, a dormant subsidiary of Baltic Data Center in Latvia, was liquidated.

On 29 April 2016, the Company transferred its ownership rights of VšĮ Ryšių Istorijos Muziejus (The Communications History Museum) to Kaunas City Municipality free of charge. VšĮ Ryšių Istorijos Muziejus, a not-for-profit organisation, was established in 2010 for the management of the Communications History Museum in Kaunas funded by the Company. The Company was a sole founder and owner of VšĮ Ryšių Istorijos Muziejus.

In July 2016, Omnitel transferred its 50 per cent stake of ownership rights of VšĮ SOS Projektai to Swedbank (Lithuania) free of charge. SOS Projektai was jointly established by Omnitel and

Swedbank (each owning a 50 per cent stake) as a not-for-profit organisation for implementation of a professional volunteering project "Kam to reikia?!" ("Who needs it?!").

Telia Lietuva has no branches or representative offices.

MEMBERSHIP IN ORGANISATIONS

ORGANIZATIONS OF THE REPUBLIC OF LITHUANIA:

- Association INFOBALT
- Association Investor's Forum
- Lithuanian Responsible Business Association (LAVA)
- Association of Human Resource Professionals
- Lithuanian Business Confederation
- Vilnius Chamber of Commerce, Industry and Crafts
- Kaunas Chamber of Commerce, Industry and Crafts
- Šiauliai Chamber of Commerce, Industry and Crafts
- Šiauliai Industrialists Association
- Panevėžys Chamber of Commerce, Industry and Crafts
- Mažeikiai Association of Entrepreneurs
- Tauragė Region Association of Entrepreneurs
- Swedish Chamber of Commerce in Lithuania
- Finnish Chamber of Commerce in Lithuania
- Danish Chamber of Commerce in Lithuania
- Norwegian-Lithuanian Chamber of Commerce
- German-Baltic Chamber of Commerce in Estonia, Latvia, Lithuania
- British Chamber of Commerce in Lithuania
- American Chamber of Commerce in Lithuania

INTERNATIONAL ORGANIZATIONS:

- Baltic Institute of Corporate Governance
- UNPD Global Compact

The Company is a supporter of Lithuanian Free Market Institute and one of initiators of establishing project "Baltoji Banga" ("Clear Wave")

KEY GROUP INDICATORS

	2016	2015 <i>comparable combined*</i>	2015	Change to comparable combined
Revenue (EUR million)	346	338	205	+ 2.5 %
EBITDA, excl. non-recurring items (EUR million)	117	111	81	+5.9 %
EBITDA, excl. non-recurring items, margin (%)	33.8	32.7	39.5	
Profit for the year (EUR million)	41	44	34	- 6.4 %
Capital investments (EUR million)	58	51	35	+ 13.6 %
Market capitalisation (EUR million)	544		588	
Number of mobile subscriptions (thousand)	1,458	1,490	-	-2.1 %
Number of fixed telephone lines (thousand)	466	500	500	- 6.9 %
Number of broadband Internet connections (thousand)	404	391	391	+ 3.4 %
Number of TV service customers (thousand)	229	212	212	+ 8.1 %
Number of employees at the end of period	3,146	3,200	2,603	- 1.7 %

* As on 4 January 2016, the Company acquired a 100 per cent stake in Omnitel. In order to present an approximate measure of the performance of the combined group, the comparable combined data is data combined by simple aggregation after elimination of intragroup transactions as if Omnitel was at the time part of the Group.

More information about the Company's financial results for the year 2016 is available in [Financial Statements for the year 2016](#).

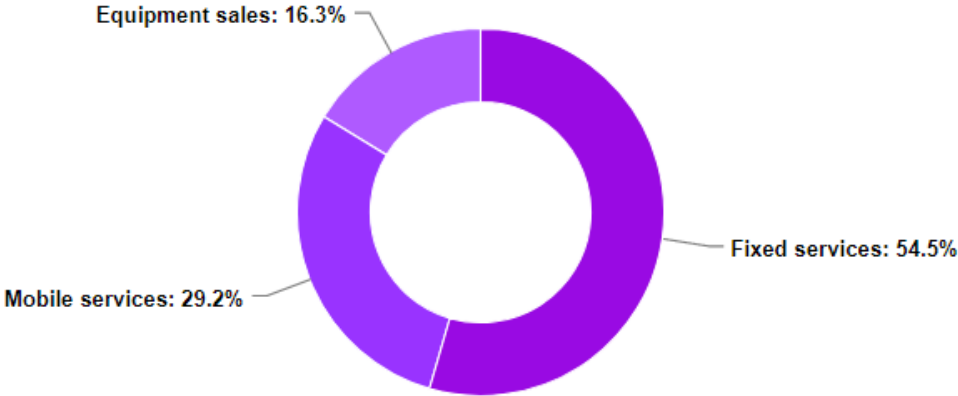
REVENUE

BREAKDOWN OF REVENUE (EUR MILLION)

	2016	2015 comparable combined*	Change to comparable combined
Mobile services	102	97	+ 4.2%
Fixed voice telephony services	71	72	- 1.3%
Internet services	57	54	+ 5.4%
Equipment sales	56	59	- 4.0%
Data communication and network capacity services	20	21	- 3.0%
TV services	25	21	+ 18.5%
IT services	11	10	+ 9.0%
Other services	4	3	+ 14.8%
Total	346	338	+ 2.5%

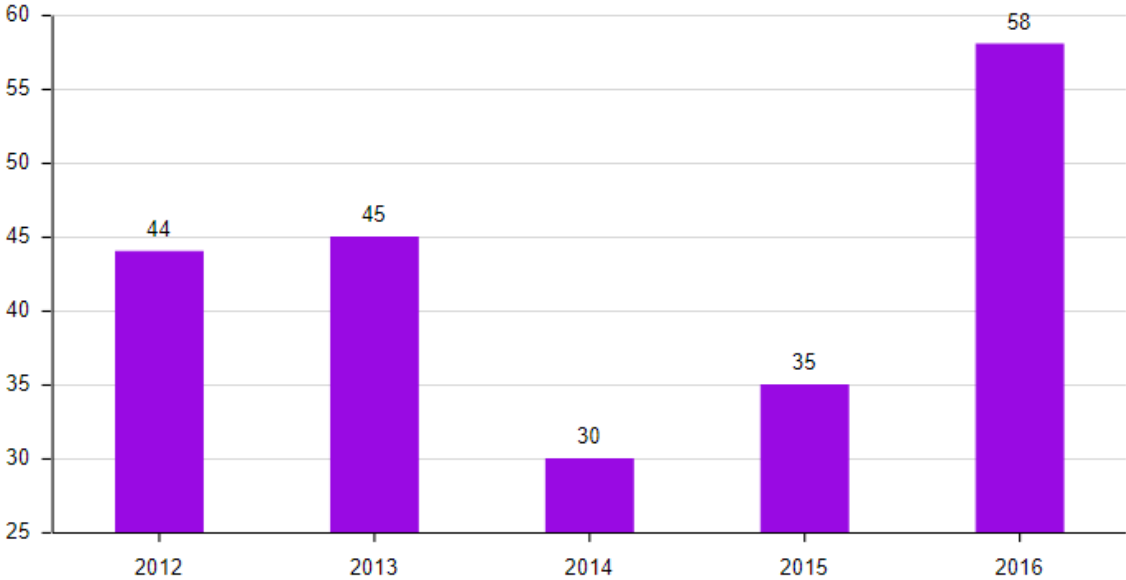
* As on 4 January 2016, the Company acquired a 100 per cent stake in Omnitel. In order to present an approximate measure of the performance of the combined group, the comparable combined data is data combined by simple aggregation after elimination of intragroup transactions as if Omnitel was at the time part of the Group.

BREAKDOWN OF REVENUE



INVESTMENTS

CAPITAL INVESTMENTS (EUR MILLION)



During 2016, the total capital investments of the Group amounted to EUR 57.7 million (comparable combined capital investments was EUR 50.8 million a year ago). The majority of capital investments (EUR 26.6 million) went to the expansion of the core fixed network and development of the fiber-optic access network. Investments into the development of mobile network amounted to EUR 13.5 million and EUR 16.7 million was invested into the development of IT systems of both companies. Other investments amounted to EUR 0.9 million.

IMPORTANT EVENTS

JANUARY

- The Company acquired a 100 per cent stake in Omnitel, a mobile operator in Lithuania
- The management structures of both companies was unified and joint management team took the lead
- Baltic Data Center SIA, a subsidiary of Baltic Data Center in Latvia, was liquidated
- Omnitel won the radio frequencies auction of Communication Regulatory Authorities
- The Company together with the partners open a smart-classroom in Smeltės progymnasium in Klaipėda

FEBRUARY

- Customers of Omnitel while travelling in Latvia, Estonia, Finland, Sweden, Norway and Denmark were enabled to talk and browse at the same tariffs like at home
- The Company offered an “Antivirus plus” solutions that protects from viruses and spam up to three different devices
- Inspecta, the largest certification company in the Nordic region, granted ISO certificates in IT Services (ISO 20000) and Information Security (ISO 27001) Management Systems to the Company
- Omnitel was the first in the Baltic countries to implement the latest mobile technology 4.5G / LTE Advanced PRO and in an actually operating network to reach the data download speed of 750 Mbps

MARCH

- The measurements performed by the Communications Regulatory Authority (CRA) showed that Omnitel customers enjoy the fastest 4G mobile Internet connection in the largest territory of Lithuania

APRIL

- The Company opened a new data center in Vilnius that is certified according to TIER III security standards
- The shareholders of the Company approved the preparation of the Terms of Merger and decided to pay 0.01 euro dividend for the year 2015
- Instead of resigned member of the Board, Tiia Tuovinen, shareholders elected Hannu-Matti Mäkinen to the Board
- The Company transferred its ownership rights of VšĮ Ryšių Istorijos Muziejus (The Communications History Museum) to Kaunas City Municipality free of charge

MAY

- The Group entered into the largest Internet of Things (IoT) project in Lithuania – to ensure smart electricity metering data transmission and management services for business customers of Energijos Skirstymo Operatorius (ESO)

JUNE

- Omnitel and Baltic Data Center changed their legal status from closed stock companies (UAB) to public stock companies (AB)
- The Term of Merger of the Company, Omnitel and Baltic Data Center were announced
- Omnitel increased a speed of its 4G LTE technology by 30 per cent
- Having constructed new base stations in the Panemunė region, which is adjacent to the Kaliningrad region (Kaliningrad Oblast), Omnitel became the only operator providing the fastest mobile Internet connection in this part of Lithuania
- The Company signed an agreement with SEB bank for possibility to business customers to finance acquisition of PCs, data center, network printing, audio and video equipment and software

JULY

- The Company joined the Memorandum of Understanding on the enhancement of the functionality of the Bank of Lithuania retail instant payment system
- The Company streamlined its digital terrestrial television rebroadcasting: instead of 3 it uses 2 networks of transmitters
- Omnitel transferred its ownership rights and a 50 per cent stake in VšĮ SOS Projektai to Swedbank AB (Lithuania) free of charge
- The Board elected Hannu-Matti Mäkinen to the Audit Committee and re-elected members of the Remuneration Committee
- The Company completed the network digitization process, which had lasted for more than a decade, and turned off the last analogue network exchange
- Wireless Wi-Fi connections became available on Lietuvos Geležinkeliai trains commuting between Vilnius and Kaunas
- All the IT infrastructure of Lietuvos Draudimas and PZU Group in Baltics' was migrated into two data centers of the Company

AUGUST

- The first joint customer care showroom of a new concept was opened in Kaunas

SEPTEMBER

- On the eve of a new school year, the Company together with partners opened smart-classrooms in 10 schools in Kaunas
- The Company in cooperation with the companies of the Telia Company Group in Latvia and Estonia started to provide IT system support and telecommunication services in all Baltic countries
- The Company presented 4 new fiber-optic Internet business plans and a possibility to have the Internet installed in one day
- Omnitel was the first in Lithuania to implement a next-generation voice transmission technology VoLTE (Voice over LTE) in our 4G network

OCTOBER

- Omnitel increased the data package of its mobile subscriptions and reduced an average data price by 40 per cent
- Following the wishes of parents and their children, the Company launched a separate “Kids Corner” on its IPTV platform
- The Company was granted with limited activities electronic money institution licence
- The Bank of Lithuania approved the merger of Omnitel into the Company
- In the places where there is no possibility to install fiber optic internet, Omnitel offered a solutions with specially installed Huawei router
- Omnitel was the first mobile communication operator to install 20 new 4G base stations along the Lithuanian state border with Belarus

NOVEMBER

- Lintel announced that is planning to cease provision of service to external customer and instead will focus all of its efforts on improvement of the Group’s customer experience and quality of service
- The Communications Regulatory Authority (RRT) confirmed that Omnitel 4G connectivity has covered 99 per cent of the populated territory of Lithuania and remains the fastest in the country
- For customers’ convenience, the Company and Omnitel offered joint short customer care phone numbers

DECEMBER

- The Company and Omnitel completed merger of 70 retail outlets all over the country
- The shareholders of the Company elected Deloitte Lietuva as the Company’s auditor, and approved the Terms of Merger and change of the Company’s name
- After the expiry of employment contract Petteri Ahonen, Head of B2B, finished his career at the Company

AWARDS



TELIA LIETUVA – RESPONSIBLE ENTERPRISE 2016

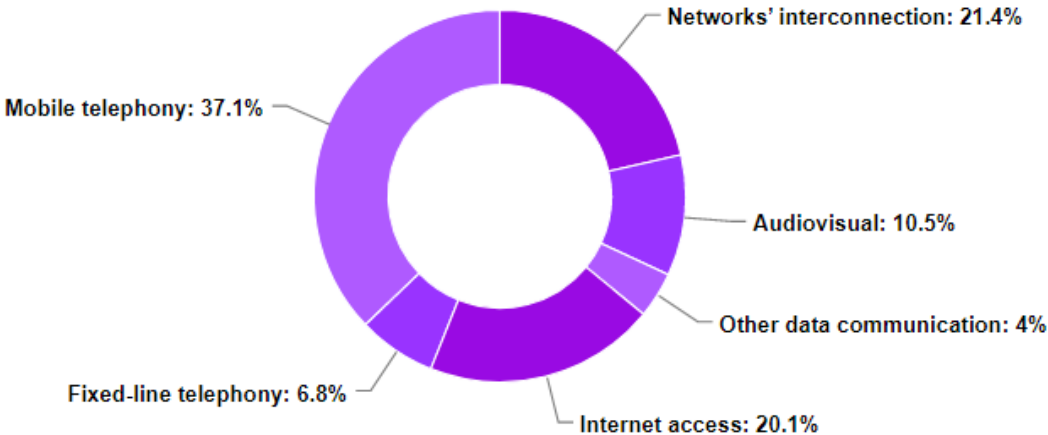
During the annual **Investors' Forum**, an association of the largest and most active investors in the Lithuanian economy, awards Telia Lietuva has been recognized as the most responsible company of the year for the applied high transparency, dissemination of good experience, organizational culture and investments in environmental protection in 2016.

THE LITHUANIAN ELECTRONIC COMMUNICATIONS MARKET

- During 2016, the revenue of the Lithuanian electronic communications sector, compared to 2015, increased by 4.8 per cent.
- The total revenue of the market amounted to EUR 656 million (in 2015 – EUR 626 million).
- In 2016, in terms of revenue, the growth was recorded in the markets of mobile telephony (7.2 per cent), Internet access (3.8 per cent), pay-TV (6.7 per cent), networks' interconnection (7 per cent), and radio and television programs transmission (7.5 per cent) services.
- The market of fixed-line telephony services decreased by 7.6 per cent, dark fiber – 1.6 per cent, leased lines – 19.7 per cent and data communication – 0.3 per cent.

BREAKDOWN OF THE LITHUANIAN ELECTRONIC COMMUNICATIONS MARKET REVENUE DURING 2016

Source: Report of the Communications Regulatory Authority

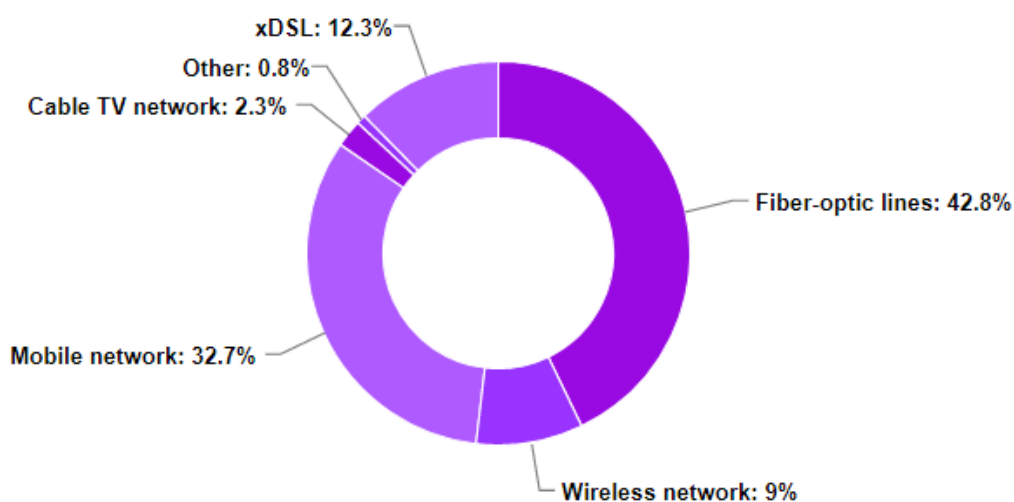


INTERNET SERVICES MARKET

- During 2016, the number of Internet users in Lithuania increased by 7.4 per cent or by 87.7 thousand – up to 1,274.8 thousand.
- At the end of 2016, the number of broadband Internet access users per 100 inhabitants of Lithuania was 44.7.
- The most rapid growth was in the number of users, connected to the Internet via mobile telecommunications networks (17.9 per cent), fiber-optic communication lines (5.5 per cent) and via wireless connections (5.3 per cent).
- 545 thousand or 42.8 per cent of the total number of Internet users connect to the Internet via fiber-optic lines. This is one of the best indicators in Europe.
- Internet access services are provided by 103 operators. The largest Internet service providers by the number of subscribers: Teo (now - Telia Lietuva) (31.6 per cent), Omnitel (now - Telia Lietuva) (15.2 per cent), Bitė Lietuva (13.7 per cent), Lietuvos radijo ir televizijos centras (Lithuanian Radio and Television Centre) (6.9 per cent), Cgates (6.2 per cent).

BREAKDOWN OF INTERNET ACCESS SUBSCRIBERS BY THE MANNER OF CONNECTION

Source: Report of the Communications Regulatory Authority



VOICE SERVICES MARKET

FIXED TELEPHONY SERVICES

- During 2016, the total number of fixed telephone lines in Lithuania decreased by 5.7 per cent or 31.5 thousand – down to 521.9 thousand.
- At the end of 2016, the number of fixed telephone lines per 100 inhabitants in Lithuania was 18.3.
- 87.7 per cent of fixed-line telephony subscribers were the Company's customers, while 12.3 per cent – customers of alternative operators.
- At the end of 2016, there were 43 undertakings engaged in the provision of fixed telephony services in Lithuania: 36 – retail, 7 – wholesale (transit) services.
- 33 operator use the IP protocol technologies for provision of voice telephony services.

MOBILE TELEPHONY SERVICES

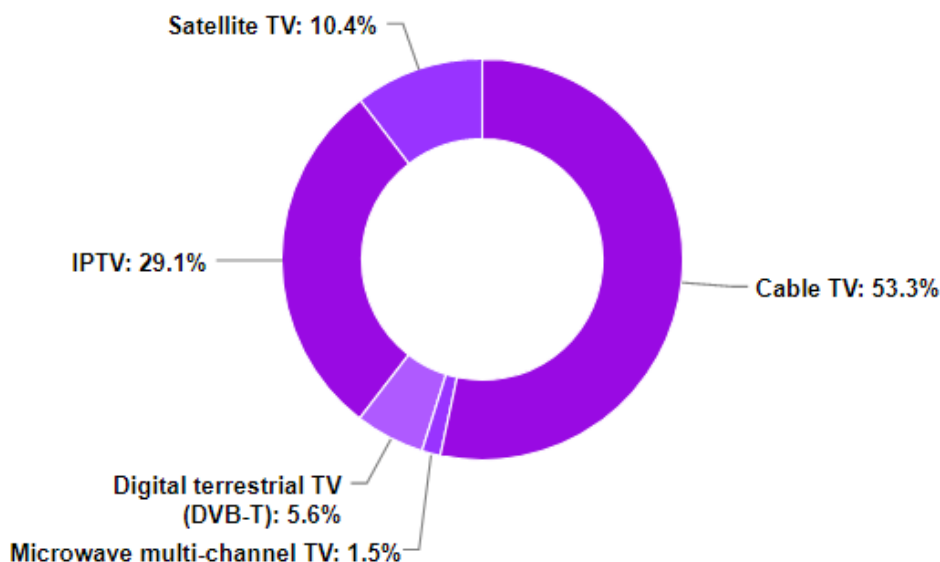
- Over the year, the number of active mobile telephone subscribers increased by 0.5 per cent or 20.6 thousand – down to 4,204.7 thousand.
- The number of active mobile telephone subscribers per 100 inhabitants in Lithuania was 147.6.
- Mobile telephony services in Lithuania are provided by 3 operators (Omnitel, Tele2 and Bitė Lietuva) and 5 service providers. Other 8 undertakings act as resellers of the services provided by other operators to their subscribers.
- At the end of 2016, 42.9 per cent of active mobile telephone subscribers were customers of Tele2, 29.9 per cent – Omnitel, 25.1 per cent – Bitė Lietuva and 2.1 per cent – other service providers.

TV SERVICES MARKET

- At the end of 2016, the total number of pay-TV subscribers was 707.4 thousand, i.e. almost by 14.9 thousand or 2.1 per cent less than at the end of 2015 when the number of TV subscribers was 724.5 thousand.
- Over the year, the number of digital television service users increased by 8.1 per cent – up to 494 thousand, and by the end of 2016 amounted to 69.8 per cent of the total number of pay-TV service subscribers.
- The number of Internet Protocol-based television (IPTV) and digital cable service users continued to grow, while the number of satellite, digital terrestrial television (DVB-T), cable analogue and microwave multi-channel television subscribers decreased.
- The number of pay-TV subscribers per 100 households in Lithuania was 55.6.
- At the end of 2016, television services were provided by 42 undertakings.
- At the end of 2016, the number of the Company's television (IPTV and DVB-T) users (229 thousand) constituted 38.9 per cent of the total number of pay-TV subscribers in Lithuania.

BREAKDOWN OF PAY-TV SUBSCRIBERS BY THE MANNER OF CONNECTION

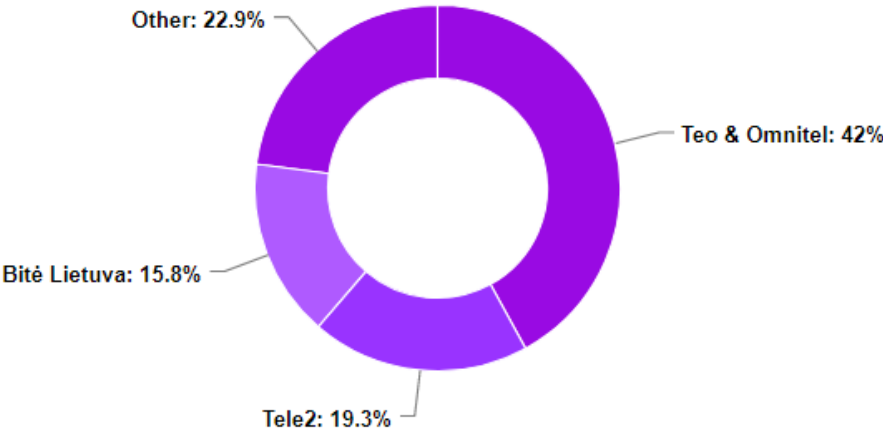
Source: Report of the Communications Regulatory Authority



THE GROUP MARKET SHARES

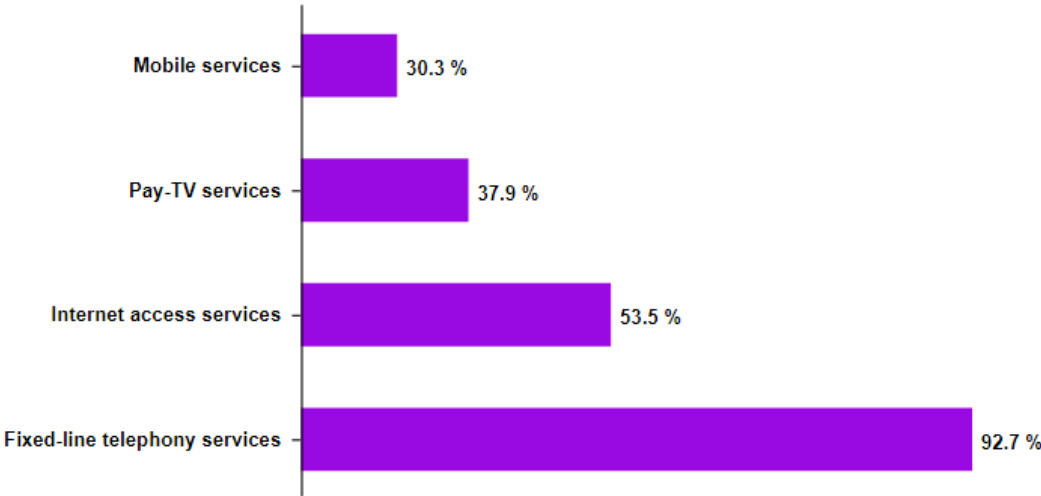
BREAKDOWN OF THE MARKET REVENUE IN 2016 BY OPERATORS

Source: Report of the Communications Regulatory Authority



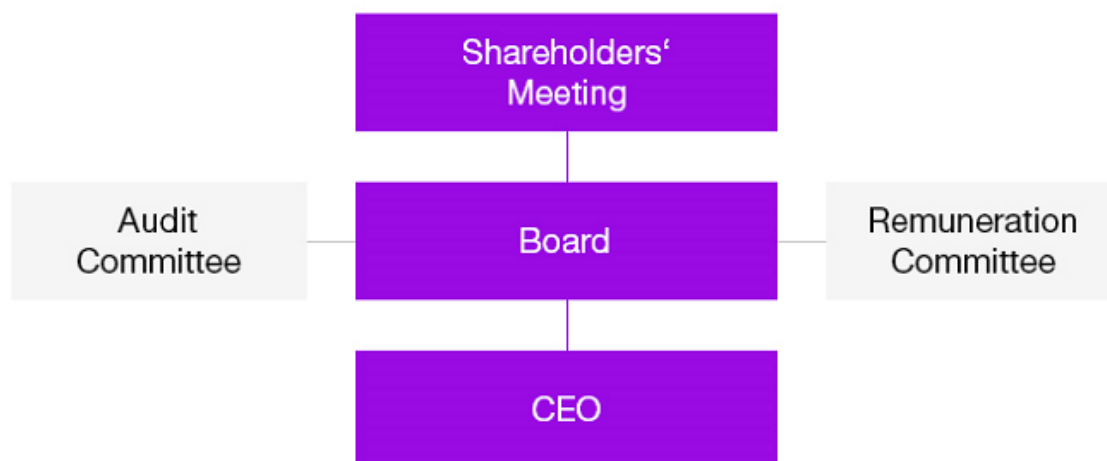
TEO & OMNITEL MARKET SHARES BY REVENUES IN 2016

Source: Report of the Communications Regulatory Authority



STRUCTURE OF GOVERNANCE

According to the By-laws of Telia Lietuva, AB the managing bodies of the Company are General Meeting, Board and CEO. The Company does not have a Supervisory Council.



The decisions of the **General Meeting** made regarding the matters of competence of the General Meeting, are binding upon the Shareholders, the Board, CEO and other officials of the Company.

The Shareholders of the Company that at the end of the date of record of the General Meeting are shareholders of the Company have the right to participate in the General Meeting. The date of record of the General Meeting of the Shareholders of the Company is the fifth business day prior to the General Meeting or the repeated General Meeting. The person, participating in the General Meeting and having the right to vote, shall deliver his/her identification proving document. In case the person is not a shareholder he/she is to present a document, proving his/her right to vote at the General Meeting.

The members of the **Board** serving on the Board of the Company are acting jointly as a governing body of the Company. The Board consists of six members. The members of the Board are elected for a term of two years. The Chairman of the Board is elected by the Board from its members.

The members of the Board are elected by the General Meeting in accordance with the procedure established by the Law on Companies of the Republic of Lithuania. The Board institutes two Committees: Audit and Remuneration. Three members of the Board comprise each committee.

The Board elects and recalls CEO of the Company, sets his remuneration and other conditions of the employment agreement, approves his office regulations, induces and applies penalties to him.

CEO is the Head of the Company. The Head of the Company is a one-man management body of the Company and, within his scope of authority, organizes the day-to-day operation of the Company. The Work Regulations approved by CEO define the duties and authority of CEO and Heads of Divisions as well as other officers of the Company in more details.

More information about the Board activities in 2016 and disclosure of the Company's compliance with the principles and recommendation set by The Governance Code for the Companies Listed on Nasdaq Vilnius stock exchange is provided in Consolidated Annual Report for the year 2016 and its appendix, Corporate Governance Reporting Form, which are an integral part of the Company's Financial Statements.

BOARD



Robert Andersson (born in 1960)

Chairman of the Board of Telia Lietuva, member of the Board since 29 April 2014, re-elected for the two year term on 29 April 2015 (nominated by Telia Company AB, that has 88.15 per cent of Telia Lietuva share capital and votes), **Chairman of the Remuneration Committee**

Education: George Washington University, Washington DC, (U.S.A.) Master of Business Administration, International Business, and Swedish School of Economics and Business Administration, Helsinki (Finland) Master of Science, Accounting/Finance

Employment: Telia Company AB (Sweden), Senior Vice President and Head of Corporate Holdings

Current Board Assignments:

- TeliaSonera Finland Oyj (Finland), Chairman of the Board
- Telia Norge (Norway), Chairman of the Board
- Telia Eesti AS (Estonia), Chairman of the Supervisory Council
- Enea AB (Sweden), member of the Board
- PJSC MegaFon (Russia), member of the Board

Robert Andersson **has no direct interest in the share capital of Telia Lietuva**. He owns 10,000 of Telia Company's shares. He has no shareholdings that exceed 5 per cent of the share capital of any company.



Stefan Block (born in 1967)

Member of the Board of Telia Lietuva since 29 April 2014, re-elected for the two year term on 29 April 2015 (nominated by Telia Company AB, that has 88.15 per cent of Telia Lietuva share capital and votes), **Chairman of the Audit Committee**

Education: University of Stockholm (Sweden), Bachelor of Science in Business and Administration

Employment: Telia Company AB (Sweden), Chief Financial Officer of Lithuania, Estonia and Denmark (LED) cluster

Current Board Assignments:

- Telia Danmark A/S (Denmark), Chairman of the Board
- Síminn Denmark A/S (Denmark), member of the Board
- Telia Finance AB (Sweden), member of the Board
- Telia Norge AS (Norway), member of the Board
- LMT SIA (Latvia), member of the Supervisory Council
- Telia Eesti AS (Estonia), member of the Supervisory Council

Stefan Block **has no direct interest in the share capital of Telia Lietuva**, and has no shareholdings that exceed 5 per cent of the share capital of any company.



Claes Nycander (born in 1963)

Member of the Board of Telia Lietuva since 29 April 2014, re-elected for the two year term on 29 April 2015 (nominated by Telia Company AB, that has 88.15 per cent of Telia Lietuva share capital and votes), **member of the Remuneration Committee**

Education: Uppsala University (Sweden), Master of Business and Administration, Stanford University Palo Alto (U.S.A.), Master of Science in Electrical Engineering, Institute of Technology at University of Linköping (Sweden), Master of Science in Electrical Engineering, and University of Linköping (Sweden), Bachelor of Science in Mathematics

Employment: Telia Company AB (Sweden), Vice President and Head of Special Projects & LED (Lithuania, Estonia, Denmark) Management at Group Service Operations

Current Board Assignments:

- TT Nätverket A/S (Denmark), Chairman of the Board
- Systecon AB (Sweden), member of the Board
- Svenska UMTS-Nät AB (Sweden), member of the Board
- LMT SIA (Latvia), Chairman of Supervisory Council

Claes Nycander **has no direct interest in the share capital of Telia Lietuva**, and has no shareholdings that exceed 5 per cent of the share capital of any company.



Hannu-Matti Mäkinen (born in 1970)

Member of the Board of Telia Lietuva since 26 April 2016 (nominated by Telia Company AB, that has 88.15 per cent of Telia Lietuva share capital and votes), **member of the Audit Committee**

Education: University of Arizona (U.S.A), College of Law, LL.M (Masters of Laws) in International Trade Law, and University of Lapland (Finland), School of Law, LL.B (Bachelor of Laws) and LL.M (Masters of Laws) in Finnish and EU-Law

Employment: Telia Company AB (Sweden), Vice President and Head of Legal at Corporate Holdings unit

Current Board Assignments:

- TeliaSonera Finland Oyj (Finland), member of the Board
- Telia Danmark A/S (Denmark), member of the Board
- Tilts Communications A/S (Denmark), member of the Board
- Telia Norge AS (Norway), member of the Board
- Telia Eesti AS (Estonia), member of the Supervisory Council
- Lattelecom SIA (Latvia), member of the Supervisory Council

Hannu-Matti Mäkinen **has no direct interest in the share capital of Telia Lietuva**, and has no shareholdings that exceed 5 per cent of the share capital of any company.



Inga Skisaker (born in 1971)

Member of the Board of Telia Lietuva since 28 April 2011, for the two-year term re-elected on 29 April 2015 (as independent member of the Board nominated by Telia Company AB, that has 88.15 per cent of Telia Lietuva share capital and votes), **member of the Audit Committee**

Education: Vilnius University (Lithuania), Master of International Business Administration

Employment: Nordea Bank AB Lithuania Branch (Sweden), General Manager and Head of Banking Baltic Countries

Current Board Assignments:

- Baltic Management Institute (Lithuania), member of the Board
- Investors Forum (Lithuania), member of the Board

Inga Skisaker **has no direct interest in the share capital of Telia Lietuva**, and has no shareholdings that exceed 5 per cent of the share capital of any company.



Rolandas Viršilas (born in 1963)

Member of the Board of Telia Lietuva since 25 April 2013, for the two-year term re-elected on 29 April 2015 (as independent member of the Board nominated by Telia Company AB, that has 88.15 per cent of Telia Lietuva share capital and votes), **member of the Remuneration Committee**

Education: Vilnius University (Lithuania), Faculty of Mathematics, Master's degree

Employment: UAB Švyturys-Utenos Alus (Lithuania), Chief Executive Officer, and Carlsberg Baltic States, Chief Executive Officer

Current Board Assignments:

- Lithuanian Brewers' Guild (Lithuania), Chairman of the Council
- VšĮ Užstato Sistemos Administratorius (Lithuania), member of the Board
- Dayton Group Oy (Finland), member of the Board

Rolandas Viršilas Rolandas Viršilas **has 75,000 shares of Telia Lietuva** that accounts to 0.0129 per cent of the total number of the Company's shares and votes. He has no shareholdings that exceed 5 per cent of the share capital of any company.

MANAGEMENT TEAM



Kęstutis Šliužas (born in 1972)

CEO of Telia Lietuva from 1 November 2013

Education: Vilnius University (Lithuania), Bachelor's degree (1994) and Master's degree (1996)

Previous employment:

- January 2011-October 2013 – Tetra Pak Ukraine, Managing Director, and Tetra Pak East Europe & Central Asia, Cluster Leader, Sales Management
- July 2010-December 2010 – Tetra Pak Commercial Operations (Italy), Portfolio Strategy Director
- July 2008-June 2010 – Tetra Pak East Europe & Central Asia, Cluster Leader, Marketing & Product Management
- May 2007-July 2008 – Tetra Pak Russia, Vice President, Marketing & Product Management
- May 2006-May 2007 – Tetra Pak Russia, Key Account Manager & Cluster Driver, Multinational Accounts
- August 2004-April 2006 – Tetra Pak Russia, Deputy Director Business Development
- July 2000-August 2004 – Tetra Pak Carton Ambient Italy, Product Portfolio Manager
- July 1996-June 2000 – Tetra Pak Lithuania, Sales Manager
- 1994-February 1996 – Bossard Consultants (Lithuania), Consultant

Involvement in activities of other entities:

- Telia Company AB (Sweden), cluster of Lithuania, Estonia and Denmark, member of the management team
- Kaunas Technology University (Lithuania), member of the Business Council
- Vilnius Tech Park (Lithuania), member of the Council
- Association INFOBALT (Lithuania), member of the Board
- Baltic Institute of Corporate Governance, member of the Board

Kęstutis Šliužas **has no direct interest in the share capital of Telia Lietuva**, and has no shareholdings that exceed 5 per cent of the share capital of any company.



Mindaugas Ubartas (born in 1978)

Head of B2B of Telia Lietuva

Education: Vytautas Magnus University (Lithuania), Management Faculty, Bachelor's degree (2000) and Master's degree (2002)

Previous employment:

- From August 2015 – JSC Indigo Tajikistan (Tcell), a part of Telia Company Group, CEO
- November 2013-July 2015 – Mobile Telecom Service TOO (Tele2 Kazakhstan), CCO
- April 2011-November 2013 – AS Tele2 Eesti, CEO
- March 2010-April 2011 – UAB Tele2 (Lithuania), Sales & Marketing Department Director
- May 2005-March 2010 – UAB Tele2 (Lithuania), Sales Department Director
- May 2004-May 2005 – UAB Venipak (Lithuania), Sales Director
- July 2002-April 2004 – UAB Bitė GSM (now – UAB Bitė Lietuva), Region Business Manager
- May 2001-July 2002 – AB Lietuvos Telekomas (now – Telia Lietuva, AB), Business Sales Group Manager

Current involvement in activities of other entities:

- JSC Indigo Tajikistan (Tcell), a part of Telia Company Group, CEO

Mindaugas Ubartas **has no direct interest in the share capital of Telia Lietuva**. He is a sole shareholder of UAB Galvaninė Chemija (Lithuania)



Norbertas Žioba (born in 1973)

Head of B2C at Telia Lietuva from 1 January 2016

Education: Durham University (United Kingdom), Business School, Master in Business Administration (MBA) (2007), Vytautas Magnus University (Lithuania), Faculty of Social Sciences, Student for Master in Business Law (1995-1996), and Vytautas Magnus University (Lithuania), Faculty of Business and Management, Bachelor of Science in Business Administration and Management (1995)

Previous employment:

- January 2013-December 2015 – Maxima LT, UAB (Lithuania), Marketing and Sales Department Director, Head of Retail
- December 2003-November 2012 – Danske Bank A/S Lithuania Branch (previously – Sampo Bankas), Member of the Board and Business Development Division Director, Head of Business Development Danske Bank Baltics, Member of the Supervisory Board member of Danske Capital AS (Estonia)
- November 2000-December 2003 – Bitė Lietuva, UAB (then – Bitė GSM) (Lithuania), Marketing Communication Sector Manager, Marketing Department Director, Residential Sales & Marketing Department Director
- March 1999-November 2000 – AB Naujoji Ringuva (Lithuania), Marketing Director
- July 1996-February 1999 – Procter & Gamble (Poland, Baltics, Belarus), Assistant Brand Manager, Marketing & Sales Coordinator Lithuania

Involvement in activities of other entities:

- UAB BLOK Laboratorija (Lithuania), an independent member of the Board

Norbertas Žioba has **3,601 share of Telia Lietuva** that accounts to 0.0006% per cent of the total number of the Company's shares and votes. He has no shareholdings that exceed 5 per cent of the share capital of any company.



Andrius Šemeškevičius (born in 1976)

Head of Technology at Telia Lietuva from 18 August 2014

Education: Vilnius Gediminas Technical University (Lithuania), Bachelor's degree in Engineering Informatics (2001) and Master's degree in Engineering Informatics (2004)

Previous employment:

- August 2008-August 2014 – RIMI Baltic Group IT Director
- September 2005-August 2008 – RIMI Baltic Group IT SAP Systems Manager Baltics
- December 2001-August 2005 – UAB Klaipėdos Baldų Prekyba (Lithuania) IT Manager
- 1996-December 2001 – UAB Krasta Auto (Lithuania) IT Manager

He is not involved in activities of other entities.

Andrius Šemeškevičius **has 8,761 share of Telia Lietuva** that accounts to 0.0015 per cent of the total number of the Company's shares and votes. He has no shareholdings that exceed 5 per cent of the share capital of any company.



Laimonas Devyžis (born in 1982)

Head of Finance at Telia Lietuva from 1 January 2016

Education: ACCA (Association of Chartered and Certified Accountants) (Glasgow, UK) (2004 – 2006), and Stockholm School of Economics in Riga (Latvia), Bachelor of Science in Economics & Business Administration (2004)

Previous employment:

- March 2015-January 2017 – UAB Omnitel (Lithuania), Chief Financial Officer
- July 2012-March 2015 – AB Lietuvos Draudimas (Lithuania), Chief Financial Officer and Member of the Board
- November 2009-July 2012 – AB Lietuvos Draudimas (Lithuania), Financial Controller
- March 2006-October 2009 – ECO Supplies Europe AB (Sweden), Chief Financial Officer
- May 2005-August 2007 – Core Cap (Lithuania), Project manager
- September 2003-May 2005 – Ernst & Young (Lithuania), Audit consultant

Involvement in activities of other entities:

- UAB LD Corporate Consulting (Lithuania), 100 per cent owner and Director

Laimonas Devyžis **has no direct interest in the share capital of Telia Lietuva**, and has no other shareholdings that exceed 5 per cent of the share capital of any company.



Ramūnas Bagdonas (born in 1974)

Head of Human Resources at Telia Lietuva from 1 June 2014

Education: Baltic Management Institute (BMI) (Lithuania), Executive Master of Business Administration (EMBA) (2002), and Vytautas Magnus University (Lithuania), Master of Business Administration (1998)

Previous employment:

- January-May 2014 – TEO LT, AB (now – Telia Lietuva), Director of Human Resources Unit
- May 2011-December 2013 – Philip Morris International (Switzerland), Director of Human Resources Strategy and Planning
- August 2008-April 2011 – Philip Morris International (Poland), Director Lead of Human Resources, Business Partner Poland and Baltic
- September 2005-July 2008 – Philip Morris Baltic (Lithuania), Director of Human Resources
- July 2004-August 2005 – Philip Morris International (Switzerland), Manager Human Resources for Central Europe Region
- January 2002-July 2004 – Philip Morris Lithuania, Manager Human Resources Operations
- September 1999-December 2001 – Philip Morris Lithuania, Management and Organizational Development Specialist
- July 1997-August 1999 – Lithuanian State Social Security Fund, Manager of Human Resources Department
- July 1996-June 1997 – Lithuanian State Social Security Fund, Auditor

Involvement in activities of other entities:

- Telia Company AB (Sweden), cluster of Lithuania, Estonia and Denmark, member of the management team responsible for Human Resources
- Association of Personnel Management Professionals (Lithuania), Member of the Board

Ramūnas Bagdonas **has no direct interest in the share capital of Telia Lietuva**. He has 450 shares of Telia Company AB (Sweden). He has no shareholdings that exceed 5 per cent of the share capital of any company.



Giedrė Kaminskaitė-Salters (born in 1978)

Head of Legal at Telia Lietuva from 7 December 2015

Education: Maastricht University (The Netherlands), Doctor of Law (2010), BPP Law School, London (United Kingdom), law conversion studies, juris doctor equivalent (2003), Oxford University (United Kingdom), MPhil in Russian and East European Studies (2001), and London School of Economics (United Kingdom), Bachelor of Science in International Relations (1999)

Previous employment:

- 2014-August 2015 – Lithuanian Presidency, Chief Adviser to the President on Economic and Social Affairs
- 2013-2014 – The Office of Gas and Electricity Markets (OFGEM) (United Kingdom), Energy Efficiency Programmes, Associate Director
- 2011-2013 – The Office of Gas and Electricity Markets (OFGEM) (United Kingdom), Head of Offshore Transmission Policy
- 2009-2011 – UK Government, Department for International Development, Senior Adviser
- 2008-2009 – Norton Rose LLP (United Kingdom), Senior Adviser on Renewable Energy (Solicitor)
- 2003-2008 – Freshfields Bruckhaus Deringer LLP (United Kingdom), Solicitor

She is not involved in activities of other entities.

Giedrė Kaminskaitė-Salters **has no direct interest in the share capital of Telia Lietuva**, and has no shareholdings that exceed 5 per cent of the share capital of any company.



Audronė Mažeikaitė (born in 1970)

Head of Corporate Affairs at Telia Lietuva from 1 January 2016

Education: Lugano University (Switzerland), Executive Master of Science in Communications Management (2008), Durham University (United Kingdom), Master of Business Administration (1997), and Vilnius University (Lithuania), Diploma in Economic Analysis (1993)

Previous employment:

- 2014-January 2017 – UAB Omnitel (Lithuania), Head of Communications
- 2010-2013 – A.Mazeikaite Communications Consulting (Lithuania, Latvia, Russia, Poland), Freelance Communications & Marketing Consultant
- 2008-2009 – LEO LT, AB (Lithuania), Corporate Affairs Officer
- 2007-2008 – DSM (Switzerland), internship
- 2001-2007 – Bitė Group (Lithuania, Latvia), Public Relations Manager, Head of Communications, Head of Corporate Brand & Communications, Head of Corporate Brand & Communications for Lithuania and Latvia

Involvement in activities of other entities:

- Human Rights Monitoring Institute (Lithuania), member of the Council

Audronė Mažeikaitė **has no direct interest in the share capital of Telia Lietuva**, and has no shareholdings that exceed 5 per cent of the share capital of any company.



Mantas Goštautas (born in 1981)

Head of Business Development at Telia Lietuva from 17 August 2015

Education: Baltic Management Institute (BMI) (Lithuania), Executive Master of Business Administration (2007), CIMA (Chartered Institute of Management Accounting) (London, UK), Certificate in Business Accounting (2004), and Stockholm School of Economics in Riga (Latvia), Bachelor in Economics and Business Administration (2002)

Previous employment:

- February 2014-August 2015 – Hodgart Associates Ltd. (UK), Change Manager
- 2012-2014 – Law firm Tark Grunte Sutkiene (Lithuania), Business Development Consultant
- 2007-2010 – UAB TELE2 (Lithuania), Head of Sales (public sector)
- September 2005-2007 – Ernst & Young (Lithuania), Senior Consultant
- September 2004-August 2005 – UAB OVC Consulting (Lithuania), Consultant
- 2002-September 2004 – Ernst & Young (Lithuania), Consultant

He is not involved in activities of other entities

Mantas Goštautas **has no direct interest in the share capital of Telia Lietuva**, and has no shareholdings that exceed 5 per cent of the share capital of any company.



Andrius Byčkovas (born in 1977)

Head of Competitive Customer Operations at Telia Lietuva from 1 January 2016

Education: Vilnius University (Lithuania), Master's Degree in Management and Business Administration (2001)

Previous employment:

- January-December 2015 – UAB Omnitel (Lithuania), Chief Technology Officer
- 2007- January 2015 – SEB Bank (Lithuania), Director of IT Development Department, Head of IT
- 1999-2007 – UAB Baltic Amadeus (Lithuania), Product Sales Manager, E-Business Solutions Consultant, Director of Solutions Sales Centre, Director of Custom Solutions Centre

He is not involved in activities of other entities

Andrius Byčkovas **has no direct interest in the share capital of Telia Lietuva**, and has no shareholdings that exceed 5 per cent of the share capital of any company.



Vytautas Bučinskas (born in 1974)

Head of Risk at Telia Lietuva from 1 June 2014

Education: Baltic Management Institute (BMI) (Lithuania), Executive Master of Business Administration (EMBA) (2012), Kaunas Technology University (Lithuania) Bachelor of Management of Production (1996) and Master of Marketing (1998)

Previous employment:

- April-August 2014 – acting Head of Technology and IT Division of TEO LT, AB (now – Telia Lietuva)
- April 2008-May 2014 – TEO LT, AB, Director of Risk Management Unit
- January-April 2008 – TEO LT, AB, Director of Sales Development Department
- January 2007-January 2008 – TEO LT, AB, Director of Process and Quality Management Department
- February 2005-January 2007 – TEO LT, AB, Adviser to General Manager on Quality Management Issues
- April 2004-February 2005 – AB Lietuvos Telekomas (now – Telia Lietuva), Head of Process and Quality Management Unit, IT and Process Department
- December 2001-April 2004 – AB Lietuvos Telekomas, Director of Process Sector, Process Unit
- April 2000-December 2001 – AB Lietuvos Telekomas, Process Management Unit Manager, Network Department
- November 1998-April 2000 – AB Lietuvos Telekomas, Project Coordinator, Year 2000 Project
- December 1995-November 1998 – UAB Lintel (Lithuania), Designer in Publishing Unit, Product Manager in Marketing Unit

Involvement in activities of other entities:

- Member of the Cyber Security Council (Lithuania)
- Deputy Chairman of INFOBALT (Lithuania) Cybersecurity Committee
- Deputy Chairman of European Telecommunications Network Operator's (ETNO) Association Cybersecurity Committee

Vytautas Bučinskas **has no direct interest in the share capital of Telia Lietuva**, and has no shareholdings that exceed 5 per cent of the share capital of any company.

SHARE CAPITAL

From 5 June 2015, the share capital of the Company amounts to 168,957,810.02 euro and consists of 582,613,138 ordinary registered shares with a nominal value of 0.29 euro each.

One ordinary registered share of Telia Lietuva gives one vote at the General Meeting of Shareholders. The number of the Company's shares that provide voting rights during the General Meeting of Shareholders is 582,613,138.

On 29 March 2015, the Annual General Meeting of Shareholders decided to change the expression of the nominal value of the Company's shares and the authorized capital in litas into expression in euro, i.e. to determine that the nominal value of one Company's share is equal to 0.29 euro and to establish that the Company's authorized capital is equal to 168,957,810.02 euro.

On 20 October 2014, the authorised capital of the Company was reduced from 776,817,518 to 582,613,138 litas (decrease by 194,204,380 litas). The purpose of reduction of the Company's authorized capital – payment of the Company's funds to all shareholders in proportion to the nominal value of shares owned by the proprietary right by the shareholder. The Company's authorized capital was reduced by way of cancelling of the Company's shares with the nominal value equal to the reduction amount, i.e. 194,204,380 litas. The then nominal value of one share was one litas.

SIZE AND STRUCTURE OF THE COMPANY'S CAPITAL

	Size of the capital	Ordinary Registered Shares
31-12-2016	EUR 168,957,810.02	
31-12-2015	EUR 168,957,810.02	100.00%
31-12-2014	LTL 582,613,138	100.00%
31-12-2013	LTL 776,817,518	100.00%
31-12-2012	LTL 776,817,518	100.00%

SHAREHOLDERS

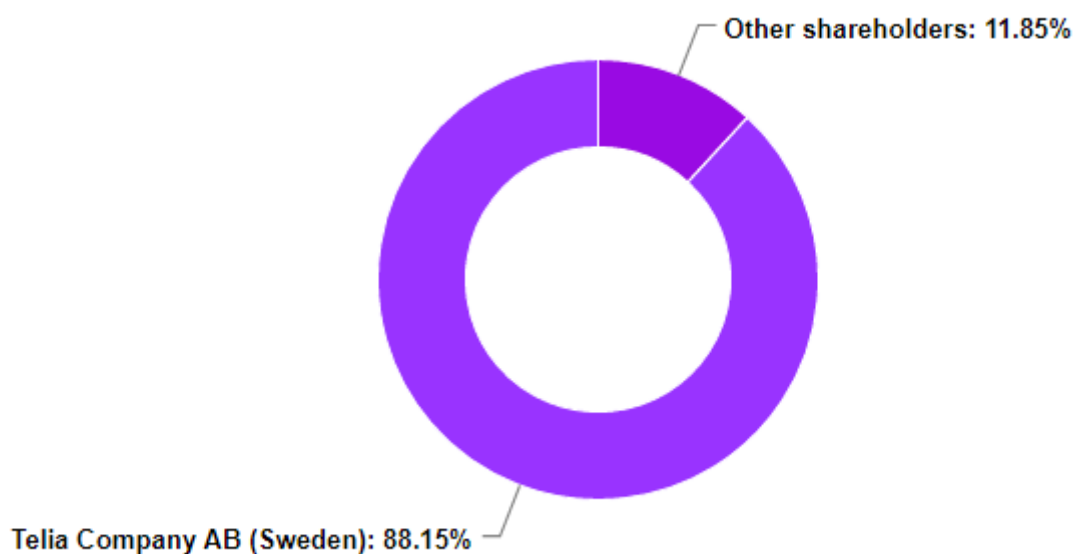
The main shareholder of Telia Lietuva is Telia Company AB (till 13 April 2016 called TeliaSonera AB), a telecommunications operator that owns 88.15 per cent of the Company's shares.

Telia Company Group provides telecommunication services in the Nordic and Baltic countries.

The number of shareholders on the shareholders registration day (8 December 2016) for the last General Meeting of Shareholders, which was held on 15 December 2016, was 11,396.

SHAREHOLDERS, HOLDING MORE THAN 5 PER CENT OF THE SHARE CAPITAL AND VOTES,

as on 31 December 2016



BREAKDOWN OF THE COMPANY'S SHAREHOLDERS BY THE COUNTRY OF RESIDENCE

as of 31 December 2016

Country	Number of shareholders	Number of shares	Share of Teo share capital (%)
Sweden	12	513,629,151	88.16
Lithuania	10,688	53,377,489	9.16
Estonia	520	10,439,759	1.79
Luxemburg	9	1,705,920	0.29
Canada	3	1,151,406	0.20
Latvia	34	837,668	0.14
U.S.A.	43	802,045	0.14
New Zealand	1	241,559	0.04
United Kingdom	24	148,695	0.03
Belgium	4	79,717	0.01
France	2	56,173	0.01
Germany	11	47,210	0.01
Switzerland	3	23,075	0.00
Denmark	1	12,476	0.00

Ireland	4	8,673	0.00
Russia	4	6,750	0.00
Norway	6	5,727	0.00
Austria	2	5,572	0.00
Finland	4	5,395	0.00
China	2	4,912	0.00
Australia	3	4,523	0.00
Belarus	1	4,202	0.00
Spain	2	4,080	0.00
South Korea	1	3,825	0.00
Serbia	1	1,987	0.00
Moldova	1	1,817	0.00
Italy	2	1,058	0.00
Azerbaijan	1	787	0.00
Cyprus	1	562	0.00
Poland	1	273	0.00
Argentina	1	215	0.00
Monaco	1	150	0.00
South Africa	1	150	0.00
The Netherlands	1	136	0.00

Cayman Islands	1	1	0.00
	11,396	582,613,138	100.00

BREAKDOWN OF THE COMPANY'S SHAREHOLDERS REGISTERED IN LITHUANIA

as of 31 December 2016

	Number of shareholders	Number of shares	Share of Teo share capital (%)
Private individuals	10,615	48,710,117	8.36
Financial institutions	18	2,182,848	0.37
Legal entities	55	2,484,524	0.43
	11,688	53,377,489	9.16

TRADING IN SHARES

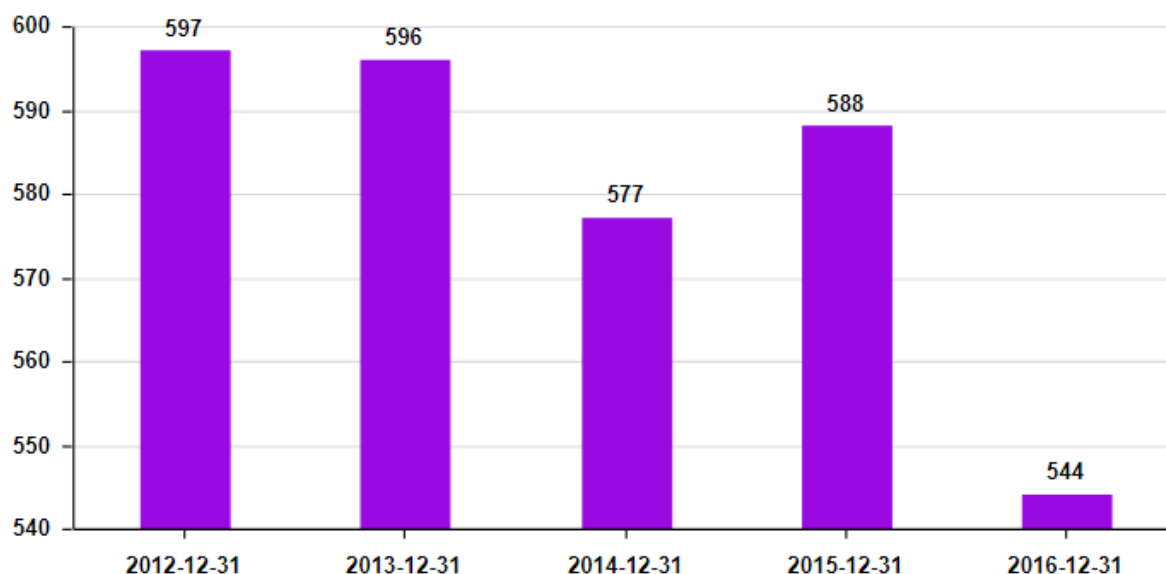
Ordinary registered shares of Telia Lietuva, AB (ISIN code LT0000123911) are listed on the Main List of Nasdaq Vilnius stock exchange (code: TEL1L). Nasdaq Vilnius stock exchange is a home market for the Company's shares.

From January 2011, the Company's ordinary shares are included into the trading lists of the Berlin Stock Exchange (Berlin Open Market called Freiverkehr), the Frankfurt Stock Exchange (Open Market (Freiverkehr)), the Munich Stock Exchange and the Stuttgart Stock Exchange. Telia Lietuva share's symbol on German stock exchanges is ZWS.

Telia Lietuva LEI code is 5299007A0LO7C2YYI075.

MARKET CAPITALISATION

(EUR million)



TRADING IN SHARES ON NASDAQ VILNIUS STOCK EXCHANGE IN EUR

	2012	2013	2014	2015	2016
Opening price (EUR)	0.601	0.769	0.772	1.000	1.010
Highest price (EUR)	0.770	0.841	1.050	1.110	1.030
Lowest price (EUR)	0.597	0.740	0.700	0.986	0.875
Average price (EUR)	0.640	0.779	0.814	1.039	0.936
Closing price (EUR)	0.768	0.767	0.991	1.010	0.933
Volume (units)	98,430,559	13,187,454	9,654,486	6,158,002	5,731,176
Turnover (EUR million)	62.97	10.28	7.86	6.40	5.37
Capitalisation (EUR million)	596.60	595.82	577.37	588.44	543.58

TRADING IN SHARES ON NASDAQ VILNIUS STOCK EXCHANGE FROM 12-06-2000 TILL 31-12-2016 IN EUR

(recalculated considering that number of shares was reduced by 25 per cent on 20 October 2014)



INDEXES

Telia Lietuva shares are included into calculation of the following indexes of Nasdaq Baltic stock exchanges:

- **Benchmark index (OMX Baltic Benchmark)** is available on the Baltic level. The index consists of a portfolio of the largest and most traded shares, representing all sectors available on the Nasdaq Baltic Market.
- **Tradable index (OMX Baltic 10)** is available on the Baltic level and consists of the 10 most actively traded stocks on the Nasdaq Baltic Market.
- **All Share indexes (OMX Baltic, OMX Tallinn, OMX Riga, OMX Vilnius)** are available on both local and Baltic level and include the shares listed on the Main and Secondary lists of the Baltic exchanges.
- **OMX Baltic Telecommunication Sector** index is based on the Industry Classification Benchmark (ICB) developed by FTSE Group.

TELIA LIETUVA, AB SHARE PRICE AND NASDAQ VILNIUS STOCK EXCHANGE INDEXES DEVELOPMENT DURING 2012-2016

	01-01-2012	31-12-2016	Change (%)
OMX Baltic Benchmark GI Index	431.94	788.17	+82.47
OMX Vilnius Index	298.78	558.50	+86.93
Telia Lietuva, AB share price (EUR)	0.800	0.933	+16.62



DIVIDENDS

Each year the Company pays dividends. In 2017, the Board approved dividend policy which provides that the Company shall to maintain the 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.

After Initial Public Offering (IPO) in 2000 the amount allocated for dividend payment amounted to 50-70 per cent of yearly net profit. In 2003, the Company suffered a loss, but dividends were paid out. Starting from 2003 till 2008 each year the amount of dividends paid out per share was higher than consolidated earnings per share for respective year. That is because according to the provisions of the Law of the Republic of Lithuania on Companies, dividends should be paid from retained earnings of the Parent company of the Group. Since 2006 until 2014, the Company has been paying almost the maximum amount of dividends allowed by the laws – 96-98 per cent of retained earnings of the Parent company.

Due to long term loan taken for acquisition of Omnitel and in order not to increase the debt of the Company, the Annual General Meeting of Shareholders decided to pay 0.01 euro dividend for the year 2015, and an amount of distributable profit of EUR 34.1 million to carry forward to the next financial year. On 24 May 2016 dividends for the year 2015 were paid in cash.

In 2017, the Board proposed to increase a dividend pay-out and the Annual General Meeting of Shareholders on 27 April 2017 approved the Board's proposal to pay 0.03 euro dividend per share for the year 2016. Dividends will be paid to the shareholders who at the end of the tenth business day after the General Meeting, i.e. on 12 May 2017, will be shareholders of the Company.

	2012	2013	2014	2015	2016
Consolidated earnings per share (EUR)	0.059	0.056	0.052	0.059	0.071
Paid out dividend per share (EUR)	0.058	0.055	0.068	0.010	0.030
Retained earnings of Parent company (EUR thousand)	46,538	43,485	39,886	39,892	68,056
Paid out dividend amount (EUR thousand)	44,997	42,746	39,618	5,826	17,478
Number of shares (thousand)	776,818	776,818	582,613	582,613	582,613

In 2014 due to reduction of the authorised capital by LTL 194.2 million (EUR 56.2 million), on 17 November 2014 the Company paid out to the shareholders LTL 194.2 million (EUR 56.2 million) or 0.25 litas (0.072 euro) per share held on 14 May 2014.

MAIN FIGURES OF THE GROUP

On 4 January 2016, the Company acquired a 100 per cent stake in mobile operator Omnitel and for this acquisition took a long-term loan of EUR 150 million.

Financial figures	2012	2013	2014	2015	2016
Revenue (EUR million)	220	209	202	205	346
EBITDA (EUR million)	89	85	79	76	111
EBITDA margin (%)	40.4	40.6	38.8	37.4	32.2
Operating profit (EUR million)	51	48	42	39	48
Operating profit margin (%)	23.2	22.9	20.9	18.8	13.9
Profit before income tax (EUR million)	51	48	42	38	47
Profit before income tax margin (%)	23.3	23.0	21.0	20.6	13.6
Profit for the period (EUR million)	46	43	38	34	41
Profit margin (%)	20.9	20.7	18.8	16.7	12.0
Total assets (EUR million)	336	336	285	287	591
Shareholders' equity (EUR million)	303	301	240	235	270
Capital investments (EUR million)	44	45	30	35	58
Average weighted number of shares (thousand)	776,818	776,818	738,509	582,613	582,613
Earnings per share (EUR)	0.059	0.056	0.052	0.059	0.071
Paid out dividend per share (EUR)	0.058	0.055	0.068	0.010	0.030
Share price at the end of period (EUR)	0.768	0.767	0.991	1.010	0.933

Ratios	31-12-2012	31-12-2013	31-12-2014	31-12-2015	31-12-2016
Return on capital employed (%)	17.6	16.4	15.2	14.1	10.2
Average return on assets (%)	15.8	14.7	13.4	13.6	8.6
Return on shareholders' equity (%)	15.7	14.7	13.8	15.0	16.1
Gearing ratio (%)	(22.2)	(21.4)	(2.7)	0.9	63.0
Debt to equity ratio (%)	0.3	0.2	4.3	6.4	84.0
Current ratio (%)	386.8	348.3	128.7	113.7	87.1
Rate of turnover of assets (%)	67.9	64.1	64.2	72.4	61.7
Equity to assets ratio (%)	90.1	89.5	84.1	81.8	45.8
Dividend payout ratio (%)	96.7	98.3	99.3	14.6	25.7
Price to earnings ratio	12.9	13.8	19.2	17.1	13.1
Operating figures	31-12-2012	31-12-2013	31-12-2014	31-12-2015	31-12-2016
Number of mobile subscriptions (thousands)	-	-	-	-	1,458
Number of fixed telephone lines (thousands)	605	565	526	500	466
Number of broadband Internet connections (thousands)	345	357	371	391	404
Number of TV service users (thousands)	169	172	187	212	229
Number of personnel at the end of period	3,257	3,034	2,631	2,603	3,146

INFORMATION TO INVESTORS

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of Telia Lietuva, AB was held at the head-office of Telia Lietuva at Lvovo str. 25, Vilnius, Lithuania, at 1 p.m. on Thursday, 27 April 2017.

Shareholders who at the end of the General Meeting of Shareholders' accounting day, i.e. 20 April 2017, were shareholders of the Company had a right to participate and vote at the General Meeting of Shareholders.

One ordinary registered share of Telia Lietuva, AB gives one vote at the General Meeting of Shareholders. The share capital of the Company consists of 582,613,138 ordinary registered shares. Therefore, the number of Telia Lietuva shares that provide voting rights during the General Meeting of Shareholders is 582,613,138.

DIVIDENDS FOR THE YEAR 2016

On 27 April 2017, the Annual General Meeting of Shareholders of Telia Lietuva, AB decided to allocate the Company's profit for the year 2016 and **to pay out 0.03 euro dividend per share.**

Dividends will be paid to the shareholders who at the end of the tenth business day following the Annual General Meeting that adopts a decision on allocation of the profit for the year 2016 and dividend payment, i.e. **on 12 May 2017 (dividend record day), will be shareholders of Telia Lietuva, AB.**

According to the rules of Nasdaq Vilnius stock exchange, the ownership right to the shares acquired through Automatically Matched trades is transferred on the second business day after conclusion of the transaction. The ex-dividend day for Telia Lietuva shares is 10 May 2017.

The Law of the Republic of Lithuania on Companies provides that dividends are to be paid within one month from the day of making a decision on allocation of the profit.

Following the Lithuanian legislation, dividends paid to:

- natural persons—residents of the Republic of Lithuania and natural persons—residents of foreign countries are subject to withholding Personal income tax of 15 per cent;
- legal entities of the Republic of Lithuania and legal entities—residents of foreign countries are subject to withholding Corporate income tax of 15 per cent, unless otherwise provided for by the laws.

Residents of the foreign countries, which have concluded agreements on Avoidance of Double Taxation with the Republic of Lithuania, could take advantage of reduced tariffs provided by such agreements by submitting Claim for Reduction or Exemption from the Anticipatory Tax Withheld at Source, form FR0021 (DAS-1), before dividend payout or Claim for Refund of Tax Withheld at Source, form FR0022 (DAS-2), after dividend payout.

FINANCIAL REPORTS

The Consolidated and Separate Financial Statements, Consolidated Annual and Sustainability Reports of Telia Lietuva, AB for the year 2016 in the English and Lithuanian languages as well as other Company's financial reports and press releases are available online at www.telia.lt.

In 2016, Telia Lietuva Group financial results will be released on the following dates:

- Interim Consolidated Financial Statements for the period ended 31 March 2017: April 26
- Interim Consolidated Financial Statements for the period ended 30 June 2017: July 20
- Interim Consolidated Financial Statements for the period ended 30 September 2017: October 19

INVESTOR RELATIONS

Darius Džiaugys,
Head of Investor Relations,
Telia Lietuva, AB,
Tel + 370 5 236 78 78
e-mail: darius.dziaugys@telia.lt



CONTACTS



Telia Lietuva, AB

Lvovo str. 25

LT-03501 Vilnius, Lietuva

Tel.: +370 5 262 1511

Faks. +370 5 212 6665

www.telia.lt