

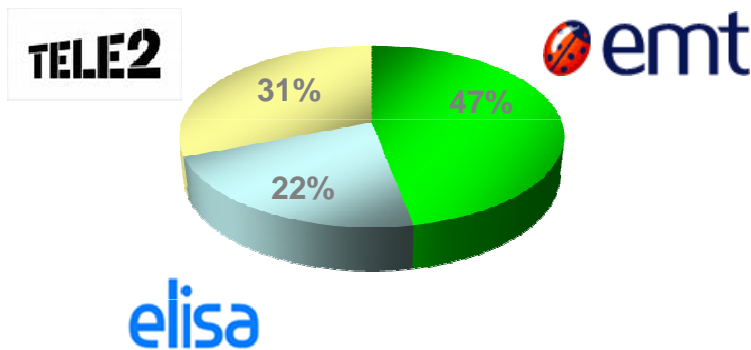
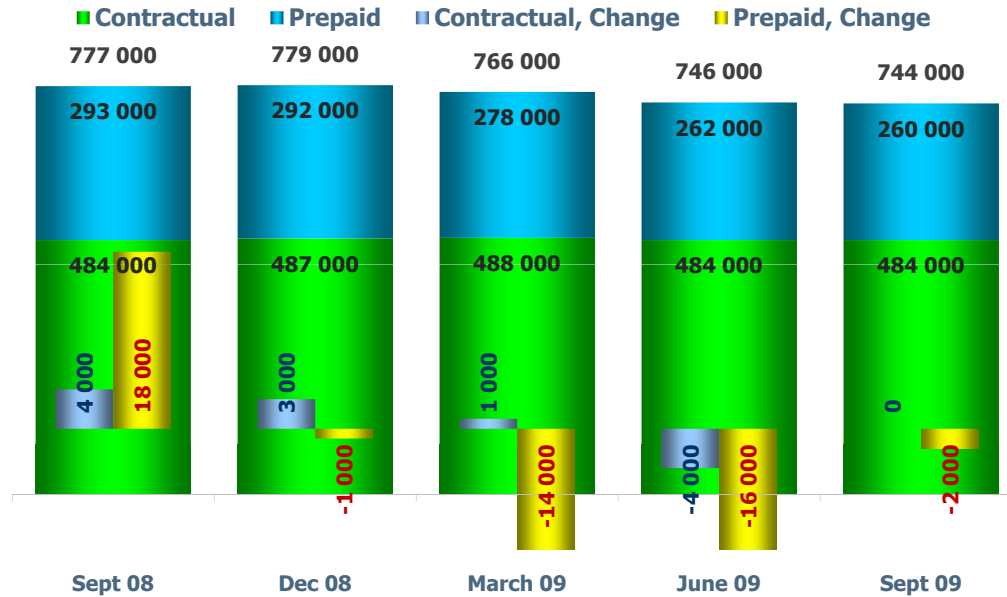
Q3 and 9 months of 2009 results

October 2009

Management commentary to Stock Exchange about Q3 2009 results

The Group's sales revenues in the third quarter were primarily impacted by regulations (European Union regulations applied on the mobile sector) and the economic downturn (reduction of sales of goods and changes in consumer behavior). Due to the efficiency plans in all subsidiaries the decrease in EBITDA is smaller than in Sales and EBITDA margin has increased year-to-year.

EMT's market position



EMT's estimated market share (by number of active SIM-cards) was 47%

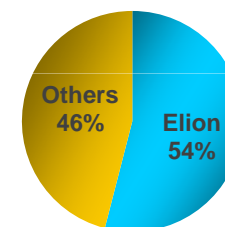
Elion's market position

EestiTelekom

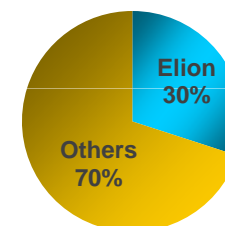


	Sept 2009	Sept 2008	+/-
No of permanent Internet connections (in th.)	176,8	171,9	4,9
No of IP and cable-TV customers (in th.)	94,4	75,4	19,0
Total means of communication (in th.)	460,0	471,3	-11,3

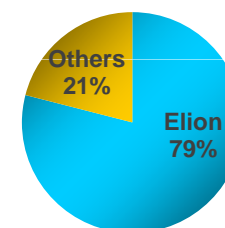
54% of permanent Internet connections



30% of cable-TV market

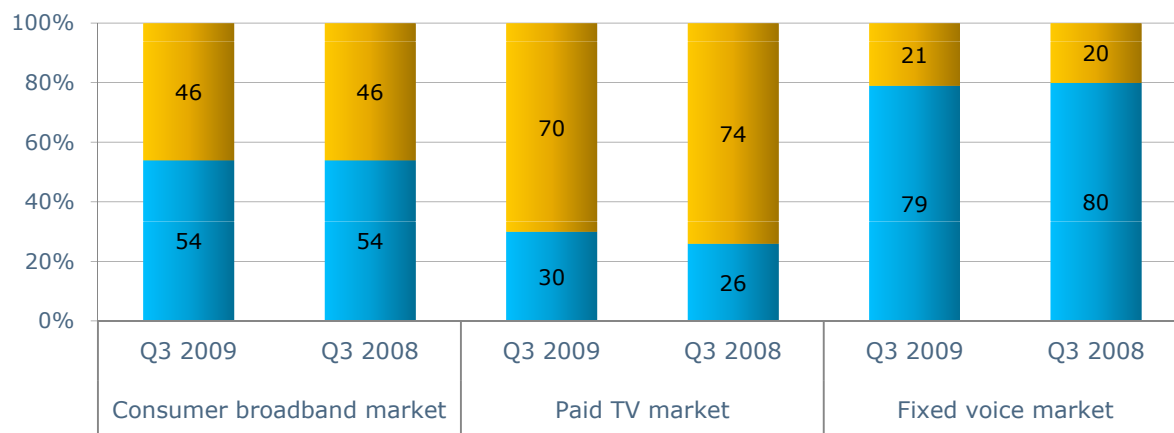


79% of fixed voice market



Market shares

■ Elion ■ Others



Financial results

Eesti Telekom Group

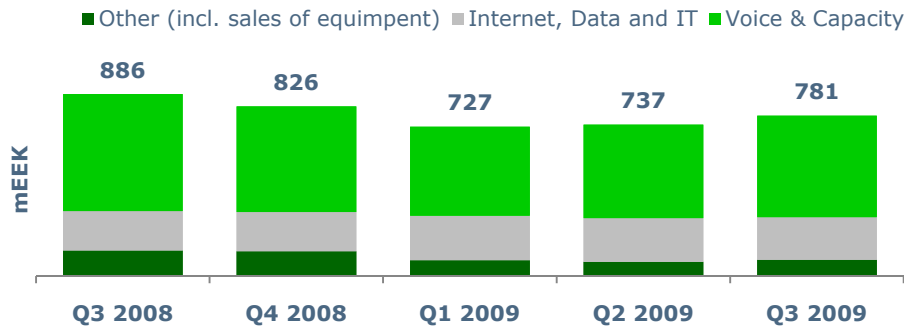
EestiTelekom

	Q3 2009	Q3 2008	Ch. %	9M 2009	9M 2008	Ch. %
Sales, mEEK	1,342	1,566	(14.3)	4,027	4,617	(12.8)
EBITDA, mEEK	542	628	(13.7)	1,595	1,818	(12.3)
Margin, %	40.4	40.1		39.6	39.4	
EBIT, mEEK	392	481	(18.6)	1,137	1,386	(18.0)
Margin, %	29.2	30.7		28.2	30.0	
EBT, mEEK	392	485		1,173	1,424	
Profit for the period, mEEK	392	485	(19.3)	774	1,039	(25.5)
Basic earnings per share, EEK	2.84	3.51	(19.1)	5.61	7.51	(25.3)
Comprehensive income for the period, mEEK	392	485		774	1,039	
CAPEX, mEEK	112	171	(34.4)	359	474	(24.1)
Net gearing, %	(8.4)	(13.1)		(8.4)	(13.1)	
ROA, %	9.5	10.8		17.1	21.8	
ROE, %	11.5	13.3		29.7	34.7	



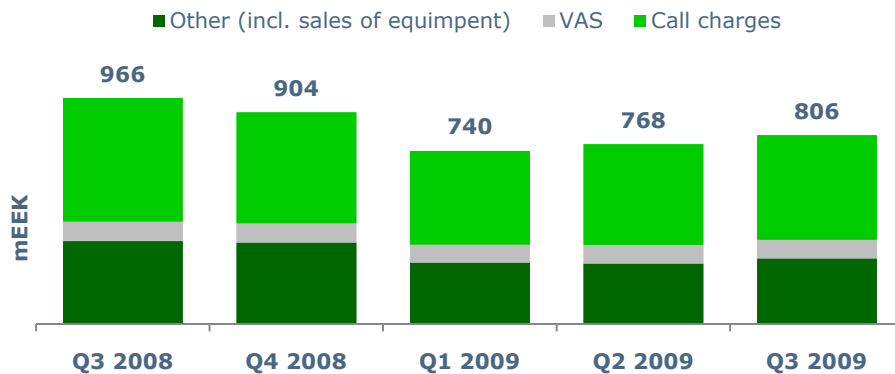
Dynamics of sales

Broadband services segment



- Continued customers' growth in broadband services segment;
- Growth of volumes for mobile data communications;
- Reduction in the sales volumes of telecommunications and IT merchandise

Mobile communications segment

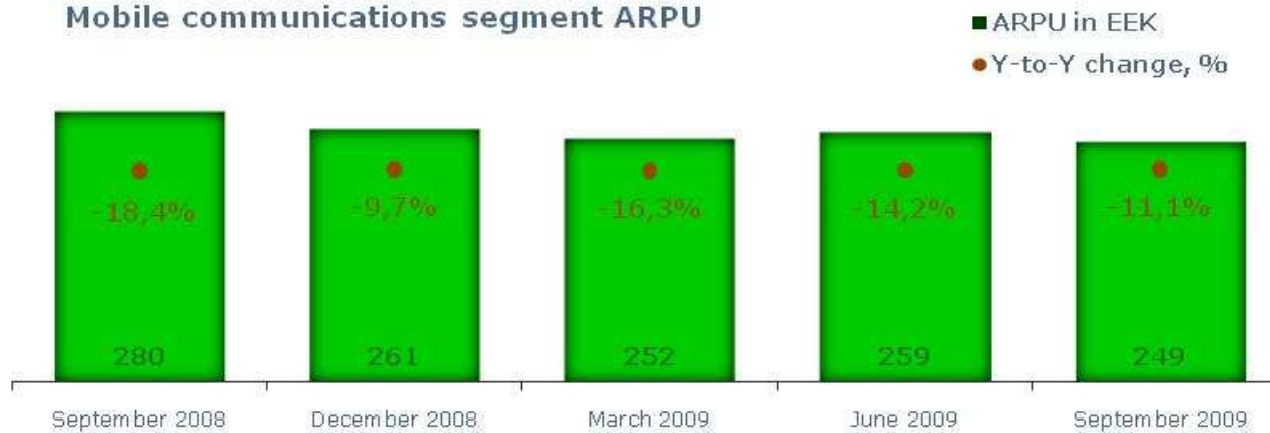


Consolidated net sales growth, Y-to-Y, %

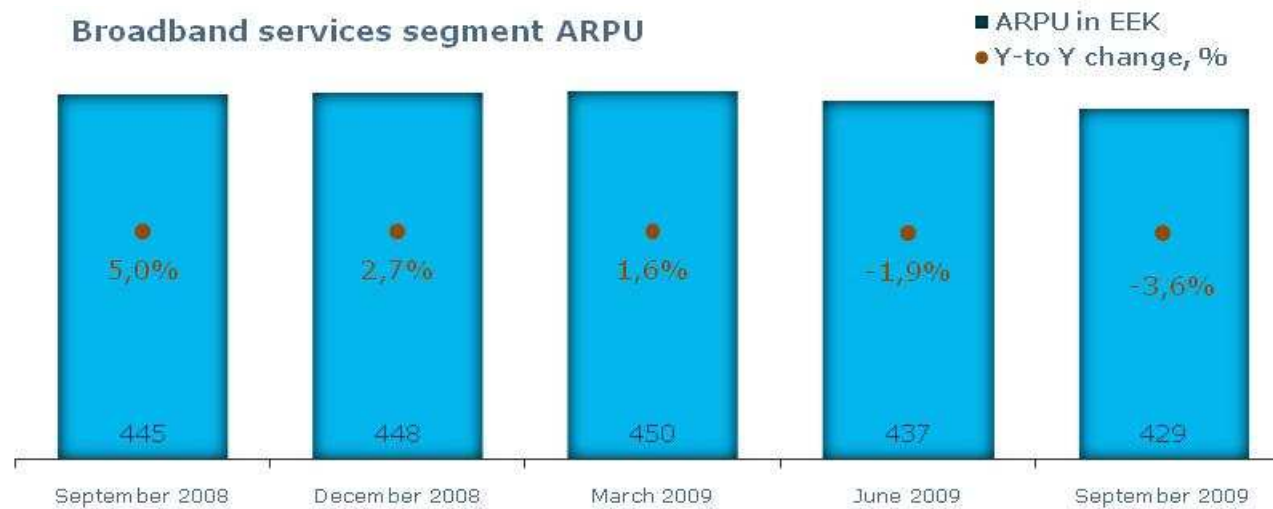


ARPU

Mobile communications segment ARPU

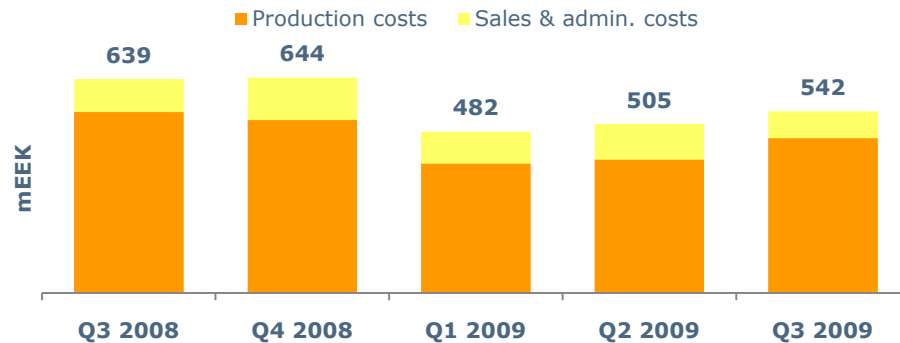


Broadband services segment ARPU



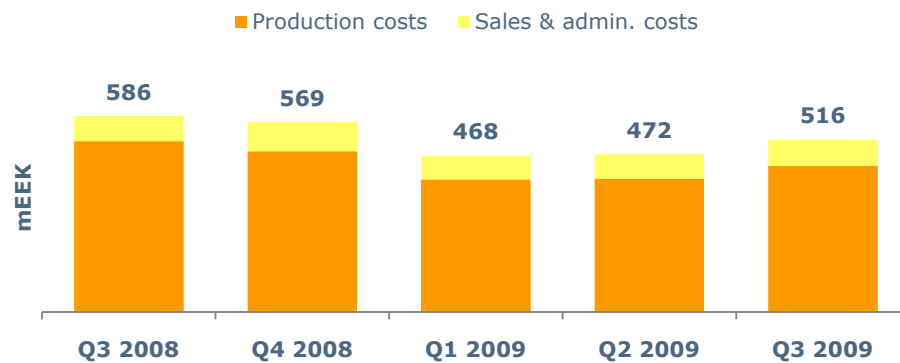
Dynamics of OPEX

Broadband services segment



- Decline in retail and wholesale volumes
- Significant impact of efficiency projects to IT, maintenance and personnel costs

Mobile communications segment



Consolidated OPEX growth, Y-to-Y, %

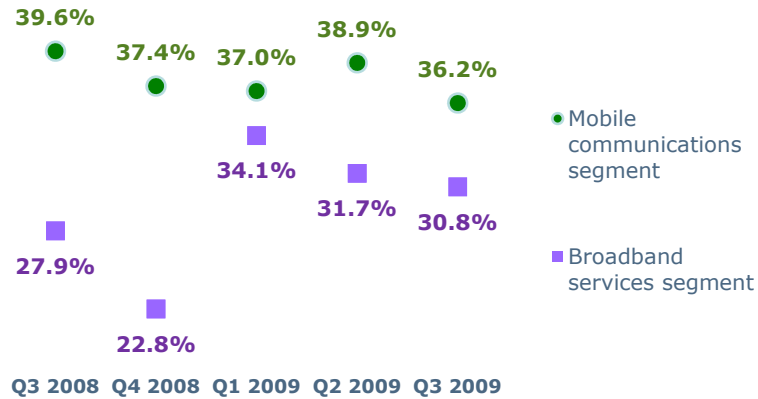


Dynamics of EBITDA

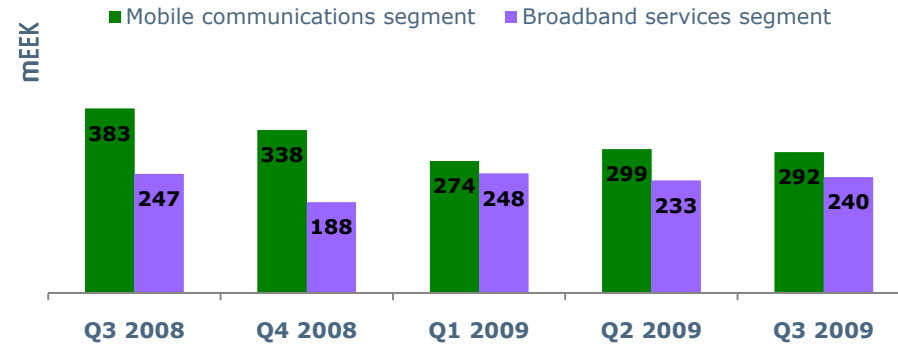
Consolidated EBITDA growth, Y-to-Y, %



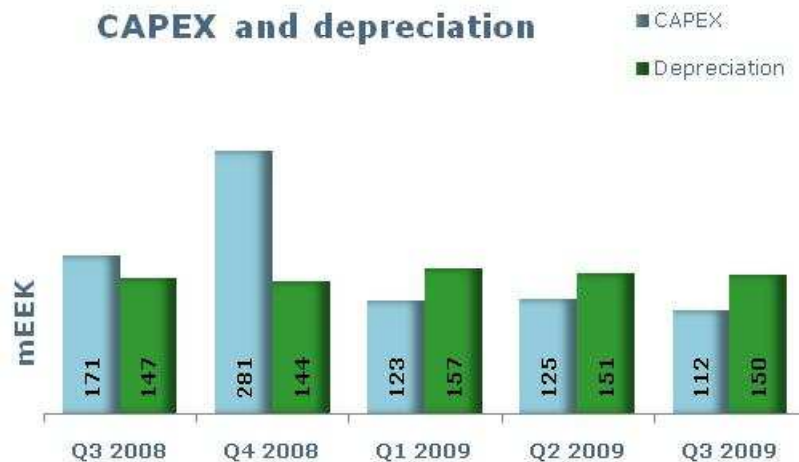
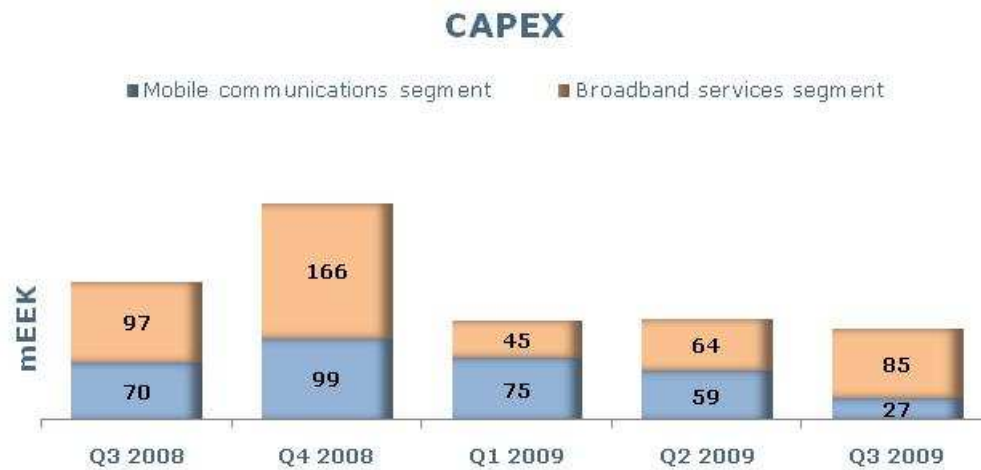
EBITDA margin



EBITDA



CAPEX and depreciation



Investing priorities:

Broadband

Development of network resources, the improvement of and expansion of the availability of the triple-service packages, fulfillment of regulation-based requirements

Mobile

Implementation of technologies supporting high-speed data communications;

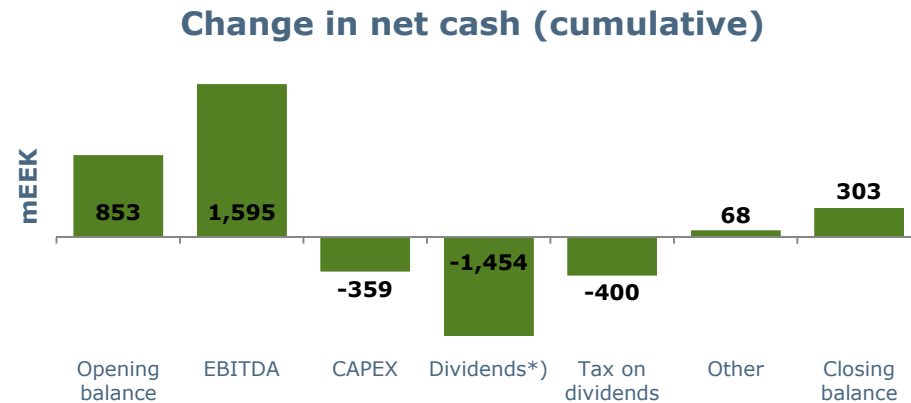
IT

Expansion of the infrastructure necessary for the provision of services

Cash position

Eesti Telekom Group paid dividends on 16 June 2009: **10.50 EEK per share;**

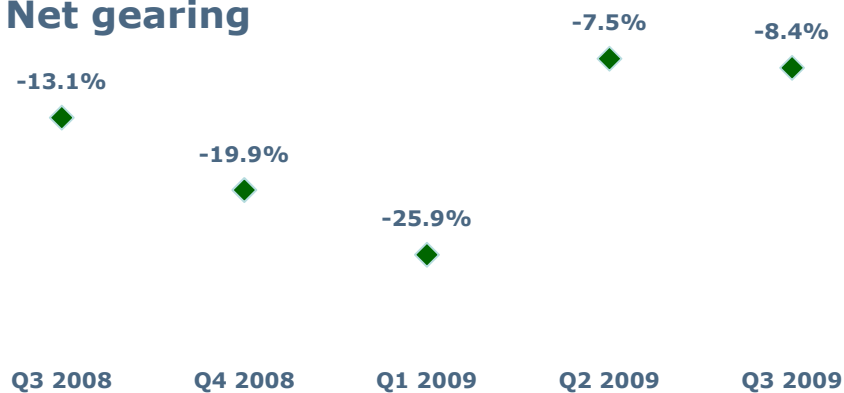
In total, 1,449 mln EEK was paid out.



*) Dividends include paid dividends to Serenda Invest OÜ minority shareholders

Net cash = Cash & cash equivalents + ST investments - Interest bearing loans

Net gearing



Changes in ownership structure of AS Eesti Telekom

Eesti**Telekom**

On August 24, 2009, TeliaSonera announced a cash offer for the shares of Eesti Telekom. The acceptance period of the cash offer ended on October 9, 2009. TeliaSonera was offering 93 EEK for each share of Eesti Telekom. Following the acquisition of shares in the cash offer, Teliasonera will own, directly and indirectly, a total of **134,614,949 shares**, constituting **97.58%** of all shares of Eesti Telekom.

Taking into consideration the results of the cash offer, TeliaSonera's Group Management has decided to initiate actions for the squeeze-out of remaining minority shareholders in accordance with Article 182-1 of the Securities Market Act of Estonia.

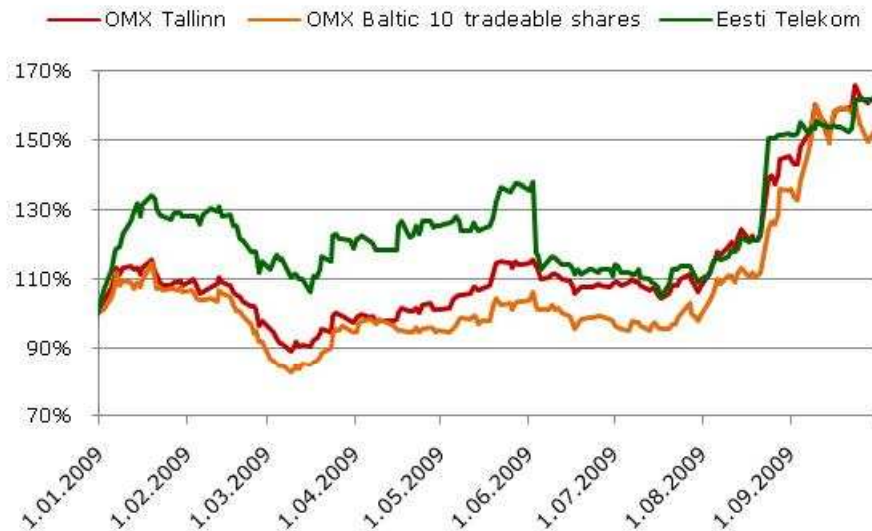
Trading statistics in Tallinn

SHARE INFORMATION

	2005	2006	2007	2008
Year-end number of shares	137,954,528	137,954,528	137,954,528	137,954,528
Annual average number of shares	137,954,528	137,954,528	137,954,528	137,954,528
Equity per share, EEK	29.28	29.78	31.19	31.08
Earnings per share, EEK	7.88	9.49	10.91	10.40
P/E ratio	15.1	13.8	11.2	5.9
Dividends per share for the year, EEK	9.00	9.50	10.50	10.50
Dividend payout ratio, %	114.2	100.1	96.2	101.0

AS Eesti Telekom has been listed on the Tallinn and London Stock Exchanges (**OMX:ETLAT/LSE:EETD**) since 1999.

Baltic market indexes



Source: NASDAQ OMX Tallinn

TRADING HISTORY ON THE TALLINN STOCK EXCHANGE (in EEK)

	2005	2006	2007	2008	9M 2009
High	134.56	131.43	168.51	125.02	100.14
Low	111.09	108.74	102.80	59.61	63.06
Last	118.91	131.43	122.04	61.02	99.04
Change, %	5.56	10.53	-7.14	-50.00	62.31
Traded volume	23,749,354	19,336,241	23,693,032	17,636,495	10,957,720
Turnover, mln	2,907.63	2,327.76	3,025.48	1,822.37	900.26
Capitalisation, mln	16,404.66	18,131.56	16,836.45	8,418.23	13,663.02

Source: NASDAQ OMX Tallinn

Structure of the Group

