

# OTE Corporate Presentation

London, Sep 2010



# Forward-Looking Statement

Any statements contained in this document that are not historical facts are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. The factors that could affect the Company's future financial results are discussed more fully in the Company's filings with the U.S. Securities and Exchange Commission (the "SEC"), including the Company's Annual Report on Form 20-F for 2009 filed with the SEC on June 7, 2010. OTE assumes no obligation to update information in this presentation.

- | OTE Group Overview
- | Business Review
- | Financial Review
- | Appendix

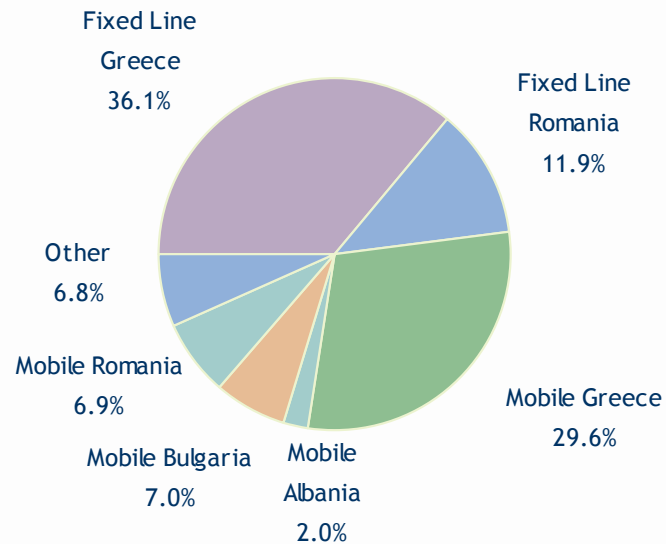
# | OTE Group Overview



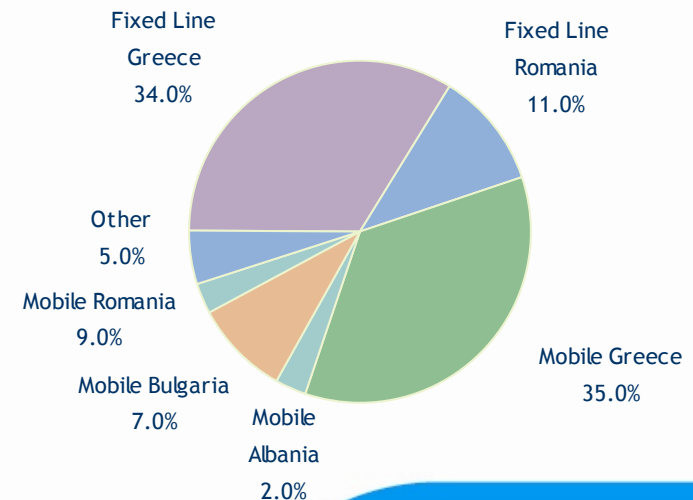
# Who we are

OTE is the leading integrated telecommunications operator in southeastern Europe, providing state-of-the-art voice, mobile and broadband services in contiguous markets with a population of nearly 45 million inhabitants. OTE's strategy aims at further strengthening its powerful market positions through successful leveraging of new technologies, active customer service and innovative marketing.

Revenues\* Breakdown (12M ending June 30, 2010)



EBITDA\* Breakdown (12M ending Jun 30, 2010)



\* Gross figures (excl. eliminations)

# Voice, Mobile and Broadband Leader in S.E. Europe

## GREECE

Incumbent/Leader

Total Lines (000): 4,737

ADSL Subscribers (000): 1,146

IPTV Subscribers (000): 30

**Leader**

Mobile customers (000): 8,509

## ALBANIA

**Leader**

Mobile Customers (000): 2,037

## BULGARIA

**Number 2**

Mobile Customers (000): 3,954

## ROMANIA

Incumbent/Leader

Total Lines (000): 2,664

ADSL Subscribers (000): 881

Satellite TV Subscribers (000): 934

**Challenger**

Mobile customers (000): 7,087

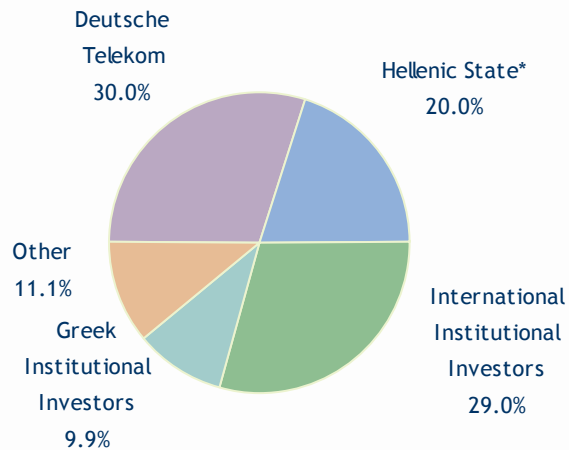
OTE also owns 20% of  
Telecom Serbia, the  
incumbent operator in Serbia



Note: Data as of Jun 30, 2010

# At a Glance

## Shareholder Structure (Jun 30, 2010)

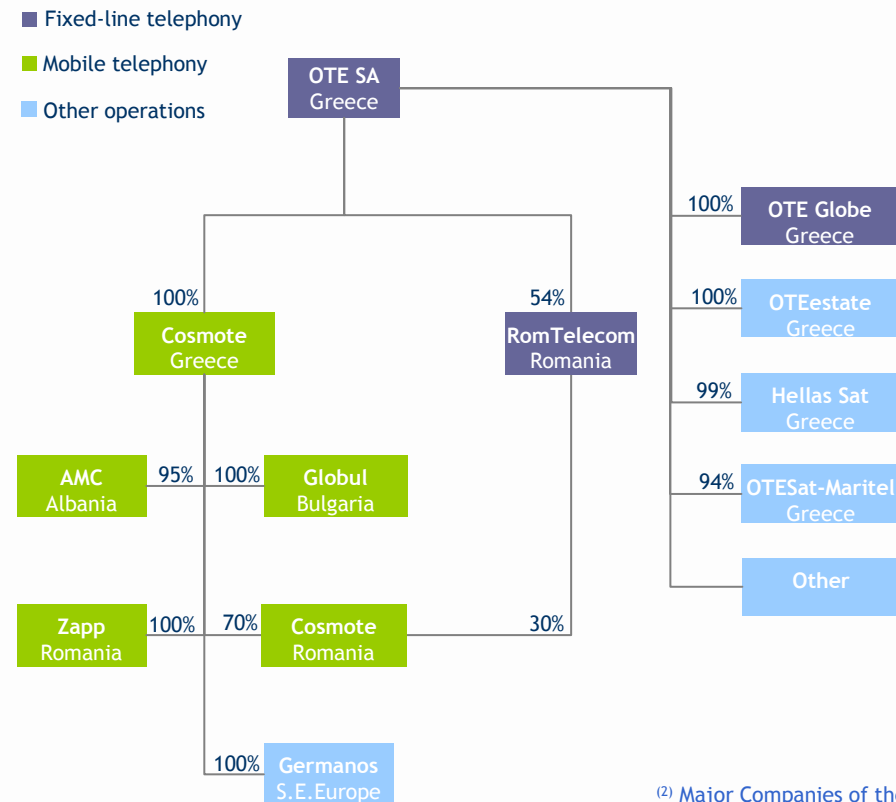


- Listed on Athens (HTO GA)
- Market capitalization (Sep'10): €2.8bn
- Group Q2'10 Revenues: €1,359mn
- Group Q2'10 EBITDA<sup>(1)</sup>: €459mn

\* Including voting rights attached to 4% of share capital transferred to IKA Pension Fund

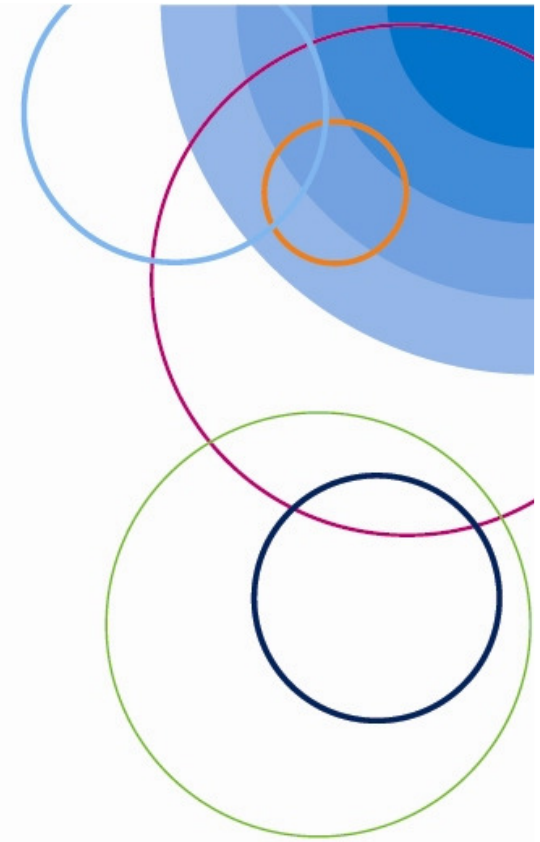
<sup>(1)</sup> Excluding provisions/reversals related to employee exit programs.

## Group Structure<sup>(2)</sup>



<sup>(2)</sup> Major Companies of the Group

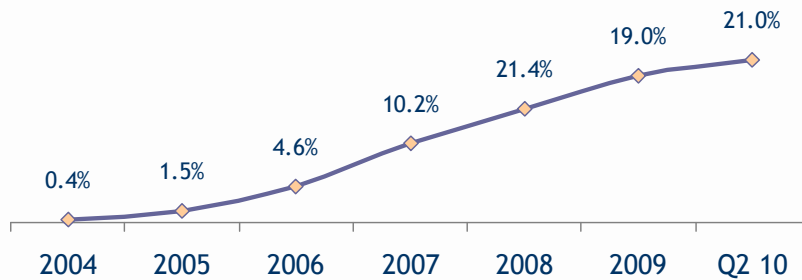
# | Business Review



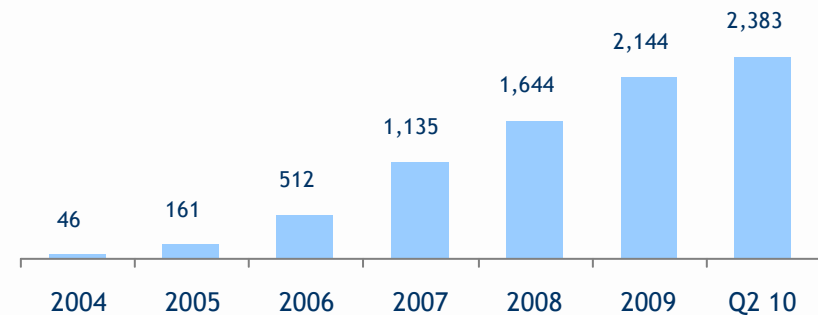
# Fixed Line Operations - Greece Overview

- OTE is the Greek incumbent and still far and away the leading operator in the country with 4.7 million channels
- Contributes to bridging the gap in the broadband penetration rate between Greece and the EU average
- Actively works on developing new technologies and solutions (IPTV, VoD, VoIP) to partly offset the decline in traditional voice products
- Facing a particularly adverse Regulatory regime with respect to prices and bundles
- Following significant headcount cuts (ca.5,100 employees since 2004), OTE is continuing to seek ways to reduce its very high legacy cost base

Greek Broadband Population Penetration



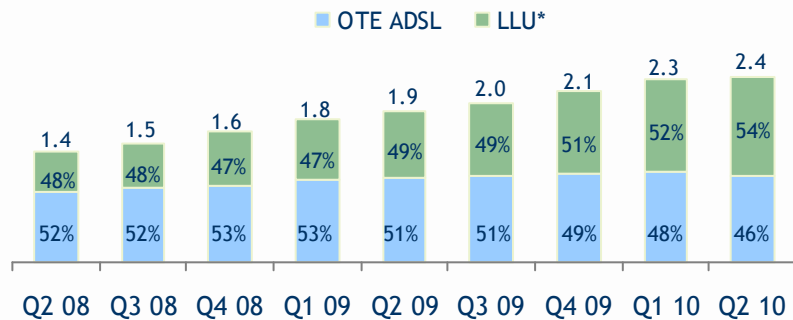
Greek Broadband Market (000)



# Fixed Line Operations - Greece

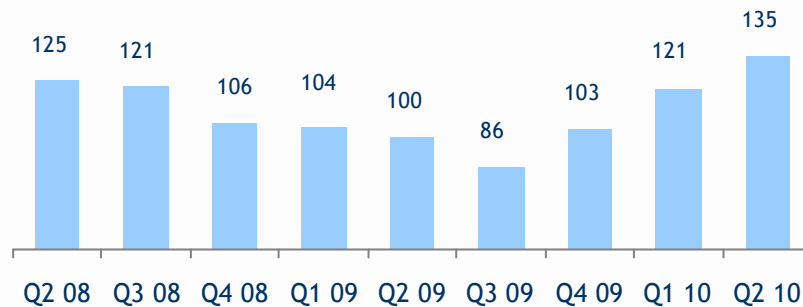
## Key Market Trends

Broadband market quarterly evolution (mn)



- Total Broadband market near 2.4mn subscribers
- OTE retail market share at approximately 46%

OTE quarterly line disconnections (000)



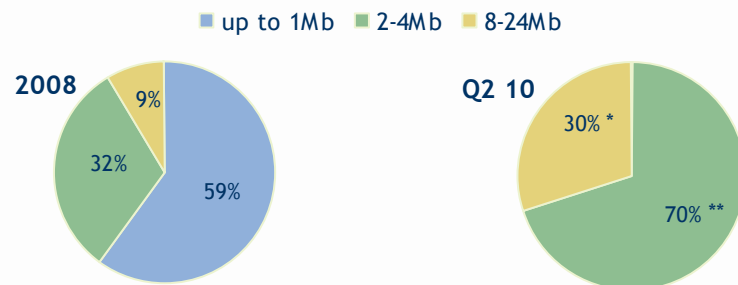
- Acceleration in rate of line losses in past three quarters, driven by voice-only LLU offers
- Regulation delays hampering OTE competitiveness

\* Including voice-only offers

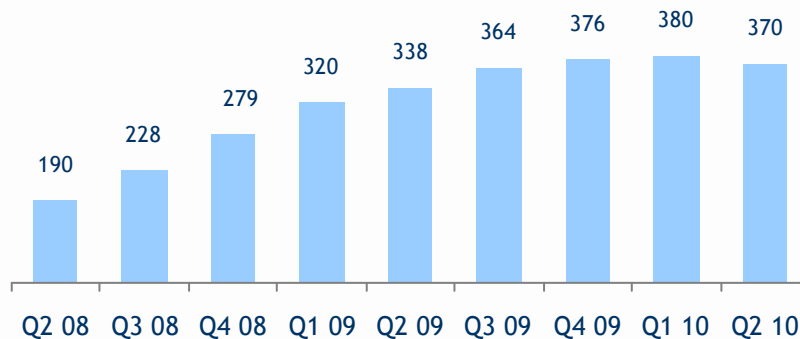
# Fixed Line Operations - Greece

## Key Operational Trends

### OTE retail ADSL customer breakdown per access



### OTE Conn-x Talk flat-rate subscribers (000)



\* Includes only 2Mbps access speed

\*\* Includes only 24Mbps access speed

- To meet intensifying competition, OTE introduces new bundled products and services
  - Launched 2x Play product bundling fixed & mobile minutes with monthly fee inclusive
  - Launched 3x Play product bundling internet, voice & TV with monthly fee inclusive
  - Content enrichment in IPTV, including popular sporting events

# Fixed Line Operations - Greece

## Key Initiatives

To address current challenges, OTE has embarked on a series of projects aimed at:

- Revenue preservation
- OPEX reduction
- Headcount optimization
- Increased competitiveness

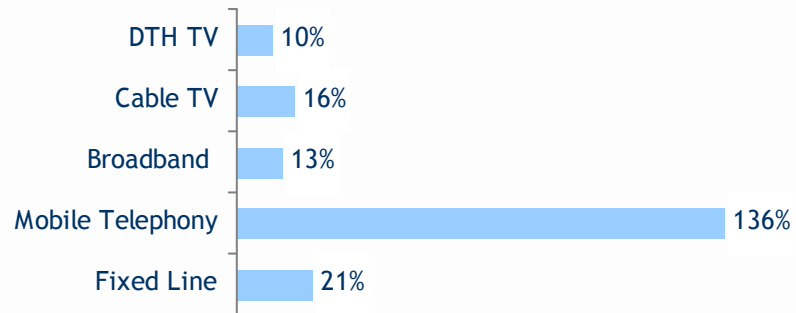
Major projects currently pursued are:

- **Customer retention:** Expansion of IPTV offering, Sat-TV launch by year-end, broadband action plan
- **Workforce management:** Optimize service provisioning, increase productivity through effective use of data, quality assurance processes
- **Retail channels optimization:** Reduce footprint while enhancing sales and service levels
- **Call center consolidation:** Optimize structure, deactivate low volume centers
- **Network operating centers:** Consolidate into single organization
- **Real estate:** Reduce occupied space, costs

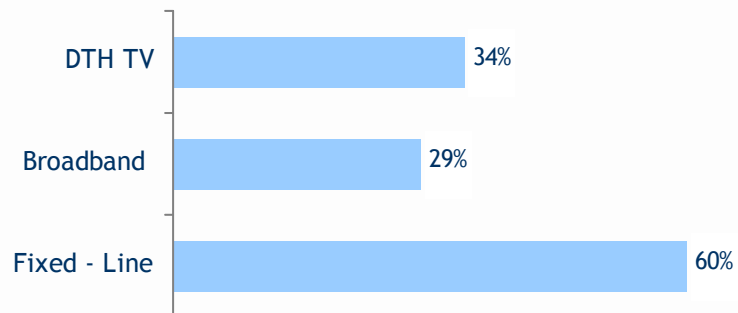
# Fixed Line Operations - Romania

## Key Metrics

### Population Penetration (2009)



### RomTelecom Market Shares (subscribers)

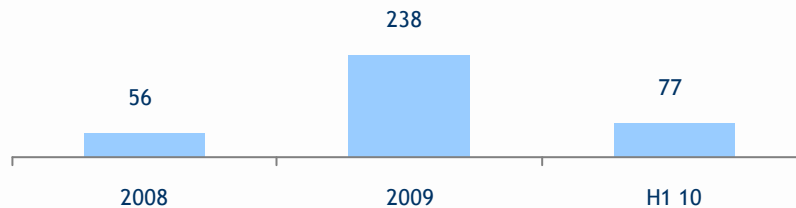


- Incumbent fixed-line operator in Romania
- Tough competitive environment from Cable TV and mobile operators offering bundled products at increasingly competitive prices
- ADSL subscriber take-up remains strong
  - 22% customer growth yoy
  - 33% PSTN customer penetration
- Pay TV offering well accepted
  - 20% customer growth yoy
  - 35% PSTN customer penetration

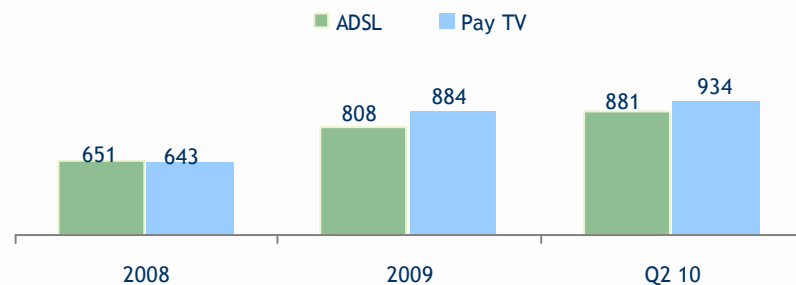
# Fixed Line Operations - Romania

## Key Operational Trends

### Line disconnections (000)



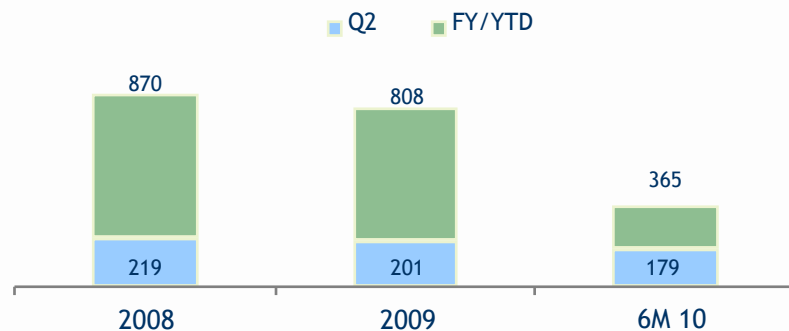
### Broadband/ Pay TV subscribers (000)



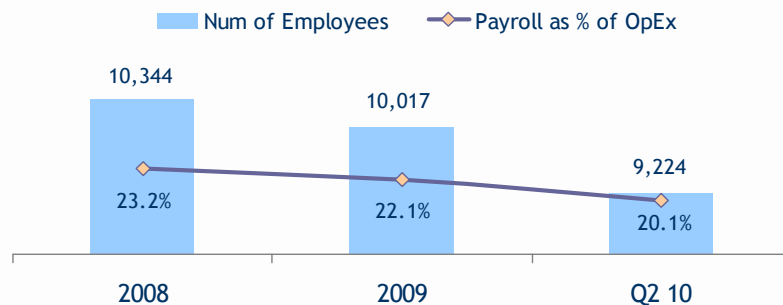
- Offsetting drop in traditional telephony revenues through growth in broadband & TV
- Second-brand strategy (NextGen) to meet demand for more basic and economical products
- CDMA network capture mobile broadband market share
- Introducing IPTV platform with VoD & offering 3 Play product

# Fixed Line Operations - Romania Economic Environment / Key Initiatives

## Revenues\* (€ mn)



## Employees / Payroll\*\* as % of OpEx



\* Including other non-operational income

\*\* Excluding costs related to employee exit programs

- Tough economic environment and drastic IMF austerity measures affecting consumer spending in all areas including telecoms
- Revenue decline from line disconnections partly offset by growth in new technologies
- Headcount down 10% in Q2'10
- Major initiatives in headcount rationalization
  - Additional VRS and network operations efficiency program
  - Outsourcing of certain non-core activities

# Mobile Operations Overview

## Greece #1

- Intense competition in post and pre-paid segments
- Mandatory pre-paid card registration decreased number of subscribers

## Romania #3

- Gaining market share despite competitive pressures
- After 3G acquisition (Zapp), focus on expanding in mobile broadband & corporate markets

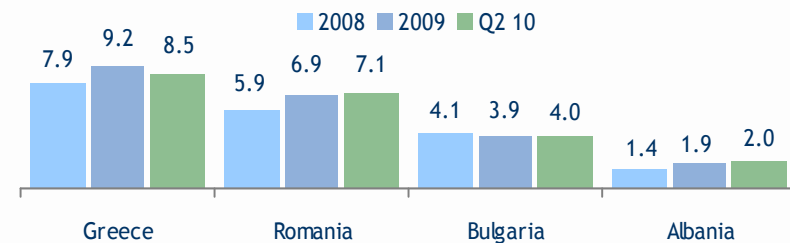
## Bulgaria #2

- Customer migration to post-paid
- Positive net additions in Q2'10 for the first time since 2008

## Albania #1

- Subscribers up 34% yoy reaching over 2mn customers

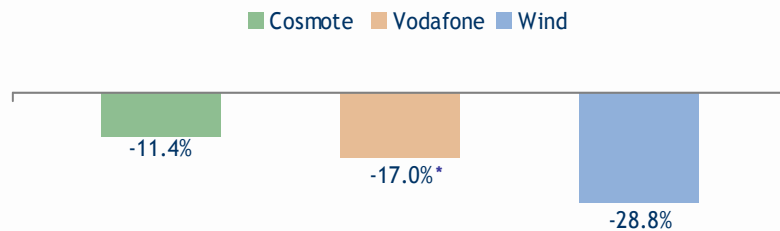
Customer base (mn)



# Mobile Operations

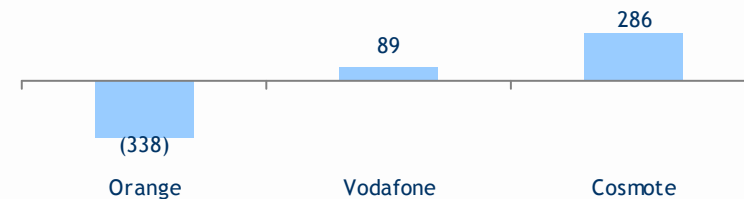
## Significant outperformance

Greece: Service Revenues Growth in Q2'10 (YoY)



\* Estimated

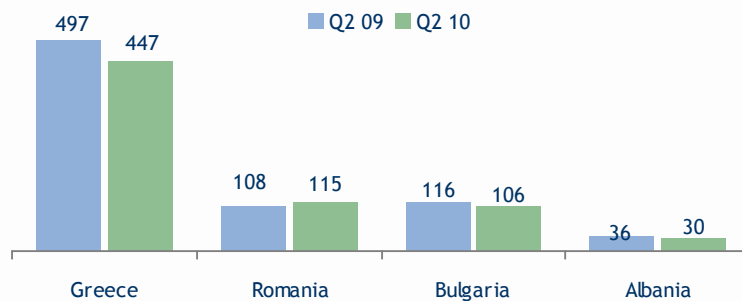
Romania: Customer net additions in Q2'10 (000)



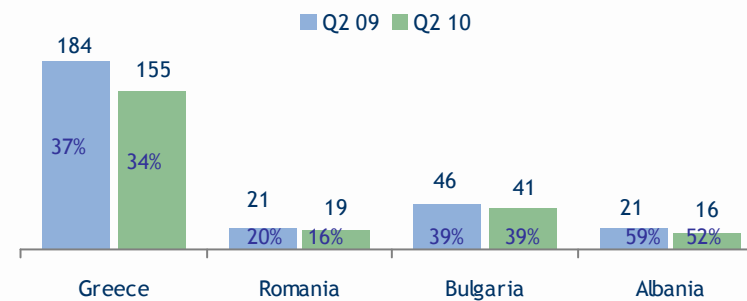
- Cosmote Greece: significant resilience in controlling Service Revenue decline:
  - -11.4% vs. -17.3% for Total Market
- Cosmote Romania far outperformed the Market with ca.290K net additions in the quarter
- Customer Base reached almost 7.1mn subscribers (including Zapp), a 12% increase YoY

# Mobile Operations Financials

## Revenues\* (€ mn)



## EBITDA & margin\* (€ mn)



\* Including Germanos contribution

- Greek mobile market affected by aggressive pre-paid pricing, tough economic conditions affecting consumer behavior, and steep MTR cuts
- Cosmote Greece managed to contain Service Revenue decline
- Romania Service revenues up 2.6%
- Successful cost-management efforts in Bulgaria
- Performance negatively impacted by regulated wholesale & retail tariffs, lower international incoming traffic and intense competition by 3<sup>rd</sup> operator in Albania

# OTE Group Positioning for the upturn

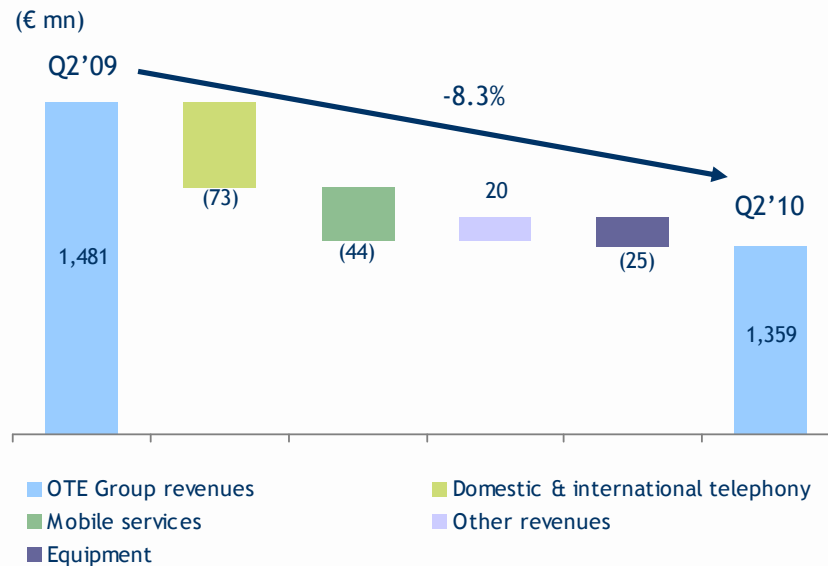
- Facing significant economic, regulatory and competitive headwinds across all its markets, all OTE Group companies are taking vigorous actions to rebuild profitability and shareholder value
  - Revenue-enhancement, cost-management and cash flow-generation initiatives adapted to the particular challenges of each market...
  - ... but systematic and disciplined approach across the board
- OTE Group poised to reap the benefits of an upcoming recovery as a leaner, more competitive organization, capitalizing on its strengths

# | Financial Review

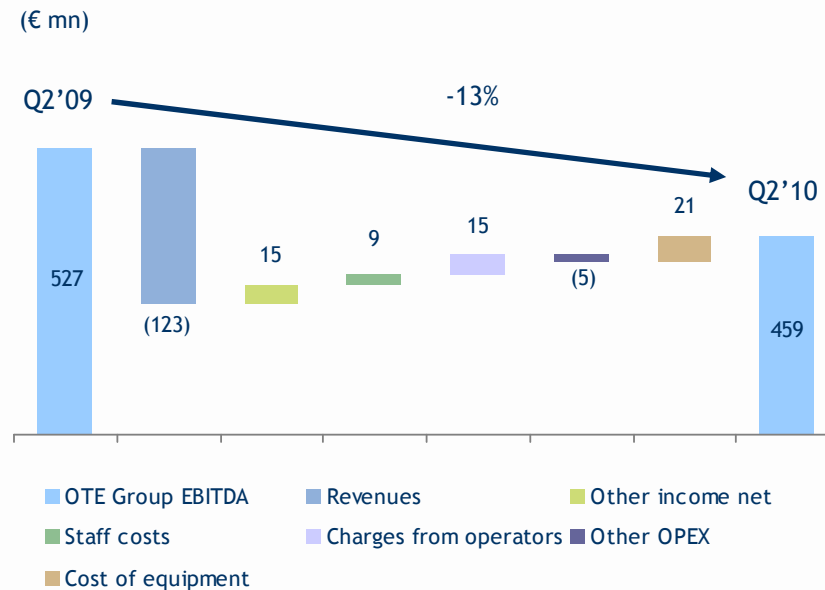


# OTE Group Revenue / EBITDA Trends

## Revenue mix (Q2'10)



## Pro Forma EBITDA mix (Q2'10)

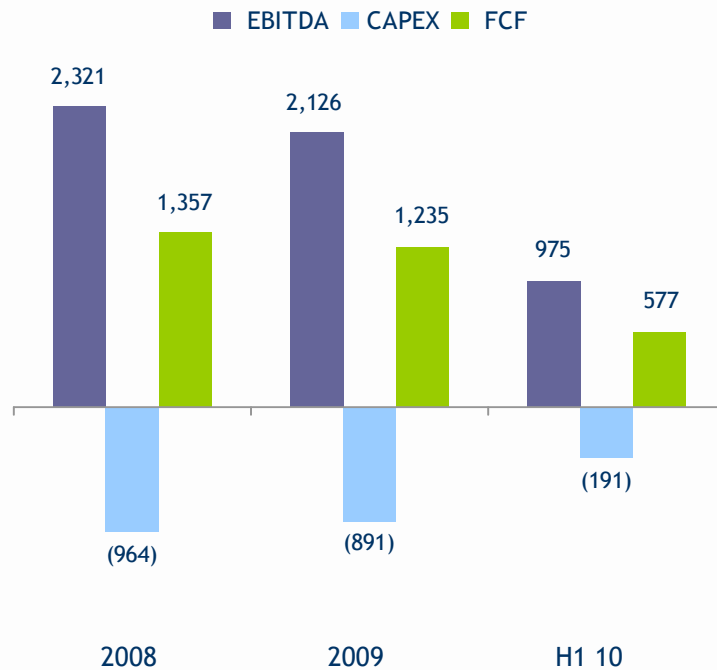


- Q2'10 Group reported revenues down 8.3%
  - Economic conditions and strong competition continued to affect all countries of operation
    - Greek fixed line affected by austerity measures impact and voice-only LLU offers
    - Mobile revenues down due to aggressive competitive practices & MTR cuts
    - RomTelecom affected by tough macro environment & line losses
- Q2'10 Group EBITDA decreased by 13%
  - Group EBITDA margin at 33.8%, 1.8pp decrease yoy

# OTE Group Cash Flow Trends

## Cash Flow

(€ mn)



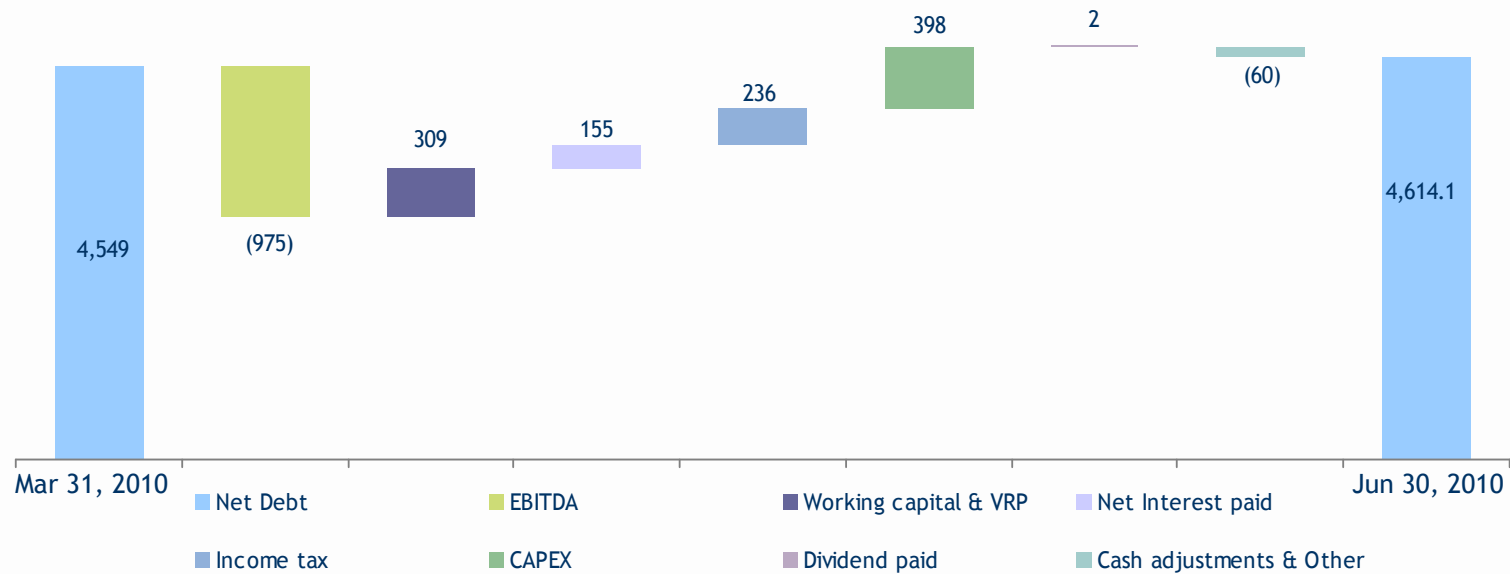
- Free cash flow generation affected by lower profitability and higher income taxes
- Capital expenditure decreased in all fixed line units, while mobile operations experienced a moderate increase. All in all, Group capital expenditure decreased in the quarter, partly reflecting synergies with DT

Notes: EBITDA excluding impact of Greek VRP & provisions related to other employee exit programs  
FCF defined as EBITDA less CAPEX

# OTE Group Net Debt

Net debt stable in Q2'10

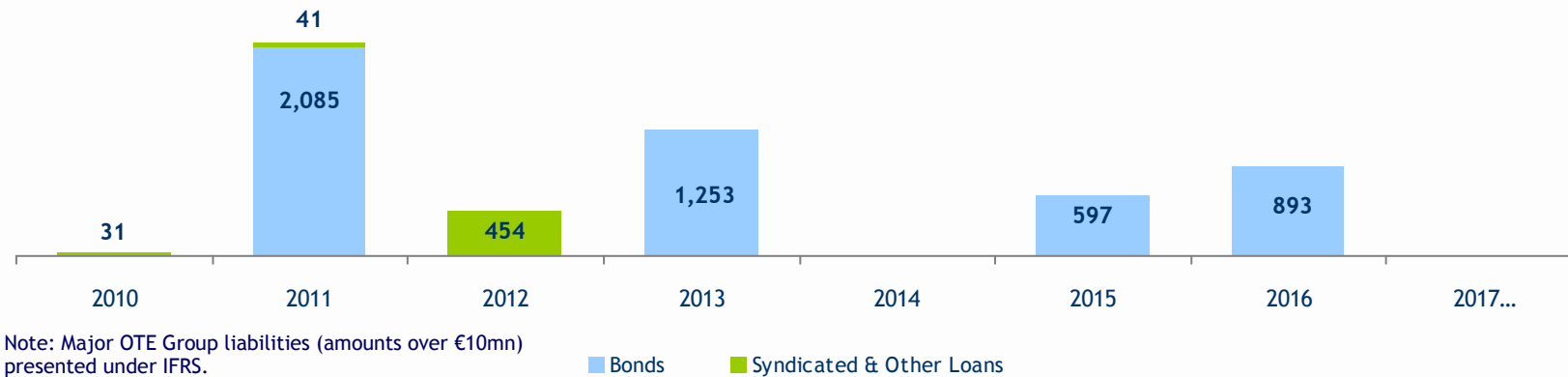
(€ mn)



- Improved Working Capital and lower CAPEX offsetting the effect of one-off levy

# OTE Group Debt

## Debt maturity profile as of June 30, 2010 (€ mn)

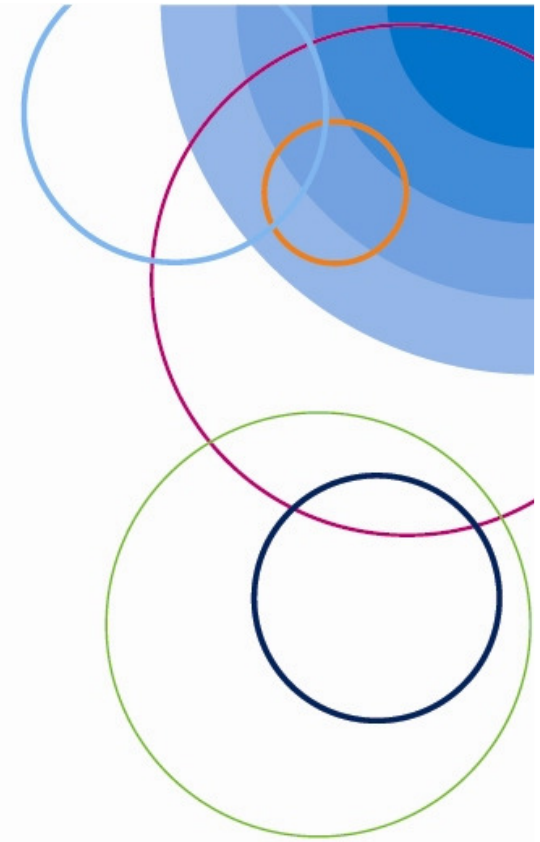


- €6.5bn EMTN program / €4.8bn outstanding
- Total Group Debt €5.4bn
- Fixed/floating ratio 90/10 on a Gross debt basis
- The Group maintains a €350mn unused committed line of credit for liquidity insurance purposes
- Net Debt<sup>(1)</sup> of €4.5bn
- Moody's
  - Baa2, Stable outlook
- S&P's
  - BBB-, Stable outlook

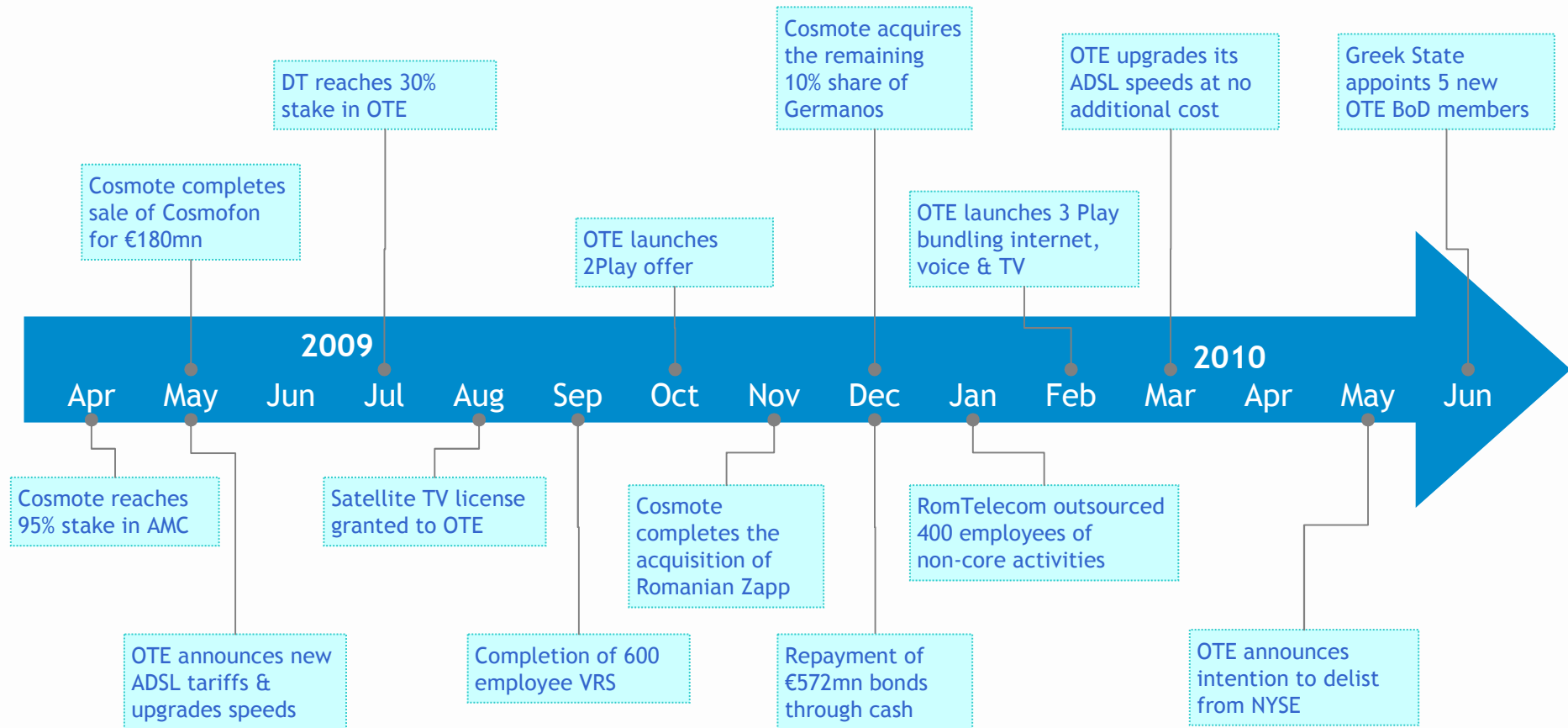
<sup>(1)</sup> Net Debt defined as Gross debt minus Cash & Cash Equivalents and Financial Assets (government bonds, securities)

Moody's as of May 19, 2008  
S&P's as of May 27, 2010

# | Appendix



# Recent Corporate Developments



# Mobile Termination Rates

## Greece: regulatory framework implemented

Year 2008	10.07	F2M & M2M revenues account for ca. 7-8% and 11% of total revenues respectively in 2008. Benefit from asymmetry abolition in 2009
Jan 2009	7.86	
Jan 2010	6.24	
Jan 2011	4.95	

## Romania: regulatory framework implemented

Year 2008	9.06	F2M & M2M revenues account for ca. 10% and 14% of total revenues respectively in 2008. Benefit from asymmetry maintenance
Apr 2009	6.40	
Jan 2010	5.67	
Jul 2010	5.03	

## Bulgaria: regulatory framework implemented

Jan 2009	12.09	F2M & M2M revenues account for ca. 10-11% and 13% of total revenues respectively in 2008
Apr 2009	11.84	
Jul 2009	10.82	
Jan 2010	9.62	
Jul 2010	6.33	

*Estimated average for peak/off-peak rates & mobile fixed incoming split*

## Albania: regulator influenced by EU policies

Year 2008	13.13	F2M & M2M revenues account for ca. 9% and 22% of total revenues respectively in 2008
Jan 2009	9.10	
Sep 2009	8.00	

Note: MTRs in eurocents per minute on Cosmote's network  
2008 rates refer to average for the year

# OTE Group Financial Highlights

IFRS (€ mn)	Q2'10	Q2'09**	% Diff	6M'10	6M'09**	% Diff
Revenues	1,358.6	1,481.4	-8.3%	2,759.7	2,930.2	-5.8%
EBITDA	463.2	374.5	+23.7%	941.9	1,105.6	-14.8%
as % of Revenues	34.1%	25.3%	+8.8pp	34.1%	37.7%	-3.6pp
Pro forma* EBITDA	458.8	527.1	-13.0%	974.7	1,070.6	-9.0%
as % of Revenues	33.8%	35.6%	-1.8pp	35.3%	36.5%	-1.2pp
Operating Income (EBIT)	178.4	90.1	+98.0%	380.2	543.4	-30.0%
Net Income	(60.8)	6.4	-	5.0	274.9	-98.2%
Basic EPS (€)	(0.1240)	0.0130	-	0.0102	0.5608	-98.2%
CAPEX	206.7	220.1	-6.1%	398.0	441.5	-9.9%
Cash flows from operations	175.1	406.5	-56.9%	378.0	717.3	-47.3%

\*Pro Forma EBITDA excluding VRP impact & provisions related to employee exit programs

\*\*Adjusted figure due to change in accounting policy (See H1'10 IFRS Report, Note 19)

# Fixed Line Operations - Greece

## Financial Highlights

IFRS (€ mn)	Q2'10	Q2'09**	% Diff	6M'10	6M'09**	% Diff
Revenues	548.2	590.8	-7.2%	1,108.8	1,195.8	-7.3%
EBITDA	185.6	18.4	+908.7%	339.3	409.1	-17.1
as % of revenues	33.9%	3.1%	+30.8pp	30.6%	34.2%	-3.6pp
Pro Forma * EBITDA	164.0	170.4	-3.8%	349.2	370.2	-5.7%
as % of revenues	29.9%	28.8%	+1.1pp	31.5%	31.0%	+0.5pp
Operating Income (EBIT)	91.6	(88.0)	-	149.4	193.1	-22.6%
CAPEX	56.7	63.9	-11.0%	102.0	114.1	-9.8%

\*Pro Forma EBITDA excluding VRP impact & provisions related to employee exit programs

\*\*Adjusted figure due to change in accounting policy (See H1'10 IFRS Report, Note 19)

# Fixed Line Operations - Romania

## Financial Highlights

IFRS (€ mn)	Q2'10	Q2'09**	% Diff	6M'10	6M'09**	% Diff
Revenues	178.7	201.1	-11.1%	365.3	396.8	-7.9%
EBITDA	24.4	60.6	-59.7 %	83.7	134.9	-38.0%
as % of revenues	13.7%	30.1%	16.4pp	22.9%	34.0%	-11.1pp
Pro Forma EBITDA*	41.6	61.2	-32.0%	104.0	138.8	-25.1%
as % of revenues	23.3%	30.4%	-7.1pp	28.5%	35.0%	-6.5pp
Operating Income (EBIT)	(41.5)	(1.5)	-	(38.2)	12.3	-
CAPEX	36.7	52.4	-30%	77.1	97.8	-21.2%

\*Pro Forma EBITDA excluding VRP impact & provisions related to employee exit programs

\*\*Adjusted figure due to change in accounting policy (See H1'10 IFRS Report, Note 19)

# Mobile Operations - Total Financial Highlights

IFRS (€ mn)	Q2'10	Q2'09	% Diff	6M'10	6M'09	% Diff
Revenues	691.9	754.0	-8.2%	1,397.1	1,470.4	-5.0%
EBITDA	231.3	271.1	-14.7%	470.1	511.3	-8.1%
as % of revenues	33.4%	36.0	-2.6pp	33.7%	34.8%	-1.1pp
Pro Forma EBITDA*	231.3	271.1	-14.7%	472.7	511.3	-7.5%
as % of revenues	33.4%	33.4%	-2.6pp	33.8%	34.8%	-1.1pp
Operating Income (EBIT)	108.0	156.9	-31.2%	221.7	290.9	-23.8%
CAPEX	107.9	101.4	+6.4%	207.3	218.8	-5.3%

Note: Total figures are after Cosmote intra-group eliminations

\* Pro Forma EBITDA excluding VRP impact & provisions related to employee exit programs

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