

# OTE Corporate Presentation

November 2010



[www.ote.gr](http://www.ote.gr)



# 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

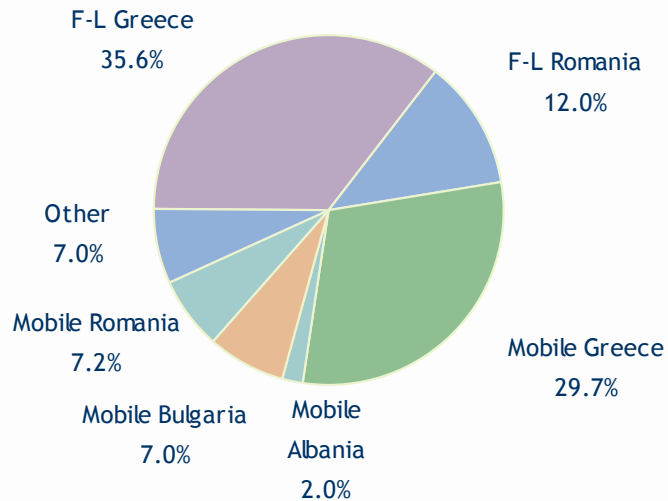
# | OTE Group Overview



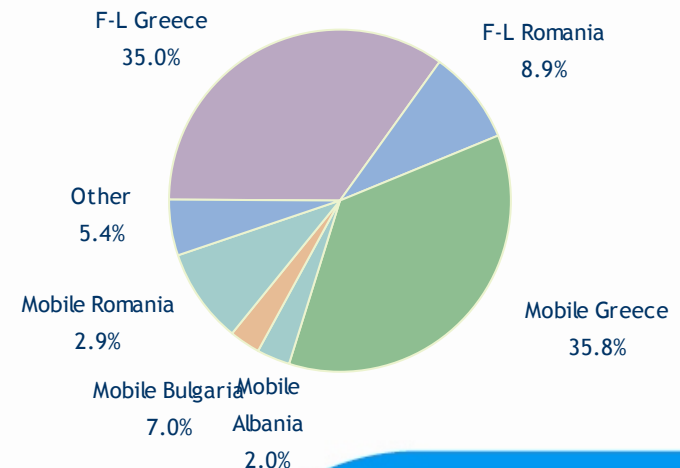
# Who we are

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 Sep 30, 2010)



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



\* Gross figures (excl. eliminations)

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

## GREECE

Incumbent/Leader

Total Lines (000): 4,617

ADSL Subscribers (000): 1,139

IPTV Subscribers (000): 40

**Leader**

Mobile customers (000): 8,330

## ALBANIA

**Leader**

Mobile Customers (000): 2,038

## BULGARIA

**Number 2**

Mobile Customers (000): 3,886

## ROMANIA

Incumbent/Leader

Total Lines (000): 2,634

ADSL Subscribers (000): 947

Sat TV Subscribers (000): 1,003

**Challenger**

Mobile customers (000): 7,067

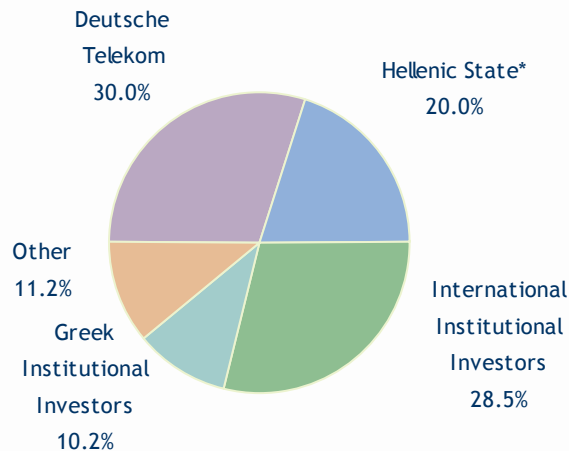
OTE also owns 20% of  
Telecom Serbia, the  
incumbent operator in Serbia



Note: Data as of Sep 30, 2010

# At a Glance

## Shareholder Structure (Sep 30, 2010)

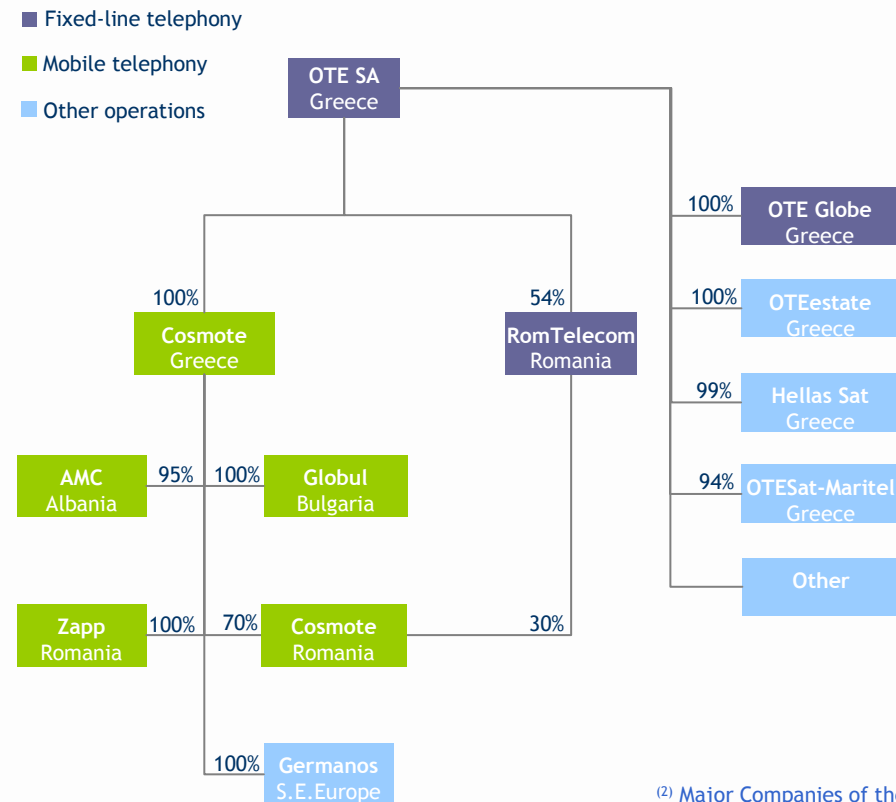


- Listed on Athens Stock Exchange (HTO GA)
- Market capitalization (Nov'10): ~€3.0bn
- Group Q3'10 Revenues: €1,393mn
- Group Q3'10 EBITDA<sup>(1)</sup>: €498mn

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

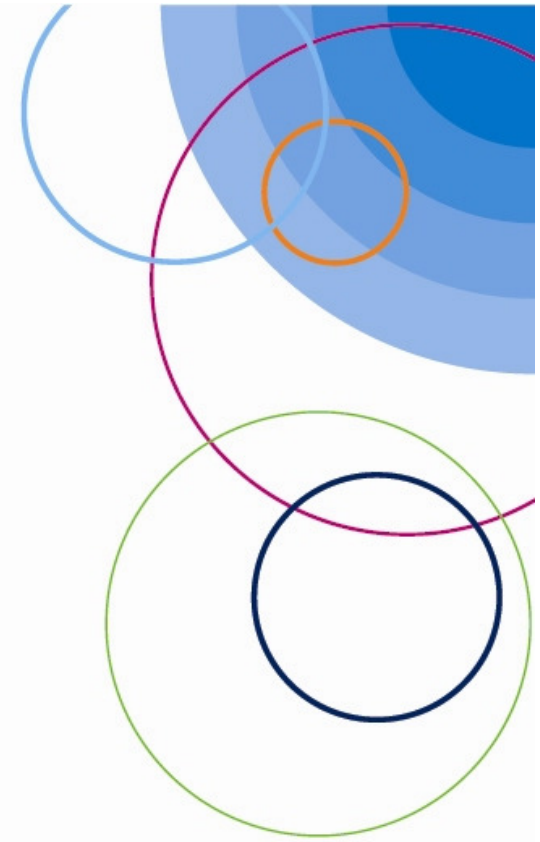
<sup>(1)</sup> Excluding provisions/reversals related to employee exit programs

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



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

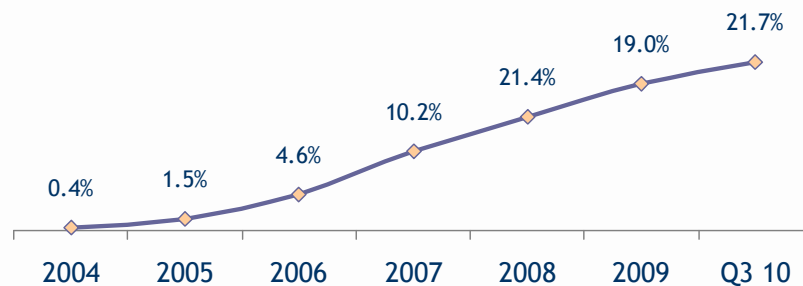
# | Business Review



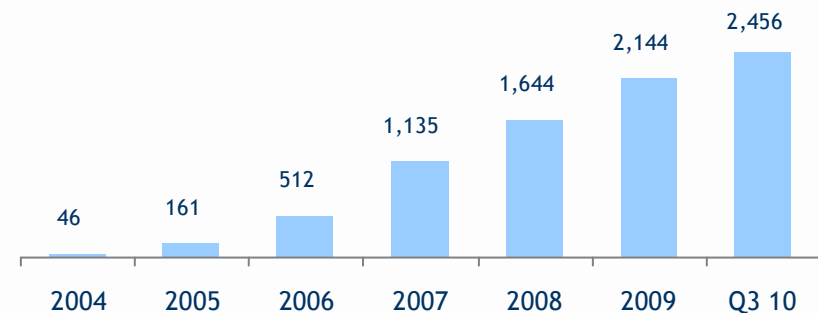
# Fixed Line Operations - Greece Overview

- OTE is the Greek incumbent and still the leading operator in the country with 4.6 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 an 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



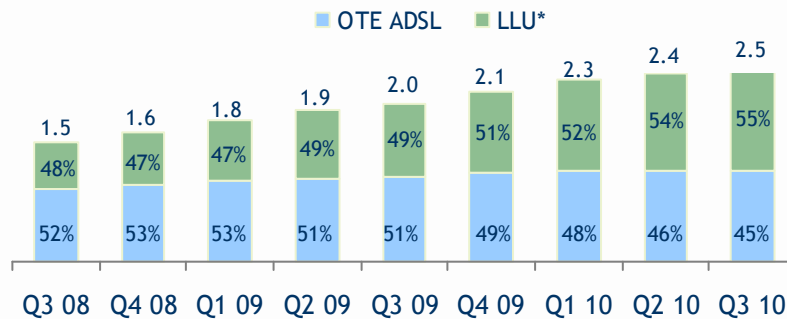
Greek Broadband Market (000)



# Fixed Line Operations - Greece

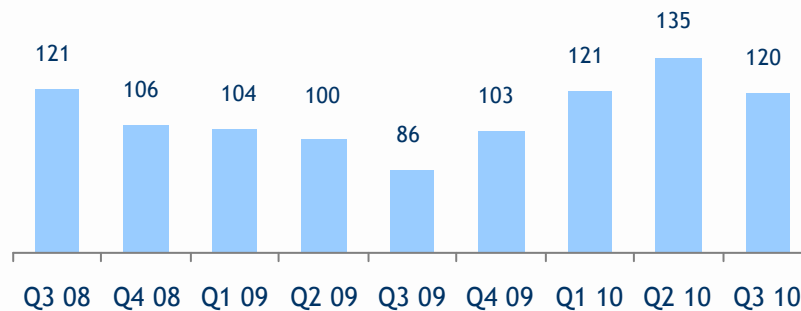
## Key Market Trends

Broadband market quarterly evolution (mn)



- Total Broadband market exceeds 2.4mn subscribers with 73,000 net adds
- OTE retail market share drops below 45%

OTE quarterly line disconnections (000)



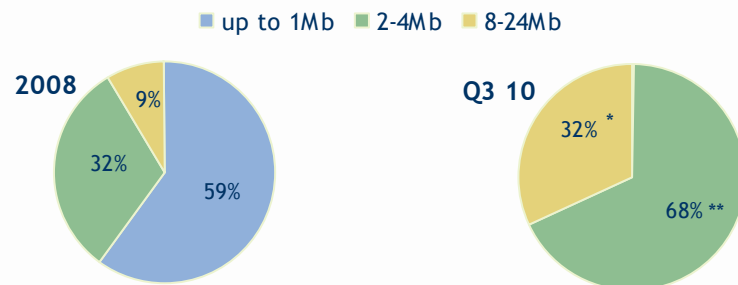
- Acceleration in rate of disconnections, driven by deteriorating economic conditions and voice-only LLU offers
- Regulatory obstacles hampering OTE competitiveness

\* Including voice-only offers

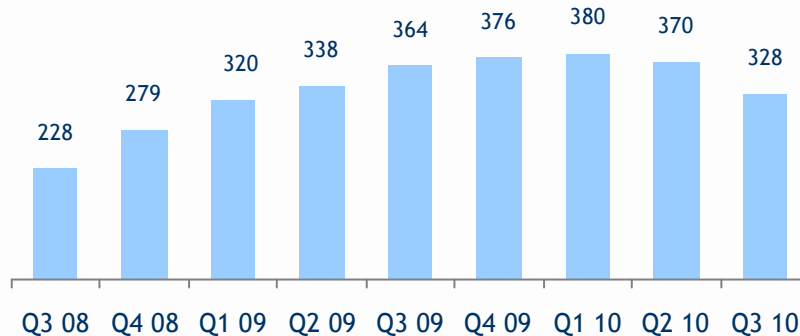
# Fixed Line Operations - Greece

## 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 voice-only offers with bundled time for F2F and F2M calls, monthly fee inclusive
  - 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 focusing on:

### Cost-Rationalization : Preserve margins

- **Workforce management:** Optimize service provisioning, increase productivity through effective use of data, quality assurance processes
- **Retail channels optimization:** Reduce number of shops 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

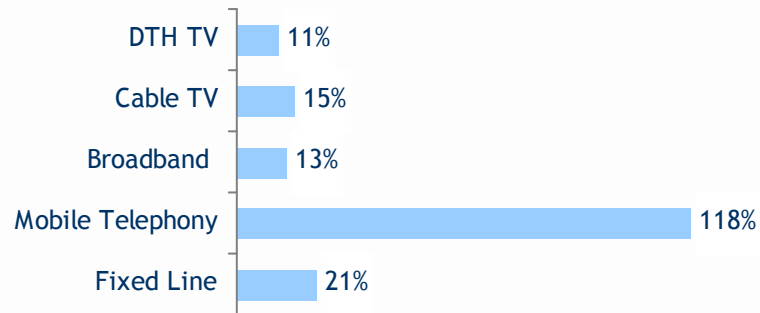
### Enhancing Customer Experience : Preserve Revenues

- **Place customers at the center of OTE activities**
- **Focus on brand quality and reliability:** Although we cannot be the cheapest, we will be the best in service and quality
- **Improve customer experience in every contact point**
- **Increase emphasis on customer retention:** Through expansion of IPTV offering, Sat TV launch, broadband action plan, ICT services

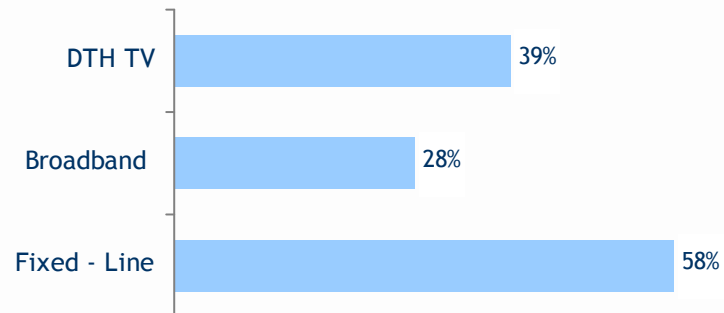
# Fixed Line Operations - Romania

## Key Metrics

### Population Penetration\* (Sep 2010)



### RomTelecom Market Shares (subscribers)



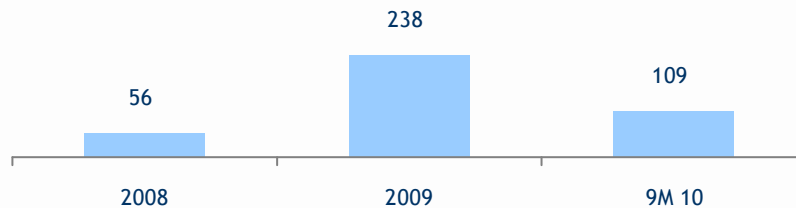
\*based on internal estimates

- Incumbent fixed-line operator in Romania
- Difficult macro environment
- Tough competitive environment from Cable TV and mobile operators offering bundled products at increasingly competitive prices
- Broadband subscriber take-up remains strong
  - 24% customer growth yoy
  - 36% PSTN customer penetration
- Pay TV offering well accepted
  - 21% customer growth yoy -surpass 1 million mark
  - 38% PSTN customer penetration

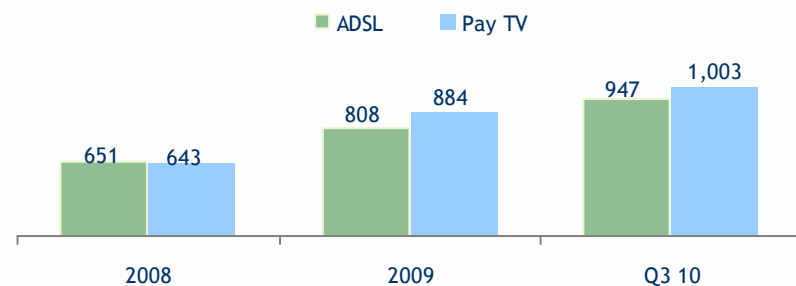
# Fixed Line Operations - Romania

## Key Operational Trends

### Net line disconnections (000)



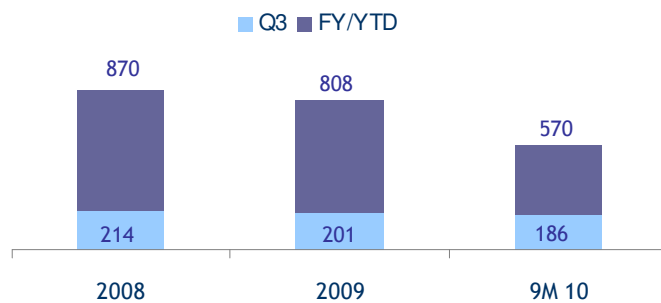
### Broadband/ Pay TV subscribers (000)



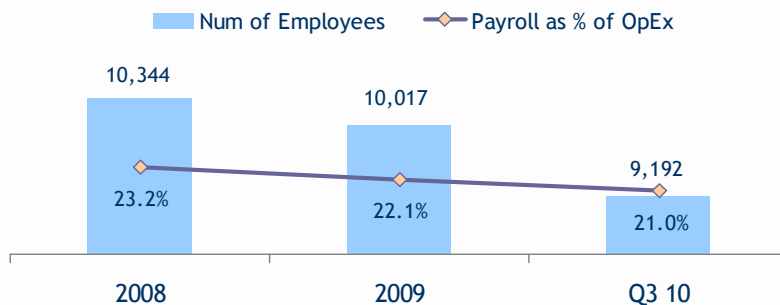
- Offsetting drop in traditional telephony revenues through growth in broadband & TV
- Dual-brand strategy (NextGen) to meet demand for more basic and economical broadband products
- CDMA network capture wireless broadband market share
- Successful IPTV platform with VoD launched in late 2009 attracted approx. 21K triple play subscribers
- New Sports Channel, “Dolce Sport” to cater the needs of a growing customer base

# 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 and ARPU drop
- Major initiatives in headcount rationalization
  - Additional VRS and network operations efficiency program
  - Outsourcing of certain non-core activities
- More than 1,200 departures by year end

# Mobile Operations Overview

Greece  
#1

- Rationalization of Competitive landscape in Q3'10
- Pre-paid card registration decreased number of subscribers

Romania  
#3

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

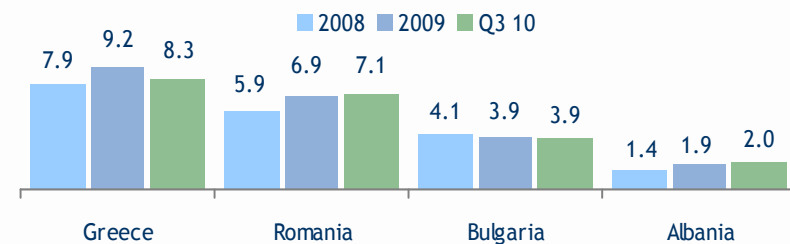
Bulgaria  
#2

- Continuous customer migration to post-paid innovative offers
- Post-paid subscribers consist 57% of total customer base

Albania  
#1

- Subscribers up 16% yoy reaching nearly 2mn customers
- Largely a pre-paid market

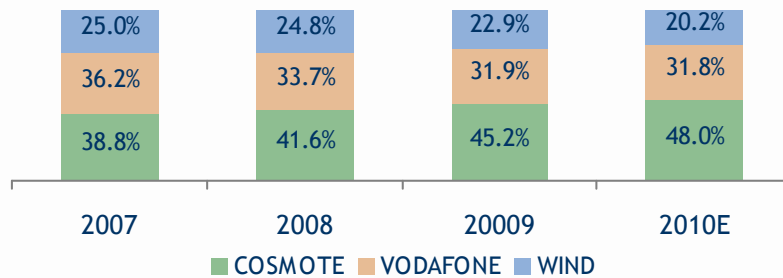
Customer base (mn)



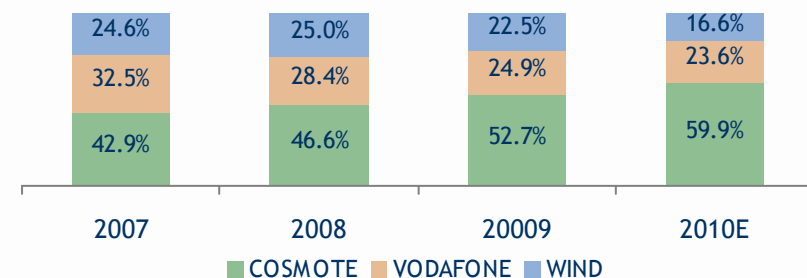
# Mobile Operations - Greece

## Strong Market Leadership

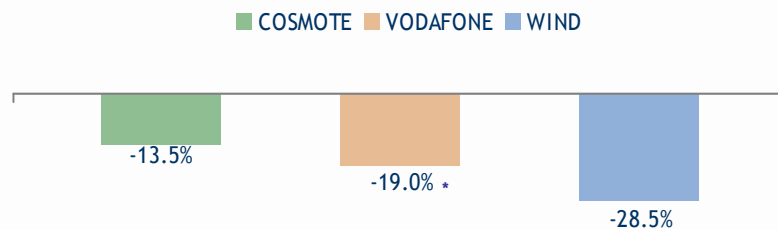
Service Revenue Share Evolution (mn)



EBITDA Share Evolution (mn)



Greece: Service Revenues Growth in Q3'10 (YoY)



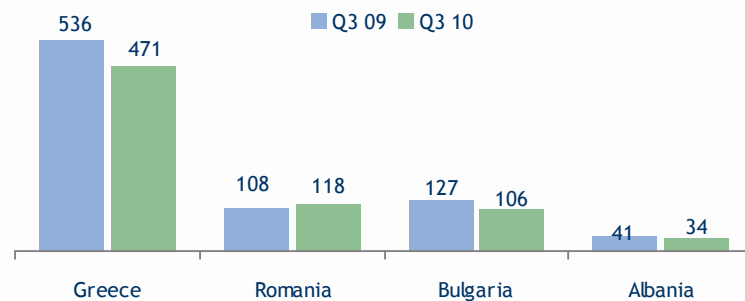
\*estimated

### Cosmote outperforming competition

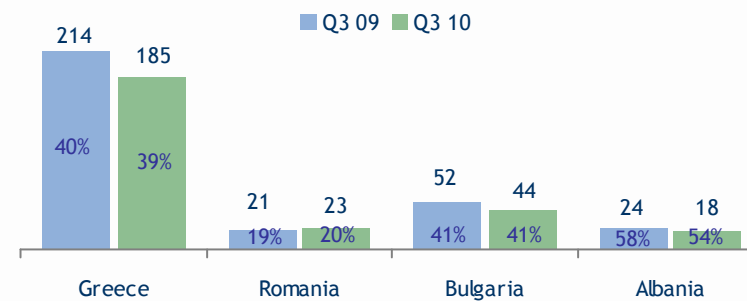
- Service Revenue decline in Q3'10: -13.5% vs. -18.6% for Total Market
- Growing EBITDA share further than service revenue share

# Mobile Operations Financials

## Revenues\* (€ mn)



## EBITDA & margin\* (€ mn)



\* Including Germanos contribution

- Greek mobile market experiences revenue decline due to aggressive pre-paid pricing, tough economic conditions affecting consumer behavior, and steep MTR cuts
- Cosmote Greece outperformed peers, gaining Revenue & EBITDA market share
- Romania Service revenues up 3.4%, despite strong competition
- Cost-containment efforts in Bulgaria brought OPEX down by over 16% & retaining margin c.a. 41%
- Performance negatively impacted by regulated wholesale & retail tariffs, lower international incoming traffic and intense competition by 3<sup>rd</sup> operator in Albania

**Strategy: Increase profitability through leadership in Brand Equity, leverage on sustainable non-price differentiators**

# 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

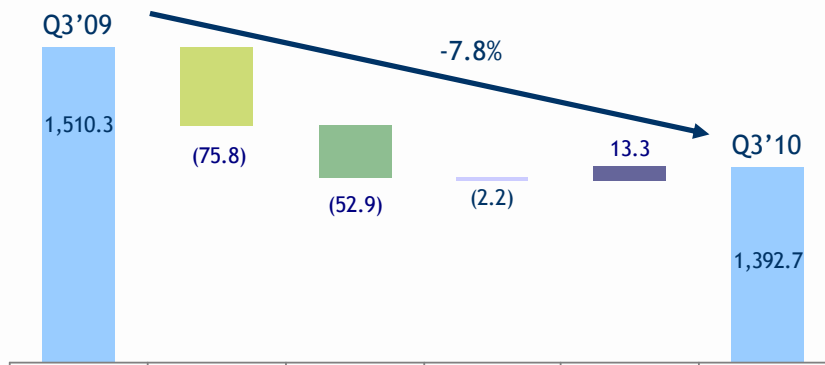
# | Financial Review



# OTE Group Revenue / EBITDA Trends

## Revenue mix (Q3'10)

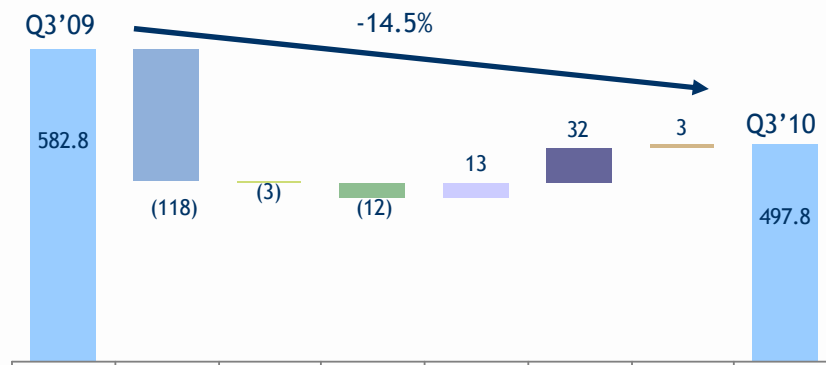
(€ mn)



■ OTE Group revenues  
■ Mobile services  
■ Equipment  
■ Domestic & international telephony  
■ Other revenues

## Pro Forma EBITDA mix (Q3'10)

(€ mn)



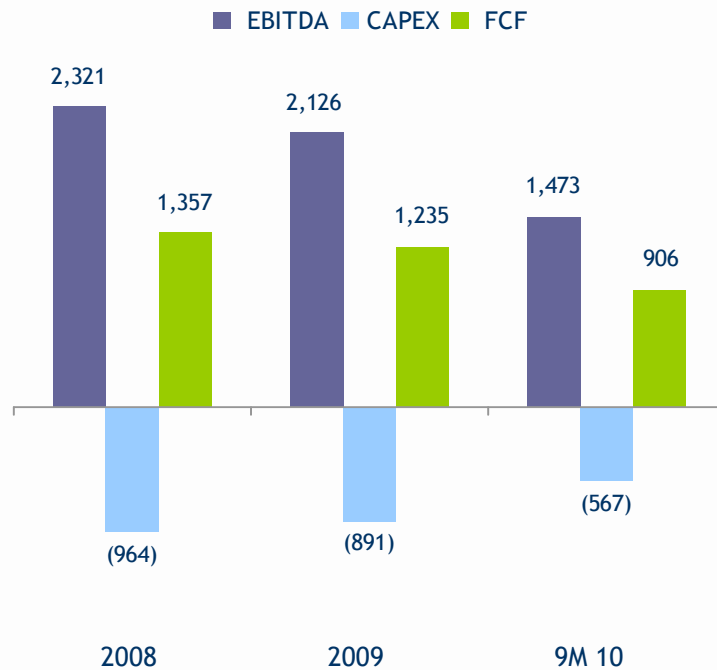
■ OTE Group EBITDA  
■ Cost of equipment  
■ Revenues  
■ Staff costs  
■ Other income net  
■ Charges from operators  
■ Other OPEX

- Q3'10 Group reported revenues down 7.8%, still affected by macro situation in SE Europe
  - Greek fixed line : Evident impact of austerity measures and voice-only LLU offers
  - Mobile revenues down due to aggressive competitive practices & MTR cuts - Operating improvement in Romania reflecting integration of Zapp
  - RomTelecom affected by economic conditions - Revenue erosion containment
- Group EBITDA margin at 35.8% - Resilient margin at Greek Fixed-line

# OTE Group Cash Flow Trends

## Cash Flow

(€ mn)

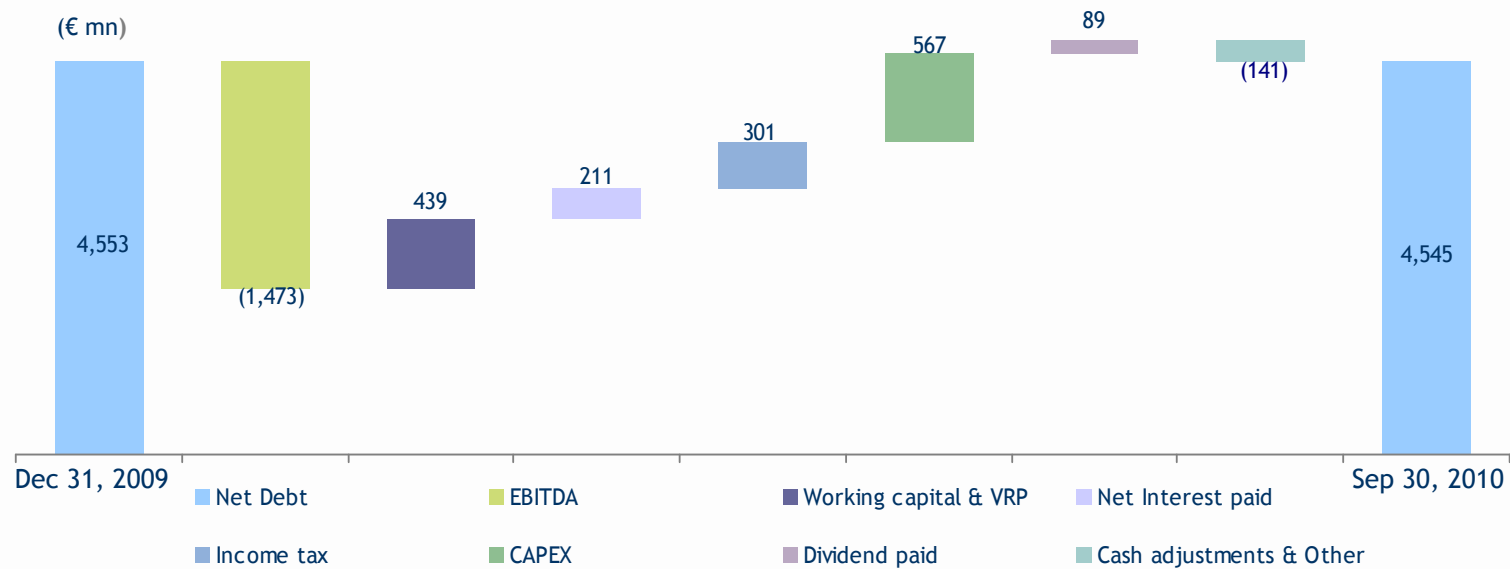


- Free cash flow generation affected by lower profitability and higher income taxes for the 9M'10
- Capital expenditure decreased in most units of the Group, partly reflecting synergies with DT. Mobile operations experienced an increase, mainly coming from Greek operations.

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

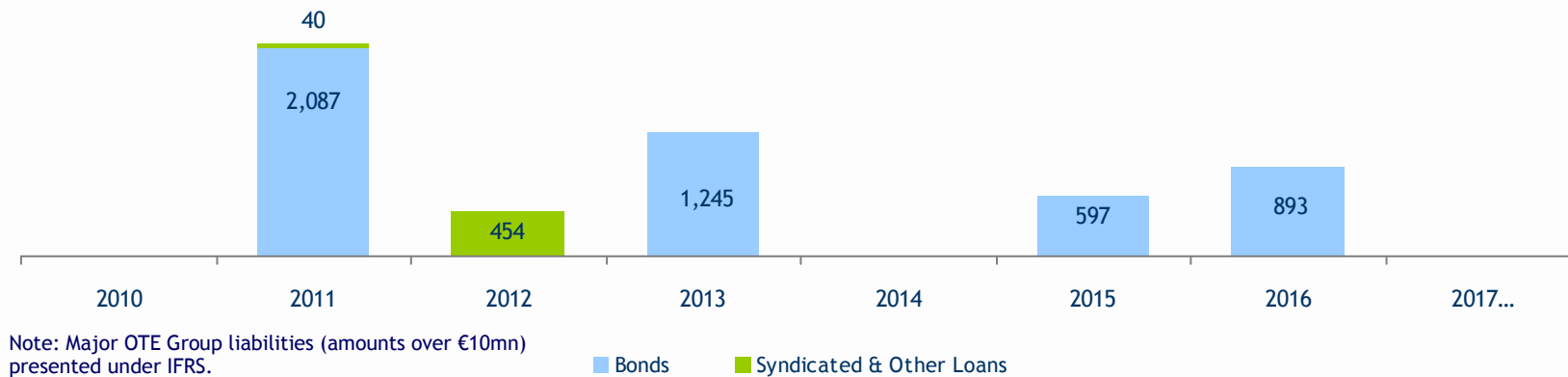
# OTE Group Net Debt

Net debt stable in 9M'10



# OTE Group Debt

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

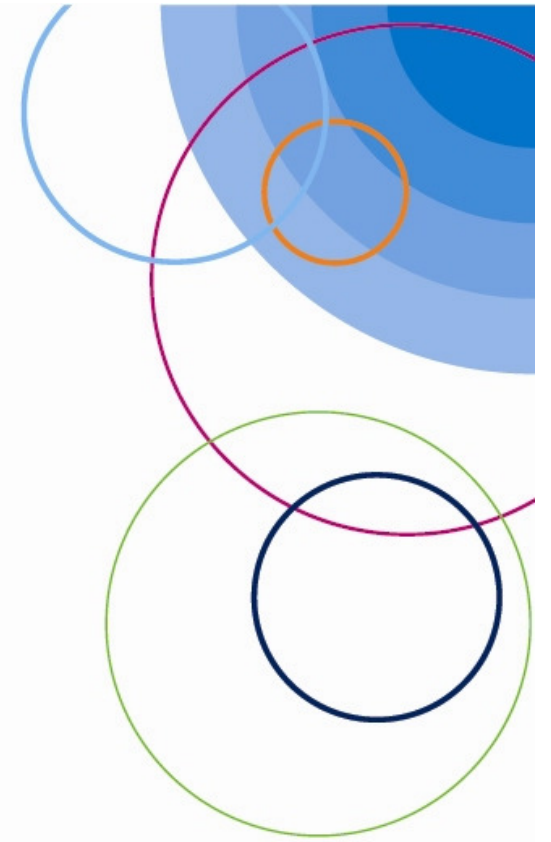


- €6.5bn EMTN program / €4.8bn outstanding
- Total Group Debt €5.3bn
- Fixed/floating ratio 90/10 on a Gross debt basis
- The Group maintains a €332mn unused committed line of credit for liquidity insurance purposes
- Net Debt<sup>(1)</sup> of €4.5bn
- Moody's
  - Baa2, Stable outlook
- S&P's
  - BBB-, Stable outlook

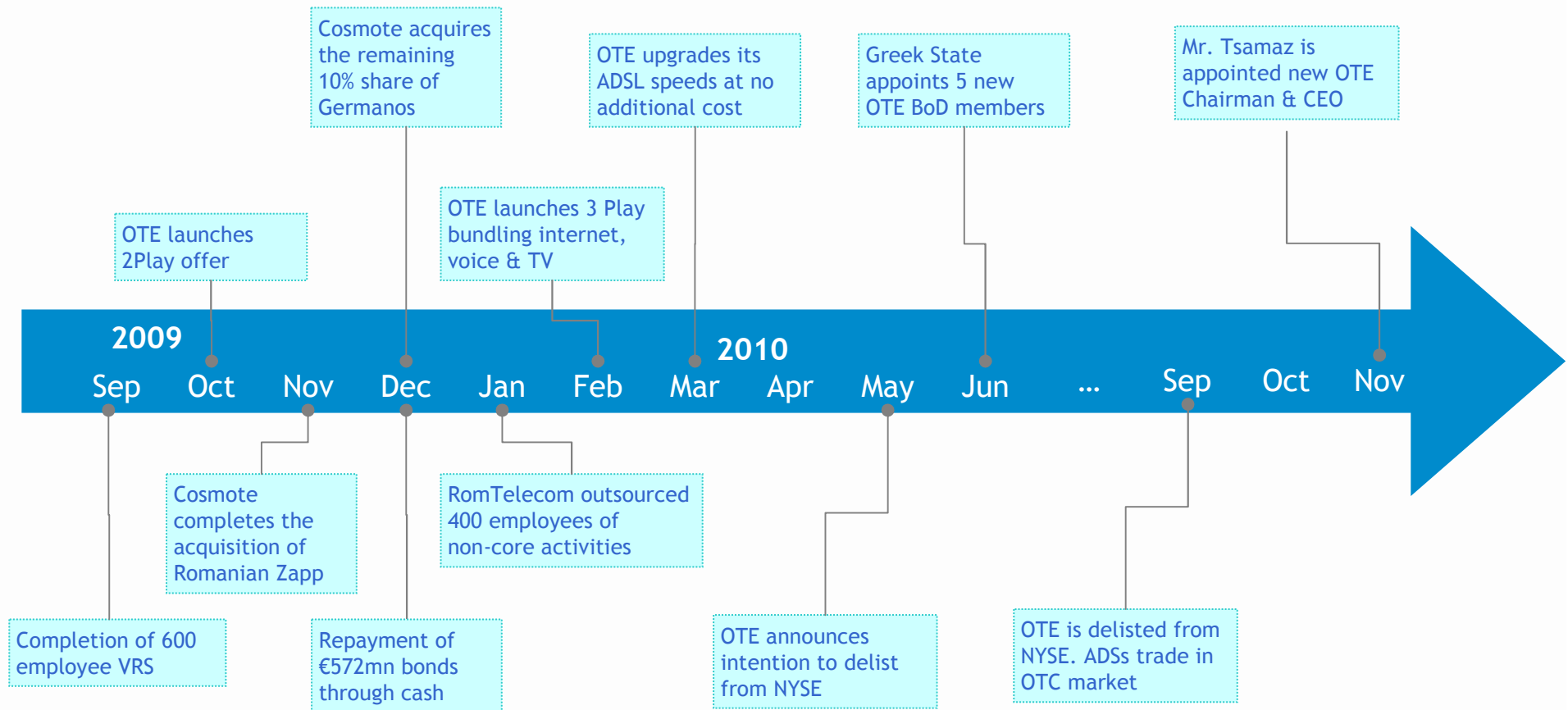
<sup>(1)</sup> Net Debt defined as Gross debt minus Cash & Cash Equivalents and Financial Assets (government bonds, securities)

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

<b>Year 2008</b>	10.07
<b>Jan 2009</b>	7.86
<b>Jan 2010</b>	6.24
<b>Jan 2011</b>	4.95

## Romania: regulatory framework implemented

<b>Year 2008</b>	9.06
<b>Apr 2009</b>	6.40
<b>Jan 2010</b>	5.67
<b>Jul 2010</b>	5.03

## Bulgaria: regulatory framework implemented

<b>Jan 2009</b>	12.09
<b>Apr 2009</b>	11.84
<b>Jul 2009</b>	10.82
<b>Jan 2010</b>	9.62
<b>Jul 2010</b>	6.33

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

## Albania: regulator influenced by EU policies

<b>Year 2008</b>	13.13
<b>Jan 2009</b>	9.10
<b>Sep 2009</b>	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)	Q3'10	Q3'09**	% Diff	9M'10	9M'09**	% Diff
Revenues	1,392.7	1,510.3	-7.8%	4,152.4	4,440.5	-6.5%
EBITDA	495.0	581.6	-14.9%	1,436.9	1,687.2	-14.8%
as % of Revenues	35.5%	38.5%	-3.0pp	34.6%	38.0%	-3.4pp
Pro forma EBITDA*	498.4	582.8	-14.5%	1,473.1	1,653.4	-10.9%
as % of Revenues	35.8%	38.6%	-2.8pp	35.5%	37.2%	-1.7pp
Operating Income (EBIT)	228.9	303.6	-24.6%	609.1	847.0	-28.1%
Net Income	126.3	165.0	-23.5%	131.3	439.9	-70.2%
Basic EPS (€)	0.2577	0.3366	-23.5%	0.2679	0.8975	-70.2%
CAPEX	169.3	196.2	-13.7%	567.3	637.7	-11.0%
Cash flows from operations	300.2	296.2	+1.4%	678.2	1,013.5	-33.1%

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

\*\*Adjusted figure due to change in accounting policy (See 9M 2010 IFRS Report, Note 19)

# Fixed Line Operations - Greece

## Financial Highlights

IFRS (€ mn)	Q3'10	Q3'09**	% Diff	9M'10	9M'09**	% Diff
Revenues	539.3	596.9	-9.6%	1,648.1	1,792.7	-8.1%
EBITDA	162.9	173.7	-6.2%	502.2	582.8	-13.8%
as % of revenues	30.2%	29.1%	+1.1pp	30.5%	32.5%	-2.0pp
Pro Forma EBITDA*	162.9	173.7	-6.2%	512.1	543.9	-5.8%
as % of revenues	30.2%	29.1%	+1.1pp	31.1%	30.3%	+0.8pp
Operating Income	72.0	70.5	+2.1%	221.5	263.6	-16.0%
CAPEX	48.6	78.7	-38.2%	150.6	192.9	-21.9%

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

\*\*Adjusted figure due to change in accounting policy (See 9M 2010 IFRS Report, Note 19)

# Fixed Line Operations - Romania

## Financial Highlights

IFRS (€ mn)	Q3'10	Q3'09**	% Diff	9M'10	9M'09**	% Diff
Revenues	181.5	194.2	-6.5%	546.8	591.0	-7.5%
EBITDA	39.1	66.9	-41.6%	122.8	201.8	-39.1%
as % of revenues	21.5%	34.5%	-12.9pp	22.5%	34.1%	-11.6pp
Pro Forma EBITDA*	42.5	68.5	-37.6%	146.5	206.9	-29.2%
as % of revenues	23.4%	35.1%	-11.6pp	26.8%	35.0%	-8.2pp
Operating Income/(loss)	(13.9)	8.0	-273.8%	(52.1)	20.3	-
CAPEX	24.5	26.6	-7.9%	101.6	124.4	-18.3%

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

\*\*Adjusted figure due to change in accounting policy (See 9M'10 IFRS Report, Note 19)

# Mobile Operations - Total Financial Highlights

IFRS (€ mn)	Q3'10	Q3'09**	% Diff	9M'10	9M'09**	% Diff
Revenues	723.3	791.1	-8.6%	2,120.4	2,261.5	-6.2%
EBITDA	266.9	313.6	-14.9%	737.0	824.8	-10.6%
as % of revenues	36.9%	39.6%	-2.7pp	34.8%	36.5%	-1.7pp
Pro Forma EBITDA*	266.9	313.6	-14.9%	739.6	824.8	-10.3%
as % of revenues	36.9%	39.6%	-2.7pp	34.9%	36.5%	-1.6pp
Operating Income	146.1	197.7	-26.1%	367.7	488.6	-24.7%
CAPEX	93.3	83.3	12.0%	300.6	302.1	-0.5%

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

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