

OTE

## OTE: Driving the Group Forward

May 2009

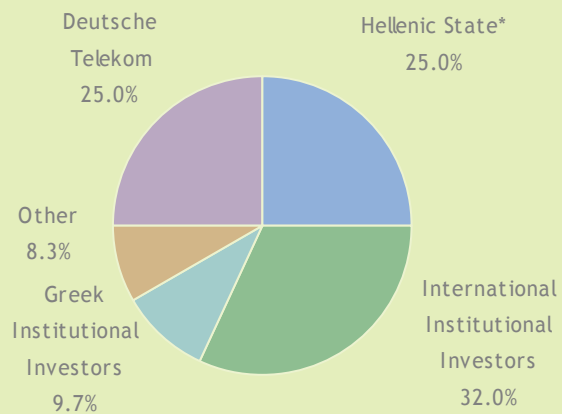
OTE

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

OTE

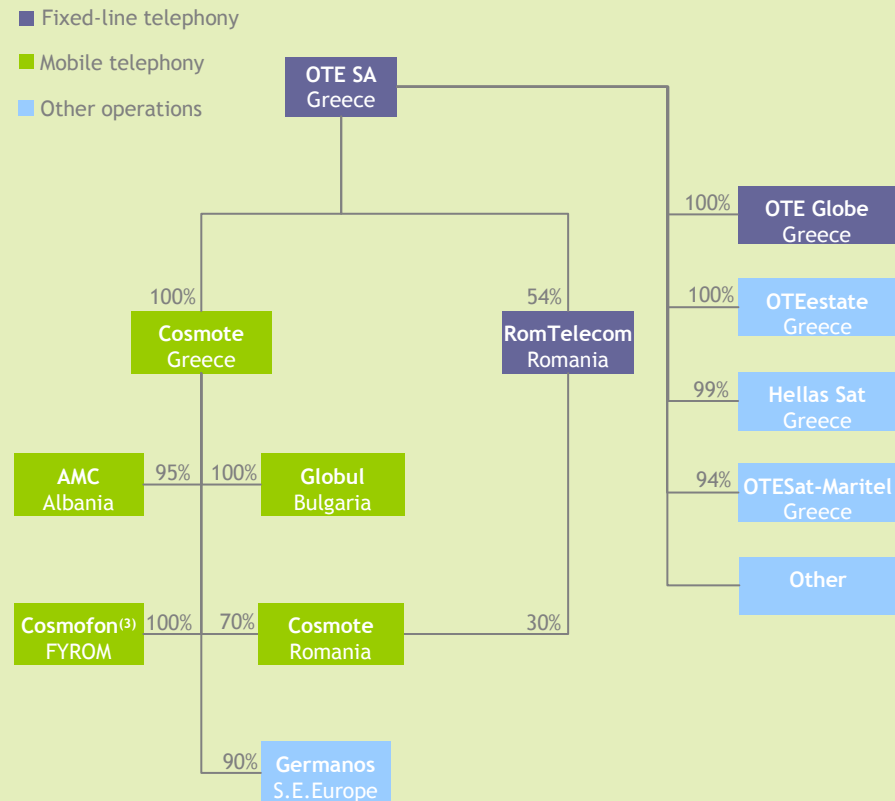
## | OTE Group Overview

## Shareholder Structure (April 30, 2009)



- Leading integrated telecommunications operator
- Listed on Athens (HTO GA) & New York Stock Exchange (OTE)
- Market capitalization (May'09): around €6bn
- Group 3M'09 Revenues: €1,454mn
- Group 3M'09 EBITDA<sup>(1)</sup>: €533mn
- Proposed 2008 DPS: €0.75

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



\*Stake of Hellenic State includes voting rights for 4% of shares transferred to IKA Pension Fund

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

<sup>(2)</sup> Major Companies of the Group 4

<sup>(3)</sup> Cosmote has agreed to sell Cosmofon

OTE

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

## BULGARIA

Number 2

Customers (000): 4,012

## GREECE

Incumbent/ Leader

Total Lines (000): 5,282

ADSL Subscribers (000): 1,028

Customers (000): 8,412



## ROMANIA

Incumbent/ Leader

Total Lines (000): 2,933

ADSL Subscribers (000): 701

Challenger

Customers (000): 6,106

## ALBANIA

Leader

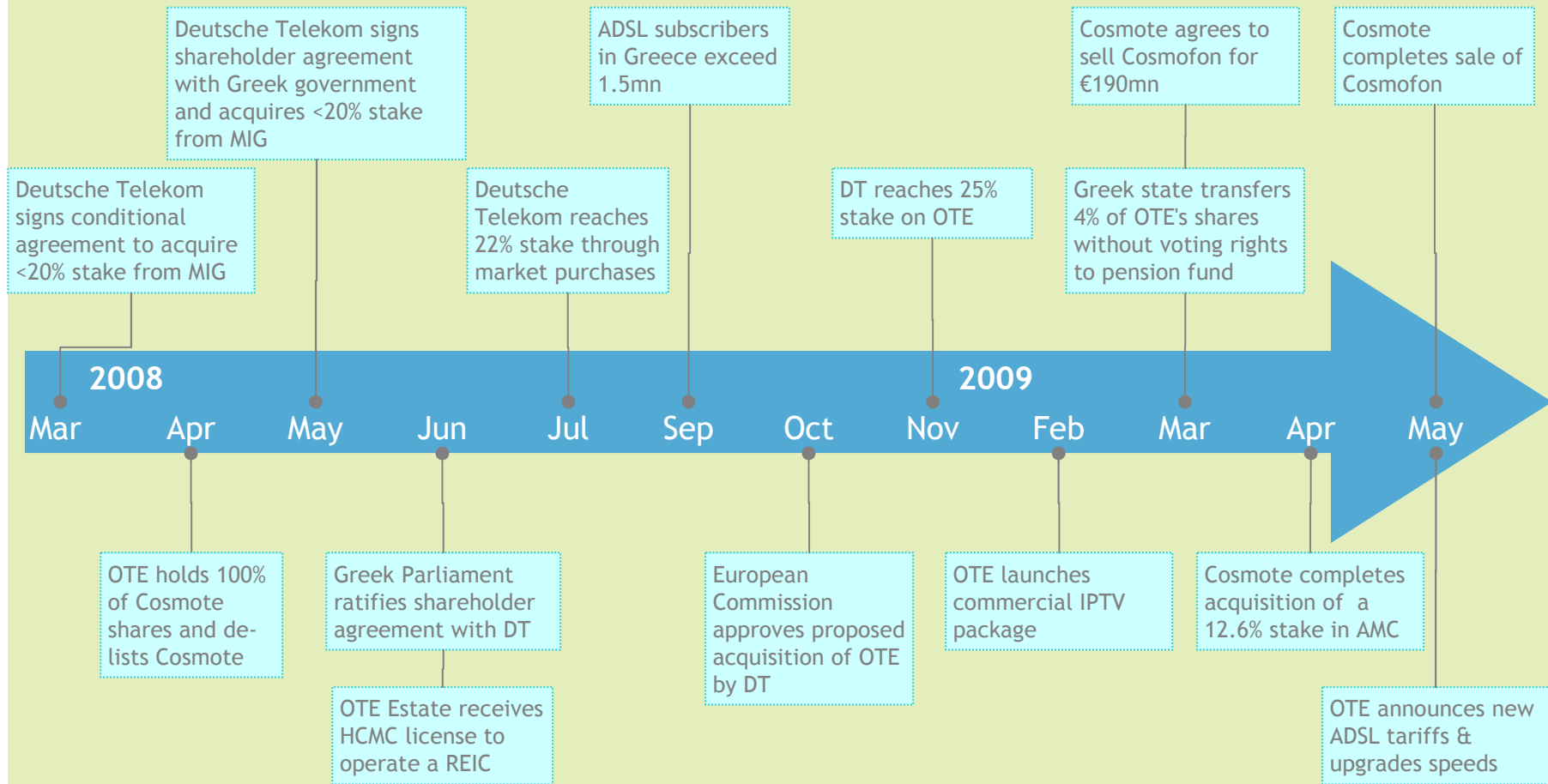
Customers (000): 1,405

Through Germanos, OTE Group operates the most efficient telecoms/technology retail network in Southeast Europe

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

OTE

# Recent Corporate Developments



# Management Consistency in Delivering Commitments

OTE

## Group restructuring

- Cosmote minorities buyout & refinancing ✓ Completed
- Absorption of Otenet (domestic ISP) within OTE SA ✓ Completed
- OTEGlobe (international wholesale telephony) de-consolidation from OTE SA ✓ Completed
- Sale of Infote (directory enquiries) for €300mn ✓ Completed
- AMC stake increase for €48mn (Cosmote reaches 95%) ✓ Completed
- Sale of Cosmofon for €190mn ✓ Completed

## RomTelecom

- RomTelecom line churn containment ✓ Achieved

## Cosmote Romania

- Positive EBITDA at Cosmote Romania ✓ Achieved

## Operational efficiency

- Rationalization of OTE Shop network ✓ Achieved
- New exit program for more than 600 employees (approved on March 26, 09) ○ In progress
- Centralization handset procurement process ○ In progress

# DT-OTE Synergies & 2009 Outlook

## Synergies from DT - OTE cooperation

ca. €200mn potential annual synergies

- 2/3s to be implemented by 2010
- Highest proportion from procurement (incl. terminals)
- CAPEX: 1/3 of total; OPEX: 2/3s
- 70% of total in mobile business

## 2009 Outlook

- OTE Group revenues adversely impacted by competitive, regulatory and economic developments across all markets
- Group EBITDA margin the main focus area of management

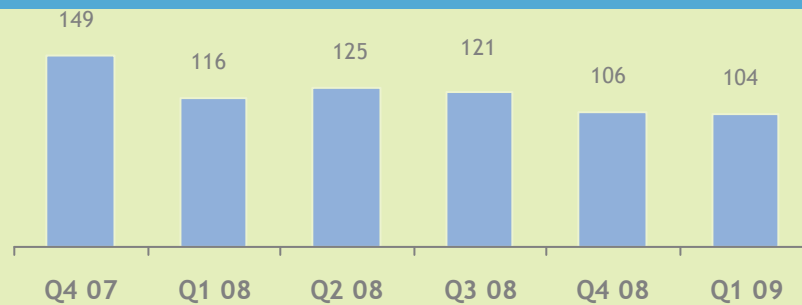
OPE

## | Business Review

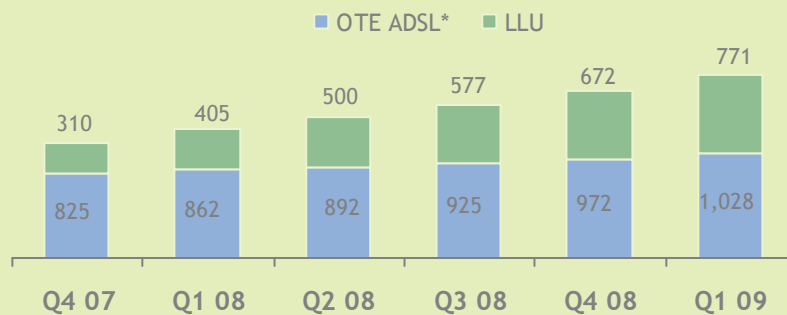
# Greek Fixed-line Key Market Trends

OTE

OTE Quarterly line loss (000)



Broadband market quarterly evolution (000)

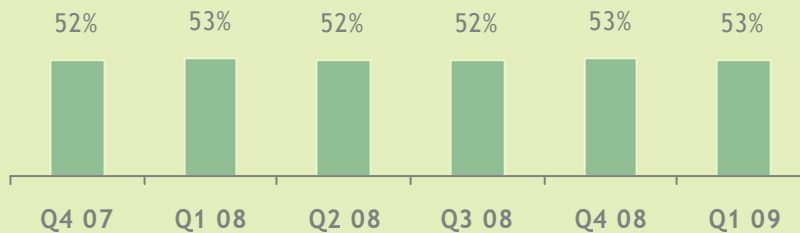


- Line loss & customer retention through a dedicated call center
- Continuous LLU growth due to: aggressive promotional policies of alternative carriers & ongoing migration from Carrier Pre-Selection to LLU
- Ongoing take up of flat rate packages (Conn-x Talk & OTE Talk)
- Total ADSL market reaches 1.8 million subscribers
  - OTE broadband customers exceed 1 million; retail market share >50%
  - Total broadband penetration >14% of population from ca. 10% in 2007 & less than 5% in 2006

\* OTE ADSL includes Retail & Wholesale

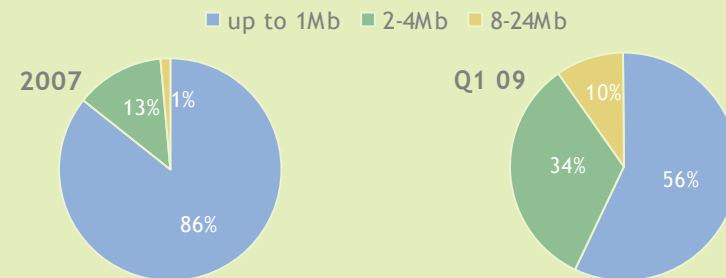
# Greek Fixed-line Key Operational Trends

OTE retail ADSL share\*

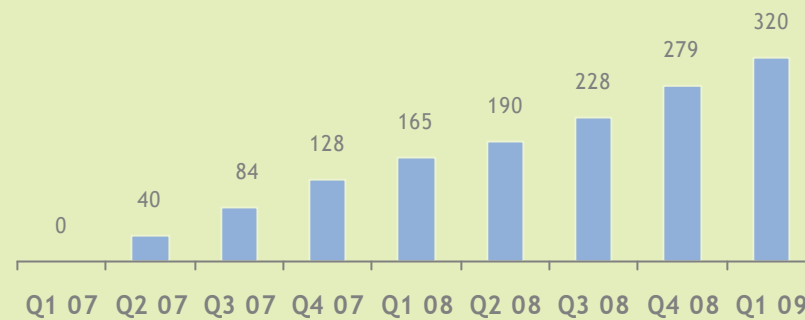


- To meet intensifying competition, OTE promotes new offerings in telephony & broadband:
  - New reduced broadband tariffs & upgraded access speeds in May'09
  - "Conn-x@work" complete SMEs solution
  - Commercial launch of IPTV service "Conn-x TV" in Feb'09
  - Continuous regulatory impediment to OTE bundled offers
- OTE offerings well accepted
  - ✓ Retail ADSL market share remains >50%
  - ✓ OTE continues to expand its retail broadband customer base in 8 & 24Mb access speeds
  - ✓ Ongoing rise in Conn-x Talk flat-rate subscribers reaching more than 35% of eligible customer base

OTE retail ADSL customer breakdown per access



OTE Conn-x Talk flat rate subscribers (000)



\* End of Period

# Mobile Operations Overview

OTE

Greece #1

- Revenue market share expansion
- Pre-paid pricing pressure & MTR cuts
- Centralization process of handset procurement

Romania #3

- Solid post- & pre-paid revenue growth
- Operational leverage & market positioning supports optimistic outlook

Bulgaria #2

- Pre-paid market rationalization (deactivations)
- Significant MTR cuts

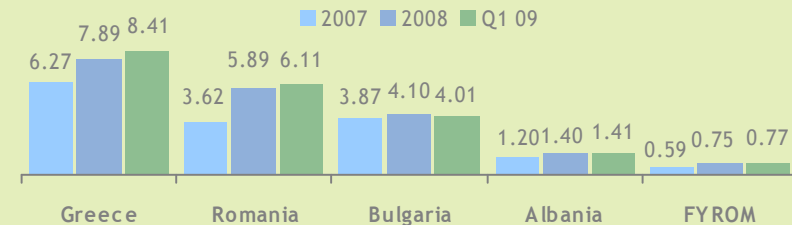
Albania #1

- A pre-paid market with high margins
- Severe regulatory impact on wholesale & retail tariffs
- Entrance of 3<sup>rd</sup> competitor in Mar'08

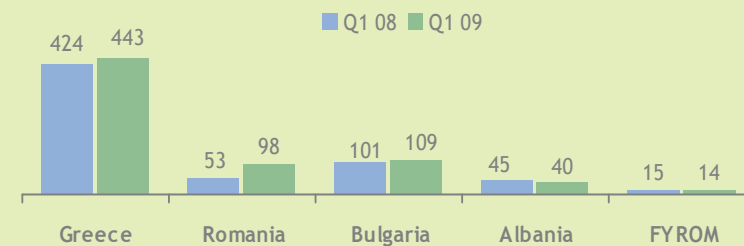
FYROM #2

- Cosmofon sale completed

Customer base (mn)



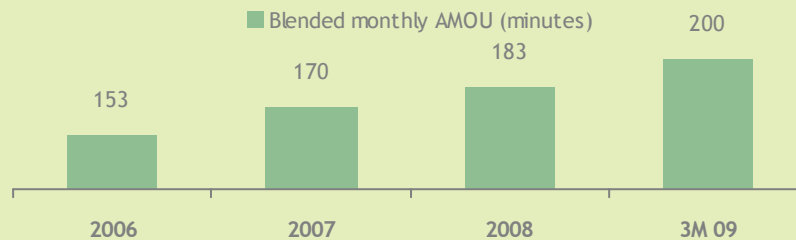
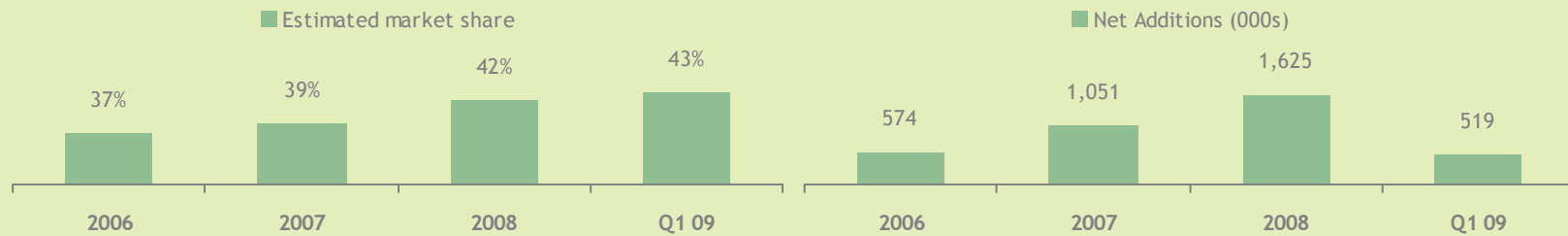
Revenues (€ mn)



# Mobile Selected Markets

OTE

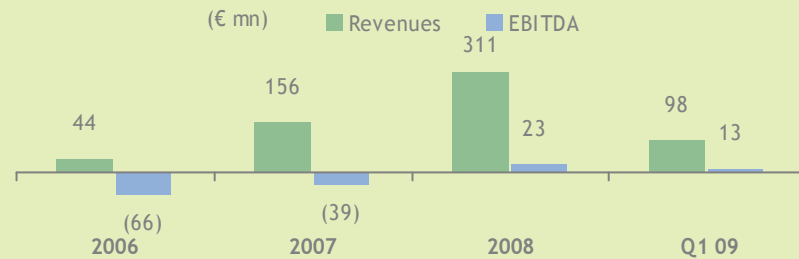
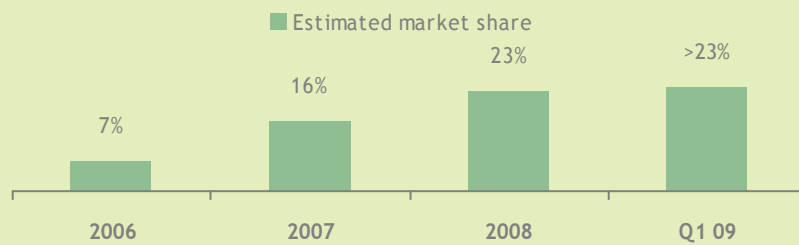
Greece



- Enhanced market position
  - 519K net adds in Q1'09
  - Total customers rise 28.8% from Q1'08
- Strong growth in customer usage
- Declining ARPU reflects pre-paid segment growth, price reduction, steep MTR cuts
- 126K mobile broadband subscribers; mobile broadband reaches 3% of service revenues

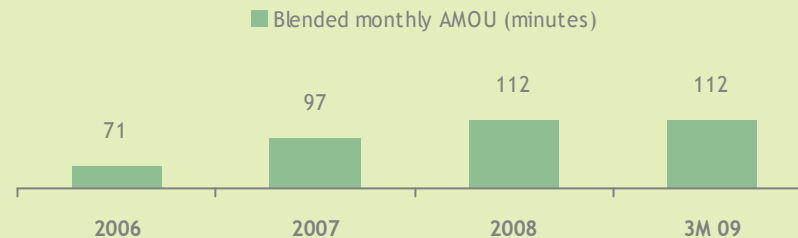
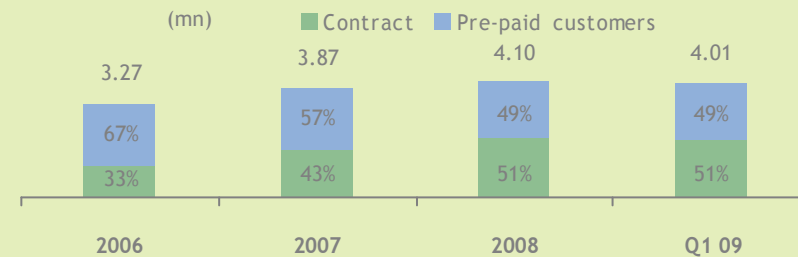
# Mobile Selected Markets

## Romania



- Market share expansion in excess of 23% by Mar'09
- Contract subscribers reach 51% of Q1 net adds
- 13.3% EBITDA margin in Q1'09 from 7.2% in FY'08

## Bulgaria

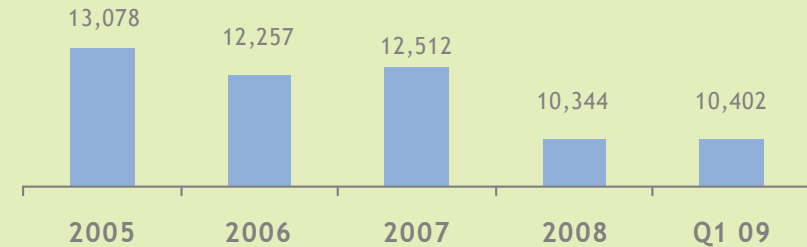


- Impressive customer mix with 51% contract customers
- Increased usage allows for stable service revenues
- EBITDA growth at 2.7% from Q1'08; margin at 37.9%

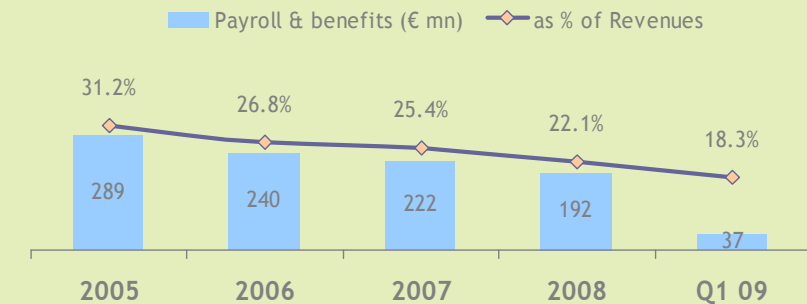
# RomTelecom Economic Environment-Key Initiatives

- Romanian economic environment
  - Global economic downturn hitting SEE
  - Signs of stabilization after IMF support; strengthening of local currency
- Company's effort to strengthen broadband & DTH position
  - ADSL & TV subscriber base almost doubles since Dec'07
  - Integrated IT & Telecom service solutions to business customers
  - Commercial launch of CDMA services
- Successful headcount reduction: process initiated early '08
  - Provisions taken in 12M'08 (€38.0mn cost) and Q1'09 (€3.3mn cost)
  - 2.2K jobs shed in 2008
  - Additional 200 redundancies effective Apr'09

## Employees



## Payroll & Employee benefits\*



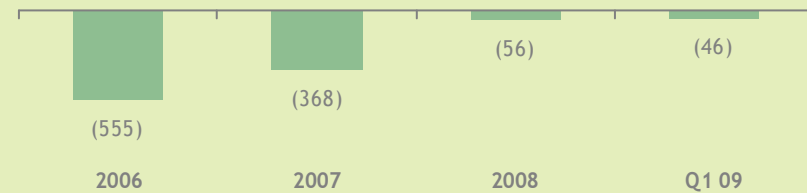
\*Excluding costs related to employee exit programs

# RomTelecom Key Trends

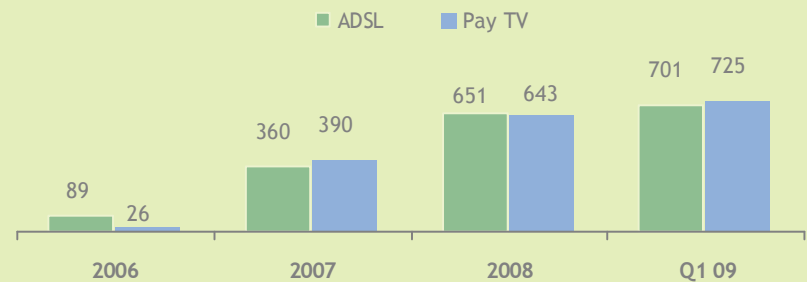
## OTE

- Efforts to contain access line churn pay off
  - ca. 555K in 2006, 368K in 2007, 56K in 2008
  - 46K in Q1'09
  
- DSL subscriber take-up remains strong
  - ca. 51K net additions in Q1'09, exceeding 700K total customers
  - Almost ¼ of PSTN penetration
  
- Pay TV offering well accepted
  - ca. 700K customers roughly within 2 years after launch
  - Almost ¼ of PSTN penetration

Line loss (000)



Broadband/ Pay TV subscribers (000)



OPE

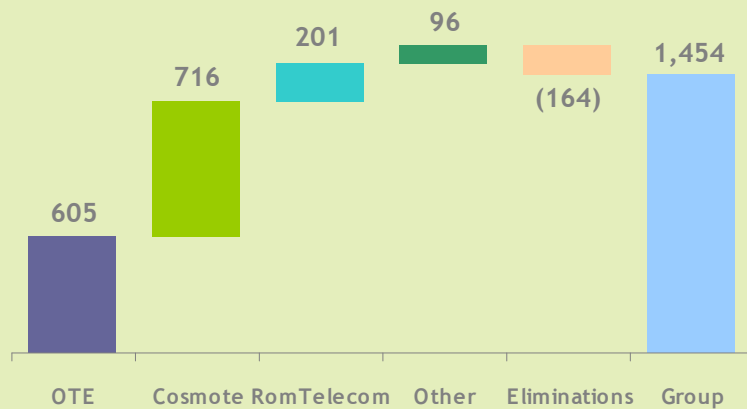
## | Financial Review

# OTE Group Revenue Trends

OTE

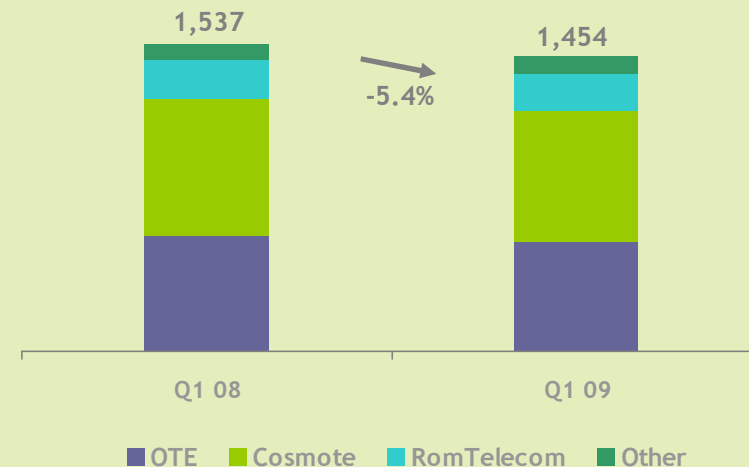
## Revenue mix (Q1'09)

(€ mn)



## Revenue trends

(€ mn)



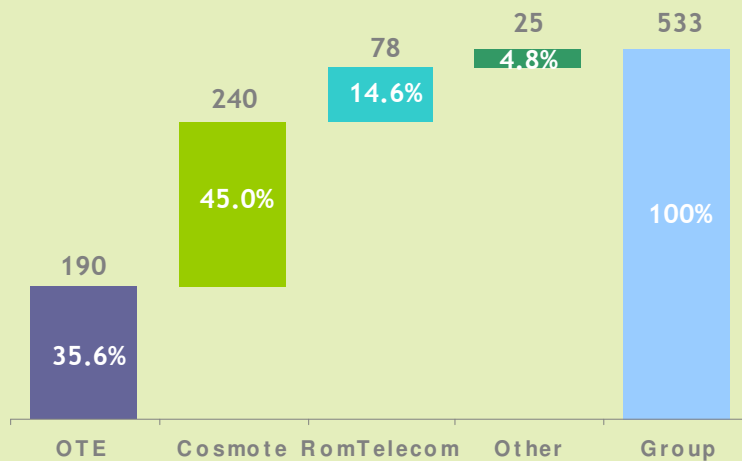
- Q1'09 Group revenues down 5.4%
  - Greek fixed-line revenues decrease by 5.2% mainly due to line losses and lower domestic & international call revenues
  - Termination rate cuts have affected mobile revenues; mobile service revenues higher by 3.2%

# OTE Group EBITDA Trends

OTE

## EBITDA mix<sup>(1)</sup> (Q1'09)

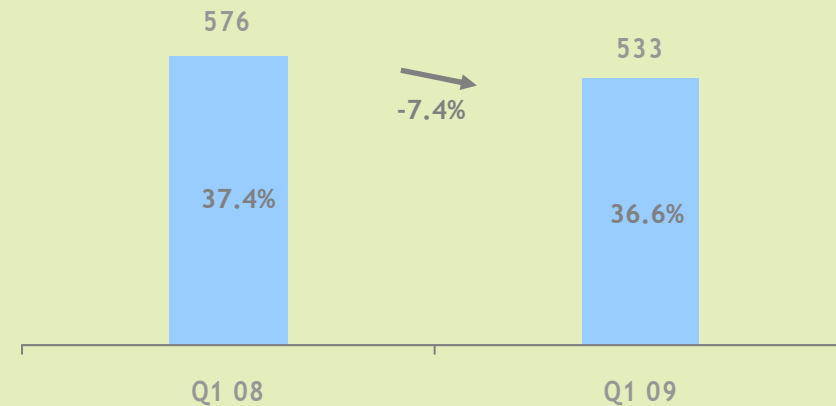
(€ mn)



- Q1'09 Group margin down 0.8pp, mainly due to higher payroll and increased advertising and third party fees
  - Lower Greek and Romanian fixed-line margin
  - Mobile EBITDA margin slightly improved

## EBITDA trends

■ EBITDA ■ EBITDA margin %



- Group EBITDA down in Q1'09
  - Lower EBITDA for Greek and Romanian fixed-line
  - Stable mobile EBITDA against competitive pressure and steep MTR cuts

<sup>(1)</sup> Incl. €0.3mn intercompany eliminations

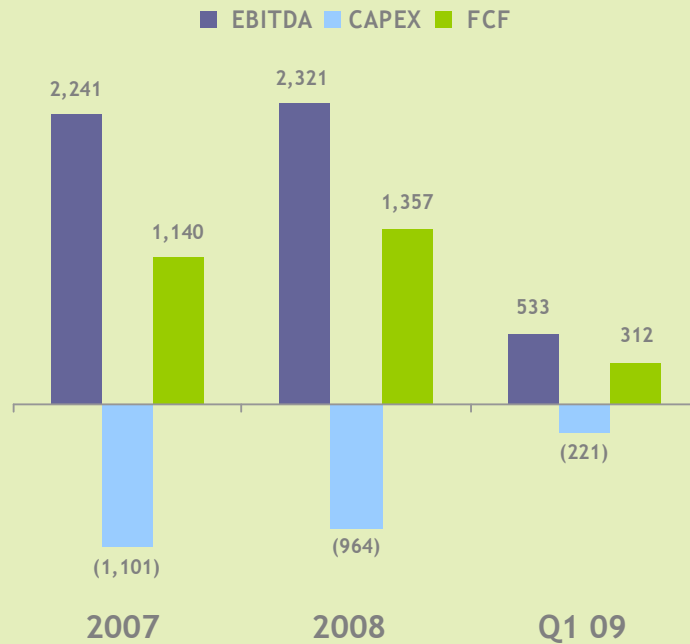
Note: EBITDA excluding Greek VRP impact and provisions related to other employee exit programs

# OTE Group Cash Flow Trends

OTE

## Cash Flow

(€ mn)



- Cash flow generation remains solid despite lower EBITDA
- Group Capital Expenditure up from Q1'08 levels partly due to comparatively higher CAPEX at mobile and Romanian fixed-line activities

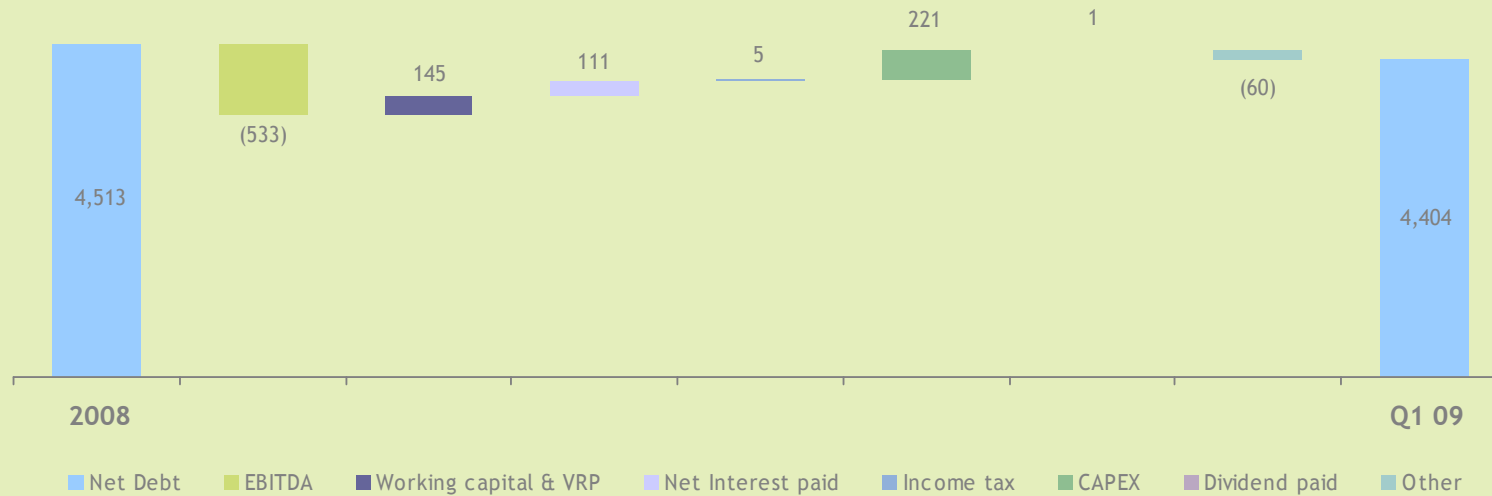
Notes: EBITDA excluding impact of Greek VRP & provisions related to other employee exit programs.  
FCF defined as EBITDA less CAPEX

# OTE Group Net Debt

OTE

Net debt decrease in Q1'09 reflects solid cash flow generation

(€ mn)



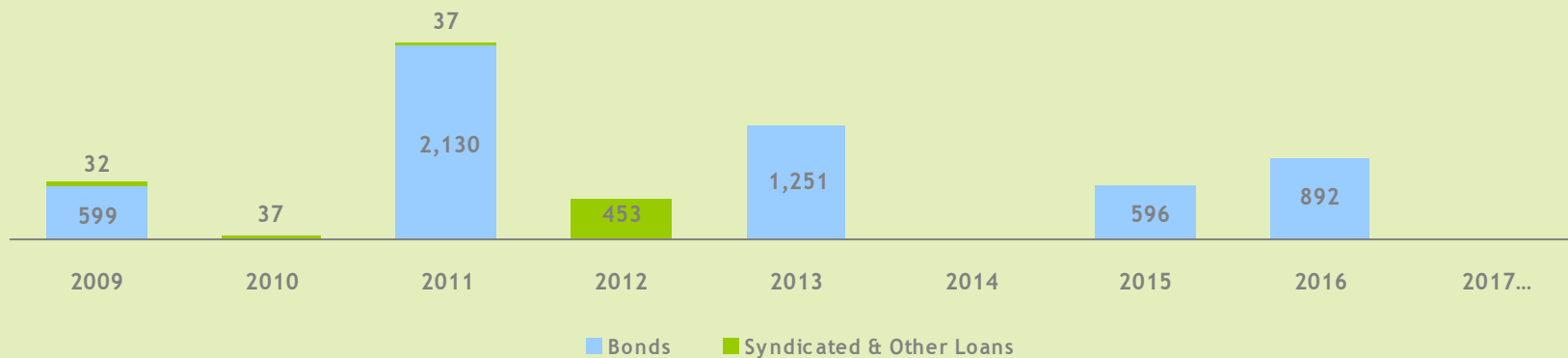
Net Debt<sup>(1)</sup>/  
EBITDA **1.9x**

**1.9x**

EBITDA for 2008 and trailing EBITDA for Q1'09 exclude impact of Greek VRP & provisions related to other employee exit programs

<sup>(1)</sup> Cash & Cash Equivalents at Net Debt include amounts placed in government notes

## Debt maturity profile as of Mar 31, 2009 (€ mn)



- €6.5bn EMTN program
  - No refinancing required in 2009
- Fixed/floating ratio 81/19 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 €4.4bn in line with current rating and financial strength (<2x EBITDA)
- Moody's
  - Baa2, Stable outlook
- S&P's
  - BBB, Stable outlook

Note: Major OTE Group liabilities presented under IFRS

<sup>(1)</sup> Cash & Cash Equivalents at Net Debt include amounts placed in government notes

Moody's as of May 19, 2008

S&P's as of December 15, 2008

OTE

# | Appendix

# 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	14.37	F2M & M2M revenues account for ca. 10-11% and 13% of total revenues respectively in 2008
May 2009	12.11	
Jul 2009	11.09	
Jan 2010	9.87	
Jul 2010	6.42	

*Estimated average for peak/off-peak rates*

## 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
Current	9.10	
Sep 2009	8.00	

# Regulatory Environment

OTE

## Regulatory issues

## Regulatory action

### Overall

- 2006-08 agenda:
  - Transposition of new regulatory framework into national legislation
  - Public consultations; Market analyses
  - Co-location; LLU provision
  - MTR glide path; WLR
- 2009 agenda:
  - New market analyses, Accounting separation, Fixed Mobile Convergence

- Full LLU rate reduced at €8.27/month, Apr 09
- Shared access rate at €1.87/month, Apr 08
- 2006 cost audit finalized Jan 07, 2007 cost audit finalized Jul 07, 2008 cost audit finalized Apr 08, 2009 cost audit finalized Apr 09

### Retail

- Public consultations
  - Retail markets
- Margin squeeze

- OTE PSTN rental capped at €16.28/month
- OTE flat-rate offer Conn-X Talk temporarily suspended; offer allowed, Jul 07
- OTE All-in-one bundle allowed under conditions, May 08
- OTE flat-rate offer OTE Talk allowed under conditions, Oct 07 & Jun 08
- OTE double-play offer blocked, Feb 09

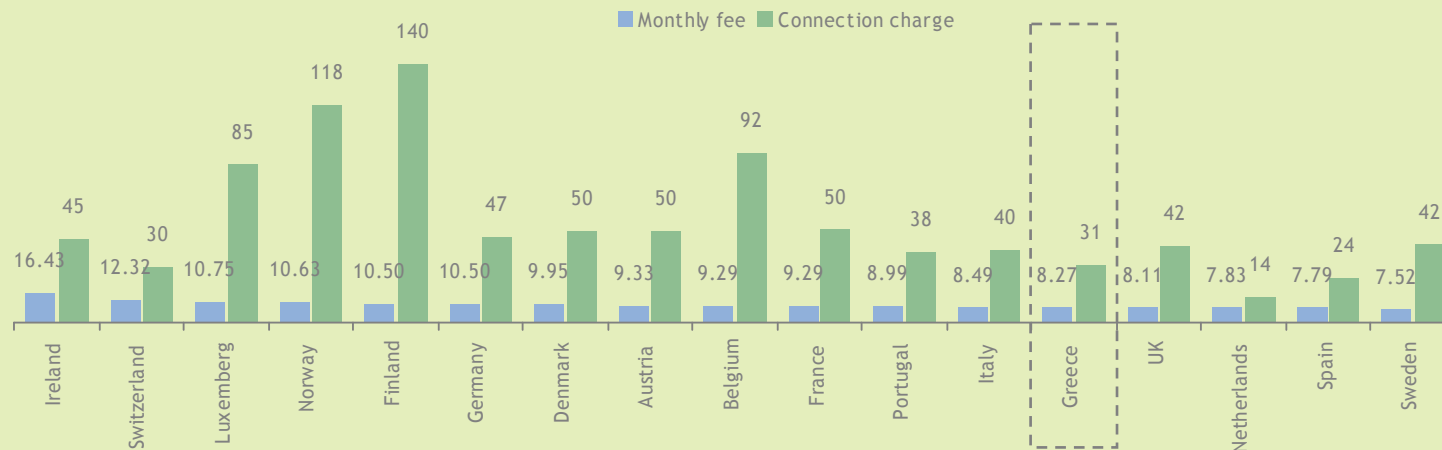
### Wholesale

- Reference Offers (RIO, RBO, RUO)
- Public consultations
  - Wholesale markets
- Margin squeeze

- Fines imposed on OTE, 2006-09
  - €20.1mn for DSL margin squeeze practices & €3mn for other DSL-related issues
  - €15.3mn for breaching LLU requirements & €9mn for other LLU-related issues
  - €10mn for cost-audit issues
  - €8.4mn for leased lines issues
  - €7.4mn for CPS & other matters
- Fines imposed on unbundlers, 2006-09
  - €10mn for LLU/NP malpractices & other matters

# Harsh LLU Regulation

## Regulated rates (€)



- European average Full LLU fee at €9.76/month
  - New Greek Full LLU rate set 15% lower at €8.27
- European average LLU connection charge at €54.02
  - New Greek rate set 42% lower at €31.24

# Government FTTH Initiative

## Description

- Government FTTH Initiative:
  - Open passive optical network
  - 2mn homes & enterprises in major cities
  - “Open access”, point-to-point network model
  - At least 100 Mbps/user
  - Network deployment within 7 years

## 3-tier service model

- 1<sup>st</sup> tier: Infrastructure Provider; provides fiber (passive network)
- 2<sup>nd</sup> tier: Communication Provider; provides wholesale access (active network)
- 3<sup>rd</sup> tier: Service Providers; provides retail service

## Business model

- Project implemented through Public & Private Sector Ventures, divided into 3 different geographical regions
- Duration: 30 years
- Indicative Budget: €2.1bn
- Greek state financing ca.1/3 of total; possibility for preferential lending terms by European Investment Bank

## Project plan

- Early stages & public consultation delayed
- H1 2009:
  - Approval by Inter-Ministerial Committee
  - Selection of consultant
- H2 2009:
  - Call for Tenders

## Regulatory treatment

- Yet to be clarified

OTE

# OTE Group Financial Highlights

IFRS (€ mn)	Q1 09	Q1 08	% Diff	12M 08	12M 07	% Diff
Revenues	1,454.5	1,537.5	-5.4%	6,407.3	6,319.8	1.4%
Operating Income	442.8	239.5	84.9%	1,057.7	1,046.9	1.0%
Pro Forma EBITDA	533.0	575.7	-7.4%	2,320.9	2,240.8	3.6%
Pro Forma EBITDA margin	36.6%	37.4%	-0.8pp	36.2%	35.5%	0.7pp
Net Income	266.7	141.1	89.0%	601.8	662.6	-9.2%
Basic EPS (€/share)	0.5441	0.2879	89.0%	1.2278	1.3518	-9.2%
Cash flow from Operations	310.8	322.5	-3.6%	1,757.6	1,450.7	21.2%
CAPEX as % of Revenues	15.2%	9.0%	6.2pp	15.0%	17.4%	-2.4pp
	Mar 09	Dec 08				
Net Debt <sup>(1)</sup>	4,584.6	4,619.8	-0.8%			

Note: Pro Forma EBITDA excluding Greek VRP impact & provisions related to other employee exit programs

<sup>(1)</sup> Cash & Cash Equivalents do not include amounts placed in government notes

# Greek Fixed-line Financial Highlights

OTE

IFRS (€ mn)	Q1 09	Q1 08	% Diff	12M 08	12M 07*	% Diff
Revenues	605.0	637.9	-5.2%	2,589.7	2,682.7	-3.5%
Operating Income	271.3	89.5	203.1%	312.2	314.3	-0.7%
Pro Forma EBITDA	190.0	223.2	-14.9%	789.4	843.4	-6.4%
Pro Forma EBITDA margin	31.4%	35.0%	-3.6%	30.5%	31.4%	-0.9pp
CAPEX as % of Revenues	8.3%	6.2%	2.1pp	11.6%	11.1%	0.5pp

Note: Pro Forma EBITDA excluding VRP impact & provisions related to other employee exit programs

\*Results are reclassified to reflect OTENET absorption within OTE S.A.

# Cosmote Financial Highlights

OTE

IFRS (€ mn)	Q1 09	Q1 08	% Diff	12M 08	12M 07	% Diff
Revenues	716.4	747.3	-4.1%	3,261.7	3,060.3	6.6%
Operating Income	133.9	139.3	-3.9%	725.6	618.0	17.4%
EBITDA	240.2	240.0	0.1%	1,142.1	985.9	15.8%
EBITDA margin	33.5%	32.1%	1.4pp	35.0%	32.2%	2.8pp
CAPEX as % of Revenues	16.4%	10.1%	6.3pp	15.3%	18.4%	-3.1pp

# RomTelecom Financial Highlights

OTE

IFRS (€ mn)	Q1 09	Q1 08	% Diff	12M 08	12M 07	% Diff
Revenues	201.4	219.2	-8.1%	869.8	871.9	-0.2%
Operating Income/Loss	13.7	(14.2)	-	(36.6)	8.1	-
Pro Forma EBITDA	77.6	85.4	-9.1%	291.6	300.6	-3.0%
Pro Forma EBITDA margin	38.5%	39.0%	-0.5pp	33.5%	34.5%	-1.0pp
CAPEX as % of Revenues	22.5%	10.1%	12.4pp	14.4%	23.8%	-9.4pp

Note: Pro Forma EBITDA excluding provisions related to employee exit program

# 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 2007 filed with the SEC on June 24, 2008. OTE assumes no obligation to update information in this presentation.

Note: In this presentation, the caption "EBITDA" is used to signify "Operating income before depreciation and amortization" and the caption "EBITDA margin" to signify "Operating income before depreciation and amortization as a percentage of Operating Revenues"

For more information please contact  
OTE Investor Relations

Dimitris Tzelepis, Head of IR

Tel: +30 210 611 1574

Fax: +30 210 611 1030

or visit:

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