



Investor Day



Presentation

July 11, 2003

Lefteris Antonacopoulos, Chairman & CEO, OTE Group

George Skarpelis, Executive Vice-Chairman, OTE Group

Iordanis Aivazis, CFO, OTE Group

Soula Evans, General Director, Business & Residential Customers Division

Evangelos Martigopoulos, CEO, Cosmote

James Hubley, CEO, RomTelecom



Forward-Looking Statements

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 2000 filed with the SEC on July 15, 2002. OTE assumes no obligation to update information in this presentation.





Financials



Iordanis Aivazis, CFO, OTE Group

Key Financials Highlights

EUR million	2002	Δ %	1Q03*	Δ %
Revenues	4,308.9	+5.8	1,100.2	+7.8
Operating Expenses	3,288.9	+11.3	863.5	+17.4
Operating Income	1,020.0	-8.8	236.7	-17.1
Pre-tax Income	231.8	-38.2	221.5	-13.0
Net Income	345.8	-12.5	113.1	-19.6
EBITDA	1,720.2	+0.7	438.0	-0.9
EBITDA margin	39.9%	-2.0pp	39.8%	-3.5pp

*RomTelecom fully consolidated from March 3, 2003





Revenues

EUR million	2002	Δ%	1Q03*	Δ%
Domestic	2,120.5	-2.2	538.5	+1.8
International	349.9	-8.4	84.0	-1.9
Mobile	950.3	+44.7	260.6	27.6
Other	888.2	+2.8	217.1	+7.3
TOTAL	4,308.9	+5.8	1,100.2	+7.8

*RomTelecom fully consolidated from March 3, 2003





Operating Expenses

EUR million	2002	Δ%	1Q03	Δ%
Payroll & employee benefits	827.7	+6.1	245.7	+20.1
Voluntary retirement costs	45.8	-20.8	9.2	+64.3
International operators	204.4	-8.8	45.1	+10.8
Mobile operators	559.6	+31.9	133.4	+11.6
D&A	700.2	+18.7	201.3	+28.8
Other	951.2	+8.3	228.8	+9.6
TOTAL	3,288.9	+11.3	863.5	+17.4



Operating Expenses

	1Q03 (EUR million)	Breakdown (% of total)
Payroll & employee benefits	245.7	29
Voluntary retirement costs	9.2	1
International operators	45.1	5
Mobile operators	133.4	15
D&A	201.3	23
Other	228.8	27
TOTAL	863.5	100

Reasons

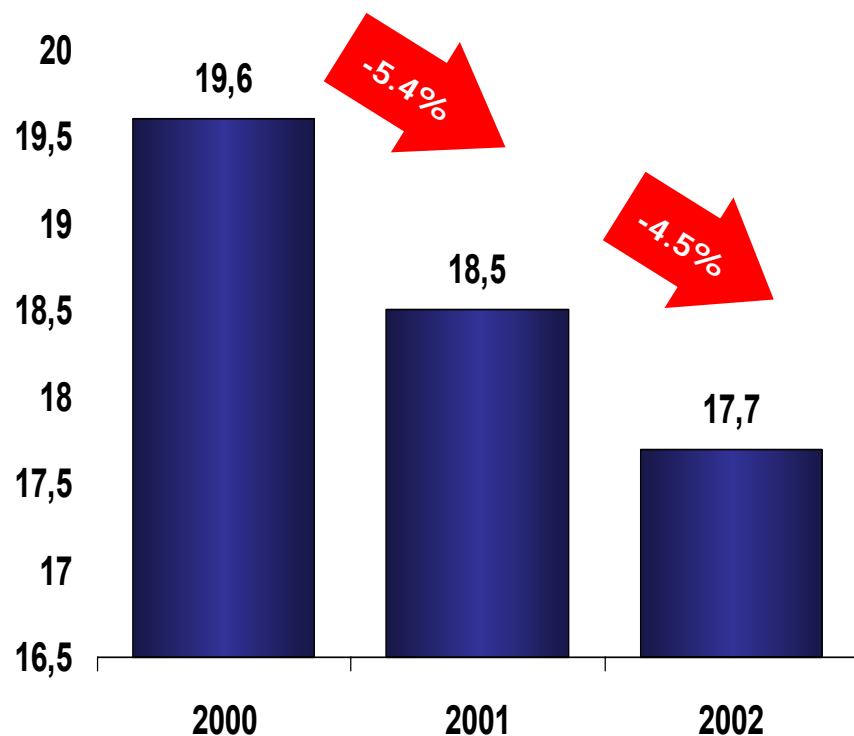
- Carry over of 2002 salary increases
- Personnel “seniority”
- RomTelecom consolidation





Fixed-Line Personnel

Number of employees (x000)



Overview

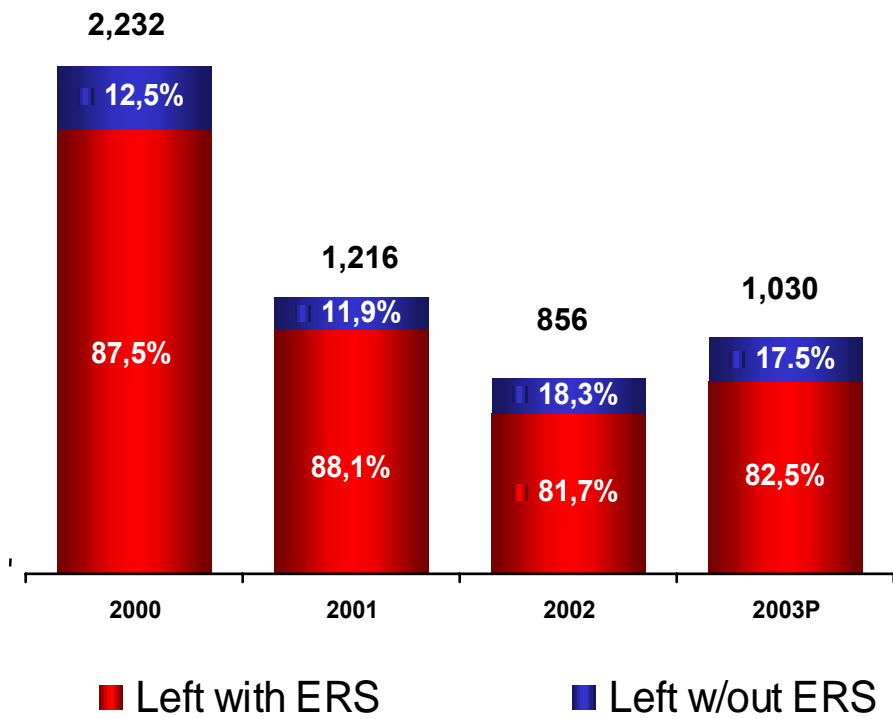
- Average annual rate of headcount reduction in the past 5 years: 5.2%
- Natural attrition and early retirement schemes
- Labor agreement signed. Contribution to weighted salary increase for 2003, 4.2%.
- Cost savings expected from pension funds unification to be reinvested in accelerated early retirement scheme





Fixed-Line Personnel

Early Retirement Schemes



Personnel Policies

- Continuing early retirement incentives
- Hiring new personnel with the necessary specialized and technical skills
- Training existing employees to improve customer – facing functions
- Rationalizing and simplifying compensation policies





Operating Expenses

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TOTAL	863.5	100

Reasons

- Introduction of mobile to mobile interconnection
- Increased depreciation due to network infrastructure investments / consolidation of RomTelecom



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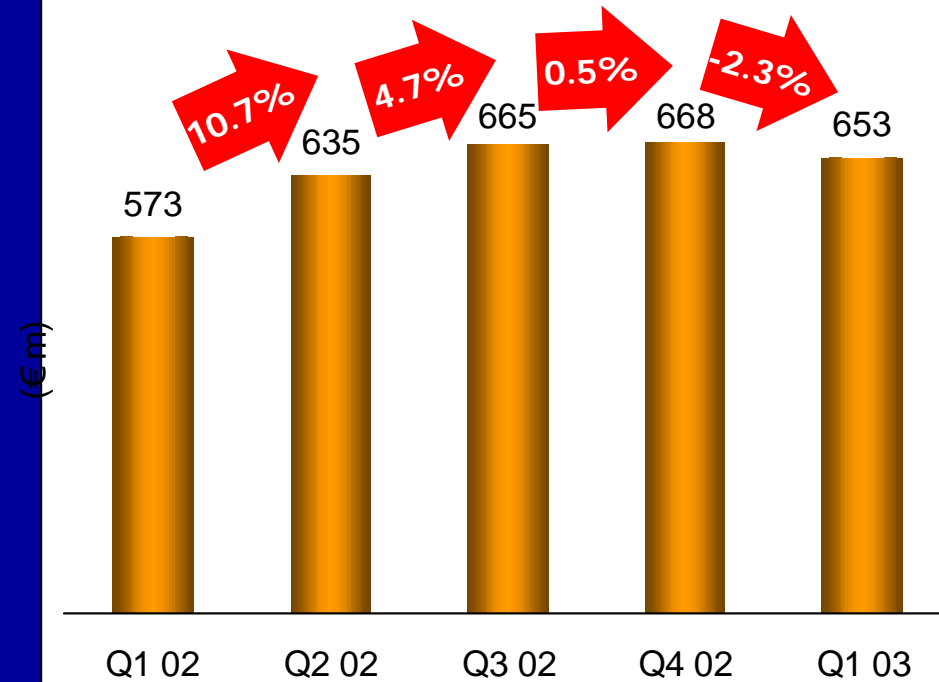
Reasons

- Advertisement cost increase
- Increased provisions for doubtful accounts
- Repairs and Maintenance

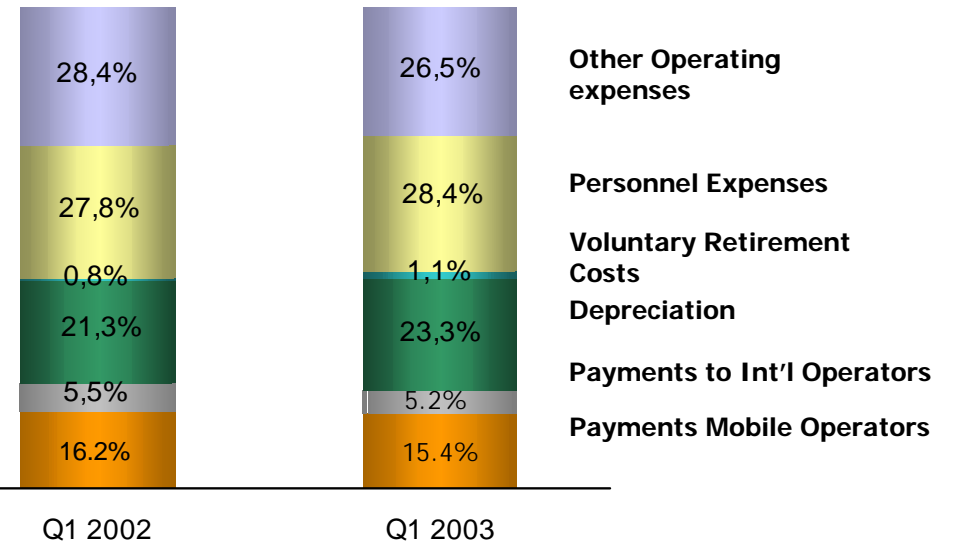


Operating Expenses

Operating Costs*



Distribution Of Costs



* Operating expenses excluding costs related to Voluntary Retirement and Depreciation



Debt structure at 30.06.2003

Borrower	Amount (EUR million)
OTE Plc (6.125%-2007 Bond)	1,100
OTE Loan (Syndicated Loan)	854
OTE Other	335
Cosmote	380
RomTelecom (Cosmorom included)	314
Others	186
TOTAL	3,169

MOVING TO CENTRALIZED DEBT MANAGEMENT



Debt structure

PLANNED ACTIONS

- Refinance existing debt to extend maturity profile and improve liquidity
- Establish committed stand-by credit lines
- Complete elimination of structural subordination elements caused by debt issuance at various subsidiaries
- Explore all funding alternatives and benefit from various debt instruments
- Take advantage of historically low interest rates and / or demand for quality issues



Working Capital Management

- Payables
 - Purchasing team: ongoing implementation of project aimed at smoothing payment schedules
 - Lengthening of payment periods
 - Rationalization of supplier base
- Receivables
 - Establishment of dedicated unit to strengthen monitoring and collection of doubtful receivables
 - Stabilization of billing systems
 - Sharp improvement of collection from alternative operators
- Development of success fee-based working capital/cash flow management project with telecom consultancy



THE PROCUREMENT CASE

2003 : End of “frame agreements” with small number of suppliers

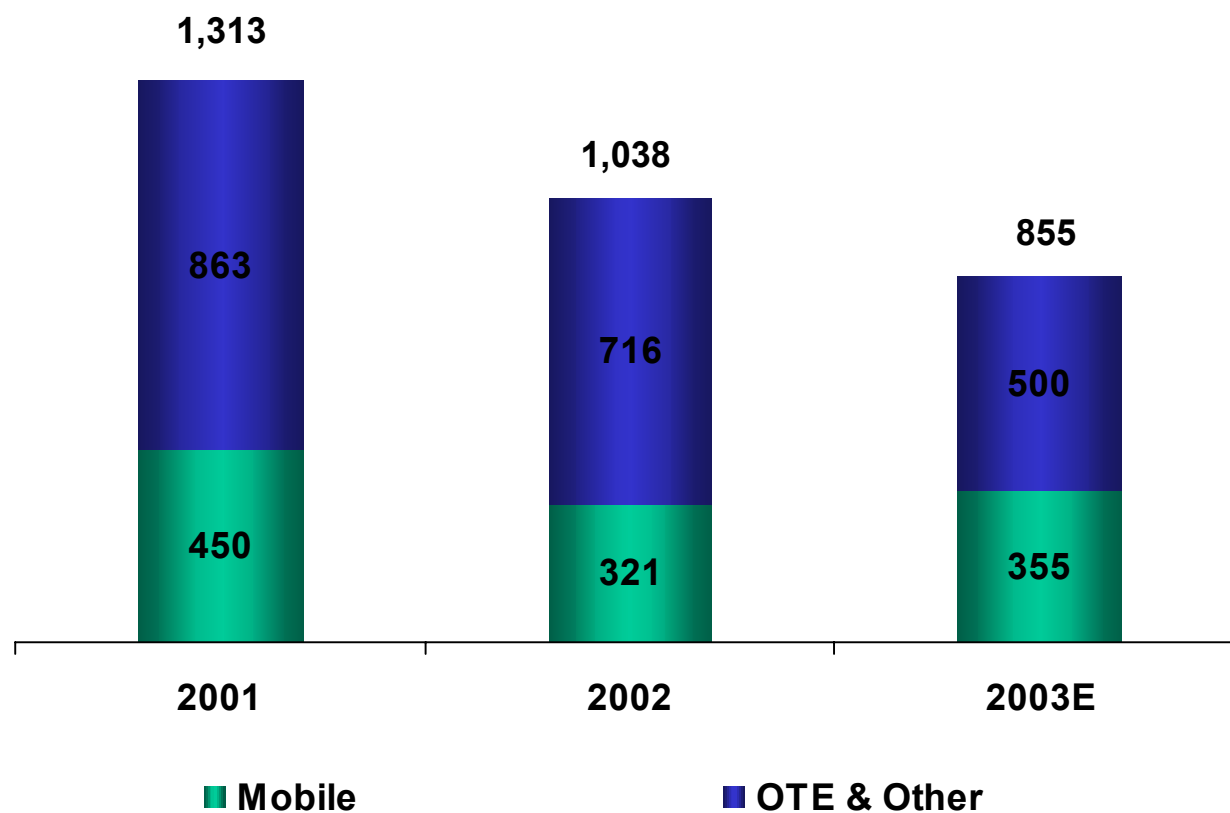
All procurement now passes through fully competitive tender, electronic auctions and other competitive processes

Result:

- Entrance of new suppliers and increased competition between suppliers
- Horizontal expansion of procurement coverage gained by centralization
- EUR 25 million of savings achieved in H1 2003



Significant reduction in investments in 2002 and 2003



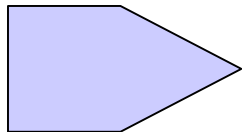
* Not including consolidation of Romtelecom



- Wholly owned OTE subsidiary established December 2002
- Owner of 2,300 properties transferred from OTE

Objectives

- Realize hidden value from real estate portfolio
- Strengthen OTE group balance sheet
- Rationalize OTE's housing policy
- Minimize OTE's real estate activity in short term and initiate full disengagement in medium term.
- Maintain OTE Group control on strategic real estate assets

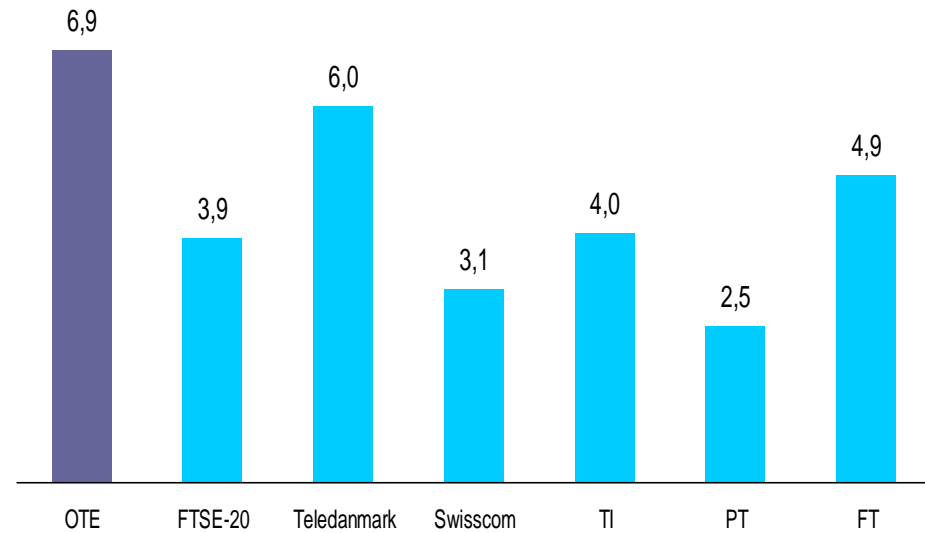


Management Focus: Generate cash flows to OTE for year 2003



Dividend Policy

One of the highest dividend yields in the Telecom Sector



Policy of high dividend payments



Financial Strategy – Outlook

- Focus on improving cash flow generating capacity
- Net debt to EBITDA target at 2X
- Improving debt structure of the group
- Eliminate critical issues addressed by rating agencies
- Stable EBITDA for 2003





Final Conclusion



Lefteris Antonacopoulos, Chairman & CEO, OTE Group