

RomTelecom

International

Enhance returns from international investments

- **Aggressively drive efficiencies from existing portfolio**
- **Assess investments under strict return criteria**

***Analyst & Investor Day
Athens - June 28, 2002***

**Panagiotis Kargados
RomTelecom CEO**

Agenda

- **Overview**
- **Performance & Targets**
- **Issues & Actions**

Key Country Characteristics

Romania

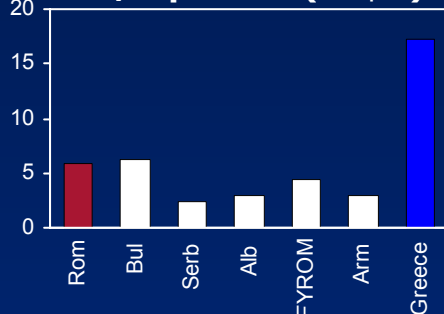


Total population	22.4 m
Pop. growth 2011E	-0.2%
GDP* 2000	US\$ 132 bn

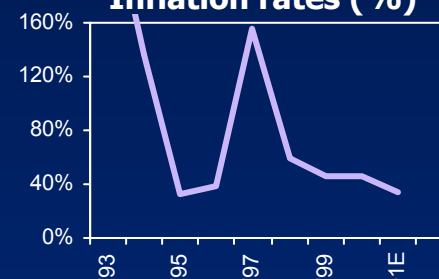
Note: *PPP **in real terms
Source: EBRD, CIA World Factbook

Macroeconomic Situation

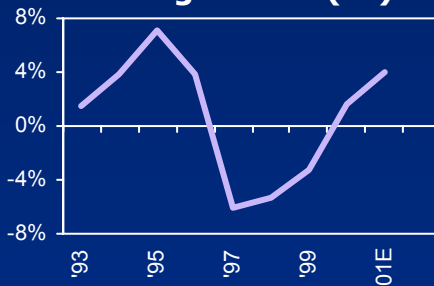
GDP/cap* 2000 (US\$ k)



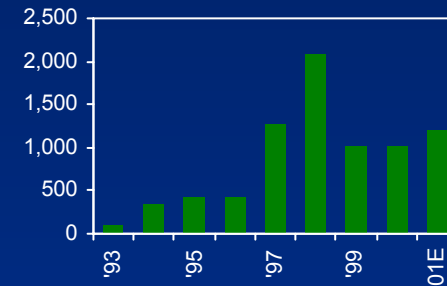
Inflation rates (%)



GDP growth** (%)



Net foreign direct investment (US\$ m)



Notes on Economic Situation

- Expected GDP growth between 3% and 5% p.a. between 2002 and 2005
- Currently associate member of EU; EU membership prerequisites to be met by 2007

Romanian Telecom Market: Key Facts

- **State of Telecommunication Market**

- Mobile penetration to exceed fixed
- High penetration of cable TV

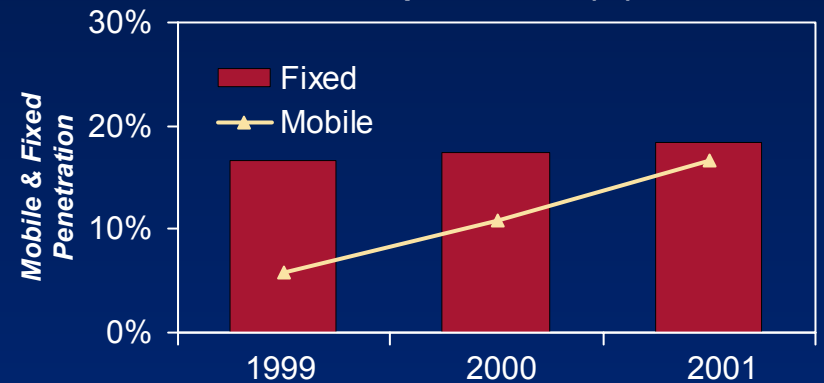
- **State of Deregulation & Privatization**

- Fixed telephony deregulation by December 2002
- Partial privatization of Incumbent in 1998; further privatization pending

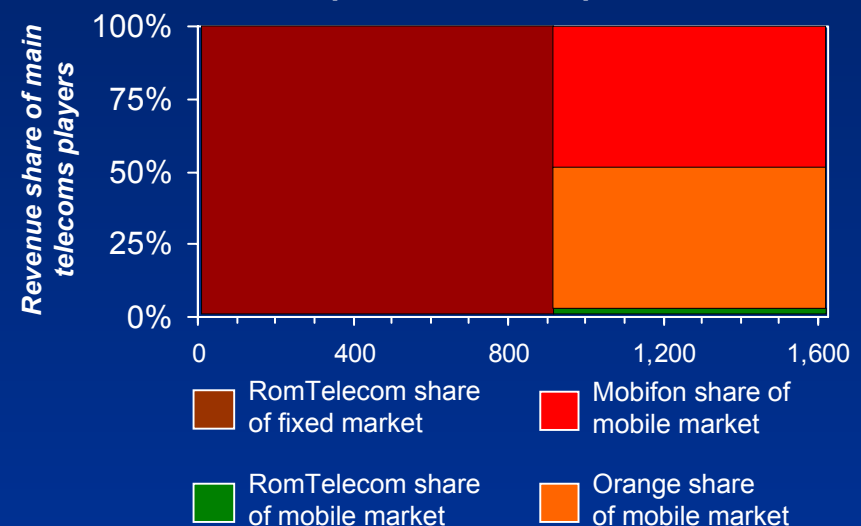
- **Competitive Landscape**

- Strong position of international mobile operators

Mobile vs. Fixed penetration (%), 1999 - 2001



Competitive Landscape, 2001



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Profile of RomTelecom

- **OTE International Investments has a 35% stake in RomTelecom; other shareholder is the Romanian Ministry of Telecommunications**
- **Core activities include fixed, mobile and internet telecommunication services***

Fixed Business

- **# of employees: 34,700**
- **# of customers: 4.2 million**

Mobile Subsidiary (CosmoRom)

- **# of employees: 483**
- **# of customers: 112,000**

Internet Subsidiary (ArTelecom)

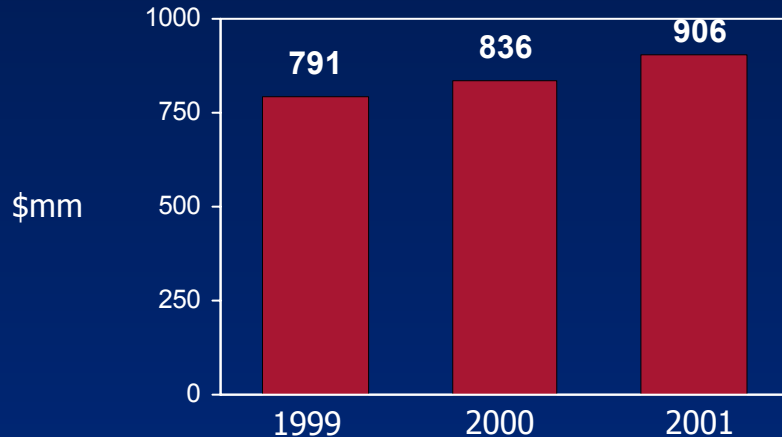
- **Start-up operation**

New Core Management Team in place since July 2001



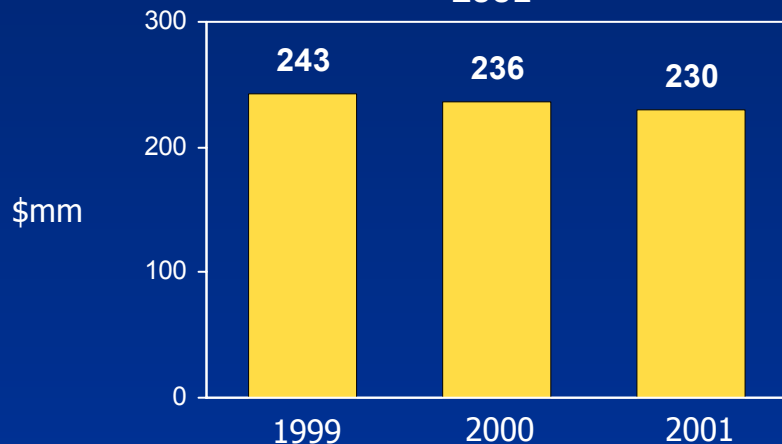
Performance to Date

Revenue development, 1999 - 2001



- Limited ability to raise tariffs to compensate for large consecutive devaluations of the Lei
- Strong Competition from mobile operations

EBITDA development, 1999 - 2001



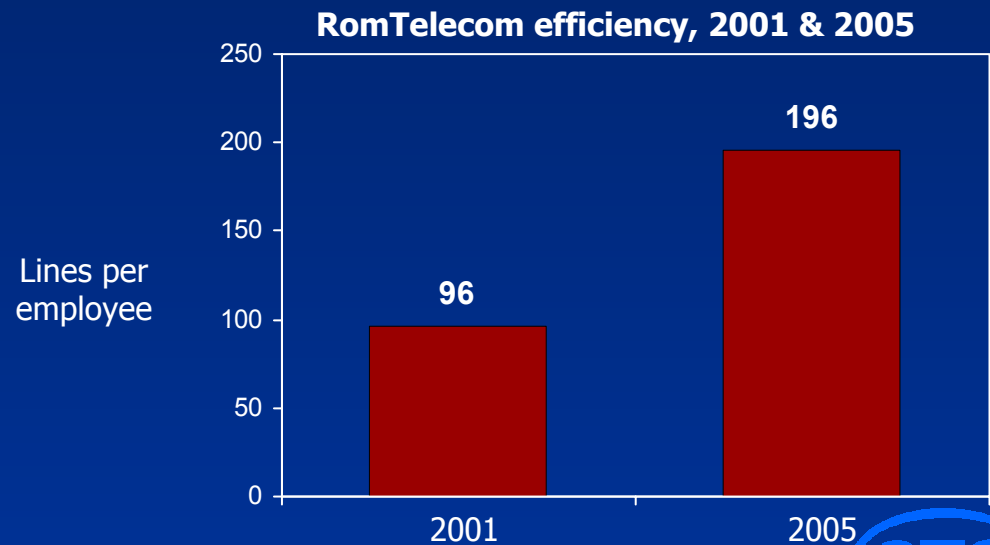
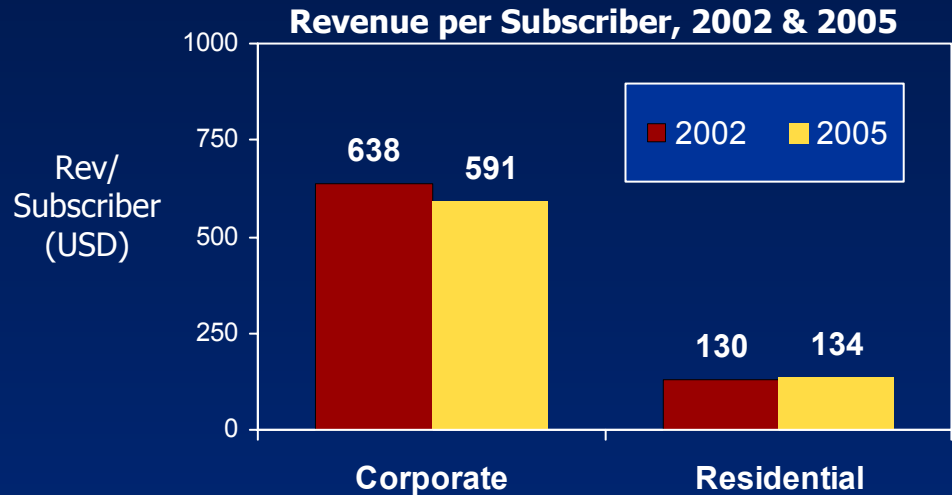
- Limited headcount reduction above normal attrition
- Growth in salary costs



Operational Targets

- **Manage the impact of deregulation and coming competition**
- **Focus further roll-out primarily on urban areas**

- **Access network expansion**
 - From 4.0 million in 2001 to 5.2 million in 2005
- **Significant headcount reduction**
 - 15,000 in 3 years



Financial Targets

- **Revenue growth of 4% p.a. in USD terms**

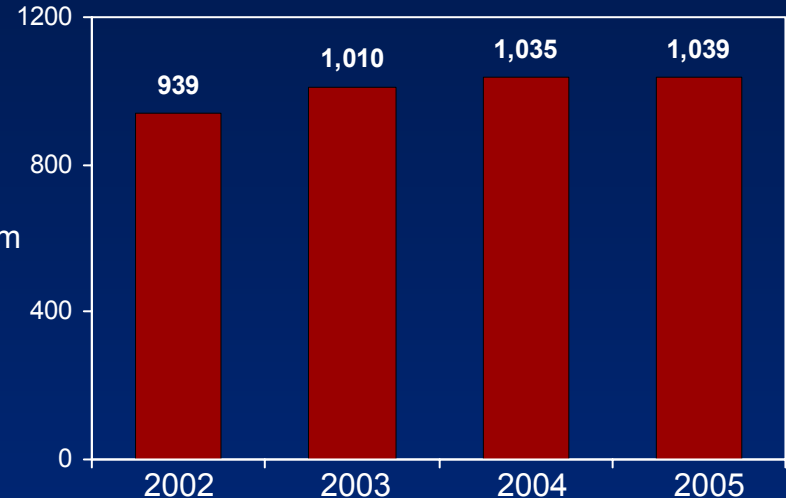
- **Increased focus on corporate customers** \$ mm
- **Expand portfolio of products and services**

- **Headcount reduction program to be completed by 2005**

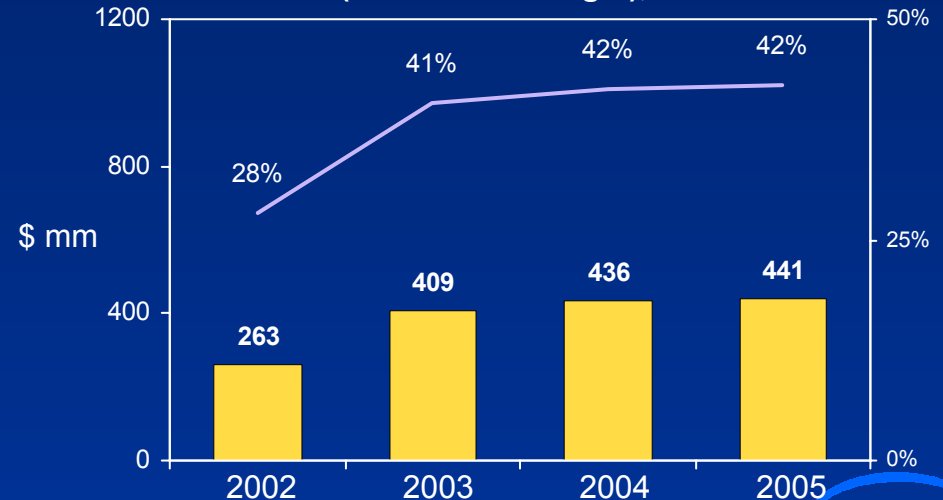
- **Improved efficiency of operations through**

- **Reorganization of regional offices and points of presence**
- **Business process reengineering**

Revenue Growth, 2002 - 2005



EBITDA (absolute & margin), 2002 - 2005



Agenda

- **Overview**
- **Performance & Targets**
- **Actions Planned**

Actions Planned

- **Implement restructuring plan for fixed operations**
 - **Aggressive headcount reduction over next 3 years**
 - **Tariff increases while rebalancing**
 - **Debt/payables rescheduling**
- **Implement organizational changes to enhance efficiency of operations**
 - **Reorganize from 41 to 10 regional units**
- **Implement management information systems and business process reengineering**
- **Enhance commercial functions to capture larger share of corporate customers**
 - **Leverage Group assets to provide a more attractive proposition**
- **Prepare restructuring/business plan for mobile operations**

Presentation Structure

- **OTE's Strategic Focus**
- **Fixed Line**
 - **Commercial**
 - **Technical**
 - **Information Technology**
 - **IP Services**
 - **Wholesale / Key Accounts**
- **International Investments**
 - **Overview**
 - **RomTelecom**
 - **GloBul**
- **COSMOTE**
- **Group Financial Insight**
- **Closing Remarks**