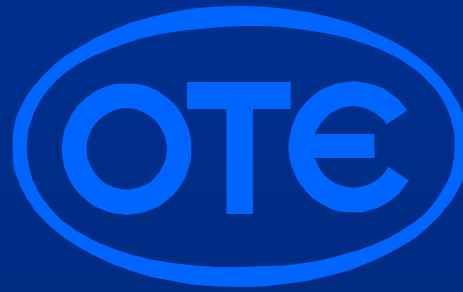


# Investor Update

*May 13-17, 2002*

*Lefteris Antonacopoulos, Chairman & CEO  
Dimitris Kouvatsos, CFO*



**Lefteris Antonacopoulos**  
**Chairman & CEO**

# OTE Overview

## Highlights

- **Strong Financial standing**
  - EBITDA margin 42%; Net leverage 36.8%; ROCE 19%
  - High dividend yield
- **Dominant position in high-return domestic wireline**
  - Stable cash flow generation
  - Limited competition to date
- **Leading mobile operator**
  - From #3 to #1 in three years
  - Outstanding financial performance
- **International footprint of 60 million potential customers**
  - Focus on mobile

## Key Focus Areas

- **Raise returns from international investments**
- **Improve operating cost structure**
- **Defend domestic wireline position**
- **Address regulatory issues**
- **Improve organizational structure and processes**



# **OTE Strategy**

## ***Focus on Free Cash Flow***

### **Further strengthen competitiveness in domestic wireline**

- **Establish strict cost control and optimize capex**
- **Emphasize orientation to customer**

### **Extend COSMOTE leadership position**

- **Focus on capex optimization and free cashflow**
- **Stimulate voice and data usage**

### **Enhance returns from international investments**

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

**Free Cash Flow**

# *Wireline* – Unrivalled position

## Present Position

- Call tariffs fully rebalanced based on service costs
- Initial customer segmentation
- Network infrastructure fully modernized
- Significantly reduced (-14%) personnel in the last 2 years
- Maximized benefits from structural and competitive entry barriers

## Focus going forward

- Further enhance service offering for increasing competition
- Resolve Interconnection rates issue based on service costs
- Design commercial packages to better address customer needs and increase revenues
- Leverage network capacity to meet growing demand for data services
- Match pace of capex and services roll-out with demand
- “Attack” expenses focusing at administrative costs

# ***COSMOTE*** – Extending leadership

## **Present Position**

- **#1 Greek mobile operator with over 3.0 million total customers**
- **Superior quality customer base**
- **Outstanding financial growth continued in 2001**
- **Free cash flow positive for the first time in 2001**
- **75.6% mobile penetration**
- **Significant returns from operations in Albania**

## **Focus going forward**

- **Stimulate further voice and data usage**
- **Sustain successful customer-oriented strategy**
- **Capitalize on network superiority**
- **Offer quality Value Added Services**
- **Emphasis on integrated services portfolio to corporate customers**
- **Deliver substantial free cash flow**

# ***OTEnet*** – Leader in the Greek IP market

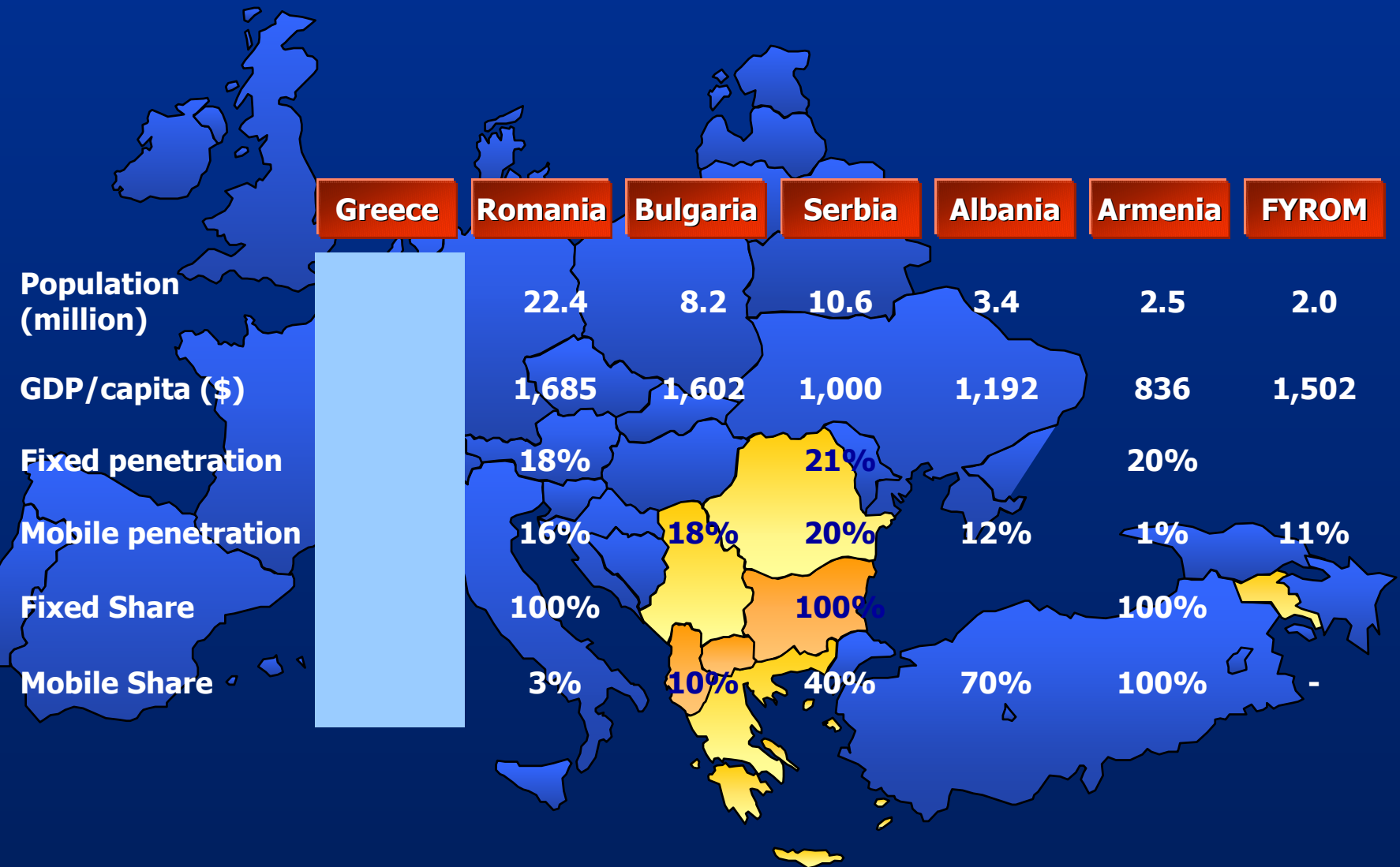
## **Present Position**



- **#1 Greek Internet Service Provider with over 170,000 customers**
- **44% market share from 40% in 2000**
- **Focused approach to customer segments**
- **65% revenues growth in 2001**
- **User penetration at 11%, significantly below EU average**

## **Focus going forward**

- **Provide integrated IP solutions in Business**
- **Net Income positive in 2002**
- **Enhance content offering through content aggregation**
- **Develop broadband content for ADSL**
- **Develop services based on our Data center**

# Our International Footprint



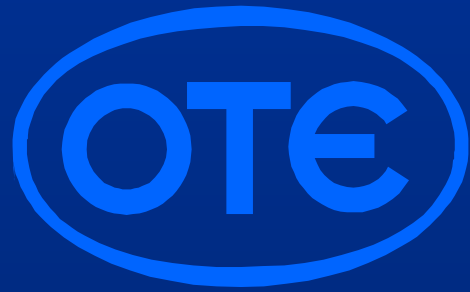
 Fixed & Mobile Operations  
 Mobile Operations



# **International Strategy**

## ***Enhance Returns from our Investments***

- **Restructuring of RomTelecom**
  - **\$450 mn funding required**
  - **Targeted EBITDA margin of 35% by 2004**
  - **Expected final agreement with the Romanian government in 2002**
  
- **Investments in mobile**
  - **Albania - continue track record of profitable growth**
  - **Bulgaria – increase market share while delivering positive EBITDA in 2003**
  - **FYROM – launch commercial operations in Q3 2002**
  
- **Focused management of asset portfolio**
  - **COSMOTE to manage mobile operations**
  
- **Assess investments under strict return criteria**



**Dimitris Kouvatsos**  
**CFO**

# Recent OTE Achievements

- **Strong growth sustained in 2001**
  - **Mobile - 43% increase in customers**
  - **ISDN - now represents 9.1% of total access lines**
  - **Internet - 67% increase in active subscribers**
- **Strategic flexibility and accountability**
  - **Greek state participation <50%**
  - **Board elected by shareholders' meeting**
  - **Stock Option plan for top management as well as OTE employees**
- **Corporate re-organization**
  - **Creation of InfOTE, OTE Globe and OTE Real Estate**
  - **New initiatives (OTE International, cosmoONE)**
  - **Exit from non-core assets (OTE Leasing, OTE Exchange, OTE Insurance)**
- **Improved performance of international investments**
  - **Focus on mobile (AMC, CosmoBulgaria, FYROM)**
  - **Improved results from Armentel and Telecom Serbia**

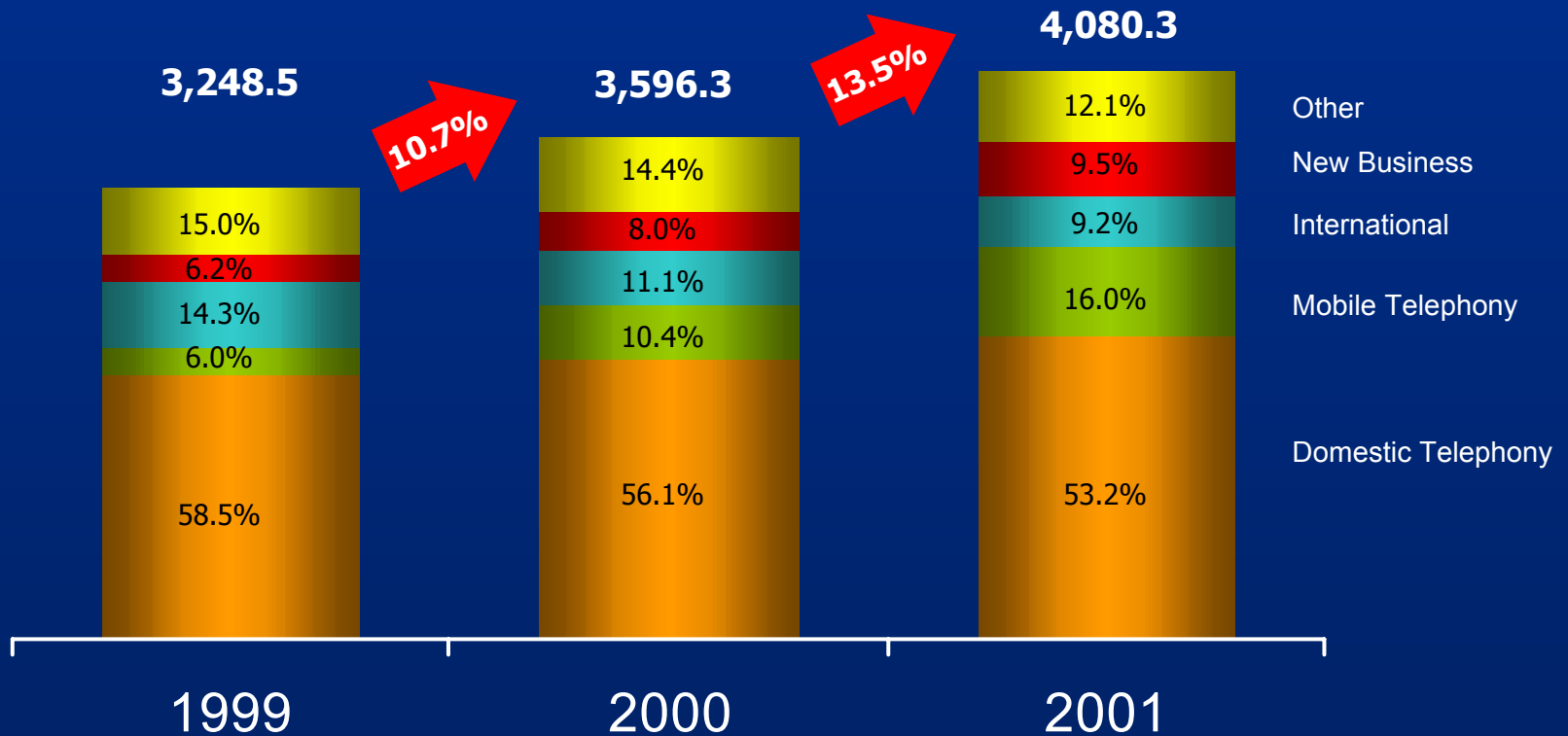
# Key Financial Figures

(€ millions)	2001	2000	% Diff	1999	% Diff
Operating Revenues	4,080.3	3,596.3	+13.5	3,248.5	+10.7
EBITDA	1,713.4	1,358.9	+26.1	1,450.5	-6.3
<i>EBITDA margin</i>	<i>42.0%</i>	<i>37.8%</i>	<i>+4.2pp</i>	<i>44.7%</i>	<i>-6.9pp</i>
EBIT	1,127.4	854.9	+31.9	1,061.6	-19.5
Net Profit	573.3	628.8	-8.8	597.9	+5.2
EPS (€/share)	1.1677	1.2604	-7.4	1.1886	+6.0

Significant profitability levels



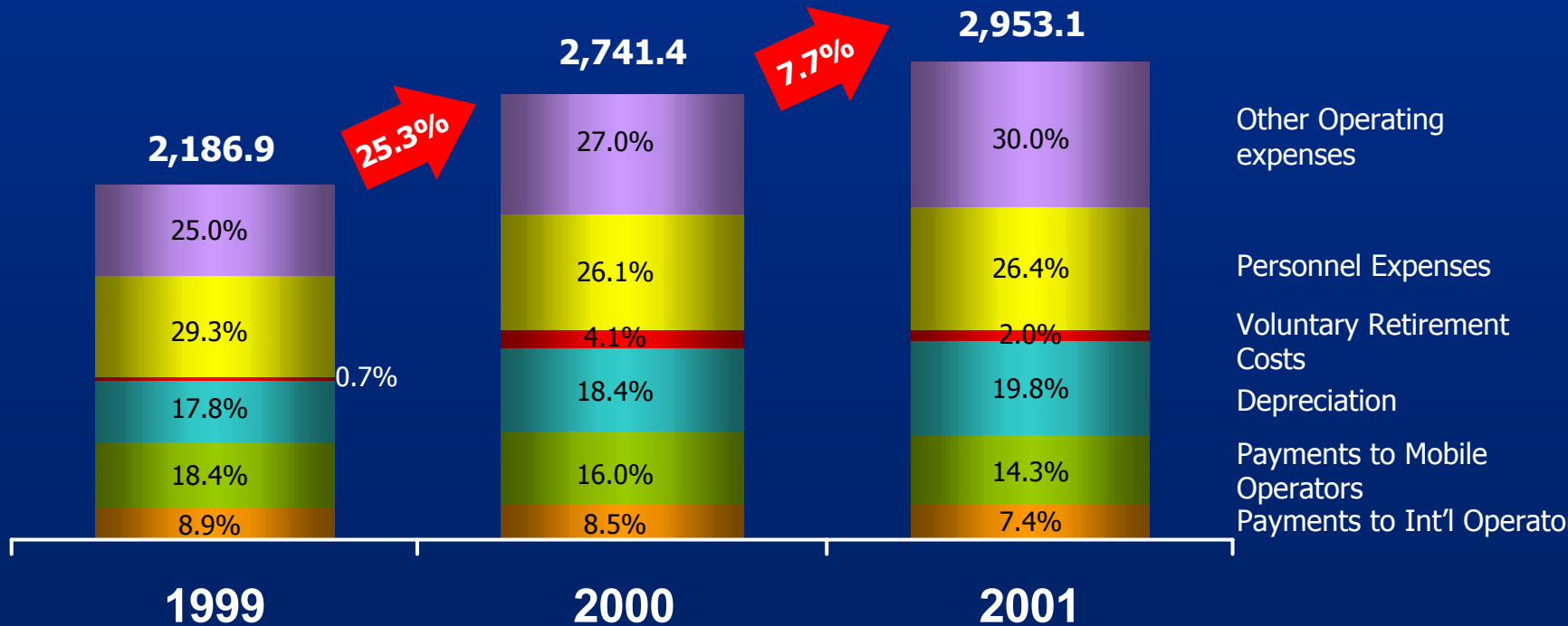
# Operating Revenues



**Double-digit growth in 2001 with mobile, new business and fixed line tariff rebalancing as main drivers**



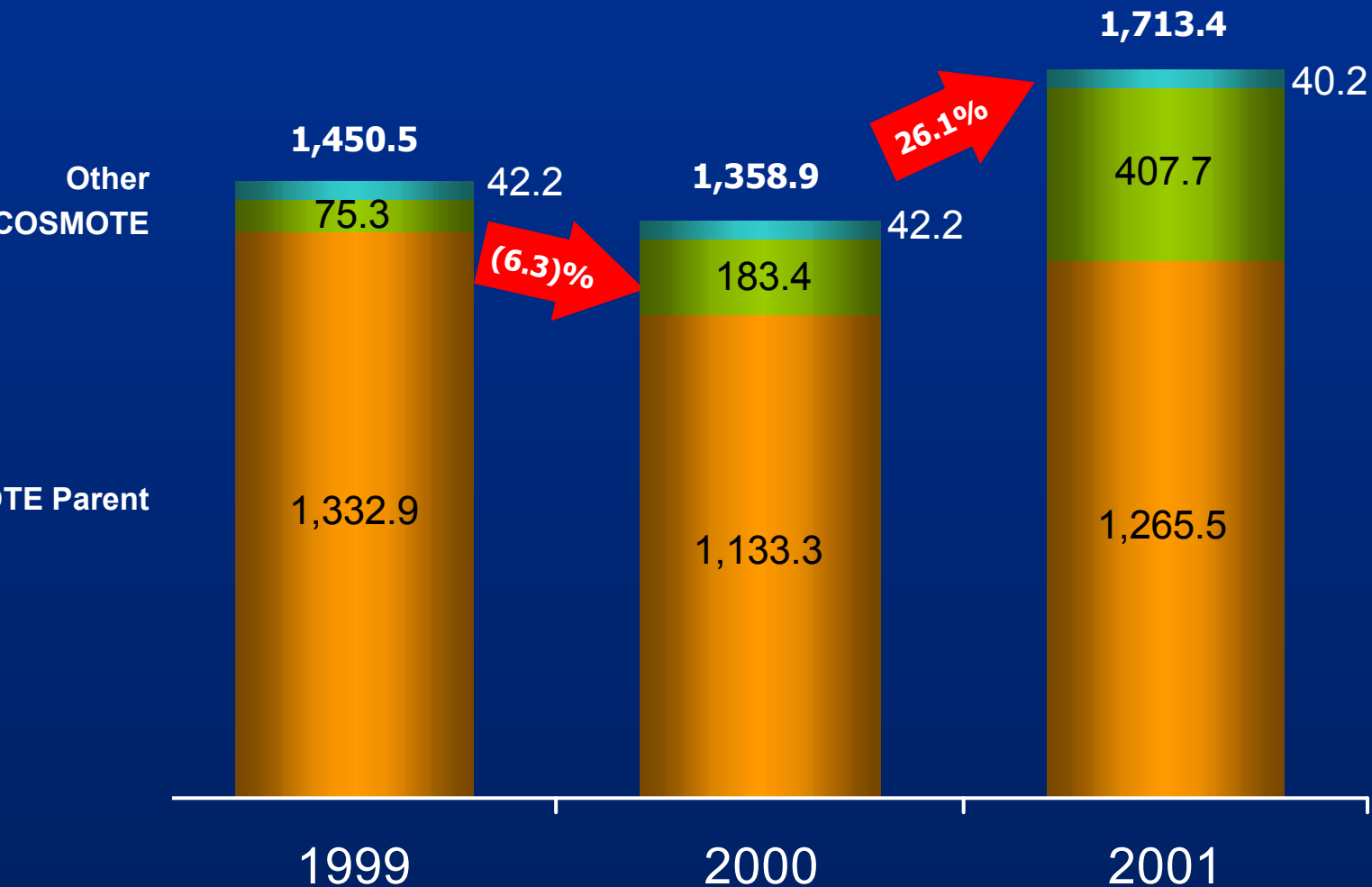
# Operating Expenses



**Voluntary retirement of 1,050 employees with cost c. €58 mn and savings in payroll expenses of c. €88 mn over next 4 years**

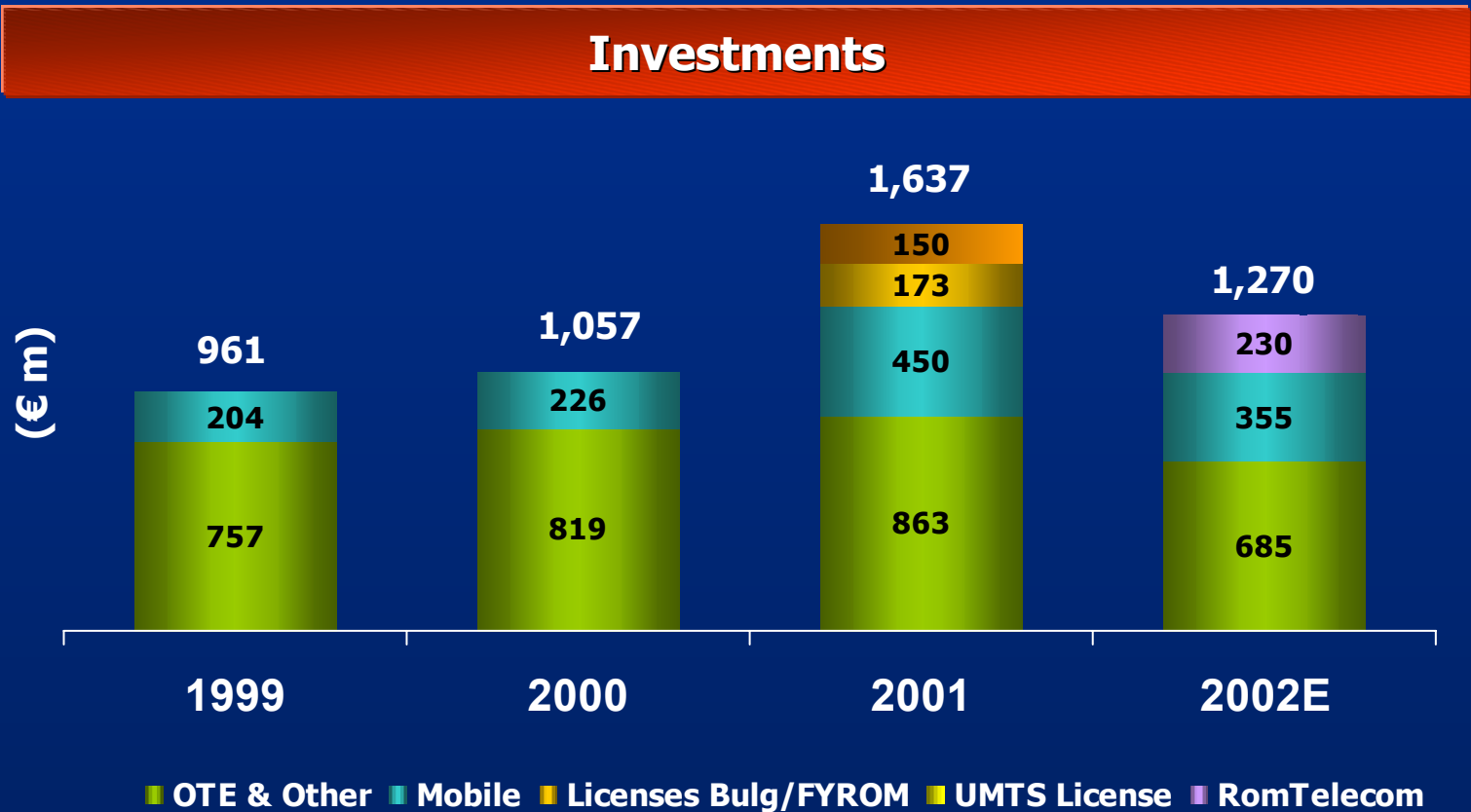


# EBITDA development



Increased EBITDA contribution from COSMOTE

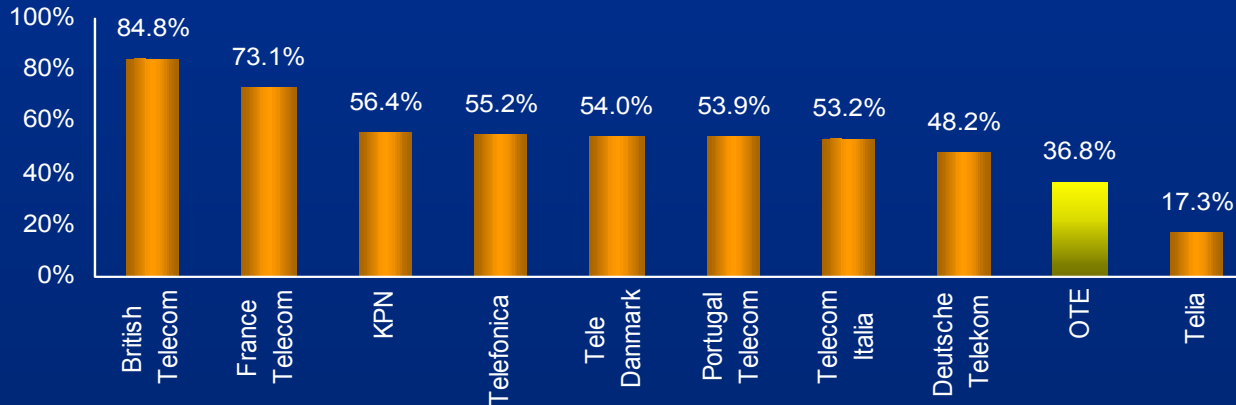
# Investment Program



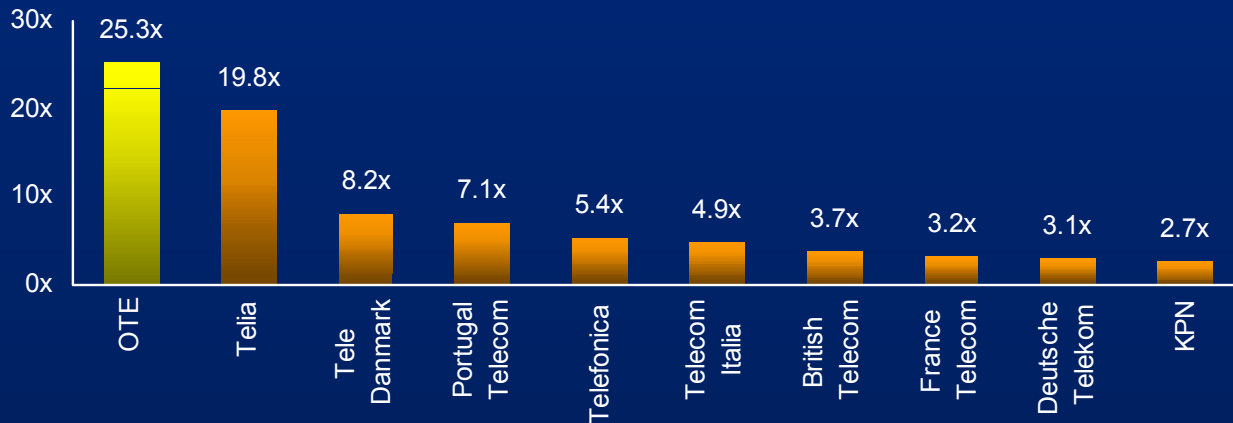
**Reduction in Investments in 2002 is expected to contribute to free cash flow and medium term reduction of depreciation**

# Strong Financial Position

Net Debt / Net Debt + Equity – December 2001

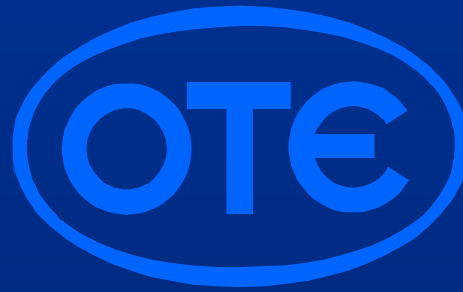


Interest Cover (2001E)



Among the highest credit ratings (A2/A) in the sector



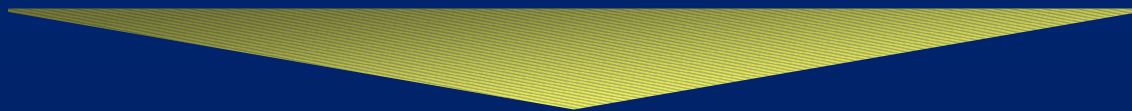


**Lefteris Antonacopoulos**  
**Chairman & CEO**

# Outlook for 2002

## Key Drivers

- **Improve returns from international**
- **Defend dominant wireline position**
- **Reduce internal cost base**
- **Focus on profitable growth in mobile telephony**
- **Leverage on Group synergies**
- **Optimize investments**



**Revenue growth >5%**  
**EBITDA margin >40%**

# OTE – A Sharper Focus

- **Organize along business lines with profit accountability**
- **Enhance corporate governance**
- **Apply strong financial discipline throughout the Group**
- **Focus on existing international assets**
- **Optimize synergies within the Group**
- **Reduce investments and enhance purchasing efficiencies**
- **Regular communication with investment community**

**Increased shareholder value**



*Thank you*

