

## OTE GROUP REPORTS 2016 FOURTH QUARTER RESULTS

- **Full-year Group Revenues at €3.9bn, stable YoY following 9 years of contraction**
- **Greece: Adj. 12M'16 EBITDA up more than 1%, resulting in 30bp margin increase, with further profitability gains in Fixed and improving trends in Mobile in Q4**
- **Romania: Focusing on operational improvements in a challenging environment**
- **Accelerated investment plan in revenue-generating areas:**
  - **Adjusted CapEx (ex-spectrum) at €627mn in 12M'16, up 10%**
  - **Investing in NGA networks, TV content**
- **Strong Adj. Free Cash Flow generation at €459m in 2016, despite accelerated CapEx**
- **Proposed dividend: €0.16 per share (up from €0.10 last year)**

**ATHENS, Greece - March 2, 2017 - Hellenic Telecommunications Organization SA** (ASE: HTO; OTC MARKET: HLTOY), the Greek full-service telecommunications provider, today announced audited consolidated results (prepared under IFRS) for the quarter and year ended December 31, 2016.

**Note: The purpose and calculations of all 'Adjusted' data presented in this report are detailed in the Alternative Performance Measures Section of the 2016 Annual Report of the Board of Directors**

<https://www.cosmote.gr/fixed/en/corporate/ir/financial-results/financial-statements-of-ote-group-and-ote-sa> )

(€ mn)	Q4 '16	Q4 '15	Change	12M '16	12M '15	Change
Revenues	1,027.0	1,037.3	-1.0%	3,908.1	3,902.9	+0.1%
Adjusted EBITDA	343.7	348.5	-1.4%	1,320.9	1,343.0	-1.6%
<i>Adjusted EBITDA margin (%)</i>	<i>33.5%</i>	<i>33.6%</i>	<i>-0.1pp</i>	<i>33.8%</i>	<i>34.4%</i>	<i>-0.6pp</i>
Operating profit (EBIT)	70.0	110.3	-36.5%	385.6	391.1	-1.4%
Profit to owners of the parent	16.6	36.8	-54.9%	140.0	151.9	-7.8%
Adj. Profit to owners of the parent	80.5	72.3	+11.4%	230.2	240.5	-4.3%
Basic EPS (€)	0.0339	0.0753	-55.0%	0.2864	0.3108	-7.9%
Total Assets	7,571.6	7,460.2	+1.5%	7,571.6	7,460.2	+1.5%
Adjusted Net Operating Cash Flow	423.8	392.2	+8.1%	1,085.6	1,076.9	+0.8%
Adjusted CapEx	140.5	137.1	+2.5%	627.0	569.7	+10.1%
Adjusted Free Cash Flow	283.3	255.1	+11.1%	458.6	507.2	-9.6%
Cash & Other financial assets	1,591.2	1,329.3	+19.7%	1,591.2	1,329.3	+19.7%
Adjusted Net Debt	533.9	859.8	-37.9%	533.9	859.8	-37.9%

<b>Greek Fixed Line (OTE SA)</b>	Q4 '16	Q4 '15	Change	12M '16	12M '15	Change
Revenues	402.4	412.1	-2.4%	1,568.5	1,536.0	+2.1%
Adjusted EBITDA	169.6	167.7	+1.1%	663.6	618.0	+7.4%
<i>Adjusted EBITDA margin (%)</i>	<i>42.1%</i>	<i>40.7%</i>	<i>+1.4pp</i>	<i>42.3%</i>	<i>40.2%</i>	<i>+2.1pp</i>

Commenting on OTE's 2016 fourth-quarter and full-year results, Michael Tsamaz, Chairman & CEO, noted: "With a robust fourth quarter, we are delivering our first annual top-line growth at the Group level in a decade. Full-year revenues were fueled by our continued strong performance in Greece, where our investments in networks are paying off. Greek fixed-line revenues were up by more than 2% in the full year, thanks to continued strong showing in broadband, particularly VDSL, and pay-TV. As a result, we achieved our best EBITDA margin ever in Greek fixed. In Greek mobile, with an improving trend in service revenues in the full year and a solid EBITDA margin, we are well positioned to meet this year's challenges. Competitive pressures remain tough in Romania, but we are starting to see signs of

stabilization. At the consolidated level, full-year EBITDA was resilient, our Free Cash Flow generation met our revised target, and our net debt was down by more than €300mn from last year's level."

Mr. Tsamaz added: "We have made the strategic decision to significantly increase our investment plan for 2017. The networks we are building are designed to meet the needs of households and businesses in the digital age. Underscoring our confidence in our future, the Board has proposed to increase this year's dividend to €0.16 per share."

### Outlook

OTE does not expect any material reversal of current trends in the coming quarters. The Group will continue to invest heavily in the technologies, infrastructure and content it relies on to compete effectively and to meet its customers' requirements in a challenging macroeconomic climate. Mainly reflecting the Capex increase and exceptional income tax outlays of 2017, OTE expects adjusted free cash flow for the full year to amount to approximately €250mn. Adjusted Capex in the full year should peak at approximately €700mn before returning to normalized levels in subsequent years, as OTE's adjusted Free Cash Flow generation also resumes its standard course.

### BREAKDOWN OF GROUP REVENUES

(€ mn)	Q4 '16	Q4 '15	Change	12M '16	12M '15	Change
Fixed Line Operations, Greece	402.4	412.1	-2.4%	1,568.5	1,536.0	+2.1%
Mobile Operations, Greece	306.8	312.5	-1.8%	1,194.2	1,228.4	-2.8%
Fixed Line Operations, Romania	166.8	159.0	+4.9%	602.5	601.7	+0.1%
Mobile Operations, Romania	121.9	121.1	+0.7%	457.1	438.5	+4.2%
Mobile Operations, Albania	17.2	27.1	-36.5%	77.2	82.7	-6.7%
Others	146.5	134.2	+9.2%	489.7	474.6	+3.2%
Eliminations (Mobile & Group)	(134.6)	(128.7)	+4.6%	(481.1)	(459.0)	+4.8%
<b>TOTAL</b>	<b>1,027.0</b>	<b>1,037.3</b>	<b>-1.0%</b>	<b>3,908.1</b>	<b>3,902.9</b>	<b>+0.1%</b>
Other Income	29.5	24.0	+22.9%	55.2	60.7	-9.1%

### BREAKDOWN OF GROUP ADJUSTED EBITDA

(€ mn)	Q4 '16	Q4 '15	Change	12M '16	12M '15	Change
Fixed Line Operations, Greece	169.6	167.7	+1.1%	663.6	618.0	+7.4%
<i>Margin</i>	<i>42.1%</i>	<i>40.7%</i>	<i>+1.4pp</i>	<i>42.3%</i>	<i>40.2%</i>	<i>+2.1pp</i>
Mobile Operations, Greece	100.0	101.5	-1.5%	403.0	438.3	-8.1%
<i>Margin</i>	<i>32.6%</i>	<i>32.5%</i>	<i>+0.1pp</i>	<i>33.7%</i>	<i>35.7%</i>	<i>-2pp</i>
Fixed Line Operations, Romania	28.3	35.6	-20.5%	93.5	118.4	-21.0%
<i>Margin</i>	<i>17.0%</i>	<i>22.4%</i>	<i>-5.4pp</i>	<i>15.5%</i>	<i>19.7%</i>	<i>-4.2pp</i>
Mobile Operations, Romania	17.7	17.4	+1.7%	81.7	87.1	-6.2%
<i>Margin</i>	<i>14.5%</i>	<i>14.4%</i>	<i>+0.1pp</i>	<i>17.9%</i>	<i>19.9%</i>	<i>-2pp</i>
Mobile Operations, Albania	3.0	9.7	-69.1%	16.1	20.6	-21.8%
<i>Margin</i>	<i>17.4%</i>	<i>35.8%</i>	<i>-18.4pp</i>	<i>20.9%</i>	<i>24.9%</i>	<i>-4pp</i>
Others	28.4	22.9	+24.0%	69.5	67.4	+3.1%
<i>Margin</i>	<i>19.4%</i>	<i>17.1%</i>	<i>+2.3pp</i>	<i>14.2%</i>	<i>14.2%</i>	<i>0pp</i>
Eliminations (Mobile & Group)	(3.3)	(6.3)	-	(6.5)	(6.8)	-
<b>OTE Group</b>	<b>343.7</b>	<b>348.5</b>	<b>-1.4%</b>	<b>1,320.9</b>	<b>1,343.0</b>	<b>-1.6%</b>
<i>Margin</i>	<i>33.5%</i>	<i>33.6%</i>	<i>-0.1pp</i>	<i>33.8%</i>	<i>34.4%</i>	<i>-0.6pp</i>

## OTE GROUP HIGHLIGHTS

In Q4, OTE Group revenues dropped 1.0% to €1,027.0mn, reaching €3,908.1mn for the year. After nine consecutive years of contraction, annual Group revenues were up slightly in 2016. In Greece, full-year revenues rose 0.2% to €2,862.7mn.

Total Operating Expenses, excluding depreciation, amortization, impairments and charges related to voluntary leave schemes, restructuring and non-recurring litigation costs, amounted to €712.8mn in Q4'16, unchanged compared to Q4'15, as cost control initiatives across every controllable expense line offset higher interconnection costs in Romania and at OTE Globe.

By country, combined Greek fixed and mobile adjusted EBITDA was up 3.1% in the fourth quarter, yielding an Adjusted EBITDA margin of 39.5% (1.7 percentage points above Q4'15). In Romania and Albania, adjusted EBITDA declined by 13.2% and 69.1%, respectively.

Depreciation, amortization and impairment stood at €266.2mn in Q4'16, up 21.2% compared to Q4'15, as a result of an impairment charge of €58.5mn related to Telekom Romania's assets.

The Group's Income Tax charge stood at €43.7mn in Q4'16, up 44.2%, reflecting losses recorded in Romania, whose accounting treatments do not give rise to deferred tax assets.

Adjusted Group profit after minority interests (excluding one-off items) stood at €80.5mn in Q4'16, up 11.4% compared to Q4'15.

Adjusted Capital Expenditures amounted to €140.5mn in Q4'16, up 2.5%, on the back of higher investments in fixed-line operations in Greece and Romania, amounting to €62.6m and €25.2mn, respectively. In mobile operations, adjusted Capex stood at €45.1mn (Greece: €36.0mn, Romania: €6.0mn, Albania: €3.1mn). For the full year, Adjusted CapEx totaled €627.0mn, up 10.1%, reflecting the Group's significant investments in infrastructure and content.

In Q4'16, the Group's adjusted Free Cash Flow stood at €283.3mn, up 11.1%. In the full year, adjusted Free Cash Flow totaled €458.6mn, reduced by 9.6% compared to 2015, primarily reflecting higher CapEx.

### BREAKDOWN PER COUNTRY (After Eliminations)

<b>Revenues (€ mn)</b>	<b>Q4 '16</b>	<b>Q4 '15</b>	<b>Change</b>	<b>12M '16</b>	<b>12M '15</b>	<b>Change</b>
Greece	746.7	755.3	-1.1%	2,862.7	2,855.7	+0.2%
Romania	266.0	263.0	+1.1%	982.8	983.1	-
Albania	14.3	19.0	-24.7%	62.6	64.1	-2.3%
<b>OTE Group</b>	<b>1,027.0</b>	<b>1,037.3</b>	<b>-1.0%</b>	<b>3,908.1</b>	<b>3,902.9</b>	<b>+0.1%</b>
<b>Adjusted EBITDA (€ mn)</b>	<b>Q4 '16</b>	<b>Q4 '15</b>	<b>Change</b>	<b>12M '16</b>	<b>12M '15</b>	<b>Change</b>
Greece	294.7	285.8	+3.1%	1,129.6	1,116.9	+1.1%
<i>margin</i>	<i>39.5%</i>	<i>37.8%</i>	<i>+1.7pp</i>	<i>39.5%</i>	<i>39.1%</i>	<i>+0.4pp</i>
Romania	46.0	53.0	-13.2%	175.2	205.5	-14.7%
<i>margin</i>	<i>17.3%</i>	<i>20.2%</i>	<i>-2.9pp</i>	<i>17.8%</i>	<i>20.9%</i>	<i>-3.1pp</i>
Albania	3.0	9.7	-69.1%	16.1	20.6	-21.8%
<i>margin</i>	<i>21.0%</i>	<i>51.1%</i>	<i>-30.1pp</i>	<i>25.7%</i>	<i>32.1%</i>	<i>-6.4pp</i>
<b>OTE Group</b>	<b>343.7</b>	<b>348.5</b>	<b>-1.4%</b>	<b>1,320.9</b>	<b>1,343.0</b>	<b>-1.6%</b>
<i>margin</i>	<i>33.5%</i>	<i>33.6%</i>	<i>-0.1pp</i>	<i>33.8%</i>	<i>34.4%</i>	<i>-0.6pp</i>

## BOND MATURITY PROFILE

**Total Debt (€ mn): 2,125.1**

<i>Bonds (€ mn)</i>	<i>ISIN</i>	<i>ISIN</i>	<i>ISIN</i>
	<i>XS0885718782</i>	<i>XS1327539976</i>	<i>XS1086785182</i>
Maturity	February 2018	December 2019	July 2020
Coupon (%)	7.875%	4.375%	3.5%
Nominal Amount	630	350	700

The Group's adjusted Net Debt was €0.5bn at December 31, 2016, down 37.9% compared to December 31, 2015. The Group's ratio of adjusted Net Debt to 12-month trailing Adjusted EBITDA stood at 0.4x.

### 1. GREECE

#### FIXED-LINE OPERATIONS, GREECE ACCESS LINES

	<b>Dec 31, 2016</b>	<b>Dec 31, 2015</b>	<b>Change</b>
PSTN connections	1,790,900	2,311,396	-22.5%
ISDN connections (BRA & PRA)	266,931	308,514	-13.5%
Other (MSAN & VoB)	610,055	79,002	-
<b>Access line connections (incl. WLR)</b>	<b>2,667,886</b>	<b>2,698,912</b>	<b>-1.1%</b>
<b>Retail access line connections (excl. WLR)</b>	<b>2,657,924</b>	<b>2,684,391</b>	<b>-1.0%</b>
Active Broadband subscribers	1,684,144	1,532,879	+9.9%
<b>Active Broadband retail subscribers</b>	<b>1,635,736</b>	<b>1,506,909</b>	<b>+8.5%</b>
<i>of which: Retail VDSL connections</i>	<i>219,166</i>	<i>149,572</i>	<i>+46.5%</i>
<b>COSMOTE TV Subscribers (IPTV &amp; Satellite)</b>	<b>502,696</b>	<b>446,499</b>	<b>+12.6%</b>
Unbundled local loops (active)	2,085,248	2,047,268	+1.9%

In Q4'16, the total Greek access market (OTE active retail lines, Wholesale line rental connections and full LLU subscribers) added 25k lines, while OTE's fixed-line operations posted a net loss of 5k access lines.

In Q4'16, OTE achieved net additions of 30k retail broadband customers, or 51% of total market net additions, bringing the total number of its retail broadband subscribers to 1,636k. Penetration of OTE's high-speed VDSL broadband service continued to expand, with record net additions of 19k in the quarter. At quarter end, 219k subscribers, or 13.4% of OTE's total retail broadband base, had adopted its VDSL offer. With continuously expanding coverage and high-performance solutions, OTE is aiming to convert a significant and growing portion of its customer base to higher broadband speeds and improved services, supporting ARPU. Continuing take-up in a challenging period for consumers underscores the strong appetite for the premium VDSL service in which OTE has been investing substantially. OTE's wholesale VDSL offering also gained further traction in Q4'16. To meet strong customer demand, OTE is continuing to expand the reach of its VDSL network. In addition, following the conclusion of the vectoring regulatory process, OTE will within the year significantly expand VDSL coverage while at the same time upgrading a significant portion of the VDSL network to vectoring, doubling again the broadband speed available to customers. These investments, which are at the forefront of the sector and customer experience, will address ever larger segments of the population.

OTE achieved another quarter of growth in its TV offering, with net additions of 25k. As at December 31, 2016, the total number of TV subscribers amounted to 503k, a year-on-year increase of 13%.

**SUMMARY FINANCIAL DATA – FIXED-LINE OPERATIONS, GREECE**

<b>(€ mn)</b>	<b>Q4 '16</b>	<b>Q4 '15</b>	<b>Change</b>	<b>12M '16</b>	<b>12M '15</b>	<b>Change</b>
<b>Revenues</b>	<b>402.4</b>	<b>412.1</b>	<b>-2.4%</b>	<b>1,568.5</b>	<b>1,536.0</b>	<b>+2.1%</b>
- Retail Fixed Services	225.9	223.4	+1.1%	898.0	872.1	+3.0%
- Wholesale Fixed Services	87.4	84.9	+2.9%	344.4	333.6	+3.2%
- Other	89.1	103.8	-14.2%	326.1	330.3	-1.3%
Other income/(expense), net	3.8	7.7	-50.6%	8.2	18.0	-54.4%
<b>Adjusted EBITDA</b>	<b>169.6</b>	<b>167.7</b>	<b>+1.1%</b>	<b>663.6</b>	<b>618.0</b>	<b>+7.4%</b>
<b>Adjusted EBITDA margin (%)</b>	<b>42.1%</b>	<b>40.7%</b>	<b>+1.4pp</b>	<b>42.3%</b>	<b>40.2%</b>	<b>+2.1pp</b>
Voluntary leave schemes	(3.3)	(0.9)	-	(35.8)	(80.0)	-55.3%
Depreciation, Amortization & Impairments	(76.9)	(84.7)	-9.2%	(306.4)	(305.9)	+0.2%
Operating Income (EBIT)	89.4	82.1	+8.9%	321.4	232.1	+38.5%

In full year 2016, Greek fixed-line operations posted 2.1% year-over-year revenue growth. In Q4'16, revenues were down 2.4%, reflecting a drop in ICT revenues from their exceptionally high level in Q4'15. Revenues from retail fixed services grew by 1.1% in the quarter, supported by strong performances in broadband and TV as well as a more modest drop in voice revenues. These performances all benefited from ongoing investments in high-speed networks and new solutions, improvements in customer experience, and the steady rollout of commercial initiatives aimed at attracting new subscribers. Broadband Revenues were boosted by the strong VDSL take-up in the quarter, while TV revenues posted another solid increase, even though the higher base and taxes imposed since June 2016 are a limiting factor.

Total Greek fixed-line Operating Expenses, excluding depreciation, amortization and charges related to voluntary leave schemes, restructuring and non-recurring litigations amounted to €236.6mn in Q4'16, down 6.1% from Q4'15. Personnel expenses were down 8.2%, a decline attributable largely to the recent headcount voluntary leave schemes in Greek fixed-line operations.

Adjusted EBITDA increased by 1.1% to €169.6mn in Q4'16. In the full year, adjusted EBITDA amounted to €663.6mn, up 7.4%, resulting in an adjusted EBITDA margin of 42.3%, up 210 bps compared to 12M'15.

**MOBILE OPERATIONS, GREECE  
SUMMARY FINANCIAL & SUBSCRIBERS DATA**

	<b>Dec 31, 2016</b>	<b>Dec 31, 2015</b>	<b>Change</b>
Mobile subscribers	7,709,564	7,398,986	+4.2%

<b>(€ mn)</b>	<b>Q4 '16</b>	<b>Q4 '15</b>	<b>Change</b>	<b>12M '16</b>	<b>12M '15</b>	<b>Change</b>
Service Revenues	229.5	237.0	-3.2%	943.9	969.9	-2.7%
<b>Total Revenues</b>	<b>306.8</b>	<b>312.5</b>	<b>-1.8%</b>	<b>1,194.2</b>	<b>1,228.4</b>	<b>-2.8%</b>
<b>Adjusted EBITDA</b>	<b>100.0</b>	<b>101.5</b>	<b>-1.5%</b>	<b>403.0</b>	<b>438.3</b>	<b>-8.1%</b>
<b>Adjusted EBITDA margin (%)</b>	<b>32.6%</b>	<b>32.5%</b>	<b>+0.1pp</b>	<b>33.7%</b>	<b>35.7%</b>	<b>-2pp</b>

As of the end of Q4'16, Cosmote provided mobile telephony services to 7.7mn customers in Greece, up 4.2% from December 31, 2015.

In Q4'16, service revenues of €229.5mn were down 3.2%, primarily reflecting the macroeconomic impact on ARPU of lower consumer disposable income. Total Revenues stood at €306.8mn, down 1.8%.

In line with its strategy of focusing on customer experience, customer value and high service quality, Cosmote is investing in maintaining network superiority, both in terms of coverage and data speeds. In Q4'16, Cosmote further expanded its 4G footprint, covering 93% of the Greek population, significantly ahead of competition. The company's 4G+ mobile network, offering speeds of up to 375 Mbps, now reaches approximately 82% of the population.

Demand for mobile handset data usage continued to grow at a rapid pace in Q4'16, resulting in the doubling of Cosmote data traffic compared to Q4'15. Smartphone users now account for approximately 57% of Cosmote's active base. Cosmote is focusing on expanding data usage, taking advantage of its superior network.

In Q4'16, Cosmote Greece's blended AMOU dropped by 5.5% to 283 minutes, reflecting demand pressures. Blended ARPU for the same period was €10.6, down 7.0% from Q4'15, largely due to pressure in the prepaid market.

**2. ROMANIA**
**FIXED LINE OPERATIONS, ROMANIA  
SUMMARY FINANCIAL & SUBSCRIBERS DATA**

	Dec 31, 2016	Dec 31, 2015	Change
Voice Telephony Lines	2,150,814	2,178,870	-1.3%
Broadband subscribers	1,185,797	1,203,545	-1.5%
TV subscribers (DTH, IPTV & Cable)	1,464,283	1,452,499	+0.8%
FMC customers	370,524	226,197	+63.8%

(€ mn)	Q4 '16	Q4 '15	Change	12M '16	12M '15	Change
Revenues	166.8	159.0	+4.9%	602.5	601.7	+0.1%
- Retail Fixed Services	75.8	79.9	-5.1%	309.6	332.2	-6.8%
- Wholesale Fixed Services	27.7	24.4	+13.5%	113.1	102.8	+10.0%
- Other	63.3	54.7	+15.7%	179.8	166.7	+7.9%
Other income/ (expense), net	12.6	8.8	+43.2%	29.5	29.1	+1.4%
<b>Adj. EBITDA</b>	<b>28.3</b>	<b>35.6</b>	<b>-20.5%</b>	<b>93.5</b>	<b>118.4</b>	<b>-21.0%</b>
<b>Adj. EBITDA margin (%)</b>	<b>17.0%</b>	<b>22.4%</b>	<b>-5.4pp</b>	<b>15.5%</b>	<b>19.7%</b>	<b>-4.2pp</b>
Voluntary leave schemes	(0.5)	(0.2)	-	(6.0)	(14.2)	-57.7%
Depreciation, Amortization & Impairments	(98.6)	(39.0)	+152.8%	(204.9)	(141.9)	+44.4%
Operating Income (EBIT)	(70.8)	(6.3)	-	(117.4)	(40.4)	-

In Q4'16, revenues from Romanian fixed-line activities were up slightly from the prior-year level, primarily reflecting the company's successful Fixed-Mobile convergent (FMC) solution and wholesale revenues.

Compared to Q4'15, fixed voice revenues continued their downward trend (-13%) and broadband revenues were down slightly (-1%), while TV revenues rose 4% from their Q4'15 level. Compared to December 31, 2015, the number of FMC subscribers increased by 63.8%, the total number of TV subscribers increased slightly (+0.8%), while the number of broadband subscribers shrank by 1.5%.

The increase in Other revenues largely reflects the implementation of the State-subsidized RoNet (Rural) project.

The year-on-year increase in other income in Q4'16 is primarily due to disposal of real estate assets.

Total Romanian fixed-line Operating Expenses, excluding depreciation, amortization, charges related to voluntary leave schemes, restructuring and non-recurring litigation costs, increased by 14.3% in Q4'16 compared to Q4'15, driven by higher interconnection costs, construction of the RoNet project, and inventory write-off.

In order to further stabilize the fixed-line business in the coming quarters, Telekom Romania is focusing on the pursuit of its FMC commercial efforts, continuing fiber rollout, and other commercial initiatives.

**MOBILE OPERATIONS, ROMANIA  
SUMMARY FINANCIAL & SUBSCRIBERS DATA**

	<b>Dec 31, 2016</b>	<b>Dec 31, 2015</b>	<b>Change</b>
Mobile subscribers	5,344,638	5,754,109	-7.1%

<b>(€ mn)</b>	<b>Q4 '16</b>	<b>Q4 '15</b>	<b>Change</b>	<b>12M '16</b>	<b>12M '15</b>	<b>Change</b>
Service Revenues	73.8	79.3	-6.9%	304.2	316.0	-3.7%
<b>Total Revenues</b>	<b>121.9</b>	<b>121.1</b>	<b>+0.7%</b>	<b>457.1</b>	<b>438.5</b>	<b>+4.2%</b>
<b>Adjusted EBITDA</b>	<b>17.7</b>	<b>17.4</b>	<b>+1.7%</b>	<b>81.7</b>	<b>87.1</b>	<b>-6.2%</b>
<b>Adjusted EBITDA margin (%)</b>	<b>14.5%</b>	<b>14.4%</b>	<b>+0.1pp</b>	<b>17.9%</b>	<b>19.9%</b>	<b>-2pp</b>

At December 31, 2016, Telekom Romania Mobile's customer base totaled 5.3mn, down 7.1% from the year-earlier level. Of this total, 30.5% was postpaid. The total number of business customers grew by 6.3% compared to 2015 year end, reflecting the company's targeted offers for professional users and synergies with fixed-line operations.

Blended ARPU, at €4.7, was down 2.8% compared to Q4'15, whereas blended AMOU decreased by 2.0%.

In Q4'16, total Operating Expenses, excluding depreciation, amortization, impairments, charges related to voluntary leave schemes, restructuring costs and non-recurring litigation costs, were down 5.2% compared to the same period last year, mainly reflecting savings in indirect expenses.

The 0.7% increase in total revenues, together with lower operating expenses, led to a 1.7% increase in adjusted EBITDA compared to Q4'15. Alongside the Romanian fixed-line operations, Telekom Romania Mobile is taking steps to improve its performance, including enhanced 4G capabilities, refocusing of its sales efforts, and cost improvements.



### 3. ALBANIA

#### MOBILE OPERATIONS, ALBANIA SUMMARY FINANCIAL & SUBSCRIBERS DATA

	Dec 31, 2016	Dec 31, 2015	<i>Change</i>
Mobile subscribers	1,839,273	1,730,075	+6.3%

(€ mn)	Q4 '16	Q4 '15	<i>Change</i>	12M '16	12M '15	<i>Change</i>
Service Revenues	16.7	26.6	-37.2%	74.2	80.2	-7.5%
<b>Total Revenues</b>	<b>17.2</b>	<b>27.1</b>	<b>-36.5%</b>	<b>77.2</b>	<b>82.7</b>	<b>-6.7%</b>
<b>Adjusted EBITDA</b>	<b>3.0</b>	<b>9.7</b>	<b>-69.1%</b>	<b>16.1</b>	<b>20.6</b>	<b>-21.8%</b>
<b>Adjusted EBITDA margin (%)</b>	<b>17.4%</b>	<b>35.8%</b>	<b>-18.4pp</b>	<b>20.9%</b>	<b>24.9%</b>	<b>-4pp</b>

As of 2016 year end, Telekom Albania's customer base totaled 1.8mn subscribers. The Company focused on its strategy of reducing its dependency on international incoming revenues, successfully gaining market share through targeted customer acquisition strategies in southern and central Albania.

In Q4, Telekom Albania posted a 28% increase in mobile handset data revenues, fueled by its highly competitive smartphone and data service offering supported by the extensive 4G network rollout and the quality of its network, once again rated the best in the country.

Compared to the same quarter last year, total revenues declined by 36.5%, driven by a 37.2% decline in service revenues. International incoming traffic fell sharply in the Albanian market following significant changes in traffic patterns by international operators towards Albania.

In Q4'16, Telekom Albania's adjusted EBITDA decreased by 69.1% compared to Q4'15, as the drop in international traffic, was only partly offset by reductions in indirect and direct expenses.

#### **4. SUBSEQUENT EVENTS OF THE QUARTER**

##### **DIVIDEND**

The Board of Directors of OTE will propose to the Company's Annual General Assembly of Shareholders the distribution of a dividend of €0.16 per share outstanding, compared to €0.10 per share distributed last year. This proposed distribution will be subject to the pronouncements of the C.L. 2190/1920, as in force, and the prevailing tax legislation at the date of approval by the Annual General Assembly of Shareholders.

**About OTE**

OTE Group is the largest telecommunications provider in the Greek market and one of the leading telecom groups in Southeast Europe with presence in Greece, Romania and Albania. OTE is among the largest listed companies, with respect to market capitalization, in the Athens Stock Exchange.

OTE Group offers the full range of telecommunications services: from fixed-line and mobile telephony, broadband services, to pay television and ICT solutions. In addition to its core telecommunications activities, the Group is also involved in maritime communications, real-estate and professional training.

Additional Information is also available on <https://www.cosmote.gr>.

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**Forward looking Disclaimer:**

Certain statements in this document constitute forward-looking statements. Such forward looking statements are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. As a result, you are cautioned not to place any reliance on such forward-looking statements. Nothing in this document should be construed as a profit forecast and no representation is made that any of these statement or forecasts will come to pass. Persons receiving this announcement should not place undue reliance on forward-looking statements and are advised to make their own independent analysis and determination with respect to the forecast periods, which reflect the Group's view only as of the date hereof.

**Exhibits to follow:**

- I. Consolidated Statements of Financial Position as of December 31, 2016 and December 31, 2015
- II. Consolidated Income Statements for the quarter and twelve months ended December 31, 2016 and comparative 2015
- III. Consolidated Statement of Cash Flows for the quarter ended December 31, 2016 and comparative quarters
- IV. Group Revenues for the quarter and twelve months ended December 31, 2016 and comparative 2015
- V. Operational Highlights

**EXHIBIT I – CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Amounts in millions of Euro)	GROUP	
	2016	2015
<b>ASSETS</b>		
Property, plant and equipment	2,852.5	2,950.6
Goodwill	507.0	506.4
Telecommunication licenses	491.3	543.0
Other intangible assets	490.4	533.4
Investments	0.1	0.1
Loans to pension funds	85.6	88.2
Deferred tax assets	316.5	339.8
Other non-current assets	99.4	88.4
<b>Total non - current assets</b>	<b>4,842.8</b>	<b>5,049.9</b>
<b>Current assets</b>		
Inventories	95.9	97.2
Trade receivables	730.5	728.6
Other financial assets	5.6	6.8
Other current assets	307.6	252.4
Restricted Cash	3.6	2.8
Cash and cash equivalents	1,585.6	1,322.5
<b>Total current assets</b>	<b>2,728.8</b>	<b>2,410.3</b>
<b>TOTAL ASSETS</b>	<b>7,571.6</b>	<b>7,460.2</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	1,387.1	1,387.1
Share premium	496.2	496.3
Treasury shares	(14.3)	(14.7)
Statutory reserve	362.2	357.3
Foreign exchange and other reserves	(156.5)	(164.1)
Changes in non-controlling interests	(3,314.1)	(3,314.1)
Retained earnings	3,595.4	3,509.2
<b>Total equity attributable to owners of the Parent</b>	<b>2,356.0</b>	<b>2,257.0</b>
Non-controlling interests	295.7	352.2
<b>Total equity</b>	<b>2,651.7</b>	<b>2,609.2</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,941.0	1,755.6
Provision for staff retirement indemnities	227.6	219.1
Provision for youth account	142.5	157.2
Deferred tax liabilities	50.3	55.3
Other non – current liabilities	118.3	174.9
<b>Total non – current liabilities</b>	<b>2,479.7</b>	<b>2,362.1</b>
<b>Current liabilities</b>		
Trade accounts payable	1,364.1	1,202.5
Short-term borrowings	-	-
Short-term portion of long-term borrowings	184.1	433.5
Income tax payable	79.2	30.4
Deferred revenue	152.1	150.9
Provision for voluntary leave scheme	141.9	140.7
Dividends payable	0.3	0.3
Other current liabilities	518.5	530.6
<b>Total current liabilities</b>	<b>2,440.2</b>	<b>2,488.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,571.6</b>	<b>7,460.2</b>

**EXHIBIT II – CONSOLIDATED INCOME STATEMENT**

Amounts in € millions	Q4'16	Q4'15	%	12M'16	12M'15	%
<b>Total revenues</b>	<b>1,027.0</b>	<b>1,037.3</b>	<b>-1.0%</b>	<b>3,908.1</b>	<b>3,902.9</b>	<b>+0.1%</b>
<b>Other operating income</b>	<b>29.5</b>	<b>24.0</b>	<b>+22.9%</b>	<b>55.2</b>	<b>60.7</b>	<b>-9.1%</b>
<b>Operating expenses</b>						
Interconnection and roaming costs	(154.5)	(133.0)	+16.2%	(542.9)	(487.0)	+11.5%
Provision for doubtful accounts	(21.2)	(22.5)	-5.8%	(89.9)	(86.8)	+3.6%
Personnel costs	(158.1)	(153.2)	+3.2%	(642.4)	(667.2)	-3.7%
Costs related to voluntary leave schemes	(6.1)	(1.2)	-	(49.6)	(100.7)	-50.7%
Commission costs	(34.7)	(38.8)	-10.6%	(134.7)	(148.6)	-9.4%
Merchandise costs	(77.3)	(92.0)	-16.0%	(268.7)	(292.1)	-8.0%
Maintenance and repairs	(21.8)	(26.7)	-18.4%	(100.1)	(103.2)	-3.0%
Marketing	(31.2)	(34.4)	-9.3%	(104.5)	(113.6)	-8.0%
Other operating expenses	(215.4)	(229.5)	-6.1%	(763.5)	(743.9)	+2.6%
<b>Total operating expenses before depreciation, amortization and impairment</b>	<b>(720.3)</b>	<b>(731.3)</b>	<b>-1.5%</b>	<b>(2,696.3)</b>	<b>(2,743.1)</b>	<b>-1.7%</b>
<b>Operating profit before financial and investing activities, depreciation, amortization and impairment</b>	<b>336.2</b>	<b>330.0</b>	<b>+1.9%</b>	<b>1,267.0</b>	<b>1,220.5</b>	<b>+3.8%</b>
Depreciation, amortization and impairment	(266.2)	(219.7)	+21.2%	(881.4)	(829.4)	+6.3%
<b>Operating profit before financial and investing activities</b>	<b>70.0</b>	<b>110.3</b>	<b>-36.5%</b>	<b>385.6</b>	<b>391.1</b>	<b>-1.4%</b>
<b>Income and expense from financial and investing activities</b>						
Interest and related expenses	(36.6)	(46.1)	-20.6%	(149.4)	(157.4)	-5.1%
Interest income	0.4	0.4	-	2.2	2.4	-8.3%
Foreign exchange differences, net	(4.4)	(4.2)	+4.8%	(4.3)	(5.7)	-24.6%
Dividend income	-	-	-	-	-	-
Gains / (losses) from investments and other financial assets - Impairment	(0.9)	0.0	-	18.3	16.1	+13.7%
<b>Total loss from financial and investing activities</b>	<b>(41.5)</b>	<b>(49.9)</b>	<b>-16.8%</b>	<b>(133.2)</b>	<b>(144.6)</b>	<b>-7.9%</b>
<b>Profit before tax</b>	<b>28.5</b>	<b>60.4</b>	<b>-52.8%</b>	<b>252.4</b>	<b>246.5</b>	<b>+2.4%</b>
Income tax	(43.7)	(30.3)	+44.2%	(168.4)	(117.8)	+43.0%
<b>Profit for the year</b>	<b>(15.2)</b>	<b>30.1</b>	<b>-</b>	<b>84.0</b>	<b>128.7</b>	<b>-34.7%</b>
Attributable to:						
<b>Owners of the parent</b>	<b>16.6</b>	<b>36.8</b>	<b>-54.9%</b>	<b>140.0</b>	<b>151.9</b>	<b>-7.8%</b>
Non-controlling interests	(31.8)	(6.7)	-	(56.0)	(23.2)	-

**EXHIBIT III – CONSOLIDATED STATEMENT OF CASH FLOWS**

Amounts in € millions	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16
<b>Cash flows from operating activities</b>					
Profit before tax	60.4	63.5	63.0	97.4	28.5
Adjustments for:					
Depreciation, amortization and impairment	219.7	208.2	205.9	201.1	266.2
Costs related to voluntary leave schemes	1.2	2.9	4.8	35.8	6.1
Provision for staff retirement indemnities	6.2	3.1	2.8	2.8	3.4
Provision for youth account	(1.5)	0.8	0.7	0.8	(0.5)
Provision for doubtful accounts	22.5	21.3	22.5	24.9	21.2
Foreign exchange differences, net	4.2	(1.5)	1.8	(0.4)	4.4
Interest income	(0.4)	(0.6)	(0.7)	(0.5)	(0.4)
(Gains) / losses from investments and financial assets - Impairments	-	(0.3)	(0.3)	(18.6)	0.9
Interest and related expenses	46.1	36.1	35.4	41.3	36.6
<b>Working capital adjustments:</b>	<b>135.5</b>	<b>(89.7)</b>	<b>(36.2)</b>	<b>(72.1)</b>	<b>110.9</b>
Decrease / (increase) in inventories	1.7	(7.4)	(5.8)	(0.2)	14.6
Decrease / (increase) in receivables	39.4	(40.3)	(87.9)	(23.2)	(12.9)
(Decrease) / increase in liabilities (except borrowings)	94.4	(42.0)	57.5	(48.7)	109.2
Plus / (Minus):					
Payment for voluntary leave schemes	(10.7)	(3.4)	(5.3)	(35.2)	(10.0)
Payment of staff retirement indemnities and youth account, net of employees' contributions	(5.9)	(3.9)	(3.5)	(3.7)	(4.1)
Interest and related expenses paid	(33.2)	(30.3)	(24.8)	(58.5)	(21.3)
Income taxes paid	(70.0)	(21.2)	(13.1)	(41.4)	(28.5)
<b>Net cash flows from operating activities</b>	<b>374.1</b>	<b>185.0</b>	<b>253.0</b>	<b>173.7</b>	<b>413.4</b>
<b>Cash flows from investing activities</b>					
Sale or maturity of financial assets	-	-	-	0.5	1.7
Repayment of loans receivable	1.6	1.7	1.7	1.7	2.2
Purchase of property plant and equipment and intangible assets	(149.0)	(178.2)	(138.1)	(183.7)	(153.0)
Movement in restricted cash	(0.3)	(0.5)	(0.4)	(0.1)	0.2
Payments related to disposal of subsidiaries / investments	-	-	-	(4.9)	-
Interest received	0.3	0.6	0.7	0.5	0.4
<b>Net cash flows used in investing activities</b>	<b>(147.4)</b>	<b>(176.4)</b>	<b>(136.1)</b>	<b>(186.0)</b>	<b>(148.5)</b>
<b>Cash flows from financing activities</b>					
Share option plans	-	-	(0.2)	-	0.2
Proceeds from loans granted and issued	350.0	-	0.0	389.0	-
Repayment of loans	(307.0)	-	(411.9)	-	(42.6)
Dividends paid to Company's owners	-	-	(0.3)	(48.6)	-
<b>Net cash flows from / (used in) financing activities</b>	<b>43.0</b>	<b>-</b>	<b>(412.4)</b>	<b>340.4</b>	<b>(42.4)</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>	<b>269.7</b>	<b>8.6</b>	<b>(295.5)</b>	<b>328.1</b>	<b>222.5</b>
<b>Cash and cash equivalents, at the beginning of the year</b>	1,052.3	1,322.5	1,329.7	1,035.4	1,364.9
Net foreign exchange differences	0.5	(1.4)	1.2	1.4	(1.8)
<b>Cash and cash equivalents, at the end of the year</b>	<b>1,322.5</b>	<b>1,329.7</b>	<b>1,035.4</b>	<b>1,364.9</b>	<b>1,585.6</b>

**EXHIBIT IV – GROUP REVENUES**

Amounts in € millions	Q4'16	Q4'15	%	12M'16	12M'15	%
<b>Revenue</b>						
<b>Fixed business:</b>						
Retail services revenues	301.2	302.7	-0.5%	1,205.2	1,202.1	+0.3%
Wholesale services revenues	179.6	160.0	+12.3%	647.7	621.7	+4.2%
Other revenues	82.0	93.2	-12.0%	297.7	310.4	-4.1%
<b>Total revenues from fixed business</b>	<b>562.8</b>	<b>555.9</b>	<b>+1.2%</b>	<b>2,150.6</b>	<b>2,134.2</b>	<b>+0.8%</b>
<b>Mobile business:</b>						
Service revenues	319.2	333.4	-4.3%	1,311.3	1,337.6	-2.0%
Handset revenues	65.1	72.7	-10.5%	221.5	232.7	-4.8%
Other revenues	6.9	5.4	+27.8%	23.3	19.2	+21.4%
<b>Total revenues from mobile business</b>	<b>391.2</b>	<b>411.5</b>	<b>-4.9%</b>	<b>1,556.1</b>	<b>1,589.5</b>	<b>-2.1%</b>
<b>Miscellaneous other revenues</b>	<b>73.0</b>	<b>69.9</b>	<b>+4.4%</b>	<b>201.4</b>	<b>179.2</b>	<b>+12.4%</b>
<b>Total revenues</b>	<b>1,027.0</b>	<b>1,037.3</b>	<b>-1.0%</b>	<b>3,908.1</b>	<b>3,902.9</b>	<b>+0.1%</b>



**EXHIBIT V – OPERATIONAL HIGHLIGHTS**

	Dec 31, 2016	Dec 31, 2015	Change
<b>Fixed Line Operations, Greece</b>			
PSTN connections	1,790,900	2,311,396	-22.5%
ISDN connections (BRA & PRA)	266,931	308,514	-13.5%
Other (MSAN & VoB)	610,055	79,002	-
<b>Access line connections (incl. WLR)</b>	<b>2,667,886</b>	<b>2,698,912</b>	<b>-1.1%</b>
<b>Retail access line connections (ex.WLR)</b>			
	<b>2,657,924</b>	<b>2,684,391</b>	<b>-1.0%</b>
Broadband active subscribers	1,684,144	1,532,879	+9.9%
<b>Broadband active retail subscribers</b>	<b>1,635,736</b>	<b>1,506,909</b>	<b>+8.5%</b>
<b>COSMOTE TV Subscribers (IPTV &amp; Satellite)</b>			
	<b>502,696</b>	<b>446,499</b>	<b>+12.6%</b>
Unbundled local loops (active)	2,085,248	2,047,268	+1.9%
Employees	8,405	8,496	-1.1%
<b>Fixed Line Operations, Romania</b>			
Voice Telephony lines (Incl. CDMA & NGA Voice)	2,150,814	2,178,870	-1.3%
Broadband subs (Incl. CDMA BB & NGA BB)	1,185,797	1,203,545	-1.5%
TV subscribers (DTH, IPTV & Cable)	1,464,283	1,452,499	+0.8%
FMC subscribers	370,524	226,197	+63.8%
Employees	5,703	5,914	-3.6%
<b>Mobile Operations</b>			
Mobile subscribers, Greece	7,709,564	7,398,986	+4.2%
Mobile subscribers, Albania	1,839,273	1,730,075	+6.3%
Mobile subscribers, Romania	5,344,638	5,754,109	-7.1%
Employees	6,538	6,705	-2.5%