

**OTE**  
**Hellenic Telecommunications**  
**Organization**

**Q2 2017 Results**



GROUP OF COMPANIES

# | OTE Group Overview

*Note: The purpose and calculations of all 'Adjusted' data presented are detailed in the Alternative Performance Measures Section of the 2016 Annual Report of the Board of Directors and in the Q2'17 Press Release*

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

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# The Group today

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 in the Athens Stock Exchange.

OTE Group - Key figures (Trailing 12M)	
Revenues: €3.9bn	Adj.EBITDA: €1.3bn
Employees: 21,152	Market Cap: €5.4bn

Albania	
Mobile Business	
Mobile subscribers:	1.9mn

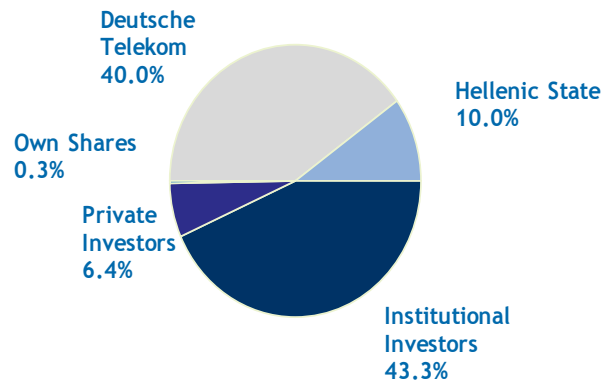
Greece	
Fixed Business	
OTE Retail lines:	2.6mn
Broadband Retail subscribers	1.7mn
COSMOTE TV subscribers:	504k
Mobile Business	
Mobile subscribers :	7.7mn

Romania	
Fixed Business	
Total access lines*:	2.1mn
Broadband subscribers*:	1.2mn
TV subscribers:	1.5mn
...FMC Customers:	425k
Mobile Business	
Mobile subscribers :	4.8mn



Note: Data as of June 30, 2017

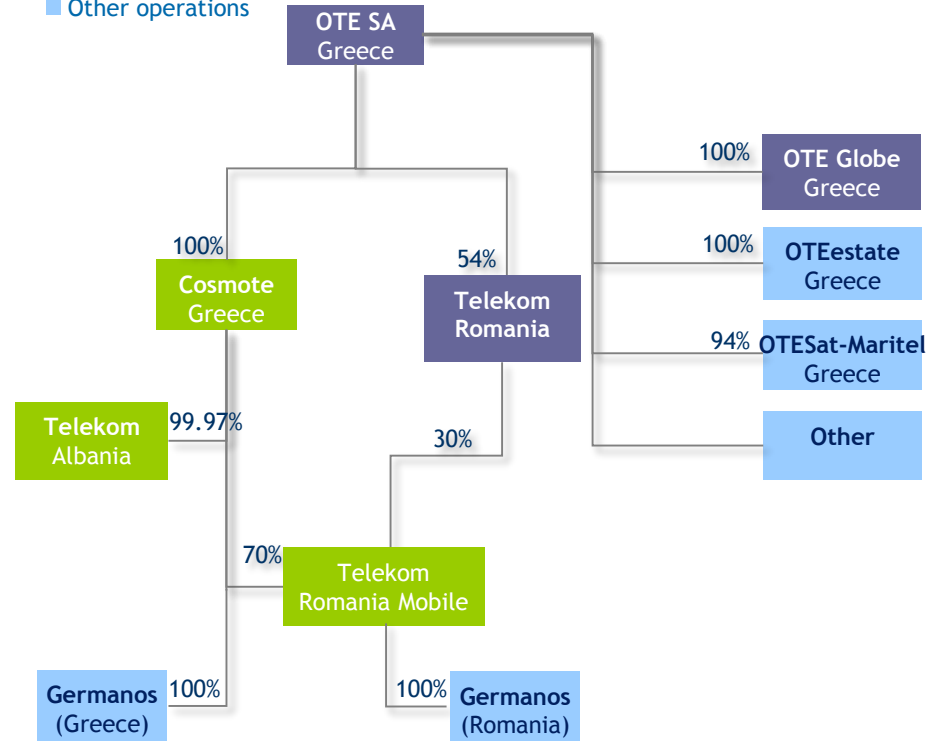
## Shareholder Structure (June 30, 2017)



- Listed on the Athens Stock Exchange (Symbol: HTO GA)
- Outstanding shares: 490,150,389

## Group Structure

- Fixed-line telephony
- Mobile telephony
- Other operations



# Our Strategy

## Key industry trends crafting the focus of our Strategy

Growing demand for converged networks with increased data capacity

Digital Economy creates opportunities and mandates Digital Transformation

Slowdown of traditional revenue streams

High competition - Increased demand for bundled offerings

*Invest wisely*

*Promote Digitalization*

*Drive Innovation*

*Increase Loyalty*

## The 6 Pillars of our strategic plan

### Technology & IT leadership

- INS / NGA: FTTC; Vectoring Roll out;
- 4G/4G+ roll out continued
- Rural Network Completion
- IP Transformation
- VoLTE/ VoWiFi full deployment

### Best Customer Experience

- Enhancements on FMC and Cloud propositions
- Digital Transformation @Customer
- Customer Service Excellence: Optimization & digitization of processes: 24/48, e-Care, etc.

### Innovation & Revenue Transformation

- Data services monetization
- Innovative services launch
- COSMOTE TV Growth
- M2M and Cloud Solutions
- Vertical ICT solutions , health Smart Cities, etc)

### Lead in Core Business

- COSMOTE brand superiority & human profile
- Value based pricing strategy
- Optimize sales strategy
- Defend Wholesale Revenues

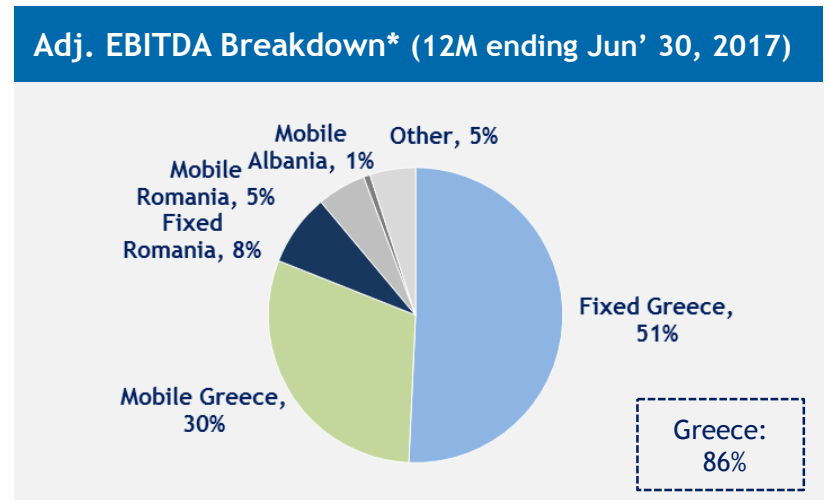
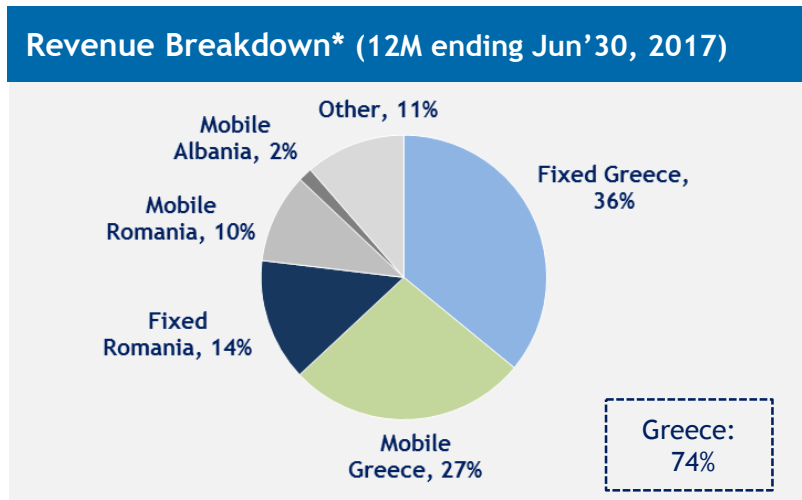
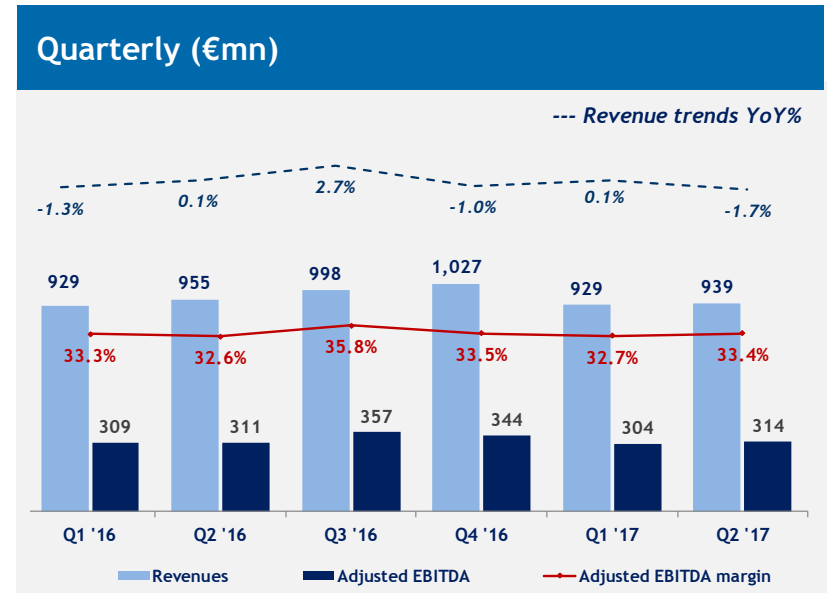
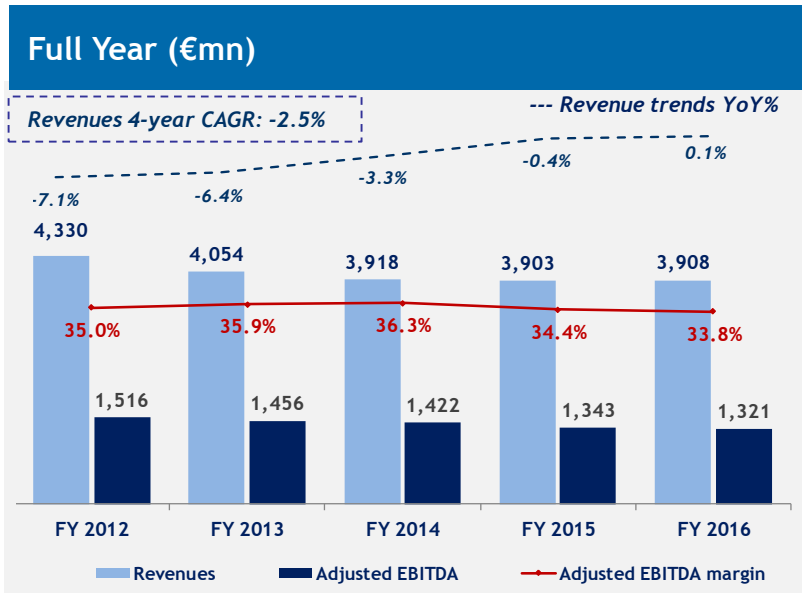
## Operational and Cost Optimization

Boost operating efficiency: *Digital Transformation @Company & Cost Efficiency Programs*

## People Strategy

- *Digital working environment*
- *Improve employees' experience*

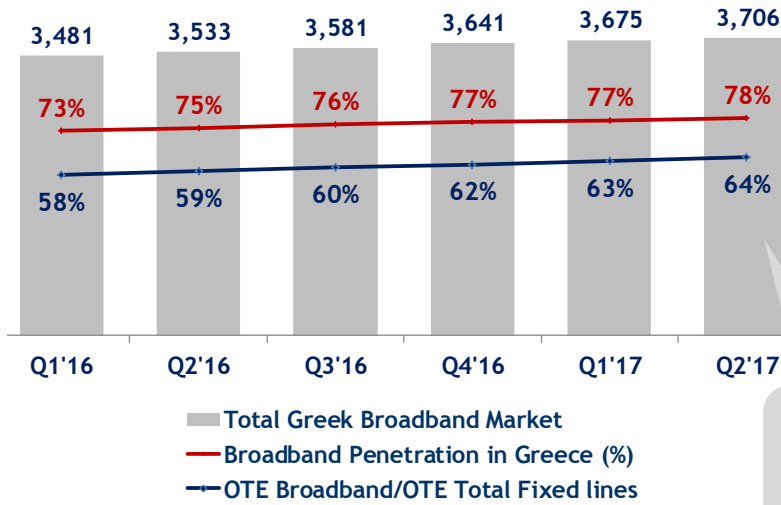
# Group - Key Financials



# | Business Review

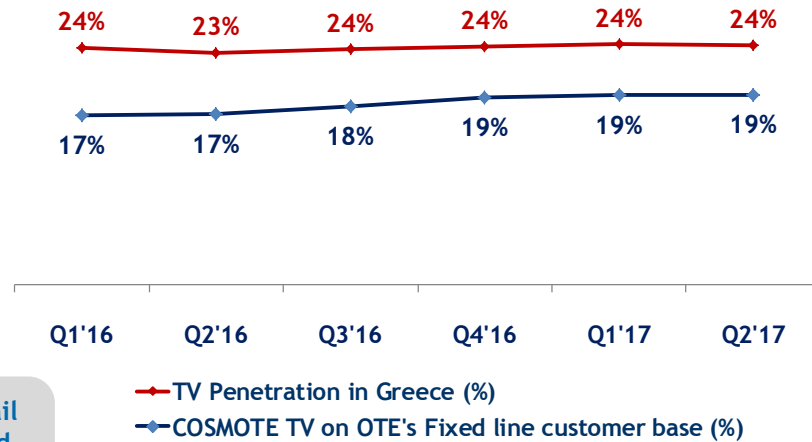
# Fixed Line Operations - Greece Market Overview

Evolution of Greek Broadband Market\* ('000)



OTE's retail broadband market share: 45.4%

TV Penetration in Greece\*



- Significant upside potential, through enhancing broadband penetration
- Broadband market growth at +5%, despite 5% tax imposed on Fixed - Broadband in Jan'17
- OTE achieved 27k retail BB customers net adds, representing 89% of total net adds

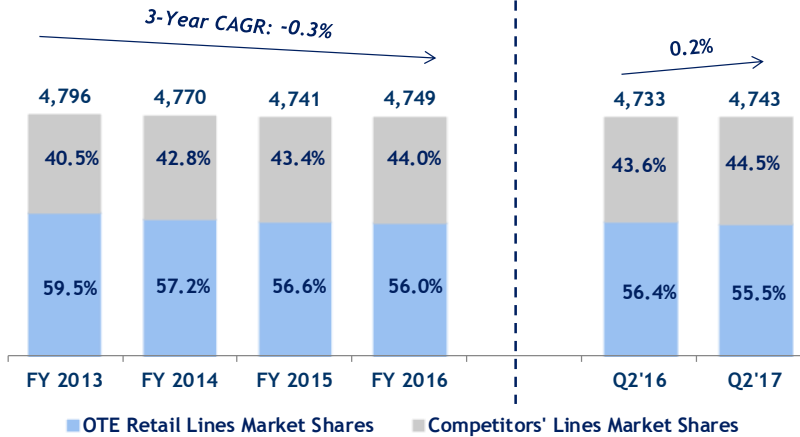
\*Based on internal market estimates



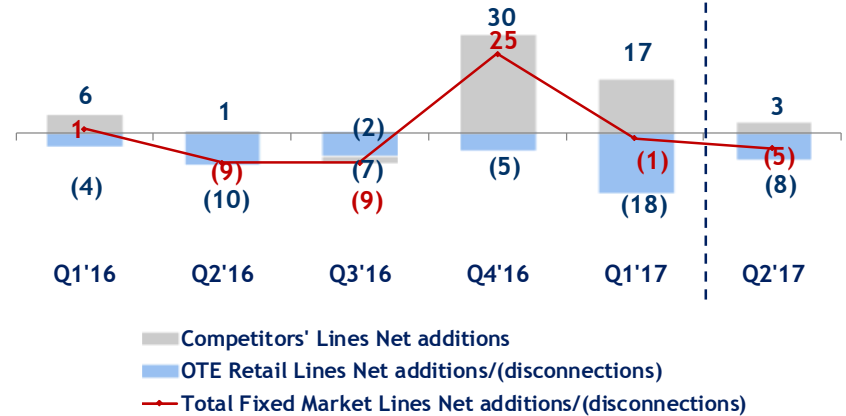
# Fixed Line Operations - Greece

## Key Operational Trends

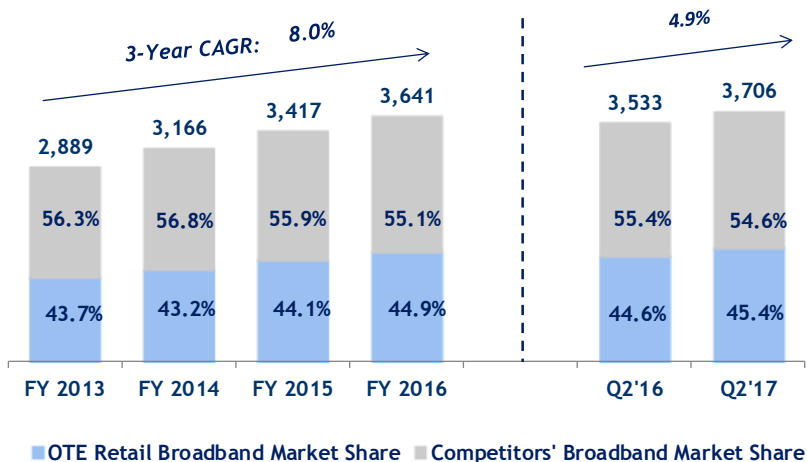
### Fixed-Line Access Line Evolution ('000)



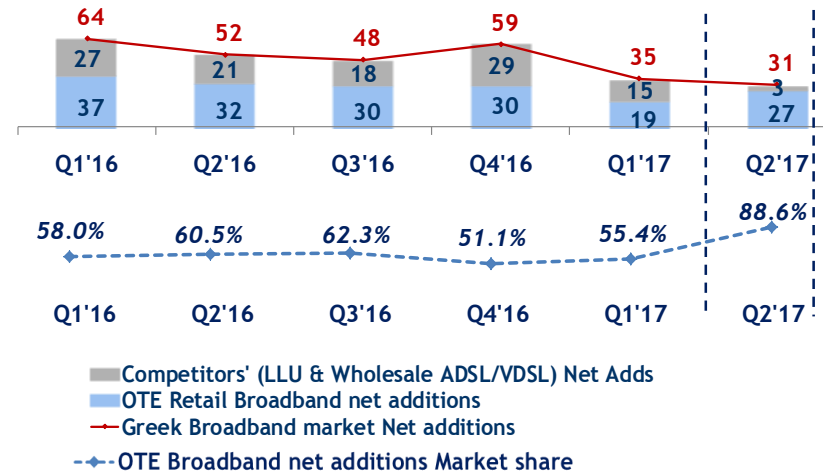
### Fixed-Line Net Additions ('000)



### Broadband Market Evolution ('000)



### Broadband Net Additions ('000)



# NGN Expansion in Greece

OTE pursues the rapid expansion of its New Generation Networks with VDSL and 4G gradually covering the whole Greek territory



- VDSL OTE
- 4G COSMOTE

## VDSL

- ✓ Current coverage 48%

## Mobile (Q2'17- Q2'16)

- ✓ 40% increase in mobile broadband network capacity
- ✓ 10% increase in mobile internet speeds

## 4G Expansion

- ✓ Nationwide coverage, ahead of competition
- ✓ ~97% population coverage

## LTE advanced (4G+)

- ✓ Nationwide coverage, ahead of competition
- ✓ ~86% population coverage

## LTE Advanced Pro

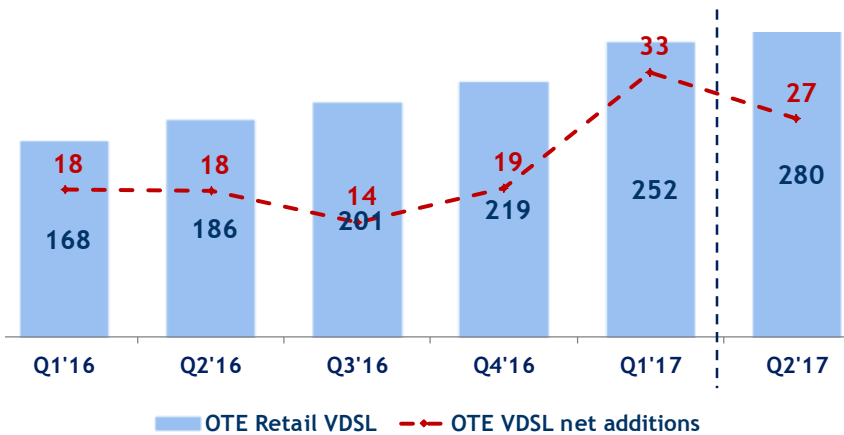
- ✓ 4G++ with 3 Carrier Aggregation & 256 QAM technology with speeds up to 500Mbps
- ✓ Rollout actions on-going in big cities, smaller towns & popular destinations

## VoLTE/ VoWiFi (1st operator in Greece)

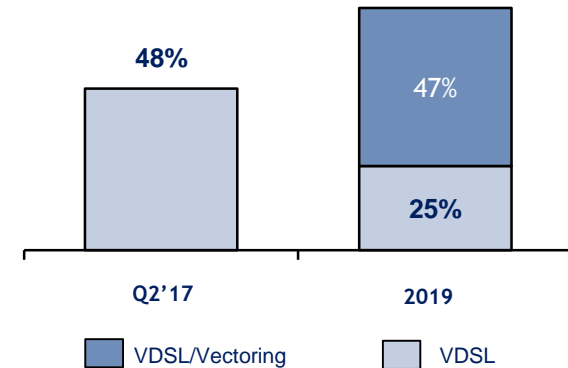
- ✓ Cosmote customers can use cellphones moving from LTE coverage to indoor areas with low coverage using their WiFi hotspot connection and the reverse (from WiFi to outdoor)

# Fixed Line Operations - Greece Leader in VDSL take up

VDSL subscribers in Greece ('000)



VDSL Coverage

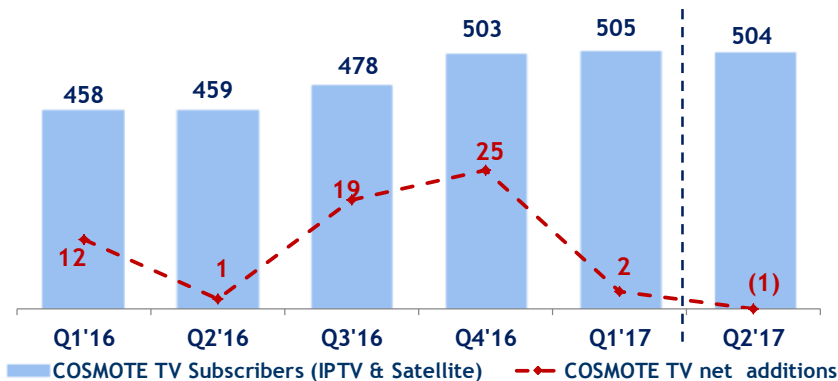


- ✓ OTE is continuing to expand the reach of its VDSL network, to meet strong customer demand, with net additions of 27k in the quarter
- ✓ OTE is well positioned to convert a significant portion of its base to higher broadband speeds & premium service
- ✓ Following the conclusion of the vectoring regulatory process, OTE is rapidly expanding the VDSL coverage
- ✓ High-speed VDSL broadband service had been adopted by 280K subscribers, or 16.6% of OTE's retail broadband base, by the end of the quarter

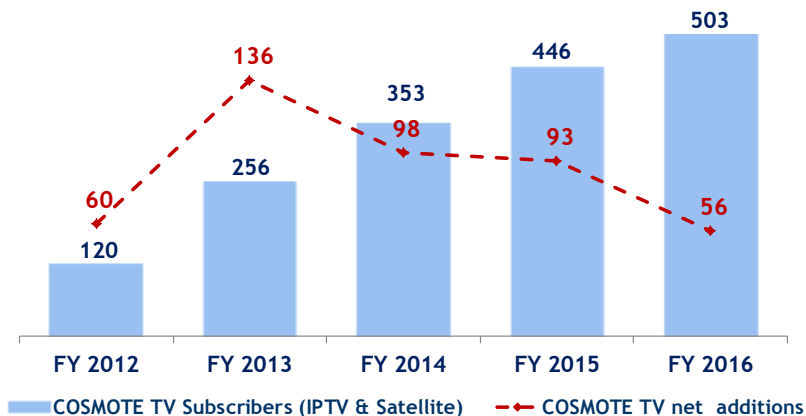
# Fixed Line Operations - Greece

## Pay-TV offering by OTE

### COSMOTE TV Subscribers ('000)



### COSMOTE TV Subscribers ('000)



### The Market

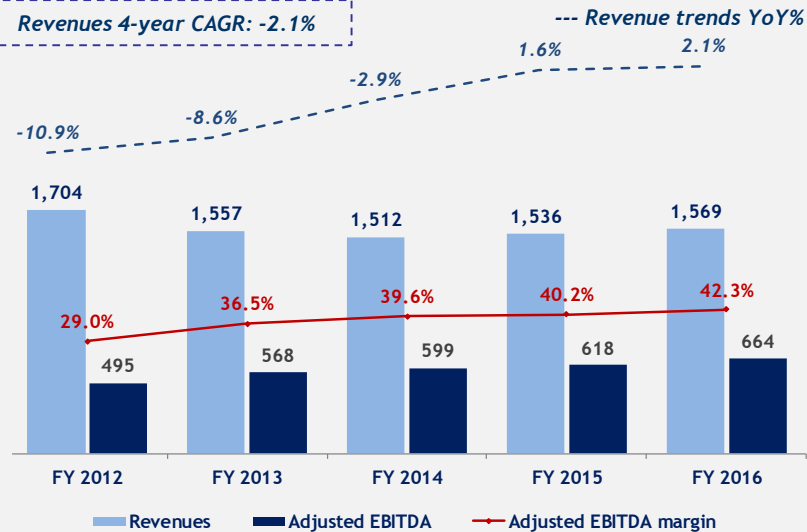
- Free-to-air channels content has deteriorated drastically in recent years, widening the quality differential versus competition
- Exclusive premium content at PayTV offerings
- Still at low penetration levels (<25% of households, behind EU benchmark)
- New 10% tax imposed on Pay TV services since June'16, affecting demand
- Signs of maturity of TV market segment

### OTE

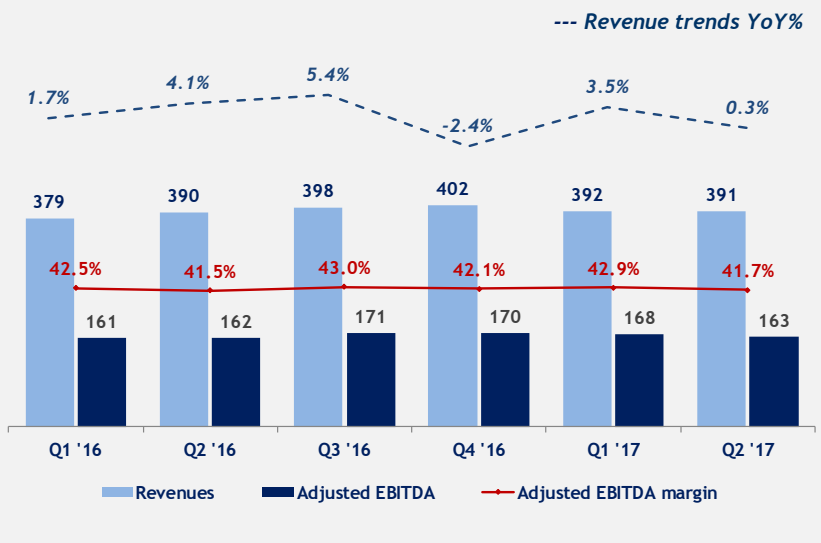
- Modest growth of almost 10% on TV subscribers' base mainly reflecting pressure on consumer spending & market maturity
- The service's growth is fueled by extensive, exclusive and diverse content

# Fixed Line Operations - Greece Financial Overview

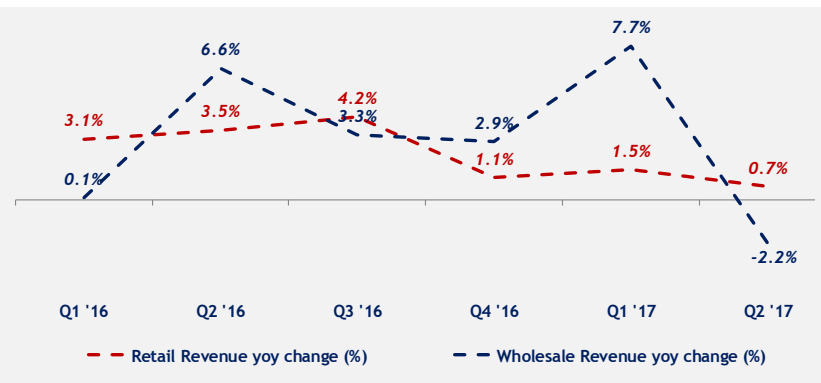
## Full Year (€mn)



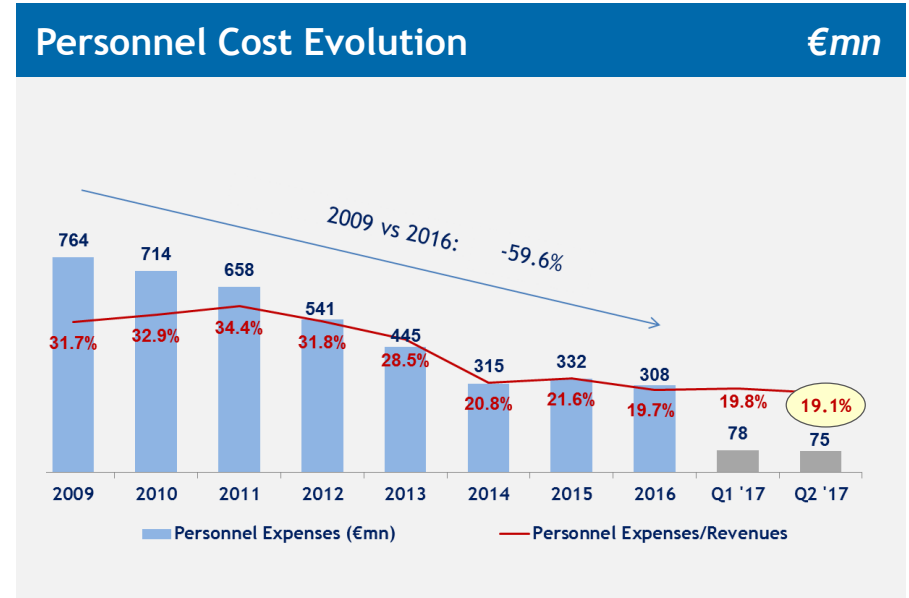
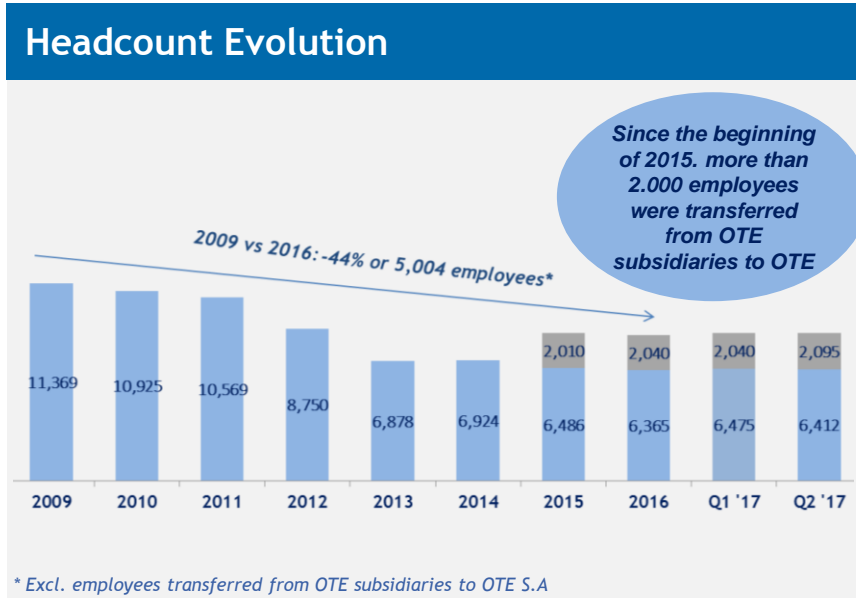
## Quarterly (€mn)



- YoY revenues growth of 0.3% in Q2'17
- Revenues from retail fixed supported by continuing strong performance mainly in broadband
- Broadband revenues boosted by strong VDSL take-up in the quarter
- Adjusted EBITDA margin at ~42%, supported by revenue growth and cost reduction initiatives



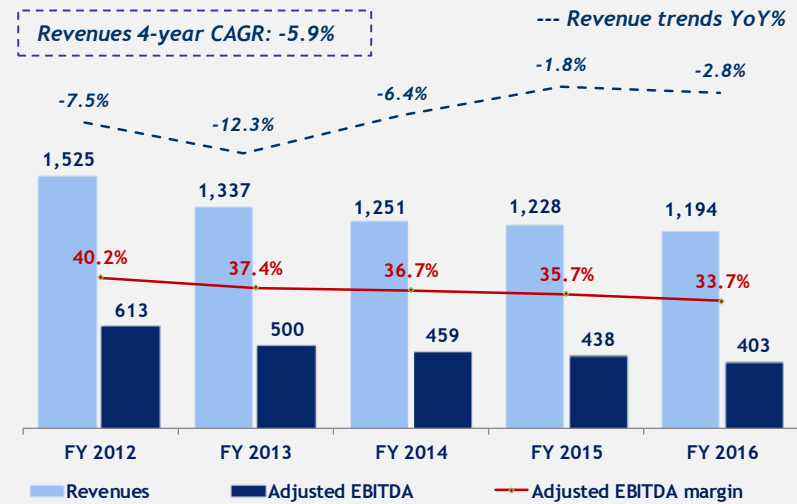
# OTE S.A - Headcount & Employee Cost Evolution



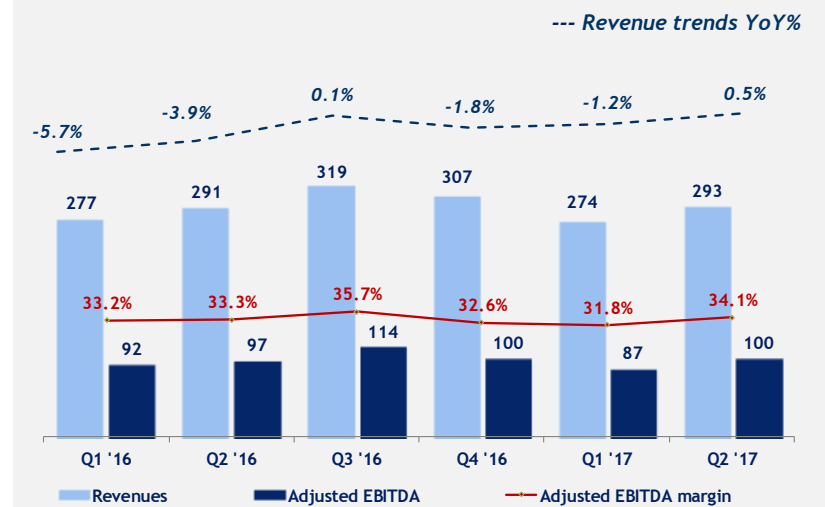
Significant Personnel Cost Reduction achieved through constant efficiency gains, implemented by voluntary leave schemes

# Mobile Greece - Financials

## Full Year (€mn)

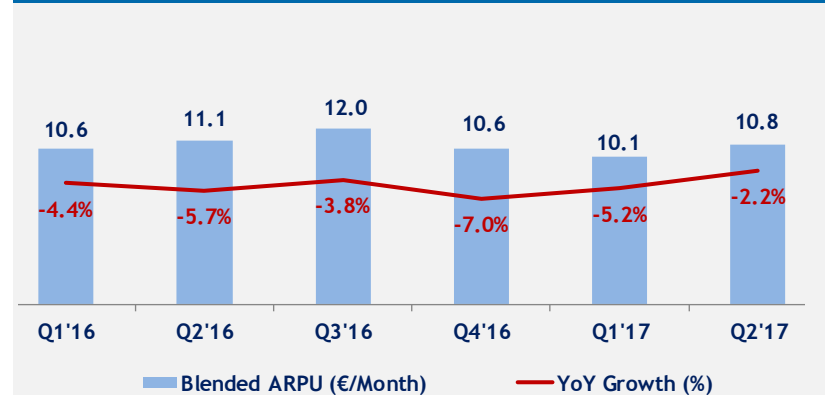


## Quarterly (€mn)

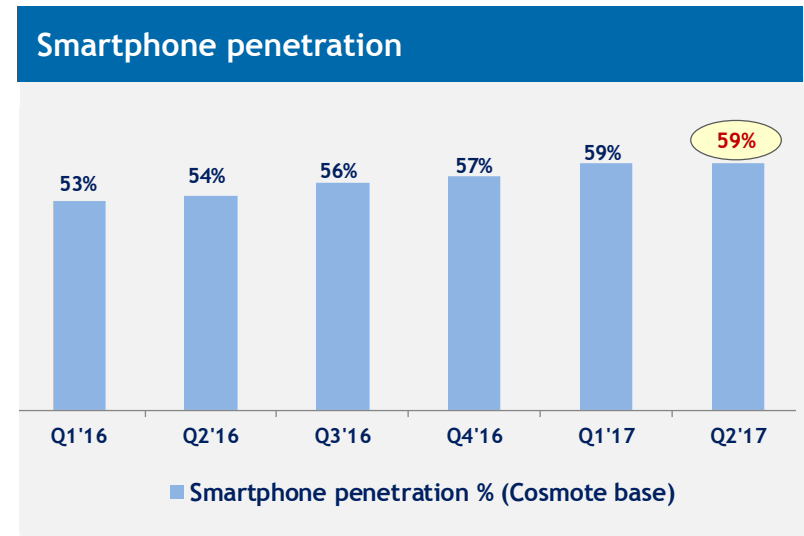
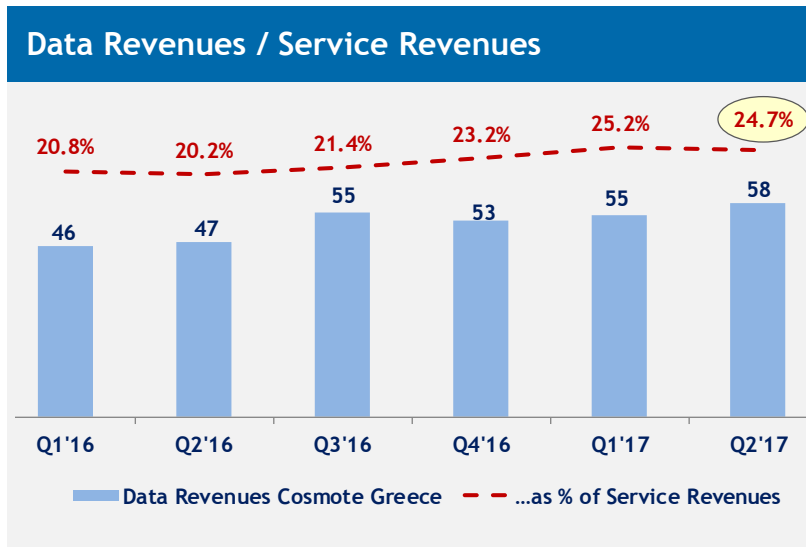


- Market leader since 2001
- Customer-centric strategy, focusing on customer experience and high quality of services
- Investing to maintain network superiority in terms of coverage and speeds
- Improving Revenue & Service Revenue trends in an environment that remains under pressure
- The first quarter after several years with positive trend in mobile service revenues & EBITDA

## Blended ARPU Evolution (€/month)



# Mobile Greece - Data Penetration



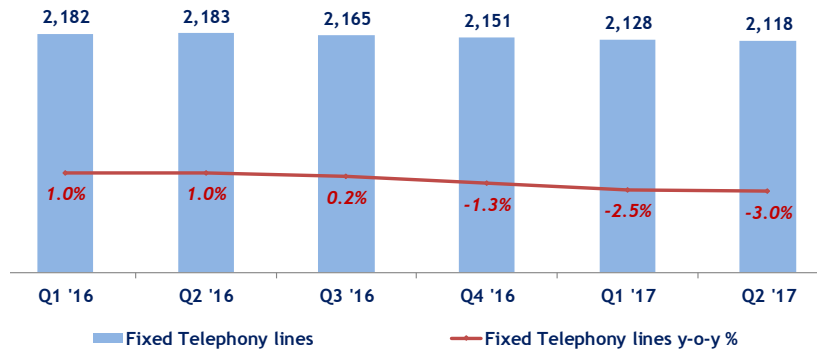
- First to roll out LTE Network in Greece - Leader with superior coverage capacity versus competition
- First to launch 4G+ mobile broadband network
- First to launch VoLTE/ VoWiFi services
- Expanding 4G footprint; ~ 97% population coverage
- 4G+ at ~ 86% population coverage
- Significant growth potential fueled by growing demand for data services and smartphone penetration
- Data revenues up by 23% in Q2 2017; 59% of customer base are smartphone users
- Data standing at 25% of service revenues
- Meet high demand through integrated offerings with MB/Data included



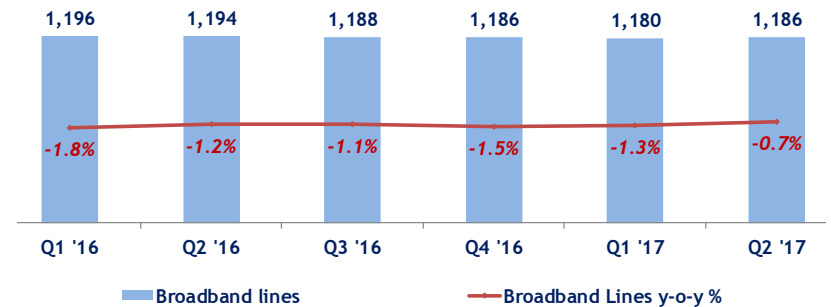
# Fixed Line Operations - Romania

## Telekom Romania key Metrics

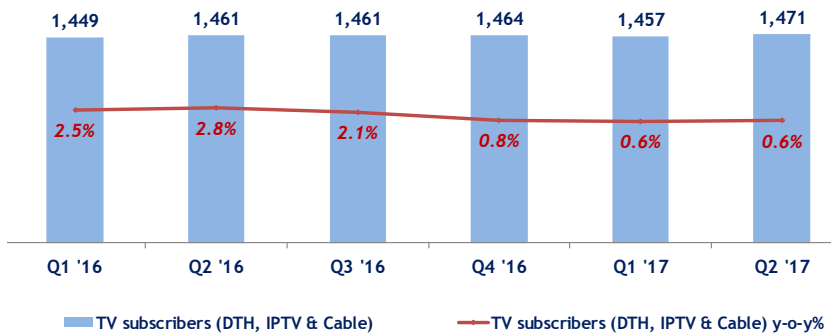
### Fixed Lines (000)



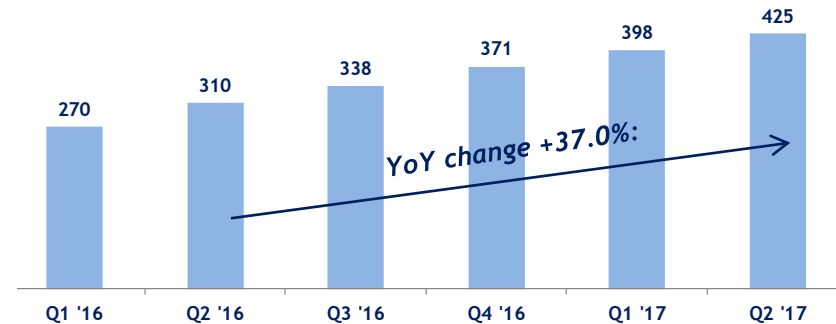
### Broadband Lines (000)



### TV Subscribers (DTH, IPTV & Cable - 000)

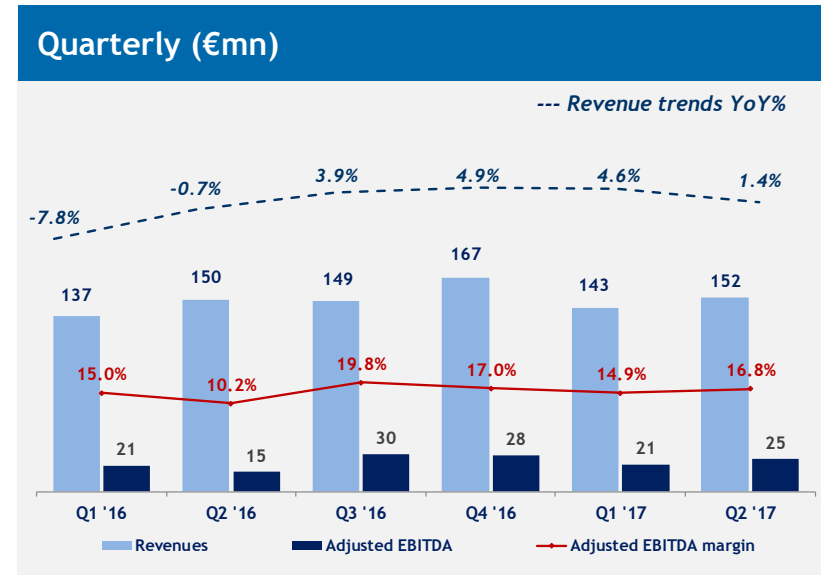
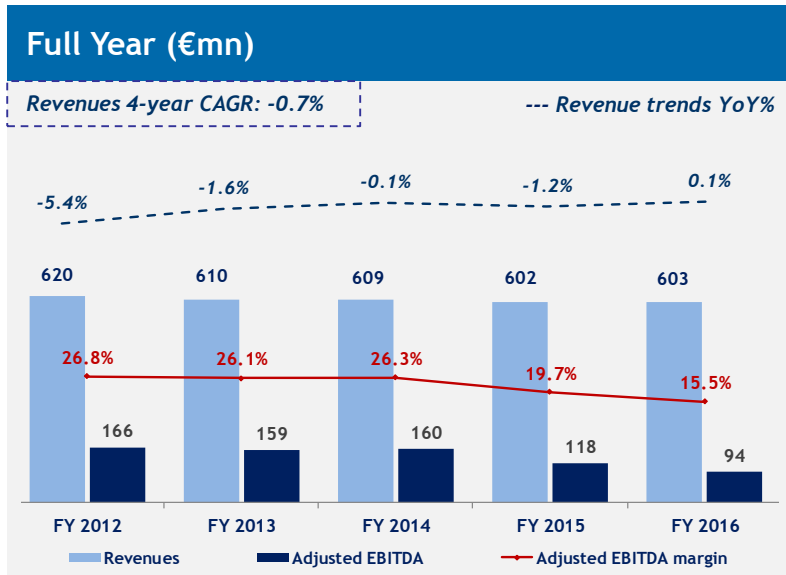


### FMC customers (000)



# Fixed Line Operations - Romania

## Telekom Romania Financial Overview



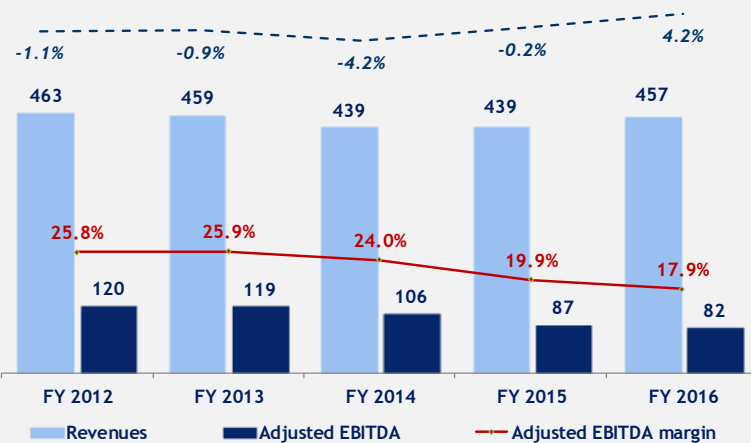
- Positioned as a technology and media provider, breaking away from a single fixed line business model
- Revenues +1.4% in Q2'17, primarily reflecting successful FMC solutions and higher wholesale revenues

# Mobile Romania - Financials

## Full Year (€mn)

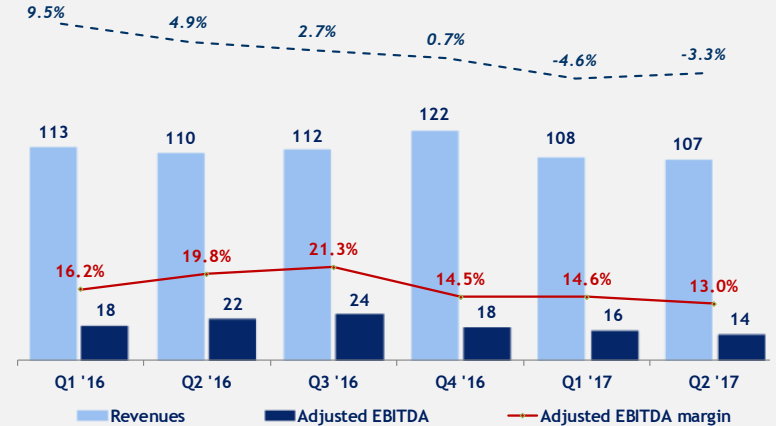
Revenues 4-year CAGR: -0.3%

--- Revenue trends YoY%

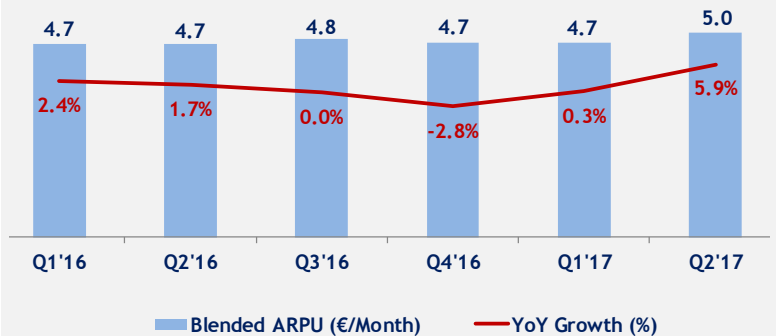


## Quarterly (€mn)

--- Revenue trends YoY%



## Blended ARPU Evolution (€/month)



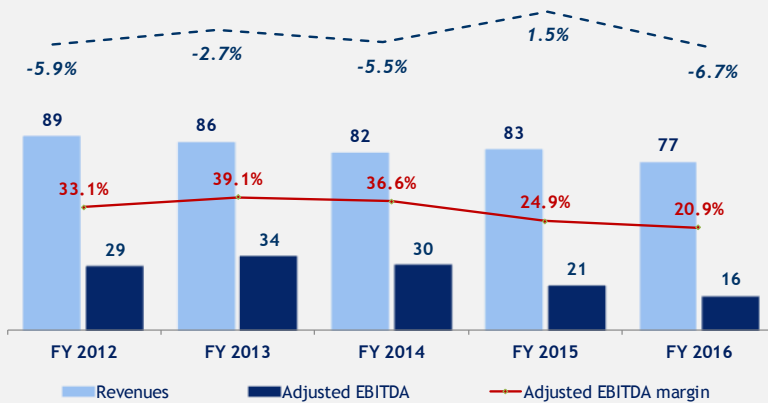
- Operating in an intensely competitive environment
- Growing business segment reflecting the Company's targeted offers for professional users and synergies created
- Steps to improve performance, including enhanced 4G capabilities, sales channels refocusing and cost improvements

# Mobile Albania -Financials

## Full Year (€mn)

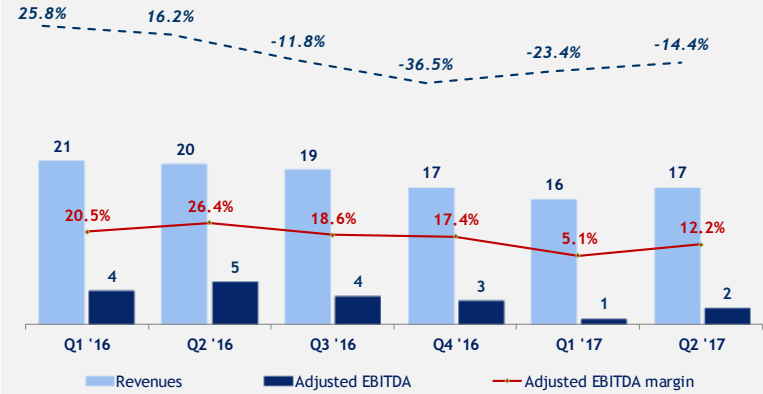
Revenues 4-year CAGR: -3.4%

--- Revenue trends YoY%



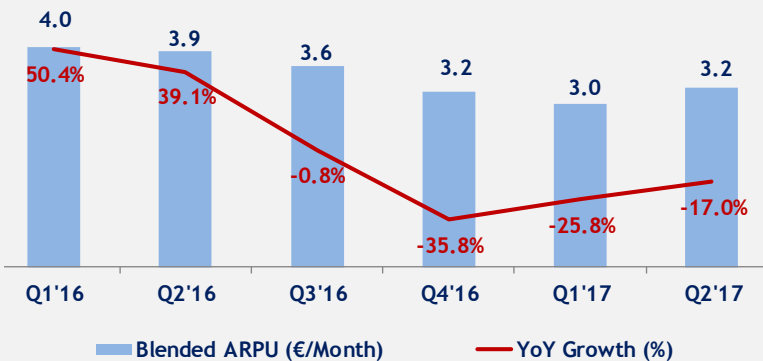
## Quarterly (€mn)

--- Revenue trends YoY%



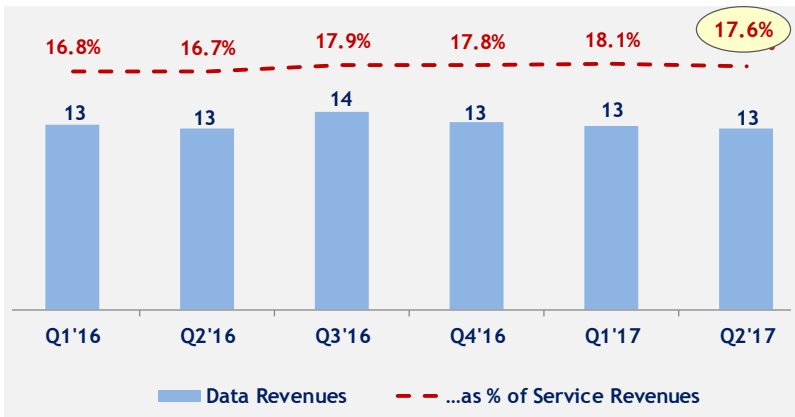
- Focused on its strategy of reducing dependency on international incoming revenues
- Decline of international incoming traffic negatively affect top line & profitability

## Blended ARPU Evolution (€/month)



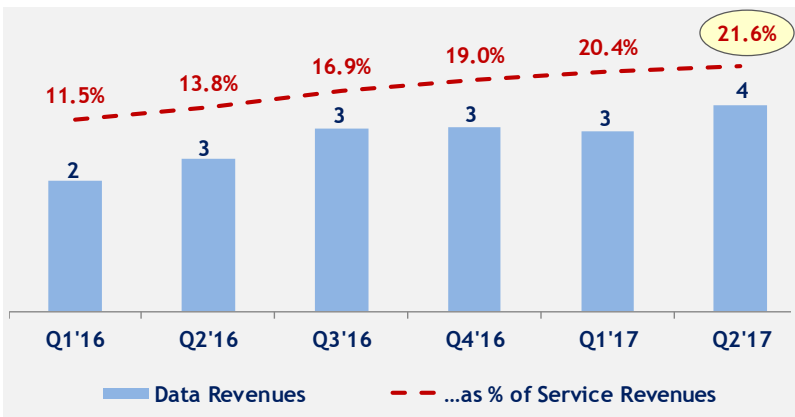
# Mobile International - Data Penetration

## Romania - Data / Service Revenues



- Smartphone-centric operator with ongoing development of 3G & 4G services portfolio
- New mobile applications in order to promote mobile data services
- 4G National Roaming Agreement in place since Q2'16

## Albania - Data / Service Revenues

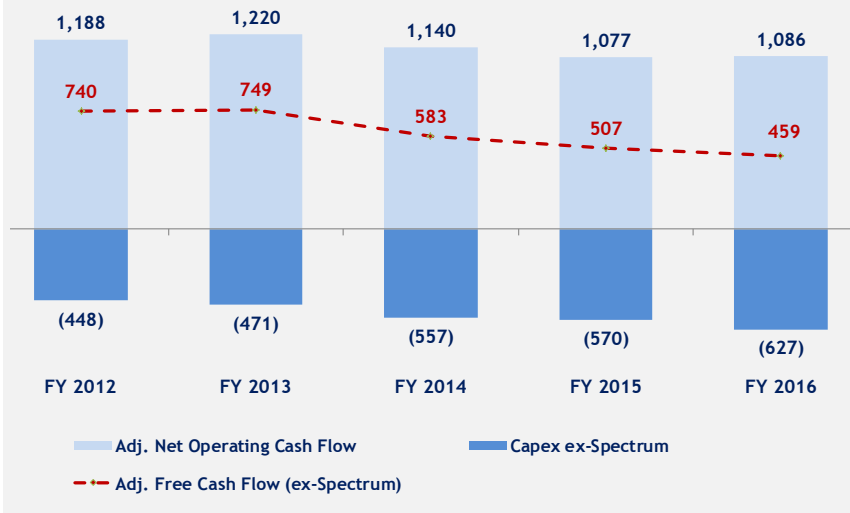


- Enriched data services & product portfolio to enhance data usage
  - 36% increase in mobile data revenues in Q2'17
- Extensive 4G network rollout

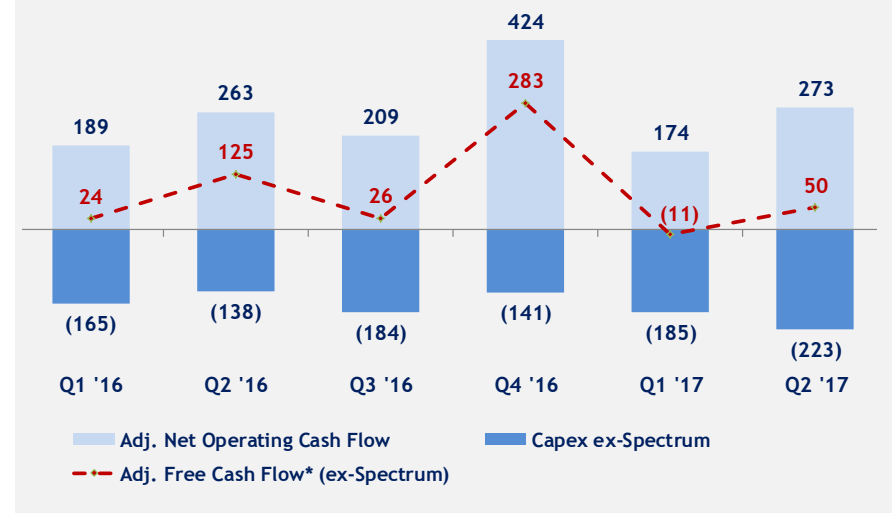
# | Cashflow Review

# OTE Group Cash Flow Trends

## Full Year (€mn)



## Quarterly (€mn)

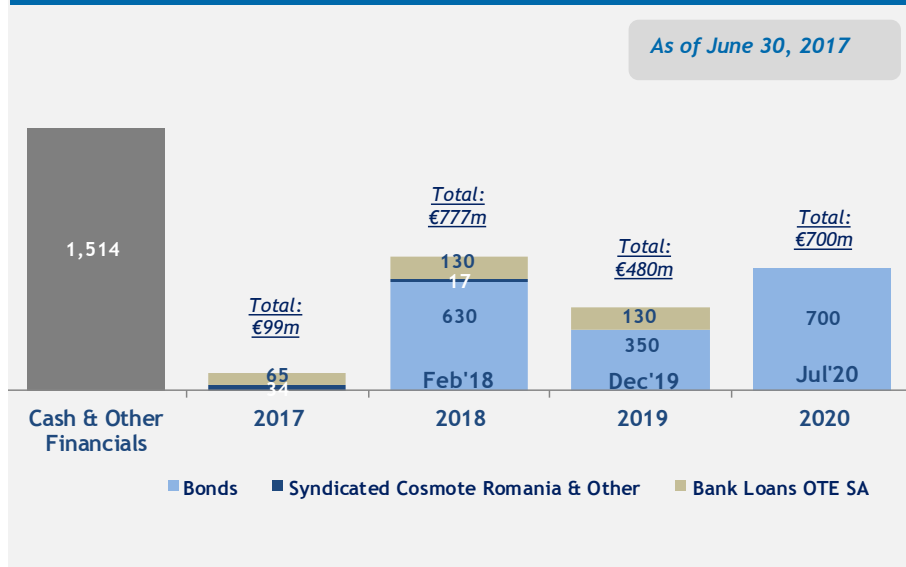


- Accelerated investment plan in revenue-generating areas
- CapEx (ex-spectrum) at €223mn in Q2'17, up 61.5%
- Adj. Free Cash Flow generation at €50m in Q2'17, primarily reflecting the increase in Capex

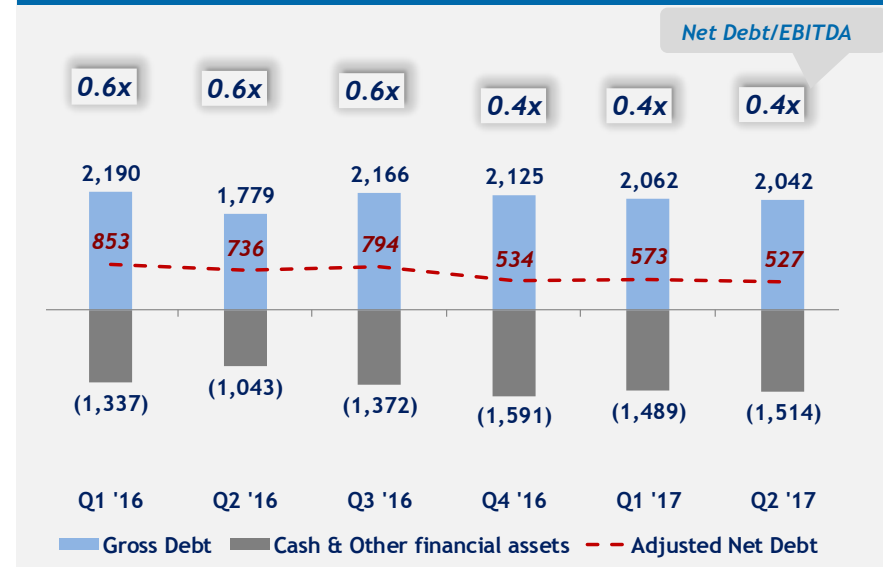
OTE expects Adjusted Free Cash Flow for 2017 to amount to approximately €250mn, adversely affected by temporarily accelerated investments and exceptional tax outlays

# OTE Group Debt & Liquidity Profile

## Debt Maturity Profile - Nominal Amounts (€mn)



## Debt & Cash Evolution (€mn)

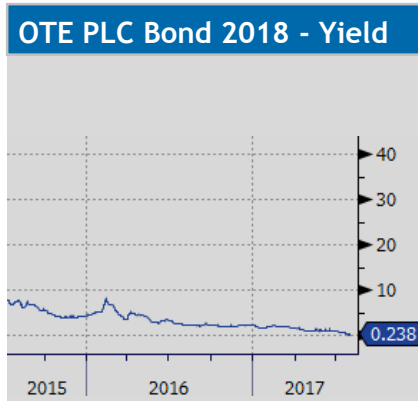


- Existing cash balances and cashflow secure the servicing of debt payments



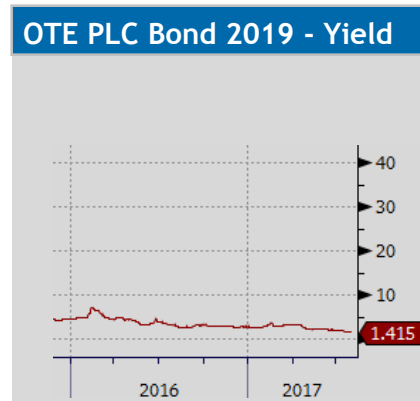
# OTE Credit Profile

## OTE PLC Bonds Overview

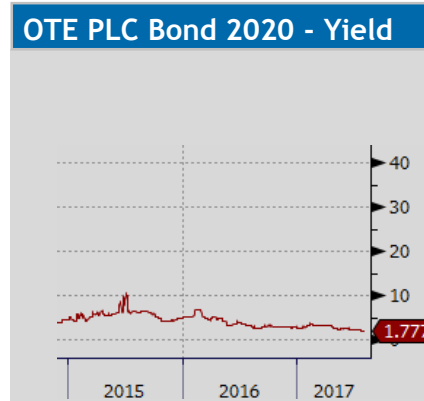


**Maturity: Feb 2018**  
**Outstanding Amount: €630m**  
**Coupon: 7.875%(paid semi-annually)**

Source: Bloomberg - Data as of Aug'2, 2017

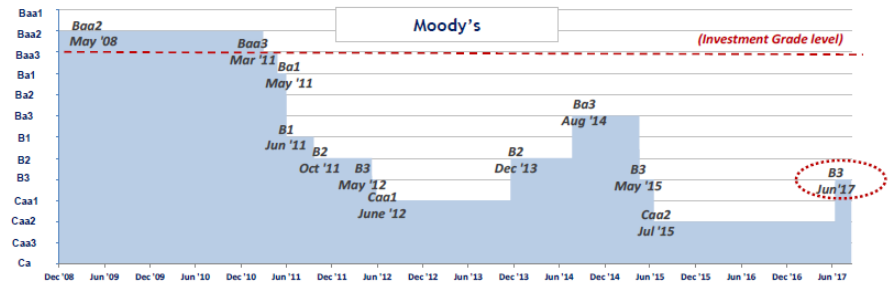
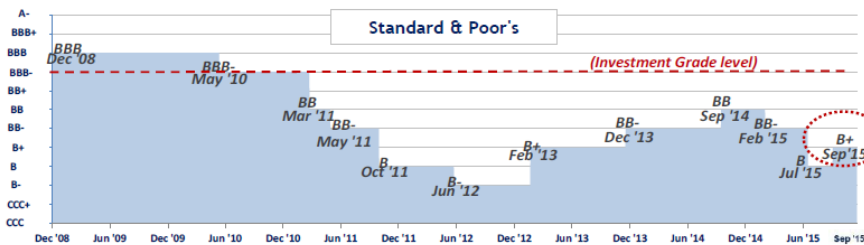


**Maturity: Dec 2019**  
**Outstanding Amount: €350m**  
**Coupon: 4.375%**



**Maturity: July 2020**  
**Outstanding Amount: €700m**  
**Coupon: 3.5%**

## OTE's Rating Evolution



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