

OTE
Hellenic Telecommunications
Organization

Q3 2017 Results



GROUP OF COMPANIES

| OTE Group Overview

Note: The purpose and calculations of all 'Adjusted' data and the Alternative Performance Measures presented are detailed in the Alternative Performance Measures Section of the 2016 Annual Report of the Board of Directors & in the Quarterly Press Releases

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

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: 20,627	Market Cap: €5.3bn

Albania	
Mobile Business	
Mobile subscribers:	1.9mn

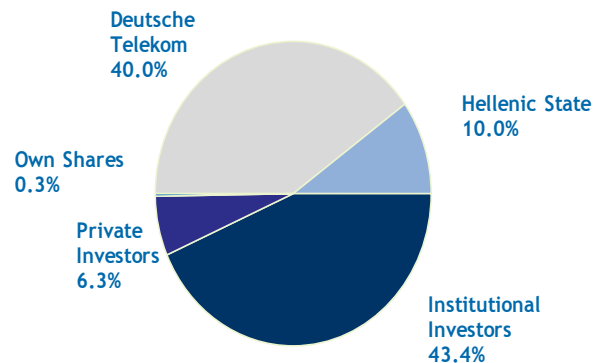
Greece	
Fixed Business	
OTE Retail lines:	2.6mn
Broadband Retail subscribers:	1.7mn
COSMOTE TV subscribers:	517k
Mobile Business	
Mobile subscribers:	7.9mn

Romania	
Fixed Business	
Total access lines*:	2.1mn
Broadband subscribers*:	1.2mn
TV subscribers:	1.5mn
...FMC Customers:	456k
Mobile Business	
Mobile subscribers:	4.8mn

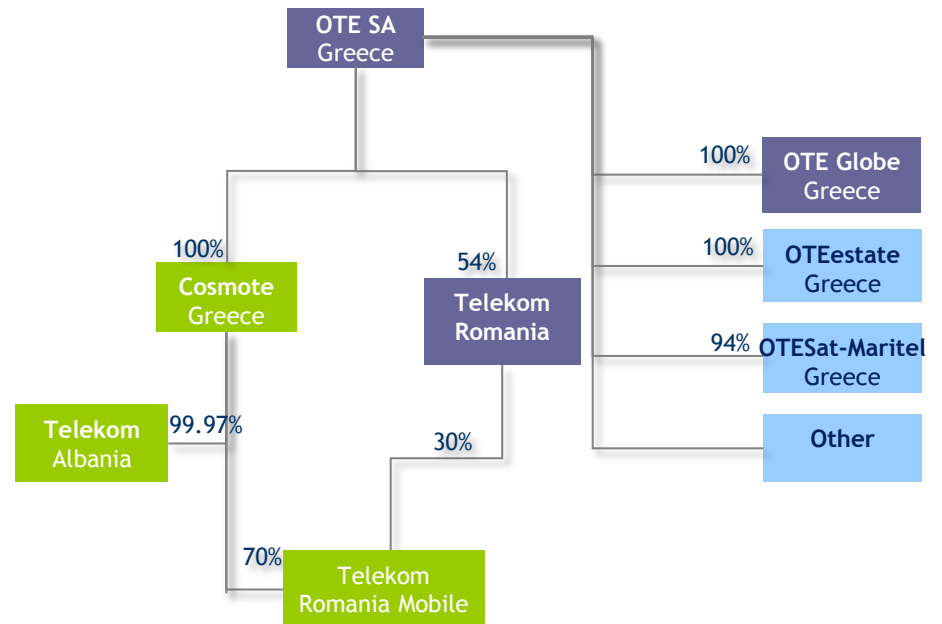


At a Glance

Shareholder Structure (Sep' 30, 2017)



Group Structure



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

- 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

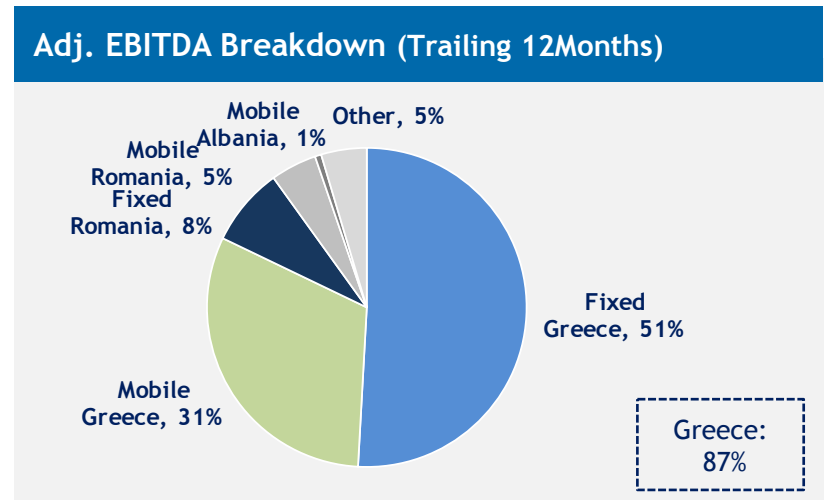
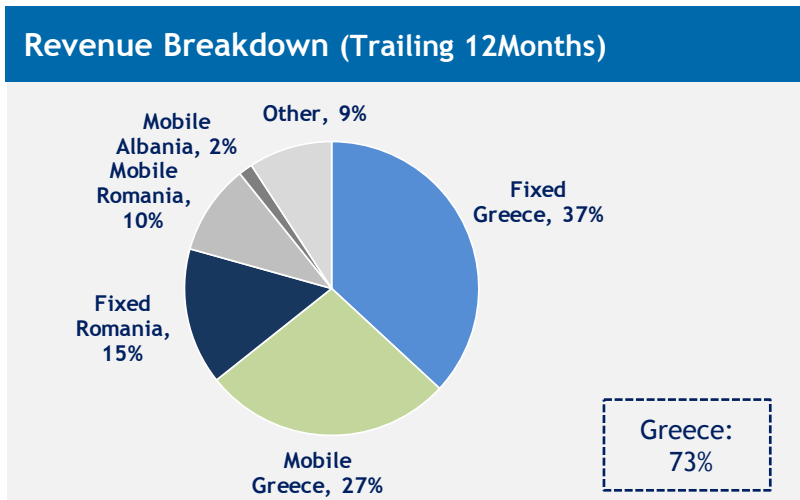
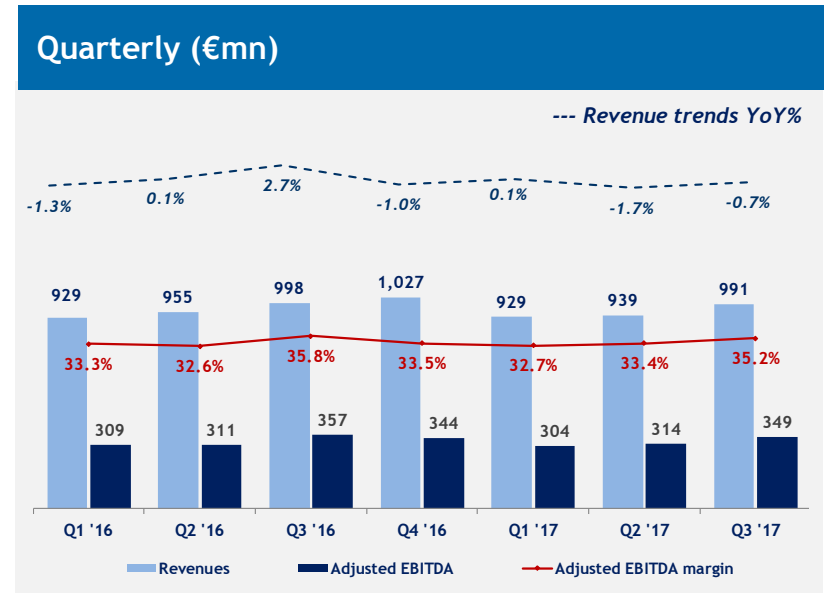
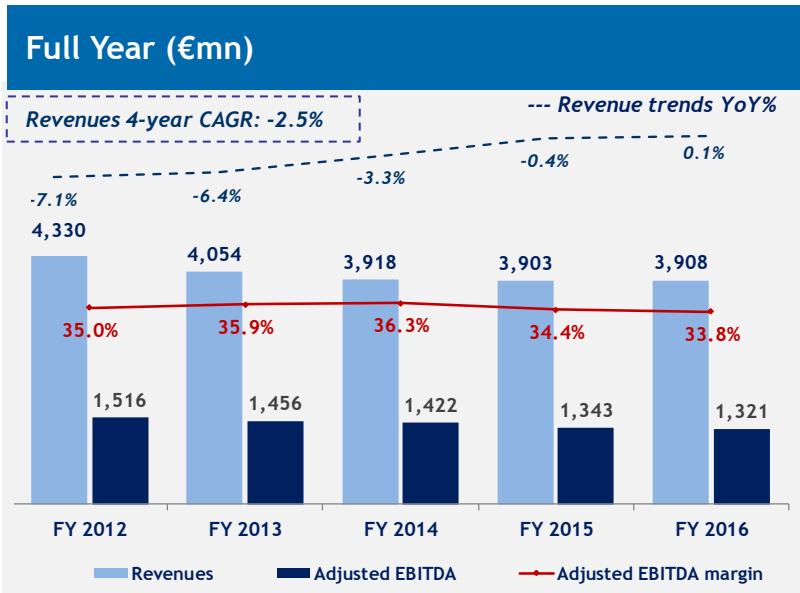
Operational and Cost Optimization

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

People Strategy

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

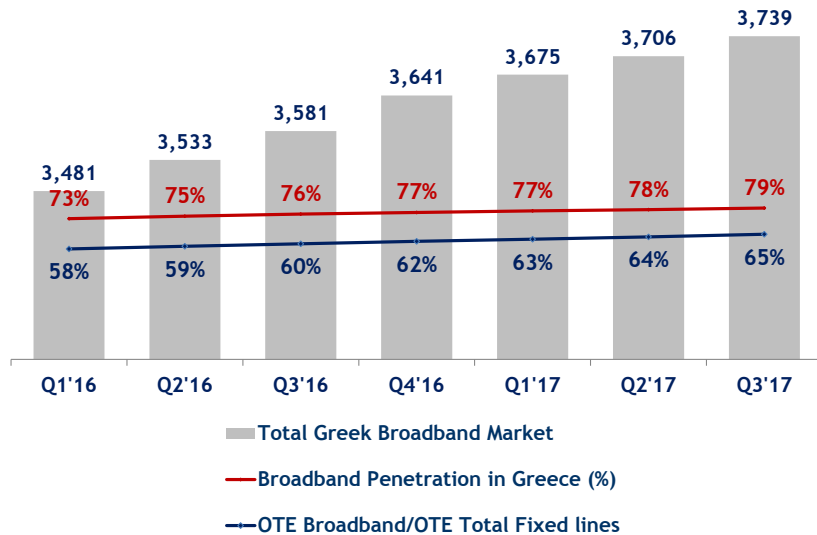
Group - Key Financials



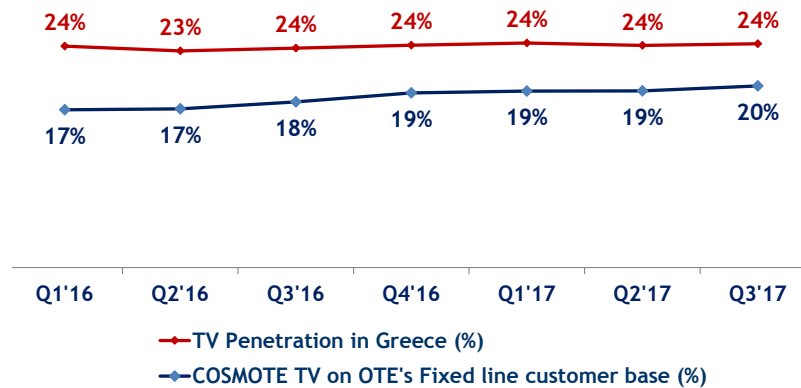
| Greece Overview

Fixed Line Operations - Greece Market Overview

Evolution of Greek Broadband Market* ('000)



TV Penetration in Greece*

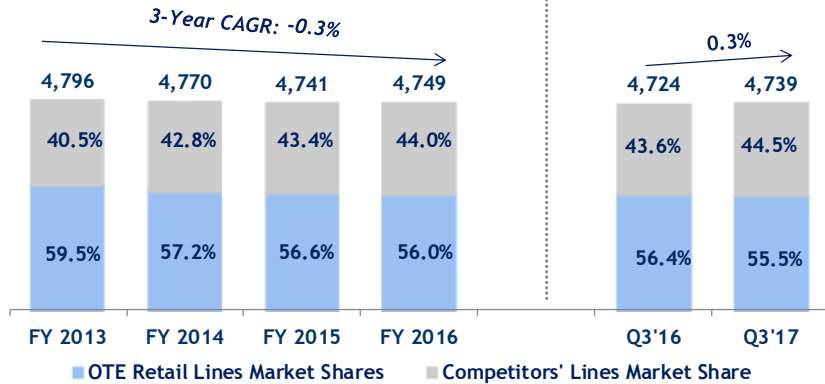


- FTTC uptake driving strong Broadband performance
- Significant upside potential, through enhancing broadband penetration
- Broadband market growth at +4%, despite 5% tax imposed on Fixed - Broadband in Jan'17
- OTE achieved strong net additions of 34k retail Broadband customers

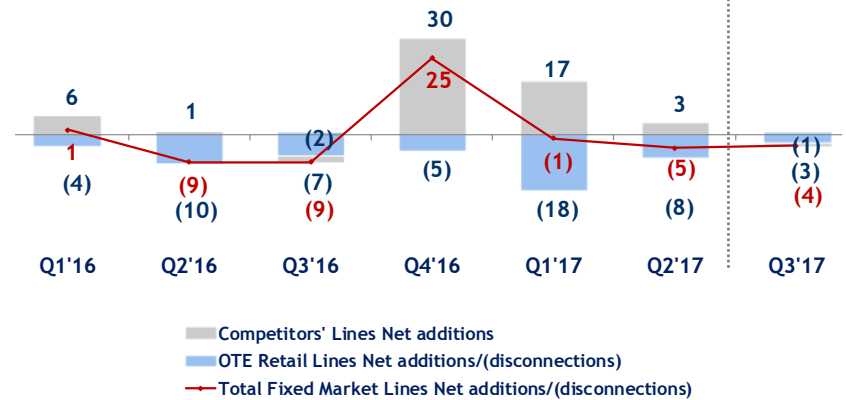
Fixed Line Operations - Greece

Key Operational Trends

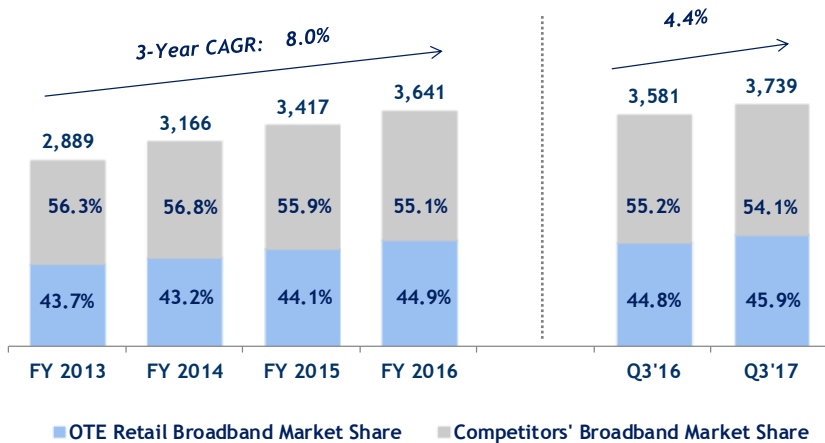
Fixed-Line Access Line Evolution ('000)



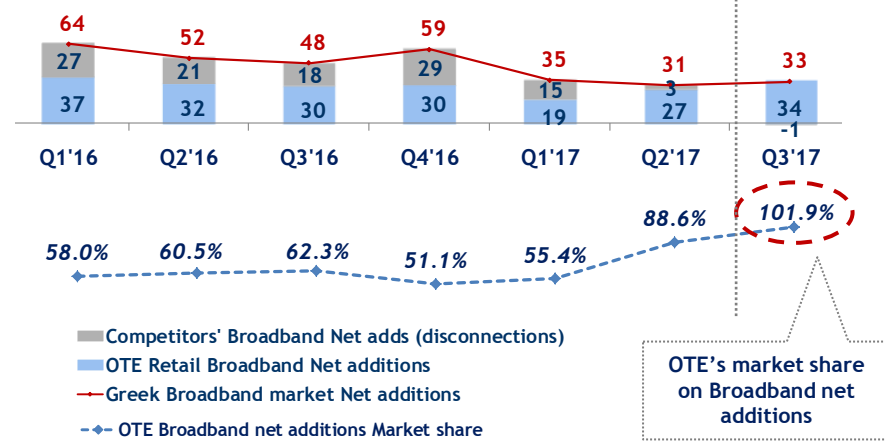
Fixed-Line Net Additions ('000)



Broadband Market Evolution ('000)



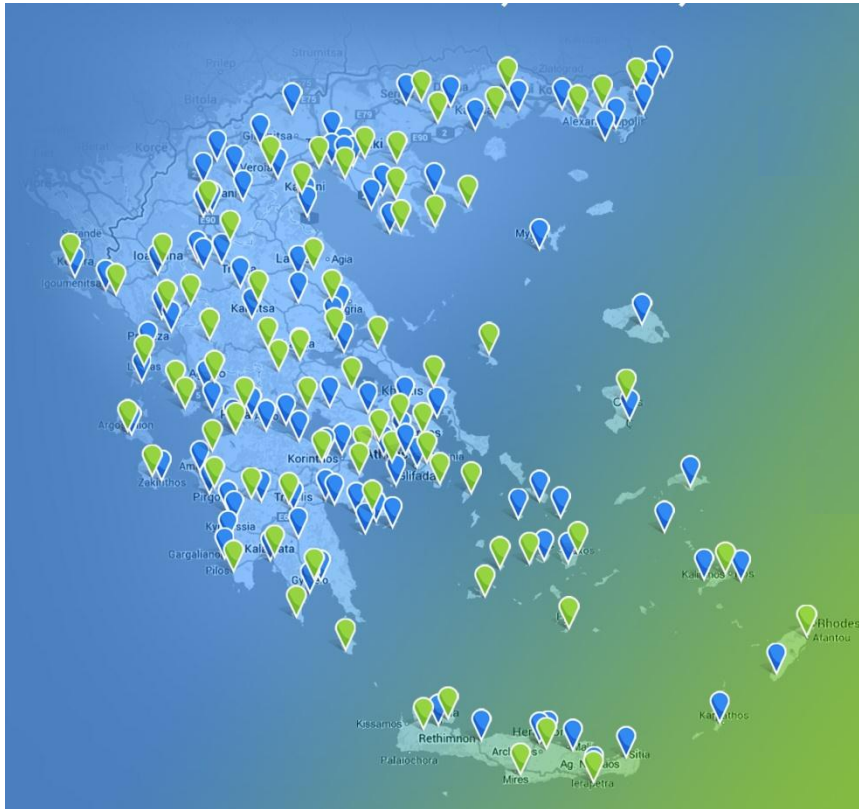
Broadband Net Additions ('000)



OTE's market share on Broadband net additions

NGN Expansion in Greece

OTE is achieving the rapid expansion of New Generation Networks with FTTC and 4G/4G+ gradually covering the whole Greek territory



- VDSL OTE
- 4G COSMOTE

VDSL

- ✓ Coverage at **54%**

Mobile (Q3'17- Q3'16)

- ✓ 33% increase in mobile broadband network capacity
- ✓ 150% increase in mobile broadband traffic

4G Expansion

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

LTE advanced (4G+)

- ✓ Nationwide coverage, ahead of competition
- ✓ ~**90%** 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

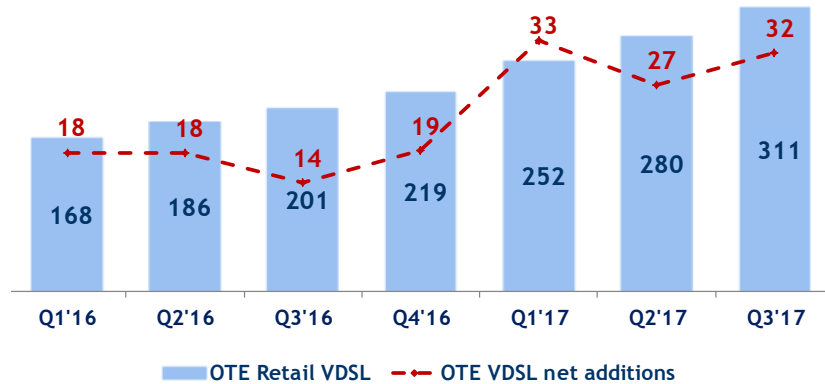
VoLTE/ VoWiFi (1st operator in Greece)

- ✓ 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)

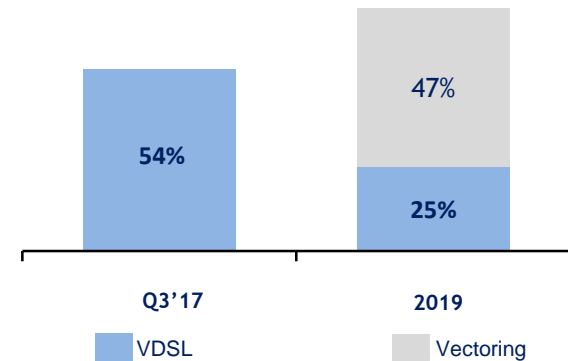
Fixed Line Operations - Greece

Leader in VDSL take up

VDSL subscribers ('000)



VDSL Coverage (%)

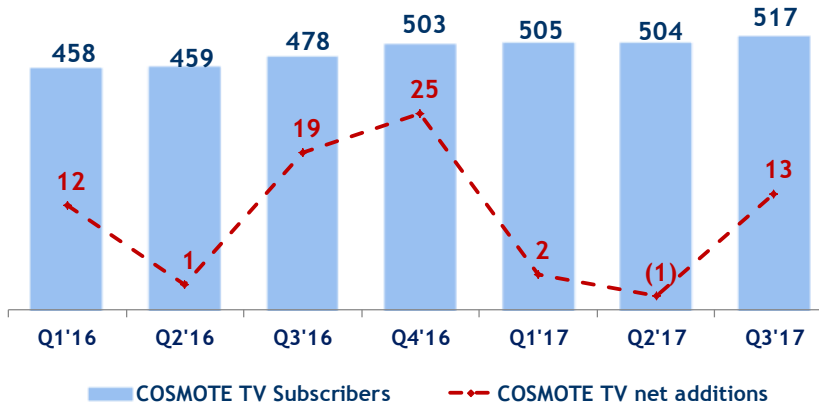


- Current phase of FTTC development completed ahead of schedule; 13k cabinets and 43,000 km fiber network; new phase of about 4k cabinets planned for 2018
- Continuing expansion of FTTC network, to meet strong customer demand, with strong VDSL net additions of 32k in Q3'17
- OTE is well positioned to convert a significant portion of its base to higher broadband speeds & premium service
- High-speed VDSL broadband service had been adopted by 311k subscribers, or 18.1% of OTE's total retail broadband base, up sharply from 16.6% at the end of the second quarter of 2017

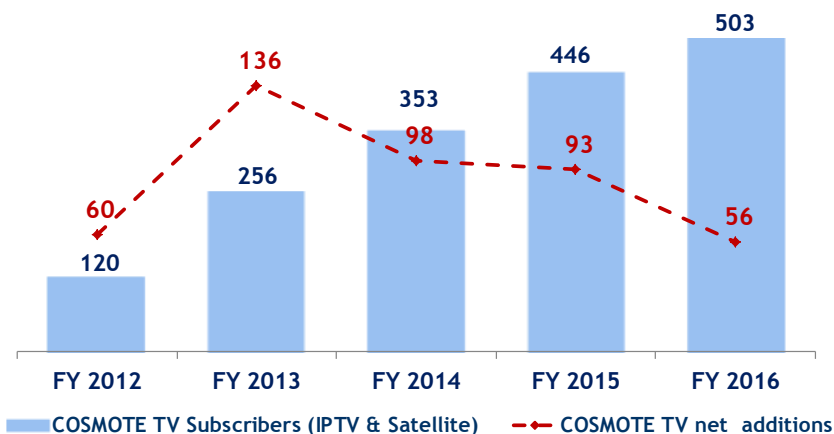
Fixed Line Operations - Greece

Pay-TV offering by OTE

COSMOTE TV Subscribers ('000)



COSMOTE TV Subscribers ('000)



The Market

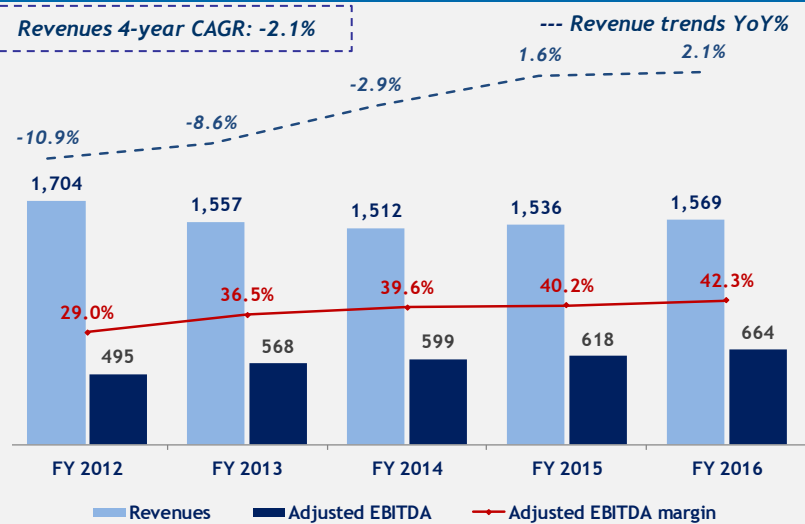
- Free-to-air channels content has deteriorated drastically in recent years, widening the quality differential versus competition
- Exclusive premium content at PayTV offerings
- Still at low penetration levels (<25% of households, behind EU benchmark)
- New 10% tax imposed on Pay TV services since June'16,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

OTE

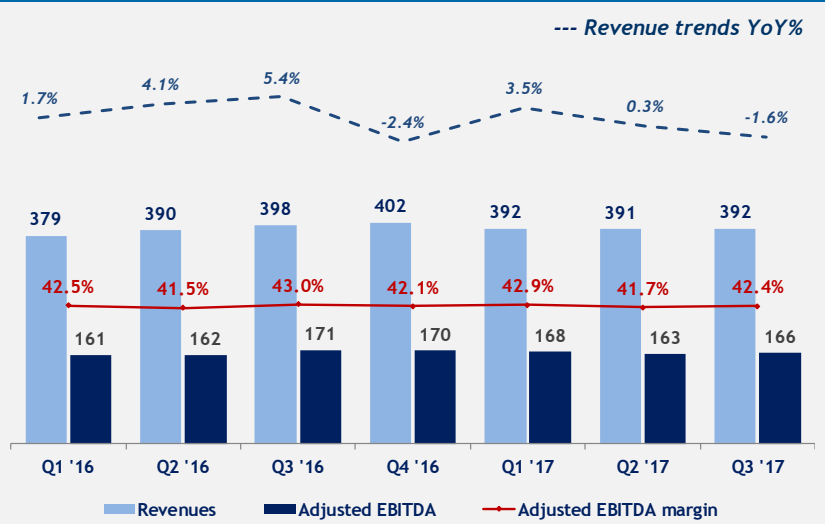
- Modest growth of 8% on TV subscribers' base mainly reflecting pressure on consumer spending & market maturity
- The service's growth is fueled by extensive, exclusive and diverse content

Fixed Line Operations - Greece Financial Overview

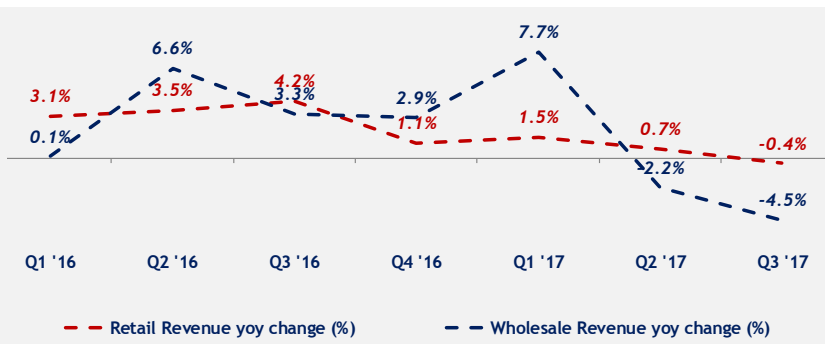
Full Year (€mn)



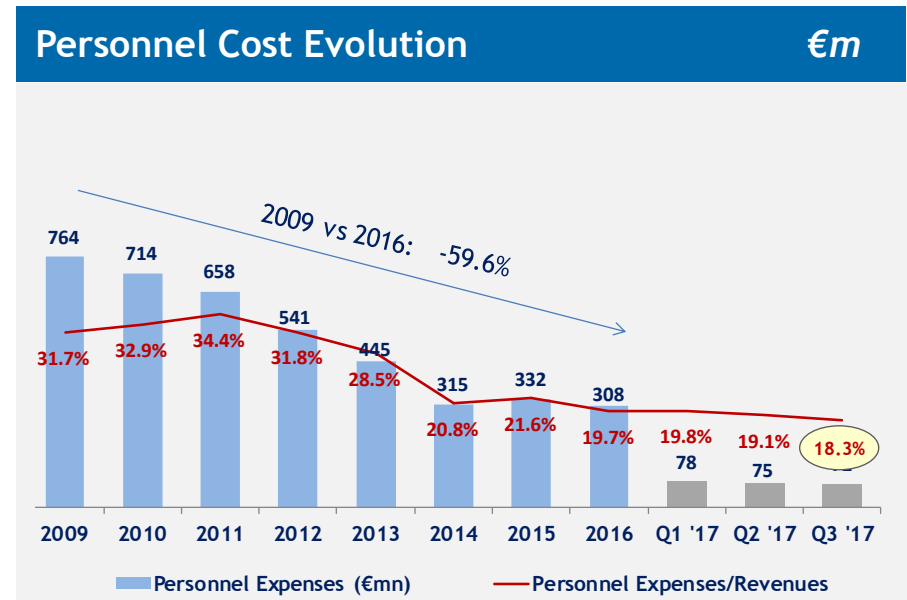
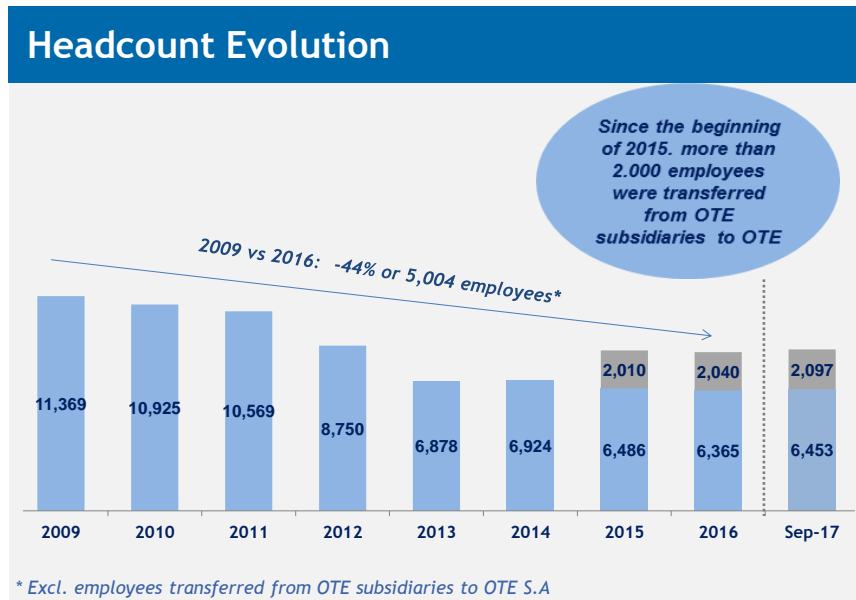
Quarterly (€mn)



- Continuing dynamic performances in broadband and pay-TV
- Broadband benefited from healthy VDSL take-up
- Wholesale revenues were impacted by the retroactive application of lower regulated unbundling prices
- Adjusted EBITDA margin is supported by cost reduction initiatives



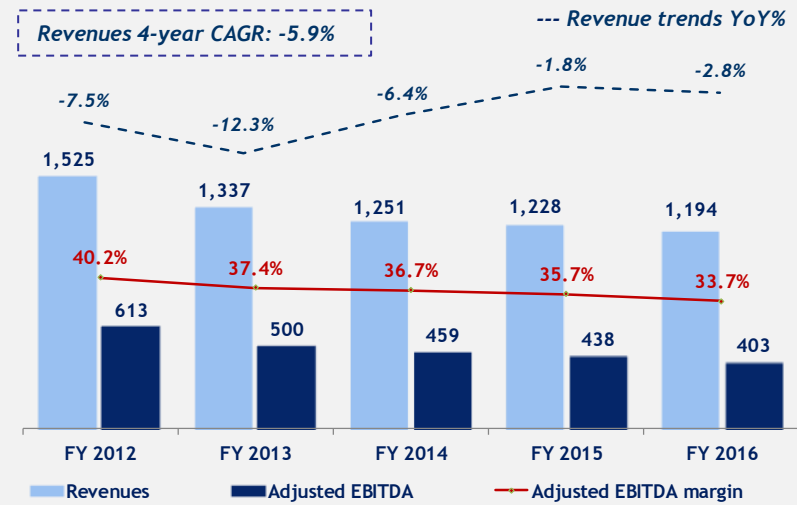
OTE S.A - Headcount & Employee Cost Evolution



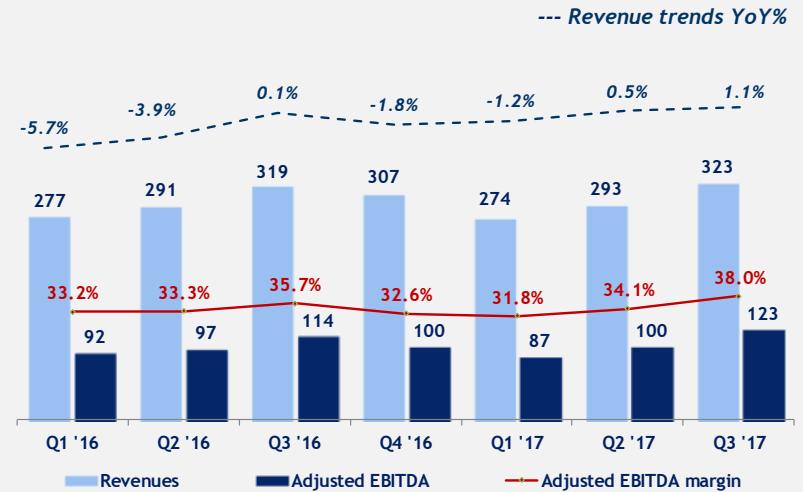
- Significant Personnel Cost Reduction achieved through constant efficiency gains, implemented by voluntary leave schemes
- New Voluntary Scheme will be complete within 2017

Mobile Greece - Financials

Full Year (€mn)

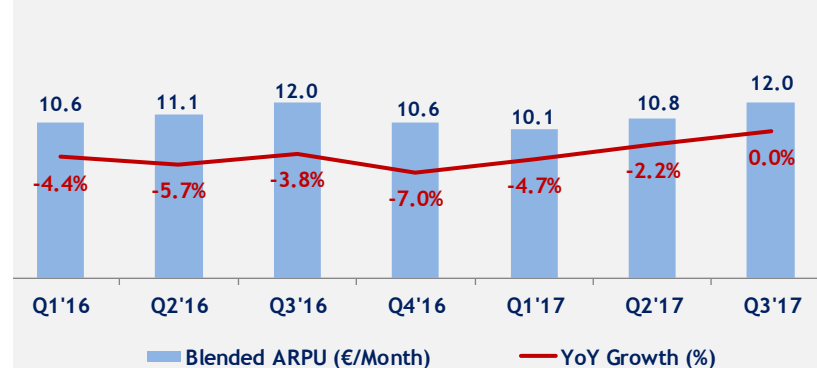


Quarterly (€mn)



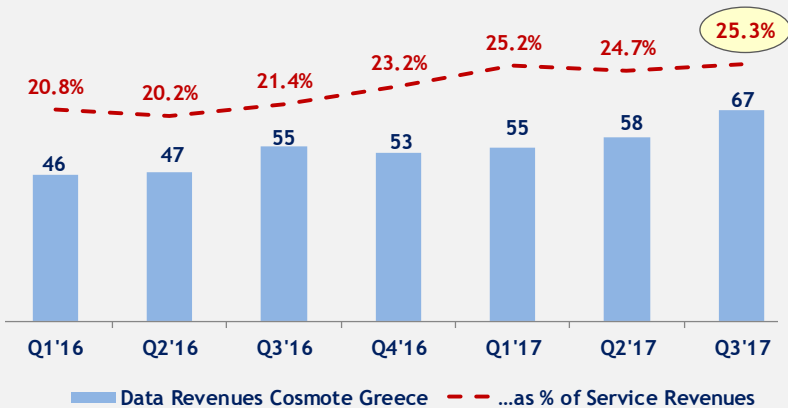
- Market leader since 2001
- Customer-centric strategy, focusing on customer experience and high quality of services
- Investing to maintain network superiority in terms of coverage and speeds
- Improving Revenue trends in an environment that remains under pressure
- Second consecutive quarter after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

Blended ARPU Evolution (€/month)

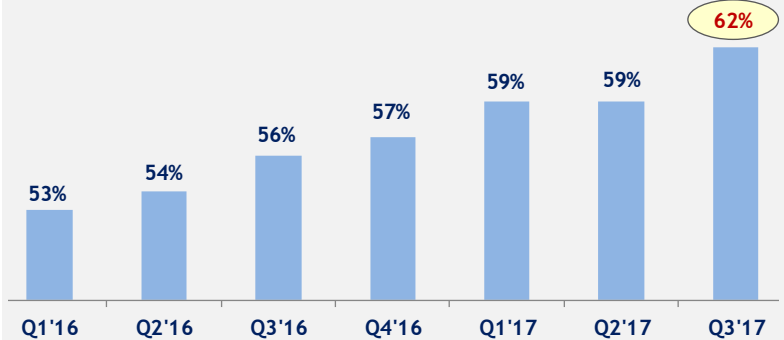


Mobile Greece - Data Penetration

Data Revenues / Service Revenues



Smartphone penetration



- First to roll out LTE Network - Leader with superior coverage capacity versus competition
- First to launch 4G+ mobile broadband network and VoLTE/ VoWiFi services
- Expanding 4G footprint at ~ 97% population coverage ; 4G+ at ~ 90% population coverage
- About 50% of COSMOTE's data traffic now originates from 4G devices.
- Significant growth potential fueled by growing demand for data services and smartphone penetration
- Data revenues up by 21% in Q3 2017; Standing at 25% of service revenues
- Launch of new category-based data bundles, addressing the specific needs and online habits of various users

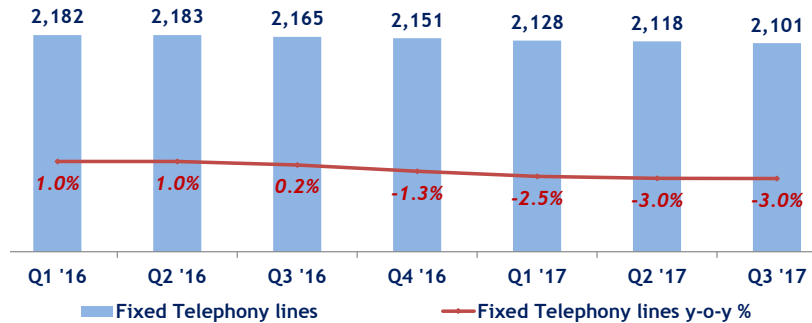
| International Overview

(Romania-Albania)

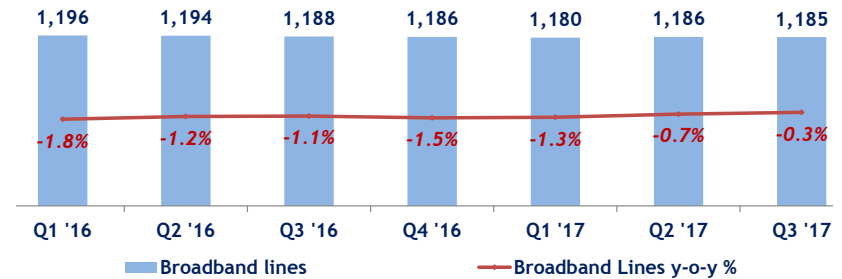
Fixed Line Operations - Romania

Telekom Romania key Metrics

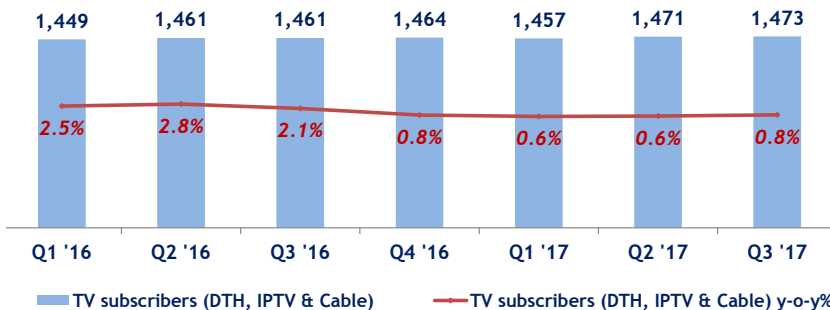
Fixed Lines (000)



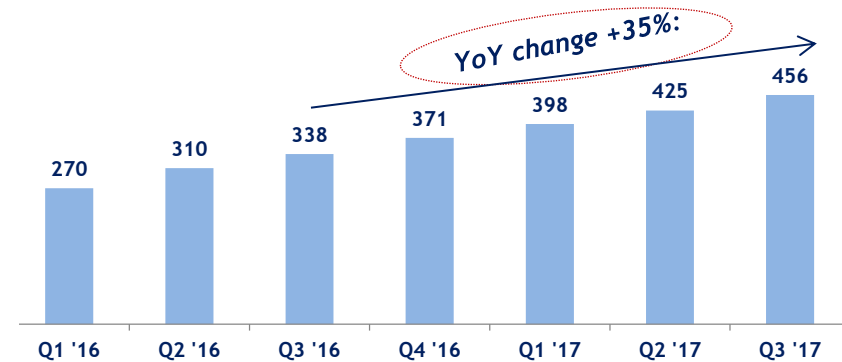
Broadband Lines (000)



TV Subscribers (DTH, IPTV & Cable - 000)

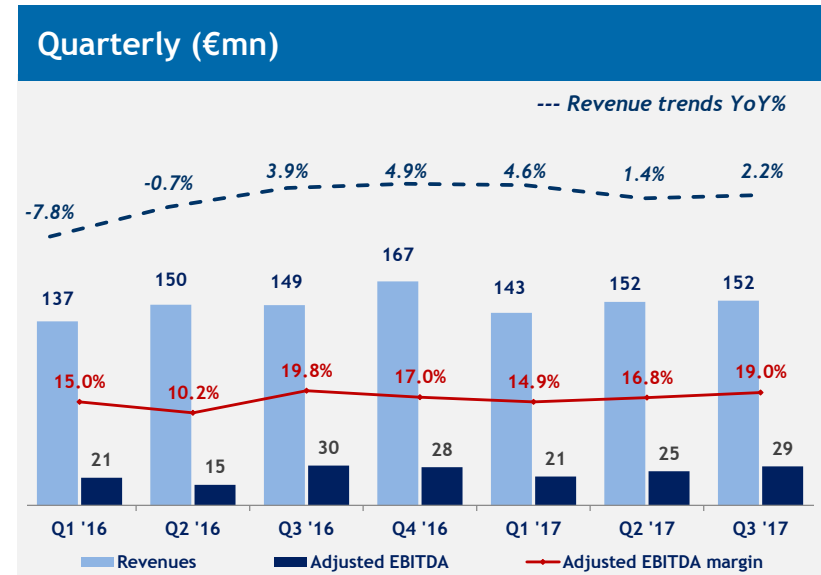
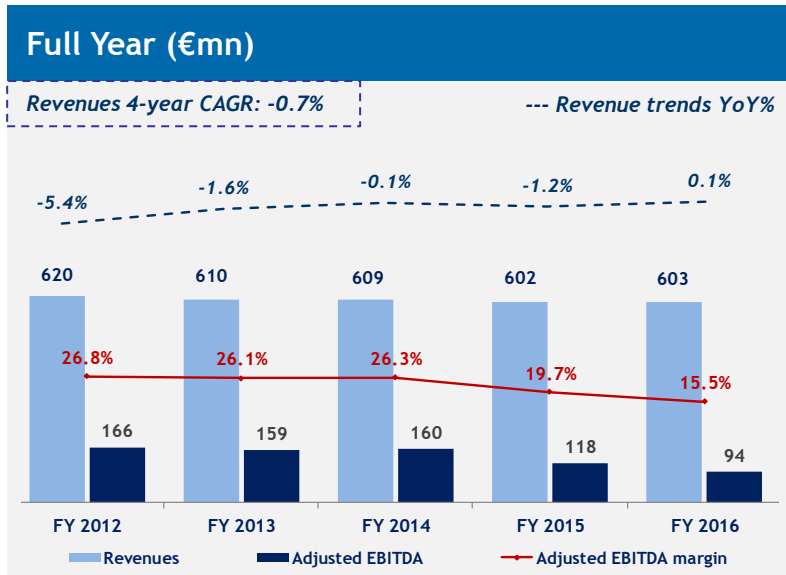


FMC customers (000)



Fixed Line Operations - Romania

Telekom Romania Financial Overview



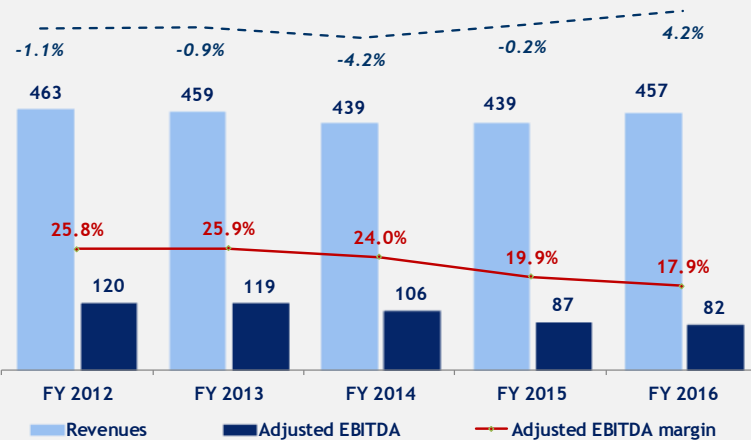
- Positioned as a technology and media provider, breaking away from a single fixed line business model
- Expanding its FTTH coverage, currently reaching c.2.5 million households
- Revenues +2.2% in Q3'17, primarily reflecting successful FMC solutions and higher wholesale revenues

Mobile Romania - Financials

Full Year (€mn)

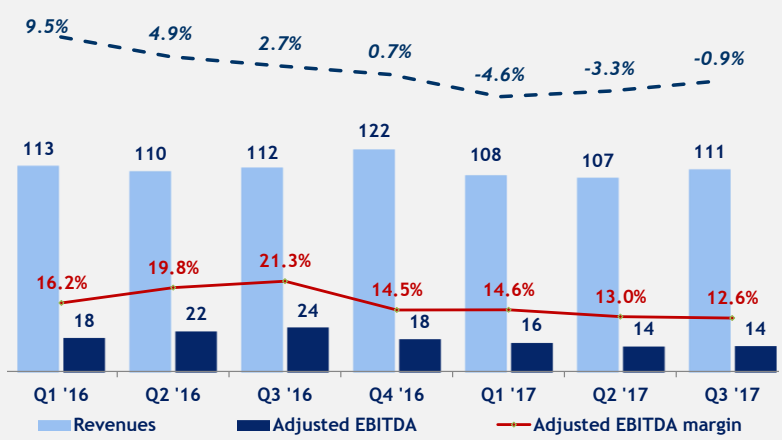
Revenues 4-year CAGR: -0.3%

--- Revenue trends YoY%



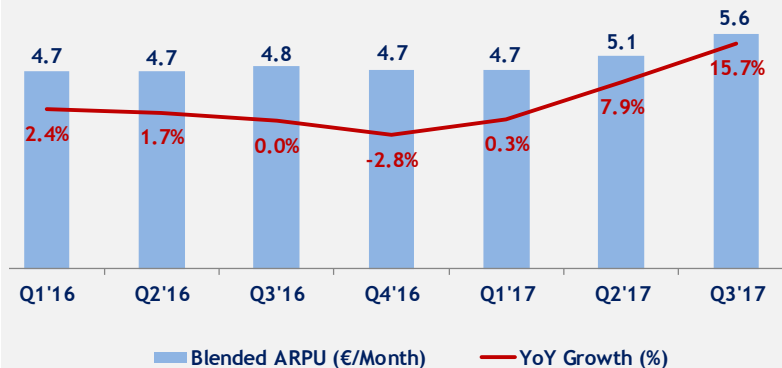
Quarterly (€mn)

--- Revenue trends YoY%



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

Blended ARPU Evolution (€/month)

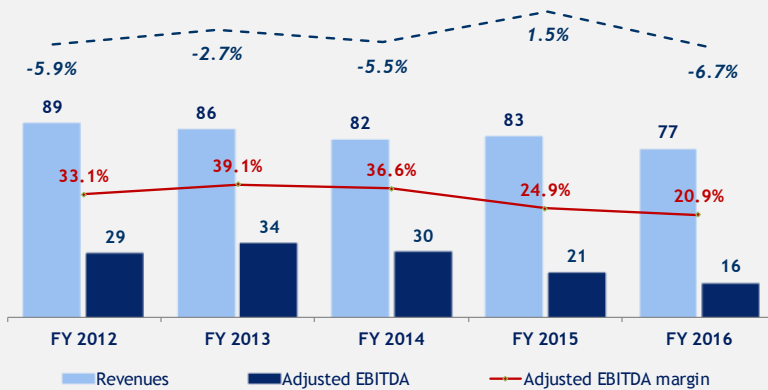


Mobile Albania -Financials

Full Year (€mn)

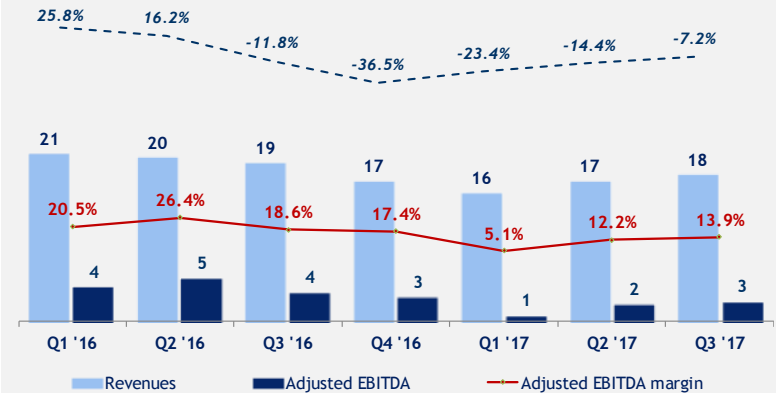
Revenues 4-year CAGR: -3.4%

--- Revenue trends YoY%



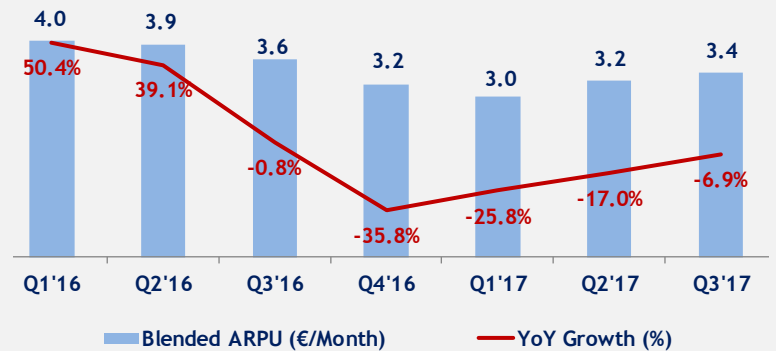
Quarterly (€mn)

--- Revenue trends YoY%



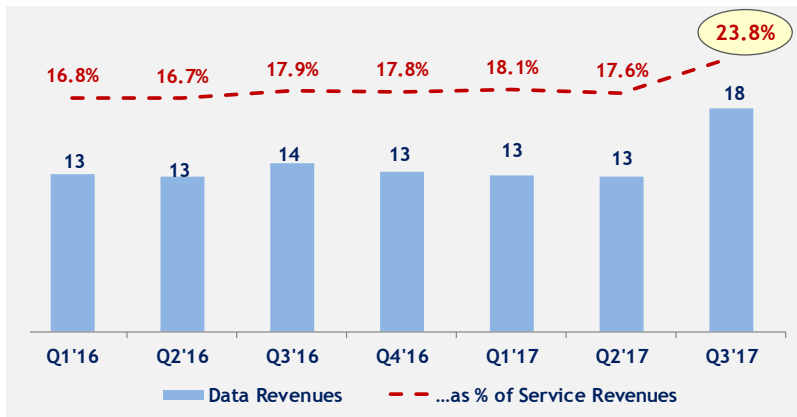
- Focused on its strategy of reducing dependency on international incoming revenues
- Ongoing decline of international incoming traffic due to retail price shifts in foreign markets
- Introduce a number of changes in tariff bundles to partly offset the drop in international interconnection revenues

Blended ARPU Evolution (€/month)



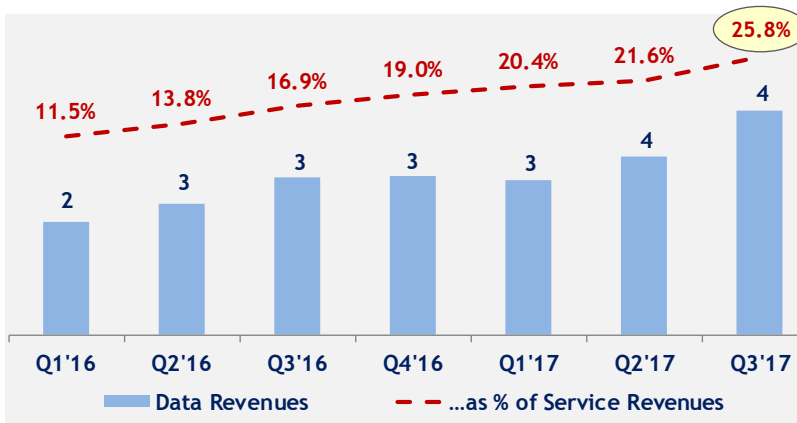
Mobile International - Data Penetration

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

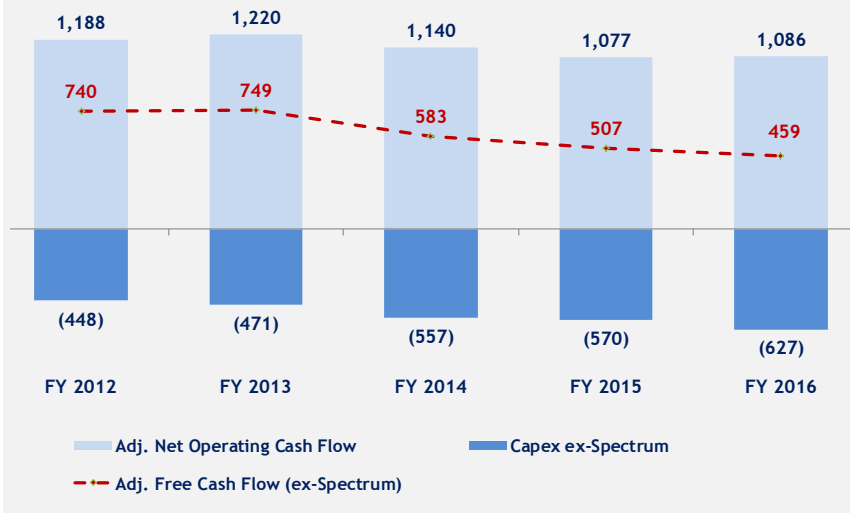


- Growth rate in data revenues is accelerating quarter after quarter
 - 42% increase in mobile data revenues in Q3'17
- Extensive 4G network rollout

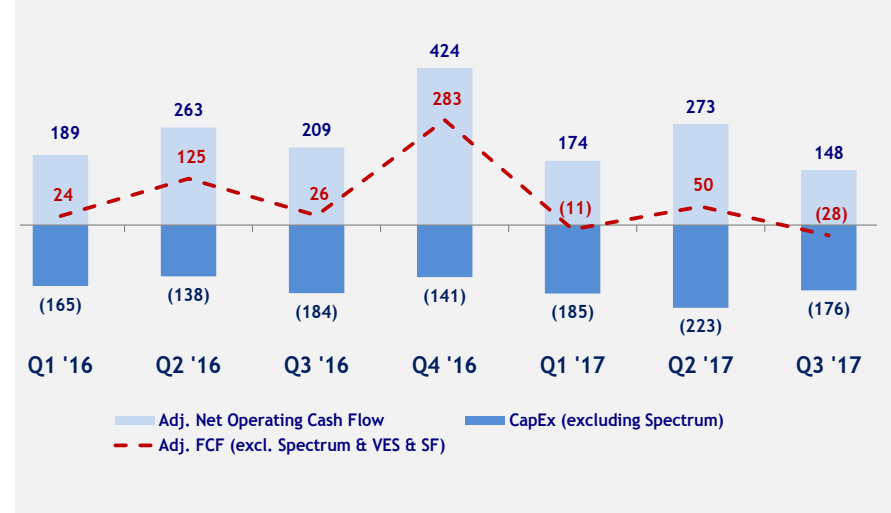
| Cashflow Review

OTE Group Cash Flow Trends

Full Year (€mn)



Quarterly (€mn)

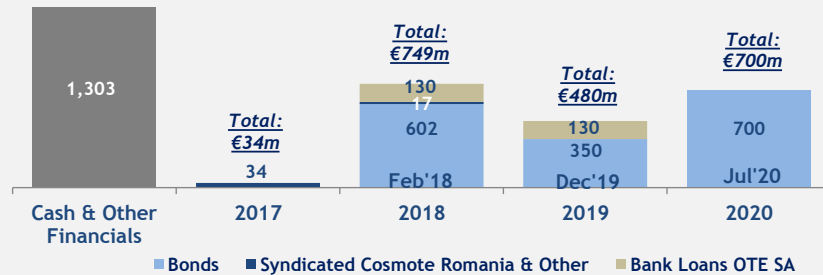


- OTE is further accelerating its investments in technologies, infrastructure and content
- In Q3'17, the Group posted negative adjusted Free Cash Flow at €28.1mn, due to the increase in taxes paid
 - OTE expects Capex to peak in 2017 at c.€800mn to fund accelerated NGA deployment; gradual return to normalized levels starting as of next year
 - OTE expects Adjusted Free Cash Flow for 2017 to be approximately €100mn.

OTE Group Debt & Liquidity Profile

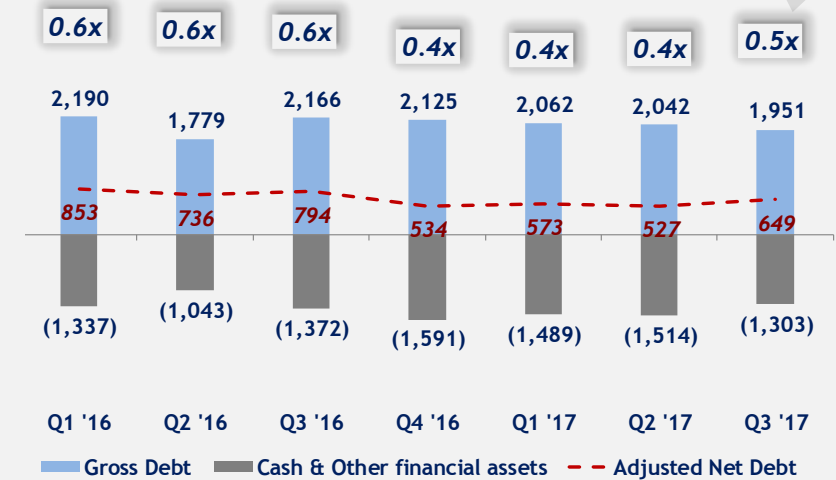
Debt Maturity Profile - Nominal Amounts (€mn)

As of September 30, 2017



Debt & Cash Evolution (€mn)

Net Debt/EBITDA



- Existing cash balances to finance future investments and debt repayments

OTE Credit Profile

OTE PLC Bonds Overview

OTE PLC Bond 2018 - Yield



Maturity: Feb 2018
 Outstanding Amount: €602m
 Coupon: 7.875%(paid semi-annually)

OTE PLC Bond 2019 - Yield



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

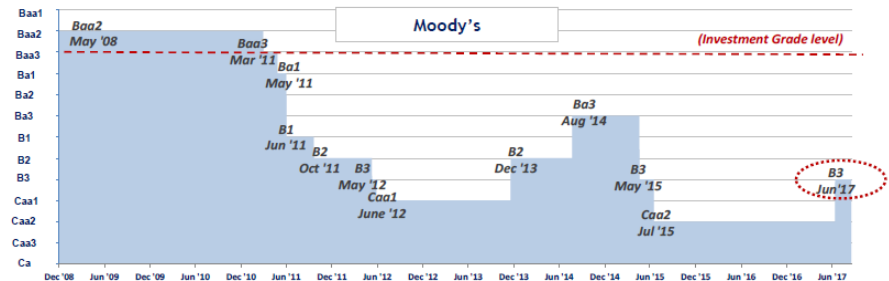
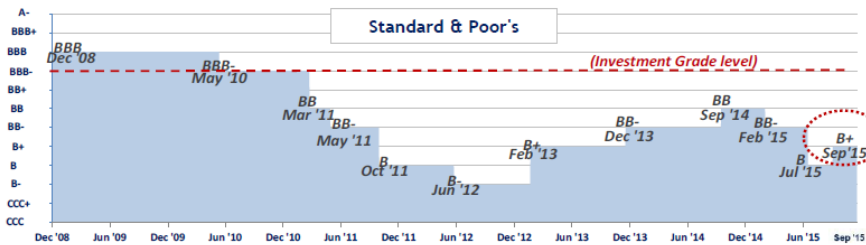
OTE PLC Bond 2020 - Yield



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

Source: Bloomberg - Data as of Nov'07, 2017

OTE's Rating Evolution



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