

OTE GROUP REPORTS 2017 THIRD QUARTER RESULTS

- **Positive performance in Greece continues; Romania & Albania remain challenging**
- **Greece:**
 - **Adj. EBITDA up 1.1% and margin up 60 bps to 41.2%**
 - **Fixed: Fiber uptake driving strong BB performance; 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**
 - **Mobile: Service Revenues up 2.1%; Adj. EBITDA up 7.6%, supported by Data revenues and roaming**
- **Romania Fixed Revenues up 2.2%, ongoing initiatives to stabilize market position**
- **Peak 2017 Capex revised upwards to fund accelerated NGA deployment; gradual return to normalized level starting from next year**

OTE GROUP (€ mn)	Q3 '17	Q3 '16	Change	9M '17	9M '16	Change
Revenues	991.2	997.9	-0.7%	2,859.0	2,881.1	-0.8%
Adjusted EBITDA	348.7	357.0	-2.3%	966.7	977.2	-1.1%
<i>Adj. EBITDA margin (%)</i>	<i>35.2%</i>	<i>35.8%</i>	<i>-0.6pp</i>	<i>33.8%</i>	<i>33.9%</i>	<i>-0.1pp</i>
Operating profit (EBIT)	120.6	119.2	+1.2%	335.4	315.6	+6.3%
Profit to owners of the parent	52.4	55.9	-6.3%	119.9	123.4	-2.8%
Adj. Profit to owners of the parent	76.5	74.7	+2.4%	155.6	149.8	+3.9%
Basic EPS (€)	0.1072	0.1144	-6.3%	0.2453	0.2525	-2.8%
Total Assets	7,164.2	7,419.5	-3.4%	7,164.2	7,419.5	-3.4%
Adj. Net Operating Cash Flow	148.1	209.4	-29.3%	594.7	661.8	-10.1%
Adjusted CapEx	176.2	183.7	-4.1%	584.2	486.5	+20.1%
Adjusted Free Cash Flow	(28.1)	25.7	-209.3%	10.5	175.3	-94.0%
Cash & Other financial assets	1,302.5	1,372.0	-5.1%	1,302.5	1,372.0	-5.1%
Adjusted Net Debt	648.9	793.5	-18.2%	648.9	793.5	-18.2%

Note: The purpose and calculations of all 'Adjusted' data presented in this report are detailed in the Alternative Performance Measures Section

ATHENS, Greece – November 9, 2017 - Hellenic Telecommunications Organization SA

(ASE: HTO; OTC MARKET: HLTOY), the Greek full-service telecommunications provider, today announced consolidated results (prepared under IFRS) for the quarter ended September 30, 2017.

Commenting on OTE's results for the third quarter of 2017, Michael Tsamaz, Chairman & CEO, noted: "We achieved good operating performance in the third quarter. Reflecting our longstanding investments in high-speed data and TV content, together our retail Greek fixed and mobile operations posted positive revenues, impacted only by wholesale tariff cuts mandated by the regulator. Greece delivered a very strong EBITDA margin at the country level, thanks to a substantial increase in mobile service revenues and cost control across the board. Romanian fixed operations benefited from the continuing high demand for FMC service, but conditions remain challenging throughout our international operations. We have launched new initiatives to tighten costs and strengthen our profitability."

Mr. Tsamaz added: "Our capital investments in the first nine months of the year are up substantially, a trend that we expect to continue in the fourth quarter, as we have sped up the pace of our FTTC, 4G & 4G+ investments to provide solutions that benefit customer experience and support the digital transformation of our markets. Our first wave of vectoring enabled cabinets will go live in late November, allowing us to offer a full menu of high speed broadband options for all client segments. The increase in our capital expenditure will support our drive to boost our operational performance and profitability."

Outlook

For the fourth quarter of 2017, OTE does not expect material changes in the operational drivers and trends that have prevailed since the beginning of the year. In Greece, trends should remain generally positive, supported by continuing strong growth in mobile data, broadband and pay-TV services, while voice revenues should continue declining. Performance in Romania and Albania remains challenging. The Group is implementing a number of cost-saving measures aimed at improving profitability over time.

To support its major growth initiatives, OTE is further accelerating its investments in technologies, infrastructure and content. In particular, the first phase of FTTC investments have been completed in record time and the commercial launch has been accelerated to leverage the availability and rapid uptake of this technology. Consequently, management now expects Capex to peak in 2017 at approximately €800mn. Reflecting the increased Capex, as well as a shortfall in EBITDA in its international operations, OTE now expects 2017 full-year adjusted FCF to be approximately €100mn. Capital expenditure and adjusted FCF will gradually return to normalized levels, starting as of next year.

OTE GROUP HIGHLIGHTS

OTE Group posted consolidated revenues of €991.2mn in Q3'17, down 0.7%.

In Greece, revenues were down 0.5% to €735.8mn, reflecting higher revenues from mobile operations, primarily fueled by growth in data revenues and roaming, that were more than offset by the decrease in retail fixed voice revenues, lower wholesale revenues from LLU pricing regulation, and reduced revenue due to the completion of the Rural Broadband project. Growth in Broadband and pay-TV revenues was notable once again. In Greek mobile, the rebound in total service revenues initiated in the previous quarter gained momentum in Q3'17.

In Romania, total revenues were down 1.0%, reflecting lower revenues in mobile operations. Conversely, revenues from fixed operations were up 2.2%, driven by higher wholesale revenues and the continuing solid performance from Telekom Romania's convergent fixed-mobile solution.

Total Operating Expenses, excluding depreciation, amortization, impairment and charges related to voluntary leave schemes, other restructuring costs and non-recurring litigations, amounted to €656.3mn in Q3'17, a slight increase of 0.9% compared to Q3'16. The increase is largely due to traffic-related costs, while most other expense items were down in the quarter.

The Group's adjusted EBITDA was down 2.3% to €348.7m, reflecting the challenging performance in Romanian and Albania. In Greece, adjusted EBITDA increased by 1.1%, yielding an Adjusted EBITDA margin of 41.2%. Adjusted EBITDA was down 19.5% in Romania, primarily reflecting the performance in mobile, as well as a changing revenue mix in fixed. Adjusted EBITDA was down 30.6% in Albania, where operations were impacted by continuing reduction of incoming revenues.

The Group's Income Tax charge stood at €42.3mn in Q3'17, down 9.8%, reflecting lower profit before taxes.

Adjusted Group profit after minority interests (excluding one-off items) stood at €76.5mn in Q3'17, up 2.4% compared to Q3'16.

Adjusted Capital Expenditures amounted to €176.2mn in Q3'17, down 4.1%. Capex in Greek Fixed-line operations amounted to €82.4mn. Investments in Romania Fixed-line operations amounted to €38.4mn. In Mobile operations, adjusted Capex in Greece stood at €35.7mn, in Romania at €12.7mn, and in Albania at €2.5mn. Capex will accelerate in Q4, reflecting the build out of FTTC.

In Q3'17, the Group posted negative adjusted Free Cash Flow at €28.1mn, due to the increase in taxes paid.

The Group's adjusted Net Debt was €0.6bn at September 30, 2017, down 18% compared to September 30, 2016. The Group's ratio of adjusted Net Debt to 12-month trailing Adjusted EBITDA stood at 0.5x.

BREAKDOWN OF GROUP REVENUES

(€ mn)	Q3 '17	Q3 '16	Change	9M '17	9M '16	Change
Fixed Line Operations, Greece	391.5	397.7	-1.6%	1,174.3	1,166.1	+0.7%
Mobile Operations, Greece	322.8	319.3	+1.1%	889.0	887.4	+0.2%
Fixed Line Operations, Romania	152.4	149.1	+2.2%	447.4	435.7	+2.7%
Mobile Operations, Romania	111.1	112.1	-0.9%	325.4	335.2	-2.9%
Mobile Operations, Albania	18.0	19.4	-7.2%	50.9	60.0	-15.2%
All Other	125.3	126.7	-1.1%	351.7	343.2	+2.5%
Eliminations (Mobile & Group)	(129.9)	(126.4)	+2.8%	(379.7)	(346.5)	+9.6%
TOTAL	991.2	997.9	-0.7%	2,859.0	2,881.1	-0.8%
<i>Other Operating Income</i>	13.8	9.6	+43.8%	35.0	25.7	+36.2%

BREAKDOWN OF GROUP ADJUSTED EBITDA

(€ mn)	Q3 '17	Q3 '16	Change	9M '17	9M '16	Change
Fixed Line Operations, Greece	166.0	171.1	-3.0%	497.1	494.0	+0.6%
<i>Margin</i>	<i>42.4%</i>	<i>43.0%</i>	<i>-0.6pp</i>	<i>42.3%</i>	<i>42.4%</i>	<i>-0.1pp</i>
Mobile Operations, Greece	122.8	114.1	+7.6%	309.6	303.0	+2.2%
<i>Margin</i>	<i>38.0%</i>	<i>35.7%</i>	<i>+2.3pp</i>	<i>34.8%</i>	<i>34.1%</i>	<i>+0.7pp</i>
Fixed Line Operations, Romania	29.0	29.5	-1.7%	75.8	65.2	+16.3%
<i>Margin</i>	<i>19.0%</i>	<i>19.8%</i>	<i>-0.8pp</i>	<i>16.9%</i>	<i>15.0%</i>	<i>+1.9pp</i>
Mobile Operations, Romania	14.0	23.9	-41.4%	43.5	64.0	-32.0%
<i>Margin</i>	<i>12.6%</i>	<i>21.3%</i>	<i>-8.7pp</i>	<i>13.4%</i>	<i>19.1%</i>	<i>-5.7pp</i>
Mobile Operations, Albania	2.5	3.6	-30.6%	5.4	13.1	-58.8%
<i>Margin</i>	<i>13.9%</i>	<i>18.6%</i>	<i>-4.7pp</i>	<i>10.6%</i>	<i>21.8%</i>	<i>-11.2pp</i>
All Other	15.0	15.9	-5.7%	37.1	41.1	-9.7%
<i>Margin</i>	<i>12.0%</i>	<i>12.5%</i>	<i>-0.5pp</i>	<i>10.5%</i>	<i>12.0%</i>	<i>-1.5pp</i>
Eliminations (Mobile & Group)	(0.6)	(1.1)	-45.5%	(1.8)	(3.2)	-43.8%
OTE Group	348.7	357.0	-2.3%	966.7	977.2	-1.1%
<i>Margin</i>	<i>35.2%</i>	<i>35.8%</i>	<i>-0.6pp</i>	<i>33.8%</i>	<i>33.9%</i>	<i>-0.1pp</i>

BREAKDOWN PER COUNTRY (After Eliminations)

Revenues (€ mn)	Q3 '17	Q3 '16	Change	9M '17	9M '16	Change
Greece	735.8	739.5	-0.5%	2,108.9	2,116.0	-0.3%
Romania	239.2	241.6	-1.0%	704.5	716.8	-1.7%
Albania	16.2	16.8	-3.6%	45.6	48.3	-5.6%
OTE Group	991.2	997.9	-0.7%	2,859.0	2,881.1	-0.8%

Adjusted EBITDA (€ mn)	Q3 '17	Q3 '16	Change	9M '17	9M '16	Change
Greece	303.2	300.0	+1.1%	842.0	834.9	+0.9%
<i>margin</i>	<i>41.2%</i>	<i>40.6%</i>	<i>+0.6pp</i>	<i>39.9%</i>	<i>39.5%</i>	<i>+0.4pp</i>
Romania	43.0	53.4	-19.5%	119.3	129.2	-7.7%
<i>margin</i>	<i>18.0%</i>	<i>22.1%</i>	<i>-4.1pp</i>	<i>16.9%</i>	<i>18.0%</i>	<i>-1.1pp</i>
Albania	2.5	3.6	-30.6%	5.4	13.1	-58.8%
<i>margin</i>	<i>15.4%</i>	<i>21.4%</i>	<i>-6pp</i>	<i>11.8%</i>	<i>27.1%</i>	<i>-15.3pp</i>
OTE Group	348.7	357.0	-2.3%	966.7	977.2	-1.1%
<i>margin</i>	<i>35.2%</i>	<i>35.8%</i>	<i>-0.6pp</i>	<i>33.8%</i>	<i>33.9%</i>	<i>-0.1pp</i>

GREECE

OTE's retail revenues in Greece were up nearly 1% in the third quarter, as higher mobile service revenues offset a slight erosion in fixed retail revenues, entirely due to voice. OTE's total revenues in Greece were down 0.5%, as higher performances in broadband and mobile activities, were offset by lower wholesale revenues. Overall, adjusted EBITDA from combined Greek fixed and mobile businesses increased by 1.1% in Q3'17.

Fixed-Line Operations, Greece

Access Lines	September 2017	September 2016	Change
PSTN connections	1,345,049	1,957,794	-31.3%
ISDN connections (BRA & PRA)	240,695	276,873	-13.1%
Other (MSAN & VoBB)	1,051,768	439,580	+139.3%
Access line connections (incl. WLR)	2,637,512	2,674,247	-1.4%
Retail access line connections	2,628,750	2,663,402	-1.3%
Active Broadband retail subscribers	1,716,188	1,605,395	+6.9%
<i>of which: Retail VDSL connections</i>	<i>311,107</i>	<i>200,557</i>	<i>+55.1%</i>
COSMOTE TV Subscribers	517,155	478,033	+8.2%
Unbundled local loops (active)	2,105,006	2,054,342	+2.5%

In Q3'17, the total Greek access market (OTE active retail lines, Wholesale line rental connections and full LLU subscribers) lost 4k lines, while OTE's fixed-line operations posted a limited net loss of 3k access lines.

OTE achieved strong net additions of 34k retail broadband customers in Q3'17, while the total number of OTE retail broadband subscribers rose to 1,716k. Penetration of OTE's high-speed VDSL broadband service continued to expand, with net additions of 32k in the quarter. At quarter end, OTE's VDSL offer 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. OTE is successfully converting a growing number of customers to its high-speed offering, highlighting the market's appetite for high-speed broadband services and supporting its investment in FTTC. From the total number of cabinets allocated to OTE for VDSL/Vectoring upgrade last February, the Company had activated approximately 72% by the end of the quarter, with the remaining currently being readied for commercialization, largely within the year. In late November, OTE plans to commercially launch vectoring and super vectoring based products, offering broadband speeds of up to 200Mbps, another step-change in the services offered to its customers. Accelerated investments, driven by the rapid rollout of FTTC during the year will enable an extended launch ahead of initial schedule. This is expected to boost performance, responding to continuing demand for enhanced high-speed broadband.

OTE achieved a quarter of growth in its TV offering, with net additions of 13k, in a seasonally good quarter. As at September 30, 2017, the total number of TV subscribers amounted to 517k, a year-on-year increase of 8.2%.

SUMMARY FINANCIAL DATA – FIXED-LINE OPERATIONS, GREECE

(€ mn)	Q3 '17	Q3 '16	Change	9M '17	9M '16	Change
Revenues	391.5	397.7	-1.6%	1,174.3	1,166.1	+0.7%
- Retail Fixed Services	227.3	228.2	-0.4%	676.1	672.1	+0.6%
- Wholesale Fixed Services	84.5	88.5	-4.5%	257.4	257.0	+0.2%
- Other	79.7	81.0	-1.6%	240.8	237.0	+1.6%
Other operating income	1.5	1.6	-6.3%	4.3	4.4	-2.3%
Adj. EBITDA	166.0	171.1	-3.0%	497.1	494.0	+0.6%
Adj. EBITDA margin (%)	42.4%	43.0%	-0.6pp	42.3%	42.4%	-0.1pp
Voluntary leave schemes	(18.3)	(29.9)	-38.8%	(20.4)	(32.5)	-37.2%
Depreciation, Amortization & Impairment	(80.5)	(70.5)	+14.2%	(236.3)	(229.5)	+3.0%
Operating Income (EBIT)	63.0	70.7	-10.9%	236.2	232.0	+1.8%

Greek fixed-line revenues declined 1.6% in Q3'17. Revenues from retail fixed services were down 0.4%, as the continued dynamic performances in broadband and pay-TV were offset by a sharper decline in voice revenues than in earlier quarters, reflecting some pricing pressures. Broadband revenues benefited from healthy VDSL take-up, as the total number of subscribers increased by 55% compared to the end of the same quarter last year. OTE's pay-TV service also posted strong subscriber growth in Q3, with its largest quarterly net addition of the year, mainly reflecting demand for sports programming towards the end of the quarter. As in the prior quarter, Revenues from wholesale were impacted by the retroactive application of lower regulated unbundling prices.

Total Greek fixed-line Operating Expenses, excluding depreciation, amortization, impairment and charges related to voluntary leave schemes, other restructuring costs and non-recurring litigations, amounted to €227.0mn in Q3'17, down 0.5% compared to Q3'16. There are continuous efforts to reduce expenses across the entire spectrum – from personnel, through ongoing VES program, to energy, travelling, network support etc.

Adjusted EBITDA declined by 3.0% to €166.0mn in Q3'17, primarily reflecting the decline in wholesale revenues. As a result, adjusted EBITDA margin in Greek fixed-line operations decreased by 60 basis points to 42.4% compared to Q3'16.

MOBILE OPERATIONS, GREECE

	September 2017	September 2016	Change
Mobile Subscribers	7,867,229	7,666,467	+2.6%

(€ mn)	Q3 '17	Q3 '16	Change	9M '17	9M '16	Change
Service Revenues	263.6	258.1	+2.1%	717.4	714.4	+0.4%
Total Revenues	322.8	319.3	+1.1%	889.0	887.4	+0.2%
Adjusted EBITDA	122.8	114.1	+7.6%	309.6	303.0	+2.2%
Adj. EBITDA margin (%)	38.0%	35.7%	+2.3pp	34.8%	34.1%	+0.7pp

As of September 30, 2017, COSMOTE provided mobile telephony services to 7.9mn customers in Greece, up 2.6% year on year.

Total Mobile revenues increased by 1.1% in Q3'17, accentuating the rebound first achieved in the prior quarter. Service revenues, totaling €263.6mn in the quarter, rose by 2.1%, their best performance after many years, supported by another double-digit increase in mobile data revenues. Roaming was also a major contributor to revenue strength, notably in data, as a result of the changes in EU regulation and the strong inflow of tourists to Greece during the summer vacation season.

Data revenues rose by over 21% in the quarter. Reflecting its accelerated investment program, COSMOTE's 4G and 4G+ footprints now cover approximately 97% and 90% of the Greek population, respectively. About 50% of COSMOTE's data traffic now originates from 4G devices. To leverage this nationwide 4G coverage, COSMOTE launched in late September new category-based data bundles, addressing the specific needs and online habits of various users (video or music streaming, chatting, social media). The launch of these bundles, together with a range of seasonal add-on data bundles introduced in early summer, have been very successful in driving usage and mobile revenues.

In Q3'17, COSMOTE Greece's blended AMOU increased by 0.8% to 292 minutes. Blended ARPU for the same period was €12.0, stable compared to Q3'16.

ROMANIA

Total revenues from Group operations in Romania were down 1.0% to €239.2m, reflecting pressure in voice revenues across fixed and mobile partially offset by a good performance in mobile data and FMC revenues, driven by the Company's fixed-mobile convergent solution and wholesale revenues.

The Group is investing in upgrading its Romanian network infrastructure, including expanding its own 4G coverage and FTTH footprint. Capex dedicated to extend own 4G coverage is resulting in providing data access to a wider customer base in a more cost-effective manner. Similarly, expanded FTTH coverage, currently reaching approximately 2.5 million households, is gradually gaining traction with subscribers, though conversely, where FTTH is not available, operations suffer port outs. Commercially, the focus on convergent bundles, including fixed, mobile and TV, is a significant differentiating factor, as evidenced by growing revenues and subscriber numbers of this product, up 44% and 35% respectively from a year ago.

Combined adjusted EBITDA in Romania decreased by 19.5% from €53.4m to €43.0m in the third quarter of 2017.

FIXED LINE OPERATIONS, ROMANIA SUMMARY FINANCIAL & SUBSCRIBERS DATA

	September 2017	September 2016	Change
Voice Telephony Lines*	2,101,102	2,165,412	-3.0%
Broadband subscribers*	1,184,513	1,188,046	-0.3%
TV subscribers	1,473,490	1,461,177	+0.8%
<i>FMC Customers</i>	455,740	338,232	+34.7%

*Including FMC



(€ mn)	Q3 '17	Q3 '16	Change	9M '17	9M '16	Change
Revenues	152.4	149.1	+2.2%	447.4	435.7	+2.7%
- Retail Fixed Services	71.6	78.3	-8.6%	219.0	233.8	-6.3%
- Wholesale Fixed Services	40.4	31.3	+29.1%	107.9	85.4	+26.3%
- Other	40.4	39.5	+2.3%	120.5	116.5	+3.4%
Other operating income	11.5	6.8	+69.1%	25.4	16.9	+50.3%
Adj. EBITDA	29.0	29.5	-1.7%	75.8	65.2	+16.3%
Adj. EBITDA margin (%)	19.0%	19.8%	-0.8pp	16.9%	15.0%	+1.9pp
Voluntary leave schemes	(4.4)	(1.0)	-	(12.7)	(5.5)	-
Depreciation, Amortization & Impairment	(29.2)	(37.1)	-21.3%	(85.5)	(106.3)	-19.6%
Operating Income (EBIT)	(4.6)	(8.6)	-46.5%	(22.4)	(46.6)	-51.9%

Romania Fixed

In Q3'17, revenues from Romanian fixed-line activities were up 2.2% from the prior-year level, supported by wholesale and FMC revenues.

Compared to Q3'16, fixed voice revenues continued their downward trend (-16.7%); broadband revenues were down (-4.2%), as were TV revenues (-1.5%). Compared to September 30, 2016, the number of FMC subscribers increased by 34.7%, the total number of TV subscribers increased slightly (+0.8%), while the number of fixed broadband subscribers shrank by 0.3%, registering losses on the xDSL front, offsetting the FTTH gains.

The year-on-year increase in other income in Q3'17 is primarily due to disposal of real estate assets, a trend likely to support some of the next quarters, given the reserve of available-for-sale real estate assets and the effort to monetize them.

Total Romanian fixed-line Operating Expenses, excluding depreciation, amortization, impairment and charges related to voluntary leave schemes, other restructuring costs and non-recurring litigations, increased by 6.7% in Q3'17 compared to Q3'16. This reflects, mainly the "internal" costs associated with mobile services in FMC bundles, and other customer-driven direct costs such as higher interconnection, mobile handsets, content and provisions related to a particular business customer, only partially offset by the diminished indirect costs (lower personnel, rentals and other indirect costs).

As a result, adjusted EBITDA dropped 1.7% in Q3'17.

Romania Mobile

	September 2017	September 2016	Change
Mobile Subscribers	4,769,734	5,522,875	-13.6%

(€ mn)	Q3 '17	Q3 '16	Change	9M '17	9M '16	Change
Service Revenues	77.0	77.3	-0.4%	220.2	230.4	-4.4%
Total Revenues	111.1	112.1	-0.9%	325.4	335.2	-2.9%
Adjusted EBITDA	14.0	23.9	-41.4%	43.5	64.0	-32.0%
Adj. EBITDA margin (%)	12.6%	21.3%	-8.7pp	13.4%	19.1%	-5.7pp

At September 30, 2017, Telekom Romania Mobile's customer base totaled 4.8mn, down 13.6% from the year-earlier level mainly due to elimination of inactive prepaid cards. Of this total, 34.3% was postpaid. The total number of business customers grew by 1.3% compared to Q3'16, reflecting the Company's targeted offers for professional users and synergies with fixed-line operations.

Blended ARPU, stood at €5.6, up 15.7% compared to Q3'16, whereas blended AMOU increased by 9.8% mainly as a result of clearing up prepaid inactive base, and loss of low ARPU customers.

Total revenue for the quarter stood at €111.0mn, down 0.9%, largely due to a decline in subscriber numbers, partly offset by higher roaming revenues from visitors.

In Q3'17, total Operating Expenses, excluding depreciation, amortization, impairment and charges related to voluntary leave schemes, other restructuring costs and non-recurring litigations, were up 9.9% compared to the same period last year, mainly due to higher direct costs, national roaming included.

In Q3'17, adjusted EBITDA decreased by 41.4% compared to the year-earlier period. Working together with the Romanian fixed-line operations, Telekom Romania Mobile is taking steps to improve its performance, including enhanced 4G coverage, refocused sales efforts, and cost optimization.

ALBANIA

	September 2017	September 2016	Change
Mobile Subscribers	1,887,726	1,904,478	-0.9%

(€ mn)	Q3 '17	Q3 '16	Change	9M '17	9M '16	Change
Service Revenues	17.4	18.7	-7.0%	49.1	57.5	-14.6%
Total Revenues	18.0	19.4	-7.2%	50.9	60.0	-15.2%
Adjusted EBITDA	2.5	3.6	-30.6%	5.4	13.1	-58.8%
Adj. EBITDA margin (%)	13.9%	18.6%	-4.7pp	10.6%	21.8%	-11.2pp

As of Q3'17, Telekom Albania's customer base totaled 1.9m subscribers, down 0.9% compared to the same quarter last year.

Reflecting the ongoing decline in international terminating traffic, due to retail price shifts in foreign markets, adjusted EBITDA was down 30.6% compared to Q3'16.

Telekom Albania is taking steps to adapt its operating model to the changes in its market. As such, it has successfully increased outgoing revenues by 18% compared to Q3'16 driven by data revenues, up 42% year on year, and is introducing a number of changes in tariff bundles to partly offset the drop in international interconnection revenues and in conjunction with the optimization of indirect expenses lead to profitability recovery.

SIGNIFICANT EVENTS OF THE QUARTER

BILATERAL TERM LOAN WITH EIB AND SYNDICATED FACILITY BY EBRD

On July 10, 2017, COSMOTE S.A. signed, with the guarantee of OTE, a €150.0mn bilateral term loan with EIB and a €150.0mn syndicated facility arranged by EBRD. The funds will be used to provide additional liquidity for COSMOTE's mobile broadband network coverage and capacity expansion investments in Greece. As of the end of the quarter, the loans had not been drawn.

SUBSEQUENT EVENTS OF THE QUARTER

SYNDICATED FACILITY ARRANGED BY EBRD

On October 3, 2017, COSMOTE proceeded with the drawdown of the full amount under the €150.0 mn syndicated facility arranged by EBRD signed on July 10, 2017.

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/>

Information on Financial Statements of OTE Group is available on:

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

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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. OTE will not update such statements on a regular basis. 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. Alternative Performance Measures "APMs"
- II. Consolidated Statements of Financial Position as of September 30, 2017 and December 31, 2016
- III. Consolidated Income Statements for the quarter and nine months ended September 30, 2017 and comparative 2016
- IV. Group Revenues for the quarter and nine months ended September 30, 2017 and comparative 2016
- V. Consolidated Statement of Cash Flows for the quarter ended September 30, 2017 and comparative quarters

I. ALTERNATIVE PERFORMANCE MEASURES "APMs"

The Group uses certain Alternative Performance Measures ("APMs") in making financial, operating and planning decisions as well as in evaluating and reporting its performance. These APMs provide additional insights and understanding to the Group's underlying operating and financial performance, financial condition and cash flow. The APMs should be read in conjunction with and do not replace by any means the directly reconcilable IFRS line items.

Definitions and reconciliations of Alternative Performance Measures ("APMs")

Alternative Performance Measures ("APMs")

In discussing the performance of the Group, "Adjusted" measures are used such as: Adjusted EBITDA and the respective margin %, Adjusted net operating cash flow, Adjusted CapEx, and Adjusted Free Cash Flow. These are calculated by deducting from the performance measures deriving from directly reconcilable amounts of the Financial Statements, the impact of costs or payments related to voluntary leave schemes, costs or payments for restructuring plans and non-recurring litigations and Spectrum acquisitions.

Costs or payments related to Voluntary Leave Schemes

Costs or payments related to Voluntary Leave Schemes comprise the exit incentives provided to employees and the contributions to the social security fund to exit/retire employees before conventional retirement age. These costs are included within the income statement as well as within the cash flow statement lines "costs related to voluntary leave schemes" and "payments for voluntary leave schemes". However, they are excluded from the adjusted results in order for the user to obtain a better understanding of the Group's operating and financial performance achieved from ongoing activity.

Costs or payments related to other restructuring plans and non-recurring litigations

Other restructuring costs and non-recurring litigations comprise non-ongoing activity related costs arising from significant changes in the way the Group conducts business and non-recurring legal expenses. These costs are included in the Company's/Group's income statement, while the payment of these expenses are included in the cash flow statement. However, they are excluded from the adjusted results in order for the user to obtain a better understanding of the Group's operating and financial performance achieved from ongoing activity.

Spectrum acquisition payments

Spectrum payments comprise the amounts paid to acquire rights (licenses) through auctions run by the National Regulator to transmit signals over specific bands of the electromagnetic spectrum. As those payments are of significant size and of irregular timing, it is a common industry practice to be excluded for the calculation of the Adjusted Free Cash Flow and Adjusted Capital Expenditure (CapEx) in order to facilitate comparability with industry peers.

Net debt

Net debt is an APM used by management to evaluate the Group's capital structure and leverage. Net debt is defined as short-term borrowings plus long-term borrowings plus short-term portion of long-term borrowings less cash and cash equivalents as illustrated in the table below.

Adjusted Net Debt

Net debt (adjusted) is used by management to evaluate the Group's capital structure and leverage defined as Net debt including other financial assets as they are highly liquidity assets. The calculations are described in the table below:

(Euro million)	30/09/2017	30/09/2016	Change
Long-term borrowings	1,171.1	1,992.7	-41.2%
Short-term portion of long-term borrowings	780.3	172.8	-
Short-term borrowings	-	-	-
Cash and cash equivalents	(1,297.0)	(1,364.9)	-5.0%
Net Debt	654.4	800.6	-18.3%

Other financial assets	(5.5)	(7.1)	-22.5%
Adjusted Net Debt	648.9	793.5	-18.2%

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization)

EBITDA is intended to provide useful information to analyze the Group's operating performance. EBITDA is defined as total revenues plus other operating income less total operating expenses before depreciation, amortization and impairment, as illustrated in the table below. EBITDA margin (%) is defined as EBITDA divided by total revenues.

Adjusted EBITDA

Adjusted EBITDA is intended to provide useful information to analyze the Group's operating performance excluding the impact of costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations. Adjusted EBITDA is defined as EBITDA adding back costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations, as illustrated in the table below. Adjusted EBITDA margin (%) is defined as Adjusted EBITDA divided by total revenues.

(Euro million)	Q3 '17	Q3 '16	Change	9M '17	9M '16	Change
Total Revenues	991.2	997.9	-0.7%	2,859.0	2,881.1	-0.8%
Other Operating Income	13.8	9.6	+43.8%	35.0	25.7	+36.2%
Total operating expenses before depreciation, amortization and impairment	(687.6)	(687.2)	+0.1%	(1,969.3)	(1,976.0)	-0.3%
EBITDA	317.4	320.3	-0.9%	924.7	930.8	-0.7%
EBITDA margin %	32.0%	32.1%	-0.1pp	32.3%	32.3%	0pp
Costs related to voluntary leave schemes	27.1	35.8	-24.3%	37.8	43.5	-13.1%
Other restructuring and non-recurring litigations	4.2	0.9	-	4.2	2.9	+44.8%
Adjusted EBITDA	348.7	357.0	-2.3%	966.7	977.2	-1.1%
Adjusted EBITDA margin %	35.2%	35.8%	-0.6pp	33.8%	33.9%	-0.1pp

Adjusted Net Operating Cash Flow

Net Cash from operating activities focuses on the cash inflows and outflows from a company's main business activities (interest expense and income tax paid included on the outflows). Adjusted Net Operating Cash Flow is defined as net cash flows from operating activities adding back payments for voluntary leave schemes, payments for other restructuring plans and non-recurring litigation expenses plus interest received, as illustrated in the table below:

(Euro million)	Q3 '17	Q3 '16	Change	9M '17	9M '16	Change
Net cash flows from operating activities (reported)	134.6	173.7	-22.5%	566.7	611.7	-7.4%
Payment for voluntary leave schemes	13.0	35.2	-63.1%	23.2	43.9	-47.2%
Payment for restructuring and non-recurring litigations	-	-	-	3.6	4.4	-18.2%
Interest received	0.5	0.5	0.0%	1.2	1.8	-33.3%
Adjusted Net Operating Cash Flow	148.1	209.4	-29.3%	594.7	661.8	-10.1%

Capital expenditure (CAPEX) and Adjusted Capital expenditure

Capital expenditure is defined as payments for purchase of property plant and equipment and intangible assets. The Group uses capital expenditure as an APM to ensure that the cash spending is in line with its overall strategy for the use of cash. Adjusted capital expenditure is calculated by excluding spectrum payments from Capital expenditure as illustrated in the table below:

(Euro million)	Q3 '17	Q3 '16	Change	9M '17	9M '16	Change
Purchase of property plant and equipment and intangible assets (reported) - CAPEX	(176.2)	(183.7)	-4.1%	(599.7)	(500.0)	+19.9%
Spectrum Payments	-	-	-	15.5	13.5	+14.8%
Adjusted CAPEX	(176.2)	(183.7)	-4.1%	(584.2)	(486.5)	+20.1%

Free Cash Flow

Free cash flow is an APM used by the Group and defined as cash generated by operating activities after payments for purchase of property plant and equipment and intangible assets (CAPEX). Free cash flow is intended to measure the cash generation from the Group's business, based on operating activities, including the efficient use of working capital and taking into account its payments for purchases of property plant and equipment and intangible assets. The Group presents free cash flow because it believes the measure assists users of the financial statements in understanding the Group's cash generating performance as well as availability for debt repayment, dividend distribution and own reserves.

(Euro million)	Q3 '17	Q3 '16	Change	9M '17	9M '16	Change
Net cash flows from operating activities	134.6	173.7	-22.5%	566.7	611.7	-7.4%
Purchase of property, plant, equipment & intangible assets	(176.2)	(183.7)	-4.1%	(599.7)	(500.0)	+19.9%
Free Cash Flow	(41.6)	(10.0)	-	(33.0)	111.7	-129.5%

Adjusted Free Cash Flow

Adjusted Free Cash Flow facilitates comparability of Cash Flow generation with industry peers. Adjusted Free Cash Flow is useful in connection with discussions with the investment analyst community and debt rating agencies. Adjusted Free Cash Flow is calculated by excluding from the Free Cash Flow (defined earlier) the payments related to voluntary leave schemes, other restructuring plans and non-recurring litigation expenses and spectrum and adding the interest received.

(Euro million)	Q3 '17	Q3 '16	Change	9M '17	9M '16	Change
Free Cash Flow	(41.6)	(10.0)	-	(33.0)	111.7	-129.5%
Payment for voluntary leave schemes	13.0	35.2	-63.1%	23.2	43.9	-47.2%
Payment for restructuring and non-recurring litigations	-	-	-	3.6	4.4	-18.2%
Interest received	0.5	0.5	0.0%	1.2	1.8	-33.3%
Spectrum payments	-	-	-	15.5	13.5	+14.8%
Adjusted FCF	(28.1)	25.7	-	10.5	175.3	-94.0%

Adjusted Profit to owners of the parent

Adjusted Profit for the year attributable to owners of the parent is intended to provide useful information to analyze the Group's net profitability excluding the impact of significant non-recurring or irregularly recorded items in order to facilitate comparability with previous ongoing performance. Adjusted Profit for the year (attributable to owners of the parent) is calculated by adding back to the Profit of the year (attributable to owners of the parent) the impact upon it of the following items: costs related to voluntary leave schemes, net impact from impairments, reassessment of deferred tax, financial expenses for bond issue and bond buyback premium, reversal of provision related to Asset sale (Globul), other restructuring costs and non-recurring litigation expenses, as illustrated in the table below:

(Euro million) – After Tax impact	Q3 '17	Q3 '16	Change	9M '17	9M '16	Change
Profit to owners of the parent (reported)	52.4	55.9	-6.3%	119.9	123.4	-2.8%
Costs related to voluntary leave schemes	19.9	25.6	-22.3%	28.7	31.7	-9.5%
Other restructuring and non-recurring litigations	4.2	6.3	-33.3%	7.0	7.8	-10.3%
Reversal of provision related to Globul sale	-	(13.1)	-	-	(13.1)	-
Adjusted Profit to owners of the parent	76.5	74.7	+2.4%	155.6	149.8	+3.9%

II. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Euro million)	GROUP	
	30/9/2017	31/12/2016
ASSETS		
Property, plant and equipment	2,791.6	2,852.5
Goodwill	506.5	507.0
Telecommunication licenses	453.9	491.3
Other intangible assets	431.0	490.4
Investments	0.1	0.1
Loans to pension funds	83.3	85.6
Deferred tax assets	321.2	316.5
Other non-current assets	109.0	99.4
Total non - current assets	4,696.6	4,842.8
Current assets		
Inventories	88.9	95.9
Trade receivables	754.3	730.5
Other financial assets	5.5	5.6
Other current assets	318.2	307.6
Restricted Cash	3.7	3.6
Cash and cash equivalents	1,297.0	1,585.6
Total current assets	2,467.6	2,728.8
TOTAL ASSETS	7,164.2	7,571.6
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	1,387.1	1,387.1
Share premium	496.3	496.2
Treasury shares	(14.5)	(14.3)
Statutory reserve	362.2	362.2
Foreign exchange and other reserves	(155.1)	(156.5)
Changes in non-controlling interests	(3,314.1)	(3,314.1)
Retained earnings	3,631.7	3,595.4
Total equity attributable to owners of the Parent	2,393.6	2,356.0
Non-controlling interests	273.8	295.7
Total equity	2,667.4	2,651.7
Non-current liabilities		
Long-term borrowings	1,171.1	1,941.0
Provision for staff retirement indemnities	227.3	227.6
Provision for youth account	135.0	142.5
Deferred tax liabilities	45.8	50.3
Other non – current liabilities	76.2	118.3
Total non – current liabilities	1,655.4	2,479.7
Current liabilities		
Trade accounts payable	1,079.4	1,364.1
Short-term portion of long-term borrowings	780.3	184.1
Income tax payable	93.8	79.2
Deferred revenue	141.3	152.1
Provision for voluntary leave schemes	161.5	141.9
Dividends payable	0.4	0.3
Other current liabilities	584.7	518.5
Total current liabilities	2,841.4	2,440.2
TOTAL EQUITY AND LIABILITIES	7,164.2	7,571.6

III. CONSOLIDATED INCOME STATEMENT

(Euro million)	Q3'17	Q3'16	%	9M'17	9M'16	%
Total revenues	991.2	997.9	-0.7%	2,859.0	2,881.1	-0.8%
Other operating income	13.8	9.6	+43.8%	35.0	25.7	+36.2%
Operating expenses						
Interconnection and roaming costs	(161.3)	(140.2)	+15.0%	(442.0)	(388.4)	+13.8%
Provision for doubtful accounts	(26.9)	(24.9)	+8.0%	(73.7)	(68.7)	+7.3%
Personnel costs	(150.8)	(154.7)	-2.5%	(469.3)	(484.3)	-3.1%
Costs related to voluntary leave schemes	(27.1)	(35.8)	-24.3%	(37.8)	(43.5)	-13.1%
Commission costs	(31.1)	(32.5)	-4.3%	(100.0)	(100.0)	0.0%
Merchandise costs	(70.5)	(64.3)	+9.6%	(201.8)	(191.4)	+5.4%
Maintenance and repairs	(25.6)	(25.4)	+0.8%	(78.4)	(78.3)	+0.1%
Marketing	(23.5)	(23.7)	-0.8%	(69.3)	(73.3)	-5.5%
Other operating expenses	(170.8)	(185.7)	-8.0%	(497.0)	(548.1)	-9.3%
Total operating expenses before depreciation, amortization and impairment	(687.6)	(687.2)	+0.1%	(1,969.3)	(1,976.0)	-0.3%
Operating profit before financial and investing activities, depreciation, amortization and impairment	317.4	320.3	-0.9%	924.7	930.8	-0.7%
Depreciation, amortization and impairment	(196.8)	(201.1)	-2.1%	(589.3)	(615.2)	-4.2%
Operating profit before financial and investing activities	120.6	119.2	+1.2%	335.4	315.6	+6.3%
Income and expense from financial and investing activities						
Interest and related expenses	(34.9)	(41.3)	-15.5%	(105.3)	(112.8)	-6.6%
Interest income	0.3	0.5	-40.0%	1.1	1.8	-38.9%
Foreign exchange differences, net	3.4	0.4	+750.0%	(6.8)	0.1	-
Gains from investments and other financial assets - Impairment	-	18.6	-100.0%	-	19.2	-100.0%
Total loss from financial and investing activities	(31.2)	(21.8)	43.1%	(111.0)	(91.7)	21.0%
Profit before tax	89.4	97.4	-8.2%	224.4	223.9	+0.2%
Income tax	(42.3)	(46.9)	-9.8%	(125.0)	(124.7)	+0.2%
Profit for the period	47.1	50.5	-6.7%	99.4	99.2	+0.2%
Attributable to:						
Owners of the parent	52.4	55.9	-6.3%	119.9	123.4	-2.8%
Non-controlling interests	(5.3)	(5.4)	-1.9%	(20.5)	(24.2)	-15.3%

IV. GROUP REVENUES

(Euro million)	Q3'17	Q3'16	%	9M'17	9M'16	%
Revenue						
Fixed business:						
Retail services revenues	298.3	305.8	-2.5%	893.6	904.0	-1.2%
Wholesale services revenues	177.2	163.8	+8.2%	508.3	468.1	+8.6%
Other revenues	69.6	70.9	-1.8%	212.7	215.7	-1.4%
Total revenues from fixed business	545.1	540.5	+0.9%	1,614.6	1,587.8	+1.7%
Mobile business:						
Service revenues	360.8	352.5	+2.4%	992.2	992.1	+0.0%
Handset revenues	55.5	53.8	+3.2%	153.2	156.4	-2.0%
Other revenues	3.5	6.4	-45.3%	11.9	16.4	-27.4%
Total revenues from mobile business	419.8	412.7	+1.7%	1,157.3	1,164.9	-0.7%
Miscellaneous other revenues	26.3	44.7	-41.2%	87.1	128.4	-32.2%
Total revenues	991.2	997.9	-0.7%	2,859.0	2,881.1	-0.8%

V. CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in € millions	Q3 '16	Q4 '16	Q1 '17	Q2 '17	Q3 '17
Cash flows from operating activities					
Profit before tax	97.4	28.5	75.4	59.6	89.4
Adjustments for:					
Depreciation, amortization and impairment	201.1	266.2	197.1	195.4	196.8
Costs related to voluntary leave schemes	35.8	6.1	2.5	8.2	27.1
Provision for staff retirement indemnities	2.8	3.4	2.7	2.8	2.7
Provision for youth account	0.8	(0.5)	0.7	0.7	0.7
Provision for doubtful accounts	24.9	21.2	24.3	22.5	26.9
Foreign exchange differences, net	(0.4)	4.4	(2.9)	13.1	(3.4)
Interest income	(0.5)	(0.4)	(0.4)	(0.4)	(0.3)
(Gains) / losses from investments and other financial assets - Impairment	(18.6)	0.9	-	-	-
Interest and related expenses	41.3	36.6	32.4	38.0	34.9
Working capital adjustments:	(72.1)	110.9	(114.1)	(58.5)	(60.4)
Decrease / (increase) in inventories	(0.2)	14.6	1.7	(7.5)	12.1
Decrease / (increase) in receivables	(23.2)	(12.9)	(12.2)	(63.4)	(48.2)
(Decrease) / increase in liabilities (except borrowings)	(48.7)	109.2	(103.6)	12.4	(24.3)
Plus / (Minus):					
Payment for voluntary leave schemes	(35.2)	(10.0)	(7.3)	(2.9)	(13.0)
Payment of staff retirement indemnities and youth account, net of employees' contributions	(3.7)	(4.1)	(3.1)	(2.9)	(3.0)
Interest and related expenses paid	(58.5)	(21.3)	(33.6)	(3.7)	(58.9)
Income taxes paid	(41.4)	(28.5)	(11.3)	(2.2)	(104.9)
Net cash flows from operating activities	173.7	413.4	162.4	269.7	134.6
Cash flows from investing activities					
Sale or maturity of financial assets	0.5	1.7	0.2	-	-
Repayment of loans receivable	1.7	2.2	1.0	1.7	1.8
Purchase of property, plant and equipment and intangible assets	(183.7)	(153.0)	(200.5)	(223.0)	(176.2)
Movement in restricted cash	(0.1)	0.2	(0.1)	-	-
Payments related to disposal of subsidiaries / investments	(4.9)	-	-	-	-
Interest received	0.5	0.4	0.4	0.3	0.5
Net cash flows used in investing activities	(186.0)	(148.5)	(199.0)	(221.0)	(173.9)
Cash flows from financing activities					
Share option plans	-	0.2	-	(0.3)	-
Proceeds from loans granted and issued	389.0	-	-	-	-
Repayment of loans	-	(42.6)	(64.8)	(22.6)	(92.8)
Dividends paid to Company's owners	(48.6)	-	-	(0.3)	(77.8)
Net cash flows from / (used in) financing activities	340.4	(42.4)	(64.8)	(23.2)	(170.6)
Net increase / (decrease) in cash & cash equivalents	328.1	222.5	(101.4)	25.5	(209.9)
Cash and cash equivalents, at the beginning of the period	1,035.4	1,364.9	1,585.6	1,483.8	1,508.5
Net foreign exchange differences	1.4	(1.8)	(0.4)	(0.8)	(1.6)
Cash and cash equivalents, at the end of the period	1,364.9	1,585.6	1,483.8	1,508.5	1,297.0