

OTE Hellenic Telecommunications Organization

Q2 2018 Results

August 2018



GROUP OF COMPANIES

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In addition to figures prepared in accordance with IFRS, OTE also presents alternative performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, free cash flow, adjusted free cash flow, net debt, adjusted net debt, Capex and adjusted Capex. These alternative performance measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. The purpose and calculations of all 'Adjusted' data and the Alternative Performance Measures presented are detailed in the Alternative Performance Measures Section of the 2017 Annual Report of the Board of Directors, on the six months 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>

OTE Group Overview

Q2'2018

Revenues
€959mn

Adj. EBITDA
€319mn

Adj. Capex
€169mn

Adj. FCF
€95mn

Market Cap
€5.4bn

Revenues

Greece:
74%

Romania:
25%

Albania:
2%

Adj. EBITDA

Greece:
88%

Romania:
12%

Albania:
1%



Shareholders

DT:
45%

Hellenic State:
5%

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.

Our Strategy

The 6 Pillars of our strategic plan

Technology Superiority

- FTTC Vectoring / Super Vectoring – rollout completion
- FTTH – 4y rollout plan
- 4G/4G+ coverage everywhere
- 5G trials
- Rural Network Operation
- IP Transformation
- IoT-ready network

Best Customer Experience

Digital @Customer

- One Mobile App
- E-commerce
- Digital Customer Service
- Digitalize Order and Fault management processes
- Predictive Maintenance

Revenue Transformation

- ICT / Systems Solutions for Business customers
- Cloud Solutions
- IoT and Smart Cities
- Innovative services (Smart Home, One Connectivity, etc)
- Verticals (Shipping, Hotels, etc)
- Expand in adjacent markets

Lead in Core Business

- COSMOTE brand superiority
- FMC and FMCC propositions
- Grow broadband penetration & service speed
- Grow TV
- Safeguard wholesale revenues

Digitalization, Simplification and Cost Optimization

- Simplification, Digital @ Customer, @Network, @Company • Operating Model & Restructuring
- Cost efficiency programs - Indirect Cost Optimization

Growth Mindset and Culture

- People Development and Digital Skills
- Growth Mindset and Culture Transformation

Digital Transformation

Simplify, Digitalize, Accelerate for superior Customer Experience & Operational Efficiency

Digital @Customer

Digital Interactions	Digitalize Service Processes	Simplify Portfolio	Digitalize Businesses & Public Sector
<ul style="list-style-type: none"> ➤ One App primary touchpoint for Sales & Services provisioning ➤ Boost online sales ➤ Contextual digital campaigns 	<ul style="list-style-type: none"> ➤ Order2Bill: self-service ordering ➤ Fault2Repair: self-service fault handling 	<ul style="list-style-type: none"> ➤ Simplify Product & Tariff portfolio ➤ Simplify customer journeys ➤ Converged & simplified IT stack 	<ul style="list-style-type: none"> ➤ FMC & Cloud for SMBs ➤ ICT solutions for large enterprises

Digital @Company

Digital Channels	Digital Processes	Digital Network Operations	Digital Skills, Mindset & Collaboration
<ul style="list-style-type: none"> ➤ Enterprise Mobile App ➤ Digital touchpoints for Partners ➤ Unified Processes front-end 	<ul style="list-style-type: none"> ➤ Digitalized & unified workflows ➤ Process simplification & automation – eliminate overhead & non-value-adding tasks 	<ul style="list-style-type: none"> ➤ Autonomous Network Operation ➤ Preventive Maintenance ➤ Field Force Digitalization 	<ul style="list-style-type: none"> ➤ Digital Skills & Learning ➤ Agile work & collaboration ➤ Growth culture & mindset

Number 1 in TRI*M in all our markets

*COSMOTE Greece succeeds in remaining #1 in Customer satisfaction (TRI*M index)*

Strong BRAND

- “One world better for all” new brand promise

Innovative CUSTOMER CARE

- “UFixIt app”: innovative digital care based on devices as interactive service tools with video communication

Digital CHANNELS

- Service app penetration already at **50% at 1.8 million COSMOTE Apps Active users**

Excellent TECHNICAL SERVICE

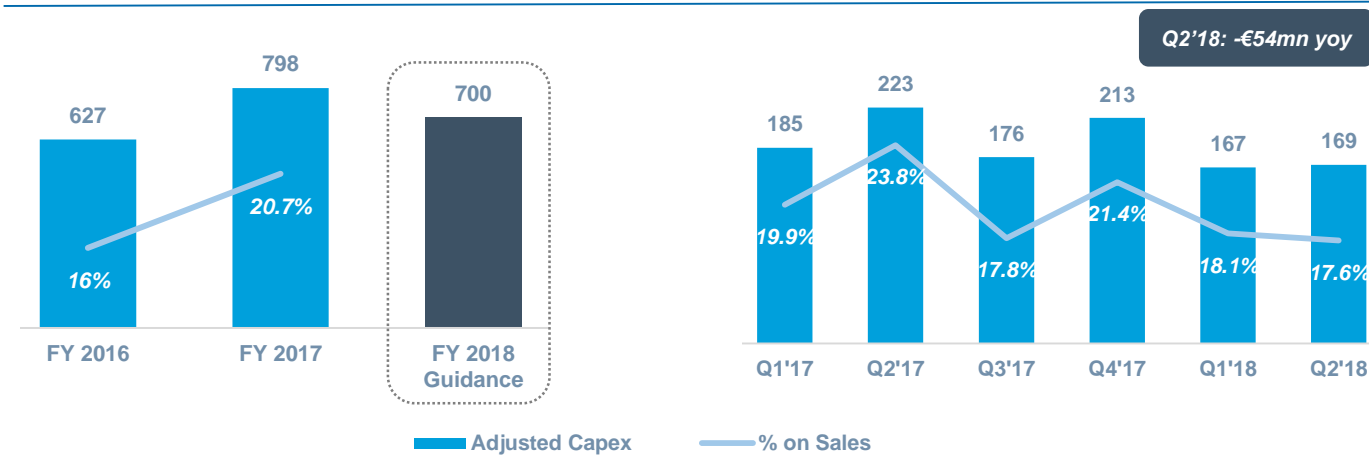
- Technical service Transformation: >60% of outages automatically detected & dispatched

Customer centric CULTURE

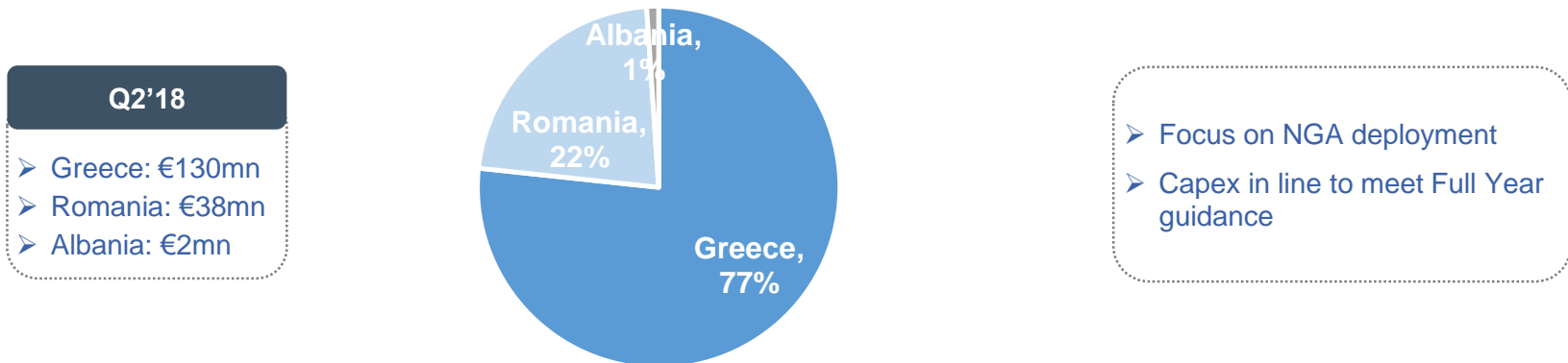
- Customer Experience training: > 1,000 managers participating in “one day at first line”; 280 Customer Experience (‘CX’) ambassadors

Capex

Adjusted Capex (€ mn)

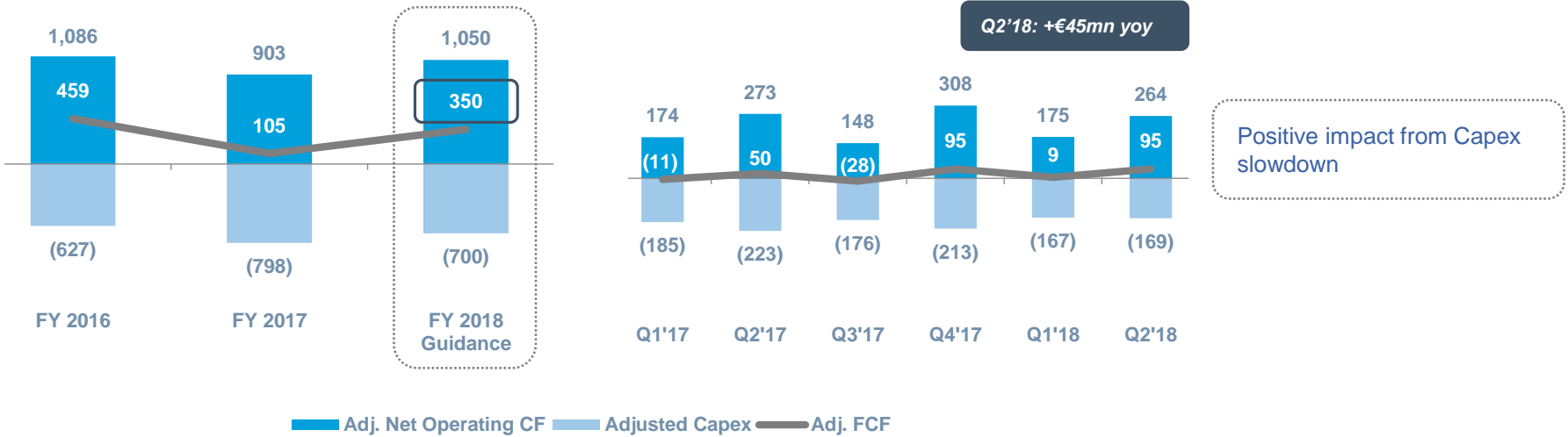


Per Country (€ mn)

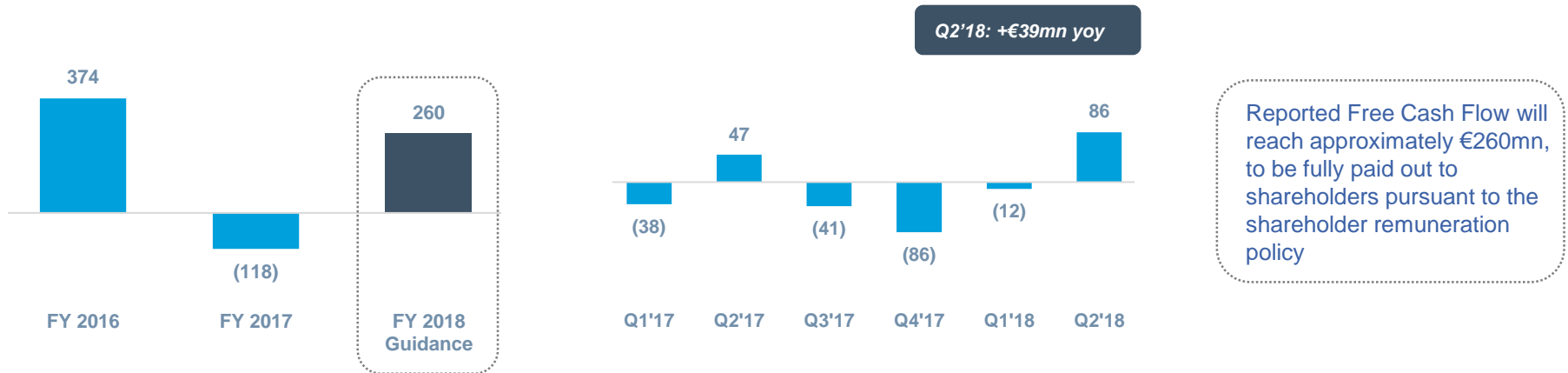


Cash Flow

Adjusted FCF (€ mn)

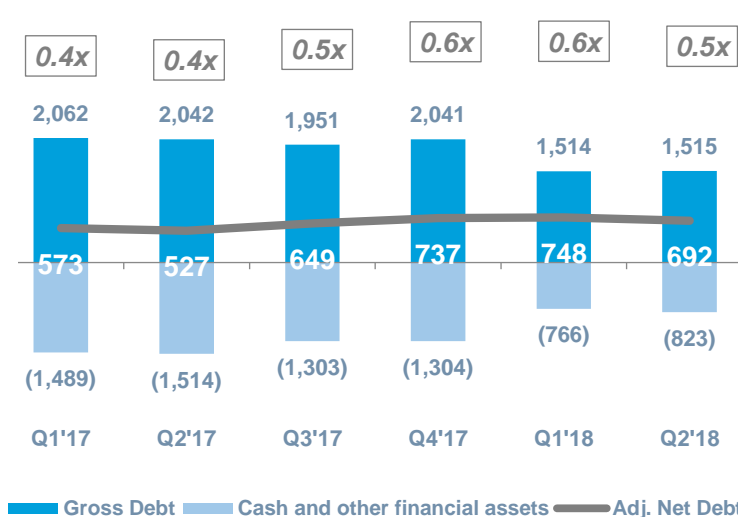


Reported FCF (€ mn)



Debt and Liquidity Profile

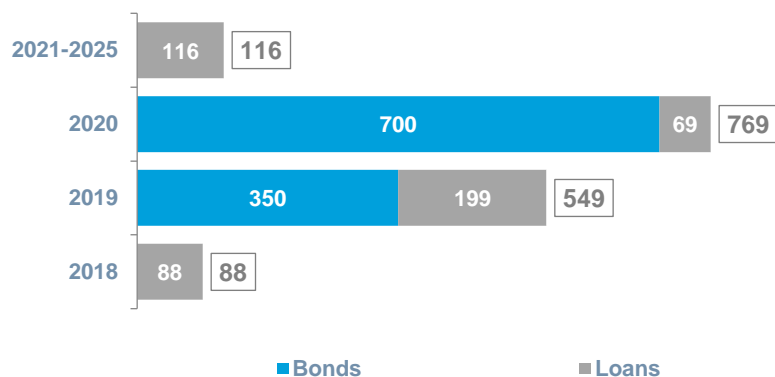
Leverage (€ mn)



Net Debt/EBITDA

On July 18, 2018, OTE PLC raised €400mn via a new 4-year bond with an annual coupon of 2.375%.

Debt Maturity Profile - Nominal amounts (€ mn)



Bonds

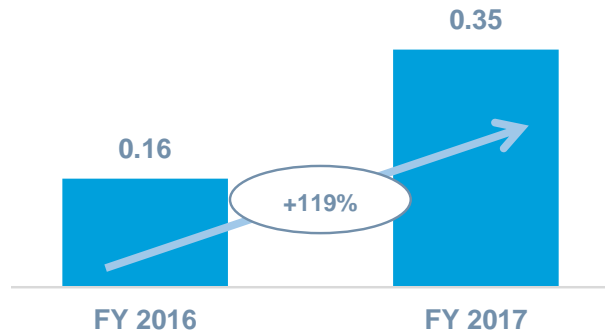
2019 Bond (Dec)	4.375%
2020 Bond (Jul)	3.5%

Loans

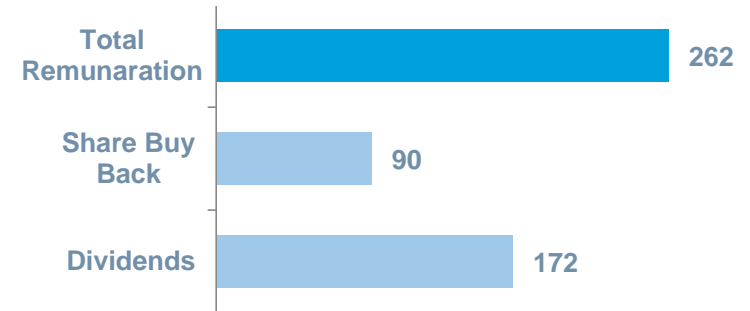
OTE & COSMOTE	€297mn EBRD
	€150mn EIB
	€25 mn BSTDB

Shareholder Remuneration Policy

Dividend per Share (€)



Estimated 2018 Payout (€mn)



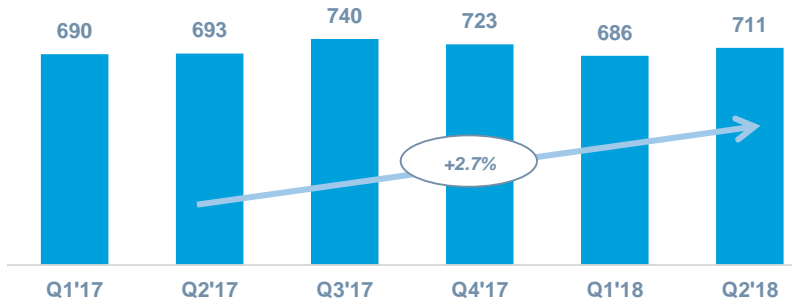
Shareholder Remuneration Policy

- ➔ 100% FCF Distribution through a combination of Dividends and Share Buybacks
- ➔ 65%/35% targeted split between Dividends and Share Buybacks
- ➔ Share buy back program launched in early April 2018.
 - *Until August 6, 2018, OTE had acquired 3,988,229 own shares for a total consideration of €43.3mn. As of August 6, 2018, OTE possessed 5,308,339 own shares for a total value of €57.6mn*

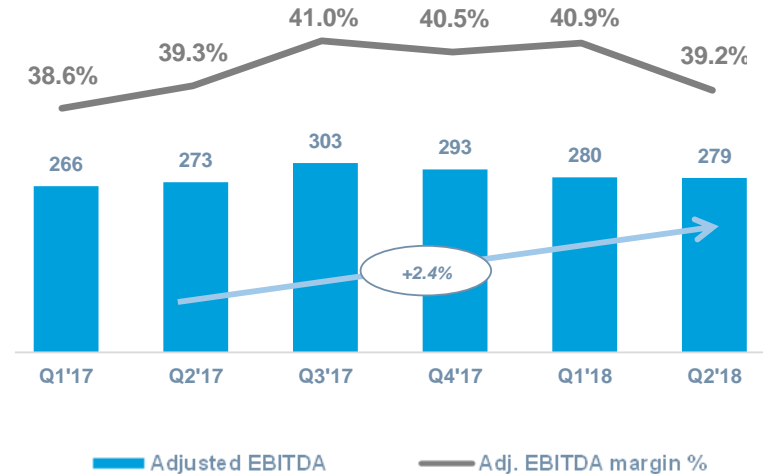
Greece

Greece – Financial Overview

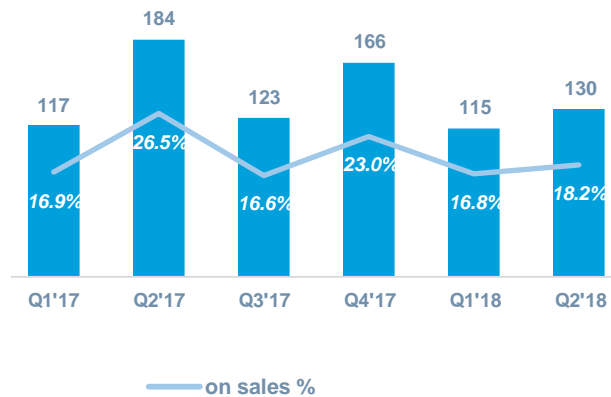
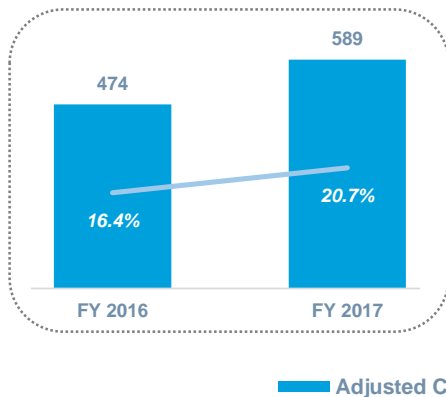
Total Revenues (€ mn)



Adj. EBITDA (€ mn)



Adjusted Capex (€ mn)

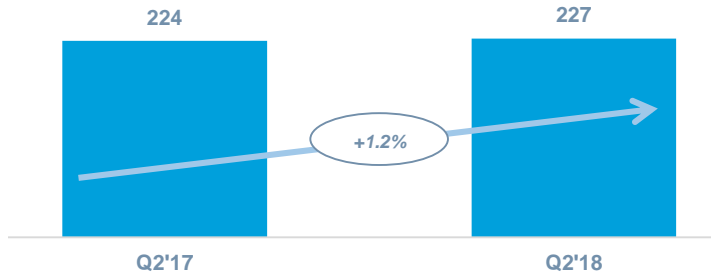


Greece progress fueled by successful investments:

- Accelerating take-up of fiber broadband
- Growth in mobile driven by data;
- Increased digitalization, adoption of mobile app picking up
- Cost management supporting EBITDA growth

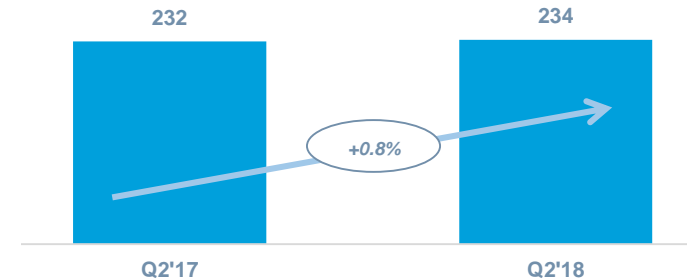
Greece – Financial Overview

Retail Fixed Revenues (€ mn)



Excluding the IFRS 15 impact at +1.4%

Mobile Service Revenues (€ mn)



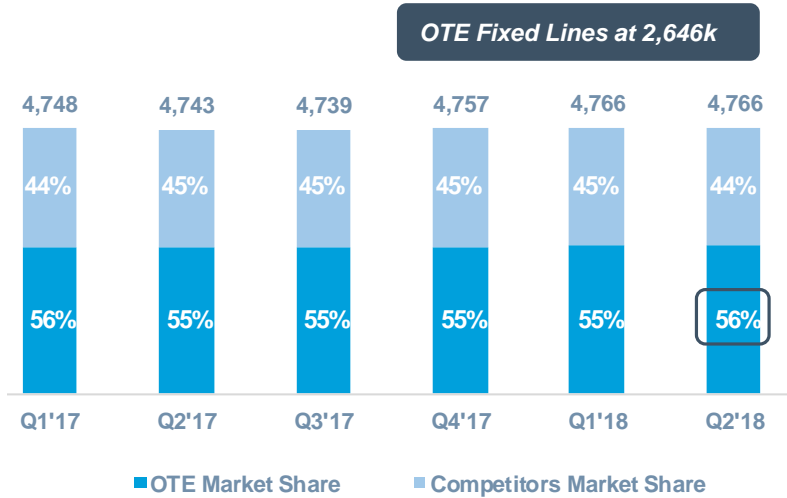
Excluding the IFRS 15 impact at +3.7%

- **Subscriber take-up of high-speed fiber Broadband is driving retail Fixed revenues growth**
- **Further slowdown in the decline of voice revenues in Q2'18**

Mobile Service revenue growth largely fueled by data usage and visitors roaming

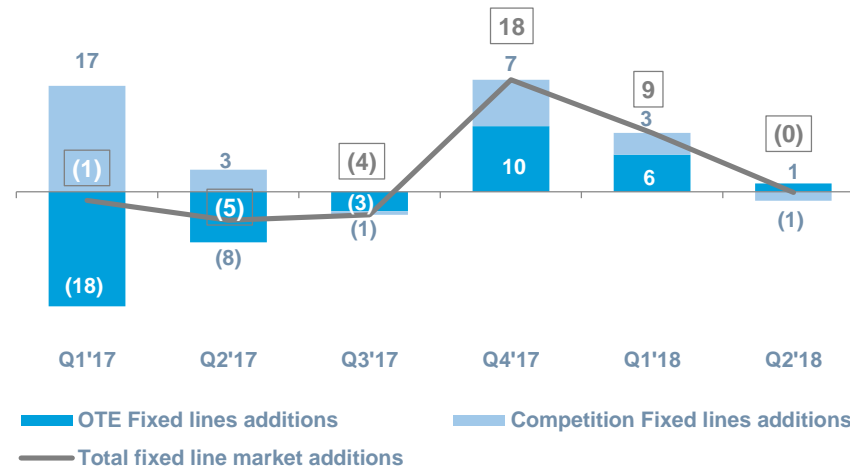
Greece – Fixed KPIs

Fixed-Line Market Evolution (000)



Retail Customers +0.5% y-o-y

Net Additions (000)

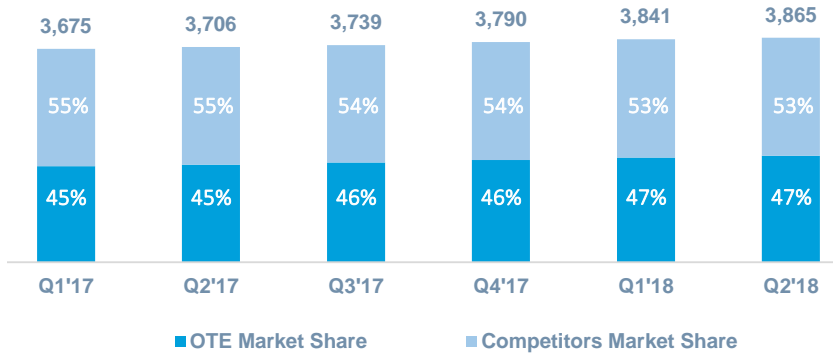


3rd quarter of positive additions for OTE at +1K

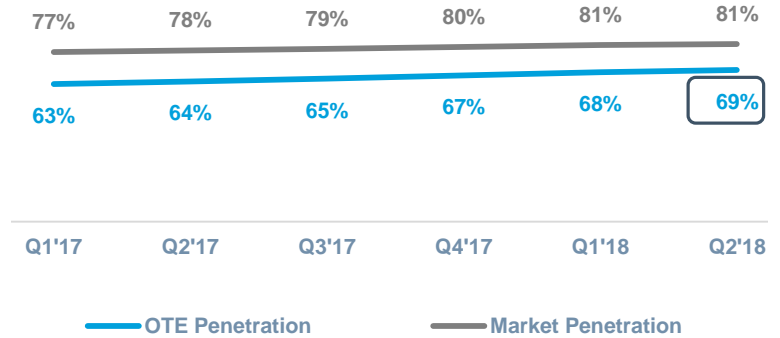
Greece – Broadband KPIs

Broadband Market Evolution (000)

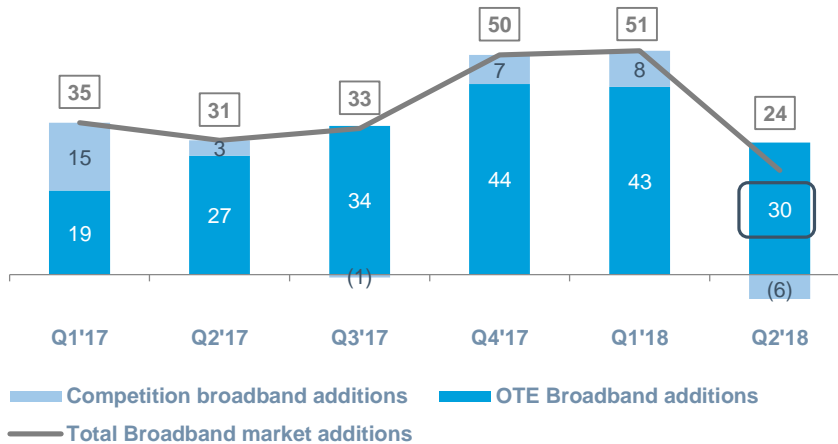
OTE Broadband Lines at 1,833k



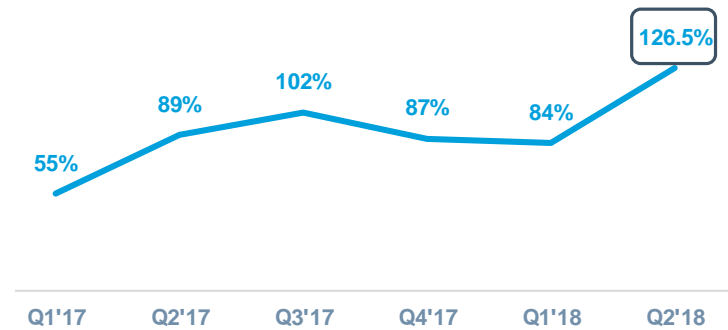
Market Penetration



Broadband Net Additions (000)

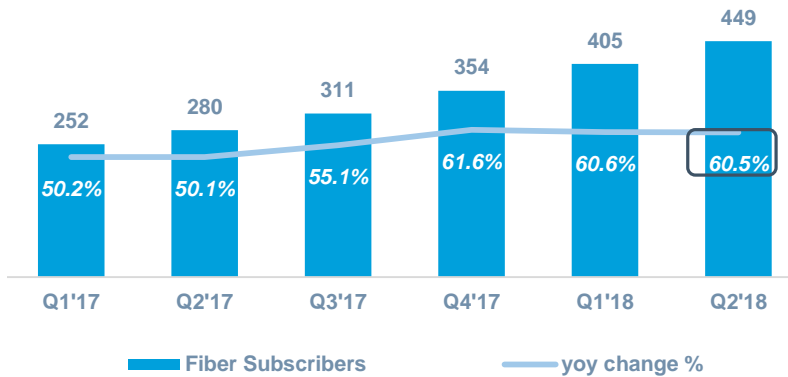


Market Share on Net Additions



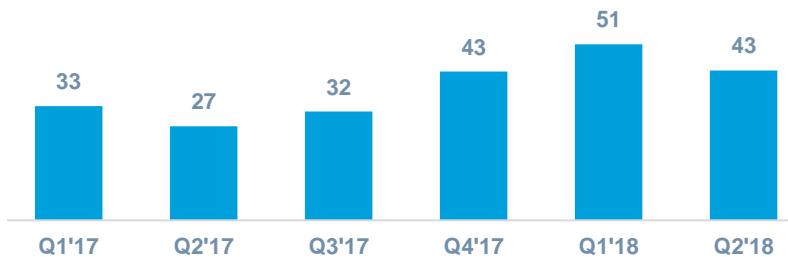
Greece – Fiber Services

Fiber Subscribers (000)



- Penetration of high-speed Fiber Broadband service at **24.5%** of retail broadband base
- At June 30, total number of VDSL/Vectoring activated cabinets amounted to **12.7k up by over 400** units in the quarter
- New phase of **c.3k** cabinets planned for 2018
- Net additions at **43k** in the quarter

Fiber Subscribers additions (000)



FTTC Coverage %

2017

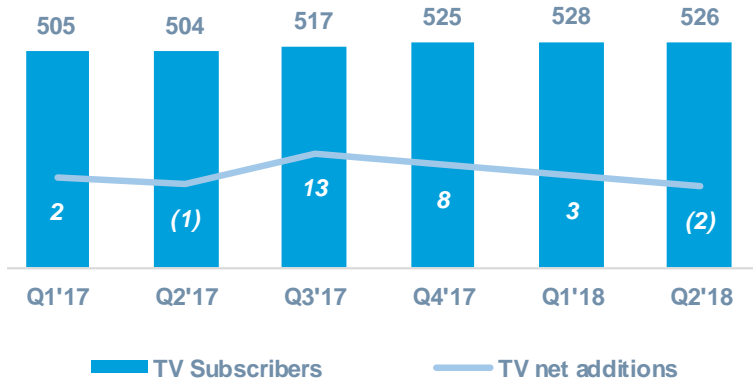
61%

2019*

72%

Greece – COSMOTE TV

TV Subscribers (000)



+4.3% y-o-y Increase in Customer base

Q2 is a traditionally low performance quarter

Champions League & Europa League 2018-2021

TV Market

- Exclusive premium content at PayTV offerings
- Despite low penetration levels – TV market segment shows signs of maturity

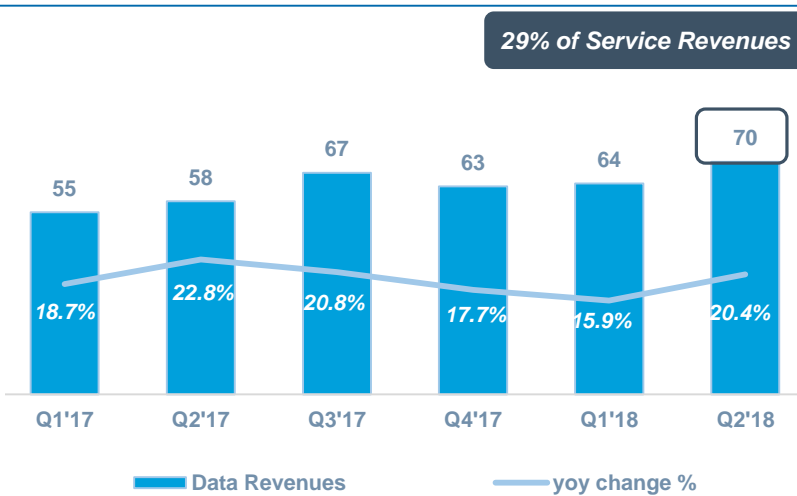
TV Penetration %

Q2'2018

c.25%

Greece – Mobile KPIs

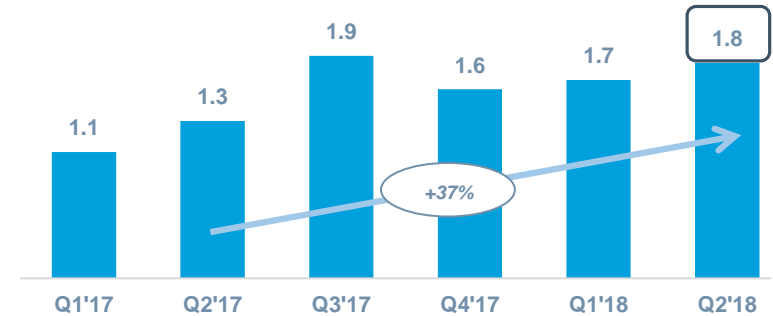
Data Revenues (€ mn)



Total Subscribers (000)



Avg. Data usage* (GB)



+67% in Data Traffic of Handset Internet

+22% in Data Handset Internet users

Penetration in HI Data Users at 54%

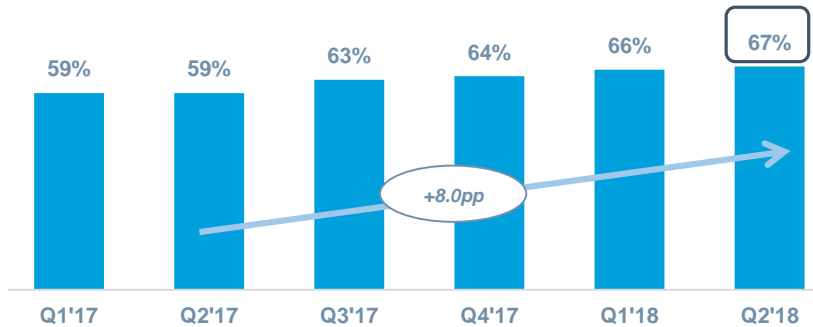
Network Coverage %

4G c.99%

4G+ c.93%

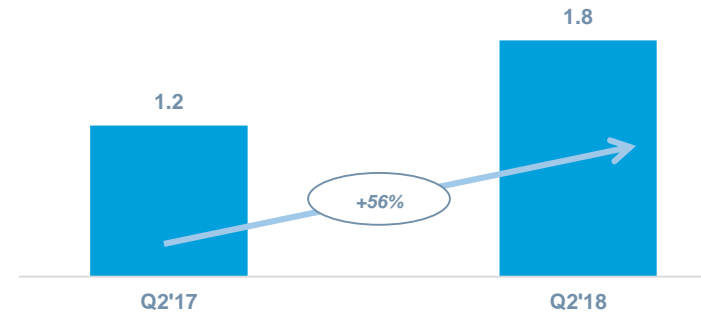
Greece – Digitalization

Smartphone penetration (%)



Together with other Cosmote digitalization initiatives, the app is instrumental in improving customer experience and enabling cost savings

COSMOTE Apps Active users (mn)

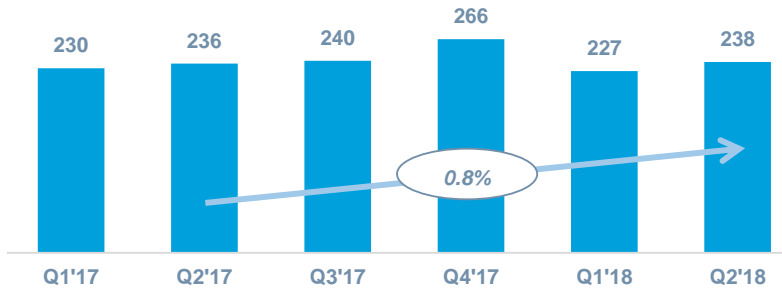


50% App Active users penetration*

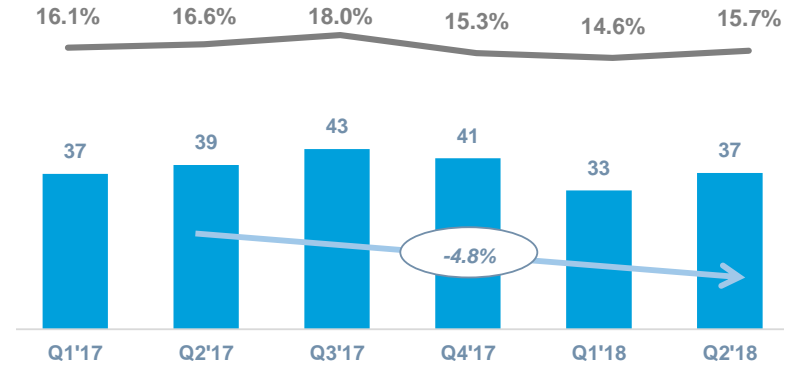
Romania

Romania – Financial Overview

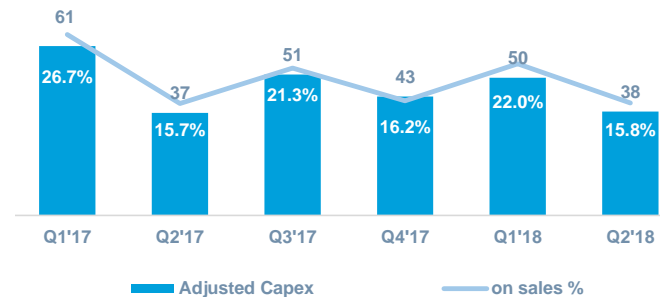
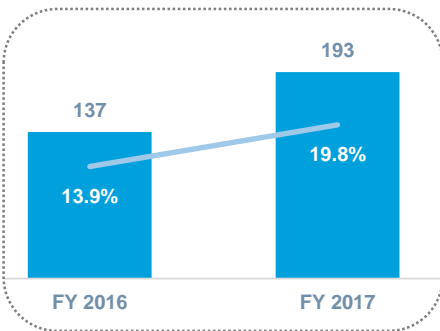
Total Revenues (€ mn)



Adj. EBITDA (€ mn)



Adjusted Capex (€ mn)



- Expanding FTTH coverage, currently at c.2.7 million households
- Extending 4G network rollout
- New mobile offers launched at the end of previous year, complementing FMC proposition, are gaining traction and supporting strategy

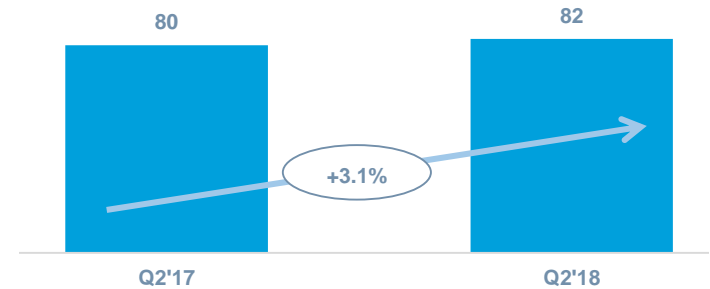
Romania – Financial Overview

Retail Fixed Revenues (€ mn)



Excluding the IFRS 15 impact at -11.5%

Mobile Service Revenues (€ mn)



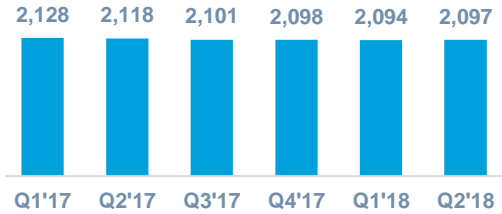
Excluding the IFRS 15 impact at +5.3%

- Mobile Service revenue increase reflects growth from both traditional mobile, as well as FMC solutions
- Total Revenues from FMC +30%
- New propositions under #netliberare campaign offer affordable mobile internet access and a competitive mobile offering in the market

Romania – Fixed KPIs

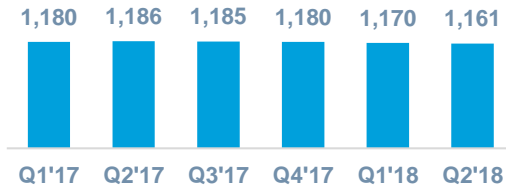
Fixed Lines* (000)

Q2'18: -1.0% yoy



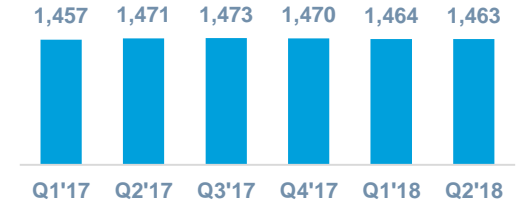
Broadband Lines* (000)

Q2'18: -2.0% yoy

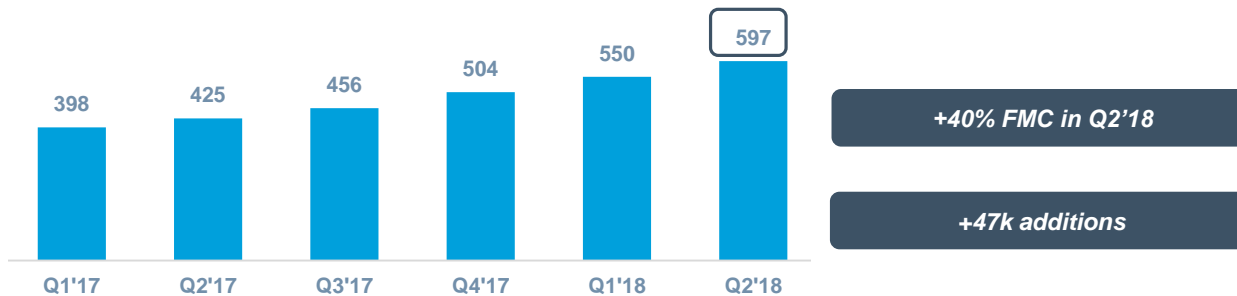


TV Subscribers (000)

Q2'18: -0.5% yoy

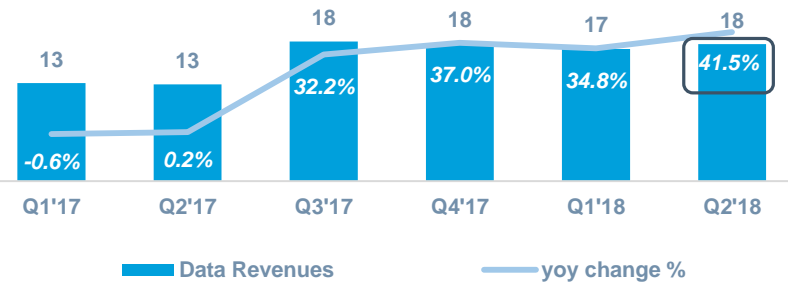


FMC Customers (000)

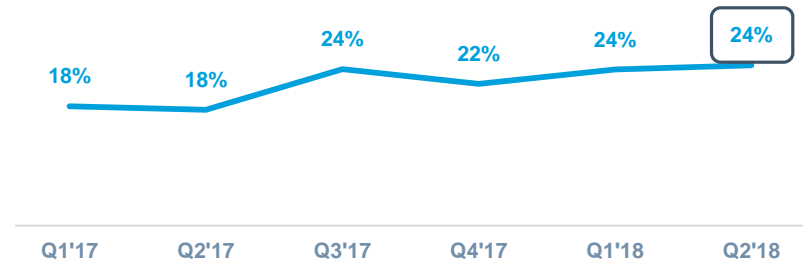


Romania – Mobile KPIs

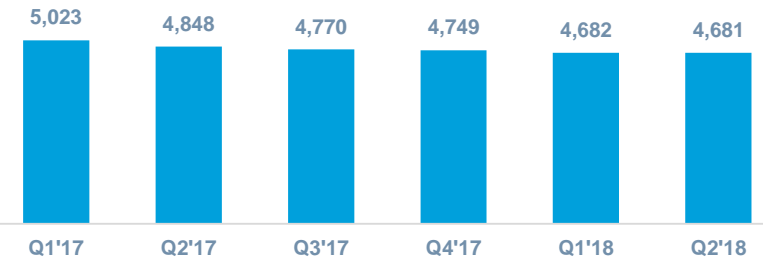
Data Revenues (€ mn)



Data Revenues as % of Service Revenues



Total Subscribers (000)

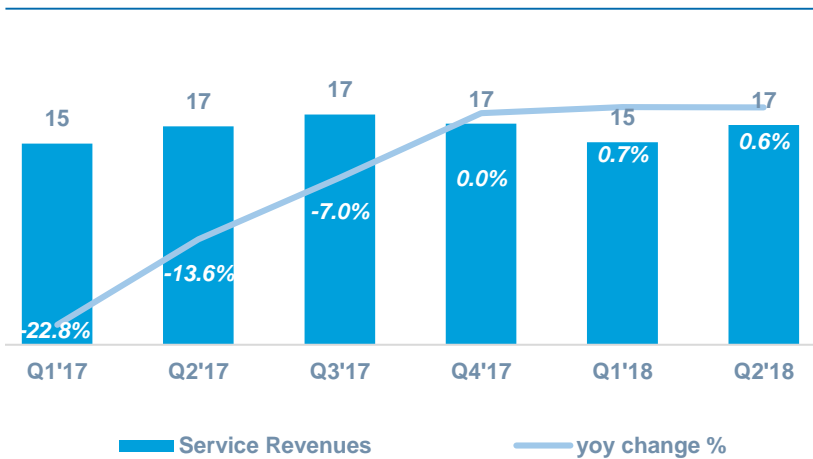


Business customers up +6.8%

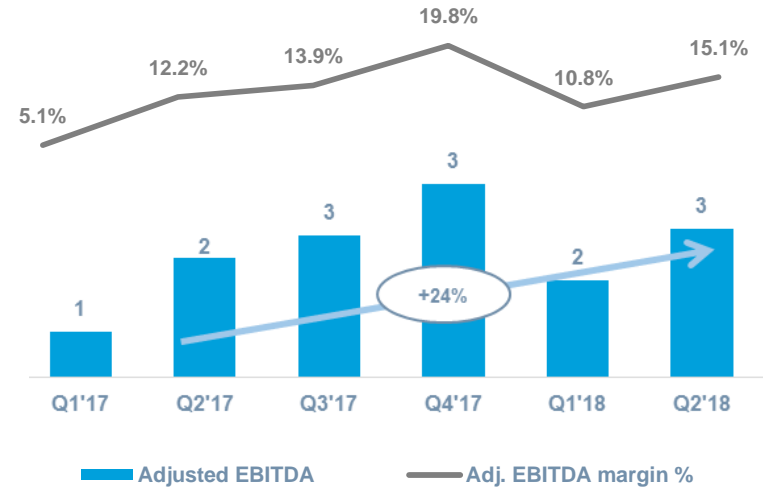
Albania

Albania – Financial Overview

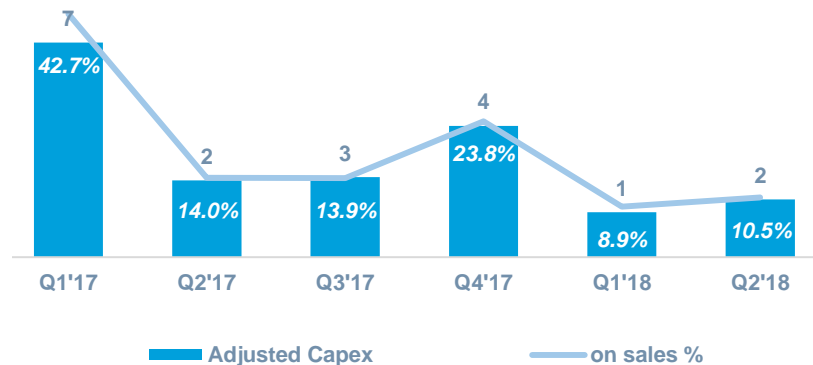
Service Revenues (€ mn)



Adjusted EBITDA (€ mn)



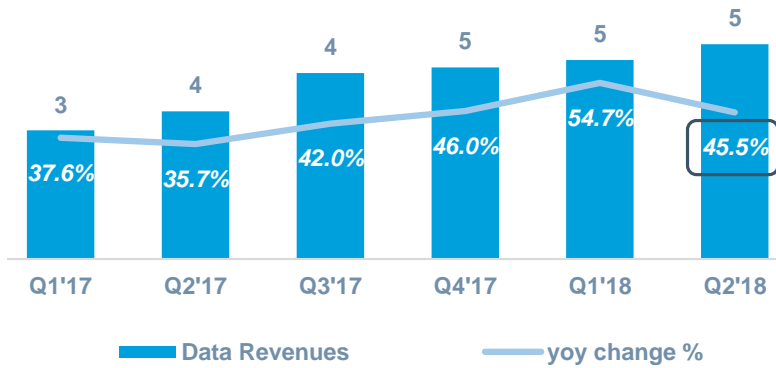
Adjusted Capex (€ mn)



- Service revenues continue the positive trend
- Adj. EBITDA increase, driven by improved retail margin

Albania – Mobile KPIs

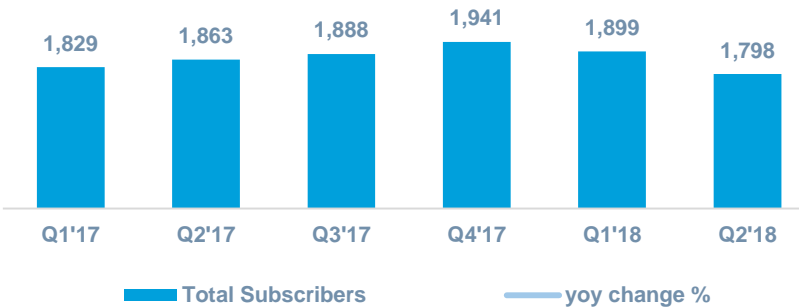
Data Revenues (€ mn)



Data Revenues as % of Service Revenues



Total Subscribers (000)



Thank you

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