

OTE

## OTE: Driving the Group Forward

10<sup>th</sup> Annual Capital Link Forum,  
New York, October 30, 2008

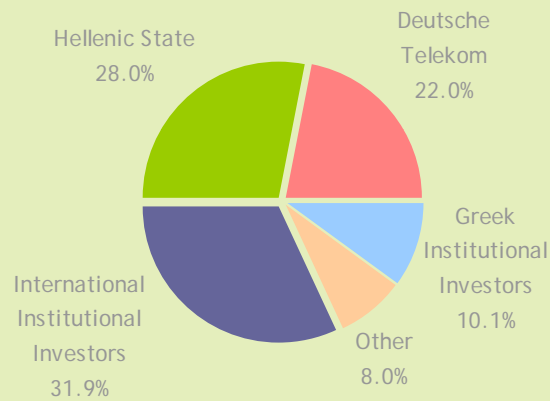
OTE

- | OTE Group Overview
- | Business Review
- | Financial Review
- | Appendix

OTE

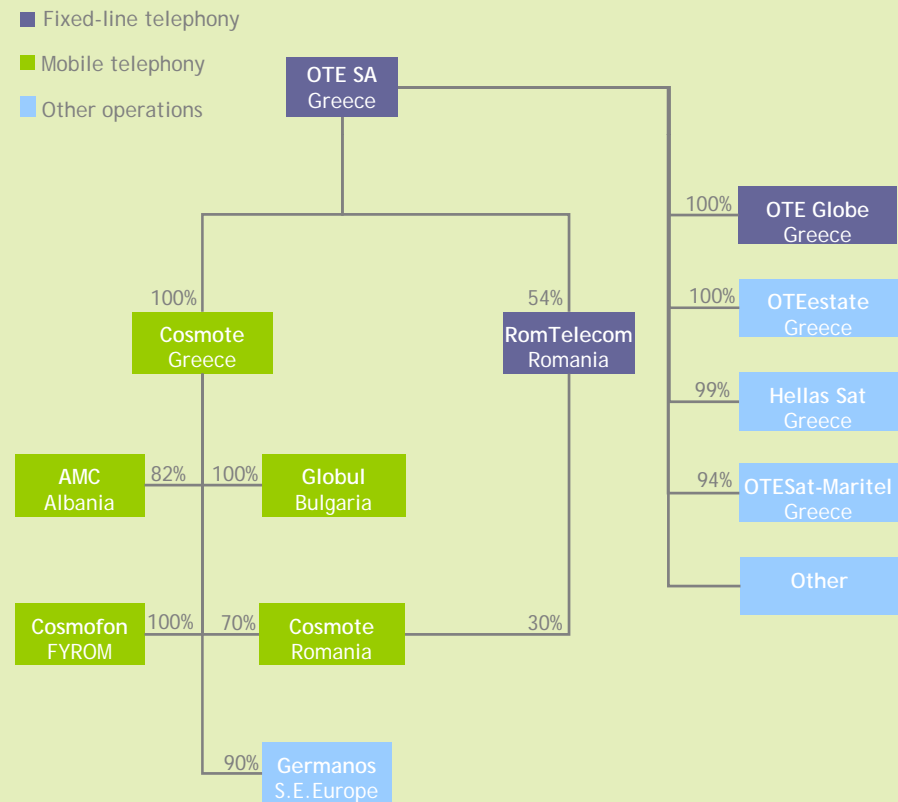
## | OTE Group Overview

## Shareholder Structure (Sep 30, 2008)



- Leading integrated telecommunications operator
- Listed on Athens (HTO GA), London (OTES LI) & New York Stock Exchange (OTE)
- Market capitalization (Oct'08): around €5bn
- Group H1'08 Revenues: €3,128mn
- Group H1'08 EBITDA\*: €1,157mn
- DPS (2007): €0.75

## Group Structure<sup>(1)</sup>



\* Excluding provisions related to employee exit programs

<sup>(1)</sup> Major Companies of the Group

OTE

# Voice, Mobile and Data Leader in Southeast Europe

## BULGARIA

Number 2

Mobile market share: 39%

Customers (000): 3,945

## GREECE

Incumbent/ Leader

Total Lines (000): 5,613

ADSL Subscribers (000): 892

Mobile market share: 40%

Customers (000): 6,921



## ALBANIA

Leader

Mobile market share: 52%

Customers (000): 1,280

## FYROM

Number 2

Mobile market share: 31%

Customers (000): 640

## ROMANIA

Incumbent/ Leader

Total Lines (000): 2,994

ADSL Subscribers (000): 505

Challenger

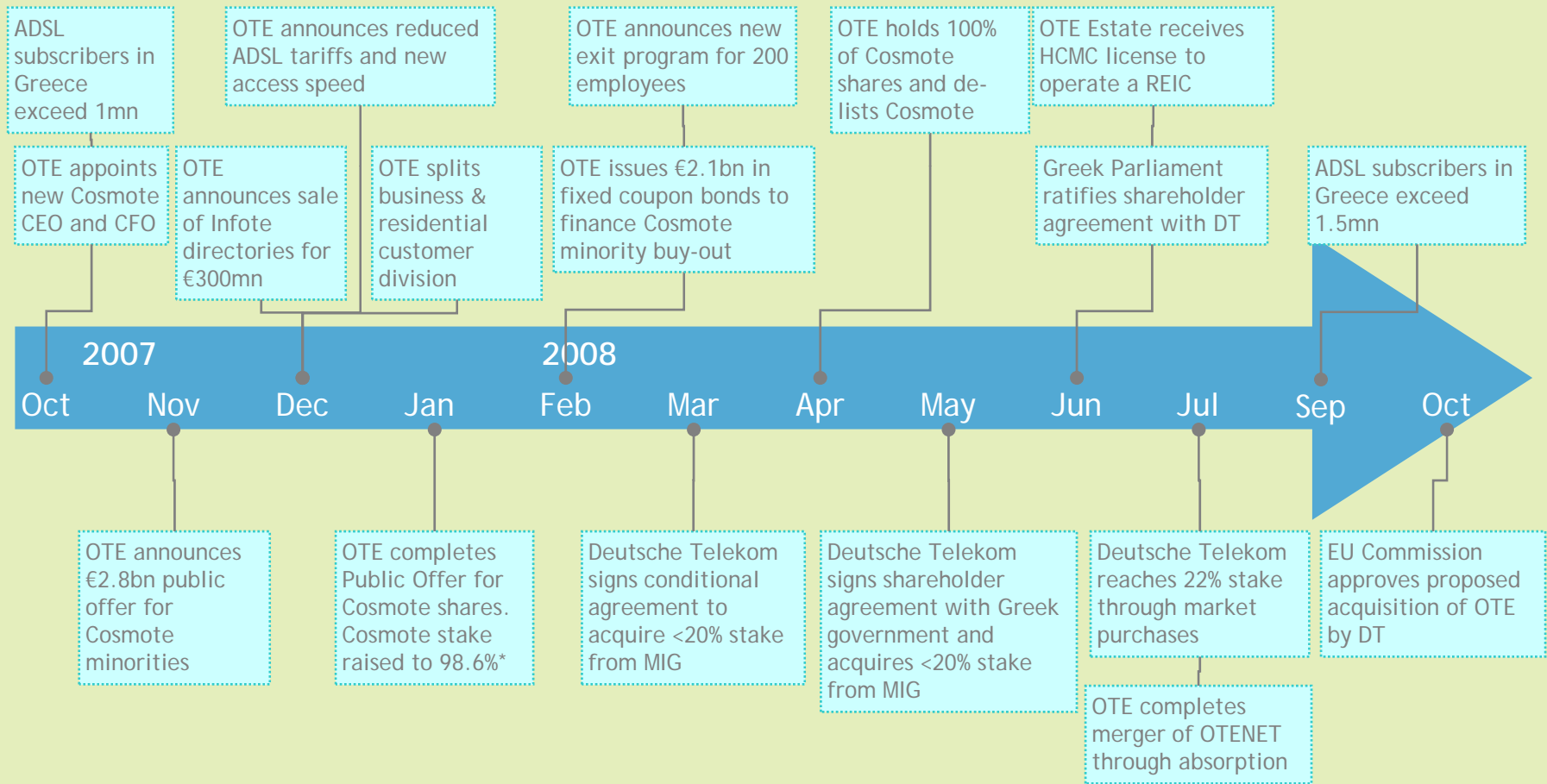
Mobile market share: 19%

Customers (000): 4,643

Through Germanos, OTE Group operates the most efficient telecoms/technology retail network in Southeast Europe

OTE also owns 20% of Telecom Serbia, the incumbent operator in Serbia

# Recent Corporate Developments



\* Cosmote stake as of January 29, 2008

OTE

# New Controlling Shareholder

## Greek State - Deutsche Telekom Agreement

- Agreement ratified by Greek Parliament June 18, 2008; expected to be concluded before year-end
- DT initially acquired from MIG 98.03mn OTE shares (19.99% stake) on May 15, 2008, then proceeded with purchase agreement
- DT acquired from the market 9.65mn OTE shares (1.97% stake) during Jun 25 - Jul17, 2008
- Acquisition approved by European Commission on Oct 2, 2008
- DT will acquire 14.87mn more OTE shares (3.03% stake) from the Greek State, after remaining regulatory approvals are received

DT will end up with 122.54mn OTE shares (25% stake), Greek State will retain 122.54mn OTE shares (25% stake) & DT will control OTE according to the clauses of purchase agreement

- As of Q4'08, the Greek State holds 1-year put option to sell a further 5.0% stake of OTE to DT
- Additionally, 12 months following the execution of the 3% block trade & until 31 Dec 2011, Greek State holds another put option to sell 10.0% plus any portion of OTE shares it has not sold to DT pursuant to the first put option

# Operational Overview

- Despite tougher domestic market conditions & continued regulatory restrictions, OTE has continued to perform strongly as a Group. This has been supported by:

- ✓ Control of market share erosion in domestic fixed-line
- ✓ Ongoing outstanding growth in mobile
- ✓ Successful execution of employee reduction programs in Romanian fixed-line, improving efficiency

- Going forward, OTE expects to improve its operational performance by focusing on key strategic areas:

- ✓ Implementation of integrated offerings in domestic fixed, broadband & mobile platforms
- ✓ Steady broadband growth, both in Greece & Romania
- ✓ Continued mobile growth in most markets
- ✓ Further efficiency measures in domestic fixed-line & cost cutting initiatives by Cosmote & Germanos



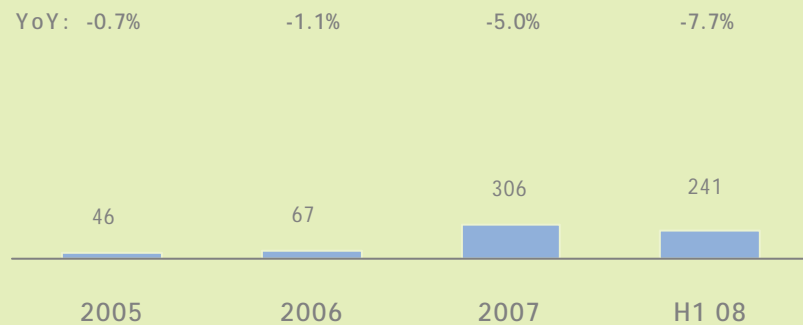
OTE

## | Business Review

# Greek Fixed-line Key Market Trends

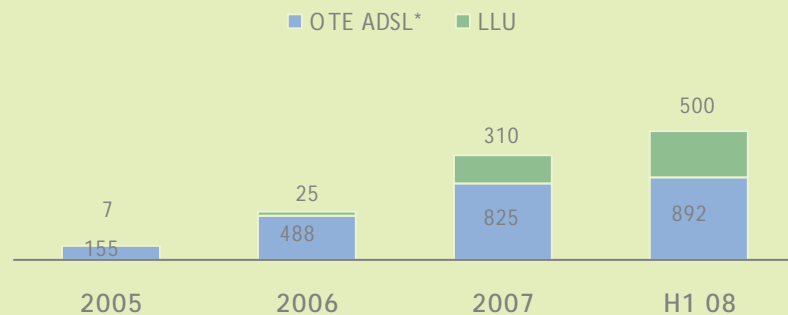
OTE

## OTE line loss (000)



- Continuous access line loss reflecting further growth of LLU due to:
  - Aggressive promotional policies of alternative carriers, as well as ongoing migration from Carrier Pre-Selection to LLU
  - Mobile operators offering fixed-line products

## Broadband market (000)

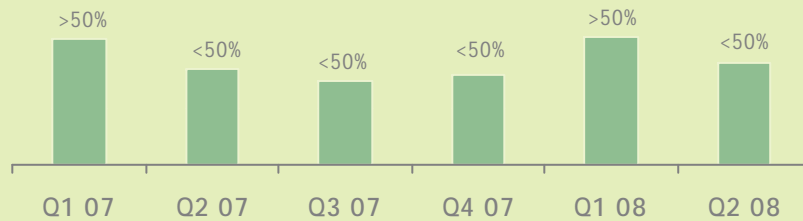


- Total ADSL market reaches ca. 1.4 million subscribers at the end of Jun'08
- OTE broadband customers in H1'08 reach 892K, with OTE's retail market share remaining slightly above 50%

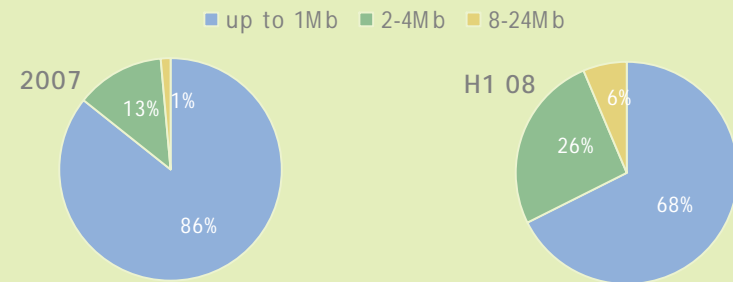
\* OTE ADSL includes Retail & Wholesale

# Greek Fixed-line Key Operational Trends

OTE retail ADSL share, net adds

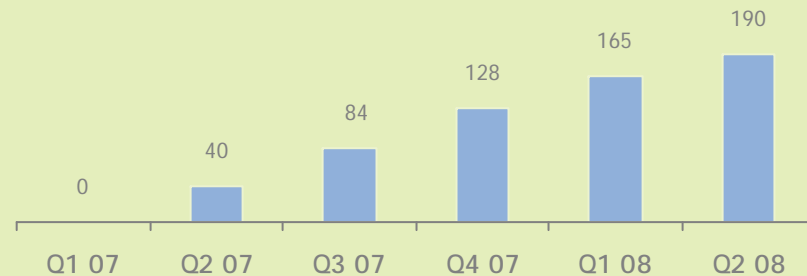


OTE retail ADSL customer breakdown per access



- To meet intensifying competition, OTE promotes new offerings in telephony and broadband:
  - New reduced broadband tariffs and new access speeds since Dec'07
  - "All in one" service, offering fixed-mobile and broadband charges under one bill since May'08
- OTE offerings well accepted
  - OTE retail ADSL market share remains above 50%
  - OTE continues to expand its retail broadband customer base in 4,8 and 24Mb access speeds
  - Ongoing rise in Conn-x Talk flat-rate subscribers, reaching 32% of eligible customer base

OTE Conn-x Talk flat rate subscribers (000)



OTE

Greece  
#1

- Top-line growth still driven by subscriber numbers and usage growth
- Focus on targeted subscriber acquisition/retention initiatives

Romania  
#3

- Further upside in mobile market penetration
- Focused on expanding post-paid subscriber base and increasing profitability

Bulgaria  
#2

- Strong performance in post-paid customer segment
- Focus on corporate customers

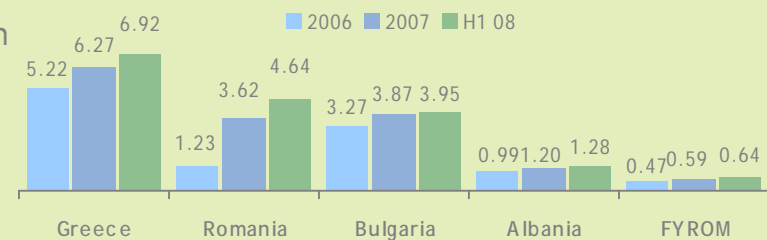
Albania  
#1

- A pre-paid market with strong margins
- Consolidate market position

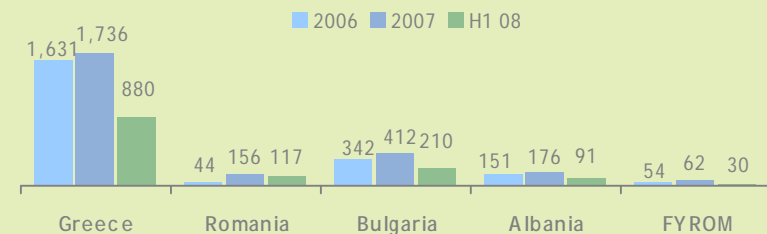
FYROM  
#2

- Rapid roll out of 3G network
- OTE in the process of divesting

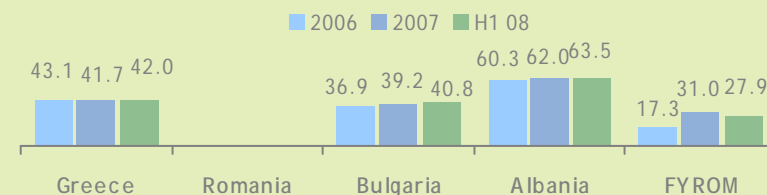
## Customer base (mn)



## Revenues (€ mn)

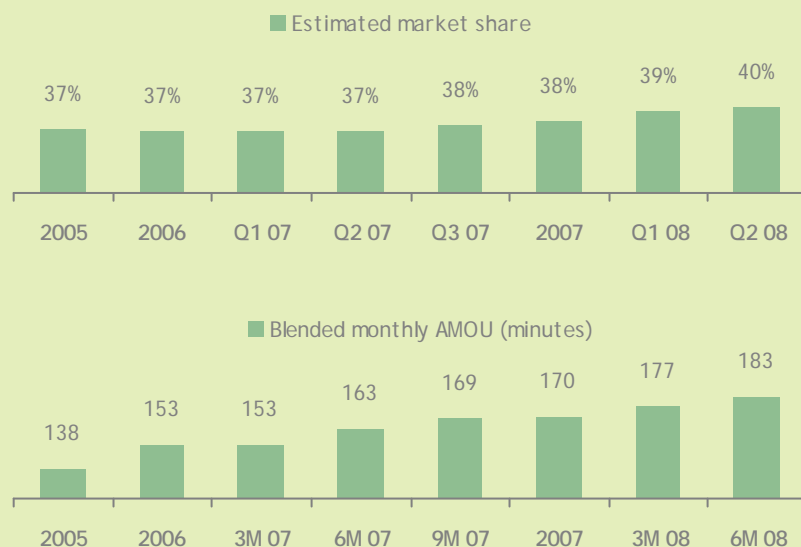


## EBITDA margin (%)



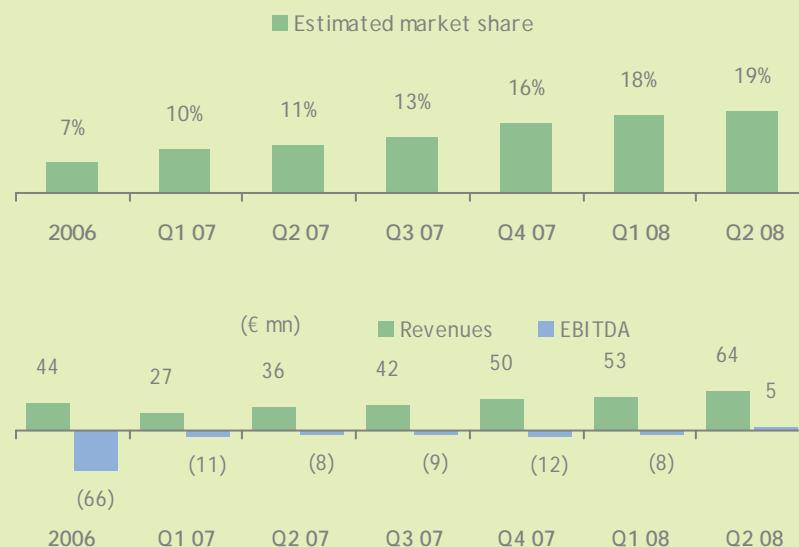
# Mobile Selected Markets

## Greece



- Market share expansion
- Mix of 30:70 for post-/pre-paid at the end of H1'08
- Steady usage increase boosting service revenue growth

## Romania

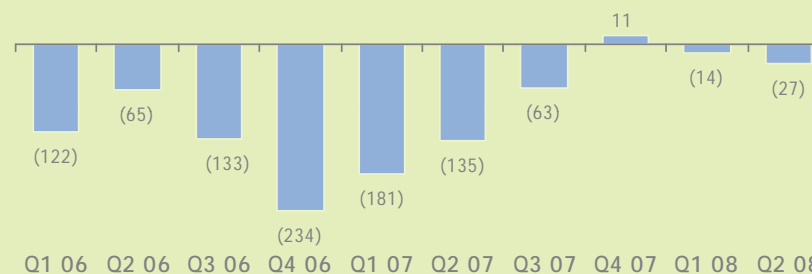


- Market share expansion
- Total post-paid subscribers around 800K
  - 414K post-paid net adds in 2007;
  - 161K in H1'08
- Positive EBITDA achieved in Q2'08

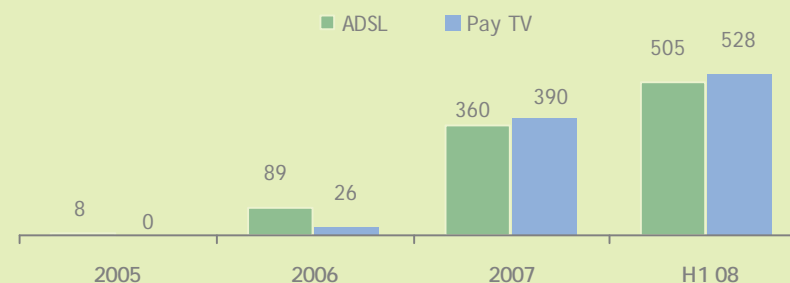
# RomTelecom Key Trends

- Developing a more customer-oriented approach
  - Set up of 2 commercial units, dedicated to business and residential clients
  - Fixed-line value (flat rate) offers since Q2'07
  - Lower monthly fees for ADSL subscriptions (up to 4Mbps) since Q2'07
  - Satellite TV - digital TV, under Dolce brand, launched in late 2006
- Reorganization to allow further headcount reduction by up to 2.5K
  - process initiated early '08; provision taken in H1'08 (€32.6mn cost)
  - 2K jobs shed in H1'08
- Efforts to contain access line churn starting to pay off
- DSL subscriber take-up remains strong
  - 271K customer additions in 2007; 145K in H1'08
- Pay TV offering well accepted
  - 502K new customers within last 1.5 year

RomTelecom line loss (000)



RomTelecom Broadband/ Pay TV subscribers (000)

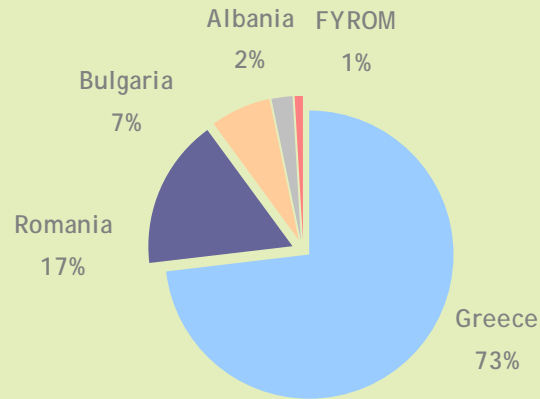


OTE

## | Financial Review

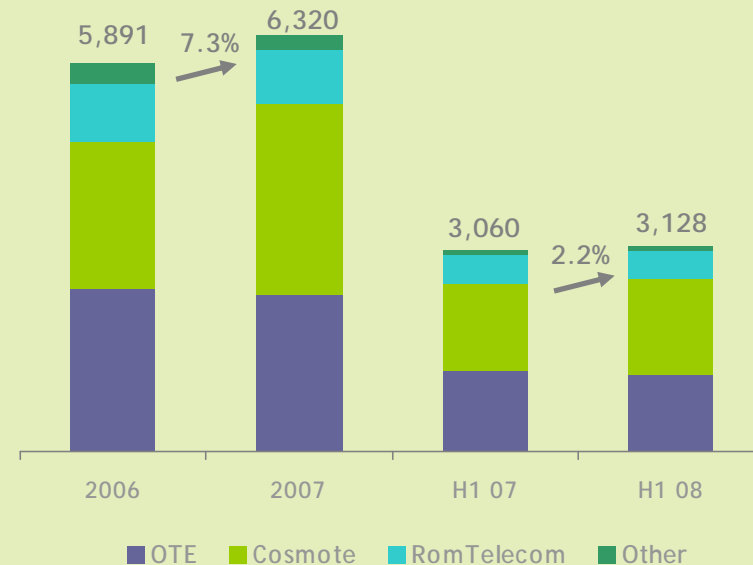
# Revenue Trends

Geographical Revenue Mix (H1'08)\*



Group Revenues

(€ mn)



- H1'08 Group revenues up 2.2%
  - Greek fixed-line revenue decrease by 3.5% mainly due to lower traffic
  - Continued strong growth across all mobile markets (8.1% total revenue increase), supported by market share gains, strong subscriber take up & higher usage, despite interconnection rate cuts in Greece-Bulgaria & new competitors in FYROM, Albania & Romania
- Comparable Group Revenues up 3.2%

\* Revenues presented gross of eliminations.

Note: Comparable revenues exclude H1'07 Infote revenues, the Group's Greek directories business sold in Q4'07

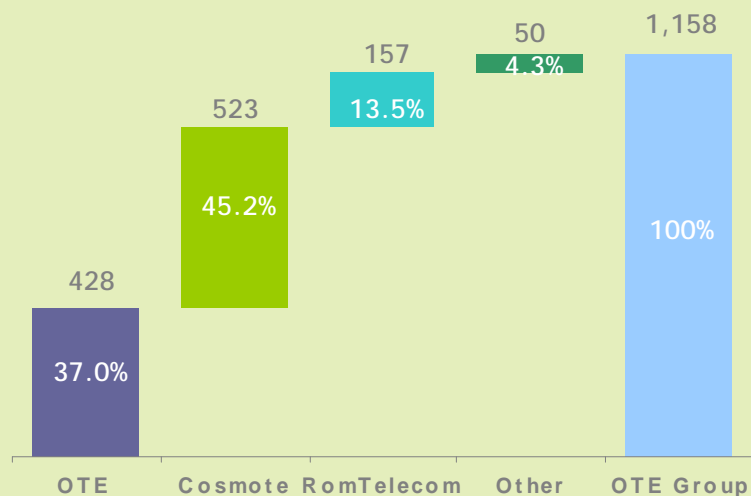


OTE

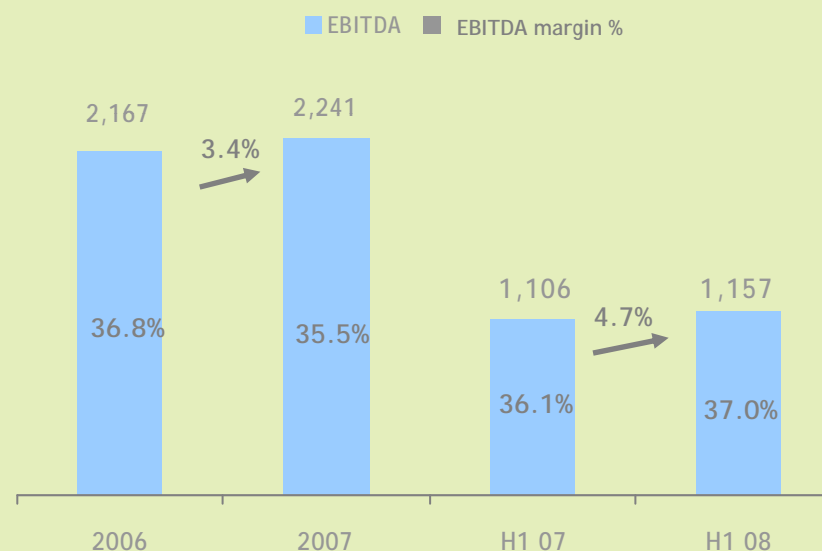
# EBITDA Trends

## EBITDA Mix<sup>(1)</sup> (H1'08)

(€ mn)



## EBITDA Trends



- H1'08 Group margin up 0.9pp, mainly due to strong mobile performance
  - 33.3% Greek fixed-line EBITDA margin
  - Mobile EBITDA margin improvement in all major units

- Group EBITDA up 4.7% in H1'08; 5.5% on a comparable basis
  - Greek fixed-line EBITDA increase by 0.1% in H1'08
  - Mobile EBITDA increase by 12.9% in H1'08

<sup>(1)</sup> Incl. €1.3mn intercompany eliminations

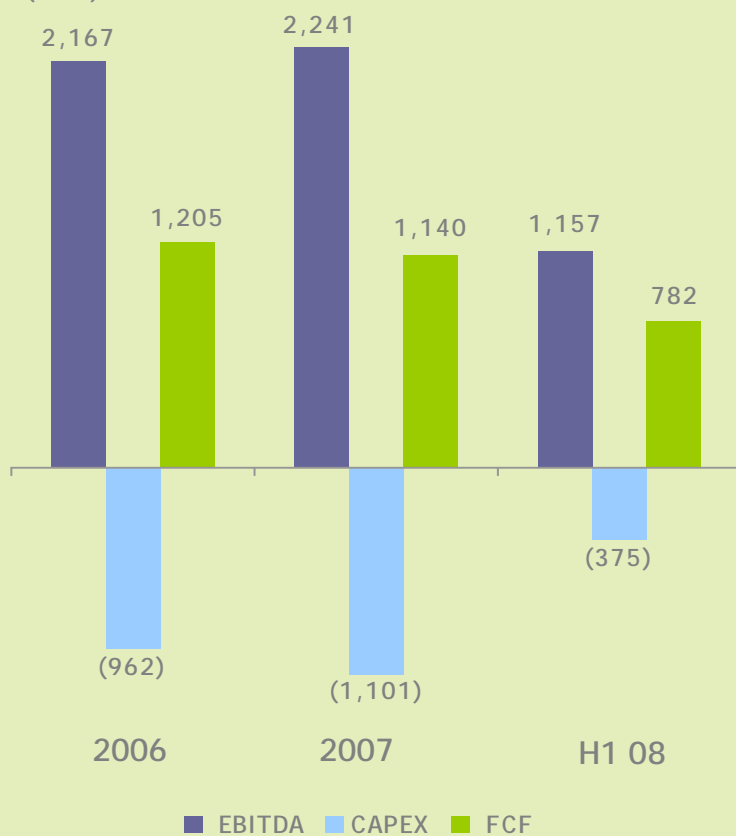
Note: EBITDA excluding Greek VRP impact and provisions related to other employee exit programs. Comparable EBITDA excludes H1'07 Infote EBITDA

OTE

# Cash Flow Trends

## Cash Flow

(€ mn)



- Maintaining strong cash flow generation, in conjunction with CAPEX decrease & lower cash payments to pension funds
- Group Capital Expenditure in H1'08 down 19.8% from H1'07 levels
  - Reflecting lower investments in Romanian fixed-line & mobile operations
  - CAPEX will be normalized during H2'08

Notes: EBITDA excluding impact of Greek VRP and provisions related to other employee exit programs.  
FCF defined as EBITDA less CAPEX

# Management Consistency in Delivering Commitments

OTE

Operational efficiency

- OTE successfully completes VRP (5.4K employees) in Oct 2006

✓ Completed

ArmenTel sale

- ArmenTel sold in Nov 2006 for €349mn

✓ Completed

OTEGlobe de-consolidation

- OTEGlobe (international wholesale telephony) de-consolidation from OTE SA in 2007

✓ Completed

Infote sale

- Infote (directory enquiries) sold in Dec 2007 for €300mn

✓ Completed

Cosmote bridge refinancing

- OTE issues €2.1bn in fixed coupon bonds to finance Cosmote minority buy-out in Feb 2008

✓ Completed

Cosmote buyout

- OTE reaches 100% in Cosmote in Apr 2008

✓ Completed

Otenet merger

- Absorption of Otenet (domestic ISP) within OTE SA legally completed Jun 2008

✓ Completed

Operational efficiency

- New exit program for more than 600 employees

X Pending

# Strategic Guidelines Going Forward

- Proceed with the integration of the Group, which after the sale of non core assets & the acquisition of Cosmote minorities, has the right size & shape
- Capitalize on the strengths of the new controlling shareholder, which will bring significant advantages on managerial, financial, technological & strategic level

OTE

| Appendix

# Government FTTH Initiative

## Description

- Government FTTH Initiative:
  - Open passive optical network
  - 2mn homes & enterprises in major cities
  - "Open access", point-to-point network model
  - At least 100 Mbps/user
  - Network deployment within 7 years

## 3-tier service model

- 1<sup>st</sup> tier: Infrastructure Provider; provides fiber (passive network)
- 2<sup>nd</sup> tier: Communication Provider; provides wholesale access (active network)
- 3<sup>rd</sup> tier: Service Providers; provides retail service

## Business model

- Project implemented through Public & Private Sector Ventures, divided into 3 different geographical regions
- Duration: 30 years
- Indicative Budget: €2.1bn
- Greek state financing ca.1/3 of total; possibility for preferential lending terms by European Investment Bank

## Project plan

- End 2008:
  - Submission of Project Plan to E.U.
  - Public consultation
- H1 2009:
  - Approval by Inter-Ministerial Committee
  - Selection of consultant
- H2 2009:
  - Call for Tenders

## Regulatory treatment

- Yet to be clarified

OTE

# Mobile Termination Rates

## Greece: regulatory framework implemented

Jan 2007	11.74
Jun 2007	10.67
Feb 2008	9.89
Jan 2009	7.89
Jan 2010	6.24
Jan 2011	4.95

## Romania: regulatory framework not yet fully implemented

Current 8.40

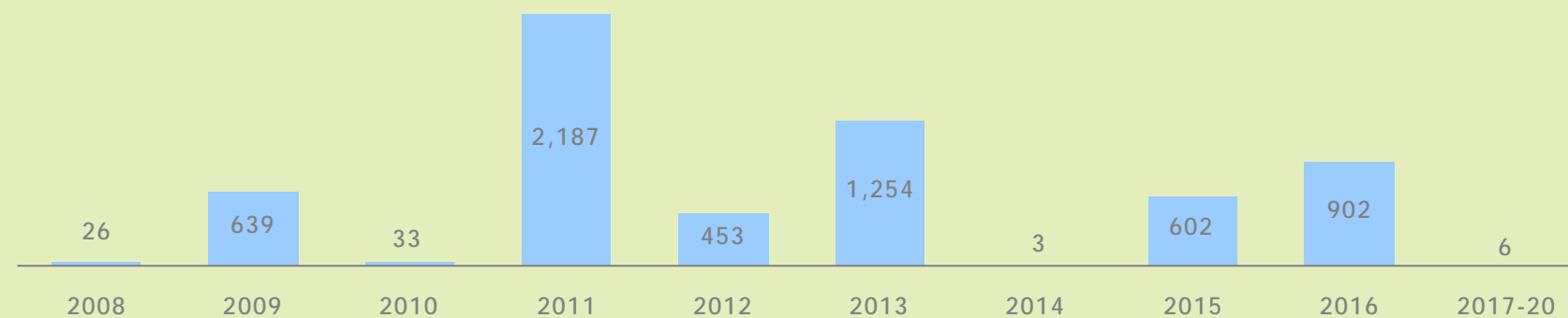
## Bulgaria: regulatory framework not yet fully implemented

Feb 2008	17.60
Jul 2008	16.10
Jan 2009	14.40
Jul 2009	12.00

## Albania: regulator influenced by EU policies

Current 9.80

## Debt maturity profile as of 30 June 2008 (€ mn)



- €6.5bn EMTN program
- Fixed/floating ratio 82/18
- Average cost of debt around 5% post-refinancing
- H1'08 Net Debt of €4.6bn in line with current rating and financial strength (2x EBITDA)
- Moody's
  - Baa2, Stable outlook
- S&P's
  - BBB+, Negative outlook

Note: Major OTE Group liabilities presented  
OTE also maintains committed lines of €350mn

Moody's as of May 19, 2008  
S&P's as of November 12, 2007



# Macroeconomic Environment

## Greece

GDP growth 3.5%, expected to slow down  
CPI 4.2%, decreasing

- ✓ Customer defaults are not increasing
- ✓ Mobile postpaid is not migrating to prepaid
- ✓ DSL migration to higher speeds is not slowing down

## Romania

GDP growth 6.5%, expected to slow down  
CPI 8.0%

- X Inflationary & deficit concerns
- ✓ High Foreign Direct Investment levels
- ✓ Mobile postpaid growth remains strong
- ✓ Broadband growth uninterrupted

## Bulgaria

GDP growth 5.8%, expected to slow down  
CPI 8.0%

- X Inflationary & deficit concerns
- ✓ Growing post-paid customer segment
- ✓ Steady mobile usage increase

## Albania

GDP growth 6.0%, expected flattish  
CPI 4.2%, decreasing

- ✓ Steady mobile usage increase

# OTE Group Financial Highlights

IFRS (€ mn)	2006	2007	% Diff	H1'07	H1'08	% Diff
Revenues	5,891.3	6,319.8	7.3%	3,059.9	3,128.0	2.2%
Operating Income	1,088.3	1,046.9	-3.8%	513.1	527.8	2.9%
Pro Forma EBITDA	2,167.0	2,240.8	3.4%	1,106.0	1,157.4	4.7%
Pro Forma EBITDA margin	36.8%	35.5%	-1.3pp	36.1%	37.0	0.9pp
Net Income	574.6	662.6	15.3%	277.5	300.4	8.3%
Basic EPS (€/share)	1.1723	1.3518	15.3%	0.5661	0.6129	8.3%
Cashflow from Operations	1,786.2	1,450.7	-18.8%	672.7	765.9	13.9%
CAPEX as % of Revenues	16.3%	17.4%	1.1pp	15.3%	12.0%	-3.3pp
Net Debt	2,548.0	4,211.5	65.3%	4,211.5	4,607.4	9.4%

Note: Pro Forma EBITDA excluding Greek VRP impact and provisions related to other employee exit programs

# Forward-Looking Statement

Any statements contained in this document that are not historical facts are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. The factors that could affect the Company's future financial results are discussed more fully in the Company's filings with the U.S. Securities and Exchange Commission (the "SEC"), including the Company's Annual Report on Form 20-F for 2007 filed with the SEC on June 24, 2008. OTE assumes no obligation to update information in this presentation.

Note: In this presentation, the caption "EBITDA" is used to signify "Operating income before depreciation and amortization" and the caption "EBITDA margin" to signify "Operating income before depreciation and amortization as a percentage of Operating Revenues"

For more information please contact  
OTE Investor Relations

Dimitris Tzelepis, Head of IR

Tel: +30 210 611 1574

Fax: +30 210 611 1030

or visit:

[www.ote.gr/english/investorrelations](http://www.ote.gr/english/investorrelations)