



OTE GROUP REPORTS 2016 SECOND QUARTER RESULTS
UNDER IFRS

- **Data, Broadband and TV drive continued recovery of Greek operations**
- **Sharp increase in Greek Fixed Revenues, up over 4%; resilient Group Revenues, up 0.1%**
- **Strong EBITDA from Greek Fixed Operations, up more than 12%, with margin up 300bp**
- **Romanian business under pressure, turnaround initiatives underway**
- **Adj. FCF at €125mn in Q2'16, up 18.1% yoy**
- **Net Debt at €736mn or 0.6x EBITDA**

ATHENS, Greece – August 11 2016 - Hellenic Telecommunications Organization SA (ASE: HTO; OTC MARKET: HLTOY), the Greek full-service telecommunications provider, today announced consolidated results (prepared under IFRS and reviewed by the auditors) for the quarter ended June 30, 2016.

(€ mn)	Q2 '16	Q2 '15	Change	6M '16	6M '15	Change
Revenues	954.7	953.5	+0.1%	1,883.2	1,894.3	-0.6%
EBITDA	305.1	235.2	+29.7%	610.5	555.2	+10.0%
Pro Forma EBITDA*	310.9	318.4	-2.4%	620.2	644.4	-3.8%
<i>Pro Forma EBITDA margin (%)</i>	<i>32.6%</i>	<i>33.4%</i>	<i>-0.8pp</i>	<i>32.9%</i>	<i>34.0%</i>	<i>-1.1pp</i>
Net Income/(loss)	33.6	(3.6)	-	67.5	36.8	+83.4%
Basic EPS (€)	0.0687	(0.0074)	-	0.1381	0.0753	+83.4%
Adj. Net Operating Cash Flow **	263.4	237.3	+11.0%	452.4	450.1	+0.5%
Adj. CapEx **	138.1	131.2	+5.3%	302.8	291.0	+4.1%
Adj. Free Cash Flow**	125.3	106.1	+18.1%	149.6	159.1	-6.0%
Cash & Other financial assets	1,042.8	1,092.3	-4.5%	1,042.8	1,092.3	-4.5%
Net Debt (Underlying)	736.4	1,055.8	-30.3%	736.4	1,055.8	-30.3%

Greek Fixed Line (OTE SA)	Q2 '16	Q2 '15	Change	6M '16	6M '15	Change
Revenues	389.5	374.2	+4.1%	768.4	746.6	+2.9%
Pro Forma EBITDA*	161.8	144.0	+12.4%	322.9	293.1	+10.2%
<i>Pro Forma EBITDA*margin (%)</i>	<i>41.5%</i>	<i>38.5%</i>	<i>+3.0pp</i>	<i>42.0%</i>	<i>39.3%</i>	<i>+2.7pp</i>

* Excluding the impact of Voluntary Retirement Programs and Restructuring Plans

** Cash Flow includes interest received but excludes Spectrum, Voluntary Exit Programs and One-off litigation/Restructuring payments

Commenting on OTE's results for the second quarter of 2016, Michael Tsamaz, Chairman & CEO, noted: "Our technological edge, brand superiority and early investments in the services that our customers prefer enabled us once again this quarter to deliver a strong performance in Greece, despite economic challenges and obstacles to consumer spending. Continuing demand for fast broadband connections, reliable mobile data, and exciting TV programming fueled our home market revenues and EBITDA. In Romania, an intense competitive environment is hindering the recovery of our operations, but we are confident that our initiatives will pay off."

Mr. Tsamaz added: "As we have repeatedly stated, the control of our cost base is a top priority for this management team. In late June, we announced a new voluntary retirement scheme for more than 300 employees that should reduce our operating expenses by some €13mn on an annual basis, without any burden to the Greek State. We are continuously working on initiatives aimed at strengthening OTE's profitability and future prospects."

Outlook

For the balance of 2016, OTE expects a persistence of the trends that shaped the performance in the first half of the year. In Greece, OTE is leveraging its capabilities and resources to mitigate the impact from continuing challenging economic conditions, intensifying competition, as well as pressures on consumer and business spending. Recently implemented incremental taxation on the Company's offerings, notably a pay-TV sector tax introduced in Greece in June, as well as planned additional taxes and levies, are estimated to impact demand. In its international operations, the Group expects competition in Romania to remain heated and is taking steps to reverse revenue and profitability erosion in the medium term, given ongoing efforts in the technological, commercial, cost-containment and network monetization fronts.

OTE's total Capex should again in 2016 be in the vicinity of €0.55bn, excluding spectrum. OTE also expects free cash flow (excluding VES, one off charges and spectrum payments) for full year 2016 to amount to approximately €0.5bn.

BREAKDOWN OF GROUP REVENUES

(€ mn)	Q2 '16	Q2 '15	Change	6M '16	6M '15	Change
Fixed Line Operations, Greece	389.5	374.2	+4.1%	768.4	746.6	+2.9%
Mobile Operations, Greece	291.2	303.1	-3.9%	568.1	596.8	-4.8%
Fixed Line Operations, Romania	149.5	150.5	-0.7%	286.6	299.2	-4.2%
Mobile Operations, Romania	110.1	105.0	+4.9%	223.1	208.2	+7.2%
Mobile Operations, Albania	20.1	17.3	+16.2%	40.6	33.6	+20.8%
Others	110.8	110.3	+0.5%	216.5	229.0	-5.5%
Eliminations (Mobile & Group)	(116.5)	(106.9)	+9.0%	(220.1)	(219.1)	+0.5%
TOTAL	954.7	953.5	+0.1%	1,883.2	1,894.3	-0.6%
Other Income	7.4	9.3	-20.4%	16.1	25.4	-36.6%

BREAKDOWN OF GROUP PRO FORMA EBITDA

(€ mn)	Q2 '16	Q2 '15	Change	6M '16	6M '15	Change
Fixed Line Operations, Greece	161.8	144.0	+12.4%	322.9	293.1	+10.2%
<i>Margin</i>	<i>41.5%</i>	<i>38.5%</i>	<i>+3pp</i>	<i>42.0%</i>	<i>39.3%</i>	<i>+2.7pp</i>
Mobile Operations, Greece	97.0	109.9	-11.7%	188.9	210.3	-10.2%
<i>Margin</i>	<i>33.3%</i>	<i>36.3%</i>	<i>-3pp</i>	<i>33.3%</i>	<i>35.2%</i>	<i>-1.9pp</i>
Fixed Line Operations, Romania	15.2	26.1	-41.8%	35.7	58.9	-39.4%
<i>Margin</i>	<i>10.2%</i>	<i>17.3%</i>	<i>-7.1pp</i>	<i>12.5%</i>	<i>19.7%</i>	<i>-7.2pp</i>
Mobile Operations, Romania	21.8	22.9	-4.8%	40.1	45.3	-11.5%
<i>Margin</i>	<i>19.8%</i>	<i>21.8%</i>	<i>-2pp</i>	<i>18.0%</i>	<i>21.8%</i>	<i>-3.8pp</i>
Mobile Operations, Albania	5.3	2.7	+96.3%	9.5	6.3	+50.8%
<i>Margin</i>	<i>26.4%</i>	<i>15.6%</i>	<i>+10.8pp</i>	<i>23.4%</i>	<i>18.8%</i>	<i>+4.6pp</i>
Others	11.9	13.1	-9.2%	25.2	30.8	-18.2%
<i>Margin</i>	<i>10.7%</i>	<i>11.9%</i>	<i>-1.2pp</i>	<i>11.6%</i>	<i>13.4%</i>	<i>-1.8pp</i>
Eliminations (Mobile & Group)	(2.1)	(0.3)	-	(2.1)	(0.3)	-
OTE Group	310.9	318.4	-2.4%	620.2	644.4	-3.8%
<i>Margin</i>	<i>32.6%</i>	<i>33.4%</i>	<i>-0.8pp</i>	<i>32.9%</i>	<i>34.0%</i>	<i>-1.1pp</i>

OTE GROUP HIGHLIGHTS

OTE Group's consolidated revenues stood at €954.7mn in Q2'16, up 0.1% compared to Q2'15, driven by a solid increase in Greek fixed-line revenues in a context that remains tense and highly competitive across all Group markets.

Total Operating Expenses, excluding depreciation, amortization, impairments and charges related to voluntary retirement programs and restructuring costs, amounted to €651.2mn in Q2'16, up 1.1% compared to Q2'15. This increase is mainly due to higher interconnection costs, reflecting increased wholesale traffic and revenues in the Greek and Romanian fixed business. Personnel expenses were 3.1% lower, partly attributable to the headcount reduction in Greek fixed line implemented in the second half of 2015. The recently announced 2016 voluntary exit scheme will favorably impact OTE's cost base from Q3 onwards.

By country, combined Greek fixed and mobile Pro Forma EBITDA was up 0.7% in the second quarter, yielding a Pro Forma EBITDA margin of 38.5% on roughly stable revenues. This was more than offset by the deterioration of the performance in Romania, while Albania recorded a healthy increase in revenues and EBITDA.

Below the EBITDA line, interest expenses were down 1.7% in the quarter to €35.4mn, while the Group's Income Tax expense stood at €40.4mn in Q2'16, up 56.6%, reflecting higher Earnings Before Taxes (Q2'15 Earnings Before Taxes were burdened by €81.7mn charges related to early retirement programs). The Group's high effective tax rate primarily reflects losses recorded in Romania, whose accounting treatments do not give rise to deferred tax assets.

Group Net Income stood at €33.6mn in Q2'16, as compared to a net loss of €3.6mn in Q2'15, since last year's net result was burdened by the voluntary exit scheme charges mentioned above. In the first six months of the year, Group Net Income was up 83.4% to €67.5mn.

Capital Expenditures (excluding spectrum payments) amounted to €138.1mn in Q2'16, up 5.3%. Capex in Greek and Romanian fixed-line amounted to €50.9m and €18.7mn, respectively. In mobile operations, Capex stood at €63.6mn (Greece: €47.1mn, Romania: €12.6mn, Albania: €3.9mn).

In Q2'16, the Group's adjusted Free Cash Flow generation (including interest paid/received and excluding VRS, spectrum, and one-off litigation and restructuring-related payments) stood at €125.3mn, a significant increase over Q2'15. As a result, adjusted Free Cash Flow in H1'16 totaled €149.6mn, down just 6% from H1'15, sharply reducing the gap recorded in Q1'16, which in turn was largely due to the delayed impact of the Summer 2015 capital controls.

BREAKDOWN PER COUNTRY (After Eliminations)

Revenues (€ mn)	Q2 '16	Q2 '15	Change	6M '16	6M '15	Change
Greece	697.3	698.9	-0.2%	1,376.5	1,385.6	-0.7%
Romania	241.8	240.3	+0.6%	475.2	480.9	-1.2%
Albania	15.6	14.3	+9.1%	31.5	27.8	+13.3%
OTE Group	954.7	953.5	+0.1%	1,883.2	1,894.3	-0.6%
Pro Forma EBITDA (€ mn)	Q2 '16	Q2 '15	Change	6M '16	6M '15	Change
Greece	268.6	266.7	+0.7%	534.9	533.9	+0.2%
<i>margin</i>	<i>38.5%</i>	<i>38.2%</i>	<i>+0.4pp</i>	<i>38.9%</i>	<i>38.5%</i>	<i>+0.3pp</i>
Romania	37.0	49.0	-24.5%	75.8	104.2	-27.3%
<i>margin</i>	<i>15.3%</i>	<i>20.4%</i>	<i>-5.1pp</i>	<i>16.0%</i>	<i>21.7%</i>	<i>-5.7pp</i>
Albania	5.3	2.7	+96.3%	9.5	6.3	+50.8%
<i>margin</i>	<i>34.0%</i>	<i>18.9%</i>	<i>+15.1pp</i>	<i>30.2%</i>	<i>22.7%</i>	<i>+7.5pp</i>
OTE Group	310.9	318.4	-2.4%	620.2	644.4	-3.8%
<i>margin</i>	<i>32.6%</i>	<i>33.4%</i>	<i>-0.8pp</i>	<i>32.9%</i>	<i>34.0%</i>	<i>-1.1pp</i>

BOND MATURITY PROFILE

Total Debt (€ mn): 1,779.2

<i>Bonds (€ mn)</i>	<i>ISIN</i>	<i>ISIN</i>	<i>ISIN</i>
	<i>XS0885718782</i>	<i>XS1327539976</i>	<i>XS1086785182</i>
Maturity	February 2018	December 2019	July 2020
Coupon (%)	7.875%	4.375%	3.5%
Nominal Amount	650	350	700

The Group's Underlying Net Debt was €0.7bn at June 30, 2016, down 30.3% compared to June 30, 2015. The Group's ratio of Underlying Net Debt to 12-month trailing Pro Forma EBITDA stood at 0.6x.

1. GREECE

FIXED-LINE OPERATIONS, GREECE ACCESS LINES

	Jun 30, 2016	Jun 30, 2015	Change
PSTN connections	2,091,833	2,369,831	-11.7%
ISDN connections (BRA & PRA)	285,701	322,027	-11.3%
Other (MSAN & VoB)	304,426	20,400	15x
OTE access line connections (incl. WLR)	2,681,960	2,712,258	-1.1%
OTE Retail access line connections (excl. WLR)	2,670,364	2,690,112	-0.7%
Total OTE Broadband active subscribers	1,613,389	1,449,371	+11.3%
OTE Broadband active retail subscribers	1,575,383	1,428,560	+10.3%
<i>of which OTE retail VDSL connections</i>	<i>186,208</i>	<i>121,748</i>	<i>+52.9%</i>
OTE TV Subscribers (IPTV & Satellite)	458,920	377,548	+21.6%
Unbundled local loops (active)	2,055,936	2,040,721	+0.7%

In Q2'16, the total Greek access market (OTE active retail lines, Wholesale line rental connections and full LLU subscribers) lost 9k lines. OTE fixed-line operations in Greece posted a net loss of 10k access lines.

In Q2'16, OTE achieved net additions of 32k retail broadband customers, or 60% of total market net additions, bringing the total number of OTE retail broadband subscribers to 1,575k. OTE's high-speed VDSL broadband service continues its significant success, with net additions of 18k in the quarter. At quarter end, approximately 186k subscribers, or 12% of OTE's total retail broadband base, had adopted its VDSL solution. With nearly 550 local exchanges and around 5.4k cabinets already upgraded to VDSL and continuously expanding coverage, OTE is well positioned to convert a significant part of its customer base to higher broadband speeds and improved services, thereby supporting ARPU. The continuing take up of the service, in a challenging period for consumers, underscores the strong appetite for the premium VDSL service in which OTE has been investing substantially. OTE's wholesale VDSL offering also gained further traction in Q2'16. OTE continues to expand the reach of its VDSL network, given customer demand.

OTE achieved another quarter of growth in its TV offering. As at June 30, 2016, total TV subscribers amounted to 459k, a year-on-year increase of 22%. Together with the rise in subscriber numbers, higher ARPU enabled OTE's pay-TV operations to continue posting strong growth in the quarter. OTE continued to monetize the significant investments it is making in quality content, notably in popular sporting events, including the European football UEFA Champions League, UEFA Europa League, UK Premier League and Greek Cup. A recently introduced additional tax on pay-TV services has had an unfavorable impact on new additions in the Pay-TV market, already evident in Q2.

OTE continued posting strong growth in its ICT services, with revenues up 11%. This strong performance was supported by the company's progress with private sector mandates, while growth in State-sponsored projects (EU funded) is expected to slow down this year.

SUMMARY FINANCIAL DATA – FIXED-LINE OPERATIONS, GREECE

(€ mn)	Q2 '16	Q2 '15	Change	6M '16	6M '15	Change
Revenues	389.5	374.2	+4.1%	768.4	746.6	+2.9%
- Retail Fixed Services	223.3	215.7	+3.5%	443.9	429.7	+3.3%
- Wholesale Fixed Services	87.1	81.7	+6.6%	168.5	163.0	+3.4%
- Other	79.1	76.8	+3.0%	156.0	153.9	+1.4%
Other income/(expense), net	0.5	1.8	-72.2%	2.8	6.3	-55.6%
EBITDA	161.8	69.0	+134.5%	320.3	214.6	+49.3%
EBITDA margin (%)	41.5%	18.4%	+23.1pp	41.7%	28.7%	+13pp
Pro Forma EBITDA*	161.8	144.0	+12.4%	322.9	293.1	+10.2%
Pro Forma EBITDA*margin (%)	41.5%	38.5%	+3pp	42.0%	39.3%	+2.7pp
Operating Income/(Loss) - EBIT	85.3	(1.2)	-	161.3	72.1	+123.7%
Voluntary Retirement (costs)/reversals	0.0	(75.0)	-	(2.6)	(78.5)	-96.7%
Depreciation & Amortization	(76.5)	(70.2)	+9.0%	(159.0)	(142.5)	+11.6%

* Excluding impact of Voluntary Retirement Programs & Restructuring costs

Greek fixed-line revenues grew on a year-over-year basis for a seventh consecutive quarter, posting a 4.1% increase in Q2'16. Revenues from retail fixed services grew by 3.5% in the quarter, supported by strong performances in broadband and TV revenues, the result of ongoing network investments, customer experience improvements and commercial initiatives. Broadband Revenues were boosted by strong VDSL take-up in the quarter. The investments in high speed networks, customer service and new solutions are the driving force for OTE's continuing growth in fixed subscribers and revenues.

Total Greek fixed-line Operating Expenses, excluding depreciation, amortization and charges related to voluntary retirement programs and restructuring, amounted to €228.2mn in Q2'16, down 1.6% from Q2'15. The decline is in large part due to lower personnel expenses, reflecting early retirement programs implemented in 2015. An additional early retirement scheme, for over 300 employees in Greece, was completed in July 2016 and is expected to generate approximately €13mn in annual cost savings.

Pro Forma EBITDA increased by 12.4% to €161.8mn in Q2'16, helped by revenue growth and cost reduction. As a result, Pro Forma EBITDA margin in Greek fixed-line operations rose to 41.5%, an increase of 300 basis points compared to 38.5% in Q2'15, continuing the improving trend apparent since the first quarter.

**MOBILE OPERATIONS, GREECE
SUMMARY FINANCIAL & SUBSCRIBERS DATA**

	June 30, 2016	June 30, 2015	<i>Change</i>
Mobile subscribers	7,610,022	7,386,271	+3.0%

(€ mn)	Q2 '16	Q2 '15	<i>Change</i>	6M '16	6M '15	<i>Change</i>
Service Revenues	234.5	243.6	-3.7%	456.3	472.5	-3.4%
Total Revenues	291.2	303.1	-3.9%	568.1	596.8	-4.8%
Total OpEx (ex- D&A, Impairments, VES & Restructuring Costs)	(194.8)	(193.4)	+0.7%	(380.1)	(387.3)	-1.9%
Pro Forma EBITDA*	97.0	109.9	-11.7%	188.9	210.3	-10.2%
Pro Forma EBITDA margin (%)	33.3%	36.3%	-3pp	33.3%	35.2%	-1.9pp

* Excluding impact of Restructuring costs

As of the end of Q2'16, Cosmote provided mobile telephony services to 7.6mn customers in Greece, up 3.0% from June 30, 2015.

In Q2'16, service revenues declined by 3.7% (FY2015: -3.7%), in line with recent quarters, due to the challenging economic environment that continues to prevail in Greece. Total Revenues were down 3.9% as a result of a 13.3% drop in handset sales, largely due to the high Q2'15 base of comparison, which benefitted from the EU-funded Digital Solidarity program to promote data connectivity.

In line with its strategy to develop its customer base, focusing on customer experience and high quality of services, Cosmote is investing in maintaining network superiority in terms of coverage and data speeds. In Q2'16, Cosmote further expanded its 4G footprint, now covering more than 85% of the Greek population, significantly ahead of competition. The company's 4G+ mobile network, launched in January 2015, has already reached population coverage of 65%.

Demand for mobile handset data usage continued to grow at a rapid pace in Q2'16, resulting in 75% growth in Cosmote data traffic compared to Q2'15, as smartphone users now account for approximately 54% of Cosmote's active base. Cosmote is focusing on expanding data usage, taking advantage of its superior network. During Q2, several new data plans have been introduced, promoting higher data bundles.

In Q2'16, Cosmote Greece's blended AMOU dropped by 5.8% to 292 minutes, reflecting demand pressures. Blended ARPU for the same period was €11, down 3.3% from Q2'15, mainly due to the AMOU decline and customer bundle optimization.

2. ROMANIA
**FIXED LINE OPERATIONS, ROMANIA
SUMMARY FINANCIAL & SUBSCRIBERS DATA**

	Jun 30, 2016	Jun 30, 2015	Change
Voice Telephony Lines	2,182,636	2,161,718	+1.0%
Broadband subscribers	1,193,626	1,207,689	-1.2%
TV subscribers (DTH, IPTV & Cable)	1,461,287	1,420,828	+2.8%
FMC customers	310,314	137,310	+126.0%

(€ mn)	Q2 '16	Q2 '15	Change	6M '16	6M '15	Change
Revenues	149.5	150.5	-0.7%	286.6	299.2	-4.2%
- Retail Fixed Services	76.6	83.4	-8.2%	155.5	169.9	-8.5%
- Wholesale Fixed Services	29.9	28.3	+5.7%	54.1	52.0	+4.0%
- Other	43.0	38.8	+10.8%	77.0	77.3	-0.4%
Other income	5.2	6.5	-20.0%	10.1	13.4	-24.6%
EBITDA	11.0	24.7	-55.5%	31.2	57.1	-45.4%
EBITDA margin (%)	7.4%	16.4%	-9pp	10.9%	19.1%	-8.2pp
Pro Forma EBITDA*	15.2	26.1	-41.8%	35.7	58.9	-39.4%
Pro Forma EBITDA margin (%)	10.2%	17.3%	-7.1pp	12.5%	19.7%	-7.2pp
Operating Income/(loss) (EBIT)	(25.6)	(9.9)	-	(38.0)	(10.0)	-
Voluntary Retirement costs	(4.2)	(1.4)	-	(4.5)	(1.8)	-
Depreciation & Amortization	(36.6)	(34.6)	+5.8%	(69.2)	(67.1)	+3.1%

* Excluding impact of Restructuring Plans

In Q2'16, revenues from Romanian fixed-line activities were roughly in line with the prior-year level, primarily reflecting the company's highly successful Fixed-Mobile convergence solution (Mobile Service Revenues: +78%), higher ICT and wholesale revenues.

Compared to Q2'15, fixed voice revenues continued the downward trend (-16%) with broadband revenues also decreasing (-4%) while TV revenues were unchanged from their Q2'15 level. Compared to June 30, 2015, the number of FMC subscribers more than doubled (+126%), the total number of TV subscribers increased by 2.8%, extending the steady growth, while the number of broadband subscribers shrank by 1.2%.

Total Romanian fixed-line Operating Expenses, excluding depreciation, amortization, charges related to voluntary retirement programs and restructuring, rose 6.6% in Q2'16 compared to Q2'15, mainly due to higher interconnection costs, an increase in network-related rental fees, and higher content costs. Due to its tight grip over indirect costs, the company successfully contained personnel expenses (-1%), utility costs (-10%) and satellite services (-21%).

Other income declined by 20% in Q2'16 compared to Q2'15, largely reflecting significantly lower disposal of copper and real estate compared to Q2'15. An unfavorable revenue mix, higher externally driven cost categories, and the lack of non-operating asset sales led to significant EBITDA margin erosion.

Ongoing network upgrades and monetization efforts, TV content improvements, product offerings focusing on bundling and improved service quality aim towards stabilization and recovery in the medium term.

**MOBILE OPERATIONS, ROMANIA
SUMMARY FINANCIAL & SUBSCRIBERS DATA**

	Jun 30, 2016	Jun 30, 2015	Change
Mobile subscribers	5,589,924	5,861,317	-4.6%

(€ mn)	Q2 '16	Q2 '15	Change	6M '16	6M '15	Change
Service Revenues	76.0	78.0	-2.6%	153.1	156.6	-2.2%
Total Revenues	110.1	105.0	+4.9%	223.1	208.2	+7.2%
Total OpEx (ex- D&A, Impairments, VES & Restructuring Costs)	(89.4)	(82.7)	+8.1%	(185.1)	(163.7)	+13.1%
Pro Forma EBITDA*	21.8	22.9	-4.8%	40.1	45.3	-11.5%
Pro Forma EBITDA margin (%)	19.8%	21.8%	-2pp	18.0%	21.8%	-3.8pp

* Excluding impact of restructuring costs

At June 30, 2016, Telekom Romania Mobile's total customer base was down 4.6% compared to year-earlier level, to 5.6mn, out of which 29% was postpaid. The total number of business customers grew by 5% compared to June 30, 2015, reflecting the company's targeted offers for professional users and synergies created following its rebranding, together with Telekom Romania Communications, under the Telekom brand.

Blended ARPU increased by 1.7% in Q2'16 compared to Q2'15. Blended AMOU rose 0.8%.

In Q2'16, total Operating Expenses, excluding depreciation, amortization, impairments and charges related to voluntary retirement programs and restructuring costs, were 8% higher than in the same period of last year, mainly reflecting an increase in cost of goods sold related to higher handset sales, as well as higher interconnection costs due to bundle offers in the market.

Deterioration of prepaid margin due to market competitiveness along with costs associated with the expansion of the Company's business customer base led to a 5% decline in EBITDA against Q2'15. Similarly to the fixed operations, Telekom Romania Mobile is taking steps to improve its performance, including enhanced 4G capabilities, sales efforts refocusing and cost improvements.

3. ALBANIA

MOBILE OPERATIONS, ALBANIA SUMMARY FINANCIAL & SUBSCRIBERS DATA

	Jun 30, 2016	Jun 30, 2015	Change
Mobile subscribers	1,733,480	2,056,111	-15.7%

(€ mn)	Q2 '16	Q2 '15	Change	6M '16	6M '15	Change
Service Revenues	19.1	16.5	+15.8%	38.8	32.2	+20.5%
Total Revenues	20.1	17.3	+16.2%	40.6	33.6	+20.8%
Total OpEx (ex- D&A, Impairments, VES & Restructuring Costs)	(14.9)	(14.6)	+2.1%	(31.2)	(27.3)	+14.3%
Pro Forma EBITDA*	5.3	2.7	+96.3%	9.5	6.3	+50.8%
Pro Forma EBITDA margin (%)	26.4%	15.6%	+10.8pp	23.4%	18.8%	+4.6pp

* Excluding impact of Restructuring costs

Telekom Albania successfully maintained its position in the highly competitive Albanian telecommunications market. As of the end Q2 '16, Telekom Albania's customer base totaled 1.7mn subscribers, as the regulation prohibiting differentiation of on-net and off-net pricing, in place since July 2015, is gradually transforming Albania into a single-SIM market.

Telekom Albania posted a 47.6% increase in mobile handset data revenues in Q2'16 compared to the same period last year, fueled by the launch of LTE services in July 2015 and by its competitive smartphone and service offering.

Retail regulation introduced in July 2015 further intensified competition in the Albanian market. In this context, Telekom Albania is successfully building on the momentum generated by its recent rebranding, on its network quality and its innovative product and service offering. Reflecting this strategy, total revenues jumped by 16.2%, driven by service revenues that grew by 15.8%, compared to Q2'15.

In Q2'16, Telekom Albania's EBITDA nearly doubled (+96.3%) compared to Q2'15, resulting from efficient cost management as well as higher retail and international margin, more than offsetting increases in roaming and national termination direct costs. Albania's profitability is significantly affected by international traffic.

4. EVENTS OF THE QUARTER

DIVIDEND

On June 23, 2016, the General Assembly of OTE's Shareholders approved the distribution of dividend of a total amount of € 48.9mn or € 0.10 per share. The dividend was paid on July 6, 2016.

5. SUBSEQUENT EVENTS

VOLUNTARY LEAVE SCHEME

On June 22, 2016, OTE announced the implementation of a voluntary leave scheme mainly aimed at employees nearing retirement age. The scheme was completed at the end of July 2016, with more than 300 employees leaving OTE Group that should reduce our operating expenses by some €13mn on an annual basis. The pre-tax cost of the program amounted to €34.3mn at OTE Group (€29.9mn at the parent Company) and it will be included in the income statement of Q3'16.

About OTE

The 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>.

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Exhibits to follow:

- I. Consolidated Statements of Financial Position as of June 30, 2016 and December 31, 2015
- II. Consolidated Income Statements for the quarter and six months ended June 30, 2016 and comparative 2015
- III. Consolidated Statement of Cash Flows for the quarter ended June 30, 2016 and comparative quarters
- IV. Free Cash Flow to Adjusted Free Cash Flow Reconciliation for the quarter ended June 30, 2016 and comparative quarters
- V. Group Revenues for the quarter and six months ended June 30, 2016 and comparative 2015
- VI. Segment Reporting based on the Group's legal structure
- VII. Operational Highlights

EXHIBIT I – CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(€ mn)	Jun 30, 2016	Dec 31, 2015
ASSETS		
Property, plant and equipment	2,863.3	2,950.6
Goodwill	506.3	506.4
Telecommunication licenses	517.5	543.0
Other Intangible assets	499.6	533.4
Investments	0.1	0.1
Loans and advances to pension funds	87.1	88.2
Deferred tax assets	344.0	339.8
Other non-current assets	100.2	88.4
Total non - current assets:	4,918.1	5,049.9
Inventories	110.4	97.2
Trade receivables	765.8	728.6
Other financial assets	7.4	6.8
Other current assets	278.7	252.4
Restricted Cash	3.7	2.8
Cash and cash equivalents	1,035.4	1,322.5
Total current assets	2,201.4	2,410.3
TOTAL ASSETS	7,119.5	7,460.2
EQUITY AND LIABILITIES		
Share capital	1,387.1	1,387.1
Share premium	496.2	496.3
Treasury shares	(14.7)	(14.7)
Statutory reserve	357.3	357.3
Foreign exchange and other reserves	(182.8)	(164.1)
Changes in non-controlling interests	(3,314.1)	(3,314.1)
Retained earnings	3,527.8	3,509.2
Total equity attributable to equity holders of the Parent:	2,256.8	2,257.0
Non-controlling interests	333.7	352.2
Total equity	2,590.5	2,609.2
Long-term borrowings	1,734.8	1,755.6
Provision for staff retirement indemnities	249.1	219.1
Provision for youth account	155.1	157.2
Deferred tax liabilities	52.4	55.3
Other non-current liabilities	134.2	174.9
Total non – current liabilities	2,325.6	2,362.1
Trade accounts payable	1,145.1	1,202.5
Short-term portion of long-term borrowings	44.4	433.5
Income tax payable	73.0	30.4
Deferred revenue	144.4	150.9
Provision for voluntary leave scheme	140.5	140.7
Dividends payable	48.9	0.3
Other current liabilities	607.1	530.6
Total current liabilities	2,203.4	2,488.9
Total liabilities	4,529.0	4,851.0
TOTAL EQUITY AND LIABILITIES	7,119.5	7,460.2

EXHIBIT II – CONSOLIDATED INCOME STATEMENT

(€ mn)	Q2 '16	Q2 '15	Change	6M '16	6M '15	Change
Total Revenues	954.7	953.5	+0.1%	1,883.2	1,894.3	-0.6%
Other operating income	7.4	9.3	-20.4%	16.1	25.4	-36.6%
Interconnection & Roaming Costs	(127.3)	(120.5)	+5.6%	(248.2)	(228.0)	+8.9%
Provision for doubtful accounts	(22.5)	(21.9)	+2.7%	(43.8)	(44.2)	-0.9%
Personnel Costs	(167.8)	(173.1)	-3.1%	(329.6)	(347.3)	-5.1%
Cost related to Early Retirement Programs	(4.8)	(81.7)	-94.1%	(7.7)	(85.7)	-91.0%
Commission Costs	(32.0)	(36.9)	-13.3%	(67.5)	(72.8)	-7.3%
Merchandise Costs	(65.5)	(63.3)	+3.5%	(127.1)	(139.0)	-8.6%
Maintenance & Repairs	(26.2)	(25.4)	+3.1%	(52.9)	(49.7)	+6.4%
Marketing	(27.4)	(30.9)	-11.3%	(49.6)	(54.9)	-9.7%
Other OpEx	(183.5)	(173.9)	+5.5%	(362.4)	(342.9)	+5.7%
Depreciation & Amortization	(205.9)	(199.8)	+3.1%	(414.1)	(400.6)	+3.4%
Total Operating Expenses	(862.9)	(927.4)	-7.0%	(1,702.9)	(1,765.1)	-3.5%
Total OpEx (ex- D&A, Impairments, VES & Restructuring Costs)	(651.2)	(644.4)	+1.1%	(1,279.1)	(1,275.3)	+0.3%
EBITDA	305.1	235.2	+29.7%	610.5	555.2	+10.0%
Pro Forma EBITDA*	310.9	318.4	-2.4%	620.2	644.4	-3.8%
Operating Profit/(Loss) before financial activities (EBIT)	99.2	35.4	+180.2%	196.4	154.6	+27.0%
Interest and related Expenses	(35.4)	(36.0)	-1.7%	(71.5)	(75.6)	-5.4%
Interest Income	0.7	0.7	0.0%	1.3	1.5	-13.3%
FX differences, net	(1.8)	(0.6)	-	(0.3)	1.2	-
Gains/ (losses) from investments and financial assets- impairment	0.3	18.3	-	0.6	16.1	-
Total Profit/(Loss) from financial activities	(36.2)	(17.6)	+105.7%	(69.9)	(56.8)	+23.1%
Profit/(Loss) before income taxes (EBT)	63.0	17.8	+253.9%	126.5	97.8	+29.3%
Income tax	(40.4)	(25.8)	+56.6%	(77.8)	(66.8)	+16.5%
Profit/(Loss) for the period	22.6	(8.0)	-	48.7	31.0	+57.1%
Owners of the parent	33.6	(3.6)	-	67.5	36.8	+83.4%
Non-controlling interests	(11.0)	(4.4)	-	(18.8)	(5.8)	-

* Excluding the impact of Voluntary Retirement Programs and Restructuring Plans

EXHIBIT III – CONSOLIDATED STATEMENT OF CASH FLOWS

(€ mn)	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16
Profit/(Loss) before tax from continuing operations	17.8	88.3	60.4	63.5	63.0
Adjustments for:					
Depreciation, amortization and impairment	199.8	209.1	219.7	208.2	205.9
Costs related to early retirement programs	81.7	13.8	1.2	2.9	4.8
Provision for staff retirement indemnities	2.9	2.9	6.2	3.1	2.8
Provision for youth account	0.9	0.8	(1.5)	0.8	0.7
Write down of inventories	1.6	1.5	5.1	0.6	2.1
Provision for doubtful accounts	21.9	20.1	22.5	21.3	22.5
Foreign exchange differences, net	0.6	2.7	4.2	(1.5)	1.8
Interest income	(0.7)	(0.5)	(0.4)	(0.6)	(0.7)
(Gains)/Losses from investments and financial assets - Impairments	(18.3)	0.0	0.0	(0.3)	(0.3)
Interest and related expenses	36.0	35.7	46.1	36.1	35.4
Working capital adjustments	(65.0)	(17.7)	130.4	(90.3)	(38.4)
Decrease/(increase) in inventories	(6.7)	8.5	(3.4)	(8.0)	(7.9)
Decrease/(increase) in accounts receivable	(94.9)	(79.6)	39.4	(40.3)	(87.9)
(Decrease)/increase in liabilities (except borrowings)	36.6	53.4	94.4	(42.0)	57.5
Plus/(Minus):					
Payment for Early Retirement Programs & voluntary leave scheme	(1.2)	(89.8)	(10.7)	(3.4)	(5.3)
Payment of staff retirement indemnities and youth account, net of employees' contributions	(9.6)	(3.8)	(5.9)	(3.9)	(3.5)
Interest and related expenses paid	(35.3)	(53.2)	(33.2)	(30.3)	(24.8)
Income taxes paid	(11.3)	(67.7)	(70.0)	(21.2)	(13.1)
Net Cash Flows from Operating Activities	221.8	142.2	374.1	185.0	253.0
Repayments of loans receivable	2.6	1.7	1.6	1.7	1.7
Purchase of property, plant and equipment and intangible assets	(139.6)	(141.6)	(149.0)	(178.2)	(138.1)
Decrease/(increase) in restricted cash	0.0	1.4	(0.3)	(0.5)	(0.4)
Interest received	0.9	0.5	0.3	0.6	0.7
Net Cash flows from/(used in) Investing Activities	(136.1)	(138.0)	(147.4)	(176.4)	(136.1)
Acquisition of treasury shares (Share Option Plans)	0.0	(0.4)	0.0	0.0	(0.2)
Proceeds from loans granted and issued	0.0	0.0	350.0	0.0	0.0
Repayment of loans	(33.8)	0.0	(307.0)	0.0	(411.9)
Dividends paid to Company's owners	(0.4)	(39.0)	0.0	0.0	(0.3)
Net Cash flows from/(used in) Financing Activities	(34.2)	(39.4)	43.0	0.0	(412.4)
Net Increase/(decrease) in Cash and Cash Equivalents	51.5	(35.2)	269.7	8.6	(295.5)
Cash and Cash equivalents at beginning of period	1,037.0	1,085.7	1,052.3	1,322.5	1,329.7
Net foreign exchange differences	(2.8)	1.8	0.5	(1.4)	1.2
Cash and Cash Equivalents at the end of the period	1,085.7	1,052.3	1,322.5	1,329.7	1,035.4
OTE Group's total liquidity (Cash & Other Financial assets)	1,092.3	1,059.0	1,329.3	1,336.5	1,042.8

EXHIBIT IV – FREE CASH FLOW TO ADJUSTED FREE CASH FLOW RECONCILIATION:

(€ mn)	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16
Net Operating Cash Flow (Reported)	221.8	142.2	374.1	185.0	253.0
<i>...adding back:</i>					
<i>Payments for early retirement and VES</i>	<i>1.2</i>	<i>89.8</i>	<i>10.7</i>	<i>3.4</i>	<i>5.3</i>
<i>Payments for Restructuring/One-off litigations</i>	<i>13.4</i>	<i>2.1</i>	<i>7.1</i>	<i>0.0</i>	<i>4.4</i>
<i>Interest received</i>	<i>0.9</i>	<i>0.5</i>	<i>0.3</i>	<i>0.6</i>	<i>0.7</i>
Adj. Net Operating Cash Flow	237.3	234.6	392.2	189.0	263.4
Total Group CapEx (Reported)	(139.6)	(141.6)	(149.0)	(178.2)	(138.1)
<i>...adding back:</i>					
<i>Spectrum Payments</i>	<i>8.4</i>	<i>0.0</i>	<i>11.9</i>	<i>13.5</i>	<i>0.0</i>
Adj. CapEx	(131.2)	(141.6)	(137.1)	(164.7)	(138.1)
Adjusted Free Cash Flow (Adj.)	106.1	93.0	255.1	24.3	125.3

EXHIBIT V – GROUP REVENUES

(€ mn)	Q2 '16	Q2 '15	Change	6M '16	6M '15	Change
- Retail Fixed Services	299.2	298.5	+0.2%	598.2	598.6	-0.1%
- Wholesale Fixed Services	155.1	158.3	-2.0%	304.3	305.9	-0.5%
- Other (Fixed Services)	69.8	68.8	+1.5%	144.8	149.6	-3.2%
Total Revenues from Fixed Business	524.1	525.6	-0.3%	1,047.3	1,054.1	-0.6%
Service Revenues	326.2	332.3	-1.8%	639.6	650.2	-1.6%
Handset Revenues	51.5	49.7	+3.6%	102.6	106.2	-3.4%
Other (Mobile)	5.5	4.3	+27.9%	10.0	8.7	+14.9%
Total Revenues from Mobile	383.2	386.3	-0.8%	752.2	765.1	-1.7%
Other Revenues	47.4	41.6	+13.9%	83.7	75.1	+11.5%
Total Revenues	954.7	953.5	+0.1%	1,883.2	1,894.3	-0.6%

EXHIBIT VI – SEGMENT REPORTING (Q2 2016)

	OTE SA	Cosmote Group	Romania Fixed	All Other	Adjust. & Elimin.	Group Consolidated
Fixed Business:						
Retail Services Revenues	223.3	0.0	76.6	0.0	(0.7)	299.2
Wholesale Services Revenues	87.1	0.0	29.9	76.3	(38.2)	155.1
Other Revenues (Fixed Business)	52.0	5.3	16.4	0.9	(4.8)	69.8
Total Revenues from Fixed Business	362.4	5.3	122.9	77.2	(43.7)	524.1
Mobile Business:						
Service Revenues	0.0	328.3	5.6	0.0	(7.7)	326.2
Handset Revenues	5.4	55.0	2.9	0.0	(11.8)	51.5
Other Revenues	0.0	26.8	0.2	0.0	(21.5)	5.5
Mobile Business:	5.4	410.1	8.7	0.0	(41.0)	383.2
Other Revenues	21.7	1.6	17.9	33.6	(27.4)	47.4
Total Revenues	389.5	417.0	149.5	110.8	(112.1)	954.7
Other Operating Income/(expense)	0.5	1.7	5.2	0.8	(0.8)	7.4
Interconnection & Roaming Cost	(28.7)	(41.4)	(30.3)	(66.0)	39.1	(127.3)
Provision for doubtful accounts	(5.0)	(12.7)	(4.6)	(0.2)	0.0	(22.5)
Personnel Costs	(79.6)	(36.8)	(22.5)	(6.7)	(22.2)	(167.8)
Cost of Early Retirement Program	0.0	(0.6)	(4.2)	0.0	0.0	(4.8)
Commission Costs	(1.9)	(36.4)	(4.4)	(0.1)	10.8	(32.0)
Merchandise cost	(14.3)	(53.5)	(9.6)	(0.3)	12.2	(65.5)
Maintenance & Repairs	(10.1)	(10.8)	(7.6)	(0.1)	2.4	(26.2)
Marketing	(6.1)	(17.6)	(4.0)	(0.1)	0.4	(27.4)
Other OpEx	(82.5)	(86.4)	(56.5)	(26.2)	68.1	(183.5)
Total OpEx (ex-Depreciation)	(228.2)	(296.2)	(143.7)	(99.7)	110.8	(657.0)
EBITDA	161.8	122.5	11.0	11.9	(2.1)	305.1
EBITDA margin (%)	41.5%	29.4%	7.4%	10.7%		32.0%
Total Opex (ex Depreciation, VES & Restructuring costs)	(228.2)	(294.6)	(139.5)	(99.7)	110.8	(651.2)
EBITDA (Pro Forma)*	161.8	124.1	15.2	11.9	(2.1)	310.9
Pro Forma EBITDA margin (%)	41.5%	29.8%	10.2%	10.7%		32.6%
Depreciation & Amortization	(76.5)	(86.7)	(36.6)	(6.3)	0.2	(205.9)
EBIT	85.3	35.8	(25.6)	5.6	(1.9)	99.2

*Excluding impact of Voluntary Retirement Programs and Restructuring Plans

EXHIBIT VI – SEGMENT REPORTING (Q2 2015)

	OTE SA	Cosmote Group	Romania Fixed	All Other	Adjust. & Elimin.	Group Consolidated
Fixed Business:						
Retail Services Revenues	215.7	0.0	83.4	0.0	(0.6)	298.5
Wholesale Services Revenues	81.7	0.0	28.3	76.1	(27.8)	158.3
Other Revenues (Fixed Business)	52.3	4.1	17.7	1.0	(6.3)	68.8
Total Revenues from Fixed Business	349.7	4.1	129.4	77.1	(34.7)	525.6
Mobile Business:						
Service Revenues	0.0	336.9	2.9	0.0	(7.5)	332.3
Handset Revenues	6.2	56.4	1.9	0.0	(14.8)	49.7
Other Revenues	0.0	19.7	0.1	0.0	(15.5)	4.3
Total Revenues from Mobile Business	6.2	413.0	4.9	0.0	(37.8)	386.3
Other Revenues	18.3	3.4	16.2	33.2	(29.5)	41.6
Total Revenues	374.2	420.5	150.5	110.3	(102.0)	953.5
Other Operating Income/(expense)	1.8	0.9	6.5	1.4	(1.3)	9.3
Interconnection & Roaming Costs	(24.6)	(32.9)	(26.1)	(66.0)	29.1	(120.5)
Provision for doubtful accounts	(5.1)	(13.0)	(3.5)	(0.3)	0.0	(21.9)
Personnel Costs	(91.6)	(40.9)	(22.8)	(6.9)	(10.9)	(173.1)
Cost of Early Retirement Programs	(75.0)	(4.8)	(1.4)	(0.5)	0.0	(81.7)
Commission Costs	(2.8)	(39.8)	(4.3)	0.0	10.0	(36.9)
Merchandise cost	(15.9)	(52.5)	(9.7)	(0.4)	15.2	(63.3)
Maintenance & Repairs	(9.1)	(8.8)	(7.9)	(0.1)	0.5	(25.4)
Marketing	(6.6)	(20.1)	(4.5)	0.0	0.3	(30.9)
Other OpEx	(76.3)	(79.4)	(52.1)	(24.9)	58.8	(173.9)
Total OpEx (ex-Depreciation)	(307.0)	(292.2)	(132.3)	(99.1)	103.0	(727.6)
EBITDA	69.0	129.2	24.7	12.6	(0.3)	235.2
EBITDA margin (%)	18.4%	30.7%	16.4%	11.4%	0.3%	24.7%
Total Opex (ex Depreciation, VES & Restructuring costs)	(232.0)	(285.9)	(130.9)	(98.6)	103.0	(644.4)
EBITDA (Pro Forma)*	144.0	135.5	26.1	13.1	(0.3)	318.4
Pro Forma EBITDA margin (%)	38.5%	32.2%	17.3%	11.9%		33.4%
Depreciation & Amortization	(70.2)	(88.7)	(34.6)	(6.3)	0.0	(199.8)
EBIT	(1.2)	40.5	(9.9)	6.3	(0.3)	35.4

*Excluding impact of Voluntary Retirement Programs and Restructuring Plans

EXHIBIT VII – OPERATIONAL HIGHLIGHTS

	Jun 30, 2016	Jun 30, 2015	Change
Fixed Line Operations, Greece			
PSTN connections	2,091,833	2,369,831	-11.7%
ISDN connections (BRA & PRA)	285,701	322,027	-11.3%
Other (MSAN & VoB)	304,426	20,400	15x
OTE access line connections (incl. WLR)	2,681,960	2,712,258	-1.1%
OTE Retail access line connections (ex.WLR)			
	2,670,364	2,690,112	-0.7%
Total OTE Broadband active subscribers	1,613,389	1,449,371	+11.3%
OTE Broadband active retail subscribers	1,575,383	1,428,560	+10.3%
OTE TV Subscribers (IPTV & Satellite)			
	458,920	377,548	+21.6%
Unbundled local loops (active)	2,055,936	2,040,721	+0.7%
Employees	8,653	8,451	+2.4%
Fixed Line Operations, Romania			
Voice Telephony lines (Incl. CDMA & NGA Voice)	2,182,636	2,161,718	+1.0%
Broadband subs (Incl. CDMA BB & NGA BB)	1,193,626	1,207,689	-1.2%
TV subscribers (DTH, IPTV & Cable)	1,461,287	1,420,828	+2.8%
FMC subscribers	310,314	137,310	+126.0%
Employees	5,826	6,045	-3.6%
Mobile Operations			
Mobile subscribers, Greece	7,610,022	7,386,271	+3.0%
Mobile subscribers, Albania	1,733,480	2,056,111	-15.7%
Mobile subscribers, Romania	5,589,924	5,861,317	-4.6%
Employees	6,583	6,768	-2.7%