

HELLENIC TELECOMMUNICATIONS ORGANISATION S.A.

Ready for an Active Role in Europe

The Hellenic Telecommunications Organisation (OTE) S.A. is poised to play an active role in Europe. After modernising management and introducing new technologies, OTE is ready to enter new markets outside Greece's borders and thus contribute to the country's economic progress.

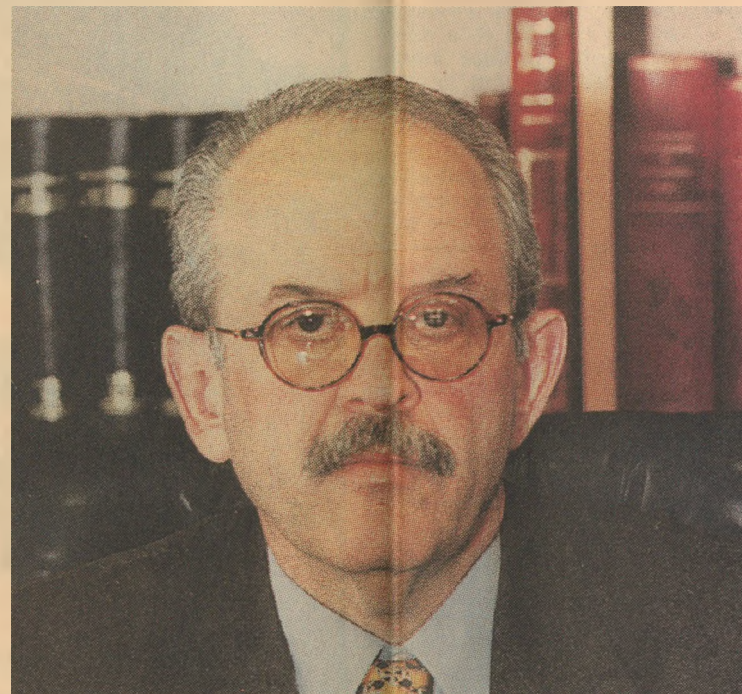
OTE successfully pioneered a partial privatisation earlier this year and its example is to be followed by other major public utilities in Greece.

Following the announcement of OTE's financial results for the first half of 1996, Professor Dimitrios Papoulias, chairman of the board, underlined the company's favourable prospects. He said: "During the first six months, all financial and economic indicators have shown a marked improvement over the same period last year.

"There was a significant increase in OTE's own capital as a result of the share capital increase following the company's partial flotation on the Athens Stock Exchange. OTE's liquidity factor during this period was 143 per cent compared to 76 per cent for the same period in 1995.

"OTE's positive progress is demonstrated by the fact that pre-tax profits for the first half of 1996 amounted to DR112.6bn, marking an increase of 34 per cent over 1995. After-tax profits amounted to DR64.6bn, an increase of 37 per cent over 1995."

These positive indicators are the result of OTE's more outward-looking and business-oriented strategy which has set new targets based solely on entrepreneurial criteria. This strategy has already brought the introduction of new services and has improved customer satisfaction.



OTE's Chairman, Professor Dimitrios Papoulias

Over the past three years, OTE has increased its presentation rate to 49.5 telephones for every 100 residents of Greece -- one of the highest in Europe. It covered its expansion targets by 114 per cent, installing 341,000 new lines against a planned 300,000. It has made rapid progress in digitalising the network, laying more fibre-optic cable and increasing participation in satellite communications. The quality of service has been significantly improved, with failed connections being reduced to 2.2 per cent of total calls.

The provision of new value-added and network services, together with the development of OTE's human resources through advanced training programmes, has enabled company staff to keep pace with changes taking place in an increasingly competitive environment.

OTE cooperates internationally with many of Greece's neighbours. It has signed agreements with Georgia, Armenia, Lithuania, Ukraine, Albania, Kuwait, Bulgaria and other countries in the Balkans, the Black Sea area and the Middle East.

To improve flexibility in its business activities, OTE has set up several subsidiary companies. The most important are: OTE-NET, which will very soon offer pilot services to the Internet; OTE-Mobile Telephony which plans to launch its own network in 1997; OTE-Leasing and OTE-Currency Exchange, both of which provide financial services; and Hellascom International which promotes international telecoms projects in association with private Greek companies.

These subsidiaries give the company a framework for operating inside and outside Greece so that by the year 2000, OTE will control the necessary market share to ensure its future as an international telecommunications operator.