OTE GROUP REPORTS 2017 FIRST QUARTER RESULTS

- **Group Revenues up 0.1%, overcoming tough market conditions**
- **Greek Fixed: sharp growth in both Revenue (+3.5%) and Adj. EBITDA (+4.3%)**
    - **Continuing positive momentum in broadband**
    - **Accelerated VDSL additions in line with company strategy, investment on track**
- **Greek Mobile: improving Service Revenue trends, driven by solid growth in data (+19%)**
- **Romania: focus on convergent offering to rebuild market positioning**
- **Stepping up Group investments in infrastructure and services to support customer experience**
- **Solid financial position maintained, Adjusted Net Debt down 33% YoY**

OTE GROUP (€ mn)	Q1 '17	Q1 '16	Change
Revenues	929.0	928.5	+0.1%
Adjusted EBITDA	304.1	309.3	-1.7%
Adjusted EBITDA margin (%)	*32.7%*	*33.3%*	*-0.6pp*
Operating profit (EBIT)	104.5	97.2	+7.5%
Profit to owners of the parent	36.4	33.9	+7.4%
Adj. Profit to owners of the parent	38.2	36.7	+4.1%
Basic EPS (€)	0.0745	0.0694	+7.4%
Total Assets	7,381.7	7,424.5	-0.6%
Adjusted Net Operating Cash Flow	173.7	189.0	-8.1%
Adjusted CapEx	185.0	164.7	+12.3%
Adjusted Free Cash Flow	(11.3)	24.3	-
Cash & Other financial assets	1,489.3	1,336.5	+11.4%
Adjusted Net Debt	572.8	853.2	-32.9%
OTE Fixed Line (€ mn)	**Q1 '17**	**Q1 '16**	**Change**
Revenues	392.0	378.9	+3.5%
Adjusted EBITDA	168.0	161.1	+4.3%
Adjusted EBITDA margin (%)	*42.9%*	*42.5%*	*+0.4pp*

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

ATHENS, Greece – May 11, 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 March 31, 2017.

Commenting on OTE's first-quarter 2017 results, Michael Tsamaz, Chairman & CEO, noted: "We are facing intensified competition in Greek fixed and further pressure on our customers' disposable income. To contain these factors, our priority is to continuously enhance service offering and customer experience, with solutions specifically tailored to our clients' needs. Once again, our strategy paid off this quarter. Our flagship investments in fiber drove the growth, in broadband revenues and subscriber numbers, offsetting the pressure in voice. In mobile, our focus remains on steadily enhancing the value we provide to our customers with increasingly attractive bundles. This approach is paying off, as data traffic is growing fast and we are monetizing our investments. From a seasonally low quarter, we anticipate a gradual improvement as we leverage the expanding reach of our VDSL network and any improvement in the business environment."

Mr. Tsamaz added: "The digital age in which we live and operate requires speed, efficiency and adaptability. We will continue to improve our networks and services across the board to meet our clients' expectations and reach our sustainable growth targets."

Outlook

OTE expects the fundamental drivers and first-quarter trends to remain largely unchanged for the balance of the year. Broadband demand, notably for higher speeds, is anticipated to strengthen, fueled in particular by the expanded reach of the VDSL offering; conversely, the number of voice-only customers should experience further decline, while growth in mobile data volume and revenues should continue. Performance in Romania and Albania remains challenging. The Group will continue to invest heavily in the technologies, infrastructure and content that enable its customers to succeed across all its markets. OTE maintains the 2017 guidance provided following the release of its 2016 results, namely an adjusted FCF target of €250m, reflecting the increase in Capex to €700mn, as well as exceptional income tax outlays.

OTE GROUP HIGHLIGHTS

OTE Group's consolidated revenues totaled €929.0mn in Q1'17, up 0.1%, driven by growth in both Greek and Romanian Fixed revenues, offsetting pressure in Mobile.

In Greece, revenues rose 0.9% to €685.4mn. The growth stemmed from continuing strong demand for broadband services – despite a new 5% tax implemented in January, a growing number of consumers are adopting COSMOTE's advanced VDSL service. Pay-TV services showed signs of slower growth in what is a seasonally weak quarter, as economic conditions are putting pressure on demand.
In Romania, growth in Fixed revenues reflects solid demand for convergent fixed-mobile bundles, higher wholesale revenues, and a rebound in the ICT business following a slow Q4 last year.

Total Operating Expenses, excluding depreciation, amortization, impairments and charges related to voluntary leave schemes, restructuring and non-recurring litigation costs, amounted to €637.1mn in Q1'17, up 1.5% compared to Q1'16, as stringent cost-control initiatives across the board were offset by higher interconnection as and merchandise costs, supporting revenue driven services.

The Group's adjusted EBITDA was down 1.7% to €304.1m. In Greece, EBITDA was unchanged, yielding an Adjusted EBITDA margin of 38.8%. Adjusted EBITDA was down 4.4% in Romania, reflecting growing competitive pressure in mobile, and down 81.0% in Albania, where operations were impacted by changes in international traffic patterns.

The Group's Income Tax charge stood at €42.9mn in Q1'17, up 14.7%, reflecting higher profit before taxes.

Adjusted Group profit after minority interests (excluding one-off items) stood at €38.2mn in Q1'17, up 4.1% compared to Q1'16.

Adjusted Capital Expenditures amounted to €185.0mn in Q1'17, up 12.3%, reflecting investments in Fixed-line operations in Greece and Romania, amounting to €75.0m and €43.3mn, respectively. In Mobile operations, adjusted Capex in Greece stood at €36.2mn, in Romania at €18.1mn and in Albania at €6.7mn.

In Q1'17, the Group posted negative adjusted Free Cash Flow of €11.3mn, as anticipated, primarily reflecting the increase in Capital Expenditures.

The Group's adjusted Net Debt was €0.6bn at March 31, 2017, down 33% compared to March 31, 2016. The Group's ratio of adjusted Net Debt to 12-month trailing Adjusted EBITDA stood at 0.4x, unchanged from the prior quarter. In the coming 12 months, facing significant redemptions, OTE intends to maintain significant cash reserves.

BREAKDOWN OF GROUP REVENUES

(€ mn)	Q1 '17	Q1 '16	Change
Fixed Line Operations, Greece	392.0	378.9	+3.5%
Mobile Operations, Greece	273.5	276.9	-1.2%
Fixed Line Operations, Romania	143.4	137.1	+4.6%
Mobile Operations, Romania	107.8	113.0	-4.6%
Mobile Operations, Albania	15.7	20.5	-23.4%
Others	121.2	105.7	+14.7%
Eliminations (Mobile & Group)	(124.6)	(103.6)	+20.3%
TOTAL	**929.0**	**928.5**	**+0.1%**
Other Operating Income	12.2	8.7	+40.2%

BREAKDOWN OF GROUP ADJUSTED EBITDA

(€ mn)	Q1 '17	Q1 '16	Change
Fixed Line Operations, Greece	168.0	161.1	+4.3%
Margin	*42.9%*	*42.5%*	*+0.4pp*
Mobile Operations, Greece	86.9	91.9	-5.4%
Margin	*31.8%*	*33.2%*	*-1.4pp*
Fixed Line Operations, Romania	21.4	20.5	+4.4%
Margin	*14.9%*	*15.0%*	*-0.1pp*
Mobile Operations, Romania	15.7	18.3	-14.2%
Margin	*14.6%*	*16.2%*	*-1.6pp*
Mobile Operations, Albania	0.8	4.2	-81.0%
Margin	*5.1%*	*20.5%*	*-15.4pp*
Others	11.7	13.3	-12.0%
Margin	*9.7%*	*12.6%*	*-2.9pp*
Eliminations (Mobile & Group)	(0.4)	0.0	-
OTE Group	**304.1**	**309.3**	**-1.7%**
Margin	***32.7%***	***33.3%***	***-0.6pp***

BREAKDOWN PER COUNTRY (After Eliminations)

Revenues (€ mn)	Q1 '17	Q1 '16	Change
Greece	685.4	679.2	+0.9%
Romania	229.8	233.4	-1.5%
Albania	13.8	15.9	-13.2%
OTE Group	**929.0**	**928.5**	**+0.1%**

Adjusted EBITDA (€ mn)	Q1 '17	Q1 '16	Change
Greece	266.2	266.3	0.0%
margin	*38.8%*	*39.2%*	*-0.4pp*
Romania	37.1	38.8	-4.4%
margin	*16.1%*	*16.6%*	*-0.5pp*
Albania	0.8	4.2	-81.0%
margin	*5.8%*	*26.4%*	*-20.6pp*
OTE Group	**304.1**	**309.3**	**-1.7%**
margin	***32.7%***	***33.3%***	***-0.6pp***

GREECE

Renewed macro uncertainty and additional taxation in effect since the beginning of the year impacted consumer spending in Greece in the first quarter of the year. Against this backdrop, OTE's total revenues in Greece were up 0.9%, reflecting the solid performance of fixed-line activities, driven by demand for broadband services, particularly high-speed. Overall, adjusted EBITDA from combined Greek fixed and mobile businesses was unchanged from the first quarter of 2016.

FIXED-LINE OPERATIONS, GREECE

Access Lines	Q1'17	Q1'16	Change
PSTN connections	1,629,991	2,230,403	-26.9%
ISDN connections (BRA & PRA)	256,607	296,804	-13.5%
Other (MSAN & VoB)	762,407	166,667	-
Access line connections (incl. WLR)	**2,649,005**	**2,693,874**	**-1.7%**
Retail access line connections	**2,639,820**	**2,680,117**	**-1.5%**
Active Broadband subscribers	1,710,803	1,575,834	+8.6%
Active Broadband retail subscribers	**1,654,968**	**1,543,813**	**+7.2%**
of which: Retail VDSL connections	*252,310*	*167,943*	*+50.2%*
COSMOTE TV Subscribers	**504,794**	**458,269**	**+10.2%**
Unbundled local loops (active)	2,102,444	2,053,343	+2.4%

In Q1'17, the total Greek access market (OTE active retail lines, Wholesale line rental connections and full LLU subscribers) lost 1k lines, while OTE's fixed-line operations posted a net loss of 18k access lines, reflecting the intensification of competitive pressure from certain alternative carriers.

OTE achieved net additions of 19k retail broadband customers in Q1'17, representing 55% of total net additions in a market that has experienced its slowest quarterly growth rate in over two years. The total number of OTE retail broadband subscribers rose to 1,655k. Penetration of OTE's high-speed VDSL broadband service continued to expand, with record net additions of 33k in the quarter. At quarter end, OTE's VDSL offer had been adopted by 252k subscribers, or 15.2% of OTE's total retail broadband base, up sharply from 13.4% at 2016 year end. Widespread success in expanding a premium service in a period of significant downward pressure on consumer spending validates OTE's multi-year strategy of investing in VDSL. OTE's wholesale VDSL offering also grew substantially, posting a sequential progression of over 22% in Q1'17. In February, the Regulator finalized the allocation of cabinets for VDSL upgrade to OTE. OTE is pushing ahead with the required investments, to upgrade, within the set timeframe approximately 6k cabinets. This will bring VDSL capabilities to 60% of the population. Consecutively, OTE will upgrade the network with vectoring technology, capable of delivering speeds of 100Mbps.

In Q1'17, the total number of TV subscribers increased by 2k to 505k. While this modest increase largely reflects seasonal factors, pressure on consumer income is also impacting the growth in pay-TV subscriptions, resulting in a marked slowdown compared to recent quarters. To counter these factors, OTE has successfully introduced alternative packs targeting specific customer segments.

OTE achieved satisfactory performances in ICT, largely from private-sector customers, notably in the area of networking.

	Mar '17	**Mar '16**	***Change***
Headcount	8,515	8,609	-1.1%

SUMMARY FINANCIAL DATA – FIXED-LINE OPERATIONS, GREECE

(€ mn)	**Q1 '17**	**Q1 '16**	**Change**
Revenues	**392.0**	**378.9**	**+3.5%**
- Retail Fixed Services	*224.0*	*220.6*	*+1.5%*
- Wholesale Fixed Services	*87.7*	*81.4*	*+7.7%*
- Other	*80.3*	*76.9*	*+4.4%*
Other income/(expense), net	1.5	2.3	-34.8%
Adjusted EBITDA	**168.0**	**161.1**	**+4.3%**
Adjusted EBITDA margin (%)	***42.9%***	***42.5%***	***+0.4pp***
Voluntary leave schemes	(2.1)	(2.6)	-19.2%
Depreciation, Amortization & Impairments	(77.4)	(82.5)	-6.2%
Operating Income (EBIT)	88.5	76.0	+16.4%

Greek fixed-line operations posted significant year-over-year revenue growth of 3.5% in Q1'17. Revenues from retail fixed services rose 1.5%, supported by strong performances in broadband and TV. The drop in voice revenues was modest, in line with the trends of the past two quarters. These robust performances reflect OTE's investments in high-speed networks and new solutions, improvements in customer experience, and the steady rollout of commercial initiatives aimed at attracting new subscribers. Broadband revenues were boosted by the record VDSL take-up in the quarter, while TV revenues posted another solid increase, though a higher base and additional taxes are impacting the rate of revenue growth.

Total Greek fixed-line Operating Expenses, excluding depreciation, amortization and charges related to voluntary leave schemes, restructuring and non-recurring litigations amounted to €225.5mn in Q1'17, up 2.5% from Q1'16, reflecting higher consumer driven costs supporting activities in shops. Personnel expenses were down 3.4%, reflecting past headcount voluntary leave schemes.

Adjusted EBITDA increased by 4.3% to €168.0mn in Q1'17, boosted by revenue growth and cost-reduction initiatives. As a result, adjusted EBITDA margin in Greek fixed-line operations rose 40 basis points to 42.9% compared to Q1'16, extending the improving trend of the past quarters.

MOBILE OPERATIONS, GREECE

	Mar '17	Mar '16	*Change*
Mobile subscribers	7,732,579	7,476,131	+3.4%

(€ mn)	Q1 '17	Q1 '16	*Change*
Service Revenues	217.9	221.8	-1.8%
Total Revenues	**273.5**	**276.9**	**-1.2%**
Adjusted EBITDA	**86.9**	**91.9**	**-5.4%**
Adjusted EBITDA margin (%)	***31.8%***	***33.2%***	***-1.4pp***

As of March 31, 2017, COSMOTE provided mobile telephony services to 7.7mn customers in Greece, up 3.4% year on year.

Total Mobile revenues dropped 1.2% in Q1'17, extending the improving trends recorded in previous quarters in an environment that remains under pressure.

Service revenues totaled €217.9mn in the quarter, a drop of 1.8%, a marked improvement from prior-year trends.

Data revenues rose by 19% in the quarter, rewarding COSMOTE's focus on providing market-leading coverage and speeds. COSMOTE's 4G and 4G+ footprints now cover approximately 95% and 84% of the Greek population, respectively. About 50% of COSMOTE's data traffic now originates from 4G devices. COSMOTE has introduced a number of targeted offers and pricing solutions to promote data usage among both prepaid and postpaid customers.

In Q1'17, COSMOTE Greece's blended AMOU dropped by 2.2% to 274 minutes, reflecting demand pressures. Blended ARPU for the same period was €10.0, down 5.7% from Q1'16, largely due to pressure in the prepaid market.

ROMANIA

Total revenues from Group operations in Romania were down 1.5% to €229.8m, reflecting a solid performance in Fixed, driven by the Company's fixed-mobile convergent solution and demand for ICT projects.

The Group is investing in upgrading its Romanian network infrastructure, including expanding its own 4G coverage and FTTH footprint, which are key elements of its strategy in that market. Capex dedicated to extend 4G coverage will result in providing data access to a wider customer base in a more efficient manner. Similarly, expanded FTTH coverage, currently reaching over 2 million households, is gradually picking up pace with subscribers. Commercially, the focus on convergent bundles, including fixed, mobile and TV, is a significant differentiating factor increasingly appreciated by customers, as evidenced by growing revenues and subscriber numbers.

Combined adjusted EBITDA in Romania posted a limited decline of €1.7m to €37.1m.

FIXED LINE OPERATIONS, ROMANIA
SUMMARY FINANCIAL & SUBSCRIBERS DATA

	Mar '17	Mar '16	*Change*
Voice Telephony Lines*	2,127,954	2,182,330	-2.5%
Broadband subscribers*	1,179,831	1,195,923	-1.3%
TV subscribers	1,457,269	1,449,190	+0.6%
FMC Customers	*398,242*	*270,166*	*+47.4%*

**Including FMC*

	Mar '17	Mar '16	*Change*
Headcount	5,692	5,887	-3.3%

(€ mn)	Q1 '17	Q1 '16	Change
Revenues	**143.4**	**137.1**	**+4.6%**
- Retail Fixed Services	74.5	78.9	-5.6%
- Wholesale Fixed Services	29.4	24.2	+21.5%
- Other	39.5	34.0	+16.2%
Other income/ (expense), net	7.6	4.9	+55.1%
Adj. EBITDA	**21.4**	**20.5**	**+4.4%**
Adj. EBITDA margin (%)	**14.9%**	**15.0%**	**-0.1pp**
Voluntary leave schemes	(0.4)	(0.3)	+33.3%
Depreciation, Amortization & Impairments	(28.0)	(32.6)	-14.1%
Operating Income (EBIT)	(7.0)	(12.4)	-43.5%

Romania Fixed

In Q1'17, revenues from Romanian fixed-line activities were up 4.6% from the prior-year level, primarily reflecting the company's successful Fixed-Mobile convergent (FMC) solution, customized ICT projects and higher wholesale revenues.

Compared to Q1'16, fixed voice revenues continued their downward trend (-14%) and broadband revenues were down slightly (-1.6%), while TV revenues rose 3%. Compared to March 31, 2016, the number of FMC subscribers increased by 47.4%, the total number of TV subscribers increased slightly (+0.6%), while the number of fixed broadband subscribers shrank by 1.3%.

The increase in Other revenues largely reflects the growth ICT projects delivered to business customers as well as growth in FMC. The year-on-year growth in Other income in Q1'17 is primarily due to disposal of real estate assets.

Total Romanian fixed-line Operating Expenses, excluding depreciation, amortization, and charges related to voluntary leave schemes, restructuring and non-recurring litigations, increased by 6.7% in Q1'17 compared to Q1'16, driven by customer-generated direct costs, notably higher interconnection, mobile handsets and customer premise equipment.

Adjusted EBITDA rose by 4.4% to €21.4m, reflecting efficiency gains, notably from personnel costs, which were down 8%, as well as lower other taxes.

Romania Mobile

	Mar '17	Mar '16	*Change*
Mobile subscribers	5,023,389	5,653,791	-11.2%

(€ mn)	Q1 '17	Q1 '16	*Change*
Service Revenues	71.0	77.1	-7.9%
Total Revenues	**107.8**	**113.0**	**-4.6%**
Adjusted EBITDA	**15.7**	**18.3**	**-14.2%**
Adjusted EBITDA margin (%)	***14.6%***	***16.2%***	***-1.6pp***

At March 31, 2017, Telekom Romania Mobile's customer base totaled 5.0m, down 11.2% from the year-earlier level. Of this total, 32.3% was postpaid. The total number of business customers grew by 2.5% compared to Q1'16, reflecting the Company's targeted offers for professional users and synergies with fixed-line operations.

Blended ARPU, at €4.7, was up 0.3% compared to Q1'16, whereas blended AMOU decreased by 3.8%.

In Q1'17, total Operating Expenses, excluding depreciation, amortization, impairments, charges related to voluntary leave schemes, restructuring costs and non-recurring litigation costs, were down 3.3% compared to the same period last year, mainly due to effective cost control of indirect costs and lower market invest.

In Q1'17, adjusted EBITDA was down 14.2% 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 capabilities, refocused sales efforts, and cost optimization.

ALBANIA

	Mar '17	Mar '16	*Change*
Mobile subscribers	1,829,139	1,705,525	+7.2%

(€ mn)	Q1 '17	Q1 '16	*Change*
Service Revenues	15.2	19.7	-22.8%
Total Revenues	**15.7**	**20.5**	**-23.4%**
Adjusted EBITDA	**0.8**	**4.2**	**-81.0%**
Adjusted EBTDA margin (%)	***5.1%***	***20.5%***	***-15.4pp***

As of Q1'17, Telekom Albania's customer base, totaled 1.8m subscribers, up 7% compared to the same quarter last year.
Albania has traditionally relied on international terminating traffic, which has been a profitable stream of business. As terminating traffic has declined, caused by retail price increases in foreign markets, profitability has been eroded, leading to an adjusted EBITDA decline of 81% in Q1'17.

Telekom Albania is taking steps to modify its operating model. As such, it has successfully increased outgoing revenues by 9% and is introducing a number of changes in tariff bundles to partly offset the drop in international interconnection revenues. As a result, a 37.6% increase in mobile data revenue has been achieved, fueled by highly competitive smartphone and data offers.

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. 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 March 31, 2017 and December 31, 2016

III. Consolidated Income Statements for the quarter ended March 31, 2017 and comparative 2016

IV. Group Revenues for the quarter ended March 31, 2017 and comparative 2016

V. Consolidated Statement of Cash Flows for the quarter ended March 31, 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 line "costs related to 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 from the Adjusted Cash Flow generation 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)	Q1 '17	Q1 '16	Change
Long-term borrowings	1,249.9	1,756.0	-28.8%
Short-term portion of long-term borrowings	812.2	433.7	+87.3%
Short-term borrowings	0.0	0.0	-
Cash and cash equivalents	(1,483.8)	(1,329.7)	+11.6%
Net Debt	**578.3**	**860.0**	**-32.8%**

Other financial assets	(5.5)	(6.8)	-19.1%
Adjusted Net Debt	**572.8**	**853.2**	**-32.9%**

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)	Q1 '17	Q1 '16	Change
Total Revenues	929.0	928.5	+0.1%
Other Operating Income	12.2	8.7	+40.2%
Total operating expenses before depreciation, amortization and impairment	(639.6)	(631.8)	+1.2%
EBITDA	**301.6**	**305.4**	**-1.2%**
EBITDA margin %	***32.5%***	***32.9%***	***-0.4pp***
Costs related to voluntary leave schemes	2.5	2.9	-13.8%
Other restructuring and non-recurring litigations	0.0	1.0	-
Adjusted EBITDA	**304.1**	**309.3**	**-1.7%**
Adjusted EBITDA margin %	***32.7%***	***33.3%***	***-0.6pp***

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)	Q1 '17	Q1 '16	Change
Net cash flows from operating activities (reported)	**162.4**	**185.0**	**-12.2%**
Payment for voluntary leave schemes	7.3	3.4	-
Payment for restructuring & non-recurring litigations	3.6	0.0	-
Interest received	0.4	0.6	-33.3%
Adjusted Net Operating Cash Flow	**173.7**	**189.0**	**-8.1%**

Capital expenditure (CAPEX) & 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)	Q1 '17	Q1 '16	Change
Purchase of property plant and equipment and intangible assets (reported) - CAPEX	(200.5)	(178.2)	+12.5%
Spectrum Payments	15.5	13.5	+14.8%
Adjusted CAPEX	**(185.0)**	**(164.7)**	**+12.3%**

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)	Q1 '17	Q1 '16	Change
Net cash flows from operating activities	162.4	185.0	-12.2%
Purchase of property, plant, equipment & intangible assets	(200.5)	(178.2)	+12.5%
Free Cash Flow	**(38.1)**	**6.8**	**-**

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)	Q1 '17	Q1 '16	Change
Free Cash Flow	**(38.1)**	**6.8**	**-**
Payment for voluntary leave schemes	7.3	3.4	-
Payment for restructuring & non-recurring litigations	3.6	0.0	-
Interest received	0.4	0.6	-33.3%
Spectrum Payments	15.5	13.5	+14.8%
Adjusted FCF	**(11.3)**	**24.3**	**-**

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 & Bond Buyback premium, Other restructuring costs and non-recurring litigation expenses, as illustrated in the table below:

(Euro million) - After tax impact	Q1 '17	Q1 '16	Change
Profit to owners of the parent (reported)	**36.4**	**33.9**	**+7.4%**
Costs related to voluntary leave schemes	1.8	2.1	-12.3%
Other restructuring & non-recurring litigations	0.0	0.7	-
Adjusted Profit to owners of the parent	**38.2**	**36.7**	**+4.1%**

GROUP OF COMPANIES

II. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Euro million)	GROUP	
	31/03/2017	31/12/2016
ASSETS		
Property, plant and equipment	2,828.8	2,852.5
Goodwill	506.4	507.0
Telecommunication licenses	479.1	491.3
Other intangible assets	457.9	490.4
Investments	0.1	0.1
Loans to pension funds	84.8	85.6
Deferred tax assets	316.2	316.5
Other non-current assets	103.3	99.4
Total non - current assets	**4,776.6**	**4,842.8**
Current assets		
Inventories	94.0	95.9
Trade receivables	708.5	730.5
Other financial assets	5.5	5.6
Other current assets	309.6	307.6
Restricted Cash	3.7	3.6
Cash and cash equivalents	1,483.8	1,585.6
Total current assets	**2,605.1**	**2,728.8**
TOTAL ASSETS	**7,381.7**	**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	(14.3)	(14.3)
Statutory reserve	362.2	362.2
Foreign exchange and other reserves	(161.2)	(156.5)
Changes in non-controlling interests	(3,314.1)	(3,314.1)
Retained earnings	3,631.8	3,595.4
Total equity attributable to owners of the Parent	**2,387.8**	**2,356.0**
Non-controlling interests	291.0	295.7
Total equity	**2,678.8**	**2,651.7**
Non-current liabilities		
Long-term borrowings	1,249.9	1,941.0
Provision for staff retirement indemnities	229.5	227.6
Provision for youth account	140.0	142.5
Deferred tax liabilities	48.9	50.3
Other non – current liabilities	98.7	118.3
Total non – current liabilities	**1,767.0**	**2,479.7**
Current liabilities		
Trade accounts payable	1,202.3	1,364.1
Short-term portion of long-term borrowings	812.2	184.1
Income tax payable	108.3	79.2
Deferred revenue	144.1	152.1
Provision for voluntary leave scheme	139.0	141.9
Dividends payable	0.3	0.3
Other current liabilities	529.7	518.5
Total current liabilities	**2,935.9**	**2,440.2**
TOTAL EQUITY AND LIABILITIES	**7,381.7**	**7,571.6**

III. CONSOLIDATED INCOME STATEMENT

(Euro million)	Q1'17	Q1'16	%
Total revenues	**929.0**	**928.5**	**+0.1%**
Other operating income	**12.2**	**8.7**	**+40.2%**
Operating expenses			
Interconnection and roaming costs	(142.7)	(120.9)	+18.0%
Provision for doubtful accounts	(24.3)	(21.3)	+14.1%
Personnel costs	(157.5)	(161.8)	-2.7%
Costs related to voluntary leave schemes	(2.5)	(2.9)	-13.8%
Commission costs	(33.6)	(35.5)	-5.4%
Merchandise costs	(69.3)	(61.6)	+12.5%
Maintenance and repairs	(26.6)	(26.7)	-0.4%
Marketing	(21.9)	(22.2)	-1.4%
Other operating expenses	(161.2)	(178.9)	-9.9%
Total operating expenses before depreciation, amortization and impairment	**(639.6)**	**(631.8)**	**+1.2%**
Operating profit before financial and investing activities, depreciation, amortization and impairment	**301.6**	**305.4**	**-1.2%**
Depreciation, amortization and impairment	(197.1)	(208.2)	-5.3%
Operating profit before financial and investing activities	**104.5**	**97.2**	**+7.5%**
Income and expense from financial and investing activities			
Interest and related expenses	(32.4)	(36.1)	-10.2%
Interest income	0.4	0.6	-33.3%
Foreign exchange differences, net	2.9	1.5	+93.3%
Gains / (losses) from investments and other financial assets - Impairment	-	0.3	-
Total loss from financial and investing activities	**(29.1)**	**(33.7)**	**-13.6%**
Profit before tax	**75.4**	**63.5**	**+18.7%**
Income tax	(42.9)	(37.4)	+14.7%
Profit for the period	**32.5**	**26.1**	**+24.5%**
Attributable to:			
Owners of the parent	**36.4**	**33.9**	**+7.4%**
Non-controlling interests	(3.9)	(7.8)	-50.0%

IV. GROUP REVENUES

(Euro million)	Q1'17	Q1'16	%
Revenue			
Fixed business:			
Retail services revenues	298.0	299.0	-0.3%
Wholesale services revenues	171.9	149.2	+15.2%
Other revenues	70.8	75.0	-5.6%
Total revenues from fixed business	**540.7**	**523.2**	**+3.3%**
Mobile business:			
Service revenues	304.8	313.4	-2.7%
Handset revenues	50.1	51.1	-2.0%
Other revenues	3.6	4.5	-20.0%
Total revenues from mobile business	**358.5**	**369.0**	**-2.8%**
Miscellaneous other revenues	**29.8**	**36.3**	**-17.9%**
Total revenues	**929.0**	**928.5**	**+0.1%**

GROUP OF COMPANIES

V. CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in € millions	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17
Cash flows from operating activities					
Profit before tax	63.5	63.0	97.4	28.5	75.4
Adjustments for:					
Depreciation, amortization and impairment	208.2	205.9	201.1	266.2	197.1
Costs related to voluntary leave schemes	2.9	4.8	35.8	6.1	2.5
Provision for staff retirement indemnities	3.1	2.8	2.8	3.4	2.7
Provision for youth account	0.8	0.7	0.8	(0.5)	0.7
Provision for doubtful accounts	21.3	22.5	24.9	21.2	24.3
Foreign exchange differences, net	(1.5)	1.8	(0.4)	4.4	(2.9)
Interest income	(0.6)	(0.7)	(0.5)	(0.4)	(0.4)
(Gains) / losses from investments and financial assets - Impairment	(0.3)	(0.3)	(18.6)	0.9	-
Interest and related expenses	36.1	35.4	41.3	36.6	32.4
Working capital adjustments:	***(89.7)***	***(36.2)***	***(72.1)***	***110.9***	***(114.1)***
Decrease / (increase) in inventories	(7.4)	(5.8)	(0.2)	14.6	1.7
Decrease / (increase) in receivables	(40.3)	(87.9)	(23.2)	(12.9)	(12.2)
(Decrease) / increase in liabilities (except borrowings)	(42.0)	57.5	(48.7)	109.2	(103.6)
Plus /(Minus):					
Payment for voluntary leave schemes	(3.4)	(5.3)	(35.2)	(10.0)	(7.3)
Payment of staff retirement indemnities and youth account, net of employees' contributions	(3.9)	(3.5)	(3.7)	(4.1)	(3.1)
Interest and related expenses paid	(30.3)	(24.8)	(58.5)	(21.3)	(33.6)
Income taxes paid	(21.2)	(13.1)	(41.4)	(28.5)	(11.3)
Net cash flows from operating activities	**185.0**	**253.0**	**173.7**	**413.4**	**162.4**
Cash flows from investing activities					
Sale or maturity of financial assets	-	-	0.5	1.7	0.2
Repayment of loans receivable	1.7	1.7	1.7	2.2	1.0
Purchase of property plant and equipment and intangible assets	(178.2)	(138.1)	(183.7)	(153.0)	(200.5)
Movement in restricted cash	(0.5)	(0.4)	(0.1)	0.2	(0.1)
Payments related to disposal of subsidiaries / investments	-	-	(4.9)	-	-
Interest received	0.6	0.7	0.5	0.4	0.4
Net cash flows used in investing activities	**(176.4)**	**(136.1)**	**(186.0)**	**(148.5)**	**(199.0)**
Cash flows from financing activities					
Share option plans	-	(0.2)	-	0.2	-
Proceeds from loans granted and issued	-	-	389.0	-	-
Repayment of loans	-	(411.9)	-	(42.6)	(64.8)
Dividends paid to Company's owners	-	(0.3)	(48.6)	-	-
Net cash flows from / (used in) financing activities	**-**	**(412.4)**	**340.4**	**(42.4)**	**(64.8)**
Net increase / (decrease) in cash & cash equivalents	**8.6**	**(295.5)**	**328.1**	**222.5**	**(101.4)**
Cash and cash equivalents, at the beginning of the period	1,322.5	1,329.7	1,035.4	1,364.9	1,585.6
Net foreign exchange differences	(1.4)	1.2	1.4	(1.8)	(0.4)
Cash and cash equivalents, at the end of the period	**1,329.7**	**1,035.4**	**1,364.9**	**1,585.6**	**1,483.8**