HELLENIC TELECOMMUNICATIONS & POST COMMISSION

2012 Market Review

of Electronic Communications & Postal Services

Contents

1. Electronic Communications Market

The current Market Review provides a detailed presentation of the progress of the electronic communications market in Greece and in the European Union (EU) for 2012. It should be noted that the information and data used herein have been collected by EETT from questionnaires and the annual Report of the European Union (Digital Agenda Scoreboard 2013)[1].

Overall, 2012 was a critical year for the Greek electronic communications market, with respect to the operators' financial performance (turnover, gross profits and total assets)[2], given the extended recession that the country is experiencing.

Analytically, Mobile Telephony Operators (MTOs) suffered significant reductions in their turnover (7.5%) and gross profit (10.7%), while their assets were increased by 1.9%. Similarly, OTE suffered reductions in its turnover by 10.9% (attributed to various factors such as the reduction in the domestic and foreign mobile telephony revenues, the decrease in interconnection rates, the reduction in the sales of telecommunications equipment etc.), its gross profit by 65.7% (the 4.7% drop in the company's operating expenses was partly offset by the increased cost of the early retirement plan) and its assets by 15%. Conversely, alternative telephony operators (OLOs) achieved higher revenues (up by 1.5%) as well as higher gross profit (up by more than 75%), a fact that is attributed mainly to the good financial performance of the larger companies.

The fixed telephony market is still characterized by intense competition between OTE and OLOs, as demonstrated by the continued decrease in the former's share to the benefit of the latter. OTE's market share[3] fell further, reaching 62.4% at the end of 2012 compared to 66% at the end of 2011. OTE's share, based on the volume of the main call types (national to fixed calls[4], calls to mobile and international calls), was 51.8% in 2012, compared to 56.2 in 2011. At the same time the total share of the three largest (based on 2012) alternative operators was doubled within 4 years, given that it rose from 18% in 2009 to 35.9% in 2012. Finally, OTE's share based on the volume of national to fixed calls was calculated at 52.4% for 2012 compared to 57.1% in 2011, whilst the respective share of calls to mobile is estimated at 57.3% compared to 60.8% in 2011.

Additionally, the number of fixed access Internet subscribers grew significantly (8.9%) in 2012, reaching 2.7 million subscribers by the year's end, the overwhelming majority whereof (99%) has broadband access.

The retail revenue from providing telephony, Internet and content services (IPTV, video on demand, etc.) at a fixed location in 2012 fell by 8.4%, amounting to 1,576 million euro (compared to 1,720 million euro in 2011), due to the continued reduction in retail prices, as well as the limited use of electronic communications services as a consequence of adverse economic conditions.

The number of mobile telephony connections in Greece increased by 8,9% in 2012 amounting to 15.9 million at the year's end, compared to 14.6 million at the end of 2011. In parallel, the active connections were increased by 10,7%, reaching 13.4 million in 2012, compared to 12.1 million in 2011. As a result, in October 2012, the penetration of mobile telephony in the population reached

[1] http://ec.europa.eu/information_society/digital-agenda/scoreboard/index_en.htm

[2] It should be noted that the difficulty in drawing uniform conclusions still persists due to fact that some operators apply the International Financial Reporting Standards (IFRS) on their balance sheets whereas other operators continue to apply the Greek accounting standards..

[3] This share pertains to PSTN lines, full access LLU, ISDN BRA and PRA and Wholesale Leased Lines (WLL).

[4] National calls to a fixed line means local or long distance calls.

118% compared to 111% in the corresponding period of 2011, with Greece however, being amongst the countries with the lowest degree of penetration in the EU.

Mobile telephony network usage underwent remarkable changes. The total volume of voice calls fell 4.6% in 2012 with respect to 2011, mainly due to the decrease in on-net traffic (5,7%). It should be noted that for the first time, there was a reduction in the calls from mobile phones that now correspond to 58% of the total telephone traffic. In parallel a percentage greater than 50% of the voice call volume per user category comes from the pre-paid users, followed by residential post-paid users (a percentage that varies from 30% to 36%). Data services through mobile telephony networks were significantly increased by 14.5%. On the other hand, the increased use of social network applications has probably caused the 14.2% drop in SMSs (Short Message Service) and the 22% drop in MMSs (Multimedia Messaging Service).

As far as the revenues from mobile telephony are concerned, their main source are residential post-paid users (more than 35%), followed by pre-paid telephony users (almost 20%). The average revenue per post-paid and pre-paid telephony user is decreasing and in 2012 amounted to 337 and 73 euros respectively, whilst overall in the Greek mobile telephony market, the amount is 190 euros which is below the European average (195 euros).

In the Interconnection market, call termination increased marginally (1.2% compared to 2011) as a result of the increased volume of calls serviced by alternative providers. Conversely, OTE experienced a further significant reduction in call origination (41.1% compared to 2011), due to the continuing growth of Local Loop Unbundling (LLU –full access). LLU lines increased by 8.3% reaching 1.7 million lines at the end of 2012 compared to 1.6 million at the end of 2011. The total Interconnection traffic in mobile telephony also fell by 5% compared to 2011, with the greatest reduction being a 5.7% drop in on-net traffic (that makes up 61% of the total Interconnection traffic), a 7.9% drop in national incoming traffic and a 16.7% drop in international incoming traffic. In January 2013 the Interconnection rates to OTE's network were amongst the lowest in Europe. Furthermore, the mobile termination rates were further decreased in January 2013 (1.27 eurocents/minute) and are ranked below the European average (2.33 eurocents/minute) for the first time.

Number Portability continues to facilitate consumers and to boost the competition between electronic communication operators. Despite some relatively limited signs of abatement, approximately 460,000 mobile numbers and 526,500 fixed numbers were ported during 2012.

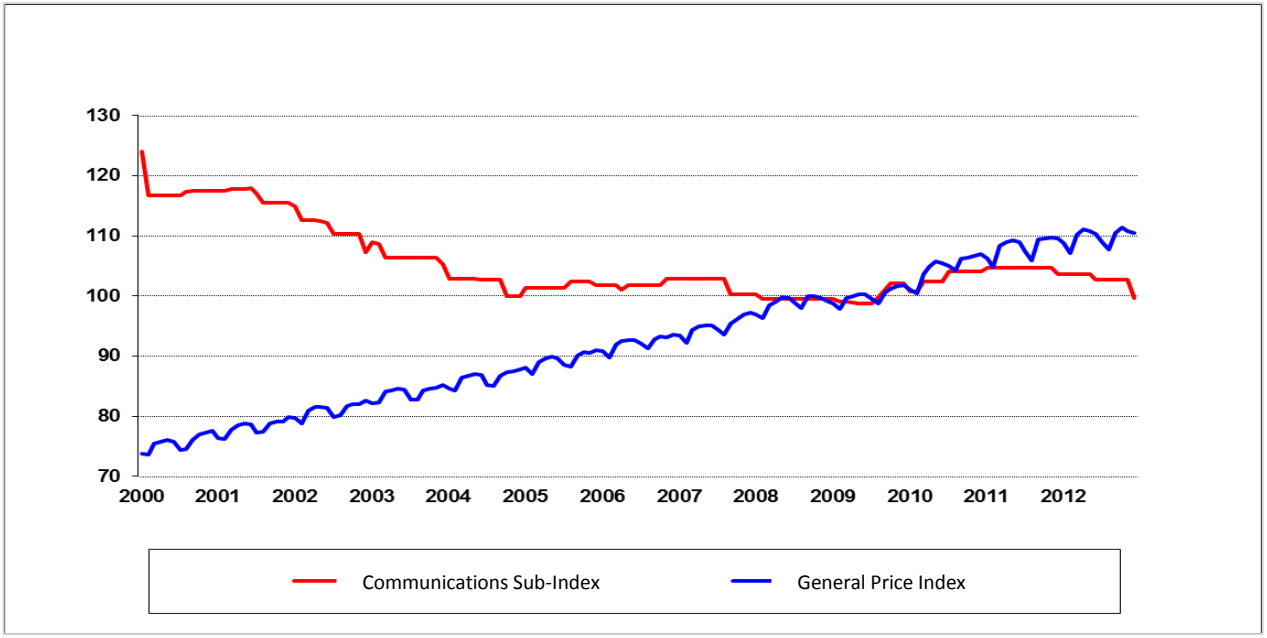
The number of broadband lines increased further, reaching 2.7 million lines, registering a 9.1% increase compared to 2011. Broadband penetration in Greece reached 24% of the population, which was one of the largest increases amongst the EU member states (2 lines per 100 residents instead of the European average of 1.1). The growth rate of broadband penetration after declining for years (from 4.7% in 2007, to 1.8% in 2011), reverted to positive growth - a fact that reinforces the steadfast course of convergence with the rest of Europe.

Finally, LLU continues to increase significantly, as the number of lines was up 7.8% with respect to 2011, reaching 1.8 million lines (compared to 1.7 million lines at the end of 2011). As regards the speed of access, 58% of the lines corresponds to speeds over 10 Mbps and 14% of the lines corresponds to speeds from 2 to 10 Mbps. In the same context, the speed of ADSL lines (wholesale and retail) reached 11.1 Mbps at the end of 2012 compared to 10.4 Mbps at the end of 2011.

1.1. Consumer Price Indices

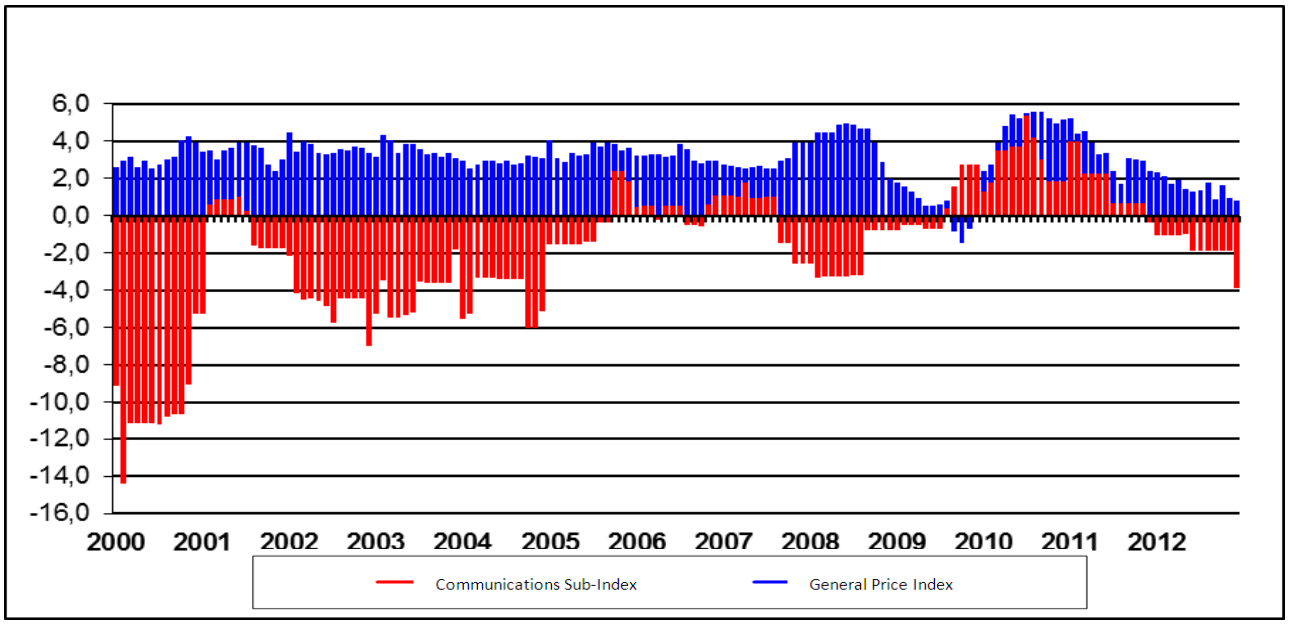
The general cost trend for electronic communications services is reflected in the General Consumer Price Index (GCPI) over time, as presented in Charts 1.1 and 1.2. After a short-lived rise, due to the increase in taxation (VAT and the mobile telephony fee), the communication sub-index has begun to fall as of December 2011 and throughout 2012.

Chart 1.1: Monthly Consumer Price Index (General Index - Communications Sub-Index)



Source: EETT (based on data from EL.STAT.)

Chart 1.2: Change (%) of the Monthly Consumer Price Index compared to the Respective Index of the Previous Year



Source: EETT (based on data from EL.STAT.)

1.2. Financial Data of the Electronic Communication Market

The section presents the main financial data of the electronic communications market derived from the published balance sheets of the licensed operators for the years 2002 —2012. For 2012, the various financial data for the operators listed on the Athens Exchange (ATHEX) are drawn from their financial statements, in accordance with the International Financial Reporting Standards (IFRS). Moreover, other information on turnover, investments and other financials gathered by EETT on a six-monthly basis from licensed operators have also been taken into account.

The figures for the overall market[5] as presented in Chart 1.3 underwent significant changes. The operators' turnover (Chart 1.4) was decreased by 7.3%, as a result of the reduction in OTE's turnover (by 10.9%) and that of the MTOs (by 7.5%). Conversely, OLOs showed a 1.5% increase, due to the increase in the revenues of CYTA HELLAS (62.8%) and secondarily of HELLAS ON LINE (5%)[6]. Gross profit presents a similar picture (Chart 1.5), given that it has decreased significantly by 65.7%, for OTE (cutting the company's operating expenses by 4.6%, was not enough to offset the corresponding 10.9% drop in turnover), 13% for MTOs, whilst the gross profit of OLOs increased by 76.6% due to the better performance of FORTHNET[7], as well as CYTA HELLAS and HELLAS ON LINE. Conversely, the 8.3% decrease in assets (Chart 1.6) is due to the 15% drop in OTE's assets, mainly due to the reduction of its investments to subsidiaries (an impairment loss on OTE's investments in COSMOTE and OTE INTERNATIONAL INVESTMENT LTD) and the 23.9% reduction of OLOs' assets. Table 1.1 summarizes the financial data, as presented in Charts 1.3 to 1.6.

Additionally, Charts 1.7 to 1.10 present ratios, which reflect in detail the financial performance of the fixed and mobile telephony operators, based on their published balance sheets [8]. Analytically:

- The Acid Test Ratio (Chart 1.7) decreased by 10.7% for all fixed telephony operators given that almost all companies, with the exception of OTE, face ever increasing difficulties to promptly deal with their direct obligations. The specific ratio is also down to 4.9% for MTOs.
- The Gross Profit Margin Ratio (Chart 1.8) is up 21.1% for fixed telephony operators (improved performance by OTE, HELLAS ON LINE, CYTA HELLAS and FORTHNET) as well as 9.1% for MTCs.
- The Equity to Total Liabilities Ratio (Chart 1.9) registers a 11.1% decrease for fixed telephony operators and a 11.8% increase for MTOs.
- The average collecting period (Chart 1.10) increased for fixed telephony operators and decreased for MTOs.

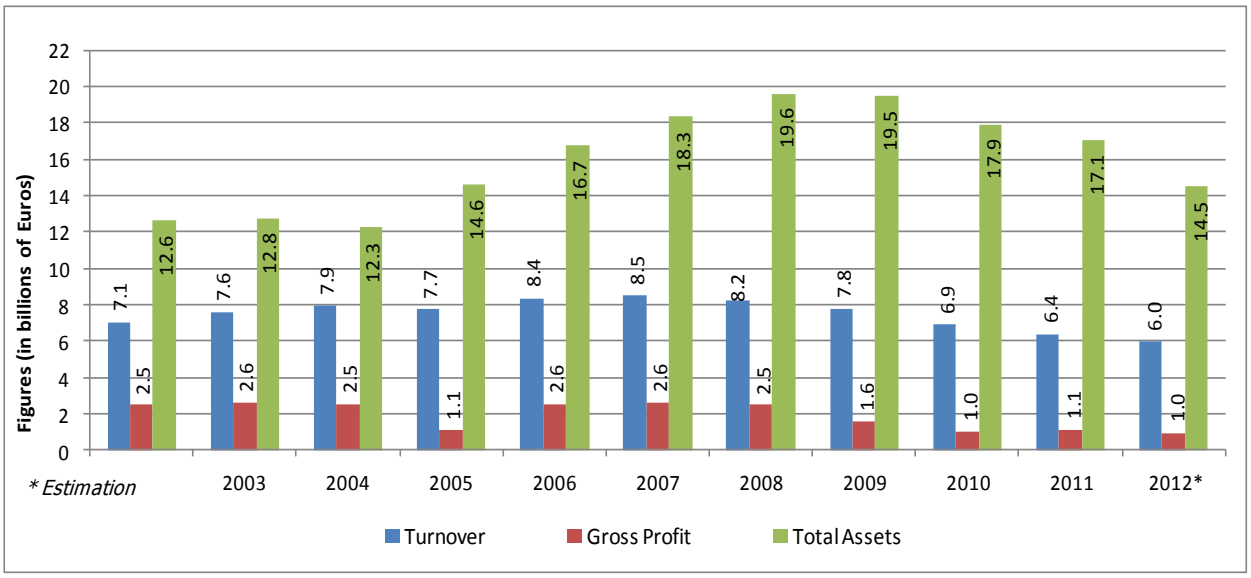
[5] All financial data for licensed operators are taken into account.

[6] It should be noted that within 2012 ALGONET, NETONE and VIVODI ceased operating (the latter was absorbed by ON TELECOMS).

[7] It should be noted that the impairment loss on FORTHNET'S investment in FORTHNET Media Holdings (9 million euro in 2012 and 206 million euro for 2011 respectively) was not taken into account when calculating its gross profit.

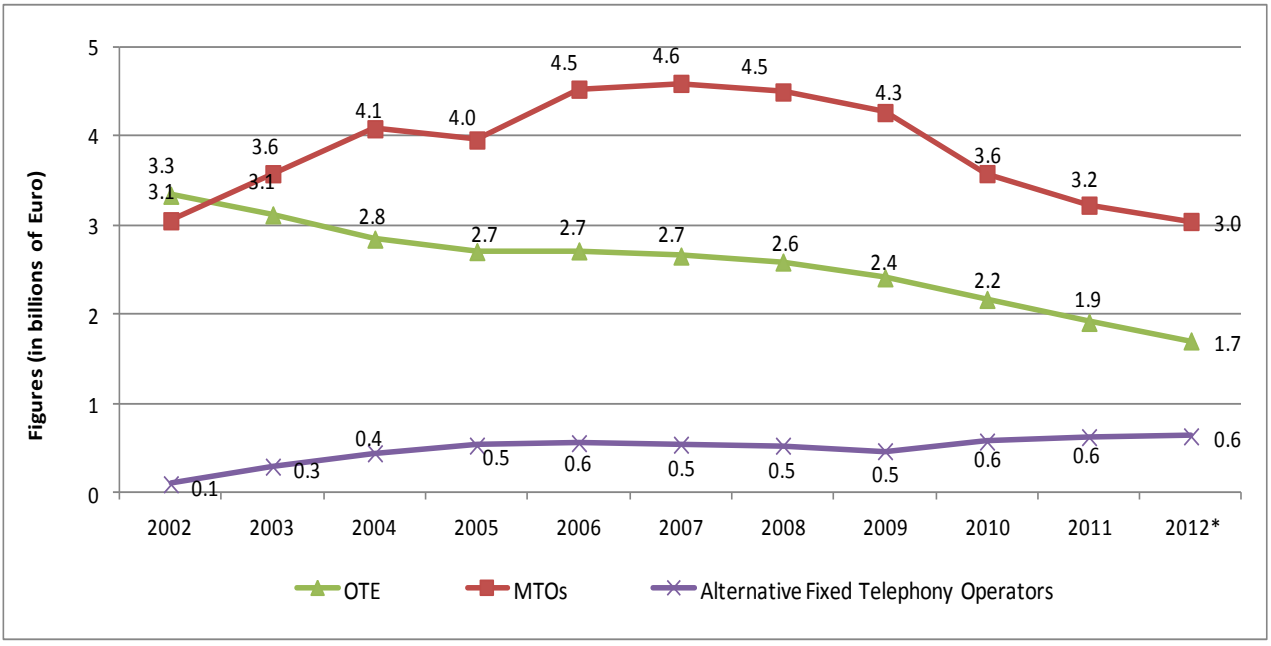
[8] In order to calculate these ratios, the balance sheets published for 2011 were used, given that the relevant procedure for 2012 had not been completed by the time of drafting the 2012 Market Review.

Chart 1.3: Financial Data of Licensed Operator



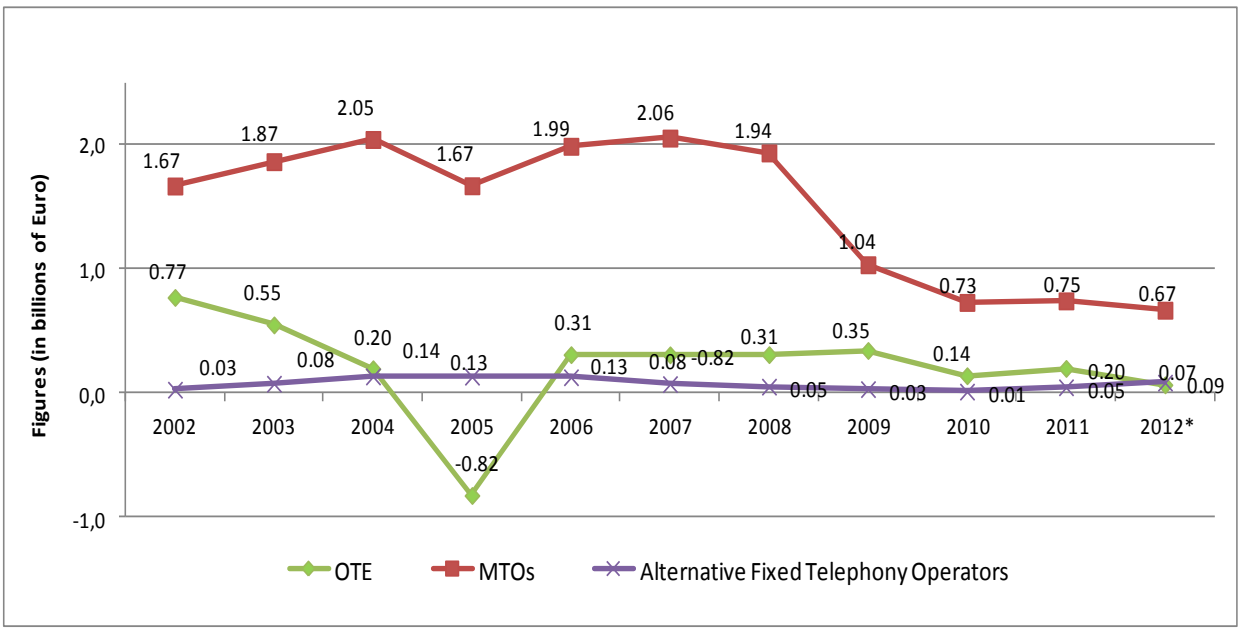
Source: EETT (based on published balance sheets)

Chart 1.4: Greek Operators' Turnover



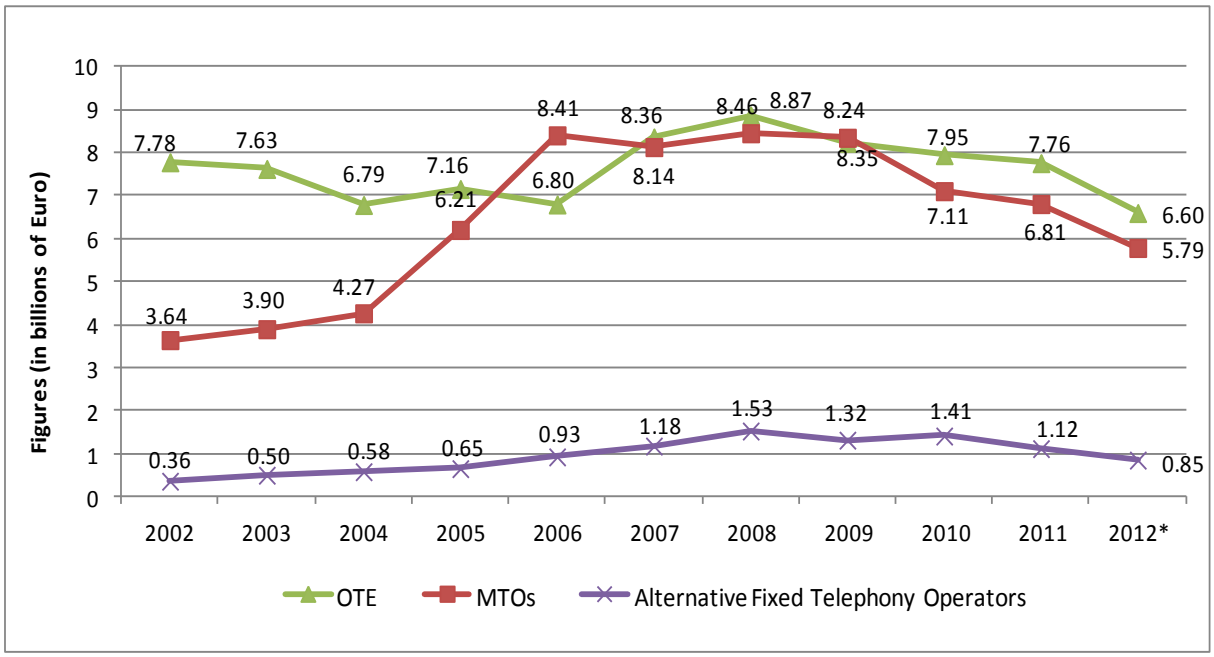
Source: EETT (based on published balance sheets)

Chart 1.5: Operators' Gross Profits



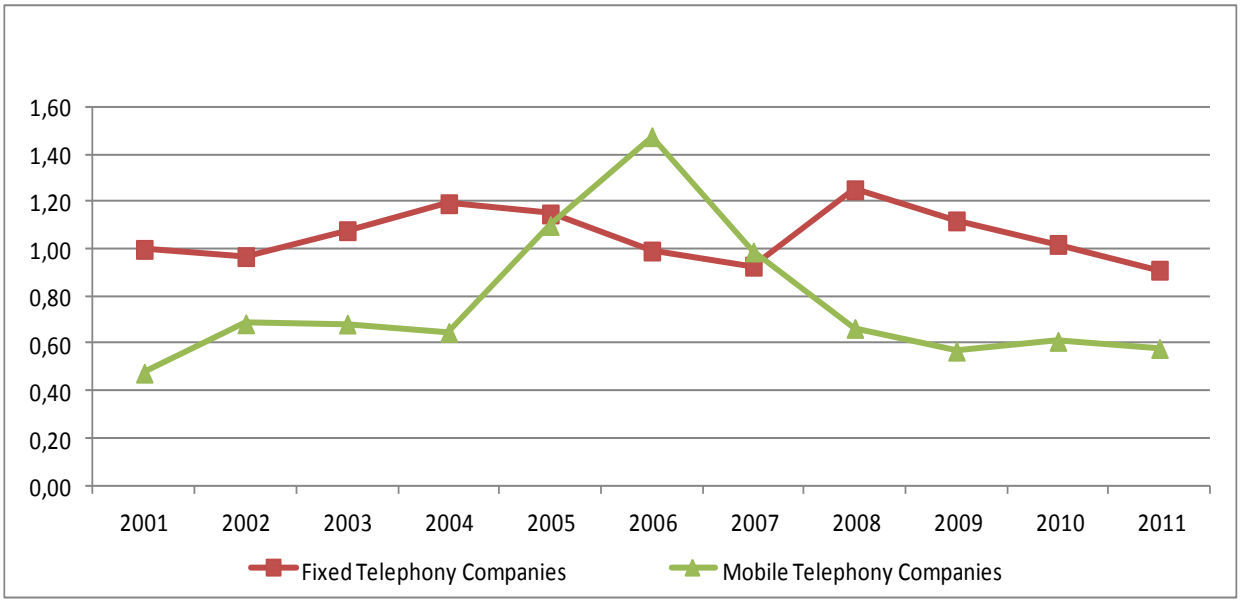
Source: EETT (based on published balance sheets)

Chart 1.6: Operators' Total Assets



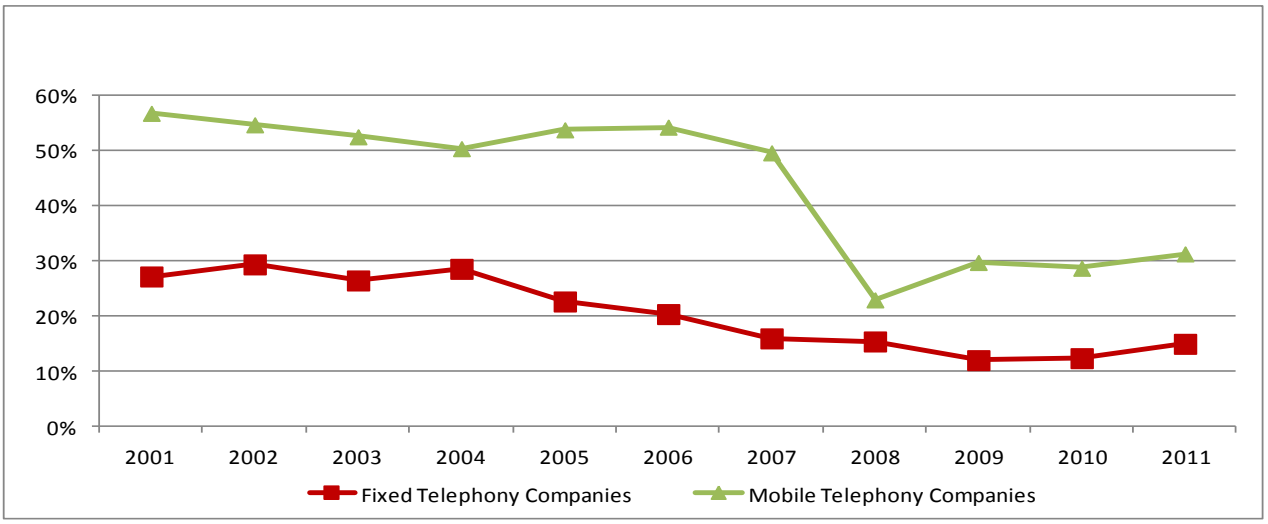
Source: EETT (based on published balance sheets)

Chart 1.7: Acid Test Ratio



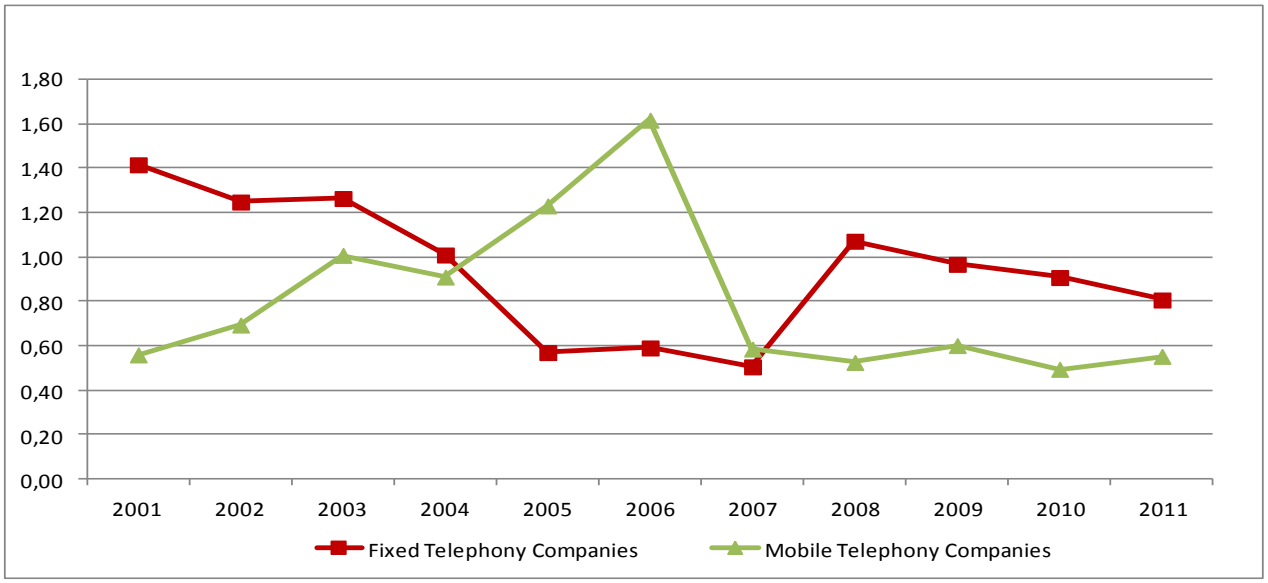
Source: EETT (based on published balance sheets)

Chart 1.8: Gross Profit Margin Ratio



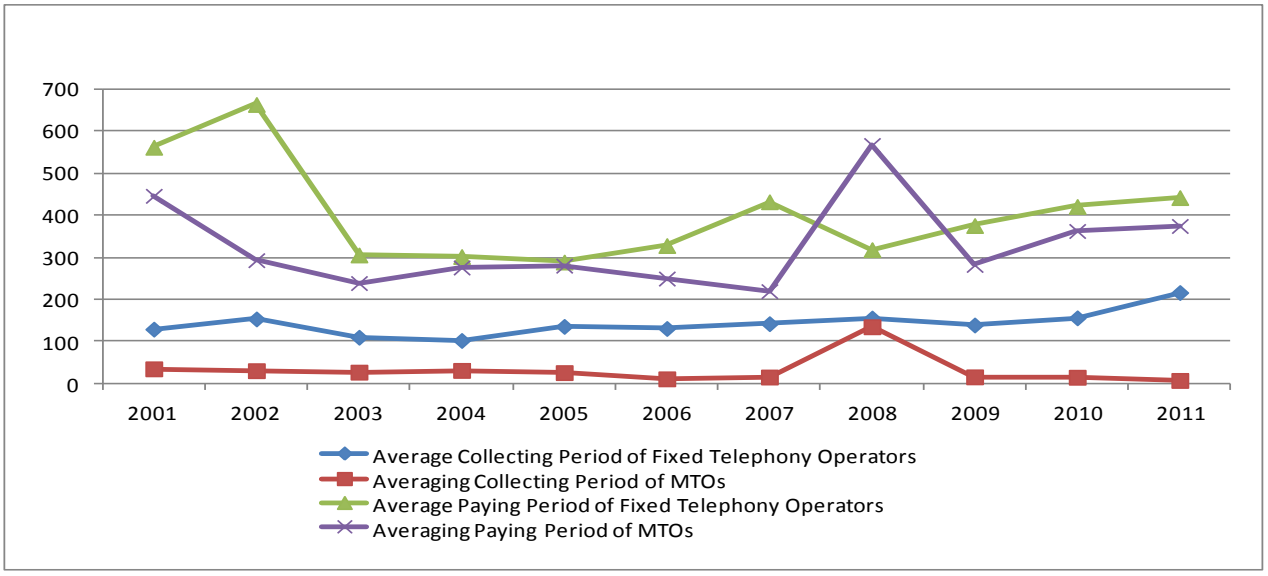
Source: EETT (based on published balance sheets)

Chart 1.9: Equity to Total Liabilities Ratio



Source: EETT (based on published balance sheets)

Chart 1.10: Activity Ratios



Source: EETT (based on published balance sheets)

Table 1.1: Operators' Financial Data

Turnover (billion Euro)	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012***
OTE	3.34	3.12	2.85	2.71	2.71	2.66	2.59	2.41	2.17	1.91	1.70
MTOs	3.05	3.58	4.08	3.96	4.53	4.59	4.50	4.27	3.58	3.23	3.04
Alternative Fixed Telephony Operators (**)	0.10	0.29	0.44	0.53	0.56	0.54	0.53	0.47	0.57	0.62	0.63
Other Operators (***)	0.57	0.62	0.54	0.53	0.57	0.70	0.61	0.62	0.58	0.63	0.60
Total	**7.06**	**7.61**	**7.92**	**7.73**	**8.37**	**8.49**	**8.22**	**7.77**	**6.90**	**6.39**	**5.98**
Gross Profits (billion euro)											
OTE	0.77	0.55	0.20	-0.82	0.31	0.31	0.31	0.35	0.14	0.20	0.07
MTOs	1.67	1.87	2.05	1.67	1.99	2.06	1.94	1.04	0.73	0.75	0.67
Alternative Fixed Telephony Operators (**)	0.03	0.08	0.14	0.13	0.13	0.08	0.05	0.03	0.01	0.05	0.09
Other Operators (***)	0.00	0.15	0.17	0.12	0.13	0.15	0.17	0.14	0.14	0.15	0.13
Total	**2.48**	**2.65**	**2.55**	**1.11**	**2.56**	**2.59**	**2.47**	**1.56**	**1.03**	**1.14**	**0.96**
Total assets (billion euro)											
OTE	7.78	7.63	6.79	7.16	6.80	8.36	8.87	8.24	7.95	7.76	6.60
MTOs	3.64	3.90	4.27	6.21	8.41	8.14	8.46	8.35	7.11	6.81	5.79
Alternative Fixed Telephony Operators (**)	0.36	0.50	0.58	0.65	0.93	1.18	1.53	1.32	1.41	1.12	0.85
Other Operators (***)	0.86	0.76	0.64	0.60	0.61	0.67	0.77	1.60	1.46	1.37	1.27
Total	**12.65**	**12.78**	**12.28**	**14.62**	**16.74**	**18.34**	**19.63**	**19.51**	**17.93**	**17.07**	**14.51**
**Estimation*											
***Includes all licensed fixed telephony operators*											
****Includes all remaining licensed operators*											

Source: EETT (based on published balance sheets)

1.3. Licensing

Table 1.2 presents the number of licensed operators operating in the main sectors of the electronic communications market at the end of 2012.

Table 1.2: Licensed Operators per Category

Activity	Number of Operators
Voice telephony and Fixed Network development	192
Voice telephony	179
Fixed Network Development	64
Satellite Networks	53
2nd Generation Mobile Telephony	12
3rd Generation Mobile Telephony	13
TETRA	7
W-LAN	95

Source: EETT

1.4. Access to the Public Telephone Network

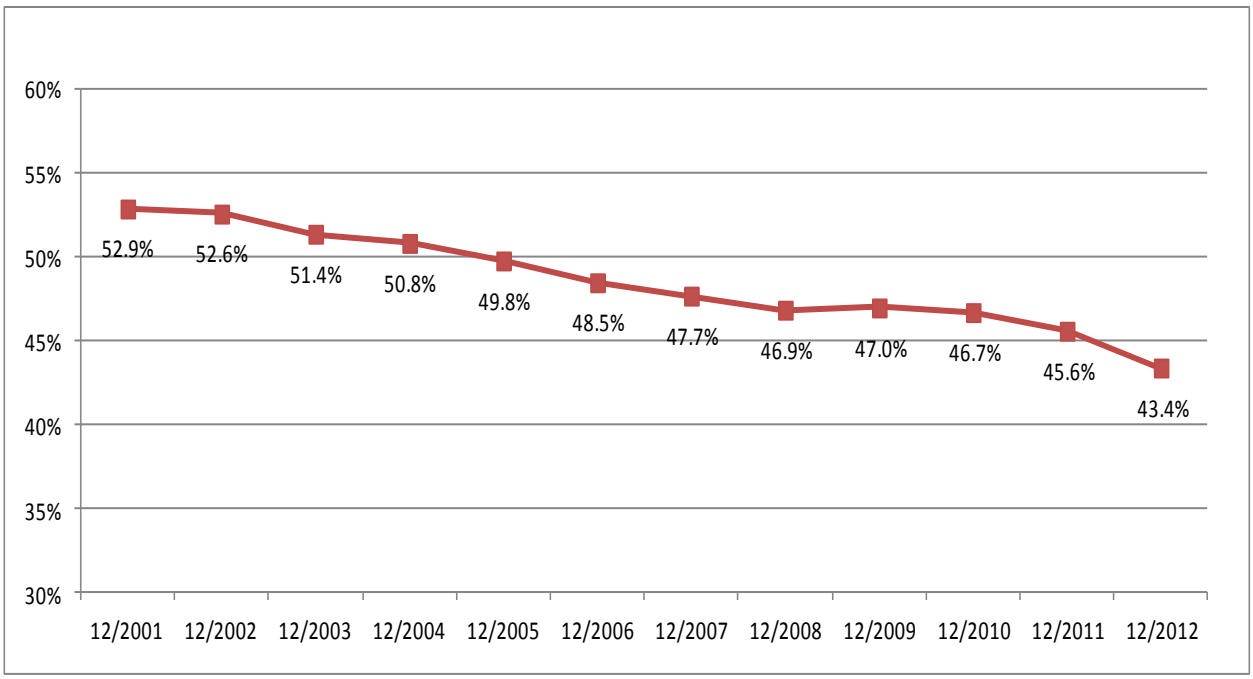
In December 2012, the number of fixed location access lines for the provision of publicly available telephone services (hereinafter called telephone lines) amounted to 4,908,915 (in other words a penetration of 43.4% in the population) compared to 5,075,310, in December 2011 (a 3.4% reduction). These lines include OTE's PSTN and ISDN lines, as well as alternative providers' LLU full access lines, Wholesale Leased Lines (WLL)[9] and the ISDN PRA. This information is depicted in Charts 1.11-1.16 and presented in detail in Table 1.3.

Analytically, the relevant OTE market share continued to fall and at the end of 2012 was 62.4%, compared to 66% at the end of 2011 (Chart 1.13). Specifically, the number of OTE telephone lines, at the end of 2012, fell by 8.6% (287,000 fewer connections) compared to the end of 2011, whilst on the other hand the number of OLOs' telephone lines increased by 7% (120,000 more connections) at the end of 2011.The LLU lines continued to make up the overwhelming majority (over 96%), registering a 8.4% increase with respect to the end of 2011 (Chart 1.14). In parallel, the use of the WLR service remains at low levels, given that the steadfast upward trend recorded since 2009 was reversed in the second semester of 2011, consequently amounting to 64,000 connections at the end of 2012, registering a 22% reduction compared to the end of 2011 (Chart 1.15).

The number of Carrier Pre-selection lines fell to 123,000, at the end of 2012, from 183,000 at the end of 2011. Carrier Pre-selection lines represent 3.8% of OTE's PSTN and ISDN lines, as presented in Chart 1.16.

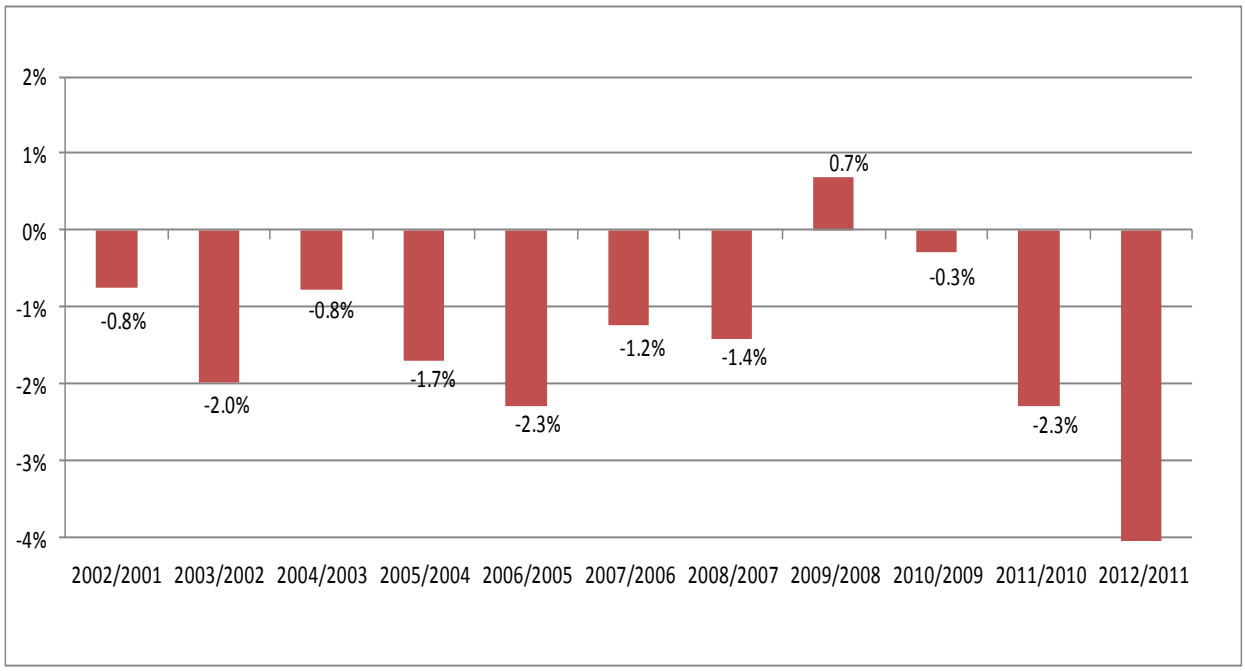
[9]WLL was initially launched on the Greek market in the first semester of 2009, permitting alternative providers to lease a subscriber line from OTE on wholesale terms and to resell it to the end user, in combination with the Carrier Pre-selection service. Therefore these subscribers are billed for both their calls and their monthly fee through a single bill that they receive from the Pre-selected alternative provider.

Chart 1.11: Penetration of Telephony Lines



Source: EETT (based on data provided by licensed operators)

Chart 1.12: Annual Percentage Change of Telephony Lines



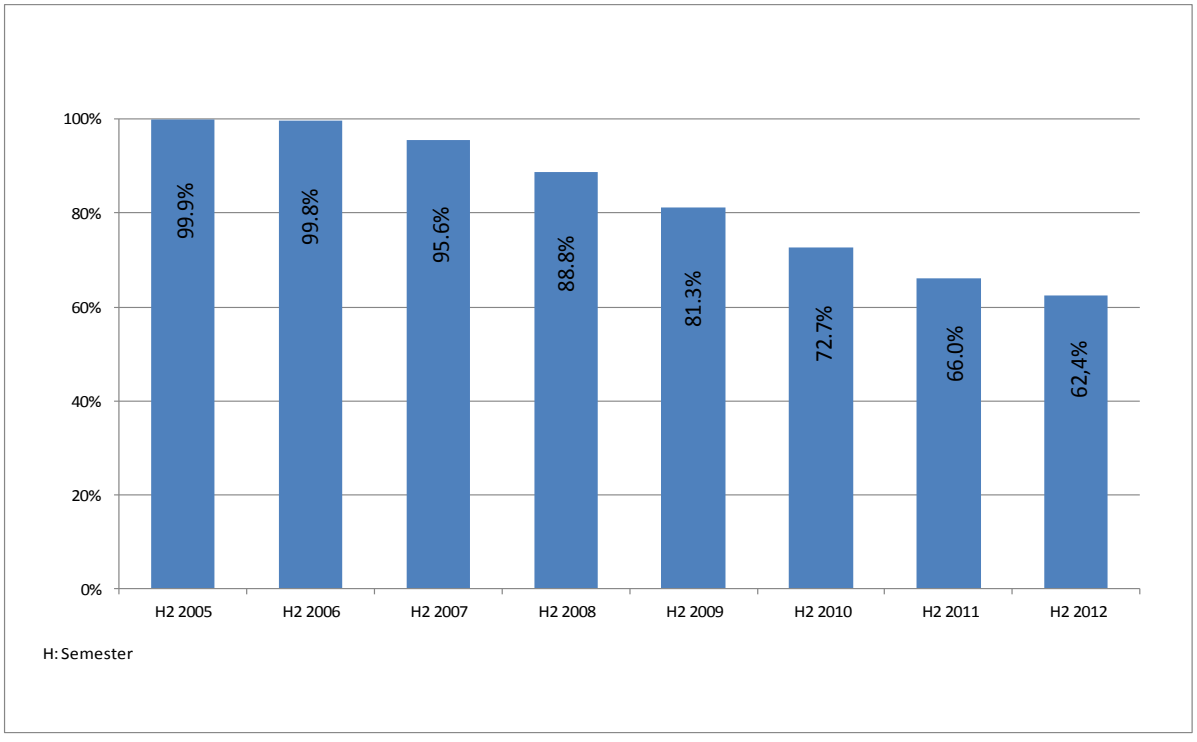
Source: EETT (based on data provided by licensed operators)

Table 1.3: Telephony Lines

	OTE Lines			OLOs' Lines			Total Lines
	PSTN	ISDN BRA	ISDN PRA	LLU Full Access	WLR	ISDN PRA	
Dec. 2000	5.659.274	96.972	3.946				5.760.192
Dec. 2001	5.607.726	199.033	5.385				5.812.144
Dec. 2002	5.412.796	349.751	6.023	93			5.768.663
Dec. 2003	5.200.231	448.542	6.766	650			5.656.189
Dec. 2004	5.078.908	525.499	7.138	1.787			5.613.332
Dec. 2005	4.927.622	578.505	7.094	5.018		444	5.518.683
Dec. 2006	4.778.245	597.867	6.213	12.176		334	5.394.835
Dec. 2007	4.509.564	579.533	6.185	232.582		480	5.328.344
Dec. 2008	4.110.102	548.388	5.971	589.234		681	5.254.376
Dec. 2009	3.744.759	517.337	5.677	937.878	42.405	695	5.248.751
Dec. 2010	3.306.469	473.183	5.259	1.346.498	71.883	747	5.204.039
Dec. 2011	2.917.578	426.830	4.808	1.642.183	82.091	1.820	5.075.310
Dec. 2012	2.670.296	387.692	4.320	1.779.852	63.964	2.791	4.908.915

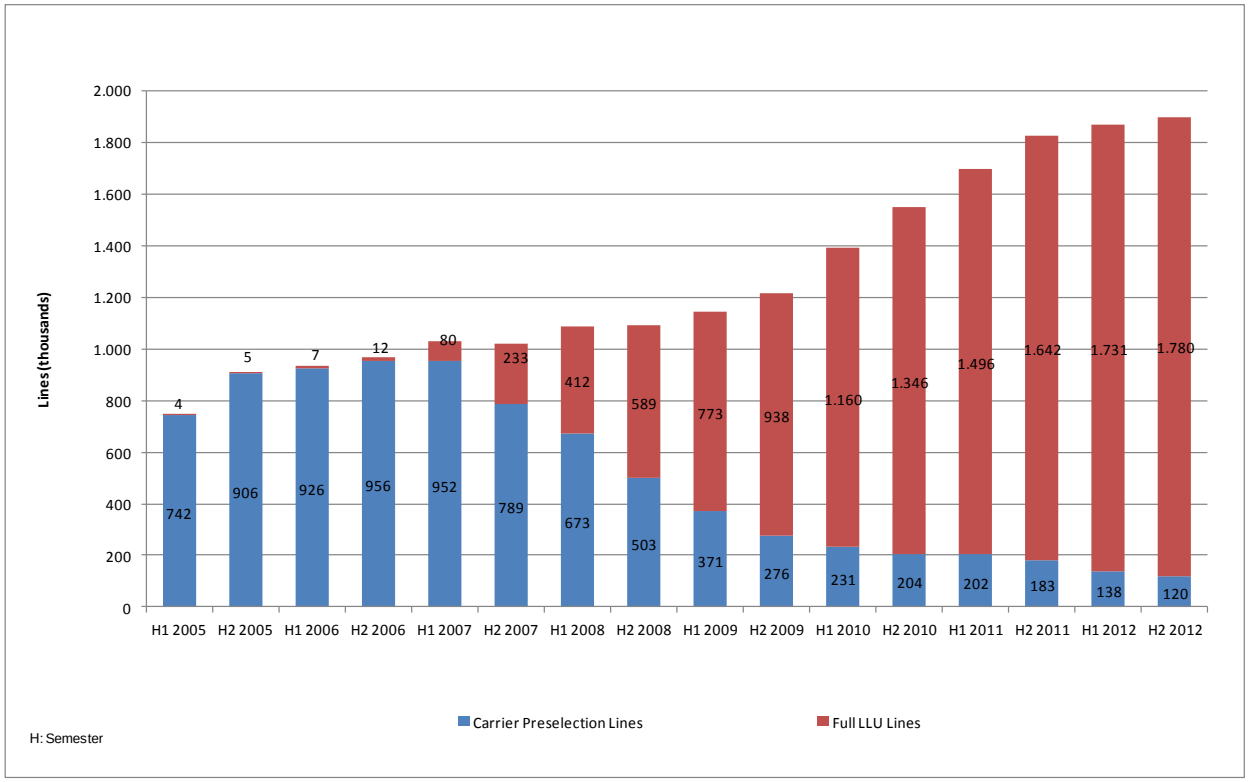
Source: EETT

Chart 1.13: OTE's Market Shares based on the Number of Telephony Lines (at semester's end)



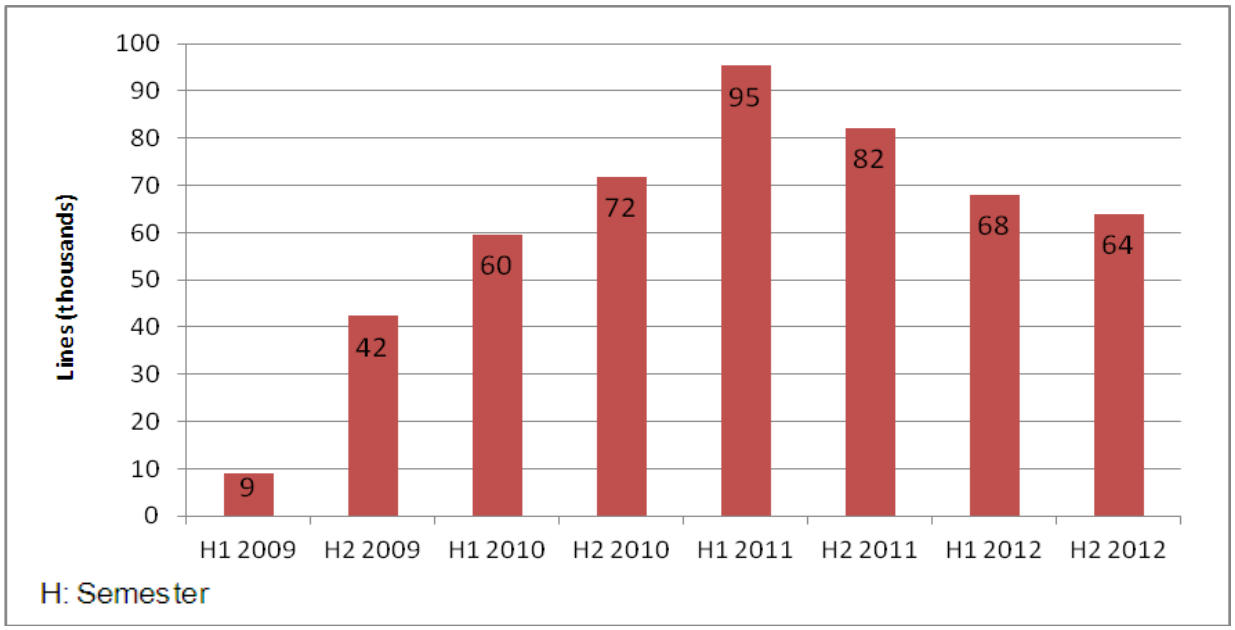
Source: EETT (based on data provided by licensed operators)

Chart 1.14: Alternative Operators' Lines via Carrier Pre-Selection and Full LLU (at semester's end)



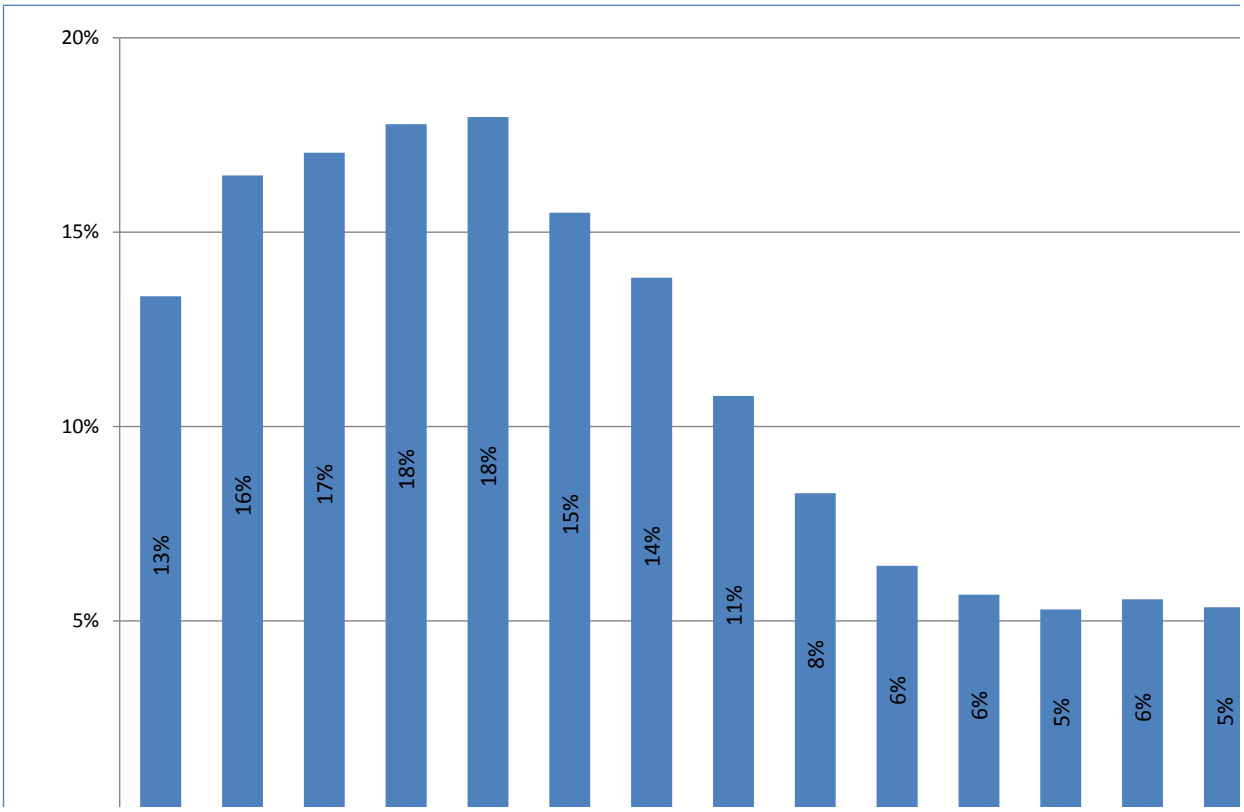
Source: EETT (based on data provided by licensed operators)

Chart 1.15: Activated Lines for Wholesale Line Rental (at semester's end)



Source: EETT (based on data provided by licensed operators)

Chart 1.16: Pre-Selection Lines as a Percentage of OTE's PSTN and ISDN Lines (at semester's end)



Source: EETT (based on data provided by licensed operators)

1.5. Telephony Provided at a Fixed Location

1.5.1. Retail outgoing traffic

OTE's share based on the volume of the main call types (national to fixed calls[10], calls to mobile and international calls) amounted to 51.8% in 2012 compared to 56.2% in 2011. Based on the volume of all outgoing retail calls (not including 807 and dial-up calls), the respective share is calculated at 52% for 2012 versus 56.4% in 2011 (Chart 1.17).

The market share distribution, based on the volume of the main call types between OTE, the five largest (for 2012) alternative operators and the remaining operators is shown in Chart 1.18, whilst Chart 1.19 and correspondingly Table 1.4 show how these shares have developed over time[11]. It is obvious that competition is particularly intense throughout the market spectrum (OTE – OLOs). This can be seen from the continued shrinking of OTE's share, which has benefited OLOs, as well as the changes of the latter's shares over time. Indicatively, the sum of the three largest (based on 2012) alternative operators' share doubled in the past four years, reaching 35.9% in 2012 from 18% in 2009.

Additionally, OTE's shares showed a reduction per call type (Chart 1.20). Analytically, the share based on the volume of national calls to fixed lines was calculated at 52.4% for 2012 with respect to 57.1% in 2011, whilst the respective share of calls to mobile is estimated at 57.3% with respect

[10]National calls to fixed line mean local or long distance calls.

[11]In the case of mergers, acquisitions, etc. the cumulative share of the said providers is presented, even for the years prior to the year of merger, acquisition, etc.

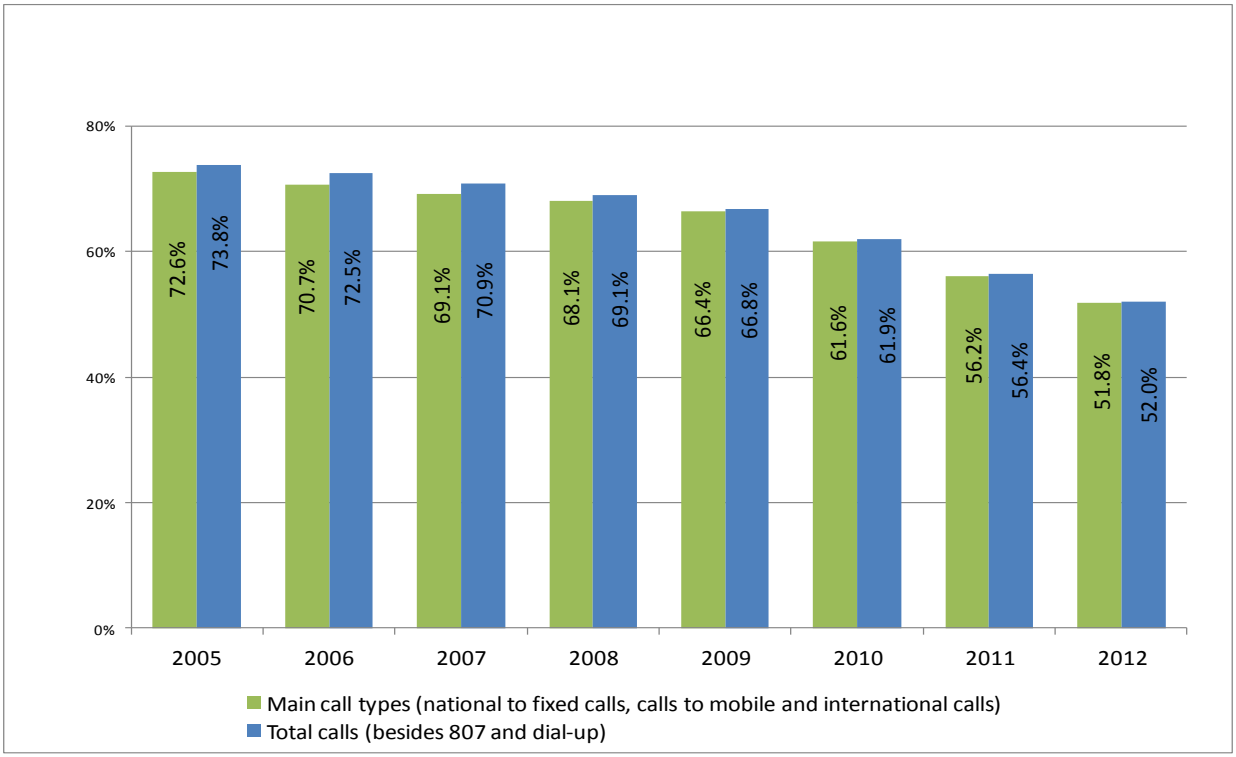
to 60.8% in 2011. The shares for all types of calls (excepting 807 calls) are presented over time in Table 1.5.

Chart 1.21 (see also Table 1.6) presents the progress of the volume of fixed outgoing traffic over time and Chart 1.22 depicts the respective annual rate of change. In parallel, Chart 1.23 shows the effect of dial-up traffic on all the outgoing traffic from fixed line over time. In 2012, the main type of calls constitute 98% of the total traffic (with the exception of 807 calls) compared to 62% in 2005, an increase that is mainly due to the rapid drop in dial-up traffic.

The progress of fixed outgoing traffic to other main call types is demonstrated in Charts 1.24 to 1.26. Things appear to have remained relatively unchanged both for national to fixed calls that have a share over 85%, as well as calls to mobiles (10%). Conversely, international calls presented an upward trend after 2009, a fact that is linked to the sale of attractive packages on the market (e.g., unlimited minutes to international destinations under a flat-rate charge.

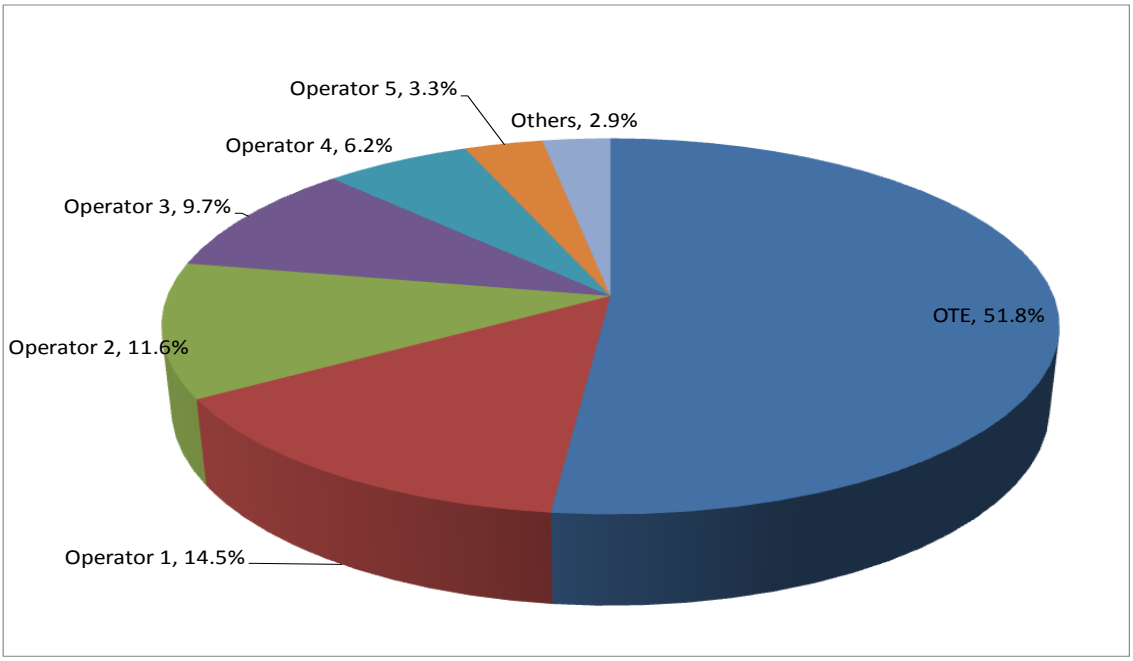
Chart 1.27 and Table 1.5 present the traffic distribution between OTE and the alternative operators over time, in terms of both directly connected (mainly via LLU) and indirectly connected (mainly via Carrier Selection/Pre-Selection) subscribers. Based on these data, it is obvious that LLU is of paramount significance for competition, given that the OLOs' traffic coming from LLU subscribers rose to 95% of the total outgoing traffic in 2012 compared to 90.5% in 2011. Conversely, traffic via Carrier Selection/Pre-Selection now amounts to only 5% of the respective OLO's traffic and to a little less than 2.5% of the total outgoing traffic for all operators (including OTE).

Chart 1.17: OTE's Market Shares (based on the volume of the main and total call types not incl. 807 and dial-up calls)



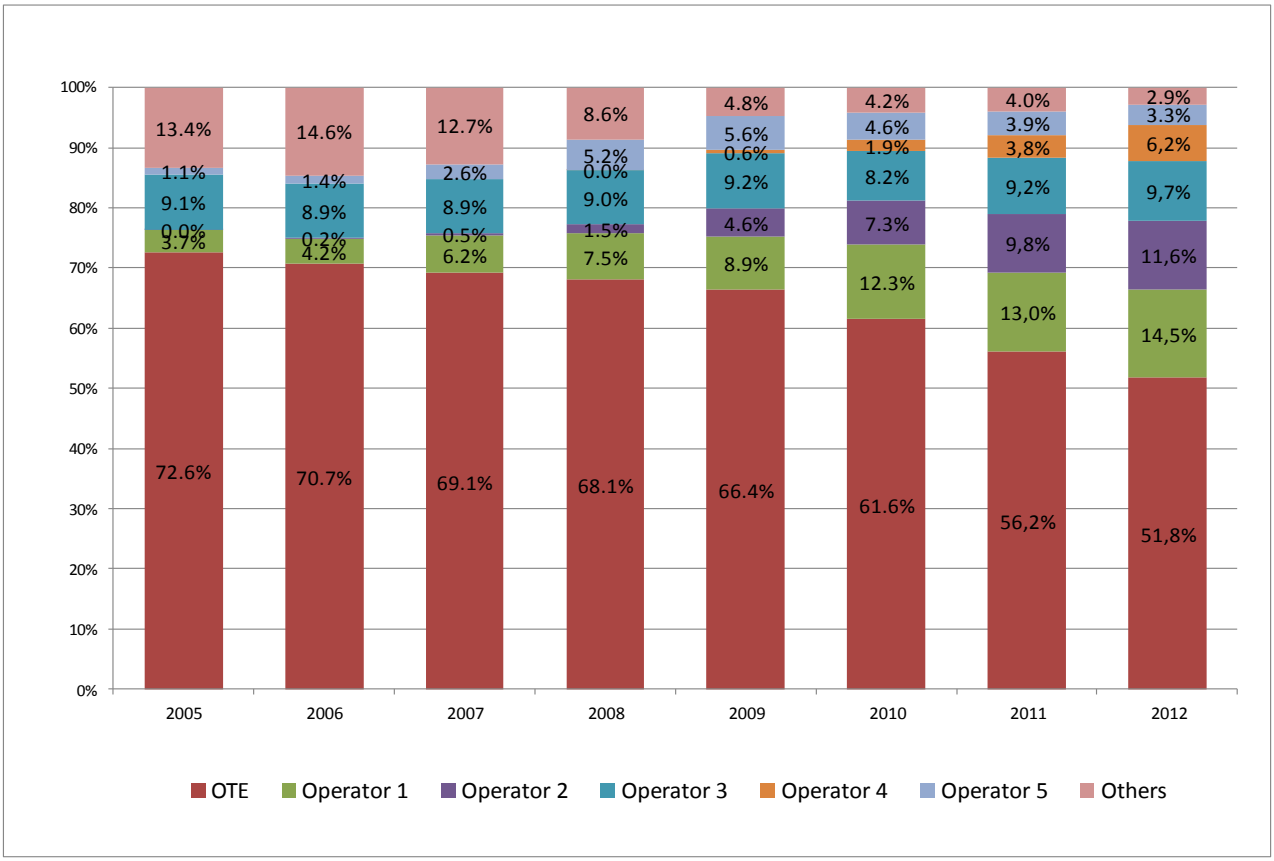
Source: EETT (based on data provided by licensed operators)

Chart 1.18: OTE's and OLOs' Market Shares for 2012 (based on the volume of the main call types)



Source: EETT (based on data provided by licensed operators)

Chart 1.19: OTE's and OLOs' Market Shares (based on the volume of the main call types)



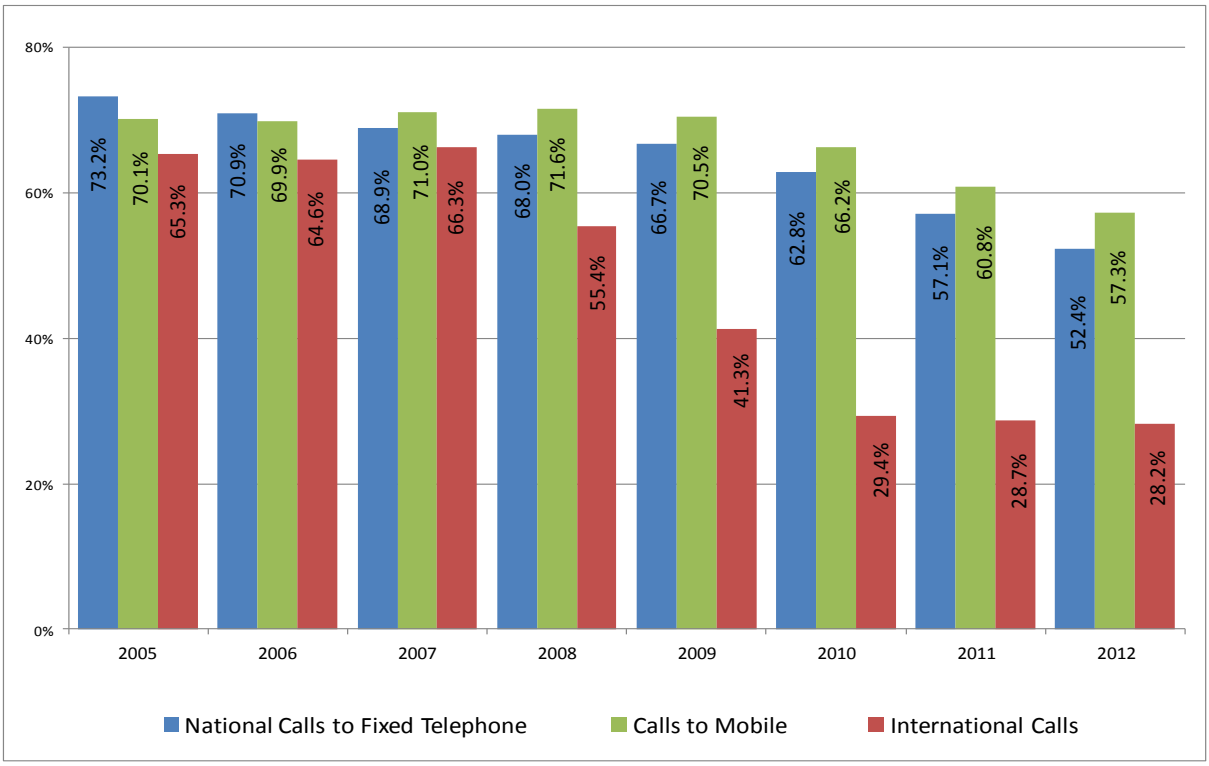
Source: EETT (based on data provided by licensed operators)

Table 1.4: Market Shares of OTE, the Five Largest OLOs in 2012, and other OLOs (based on the volume of the main call types)

OTE and OLOs market shares based on the volume of the main call types	2005	2006	2007	2008	2009	2010	2011	2012
OTE	72.6%	70.7%	69.1%	68.1%	66.4%	61.6%	56.2%	51.8%
Operator 1	3.7%	4.2%	6.2%	7.5%	8.9%	12.3%	13.0%	14.5%
Operator 2	0.0%	0.2%	0.5%	1.5%	4.6%	7.3%	9.8%	11.6%
Operator 3	9.1%	8.9%	8.9%	9.0%	9.2%	8.2%	9.2%	9.7%
Operator 4				0.0%	0.6%	1.9%	3.8%	6.2%
Operator 5	1.1%	1.4%	2.6%	5.2%	5.6%	4.6%	3.9%	3.3%
Other	13.4%	14.6%	12.7%	8.6%	4.8%	4.2%	4.0%	2.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: EETT (based on data provided by licensed operators)

Chart 1.20: OTE's Market Shares per Call Type (based on the volume of the main call types)



Source: EETT (based on data provided by licensed operators)

Table 1.5: OTE's Market Shares (based on the volume of fixed outgoing traffic, per call type)

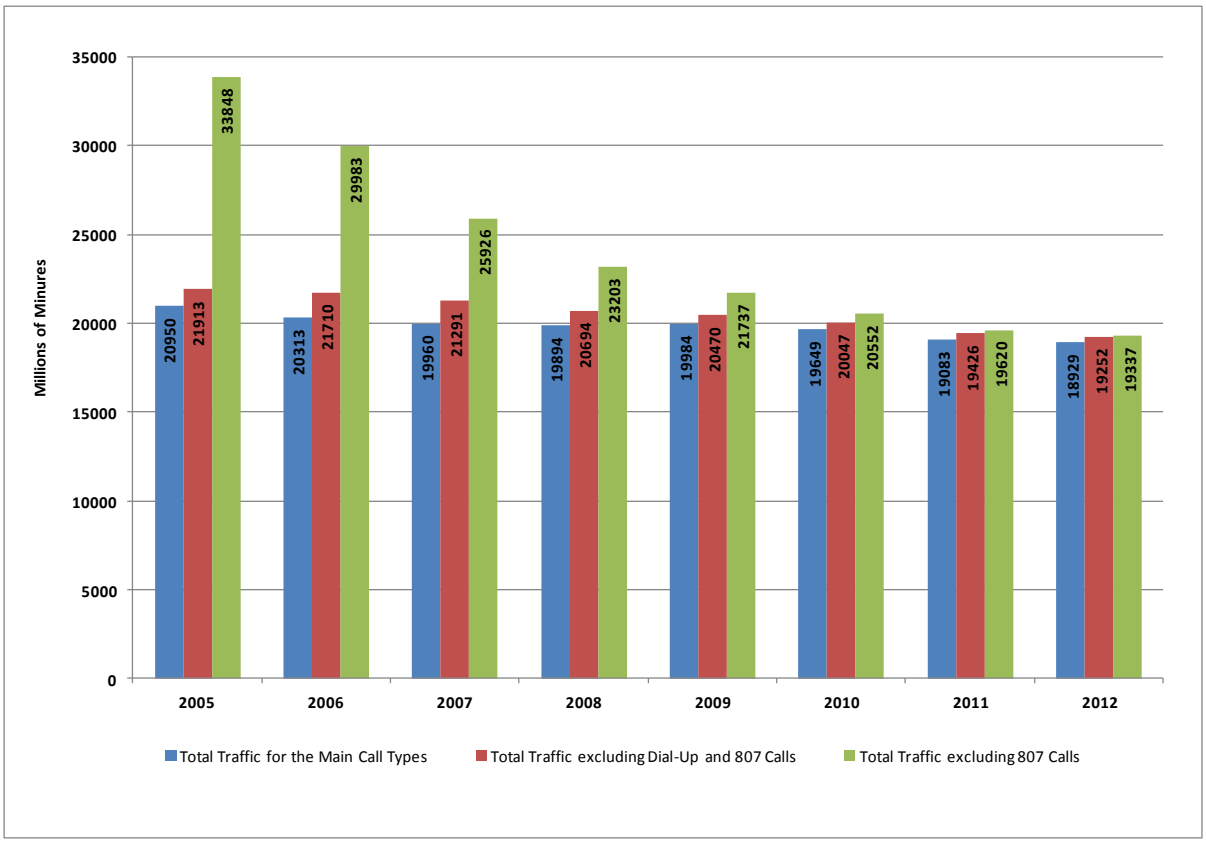
	Type of call	2005	2006	2007	2008	2009	2010	2011	2012
Main call types	National to fixed calls	73.2%	70.9%	68.9%	68.0%	66.7%	62.8%	57.1%	52,4%
	Calls to mobile	70.1%	69.9%	71.0%	71.6%	70.5%	66.2%	60.8%	57,3%
	International Calls	65.3%	64.6%	66.3%	55.4%	41.3%	29.4%	28.7%	28,2%
Other call types (excluding 807 calls)	Dial-up calls	99.3%	99.3%	99.0%	98.9%	99.2%	99.5%	99.4%	99,2%
	Calls to personal numbers (70 series)						90.6%	83.5%	90,9%
	Calls to Free-Phone (800 series)	98.4%	98.2%	95.2%	90.3%	83.3%	80.6%	76.8%	76,0%
	Calls to Shared cost services (801 series)	99.7%	99.4%	98.5%	95.9%	91.5%	85.1%	76.2%	67,1%
	Calls to short code services (3-digits, 4-digits, 5-digits) See Note 1	99.6%	99.5%	95.0%	84.8%	81.7%	70.2%	64.4%	62,0%
	Calls to value added services See Note 2	99.9%	100.0%	98.6%	95.4%	91.2%	80.0%	74.3%	59,2%
Total traffic for main call types		72.6%	70.7%	69.1%	68.1%	66.4%	61.6%	56.2%	51.8%
Total traffic excluding dial-up and 807 calls		73.8%	72.5%	70.9%	69.1%	66.8%	61.9%	56.4%	52.0%
Total traffic excluding 807 calls		82.8%	79.9%	75.9%	72.3%	68.7%	62.8%	56.8%	52.2%

Note 1: Up till 2009, calls to short code services included short codes for value added services.

Note 2: Up till 2009, calls to value added services pertained only to 90 calls. Since 2010, they pertain to total value added services including short codes for value added services.

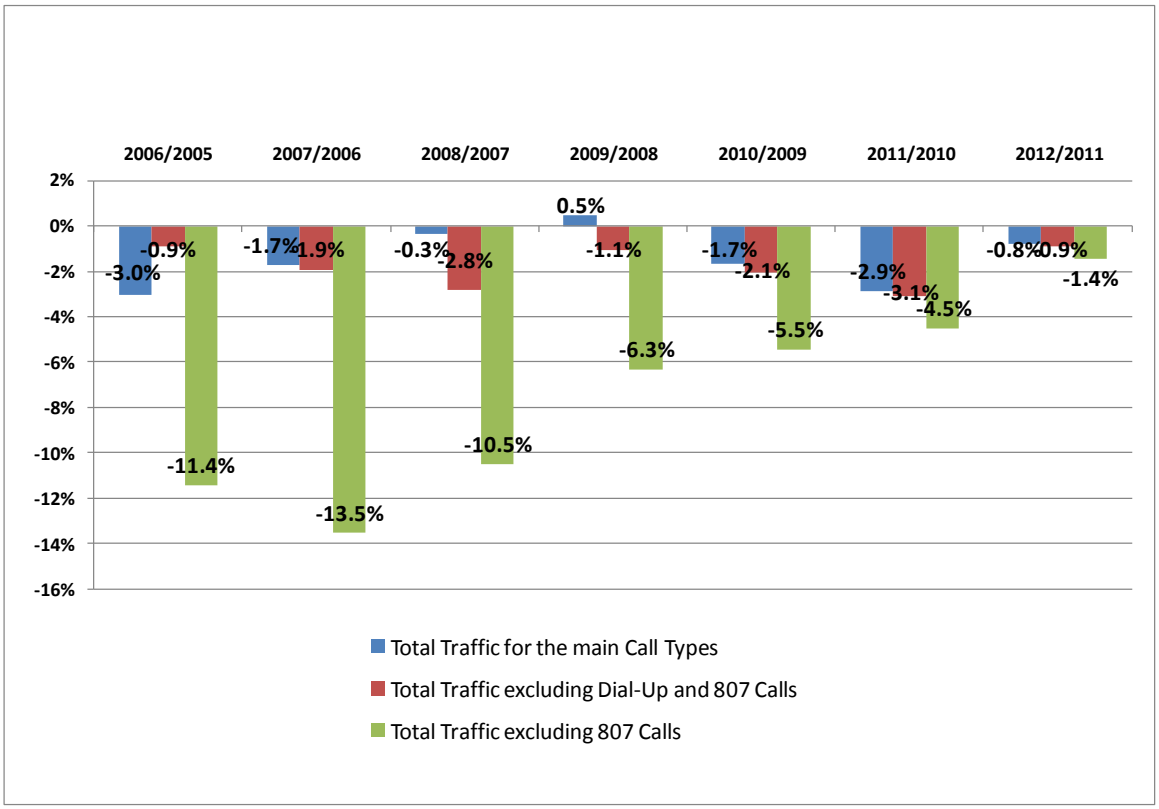
Source: EETT (based on data provided by licensed operators)

Chart 1.21: Development of the Fixed Outgoing Traffic Volume



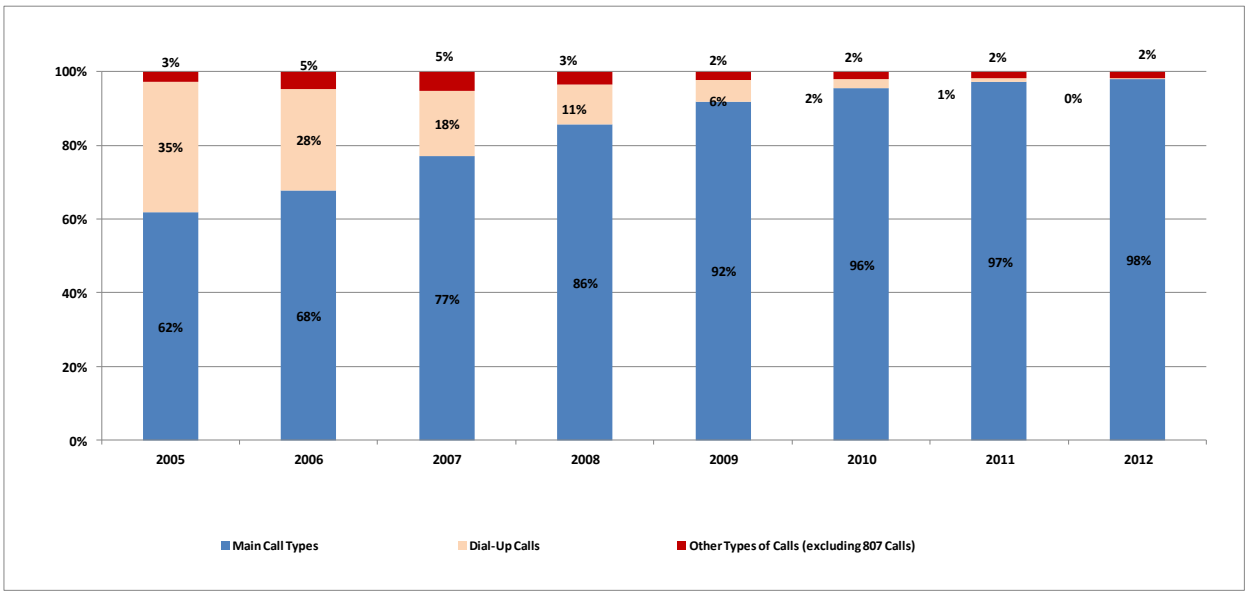
Source: EETT (based on data provided by licensed operators)

Chart 1.22: Annual Change (%) of the Fixed Outgoing Traffic Volume



Source: EETT (based on information by licensed operators)

Chart 1.23: Distribution (%) of the Fixed Outgoing Traffic Volume



Source: EETT (based on data provided by licensed operators)

Table 1.6: Volume of Fixed Outgoing Traffic per Call Type (in million minutes)

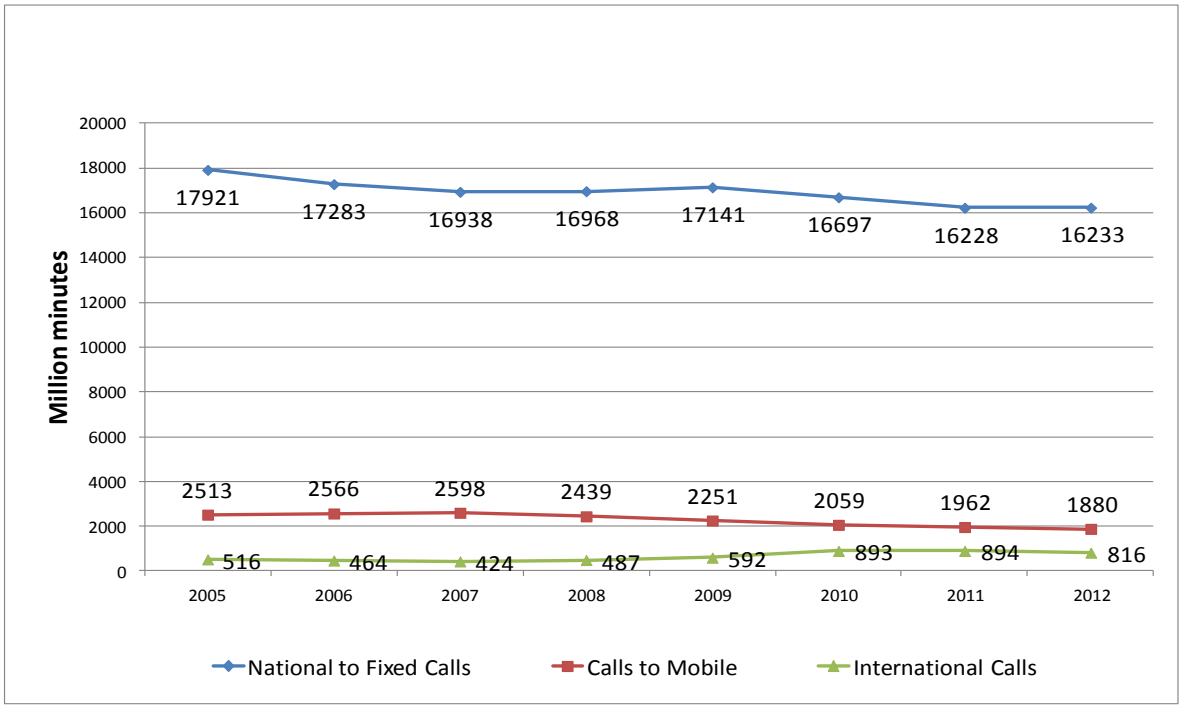
	Type of call	2005	2006	2007	2008	2009	2010	2011	2012
Main call types	National to fixed calls	17,921	17,283	16,938	16,968	17,141	16,697	16,228	16,233
	Calls to mobile	2,513	2,566	2,598	2,439	2,251	2,059	1,962	1,880
	International Calls	516	464	424	487	592	893	894	816
Other call types (excluding 807 calls)	Dial-up calls	11,935	8,273	4,635	2,508	1,267	505	194	86
	Calls to personal numbers (70 series)						0.05	0.13	0.13
	Calls to Free-Phone (800 series)	53	56	46	37	30	24	23	23
	Calls to Shared cost services (801 series)	668	1.082	989	474	158	77	52	35
	Calls to short code services (3-digits, 4-digits, 5-digits)- See Note 1	219	240	282	277	288	236	225	220
	Calls to value added services - see Note 2	23	19	14	13	10	61	43	45
Total traffic for main call types		20,950	20,313	19,960	19,894	19,984	19,649	19,083	18,929
Total traffic excluding dial-up and 807 calls		21,913	21,710	21,291	20,694	20,470	20,047	19,426	19,252
Total traffic excluding 807 calls		33,848	29,983	25,926	23,203	21,737	20,552	19,620	19,337

Note 1: Up till 2009, calls to short code services included short codes for value added services.

Note 2: Up till 2009, calls to value added services pertained only to 90 calls. Since 2010, they pertain to total value added services including short codes for value added services.

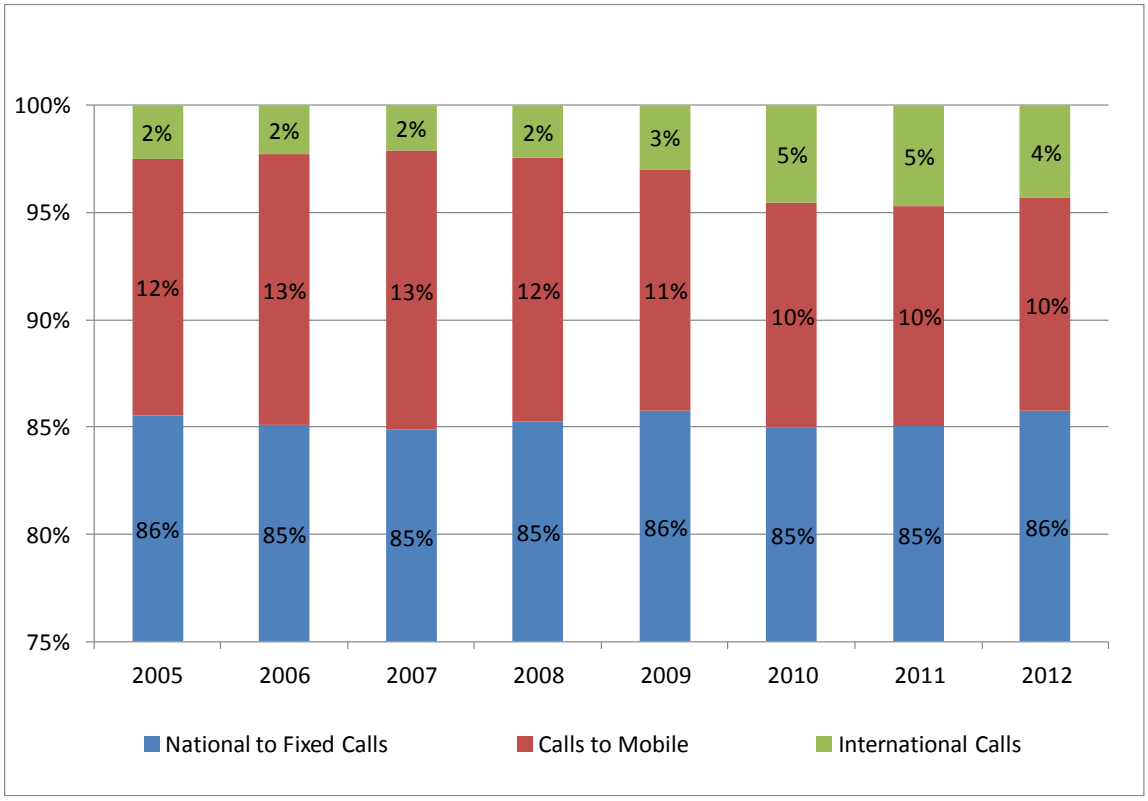
Source: EETT (based on data provided by licensed operators)

Chart 1.24: Development of Fixed Outgoing Traffic for the Main Call Types



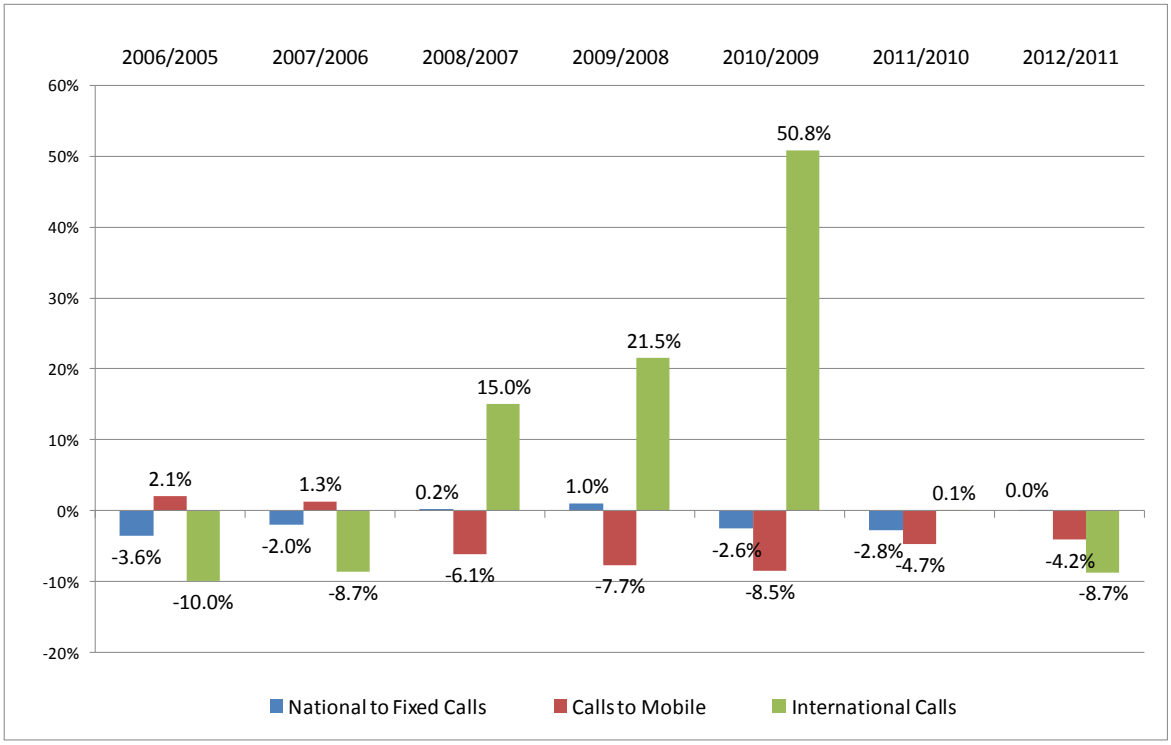
Source: EETT (based on data provided by licensed operators)

Chart 1.25: Distribution (%) of Fixed Outgoing Traffic for the Main Call Types



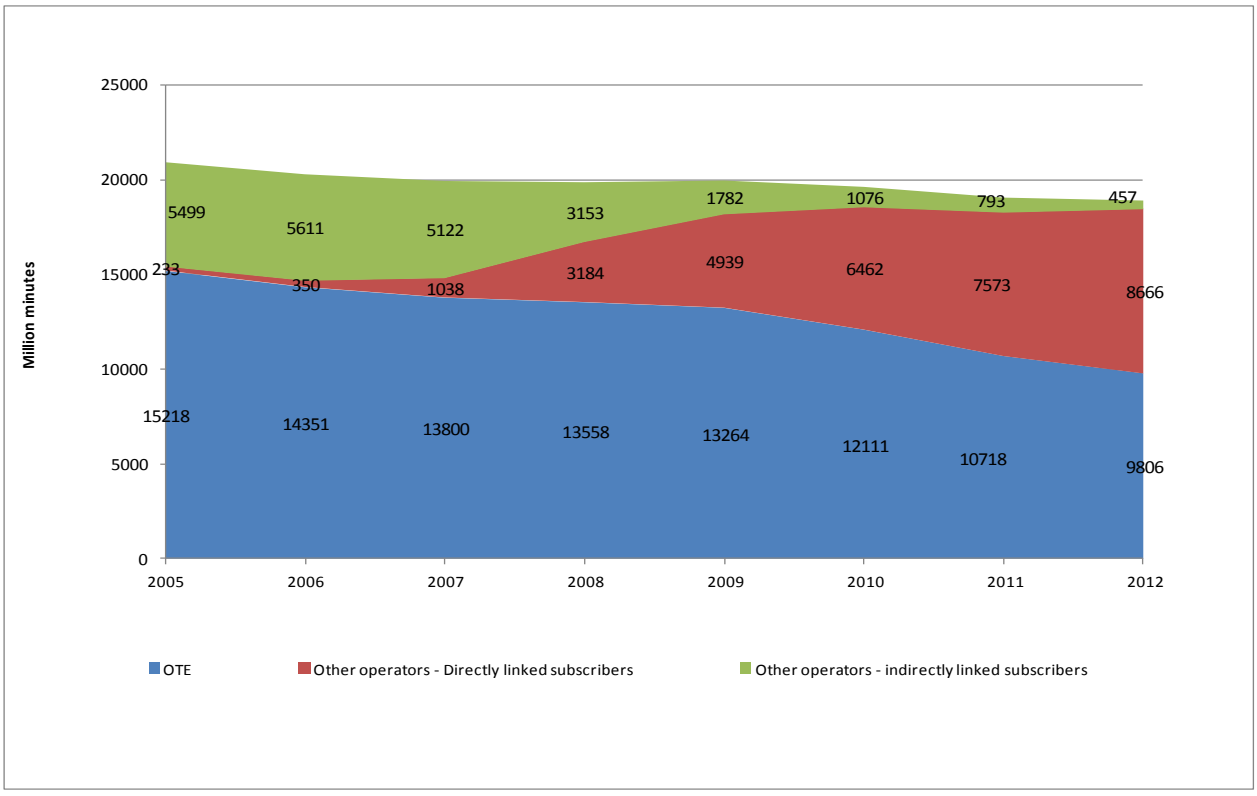
Source: EETT (based on data provided by licensed operators)

Chart 1.26: Annual Change (%) of the Fixed Outgoing Traffic for the Main Call Types



Source: EETT (based on data provided by licensed operators)

Chart 1.27: Development of the Outgoing Traffic Volume: Distribution between OTE and Directly and Indirectly Connected Subscribers of other Operators



Source: EETT (based on data provided by licensed operators)

Table 1.7: Volume Distribution of the Main Call Types between OTE and other Operators by their Directly and Indirectly Connected Subscribers (millions of minutes)

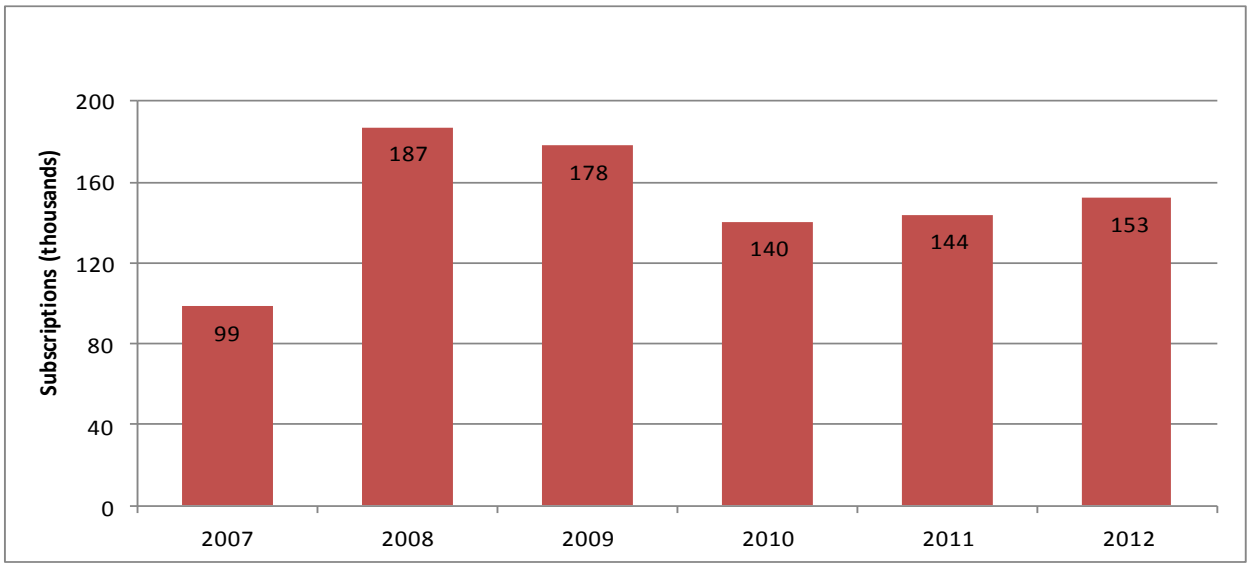
	2005	2006	2007	2008	2009	2010	2011	2012
OTE	15,218	14,351	13,800	13,558	13,264	12,111	10,718	9,806
Other operators – Directly connected subscribers	233	350	1,038	3,184	4,939	6,462	7,573	8,666
Other operators – Indirectly connected subscribers	5,499	5,611	5,122	3,153	1,782	1,076	793	457
Total	20,950	20,313	19,960	19,894	19,984	19,649	19,083	18,929

Source: EETT (based on data provided by licensed operators)

1.5.2. Homezone Services

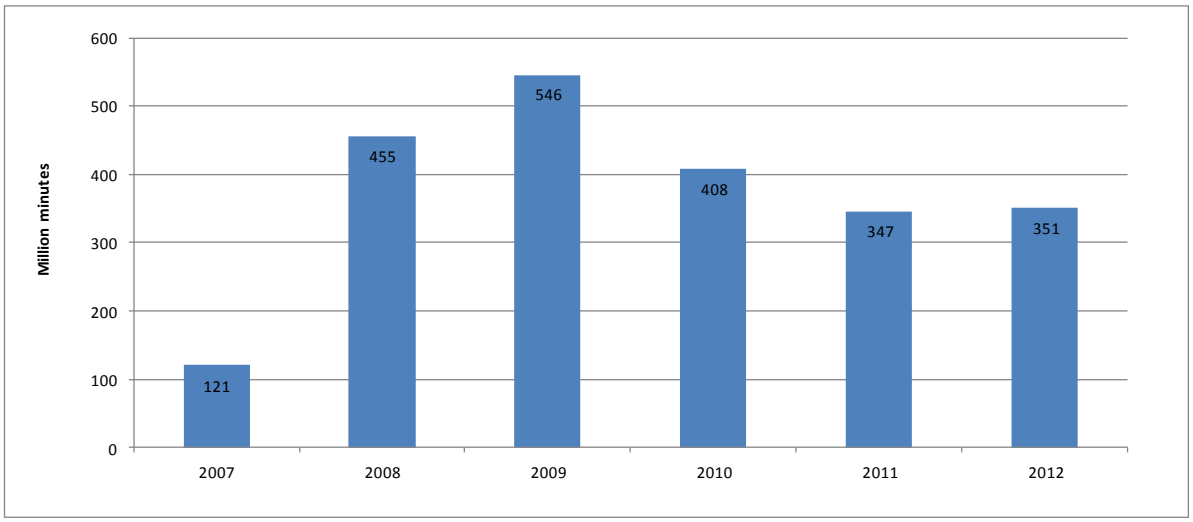
Since 2011, the number of subscribers to Homezone services, has increased, following the drop that took place in 2010, reaching 153 thousands at the end of 2012, compared to 144 thousands at the end of 2011 (a 6.2% increase) (Chart 1.28). Respectively, traffic showed a marginal increase following the downward trend of the previous years and reached 351 million minutes in 2012 compared to 347 million minutes in 2011 (an 1.1.% increase) (Chart 1.29).

Chart 1.28: Homezone Subscriptions



Source: EETT (based on data provided by licensed operators)

Chart 1.29: Outgoing Traffic from the Provision of Telephony Services Within Zone for Homezone Packages



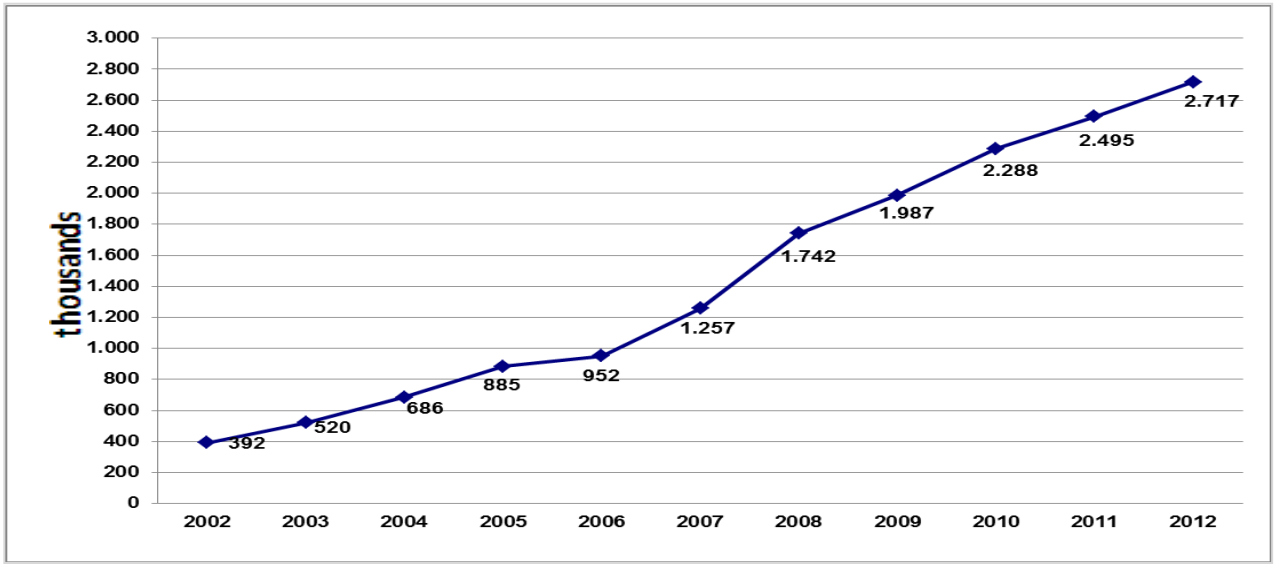
Source: EETT (based on data provided by licensed operators)

1.6. Internet

1.6.1. The Internet Access market from a Fixed Location

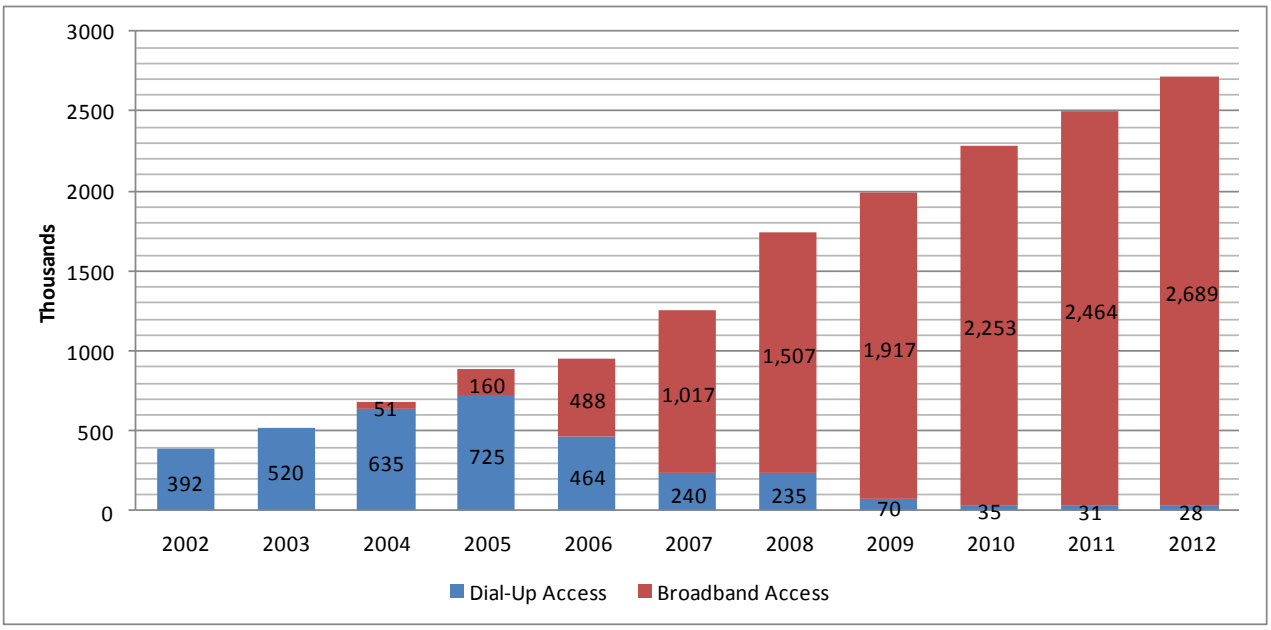
The number of Internet subscribers with fixed access (Chart 1.30) rose significantly (8.9%) in 2012, reaching 2.717 million subscribers at the end of the year, compared to 2.495 million at the end of 2011. Dial-up connections have been restricted to very low levels and corresponded to 1% of subscribers at the end of 2012 (Chart 1.31), which is also demonstrated by the rapid reduction of dial-up traffic (see Section 1.5.1). A comprehensive overview of the market shows that the growth of broadband is based on attracting new subscribers, even though the rate is slower compared to the preceding years due to the negative economic conditions. These Charts do not take into account occasional users through pre-paid access cards.

Chart 1.30: Internet Subscribers with Fixed Access



Source: EETT (based on data provided by licensed operators)

Chart 1.31: Internet Subscribers with Fixed Access per Type of Access

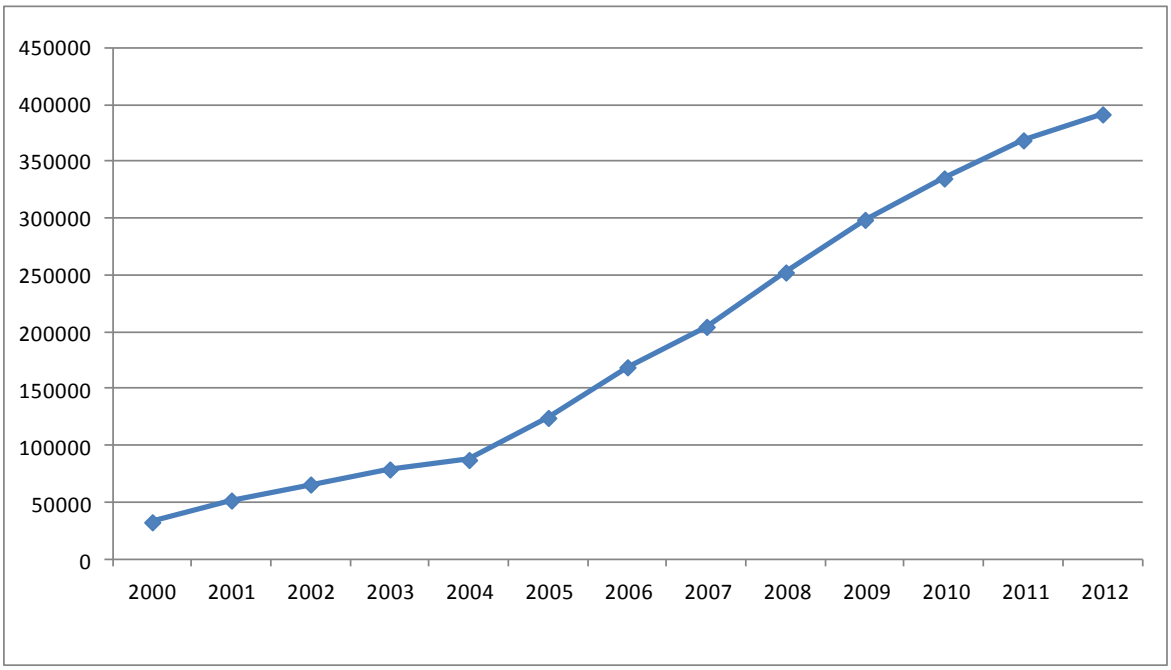


Source: EETT (based on data provided by licensed operators)

1.6.2. [.gr] Domain names

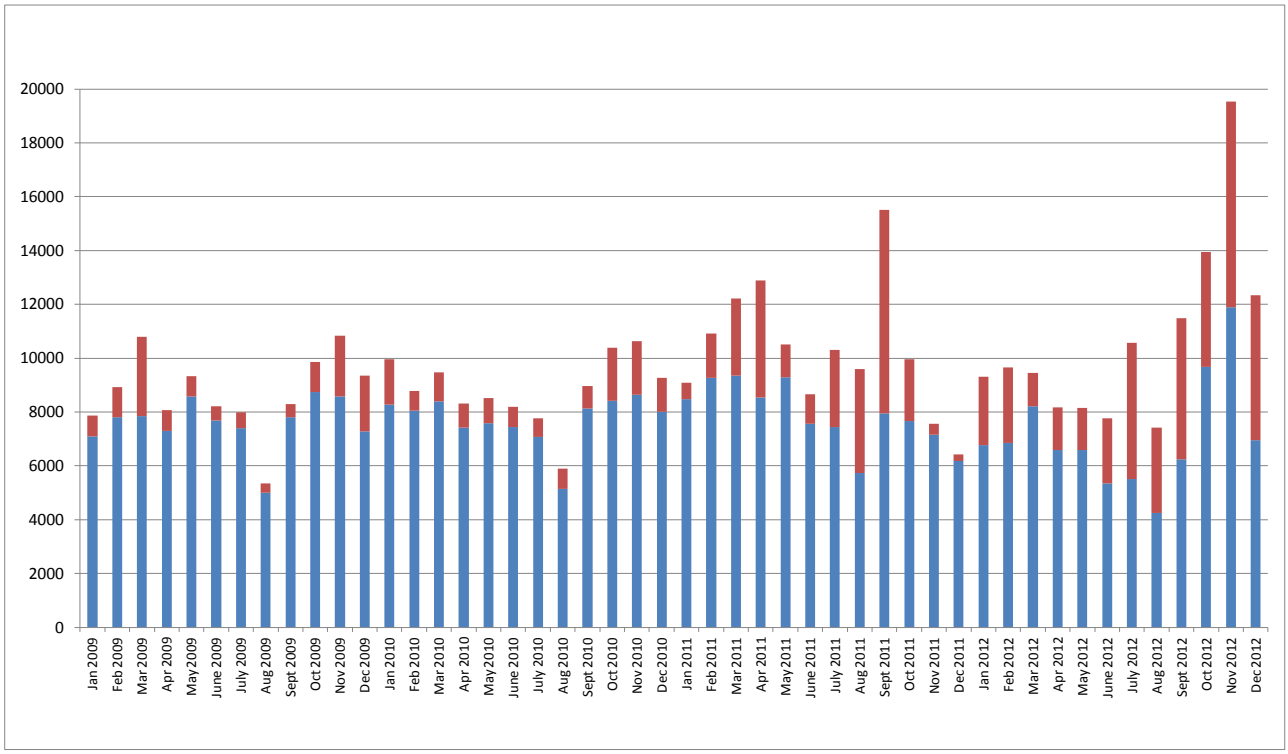
The increase in both the number of applications and total assigned [.gr] Domain Names persisted throughout 2012. Their total number, including subdomains (com.gr, net.gr, org.gr, edu.gr, gov.gr), approached 400,000. It should be noted that the information on the total number of Domain Names for the last three years has been corrected to reflect the "net" total number of active Domain Names. Chart 1.32 presents the development of the total number of Domain Names over time, for the period 2000-2012. Accordingly, Chart 1.33 presents the progress of the requested and assigned Domain Names, whilst Chart 1.34 shows the progress of the assignment over the submitted applications. Finally, Chart 1.35 presents the annual evolution of the average assignment percentage for the period 2002-2012 that fell from 79% in 2011 to 68%.

Chart 1.32: Development of Domain Names



Source: EETT (based on data provided by licensed operators)

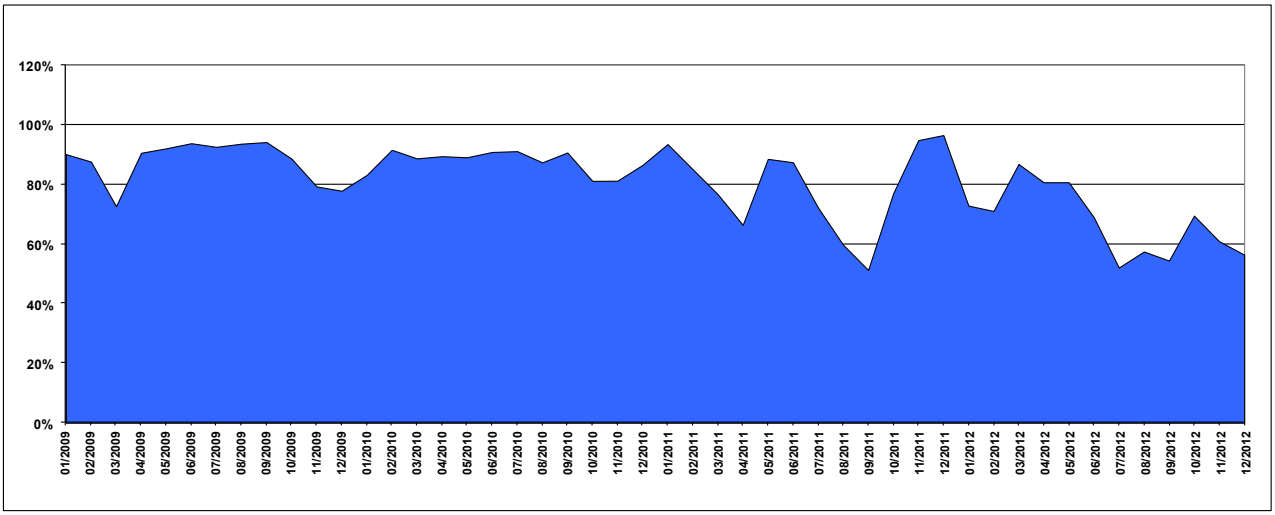
Chart 1.33: Number of Requested and Assigned Domain Names



Note: Blue: Assigned Domain Names, Red: Requests

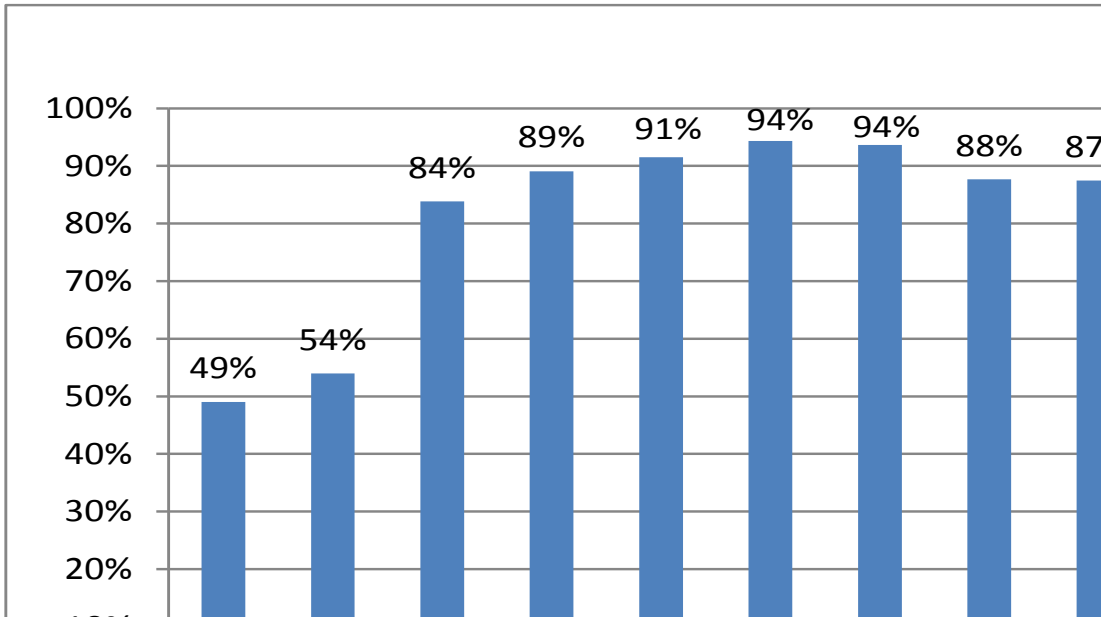
Source: Institute of Computer Science of the Foundation for Research and Technology (ICS-FORTH)

Chart 1.34: Assignment Percentage over the Number of Applications



Source: Institute of Computer Science of the Foundation for Research and Technology (ICS-FORTH)

Chart 1.35: Average Assignment Percentage



Source: EETT

1.7. Retail Revenues from Providing Services to Fixed Access Lines

Chart 1.36 illustrates retail revenues from providing fixed telephony (access and calls), Internet and content services (IPTV, video on demand, etc.). As far as the fixed telephony services are concerned, it should be noted that the revenues presented include those from initial connection/installation etc., the monthly rentals (i.e., telephone services access), additional facilities and main call types (i.e., national to fixed calls, calls to mobile and international calls). The Chart presents the downward trend of the retail revenues which are estimated to be 1,576 million euros in 2012 compared to 1,720 million euros in 2011 (decrease by 8.4%). This reduction is attributed on the one hand to the continuous decrease of retail prices, and on the other to the reduction in the use of electronic communications service due to the adverse economic conditions.

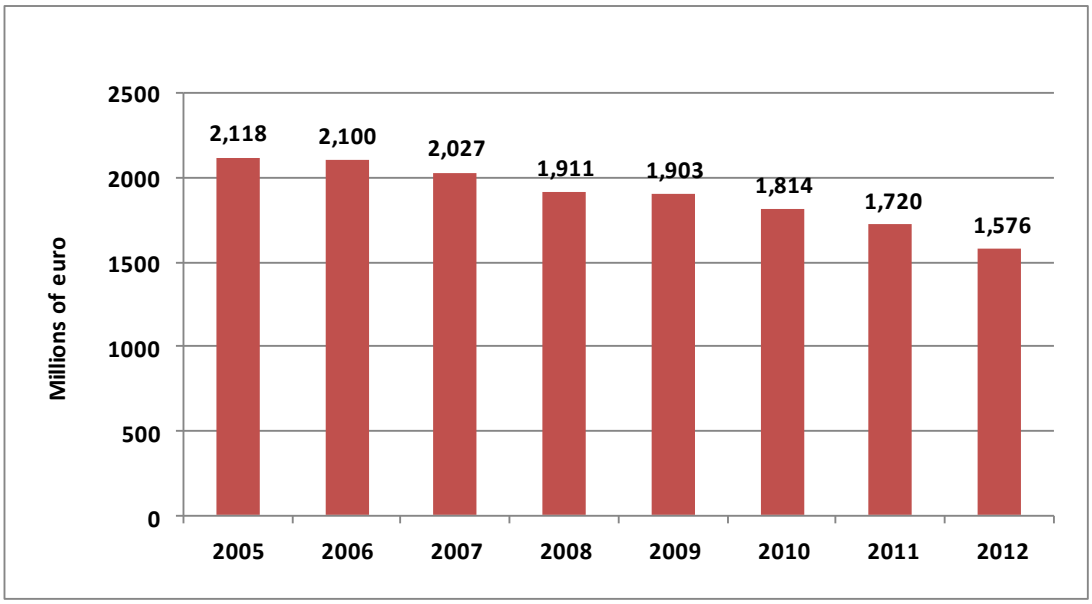
The largest part of the aforementioned revenues stems from the provision of bundled services packages, which are becoming increasingly popular in the Greek market. It should be noted that the term "bundled services packages" refers to products that combine two or more of the following fixed telephony services which are offered and invoiced together at fixed proportions and price[12]:

- Access to telephony (i.e., access to telephone services) at a fixed location.
- Fixed telephony call services.
- Broadband access services to the Internet at a fixed location.
- Content services such as IPTV, Video on Demand, etc. at a fixed location.

It should be noted that based on the above definition, bundled packages are considered to be those that bundle up (i.e., include in their monthly rental both access to fixed telephony and fixed telephony call services. Conversely, those packages that include only broadband access to the Internet (single play) are not characterised as a bundled service package.

The retail revenues (of fixed services) from providing bundled packages are estimated to be 1,089 million euros in 2012 [13], which amounts to approximately 70% (based on Chart 1.36) of the 2012 retail revenues from the provision of telephony (access and calls), Internet and content services at a fixed location. The respective percentage for 2011 is estimated at 53% with the bundled revenues amounting to 912 million euros[14].

Chart 1.36: Retail Revenues from Provision of Fixed Telephony, Internet and Content Services

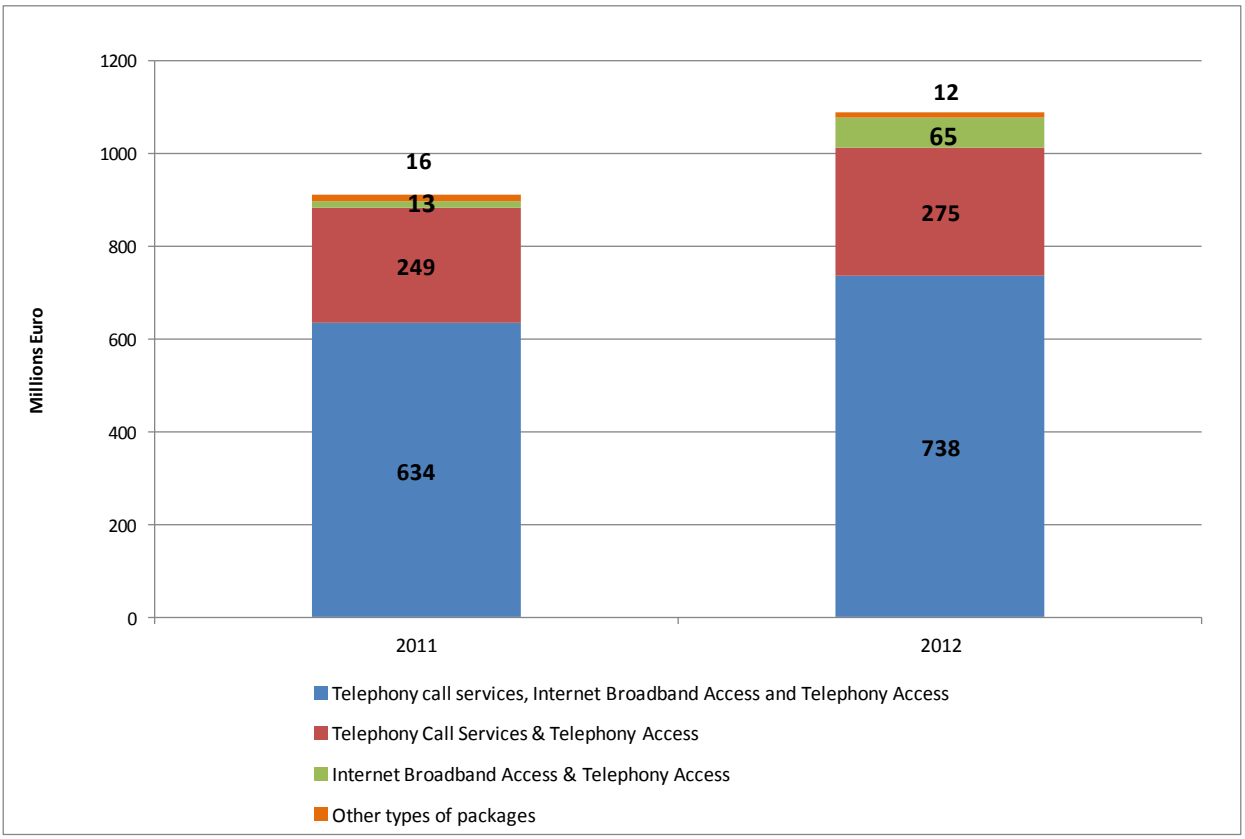


Source: EETT (based on data provided by licensed operators)

[12]It should be noted that these bundled packages may additionally include mobile telephony services.
[13]It should be noted that the package revenues include also the extra charges (i.e., charges not included in the monthly fee of the package) for calls not included in the monthly fee of the package.
[14]It should be noted that the most important thing in calculating the revenues from bundled packages (bundled or single play) is the manner in which each operator invoices its services.

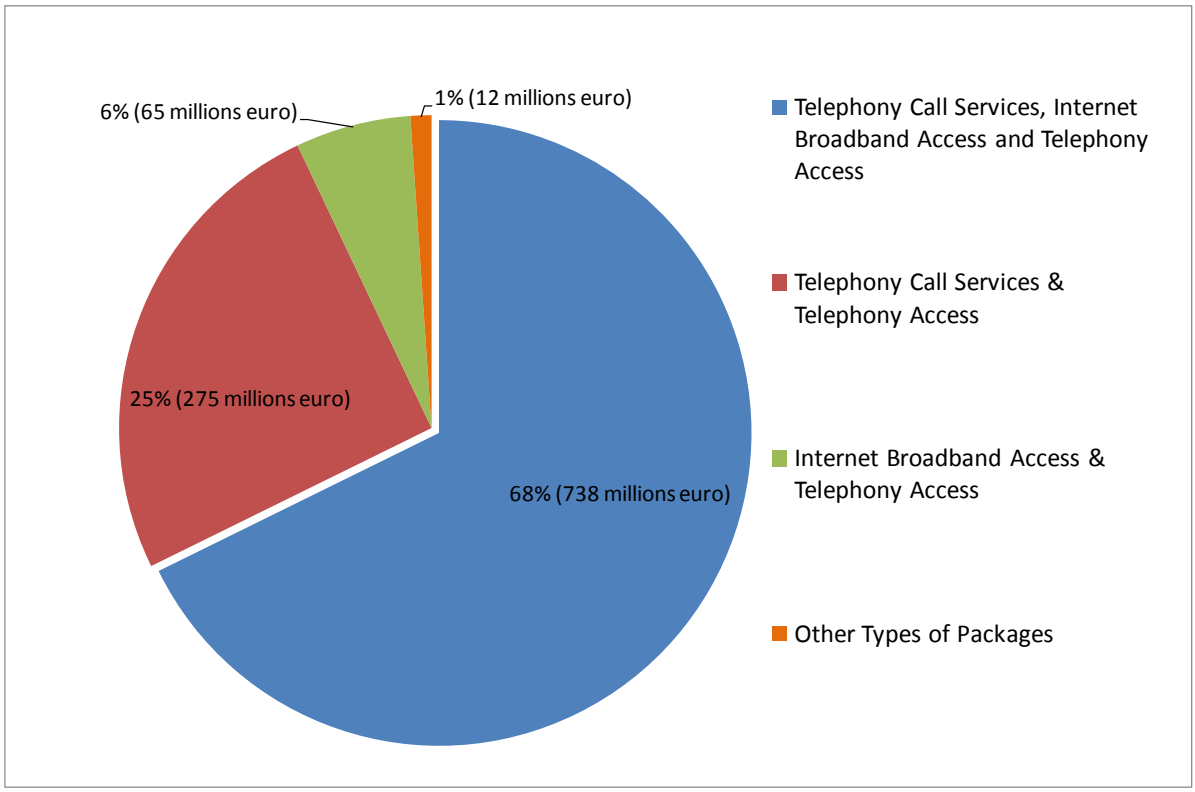
Chart 1.37 demonstrates the retail revenues from the top bundled fixed services packages for 2011 and 2012. Each type of package refers to the services that are included in the monthly rental of the package. Finally, Chart 1.38 illustrates the distribution percentage per type of retail revenues package of fixed service packages for 2012.

Chart 1.37: Retail revenues of the Top Types of Fixed Services Packages



Source: EETT (based on data provided by licensed operators)

Chart 1.38: Distribution Percentage of 2012 Retail Revenues from providing Fixed Services Bundled Packages (per package type)



Source: EETT (based on information by licensed operators)

1.8. Mobile telephony

1.8.1. Mobile Telephony Connections

During 2012, the mobile telephony connections[15] reverted to an upward trend for the first time since 2009 (total connections) and 2008 (active connections). Analytically, Table 1.8. and Chart 1.39 show that the total connections amounted to 15.9 million at the end of 2012 compared to 14.6 million at the end of 2011 (a 8.9% increase), whilst the active connections[16] amounted to 13.4 million at the end of 2012 compared to 12.1 million at the end of 2011 (a 10.7% increase). Significant increases were observed across all categories of subscriptions (Chart 1.40). Total pre-paid connections increased by approximately 880,000 (11.1 million at the end of 2012, compared to 10.2 million at the end of 2011), which resulted in the increase of active connections by approximately 800,000. In parallel, the number of post-paid connections rose by 423,000 (4,799 million at the end of December 2012 from 4,376 million in the respective period of 2011). As far as the MTOs' shares in the total subscribers' number are concerned, the decrease of COSMOTE's share benefited the shares of WIND and VODAFONE (Chart 1.41). Similarly, the penetration rate

[15]We use the term "connection" or "subscription" instead of "subscriber". We don't refer to the number of subscribers as persons or entities but to the total number of connections/subscriptions, since a subscriber may have more than one subscription/connection.

[16] By "active connections" or "active subscriptions" we refer to connections/subscriptions that have generated retail or wholesale income within the last quarter.

(of active connections) rose to 118% compared to 111% in 2011 (October data), making Greece the sixth country with the lowest penetration rate in EU-27 (Chart 1.42).

Table 1.8: Total and Active Connections/Subscriptions

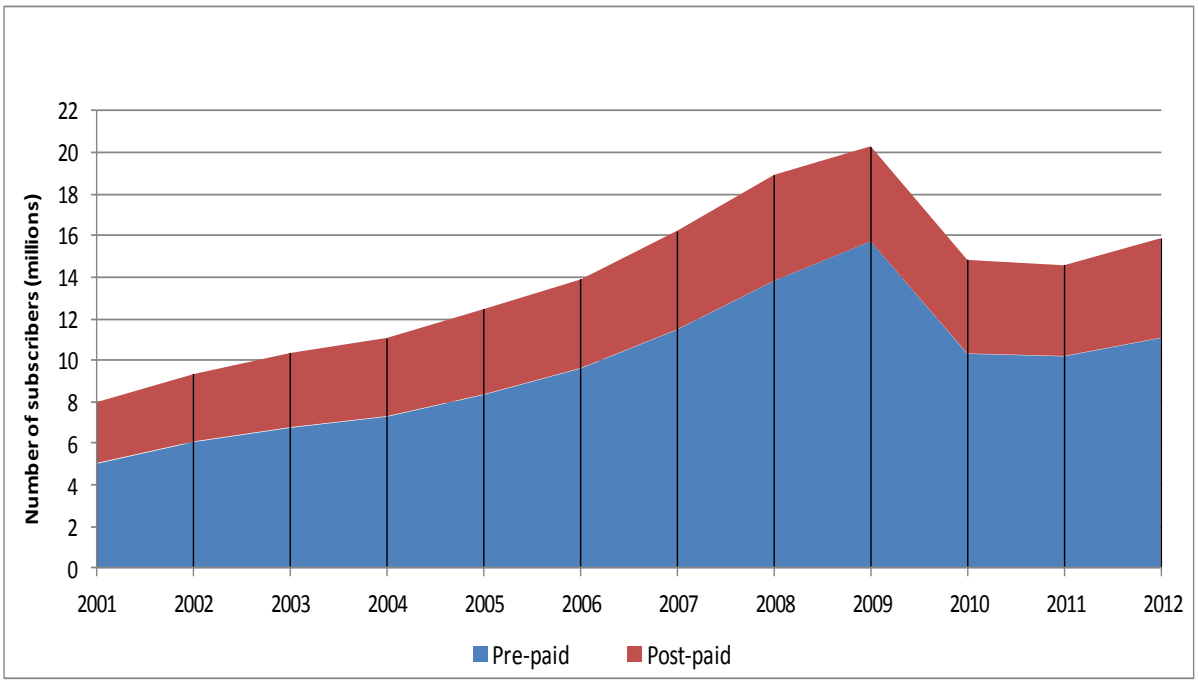
	Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008	Dec. 2009	Dec. 2010	Dec. 2011	Dec. 2012
Total Connections	12,448,473	13,874,674	16,226,675	18,918,092	20,298,102	14,815,705	14,557,672	15,861,833
Number of Active Connections	10,243,395	11,097,515	12,294,912	13,799,340	13,295,093	12,292,716	12,127,985	13,353,707

Source: EETT

Chart 1.39: Mobile Telephony Connections/Subscriptions

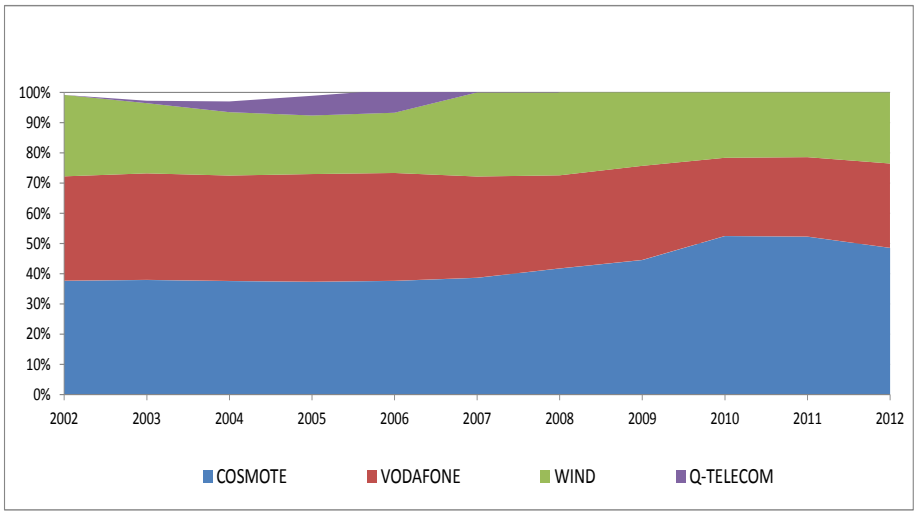
Source: EETT (based on data provided by licensed operators)

Chart 1.40: Post-paid and Pre-paid Mobile Connections



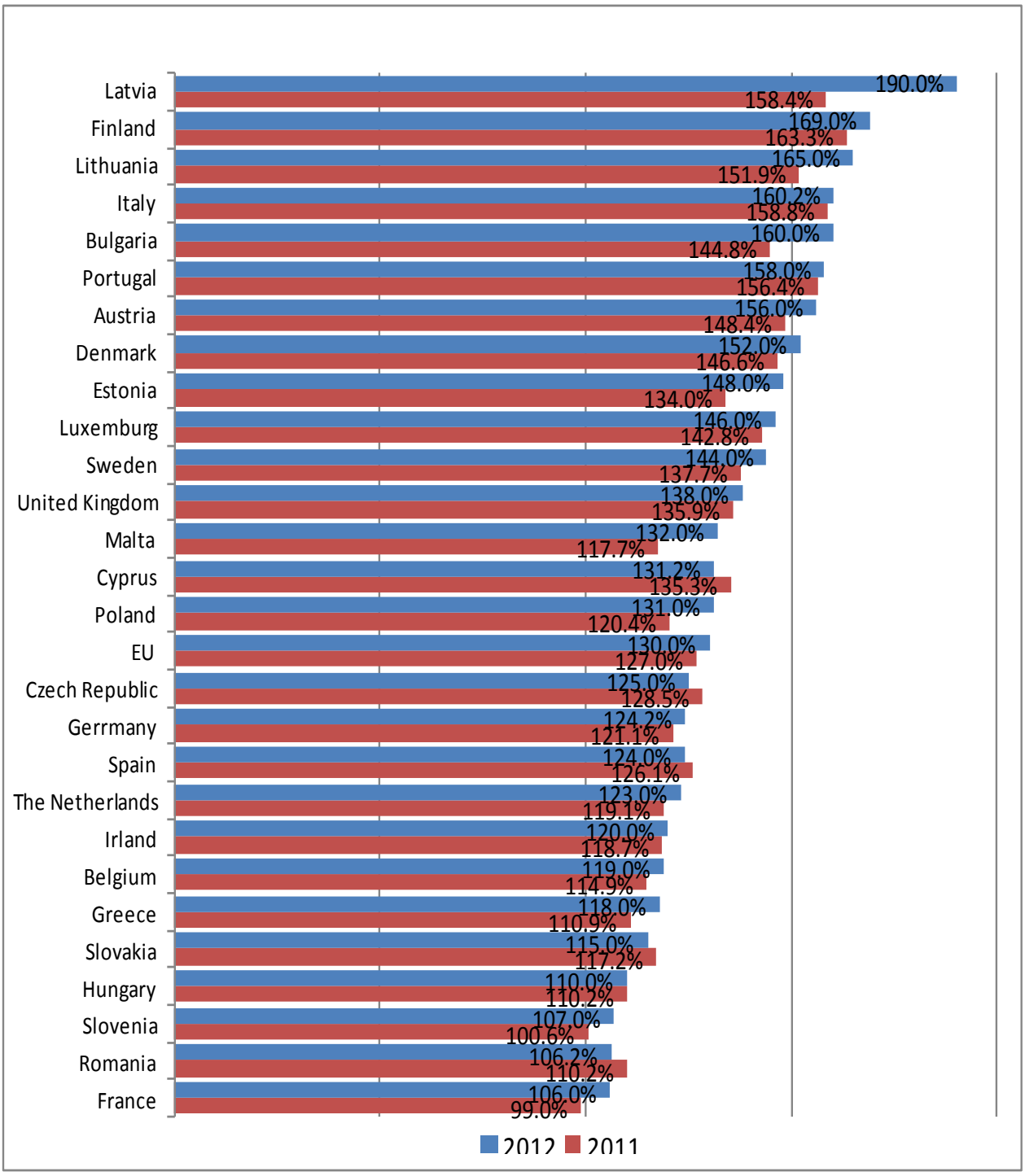
Source: EETT (based on information by licensed operators)

Chart 1.41: MTOs Market Shares on the Number of Mobile Telephony Connections



Source: EETT (based on data provided by licensed operators)

Chart 1.42: Mobile Telephony Penetration in Europe



Source: European Commission (Digital Agenda Scoreboard 2013)

1.8.2. The Use of Mobile Telephony Networks

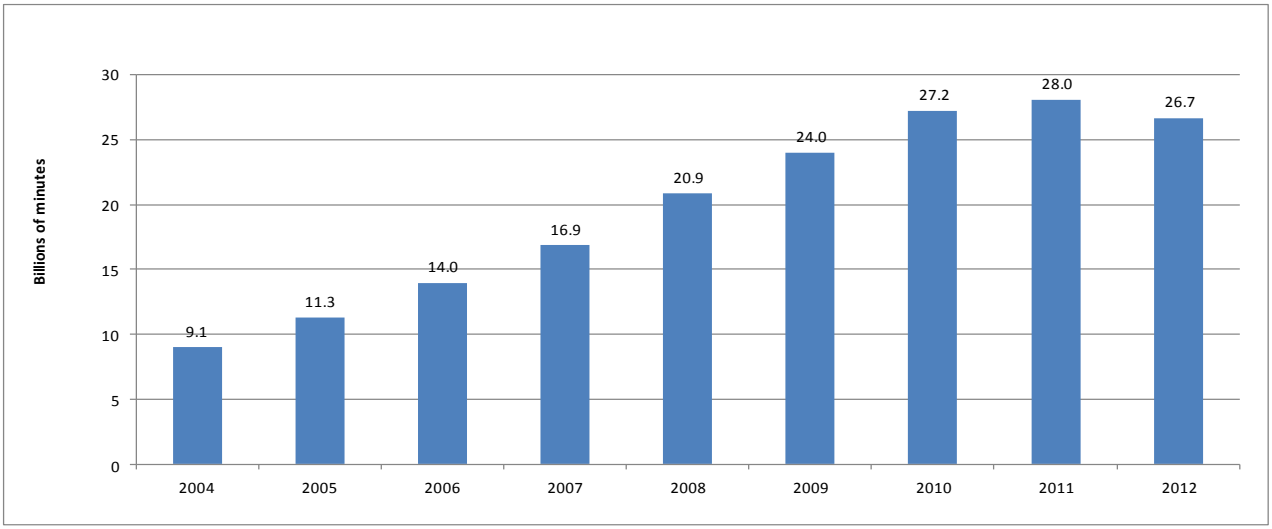
Mobile telephony network usage declined, given that with the exception of packet-switched data services that increased, the usage of other categories (voice calls, short message services (SMS) and Multimedia Messaging Services (MMS)) was reduced. Analytically, the volume of voice calls that took place during the year amounted to 26.7 billion minutes in 2012 compared to 28 billion in 2011 (a 4.6% fall) (Chart 1.43). This reduction is entirely due to on-net traffic (i.e., traffic between subscribers of the same network), which amounted to 19.9 billion minutes in 2012 compared to 21.1 billion in 2011 (a 5.7% fall) and constitutes 75% of the volume of mobile telephony voice calls (Charts 1.44 and 1.45). Correspondingly, in 2012 calls to off net mobiles and fixed lines also fell (8.1% and 4.5% respectively). Conversely, international calls rose significantly by 32%. Chart 1.46 presents the inter-temporal volume of voice calls per user category, where 50% originates from pre-paid users, followed by residential post-paid users (the percentage varying from 30% to 36%) and business post-paid users (percentage around 15%).

Moreover, the number of SMSs (Chart 1.47) dropped again by 14.2% (7.3 million in 2012 compared to 8.5 million in 2011). On-net messages correspond to 85.7% of the total and are responsible for almost the entire reduction, which is possibly connected to the increased use of social networking applications. The remaining categories presented marginal changes (Chart 1.48). The overwhelming majority of SMSs were sent from pre-paid users (for the period 2009-2011, the percentage was over 80%, and fell to 73% for 2012) followed by residential post-paid users (Chart 1.49).

Once again MMS messages decreased significantly by 22%, and at the end of 2012 amounted to 20.3 million compared to 24.9 million in 2011 (a 18.5% decrease) (Chart 1.50). MMSs sent from pre-paid users plummeted, given that they amounted to 5.7 million in 2012 compared to 10.7 million MMSs (a 46.7% fall), continuing the sharp downward trend since 2009 (Chart 1.51). MMSs sent by residential post-paid users marginally dropped by 1.1% (10.8 million MMSs in 2012 compared to 11 million MMSs in 2011). Conversely, MMS sent by business users increased by 15.2% (3.8 million in 2012 compared to 3.3 million MMSs in 2011). It should be noted that there was a significant shift in MMS users, since residential post-paid users comprise 53% of the total MMS amount (compared to 34% in 2009) for 2012 whilst the percentage of pre-paid users fell to 28% from 53% that was in 2009.

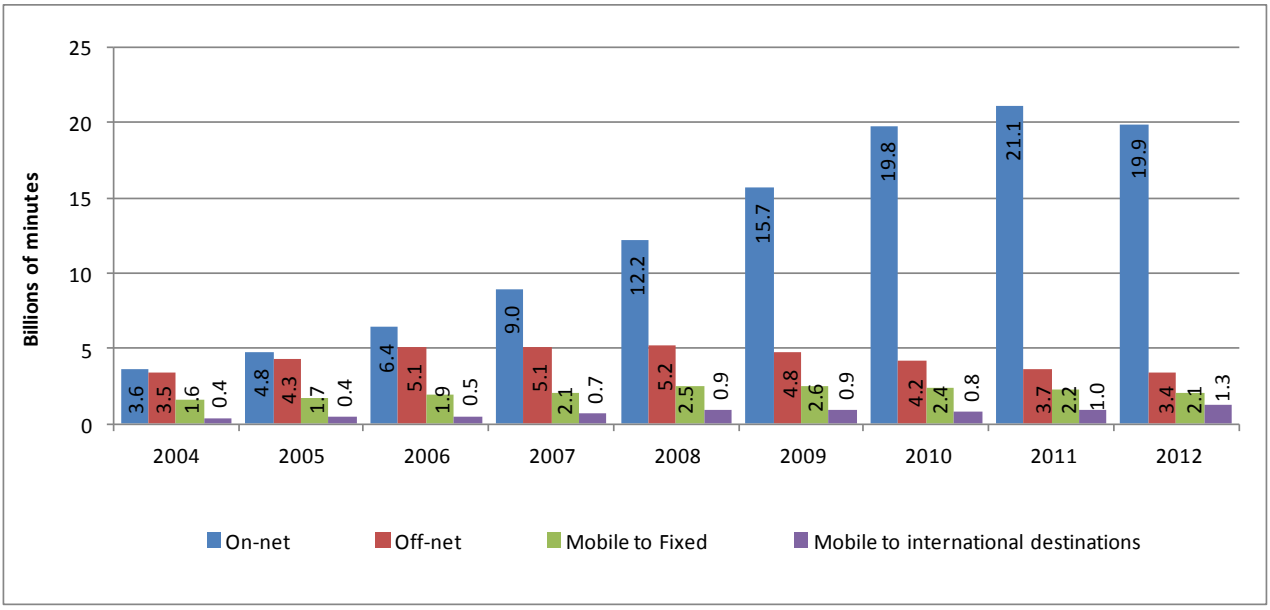
Finally, packet-switch data services via mobile telephony networks, increased further in 2012, reaching 10.8 billion MB at the end of the year compared to 9.43 billion MB in 2011 (up 14.5%) and 4.2 billion MB in 2009 (up 157.1%) (Chart 1.52).

Chart 1.43: Volume of Voice Calls Originating from Mobile Phones



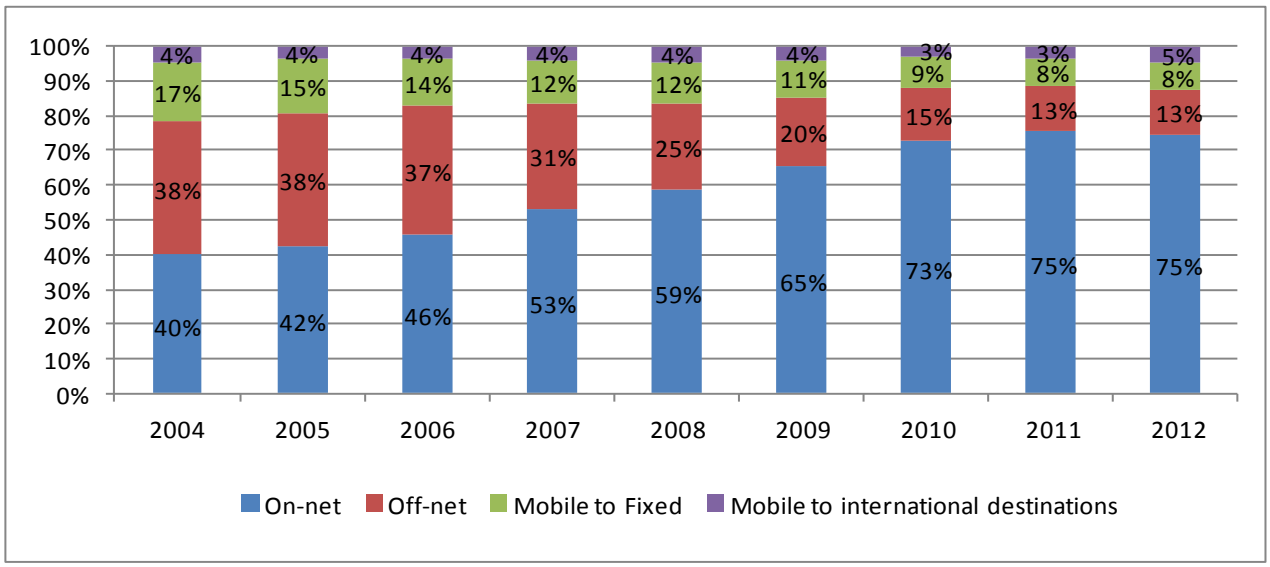
Source: EETT (based on data provided by licensed operators)

Chart 1.44: Volume of Voice Calls per Category



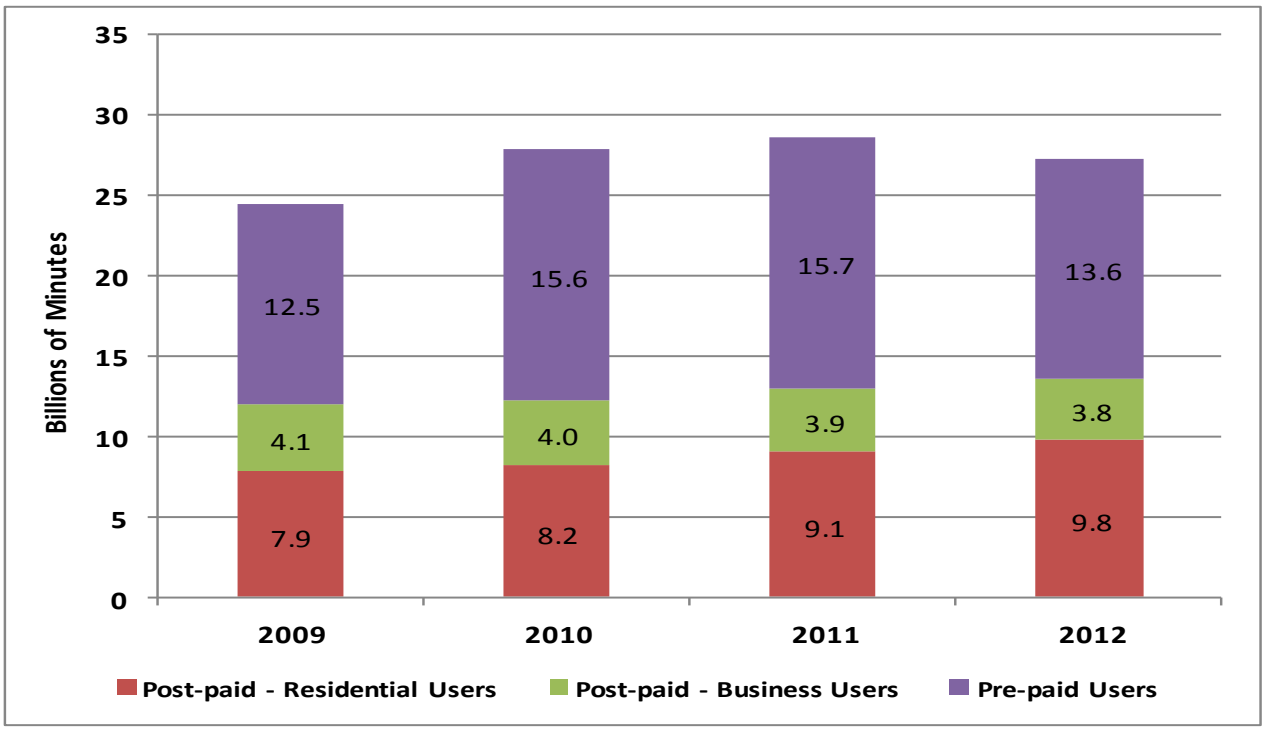
Source: EETT (based on data provided by licensed operators)

Chart 1.45: Percentage of Voice Calls per Category



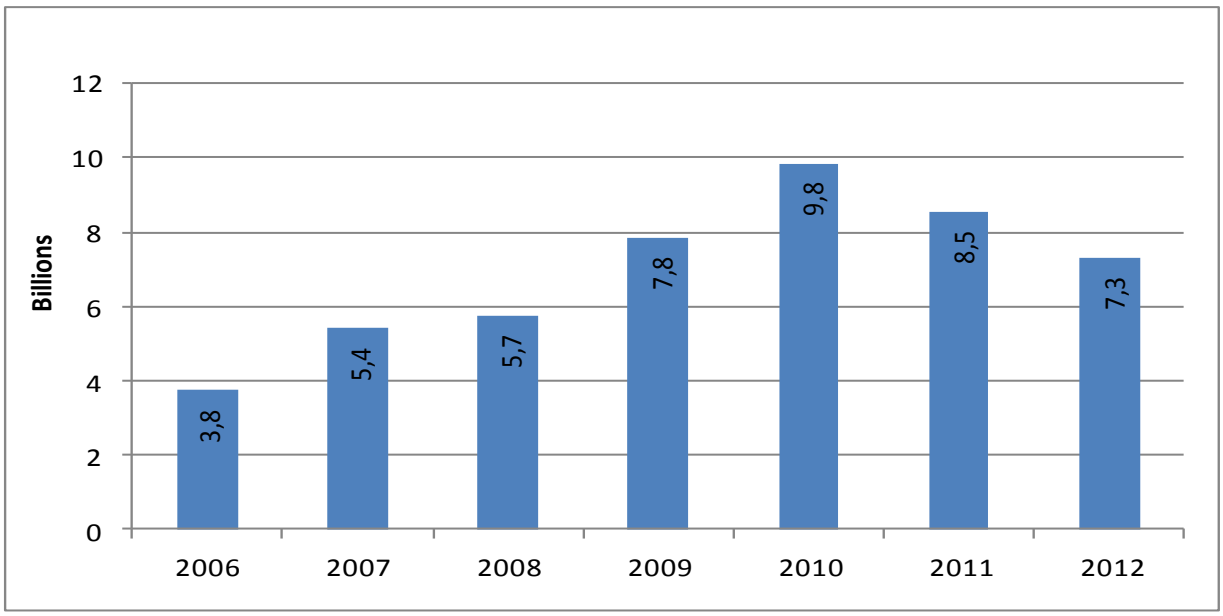
Source: EETT (based on data provided by licensed operators)

Chart 1.46: Volume of Voice Calls per User Category



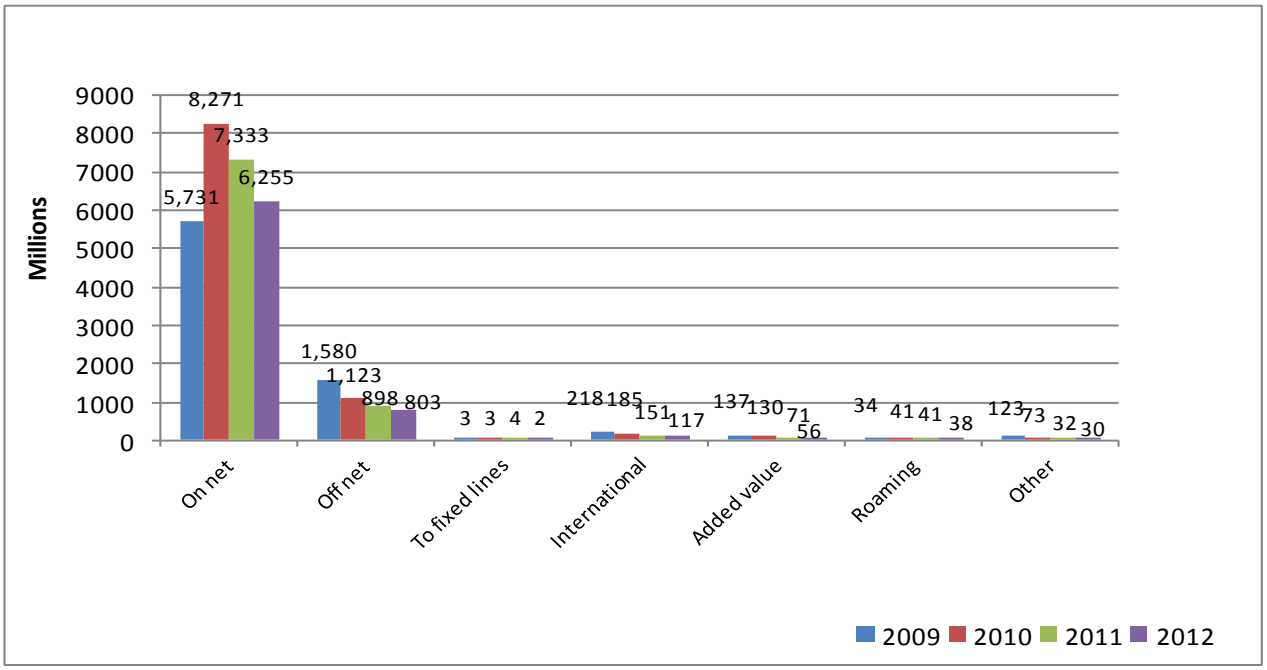
Source: EETT (based on data provided by licensed operators)

Chart 1.47: Total Number of SMS



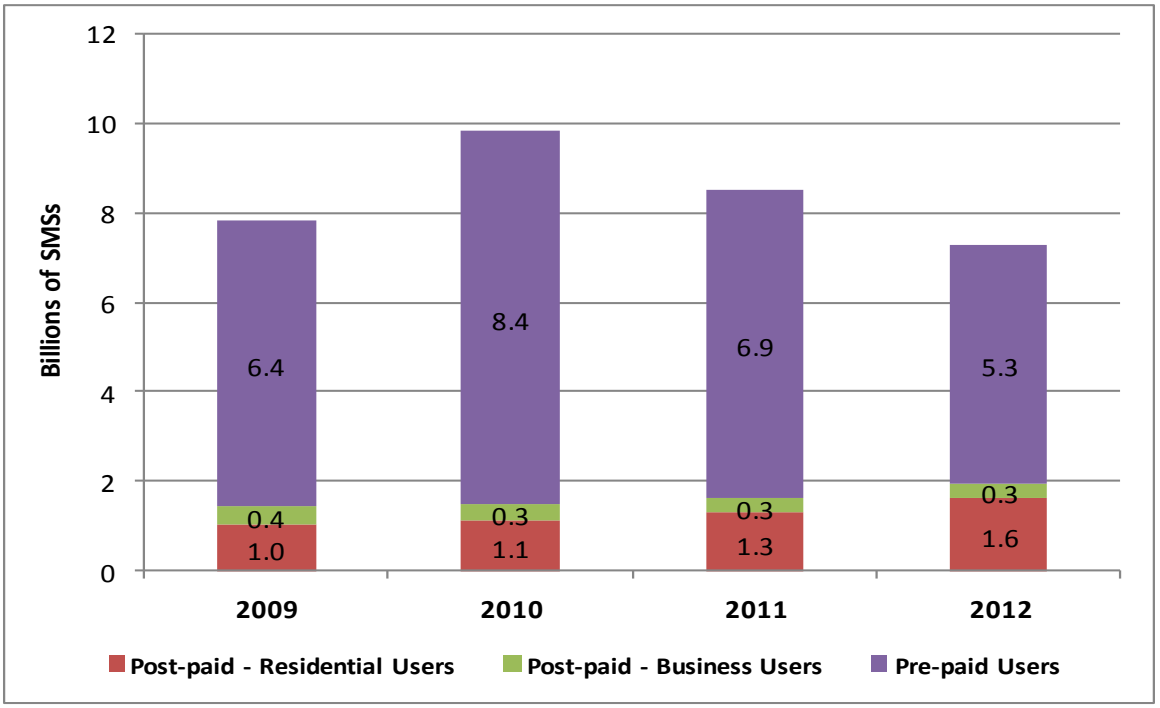
Source: EETT (based on data provided by licensed operators)

Chart 1.48: Total Number of SMS per Category



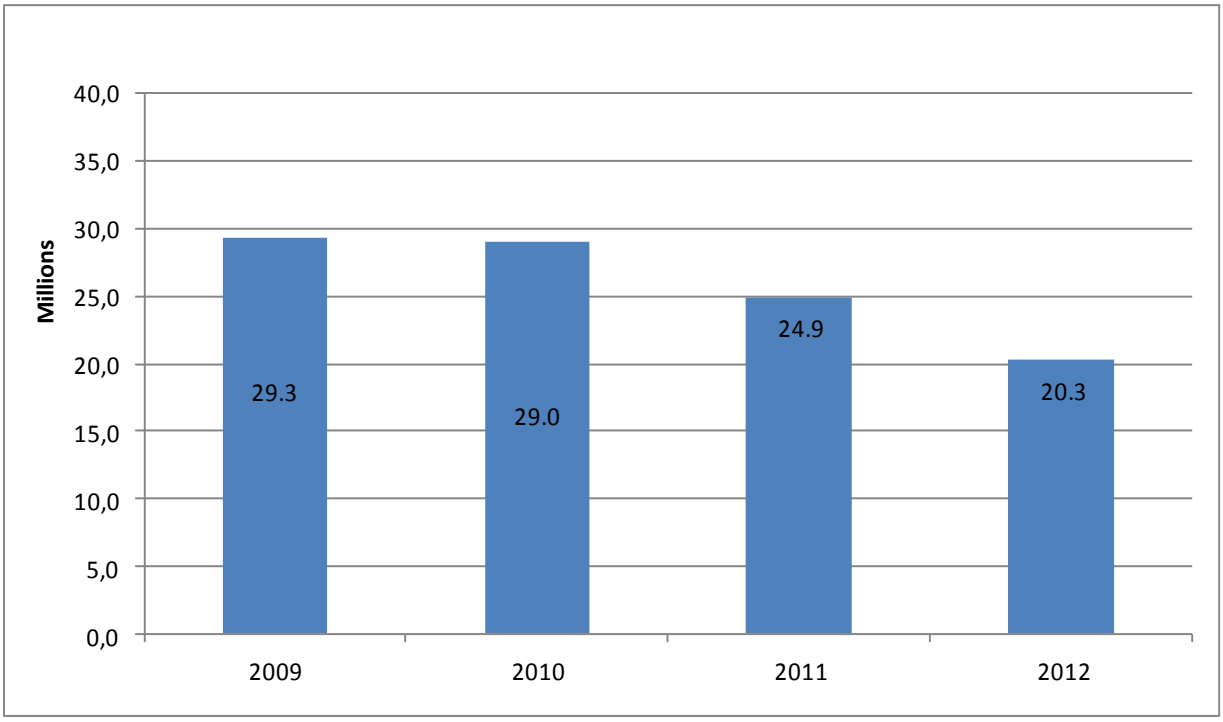
Source: EETT (based on data provided by licensed operators)

Chart 1.49: Number of SMS per User Category



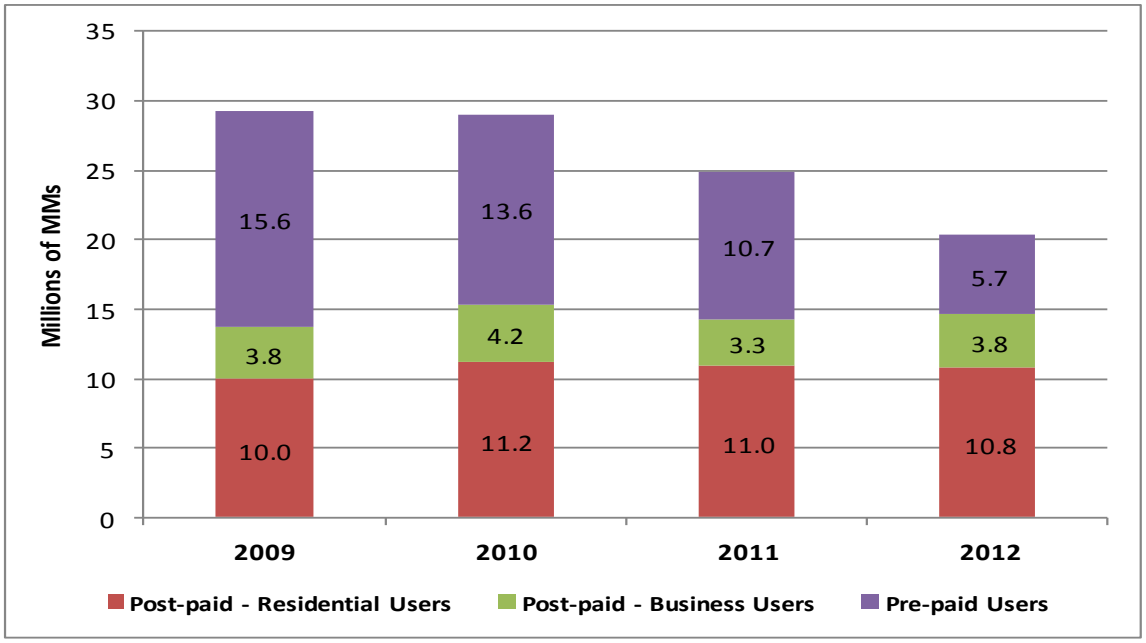
Source: EETT (based on data provided by licensed operators)

Chart 1.50: Total Number of MMS



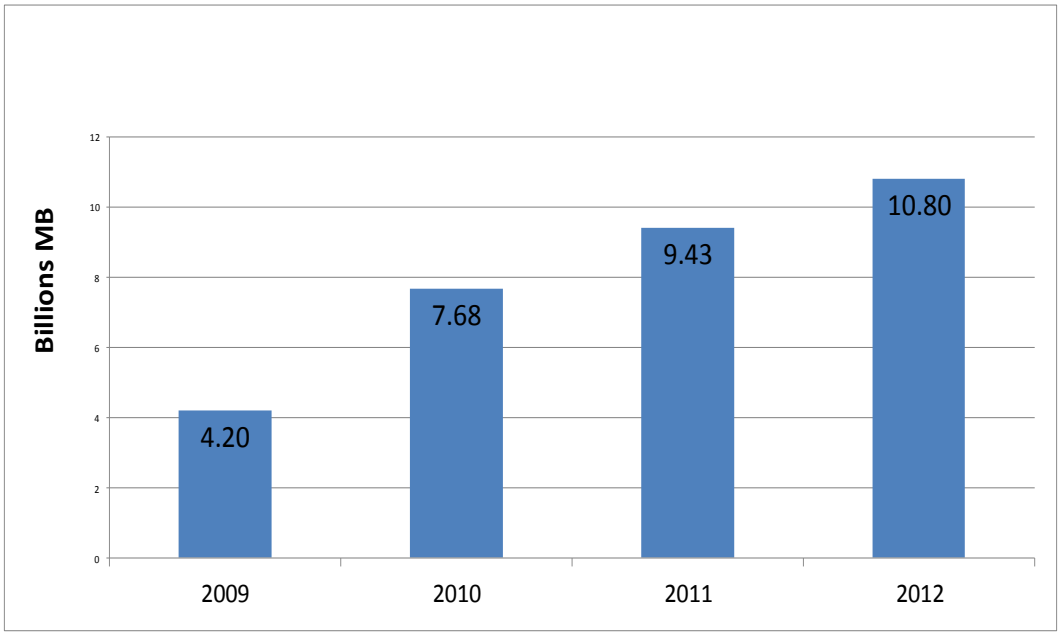
Source: EETT (based on data provided by licensed operators)

Chart 1.51: Number of MMS per User Category



Source: EETT (based on data provided by licensed operators)

Chart 1.52: Total Number of Packet-Switched Data Services (in MB) via Mobile



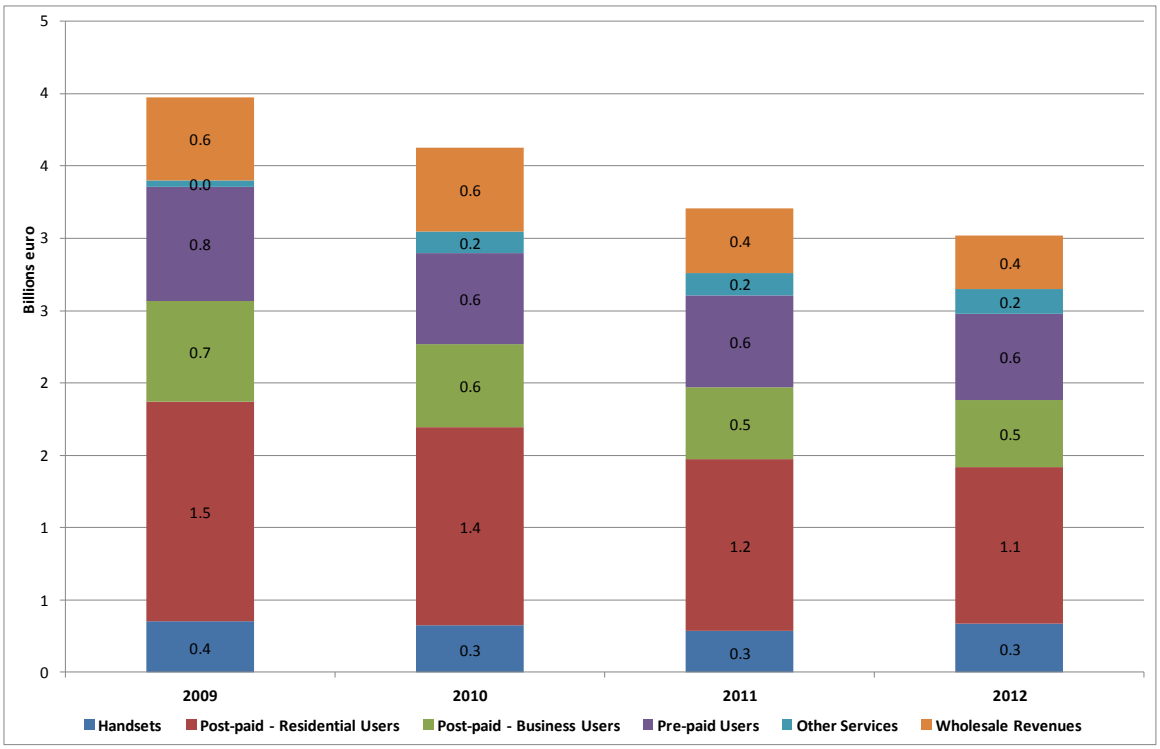
Source: EETT (based on data provided by licensed operators)

1.8.3. Mobile Telephony Revenues

Chart 1.53 presents mobile telephony revenues per category (handset, post-paid, pre-paid etc.) for the period 2009-2012. Over time, the main source of revenues accrues from from residential post-paid users (a percentage greater than 35%), pre-paid mobile telephony users (20%) and business post-paid users (15%). Additionally, Chart 1.54 presents the average revenue per post-

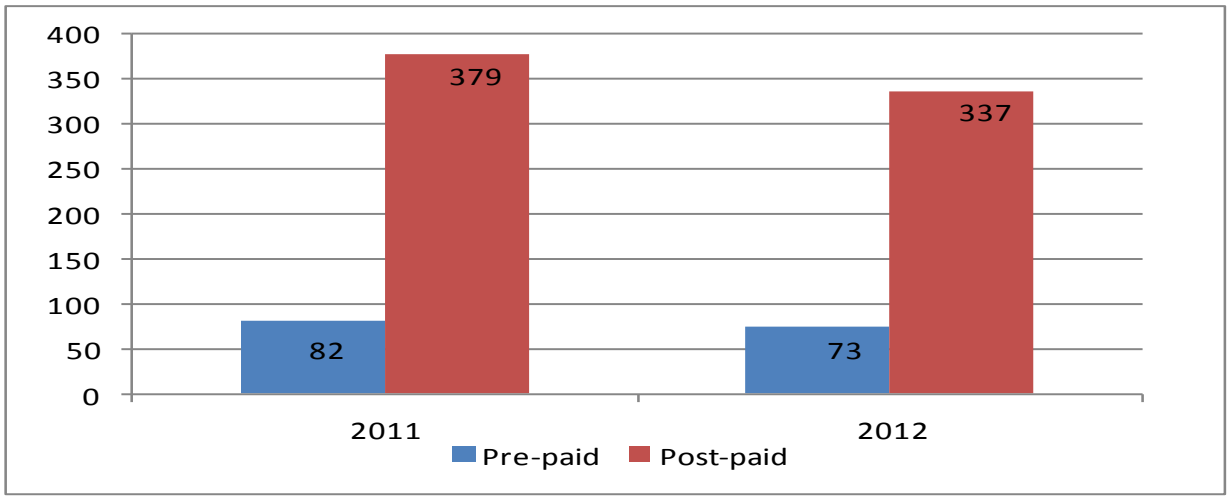
paid and pre-paid user, that was reduced – compared to the previous year – and amounted to 337 euros and 73 euros respectively. Moreover, Chart 1.55 presents the average revenue per mobile telephony user in the EU member states (2011 information) where Greece with 190 euros is below the European average (195 euros). Chart 1.56 demonstrates the average revenue per minute in mobile telephony, the user in Greece pays 6.7 eurocents per minute, whilst the European average is 9.1 eurocents per minute.

Chart 1.53: Mobile Telephony Retail Revenues



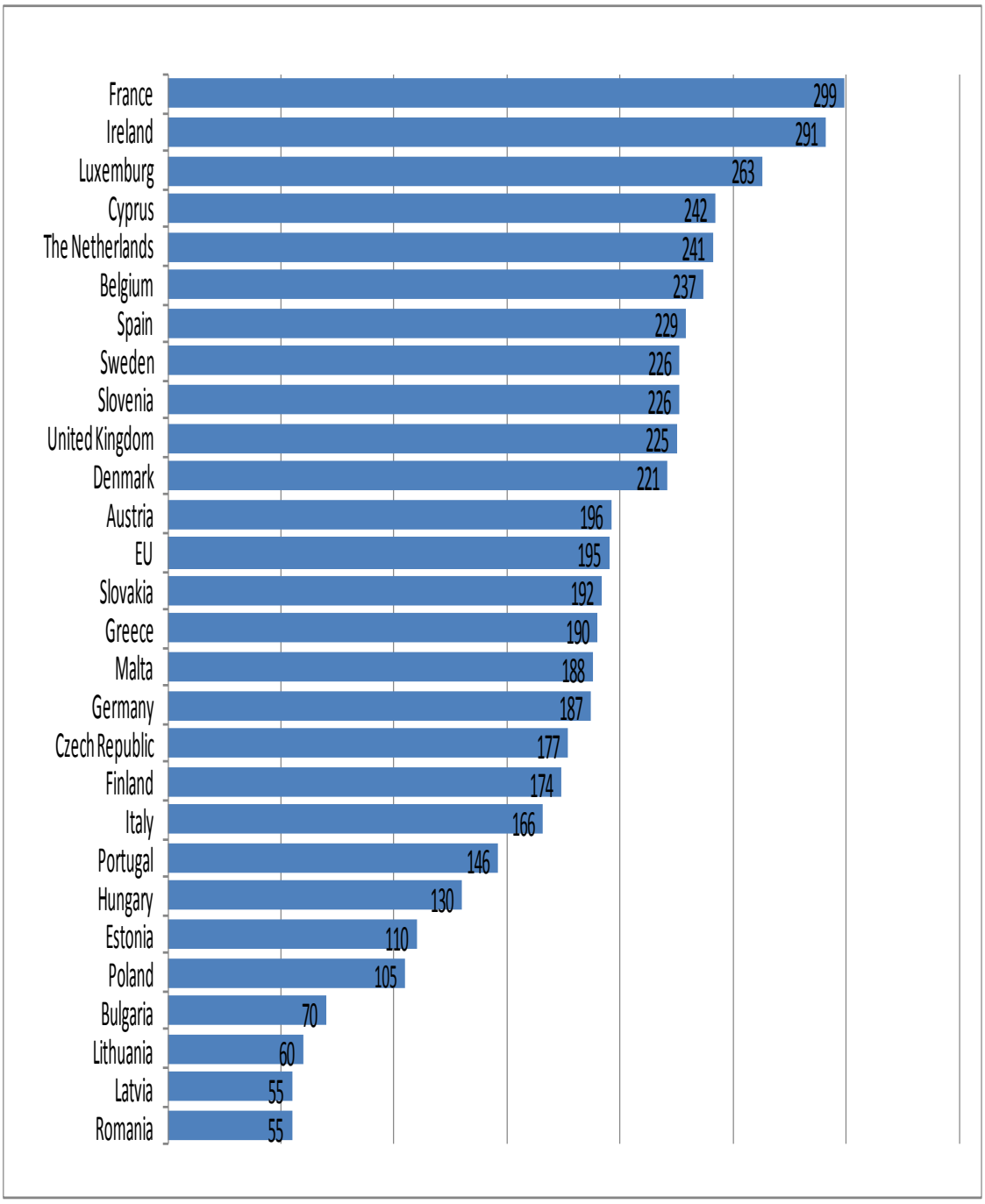
Source: EETT (based on data provided by licensed operators)

Chart 1.54: Average Revenue per Mobile User (Pre-paid & Post-paid)



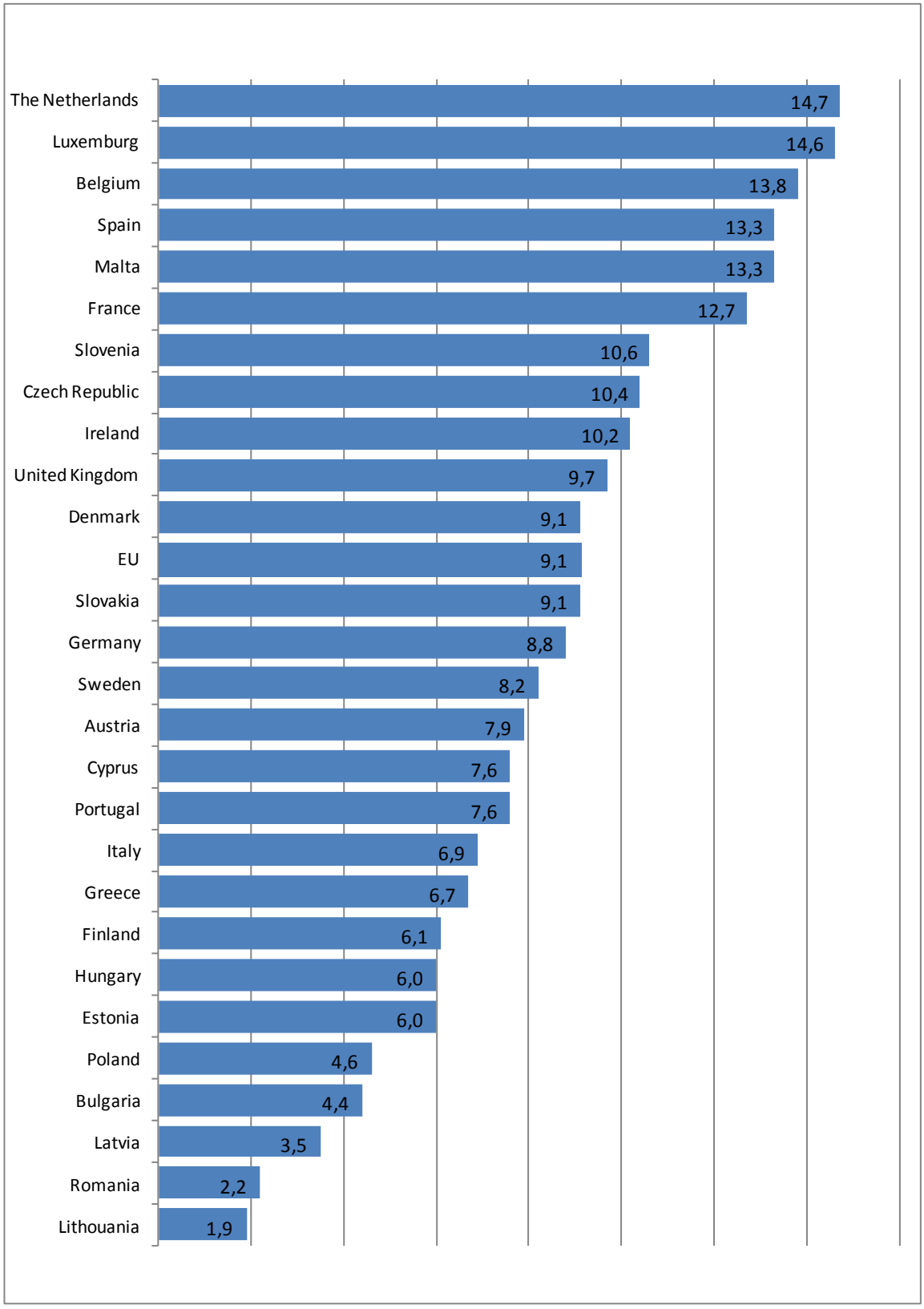
Source: EETT (based on data provided by licensed operators)

Chart 1.55: Average Revenue Per User (ARPU) in Mobile Telephony in Europe



Source: European Commission (Digital Agenda Scoreboard 2013)

Chart 1.56: Average Revenue per Minute (ARPM) in Mobile Telephony in Europe

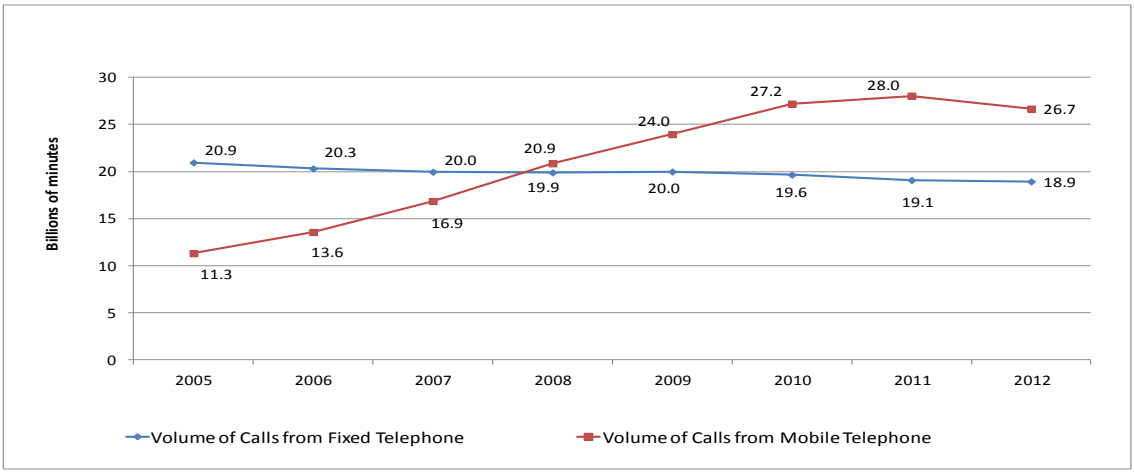


Source: European Commission (Digital Agenda Scoreboard 2013)

1.9. Comparing Traffic from Fixed to Mobile Phones

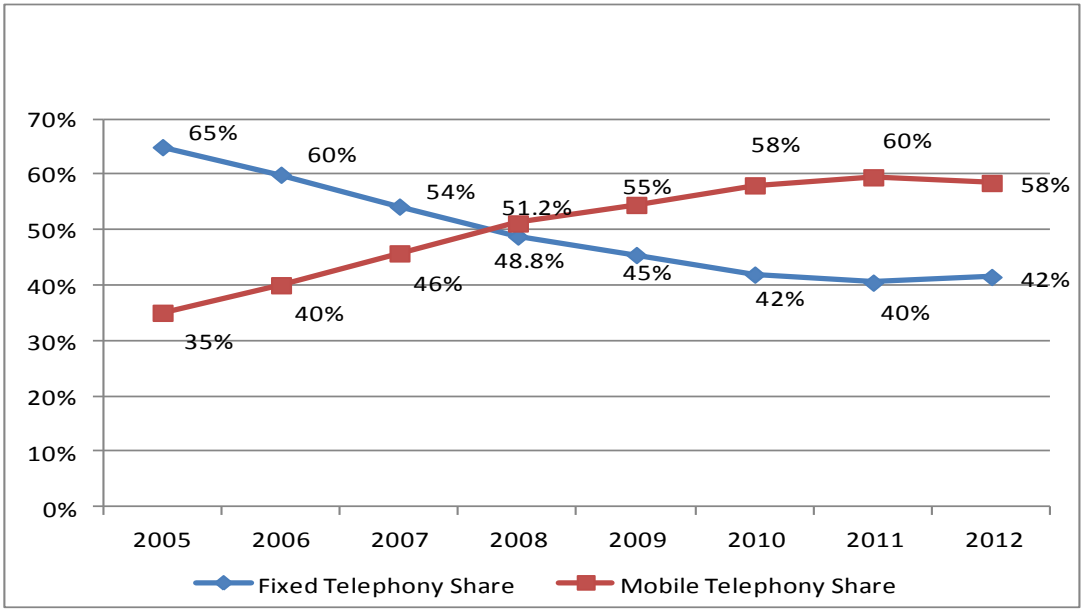
Charts 1.57 and 1.58 present the volume of traffic from both fixed and mobile phones and the respective market shares, including national calls to fixed phones, to mobile phones, as well as international calls. Calls from mobile phones, which have exceeded the volume of calls from fixed phones since 2008, fell by 4.6% for the first time (26.7 million minutes compared to 28 million minutes in 2011), and correspond to 58% of the total traffic (compared to 60% in 2011). Calls from fixed phones kept on falling and amounted to 18.9 million minutes in 2012 compared to 19.1 million minutes in 2011 (a 1% fall).

Chart 1.57: Volume of Calls from Fixed and Mobile Phones



Source: EETT (based on data provided by licensed operators)

Chart 1.58: Market Shares of Fixed and Mobile Telephony

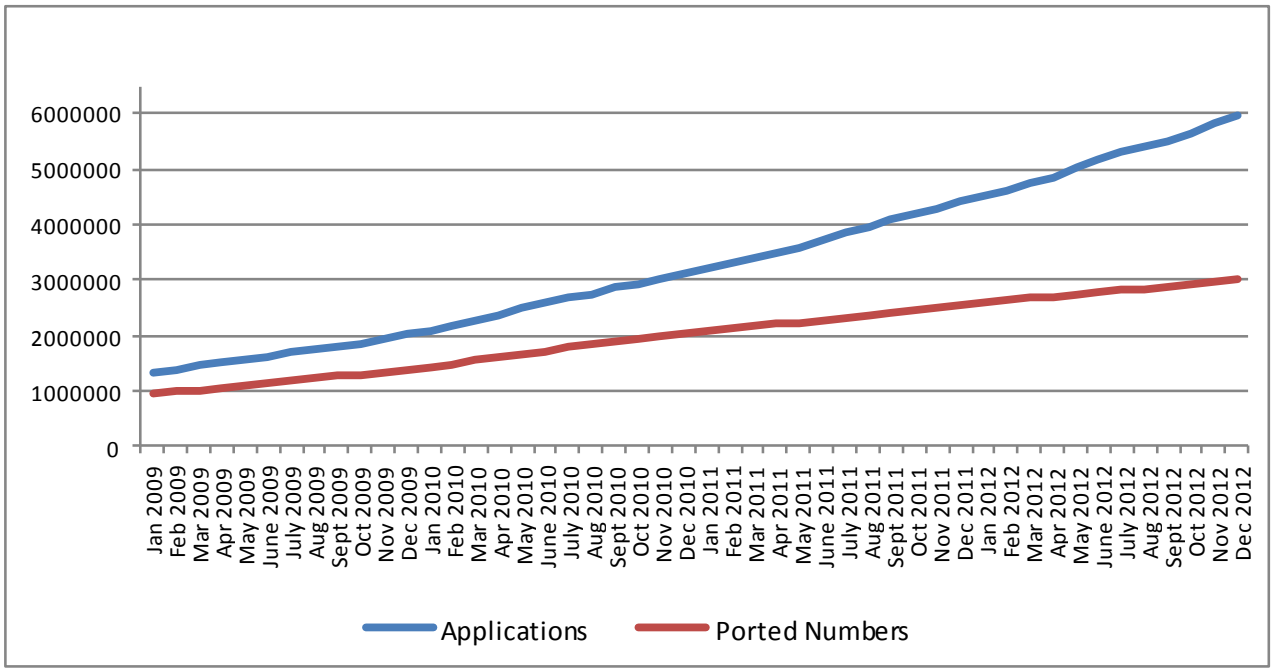


Source: EETT (based on data provided by licensed operators)

1.10. Number Portability

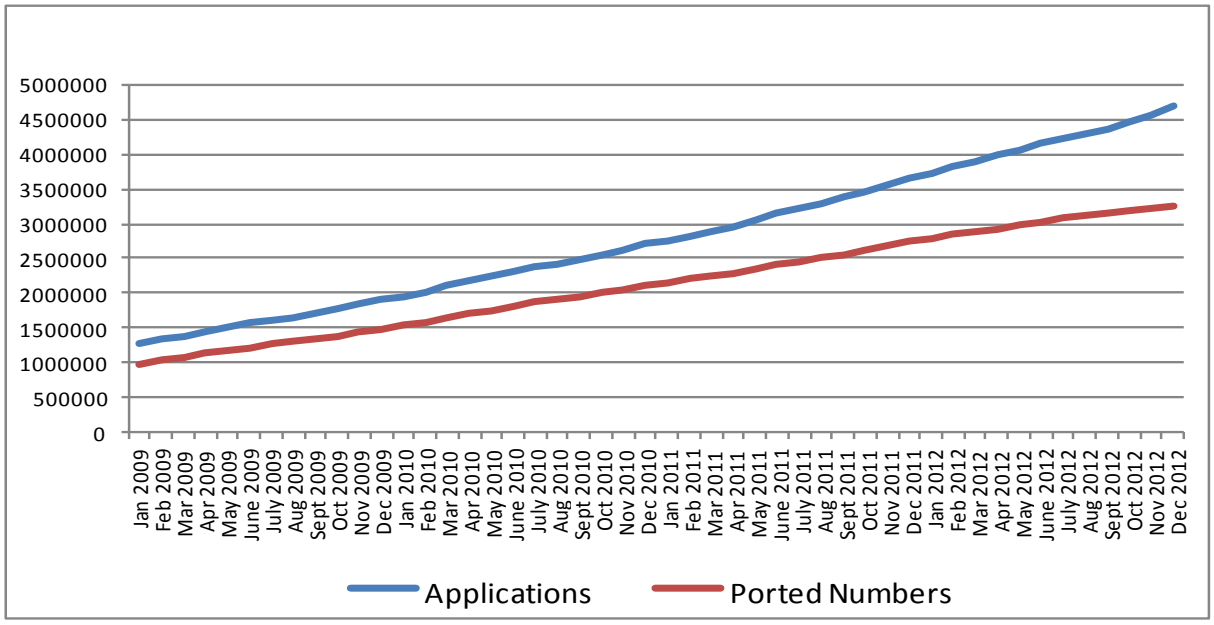
Number Portability continues to benefit consumers who wish to change operator, both in mobile and fixed telephony. Charts 1.59 and 1.60 show the progress of applications and of ported numbers for mobile and fixed telephony, whilst Chart 1.61 presents the number of ported numbers per month. During 2012, 1,572,095 applications for mobile telephony were submitted (compared to 1,293,847 applications in 2011, in other words an increase of 21.5%) and 459,941 numbers were ported (a 9.2% fall compared to 2011). For fixed telephony, 1,032,994 applications were submitted (compared to 955,165 applications in 2011, in other words an increase of 8.1%) and 526,478 numbers were ported (a 15.5% decrease compared to 2011).

Chart 1.59: Number Portability: Applications and Ported Numbers of Mobile Telephony



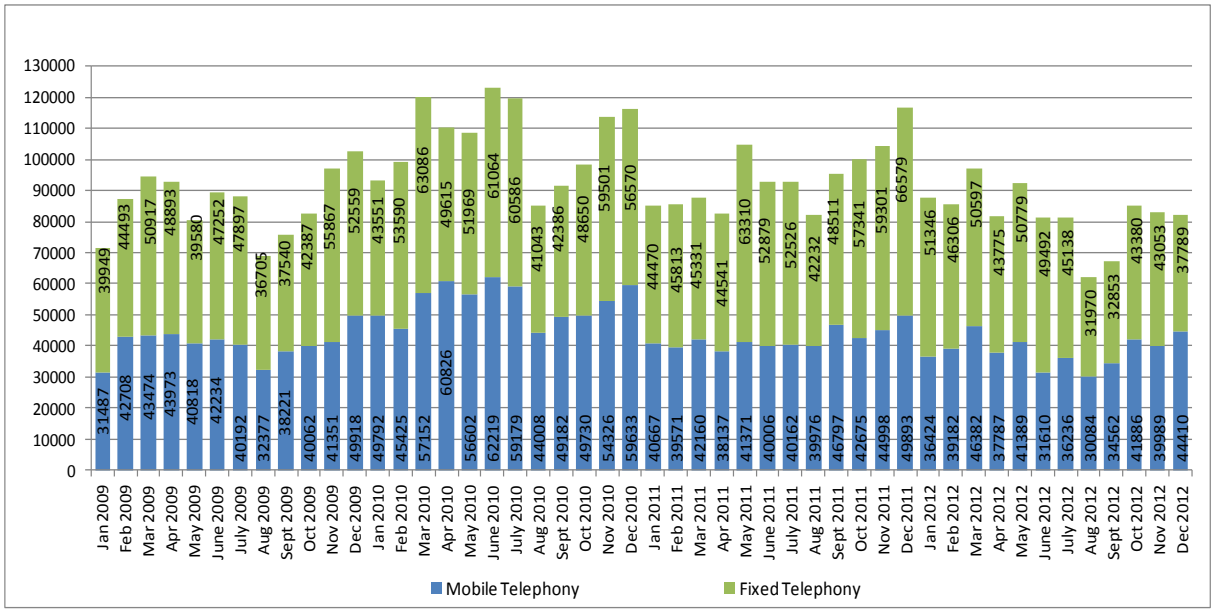
Source: EETT

Chart 1.60: Number Portability: Applications and Ported Numbers of Fixed Telephony



Source: EETT

Chart 1.61: Number Portability: Ported Numbers per Month



Source: EETT

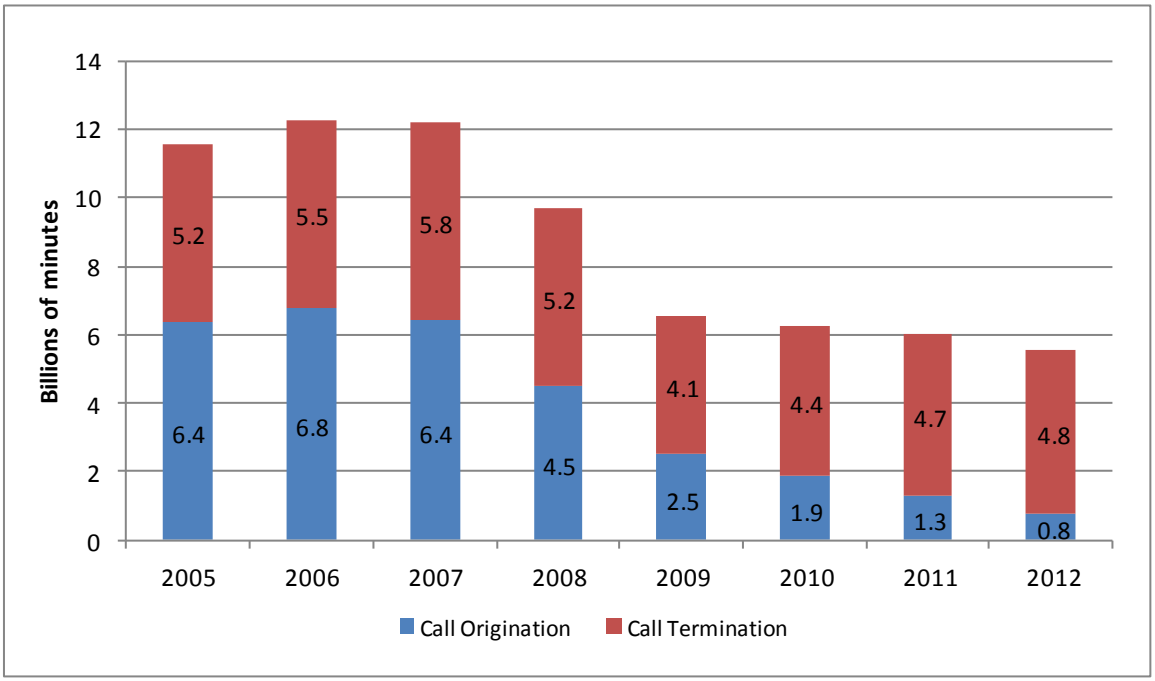
1.11. Interconnection

1.11.1. Fixed Telephony

Chart 1.62 presents the annual progress of Interconnection traffic for the OLOs, including call origination and termination from/to OTE's network. During 2012, call origination dropped significantly with respect to 2011 and amounted to 765 million minutes (a 41.1% fall compared to 2011). Conversely, call termination increased marginally by 1.2% compared to 2011 (4.79 billion minutes compared to 4.73 billion minutes respectively). The reduction in the call origination volume is mainly attributed to the significant growth of full LLU lines since, in this case, the subscriber is directly connected to the alternative operator's network without the interference of OTE's network and the call origination procedure is consequently rendered unnecessary.

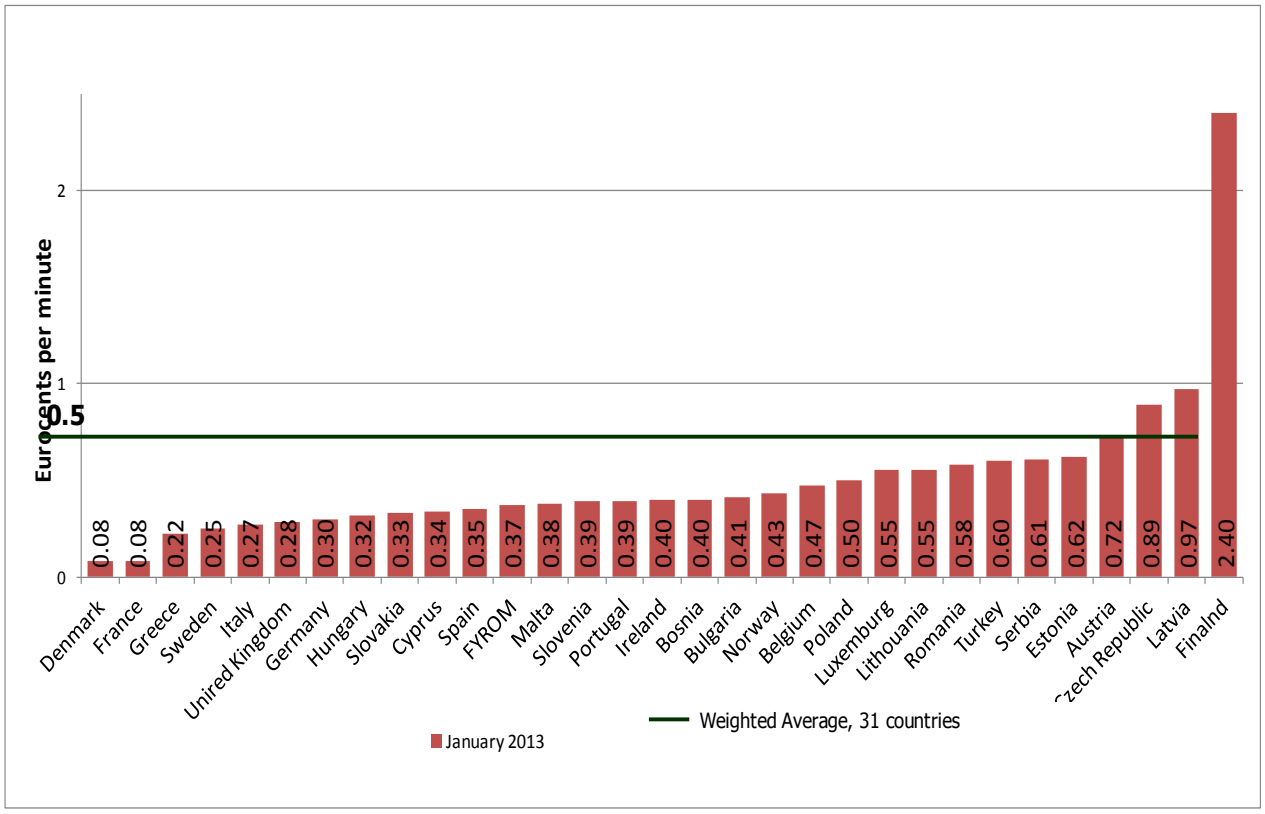
Charts 1.63-1.65 present the actual local, single and double termination fees in the EU member states, according to the Body of European Regulators for Electronic Communications (BEREC). The actual termination fees in Greece on 01-01-2013 are amongst the lowest in Europe.

Chart 1.62: Interconnection Traffic of Alternative Operators via OTE



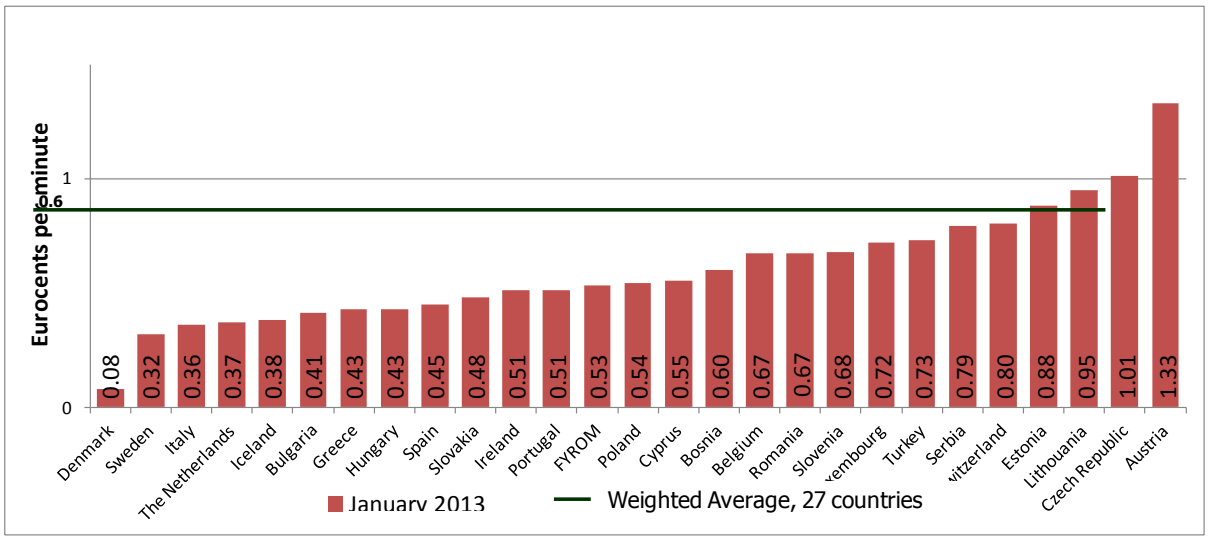
Source: EETT (based on data provided by licensed operators)

Chart 1.63: Actual Local Interconnection Fees



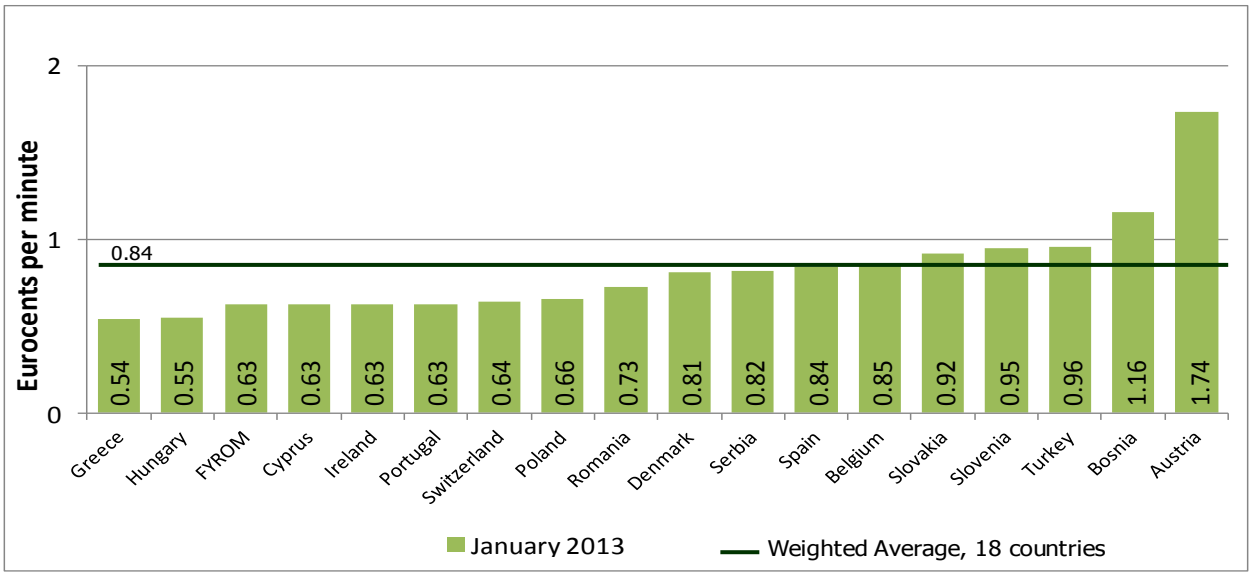
Source: BEREC

Chart 1.64: Actual Single Interconnection Fees



Source: BEREC

Chart 1.65: Actual Double Interconnection Fees



Source: BEREC

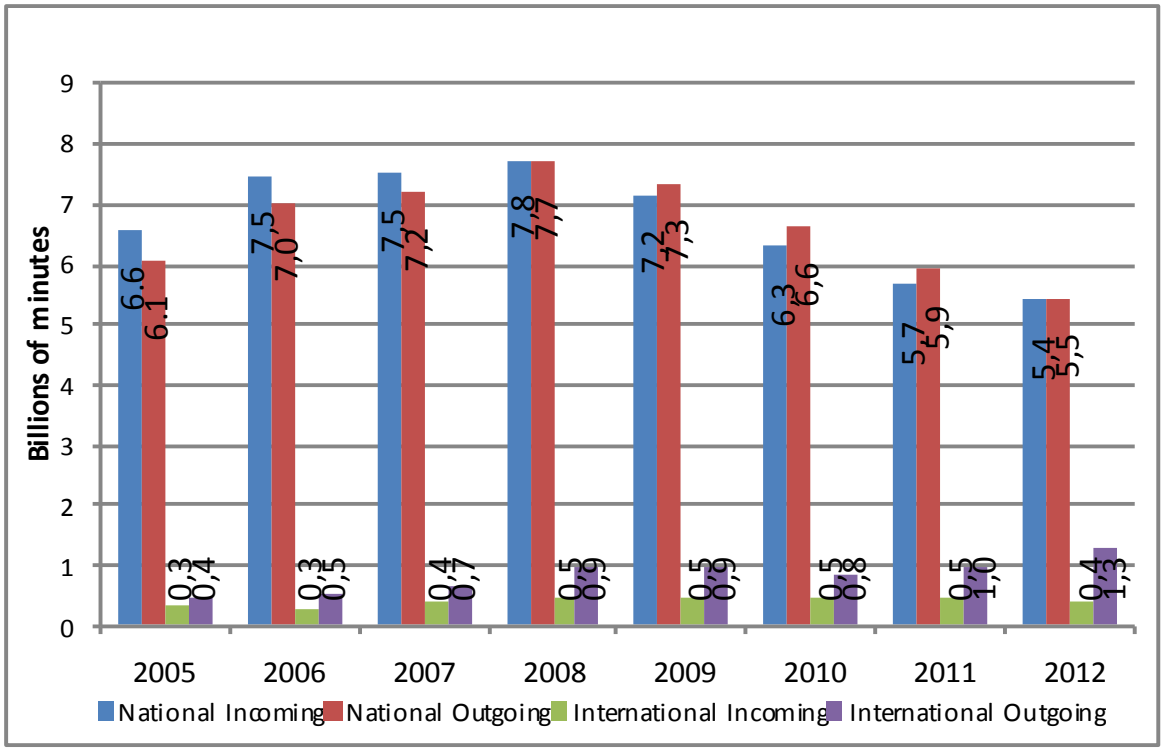
1.11.2. Mobile Telephony

The Interconnection traffic for MTOs in 2012 was slightly down, as shown in Chart 1.66, which presents the national and international Interconnection traffic (both incoming and outgoing). The total reduction for the four Interconnection categories amounted to 492.5 million minutes, a 3.8% drop compared to 2011. Additionally, national outgoing traffic fell by 13.4%, while national incoming traffic fell by 9%. Chart 1.67 illustrates on-net traffic for the three MTOs, which reached approximately 20 billion minutes for 2012, a reduction of 1.2 billion minutes compared to the previous year (a 5.7% fall), thus amounting to 61% of the total Interconnection traffic (which includes incoming and outgoing traffic).

Furthermore, the gradual reduction of termination fees in the mobile telephony networks continued, as presented in Chart 1.68. It should be noted that during 2012, a gradual reduction of termination fees was effected over three periods, ending at 2.3 eurocents per minute.

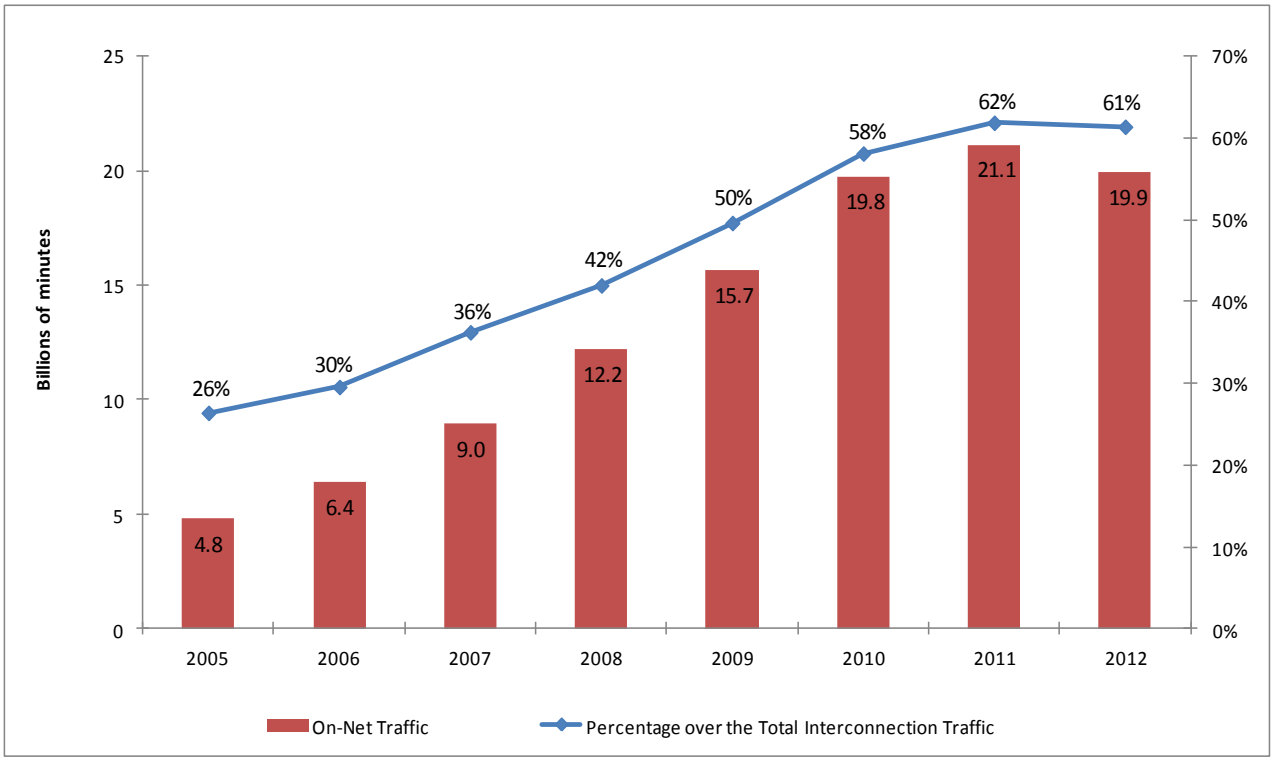
Finally, Chart 1.69 presents the Average National Termination Fee to mobile telephony networks for the 27 EU member states. Following the new reduction in termination rates (glide path) which took place on 01-01-2013, Greece is now ranked below the EU average for the first time, since its average termination fee is 1.27 eurocents per minute compared to the EU average of 2.33 eurocents per minute (Chart 1.68), thus being the 5th most economical country in the EU.

Chart 1.66: Interconnection Traffic of the Mobile Telephony Operators



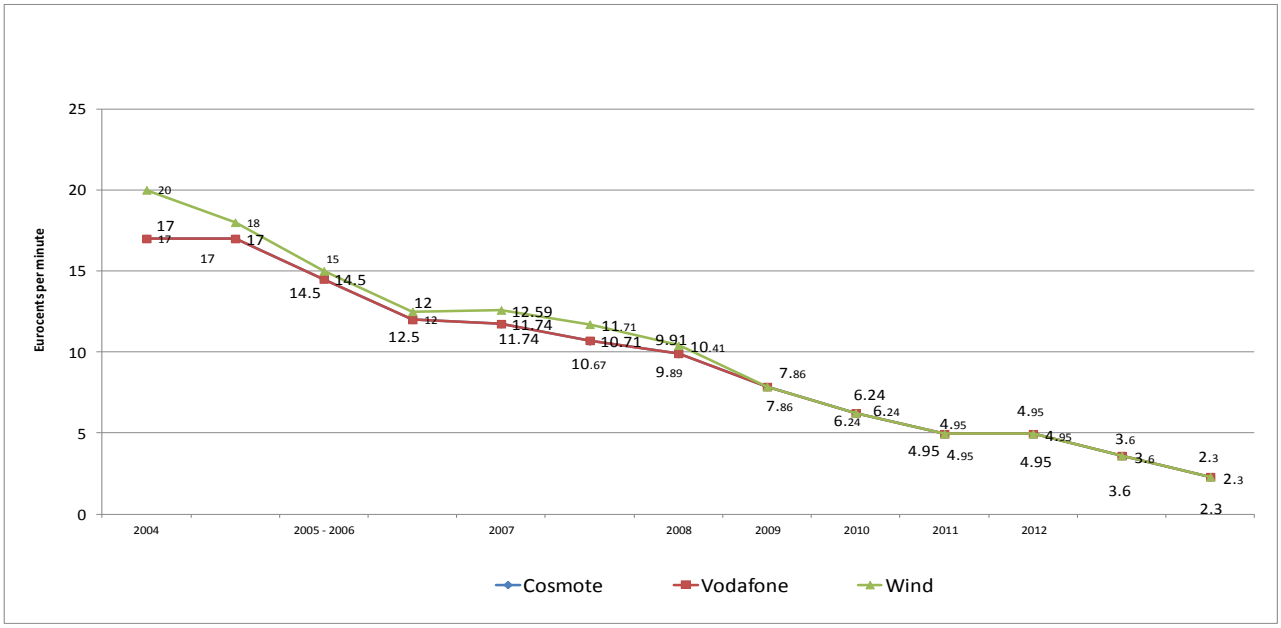
Source: EETT (based on mobile operators' data)

Chart 1.67: On-net Traffic of the Mobile Telephony Operators



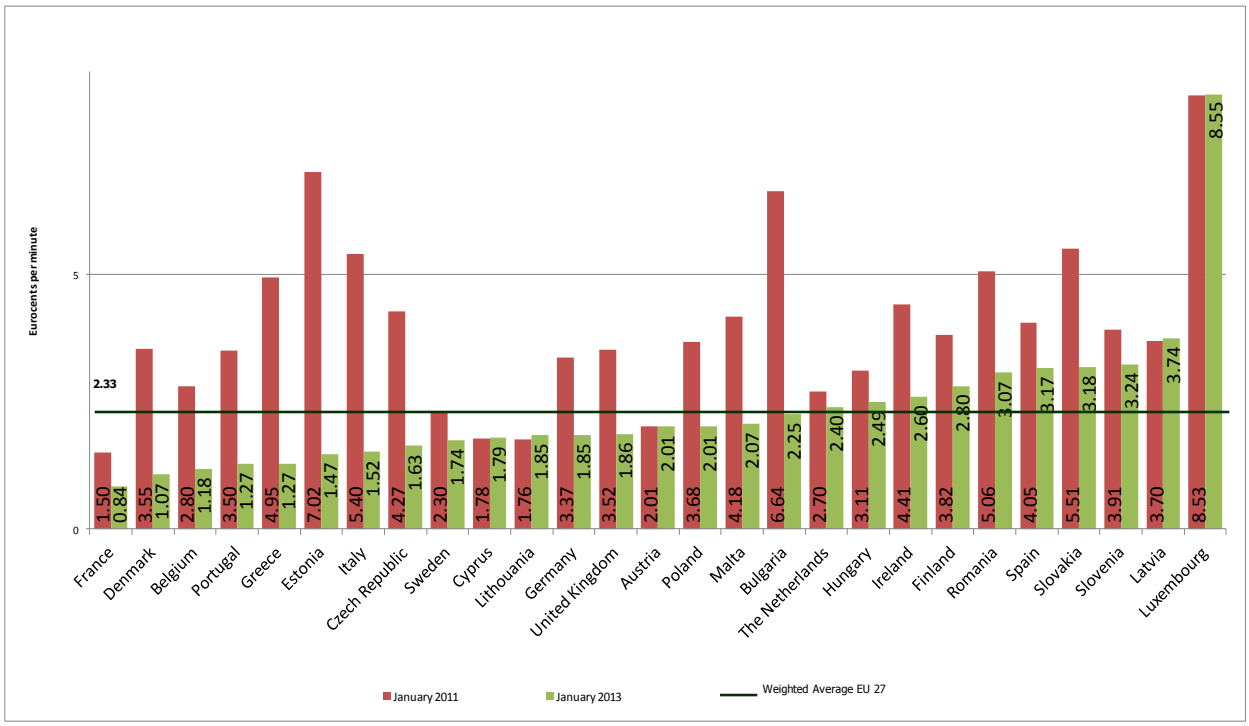
Source: EETT (based on data provided by mobile operators)

Chart 1.68: Mobile Termination Fees



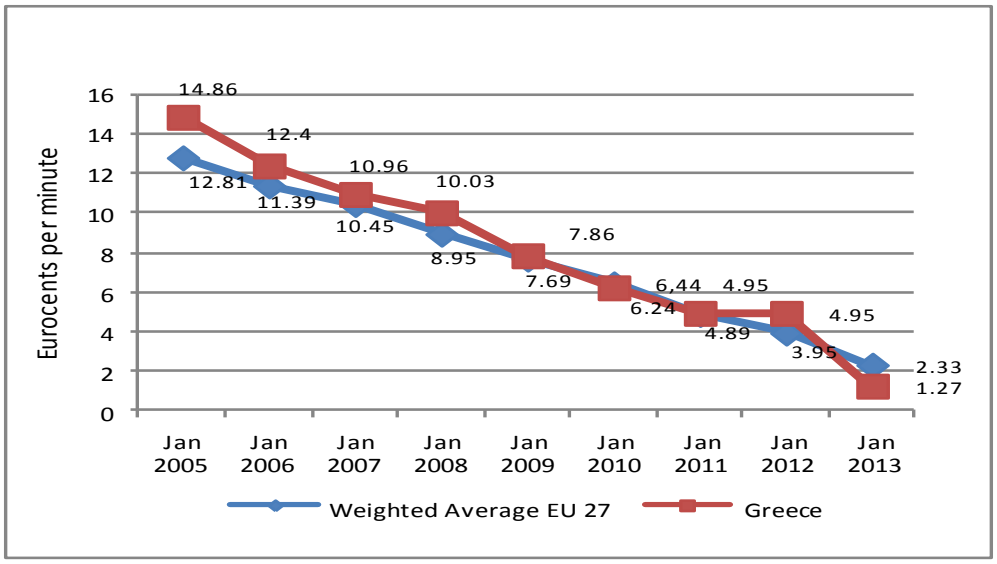
Source: EETT

Chart 1.69: Average National Termination Fee from Fixed to Mobile Phone in the EU Member States (01-01-2013)



Source: BEREC

Chart 1.70: Average National Termination Fee from Fixed to Mobile Phone



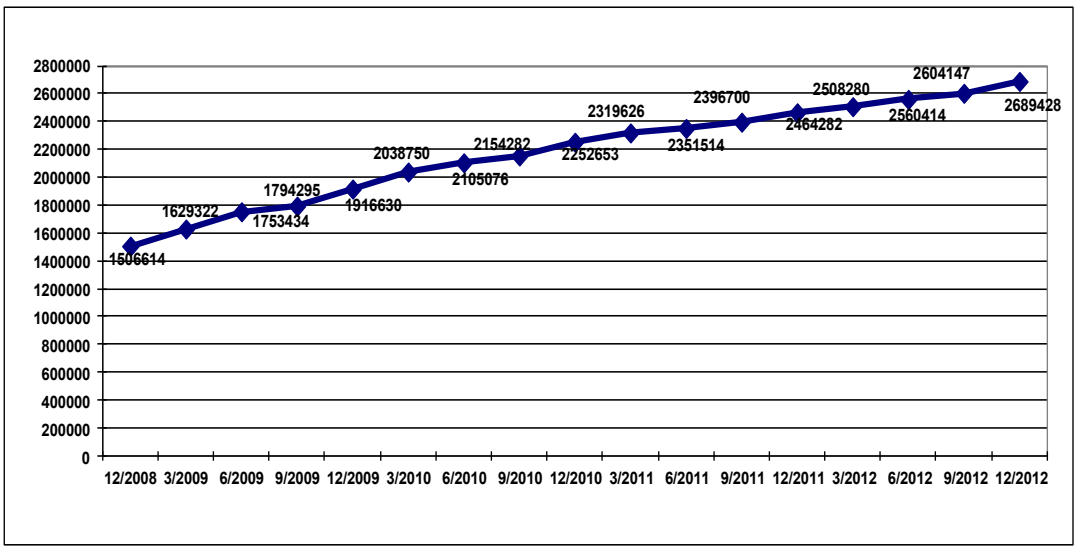
Source: BEREC

1.12. Broadband

1.12.1. Evolution of Broadband Lines

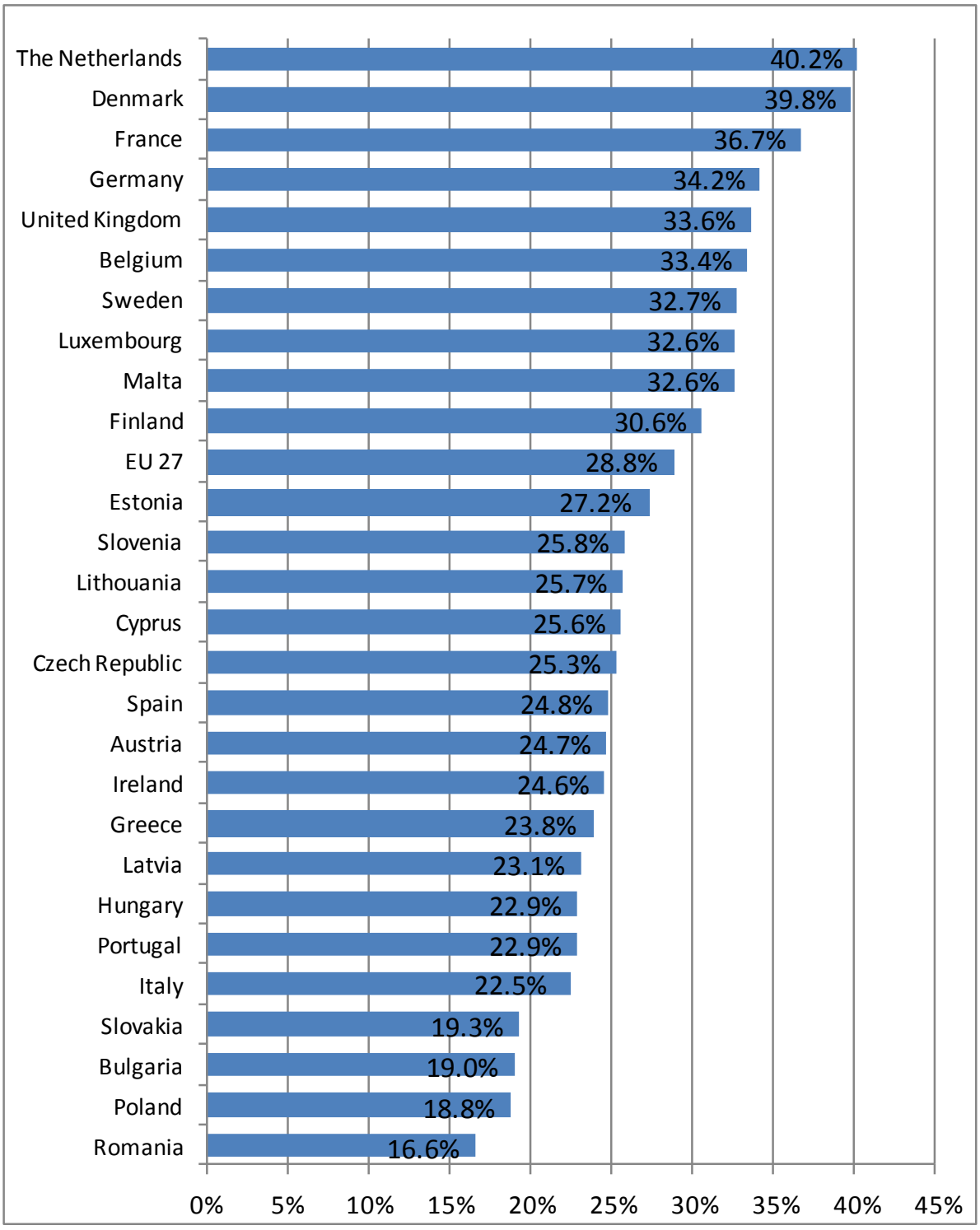
Broadband connections reached 2,689,428 at the end of 2012 compared to 2,464,282, at the end of 2011, registering an increase of 9.1% (Chart 1.71). Broadband penetration amounted to 23.8% compared to 21.8% in 2011, thus ranking Greece in the 19th place among the EU member states (21st in December 2011) (Chart 1.72). During 2012, the broadband penetration rate in Greece increased by two lines per 100 inhabitants compared to 1.8 in 2011 (225,146 lines compared to 211,629 lines respectively), a fact that shows the steady on-going convergence of Greece with the rest of Europe (Chart 1.73). In parallel, the growth rate of broadband penetration reverted to positive figures, after the continued reduction of the last years (from 4.7% in 2007 to 1.8% in 2011).

Chart 1.71: Broadband Lines



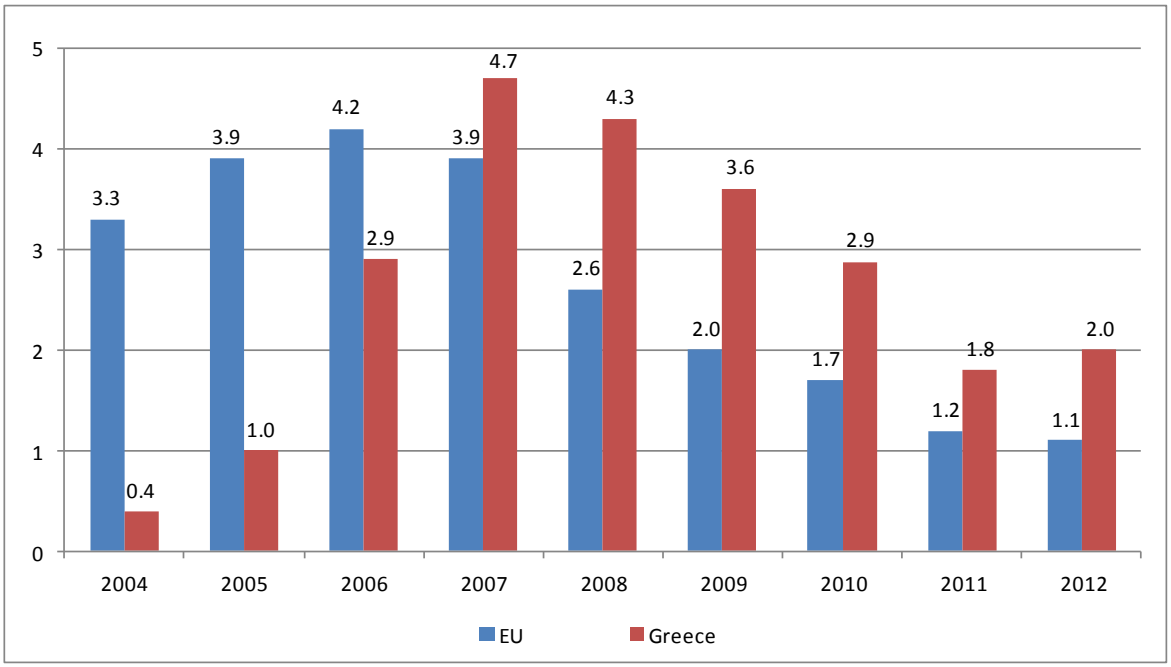
Source: EETT (based on data provided by licensed operators)

Chart 1.72: Broadband Penetration rate in the EU on 01-01-2013



Source: European Commission (Digital Agenda Scoreboard 2013)

Chart 1.73: Annual Growth of Broadband Penetration Rate in Greece and the EU (broadband lines per 100 inhabitants)

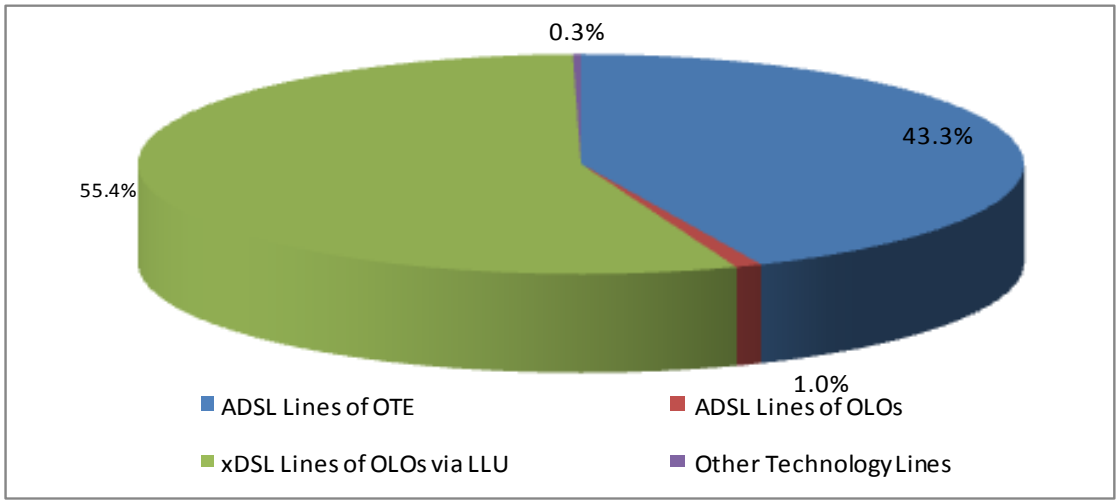


Source: EETT (based on data from the European Commission Digital Agenda Scoreboard 2013)

1.12.2. Broadband Lines per Technology

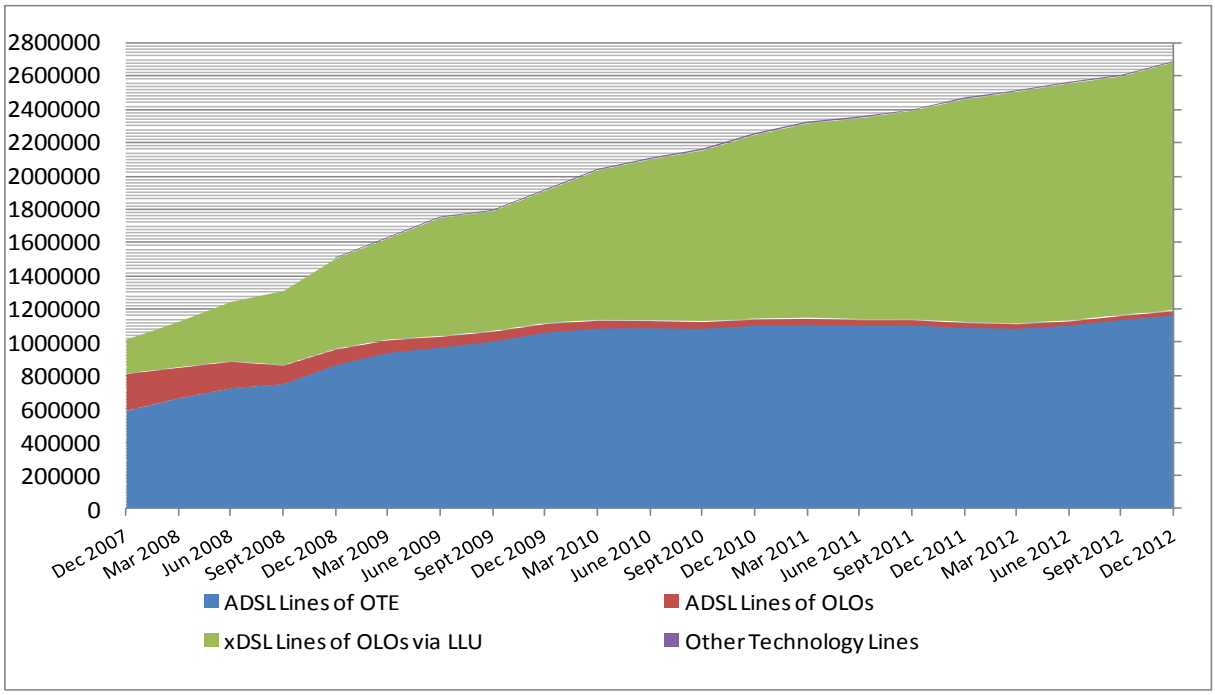
At the end of 2012, the percentage of xDSL access via LLU amounted to 55.4% of broadband lines compared to 54.3% in December 2011. Conversely, the percentage of OTE's retail ADSL lines on 31-12-2012 fell even further to 43.3% compared to 44.2% on 31-12-2011 (1,165,763 lines) and ADSL lines dropped further to 1.0% compared to 1.22% at the end of 2011 (Charts 1.74 to 1.76). Finally, the level of broadband lines of other technologies remains at negligible levels, with a percentage of 0.3%.

Chart 1.74: Distribution of Broadband lines per Technology (December 2012)



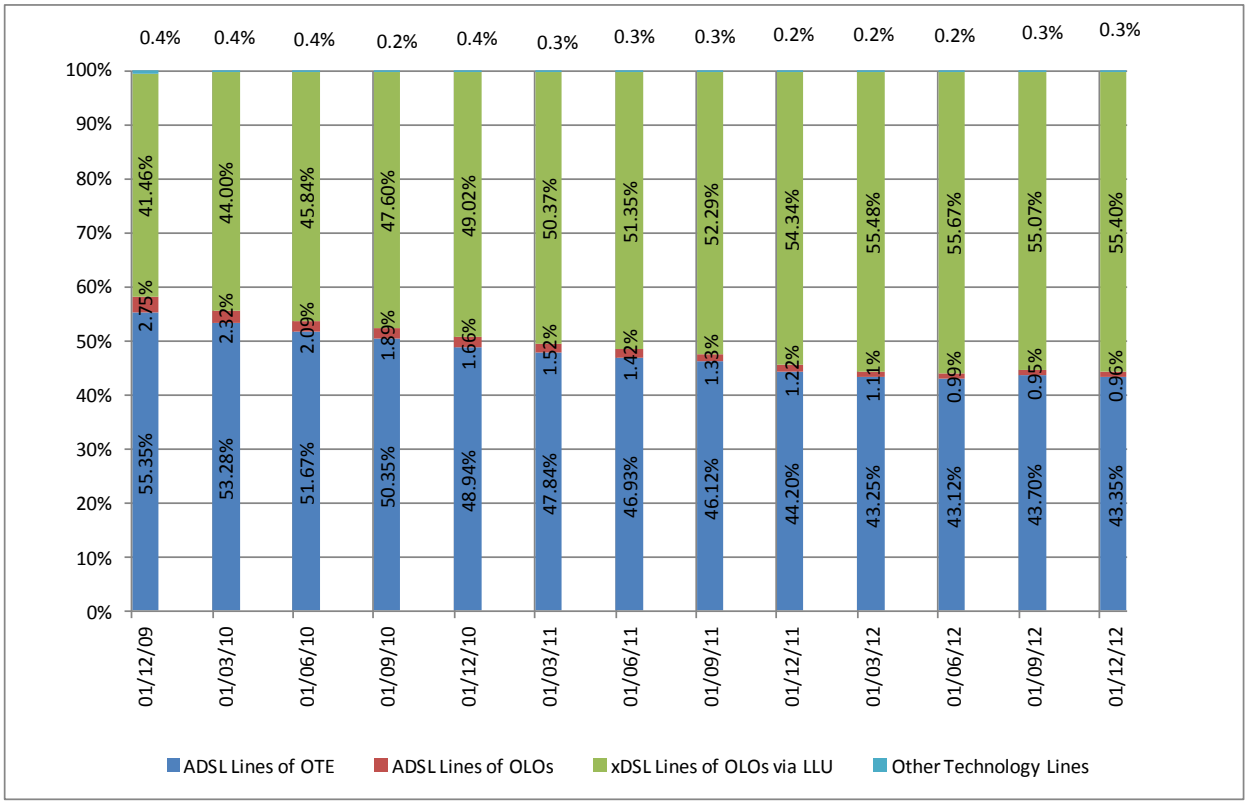
Source: EETT (based on data provided by licensed operators)

Chart 1.75: Broadband Lines per Technology



Source: EETT (based on data provided by licensed operators)

Chart 1.76: Distribution of Broadband Lines per Access Type

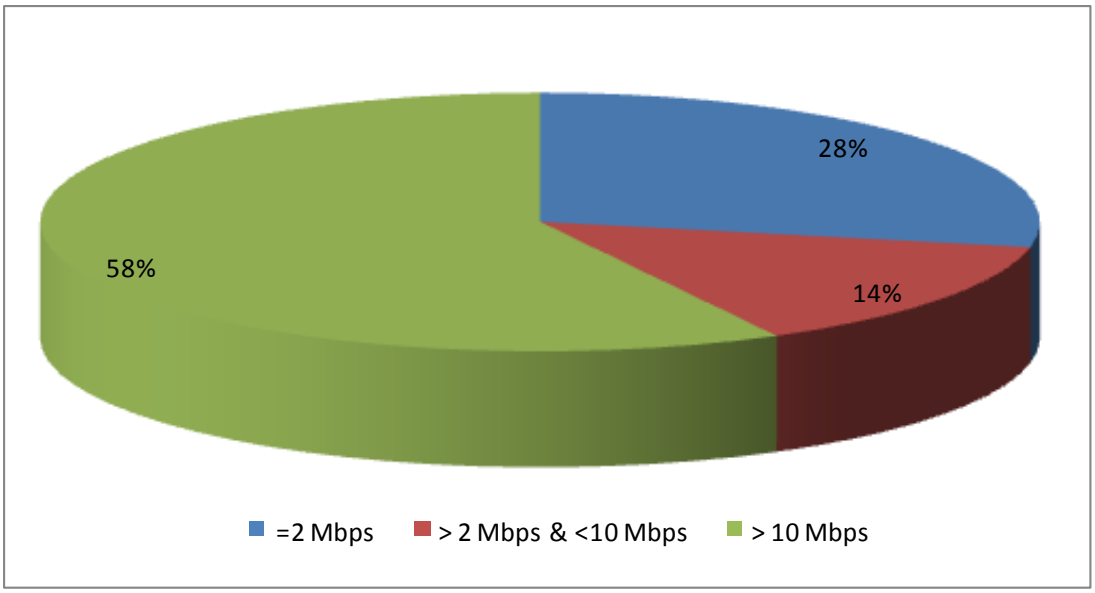


Source: EETT (based on data provided by licensed operators)

1.12.3. Broadband Line Speeds

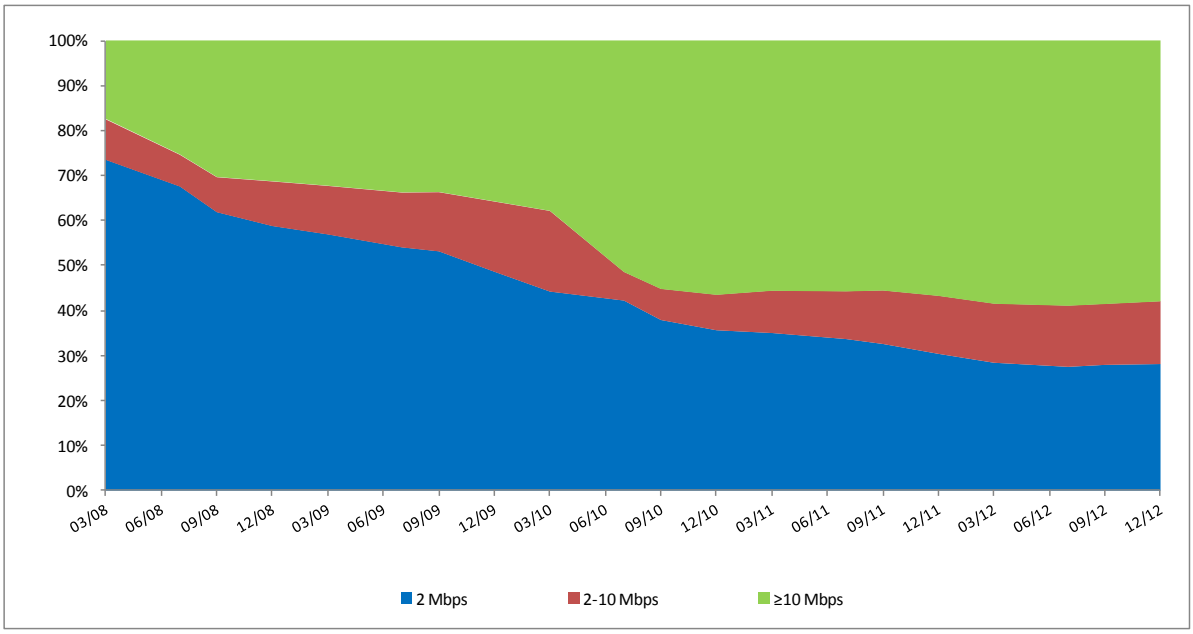
Chart 1.77 illustrates the distribution of the total broadband lines by access speed. Most broadband lines (58%) operate at speeds (download) of more than 10 Mbps. The broadband high speed lines (over 10 Mbps) also include the 3,165 VDSL lines with speeds up to 35 and 50 Mbps, provided by OTE and certain alternative operators. Chart 1.78 presents the progress of broadband lines per category of access speed. The average speed of ADSL lines (wholesale and retail) remained the same - a little over 11 Mbps (Chart 1.79).

Chart 1.77: Percentage Distribution of Broadband Line Speeds (December 2012)



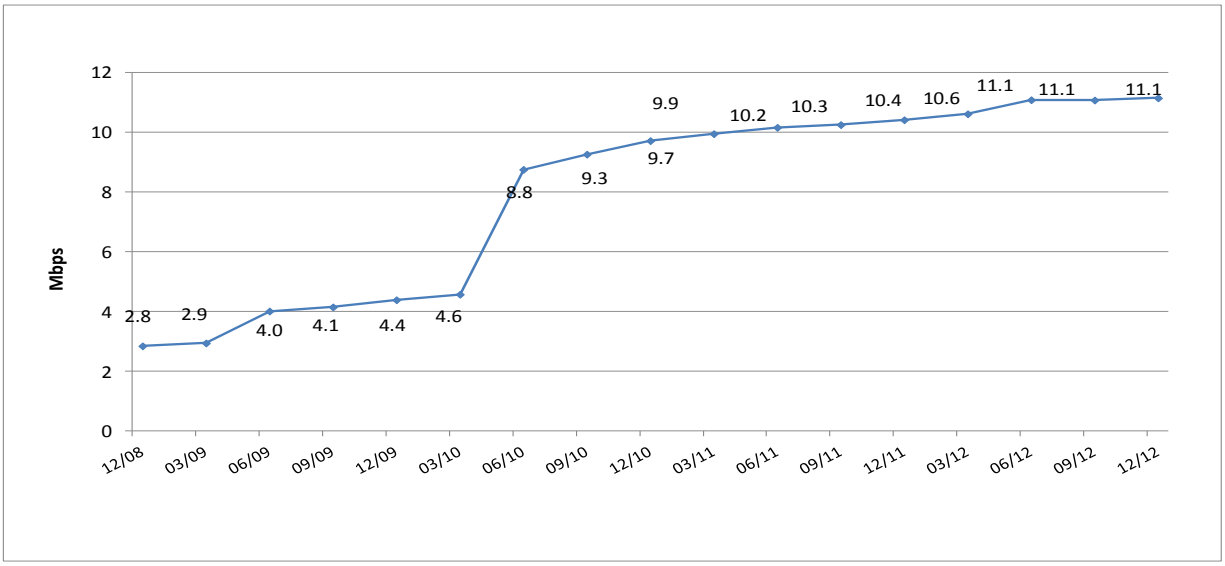
Source: EETT (based on data provided by licensed operators)

Chart 1.78: Broadband Line Speeds



Source: EETT (based on data provided by licensed operators)

Chart 1.79: Average Access Speed

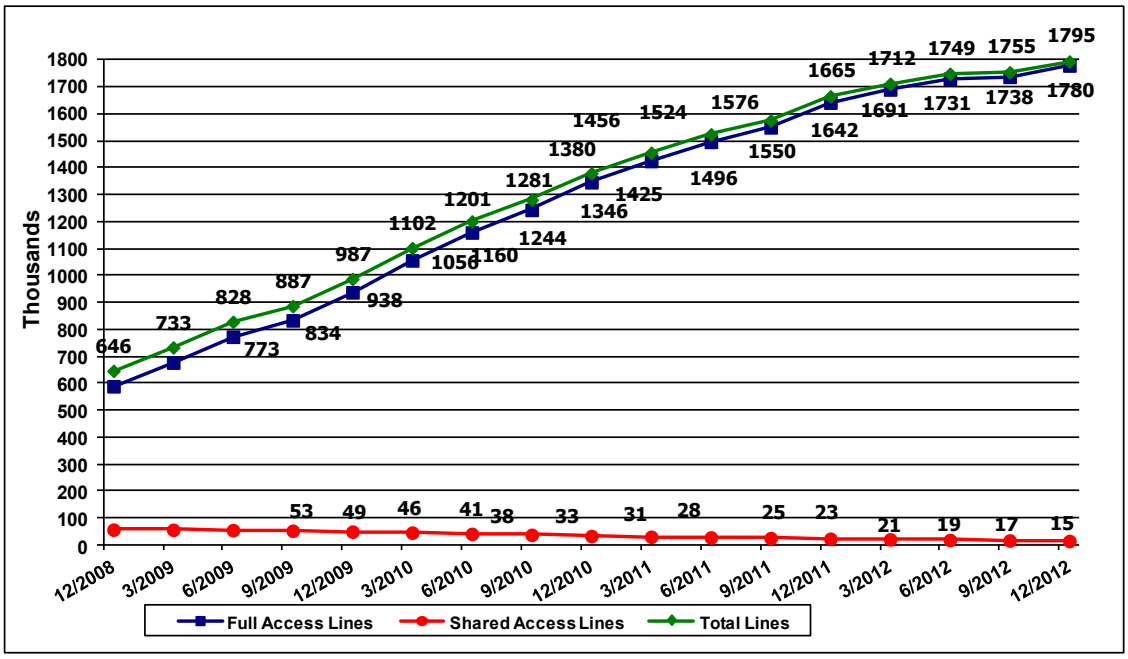


Source: EETT (based on data provided by licensed operators)

1.12.4. Local Loop Unbundling

ADSL access via LLU (Chart 1.80) kept rising during 2012 and reached 1,794,558 lines at the end of the year compared to 1,665,255 at the end of 2011 (an increase of 7.8% compared to 20.7% in 2011). This increase is entirely due to full access lines, which amounted to 1,779,852 at the end of the year compared to 1,642,183 at the end of 2011 (up by 8.3%). Conversely, the number of shared access lines kept falling and reached 14,706 lines at the end of the year compared to 23,072 lines at the end of 2011 (a 36.3% decrease).

Chart 1.80: LLU lines

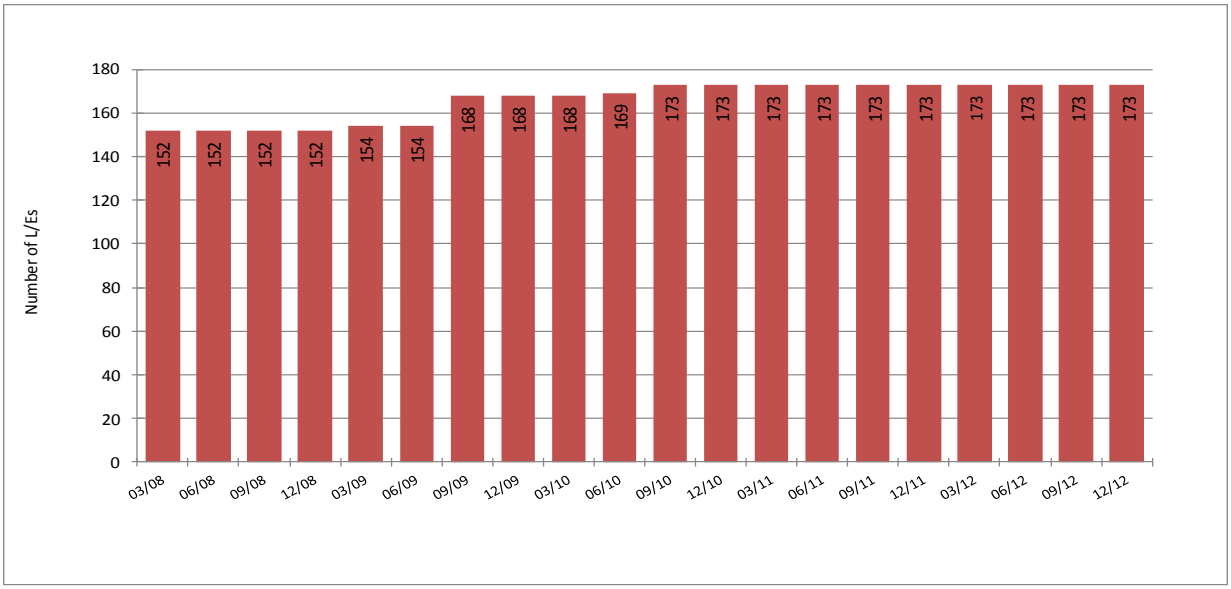


Source: EETT (based on data provided by licensed operators)

1.12.5. Collocation

Chart 1.81 demonstrates the progress of OTE's Local Exchanges (L/Es) providing physical collocation to OLOs. There is no change since the end of 2009.

Chart 1.81: Physical Collocation



Source: EETT (based on data provided by licensed operators)

2. Postal Services Market

This session of the review presents the postal market figures for 2012, which was a year of preparation and important changes in view of the liberalization of the Greek postal market that took place on January 1st 2013. During the year, the revenues and the number of postal items handled continued to fall. This decrease started in 2009, when the economic recession began in Greece. With respect to the postal business revenues, the Universal Service (US) suffered a greater reduction compared to the courier sector, which resulted in the increase of the share of couriers from 41.6% in 2011 to 44% in 2012. With respect to the number of postal items handled, in 2012, there was a slight slowdown in the rate of reduction compared to 2011. The number of letters handled suffered the largest drop, mainly due to the recession, but also because conventional mail is being replaced more and more by emails. The corresponding reduction in the number of parcels was very small. However, the prospects of the specific category of postal items remain positive due to the growth of e-commerce. A slowdown was also observed in the rate of reduction in the number of employees in the postal market in 2012, allowing some optimism about halting the negative trends of the previous years.

At the regulatory level, an important development was the Postal Law 4053 that entered into effect in March 2012 and transposed European Directive 2008/6/EC into national law. The Law permitted the full opening of the postal market to competition, as of January 1st 2013, whilst it ensured the provision of US for every user within Greek territory. On the basis of the competences assigned to EETT by virtue of the above Law, EETT prepared the secondary legislative framework for licensing companies that provide postal services, protecting consumers and other matters, which was put to public consultation within 2012.

In the context of shaping a liberalized and competitive postal market, EETT within 2012, published its annual survey of the postal market for the year 2011, which includes figures and financials for the sector, whilst it also publicized a set of eleven proposals after benchmarking the Greek market against the European markets. Moreover, in order to better serve consumers and businesses, EETT upgraded the Geographic Information System (GIS) on postal services in the Greek territory, and extended its web application so that providers can electronically submit their requests and receive the Certificates of Registration in its Registry. At the same time, in order to facilitate the businesses that are members of courier company networks, EETT developed a new electronic application that permits the issuing of indefinite term licenses for company trucks instead of six month licenses, as was the case so far.

2.1. Main Financials for the Greek Postal Market

Two categories of companies operate on the Greek postal market:

a) Companies with an individual license. These also include ELTA, which by virtue of Law 4053/2012, continue to operate as Universal Service Provider (USP) until 2028, whilst it ceases to have the monopoly for handling postal items up to 50g, as of January 1st 2013.

b) Courier companies, which operate under the General Authorisation status. This market operates under competition conditions.

In 2012, the postal market revenues amounted to 572.8 million euros from handling 516.6 million items, as shown in Tables 2.1 and 2.2 respectively. The downturn observed in postal traffic, pertains both to revenues (-10.7% compared to 2011) as well as the volume of the postal items handled (-12.5% compared to 2011). This reduction stemmed mainly from the USP and to a lesser degree from the courier companies.

Table 2.1.: Revenues of the Greek Postal Market (in euro)

	2011	2012	2012/11
USP	370,863,941	317,486,486	-14.4%
Individual Licenses	4,066,429	3,485,885	-14.3%
Courier Companies	266,611,909	251,813,646	-5.6%
Total Market	641,542,279	572,786,017	-10.7%

Source: EETT (based on data provided by the postal businesses)

Table 2.2.: Number of Items handled by the Postal Market (in items)

	2011	2012	2012/11
USP	531,342,754	461,361,248	-13.2%
Individual Licenses	10,933,377	8,064,947	-26.2%
Courier Companies	48,286,382	47,162,449	-2.3%
Total Market	590,562,513	516,588,644	-12.5%

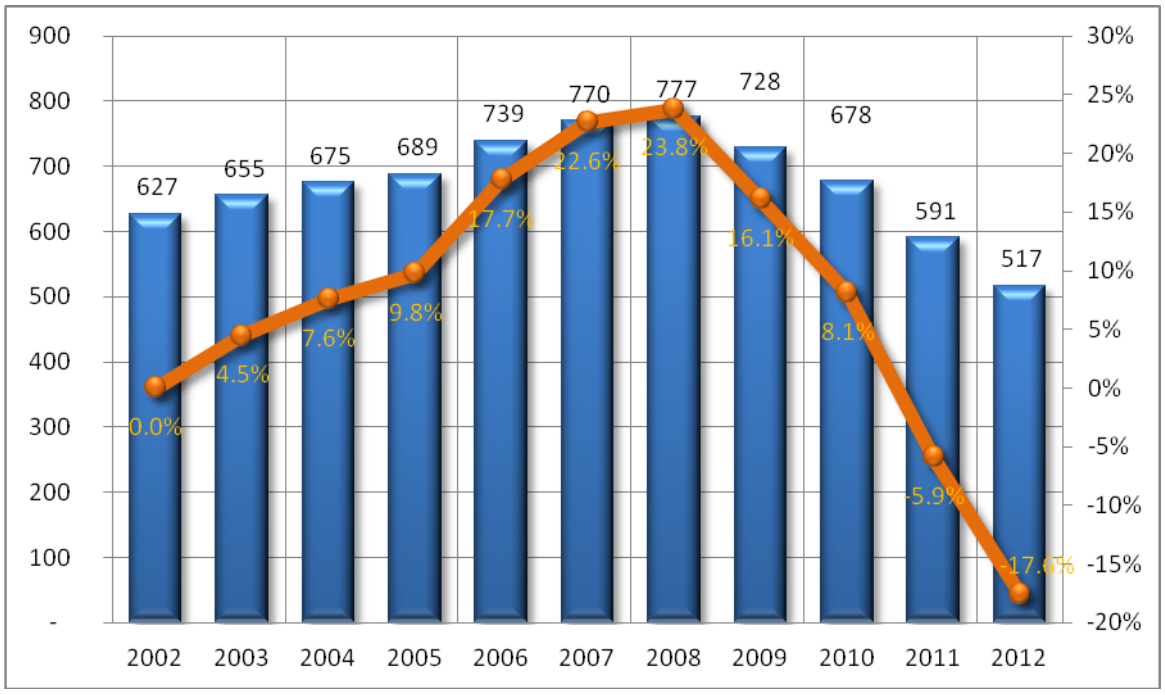
Source: EETT (based on data provided by the postal businesses)

2.2. Evolution of the Postal Market with respect to the Number of Postal Items

In 2012, the reduction in postal items handled, which was observed for the first time in 2009, continued (Chart 2.1). In total, 516.6 million postal items were handled (letters and parcels), in the Greek market, corresponding to a reduction of approximately 17.6% compared to a decade ago.

Chart 2.1.: Growth of the number of postal items (with 2002 as the baseline year)

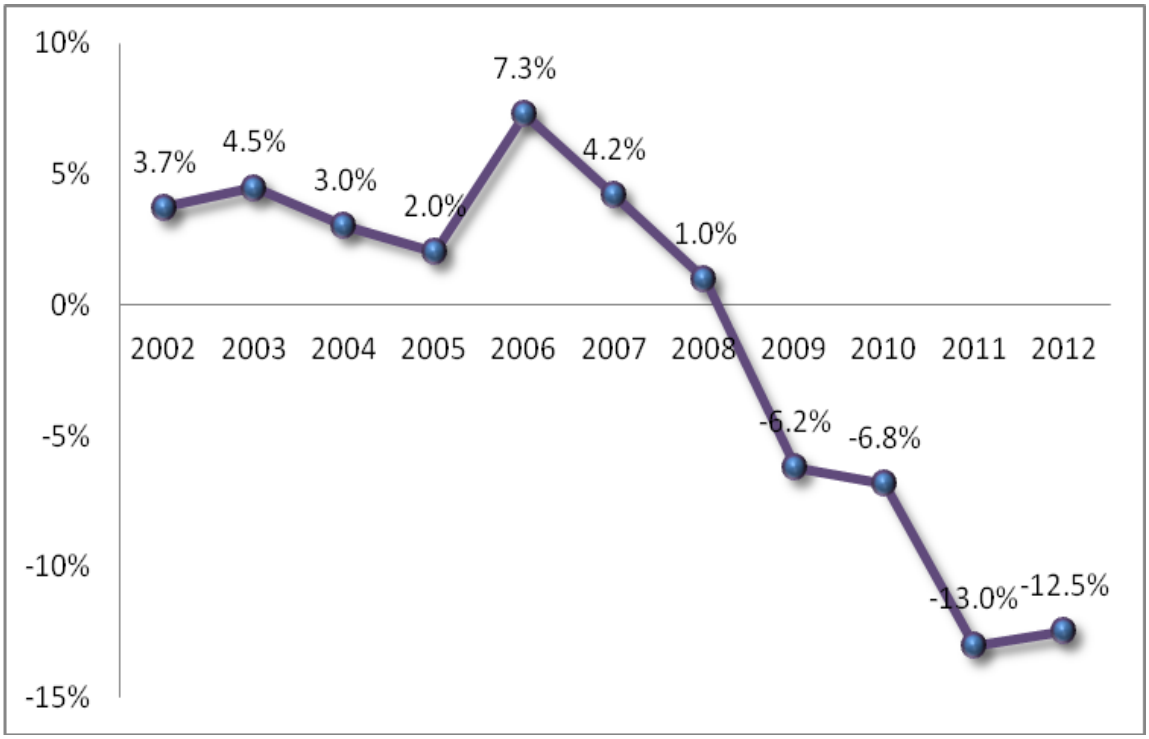
In millions



Source: EETT (based on data provided by the postal businesses)

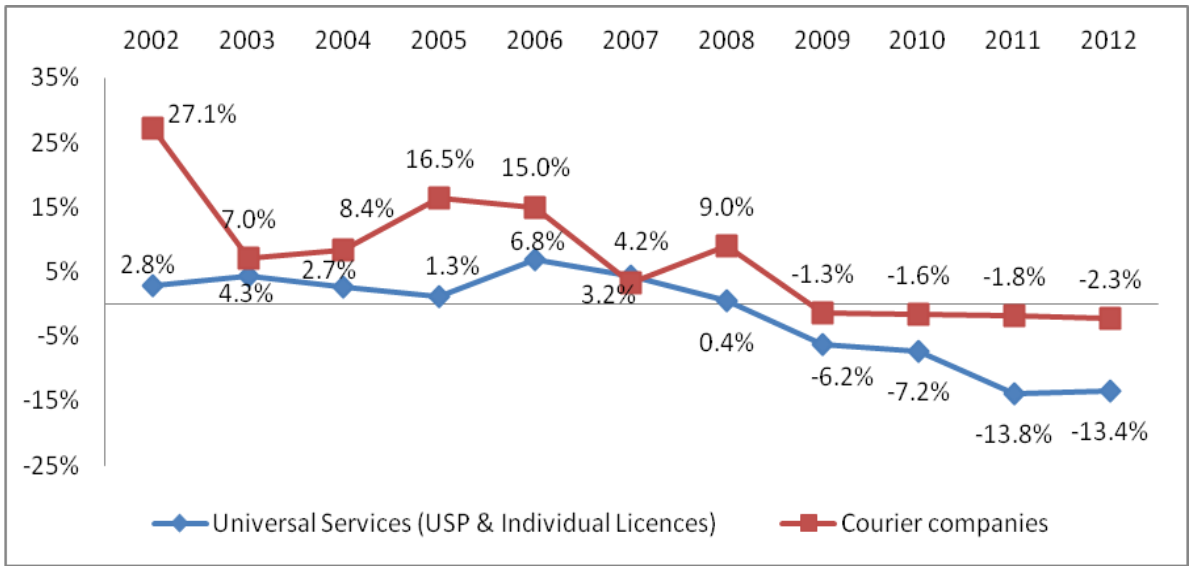
In 2012 with respect to 2011, the volume of the postal market (in items) fell by 12.5%, i.e. 74 million items (Chart 2.2). It should be noted that this reduction originated mainly from letter mail.

Chart 2.2.: Annual change in number of items in the Greek market (2002-2012)



Source: EETT (based on data provided by the postal businesses)

Chart 2.3.: Annual change for US and couriers in number of items (2002-2012)

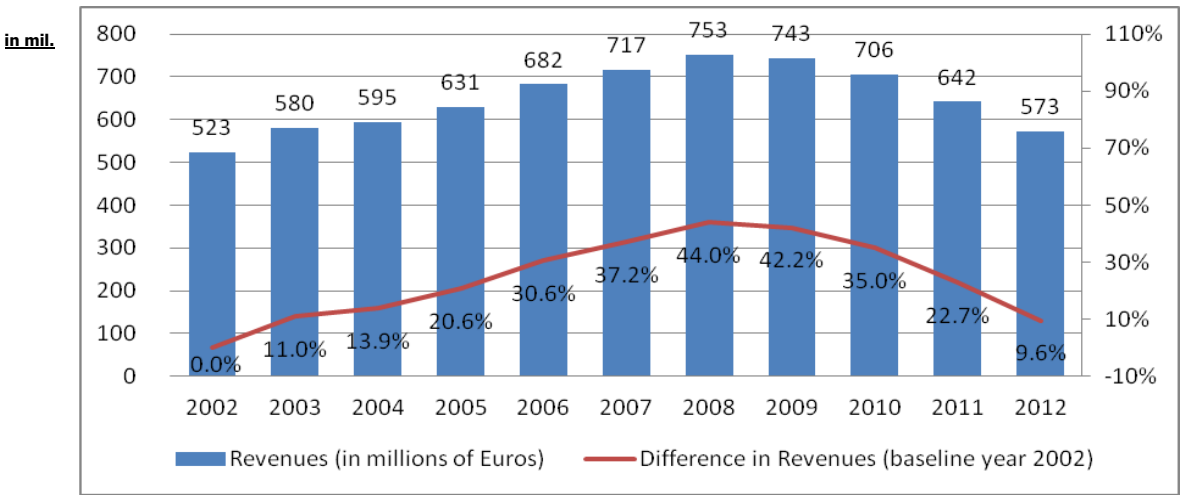


Source: EETT (based on data provided by the postal businesses)

2.3. The Evolution in the Postal Market in terms of Value

In precisely the same pattern as for the reduction in postal items, the fall in revenues also began in 2009 and continued in 2012 (Chart 2.4). Overall, in 2012 the postal market's value dropped 69 million euro compared to the previous year.

Chart 2.4: Development of the Postal Market Revenues with reference to 2002

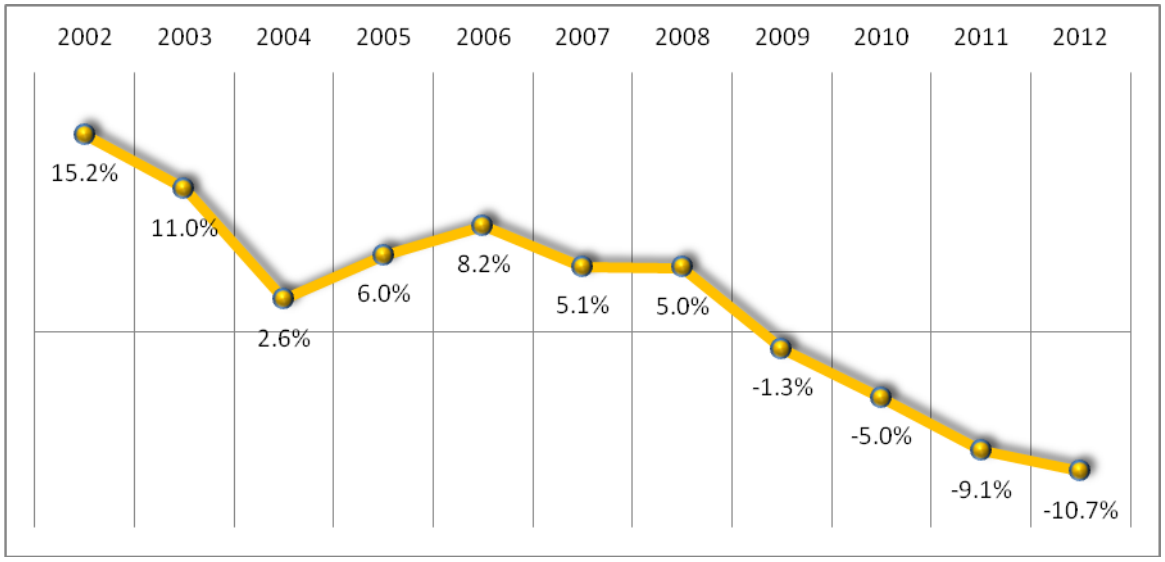


Source: EETT (based on data provided by the postal businesses)

In 2012, the drop in postal market revenues was not as large as that of 2011, as reflected in Chart 2.5. This development is ascribed to the reduction in the number of postal items handled and at the same time to the reduction in the end prices/charges due to stiff competition.

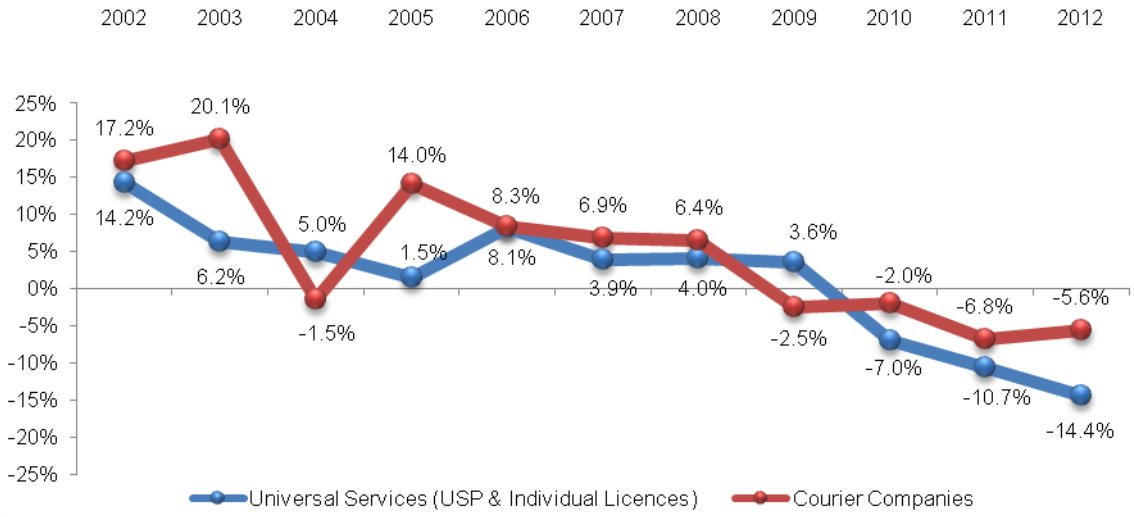
In the same manner as for postal items handled, the USP experienced the greatest reduction in revenues in 2012.

Chart 2.5: Annual change in the postal market revenues



Source: EETT (based on data performed by the postal businesses)

Chart 2.6.: Comparison of the annual change in the revenues between US and couriers

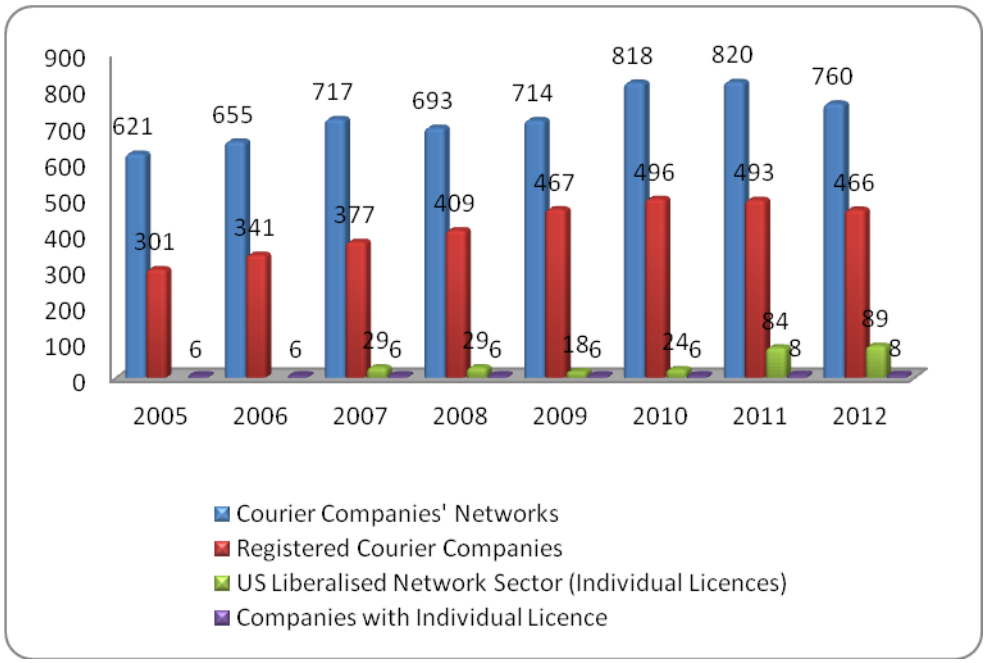


Source: EETT (based on data provided by the postal businesses)

2.4. Postal Businesses and Market Shares

The number of companies with General Authorisation (Couriers) registered on EETT's Registry (including their networks) amounted to 1,226 on December 31st 2012 (Chart 2.7).

Chart 2.7: Development of the number of licensed postal businesses (2005–2012)

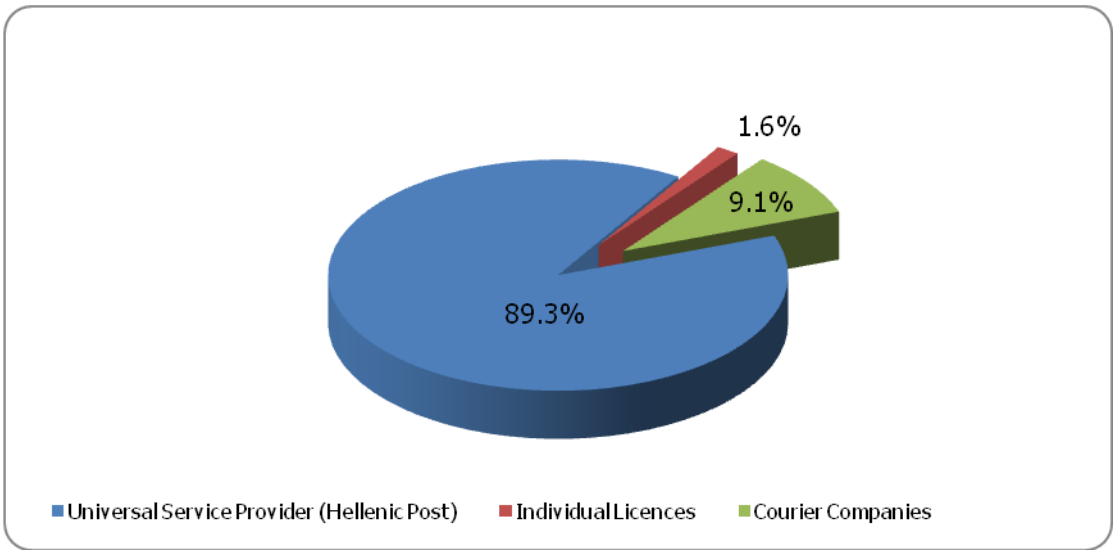


Source: EETT Registry of Postal Services on 31-12-2012

In 2012, the USP (ELTA) retained their market leadership with an 89.3% share, with respect to the number of postal items handled (Chart 2.8). This percentage, however, is lower than in 2011. The

courier companies had a share in the order of 9.1%, which was higher than in 2011, whilst the companies with individual licenses handled 1.6% of the market.

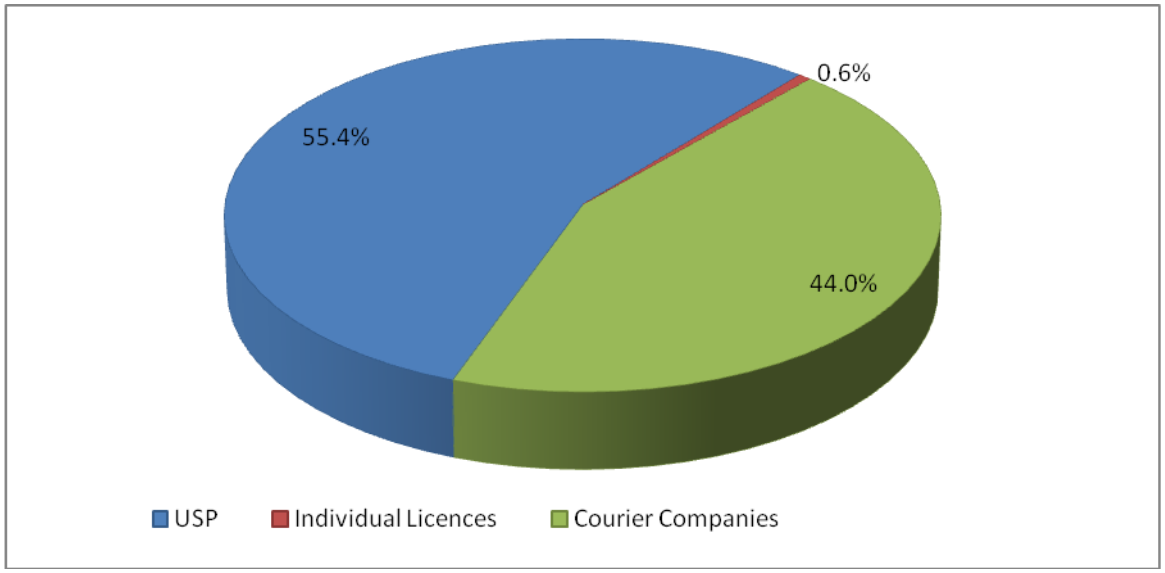
Chart 2.8: Market Shares per Type of Provider in terms of the number of Postal Items (2012)



Source: EETT (based on data provided by the postal businesses)

In terms of value, as illustrated in Chart 2.9, couriers held 44% of the market, a greater share than in 2011, as opposed to the USP (ELTA) that held approximately 55.4% of the market (in terms of value), a lower share than in 2011. Companies with an individual license hold a very small share of this market.

Chart 2.9: Market Shares per Type of Provider in terms of Value (2012)

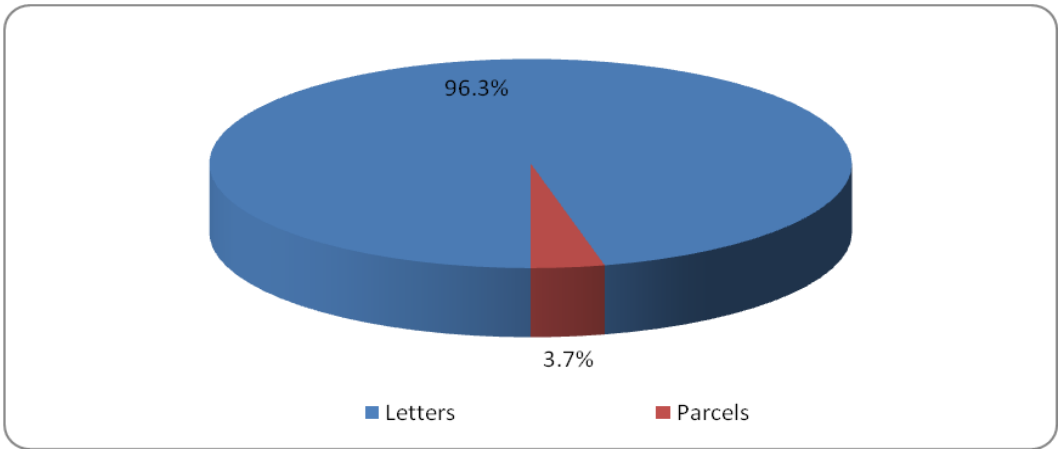


Source: EETT (based on data provided by the postal businesses)

2.5. Analysis of the Postal Market per Type of Postal Item

Postal items are classified into letters and parcels. As illustrated in Chart 2.10, the larger share of postal items handled in 2012 comprised of letters and amounted to 96.3%. The remaining percentage, i.e., 3.7% corresponded to parcels handled.

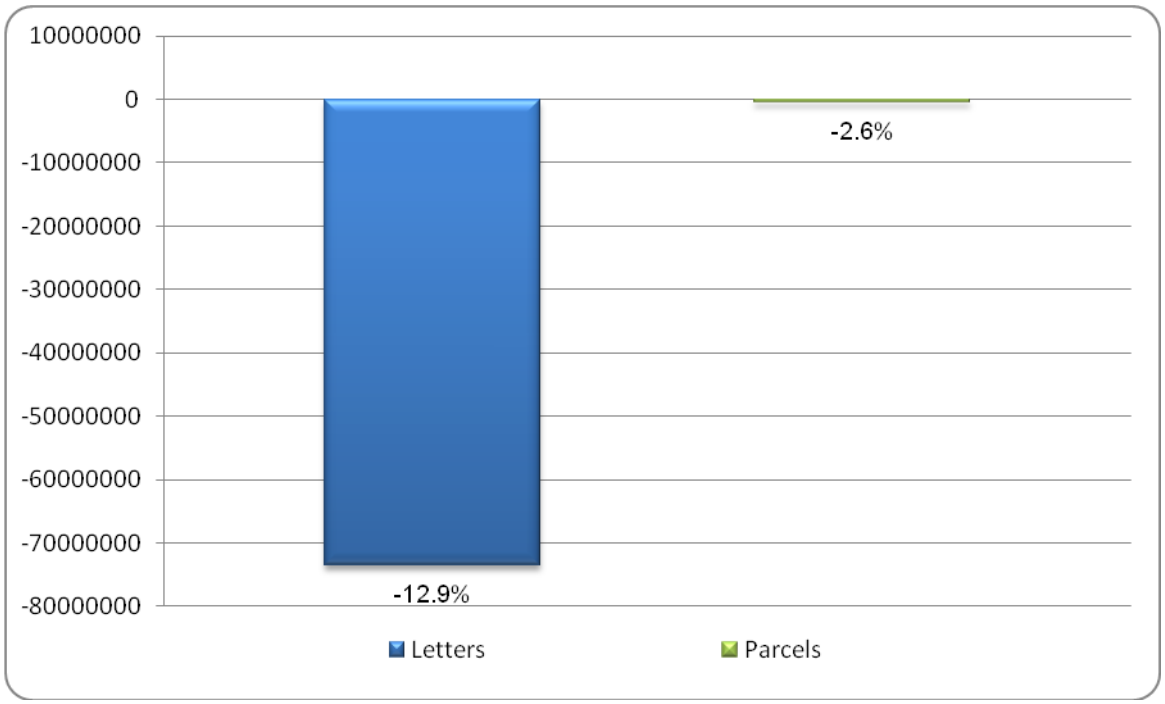
Chart 2.10: Distribution of Postal Items per Type (2012)



Source: EETT (based on data provided by the postal businesses for the postal market study)

The number of letters handled fell by 73.5 million items, a change of -12.9% compared to 2011, whilst the number of parcels handled dropped only by 0.5 million items that corresponds to a change of -2.6% with respect to 2011.

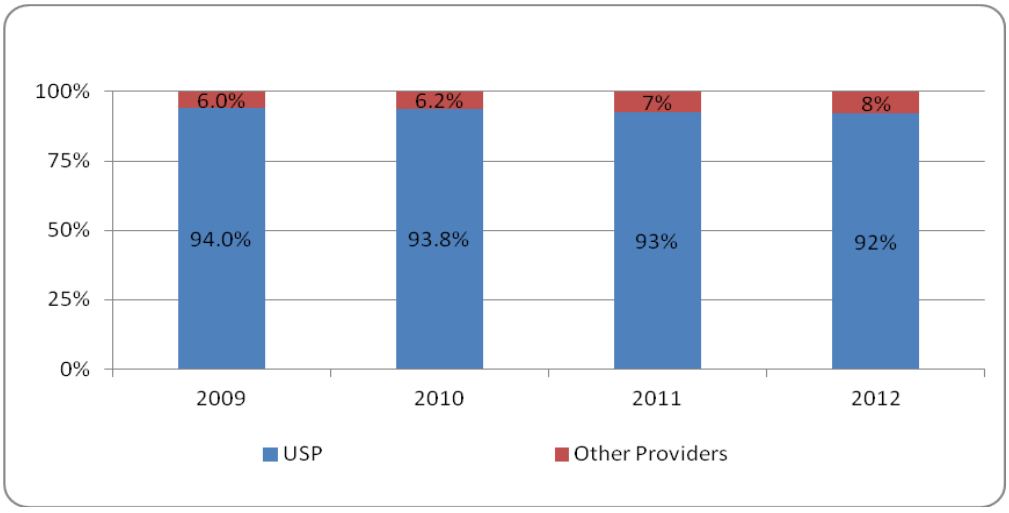
Chart 2.11: Change in the Number of Postal Items with respect to 2011



Source: EETT (based on data provided by the postal businesses)

With respect to market shares in the letter category, the USP handled 92% of the entire volume of letters on the Greek postal market, remaining the market leader, whilst the remaining providers handled 8% thereof in 2012 (Chart 2.12). As a result of the significant drop in the number of letters handled in 2012 with respect to 2011, the reduction in the letters handled by the USP was 69.7 million letters, whilst that of other providers (couriers and individual license businesses) was 3.8 million letters.

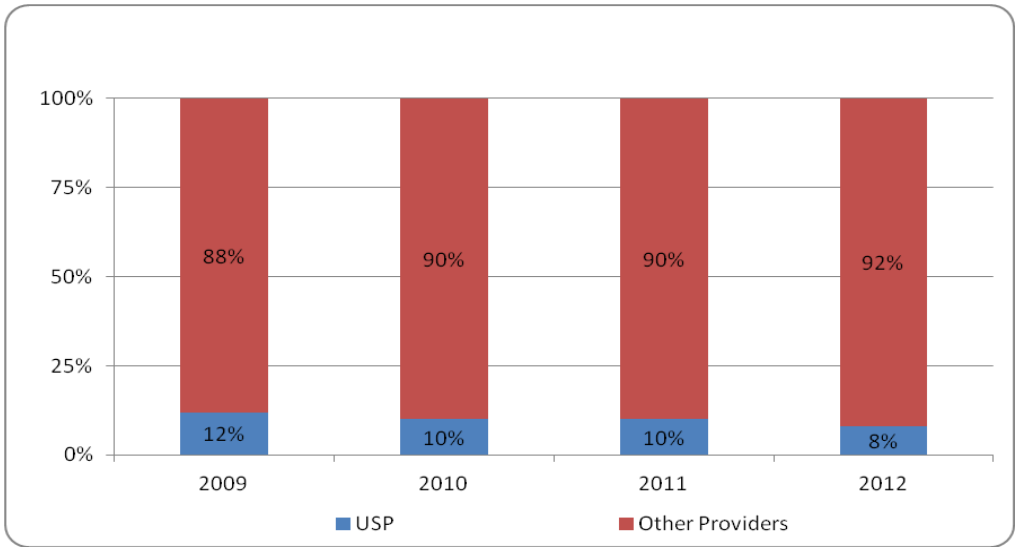
Chart 2.12: Mail Market Shares in terms of Numbers (2009-2012)



Source: EETT (based on data provided by the postal businesses)

However, in the parcel category, the other providers are market leaders (i.e., couriers and companies with an individual license as illustrated in Chart 2.13), handling 92% of the total number of parcels in the Greek postal market.

Chart 2.13: Parcel Market Share in terms of Numbers (2009-2012)



Source: EETT (based on data provided by the postal businesses)

2.6. Employment in the Postal Market

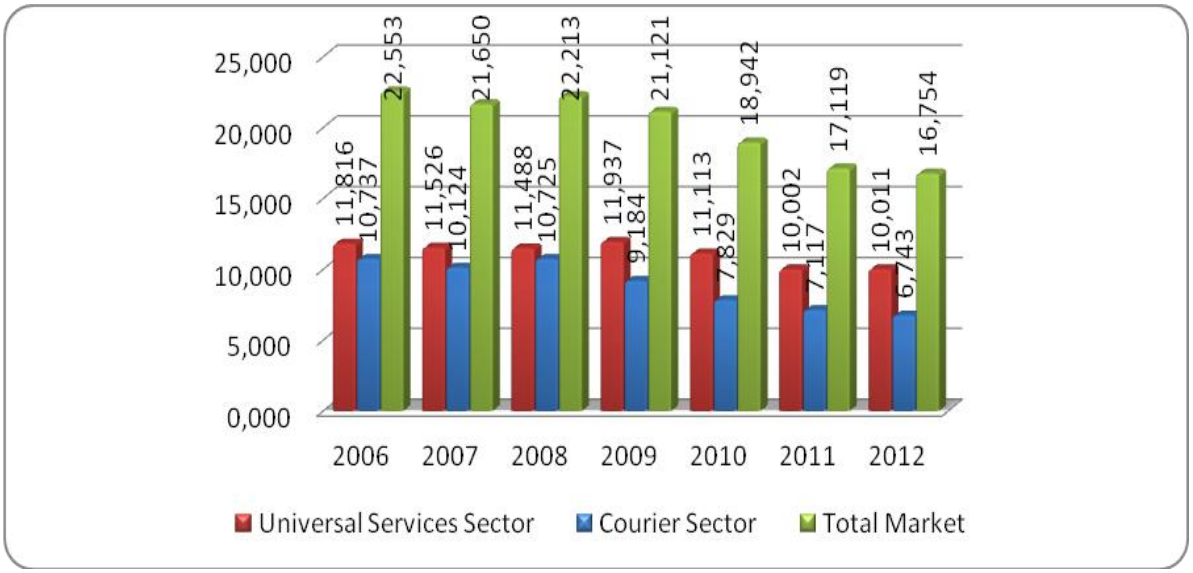
The number of persons employed in the postal market fell a bit more in 2012, with a reduction of 365 employees compared to the reduction of 1,823 employees in the previous year.

Table 2.3: Number of Persons Employed in the Postal Market (2011-2012)

	2011	2012	2012 / 2011 (%)
USP	9,815	9,857	0.4%
Individual Licenses	187	154	-17.6%
Couriers	7,117	6,743	-5.3%
Total Market	17,119	16,754	-2.1%

Source: EETT (based on data provided by the postal businesses)

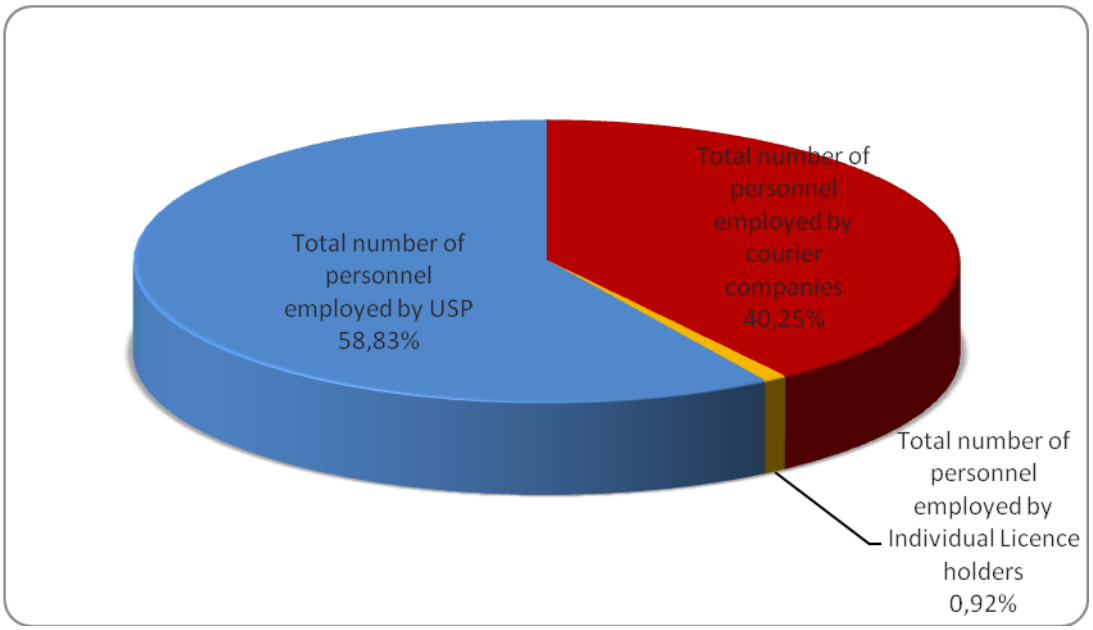
Chart 2.14: Employment in the Postal Market (2006–2012)



Source: EETT (based on data provided by the postal businesses)

As illustrated in Chart 2.15, 58.8% of those employed in the postal market work for the USP, whilst the remaining 41.2% work for other providers.

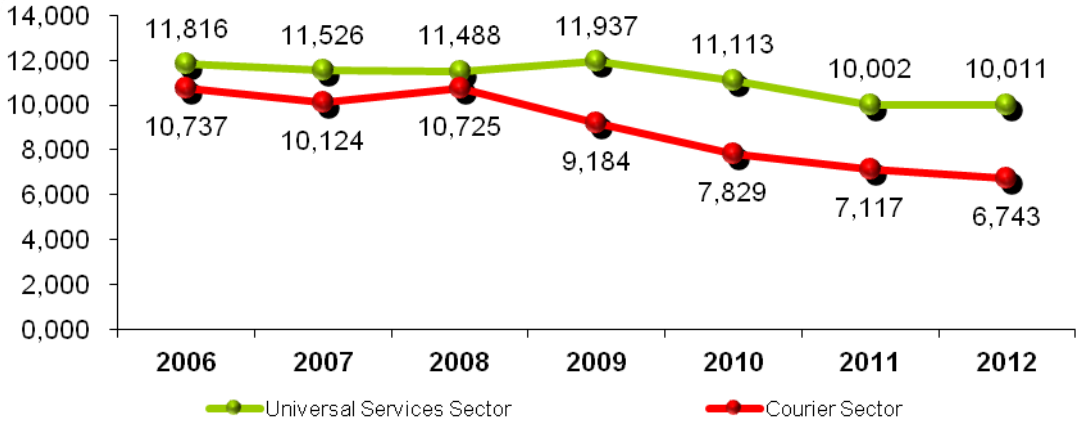
Chart 2.15.: Distribution of Employees in the Postal Market (2012)



Source: EETT (based on data provided by the postal businesses)

The reduction in personnel was approximately 5% in couriers, whilst in the US sector there was a slight increase of about 0.09% (Chart 2.16).

Chart 2.16: Development of Number of Employees in the Postal Market over Time (2006–2012)

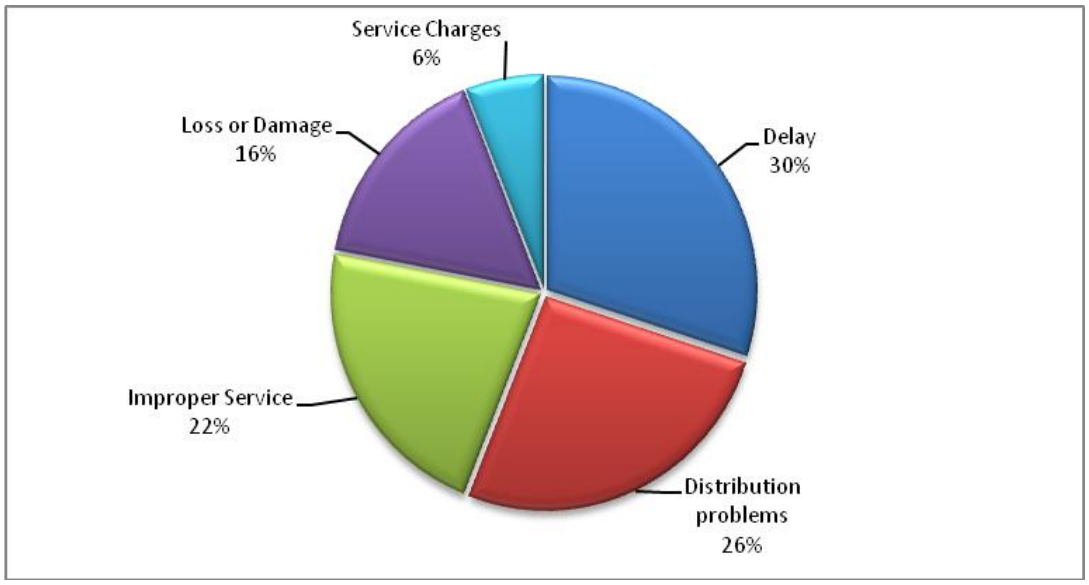


Source: EETT (based on data provided by the postal businesses)

2.7. Complaints of postal market customers

In the context of protecting consumer rights, EETT's Consumer Service Sector (CSS) received and handled 172 written requests and complaints, of which 64% were related to issues in US provision. The complaints for courier services pertained as a rule to the delayed delivery of an item, issues related to losses or damages and issues of improper customer service, whilst with respect to US there were also problems related to distribution. A detailed breakdown of all written complaints is demonstrated in Chart 2.17.

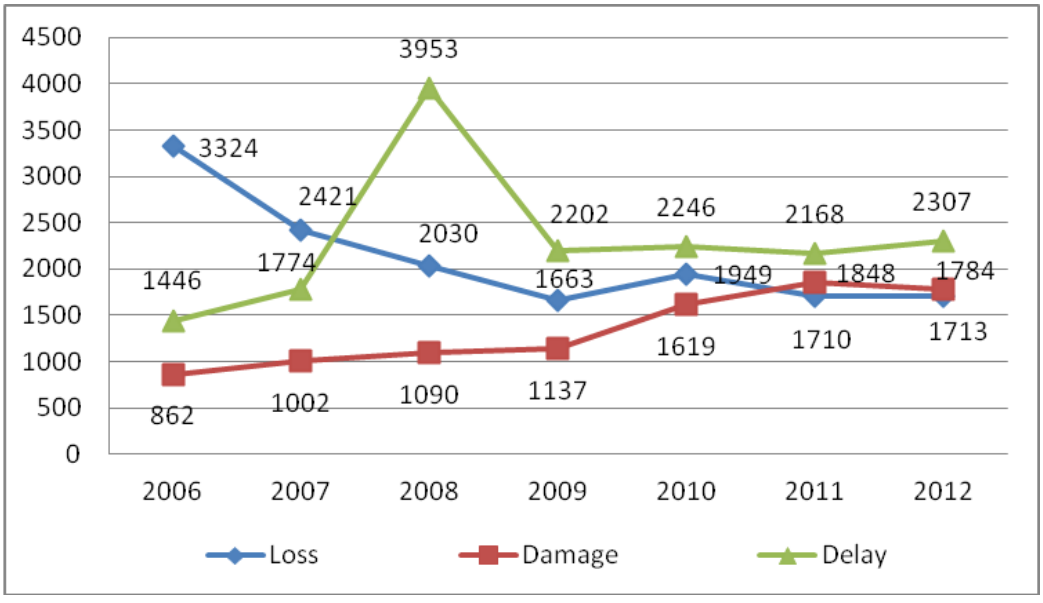
Chart 2.17: Classification of Written Complaints / Requests concerning Postal Services (2012)



Source: EETT's Consumer Service Sector

During 2012, complaints submitted for postal companies with respect to loss, damage or delay in the delivery of the postal items reached 4,863 compared to 5,726 submitted in the previous year. The complaints concerning the loss of postal items remained at approximately the same level as in 2011, those concerning delayed delivery decreased by 37%, whilst complaints for damage decreased by 3.5%. Finally, 941 complaints concerned other causes, such as differences in charging, bad staff behaviour and others.

Chart 2.18: Development of number of charges per type (2006–2012)



Source: EETT (based on data provided by the postal businesses)

Appendices

A. Glossary

TERM	DEFINITION
Activity Ratios	These reflect the efficient utilization of a provider's assets. Specifically, the average collection of receivables is the time period needed by the provider to collect receivables. Correspondingly, the average time for paying obligations reflects the number of days that the provider's obligations remain unpaid. In the event that the first ratio is lower than the second, the obligations of the provider are settled at a slower pace than the provider collects receivables. Therefore, the provider does not need to maintain large amounts of cash available, a fact that so far has been true for fixed and mobile telephony operators.
Average Revenue per Minute (ARPM)	ARPM is calculated on the basis of the revenues from mobile voice communications declared by the mobile telephony companies excluding wholesale revenues, as well as revenues from SMS, MMS, data, content and handset divided by the total actual minutes or retail traffic.
Average Revenue per User (ARPU)	ARPU is calculated on the basis of the retail revenues declared by the mobile telephony companies per category (excluding revenues from handsets and VAT) divided by the number of active subscribers at the beginning and end of the year divided by two.
Bundled Service Packages	Refers to products combining two or more of the following fixed services which are offered and billed together in specific proportions and at a set price (additionally, mobile communications services may be included): • Access to telephony (i.e. access to telephone services) at a fixed location. • Fixed telephony call services. • Broadband access services to the Internet at a fixed location. • Content services such as IPTV, Video on Demand, etc. at a fixed location. It should be noted that based on the above definition combined packages are considered to be those that include in their monthly flat tariff, both access to fixed telephony as well as fixed telephony call services. Conversely, when only internet broadband access is provided (single play), this is not considered to be a bundled service package.

Equity to Total Liabilities Ratio	This ratio is used to see whether a company has over-borrowed. Therefore, it gives an indication of whether this is a safe company for its creditors. When the ratio is higher than 1, the company's bodies/shareholders have contributed more capital compared to its creditors.
General Consumer Price Index (GCPI)	The Index is calculated on a monthly basis by the Hellenic Statistical Authority (EL.STAT.) and measures the general price level of goods and services procured by an average household and is revised at regular time periods. It should be noted that according to the latest revision, the baseline for GCPI is 2005. GCPI is made up of various indices (sub-indices) that reflect the level of prices for specific categories of goods and services. The Communications Sub-index comprises almost solely (99%) the expenses for telephone services of fixed and mobile telephony. The remaining 1% corresponds to postal services (0.5%) and telephone equipment (0.5%).
Gross Profit	It is the difference between turnover and the cost of sales. It is more difficult to illustrate, given that in the majority of financial statements of listed providers, operating expenses (administrative, marketing, research and development) are not included in the cost of sales, in contrast to OTE and COSMOTE.
Gross Profit Margin Ratio	Presents the operating efficiency of a company, as well as its pricing policy. The higher the ratio, the better is the company's position, in terms of profit, given that it can easily deal with an increase in the cost of its product. It should be noted that even though a company may have a low profit margin, it can however increase its turnover, through a dynamic sales policy, offsetting the low profit margin.
Acid Test Ratio Ratio	Reflects the quantitative ratio of assets that can be liquidated immediately divided by the short term obligations of the provider. This is a more coherent measurement of the ability of the provider to respond to current obligations. Values higher than 1 are considered satisfactory for this specific index.
National Incoming Traffic	It is the total traffic entering the network of each MTC originating from the networks of other domestic MTCs and the domestic fixed telephony providers (OTE and alternative providers).
National Outgoing Traffic	It is the total traffic routed through the network of each MTC towards other domestic MTCs and the domestic fixed telephony providers (OTE and alternative providers).
On-net traffic	It is the traffic between subscribers of the same mobile telephony network and comprises a significant part of the traffic of each MTC. In parallel, this is a substantial source of revenues, which is not affected by the Interconnection agreements with other suppliers.

Total assets	Total assets are the total economic resources possessed by a company and include fixed assets (such as buildings, machines, etc) as well as the current assets (such as cash, receivables, inventory, etc.)
Turnover	The total turnover during the financial year. Contains information on licensed providers – for which balance sheets are available.
Universal Service (US) (in the Postal Services sector)	Universal Service (US) refers to the conventional postal service. It is the right granted to Postal Services users, regardless of their location in Greece , to permanently and affordably enjoy high quality Postal Services. According to the new Law 4053/2012, US includes the following individual services for domestic and cross-border post: (a) the collection, transportation, sorting and distribution of postal items up to 2 kg, (b) the collection, transportation, sorting and distribution of postal parcels up to 20 kg, and (c) services of registered mail and deliveries with a declared value.
Universal Service Provider USP (in the Postal Services Sector)	Universal Service Provider is the operator designated by the Greek state as having the obligation to ensure provision of the Universal Service (US) for Postal services. The current USP is Hellenic Post (ELTA).

B. Abbreviations

ADSL	Asymmetric Digital Subscriber Line
ATHEX	Athens Exchange
BEREC	Body of European Regulators for Electronic Communications
CSS	Consumer Service Sector
EETT	Hellenic Telecommunications & Post Commission
ELTA	Hellenic Post
EU	European Union
GCPI	General Consumer Price Index
EL.STAT.	Hellenic Statistical Authority
IFRS	International Financial Reporting Standards
IPTV	Internet Protocol Television
ISDN	Integrated Services Digital Network
L/E	Local Exchange
LLU	Local Loop Unbundling
MMS	Multimedia Messaging Service
MTOs	Mobile Telephony Operators
OLOs	Other Local Operators
OTE	Hellenic Telecommunications Organisation
PSTN	Public Switched Telephone Network
SMS	Short Message Service
US	Universal Service
USP	Universal Service Provider
VAT	Value Added Tax
WLR	Wholesale Line Rental

C. Index of Tables & Charts

I. Charts

II. Tables

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