



Share Price:		9,1
Closing Price as 26/02/15		
Price High 52week		13,18
Price Low 52week		7,32
Market capitalisation		4.460.368.540
Current num. of shares		490.150.389
Long Term Debt		2.173.100.000

Key Financials	12/12	12/13	12/14
Sales	4.680.300.000	4.096.400.000	3.984.800.000
EBITDA	1.520.200.000	1.177.900.000	1.385.500.000
EBITDA margin	32%	29%	35%
Total Debt/Equity	1,62	1,40	1,02
P/E	5,12	18,66	20,87
EPS	1,00	0,60	0,55
Dividend/Share	N/A	N/A	0,08

Enterprise Value	7.840.596.768
Shareholders value	5.667.496.768

Risk Free	FV
6,50%	12,00
7,50%	11,29
8,50%	9,87
9,50%	8,68
10,50%	7,67

HELLENIC TELECOMMUNICATIONS ORGANIZATION- OTE S.A

SECTOR: Telecommunications

Activity: Diversified telecommunications services

Outlook:

Following FY 2014 results, we reiterate OTE fair estimated price at 12 euros and our outlook estimates for FY2015 -2019. Our base scenario incorporates stable sales of c. 4bn euros for the said period and Cash Flow generation of c.750mn euros respectively.

Strengths:

Ongoing liquidity ratio improvement (Total Debt/Equity) to 1,02 from 1,40 and 1.62 in 2013 and 2012 respectively. We expect the trend to continue.

Further Operational cost reduction due to the restructuring actions in line with company's guidance.

Weaknesses:

We expect lower sales in the Fixed Line sector, compatible with the historical annual trend and a stabilization in Mobile sales in the following years.

Valuation sensitive to the fluctuation of the 10 year GGB yield (Risk Free rate). We have included a sensitivity analysis table with different Fair Value outcomes for various Risk Free rate assumptions and still maintain a 6,50% Base case Risk Free rate.

Opportunities:

Additional income generated from Internet Services (ADSL, VDSL, ethernet) set to offset the losses in the two primary sectors of the company.

Threats:

The ongoing pricing war in the domestic market hurts profit margins in certain segments and requires increased operational flexibility.

DATE 27/2/2015

FAIR ESTIMATED PRICE	12
Δ% from Current Price	27%
Investment Thesis	UV

OTE S.A Summary tables

Income Statement	2014	2015E	2016E	2017E	2018E
Fixed lines Greece/International	2.171.700.000,00	2.182.538.500,00	2.226.209.670,00	2.259.602.815,05	2.259.602.815,05
Total mobile sales	1.651.000.000,00	1.601.470.000,00	1.585.455.300,00	1.585.455.300,00	1.601.309.853,00
Other Income	95.700.000,00	96.657.000,00	96.657.000,00	98.590.140,00	99.576.041,40
Rest Income	66.400.000,00	67.728.000,00	67.728.000,00	67.728.000,00	67.728.000,00
Total Sales	3.984.800.000,00	3.948.413.500,00	3.976.049.970,00	4.011.376.255,05	4.028.216.709,45
Total costs	2.599.300.000,00	2.546.726.707,50	2.584.432.480,50	2.607.394.565,78	2.618.340.861,14
EBITDA	1.385.500.000,00	1.401.686.792,50	1.391.617.489,50	1.403.981.689,27	1.409.875.848,31
Depreciation	796.400.000,00	800.000.000,00	800.000.000,00	800.000.000,00	800.000.000,00
EBIT	589.100.000,00	601.686.792,50	591.617.489,50	603.981.689,27	609.875.848,31
Interest	200.000.000,00	180.000.000,00	180.000.000,00	180.000.000,00	180.000.000,00
EBT	395.400.000,00	401.686.792,50	411.617.489,50	423.981.689,27	429.875.848,31
Taxation	123.900.000,00	104.438.566,05	107.020.547,27	110.235.239,21	111.767.720,56
Net Income	271.500.000,00	297.248.226,45	304.596.942,23	313.746.450,06	318.108.127,75

Cash flow estimations (E)

	2015	2016E	2017E
EBIT	601.686.792,50	591.617.489,50	603.981.689,27
Taxation	26%	26%	26%
NOPAT	445.248.226,45	437.796.942,23	446.946.450,06
Depreciation	800.000.000,00	800.000.000,00	800.000.000,00
Capital Exp.	500.000.000,00	500.000.000,00	500.000.000,00
IWC	-1.505.122,83	1.143.178,98	1.461.267,18
NCF	746.753.349,28	736.653.763,25	745.485.182,88

Growth/Margins/Metrics(E)	12/14	12/15E	12/16E
Sales Growth	-3%	-1%	1%
EBITDA growth Y-Y	18%	1%	-1%
Net Profit/Loss growth	-8%	9%	2%
RATIOS	12/12	12/13	12/14
Debt/Equity	1,62	1,40	1,02
Capex/EBITDA	40%	40%	36%
ROE	0,24	0,22	0,24
WACC	10,19%	10,19%	10,19%
VALUATION	12/12	12/13	12/14
Book Value	3,31	4,68	5,10
P/BV	1,54	2,14	2,27
P/E	5,12	18,66	20,87

Σημειώσεις/Notes

P:	Τρέχουσα Τιμή	Market Price
MCAP:	Κεφαλαιοποίηση	Capitalization
EPS:	Καθαρά Κέρδη Ανά Μετοχή	Earnings per Share
P/E:	Λόγος Τιμής προς Κέρδη	Price/Earnings Ratio
P/S:	Λόγος Τιμής προς Πωλήσεις	Price/Sales Ratio
D/A:	Συνολικός Δανεισμός προς Παθητικό	Total Debt/Assets Ratio
DY:	Απόδοση Μερίσματος	Dividend Yield
ROE:	Απόδοση Ίδιων Κοιτώντων	Return on Equity
FV:	Τιμή Σωστής Αποτίμησης	Fair Value Price

Οδηγός Συστάσεων/Ratings

UV	Χαμηλή Αποτίμηση/ Χαμηλός Κίνδυνος	Underpriced/ Small Risk
UVI	Χαμηλή Αποτίμηση/ Κίνδυνος	Stock Price < 20% of Fair Underpriced/ Risk
FV	Σωστή Αποτίμηση/ Χαμηλός Κίνδυνος	Stock Price < 10% of Fair Fairly Priced/ Small Risk
OVI	Σωστή Αποτίμηση/ Κίνδυνος	10% < Stock Price < 10% Fairly Priced/ Risk
OV	Υπερτιμημένη Μετοχή	Stock Price > 10% of Fair Overvalued
		Stock Price > 20% of Fair

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