



# Public Power Corporation SA

## Financial Results 1<sup>st</sup> Half 2009

Athens, August 27, 2009



# Agenda

**Financial Results**

George Angelopoulos, CFO

**Recent Developments**

Takis Athanasopoulos, Chairman and CEO



# Financial Results

**George Angelopoulos**  
*Chief Financial Officer*



# Summary Financial Results 1H2009/1H2008 (Group)

Key Figures (€ mil.)	1H '09	1H '08	Δ	Δ%
<b>Total Revenues</b>	2,928.4	2,764.9	163.5	<b>5.9</b>
Revenues from Energy Sales	2,742.9	2,572.1	170.8	6.6
<i>Energy Sales (GWh)</i>	<i>25,783</i>	<i>27,122</i>	<i>-1,339</i>	<i>-4.9</i>
Payroll Expense	721.2	678.3	42.9	6.3
Liquid Fuel	271.7	471.3	-199.6	-42.4
Natural Gas	227.8	397.4	-169.6	-42.7
Energy Purchases	273.0	461.4	-188.4	-40.8
Provision for CO2 emission rights	39.0	56.9	-17.9	-31.5
(Profit)/Loss from valuation of CO2 liabilities of 2008	(19.2)		-19.2	
Transmission System Charges	157.0	167.7	-10.7	-6.4
Other Operating Expenses (Controllable)	273.8	255.1	18.7	7.3
Provisions	32.8	20.0	12.8	64.0
<b>EBITDA</b>	898.8	222.2	676.6	<b>304.5</b>
Depreciation	261.5	254.2	7.3	2.9
Net Financial Expense	81.2	82.6	-1.4	-1.7
<b>EBT</b>	557.4	-115.0	672.4	
<b>EAT</b>	412.1	-111.8	523.9	



# Summary Financial Results 1H2009 Actual/Budget (Parent Company)

Key Figures (€ mil.)	1H '09 Actual	1H '09 Budget	Δ	Δ%
<b>Revenues from Energy Sales</b>	<b>2,738.6</b>	<b>2,842.8</b>	<b>-104.2</b>	<b>-3.7</b>
<i>Energy Sales (GWh)</i>	<i>25,783</i>	<i>27,597</i>	<i>-1,814</i>	<i>-6.6</i>
<b>Payroll Expense</b>	<b>718.4</b>	<b>754.8</b>	<b>-36.4</b>	<b>-4.8</b>
<b>Controllable Expenses</b>	<b>271.4</b>	<b>287.8</b>	<b>-16.4</b>	<b>-5.7</b>
<b>Fuel and Energy Expenses</b>	<b>777.6</b>	<b>1,020.9</b>	<b>-243.3</b>	<b>-23.8</b>
<b>EBITDA</b>	<b>895.0</b>	<b>653.7</b>	<b>241.3</b>	<b>36.9</b>
<b>EBITDA Margin</b>	<b>30.6%</b>	<b>21.6%</b>		
<b>EBT</b>	<b>556.3</b>	<b>271.5</b>	<b>284.8</b>	<b>104.9</b>

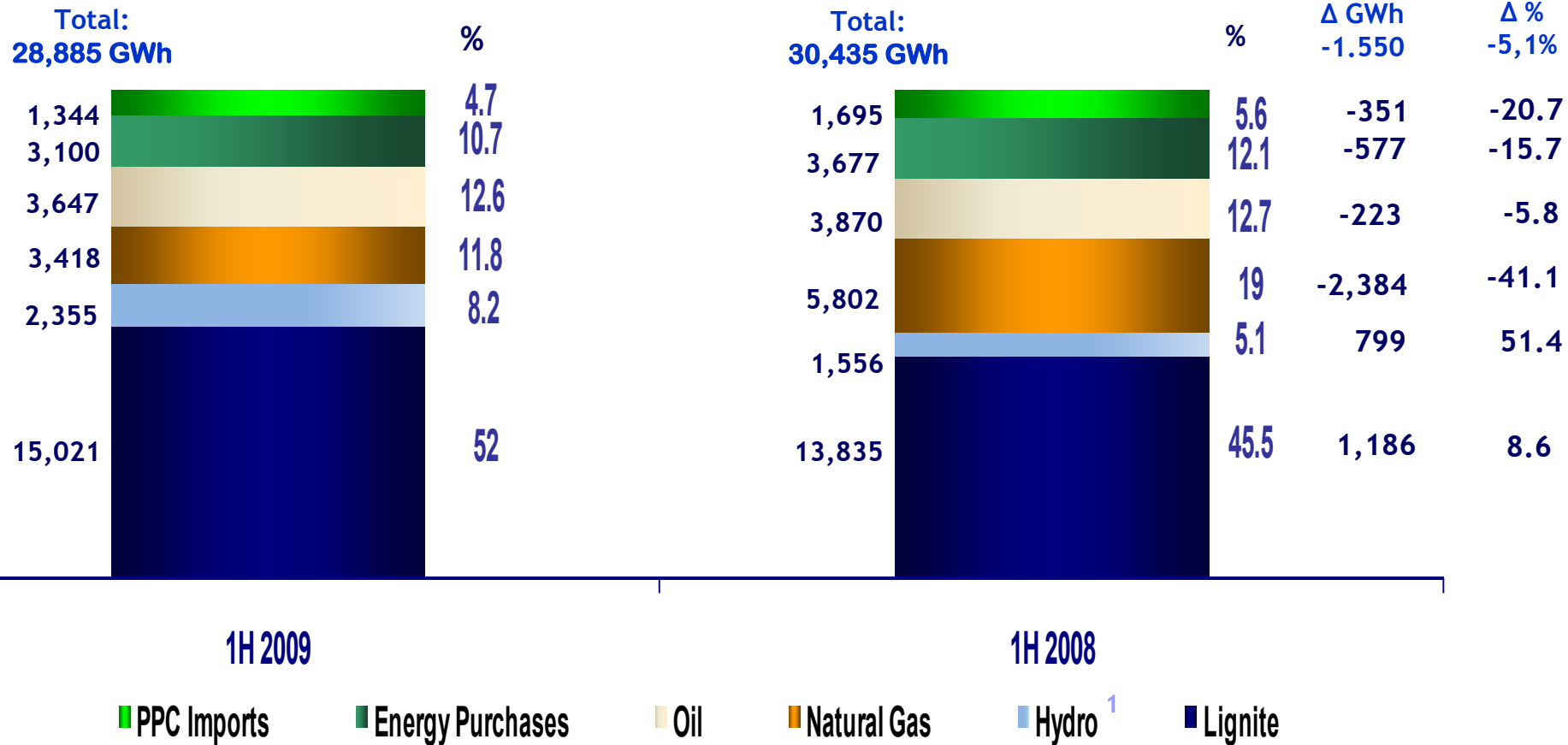


# Summary Financial Results 2Q2009/2Q2008 (Group)

Key Figures (€ mil.)	2Q '09	2Q'08	Δ	Δ%
<b>Total Revenues</b>	1,432.6	1,354.4	78.2	<b>5.8</b>
Revenues from Energy Sales	1,337.2	1,265.5	71.7	5.7
<i>Energy Sales (GWh)</i>	<i>12,538</i>	<i>13,689</i>	<i>-1,151</i>	<i>-8.4</i>
Payroll Expense	366.8	369.4	-2.6	-0.7
Liquid Fuel	130.1	251.6	-121.5	-48.3
Natural Gas	90.6	204.2	-113.6	-55.6
Energy Purchases	137.9	227.6	-89.7	-39.4
Provision for CO2 emission rights	18.1	33.4	-15.3	-45.8
(Profit)/Loss from valuation of CO2 liabilities of 2008	6.4		6.4	
Transmission System Charges	78.3	79.3	-1.0	-1.3
Other Operating Expenses (Controllable)	138.6	143.5	-4.9	-3.4
Provisions	15.1	14.3	0.8	5.6
<b>EBITDA</b>	427.0	16.7	410.3	
Depreciation	130.5	128.6	1.9	1.5
Net Financial Expenses	32.9	38.8	-5.9	-15.2
<b>EBT</b>	264.7	-149.3	414.0	
<b>EAT</b>	192.6	-141.8	334.4	



# PPC Energy Generation and Purchases 1H2009/1H2008

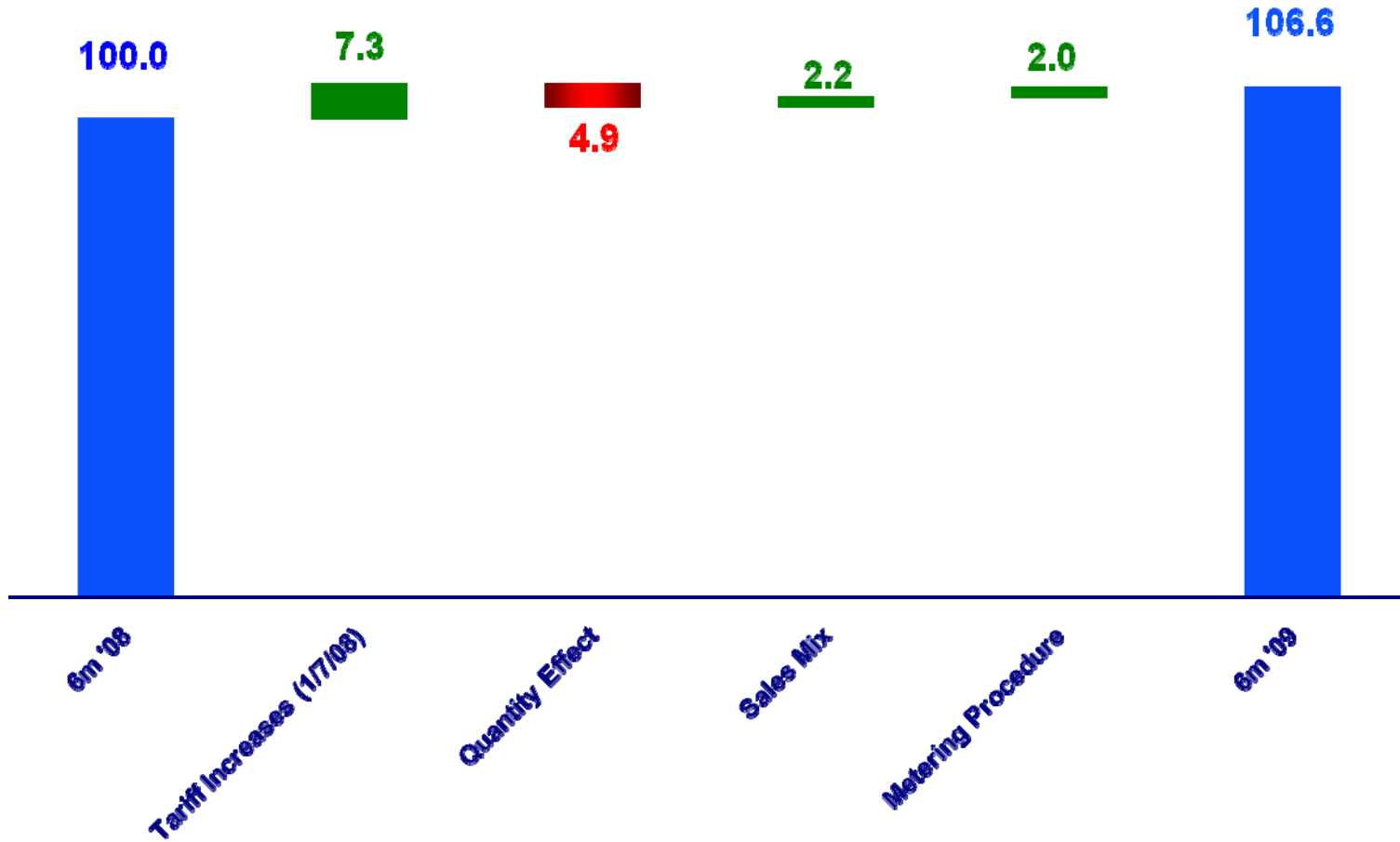


During the 1H 2009, 60.2% of the energy was produced by domestic fuel (lignite, hydro, RES) as compared to 50.6% in 1H 2008 and 55.5% in 1H 2007.

1. Including PPC Renewables generation of 108 GWh in 1H'09 & 44 GWh in 1H ' 08.



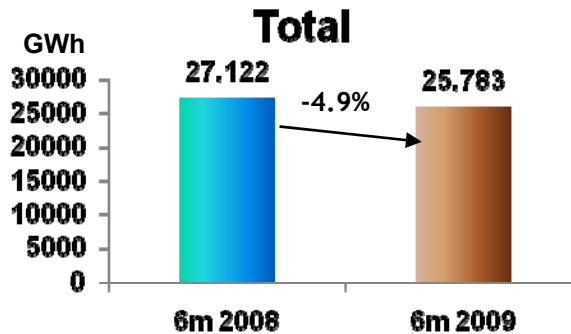
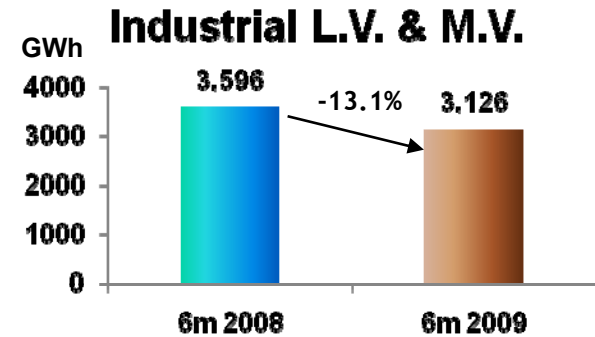
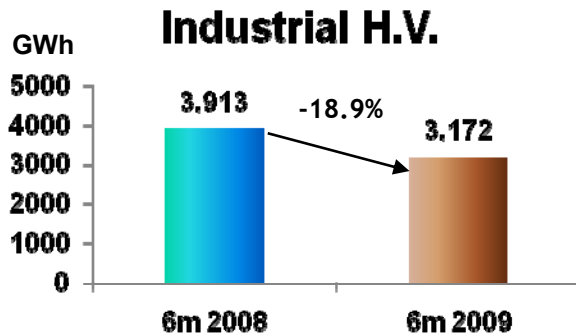
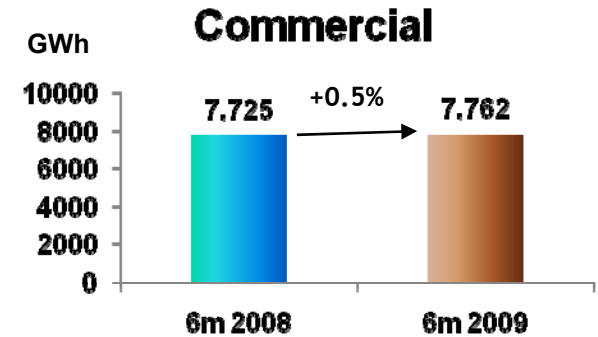
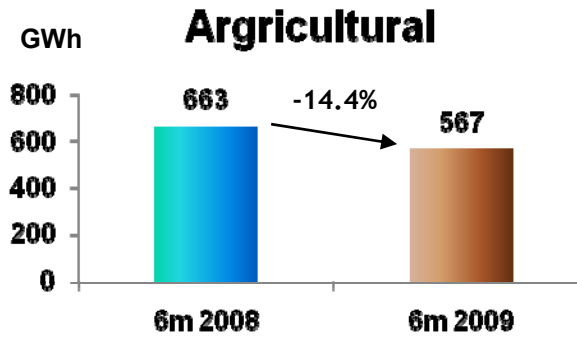
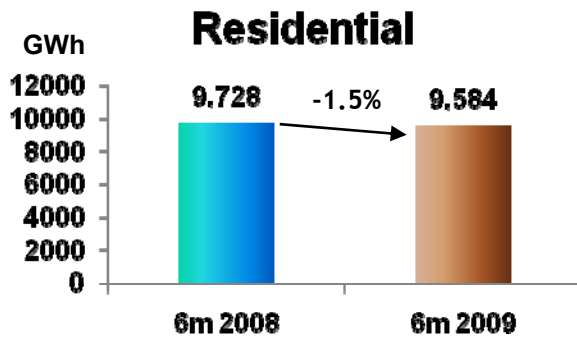
# Revenues from Energy Sales (% change)







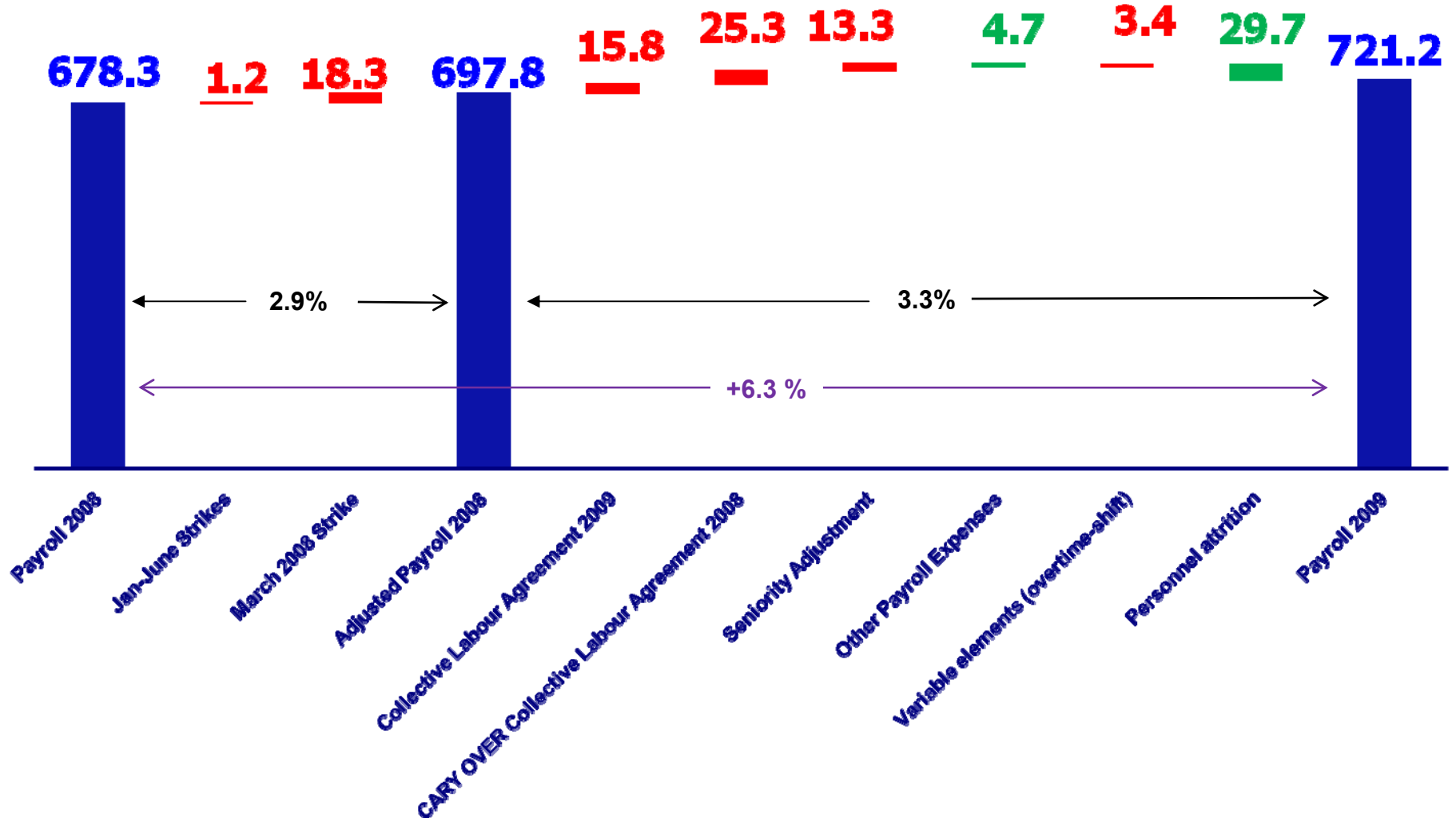
# Electricity Sales (GWh) declined by 4.9% in the first six months of 2009 due to the reduced demand in industrial and agricultural sectors





# Evolution of Payroll Expenses 1H 2009 vs 1H 2008

(€ mln)





# Evolution of Total Payroll Expenses 1H 2009 vs 1H 2008

	1H '09	1H '08	Δ	Δ%
<b>Total Payroll</b>	827.8	767.4	60.4	7.9
Capitalized Payroll	106.6	89.1	17.5	19.6
P&L Payroll	721.2	678.3	42.9	6.3
Capitalization ratio	12.9%	11.6%	1.3	
Capex	489.8	442.4	47.4	10.7

The increase of CAPEX for distribution networks by 40 %, fully accounts for the increase in the capitalization ratio.

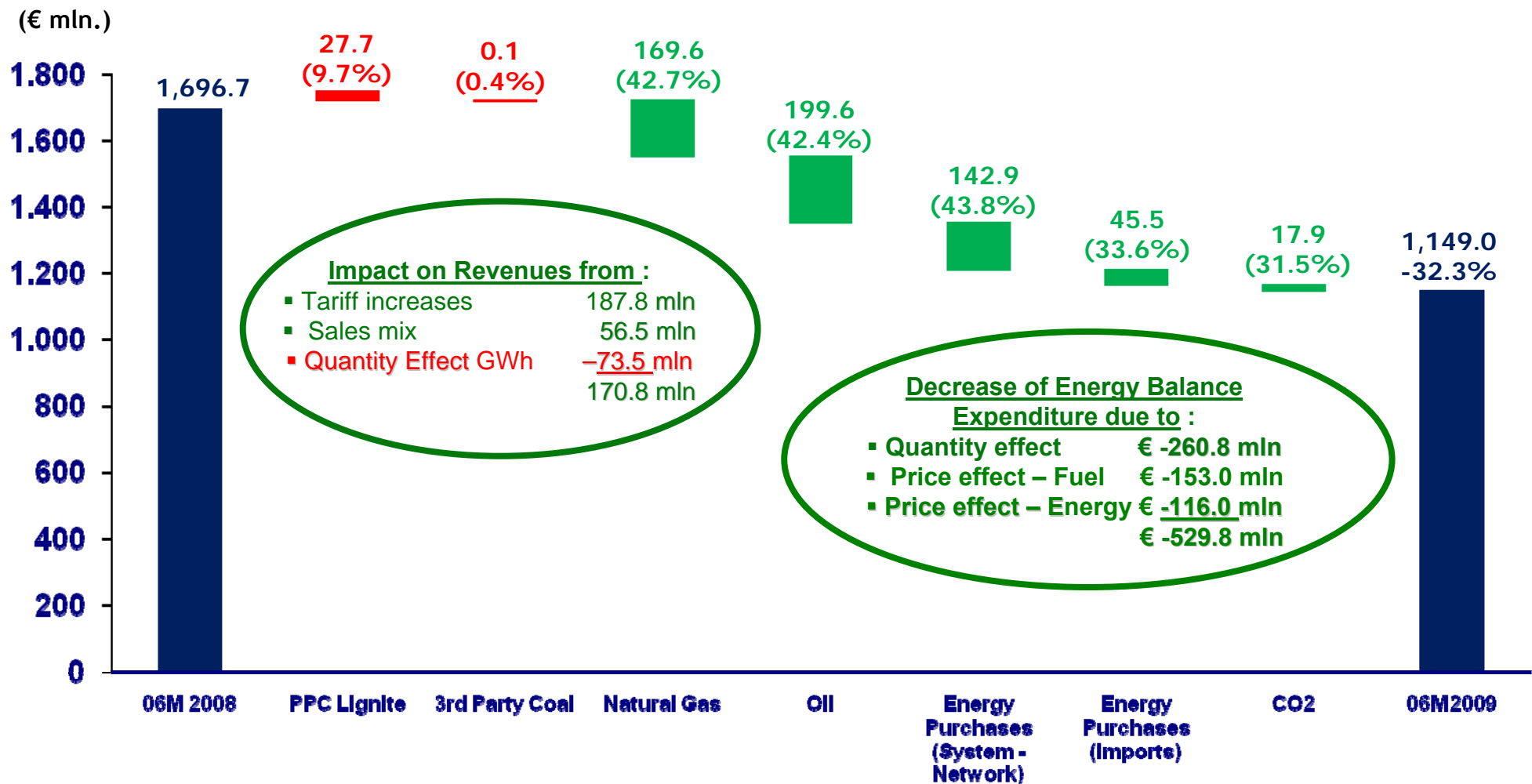


# Evolution of Fuel and Energy Prices paid by PPC in 1H2009

	Fuel & Energy Prices 2009	Fuel & Energy Prices 2008	Price Change (%)	1H 09 Quantities	Change in Quantities (%) 1H 09 vs 1H 08
Heavy Fuel-oil (€/tn)	247.56	395.85	-37.6	754,000 tn	-1.9
Diesel-oil (€/klt)	441.90	666.42	-33.7	192,000 klt	-23.2
Natural Gas (€/kNm <sup>3</sup> )	0.30901	0.31743	-2.6	737.2 mNm <sup>3</sup>	-41.1
System Marginal Price (€/MWh)	46.96	81.20	-42.2	2,849 GWh	-17.6
PPC Imports (€/MWh)			-18.8	1,344 GWh	-20.7



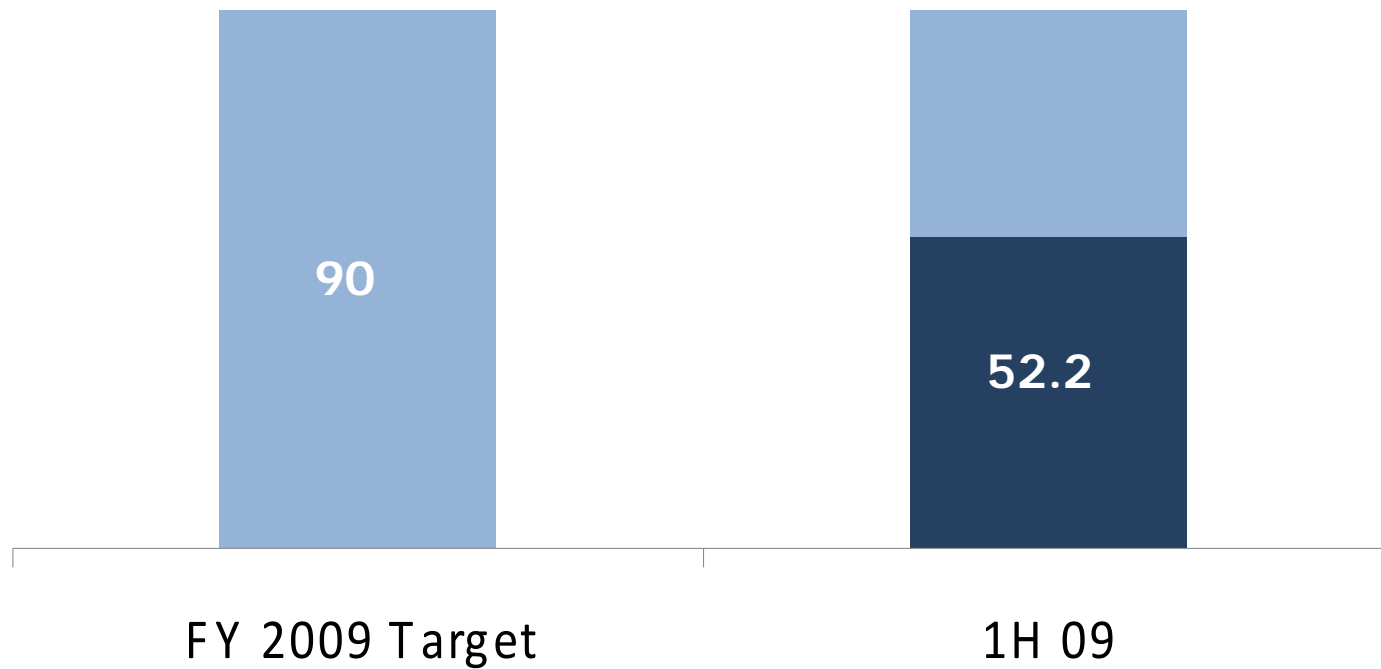
# Total fuel and energy purchases expenditure 1H 09 vs 1H 08





# Controllable Cost Savings

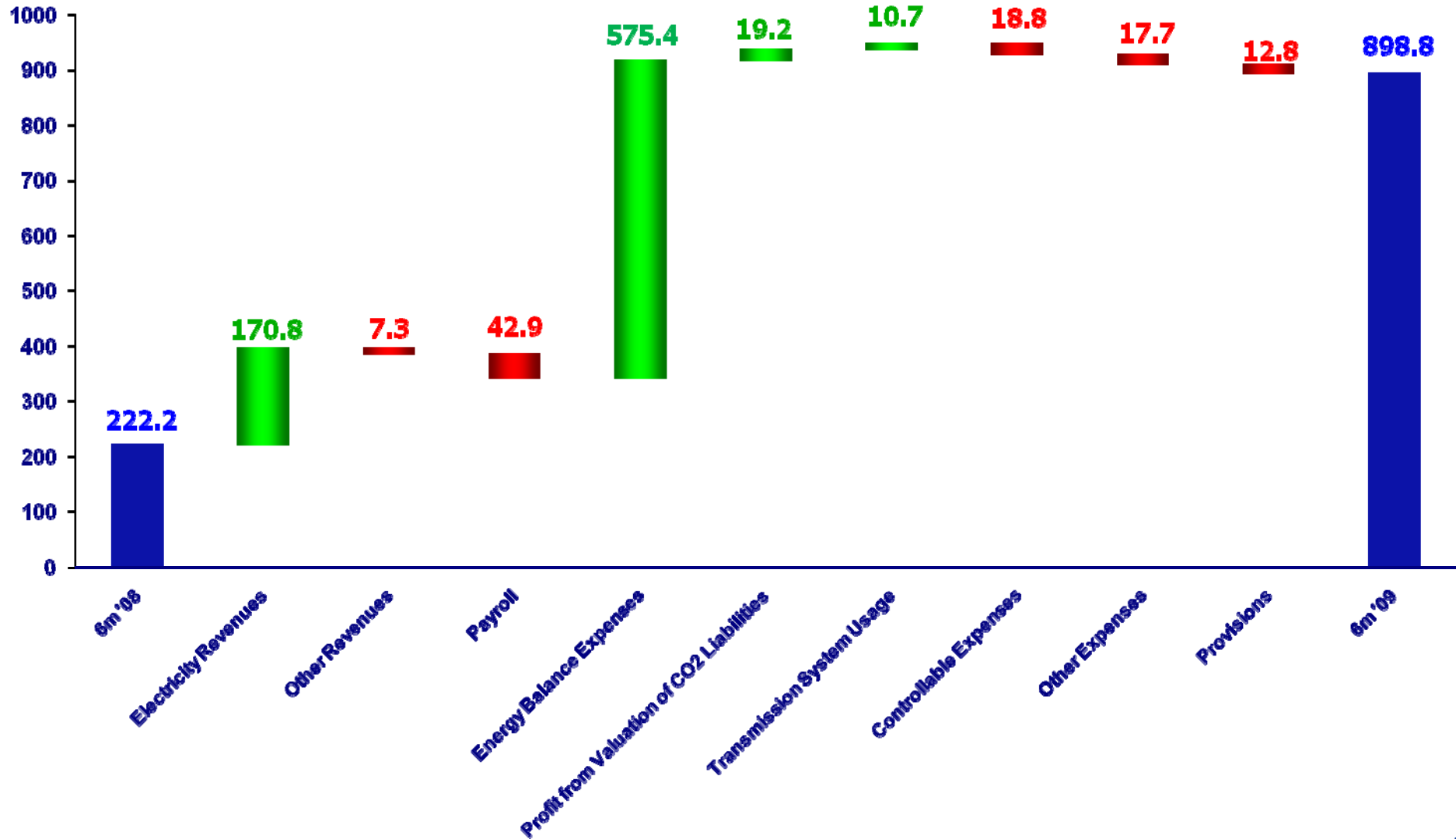
(€ mln)





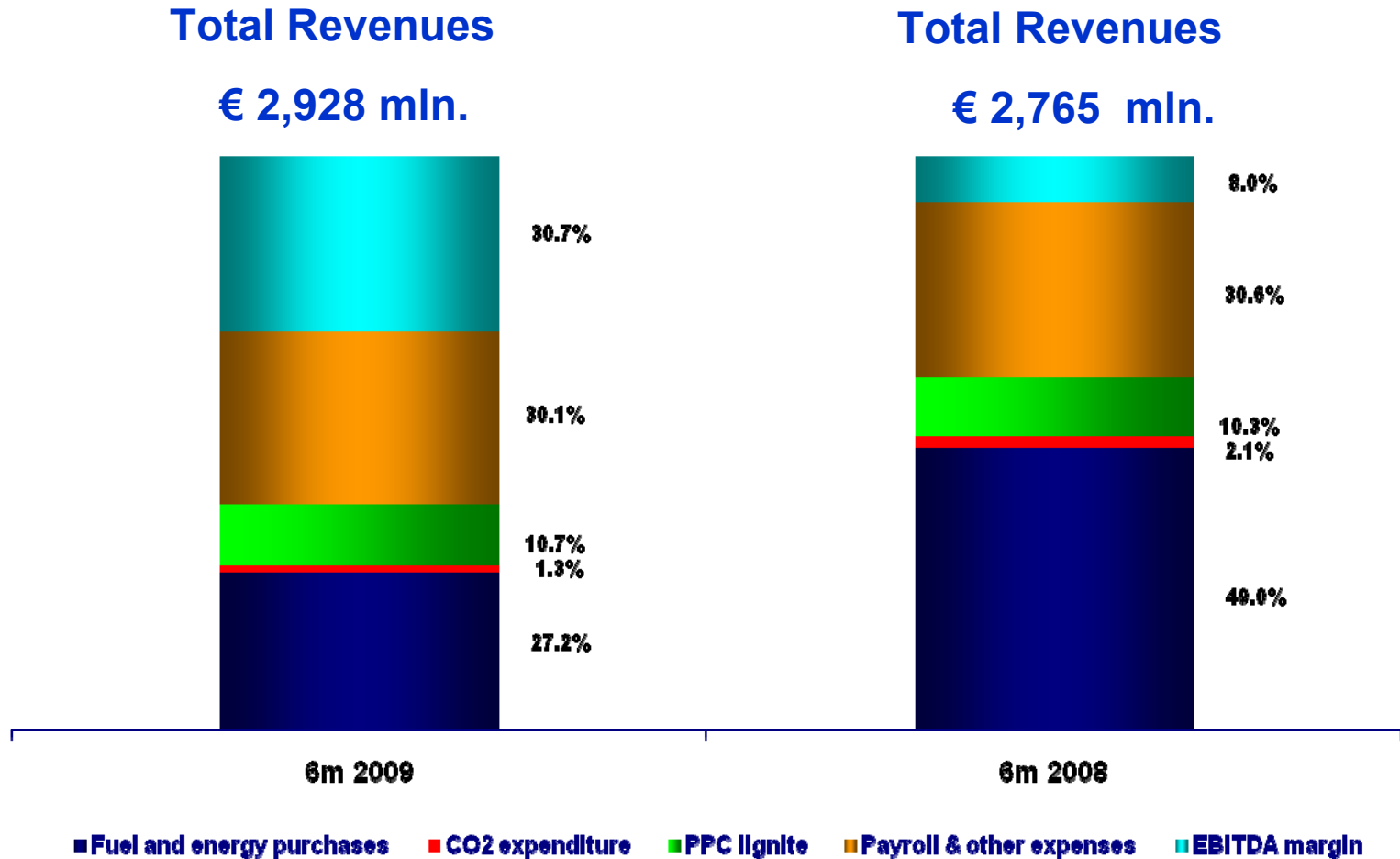
# EBITDA Reconciliation – 1H 2009 vs 1H 2008

(€ mln.)





# Fuel, other energy costs and EBITDA as percentage share of Revenues 1H '09 vs 1H '08



In 1H 2009, 28.5% of revenue was absorbed by expenses for fuel, energy purchases and CO2 vs 51.1% in 1H 2008. As a result, EBITDA margin almost quadrupled to 30.7% from 8.0% in 1H 2008.





## Net Debt Evolution - Liquidity

- ❑ **Decrease in net debt by € 297 m to € 4,247 m on 30/6/09 from € 4,544 m as of year end 2008. Compared to 30/6/08, Net Debt has increased by € 246 m.**
- ❑ **Remaining maturities till end 2009 € 376 mln.**
- ❑ **Available liquidity as of end June 2009 were € 1.65 bln.**
- ❑ **Next major bullet repayment (€ 400 m) in November 2010.**
- ❑ **Establishment of PPC Finance plc**



# Recent Developments

**Takis Athanasopoulos**  
*Chairman of the Board, and  
Chief Executive Officer*



# Major developments (1)

## Aliveri V CCGT

- Building Permits obtained.
- Construction expected to commence shortly.
- Completion expected by end 2011.

## Megalopolis V CCGT

- Contract awarded to METKA S.A – ETADE S.A for € 500 ml
- 13 months penalty-free delivery extension period for delays related to the availability of the natural gas pipeline and/or the 400 kV Transmission line.

## Ptolemaida V Lignite plant

The tender documents have been finalized. We are working on smoothing out the conditions for the conclusion of the necessary expropriation of Pontokomi and Mavropigi areas in order to proceed soon with the tender, estimated at end 2009.

## Meliti II Lignite Plant

Decision for the Second Call for Tender is related to the State decision for the assignment of the exploitation of the Vevi mine.



# Major developments (2)

## South Rhodes SES

- Contract signed in July.
- Construction to commence as soon as building permits are obtained by the Contractor.
- Commissioning expected to start gradually in Q1 2012 and be completed by Q3 2012.

## Atherinolakkos III (Crete)

Tender documents approved by the BoD today.  
Tender to be launched within next month.  
Commissioning expected by mid 2013.

## Metsovitiko Hydro Power Plant

Tender documents approved by the BoD today.  
Tender to be launched within next month.  
Commissioning expected by mid 2012.

## Renewables

- The construction of a 38MW Wind Park in Viotia was completed in cooperation with EDF Energies Nouvelles. The Park is in operation.
- Construction of 9 Wind Parks with a total capacity of 35MW in the islands of Paros, Lesvos, Sifnos, Crete (2), Lemnos, Rhodes and Samos (2) is in progress. Expected completion by end 2010.



# Major developments (3)

## Regulatory Issues

- **Unbundling of charges of the regulated end-user tariffs**
  - the methodology for the allocation of the PSOs to the separate customer categories was approved
  - the return on capital employed both in the Transmission System and the Distribution Network was set at 8% for the calculation of the regulated annual revenue and the corresponding tariff charges
- **Proposals for new regulated end-user tariffs, that:**
  - mitigate distortions between and inside tariffs
  - allow to maintain the existing differentiation for energy sensitive customer groups
  - permit consolidation of customer categories, leading to the decrease of the number of tariffs
  - incorporate proper fuel adjustment clause**are finalized and will soon be submitted to RAE**

## Oil Hedging

**Hedged over 70% of 2H09 estimated consumption of HFO and diesel.**



# Major developments (4)

## JV with Halyvourgiki

The Joint Venture was cleared by the National Competition Authority. Owner's Engineer and Financial Consultant appointed.

## JV with Golden Energy One Holdings Ltd (Restis Group)

Submitted in July a bid for the Tender launched by the Government of Montenegro for the acquisition of shares in the state electric utility EPCG. Although the value offered per share was the highest, it was based on certain conditions which were not accepted by the Government of Montenegro and led to the rejection of the offer by the Privatization Committee.



# Major developments (5)

## New EU decision on Greek lignite

The Greek State has, within a 12-month period, to:

- proceed with tenders for granting exploitation rights of the lignite mines in Drama, Ellassona, Vevi and Vegora to third entities, excluding PPC
- secure that the companies awarded with the tenders will not sell to PPC the lignite they extract from these specific mines.

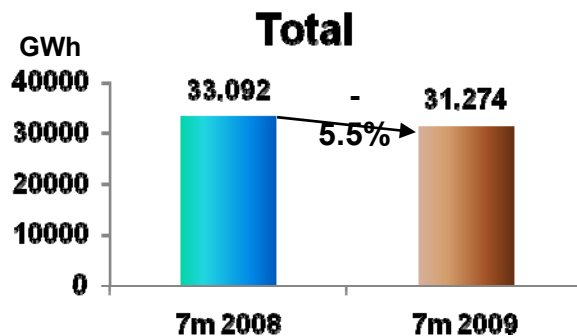
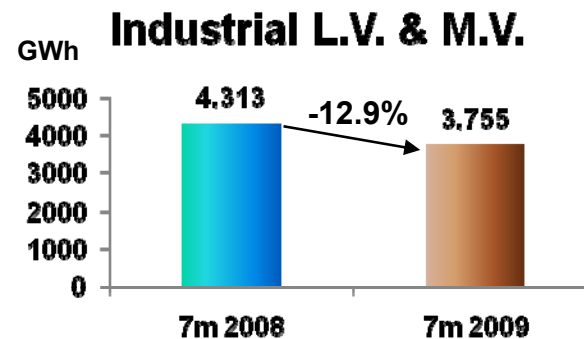
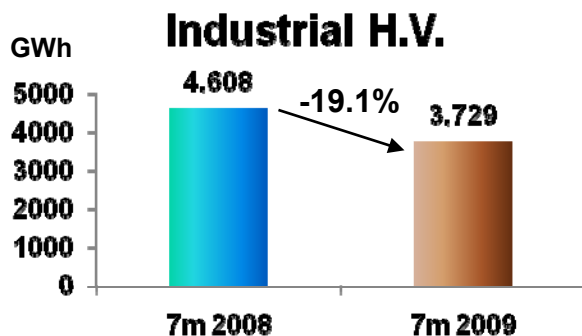
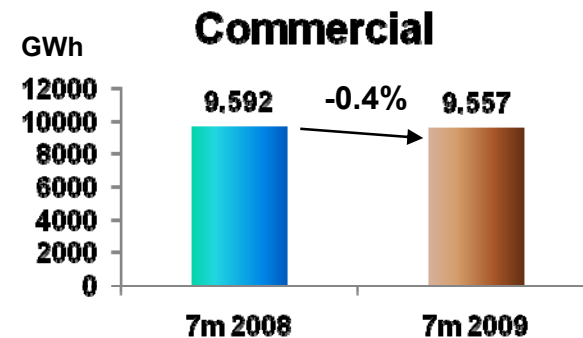
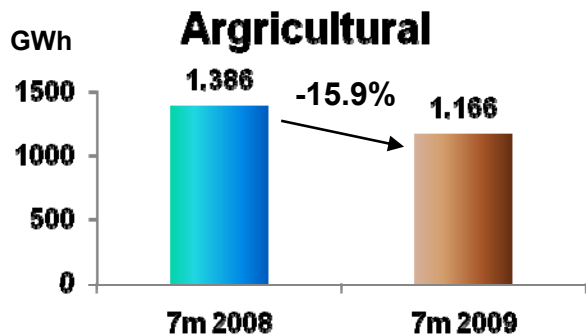
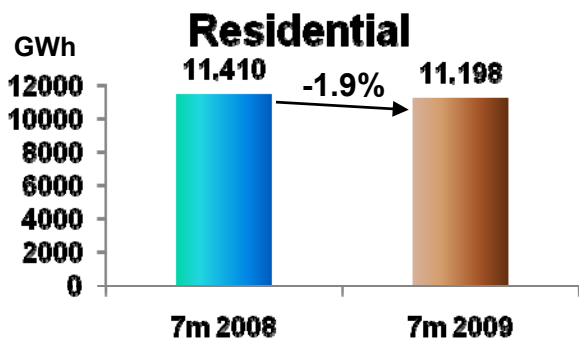
Above restrictions will not apply if (a) there are no other reliable offers and (b) PPC maintains less than 60% of the exploitation rights in lignite reserves that could be used for electricity generation.

## Arbitration Procedures with Aluminum S.A.

In July the BoD approved the signing of an agreement for initiating arbitration procedures with respect to the conditions and application of the December 07 ministerial decision for the HV tariffs.



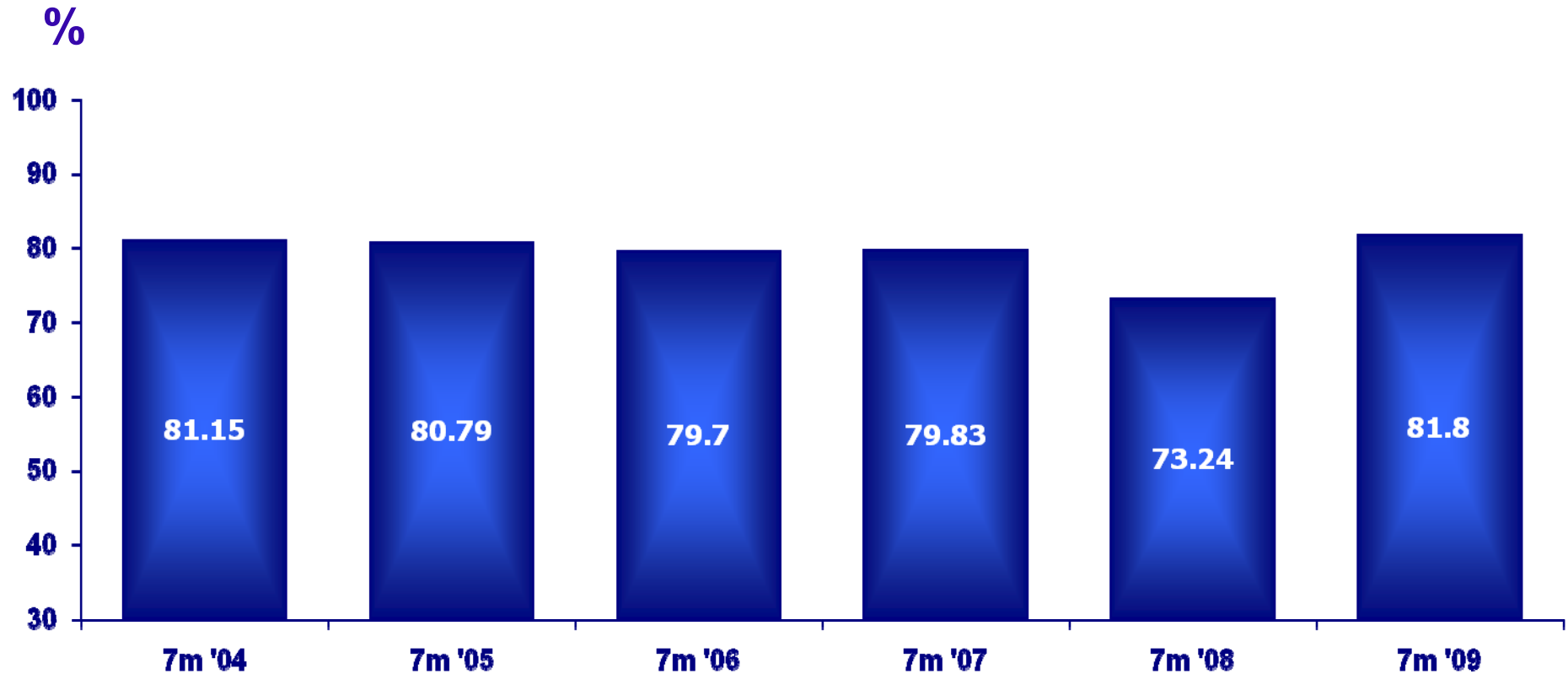
# Current Trends: Sales Volume (7m09)







# Current Trends: Lignite Plants Availability

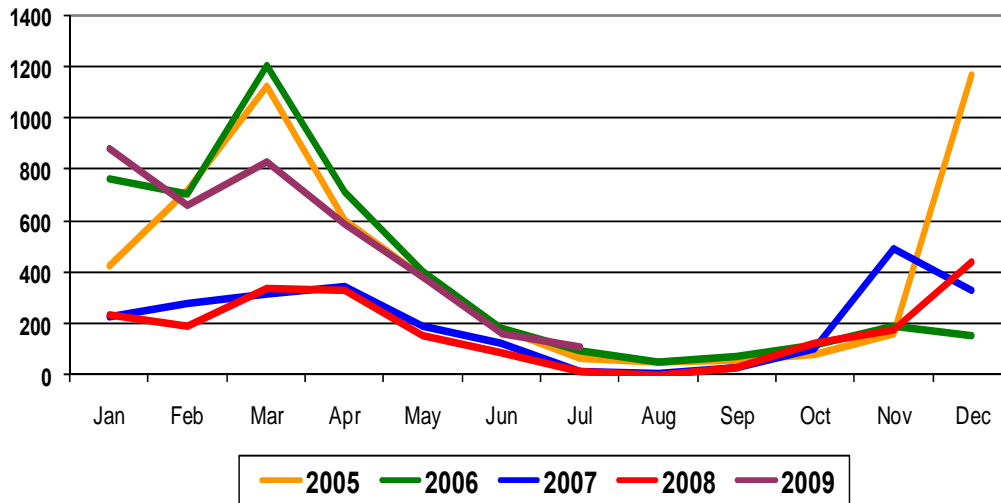


Availability of lignite power plants was substantially higher in the 7 months of '09 vs '08 and was at the highest level since 2004.

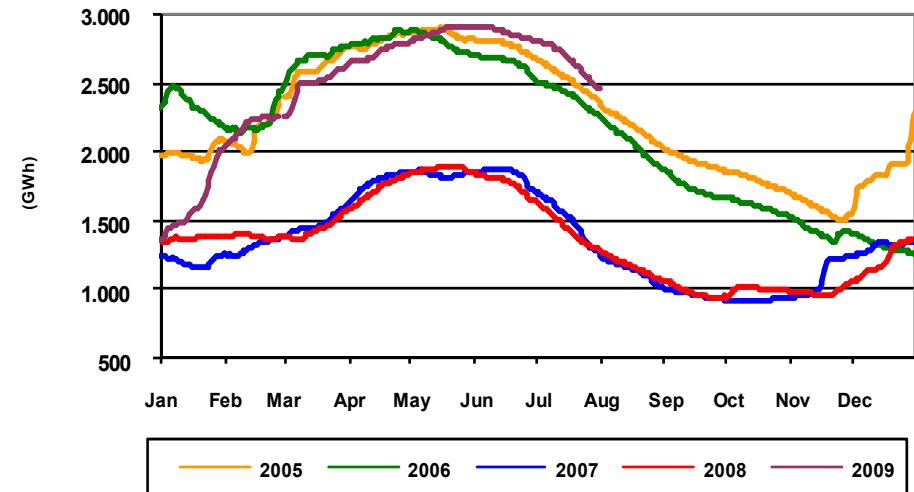


# Current Trends: Water Inflows and Reserves

## Water Inflows



## Water Reserves

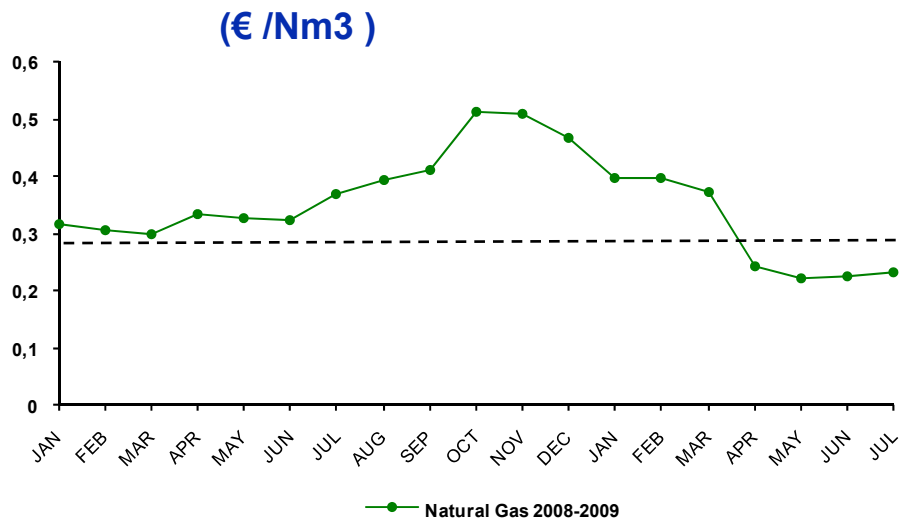
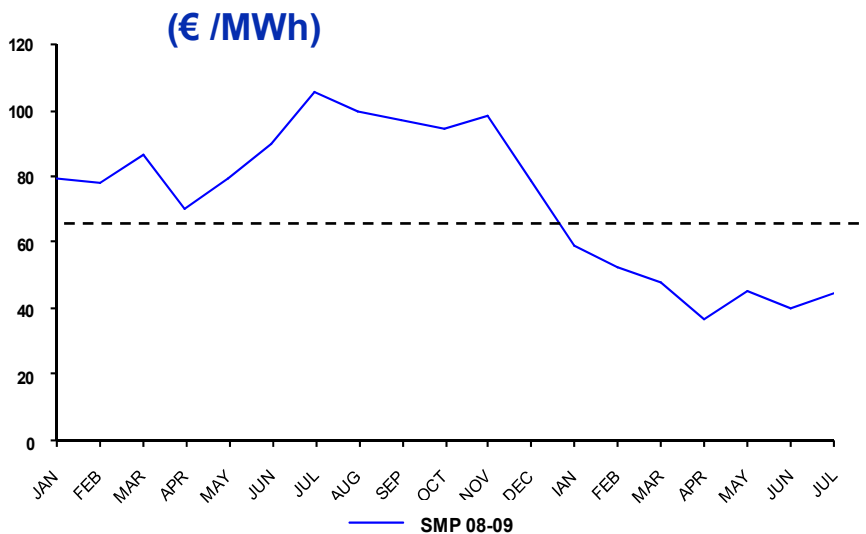
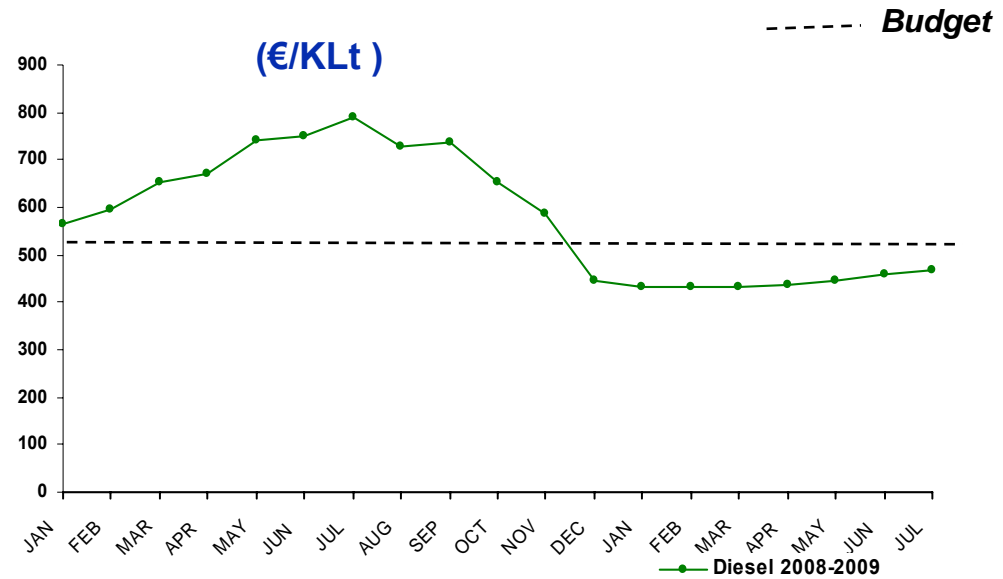
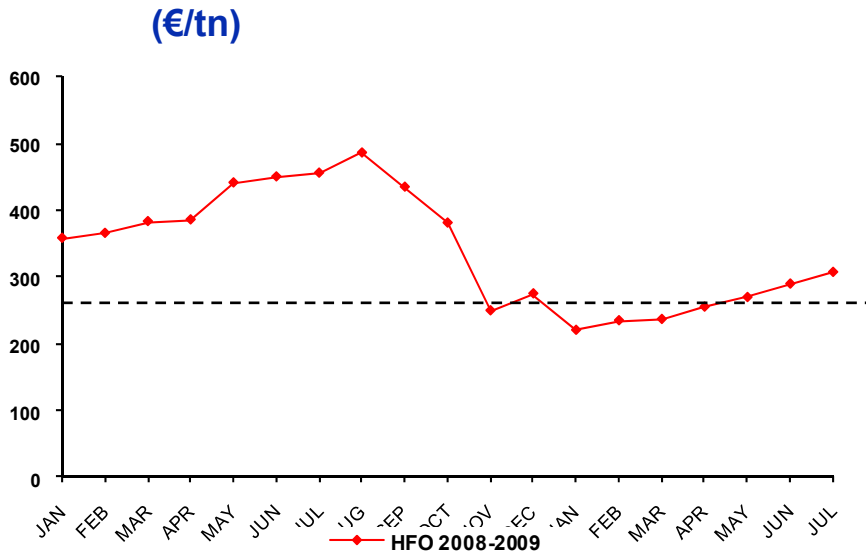


	7M '05	7M '06	7M '07	7M '08	7M '09
<b>Hydro Output (GWh)</b>	<b>3,474</b>	<b>4,385</b>	<b>1,953</b>	<b>1,901</b>	<b>2,710</b>

**Hydro output was 39% and 43% higher than budgeted and 2008 respectively. Water reserves at the end of July exceeded the respective 2005 and 2006 levels.**



# Current Trends: Fuel and Energy Prices (Average Monthly Prices)





# 2009 Outlook

## Sales

Based on current trends, we expect energy sales volume decline to exceed our previous estimate and reach 4-5%.

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## Generation Mix

Increased participation of hydro output in the generation mix (7.6%) compared to budget (5%), with the assumption that water inflows in the reservoirs will be at the budgeted levels for the rest of the year.

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## Fuel and Energy Costs

It is estimated that they will be at lower levels than the budgeted ones due to: increased hydro output, lower demand (translating into lower quantities of fuel and energy purchases) and lower than budgeted prices for liquid fuel and energy purchases in the seven months (with the exception of HFO for June and July).

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## Profitability

We reiterate our estimate for the EBITDA margin for the year of 26% compared to 21% in the budget.



# Management Appointments

- **Mr Dimitris Lappas, General Manager of Mines**
- **Mr Yannis Kopanakis, General Manager of Generation**



# DISCLAIMER

***Some of the information contained herein includes forward-looking statements. It is noted that the Company is subject to various risks, which, among other, relate to \$/€ exchange rate, oil, natural gas and electricity prices as well as the price of CO2 emission rights that could cause actual results to differ materially from those anticipated in the forward-looking statements.***