Energy for everyone

Public Power Corporation S.A.

Financial Results
2016

Athens, April 7, 2017

Agenda

Financial Results

George Angelopoulos, CFO

Recent Developments & Priorities

Emmanouil Panagiotakis, Chairman and CEO

Agenda

Financial Results

1/1/2016 – 31/12/2016

George Angelopoulos

Chief Financial Officer

Summary Financial Results 2016 / 2015

Key Figures - Group (€ mln.)	2016	2015	Δ	Δ%
Total Revenues	**5,257.1**	**5,735.7**	***(478.6)***	***(8.3)***
Revenues from Energy Sales	4,997.7	5,547.1	*(549.4)*	*(9.9)*
Revenues from Domestic Energy Sales (in € mln)	*4,994.1*	*5,542.6*	*(548.5)*	*(9.9)*
Total Energy Sales (in GWh)	*46,377*	*49,250*	*-2,873*	*-5.8*
Domestic Energy Sales (in GWh)	*46,307*	*49,177*	*-2,870*	*-5.8*
Other revenues	259.4	188.6	*70.8*	*37.5*
Payroll Expense	884.4	880.3	*4.1*	*0.5*
Liquid Fuel	481.2	582.8	*(101.6)*	*(17.4)*
Special Consumption Tax	*145.3*	*144.4*	*0.9*	*0.6*
Natural Gas	265.7	326.5	*(60.8)*	*(18.6)*
Special Consumption Tax	*20.6*	*54.1*	*(33.5)*	*(61.9)*
Expenditure for CO_2 emission rights	178.2	251.1	*(72.9)*	*(29.0)*
Energy Purchases	1,197.7	1,274.4	*(76.7)*	*(6.0)*
Transitory Capacity Payment Mechanism	*48.5*	*0.0*	*48.5*	
Differential expense for RES energy purchases	*32.7*	*28.7*	*4.0*	*13.9*
Special consumption tax on natural gas for IPPs	*22.7*	*28.1*	*(5.4)*	*(19.2)*
Cover of Special RES account deficit	*28.4*	*0.0*	*28.4*	
Special lignite levy	29.8	38.8	*(9.0)*	*(23.2)*
Other Operating Expenses	642.6	486.7	*155.9*	*32.0*
Provisions	438.2	950.4	*(512.2)*	*(53.9)*
EBITDA	**1,063.7**	**828.4**	***235.3***	***28.4***
EBITDA MARGIN (%)	**20.2%**	**14.4%**		
Depreciation and Amortisation	732.3	737.7	*(5.4)*	*(0.7)*
Net Financial Expenses	154.2	198.4	*(44.3)*	*(22.3)*
Financial expenses	*250.9*	*266.0*	*(15.1)*	*(5.7)*
Financial income	*96.7*	*67.6*	*29.2*	*43.1*
EBT	**169.1**	**-106.6**	***275.7***	

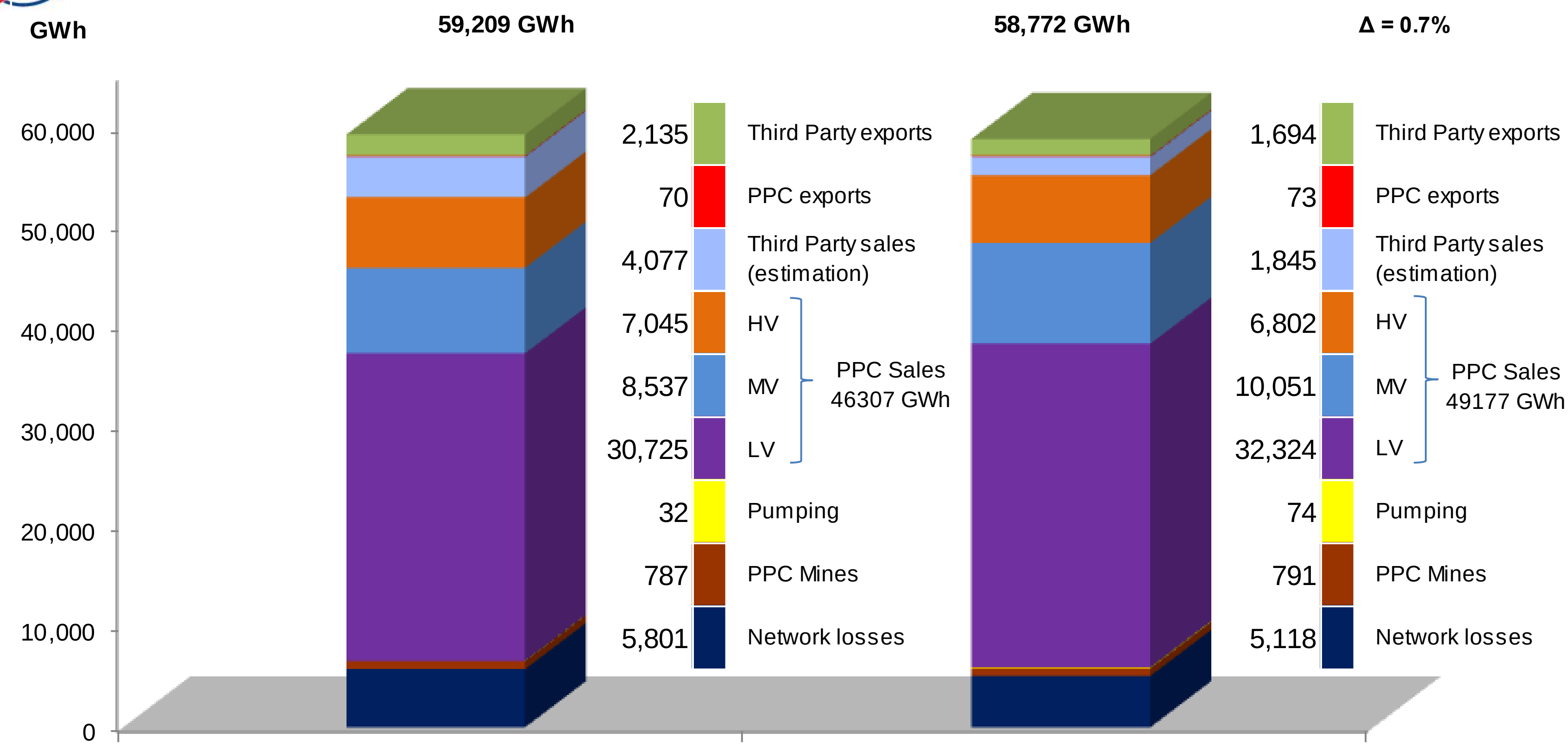
EBITDA in 2016 increased by € 235.3 m. (or by 28.4%) compared to 2015, with the respective margin settling at 20.2% compared to 14.4%.
Excluding one-off items, 2016 EBITDA stands at € 1,149.8 m and the respective margin at 21.9%, compared to 15.5% in 2015

Summary Financial Results 4Q2016 / 4Q2015

Key Figures - Group (€ mln.)	4Q2016	4Q2015	Δ	Δ%
Total Revenues	**1,216.3**	**1,283.7**	***(67.4)***	***(5.3)***
Revenues from Energy Sales	1,172.4	1,226.6	*(54.2)*	*(4.4)*
Revenues from Domestic Energy Sales (in € mln)	*1,171.4*	*1,226.2*	*(54.8)*	*(4.5)*
Total Energy Sales (in GWh)	*11,264*	*11,585*	*-321*	*-2.8*
Domestic Energy Sales (in GWh)	*11,247*	*11,571*	*-324*	*-2.8*
Other revenues	43.9	57.1	*(13.2)*	*(23.1)*
Payroll Expense	231.3	222.2	*9.1*	*4.1*
Liquid Fuel	115.2	99.2	*16.0*	*16.1*
Special Consumption Tax	*31.5*	*25.8*	*5.7*	*22.1*
Natural Gas	79.1	118.0	*(38.9)*	*(33.0)*
Special Consumption Tax	*0.0*	*21.9*	*(21.9)*	*(100.0)*
Expenditure for CO_2 emission rights	48.1	67.7	*(19.6)*	*(29.0)*
Energy Purchases	278.8	302.7	*(23.9)*	*(7.9)*
Transitory Capacity Payment Mechanism	*17.7*	*0.0*	*17.7*	
Differential expense for RES energy purchases	*4.9*	*6.4*	*(1.5)*	*(23.4)*
Special consumption tax on natural gas for IPPs	*0.0*	*10.6*	*(10.6)*	*(100.0)*
Cover of Special RES account deficit	*28.4*	*0.0*	*28.4*	
Special lignite levy	8.7	9.1	*(0.4)*	*(4.4)*
Other Operating Expenses	162.7	115.1	*47.6*	*41.4*
Provisions	-14.8	259.7	*(274.5)*	*(105.7)*
EBITDA	**287.8**	**55.0**	***232.8***	***423.3***
EBITDA MARGIN (%)	**23.7%**	**4.3%**		
Depreciation and Amortisation	185.8	178.7	*7.1*	*4.0*
Net Financial Expenses	35.7	46.6	*(10.9)*	*(23.4)*
Financial expenses	*63.6*	*64.5*	*(0.9)*	*(1.4)*
Financial income	*27.9*	*17.8*	*10.0*	*56.3*
EBT	**56.9**	**-169.9**	***226.8***	

EBITDA in 4Q2016 increased by € 232.8 m. (or by 423.3%) compared to 4Q2015, with the respective margin settling at 23.7% compared to 4.3% in 4Q2015

Electricity Demand 2016 / 2015



2016	
PPC domestic sales :	46,307 GWh
Average Market Share (estimation):	91.9%

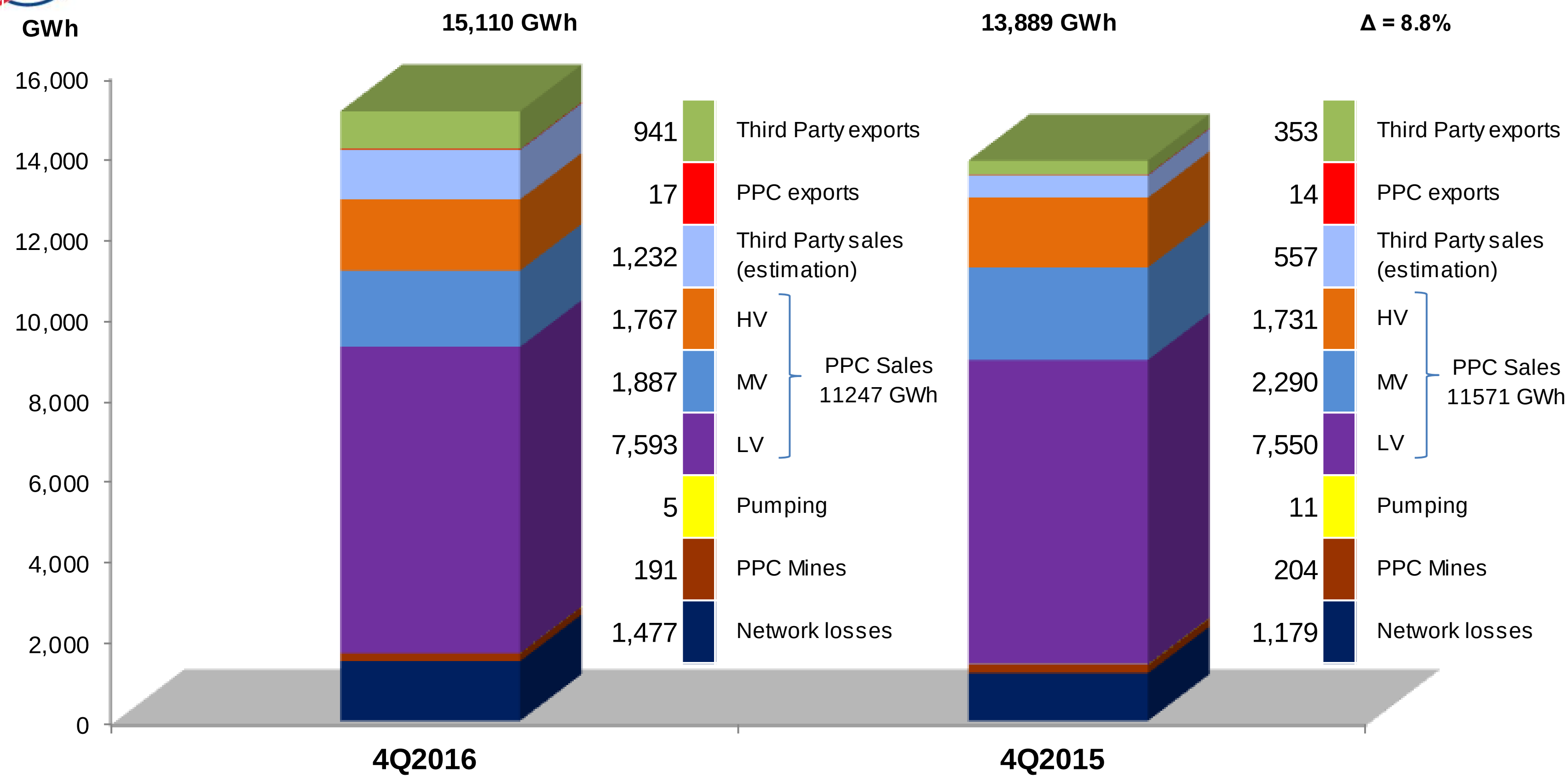
2015	
PPC domestic sales :	49,177 GWh
Average Market Share (estimation) :	96.4%

PPC exports:	70 GWh
Average Market Share :	3.2%

PPC exports:	73 GWh
Average Market Share :	4.1%

Electricity demand, excluding pumping and exports, remained practically stable. However, PPC's domestic sales decreased by 5.8% (2,870 GWh), as the average market share was reduced by 4.5 percentage points.

Electricity Demand 4Q2016 / 4Q2015



PPC domestic sales :	11,247 GWh
Average Market share (estimation) :	90.1%

PPC domestic sales :	11,571 GWh
Average Market share (estimation) :	95.4%

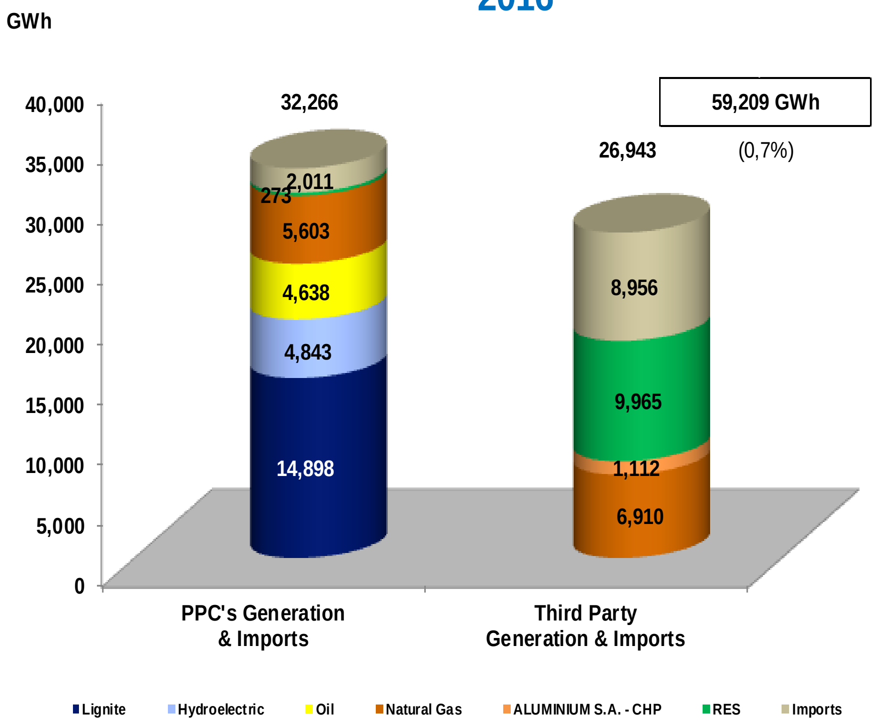
PPC exports:	17 GWh
Average Market share :	1.8%

PPC exports:	14 GWh
Average Market share :	3.8%

In 4Q2016, electricity demand, excluding pumping and exports, increased by 4.7% (636 GWh) vs 4Q2015. PPC's domestic sales decreased by 2.8% (324 GWh) since the average market share declined by 5.3 percentage points.

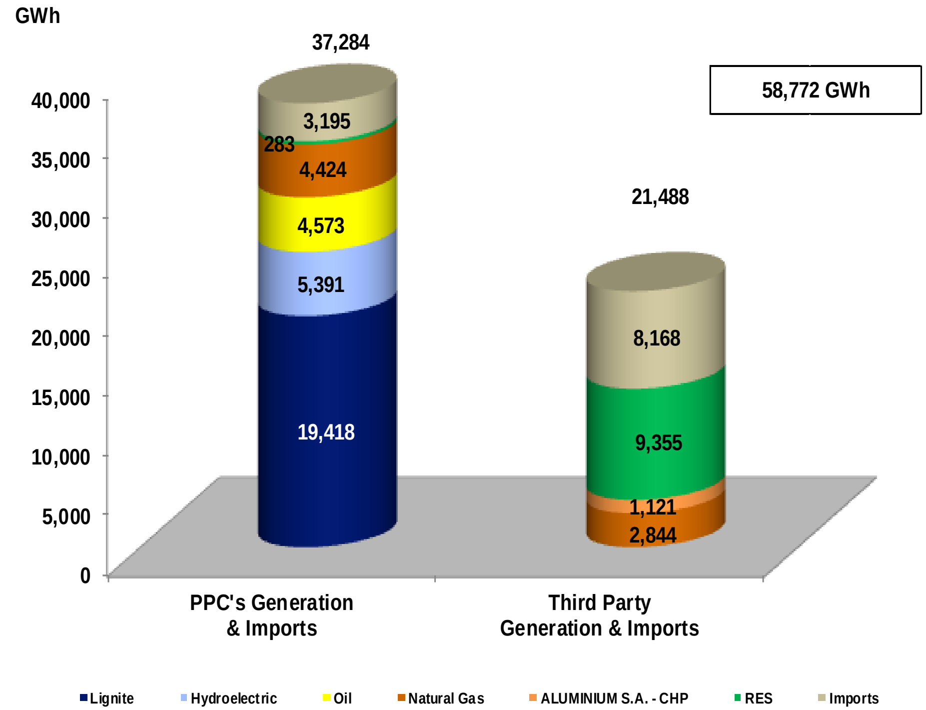
Electricity Generation and Imports 2016 / 2015

2016



PPC generation: 30,255 GWh	PPC imports: 2,011 GWh
Average Market Share: 62.7%	Average Market Share: 18.3%
PPC's Average Market Share in Generation as percentage of total load in the Interconnected System:	47.6%

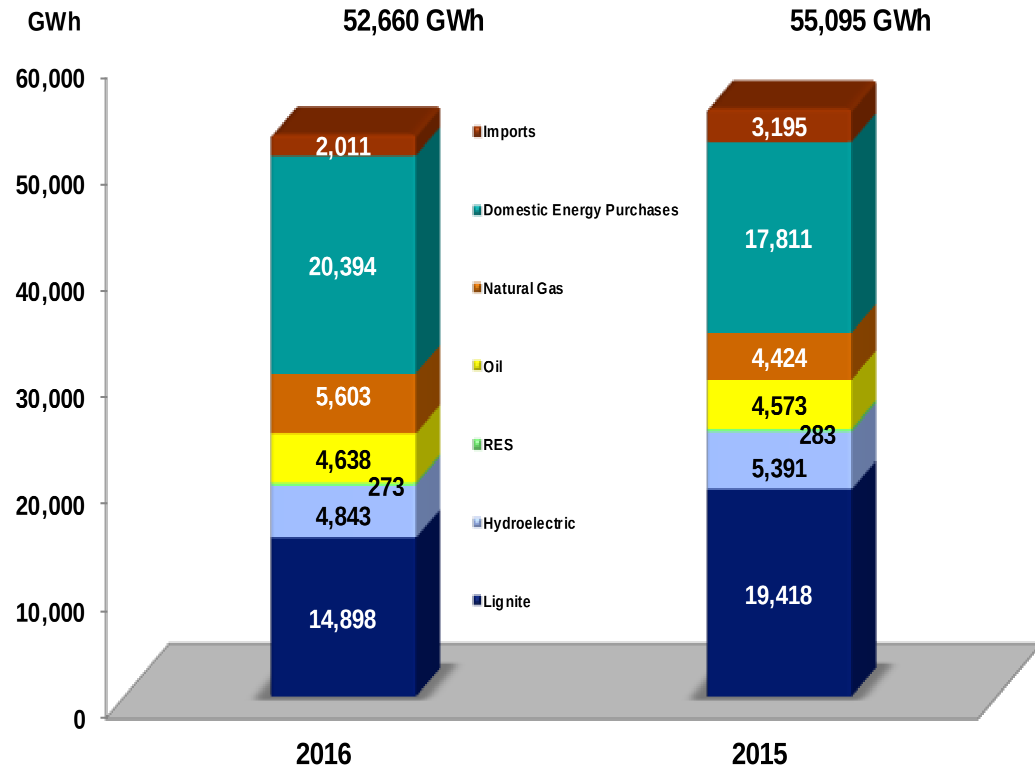
2015



PPC generation: 34,089 GWh	PPC imports: 3,195 GWh
Average Market Share: 71.9%	Average Market Share: 28.1%
PPC's Average Market Share in Generation as percentage of total load in the Interconnected System:	55.2%

In 2016, PPC's electricity generation and imports, covered 54.5% of total demand (51.3% in the Interconnected System) , while the corresponding percentage in 2015 was 63.4% (61.2% in the Interconnected System).
PPC's market share in electricity generation, as a percentage of the total load in the Interconnected System declined to 47.6% from 55.2% respectively.

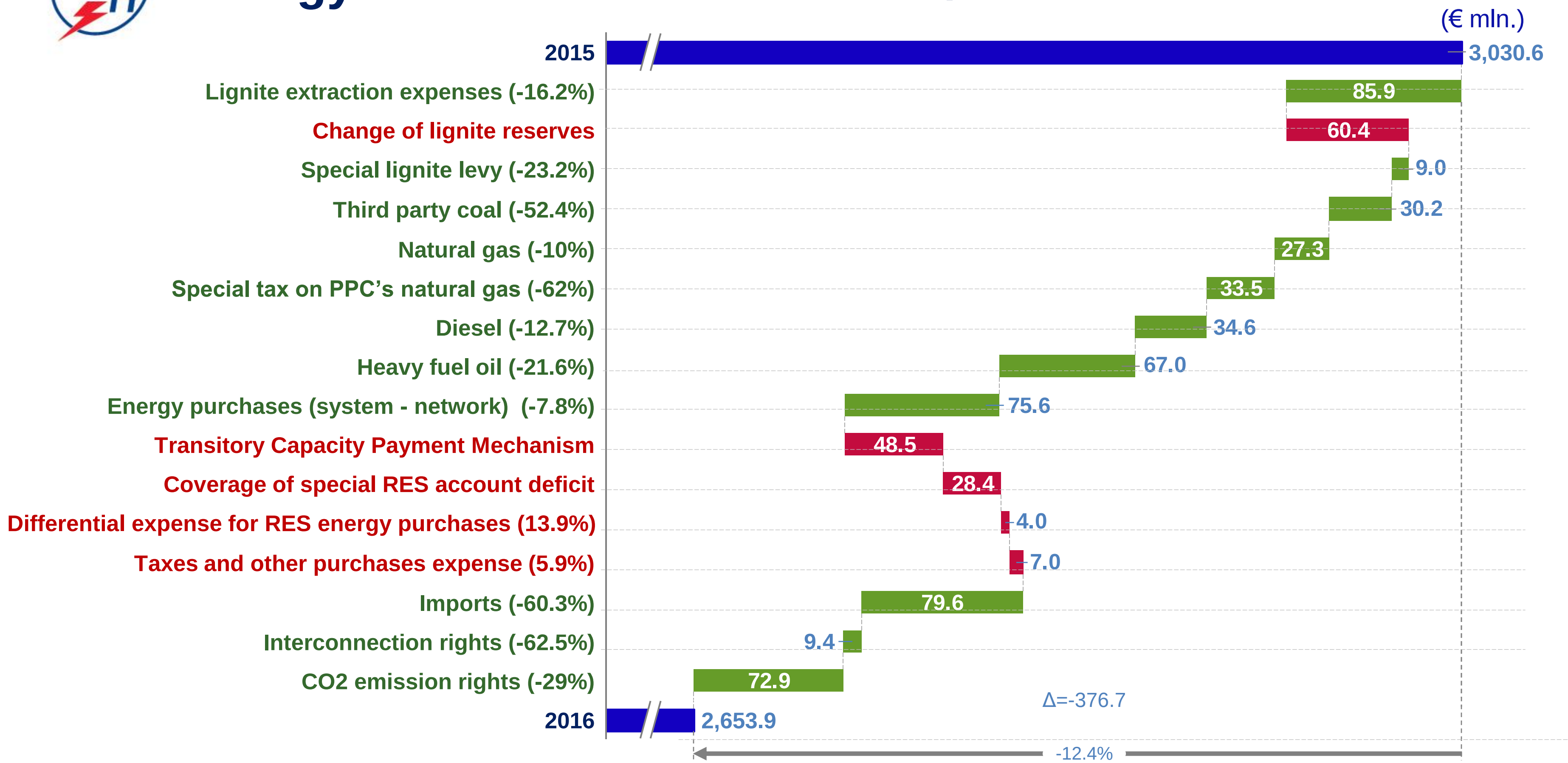
PPC/ Energy Generation and Purchases (GWh) 2016/2015



		Δ GWh	Δ %	% Participation 2016	% Participation 2015
	TOTAL	-2,435	-4.4%		
PURCHASES	Imports	-1,184	-37.1%	3.8%	5.8%
	Domestic Energy Purchases	2,583	14.5%	38.7%	32.3%
IMPORTED FUELS	Natural Gas	1,179	26.7%	10.6%	8.0%
	Oil	65	1.4%	8.8%	8.3%
DOMESTIC FUELS	RES	-10	-3.5%	0.5%	0.5%
	Hydroelectric	-548	-10.2%	9.2%	9.8%
	Lignite	-4,520	-23.3%	28.3%	35.2%
TOTAL	**PURCHASES**			42.5%	38.1%
	IMPORTED FUELS			19.4%	16.3%
	DOMESTIC FUELS			38.0%	45.5%

**In 2016, electricity generation from lignite decreased by 23.3% (4,520 GWh) compared to 2015.
In the same period the percentage participation of lignite in PPC's total energy mix, decreased to 28.3% from 35.2% in 2015.
Natural gas-fired generation marked significant increase by 26.7% settling at 5,603 GWh.
Energy purchases (excluding PPC's imports) from the System and the Network increased by 14.5% (2,583 GWh), while hydro generation decreased by 10.2% to 4,843 GWh.**

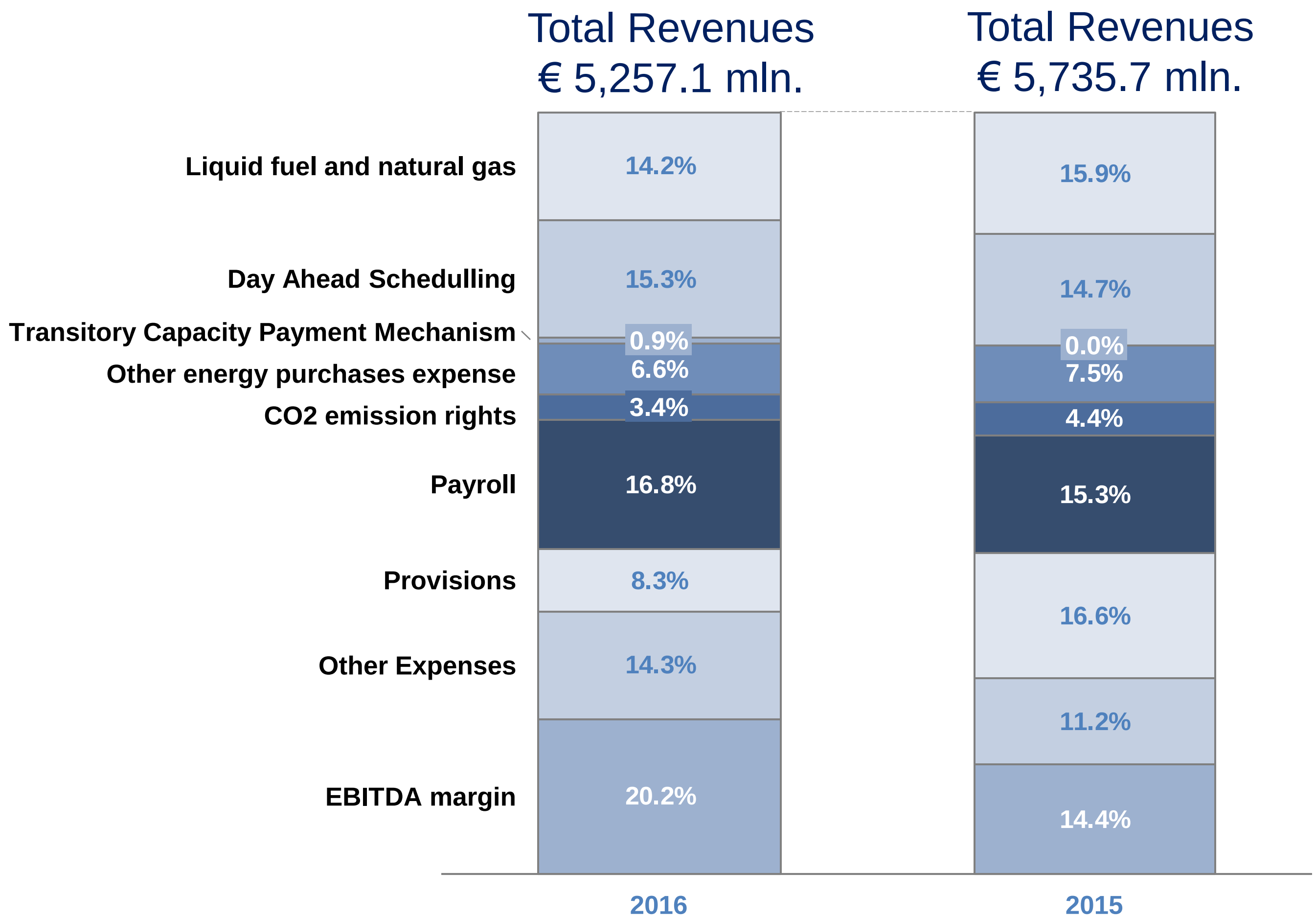
Energy mix cost evolution 2016 / 2015



The overall energy mix cost decreased by € 376.7 m. (12.4%), mainly due to the reduction of the energy mix expense.

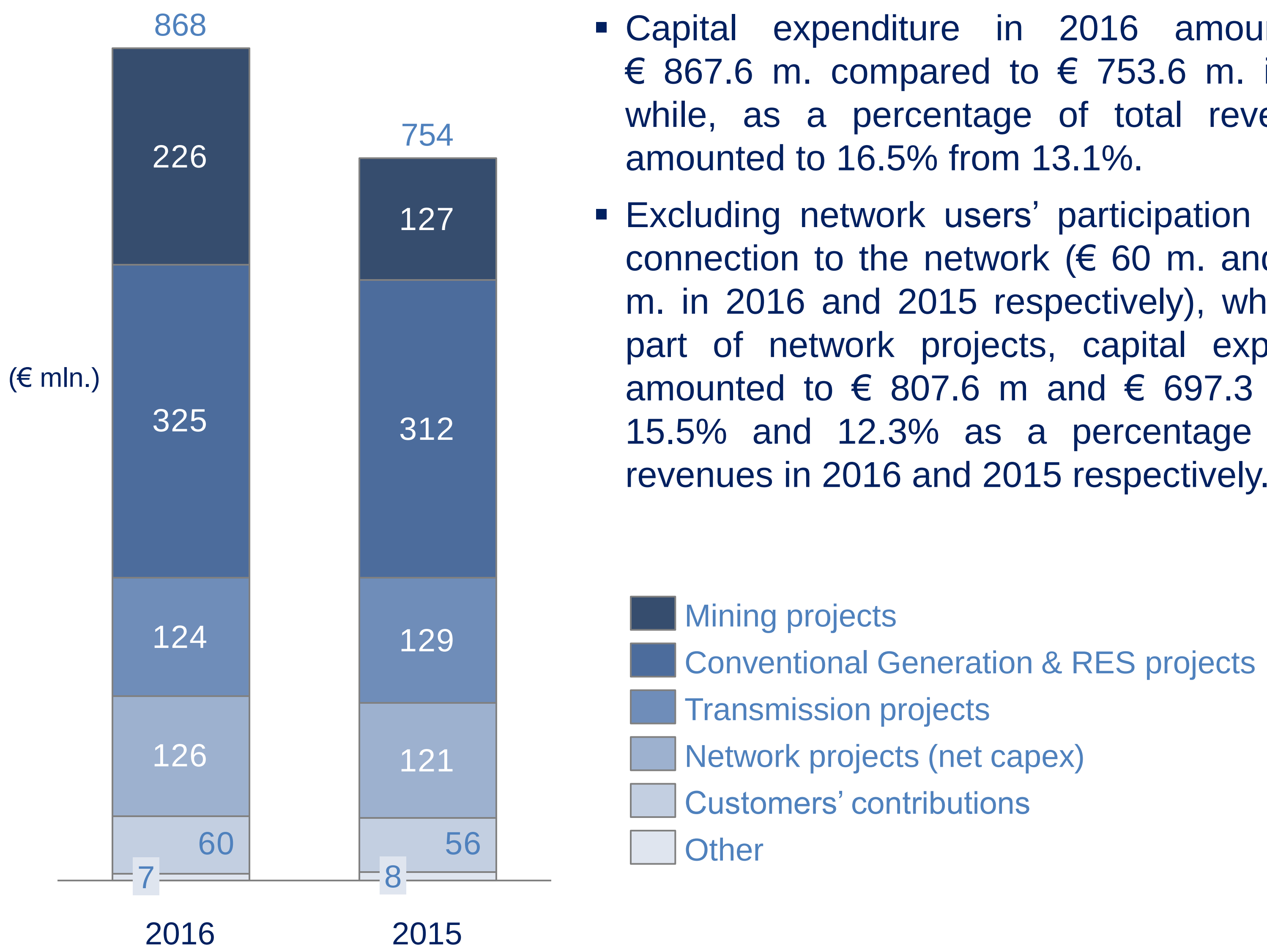
	(Δ)
Price effect:	386.0
Quantity effect:	36.1
Transitory Capacity Payment Mechanism :	48.5
Coverage of special RES account deficit :	28.4
Differential expense for RES energy purchases :	4.0
Special lignite levy :	9.0
Special Consumption Tax on natural gas consumed by PPC :	33.5
Taxes and other energy purchases expense :	7.0
Total:	376.7

Fuel, CO_2, other expenses and EBITDA as percentage of revenues (2016/2015)



In 2016, 40.4% of total revenues were expensed for fuel, CO_2 and energy purchases compared to 42.5% in 2015.
Provisions represent 8.3% of total revenues compared to 16.6% last year.
The corresponding percentage for payroll increased to 16.8% compared to 15.3% last year, due to turnover reduction.

Capex



- Capital expenditure in 2016 amounted to € 867.6 m. compared to € 753.6 m. in 2015, while, as a percentage of total revenues it amounted to 16.5% from 13.1%.
- Excluding network users' participation for their connection to the network (€ 60 m. and € 56.3 m. in 2016 and 2015 respectively), which fund part of network projects, capital expenditure amounted to € 807.6 m and € 697.3 m or to 15.5% and 12.3% as a percentage of total revenues in 2016 and 2015 respectively.

Debt Evolution - Liquidity

- Net debt amounted to € 4,526.8 m., a reduction of € 262.1 m. compared to 31.12.2015 (4,788.9 m.)

- Debt repayments in 2016 amounted to € 409,1 m.

- In addition, during 2016, we proceeded with the drawdown of € 180 m

Comments on Financial Results & Recent Developments

Emmanouil Panagiotakis

Chairman and CEO

Public Power Corporation S.A.

Comments on financial results

- The downward trend in the level of bad debt provisioning for LV and MV customers further accelerated in 4Q2016, leading to an annual reduction of the corresponding provisions by € 378 m.

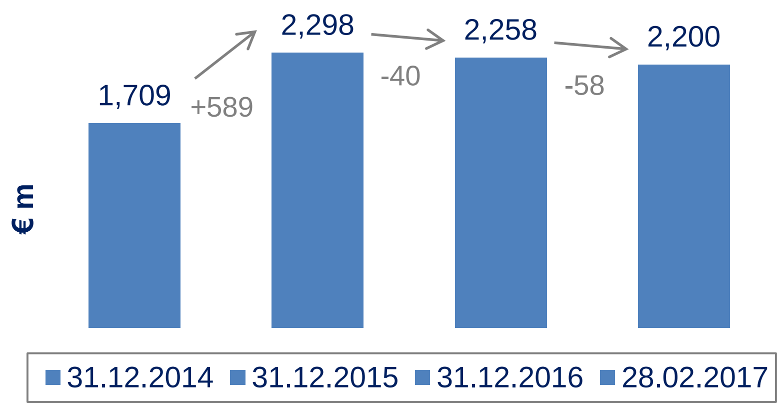
- Operating profitability of the Group (EBITDA) marked an improvement by € 235 m in 2016.

- At the Parent company level, pre-tax profits were increased by an amount of € 92.9 m from the reduction of IPTO's share capital. This amount will be received in 2017.

- Profitability was negatively impacted by at least € 250 m from exogenous factors which are not within the Company's control.

Overdue Receivables / Collection

Overdue Customer Receivables * (excluding settlements)

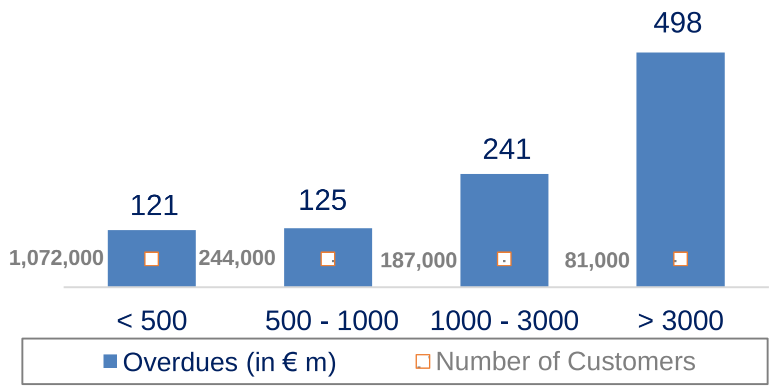


Settlements

Active settlements on 28.02.2017

- 480,000 customers
- € 790 m

Breakdown of Overdue Receivables * from active LV customers not yet settled (28.02.2017)



Further measures for improving collection

- Customers with overdues up to € 500 on 28.02.2017
  - Suspension of payment for one year
  - 10% discount on current bills
  (under the condition of on time payment)
- Settlements up to 36 monthly installments
- Continuing 15% discount on the energy component for residential and business customers in LV and MV (under the condition of on time payment)
- Additional discount of 6% for payment in advance of electricity consumption of 1 year for large corporate clients (to be extended to LV customers in 1 month time)
- In process of appointing an advisor to perform analysis of receivables portfolio and suggest possible securitization structures.

** Amounts collected for third parties (municipality taxes and charges, real estate levy and state radio-television tax) are not included*

Update on IPTO ownership unbundling

EGM Decisions (17.1.2017)

- Establishment of "Energiaki Holding S.A."
- Independent valuation of the 51% of the share capital of IPTO to be contributed to Energiaki Holding: € 491.8 m
- Share capital of Energiaki Holding:

  232 m registered shares with a nominal value of € 2.12/share.
- Decrease of PPC share capital by € 491.8 m and distribution in kind to its shareholders, possibly with a ratio 1 share of Energiaki Holding for every 1 share of PPC. The precise value of the exchange and the payment mechanism will be decided after consultations with ATHEX and HCMC.

Major financial developments

EIB financing – HV substations & Smart Metering

- Signing of the 1st loan agreement of € 40 m on 22.12.2016, within the framework of a total loan facility of € 85 m.
- Investments aiming at the modernization and reinforcement of the Distribution Network in the mainland and the islands of Greece.

Greek banks financing

- Signed termsheet for a 2-year syndicated bond loan of € 200 m with the Greek Banks in order to cover financing needs of the Company.

Other operating and regulatory developments

Emission Allowance Trading Scheme

- European Parliament Decisions for the inclusion of Greece in the Modernization Fund and in the Transitional Free Allocation Mechanism (CO_2).
- Greece could have access to significant funds for the modernization of its electricity system infrastructure.

LARCO

- Approval of new pricing terms for LARCO for the period 1.1.2016-31.12.2020 and settlement of past dues by the General Meetings of Shareholders of PPC and LARCO.
- The new Supply Contract is expected to be signed soon.

RES Projects

- Repowering of the Small Hydro Power Plant Louros (8.8 MW)
- Repowering of 12 Wind Parks (31.8 MW)
- Development of Geothermal Fields
- Biomass Combined Heat and Power (CHP) plant in Amyntaio – Western Macedonia (25MW)

Organizational restructuring

- Appointment of Mr. Ioannis Kopanakis as Chief Corporate Development Officer, as of January 10, 2017 (former Chief Generation Officer).

  The Corporate Development Division is responsible for the monitoring of market developments internationally, the examination of undertaking new business activities and upgrading the existing ones, as well as the design and coordination of such actions as well as the governance of subsidiaries and associated companies.

- Appointment of Mr. Lazaros Karalazos as Chief Strategy and Transformation Officer, as of January 24, 2017 (former Chief Supply Officer).

  The Strategy and Transformation Division is responsible for the strategic and business planning of PPC and the Group, regulatory issues, environmental policy and coordination of all actions that are related to the Company transformation.

- Appointment of Mr. Dimitris Metikanis as Chief Generation Officer, as of January 10, 2017.

  The new Chief Generation Officer has a 30-year experience in the generation business having served in several technical, administrative and executive positions.

- New system in place for the evaluation of personnel performance aiming at increasing the performance of the personnel and upgrading the corporate culture.

Top priorities going forward

- PPC is considering to hire an advisor for the development of its Strategic and Business Plan taking into account current legislation concerning retail market and transition to Target Model.
- Design and implementation of the sale of PPC’s customer portfolio with the assistance of a recently hired consultant, in order to achieve the market share reduction smoothly.
- In process of appointing advisor to perform analysis of receivables portfolio and suggest possible securitization structures.
- Intensification of actions for the improvement of collection of electricity bills.
- Containment of power thefts.
- Recovery of amounts owed to PPC due to PSOs, initially for the years 2013 and 2014.
- Promoting investments in Renewables.
- Examining opportunities for expansion in the Balkan region as well as in other neighbouring countries.

DISCLAIMER

Some of the information contained herein includes forward-looking statements. It is noted that the Group is subject to various risks, which, among other, relate to macroeconomic conditions, €/$ exchange rate, oil, natural gas, electricity prices and the price of CO_2 emission rights, as well as changes in the market, legal, regulatory and fiscal framework and bad debt evolution, that could cause actual results to differ materially from those anticipated in the forward-looking statements.