



# **PUBLIC POWER CORPORATION S.A.**

**Annual Results 2007**

**Athens, 27 March 2008**

## **Highlights of 2007**

Dr. Takis Athanasopoulos, Chairman and CEO

## **Financial Results**

Mr. George Angelopoulos, CFO

## **Achievements in 2007 & Actions for 2008**

Dr. Takis Athanasopoulos, Chairman and CEO

# Highlights of 2007

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

- Accounting Unbundling and Contract for Differences between Generation and Supply agreed with Regulator
- Operational Unbundling
- Start of construction of net 417 MW CCGT in Aliveri
- Sale of Tellas for €175m
- Approval of PPC Renewables business plan
- Initiated process for exercising option to acquire 30% of DEPA
- Increased tariff levels and introduction of fuel clause, approved by the Ministry of Development, better reflecting higher fuel costs and PSOs
- Setting of PPC's Strategic Priorities

# **Financial Results**

**Mr. George Angelopoulos**  
*Chief Financial Officer*

# 4<sup>th</sup> Quarter 07 Summary Financial Results: P&L



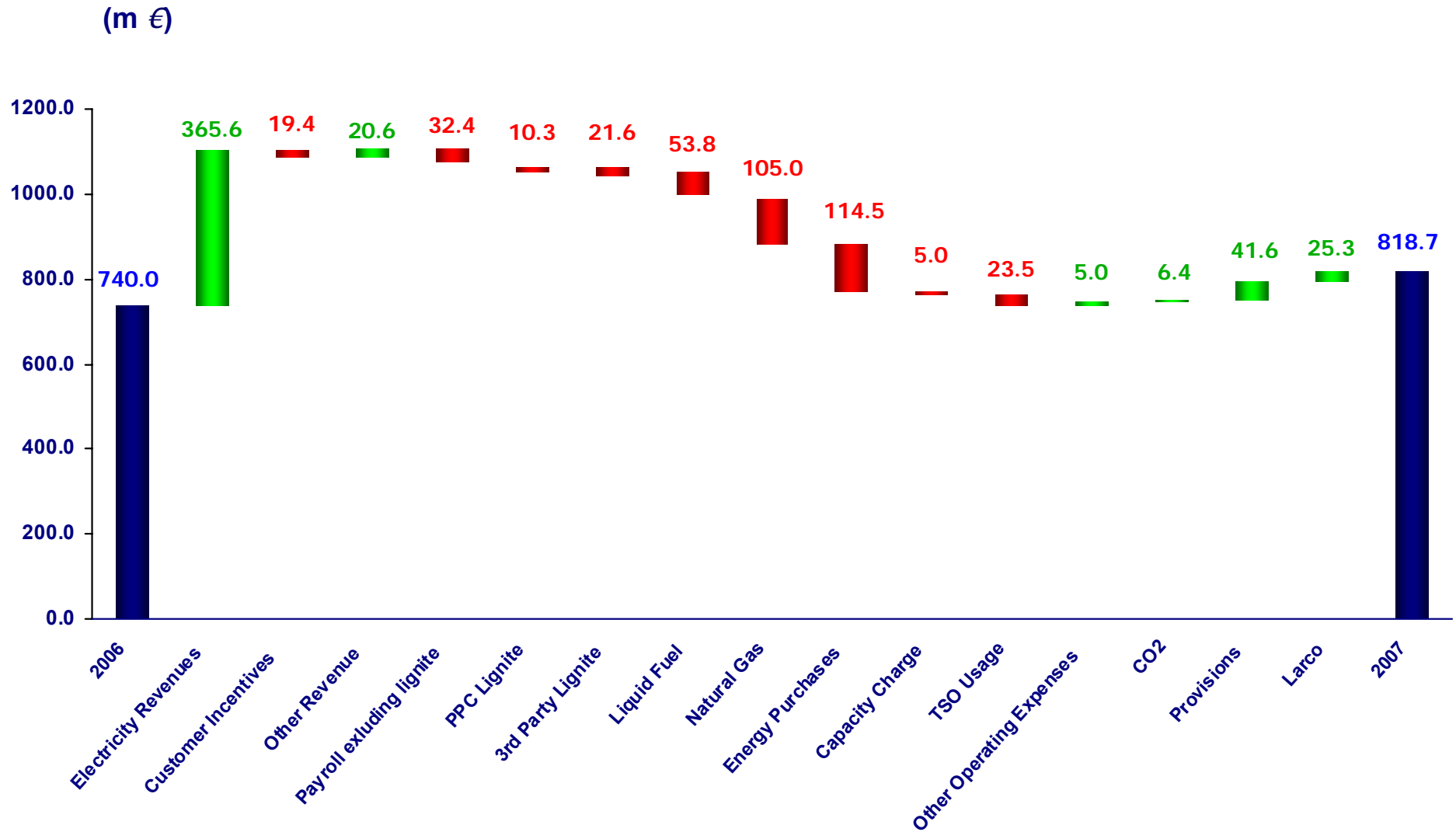
Key Figures (€ m)	4Q07	4Q06	Δ%
<b>Total Sales</b>	<b>1,312.4</b>	<b>1,211.5</b>	<b>8.3</b>
Electricity Sales	1,218.6	1,124.1	8.4
Payroll excluding Lignite	277.5	285.2	-2.7
PPC Lignite	156.2	151.3	3.2
3 <sup>rd</sup> party fossil fuel	10.5	3.7	183.8
Fuel Costs	373.4	333.5	12.0
Energy Purchases	150.9	157.6	-4.3
Other Costs	147.0	158.6	-7.3
Provisions	-11.0	13.1	
<b>EBITDA</b>	<b>207.9</b>	<b>108.5</b>	<b>91.6</b>
Net Financial Expense	41.6	36.1	15.2
Net Income	162.1	-49.1	
<b>EPS (€ per share)</b>	<b>0.70</b>	<b>-0.21</b>	

# 2007 Summary Financial Results: P&L



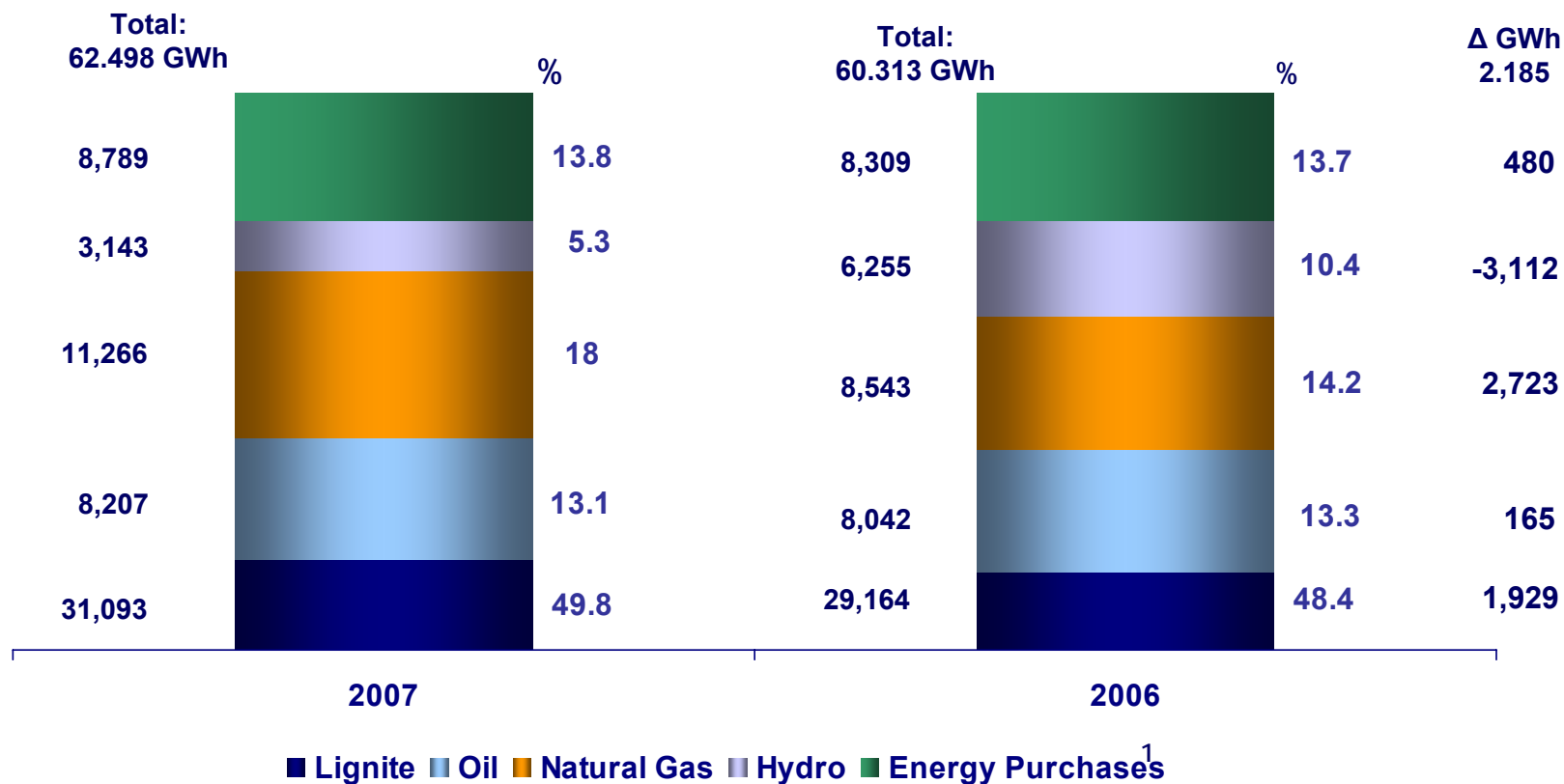
Key Figures (€ m)	2007	2006	Δ%
<b>Total Sales</b>	<b>5,154.2</b>	<b>4,787.4</b>	<b>7.7</b>
Electricity Sales	4,808.2	4,442.6	8.2
Payroll excluding Lignite	1,082.7	1,050.3	3.1
PPC Lignite	612.6	602.3	1.7
3 <sup>rd</sup> party fossil fuel	44.2	22.6	95.6
Fuel Costs	1,416.2	1,257.4	12.6
CO <sub>2</sub> rights	7.4	13.8	-46.1
Energy Purchases	643.3	523.8	22.8
Transmission System Usage	308.9	285.4	8.2
Other Operating Expenses	258.2	263.2	-1.9
Provisions	-12.7	28.9	
Settlement of our claims to LARCO	-25.3	0	
<b>EBITDA</b>	<b>818.7</b>	<b>739.7</b>	<b>10.7</b>
Net Financial Expense	154.5	133.0	16.2
Net gain from sale of Tellas	165.0	0	
Net Income	222.3	22.1	905.9
<b>EPS (€ per share)</b>	<b>0.96</b>	<b>0.1</b>	<b>860.0</b>

# EBITDA Reconciliation – '07 vs. '06





# Energy Balance



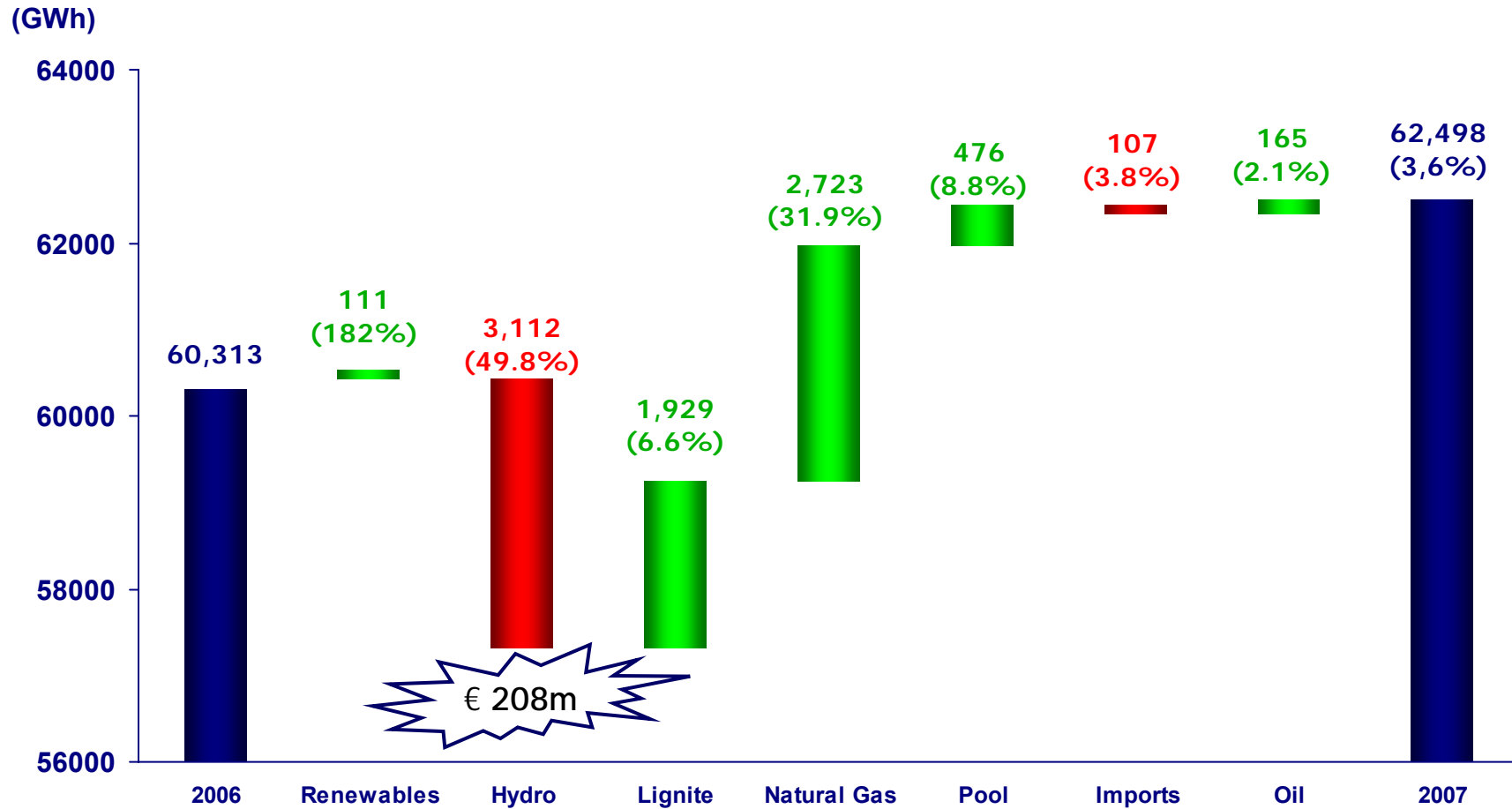
- Hydro generation decreased by 49.8%
- Natural gas generation increased by 32%
- 4.5% higher energy purchases

<sup>1</sup> Including PPC renewables generation 172GWh in 07 & 61GWh in 06

# Energy Balance Reconciliation



€ 208m : the impact of dry hydro conditions

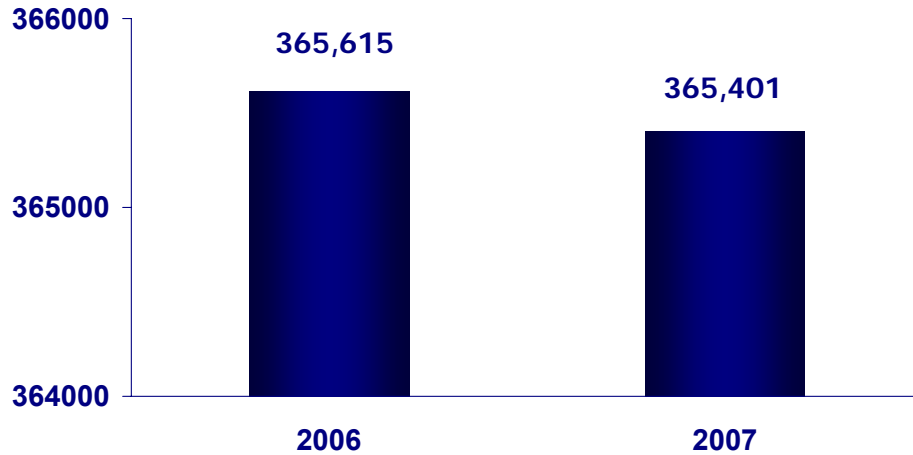


# Lignite Extraction



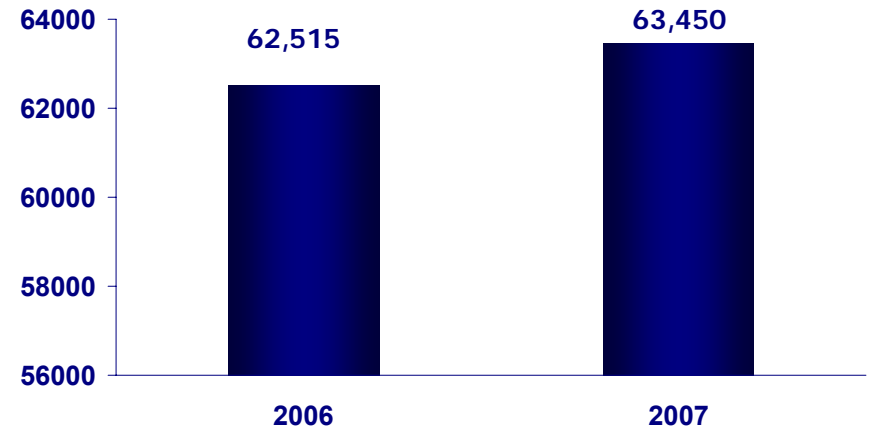
Stripping ratio at 4.9 to 1 in 2007 ( 5 to 1 in 2006 )

(Cubic meters, thousand)



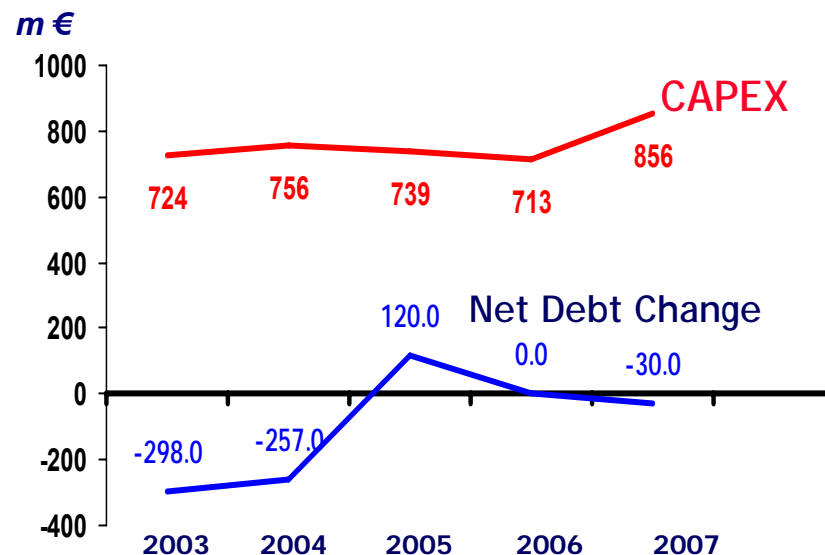
Excavations

(Tonnes, thousand)



Lignite Extracted

- Net debt on Dec 31, 2007 stood at €3.725m  
—compared to €3.755m at Dec 31, 2006
- Capital expenditures of €856m for the period (€713m in '06)
- Total financial expense of €148m in '07 from €123m in '06



# **Achievements in 2007 and Actions for 2008**

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



- Accounting Unbundling agreed with Regulator
  - Unbundling of activities with separate audited income statements and balance sheets
  - Contract for Differences between PPC's Generation and Supply
- Operational Unbundling
  - Unbundled budgets for business units for 2008
- Tariff levels and measures to better reflect costs and improve transparency, approved by the Minister of Development
  - Average increase of 6.4% in December 2007
  - Average increase of 7% from July 2008
  - Fuel adjustment mechanism effective from January 2009
  - PPC to submit proposal for unbundled charges for regulated and competitive activities
  - High Voltage tariffs increased by 10% in December 07; to be deregulated from July 2008, with an initial cap of a further 10% increase

- Decision to introduce hard-coal in the generation mix
- Start of construction of a new gas fired CCGT of net 417 MW in Aliveri
- Agreement with Mesochora Hydro plant stakeholders to commence operations in 2010 (160 MW)
- Agreement to shift from oil-fired to gas-fired generation in Crete from 2012, with an estimated fuel cost savings of €150m per year
- Generation license granted for 120MW heavy fuel oil plant in Rhodes

- Application for Generation Licenses for :
  - 700-800 MW “capture-ready” hard-coal fired plant in Aliveri
  - 700-800 MW “capture-ready” hard-coal fired plant in Larimna
  - 790-850 MW gas fired CCGT in Megalopolis
  - 450 MW lignite fired unit in Florina
  - 450 MW lignite fired unit in Ptolemaida
  - 2 x 250 MW CCGT in Crete
  - 100 MW heavy-fuel oil unit (to be converted to natural gas later) in Crete





- 7% efficiency improvement in terms of other operating expenses, including lignite's, per MWh generated achieved in 2007
- International tender process for liquid fuel procurement resulted in USD 14m savings in 2007 and is expected to deliver an additional USD 10m savings in 2008

## Growth in Renewables

- Approved PPC Renewables business plan
  - Through investments of €1.95 bn PPC is targeting a 20% market share by 2014
- 50 MW photovoltaic park in Megalopolis
  - Tender for EPC contractor to be issued. Construction expected to commence in late 2008
- Collaborations :
  - Joint venture with EDF Energies Nouvelles for the construction of 122 MW of wind farms : 38 MW already under construction in Viotia, expected to be completed in Q1 09
  - MoU with S&B for the development of geothermal power on the Milos islands complex



## Natural Gas :

- Initiated process for exercising option to acquire 30% of DEPA

## SENCAP :

- In a consortium with ENEL, participating in the tender in Kosovo

- **Review MOU with RWE**
  - RWE proposed a joint venture with PPC
    - 51% RWE / 49% PPC of a 1.600MW “capture ready” hard-coal plants (operational in Greece in 2012)
    - Collaboration in natural gas
    - Collaboration in off-shore wind-parks

- **Proceed with MOU with Halyvourgiki SA**
  - Halyvourgiki SA, a major steel maker, has generation license for 880MW CCGT
  - Halyvourgiki proposed a joint venture with PPC
    - 51% Halyvourgiki / 49% PPC
    - Unit will be installed at industrial site owned by Halyvourgiki, within greater Athens, the area of Greece with the highest consumption
    - Close to High Voltage transmission network, enhancing system stability in southern Greece
    - Site very close to natural gas pipe
    - Immediately available site with environmental permit granted
    - Unit operational in 2011

- **New Corporate Structure**

- We are in the process of studying the most appropriate corporate structure for PPC in a European environment, taking into account the particularities of the Greek legal and regulatory framework (including the Real Estate subsidiaries)
- We will continue the consultation process with the unions on the corporate structure, with the aim to conclude in the summer of 2008

- **EU decision regarding PPC's lignite rights**

- On March 5<sup>th</sup>, 2008 the European Commission adopted a decision concerning the lignite rights granted by the Hellenic Republic to PPC
- With this Decision, the Commission calls on Greece to propose and adopt remedies to ensure sufficient access to lignite by competitors of PPC
- PPC examines its options on how to properly react on the Commission's decision including the filing of an action in law before the European Court of First Instance



- **Other specific targets**

- Award EPC contracts for all announced power plants
- Progress with network enhancement programme
- Deliver 20% reduction of the efficiency gap against best practices set for 2008
- Present Business Plan in October 2008



- Actions to be taken following the 18-day employee strike regarding State's social security reform
  - Replenish lignite reserves in store
  - Accelerate generation unit maintenance program
  - Accelerate investments in strengthening the network
  - Rebalance generation mix during 2008
    - During the strike, lost lignite generation was covered by energy imports, heavy fuel oil and natural gas
- Following another year of low snow and rainfall
  - Plan for prudent use of water reserves
  - Prepare for heat-waves like in summer 07