Public Power Corporation S.A.

Financial Results
1st Half 2014

Athens, August 28, 2014

Agenda

Financial Results

George Angelopoulos, CFO

Business Review & Outlook

Arthouros Zervos, Chairman and CEO

Financial Results

1st Half 2014

George Angelopoulos

Chief Financial Officer

Summary Financial Results 1H2014 / 1H2013

Key Figures - Group (€ mln.)	1H2014	1H2013	Δ	Δ%
Total Revenues	**2,833.6**	**2,951.2**	***(117.6)***	***(4.0)***
Revenues from Energy Sales	2,746.8	2,856.5	*(109.7)*	*(3.8)*
Revenues from Domestic Energy Sales (in € mln)	2,746.7	2,829.8	*(83.0)*	*(2.9)*
Total Energy Sales (in GWh)	*23,498*	*24,604*	*-1,106*	*(4.5)*
Domestic Energy Sales (in GWh)	*23,496*	*24,060*	*-564*	*(2.3)*
Other revenues	86.8	94.7	*(7.9)*	*(8.3)*
Payroll Expense	459.7	470.4	*(10.7)*	*(2.3)*
Liquid Fuel	344.3	368.9	*(24.6)*	*(6.7)*
Special Consumption Tax	*59.7*	*59.9*	*(0.2)*	*(0.4)*
Natural Gas	173.5	105.7	*67.8*	*64.1*
Special Consumption Tax	*25.5*	*12.8*	*12.7*	*99.3*
Expenditure for CO_2 emission rights	104.8	106.2	*(1.4)*	*(1.3)*
Energy Purchases	667.9	788.8	*(120.9)*	*(15.3)*
Variable cost recovery mechanism	*19.7*	*215.2*	*(195.5)*	*(90.8)*
Capacity assurance mechanism	*85.7*	*43.9*	*41.8*	*95.2*
Differential expense for RES energy purchases	*23.2*	*0.0*	*23.2*	
Special consumption tax on natural gas for IPPs	*13.7*	*55.9*	*(42.2)*	*(75.5)*
Special lignite levy	23.1	21.6	*1.5*	*6.9*
Other Operating Expenses (*)	204.8	268.9	*(64.1)*	*(23.8)*
Provisions	249.1	189.0	*60.1*	*31.8*
EBITDA	**547.7**	**586.3**	***(38.6)***	***(6.6)***
EBITDA MARGIN (%)	**19.3%**	**19.9%**		
Depreciation and Amortisation and impairment of fixed assets	296.6	305.1	*(8.5)*	*(2.8)*
Net Financial Expenses	107.1	107.6	*(0.5)*	*(0.5)*
Financial expenses	*140.3*	*130.6*	*9.7*	*7.4*
Financial income	*33.2*	*23.0*	*10.2*	*44.2*
EBT	**142.6**	**170.2**	***(27.6)***	***(16.2)***

(*) Without the one off positive impact relating to the retroactive discount in natural gas prices and the recovery of the state aid from Aluminium, the reduction in "Other Operating Expenses" would be € 23.5 m.

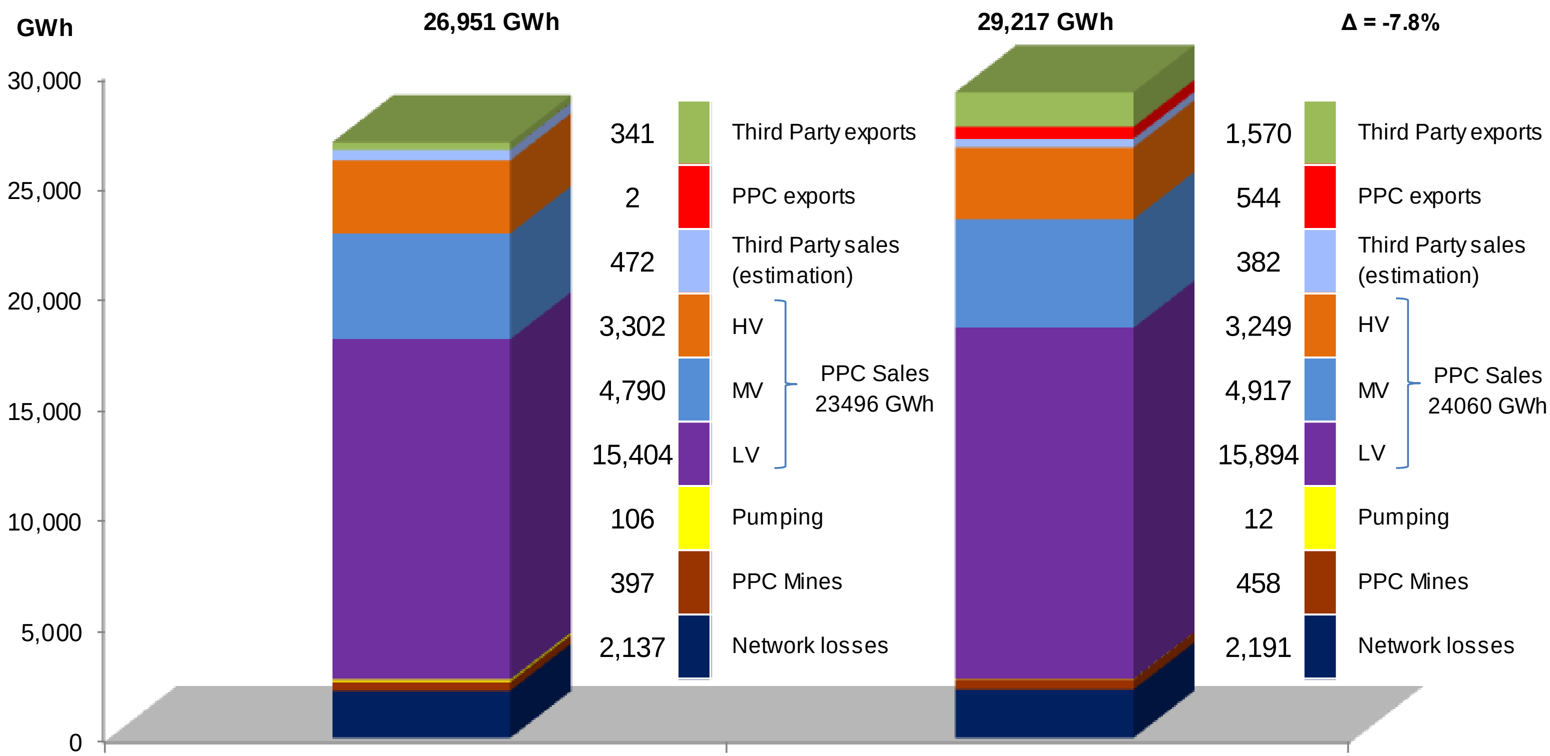
EBITDA in 1H2014 amounted to € 547.7 m. compared to € 586.3 m in 1H2013, decreased by € 38.6 m. (-6.6%), with the respective margin settling at 19.3% compared to 19.9% in 1H2013.

Summary Financial Results 2Q2014 / 2Q2013

Key Figures - Group (€ mln.)	2Q2014	2Q2013	Δ	Δ%
Total Revenues	**1,344.7**	**1,464.4**	***(119.7)***	***(8.2)***
Revenues from Energy Sales	1,295.2	1,416.4	*(121.2)*	*(8.6)*
Revenues from Domestic Energy Sales (in € mln)	1,295.2	1,404.0	(108.8)	(7.7)
Total Energy Sales (in GWh)	*11,368*	*11,828*	*-460*	*(3.9)*
Domestic Energy Sales (in GWh)	*11,366*	*11,563*	*-197*	*(1.7)*
Other revenues	49.5	48.0	*1.5*	*3.1*
Payroll Expense	231.6	235.9	*(4.3)*	*(1.8)*
Liquid Fuel	187.0	187.4	*(0.4)*	*(0.2)*
Special Consumption Tax	*33.6*	*30.7*	*2.9*	*9.3*
Natural Gas	71.5	60.5	*11.0*	*18.2*
Special Consumption Tax	*10.4*	*7.6*	*2.8*	*37.0*
Expenditure for CO_2 emission rights	55.2	35.5	*19.7*	*55.5*
Energy Purchases	312.1	366.0	*(53.9)*	*(14.7)*
Variable cost recovery mechanism	*8.3*	*110.1*	*(101.8)*	*(92.5)*
Capacity assurance mechanism	*42.3*	*24.6*	*17.7*	*72.0*
Differential expense for RES energy purchases	*10.7*	*0.0*	*10.7*	
Special consumption tax on natural gas for IPPs	*3.9*	*25.9*	*(22.0)*	*(84.9)*
Special lignite levy	10.9	10.5	*0.4*	*3.8*
Other Operating Expenses	109.9	121.6	*(11.7)*	*(9.6)*
Provisions	101.2	90.7	*10.5*	*11.6*
EBITDA	**238.3**	**332.3**	***(94.0)***	***(28.3)***
EBITDA MARGIN (%)	**17.7%**	**22.7%**		
Depreciation and Amortisation and impairment of fixed assets	149.3	152.7	*(3.4)*	*(2.2)*
Net Financial Expenses	55.4	52.9	*2.5*	*4.7*
Financial expenses	*72.0*	*65.6*	*6.4*	*9.8*
Financial income	*16.6*	*12.7*	*3.9*	*30.7*
EBT	**33.3**	**125.1**	***(91.8)***	***(73.4)***

In 2Q2014, even though energy purchases expense decreased by 14.7%, EBITDA margin declined to 17.7% versus 22.7% in 2Q2013, as total revenues decreased by 8.2% and provisions increased by 11.6%.

Electricity Demand 1H2014 / 1H2013



1H2014

PPC domestic sales :	23,496 GWh
Average Market share (estimation) :	98.0%

PPC exports:	2 GWh
Average Market share :	0.6%

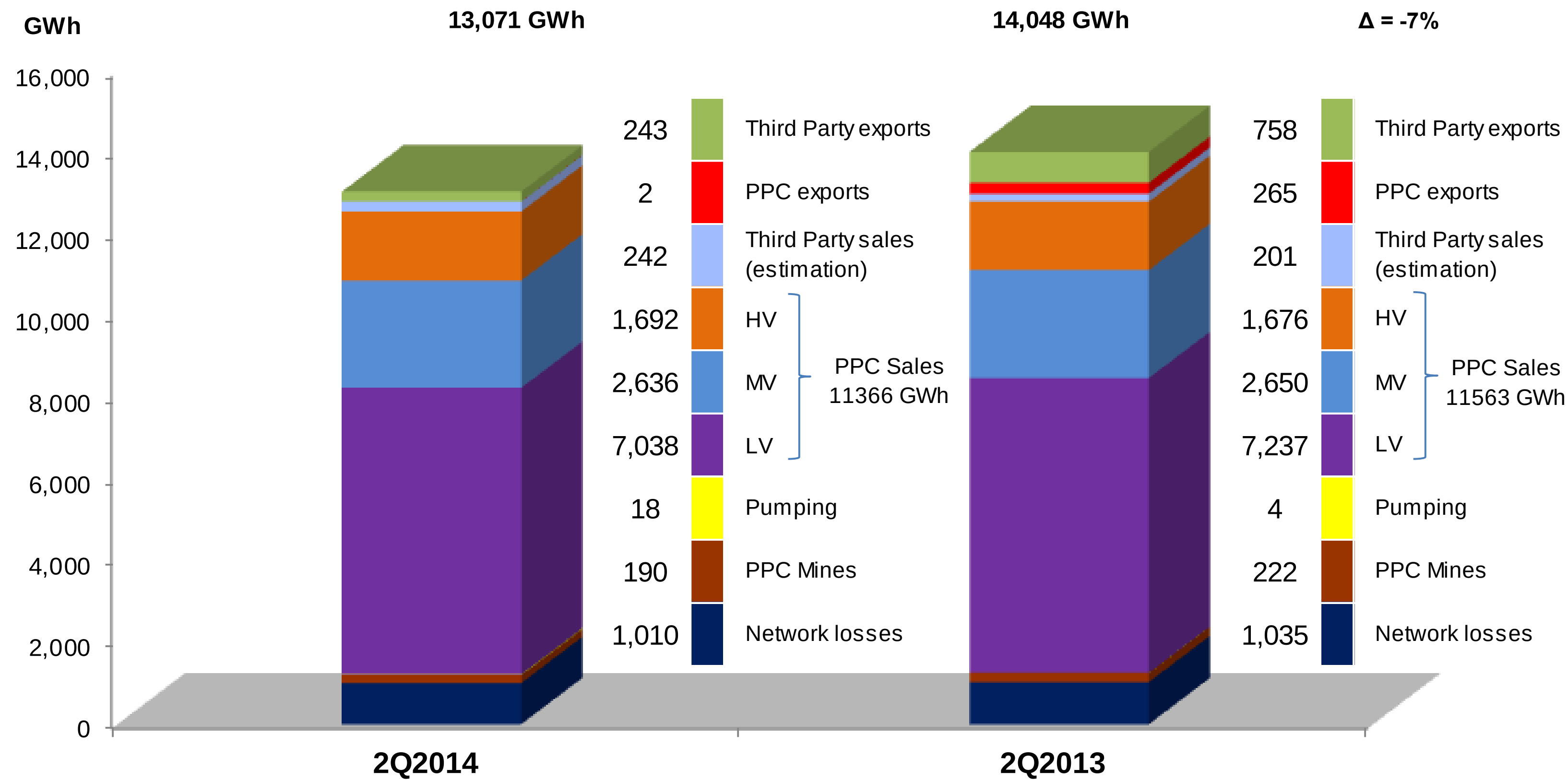
1H2013

PPC domestic sales :	24,060 GWh
Average Market share (estimation) :	98.4%

PPC exports:	544 GWh
Average Market share :	25.7%

Electricity demand, excluding pumping and exports, decreased by 2.2% (-589 GWh). PPC's domestic sales decreased by 2.3% (-564 GWh), as there was also a slight reduction of its market share from 98.4% to 98%.

Electricity Demand 2Q2014 / 2Q2013



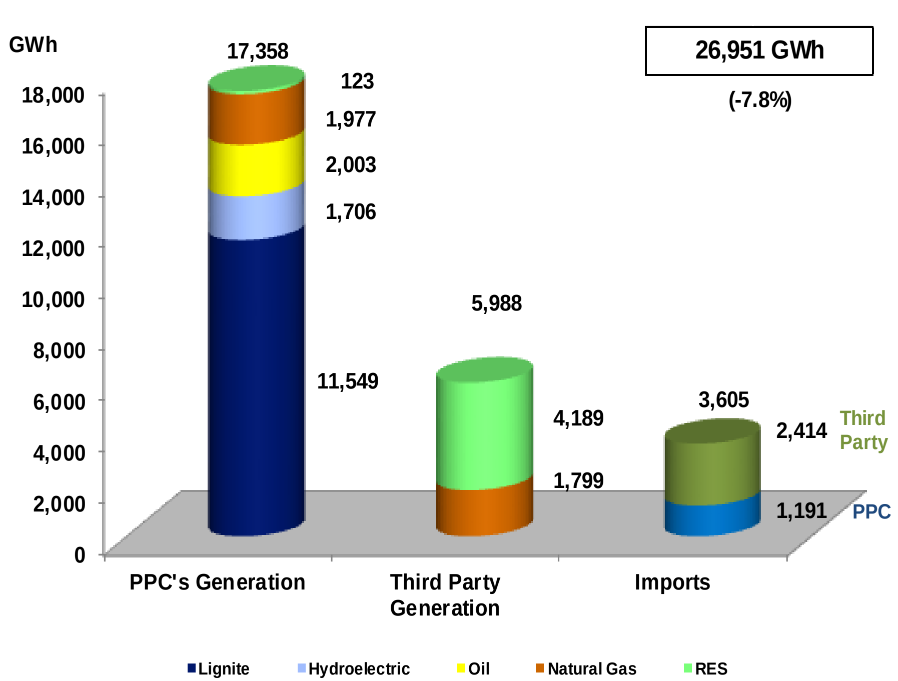
PPC domestic sales :	11,366 GWh		PPC domestic sales :	11,563 GWh
Average Market share (estimation) :	97.9%		Average Market share (estimation) :	98.3%

PPC exports:	2 GWh		PPC exports:	265 GWh
Average Market share :	0.8%		Average Market share :	25.9%

In 2Q2014, electricity demand, excluding pumping and exports, decreased by 1.6% (-213 GWh) vs 2Q2013. Taking also into account PPC's market share slight reduction by 0.4 percentage points, PPC's domestic sales decreased by 1.7% (-197 GWh), compared to 2Q2013.

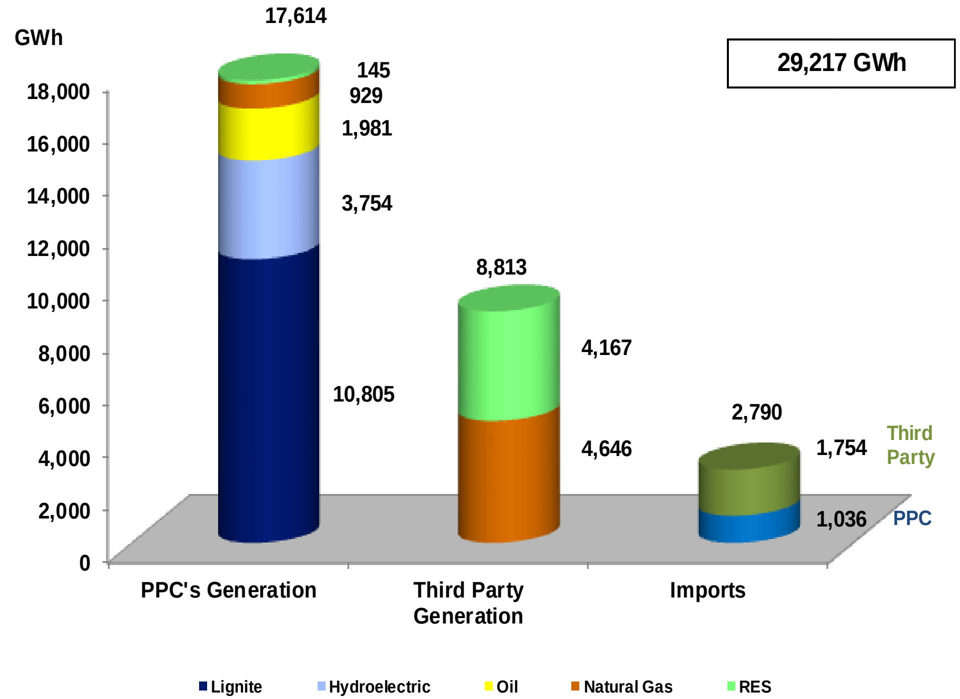
Electricity Generation and Imports 1H2014 / 1H2013

1H2014



PPC generation: 17,358 GWh	PPC imports: 1,191 GWh
Average Market share: 74.4%	Average Market share: 33.0%

1H2013

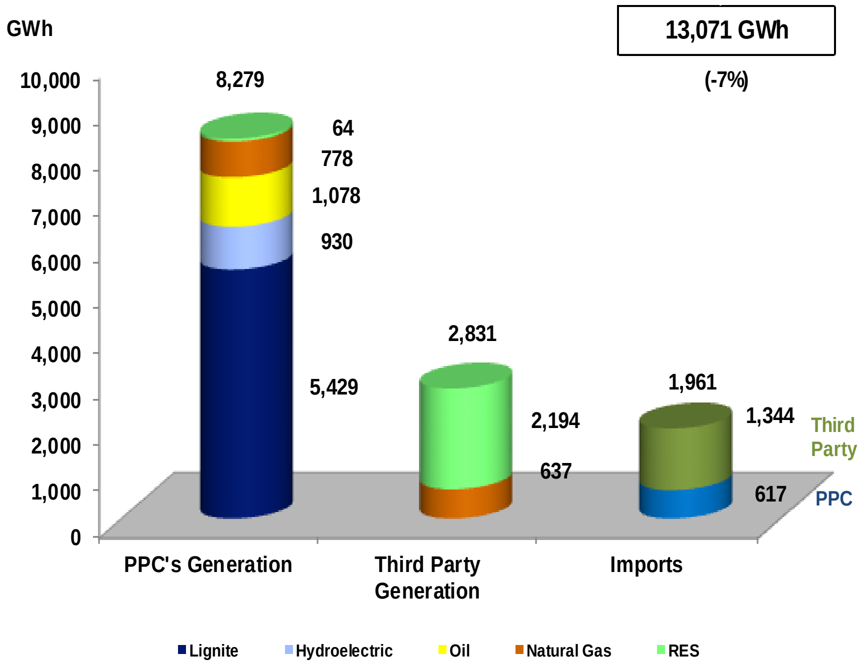


PPC generation: 17,614 GWh	PPC imports: 1,036 GWh
Average Market share: 66.7%	Average Market share: 37.1%

In 1H2014, PPC's electricity generation and imports, covered 68.8% of total demand, while the corresponding percentage in 1H2013 was 63.8%.

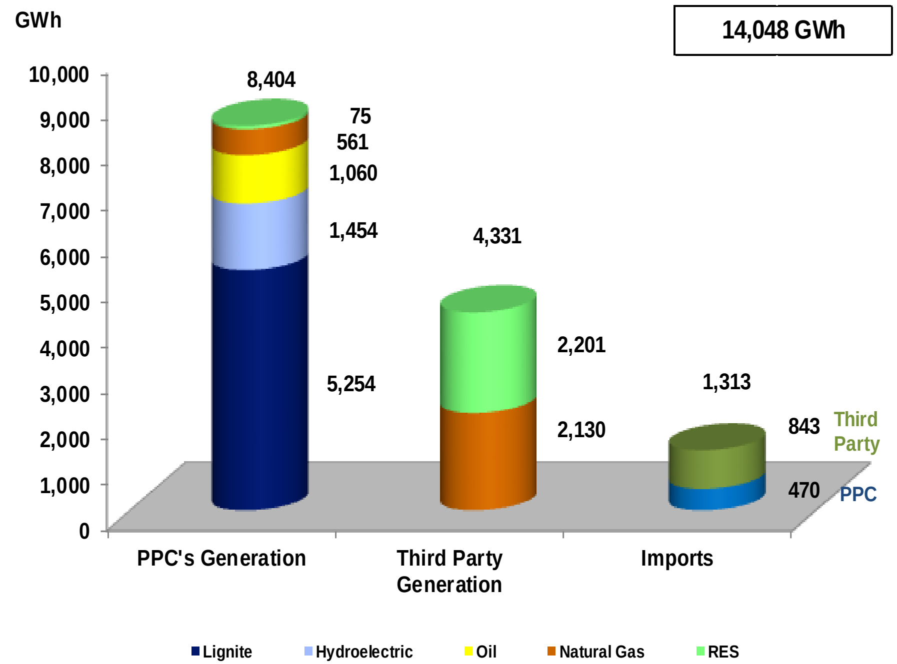
Electricity Generation and Imports 2Q2014 / 2Q2013

2Q2014



PPC generation: 8,279 GWh	PPC imports: 617 GWh
Average Market share: 74.5%	Average Market share: 31.5%

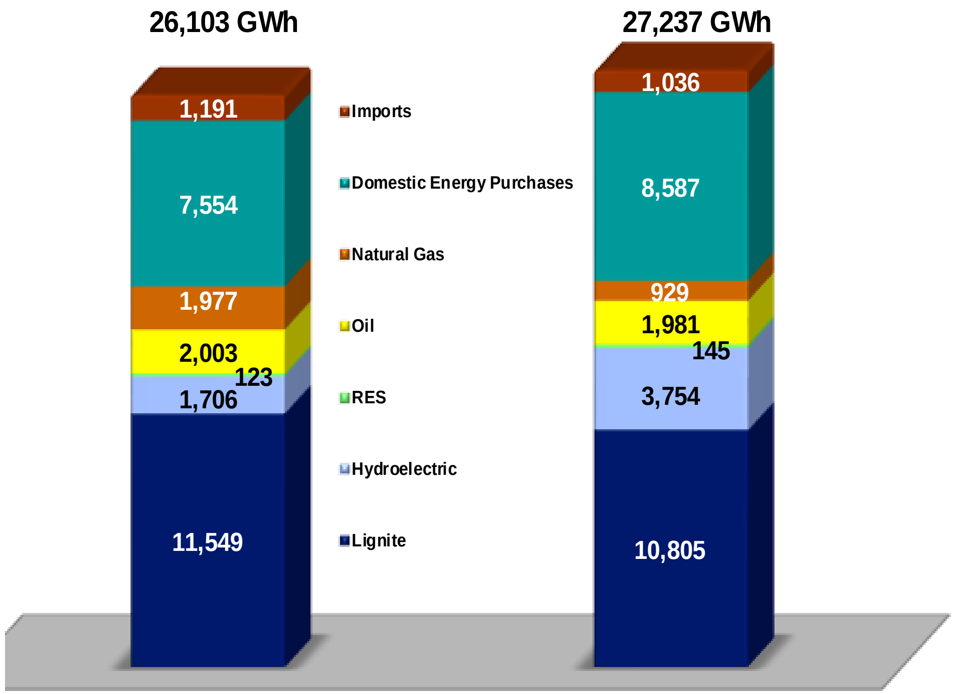
2Q2013



PPC generation: 8,404 GWh	PPC imports: 470 GWh
Average Market share: 66.0%	Average Market share: 35.8%

In 2Q2014, PPC's electricity generation and imports, covered 68.1% of total demand, while the corresponding percentage in 2Q2013 was 63.2%.

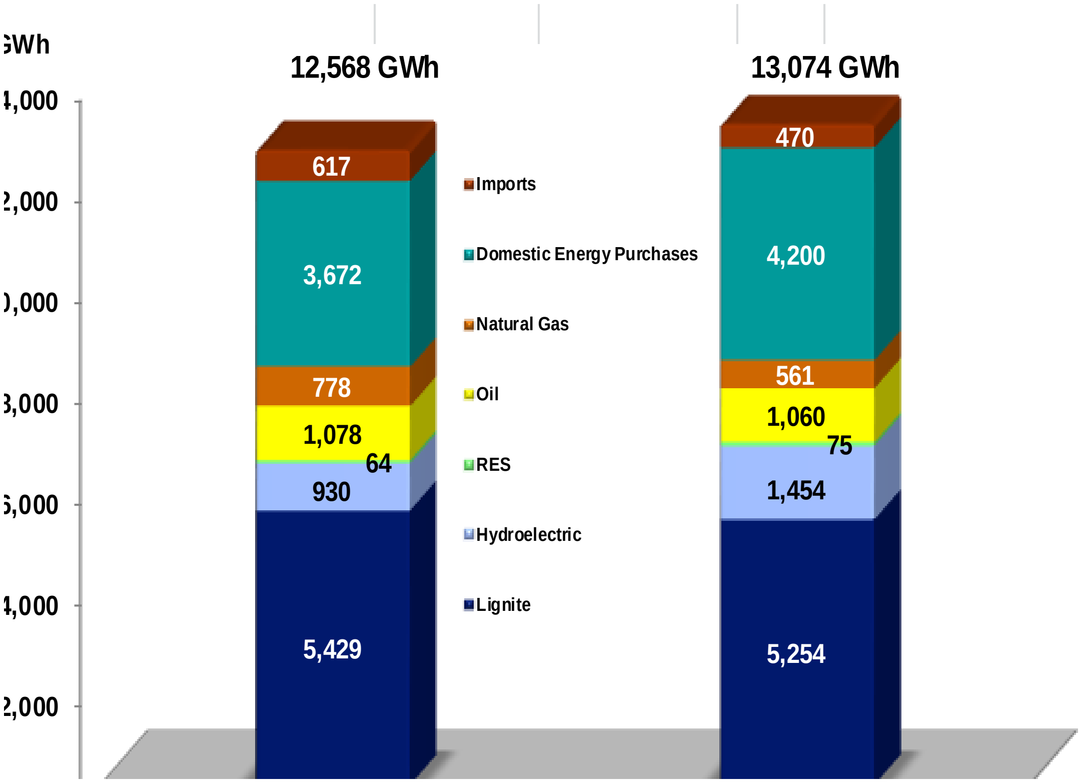
PPC/ Energy Generation and Purchases (GWh) 1H2014 / 1H2013



	TOTAL	Δ GWh	Δ %	% Participation	
		-1,134	-4.2%	1H2014	1H2013
PURCHASES	Imports	155	15.0%	4.6%	3.8%
	Domestic Energy Purchases	-1,033	-12.0%	28.9%	31.5%
IMPORTED FUELS	Natural Gas	1,048	112.8%	7.6%	3.4%
	Oil	22	1.1%	7.7%	7.3%
DOMESTIC FUELS	RES	-22	-15.2%	0.5%	0.5%
	Hydroelectric	-2,048	-54.6%	6.5%	13.8%
	Lignite	744	6.9%	44.2%	39.7%
TOTALS	PURCHASES			33.5%	35.3%
	IMPORTED FUELS			15.2%	10.7%
	DOMESTIC FUELS			51.3%	54.0%

In 1H2014, electricity generation from lignite increased by 6.9% (744 GWh) compared to 1H2013. In the same period the percentage participation of lignite in PPC's total energy mix, amounted to 44.2% vs 39.7% for 1H2013. Energy purchases (excluding PPC's imports) from the System and the Network decreased by 12% (-1,033 GWh). Natural gas-fired generation marked a significant increase of 1,048 GWh, while hydro generation decreased by 54.6% (-2,048 GWh) compared to 1H2013.

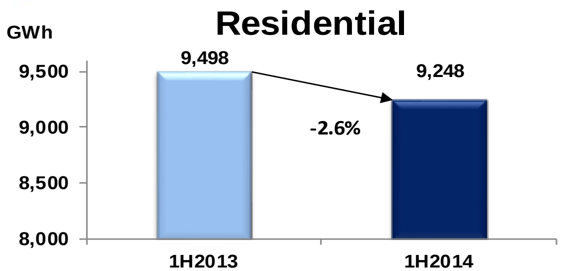
PPC/ Energy Generation and Purchases (GWh) 2Q2014 / 2Q2013

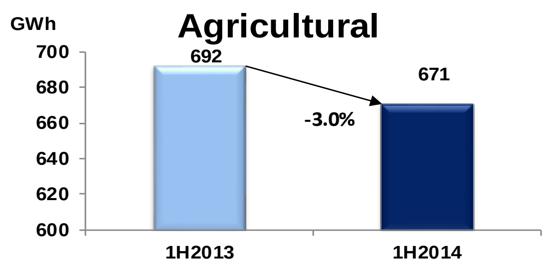


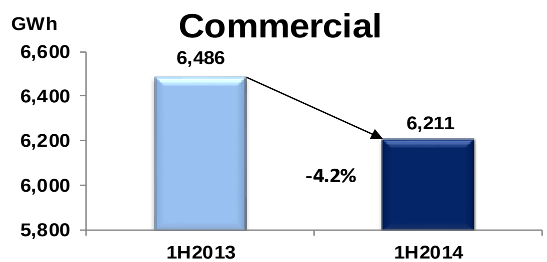
	TOTAL	Δ GWh	Δ %	% Participation	
		-506	-3.9%	2Q2014	2Q2013
PURCHASES	Imports	147	31.3%	4.9%	3.6%
	Domestic Energy Purchases	-528	-12.6%	29.2%	32.1%
IMPORTED FUELS	Natural Gas	217	38.7%	6.2%	4.3%
	Oil	18	1.7%	8.6%	8.1%
DOMESTIC FUELS	RES	-11	-14.7%	0.5%	0.6%
	Hydroelectric	-524	-36.0%	7.4%	11.1%
	Lignite	175	3.3%	43.2%	40.2%
TOTALS	PURCHASES			34.1%	35.7%
	IMPORTED FUELS			14.8%	12.4%
	DOMESTIC FUELS			51.1%	51.9%

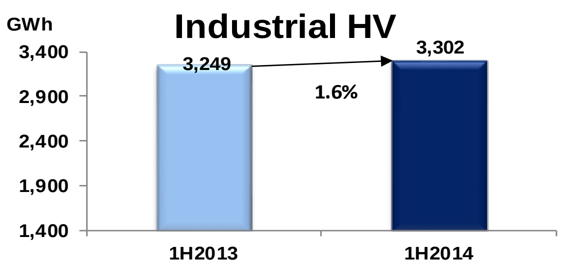
In 2Q2014, electricity generation from lignite increased by 3.3% (175 GWh) compared to 2Q2013. In the same period the percentage participation of lignite in PPC's total energy mix, amounted to 43.2% vs 40.2% for 2Q2013. Energy purchases (excluding PPC's imports) from the System and the Network decreased by 12.6% (-528 GWh) due to the combined effect of lower demand and increased gas-fired generations and imports. Natural gas-fired generation marked an increase of 217 GWh, while hydro generation decreased by 36% (-524 GWh) compared to 2Q2013.

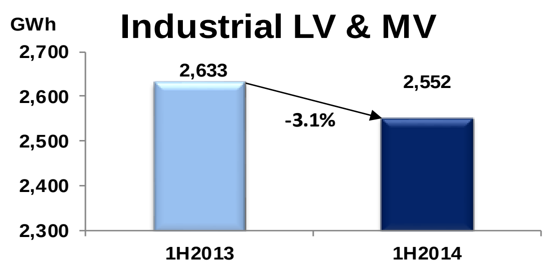
Electricity Sales (GWh) 1H2014 / 1H2013

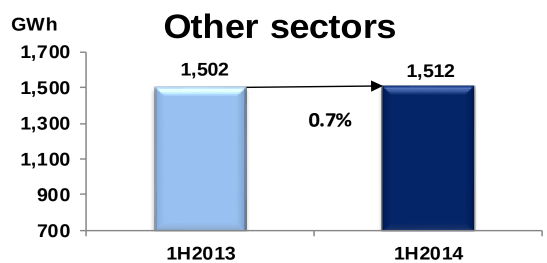


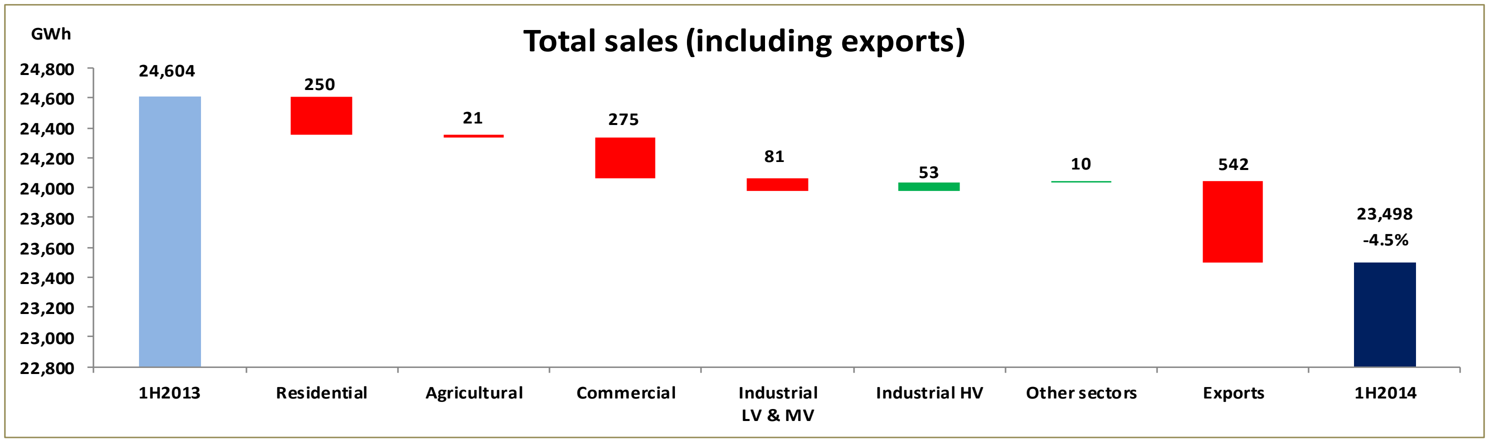






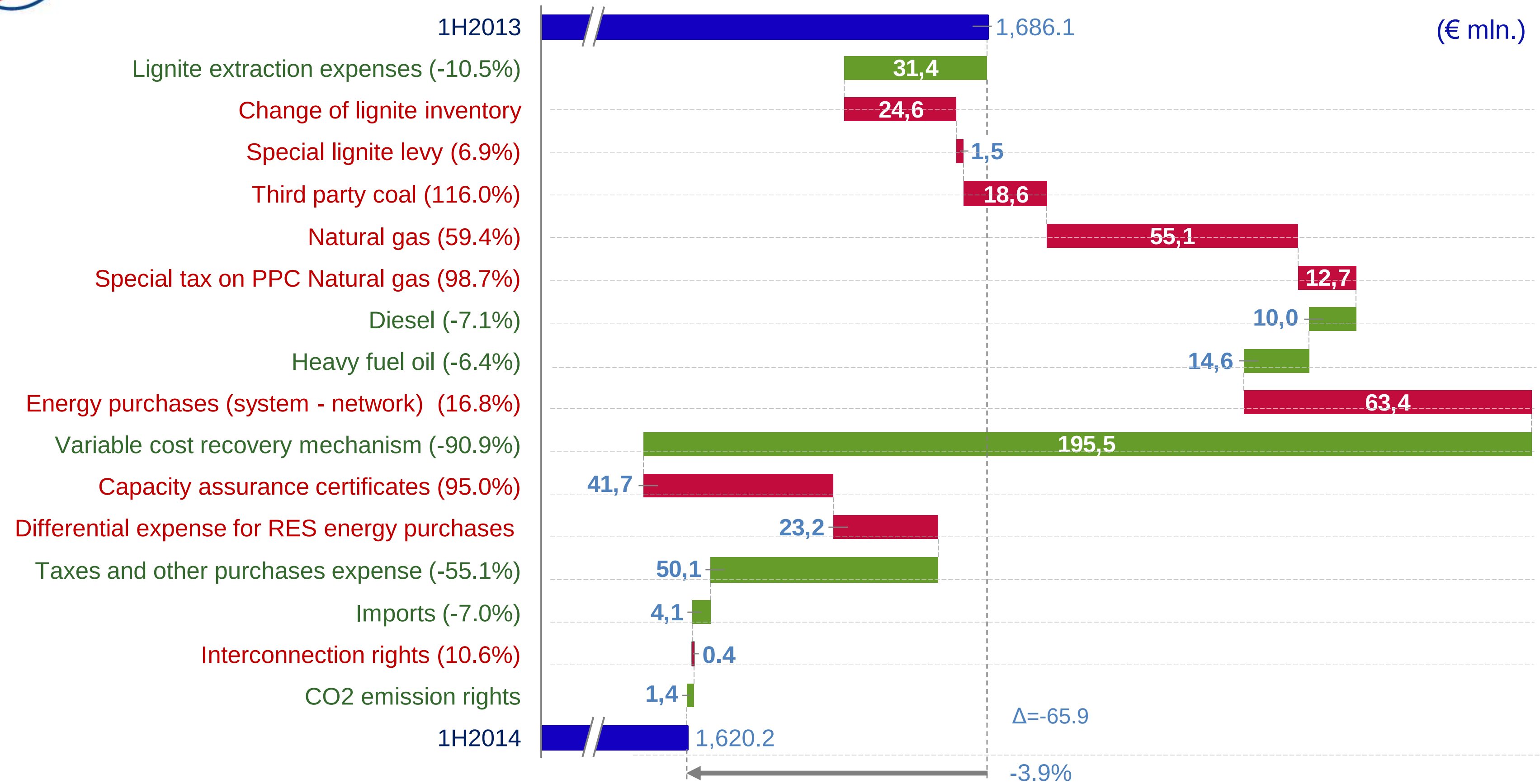






In 1H2014, PPC's electricity sales, including exports, decreased by 4.5% (-1,106 GWh). Domestic electricity sales volume decreased by 2.3% (-564 GWh) to 23,496 GWh due to lower demand, seemingly as a result of mild winter conditions.

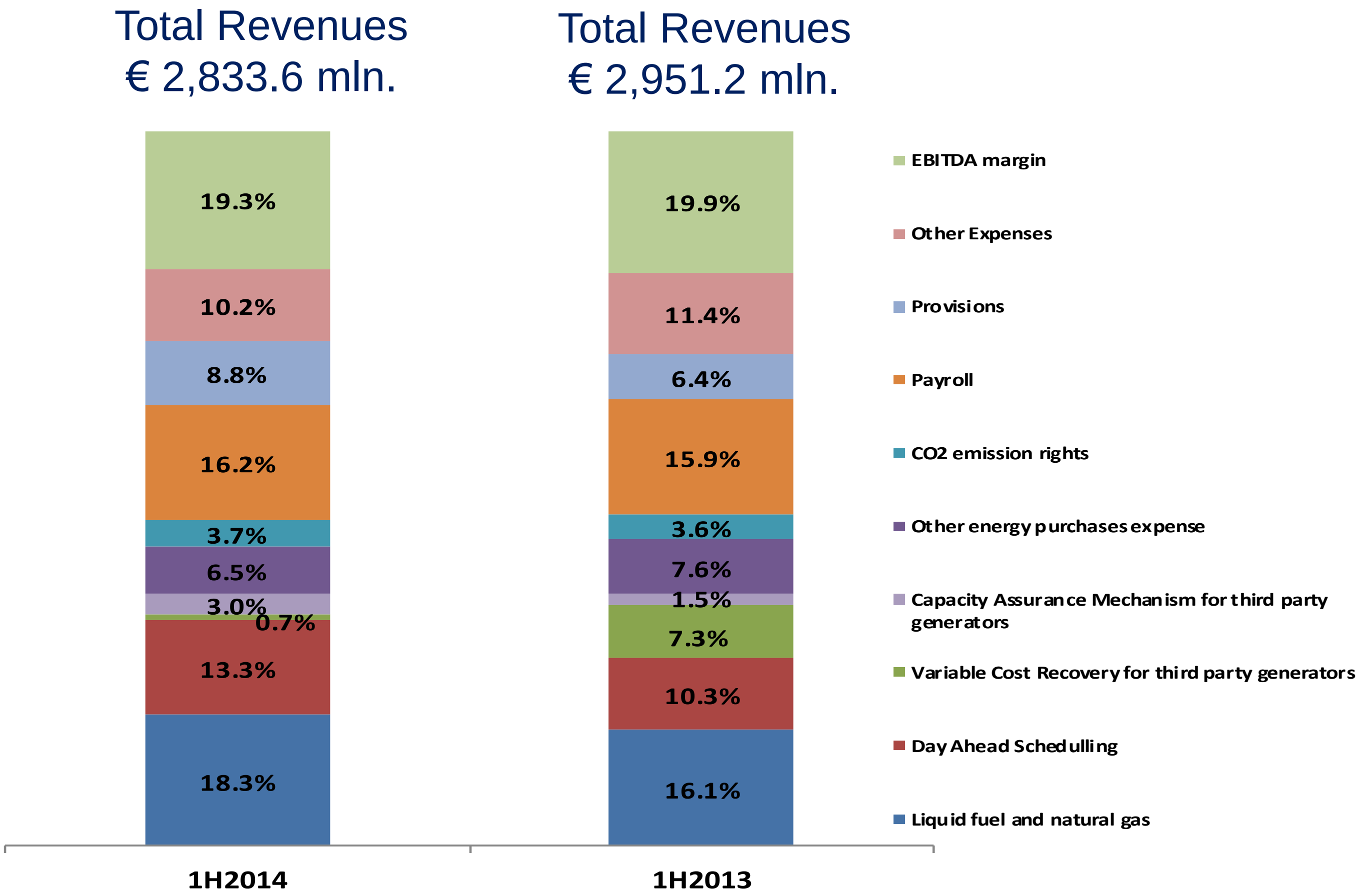
Energy mix cost evolution 1H2014 / 1H2013



The overall energy mix cost decreased by € 65.9 m. (-3.9%), mainly due to the reduction of the expense for the variable cost recovery mechanism by € 195.5 m, which to a considerable extent was offset by the increased expenses for energy purchases (€ 63.4 m), for Capacity Assurance Certificates (€ 41.7 m) and the incremental expense for RES energy purchases (€23.2 m)

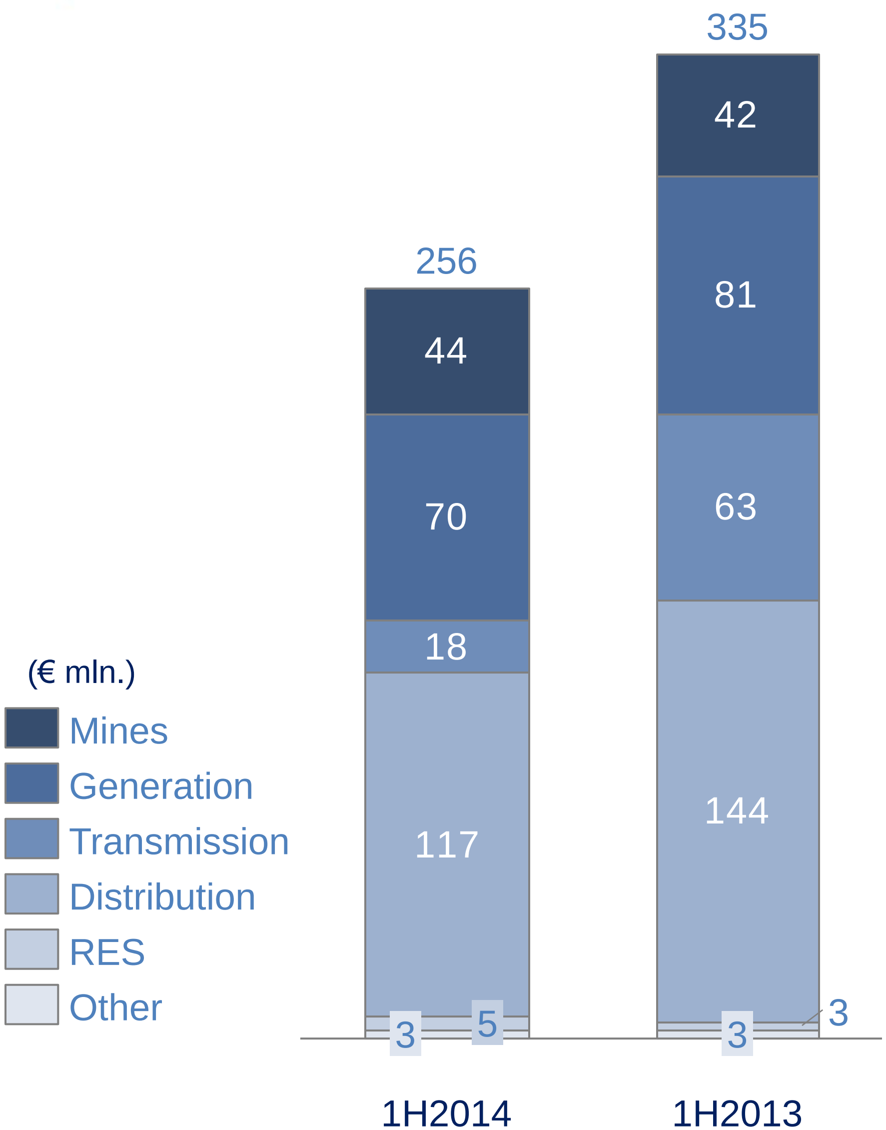
	(Δ)
Price effect:	48.9
Quantity effect:	149.5
Variable cost recovery:	195.5
Capacity assurance certificates:	41.7
Differential expense for RES energy purchases:	23.2
Special lignite levy:	1.5
Special Consumption Tax on nat gas consumed by PPC:	12.7
Taxes and other energy purchases expense:	50.1
Total:	65.9

Fuel, CO_2, other expenses and EBITDA as percentage of revenues (1H2014 / 1H2013)



In 1H2014, 45.5% of total revenues were expensed for fuel, CO2 and energy purchases compared to 46.4% in 1H2013. It is noted that, energy purchases expense in 1H2014 accounted for 23.5% of total revenues compared to 26.7% in 1H2013. Regarding the evolution of current provisions, these represent 11.2% of total revenues or 8.8%, taking into account the positive impact from customers' advances compared to 6.4% in 1H2013.

Capex



- Capital expenditure in 1H2014 amounted to € 255.6 m. compared to € 335 m. in 1H2013, reduced by € 79.4 m., while, as a percentage of total revenues it declined to 9.1% from 11.4%.
- Excluding network users' participation for their connection to the network (€ 32 m. and € 43.1 m. in 1H2014 and 1H2013 respectively), which fund a significant part of network projects, capital expenditure amounted to 8% and 10% of total revenues in 1H2014 and 1H2013 respectively.

Debt Evolution - Liquidity

- Net debt amounted to € 4,906.6 m., an increase of € 297 m. compared to 30.6.2013 (€ 4,609.6 m.) and an increase of € 382.3 m. compared to 31.12.2013 (€ 4,524.3 m.). This increase is due to a net outflow of about € 180 m. for the rendering of the last part of the Special Property Tax collected through the electricity bills in 1H2014, the extraordinary payment of € 24.3 m. against the LAGIE deficit as well as the increase in working capital.
- Debt repayments in 1H2014 amounted to € 519.7 m. including the partial prepayment of € 452 m. of the Greek banks' syndicated loan from the net proceeds of the € 700 m international bond issued in May 2014.
- In addition, in 1H2014, we proceeded with:
  - the drawdown of € 235 m from the European Investment Bank for the modernization and reinforcement of the Distribution Network, out of a new financing line of a total amount of € 415 m.
  - The drawdown of € 98 m from the € 739 m export credit covered loan for the new lignite unit "Ptolemais V".
- Available Lines as of 30.6.2014 : € 821 m.

Business Review
& Outlook

Arthouros Zervos
Chairman and CEO
Public Power Corporation S.A.

Comments on Financial Results

- In the first half of 2014, total revenues declined by 4% or €117.6 m, mainly as a result of lower demand and lower High Voltage and Medium Voltage tariffs.

- Despite the continuous containment of operating expenses, the decline in revenues together with the increased bad debt provisions, the outflows in relation to the LAGIE deficit, as well as the different energy mix - due to significantly lower hydro generation, despite the increased lignite fired generation- led to a decline of operating results (EBITDA) by 6.6% or €38.6 m.

- Specifically, and as far as controllable operating expenses are concerned, we achieved, for the ninth consecutive semester, a reduction of the total payroll cost, and, as a result, payroll represents 16.2% of total revenues compared to 24.7% in 2009. Recent studies and international benchmarking confirm the significant improvement in PPC's operating efficiency compared to similar companies.

Update on Restructuring and Privatization plan

IPTO

In April, PPC proceeded with an invitation for the submission of expressions of interest for the sale of 66% of the share capital of its 100% subsidiary IPTO S.A. to prospective investors.

In May, five Expressions of Interest were submitted and in June, following the evaluation of the submitted documentation, four investors/consortia have been qualified to participate in Phase B, i.e. the submission of binding offers.

“Small PPC”

The law providing for the creation of a new integrated electricity company (in terms of assets, liabilities, human resources and supply contracts), was voted in the Greek Parliament on July 9, 2014.

Major Regulatory Developments

RAE Decision regarding the modification of the methodology of calculating the required revenue of IPTO

Following public consultation, RAE announced the modification of the calculation methodology of the required revenue for IPTO.

The major changes, amongst other are:

- The duration of the Regulatory period is set at 4 years, except for the first one which is set at 3 years, i.e. 2015-2017.
- For certain projects which are being characterised as “Projects of major importance”, there is a provision for an additional return on the Regulated Asset Base, which will range from 1% to 2.5%, on top of the Weighted Average Cost of Capital in real terms.

RAE Decisions for Public Service Obligations (PSOs) for the years 2012 and 2013

According to Decisions 356/2014 & 357/2014, RAE approved the amounts :

- for the provision of Public Service Obligations for the years 2012 (€ 810.6 m) and 2013 (€ 815.7 m), and
- for the Last Resort Supplier services provided by PPC during the period 25.1.2012 to 30.4.2013 (€ 33.2 m).

An Act is required so that unit charges per customer category (in €/MWh) to be determined and incorporated in the regulated part of the bill

Major Operational Developments (1/3)

Rationalization of Electricity Tariffs

In order to reduce cross-subsidies and also to be in line with the European rules for cost-reflective tariffs, certain PPC's tariffs were adjusted as of July 25, 2014.

- The average reduction for tariffs for almost 1.4 million small and medium sized enterprises as well as for areas of common use ranged from 1% to 3.4% on the total amount of the bill.

- The residential charge scale up to 800 kWh in the four-month period was abolished and was integrated into the next charge scale, a fact that leads to an average increase of 11.1% on the total amount of the bill.

The tariffs for the rest of residential customers that consume more than 800kWh in the four-month period remain the same. In addition, the night tariff remained the same, whereas there is no change in the Social Residential Tariff.

PPC will have no financial benefit or loss from the rationalization of tariffs, as the tariff adjustments lead to neutral effect.

Major Operational Developments (2/3)

Wind parks of 150 MW in total in Rodopi

Initial approval from PPC's Board of Directors concerning a Wind Park investment of 150 MW total capacity and with a budget of € 180 m, in Rodopi, so that RAE can subsequently proceed with the evaluation of the relevant applications for the granting of Electricity Generation licenses.

Initial funding structure approved:

- 60% bank financing
- 40% own funds

Wind Park 7.5 MW in Crete

PPC's BoD approval for the construction of a Wind Park of total capacity of 7.5 MW and total budget of € 9 m, plus option for one additional Wind Generator of up to 3.3 MW with a budget of approximately € 4 m., and the launching of an open international tender for the awarding of the project.

Major Operational Developments (3/3)

Trading subsidiary in Turkey

PPC's subsidiary in Turkey, was granted a license by the Energy Regulatory Authority of Turkey for performing wholesale electricity trading.

Trading subsidiary in Bulgaria

PPC S.A. established a subsidiary company in Sofia, Bulgaria, jointly with the Swiss company ALPIQ Group (share capital: 85% PPC and 15% ALPIQ). The company will be engaged in electricity trading in the wholesale market.

The new subsidiary is in the process of acquiring a license from the Bulgarian Regulatory Authority for Energy.

Going forward

- During the last years a significant reduction in operating cost has been achieved, whose positive impact was outweighed by increases in non-controllable expenses, associated to a large extent with distortions in the regulatory environment.

- The recent partial lifting of distortions had a positive effect on the wholesale market operation in the first half of 2014, nonetheless, there are still pending issues in the regulatory framework as well as risks, associated, amongst other, with the implementation of the NOME model and the new methodology for Capacity Assurance Certificates (CAC).

- A rational regulatory framework for the market operation, leading to lower cost for the end consumer, is even more needed, given the current economic conditions, which are reflected in the significant increase in bad debt provisioning.

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 €/$ 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.