

Public Power Corporation SA

Financial Results
2010

Athens, March 28, 2011

Agenda

Financial Results

George Angelopoulos, CFO

Business Review & Outlook

Arthouros Zervos, Chairman and CEO

Financial Results 2010

George Angelopoulos

Chief Financial Officer

Summary Financial Results 2010 / 2009 (Group)

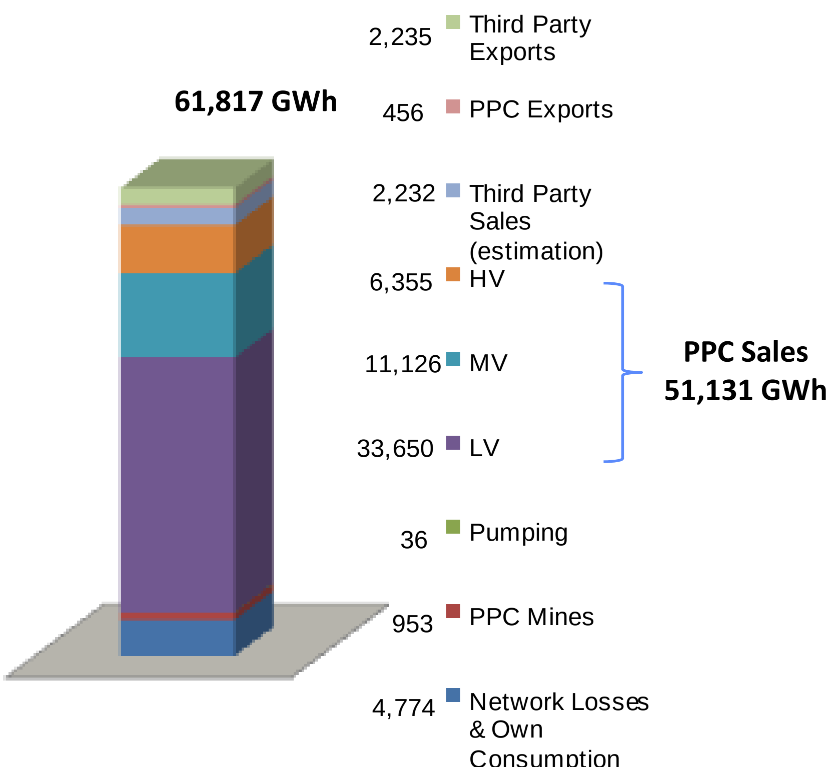
Key Figures (€ mln.)	2010	2009	Δ	Δ%
Total Revenues	**5,811.4**	**6,030.4**	***-219.0***	***-3.6***
Revenues from Energy Sales	**5,233.3**	5,507.5	*-274.2*	*-5.0*
Energy Sales (GWh)	*51,587*	*53,037*	*-1,450*	*-2.7*
Payroll Expense	**1,245.1**	1,492.1	*-247.0*	*-16.6*
Contribution to PPC's Personnel Insurance Organisatons	**99.6**			
Liquid Fuel	**667.8**	564.4	*103.4*	*18.3*
Natural Gas	**458.6**	467.4	*-8.8*	*-1.9*
Energy Purchases	**650.2**	545.3	*104.9*	*19.2*
CO_2 deficit	**22.5**	68.3	*-45.8*	*-67.1*
Transmission System Charges	**248.2**	291.1	*-42.9*	*-14.7*
Other Operating Expenses	**541.0**	564.2	*-23.2*	*-4.1*
Provisions	**179.5**	125.5	*54.0*	*43.0*
Asset impairement		138.7		
EBITDA	**1,497.7**	**1,677.5**	***-179.8***	***-10.7***
EBITDA MARGIN	**25.8%**	**27.8%**		
Depreciation	**626.4**	541.4	*85.0*	*15.7*
Net Financial Expense	**129.4**	144.8	*-15.4*	*-10.6*
EBT	**740.7**	**993.1**	***-252.4***	***-25.4***

Summary Financial Results 4Q2010 / 4Q2009 (Group)

Key Figures (€ mln.)	4Q2010	4Q2009	Δ	Δ%
Total Revenues	**1,343.8**	**1,434.6**	***-90.8***	***-6.3***
Revenues from Energy Sales	1,209.1	1,281.6	*-72.5*	*-5.7*
Energy Sales (GWh)	*12,042*	*12,652*	*-610*	*-4.8*
Payroll Expense	302.3	400.3	*-98.0*	*-24.5*
Contribution to PPC's Personnel Insurance Organisatons	48.5			
Liquid Fuel	140.5	109.8	*30.7*	*28.0*
Natural Gas	90.2	124.8	*-34.6*	*-27.7*
Energy Purchases	149.7	135.2	*14.5*	*10.7*
CO2 deficit	-0.9	3.5	*-4.4*	*-125.7*
Transmission System Charges	33.4	81.9	*-48.5*	*-59.2*
Other Operating Expenses	141.3	157.4	*-16.1*	*-10.2*
Provisions	91.5	74.3	*17.2*	*23.1*
Asset impairement		138.7		
EBITDA	**274.1**	**177.8**	***96.3***	***54.2***
EBITDA MARGIN	**20.4%**	**12.4%**		
Depreciation	187.8	146.2	*41.6*	*28.5*
Net Financial Expense	35.1	30.7	*4.4*	*14.3*
EBT	**51.1**	**0.3**	***50.8***	

Electricity Demand 2010 / 2009

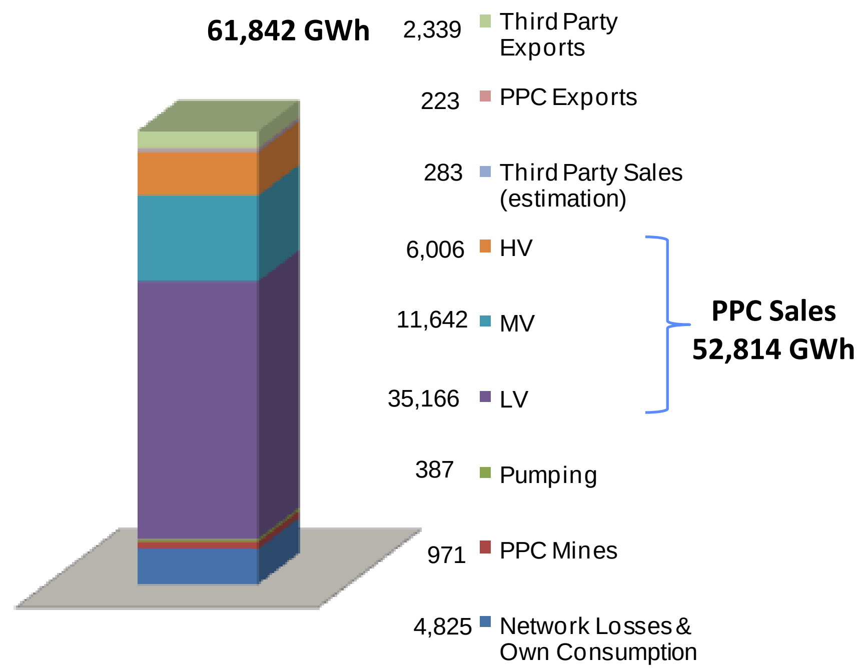
2010



PPC domestic sales : 51,131 GWh
Market share (estimation) : 95.82%

PPC exports : 456 GWh
Market share on exports : 16.94%

2009



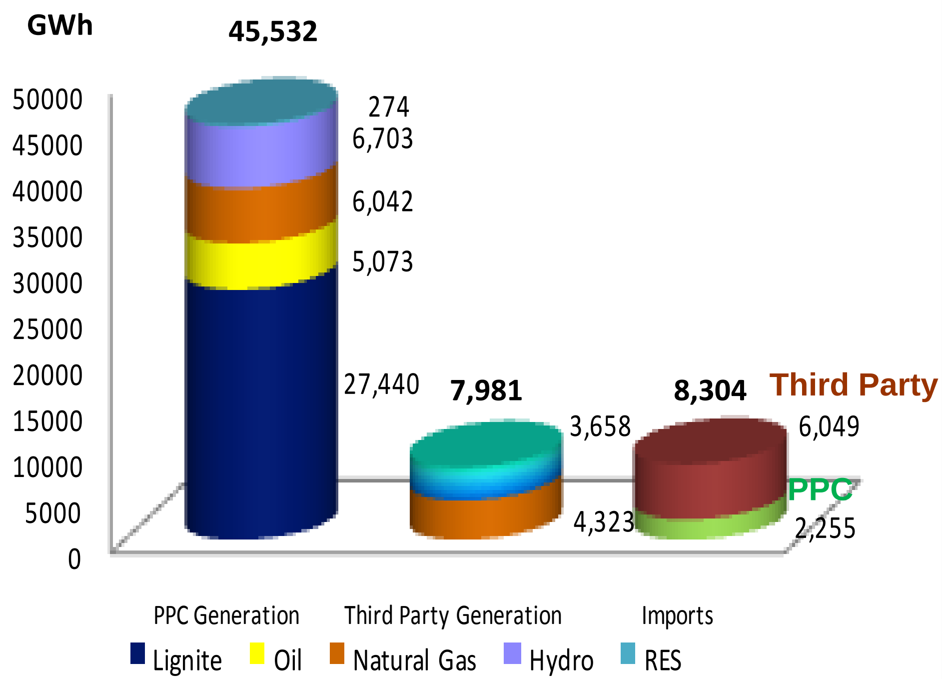
PPC domestic sales : 52,814 GWh
Market share (estimation): 99.47%

PPC exports : 223 GWh
Market share on exports : 8.70%

Although total electricity demand in 2010 remained at the same level compared to 2009, the market share loss of 3.7 percentage points resulted in the reduction of PPC domestic sales by 3.2% (1,683 GWh).

Electricity Supply 2010 / 2009

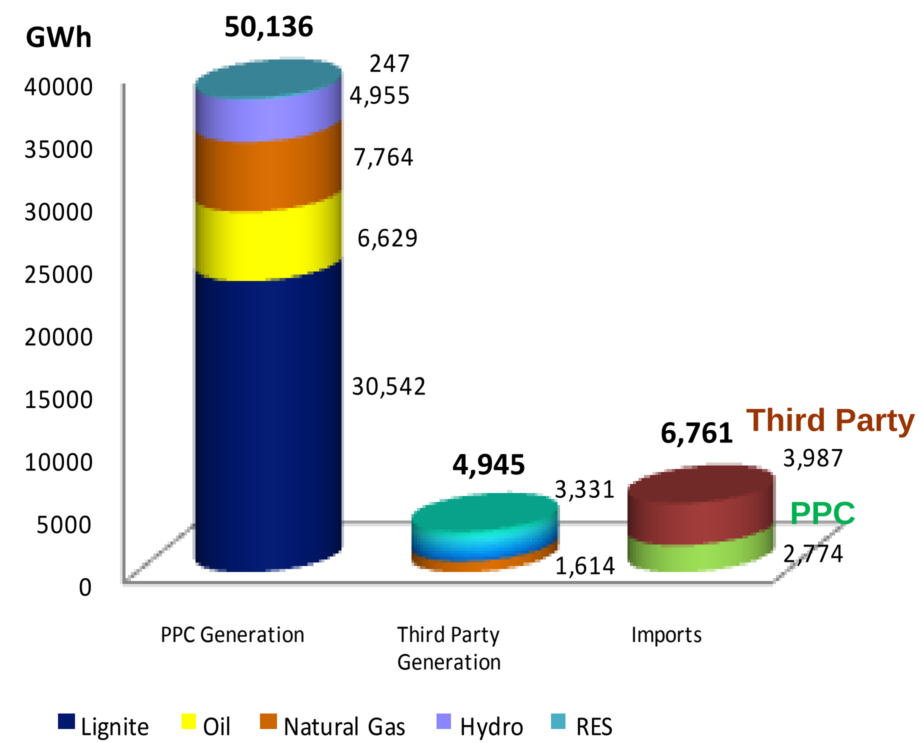
2010



PPC generation: 45,532 GWh
Market share : 85.09%

PPC imports: 2,255 GWh
Market share on imports : 27.16%

2009

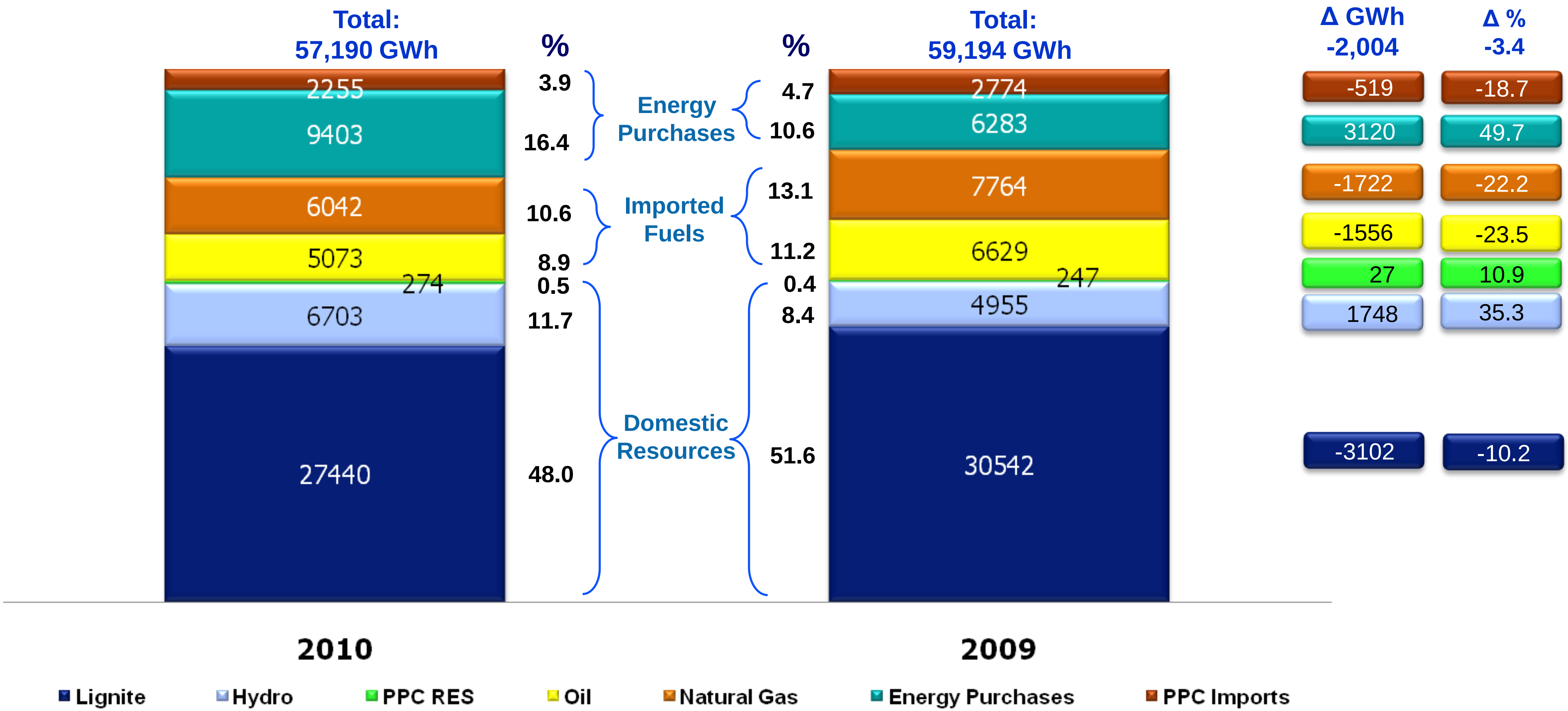


PPC generation: 50,136 GWh
Market share : 91.02%

PPC imports: 2,774 GWh
Market share on imports : 41.03%

In 2010, PPC's electricity generation including electricity imports, covered 77.3% of total demand, while, the corresponding percentage in 2009 was 85.6%, a reduction of 8.3 percentage points .

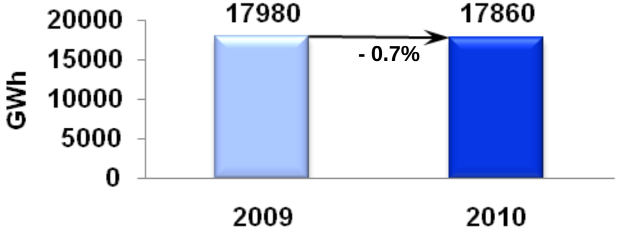
PPC Energy Generation and Purchases 2010 / 2009



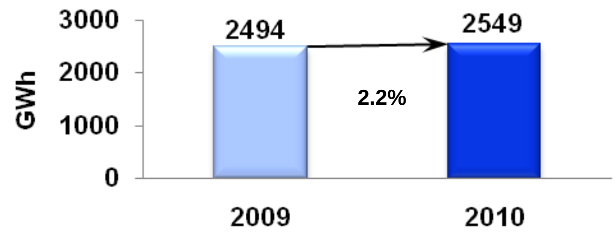
Electricity generation from lignite, decreased by 10.2% (-3,102 GWh), resulting in a contribution of lignite to the total energy mix of PPC of 48% from 51.6% in 2009. Energy purchases increased by 49.7% (3,120 GWh).

Electricity Sales (GWh) 2010 / 2009

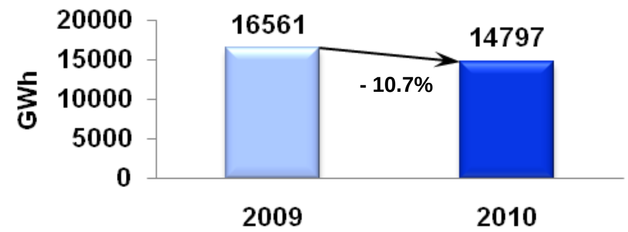
Residential



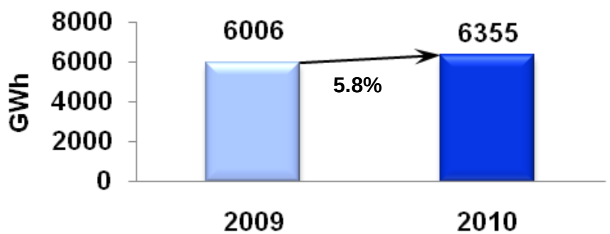
Agricultural



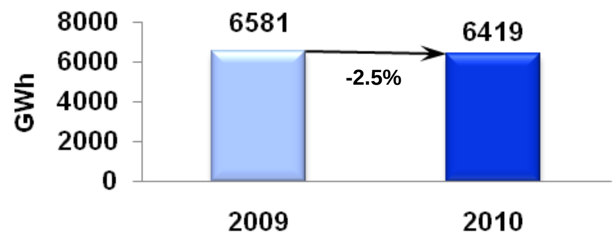
Commercial



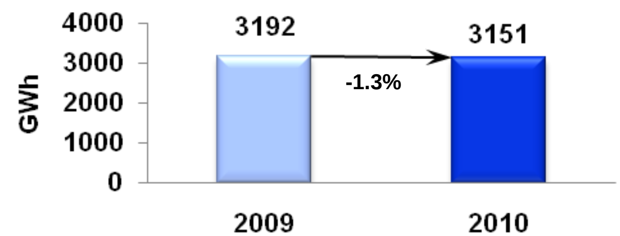
Industrial HV



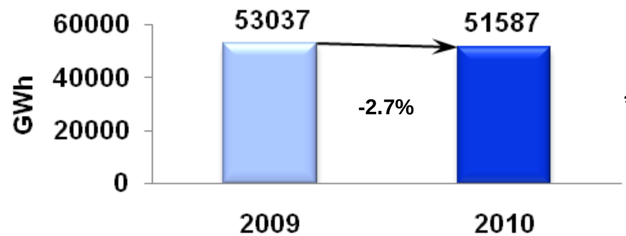
Industrial LV & MV



Other sectors



Total sales *



*** Including exports**

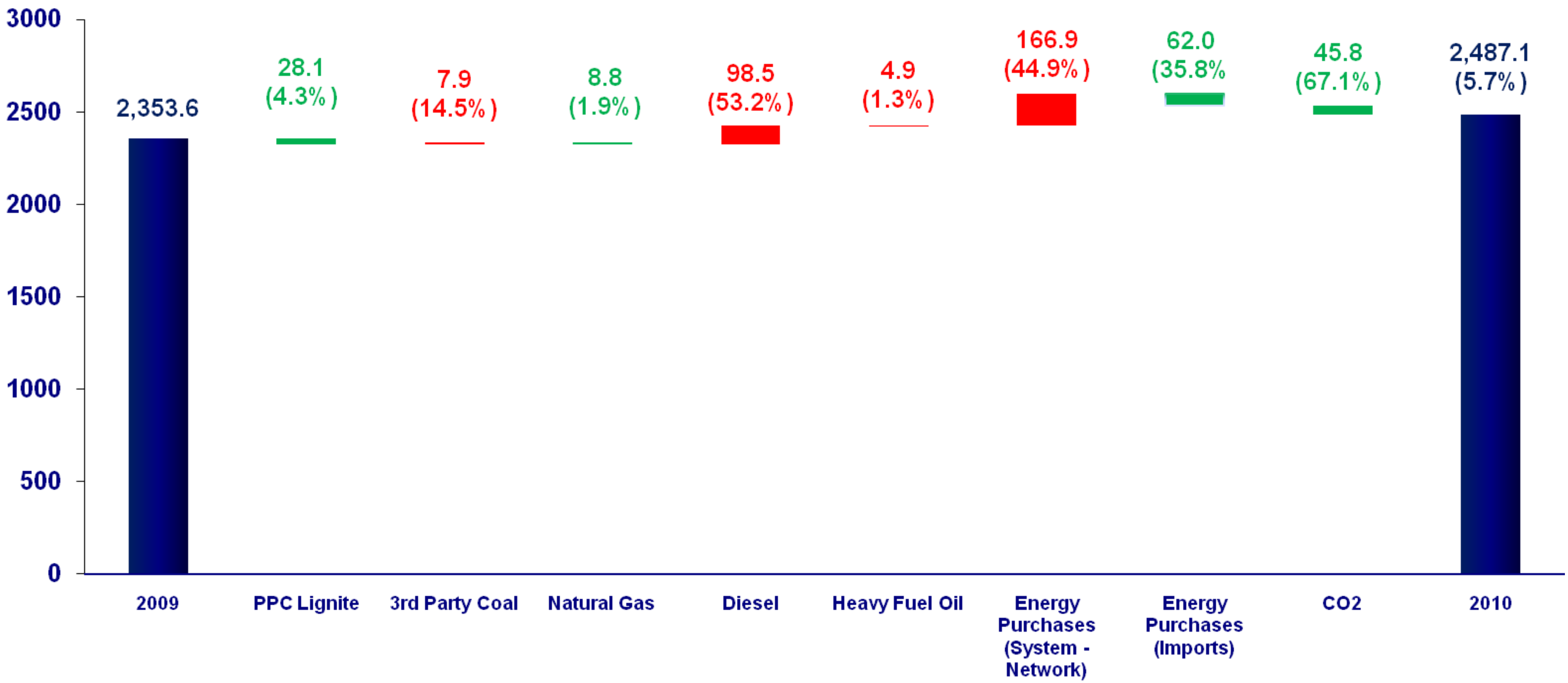
Evolution of Fuel and Energy Prices paid by PPC in 2010

	Price Change (%)	Quantities 2010	Change in Quantities (%) 2010 vs 2009
Heavy Fuel-oil	40.8	957,670 tn	-28.2
Diesel-oil	22.8 *	385,525 klt	-3.8
Pipe Gas	30.5	1,052 mNm^3	-37.6
System Marginal Price	13.1	8,799 GWh	53.8
PPC Imports	-21.1	2,255 GWh	-18.7

* Taking into account the increase of Special Consumption Tax, the increase of diesel price amounts to 59.2%.

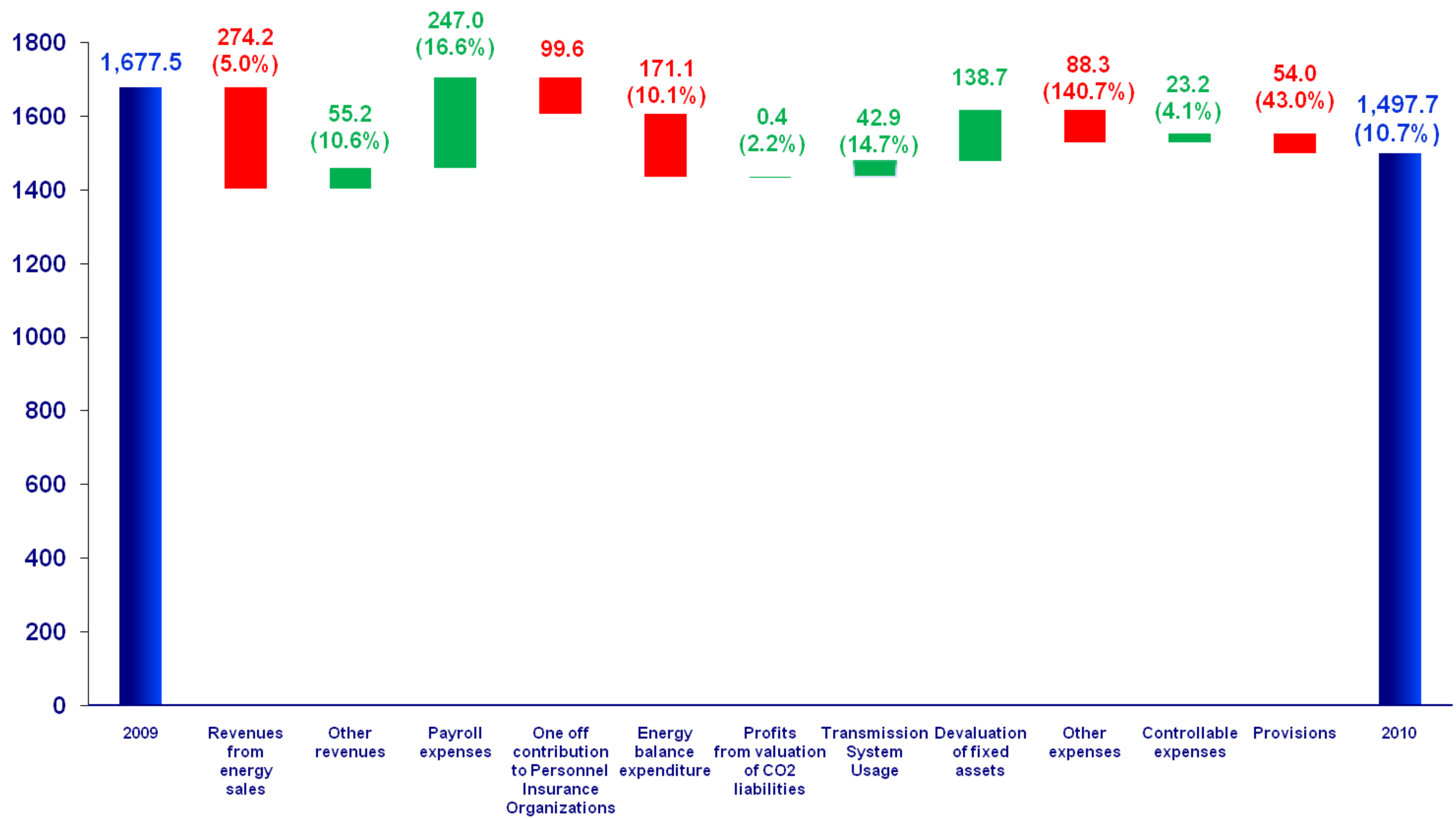
Total fuel and energy purchases expenditure 2010 / 2009

(€ mln.)

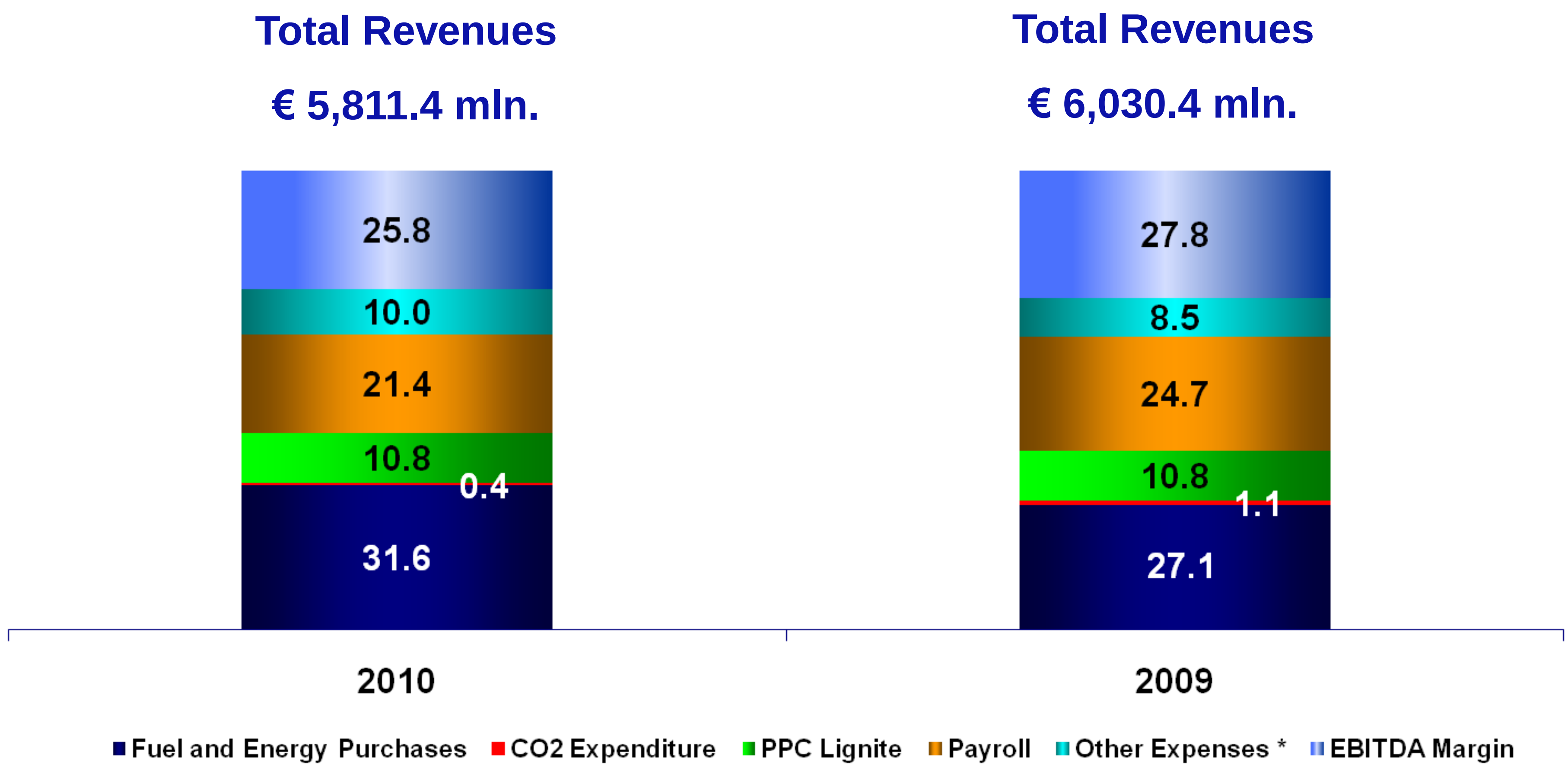


EBITDA evolution

(€ εκατ.)



Fuel, CO2, other expenses and EBITDA as percentage of revenues (2010 / 2009)



In 2010, 32.0% of revenues were absorbed by expenses for fuel, energy purchases and CO_2 vs 28.2% in 2009. As a result, EBITDA margin decreased to 25.8% from 27.8% in 2009.

** Other expenses also include income/expenses regarding CO_2 emission rights valuation*

Capex - Net Debt Evolution - Liquidity

- ✓ Capex in 2010 amounted to € 963 mln. compared to € 1,104 mln. in 2009.
- ✓ Net debt amounted to € 4,210.3 mln, an increase of € 154 mln compared to 31/12/2009 (€ 4,056.3 mln). In 2010, PPC paid 2009 dividends of € 232 mln, income tax of € 113 mln, as well as € 90 mln for Advance Tax Payment.
- ✓ Debt repayment in 2010 amounted to € 1,493 mln, compared to € 1,271 mln in 2009. In 4Q2010 debt repayment reached € 444 mln, of which € 400 mln. relate to an International Bond that was redeemed in the beginning of November.
- ✓ Current portion of long term debt in 2011 amounts to € 717 mln.
- ✓ Available Lines on 31/12/2010 : € 1.3 bln.
- ✓ In addition, cash deposits of € 620 mln.

Business Review
& Outlook

Arthouros Zervos

Chairman and CEO

Review of 2010 (1/2)

- ✓ In 2010 PPC achieved satisfactory results, despite the loss of high margin customers and the significant increase in fuel prices, with an EBITDA margin of 25.8% and pre-tax profits of € 740.7 mln.
- ✓ The 2010 financial performance was driven by significant payroll cuts and natural attrition, relatively moderate energy purchase prices and a favorable generation mix.
- ✓ The current average salaries compared to those which were in effect before the implementation of the wage cut policy in the wider public sector, were reduced per different categories of employees from 15% to almost 50%. Total payroll reduction, including capitalized payroll, amounted to € 294.1 mln vs 2009.
- ✓ Furthermore, in 2010 PPC successfully financed its investment plan for the year, while maintaining adequate liquidity and leverage levels.
- ✓ Capex reached almost € 1bln, comprising mainly :
    - generation investments of € 247 mln
    - network investments of € 551 mln
    - Investments in renewables of € 35 mln
- ✓ In addition, and as a result of the strong financial performance in 2009, PPC distributed in 2010 € 232 million of dividends, of which € 118 mln to the Greek State. Further to dividend distribution, PPC contributed to fiscal consolidation through the payment of € 203 mln of Income Tax, in addition to other indirect taxes (VAT, real estate, etc.)

Review of 2010 (2/2)

At the same time, important strategic, business and financial management initiatives and developments were realized in 2010, including amongst others:

- ✓ **Important partnership agreements in renewables and other business activities, namely:**
  - **Partnership with EDF Energies Nouvelles for the development of major, complex and technologically advanced RES projects in Greece.**
  - **Partnership with EP GLOBAL ENERGY LTD (EPGE) for the development of RES units in the Balkans and the Middle East region.**
  - **MoU with ELIKA S.A. for the joint development of RES projects.**
  - **Regarding waste management projects, Waste Syclo S.A., a JV of PPC and URBASER S.A., submitted in March expression of interest for the development and operation of a waste management system in the West Macedonia region.**
- ✓ **Cost savings in controllable operating expenses (other than payroll savings) versus budget - for example in materials consumption, maintenance expenses, third party fees, and other expenses.**
- ✓ **Financial hedging of oil exposure as well as diversification of fuel and gas sourcing, targeting a more competitive fuel mix.**
- ✓ **Successful refinancing of € 1.5 bln of maturing debt in 2010, while maintaining a liquidity cushion close to 2 bln as of end of 2010, despite the difficult economic conditions.**

PPC – A company under transformation in a new regulatory environment (1/3)

2010 was marked by the signing of the Memorandum with the EU/IMF/ECB. As a result, 2010 and even more 2011, are years characterized by material developments in the regulatory environment and in the Greek energy sector leading to imminent and significant changes in the organizational and operational structure of PPC.

LV & MV Tariffs

- ✓ In October 2010, by Ministerial Decision, new tariff categories in LV and MV were approved, reducing the number of tariffs from 30 to 9. In addition, the average allowable revenue per customer category and the energy component of tariffs for LV and MV were approved, with effect date 1.1.2011.
- ✓ The application of the new tariffs is expected to limit the distortions in the retail market, as well as the disproportionate negative impact on PPC's revenues from the market share loss, and to contribute to the development of competition on equal terms.
- ✓ In addition, PPC is focusing on developing a customer oriented culture and sales policy, through new business initiatives and actions of PPC Supply Division, while examining provision of additional energy services.

HV Tariffs

- ✓ We are in the process of negotiating with HV customers, in order to determine the right tariff level according to their energy profile.

Timeline for tariff deregulation

- ✓ According to the MoU, by the end of 2011, Government shall remove regulated tariffs for customers except households and small enterprises. In addition, the energy component of regulated tariffs should reflect, gradually, and at the latest by June 2013, wholesale market prices, except for vulnerable consumers.
- ✓ Furthermore, as of January 2011, the implementation of the Social Residential Tariff took place.

PPC - A company under transformation in a new regulatory environment (2/3)

Implementation of legal unbundling process and other provisions under draft bill

- ✓ On 30.12.2010, the General Meeting of Shareholders decided on the unbundling of the Transmission System Operator and the creation of an independent Distribution System Operator.
- ✓ This decision will result to a new structure for PPC, with two new subsidiaries.
- ✓ The ITO model, which has been approved by the Ministry of Environment, Energy and Climate Changes in December of 2010, must be certified and fully implemented by March 2012. According to the presented draft bill the following actions are expected:
  - transfer of the transmission operations of PPC, including its assets and personnel, to a fully owned subsidiary of PPC, namely IHTSO
  - transfer of the transmission activities of HTSO to IHTSO
  - transfer of the Market operation activities of HTSO to a new independent Market Operator
  - IHTSO should be certified by RAE as System Operator by 31.3.2012.
- ✓ Other provisions under the presented draft bill are:
  - the broadening of responsibilities and the enhancement of independence of the Regulatory Energy Authority (RAE)
  - measures for the protection of the consumer from unfair practices
  - measures for the deregulation of the natural gas market.

PPC - A company under transformation in a new regulatory environment (3/3)

Opening up of lignite-fired electricity generation to third parties

According to the updated Memorandum, Greek government shall adopt a plan for the gradual, transitional and cost based access of third parties to lignite-fired electricity generation.

The Hellenic Republic, as shareholder and legislator, is in discussions with the Directorate-General for Competition of the European Commission regarding the implementation plan of the specific commitment under the Memorandum.

PPC examines its options in the new environment that is shaping up.

Hydro Reserves Management

The updated Memorandum requires that the Greek government: (i) "awards the management of hydro reserves to an independent body" and (ii) "takes the necessary measures to comply with the Water Management Directive". There is no other requirement in the updated Memorandum regarding the hydropower stations of PPC.

Outlook for 2011 (1/2)

Organisational & Operational challenges and targets

2011 will be a challenging year for PPC, as in our view, it will be marked by considerable volatility in the international capital and commodity markets as well as a difficult domestic economic environment. At the same time PPC needs to adapt in order to maintain a leading role in the new competitive landscape that is shaping up in the energy market.

PPC has currently mobilised all its available resources for the timely implementation of all requirements and provisions under the MoU.

Nevertheless, at an organizational / operational level, there are a number of challenges and targets which need to be effectively addressed:

- ✓ **The successful implementation of the Group's new organizational structure, including the new subsidiaries of Transmission and Distribution.**
- ✓ **Adequate staffing:**
  - **In 2010, retirements amounted to 2,349 employees, representing 11% of the Company's total personnel, resulting in a reduction of the total number of employees to 21,470. The rate of retirements was more than double compared to the typical annual average retirement rate which is normally in the region of 4-5%.**
  - **Taking into account the new regulatory environment and related requirements for unbundling and lignite generation opening, adequate staffing with specialized personnel in key corporate functions is urgently required, including but not limited, to risk management, energy trading, etc.**
- ✓ **Further cost containment in areas like overtime costs, travel expenses, contracted work, third party fees, optimization of work shifts, seconded employees, etc, with a target to achieve further annual cost savings in the order of € 40 mln.**

Outlook for 2011 (2/2)

Strategic and Financial challenges and targets

strategic goals

- ✓ Push through, with our investments in generation, to increase the efficiency and competitiveness of our plants (Aliveri V CCGT 416 MW, Megalopolis V CCGT 811MW, Ptolemaida V Lignite plant 550-660 MW, South Rhodes 115 MW, Atherinolakkos III 95-105 MW, hydro plants of a total capacity of 342MW).
- ✓ Accelerate investments in renewables, also through the implementation of our partnership agreements and through examining very selective acquisitions with a target to reach 20% of the total RES capacity in Greece by 2015 and 30-35% by 2020. We will soon select the EPC contractor and start the construction of a 50MW photovoltaic park in Megalopolis, whereas we are also in search of a strategic partner for the development and operation of the largest globally photovoltaic park of 200MW in the lignite center of West Macedonia, combined with the development and operation of a manufacturing plant for solar panels.
- ✓ Expand to foreign markets, including current bids for lignite-related investments in Kosovo and hydro plant in Bosnia, submission of expression of interest for the construction and operation of hydro plants in FYROM, while also examining investment opportunities in Romania, Albania and Turkey.

financial goals

- ✓ Continue with our efforts to broaden funding sources, while exploiting new, alternative financing structures.
- ✓ Continue to broaden risk management & hedging policies to secure the company's budgeted cash flows.
- ✓ Maintain adequate liquidity and leverage levels.

Even though the external environment remains adverse, we are committed to make every possible effort to further enhance PPC's operational performance, with competitive edge, focus on green energy and emphasis on customer-oriented practices.

We have already started this process and we aim to capitalize on our significant know-how and expertise in order to enhance value for our stakeholders, while contributing to sustainable economic growth.

Management Appointment

General Managers appointments

- ✓ Mr. Lazaros Karalazos was appointed as General Manager of the Supply Division, as of 24.1.2011.
- ✓ Mr. Nikolaos Aravantinos was appointed as General Manager of the Distribution Division, as of 1.2.2011.
- ✓ Mr Spiros Vassos was appointed as General Manager of the Transmission Division, as of 1.2.2011.

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.