



# Public Power Corporation SA

## 9M 2008 Financial Results

Athens, November 27, 2008



# Agenda

**Financial Results**

Mr. George Angelopoulos, CFO

**Recent Developments**

Dr. Takis Athanasopoulos, Chairman and CEO



# Financial Results

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



# 9M08 Summary Financial Results: P&L

Key Figures (€ mil.)	9M '08 Without CO2 Provision	9M '08 With CO2 Provision	9M '07	Δ	Δ%
<b>Total Sales</b>	4,416.3	4,416.3	3,841.8	.574.5	15.0
Electricity Sales	4,132.3	4,132.3	3,589.6	542.7	15.1
Payroll	1,038.0	1,038.0	1,056.1	--18.1	-1.7
3 <sup>rd</sup> party coal	36.3	36.3	33.7	2.6	7.7
Fuel Expenses	1,490.3	1,490.3	1,042.8	447.5	42.9
Energy Purchases	772.1	772.1	498.5	273.6	54.9
CO2 Provision		108.7	0.0	108.7	
Transmission System Charges	256.7	256.7	225.2	31.5	14.0
Other Operating Expenses	413.1	413.1	402.1	11	2.7
Provisions	15.8	15.8	-27.4	43.2	
<b>EBITDA</b>	<b>389.5</b>	<b>280.8</b>	<b>610.8</b>	<b>-330.0</b>	<b>-54.0</b>
Depreciation (incl. lignite)	383.8	383.8	430.5	-46.7	-10.8
Net Financial Expenses	131.5	131.5	112.9	18.6	16.5
<b>EBT</b>	<b>-149.6</b>	<b>-258.3</b>	<b>76.6</b>	<b>-334.9</b>	



# 3<sup>rd</sup> Quarter 08 Summary Financial Results: P&L

Key Figures (€ mil.)	3Q '08 Without CO2 Provision	3Q '08 With CO2 Provision	3Q '07	Δ	Δ%
<b>Total Sales</b>	<b>1,651.4</b>	<b>1,651.4</b>	<b>1,371.4</b>	280.0	<b>20.4</b>
Electricity Sales	1,560.2	1,560.2	1,287.2	273.0	21.2
Payroll	359.7	359.7	359	0.7	0.2
3 <sup>rd</sup> party coal	11.7	11.7	15.2	-3.5	-23.0
Fuel Expenses	621.6	621.6	427.4	194.2	45.4
Energy Purchases	310.7	310.7	205.3	105.4	51.3
CO2 Provision		51.8	0.0	51.8	
Transmission System Charges	89.0	89.0	85.3	3.7	4.3
Other Operating Expenses	151.0	151.0	127.9	23.1	18.1
Provisions	-4.2	-4.2	-28.3	24.1	
<b>EBITDA</b>	<b>110.4</b>	<b>58.6</b>	<b>154.4</b>	<b>-95.8</b>	<b>-62.0</b>
Depreciation (incl. lignite)	129.6	129.6	143.1	-13.5	-9.4
Net Financial Expenses	48.9	48.9	41.5	7.4	17.8
<b>EBT</b>	<b>-91.5</b>	<b>-143.3</b>	<b>-35.0</b>	<b>-108.3</b>	



# CO2

- We have impacted our 9M08 financial results with € 108.7 mil. for CO2 emission rights (€ 51.8 mil. for 3Q 08), accounted for the period, although the actual expense will be incurred in the 4Q08.

- Hence, for 9M 08 :

**EBT with CO2 cost = € 258.3 m**

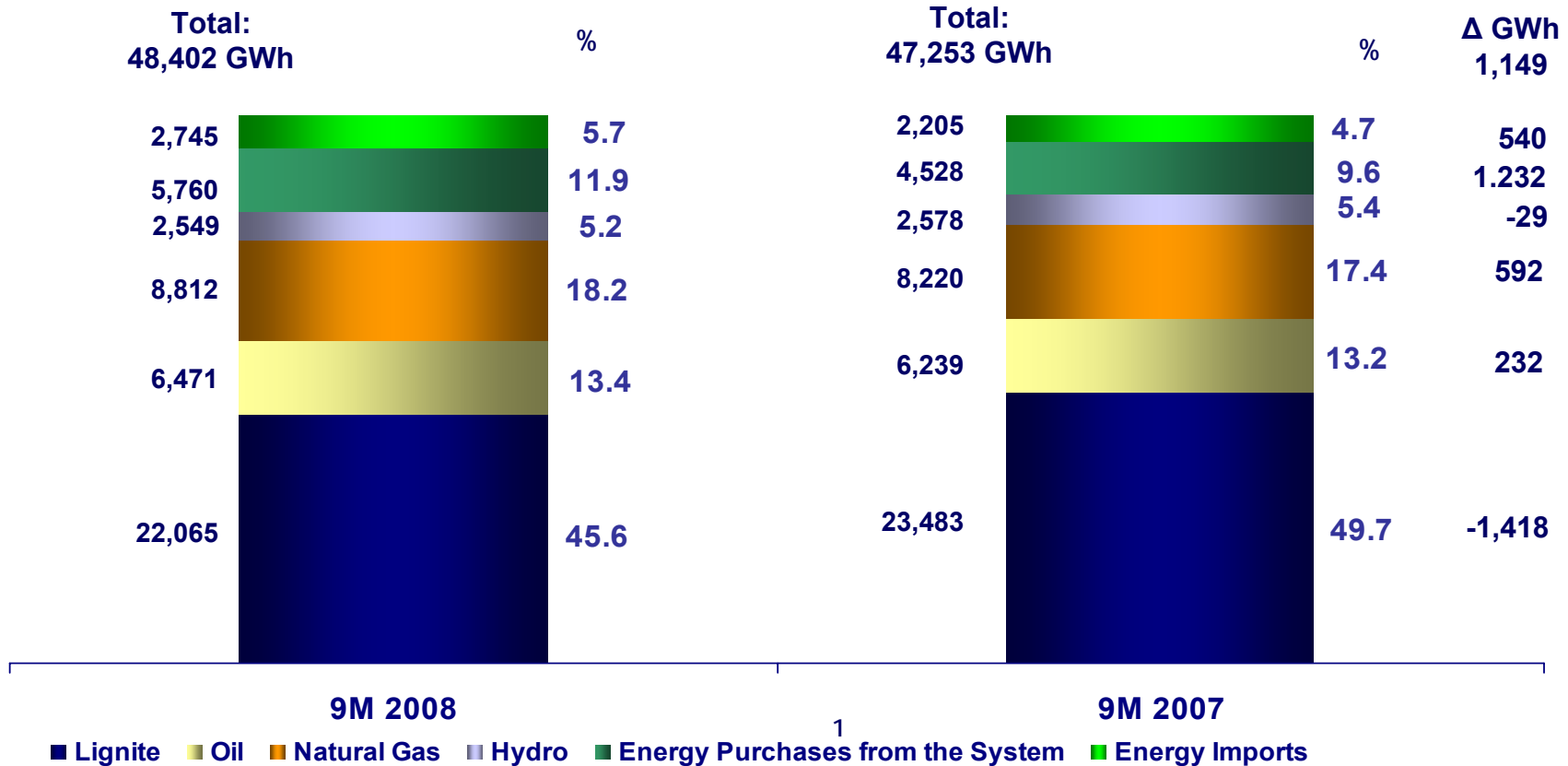
**CO2 cost = € 108.7 m**

**EBT before CO2 cost = € 149.6 m**



# Total Energy Balance 9M '08 vs. 9M '07 :

Expense Increase € 713 m (of which € 568 m due to fuel and energy price increases)

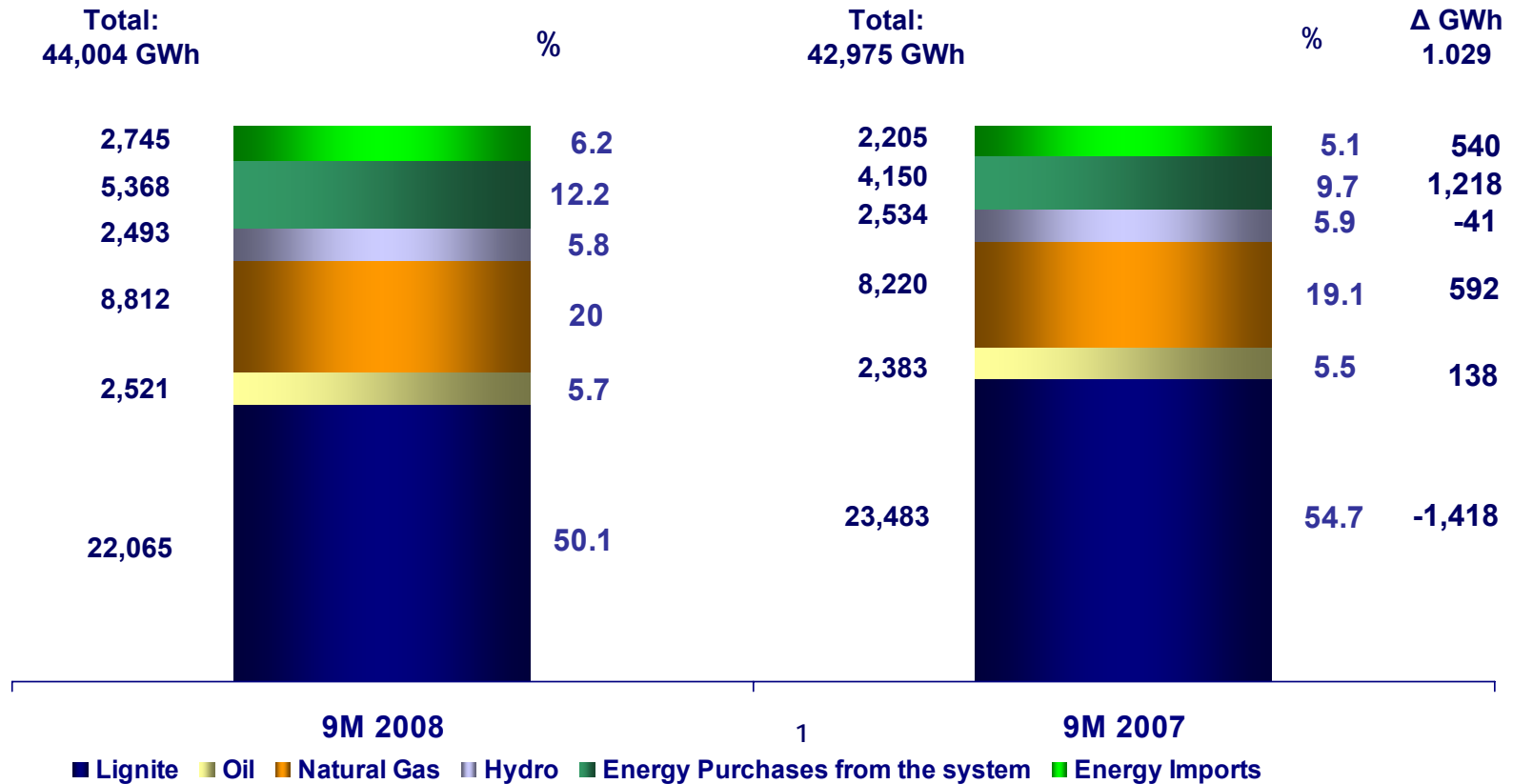


- Due to the decrease in lignite generation (1,418 GWh) and the overall increase in demand (1,149 GWh), PPC resorted to expensive fuels and energy purchases.
- Only 50.8% of the energy sold was generated by domestic energy sources (lignite, hydro, RES)

1) Including PPC renewables generation 146 GWh in 9M 08 & 139 GWh in 9M 07



# Interconnected System Energy Balance 9M '08 vs. 9M '07



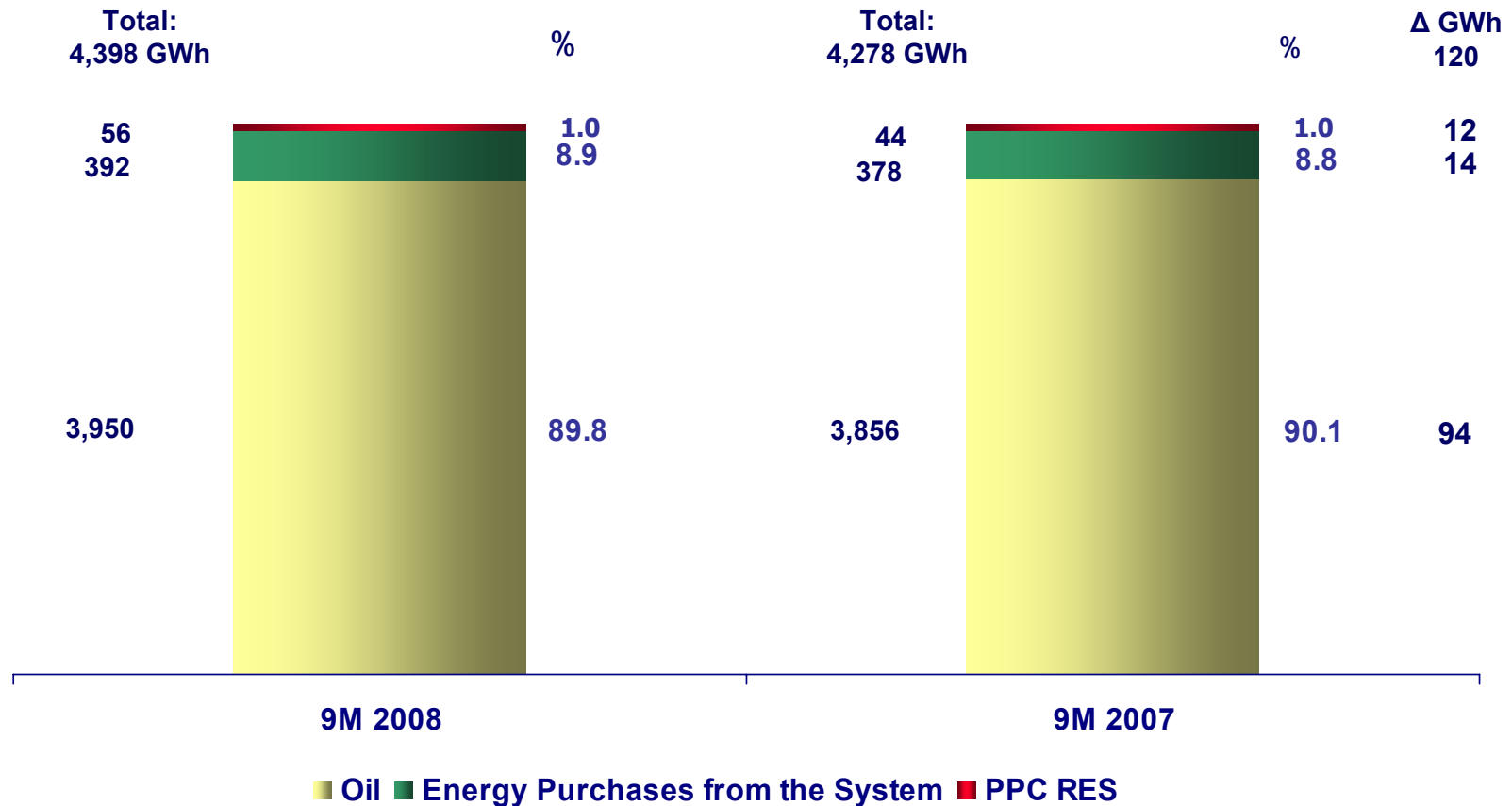
- Expense Increase €557 m (of which €407 m due to fuel and energy price increases)

<sup>1</sup> Including PPC renewables generation 90GWh in 9M08 & 95GWh in 9M07





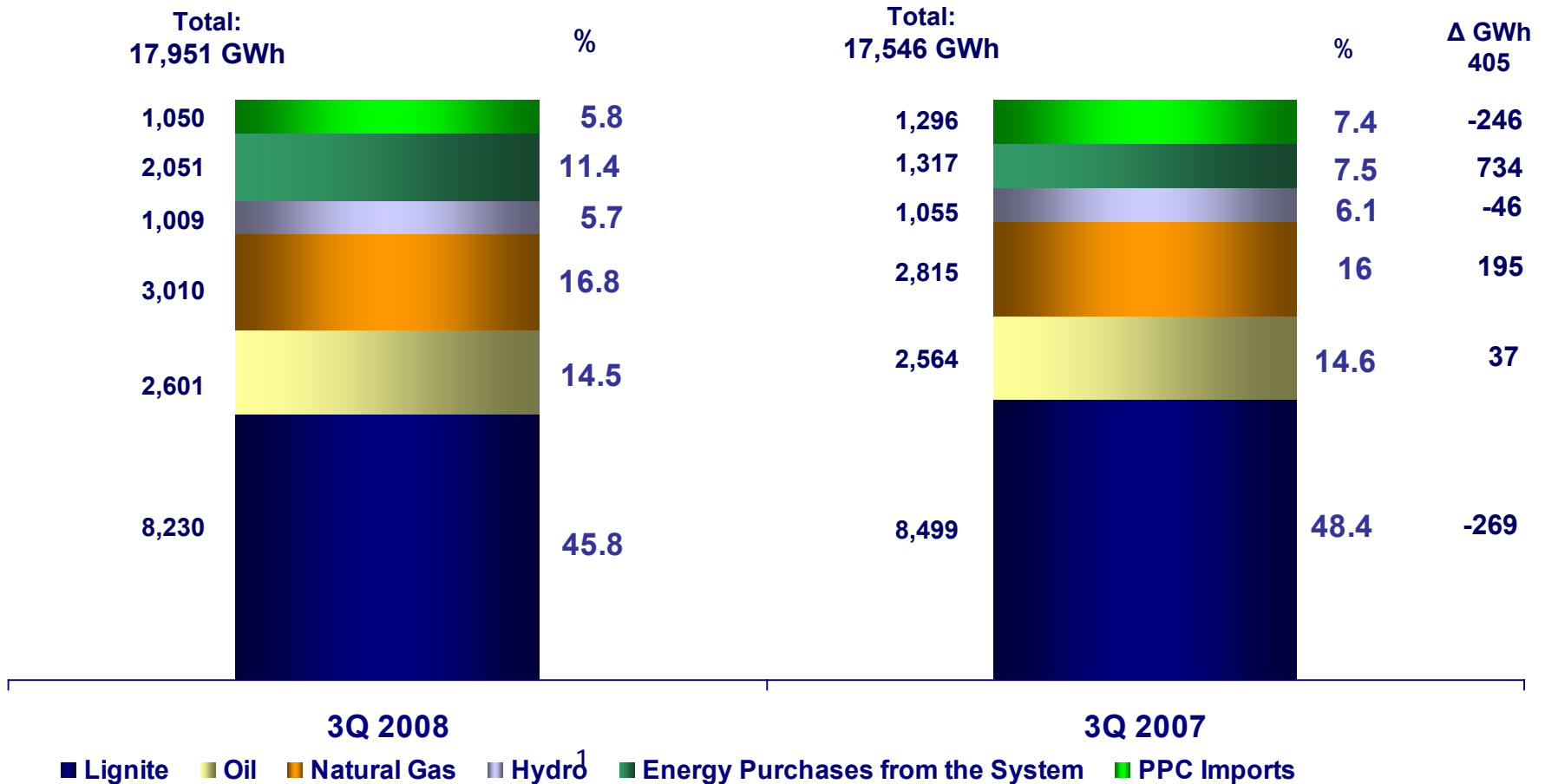
# Non-Interconnected System Energy Balance 9M '08 vs. 9M '07



- Expense Increase €156 m (€161 m due to fuel price increases, and €5 m positive impact from substituting diesel generation with HFO generation).



# Total Energy Balance 3Q '08 vs. 3Q '07



1) Including PPC renewables 78GWh in 3Q' 08 & 55GWh in 3Q' 07



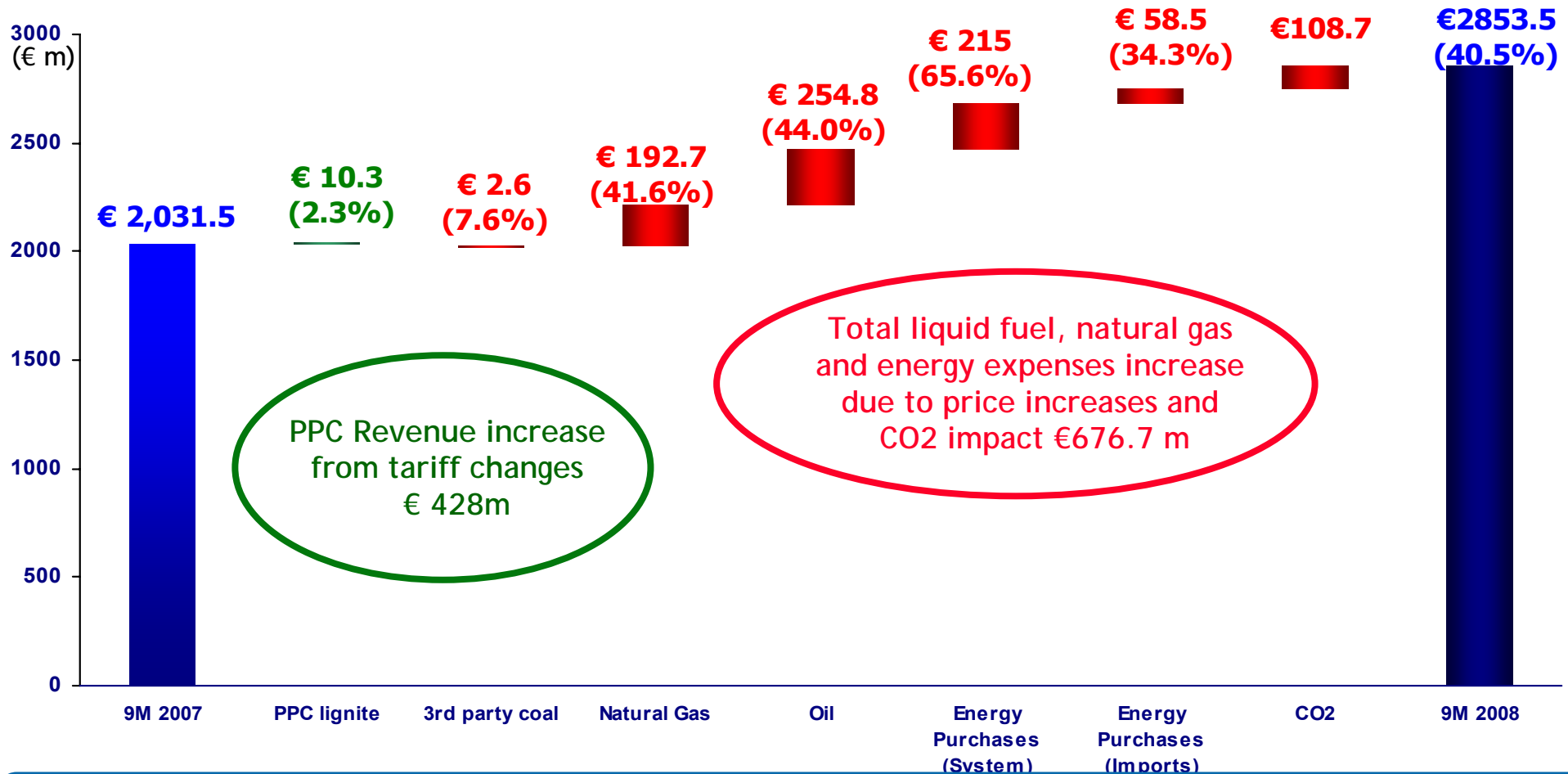
# Evolution of Average Fuel and Energy Prices paid by PPC in 9M '08

	<b>Price Increases (%)</b>	<b>9M '08 Quantities</b>	<b>Quantity Increases (%) 9M 08 vs 9M 07</b>
<b>Fuel-oil (€/tn)</b>	<b>51.4%</b>	<b>1,280,172 tn</b>	<b>9.4%</b>
<b>Diesel-oil (€/klt)</b>	<b>31.5%</b>	<b>421,303 klt</b>	<b>-11.5%</b>
<b>Natural Gas (€/kNm3)</b>	<b>32.1%</b>	<b>1.91 bcm</b>	<b>7.2%</b>
<b>System Marginal Price (€/MWh)</b>	<b>40.1%</b>	<b>5.760 GWh</b>	<b>27.2%</b>
<b>PPC Imports (€/MWh)</b>	<b>5.6%</b>	<b>2.745 GWh</b>	<b>24.5%</b>



# Total Energy Expenditure 9M '08 vs. 9M '07

Expense increase of € 568 m due to fuel and energy price increases, and € 108.7 due to CO2 emissions for a net impact of € 676.7m on non-controllable expenses



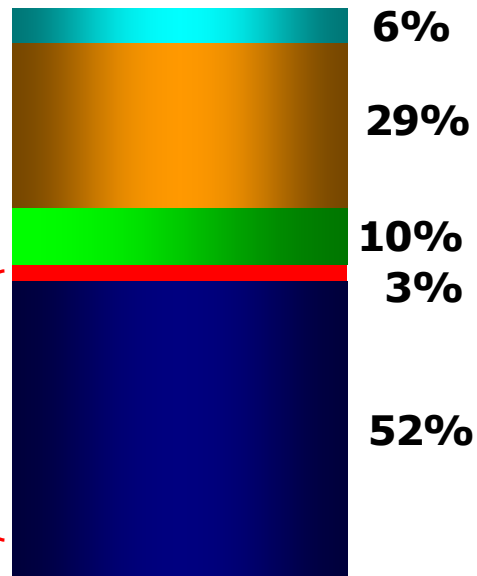
The price effect of the unprecedented rise in fuel and electricity costs coupled with the impact of CO2 emissions exceeded the significant revenue increase that resulted from tariff changes, by €249m



# Fuel, other energy costs and EBITDA as percentage share of Revenues (9M 2008/9M 2007)

## TOTAL REVENUES

€ 4,416 mil.

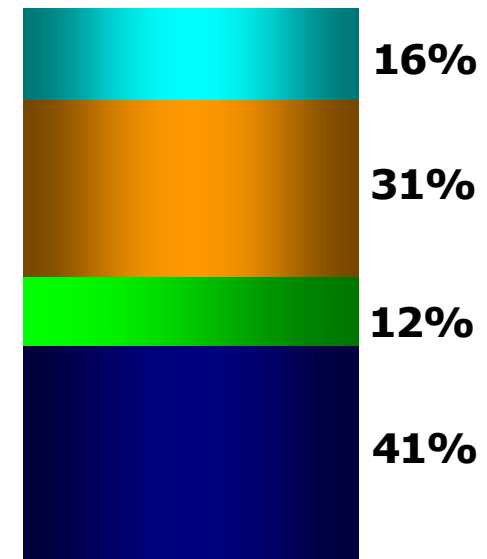


55% of revenue was directly exposed to the fluctuation of international fuel and CO2 prices vs 41% in 9M 2007

9M 2008

## TOTAL REVENUES

€ 3,842 mil.

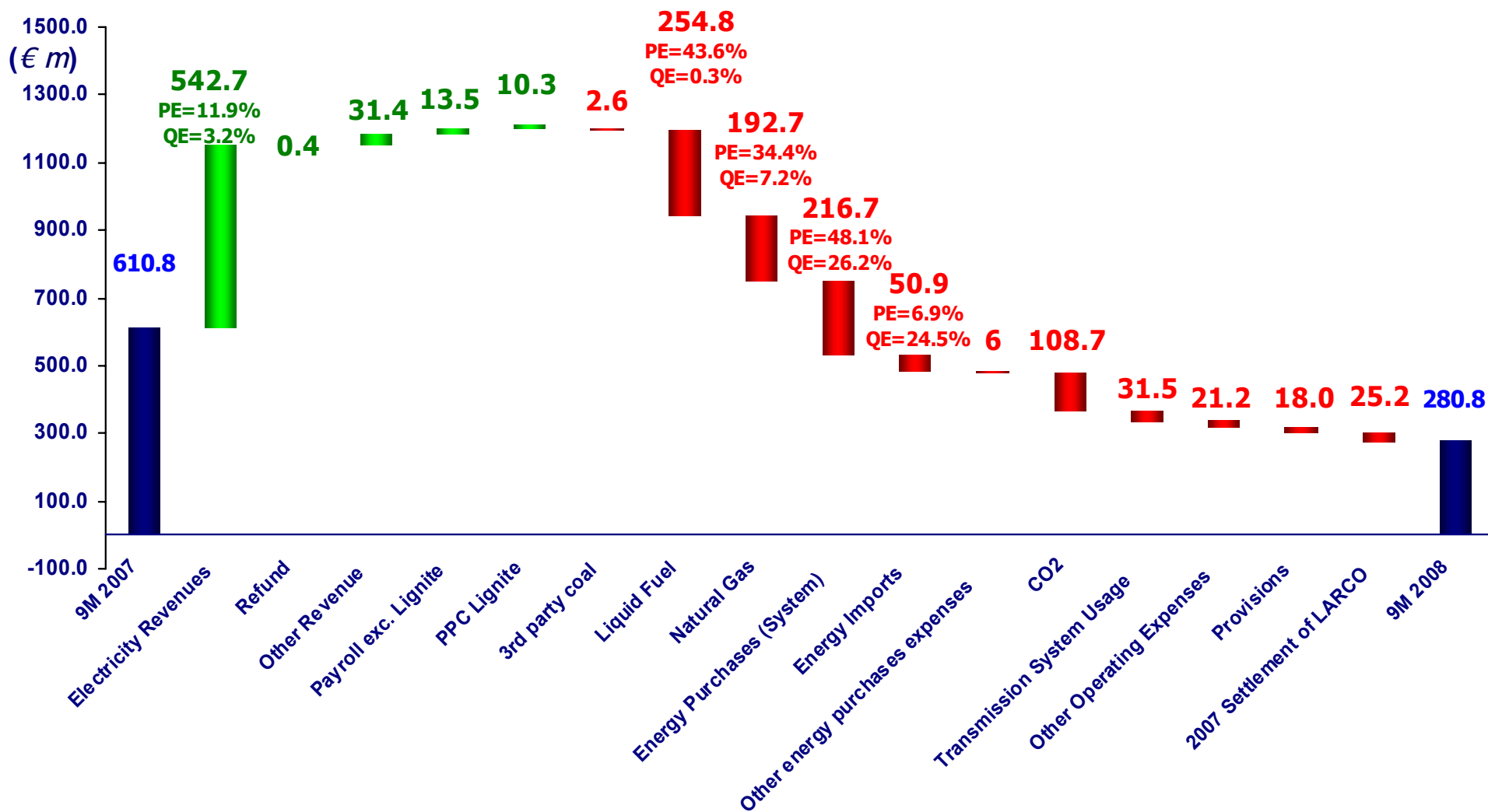


9M 2007

■ Fuel and Energy Purchases ■ CO2 Expenses ■ PPC Lignite ■ Payroll and other expenses ■ EBITDA Margin



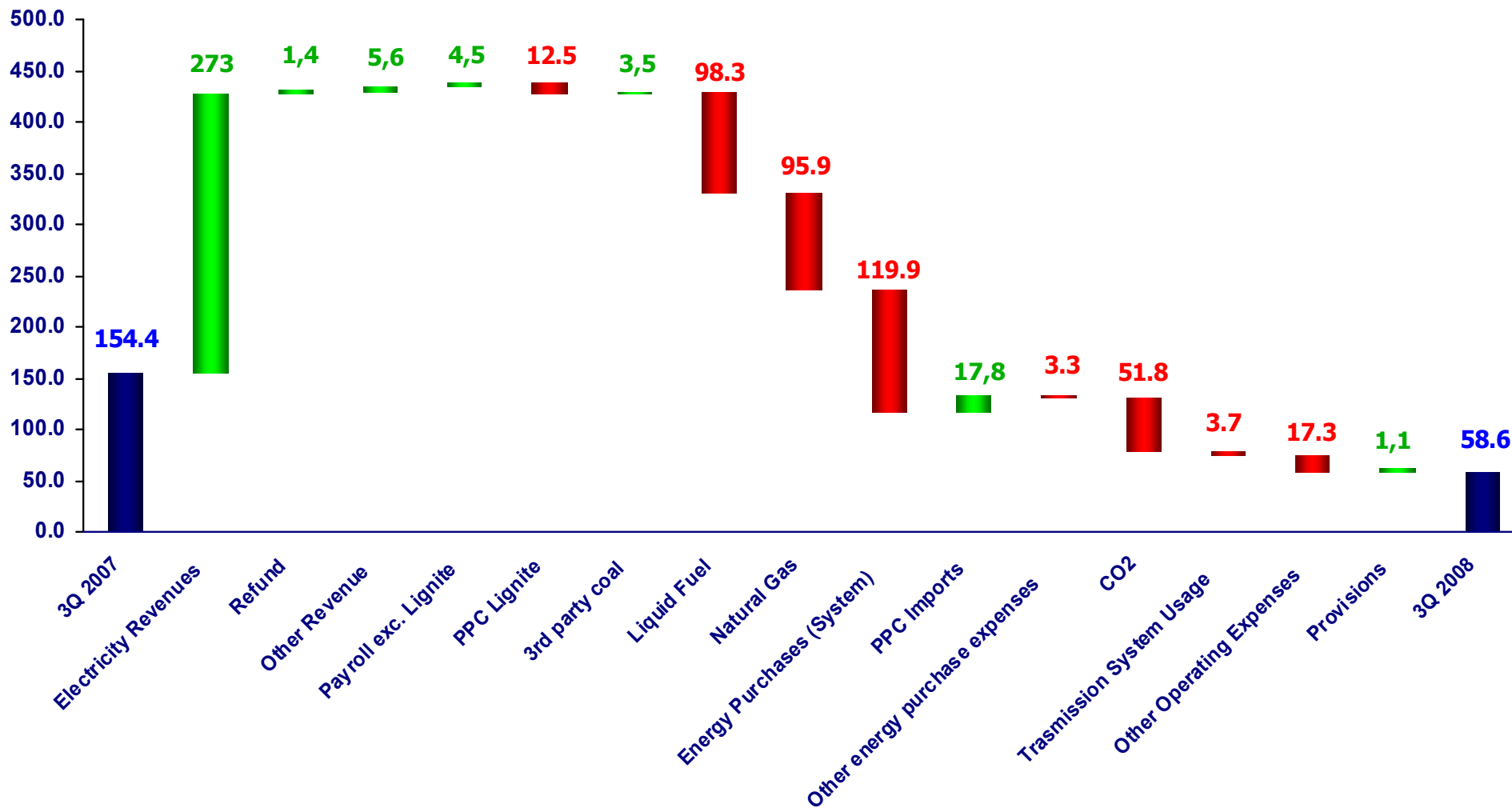
# EBITDA Reconciliation – 9M 08 vs. 9M 07





# EBITDA Reconciliation – 3Q08 vs. 3Q07

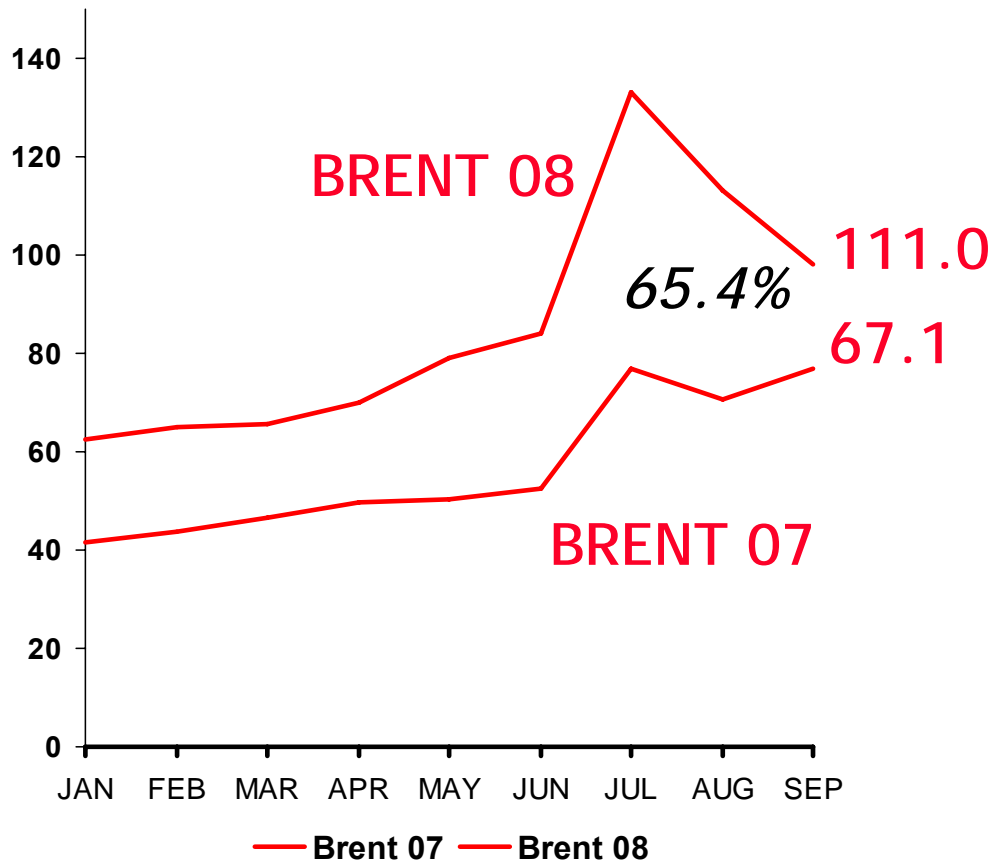
(€ m)



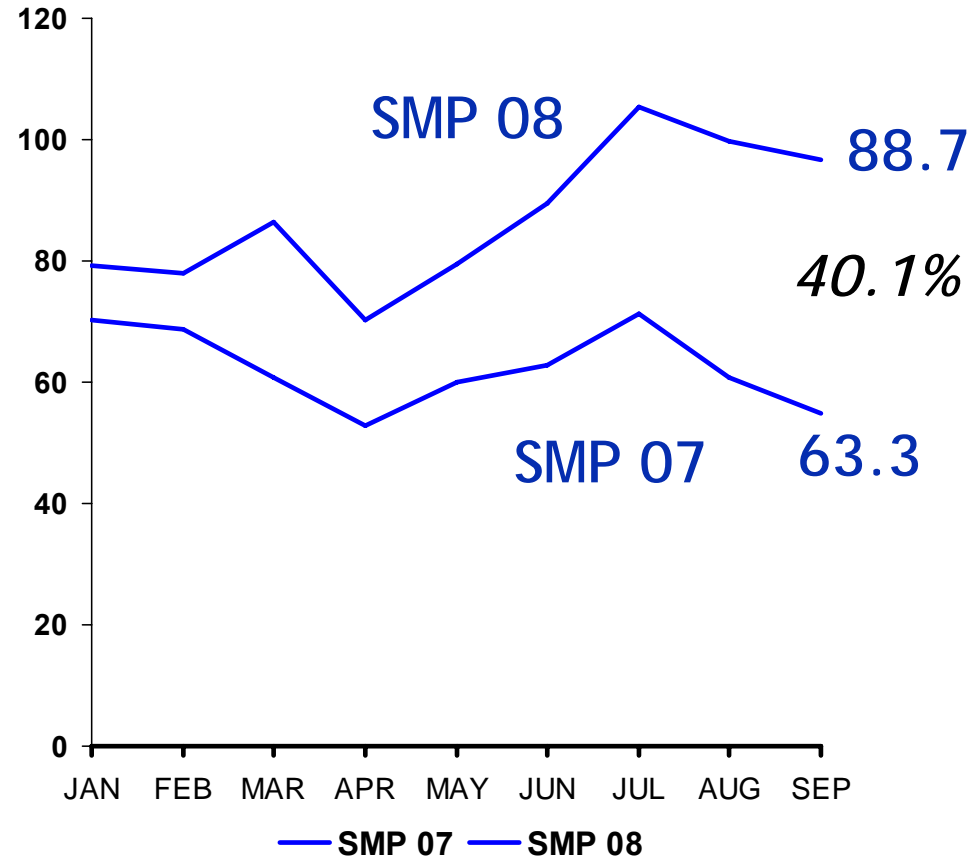


# BRENT (€ /bbl) and SMP (€/MWh) Average Monthly Prices 9M '07 and 9M '08

(€ /bbl)



(€ /MWh)







# EBT Reconciliation : 9M '07 vs. 9M ' 08

	<b>Δ 9M 08 – 9M 07</b>	<b>Cumulative Effect on P&amp;L</b>	
<b>9M 07 EBT</b>			<b>€ 76.6</b>
<b>Total Revenues</b>		<b>€ 574.5</b>	
<b>Expenses outside PPC control</b>		<b>€ 707.8</b>	
Price Effect of Fuel and Energy Purchases	<b>€ 567.6</b>		
CO2 Provision	<b>€ 108.7</b>		
Transmission System Usage	<b>€ 31.5</b>		
		<b>€ 133.3</b>	
<b>Expenses within PPC control</b>		<b>€ 174.7</b>	
Quantity effect of fuel and energy purchases	<b>€ 153.5</b>		
Other Operating Expenses	<b>€ 21.2</b>		
		<b>€ 308.0</b>	
<b>Expenses Reduction</b>		<b>€ 68.0</b>	
Lignite cost	<b>€ 7.8</b>		
Payroll	<b>€ 13.5</b>		
Depreciation	<b>€ 46.7</b>		
		<b>€240.0</b>	
Provisions	<b>€ 43.3</b>		
Financial Expenses	<b>€ 51.6</b>		
		<b>€94.9</b>	
<b>Net Impact on EBT</b>		<b>€334.9</b>	<b>€ 334.9</b>
<b>9M 08 EBT</b>			<b>€258.3</b>



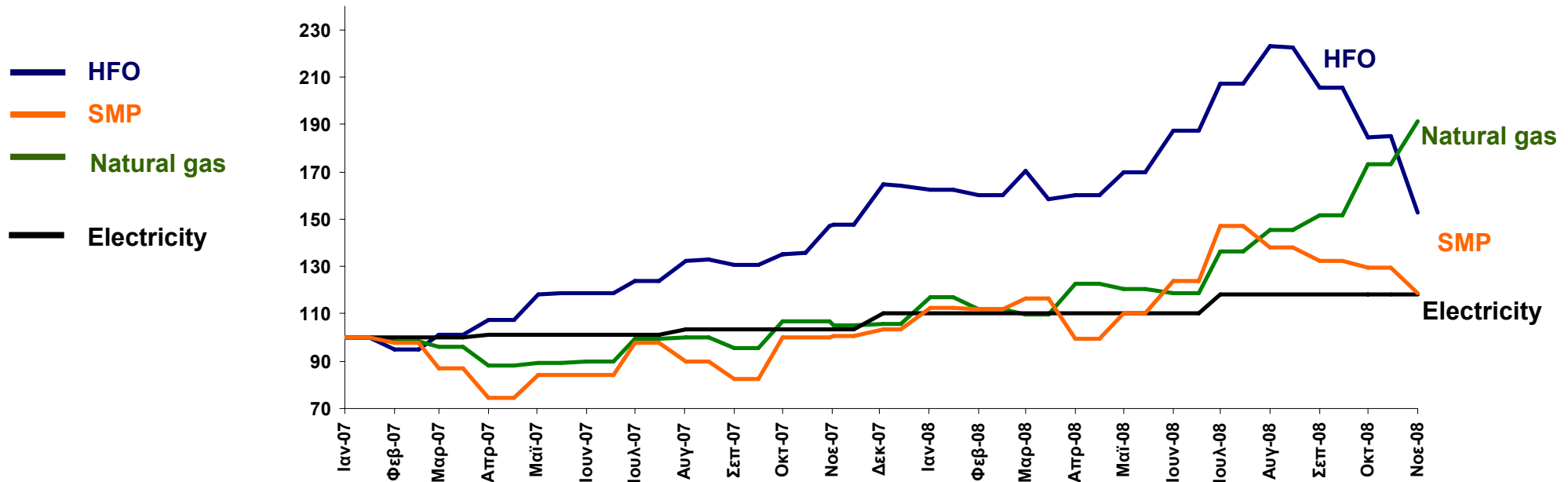
# Recent Developments

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



# 2008: a year of unprecedented fuel and energy price increases, resulted in significant losses

Price indices, Jan 2007 = 100



•If fuel and energy prices had remained at 2007 levels and there was no impact from CO2 emissions, PPC would have pre-tax profits of € 419m for the 9m 2008



# Major operational developments

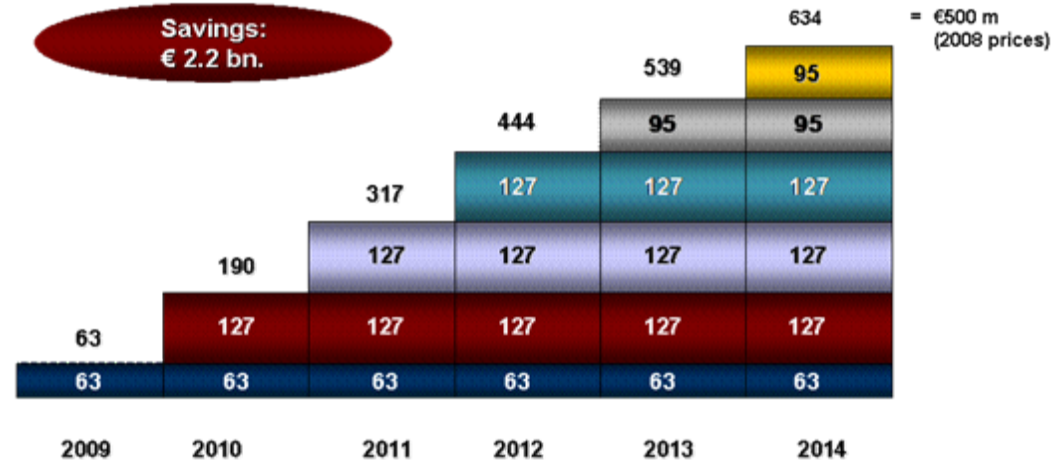
- **4 bids submitted for Megalopolis V 800MW CCGT on 25/11/08**
  
- **Extension granted for the tender of Florina II 450 MW lignite plant to February 2009**
  
- **Progress in the JV PPC-Halyvourgiki for the construction and operation of an 880 MW CCGT thermal plant**
  - **terms of collaboration and new company incorporation approved by the BoD**
  - **appointment of Owners' Engineer for the project**
  
- **Progress in JV PPC-RWE-Titan for the construction and operation of an 800MW hard coal plant in Albania**
  - **Pre-feasibility study completed in August. Proceeding with feasibility study.**



# Going Forward: Management committed to reposition PPC for performance and growth

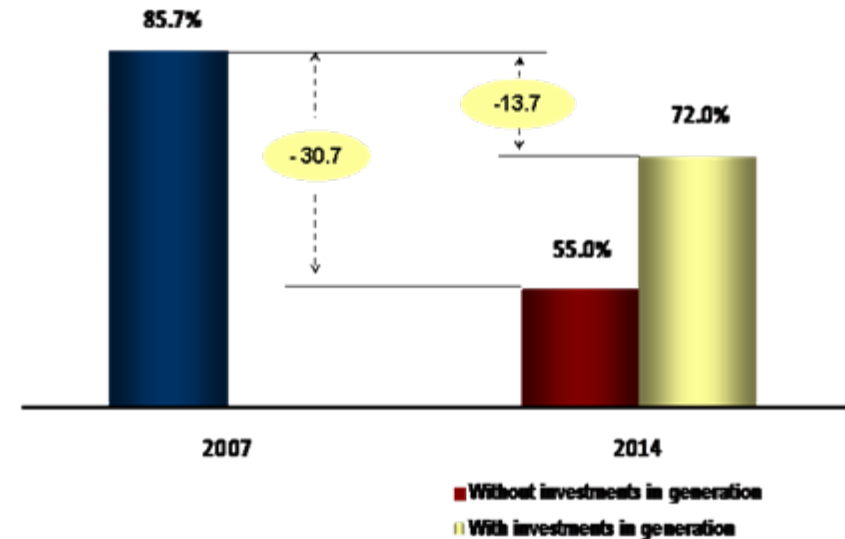
## ■ Achieve Cost Saving Targets

- cumulative savings of €2.2 bn over the period 2009-2014 resulting gradually in annual savings of €500m (2008 prices) by 2014



## ■ Maintain leadership position in the liberalized electricity market

- planned investments will replace old, inefficient and polluting plants and allow PPC to have a 72% generation share in the wholesale market





# Going forward: 2009 Outlook

**In 2009, we expect profitability to make a significant turnaround, mainly due to:**

- **expectations for lower oil prices**
- **the carry-over effect of the 7% tariff increase, effective July 1st 2008**
- **efficiency improvements kicking in**