

Public Power Corporation SA

Financial Results
1st Quarter 2012

Athens, May 29, 2012

Agenda

Financial Results

George Angelopoulos, CFO

Business Update & Outlook

Arthouros Zervos, Chairman and CEO



Financial Results
1st Quarter 2012

George Angelopoulos

Chief Financial Officer

Summary Financial Results 1Q2012 / 1Q2011 (Group)

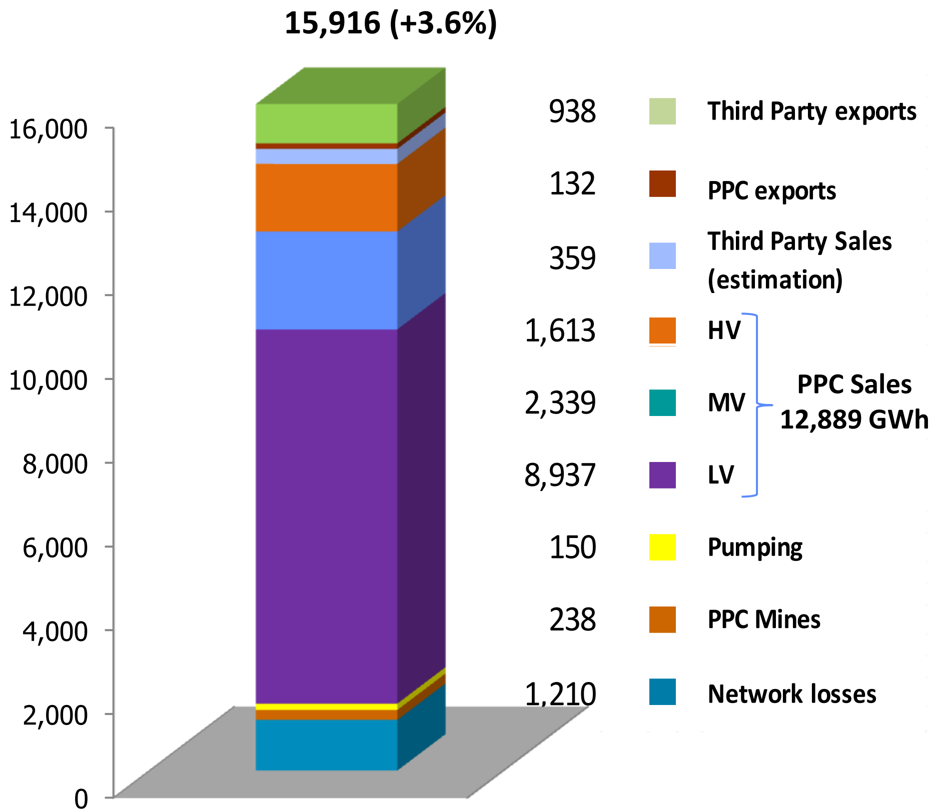
Key Figures (€ mln.)	1Q2012	1Q2011	Δ	Δ%
Total Revenues	**1,549.8**	**1,374.4**	***175.4***	***12.8***
Revenues from Energy Sales	1,447.6	1,232.6	*215.0*	*17.4*
Energy Sales (GWh)	*13,021.0*	*12,304.0*	*717.0*	*5.8*
Payroll Expense	235.4	285.5	*(50.1)*	*(17.5)*
Liquid Fuel	212.5	150.4	*62.1*	*41.3*
Natural Gas	176.1	103.7	*72.4*	*69.8*
Energy Purchases	432.1	193.5	*238.6*	*123.3*
Variable cost recovery mechanism	*40.1*	*15.2*	*24.9*	*163.8*
Transmission System Charges	32.3	74.0	*(41.7)*	*(56.4)*
Other Operating Expenses (controllable)	130.7	132.3	*(1.6)*	*(1.2)*
Provisions (*)	47.1	45.7	*1.4*	*3.1*
EBITDA	**232.0**	**327.6**	***(95.6)***	***(29.2)***
EBITDA MARGIN (%)	**15.0%**	**23.8%**		
Depreciation	158.3	168.0	*(9.7)*	*(5.8)*
Net Financial Expenses	58.3	39.5	*18.8*	*47.6*
Financial expenses	*68.0*	*50.4*	*17.6*	*35.0*
Financial income	*9.7*	*10.9*	*(1.3)*	*(11.6)*
EBT	**15.0**	**121.3**	***(106.3)***	***(87.6)***

(*) 1Q2012 includes a € 52.7 mln reversal of the provision for the Attica region traffic lights.

The increase in the energy balance cost by 56.4% is the main factor leading to a 29.2% decline in the EBITDA, despite the increase of total revenues by 12.8% and the decrease in payroll expenses by 17.5%.

Electricity Demand 1Q2012 / 1Q2011

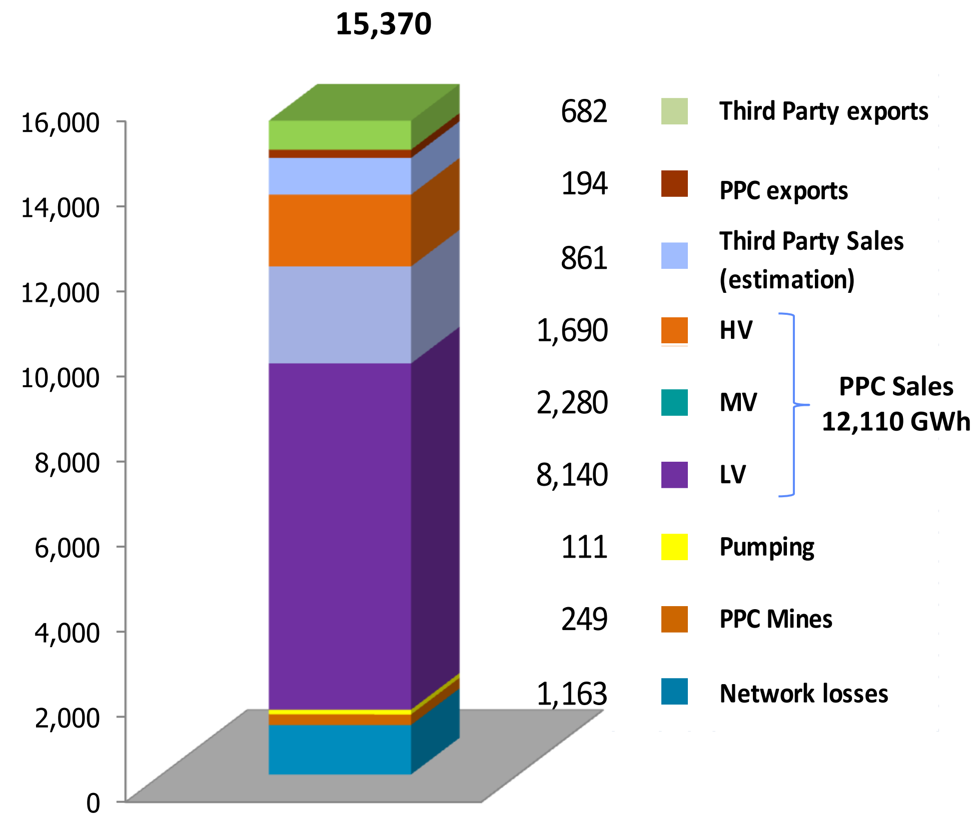
1Q2012



PPC domestic sales: 12,889 GWh
Market Share (estimation): 97.3%
(March 2012 average 99.4%)

PPC exports: 132 GWh
Market share on exports 12.3%

1Q2011



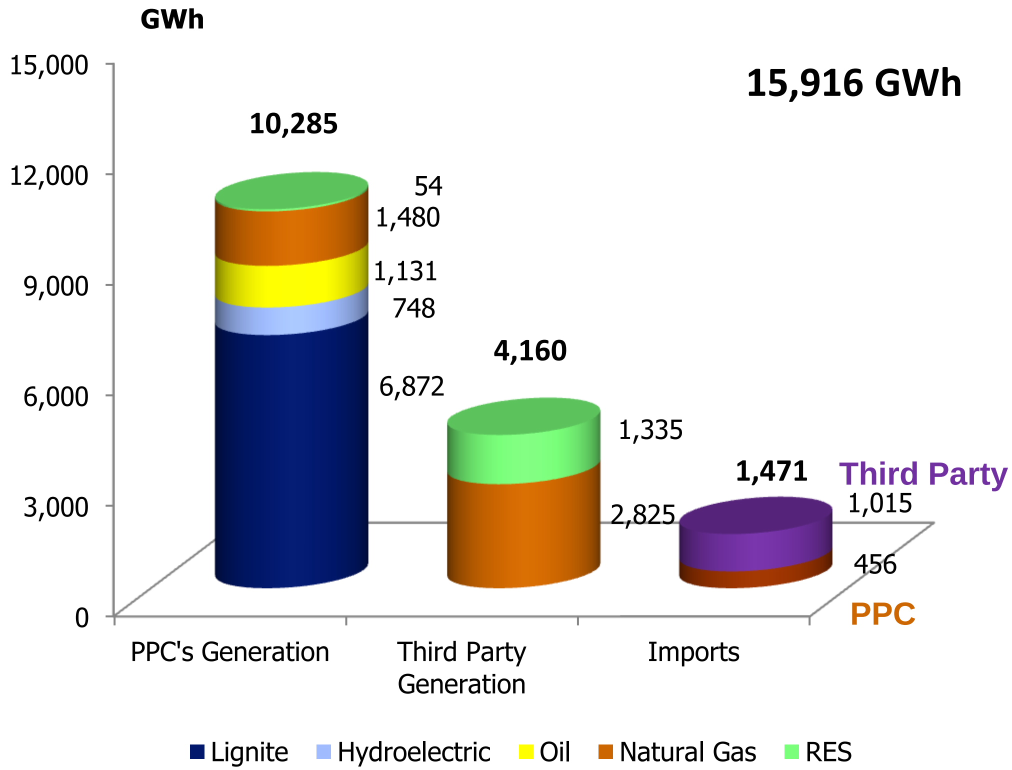
PPC domestic sales: 12,110 GWh
Market Share (estimation): 93.4%

PPC exports: 194 GWh
Market share on exports 22.1%

Total electricity demand increased between the two periods by 3.6%. Excluding pumping and exports, demand increased by 2.2% (313 GWh). This fact combined with PPC's market share recovery in the retail market by 3.9 percentage points (following the suspension of the operation of two alternative suppliers as of 25.1.2012), resulted in an increase in PPC's domestic sales by 6.4% (779 GWh).

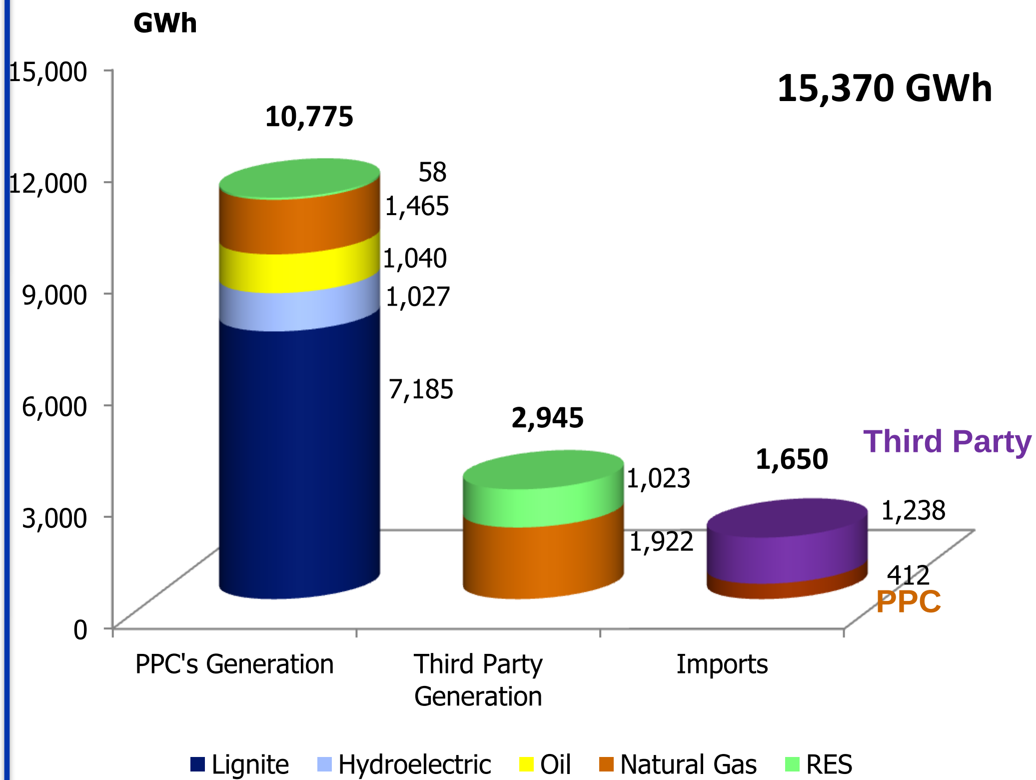
Electricity Supply 1Q2012 / 1Q2011

1Q2012



PPC generation: 10,285 GWh
PPC imports: 456 GWh
Market share: 71.2%
Market share on imports: 31.0%

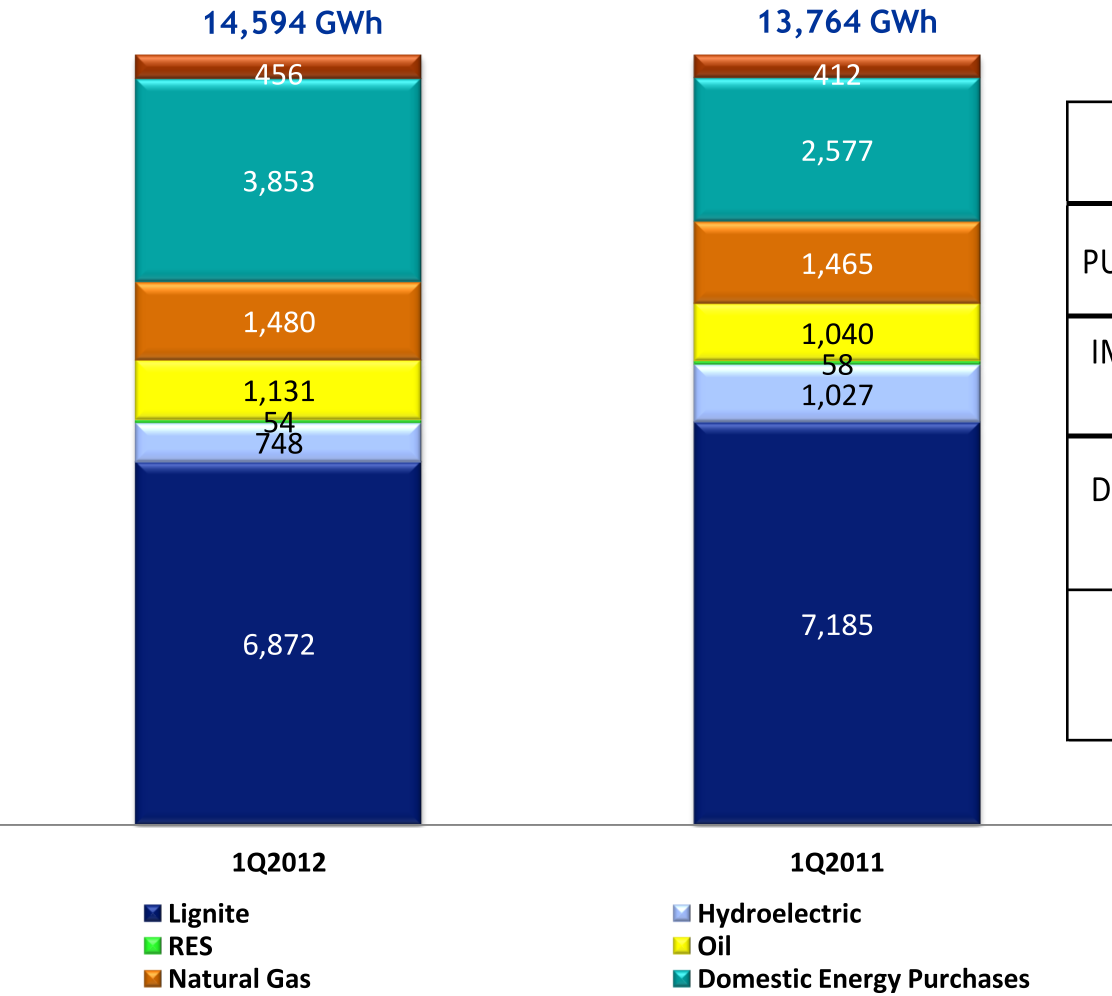
1Q2011



PPC generation: 10,775 GWh
PPC imports: 412 GWh
Market share: 78.5%
Market share on imports: 25.0%

In 1Q2012, PPC's electricity generation and imports, covered 67.5% of total demand, while the corresponding percentage in 1Q2011 was 72.8%.

PPC/ Energy Generation and Purchases (GWh) 1Q2012 / 1Q2011

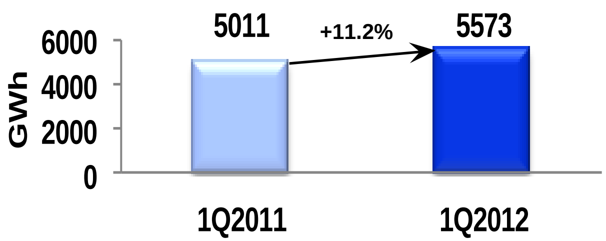


	TOTAL	Δ GWh	Δ %	% Participation	
		830	6.0%	1Q2012	1Q2011
PURCHASES	Imports	44	10.7%	3.1%	3.0%
	Domestic Ene	1,276	49.5%	26.4%	18.7%
IMPORTED FUELS	Natural Gas	15	1.0%	10.1%	10.6%
	Oil	91	8.8%	7.7%	7.6%
DOMESTIC FUELS	RES	-4	-6.9%	0.4%	0.4%
	Hydroelectric	-279	-27.2%	5.1%	7.5%
	Lignite	-313	-4.4%	47.1%	52.2%
TOTAL	PURCHASES			29.5%	21.7%
	IMPORTED FUELS			17.9%	18.2%
	DOMESTIC FUELS			52.6%	60.1%

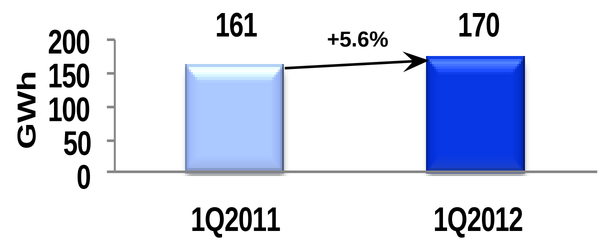
In 1Q2012, electricity generation from lignite decreased by 4.4% (313 GWh) compared to 1Q2011 but it stood at the budgeted level. During the same period, the percentage participation of lignite in PPC's total energy mix declined to 47.1% vs 52.2% for 1Q2011. Energy purchases from the System and the Network increased by 49.5% (1,276 GWh). Hydro generation decreased substantially by 27.2% (-279 GWh) between the two periods.

Electricity Sales (GWh) 1Q2012 / 1Q2011

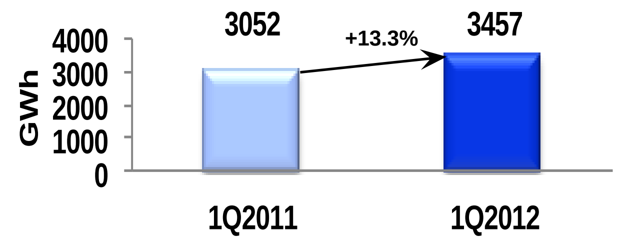
Residential



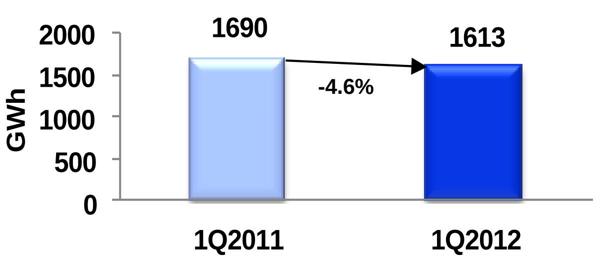
Agricultural



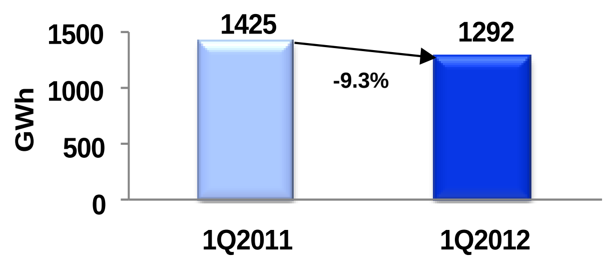
Commercial



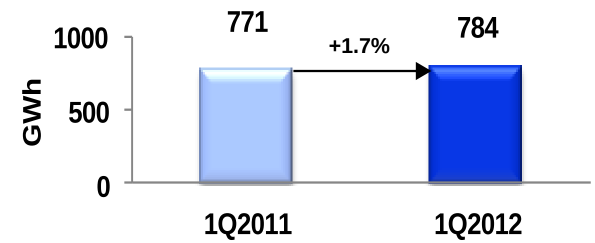
Industrial HV



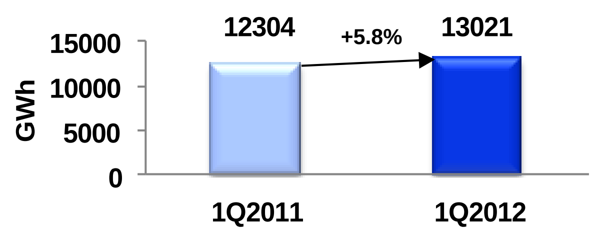
Industrial MV & LV



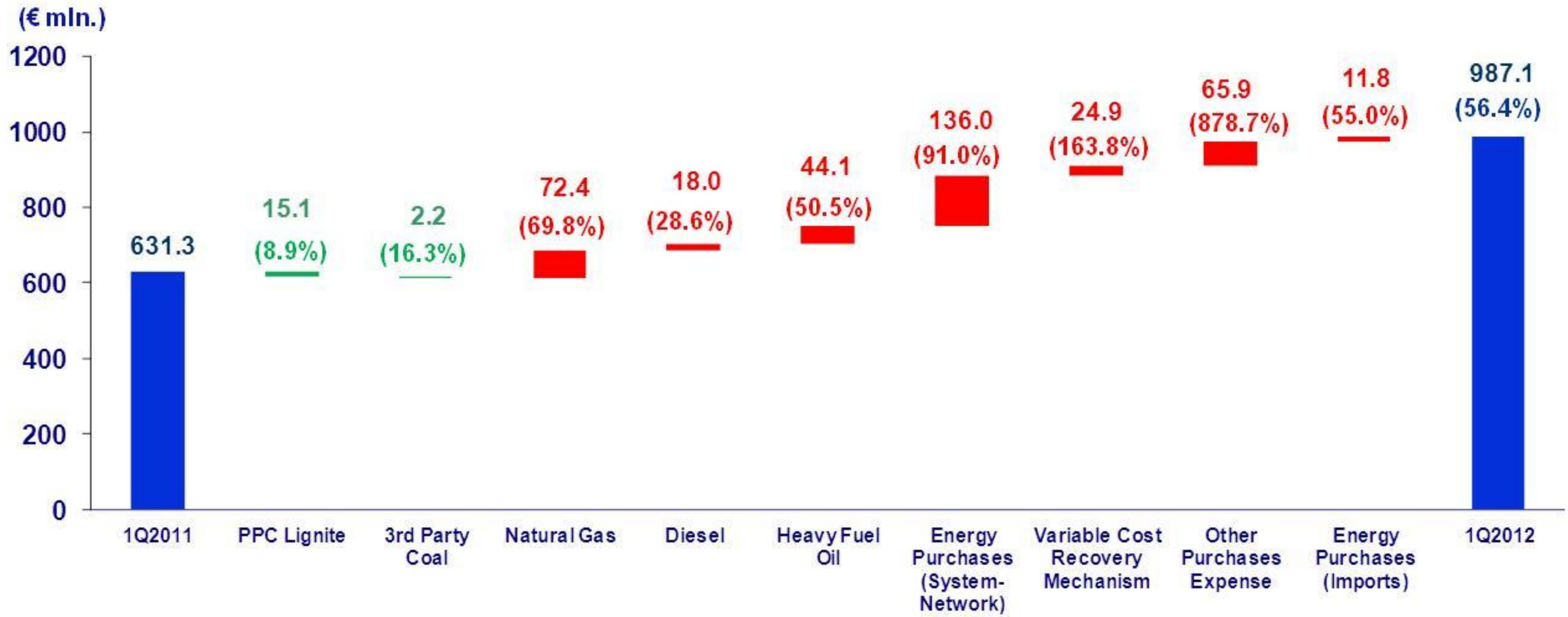
Other sectors



Total sales (including exports)

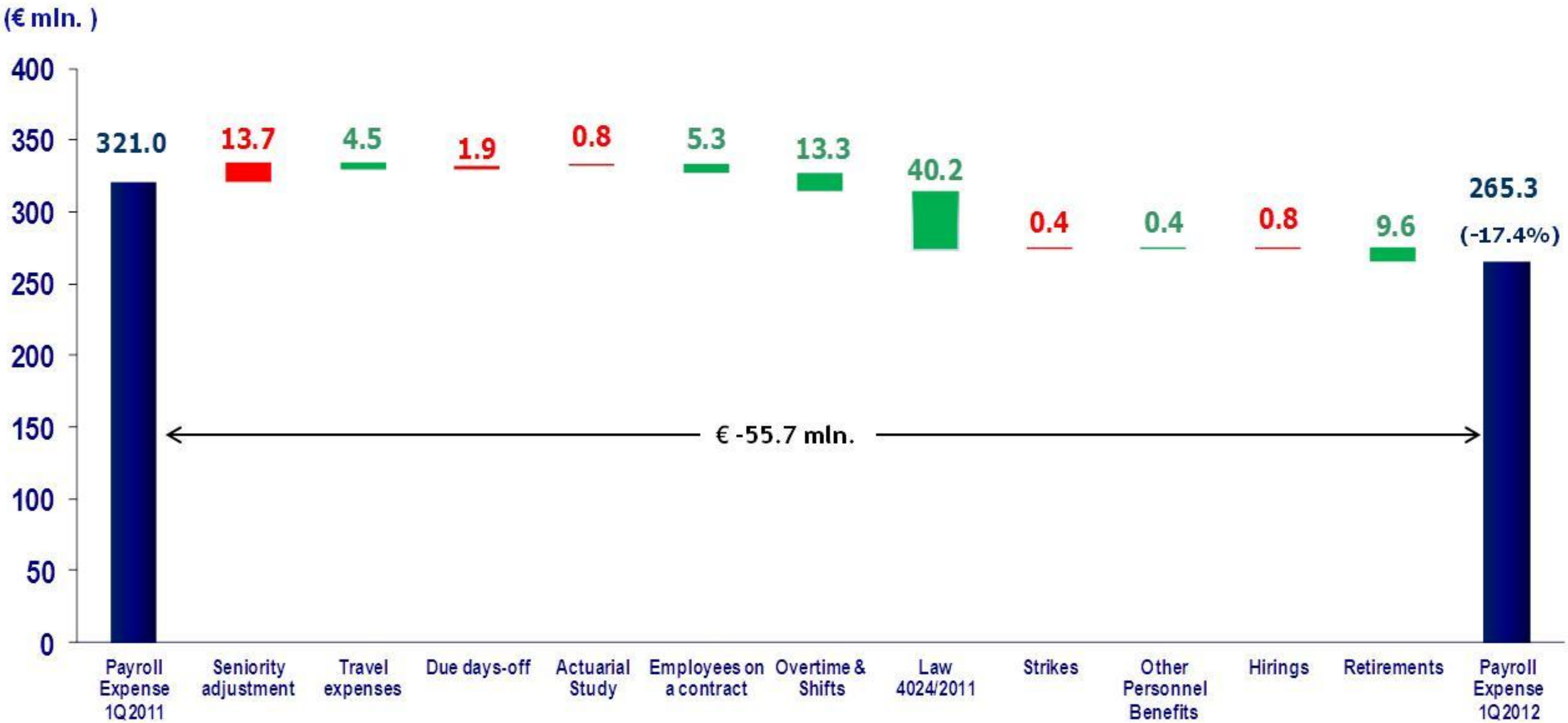


Total fuel and energy purchases expenditure 1Q2012 / 1Q2011



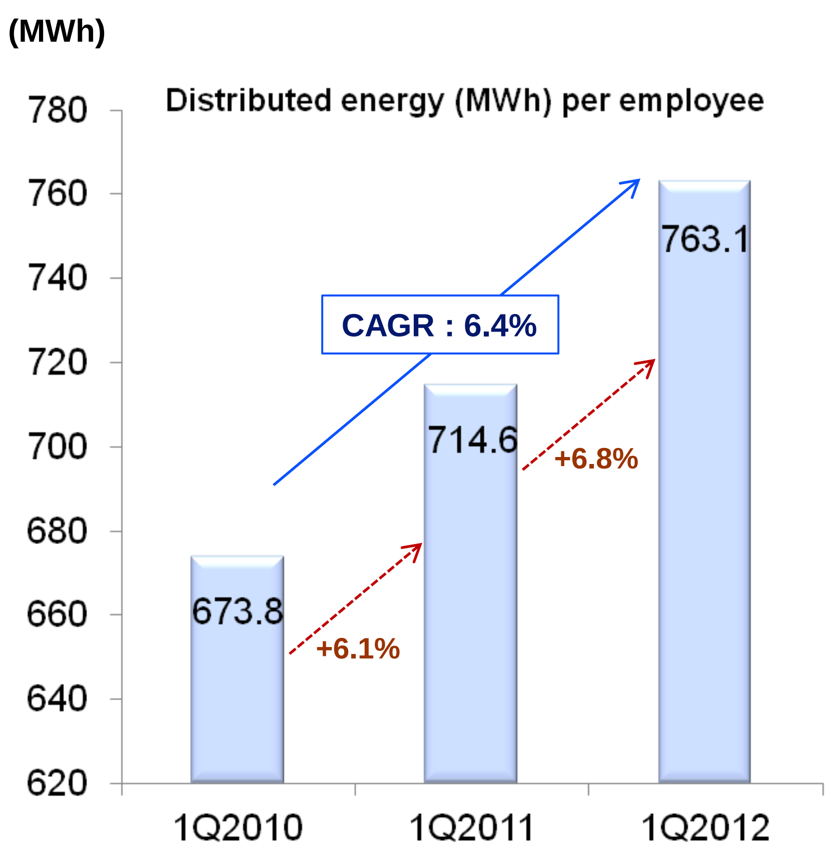
Total fuel and energy purchases expense increased by 56.4% compared to 1Q2011, mainly driven by the higher expense for energy purchases and imports, but also due to the increase in prices of heavy fuel oil, diesel and natural gas, the doubling of the Special Consumption Tax on heavy fuel oil from June 2011, and the imposition of Special Consumption Tax on natural gas since September 2011.

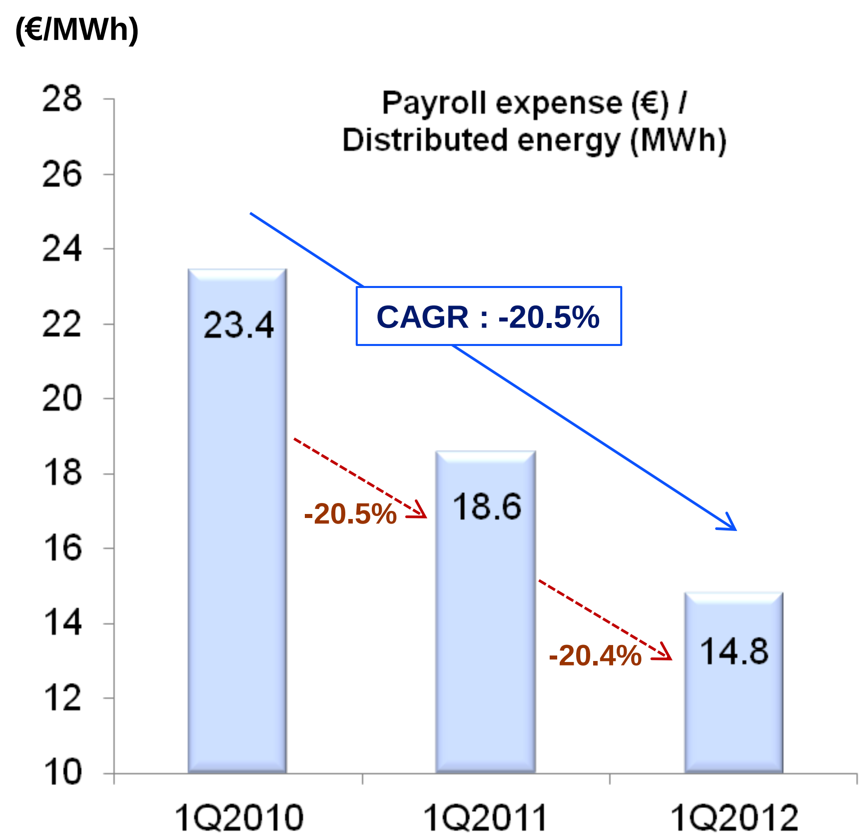
Payroll evolution (including capitalized payroll expenses)



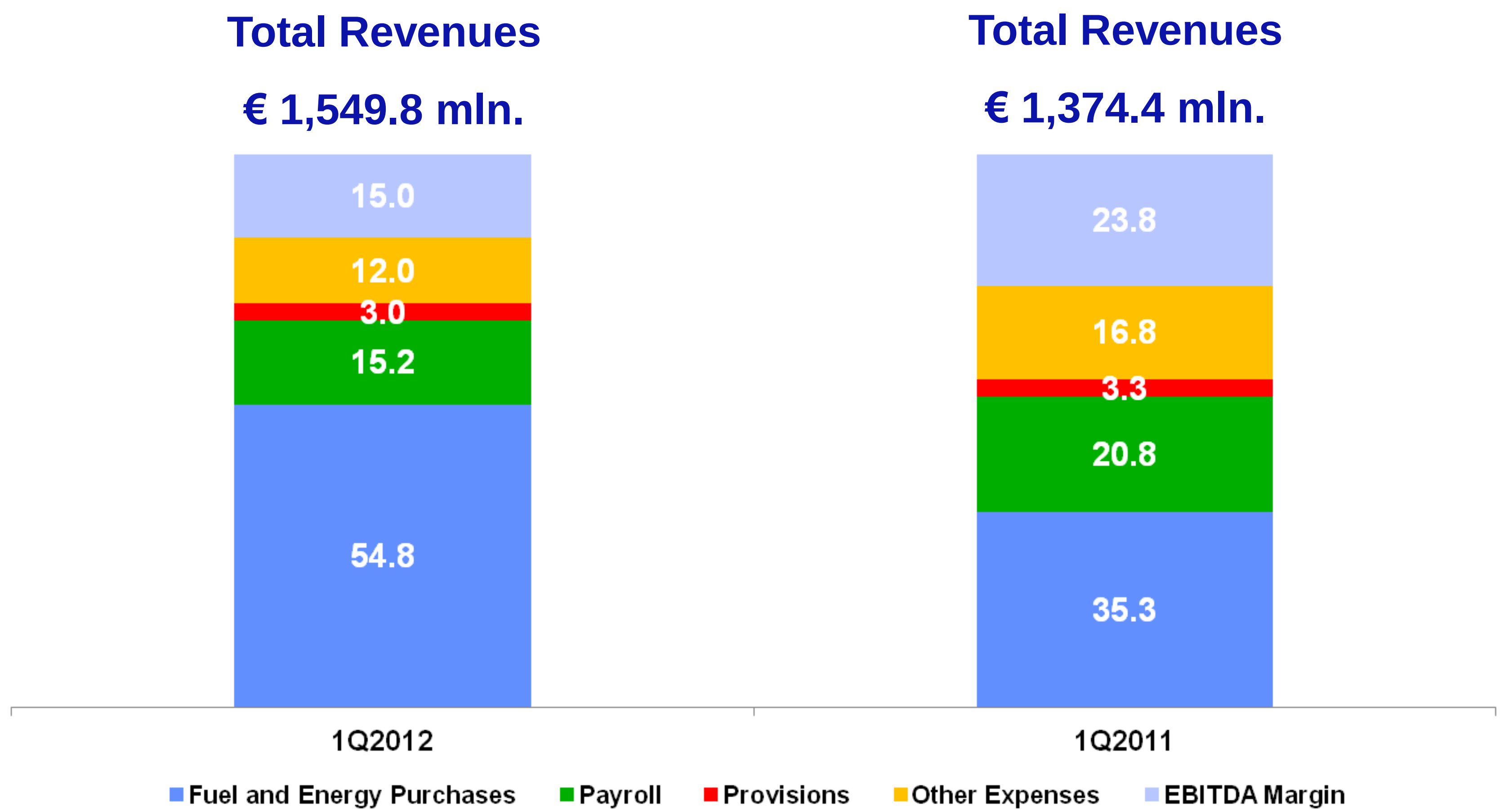
The reduction of total payroll expense is mainly attributed to the impact from the implementation of Law 4024/2011. The reduction of overtime and shifts expense and the net decline in the number of permanent employees on payroll, also contributed to this decrease.

Productivity Improvement





Fuel, CO2, other expenses and EBITDA as percentage of revenues (1Q2012 / 1Q2011)



In 1Q2012, 54.8% of the Company's total revenues were expensed for fuel, energy purchases and CO_2 emission rights compared to 35.3% in 1Q2011. On the other hand, the share of payroll expense was reduced to 15.2% compared to 20.8% in 1Q2011. EBITDA margin reached 15.0% vs 23.8% in 1Q2011.

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

Capex – Net Debt Evolution - Liquidity

- Capex in 1Q2012 amounted to € 253.9 mln. compared to € 180.4 mln. in 1Q2011.
- Increase in net debt by € 706.8 mln. from € 4,143.5 mln. on 31/3/2011 to € 4,850.3 mln. on 31/3/2012 and by € 147.6 mln from € 4,702.7 mln on 31/12/2011 .
- Debt redemptions in 1Q2012 amounted to € 218 mln.
- Current portion of long term debt to be repaid in the remainder of 2012 (1/4/2012-31/12/2012) amounts to € 1 bln.
- Available Lines as of 31/3/2012 : € 448 mln.
- In addition, cash deposits : € 173 mln.

Business Review
& Outlook

Arthouros Zervos

Chairman and CEO

Public Power Corporation S.A.

Major operational developments

Transmission subsidiary	**As of 1st of February, 2012, the operation of the Greek Power Transmission System was undertaken by the Independent Power Transmission Operator (IPTO), in accordance with the model of the Independent Transmission Operator (ITO), as it is provided for by the EU legislation.**
Distribution subsidiary	**As of 1.5.2012, the Hellenic Electricity Distribution Network Operator S.A. (HEDNO S.A.) became operational. HEDNO S.A. is a 100% subsidiary of PPC S.A., following the spin-off of the Distribution segment and is responsible for the development, operation and maintenance of the Hellenic Electricity Distribution Network.**
Organisational restructuring	**Establishment of the Support Operations Division (including fuel & materials procurement, IT & real estate facilities management) aiming at achievement of synergies, cost rationalisation and effective support of the Company's business units.**
DEPA S.A.	**PPC's BoD has approved a framework agreement with DEPA with a view to agree and sign a new gas supply contract.**

Comments on Financial results

- **Revenues from electricity sales, following a downward trend observed for 3 consecutive years, were up by 17.4% in the 1st quarter due to:**
  - **tariff increases in Low and Medium Voltage**
  - **market share recovery, following the suspension of operation of two alternative power suppliers as of 24.1.2012, in its role as a last resort supplier, with positive impact on revenues and profitability, since most of their customers fall into the high margin tariff categories (commercial and households with high consumption).**
  - **a weather related increase of demand**

  Compared to the fourth quarter of 2011, the respective revenues were up by 29.4%.

- **However, this positive impact was outweighed by the significant increase of the expenses relating to purely exogenous factors, namely liquid fuel, natural gas and energy purchases, in the order of 80%, with the wholesale market price trending 35% higher than the respective period of 2011 and an additional negative impact of € 25 mln from the variable cost recovery mechanism of IPPs.**

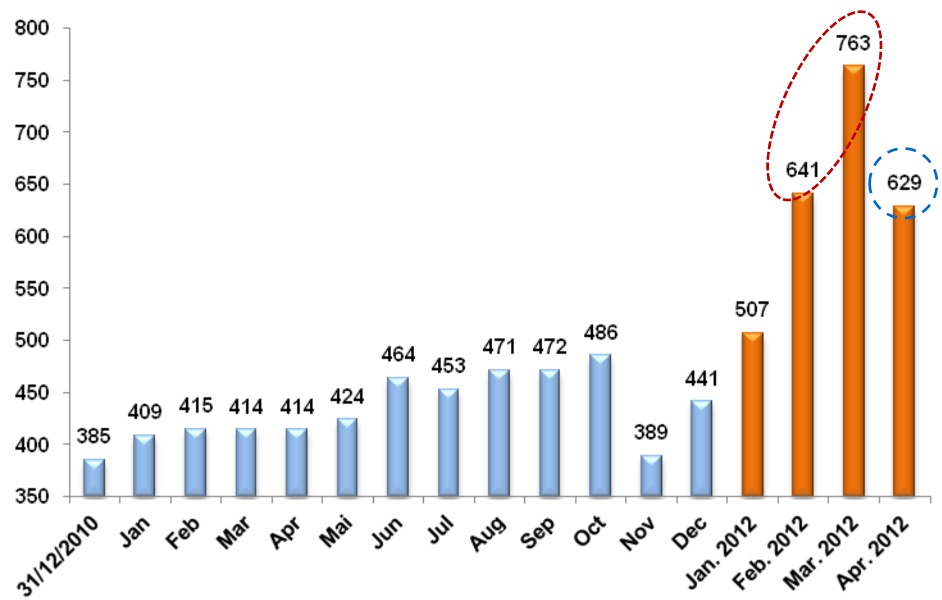
  As stated in the past, the tariff increase granted, mainly offsets taxes imposed on fuels in 2011 as well as the increase of the annual expenditure for Public Service Obligations, while a small part of that increase (1.1% in Low Voltage) is left to compensate mainly for the increase in the cost of generating electricity in the Interconnected System.

- **As far as endogenous costs are concerned, it should be noted that payroll expenses, making up c. 65% of total controllable expenses, continued to decrease for yet another quarter. Specifically, payroll expenses, decreased by 17.5% compared to the first quarter of 2011 and by c. 10% compared to the previous quarter translating into significant productivity improvement.**

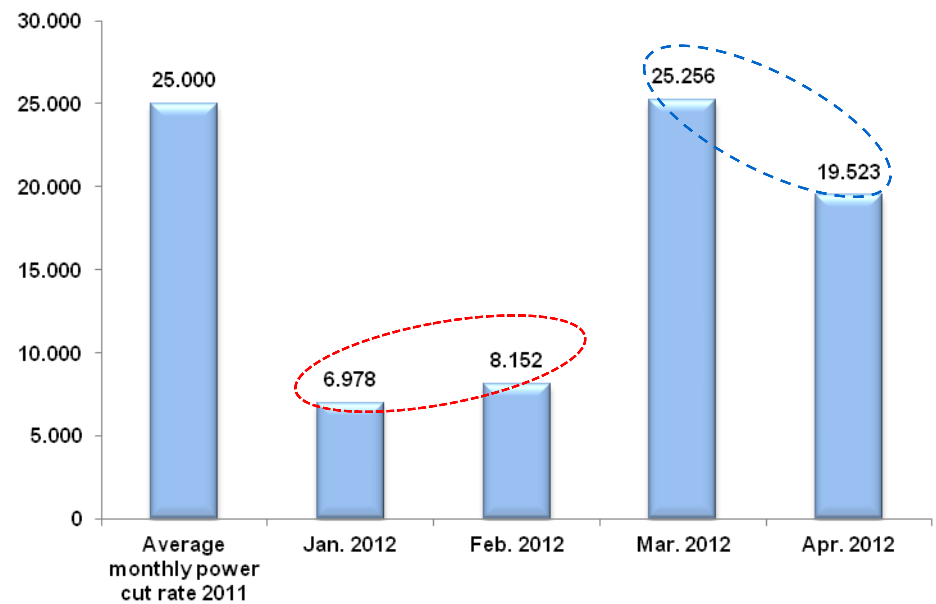
Working Capital / Liquidity

- <u>Overdue trade receivables</u>
  - Significant increase of overdue trade receivables, mainly driven by Low Voltage customers.
  - This increase is clearly associated with the power cuts rate which has fallen sharply in January-February of 2012 due to legislative measures for Property Tax collection.
  - Power cuts rate resumes in March resulting in a trend reversal in overdue receivables in April.
  - However, it is difficult to ensure that this may constitute a permanent trend, as overdues evolution is also directly correlated to the general economic conditions.

Overdue receivables from LV customers (€ mln.)*



Execution of power cuts



* Excluding bill settlements via installments

PPC's retail/wholesale market share gap widening (Interconnected System)

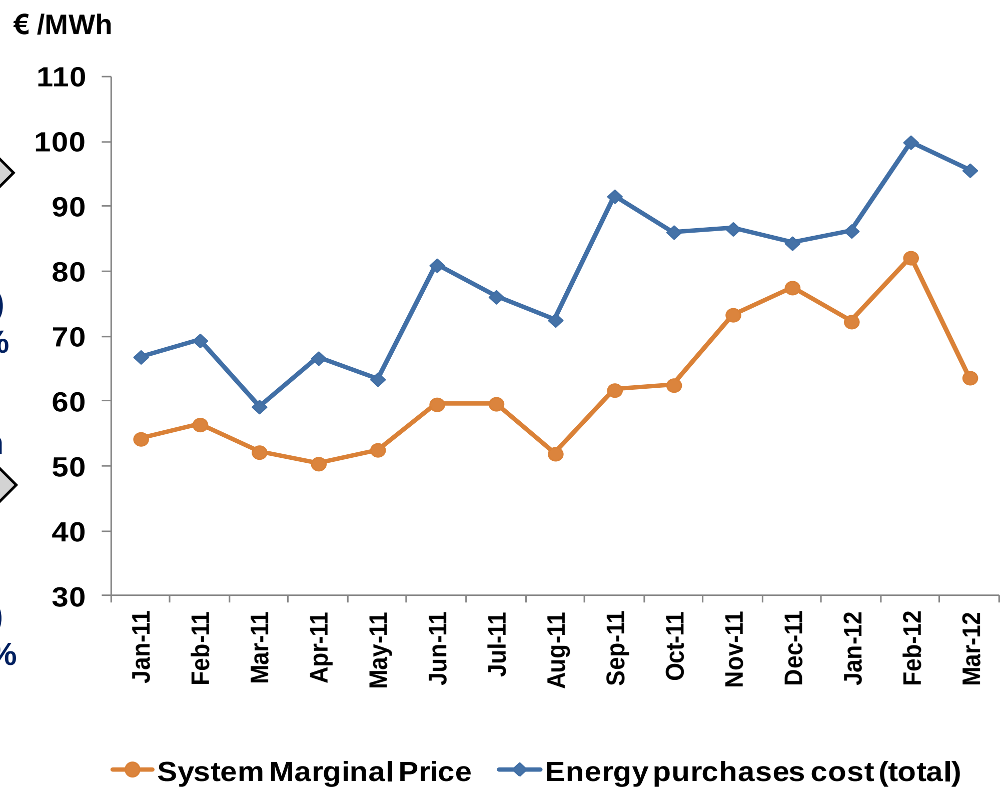
Working capital in 1Q 2012 was also burdened by the pre-financing cost of supplying electricity to app. 200,000 customers of two alternative electricity suppliers, following the suspension of their operation. Collection of relevant bills will positively impact PPC proceeds from the 2nd quarter onwards.

PPC Generation — GWh →

Market share (March 2012) Generation/Imports: 64.3%

Independent Producers (IPPs) — GWh →

Market share (March 2012) Generation /Imports: 35.7%



GWh → **PPC Supply**

Market share (March 2012) : 99.3%

GWh → **Third Party Suppliers**

Market share (March 2012) : 0.7%

Going forward - 2012 Outlook

For the full year, and taking into account that:

- the impact of the tariff increase and the market share recovery has not been fully reflected in the results of the first quarter,
- demand has been sluggish since March and the wholesale market price has retreated to below budgeted levels in April and May, and
- water reserves have substantially increased ,

we expect EBITDA margin to reach the budgeted level, under the condition that the macroeconomic environment will not deteriorate further.

With respect to liquidity, certain measures have been already implemented such as:

- partial offsetting of PPC current liabilities with overdue receivables from the State,
- receipt of an advance payment of € 50 m against overdue receivables from State entities and
- tax return of a net amount of € 130 m concerning the advance tax payment effected in 2011.

In addition, we continue to increase the rate of execution of power cuts in order to accelerate the collection of receivables.

Amidst a tough macroeconomic environment coupled with conditions of extremely limited liquidity, it is becoming imperative that the largely unresolved structural issues in the energy market are addressed.

Management Appointments

- **Mr. Spyros Vassos, was appointed as Chief Executive Officer of the Transmission subsidiary.**
- **Mr. Georgios Kollias was appointed as Chief Executive Officer of the Distribution subsidiary.**
- **Mr. Nikolaos Aravantinos was appointed as General Manager of the Support Operations Division of PPC.**

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 CO2 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.