

# Public Power Corporation SA

## Financial Results 2009



Athens, March 30, 2010



# Agenda

## **Financial Results**

George Angelopoulos, CFO

## **Business Update & 2010 Outlook**

Arthouros Zervos, Chairman and CEO



# Financial Results 2009

**George Angelopoulos**  
**Chief Financial Officer**



# Summary Financial Results 2009/2008 (Group)

Key Figures (€ mln.)	2009	2008	Δ	Δ%
<b>Total Revenues</b>	<b>6,030.4</b>	<b>5,801.9</b>	<b>228.5</b>	<b>3.9</b>
Revenues from Energy Sales	5,507.5	5,456.1	51.4	0.9
<i>Energy Sales (GWh)</i>	<i>53,037</i>	<i>55,892</i>	<i>-2,855</i>	<i>-5.1</i>
Payroll Expense	1,492.1	1,419.5	72.6	5.1
Liquid Fuel	564.4	1,074.6	-510.2	-47.5
Natural Gas	467.4	850.4	-383.0	-45.0
Energy Purchases	545.3	1,003.7	-458.4	-45.7
Expenses for CO2 emission rights	68.3	108.1	-39.8	-36.8
(Profit)/Loss from valuation of CO2 liabilities of 2008	(18.2)		-18.2	
Transmission System Charges	291.1	311.0	-19.9	-6.4
Other Operating Expenses (Controllable)	564.2	530.3	33.9	6.4
Provisions	125.5	59.1	66.4	112.4
Asset impairment	138.7			
<b>EBITDA</b>	<b>1,677.5</b>	<b>343.6</b>	<b>1,333.9</b>	<b>388.2</b>
<b>EBITDA MARGIN</b>	<b>27.8%</b>	<b>5.9%</b>		
Depreciation	541.4	514.4	27.0	5.2
Net Financial Expense	144.8	186.7	-41.9	-22.4
<b>EBT</b>	<b>993.1</b>	<b>-395.9</b>	<b>1,389.0</b>	

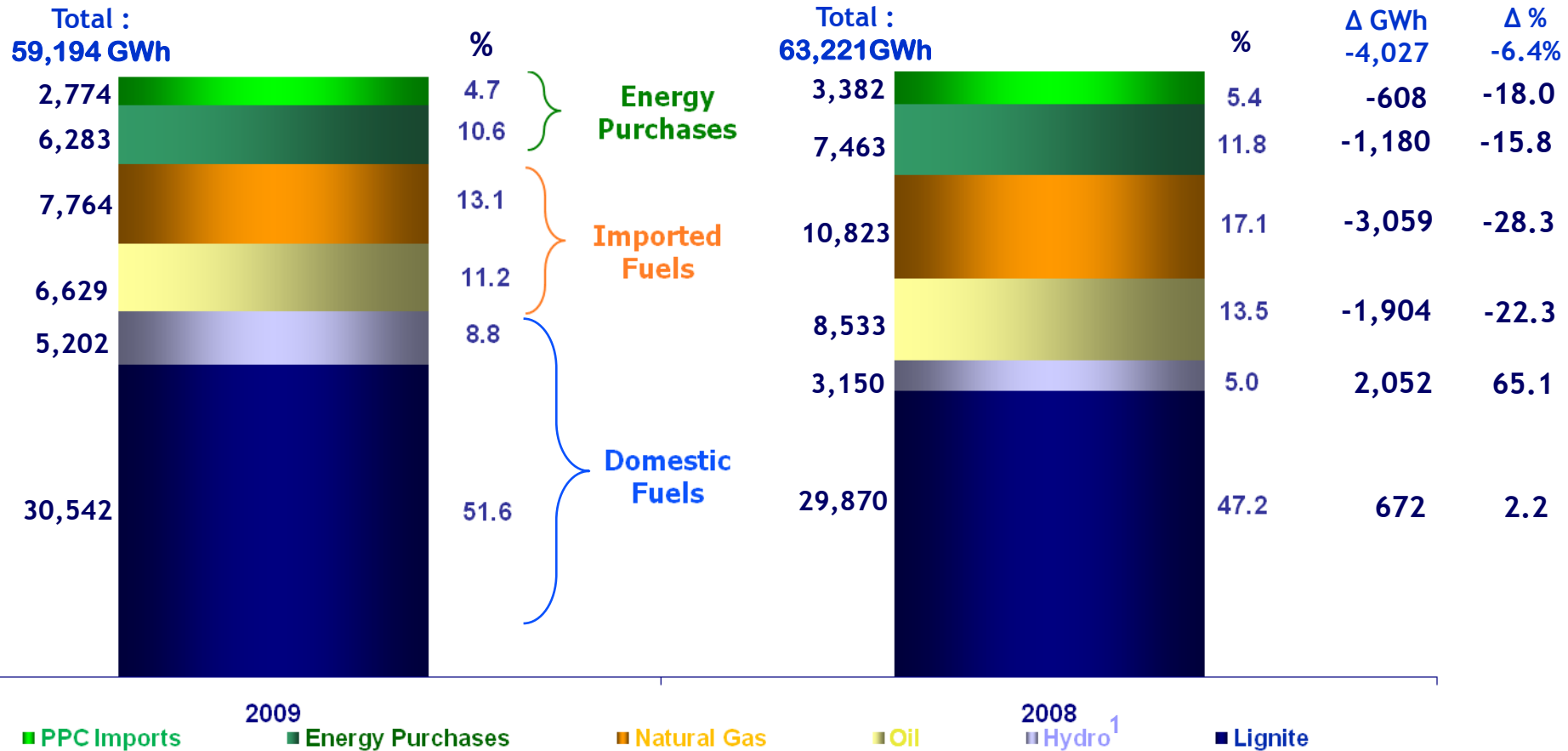


# Summary Financial Results 4Q2009 / 4Q2008 (Group)

Key Figures (€ mln.)	4Q2009	4Q2008	Δ	Δ%
<b>Total Revenues</b>	<b>1,535.9</b>	<b>1,385.6</b>	<b>150.3</b>	<b>10.8</b>
Revenues from Energy Sales	1,281.6	1,318.7	-37.1	-2.8
<i>Energy Sales (GWh)</i>	<i>12,652</i>	<i>12,830</i>	<i>-178</i>	<i>-1.4</i>
Payroll Expense	400.3	381.5	18.8	4.9
Liquid Fuel	109.8	240.3	-130.5	-54.3
Natural Gas	124.8	194.4	-69.6	-35.8
Energy Purchases	135.1	231.6	-96.5	-41.7
Expenses for CO2 emission rights	3.5	-0.6	4.1	-683.3
(Profit)/Loss from valuation of CO2 liabilities of 2008	(0.6)			
Transmission System Charges	58.2	54.3	3.9	7.2
Other Operating Expenses (Controllable)	157.4	136.7	20.7	15.1
Provisions	74.3	43.3	31.0	71.6
Asset impairment	138.7			
<b>EBITDA</b>	<b>302.9</b>	<b>62.8</b>	<b>240.1</b>	<b>382.3</b>
<b>EBITDA MARGIN</b>	<b>19.7%</b>	<b>4.5%</b>		
Depreciation	147.5	130.6	16.9	12.9
Net Financial Expense	30.7	55.2	-24.5	-44.4
<b>EBT</b>	<b>124.1</b>	<b>-137.6</b>	<b>261.7</b>	



# PPC Energy Generation and Purchases 2009 / 2008



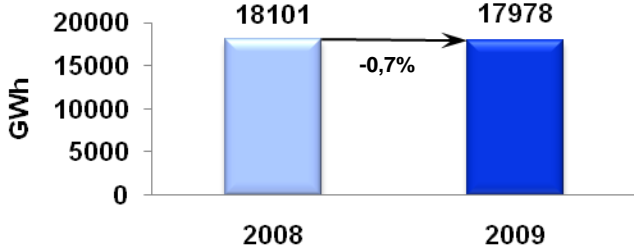
During the 2009, 60.4% of the energy was produced by domestic fuel (lignite, hydro, RES) as compared to 52.2% in 2008.

1. Including PPC Renewables generation of 247GWh in 2009 & 177GWh in 2008.

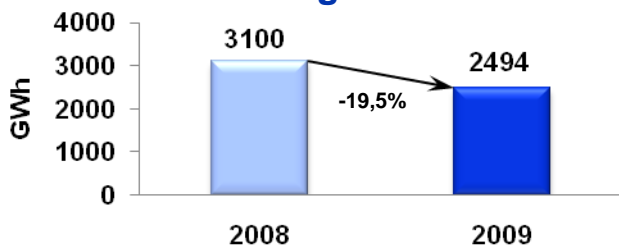


# Electricity Sales (GWh) 2009 / 2008

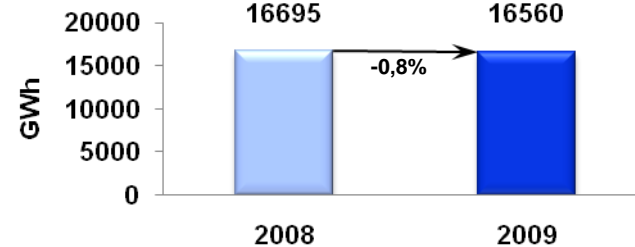
### Residential



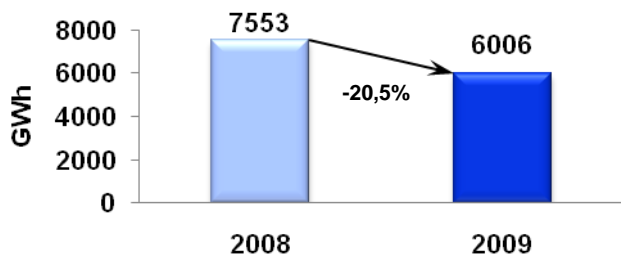
### Agricultural



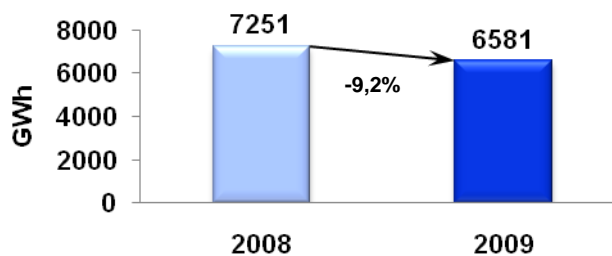
### Commercial



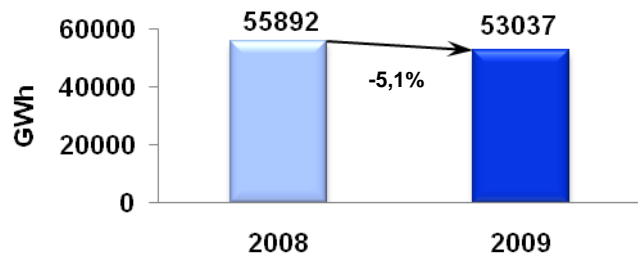
### Industrial HV



### Industrial LV & MV



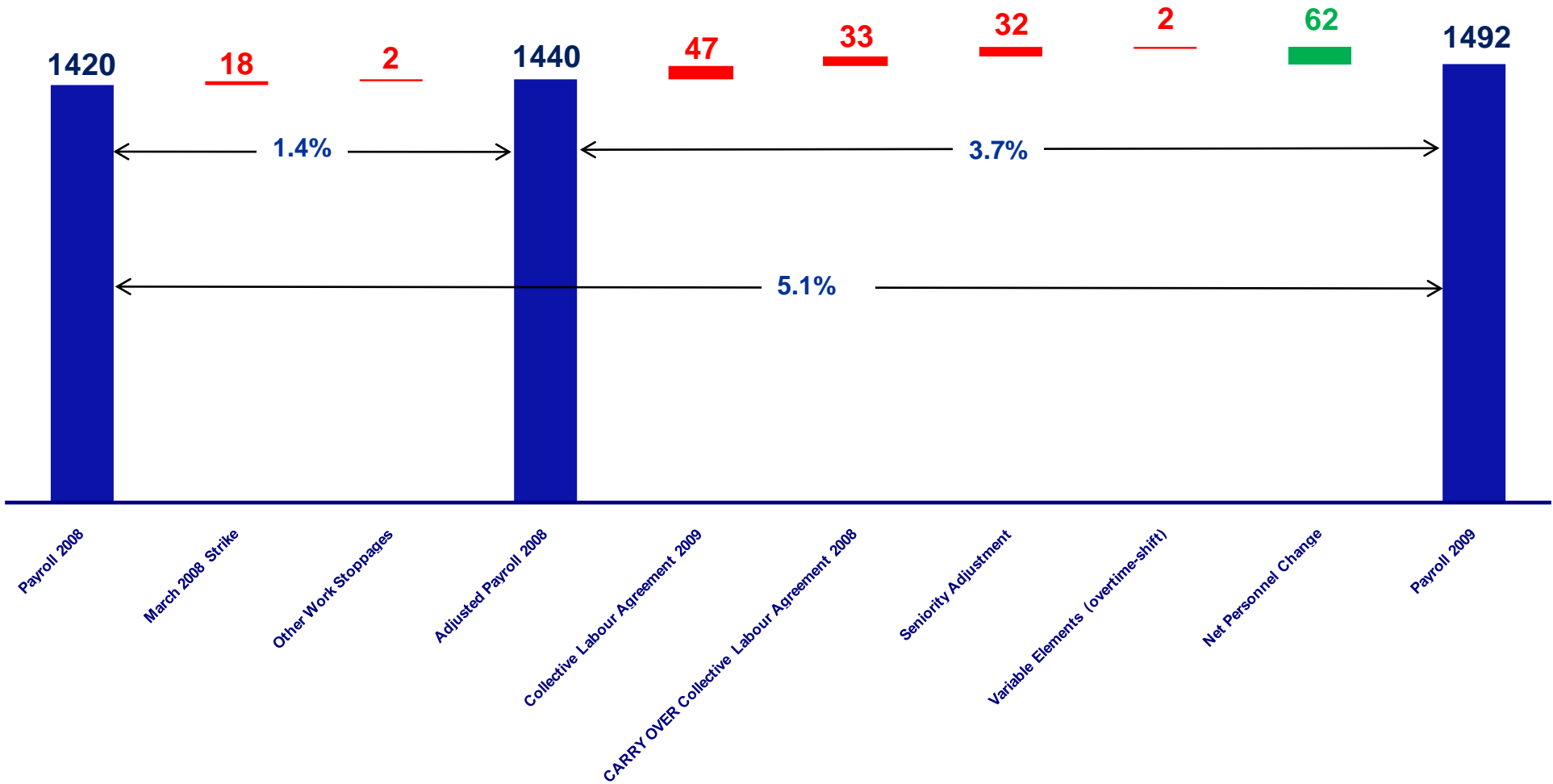
### Total





# Evolution of Payroll Expenses 2009 / 2008

(€ mln.)







## Evolution of Total Payroll Expenses 2009 / 2008

	(€ mln.)	2009	2008	Δ	Δ%
Total Payroll		1,703.0	1,609.7	93.3	5.8
Capitalized Payroll		211.0	190.2	20.8	10.9
P&L Payroll		1,492.1	1,419.5	72.6	5.1
Capitalization ratio		12.4%	11.8%		
Capex		1,103.6	1,020.6	83.0	8.1

The increase of CAPEX for distribution networks by 18 % and transmission network by 37%, fully accounts for the increase in the capitalization ratio.

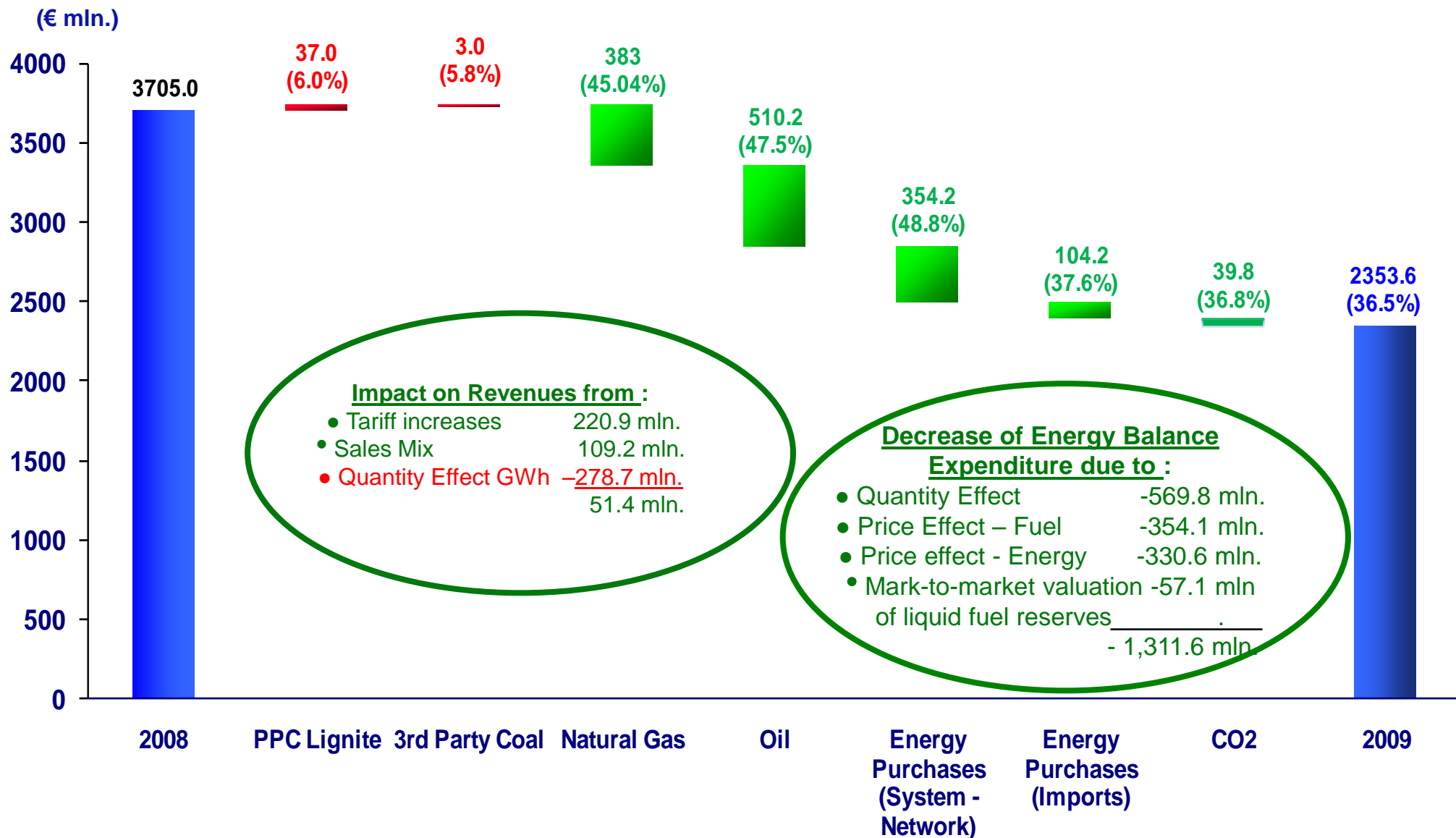


# Evolution of Fuel and Energy Prices paid by PPC in 2009

	Fuel & Energy Prices 2009	Fuel & Energy Prices 2008	Price Change (%)	Quantities 2009	Change in Quantities (%) 2009 vs 2008
Heavy Fuel-oil (€/tn)	284.81	390.38	-27.8	1,334,000 tn	-22.7
Diesel-oil (€/klt)	462.25	678.68	-31.89	401,000klt	-20.9
Natural Gas (€/kNm <sup>3</sup> )	0.27718	0.36293	-23.6	1,686.4mNm <sup>3</sup>	-28.0
System Marginal Price (€/MWh)	42.98	88.28	-51.3	5,717 GWh	-17.8
PPC Imports (€/MWh)			-24.2	2,774 GWh	-18.0



# Total fuel and energy purchases expenditure 2009 / 2008

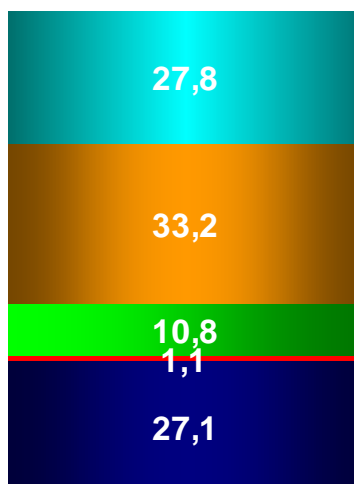




# Fuel, CO<sub>2</sub>, other expenses and EBITDA as percentage of revenues 2009 / 2008

## Total Revenues

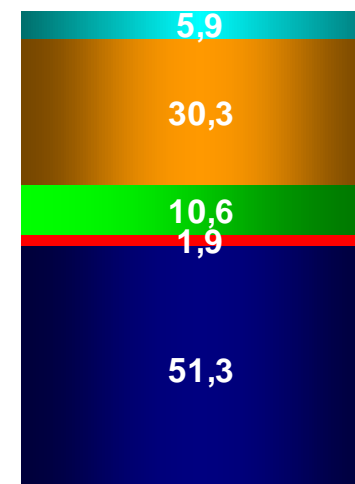
€ 6,030.4 mln.



2009

## Total Revenues

€ 5,801.9 \* mln.



2008

■ Fuel and Energy Purchases   ■ CO<sub>2</sub> Expenditure   ■ PPC Lignite   ■ Payroll & Other Expenses   ■ EBITDA Margin

In 2009, 28.2% of revenues was absorbed by expenses for fuel, energy purchases and CO<sub>2</sub> vs 53.2% in 2008. As a result, EBITDA margin almost multiplied by five to 27.8% from 5.9% in 2008.

\* Reclassifications have taken place for comparative reasons



## Net Debt - Liquidity

- ❑ **Decrease in net debt by € 488 mln. from € 4,544 m as of year end 2008, to € 4,056 mln. on 31/12/2009.**
- ❑ **Remaining maturities for 2010 : € 1,400 mln.**
- ❑ **Available liquidity as of 31/12/2009 : € 2 bln.**
- ❑ **Next major bullet repayment (€ 400 mln.) in November 2010.**



# **Business Update & Outlook**

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



# PUBLIC POWER CORPORATION S.A. today

## PPC S.A. at a glance

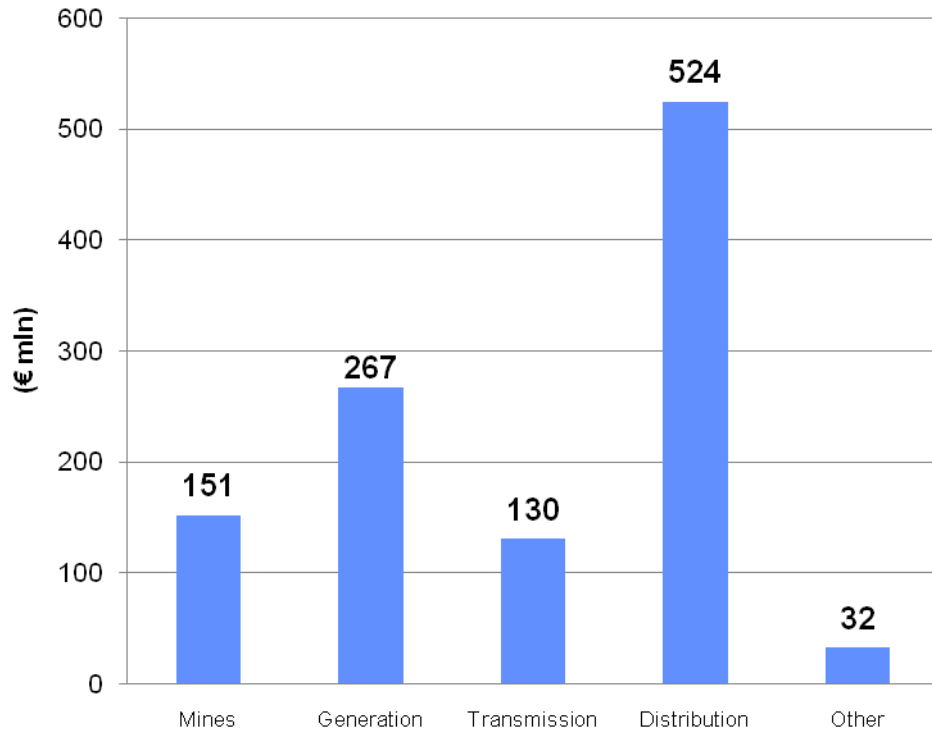
- PPC is a vertically integrated electric utility having a leading position in the electricity market in Greece
- PPC is the largest industrial group in Greece, with Total Assets of € 15.8 bln as of 31.12.2009, 2009 Revenues of € 6 bln and more than 22,500 employees
- PPC retains very significant assets in mines, power generation, transmission and distribution of electricity
- It has very strong brand name
- It has concrete know-how and specialized personnel

## PPC – Summary Technical Figures

	2009	2008
<b>Total Installed Capacity (MW)</b>	<b>12,884</b>	<b>12,843</b>
<b>Net Generation (TWh)</b>	<b>50.1</b>	<b>52.4</b>
<b>Electricity sold customers (TWh)</b>	<b>53.0</b>	<b>56.9</b>
<b>HV Transmission Lines (Km)</b>	<b>12,041</b>	<b>12,000</b>
<b>MV &amp; LV Distribution Lines (Km)</b>	<b>222,200</b>	<b>217,000</b>
<b>Number of customers (mln)</b>	<b>7.5</b>	<b>7.5</b>
<b>Number of employees</b>	<b>22,582</b>	<b>23,611</b>



# An important CAPEX Plan for 2009, which continues ...



**Group Capex 2009 (Total) : € 1,104 mln**

- At the same time, PPC has already started important investment projects which are planned to be completed in the next few years, including amongst others:
  - Aliveri V, 417 MW - budgeted capex €220 mln
  - Megalopolis V, 811MW - budgeted capex €500mln
  - Large Hydro Power Plants of total capacity of 342 MW
  - An ambitious investment plan in Renewables

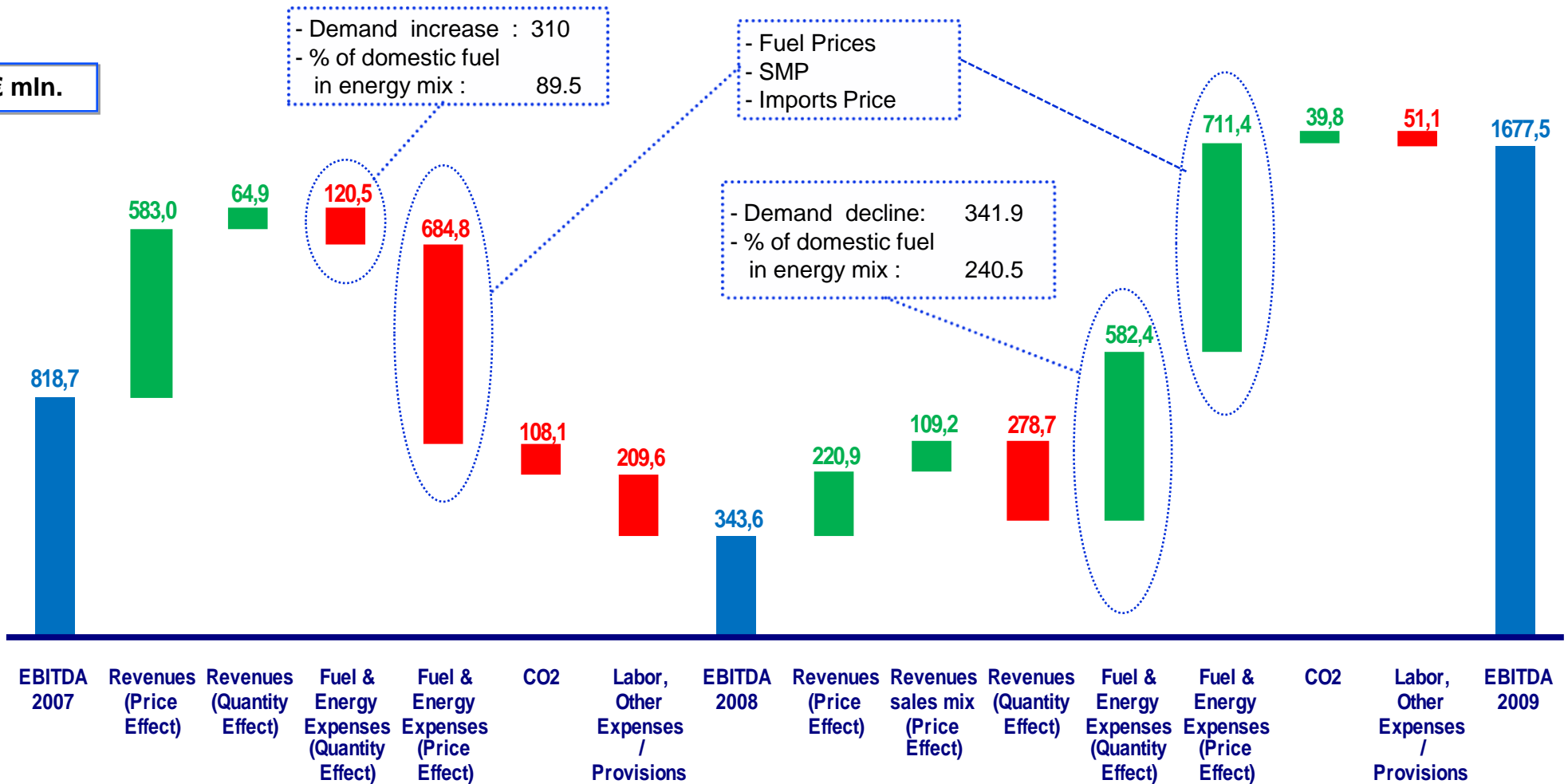
**At present, PPC is reviewing the previously announced Business Plan, aiming to complete a revised Strategic Plan and Business Plan for the period 2010-2015 in the next few months, taking a view on how the power market will evolve in Greece and regionally in 2020.**





# In 2009, PPC demonstrated significant profitability, which still depends largely on external factors

€ mln.



The fluctuation in fuel and energy prices caused a c. € 1.4 bln swing in profitability between 2007-2008 and 2008-2009



# Major recent developments (1)

**Aliveri V  
CCGT  
(417MW)**

The groundworks have resumed and the delivery of the electromechanical equipment is progressing. The Unit is expected to be completed by the end of 2011

**Megalopolis V  
CCGT  
(811MW)**

In November 2009, the award contract for the construction of the Megalopolis V CCGT Unit was signed and the process of obtaining the approval of the Environmental Terms and all other necessary permits has been initiated. According to the time schedule, the construction of the unit is expected to be completed by end 2012.

**Ptolemaida V  
Lignite plant  
(550-660MW)**

The Tender is expected to be launched within the next couple of months. The Unit is expected to become operational by 2017.

**Meliti II  
Lignite Plant  
(350-450MW)**

The State has reinitiated the process for assignment of the exploitation of the Vevi Mine and 13 offers were recently submitted. The decision for a second call for Tenders for Meliti II lignite unit is related to the beginning of the exploitation of this mine (the unit is expected to be completed by 2018)



## Major recent developments (2)

### Atherinolakkos III (Crete, 95-105 MW)

The drafting of the Tender documents for the Atherinolakkos III Unit was completed and the Tender was launched on February 2010. The deadline for the submission of offers was set for May 11, 2010. The Unit is expected to become operational by the end of 2013.

### Mesochora I, II Hydro Power Plant (160MW)

Following the decision of the Suspension Committee of the State Council in February 2010, which related to the deviation works of the Acheloos River, we are taking the necessary actions in order for the Mesochora project to be disconnected, as an independent Hydro Power Plant, from the deviation works of the river.

### Metsovitiko I, II Hydro Power Plant (29MW)

The drafting of the documents for the retendering of the Metsovitiko Hydro Power Plant was completed and the launching of the Tender was set for April 21st, 2010. The Plant is expected to become operational in 2012.

### Cyclades Interconnection

Following the approval of the Environmental Terms of the Project in September 2009, the tender documents were completed and made available on the corporate website for public consultation. When the public consultation is completed, the BoD of PPC will approve the final tender documents.



## Major recent developments (3)

### PPC Renewables S.A.

- Since 2009, PPC S.A. Renewables (PPCR) has installed and operates one of the largest wind parks in Greece, in Viotia, with a total installed capacity of 38 MW in cooperation with EDF Energies Nouvelles
- It is also in the process of developing 9 wind parks, having awarded in 2009 the respective contract to Enercon
- In 2009, PPCR has also submitted applications for obtaining generation licenses for new renewables projects, the most important ones being the 5 MW geothermal unit in Nisyros and the 100 MW wind park in Makronisos.
- For 2010, PPCR is ready to launch the tender for one of the largest P/V parks in the world, located in Megalopolis, with 50 MW capacity.
- Its Business Plan is currently under review, with a target to significantly increase its share in the renewables market.

### JV with Contour Global S.A. (50% - 50%)

The JV of PPC and the US company Contour Global S.A. has been pre-selected as one of the four consortia to participate in the upcoming international tender for the development and exploitation of a lignite field in Kosovo, the construction of a new power generation plant with an estimated initial capacity of 500 MW, the option for the construction of a second similar plant, the domestic supply & export of energy, and the upgrading of the existing lignite plant through participation in a specific venture with the State Electric Utility.



## Major recent developments (4)

### Measures for the protection of the National Economy

- Abolition of the partial exemption from the special consumption tax on Diesel
- Wages reduction
- Hiring limitations from 2011 onwards

### S&P downgraded PPC's credit rating

Standard & Poor's lowered to 'BB+' from 'BBB-' its long-term corporate credit rating on PPC and upgraded the outlook from “negative” to “stable”. The downgrade is not linked to the stand-alone credit assessment of PPC, which, in any case, remains BB+, but with the reevaluation by S&P of the priority that the State is likely to assign, due to the general economic conditions, in providing any sort of extraordinary support to PPC, should it be needed.



## Major recent developments (5)

### Regulatory Issues

Fuel clause is in effect since Jan 1st, 2010.  
Based on current commodity prices, the implementation of the fuel clause leads to zero charges on customer tariffs for the 1<sup>st</sup> quarter of 2010.

### Fuel Hedging

Since the beginning of the year, we have proceeded with hedging transactions for a significant part of the HFO and Diesel quantities expected to be consumed in the islands in 2010.

### EC investigation for the tariff charged to Aluminum S.A.

The European Commission announced the commencement of an investigation concerning potential state-aid infringement from the special tariff enjoyed by Aluminum S.A. between January 2007 and April 2008.

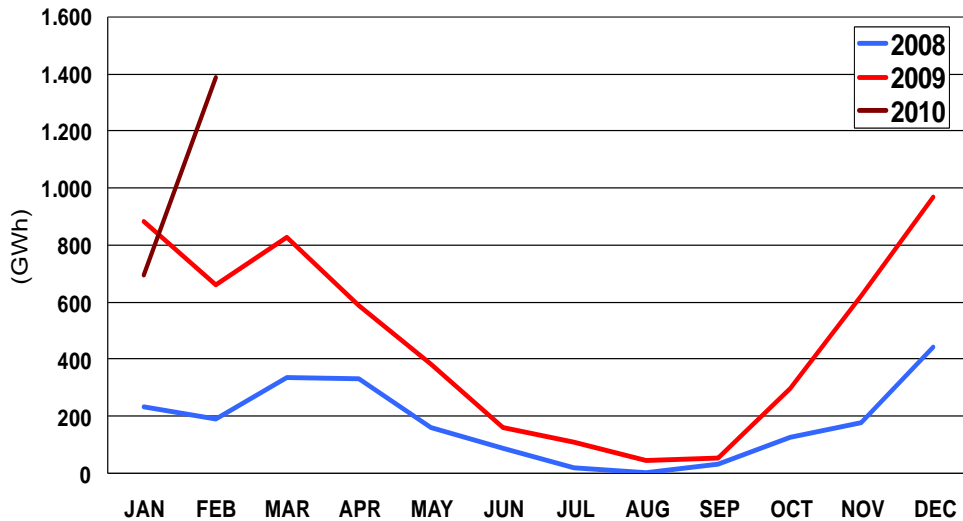
### Arbitration Procedures with Aluminum S.A.

Arbitration Court decision for initiation of negotiations with Aluminium S.A. regarding the electricity tariff

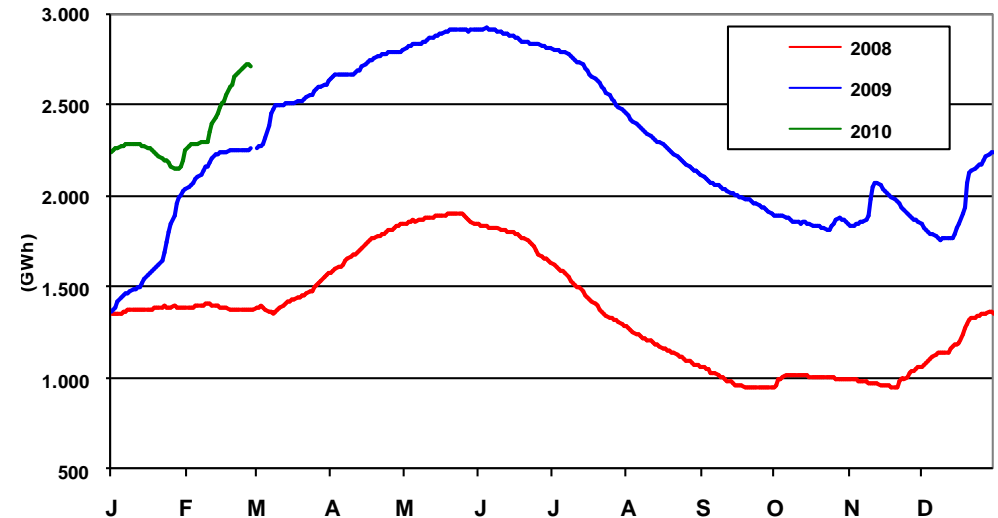


# First 2M of 2010 - The good hydro conditions remain

### Water Inflows



### Hydro Reserves



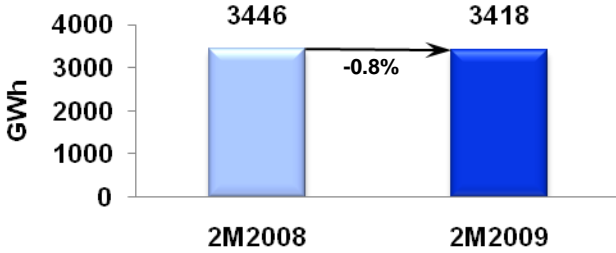
	2M '06	2M '07	2M '08	2M '09	2M '10
<b>Hydro Output (GWh)</b>	1,432	516	542	720	1,596

**Hydro output was 36.5% and 122% higher than budgeted and 2009 respectively.**

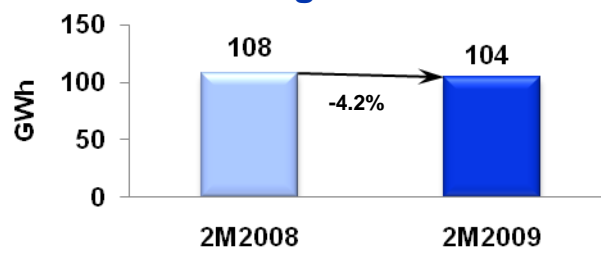


# First 2M of 2010 - 2009 : Electricity Sales Evolution

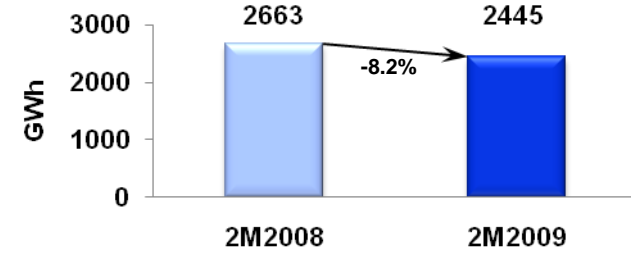
### Residential



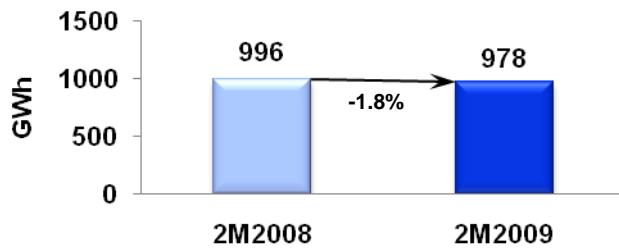
### Agricultural



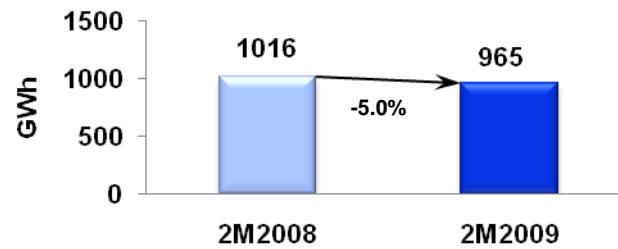
### Commercial



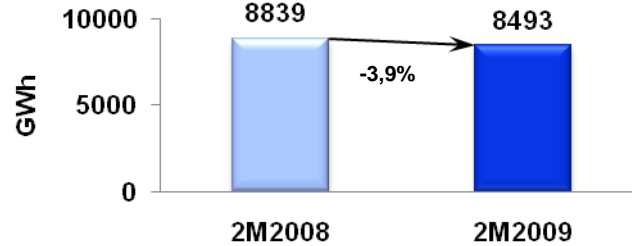
### Industrial HV



### Industrial LV & MV



### Total







## 2010 Outlook

- 2010 began with positive prospects, as some of the parameters that had a positive impact on 2009 performance continue to have similar effect.
- However, these positive prospects may be affected by a number of factors that should be taken into consideration, including:
  - The impact of the current negative economic environment on our customers liquidity,
  - The entry of competitors in the retail supply market, which continues to operate under conditions of extensive tariff distortions, permitting newcomers to cherry pick customers, aiming at unjustifiable and short term profits. PPC has already submitted its proposals to the Greek Regulatory Authority of Energy (RAE) with regards to this critical matter.
- Furthermore, PPC's 2010 financial results will be burdened by approximately €100 million, due to the abolishment of the special fuel tax exemption for the diesel consumed by PPC in power generation plants, mainly in the islands.
- **All the above lead towards the intensification of our efforts for the improvement of our operational efficiency, especially as PPC has to operate in an increasingly competitive environment.**



## PPC long term strategic goals

- PPC's long term planning is based amongst others, on the pillars of Sustainable Development, Protection of the Environment and Competitiveness, aiming at better utilization of domestic energy resources, with the parallel dynamic development of its renewables portfolio.
- At the same time, the Company is taking measures in order to optimize its risk management strategy for minimizing its exposure, mainly in relation to fuel & energy prices volatility, as well as to optimize return on investment. In addition, it aims at reducing its carbon footprint as per EU and international standards and agreements.
- For 60 years, PPC has been one of the main strategic pillars of the Greek Economy. Today, and under the current international economic and market reality, PPC is seeking to maintain attractive returns for its shareholders, to ensure its growth and leading position in the domestic power and finally to retain competitive electricity prices and high quality services for its clients.



# New Appointments / Organizational Changes

## Deputy CEO appointments

- Mr Apostolos Baratsis as Deputy Chief Executive Officer, responsible for the General Divisions of Mines, Generation and Supply
- Ms Ourania Ekaterinari as Deputy Chief Executive Officer, responsible for Finance, Human Resources & Organization
- Prof. Nikolaos Hatziaargyriou, remains as Deputy Chief Executive Officer, responsible for the Transmission and Distribution General Divisions and the Islands Network Operator

## PPC Renewables S.A. – CEO Appointment

- The Chairman & CEO of PPC S.A. also assumed the duties of Chairman of PPC Renewables
- Mr Ioannis Tsipouridis was appointed CEO of PPC Renewables S.A.

## Abolishment of General Divisions

- The General Divisions of Corporate Activities and West Macedonia, as well as the respective General Manager positions were abolished.



# 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.***