

## **PPC' s CONSOLIDATED 1Q 2010 FINANCIAL RESULTS**

ATHENS May 19, 2010

- EBT in 1Q 2010 amounted to € 343.6 m, compared to € 329.0 m in 1Q 2009, increased by € 14.6 m (+4.4%), while net income amounted to € 257.5 m, versus € 246.7 m respectively, an increase of € 10.8 m (+4.4%).
- Turnover reached € 1,491.2 m versus € 1,527.0 m in 1Q 2009, a reduction of € 35.8 m (-2.3%). From the implementation of IFRIC 18, PPC recognized in the 1Q 2010 turnover, additional revenues of € 48.2 m representing network users' contributions for connections to the network. For comparison reasons, the respective magnitude in 2009 was € 36.4 m. With the exclusion of these amounts, the decrease in turnover is € 47.6 m (-3.2%), versus 1Q 2009.
- In 1Q 2010, 25.5% of the Company's total revenues were expensed for oil, natural gas, energy purchases and CO2 emission rights, marking a reduction compared to the corresponding 1Q 2009 figure, which stood at 29.3%.
- In 1Q 2010, 64.1% of the energy generated by PPC is due to the participation of domestic resources (lignite, hydro, RES) in the energy mix, compared to 60.9% in 1Q 2009.
- The reduction in electricity demand and the increased hydro generation compared to 1Q 2009, resulted in a decrease of the expenditure for oil, natural gas and energy purchases by € 61.9 m, a reduction of 15 %.
- EBITDA amounted to € 523.1 m compared to € 508.2 m in 1Q 2009, an increase of € 14.9 m (+2.9%). EBITDA margin reached 35.1%, compared to 33.3% in 1Q 2009.
- Operational cash flow increased by € 49 m, compared to the corresponding figure in 1Q 2009.

Commenting on the financial results of the period, Arthouros Zervos, Public Power Corporation's Chairman and Chief Executive Officer, said:

« Public Power Corporation financial results for the first quarter of 2010 were satisfactory, and ahead of the budgeted levels, mainly due to:

- the exceptional hydro conditions that obliged PPC to increase its hydro generation for the avoidance of floods and the security of dams, and
- the reduction of controllable expenses, including payroll expense.

On the other hand, and due to the market distortions that I have already mentioned several times in the past, the loss of PPC's market share in the high margin customer segments is intensifying.

It is true that the adverse economic conditions in Greece and the recently announced by the government austerity measures have significant impact both on PPC and the business environment in which it operates, not only for 2010, but also for the following years. As a result, any such potential impact is being taken into account, and together with our strategic aspirations, formulate the main assumptions of the Group's Business Plan.

Our goal is for PPC to maintain a leading position in the power sector in Greece. At the same time, by investing its profits in power generation units, electricity networks and with a special emphasis compared to the past in renewables, PPC will definitively contribute to the national efforts for exiting the financial crisis.

For achieving the above target, we will reinforce our generation portfolio with new efficient units, taking into account the new energy landscape that will be shaped within a 10- year horizon as a result of the new environmental and financial challenges. At the same time, it is important to invest in modern network infrastructure so as to be able to offer high quality energy services to all customers and promote the development of renewable energy sources.

Finally, our Strategic and Business Plan, currently under review, aims to the optimization of our competitive capabilities, securing a healthy capital structure which will allow us to secure the necessary resources for the implementation of the Group's investment plan. »

## **ANALYSIS OF FINANCIAL RESULTS**

### **REVENUES**

Revenues from electricity sales decreased by € 51.8 m (-3.7%), from € 1,405.7 m in 1Q 2009, to € 1,353.9 m, mainly as a result of the decrease of the volume of sales by 4.4% (581 GWH), mainly due to:

- > The reduction of sales to the industrial sector by 2.6%.
- > The reduction of sales to the agricultural sector by 2.4%.
- > The reduction of residential sales by 2.6%.
- > The reduction of commercial sales by 8.0%.

### **OPERATING EXPENSES**

Operating expenses, excluding depreciation, decreased by € 50.7 m (-5%),

from € 1,018.8 m in 1Q 2009 to € 968.1 m, mainly due to the decrease in the expenditure for oil, natural gas and energy purchases.

Specifically:

- The decrease in power generation from natural gas by 333 GWH (-20.2%) together with the decrease in natural gas prices by 15.3% resulted in the decrease in the relevant expenditure by € 35.3 m (-25.7%), from € 137.2 m in 1Q 2009 to € 101.9 m in 1Q 2010.
- Despite the increase of heavy fuel oil and diesel oil prices by 61.5% and 20.5% respectively, the reduced oil-fired generation by 978 GWH (-47.7%), and to a lesser extent the partial substitution of diesel generation by heavy fuel oil, resulted in the decrease of the respective expenditure by € 24.4 m (-17.2%), from €141.6 m in 1Q 2009 to € 117.2 m.
- Notwithstanding the purchase of greater quantities of energy from the System and the Network by 1,030 GWH (+87.5%), the decrease of electricity prices by 18.7%, the decrease in PPC import prices by 28.8%, and the decrease of PPC imports by 445 GWH (-49.8%), resulted in the decrease in the expenditure for energy purchases by € 2.2 m (-1.6%) from € 135.1 m in 1Q 2009 to € 132.9 m.
- The decrease in CO2 emissions rights deficit led to an expenditure of € 12.4 m to cover for the estimated deficit of CO2 emission rights during the respective period, while the corresponding amount in 1Q 2009 was € 20.9 m. Furthermore, 1Q 2010 financial results, were impacted by an amount of € 1m stemming from the final verification of FY2009 CO2 emissions rights deficit.
- Payroll expenses decreased by € 1.5 m (-0.4%), from € 354.4 m in 1Q 2009, to € 352.9 m. Despite the carry over of 2009 salary increases the reduction in full time payrolls by 1,087 employees from 23,454 to 22,367, reduced payroll expenses by € 24.6 m. An additional payroll reduction by € 3 m is due to the March 2010 strike. Total payroll, including capitalized payroll, decreased by 0.6% compared to 1Q 2009. The Company is in the process of finalizing the implementation of the provisions of Laws 3833/2010 and 3845/2010 for salary reductions. Thus, 1Q 2010 payroll expenses do not reflect the reductions in question. Finally, at the April 26, 2010 EGM, it was decided to proceed to the one off contribution to PPC S.A. Personnel Insurance Funds of an amount up to the savings in the payroll expense that will result from the application of article 1 of Law 3833/2010.
- Provisions for bad debt, litigation and slow moving materials reached € 35.4 m, an increase of € 17.7 m (+100%) compared to 1Q 2009, mainly due to increased provisions for bad debt.

- Depreciation expense in 1Q 2010 amounted to € 146.4 m compared to € 131.1 m in 1Q 2009, an increase of € 15.3 m (+11.7%). In 2009, the Group assigned an independent firm for the appraisal of its property, plant and equipment at December 31, 2009 fair values. The results of the appraisal have been recorded in the financial statements of December 31, 2009. The new appraised values are depreciated from January 1, 2010.
- Capital expenditure amounted to € 240.7 m compared to € 219.3 m in 1Q 2009, an increase of € 21.4 m (+9.8%). Specifically, the composition of 1Q 2010 capital expenditure, was the following:
  - > Capital expenditure for mines: € 20.7 m
  - >Capital expenditure for generation projects: € 84.2 m.
  - >Capital expenditure for transmission projects: € 18.8 m.
  - >Capital expenditure for distribution projects: € 112.6 m.
  - >Other capital expenditure: € 4.4 m.
- Net debt amounted to € 3,941.2 m, a decrease of € 115.1 m compared to 31/12/2009 (€ 4,056.3 m) and a decrease of € 507.4m, compared to 31/3/2009 (€ 4,448.6 m).

## FINANCIAL EXPENSES

Net financial expenses decreased by € 17.1 m (-35.4%), from € 48.3 m in 1Q 2009, to € 31.2 m, mainly due to the decrease of reference interest rates and a lower level of net debt.

## PARTICIPATION IN ASSOCIATED COMPANIES

The share of profit in associated companies amounted to € 0.6 m in 1Q 2010 is the result of profit from PPC RENEWABLES' participation in its associated companies, while the respective magnitude in 1Q 2009 was € 0.5m.

## FINANCIAL RESULTS OF THE PARENT COMPANY

- Turnover: € 1,486.5 m.
- EBITDA : € 519.1 m.
- EBT : € 340.0 m.
- Net income : € 254.5 m.

## Summary Financials (€ mil)

|  | 1Q 2010<br>Unaudited | 1Q 2009<br>Unaudited<br>(restated) | Δ% |  | 1Q 2010<br>Unaudited | 1Q 2009<br>Unaudited<br>(restated) | Δ% |
|--|----------------------|------------------------------------|----|--|----------------------|------------------------------------|----|
|  |                      |                                    |    |  |                      |                                    |    |

|   | GROUP   |                            |         |  | PARENT COMPANY |                            |         |
|---|---------|----------------------------|---------|--|----------------|----------------------------|---------|
| Total Revenues                                    | 1,491.2 | 1,527.0 <sup>(1),(2)</sup> | -2.3%   |  | 1,486.5        | 1,526.9 <sup>(1),(2)</sup> | -2.6%   |
| EBITDA  | 523.1   | 508.2 <sup>(2)</sup>       | 2.9%    |  | 519.1          | 506.4 <sup>(2)</sup>       | 2.5%    |
| EBITDA Margin                                     | 35.1%   | 33.3% <sup>(1),(2)</sup>   |         |  | 34.9%          | 33.2% <sup>(1),(2)</sup>   |         |
| Profit/(Loss) before Taxes & Fin. Expenses (EBIT) | 376.7   | 377.1 <sup>(2)</sup>       | -0.1%   |  | 373.7          | 376.5 <sup>(2)</sup>       | -0.7%   |
| EBIT Margin                                       | 25.3%   | 24.7% <sup>(1),(2)</sup>   |         |  | 25.1%          | 24.7% <sup>(1),(2)</sup>   |         |
| Net Income/(Loss)                                 | 257.5   | 246.7 <sup>(2)</sup>       | 4.4%    |  | 254.5          | 246.0 <sup>(2)</sup>       | 3.5%    |
| EPS/(Loss) (In euro)                              | 1.11    | 1.06 <sup>(2)</sup>        | 4.7%    |  | 1.10           | 1.06 <sup>(2)</sup>        | 3.8%    |
| No of Shares (m.)                                 | 232     | 232                        |         |  | 232            | 232                        |         |
| Net Debt  | 3,941.2 | 4,448.6                    | -11.4 % |  | 3,956.6        | 4,450.4                    | -11.1 % |

### Summary Profit & Loss (€ mil)

|   | 1Q 2010<br>Unaudited | 1Q 2009<br>Unaudited<br>(restated) | Δ%    |  | 1Q 2010<br>Unaudited | 1Q 2009<br>Unaudited<br>(restated) | Δ%    |
|---|----------------------|------------------------------------|-------|--|----------------------|------------------------------------|-------|
|   | GROUP                |                                    |       |  | COMPANY              |                                    |       |
| Total Revenues                                | 1,491.2              | 1,527.0 <sup>(1),(2)</sup>         | -2.3% |  | 1,486.5              | 1,526.9 <sup>(1),(2)</sup>         | -2.6% |
| - Revenues from energy sales                  | 1,353.9              | 1,405.7                            | -3.7% |  | 1,349.2              | 1,405.6                            | -4.0% |
| - Revenues from TSO                           | 66.9                 | 73.2 <sup>(1)</sup>                | -8.6% |  | 66.9                 | 73.2 <sup>(1)</sup>                | -8.6% |
| - Customers' contributions                    | 48.2                 | 36.4 <sup>(2)</sup>                | 32.4% |  | 48.2                 | 36.4 <sup>(2)</sup>                | 32.4% |
| - Distribution network fees and PSO           | 4.9                  | 0.0                                |       |  | 4.9                  | 0.0                                |       |
| - Other revenues                              | 17.3                 | 11.7                               | 47.9% |  | 17.3                 | 11.7                               | 47.9% |
| Total Operating Expenses (excl. depreciation) | 968.1                | 1,018.8 <sup>(1)</sup>             | -5.0% |  | 967.4                | 1,020.5 <sup>(1)</sup>             | -5.2% |
| Payroll Expenses (excluding lignite)          | 266.0                | 268.1                              | -0.8% |  | 264.8                | 266.8                              | -0.7% |

|   |       |                          |        |  |       |                          |        |
|---|-------|--------------------------|--------|--|-------|--------------------------|--------|
| Lignite   | 170.5 | 167.9                    | 1.5%   |  | 170.5 | 167.9                    | 1.5%   |
| -PPC Lignite  | 153.5 | 155.4                    | -1.2%  |  | 153.5 | 155.4                    | -1.2%  |
| -Third parties fossil fuel                                    | 17.0  | 12.5                     | 36.0%  |  | 17.0  | 12.5                     | 36.0%  |
| Total Fuel Expenses   | 219.1 | 278.8                    | -21.4% |  | 219.1 | 278.8                    | -21.4% |
| - Liquid fuel   | 117.2 | 141.6                    | -17.2% |  | 117.2 | 141.6                    | -17.2% |
| -Natural Gas  | 101.9 | 137.2                    | -25.7% |  | 101.9 | 137.2                    | -25.7% |
| Expenditure for CO2 emission rights                           | 12.4  | 20.9                     | -40.7% |  | 12.4  | 20.9                     | -40.7% |
| Energy Purchases  | 132.9 | 135.1                    | -1.6%  |  | 134.6 | 139.3                    | -3.4%  |
| - Purchases From the System and the Network                   | 105.5 | 66.5                     | 58.6%  |  | 105.5 | 66.5                     | 58.6%  |
| -PPC Imports  | 20.3  | 56.7                     | -64.2% |  | 20.3  | 56.7                     | -64.2% |
| - Other   | 7.1   | 11.9                     | -40.3% |  | 8.8   | 16.1                     | -45.3% |
| Transmission System Usage                                     | 69.8  | 73.5 <sup>(1)</sup>      | -5.0%  |  | 69.8  | 73.5 <sup>(1)</sup>      | -5.0%  |
| Provisions  | 35.4  | 17.7                     | 100.0% |  | 35.3  | 17.7                     | 99.4%  |
| (Profit)/loss from valuation of CO2 liabilities of prior year | 1.0   | -25.6                    |        |  | 1.0   | -25.6                    |        |
| Taxes and Duties  | 2.8   | 7.7                      | -63.6% |  | 2.6   | 7.6                      | -65.8% |
| Other operating expenses. (excluding lignite)                 | 58.2  | 74.7                     | -22.1% |  | 57.3  | 73.6                     | -22.1% |
| EBITDA  | 523.1 | 508.2 <sup>(2)</sup>     | 2.9%   |  | 519.1 | 506.4 <sup>(2)</sup>     | 2.5%   |
| EBITDA Margin   | 35.1% | 33.3% <sup>(1),(2)</sup> |        |  | 34.9% | 33.2% <sup>(1),(2)</sup> |        |
| Depreciation and amortization                                 | 146.4 | 131.1 <sup>(2)</sup>     | 11.7%  |  | 145.4 | 129.9 <sup>(2)</sup>     | 11.9%  |
| Profit/(Loss) before Taxes & Fin. Expenses (EBIT)             | 376.7 | 377.1 <sup>(2)</sup>     | -0.1%  |  | 373.7 | 376.5 <sup>(2)</sup>     | -0.7%  |
| EBIT Margin   | 25.3% | 24.7% <sup>(1),(2)</sup> |        |  | 25.1% | 24.7% <sup>(1),(2)</sup> |        |
| Total Net Financial Expenses                                  | 33.7  | 48.6                     | -30.7% |  | 33.7  | 48.4                     | -30.4% |
| - Net Financial   | 31.2  | 48.3                     | -35.4% |  | 31.2  | 48.1                     | -35.1% |

|  |       |                      |       |  |       |                      |
|--|-------|----------------------|-------|--|-------|----------------------|
| Expenses   |       |                      |       |  |       |                      |
| - Foreign Currency Gains / (Losses)                | 2.5   | 0.3                  |       |  | 2.5   | 0.3                  |
| - Share of Profit / (Loss) in associated companies | 0.6   | 0.5                  | 20.0% |  | 0.0   | 0.0                  |
| Pre-tax Profits/ (Losses)                          | 343.6 | 329.0 <sup>(2)</sup> | 4.4%  |  | 340.0 | 328.1 <sup>(2)</sup> |
| Net Income/ (Loss)                                 | 257.5 | 246.7 <sup>(2)</sup> | 4.4%  |  | 254.5 | 246.0 <sup>(2)</sup> |
| EPS (in Euro)                                      | 1.11  | 1.06 <sup>(2)</sup>  | 4.7%  |  | 1.10  | 1.06 <sup>(2)</sup>  |

### Summary Balance Sheet & Capex (€ m)

|                     | 1Q 2010<br>Unaudited | 1Q 2009<br>Unaudited   | Δ%     |  | 1Q 2010<br>Unaudited | 1Q 2009<br>Unaudited   | Δ%     |
|---------------------|----------------------|------------------------|--------|--|----------------------|------------------------|--------|
|                     | GROUP                |                        |        |  | PARENT COMPANY       |                        |        |
| Total Assets        | 16,164.4             | 14,201.9               | 13.8%  |  | 16,142.1             | 14,206.1               | 13.6%  |
| Net Debt            | 3,941.2              | 4,448.6                | -11.4% |  | 3,956.6              | 4,450.4                | -11.1% |
| Total Equity        | 6,720.3              | 5,223.4 <sup>(2)</sup> | 28.7%  |  | 6,705.5              | 5,223.3 <sup>(2)</sup> | 28.4%  |
| Capital expenditure | 240.7                | 219.3                  | 9.8%   |  | 238.2                | 219.0                  | 8.8%   |

(1) Reclassifications have taken place for comparative reasons.

(2) Restated figures based on implementation of IFRIC 18.

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The financial data and relevant information on the Financial Statements for 1Q 2010, shall be published in the Press, on May 20, 2010.

The financial data and relevant information on the Financial Statements for 1Q 2010, as well as the Financial Statements for 1Q 2010, on a standalone and on a consolidated basis shall be uploaded to the Company's web site ([www.dei.gr](http://www.dei.gr)) on May 19, 2010, after the closing of the Athens Stock Exchange.