PPC GROUP 9M2015 FINANCIAL RESULTS

Athens, November 26, 2015

Summary Financial Results

	9M2015	9M2014
Turnover	€ 4,452 m.	€ 4,423.4 m.
EBITDA	€ 773.4 m.	€ 794.4 m.
EBITDA margin	17.4%	18%
Pre-tax profits	€ 63.3 m.	€ 179.5 m.
Net income*	€ 5.9 m.	€ 121.8 m.

**The nominal corporate tax rate for 2015 increased to 29% from 26% in 2014.*

EBITDA in 9M2015 decreased by € 21 m. (or by 2.6%) compared to 9M2014, with the respective margin settling at 17.4% compared to 18%, due to the increase of provisions by € 386.6 m, which counterbalanced the € 320.2 m reduction of expenses for liquid fuel, natural gas and energy purchases.
The reduction of profitability is even larger at a pre tax profits level with the relevant figures amounting to € 63.3 m in 9M2015 compared to € 179.5 m in 9M2014, that is a reduction by € 116.2 m, mainly due to increased depreciation by € 111 m between the two periods as described later.
In addition, net income amounted to € 5.9 m compared to € 121.8 m in 9M2014.

Especially in 3Q2015, when bad debt provisions recorded the highest increase of the current year, EBITDA declined by 46.3% to € 132.6 m from € 246.7 m.

At the parent company level, in 3Q2015, despite the reduction of expenses for liquid fuel, natural gas and energy purchases by € 244 m, the increase of provisions by € 304.9 m resulted to pre tax losses of € 121.4 m compared to pre tax profits of € 9 m last year, with the respective figures for the nine month to be pre tax profits of € 9.8 m this year versus € 93.4 m last year.
Regarding the Group, it recorded pre tax losses of € 101.7 m in 3Q2015 compared to pre tax profits of € 36.9 m last year.

Revenues

- Turnover increased marginally by € 28.6 m. (0.6%) to € 4,452 m in 9M2015 from € 4,423.4 m in 9M2014. Turnover includes an amount of € 36.8 m. reflecting network users' participation for their connection to the network versus € 51.3 m in 9M2014.

- PPC's revenues from electricity sales, also increased marginally by € 33.5 m or 0.8% (by € 30 m in the domestic market or by 0.7%) to € 4,320.5 m. in 9M2015 compared to € 4,287 m in 9M2014.

In detail:

- Total electricity demand increased by 5.3% (2,265 GWh) in 9M2015, to 44,883 GWh versus 42,618 GWh in 9M2014.
  Excluding exports and pumping, electricity demand increased by 3.7% (1,539 GWh) and is attributed to the increase of demand by 8.6% in 1Q2015 due to colder weather conditions compared to 1Q2014.
  In 3Q2015, total electricity demand increased by 6.4%, whereas excluding exports and pumping, the increase amounted to 1.8%. The large difference between the rate of increase of total demand and domestic demand is due to the increase of third parties' exports by 678 GWh or 242%. It is noted that, PPC's market share in total electricity exports from the country was only 3.8% in 3Q2015 and 4.2% in 9M2015.
  Regarding PPC's domestic sales in 9M2015, they increased by 1.3% (468 GWh), but the respective average market share in the domestic electricity market (not only to the specific segments of the market where third party suppliers enter, segments of low risk profile) declined by 1.2 percentage points to 96.7% from 97.9%, whereas at the end of September, the share is 94.8% in the Interconnected System.The increase in PPC's domestic sales volume was mainly attributed to the higher volume sales of 594 GWh to Low Voltage customers, including sales to beneficiaries of the Social Residential tariff, whereas, on the other hand, sales to Medium Voltage customers were lower by 181 GWh.
- PPC's electricity generation and imports covered 63.1% of total demand in 9M2015 (60.7% in the Interconnected System), while the corresponding percentage in 9M2014 was 68.3% (66.4% in the Interconnected System), a reduction which is due to the increase of imports from third parties by 48.1% to 6,874 GWh from 4,643 GWh in the respective period of 2014, which resulted in lower lignite-fired generation by 14.1% (2,445 GWh) and lower gas-fired generation by 16.4% (515 GWh). The large increase of electricity imports in 9M2015 stems from Balkan countries due to the lower electricity generation cost (including the fact that their generation cost is not burdened with CO2 emission rights expense) compared to the System Marginal Price (SMP) levels in Greece, as well as due to increased imports from Italy, since the relevant interconnection was not operating in 1H2014. In 3Q2015, there is a reversal of the increasing trend of electricity imports both from PPC and to a larger extent from third parties, which decline by 4.1% (35 GWh) and 7.9% (177 GWh) respectively, whereas, at a nine month level electricity imports increased by 20.4% (418 GWh) and 48.1% (2,231 GWh).
  Hydro generation in 9M2015 increased by 57.6% (or 1,655 GWh), with the largest part of the increase taking place in 1Q2015 (increase of 1,151 GWh) due to exceptional hydrological conditions that prevailed in that quarter.
  In 3Q2015 there is a reversal of the downward trend of electricity generation from lignite and natural gas, recording an increase of 2.6% and 17.8% respectively, compared to a reduction of 21.2% and 29.4% in 2Q2015 and a reduction of 23.6% and 41.1% in 1Q2015 respectively. The increased lignite-fired generation was recorded only in July (272 GWh or 13.8% compared to last year), whereas in August and September there is a reduction by 27 GWh (1,3%) and 97 GWh (5.5%) respectively.

Operating expenses

Operating expenses before depreciation, increased by € 49.6 m. (1.4%) from € 3,629 m. in 9M2014 to € 3,678.6 m., due to the increase of bad debt provisions.

More specifically:

Energy mix expenditure

- Expenditure for liquid fuel, natural gas, third parties fossil fuel, CO_2 and energy purchases decreased by € 315.3 m., or by 14.3% compared to 9M2014. Said reduction is mainly attributed to lower expenses for liquid fuel, natural gas and energy purchases. In detail:
  - The decrease in liquid fuel expense by € 133.6 m. (21.6%), from € 617.2 m. in 9M2014 to € 483.6 m. in 9M2015, is attributed to the reduction of heavy fuel oil and diesel prices, expressed in Euros, by 30.1% and 14.6% respectively, whereas electricity generation from liquid fuel marked an increase of 81 GWh. It is noted that the expense for the Special Consumption Tax on liquid fuel increased by € 5.3 m from € 113.3 m in 9M2014 to € 118.6 m in 9M2015 due to the fact that said expense is only driven by fuel quantities, which, especially for diesel, were higher.
  - Natural gas expense decreased by € 64.6 m. (23.7%), from € 273.1 m in 9M2014 to € 208.5 m in 9M2015, due to lower gas-fired generation by 515 GWh (16.4%) from 3,141 GWh in 9M2014 to 2,626 GWh in 9M2015. As a result of the lower gas-fired generation, the relevant expense for the Special Consumption Tax decreased by € 7.6 m to € 32.2 m.

    With respect to natural gas prices, there is a reduction of 9.3% in 9M2015, following the reduction of natural gas prices in 2Q2015 and 3Q2015, due to the positive impact from the reduction of oil prices. Specifically, the reduction of natural gas prices amounts to 17.4% in 3Q2015 compared to the respective period of last year, whereas, on the other hand, as already mentioned, electricity generation from natural gas increased by 17.8%.
  - Third parties fossil fuel expense decreased by € 13.7 m. to € 40.2 m.
  - Energy purchases expense from the System and the Network decreased by 13.6% or € 136.4 m., from € 1,001.8 m. in 9M2014 to € 865.4 m.
  - Expenditure for PPC electricity imports, excluding expense for interconnection rights, reached € 106.3 m. increased by € 14.4 m (15.7%), as a result of the increase in the volume of imports by 418 GWh (2,463 GWh in 9M2015 vs 2,045 GWh in 9M2014), whereas, on the other hand, imports' prices remained practically stable. Due to increased volume of imports, the expense for interconnection rights increased to € 12.2 m in 9M2015 from € 9.1 m in 9M2014.
  - Expenditure for CO_2 emission rights amounted to € 183.4 m., that is an increase of € 18.6 m. compared to 9M2014, due to increased average price for CO_2 emissions rights by approximately 30% from € 5.47/tn to € 7.07/tn .

    On the other hand, CO_2 emissions in volume terms decreased by 13.9% in 9M2015 compared to 9M2014 settling at 26 mln tonnes, mainly due to lower lignite-fired generation.

Payroll cost

- The total reduction between the two periods in payroll cost, including capitalized payroll and payroll of seasonal personnel, amounted to € 23.7 m. (3.2%) from € 746.8 m in 9M2014 to € 723.1 m in 9M2015.

  In particular, total payroll of permanent employees declined by € 19.1 m to € 684.7 m in 9M2015 versus € 703.8 m in 9M2014, as a result of the decrease in the number of permanent employees on payroll by 416 to 18,350 on 30.9.2015 from 18,766 on 30.9.2014.

Provisions

- Provisions for bad debt of Low and Medium Voltage customers amounted to € 603 m in 9M2015 compared to € 195.3 m in 9M2014, an increase of € 407.7 m, due to the increase of bad debt provisions for Low and Medium Voltage customers by € 292 m. in 3Q2015 compared to the respective period of 2014, an increase which was aggravated by the imposition of capital controls at the end of June.
  For High Voltage customers, the respective provisions amounted to € 64.6 m in 9M2015, remaining at the 9M2014 level, when they stood at € 63.6 m.
  Adding provisions for litigation, slow moving materials and the provision that was recorded in 9M2014 for the allocation of the LAGIE deficit, total provisions amount to € 690.7 m in 9M2015 compared to € 304.1 m in 9M2014, that is an increase of € 386.6 m or 127.1%

In conclusion,

In 9M2015, 41.4% of total revenues were expensed for fuel, CO_2 and energy purchases compared to 48.6% in 9M2014. Regarding the evolution of provisions, these represent 15.5% of total revenues compared to 6.9% last year. The relevant percentage for payroll decreased to 14.8% in 9M2015 compared to 15.4% last year.

Other Financial information

- Depreciation expense in 9M2015 amounted to € 559 m. compared to € 448 m. in 9M2014, an increase of € 111 m. The increase in depreciation expense is mainly attributed to the appraisal of the Group's fixed assets, which was performed at December 31, 2014 fair values. Said appraisal led to a net increase of the fixed assets value of the Group, which was recorded in 2014 annual Financial Statements, with the respective depreciation starting on January 1, 2015.

- Net financial expenses decreased to € 151.8 m. compared to € 165.6 m in 9M2014.

Capex and net debt

- Capital expenditure in 9M2015 increased to € 605.8 m. compared to € 406.3 m. in 9M2014, while, as a percentage of total revenues it amounted to 13.6% from 9.2%. Excluding network users' participation for their connection to the network (€ 36.8 m. and € 51.3 m. in 9M2015 and 9M2014 respectively), which fund part of network projects, capital expenditure amounted to 12.9% and 8.1% of total revenues in 9M2015 and 9M2014 respectively.
  Specifically, the main components of 9M2015 capital expenditure, were as follows (in brackets the respective figures for 9M2014):
  - Mining projects: € 99.1 m. (€ 67.6 m.)
  - Conventional Generation & RES projects: € 276 m. (€ 109.4 m.)
  - Transmission projects: € 92.7 m. (€ 34.9 m.)
  - Network projects: € 131.9 m. (€ 189.6 m.)

- Net debt amounted to € 4,978.2 m., an increase of € 10.9 m. compared to 30.9.2014 (€ 4,967.3 m.), whereas compared to 31.12.2014 (4,991.9 m.) it was reduced by € 13.7 m.

Commenting on the financial results of the period, Mr. Emmanuel Panagiotakis, Public Power Corporation's Chairman and Chief Executive Officer said:

"The financial results of the third quarter of 2015 have been negatively impacted by the significant increase of bad debt provisions , which amounted to € 359.4 m. This development, despite the reduction of oil and natural gas prices and of the relevant expenses, resulted to pre-tax losses of € 101.7 m. for the Group.
For the nine month, the Group remains profitable. Group's EBITDA amounts to € 773.4 m. compared to € 794.4 m. in the respective period of 2014, whereas pre-tax profits amount to € 63.3 m., and are generated mainly from electricity transmission and distribution activities.

For 2015, taking into account the impact of capital controls and general economic conditions, EBITDA margin is estimated at 17.5% - 18.5%, with estimated total revenues of € 5.8 bln and revenues from electricity sales of € 5.6 bln. The new estimates result from increased provisions for bad debt in the third quarter and are based on assumptions for Brent oil at $46/bbl and €/$ exchange rate of 1.07 for the period October-December 2015. The price of CO_2 emission rights is € 8.2/tn, based on actual purchases for the last quarter of the year.

The volume of PPC's domestic energy sales increased by 468 GWh (1.3%) in the nine month as follows: increase of 594 GWh in the Low Voltage and decrease of 181 GWh in the Medium Voltage. PPC's market share declined by 1.2% to 96.7% from 97.9%, however the reduction is higher in the market segments with low risk profile customers.

As I have repeatedly stated, the collection rate of customer dues to PPC is the most imminent and serious issue faced by the Company and dealing with it is a top priority. Towards this end, we are intensifying our efforts vis-à-vis all our debtors, including state-owned entities and entities of the Central Government. As a result of our efforts and in combination with the relaxation of the controls and limitations on banking transactions, there is a significant increase in the number of customers who make use of the settlements plan enacted by the Company since last June and especially, over the recent period, the rate of relevant settlements has almost doubled.

For the improvement of collectability, we remain cautiously optimistic, as, according to our estimates, a large part of our customers are in a position to meet their payments. It is noteworthy, that out of the 2.1 million Low Voltage customers, 250,000, i.e. 11.9%, represent approximately 45% of the total amount due.

I would like to remind that the measures enacted in September for rewarding customers who consistently pay their bills on time, are expected to positively contribute in improving collectability. Furthermore, we will soon provide our customers with the option of paying their bills with credit, debit or prepaid cards online through PPC's website or through POS terminals.

I hope that, with respect to the issue of changing supplier, the competent authorities will proceed with the implementation of the necessary measures for allowing this change to take place only after dues to the previous supplier are settled. This will contribute to the improvement of collectability as well as towards instilling a behavior which is in line with healthy competition.

I consider important to also refer to the issue of PPC's share in the retail market, which is lately a trending topic. The reduction of PPC's share to 75% and gradually, until 2020, to 50%, which is provided for in the new Financing Agreement of Greece, must be implemented in a smooth way and in a way that it is beneficial, to the extent possible, for the consumers and the national economy, without, at the same time, causing insuperable problems to PPC. I would also like to repeat yet another time that the electricity sector is not for quick and easy profit. Those active in the sector, should proceed with necessary investments and assume associated risks. The market has not opened until today, exactly because our competitors have not acted in this spirit.

Especially in our country, one cannot ignore the fact that today 30% of the consumers have overdues towards PPC, whereas consumers from the industry, the agricultural sector, beneficiaries of the social tariff, state entities, etc., which represent about 50% of the market, select for the time being exclusively PPC as their supplier.

Finally, and in relation to the measures provided for in the country's Financing Agreement for the electricity market, I would like to stress that PPC supports the fastest possible transformation of the market and transition to the Target Model, while any potential transitional measures should be governed by principles of rational market operation and should not add any burden to the consumers."

Financial Results of the Parent Company

	9M2015	9M2014
Turnover	€ 4,404.6 m.	€ 4,384.7 m.
EBITDA	€ 606.2 m.	€ 616 m.
EBITDA margin	13.8%	14.1%
Pre-tax profits / (Losses)	€ 9.8 m.	€ 93.4 m.
Net income / (Loss)	(€ 23.1 m.)	€ 64.1 m.

Financial Results of Subsidiaries

- **Independent Power Transmission Operator (IPTO S.A./ADMIE)**

	9M2015	9M2014
Turnover	€ 185.9 m.	€ 200.6 m.
EBITDA	€ 123.3 m.	€ 147 m.
EBITDA margin	66.3%	73.3%
Pre-tax profits / (Losses)	€ 51.1 m.	€ 81.4 m.
Net income / (Loss)	€ 28.8 m.	€ 60.5 m.

- **Hellenic Electricity Distribution Network Operator (HEDNO S.A./DEDDIE)**

	9M2015	9M2014
Turnover	€ 318.2 m.	€ 336.3 m.
EBITDA	€ 15.4 m.	€ 22.1 m.
EBITDA margin	4.8%	6.6%
Pre-tax profits / (Losses)	€ 11.1 m.	€ 18.2 m.
Net income / (Loss)	€ 11.3 m.	€ 13.6 m.

- **PPC Renewables S.A.**

	9M2015	9M2014
Turnover	€ 21.9 m.	€ 19.8 m.
EBITDA	€ 16.6 m.	€ 13.2 m.
EBITDA margin	75.5%	66.6%
Pre-tax profits / (Losses)	€ 14 m.	€ 9.4 m.
Net income / (Loss)	€ 11.6 m.	€ 6.6 m.

Summary Financials (€ m.)						
	9M2015 Unaudited	9M2014 Unaudited	Δ%	9M2015 Unaudited	9M2014 Unaudited	Δ%
	GROUP			PARENT COMPANY		
Total Revenues	4,452.0	4,423.4[1]	0.6%	4,404.6	4,384.7[1]	0.5%
EBITDA	773.4	794.4	-2.6%	606.2	616.0	-1.6%
EBITDA Margin	17.4%	18.0%		13.8%	14.1%	
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	214.4	346.4	-38.1%	104.8	217.2	-51.7%
EBIT margin (%)	4.8%	7.8%		2.4%	5.0%	
Net Income/(Loss)	5.9	121.8	-95.2%	-23.1	64.1	-136.0%
Earnings/(Losses) per share (In euro)	0.03	0.53	-94.3%	-0.10	0.28	-135.7%
No of Shares (in m.)	232	232		232	232	
Net Debt	4,978.2	4,967.3	0.2%	4,742.5	4,702.5	0.9%

Summary Profit & Loss (€ m.)						
	9M2015 Unaudited	9M2014 Unaudited	Δ%	9M2015 Unaudited	9M2014 Unaudited	Δ%
	GROUP			PARENT COMPANY		
Total Revenues	4,452.0	4,423.4[1]	0.6%	4,404.6	4,384.7[1]	0.5%
- Revenue from energy sales	4,320.5	4,287.0	0.8%	4,310.3	4,278.1	0.8%
- Customers' participation	36.8	51.3	-28.3%	35.4	48.2	-26.6%
- Third Party Distribution- Transmission network fees and PSO	42.9	31.4	36.6%	18.8	12.6	49.2%
- Other revenues	51.8	53.7 [1]	-3.5%	40.1	45.8 [1]	-12.4%
Total Operating Expenses (excl. depreciation)	3,678.6	3,629.0[1]	1.4%	3,798.4	3,768.7[1]	0.8%
- Payroll Expenses	658.1	681.5	-3.4%	422.3	439.7	-4.0%
- Third parties fossil fuel	40.2	53.9	-25.4%	40.2	53.9	-25.4%
- Total Fuel Expenses	692.1	890.3	-22.3%	692.1	890.3	-22.3%
- Liquid fuel	*483.6*	*617.2*	*-21.6%*	*483.6*	*617.2*	*-21.6%*
- Natural Gas	*208.5*	*273.1*	*-23.7%*	*208.5*	*273.1*	*-23.7%*
- Expenditure for CO_2 emission rights	*183.4*	*164.8*	11.3%	*183.4*	*164.8*	11.3%
- Special lignite levy	*29.7*	*34.6*	-14.2%	*29.7*	*34.6*	-14.2%
- Energy Purchases	971.7	1,093.7	-11.2%	1,000.3	1,113.9	-10.2%
- Purchases From the System and the Network	*754.8*	*736.5*	*2.5%*	*765.5*	*746.3*	*2.6%*
- Imports	*106.3*	*91.9*	*15.7%*	*109.3*	*91.9*	*18.9%*
- Third party variable cost recovery mechanism	*0.0*	*16.5*	*-100.0%*	*0.0*	*16.5*	*-100.0%*
- Third party capacity assurance mechanism	*0.0*	*134.4*	*-100.0%*	*0.0*	*134.4*	*-100.0%*
- Balance of clearings and other expenses	*23.2*	*32.0*	*-27.5%*	*23.2*	*32.0*	*-27.5%*
- Differential expense for RES energy purchases	*22.3*	*28.2*	*-20.9%*	*22.3*	*28.2*	*-20.9%*
- Special consumption tax on natural gas for IPPs	*17.5*	*18.3*	*-4.4%*	*17.5*	*18.3*	*-4.4%*
- Other	*47.6*	*35.9*	*32.6%*	*62.5*	*46.3*	*35.0%*

- Transmission System Usage	*0.0*	*0.0*		*148.0*	*153.0*	*-3.3%*
- Distribution System Usage	0.0	0.0		292.8	311.3	-5.9%
- Provisions	690.7	304.1	127.1%	677.6	311.6	117.5%
- Taxes and Duties	41.1	43.2	-4.9%	36.5	38.2	-4.5%
- Other Operating Expenses (including lignite)	371.6	362.9 (1)	2.4%	275.5	257.4 (1)	7.0%
EBITDA	773.4	794.4	-2.6%	606.2	616.0	-1.6%
EBITDA margin (%)	17.4%	18.0%		13.8%	14.1%	
Depreciation and Amortisation and impairment of fixed assets	559.0	448.0	24.8%	501.4	398.8	25.7%
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	214.4	346.4	-38.1%	104.8	217.2	-51.7%
EBIT margin (%)	4.8%	7.8%		2.4%	5.0%	
Total Net Financial Expenses	151.8	166.5	-8.8%	93.9	122.2	-23.2%
- Net Financial Expenses	*151.8*	*165.6*	*-8.3%*	*93.6*	*121.3*	*-22.8%*
- Foreign Currency (Gains)/ Losses	*0.0*	*0.9*	*-100.0%*	*0.3*	*0.9*	*-66.7%*
Impairment loss of marketable securities	1.1	1.6	-31.3%	*1.1*	*1.6*	-31.3%
Share of profit /(Losses) in associated companies	1.8	1.2	50.0%	*0.0*	*0.0*	
Pre-tax Profits/(Losses)	63.3	179.5	-64.7%	9.8	93.4	-89.5%
Net Income/ (Loss)	5.9	121.8	-95.2%	-23.1	64.1	*-136.0%*
Earnings/(Losses) per share (In euro)	0.03	0.53	-94.3%	-0.10	0.28	*-135.7%*

Summary Balance Sheet & Capex (€ m.)						
	9M2015 Unaudited	9M2014 Unaudited	Δ%	9M2015 Unaudited	9M2014 Unaudited	Δ%
	GROUP			**PARENT COMPANY**		
Total Assets	17,483.5	16,491.9	6.0%	16,098.6	15,303.9	5.2%
Net Debt	4,978.2	4,967.3	0.2%	4,742.5	4,702.5	0.9%
Total Equity	6,063.4	5,525.5	9.7%	5,877.7	5,387.2	9.1%
Capital expenditure	605.8	406.3	49.1%	498.7	339.3	47.0%

(1) Reclassifications have taken place for comparative reasons

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The financial data and relevant information on the Financial Statements for 9M2015, as well as the Financial Statements for 9M2015, on a standalone and on a consolidated basis shall be uploaded to the Company's web site (www.dei.gr) on November 26, 2015, after the closing of the Athens Stock Exchange.