PPC GROUP 1Q2015 FINANCIAL RESULTS

Athens, May 28, 2015

Summary Financial Results

	1Q2015	1Q2014
Turnover	€ 1,548.6 m.	€ 1,488.9 m.
EBITDA	€ 313.9 m.	€ 309.4 m.
EBITDA margin	20.3%	20.8%
EBITDA adjusted for one-off items	€ 313.9 m.	€ 268.8 m.
EBITDA margin adjusted for one-off items	20.3%	18.1%
Pre-tax profits	€ 77.2 m.	€ 109.3 m.
Pre-tax profits adjusted for one-off items	€ 77.2 m.	€ 64.8 m.
Net income	€ 55.7 m.	€ 81.3 m.

EBITDA in 1Q2015 increased by € 4.5 m. (or by 1.5%) compared to 1Q2014, with the respective margin settling at 20.3% compared to 20.8% in 1Q2014.

It is noted that the increase of EBITDA in 1Q2015 versus 1Q2014 is higher, taking into account the fact that 1Q2014 results include the one-off positive impact of € 23.2 m from the retroactive application of the discount in the price of natural gas for the second half of 2013.
In addition, EBITDA in 1Q2014 include the positive impact from the recovery, following a Decision of the European Commission, of a total amount of € 17.4 m as state aid to ALUMINIUM S.A. for the period January 2007 until March 2008. On top of that, for the same reason, pre-tax profits of 1Q2014 have been increased by € 3.9 m, an amount which corresponds to the relevant credit interest. The latter positive impact was reversed in 3Q2014, following the annulment of the relevant Decision of the European Commission from the General Court of the European Union. PPC has filed a recourse to said decision in front of the European General Court.

Excluding the abovementioned one-off items, 1Q2014 EBITDA amounts to € 268.8 m and the respective EBITDA margin at 18.1%, thus resulting to an increase of the operational profitability (EBITDA) by € 45.1 m in 1Q2015.

It is noted that total controllable expenses (payroll and expenses for third party contractors and materials' consumption) decreased by € 17.9 m, thus contributing to the improvement of the operating profitability.

Revenues

- Turnover increased by € 59.7 m. (4%) to € 1,548.6 m in 1Q2015 from € 1,488.9 m in 1Q2014. Turnover includes an amount of € 10.9 m. reflecting network users' participation for their connection to the network versus € 11.4 m in 1Q2014.

- PPC's revenues from electricity sales, increased by € 55.5 m (3.8%) to € 1,507.1 m. in 1Q2015 compared to € 1,451.6 m in 1Q2014.

In detail:

- Total electricity demand increased by 8.9% (1,242 GWh) in 1Q2015, to 15,122 GWh versus 13,880 GWh in 1Q2014. Excluding exports and pumping, electricity demand increased by 8.6% (1,178 GWh), seemingly as a result of colder weather conditions compared to 1Q2014 as well as due to increased manufacturing production. This development, despite the reduction of PPC's retail market share by 0.7 percentage points to 97.4% from 98.1%, resulted to the increase of PPC's domestic electricity sales volume by 8% (973 GWh). The increased domestic sales volume of PPC is mainly attributed to higher volume sales by 818 GWh to Low Voltage customers, including sales to beneficiaries of the Social Residential tariff, with the amount of beneficiaries increasing by 7% between the two periods. Sales to Medium and High Voltage customers increased by 100 GWh and 55 GWh respectively.

- PPC's electricity generation and imports covered 61.4% of total demand, while the corresponding percentage in 1Q2014 was 69.5%, a reduction which is due to lower lignite-fired generation by 23.6% (1,443 GWh) and lower gas-fired generation by 41.1% (493 GWh) as well as due to the more than doubling of imports from third parties to 2,549 GWh from 1,070 GWh. The large increase of electricity imports stems from Balkan countries due to the lower electricity generation cost (including the fact that their generation cost is not burdened with CO_2 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 1Q2014.
  The percentage of demand covered by PPC would be even lower if it were not for the significant increase of hydro generation by 148.3% (1,151 GWh), due to exceptional hydrological conditions that prevailed in 1Q2015, as well as due to increased imports from PPC by 327 GWh (57%).

Operating expenses

Operating expenses before depreciation, increased by € 55.2 m. (4.7%) from € 1,179.5 m. in 1Q2014 to € 1,234.7 m. in 1Q2015. It is noted that taking into account the aforementioned positive one off items from the retroactive application of the discount in the price of natural gas amounting to € 23.2 m and from the recovery of an amount of € 17.4 m as state aid to ALUMINIUM S.A., operating expenses in 1Q2014 amount to € 1,220.1 m., thus limiting the increase in 1Q2015 to € 14.6 m.

More specifically:

Energy mix expenditure

- Expenditure for liquid fuel, natural gas, third party coal, CO_2 and energy purchases increased by approximately € 4.2 m., or by 0.6% compared to 1Q2014. Said increase is mainly attributed to increased expenses for energy purchases and imports, whereas expenses for liquid fuel and natural gas are lower.

In detail:

- The decrease in liquid fuel expense by € 14.5 m. (9.2%), from € 157.3 m. in 1Q2014 to € 142.8 m. in 1Q2015, is attributed to the reduction of heavy fuel oil and diesel prices, expressed in Euros, by 25.2% and 13.3% respectively, as electricity generation from liquid fuel marked an increase of 83 GWh.
- Natural gas expense decreased by € 39.5 m. (38.7%), from € 102 m in 1Q2014 to € 62.5 m in 1Q2015, due to lower gas-fired generation by 493 GWh (41.1%) from 1,199 GWh in 1Q2014 to 706 GWh in 1Q2015. Natural gas prices in 1Q2015 have still not posted a decline, as they are impacted by high oil prices in 3Q2014 and the U.S. Dollar appreciation against the Euro. A reduction in natural gas prices is expected in 2Q2015, provided that U.S. Dollar does not appreciate any further.
- Third party coal expense decreased by € 8 m. to € 11.3 m.
- Energy purchases expense from the System and the Network increased by 14.2% or € 47 m., from € 330.3 m. in 1Q2014 to € 377.3 m. More specifically, and regarding the Interconnected System, energy purchases expense amounted to € 352.3 m. compared to € 299.6 m. in 1Q2014, an increase of 17.6% or € 52.7 m., due to increased energy purchases by 1,366 GWh, mainly stemming from third party imports.
  The amount included in energy purchase expense for Capacity Assurance Mechanism is € 24.5 m and is based on the proposal of the Regulatory Authority of Energy (RAE), which has not been adopted yet. The respective actual expense in 1Q2014 amounted to € 43.4 m.
- Expenditure for PPC electricity imports, excluding expense for interconnection rights, reached € 40 m. increased by € 13.8 m (52.7%), as a result of the increase in the volume of imports by 327 GWh (901 GWh in 1Q2015 vs 574 GWh in 1Q2014).
- Expenditure for CO_2 emission rights amounted to € 55 m. in 2014, increased by € 5.4 m. compared to 1Q2014, due to increased average price for CO_2 emissions rights. On the other hand, CO_2 emissions in volume terms decreased by 22.4% in 1Q2015 compared to 1Q2014 settling at 8.1 mln tonnes, mainly due to lower lignite-fired generation.

<u>Payroll cost</u>

- The total reduction between the two periods in payroll cost, including capitalized payroll and payroll of seasonal personnel, amounted to € 11.9 m. (4.8%) from € 248.3 m in 1Q2014 to € 236.4 m in 1Q2015.
  In particular, total payroll of permanent employees declined by € 6.6 m to € 227.6 m in 1Q2015 versus € 234.2 m in 1Q2014, as a result of the decrease in the number of permanent employees on payroll by 543 to 18,506 on 31.3.2015 from 19,049 on 31.3.2014.

<u>Provisions</u>

- Total provisions for bad debt, litigation and slow moving materials amounted to € 192.2 m in 1Q2015 compared to € 147.9 m in 1Q2014, an increase of € 44.3 m (30%).
  Bad debt provisions increased by € 29 m, mainly due to higher provisions for Low Voltage customers by approximately € 20 m.

In conclusion,

In 1Q2015, 43.8% of total revenues were expensed for fuel, CO_2 and energy purchases compared to 44.7% in 1Q2014. It is noted that, energy purchases expense in 1Q2015 accounted for 26.9% of total revenues compared to 24% in 1Q2014. Regarding the evolution of provisions, these represent 12.4% of total revenues compared to 9.9% last year. The relevant percentage for payroll decreased at 13.9% in 1Q2015 compared to 15.3% in 1Q2014.

Other Financial information

- Depreciation expense in 1Q2015 amounted to € 184.3 m. compared to € 147.3 m. in 1Q2014, an increase of € 37 m. The increase in depreciation expense is mainly attributed to the appraisal of the Group's fixed assets, which was performed by an independent firm 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.

- Net financial expenses remained stable at € 51.1 m. compared to € 51.7 m in 1Q2014, despite the increase of debt. This development is attributed to the reduction of the average cost of debt servicing at 4.8% in 1Q2015 from 5.1% in 1Q2014 as a result of the repayment of higher cost debt to Greek banks with part of the proceeds from the international bonds issuance, the disbursement of new loans from the European Investment Bank with a lower interest rate as well as lower Euribor rates.

- Pre-tax profits in 1Q2015 amounted to € 77.2 m. compared to € 109.3 m. in 1Q2014.

- Net profits amounted to € 55.7 m. compared to losses of € 81.3 m. in 1Q2014.

Capex and net debt

- Capital expenditure in 1Q2015 reached € 98.4 m. compared to € 90.1 m. in 1Q2014, increased by € 8.3 m., while, as a percentage of total revenues it amounted to 6.4% from 6.1%. Excluding network users' participation for their connection to the network (€ 10.9 m. and € 11.4 m. in 1Q2015 and 1Q2014 respectively), which fund a significant part of network projects, capital expenditure amounted to 5.7% and 5.3% of total revenues in 1Q2015 and 1Q2014 respectively.
  Specifically, the main components of 1Q2015 capital expenditure, were as follows (in brackets the respective figures for 1Q2014):

- Mining projects:	€ 20.8 m.	(€ 12.8 m.)
- Conventional Generation & RES projects:	€ 15.9 m.	(€ 22.5 m.)
- Transmission projects:	€ 18.6 m.	(€ 8.1 m.)
- Network projects:	€ 41 m.	(€ 45.6 m.)

- Net debt amounted to € 4,965.5 m., an increase of € 352.5 m. compared to 31.3.2014 (€ 4,613 m.), whereas compared to 31.12.2014 (4,991.9 m.) it was reduced by € 26.4 m.

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

"In the first quarter of 2015, PPC Group revenues increased by 4% and amounted to € 1,549 m, due to increased demand in most of our customer categories. Operational profitability (EBITDA) excluding one-offs, improves by € 45 m., out of which € 18 m. are attributed to the further reduction of payroll and controllable expenses. It is noted that during the period 2009-2014, total payroll had been already reduced by approximately € 700 m. on an annual basis, resulting to cumulative savings of € 2.8 bln for this period. First quarter results have been also positively affected by quite favorable hydrological conditions and the oil price decline. On the contrary, the increase of provisions for bad debt to € 187 m. from € 158 m. in the first quarter of 2014 had a negative impact.

The largest part of the savings from the reduction of payroll and controllable expenses, was wiped out from regulatory interventions, such as the Variable Cost Recovery Mechanism, the Capacity Assurance Certificate and other distortions of the electricity market, which are inconsistent with the operation of a competitive market. If the aforementioned savings had been passed on to customers through lower electricity tariffs, they would have positively impacted the already stressed economy and the receivables collection rate for PPC would have been significantly higher.

It is worth mentioning that the increase of provisions and overdues is also attributed to the substantial increase of the RES levy in 2014, which in terms of collection rate tends to have the same negative impact as the old Special Property Tax that was collected by PPC. Please note that the RES levy does not represent revenue for PPC, but it significantly burdens the final amount that the Greek consumers have to pay, thus leading to situations where even regularly paying customers face difficulty to pay their bills on time. Please also note that PPC is obliged to render the RES levy even if it has not collected it.

Our target is the largest possible reduction of the electricity cost, as determined by the market operation and regulatory interventions, in order to offer competitive tariffs for the benefit of the end consumer. In order to achieve this target, we are in process of conducting a study to identify and eliminate the factors that contribute to the increase in electricity costs, which will lead to proposals for immediate and medium to long term measures.

As I have already pointed out since my appointment to the position of Chairman and CEO, our immediate priority is to improve collection of receivables, which by definition represents a cost reduction measure as it will lead to a corresponding containment of provisions, focusing primarily on specific customer categories, based on quantitative and qualitative criteria, such as their financial status, the amount in overdue and their consumption profile, without neglecting the effort and the necessary actions for the improvement of the collection of receivables from the rest of the customers as well as from State entities. The reduction of overdues is a fundamental condition, for PPC to be able to finance its operation as well as its capex plan in generation and network projects of strategic importance for the Group's sustainable development and the growth of the Greek Economy".

Financial Results of the Parent Company

	1Q2015	1Q2014
Turnover	€ 1,535.9 m.	€ 1,475.3 m.
EBITDA	€ 250.2 m.	€ 246.9 m.
EBITDA margin	16.3%	16.7%
Pre-tax profits / (Losses)	€ 39.4 m.	€ 69.8 m.
Net income / (Loss)	€ 26.5 m.	€ 49.8 m.

Financial Results of Subsidiaries

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

	1Q2015	1Q2014
Turnover	€ 62.1 m.	€ 65.7 m.
EBITDA	€ 44.6 m.	€ 47.6 m.
EBITDA margin	71.7%	72.4%
Pre-tax profits / (Losses)	€ 20.5 m.	€ 27.9 m.
Net income / (Loss)	€ 16.0 m.	€ 21.2 m.

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

	1Q2015	1Q2014
Turnover	€ 109.7 m.	€ 115.1 m.
EBITDA	€ 10.8 m.	€ 10.1 m.
EBITDA margin	9.8%	8.7%
Pre-tax profits / (Losses)	€ 9.5 m.	€ 8.7 m.
Net income / (Loss)	€ 6.3 m.	€ 8.1 m.

- **PPC Renewables S.A.**

	1Q2015	1Q2014
Turnover	€ 6.5 m.	€ 6 m.
EBITDA	€ 4.6 m.	€ 3.3 m.
EBITDA margin	70.7%	55.0%
Pre-tax profits / (Losses)	€ 4.3 m.	€ 1.4 m.
Net income / (Loss)	€ 3.2 m.	€ 0.8 m.

Summary Financials (€ m.)						
	1Q2015 Unaudited	1Q2014 Unaudited	Δ%	1Q2015 Unaudited	1Q2014 Unaudited	Δ%
	GROUP			PARENT COMPANY		
Total Revenues	1,548.6	1,488.9	4.0%	1,535.9	1,475.3	4.1%
EBITDA	313.9	309.4	1.5%	250.2	246.9	1.3%
EBITDA Margin	20.3%	20.8%		16.3%	16.7%	
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	129.6	162.1	-20.0%	85.0	116.2	-26.9%
EBIT margin (%)	8.4%	10.9%		5.5%	7.9%	
Net Income/(Loss)	55.7	81.3	-31.5%	26.5	49.8	-46.8%
Earnings/(Losses) per share (In euro)	0.24	0.35	-31.4%	0.11	0.21	-47.6%
No of Shares (in m.)	232	232		232	232	
Net Debt	4,965.5	4,613.0	7.6%	4,761.4	4,391.2	8.4%

Summary Profit & Loss (€ m.)						
	1Q2015 Unaudited	1Q2014 Unaudited	Δ%	1Q2015 Unaudited	1Q2014 Unaudited	Δ%
	GROUP			PARENT COMPANY		
Total Revenues	1,548.6	1,488.9	4.0%	1,535.9	1,475.3	4.1%
- Revenue from energy sales	1,507.1	1,451.6	3.8%	1,504.3	1,448.6	3.8%
- Customers' participation	10.9	11.4	-4.4%	10.9	11.1	-1.8%
- Third Party Distribution- Transmission network fees and PSO	12.2	9.5 (1)	28.4%	5.2	3.5	48.6%
- Other revenues	18.4	16.4 (1)	12.2%	15.5	12.1	28.1%
Total Operating Expenses (excl. depreciation)	1,234.7	1,179.5	4.7%	1,285.7	1,228.4	4.7%
- Payroll Expenses	215.5	228.1	-5.5%	136.9	145.5	-5.9%
- Third parties fossil fuel	11.3	19.3	-41.5%	11.3	19.3	-41.5%
- Total Fuel Expenses	205.3	259.3	-20.8%	205.3	259.3	-20.8%
- Liquid fuel	*142.8*	*157.3*	*-9.2%*	*142.8*	*157.3*	*-9.2%*
- Natural Gas	*62.5*	*102.0*	*-38.7%*	*62.5*	*102.0*	*-38.7%*
- Expenditure for CO_2 emission rights	*55.0*	*49.6*	10.9%	*55.0*	*49.6*	10.9%
- Special lignite levy	*9.4*	*12.2*	-23.0%	*9.4*	*12.2*	-23.0%
- Energy Purchases	417.3	356.5 (1)	17.1%	426.2	362.2	17.7%
- Purchases From the System and the Network	*304.9*	*234.3* (1)	*30.1%*	*307.9*	*237.1* (1)	*29.9%*
- Imports	*40.0*	*26.2*	*52.7%*	*40.6*	*26.2*	*55.0%*
- Third party variable cost recovery mechanism	*0.0*	*11.4*	*-100.0%*	*0.0*	*11.4*	*-100.0%*
- Third party capacity assurance mechanism	*24.5*	*43.4*	*-43.5%*	*24.5*	*43.4*	*-43.5%*
- Balance of clearings and other expenses	*16.6*	*7.6*	*118.4%*	*16.6*	*7.6*	*118.4%*
- Differential expense for RES energy purchases	*7.1*	*12.5*	*-43.2%*	*7.1*	*12.5*	*-43.2%*
- Special consumption tax on natural gas for IPPs	*8.6*	*9.8*	*-12.2%*	*8.6*	*9.8*	*-12.2%*
- Other	*15.6*	*11.3* (1)	*38.1%*	*20.9*	*14.2* (1)	*47.2%*

- Transmission System Usage	*0.0*	*0.0*		*49.6*	*52.5*	*-5.5%*
- Distribution System Usage	0.0	0.0		100.3	106.2	-5.6%
- Provisions	192.2	147.9	30.0%	192.5	149.5	28.8%
- Taxes and Duties	12.4	12.4	0.0%	11.3	10.5	7.6%
- Other Operating Expenses (including lignite)	116.3	94.2 (1)	23.5%	87.9	61.6	42.7%
EBITDA	313.9	309.4	1.5%	250.2	246.9	1.3%
EBITDA margin (%)	20.3%	20.8%		16.3%	16.7%	
Depreciation and Amortisation and impairment of fixed assets	184.3	147.3	25.1%	165.2	130.7	26.4%
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	129.6	162.1	-20.0%	85.0	116.2	-26.9%
EBIT margin (%)	8.4%	10.9%		5.5%	7.9%	
Total Net Financial Expenses	53.2	52.8	0.8%	45.2	46.4	-2.6%
- Net Financial Expenses	*51.1*	*51.7*	*-1.2%*	*43.2*	*45.3*	*-4.6%*
- Foreign Currency (Gains)/ Losses	*2.1*	*1.1*	*90.9%*	*2.0*	*1.1*	*81.8%*
Impairment loss of marketable securities	0.4	0.0		*0.4*	*0.0*	
Share of profit /(Losses) in associated companies	1.2	0.0		*0.0*	*0.0*	
Pre-tax Profits/(Losses)	77.2	109.3	-29.4%	39.4	69.8	-43.6%
Net Income/ (Loss)	55.7	81.3	-31.5%	26.5	49.8	*-46.8%*
Earnings/(Losses) per share (In euro)	0.24	0.35	-31.4%	0.11	0.21	*-47.6%*

Summary Balance Sheet & Capex (€ m.)						
	1Q2015 Unaudited	1Q2014 Unaudited	Δ%	1Q2015 Unaudited	1Q2014 Unaudited	Δ%
	GROUP			**PARENT COMPANY**		
Total Assets	17,522.9	16,346.9	7.2%	16,220.4	15,066.8	7.7%
Net Debt	4,965.5	4,613.0	7.6%	4,761.4	4,391.2	8.4%
Total Equity	6,190.5	5,485.1	12.9%	5,994.9	5,373.0	11.6%
Capital expenditure	98.4	90.1	9.2%	76.2	77.6	-1.8%

(1) Reclassifications have taken place for comparative reasons

For further information please contact:
Alexandra Konida, Investor Relations & Treasury Director, Tel: +30210 5293048.

The financial data and relevant information on the Financial Statements for 1Q2015, as well as the Financial Statements for 1Q2015, on a standalone and on a consolidated basis shall be uploaded to the Company's web site (www.dei.gr) on May 28, 2015, after the closing of the Athens Stock Exchange.