PPC GROUP FY2014 FINANCIAL RESULTS

Athens, March 27, 2015

Summary Financial Results

	2014	2013
Turnover	€ 5,863.6 m.	€ 5,970.8 m.
EBITDA	€ 1,022.1 m.	€ 881.6 m.
EBITDA margin	17.4%	14.8%
Pre-tax profits / (Losses)	€ 137.6m.	€ 34.9m.
Net income / (Loss)	€ 91.3 m.	(€ 225.3m.)*

** 2013 results include a deferred tax impact of € 228.3 m following the provisions of L. 4237/2014.*

EBITDA in 2014 increased by € 140.5 m. (or by 15.9%) compared to 2013, with the respective margin settling at 17.4% compared to 14.8% in 2013.

According to the International Financial Reporting Standards (IFRS), the Group and the Parent Company selected since the listing in the Stock Exchange to value their fixed assets on their fair values. Said appraisal is performed periodically, every three to five years. Results of the previous appraisal were recorded in the 2009 annual financial statements. Consequently, in 2014, an independent firm was assigned for the appraisal of the Group's property, plant and equipment at December 31, 2014 fair values.
The results of the appraisal have been recorded in the financial statements of December 31, 2014, with a total net increase of the fixed assets value of the Group and the Parent Company's of € 848 m and € 818.6 m respectively. In addition, due to reduced fair values of certain fixed assets, the pre-tax profits of 2014 were charged (according to IFRS) with an amount of € 60.6 m for the Group and € 29.3 m for the Parent Company.

2014 results include the one-off positive impact of € 23.2 m, which was recorded in 1Q2014, from the retroactive application of the discount in the price of natural gas for the second half of 2013. On the other hand, the positive impact, which was recorded in 1Q2014 results, from the recovery of a total amount of € 21.3 m (€ 17.4 m plus interest of € 3.9 m) as state aid to ALUMINIUM S.A. for the period January 2007 until March 2008, was reversed in the third quarter, 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.
In addition, 2014 results have been negatively impacted from a provision of € 48.3 m for the cover of the deficit of the market operator (LAGIE), created in the Day-Ahead Schedule (DAS) market during 2011 and 2012 by alternative suppliers that exited the market.
Respectively, 2013 results include a one-off negative impact of € 105.5 m due to the implementation of the Decision of the Permanent Arbitration at RAE, regarding the supply of electricity to ALUMINIUM S.A. for the period 1.7.2010 to 30.9.2013.

Excluding the abovementioned one-off items, 2014 EBITDA amounts to € 1,047.2 m compared to € 987.1 m in 2013, increased by € 60.1 m, and the corresponding margin settles at 17.9% compared to 16.5% respectively.

It is noted that total controllable expenses (payroll and expenses for third party contractors and materials' consumption) posted a significant reduction by € 70.7 m, thus contributing to the improvement of the operating profitability. If capitalized payroll is included in this comparison, then the overall saving in controllable expenses reaches € 90.1 m.

Revenues

- Turnover declined by € 107.2 m. (1.8%) to € 5,863.6 m in 2014 from € 5,970.8 m in 2013. Turnover includes an amount of € 72.1 m. reflecting network users' participation for their connection to the network versus € 90.2 m in 2013.

- PPC's revenues from electricity sales, declined by € 111.2 m (1.9%) to € 5,654.6 m. in 2014 compared to € 5,765.8 m in 2013.

In detail:

- Total electricity demand decreased by 5.1% (3,043 GWh) in 2014, to 57,032 GWh versus 60,075 GWh in 2013. Excluding exports and pumping, electricity demand decreased by 0.6% (326 GWh). The slightly lower demand, combined with the reduction of PPC's retail market share to 97.9% from 98.3%, resulted to the decrease of PPC's domestic electricity sales volume by 384 GWh (0.8%) to 49,434 GWh, mainly due to reduced volume sales to Low Voltage customers (a net reduction of 434 GWh taking into account that sales to beneficiaries of the Social Residential tariff increased by 413 GWh). Sales to High Voltage customers increased by 173 GWh.
  In 4Q2014, the rate of decrease of total electricity demand was limited to 1.5%, whereas excluding pumping and exports, domestic demand slightly increases by 0.4% and the volume of PPC's domestic electricity sales increases by 0.2% (29 GWh) due to the reduction of PPC's retail market share by 0.6 percentage points (from 98.2% to 97.6%) as a result of lower sales to Low Voltage customers by 105 GWh. In addition, sales to High Voltage customers increased by 95 GWh and sales to beneficiaries of the Social Residential Tariff increased by 71 GWh.

- PPC's electricity generation and imports covered 66.9% of total demand, while the corresponding percentage in 2013 was 66%. Lignite-fired generation decreased by 2.2%, whereas gas-fired generation remained practically at the 2013 level, settling at 3,940 GWh. Regarding hydro generation, there is a considerable decrease of 30.7% to 3,906 GWh vs 5,640 GWh in 2013, mainly due to exceptional hydrological conditions that prevailed especially in 1H2013.
  In 4Q2014, PPC's electricity generation and imports covered 62.8% of total demand vs 68.6% in 4Q2013, a reduction which is largely attributed to the decrease of lignite-fired generation by 12.2% (756 GWh) and natural gas-fired generation by 49.2% (774 GWh). However said reduction was more than offset by increased imports by PPC (276 GWh) and from third parties (1,372 GWh), as well as by higher hydro generation (35.1% or 268 GWh) due to improved hydrological conditions.
  The significant increase of imports is mainly attributed to the increase of the average System Marginal Price (SMP) to € 59.2/MWh in 4Q2014 vs € 53/MWh in 4Q2013.

Operating expenses

Operating expenses before depreciation, decreased by € 247.7 m. (4.9%) from € 5,089.2 m. in 2013 to € 4,841.5 m. in 2014.
It is noted that 2013 operating expenses include a negative impact of € 88.8 m from the Arbitration Decision regarding the supply of electricity to ALUMINIUM S.A. for the period 1.1.2010-31.12.2012 (the negative impact from the balance of € 16.7 m out of the already mentioned amount of €105.5 m, is included in 2013 revenues from electricity sales as it refers to the period 1.1.2013-30.9.2013).

More specifically:

Energy mix expenditure

- Expenditure for liquid fuel, natural gas, third party coal, CO_2 and energy purchases decreased by approximately € 151.3 m., or by 5% compared to 2013.
  In detail:
  - The decrease in liquid fuel expense by € 24.7 m. (3.1%), from € 792.6 m. in 2013 to € 767.9 m. in 2014, is attributed to the reduction of heavy fuel oil and diesel prices, expressed in Euros, by 6.3% and 6% respectively, as electricity generation from liquid fuel marked an increase of 145 GWh, the largest part of which (126 GWh) in 3Q2014.
  - Natural gas expense decreased by € 56.1 m. (14%), from € 401.9 m in 2013 to € 345.8 m in 2014, mainly due to the decrease of natural gas prices by 11%, as gas-fired generation remained practically at the 2013 level (3,940GWh in 2014 vs 3,943 GWh in 2013).
    Especially in the fourth quarter of 2014, natural gas expense was cut to approximately half the relevant cost in the fourth quarter of 2013 (reduction of € 85.6 m or 54.1%) due to reduced gas-fired generation by 49.2% (774 GWh) and lower gas prices.
  - Third party coal expense increased by € 24.2 m. to € 74.4 m.
  - Energy purchases expense from the System and the Network decreased by 9% or € 132.7 m., from € 1,474.4 m. in 2013 to € 1,341.7 m. More specifically, and regarding the Interconnected System, energy purchases expense amounted to € 1,201.1 m. compared to € 1,300.1 m. in 2013, a reduction of 7.6% or € 99 m.
    The reduction of energy purchases expense is mainly attributed to the significant drop in the Variable Cost Recovery Mechanism expense and the expense for the Special consumption tax on natural gas for IPPs.
    On the other hand, the reduction in the energy purchases expense was contained by the increase of the average System Marginal Price by 38.8%, from € 41.5/MWh in 2013 to € 57.6/MWh in 2014, as well as by the increased net expense by € 45.7 m for the Capacity Assurance Mechanism, resulting from the doubling of the Capacity Assurance Certificates (CACs) for modern natural gas-fired units combined with the abolition of CACs for certain PPC older generation units as of 1.8.2013.
    Additionally, the impact from the modified methodology for calculating the price paid through the Pool, by electricity suppliers to RES generators in the Interconnected System remained at the 2013 level (c. € 33 m.), mainly due to the increase of the SMP.
  - Expenditure for electricity imports, excluding expense for interconnection rights, reached € 127.6 m. increased by € 8.6 m (7.2%), as a result of the increase in the

volume of imports by 688 GWh (2,841 GWh in 2014 vs 2,153 GWh in 2013), which was counterbalanced by the decrease of the imports price by 12.6%.

- Expenditure for CO_2 emission rights amounted to € 216.9 m. in 2014, increased by € 29.4 m. compared to 2013, due to increased average price for CO_2 emissions. On the other hand, CO_2 emissions in volume terms marked a small reduction of 4.9% in 2014 compared to 2013 settling at 39.2 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 € 45 m. (4.3%) from € 1,050 m in 2013 to € 1,005 m in 2014.
  Specifically, total payroll of permanent employees declined by € 35.8 m to € 946.2 m in 2014 versus € 982 m in 2013, as a result of the decrease in the number of permanent employees on payroll during 2014 by 521 to 18,572 on 31.12.2014, as well as the carry over effect of the decline by 905 employees during 2013, the majority of which took place in the second half of 2013.

Provisions

- Total provisions for bad debt, litigation and slow moving materials amounted to € 431.1 m in 2014 compared to € 358.3 m in 2013, an increase of € 72.8 m (20.3%).
  Excluding the negative impact of € 48.3 m for the cover of the deficit of LAGIE created by third party suppliers that exited the market, bad debt provisions increased by € 21.4 m to € 374.4 m from € 353 m in 2013. It is noted that an amount of € 76.6 m for Low and Medium Voltage customers' advances for electricity consumption, which corresponds to customers included in bad debt provisioning until 31.12.2014, has been subtracted from the 2014 figure.
  Especially in the fourth quarter of 2014, provisions for bad debt amounted to € 119.2 m, that is an increase of € 27.3 m compared to 4Q2013 (€ 91.9 m).
  It is noted that electricity bills' collection and consequently bad debt provisions evolution are being negatively affected by increased or additional charges imposed on electricity bills in favour of third parties, (i.e. the Renewables levy, namely ETMEAR). This tends to cause delay or difficulty of collecting electricity bills thus creating additional working capital needs for the Parent Company, bearing also in mind that ETMEAR, amongst others, is paid regardless of whether it has been collected from its customers.
  Finally, provisions for litigation and slow moving materials amounted to € 8.4 m in 2014 compared to € 5.3 m in 2013.

In conclusion,

In 2014, 47.8% of total revenues were expensed for fuel, CO_2 and energy purchases compared to 49.8% in 2013. It is noted that, energy purchases expense in 2014 accounted for 25.1% of total revenues compared to 26.7% in 2013. Regarding the evolution of provisions, excluding the one-off provision for the LAGIE deficit, these represent 6.5% of total revenues compared to 6.0% last year. The relevant percentage for payroll remained practically stable at 15.6% in 2014. The respective percentage was 24.7% in 2009.

Other Financial information

- Depreciation expense in 2014 amounted to € 606 m. compared to € 626.4 m. in 2013, a reduction of € 20.4 m.

- Net financial expenses amounted to € 213.8 m. compared to € 219.4 m in 2013.

- Pre-tax profits in 2014 amounted to € 137.6 m. compared to € 34.9 m. in 2013.

- Net profits amounted to € 91.3 m. compared to losses of € 225.3 m. in 2013.

Capex and net debt

- Capital expenditure in 2014 reached € 628 m. compared to € 718.1 m. in 2013, reduced by € 90.1 m., while, as a percentage of total revenues it declined to 10.7% from 12%. Excluding network users' participation for their connection to the network (€ 72.1 m. and € 90.2 m. in 2014 and 2013 respectively), which fund a significant part of network projects, capital expenditure amounted to 9.6% and 10.7% of total revenues in 2014 and 2013 respectively.
  Specifically, the main components of 2014 capital expenditure, were as follows (in brackets the respective figures for 2013):
  - Mining projects: € 102 m. (€ 185 m.)
  - Conventional Generation projects: € 162 m. (€ 154 m.)
  - RES projects: € 8 m. (€ 26 m.)
  - Transmission projects: € 87 m. (€ 85 m.)
  - Network projects: € 257 m. (€ 255 m.)

- Net debt amounted to € 4,991.9 m., an increase of € 467.6 m. compared to 31.12.2013 (€ 4,524.3 m.). This development is due to increased working capital needs including a net outflow of about € 190 m. for the rendering of the last part of the Special Property Tax and the extraordinary payment of € 48.3 m. against the LAGIE deficit.

The Board of Directors of the Company notes the following regarding the financial results of the period:

"In 2014, the operating profitability of PPC Group (EBITDA), excluding one-off items, marked an improvement by € 60.1 m compared to 2013, with the respective margin settling at 17.9% compared to 16.5%. The reduction of payroll cost and other controllable expenses contributes significantly to this improvement.

Total payroll, which had been drastically reduced by € 653 m. during the period 2009-2013, marked a further decrease of € 45 m. in 2014. The cumulative savings from the reduction of total payroll cost amounts to approximately € 2.8 bln in the last five years. In addition, other controllable expenses, mainly referring to expenses for third party contractors and materials' consumption, also decreased by € 45 m in 2014.

During 2014, we proceeded with tariffs reductions for small enterprises and we announced volume based tariff discounts to medium and large enterprises in Low Voltage as well as in Medium Voltage with total annual consumption greater than 1 GWh. In addition, and in compliance with relevant decisions of the General Meetings of Shareholders, a special discount is provided to High Voltage customers coupled with volume based discounts and discounts based on their consumption profile.

However, due to prolonged recession, collection of electricity bills remains a very important issue, which, to some extent, is reflected in the financial results in the amount of bad debt provisions for customers, which for 2014 reached € 374.4 m, but to a larger extent puts pressure on the cash flows of the Company, through increased working capital needs. Specifically, in 2014, trade receivables increased by € 549 m. On top of that, PPC has financed through own funds and debt, the increased cost for Public Service Obligations for the years 2012 and 2013, which according to RAE amounts to approximately € 350 m.

With total investments of € 4.7 bln for the period 2009-2013, and despite limited liquidity and the difficult economic conditions, PPC has implemented in 2014, investments of € 628 m, out of which € 170 m for generation projects and € 344 m for Transmission and Distribution network projects, being for another year one of the strategic pillars supporting growth.

In order to address these funding needs, PPC completed an enormous - for the Greek standards - funding program by refinancing a total amount of € 2.2 bln loans with the Greek banking system, tapping the international capital markets through the issuance of international bonds of € 700 m in total, the first after almost 14 years and by disbursing € 385 m loans with a 15 year tenor from the European Investment Bank, building on a trusted and long-term relationship with the Bank."

Financial Results of the Parent Company

	2014	2013
Turnover	€ 5,796.7 m.	€ 5,918.6 m.
EBITDA	€ 783.2 m.	€ 638.9 m.
EBITDA margin	13.5%	10.8%
Pre-tax profits / (Losses)	€ 47.9 m.	(€ 86.8 m.)
Net income / (Loss)	€ 34.2 m.	(€ 324.3 m.)

Based on the net income of the Parent Company, PPC's Board of Directors will propose to the Shareholders General Assembly, a dividend payment of € 11.6 m.

Financial Results of Subsidiaries

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

	2014	2013
Turnover	€ 264.5 m.	€ 276 m.
EBITDA	€ 213.3 m.	€ 174.5 m.
EBITDA margin	80.6%	63.2%
Pre-tax profits / (Losses)	€ 96.1 m.	€ 74.7 m.
Net income / (Loss)	€ 70 m.	€ 55.9 m.

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

	2014	2013
Turnover	€ 430.4 m.	€ 530.7 m.
EBITDA	€ 9.9 m.	€ 49 m.
EBITDA margin	2.3%	9.2%
Pre-tax profits / (Losses)	€ 4.6 m.	€ 42.6 m.
Net income / (Loss)	€ 0.6 m.	€ 39.1 m.

- **PPC Renewables S.A.**

	2014	2013
Turnover	€ 25 m.	€ 28.4 m.
EBITDA	€ 15.9 m.	€ 15.4 m.
EBITDA margin	63.6%	54.2%
Pre-tax profits / (Losses)	€ 8.3 m.	€ 10.1 m.
Net income / (Loss)	€ 5.9 m.	€ 7.9 m.

Summary Financials (€ m.)						
	FY2014 Audited	FY2013 Audited	Δ%	FY2014 Audited	FY2013 Audited	Δ%
	GROUP			PARENT COMPANY		
Total Revenues	5,863.6	5,970.8	-1.8%	5,796.7	5,918.6	-2.1%
EBITDA	1,022.1	881.6	15.9%	783.2	638.9	22.6%
EBITDA Margin	17.4%	14.8%		13.5%	10.8%	
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	355.5	255.2	39.3%	214.0	78.4	173.0%
EBIT margin (%)	6.1%	4.3%		3.7%	1.3%	
Net Income/(Loss)	91.3	-225.3		34.2	-324.3	
Earnings/(Losses) per share (In euro)	0.39	-0.97		0.15	-1.40	
No of Shares (in m.)	232	232		232	232	
Net Debt	4,991.9	4,524.3	10.3%	4,723.8	4,150.4	13.8%

Summary Profit & Loss (€ m.)						
	FY2014 Audited	FY2013 Audited	Δ%	FY2014 Audited	FY2013 Audited	Δ%
	GROUP			PARENT COMPANY		
Total Revenues	5,863.6	5,970.8	-1.8%	5,796.7	5,918.6	-2.1%
- Revenue from energy sales	5,654.6	5,765.8	-1.9%	5,644.4	5,751.0	-1.9%
- Customers' participation	72.1	90.2	-20.1%	68.4	84.8	-19.3%
- Third Party Distribution- Transmission network fees and PSO	41.7	12.7	228.3%	16.9	12.7	33.1%
- Other revenues	95.2	102.1	-6.8%	67.0	70.1	-4.4%
Total Operating Expenses (excl. depreciation)	4,841.5	5,089.2	-4.9%	5,013.5	5,279.7	-5.0%
- Payroll Expenses	914.2	939.8	-2.7%	589.5	612.2	-3.7%
- Third parties fossil fuel	74.4	50.2	48.2%	74.4	50.2	48.2%
- Total Fuel Expenses	1,113.7	1,194.5	-6.8%	1,113.7	1,194.5	-6.8%
- Liquid fuel	*767.9*	*792.6*	*-3.1%*	*767.9*	*792.6*	*-3.1%*
- Natural Gas	*345.8*	*401.9*	*-14.0%*	*345.8*	*401.9*	*-14.0%*
- Expenditure for CO_2 emission rights	*216.9*	*187.5*	15.7%	*216.9*	*187.5*	15.7%
- Special lignite levy	*45.4*	*46.5*	-2.4%	*45.4*	*46.5*	-2.4%
- Energy Purchases	1,469.3	1,593.4	-7.8%	1,498.2	1,616.3 [(1)]	-7.3%
- Purchases From the System and the Network	*1,009.8*	*801.1*	*26.1%*	*1,022.6*	*813.6*	*25.7%*
- Imports	*127.6*	*119.0*	*7.2%*	*127.8*	*119.0*	*7.4%*
- Third party variable cost recovery mechanism	*18.8*	*336.4*	*-94.4%*	*18.8*	*336.4*	*-94.4%*
- Third party capacity assurance mechanism	*175.7*	*130.0*	*35.2%*	*175.7*	*130.0*	*35.2%*
- Balance of clearings and other expenses	*44.1*	*30.6*	*44.1%*	*44.1*	*30.6*	*44.1%*
- Differential expense for RES energy purchases	*33.4*	*33.2*	*0.6%*	*33.4*	*33.2*	*0.6%*
- Special consumption tax on natural gas for IPPs	*9.0*	*96.0*	*-90.6%*	*9.0*	*96.0*	*-90.6%*
- Other	*50.9*	*47.1*	*8.1%*	*66.8*	*57.5* [(1)]	*16.2%*

- Transmission System Usage	*0.0*	*0.0*		*205.6*	*209.4*	*-1.8%*
- Distribution System Usage	0.0	0.0		393.7	433.4	-9.2%
- Provisions	431.1	358.3	20.3%	467.9	374.1	25.1%
- Taxes and Duties	56.2	60.0 [1]	-6.3%	49.7	49.6 [1]	0.2%
- Other Operating Expenses (including lignite)	520.3	659.0 [1]	-21.0%	358.5	506.0 [1]	-29.2%
EBITDA	1,022.1	881.6	15.9%	783.2	638.9	22.6%
EBITDA margin (%)	17.4%	14.8%		13.5%	10.8%	
Depreciation and Amortisation and impairment of fixed assets	606.0	626.4	-3.3%	539.9	560.5	-3.7%
Impact from the fixed assets appraisal	60.6	0.0		29.3	0.0	
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	355.5	255.2	39.3%	214.0	78.4	173.0%
EBIT margin (%)	6.1%	4.3%		3.7%	1.3%	
Total Net Financial Expenses	215.9	218.5	-1.2%	163.6	161.8	1.1%
- Net Financial Expenses	*213.8*	*219.4*	*-2.6%*	*161.5*	*162.7*	*-0.7%*
- Foreign Currency (Gains)/ Losses	*2.1*	*-0.9*		*2.1*	*-0.9*	
Impairment loss of marketable securities	2.5	3.4	-26.5%	*2.5*	*3.4*	-26.5%
Share of profit /(Losses) in associated companies	0.5	1.6	-68.8%	*0.0*	*0.0*	
Pre-tax Profits/(Losses)	137.6	34.9	294.3%	47.9	-86.8	
Net Income/ (Loss)	91.3	-225.3		34.2	-324.3	
Earnings/(Losses) per share (In euro)	0.39	-0.97		0.15	-1.40	

Summary Balance Sheet & Capex (€ m.)

	FY2014 Audited	FY2013 Audited	Δ%	FY2014 Audited	FY2013 Audited	Δ%
	GROUP			**PARENT COMPANY**		
Total Assets	17,373.4	15,812.7 [1]	9.9%	16,138.5	14,767.6 [1]	9.3%
Net Debt	4,991.9	4,524.3	10.3%	4,723.8	4,150.4	13.8%
Total Equity	6,134.7	5,403.6	13.5%	5,968.4	5,323.0	12.1%
Capital expenditure	628.0	718.1	-12.5%	528.4	601.9	-12.2%

(1) Reclassifications have taken place for comparative reasons

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The financial data and relevant information on the Financial Statements for 2014, as well as the Financial Statements for 2014, on a standalone and on a consolidated basis shall be uploaded to the Company's web site (www.dei.gr) on March 27, 2015, after the closing of the Athens Stock Exchange.