PUBLIC POWER CORPORATION S.A.
TREASURY & INVESTOR RELATIONS DEPARTMENT

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PPC GROUP

Key operating and financial figures for 1Q2016

Key operating figures

Total electricity demand decreased by 5.9% in 1Q2016, whereas excluding exports and pumping, the reduction is 6.2% and is mainly attributed to milder weather conditions in 1Q2016 compared to the respective period of 2015.

PPC's domestic sales declined by 10.1%, as a result of the aforementioned lower demand and the retail average market share reduction of PPC, which, in the Interconnected System, declined to 94.1% at 1Q2016 from 97.1% at 1Q2015.

PPC's electricity generation and imports covered 53.2% of total demand in 1Q2016 (50.6% in the Interconnected System), while the corresponding percentage in 1Q2015 was 61.4% (59.4% in the Interconnected System).
Said reduction is attributed to a large extent to the increase of third parties' natural gas fired generation by 62.6%, as a result of declining oil prices and consequently natural gas prices, as well as due to increased third parties' Renewables generation by 10.6%. Lignite fired generation decreased by 17.4% and hydro generation -due to exceptional hydrological conditions that prevailed in 1Q2015- by 36.5%.
On the flip side, natural gas fired generation of PPC was increased by 38.5%, due to energy generated from the new CCGT unit "Megalopolis V" of PPC.

Key financial figures

(in € mln.)	1Q2016	1Q2015
Turnover	1,412.6	1,548.6
EBITDA	345.2	313.9
EBITDA margin	24.4%	20.3 %
Pre-tax profits	122.3	77.2
Net Income	85.6	55.7

Group turnover decreased by € 136 mln. (8.8%) to € 1,412.6 m in 1Q2016 from € 1,548.6 m in 1Q2015. Said reduction is attributed to the decline of revenues from electricity sales due to:

- the reduction of electricity demand,
- the reduction of PPC's average market share in the retail electricity market and the consequent deterioration of sales mix, as well as
- the new tariff policy for commercial and industrial customers in Low and Medium Voltage implemented since September 2015.

EBITDA increased by € 31.3 m. (10%) in 1Q2016, with the respective margin settling at 24.4% compared to 20.3%.
Said improvement is actually attributed to the reduction of energy mix expenses by € 152.8 m and to a lesser extent to the lower increase rate of bad debt provisions.
Specifically, bad debt provisions of the Parent Company amounted to € 163 m in 1Q2016, marking a reduction of € 23 m compared to 1Q2015 and a reduction of € 40 m compared to 4Q2015.

Pre-tax profits amounted to € 122.3 m in 1Q2016 compared to € 77.2 m in 1Q2015.

Net debt amounted to € 4,651.9 m., a reduction of € 313.6 m. compared to 31.3.2015, whereas compared to 31.12.2015 it was reduced by € 137 m.

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

"The profitability of PPC Group in the first quarter of 2016 has improved compared to the respective period of 2015 and is mainly attributed to the increased profitability of the Parent Company. Specifically, EBITDA of the Parent Company increased by € 25.7 m or by 10.3%, with the respective margin settling at 19.9% compared to 16.3% last year. This positive development is attributed to the reduction of energy mix expenses – due to the significant decline of fuel prices - and the reduction of bad debt provisions, despite turnover reduction.

It is also noted the positive trend which was recorded in the first quarter of 2016 following the trend recorded in the fourth quarter of 2015, with the containment of bad debt provisions rate of increase, as a result of the settlements plan, which was put in place in June 2015.

In the first quarter of 2016 there has been a 30% increase of capex reaching € 128 m, which is mainly associated with the construction of the first phase of the Cyclades interconnection, as well as important generation projects such as the new lignite unit "Ptolemais V", the new thermal plant in Rhodes and the hydro power plant of Metsovitiko.

On the other hand, the reduction of lignite fired generation is an issue. This reduction is attributed to the significant decline of natural gas prices and to the fact that the Special Consumption Tax is not included in the bids offered by natural gas fired units in contrast with CO_2 emissions cost, which is taken into account in the bids offered by lignite units. These conditions are problematic for PPC, but for the country as well, since they result to the reduction of generation from an indigenous fuel in favour of generation from an imported fuel. Following the positive development of the abolition of the Special Consumption Tax on natural gas, it comes as a necessity to have the special lignite levy abolished too, a levy which amounts to € 2/MWh of lignite fired generation.

I would like to mention again that the improvement of collection is a strategic priority for us. I would also like to stress that recent press reports regarding the amount of overdues are not factual. We are optimistic that this issue can be addressed as a result of:

1) *The expected stabilization of the domestic economic environment following the conclusion of the first review of the last program for the support of the Greek Economy and the disbursement of the relevant tranches.*
2) *The potential of the Greek State to finally pay its debt to PPC, which on 31.3.2016, amounted to € 100 m for the Central Government and to € 161 mln for the broader public sector.*
3) *The new settlements plan, based on which, more than € 430 mln of overdue debt has been settled up to date from approximately 145,000 customers. We estimate that the number of*

settlements will increase in the next period. The implementation of this settlements plan not only helps improving collection, but it also contributes to the creation of a healthy market, a development which is necessary in light also of the considerable opening up of the market, as it was recently legislated.

4) *The intensification of PPC's efforts for the improvement of collection, which are expected to escalate in the coming period.*

There is no doubt that the recent decision of the Environment and Energy Minister regarding the ability of a customer with dues to switch supplier is a positive development for the operation of the electricity market.

Unfortunately, power theft remains a significant and intensifying problem. The recent public statement on this matter made by HEDNO is a first positive step, but an intensification of controls and efforts is needed, as well as all necessary decisions by the Regulatory Authority for Energy for handling customers who violate the law.

The recent legislative measures for the electricity market form a completely new environment for the Company, which we intend to manage, abiding by all legal obligations, while at the same time taking all appropriate initiatives in order to ensure that the opening up of the electricity market is indeed made for the benefit of the consumer and in any case without irreversible negative implications for PPC. The liberalization of the market cannot be targeting only 45%-55% of customers as it is the case today, without having achieved a healthy operating market. Especially the latter should be a goal endorsed both by the Regulatory Authority and the State.

Regarding the Transitory Capacity Payment mechanism, I would like to note that due to its structure it constitutes an unfair measure, since it excludes the largest part of hydro generation – on the basis of flexibility – as well as lignite fired generation, whereas, the compensation of € 45,000 per MW of available capacity is excessive, since it corresponds to 2013 data. Consequently, it is about time that the Regulatory Authority for Energy introduced, the soonest possible, the permanent mechanism, which will be in line with market rules without any discrimination. Failure to establish the permanent mechanism for capacity assurance, while at the same time extending the duration of the transitory mechanism for twelve months will be not only unsubstantiated, but also highly negative both for PPC and the consumers and will annul to some extent any benefit from the abolition of the Special Consumption Tax on natural gas.

In general, PPC intends to act towards two directions. The first one relates to internal issues for the improvement of efficiency in all aspects of the Company and the second one with the Company being extrovert and being active in new markets and new products."