

## **ANALYSIS OF FINANCIAL RESULTS**

### **REVENUES**

Revenues from electricity sales, including exports, decreased by € 121.3 m (-9%), from € 1,353.9 m in 1Q2010, to € 1,232.6 m, as a result of the decrease in the volume of sales by 2.8% (360 GWh), due to the market share loss in the domestic market (share of 93.4% in 1Q2011 from 98.1% in 1Q2010).

Third party suppliers are estimated to have increased their total sales by 615 GWh (from 246 GWh in 1Q2010 to 861 GWh in 1Q2011).

The change in the volume of sales is analyzed as follows :

- reduction of sales to the residential sector by 0.6%.
- reduction of sales to the agricultural sector by 2.4%.
- reduction of sales to the commercial sector by 16.6%,
- reduction of sales to the industrial Medium Voltage & Low Voltage sector by 2.1%.
- increase of sales to the industrial High Voltage sector by 12.1%.
- increase of sales to other sectors by 1.4 %.
- increase of exports by 116 GWh.

### **OPERATING EXPENSES**

The decrease in payroll costs between 1Q2011 and 1Q2010 amounted to € 67.4 m, mainly as a result of the implementation of Laws 3833/2010 and 3845/2010 and personnel retirements outnumbering hirings.

Operating expenses, excluding depreciation, increased by € 80.3 m (+8.3%) from € 968.1 m in 1Q2010 to € 1,048.4 m.

More specifically:

- The increase in power generation from natural gas by 146 GWh, together with the increase in pipe gas prices, despite the purchase of LNG in competitive prices, resulted in an increase in the relevant expenditure by € 1.8 m, from € 101.9 m in 1Q2010 to € 103.7 m.
- Electricity generation from liquid fuel remained practically at 1Q2010 levels (1,040 GWh vs 1,074 GWh), due to zero oil-fired generation in the Interconnected System in 1Q2011, resulting from higher oil generation costs compared to energy purchases. Oil-fired generation in the non-interconnected islands increased by 30 GWh. On the other hand, heavy

fuel oil and diesel oil prices in Euros increased by 14.1% and 73.1% respectively. Thus, the expenditure for liquid fuel increased between the two periods by € 33.2 m (+28.3%) from € 117.2 m in 1Q2010 to € 150.4 m. This increase is mainly attributed to the increased expenditure for diesel consumption which is primarily related to the aforementioned increase of the Special Consumption Tax.

- Notwithstanding the decrease of PPC's imports by 37 GWh (-8.2%), the increase in PPC's import prices by 6.9% and the purchase of greater quantities of energy from the System and the Network by 370 GWh (+16.8%) as well as the increase of the energy purchase price from the System by 21.3% resulted in the increase in the expenditure for energy purchases by € 61.9 m (+46.6%) from € 132.9 m in 1Q2010 to € 194.8 m.
- Other operating expenses increased by € 42.6 m (+35.9%) from € 118.8 m in 1Q2010 to € 161.4 m in 1Q2011.
- Provisions for bad debt, litigation and slow moving materials reached € 45.7 m, a net increase of approximately € 10 m (+29%) compared to 1Q2010. The increase of the provision for bad debt between the two periods, amounts to approximately € 30 m, and is also attributed to the adoption, starting from FY2010 financial statements, of a more conservative approach regarding the recognition of bad debt of low and medium voltage customers. On the other hand, litigation provisions decreased by approximately € 5 m.
- Depreciation expense in 1Q2011 amounted to € 168 m compared to € 146.4 m in 1Q2010, an increase of € 21.6 m (+14.8%).
- The share of profit in associated companies amounted to € 0.4 m in 1Q2011 and is the result of profit from PPC RENEWABLES' participation in its associated companies, while the respective magnitude in 1Q2010 was € 0.6 m.
- Net financial expenses increased by € 8.3 m (+26.6%), from € 31.2 m in 1Q2010, to € 39.5 m, mainly due to the increase of the interest rates and to a lesser extent the increase of debt during the period.
- Capital expenditure amounted to € 180.4 m compared to € 240.7 m in 1Q2010. Specifically, the main components of 1Q2011 capital expenditure, were the following:
  - Capital expenditure for mine projects: € 19.7 m.
  - Capital expenditure for generation projects: € 40.6 m.
  - Capital expenditure for transmission projects: € 26.6 m.
  - Capital expenditure for distribution projects: € 85.9 m.
  - Capital expenditure for RES projects: € 6.8 m.
- Net debt amounted to € 4,143.5 m, a decrease of € 66.8 m compared to

31/12/2010 (€ 4,210.3 m) and an increase of € 202.3 m compared to 31/3/2010.

#### **FINANCIAL RESULTS OF THE PARENT COMPANY**

- Turnover: € 1,372.5 m.
- EBITDA: € 324.4 m.
- EBT: € 118.9 m.
- Net income: € 91.3 m.

### Summary Financials (€mil)

	1Q 2011 Unaudited	1Q 2010 Unaudited	Δ%		1Q 2011 Unaudited	1Q 2010 Unaudited	Δ%
	GROUP				PARENT COMPANY		
Total Revenues	1,376.1	1,491.2	-7.7%		1,372.5	1,486.5	-7.7%
EBITDA	327.7	523.1	-37.4%		324.4	519.1	-37.5%
EBITDA Margin	23.8%	35.1%			23.6%	34.9%	
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	159.7	376.7	-57.6%		157.5	373.7	-57.9%
EBIT Margin	11.6%	25.3%			11.5%	25.1%	
Net Income/(Loss)	93.3	257.5	-63.8%		91.3	254.5	-64.1%
EPS/(Loss) (In euro)	0.40	1.11	-64.0%		0.39	1.10	-64.5%
No of Shares (m.)	232	232			232	232	
Net Debt	4,143.5	3,941.2	5.1%		4,143.8	3,956.6	4.7%

### Summary Profit & Loss (€mil)

	1Q 2011 Unaudited	1Q 2010 Unaudited	Δ%		1Q 2011 Unaudited	1Q 2010 Unaudited	Δ%
	GROUP				COMPANY		
Total Revenues	1,376.1	1,491.2	-7.7%		1,372.5	1,486.5	-7.7%
-Revenues from energy sales	1,232.6	1,353.9	-9.0%		1,229.0	1,349.2	-8.9%
- Revenues from TSO	70.1	66.9	4.8%		70.1	66.9	4.8%
- Customers' contributions	27.7	48.2	-42.5%		27.7	48.2	-42.5%
-Distribution network fees and PSO	24.9	4.9	408.2%		24.9	4.9	408.2%
- Other revenues	20.8	17.3	20.2%		20.8	17.3	20.2%
Total Operating Expenses (excl. depreciation)	1,048.4	968.1	8.3%		1,048.1	967.4	8.3%

Payroll Expenses	285.5	352.9	-19.1%		284.8	351.7	-19.0%
-Third parties fossil fuel	13.5	17.0	-20.6%		13.5	17.0	-20.6%
Total Fuel Expenses	254.1	219.1	16.0%		254.1	219.1	16.0%
- Liquid fuel	150.4	117.2	28.3%		150.4	117.2	28.3%
-Natural Gas	103.7	101.9	1.8%		103.7	101.9	1.8%
Expenditure for CO2 emission rights	8.8	12.4	-29.0%		8.8	12.4	-29.0%
Energy Purchases	194.8	132.9	46.6%		196.5	134.6	46.0%
- Purchases From the System and the Network	149.4	105.5	41.6%		149.4	105.5	41.6%
-PPC Imports	19.9	20.3	-2.0%		19.9	20.3	-2.0%
- Other	25.5	7.1	259.2%		27.2	8.8	209.1%
Transmission System Usage	74.3	69.8	6.4%		74.3	69.8	6.4%
Provisions	45.7	35.4	29.1%		45.7	35.3	29.5%
(Profit)/loss from valuation of CO2 liabilities of prior year	2.5	1.0	150.0%		2.5	1.0	150.0%
Taxes and Duties	7.8	8.8	-11.4%		7.6	8.6	-11.6%
Other operating expenses	161.4	118.8	35.9%		160.3	117.9	36.0%
EBITDA	327.7	523.1	-37.4%		324.4	519.1	-37.5%
EBITDA Margin	23.8%	35.1%			23.6%	34.9%	
Depreciation and amortization	168.0	146.4	14.8%		166.9	145.4	14.8%
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	159.7	376.7	-57.6%		157.5	373.7	-57.9%

EBIT Margin	11.6%	25.3%			11.5%	25.1%	
Total Net Financial Expenses	38.7	33.7	14.8%		38.6	33.7	14.5%
- Net Financial Expenses	39.5	31.2	26.6%		39.4	31.2	26.3%
- Foreign Currency (Gains) / Losses	(0.8)	2.5	-132.0%		(0.8)	2.5	-132.0%
- Share of Profit / (Loss) in associated companies	0.4	0.6	-33.3%		-	-	
- Loss/ (impairment loss on join venture)	-	-			-	-	
Pre-tax Profits/ (Losses)	121.4	343.6	-64.7%		118.9	340.0	-65.0%
Net Income/ (Loss)	93.3	257.5	-63.8%		91.3	254.5	-64.1%
EPS (in Euro)	0.40	1.11	-64.0%		0.39	1.10	-64.5%

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

	1Q 2011 Unaudited	1Q 2010 Unaudited	Δ%		1Q 2011 Unaudited	1Q 2010 Unaudited	Δ%
	GROUP				PARENT COMPANY		
Total Assets	16,395.2	16,164.4	1.4%		16,341.6	16,142.1	1.2%
Net Debt	4,143.5	3,941.2	5.1%		4,143.8	3,956.6	4.7%
Total Equity	6,854.7	6,720.3	2.0%		6,829.6	6,705.5	1.9%
Capital expenditure	180.4	240.7	-25.1%		173.6	238.2	-27.1%

For further information please contact:

George Angelopoulos, Chief Financial Officer, Tel: +302105225346.

The financial data and relevant information on the Financial Statements for 1Q2011, shall be published in the Press, on May 30, 2011.

The financial data and relevant information on the Financial Statements for 1Q2011, as well as the Financial Statements for 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 27, 2011, after the closing of the Athens Stock Exchange.