PPC GROUP 9M2012 FINANCIAL RESULTS

Athens, November 27, 2012

- **Reduction of total payroll by € 155.2 m (-16.3%) compared to 9M2011.**
- **Further negative impact of € 154.5 m due to taxes on fuels and € 122.9 m due to the variable cost recovery mechanism of Independent Power Producers (IPPs).**
- **Positive impact of € 191.7 m. due to the one-off settlement of outstanding financial issues between PPC and DEPA up to 31.12.2011, of which € 94.1 m will have a positive cash flow impact over the period: October 2012 - February 2013.**

Summary Financial Results

- **Turnover: € 4,563.7 m.**
- **EBITDA: € 813.8 m.**
- **Pre-Tax Profits: € 156.7 m. (Losses amounting to € 35 m. excluding the one-off impact from DEPA)**
- **Net Income: € 118.1 m.**

- EBITDA amounted to € 813.8 m in 9M2012 compared to € 794.7 m in 9M2011, increased by € 19.1 m (+2.4%), as a result of the positive impact from the one-off settlement of outstanding financial issues between PPC and DEPA up to 31.12.2011, with EBITDA margin reaching 17.8% versus 18.9% in 9M2011. If we exclude this impact, EBITDA deteriorates to € 622.1 m (-21.7%) and the respective margin to 13.6%, leading to pre-tax losses of € 35 m at the Group level and € 95.1 m at the Parent Company level.
  On a quarterly level, EBITDA margin settled at 20.3% in 3Q2012 from 12.8% in 3Q2011 and it is limited to 8.5% if the abovementioned DEPA positive impact is excluded.

- Total electricity demand increased in 9M2012 by 1,298 GWh (+2.8%) to 47,933 GWh versus 46,635 GWh in 9M2011. Excluding exports and pumping, the increase of electricity demand is limited to 0.3% (115 GWh) and is mainly associated with the increased demand during the first two months of the year due to adverse weather conditions. In 3Q2012, excluding pumping and exports, electricity demand decreased by 0.5% (90 GWh) compared to the respective period of 2011, driven by the sharp decrease in September 2012 compared to August 2012 by 19.5%.

- PPC's total electricity sales, including exports, increased by 2,533 GWh (+6.8%) to 39,947 GWh, mainly due to market share recovery in the retail market, after the suspension of the operation of alternative suppliers, primarily in January, and to a lesser extent in May of 2012. The corresponding revenues increased by 15.6%, driven also by the increase in Low and Medium Voltage tariffs since January 1, 2012 and February 1, 2012 respectively. On the contrary, there has been no increase in High Voltage tariffs, while a lower tariff of € 42 /MWh has been imposed by the Regulator effective as of 16th of May 2012 for ALUMINIUM S.A. As far as 3Q2012 is concerned, total revenues from electricity sales increased by 16.1% compared to the respective quarter of 2011.

- Turnover reached € 4,563.7 m, compared to € 4,199.8 m in 9M2011 (including €199 m. in 9M2011 from revenues for Transmission System Usage, whereas the respective revenues in 9M2012 are cleared due to the spin-off of the segment), an increase of € 363.9 m (+8.7%). Turnover includes an amount of € 90.1 m reflecting network users' contributions for their connection to the network. The respective amount in 9M2011 was € 91.1 m.

- In 9M2012, PPC's electricity generation and imports covered 67.7% of total demand, while the corresponding percentage in 9M2011 was 70.6%, a reduction of 464 GWh.

- Expenditure for liquid fuel, natural gas and energy purchases increased by € 745.7 m, an increase of 43.9% compared to 9M2011, mainly driven by the higher expense for energy purchases and imports. It must also be noted that part of this increase is attributed to the impact of the following elements:
    - + € 122.9 m for the recovery of the variable cost +10% of third party generators
    - + € 119.6 m for the Special Consumption Tax on natural gas (€ 38 m negative impact from the fuel purchase price and € 81.6 m negative impact associated with energy purchases expense from third parties).
    - + € 34.9 m for the special lignite levy.

- The lower generation from gas-fired units of PPC and to a lesser extent from hydro units, which was not offset by a slight increase of lignite fired generation, combined with the increase in PPC's retail market share, led to a significant increase of energy purchases (including imports) by 3,396 GWh (+33.5%) compared to 9M2011. More importantly, the total cost of the energy purchased from the System per MWh increased by 37.7%, whereas System Marginal Price marked an increase of only 10%, evidencing the significant divergence between market signal and actual cost.

- In 9M2012, total controllable expenses decreased further by € 135.5 m compared to the respective period of 2011. The total reduction of payroll cost, including capitalized payroll, between the two periods amounts to € 155.2 m (-16.3%). The net decline in the number of permanent employees on payroll amounted to 708 , from 21,075 on 30/9/2011 to 20,367 on 30/9/2012. The latter number, includes 196 employees of the segment of the former HTSO that were transferred to IPTO, who were not included in PPC's headcount as of 30/9/2011. It is important to note that, despite the lower number of personnel, overtime and shifts (in hours) decreased by 2.7%.

- In 9M2012, 54.4% of the Company's total revenues were expensed for fuel and energy purchases compared to 41.4% in 9M2011, a fact which relates mainly to the increase of the percentage of energy purchase expenses to 30% from 18.8% and clearly demonstrates the significant dependence of PPC's profitability on the fluctuation of exogenous factors. On the other hand, payroll expense, which is an endogenous cost factor, continues to decrease, reaching 15.5% of total revenues compared to 19.9% in 9M2011.

- 9M2012 pre-tax profits amounted to €156.7 m, compared to € 138.4 in 9M2011, an increase of € 18.3 m.

- Net income amounted to € 118.1 m compared to € 90.8 m in 9M2011, increased by € 27.3 m.

- The subsidiaries HEDNO S.A., IPTO S.A. and PPC Renewables S.A. posted pre-tax profits of € 39 m, € 50.6 m and € 7.9 m respectively. The resulting tax obligation for all three subsidiaries amounted to € 20.8 m.

Commenting on the financial results of the period, Arthouros Zervos, Public Power Corporation's Chairman and Chief Executive Officer said:

"The financial results of the third quarter were positively impacted by €191.7 m. from the resolution of financial issues with DEPA that have been outstanding for more than four years, as well as € 14.1 m from the signing of the new natural gas supply contract which allows for adjusted lower pricing valid retroactively from 1.1.2012. Excluding the one-off positive impact from the settlement with DEPA, the Parent Company's financial results are negative, as they continue to be significantly impacted by exogenous factors.

With respect to total controllable operating expenses, there was a further reduction by 10.2% compared to the third quarter of 2011, positively impacting financial results by € 43.9 m. Furthermore, total controllable operating expenses, as a percentage of total revenues, decreased to 23.8% versus 28.9% in the third quarter of 2011, while payroll cost per distributed KWh declined by 21%, following the further reduction of total payroll cost by € 155.2 m.

On the other hand, and despite the decrease in demand, which especially in September 2012 plunged by 19.5% compared to August 2012, the effective wholesale market cost proved inelastic due to the existence of distortions in the wholesale energy market operation. Specifically, energy purchases expense from the System remained at the level of August (€ 124.7 m in September compared to € 130.7 m in August), as the drop of the System Marginal Price due to the decline in demand, was counterbalanced by the increase of the compensation for IPPs from the variable cost recovery mechanism.

This shows that the existence of such inefficiencies and distortions, along with the dispatching model of generation units, lead to a sub-optimal operation of the electricity market and utilisation of the available resources, putting unnecessary burden on the national economy, as domestic fuels are substituted by imported natural gas. Furthermore, they lead to higher energy cost, which does not only negatively impact PPC's financial results but impairs the opening up of the market.

The reorganization of the electricity market is absolutely necessary and we are actively participating in the public consultation launched by RAE towards this end. We believe that the reorganization should aim at the creation of a transparent market with long-term visibility for the attraction of new investments, reinforce the competitiveness of the Greek economy and reduce the negative consequences in the trade balance deficit of the country, while at the same time ensure security of supply on a long term basis.

I would also like to mention, that in a tough macroeconomic environment with conditions of extremely limited liquidity, we signed on 22.11.2012 a second finance contract with the European Investment Bank for the new CCGT unit “Megalopolis V”, which constitutes a vote of confidence for the Company and the Greek economy, as there will be inflow of fresh capital.

For the full year, and taking into account:

- an average price for Brent oil at $109/bbl and an average €/$ exchange rate of 1.28, for the period October-December 2012,
- annual revenues from energy sales of € 5.7 bln and total annual revenues of € 6 bln,
- rising trend of provisions due to prolonged recession and lack of adequate liquidity,
- positive impact of the new supply contract and settlement with DEPA,

we expect EBITDA margin to reach 17.5% - 18%, under the condition that the macroeconomic and regulatory environment will not deteriorate.”

ANALYSIS OF FINANCIAL RESULTS

REVENUES

Revenues from electricity sales, including exports, increased by € 587.4 m (+15.6%), from € 3,760.1 m in 9M2011, to € 4,347.5 m, as a result of the tariff increase in LV and MV and the increase in the volume of sales by 6.8% (2,533 GWh). PPC’s market share in the retail market increased to an average of 98.4% compared to 92.4% in 9M2011.

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

- increase of sales to the residential sector by 6.5%,
- increase of sales to the agricultural sector by 10.1%,
- increase of sales to the commercial sector by 15.7%,
- reduction of sales to the industrial Medium & Low Voltage sector by 2.2%,
- reduction of sales to the High Voltage sector by 4.3%,
- increase of sales to other sectors by 4.5 %,

OPERATING EXPENSES

The decrease in payroll expense between 9M2012 and 9M2011 amounted to € 132.2 m (-15.8%). As already mentioned, the total reduction of payroll cost – ie including capitalized payroll - amounted to € 155.2 m. (-16.3%).

Operating expenses, excluding depreciation and the positive impact from the one-off settlement with DEPA, increased by € 536.5 m (15.8%) from € 3,405.1 m in 9M2011 to € 3,941.6 m. On a quarterly basis, the respective operating expenses, increased by € 189.6 m (+14.6%) between 3Q2012 and 3Q2011.

More specifically:

- Despite a very small increase of electricity generation from lignite by 1.4% (284 GWh), it must be noted that the percentage participation of lignite in PPC’s total energy mix declined to 46.9% vs 49.3% for 9M2011.

- Hydro generation decreased by 3% (-91 GWh), mainly due to the low hydro reserves at the beginning of 2012 and the curtailed generation especially in 1Q2012, in order to secure adequate hydro reserves for the summer period. However, starting from 2Q2012, hydro generation has recovered and in 3Q2012, hydro generation increased by 8.6% (+94 GWh) compared to the respective period of 2011.

- Despite the fact that electricity generated from natural gas decreased by 842 GWh (-20.9%), the increase of the natural gas prices by 23.5% combined with the negative impact of € 38 m, in 9M2012, from the Special Consumption Tax on this fuel which was imposed in September 2011, resulted in an increase of the relevant expenditure by € 45.1 m, from € 325.5 m in 9M2011 to € 370.6 m. More specifically, for 3Q2012, electricity generated from natural gas decreased by 26.1% (-376 GWh) compared to the respective period of 2011, while natural gas expense decreased by € 13.7 m (-10.7%). Excluding the positive impact of € 14.1 m, recorded in 3Q2012, out of which € 9.6 m concern the first half of 2012 due to the retroactive application of the lower tariff based on the new supply agreement with DEPA, natural gas expense remained practically at the same level.

- The increase in the liquid fuel expense by € 121 m (+19.4%) from € 622.9 m in 9M2011 to € 743.9 m in 9M2012 is attributed to the increase of the prices (including taxes) of heavy fuel oil and diesel oil by 27% and 12.4% respectively, as electricity generation from liquid fuel remained practically stable. In 3Q2012, the increase in the liquid fuel expense amounts to € 21.1 m (+7.4%) compared to the respective quarter of 2011 and is also attributed to the increased prices of heavy fuel oil and diesel by 16.2% and 8.7% respectively.

- The purchase of significantly larger quantities of energy (including PPC's imports) by 3,396 GWh (+33.5%) as well as the increase of the total cost of the energy purchased from the System per MWh by 37.7% (+19.4% concerning import prices) resulted in the increase of the expenditure for energy purchases and imports by € 579.6 m (+77.1%) from € 751.8 m in 9M2011 to € 1,331.4 m.
  It should be noted that an amount of € 211.6 m relates to the compensation of the Independent Power Producers with their variable cost plus 10%, whereas in 9M2011 the respective amount was € 88.7 m., ie an additional impact of € 122.9 m.
  Specifically, in 3Q2012, the additional impact from the variable cost recovery mechanism was € 38.5 m compared to 3Q2011, with the effective wholesale market cost reaching € 100.5 /MWh, when the average System Marginal Price for the period stood at € 60.9/MWh! The distorted functioning of the market had, as mentioned above, a "peculiar" effect in September, when the 19.5% plunge in demand compared to August, resulted in an insignificant corresponding decrease of the effective wholesale market cost, from € 100.9 /MWh in August to only € 97.2 / MWh in September, contradicting what would be normally expected in a period of decreasing demand. In the same context of market contradictions, we note that the average SMP in September was € 50.6/MWh, lower by € 13.5/ MWh compared to August.

- Provisions for bad debt, litigation and slow moving materials amounted to € 229.5 m, increased by € 134 m (+140.3%) compared to 9M2011 mainly due to:
  - the increase in bad debt provisions for Low and Medium Voltage customers by € 76 m, and
  - the increase in bad debt provision for LARCO, a High Voltage customer, by € 57.4 m.

- Depreciation expense in 9M2012 amounted to € 480.8 m compared to € 505.5 m in 9M2011, a reduction of € 24.7 m (-4.9%).

- Net financial expenses increased by € 46.8 m (+36%), from € 129.9 m in 9M2011, to € 176.7 m, due to the increase of the funding cost between the two periods.

- Capital expenditure in 9M2012 amounted to € 648.7 m compared to € 875.8 m in 9M2011, reduced by € 227.1 m, while, as a percentage of total revenues there was a decline to 14.2% from 20.9%. Excluding network users' contributions for their connection to the network (€90.1 m and € 91.1 m in 9M2012 and 9M2011 respectively), which fund a part of distribution projects, capital expenditure amounted to 12.5% and 19.1% of total revenues in 9M2012 and 9M2011 respectively. Specifically, the main components of 9M2012 capital expenditure (in brackets the respective figures of 9M2011), were the following:

- Capital expenditure for mining projects: € 109.7 m. (€ 97.5 m)
- Capital expenditure for generation projects: € 225.5 m. (€ 395.0 m)
- Capital expenditure for transmission projects: € 65.2 m. (€ 66.0 m)
- Capital expenditure for distribution projects: € 236.6 m. (€ 294.0 m)
- Capital expenditure for RES projects: € 9.5 m. (€ 20.7 m)

- Net debt amounted to € 4,706.6 m, remaining practically at the same level compared to 31/12/2011 (€ 4,702.7 m).

FINANCIAL RESULTS OF THE PARENT COMPANY *(in brackets the amounts for 9M 2011)*

- Turnover: € 4,461.2 m. (€ 3.975,7 m.)
- EBITDA: € 648.5 m. (€ 630,8 m.)
- EBITDA margin : 14.5% (15.9%)
- Pre - tax profits: € 96.6 m. (€ 39.5 m.)
- Net income: € 78,8 m. (€ 84.7 m.)

FINANCIAL RESULTS OF SUBSIDIARIES *(in brackets the amounts for 9M 2011)*

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

- Turnover: € 205.5 m. (€ 212.2 m.)
- EBITDA: € 112.3 m. (€ 153.4 m.)
- EBITDA margin : 54.6% (72.3%)
- Pre - tax profits: € 50.6 m. (€ 90.7 m.)
- Net income: € 39.9 m. (€ 61.9 m.)

It is noted that the financial statements of IPTO include financial data from the Transmission System Operation segment of the former Hellenic Transmission System Operator (currently Electricity Market Operator/LAGIE), whose contribution to IPTO was concluded on 31/1/2012. Specifically, the segment reported losses of € 5.6 m, due to provisions of € 28.1 m, which also burdened the results of the Group.

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

- Turnover: € 343.2 m.
- EBITDA: € 42.4 m.
- Pre - tax profits: € 39 m.
- Net income: € 31.2 m.

PPC Renewables S.A.

- Turnover: € 19.2 m. (€ 18 m.)
- EBITDA: € 11.1 m. (€ 10.8 m.)
- EBITDA margin : 57.8% (59.7%)
- Pre - tax profits: € 7.9 m. (€ 8.3 m.)
- Net income: € 5.6 m. (€ 6.7 m.)

Summary Financials (€ mil)						
	9M2012	9M2011	Δ%	9M2012	9M2011	Δ%
	GROUP			PARENT COMPANY		
Total Revenues	4,563.7	4,199.8[2]	8.7%	4,461.2	3,975.7[1]	12.2%
EBITDA	813.8	794.7	2.4%	648.5	630.8[1]	2.8%
EBITDA Margin	17.8%	18.9%		14.5%	15.9%[1]	
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	333.0	289.2	15.1%	216.2	173.2[1]	24.8%
EBIT margin (%)	7.3%	6.9%		4.8%	4.4%[1]	
Net Income/(Loss)	118.1	90.8	30.1%	78.8	84.7 [1]	-7.0%
EPS/(Loss) (In euro)	0.51	0.39	30.8%	0.34	0.37[1]	-8.1%
No of Shares (m.)	232	232		232	232	
Net Debt	4,706.6	4,664.5	0.9%	4,222.7	4,655.1	-9.3%

Summary Profit & Loss (€ mil)						
	9M2012	9M2011	Δ%	9M2012	9M2011	Δ%
	GROUP			PARENT COMPANY		
Total Revenues	4,563.7	4,199.8[2]	8.7%	4,461.2	3,975.7[1],[2]	12.2%
- Revenue from energy sales	4,347.5	3,760.1	15.6%	4,330.4	3,748.2[1]	15.5%
- Revenues from TSO	0.6	209.5[2]	-99.7%	0.6	2.5[1]	-76.0%
- Customers' contributions	90.1	91.1	-1.1%	87.3	88.1[1]	-0.9%
- Third Party Distribution network fees and PSO	10.4	90.6	-88.5%	10.4	90.6[1]	-88.5%
- Other revenues	115.1	48.5[2]	137.3%	32.5	46.3[1],[2]	-29.8%
Total Operating Expenses (excl. depreciation)	3,749.9	3,405.1[2]	10.1%	3,812.7	3,344.9[1],[2]	14.0%
- Payroll Expenses	705.5	837.7	-15.8%	462.9	786.0[1]	-41.1%
- Third parties fossil fuel	34.9	37.2	-6.2%	34.9	37.2[1]	-6.2%

- Total Fuel Expenses	1,114.5	948.4	17.5%	1,114.5	948.4[1]	17.5%
- Liquid fuel	*743.9*	*622.9*	19.4%	*743.9*	*622.9*[1]	19.4%
- Natural Gas	*370.6*	*325.5*	13.9%	*370.6*	*325.5*[1]	13.9%
- Energy Purchases	1,331.4	751.8[2]	77.1%	1,335.0	757.9[1],[2]	76.1%
-Purchases From the System and the Network	*815.6*	*554.9*	47.0%	*815.6*	*554.9*[1]	47.0%
- PPC Imports	*88.3*	*68.8*	28.3%	*88.3*	*68.8*[1]	28.3%
- Other	*427.5*	*128.1*[2]	233.7%	*431.1*	*134.2*[1],[2]	221.2%
- Transmission System Usage	77.3	229.4[2]	-66.3%	223.7	229.5[1],[2]	-2.5%
- Distribution System Usage	-	-		302.7	-	
- Provisions	229.5	95.5	140.3%	185.2	98.5[1]	88.0%
- Taxes and Duties	39.6	31.2	26.9%	35.5	29.8[1]	19.1%
- Settlement of outstanding issues with DEPA up to 31.12.2011	-191.7	-		-191.7	-	
- Other Operating Expenses (including lignite and CO2)	408.9	473.9[2]	-13.7%	310.0	457.6[1],[2]	-32.3%
EBITDA	813.8	794.7	2.4%	648.5	630.8[1]	2.8%
EBITDA margin (%)	17.8%	18.9%		14.5%	15.9%[1]	
Depreciation and Amortisation	480.8	505.5	-4.9%	432.3	457.6[1]	-5.5%
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	333.0	289.2	15.1%	216.2	173.2[1]	24.8%
EBIT margin (%)	7.3%	6.9%		4.8%	4.4%[1]	
Total Net Financial Expenses	177.3	130.8	35.6%	119.6	112.7[1]	6.1%
- Net Financial Expenses	*176.7*	*129.9*	36.0%	*119.0*	*111.7*[1]	6.5%
- Foreign Currency (Gains)/ Losses	*0.6*	*0.9*	-33.3%	*0.6*	*1.0*[1]	-40.0%
Share of profit /(losses) in associated companies	1.0	0.9	11.1%	-	-	
Pre-tax Profits/ (Losses) from continuing operations	156.7	138.4	13.2%	96.6	39.5[1]	144.6%
Profit after tax / (Losses) from continuing operations	118.1	90.8	30.1%	78.8	22.8[1]	245.6%
Profit after tax / (Losses) from discontinuing operations	-	-		-	61.9[1]	
Net Income/ (Loss)	118.1	90.8	30.1%	78.8	84.7[1]	-7.0%
EPS (in Euro)	0.51	0.39	30.8%	0.34	0.37[1]	-8.1%

Summary Balance Sheet & Capex (€ m)						
	9M2012	9M2011	Δ%	9M2012	9M2011	Δ%
	GROUP			PARENT COMPANY		
Total Assets	17,234.7	16,270.7	5.9%	15,933.2	16,217.3	-1.8%
Net Debt	4,706.6	4,664.5	0.9%	4,222.7	4,655.1	-9.3%
Total Equity	6,570.7	6,693.2	-1.8%	6,379.6	6,663.4	-4.3%
Capital expenditure	648.7	875.8	-25.9%	568.8	855.1	-33.5%

(1) Restated due to the spin-off of the Transmission activities.

(2) Reclassifications have taken place for comparative reasons.

For further information please contact:

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The financial data and relevant information on the Financial Statements for 9M2012, shall be published in the Press, on November, 28, 2012.

The financial data and relevant information on the Financial Statements for 9M2012, as well as the Financial Statements for 9M2012, on a standalone and on a consolidated basis shall be uploaded to the Company's web site (www.dei.gr) on November, 27, 2012, after the closing of the Athens Stock Exchange.