PPC GROUP 9M2014 FINANCIAL RESULTS

Athens, November 27, 2014

Summary Financial Results

- **Turnover: € 4,424.9 m.**
- **EBITDA: € 794.4 m.**
- **Pre-tax profits: € 179.5 m.**
- **Net profits: € 121.8 m.**

EBITDA in 9M2014 increased by € 113.4 m. (16.7%) compared to 9M2013, with the respective margin settling at 18% compared to 15.2% in 9M2013.

9M2014 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 € 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.
In addition, 9M2014 results have been negatively impacted from a provision of € 48.3 m for the cover of the deficit of LAGIE created in the Day-Ahead Schedule (DAS) market during 2011 and 2012 by alternative suppliers that exited the market.
Respectively, 9M2013 results include a one-off negative impact of € 109 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 from 1.7.2010 to 30.9.2013.

Excluding the abovementioned one-off items, 9M2014 EBITDA amounts to € 819.5 m compared to € 790 m last year, and the respective margin settles at 18.5% compared to 17.5% respectively.

On a quarter basis, EBITDA in 3Q2014 was € 246.7 m compared to € 94.7 m last year, that is an increase of € 152 m, whereas excluding the aforementioned impact from the Arbitration Decision for ALUMIUM S.A (€ 109 m) in 3Q2013 and the reversal of € 17.4 m in 3Q2014 due to the annulling Decision of the General Court of the European Union, the increase is € 60.4 m (29.7%).

Revenues

- Turnover declined by € 69 m. (1.5%) to € 4,424.9 m in 9M2014 from €4,493.9 m in 9M2013. Turnover includes an amount of € 51.3 m. reflecting network users' participation for their connection to the network versus € 65.9 m in 9M2013. In the third quarter, turnover increased by € 48.6 m or 3.2%.

- PPC's revenues from electricity sales, declined by € 61.9 m (1.4%) to € 4,287 m. in

9M2014 compared to € 4,348.9 m in 9M2013.
Especially, in the third quarter, revenues from electricity sales increased by € 47.8 m or 3.2%. Excluding the negative impact of € 17.7 m as a result of the aforementioned Arbitration Decision for supplying ALUMINIUM S.A with electricity during the period 1.1.2013 to 30.9.2013, the increase is € 30.1 m or 2%, due to increased demand, as analysed below, and due to more favourable sales mix.

In detail:

- Total electricity demand decreased by 6.2% (2,821 GWh) in 9M2014, to 42,618 GWh versus 45,439 GWh in 9M2013. Excluding exports and pumping, electricity demand decreased by 0.9% (379 GWh), seemingly as a result of mild weather conditions during winter. The lower demand, combined with the small 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 413 GWh (1.1%) to 37,138 GWh.
  On the contrary, in 3Q2014, the rate of decrease of total electricity demand was limited to 3.4%, whereas excluding pumping and exports, domestic demand increases by 1.4% and the volume of PPC's domestic electricity sales increases by 1.1% (151 GWh). This increase is mainly attributed to Low Voltage customers.

- PPC's electricity generation and imports covered 68.3% of total demand, while the corresponding percentage in 9M2013 was 65.1%. Lignite-fired generation increased by 1.4%, whereas gas-fired generation marked also a significant increase compared to 9M2013, when the respective generation was considerably lower, mainly due to exceptional hydrological conditions, especially in 1H2013. Accordingly, hydro generation decreased by 41%, between the two periods.
  Finally, third party RES generation remained practically stable, compared to 9M2013, whereas, their relative share in the country's energy generation increased to 17.6% from 15.6%, due to the reduction of overall demand.

<u>Operating expenses</u>

Operating expenses before depreciation, decreased by € 182.4 m. (4.8%) from € 3,812.9 m. in 9M2013 to € 3,630.5 m. in 9M2014.
It is noted that 9M2013 operating expenses include a negative impact of € 91.3 m from the Arbitration Decision regarding the supply of electricity to ALUMINIUM S.A. for the period 1.1.2010-31.12.2012 (the remaining amount of € 17.7 m is included, as already mentioned, in revenues from electricity sales as it refers to the period 1.1.2013-30.9.2013).
Furthermore, 9M2014 operating expenses include a one-off positive impact of € 23.2 m due to the retroactive application of the discount in the price of natural gas for the second half of 2013

More specifically:

<u>Energy mix expenditure</u>

- Expenditure for liquid fuel, natural gas, third party coal, CO_2 and energy purchases decreased by approximately € 66 m., or by 2.9% compared to 9M2013.
  In detail:
  - The decrease in liquid fuel expense by € 7.7 m. (1.2%), from € 624.9 m. in 9M2013

to € 617.2 m. in 9M2014, is attributed to the reduction of heavy fuel oil and diesel prices, expressed in Euros, by 5.4% and 5.8% respectively, (including the reduction of the premium that the Company achieved since January of this year), as electricity generation from liquid fuel marked an increase of 148 GWh, out of which 126 GWh in 3Q2014.

- Natural gas expense increased by € 29.5 m. (12.1%), from € 243.6 m. in 9M2013 to € 273.1 m., due to the increase of gas-fired generation by 32.5%, which was to some extent mitigated by the decrease of natural gas prices by 12.1%. Especially in the third quarter, natural gas expense decreased by 38.3 m (27.8%) due to reduced gas-fired generation by 19.2% (277 GWh) and the lower prices.
- Third party coal expense increased by € 27.5 m. to € 53.9 m.
- Energy purchases expense from the System and the Network decreased by 11.8% or € 133.4 m., from € 1,135.2 m. in 9M2013 to € 1,001.8 m. More specifically, and regarding the Interconnected System, energy purchases expense amounted to € 882 m. compared to € 990.8 m. in 9M2013, a reduction of 11% or € 108.8 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, as well as to the reduction of energy purchases volume by 799 GWh (739 GWh from the System and 60 GWh from the Network).
  On the other hand, the reduction in the energy purchases expense was contained by the increase of the average System Marginal Price by 51.6%, from € 37.6/MWh in 9M2013 to € 57/MWh in 9M2014, as well as by the increased net expense by € 50.2 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, there was a further negative impact from the increased expense of € 9.6 m, resulting from the modified methodology for calculating the price paid, through the Pool, by electricity suppliers to RES generators in the Interconnected System.
- Expenditure for electricity imports, excluding expense for interconnection rights, reached € 91.9 m., marginally increased, as a result of the decrease of the imports price by 14.1%, which was counterbalanced by the increase in the volume of imports by 412 GWh (2,045 GWh in 9M2014 vs 1,633 GWh in 9M2013).
- Expenditure for CO_2 emission rights amounted to € 164.8 m. in 9M2014, increased by € 17.4 m. compared to 9M2013, due to increased average price for CO_2 emissions. CO_2 emissions in 9M2014 remained stable at 30.2 mln tonnes compared to 9M2013.

Payroll cost

- The total reduction between the two periods in payroll cost, including capitalized payroll and payroll of seasonal personnel, amounted to € 33.2 m. (4.3%) from € 780 m in 9M2013 to € 746.8 m in 9M2014. The decrease in the number of permanent employees on payroll was 765, from 19,531 on 30.9.2013 to 18,766 on 30.9.2014.

Provisions

- Total provisions for bad debt, litigation and slow moving materials amounted to € 304.1 m in 9M2014 compared to € 270.5 m in 9M2013, an increase of € 33.6 m (12.4%).

In detail, provisions for bad debt amounted to € 255 m in 9M2014, close to last year level of € 261 m. It is noted that an amount of € 57.9 m for Low Voltage customers' advances for electricity consumption, which corresponds to customers included in bad debt provisioning until 30.9.2014, has been subtracted from the 9M2014 figure.
Especially in the third quarter of 2014, provisions for bad debt declined by € 37.7 m and stood at € 51.2 m versus € 88.9 m in 3Q2013, mainly due to declining provisions for Low Voltage customers.
Total provisions for 9M2014 include a negative impact of € 48.3 m for the cover of the deficit of LAGIE created in the Day-Ahead Schedule market (DAS) during 2011 and 2012 by third party suppliers that exited the market.
Finally, provisions for litigation and slow moving materials decreased to € 0.6 m 9M2014 compared to € 9.5 m in 9M2013.

Other Operating Expenses

Other operating expenses decreased by € 132.4 m., reaching € 364.4 m. in 9M2014 compared to € 496.8 m. in 9M2013. It is worthwhile noting that third party contractors and materials' consumption decreased by approximately € 64 m compared to last year.

In conclusion,

In 9M2014, 48.5% of total revenues were expensed for fuel, CO_2 and energy purchases compared to 49.9% in 9M2013. It is noted that, energy purchases expense in 9M2014 accounted for 24.7% of total revenues compared to 27.3% in 9M2013. Regarding the evolution of provisions, excluding the one-off provision for the LAGIE deficit, these represent 5.8% of total revenues compared to 6% last year. The relevant percentage for payroll is contained at 15.4% in 9M2014 versus 15.6% last year.

Other Financial information

- Depreciation expense in 9M2014 amounted to € 448 m. compared to € 459 m. in 9M2013, a reduction of € 11 m.
- Net financial expenses amounted to € 165.6 m. compared to € 163.5 m 9M2013.
- Pre-tax profits in 9M2014 amounted to € 179.5 m. compared to € 56.9 m. in 9M2013.
- Net profits amounted to € 121.8 m. compared to € 6.7 m. in 9M2013.

Capex and net debt

- Capital expenditure in 9M2014 amounted to € 406.3 m. compared to € 482 m. in 9M2013, reduced by € 75.7 m., while, as a percentage of total revenues it declined to 9.2% from 10.7%. Excluding network users' participation for their connection to the network (€ 51.3 m. and € 65.9 m. in 9M2014 and 9M2013 respectively), which fund a significant part of network projects, capital expenditure amounted to 8.1% and 9.4% of total revenues in 9M2014 and 9M2013 respectively.

Specifically, the main components of 9M2014 capital expenditure, were as follows (in brackets the respective figures for 9M2013):

- Mining projects:	€ 67.6 m.	(€ 97.1 m.)
- Generation projects:	€ 103.5 m.	(€ 106.4 m.)
- Transmission projects:	€ 34.9 m.	(€ 72.2 m.)
- Network projects:	€ 189.6m.	(€ 196.3 m.)
- RES projects:	€ 5.9 m.	(€ 5.8 m.)

- Net debt amounted to € 4,967.3 m., an increase of € 318.9 m. compared to 30.9.2013 (€ 4,648.4 m.) and an increase of € 443 m. compared to 31.12.2013 (€ 4,524.3 m.). This increase is due to a net outflow of about € 190 m. for the rendering of the last part of the Special Property Tax collected through the electricity bills in 9M2014, the extraordinary payment of € 42.3 m. (out of the total amount of € 48.3 m) against the LAGIE deficit as well as the increase in working capital needs.

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

"In the 3rd quarter, turnover increased by 3.2% reaching € 1,591.3 m, as a result of slightly higher domestic demand (by 1.4%), mainly driven by Low Voltage customers, and a more favorable customer mix. Operating expenses, excluding the impact of one-off items declined by 2.2% (€ 29.5 m), due to lower natural gas expense and the slowdown of bad debt provisioning. Controllable operating expenses have further decreased by 6.4% (€ 24.1 m). On an adjusted basis, EBITDA increased from € 203.7 m in 3Q2013 to € 264.1 m in 3Q2014.

We have currently focused on restructuring our Low Voltage tariffs, in line with the European rules for cost reflective tariffs without cross subsidization. In this context, we recently announced volume based tariff discounts to medium and large enterprises in Low and Medium Voltage, with total annual consumption greater than 1 GWh. These changes are considered important so as to remain competitive in the new fully deregulated electricity supply market. At this point, I would also like to stress out that a large part of the charges that are included in the electricity bill are related to various kinds of taxes and levies, not related to PPC charges for supplying electricity, while the energy component itself is also burdened by high taxation on oil and natural gas. According to a recent report published by the Agency for the Cooperation of Energy Regulators (ACER) and the Council of European Energy Regulators (CEER), the cost of energy represents only 53% of the final price of electricity in Greece.

Furthermore, as many other European utilities, we are also confronted with the challenge of upgrading our ageing fleet and securing necessary funding. Despite the difficult economic conditions in Greece, we have managed to move forward with our strategic investment plan, with the most important generation project going forward, being the lignite-fired plant in Ptolemais, while continue to invest in upgrading networks. To this end, we signed in September, the second financing contract with the European Investment Bank of an amount of € 180 million. In addition, our subsidiary IPTO is moving ahead with the interconnection of the mainland system with the Cyclades islands, aiming to achieve long-term security of supply for the islands, given also the strong future prospects for tourism growth, the reduction of the current high generation costs in the non-interconnected islands, and the optimum exploitation of the great potential for renewable energy sources in the Greek islands. In this context, IPTO signed in September the financing contract of € 65 m with the European Investment Bank, out of a total approved credit line of € 130 m for the specific project.

As I have pointed out many times, in order to be able to continue to fund investments of strategic importance with positive impact on our operational efficiency, for the benefit of our shareholders and customers, we need a regulatory environment which promotes transitioning to a truly liberalized market, operating with transparency and fair market rules for all participants across the value chain. There are still critical regulatory decisions ahead for the energy market for which the above principles need to be taken into account. Finally, we are also in favour of the electricity bill being relieved from excess taxation and other levies. As PPC, we have come a long way in reducing our controllable operating expenses and we will continue to focus on further improving our operating efficiency. "

Financial Results of the Parent Company

	9M2014	9M2013
Turnover	€ 4,376.4 m.	€ 4,451 m.
EBITDA	€ 616 m.	€ 504.8 m.
EBITDA margin	14.1%	11.3%
Pre-tax profits / (Losses)	€ 93.4 m.	(€ 45.1 m.)
Net income / (Loss)	€ 64.1 m.	(€ 82.7 m.)

Financial Results of Subsidiaries

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

	9M2014	9M2013
Turnover	€ 200.6 m.	€ 210.6 m.
EBITDA	€ 147 m.	€ 131.7 m.
EBITDA margin	73.3%	62.6%
Pre-tax profits / (Losses)	€ 81.4 m.	€ 75.1 m.
Net income / (Loss)	€ 60.5 m.	€ 58.2 m.

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

	9M2014	9M2013
Turnover	€ 336.3 m.	€ 386 m.
EBITDA	€ 22.1 m.	€ 26.9 m.
EBITDA margin	6.6%	7%
Pre-tax profits / (Losses)	€ 18.2 m.	€ 22.1 m.
Net income / (Loss)	€ 13.6 m.	€ 28.1 m.

- **PPC Renewables S.A.**

	9M2014	9M2013
Turnover	€ 19.8 m.	€ 23.2 m.
EBITDA	€ 13.2 m.	€ 13.6 m.
EBITDA margin	66.6%	58.8%
Pre-tax profits / (Losses)	€ 9.4 m.	€ 9.4 m.
Net income / (Loss)	€ 6.6 m.	€ 7.1 m.

Summary Financials (€ m.)						
	9M2014 Unaudited	9M2013 Unaudited	Δ%	9M2014 Unaudited	9M2013 Unaudited	Δ%
	GROUP			PARENT COMPANY		
Total Revenues	4,424.9	4,493.9	-1.5%	4,376.4	4,451.0	-1.7%
EBITDA	794.4	681.0	16.7%	616.0	504.8	22.0%
EBITDA Margin	18.0%	15.2%		14.1%	11.3%	
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	346.4	222.0	56.0%	217.2	93.8	131.6%
EBIT margin (%)	7.8%	4.9%		5.0%	2.1%	
Net Income/(Loss)	121.8	6.7	1717.9%	64.1	-82.7	-177.5%
Earnings/(Losses) per share (In euro)	0.53	0.03	1666.7%	0.28	-0.36	-177.8%
No of Shares (in m.)	232	232		232	232	
Net Debt	4,967.3	4,648.4	6.9%	4,702.5	4,250.6	10.6%

Summary Profit & Loss (€ m.)						
	9M2014 Unaudited	9M2013 Unaudited	Δ%	9M2014 Unaudited	9M2013 Unaudited	Δ%
	GROUP			PARENT COMPANY		
Total Revenues	4,424.9	4,493.9	-1.5%	4,376.4	4,451.0	-1.7%
- Revenue from energy sales	4,287.0	4,348.9	-1.4%	4,278.1	4,336.5	-1.3%
- Customers' participation	51.3	65.9	-22.2%	48.2	63.4	-24.0%
- Third Party Distribution- Transmision network fees and PSO	31.4 (2)	19.7 (2)	59.4%	12.6	8.5	48.2%
- Other revenues	55.2 (2)	59.4 (2)	-7.1%	37.5	42.6	-12.0%
Total Operating Expenses (excl. depreciation)	3,630.5	3,812.9	-4.8%	3,760.4	3,946.2	-4.7%
- Payroll Expenses	681.5	700.3	-2.7%	439.7	459.2	-4.2%
- Third parties fossil fuel	53.9	26.4	104.2%	53.9	26.4	104.2%
- Total Fuel Expenses	890.3	868.5	2.5%	890.3	868.5	2.5%
- Liquid fuel	*617.2*	*624.9*	*-1.2%*	*617.2*	*624.9*	*-1.2%*
- Natural Gas	*273.1*	*243.6*	*12.1%*	*273.1*	*243.6*	*12.1%*
- Expenditure for CO_2 emission rights	*164.8*	*147.4*	11.8%	*164.8*	*147.4*	11.8%
- Special lignite levy	*34.6*	*34.1*	1.5%	*34.6*	*34.1*	1.5%
- Energy Purchases	1,093.7	1,225.9	-10.8%	1,113.9	1,244.2	-10.5%
- Purchases From the System and the Network	*736.5*	*596.6*	*23.4%*	*746.3*	*606.5*	*23.1%*
- Imports	*91.9*	*90.7*	*1.3%*	*91.9*	*90.7*	*1.3%*
- Third party variable cost recovery mechanism	*16.5*	*304.2*	*-94.6%*	*16.5*	*304.2*	*-94.6%*
- Third party capacity assurance mechanism	*134.4*	*84.2*	*59.6%*	*134.4*	*84.2*	*59.6%*
- Balance of clearings and other expenses	*32.0*	*22.4*	*42.9%*	*32.0*	*22.4*	*42.9%*
- Differential expense for RES energy purchases	*28.2*	*18.6*	*51.6%*	*28.2*	*18.6*	*51.6%*
- Special consumption tax on natural gas for IPPs	*18.3*	*81.9*	*-77.7%*	*18.3*	*81.9*	*-77.7%*
- Other	*35.9*	*27.3*	*31.5%*	*46.3*	*35.7* (2)	*29.7%*

- Transmission System Usage	*0.0*	*0.0*		*153.0*	*169.5*	*-9.7%*
- Distribution System Usage	0.0	0.0		311.3	316.5	-1.6%
- Provisions	304.1	270.5	12.4%	311.6	269.0	15.8%
- Taxes and Duties	43.2	43.0	0.5%	38.2	35.7	7.0%
- Other Operating Expenses (including lignite)	364.4	496.8	-26.7%	249.1	375.7 (2)	-33.7%
EBITDA	794.4	681.0	16.7%	616.0	504.8	22.0%
EBITDA margin (%)	18.0%	15.2%		14.1%	11.3%	
Depreciation and Amortisation	448.0	459.0	-2.4%	398.8	411.0	-3.0%
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	346.4	222.0	56.0%	217.2	93.8	131.6%
EBIT margin (%)	7.8%	4.9%		5.0%	2.1%	
Total Net Financial Expenses	166.5	162.5	2.5%	122.2	134.7	-9.3%
- Net Financial Expenses	*165.6*	*163.5*	*1.3%*	*121.3*	*135.7*	*-10.6%*
- Foreign Currency (Gains)/ Losses	*0.9*	*-1.0*	*-190.0%*	*0.9*	*-1.0*	*-190.0%*
Impairment loss of marketable securities	1.6	4.2	-61.9%	*1.6*	*4.2*	-61.9%
Share of profit /(Losses) in associated companies	1.2	1.6	-25.0%	*0.0*	*0.0*	
Pre-tax Profits/(Losses)	179.5	56.9	215.5%	93.4	-45.1	-307.1%
Net Income/ (Loss)	121.8	6.7	1717.9%	64.1	-82.7	-177.5%
Earnings/(Losses) per share (In euro)	0.53	0.03	1666.7%	0.28	-0.36	-177.8%

Summary Balance Sheet & Capex (€ m.)						
	9M2014 Unaudited	9M2013 Unaudited	Δ%	9M2014 Unaudited	9M2013 Unaudited	Δ%
	GROUP			**PARENT COMPANY**		
Total Assets [1]	16,491.1	15,896.7	3.7%	15,303.9	14,821.2	3.3%
Net Debt	4,967.3	4,648.4	6.9%	4,702.5	4,250.6	10.6%
Total Equity	5,525.5	5,597.4	-1.3%	5,387.2	5,549.4	-2.9%
Capital expenditure	406.3	482.0	-15.7%	339.3	400.5	-15.3%

(1) In accordance to the accounting policy choice of the Group and the Parent Company, tangible assets are measured at their fair value less any accumulated depreciation and impairment (with the exception of mines and lakes), based on fair value estimates which are undertaken periodically (every 3-5 years) by independent appraisers, with the last revaluation having been performed as on 31.12.2009. Is should be mentioned that the new appraisal is already in progress, the results of which will be reflected in the financial statements as at 31.12.2014.

(2) 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 the nine month of 2014, as well as the Financial Statements for the nine month of 2014, on a standalone and on a consolidated basis shall be uploaded to the Company's web site (www.dei.gr) on November 27, 2014, after the closing of the Athens Stock Exchange.