PPC GROUP 1H2012 FINANCIAL RESULTS

Athens, August 30, 2012

- **Reduction of total payroll by € 93.3 m compared to 1H2011.**

- **Further negative impact of € 108 m due to taxes on fuels and € 84.4 m due to the variable cost recovery mechanism of Independent Power Producers (IPPs)**

Summary Financial Results

- **Turnover: € 2,938.0 m.**
- **EBITDA: € 483.4 m.**
- **Pre-Tax Profits: € 46.9 m.**
- **Net Income: € 18.3 m.**

- EBITDA amounted to € 483.4 m in 1H2012 compared to € 603.8 m in 1H2011, reduced by € 120.4 m (-19.9%). EBITDA margin reached 16.5%, versus 22.2% in 1H2011.
  On a quarter level, EBITDA margin improved to 17.9% in 2Q2012 from 15% in 1Q2012. Excluding the negative impact of € 28.1 m. due to provisions related to the segment of the Transmission System Operator which was spanned off from the former Hellenic Transmission System Operator (currently Electricity Market Operator/LAGIE) and which has been transferred to IPTO, EBITDA in 2Q2012 would amount to € 279.5 m and the respective margin to 19.9%, with the corresponding figures for 1H2012 amounting to € 511.5 m and 17.4%.
  It should also be noted that if revenues from interconnection rights of the spanned off segment from HTSO amounting to € 32.3 m were included in the Group's total revenues, EBITDA in 1H2012 and the respective margin would have reached € 515.7 m and 17.4% respectively.

- Total electricity demand increased in 1H2012 by 873 GWh (+3%) to 30,207 GWh versus 29,334 GWh in 1H2011. Excluding exports and pumping, the increase of electricity demand is limited to 0.7% (206 GWh). More specifically, in 2Q2012, excluding pumping and exports, electricity demand decreased by 0.8% (107 GWh) compared to the respective period of 2011.

- PPC's total electricity sales, including exports, increased by 1,410 GWh (+6%)

to 25,010 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 15.4%, driven also by the increase in Low and Medium Voltage tariffs since January 1, 2012 and February 1, 2012 respectively. More specifically, in 2Q2012, total revenues from electricity sales increased by 13.3% compared to the respective quarter of 2011.

- Turnover reached € 2,938 m, compared to € 2,711.5 m in 1H2011, an increase of € 226.5 m (+8.4%). Turnover includes an amount of € 64.7 m reflecting network users' contributions for their connection to the network. The respective amount in 1H2011 was € 59 m. Despite the adverse financial conditions, this slight increase is attributed to the increased number of RES generators' connections with the network (mainly Photovoltaic).

- In 1H2012, PPC's electricity generation and imports covered 67.2% of total demand, while the corresponding percentage in 1H2011 was 70.5%, a reduction of 397 GWh.

- Expenditure for liquid fuel, natural gas and energy purchases increased by € 519.1 m, an increase of 52.6% compared to 1H2011, 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:
  - the variable cost recovery of third party generators amounting to € 84.4 m
  - the Special Consumption Tax on natural gas amounting to € 79.8 m (€ 29.1 m negative impact on the fuel purchase price and € 50.7 m negative impact on energy purchases expense from third parties)
  - the Special Consumption Tax on heavy fuel oil amounting to € 8.5 m

- PPC's energy costs are further burdened by a new tax, the special lignite levy amounting to € 19.7 m.

- Despite the increased lignite fired generation, the lower gas-fired and hydro generation, combined with the increase in PPC's retail market share, led to the increase of energy purchases (including imports) by 2,038 GWh (+31.6%). Furthermore, the average price of energy purchases from the System increased by 9.7%.

- In 1H2012, total controllable expenses decreased further by € 91.6 m compared to the respective period of 2011. More specifically, the total reduction of payroll cost, including capitalized payroll, between the two periods amounts to € 93.3 m (-14.7%). The net decline in the number of permanent employees on payroll amounted to 754, from 21,288 on 30/6/2011 to 20,534 on 30/6/2012, including 196 employees of the segment of the former HTSO that was transferred to IPTO, which were not included in PPC's headcount as of 30/6/2011. It is important to note that, despite the lower number of personnel, overtime and shifts (in hours) decreased by 2.9%.

- In 1H2012, 51.9% of the Company's total revenues were expensed for fuel and energy purchases compared to 37.6% in 1H2011, a fact which 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 16.3% of total revenues compared to 20.6% in 1H2011.

- 1H2012 pre-tax profits amounted to €46.9 m, compared to € 185.4 in 1H2011, a reduction of € 138.5 m.

- Net income amounted to €18.3 m compared to € 128.8 m in 1H2011, reduced by € 110.5 m.

- The subsidiaries HEDNO S.A., IPTO S.A. and PPC Renewables S.A. posted pre-tax profits of € 25.9 m, € 26.3 m and € 3.9 m respectively. The resulting tax obligation amounted to € 20.3 m.

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

"In the second quarter of 2012, the profitability of the Group improved, with EBITDA increasing by € 19.4 m to € 251.4 m and EBITDA margin reaching 17.9% compared to 15% in the first quarter of the year.

The reduction of electricity demand compared to the first quarter resulted to the significant decrease of electricity generated from natural gas and the respective expense (- € 96.2 m) as well as of energy purchases expense (- € 67.2 m), while the average energy purchase price of PPC from the System declined significantly by 33.6%. However, a significant part of these savings in the energy balance cost were offset by the negative impact of the increased expense for covering the variable cost of Independent Power Producers, which doubled from € 40.1 m in 1Q2012 to €84.6 m in 2Q2012.

In the second quarter of 2012, total controllable operating expenses decreased by € 39.9m (-9.7%) compared to the respective period of 2011, leading to productivity improvement. More specifically, total controllable operating expenses, as percentage of total revenues, decreased to 26.5% versus 30.8% in the second quarter of 2011, while payroll cost per distributed KWh declined by 12.8%. The continuous reductions since 2009 resulted in a 36% decline of the average payroll expense per employee, with, today, a total net monthly compensation of € 1,700 on a twelve month basis, when the average age of personnel exceeds 45 years. This compensation includes all types of additional remuneration, such as shifts and overtime, necessary for the continuous operation of PPC, an industrial company operating 24 hours a day, 365 days a year. The decrease in total annual payroll between 2009 and 2012 is expected to reach close to € 700 m.

I would also like to note that in a particularly adverse economic environment, we managed to contain financial expenses at the first quarter level. At the same time, we continue the completion of strategic projects that are underway, by initiating in August testing of the equipment of the new 417 MW natural gas fired unit in Aliveri and by successfully tapping in July the dam's deviation tunnel of the Ilarionas 157 MW hydro station, which is expected to gradually become operational by the end of the year.

Despite the improvement compared to the first quarter of the year, the EBITDA margin of the second quarter remains below the level of the respective period of 2011, even after the aforementioned reductions in payroll. Tariff increases since the beginning of the year mainly reflect the imposition of new taxes and to a lesser extent the change in the energy cost. As foreseen in the Memorandum, tariffs need to reflect wholesale market prices by June 2013. Otherwise, the retail market cannot open up to competition.

Apart from the increase in the energy cost, the deterioration of the financial environment in Greece and the lack of liquidity in the market, put additional pressure on the Group's profitability and working capital, with provisions negatively impacting financial results by € 95.3 m in the second quarter of 2012 compared to € 8.1 m in the second quarter of 2011. It must be noted that a total amount of € 37.2 m has been included in the provisions of the second quarter of 2012, regarding alternative suppliers, whose operation has been suspended.

For the full year, and taking into account:

- an average price for Brent oil at $113.5/bbl and an average €/$ exchange rate of 1.25, for the period September-December 2012,
- annual revenues from energy sales of € 5.8 bln and total annual revenues of € 6.1 bln,
- rising trend of provisions due to prolonged recession,

we expect EBITDA margin to reach 16% - 16.5%, under the condition that the macroeconomic environment will not deteriorate further."

ANALYSIS OF FINANCIAL RESULTS

REVENUES

Revenues from electricity sales, including exports, increased by € 373.7 m (+15.4%), from € 2,428.8 m in 1H2011, to € 2,802.5 m, as a result of the tariff increase and the increase in the volume of sales by 6% (1,410 GWh). PPC's market share in the retail market increased to an average of 98% compared to 93% in 1H2011.

The change in the volume of sales is analyzed as follows:
- increase of sales to the residential sector by 7.8%,
- increase of sales to the agricultural sector by 13.7%,
- increase of sales to the commercial sector by 14.2%,
- reduction of sales to the industrial Medium & Low Voltage sector by 5%,
- reduction of sales to the High Voltage sector by 4.3%,
- increase of sales to other sectors by 3.7 %,

OPERATING EXPENSES

The decrease in payroll expense between 1H2012 and 1H2011 amounted to € 78.8 m (-14.1%). As already mentioned, the total reduction of payroll cost – ie including capitalized payroll - amounted to € 93.3 m.

Operating expenses, excluding depreciation, increased by € 346.9 m (16.5%) from € 2,107.7 m in 1H2011 to € 2,454.6 m. On a quarterly basis, operating expenses, excluding depreciation decreased by € 147.4 m (-11.3%) between 1Q2012 and 2Q2012.

More specifically:

- Electricity generation from lignite increased by 1.2% (+158 GWh) compared to 1H2011.

- On the other hand, hydro generation decreased by 9.6% (-185 GWh), mainly due to the low hydro reserves at the beginning of 2012 (-32.9% compared to January 1, 2011) and the curtailed generation especially in 1Q2012, in order to secure adequate hydro reserves for the summer period. In 2Q2012, the significant increase of hydro reserves resulted to the increase of hydro generation by 10.5% (+94 GWh) compared to the respective period of 2011 and by 32.4% (+242 GWh) compared to 1Q2012.

- Despite the fact that electricity generated from natural gas decreased by 466

GWh (-18.1%), the increase of the natural gas prices by 35.2% combined with the negative impact of € 29.1 m, in 1H2012, from the Special Consumption Tax on this fuel which was imposed in September 2011, resulted in an increase of the relevant expenditure by € 58.8 m, from € 197.2 m in 1H2011 to € 256 m. More specifically for 2Q2012, electricity generated from natural gas decreased by 43.1% (-481 GWh) compared to the respective period of 2011 and by 57.1% (-845 GWh) compared to 1Q2012, while natural gas expense decreased by € 13.6 m (-14.5%) and € 96.2 m (-54.6%) respectively.

- The increase of electricity generation from liquid fuel by 55 GWh (+2.5%) compared to 1H2011, combined with the increase of the prices of heavy fuel oil and diesel oil by 31% and 15.9% respectively, and the doubling of the Special Consumption Tax on heavy fuel oil, led to the increase in the liquid fuel expense by € 100 m (+29.6%) from € 338 m in 1H2011 to € 438 m in 1H2012.

- The purchase of significantly larger quantities of energy (including PPC's imports) by 2,038 GWh (+31.6%) as well as the increase of the average energy purchase price from the System by 9.7% (+25% concerning import prices) resulted in the increase of the expenditure for energy purchases and imports by € 360.4 m (+79.8%) from € 451.8 m in 1H2011 to € 812.2 m.
  It is noted that an amount of € 124.7 m relates to the compensation of the Independent Power Producers with their variable cost plus 10%, whereas in 1H2011 the respective amount was € 40.3 m., ie an additional impact of € 84.4 m. It must be noted that in 2Q2012, the total negative impact from this factor amounted to € 84.6 m versus € 40.1 m in 1Q2012 – increased by 111% - while on the other hand, the average energy purchase price from the System declined by 33.6% (from € 71.16/MWh to € 47.22/MWh) and third party natural gas fired generation decreased from € 2,825 GWh to 2,198 GWh.

- Provisions for bad debt, litigation and slow moving materials amounted to € 142.4 m, increased by € 88.6 m (+164.7%) compared to 1H2011 mainly due to:
  - the increase in bad debt provisions for Low and Medium Voltage customers by € 43.7 m,
  - the increase in bad debt provision for a High Voltage customer by € 39.8 m (LARCO),
  - the negative impact of € 28.1 m due to provisions of the segment of the Transmission System Operator of former HTSO (currently Electricity Market Operator/LAGIE), which was transferred to IPTO and relate to third party suppliers debt (Hellas Power and Energa),
  - bad debt provisions from the Distribution Operator (HEDNO S.A.) amounting to € 15.8 m for receivables from third party suppliers, regarding rights for the use of the network (almost exclusively from Hellas Power and Energa) and
  - the reversal of a provision representing overdue receivables for energy consumption of the Attica region traffic lights amounting to €52.7 m, which was recorded in 1Q2012.

- Depreciation expense in 1H2012 amounted to € 319.4 m compared to € 335.5 m in 1H2011, a reduction of € 16.1 m (-4.8%).

- Net financial expenses increased by € 35.2 m (+43.1%), from € 81.7 m in 1H2011, to € 116.9 m, mainly due to the increase of the funding cost and the increase of the average debt between the two periods.

- Capital expenditure stood at the same level as in 1H2011 amounting to € 457.3 m, while, as a percentage of total revenues there was a decline to 15.6% from 16.9%. Excluding network users' contributions for their connection to the network (€ 64.7 m and € 59 m in 1H2012 and 1H2011 respectively), which fund a part of distribution projects capital expenditure amounted to 13.4% and 14.7% of total revenues in 1H2012 and 1H2011 respectively. Specifically, the main components of 1H2012 capital expenditure (in brackets the respective figures of 1H2011), were the following:

  - Capital expenditure for mine projects: € 75.2 m. (€ 55.1 m)
  - Capital expenditure for generation projects: € 172.9 m. (€ 157.3 m)
  - Capital expenditure for transmission projects: € 41.5 m. (€ 43.3 m)
  - Capital expenditure for distribution projects: € 159.8 m. (€ 186.9 m)
  - Capital expenditure for RES projects: € 6.3 m. (€ 13.2 m)

- Net debt amounted to € 4,777.3 m, an increase of € 74.6 m compared to 31/12/2011 (€ 4,702.7 m).

FINANCIAL RESULTS OF THE PARENT COMPANY

- Turnover: € 2,887.1 m.
- EBITDA: € 377.2 m.
- Pre - tax profits: € 22.2 m.
- Net income : € 13.9 m.

FINANCIAL RESULTS OF SUBSIDIARIES

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

- Turnover: € 142.1 m.
- EBITDA: € 66.7 m.
- Pre - tax profits : € 26.3 m.
- Net income : € 11.9 m.

It is noted that the financial statements of IPTO include financial data from the segment of Transmission System Operation 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: € 230.8 m.
- EBITDA: € 27.6 m.
- Pre - tax profits : € 25.9 m.
- Net income : € 20.7 m.

PPC Renewables S.A.

- Turnover: € 11.4 m.
- EBITDA: € 6.4 m.
- Pre - tax profits : € 3.9 m.
- Net income : € 3.2 m.

Summary Financials (€ mil)

	1H2012 Audited	1H2011 Audited	Δ%		1H2012 Audited	1H2011 Audited	Δ%
	GROUP				PARENT COMPANY		
Total Revenues	2,938.0	2,711.5[2]	8.4%		2,887.1	2,563.6[1]	12.6%
EBITDA	483.4	603.8	-19.9%		377.2	492.8[1]	-23.5%
EBITDA Margin	16.5%	22.2%			13.1%	19.2%[1]	
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	164.0	268.3	-38.9%		89.1	186.8[1]	-52.3%
EBIT Margin	5.6%	9.9%			3.1%	7.3%[1]	
Net Income/(Loss)	18.3	128.8	-85.8%		13.9	124.3[1]	-88.8%
EPS/(Loss) (In euro)	0.08	0.56	-85.7%		0.06	0.54[1]	-88.9%
No of Shares (m.)	232	232			232	232	
Net Debt	4,777.3	4,302.4	11.0%		4,386.2	4,293.5	2.2%

Summary Profit & Loss (€ mil)

	1H2012 Audited	1H2011 Audited	Δ%		1H2012 Audited	1H2011 Audited	Δ%
	GROUP				COMPANY		
Total Revenues	2,938.0	2,711.5[2]	8.4%		2,887.1	2,563.6[1]	12.6%
-Revenues from energy sales	2,802.5	2,428.8	15.4%		2,795.5	2,421.3[1]	15.5%
- Revenues from TSO	0.6	144.9[2]	-99.6%		0.6	0.0[1]	
- Customers' contributions	64.7	59.0	9.7%		62.4	59.0[1]	5.8%
-Third Party Distribution network fees and PSO	13.7	49.5	-72.3%		8.4	49.5[1]	-83.0%
-Other revenues	56.5	29.3	93.1%		20.2	33.8[1]	-40.2%
Total Operating Expenses (excl. depreciation)	2,454.6	2,107.7[2]	16.5%		2,509.9	2,070.8[1]	21.2%

Payroll Expenses	478.6	557.4	-14.1%		312.5	525.9[1]	-40.6%
-Third parties fossil fuel	19.0	22.0	-13.6%		19.0	22.0[1]	-13.6%
Total Fuel Expenses	693.9	535.2	29.7%		693.9	535.2[1]	29.7%
- Liquid fuel	437.9	338.0	29.6%		437.9	338.0[1]	29.6%
-Natural Gas	256.0	197.2	29.8%		256.0	197.2[1]	29.8%
Energy Purchases	812.2	451.8[2]	79.8%		818.1	455.3[1]	79.7%
-Purchases From the System and the Network	509.9	349.6	45.9%		509.9	349.6[1]	45.9%
-PPC Imports	50.8	40.1	26.7%		50.8	40.1[1]	26.7%
- Other	251.5	62.1[2]	305.0%		257.4	65.6[1]	292.4%
Transmission System Usage	29.5	151.0[2]	-80.5%		147.7	151.0[1]	-2.2%
Distribution Network Usage					198.1	0.0	
Provisions	142.4	53.8	164.7%		95.4	56.4[1]	69.1%
Taxes and Duties	24.3	20.8	16.8%		21.1	20.3[1]	3.9%
Other operating expenses (including lignite & CO2)	254.7	315.7	-19.3%		402.2	304.7[1]	32.0%
EBITDA	483.4	603.8	-19.9%		377.2	492.8[1]	-23.5 %
EBITDA Margin	16.5%	22.2%			13.1%	19.2[1]	
Depreciation and amortization	319.4	335.5	-4.8%		288.1	306.0[1]	-5.8%
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	164.0	268.3	-38.9%		89.1	186.8[1]	-52.3%

EBIT Margin	5.6%	9.9%			3.1%	7.3%[1]	
Total Net Financial Expenses	117.6	84.2	39.7%		66.9	68.3[1]	-2.0%
- Net Financial Expenses	116.9	81.7	43.1%		66.2	65.8[1]	0.6%
-Foreign Currency (Gains) / Losses	0.7	2.5	-72.0%		0.7	2.5[1]	-72.0%
- Share of Profit / (Loss) in associated companies	0.5	1.3	-61.5%		-	-	
Pre-tax Profits/ (Losses) from continuing operations	46.9	185.4	-74.7%		22.2	118.5[1]	-81.3%
Profit after tax / (Losses) from continuing operations	18.3	128.8	-85.8%		13.9	81.8[1]	-83.0%
Profit after tax / (Losses) from discontinuing operations	-	-			0.0	42.5[1]	
Net Income/ (Loss)	18.3	128.8	-85.8%		13.9	124.3[1]	-88.8%
EPS (in Euro)	0.08	0.56	-85.7%		0.06	0.54[1]	-88.9%

Summary Balance Sheet & Capex (€ m)

	1H2012 Audited	1H2011 Audited	Δ%		1H2012 Audited	1H2011 Audited	Δ%
	GROUP				PARENT COMPANY		
Total Assets	17,010.0	16,662.0	2.1%		15,331.8	16,613.6	-7.7%
Net Debt	4,777.3	4,302.4	11.0%		4,386.2	4,293.5	2.2%
Total Equity	6,464.1	6,707.1	-3.6%		6,312.9	6,679.4	-5.5%
Capital expenditure	457.3	457.4	0.0%		409.4	444.2	-7.8%

(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 1H2012, shall be published in the Press, on August, 31, 2012.

The financial data and relevant information on the Financial Statements for 1H2012, as well as the Financial Statements for 1H2012, on a standalone and on a consolidated basis shall be uploaded to the Company's web site (www.dei.gr) on August, 30, 2012, after the closing of the Athens Stock Exchange.