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

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PPC GROUP

Key operating and financial figures for 9M2016

Key operating figures

Electricity demand, excluding pumping and exports, posted a marginal increase by 0.3% in 3Q2016 compared to the respective period of 2015. In 9M2016, total electricity demand decreased by 1.7%, whereas excluding exports and pumping, the reduction is contained to 1.4%.

PPC's sales declined by 6.8% in 9M2016, as a result of the aforementioned lower demand and of the average retail market share reduction of PPC. According to LAGIE data, PPC's retail market share in the Interconnected System has declined to 88.7% in November 2016 from 94% in November 2015. According also to November 2016 LAGIE data, PPC's market share per Voltage was approximately 100% in High Voltage, 71.8% in Medium Voltage and 93.1% in Low Voltage, confirming cherry-picking by third party electricity suppliers.

PPC's electricity generation and imports covered 53% of total demand in 9M2016 (49.5% in the Interconnected System), while the corresponding percentage in 9M2015 was 63.1% (60.7% in the Interconnected System).
Said reduction is mainly attributed to the increase of third parties' natural gas fired generation by 118%, as a result of declining oil prices and consequently natural gas prices, as well as due to increased third parties' Renewables generation by 6.8%, whereas, lignite fired generation decreased by 29% and hydro generation by 19.3%.
On the flip side, natural gas fired generation of PPC increased by 45.4%.

Key financial figures

(in € mln.)	9M2016	9M2015
Turnover	4,040.8	4,452.0
Turnover adjusted for one-off items	4,051.5	4,452.0
EBITDA	775.9	773.4
EBITDA margin	19.2%	17.4 %
EBITDA adjusted for one-off items	876.5	773.4
EBITDA margin adjusted for one-off items	21.6%	17.4%
Pre-tax profits / (Losses)	112.2	63.3
Pre-tax profits / (Losses) adjusted for one-off items	212.8	63.3
Net income / (Loss)	69.5	5.9
Net income / (Loss) adjusted for one-off items	140.9	5.9

Group turnover decreased, by € 411.2 mln. (9.2%), to € 4,040.8 m in 9M2016, from € 4,452 m in 9M2015. Said reduction is attributed to the decline of revenues from electricity sales due to:

- the reduction of total electricity demand,

- the reduction of PPC's average market share (in GWh) in the retail electricity market and the consequent deterioration of sales mix, due to cherry picking by its competitors,
- the new tariff policy for commercial and industrial customers in Low and Medium Voltage and the reward of these customers who pay on time as well as of the residential customers who pay on time, by providing tariff discounts, as well as
- the impact of the impairment of the unbilled electricity due to the increase in the percentage of losses owed to power thefts.

EBITDA remained practically stable amounting to € 775.9 compared to the respective period in 2015, with the respective margin settling at 19.2% compared to 17.4%.

In 3Q2016, bad debt provisions for Low and Medium Voltage customers declined by € 251.2 m compared to 3Q2015 (that is € 91.1 m compared to € 342.3 m respectively), resulting to a decrease by € 215.3 m of the respective figure in 9M2016 settling at € 387.7 m compared to € 603 in 9M2015. It is noted that a reduction by € 65.8m has been also recorded compared to 2Q2016, when the respective figure stood at € 156.9 m. Total provisions amounted to €453 m in 9M2016 compared to € 690.7 in 9M2015.

It is noted that the Group's operating profitability has been negatively impacted by the one-off item of € 48.3 m that was recorded in 2Q2016 and relates to the residual 50% of the € 96.6 m that had been allocated, according to RAE's decision 285/2013 to PPC, by LAGIE, for the cover of the deficits created in the Day-Ahead Schedule (DAS) market during 2011 and 2012 by alternative suppliers that exited the market.
On top of the abovementioned amount, which was allocated to PPC, LAGIE proceeded to the final settlement of the deficits, allocating to PPC a total amount of € 126.3 m. Consequently, PPC recorded a provision of € 29.7 m in the 3Q2016 results, leading to a total negative impact of € 78 m in 9M2016 for the coverage of the aforementioned DAS deficits. Since the implementation of electricity suppliers being charged for the cover of the special RES account deficit, which was introduced in 4Q2016, PPC has paid € 34.4 m, until mid-December.

Similarly, 3Q2016 financial results have been negatively impacted by a one-off expense of € 22.6 m by DEPA, due to the revision of the natural gas procurement cost of DEPA by BOTAS for the years 2012 – 2015, following a decision by the International Arbitration Court, with respect to the dispute between the two companies.

Excluding the one-off impact of aforementioned items, EBITDA improved by € 103.1 m, mainly due to lower provisions by € 237.7 m.

Pre-tax profits amounted to € 112.2 m in 9M2016 compared to € 63.3 m in 9M2015, while net profit amounted to € 69.5 m compared to € 5.9 m, respectively.

Net debt amounted to € 4,583.4 m., a reduction of € 394.8 m. compared to 30.9.2015, whereas compared to 31.12.2015 it was reduced by € 205.5 m.

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

"In the third quarter of 2016, despite turnover reduction of PPC S.A., due mainly to market share decline and to a lesser extent to lower demand, the operating profitability of the Group, adjusted for one-off items, marked an improvement primarily attributed to

the significant decrease of bad debt provisions for Low and Medium Voltage customers by € 251.2 m.

Nevertheless, including one-off expenses a) for the cover of LAGIE deficits due to the known Energa and Hellas Power cases and b) for extraordinary additional charges from DEPA, the operating profitability of the Group remained practically stable at € 776 m, with improvement in the corresponding margin by 1,8 percentage points settling at 19.2%.

Net debt of the Group declined by € 205 m compared to 31.12.2015.

It is now evident that the actions of the Company aiming at addressing the issue of overdue receivables and bad debt have started to yield results. 580,000 customers have already entered into the settlements program of 36 installments, corresponding to a total amount of approximately € 1.15 bln, whereas by the end of the year, it is estimated that 600,000 will have settled debt of approximately € 1.2 bln in total. However, the collection rate of current electricity bills is still low, while there are increasing incidents of illegal electricity connections (power thefts). Both of the aforementioned have a considerable impact on the Company's liquidity.

A significant development was the successful conclusion of the tendering process for the sale of 24% of IPTO in a very short period of time, with the nomination of the Chinese Company State Grid as preferred strategic investor for a price of € 320 m. Said price represents a 45% premium compared to the book value of PPC's participation in the share capital of IPTO and corresponds to a total enterprise value of € 1.7 bln for IPTO.

The retail market share of PPC is declining at a controllable pace, despite the high margin of electricity suppliers due to low wholesale price (System Marginal Price - SMP). Said electricity suppliers avoid taking the necessary risk and proceeding to investments needed, which would contribute to the faster opening of the market. The reliability of PPC, its social responsibility and various actions undertaken by the Company, combined with the burdening of all electricity suppliers with the cover of the RES deficit due to recent regulation, they all currently counterweigh the effect of auctions of PPC's electricity generation at prices which are well below the SMP. In this way, PPC has the necessary time in order to take all initiatives, which are already publicly announced, for the creation and sale of subsidiary companies with customers aiming at the smooth further opening of the market without the negative implications of the so called NOME.

In the nine month period, PPC's electricity generation and imports in the Interconnected System covered 50% of total demand; a percentage which has significantly declined compared to last year due to the large decline of lignite fired generation, which for 2016 will reach a historical low, with electricity generation based on imported natural gas making up for this loss posting a large increase. This development had a negative impact on PPC's results due to the inelasticity of the largest part of the mines divisions' operating expenses. In addition, during the same period, it was proved that there are no grounds for the transitory capacity payment for flexibility (capacity payments), which will negatively impact PPC with € 90 m, given the high profitability of natural gas electricity generators due to higher generated volumes.

During the same period, we proceeded with the final decommissioning of old lignite, oil fired and natural gas units with a total capacity of 1.3 GW, following the approval of the

Regulator, while at the same time, we move forward with the construction of the new lignite unit "Ptolemais V". We also signed an MoU with the Chinese Company CMEC for the construction of the new, state of the art, lignite unit Meliti II for the set up of an independent electricity generation company including the thermal units of Meliti station and the mines of the area. The competent departments of both companies are working for the implementation of this project.

Regarding Renewables, we have proceeded with the tender of the project for the repowering of old wind parks in the islands, which are already in operation and we are scheduling the initiation of the exploitation of geothermal energy starting from the island of Kimolos.

Lastly, we set up a subsidiary company in Albania where the Board of Directors is in place, while in parallel we signed a strategic partnership agreement for the implementation of projects in Greece and in the wider region, as well as the set up of a production facility in collaboration with CMEC for the construction of smart meters.

Our top priorities are a) the intensification of actions for the improvement of collection using new tools also in cooperation with large international expert companies b) the containment of power thefts through also the adoption by RAE of the appropriate regulatory framework c) the recovery of amounts owed to PPC due to Public Service Obligations, initially for the years 2013 and 2014 and d) the development of a Strategic Plan for the appropriate Business Model in order to address the challenges that the Company is facing.

In general, PPC's Management will intensify its efforts in cooperation with the supervising Ministry and the competent European and domestic bodies in order to review certain regulatory measures concerning electricity market for achieving the smooth opening of the market, addressing the liquidity issues of the electricity market which mainly impact PPC and safeguarding the interests of consumers and the economy in general".