November 29, 2019

Key Operating and Financial figures for 9M2019

- **Continuing negative impact from increased CO2 emission allowances prices and NOME auctions**
- **Turnover increase by 3.4%**
- **Lower lignite-fired generation by 27.9%**
- **Reduction of adjusted EBITDA by 73% to € 96.9 m. (compared to € 359.2 m. in 9M2018).**
- **Reversal of the trend is expected in the next coming quarters as a result of the measures decided as of September 1, 2019 and the modernization and transformation plan of the company which will be announced very soon.**

Key Operating Figures

In the 9M2019, domestic electricity demand increased by 3.1% , while total electricity demand (including exports) was contained to 1,1%, due to lower exports from third parties from 2Q2019 onwards. This reduction in exports was attributed to RAE's decision setting restrictions on the NOME products that can be exported, resulting in the containment of the NOME quantities that were delivered, a development which evidences that a significant part of NOME products was exported instead of being used for the opening of the domestic energy retail market.

PPC's average domestic retail market share declined to 76.1%, compared to 82.3% in 9M2018, resulting in a decrease in sales by 5.2%. In particular, the average retail market share in the Interconnected System was contained to 71.8% in September 2019 from 79.4% in September 2018, while PPC's average market share, per voltage, was 96.9% in High Voltage, 45.6% in Medium Voltage and 77% in Low Voltage compared to 97.9%, 60.5% and 83.6% in September 2018, respectively.

PPC's electricity generation and imports covered 47.2% of total demand in 9M2019 (43.4% in the Interconnected System), while the corresponding percentage in 9M2018 was 54.3% (51.2% in the Interconnected System).

PPC's generation decreased by 13.3% to 20,364 GWh compared to 23,482 GWh in 9M2018. This decrease is attributed to the lower generation from lignite-fired units by 27.9% or 3,081 GWh and from hydro power plants by 37.1% or 1,585 GWh. On the contrary, generation from natural gas fired units increased by 35.5% or 1,544 GWh. The largest part of the reduction in lignite fired generation (1,975 GWh) was realized in 3Q2019 due to lower natural gas prices which rendered the lignite - fired units more expensive than natural gas fired units.

Group Key Financial Results

(in € m)	9M2019	9M2018 (*)	Δ (%)
Turnover (1)	3,608.1	3,488.9	*3.4*
Operating expenses (adjusted for the Special RES account, the provision for personnel's severance payment and the settlement of the Renewables levy (ETMEAR) for the past years) (2)	3,511.2	3,129.7	*12.2*
EBITDA (adjusted for the Special RES account, the provision for personnel's severance payment and the settlement of the Renewables levy (ETMEAR) for the past years) (3)=(1)-(2)	96.9	359.2	*(73.0)*
EBITDA margin (4)=(3)/(1)	2.7%	10.3%	
Special RES Account (5)	*(99.3)*	*153.3*	
Provision for personnel's severance payment (6)		*166.1*	
Settlement of the Renewables levy (ETMEAR) for past years) (7)		*(105.2)*	
EBITDA (8)=(3)-(5)-(6)-(7)	196.2	145.0	*35.3*
EBITDA margin (9)=(8)/(1)	5.4%	4.2%	
Depreciation, total net financial expenses and share of profits/(losses) in associated companies (10)	548.1	574.8	*(4.6)*
Impairment loss of lignite subsidiaries (11)	*64.9*	*240.6*	
Pre-tax profits/(Losses) (adjusted for the Special RES account, the provision for personnel's severance payment, the settlement of the Renewables levy (ETMEAR) for past years and impairment loss of lignite subsidiaries) (12)=(3)-(10)	(451.2)	(215.6)	
Pre-tax profits/(Losses) (13)=(8)-(10)-(11)	(416.8)	(670.4)	
Net income / (Loss) (14)	(353.2)	(574.6)	

(*) 9M2018 figures have been restated due to the adoption, by the Parent Company and the Group, of the new IFRS 15 "Revenues from contracts with customers". The total negative impact of the restatement on Pre - Tax profits/ (Losses) amounted to € 24.3 m.
Further information regarding definitions of abovementioned ratios are included in the Financial Report for the six - month period ended June 30, 2019 (Report of the Board of Directors – Appendix)

Group turnover increased in 9M2019 by € 119.3 m. or 3.4%, despite lower sales volume driven by market share reduction, mainly due to:
- demand increase leading to higher sales to existing customers,
- revenues' increase from energy sales of thermal units in the non-interconnected islands and from Distribution network fees collected by third party electricity suppliers,
- partial recovery of CO_2 emission allowances expenditure from Medium and High Voltage tariffs,
- reduction of the discount provided to customers who pay on time from 15% to 10% since 1.4.2019 and to 5% since 1.9.2019

However, operating expenses rose by 12.2% or € 381.5 m. due to especially higher energy mix expenses by € 547.2 m. Such increase is mainly attributed to:
- higher expense for energy purchases due to the increase of the System Marginal Price (SMP) by 14.8% and the higher volume of energy purchases,
- higher expense for CO_2 emission allowances since their price more than doubled,
- higher expense for natural gas purchases due to increased quantities as well as due to a 6.4% price increase and

- higher negative impact from NOME auctions.

On the other hand, operational expenses were positively impacted by the decrease in payroll cost, other expenses and provisions for litigations.

Therefore, operating profitability (EBITDA) - adjusted for the Special RES account, the provision for personnel's severance payment and the settlement of the Renewables levy (ETMEAR) for previous years – was significantly reduced by 73% to € 96.9 m. compared to € 359.2 m. in 9M2018.

Adjusted pre-tax losses rose to € 451.2 m. compared to pre-tax losses of € 215.6 m. in 9M2018.

Total capex reached € 508.8 m compared to € 528.6 m in 9M2018.

Net debt stood at € 3,906.7 m. on 30.9.2019, an increase of € 214.3 m. compared to 31.12.2018. PPC is exploring opportunities to access the international debt capital markets, subject to prevailing market conditions.

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

"Nine month 2019 results reflect the continuing negative impact from the higher energy mix expenses which are attributed to the increased fuel prices, the System Marginal Price and CO_2 emission allowances prices as well as the increased need for energy purchases and natural gas fired generation in the third quarter of 2019 due to the significant lignite fired generation reduction.
In addition, the negative impact of the NOME auctions continued, despite their abolition, since PPC is obliged to deliver previously auctioned quantities until August 2020.

A reversal of this situation is expected in the next quarters as soon as the measures decided on September 1, 2019 start to positively impacting the operating profitability of the Company. Furthermore, the collection of PSOs for previous years has already been legislated and their collection is expected in the first quarter of 2020 thus further improving the liquidity of the Company.

At the same time the new law, voted yesterday by the Greek Parliament paves the way for the removal of certain constrains imposed on PPC as a state related entity in order to be able to compete on a plain level field.

PPC is already under transformation.

Currently, a plan for revitalization and modernization is in effect in order to have a leading role in the challenges that the energy sector is facing. PPC is set to be a healthy entity again.

PPC will present its strategic priorities for the next 5 years in the new Business Plan, which is currently drafted and will be concluded in the coming weeks. These include:

- *The acceleration of the lignite units decommissioning and the boost of RES investments in order for the Group to claim a leading role in the RES sector in the coming years.*
- *The modernization of the Supply Division with a new tariff policy and tailor made products offerings*
- *The digitalization across all business segments: generation, networks, supply*

We believe that these strategic priorities will contribute to the evolution of PPC to a modern, strong and profitable company which will add value to its shareholders and customers."

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