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

PRESS RELEASE

Athens, April 27, 2018

PPC Group FY2017 financial results

Group Key Financial Results including IPTO S.A. until 15.6.2017

	FY2017	FY2016 Restated (*)	Δ (%)
Turnover (1)	€ 4,967.4 m.	€ 5,165.9 m.	*-3.8%*
Total Operating Expenses (excl. tax, depreciation, net financial expenses and share of profit/ (losses) in associated companies) (2)	€ 4,080.1 m.	€ 4,203.2 m.	*-2.9%*
EBITDA (3) = (1) - (2)	€ 887.3 m.	€ 962.7 m.	*-7.8%*
EBITDA margin (4) = (3) / (1)	17.9%	18.6%	
Depreciation, total net financial expenses, share of profit/ (losses) in associated companies (5)	€ 789.1 m.	€ 894.6 m.	*-11.8%*
Income from the sale of IPTO S.A. (6) (**)	€ 172.2 m.	-	
Pre-tax profits / (Losses) (7) = (3) - (5) + (6)	€ 270.4 m.	€ 68.1 m.	*297.1%*
Net income / (Loss)	€ 237.7 m.	€ 56.1 m.	*323.7%*

Group Key Financial Figures excluding IPTO S.A.

	FY2017	FY2016 Restated (*)	Δ (%)
Turnover (1)	€ 4,943.9 m.	€ 5,130.1 m.	*-3.6%*
Total Operating Expenses (excl. tax, depreciation, net financial expenses and share of profit/ (losses) in associated companies) (2)	€ 4,139.2 m.	€ 4,318.8 m.	*-4.2%*
EBITDA (3) = (1) - (2)	€ 804.7 m.	€ 811.3 m.	*-0.8%*
EBITDA margin (4) = (3) / (1)	16.3%	15.8%	
Depreciation, total net financial expenses, share of profit/ (losses) in associated companies (5)	€ 744.2 m.	€ 778.8 m.	*-4.4%*
Income from capital return from IPTO S.A. (6)	-	€92.9 m.	
Pre-tax profits / (Losses) (8) = (3) - (5) + (6) + (7)	€ 60.5 m.	€ 125.4 m.	*-51.8%*
Net income / (Loss)	€ 88.7 m.	€ 170.2 m.	*-47.9%*

(*) Restated figures for 2016 due to a) the re-estimation of “Unbilled revenue” and b) the recalculation of deferred tax on the lower electricity tariff provided to pensioners of PPC Group. The total negative impact of these restatements was € 11.4 m on Net income of 2016. In addition, 2015 figures were restated due to the re-estimation of “Unbilled revenue” with a negative impact of € 143.4 m on Net income of 2015. These restatements, both for 2015 and 2016, did not have a cash impact, whereas there was no dividend distributed for these years. For further information, please refer to 2017 Annual Financial Report (Note 36)

(**) This amount does not relate to the cash benefit for PPC from the sale of 49% of IPTO (24% to State Grid and 25% to the Greek State)

The Group's key financial and operating figures excluding IPTO S.A. are the following:

In 2017, EBITDA stood at € 804.7 m. The positive impact from the decrease of bad debt provisions by approximately € 400 m., and the revenue of € 359.8 m. recognized for PSOs for the period 2012 -2016 was offset mainly by factors, such as market share loss as well as additional costs due to the energy crisis during December 2016-January 2017 (€ 70 m.), the charge of electricity suppliers for the Special Account for Renewables (€ 325.2 m.), the net negative impact of "NOME" type auctions (€ 92.1 m.) and the increase in the unit charge of the Special Consumption Tax in diesel (€ 34.9 m.). On top of that, EBITDA was negatively impacted by increased prices of heavy fuel oil, diesel and natural gas.

Pre - tax profits in 2017, stood at € 60.5 m. (including PSOs for the period 2012-2016), compared to € 125.4 m. in 2016 (including the € 92.9 m. capital return from IPTO).
It is noted that on a cash basis, the amount for PSOs was received in the first quarter of 2018.

Revenues

Turnover decreased in 2017 by € 186.2 m. or 3.6% and amounted to € 4,943.9 m. compared to € 5,130.1 m. in 2016, mainly due to market share loss.

In detail:

- Domestic electricity demand increased by 1.5% in 2017 to 57,845 GWh compared to 56,972 GWh in 2016.
  Total electricity demand (including exports and pumping) increased by 2.7% in 2017 driven by increased exports from third parties through interconnections in northern Greece, especially during the last quarter of 2017, due to higher electricity prices in the Balkans and Central Europe electricity markets as well as due to the possibility of exports of quantities acquired by Third parties at competitive prices through "NOME".
  PPC sales declined in 2017 due to the reduction of its average supply market share. Specifically, PPC's average retail market share in the country declined to 86.7% in 2017 compared to 91.8% in 2016.
  In particular, PPC's average market share in the Interconnected System, was contained to 85.4% in December 2017 from 89.8% in December 2016, while PPC's average market share per Voltage was 97.3% in High Voltage, 71.5% in Medium Voltage and 88.5% in Low Voltage, compared to 98.6%, 77.1% and 93.1% in December 2016, respectively.

- PPC's electricity generation and imports covered 56.7% of total demand in 2017 (53.7% in the Interconnected System), while the corresponding percentage in 2016 was 54.5% (51.4% in the Interconnected System). PPC's market share in electricity generation, as a percentage of the total load of the Interconnected System was 50.2% compared to 47.6% in 2016.

- Specifically, PPC's electricity generation increased by 2,329 GWh (7.7%), as a result of the increased electricity generation of natural gas fired units by 36.6% (2,053 GWh), as well as lignite units by 10% (1,489 GWh).
  On the contrary, hydro generation decreased by 28.6% (1,387 GWh) since due to the overutilization of Hydro Power Plants in January 2017, there was a large reduction of hydro reserves in the reservoirs , which could not be replenished due to the extremely low hydro inflows during the following months of 2017. This situation has already been reversed in the first four months of 2018, providing secure evidence for an increase of hydro generation in 2018.
  The aforementioned developments in the energy mix contributed to the total increase of the relevant expenses by 32.9% compared to 2016.

Operating Expenses

The decrease of operating expenses before depreciation was significant and stood at € 179.6 m. to (€ 4,139.2 m. in 2017 from € 4,318.8 m. in 2016). Key factors for this reduction was the drastic reduction of bad debt provisions as well as the revenue recognized for past years' PSOs. On the contrary, the additional impact from the charge for the Special Account for Renewables, from "NOME", the energy crisis and from the increase in the unit charge of the Special Consumption Tax in diesel, further increased expenses by €522.2 m.

More specifically:

Energy mix expenditure

- Expenditure for liquid fuel, natural gas, third parties fossil fuel, CO_2 and energy purchases increased by € 712.6 m. (32.9%) compared to 2016.

  In detail:

  - Liquid fuel expense increased by € 181.4 m. (37.7%), from € 481.2 m. in 2016 to € 662.6 m. in 2017 and is attributed to :
    - the increase in the expense for the Special Consumption Tax, by € 67.6 m. from € 145.3 m. in 2016 to € 212.9 m. in 2017, due to the aforementioned increase in fuel quantities as well as the increase of the unit charge of the Special Consumption Tax in diesel from € 330/kL to € 410/kL as of 1.1.2017, which had a negative impact on the Company of € 34.9 m.
    - the increase of liquid fuel consumption due to higher electricity generation by 189 GWh, in order to meet higher demand in the Non Interconnected Islands as well as the consumption of diesel for the operation of the natural gas fired units of Komotini and Lavrio IV, in order to address the energy crisis at the beginning of the winter and
      the increase of heavy fuel oil and diesel prices expressed in Euros (not including the Special Consumption Tax) by 22.6% and 16.6%, respectively.

  - Natural gas expense increased to € 409.1 m. (54%) from € 265.7 m. in 2016 due to the significant increase of natural gas electricity generation.

  - Energy purchases expense from the System and the Network increased by 30.6%, from € 1,158 m. in 2016 to € 1,512.9 m., despite the lower volume in energy purchases by 20.5%, due to:
    - the negative impact of € 325.2 m. from the additional charge imposed on electricity suppliers for the Special Account for Renewables: € 353.6 m. in 2017 compared to € 28.4 m. in 2016,
    - the significant increase of the average System Marginal Price (SMP) to € 54.7/MWh from € 42.8/MWh and
    - the additional net expense of € 92.1 m.: € 96.6 m. in 2017 compared to € 4.5 m. in 2016, which is attributed to the negative effect from "NOME" electricity auctions at prices below SMP.

    Energy purchases expense includes an additional amount of € 24.1 m. which is the net impact from the Transitory Capacity Payment Mechanism, which was in effect until 30.4.2017.

  - Expenditure for CO_2 emission rights remained practically stable at €181.2 m. since the cost of increased emissions (31.7 m, tonnes compared to 28.4 m. tonnes) was offset by the lower average price of CO_2 emission allowances by 8.9% from € 6.27 / tn to € 5.71 / tn.

Payroll cost

The total payroll cost, including : capitalized payroll , payroll of seasonal personnel and other personnel related benefits, decreased by € 5.4 m. to € 891.7 m. in 2017 from € 897.1 m. in 2016.
The number of permanent employees on payroll , following IPTO's ownership unbundling, stood at 17,519 employees on 31.12.2017 from 17,507 on 31.12.2016.

Provisions

Bad debt provisions in 2017 marked a significant improvement and increased only by € 28.9 m. compared to an increase of € 417.3 m. in 2016, reflecting the actions of the Company for the improvement of collection.
Adding provisions for litigation and slow moving materials, the increase of total provisions was € 77 m. in 2017 compared to € 440.7 m. in 2016.

Other Financial information

- Depreciation expense in 2017 marked a slight reduction settling at € 649.2 m. compared to € 669.1 m. in 2016.

- Net financial expenses, not taking into account the positive impact in 2016 from the € 92.9 m. cash upstream from IPTO, decreased by € 6.3 m. and settled at € 95.3 m. in 2017, due to the reduction of gross debt from € 4,642.1 m on 31.12.2016 to € 4,304.5 m on 31.12.2017.

Capex

Capital expenditure, amounted to € 410.7 m. in 2017 compared to € 743.7 m. in 2016.
Capital expenditure also includes customers' contributions for their connection to the network, which remained practically stable at € 55.6 m. in 2017.
Net capex of PPC Group, that is capital expenditure excluding aforementioned contributions, decreased by € 332.7 m. or 48.4% and amounted to € 355.1 m. in 2017 compared to € 687.8 m. in 2016.

The composition of the main net capex (in million euros) is as follows:

	2017	**2016**	**Δ**
Mining projects	83.8	225.7	(141.9)
Conventional Generation & RES projects	178.2	325.4	(147.2)
Distribution network	85.4	129.8	(44.4)

Net debt

- Net debt, excluding IPTO S.A., was € 3,957.2 m. on 31.12.2017, a reduction of € 365.6 m. compared to 31.12.2016, continuing its downward trend for another year.

Net Debt evolution

(in € m)	**31.12.2017**	**31.12.2016**
Gross Debt (1)	4,304.5	4,642.1
Cash and cash equivalents & Restricted cash (2)	345,8	318
Available for sale financial assets (3)	1.5	1.3
Net Debt (4) = (1) - (2) - (3)	3,957.2	4,322.8

Taking into account the capex plan and cash management of the Company, the BoD will propose to the forthcoming Annual General Meeting of the Shareholders of PPC the non-distribution of dividend for 2017.

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

"In 2017, the operational profitability (EBITDA) of the Group (excluding IPTO S.A.) stood at € 805 m. including the amount of € 360 m. for PSOs for the years 2012-2016. In addition, net debt decreased significantly by € 366 m. and further declined by € 150 m. in the first two months of 2018 following the partial redemption of Senior Notes due in 2019, within the framework of the active management of the Company's debt portfolio.

The actions undertaken by the Company in 2017 for the improvement of receivables collection contributed to the drastic reduction of customers' bad debt provisions by approximately € 400 m. On top of that, other controllable operational expenses, excluding one – offs, decreased by approximately € 50 m.

However, PPC's profitability was contained by approximately € 520 m. from the additional charge of electricity suppliers for the Special Renewables Account, the negative impact of NOME type auctions, the energy crisis of December 2016 – January 2017, as well as the negative impact from the increase of the Special Consumption Tax on diesel, expenses that were absorbed by the Company and not passed on to its customers.

In 2018, we continue and we intensify our actions for the improvement of collection, whereas, in the following months, we expect more positive results from the intensification of the actions of the Company as well as actions to be undertaken by our specialized advisor across our customer portfolio following the pilot program, which is currently being implemented.

A positive development is the recent undertaking by the State, for the payment of amounts due by the General Government until May 2018, within the context of the third review of the Economic Adjustment Programme of the country, a development, which will yield a significant amount for the Company and on top of that it will end a long standing pending issue.

With respect to the divestment of 40% (approximately) of lignite capacity (Power Plants and Mines), a goal for which we are working intensively, we are aiming at having the maximum successful outcome within the current timeframe and with the optimum financial result for the Company. In this way, the conditions for the termination of the measures imposed on PPC for the opening of the market will be met in order for the Company to move forward towards its transformation and extroversion within the context of its strategy. Specifically, we aim for the divestment – despite its mandatory nature- to become an opportunity in order for the Company to increase its competitiveness as well as to proceed to the total restructuring of its generation portfolio focusing on RES.

Beyond that, we expect that the ongoing energy planning of the Country will be completed soon, especially in view of the divestment, and will confirm our view for the security of supply of the country and the national economy, a view, which has been substantiated by elaborate studies based on which lignite should have a significant role in the fuel mix during the transitional phase until the wider use of RES.

From the actions for the further growth of PPC through expansion in other markets and diversification of activities, we would like to highlight the following:

a) the agreement with General Electric towards the establishment of a joint venture for the provision of support services in power plants in Greece and abroad. This possibility, apart from any financial *benefits, is especially important since it supports and uses PPC's knowhow and human resources, thus creating the conditions for the transfer of knowhow to new generations of technicians.*

b) *the acquisition of EDS in FYROM, a leading company in the electricity supply market in the neighboring country, within the framework of international activities of PPC and its expansion in the Balkans.*
c) *the granting of a license, the planning and the initiation of PPC's activities in the natural gas supply market, which apart from additional streams of profitability, will also supply the Company with a major advantage compared to competition.*

Finally, the strategic and business plan of PPC Group will soon be completed, which will lead to a full restructuring and modernization of its operations, a prerequisite for the development of the Company in the new environment imposed by technological evolution, the developing domestic market and the regional market in the Balkans in view of the integrated European electricity market."

Financial Results of the Parent Company

	2017	2016 Restated (*)	Δ(%)
Turnover	€ 4,847.0 m	€ 5,063.9 m	*-4.3%*
EBITDA	€ 745.5 m	€ 765.7 m	*-2.6%*
EBITDA margin	15.4%	15.1%	
Pre-tax profits / (Losses)	€ 223.5 m	€ 99.0 m	*125.7%*
Net income / (Loss)	€ 215.9 m	€ 136.3 m	*58.4%*

(*) Restated figures for 2016 due to a) the re-estimation of "Unbilled revenue" and b) the recalculation of deferred tax on the lower electricity tariff provided to pensioners of PPC Group. The total negative impact of these restatements was € 30.1 m on Net income of 2016. In addition, 2015 figures were restated due to the re-estimation of "Unbilled revenue" with a negative impact of € 143.4 m on Net income of 2015. These restatements, both for 2015 and 2016, did not have a cash impact, whereas there was no dividend distributed for these years. For further information, please refer to 2017 Annual Financial Report (Note 36).

Financial Results of Subsidiaries

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

	2017	2016 Restated (*)	Δ(%)
Turnover	€ 759.2 m	€ 738.3 m	*2.8%*
EBITDA	€ 48.9 m	€ 20.9 m	*134%*
EBITDA margin	6.4%	2.8%	
Pre-tax profits / (Losses)	€ 36.6 m	€ 13.8 m	*165.2%*
Net income / (Loss)	€ 26.9 m	€ 26.5 m	*1.5%*

(*) Restated figures for 2016 due to the recalculation of deferred tax on the lower electricity tariff provided to pensioners of PPC Group.

- **PPC Renewables S.A.**

	2017	2016	Δ(%)
Turnover	€ 25.9 m	€ 30.8 m.	*-15.9%*
EBITDA	€ 15.2 m	€ 24.7 m.	*-38.5%*
EBITDA margin	58.9 %	80.1%	
Pre-tax profits / (Losses)	€ 3.6 m	€ 16 m.	*-77.5%*
Net income / (Loss)	€ 1.1 m	€ 10.8 m.	*-89.8%*

Summary Financials (€ m.)						
	2017 Audited	2016 Audited & Restated	Δ%	2017 Audited	2016 Audited & Restated	Δ%
	GROUP excluding IPTO S.A.			PARENT COMPANY		
Total Revenues	4,943.9	5,130.1 (1)	-3.6%	4,847.0	5,063.9 (1)	-4.3%
EBITDA	804.7	811.3 (1)	-0.8%	745.5	765.7 (1)	-2.6%
EBITDA Margin	16.3%	15.8% (1)		15.4%	15.1% (1)	
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	151.2	142.2 (1)	6.3%	111.0	110.4 (1)	0.5%
EBIT Margin (%)	3.1%	2.8% (1)		2.3%	2.2% (1)	
Net Income/(Loss)	88.7	170.2 (1)+(2)	-47.9%	215.9	136.3 (1)+(2)	58.4%
Earnings/(Losses) per share (In euro)	0.38	0.73 (1)+(2)	-47.9%	0.93	0.59 (1)+(2)	57.6%
No of Shares (in m.)	232	232		232	232	
Net Debt	3,957.2	4,322.8	-8.5%	4,046.2	4,380.8	-7.6%

Summary Profit & Loss (€ m.)						
	2017 Audited	2016 Audited & Restated	Δ%	2017 Audited	2016 Audited & Restated	Δ%
	GROUP excluding IPTO S.A.			PARENT COMPANY		
Total Revenues	4,943.9	5,130.1 (1)	-3.6%	4,847.0	5,063.9 (1)	-4.3%
- Revenue from energy sales	4,593.6	4,906.8 (1)	-6.4%	4,584.1	4,893.2 (1)	-6.3%
- Revenue from energy sales of thermal units in non-interconnected islands	62.3	8.6	624.4%	62.3	8.6	624.4%
- Customers' contributions	55.6	55.9	-0.5%	55.6	55.9	-0.5%
- Third Party Distribution network fees and PSOs	176.4	97.2	81.5%	91.3	48.2	89.4%
- Other revenues	56.0	61.6	-9.1%	53.7	58.0	-7.4%
Total Operating Expenses (excl. depreciation)	4,139.2	4,318.8	-4.2%	4,101.5	4,298.2	-4.6%
- Payroll Expenses	821.1	822.7	-0.2%	559.4	557.9	0.3%
- Third parties fossil fuel	55.0	27.4	100.7%	55.0	27.4	100.7%
- Total Fuel Expenses	1,071.7	746.9	43.5%	1,071.7	746.9	43.5%
- Liquid fuel	*662.6*	*481.2*	*37.7%*	*662.6*	*481.2*	*37.7%*
- Natural Gas	*409.1*	*265.7*	*54.0%*	*409.1*	*265.7*	*54.0%*
- Expenditure for CO_2 emission rights	*181.2*	*178.2*	1.7%	*181.2*	*178.2*	1.7%
- Special lignite levy	*32.8*	*29.8*	10.1%	*32.8*	*29.8*	10.1%
- Energy Purchases	1,567.7	1,210.5	29.5%	1,582.1	1,225.8	29.1%
- Purchases From the System and the Network	*898.0*	*899.7*	*-0.2%*	*912.3*	*915.2*	*-0.3%*
- Imports	*54.8*	*52.5*	*4.4%*	*79.5*	*85.5*	*-7.0%*
- Transitory Capacity Payment Mechanism	*24.1*	*48.5*	*-50.3%*	*24.1*	*48.5*	*-50.3%*
- Balance of clearings and other expenses	*39.1*	*24.8*	*57.7%*	*39.1*	*24.8*	*57.7%*
- Differential expense for RES energy purchases	*19.2*	*32.7*	*-41.3%*	*19.2*	*32.7*	*-41.3%*
- Special consumption tax on natural gas for IPPs	*0.0*	*22.7*	*-100.0%*	*0.0*	*22.7*	*-100.0%*
- Cover of Special RES account deficit	*353.6*	*28.4*	*1145.1%*	*353.6*	*28.4*	*1145.1%*
- Other	*178.9*	*101.2*	*76.8%*	*154.3*	*68.0*	*126.9%*

- Transmission System Usage	*173.7*	*177.9*	*-2.4%*	*173.7*	*177.9*	*-2.4%*
- Distribution System Usage	0.0	0.0		354.8	376.6	-5.8%
- Provisions	33.7	429.4 (1)	-92.2%	32.1	428.6 (1)	-92.5%
- Provisions for risks	43.3	11.3	283.2%	41.8	12.2	242.6%
- Taxes and Duties	46.2	45.7	1.1%	42.4	42.4	0.0%
-Revenue recognized for PSOs for the years 2012-2016	-359.8	0.0		-359.8	0.0	
- Other Operating Expenses (including lignite)	472.6	639.0	-26.0%	334.3	494.5	-32.4%
EBITDA	804.7	811.3 (1)	-0.8%	745.5	765.7 (1)	-2.6%
EBITDA Margin (%)	16.3%	15.8% (1)		15.4%	15.1% (1)	
Depreciation and Amortisation and impairment of fixed assets	649.2	669.1	-3.0%	634.5	655.3	-3.2%
Impact from the fixed assets appraisal	4.3	0.0		0.0	0.0	
Profit/(Loss) before Taxes & Fin. Expenses (EBIT)	151.2	142.2 (1)	6.3%	111.0	110.4 (1)	0.5%
EBIT Margin (%)	3.1%	2.8% (1)		2.3%	2.2% (1)	
Total Net Financial Expenses	91.2	101.9	-10.5%	86.1	98.9	-12.9%
Income from capital return from IPTO S.A.	0.0	92.9	-100.0%	0.0	92.9	-100.0%
Income from IPTO's sale	0.0	0.0		*198.6*	*0.0*	
Impairment loss of marketable securities	0.0	9.0	-100.0%	*0.0*	*5.4*	-100.0%
Share of profit /(Losses) in associated companies	0.5	1.2	-58.3%	*0.0*	*0.0*	
Pre-tax Profits/(Losses)	60.5	125.4 (1)	-51.8%	223.5	99.0 (1)	125.8%
Net Income/ (Loss)	88.7	170.2 (1)+(2)	-47.9%	215.9	136.3 (1)+(2)	58.4%
Earnings/(Losses) per share (In euro)	0.38	0.73 (1)+(2)	-47.9%	0.93	0.59 (1)+(2)	57.6%

Summary Balance Sheet & Capex (€ m.)						
	2017 Audited	2016 Audited & Restated	Δ%	2017 Audited	2016 Audited & Restated	Δ%
	GROUP excluding IPTO S.A.			PARENT COMPANY		
Total Assets	15,358.3	16,832.4 (1)	-8.8%	14,740.9	15,392.6 (1)	-4.2%
Net Debt	3,957.2	4,322.8	-8.5%	4,046.2	4,380.8	-7.6%
Total Equity	5,610.5	5,859.7 (1)+(2)	-4.3%	5,477.9	5,737.8 (1)+(2)	-4.5%
Capital expenditure	410.7	743.7	-44.8%	406.1	738.8	-45.0%

(1) Restated figures due to the re-estimation of "Unbilled revenue"
(2) Restated figures due to the recalculation of deferred tax on the lower electricity tariff provided to pensioners of PPC Group.

<u>Notes</u>:
- *Summary Balance Sheet & Capex figures for the Group in 2017 do not include IPTO S.A. figures, whereas in 2016 IPTO S.A. figures are included.*
- *For further information regarding definitions of ratios included in abovementioned figures, please refer to 2017 Annual Financial Report (Report of the Board of Directors)*

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The financial data and relevant information on the Financial Statements as well as the Financial Statements for 2017, on a standalone and on a consolidated basis shall be uploaded to the Company's web site (www.dei.gr) on April 27, 2018, after the conclusion of the Athens Stock Exchange trading session.