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

June 25, 2018

PPC GROUP

Key operating and financial figures for 1Q2018

- **Operational profitability (EBITDA) of € 147.2 m.**
- **Containment of operating expenses (excluding depreciation) by 23.1%**
- **Decrease in turnover by 6.5%**

Key operating figures

Domestic electricity demand decreased by 4.5% in 1Q2018, which is mainly attributed to the milder weather conditions that prevailed in the first quarter of 2018.
Total electricity demand (including pumping and exports) decreased by 2.7% in 1Q2018.
Exports from third parties increased by 36.7% in 1Q2018 due to their ability of exporting part of the "NOME" auctioned quantities in combination with more attractive prices in the Central Europe electricity markets.

PPC's average retail market share in the country, in terms of electricity (GWh) and not in terms of number of clients, declined to 83.7% in 1Q2018, compared to 88.5% in the respective period of 2017. In particular, the average retail market share in the Interconnected System was contained to 82.8% in March 2018 from 87.7% in March 2017, while PPC's average market share, per voltage, was 96.8% in High Voltage, 65.2% in Medium Voltage and 86.8% in Low Voltage compared to 98.6%, 70.6% and 92.1% in March 2017, respectively.
Due to the decrease in demand as well as the reduction of market share, PPC electricity sales decreased by 7.1% in 1Q2018.

PPC's electricity generation and imports covered 53.3% of total demand in 1Q2018 (50.9% in the Interconnected System), while the corresponding percentage in 1Q2017 was 59.3% (57% in the Interconnected System). PPC's market share in electricity generation, as a percentage of the total load of the Interconnected System was 47.1% in 1Q2018 compared to 54.1% in 1Q2017.

Hydro generation in 1Q2018 increased by 54.5% (594 GWh) compared to the respective period of last year, due to extremely high hydro inflows.

Imports increased by 33.2%, that is an increase of 669 GWh (139 GWh by PPC and 530 GWh by Third Parties), since the comparison is made against the especially low imports in 1Q2017, when due to the energy crisis, Bulgaria ceased its exports for approximately one month, while the interconnection to Italy was out of operation for the first 20 days of January 2017.

The decrease in demand combined with the increase in both hydro generation and imports resulted to the decrease of thermal generation. Specifically, lignite - fired generation decreased by 18.5%, a reduction of 851 GWh, while PPC's natural gas - fired generation decreased by 43.5%, that is a reduction of 874 GWh. Nevertheless, as a result of rising prices for CO_2 emission rights, the relevant expense increased by 22.9%, mainly negatively impacting lignite - fired generation .

Group Key financial figures excluding IPTO S.A.

	1Q2018	**1Q2017** (restated)	***Δ (%)***
Turnover (1)	€ 1,126.7 m	€ 1,204.8 m	*-6.5%*
Total Operating Expenses (excl. tax, depreciation, net financial expenses and share of profit/ (losses) in associated companies) (2)	€ 979.5 m	€ 1,274.2 m	*-23.1%*
EBITDA (3)=(1)-(2)	€ 147.2 m	(€ 69.4 m)	
Depreciation, total net financial expenses, share of profit/ (losses) in associated companies (4)	€ 175.7 m	€ 188.3 m	*-6.7%*
Pre-tax profits / (Losses) (5)=(3)-(4)	(€ 28.5 m)	(€ 257.7 m)	
Net income / (Loss)	(€ 17.6 m)	(€ 127.8 m)	

- *The Key financial figures include the activities of the lignite fired generation segments "MELITI LIGNITE ENERGIAKI SOCIETE ANONYME" and "MEGALOPOLI LIGNITE ENERGIAKI SOCIETE ANONYME", which were spun off on 31.03.2018 according to L. 4533/2018.*
- *For the restated amounts please refer to Note 36 to the 2017 Financial Statements.*
- *For further information regarding definitions of ratios included in abovementioned figures, please refer to the Financial Report for the year 2017 (Report of the Board of Directors – Appendix)*

Group turnover decreased in 1Q2018 by € 78.1 m or by 6.5%, due to the decrease in revenues from energy sales by € 96.6 m. This decrease is attributed to market share loss and the reduction of domestic demand.

In 1Q2018, EBITDA amounted to € 147.2 m, with the respective margin standing at 13.1%.
This was mainly the result of:

- the reduction of operating expenses for liquid fuel, since 1Q2017 was negatively impacted by higher expenses due the energy crisis.
- the decrease in energy purchases expense, mainly due to the lower expense by € 39.1 m, for the charge of electricity suppliers for the Special Account for Renewables and the zero expense for the Transitory Capacity Payment Mechanism, compared to € 17.5 m in 1Q2017.
- the lower natural gas expense, mainly due to the above mentioned lower natural gas generation and secondarily due to lower natural gas prices.
- the improvement in bad debt provisions, which were practically zero in 1Q2018 compared to € 103 m in 1Q2017.

Total capex amounted to € 183.7 m in 1Q2018 compared to € 86.6 m in 1Q2017, mainly due to the increased capital expenditure for the construction of the "Ptolemais V" unit.

Net debt, excluding IPTO, stood at € 3,716.7 m on 31.03.2018, a reduction by € 447.6 m. compared to 31.03.2017 and by € 240.5 m. compared to 31.12.2017. In February 2018, the Parent Company, proceeded to the partial redemption of € 150 m Senior Notes due in 2019, within the framework of the active management of its debt portfolio. PPC is currently monitoring its opportunities to access the international debt capital markets. The Company has mandated advisors to explore such opportunities, including the issuance of senior notes in a principal amount expected to range between € 300 and € 400 m and an expected 5-year maturity, all subject to prevailing market conditions.

Net Debt evolution

(in € m)	**31.03.2018**	**31.12.2017**	**31.03.2017**
Gross Debt (1)	4,158.0	4,304.5	4,495.0
Cash and cash equivalents / Restricted cash/ Available for sale financial assets (2)	441.3	347.3	330.7
Net Debt (3) = (1) - (2)	3,716.7	3,957.2	4,164.3

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

"The relatively large improvement of operational profitability (EBITDA) of the Group in the first quarter of 2018, with the respective figure standing at € 147.2 m, is a quite important performance, taking also into account the reduction of turnover by 6.5% and of sales volume by 7.1% during the same period.

The lower rate of provisions stands out from the factors that contributed to such performance, as a result of intensified efforts for the improvement of collection.

With respect to the reduction of energy balance cost, which also contributed to operational profitability, there is a reduction of the respective charge for the Special Account for Renewables, which will continue following the agreement of the Country with its lenders.

An especially positive development was the further reduction of net debt by € 240.5 m compared to the end of 2017, with the redemption of € 150 m Senior Notes due in 2019 being the most important.

On the other hand, we should note a) higher expenses for CO_2 emission rights despite lower lignite-fired generation and b) increased exports from third parties by 36.7% with the latter being fueled to a large extent by cheaper electricity supply through NOME auctions. By this percentage, electricity offered through NOME did not contribute to the further opening up of the domestic market, on top of the negative impact on PPC.

In addition, during the first quarter of 2018: a) we continued the construction of the "Ptolemais V" unit according to the timetable, b) the issue of overdues of General Government bodies was addressed with mutually beneficial terms for both sides, following all necessary actions, c) we intensified negotiations and discussions with the Greek banks for the refinancing of the syndicated loan, with a quite positive outcome for PPC at the end and d) we proceeded with all actions, according to the plan, for the divestment of 40% of our lignite capacity.

Going forward, the Company needs to manage major issues. Specifically:

- *Starting the implementation of the Business Plan, which has been concluded, within the framework of the relevant decisions of the competent bodies of the Company.*
- *Intensification of actions towards the improvement of collection and exploring the possibility for potential securitization.*
- *Active management of CO_2 emission rights prices and potentially of natural gas prices.*
- *Progressing and concluding the divestment process with the optimum result.*
- *Tapping the international debt capital markets for which the relevant examination has started.*

Regarding the further opening up of the market, it is noted that, once the country exits from economic adjustment programmes, it is necessary that all competent bodies, including the European Union review important parameters, such as the participation of as many as possible customer categories in the competitive market".