“Trends, Developments and Outlook in the Energy Sector – PPC’s strategic orientation”

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PPC is a vertically integrated utility

**Mining**
- 1.8 bn tonnes of exploitable reserves
- (c. 45 years)
- Total fixed assets: c. € 1.8 bln

**Generation**
- Installed capacity 13 GW
- Electricity production of 34.1 TWh
- Total fixed assets: c. € 6.9 bln

**Transmission**
- c. 11,365 km of HV lines owned and operated through PPC's subsidiary IPTO
- Total fixed assets: c. € 1.6 bln

**Distribution**
- € 4.1 bln of fixed assets owned by PPC
- Distribution Network is being operated by 100% subsidiary HEDNO
- 236,290 km of LV and MV lines and 945 km of HV lines

**Supply**
- 7.4 mln customers
- Current market share: 88%
In process of completing IPTO ownership unbundling

- **Greek State**: 51%
- **Other PPC shareholders**: 49%
  - **State Holding Company**: 25%
  - **Holding Co**: 51%
  - **Strategic Investor**: 24%

Selected bidder: State Grid International Development Ltd

- **Offered price**: €320 m
  - corresponds to €1,333 bln equity value

45% premium to book value

**Total cash inflows for PPC in 2017**: €746 m
- €320 m from the strategic investor
- €333 m from the State
- €93 m capital return from IPTO through capitalization of reserves.

Price to be paid: €333 m
General Trends in European Electricity Sector

- Decarbonisation to mitigate climate change within the framework of Paris - COP21 conclusions.

- Improvement of energy efficiency and exploitation of indigenous energy resources aiming at reducing energy dependency.

- Electricity market integration by enhancing interconnections during the next 10 years as well as setting the soonest possible uniform rules for their operation and the penetration of Renewables.

- Enhancement of the consumers’ role in the market and in the operation of electricity systems within the context of dispersed generation and smart grids.
The Greek electricity market

- Greek electricity market, both wholesale and supply, in a transitional phase.
- "EU Target Model" targeted to be implemented in the Greek electricity market by the end of 2017, substituting the current "mandatory pool" model.
- Wholesale market fully liberalised – PPC’s share slightly below 50%.
- Further liberalisation of the Greek electricity retail market with the objective of bringing PPC’s retail market share below 50% by the end of 2019.
  - Current retail market share of PPC stands at 88%.
  - Electricity auctions of lignite and hydro generation adopted as an intermediate measure facilitating the reduction of PPC’s retail market share.
  - Alternative measures proposed by PPC, such as the creation and sale of subsidiary companies with customers from all market segments.
PPC’s strategy going forward

- Decommissioning of old and units of low efficiency.

- Implementation of targeted capex plan for the renewal of the generation fleet (two new lignite units with 41.5% efficiency rate) and environmental upgrade of existing plants.
  - Maintain lignite as a strategic fuel contributing 30%-35% to the country’s energy mix.

- Acceleration of the implementation of RES capex plan, aiming at a leading position in the industry.

- Investments in modernising and increasing efficiency of the distribution network towards smart grid.

- Creation and sale of subsidiary companies with customers from all market segments.

- Expansion in other markets, in order to offset loss of domestic retail market share.

- Joint ventures and strategic alliances.
Renewal of PPC’s generation fleet.

### Decommissioning Plan
(Installed capacity)

<table>
<thead>
<tr>
<th>2010-2016</th>
<th>2017-2025</th>
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<tbody>
<tr>
<td>- eight lignite units,</td>
<td>- seven lignite units,</td>
</tr>
<tr>
<td>- three gas-fired units</td>
<td></td>
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<tr>
<td>- four oil-fired units</td>
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<tr>
<td>913 MW in total</td>
<td></td>
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<tr>
<td>537 MW in total</td>
<td>2,112 MW in total</td>
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<tr>
<td>730 MW in total</td>
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### Commissioning Plan
(Installed capacity)

<table>
<thead>
<tr>
<th>2010-2016</th>
<th>2017-2025</th>
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</thead>
<tbody>
<tr>
<td>- two gas-fired unit</td>
<td>- two lignite units</td>
</tr>
<tr>
<td>- one hydro unit</td>
<td>- two hydro units</td>
</tr>
<tr>
<td>1,259 MW in total</td>
<td>- HFO units (non interconnected islands)</td>
</tr>
<tr>
<td>157 MW</td>
<td>- RES units</td>
</tr>
<tr>
<td>1110 MW</td>
<td>191 MW in total</td>
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<tr>
<td>191 MW in total</td>
<td>290 MW in total</td>
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<tr>
<td>290 MW in total</td>
<td>c.180 MW in total</td>
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</tbody>
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- Environmental capex
- Transmission System & Distribution Network capex

- Reduction of CO$_2$ emissions by more than 40% to less than 20 mln tons by the end of the next decade.
- Increase of the operating efficiency of PPC’s generation fleet (from 31% to 36.5% on average for lignite units and from 48% to 53% on average for natural gas units).
Investments in the RES sector

Position the group as a leading company in the RES sector

- Repowering wind farms & Small Hydro power Plants (90MW)
- Wind Farm Northern Greece (122MW)
- Hybrid projects Ikaria/Crete
- Geothermal energy
- Biomass
Expansion in other markets / Strategic alliances

- Development of generation projects through JVs in Greece and abroad
- Electricity trading in the Balkan region and Turkey
- Network capex and market integration
- Strategic alliances for market and product diversification
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