



# **PUBLIC POWER CORPORATION S.A.**

## **Annual Results 2006**

**Athens, March 27 2007**

# Agenda



## **Highlights of 2006**

Dr. Takis Athanasopoulos, Chairman and CEO

## **Financial Results**

Mr. George Angelopoulos, CFO

## **Strategic Priorities**

Dr. Takis Athanasopoulos, Chairman and CEO

# Highlights of 2006

**Dr. Takis Athanasopoulos**  
*Chairman of the Board, and  
Chief Executive Officer*

# Highlights of 2006



- New management appointments
  - Dr. Takis Athanasopoulos, Chairman & CEO
  - Mr. George Angelopoulos, CFO
  - Mr. Grigoris Antonopoulos, Human Resources General Manager
- Average tariff increase of 4.8% implemented in the summer (Aug 2006)
  - However, did not fully reflect underlying cost increases
  - EBITDA for 2006 was € 740MM from € 901 MM in 2005
- Forced shift to more expensive generation mix
- Ptolemais outage
- Net debt constant at € 3,755 MM

# **Financial Results**

**Mr. George Angelopoulos**  
*Chief Financial Officer*

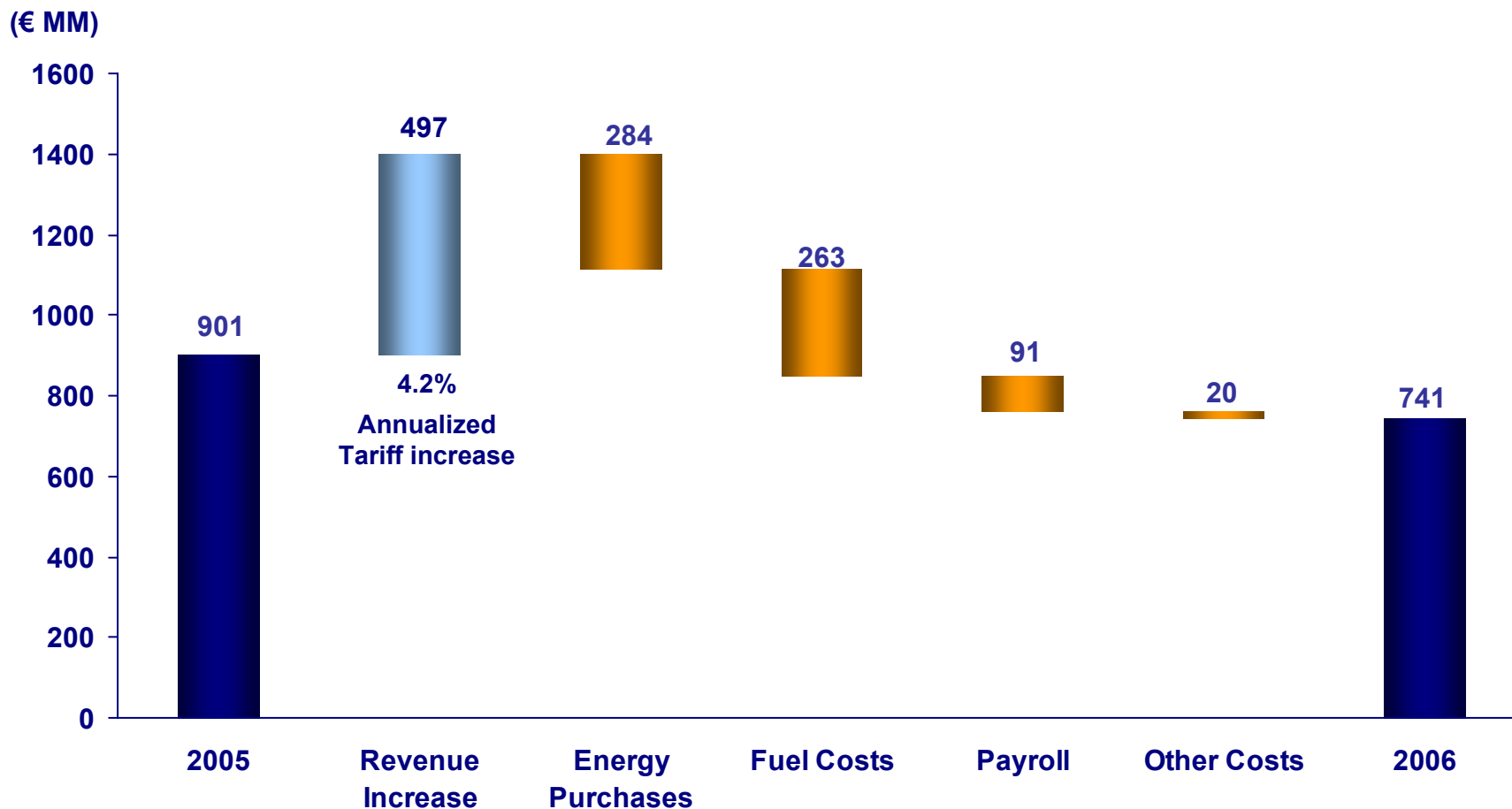


# Summary Financial Results: P&L

Key Figures (€ MM)	2006	2005	Δ%
<b>Total Sales</b>	<b>4.787</b>	<b>4.291</b>	<b>+11,6</b>
Payroll Cost	1.361	1.270	+7,1
Fuel Costs	1.257	994	+26,5
Energy Purchases	524	240	+118,3
Other Costs	906	886	+2,3
<b>EBITDA</b>	<b>740</b>	<b>901</b>	<b>-17,9</b>
Net Financial Expense	133	122	+9,2
Net Income	22	130	-83,0
<b>EPS (€ per share)</b>	<b>0.10</b>	<b>0.56</b>	<b>-83,0</b>
<b>DPS (€ per share)</b>	<b>0.16</b>	<b>0.50</b>	<b>-68,0</b>

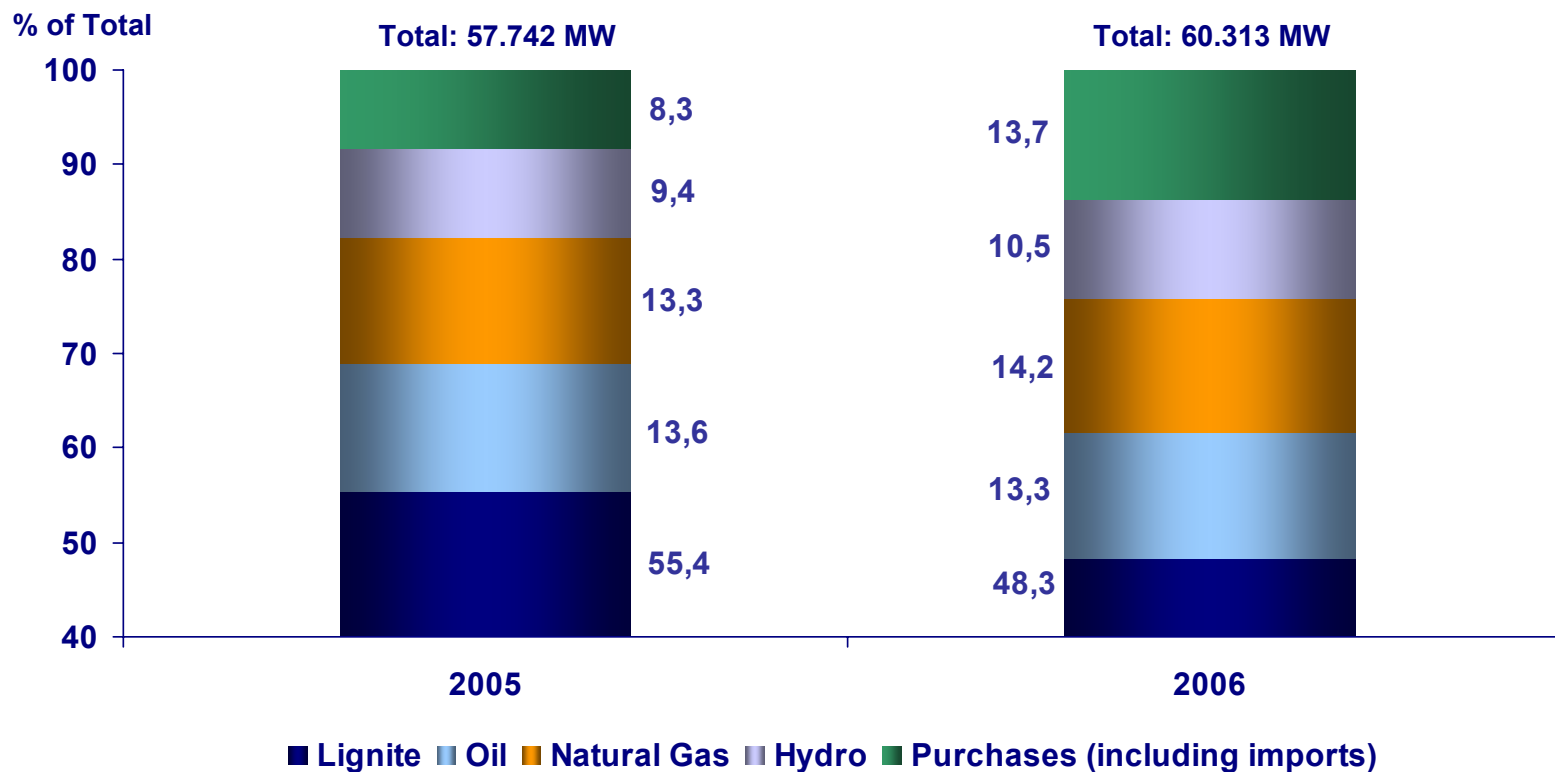
# EBITDA Reconciliation – 2006 vs. 2005

**Tariff increase offset by rising fuel and energy purchases costs**





# Generation Mix



- Lower hydro production in Q4. Ptolemais outage reduced lignite output
- Significantly higher energy purchase volumes
- Higher heavy fuel oil and natural gas prices in 2006, driven by global oil prices
- Time lag between price drops and when those are realised by PPC

- Net debt at December 31, 2006 stood at €3.755 MM
  - Constant levels compared to 2005
- Capital expenditures of €713 MM for 2006 (€739 MM in 2005)
- Total financial expense decreased to €123 MM in 2006 from €129 MM in 2005
  - Achieved despite significant increases in European lending rates

# **Strategic Priorities**

**Dr. Takis Athanasopoulos**  
*Chairman of the Board, and  
Chief Executive Officer*



# Key Priorities

**Regulatory Strategy**

**Cost Control**

**Generation Strategy**

**New Sources of Revenue**

**Corporate Culture**



# Key Priorities: Regulatory Strategy

## Recognized need for restructuring of regulatory framework

- Enhancing relationship with the regulator and government through continuous dialogue
- Important changes announced yesterday:
  - Increases for industrial customer and night time tariffs
  - Change in SMP calculation mechanism
- Continue to focus on structural reform:
  - Efficient tariff setting mechanism
  - Wholesale market rationalization to avoid market distortions



# Key Priorities: Cost Control

## Continue cost cutting effort

- Cost reduction efforts concentrated on
  - Non Employee and Non Fuel components
  - Efficiency improvements
- Achieved €12 MM of cost savings in 2006



# Key Priorities: Generation Strategy

## Generation Strategy / Actively manage fuel costs

- Optimize our generation mix
  - Examine our dependency on lignite
  - Focus on reduction of CO2 emissions
- Improve management of energy imports and purchases
- Fuel procurement strategy
  - Diversification of suppliers
  - Renegotiation of gas contract



# Key Priorities: Generation Strategy

## PPC's Power Plant Portfolio

- Enhance thermal power plant replacement program of PPC from 1600 MW to 2400 MW within the next 10 years
- Scheduling the construction of 2 new thermal power plants
  - 400 MW CCGT plant in Aliveri (2009)
  - 400 MW CCGT plant in Megalopolis (2011)
- Full schedule to be communicated later this year - examine to build new 600 MW clean coal



# Key Priorities: New Sources of Revenue

- PPC Renewables S.A. aims to gain 23% of market share in next few years
  - 900 MW of capacity from renewable energy sources in the pipeline
- SENCAP pre-qualified for the Negotino, FYROM tender
  - SENCAP-ENEL bidding consortium short-listed in Kosovo
- LARCO : PPC re-valued its stake in LARCO to €37 MM
- TELLAS : Continued innovation with development of brand and new products



# Key Priorities: Strengthen PPC's Corporate Culture

- Adapting PPC's Corporate Culture from one of a state monopoly to a business operating in a competitive environment
- Different business environments : competitive functions vs. regulated functions
- Empower and strengthen role of managers
- Create a culture focused on quality and customer service

# Conclusions



- Profitability impacted by challenging conditions in 2006
- Continued challenging environment 2007 is counter balanced by certain improvements in some areas
- Continued focus on regulator strategy, cost control and generation strategy
- Strengthen PPC's Corporate Culture