Public Power Corporation SA

Business plan 2009-2014

“Repositioning for Performance and Growth”

November 18, 2008
PPC is facing financial, operational and strategic challenges.

PPC plans to undertake significant investments till 2014 in its core activities and new developing sectors to continue its growth.

PPC will exploit all opportunities for performance improvement and revenue growth, in order to have a strong competitive position in the liberalised energy market.
PPC is facing financial, operational and strategic challenges.

- **Sub-optimal operations**: PPC’s operational performance rests below the desired and attainable levels.
- **Regulatory challenges**: Differences continue to exist in the business environment between Greece and the other European countries.
- **Poor financials**: The financial results of PPC during the last few years are not satisfactory.
In the Strategic Plan we defined an efficiency gap of about €750 m. compared with the best practices of European electric utilities.

PPC has an efficiency gap of ~€750m p.a. compared to European best practices.

Note(1): Lignite as compared to hard coal.
The important differences that we outlined in the electricity value chain between Greece and Europe, remain today.

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</tbody>
</table>

**Greece**
- Mandatory pool
- Transmission and Distribution in a single legal entity with competitive activities
- The charging methodology does not offer performance incentives
- PPC practically obliged to be the sole supplier
- Regulated tariffs that do not reflect costs

**Europe**
- Pool and Bilateral & Forward Contracts
- Transmission and Distribution legally separated from competitive activities
- Charging methodology offers incentives for performance and new investments
- Many suppliers
- Unbundled tariffs that reflect costs
Customer tariffs in Greece remain regulated and do not reflect costs...

<table>
<thead>
<tr>
<th>Country</th>
<th>Industrial(^{(1)})</th>
<th>Residential(^{(1)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece</td>
<td>Regulated tariffs, without discrete charges, that do not reflect costs</td>
<td>Regulated tariffs, without discrete charges, that do not reflect costs</td>
</tr>
<tr>
<td>Portugal</td>
<td>Market price (^{(2)}) or tariff with securitization of tariff deficit</td>
<td>Market price (^{(2)}) or tariff with securitization of tariff deficit</td>
</tr>
<tr>
<td>Spain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>Market price (^{(2)}) or tariff (^{(3)}) reflecting costs</td>
<td>Market price (^{(2)}) or tariff (^{(3)}) reflecting costs</td>
</tr>
<tr>
<td>Belgium</td>
<td></td>
<td>Market price (^{(2)}) or tariff (^{(3)}) reflecting costs</td>
</tr>
<tr>
<td>Ireland</td>
<td></td>
<td>Market price (^{(2)}) reflecting costs</td>
</tr>
<tr>
<td>Italy</td>
<td></td>
<td>Market price (^{(2)}) reflecting costs</td>
</tr>
<tr>
<td>United Kingdom</td>
<td></td>
<td>Market price (^{(2)}) reflecting costs</td>
</tr>
</tbody>
</table>

**Notes**

\(^{(1)}\): Country overview – differences may apply  
\(^{(2)}\): the market price is set by the market  
\(^{(3)}\): regulated tariff
... resulting in the lowest electricity prices for households in EU15 and one of the lowest in EU27

Electricity tariffs with taxes and PSOs for households with annual consumption 2500 to 5000 kWh (1st half 2008)

Source: Eurostat
The non-controllable operational expenses (fuel, energy purchases and CO2 cost) increased drastically during the last five years affecting significantly the profitability.

Evolution of operational expenses (€m)

- Payroll
- Liquid fuel and natural gas
- Energy purchases
- Other operational expenses
- CO2 cost

Evolution of EBITDA (€ m)

- 1H04
- 1H05
- 1H06
- 1H07
- 1H08
The approved tariff increases barely covered inflation.

Price indices, Jan 2004 = 100

Regulatory issues to be addressed:
- Tariffs with discrete charges (cost of energy, network charges, PSO)
- Social tariff
- Supplier of last resort
- Rules of the wholesale market
- Ancillary services

PPC has submitted proposals to regulatory authorities on the pending regulatory issues.
PPC’s return on capital employed is considerably below other incumbent utilities

**ROE 2007 (%)**

<table>
<thead>
<tr>
<th>PPC</th>
<th>Average of 4 largest European utilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1%</td>
<td>17.1%</td>
</tr>
</tbody>
</table>

**PPC Return on Capital Employed 2007 in %**

<table>
<thead>
<tr>
<th>PPC</th>
<th>Enel</th>
<th>Edf</th>
<th>RWE</th>
<th>Vattenfall</th>
<th>E.ON</th>
<th>Fortum</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1%</td>
<td>5.3%</td>
<td>7.8%</td>
<td>10.9%</td>
<td>11.0%</td>
<td>12.5%</td>
<td>13.1%</td>
</tr>
</tbody>
</table>

**Note:**

1) ROCE = EBIT / Invested Capital, Bloomberg’s methodology to calculate ROCE might differ slightly from PPC’s method
2) Companies included: E.ON, RWE, Enel, Edf and Fortum - weighted according to their market capitalization

Source: Bloomberg, Booz&Co. Analysis

*Gap 8%*

Source: JCF Factset Analyst Consensus
Major performance issues remain

ROCE tree comparison: PPC vs. five EU companies, 2007 in %

ROCE - Return on capital employed

10.1% 2.1%

EBIT/Revenues

Benchmark Average 1) PPC

EBIT/Capital employed

16.2% 5.1%

ROS - Return on sales

COGS + SG&A /revenues

75.5% 84.1%

1 -

Depreciation/revenues

8.3% 10.8%

CT - Capital turnover

62.5% 41.3%

Net working capital / revenues

6.9% 14.4%

Net assets/revenues

30.6% 44.3%

1) Companies included: E.ON, RWE, Enel, Edf and Fortum - weighted according to their market capitalization

Source: Bloomberg, Booz&Co. Analysis
PPC stock price moved lower than the European utilities index and the Athens Stock Exchange index, resulting in a loss in capitalisation of €6.3 bn.

Stock index, base Jan 2 2008=100
[Capitalization 2 Jan 08 = €8.4 bn, 11 Nov 08 = €2.1 bn]

Source: Bloomberg
PPC is facing financial, operational and strategic challenges.

PPC plans to undertake significant investments till 2014 in its core activities and new developing sectors to continue its growth.

PPC will exploit all opportunities for performance improvement and revenue growth, in order to have a strong competitive position in the liberalised energy market.
PPC aims to become an efficient and competitive electric utility in the liberalised energy market

Objectives

Efficient power plant portfolio, respecting the environment

- Build new plants with best available technology
- Decommission old, inefficient and polluting power plants
- Accelerate completion of large hydro projects

Improved service to our customers

- Increase network reliability
- Improve efficiency of network

Achieve 20% market share in Renewable Energy Sources

- Active in all sectors: wind, solar, small hydro, geothermal
PPC company investment plan is c.€11.5 bn.

Investment plan 2009-2014
(€ mil. nominal values)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Central services</th>
<th>Supply</th>
<th>Distribution</th>
<th>Transmission</th>
<th>Generation</th>
<th>Mines</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>€11.5bn</td>
<td>€1,085m</td>
<td>€5,831m</td>
<td>€1,240m</td>
<td>€3,085m</td>
<td>€26.7m</td>
<td>€257m</td>
</tr>
<tr>
<td>2010</td>
<td>€1,003</td>
<td>€201</td>
<td>€634</td>
<td>€222</td>
<td>€422</td>
<td>€63</td>
<td>54</td>
</tr>
<tr>
<td>2011</td>
<td>€1,957</td>
<td>€155</td>
<td>€1,003</td>
<td>€261</td>
<td>€478</td>
<td>€3,4</td>
<td>6.1</td>
</tr>
<tr>
<td>2012</td>
<td>€2,027</td>
<td>€247</td>
<td>€969</td>
<td>€248</td>
<td>€512</td>
<td>€3.4</td>
<td>47</td>
</tr>
<tr>
<td>2013</td>
<td>€1,928</td>
<td>€274</td>
<td>€907</td>
<td>€179</td>
<td>€532</td>
<td>€3.4</td>
<td>33</td>
</tr>
<tr>
<td>2014</td>
<td>€2,075</td>
<td>€139</td>
<td>€1,171</td>
<td>€170</td>
<td>€559</td>
<td>€3.1</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.3</td>
</tr>
</tbody>
</table>
The execution of an investment plan of such magnitude is a challenge for PPC.

### PPC investments 2003-2008 and planned investments 2009-2014

(€ m – nominal values)

**Historical data**
- 2003: €724
- 2004: €756
- 2005: €739
- 2006: €728
- 2007: €857
- 2008: €1,057

**Planned investments**
- 2009: €1,549
- 2010: €1,957
- 2011: €2,027
- 2012: €1,928
- 2013: €2,075
- 2014: €1,989

- €5.0 bn. x 2.3 = €11.5 bn.
### PPC Generation investment plan:
new power plants and decommissioning of old, inefficient plants

**1** Thermal plants: 3,887 MW

<table>
<thead>
<tr>
<th>Power Station</th>
<th>Fuel</th>
<th>Installed Capacity (MW)</th>
<th>Commissioning year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Komotini</td>
<td>Natural gas</td>
<td>160</td>
<td>2009</td>
</tr>
<tr>
<td>Aliveri V</td>
<td>Natural gas</td>
<td>427</td>
<td>2010</td>
</tr>
<tr>
<td>Megalopoli V</td>
<td>Natural gas</td>
<td>800</td>
<td>2012</td>
</tr>
<tr>
<td>Florina II</td>
<td>Lignite</td>
<td>450</td>
<td>2013</td>
</tr>
<tr>
<td>Ptolemaida V</td>
<td>Lignite</td>
<td>450</td>
<td>2014</td>
</tr>
<tr>
<td>Aliveri VI (1)</td>
<td>Hard-coal</td>
<td>800</td>
<td>2014</td>
</tr>
<tr>
<td>Larimna I (1)</td>
<td>Hard-coal</td>
<td>800</td>
<td>2015</td>
</tr>
</tbody>
</table>

**2** Hydro plants: 640 MW

<table>
<thead>
<tr>
<th>Power Station</th>
<th>Installed Capacity (MW)</th>
<th>Commissioning Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mesohora I,II</td>
<td>160</td>
<td>2011</td>
</tr>
<tr>
<td>Ilarionas I,II</td>
<td>157</td>
<td>2011</td>
</tr>
<tr>
<td>Metsovitiiko II</td>
<td>29</td>
<td>2012</td>
</tr>
<tr>
<td>Sykia I,II (2)</td>
<td>125</td>
<td>2014</td>
</tr>
<tr>
<td>Pefkofito I,II (2)</td>
<td>160</td>
<td>2014</td>
</tr>
</tbody>
</table>

**3** Decommissioning Old plants: 2,400 MW

<table>
<thead>
<tr>
<th>Fuel</th>
<th>Capacity (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lignite (Ptolemaida I,II, III, IV, Liptol I,II, Megalopoli I,II)</td>
<td>913</td>
</tr>
<tr>
<td>Natural gas (Agios Georgios VIII, IX, Lavrio III)</td>
<td>540</td>
</tr>
<tr>
<td>HFO (Lavrio I,II, Aliveri III, IV)</td>
<td>750</td>
</tr>
<tr>
<td>Diesel and HFO in Cyclades islands</td>
<td>200</td>
</tr>
</tbody>
</table>

**4** Islands : new units 990MW – Cyclades connection

<table>
<thead>
<tr>
<th>Islands</th>
<th>Fuel</th>
<th>Capacity (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crete</td>
<td>LNG</td>
<td>500+70</td>
</tr>
<tr>
<td>Rhodes</td>
<td>Oil-fired</td>
<td>120</td>
</tr>
<tr>
<td>Lesvos</td>
<td>Oil-fired</td>
<td>120</td>
</tr>
<tr>
<td>Various small islands</td>
<td>Oil-fired</td>
<td>180</td>
</tr>
</tbody>
</table>

Notes:
(1) In negotiations, to be developed with two minority partners (up to 200MW each); (2) Subject to completion of dams by the State pending minister’s approval
PPC’s power plant portfolio in 2014 will ensure reliability, higher efficiency and a decrease of generation costs.

(1) Aliveri VI and Ptolemaida V will start operating in September and November 2014 respectively.
After the completion of the generation program both CO2 and conventional emissions decrease.

- **CO2 in interconnected (kg/kWh)**
  - 2006: 1.2 kg/kWh
  - 2015: 0.9 kg/kWh
  - Decrease: 25%

- **NOx in interconnected (g/kWh)**
  - 2006: 1.7 g/kWh
  - 2015: 1.1 g/kWh
  - Decrease: 39%

- **SO2 in interconnected (g/kWh)**
  - 2006: 8.3 g/kWh
  - 2015: 0.7 g/kWh
  - Decrease: 91%

- **PM in interconnected (g/kWh)**
  - 2006: 0.7 g/kWh
  - 2015: 0.3 g/kWh
  - Decrease: 56%
PPC Subsidiaries and Joint Ventures: €2.8 bn to further propel growth

Investments of subsidiaries and contributions in joint ventures (€ m)

- Total 2009-2014: €2.8 bn.

PPC Renewables investment plan
2009-2014, €2.1 bn.
Evolution of installed capacity, MW

- 950 MW in RES till 2014

Not identified
In negotiations
Planned

Note: SENCAP is not included.
Clear choice: Without new investments in power plants and RES, the share of PPC generation in the wholesale market will decline significantly.

PPC Generation share in the wholesale market with and without investments (%)

- 2007:
  - Without investments in generation: 85.7%
  - With investments in generation: 55.0%
- 2014:
  - Without investments in generation: 72.0%
  - With investments in generation: 55.0%

The share of PPC generation in the wholesale market will decline significantly with and without investments in generation.
PPC is facing financial, operational and strategic challenges.

PPC plans to undertake significant investments till 2014 in its core activities and new developing sectors to continue its growth.

PPC will exploit all opportunities for performance improvement and revenue growth, in order to have a strong competitive position in the liberalised energy market.
With current financials, PPC cannot implement its investment plan.

Projection of Free Cash Flow for PPC (€m, after proposed investment plan):

- 2009e-2014e:
  - Free CO2 allowances in 2013 and 2014 as in 2012: -6148
  - No free CO2 allowances in 2013 and 2014: -2425
  - Total: -8,573

Net Debt / EBITDA:

- 2012e: 4.4
- 2014e: 4.9

Net Debt / EBITDA ratio: 16.7
Business Plan: Pulling all performance levers across PPC, addressing operating costs and revenue potential to realise planned investments.

<table>
<thead>
<tr>
<th>Investments</th>
<th>Expenses</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised Investment plan</td>
<td>Reduction in controllable costs in the areas of: -Personnel -Materials -External Services</td>
<td>Required revenue increase to support investment plan</td>
</tr>
<tr>
<td>€13.5 bn.</td>
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</tbody>
</table>

CO2 base case assumption: Free allowances in 2013 and 2014, as in 2012
Targets are set for efficiency improvement with gradual reduction for PPC to €500 m annually by 2014

Targets for efficiency improvements (2008 prices)

Note 1): €100 mil more from increased power plant availability
A comprehensive operational improvement program will deliver gradually €500 m annually by 2014

Efficiency improvement (in € m, in nominal prices)

Savings: €2.2 bn.

= €500 m (2008 prices)
Operational improvements can only address controllable costs – the majority of which are personnel costs.

Cost basis 2007 (€ m)

- Total: €4,372
- Fuel: €1,458
- Energy purchases: €643
- Transmission charges: €309
- Other non-controllable expenses: €78
- Personnel: €1,418
- Materials: €166
- External services: €299

∑=€ 1,883 m
The majority of savings needs to come from personnel costs

Efficiency target (€ m – 2007 basis)

- External Services: 30 (269) + 299
- Material Costs: 166 (149) + 17
- Personnel Costs: 1,418 (453) + 965
- Total: 1,883 (500) + 1,383

Legend:
- Cost reduction
- Remaining controllable costs
Personnel age distribution is skewed towards higher age groups.

Benchmarking against European utilities

Source: Booz & Company
Reducing personnel cost is feasible…

Potential significant savings from retirements
(€ m – 2008 prices)

- Cost of new hires
- Possibility to reduce personnel cost with replacement of retirees

Assumption: Retirees are replaced by new employees 21-30 years old with same educational background
PPC will achieve the required decreases in personnel costs through the following actions:

- Increase of efficiency
- Redesign of processes (lean processes)
- Emphasis on core business (retain PPC know-how)
- Reduction of average age
- Development of internal labour market
- Management of overtime and absenteeism
Operational and Organisational initiatives that will result in a decrease in controllable costs

Efficiency initiatives targeting cost reductions

- **Mines**
  - Reducing O&M
  - Increasing mining equipment utilisation

- **Generation**
  - Reducing O&M
  - Increase plant availability

- **Transmission**
  - Change maintenance strategy
  - Reduction of losses

- **Distribution**
  - Restructuring
  - Leaner and more efficient services to customers

- **Sales**
  - Restructuring

- **Central Services**
  - Improve procurement processes
  - Review organisational structures
  - Enable effective controls
  - Redesign HR
  - Improve supply chain
  - Improve management of CAPEX projects
  - Development and implementation of IT strategy
  - Delivering new billing system for Supply
The formula takes into account HFO and natural gas prices.
### Impact of fuel adjustment mechanism in 2009 (€ m)

#### PPC estimate of fuel adjustment mechanism impact in 2009 (€ m)

<table>
<thead>
<tr>
<th></th>
<th>2009 Q1e</th>
<th>2009 Q2e</th>
<th>2009 Q3e</th>
<th>2009 Q4e</th>
</tr>
</thead>
<tbody>
<tr>
<td>84</td>
<td></td>
<td>-22</td>
<td>-22</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year and Quarter</th>
<th>Average fuel clause impact on customers bills</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 Q1e</td>
<td>5.6%</td>
</tr>
<tr>
<td>2009 Q2e</td>
<td>-1.69%</td>
</tr>
<tr>
<td>2009 Q3e</td>
<td>-5.05%</td>
</tr>
<tr>
<td>2009 Q4e</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Change over previous quarter**
Impact of Public Service Obligations on revenues

1. Due to:
   - Uniform tariffs in Greece applying also to non-interconnected islands
   - Special tariff for large families

2. Based on
   - the difference of the cost for generating electricity in the islands vs the mainland.

3. PSOs revenues are based on previous year’s costs

PPC estimate of PSOs (€m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2009e</th>
<th>2010e</th>
<th>2011e</th>
<th>2012e</th>
<th>2013e</th>
<th>2014e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>528</td>
<td>509</td>
<td>554</td>
<td>592</td>
<td>631</td>
<td>620</td>
</tr>
</tbody>
</table>
PPC would propose tariff increases by a total of 5% above inflation over the six year period

Proposed tariff increases (%)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal tariff increase</td>
<td>1%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Inflation</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Real tariff increase</td>
<td>-2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
<td>0%</td>
</tr>
</tbody>
</table>

CO2 assumption: Free allowances in 2013 and 2014, as in 2012
Tariff increases will result in revenue increase of €1.4bn

Average revenue in nominal terms (€ / MWh)

| Year | PPC Share | PPC
|------|-----------|-----|
| 2008e | 100%      | Blue
| 2012e | 84%       | Red
| 2014e | 79%       | Blue

PPC share in retail market (interconnected) (%)

| Year | PPC Share | PPC
|------|-----------|-----|
| 2008e | 100%      | Blue
| 2012e | 84%       | Red
| 2014e | 79%       | Blue

CO2 assumption: Free allowances in 2013 and 2014, as in 2012
Tariff increase, cost reduction as well as internal and external funding enable PPC to robustly finance the investment program.

<table>
<thead>
<tr>
<th>Uses of funds</th>
<th>15.5</th>
<th>Sources of funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>New investments PPC</td>
<td>10.7</td>
<td>Net income from business as usual</td>
</tr>
<tr>
<td>New investments subsidiaries</td>
<td>2.8</td>
<td>Revenue increase</td>
</tr>
<tr>
<td>Dividend payments</td>
<td>1.6</td>
<td>Controllable Cost reduction</td>
</tr>
<tr>
<td>Cash and other assets</td>
<td>0.4</td>
<td>New connection charges</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Additional debt</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Depreciation</td>
</tr>
</tbody>
</table>

CO2 assumption: Free allowances in 2013 and 2014, as in 2012
With implementation of Business Plan all financial indices present a positive trend.

**EBITDA margin (%)**
- 2007: 15.9%
- 2012e: 35.6%
- 2014e: 40.9%

**Net Debt / EBITDA**
- 2007: 4.5x
- 2012e: 3.3x
- 2014e: 3.0x

**Efficiency ratio (controllable OPEX/ EBITDA)**
- 2007: 2.3
- 2012e: 0.73
- 2014e: 0.62

**ROCE 2007-2014e (%)**
- 2007: 2.1%
- 2012e: 10.1%
- 2014e: 10.8%

**CO2 assumption: Free allowances in 2013 and 2014, as in 2012**
Debt and interest coverage ratios within target range

Projection of Debt Ratios for PPC

CO2 assumption: Free allowances in 2013 and 2014, as in 2012
Alternative assumption: no free CO2 allowances post 2012

- Revised investment plan: €13.5 bn.
- Reduction in controllable costs in the areas of:
  - Personnel
  - Materials
  - External Services
- Required revenue increase to support investment plan

CO2 alternative assumption: No free CO2 allowances in 2013 and 2014
If there are no free CO2 allowances post 2012, PPC will be impacted by an annual expenditure of c. €1.4bn

### CO2 Economics

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CO2 Costs (EUR)</strong></td>
<td>1,379,000,000</td>
<td>1,360,000,000</td>
</tr>
<tr>
<td><strong>Total impact on average tariff (€/ MWh)</strong></td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td><strong>Proposed increase in average tariff (€/ MWh)</strong></td>
<td>10.8 (42%)</td>
<td>4.1 (14.9; 54%)</td>
</tr>
<tr>
<td><strong>Resulting additional revenues</strong>*</td>
<td>503,000,000</td>
<td>662,000,000</td>
</tr>
</tbody>
</table>

Note: CO2 price assumption post 2012 €28/tn
* After supply market share losses

**CO2 alternative assumption: No free allowances in 2013 and 2014**
With additional CO2 costs, PPC would propose tariff increases by a total of 17% above inflation over the six year period.

Proposed tariff increases if no free allowances in 2013 and 2014 (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Nominal tariff increase</th>
<th>Inflation</th>
<th>Real tariff increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1%</td>
<td>3%</td>
<td>-2%</td>
</tr>
<tr>
<td>2010</td>
<td>5%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>2011</td>
<td>5%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>2012</td>
<td>5%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>2013</td>
<td>13%</td>
<td>3%</td>
<td>10%</td>
</tr>
<tr>
<td>2014</td>
<td>6%</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

CO2 alternative assumption: No free allowances in 2013 and 2014
With additional CO2 costs, PPC will achieve a 31.3% EBITDA margin and a 3.9x Net Debt / EBITDA in 2014.

**EBITDA margin (%)**

- 2007: 15.9%
- 2012e: 35.6%
- 2014e: 31.3%

**Net Debt / EBITDA**

- 2007: 4.5x
- 2012e: 3.3x
- 2014e: 3.9x

**Efficiency ratio (controllable OPEX/ EBITDA)**

- 2007: 2.3
- 2012e: 0.73
- 2014e: 0.74

**ROCE 2007-2014e (%)**

- 2007: 2.1%
- 2012e: 10.1%
- 2014e: 8.3%

CO2 alternative assumption: No free allowances in 2013 and 2014.
If the proposed by PPC tariff increases are not realised, alternative options will have to be examined.

**Reduction of Funds Outflows**
- Decrease of dividends
- Share investments
- Deferring/ Cancellation of investments
- Further reduction of controllable cost

**Increase of Funds Inflows**
- Asset disposal
- Equity increase
The Business Plan balances in a satisfactory way the expectations of the customers and employees, and creates shareholders’ value.

- Decrease in operational expenses
- Revenue Increase
- Terminate ongoing value destruction
- Build up generation capability

- PPC
- Average of 4 largest European utilities

1.1% 17.1%

16
Thank you
Appendix
<table>
<thead>
<tr>
<th>Parameters</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent</td>
<td>65 USD / bbl</td>
</tr>
<tr>
<td>USD/EUR</td>
<td>1.25 USD / EUR</td>
</tr>
<tr>
<td>Price of hard coal</td>
<td>90 USD / t</td>
</tr>
<tr>
<td>Cost of CO₂</td>
<td>NAP II 20 - 23 €/t</td>
</tr>
<tr>
<td></td>
<td>NAP III 28 €/t</td>
</tr>
<tr>
<td>Free allocated CO2 rights for 2009-2011</td>
<td>44.3 Mio. t p.a.</td>
</tr>
<tr>
<td>Free allocated CO2 rights for 2012</td>
<td>42.6 Mio. t p.a.</td>
</tr>
<tr>
<td>Consumer Price Index</td>
<td>3.2% in 2009</td>
</tr>
<tr>
<td></td>
<td>2.9% from 2010</td>
</tr>
<tr>
<td>Producer Price Index</td>
<td>4%</td>
</tr>
</tbody>
</table>
Evolution of electricity demand in Greece

Annual demand growth (GWh) (%)

Interconnected

Islands

Source: HTSO PPC

Note: interconnection of Cyclades in 2012