# Public Power Corporation

## Financial Results Q1 2022

May 26, 2022

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## Presenting Team

**Georgios Stassis**
***Chairman & CEO***

**Konstantinos Alexandridis**
***CFO***

## Today's agenda

1. Financial performance

Konstantinos Alexandridis - Chief Financial Officer

2. Overview of Major developments & Outlook

Georgios Stassis - Chairman and CEO

Presenter

Konstantinos
Alexandridis
*CFO*

1. Financial performance

# Financial highlights

| (€m) | Q1 2022 | Q1 2021 | Δ(%) |
|---|---|---|---|
| Revenues | 2,247 | 1,114 | *102%* |
| Recurring EBITDA | 170 | 226 | *-25%* |
| *One-offs* | | *39* [1] | |
| Reported EBITDA | 170 | 186 | *-9%* |
| Pre - tax Profits/(Losses) [2] | (30) | (29) | |
| Capital expenditure | 102 | 90 | *13%* |
| Free Cash Flow | (172) | 70 | |

| (€m) | 31.03.2022 | 31.12.2021 | Δ(%) |
|---|---|---|---|
| Net Debt | 2,132 | 1,890 | *13%* |
| Net Debt / EBITDA | 2.6x | 2.2x | |

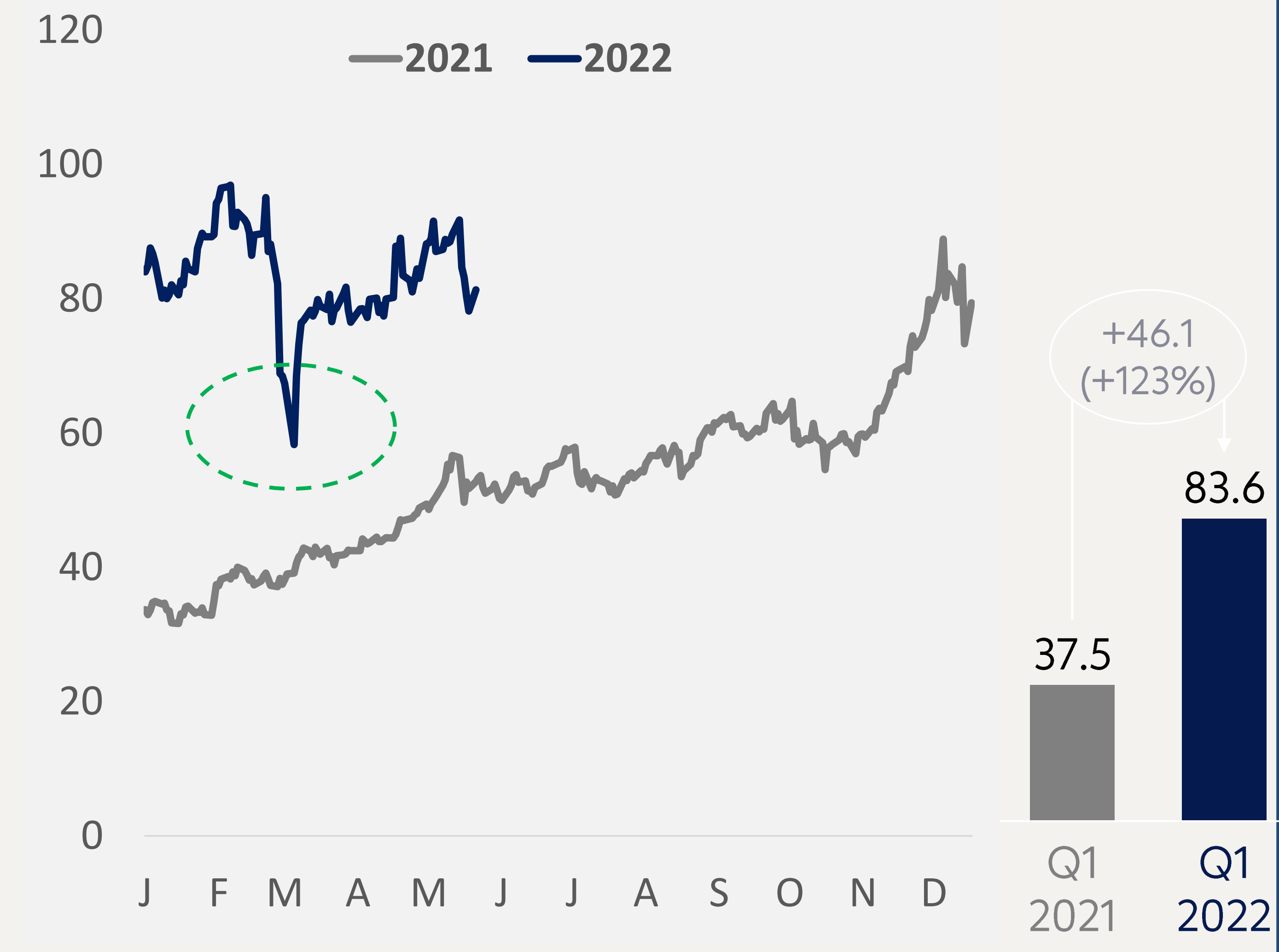
Notes
1. For Q1 2021 excluding one-offs for the provision of €2.9 m for personnel's severance payment (negative impact) and for the retroactive charge of €36 m for special allowances from the implementation of the Collective Labour Agreement for the period 2021-2024 (negative impact)
2. Net losses of €186 m were recorded for Q1 2022 compared to net losses of €44 m in Q1 2021. The delta is attributed to a €184 m tax on the €787 m capital gain from the sale of a 49% stake of PPC in its subsidiary HEDNO S.A.. to Macquarie Asset Management Excluding this tax, net losses for Q1 2022 amount to €2 m

# Market Outlook – Commodity prices

## TTF (€/MWh_th) [1]

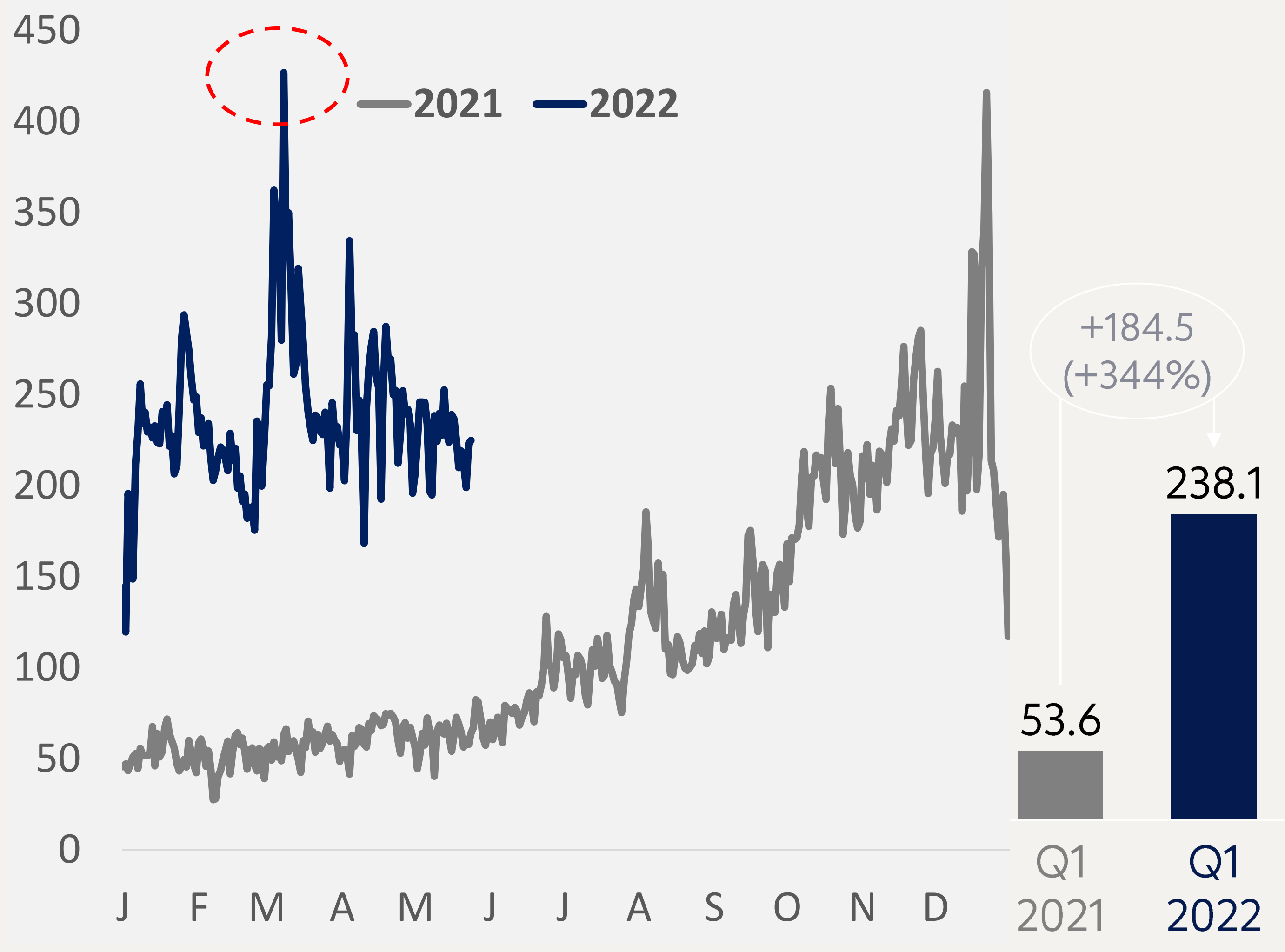

- European gas prices swing wildly as market faced war volatility and a host of unprecedented risks ahead
- Higher Q1 TTF price by +€78.6/MWh_th (€97.1/MWh_th vs €18.5/MWh_th)

## $CO_2$ (€/tn) [2]




- Q1 has been lively, with Fit for 55 policymaking accelerating - EUAs pretty volatile, though holding up relatively well
- Higher Q1 $CO_2$ market price by +€46.1/tn (€83.6/tn vs €37.5/tn)

## Day Ahead Market price (DAM) (€/MWh) [3]

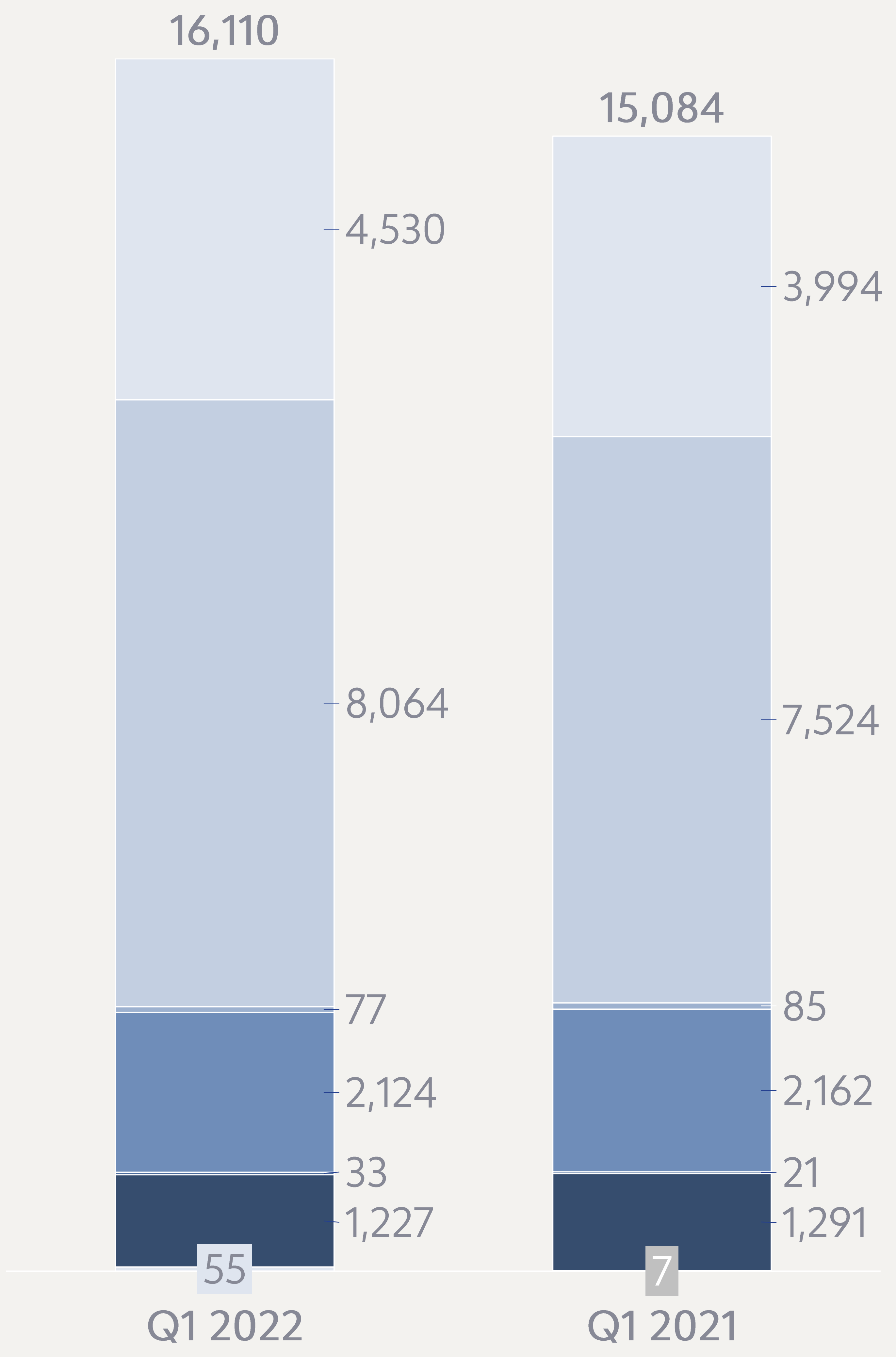



- Power prices elevated by record high gas & CO2 prices - Power has followed TTF movements
- Higher Q1 DAM price by +€184.5/MWh (€238.1/MWh vs €53.6/MWh)

- Unprecedent increase in TTF and $CO_2$ prices compared to last year driving the wholesale market price (Day Ahead Market) up by more than 4x
- PPC was able to manage the unprecedented market volatility moves and increased commodity prices through its ample liquidity due to proven access to diversified funding sources, aiming at preserving profitability within budget

1. Source: EEX TTF Daily Spot prices. 2. Source: ICE EUAs Daily Futures (Dec-21 & Dec-22 accordingly). 3. Source: HENEX. Note: The gas supply contracts in Greece are priced on the basis of the previous month's average on the TTF M+1, as published by ICS Heren ("Heren Monthly indices")

# Electricity Demand
## Q1 2022 vs Q1 2021

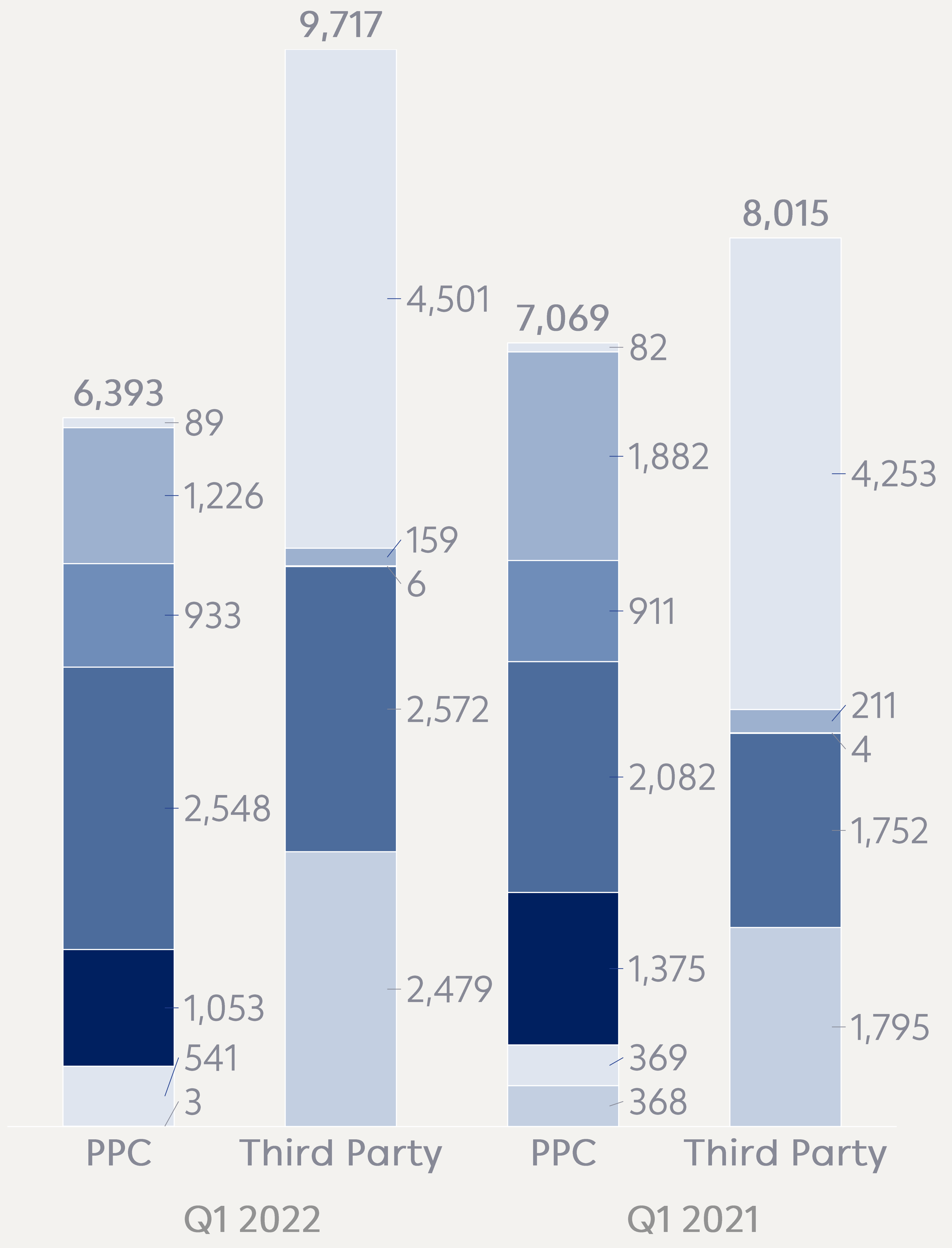



| GWh | Q1 2022 | Q1 2021 | Δ | Δ% |
|---|---|---|---|---|
| Domestic Demand | 14.795 | 13.765 | *1.030* | *7,5%* |
| Sales | 12.594 | 11.518 | *1.076* | *9,3%* |
| Third Party sales (estimation) | 4.530 | 3.994 | *536* | *13,4%* |
| PPC's sales | 8.064 | 7.524 | *540* | *7,2%* |
| *PPC's average market share* | *64,0%* | *65,3%* | | |
| Mines | 77 | 85 | *-8* | *-9,4%* |
| Network losses | 2.124 | 2.162 | *-38* | *-1,8%* |
| Pumping | 33 | 21 | 12 | 57,1% |
| Third Party exports | 1.227 | 1.291 | -64 | -5,0% |
| PPC's exports | 55 | 7 | 48 | 685,7% |
| Total Demand | 16.110 | 15.084 | 1.026 | 6,8% |

- Domestic demand up by 7.5% due to the recovery of economic activity compared to Q1 2021 which was impacted by covid-19
- Total electricity demand increased by 6.8%
- PPC's sales increased by 7.2% since domestic demand increase was partially offset by 1.3 p.p. market share reduction.

# Electricity Generation and Imports

## Q1 2022 vs Q1 2021



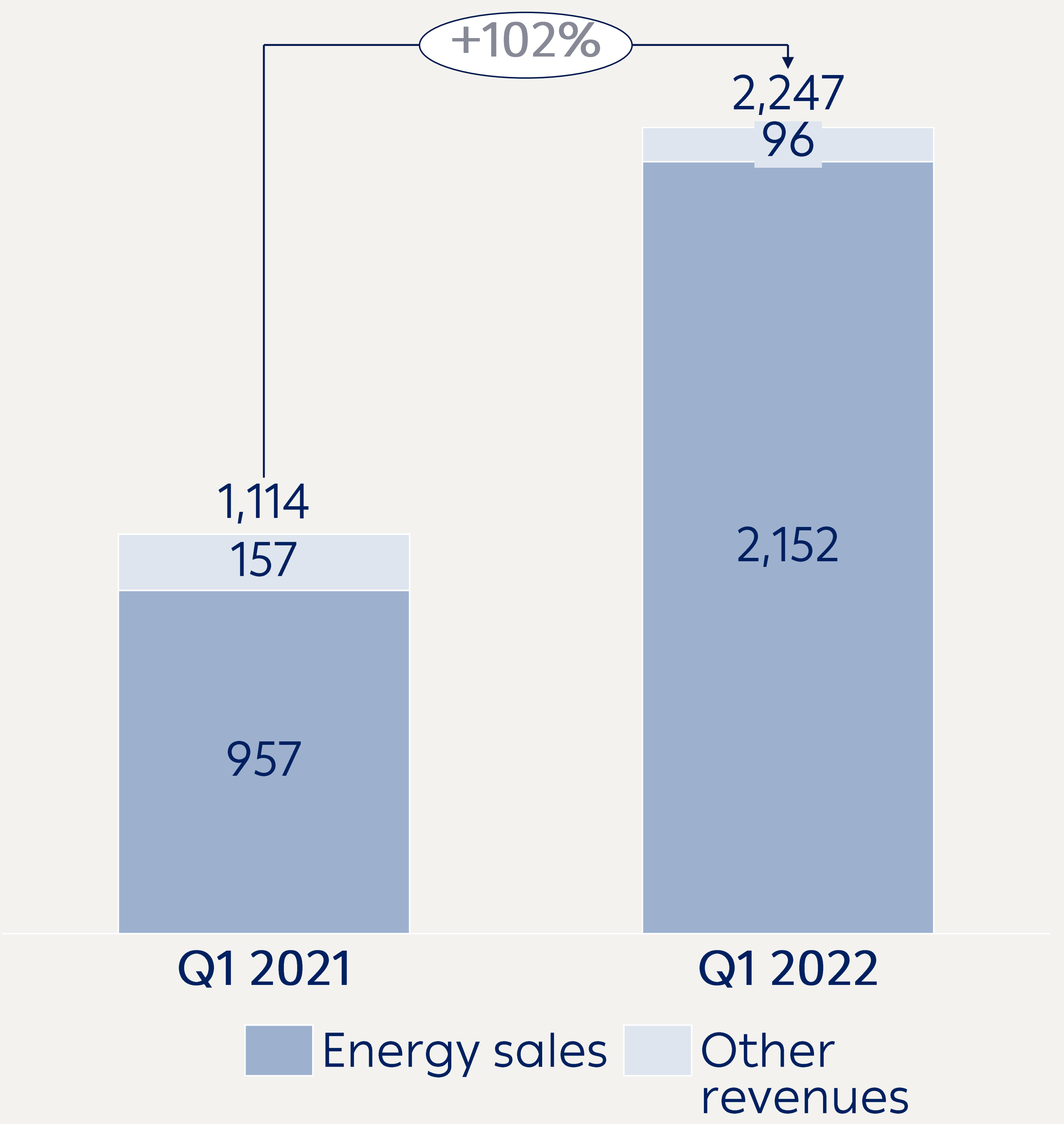

| GWh | Q1 2022 | Q1 2021 | Δ | Δ% |
|---|---|---|---|---|
| Electricity Generation and Imports | 16.110 | 15.084 | *1.026* | *6,8%* |
| PPC Generation | 6.390 | 6.701 | *-311* | *-4,6%* |
| RES (excluding Hydro > 15MW) | 89 | 82 | *7* | *8,5%* |
| Hydro (>15MW) | 1.226 | 1.882 | *-656* | *-34,9%* |
| Oil | 933 | 911 | *22* | *2,4%* |
| Natural Gas | 2.548 | 2.082 | *466* | *22,4%* |
| Lignite (Parent) | 1.053 | 1.375 | *-322* | *-23,4%* |
| Lignite (Meliti S.A. & Megalopolis S.A) | 541 | 369 | *172* | *46,6%* |
| Third Party Generation | 7.238 | 6.220 | *1.018* | *16,4%* |
| RES | 4.501 | 4.253 | *248* | *5,8%* |
| ALUMINIUM S.A. - CHP | 159 | 211 | *-52* | *-24,6%* |
| Natural Gas | 2.572 | 1.752 | *820* | *46,8%* |
| Oil | 6 | 4 | *2* | *50,0%* |
| Imports | 2.482 | 2.163 | *319* | *14,7%* |
| PPC | 3 | 368 | *-365* | *-99,2%* |
| Third Party | 2.479 | 1.795 | *684* | *38,1%* |
| *PPC's Generation & Imports Market share* | *39,7%* | *46,9%* | | |
| *PPC's Generation Market share* | *46,9%* | *51,9%* | | |

- PPC's generation down by 4.6% , due to lower generation from hydro and lignite units
- Lower portion of electricity demand covered mainly due to lower output

# Turnover & operating profitability

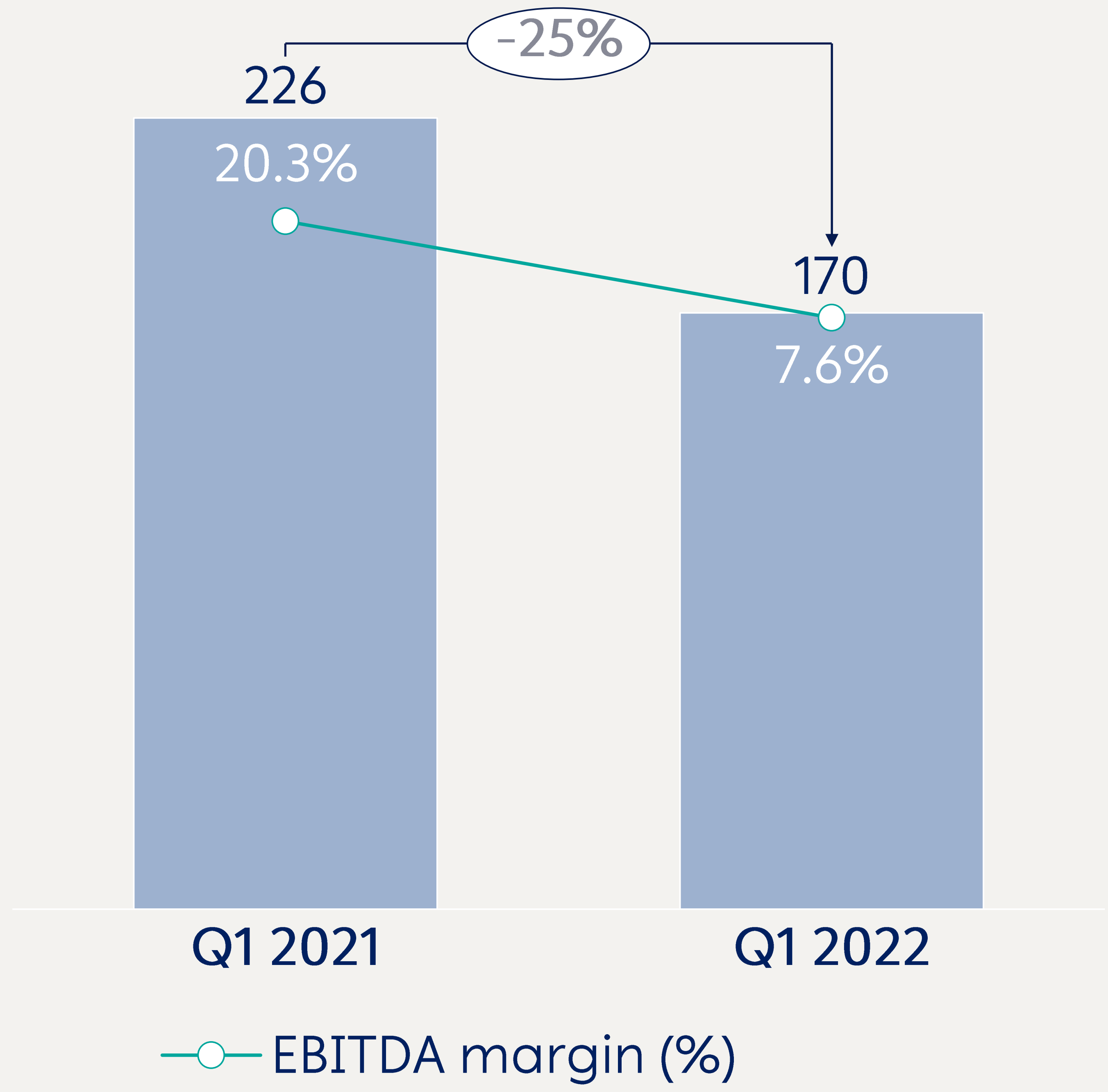
## Q1 2022 vs Q1 2021

**Revenues (€ m)**




- Higher revenues driven by higher average revenue due to tariff indexation
- Positive contribution from increased domestic demand offsetting market share loss

**Recurring EBITDA (€ m)**




- Vertical integration partially offset higher wholesale cost of the Retail Business with increased margin of the Generation business
- Positive impact from hedging activities in gas and $CO_2$ emission rights prices

# Recurring EBITDA per business activity (€ m)

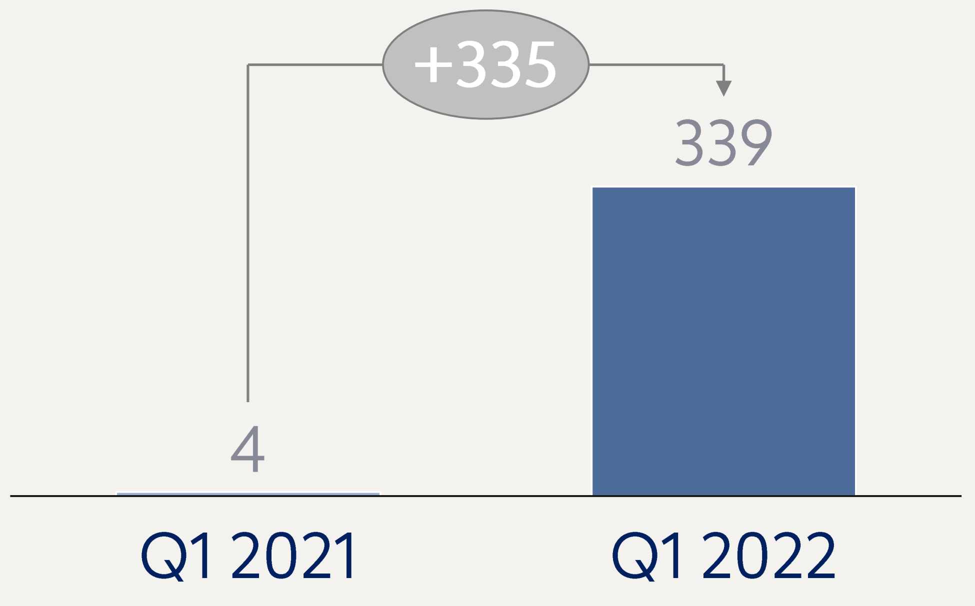
## Q1 2022 vs Q1 2021

**Risk mitigation due to integrated position & hedging activities**

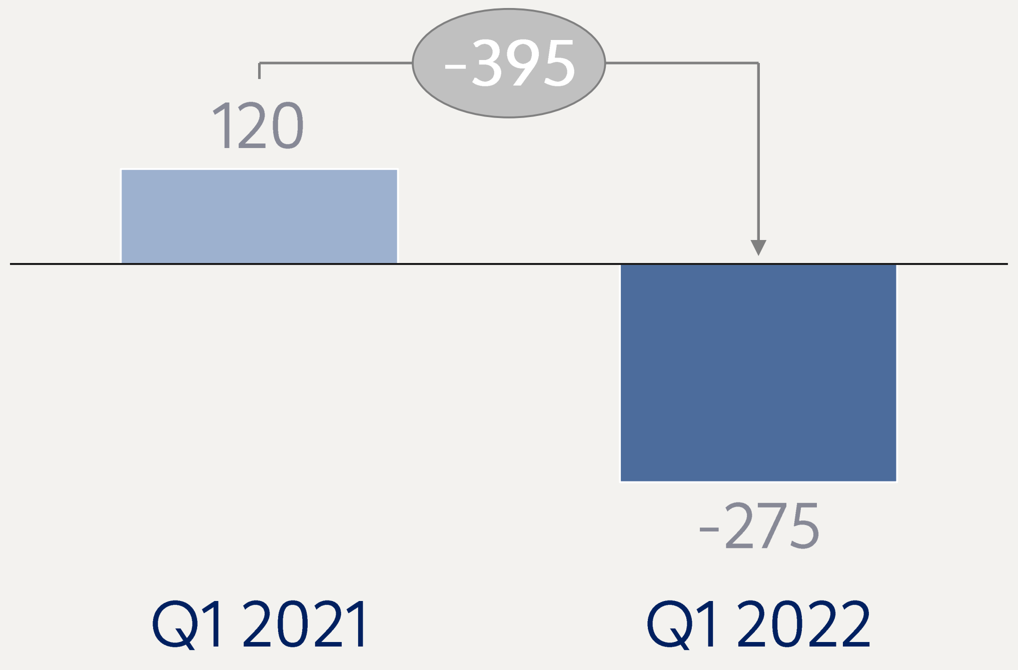
**c. 60% of Group profitability is regulated**

**Contribution to materially increase from 2023 onwards**

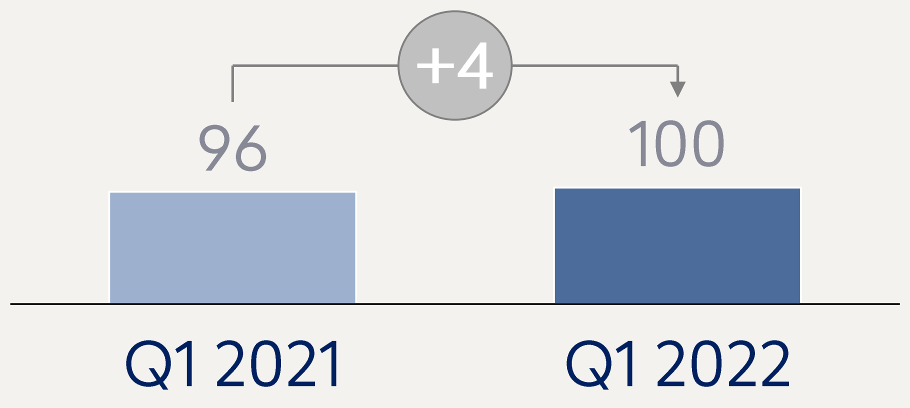
### Generation [1]



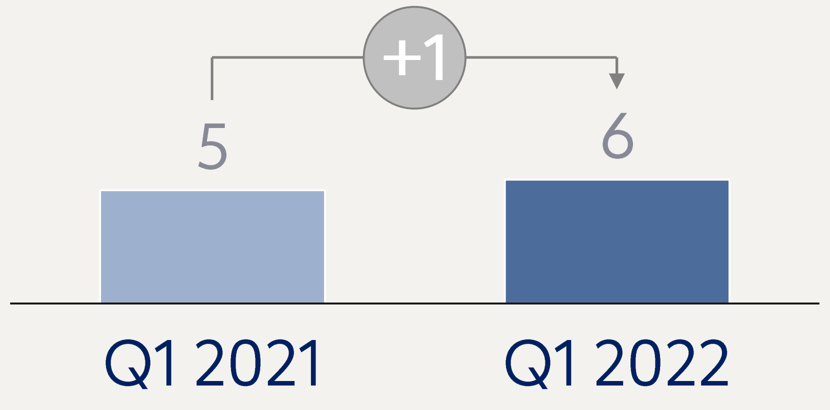

### Retail




### Distribution




### RES (excl. Large Hydro)




Positive impact from

- higher wholesale market prices despite lower volume

Negative impact from

- one month lag in the indexing formula
- support measures to customers of €360m

Stable profitability driven by

- Regulated nature of business

Stable profitability

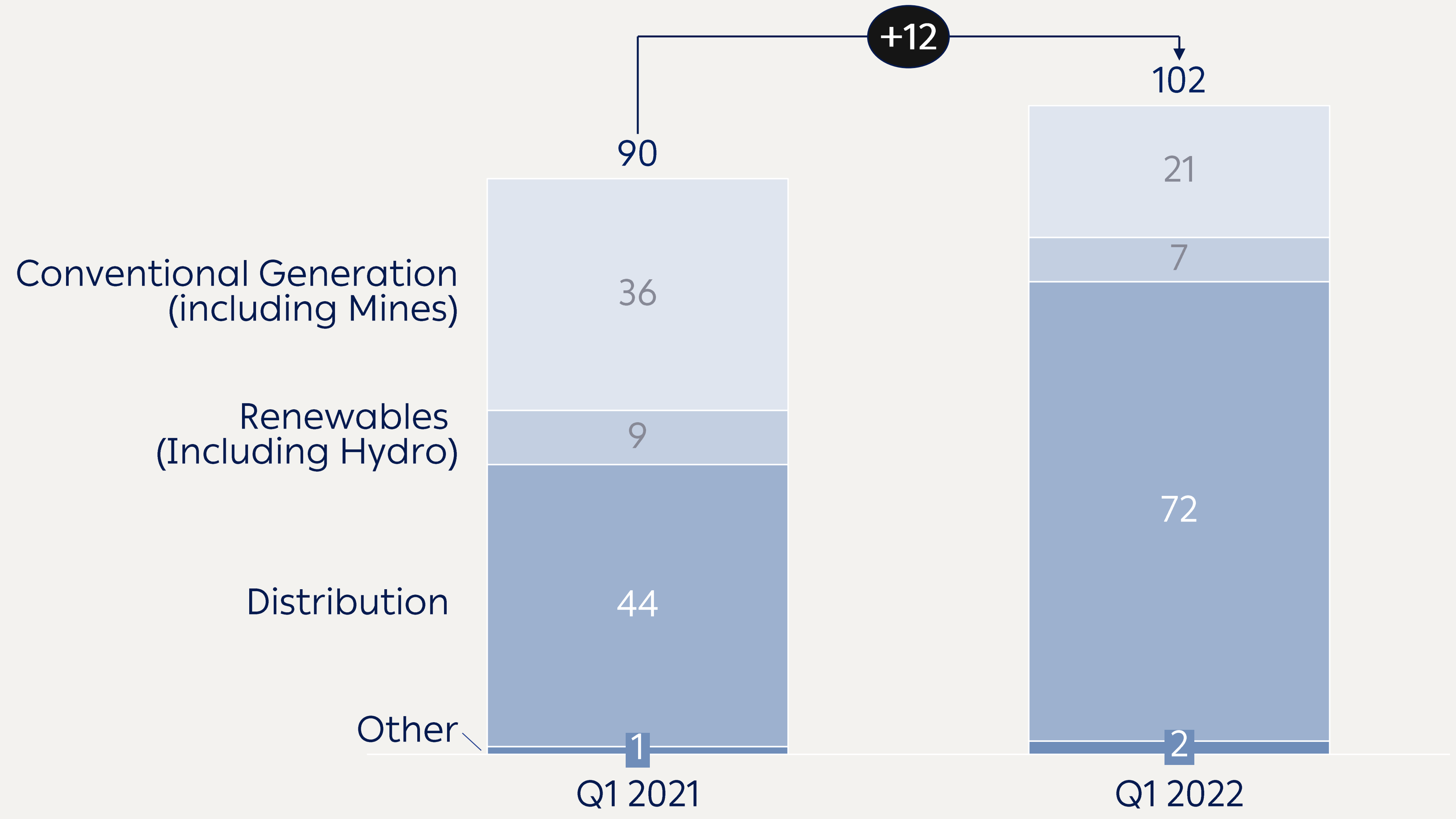
- given no material change in volume generated

1. Including Large Hydro

# Capex – Free Cash Flow

## Q1 2022 vs Q1 2021

### Capex (€m)




**Conventional Generation**

- Reduction due to lower capex for Ptolemais V and environmental upgrades

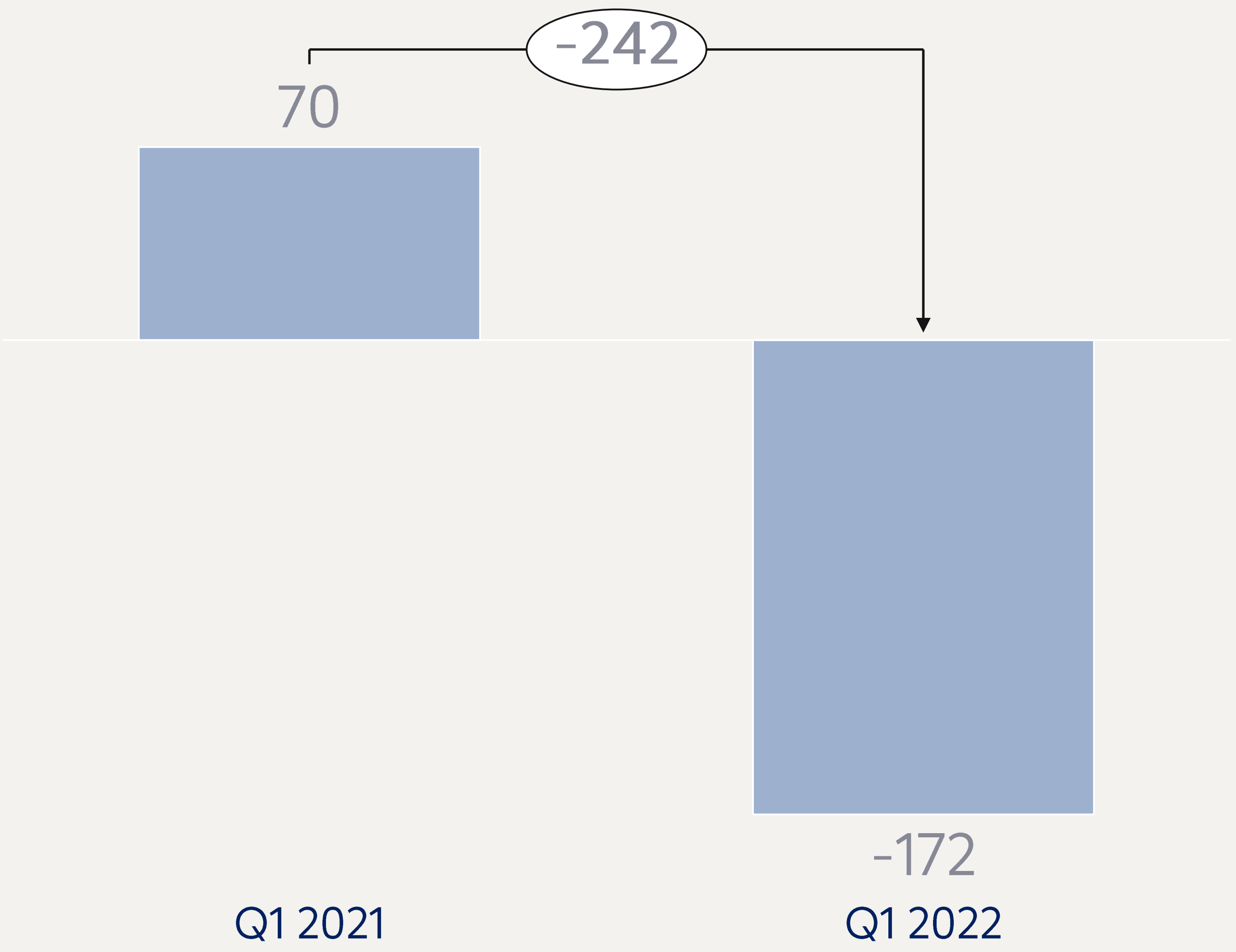
**Renewables**

- Stable capex – Further acceleration expected in the next quarters

**Distribution**

- Increased capex for repetitive projects
- Further increase of capex for the modernization of the network

### Free Cash Flow (€m)



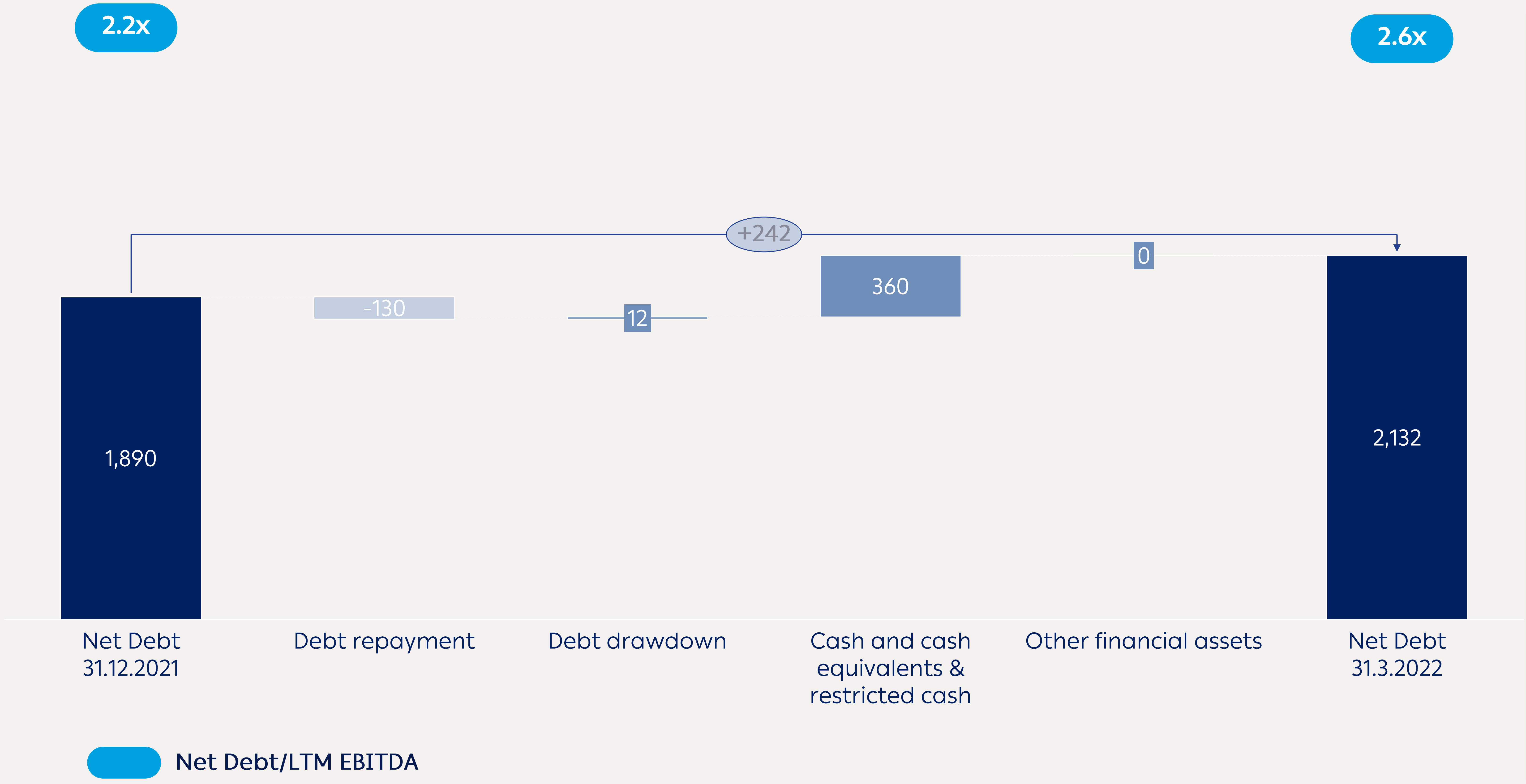

Negative FCF despite €1.3bn inflow from HEDNO stake sale mainly driven by outflows:

- due to increased needs for hedging activity for both initial and variation margin
- for increased WC needs for purchases of natural gas, $CO_2$ emission rights and energy

# Net Debt Evolution

31.3.2022 vs 31.12.2021

## Net Debt Evolution (€m)

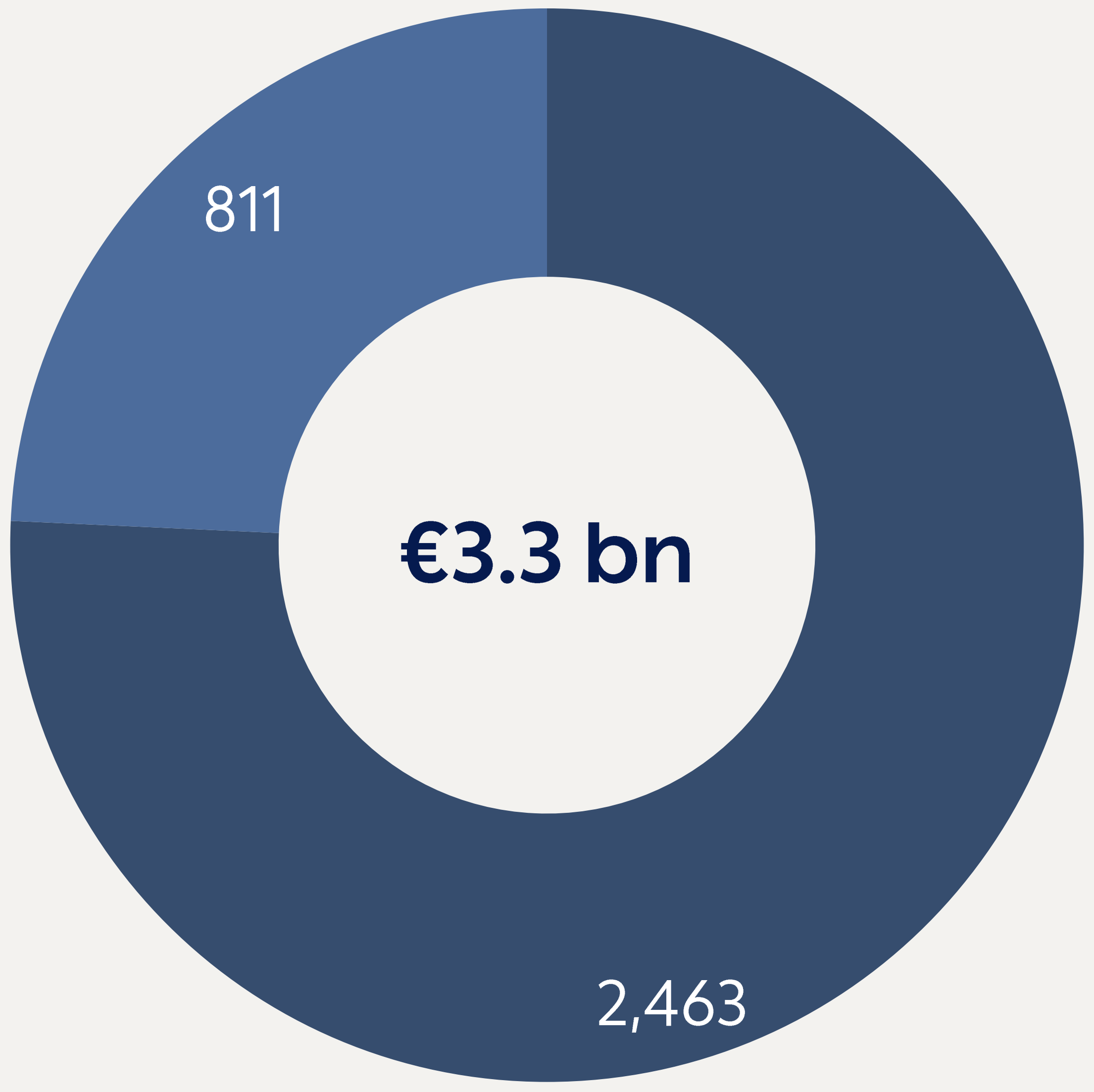



- Net debt increase by €200m due to hedging activity and increased WC needs
- Net Debt/EBITDA at 2.6x boosted by €1.3bn proceeds from HEDNO stake sale.
- We remain committed to the long term target for Net Debt/EBITDA below 3.5x

# Liquidity position and debt breakdown (€ m)
31.3.2021

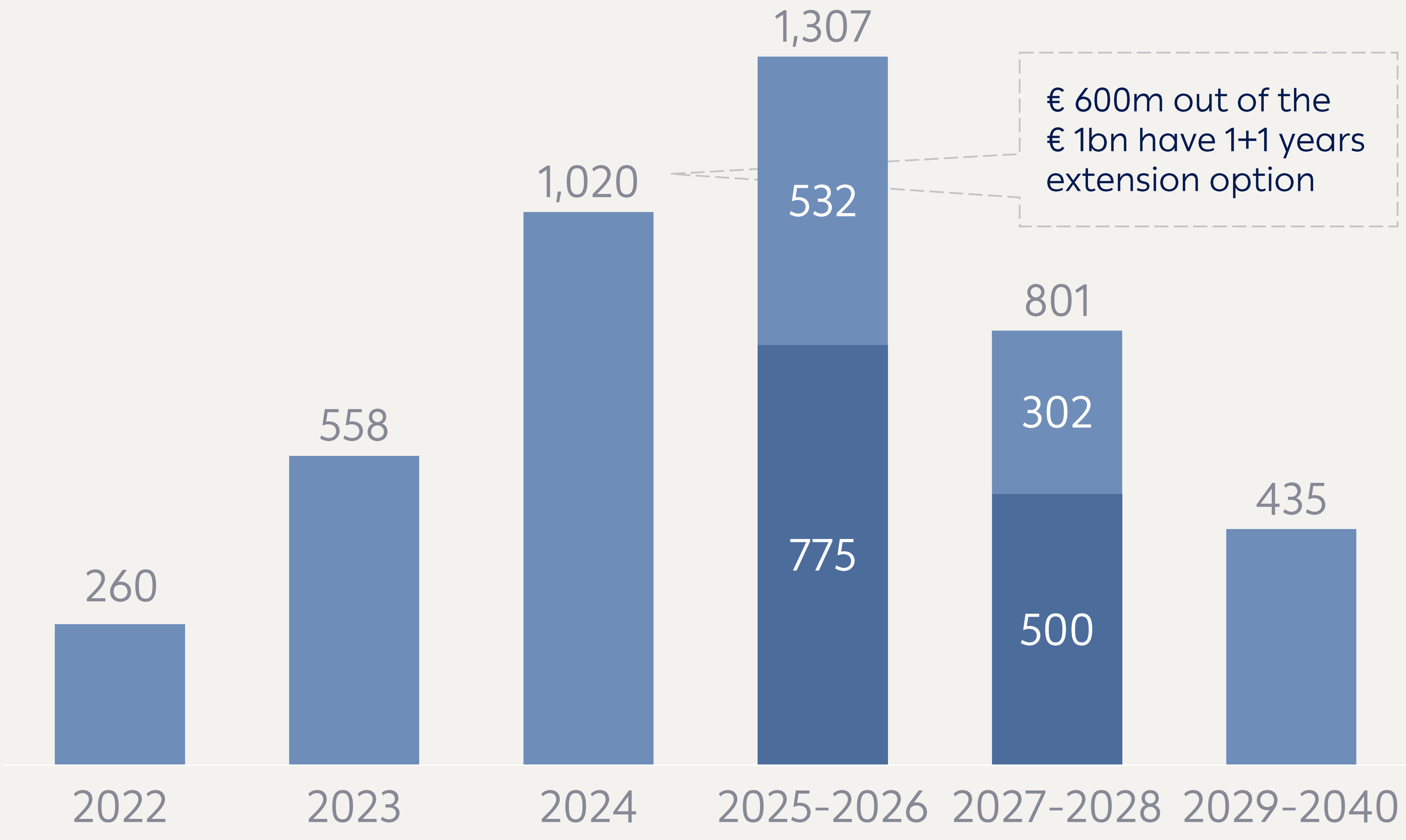
## Liquidity position

High cash reserves & available credit lines



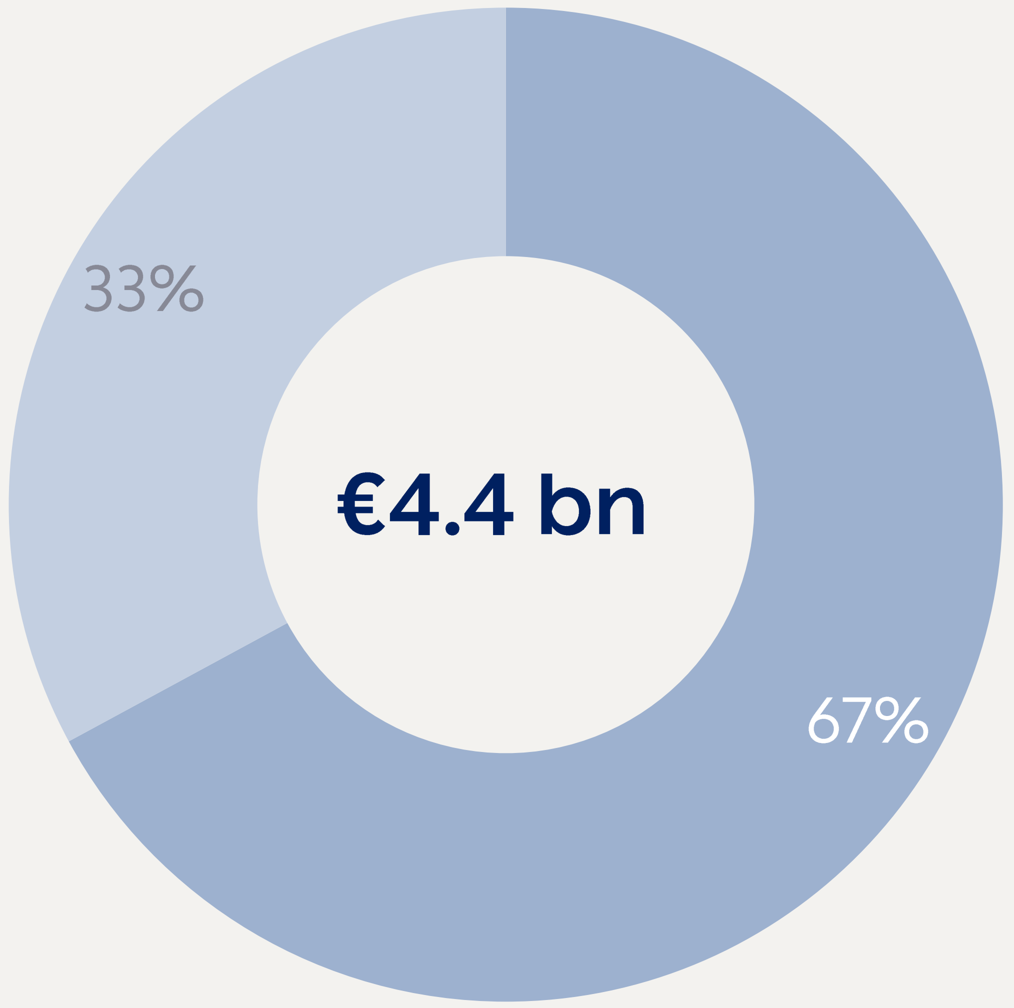

## Long Term debt maturity profile [1]

No major contractual repayments in the next 2 years




## Long Term Debt breakdown [1]

Approximately 67% of debt under fixed rates




1. Excluding overdrafts of € 363m

## Presenter

**Georgios Stassis**
*Chairman & CEO*

# 2. Overview of Major developments & Outlook

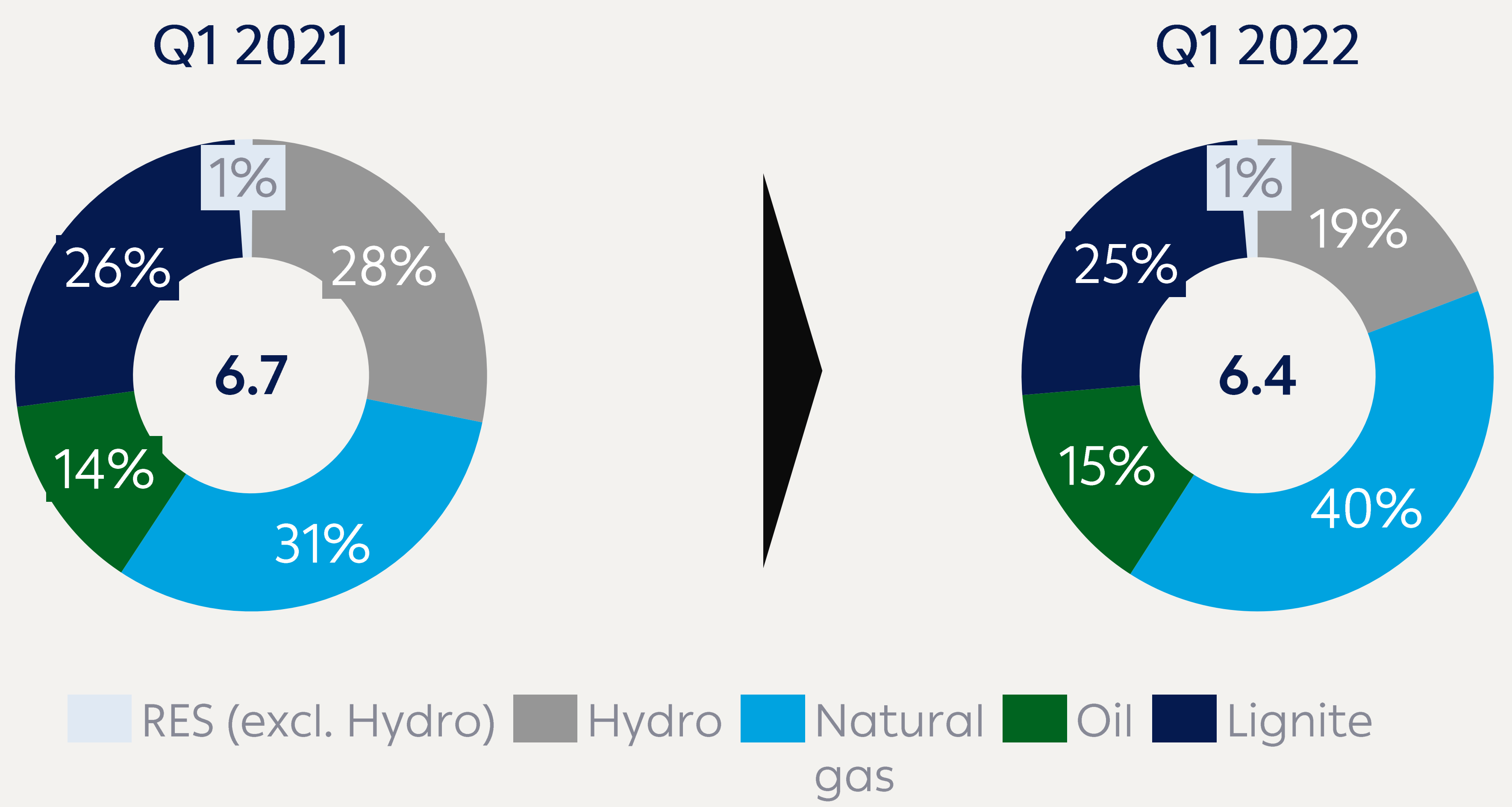
# Generation

Slight volume reduction with stable emission intensity

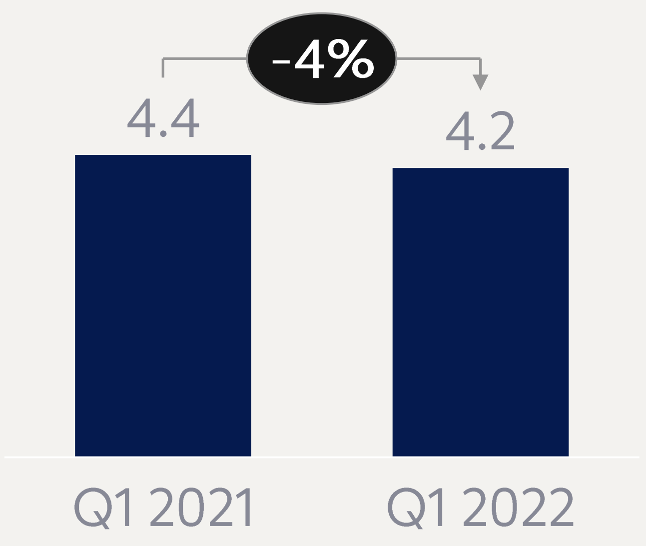
## Lower hydro and increased natural gas fired generation

- ✓ Hydro generation close to historical average – good level of hydro reservoirs
- ✓ Lower hydro contribution replaced by increased nat gas contribution
- ✓ Participation of lignite fired generation to PPC's mix stabilized at 25%
- ✓ Ready to partially increase lignite generation in case of gas disruption from Russia
- ✓ $CO_2$ emissions at 4.2 mn tn (-4%) with no major change
- ✓ $CO_2$ emissions intensity stable
- ✓ New lignite unit Ptolemais V (660MW) close to completion – Trial operation expected in 2H2022

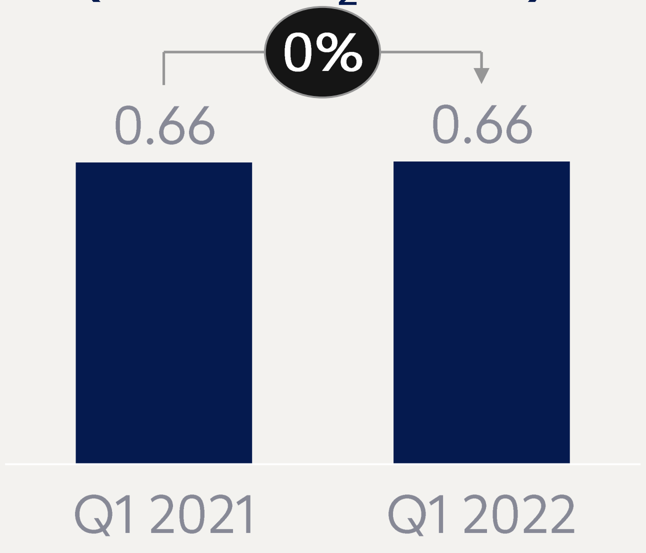
**Generation (TWh)**




**$CO_2$ (m tons) [1]**




**$CO_2$ emission intensity (tons $CO_2$/MWh) [2]**




1. CO2 emissions from electricity generation (Scope 1). 2. Scope 1 emissions divided by total electricity generation.

# Renewables

RES progress on track with RES basic roll-out plan leading to 5 GW deployment (excl. Large Hydro)

- Good progress in construction - c. 50 MW completed in 2021 and currently c.355 MW underway
- Additional applications for environmental terms for 350MW PV since April 2022
- Strong progress in licensing maturity, rendering pipeline very viable with 4GW already secured, ie more than 80% of the 5GW deployment (2.2GW binding connection terms & 1.8GW environmental terms)
- 650MW in final design and tender preparation for EPC contractor selection

| | Currently | 0-6 months | 6-18 months | 18-24 months | 24-30 months | >30 months |
|---|---|---|---|---|---|---|
| | In operation 239MW | Under construction<br>• 200 MW PVs in Ptolemais<br>• 50MW PV in Megalopolis | Under construction<br>• 39 MW Wind & SHPP<br>• 65 MW PVs in Western Macedonia | Tender preparation<br>• 550 MW PV (Ptolemais)<br>• 94 MW PV (Ptolemais)<br>• ~70 MW Wind in North Greece<br>• 191 MW PV (Amyntaio[2]) | Permitting & engineering<br>• 251 MW PV (Ptolemais)<br>• 299 MW PV (Amyntaio[2])<br>• 88 MW PV (Florina)<br>• 95 MW PV (Megalopolis)<br>• ~400 MW PV (various)<br>• ~200 MW Wind (various)<br>• Storage 200 MW | Permitting & engineering<br>• 450 MW PV (Amyntaio[1])<br>• 405 MW PV (Megalopolis)<br>• ~210 MW PV (various)<br><br>Production licenses<br>• 330 MW Wind<br>• 30MW Biomass, SHPP<br>• 5MW Geothermal<br>• Storage 500 MW |
| Cumulative capacity | ~239 MW | 489 MW | 593MW | ~ 1,5 GW | >3 GW | ~ 5 GW |

**Licensing status of the new pipeline[2]**

| License type | WP | PV | SHPP | Storage | BIO | GEO | Floating PV | Total |
|---|---|---|---|---|---|---|---|---|
| Production permits | | 55 | | 1,043 | | 5 | 44 | **1,147** |
| awaiting environmental terms | 20 | 745 | | | | | | **765** |
| secured environ. & awaiting grid con. terms | 72.5 | 1,688 | | | 25 | | | **1,796** |
| granted binding grid connection terms | | 2,180 | 20 | | | | | **2,200** |
| Total | **92.5** | **4,678** | **20** | **1.043** | **25** | **5** | **44** | **5,900** |

**Capacity under construction (MW)**

| Region | WP | PV | SHPP | BIO & Hybrid |
|---|---|---|---|---|
| Ptolemais | | 265 | | |
| Megalopolis | | 50 | | |
| Various Regions | 34 | | 5 | |
| Total | **34** | **315** | **5** | |

1. Amyntaio projects (940MW) in collaboration with RWE (Includes RWE 51 %participation)
2. Includes projects in which PPC Renewables holds minority stake

# Renewables

## Strong pipeline of identified projects across Greece (excl. Large Hydro) – Major projects overview

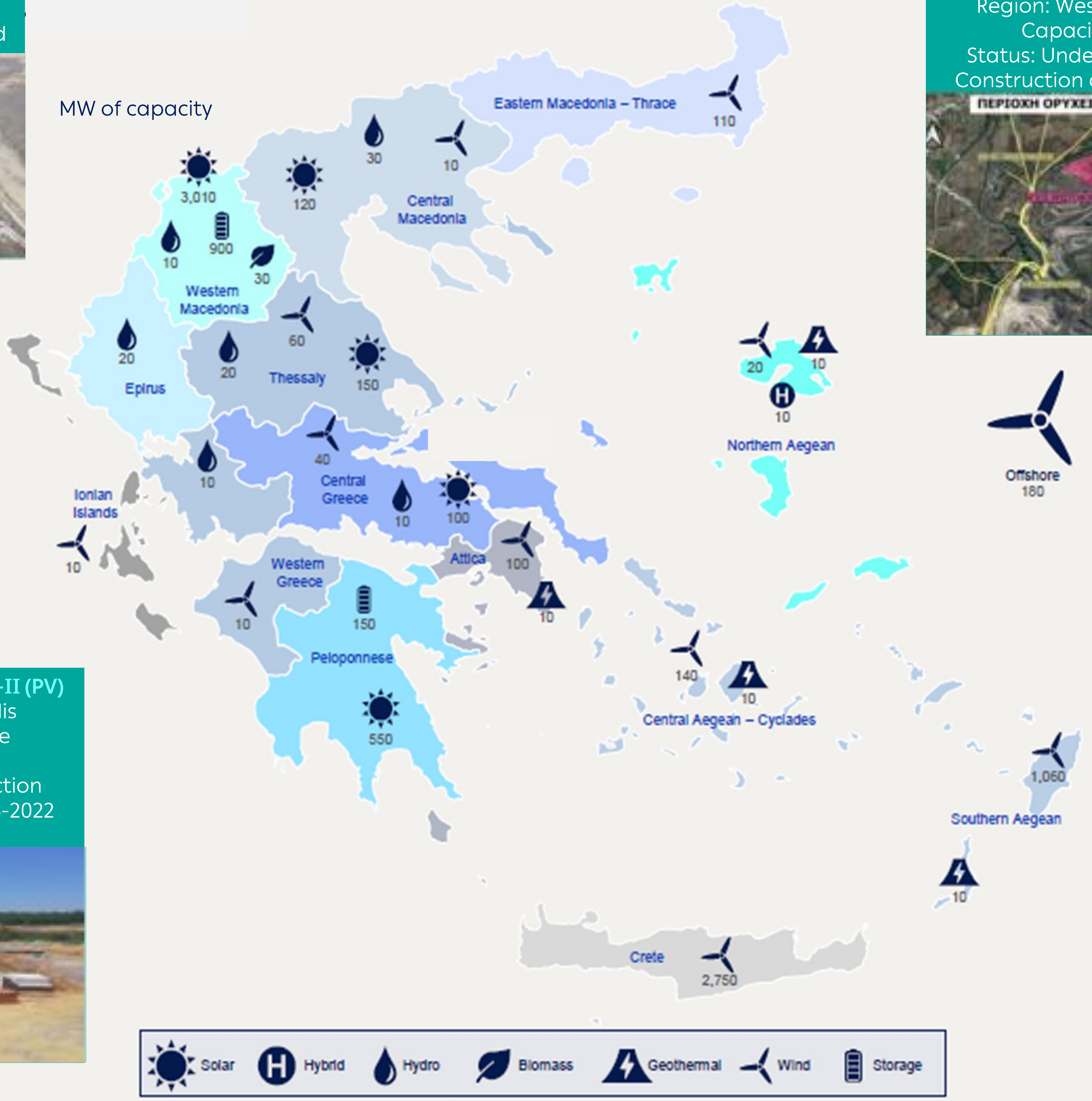
**Project: Solar Arrow I (PV)**
Location: Ptolemais
Region: West. Macedonia
Capacity: 15MW
Status: Construction completed

**Project: Solar Arrow II (PV)**
Location: **Ptolemais**
Region: West. Macedonia
Capacity: 15MW
Status: Construction completed

**Project: Iliako Velos I (PV)**
Location: **Ptolemais**
Region: West. Macedonia
Capacity: 200MW
Status: Under construction
Construction compl.: Q4-2022

**Project: Smokovo II (SHHP)**
Location: Karditsa
Region: Thessalia
Capacity: 3.2MW
Status: Construction completed

**Project: Arkadikos Ilios I-II (PV)**
Location: Megalopolis
Region: Peloponnese
Capacity: 50MW
Status: Under Construction
Construction compl.: Q4-2022




**Project: Ag.Christophoros (PV)**
Location: **Ptolemais**
Region: West. Macedonia
Capacity: 65MW
Status: Under Construction
Construction compl.: Q3-2023

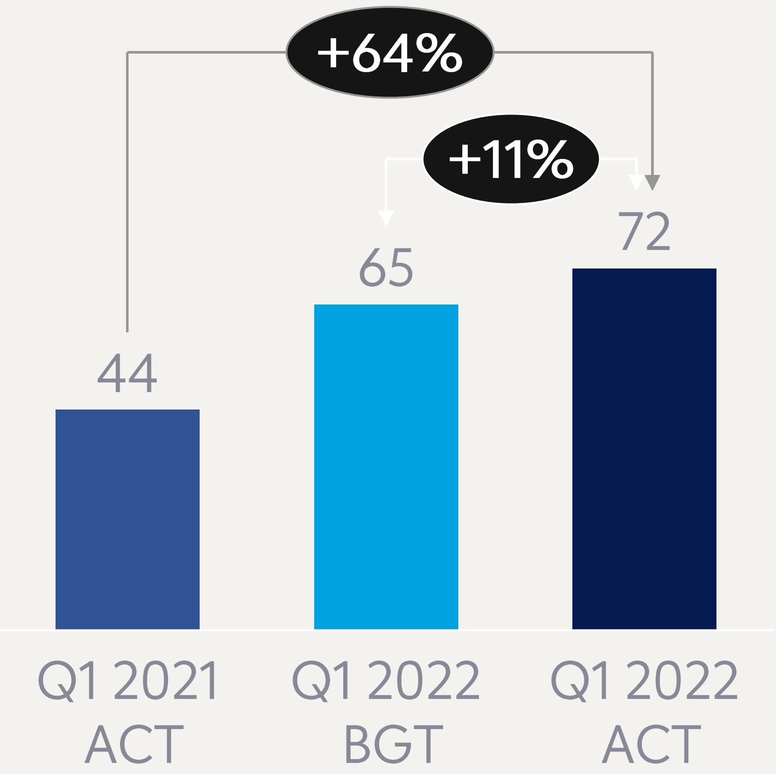

**Project: Makrochori II (SHHP)**
Location: Imathia
Region: C.Macedonia
Capacity: 4.8MW
Status: Under Construction
Construction compl.: Q1-2023

**Project: Aeras/Mouzaki (WP)**
Location: Megalopolis
Region: Thessalia
Capacity: 27.6MW
Status: Under Construction
Construction compl.: H1-2023

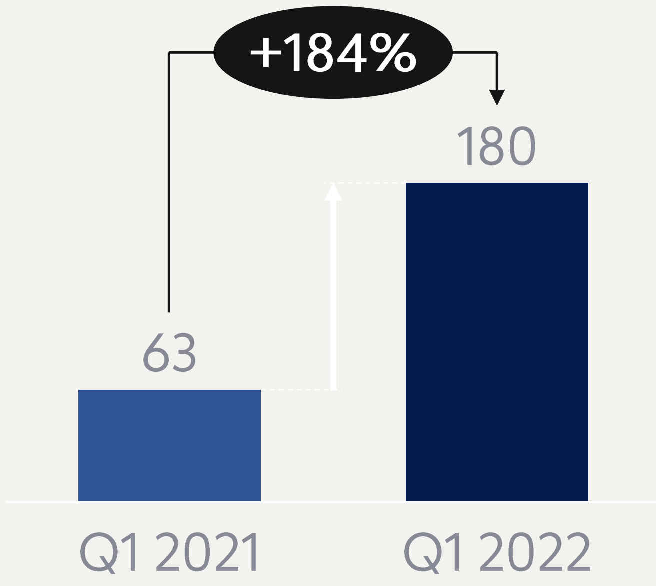
# Distribution

## Increasing capex to strengthen network resilience and financial performance as per Business Plan

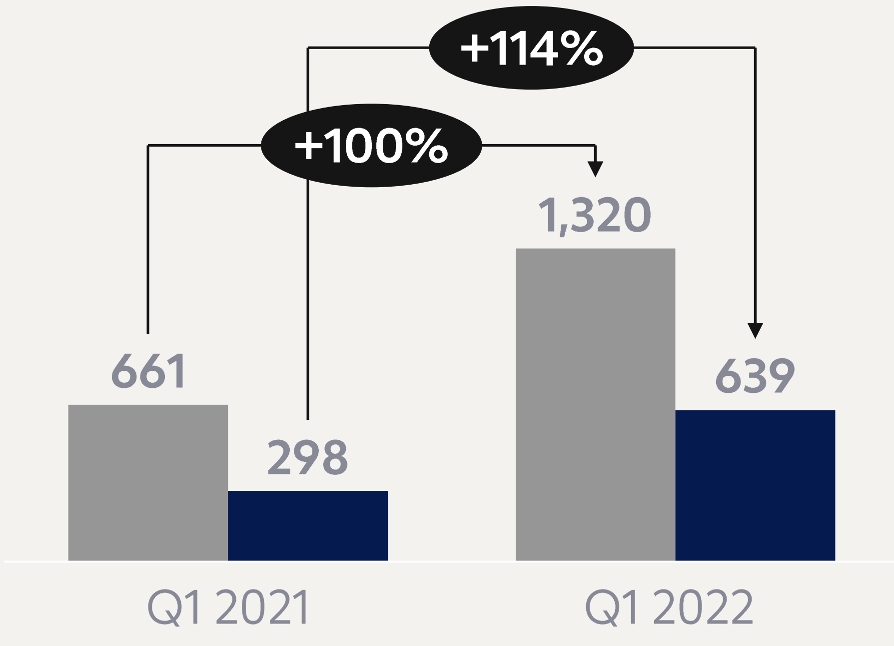
Capex (€m)



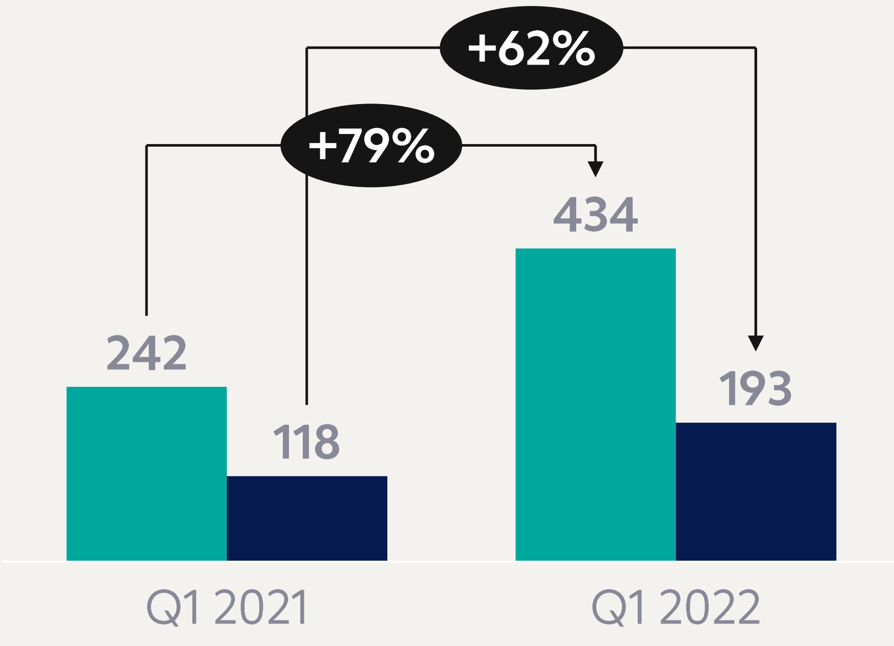

Cash (€m)




RES Integration in the Grid (units)

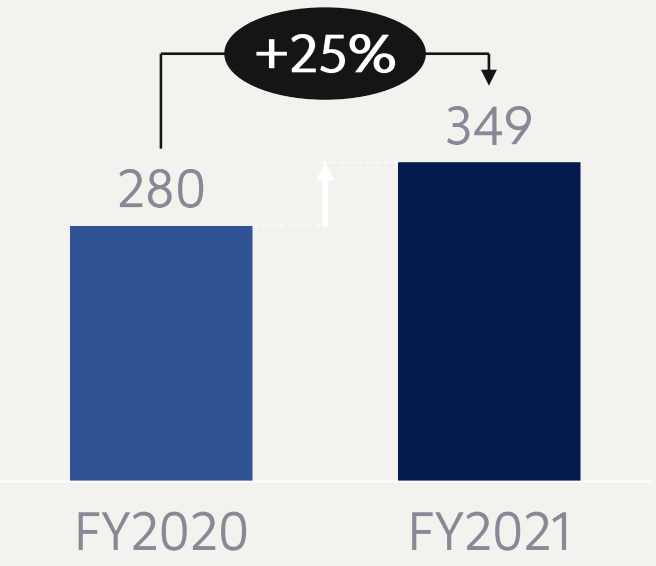



RES Integration in the Grid (MW)




Signed Agreements   Activation of RES stations

Additions in underground network (km)




64% growth y-o-y, exceeding budget figures by 11%

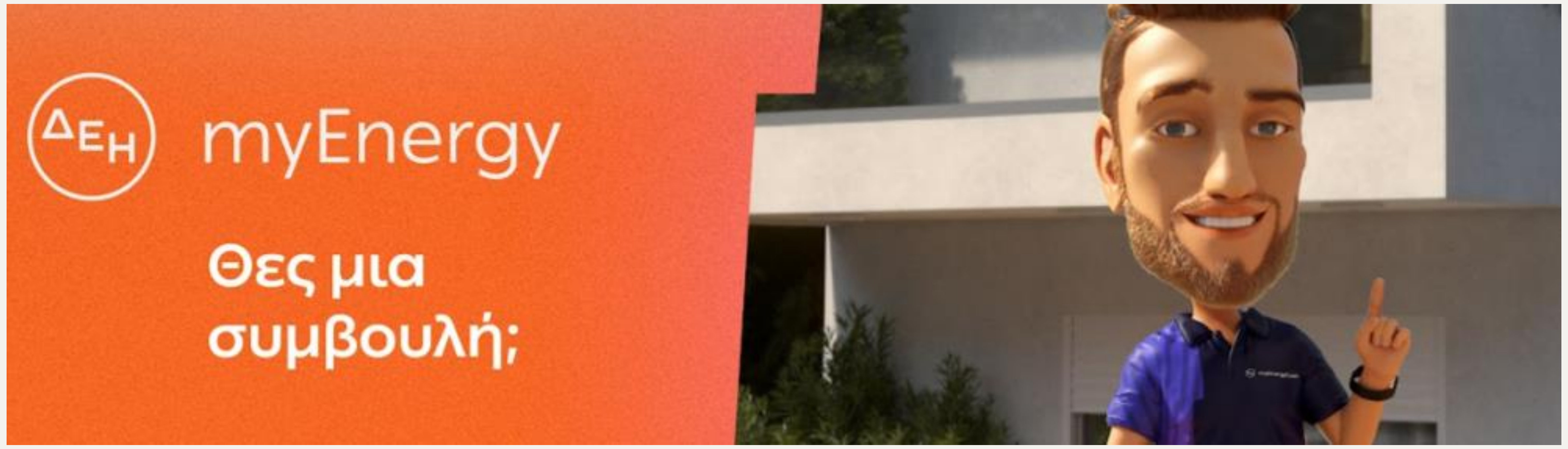
Favorable Cash position maintained mainly due to surplus resulting from PSOs

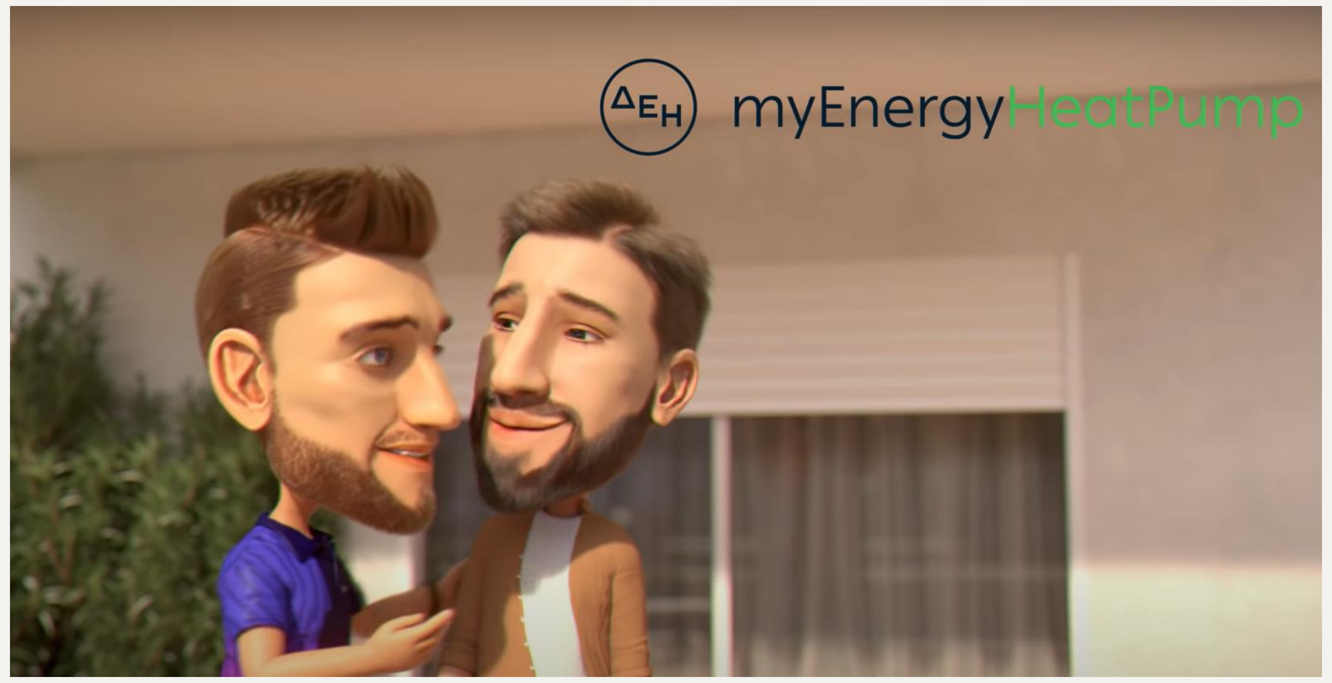
114% more RES stations have been integrated compared to the same period of 2021, which translates to 62% more capacity (MW)

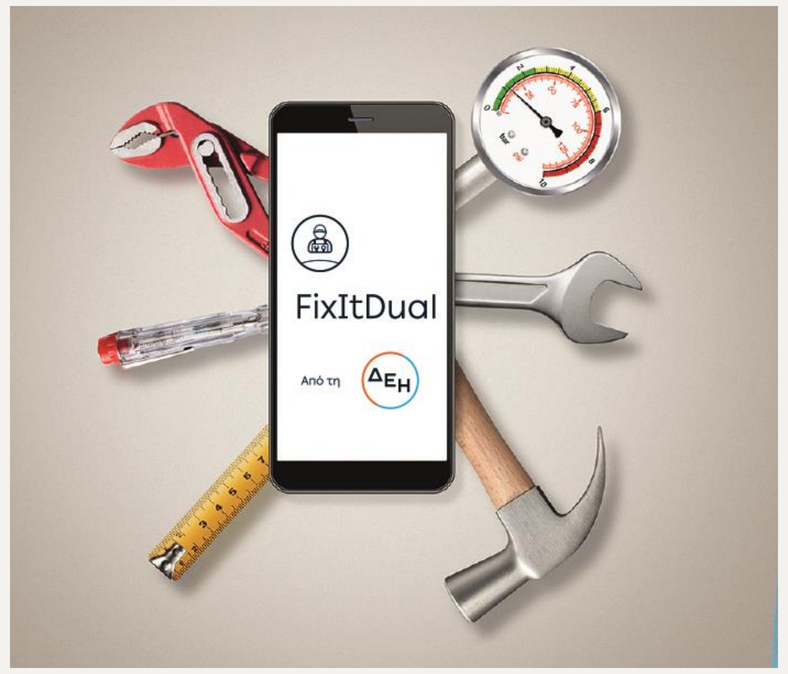
25% acceleration in new underground network construction in FY2021 to secure vulnerable areas

# Retail

Further progress in the transformation process to a modern retail business provider




| | |
|---|---|
| Brand | • Launch of our informative energy solutions campaign to help Customers navigate through the challenges of the energy crisis<br>• Trust & transparency as key elements of our transformation drive a +18pp YoY in consideration amongst our competitors' customers |
| Know Your Customers | • Incident-based fully personalized customer contact mechanism in place, improving experience & discovering areas for further process optimization |
| Cash Conversion | • New and more flexible settlement processes in place, providing wider set of options for Customers to deal with the increased cost of energy during the crisis |
| Meet new needs | • Launch of our innovative Energy consulting platform “myEnergy”, combined with a very successful launch of our Heat Pumps proposition<br>• Launch of yet another VAS, eligible for all our products: FixIt is a worry-free solution for emergency home repairs |
| Reposition Retail footprint | • Following a complex and successful tender process, we now have three high caliber construction companies to deliver our Retail roll-out plan which starts in Q2 following the success of our Pilot Stores |
| Digitisation of Customer Journey | • Further expansion of Contact Center hours is in place, including Saturday with NPS climbing by +20pp YoY<br>• Automated info for open amount, payment methods & application status available 24x7 |
| People | • Investing on growing our teams’ competencies we ran a very inclusive process, based on an Occupational Personality Questionnaire in order to identify how to help our colleagues build the capabilities they need to support our new Commercial positioning |

# Concluding remarks

| Financials | Major milestones | Key equity highlights | Other developments going forward |
|---|---|---|---|
| €170 m Recurring EBITDA<br><br>Net debt at €2.1bn with high cash reserves<br><br>Increased WC needs due to hedging activity - Positive impact from hedging<br><br>Capex in line with Budget | Sale of 49% of HEDNO at 151% EV / RAB<br><br>Market volatility -<br><br>Vertical integration continues to provide resilience | Resilience in energy crisis<br><br>80% of our RES target for 2026 already secured<br><br>Distribution capex plan increasing | Screening Possible M&A opportunities<br><br>Continue supporting our customers<br><br>Fastest growing RES platform in Greece !!<br><br>2022E Recurring EBITDA at the 2021 level |

# IR team - Contact us

Further information at Investor Relations Department:
ir@dei.com.gr

Ioannis Stefos
Investor Relations Director
+30 210 52 92 153
i.stefos@dei.com.gr

Emmanouil Chatzakis
Head of Investor Relations Unit
+30 210 52 35 832
e.hatzakis@dei.com.gr