Public Power Corporation

Utilities/ Greece

Reuters/Bloomberg: DEHr.AT / PPC GA

August 07, 2025

Rating BUY

Target Price 22.60

Current share price* 14.39

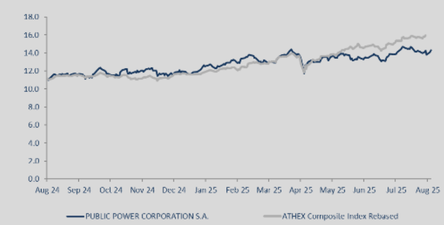
06/08/25

Stock data

Market Cap (EUR m)	5.314.0
Free float	49.5%
EV (EUR m)	11,274.0
Number of shares (m)	369.3

Performance	**1m**	**3m**	**12m**
Absolute (%)	0.3	6.8	28.9
ASE (%)	6.3	18.1	46.3

ADV-12m (k)	411.54
Price high-12 m (EUR)	14.79
Price low-12m (EUR)	10.91



Shareholder Distribution

HCAP: 35.30% | CVC: 10.34% | PPC: 4.84% | Free Float: 49.5%

2Q25 Earnings Review

PPC released a strong set of 2Q25 results, that settled above our and the market's expectations, on the back of a robust performance of the integrated business (generation and supply). Adj. EBITDA in 2Q25 reached EUR 543m (+20.2% y-o-y) and net income, after minorities, at EUR 92.5m (8.8% y-o-y). For the 6-month period adj. EBITDA settled at EUR 996m (+7.4%) and net income after minorities at EUR 126m (approximately flat y-o-y), with adj. net income at EUR 206m. Management reiterated the guidance for EUR 2.0bn of adj. EBITDA and for more than EUR 400m of adjusted net income. On the back of the guidance for c. EUR 3.5bn of investments for 2025, capex settled at EUR 1.3bn in 1H25, significantly accelerating in 2Q25 vs. the EUR 476m in 1Q25. Net debt increased to EUR 6.0bn vs. EUR 5.2bn at end-March 2025, impacted by the acceleration of investment as well as by seasonal pressure from WC.

All in all, a strong performance in 2Q25 that essentially counterbalanced the weak start of the year. To this end, with EUR 996m in adj. EBITDA in 1H25, the company is well on route to deliver the EUR 2.0bn guided adj. EBITDA for the year. The achievement of this target will be supported by the distribution division that remained flattish in 1H25 since in the second half profitability of this segment will increase as the regulator approved the new usage charges and these changes have been applied as of July 1, 2025.

Going back to the 2Q25 performance, we note the increased RES generation in 2Q25 (+6.7%) vs. a 6.3% decline in 1Q25. There are two main drivers for this q-o-q delta i) the improved wind factors in Romania in 2Q25 vs. 1Q25 (c. 1.19 GW installed in the country) and ii) the lower q-o-q decline of hydro generation in 2Q25 (c. 12% y-o-y drop in hydro generation in 2Q25 vs. 26.7% y-o-y decline in 1Q25). We stress that hydro generation is a very profitable segment for PPC, but we also note that hydro conditions in Greece remain adverse.

Moving into nat gas generation, it declined 22% q-o-q (+19% y-o-y), while lignite generation declined 25% q-o-q and 7% y-o-y. The lower thermal generation in 2Q along with a decline (-19%) in the CO_2 q-o-q, further supported profitability.

Importantly, we stress that although in 1Q25 EBITDA benefited by EUR 91m from reversal of provisions (thus boosting operating profitability), in 2Q25 the company booked EUR 49m of provisions.

The 2Q25 results to quash any concerns created in 1Q25 with management reaffirming confidence that the guidance for the year of EUR 2.0bn of adj. EBITDA will be reached. Still, the guidance suggests that the performance for the next 2 quarters should be normalized at c. EUR 500m each (adj. EBITDA) that is c. 10% lower than the 2Q25 performance. Management explained that FY25 guidance has not been adjusted higher because of the challenges related to hydro generation.

Finally, we point to the acceleration of the capex, following a slow start in the year, with management reaffirming that investments for 2025 should reach c. EUR 3.5bn. As expected, the increased capex drives FCF negative with net debt settling at EUR 5.96bn and leverage increasing to 3.2x (LTM EBITDA) but remaining below the 3.5x self-imposed ceiling. Management said that net debt should reach c. EUR 6.7bn at end-2025 (in line with expectations) with leverage settling at c. 3.3x and it should be maintained at these levels over the coming years.

Regarding the FTTH rollout, the company said that it progresses as planned, aiming at more than 1.5m houses past by the end of the year from 1.26m at end 1H25. Regarding the retail offering, it targets 600k houses and businesses and the company said that during the first 40 days of the launch it has received c. 4,000 applications or c. 80-100 applications per day.

We will review the results and revert. We have a Buy recommendation on PPC with a Target Price of EUR 22.60 per share.

Constantinos Zouzoulas
constantinos.zouzoulas@axiavg.com
+30 210 741 4460

Alexis Chaidopoulos
alexis.chaidopoulos@axiavg.com
+30 210 741 4481

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Focusing on revenues in 1H25, PPC posted an increase of c. 15% y-o-y to EUR 4.65bn as a result of the higher power prices, increased demand for electricity and the consolidation of the electronics retailer Kotsovolos.

Liquid fuel expenses came approximately flat y-o-y in 1H25 at EUR 301m, while **CO2 expenses** decreased by c. 8% y-o-y to EUR 333m.

Energy purchases in 1H25 rose by 47% y-o-y to EUR 968m but this is mainly due to increased power prices in 1Q25 (average DAM for the quarter +68% y-o-y in Greece and +81% y-o-y in Romania). For the 6M period, the average DAM settled at 37% higher y-o-y in Greece and 43% y-o-y higher in Romania

Total personnel costs in 1H25 amounted to EUR 534m, increased by c. 21% y-o-y, reflecting also the incorporation of Kotsovolos.

PPC in 2Q25 took provisions for doubtful accounts of EUR 49m (PPC reversed provisions of EUR 23m in 2Q24), after initially reversing provisions of EUR 91m in 1Q25.

Adjusted EBITDA for 2Q25 settled at EUR 543m, while for the first 6 months of the year adj. EBITDA reached EUR 996m.

At a divisional level, the EBITDA from the integrated business was the driver of the growth in 1H25, settling at c. EUR 660m or 27% higher y-o-y. The performance reflects the increased RES generation, the lower lignite production but also the pricing optionality that is derived from a declining DAM (in 2Q). On the other hand, the EBITDA from distribution posted an 18% decline in 1H25 to c. EUR 340m. The drop was related to a delay in the implementation of the new distribution network usage charges as well as seasonal profitability of the distribution activity (especially in 1Q). As noted earlier, the new network usage charges were approved by the regulator and they are already implemented, so we expect stronger performance in 2H25.

Depreciation reached EUR 558m in 1H25, up 25% y-o-y due to increased capex but also the revaluation of the fixed assets higher. Net financial expenses came 22% higher in 1H25 y-o-y to EUR 221m on the back of higher interest expenses (increased debt levels) as well as lower financial income.

Reported net income settled at EUR 148m in 1H25 vs. EUR 189m in 1H24 while when deducting minorities that came to EUR 21m compared to EUR 64m in the same period last year, net income after minorities settled at EUR 126m vs. EUR 125m in 1H24. Adjusted net income after minorities in 1H25 reached EUR 195m, +8.9% y-o-y.

In 2Q25, reported net income after minorities settled at EUR 92m or c. 8% higher vs. 2Q24, while adj. net income after minorities settled at EUR 118m, +30% y-o-y.

Capex stood at EUR 825m in 2Q25 (vs EUR 476m in 1Q25) with 90% reflecting investments in RES, flexible generation and electricity distribution projects. For the whole year, management expects capex to amount to c. EUR 3.5bn.

Net debt at end-June 2025 stood at EUR 5.96bn compared to EUR 5.19bn at end March 2025 and EUR 5.09bn at the end of 2024. This was the result of the increased capex but also the seasonal pressure from WC (EUR-195m) related to CO2 payments and payments of the Greek State).

Net debt to EBITDA increased to 3.2x at the end of 2Q25 (2.9x in 1Q25 and 2.8x at the end of 2024), below the self-imposed ceiling of 3.5x.

In terms of RES capacity, PPC reported that it had 6.3GW of RES installed (including large hydro) at the end of 2Q25, with the construction of c. 0.1GW of RES completed within the quarter. Excluding large hydro plants, installed RES capacity was c. 3.1GW compared to 2.3GW at the end of FY24. Additionally, the group announced that c. 3.7GW are under construction or in ready-to-build stage or in a tender stage. The installed RES capacity plus the under construction or in ready-to-build stage or in tender stage capacity represents already c80% of the guided RES installed capacity by end-2027 or 11.8 GW (including hydro).

EUR m	2Q24	2Q25	*y-o-y*	1H24	1H25	*y-o-y*
Total Revenues	**2,090**	**2,182**	***4%***	**4,026**	**4,646**	***15%***
Labour	235	281	*20%*	441	534	*21%*
Liquid fuels	179	175	*(2%)*	297	301	*1%*
Natural gas	156	154	*(1%)*	380	462	*22%*
CO2	169	119	*(30%)*	362	333	*(8%)*
Energy purchases	308	321	*4%*	658	968	*47%*
Provisions for expected credit losses	23	49	*113%*	116	(42)	*NM*
Other	78	102	*31%*	845	1,094	*29%*
Total opex-recurring	1,622	1,638	*1%*	3,099	3,650	*18%*
adj. EBITDA	**468**	**543**	***16%***	**927**	**996**	***7%***
Reported EBITDA	**452**	**558**	***23%***	**879**	**1,000**	***14%***
Reported EBT	129	155	*20%*	251	217	*(14%)*
Minorities	18	9	*(50%)*	64	21	*(67%)*
Reported Net Income after minorities	**85**	**92**	***8%***	**125**	**126**	***1%***

Source: The Company, AXIA Research

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* Exceptions to the bands may be granted by the Investment Review Committee of AXIA taking into account specific characteristics of the Subject Company
**Total return: % price appreciation equals percentage change in share price from current price to projected target price plus projected dividend yield

Rating history for PUBLIC POWER CORPORATION S.A.

Date	Rating	Share Price (EUR)	Target Price (EUR)
31/10/2013	Buy	10.67	12.60
26/04/2014	Buy	11.21	13.30
26/02/2015	Buy	7.50	8.90
25/05/2015	Under Review	5.06	U/R
03/06/2015	Neutral	4.68	5.50
08/03/2015	Under Review	4.14	U/R
18/12/2015	Sell	4.17	3.70
18/04/2016	Neutral	2.96	2.90
02/11/2016	Neutral	2.93	3.20
29/03/2017	Neutral	2.75	3.20
22/06/2017	Under Review	2.31	U/R
18/07/2017	Neutral	2.30	2.20
11/09/2018	Neutral	1.60	1.80
03/07/2019	Neutral	2.34	1.90
29/11/2019	Buy	3.15	7.30
30/30/2020	Buy	2.20	7.30
16/06/2020	Buy	3.34	7.30
28/01/2021	Buy	6.68	15.10

18/03/2021	Buy	9.08	15.10
07/09/2021	Under Review	5.49	U/R
05/12/2022	Buy	6.48	13.20
14/02/2023	Buy	7.98	13.20
24/01/2024	Under Review	12.48	UR
12/02/2024	Buy	11.90	22.60
20/01/2025	Buy	12.51*	22.60

*close price as of 17/01/2025

AXIA Ventures Group Limited Rating Distribution as of today

Coverage Universe	Count	Percent	Of which Investment Banking Relationships	Count	Percent
Buy	15	48%	2	2	6%
Neutral	1	3%			
Sell					
Restricted	1	3%			
Not Rated	3	10%			
Under Review	11	35%	1	1	3%

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AXIA Ventures Group

10 G. Kranidioti Street, Suite 102 1065 Nicosia, Cyprus Tel: +357 2274 2000	4, Vas. Sofias Avenue, 3rd Floor 10674 Athens, Greece Tel: +30 210 741 4400	555 Madison Avenue, Suite 11A NY 10022, New York, USA Tel: +1 212 792 0253	26 Corso Venezia, 1st floor 20121 Milan, Italy Tel: +39 348 080 1411

www.axiavg.com

Research Division

Constantinos Zouzoulas	constantinos.zouzoulas@axiavg.com	+30 210 741 4460
Stathis Kaparis	stathis.kaparis@axiavg.com	+30 210 741 4459
Eleni Ismailou	eleni.ismailou@axiavg.com	+30 210 741 4462
Christiana Tsoukala	christiana.tsoukala@axiavg.com	+30 210 741 4467
Alexis Chaidopoulos	alexis.chaidopoulos@axiavg.com	+30 210 741 4481

Capital Markets Division

Thanos Adamantopoulos	thanos.adamantopoulos@axiavg.com	+44 207 987 6033
Maria Mitsouli	maria.mitsouli@axiavg.com	+30 210 741 4424
Vaia Dotsia	vaia.dotsia@axiavg.com	+30 210 741 4430
Markella Lampraki	markella.lampraki@axiavg.com	+30 210 741 4459