PUBLIC POWER CORPORATION (PPC)

Larger, greener, stronger

New Strategic Plan accelerates green growth… – PPC's updated Strategic Plan outlines the path to the company becoming a leading green integrated supplier in the SEE. Through the announced €9bn capex plan, management targets €2.3bn EBITDA by 2026e (15% 3-year CAGR vs PF 2023e EBITDA of €1.5bn), RES installed capacity of 5.5GW and full delignitisation. Despite the stock's c35% rally over 5 months, we stress that there is far more upside, arguing that the current valuation does not capture the evolving energy mix (65% from RES incl. large hydro by 2026e) and PPC's advantageous net long customer exposure. We thus reiterate PPC as one of our top picks in Greece.

…through a major reshape in Generation… – The new business plan guides for 4.1GW of RES additions by 2026 (2.9x the 2023 capacity), underpinned by the 5GW that are in advanced stage of maturity. Our numbers are somewhat more conservative targeting 4.6GW installed capacity by 2026e, to account for the risk of potential delays inherent in RES project development. That said, PPC is still set to be the largest and fastest growing RES player in the SEE region. On conventional generation, we assume full delignitisation by 2026, in sync with mgt target, while also incorporating the operation of the currently under development, highly efficient 840MW CCGT by the same year.

… an enhanced business model in integrated supply… – The "holistic partner strategy" in integrated supply aims to enhance customer retention and expand the customer base, leveraging additional value-added services offered through Kotsovolos. The termination of the HV loss-making contracts will be accretive to PPC profits, offsetting the impact from the retreating local market share (to c45% by 2026e). As for Romania, we align with management guidance for a stable 18% mkt share, effectively expecting PPC to retain mkt leader status in both countries. As for synergies, the Kotsovolos deal offers €100mn in capex savings while Romania is poised to contribute €50m per annum arising from cross-border optimization and trading.

…and robust RAB growth in distribution – We expect Group RAB to increase to €5.1bn by 2026e from €4.3bn in 2023e, namely c6% CAGR, fueled by the €2.4bn investment plan. Besides the RAB growth, we expect the segment's profitability to be further propelled by the realized uptick in HEDNO's WACC (to 7.66% from 6.7%) and a likely WACC uplift in Romania (to c7% from 6.4%) in the next regulatory period in 2025.

Valuation: raising PT to €17.5, Top pick – Incorporating the recently acquired Romanian assets and reflecting PPC's updated business plan, we raise our 2024/25e EBITDA by 31/40% (3/12% organically), aligning with mgmt for FY'24e (EBITDA at €1.7bn, +13% yoy) while remaining c9% below 2026e guidance due to our assumption for lower RES additions. Our updated estimates filter through to an increased PT of €17.5 (from €13.0 previously), placing the name at 7.8x 1yr fwd EV/EBITDA, namely at par with its higher priced peers. We believe this multiple can be justified by PPC's superior growth profile and the rapidly shifting energy mix towards RES. Our reverse engineering exercise also suggests that at the current price, PPC's conventional generation/supply business is valued at <3.5x 2026e EV/EBITDA, which is rather punitive in our view.

Estimates

EUR mn	2021	2022	2023e*	2024e	2025e
Revenues	5,706.4	11,253.1	7,809.3	9,057.5	9,328.8
EBITDA	871.7	953.7	1,240.5	1,729.5	1,941.1
Net Profit	-18.4	-19.0	170.4	268.5	374.9
EPS	-0.05	-0.05	0.45	0.70	0.98
DPS (gross)	0.00	0.00	0.23	0.37	0.58

Valuation

	2021	2022	2023e	2024e	2025e
P/E	NM	NM	20.7x	16.6x	11.9x
EV/EBITDA	7.1x	6.5x	7.3x	6.8x	6.6x
EBIT/Interest Expense	0.6x	0.0x	1.3x	1.8x	2.2x
Yield (gross)	0.0%	0.0%	1.9%	3.2%	5.0%
ROE	-0.4%	-0.4%	3.4%	5.1%	6.8%

*Partial consolidation of Romania for 2 months; Pro-forma 2023e EBITDA at €1.5b.

Recommendation	**BUY**
Target Price	**€17.50**
Prior Target Price	**€13.00**
Closing Price (05/03)	€11.67
Market Cap (mn)	€4,457.9
Expected Return	50.0%
Expected Dividend	1.9%
Expected Total Return	51.9%

PPC Share Price

Stock Data

Reuters RIC	DEHr.AT
Bloomberg Code	PPC GA
52 Week High (adj.)	€12.67
52 Week Low (adj.)	€7.25
Abs. performance (1m)	-6.6%
Abs. performance (YTD)	4.6%
Number of shares	382.0mn
Avg Trading Volume (qrt)	€5,985k
Est. 3yr EPS CAGR	NM
Free Float	50.9%

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See Appendix for Analyst Certification and important disclosures

Investment Summary

PPC's ambitious Strategic Plan aims to transform PPC into the largest green integrated player in the SEE region

The acquisition of Enel's activities in Romania has significantly influenced PPC's revised strategic plan, setting the Group on a path to becoming the leading green integrated supplier in the SEE region. During PPC's Capital Markets Day held in January, management guided for PF 2023 EBITDA at €1.5bn and updated the Group's 2026e targets, aiming for €2.3bn EBITDA (+35% vs previous guidance), RES installed capacity of 5.5GW, full delignitisation and a €9bn capex plan. In light of the updated business plan and the overall positive sentiment in the Greek market, PPC has seen an impressive rally of c35% over the last 5 months, outperforming its international peers thanks to its enhanced risk/return profile and its advantageous position with a net long customer exposure amidst retreating energy prices.

Generation set to undergo a major reshape, with lignite units poised to retire by 2026 and installed RES to reach 4.6GW on our estimates

PPC's conventional generation and renewables are at the forefront of its strategic transformation. The Group aims to further tilt its energy mix towards renewable energy, guiding for this to reach 67% (incl. large hydro) by 2026, up from the current 43%. In doing so, PPC guides for total RES additions of 4.1GW in Greece, Romania and the broader SEE region. This ambitious goal is supported by the fact that 5GW out of the 18GW pipeline are already at an advanced stage of maturity. We pencil in additions of 3.2GW by 2026, namely c1GW short of PPC's target, accounting for 2.8GW that are currently under construction or RTB, as well as 400MW from the under tender process pipeline. Even on our conservative assumptions, these additions would make PPC the fastest growing and largest RES developer in the region. Moreover, we align with mgmt guidance regarding the retirement of lignite units by 2026 and the addition of the under development 840MW CCGT unit in Alexandroupoli. As such, our total installed capacity estimate settles at 12.2GW by 2026e, 14% higher than the current 10.7GW.

Integrated supply to benefit from international energy trading, termination of HV contracts and cross-selling with Kotsovolos

The newly established "holistic partner strategy" in integrated supply aims to leverage PPC's dominant market position to enhance customer retention and expand its customer base through value-added services, which are supplemented by the acquisition of Kotsovolos (a deal offering capex savings of €100mn). With regards to market positioning, PPC's local mkt share will continue to trend downwards following the termination of the loss-making HV contracts but PPC will remain the dominant supplier (c45% mkt share by 2026). Regarding Romania, PPC's management has set conservative market share expectations, aiming to maintain an 18% share. The company's expansion into Romania enables it to harness synergies arising from cross-border optimization and trading, potentially yielding c€50mn p.a. This advantage stems from the differing energy profiles between Greece (a net energy importer) and Romania (a net energy exporter), allowing PPC to effectively navigate and capitalize on the energy dynamics between the two markets.

Group RAB (2023e) of €4.3bn is on track to reach €5.1bn by 2026 (6% 3-year CAGR) with WACC uplifts to improve return profile

Moving to distribution, PPC now boasts a total RAB of €4.3bn establishing itself as the exclusive distribution network operator in Greece (€3.1bn RAB) and the second-largest operator in Romania (€1.2bn RAB). The Group projects total investments of €2.4bn in distribution over 2024-2026 aimed at projects that will expand and enhance its network. As a result, total RAB is poised to reach €5.1bn by 2026, with most of it coming from Greece on our estimates. Regarding profitability, we align with PPC's guidance for 6% CAGR growth, targeting €800mn 2026e EBITDA, fueled by the enhanced RAB, the realized WACC step-up in Greece (now at 7.66% from 6.7% previously) and our projection for a WACC uplift in Romania (to 7% from 6.4% currently) beginning with the next regulatory period starting in 2025.

We raise our 2024/25e EBITDA materially to incorporate Romanian assets; as a result, we lift our PT to €17.5, implying a 1yr fwd EV/EBITDA of 8.1x

Incorporating the effect of the Romanian operations and PPC's updated business plan, we raise our 2024/25e EBITDA estimates by 31/40% (3/12% organically), aligning with mgmt guidance for FY'24 EBITDA at €1.7bn but penciling in a somewhat more conservative profitability for 2026e (due to more prudent RES additions). Our revised EBITDA filters through to material upgrades for 2024/25e net income and a compelling c7% div yield in 2026e. Given our lower RES additions vs PPC, we factor in €7bn on capex by 2026e, with our net debt/EBITDA remaining below the guided ceiling of 3.5x. We raise our PT accordingly to €17.5 from €13.0 previously, reiterating PPC as one of our top picks in Greece. At our PT, the stock would trade at 7.8x EV/EBITDA, namely at par with its higher-priced peers, which we consider justified given PPC's superior growth profile and its shifting energy production mix towards RES.

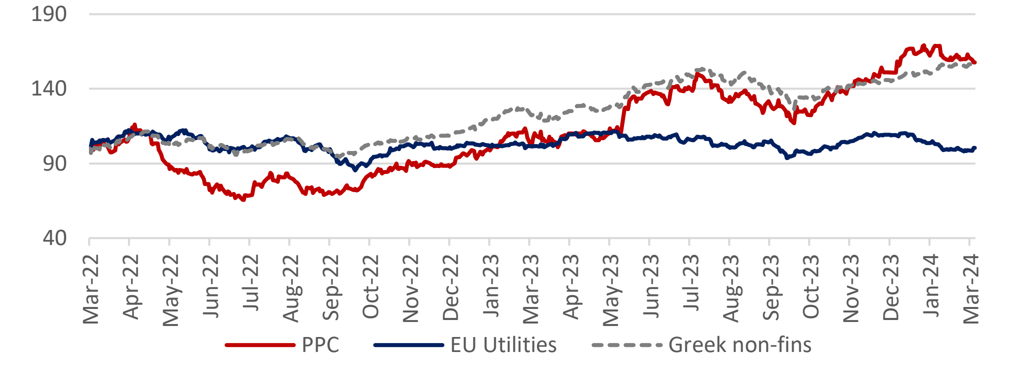
Share price performance and relative valuation

PPC has seen an impressive rally of c35% in the last 5 months, fueled by the surge in Greek assets and momentum in light of the updated business plan

Over the past two years, PPC's stock performance has experienced significant volatility compared to the EU utilities and Greek non-financials, showcasing high sensitivity to external events. Notably, the outbreak of the war in Ukraine in February 2022 triggered a substantial sell-off in PPC shares, with investor concerns primarily focused on the group's ability to maintain profitability amidst rising natural gas prices, the substantial working capital PPC needed to commit and the uncertain state of the Greek energy sector due to government interventions.

Subsequently, as PPC's quarterly results demonstrated resilience and the energy crisis began to subside, the stock witnessed an impressive rally, effectively doubling in value by the summer of 2023. More recently, PPC saw another significant rally starting in October 2023, driven by a surge for Greek assets and anticipation that PPC's CMD (held in late January 2024) would catalyze a re-rating. Overall, PPC has outperformed both its EU and Greek peers materially over the last 5 months. Note that EU integrated power companies have been struggling year-to-date, weighed down by the high interest rate environment, regulatory hurdles and weaker energy prices.

Performance of PPC vs EU utilities (EURO STOXX) and Greek non-financials

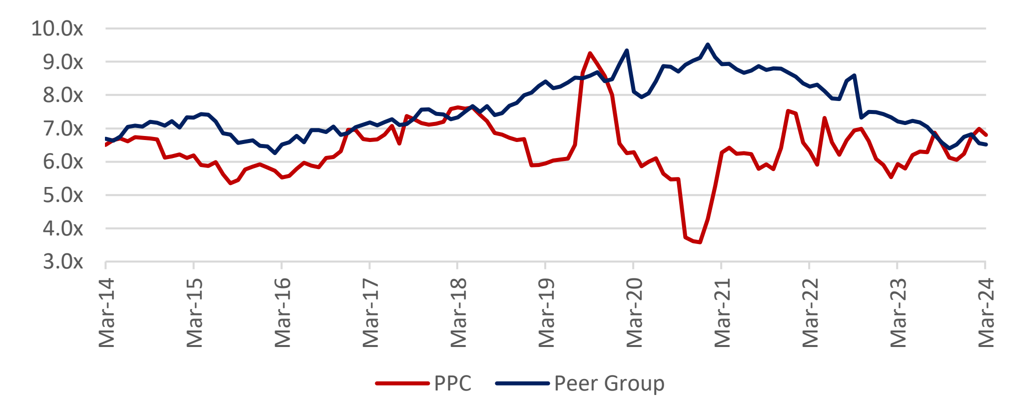


Source: Eurobank Equities Research, Bloomberg.

PPC trades at a small premium compared to its peer group, justified in our view by its superior growth and improving RES profile

From a valuation perspective, PPC has undergone notable changes in the past decade. In 2013-2014 the stock re-rated to EV/EBITDA levels of c6-7x, in line with its EU peers. After a temporary de-rating during the peak of the Grexit crisis, the stock's valuation bounced again in the light of the restructuring implemented by the new management, before tumbling in the aftermath of the pandemic-induced sell-off. Since 2021, PPC's valuation has been moving in broad tandem with that of its peers (albeit with more pronounced swings) reflecting both sector and country prospects. **Following the CMD in January 2024, PPC has re-rated to a small premium vs the peer group, which we argue is more than justified, considering the improved risk/return investment proposition that it offers, as well as its favorable net long customer exposure amidst retreating energy prices.**

1-year fwd EV/EBITDA



Source: Eurobank Equities Research, Bloomberg.

Below we summarize the valuation compendium of the broad peer group. Note that this includes integrated EU power generators and excludes infrastructure names (e.g. gas transport and distribution companies). As can be seen, PPC trades at the upper range among its peers, namely at c6.8x 2024e EV/EBITDA. However, this is a discount relative to the higher-priced cohort enjoying higher RES exposure. In our view, the combination of high growth, a progressive dividend policy and the scaling-up of RES ought to drive the shares higher in the valuation spectrum.

PPC | Peer group valuation

		PE		EV/EBITDA		Dividend yield		Net debt/EBITDA
Stock	**Mkt Cap**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**
PPC	4,458	16.6x	11.9x	6.8x	6.6x	3%	5%	3.1x
RWE AG	23,461	11.1x	12.7x	5.2x	5.4x	3%	4%	1.7x
IBERDROLA SA	69,083	13.8x	13.1x	9.7x	9.2x	5%	5%	3.1x
ORSTED A/S	20,670	N/A	12.8x	8.1x	7.1x	4%	4%	2.4x
ENEL SPA	61,386	9.1x	8.9x	6.4x	6.3x	7%	8%	2.4x
SSE PLC	21,207	9.7x	9.8x	8.1x	7.7x	4%	4%	2.7x
EDP	15,774	12.5x	12.1x	7.8x	7.5x	5%	6%	3.1x
FORTUM OYJ	10,449	10.7x	12.4x	7.0x	7.8x	8%	7%	0.7x
ENGIE	36,500	8.5x	9.1x	5.1x	5.2x	8%	7%	2.8x
ENDESA	17,210	10.4x	9.4x	5.6x	5.3x	7%	7%	2.1x
CEZ AS	17,723	12.5x	14.0x	4.6x	5.0x	7%	6%	1.3x
Average		**10.9x**	**11.4x**	**6.8x**	**6.7x**	**6%**	**6%**	**2.2x**
EU Utilities (EUROSTOXX)		**11.6x**	**11.6x**	**7.6x**	**7.6x**	**6%**	**6%**	**3.2x**

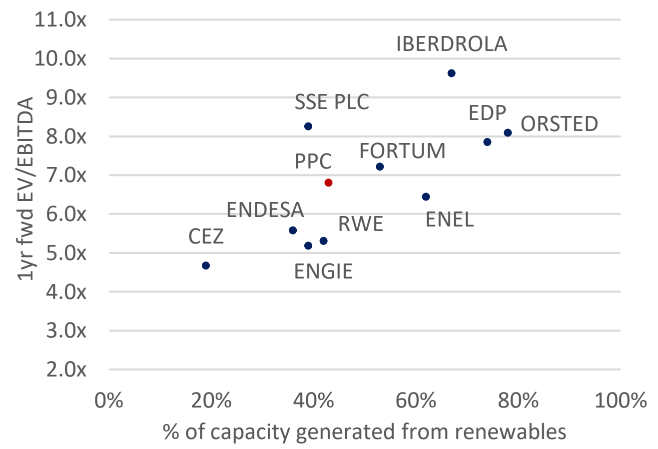
Source: Eurobank Equities Research, Bloomberg.

PPC's scope for rerating is underpinned by the accelerating RES exposure and its superior growth profile

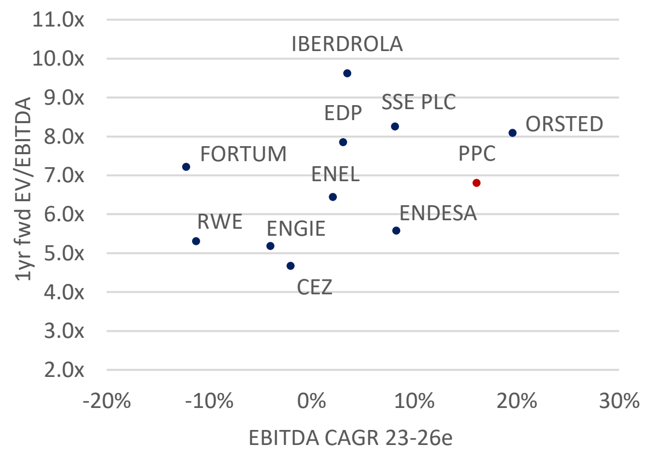
In the figures below, we illustrate the relationship between RES exposure and valuation metrics for several of PPC's peers. As can be seen, a higher proportion of RES in a company's energy mix tends to be associated with higher valuation, reflecting the market's preference for sustainable and RES operations. PPC's exposure to RES currently stands at 43% (incl. Large Hydro), but is set to increase to 68% by 2026e, thus indicating scope for a material further re-rating of PPC.

The same message is echoed by the chart on the right, which effectively indicates that PPC has emerged as a growth play in the power generation space. Unlike many of its peers, which are often seen through a 'value' lens, PPC is poised to exhibit double-digit EBITDA growth in the coming years, thus enjoying a more compelling growth profile relative to its peers. Normally, 2-digit growth rates are associated with valuations in the high single digits.

Valuation & % of RES capacity



Valuation vs growth



Source: Eurobank Equities Research.

Valuation: Updated business plan unlocks value potential

We look forward to 2026e, estimating a c€16.7bn EV (incl. HEDNO & Romanian minorities), corresponding to a fair present value of €17.5

We continue to value the business on a SOTP, looking forward to 2026e, namely when PPC will have largely completed its RES capacity roll-out. Incorporating our updated estimates and the value proposition of the recently acquires assets in Romania, we come up with an estimated EV of €16.7bn in 2026e, indicating c8.1x 2026e EV/EBITDA. We then adjust the EV by deducting 2026e net debt, post-retirement benefits, the lignite provisions, Macquarie's minority stake in HEDNO and SAPE's minority stakes in Romania, resulting in an estimated equity fair value of c€7.6bn (in 2026e).

To determine our 12-month price target, we discount the aforementioned figure back by 1.8 years at a 9.0% discount rate. Therefore, we effectively raise our PT to €17.5/share (from €13.0/share previously), implying a 50% upside vs the current market price.

Below, we elaborate on the valuation of the individual segments:

- **Distribution:** Using a DCF/RAB-based framework, we value HEDNO (the Distribution segment in Greece) at €4.3bn in 2026e, 1.1x 2026e EV/RAB, implying a proportionate EV valuation of €2.2bn. Respectively, utilizing a similar approach for the three distribution companies in Romania, we come up with an EV of €1.4bn in 2026e, translating to a 2026e EV/RAB of 1.1x.
- **Renewables (ex Hydro):** Following the updated business plan, we incorporate 3.2GW of additions through 2026e, out of which 2.1GW in Greece and 1.1GW in Romania. That said, we stress that we remain below the Group's target for installed capacity of c5.5GW (implying 2.4GW of additions in Greece and c1.8GW of additions in Romania and the broader SEE region), reflecting a conservative estimate due to potential project delays. Overall, we estimate Greek RES 2026e EV at €2.7bn and Romanian RES EV at €1.8bn, indicating a combined EV/EBITDA multiple of c10x on 2027e numbers.

PPC | RES DCF valuation									
EURm unless otherwise stated	**2026e**	**2027e**	**2028e**	**2029e**	**…**	**2042e**	**2043e**	**…**	**2054e**
Capacity in MW (year-end incl. JVs)	4,559	5,149	5,149	5,149		4,850	4,294		1,540
Sales	583	665	707	707		650	498		171
EBITDA	**401**	**471**	**517**	**517**		**481**	**372**		**137**
margin	*68.8%*	*70.8%*	*73.1%*	*73.1%*		*74.0%*	*74.6%*		*80.5%*
Unlevered FCF	**-284**	**226**	**436**	**436**		**408**	**317**		**115**
Sum of PV of UnFCF	**4,556**								
PV of TV	**0**								
EV – 2026e	**4,556**								
EV/EBITDA (2027e)	9.7x								
EV/MW in € mn (2026e)	€ 1.0mn								
Source: Eurobank Equities Research.									

- **Generation/Supply/Other:** We continue to value generation and supply jointly, considering the vertically integrated nature of the business. Incorporating our assumptions for a decreasing supply mkt share in Greece to 45% and an unchanged mkt share of 18% in Romania by 2026 as well as the updated lignite-phase out timeline, our updated numbers assume combined EBITDA post-2026 in the €0.9-1.0bn level. For perpetuity we conservatively assume ROIC <5% and 1% terminal growth.

PPC Generation/Supply/Other							
EURm unless otherwise stated	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**	**…**	**2035e**
NOPAT	**277**	**249**	**298**	**336**	**413**	**…**	**541**
Depreciation	511	564	593	559	473		370
Working capital inflow (outflow)	11	10	7	-30	-32		-43
Capex/other investment outlay	-442	-284	-286	-290	-303		-371
Unlevered Free Cash Flow	**358**	**538**	**612**	**575**	**552**	**…**	**496**
Terminal Value (TV)	2,731						
PV of UNFCF	**3,628**						
PV of TV	**2,731**						
Enterprise value	**6,359**						
Source: Eurobank Equities Research.							

Our SOTP methodology is laid out in the table below. Flexing the discount rate and the terminal growth rate by 0.5% results in a €0.9 and €0.2 change in our estimated 12m fair price respectively.

PPC Valuation		
EURm unless otherwise stated	**2026e**	**Comments**
Distribution	5,763	1.12x 2026e EV/RAB; 7.2x 2026e EV/EBITDA
Greece (HEDNO)	4,318	
Romania	1,445	
Generation/Supply/Other	6,359	DCF at 9.0% WACC
Greece	6,070	6.0x 2026e EV/EBITDA excluding Hydro
Romania	288	
RES	4,556	DCF at 6.2% WACC; 9.7x 2027e EV/EBITDA
Greece	2,732	
Romania	1,824	
Group EV 2026e	**16,678**	8.2x EV/EBITDA
Net debt (incl. leases)	-6,999	
Other debt-like liabilities	-434	
Non-controlling interests	-1,604	Includes HEDNO & Romania 2026e minorities
Equity value 2026e	**7,640**	
- Dividend 2026e	-210	
No of shares in m	363	Adjusted for 5% treasury shares
12m equity value per share	**€17.5**	

Source: Eurobank Equities Research

Considering the above, we lay out below a condensed overview of the key risks we identify:

- **RES Development Execution Risk**: Potential delays and increased costs in developing RES could impact timelines and financial projections.
- **Energy Prices Risk**: Rising energy prices could inflate working capital requirements, requiring additional debt financing and potentially increasing overall leverage.
- **Conglomerate Discount Risks**: Expansion into sectors like telecommunications, as reported recently by the press (as an eventuality), may warrant a conglomerate discount in valuation, with PPC ending up being considered a holdings group.
- **Market Share Risk**: Faster than expected erosion in market share in both Greece and Romania, which could negatively affect profitability.
- **Regulatory Risk:** Recent government interventions and regulatory delays, particularly by RAEWW in distribution and potential changes in distribution regulation in Romania, pose risks. This is especially the case as our numbers incorporate an uplift in WACC in the next regulatory period in Romania.

Summary of estimates and changes

We materially raise our EBITDA estimates by 31-40% to reflect the acquisition of Enel's assets in Romania and PPC's updated business plan

We have revised our estimates for PPC, factoring in the acquisition of assets in Romania and PPC's updated business plan. We therefore raise our 2024/25e revenue projections by c40%, incorporating c€2.4bn from the Romanian assets, now expecting PPC's top-line to exceed €9bn in the coming years. On the profitability front, we now forecast FY'24e EBITDA at €1.7bn, namely a 31% increase compared to our previous estimates and in line with management's guidance. Subsequently, our 2025 EBITDA estimate stands at €1.9bn, reflecting a 40% upgrade.

Elaborating on our revised estimates for Greece, we anticipate faster RES penetration (+700MW installed capacity by 2025) driven by the mature 2.8GW pipeline, resulting in 47/52% upgrade on our regional FY'24/25 RES profitability estimates. In distribution, we lift our estimates substantially, on the back of the higher regulated returns through 2025, coupled with the accelerated investments that drive RAB higher (c25% higher capex in 2025). Regarding the integrated supply position, we maintain a more conservative outlook, accounting for the phase-out of all lignite units, lower spark spreads in generation, and a faster decline in market share.

Consequently, our revised EBITDA estimates filter through to significant upgrades for 2024/25e net profit (+37%/32% vs our previous estimates, respectively), with figures set to exceed €200mn in both years. Accordingly, we have lifted materially our dividend projections, incorporating a progressive payout ratio (ultimately reaching 55% by 2025). Finally, we have also revised upwards our net debt projections, reflecting the impact of the acquisition of the Romanian assets and the investments required for PPC's strategic plan, thus ending up with net debt estimates more than double vs our prior assumptions.

PPC | Estimates Revision

EUR mn	New Estimates			Previous Estimates**			% change		
	2023e*	2024e	2025e	2023e	2024e	2025e	2023e	2024e	2025e
Group Revenue	**7,809**	**9,058**	**9,329**	**6,966**	**6,507**	**6,643**	**12%**	**39%**	**40%**
Generation/Supply/Other	609	746	845	660	742	843	-8%	1%	0%
- of which Greece	600	689	787	660	742	843	-9%	-7%	-7%
- of which Romania	9	57	59						
Distribution	562	724	759	514	503	426	9%	44%	78%
- of which Greece	537	566	586	514	503	426	5%	13%	38%
- of which Romania	24	158	172						
RES	69	259	337	46	73	115	51%	255%	193%
- of which Greece	46	108	175	46	73	115	0%	47%	52%
- of which Romania	23	151	162						
Group recurring EBITDA (PPC)	**1,240**	**1,729**	**1,941**	**1,220**	**1,318**	**1,384**	**2%**	**31%**	**40%**
Net profit (after non-controlling interest)	**170**	**269**	**375**	**87**	**196**	**284**	**96%**	**37%**	**32%**
Dividend per Share	**0.23 €**	**0.37 €**	**0.58 €**	**0.08 €**	**0.18 €**	**0.26 €**	**183%**	**106%**	**123%**
Net Debt (incl. leases)	**3,687**	**5,326**	**6,418**	**1,786**	**2,532**	**2,748**	**106%**	**110%**	**134%**

Source: PPC, Eurobank Equities Research. *Partial consolidation of Romania for 2 months; Pro-forma 2023e EBITDA at €1.5b. ** Ex. Romanian assets acquired

PPC - Financials

EURmn					
P&L	**2021**	**2022**	**2023e**	**2024e**	**2025e**
Sales	**5,706.4**	**11,253.1**	**7,809.3**	**9,057.5**	**9,328.8**
Operating expenses	-4,835	-10,299	-6,569	-7,328	-7,388
EBITDA adj. (PPC)	**871.7**	**953.7**	**1,240.5**	**1,729.5**	**1,941.1**
change	*0.8%*	*9.4%*	*30.1%*	*39.4%*	*12.2%*
EBITDA margin	*15.3%*	*8.5%*	*15.9%*	*19.1%*	*20.8%*
EBIT adj.	**205.5**	**313.3**	**552.7**	**869.9**	**946.2**
Financial income (expense)	-200.2	-289.0	-277.9	-440.9	-385.3
Exceptionals/other income	-155.0	-50.3	115.7	1.3	1.3
PBT - reported	**-149.8**	**-26.0**	**390.6**	**430.3**	**562.2**
Income tax	-131.5	-17.1	156.2	94.7	123.7
Non-controlling interest	0.0	-10.1	-64.0	-67.2	-63.6
Net profit - reported	**-18.4**	**-19.0**	**170.4**	**268.5**	**374.9**
EPS (EUR)	**-0.05**	**-0.05**	**0.45**	**0.70**	**0.98**
DPS (EUR)	**0.00**	**0.00**	**0.23**	**0.37**	**0.58**
Group Cash Flow Statement	**2021**	**2022**	**2023e**	**2024e**	**2025e**
EBITDA (EE definition)	871.7	953.7	1,240.5	1,729.5	1,941.1
Change in Working Capital	290.4	-202.3	-306.6	-49.1	21.7
Net Interest	100.3	17.1	-156.2	-94.7	-123.7
Tax	-103.0	-72.3	-277.9	-440.9	-385.3
Other	-567.4	-688.4	134.5	91.5	29.0
Operating Cash Flow	**592.0**	**7.8**	**634.3**	**1,236.3**	**1,482.8**
Capex	-680.1	-686.2	-2,800	-2,790	-2,441
Other investing	215.0	19.1	-92.6	56.5	57.6
Net Investing Cash Flow	**-465.2**	**-667.1**	**-2,893**	**-2,733**	**-2,383**
Dividends	0.0	-41.7	-33.9	-117.1	-168.0
Other	1,199.9	1,253.4	156.2	-25.0	-23.6
Net Debt (incl. leases)	**2,102.9**	**1,550.4**	**3,686.5**	**5,325.8**	**6,417.8**
Free Cash Flow (adj.)	**-88.2**	**-678.4**	**-2,166**	**-1,554**	**-958.0**
Group Balance Sheet	**2021**	**2022**	**2023e**	**2024e**	**2025e**
Tangible Assets	10,266	10,551	12,684	14,635	16,100
Intangible Assets	360	614	603	593	584
Other non-current Assets	560	702	1,006	1,006	1,005
Non-current Assets	**11,186**	**11,867**	**14,293**	**16,233**	**17,690**
Inventories	610	840	703	815	840
Trade Receivables	1,101	1,366	968	979	981
Other current assets	1,985	2,227	1,650	2,059	2,200
Cash & Equivalents	2,898	3,227	1,952	2,264	2,332
Current Assets	**6,593**	**7,661**	**5,273**	**6,117**	**6,352**
Total Assets	**17,779**	**19,527**	**19,566**	**22,350**	**24,042**
Shareholder funds	5,079	4,074	4,244	4,431	4,671
Non-controlling interest	0	606	807	839	869
Total Equity	**5,079**	**4,680**	**5,051**	**5,270**	**5,540**
Long-term debt	4,151	3,823	3,823	3,823	3,823
Other long-term liabilities	3,828	5,458	5,516	5,555	5,597
Long Term Liabilities	**7,978**	**9,280**	**9,339**	**9,378**	**9,420**
Short-term debt	625	700	1,547	3,500	4,661
Trade Payables	970	1,147	859	996	1,026
Other current liabilities	3,127	3,720	2,769	3,206	3,395
Short Term Liabilities	**4,722**	**5,567**	**5,176**	**7,702**	**9,081**
Total Equity and Liabilities	**17,779**	**19,527**	**19,566**	**22,350**	**24,042**
Key Financial Ratios	**2021**	**2022**	**2023e**	**2024e**	**2025e**
P/E	NM	NM	20.7x	16.6x	11.9x
P/BV	0.7x	0.5x	0.7x	0.8x	0.8x
EV/EBITDA	7.1x	6.5x	7.3x	6.8x	6.6x
EBIT/Interest expense	0.6x	0.0x	1.3x	1.8x	2.2x
Net Debt (cash)/EBITDA	2.4x	1.6x	3.0x	3.1x	3.3x
Dividend Yield	0.0%	0.0%	1.9%	3.2%	5.0%
ROE	-0.4%	-0.4%	3.4%	5.1%	6.8%
Free Cash Flow yield	-10.1%	-71.1%	-175%	-90%	-49%
Payout Ratio	0.0%	0.0%	35.0%	40.0%	48.0%

Source: Company, Eurobank Equities Research

Company description

PPC is the largest energy utility in Greece, engaged in electricity generation, distribution and supply. It maintains a generation portfolio of c11 GW, consisting of lignite mines, thermal and hydroelectric generation plants as well as RES installations in the mainland and non-interconnected islands.

Risks and sensitivities

Macro & Regulatory Risks

▪ Demand for electricity hinges to an extent on the country's macroeconomic situation. As such, there is risk to our estimates from lower power demand resulting from more subdued GDP growth.

▪ Being a regulated utility compensated via a return on RAB, HEDNO's performance (c30% of PPC's EBITDA) may be affected by material changes in the operating regime, such as adjustments to the parameters of the AR and RR calculated by the Regulator and/or the return on RAB.

Business Risks

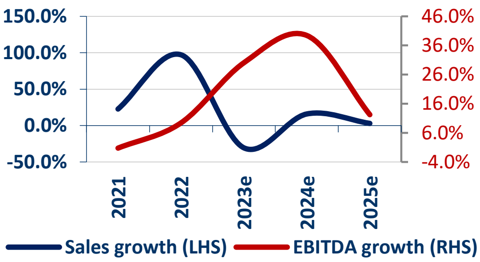
▪ PPC is committed to an ambitious investment plan; in that regard there is execution risk arising from potential delays in the capex pipeline and the de-lignitization plan.

▪ >60% of cost relate to energy inputs and purchases. In addition, these costs are USD-linked. As such, PPC will be negatively affected by an increase in the price of crude oil/natural gas and other inputs, as well as an appreciation of the USD.

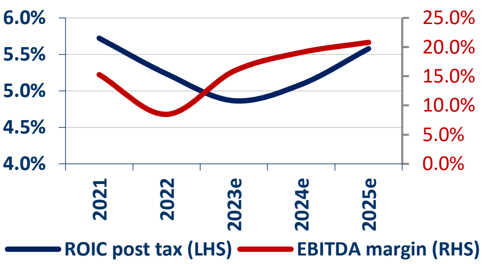
Sensitivities

▪ We estimate each EUR change in Co2 emissions price translates into a c0.5% swing in group EBITDA. Similarly, a c5% swing in the natural gas price has a c1% effect on EBITDA. A 1% swing on demand causes a c1% swing on EBITDA.

Sales and EBITDA growth



Profitability and returns



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12-month Rating History of Public Power Corporation

Date	Rating	Stock price	Target price
06/03/2024	Buy	€ 11.67	€ 17.50
22/01/2024	Buy	€ 12.15	€ 13.00
10/11/2023	Buy	€ 9.80	€ 13.00
11/09/2023	Buy	€ 9.63	€ 13.00
12/06/2023	Buy	€ 10.15	€ 13.00
09/03/2023	Buy	€ 7.98	€ 10.10

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Stock Ratings	Coverage Universe		Investment Banking Clients		Other Material Investment Services Clients (MISC) - as of 15th Jan 2024	
	Count	Total	Count	Total	Count	Total
Buy	21	70%	2	10%	11	61%
Hold	1	3%	0	0%	2	100%
Sell	0	0%	0	0%	0	0%
Restricted	1	3%	0	0%	0	0%
Under Review	2	7%	1	50%	2	100%
Not Rated	5	17%	1	20%	1	20%
Total	30	100%				

Coverage Universe: A summary of historic ratings for our coverage universe in the last 12 months is available here.

Analyst Stock Ratings:

Buy:	Based on a current 12-month view of total shareholder return (percentage change in share price to projected target price plus projected dividend yield), we recommend that investors buy the stock.
Hold:	We adopt a neutral view on the stock 12-months out and, on this time horizon, do not recommend either Buy or Sell.
Sell:	Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock.
Restricted:	Under Eurobank Group policy and / or regulations which do not allow ratings
Under Review:	Our estimates, target price and recommendation are currently under review.
Not Rated:	Refers to Sponsored Research reports.