



# Public Power Corporation

Utilities / Greece

Reuters/Bloomberg: DEHR.AT / PPC GA

November 12, 2024

## 3Q24/9M24 Earnings Preview

PPC is scheduled to release its 3Q24/9M24 results on November 13 after market close. We expect performance to remain strong on the back of increased demand for electricity and continuing strong profits from the distribution segment. Compared to last year, the group's financial results to incorporate for the first time the performance of Romanian operations as well as that of the electronics retailer Kotsovolos. Our forecasts call for 9M24 adj. EBITDA of EUR 1.355bn, 44.6% higher y-o-y with net profit after minorities at EUR 200.8m vs. EUR 225.7m last year (9M23 numbers incorporate EUR 141.6m gains from the sale of a subsidiary). Note that we account for increased minorities due to higher profitability from the Greek distribution, the Romania operations as well as non-cash one offs related to JVs in which PPC has minorities and these JVs have signed PPAs (marked-to-market).

Despite the strong operating profitability, the ongoing investments in RES development, network infrastructure and other to drive net debt higher, forecasted at c. EUR 4.6bn vs. EUR 3.83bn at the end of 2Q24. The company will hold an analyst call on Thursday, November 14 at 12:00 UK time to present the updated Strategic Plan for the period 2025-27 as well as the 9M24 financial performance (webcast link [here](#)).

In 9M24, we estimate PPC's total revenues of EUR 6.58bn. About 75% of the revenues are attributed to Greek and Romanian energy sales. The remaining reflect higher distribution revenue as well as sales of the recently acquired technology retailer Kotsovolos.

Focusing on Greek operations, we model PPC's market share in 3Q24 at c. 51% (similar levels with 2Q24) but nevertheless lower than the 55.9% market share in 3Q23. The decline reflects mainly PPC's reduced market share in the less profitable High Voltage category. In any case, demand in Greece in Q3 to continue to increase, supporting PPC's sales closer to last year's levels.

**Moving on to costs, in 9M24, we estimate fuel costs (liquid fuels and natural gas) at EUR 1.15bn (+4.5% y-o-y), reflecting the higher production from gas-fired plants.**

We anticipate CO2 expenses to settle 3.7% lower y-o-y at EUR 602m, due to the lower lignite production, part of which is generated from the new and more efficient Ptolemaida V plant. PPC's expenditure for energy purchases in Greece is estimated at EUR 1.237bn or 17.6% lower y-o-y given the reduced energy prices and lower market share. We expect payroll cost to increase by 21% y-o-y in 9M24 incorporating the Romanian operations as well as Kotsovolos.

**Total costs (including provisions and other) for the 9M period are estimated at EUR 5.27bn, up 14.4% y-o-y.**

**All in all, we estimate adj. EBITDA in 9M24 to settle at EUR 1.355bn (+44.6% y-o-y) and reported EBITDA of EUR 1.31bn (+42.8% y-o-y).**

Below the EBITDA line, in 9M24, we account for an increase of depreciation charges to EUR 682m (+47% y-o-y) due to the consolidation of the Romanian operations and Kotsovolos, as well as asset expansion. We also account for increased net financial expenses that should be 35% higher y-o-y to EUR 270.5m due to the increased debt levels as a result of the acquisition in Romania and the ongoing investments.

**The above lead to 9M24 reported pre-tax earnings of EUR 352.4m, 9.9% lower y-o-y. Recall that last year's 9M results incorporated the proceeds from the sale of a subsidiary/spin-off of post-lignite branch. We expect net profit after minorities to settle at EUR 200.8m vs. EUR 225.7m in 9M23 (-11% y-o-y) also impacted by increased minorities (EUR 74.1m, +77% y-o-y). Note that the increased minorities are due to increased profitability from Greek distribution (PPC holds a 51% stake), the incorporation of the Romanian assets as well as non-cash one offs related to JVs in which PPC has minorities and these JVs have signed PPAs.**

As a result of the ongoing capex, mainly towards RES development and energy distribution and despite the strong operating profitability, we would expect an increase in net debt to c. EUR 4.6bn compared to EUR 3.83bn at end 2Q24 and EUR 3.34bn at the end of 1Q24.

**In the conference call, we expect management to provide an update on the investment pipeline until 2027 as well as to discuss the expected financial performance until that year.**

**Recall that in the Capital Markets Day (in January 2024), PPC management had discussed the strategic priorities until 2026. Among others, management had guided for 2026 for:**

- **EBITDA to increase to EUR 2.3bn** of which EUR 0.8bn to represent operational profitability from the distribution and the rest will be attributed to generation and supply
- **Net income of EUR 700-800m**
- **Capex of EUR 9.0bn** with 44% of this capex to be directed towards RES and 27% towards distribution

## Rating

Buy

## Target Price

22.60

Current share price\* (EUR)  
\*11/11/24

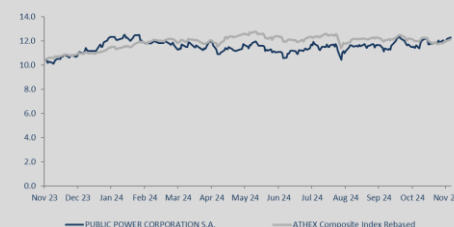
12.29

## Stock data

Market Cap (EUR m)	4,342.6
Free float	41.3%
EV (EUR m)	9,769.0
Number of shares (m)	382.0

Performance	1m	3m	12m
Absolute (%)	5.6	10.0	22.7
ASE (%)	0.8	3.3	18.7

ADV-12m (k)	417.07
Price high-12 m (EUR)	12.67
Price low-12m (EUR)	9.95



**Shareholders:** Hellenic Corporation of Assets and Participations (34.12%), CVC (10.0%), Public Power Corporation (7.62%), Helikon Investments (6.97%)

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EUR m	3Q23	3Q24E	y-o-y	9M23	9M24E	y-o-y
<b>Total Revenues</b>	<b>1,941.6</b>	<b>2,551.0</b>	<b>31.4%</b>	<b>5,523.6</b>	<b>6,576.8</b>	<b>19.1%</b>
Labour	191.4	239.3	25.0%	562.3	680.2	21.0%
Fuel cost	455.1	476.0	4.6%	1,104.5	1,153.7	4.5%
CO2	230.4	240.0	4.2%	624.9	602.0	-3.7%
Energy purchases	413.2	578.5	40.0%	1,501.5	1,236.9	-17.6%
Other	309.8	589.0	90.1%	810.3	1,538.0	89.8%
Total opex-recurring	1,583.2	2,122.7	34.1%	4,586.8	5,221.8	13.8%
<b>adj. EBITDA</b>	<b>358.4</b>	<b>428.3</b>	<b>19.5%</b>	<b>936.8</b>	<b>1,355.0</b>	<b>44.6%</b>
adj. EBT	274.6	102.8	-62.6%	412.5	352.4	-14.6%
<b>Reported EBITDA</b>	<b>337.2</b>	<b>428.3</b>	<b>27.0%</b>	<b>915.5</b>	<b>1,307.1</b>	<b>42.8%</b>
Reported EBT	251.3	102.8	-59.1%	391.2	352.4	-9.9%
<b>Net Income after minorities</b>	<b>189.8</b>	<b>67.1</b>	<b>-64.6%</b>	<b>225.7</b>	<b>200.8</b>	<b>-11.0%</b>

Source: The Company, AXIA Research

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\*\*Total return: % price appreciation equals percentage change in share price from current price to projected target price plus projected dividend yield

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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

\*close price as of 12/02/2024

#### AXIA Ventures Group Limited Rating Distribution as of today

Coverage Universe	Count	Percent	Of which Investment Banking Relationships	Count	Percent
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Neutral					
Sell					
Restricted					
Not Rated	3	10%			
Under Review	12	39%	1	1	3%

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