A first-time Long-Term Issuer Default Rating (IDR) of BB- with stable outlook was assigned to Greek Public Power Corporation (PPC) by Fitch Ratings.

The rating of PPC reflects more volatile and less transparent regulatory and operating environments in Greece than other European jurisdictions with a history of political intervention and PPC's high leverage and consistently negative free cash flow throughout the investment cycle. It also reflects its fully integrated business structure, dominant position in the domestic market and long -term sustainability following its strategic repositioning, coupled with constructive energy reforms in Greece since 2019.

PPC's IDR incorporates a one-notch uplift reflecting overall moderate links with the Greek state (BB/Stable) including strong evidence of tangible support and moderate systemic relevance in case of default.

The stable outlook reflects expectations of EBITDA stabilization at around 900 million euros on average for 2021-2023, delivery of PPC's business plan, including the accelerated phase-out of lignite, consolidation of a new wholesale market design in Greece and broadly stable funds from operations net leverage at around 5.5x for 2021-2023.

PPC's strategic choice to shift to a cleaner asset base is reflected in 1.1 billion euros investments in renewables projects over 2020-2023 to increase capacity to around 1.5 GW by 2023 (80 % solar and 20 % wind) from 0.165 GW in 2019. Capacity already under construction or secured stands at 0.35 GW and a further 6 GW of identified projects provide visibility on the execution of the remaining part. It is expected that most of the new capacity will be under power-purchase agreements, largely with PPC's supply arm as counterparty and, secondarily, under feed-in-premium schemes, both providing visibility on long-term returns.

The Government approved accelerated closure of uneconomical lignite mines and 3.4 GW lignite-fired power plants capacity. PPC's lignite plants are pushed out of the merit order most hours (load factor was 34 % in 2019) due to a poor operational (20-year old fleet on average) and fuel efficiency. Given rising CO_2 costs, the plants are heavily loss-making, which is a differentiating factor compared with central European lignite- and coal-fired generators that remain profitable. It is expected that the new 660 MW Ptolemaida V lignite plant, to be commissioned in 2022, will be profitable up to an 45 euros/MWh CO_2 price.