

Speech by the CEO of HEDNO S.A.
New Year Celebration ceremony – 8th February 2013

1. Introduction – Overview of Separation

Dear friends, colleagues and collaborators,

Ladies and Gentlemen,

I am particularly proud of this Company and its people who, through adverse and difficult economic circumstances, have worked and continue to work with responsibility, strength and often with altruism, despite the significant salary reductions that all have endured and, particularly, our executive personnel.

Thanks to the team effort we managed not only to execute our daily work so as to maintain the power supply to the most distant household, but also within the framework of Directive 72 and Law 4001, we achieved to create and operate the new company (after the separation of the distribution sector from the parent company), without causing any problem to the electricity Market.

As it is known, the separation of the Distribution sector was approved in April 2012 marking the beginning of operation of the Hellenic Electricity Distribution Network Operator from the 1st of May 2012. This is not created on its own neither it is self-evident. It required a lot of efforts before and after the 1st of May 2012.

At this point, I would like to point out the impeccable cooperation with the competent Ministry of Environment, Energy & Climate Change as well as with the Regulatory Authority of Energy and to thank their Executives for the exceptional contribution to our task.

I would like to thank the President & CEO of PPC, Mr. Arthrouros Zervos, for the trust with which he embraced us and for his continuous support to our efforts.

Also, I would like to thank the Deputy CEOs, the General Managers, the Legal Counsel and all the executives and personnel of the parent company for the continuous cooperation and constant effort to resolve emerging problems.

It would be a significant omission not to thank also the Chairman and the Members of the Board of Directors of HEDNO for their contribution, understanding and their excellent willingness to promote and sometimes solve difficult emerging issues.

In order to give an overview of the separation, I would like to point out only a few of the actions realized:

- 7,400 employees were transferred with their consent without harming at the slightest their work interests. On the contrary, a new independent Collective Labour Agreement was signed which, apart from the salary and other regulations that are common with the parent company, it has also foreseen special regulations for HEDNO.
- The new organizational structure of the Company was staffed with personnel, separate competences were assigned and all the company institutions were staffed.
- The new central services which support the main task of Distribution were formed and established progressively in new neighbouring buildings.
- There has been a change in the company identity, for e.g., company logos were placed on 2,500 vehicles, as well as on the buildings of its Services while new leaflets were elaborated and distributed.
- Clones of all the IT systems of the Company were created so as not to cause problems in the collection or payment of thousands of bills of the cooperative businesses nor in the salary payment of our personnel.
- The stability of the new Company was achieved despite the various difficulties through:
 - ✓ The excellent cooperation with the parent company with which we continue to have the main volume of our transactions,
 - ✓ The close cooperation with the Authorities and with other competent

bodies in the energy sector.

2. Main strategic directions of the Company

The main strategic directions of HEDNO refer basically to the fulfillment of the Network Operator role as well as to the role of a contemporary company. They are the following:

- Assurance of quality of the provided energy and service provision to all of its components. Our Company has a customer oriented concept with main goal the best possible provision of services to our customers' requests (consumers, traders and producers of electricity).
- Definitive contribution to the good operation of the Market and equal management of all players. Substantial keeping of the relative regulatory framework.
- Restrain of investment & exploitation expenses so as to achieve the goals for quality with the minimum possible cost.
- Sufficient and on time development of the Network, but also care for its modernization and economy with the introduction of new technologies (Smart Metering and Smart Grid) and the reduction of technical and non-technical losses.
- Assurance of a healthy and sustainable economic situation of the Company in all of its components.
- Adaptation of the new organizational structure of our services to the today needs and conditions (New organization adapted to the needs of the Market and of the new infrastructure created).
- Balanced needs satisfaction of those who have legal interest for our Company through:
 - Equal & transparent transaction relationships with the cooperating bodies.
 - Contemporary work environment and appropriate conditions for our personnel.

- Implementation of the corporate social responsibility.
- Minimization of the consequences to the environment by the distribution networks.

3. Main quantitate results for 2012

- 2,300 km of new MV & LV Network were constructed, so, the total length of the Distribution Networks has reached the 231,000 km with residual value of fixed assets that surpasses the 4.5 billion euros.
- Electricity was distributed through our networks and ended to consumptions up to 34.5 TWh for the Low Voltage and 11.1 TWh for the Medium Voltage.
- 45,000 new consumers and more than 24,000 RES producers (among which 20,000 PV plants on roofs approximately) were connected with enormous efforts from our competent Services due to accumulative and expanded works that were required.
- Our Investments for 2012 were limited to 306 million € as a result of the relative reduction of demand for new connections due to the economic crisis which led to the reduction of new investments.
- Our annual Operating Expenses from 440 million € in 2011 were reduced to 410 million € in 2012 with main reduction in the salary of personnel.
- The annual revenues from the network usage collected from the consumers (based on the relevant RAE decision) were reduced from 818 million € in 2011 to 771 million € in 2012. Our continuous efforts for cost reductions have contributed to this evolvement acting in favor of the consumers revealing the social profile of our Company.
- In 2012, the implementation of many and exceptionally significant systems was promoted, that will facilitate the company operation and the upgrade of services provided to our customers. Some of the modernization projects are the following:
 - Supply and installation of the Geographic Information System (GIS),
 - Upgrade of remote supervisory systems (SCADA) in Attica and in

the non-Interconnected Islands,

- The introduction of new ERP system,
- Telemetry of 60,000 major LV customers,
- The creation of an information system relative to the monitoring of connection requests of RES etc..

4. Main goals for 2013

- Rapid and quality coverage of customers' power supply needs. Particular effort will be made in the first semester of the current year for the construction of thousands of RES Producers connections due to tight deadlines that exist this year in this sector.
- Further development of the electricity quality, taking into consideration that we are already in satisfactory levels compared to the past and in relation to other distribution companies.
- Optimization of our activities in the Retail electricity Market supporting more efficiently the operation of Suppliers and the possibility of our Customers to change Supplier.
- Active participation in the formation of new Codes not only for the Network but also for the Islands, expected to be realized within this year and, certainly, they will affect decisively the fulfillment of our activities.
- Application of our concluded Company Compliance Program and at the same time, routing of series of other actions for further adaptation to regulatory requirements.
- Further organization and systemization of HEDNO transactional relations not only with the parent company, but also with the other companies of the Group.

- Restraining our expenses according to the defined limits and continuance of the saving effort in favor of the consumers.
- Elaboration of our Company Strategic & Business Plan, as well as the study for its reorganization so as to be adapted to the contemporary requirements. For the support of this crucial effort we have begun substantiated studies of the modern European distribution companies.
- Installation of new and contemporary ERP central system of our Company with the goal to begin its operation by 1/1/2014.
- Promotion of telemetering not only to the 60,000 LV major customers, but also to the pilot program of 160,000 and after that to the major project of telemetering of all 7,500,000 customers within the framework of the Ministerial Decision taken the day before yesterday with which we were honored with the assignment of the complete management of this project.
- Complete separation of the customers' service system (HERMES) from the equivalent one of the parent company.
- Implementation of GIS and SCADA systems in Attica and in the islands.
- Optimization of our communication with the Electricity Suppliers after the implementation of the "THALES" application.
- Upgrade of the level of information to our customers with the introduction of new systems, such as the system for monitoring and information of the RES connection requests.

