

Internal Information

ČEZ Group generates net profit of CZK 14.4 billion in first quarter of 2012

The CEZ Group's year-on-year earnings increased by four billion crowns (7%) to attain a level of CZK 60.8 billion. Operating profit prior to depreciation (EBITDA) decreased year-on-year by CZK 0.3 billion (1%) to CZK 26.3 billion and net profit decreased by CZK 2.8 billion (16%) to CZK 14.4 billion. The main reason behind the year-on-year decrease in profit was the unfavourable tariff decision adopted by the Albanian regulator, combined with extraordinary derivative and exchange rate profits during the first quarter of 2011. Over the course of this year, the ČEZ Group expects to see a year-on-year increase in net profit to CZK 41 billion.

The year-on-year increase in the ČEZ Group's earnings resulted primarily from the growth in the strike price for electricity and an increased volume of production from both coal as well as renewable sources. During the first quarter of this year, the ČEZ Group's production of electricity in the Czech Republic reflected a year-on-year increase of 3% and reached a level of 17.6 TWh. The greatest increase during this period can be seen in the volume of production at coal power plants (+0.4 TWh) and for renewable sources (+0.1 TWh). The production at nuclear power plants remained at approximately the same level.

The year-on-year development in EBITDA was negatively impacted by the tariff decision adopted by the Albanian regulator to increase the purchase price for electricity paid by the ČEZ Shperndarje distributor by 90% without changing the selling price. Another factor was the increase in the market price for the electricity imported to cover network losses. The year-on-year change in EBITDA was also affected by the higher distribution of reserves for emission permits during the first quarter of 2011. The year-on-year comparison of net profit reflects the negative influence of extraordinary derivative and exchange rate profits that occurred in 2011. As a result, the ČEZ Group's net profit decreased year-on-year by 16% and reached a level of CZK 14.4 billion. The ČEZ Group predicts that net profits will increase slightly over the course of this year to a level of CZK 41 billion.

"We expect profit growth throughout the year. As compared to the competition, the ČEZ Group is enjoying financial health and a high level of investor confidence, which was recently confirmed by the placement of a billion dollar bond issue on the American market. A portion of this issue, with a value of USD 300 million and a thirty-year maturity period, has the longest maturity date of all bonds ever issued in the entire Central and Eastern European Region under the demanding conditions of the most liquid global bond market. In addition, the interest rates that are achieved are close to the level of the most creditworthy West European energy corporations. This is not only the first Czech bond issue but also the first regional corporate issue on the dollar market in accordance with Rule 144A of the Securities Act of the United States of America," says Daniel Beneš, the ČEZ General Director and Chairman of the Board of Directors.

"We are continuing to fulfil a total of five strategic initiatives, which will ensure stable financial results for the ČEZ Group and an increase in its value. One of the key priorities of our strategy is the completion of the Temelín Nuclear Power Plant. During the period ending in 2015, specific focus will be placed particularly on the error-free and thorough preparation of the entire project, including the completion of the tender for the technology supplier. For the completion and operation of the Temelín Nuclear Power Plant we are also considering the option of involving a strategic partner, which is a standard procedure for similar projects around the world. In this way, we would share both the risks associated with the construction as well as the financial returns from the project with another party and, at the same time, release certain ČEZ Group financial resources that we could use for other attractive opportunities in the region," adds Beneš.

Table: ČEZ Group financial results for the first quarter of 2012

	Billions of CZK	Year-on-year change in %
Operating earnings	60.8	+7%
EBITDA (operating profit prior to depreciation)	26.3	-1%
After-tax profit	14.4	-16%