Internal Information

CEZ Group Earns CZK 17.2 Billion in H1 2014

CEZ Group's operating revenues amounted to CZK 101.7 bn in H1 2014. Its EBITDA achieved CZK 39.9 bn and net income was CZK 17.2 bn. The year-on-year drop reflects continually worsening conditions in the energy business, decreasing wholesale electricity prices, as well as this year's extraordinarily warm and dry winter. CEZ Group tries to counterbalance those effects by cuts in fixed costs and by additional business opportunities.

In spite of the deepening uncertainty and crisis in the energy sector in Europe, CEZ Group confirms that it expects its overall 2014 EBITDA to amount to CZK 70.5 bn. As for net income adjusted for extraordinary effects[1], CEZ Group expectations amount to CZK 29.0 bn. "We are working on comprehensive cost cuts. We are already cutting this year's fixed costs, eliminating the adverse effect of external factors on the yearly EBITDA outlook. We also set ambitious goals for cuts in 2015 and 2016. We intend to save 16% of our fixed operating costs in comparison to our business plan," says Daniel Beneš, Chairman of the Board of Directors and CEO. Thanks to its conservative financial policy, CEZ Group, unlike its competitors, manages to maintain financial balance. It reduced its debt by CZK 13.6 bn year-on-year.

The safety of nuclear plants remains a top priority. The IAEA reviewed measures taken in organization and management, operations, maintenance, technical support, feedback, chemistry, radiation protection, and emergency management at the Temelín Nuclear Power Plant, based on its recommendations from 2012, and found them very good and above average. Other power plants also receive continual enhancements and environmental upgrades. Dětmarovice and Počerady are reducing their emissions of nitrogen oxides and hydroelectric power plants are finishing the largest upgrade campaign in the history of the Czech hydropower sector, which has increased the capacity and improved the efficiency of almost twenty hydro plants. The construction of a CCGT plant in Egemer, Turkey is in its final stage.

At the same time, CEZ Group continues to pursue its activities in line with its current strategy aiming to protect and optimize the value of its existing business and develop growth opportunities. There was a major success in CEZ's efforts to protect its interests abroad. A settlement agreement was signed with Albania, amounting to EUR 100 million in favor of CEZ Group, and two of its four suspensory conditions have already been met.

A new business activity is a contract to convert coal to electricity, made with Vršanská uhelná to maximize the utilization of CEZ Group's production facilities. In the corporate customer segment, ČEZ Prodej has already sold over 84% of the volume of its 2014 deliveries for the next year and keeps strengthening its position of the strongest alternative gas supplier. Mobil from ČEZ has already registered over 74,000 customers. ČEZ Prodej constantly improves and expands its offer of services, newly offering, for instance, payment protection insurance. In the field of small CHP units, ČEZ Energo is winning new customers especially in the private sector.
"We wish to be not only the best in customer care in the Czech Republic but also one of the best European energy companies in this area," emphasizes Daniel Beneš, Chairman of the Board of Directors and CEO.

[1] These are extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as impairments to fixed assets and goodwill amortization or extraordinary profit/loss from sale of assets or subsidiaries). Most European energy companies report their yearly outlooks in a similar manner.