**Internal Information**

## In Q1 2015, CEZ Group generated a profit of CZK 7.6bn and resolved to propose a dividend of CZK 40 per share

**Operating Profit Before Depreciation (EBITDA) for Q1 2015 reached CZK 19.1bn, Net Profit was recorded at CZK 7.6bn and the company's market capitalization rose to CZK 335.2bn. CEZ Group met the initial expectations for the whole year, which expect EBITDA to reach CZK 70bn and Net Profit adjusted for extraordinary items at CZK 27bn.**

**The corporation resolved to propose a dividend at CZK 40 per share before tax. If the General Meeting (June 12, 2015) resolves as proposed, a total of CZK 21.4 bn will be distributed among shareholders, of which CZK 15 bn will be collected by the majority shareholder – the Czech state. The proposed dividend reflects the company's updated dividend policy that is based on paying out 60-80 % of CEZ Group's consolidated Net Profit adjusted for extraordinary items. "We have increased the dividend ratio since we generate more cash in relation to our profit and there is a limited potential of attractive business development opportunities in the energy sector; moreover, with companies of our kind, investors prefer to receive maximum dividends while seeing our Standard and Poor's rating maintained," said Daniel Beneš, Chairman of the Board of Directors and CEO of ČEZ, explaining a change in the dividend policy.**

The year-on-year decline of EBITDA by CZK 2.1bn or 10 % was due to a further decline in the selling prices of electricity; on the other hand, this negative factor was to a great extent offset by proactive cost-optimization measures implemented across CEZ Group. In 2014, a major program of cost cuts and growth supporting measures was initiated, which contributed to a year-on-year growth in power generation (+ 3 %), in particular in nuclear power plants, sales of electricity (+ 6 %), sales of heat (+ 8 %), and primarily the sales of gas (+ 23 %). Moreover, these actions led to a decline in fixed operating expenses.

In the past quarter, CEZ Group gradually progressed to meet its strategic goals for 2015 in terms of consolidating its foreign assets. The Romanian Parliament passed a legislative amendment that will renew the allocation of green certificates to the local wind farms. The International Court of Arbitration in Paris rejected a vast majority of claims made against ČEZ by Electrica, based in Romania, on the grounds of allegedly breached privatization agreements. In the Polish banking market, CEZ Group was able to obtain a loan of PLN 700m (approx. CZK 4.7bn), thus making the first major step toward fulfilling its goal of reducing its financial exposure abroad.

Despite the negative consequences of regulation in the European energy sector and the ongoing decline in electricity prices, CEZ Group continues to maintain its strong financial position; its further steps are determined by its own strategy and not the amount of debt and creditors. "We are the least indebted major energy corporation in Europe; therefore, unlike our rivals we have some space to consider more acquisitions," explains Daniel Beneš, Chairman of the Board of Directors and Chief Executive Officer. The return on all investments and acquisitions in the energy sector depends on the future developments of the European energy regulation. Last week, a major consensus was reached on the European level concerning the basic parameters of a reform of the emission allowance trading system, which gives us some hope that the entire system will work once again. Moreover, it is an important element of stability in the present uncertain times. ČEZ will also pay great attention to the specific legislation that will aim to meet the energy and climate goals set for 2030, as defined by the European Council in the fall of 2014. When deciding whether to go for additional acquisitions abroad, we will also greatly consider the national regulation and measures in the energy sector in each of the countries of interest.