

Internal Information

CEZ Group Earned CZK 15.7 bn in H1 2015

Operating Profit Before Depreciation (EBITDA) for the first half of this year reached CZK 35.5 bn while Net Profit adjusted for extraordinary items reached CZK 15.7 bn. Despite the continuing decline in the electricity selling prices, Operating Revenue rose to CZK 102.9 bn, primarily due to growing volumes of power, gas and heat sold to end customers. CEZ Group expects to generate a Net Profit adjusted for extraordinary items at CZK 27 bn by the year end.

"Last year, we launched an extensive programme of cost-cutting and growth-stimulating measures, which helped us increase our year-on-year sales of electricity (+8%), heat (+9%) and in particular gas (+28%). At the same time, we managed to reduce our fixed operating expenses by more than CZK 1 bn year on year," said Daniel Beneš, Chairman of the Board of Directors and Chief Executive Officer of ČEZ. However, due to a prolonged ordinary downtime of the Temelín Nuclear Power Plant and a postponed completion of the construction of a new supercritical coal-fired power plant in Ledvice, it will not be possible to achieve the initial ambitious goal to increase the volume of production in nuclear and coal-fired power plants. The year-on-year decrease of EBITDA by CZK 4.4 bn can also be attributed to the continued decline of electricity selling prices due to the ongoing crisis on the European energy markets, and also to the extraordinary revenue in 2014 from the termination of a long-term transaction with CA-CIB.

The 2.5% power consumption growth in the distribution territory of ČEZ Distribuce for the first half of the year (or by 1.5% after climatic and calendar adjustments) bears evidence of the growing Czech economy.

ČEZ Prodej (ČEZ Sales) continues to be successful at acquiring new customers for gas, and the company almost entirely stopped electricity customers from switching to other suppliers. "This reflects a growing customer satisfaction with our services, which is also evidenced by public opinion surveys," says Pavel Cyrani, Sales and Strategy Division Director. One of the key strategic goals of CEZ Group is thus gradually being fulfilled.

Another step to accommodating the customers' modern energy needs is CEZ Group's first acquisition in the innovative energy solution business. By means of Inven Capital, CEZ Group acquired a minority stake with a right to participate in the strategic decision-making of the German-based company of Sonnenbatterie, a global leader in manufacturing energy storage battery systems for households as well as commercial customers.

In the first half of this year, the parent company of ČEZ, a.s. received over CZK 5.7 bn in connection with consolidating and reducing its financial exposures abroad. The Settlement Agreement made with the State of Albania is also being consummated, with this year's instalment of CZK 0.6 bn having been paid in July.

Despite the continuing negative effects of the European energy regulation and the ongoing decline in the wholesale prices of electricity, CEZ Group still remains financially

strong. Its net debt declined by nearly CZK 5 bn year on year to CZK 131.1 bn, and its amount is thus being adjusted to the expected year-on-year decline of the operating profit.