Internal Information

CEZ Group Earns CZK 18.6 Billion in Q1–Q3

Its EBITDA in the first three quarters of the year was CZK 48.4bn; net income adjusted for extraordinary effects was CZK 18.6bn. Despite a significant decrease in expected production this year, CEZ Group confirms its outlook for expected net income for the entire year of 2015 at a level of CZK 27bn.

Due to unscheduled unit outages at the Dukovany Nuclear Power Plant and extended outages at the Temelín Nuclear Power Plant, as well as the postponed completion of a new supercritical coal-fired unit at Ledvice, the estimated annual electricity production of ČEZ facilities was decreased by 5.7 TWh. “We have managed to cut our fixed operating costs by CZK 1.6bn year-on-year thanks to our successful program of savings, initiated last year, which makes us able to partially compensate for the negative effect of decreased electricity production on our estimated annual results,” says Daniel Beneš, Chairman of the Board of Directors and CEO of ČEZ. By contrast, CEZ Group’s annual results will be very positively affected by the refund of gift tax on emission allowances from 2011 and 2012. "In annual figures, we are expecting EBITDA at a level of CZK 64bn and adjusted net income at a level of CZK 27bn,” says Martin Novák, Vice-Chairman of the Board of Directors and CFO of ČEZ.

In spite of decreased realization prices of generated electricity and production outages at the nuclear power plants, revenues in the first three quarters grew year-on-year to CZK 150.6bn, primarily due to increased sales volumes in electricity (growing by 9%), heat (by 8%) and gas (by 29%). ČEZ Prodej continues to attract new gas customers and has managed to almost halt electricity customers’ switching to a competitor. A growth of 2.1% (1.6% when temperature- and calendar-adjusted) in electricity consumption in the distribution area of ČEZ Distribuce confirms that the Czech economy has been growing.

An important event for CEZ Group was the Czech government’s decision to lift mining limits for Severočeské doly, which makes it possible to extract an additional 100–150 million tons of coal, primarily for heat and combined heat and power generation. Romania resumed the allocation of green certificates and thus support for renewable generation in the Fântânele Vest and Cogealac wind parks. In October, ČEZ officially confirmed that it is interested in tendering for Vattenfall’s German assets.

In order to efficiently implement its strategy, CEZ Group is restructuring its internal capacities to advance its growth. At the same time, it is changing the way its activities abroad are managed, replacing the previously applied country-specific management with stronger segment management across CEZ Group. ČEZ activities will be newly managed by a Development team and an Operations team. Development’s task is to ensure future growth for ČEZ, based on renewables and decentralized energy with focus on the end customer. It will seek and develop new opportunities mostly in countries close to ČEZ and the Czech Republic. Operations’ goal is to manage our traditional assets to make the most of their potential, making sure that CEZ Group generates enough cash for developing new activities and paying out dividend to our shareholders.