

Internal Information

The largest-ever foreign investment of a Czech firm – 38bn CZK

CEZ and the Republic of Serbia in Bosnia and Herzegovina have decided once for all. CEZ is going to be the majority owner of a roughly 1,000 MW generating capacity and a coal-mine.

CEZ and ERS are going to sign an implementation agreement under the project of construction of Gacko power plant in Bosnia and Herzegovina on 16 May 2007

Representatives of CEZ Power Company and ERS, power company of the Republic of Serbia, are going to solemnly sign an implementation agreement which shall ensure an investment of the present plant Gacko into the joint venture „Nove elektrarne RS“ on 16 May 2007.

By the medium of this company, where CEZ has a 51 % share, there will be made an investment into a new 600-700 MW power plant in the same locality and into development of an adjacent coal-mine. The future investment should amount to 1.35bn EUR (roughly 38bn CZK).

„The planned investment into the construction of the plant in Bosnia and Herzegovina is another step towards the fulfilment of our vision of becoming the leader in the electricity market in Central and Eastern Europe. The final sum will also represent the highest-ever foreign investment of a Czech firm, as well as it is the largest direct foreign investment that has flown into the Republic of Serbia in Bosnia and Herzegovina up to now,“ said Martin Roman, Chairman of the Board of Directors and CEO of CEZ.

„Nove elektrarne RS“ company was established in December last year, its fixed capital is 800,000 KM1 (convertible Mark), CEZ's share in the company will amount to 51 % while the rest will fall to the share of the very ERS. The goal of the joint venture is to prepare and implement the project of construction of a new coal resource in the Gacko locality, development of an adjacent coal-mine and revitalization of the present 300 MW power plant Gacko.

The project itself and studies associated with it are now already being worked up by a common team. The product will be a concrete structural design of the new unit and acquisition of all permits necessary for the commencement of building. The commencement of building should take place within a year.

Whithin its foreign expansion, CEZ Power Company has already succeeded in Bulgaria, by the acquisition of three distribution companies and Varna power plant, in Romania, by the acquisition of the majority stake in the distribution company Electrica Oltenia. This year CEZ Group's production portfolio has been enlarged by two Polish power companies Elcho and Skawina.