



CEZ GROUP H1 2007

PRELIMINARY NONAUDITED CONSOLIDATED RESULTS (IFRS)

Prague, 15th August 2007



AGENDA

- **Financial results**
Petr Vobořil, Chief Financial Officer
- **CEZ Group trading position**
Alan Svoboda, Executive Director Sales and Trading



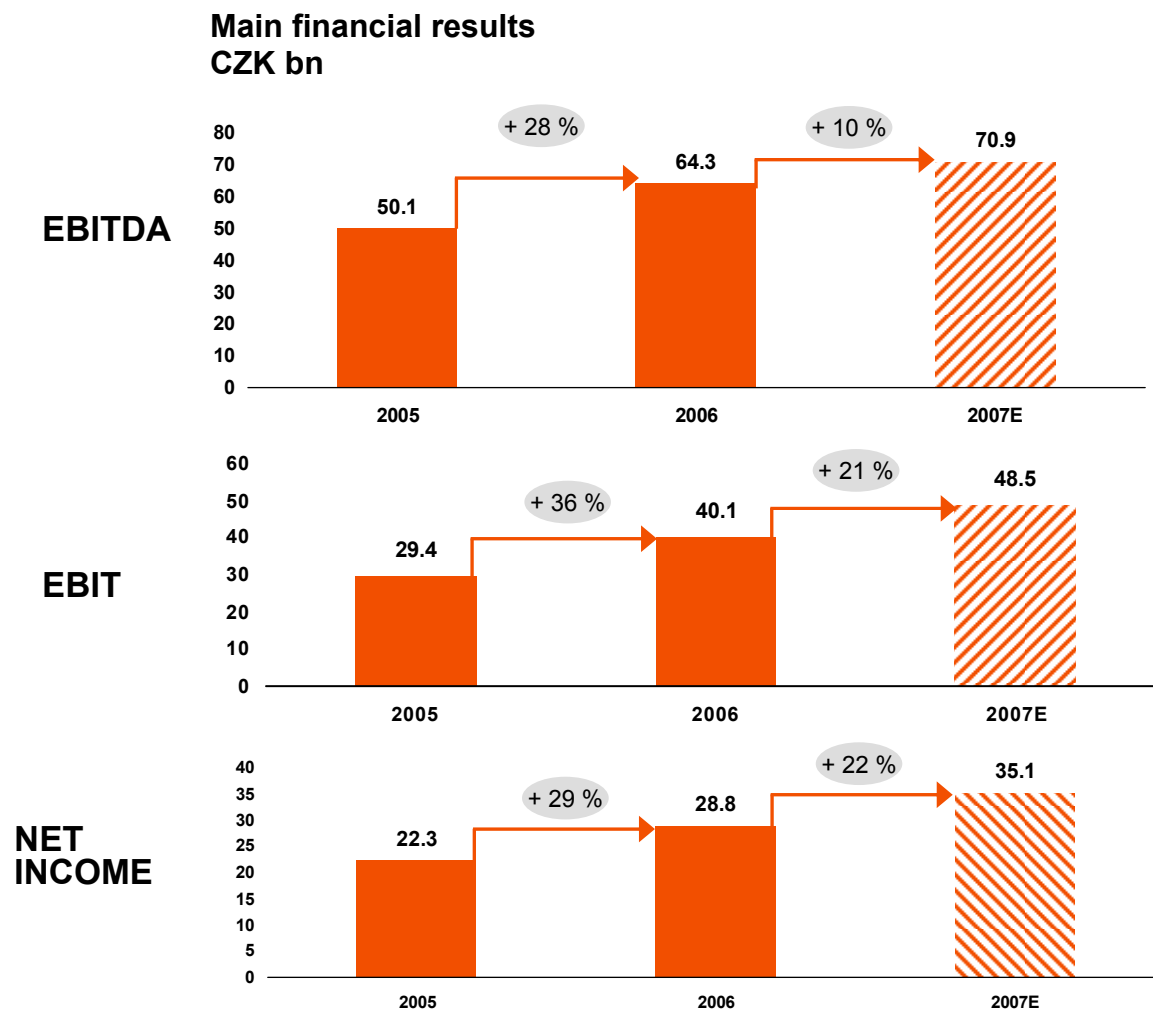
HIGHLIGHTS OF H1 2007 AND GUIDANCE FOR FULL YEAR 2007

- **EBITDA** increased by 11.1 % y-o-y to CZK 38.2 bn, an increase of CZK 3.8 bn
- **EBIT** increased by 16.9 % to CZK 27.3 bn, an increase of CZK 3.9 bn
- **Net Income** increased by 26.8 % to CZK 21.0 bn (an increase of CZK 4.4 bn)
- **ROE*** increased from 14.6 % to **17.2 %**
- **Share prices at BCPP and GPW** stood at CZK **1,110** on 13 August 2007
- 2007 guidance: **EBITDA** of CZK 70.9 bn (y-o-y increase of 10 %) and **Net Income** of CZK 35.1 bn (y-o-y increase of 22 %)

* Calculated using results of the last 12 months



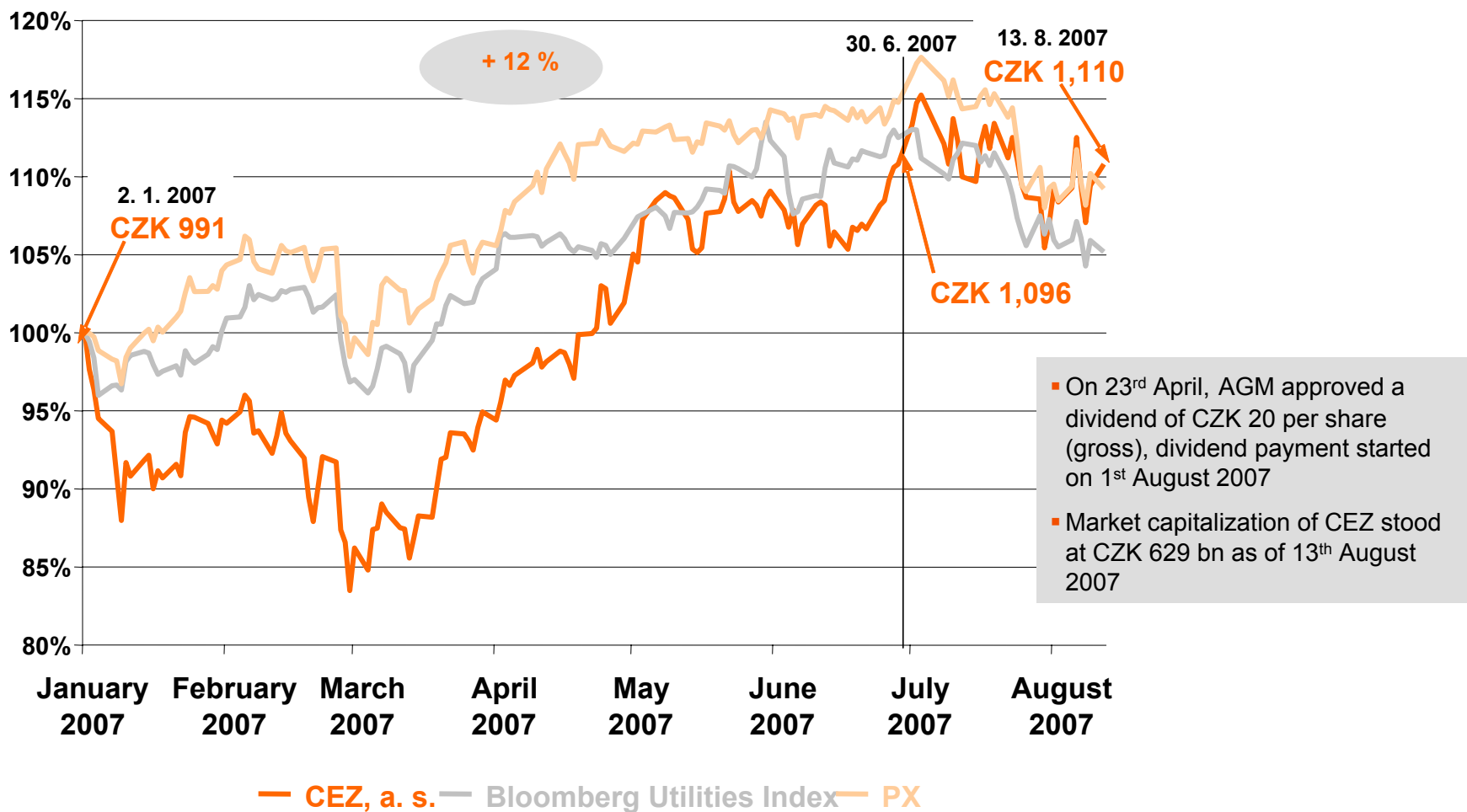
EXPECTED FINANCIAL RESULTS FOR YEAR 2007 (WITHOUT CONSIDERING SHARE BUYBACK)



- CEZ Group reiterates its full year guidance despite decline in electricity and heat demand, as well as decrease in wholesale prices in H1 2007 (caused by exceptionally warm weather)
- Decline in revenues will be offset by already approved measures leading to costs savings



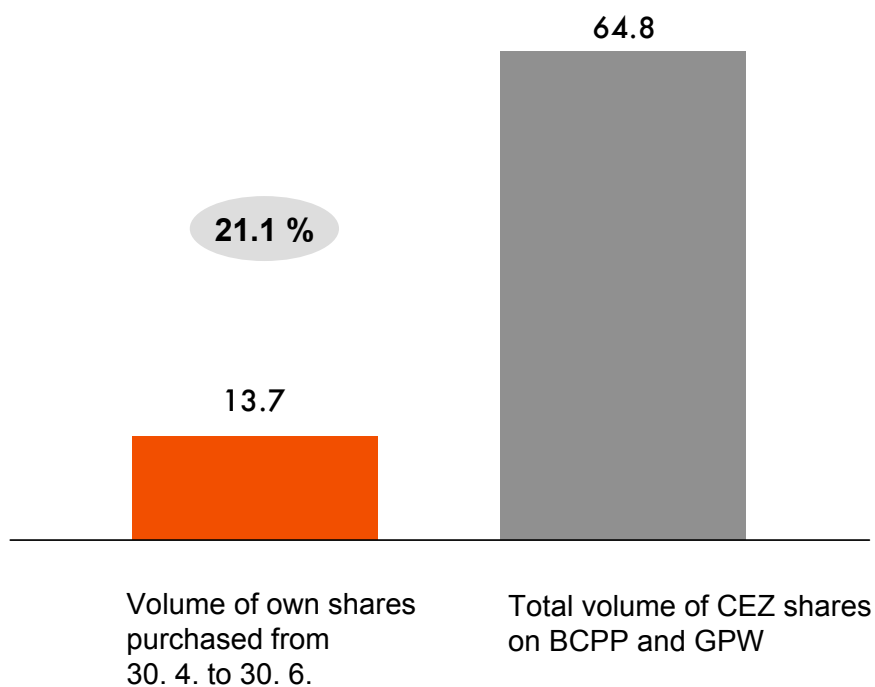
CEZ, A. S. SHARES CLOSED AT CZK 1,110 ON 13TH AUGUST 2007



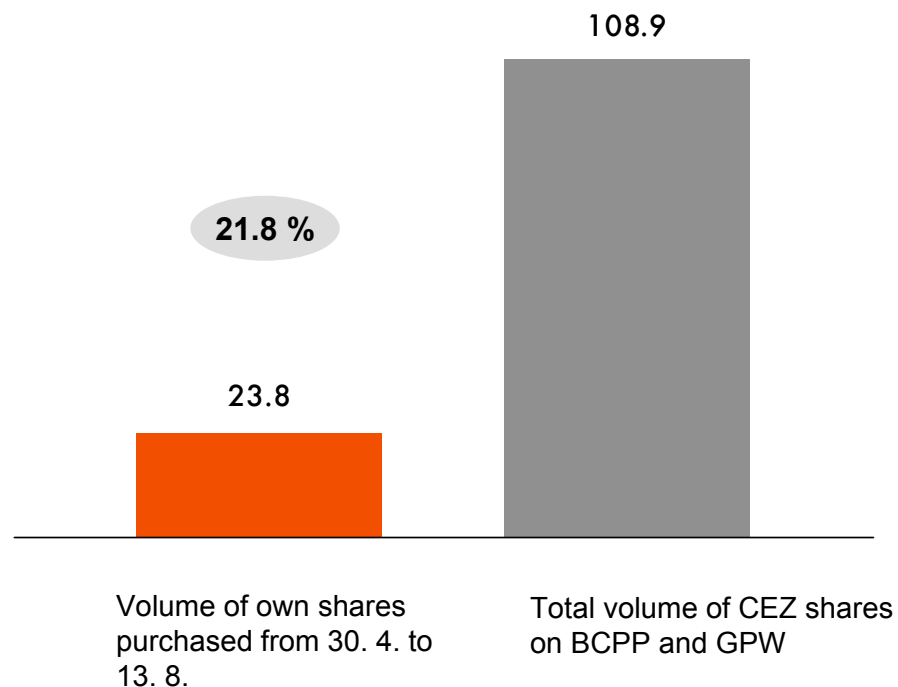


SHARE BUYBACK

Number of purchased shares as of 30 Jun 2007
million pcs (cumulative) *



Number of purchased shares as of 13 Aug 2007
million pcs (cumulative) *



CEZ used CZK 25.7 bn for share buyback so far

*) concluded trades



IMPORTANT EVENTS OF Q2 2007

- **Merger of REAS** – in June Board of Directors of CEZ, a. s., decided on a merger of 5 former DISCOs. CEZ, a. s. will become the successor in title, expected date of the merger is 30th September 2007, merger to become effective on 1st January 2007.
- **Completion of Vision 2008** – on 10th May 2007, more than a year ahead of original schedule, starting next year we expect to generate annual cost savings of CZK 2.8 bn in comparison with the initial transformation year 2003
- **Operational excellence** – launch of a new initiative focused on improvement of operational performance and on enhancement of cost efficiency of key processes in the whole CEZ Group
- **Launch of lawsuit with MUS** (29th June) - which is not fulfilling its obligation from agreement signed in 2005
- Moscow city government passed a resolution to pick CEZ, a. s., for **construction of gas-fired power plant** with installed capacity of 3 x 200 MW
- **Signature of implementation agreement for Gacko** (16th May 2007) - project of construction of new power plant Gacko II, modernisation of existing plant Gacko I and extension of production in neighbouring coal mine, which will supply both power plants



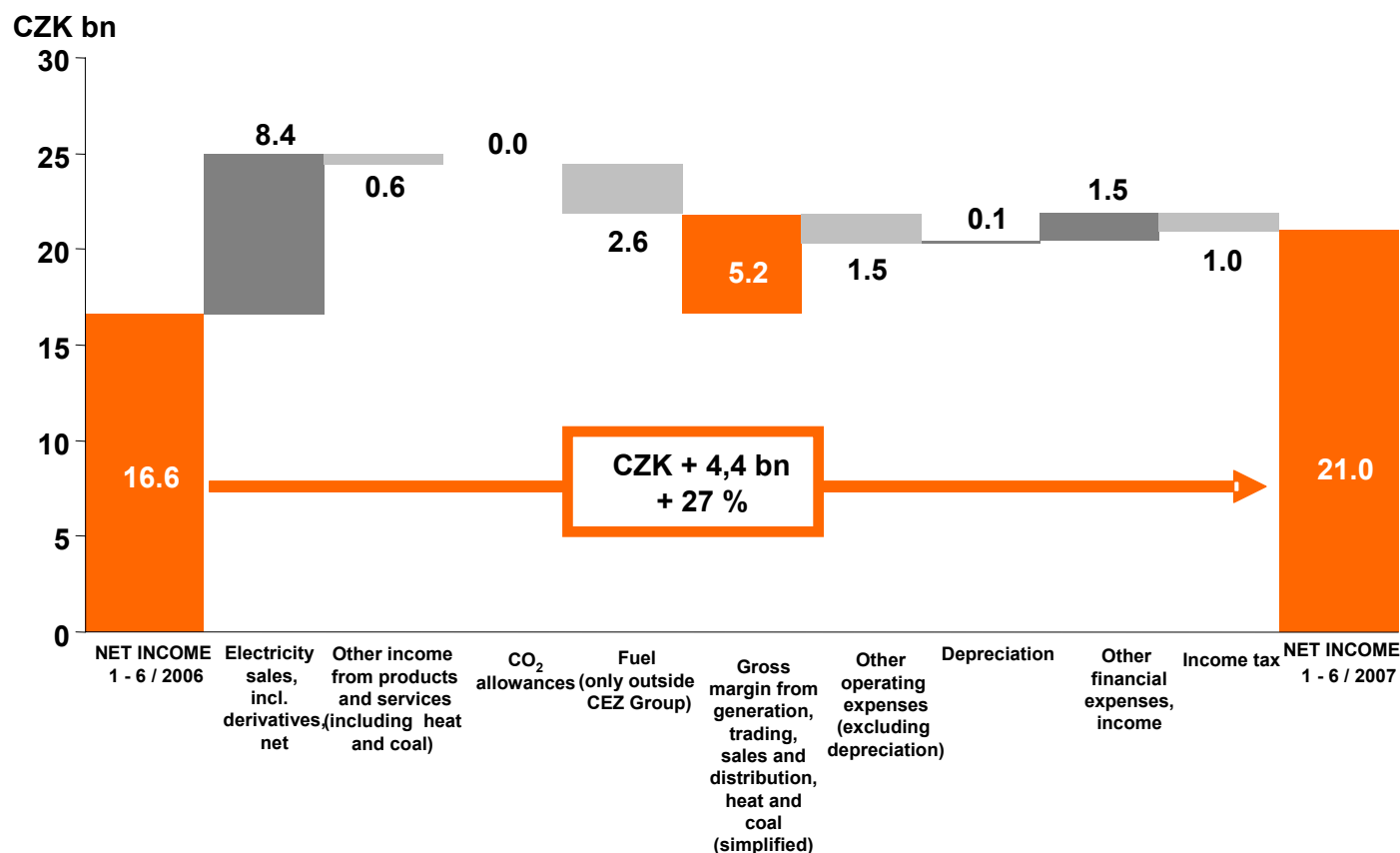
TENDER PARTICIPATION ABROAD

- **Bulgaria** – tender for strategic partner in Belene project
 - **CEZ, a. s. is one of 6 short-listed candidates**
 - strategic partnership with NEK will be represented by up to 49% stake in Belene
 - installed capacity – 2 000 MW
 - deadline for binding bids set for 1st October 2007

- **Romania** – tenders for strategic partners in projects
 - Borzești – construction of a new coal or gas block
 - Galați – construction of a new black coal or CCGT block, modernisation of current power plant with installed capacity of 535 MW (3 x 105 MW, 2 x 60 MW, 1 x 100 MW)



NET INCOME INCREASED BY CZK 4.4 BN Y-O-Y, – I.E. BY 27 %



- ### Main changes
- Higher generation volume
 - Operational improvements
 - New acquisitions (Varna since 9/06, ELCHO, Skawina since 6/06)
 - Optimization of companies in CEZ Group – divestments
 - However negative influences in distribution and sales in CR, Romania and Bulgaria



GROSS MARGIN FROM GENERATION, TRADING, SALES AND DISTRIBUTION OF ELECTRICITY INCREASED BY 11 % Y-O-Y TO CZK 53.1 BN

(CZK m)	H1 2006	H1 2007	Change 07-06	Index 07/06	2007 comparable entity*	Index 07/06 comparable entity*
Operating revenues	74,408	83,161	8,754	112%	80,154	108%
Electricity sales	69,007	77,310	8,303	112%	74,661	108%
Heat sales and other revenues	5,538	4,887	-652	88%	4,528	82%
Electricity derivatives, net	-138	965	1,102	x	965	x
Variable operating costs	-26,450	-30,017	-3,568	113%	-28,349	107%
Fuel	-5,249	-7,856	-2,607	150%	-6,140	117%
Purchased power and related services	-21,717	-22,712	-995	105%	-22,657	104%
CO ₂ allowances	516	550	34	107%	447	87%
Gross margin, simplified	47,958	53,144	5,186	111%	51,805	108%

Main changes

- Generation increased by 4.2 TWh (13 %), of which 2.7 TWh is attributable to new acquisitions. In coal plants increase of 6.6 TWh (by 40 %), in nuclear decline of 1.9 TWh (by 13.3 %); increase in wholesale prices.
- Profit from electricity derivatives increased by CZK 1.1 bn y-o-y, half is attributable to settled contracts, half to changes in fair values.
- On the contrary negative development in distribution and partially also in electricity and heat sales due to higher temperatures in H1 2007.
- Abroad negative impact of power purchase price regulation and decrease of sold volumes (especially in BG, also due to warm winter)

*) comparable entity excludes results from Varna (BG), ELCHO (PL) and Skawina(PL) for Jan – May / 2007



CEZ GROUP MANAGES TO KEEP ITS OPERATING COSTS UNDER CONTROL

CZK m	H1 2006	H1 2007	Change 07-06	Index 07/06	2007 comparable entity*	Index 07/06 comparable entity*
SUM of selected operating costs	-13,628	-14,990	-1,362	110%	-14,160	104%
Salaries and wages	-6,581	-6,991	-410	106%	-6,748	103%
Repairs and maintenance	-1,844	-1,928	-84	105%	-1,874	102%
Material and supplies	-2,172	-2,885	-713	133%	-2,797	129%
Others	-3,031	-3,186	-155	105%	-2,741	90%
EBITDA	34,330	38,154	3,824	111%	37,645	110%
Depreciation	-10,950	-10,826	124	99%	-10,345	94%

- Y-o-y increase in operating costs of a comparable entity is only 4 % (excluding depreciation, CO₂ allowances, purchased fuel and power)
- Large increase in material and supplies costs and slower growth in other costs is caused by change in accounting policy for project costs of SKODA PRAHA – transfer from Others to Material and Supplies (CZK 370 m).
- Material and Supply costs in CEZ Distribuce a CEZ Distribuční Služby increased due to elimination of damages of January wind storm.

*) comparable entity excludes results from Varna (BG), ELCHO (PL) and Skawina(PL) for Jan – May / 2007



OTHER EXPENSES AND INCOME INCREASED BY CZK1.5 BN Y-O-Y

(CZK m)	H1 2006	H1 2007	Change 07-06	Index 07/06	2007 comparable entity*	Index 07/06 comparable entity*
Other expenses and income	-1,675	-171	1,504	10%	50	x
Interest on debt, net of capitalized interest	-869	-1,180	-311	136%	-879	101%
Interest on nuclear and other provisions	-945	-962	-16	102%	-962	102%
Interest income	290	710	419	244%	637	219%
FX profit/loss and derivatives	10	403	393	> 500%	402	> 500%
Gain on sale of subsidiaries/associates	-237	125	362	x	125	x
Negative goodwill write off	0	0	0	x	0	x
Income from associates	65	28	-37	43%	28	43%
Others	11	705	694	> 500%	700	> 500%
Income before income taxes	21,705	27,157	5,452	125%	27,350	126%
Income tax	-5,137	-6,142	-1,005	120%	-6,105	119%
Net income	16,568	21,015	4,447	127%	20,903	126%

- Appreciation of CZK
- Increase in other financial income and costs was influenced by disposal of CEZ subsidiaries, whose business activities do not support core business of CEZ Group
- Increase in interest income due to accumulation of cash for share buyback
- Increase in interest income by CZK 0.4 bn in particular in CEZ, a.s.

*) comparable entity excludes results from Varna (BG), ELCHO (PL) and Skawina(PL) for Jan – May / 2007



DEVELOPMENT IN Q2 2007

(CZK m)	Q2 2006	Q2 2007	Change 07-06	Index 07/06	2007 comparable entity*	Index 07/06 comparable entity*
Total operating costs	33,755	39,037	5,282	116%	37,742	112%
Variable operating costs	-12,537	-14,583	-2,045	116%	-13,868	111%
Gross margin (simplified)	21,218	24,454	3,236	115%	23,875	113%
SUM of selected operating costs	-7,291	-8,041	-750	110%	-7,681	105%
Salaries and wages	-3,697	-3,455	242	93%	-3,347	91%
Repairs and maintenance	-1,172	-1,223	-51	104%	-1,188	101%
Material and supplies	-1,234	-1,413	-180	115%	-1,363	110%
Others	-1,189	-1,950	-761	164%	-1,783	150%
EBITDA	13,926	16,413	2,486	118%	16,194	116%
Other expenses, costs	-561	-82	479	15%	47	x
Profit before income tax	7,998	10,928	2,930	137%	11,060	138%
Income tax	-1,800	-2,890	-1,090	161%	-2,891	161%
Net income	6,197	8,038	1,840	130%	8,075	130%

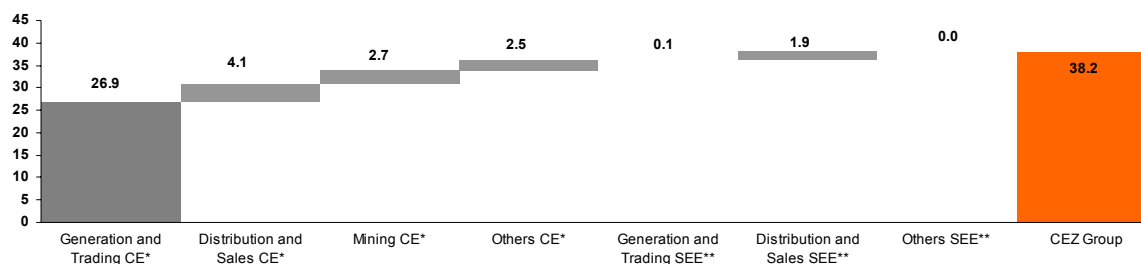
- In Q2 electricity generation increased by 2.2 TWh (by 15 %) y-o-y
- Increase in gross margin in Q2 was influenced less by warm weather compared to previous period
- CEZ, a.s. released a provision for commercial dispute with Vitkovice, a.s. (CZK +367 m)

*) comparable entity excludes results from Varna (BG), ELCHO (PL) and Skawina(PL) for April – May / 2007



SEGMENTAL CONTRIBUTIONS TO EBITDA

Contribution to EBITDA in H1 2007
CZK bn



Index H1 2007/ H1 2006:

119 % 79 % 157 % 102 % N/A 82 % N/A 111 %

Index Q2 07/ Q2 06:

117 % 102 % 266 % 92 % N/A 105 % N/A 118 %

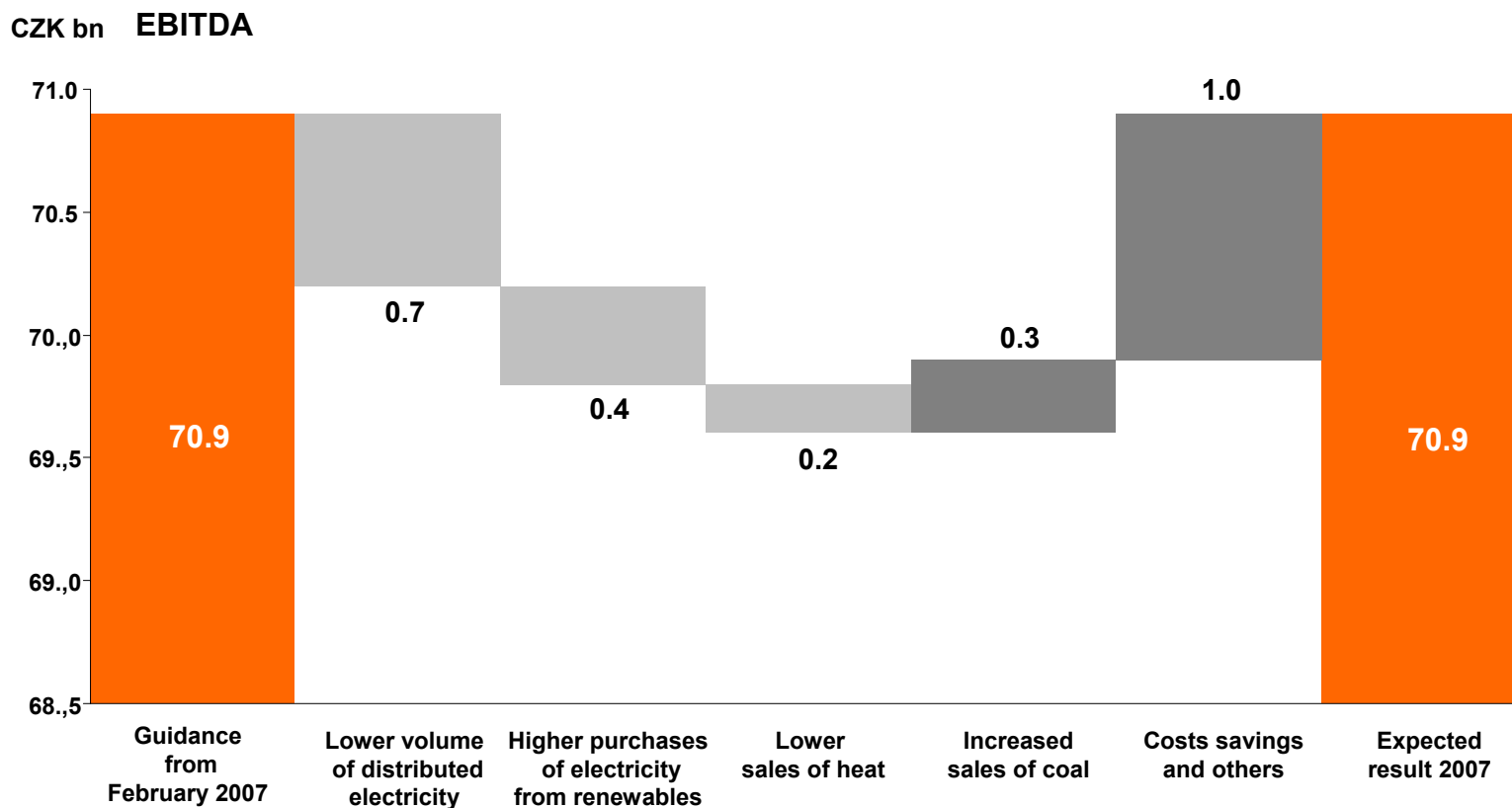
- Distribution and Sales CE*: y-o-y trends improved in Q2 in comparison to Q1. Volume of electricity distributed declined by 0.2 TWh (-1 %), which corresponds with decline in demand caused by exceptionally warm winter (0.84 TWh versus plan for H1 2007). Increasing generation from renewables, which distribution is obliged to purchase at preferential price (so called „green bonus“) (y-o-y increase of CZK 150mil) and increase in prices of electricity to cover losses. Increased expenditures on repairs and maintenance of distribution networks mainly as they were shifted in time towards H1 2007 thanks to the favourable weather.
- Increase in EBITDA of Severoceske doly, a.s. (Mining SE) was caused by increased supplies of coal within CEZ Group by 21 % (increased generation from coal power plants) and decline in creation of provision for reclamation and mining damages.
- Distribution and Sales CEE**: Y-O-Y trends improved in Q2 in comparison to Q1. Total Y-O-Y decline was caused mainly by lower margin in Romania as a result of higher purchase tariffs in Q1 (set by Romanian regulator) and decline of volume of sales to end customers in Bulgaria by 0.2 TWh (5 %) due to warm winter. In Romania in Q2 gross margin was partially compensated by improved mix of purchased electricity and modest increase of selling prices for some of our customers. In Bulgaria decline in gross margin is partially compensated by improved mix of purchased electricity and by costs savings.

* CE = segment Central Europe (Czech Republic, Hungary, Slovakia, Poland, Netherlands, Germany)

** SEE = segment South-east Europe (Bulgaria, Romania, Kosovo, Serbia, Russia, Bosnia and Herzegovina, Ukraine)



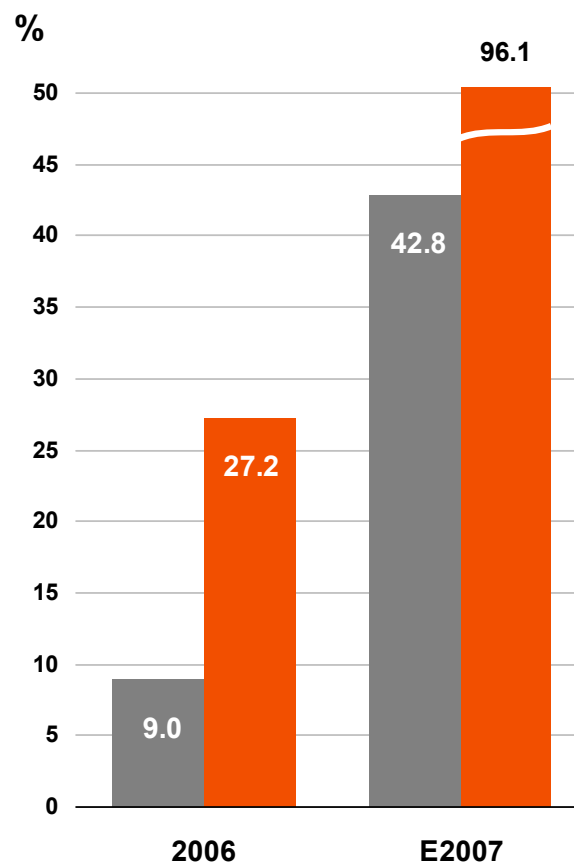
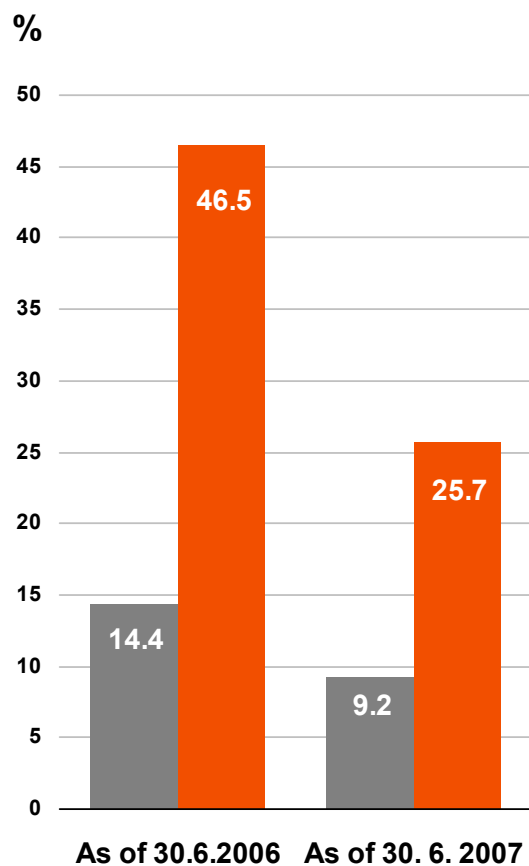
MAINTENANCE OF FULL YEAR GUIDANCE REQUIRES ACHIEVEMENT OF SIGNIFICANT COSTS SAVINGS



- In order to reach targeted EBITDA CEZ Group is lowering its operation costs (salaries and wages, repairs and maintenance, services) by CZK 1bn



CEZ GROUP INDEBTEDNESS



- Decline in indebtedness of CEZ Group is caused by improving performance (increase in profit, increase in cash and equivalents) and by accumulation of cash prior to initiation of share buyback
- Expectation for E2007 includes effects of share buyback, issuance of bonds and decline in cash balance

■ Net financial debt/equity

■ Net financial debt / EBITDA



ISSUANCE OF DOMESTIC BONDS AND EUROBONDS WITHIN EMTN PROGRAM

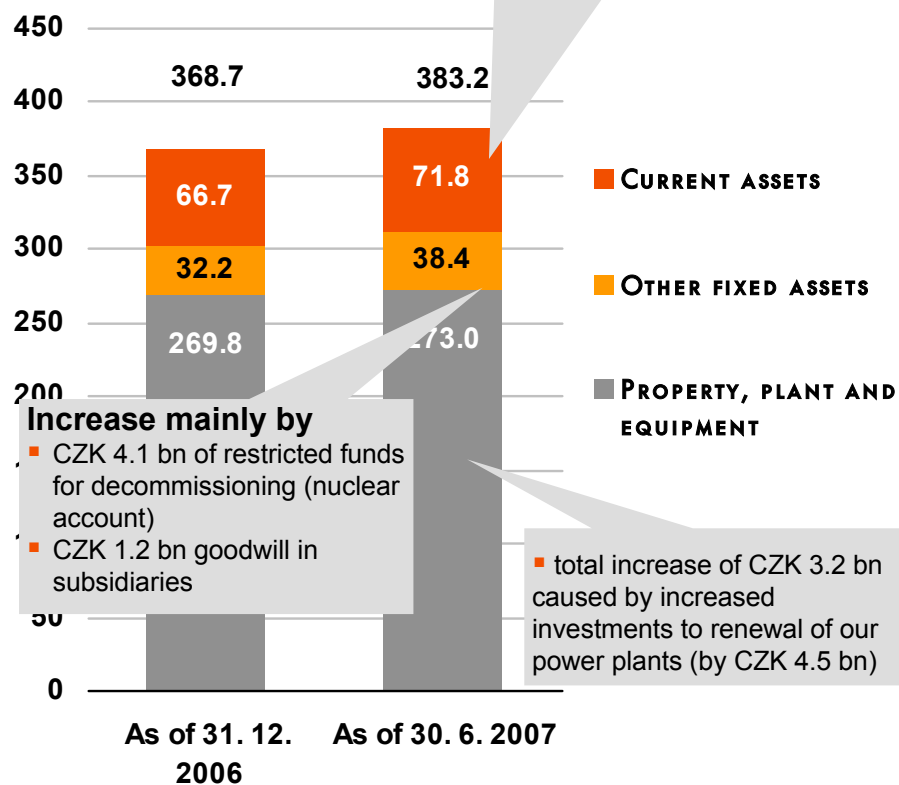
Volume:	CZK 7 bn
Lead co-managers:	KB and ČS
Launch date:	8 August 2007
Issuance date:	27 August 2007
Maturity:	3 years
Spread over CZK interest rate swap:	0.13 % p. a.
Issue price:	99.93
Coupon:	4.30 % p. a.
Use of proceeds:	general financing needs

CEZ authorised BNP Paribas and Citigroup Global Markets Ltd to prepare Eurobond program and the first issue within the program. Parameters of the first issue will be specified at a later date, we expect the issue to take place in autumn.



BALANCE SHEET

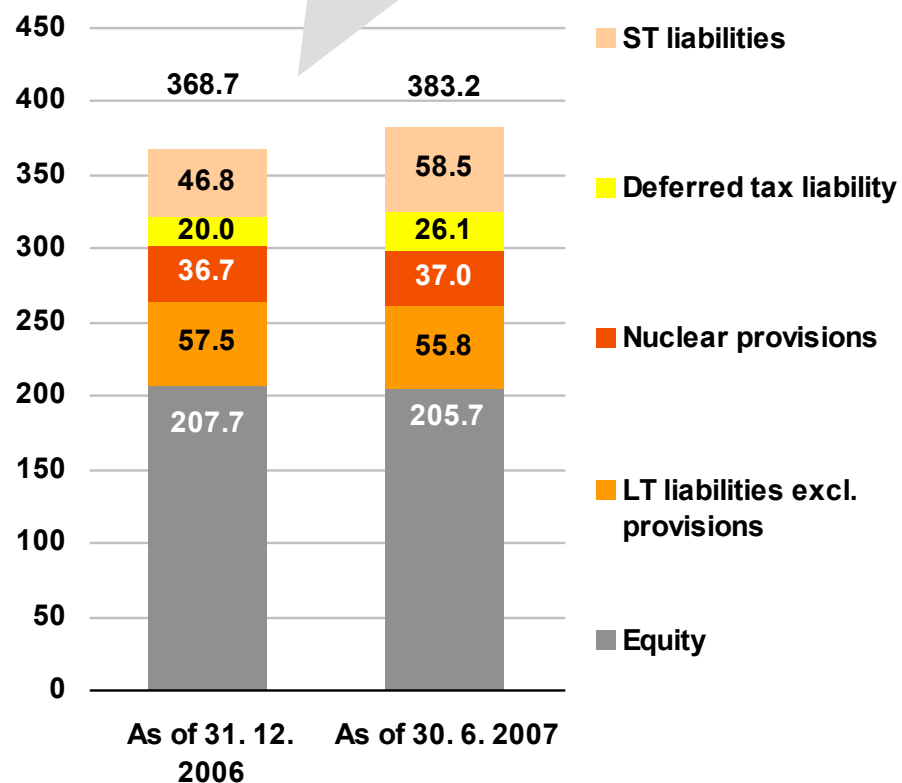
ASSETS CZK bn



Increase mainly

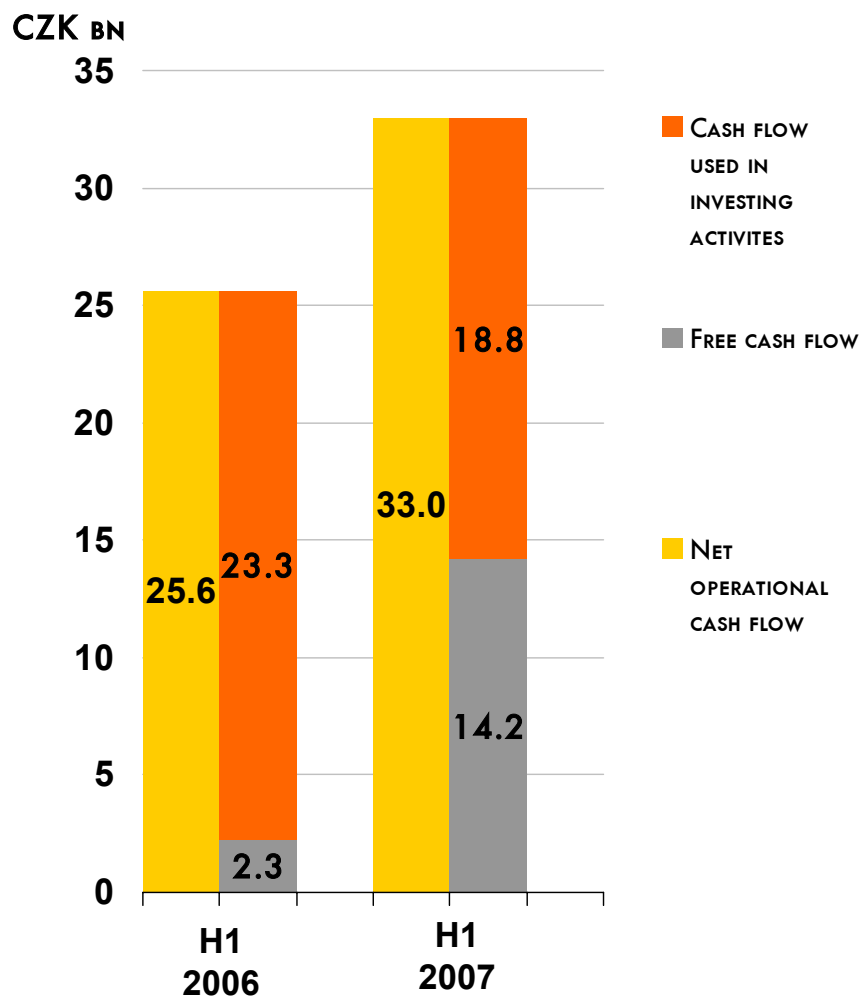
- CZK 1.9 bn decrease in equity (mainly as a result of share buyback – CZK 13.3 bn, increase of retained earnings by CZK 10.0 bn)
- Increase of deferred tax liability due to growth in profits of CEZ, a. s., and Severoceske doly a.s.
- CZK 10.1 bn increase of liabilities to shareholders connected to approved dividend
- CZK 2.1 bn increase of liabilities from derivatives

Equity and Liabilities CZK bn





CASH FLOW – SELECTED ITEMS



Drivers of free cash flow:

- Increase in EBIT (+ CZK 4.5 bn) adjusted for non-cash items as a result of improved performance
- Decline in working capital was smaller in H1 2007 compared to H1 2006 (CZK 2.3 bn) – higher increase in trade and other liabilities
- Decrease in cash flow used in investing by CZK 4.6 bn (in H1 2006 CEZ bought power plants in Poland, increased its stakes in Severoceske doly a. s. and in Severoceska energetika, a.s.)
- Increase of restricted funds for decommissioning by CZK 3.9 bn (contribution to nuclear account)
- Increase of investments into PP&E by CZK 3.8 bn largely due to renewal of our power plant portfolio



AGENDA

- **Financial results**
Petr Vobořil, Chief Financial Officer
- **CEZ Group trading position**
Alan Svoboda, Executive Director Sales and Trading



TEMPERATURE ADJUSTED ELECTRICITY CONSUMPTION IN H1, SLIGHTLY INCREASED

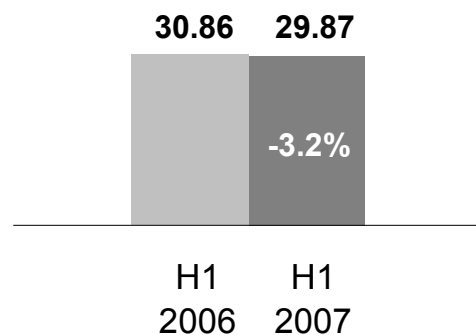
Consumption in CR (temperature adjusted)

TWh



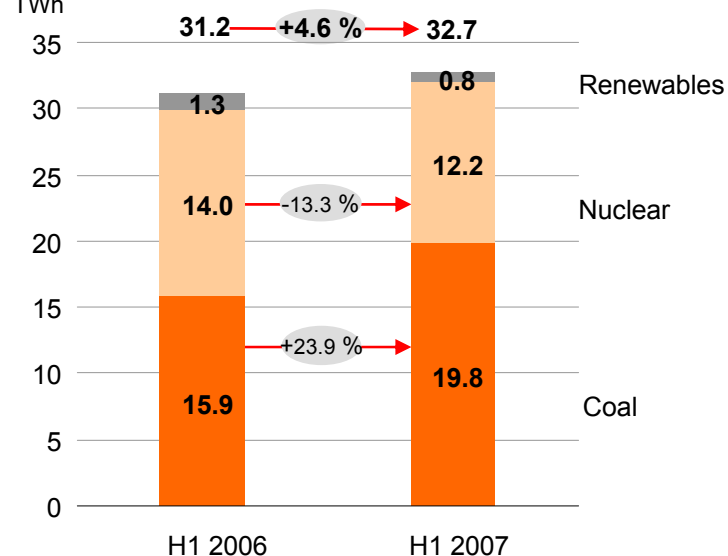
Consumption in CR

TWh



Generation from CEZ, a.s. own sources (gross)

TWh



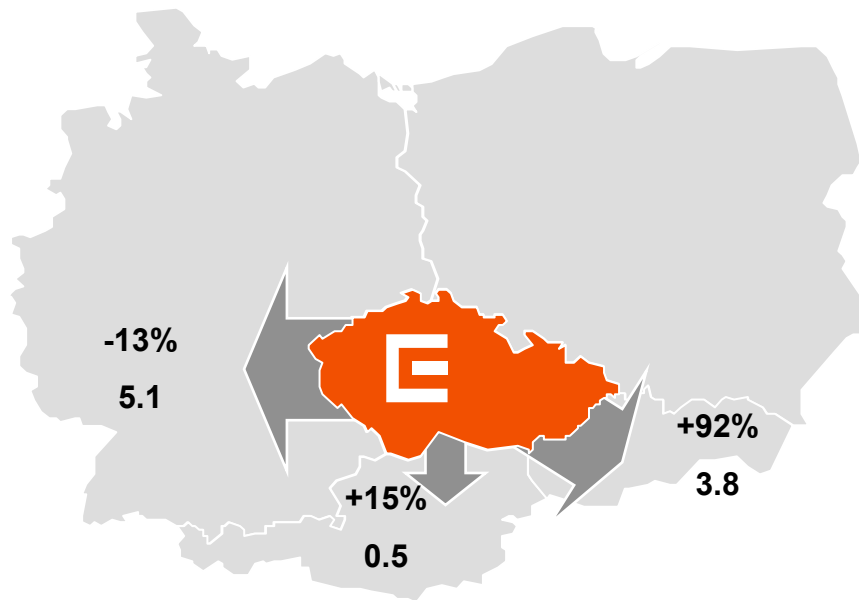
- Utilization of coal power plants increased by almost 24 %, it also balanced the decrease of generation from nuclear sources, caused by additional outage of 1st unit of Temelin nuclear power plant
- Higher y-o-y consumption in Q2 softened its significant decrease in Q1 (mild winter 2007)
- Hydro generation of CEZ, a. s., in H1 2007 decreased due to warm winter (lower amount of rain)



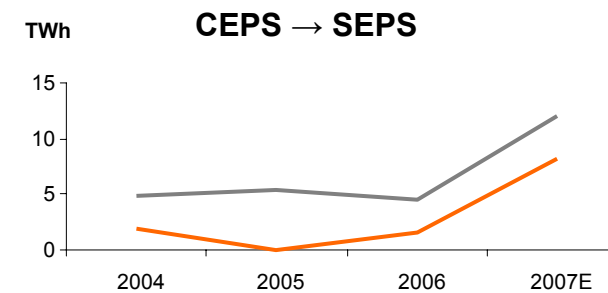
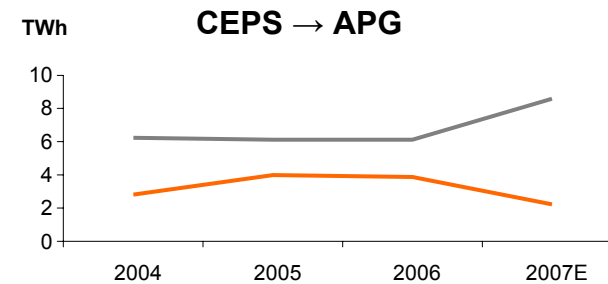
TRADING FLOW STATISTICS CONFIRMS EXPORT SHIFT FROM CR TO THE EAST

Electricity export from CR in H1 and y-o-y changes

(y-o-y change in %,
export volume in CZK bn)



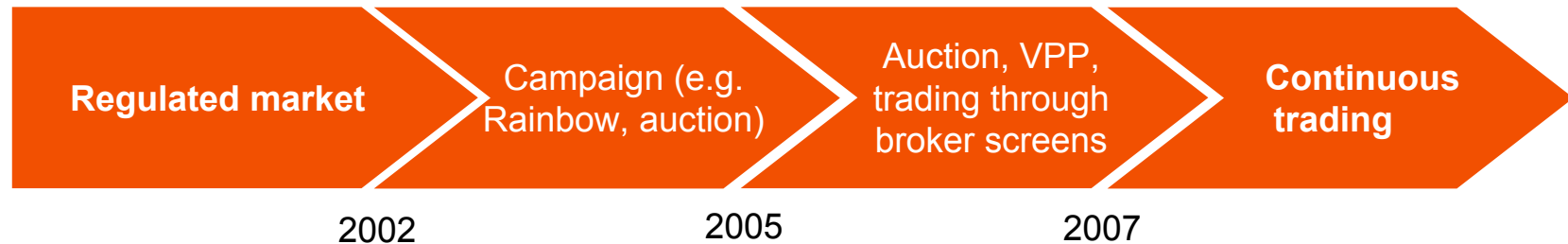
Net trading and physical electricity flows



— Physical flow
— Trading flow



CZECH MARKET WENT THROUGH TRANSFORMATION FROM REGULATED TO CONTINUOUS TRADING – START OF PXE



Basic characteristics of price setting mechanism in given period

- Market regulation – all prices set by price decision made by MPO CR, MF CR, then ERU
- Market wasn't unbundled – published prices both for distribution and for power

- Rainbow campaign – one annual campaign for a whole product range
- Sale of white energy – possibility to shape diagram, but limiting spot market in CR
- Later on establishment of virtual power plant auctions and baseload auctions
- Start of electronic broker platforms

- PXE – main trading platform
- Other transparent trading platforms - OTC brokers
- Permanent liquidity
- Functional spot market

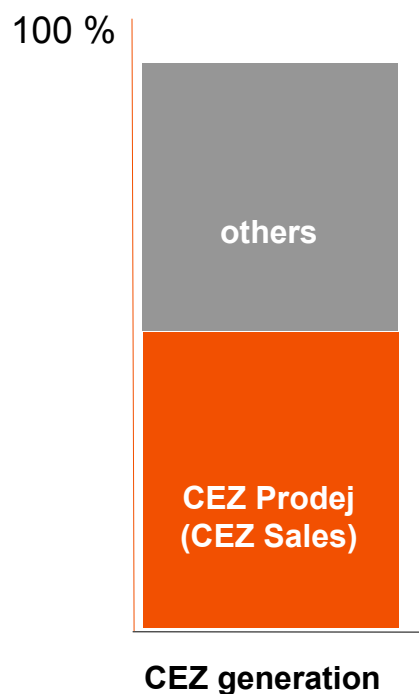


MAIN CEZ TRADING PARTNERS, WHICH WERE FORMER RAINBOW AND AUCTION PARTICIPANTS, ENTERED PXE DURING THE FIRST WEEKS





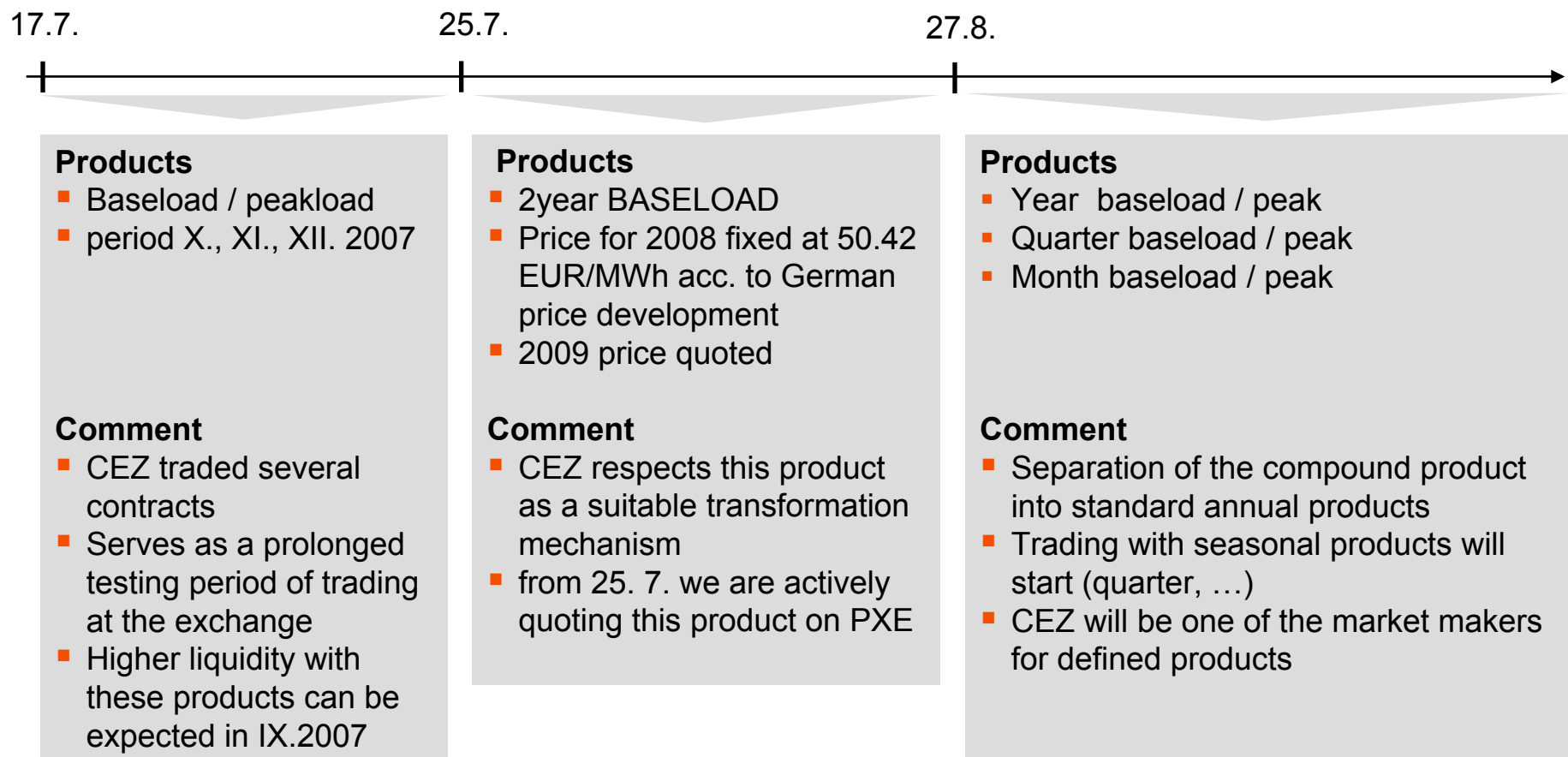
ALL AVAILABLE POWER GENERATED IN CEZ WILL BE SOLD FOR PXE PRICES



- All available volume from CEZ, a.s. own sources will be sold through PXE, except power for own customers, existing LT contracts, operating reserves and ancillary services
- CEZ supplies its own customers through its subsidiary CEZ Prodej (CEZ Sales)
- Volume of power supplied to CEZ Prodej represents more than 50 % of CEZ's supplies to the domestic market
- CEZ Prodej cannot actively trade with CEZ, a.s. on PXE, because such trades within CEZ Group (dominant volume on both sell and buy side) could be price-making for the market and that situation wouldn't lead to transparent and independent price setting mechanism
- Thus power supplied to own customers will be traded in connection with PXE indirectly, i.e. won't enter the PXE volumes, but the price will be fully set by the PXE price



WITH THE START OF PXE, PRODUCTS ARE BEING STANDARDIZED. A SPECIAL COMPOUND PRODUCT WAS ESTABLISHED FOR A TRANSFORMATION PERIOD. CEZ IS ACTIVELY QUOTING THIS PRODUCT.





CEZ WILL BE ONE OF THE MARKET MAKERS AT PXE AND WILL ADHERE TO THE FOLLOWING EXCHANGE RULES

Market making conditions

- **Minimum quotation 5 MW**
- **Maximum spread**
- **Time limit to renew quotation maximum 7 minutes**

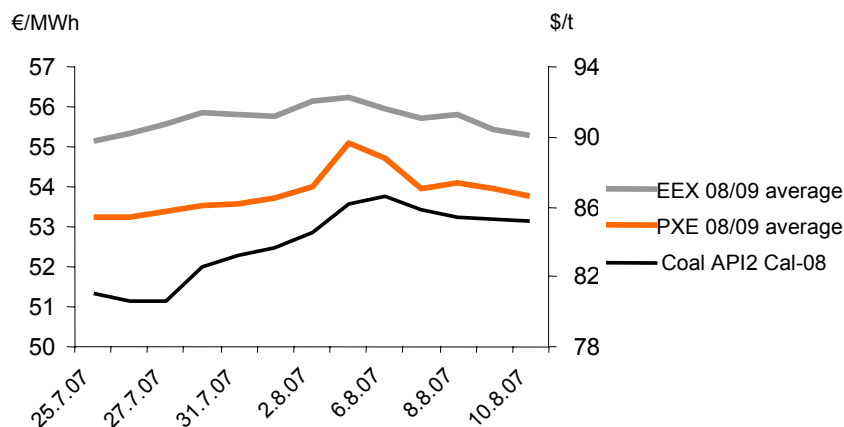
- Due to liquidity maintenance each market maker is required to offer at least 5MW to buy and sell for each product in market making regime
- Quoted bid and ask offers can be maximally in the price range of 1 EUR/MWh for baseload and 1.75 EUR/MWh for peakload
- In case of decrease of number of contracts in quotation due to trade settlement or in case of exceeding allowed price range limits, it is necessary to renew quotation within 7 minutes

Product Name	Last	Chg	Volume (Bid)	Bid	Ask	Volume (Ask)
M10-07 (MM)	37.40	=	5	38.15	39.15	5
M11-07 (MM)	49.55	=	5	47.20	48.20	5
M12-07 (MM)	47.60	=	5	46.20	47.20	5



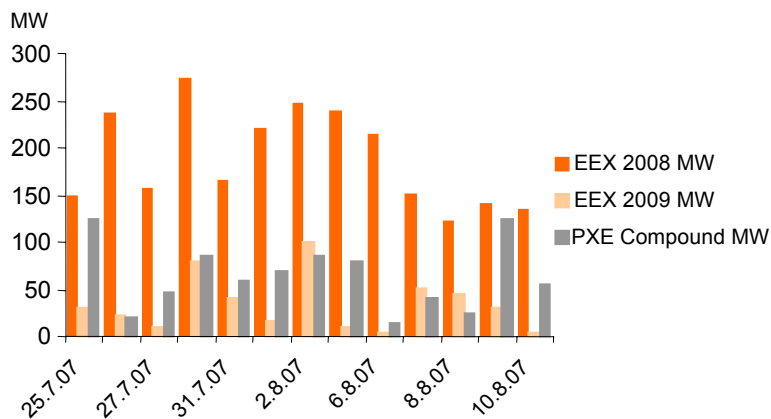
RECENT COMPOUND PRODUCT TRADING BROUGHT HIGH LIQUIDITY AND CONFIRMED CORRELATION OF PXE PRICE WITH OTHER COMMODITIES (CO₂, COAL, OIL)

Average annual baseload price 2008/09 in CR and DE



- Average price for compound 2008 and 2009 traded on PXE is still 3.4% cheaper in CR than in Germany

Traded volume of annual products



- Traded volume of annual baseload products confirms high liquidity of PXE, comparable with EEX thanks to absolute size of the German market



TRADING OF POWER THROUGH PXE INFLUENCED ALSO THE WAY SALES TO END CUSTOMERS ARE CONDUCTED IN SEGMENT "LARGE CUSTOMERS"

- **Selling strategy of CEZ Prodej and offered prices for end customers will react to actual price development at PXE**

- **Change in selling model of power in segment of large customers comes in:**
 - Valuation of customer take-off diagram proceeds with regards to actual prices at the exchange
 - Offer will be time limited – average validity will be 14 days
 - Simplification and speed-up of contract conclusion process – usage of so called "Binding offer acceptance"
 - CEZ Prodej won't be for the customers the guarantee of the best buy in time
 - Product composition at PXE motivates to offer two year products for years 2008 - 2009

- **For large customers we are preparing enlargement of product portfolio by products with so called " sliding price".**
 - Quarterly and monthly quoted individual prices according to take-off diagram based on relevant forward price of the exchange for relevant period (month or quarter)
 - Price will be set till 20th day of the month preceding relevant valuation period



THE CONTRACT CONCLUSION PROCESS DOESN' T CHANGE FOR "SMALL CUSTOMERS" SEGMENT AND THE PRODUCT RANGE OFFER WILL BE ENLARGED

- **Current product range for customer with low voltage stays the same**
 - Product ranges Basic, Comfort and Exclusive
- **Individual products price will be derived from power price at PXE**
- **Price lists valid for year 2008 will be already published in the middle of September of this year**
- **We will widen product portfolio by products with so called "sliding price":**
 - New products are designed for customers, who are interested in linking the price to power price at the exchange

Product Kvartál (Quarter)

- Price list will be published **4x a year**, always based on forward prices at the exchange for relevant period

Product Měsíc (Month)

- Price list will be published **12 x a year**, always based on forward prices at the exchange for relevant period

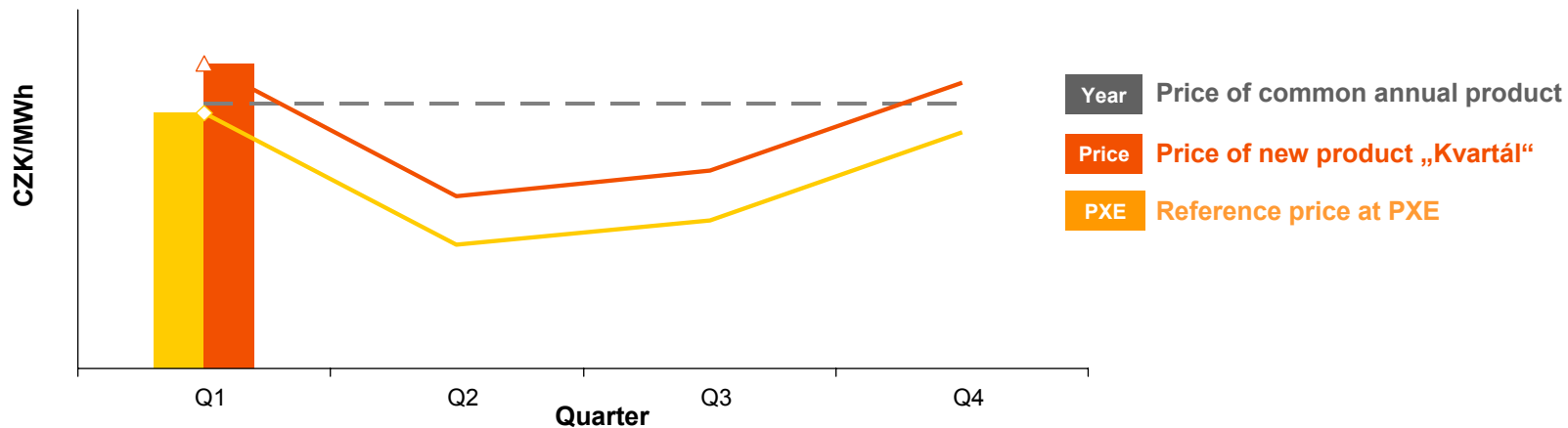
General conditions of new products ranges

- Products range and services relate to CEZ Group standard offer - Comfort
- Price will be set by a price list published always till the 20th day of the month preceding the relevant period
- Customer will sign the new contract with minimal validity of 12 months



CUSTOMERS WILL BE OFFERED NEW PRODUCTS, WHOSE PRICE WILL REACT TO POWER PRICE DEVELOPMENT AT THE EXCHANGE

- **New products with so called „sliding price“ will offer to end customers price, which will react during the year (in evaluated period) to power price development at PXE**
 - Price for customer will react to forward price development of relevant products at PXE
 - Change between Quoted reference price (FW PXE) and actual Reference price (FW PXE) will be applied to Published product price (“Měsíc” (Month)/ (“Kvartál” (Quarter))
 - New products price will therefore take into account both the power price seasonality and change in price created by the market (supply/demand)

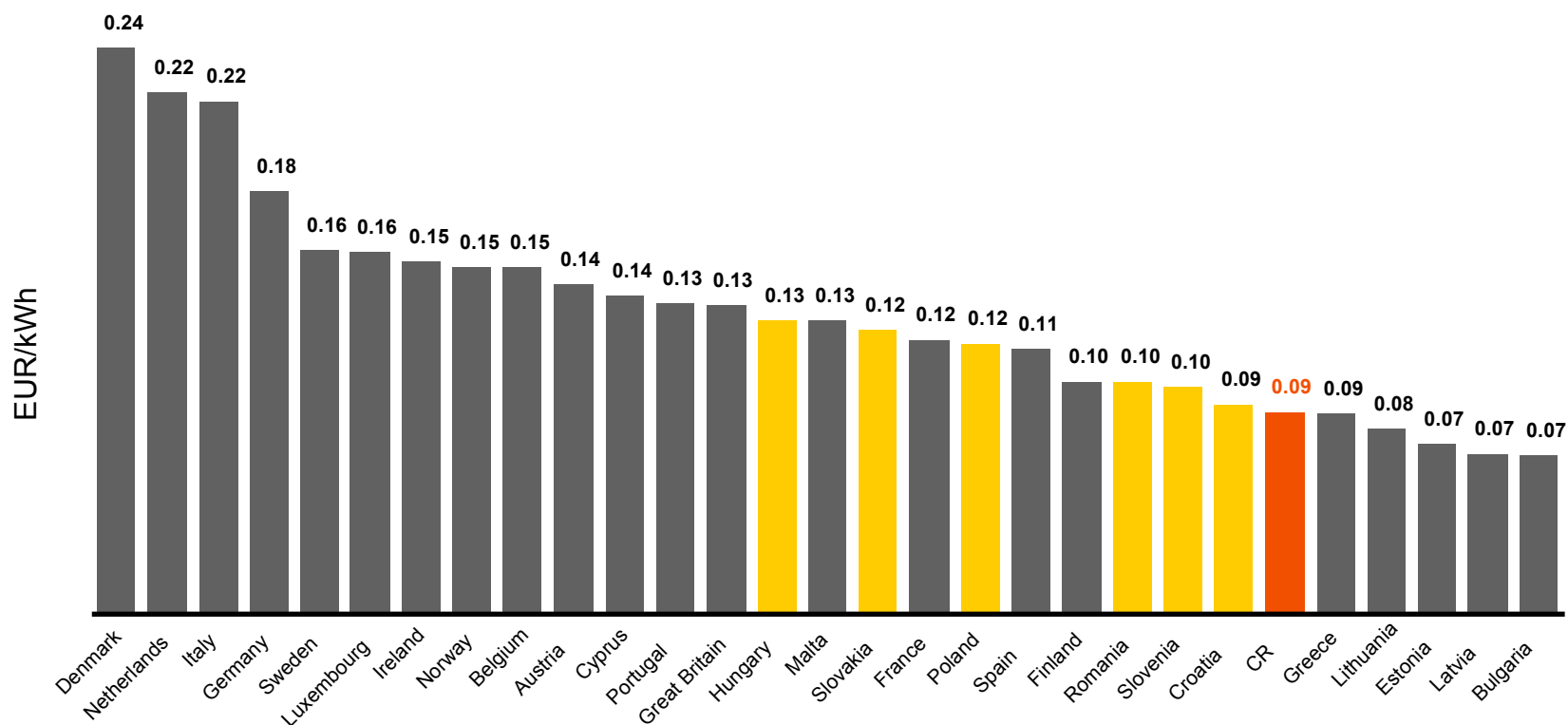


Note: Data in the graph are only illustrative for product “Kvartál”



POWER PRICE LEVEL IN CR IS COMPARED TO NEIGHBOURING STATES WITH SIMILAR ECONOMY LEVEL STILL SIGNIFICANTLY LOWER

Annual consumption 7,500 kWh,
Out of that 2,500 kWh in low tariff.
Prices valid to January 1, 2007 (incl. VAT)





TO SUPPORT EU ACTIVITIES LEADING TO ENERGY SAVINGS WE ARE PREPARING OUR OWN ACTION PLAN

- Support of consumption savings by our customers is part of our Action plan to lower CO₂ emissions of CEZ Group
- We are aware of our responsibility within EU activities framework heading towards energy savings
- We are offering a quality product and don't want anybody to waste it
- We can't influence the electricity price, the only possibility how we can help our customer to decrease costs for electricity is to advise him, how to consume less

Through further education and professional consultancy to motivate the public to save energy





ROADSHOW „FOCUS ON SAVINGS“ STARTED AT INTERNATIONAL FILM FESTIVAL IN KARLOVY VARY

Roadshow continues with its autumn part

- **location:** roadshow in 30 cities, participation in Invox fair and International Engineering Fair in Brno
date: September - November 2007
- Roadshow program in each destination is divided into morning charity part (with participation of representatives of CEZ and local authorities) and afternoon educational-entertainment part
- Besides exhibition „Learn how to save energy, both electrical and your own“ there will also be a mobile representative office that offers full service with emphasis on energy consultancy



- roadshow is organized in cooperation with Phillips

