

Internal Information

Foreign activities helped to increase the biannual consolidated profit of the ČEZ Group to 21 billion CZK

Market share of the ČEZ Group for end customers is 44.5 %

The ČEZ Energy Group achieved the net profit of 21.0 billion CZK in the first term of 2007 which is an interim increase by 26.8 percent. Results of the ČEZ Group foreign activities contributed to the increase – power production within the whole ČEZ Group increased by 13.2 percent, especially due to the Group extension of foreign power plants in Poland (ELCHO* and Skawina* power plants) and Bulgaria (Varna). Power production in the Czech Republic increased by almost 5 %. On the other hand the positive impact of the power interest all over Europe due to economic growth was reduced because of warm weather at the beginning of the year. Operating revenues exceeded 83 billion CZK, they increased almost by 12 percent. In addition to production increase also increase of production and commerce margin contributes.

“We concentrate now on further increase of effectiveness of individual processes within the whole ČEZ Group. The completed restructuring project VIZE 2008 will bring the savings of 2.8 billion CZK per annum compared to 2003, the initial year of transformation and we see space for further savings. Refurbishment of our coal power plants has been in full action. The complex refurbishment of the Tušimice power plant has been in process, in case of Prunéřov we have been holding final discussions with suppliers. The new Ledvice power plant has already obtained most of the permits. There continue improvements of nuclear power plants consisting in their effectiveness increase which will annually bring an extra production of 2 TWh. It is the amount of electric power produced by a source of the size of Prunéřov I power plant,” said Daniel Beneš, the managing director of ČEZ.

Number of employees of the ČEZ Group at the end of June was 30,652 which is a drop compared to the end of 1st quarter of 2007 by 420 people.

Power production in ČEZ Group power plants in the first term of 2007 achieved 36,066 GWh and the interim increase is by 13.2 percent. In historical terms it is the highest production of the ČEZ Group for six months. Production in coal power plants was over 64 % and it increased due to extension of the ČEZ Group production portfolio of new power plants. Because of adverse climate conditions causing low water level in rivers production in hydraulic power plants decreased significantly by 35 percent.

Power demand in the Czech Republic decreased in interim terms by 3.2 percent, this year's extremely warm winter still takes effect. In case of conversion to the temperature standard the power demand would increase by 0.4 percent. The share of the ČEZ Group (ČEZ Sale) in sale of power to end customers was 44.5 % which represents an interim drop by 1 % due to strengthening competition on the liberalised market in the Czech Republic.

Warm weather at the beginning of the year was significantly felt especially in the distribution segment (both in Central and Southeast Europe) and affected 1st quarter. The second quarter itself was already as expected. EBITDA of the distribution segment falls behind our expectations by approximately 1 billion CZK. “So far we have not been changing our expectations of the annual net profit of the ČEZ Group on the level of 35.1 billion CZK from February 2007, EBITDA then in the amount of 70.9 billion CZK. Compensation of the operating profit failure in connection with climate effects is not only

our wishful thinking, we have supported it with specific saving actions, actually in slightly higher range. However, we would like to confirm the reality of savings therefore we suppose presentation of the new estimation of the expected profit together with results for 3rd quarter“, said Petr Vobořil, the director of Finance Division.

*) ELCHO and Skawina, the Polish power plants, entered the financial results in June 2006 and therefore they affected the results of first term of 2006 only with one month, the Varna power plant was not included in the biannual results of 2006.

Table: Economic performance of the ČEZ Group for 1st term of 2007

	(mil. CZK)	interim change
Operating revenues	83 162	+ 11.8 %
EBITDA (or Operating profit before depreciation)	38 154	+ 11.1 %
Profit before tax	27 157	+ 25.1 %
Profit after tax	21 015	+ 26.8 %

Note: non-audited consolidated results