Inside Information

CEZ Group reached profit of CZK 29,7bn in first three quarters
CEZ Group´s end consumer market share in the Czech Republic is 44.2 %

CEZ Power Group reached net profit of CZK 29.7 bn in the first three quarters of this year, which was a 34.8 per cent year-on-year increase. The growth was given by higher production, a rise in wholesale prices, operating cost savings and the results of CEZ Group´s activities abroad. The contribution of foreign activities to the operating profit before depreciation was CZK 0.3bn higher year-on-year and totalled CZK 4.3 bn. The positive impact of the electricity demand in entire Europe resulting from the economic growth was, on the other side, reduced by the influence of the warm weather at the beginning of the year. Operating revenues reached CZK 123.5 bn, rose by nearly 14 per cent.

„We are now concentrating on another round of improving the effectiveness of single processes within etire CEZ Group. We have started the „Effectivity" program, whose anticipated contribution amounting to CZK19bn in the next five years, on the comparable baseline with 2006, will enable us to better control cost developments in the inflation environment. The renewal of our domestic coal-fired power plants is also gaining pace. CZK 3.3 bn out of the anticipated CZK 100 bn, which will go primarily to the renewal in the next period, have already been invested in it," said Martin Roman, CEO of CEZ.

There were 30,287 employees in CEZ Group as of the end of September, which was 365 people down from the figure at the end of the 1st quarter of 2007.

The electricity production in CEZ alone was 4.6 % up on last year and amounted to 48.2 TWh. The electricity generation in CEZ Group´s power plants, i. e. including outland power plants, reached 54,185 GWh and was 13.4 per cent up on the previous year. That means that not only did the production in inland power plants increased, but the growth was also affected by the enlargement of CEZ Group´s production portfolio by foreign plants – Bulgarian Varna, Polish power plants ELCHO and Skawina *).

The electricity demand in the Czech Republic decreased by 1.4 per cent compared to the previous year, which was still the result of the abnormally warm winter. The demand for electricity recounted to correspond to temperature standards would rise by 0.9 per cent. Owing to a sharp rise in the consumption in the last months we can expect that the demand during all this year, even if not recounted to correspond to temperature standards, will not be much different from the last years´. CEZ Group (CEZ Prodej) accounted for 44.2 % of electricity sales to end customers as a result of strengthening competition in the liberalized market in the Czech Republic.

„We are changing our estimate of CEZ Group´s whole-year net profit from the former CZK 35.1 bn to CZK 41,4 bn. Even if „business as usual" posts net profit in the amount of CZK 36.9 bn where the falls in distribution due to warm weather are more than covered by higher production and wholesale margins, maintenance optimization and other operating cost savings. The total result is significantly increased by extraordinary influences, such as the impact of the tax reform amounting to CZK 3 bn influenced by lower tax rates for deffered tax calculation and a change in the estimate of non-invoiced electricity. " said Petr Voboril, Chief Finance Officer.

*) Polish power plants ELCHO a Skawina were included in the accounting results in June 2006 so they influenced the results of the first three quarters of 2006 only by four months; Varna power plant was not included in the results at all.

Table: Economic Results of CEZ Group for 1st – 3rd Quarter of 2007

	(million CZK)	year-on-year change
Operating revenues	123 496	+ 13,8 %
EBITDA (operating profit before depreciation)	55 137	+ 14,2 %
Pre-tax profit	38 544	+ 35,6 %
After-tax profit	29 684	+ 34,8 %

Note.: non-audited consolidated results