



FOREIGN COMPANIES of the ČEZ GROUP

Prague, November 29, 2007

Daniel Beneš, Tomáš Pleskač, Luboš Pavlas



- **Introduction**

Daniel Beneš, Executive Manager

- **Foreign assets management system**

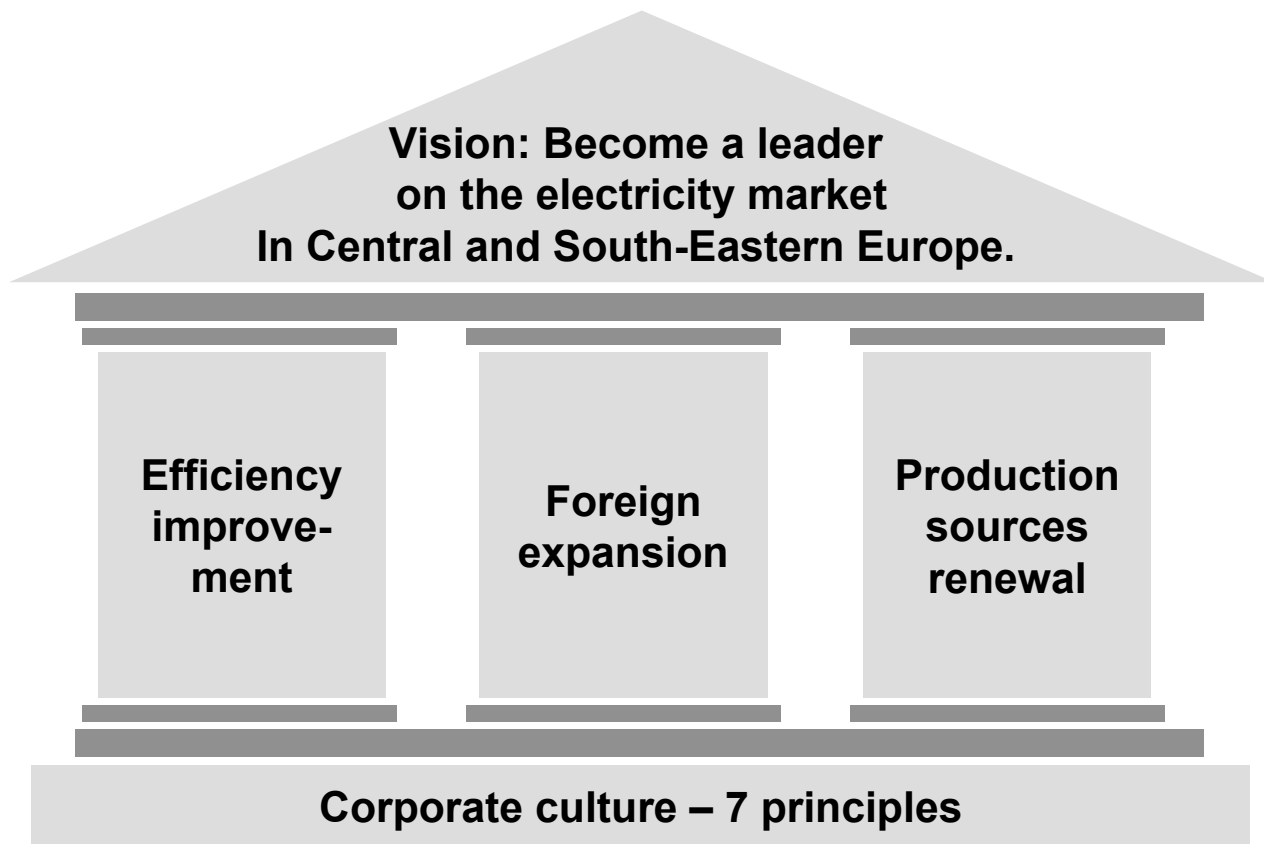
Tomáš Pleskač,
(International) Distribution Division Manager

- **List of key indicators and activities to the date of
September 30, 2007**

Tomáš Pleskač,
(International) Distribution Division Manager
Luboš Pavlas, Country Manager for Bulgaria

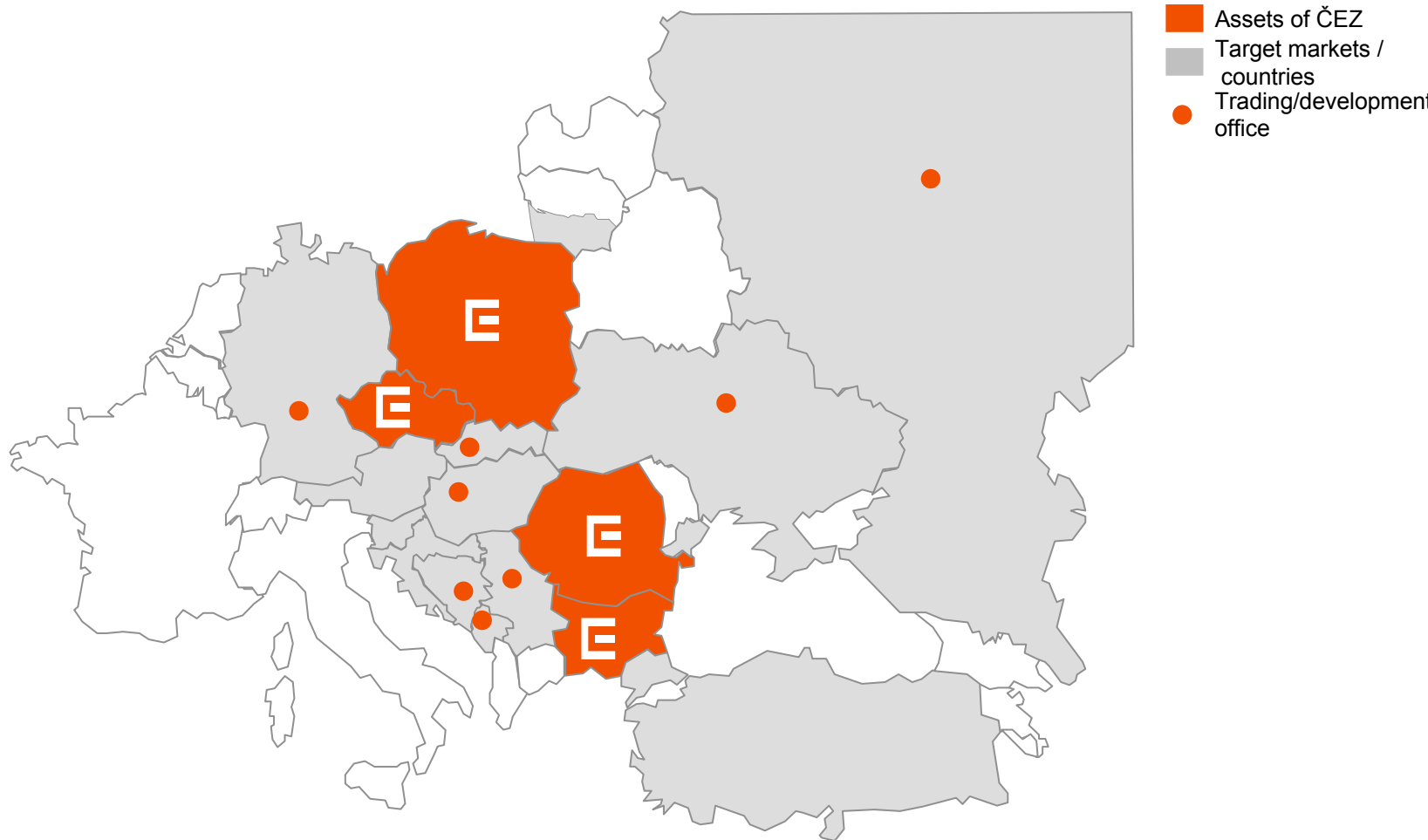


FOREIGN EXPANSION IS ONE OF THE FUNDAMENTAL PILLARS OF THE ČEZ GROUP STRATEGY





ČEZ GROUP FULFILS THE VISION TO BECOME A LEADER OF THE ELECTRICITY MARKET IN CENTRAL AND SOUTH-EASTERN EUROPE – SITUATION TO THE DATE OF SEPTEMBER 30, 2007





STATISTICS TO THE END OF 3rd QUARTER OF 2007

- total contribution of the foreign acquisitions to the ČEZ Group results for 1st through 3rd Qs 2007 amounts to CZK 4.43 billion as far as the EBITDA indicator is concerned (8% of the ČEZ Group)
- for 1st through 3rd Q 2007, the total contribution to the ČEZ Group sales amounted to 20%
- to the date of September 30, 2007, the foreign subsidiaries had 12% share in the total assets of the ČEZ Group
- to the date of September 30, 2007, 31 foreign companies participated in the ČEZ Group
- to the date of September 30, 2007, 9,011 employees were working in the foreign companies of the ČEZ Group (30% of the ČEZ Group)



IMPORTANCE OF THE FOREIGN COMPANIES FOR THE ČEZ GROUP HAS BEEN INCREASING CONTINUOUSLY

	Number of foreign companies	Number of employees abroad	Share in sales of the ČEZ Group	Share in assets of the ČEZ Group
to 31. 12. 2005	10	7 658	17.7 %	6.6 %
to 31. 12. 2006	24	9 193	19.1 %	11.1 %
to 30. 9. 2007	31	9 011	20.3 %	12.0 %



Establishment of a new INTERNATIONAL Division focused on foreign investment management.



MANAGEMENT of the ČEZ (Structure as from January 1, 2008)

Management of the ČEZ Group

Executive Manager



**Daniel
Beneš**

General Manager



**Martin
Roman**

Production



**Vladimír
Hlavinka**

International



**Tomáš
Pleskač**

Human Res.



**Zdeněk
Pasák**

Sales



**Alan
Svoboda**

Administration



**Ivan
Lapin**

Distribution



**Jiří
Kudrnáč**

Investment



**Peter
Bodnár**

Finance



**Martin
Novák**

Mergers and acquisitions



**Vladimír
Schmalz**



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RESULTS OF FOREIGN ACTIVITIES OF THE ČEZ COMPANY

- ČEZ increases the value of its investment abroad and makes a profit
- ČEZ has made good purchases – it has never had to overbid, e.g. in case of the Varna power plant, ČEZ won the selection procedure although it had come second
- In all our investment, the ČEZ succeeds in return in accordance with its expectations or even better
- ČEZ is able to manage the foreign companies well – in the individual respective countries, ČEZ is more successful than its competitors



PRINCIPLES OF FOREIGN INVESTMENT MANAGEMENT

Management principles

- creation and implementation of the corporate „best practices“
- respecting different local conditions – cultural, political, technical, social, work-related, etc. differences
- acting in accordance with the legislation of the respective country
- respecting the role of minority shareholders
- creation of environment encouraging professional and career build-up of the managers (including local management)
- professional management of necessary changes – integration of the ČEZ Group
- creation of standard exceeding local relationships with the actors on the market
- consolidated approach and integrity
- each country as a vertically integrated economic unit controlled by the country manager



COUNTRY MANAGERS – RESPONSIBILITIES, INTRODUCTION

Responsibilities of the country managers

- provision for return on investment
- build-up of the ČEZ's image as a company, which is able to control its acquisitions in the context of the respective country's culture and which is perceived as a leader in this field
- support of the M&A activities in the respective country
- management of relationships with economic and political circles, communication and negotiation with trade unions

Bulgaria



Luboš
Pavlas

Romania



Jan
Veškrna

Poland



Vladimír
Černý

Ukraine



Blahoslav
Fajmon

Bosnia
and Herzegovina



Josef
Hejsek

Serbia



Alexandr
Obradovič



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AT PRESENT, THE ČEZ GROUP HAS ASSETS IN POLAND, ROMANIA AND BULGARIA

ČEZ Group in Poland (75% share in Skawina, 89% in Elcho)

Electricity sales (TWh)	3.9
Market share	2.4%
Capacity installed (MW)	830
Market share	2.3%
Sales (mil. of EUR)	185

Assets of ČEZ
 Target markets

ČEZ Group in Romania (51% share in Electrica Oltenia)

Electricity sales (TWh)	3.9
Number of customers (millions)	1.37
Market share	17%
Sales (mil. of EUR)	367

ČEZ Group in Bosnia and Herzegovina

Gacko Project

- Joint venture NERS – ČEZ, a. s. (51%), ERS a.d. (49%)
- Company established with a view to RITE incorp.
- Gacko and construction of a new source
- Installed capacity RITE (MW) 300

ČEZ Group in Bulgaria (67% in 3 REAS, 100% in TPP Varna)

Electricity sales (TWh)	8.2
Number of customers (millions)	1.94
Market share	42%
Production	2.7
Capacity installed (MW)	1 260
Market share	11%
Sales (mil. of EUR)	520

Note: IFRS 2006



FOREIGN ASSETS IN BULGARIA INDICATORS I-III.Q/2007

Distribution and sales	unit	2006	2007	index
EBITDA	mil. CZK	1 698	1 406	78%
Electricity sold	GWh	5 917	5 877	99%
Electricity distributed	GWh	5 917	5 840	99%
Number of employees to the date of September 30	number	4 629	4 296	93%

TPP Varna	unit	2006	2007	index
EBITDA	mil. CZK	255	382	150%
Electricity generated gross	GWh	2 321	2 535	109%
Sales of heat	TJ	5	5	100%
Number of employees to the date of September 30	number	861	794	92%

Legend:

- EBITDA influenced by gross margins of the distribution
 - interim decrease in margins of the distribution caused by a different structure of tariffs valid as from 1/7/2007 and as an impact of lower volume of EE sold (warmer months at the beginning of the year)
- EBITDA of the Varna power plant influenced by the increase in gross margin by 42%
- in 2007, record-breaking volume of production in the Varna power plant in the last 10 years
- decrease in the number of employees in distribution and Varna in accordance with transformation of the Bulgarian acquisition



FOREIGN ASSETS IN BULGARIA MAIN ACTIVITIES

- 2007 is the first year of fully unbundled structure of the following companies: ČEZ Bulgaria, ČEZ Razpredelenie, ČEZ Elektro, ČEZ Trade, ČEZ Laboratories and TEC Varna
- set-up of consolidated standard processes in the distribution and increase in labour productivity
- ERP (Financial Information System) for the distribution – fully functional
- customer service has reached better quality – extension of places of payment to approximately 700, modifications concerning 11 client centres, support of non-cash payment, establishment of common information line, preparation of the call centre
- integration of Varna in the Bulgarian Group commenced
- successful selection procedure for electricity sales from Varna (200 MW)



BULGARIA – UPON MERGE OF THE DISTRIBUTION COMPANIES THE UNBUNDLING PROCESS HAS BEEN COMPLETED

- merge of the 3 original distribution companies in one to the date of November 2, 2007
- now EDC Stolichno, after the general meeting held on the December 6, the new name is CEZ Razpredelenie
- setting consolidated standard processes in the distribution and increase in labour productivity
- ambitious investment program in 2007 – CZK 1.4 billion



FOREIGN ASSETS IN POLAND INDICATORS FOR THE PERIOD OF I-III.Q /2007

ELCHO	unit	3Q/06	3Q/07	index
EBITDA	mil. CZK	728	801	110%
Electricity generated gross	GWh	1 161	1 155	99%
Sales of heat	TJ	1 765	1 400	79%
Number of employees to the date of September 30	number	170	154	91%

SKAWINA	unit	3Q/06	3Q/07	index
EBITDA	mil. CZK	99	288	292%
Electricity generated gross	GWh	1 923	1 849	96%
Sales of heat	TJ	1 742	1 568	90%
Number of employees to the date of September 30	number	583	526	90%

Legend:

- gross margin influenced by lower revenues from heat as a result of extremely warm weather at the beginning of 2007

ELCHO

- the higher level of EBITDA is caused by savings in other fixed costs and by efficient management of production costs

SKAWINA

- EBITDA is positively influenced in particular by savings in fixed costs, by higher generation based on biomass and by optimization of the production (sale of the saved emission permits)



FOREIGN ASSETS IN POLAND MAIN ACTIVITIES

- refinancing of the existing credits of the ELCHO company i the amount of approximately EUR 200 mil. is realized from the ČEZ Group sources with substantially lower interest-related costs than those relating to the original financing of the ELCHO
- integration of the Polish acquisitions in accordance with the ČEZ Group standards, including shared services
- production of Skawina based on biomass for the first 3 Qs - approximately 80 GWh, most of all the ČEZ Group, they produce nearly one third of the total production of the ČEZ Group based on biomass
- desulphurization – the project adheres to the schedule, the expected date of the investment termination – first line in 12/2007 trial operation, second line shall be put into operation in 09/2008, costs adhered to



FOREIGN ASSETS IN ROMANIA INDICATORS FOR I-III.Q/2007

	unit	3Q/06	3Q/07	Index
EBITDA	mil. CZK	1 665	1 456	87%
Electricity sold to end customers	GWh	2 605	2 731	105%
Electricity distributed to end customers	GWh	6 445	6 491	101%
Number of employees to the date of September 30, 2007	number	2 968	3 241	109%

Legend:

- In 3rd Q, interim increase in gross margin from electricity by approximately 10% was realized. The interim decreases in margins in the previous quarters have been compensated fully.
- EBITDA indicator is however influenced by creation of adjusting entries for liabilities from end customers (more than CZK 380 mil.)



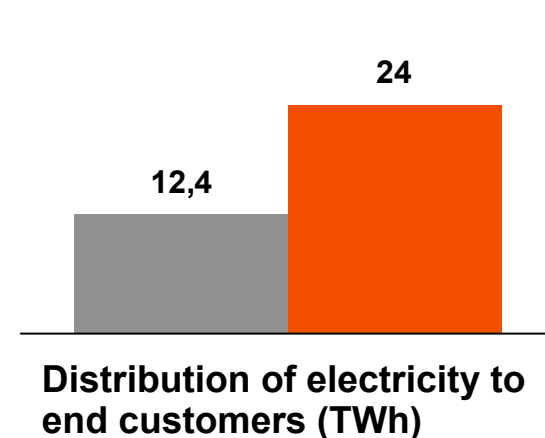
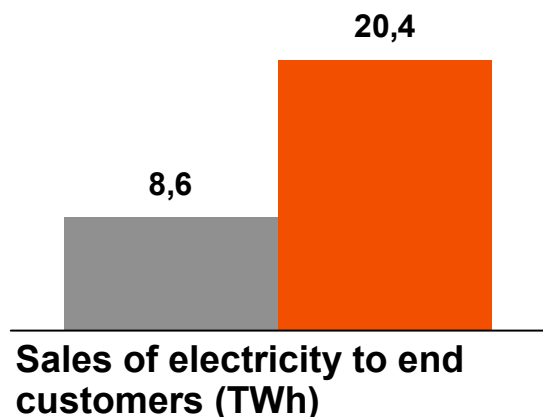
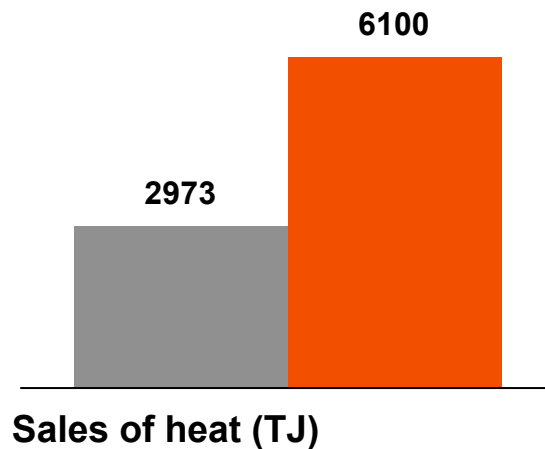
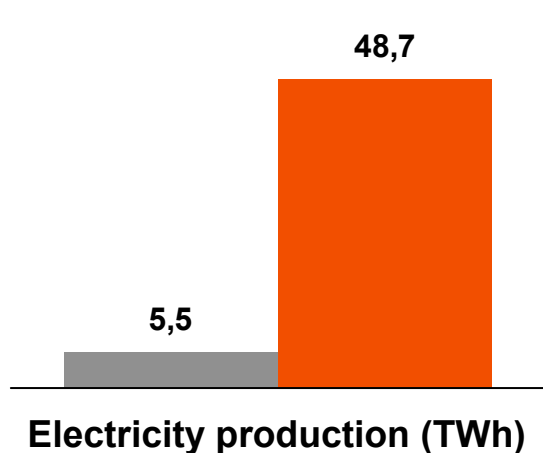
FOREIGN ASSETS IN ROMANIA MAIN ACTIVITIES

In 2007, in Romania the following is being realized:

- transformation of the original company Electrica Oltenia - unbundling
- implementation of a new end customer service system
- implementation of the SAP IS-U and ERP (ČEZ Group standards)
- implementation of the „best practice“ for the individual processes
- implementation of a new end customer service system



PRODUCTION, SALES AND DISTRIBUTION FOR FIRST THREE QUARTERS OF 2007



■ abroad
■ Czech Republic