



# CEZ – MOL STRATEGIC ALLIANCE

**Press conference, Prague, Czech Republic,  
December 20, 2007**

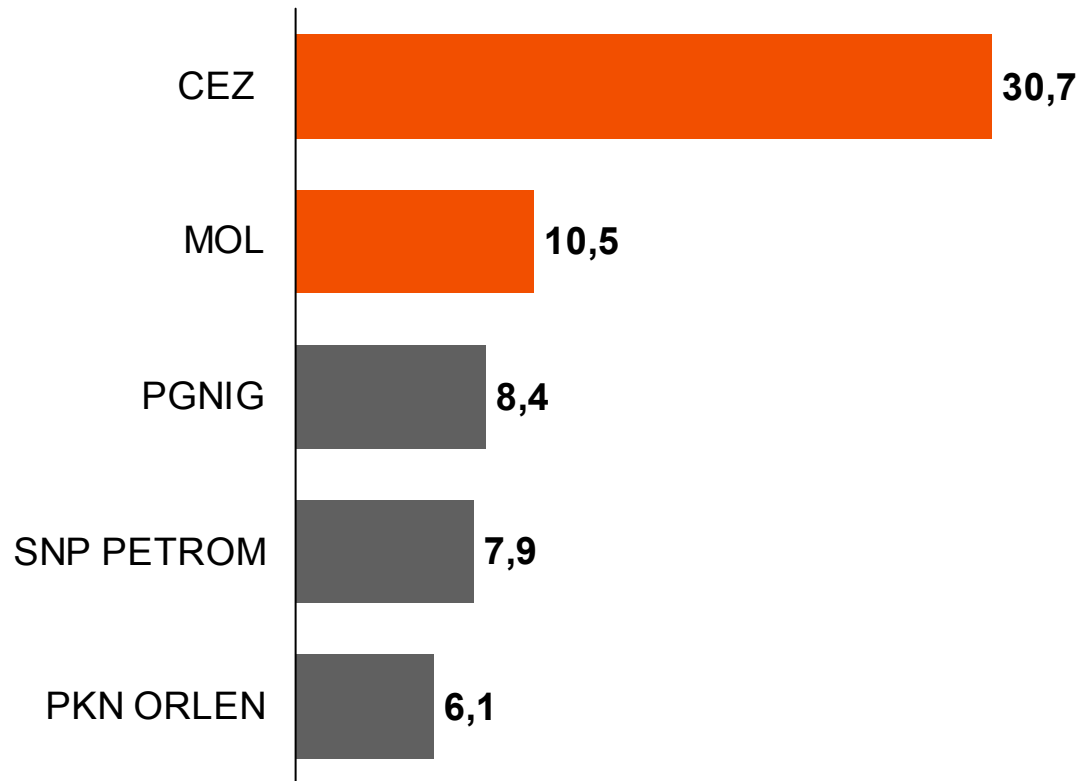
**Martin Roman, CEO CEZ Group  
Zsolt Hernádi, CEO MOL Group**



# TWO LARGEST REGIONAL PLAYERS AGREED TO FORM STRATEGIC ALLIANCE

## Market capitalisation

(EUR bn as of 17 Dec 2007)





# CEZ - MOL STRATEGIC ALLIANCE

## UNIQUE REGIONAL COOPERATION

**Joint venture – 2 CCGTs  
in refineries of the MOL  
group in Slovakia and  
Hungary**

**Capital entry of CEZ into  
MOL - shares purchase  
and related financial  
transactions**



## PRINCIPLES OF CEZ – MOL JOINT VENTURE

- JV 50:50 in equity interest, voting rights and other benefits
- Operations targeted for 4 countries of CSEE – Hungary, Slovakia, Croatia and Slovenia
- The initial projects in Hungary and Slovakia - 800 MW CCGT in Dufi (Százhalombatta) and 800 MW CCGT + 160 MW TPP expansion in Bratislava
- MOL contributes current heat plants and related infrastructure into JV
- JV investment of appr. 1.4 billion EUR (for initial projects)
- Gas supply contract from MOL, off-take contract for refineries – steam, electricity
- Dual fuel capability (gas, liquid residuals)



## RELATED FINANCIAL TRANSACTION

- Purchase 7% of the common stock of MOL by CEZ for strengthening of the strategic alliance
  
- CEZ sells to MOL an American call option with strike price 20000 HUF:
  - Option can be exercised within 3 years from the date of signing
  - Call premium covers spread between strike and purchase price and guarantees CEZ capital cost coverage until the option expires or is exercised
  
- Purchase of stake in MOL, net of the option premium received upfront will result in cash outlay of ca EUR 560 ml. in Q1 2008



## EXPECTED TIMETABLE

### **ESTABLISHMENT OF CEZ – MOL JV**

- |   |                     |
|---|---------------------|
| ▪ Signing of JV and share deal agreements     | Today               |
| ▪ Purchase of MOL shares                      | Jan 2008            |
| ▪ Setting up JV companies and management team | Jan – Apr 2008      |
| ▪ Asset contribution by MOL to JV             | Jan 2008 – Mar 2009 |
| ▪ JV fully operational with current assets    | Mar 2009            |

### **DEVELOPMENT OF FIRST PROJECTS**

- |  |                     |
|--|---------------------|
| ▪ CCGT Feasibility studies                     | Jan – Aug 2008      |
| ▪ CCGT construction permit                     | 2008 – 2010         |
| ▪ CCGT supplier selection and contract signing | Apr 2008 – Feb 2010 |
| ▪ CCGT commissioning                           | 2013 – 2014         |



# PLANNED CONSTRUCTION WILL HELP TO COVER POWER SUPPLY GAP IN THE REGION



- CCGT commissioning 2013-2014\*
- Total power generation 14 TWh/year\*
- Total heat generation 10 PJ/year\*
- Total gas off-take 2 bcm



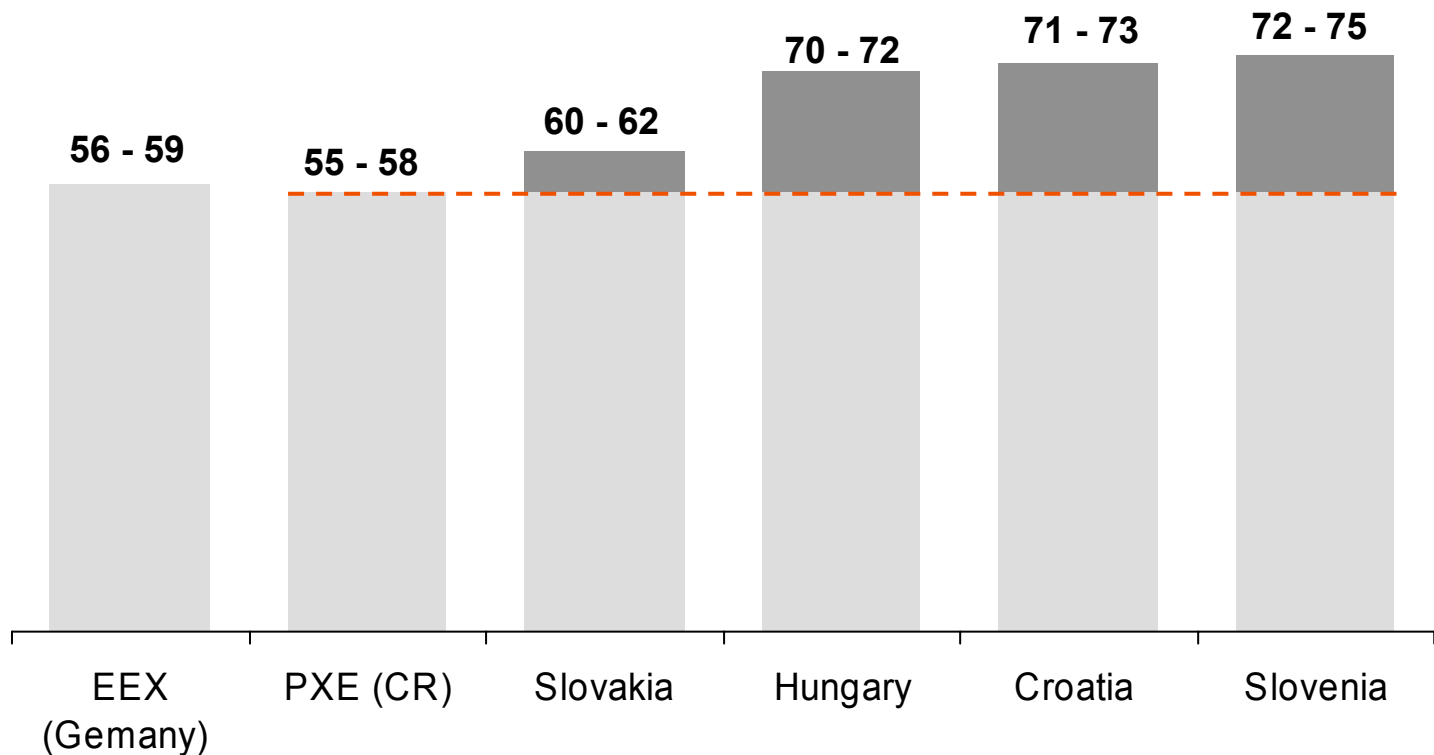
# SHORTAGE OF POWER SUPPLY IN SELECTED FOCUS COUNTRIES PROVIDES SIGNIFICANT PRICE PREMIUM OVER EEX AND PXE

## Power prices in Central Europe

Baseload 2008

EUR/MWh

■ price premium over PXE







## RATIONALE FOR CEZ

- New growth strategy with perfect geographical fit – entering countries where CEZ has so far no generation assets
- Partnership with MOL - strong local partner with experience in gas sector
- Diversification of production portfolio significantly reducing CO<sub>2</sub> exposure
- Exploiting high power prices in countries with shortage of supply
- Strengthening position on attractive CEE markets with lack of generation capacities
- Strengthening position of reliable energy supplier for large consumers/multinationals (asset-backed)
- Related financial transaction structure provides target capital return for CEZ with limited market risk before cash invested MOL shares is deployed in JV investment

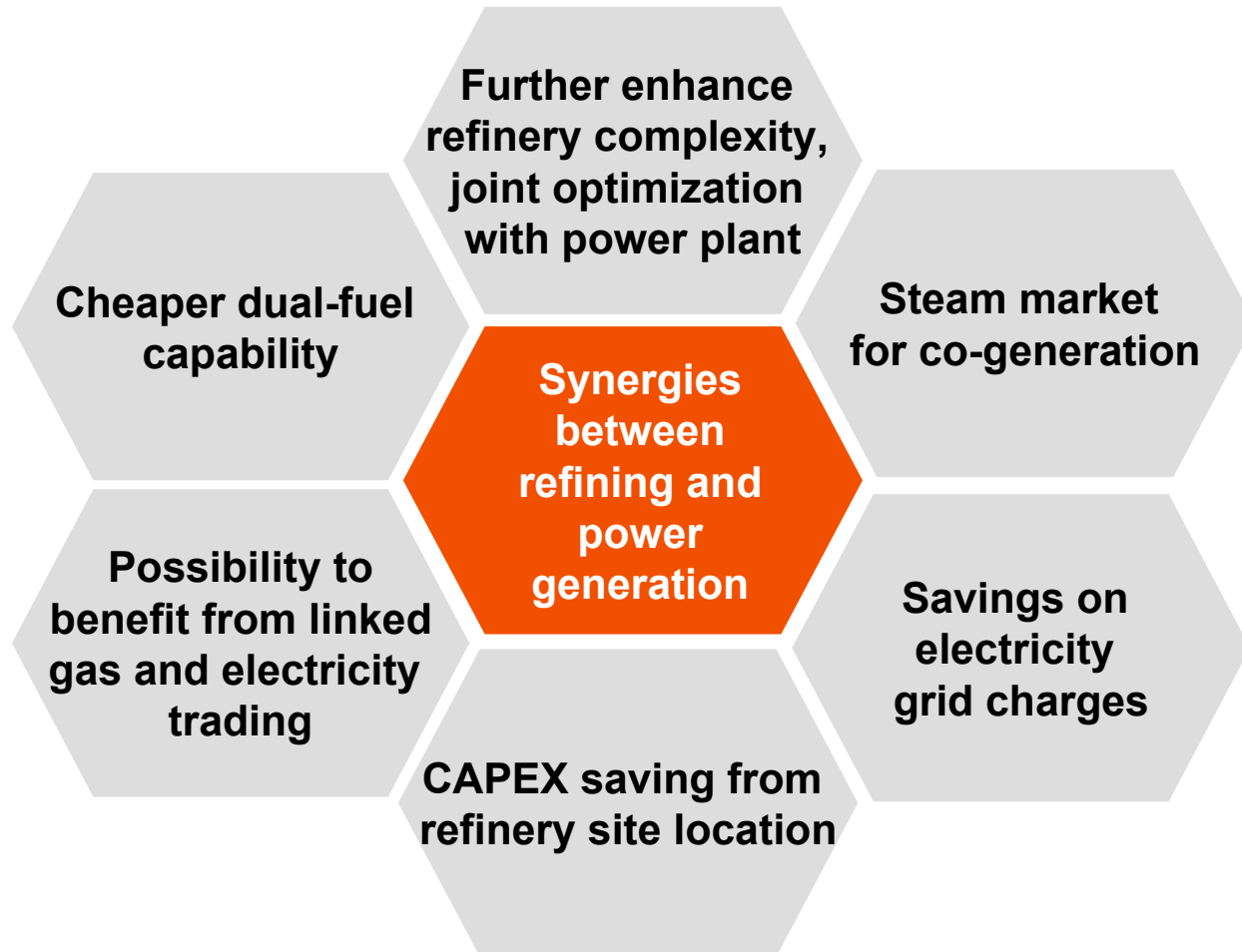


## RATIONALE FOR MOL

- Further enhance energy supply security
- Better control of energy costs
- Further increase of refinery complexity with ability to burn heavy fuel oil
- Electricity market entry: additional growth opportunity in an attractive market
- Growth strategy fits geographically



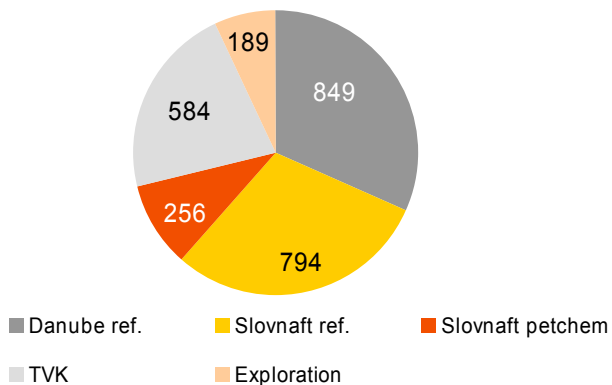
# PRONOUNCED SYNERGIES OCCUR BETWEEN REFINING AND ELECTRICITY GENERATING ACTIVITIES



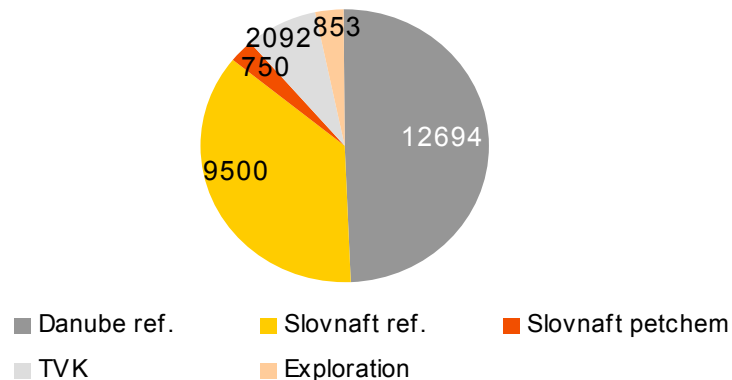


# MOL GROUP ELECTRICITY CONSUMPTION AND STEAM CONSUMPTION EXPECTED TO BE AT 2.700 GWH AND 26.000 TJ IN 2013 RESPECTIVELY

MOL Group's electricity consumption; 2013 (GWh)



MOL Group's heat consumption; 2013 (TJ)



- The group's two refineries are expected to be the biggest electricity users representing 55 – 60% of the total group demand.
- Total consumption is expected to reach 2600 – 2700 GWh on the long run from 2400 GWh (in 2006).

- Total consumption is expected to stabilise around 26,000 TJ per annum from 24,000 TJ (in 2006).

Without CEZ cooperation MOL would have to buy 60% of electricity and 15% steam from external sources.





# CEZ GROUP IS AN INTERNATIONAL UTILITY WITH STABLE POSITION IN DOMESTIC MARKET AND GROWING PORTFOLIO IN CEE

- Asset positions
- Target markets
- Trading office

## CEZ Group in Poland

(75% share in Skawina, 89% in Elcho)

|                                |              |
|--------------------------------|--------------|
| ▪ Electricity sales, net (TWh) | 3.9          |
| ▪ <b>Market share</b>          | <b>2.4%*</b> |
| ▪ Installed capacity (MW)      | 830          |
| ▪ <b>Market share</b>          | <b>2.3%</b>  |
| ▪ Number of employees          | 751          |
| ▪ Sales (EUR million)          | 185          |

## CEZ Group in Romania

(51% share in EDC Oltenia)

|                                 |             |
|---------------------------------|-------------|
| ▪ Electricity sales, net (TWh)  | 3.9         |
| ▪ Number of customers (million) | 1.37        |
| ▪ <b>Market share</b>           | <b>17%*</b> |
| ▪ Number of employees           | 3,007       |
| ▪ Sales (EUR million)           | 367         |

## CEZ Group in the Czech Republic

|                                 |            |
|---------------------------------|------------|
| ▪ Electricity sales, net (TWh)  | 59.3       |
| ▪ Number of customers (million) | 3.46       |
| ▪ <b>Market share</b>           | <b>62%</b> |
| ▪ Installed capacity (MW)       | 12,302     |
| ▪ <b>Market share</b>           | <b>70%</b> |
| ▪ Number of employees           | 21,885     |
| ▪ Sales (EUR million)           | 4,708      |

## CEZ Group in Bulgaria

(67% shares in 3 EDCs, 100% in TPP Varna )

|                                 |             |
|---------------------------------|-------------|
| ▪ Electricity sales, net (TWh)  | 8.2+2.7     |
| ▪ Number of customers (million) | 1.94        |
| ▪ <b>Market share</b>           | <b>42%*</b> |
| ▪ Installed capacity (MW)       | 1,260       |
| ▪ <b>Market share</b>           | <b>11%*</b> |
| ▪ Number of employees           | 4,653+851   |
| ▪ Sales (EUR million)           | 431+89      |

Note: IFRS 2006,  
 Note: Exchange rate CZK/EUR = 28.343  
 \* data from year 2005





# MOL - A LEADING EUROPEAN INTEGRATED OIL AND GAS COMPANY

## ► MOL GROUP

### Refining & Marketing

- 336,000 bbl/day refining capacity
  - Two high complexity refineries with outstanding product yields
  - Recent acquisition of Mantova Refinery IES (2.6 mtpa)
- Advantaged portfolio: Ability to turn sour crude into quality products
- Extensive crude and product pipeline system
- 988 filling stations in six countries

### Exploration & Production

- 70 years of experience in domestic E&P and focused international activities since early 1990s
- 331.5m boe reserves incl. 25% of INA (66% gas and 34% oil) in 2006
- 102,618 boe/day production (48% gas and 52% oil) in 2006
- Great emphasis on technical development (modern recovery methods)

### Petrochemicals

- One of the largest polymer players in CEE (840kt ethylene and over 1200kt polymer capacity)
- Full operational integration with Refining & Marketing
- Focus on converging European markets with high growth

### Natural Gas

- 5,226 km high-pressure natural gas pipeline network across Hungary
- Regulated domestic business with stable cash flow
- International transit to Serbia and Bosnia-Herzegovina
- Re-entry into the storage business