CEZ GROUP Q1 2008 RESULTS

NONAUDITED CONSOLIDATED RESULTS (IFRS)

Prague, May 15th, 2008

AGENDA

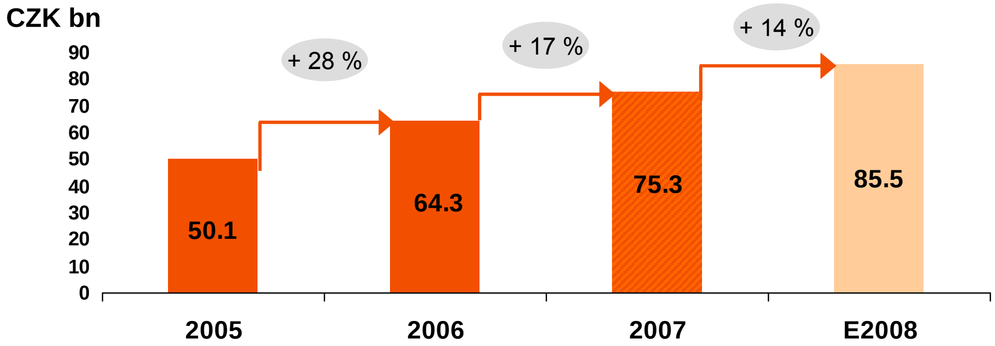
- **Financial highlights and key events of Q1 2008**
  Martin Novák, CFO
- **Financial results**
  Martin Novák, CFO
- **Trading position of CEZ Group**
  Alan Svoboda, Executive Director Sales Trading

MAIN RESULTS OF Q1 2008 AND GUIDANCE FOR 2008

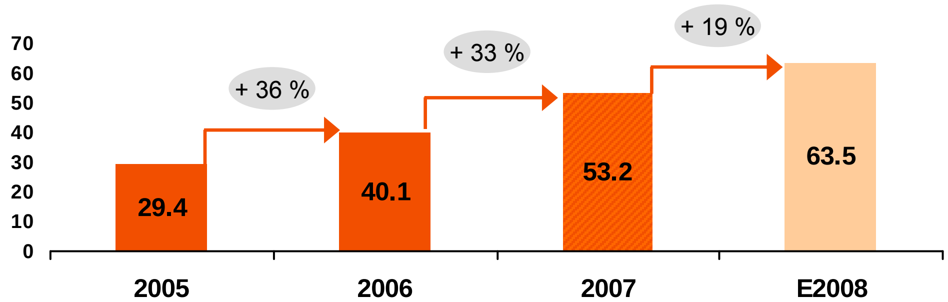
- **EBITDA** increased by 25 % to CZK 27.2 bn, an increase of CZK 5.5 bn y-o-y
- **EBIT** increased by 33 % to CZK 21.7 bn, an increase of CZK 5.4 bn y-o-y
- **Net income** increased by 21 % to CZK 15.7 bn, an increase of CZK 2.7 bn y-o-y
- **ROE** increased from 15.4 % to 23.0 %
- **CEZ share price at BCPP and GPW reached CZK 1,220 on May 12th, 2008**
- **CEZ Group expects EBITDA for 2008 at** CZK 85.5 bn (14 % increase y-o-y), and net income at CZK 46.6 bn (9 % increase y-o-y)

CEZ MAINTAINS ITS FULL YEAR GUIDANCE AT ORIGINAL LEVEL DESPITE STRENGTHENING OF CZECH KORUNA AND EXTENTION OF TEMELIN SHUT DOWN

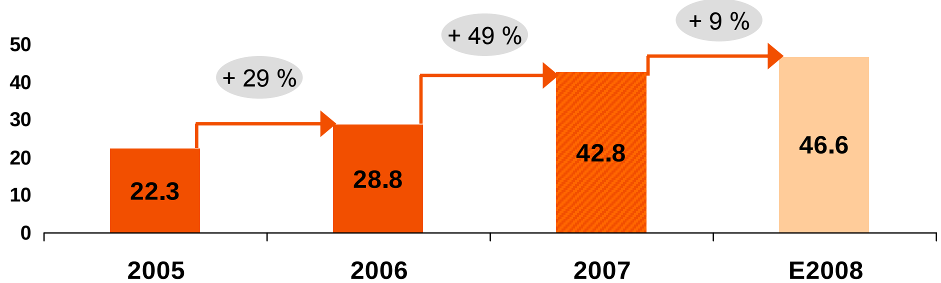
EBITDA



EBIT



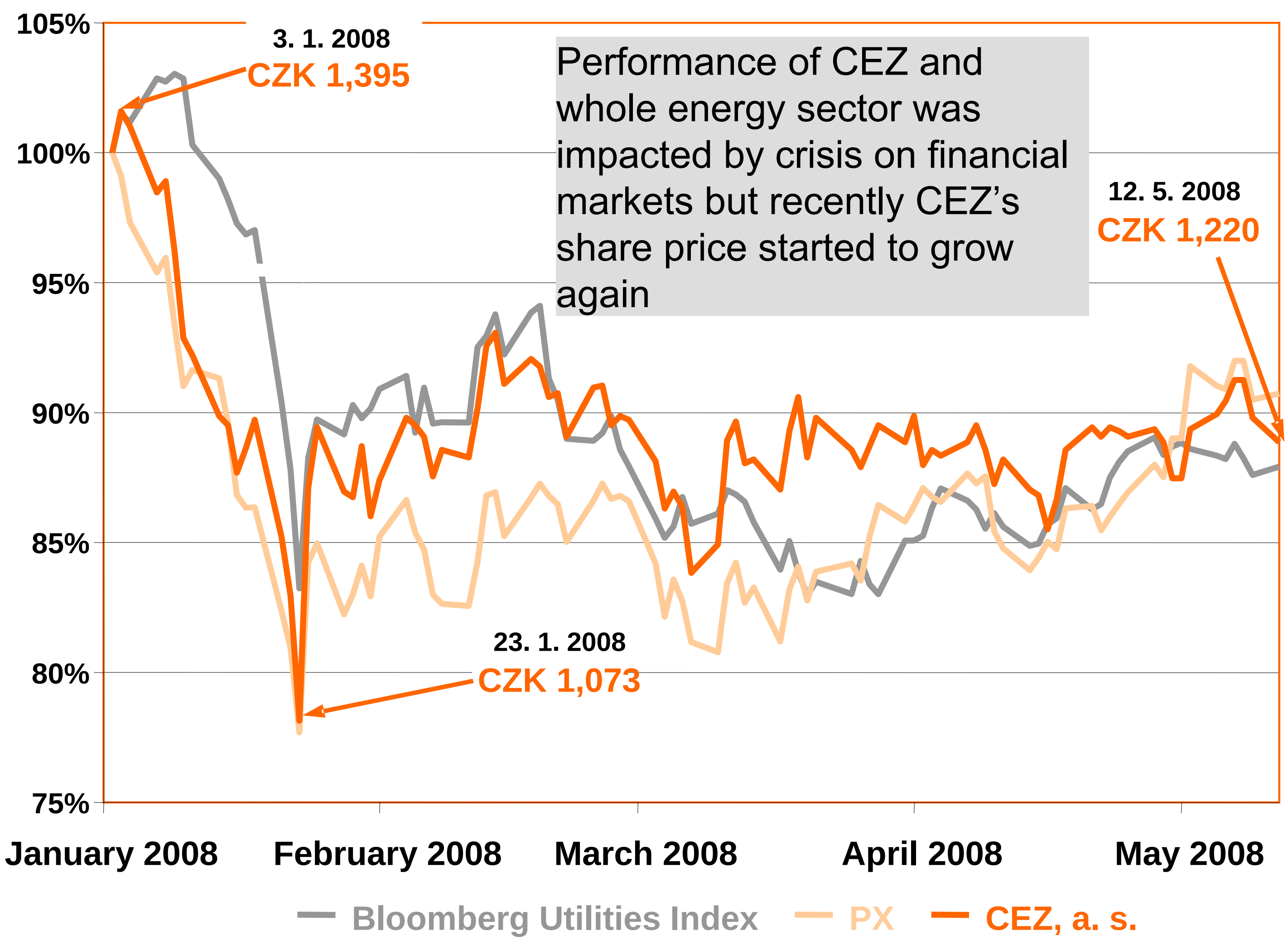
NET INCOME



Key drivers:

- Increased production in nuclear and hydro power plants
- Optimization of repairs and maintenance costs and of other operating costs
- Successful price hedging
- Increase of wholesale electricity prices
- Comparison with 2007 is distorted by extraordinary items: change in valuation and rectification of volume of non-invoiced electricity, change in income tax rate influencing deferred tax calculation

ON MAY 12TH, 2008 SHARES OF CEZ CLOSED AT CZK 1,220



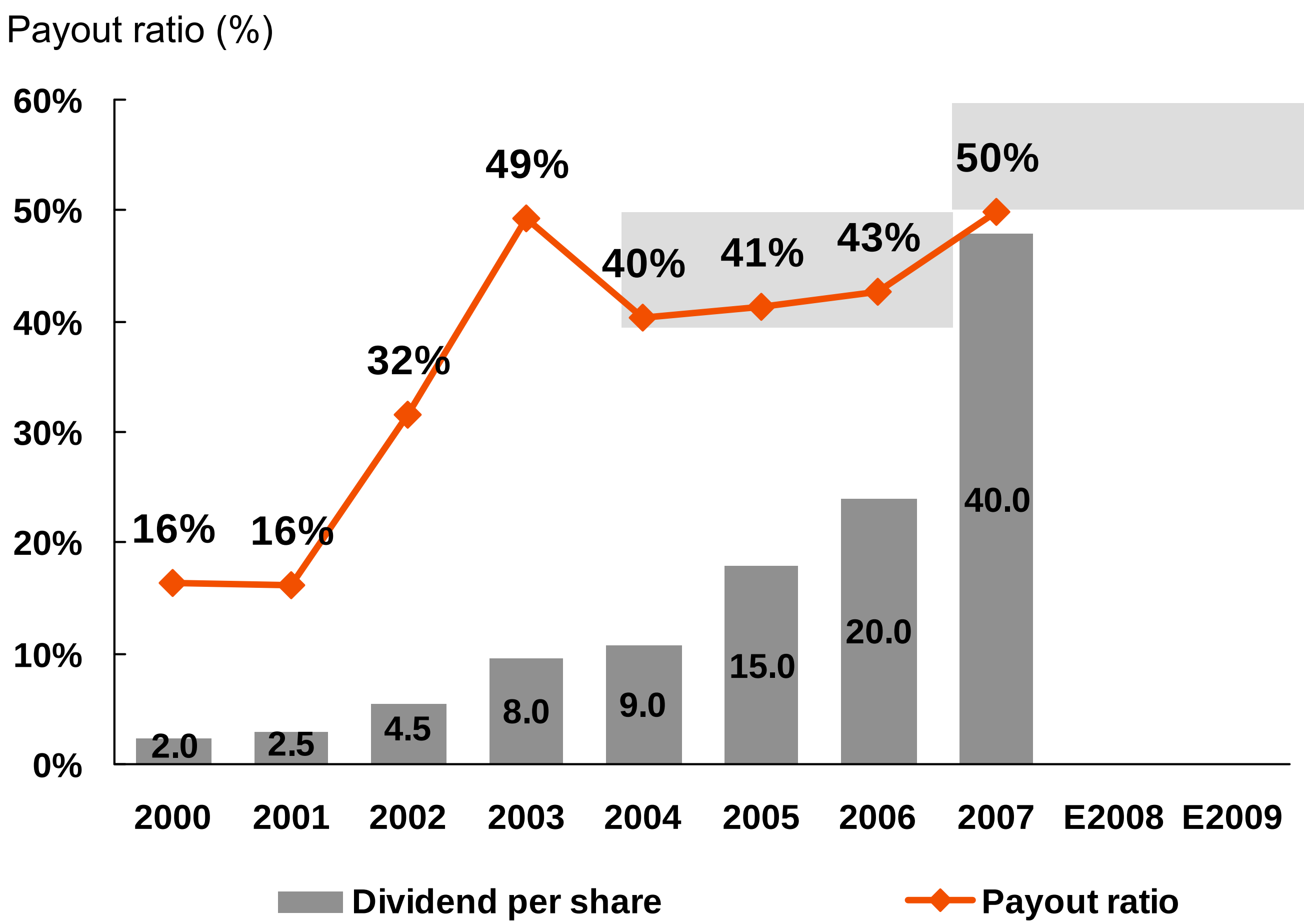
MAIN EVENTS OF Q1 2008

- **Edison Electric Institute Award received second year in a row**
  - In March CEZ, a. s. again received an award for the largest share price appreciation among companies with large market capitalization from Edison Electric Institute; previous year CEZ was the first European utility to receive this award

- **Emma wind storm**
  - On March 1st Czech Republic was hit by strong wind storm. Supply of electricity was disrupted for 925 thousands of CEZ customers. Supply was restored for 96 % of customers within one day and for 100% within two days.

- **Dividends – increase by 100 % to CZK 40 per share**
  - On April 7th, 2008 Board of Directors of CEZ approved a dividend proposal which will be presented at the annual shareholders' meeting on May 21st, 2008; at the same time another share buyback of up to 10 % and cancellation of the shares from previous share buyback will be proposed

RECENTLY APPROVED DIVIDEND POLICY TARGETS 50 – 60 % PAYOUT RATIO

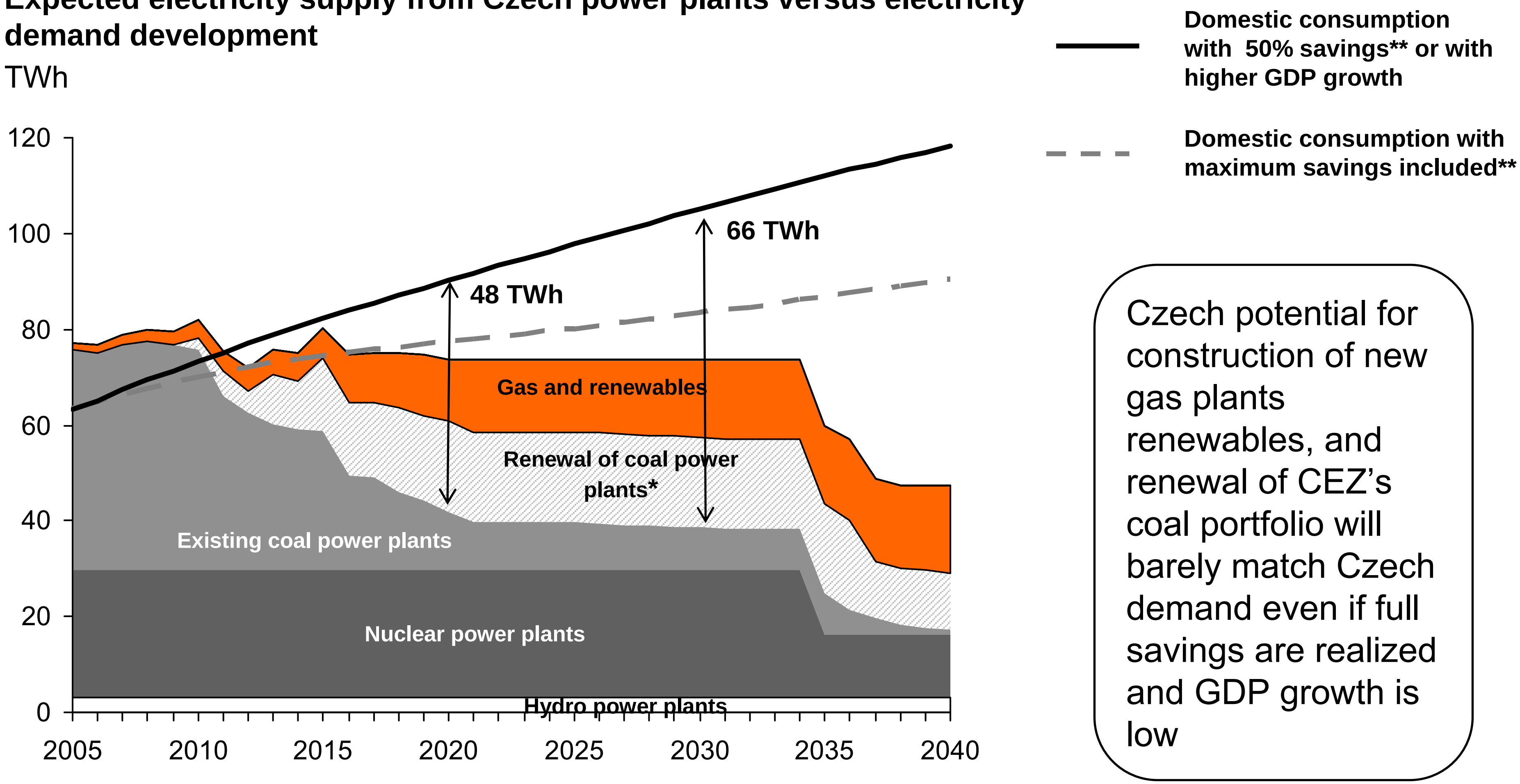


- Dividend policy targets 50 – 60 % payout ratio from net income before extraordinary items
- Proposed dividend from 2007 profit represents CZK 21.3 bn, i.e. CZK 40 per share

IN ADDITION TO RENEWAL OF COAL POWER PLANTS CEZ LAUNCHED CONTRUCTION OF GAS FIRED PLANTS WITH AIM TO REDUCE TOTAL CO_2 EMISSIONS

Expected electricity supply from Czech power plants versus electricity demand development

TWh



Czech potential for construction of new gas plants renewables, and renewal of CEZ's coal portfolio will barely match Czech demand even if full savings are realized and GDP growth is low

* ETU retrofit 4x200 MW, EPR II retrofit 3x250 MW, ELE new 660 MW, new power plant for mine Vršany

** expressed in decline of energy intensity of the country

RENEWAL OF COAL POWER PLANTS IS PROGRESSING ACCORDING TO PLAN

Projects being realized

Complex retrofit of Tusimice II
- 4 x 200 MWe
- Increase of net efficiency from 33 % to 38 %
- Extension of lifetime until 2035
- Start of renewal on June 2th, 2007
- Planned start of operations in October 2010

New power plant Ledvice
- Supercritical unit 660 MWe
- Start (preparatory works at worksite) in November 2007
- Completion in December 2012

Internally approved projects

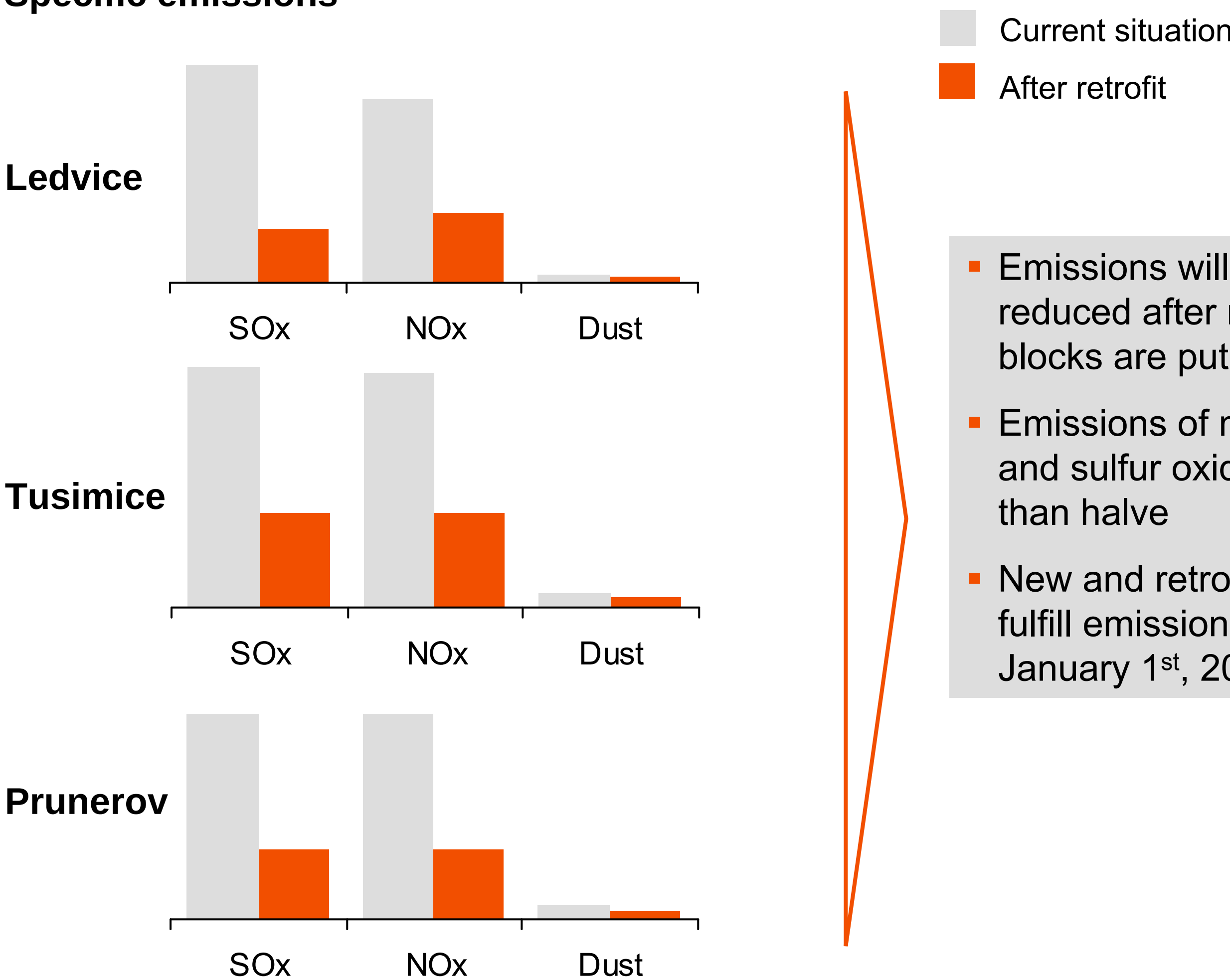
Complex retrofit of Prunerov II
- 3 x 250 MWe
- Main components contracted
- start in March 2011
- completion March 2013

CEZ GROUP LAUNCHED PREPARATION OF GAS PROJECTS

- **New power plant in Pocerady**
  - Two CCGT units with capacity approximately 440 MWe
  - Preparation of the project will start in 2008
  - Unit expected to be operational in 2013
- **New power plant in location of Uzin**
  - One CCGT unit depending on construction permit
  - Start of project preparation in 2008
  - Unit expected to be operational in 2014
- **New power plants in cooperation with MOL**
  - Two CCGT units of approximately 800 MW each
- **Work on projects at more than 5 additional locations**

RENEWAL OF COAL POWER PLANTS WILL NOT ONLY LEAD TO SIGNIFICANT REDUCTION OF CO_2 EMISSIONS BUT ALSO TO REDUCTION OF OTHER EMISSIONS…

Specific emissions



- Emissions will be significantly reduced after refurbished blocks are put into operations
- Emissions of nitrogen oxides and sulfur oxides will more than halve
- New and retrofitted units will fulfill emission limits valid as of January 1st, 2016 in EU

Source: CEZ

ACQUISITIONS PROCESS OF CEZ GROUP

- **Turkey**
  - Tender for construction of power plants at Afşin-Elbistan location
  - CEZ enrolled for the tender, internal evaluation of this opportunity is ongoing
- **Albania**
  - Privatization of distribution (KESH) at the very beginning
  - CEZ expressed initial interest
  - Timeline of the process has not been published yet
- **Macedonia**
  - Tender for partner for construction of gas plant with installed capacity of at least 300 MW in Skopje was launched
  - CEZ will evaluate this opportunity
- **Bosnia & Herzegovina**
  - Negotiations on preparation of further phases of the project Gacko are ongoing
  - Definition and valuation of assets of RiTE Gacko, which will be contributed to NERS company, is approaching final stage
  - Intensive work on feasibility study for new power plant is underway
- **Slovakia**
  - Continuing work on feasibility study for construction of new power plant in cooperation with U. S. Steel Kosice
- **Romania**
  - CEZ is awaiting developments of process of construction of units 3 and 4 in Cernavodă nuclear power plant

PROJECT MOL IS DEVELOPING ACCORDING TO SCHEDULE OUTLINED IN SIGNED AGREEMENTS

- Project MOL is developing according to the schedule, it is progressing according to plan
- Organizational structure and processes in advanced stage
- After completion of notification process to antimonopoly authorities the JV will be created and project implementation will start
- Assumptions outlined in preparatory phase of the project are being gradually fulfilled

source: CEZ

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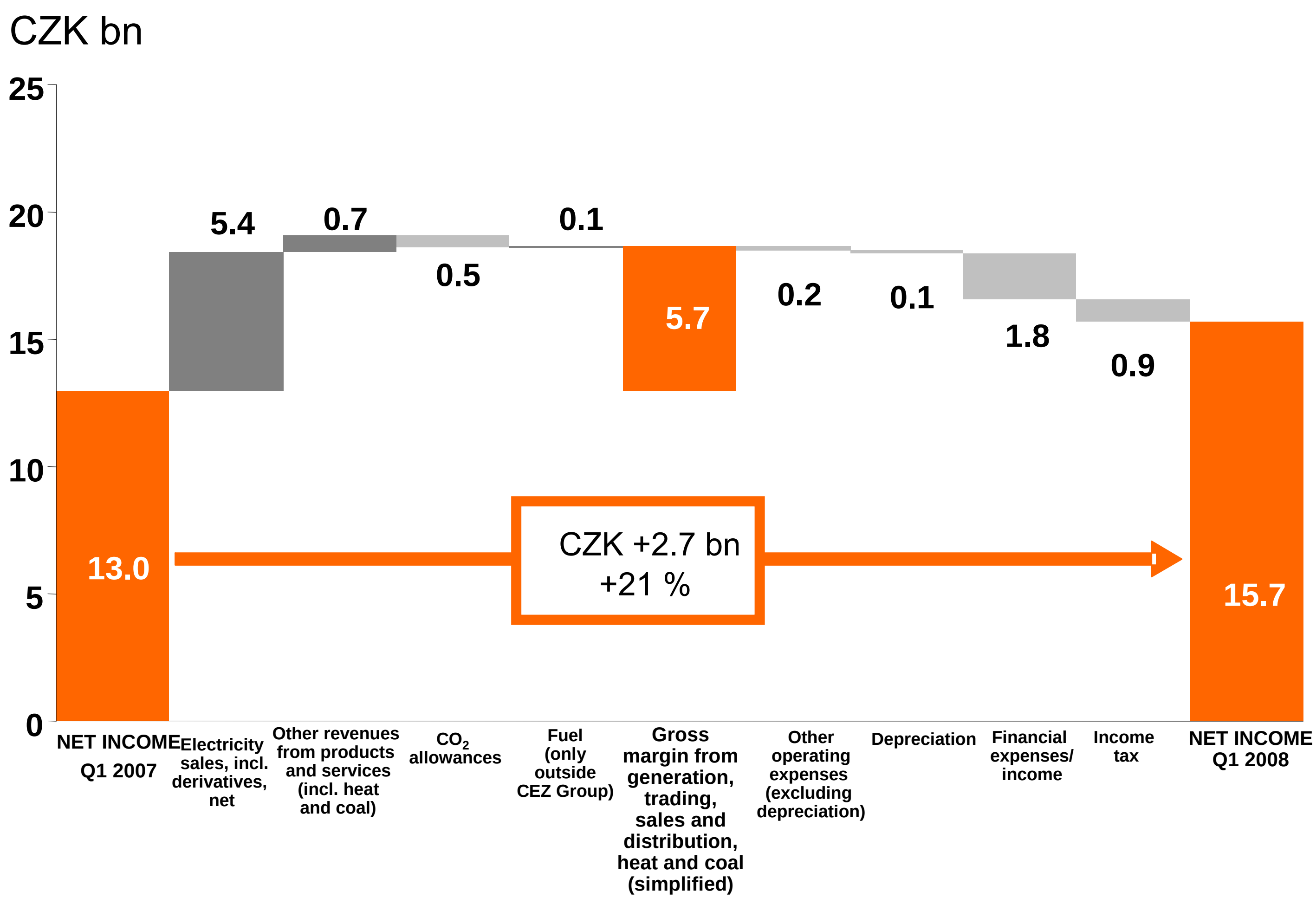
NET INCOME INCREASED BY CZK 2.7 BN – I.E. BY 21 %



Key drivers

- Improved generation mix (higher production from nuclear versus coal plants)
- Increase in wholesale electricity prices combined with successful FX hedging
- Cost control
- Improved results of distribution and sales in SEE
- Negative influence of Financial expenses/income is influenced by appreciation of Czech koruna

GROSS MARGIN FROM GENERATION, TRADING, SUPPLY AND ELECTRICITY DISTRIBUTION INCREASED BY 20 % TO CZK 34.4 BN

CZK m	Q1 2007	Q1 2008	Change 08-07	Index 08/07
Operating revenues	**44,124**	**48,605**	**4,481**	**110%**
Sales of electricity	40,967	43,433	2,466	106%
Heat sales and other revenues	2,620	3,284	664	125%
Electricity derivatives, net	537	1,888	1,351	352%
Variable operating costs	**-15,435**	**-14,207**	**1,228**	**92%**
Fuel	-4,061	-3,995	66	98%
Purchased power and related services	-11,867	-10,253	1,614	86%
Emission rights, net	493	41	-452	8%
Gross margin (simplified)	**28,689**	**34,398**	**5,710**	**120%**

Key changes

- Increase in generation to 18.8 TWh (+2 %) and improvement in generation mix (generation from nuclear plants +1,5 TWh, + 24 %; generation from coal power plants -1,3 TWh, -11 %)
- Increase in wholesale electricity prices, minimizing of impact of Czech koruna appreciation
- Increase in volume of electricity distributed to final customers by 0.7 TWh (+5 %), +0.5 TWh in Central Europe, +0.2 TWh in South East Europe; increase in distribution tariffs mainly in Romania
- Contribution of foreign acquisitions is reduced by strengthening of Czech koruna (especially against Romanian currency)
- Y-o-y comparison is influenced by release of provision for emission rights at the amount of CZK 0.4 bn in Q1 2007

CEZ GROUP MANAGES TO KEEP ITS OPERATING COSTS UNDER CONTROL

CZK m	Q1 2007	Q1 2008	Change 08-07	Index 08/07	
SUM of selected operating costs	**-6,948**	**-7,152**	**-203**	**103%**	
Salaries and wages	-3,536	-3,674	-138	104%	
Repairs and maintenance	-705	-663	42	94%	
Materials and supplies	-1,471	-1,070	402	73%	104%
Others	-1,236	-1,745	-509	141%	
EBITDA	**21,741**	**27,246**	**5 504**	**125%**	
Depreciation	-5,423	-5,525	-102	102%	

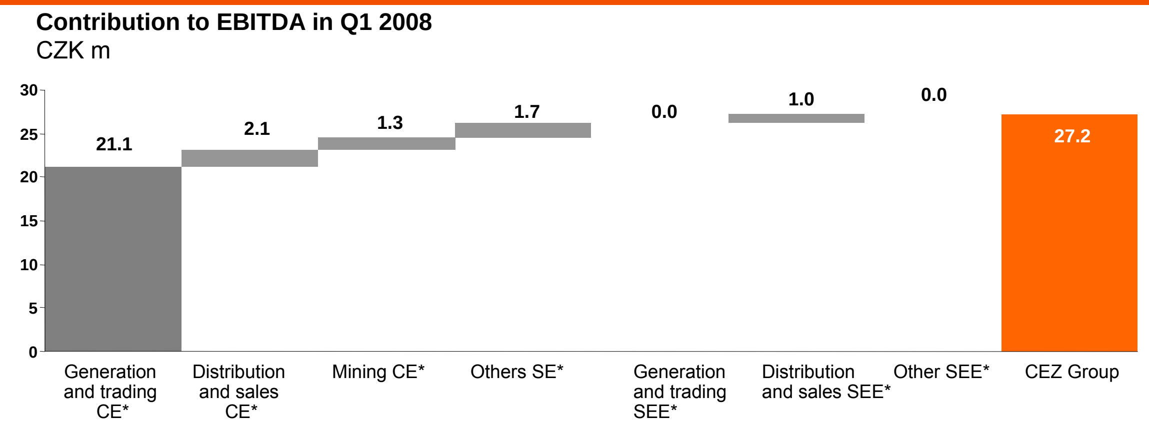
- Operating costs increased by 3% year on year (excluding depreciation, emission rights and purchase of fuel and electricity)
- Increase in salaries and wages reached only 4%: increase in salaries is compensated by decrease of number of employees by 1,543 (-5 %) to 29,529 people
- Growth in materials and supplies and in other operating costs is lower than inflation
- Decline in materials and supplies and increase in others is caused by change in structure of orders of SKODA PRAHA (services are purchased including material)

OTHER EXPENSES AND INCOME INCREASED BY CZK 1.8 BN

CZK m	Q1 2007	Q1 2008	Change 08-07	Index 08/07
Other expenses / income	**-89**	**-1,878**	**-1,789**	**> 500%**
Interest on debt, net of capitalized interest	-595	-662	-67	111%
Interest on nuclear and other provisions	-481	-513	-32	107%
Interest income	267	366	99	137%
FX gains/losses and derivatives	15	-965	-980	x
CO2 allowances derivatives	199	-161	-360	x
Gain/loss on sale of subsidiaries/associate	0	10	10	x
Income from associates	19	-10	-29	x
Others	487	57	-430	12%
Income before income taxes	**16,229**	**19,843**	**3,614**	**122%**
Income taxes	-3,252	-4,117	-865	127%
Net income	**12,977**	**15,726**	**2,749**	**121%**

- Increase in interest expense compared to 2007 is caused by higher average debt, which is result of realization of share buyback. On the other hand average refinancing rates decreased compared to 2007 thanks to redemption of bonds with high coupon rates and thanks to more effective management of working capital
- Increase in FX losses compared to 2007 is a result of appreciation of Czech koruna in Q1 2008. These FX losses were partially compensated by revenues realized from FX hedging strategy in the medium term, which are being accumulated in equity and in the future will be released to operating revenues.
- Additionally part of FX losses and losses from financial derivatives is compensated by lower operating and investing outflows denominated in foreign currencies
- Other financial expenses and income are influenced by sale of short term papers in 2007 as part of divestment program of small subsidiaries with activities outside core business activity of CEZ Group

SEGMENTAL CONSTRIBUTIONS TO EBITDA



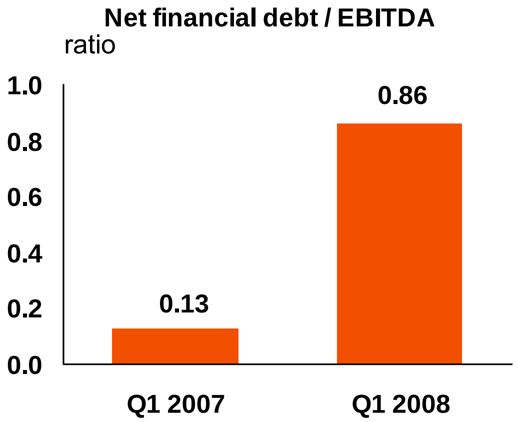
Index Q1 08/ Q1 07	Generation and trading CE*	Distribution and sales CE*	Mining CE*	Others SE*	Generation and trading SEE*	Distribution and sales SEE*	Other SEE*	CEZ Group
	137 %	78 %	94 %	128 %	N/A	112 %	N/A	125 %

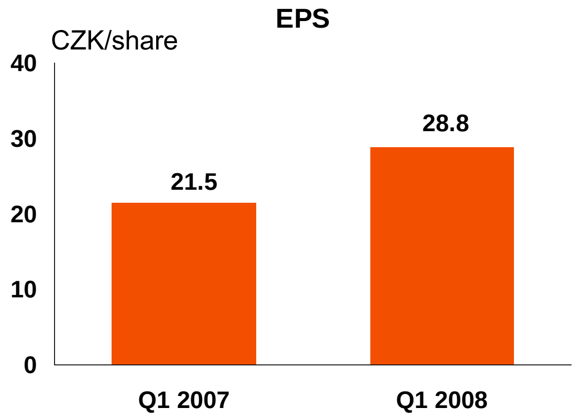
- **Generation and trading CE*:** Y-o-y increase by 37 % is driven by increase in wholesale electricity prices in the Czech Republic and by higher volume of electricity generation from nuclear power plants at the expense of coal plants. Total electricity generation reached 18.2 TWh.
- **Distribution and sales CE*:** EBITDA decreased by 22.2 %. Decrease is caused by higher prices of purchased electricity and by change of valuation of power invoiced to retail. These methodical influences will be neutral for the whole year. In purchase diagram there is higher price difference between cheaper baseload and more expensive other products, i.e. winter months with higher share of other purchases are more expensive. Additionally mechanics of valuation of purchased power for retail changed based on updated tariff statistics, which better correspond with evolution of revenues through the year (year 2007 was not restated and change in valuation was done in Q4).
- **Mining CE*:** EBITDA of Severoceske doly is lower by 6 %. Decline is driven by higher operational costs, especially costs of repairs and maintenance due to faster progress of works. Volume of coal sales was lower in Q1 2008 compared to the same period in 2007 by 317 thousands tones (by 0.5 %) .
- **Distribution and sales SEE**:** EBITDA increase by 12% in Q1 2008 y-o-y. Increase is driven by 4% growth in volume of distributed electricity and by 8% increase in supply to final customers. In addition to higher volumes, financial results in Romania were positively influenced by trend visible already since second half of 2007, specifically by higher distribution tariffs and lower purchase price of electricity for supply to final customers.

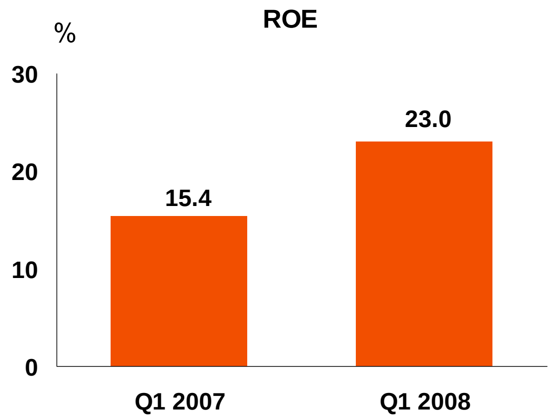
* CE = segment Central Europe (Czech Republic, Slovakia, Poland, Hungary, Netherlands, Germany)
** SEE = segment South-eastern Europe (Bulgaria, Romania, Kosovo, Serbia, Russia, Bosnia & Herzegovina, Ukraine)

RECENTLY COMPLETED SHARE BUYBACK PROGRAM BROUGHT IMPROVEMENT IN CAPITAL STRUCTURE

- During completed share buyback program CEZ purchased 58.13 m of shares.
- Cash used for share buyback reached CZK 67.3 bn.
- Average purchase price was CZK 1,158.2, which is 2.0 % lower than volume weighted average price for the same period*.
- At shareholders meeting board of directors will propose to cancel 54,221,084 shares.
- Actual cancellation will happen after completion of all needed legal steps, which might take several months.







* Source of volume weighted average prices: Bloomberg

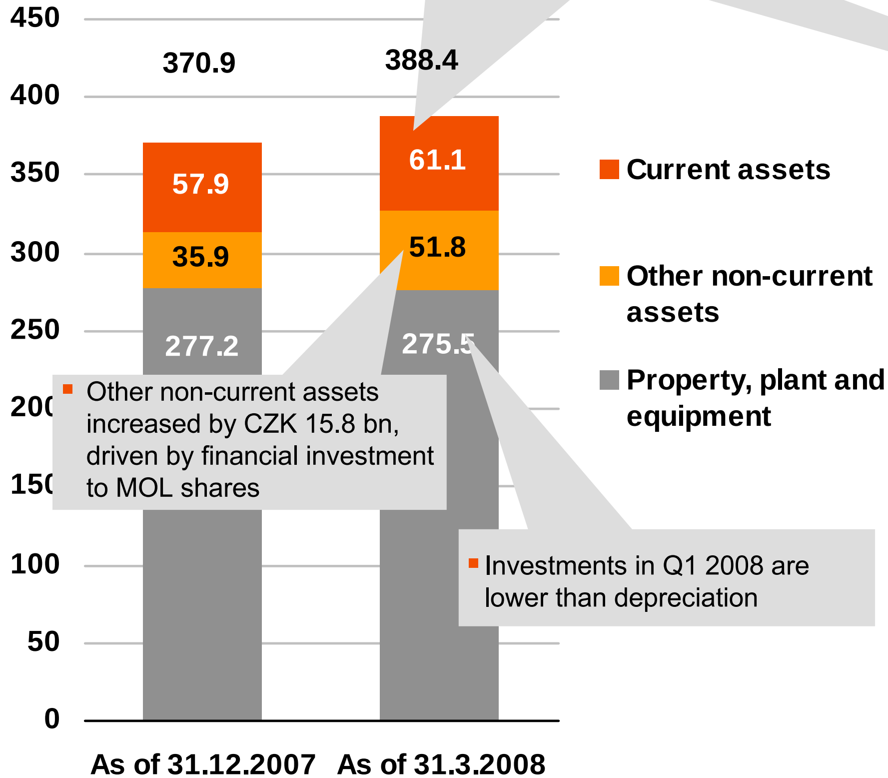
BALANCE SHEET OVERVIEW

- Increase in equity by CZK 7 bn corresponds to y-o-y increase in retained earnings and increase in net income for the current period, y-o-y change is reduced by share buyback
- Decrease in issued bonds by CZK 6 bn (of which CZK 2 bn is a result of development of FX rate of Czech koruna; CZK 4 bn was reclassified to ST liabilities)
- Deferred tax liability increased by CZK 4 bn, which corresponds with income tax obligation in Q1 2008
- Short term loans increased by CZK 12 bn to cover general financing needs

Working capital increased by CZK 2.2 bn due to:
- Increase of trade receivables by CZK 1.5 bn, caused by higher revenues
- Other current assets increased by CZK 1.2 bn
- Other items decreased by CZK 0.5 bn

Advances for income tax increased by CZK 2.4 bn

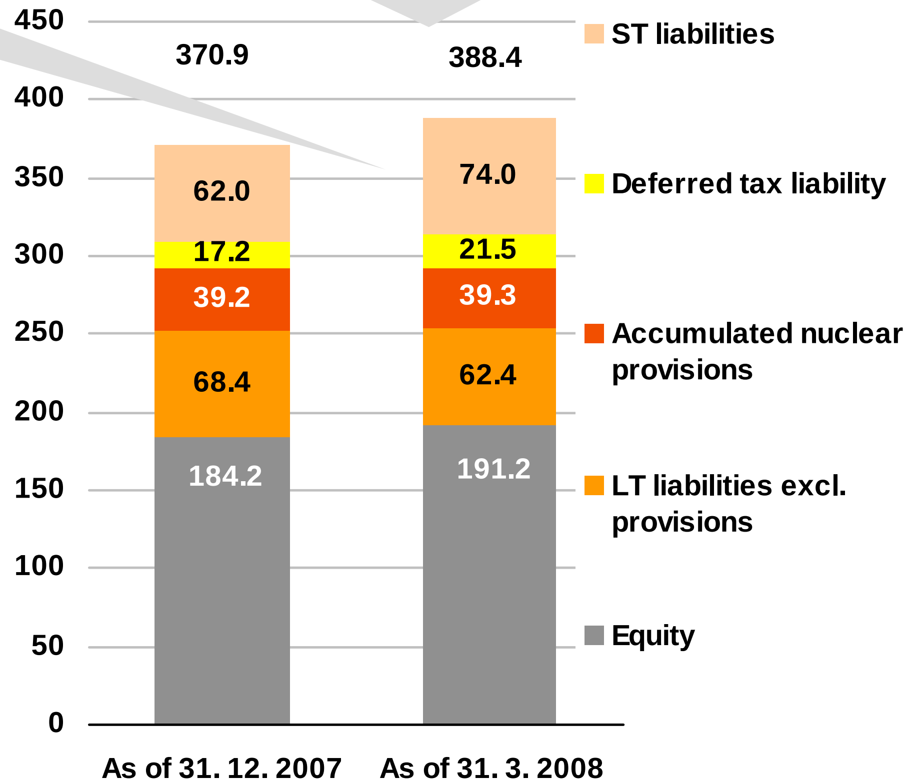
Assets
CZK bn



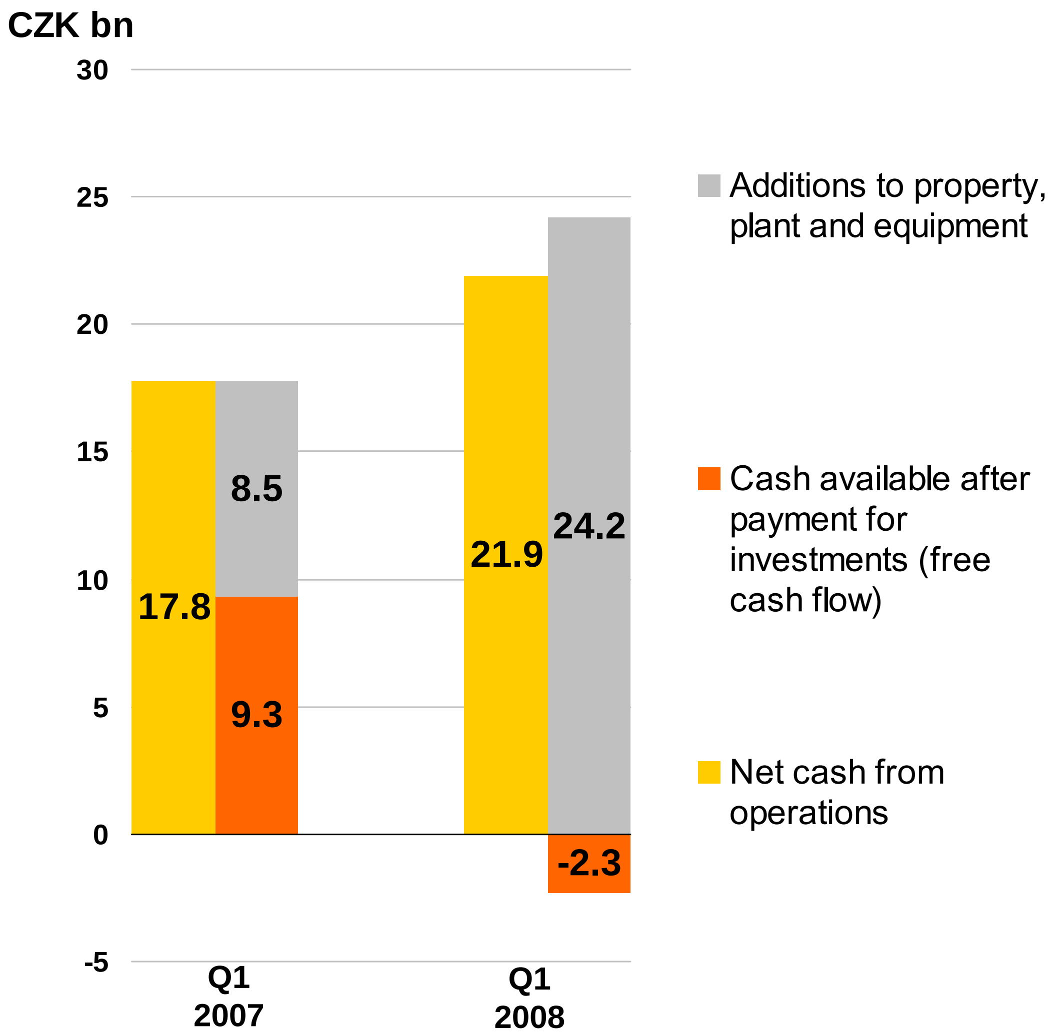
- Other non-current assets increased by CZK 15.8 bn, driven by financial investment to MOL shares

- Investments in Q1 2008 are lower than depreciation

Equity and liabilities
CZK bn



CASH FLOW – SELECTED ITEMS



- Increase in net cash from operation by CZK 4.1 bn was caused by CZK 3.6 bn increase in profit before tax. Change in working capital has also positive impact – it increased by CZK 2.2 bn, which is CZK 1.3 bn less than in 2007. On the contrary available cash is reduced by higher income tax payments caused by growing profit.
- Cash used for investments increased by CZK 15.6 bn due to financial investment in MOL, which lead to reduction of available cash.

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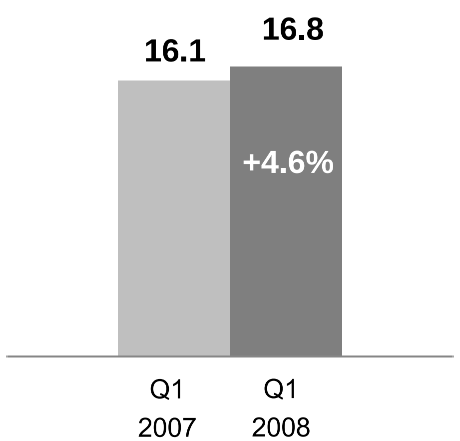
ELECTRICITY DEMAND CONFIRMED A GROWING TREND AND INCREASED SLIGHTLY Y-O-Y

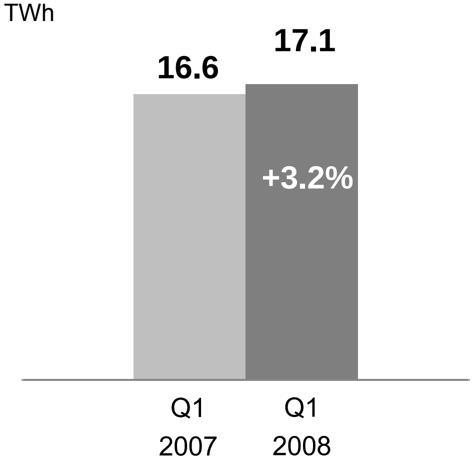
Demand in the Czech Rep.

TWh



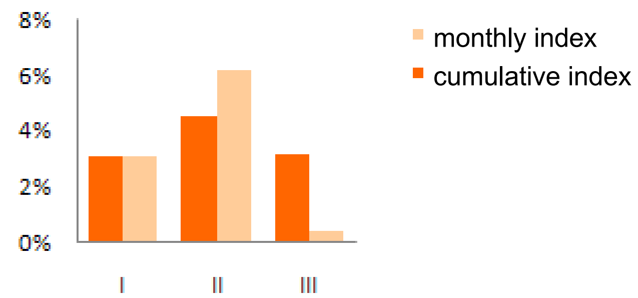
Demand in the Czech Rep. (temperature adjusted)

TWh

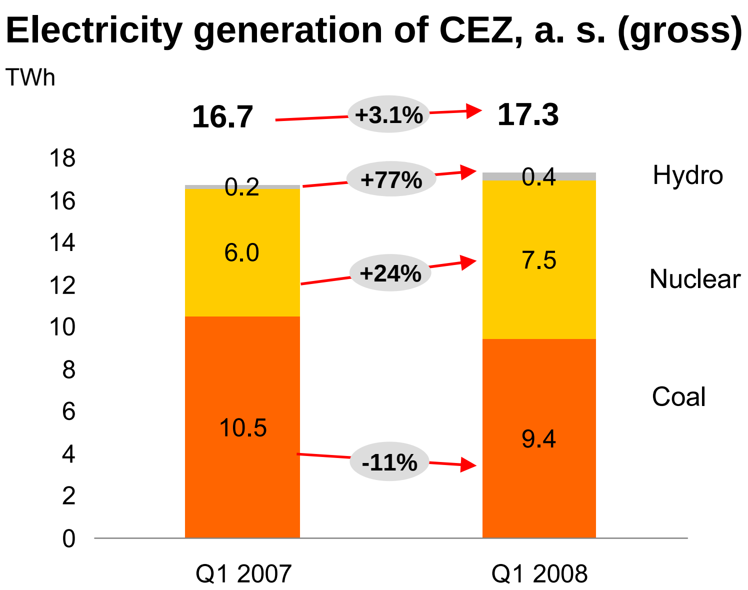


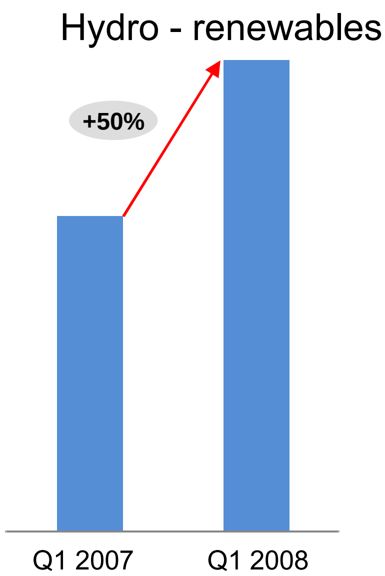
- Domestic demand (net) is continuously growing, temperature adjusted demand grew by 3.2%
- Growth by segments:
  - +4.1 % industrial customers
  - +3.3 % households
  - +9.4 % small enterprises

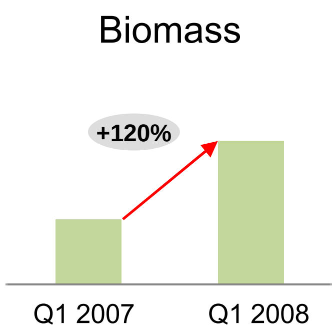
Y-o-y monthly and cumulative indexes of demand in the Czech Rep.



CEZ, A. S. GENERATION INCREASED BY 3.1 %, ALSO SHARE OF RENEWABLES IS GROWING





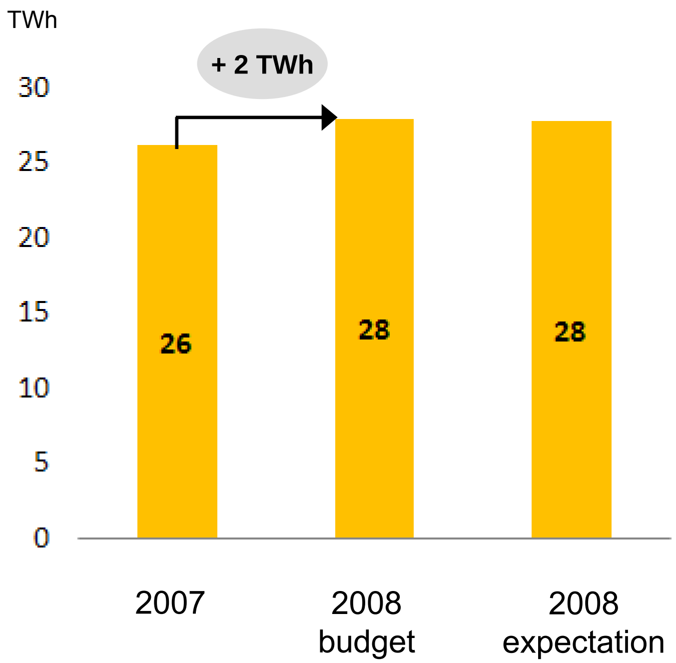


- Generation in Q1 2008 increased by 0.51 TWh (+3.1 %)
- Structure of electricity generation changed y-o-y (increase in nuclear, decrease in coal), which is caused by higher availability in 2008

- In hydro power plants generation increased by 50 % y-o-y thanks to higher amount of snowfall during this year’s winter
- CEZ, a. s., electricity production from biomass increased by 120 % y-o-y (92 GWh)

WE EXPECT THAT GENERATION IN NUCLEAR POWER PLANTS WILL GROW TO 28TWh

Volume of electricity generation from CEZ, a. s. nuclear power plants



- Volume of generation from nuclear power plants of CEZ, a. s is still expected to reach budgeted level despite unplanned outage at Temelin at the end of March
- Ongoing projects 15 TWh ETE and 16 TWh EDU will further increase availability of nuclear power plants and thus will bring reduction of CO_2 emissions

source: CEZ

ENERGY AND CLIMATE CHANGE PACKAGE – REVISION OF EU ETS DIRECTIVE (AFTER 2012) I.

Main aspects of proposal for directive revision

- Decline by linear factor of 1.74 % in comparison with the average annual allocation of individual member states in NAP2 (target – total decline of emissions within ETS by 21 % in 2020 compared to 2005 level)
- Allocations in a form of auctions:
  - *utilities* – 100 % from 2013
  - *others* – 20 % in 2008, 100 % in 2020
- 20 % of auctions proceeds in 2008 dedicated to investments of member states into innovations in the area of renewable energy sources, capture and storage of CO_2 and R&D

CEZ agrees with auctions in principle… BUT it opposes their implementation at a level of 100% for utility sector already in 2013, mainly for the following reasons:

- it will cause significant outflow of disposable funds, which otherwise could have been used for investments into new technologies and development
- electricity price will significantly increase because it will need to cover not only variable costs but also total capital expenditures needed for construction of new low-emission power plants

ENERGY AND CLIMATE CHANGE PACKAGE – REVISION OF EU ETS DIRECTIVE (AFTER 2012) II.

Views of others …

European Commission

- **it can be expected that electricity price will increase accordingly**

Deutsche Bank

- Price of allowances can increase up to EUR 70 per ton of CO_2, which will be reflected in higher electricity prices

UBS

- Significant part of Europe's coal output needs to be switched to CCGTs to meet the emissions reductions targets
- Dependence on imported gas will create security of supply concerns
- Fulfillment of emission targets is possible with development of nuclear energy and support for renewables

Sources: DB: Carbon Emissions: A Big Need for Fuel Switching over 2008-2020, March 10th, 2008
UBS: UBS Investment Research: Half of coal generation shut by 2015, February 22nd, 2008