

Inside Information

CEZ Group reached profit of 15.7bn CZK in 1st quarter

CEZ Power Group reached a net profit of 15.7bn CZK in the first quarter of this year, which was a year-on-year increase of 21.2 percent, despite a negative influence of the strengthening crown. The growth was given by higher production with increasing share of nuclear resources, increase in wholesale electricity prices, operating cost savings and the results of CEZ Group's foreign activities.

„We are now concentrating not only on further improvement of effectiveness of single processes within entire CEZ Group, but we are also putting emphasis on the renewal of our sources, because these investments will predetermine our success in the next decades. The renewal of our domestic coal-fired power plants is gaining pace; we have already invested 9.4bn CZK and all of these investments continue on schedules. Owing to the climate-energy packet newly adopted by the EU, we are updating our plans so that new measures will lead to a new energy mix based mainly on nuclear, gas and renewable resources. Preparations of gas power plants construction are well under way. The first stage includes two sources with the total installed capacity of ca 1,200 MW in North Bohemia and two other resources prepared together with Hungarian MOL in Slovakia and Hungary. Two new power plant projects in the amount of 150 – 200bn CZK are currently in the advanced stages of development,“ said Martin Roman, Chairman of the Board of Directors and CEO of CEZ.

Labour productivity growth and realized divestments led to further reductions in the number of CEZ Group's employees. At the end of the first quarter the number was 29,529, which represented a year-on-year fall of more than 1,543 employees, i.e. 5 per cent.

The electricity production in CEZ, a.s., alone in the first quarter was 3.1 % up on the previous year and amounted to a highest-ever 17.3 TWh. The electricity generation in CEZ Group's power plants, including outland power plants (Bulgarian plant in Varna and Polish ELCHO and Skawina), reached 18.8 TWh.

„The electricity demand in the Czech Republic was 4.6 per cent up on the previous year, which was given by a lower baseline last year caused by an abnormally warm beginning of 2007. If both years were recounted to correspond to temperature standards, the electricity demand would rise by 3.2 per cent. The consumption of small-scale enterprises

grew most, namely by 9.4%; the rise in consumption of households was 3.3 %. Entire Europe is now experiencing a growth in electricity demand and along with the rising oil price, it influences electricity prices in the markets in Central and South-Eastern Europe,” said Alan Svoboda, director of sales division.

Table: Economic results of CEZ Group for 1st quarter 2008

	(million CZK)	year-on-year change
Operating revenues	48 605	+ 10,2 %
EBITDA (operating profit before depreciation)	27 246	+ 25,3 %
Pre-tax profit	19 843	+ 22,3 %
After-tax profit	15 726	+ 21,2 %

Note: non-audited consolidated results