

CEZ GROUP H1 2008

NONAUDITED CONSOLIDATED RESULTS (IFRS)

Prague, August 14th 2008



AGENDA

- **Financial highlights and key events of H1 2008**
Martin Novák, CFO
- **Financial results**
Martin Novák, CFO
- **Trading position of CEZ Group**
Alan Svoboda, Executive Director Sales Trading

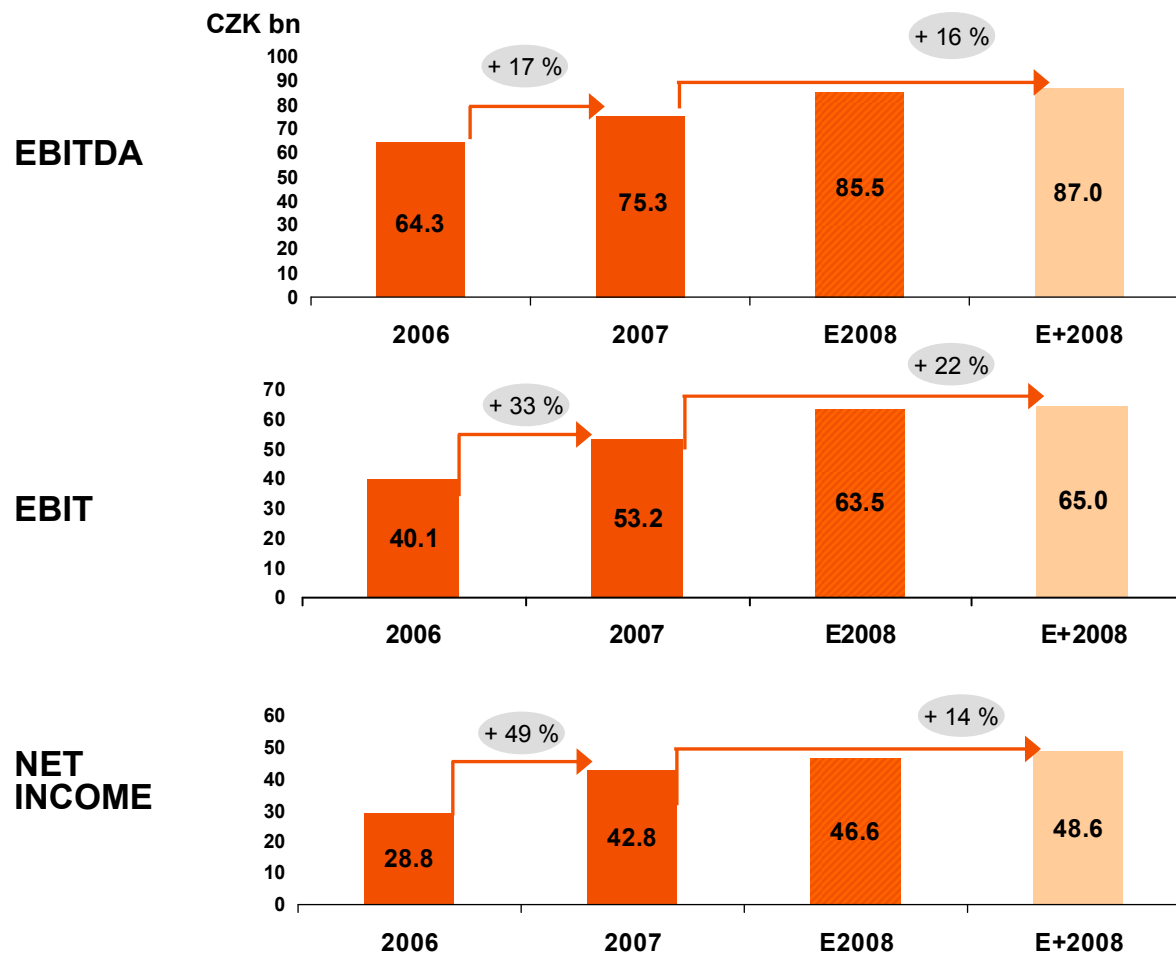


MAIN RESULTS FOR H1 2008 AND GUIDANCE FOR 2008

- **EBITDA** increased by 27 % y-o-y to CZK 48.6 bn, an increase by CZK 10.4 bn
- **EBIT** increased by 38 % y-o-y to CZK 37.7 bn, an increase by CZK 10.4 bn
- **Net income** increased by 38 % y-o-y to CZK 29.0 bn (by CZK 7.9 bn)
- **ROE** increased from 17.2 % to 27.6 % y-o-y
- **CEZ share price** at BCPP and GPW reached CZK 1,200 on August 12th, 2008
- **CEZ expects 2008 EBITDA** to reach CZK 87.0 bn (up by 16 %), **net income** is expected to reach CZK 48.6 bn (up by 14 %) in 2008



CEZ GROUP INCREASES ITS GUIDANCE FOR 2008



Key drivers:

- Increase of generation volume of CEZ Group nuclear and water power plants
- Optimizations of repair and maintenance, reduction of other operating costs
- Successful trading strategy of electricity sale
- Increase in wholesale electricity prices
- In 2007 extraordinary influences: change in valuation and rectification of volume of non-invoiced electricity, change of income tax rate influencing deferred tax

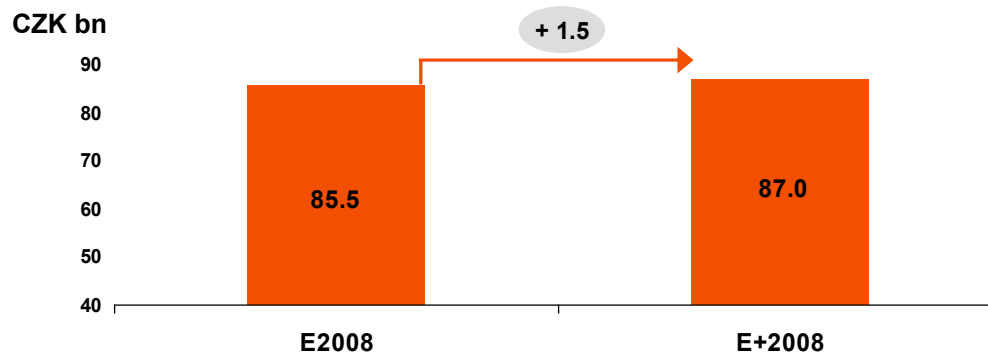
E2008 expected financial results announced in February 2008

E+2008 increase in expected financial results in August 2008 based on H1 2008 results



REASONS FOR INCREASE IN GUIDANCE

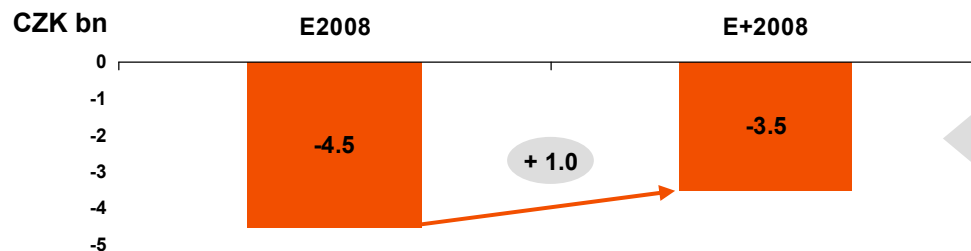
EBITDA



Key drivers:

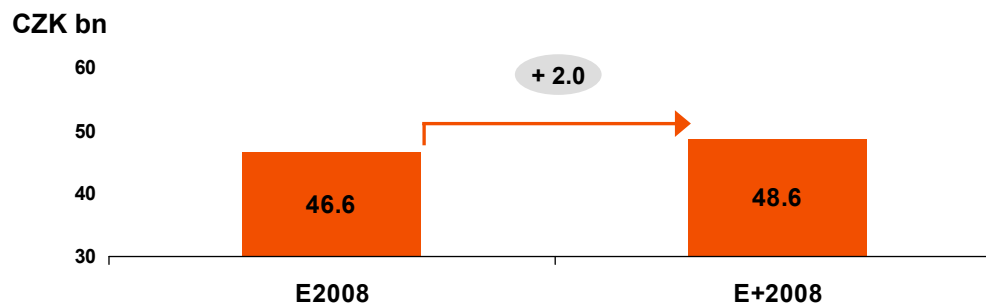
- higher electricity prices
- cost savings
- higher volume of electricity sales

FINANCIAL EXPENSES/ INCOME



- successful hedging NAP III
- sale of subsidiary I & C Energo a.s.

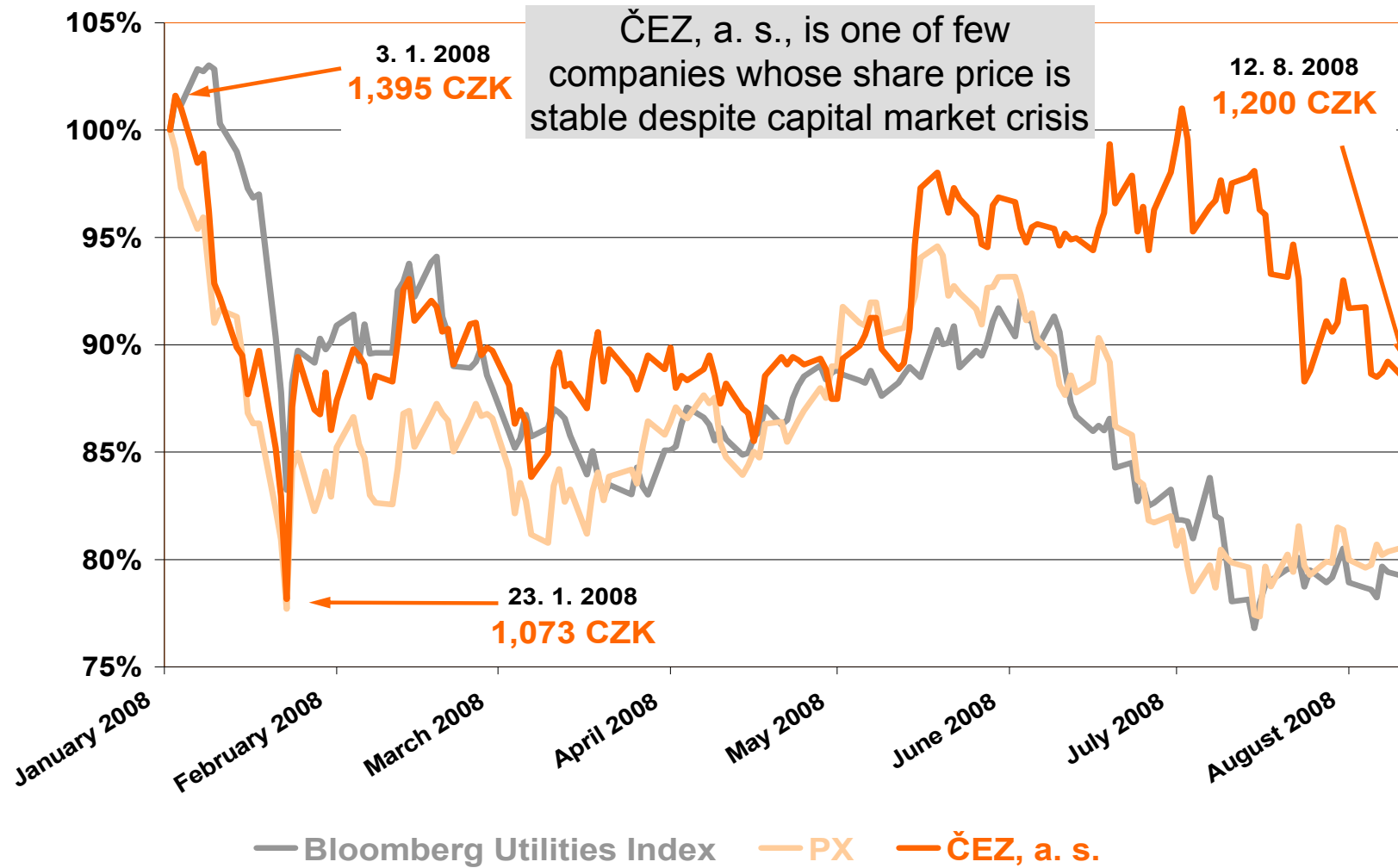
NET INCOME



E2008 expected results announced in February 2008
E+2008 increase in expected financial results in August 2008 based on H1 2008 results



SHARES OF ČEZ, a. s., CLOSED AT CZK 1,200 ON AUGUST 12th, 2008

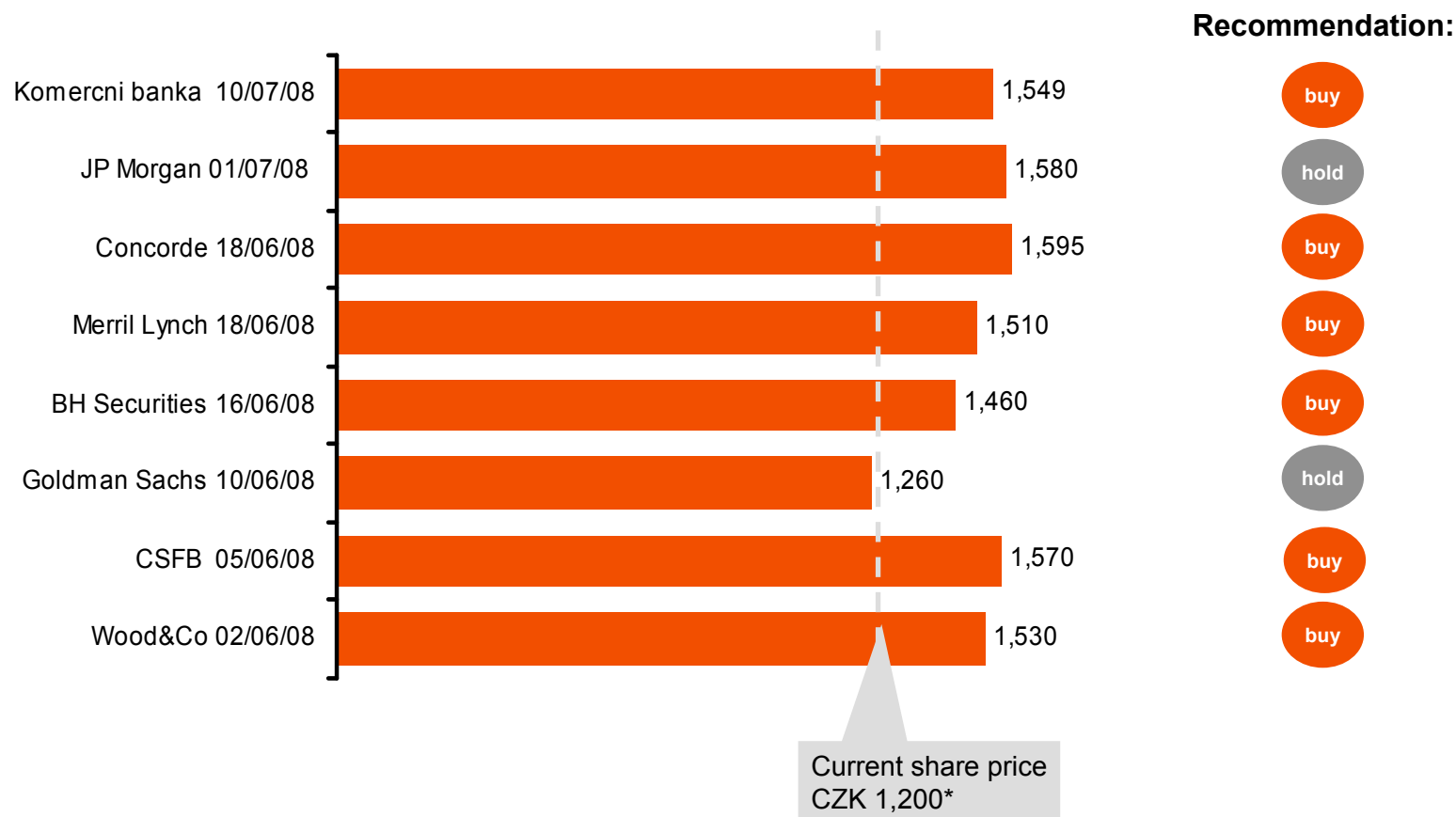




ANALYSTS MAINTAIN POSITIVE VIEW ON CEZ GROUP PERFORMANCE

Target share price

CZK, ranked by date of publication



* August 12, 2008

Note: Some of the analysts use different rating for recommendations and/or apply different meaning to target price



SIGNIFICANT PROGRESS OF CEZ/MOL ALLIANCE

- **CEZ/MOL project continues in accordance with the plan and assumptions from preparatory phase are continuously being fulfilled**

- December 2007 – strategic alliance agreement
- May 2008 – European Commission approval
- June 2008 – positive attitude of other Antimonopoly Offices of Ukraine, Serbia and Bosnia and Herzegovina
- **July 2008 – establishment of joint venture CM European Power International B.V.**

- **Initial projects of CCGT power plants**

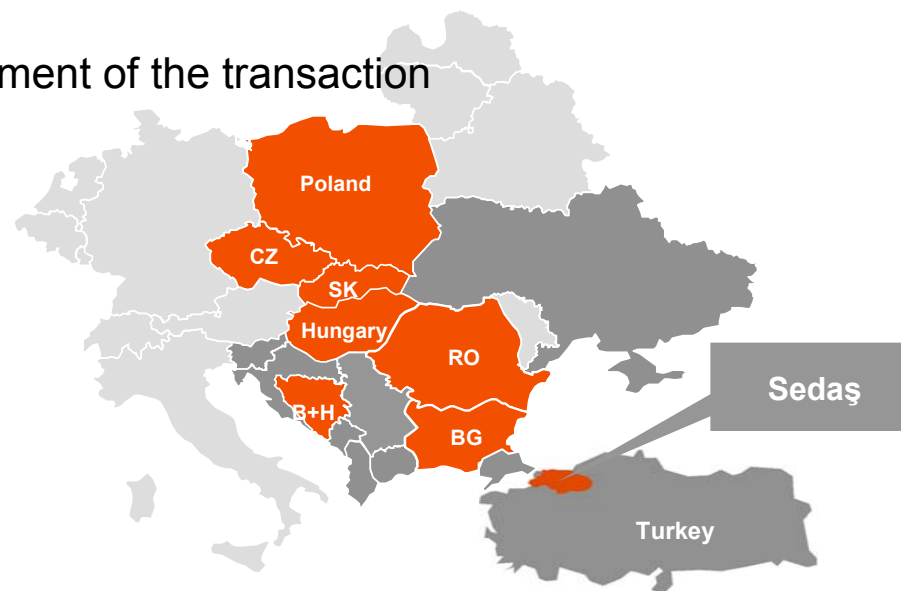
- Selection of optimal technical alternative
- Collection of documents necessary for administrative procedures, e.g. for obtaining planning permission or EIA process
- Selection of suppliers and signature of contracts – by 2010
- Commissioning planned in 2013 - 2014



NEW ACQUISITION SUCCESS TURKISH DISTRIBUTION COMPANY SEDAŞ

- On July 1st, 2008, CEZ won in an auction in consortium with two Turkish partners
- Auction price USD 600 m (CEZ's share 50 %)
- Subject matter of the transaction is a transfer of operating rights for Turkish company for 30 years
- Expected steps
 - Administrative settlement of the transaction ending with “High Privatisation Council” decision
 - Preparation and signature of privatization agreement is expected within approximately 3 months
 - Takeover of the company and settlement of the transaction

Key facts - Sedaş	
Electricity sales	8 TWh
Number of customers	1.3 mil.
Share of industry customers	50 %





OTHER FOREIGN ACQUISITIONS

- **Albania**
 - Privatization of distribution (KESH) launched
 - CEZ entered a tender, due diligence is proceeding
 - Preliminary deadline for submission of bid is September 2008

- **Slovakia**
 - Feasibility study finished, consecutive negotiations with partner U.S. Steel Košice are under way

- **Romania**
 - Waiting for reopening of negotiations in energetic projects Cernavodă and selection of a winner of the tender (Galați)



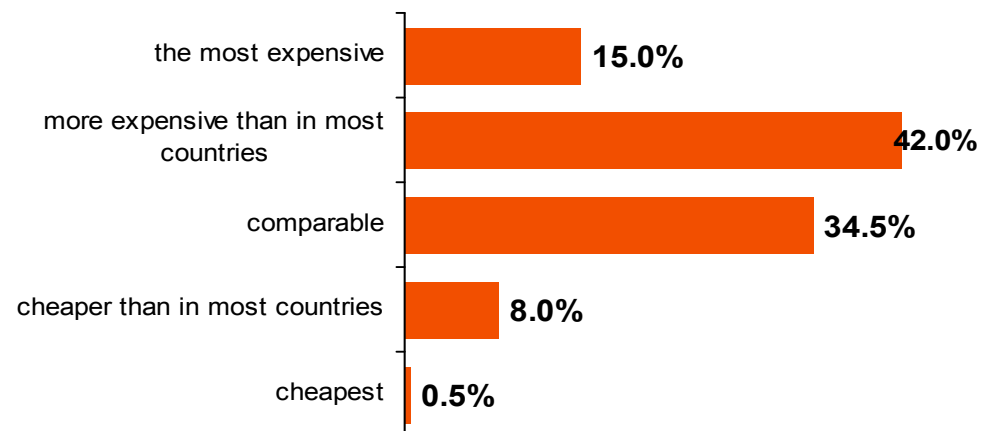
FACTS ABOUT CVVM SURVEY – STEREOTYPES ABOUT CEZ GROUP 2008

- **Survey made by CVVM from May 12th until May 19th, 2008, based on the previous voting of journalists, approximately one third of 29 chose CVVM as the agency with the highest credibility**
- **1,066 respondents with age above 15 years participated in the survey all over the Czech Republic**
- **Data collection method based on personal interviews using standardized questionnaires**
- **An objective was to find out level of knowledge of general public about Czech power industry and CEZ Group**



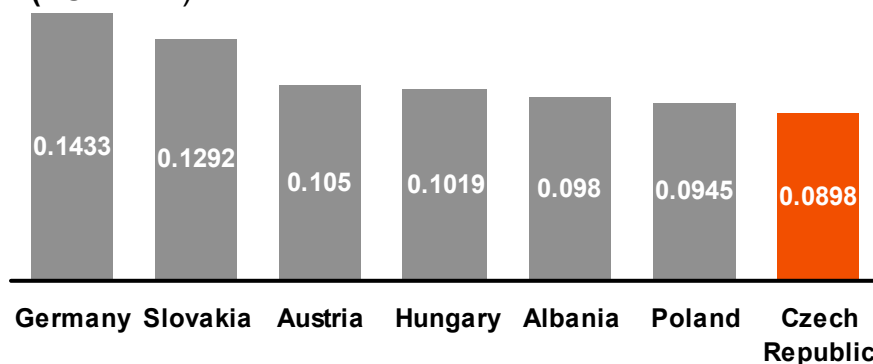
MYTHS ABOUT ELECTRICITY PRICES – PRICES ARE TOO HIGH COMPARED WITH ABROAD

„In your opinion, what is the electricity price in the Czech Republic in comparison with Central European region countries? The electricity is...“



Note: Only answers with definite opinion are included in the graph, the responses are re-counted without answers „DO NOT KNOW“.

Average electricity prices for households in surrounding countries and in Albania (EUR/kWh)



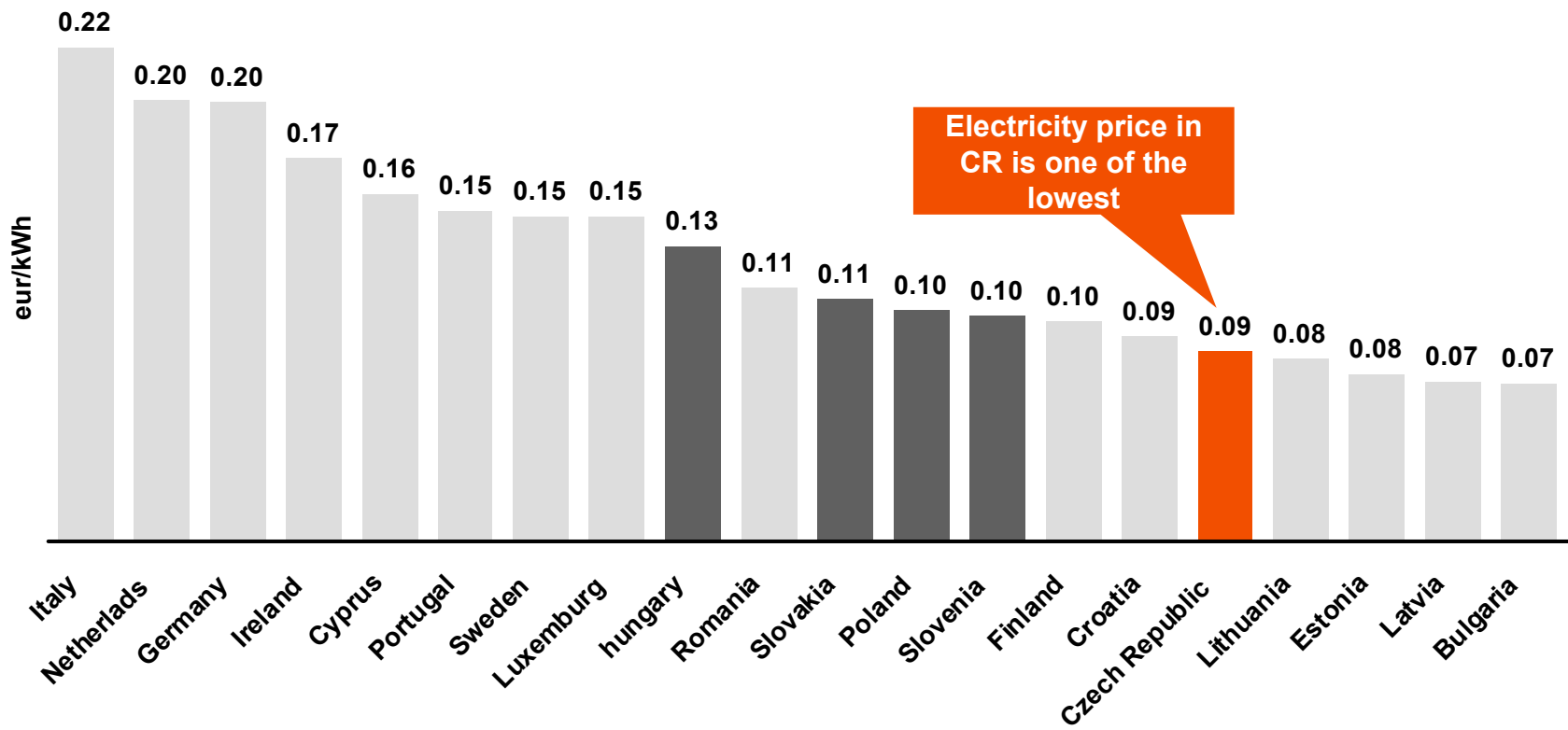
Germany has the highest average electricity price for households in Central European region. Due to sufficient supply, for example in comparison with Slovakia and Hungary, the electricity price in the Czech Republic is lower than in other surrounding countries (even lower than in Albania).



SIMILAR COMPARISON FOR ANOTHER CONSUMPTION: CZECH ELECTRICITY PRICE IS SIGNIFICANTLY LOWER COMPARED TO EUROPEAN COUNTRIES WITH COMPARABLE ECONOMIC LEVEL

Households electricity price

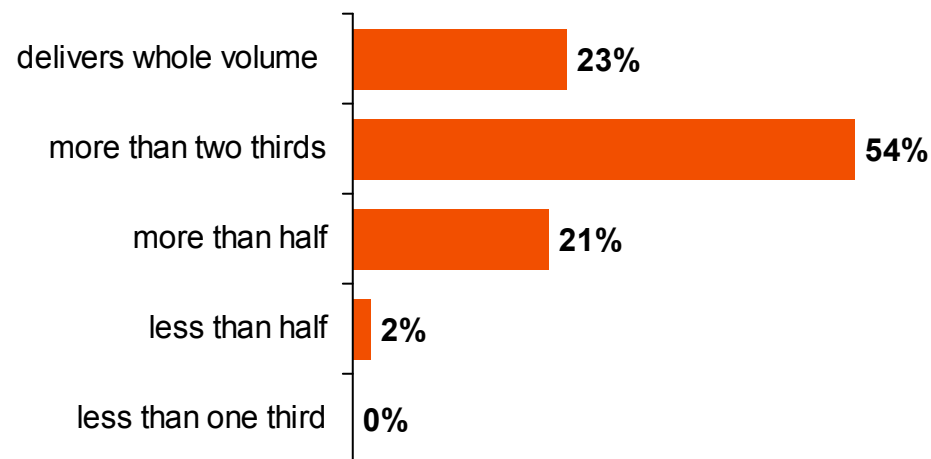
Annual consumption
In the range from 5 000 kWh to 15 000 kWh.
Prices valid at July 1st, 2007 (VAT included).





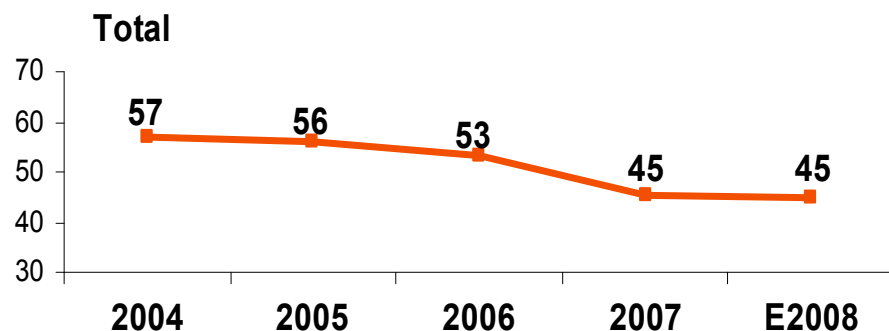
MYTHS ABOUT POSITION IN THE CZECH ELECTRICITY MARKET: CEZ HAS A MONOPOLY AND IS THE MOST EXPENSIVE (1)

„What percentage of electricity volume of in your opinion does CEZ deliver to customers in the Czech Republic?“



Note: Only answers with definite opinion are included in the graph, the responses are re-counted without answers „DO NOT KNOW“.

CEZ market share dropped to 45 %, in the market of individually served customers even below 40 %, which is considered to be a threshold of dominant position.

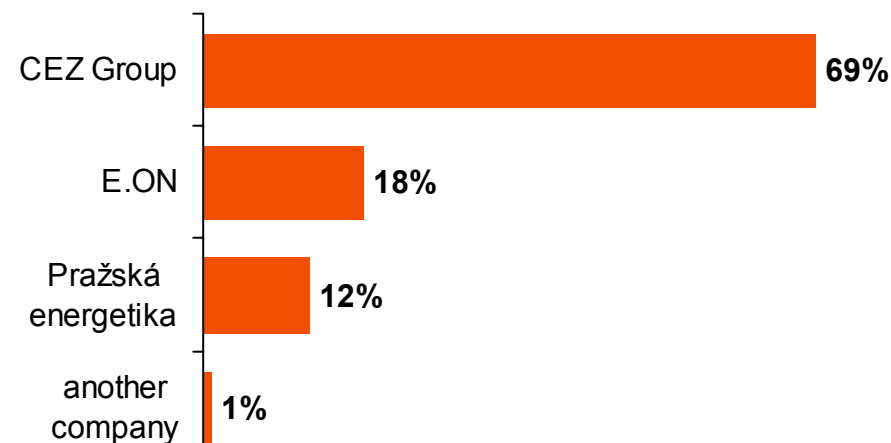


Currently CEZ's share in the electricity market for end customers in the Czech Republic stands at 45 %. This shows that no energy company in the Czech Republic has monopolistic position. Each customer can choose an electricity supplier according to the „Energy Act“ . There are tens of companies supplying energy, mainly to enterprises, in the Czech Republic.

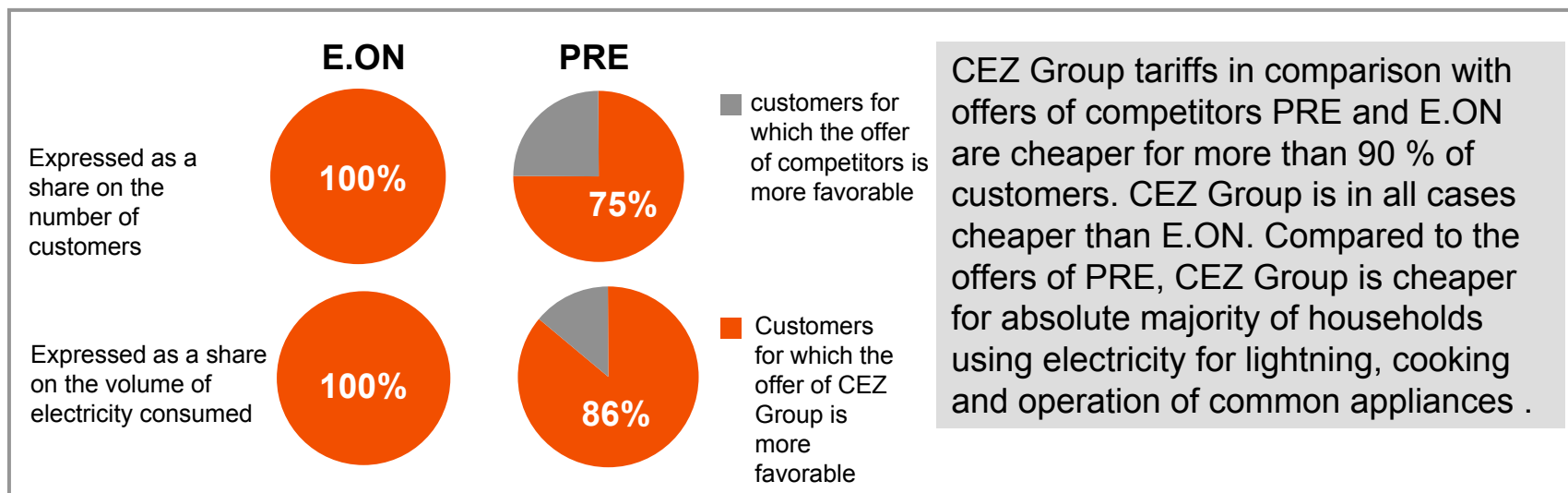


MYTHS ABOUT POSITION IN THE CZECH ELECTRICITY MARKET: CEZ HAS A MONOPOLY AND IS THE MOST EXPENSIVE (2)

„What is, in your opinion, the most expensive electricity provider for households in the Czech Republic?“



Note: Only answers with definite opinion are included in the graph, the responses are re-counted without answers „DO NOT KNOW“.



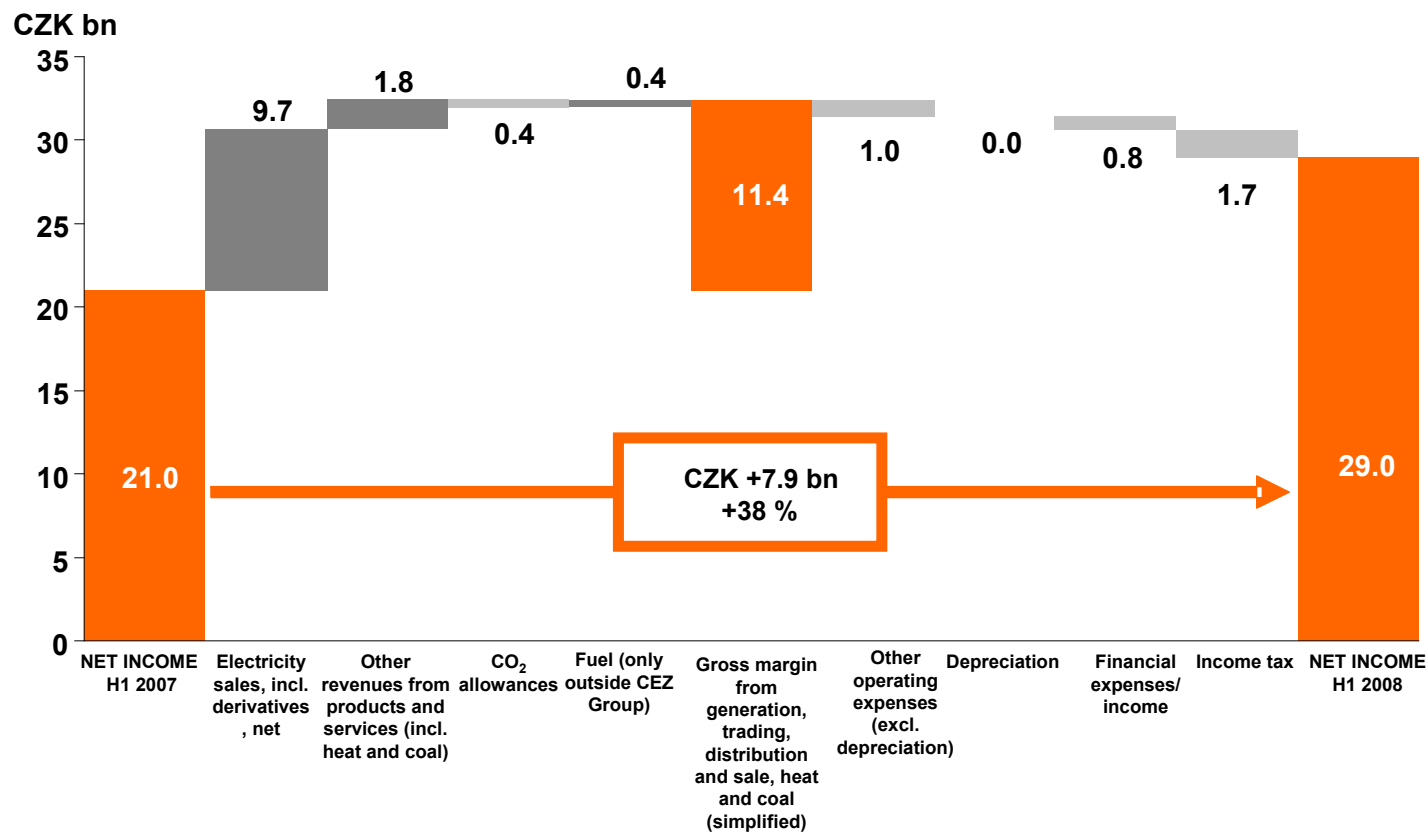


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NET INCOME INCREASED BY CZK 7.9 BN Y-O-Y, I.E. BY 38 %



Key drivers

- Higher generation from nuclear power plants, generation from coal power plants reduced due to limitations on emissions of NO_x, SO₂ and dust and by optimization with regards to high CO₂ prices
- Increase in wholesale electricity prices
- Higher volume of distributed electricity and of electricity sold to final customers in the Czech Republic
- Y-o-y comparison of financial expenses/income is influenced by divestments in 2007



GROSS MARGIN FROM GENERATION, TRADING, SUPPLY AND ELECTRICITY DISTRIBUTION INCREASED BY 21 % TO CZK 64.5 BN

(in CZK millions)	Q1 – Q2 2007	Q1 – Q2 2008	Change 08-07	Index 08/07
Operating revenues	83,162	90,421	7,260	109%
Electricity sales and services	77,310	79,161	1,851	102%
Electricity derivative trading, net	965	4,595	3,630	476%
Heat sales and other revenues	4,887	6,665	1,778	136%
Variable operating costs	-30,017	-25,893	4,125	86%
Fuel	-7,856	-7,466	390	95%
Purchased power and related services	-22,711	-18,538	4,173	82%
CO2 allowances	550	112	-438	20%
Gross margin (simplified)	53,145	64,528	11,382	121%

Key changes

- Increase in wholesale electricity prices and successful trading strategy (shown in items Electricity sales and services and Electricity derivative trading, net in accounting classification)
- Improvement of availability of nuclear power plants (generation + 1.6 TWh, + 13 %), decrease in generation in coal fired power plants (- 2.7 TWh, -12%) caused by optimization of utilization with regards to price of CO₂ allowances and owing to emission ceilings, this influenced decline in fuel costs
- Increase of sales to final customers by 0.7 TWh (by 4 %) while demand in the Czech Republic grew by 4.2 %
- Increase of volume of electricity distributed to final customers by 1.0 TWh (+ 4 %), increase in distribution and supply tariffs mainly in Romania
- Other revenues include mainly higher revenues of subsidiary I & C Energo a.s. and are also influenced by inclusion of company ČEZ Teplárenská into consolidation in 2008, while in 2007 it was consolidated only for one quarter
- Contribution of foreign subsidiaries was in CZK terms reduced by appreciation of Czech crown (mainly against Romanian leu)
- Year over year comparison of CO₂ allowances is influenced by release of provision amounting to CZK 0.4 bn in Q1 2007 and mark-to-market revaluation of sell derivatives for 2008 and next periods using electricity prices as of 30th June 2008, which were peaking on this date



CEZ GROUP MANAGES TO KEEP ITS OPERATING COSTS UNDER CONTROL

(in CZK millions)	H1 2007	H1 2008	Change 08-07	Index 08/07
SUM of selected operating costs	-14,991	-15,976	-985	107%
Salaries and wages	-6,991	-7,707	-716	110%
Other variable operating costs	-8,000	-8,269	-269	103%
Repairs and maintenance	-1,928	-1,691	237	88%
Material and supplies	-2,885	-2,290	595	79%
Others	-3,187	-4,288	-1,101	135%
EBITDA	38,154	48,553	10,400	127%
Depreciation and Amortization	-10,831	-10,806	25	100%

- Y-o-y increase in operating costs reached 7 % (excluding depreciation, CO₂ allowances and purchases of fuel and electricity)
- 10% y-o-y growth of salaries and wages is caused by wage increase in CEZ Group. Y-o-y comparison is influenced by release of provision for social fund and fund of bonuses in ČEZ, a.s. in May 2007 (which significantly reduced salaries and wages in Q2 2007) and also lump-sum compensation of beneficiaries of social fund in February 2008.
- Other variable operating costs increased by 3 %. Repairs and maintenance costs were influenced by different time structure of repairs during the year, particularly in ČEZ, a. s. Decline in Material and supplies and increase in Others was caused by different order structure of ŠKODA PRAHA (purchase of services include material)



OTHER EXPENSES AND INCOME INCREASED BY CZK 808 M

(in CZK millions)	H1 2007	H1 2008	Change 08-07	Index 08/07
Other expenses and income	-171	-980	-808	> 500%
Interest on debt	-1,180	-1,352	-172	115%
Interest on nuclear and other provisions	-962	-1,025	-63	107%
Interest income	710	813	103	115%
FX profit / loss and financial derivatives	-65	-133	-67	203%
CO2 allowances derivatives	469	230	-239	49%
Gain(-)/Loss on sale of subsidiary/associate	125	333	208	267%
Income from associates	28	7	-21	24%
Others	705	147	-558	21%
Profit before taxes	27,152	36,767	9,614	135%
Income tax	-6,141	-7,809	-1,668	127%
Net Income	21,011	28,958	7,947	138%

- Increase in interest expense caused by higher average indebtedness, which is a result of higher financial investments of CEZ Group and of share buyback. Simultaneously average cost of debt declined compared to 2007 thanks to repayment of bonds with high coupon and thanks to more efficient cash management of CEZ Group.
- Increase in Gain on sale of subsidiary is caused by sale of I & C Energo a.s.
- Decrease in item Others caused by sale of short term securities in 2007 as part of program of divestments of small companies with non-core activities.



DEVELOPMENTS IN Q2 2008

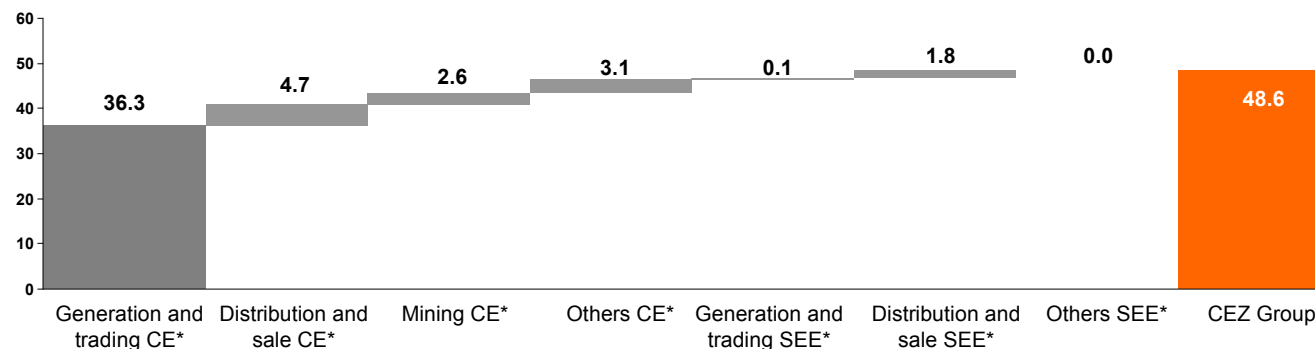
(in CZK millions)	Q2 2007	Q2 2008	Change 08-07	Index 08/07
Operating revenues	39,038	41,816	2,778	107%
Variable operating costs	-14,582	-11,685	2,897	80%
Gross margin (simplified)	24,456	30,131	5,675	123%
SUM of selected operating costs	-8,042	-8,824	-781	110%
Salaries and wages	-3,455	-4,033	-578	117%
Other variable operating costs	-4,588	-4,791	-204	104%
Repairs and maintenance	-1,223	-1,028	195	84%
Material and supplies	-1,414	-1,220	194	86%
Others	-1,951	-2,543	-592	130%
EBITDA	16,413	21,307	4,893	130%
Other expenses and income	-82	898	979	x
Profit before taxes	10,923	16,924	6,001	155%
Income tax	-2,889	-3,692	-803	128%
Net Income	8,034	13,232	5,198	165%

- Decrease in variable operating costs (by CZK 2,897 m) in Q2 is caused by decline in volume of electricity generated by 1.5 TWh (by 9 %)
- Salaries and wages increased y-o-y mainly in ČEZ, a. s., as a result of release of provisions for social fund and fund for bonuses in 2007 (which lead to decrease in costs in May 2007 and in comparison with Q2 2008 represents significant difference)
- Positive development of Other expenses and income in Q2 2008 caused by accounting of gains from financial derivatives



SEGMENTAL CONTRIBUTIONS TO EBITDA

Contributions to EBITDA in H1 2008
CZK bn



Index H1 2008/ H1 2007

135 % 115 % 98 % 123 % 78 % 92 % N/A 127 %

Index Q2 2008/ Q2 2007

133 % 184 % 102 % 113 % 95 % 73 % N/A 130 %

- **Generation and trading CE***: 35 % y-o-y improvement caused by increase in wholesale electricity prices in the Czech Republic and thanks to higher share of generation from nuclear power plants. Total electricity generation reached 33.9 TWh (- 3 %).
- **Distribution and sale CE***: EBITDA grew by 15 % y-o-y in H1 2008. It is positively influenced by 0.9 TWh (i.e. + 5 %) increase in volume of electricity distributed to final customers and by 0.8 TWh (i.e. + 6 %) growth of sales to end customers outside CEZ Group due to extremely warm winter in 2007. Increase in Q2 is influenced by change in valuation of invoiced electricity to retail and by lower costs of purchase electricity (in comparison with previous year there is higher difference between price of cheaper baseload and more expensive other purchases in the purchase diagram, thus average price of purchased electricity is lower during months with lower volume of other purchases, i.e. during summer). These methodical influences are neutral for the whole first half and for the whole year.
- **Mining CE***: EBITDA of Severočeské doly is down by 2.6 % y-o-y. Decline is caused by higher operating costs mainly for repairs and maintenance as a result of faster progress in works. In Q2 2008 volume of coal sales is lower by 135 thousand tones y-o-y (by 2.4 %)
- **Generation and trading SEE****: y-o-y decline is driven by rising coal prices, which are not fully reflected in electricity prices due to non-transparent regulatory environment. Also, rules for allocation of CO₂ allowances are not clear (NAP was not approved) and results are negatively influenced restriction on exports abroad.
- **Distribution and sale SEE****: In H1 2008 EBITDA declined by 8 % compared to the same period previous year due to creation of provisions for receivables, mainly after Romanian railways and also due to appreciation of CZK against local currencies. On the other hand positive factors include: increase in gross margin in Bulgaria (largely due to 9% growth in volume of distributed electricity), increase in gross margin in Romania due to higher distribution tariffs and due to lower purchase price of electricity for sales 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)



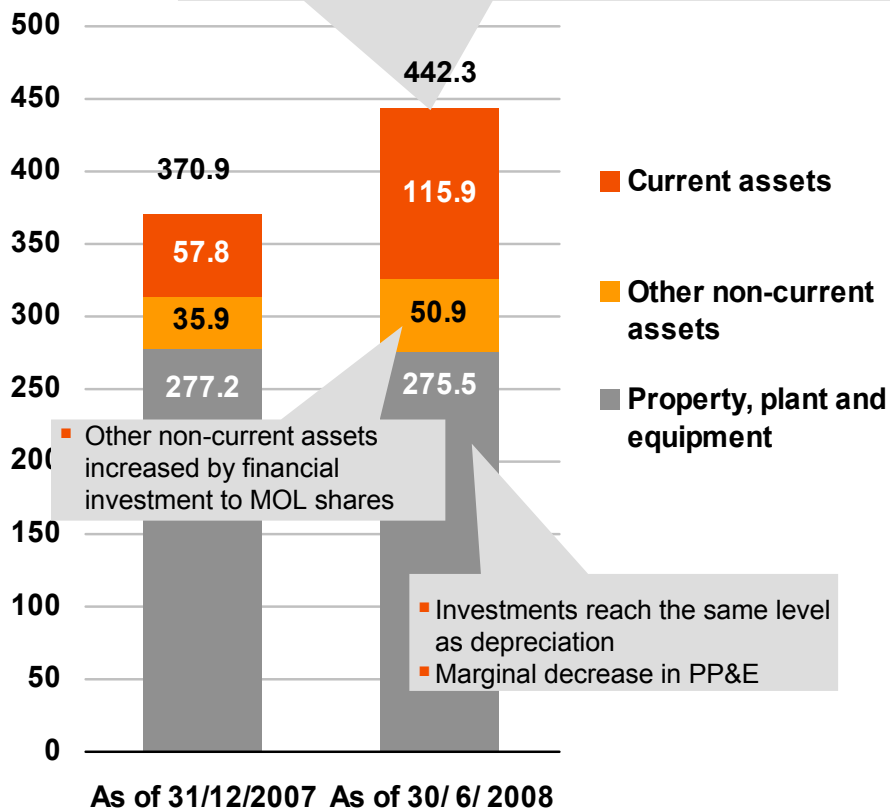
BALANCE SHEET OVERVIEW

Increase in current assets (by CZK 58 bn) is caused by:

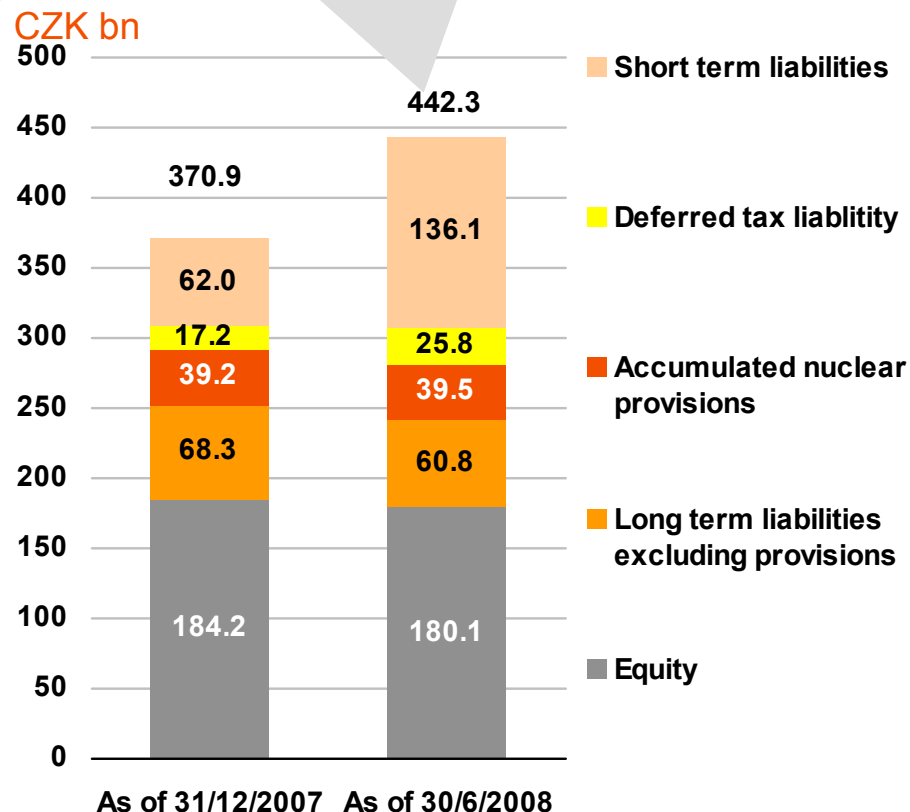
- Increase in receivables from derivatives (by CZK 46 bn), which is partially offset by increase in liabilities from derivatives (by CZK 39 bn), which are part of short term liabilities
- Increase of variation margin stemming from outstanding trades in Prague Energy Exchange by CZK 12 bn.

- Decrease in equity (by CZK 4 bn) is driven by share buyback (CZK 11 bn), changes in retained earnings (CZK 2 bn), increase in market value of derivatives accounted for in equity (by CZK 5 bn)
- Decrease in issued bonds (by CZK 8 bn)
- Higher deferred tax liability (by CZK 9 bn) corresponds with tax obligation for Q2 2008
- Increase in short term liabilities (by CZK 74 bn) is caused by an increase in liabilities from derivatives (CZK 39 bn) which partially offset increase in receivables from derivatives and is also caused by increase in short term loans (by CZK 34 bn), of which CZK 15 bn relates to financing of investment into MOL shares and rest relates to general financing needs of CEZ Group

ASSETS CZK bn



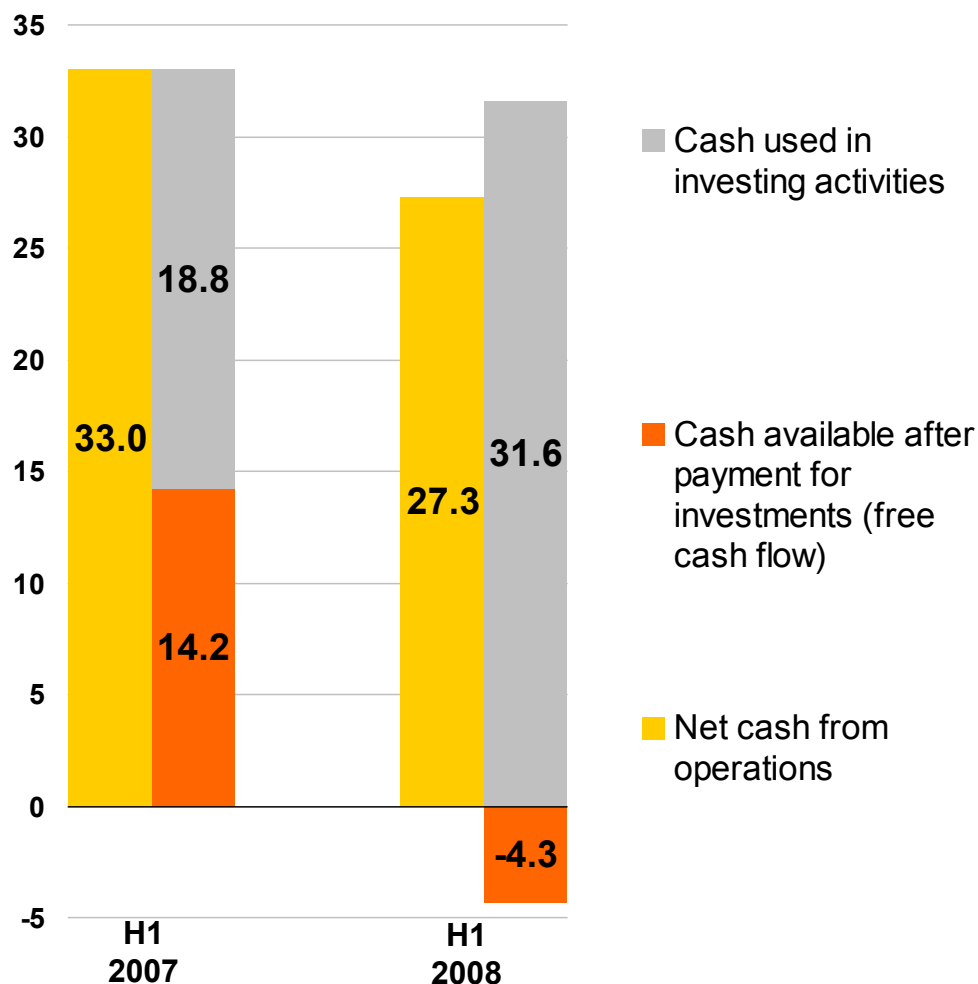
EQUITY AND LIABILITIES CZK bn





CASH FLOW – SELECTED ITEMS

CZK bn



- In 2008 net operating cash flow declined by CZK 5.7 bn, which is caused mainly by CZK 11.4 bn increase in working capital as a result of growth of balance of receivables and liabilities from derivatives (growth in prices of electricity and CO₂ allowances, revaluation of forward trades) and inception of variation margin deposits on Prague Energy Exchange. Also by CZK 4.6 bn increase in income tax advance, which corresponds to increase in 2006 profit. This is partially compensated by CZK 9.6 bn growth in profit before tax.
- In 2008 investments were higher by CZK 12.8 bn y-o-y mainly due to financial investment in MOL.



AGENDA

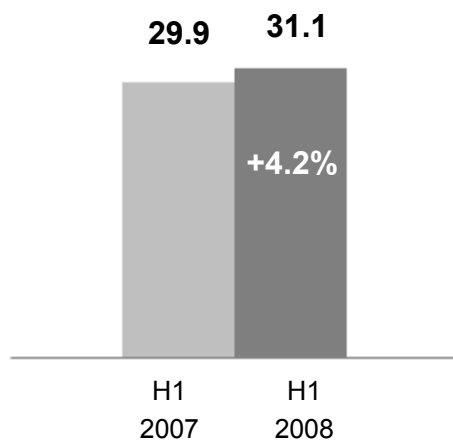
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ELECTRICITY DEMAND GROWTH REMAINS STABLE AT THE LEVEL OF 3 %

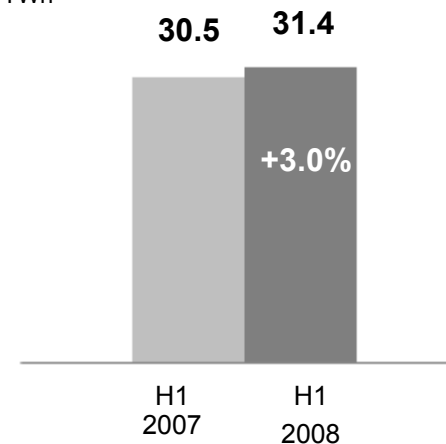
Demand in the Czech Republic

TWh



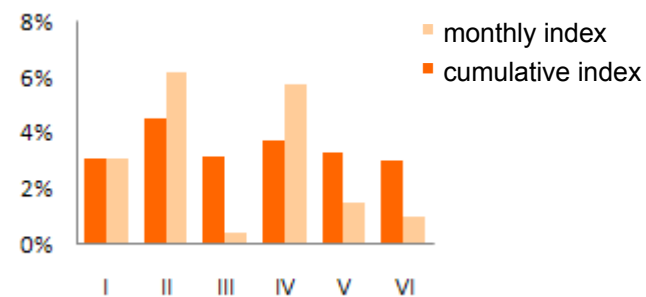
Demand in the Czech Republic (temperature adjusted)

TWh



- Average growth in temperature adjusted net domestic demand stabilized at the level of 3 %
- Growth by segments:
 - +3.7 % industrial customers
 - +2.7 % households
 - +9.1 % small enterprises

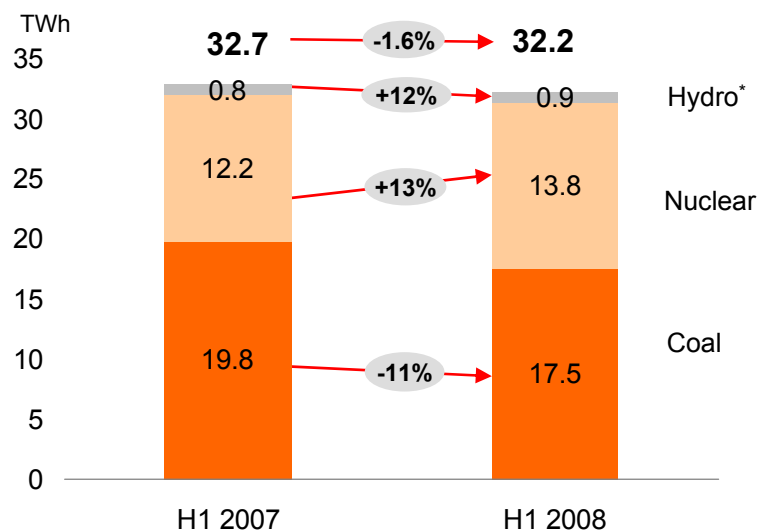
Y-o-y monthly and cumulative indexes of demand in the Czech Republic





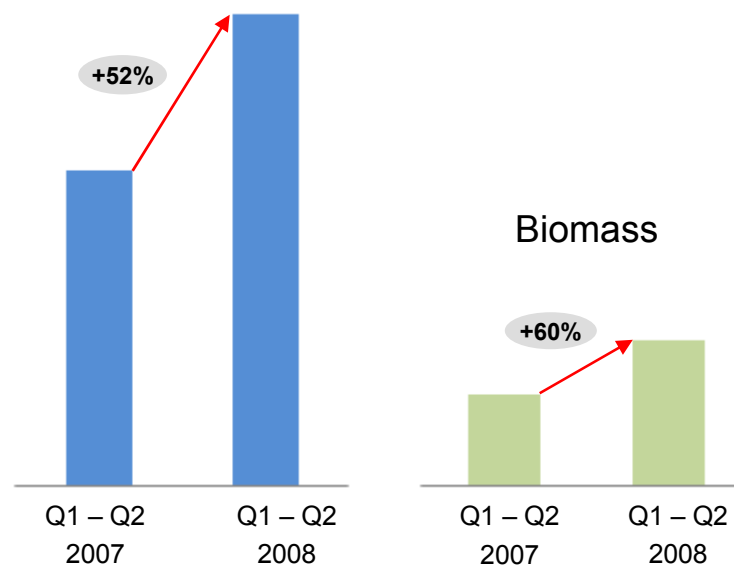
ELECTRICITY GENERATION OF ČEZ, A. S., DECREASED MODERATELY BY 1.6 % Y-O-Y, OF WHICH – 2.3 TWh (- 11 %) IN COAL POWER PLANTS

Electricity generation of ČEZ, a. s. (gross)



- Generation in the first half slightly decreased by 0.5 TWh (-1.6 %)
- Higher availability of nuclear power plants lead to y-o-y change in generation structure (increase in nuclear, decline in coal)

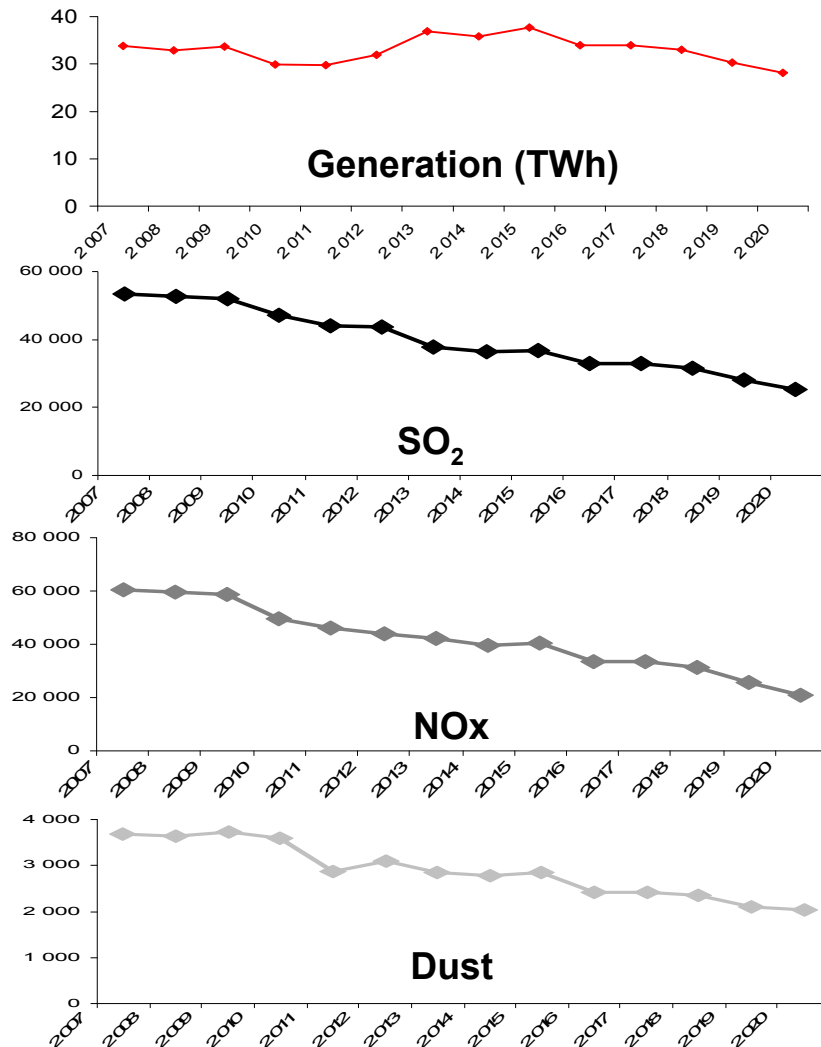
Hydro - renewables



- Accumulation and run-of-river hydro power plants generated 52 % more electricity y-o-y thanks to higher level of rainfall
- Generation from biomass by CEZ, a. s. increased by 60 % (169 GWh)



CEZ CONTRIBUTES TO PERMANENT REDUCTION OF EMISSIONS IN THE CZECH REPUBLIC BY RENEWAL OF ITS POWER PLANTS



Power plant renewal is a second wave of ecological investments:

CEZ is trying to optimize generation from a perspective of

- reduction of environmental burden
- higher efficiency of combustion in power plants
- utilization of individual power plants

We are trying to renew our power plant portfolio in the most conservative and the least flexible legal environment on air protection among all EU member states.

Although many CEZ's power plants are classified as "new power plants" according to EU directive, they are treated as "existing plants" by Czech authorities with higher level of regulation*

Exchange of emission ceilings (transfer of generation) among regions and inclusion of selected power plants change of category into category of "new plants" are condition for fully-fledged (intensity, speed) second wave of ecological investments into power plants.

* Classification of power plants according to Air Pollution Act number 86/2002, stemming from EU directive 2001/80/EC



FLEXIBLE COOPERATION OF RELATED PARTIES IS CONDITION FOR IMPLEMENTATION OF 2ND WAVE OF ECOLOGICAL INVESTMENTS WITHOUT NEGATIVE CONSEQUENCES FOR STABILITY OF SUPPLY

Our objectives

- Implementation of 2nd wave of ecological investments
- Contribution to permanent reduction of emissions in the Czech Republic
- To improve efficiency of combustion by using the most advanced technology
- To implement policies of air protection stated in climate and energy package of the European Commission

We want to prevent:

- decrease of reliability and safety of electricity supply
- shortage of electricity in the Czech Republic
- threatening of principles of EU ETS
- premature closure of power plants with negative social consequences in the regions

In order to achieve required targets and to eliminate possible risks it is required to implement....

Swap of ceilings

Swap of ceilings will enable:

- flexible process according to current legislative rules – utilization of plants with lower emissions
- adherence to total limits of emissions in total for CEZ power plants
- not to surpass legislative norm on emission and immission situation in the regions
- to ensure stability and safety of supply

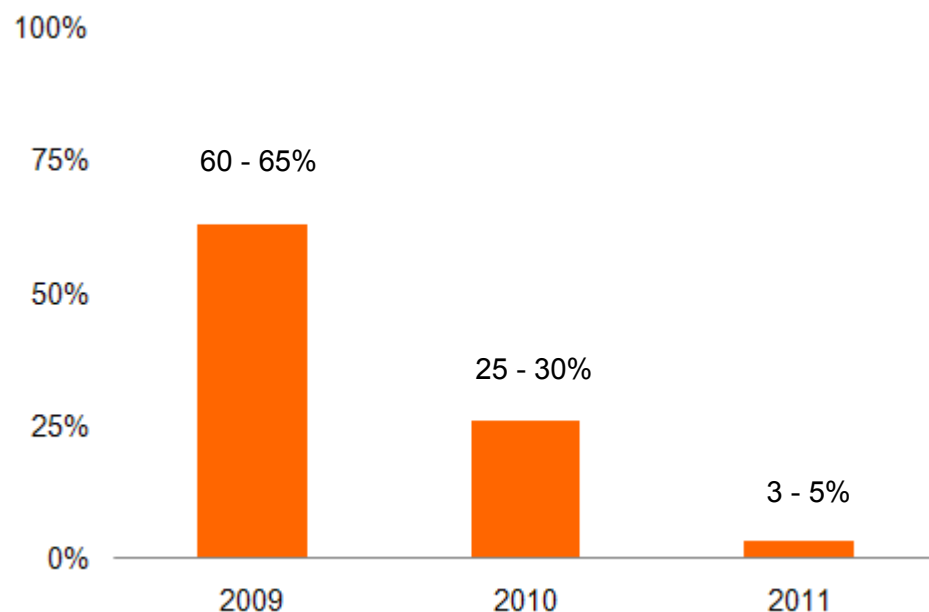
Current status:

- requests for swap of ceiling submitted in line with valid Czech legislation
- relevant regional authorities launched administrative proceedings in connection with our requests
- CEZ continuously supplements required documents as requested by regional authorities



CEZ GRADUALLY SELLS ELECTRICITY FROM OWN GENERATION FOR SEVERAL YEARS AHEAD IN ORDER TO REDUCE PRICING RISK

Share of already hedged generation from CEZ, a. s. power plants



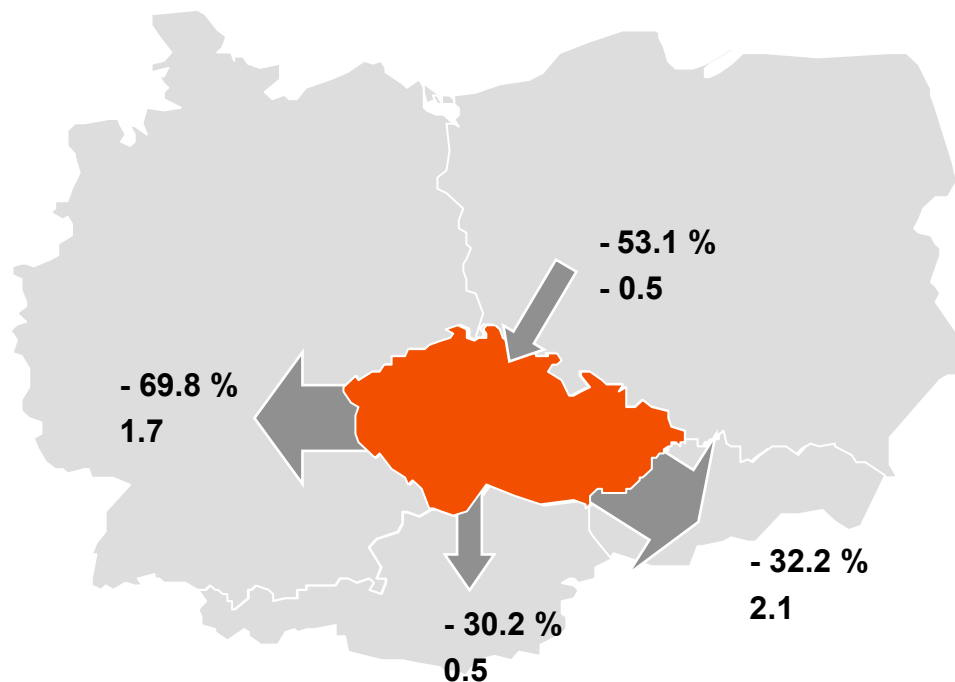
- CEZ, a. s. applied standard concept of gradual hedging of its open position from generation portfolio against price risks
- Within this strategy CEZ, a. s., sells electricity on forward basis for years Y+1 through to Y+3
- Hedged volume for 2009 is influenced mainly by sales of two-year (08/09) compound product



CROSS BORDER FLOWS IN H1 2008 MAINTAINED THEIR TREND – EXPORTS FROM THE CZECH REPUBLIC ARE SHIFTING TO THE EAST

Balance of cross border trades of the Czech Republic for H1 2008 and y-o-y changes

(y-o-y change in %, balance in TWh)



- Electricity exports were directed mainly to Slovakia; y-o-y decline to Germany by far exceeded the decline to Slovakia
- Volume of flows to Slovakia caught up with flows to the west
- The Czech Republic is in the position of net importer with Poland

Note: Balance of all subjects active in the Czech electricity market is shown. (CEZ sells mainly in PXE and direct exports by CEZ are hardly being concluded)



THROUGH EDUCATIONAL PROGRAMME AND EXPERT CONSULTATIONS CEZ IS MOTIVATING ITS CUSTOMERS TO SAVE ENERGY

- Support of electricity savings is part of Action Plan for Reduction of CO₂ Emissions of CEZ Group
- We are aware of our responsibility in the framework of EU activities directed at energy savings
- We offer quality product and we want to prevent its wastage
- We cannot influence price of electricity and therefore the only possibility how we can help our customers to reduce their electricity bills is to advice them how to reduce consumption

- **The roadshow visited 36 towns during May and June 2008**
- **15,000 people visited the roadshow**
- **1,500 customers received consultancy services in mobile customer centers**
- Children performance with the theme of energy savings was played in 12 kindergartens
- In addition to exhibit of sample household there was mobile customer center, which offered standard scope of services with emphasis on energy savings
- In 28 towns program was supplemented by professional seminars for general public called “Furnishing households economically”
- Seminars for large and medium sized enterprises took place in 9 towns
- Large contest for energy efficient appliances accompanied the roadshow



ROADSHOW "FOCUS ON SAVINGS" I.E. YOU CAN SAVE EVERY DAY

