Inside Information

CEZ Group reached profit of 29bn CZK in 1st half

CEZ Power Group reached a net profit of 29bn CZK in the first half of this year, which was a year-on-year increase of 38 percent, despite a negative influence of the strengthening crown. The growth was given by higher production with increasing share of cost-effective nuclear resources, increase in wholesale electricity prices, operating cost savings and the results of CEZ Group´s foreign activities. CEZ has also raised its full-year profit forecast to 48.6bn CZK.

„The renewal of our domestic coal-fired power plants is gaining pace; we have already invested 12bn CZK and the realisation of these investments does not deviate from the approved schedules. Owing to the climate-energy packet 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 sources. In addition to the process of coal-fired resources renewal program, we have changed low-pressure turbine parts in the unit 2 at the Dukovany Nuclear Power Plant for parts with higher effectiveness. Now, each of 4 Dukovany units has a capacity of 456 MW, that is 1,824 MW in total, compared to the original 1,760 MW (4 x 440 MW). Figuratively speaking, we have a new power plant with the capacity of 64 MW," said Martin Roman, Chairman of the Board of Directors and CEO of CEZ.

Under the complex renewal of the Tusimice II power plant (4 x 200MW), the assembly and construction work continued, an EIA study for a complex renewal of the Prunerov II Power Plant was submitted for an opinion of authorities. The building approval for the 4th stage (construction of a new resource) of a new 660 MW resource in Ledvice gained legal force, and the work on site accommodation and administration building was commenced. In the Pocerady Power Plant, the intention of Steam-gas Cycle Construction Project was completed and the tender documentation is now being prepared.

Labour productivity growth and realized divestments led to a further reduction in the number of CEZ Group's employees. At the end of the first half of the year the number was 29,093, which represented a year-on-year fall of more than 1,559 employees, i.e. 5.1 per cent.

The electricity production in CEZ, a.s., alone in the fist quarter fell by 0.5 TWh to 32.2 TWh due to optimization of coal-fire plants using owing to CO2 allowance prices and emission ceilings. There was a nearly 70-percent year-on-year fall in the electricity export from the CR to Germany. Currently, the main exports go to the east, namely to Slovakia.

"The electricity demand in the Czech Republic was 4.2 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 per cent. The consumption of mall-scale enterprises grew most, namely by 9.1%; the rise in consumption of households was 2.7 %. The growth in electricity demand is also demonstrated by a growing number of new connections. Owing to an advertising campaign, CEZ Prodej´s end customer market share has stopped decreasing, it remains at 45 %," said Alan Svoboda, director of sales division.

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

	(millions CZK)	year-on-year change
Operating revenues	90 421	+ 8,7 %
EBITDA (Operating profit before depreciation)	48 553	+ 27,3 %
Pre-tax profit	36 767	+ 35,4 %
After-tax profit	28 958	+ 37,8 %

Note: non-audited consolidated results in accordance with the international financial reporting standards