

CEZ GROUP Q1 2009 RESULTS

NONAUDITED CONSOLIDATED RESULTS
PREPARED USING IFRS PRINCIPLES

Prague, May 13th ,2009



AGENDA

- **Financial highlights and key events of Q1 2009**
Martin Novák, CFO
- **Financial Results**
Martin Novák, CFO
- **Trading position of CEZ Group**
Alan Svoboda, Executive Director Sales Trading



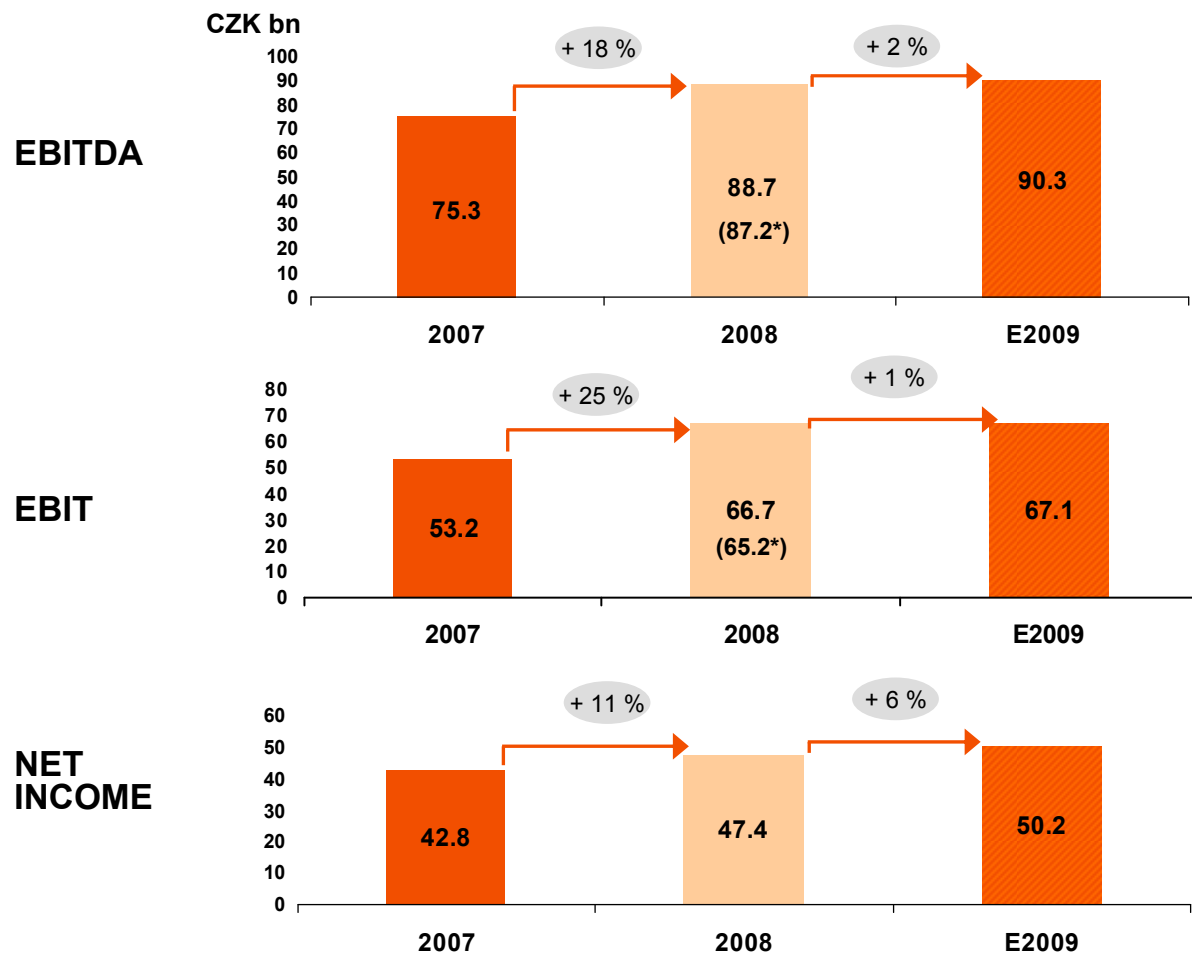
MAIN RESULTS FOR Q1 2009 AND GUIDANCE FOR 2009

- **EBITDA** adjusted for methodological and temporary effects increased by 7 % y-o-y (by CZK 1.8 bn) to CZK 28.9 bn
- **EBIT** adjusted for methodological and temporary effects increased by 9 % y-o-y (by CZK 1.9 bn) to CZK 23.5 bn
- **Net income** adjusted for methodological and temporary effects increased by 9 % y-o-y (by CZK 1.5 bn) to CZK 17.2 bn
- **ROE** increased from 23.0 % to 27.4 %
- **Share price at BCPP and GPW** reached CZK 857.10 as of May 11th, 2009
- **CEZ guidance for 2009 is unchanged. We expect 2009 EBITDA** to reach CZK 90.3 bn (increase of 2 % compared to 2008), **net income is expected** to reach CZK 50.2 bn (increase of 6 % compared to 2008)

Note: Without adjustment, Q1 2009 EBITDA reached CZK 30.2 bn, EBIT CZK 24.8 bn and Net income CZK 19.4 bn



EXPECTED RESULTS IN 2009



Key positive factors:

- Increase in production of nuclear power plants according to objectives of Safely 15 TERA ETE and Safely 16 TERA EDU projects
- Growth of generation from coal power plants due to low prices of CO₂ allowances
- Better regulatory conditions and results abroad

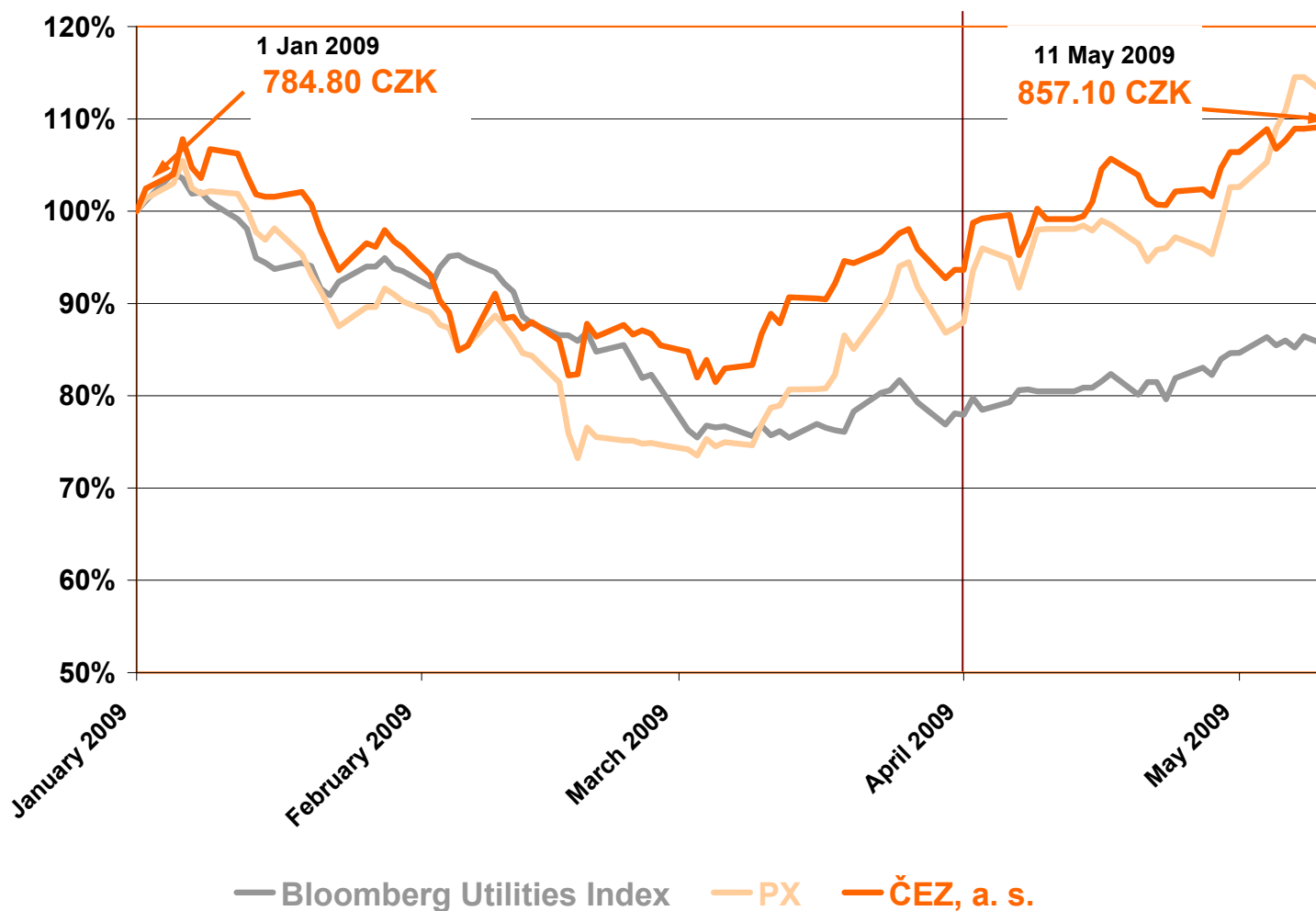
Key risks

- Decreasing wholesale electricity prices (impact only to remaining open position)
- Power consumption drop in connection with economic slowdown
- Deteriorating payment moral of customers of CEZ Group

* The methodology was changed in 2009, CO₂ allowance derivatives were transferred from financial results to EBITDA, resp. EBIT, numbers from 2007 and 2008 were recalculated. This change has no impact on expected results in 2009.



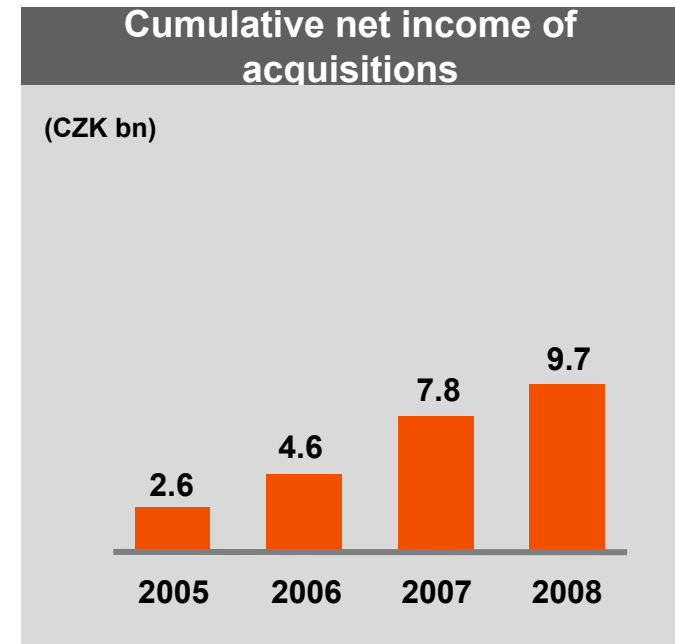
CAPITAL MARKET CRISIS STILL INFLUENCES SHARE PRICES OF BOTH CEZ, A.S. AND WHOLE ENERGY SECTOR. SHARES OF CEZ, A.S. CLOSED AT CZK 857,10 AS OF MAY 11TH, 2009





CEZ GROUP IS SUCCESSFULL ABROAD

- All foreign acquisitions are permanently achieving planned returns
- Cumulative profit of CZK 9.7 bn in 2008 reached almost 1/3 of the amount spent on acquisitions (approximately CZK 31 bn)
- In 2009, in spite of continuing crisis, we are expecting stable results abroad and further expansion of CEZ Group through acquisitions (MIBRAG, Albanian distribution, Turkey, ...)
- Joint venture with MOL is developing according to the plan
 - Contribution of assets in Százhalombatta area – March 31st, 2009, preparation for asset contribution in Slovnaft area – aprox. 6/2009
 - Submission of preEIA in Hungary, EIA prepared for submission in Slovakia
 - Preparation of documentation for financing of construction of CCGTs – signature expected at the beginning of 2010





RETROFITTING OF CZECH POWER PLANTS IS PROGRESSING – FIRST TWO UNITS WILL START TO OPERATE WITHIN TWO MONTHS

New unit Ledvice – lignite unit 660 MW – fabric of administrative building finished, delivery track renovated, chemical water works and part of coal handling refurbished. Works on substructure of boiler room and generator room are continuing according to the plan.

Complex retrofit of Tušimice II power plant (4 x 200 MW) – final phase of cleaning operations of unit 23 – blowing-through ongoing. In 4-5 weeks first connection to the grid. Unit 24 first of cleaning operations- grease removal in pressure system, then boiling up and blowing-through.

Complex retrofit of Prunéřov power plant (3 x 250 MW) – negotiations with suppliers according to the concluded agreements are underway and we are negotiating with other potential suppliers at the same time

Gas fired power plant Počerady (800 MW) – EIA submitted, preparation of documentation for final decision about construction

Gas fired power plant Mělník (800 MW) – business plan approved, work on project is continuing, power plant will be suitable to deliver heat for Prague



WE PREPARED SERIES OF CAMPAIGNS FOR OUR CUSTOMERS

FIX 2010-2

- Price offer FIX 2010-2 was introduced in February 2009 (offer could be selected by customers from March 1st to April 30th, 2009) – discount on electricity price and on fixed monthly payment amounting to 15 % compared to 2009 was offered
- This price offer is the most advantageous among offers of fixed products of all suppliers

“CEZ Against the Crisis” campaign

- Project introduced in mid February 2009 with the objective to help Czech economy and reduce impacts of economic crisis on our customers
- For small businesses - postponement of due date of advances for electricity by 30 days.
- For customers of CEZ - Insurance of payments for electricity in case of job loss

We have registered increase in number of connection points in retail segment (households and small enterprises) by 2,083 during first 4 months of 2009, mainly due to the acquisition of customers of competitors



„WHITE SCRAP BONUS“

- CEZ Group supports reduction of electricity consumption of households and thus also **environment protection**
- **Customers of CEZ Group** will get contribution amounting to CZK 1,000 for return of old electrical appliance and purchase of new one
- The offer covers wash machines, refrigerators and coolers of **group A+ and higher**
- Condition is to return **old electrical appliance of the same type** to retailer or to present prove of **its ecological liquidation**
- Duration of the offer: **from April 15th to June 15th, 2009**
- Cooperation with DATART and EURONICS ČS stores



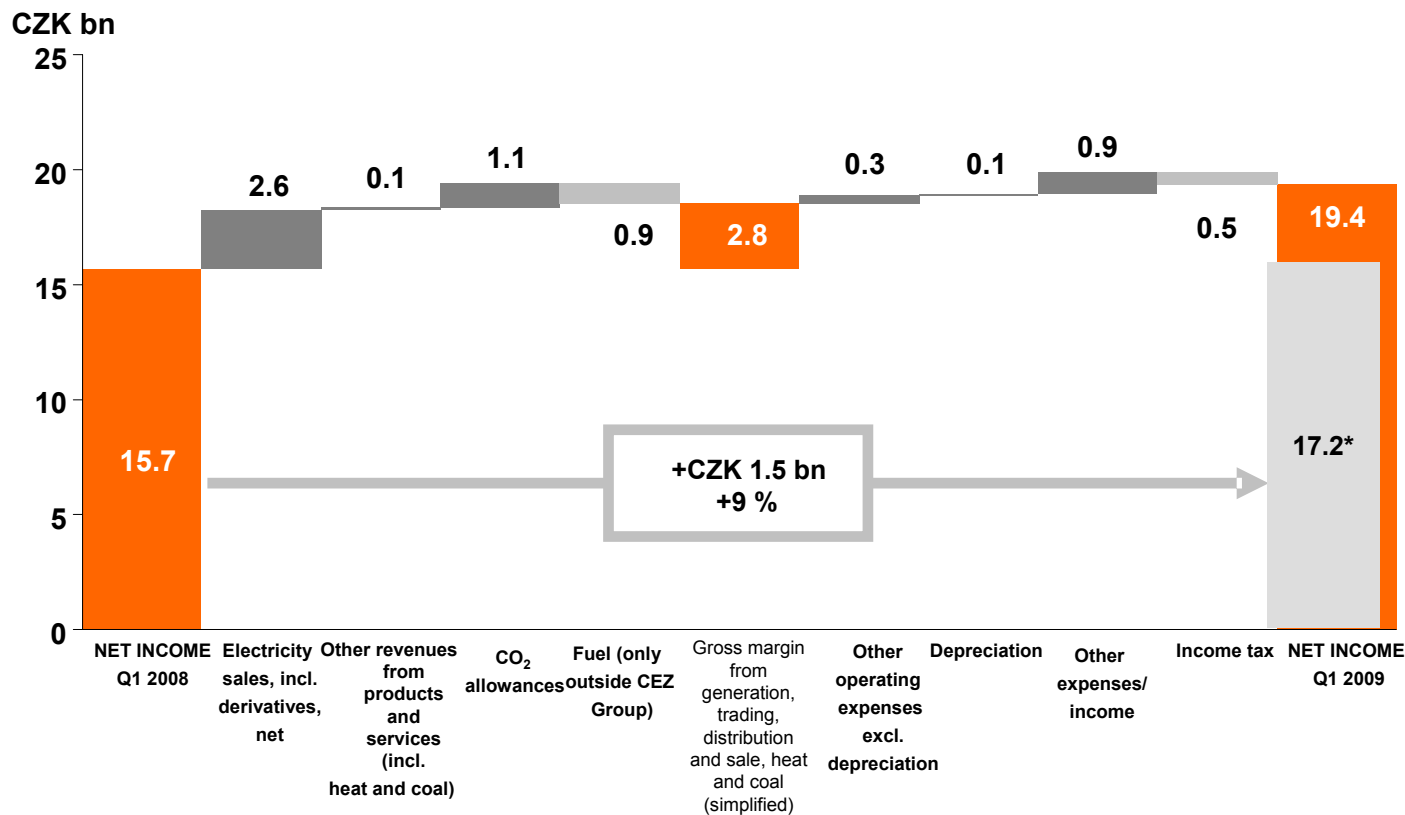


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NET INCOME INCREASED BY CZK 1.5 BN Y-O-Y



Q1 was very successful...

- Electricity sales contracted already in 2008 are being realized (level of hedging in Q1 is higher than for the rest of the year)
- ... but was influenced by methodological and temporary effects, of which some will be compensated by the end of the year
- Higher income from CO₂ allowances due to release of provision (CZK 0.9 bn) made at the end of 2008 for shortfall of CO₂ allowances. At the end of 2009 new provision will be created, the amount of which will depend on market price of CO₂ allowances.
- Methodological change in IFRS - collected charges for shares on energy input and for connection to the network are accounted directly to revenues, not accrued (+CZK 0.3 bn – appears in other operating expenses line)
- Increase in share price of Hungarian company MOL influences positively other income and expenses (development in the rest of the year is uncertain)

* Excluding methodological and temporary effects. Without these effects, net income increased by CZK 3.7 bn y-o-y.



GROSS MARGIN FROM GENERATION, TRADING, SUPPLY AND ELECTRICITY DISTRIBUTION INCREASED BY 8 % TO CZK 37.1 BN Y-O-Y

(in CZK millions)	Q1 2008	Q1 2009	Change 09-08	Index 09/08
Operating revenues	48,605	53,303	4,698	110%
Variable operating costs	-14,368	-16,252	-1,884	113%
Electricity sales and services	43,433	49,377	} 2,556	107%
Electricity derivative trading, netto	1,888	554		
Purchased power and related services	-10,253	-12,307		
Heat sales and other revenues	3,284	3,372	88	103%
Fuel	-3,995	-4,895	-900	123%
CO2 allowances	-120	950	1,070	x
of which CO2 allowances derivatives	-161	277	438	x
Gross margin (simplified)	34,237	37,051	2,814	108%

After adjustment for
methodological and temporary
effects increase to 104 %

Key changes

- Electricity sale for 2009 contracted already in 2008 when electricity prices were higher and thus y-o-y increase of wholesale electricity prices has positively influenced margin from electricity trading
- Growth of fuel costs caused mainly by y-o-y increase in coal prices in the Czech Republic and abroad and by higher production in Varna power plant in Bulgaria
- Income from CO2 allowances increased by CZK 1.1 bn y-o-y mainly due to release of provision created at the end of 2008 for shortfall allowances and y-o-y increase in trading in Q1 2009



CEZ GROUP MANAGES TO KEEP ITS OPERATING COSTS UNDER CONTROL

(in CZK millions)	Q1 2008	Q1 2009	Change 09-08	Index 09/08
SUM of selected operating costs	-7,152	-6,825	327	95%
Salaries and wages	-3,674	-3,693	-19	101%
Other selected operating costs	-3,478	-3,132	346	90%
Repairs and maintenance	-663	-817	-154	123%
Material and supplies	-1,070	-1,044	26	98%
Others	-1,745	-1,270	475	73%
EBITDA	27,085	30,227	3,142	112%
Depreciation and Amortization	-5,525	-5,430	95	98%

After adjustment for methodological and temporary effects increase to 107 %

- Higher costs for repairs and maintenance caused by y-o-y higher number of outages in coal power plants of ČEZ, a.s.
- Others includes revenues from shares on energy input and securing connection to the network, which lower other operating expenses. These items increased y-o-y due to methodological change of IFRS under which these charges are no longer being accrued but are booked directly to revenues.



OTHER EXPENSES AND INCOME DECREASED BY CZK 0.9 BN

(in CZK millions)	I. Q 2008	I. Q 2009	Change 09-08	Index 09/08
Other expenses and income	-1,717	-817	900	48%
Interest on debt	-662	-821	-159	124%
Interest on nuclear and other provisions	-513	-524	-11	102%
Interest income	366	545	179	149%
FX profit / loss and financial derivatives	-963	-217	746	22%
Gain/Loss on sale of subsidiary/associate	10	0	-10	x
Income from associates	-10	-36	-26	372%
Others	57	236	179	415%
Profit before taxes	19,843	23,980	4,137	121%
Income tax	-4,117	-4,595	-478	112%
Net Income	15,726	19,385	3,659	123%

After adjustment for methodological and temporary effects increase to 109 %

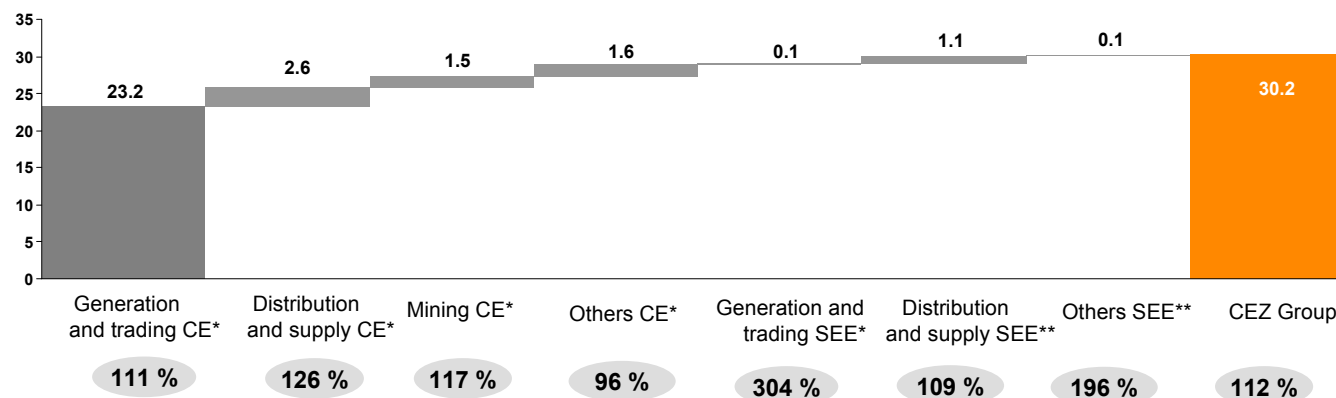
- Increase in interest expense caused by higher average indebtedness, which is a result of higher investments in CEZ Group
- Effective use of free cash flow increases interest income
- Growth of shares price of Hungarian company MOL positively influences financial derivatives (increase by HUF 485/share in Q1)
- Others are positively influenced by CZK/EUR exchange rate movements on Euro securities



SEGMENTAL CONTRIBUTIONS TO EBITDA

Contribution to EBITDA for Q1 2009

CZK bn



Index Q1 09/ Q1 08

▪ **Generation and trading CE***: Increase in EBITDA by 11 % y-o-y is a result of sales of electricity for 2009 in 2008 and y-o-y higher wholesale electricity prices. Total production in CE declined to 17.6 TWh (-4 %).

▪ **Distribution and supply CE***: EBITDA increased by 26 % thanks to methodological change of IFRS (change in shares for energy input and for connection to network accounted directly to revenues + CZK 308 bn) and growth of distribution tariff.

ČEZ Distribuce registered decline of volume distributed to wholesale customers by 0.6 TWh (-12 %) due to the economic slowdown. Volume distributed to retail influences positively total volume of electricity distributed by 0.3 TWh (+ 5 %).

▪ **Mining CE***: EBITDA of Severočeské doły increased by 17 % y-o-y due to increase of revenues from CEZ (with y-o-y decline of electricity production the share of Severočeské doły on total delivery of coal for CEZ increases), whereas total costs are stable.

▪ **Generation and trading SEE***: Varna power plant generated 0.9 TWh (+0.3 TWh y-o-y, +40 %) in Q1 2009 and raised EBITDA to CZK 0.1 bn.

▪ **Distribution and supply SEE****: EBITDA showed growth by 9 %, which is caused by y-o-y lower creation of provisions and adjustments to receivables with Romanian state railway and accounting of shares from energy input and for connections to the network directly to revenues (IFRS modification). Negative influence of economic crisis.

Companies in Bulgaria and Romania distributed 4.6 TWh of electricity to end customers, decrease of 3 % y-o-y. In Bulgaria, the volume distributed was higher by 0.1 TWh (by 5 %). Sales to end customers outside group reached 3.6 TWh, +4 % y-o-y. In Bulgaria, supply to end customers increased by 0.1 TWh (by 6 %), in Romania declined by 1 %.

* CE = Central Europe (Czech Republic, Slovakia, Poland, Hungary, Netherlands, Germany)

* SEE = South-eastern Europe (Turkey, Bulgaria, Romania, Kosovo, Serbia, Russia, Bosnia and Herzegovina, Ukraine)



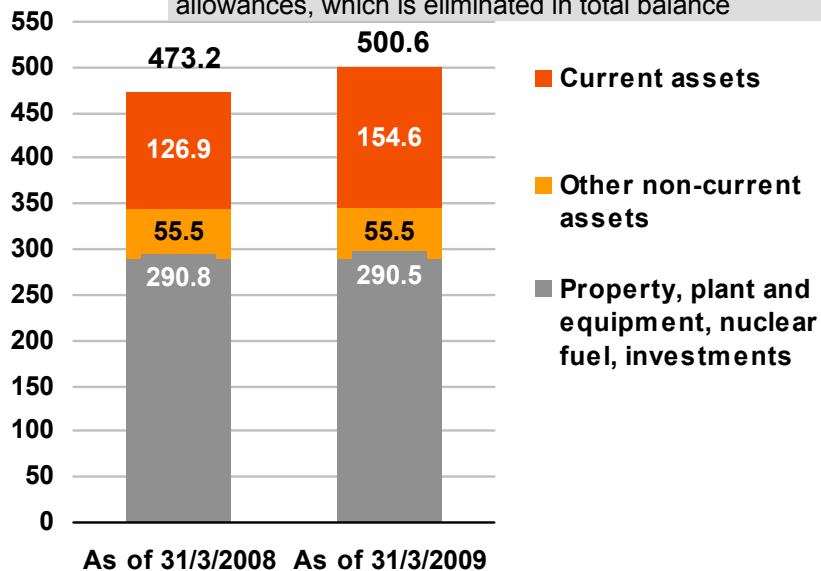
BALANCE SHEET OVERVIEW

Balance of current assets and short term liabilities

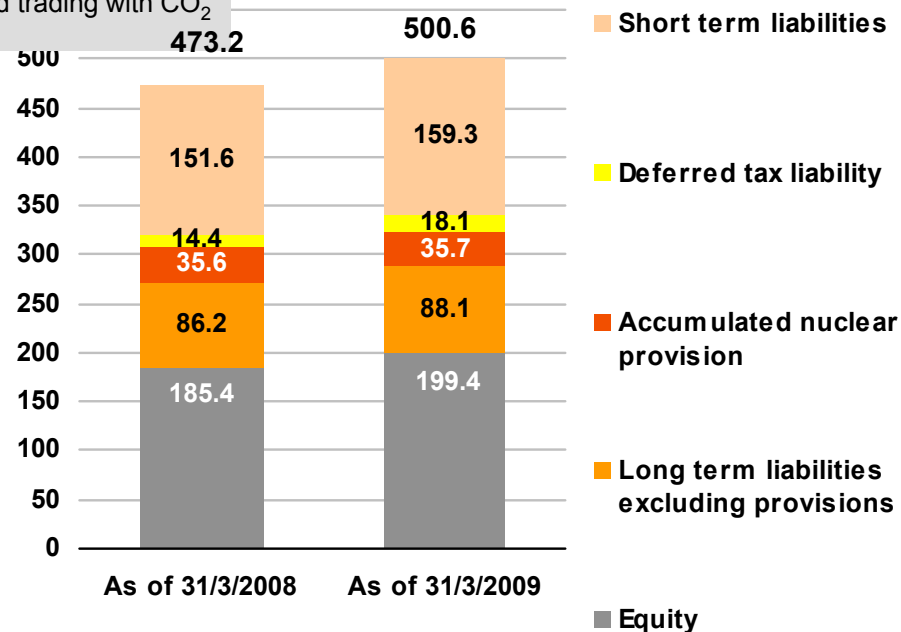
- Balance of current assets and short term liabilities increased (+CZK 20 bn) mainly due to:
 - increase in receivables connected to electricity consumers +CZK 6 bn
 - deposit to escrow account for Turkish acquisition +CZK 5 bn
 - decrease in trade and tax liabilities by CZK 6 bn
 - repayment of short term debts by +CZK 3 bn
 - growth of cash by +CZK 5 bn
 - increase in liabilities from variation margins on PXE and EEX by -CZK 6 bn has opposite effect

Both assets and liabilities are influenced by derivative trading and trading with CO₂ allowances, which is eliminated in total balance

ASSETS CZK bn



EQUITY AND LIABILITIES CZK bn



Non current assets

- Long term tangible assets and other non current assets are at the same level as in 2008

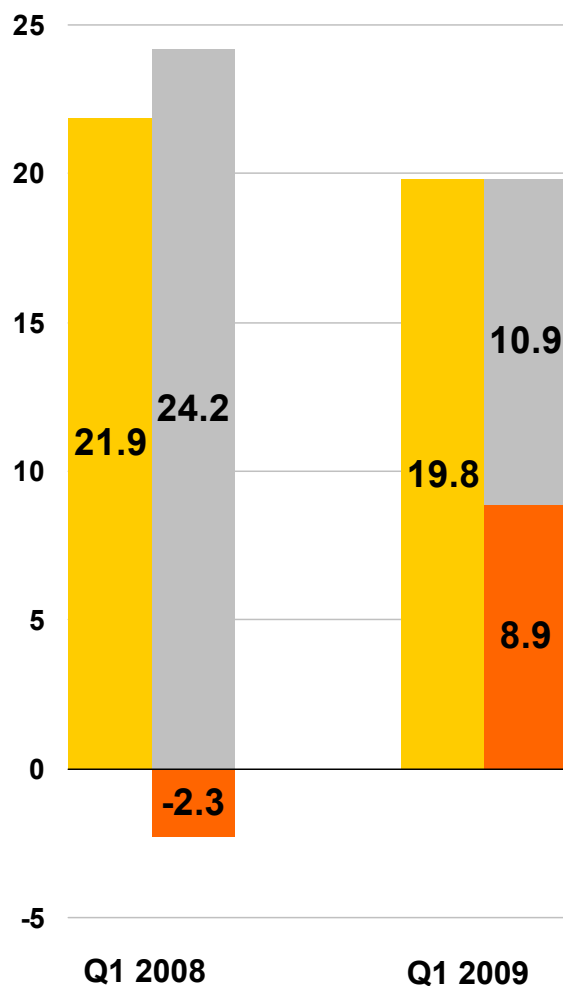
Long term liabilities and equity

- Growth of equity (+CZK 14 bn) by net income for Q1 2009
- Long term liabilities excluding provisions (+CZK 1.9 bn) increase due to increase in liabilities from derivatives
- Deferred tax liability rises, which corresponds to increase in taxes for Q1 2009



CASH FLOW – SELECTED ITEMS

CZK bn



■ Cash used in investing activities

■ Cash available after payment for investments

■ Net cash flow from operations

- In 2009 net cash flow from operations decreased by CZK 2.1 bn. Profit before tax increases y-o-y by CZK 4.1 bn. On the other hand the profit is decreased by change of working capital owing to growth of trade receivables and repayment of tax and other liabilities
- Cash used in investing activities decreased by CZK 13.3 y-o-y mainly due to one off financial investment to MOL in 2008 (CZK 15.5 bn). Investments to long term tangible assets are on the contrary higher in 2009 (by CZK 3.4 bn)
- Cash available after payment for investments increased by CZK 11.2 bn due to lower investments y-o-y



AGENDA

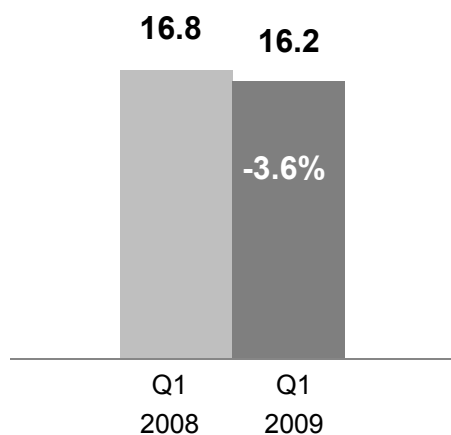
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AT THE END OF LAST YEAR ELECTRICITY DEMAND IN THE CZECH REPUBLIC RECORDED A CORRECTION

Demand in the Czech Republic

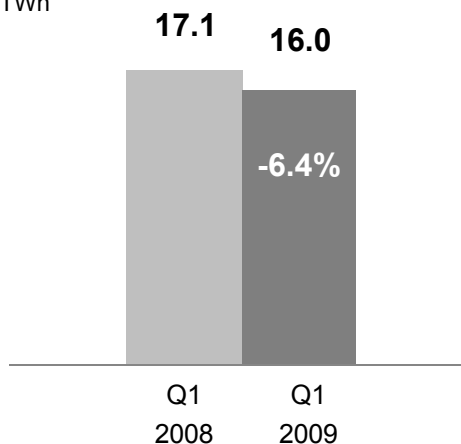
TWh



Demand in the Czech Republic

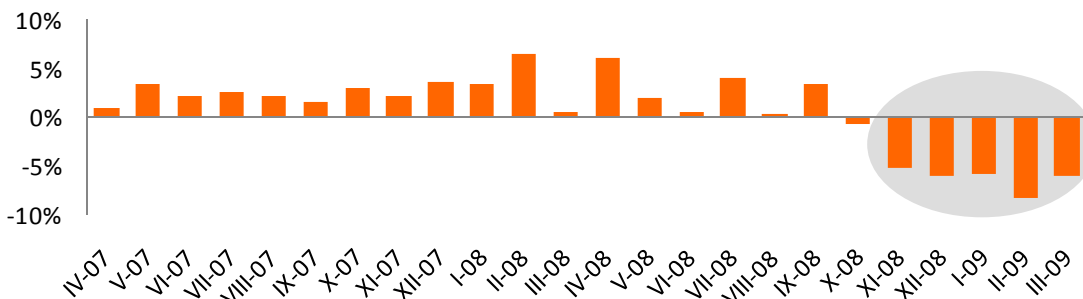
(temperature adjusted)

TWh



- Y-o-y decline of electricity demand in the Czech Republic has so far stabilised at the level of 4 % (after adjustment around 6 %)
- Development of demand by segment:
 - -10.1 % industrial customers
 - +5.3 % households
 - +3.5 % small enterprises

Y-o-y monthly absolute indexes of demand (temperature adjusted) in the Czech Republic

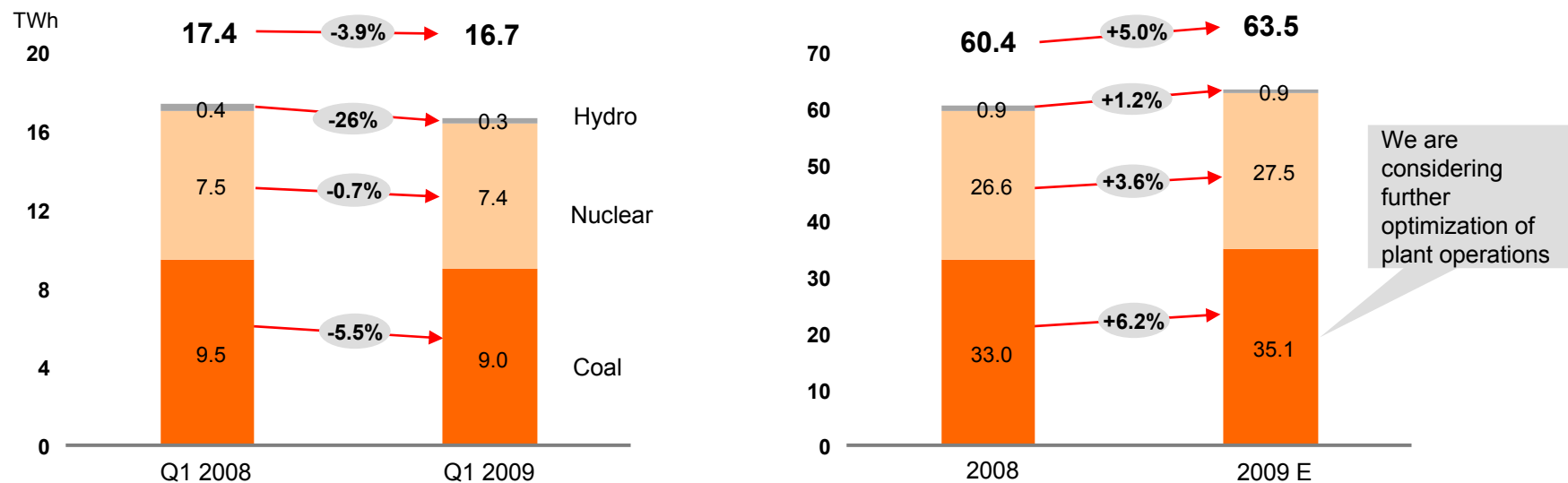


- Economic recession influenced electricity demand in the Czech Republic. In November last year electricity demand dropped and since then no additional significant declines have been recorded.



IN Q1 2009 ELECTRICITY GENERATION OF ČEZ, A. S. DECLINED, FOR THE WHOLE YEAR 2009 WE STILL ASSUME INCREASE OF 5 %

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



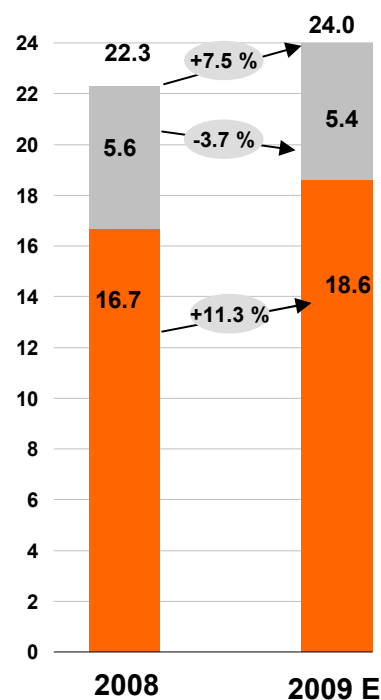
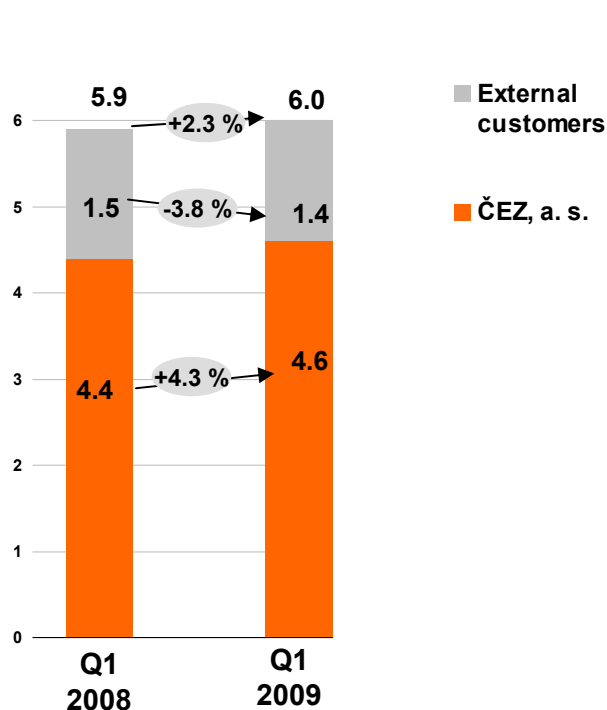
- Expected increase of generation in nuclear and coal power plants in 2009 is enabled by low price of CO2 allowances, higher utilization of emission ceilings and additional availability of Tušimice power plant
- Y-o-y decrease in generation from coal plants by 5.5 % was caused by higher number of planned shutdowns in coal power plants
- Y-o-y decrease in generation from nuclear power plants by 0.7 % was caused by planned shutdown of unit 3 in Dukovany, which started on January 10, 2009 and was ongoing for the whole Q1 2009
- Y-o-y decrease in generation from hydro power plants by 26 % was caused by lower water flow in January and February of this year.



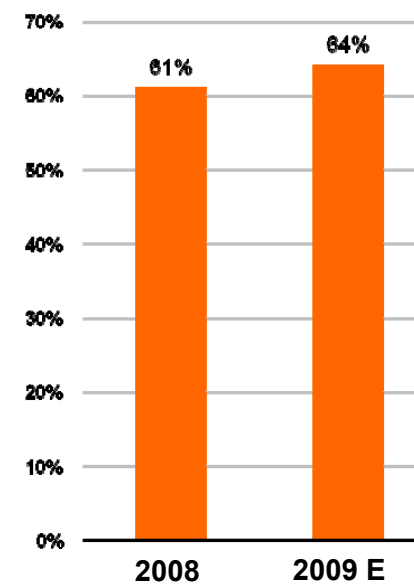
VOLUME OF COAL MINING IN SEVEROČESKÉ DOLY INCREASED

Volume of coal extracted by Severočeské doly a.s. (SD) was higher by 133 thousand tones due to higher supplies to ČEZ, a. s. (increasing share of Severočeské doly on total coal supplies of ČEZ).

Volume of mining in thousands tones



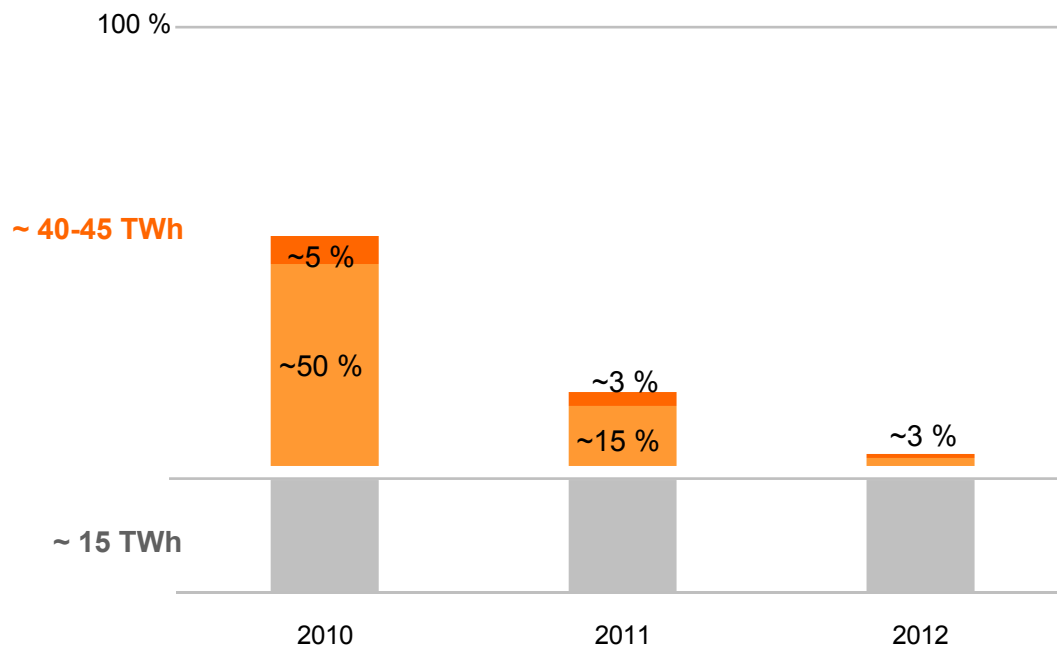
Share of SD on total consumption of lignite by ČEZ, a.s.





ČEZ, A. S., AGAIN ACCELERATES SALES OF FORWARD POSITIONS DUE TO RECOVERY OF ELECTRICITY PRICES

Share of hedged generation from ČEZ, a. s. power plants



- ČEZ, a. s., applies standard concept of hedging its open position from electricity generation against price risks
- Within this strategy ČEZ, a. s., sells electricity on forward basis for years Y+1 to Y+3

- Volume hedged between February 16th, 2009 and April 20th, 2009
- Volume hedged as of February 15th, 2009
- Volume supplied by ČEZ Prodej to customers from categories of households and small businesses



POSITIVE CHANGES IN TERRITORIES OF ČEZ PRESENCE ARE HEADING TOWARDS TRANSPARENT MARKET CONDITIONS

Since March 1st, 2009 in Poland

- Form of collection of excise duty changed
 - Tax is not collected from producers but from final consumers
 - Deformation of wholesale market eliminated, export is simplified



Since April 1st, 2009 in Slovakia

- Decision of regulatory office cancelled “export fee” amounting to 9.36 €/MWh
 - Discrimination of exporters eliminated
 - Uncertainty regarding the level of revenues from exports for newly constructed power plants eliminated



Since April 1st in Bulgaria

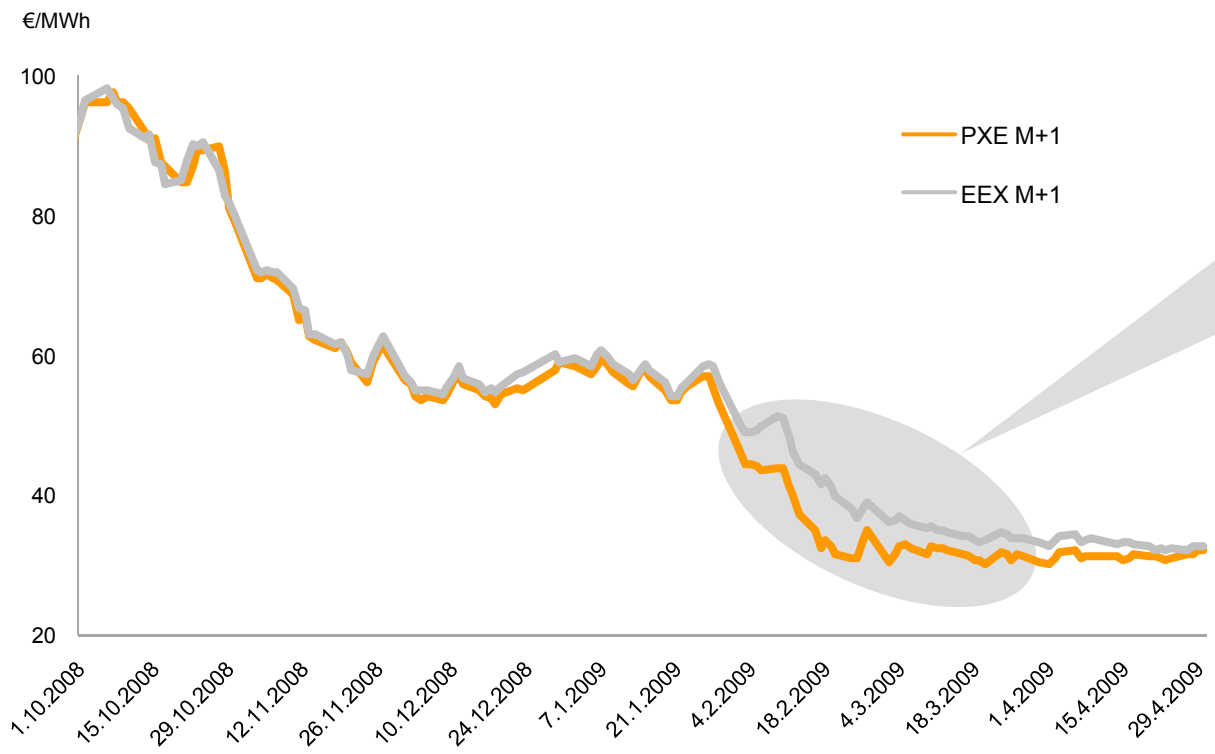
- Discriminating rule which limited volume of exports to 25 % of supply to end customers was abolished
 - Elimination of preferential treatment of domestic state producer NEK
 - Increased possibility of exports for other producers





ELECTRICITY PRICES IN THE CZECH REPUBLIC REMAIN TO BE FIRMLY LINKED TO PRICE DEVELOPMENTS IN GERMANY

Development of monthly prices at PXE and EEX



■ In February and March spread between Czech and German prices temporarily widened, which was caused by oversupply of electricity from hydro power plants in the Balkans



DEVELOPMENT OF FORWARD ELECTRICITY PRICES DEMONSTRATES MARKET EXPECTATIONS THAT PRICES OF ELECTRICITY WILL GROW IN FUTURE YEARS

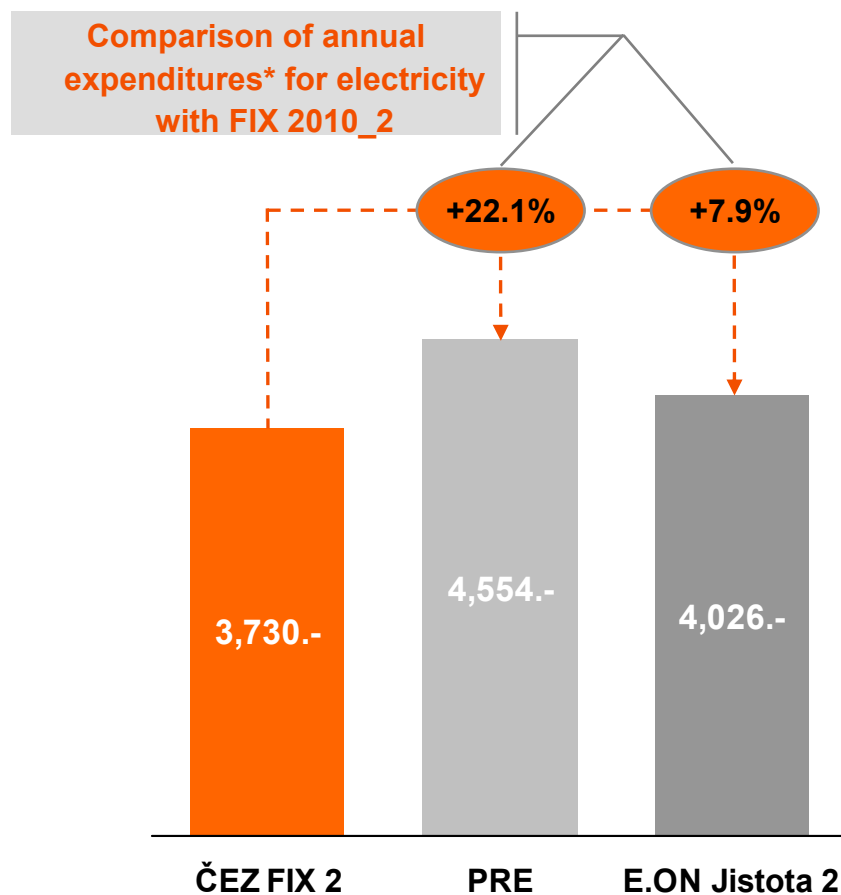
Development of market prices on PXE – annual baseload



* Closing prices as of April 22nd, 2009



FIXED PRICE FOR YEAR 2010 OFFERED BY ČEZ IS THE MOST ADVANTAGEOUS EVEN DESPITE PROCLAIMED HIGHER SAVINGS BY E.ON



15 %

je více než 20 %

„Z nabídek tří hlavních dodavatelů na dodávku elektřiny v roce 2010 vychází nejvýhodnější nabídka společnosti ČEZ Prodej. Modelová domácnost s tarifem D02 a roční spotřebou 2,2 MWh by zaplatila v příštím roce za silovou elektřinu (bez daní a regulovaných položek ceny) zmíněnému dodavateli 3 730 Kč. V případě E.ON Energie by se jednalo o 4 025,60 Kč a v případě Pražské energetiky (PRE) o 4 554 Kč.“

Česká informační agentura, 20. dubna 2009

MÉNĚ ZNAMENÁ VÍCE!

Nenechte se zlákat zdánlivě výhodnější nabídkou a raději si skutečnou slevu sami spočítejte! Sleva 15 % od Skupiny ČEZ vám přinese vyšší úsporu než 20% sleva od konkurence.

Skupina ČEZ dlouhodobě nabízí nejvýhodnější garantovanou cenu silové elektřiny na trhu, a tak i když konkurence přichází s opticky vyšší slevou, zůstává nabídka **FIX 2010-2 od Skupiny ČEZ stále o cca 7 % výhodnější než Jistota Plus od E.ON!**

Nabídka platí do 30. 4. 2009, více informací na www.cez.cz/fix2010.

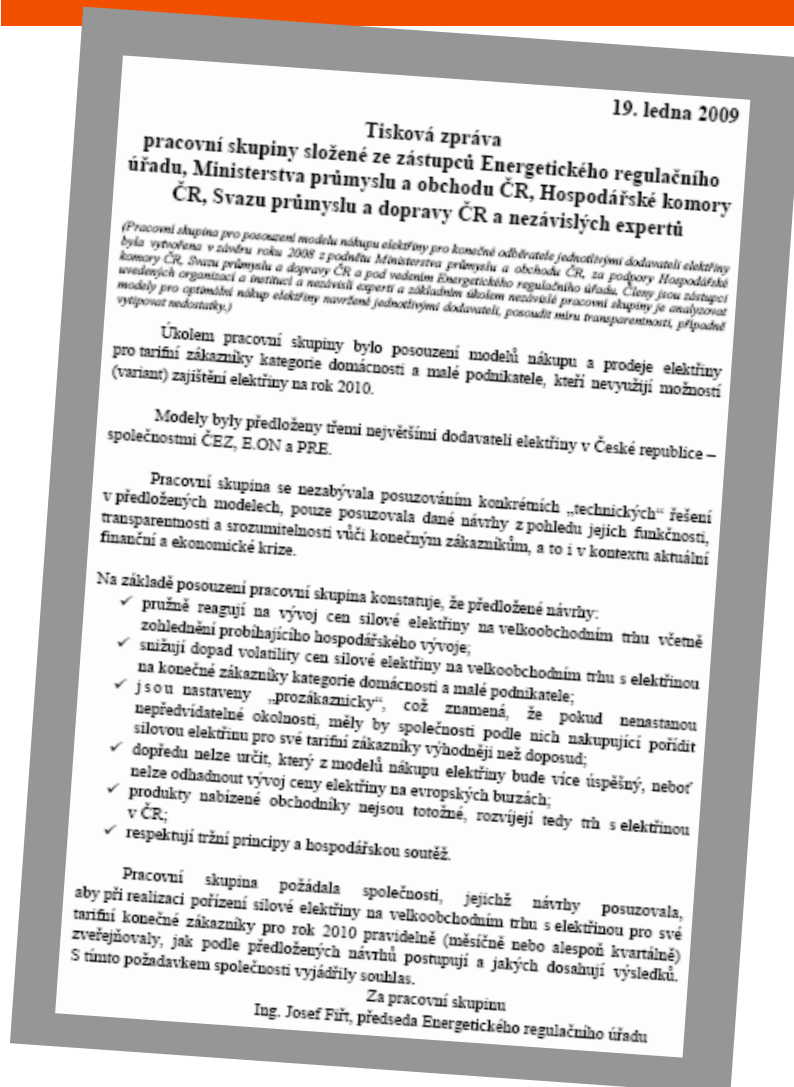
SKUPINA ČEZ

Zákaznická linka 840 840 840 www.cez.cz

* Typical example according to ERU: annual consumption of 2.2 MWh, price of electricity in CZK per year



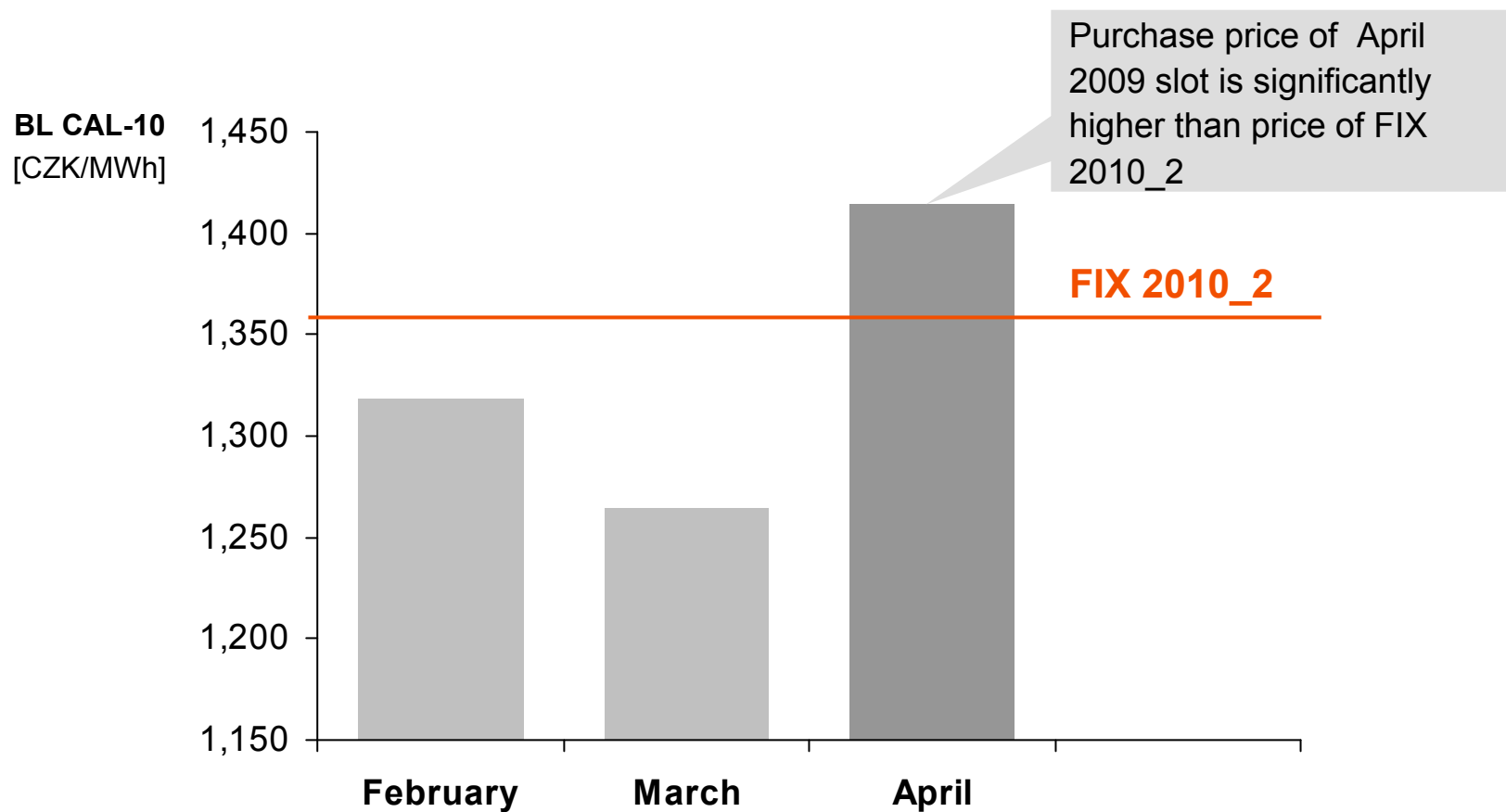
PURCHASE METHODOLOGY FOR TARIFF CUSTOMERS WAS REVIEWED BY A COMMISSION UNDER PATRONAGE OF REGULATORY OFFICE AND IT WAS FOUND TRANSPARENT AND CUSTOMER FRIENDLY



- Volume of electricity needed is divided into 9 equal volume parts (slots). Volume of electricity in each slot will be gradually purchased (secured) in one of the months within February – October 2009
- Price of a given slot will be determined by price of annual baseload product (BL CAL-10) on Prague Energy Exchange (PXE)
- For each month/slot reference price in CZK/MWh (weighted average price of purchases for previous month) and limits at a level corresponding to +/- 10% change in reference price will be set
- Purchase price will be set in such way that each trading day part of the slot equal to “1/number of trading days in a given month” will be purchased and valued at prices of BL CAL-10 on PXE in a given trading day
- If price during a given month grows and breaks through the upper limit, purchases of a given month/slot will be accelerated and remaining volume will be purchased within the next 3 trading days.
- If price during a given month declines and breaks through the lower limit and afterwards starts to rise, purchases of given month/slot will be accelerated and the remaining volume will be purchased within the next three trading days.



PRICE OF ELECTRICITY FOR 2010 INCREASES, WHICH INFLUENCES PURCHASE PRICE FOR TARIFF CUSTOMERS



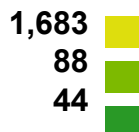


ELECTRICITY CONSUMED VS NUMBER OF CUSTOMERS FOR 2008

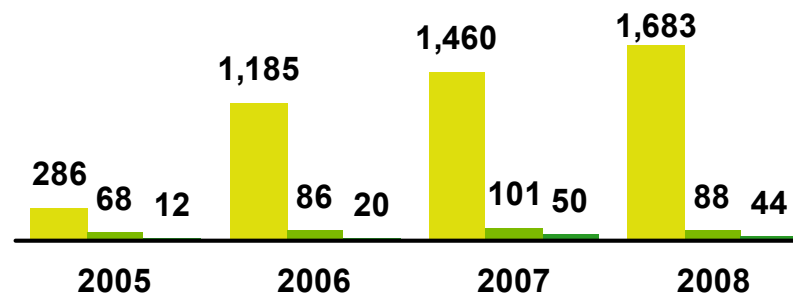


■ Status in 2008

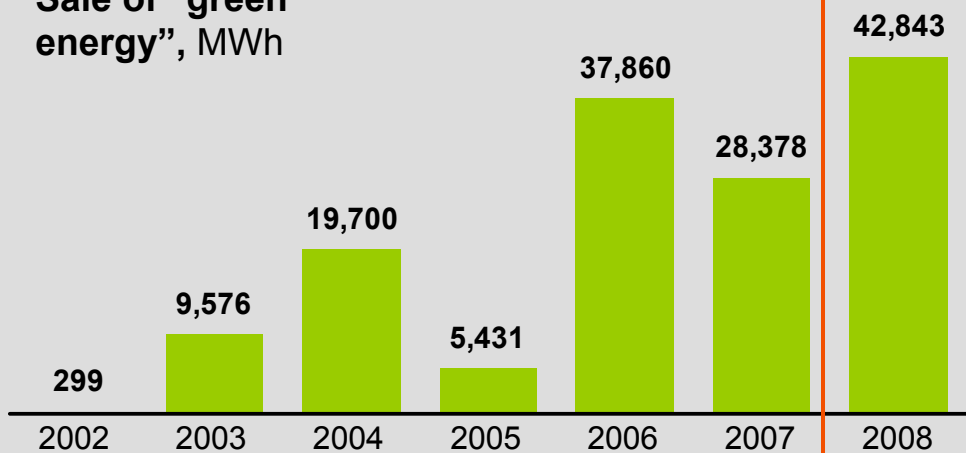
- **1,815** customers
 - households
 - small enterprises
 - industrial



- **42.8 GWh** – volume of electricity consumed in 2008



Sale of "green energy", MWh



We will allot approximately CZK 8.6 bn during grants proceedings



GREEN ENERGY GRANTS WERE SELECTED FROM 120 APPLICATIONS

Green Energy Council chose from 120 applications for green energy grants this year

- There were **81** projects registered in **education** category
- **Research** category comprised **14** applications for grant
- **Construction** area was represented by **25** projects

Green Energy Council has chosen and approved **18 projects** which will obtain contribution from Green Energy Fund. All financial resources from Green Energy Fund collected until the end of 2008, i.e. **CZK 8.6 bn**, will be allotted among these 18 projects

