

Inside Information

Recession shall affect the annual profits of ČEZ and the company income next year

The ČEZ Energy Group achieved a net profit in the amount of 32 billion CZK in the first term of this year, which is an interim increase by 11 % per cent. In particular, sale of electric power for this year already in 2008 before decrease of prices due to the starting recession contributed to increase of the net profit. Despite the overall drop of electric power consumption due to the continuing economic crisis, there still has been an interim improvement of profits. However, this was affected in 2nd quarter when there was an interim decrease of profit by 5 per cent. We still expect the annual net profit to be on the level of 50.2 billion CZK.

In June ČEZ informed about its intention to start significant investments in new technologies enabling to produce, distribute and consume electric power more effectively and economically in future. "We sheltered the above mentioned activities with "FutureMotion – the Power of Future", the strategic initiative of which objective is to assure a long-term stability and perspective to the ČEZ company and to Czech power industry, to contribute to a comfortable and safe life of people burdening environment as little as possible and at the same time to support focus of the Czech Republic on knowledge economic and thereby also competitiveness of the republic in international competition. ČEZ is going to addict to four major intentions: support of science, research and implementation of new technologies into practice, support of smaller power sources which complement the traditional large power plants, implementation of intelligent solutions which will extend the possibilities of people to decide on their way of power use and support of electric-powered vehicles", said Martin Roman, the Chairman of the Board of Directors and the General Director of ČEZ.

In the first term the ČEZ Group invested over 21 billion CZK into existing assets, especially into construction of new production capacities and increase of power at nuclear power plants. At the end of June unit one of the Tušimice power plant was connected to grid for the first time after a complex refurbishment, within the project of construction of a new supercritical unit in Ledvice there has already proceeded an approbation of a new administrative building and acceptance of a chemical treatment plant. The project of increase of the installed power of unit 3 to 510 MW (compared to the original 440 MW) at the Dukovany nuclear power plant was implemented, low pressure parts of the turbine and a complex refurbishment of the loading machine proceeded at the Temelín nuclear power plant during the historically shortest extended outage.

The ČEZ Group is doing well also abroad – all acquisitions have been permanently achieving the planned returnability despite the continuing crisis. In addition in the first term of 2009 the ČEZ Group strengthen significantly its position in Turkey, entered Albania and through acquisition of MIBRAG, the mining and power company, it extended its activity also in neighbouring Germany.

Production of electric power from ČEZ, a. s. own sources dropped by 1.8 TWh in interim, which is by 5.5 %. The interim drop in production at nuclear power plants by 0.1 TWh was due to the planned outage of Unit 3 of the Dukovany nuclear power plant which started on 10 January 2009 and lasted for the whole 1st quarter of 2009. The interim drop in production at coal-burning power plants by 9.5 % was caused due to a bigger amount of planned outages at coal-burning power plants, further due to optimisation of production related to price of electric power and drop in demand.

“The economic recession significantly affected consumption of electric power in the Czech Republic in the 1st quarter of 2009, which dropped in interim by 6.9 %. At large customers the consumption dropped in relation to damping of development programs by 12.5 %, while at households the consumption increased by 1.8 % and at small businesses by 0.5 %. Stop of growth and consequent drop of electric power demand all over Europe has been dictated by the impending economic crisis since the end of 2008. Together with development of the price of oil it consequently reflects also in prices of electric power on markets of Central and South-Eastern Europe, “said Alan Svoboda, the Manager of Trade Division.

Scheme: Income of the ČEZ Group for the 1st term of 2009

	(mil. CZK)	interim change %
Operating income	95 615	+ 5.7 %
EBITDA (or Operating profit before depreciations)	51 827	+ 6.2 %
Profit before tax	39 945	+ 8.6 %
Profit after tax	32 000	+10.5 %