

Internal Information

As expected, ČEZ Group experienced the impacts of the economic crisis as late as now when the net profit of Q1 dropped by 1.9 billion CZK, as compared to the same period last year, to 17.5 billion CZK

The power-engineering ČEZ Group realized the net profit for Q1 2010 in the amount of 17.5 billion CZK, which means the interannual decrease by 9.9 %. The net profit decrease is due to the economic crisis which was reflected in the drop in electricity prices. ČEZ managed to compensate this drop in prices amounting to several tens of percent partially with the sale of electricity for higher pre-crisis prices in the form of futures contracts.

“In addition to the successful business strategy based on which we sold electricity in the form of futures contracts, we managed to mitigate the crisis impacts on our economic results in particular by continuing in the Effectiveness programme, being able to find further internal savings,” said Martin Roman, Chairman of the Board of Directors and CEO of ČEZ.

Since the year beginning ČEZ Group has invested almost 12 billion CZK, in particular in refurbishment of power plants. 5.3 billion CZK has been invested in redevelopment of the production portfolio. The first two completed units of Tušimice power plant have been undergoing trial test run, and the building work on the further two units under refurbishment have been continuing. The building work within the project of construction of a new supercritical unit in Ledvice has been proceeding on schedule, and the first assemblies have been being mounted. The capital expenditures in nuclear power engineering reached 2.5 billion CZK in Q1.

The first results have been brought in by the strategic initiative “FUTUR/E/MOTION – the Power of Tomorrow”, introduced last year with the aim to initiate considerable investments in new technologies allowing future production, distribution and consumption of electricity in a more efficient and economical manner. Preparations for the pilot projects of development of a network of charging stations (e-pumps) for electric-powered vehicles in Ostrava and Prague have been culminating. By the end of 2010 several e-pumps will have already been in service. The investments have got under way in Vrchlabí, the first region where “smart grids” will be operated.

ČEZ Group also succeeds abroad – all acquisitions have been steadily attaining the planned return despite the ongoing crisis. Although last year ČEZ made considerable investments in new acquisitions in Germany, Turkey and Albania, the ratio of the accumulated operating earnings before interest, taxes, depreciation and amortization (EBITDA) of the foreign companies to the total investments in the acquisitions has already exceeded 45 % over the period of our presence abroad.

The power generation from own sources of ČEZ, a. s. has increased by 5.5 % as against the same period last year. Nuclear power plants Temelín and Dukovany generated 0.6 TWh (7.0 %) more than in the same period of 2009. The generation has also grown in the coal-fired power plants, namely by 0.3 TWh (by 4.1 %). The generation in the hydroelectric power plants has increased by 13.2 % due to favourable flows and also due to the renovations of some sources, which took place in 2009 and involved increasing their output. As compared to Q1 of the previous year, the portfolio of power plants has been extended by new renewable sources – solar, wind and biomass ones.

“The economic recession has affected the electricity consumption in the Czech Republic to a considerable extent but there has been a turn appearing over the past 5 months. According to the preliminary data for Q1 2010, the electricity demand in the Czech Republic experienced the interannual increase by 1.4 %, or by 1.0 % when converted to the thermal standard. The consumption by wholesale customers has increased by 2.3 %, the consumption by small-scale business customers has been 2.2% higher and the consumption by residential consumers has been 0.3% lower. The overall slight increase in the electricity demand is probably due to the gradually ending economic recession,” said Michal Skalka, Director of Trading.

Table: Economic results of ČEZ Group for Q1 2010

	(Million CZK) Interannual change in %	
Operating revenues	53 886	-0.1 %
EBITDA (earnings before interest, taxes, depreciation and amortization)	27 331	-9.6 %
Pre-tax profit	21 463	-10.5 %
After-tax profit	17 462	-9.9 %