

## Internal Information

### Foreign companies of the CEZ Group bring positive results

**Even in the last year, the foreign companies of the CEZ Group experienced processes the purpose of which was to enhance their production capacity. In total, the accumulated EBITDA (operating income) of the foreign companies has amounted to nearly half of the investment. CEZ gains CZK 5.5 billion on dividends.**

Despite the severe impacts of the economic crisis, CEZ succeeded in meeting relevant economic indicators and implementing key changes in accordance with the plan in 2009. "All our foreign acquisitions are achieving the planned rate of return on a permanent basis and have started to accumulate financial resources for the growth of the CEZ Group. We have gained or decided on CZK 5.5 billion on dividends so far," says Tomas Pleskac, 2<sup>nd</sup> Vice-Chairman of the Board of Directors and Chief Officer of International Division.

At the beginning of June, the CEZ Group started commissioning the first stage of the largest on-shore wind-power farm in Europe. "In Romania, where we have been pursuing business activities in the area of electricity distribution and supply so far, we are now entering the market of power generation as well. After the entire wind-powered farm with capacity of 600 MW has been put into operation in 2011, we will have gained a ten-percent share in generation of electricity based on renewable resources in Romania," says Tomas Pleskac.

The importance of the CEZ Group foreign portfolio is increasing from year to year. At the end of 2009, CEZ owned 65 foreign companies with 15,997 employees. These companies have already contributed to CEZ's earnings with CZK 60 billion and represent more than one fourth of the group's fixed assets. In addition, the year of 2009 was the year of a significant expansion of the CEZ Group when its acquisitions in Turkey, Germany and Albania were finalized. Restructuralization processes were thus newly started in particular in Turkey and Albania. "In the latter of the stated countries, we focus on improvement of debt recovery and illegal electricity tapping combat in accordance with the privatization contract. The issue of this year but of the oncoming years as well is transformation and restructuralization of this sole Albanian distributor," said Martin Pacovsky, Chief Officer of Foreign Acquisitions Management Division.

"We manage our acquisitions by means of only several dozens of Czech employees the number of which is being reduced. On a permanent basis, we are trying to involve locals to maximum extent and to motivate them to work for the CEZ Group. In addition, by rotation of managers round the foreign companies, including the centre, we are achieving optimal transfer of know-how from one country to another," says Tomas Pleskac.

In 2009, the foreign power plants of the CEZ Group generated approx. 4.5 TWh of electric energy and supplied nearly 4,400 TJ of thermal energy. In the same period, the companies located in Bulgaria, Romania and Albania supplied end-customers with 16.3 TWh of electricity and distributed 20 TWh of electricity. Compare: the entire CEZ Group generated 65.3 TWh of electricity and 13,040 TJ of thermal energy.

**Table: Results of the foreign companies in 2009**

	Electricity generation (TWh)	Heat supply (TJ)	Sale of electricity to end-customers (TWh)	Distribution of electricity to end-customers (TWh)
Foreign companies	4.5	4,389	16.3	20.0
CEZ Group in total	65.3	13,040	43.5	51.7
Share of foreign companies in the results of the CEZ Group	6.9 %	33.7 %	37.5%	38.6 %

Note: The table does not include results of the companies located in Turkey and in Germany controlled by the CEZ Group together with other partners.

### History of the CEZ Group foreign expansion

The CEZ Group started its foreign expansion in January 2005 by takeover of majority shares in three Bulgarian distribution companies on the basis of a successful privatization selection procedure. In autumn 2005, CEZ succeeded in the privatization selection procedure for purchase of the majority share in Electrica Oltenia, the largest Romanian distribution company. In 2006, the CEZ Group increased its foreign portfolio by three generation plants, Elcho and Skawina, Polish power plants, and Varna, a Bulgarian power plant. One year later, the most important acquisition was the partnership with MOL, Hungarian oil and gas company that focuses on construction of gas power plants. In 2008, CEZ succeeded in gaining an important acquisition in the form of construction of the largest European wind-powered park in Romania where CEZ became a selected partner for the completion of units 3 and 4 of Cernavoda nuclear power plant. At the end of 2008, CEZ was entrusted by the Slovak Government to be a partner for the construction of Jaslovske Bohunice nuclear power plant. Also in 2008, CEZ succeeded in entering the Turkish market and won the privatization process for a distribution company in Albania. Both the acquisitions were finalized in the course of 2009 when the foreign portfolio of the CEZ Group was extended by MIBRAG, a German mining and electricity company.