

Internal Information

ČEZ Groups Signs an Agreement on a Joint Venture with Hungarian MOL

The ČEZ power corporation signed a memorandum on cooperation in the energy sector through creation of a strategic alliance with the Hungarian power company MOL today. In the next two months, intensive negotiations will be conducted on the conditions of establishment of a joint venture, the first step in the planned cooperation.

“The countries in which MOL is active correspond to the target territory for foreign expansion of by the ČEZ Group. Cooperation with MOL is an opportunity for ČEZ to strengthen its position on electricity markets in central and south-east Europe, with the contribution of a strong, locally established partner from the gas industry, says Martin Roman, Chairman of the Board and CEO of ČEZ.

Many countries in central and south-east Europe have a definite balance from this year, and must import electricity from neighbouring countries. The joint venture should particularly involve the construction of steam-gas power plants. The first step is the planned construction of steam-gas power plants at the refineries of the MOL group in Bratislava and the Hungarian city of Százhalombatta. Details about these projects including the considered installed capacity of the power plants will be published after the conclusion of the ongoing negotiations.

To strengthen the strategic alliance, ČEZ is considering the possibility of capital entry into the company MOL by purchasing a stake of up to 10% directly from MOL. However, the exchange of shares between the companies has never come into consideration. Even the purchase of MOL shares including the related financial transaction will be the subject of further negotiations.

The condition for effectiveness of the memorandum and creation of the strategic alliance of ČEZ and MOL is the approval by the Supervisory Board of ČEZ, among other things.

MOL is one of the largest companies in the oil and natural gas sector in central and south-east Europe, with market capitalisation in excess of 14 billion dollars.

Apart from its home base in the Czech Republic, the ČEZ group is active in 8 countries of central and south-east Europe. In Bulgaria, it owns the distribution system providing electricity to 1.9 million customers and the black-coal power plant in Varna. In neighbouring Romania, it supplies power to 1.4 million customers. To owns to power companies in Poland. Together with local partners, it is preparing the construction of a power plant in the Bosnian city of Gacko. This April, it also signed an agreement on cooperation with the Russian energy corporation RAO UES. Market capitalisation of the ČEZ energy company as of yesterday (29 August 2007) exceeded 30 billion dollars.