Internal Information

ČEZ Group Generated Net Profit of CZK 17.9 Billion in Q1 2013

The Net Profit was up by 24 percent year on year (CZK 3.5 billion), reaching CZK 17.9 billion, which is the second best result ever recorded by the ČEZ Group in the first calendar quarter. Operating Profit Before Depreciation (EBITDA) rose by CZK 2.1 billion year on year (up by 8%) and ended at CZK 28.3 billion. The primary factor that contributed to the year-on-year profit growth was the termination of business activities in Albania combined with extraordinary profits from trading in emission allowances, and also Energotrans' integration in the ČEZ Group. Thus, the ČEZ Group has so far successfully compensated the adverse trend of declining electricity prices and the unfavorable developments in the European energy sector.

"The first quarter of 2013 was very successful for us despite the constantly declining electricity prices and the adverse regulatory interventions by national and European institutions. After several years of disputes we managed to execute an agreement for the long-term supply of coal to the Počerady power plant, which I perceive as a major milestone not only in our coal sourcing strategy in the Czech Republic. In mid March, we also signed a contract for the sale of the Chvaletice power plant. These two contracts will significantly add to our company's stability and stabilize also the coal and electricity markets in the entire Czech Republic," says Daniel Beneš, Chief Executive Officer and Chairman of the Board of Directors, when explaining the ČEZ Group's strategy. The sale of the Chvaletice power plant will be reflected in the Group's financial performance only when the transaction has been approved by the antitrust authority. At the same time, we expect that, once the buyer has been approved by the European Commission, we will have fulfilled the parameters of the settlement agreement we have proposed and, thus, put an end to the long investigation conducted by the European Commission.

The ČEZ Group was also successful in the first quarter at concluding new gas contracts. ČEZ Prodej confirmed its leading position among alternative utility suppliers and its lead before the next market player already exceeded 100 points of delivery.

For the entire year of 2013, the ČEZ Group has increased its expected Operating Profit Before Depreciation (EBITDA) to CZK 81 billion and the Net Profit to CZK 37.5 billion. We expect the Net Profit to decline by 7% year on year since, for the rest of 2013, the aforementioned positive factors will be outweighed by the negative impacts of declining electricity prices, ČEZ' obligation to buy emission allowances for a portion of its production in 2013, and other factors. These include the recent decision by the European Parliament to reject a draft amendment to the EU ETS Directive, which aimed at fixing at least partially the defunct system of supporting low-emission power generation sources. The ČEZ Group also faces risks of national regulatory conditions deteriorating in Southeast Europe as well as risks of adjustments having to be made on long-term assets due to energy sector regulation, deepening debt crisis, and the overall economic developments in Europe. Nonetheless, compared to other European energy businesses, the ČEZ Group continues to maintain good performance and shows a strong liquid position. The ČEZ Group significantly contributes to the Czech state budget, to which the Group has already paid nearly CZK 100 billion in dividends, with the dividend for 2012 proposed this year (at CZK 40 per share) to bring another nearly CZK 13 billion to the Czech state budget.

The ČEZ Group constantly strives to improve its internal efficiency and fulfill all of its strategic initiatives; the utmost priority is now given to preparing the conditions for building two new

units of the Temelín nuclear power plant. On March 25, both bidders were informed of the preliminary standing of their bids and, presently, individual negotiations are conducted with them to get even better bid conditions.

Table: The ČEZ Group's financial results for Q1 2013

	(CZK billion)	Y-o-Y change in %
Operating Revenues	60.0	- 1.0%
EBITDA (Operating Profit Before Depreciation)	28.3	+ 8.0%
Profit After Tax	17.9	+ 24.0%