Internal Information

CEZ Group Earned Nearly CZK 10 bn in Q1 2014

In the first quarter of 2014, the CEZ Group recorded a Net Profit of CZK 9.9 bn, with its Operating Profit Before Depreciation (EBITDA) at CZK 21.2 bn and Operating Cash Flow at CZK 15.6 bn; this was 5% less than in Q1 2013. These results reflect the deteriorating business conditions in the energy sector, lower electricity wholesale prices and the stagnating European economy. The year-on-year profit was also affected by the above-average temperatures and below-average precipitation in Q1 2014, combined with the extraordinary revenues posted in Q1 2013.

Despite the unfavourable development of climatic conditions in the first quarter, the CEZ Group confirms its expected EBITDA for 2014 at CZK 70.5 bn. The CEZ Group expects to generate a Net Profit at CZK 27.5 bn excluding adjustments to fixed assets, the impact of which on the all-year results will depend on the developments in the European energy sector regulation, energy market developments and our internal measures implemented throughout 2014.

"The uncertainty in Europe remains and the energy sector faces an ever greater crisis; nevertheless, unlike its rivals, the CEZ Group's prudential financial policy helps it maintain good financial stability. As one of few European energy firms, we managed to retain our record-high rating of A- with a stable outlook after Standard & Poor's rating review in April," says Chairman of the Board of Directors and Chief Executive Officer Daniel Beneš. The CEZ Group's good financial health is also evidenced by the fact that its overall debt declined by CZK 9.4 bn year on year.

We continue to reduce costs across the entire Group. As part of our internal cost-cutting measures, improved the benefits coming from our existing shared service centres. Process optimization measures already implemented in customer care, distribution and corporate services in the Czech Republic have led to annual cost reduction of more than CZK 670 million. Extend this comprehensive project with engineering capacities as well; this should allow us to cut costs by more than CZK 1 bn over the upcoming four years. „Our pressure on the saving measures continues, yet we plan to initiate many others across the CEZ Group this year," said Daniel Beneš, Chairman of the Board of Directors and Chief Executive Officer.

In response to the turbulent developments in the energy markets, in line with its current strategy, the CEZ Group focuses on protecting and optimizing the value of its existing business activities and primarily on developing its growth opportunities. The results have manifested already. Mobil by CEZ has acquired over 60,000 clients. CEZ Energo, a leader in the Czech market of small combined heat and power (CHP) units, has increased the aggregate installed capacity of small CHP units (up to 5 MWe) to nearly 43 MWe; today, it operates already 79 CHP units in more than 30 municipalities and towns across the Czech Republic.

"We are aware of the causes of the present-day crisis of the European energy sector; therefore, we focus on fulfilling our customer-oriented strategy and on developing new opportunities," says Pavel Cyrani, Sales and Strategy Division Director. This year, CEZ Sales focuses on improving its customer services and has issued its Code of Customer Care, which guarantees specific and measurable standards of services provided to clients. These include attendance speed, time to fault remedy, and better options for clients to contact the various companies in the CEZ Group. "We want to be the best in customer care among energy suppliers in the Czech Republic; moreover, we want to rank among the top European energy firms in this respect as well," emphasized Daniel Beneš, Chairman of the Board of Directors and Chief Executive Officer.