CEZ GROUP:
THE LEADER IN POWER MARKETS OF CENTRAL AND SOUTHEASTERN EUROPE

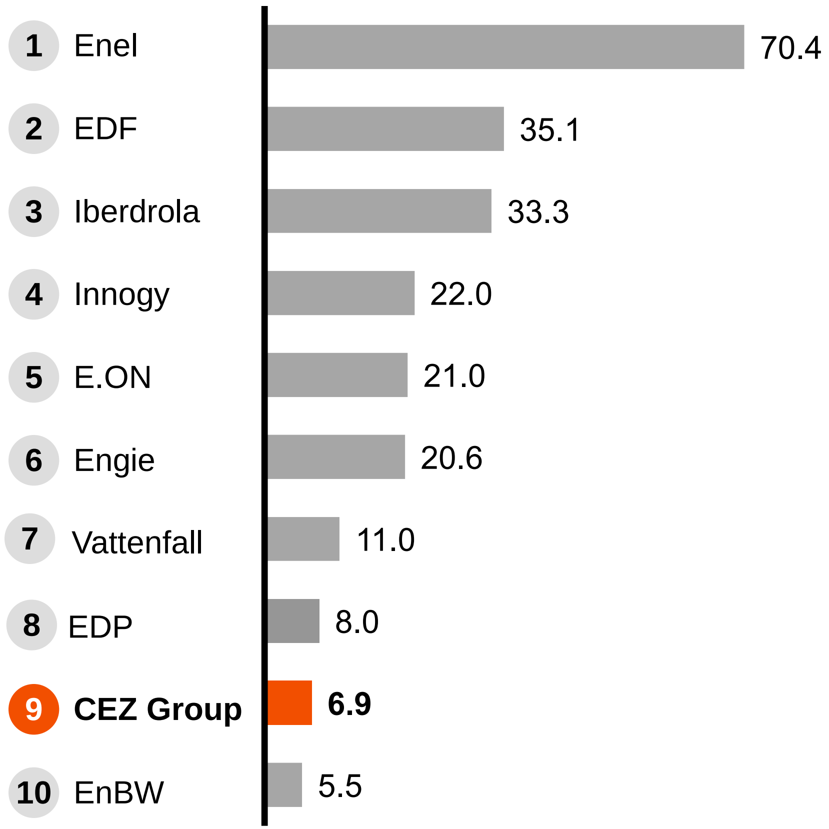
Investment story, April 2019

AGENDA

CEZ GROUP RANKS AMONG THE TOP 10 LARGEST UTILITY COMPANIES IN EUROPE

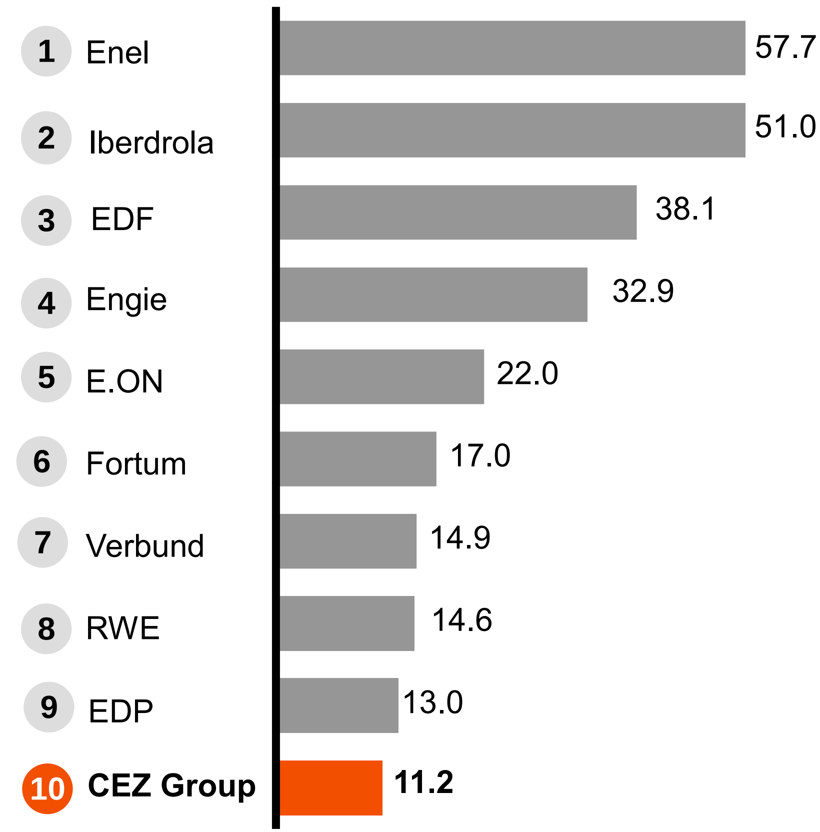
Top 10 European power utilities

Number of customers in 2018, in millions



Top 10 European power utilities

Market capitalization in EUR bn, as of April 2, 2019



 Source: Bloomberg, Annual reports, companies' websites and presentations

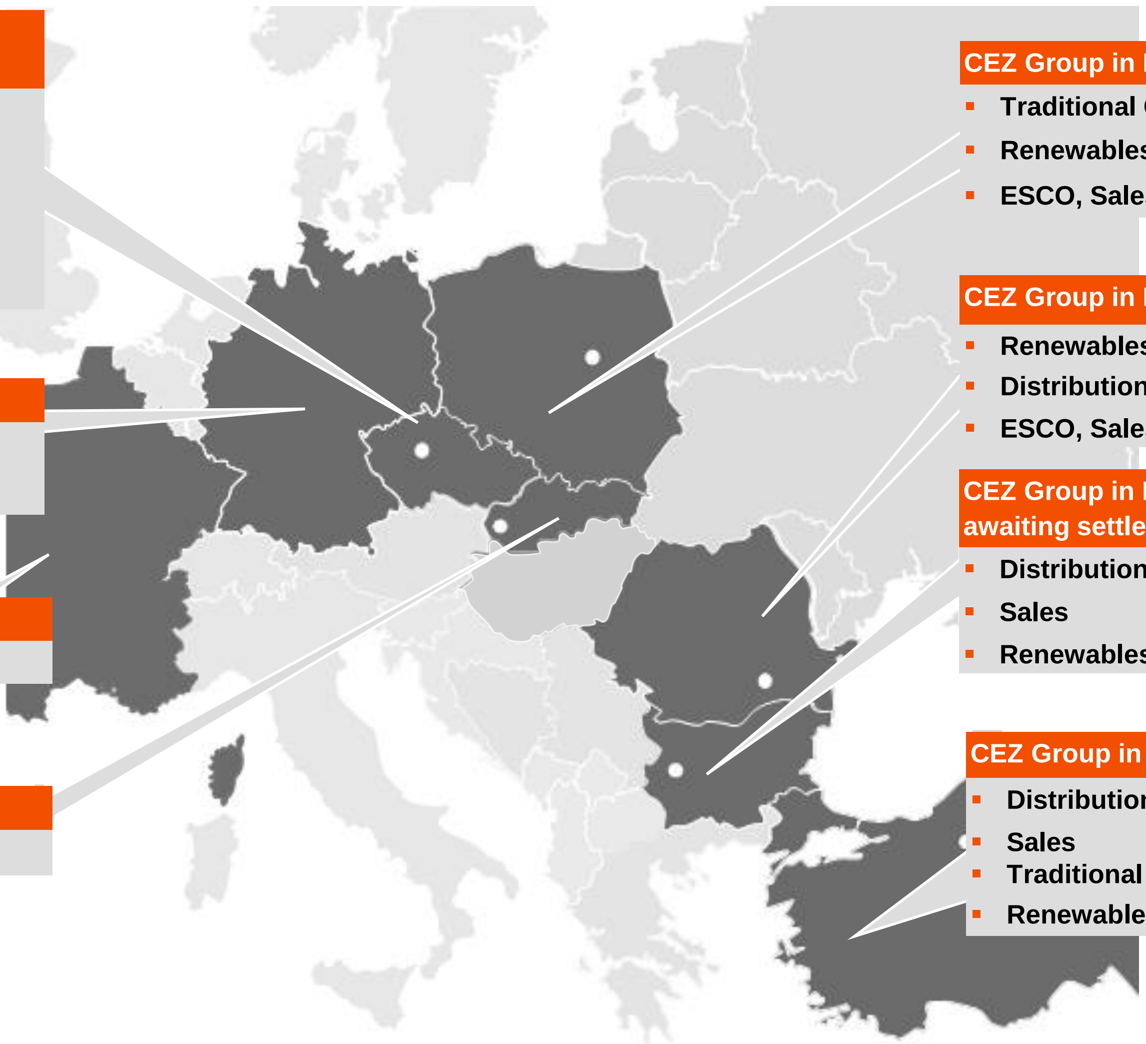
CEZ GROUP IS AN INTERNATIONAL UTILITY WITH A STRONG POSITION IN CEE AND GROWING PRESENCE IN WESTERN EUROPE

CEZ Group in the Czech Republic
- Mining
- Traditional Generation
- Renewables
- Distribution
- ESCO, Sales

CEZ Group in Germany
- Renewables
- ESCO

CEZ Group in France
- Renewables

CEZ Group in Slovakia
- ESCO



CEZ Group in Poland
- Traditional Generation
- Renewables
- ESCO, Sales

CEZ Group in Romania
- Renewables
- Distribution
- ESCO, Sales

CEZ Group in Bulgaria (Sold, awaiting settlement)
- Distribution
- Sales
- Renewables

CEZ Group in Turkey*
- Distribution
- Sales
- Traditional Generation
- Renewables

*(50% stake in SEDAS through AkCez, 37.36% stake in Akenerji)

CZECH REPUBLIC IS THE MOST IMPORTANT MARKET FOR CEZ GROUP, IT IS VERTICALLY INTEGRATED THERE

	Lignite mining	Generation	Transmisson	Distribution	Supply
CEZ	**53%** 20.9 million tons	**67%** 58.8 TWh		**65%** 36.0 TWh	**28%** 17.5 TWh
Others	**47%** 18.3 million tons	**33%** 29.2 TWh	**100%** 67.0 TWh	**35%** 19.7 TWh	**72%** 44.7 TWh

Lignite mining

- CEZ fully owns the largest Czech mining company (SD) covering 71% of CEZ' s Lignite needs
- Remaining 3 coal mining companies are privately owned

Generation

- Other competitors are individual IPPs

Transmisson

- The Czech transmission grid is owned and operated by CEPS, 100% owned by the Czech state

Distribution

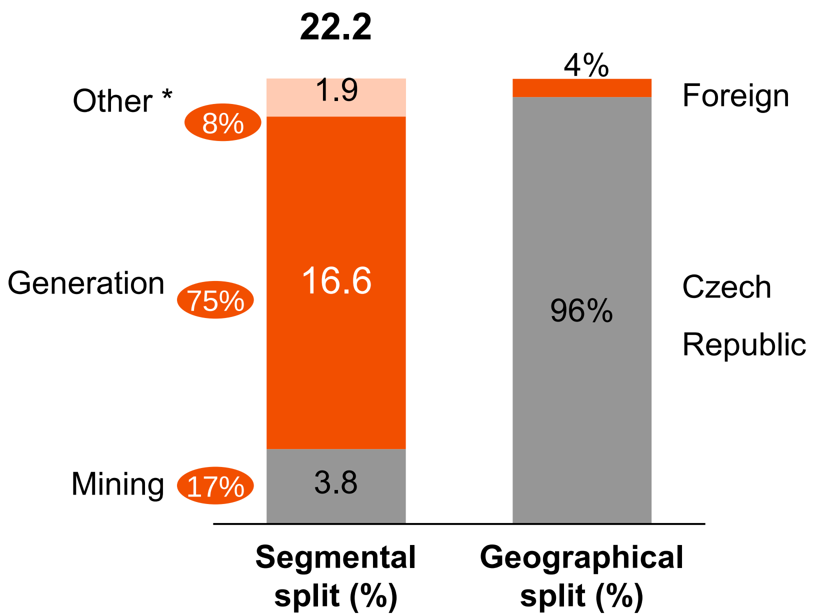
Supply

- Other competitors – E.ON, PRE (41% held by EnBW), Bohemia Energy, Innogy, Centropol Energy

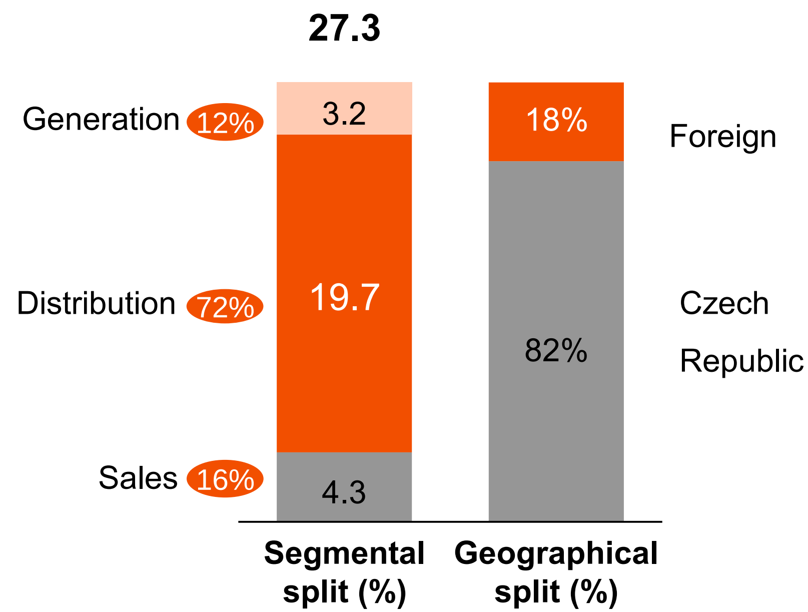
SEGMENTAL AND GEOGRAPHICAL CONTRIBUTIONS TO EBITDA IN 2018

2018 EBITDA CZK 49.5bn

~45% **Traditional Generation 2018 EBITDA**



55% **Regulated and New Energy 2018 EBITDA**



OPERATIONS TEAM

- The most effective use of our traditional assets
- Proactively adjusting to the new energy environment
- Generating sufficient cash flows to develop new activities and pay dividends to our shareholders

DEVELOPMENT TEAM

- Ensuring future growth for CEZ based on ESCO activities, decentralized energy, distribution and renewables with focus on end customers
- Acquisitions and organic growth in stable countries

*including eliminations

KEY BUSINESS DRIVERS OF CEZ GROUP

Traditional Generation

- **Benefits from growing power prices…..**
  - Electricity price approx. 40% upside* from the beginning of the year 2018
- **….. as it is positively geared toward growing price of CO2 allowances**
  - CEZ emission intensity 0.39 t/MWh is well below 0.6 t/MWh intensity of marginal coal plant
- **Stable CAPEX**
  - Upgrade of lignite fleet completed
  - Current Capex mostly maintenance related

Regulated and New Energy

- **Benefits from RAB growth**
  - 10% increase by 2020 in Czech distribution
- **Additions of renewables capacity**
  - Pipeline of 220 MW of wind parks in France, 39 MW in Poland and projects with potential up to 193 MW in Germany
  - Acquisition of additional development projects in WE are in focus
- **Expansion of energy services offering („ESCO“)**
  - Expected 2019 revenues of CZK 20bn through organic growth and acquisitions

*84% of CEZ 2019 production hedged at 35.8 EUR/MWh, EEX CAL2019 closed at 51.0 EUR/MWh on Dec 31, 2018

CEZ GROUP'S STRATEGY AIMS AT MAXIMISING CASH FLOW FROM ITS TRADITIONAL BUSINESS AND INCREASING PRESENCE IN RENEWABLES, ESCO AND DISTRIBUTED ENERGY

THREE PILLARS OF CEZ GROUP'S STRATEGY

I

Be among the best in the operation of conventional electricity generation and proactively respond to the challenges of the 21st century

II

Offer a wide range of products and services to customers, which address their energy needs

III

Strengthen and consolidate our position in the region of Central and Western Europe, especially in Renewables

Strategy execution split between Operations and Development Teams (including setting of Quantitative goals until 2020)

Operations Team – additional CZK 3 bn EBITDA by 2020*

- Cost reductions and efficiency increase in support services
- Power Generation and Mining optimization
- Strengthening position in the Heat market

Development Team - additional CZK 6 bn EBITDA by 2020*

- Acquisitions and Development in Renewable Generation, ESCO and distribution in Western and Central Europe
- Acquisition potential up to CEZ Group´s leverage of 3x Net Debt / EBITDA
- Optimization of Distribution operations and Sales to retail
- Venture-type investments in Energy related areas in Europe

* EBITDA improvement upon the Business plan (from Sept 2015) for 2020

CEZ IS COMMITTED TO GENERATE CARBON NEUTRAL POWER BY 2050, WITH 50% REDUCTION IN INSTALLED COAL CAPACITY BY 2025

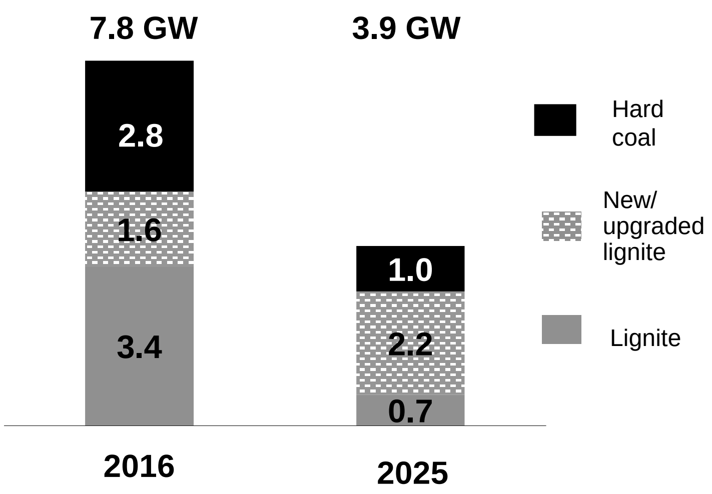
Coal fired power plants will be gradually closed

- Coal fired power plants currently represent 46% of capacity and 44% of generation volume in 2018 and their revenues are less than 30% of total
- Coal fired capacity will more than half from 7.8 GW in 2016 to 3.9 GW by 2025

CEZ is expanding its footprint in renewables, not planning any new coal fired power plants

- CEZ's strategy focuses on power generation capacity growth in renewables expanding its currently running 1700 MW renewable generation capacity (half of which built in the last decade)

Expected development of installed capacity in coal (GW)



Coal extracted is mainly used in own power plants

- CEZ Group produced 20.9 mil tones of coal, out of which only 28% is sold externally
- Share of coal mining and related activities (except power generation) on CEZ group's revenues is 2% only

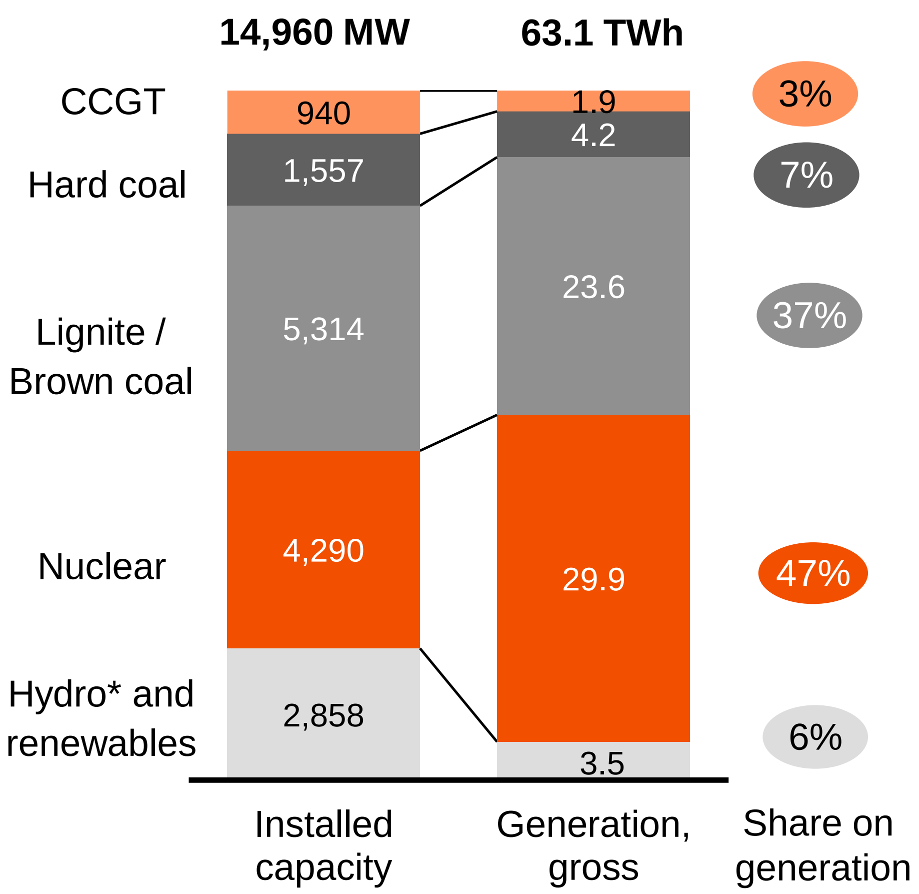
CEZ Group has reduced CO2 emissions by 43% since 2007

- In 2018 CEZ generated more than half of its electricity at zero-emission facilities
- **CEZ Group made a commitment to generate carbon neutral electricity before 2050**

AGENDA

CEZ GROUP OPERATES LOW COST GENERATION FLEET

Installed capacity and generation (2018)

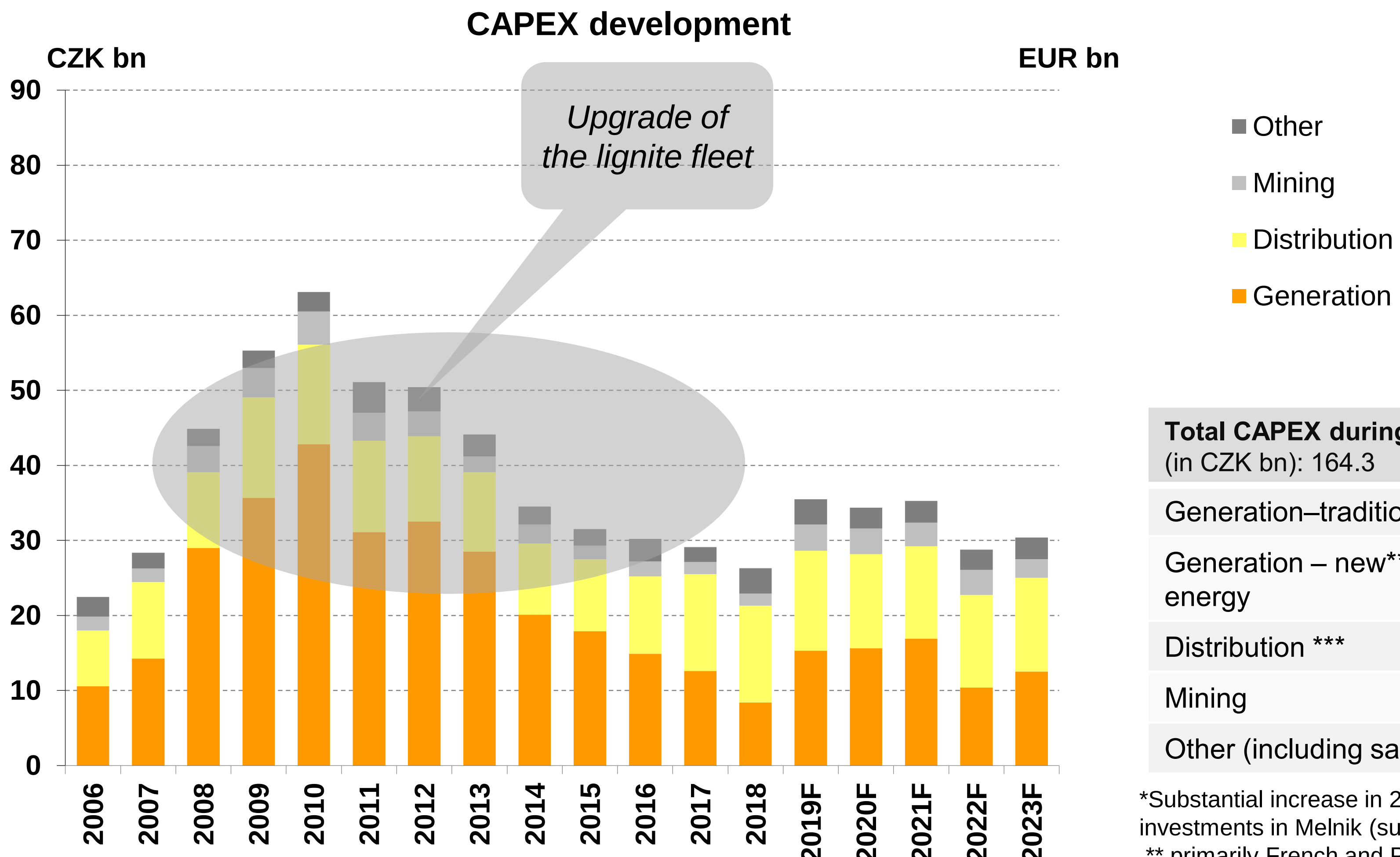


- **Coal power plants are using mostly lignite from CEZ's own mine** (71% of lignite needs sourced internally, remaining volume through long-term supply contracts)
- **Nuclear plants have very low operational costs**

CEZ has a long-term competitive advantage of low and relatively stable generation costs

* Hydro 1,985 MW, out of which 1,170 MW in pumped-storage hydro

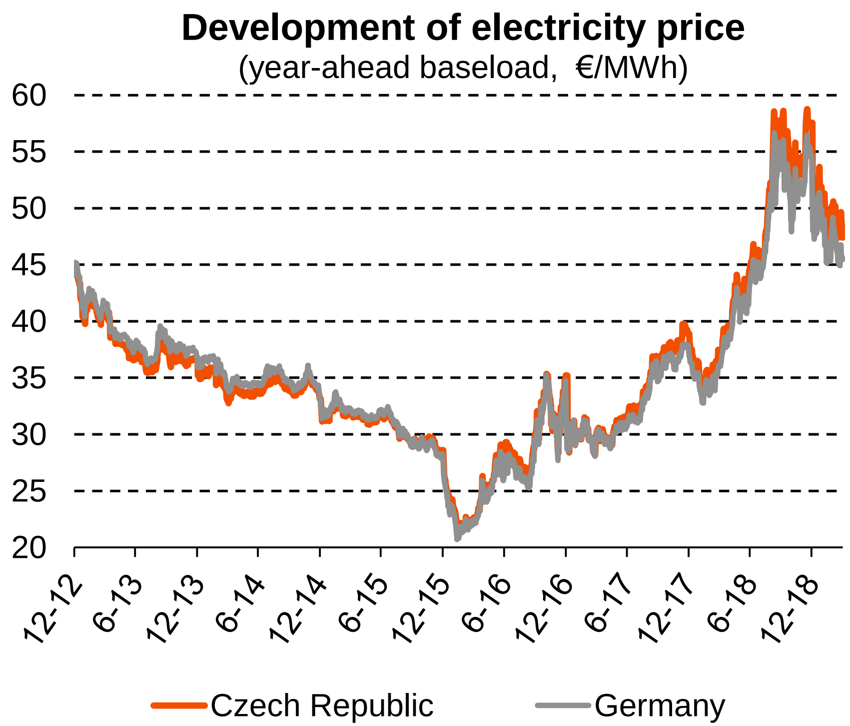
CEZ GROUP COMPLETED UPGRADE OF ITS LIGNITE FLEET, GOING FORWARD MAINTENANCE CAPEX ONLY

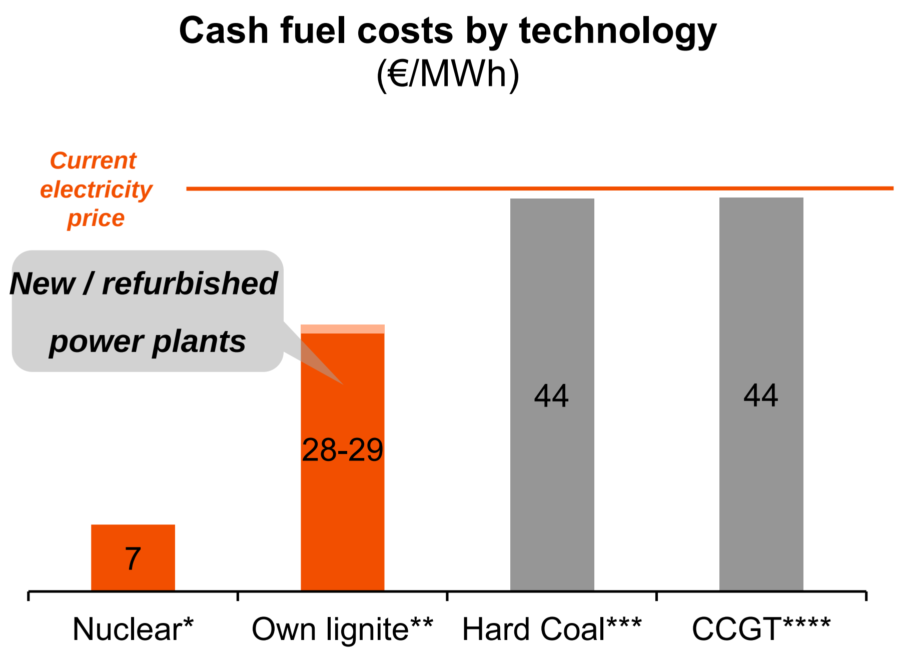


Total CAPEX during 2019-2023 (in CZK bn): 164.3	
Generation–traditional*	65.4
Generation – new** energy	5.4
Distribution ***	63.0
Mining	15.8
Other (including sales)	14.7

*Substantial increase in 2019 primarily given by investments in Melnik (supply of heat to Prague)
** primarily French and Polish wind farms
*** of which CZK 7.6 bn outside Czech Rep.

LOW COST AND UPGRADED GENERATION PORTFOLIO IS A GREAT ADVANTAGE IN THE CURRENT PRICE ENVIRONMENT





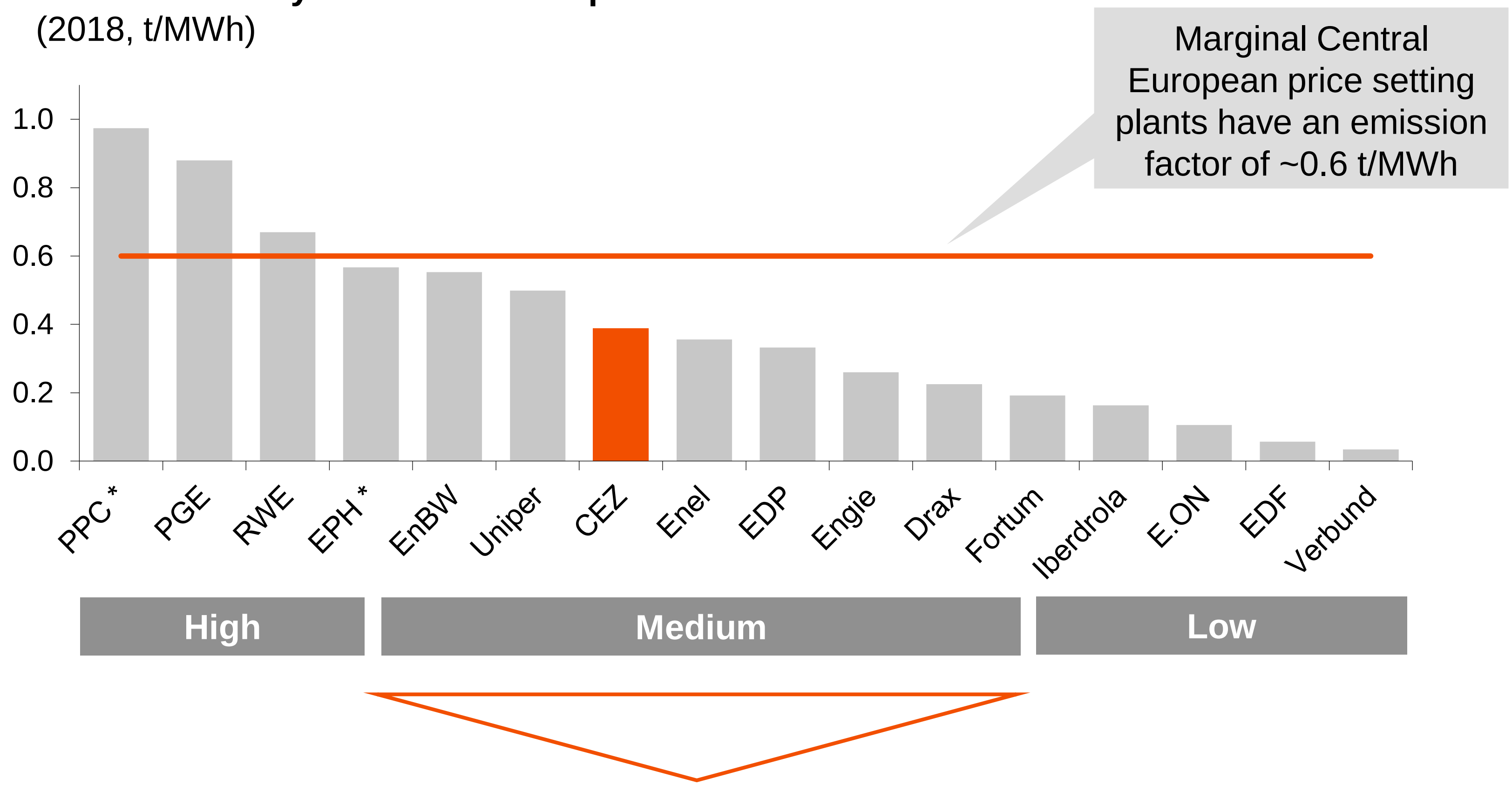
Drivers of electricity price

- **hard coal prices** being mainly driven by levels of Chinese coal imports and shale gas discoveries in the US
- **carbon prices rising** due to implementation of MSR in 2019 and increase of switching costs
- **growing** capacity of subsidized **renewables**
- **stagnating** electricity **demand**

* Nuclear fuel costs + CZK55/MWh payment for fuel storage ** Cash cost of extracting own lignite, 42/39.5% efficiency, 11,5 GJ/t calorific value, carbon at 21.5 EUR/t, 0.96 t/MWh CO2 *** Coal at 73.5USD/t, 38% efficiency, 0.90 t/MWh CO2 ****Gas 18.7 EUR/MWh, 57% efficiency, 0.35 t/MWh CO2

CEZ GROUP'S CO_2 INTENSITY IS BELOW INTENSITY OF A EUROPEAN PRICE SETTING PLANTS

Carbon intensity of selected European utilities
(2018, t/MWh)



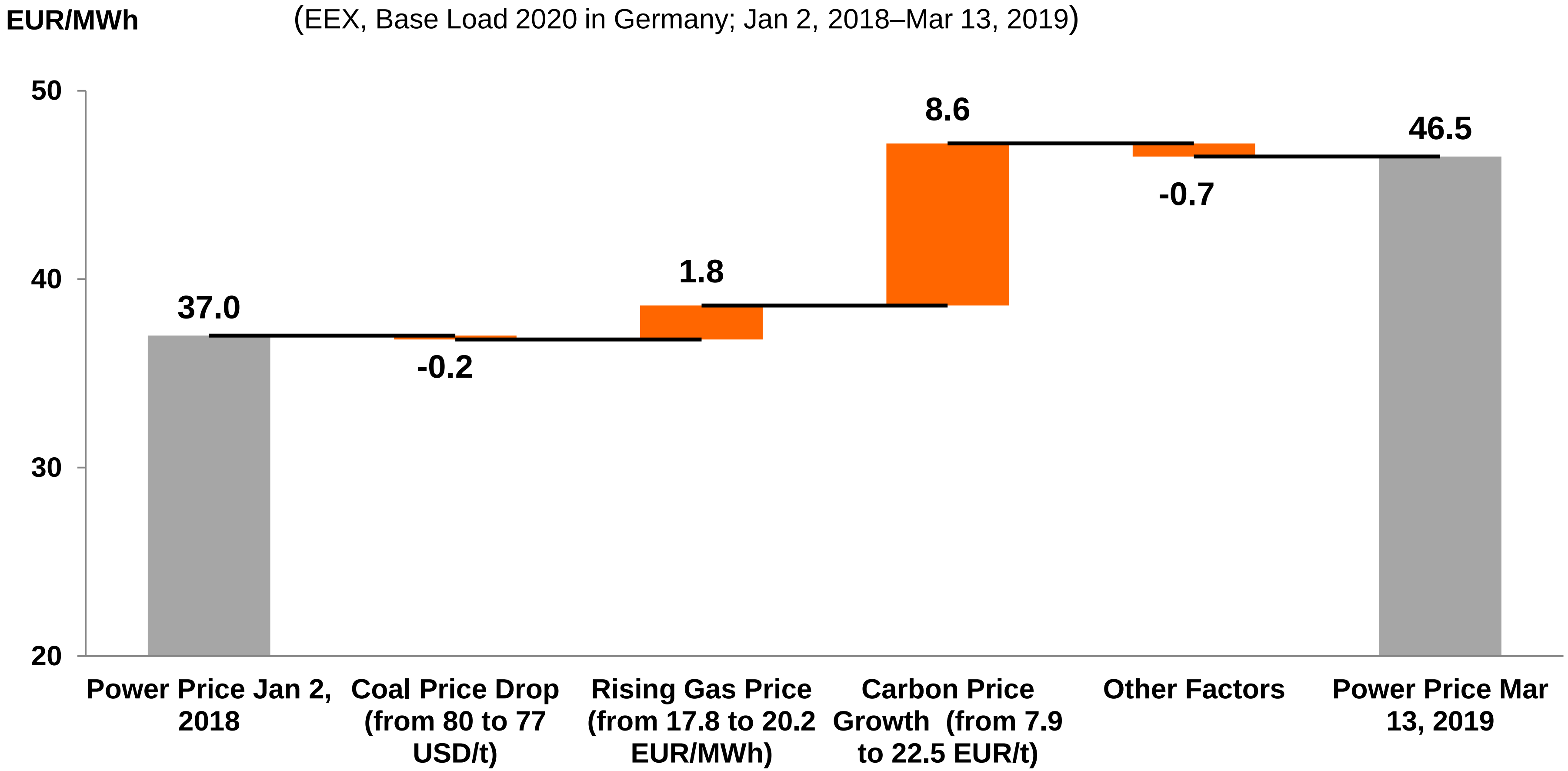
Increase in CO_2 price has a positive impact on CEZ profitability**

 * Data for 2017 **CEZ also receives part of emission allowances for free – for details see back-up

ELECTRICITY PRICES HAVE INCREASED SINCE THE BEGINNING OF 2018 PRIMARILY DUE TO THE RISING PRICE OF CO_2 ALLOWANCES

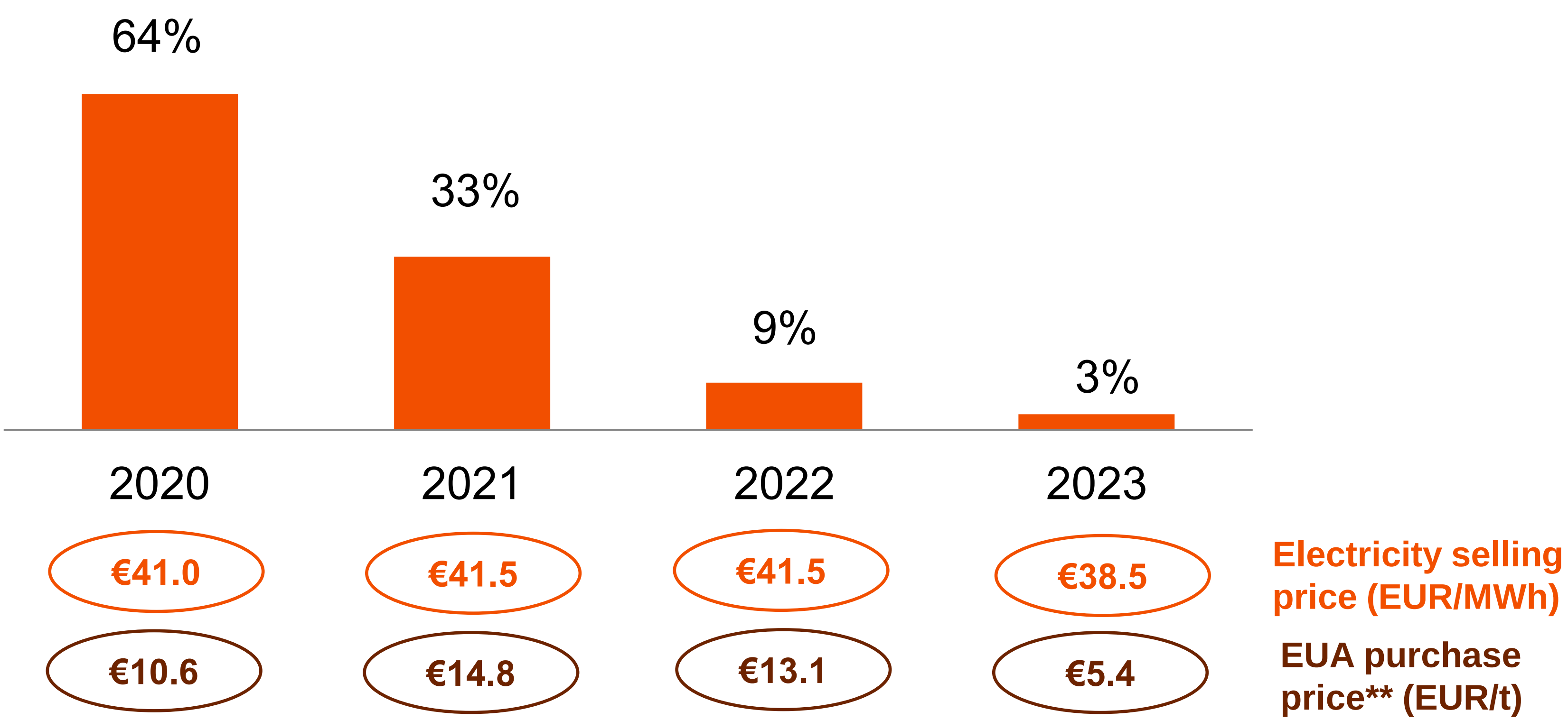
Breakdown of Causes for Change in Wholesale Electricity Prices in 2020

(EEX, Base Load 2020 in Germany; Jan 2, 2018–Mar 13, 2019)



ČEZ CONTINUES HEDGING ITS GENERATION REVENUES IN THE MEDIUM TERM IN LINE WITH STANDARD POLICY

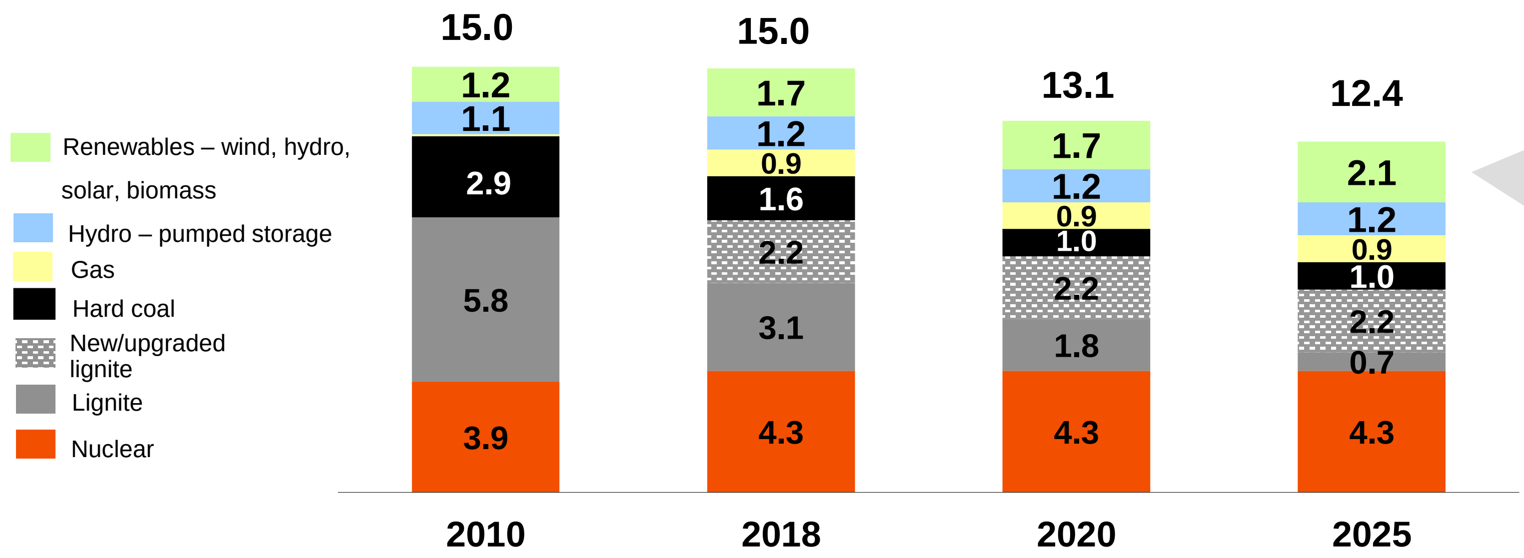
Share of Hedged Production of ČEZ* Facilities as of Feb 28, 2019
(100% of deliveries in 2020–2023 corresponds to 51–55 TWh)



* ČEZ, a. s. including the Energotrans, Počerady and Dětmarovice
** The average purchase price of EUA includes allowances allocated under derogations (with zero value) in 2019

CEZ GROUP'S CO2 EMISSIONS INTENSITY TO FURTHER DECLINE AS A RESULT OF CLOSURES OF OLD LOW-PROFIT COAL UNITS

Expected development of installed capacity (GW)*



Further development of renewables will (partly) offset the decline in the installed capacity and will further decrease CO2 intensity.

Emission intensity
(t CO_2/MWh generated)

2010	2018	2020	2025
0.57	0.39	0.37**	0.30

- CO2 emission intensity to decrease by another 22% from 2018 levels.
- Upgraded portfolio contains highly efficient Tušimice (39%), Prunéřov (40%) and Ledvice (42.5%) power plants. Expected operating life is 40 years for Ledvice and 25 years for both Tušimice and Prunéřov.
- Closures of old lignite and hard coal units not supplied by our own coal, i.e. units with low profit will result in decrease of the total installed capacity.
- Capacity of nuclear increased by 0.5 GW in 2009-13 enabling additional 3.8 TWh of carbon free production.

* Includes existing pipeline of RES projects untill 2025. Growth ambition in renewables is not included
** Part of phased-out power plants will be producing power during the year 2020

OPERATIONS TEAM
KEY OBJECTIVES FOR 2019

Mining

- Minimize expenses associated with continued mining beyond environmental limits.
- Closely coordinate mining operations and development with planned operation of conventional facilities.
- Maintain the required level of commercial reserves for the future.
- Optimize capital expenditures on mining machinery projects.

Generation—Traditional Energy

Existing Generating Facilities

- Continually enhance the safety of nuclear and nonnuclear generating facilities.
- Ensure NPP availability at the level of the world's best practice.
- Maximize the creation of the segment's operating cash flow in 2019 and ensure optimum compliance with environmental and regulatory requirements for the operation of coal-fired plants, in particular, in 2020+.
- Continue to prepare development projects with margin benefits resulting from increasing nuclear generation to over 31 TWh a year (combining change in fuel incl. campaign optimization as well as modifications to conventional island technology) with significant economic benefits from 2022.
- Ensure the conditions for long-term NPP operation (fulfilling the Dukovany LTO and Temelín PSR action plans).

Heat Sector

- Start the construction of a hot-water pipe from Temelín to České Budějovice.

New Nuclear Plants

- Ensure fulfillment of the targets of the New NPP strategic program for 2019 with emphasis on the EIA process at Dukovany.

Finance and Administration

Finance

- Effectively support maintaining CEZ Group's medium-term financial stability.
- Minimize average financing costs.

Supporting and Centralized Activities

- Ensure nuclear fuel deliveries for 2019 and optimum purchase of fuel for 2020+.
- Manage expenditure on supporting activities efficiently.
- Complete the construction and commission a new corporate data center at Tušimice.
- Fulfill the objectives of the "Centralized and Supporting Activities Redesign & Optimization" project with a permanent gain of approx. CZK 0.5 bn a year.

NPP—Nuclear power plant; LTO—Long-term operation; PSR — Periodic Safety Review for all 14 areas according to IAEA guidelines

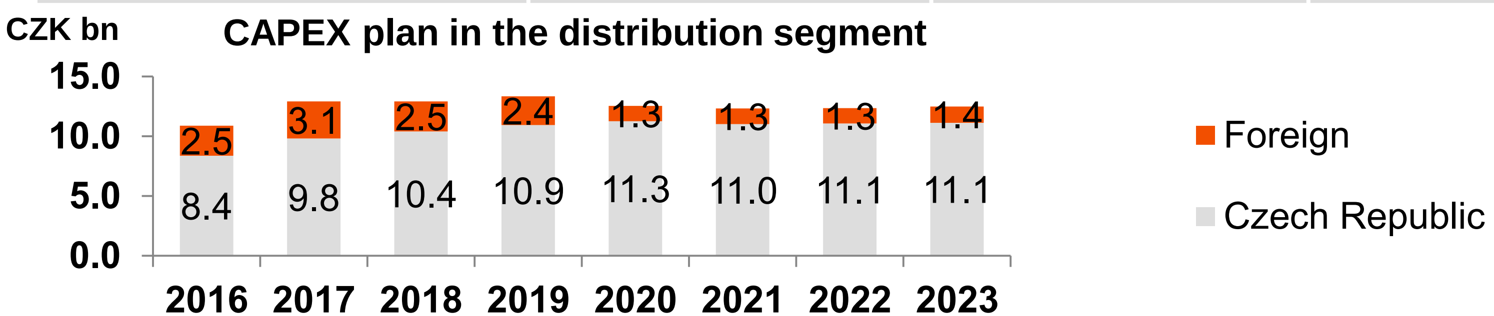
AGENDA

IN 2018 CZECH DISTRIBUTION MADE UP FOR 63% OF DEVELOPMENT TEAM EBITDA, TRANSPARENT CZECH REGULATION INCENTIVISES HIGHER INVESTMENTS

Overview of 2019 regulation parameters and 2018 EBITDA contribution

	Czech Republic 2019	Romania* 2019	Bulgaria 2019
RAB (local currency m)	101,580	2,278	588
RAB (€ m)	3,952	462	300
WACC pre-tax	7.951% (nominal)	5.66% base (+ 1% pt. bonus for certain assets) (real)	6.67% (nominal)
Regulatory period	2016 – 2020	2019 - 2023	2018 - 2021
2018 EBITDA (CZK bn)	17.2	1.6	1.0

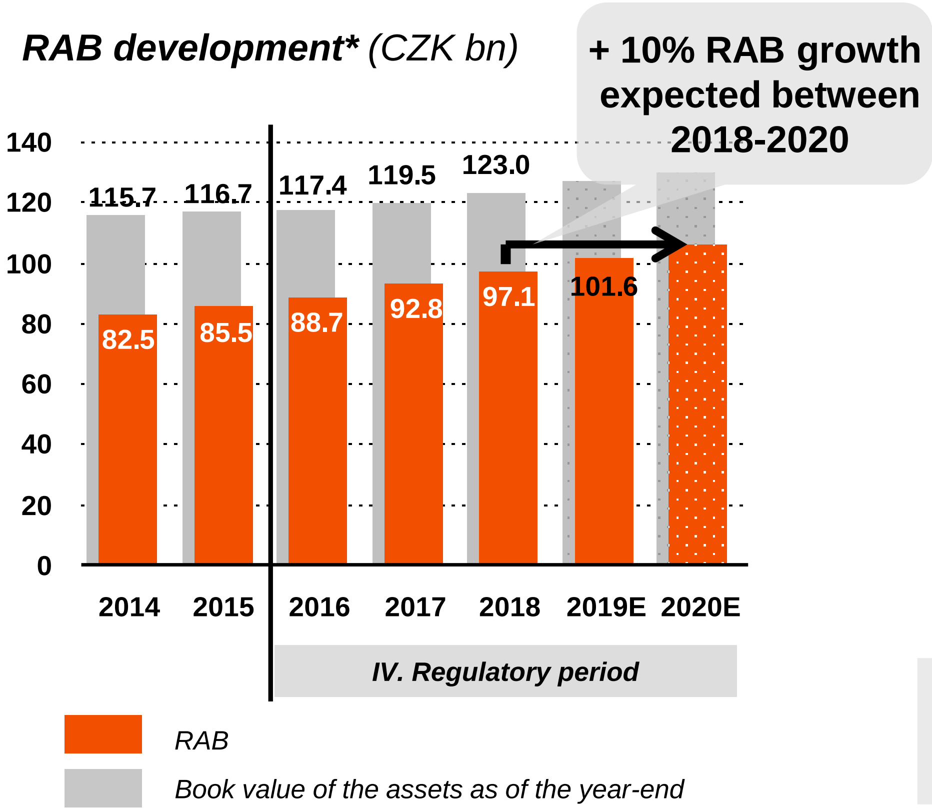
CAPEX plan in the distribution segment



EUR/CZK = 25.7 EUR/BGN = 1.96 EUR/RON = 4.93 * On March 28, 2019 Emergency Ordinance approved by the Romanian government raised WACC to 6.9%

CZECH REPUBLIC - RAB GROWS AS A RESULT OF POSITIVE NET CAPEX AND BY APPLICATION OF THE REVALUATION COEFFICIENT

RAB development* *(CZK bn)*



- Investments above depreciation lead to growth of the Regulatory Asset Base (RAB)
- Initial value of RAB was set at lower amount than the book value of assets.
- Revaluation coefficient** reduces initial RAB discount to asset book value.

Revaluation coefficient: *allowed depreciation is not fully deducted from RAB.***

Correction factor *to reflect planned and actual CAPEX (usual impact in tens of millions) and to reflect transfer of assets to another company.*

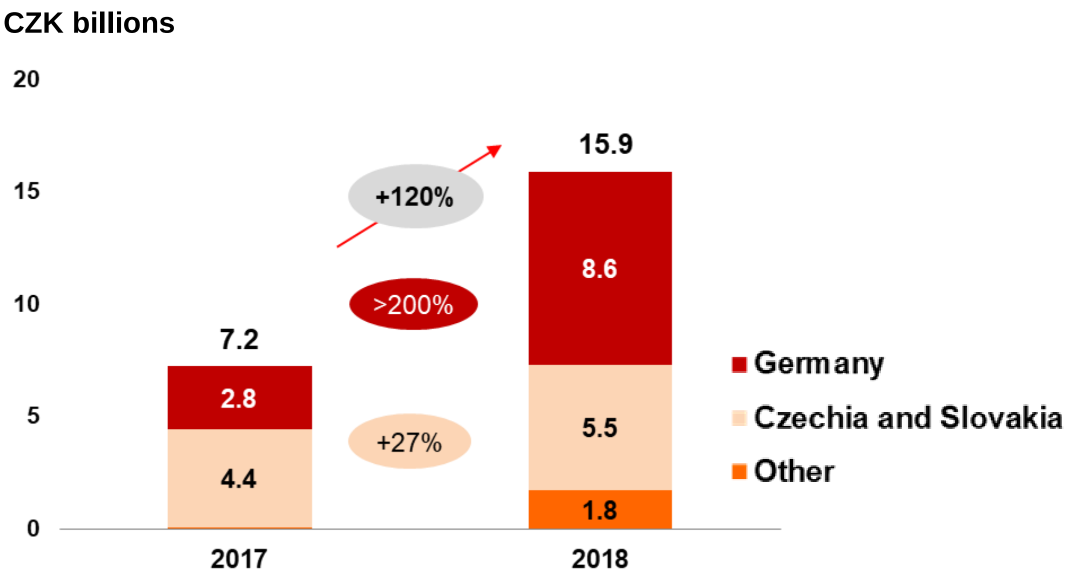
RAB formula:

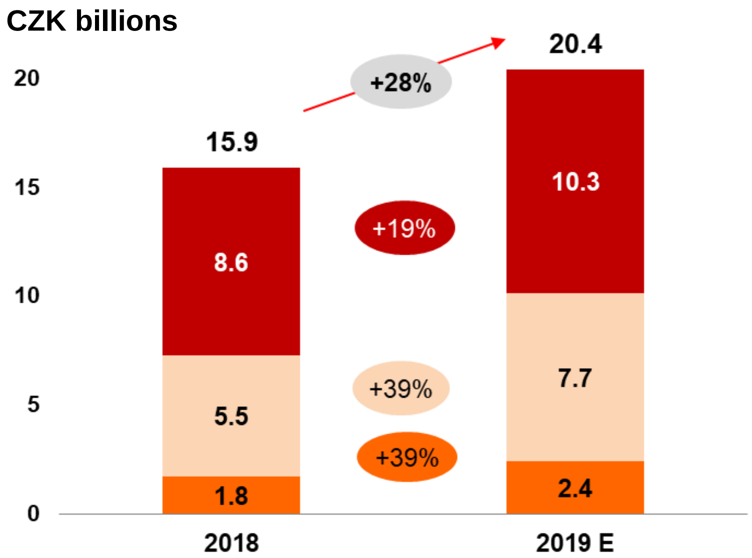
$$RAB(y) = RAB(y-1) + Investments(y) - Depreciation(y) \times \frac{RAB(y-1)}{NBV(y-1)} + Correction\ factor(y)$$

 ** Actual values for 2014 – 2018, planned values for 2019 – 2020 ** In 2018 the revaluation coefficient was 79%.*

GROWTH IN ESCO BUSINESS IS A MAJOR STEP TOWARD FULFILLING OUR STRATEGIC AMBITIONS

ESCO Sales (CZK billions)





The potential for CEZ Group's dynamic growth in ESCO is amplified by the EU countries' commitment to major energy savings by 2030.

- We estimate investment costs needed for the fulfilment of the EU energy efficiency directive until 2030 (derived from GDP growth) at **approx. EUR 600bn in Germany** and **approx. CZK 700bn in the Czech Republic**.
- However, high demand for ESCO services in the future is primarily guaranteed by attractiveness for customers: **projects effectively pay for themselves from savings (they do not need subsidies)** and new technologies provide customers with greater comfort and modern functionalities.

CEZ GROUP CONTINUED ITS EXPANSION IN ENERGY SERVICES ALSO IN 2018

Germany

- On July 31, the acquisition of a 100% stake in the **Kofler Energies Group** was completed. The group is the German market's leading design and engineering company providing solutions for various industrial sectors and public administration. These concern, e.g., energy and generating facility efficiency or equipment optimization. The company has 240 employees.

Romania

- On Aug 30, an agreement was signed concerning the acquisition of a 100% stake in **High Tech Clima**, one of HVAC* leader in the Romanian market. The company also has a number of international clients and orders from abroad, including Czechia. The company has more than 100 employees.

Slovakia

- The ESCO group acquired a 55% share in SPRAVBYTKOMFORT Prešov, a 49% share in Bytkomfort, a 100% share in SERVISKOMFORT (newly ČEZ Servis, s.r.o.), and a 50% share in KLF-Distribúcia (construction and operation of a local distribution system substation) and 100% in TMT Energy (newly ČEZ Distribučné sústavy a.s.).

Czechia

- On Dec 3, it acquired a 100% share in Domat Holding, which develops, supply and operates control systems for buildings, industrial sites and energy sector

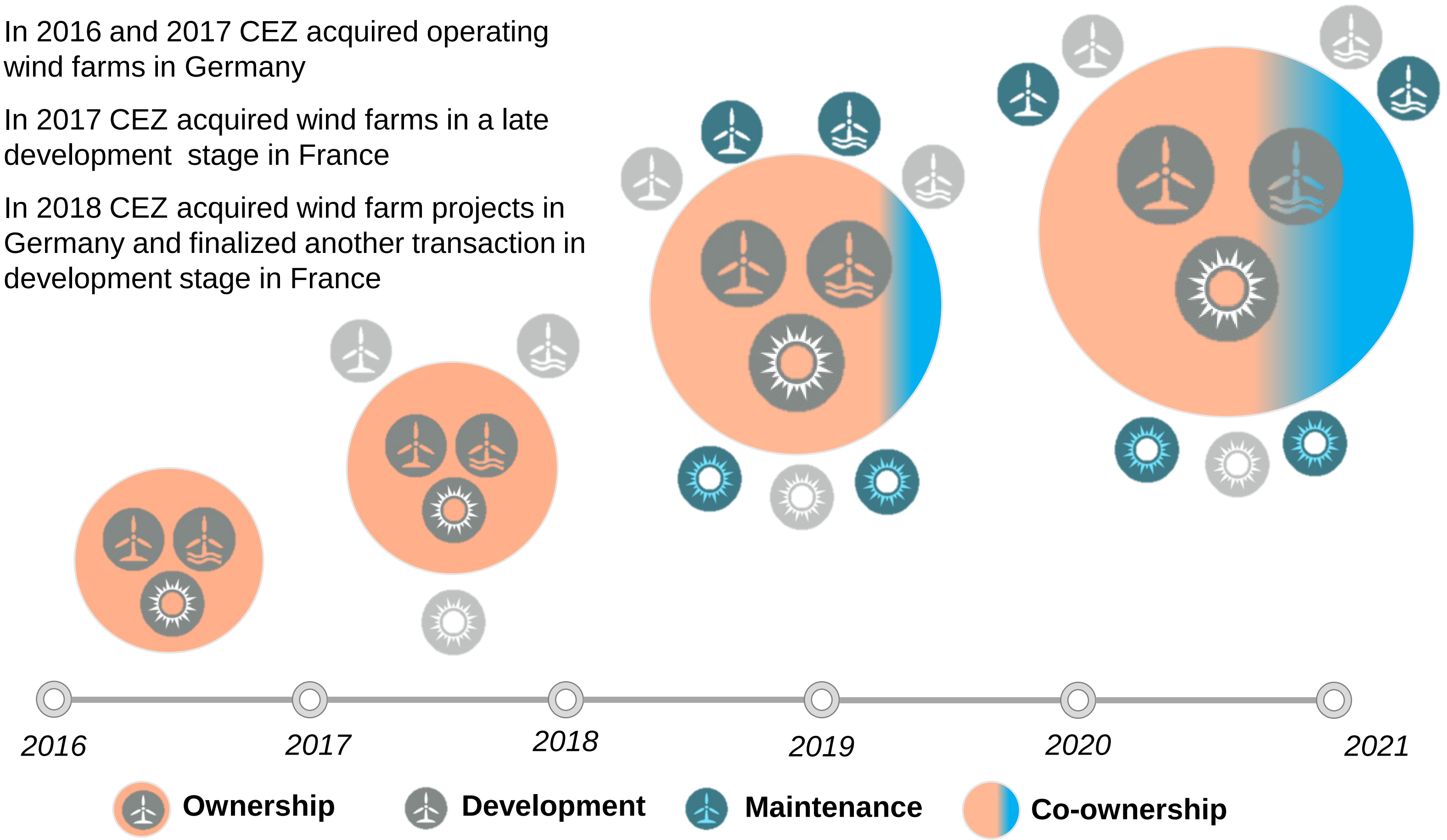
Poland

- On Jan 31, 100% share in Metrolog was acquired. It is an engineering firm focused on services related to heat management, decentralized heat and power generation.

*HVAC – heating, ventilation and air-conditioning

CEZ GROUP AIMS TO BECOME AN INTEGRATED PLAYER IN RENEWABLES

- CEZ aims to become a fully integrated player in development, operating, maintenance and marketing of RES
- In 2016 and 2017 CEZ acquired operating wind farms in Germany
- In 2017 CEZ acquired wind farms in a late development stage in France
- In 2018 CEZ acquired wind farm projects in Germany and finalized another transaction in development stage in France



SUCCESFULL OPERATION OF ROMANIAN AND GERMAN WIND PARKS FOLLOWED BY PROJECTS DEVELOPMENT IN FRANCE AND GERMANY

Romania

- The largest European on-shore wind park - **600 MW** operated since 2010.
- Operating support in the form of green certificates for 15 years

Poland

- 39 MW ready for construction in Poland

Germany

- **133.5 MW** operated since 2016, operating support in the form of a 20-year feed-in tariff with average 89 EUR/MWh (flat)
- In 2018, 50% stake in projects with a potential installed capacity of **up to 193 MW** acquired

France

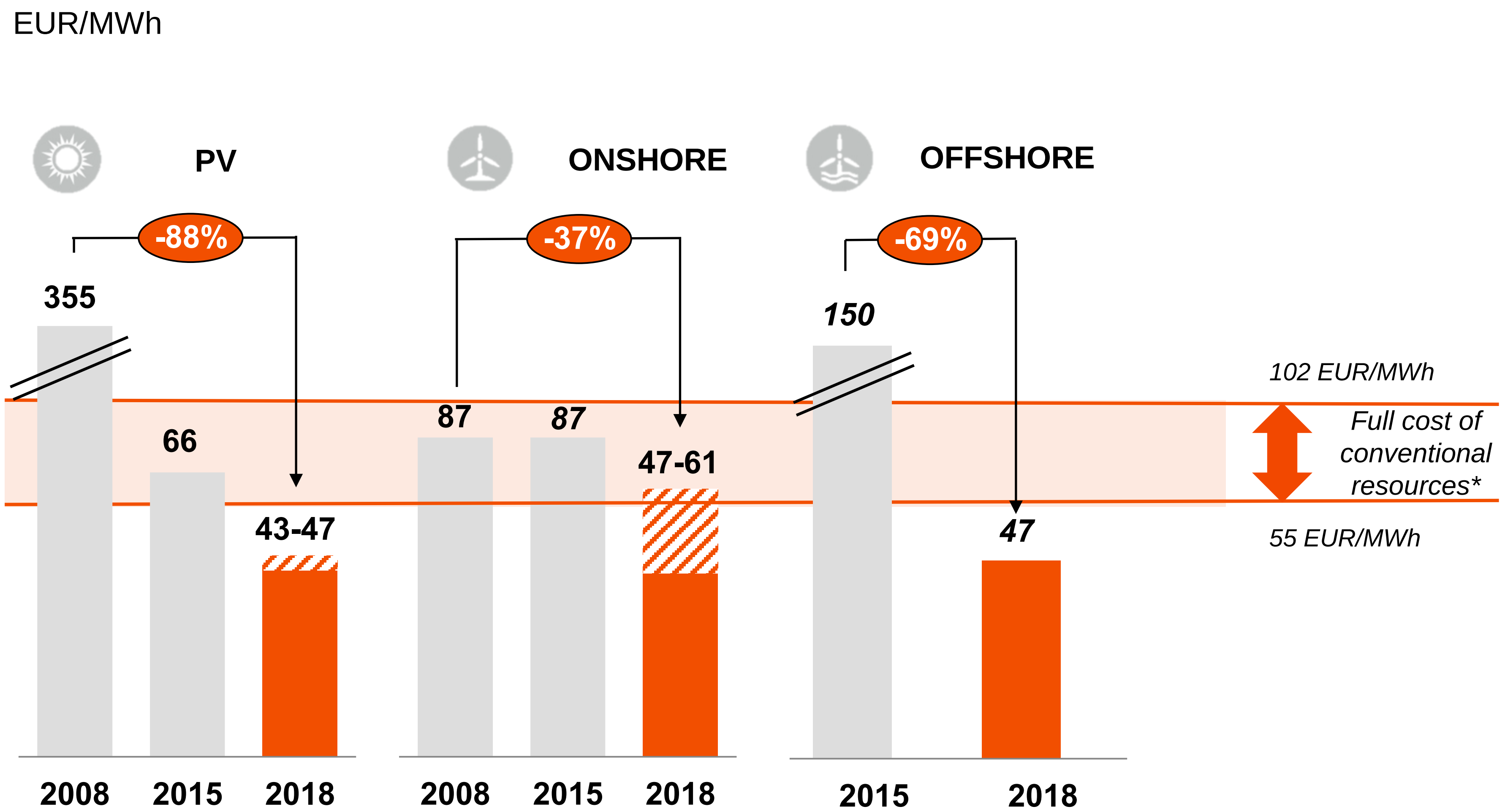
- Projects for 9 wind farms in a late development stage with a total installed capacity **of up to 101.8 MW**, of which 13.6 MW under construction
  - PPA secured – average price of 81 EUR/MWh (escalated) for 15 years
  - Connection to the grid and first revenues between 2019 to 2022
- Additional projects with **a potential installed capacity of up to 119 MW** acquired in 2018
  - First turbines are expected to be operational in 2022

Total capacity of wind farms including pipeline is 1,186 MW*

- The plan is to further strengthen of the position in renewable market by entering projects in development phase in Western Europe
- Acquisitions to date generate CZK 0.85bn EBITDA potential for fulfilling the 2020 strategic financial target for Renewables (achieving additional* 2020 EBITDA of CZK 3bn).

* Including wind capacity in Czechia 8.2 MW; EBITDA beyond the Business Plan for 2020 (prepared in 2015)

RENEWABLE ENERGY COST HAS FALLEN TO HALF AND IT IS IN LINE WITH CONVENTIONAL RESOURCES



 * Source: BNEF

E-MOBILITY WITHIN CEZ GROUP INCLUDES BROAD SPECTRUM OF ACTIVITIES

Charging infrastructure*

- Main goal is to develop backbone network of fast charging stations throughout the Czech republic (regional cities and major roads)
- Additional implementation of normal charging stations (car parks, shopping centers, bus depots)

⇨⇨⇨ Co-financed by EU programs

- EV Fast Charging Backbone Network Central Europe
- CEZ EV TEN-T Fast Charging Network

Offering set of different products to customers

- Commercial products** - e-mobility for smart cities, electrification of public transport, products for different customers with individual operation (SME, large companies), …
- Commodity products*** - main product is “electricity for charging” that offers customers accessible and simple connection to all stations operated by CEZ

 *provided by CEZ a.s.; Fast charging stations(250A/400V), Normal CHS 64A/400V; **provided by CEZ ESCO ***provided by CEZ PRODEJ

INVEN CAPITAL SUCCESFULLY CONCLUDED FIRST DIVESTMENT

INVEN CAPITAL

- Inven Capital SICAV, a.s., is ČEZ’s wholly-owned subsidiary with variable capital, focusing on investments in clean-tech startups in a later stage of growth.

Selected Events in 2018

- A co-investment contract was signed in March 2018 with the European Investment Bank (EIB), which undertook to entrust up to EUR 50 m to the fund. Inven Capital then changed its legal form and manages two sub-funds: Inven Capital—Sub-Fund A (CEZ Group) and Inven Capital—Sub-Fund B (EIB).
- The fund invested in five companies up to 2017: **sonnen, SunFire, tado, Cloud&Heat Technologies,** and **VU LOG**.
- Additional investments were made in 2018: **Cosmo Tech** (vendor of a SW platform for the optimization of decision-making in asset management), **Driivz** (vendor of SW platform for charging station management); additionally, investments were made in existing companies **sonnen, SunFire,** and **Cloud&Heat Technologies**.

First successful exit: Sale of the Fund’s first acquisition—sonnen

- Investment in a minority share in sonnen, a German manufacturer of battery storage systems, was the Fund’s first investment back in 2015.
- In February 2019 sale of Inven Capital‘s stake in sonnen (jointly with other investors) to Shell was finalized.
- The sale was in accordance with the company’s strategy to seek companies with high potential for investment appreciation and hold shares for 3–7 years. Achieved selling price and achieved return on invested capital considerably exceeded its initial expectations of ČEZ.

DEVELOPMENT TEAM
KEY OBJECTIVES FOR 2019

Distribution

Czechia

- Prepare the distribution system for the development of decentralized generation, accumulation, electric mobility, and change in consumption structure.
- Implement measures from ČEZ Distribuce's updated strategy (maximize revenue, increase cost and investment effectiveness, ensure reliability and safety of electricity supply).

Abroad

- Protect ČEZ's legal rights in Bulgaria and complete the sale of assets
- Maximize return on investment in Romania.

Sales—Retail

Czechia

- Maintain market share in electricity (No. 1 in the market) and reinforce our position in natural gas (No. 2) with unique services and product packages.
- Further develop noncommodity products and services (photovoltaics, heating maintenance, heating systems, ČEZ Mobil, etc.).
- Improve the care of and be closer to our customers (increasing the overall CX index by 6%, strengthening online tools, completing redesign of customer care centers) and continue cultivating the market and enhancing consumer protection.
- Increase sales and cost effectiveness.

Abroad, maximize gross margin and reduce fixed expenses.

ESCO Activities

Czechia & Slovakia

- Reinforce ČEZ ESCO's position in the domestic market and in Slovakia through organic growth and acquisitions.
- Increase existing ESCO group companies' revenue from sale of noncommodity products in Czechia to CZK 7.7 bn.

Abroad (other than Slovakia)

- Continue to develop ESCO activities through organic growth and selective acquisitions (especially in Germany)
- Increase existing foreign companies' revenue from sale of noncommodity products to CZK 12.7 bn.

New Energy

Renewables

- Execute the RES development strategy in Czechia.
- Operate the RES portfolio efficiently in Czechia and abroad.
- Complete the construction of the Ascheres, France wind park with an installed capacity of 13.6 MW.
- Increase the value of development acquisitions abroad.

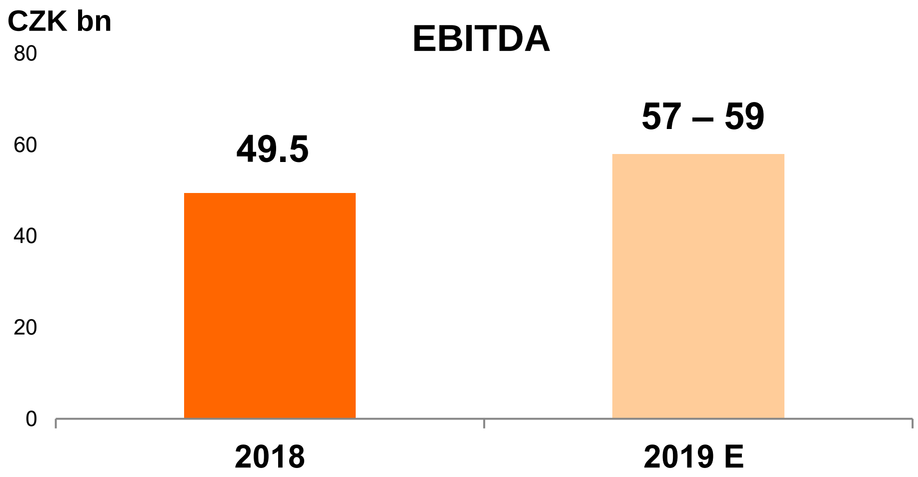
Inven Capital

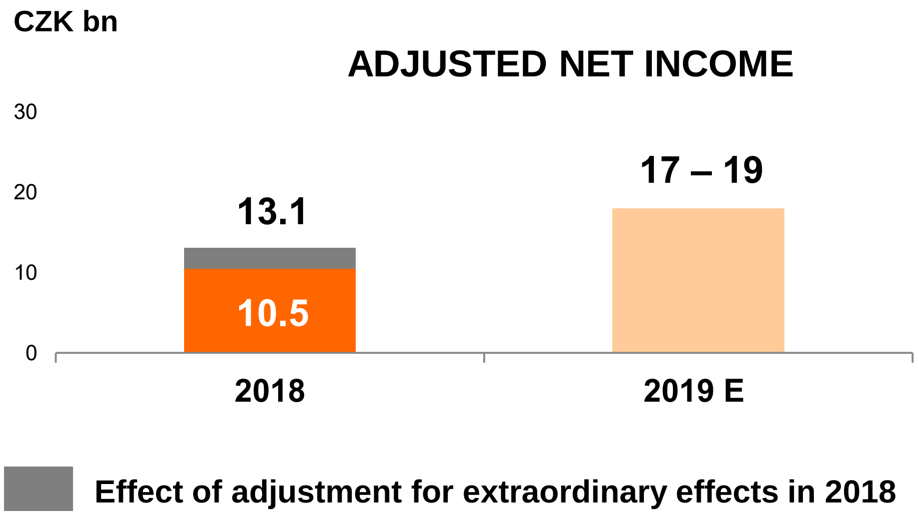
- Expand investment activities and make 1–2 new growth investments.
- Define exit strategies and financial parameters for sale of companies in the portfolio.

CX – customer experience

AGENDA

WE ESTIMATE 2019 EBITDA AT CZK 57 TO 59 BN, NET INCOME AT CZK 17 TO 19 BN





Selected y-o-y positive effects:

- Higher realization prices of electricity incl. hedging effects
- Higher generation by both nuclear and coal-fired power plants
- Growth ambitions in energy services and savings
- Effect of a new IFRS 16 standard concerning leases (positive effect on EBITDA only)

Selected y-o-y negative effects:

- Higher expenses on emission allowances for generation
- Lower gross margin on electricity sales due to higher purchase prices of electricity

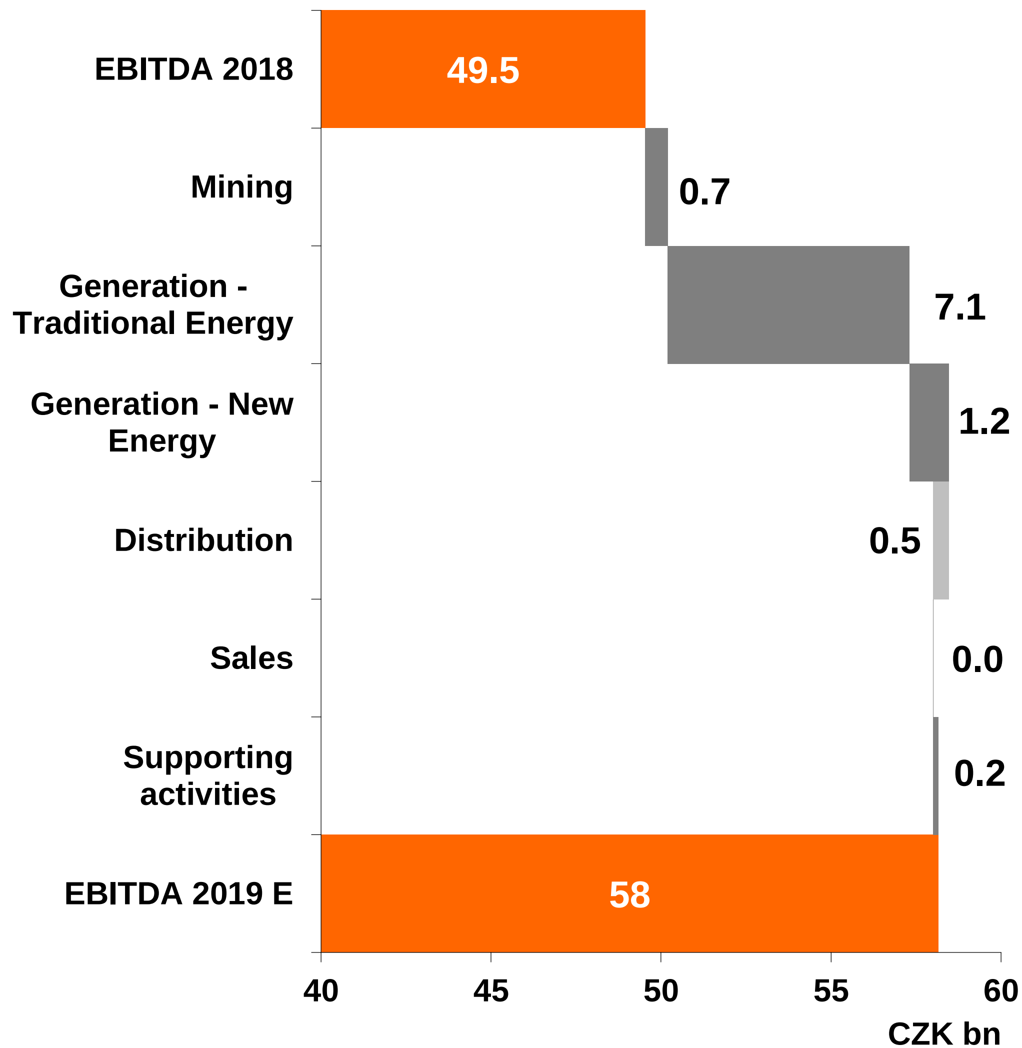
Selected prediction risks and opportunities (reasons for the interval):

- Availability of generating facilities
- New development acquisitions
- Legal disputes (in particular, with SŽDC)
- Realization of Sale of Bulgarian assets

The values of adjusted net income exclude extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill write-off).

ESTIMATED Y-O-Y CHANGE IN EBITDA

MAIN CAUSES BY SEGMENT



Mining
- Higher volumes of coal extraction
- Higher coal prices

Generation—Traditional Energy
- Higher realization prices of electricity, including hedging effects
- Higher generation by both nuclear and coal-fired power plants
- Higher expenses on emission allowances for generation

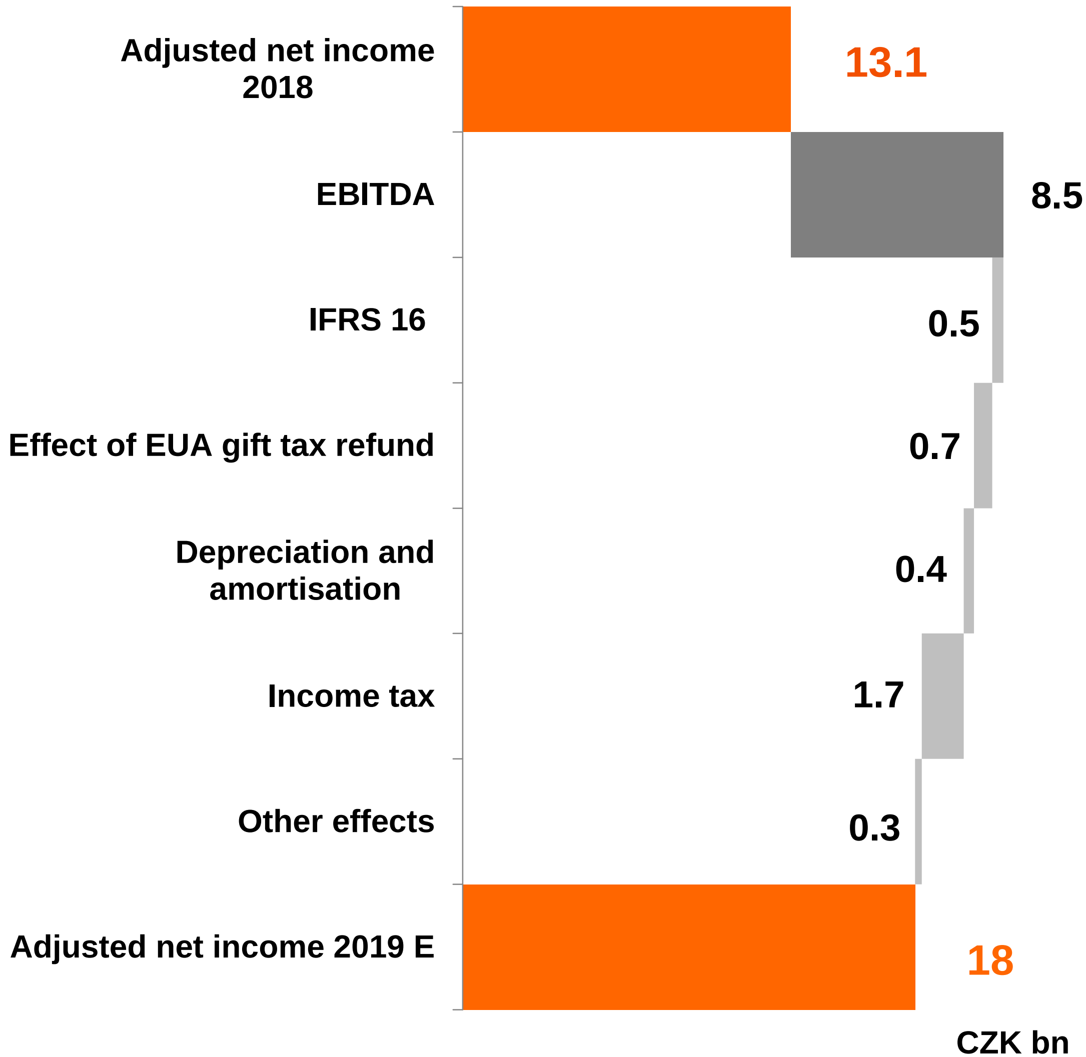
Generation—New Energy
- Higher electricity prices and generation volume in Romania
- Addition to provisions for potential refund of Čekanice PV plant revenue in 2018

Distribution
- Romania: higher fixed expenses and effect of provision reversal in 2018
- Czechia: higher expenses on distribution equipment repairs and effect of unbilled electricity settlement

Sales
- Lower gross margin on electricity sales due to higher purchase prices for deliveries in 2019
- Benefit from new ESCO acquisitions

Supporting Activities
- Effect of a new IFRS 16 standard concerning leases (positive on EBITDA, neutral on net income)

ESTIMATED Y-O-Y CHANGE IN NET INCOME MAIN CAUSES



IFRS 16—a new standard for leases
(change in the structure of reported expenses without effect on total net income)

- Increase in depreciation and amortization (CZK -0.4 bn)
- Increase in interest expense (CZK -0.1 bn)

Effect of refund of EUA gift tax

- Nonrecurrent income in 2018 from refunded interest on gift tax on emission allowances for 2011 and 2012

Income tax:

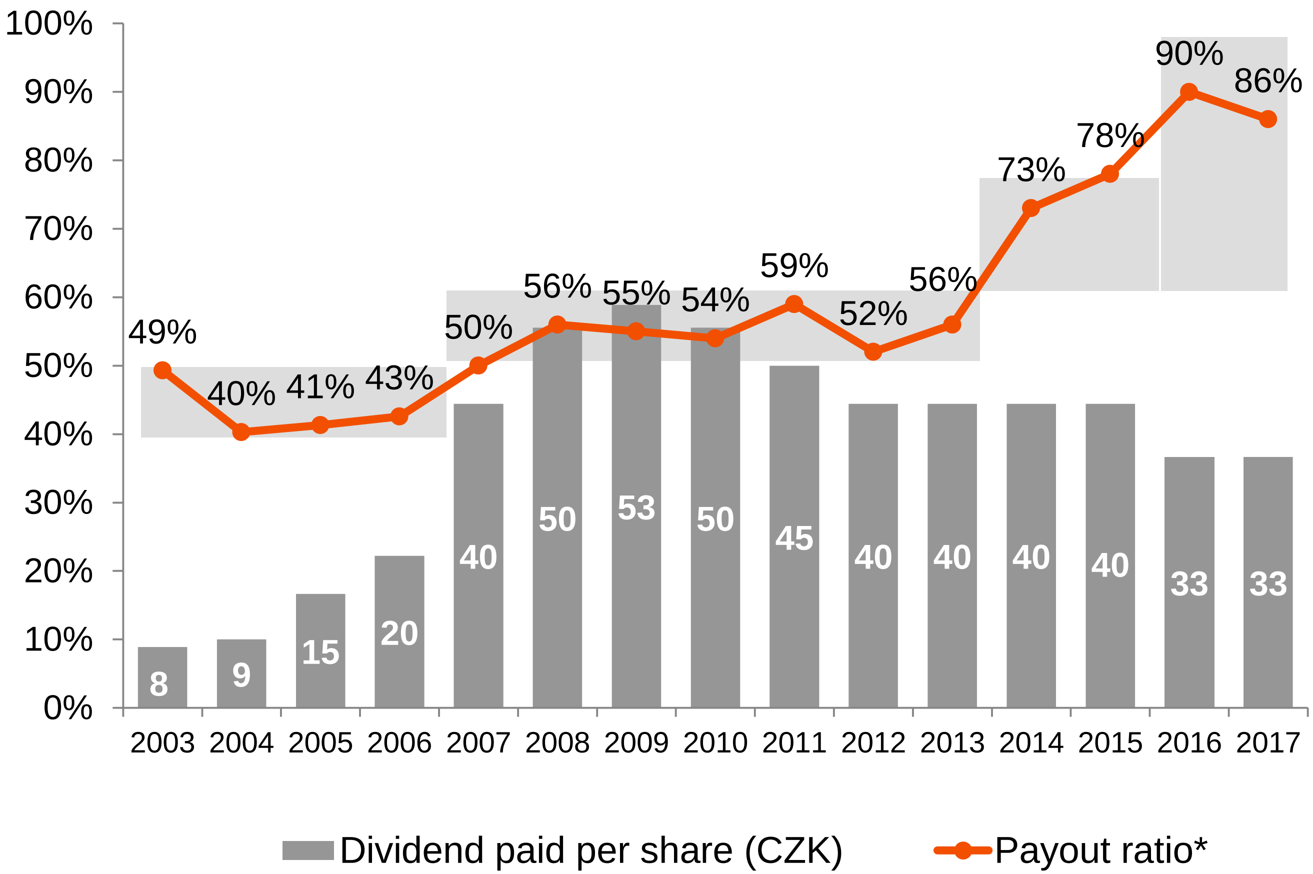
- Higher earnings before tax
- Deferred tax asset of ČEZ, a. s., in 2018

Other effects:

- Primarily foreign exchange effects and revaluation of financial derivatives

DIVIDEND POLICY IS TO DISTRIBUTE 60 – 100 % OF ADJUSTED NET INCOME OF 2016 AND 2017 PROFITS

Payout ratio* (%)

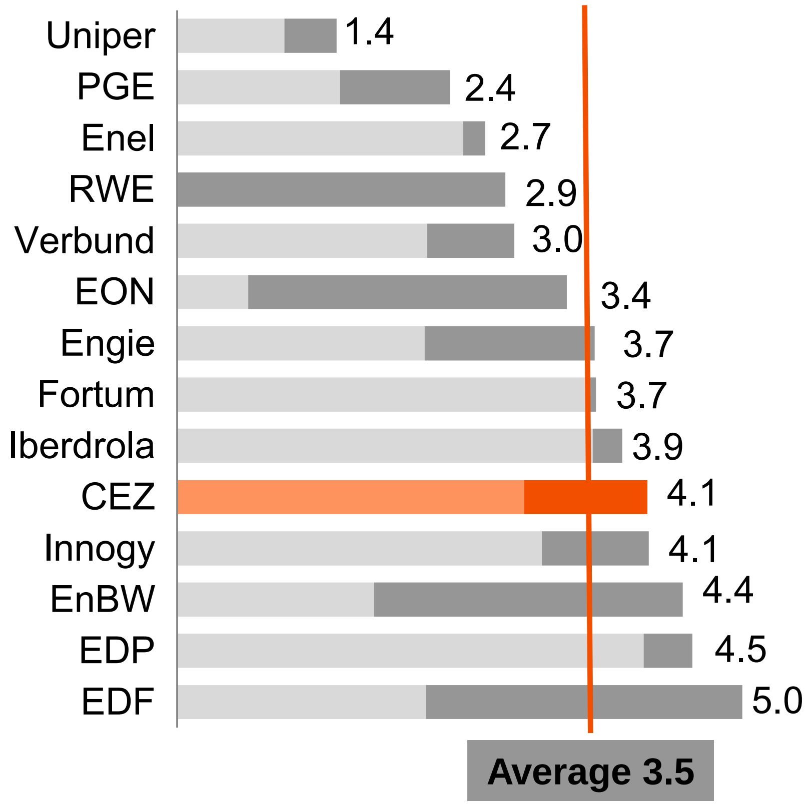


- The Annual General Meeting of CEZ held on June 22, 2018 approved to pay a dividend equal to CZK 33 per share
- Dividend payment started on August 1st, 2018

* As percentage of adjusted net income

CEZ TARGETS ITS LEVERAGE RATIO OF NET FINANCIAL DEBT/EBITDA BETWEEN 2.5x AND 3.0x

Net economic debt/ EBITDA*
2018



Current credit rating

- A-, stable outlook from S&P
- Baa1, positive outlook from Moody's

Tolerated leverage

- net financial debt/EBITDA ratio at 2.5-3.0x
- 3.06x as of YE 2018 influenced by specific factors affecting the value of the ratio, such as higher margin deposits on commodity exchanges (in connection with increased electricity prices) or purchase of CO_2 allowances for own use in 2020 and 2021
- 2019 ND/EBITDA ratio will be positively influenced by higher guided EBITDA

*EBITDA as reported by companies, ** Net economic debt = net financial debt + net nuclear provisions + provisions for employee pensions + net reclamation provision

AGENDA

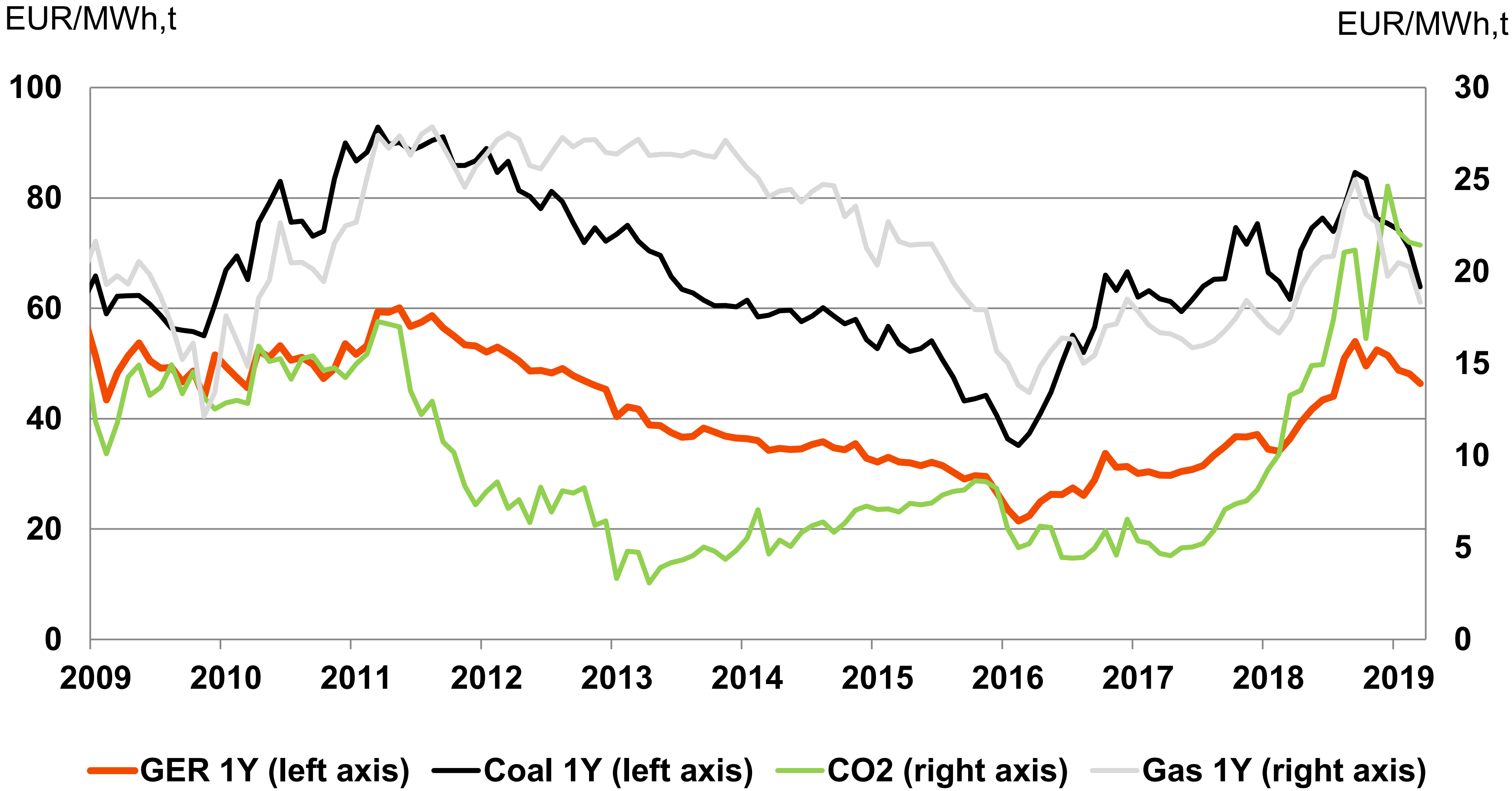
Contents

SUMMARY

- CEZ is operating renewed low cost and profitable generation fleet and is positioned to get upsides from high CO2 and/or hard coal prices
- Future growth of CEZ comes from ESCO, distributed energy and renewables in countries in which CEZ is present in Central/Western Europe:
  - CEZ increased its investments into distribution
  - CEZ acquired ESCO companies in the Czech Republic and Germany and aims to become a leading player in energy efficiency solutions
  - CEZ acquired renewables in Germany and France and aims to become a fully integrated development, operating, maintenance and marketing of RES
- CEZ leverage allows for debt financed acquisitions not exceeding average in the industry levels of ND/EBITDA 3.5x
- Approved dividend of CZK 33 per share from 2017 earnings, i.e. 86% of adjusted net income.

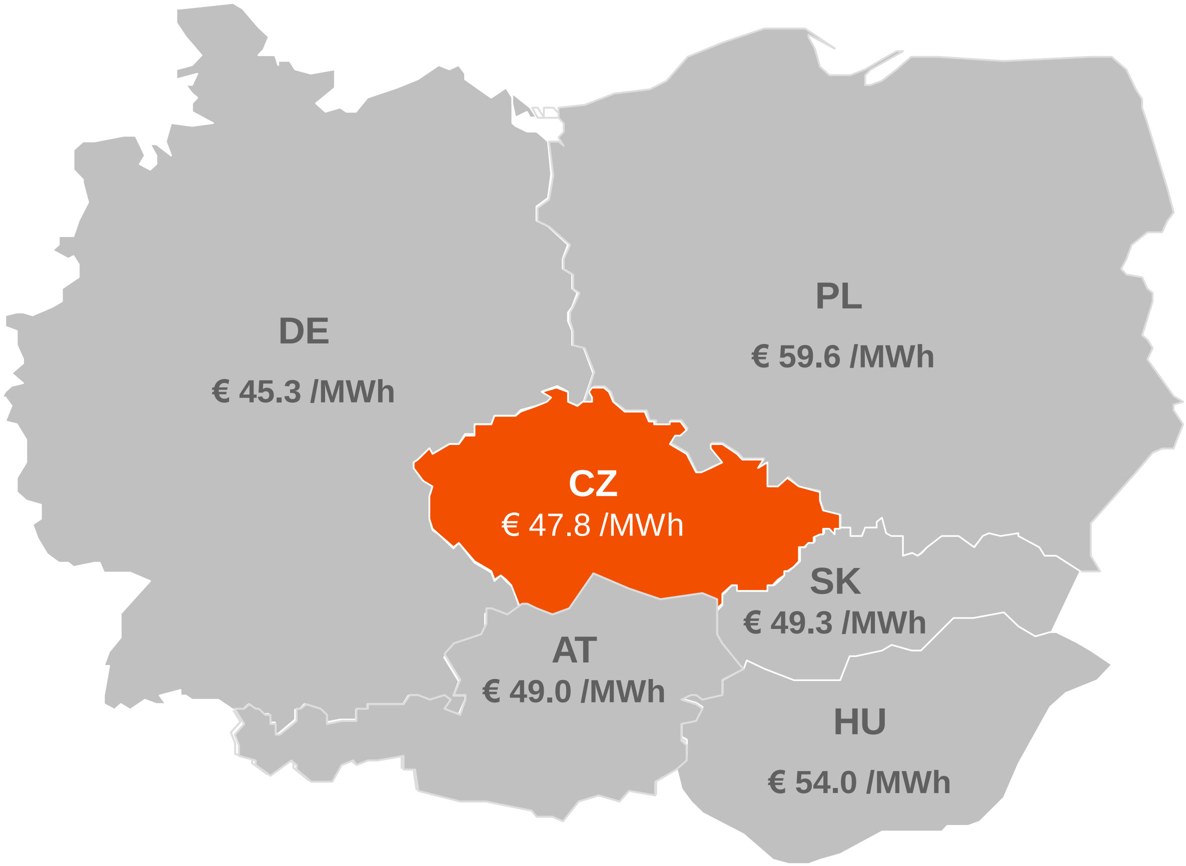
AGENDA

HISTORICAL DEVELOPMENT OF PRICES OF INPUT COMMODITIES



Note: year ahead baseload deliveries, CO2 – Dec delivery

ELECTRICITY MARKETS IN THE REGION ARE INTEGRATED, CEZ CAN SELL ITS POWER ABROAD

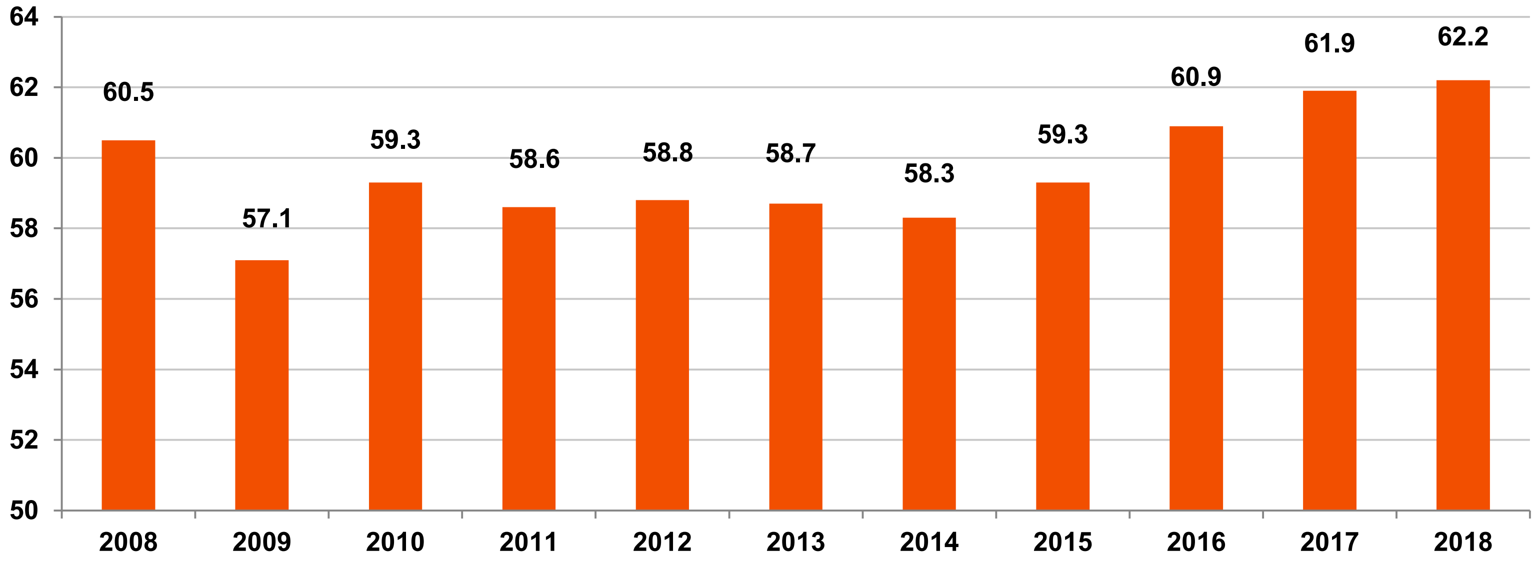


Source: EEX, PXE, TGE

 Note: Prices for 2020 baseload – as of April 2, 2019

CZECH ELECTRICITY DEMAND GREW BY 0.5% IN 2018

Net electricity consumption in the Czech Republic (TWh)

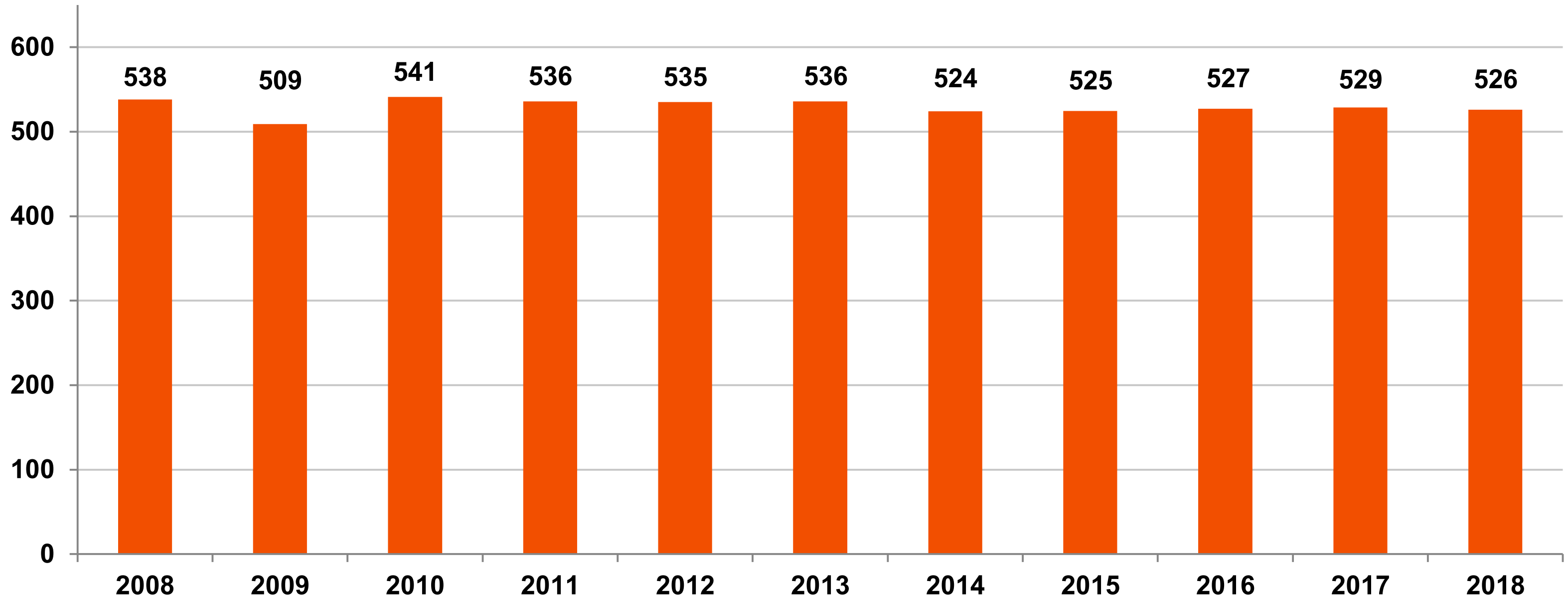


- **Consumption** in the Czech Republic grew **0.5% in 2018**, of which:
  - + 1.7% large industrial companies
  - - 1.1% households
  - - 0.6% small businesses
- **Consumption** in the distribution area of CEZ Distribuce* **grew by 0.5%**
  - + 1.4% large industrial companies
  - - 0.7% households
  - - 1.1% small businesses

 Source: CEZ, ERU *5/8 of the Czech Republic

GERMAN ELECTRICITY DEMAND HAS SHRUNK Y/Y

Net electricity consumption in the Germany (TWh)

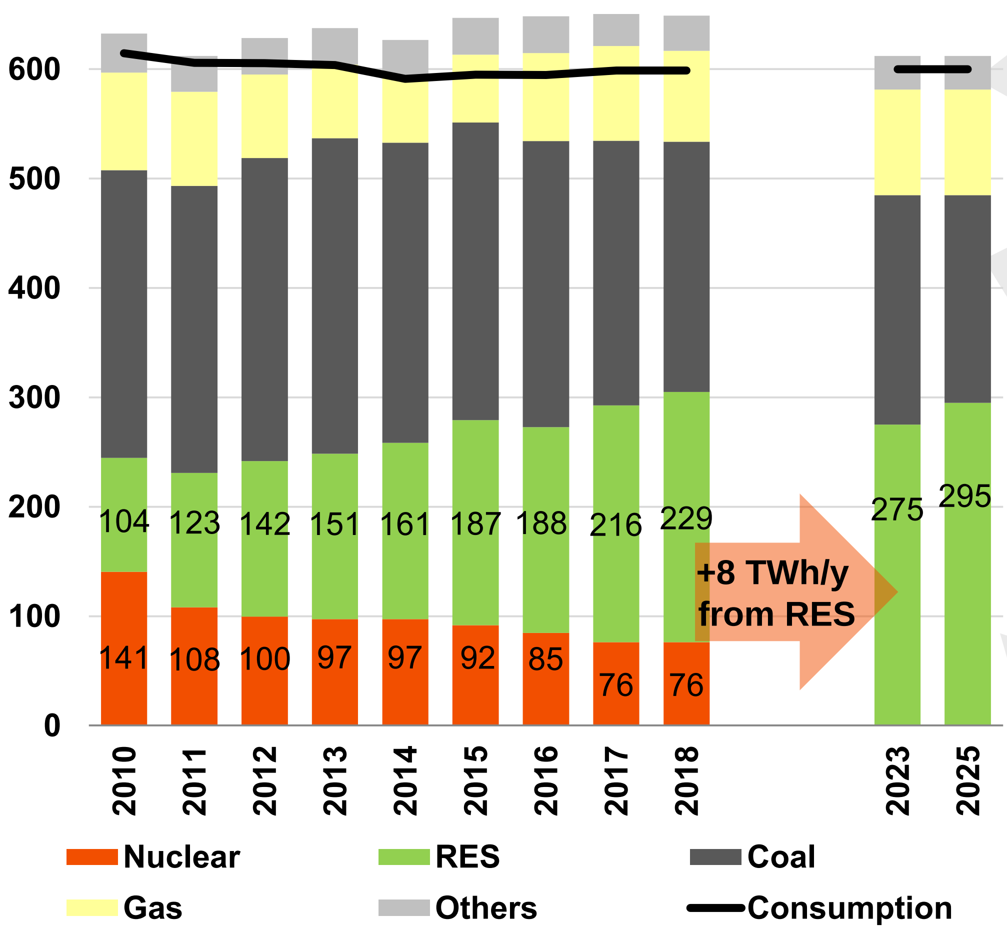


- **Net electricity consumption** in Germany has **decreased by 0.5 % in 2018 of which:**
  - \- 0.5% industry
  - \- 0.8% households
  - +0.0% trade, small businesses, public institutions and agriculture

 Source: BDEW, ag-energiebilanzen.de

RENEWABLE GENERATION GROWTH IN GERMANY WILL OFFSET PLANNED PHASE OUT OF GERMAN NUCLEAR AND COAL POWER PLANTS BY 2023…

Electricity energy balance in Germany
TWh/year, brutto



German consumption

- Long term stagnation
- Potential decrease due to Energy Efficiency Directive
- Most likely low support from EV; 2022 target: 1m cars ~ 2.5 TWh/year

German supply (2023 vs 2010)

- **Nuclear power plants phase out (Atomausstieg) :** –141 TWh from Nuclear
- **Energiewende :** +170 TWh from RES
- **Coal phase-out :** Germany plans to reduce coal capacity by ~ 9 GW to 30 GW in 2022, but coal generation should remain more or less stable until 2023 due to sufficient spare coal capacity

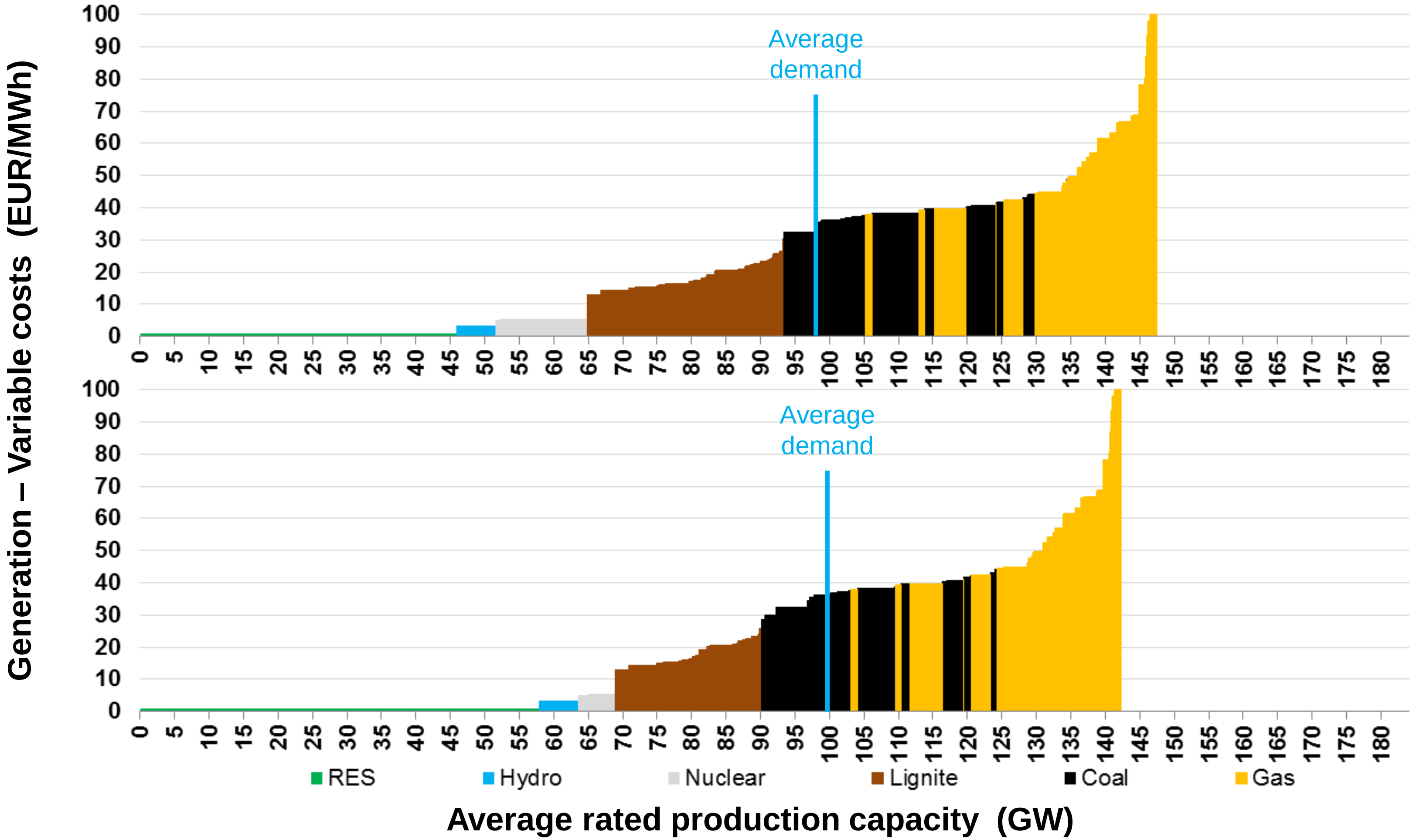
After 2023

- **Growth of RES volumes** based on plan. Annually displaces 1000 MW of coal from the market
- Germany aims at reducing its black- and brown-coal capacity to **30 GW** in **2022**, **17 GW** in **2030** and **phase out all its coal capacity** by **2038**

Source: www.ag-energiebilanzen.de, and internal CEZ analyses, note: brutto values

...AND PRICE UPSIDE FROM THE GERMAN'S PHASE OUT MIGHT BE EXPECTED...

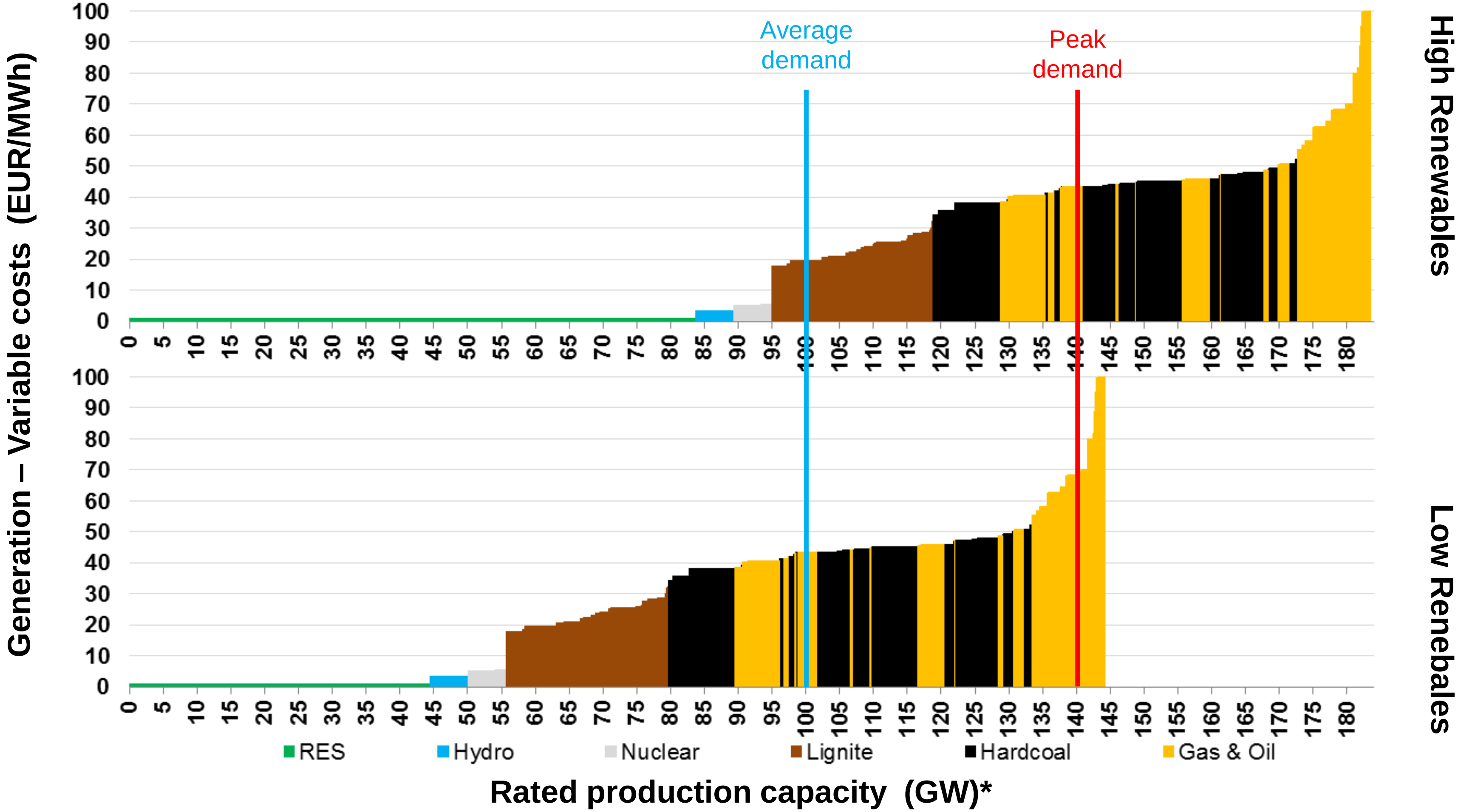
Illustrative cost curve for Central Europe 2017, 2023*



*Commodity assumptions (2017 & 2023): Coal 67 EUR/t, Gas 18 EUR/MWh, CO2 6.3 EUR/t

… RENEWABLES WILL BRING MORE VOLATILITY INTO THE MARKET

Illustrative cost curves for Central Europe 2023

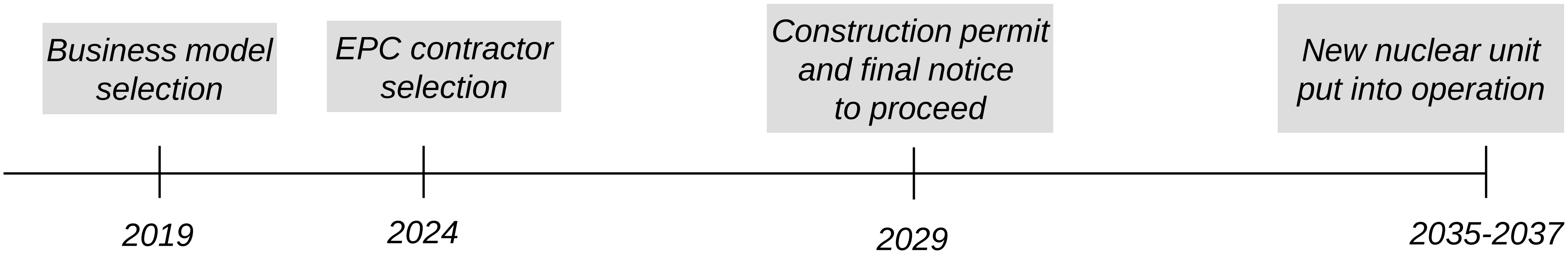


*Rated capacity (High/Low): Renewables 60%/10% of Installed capacity, Other sources – annual average

PROJECT OF NEW NUCLEAR IN THE CZECH REPUBLIC

- State energy policy aims to preserve full independence of the Czech Republic in power production after the country runs out of domestic coal and assumes building new nuclear units in the Czech Republic once Dukovany Nuclear Power Plant reaches end of its operations (expected in 2035).
- In 2014 (after 5 years) CEZ abandoned unfinished tender for contractor of a new unit after the government declined to provide any guarantees related to the new unit´s operations and construction.
- Government run Standing Committee for Nuclear Energy is responsible for selecting business model. Currently it works on a scenario under which CEZ would develop the project against a contract concluded between CEZ and the government. Details of the contract are not clear yet.
- Under predefined circumstances, such as that the Government sees severe delays in the timeline of the project, the state should have a right to buy the project at predefined price. If there is a significant negative change in market or regulatory conditions influencing the project CEZ should have a put option to dispose of the project into the government hands.
- After the bids from contractors are received there is likely to be another assessment if the project is carried forward or not.

Envisaged timeline of new nuclear project in the Czech Republic



EUROPEAN UNION IS PROGRESSING WITH REFORM OF ITS EMISSION TRADING SCHEME BUT THE MARKET BALANCE REMAINS FRAGILE

2013

2019 start of MSR

2021

2030

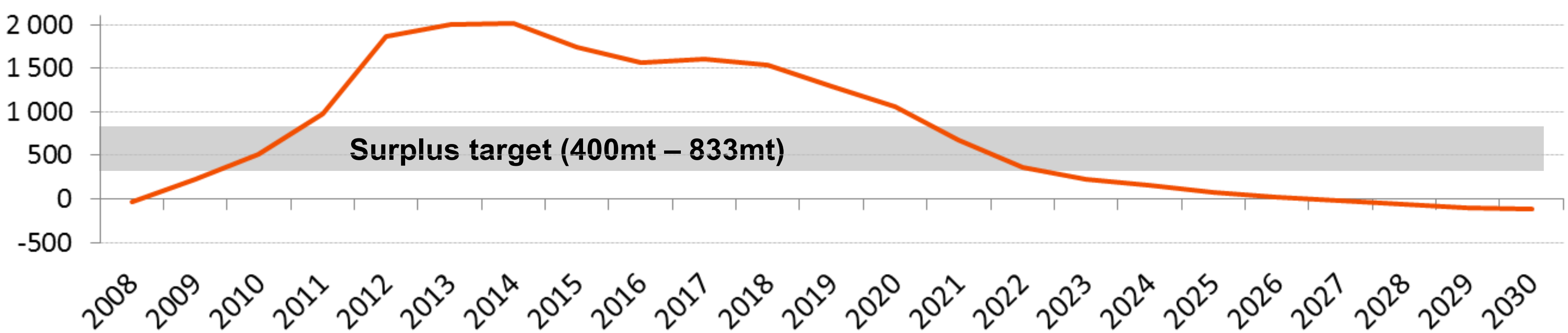
PHASE 3 – starting with 1,749 mt surplus from phase 2, current surplus on similar level (i.e. almost 1Y CO2 production/demand)

- The growing surplus of emission allowances – due to oversupply and the economic slowdown – has driven the carbon price well below the levels expected when the ETS was created
- Several measures introduced in order to bring the market into balance – freezing of 900m of allowances; introduction of the MSR from 2019 (withdrawal of 24% of total emission surplus if total surplus is above 833 Mt)
- Cap decreases each year by the linear factor of 1.74% (38 mt)

PHASE 4

- Increase in linear factor of cap to 2.2% (48 mt), MSR withdrawal pace of 24% will be in operation till 2023 when the optimal surplus level is expected (after 2023 decrease to 12%), partial cancellation of allowances in the MSR and voluntary option to governments to cancel permits from auctions when coal plants shut down
- MSR will help to withdraw the unused surplus from the market but whether it will bring balance to the market remains to be seen

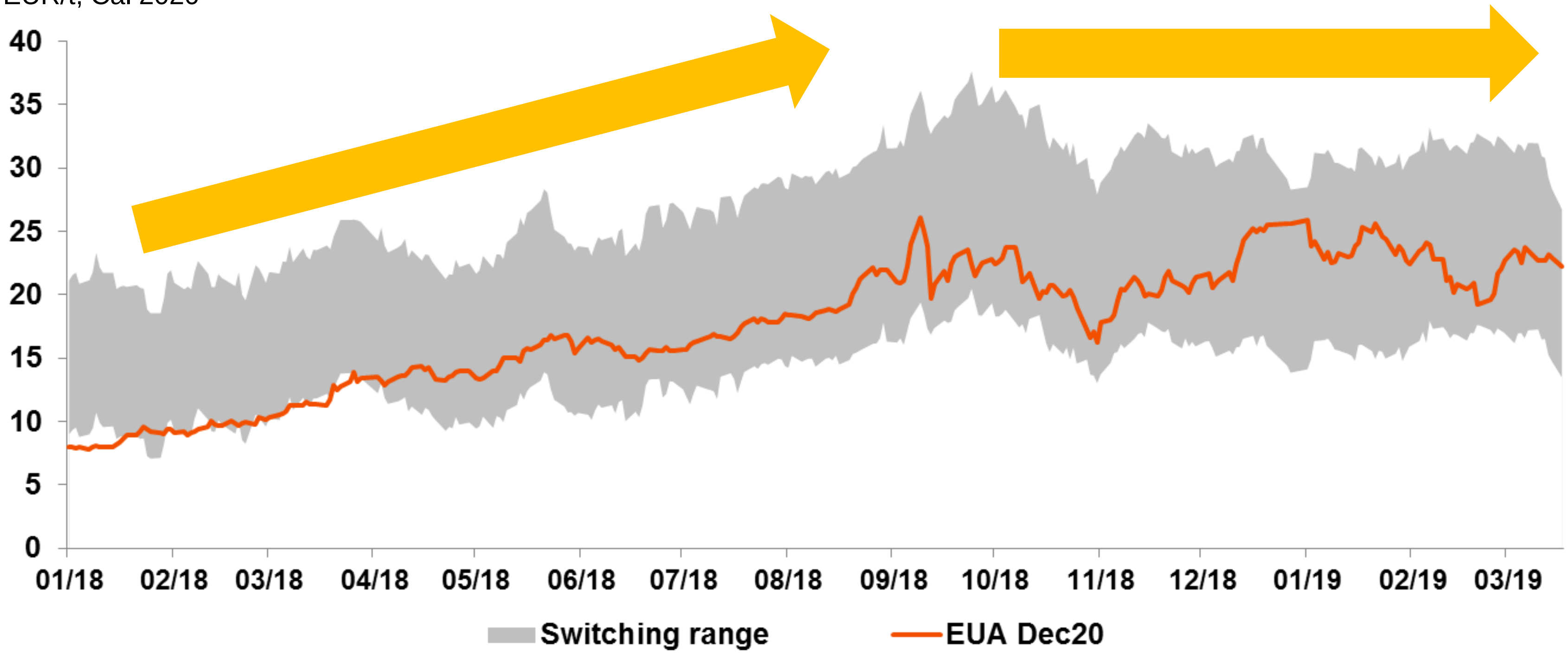
Emission allowances surplus, mt**



 MSR = Market stability reserve *the parliament, European council and European commission, **Assumption of zero emission price

COAL-TO-GAS SWITCHING RANGE HAS MORE OR LESS STABILIZED

Price needed for Coal-to-Gas switching, low and average efficient sources*, Emission allowance prices on forward market
EUR/t, Cal 2020



- Current emission certificate price allows to switch part of the generation from the least efficient coal power plants to the most efficient gas power plants
- EUA prices have more or less followed the development of relative fuels' prices, and therefore their increase hasn't incentivized much additional emission savings
- The whole switching potential is estimated to 290 Mt of CO_2 savings, half of this potential would be achieved with EUA price below 30 EUR/t (assuming current fuel prices)

 *for coal and gas sources with efficiency between 34% resp. 56% and 36% resp. 50%, based on ARA and NCG prices

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

CEZ Group has formulated a sustainable development strategy "Energy for the Future" and has nominated Member of the Board of Directors **Michaela Chaloupková** to be CEZ Group Sustainability Leader with responsibility for oversight of the sustainable development. The Board oversees ESG and climate-related issues regularly.

Environment

- ČEZ made a commitment to generate carbon neutral electricity before 2050
- ČEZ is giving a priority to projects enabling plant operation after 2020 when new BAT/BREF limits are to enter into force

Social

- ČEZ has donated CZK 323 million in 2017 through ČEZ Foundation or directly to more than thousand public benefit projects
- ČEZ has shortened 37.5-hour work week and one additional week of paid vacation beyond the statutory minimum.
- Freedom of association in trade unions, collective bargaining and a long-term collective agreement is in place within ČEZ Group companies.

Governance

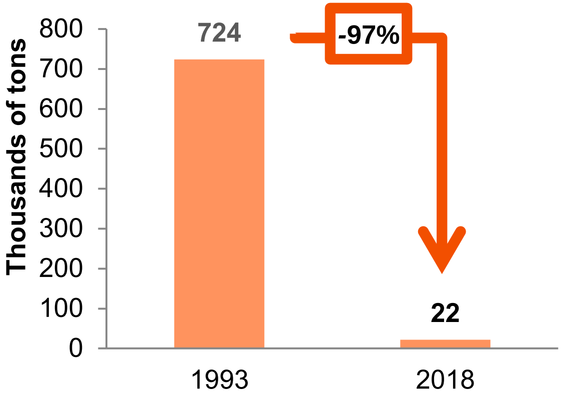
- 21.4% of employees are women, 32.7% of new employee hires are women
- 4 out of 12 Supervisory Board members are employee representatives
- 3 out of 19 Board of Directors and Supervisory Board members are women
- ČEZ has emphasis on providing equal opportunity and promoting diversity

Sustainability* report providing details of our initiatives can be downloaded at www.cez.cz/en/investors.html

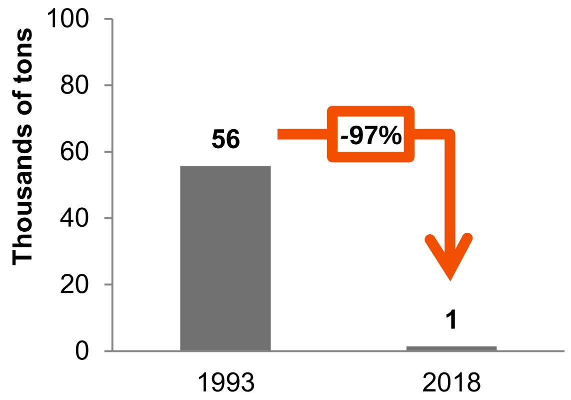
* Report was prepared in accordance with GRI standards

CEZ GROUP SIGNIFICANTLY REDUCED EMISSIONS FROM ITS COAL FLEET

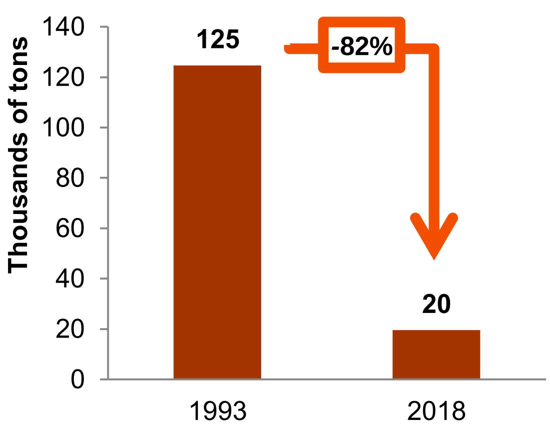
Sulphur dioxide*



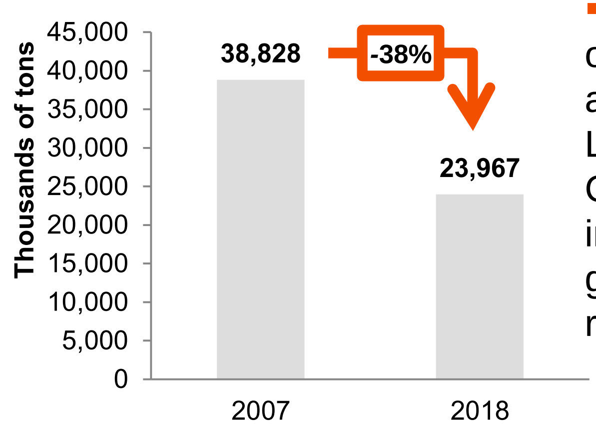
Particulate matter*



Nitrogen oxides*



Carbon dioxide*



- During 1990's CZK 111 bn has been invested into complex, modernization of power stations, desulphurization, denitrification and efficiency upgrades. 2,020 MW of old units have been decommissioned
- In 2000-02 nuclear power plant Temelin was commissioned and contributed to reduction of coal output
- 2010's comprehensive renewal of Tušimice and Prunéřov TPP's and new supercritical unit at Ledvice. Investment of more than CZK100 bn has led to further increase in efficiency of the power generation and emission reductions

* Emissions of ČEZ power stations in Czechia

CLIMATE & ENERGY TARGETS SET FOR 2030 ARE HIGHLY AMBITIOUS EVEN THOUGH THERE WAS A COMPROMISE BETWEEN EU COUNCIL AND EP AMBITIONS

	2020	2030 (March 2018)	2030 (passed)*
Reduction of greenhouse gas emissions from 1990 levels	**20%** ▪ **Binding EU-wide** target ▪ Partial target for EU ETS: 21% reduction from 2005 levels by 2020	**At least 40%** ▪ **Binding EU-wide** target ▪ Partial target for EU ETS: 43% reduction from 2005 levels by 2030	**At least 40%** ▪ **Binding** at **EU-wide** level ▪ Can be reached as a side effect while going for the other two targets
Share of renewable energy sources in total final energy consumption**	**20%** ▪ **Binding national** target ▪ Initially supported primarily by means of feed-in tariffs, auctions since 2017	**Proposals for 27–35%** ▪ Compromise between EU Council target (27%) and European Parliament target (35%) in Trilogue	**At least 32%** ▪ **Binding at EU-wide** level, national targets may differ ▪ Fulfillment in electricity, heat, and transportation ▪ RES electricity in the EU should grow to 55% (from 34% in 2020)
Energy savings (EED*) in comparison with levels in 2007 predictions**	**20%** ▪ **Indicative national** target ▪ Mandatory energy-saving measures in final consumption	**Proposals for 30–35%** ▪ Compromise between EU Council target (30%) and European Parliament target (35%) in Trilogue	**At least 32.5%** ▪ **Indicative at EU-wide level** ▪ **Binding annual savings of 0.8%** of consumer energy **at national level** (for Czechia in total app. 32.3%) ****

Implications for CEZ Group

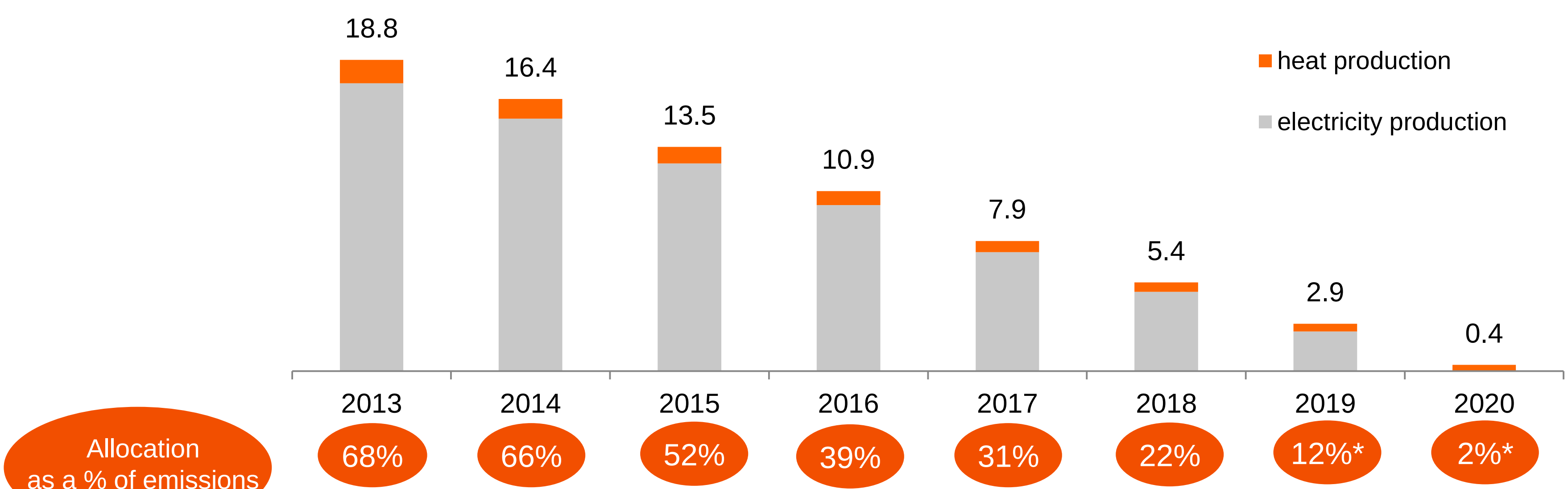
- Potential for increased emission allowance prices and thus **higher generation margin** by virtue of low CO_2 emission factor
- Further potential for **ESCO development** (as a result of pressure on energy savings) and **RES development**

* The 2030 targets may be revised in 2023; ** RES: applicable to all kinds of energy, not just electricity; *** EED—Energy Efficiency Directive; ****Proposed National Integrated Climate and Energy Plan (NICEP) sent to Brussels anticipates Czech savings of 30.2%

CEZ GROUP RECEIVES PART OF EMISSION ALLOWANCES FOR FREE

- CEZ Group to receive up to **69.6 million** emission allowances for electricity production in the Czech Republic in 2013–2019 in exchange for investments reducing greenhouse gas emissions.
- Up to 60% of the standard national auction volumes can be freely allocated for the modernization of the energy sector in less developed countries post 2020 (including Czech republic; investments into modernization are limited by carbon intensity of new/renewed source**)

Expected allocation of allowances for CEZ Group in the Czech Republic (millions)



 * % of 2018 emissions; ** *0.55 t/MWh*

CZECH REPUBLIC: ELECTRICITY DISTRIBUTION - OVERVIEW OF REGULATORY FRAMEWORK

Regulatory Framework

- Regulated by ERU (Energy Regulatory Office, www.eru.cz)
- The main components of regulatory formula for distribution
  - Revenue cap = Operating expenses + Depreciation + Regulatory return on RAB - Other revenues corrections +/- Quality factor + Market factor
  - RAB adjusted annually to reflect net investments
  - Regulatory rate of return (WACC nominal, pre-tax) – 7.951% for 2016-2020
  - Operating costs are indexed to CPI + 1% (30% weight) and market services price index (70% weight). In IV. Regulatory period efficiency factor set at 1.01%/year.
  - Quality factor – prescribed levels of SAIDI and SAIFI parameters Maximum bonus or penalisation +/- 4% of allowed profit. Currently has neutral impact on CEZ Distribuce.
  - Market factor to reflect unexpected cost which could not had been planned while setting planned values of allowed costs (e.g. new duties coming from new legislation). Never used by ERU in case of CEZ Distribuce.

Regulatory period

- 4^{th} regulatory period from January 1, 2016 till December 31, 2020,
- Main focus:

- lowering allowed costs compared to the previous period (reflecting actual costs in the previous regulatory period);
- pressure on quality and security of electricity distribution (prescribed SAIDI and SAIFI parameters);
- renew and develop the networks incentivised by reasonable regulation parameters.

Unbundling & Liberalization

- Since January 1, 2006 all customers can choose their electricity supplier, market is 100% liberalized
- Prices for distribution regulated as per above, prices of commodity is not regulated at all.

CZECH DISTRIBUTION - WACC COMPONENTS IN IV. REGULATORY PERIOD

- WACC set using CAPM formula:

$$WACC=\left(k_e \times \frac{E}{D+E}\right)+\left[\left(k_d \times \frac{D}{D+E}\right) \times (1-T)\right]$$

$$k_e = r_f + \beta \times MRP$$

$$k_d = r_f + credit\ risk\ margin\ (CRM)$$

- Risk free rate (r_f) was derived from median yields of 10-y Czech sovereign bonds for 10 years period
- Credit risk margin set as a difference between BBB rated corporate bonds and 10Y German and French Sovereign bonds*

WACC components	**4th regulatory period 2016 – 2020**
Risk free rate (r_f)	3.82 %
Market risk premium (MRP)	5 %
ß unlevered	0.536
ß levered (ß)	0.901
Cost of equity (k_e)	**8.32 %**
Credit risk margin (CRM)	1.38 %
FTSE Euro Corporate Bonds BBB	4.53 %
EUR gov 10YEUR	3.15 %
Cost of debt, pre tax (k_d)	**5.19 %**
Tax rate (T)	19 %
Cost of debt, post-tax	**4.21 %**
Debt/(Debt+Equity)	45.75 %
WACC (nominal, before tax)	**7.951%**

* I13 Euro Benchmarks Curve 10Y

ROMANIA: REGULATORY FRAMEWORK OF ELECTRICITY DISTRIBUTION

Regulatory Framework

- Regulated by ANRE (Autoritatea Nationala de Reglementare in domeniul Energiei)
- Price cap (tariff basket) methodology
- Revenue = Controllable OPEX + non-controllable OPEX + Depreciation + Purchase of losses + Regulatory return on RAB + Working capital - Revenues from reactive energy - 50% gross profit from other activities
- Losses (technical + commercial) reduction program agreed with ANRE on voltage levels
- Possibility for annual corrections
- Investment plan – approved by ANRE before regulatory period starts, revision of investments carried out usually done at the end of the regulatory period.
- Regulatory return (WACC pre-tax real terms) equals to 5.66% starting 2019 with a bonus of 1 pct. point on certain types of assets, it can be revised by ANRE during regulatory period
- On March 28, 2019 Emergency Ordinance approved by the Romanian government raised WACC to 6.9%
- Working capital is equal to regulated remuneration of 1/12 from total OPEX
- Distribution tariff growth capped in real terms at 10% yearly on voltage levels and at 7% yearly for average weighted distribution tariff in the third regulatory period

Regulatory periods

- 4th regulatory period Jan 1, 2019 – Dec 31, 2023

Liberalization

- Removal of regulated prices for industrial consumers by end 2013, for residential consumers by end 2017
- Starting January 2018 the market was liberalized. Consumers who have not chosen their energy supplier in the free market are priced with a Last Resort Supplier tariff (endorsed by ANRE)

BULGARIA: REGULATORY FRAMEWORK OF ELECTRICITY DISTRIBUTION

Regulatory Framework

- Regulated by EWRC (Energy and Water Regulatory Commission)
- The regulatory formula for distribution
  - Revenue cap = Costs + Regulatory return on RAB + Depreciation
  - Regulatory rate of return (WACC nominal, pre-tax) at 6.67% for the 5th regulatory period
  - Average values set for the NBV, depreciation and investments for the whole period
  - RAB set at EUR 300.5 mil. for the 5th regulatory period*
  - Technological losses in 5th regulatory period set by regulator at 8%
  - Efficiency factor introduced in the 2nd regulatory period, not applied in the 5th regulatory period, yet. EWRC may apply it later.

Regulatory periods

- 3rd regulatory period August 1, 2013 – July 31, 2015
- 4th regulatory period August 1, 2015 – June 30, 2018
- 5th regulatory period July 1, 2018 – June 30, 2021

Unbundling & Liberalization

- Unbundling successfully completed by December 31, 2006
- Since July 2007, all consumers have the right to become eligible. Most of the household customers remain in universal service with regulated tariffs though
- Liberalization process and transfer of consumers to free market is partly restrained due to a limited scale of energy products provided by the Bulgarian energy exchange (IBEX)

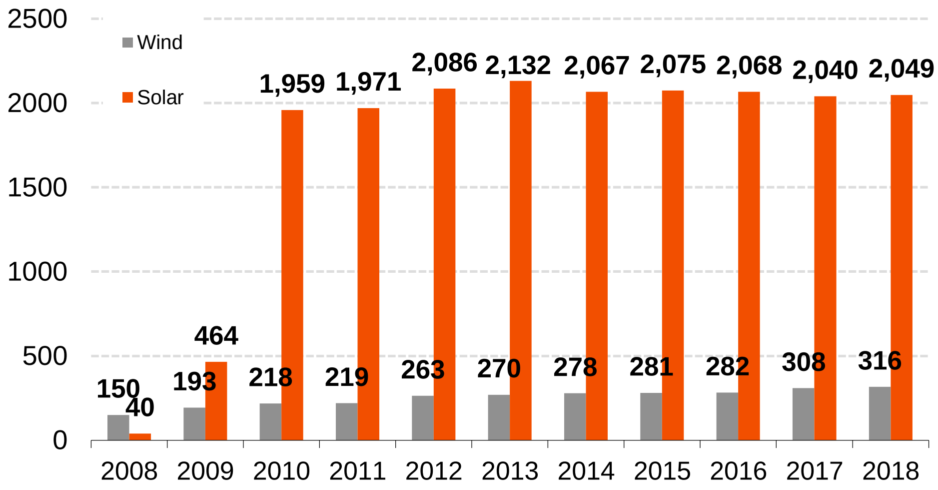
* Exchange rate used BGN/EUR = 0,51

CZECH REPUBLIC: RENEWABLES SUPPORT

2019 feed-in-tariffs (EUR per MWh)

	Plants commissioned in 2010	Plants commissioned in 2019
Solar <30 kW	569.3	0
Solar >30 kW	564.8	0
Wind	104.0	75.0

Installed capacity of wind and solar power plants in the Czech Republic (MWe)



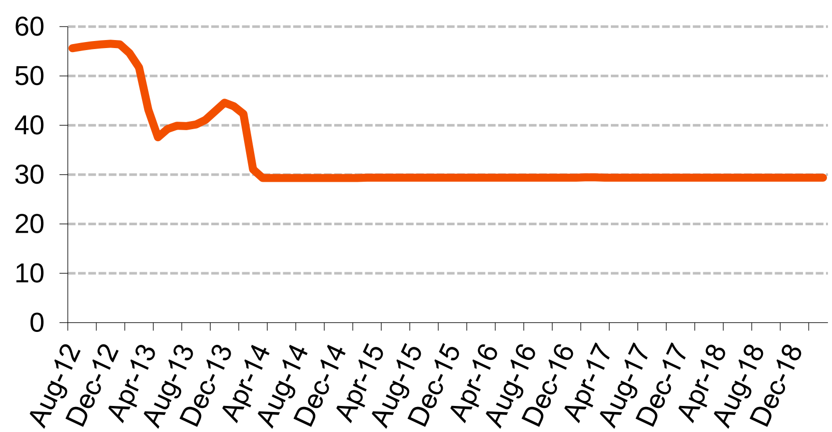
- Operators of renewables can choose from two options of support:
  - Feed-in tariffs (electricity purchased by distributor)
  - Green bonuses (electricity sold on the market, bonuses paid by distributor, level of green bonuses is derived from feed-in tariffs)
- Feed-in tariffs are set by a regulator to ensure 15-year payback period. During operation of a power plant they are escalated by PPI index or by 2% at minimum and 4% at maximum.
- Support is provided for 20 years to solar, wind, pure biomass and biogas plants and for 30 years to hydro.
- Solar plants commissioned in 2014 or later do not receive any support.
- Solar plants put into operations in 2010 with capacity over 30kWp are obliged to pay 10% tax of revenues.

 Source: Energy Regulatory Office (www.eru.cz), EUR/CZK = 25.725

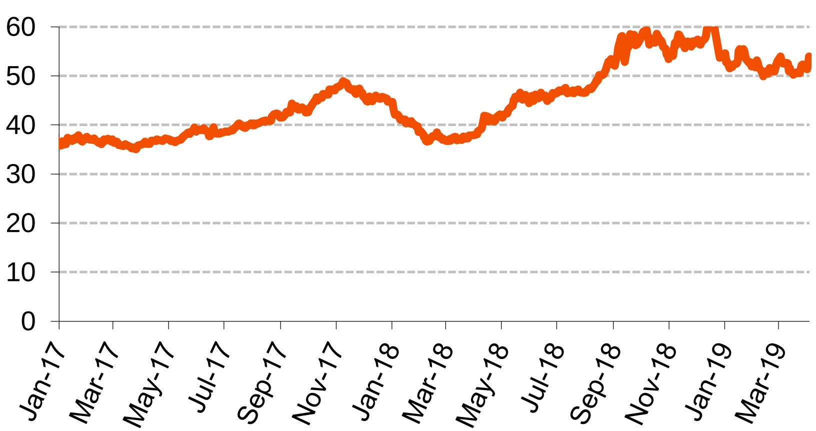
ROMANIA: RENEWABLES SUPPORT
UPDATE OF THE RULES ADOPTED IN 2017 SIGNIGICANTLY IMPROVES VISIBILITY OF FUTURE CASH FLOWS

- Two green certificates (GC) obtained by the producer for each MWh supplied from wind to the network until 2017, one GC from 2018 onwards, duration of support – 15 years.
- Legally set price for green certificate is EUR 29.4 – EUR 35 (adjusted in March 2017 from previous EUR 27 to EUR 55)
- In March 2017 the tradability of green certificates was extended – all certificates issued after 1st April 2017 are tradable until 31st March 2032 (originally the lifespan was limited to 12 months).
- The updated regulatory scheme assumes an obligation to buy a constant annual amount of green certificates for 15 years, starting Apr 1, 2017, so that all green certificates are absorbed at the end of the 15-year periode

Green certificates market clearing price (EUR/certificate)

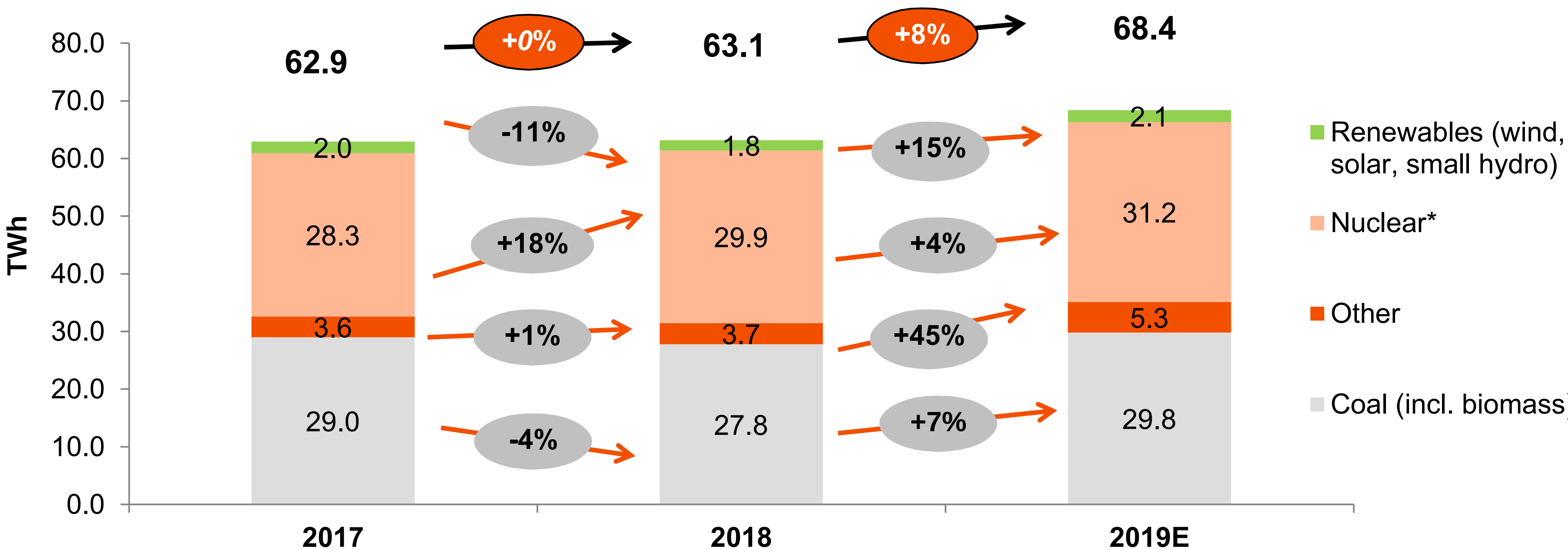


Romanian year ahead electricity price (EUR/MWh)



 Source: OPCOM,PXE

2018 GENERATION VOLUMES AFFECTED BY OUTAGES IN COAL-FIRED POWER PLANTS, AMBITION TO RAISE GENERATION BY 8% IN 2019



2018 volume trends

\+ Optimization of outages in both nuclear power plants
\+ Commercial operation of new Ledvice 4 coal power plant
\+ Higher generation in Poland
\+ Shorter outages in Tušimice 2 power plant
\- Lower generation in Dětmarovice, Prunéřov and Mělník
\- Worse weather conditions in Romania, Germany and Czechia

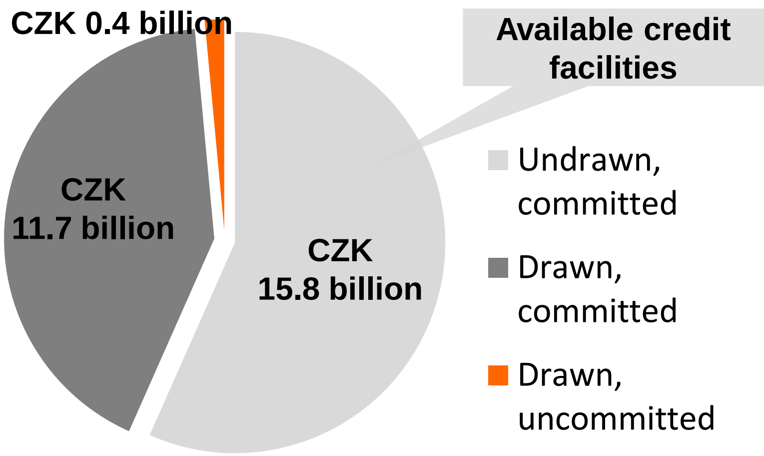
2019 volume ambition

\+ Optimization of outages in both nuclear power plants
\+ Shorter outages at Prunéřov 2 and Ledvice 4 power plants
\+ Primarily higher generation by Počerady CCGT plant due to favorable market prices of electricity and gas
\+ Worse-than-average weather conditions in 2018

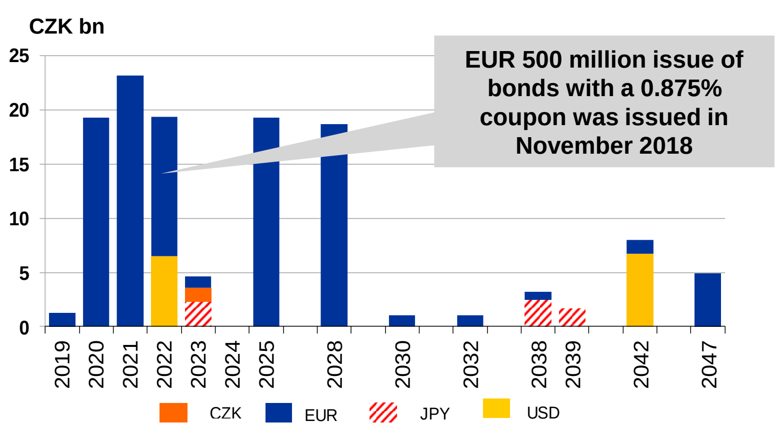
* Full potential of Nuclear generation is 32 TWh (conditional by outage cycles in given year).

CEZ GROUP MAINTAINS A STRONG LIQUIDITY POSITION

Utilization of Short-Term Lines* (as at Dec 31, 2018)



Bond Maturity Profile (as at Dec 31, 2018)



- CEZ Group has access to CZK 27.5 bn in committed credit facilities, using CZK 11.7 bn as at Dec 31, 2018.
- The average maturity of CEZ Group's financial debt was more than 6 years as at Dec 31, 2018.
- Net Debt/EBITDA* was 3.05 as at Dec 31, 2018.
- Causes of a slight increase in debt above the medium-term target indicator value (3.0) included the following specific, mostly temporary, factors:

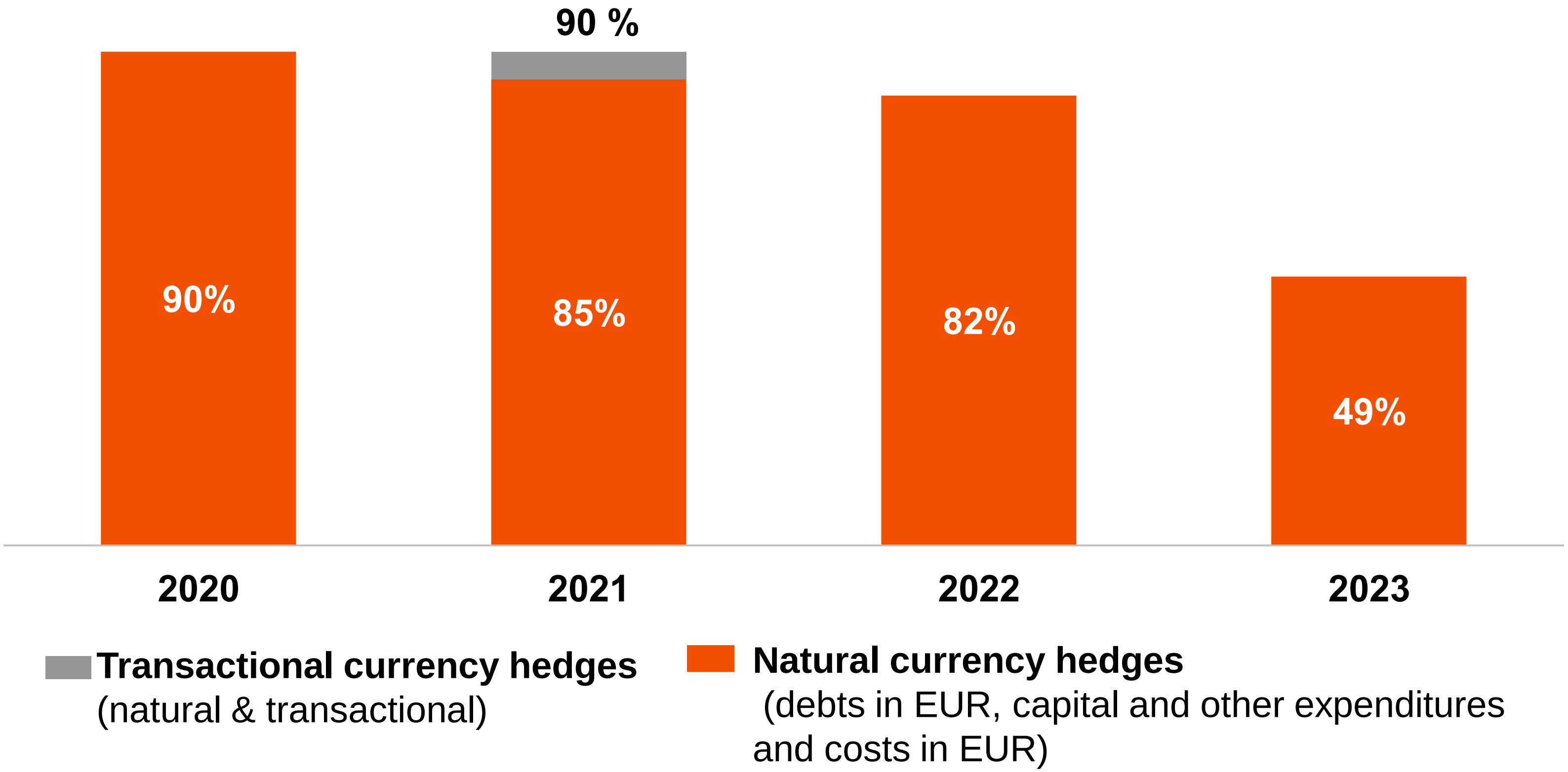
Specific factors affecting the value of Net Debt/EBITDA in 2018	(CZK bn)	Impact on indicator
(1) Purchase of emission allowances for electricity generation in 2020 & 2021**)	3.6	+0.07
(2) Higher margin deposits on commodity exchanges—resulting from increasing electricity prices	3.4	+0.07
(3) Direct inclusion of interest accrual in debt (new methodology)	2.2	+0.04
(4) Direct inclusion of financial leasing in debt (preparation for implementation of IFRS 16)	0.2	+0.00
Net Debt/EBITDA after debt adjustment for the above factors		**2.86**

Note: The first two factors are temporary.

 * Including data for assets held for sale ** Taking advantage of market opportunities to make physical (spot) purchases of allowances instead of conventional forward purchases, which are normally used to secure future needs of emission allowances

ČEZ CONTINUES HEDGING ITS CURRENCY EXPOSURE IN LINE WITH STANDARD POLICY

Total currency hedges as of Feb 28, 2019
(as % of total expected EUR long position in a given year)



The foreign exchange position for 2020 is hedged at an average rate of 26.95 CZK/EUR and the foreign exchange position for 2020–2023 is hedged at approx. 26–27 CZK/EUR on average.

CEZ GROUP FINANCIAL RESULTS

(CZK bn)	2017	2018	Change	%
Revenues	205.1	184.5	-20.6	-10%
Revenues - comparable *	173.7	184.5	+10.8	+6%
EBITDA	53.9	49.5	-4.4	-8%
EBIT	25.6	19.8	-5.9	-23%
Net income	19.0	10.5	-8.5	-45%
Net income - adjusted **	20.7	13.1	-7.6	-37%
Operating CF	45.8	35.4	-10.5	-23%
CAPEX	29.1	26.4	-2.7	-9%
Net debt ***	136.1	151.3	+15.2	+11%

		2017	2018	Change	%
Installed capacity ***	GW	14.9	15.0	+0.1	+1%
Generation of electricity from traditional sources	TWh	60.9	61.3	+0.4	+1%
Generation of electricity from renewable sources	TWh	2.0	1.8	-0.2	-11%
Electricity distribution to end customers	TWh	52.0	52.3	+0.3	+1%
Electricity sales to end customers	TWh	37.0	37.6	+0.6	+2%
Sales of natural gas to end customers	TWh	9.9	9.6	-0.3	-3%
Sales of heat	000´TJ	23.7	23.2	-0.4	-2%
Number of employees *** ****	000´s	29.8	31.4	+1.5	+5%

* Comparison applying IFRS 15 (changing the manner of reporting since Jan 1, 2018) to 2017; according to the standard, neither distribution revenues nor distribution expenses are reported where an energy group sells electricity in an area in which it does not own the distribution grid. Application of this part of the standard significantly affects energy groups' total revenues and expenses (without affecting total reported profit).

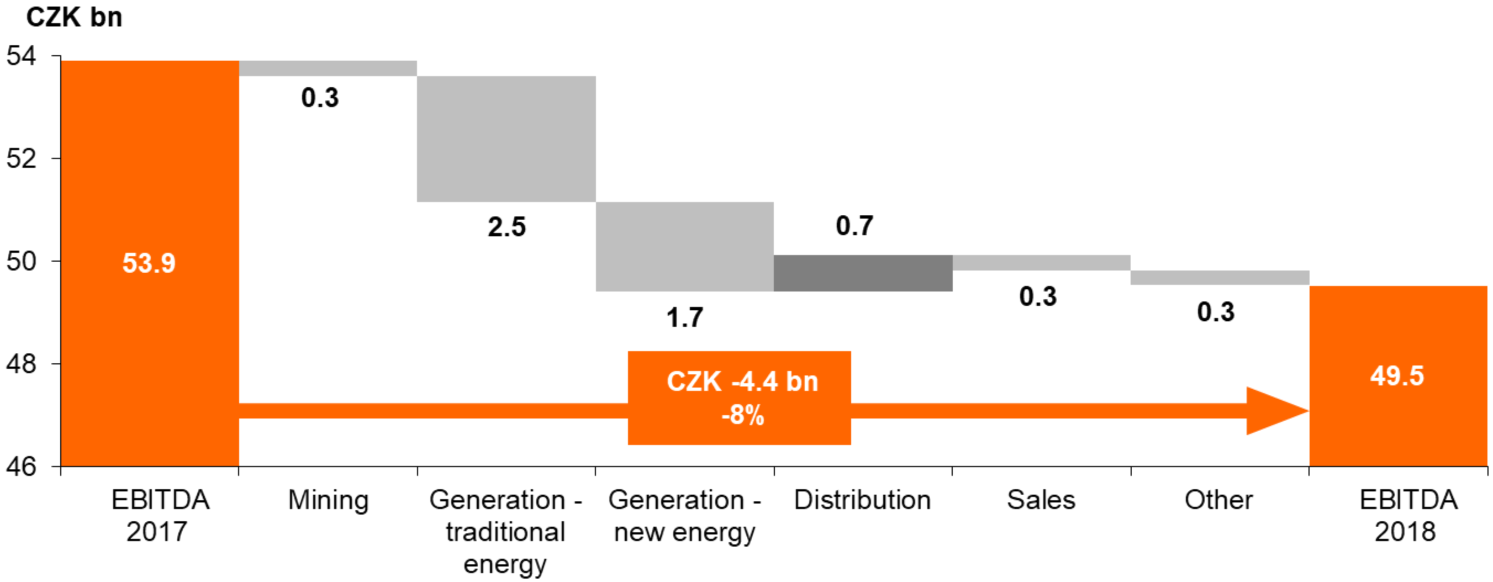
** Adjusted net income = Net income adjusted for extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill write-off)

*** On the last date of the period

**** Headcount increase is primarily related to new acquisitions of ESCOs and in Czechia, it is also related to insourcing of sales companies' external employees

When calculating net debt, we newly include interest accrual and financial leasing directly in debt (in preparation for IFRS 16).

Y-O-Y CHANGE IN EBITDA
BROKEN DOWN BY SEGMENT



Main causes of y-o-y change in EBITDA:

- Higher expenses on emission allowances for generation (CZK -1.3 bn) due to increase in their prices and lower allocation of free allowances
- Effect of settlement agreement with Sokolovská uhelná in 2017 (CZK -0.7 bn)
- Positive effect of change in Romanian RES regulation in 2017, resulting from valuation of allocated green certificates (CZK -0.8 bn)
- Lower allocation of green certificates to wind farms (CZK -0.6 bn), only one certificate per generated MWh allocated since Jan 1, 2018; two certificates were allocated in 2017
- Total allowed distribution revenues were higher thus reflecting increased investment in distribution grids (CZK +1.0 bn)

OTHER INCOME (EXPENSES)

(CZK bn)	2017	2018	Change	%
EBITDA	53.9	49.5	-4.4	-8%
Depreciation, amortization and impairments*	**-28.3**	**-29.8**	**-1.5**	**-5%**
Other income (expenses)	**-2.9**	**-6.2**	**-3.4**	**-118%**
Interest income (expenses)	-3.5	-4.9	-1.3	-38%
Interest on nuclear and other provisions	-1.6	-1.8	-0.2	-11%
Income (expenses) from investments and securities	2.6	0.1	-2.4	-95%
Other	-0.3	0.3	+0.6	-
Income taxes	**-3.8**	**-3.0**	**+0.8**	**+20%**
Net income	19.0	10.5	-8.5	-45%
Net income - adjusted	**20.7**	**13.1**	**-7.6**	**-37%**

Depreciation, Amortization, and Impairments* (CZK -1.5 bn)

- Additions to fixed asset impairments including goodwill write-off (CZK -1.5 bn)
- Effect of nonrecurrent income from sale of residential property in Prague in 2017 (CZK -1.1 bn)
- Lower depreciation and amortization (CZK +1.2 bn), primarily due to updated long-term service life estimates for ČEZ power plants

Other Income (Expenses) (CZK -3.4 bn)

- Effect of termination of MOL stockholding in 2017, including related operations (CZK -4.5 bn)
- Higher interest income (expenses) (CZK -1.3 bn) primarily due to lower interest capitalization after completion of the new Ledvice facility
- Share in profit or loss of Turkish companies, including effect of associated ČEZ provisions and impairments (CZK +1.6 bn)
- Income from refunded interest on gift tax on emission allowances for 2011 and 2012 (CZK +0.7 bn)
- Other effects (CZK +0.1 bn), primarily foreign exchange effects and revaluation of financial derivatives

Net Income Adjustments

- In 2018 adjusted for the negative effect of additions to ČEZ provisions and impairments corresponding to the value of potential partial performance under provided guarantees for Akcez group companies' loans due to continued weakening of the TRY/USD exchange rate in 2018, reflecting Turkey's macroeconomic and political developments (CZK +0.9 bn), and for the effect of fixed asset impairments and goodwill primarily in Czechia (CZK +1.0 bn), Bulgaria (CZK +0.6 bn), Poland (CZK +0.2 bn), and Romania (CZK -0.3 bn)
- In 2017 adjusted for the negative effect of fixed asset impairments and goodwill write-off in Turkey (CZK +1.3 bn), fixed asset impairments in Bulgaria (CZK +0.9 bn), impairments of projects under development in Poland (CZK +0.5 bn), impairments of other assets (CZK +0.3 bn), and for the positive effect of reversal of impairments for the Počerady CCGT plant (CZK -1.3 bn)

* Including profit/loss from sales of tangible and intangible fixed assets

NUCLEAR AND MINING PROVISIONS AS OF YE 2018

Nuclear and mining provisions as of YE 2018 in accordance with IFRS

(discount rate 1.25% p.a. (real), est. Inflation effect 1.25%)

	Provision (CZK bn)	Responsibility of:	Cash cover (CZK)
Interim storage of spent nuclear fuel	7.6 bn	CEZ	0.01 bn
Permanent storage of spent nuclear fuel	32.2 bn	State*, costs paid by CEZ	Fee 55 CZK/MWh generated in NPP to Nuclear Account***
Nuclear Facility decommissioning	23.8 bn	CEZ	13.1 bn
Mining reclamation	8.6 bn	CEZ (SD**)	5.2 bn
Landfills (ash storage)	0.7 bn	CEZ	0.2 bn

*** RAWRA - Radioactive Waste Repository Authority**

****SD – Severočeské doly**

***** State Nuclear Account balance as of YE 2017 CZK 26.9bn**

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP

CZK

Profit and loss CZK bn	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues	198.8	209.8	221.9	216.7	201.8	210.2	203.7	205.1	184.5
Sales of electricity	175.3	181.8	186.8	189.4	173.8	182.1	174.9	104.1	103.1
Sales of services								76.3	59.9
Sales of gas, heat and coal and other income	23.6	28	35.1	27.4	27.9	28.1	28.8	24.7	21.5
Operating Expenses	110	122.4	136.1	134.7	129.3	145.1	145.7	148	135
Purchased power and related services	54.4	65.9	71.7	79	75.8	90.9	88.3	57.4	52.2
Fuel and emission rights	16.9	17.1	15.8	13.8	12.7	13.1	13.2	16.0	19.1
Salaries and wages	18.7	18.1	18.7	18.7	18.9	17.8	19.2	22.1	25.6
Other	20	21.3	29.9	23.2	21.9	23.4	25.1	26.3	38.1
EBITDA	**88.8**	**87.4**	**85.8**	**82**	**72.5**	**65.1**	**58.1**	**53.9**	**49.5**
EBITDA margin	*45%*	*42%*	*39%*	*38%*	*36%*	*31%*	*29%*	*26%*	*27%*
Depreciation, amortization, impairments	26.9	26.2	28.9	36.4	35.7	36.3	32.1	29.5	29.7
EBIT	**62**	**61.3**	**57**	**45.7**	**36.9**	**29**	**26.1**	**25.6**	**19.8**
EBIT margin	*31%*	*29%*	*26%*	*21%*	*18%*	*14%*	*13%*	*12%*	*11%*
Net Income	**46.9**	**40.8**	**40.1**	**35.2**	**22.4**	**20.5**	**14.6**	**19**	**10.5**
Net income margin	*24%*	*19%*	*18%*	*16%*	*11%*	*10%*	*7%*	*9%*	*6%*
Adjusted net income	**49.8**	**41.2**	**41.3**	**43**	**29.5**	**27.7**	**19.6**	**20.7**	**13.1**
Adjusted net income margin	*25%*	*20%*	*19%*	*20%*	*15%*	*13%*	*10%*	*10%*	*7%*

Balance sheet CZK bn	2010	2011	2012	2013	2014	2015	2016	2017	2018
Non current assets	448.3	467.3	494.7	485.9	497.5	493.1	489.3	487.9	480.4
Current assets	96.1	131	141.1	154.5	130.4	109.6	141.6	136	227
- out of that cash and cash equivalents	22.2	22.1	18	25	20.1	13.5	11.2	12.6	7.3
Total Assets	**544.4**	**598.3**	**635.8**	**640.4**	**627.9**	**602.7**	**630.8**	**623.9**	**707.4**
Shareholders equity (excl. minority. int.)	221.4	226.8	250.2	258.1	261.3	267.9	256.8	250	234.7
Return on equity	*22%*	*18%*	*17%*	*14%*	*9%*	*8%*	*6%*	*8%*	*4%*
Interest bearing debt	158.5	182	192.9	199	184.1	157.5	167.8	154.3	161
Other liabilities	164.4	189.4	192.6	183.3	182.4	177.3	206.2	219.6	311.7
Total liabilities	**544.4**	**598.3**	**635.8**	**640.4**	**627.9**	**602.7**	**630.8**	**623.9**	**707.4**

The structure of PL and BS was changed in 2018

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP

EUR

Profit and loss

EUR M	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues	7,735	8,163	8,634	8,432	7,852	8,179	7,926	7,981	7,179
Sales of electricity	6,821	7,074	7,268	7,370	6,763	7,086	6,805	4,051	4,012
Sales of services								2,969	2,331
Sales of gas, heat and coal and other income	918	1,089	1,366	1,066	1,086	1,093	1,121	961	837
Operating Expenses	4,280	4,763	5,296	5,241	5,031	5,646	5,669	5,759	5,253
Purchased power and related services	2,117	2,564	2,790	3,074	2,949	3,537	3,436	2,233	2,031
Fuel and emission rights	658	665	615	537	494	510	514	623	743
Salaries and wages	728	704	728	728	735	693	747	860	996
Other	778	829	1,163	903	852	911	977	1,023	1,482
EBITDA	**3,455**	**3,401**	**3,339**	**3,191**	**2,821**	**2,533**	**2,261**	**2,097**	**1,926**
EBITDA margin	*45%*	*42%*	*39%*	*38%*	*36%*	*31%*	*29%*	*26%*	*27%*
Depreciation, amortization, impairments	1,047	1,019	1,125	1,416	1,389	1,412	1,249	1,148	1,156
EBIT	**2,412**	**2,385**	**2,218**	**1,778**	**1,436**	**1,128**	**1,016**	**996**	**770**
EBIT margin	*31%*	*29%*	*26%*	*21%*	*18%*	*14%*	*13%*	*12%*	*11%*
Net Income	**1,825**	**1,588**	**1,560**	**1,370**	**872**	**798**	**568**	**739**	**409**
Net income margin	*24%*	*19%*	*18%*	*16%*	*11%*	*10%*	*7%*	*9%*	*6%*
Adjusted net income	**1,938**	**1,603**	**1,607**	**1,673**	**1,148**	**1,078**	**763**	**805**	**510**
Adjusted net income margin	*25%*	*20%*	*19%*	*20%*	*15%*	*13%*	*10%*	*10%*	*7%*

Balance sheet

EUR M	2010	2011	2012	2013	2014	2015	2016	2017	2018
Non current assets	17,444	18,183	19,249	18,907	19,358	19,187	19,039	18,984	18,693
Current assets	3,739	5,097	5,490	6,012	5,074	4,265	5,510	5,292	8,833
- out of that cash and cash equivalents	864	860	700	973	782	525	436	490	284
Total Assets	**21,183**	**23,280**	**24,739**	**24,918**	**24,432**	**23,451**	**24,545**	**24,276**	**27,525**
Shareholders equity (excl. minority. int.)	8,615	8,825	9,735	10,043	10,167	10,424	9,992	9,728	9,132
Return on equity	*22%*	*18%*	*17%*	*14%*	*9%*	*8%*	*6%*	*8%*	*4%*
Interest bearing debt	6,167	7,082	7,506	7,743	7,163	6,128	6,529	6,004	6,265
Other liabilities	6,397	7,370	7,494	7,132	7,097	6,899	8,023	8,545	12,128
Total liabilities	**21,183**	**23,280**	**24,739**	**24,918**	**24,432**	**23,451**	**24,545**	**24,276**	**27,525**

Exchange rate used:
25.7 CZK/EUR

The structure of PL and BS was changed in 2018

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