CEZ GROUP:
READY FOR DECENTRALIZED ENERGY FUTURE

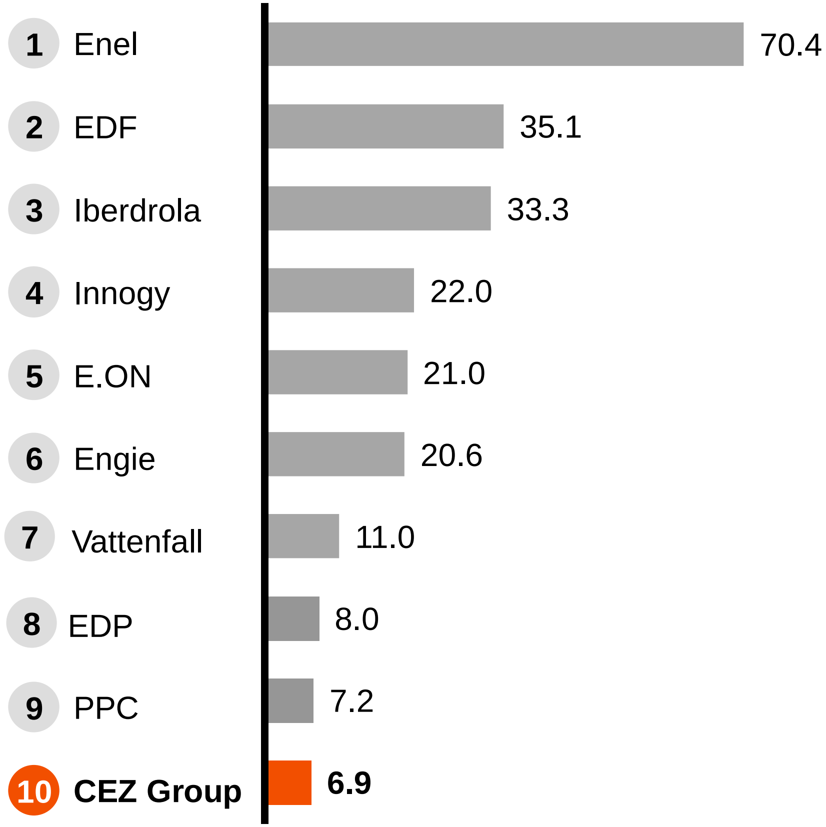
Investment story, June 2020

AGENDA

CEZ GROUP RANKS AMONG LEADING UTILITY COMPANIES IN EUROPE

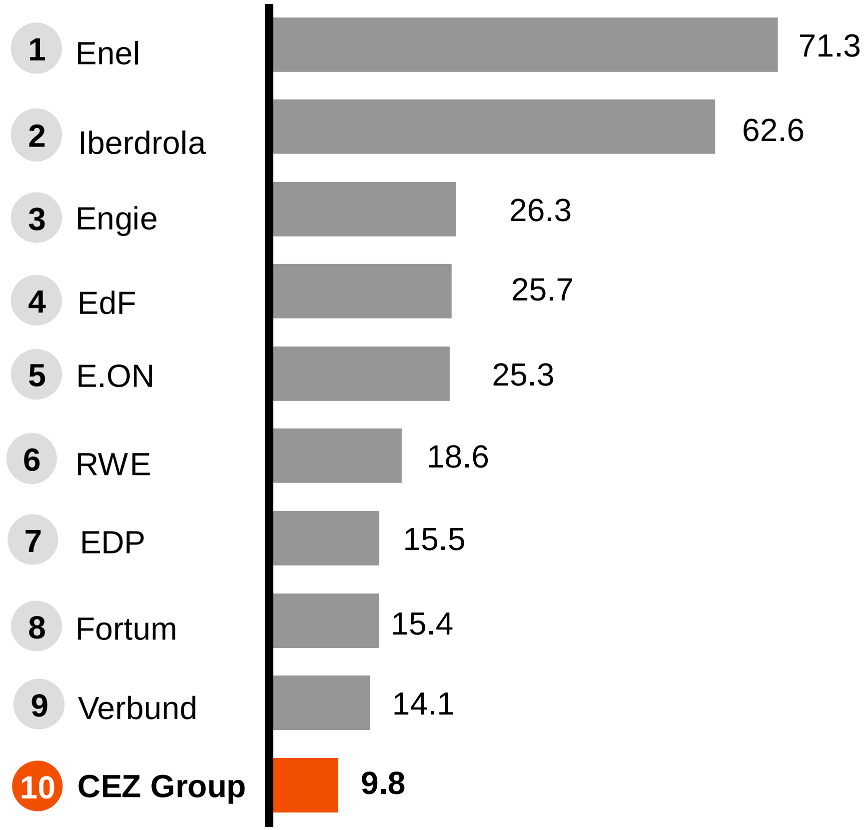
Top 10 European power utilities

Number of customers in 2018, in millions



Top 10 European power utilities

Market capitalization in EUR bn, as of June 1, 2020



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

Target markets

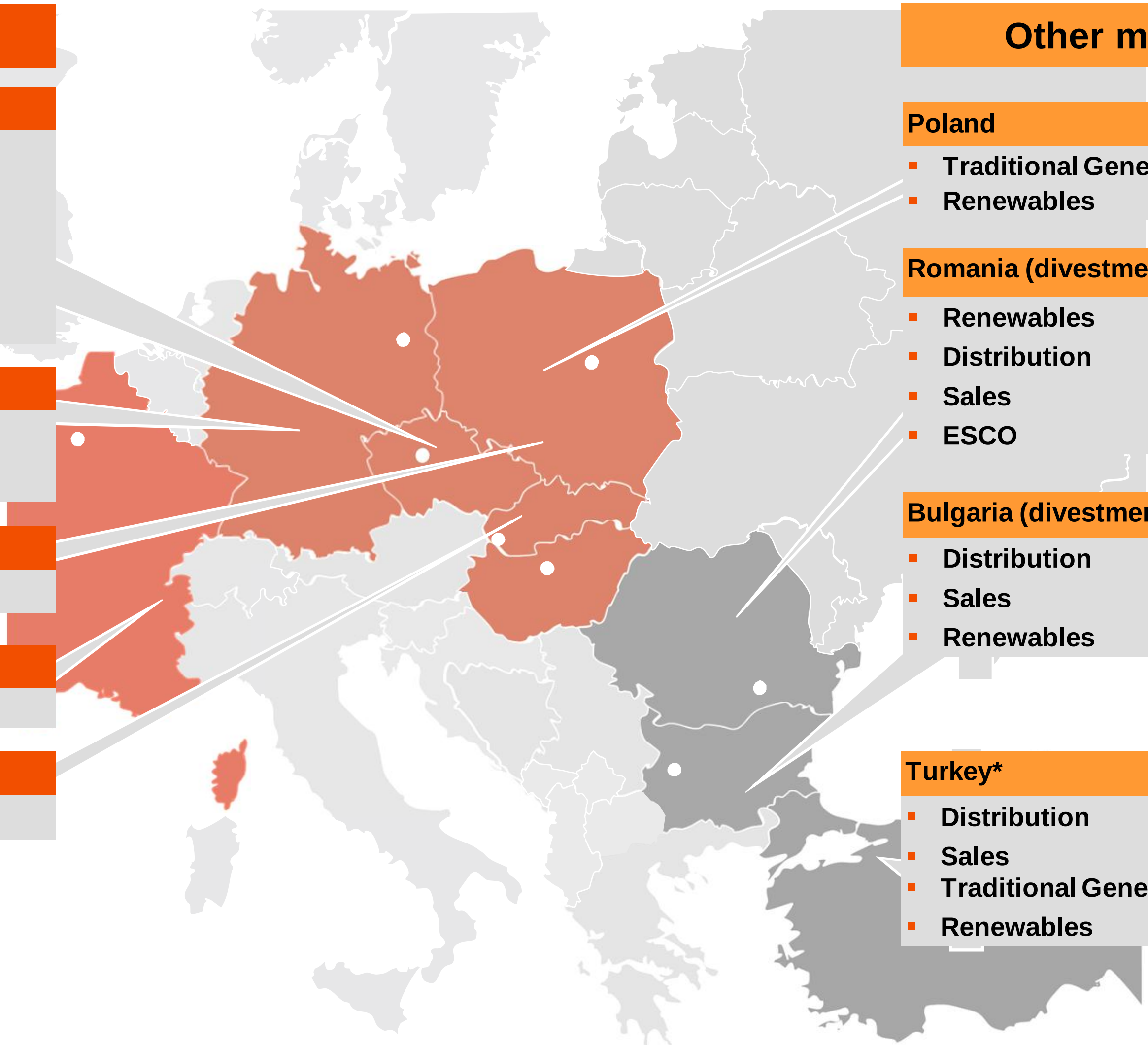
Czech Republic
- Mining
- Traditional Generation
- Renewables
- Distribution
- ESCO, Sales

Germany
- Renewables
- ESCO

Poland
- ESCO, Sales

France
- Renewables

Slovakia
- ESCO



Other markets

Poland
- Traditional Generation
- Renewables

Romania (divestment ongoing)
- Renewables
- Distribution
- Sales
- ESCO

Bulgaria (divestment ongoing)
- Distribution
- Sales
- Renewables

Turkey*
- Distribution
- Sales
- Traditional Generation
- Renewables

*(50% stake in SEDAŞ 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	**55%** 20.4 million tons	**70%** 60.8 TWh	**100%** 67.7 TWh	**65%** 35.9 TWh	**27%** 16.7 TWh
Others	**45%** 17.0 million tons	**30%** 26.3 TWh		**35%** 19.6 TWh	**73%** 44.4 TWh

Lignite mining
- CEZ fully owns the largest Czech mining company (SD) covering 72% 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

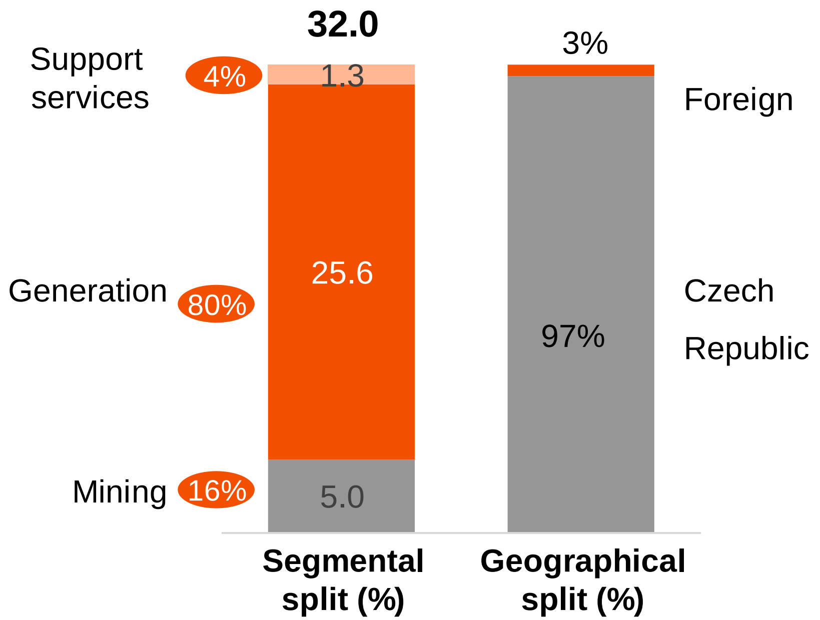
Distribution

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

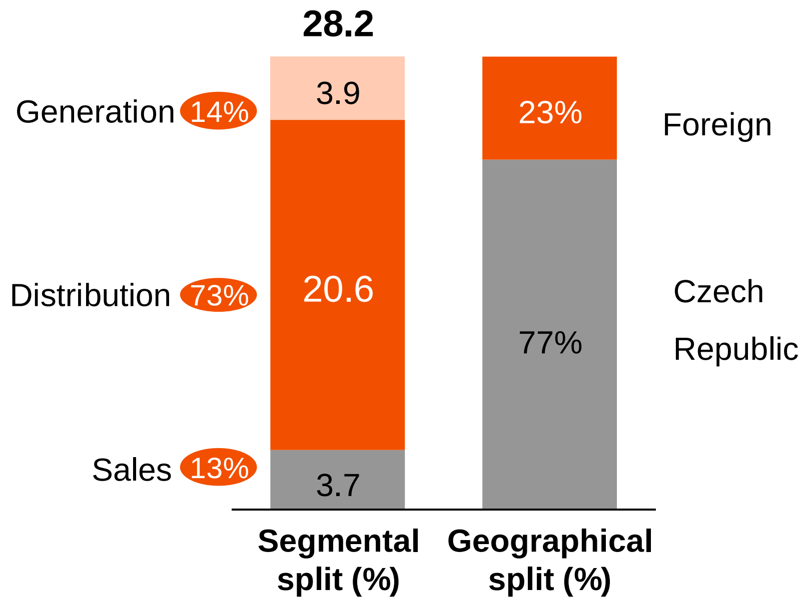
SEGMENTAL AND GEOGRAPHICAL CONTRIBUTIONS TO EBITDA IN 2019

2019 EBITDA CZK 60.2bn

~53% **Traditional Generation 2019 EBITDA**



47% **Regulated and New Energy 2019 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 domestic 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 higher power prices…..**
  - 2020 expected achieved electricity price is EUR 45/MWh, almost 20% higher y-o-y
- **….. as it is positively geared toward growing price of CO2 allowances**
  - CEZ emission intensity 0.36 t/MWh is well below 0.65-0.70 t/MWh intensity of price setting plant and will further drop to 0.3 t/MWh by 2025
- **Stable CAPEX**
  - Upgrade of lignite fleet completed
  - Current Capex mostly maintenance related

Regulated and New Energy

- **Benefits from RAB growth**
  - 5% increase by 2020 in Czech distribution
- **Additions of renewables capacity**
  - Current pipeline of up to 565 MW of wind parks in Europe
  - Ambition to add further renewable capacities in the Czech Rep.
- **Expansion of energy services offering („ESCO“)**
  - Expected 2020 revenues increase by 11% to CZK 24 bn
  - Further growth anticipated organically and through acquisitions

PRIORITIES OF CEZ GROUP BUSINESS STRATEGY

Strategic priorities of CEZ Group

Efficient operation, optimal utilization and development of generation portfolio

Modern distribution and a care for customers' energy needs

Development of new energy in the Czech Republic

Development of energy services in Europe

Main strategic thesis of CEZ Group

- Efficient management of nuclear plants and coal plants located near the coal basins and preparation of conditions for realization of new nuclear plant as part of strengthening energy security and decarbonization of generation portfolio in Czechia
- Modernization and digitalization of distribution and sales in Czechia, development of complex services taking into account customers‘ needs
- Development of energy services (ESCO) and renewables (RES) in Czechia in fulfilling Czech climate and energy plan
- Development of foreign ESCO activities and achieving significant position in markets close to Czechia, primarily Germany, northern Italy and Poland

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- Realization of efficient exit strategies from markets and energy segments, which are risky or do not have attractive prospects
- Finalization of RES development abroad and securing return of funds invested

KEY SUBSTANTIVE AND FINANCIAL OBJECTIVES OF CEZ GROUP STRATEGY

Strategic Priorities	Key Substantive Objectives and Ambitions for 2025	Additional 2025 EBITDA* Goal (CZK bn)
Efficient Operation, Optimum Utilization & Development of Generation Portfolio	▪ Safe and efficient generation by nuclear plants (WANO's assessment of CEZ's nuclear power plants above the global nuclear operators median; annual generation above 31.5 TWh). ▪ Long-term NPP operation (Temelín units at least until 2060 and 2062, Dukovany units until 2045 and 2047). ▪ Value maximization in mining and conventional generation, efficient generation by power and heating plants in mining regions. Controlled phaseout of plants outside mining regions. ▪ Negotiating a framework for the construction of a new nuclear unit at Dukovany, which would cover the regulatory and market risks of the project. Commencing project preparations according to the approved contractual framework.	**+1 to +2** beyond the effect of market prices
Modern Distribution & Care for Customers' Energy Needs	▪ Distribution CZ: Increasing revenues by way of increased investments in the context of changes induced by decentral energy; increasing efficiency and reducing operating expenses. ▪ Sales CZ: Maintaining current profitability by way of: maintaining the current customer base, increasing customer satisfaction, and expanding offerings in the portfolio of noncommodity products and services.	**+2 to +4**
New Energy Sector Development in Czechia	▪ ESCO CZ and SK: 25%+ share in the growing market with target EBITDA margin > 7%. ▪ RES CZ: Playing a major role in the growth of renewables in Czechia. Total potential for Czech solar installed capacity estimated at up to 5 GW, including about 0.5 GW on land currently owned by CEZ Group.	**+2 to +3**
Energy Services Development in Europe	▪ Continuing with quick organic and acquisition expansion in Germany, northern Italy, and Poland. ▪ Maximizing synergies from the consolidation of activities in target markets. ▪ Becoming a Top 3 ESCO player in these markets by 2025, with target EBITDA margin > 7%.	**+2 to +3**
Divestment Strategy	▪ Return of capital invested in RES assets in Germany and France. ▪ Completion of sale of assets in Bulgaria, sale of generation and distribution assets in Romania, Poland, and Turkey. The goal is to sell those assets by the end of 2022. The assets' contribution to CEZ Group's annual 2018 EBITDA was CZK 5.5 bn.	

The goal of additional 2025 EBITDA* demands significant investments in new assets, primarily in RES in Czechia, ESCO abroad, and distribution in Czechia. Investments in RES development in Czechia and ESCO development will be financed by income from divestments.

*Increase in annual EBITDA as compared to today's EBITDA of target business segments

CEZ GROUP INTENDS TO LEAVE MARKESTS WITH INSUFFICIENTLY APPEALING OUTLOOK AND NEED FOR INCREASED MANAGEMENT FOCUS

Strategic priorities	Key initiatives
Leaving risky and non-perspective markets and segments	▪ Carry out divestments of assets in Romania and Poland ▪ Finalize divestments of assets in Bulgaria and Turkey
Recovery of capital invested in foreign renewables	▪ Finalization of renewables development abroad and securing recovery of invested funds

Reasons for the divestments

- Romanian regulatory environment has stabilized after brief wobbles at the start of new regulatory period
- Increased interest from various financial groups in Romania who seek infrastructure investments with higher yields compared to Western Europe
- Monetization of Polish coal business and reduction of CEZ's carbon footprint
- Turkish market is extremely risky especially due to currency volatility

Potential use of proceeds

- Debt reduction to avoid negative impact on consolidated leverage through divested EBITDA
- Reinvestments into energy services and domestic renewables
- Distribution to shareholders

2019 EBITDA contribution of assets contemplated for sale: CZK 6 bn*

* Contribution of Bulgaria, Poland, Romania (excluding ESCO), excluding contribution of wind farms in Germany with EBITDA of CZK 0.5bn

STEPS OF STRATEGY IMPLEMENTATION TAKEN IN 2019 (1/2)

Strategic Priorities

I. Efficient Operation, Optimum Utilization & Development of Generation Portfolio

Nuclear energy and new nuclear unit areas

- Nuclear generation exceeded 30 TWh in 2019 and measures were realized to fulfill strategic ambition
- The international mission of WANO confirmed a high standard of operation of the Temelín NPP and the corporate mission of WANO confirmed that ČEZ proceeded in compliance with the mission recommendations of 2017 and achieved best practice.
- An affirmative standpoint was issued by the Ministry of the Environment of the Czech Republic for a new nuclear source at the Dukovany NPP. EIA is valid for 7 years after its date of issue.
- Supplier model debated with potential bidders on delivery of new nuclear power plant.

Other areas

- A decision was taken not to exercise the option of withdrawal from sale of the Počerady brown coal-fired power plant.
- Preparatory steps were taken to shut down selected coal sources in Czechia in 2020 and to meet environmental limits for sources operated after 2020 (especially mercury BAT limits - Hg). Analyzes and documents were prepared for discussion on exemptions from BAT – AEL (necessary changes exceed the 4 year adaptation deadline)
- Permanent benefits in the area of optimization of supporting and central services exceeded CZK 0.6 bn/year.

EIA – Environmental Impact Assessment; BAT – Best Available Technology; AEL – Achievable Emission Level

STEPS OF STRATEGY IMPLEMENTATION TAKEN IN 2019 (2/2)

Strategic Priorities

II. Modern Distribution and Care for Customers' Energy Needs

- In August 2019 the Energy Regulatory Office (ERO) published its Price Regulation Principles for Regulation Period V applicable to the years 2021 – 2025. In Q4 2019 a public consultation process took place enabling to submit comments. CEZ provided basis and arguments for determination of final parameters, which will be set in H1 2020 by ERO.
- CZK 10.9 billion was invested in the distribution network in Czechia.
- The number of connection points operated by ČEZ Prodej increased by 7,800 and customer satisfaction increased.

III. New Energy Sector Development in Czechia

- A large-capacity battery system was launched at Tušimice with the installed capacity of 4 MW and the storage capacity of 2.8 MWh
- Team for RES development activities in Czechia was set up, preparatory works and technical assessments of land owned by CEZ Group companies were carried out, first framework agreements for lease and purchase contracts for external locations were signed

IV. Energy Services Development in Europe

- Development strategy for target development markets were established, ambitions for acquisition and organic growth in 2019 were achieved.
- We acquired new foreign ESCO companies whose annual EBITDA exceeds CZK 0.6 bn
- Three new investments were realized by Inven Capital (CyberX, Neuron and Zolar)

Divestment Strategy

- We commenced the divestment process for Romanian assets with 19 non-binding offers received.
- Implementation of the contract on the sale of Bulgarian assets has not yet been made possible by Bulgarian authorities.
- We managed to reduce distribution losses:
    - in Romania to 8.2% (from 8.6%)
    - in Bulgaria to 8.0% (from 9.1%)
- Transformation of Polish assets is being finalized and divestiture process of selected Polish assets has been prepared.

EIA – Environmental Impact Assessment; BAT - Best Available Technology; AEL - Achievable Emission Level

50% REDUCTION IN INSTALLED COAL CAPACITY ALREADY BY 2025 AND FULL COAL DECOMMISSIONING BY 2050

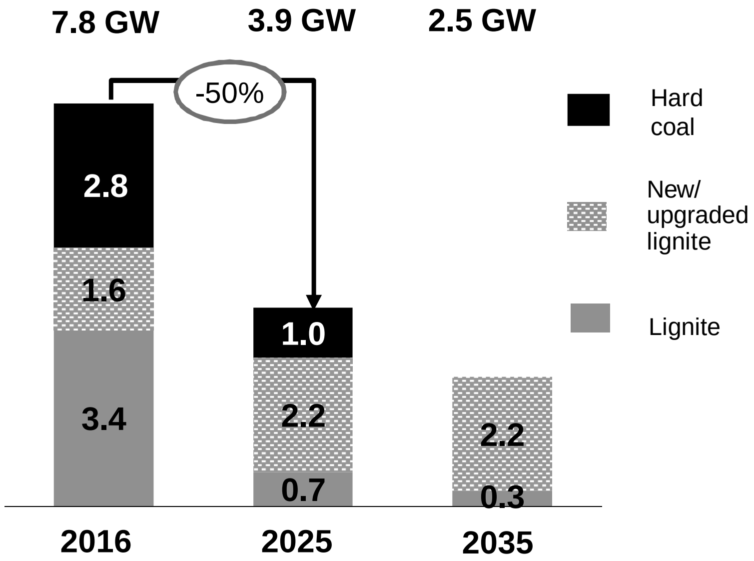
Coal fired power plants will be gradually closed, full exit by 2050

- Coal fired power plants represented 45% of capacity and 39% of generation volume in 2019. Their revenues are less than 20% of total.
- Coal fired capacity will decrease by half from 7.8 GW in 2016 to 3.9 GW by 2025 and further to 2.5 GW in 2035
- CEZ made commitment for carbon neutrality by 2050.

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 1,700 MW renewable generation capacity (half of which built in the last decade)

Expected development of installed capacity in coal (GW)



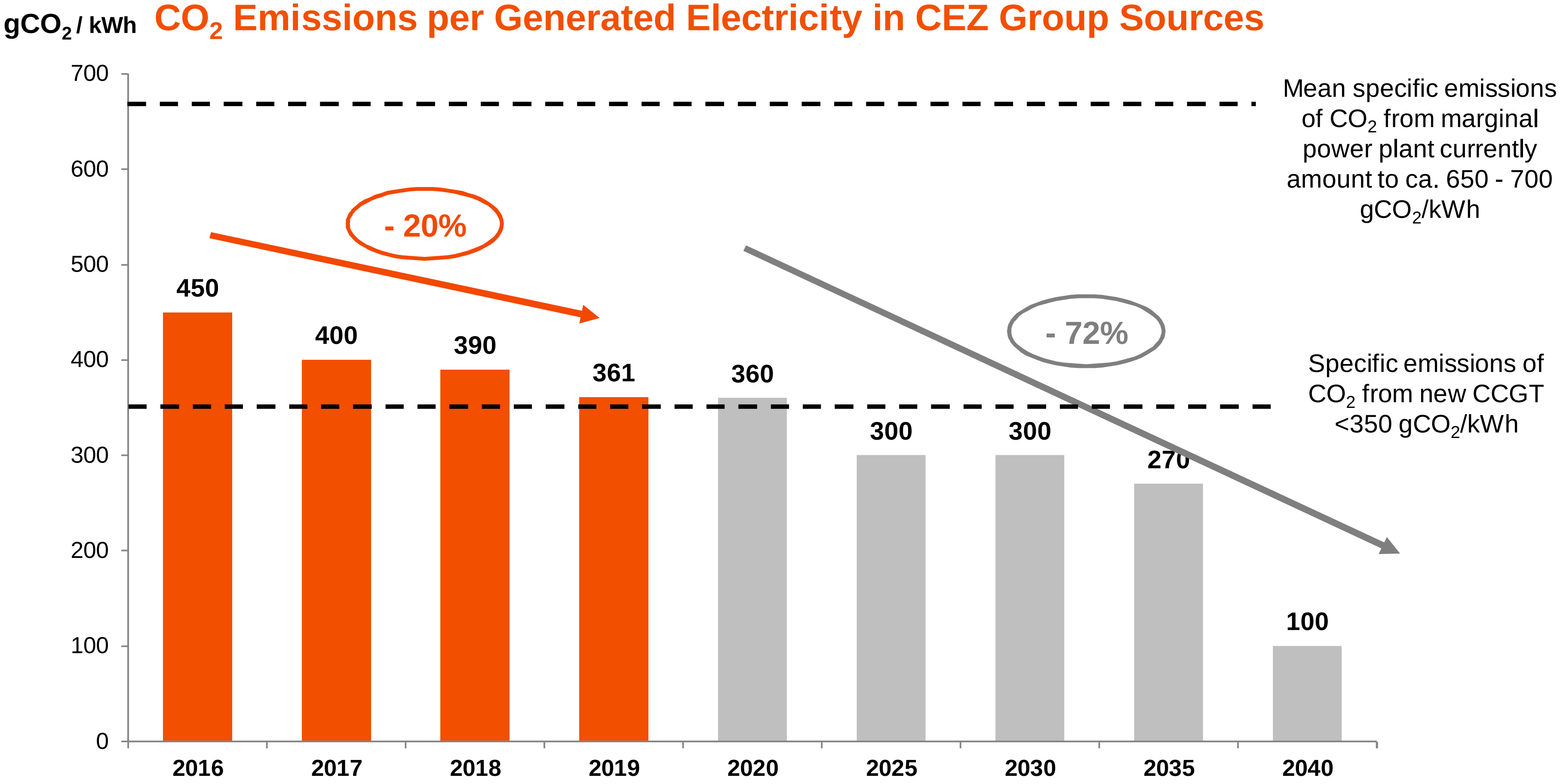
Coal extracted is mainly used in own power plants

- CEZ Group produced 20.4 mil tones of coal, out of which only 26% is sold externally
- Share of coal mining and related activities (except power generation) on CEZ group's revenues is 2% only
- Volume of extracted coal is expected to decline reflecting the closures of CEZ coal capacities.

* Applies to coal mining, power and heat generation, covers Scope 1 and Scope 2 emissions

CO2 INTENSITY WILL DECLINE BY 72% BY 2040 THANKS TO COAL PLANT CLOSURES

CO_2 Emissions per Generated Electricity in CEZ Group Sources



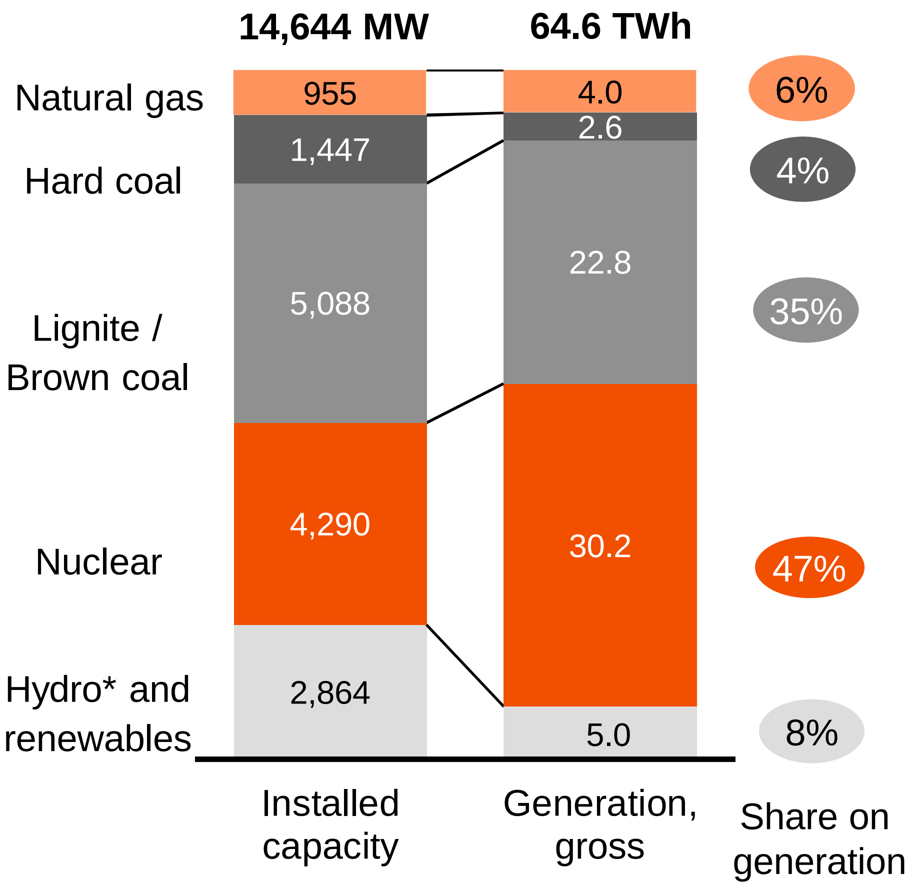
Mean specific emissions of CO_2 from electricity generated by CEZ Group sources have decreased by **20%** in the past 3 years. The value of 361 gCO_2/kWh achieved in 2019 nearly reached the level of new CCGT.

Note The future development of the specific indicator of gCO_2/kWh of generated electricity is based on the conservative assumption of preserved volume of generation from the current nuclear and renewable sources (i.e. renewable development is not included).

AGENDA

CEZ GROUP OPERATES LOW COST GENERATION FLEET

Installed capacity and generation (2019)

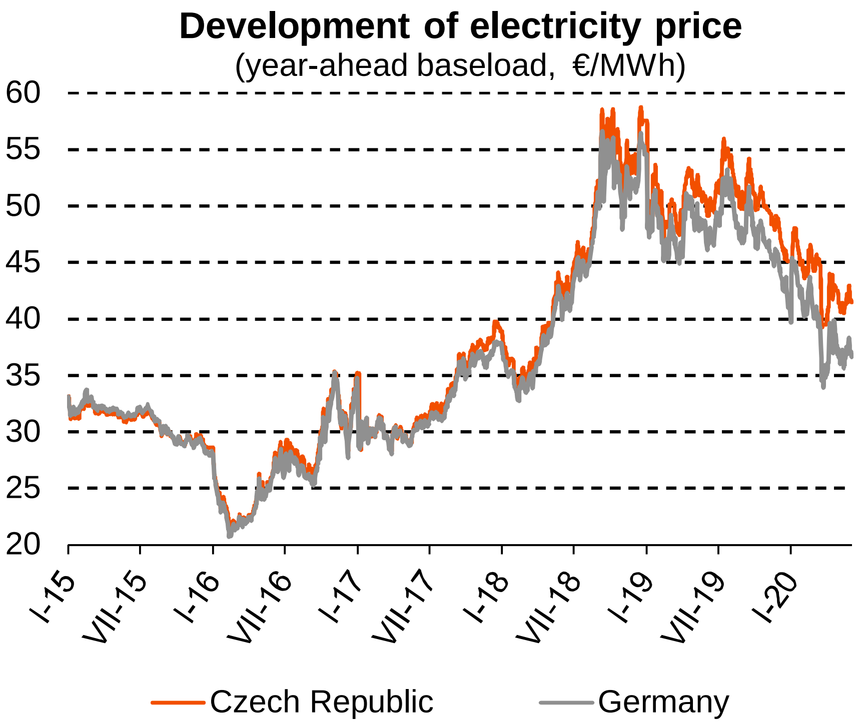


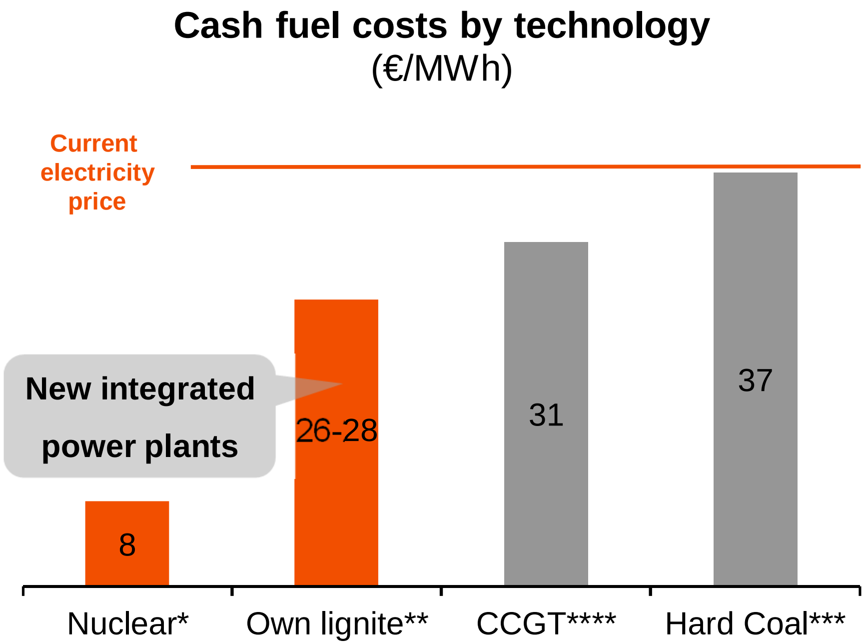
- **Coal power plants are using mostly lignite from CEZ's own mine** (72% of lignite needs sourced internally, remaining volume through long-term supply contracts)
- **Nuclear plants have very low operational costs**

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

LOW COST AND UPGRADED GENERATION PORTFOLIO GENERATES HEALTHY MARGINS IN CURRENT PRICE ENVIRONMENT





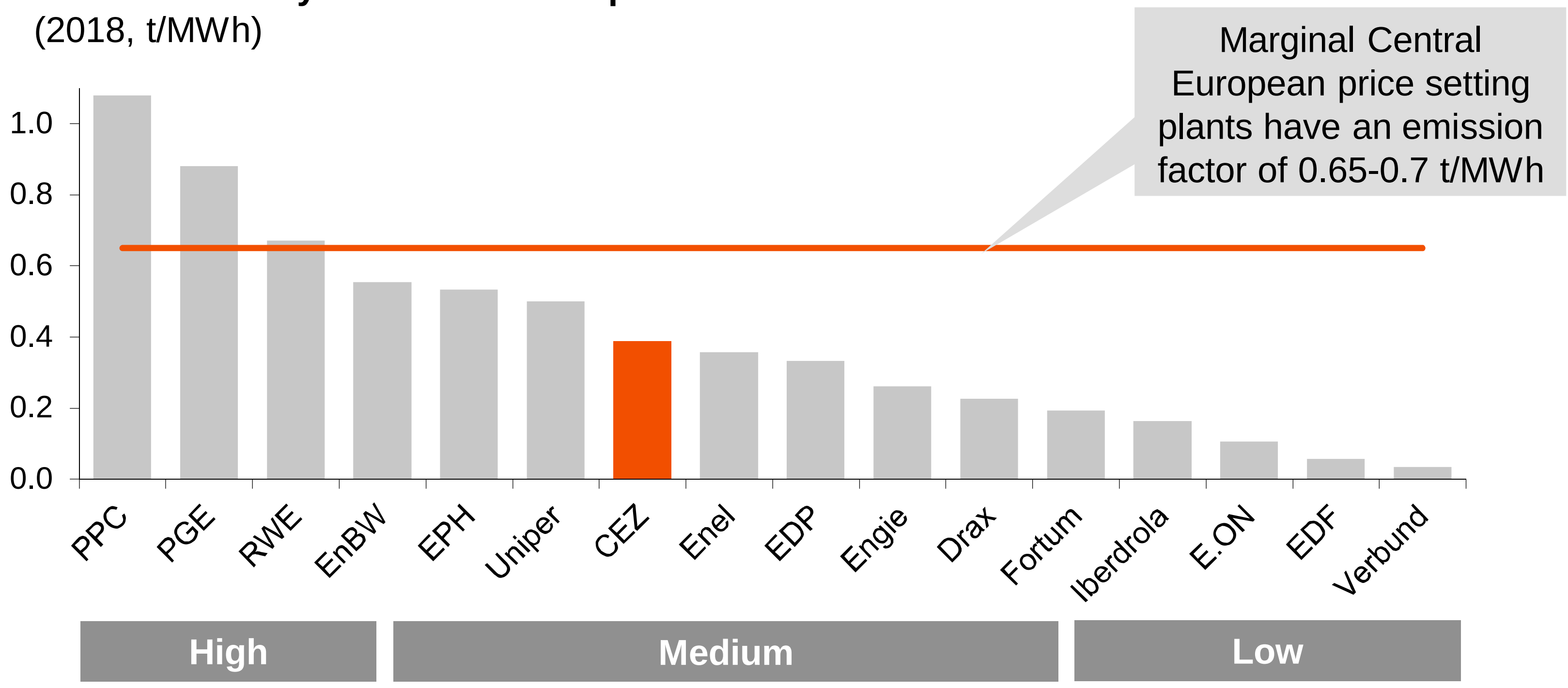
Drivers of electricity price

- **hard coal prices** being driven by Chinese imports, minor impact by gas oversupply
- **carbon prices** declining in the environment of market turmoil and **asset sell-off**
- **growing** capacity of subsidized **renewables**
- **falling** electricity **demand** due to suspension of economic activity as a measure against the coronavirus

* 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 23.2 EUR/t, 0.96 t/MWh CO2 *** Coal at 55.2USD/t, 38% efficiency, 0.90 t/MWh CO2 ****Gas 13.1 EUR/MWh, 57% efficiency, 0.35 t/MWh CO2

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

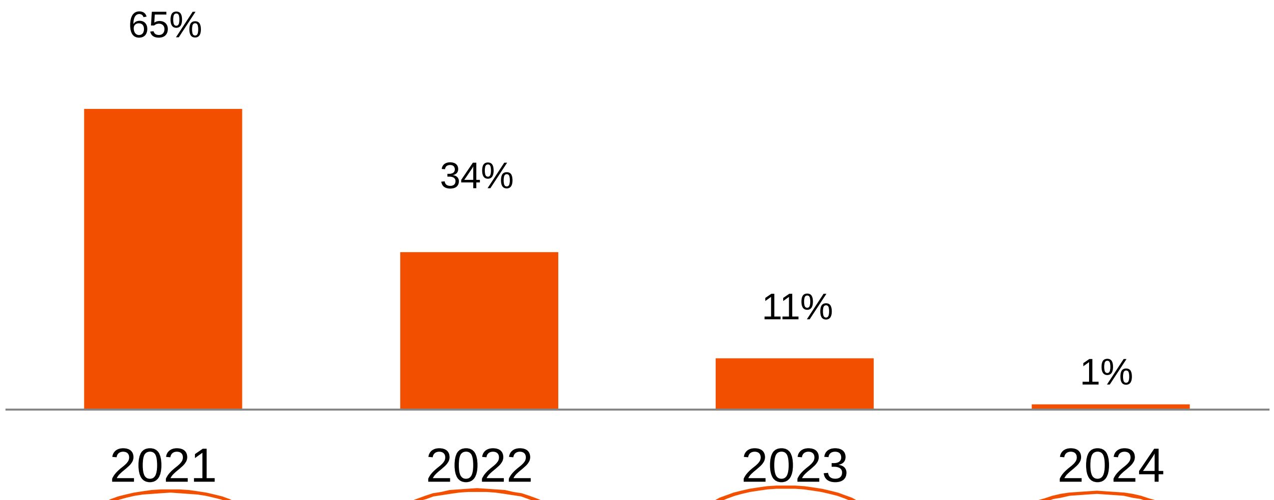
Carbon intensity of selected European utilities
(2018, t/MWh)



Increase in CO_2 price has a positive impact on CEZ profitability

CEZ HEDGES ITS GENERATION REVENUES THREE YEARS AHEAD IN LINE WITH STANDARD POLICY

Share of Hedged Production of CEZ* Facilities as of March 31, 2020
(100% of deliveries in 2021–2024 corresponds to 50–56 TWh)



	2021	2022	2023	2024
Electricity selling price (EUR/MWh)	€46.3	€48.0	€46.6	€49.1
EUA purchase price (EUR/t)**	€19.2	€21.1	€21.4	€22.9

Predicted realization price of generated electricity in Czechia in 2020 (as of May 12, 2020):

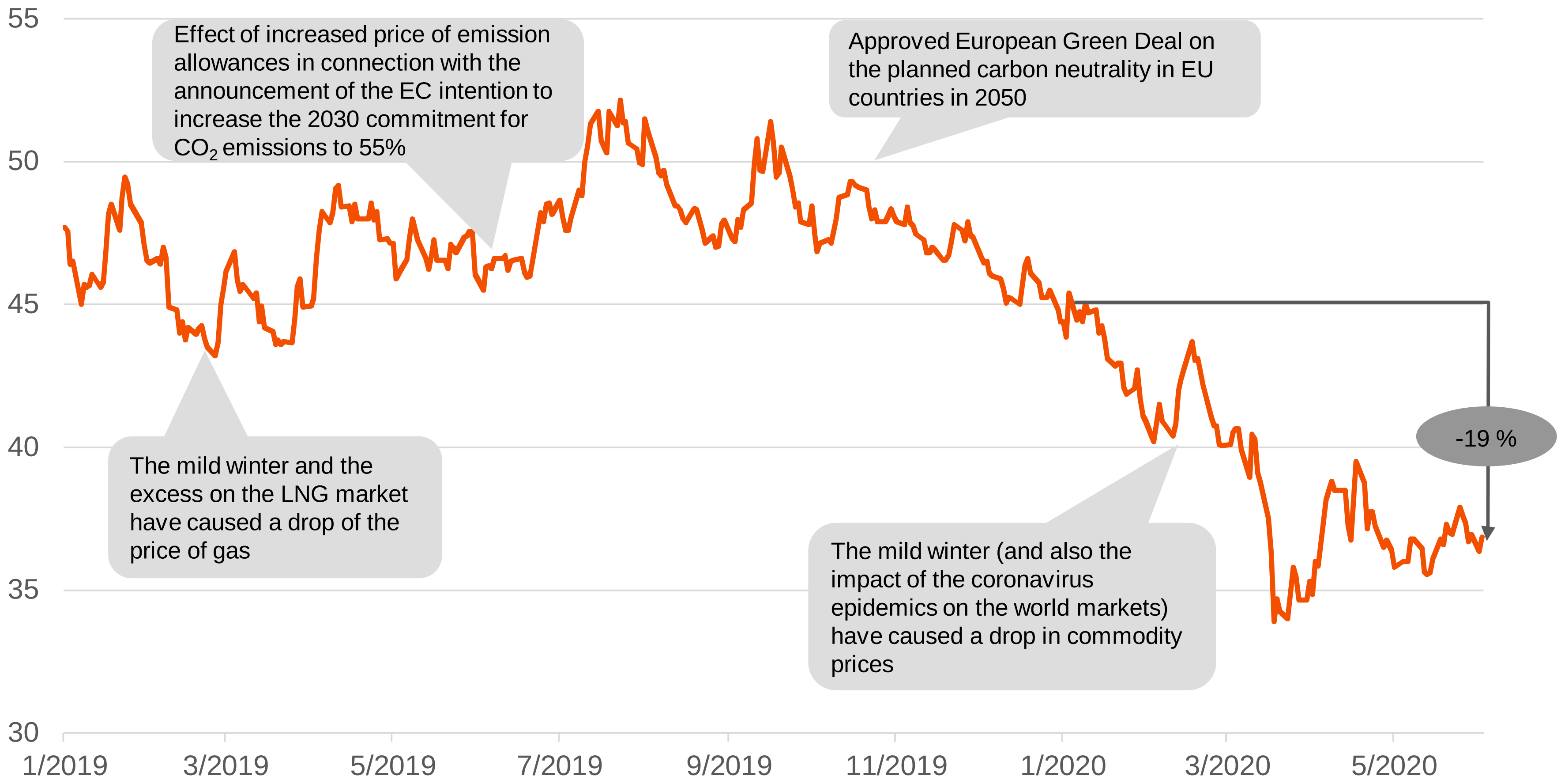
- Expected average realization price of generated electricity is **EUR 44.9 / MWh**.
- Estimated average price of acquired emission allowances for generation is **EUR 15.4 t.**

* ČEZ, a. s. including the Energotrans, Počerady and Dětmarovice
** The average purchase price of EUA in 2020 (14.5 EUR/t) includes allowances allocated under derogations (with zero value).

ELECTRICITY PRICE HAS DECREASED BY NEARLY 20% AFTER A PERIOD OF RELATIVE STABILITY IN 2019

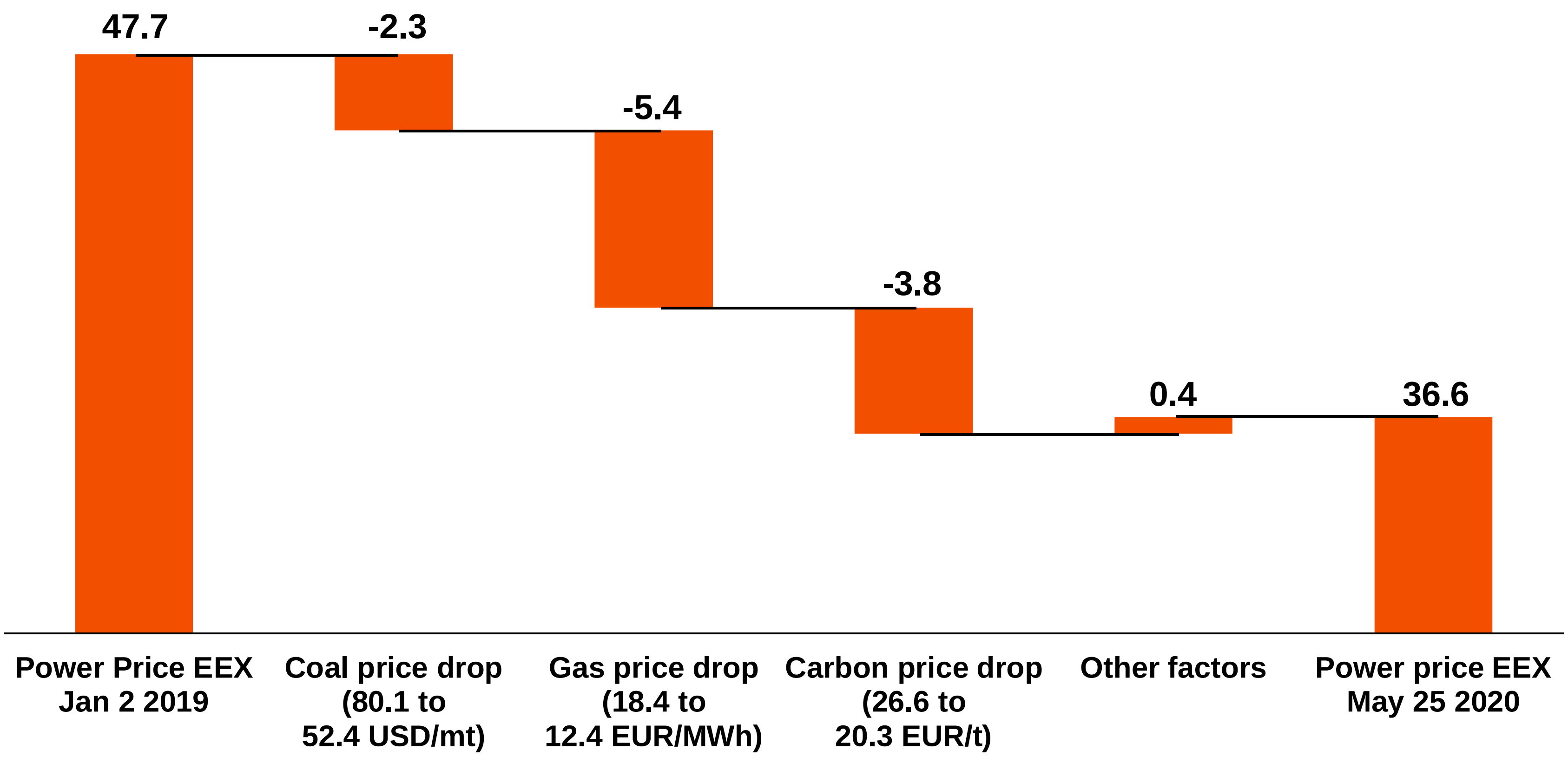
Development of Electricity Price in Germany (Jan 2, 2019 – May 25, 2020)

Cal21, EUR/MWh, EEX



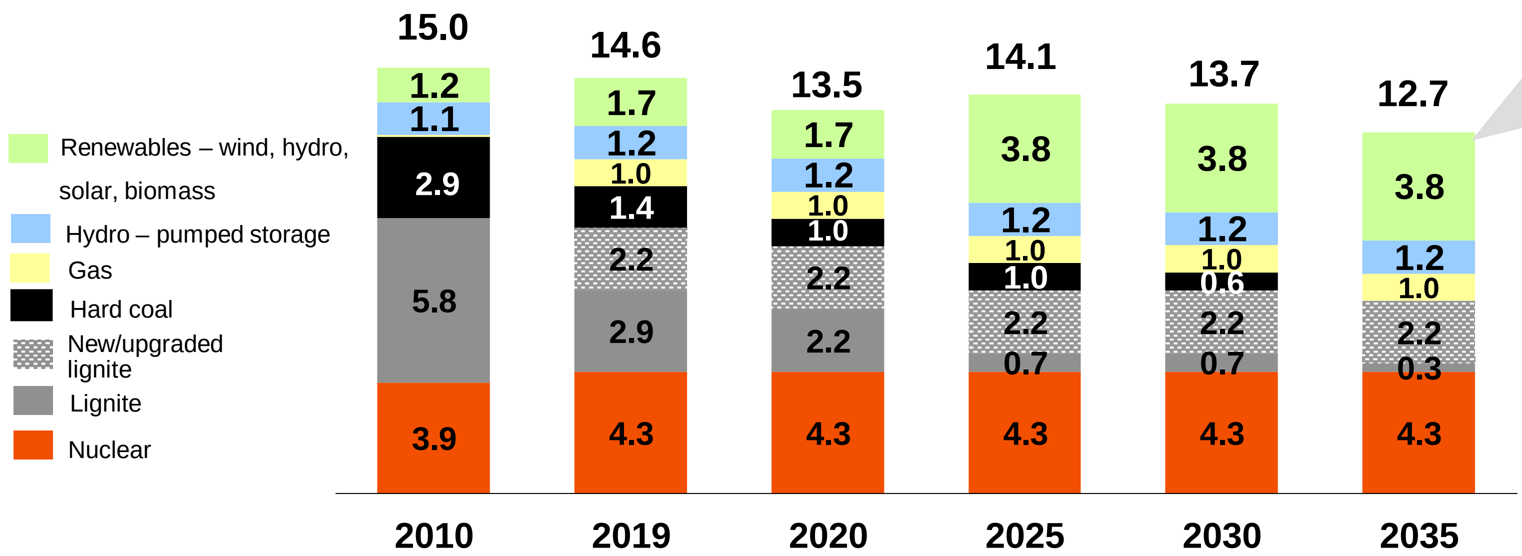
EEX POWER PRICE DROPPED DUE TO LOWER PRICES OF BOTH FUELS AND CO2 ALLOWANCE

Breakdown of changes in electricity prices (January 2, 2019 – May 25, 2020)
Cal21, EUR/MWh, EEX



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

Expected development of installed capacity (GW)*



Increase in renewables is dependent on regulatory developments

Emission intensity *(t CO_2/MWh generated)*	2010	2019	2020	2025	2030	2035
	0.57	0.36	0.36**	0.30	0.30	0.27

- 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.
- 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

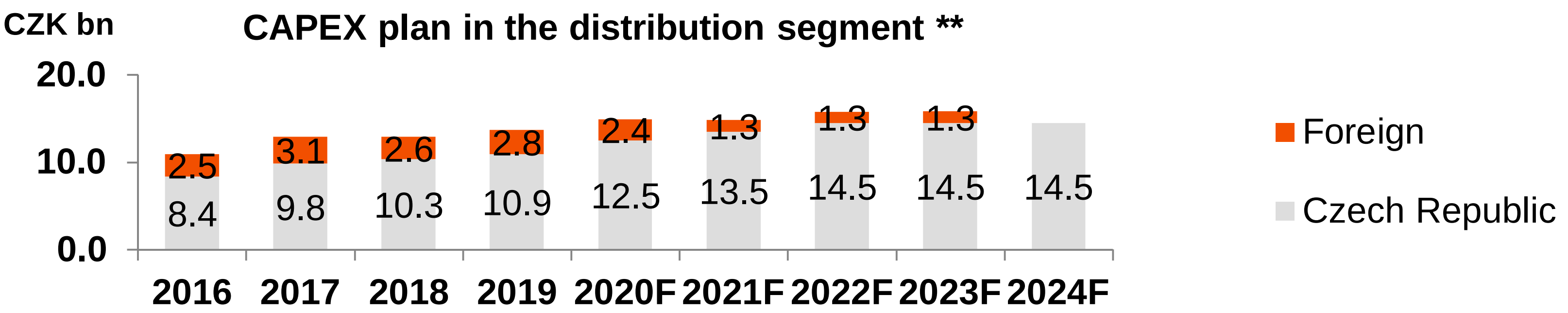
** Part of phased-out power plants will be producing power during the year 2020

AGENDA

IN 2019 CZECH DISTRIBUTION MADE UP FOR 29% OF CEZ GROUP EBITDA, TRANSPARENT REGULATION INCENTIVISES HIGHER INVESTMENTS

Overview of 2020 regulation parameters and 2019 EBITDA contribution

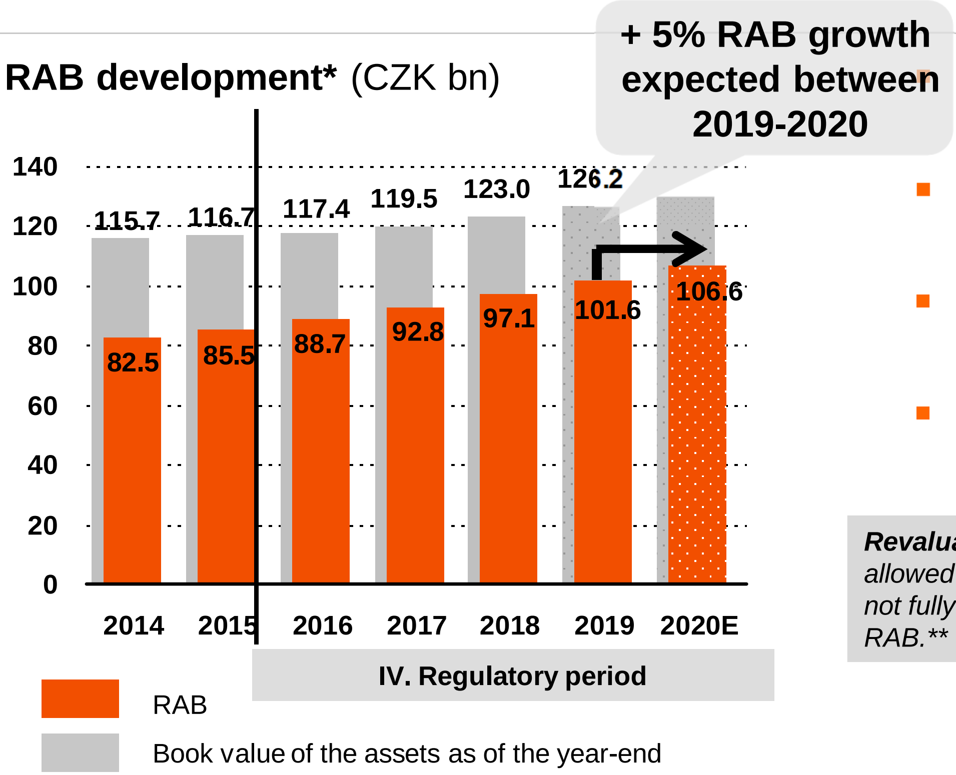
	Czech Republic 2020	Romania 2020	Bulgaria 2020
RAB (local currency m)	106,587	2,342*	588
RAB (€ m)	4,195	490	300
WACC pre-tax	7.951%	6.9%	6.67%
Regulatory period	2016 – 2020	2019 - 2023	2018 - 2021
2019 EBITDA (CZK bn)	17.5	1.5	1.5



EUR/CZK = 25.41 EUR/BGN = 1.96 EUR/RON = 4.78 * RAB value updated by inflation clause every year
** Romania not included from 2021 and Bulgaria from 2024 due to expected divestment

CZECH REPUBLIC - RAB GROWS AS A RESULT OF POSITIVE NET CAPEX AND CLOSING GAP BETWEEN RAB AND ASSET BOOK VALUE

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.
- Currently there is approx. 20% gap between RAB and the book value
- 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:

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

Public consultation of new regulatory parameters for 5th regulatory period started in August 2019. The public consultation ended in February 2020. Final regulatory principles will be published probably in June 2020.

 ** Actual values for 2014 – 2019, planned values for 2020 ** In 2019 the revaluation coefficient was 80%.*

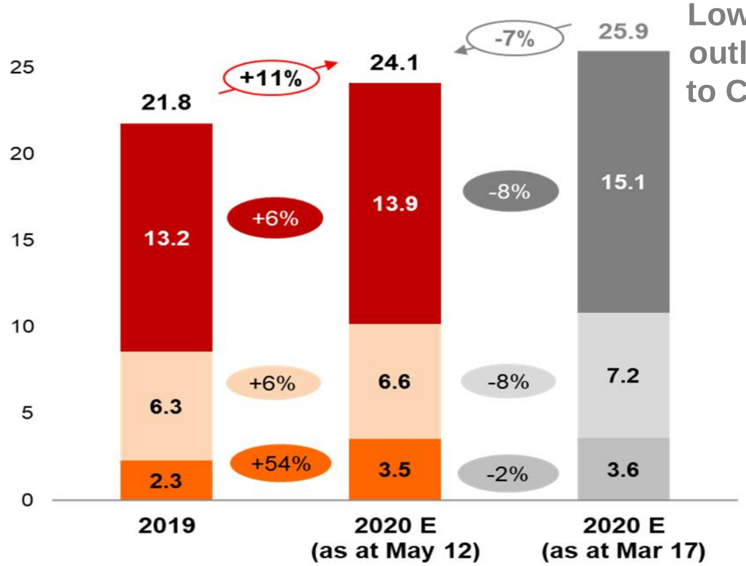
AGENDA

WE SEE LONG-TERM OPPORTUNITINIES IN GROWING ENERGY SERVICES SEGMENT

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.

Our ambition for 2020 is increase of ESCO revenues to CZK 24 bn



Lower sales outlook due to COVID-19

Germany (+6%)
+ Organic growth and effect of acquisition of Hermos

Czechia & Slovakia (+6%)
+ Organic growth and effect of minor acquisitions in 2019

Other (+54%)
+ Organic growth, primarily in Poland and Romania
+ Effect of acquisition of Euroklimat in Poland

** Data for all ESCO entities correspond to estimated figures January to December 2019, adjusted for specific effects; Globally, they are indicative values aimed to illustrate the size of the ESCO portfolio and its future growth.*

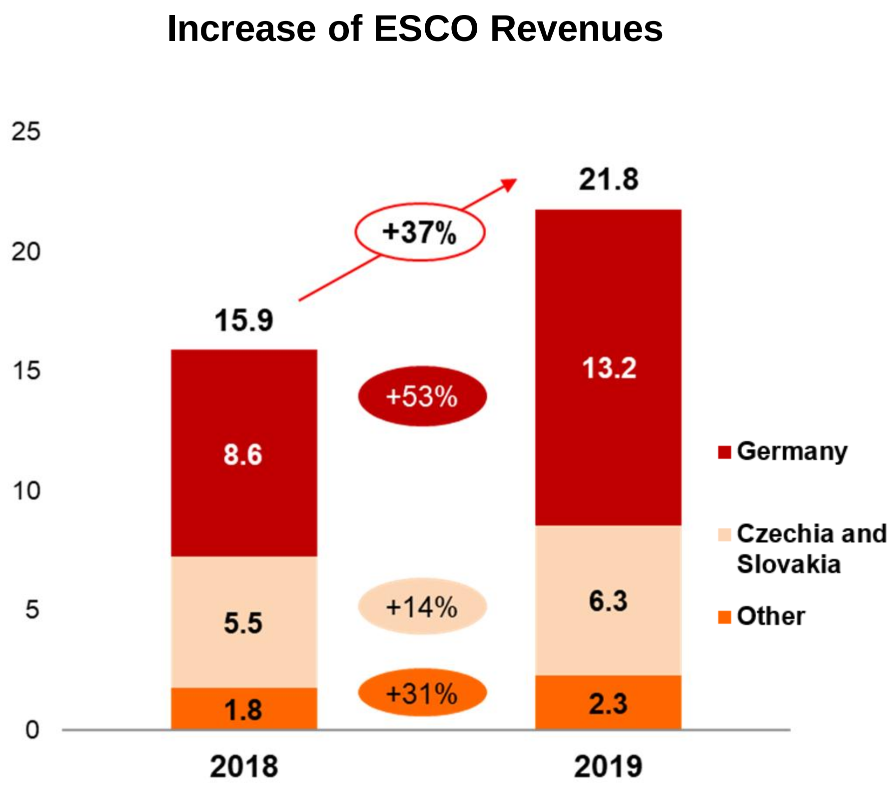
IN 2019 ESCO REVENUES GREW BY 37% TO ALMOST CZK 22 BN THANKS TO BOTH ORGANIC GROWTH AND ACQUISITIONS

Czechia and Slovakia

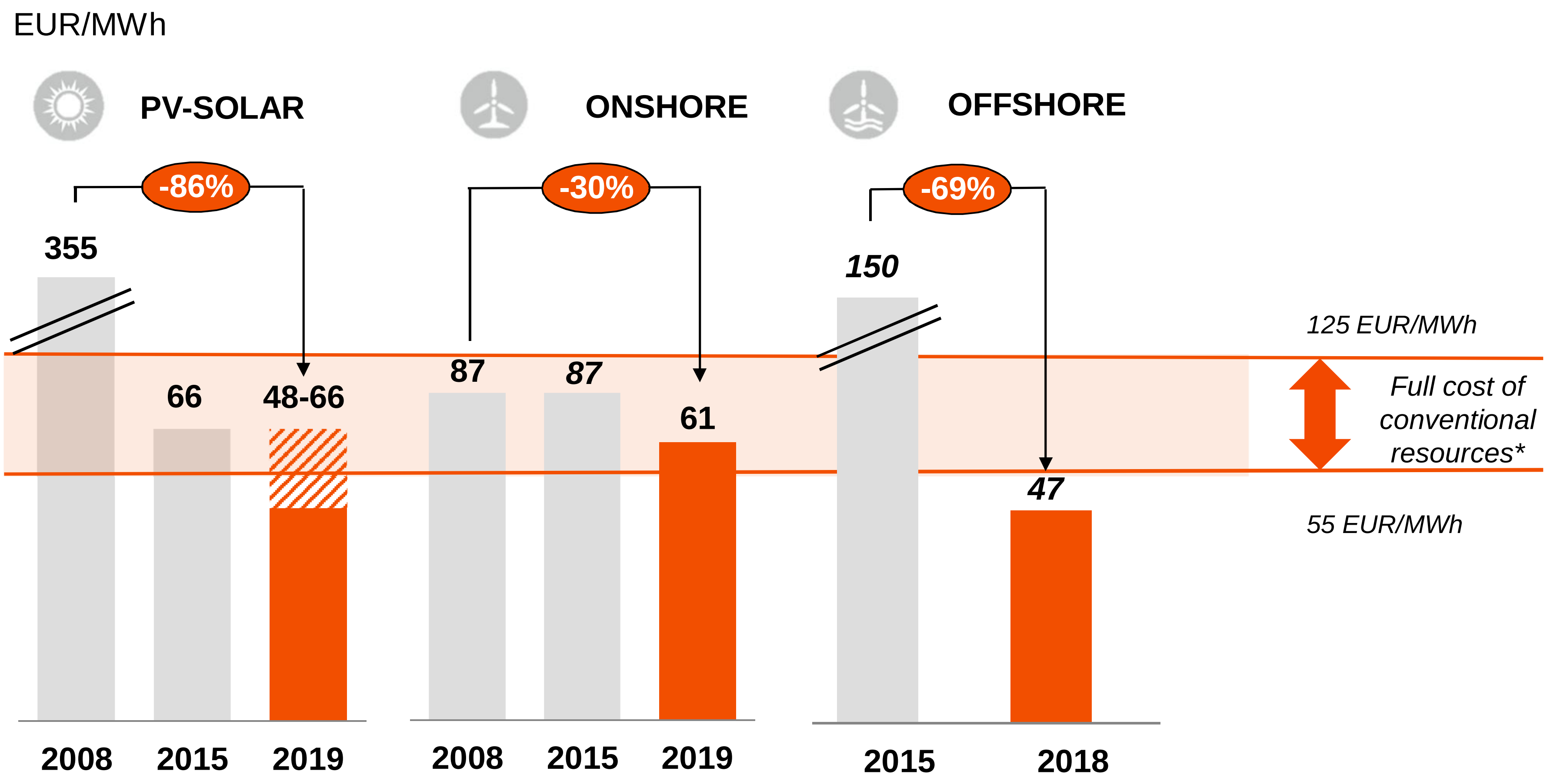
- **The ESCO Group acquired a** 51% share in the Slovak company **e-Dome**, and a 100% share in the Czech company **HA.EM OSTRAVA**.
- ESCO CR and SR now includes **16** subsidiaries with **1,900 employees**.
- In the **5 years** of activity the group supplied **21 thousand** orders.
- ČEZ ESCO operates **132** co-generation units in **78** localities.

Abroad

- In Germany:
  - Elevion Group **acquired** a 100% share in **Hermos Group** and a 100% share in **En.plus, H & R Elektromontagen, FEA Automation, Detlef Walther, Kälteanlagenbau Schröder, GBM Gesellschaft für Büromanagement** and **Elektro-Technik-Pfisterer**,
  - Kofler Energies Group **acquired** a 100% share in **GWE**
- Kofler Energies Group **acquired** in Italy a 100% share in **SYNECO Group** and a 70% share in **BUDRIO**.
- In Poland a 76% share was acquired in the Polish company **Euroklimat**.
- **In Germany** ESCO provides services through its **3,000 employees**.
- In **Poland** and **Romania** CEZ Group employs **600 people**.



CEZ INTENDS TO EXPAND ITS INVOLVEMENT IN RENEWABLES, WHICH ARE ALREADY COMPETITIVE WITH CONVENTIONAL GENERATION



 * Source: BNEF

CEZ SUSSESFULLY OPERATES WIND FARMS IN ROMANIA AND GERMANY, IT HAS SIGNIFICANT PIPELINE ALSO IN FRANCE

Romania

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

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)

Pipeline in France, Germany and Poland

- Stakes in projects with a potential installed capacity of up to **565 MW** acquired in Germany, France and Poland. The projects will participate in the auctions and are expected to be operational by 2025

CEZ operates 742 MW of wind farms and has additional pipeline of 565 MW
CEZ expects to develop the pipeline to „ready-to-build" phase and then decide if to sell or construct and operate them

* Including wind capacity in Czechia 8.2 MW

NEW OPPORTUNITIES IN RENEWABLES ARE EMERGING IN THE CZECH REPUBLIC

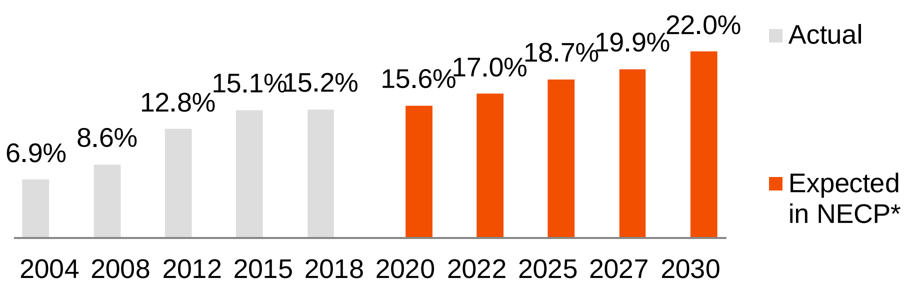
- Czech **climate and energy plan envisages significant increase in the targeted share of production from renewables from 13.0% in 2020 to 22% in 2030.**
- Establishment of **Modernization Fund was approved by Czech parliament** in December 2019**. The fund should provide investment subsidies for renewables**, energy efficiency and emission reductions. The specific rules should be drafted by Ministry of Environment.

CEZ aims to remain leader in the Czech Republic also in the renewables segment

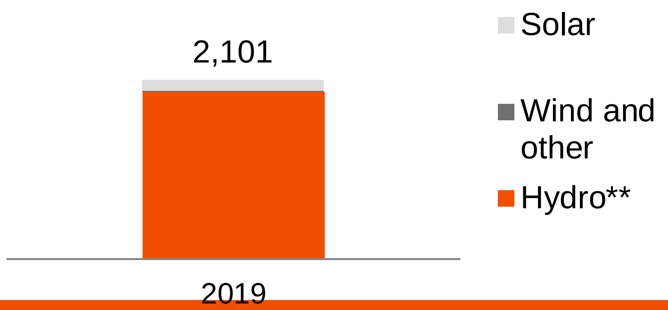
Competitive advantages

- deep knowledge of the market and construction process regulations
- ownership of land suitable for first renewable projects

Share of renewables on energy consumption in Czech R.



CEZ capacity in renewables in Czechia in MW



 * NECP=National Energy and Climate Plan of Czech Republic **Out of that 1170MW pumped storage

NEW ENERGY SECTOR
SELECTED EVENTS 2019

Renewable Generation

- The Polish project of construction of a wind PP farm at Krasin (35.2 MW) obtained a contract for support of electricity generation for 15 years in the form of the “Contract for Difference” in an auction for RES held on Dec 5, 2019.
- Decrease of equity by the Romanian companies Tomis Team S.A. and Ovidiu Development S.R.L. on Dec 13, 2019 resulted in the capital return to the shareholders of the companies. ČEZ, a. s. received a cash amount of CZK 2.5 bn.

Energy Storage – Large-Capacity Battery at Tušimice Launched

- Dec 13, 2019 - a large-scale battery system for energy storage and testing of various modes of ancillary service provision for the Czech grid (including but not limited to primary regulation of frequency) was launched
- Installed capacity 4 MW, storage capacity 2.8 MWh, life expectancy minimum ten years
- Connection en bloc with the existing 200 MW turbo generator of Tušimice II PP certified for provision of frequency regulation is an advantage
- The implementation was based on a joint research project of ČEZ and ČEPS

Investment fund Inven Capital

- **Sale of its stake** in sonnen, a battery system manufacturer; this was the first sold investment of the fund; the selling price was about two times the purchase price.
- **New/increased investments**
  - CYBERX: An Israeli company providing comprehensive solutions for industrial cybersecurity.
  - Neuron soundware: A Czech technological company, which developed a complex solution of sound analysis enabling predictions of machine failures
  - ZOLAR: A German company, whose online configurator enables to purchase photovoltaic panels with battery according to customers specifications via Internet; it also installs this equipment through external companies, which are consolidated to its digital platform
  - vulog: Convertible loan provided to existing VULOG company (loan can be converted to higher investment in the company)

AGENDA

COVID-19 PANDEMIC IMPACT ON 2020 FINANCIAL PERFORMANCE IS NOT ESTIMATED TO BE SIGNIFICANT THANKS TO HEDGING

WE ESTIMATE THE TOTAL NEGATIVE IMPACT OF THE PANDEMIC ON CEZ GROUP'S EBITDA FOR THE WHOLE OF 2020 AT CZK 3 TO 4 BN.

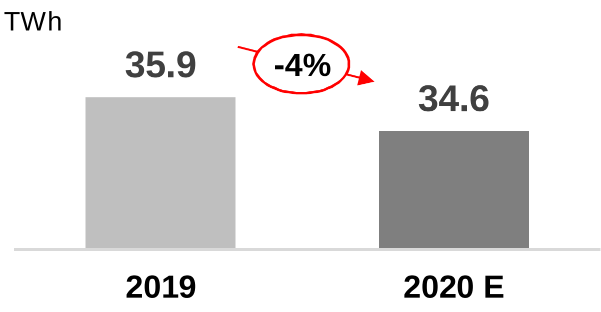
Generation—Traditional Energy Segment & Mining Segment

- Decrease in commodity prices on energy exchanges—because of high hedging, we expect a relatively low impact on generation margin of CEZ facilities. Lower generation has a negative impact primarily on decreased revenue from coal mining.
- We estimate the **total negative impact** of COVID-19 on the segments' EBITDA 2020 outlook at **CZK 1.5 to 2 bn**

Distribution Segment & Sales Segment

- Decrease in the consumption of electricity and natural gas across countries (in Czechia, electricity consumption decreased by approx. 11% in April 2020)
- Delay of acquisitions and new investments in ESCO and lower ESCO revenues (lower EBITDA by a total of 20–30% as compared to the initial plan)
- Lower margin on commodity sales to wholesale customers
- Negative effect of the Czech regulatory authority's price decision modifying selected regulatory parameters for distribution in April to June 2020
- We estimate the **total negative impact** of the pandemic on the segments' EBITDA 2020 outlook at **CZK 1.5 to 2 bn**

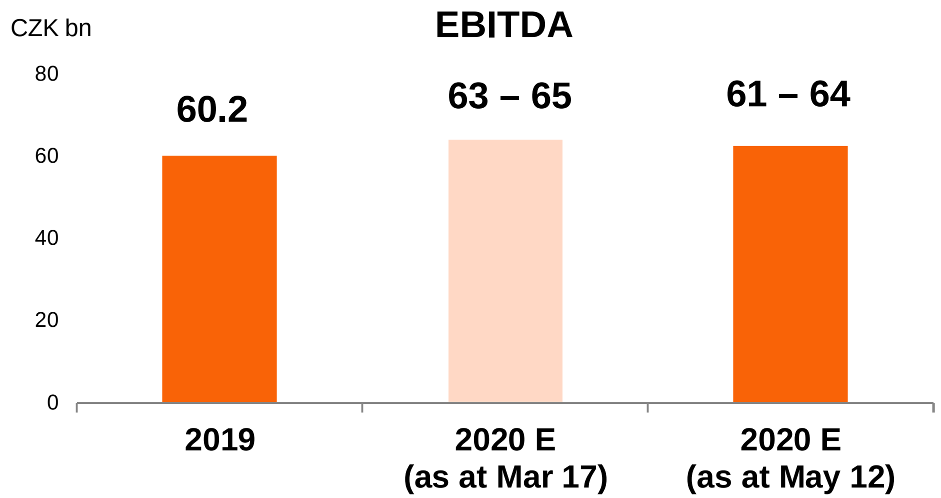
Electricity Consumption in the Distribution Area of ČEZ Distribuce*

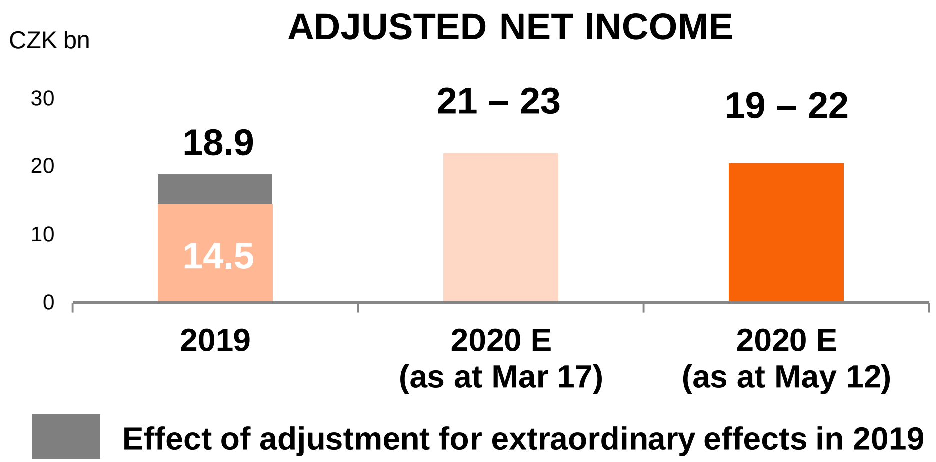


- The pandemic is not an existential threat for any of CEZ Group's consolidated companies.
- The outcome of tests for the recoverable value of assets did not result in additions to fixed asset impairments or in goodwill impairment.

* ČEZ Distribuce's distribution area covers about ⅝ of Czechia.

FINANCIAL TARGETS FOR 2020: EBITDA AT CZK 61 - 64 BN, NET INCOME AT CZK 19 TO 22 BN





Selected reasons for change in financial outlook as compared to outlook from Mar 17, 2020:

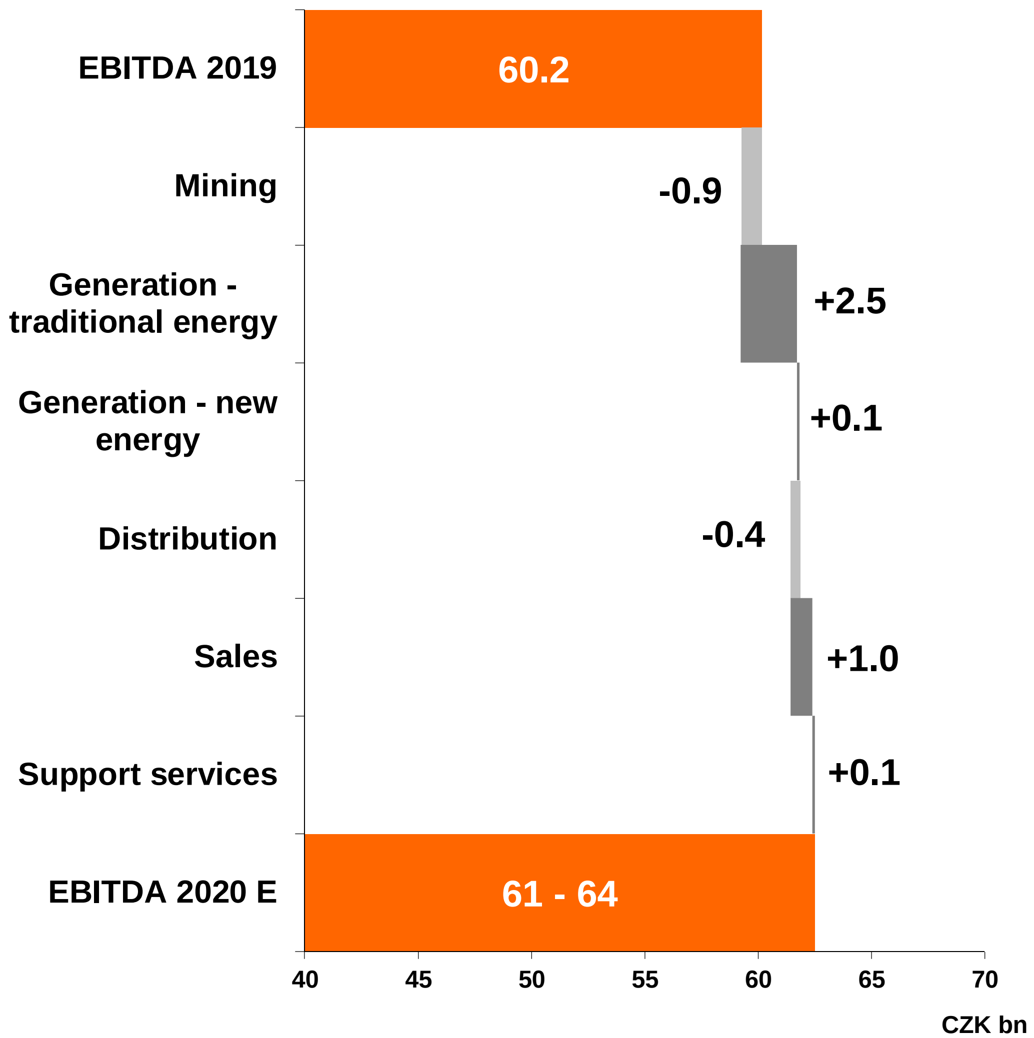
- Negative impact of COVID-19 on the Generation—Traditional Energy, Distribution, Sales, and Mining segments:
  - Decrease in consumption and market prices of electricity
  - Delay of acquisitions and lower ESCO revenue
  - Reduced demand for electricity by corporate customers
  - Lower sales of coal
- Higher revenue from commodity trading
- Additional income (“overhedge”) from German hedge contracts for Czech generation supplies in 2021 to 2025 due to increased difference between Czech and German market prices of electricity

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

- Impact of the pandemic on electricity consumption, commodity market prices, and customers
- Availability of generating facilities
- Realization prices of generated electricity
- Revenue from commodity trading and from ancillary services for the generation portfolio in Czechia

 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); see the Annex for a detailed indicator definition and calculation method.

EXPECTED YEAR-ON-YEAR CHANGE IN EBITDA
by business segment



Mining (CZK -0.7 to -1.1 bn)
- Lower sales of coal due to decreased generation by ČEZ's coal-fired power plants and due to decreased demand by customers outside CEZ Group (COVID-19)

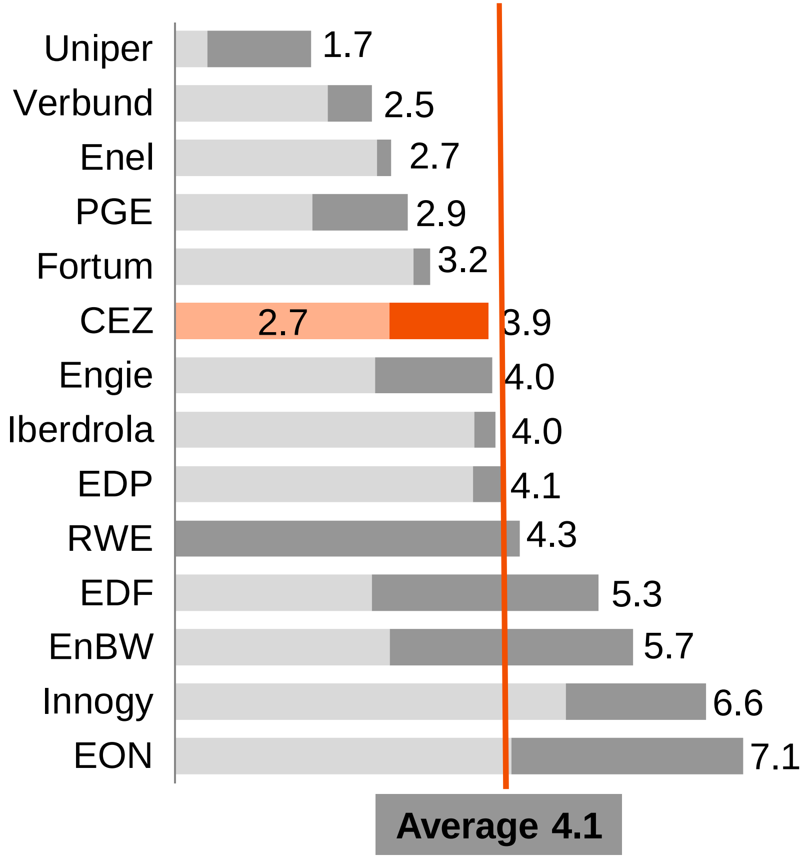
Generation—Traditional Energy (CZK +2 to +3 bn)
- Higher realization prices of the generated electricity incl. hedging effects
- Additional profit (overhedge) from German hedges for generation supplies in Czechia in the years 2021 to 2025
- Higher expenses on emission allowances for generation
- Lower revenue from ancillary services
- Lower revenue from commodity trading (as compared to exceptionally good results in 2019)

Distribution (CZK -0.7 to +0.1 bn)
- Lower amount of distributed electricity and negative effect of regulatory authority's price decision in Czechia (COVID-19)

Sales (CZK +0.7 to +1.4 bn)
- Negative impact on financial performance in 2019 (CZK +1.3 bn) of a court ruling under which SŽDC's payment of obligation to ČEZ Prodej from 2010 was repaid in 2019
- Lower margin on commodity sales to corporate customers (COVID-19)

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

Net economic debt/ EBITDA*
2019



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

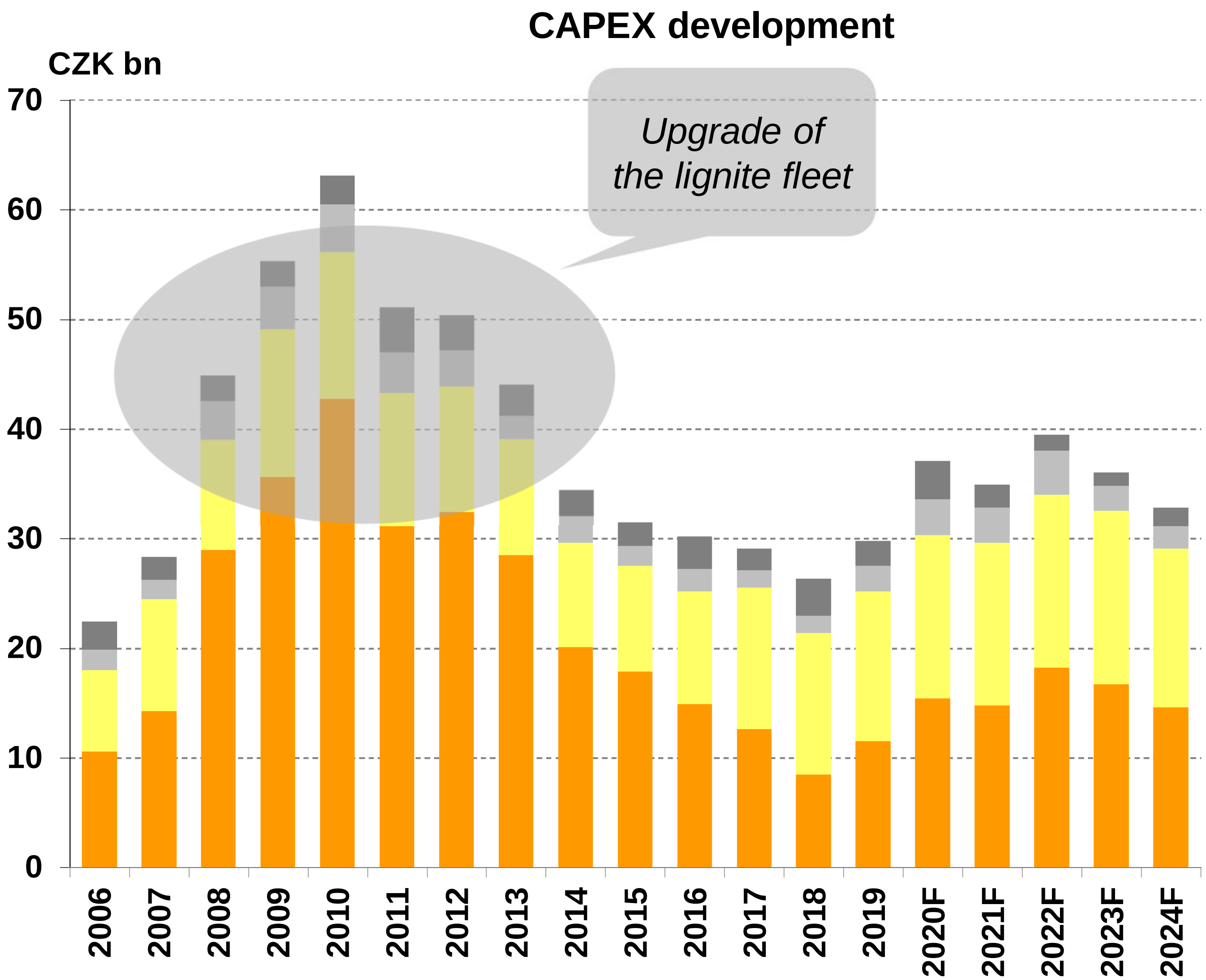
Current credit rating

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

Tolerated leverage

- net financial debt/EBITDA ratio at 2.5-3.0x

AVERAGE CAPEX IN 2020-24 IS ANTICIPATED AT CZK 37 BN A YEAR



Total CAPEX during 2020-2024 (in CZK bn): 186	
Generation–traditional*	74
Generation – new energy	6
Distribution **	76
Mining	15
Sales and support services	15

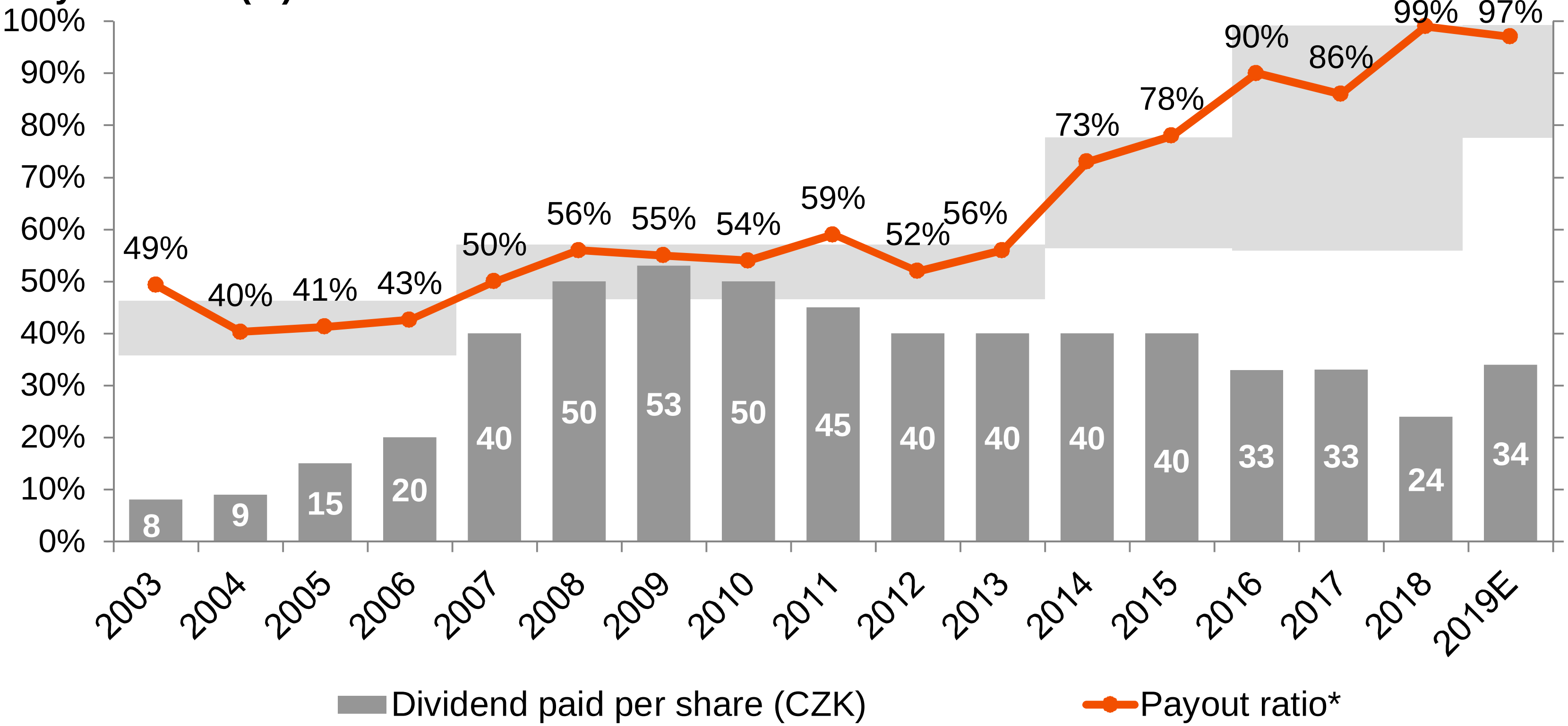
*Increase in 2019-21 primarily given by BAT/BREF induced investments and investments in Melnik (supply of heat to Prague)
** of which CZK 6 bn outside Czech Rep., excludes Bulgaria from 2020

 Note: New strategy not reflected in CAPEX forecast yet

DIVIDEND POLICY IS TO DISTRIBUTE 80 – 100 % OF ADJUSTED NET INCOME

- On May 27, 2019 Board of Directors approved **dividend policy of 80-100% payout** of consolidated net income adjusted for extraordinary items.
- Board of Directors proposed a dividend from **2019 profit at CZK 34 per share**, which is subject to approval of AGM to be held on June 29, 2020.

Payout ratio* (%)



* As percentage of adjusted net income

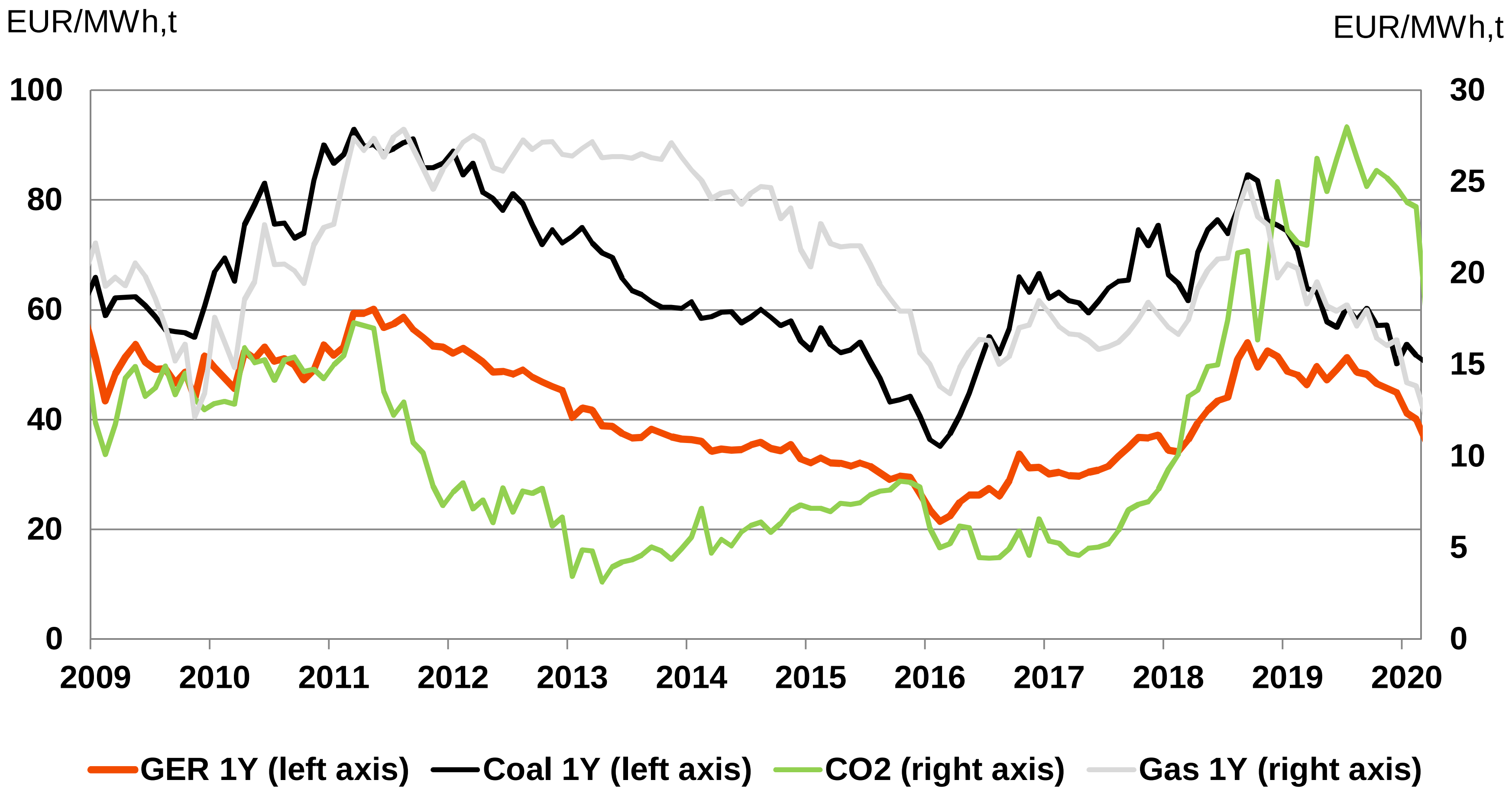
AGENDA

SUMMARY AND INVESTMENT HIGHLIGHS

- **CEZ is operating renewed low cost and profitable generation fleet**
  - CEZ is positioned for upsides in profitability due to high CO2 and/or hard coal prices
  - CEZ’s strategic priority is to maintain efficient operations, optimal utilization and development of generation portfolio
  - CEZ has measures in place to maintain nuclear (CO_2 free) output at and above 31 TWh
  - As part of CEZ’s sustainable development strategy “Energy for the Future”, CEZ is committed to generating carbon neutral electricity before 2050
- **CEZ expands energy services offering, distributed energy and renewables in Central/Western Europe**
  - CEZ is increasing its investments into distribution
  - CEZ aims to become a leading player in energy efficiency solutions
  - CEZ wants to grow its presence in domestic renewables
- **Financial summary**
  - Dividend proposed at CZK 34 per share from 2019 earnings, i.e. 97% of adjusted net income. Dividend policy: 80-100% payout ratio
  - Strong Credit Rating and Leverage target of Net Financial Debt/EBITDA between 2.5x and 3.0x

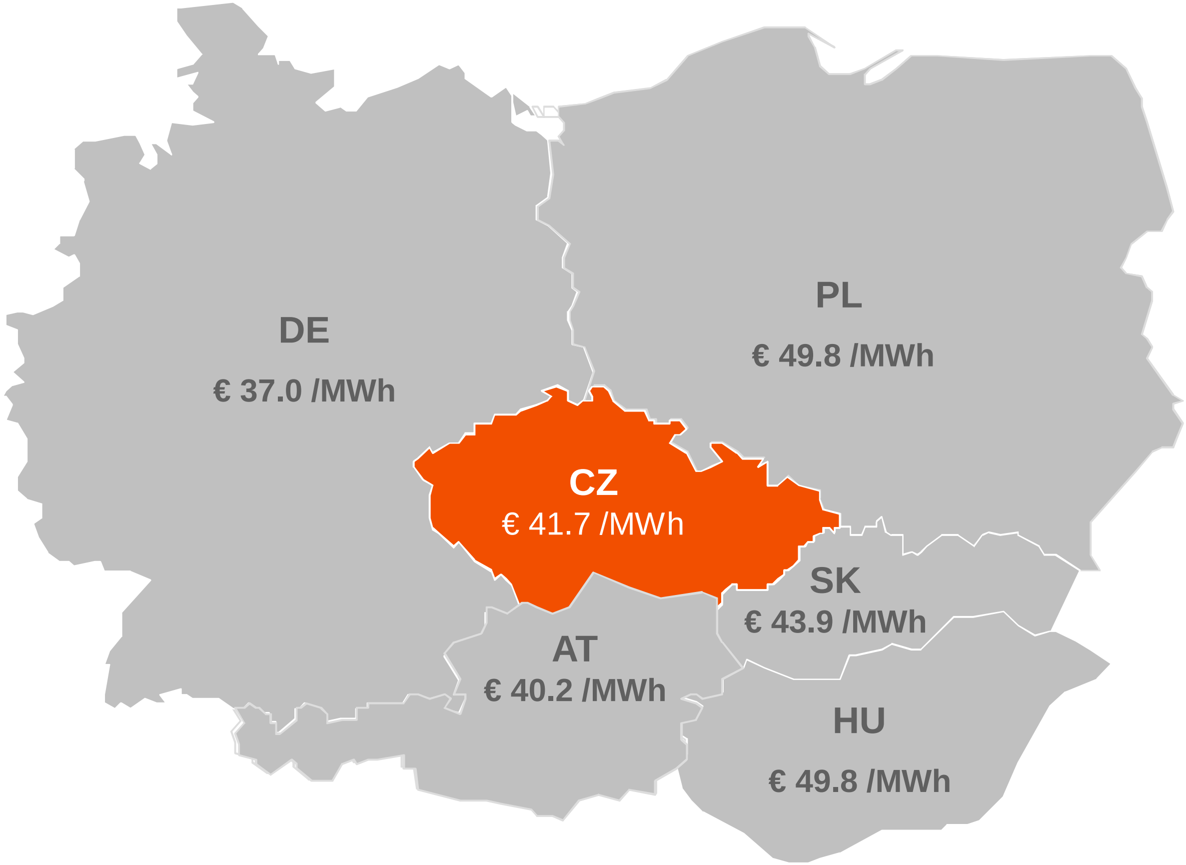
AGENDA

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

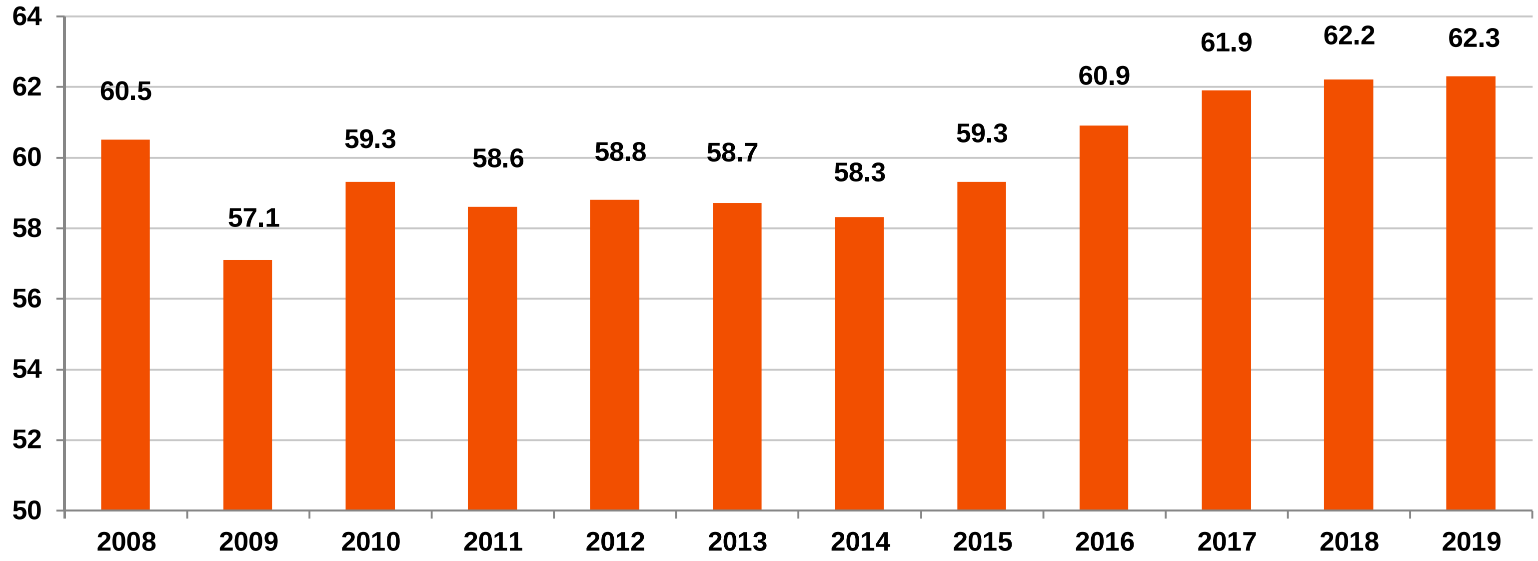


Source: EEX, PXE, TGE

 Note: Prices for 2021 baseload – as of May 28, 2020

CZECH ELECTRICITY DEMAND GREW BY 0.1% IN 2019

Net electricity consumption in the Czech Republic (TWh)

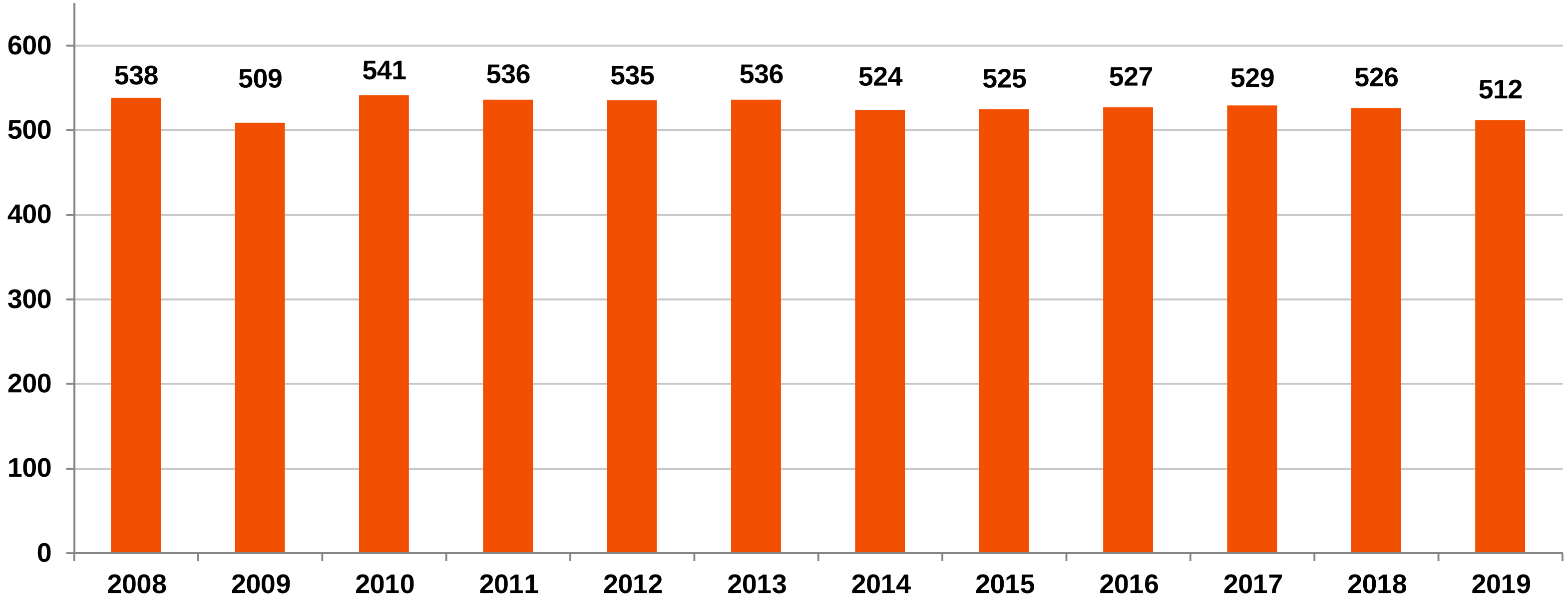


- **Consumption** in the Czech Republic grew **0.1% in 2019**, of which:
  - \- 1.1% large industrial companies
  - \+ 1.4% households
  - \- 0.5% small businesses
- **Consumption** in the distribution area of CEZ Distribuce* decreased by 0.3%
  - **-** 1.3% large industrial companies
  - \+ 1.8% households
  - \+ 0.0% small businesses

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

INDUSTRY WAS THE MAIN CAUSE FOR DECREASE OF GERMAN ELECTRICITY DEMAND IN 2019

Net electricity consumption in the Germany (TWh)

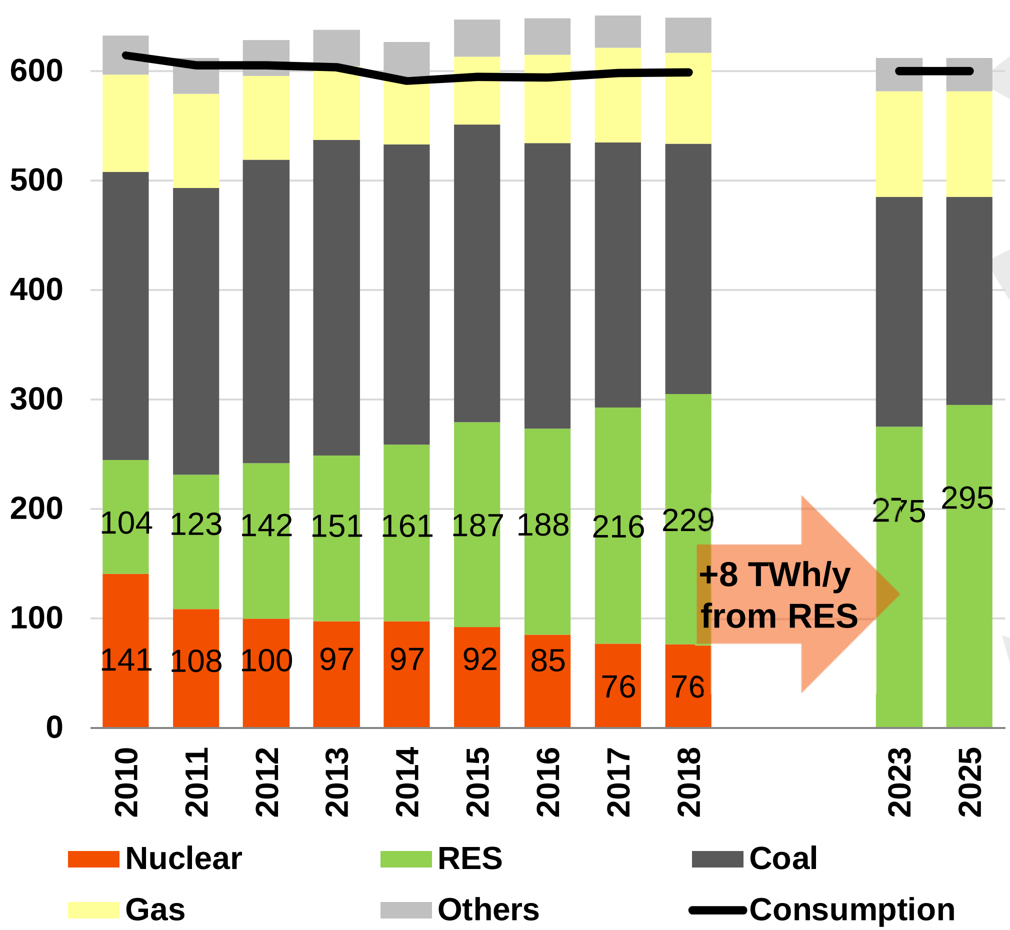


- **Net electricity consumption** in Germany has **decreased by 2.7 % in 2019 of which:**
  - \- 5.5% industry
  - \- 0.9% households
  - +0.0% trade, small businesses, public institutions and agriculture

 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

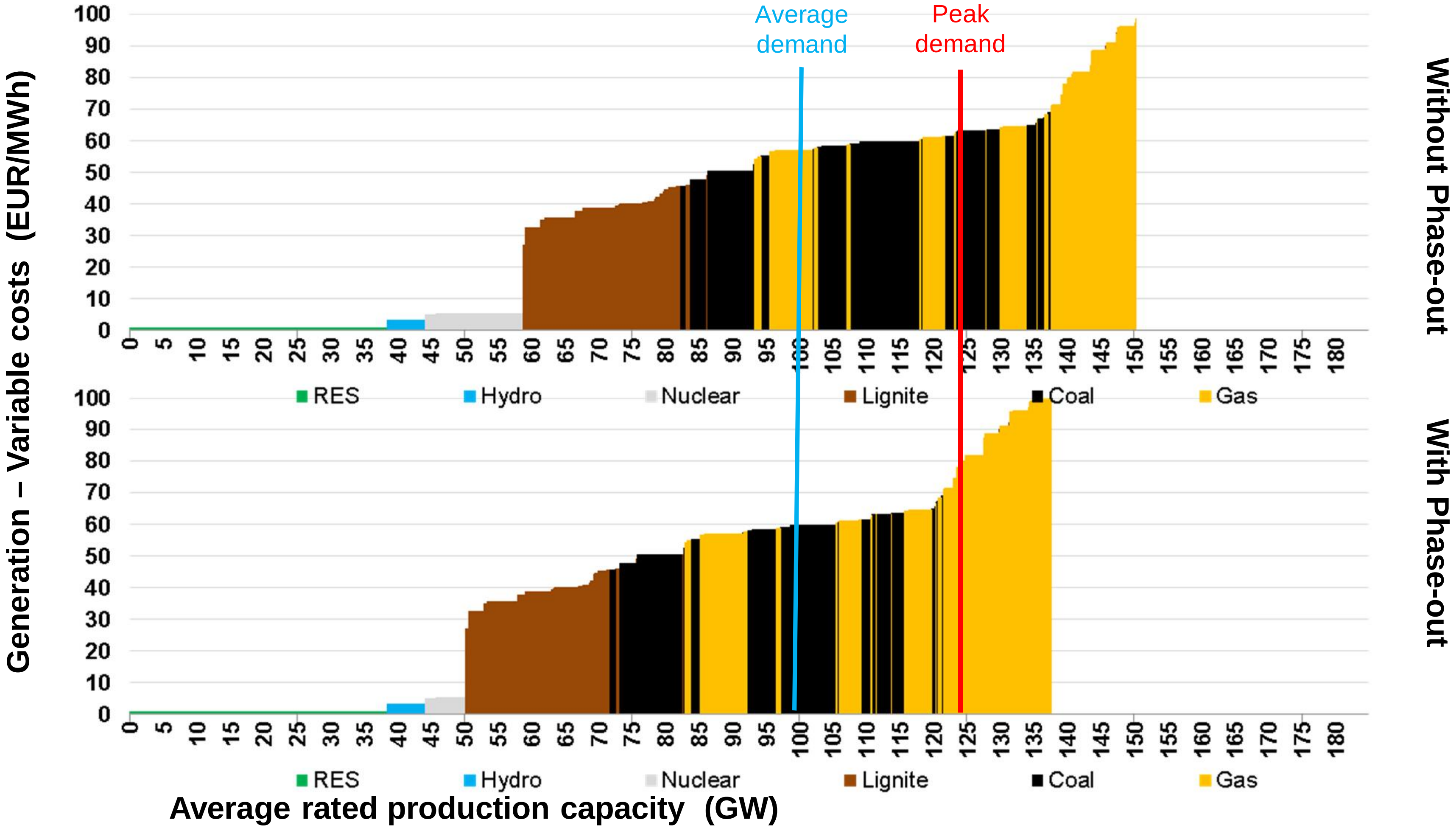
After 2023

- **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 COAL AND NUCLEAR PHASE OUT MIGHT BE EXPECTED...

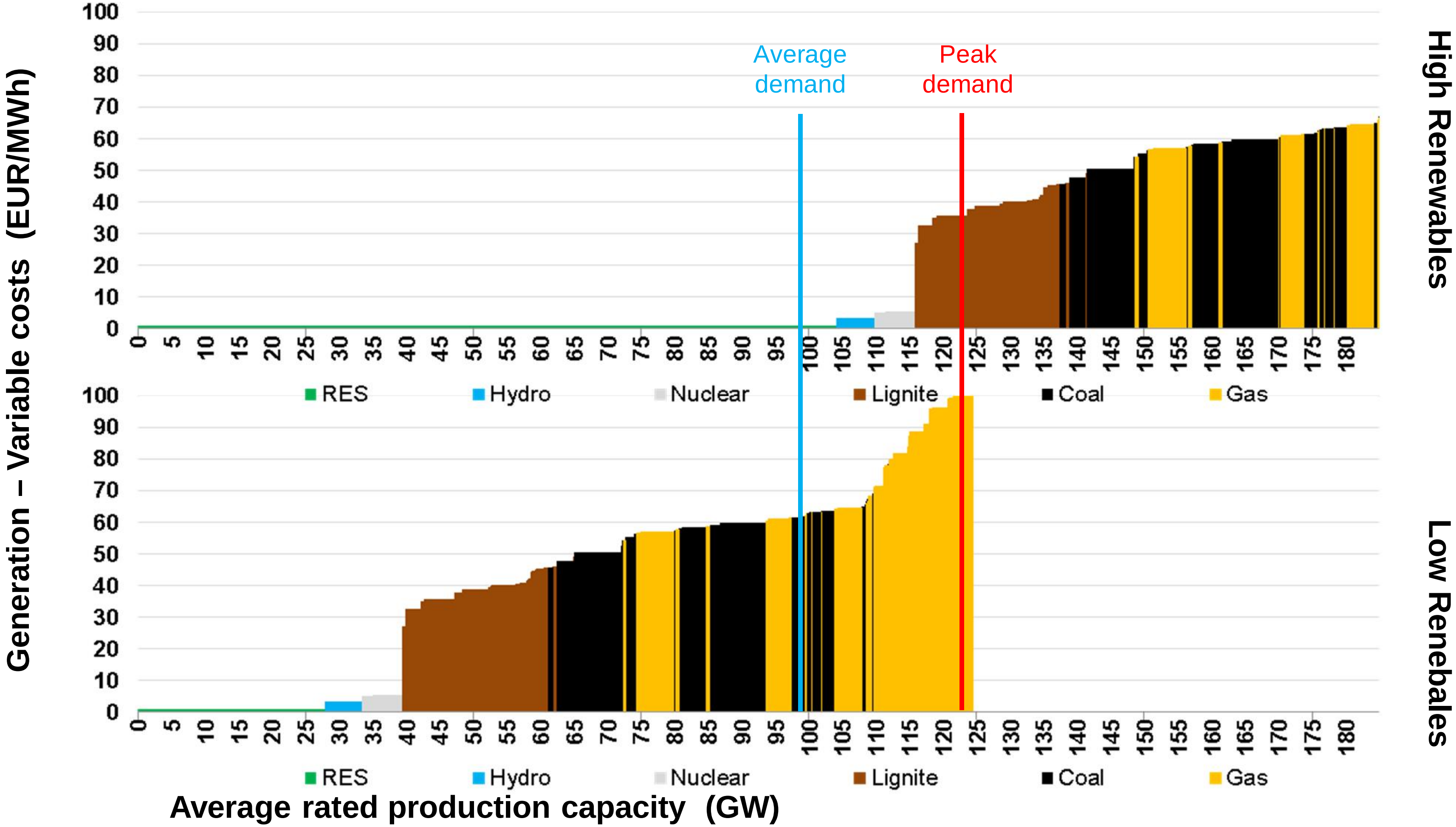
Illustrative cost curve for Central Europe 2023 with and without phase outs



*Commodity assumptions (2023): Coal 65 EUR/t, Gas 18 EUR/MWh, CO2 28 EUR/t, Peak demand equals sum of 95th percentile of hourly demands.

... 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. Peak demand equals sum of 95th percentile of hourly demands

CEZ CONTEMPLATES SALE OF ITS DISTRIBUTION, SALES AND GENERATION ASSET EAST OF HOME MARKET

2019	Bulgarian assets (67% stake)	Romanian assets (100% stake)	Polish generation (100% stake)
2020 RAB (EUR m)	300	490	-
Installed capacity	-	600 MW wind 22 MW hydro	568 MW coal
Electricity generated/ distributed*	9.4 TWh	1.3 TWh/ 6.8 TWh	2.4 TWh
Number of sales customers (2018)	2.1 m	1.4 m	-
External revenues (CZK bn)**	18.3	16.4	4.9
EBITDA (CZK bn)	1.9	3.3	0.8
Net profit (CZK bn)	0.2 [1)]	1.0	-1.1 [1)]

Total contribution to CEZ Group (2019): CZK 6.0 bn EBITDA and CZK 39.4 bn revenues

Turkish assets are consolidated with equity method. CEZ owns 50% share in Akcez Enerji owner of distribution company SEDAŞ which distributed 9.7 TWh of electricity to 1.8million customers in 2018. CEZ also owns 38% share in Akenerji Elektrik Űretim which operates 1224 MW of capacity (904 MW gas, 292 MW hydro, 28 MW wind); it generated 3.9 TWh electricity in 2019.

*electricity distribution to end-customers ** intersegment revenues excluded

1) incl. –CZK -1.6 bn of impairments in Bulgaria, CZK -1.4 bn

CEZ GROUP CONTEMPLATES SALE OF ASSETS IN ROMANIA

Data for 2018:		Financials (2019, CZK bn)				
		Revenues	EBITDA	NI	Assets	Equity
Distributie Energie Oltenia Electricity distribution	• Connection points: 1.50 m • Distributed electricity* (GWh): 6,810 • 2019 RAB €490m • Network length: 79,206 km	4,689	1,351	-36	14,309	10,222
CEZ Vanzare Electricity supply	• Customers: 1.39 m • El. sales* (GWh): 3,708 • Market share**: 7.5% • Gas sales (GWh): 1,170	8,272	101	54	2,416	494
Tomis Team & M.W. Team Invest On-shore wind	• 347.5MW in Fântânele (139 GE turbines) • Generation (GWh): 678 • Commissioned in 2010	2,129	840	1,361	11,146	10,246
Ovidiu Development On-shore wind	• 252.5MW in Cogealac (101 GE turbines) • Generation (GWh) 507 • Commissioned in 2012	1,362	701	991	7,588	7,109
TMK Hydroenergy Power Hydro plant	• 22 MW of capacity • Generation (GWh): 66 • Renovated in 2013	178	103	7	676	254
CEZ Romania	• Support services to the group	750	196	-19	3,487	219

Note: Individual results for the purpose of CEZ Group consolidation according to IFRS, CEZ owns 100% of all subsidiaries in Romania,
* to end-customers, ** on sales volume by ANRE

DEVELOPMENTS IN CEZ GROUP’S DIVESTING ACTIVITIES

ROMANIA

- A process to sell CEZ Group’s Romanian assets was officially launched on Sep 9, 2019. The subject of the sale includes but is not limited to the distribution and sales companies and the Fântânele and Cogealac wind parks.
- The first stage was concluded with the receipt of 19 indicative offers.
- In connection with the COVID-19 pandemic, a state of emergency was declared in the country (currently valid until May 15). During the state of emergency, the Romanian government suspended the transfer of majority stakes in the companies of the national energy system. The sales process and negotiations with individual bidders continue. Final timetable including the deadline for binding bids will be set depending on the development of situation in the country.

BULGARIA

- An SPA for the purchase of Bulgarian assets made with Eurohold on Jun 20, 2019, remains in force.
- The first hearing of an action against the Commission for Protection of Competition’s decision disapproving the sale of Bulgarian assets was held before the Sofia City Administrative Court on Mar 9, 2020. The hearing was adjourned until Apr 6, 2020. Due to restrictions resulting from the spread of COVID-19, the hearing was further adjourned until Apr 27, 2020, and subsequently until May 18, 2020.

POLAND

- The sale of Polish wind projects was started in 2019. It includes the Krasin and Sakówko projects as well as 4 projects with potential for further development. Finalization of portfolio sale is estimated to be completed in Q2 2020.
- Commencement of the process to sell Polish coal-fired assets (Chorzów and Skawina power plants) and other Polish companies (other than the ESCO companies) is preliminarily scheduled for H2 2020. We do not expect any major delay due to COVID-19.

TURKEY

- We continually monitor interest of mostly local investors in our share in Akcez. No negotiation with an interested party has proceeded to binding stage.

PROJECT OF NEW NUCLEAR - BUSINESS MODEL AND TIMELINE (1/2)

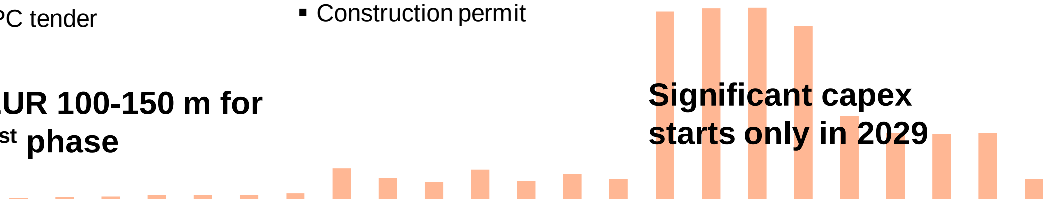
At its meeting held on Apr 27, 2020, the **Czech government agreed**:

- **to enter into two agreements with ČEZ** that will regulate general terms and conditions for the construction of a new nuclear power plant in Czechia, at Dukovany
- tasked the Ministry of Industry and trade with submitting an act on measures for transition to low-carbon energy to the government by Jun 30, 2020, with the aim of allowing the state to make **an order for the construction of a nuclear power plant with a firm deadline for the commissioning of the new unit, volume of generation, and purchase price**
- tasked the deputy prime minister **with debating the scheme with the European Commission**

	2020	2024-25	2029-32	2037-40
Business model selection	EPC contractor selection	Construction permit and final notice to proceed	Construction phase	New nuclear unit operational
	Framework agreement			
	1st phase contract	2nd phase contract	3rd phase contract	4th phase contract
	▪ EIA (2019) ▪ Permit for the siting of nuclear installation ▪ EPC tender	▪ Engineering ▪ Nuclear licenses ▪ Site permit ▪ Construction permit	▪ Construction ▪ Commissioning	▪ Operation

Anticipated CAPEX

EUR 100-150 m for 1st phase



Significant capex starts only in 2029

PROJECT OF NEW NUCLEAR – KEY PRINCIPLES OF THE CONTRACTS (1/2)

1) GENERAL AGREEMENT, not binding legally, covers overall cooperation in NNPP construction

2) IMPLEMENTATION AGREEMENT for stage 1 of the construction of a new nuclear power plant at Dukovany

- Selected obligations of ČEZ during Stage 1:
  - Ensure that zoning permit and a nuclear facility siting permit (application submitted to State Office for Nuclear Safety on March 25, 2020) are issued and acquire necessary rights to real estate and land
  - Select a contractor for 1000-1200 MW unit and allow the state's control over the contractor selection procedure with regard to Czechia's security interests
  - Keep to the schedule and budget for Stage 1 and allow the Czech state to monitor performance
  - Hand over fully functional company Elektrárna Dukovany II if the company is to be bought by the Czech state
- Selected rights of ČEZ during Stage 1 if no agreement is reached on the next stage (e.g., due to regulatory conditions):
  - Sell off Elektrárna Dukovany II to the Czech state
  - Get compensation from the Czech state in the amount of costs incurred

3) Future project stages will be dealt with in SUBSEQUENT AGREEMENTS. They will, among others, DEFINE PARAMETERS OF OFFTAKE PRICES of electricity from new power plant.

4) GOVERNMENT ALSO INTENDS TO PROVIDE A LOAN to fund new nuclear project

NNPP—New nuclear power plant; MIT—Ministry of Industry and Trade

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

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

- CEZ made a commitment to generate carbon neutral electricity before 2050 and published expected decarbonization timeline
- CEZ is giving a priority to projects enabling plant operation after 2020 when new BAT/BREF limits are to enter into force
- CEZ is active in e-mobility, its 180 charging stations are the largest network in Czechia

Social

- CEZ has donated CZK 336 million in 2018 through CEZ Foundation or directly to more than thousand public benefit projects
- CEZ has shortened 37.5-hour work week and guarantees 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 CEZ Group companies
- Environmental protection, social criteria and respect for human rights are integral part of CEZ Group suppliers' obligations

Governance

- 21.8% of employees are women, 29.6% of new employee hires are women
- 4 out of 12 Supervisory Board members are employee representatives
- 2 out of 19 Board of Directors and Supervisory Board members are women
- CEZ 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

THE CLIMATE TARGETS IN EUROPE ARE BECOMMING MORE AND MORE AMBITIOUS...

	2020	2030 (passed)*
Reduction of greenhouse gas emissions from 1990 levels	**20%** ▪ **Binding EU-wide** target ▪ Target already accomplished thanks to the economic crisis, rising RES and inexpensive gas	**At least 40% (40%)** ▪ **Binding EU-wide** target ▪ Can be reached as a side effect of fulfilling other two targets ▪ Pressure to increase the ambition to **50-55%**
Share of renewable energy sources (RES) in total final energy consumption**	**20%** ▪ **Binding** on **national** level in the form of specific national targets ▪ Great chance to meet the target on EU level	**At least 32% (27%)** ▪ **Binding at EU-wide** level, effectively national targets will be specified ▪ Fulfilment in electricity, heat, and transportation ▪ RES electricity in the EU should grow to 55%
Energy savings (EED*) in comparison with levels in 2007 predictions**	**20%** ▪ **Indicative** on **national** level ▪ Mandatory energy-saving measures in final consumption ▪ Until recently, little attention from the EC	**At least 32.5% (27%)** ▪ **Indicative at EU-wide level** ▪ **Binding annual savings of 0.8%** of consumed energy at **national level** ▪ Both sub-targets will be similar for the Czech Republic and require a slight decrease in energy consumption by 2030
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

... THE NEW EUROPEAN COMMISSION PRESIDENT PLANS TO INCREASE THE AMBITIONS EVEN FURTHER

Reduction of greenhouse gas emissions from 1990 levels

Share of renewable energy sources in total final energy consumption

Energy savings (EED*) compared to business-as-usual predictions from 2007**

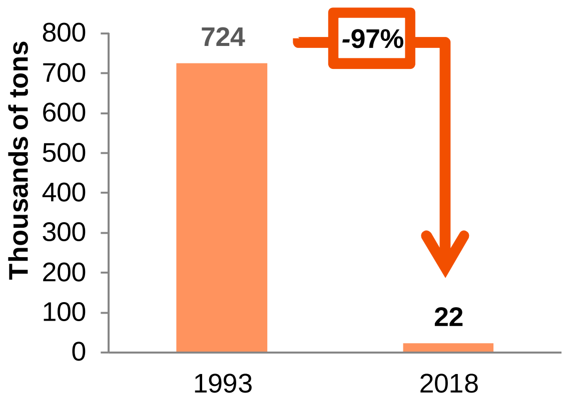
Declaration of „Green Deal for Europe":

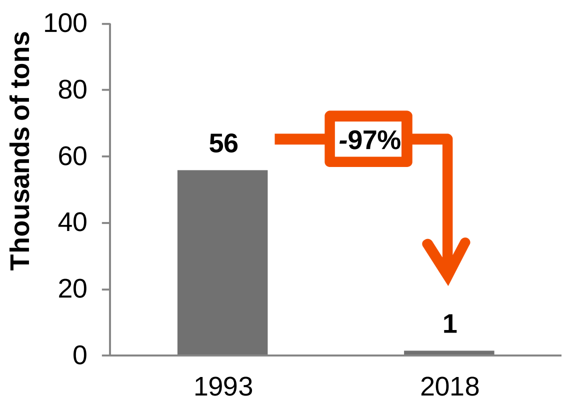
- Increase the **emission reduction target for 2030** from 40% to **50%-55%**
- Europe will be the first **greenhouse gas emission neutral continent by 2050** (relevant legislation will be provided in first 100 days in office)
- Consider implementation of **CO_2 tax on goods imported** from countries with weak climate policies
- Partial transformation of the European Investment Bank into a "Climate Bank" to unlock 1 trillion euros for climate investments in the following decade
- **Financial support for less developed regions** (so called „Just transition fund")
- Energy savings mentioned only implicitly

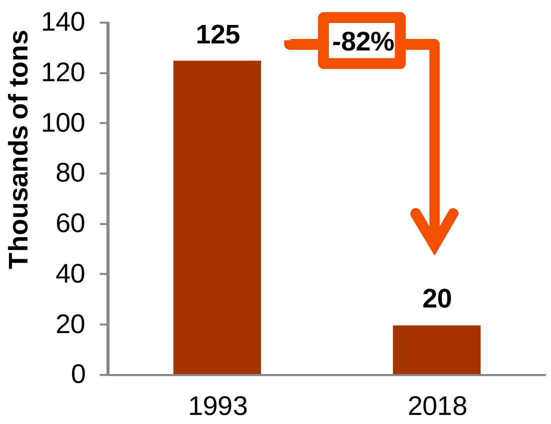
- Pressure on decarbonization will grow further
- Strong long-term incentive for CO_2 price growth

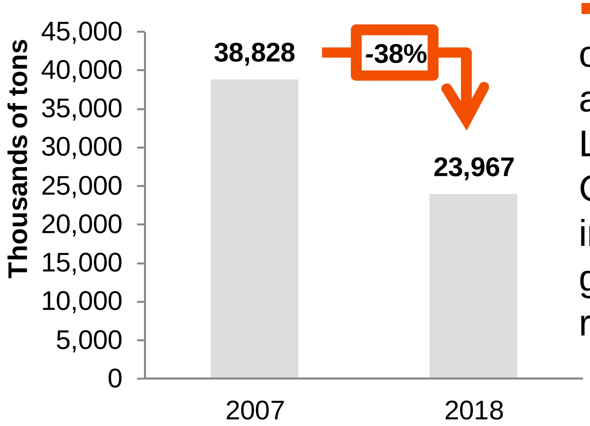
 Note: The areas are assigned for better orientation. Ursula von der Leyen did not assign areas explicitly.

CEZ GROUP SIGNIFICANTLY REDUCED EMISSIONS FROM ITS COAL FLEET









- During 1990's CZK 111 bn has been invested into complex, modernization of power stations, desulphurization, denitrification and efficiency upgrades. 1,965 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 CEZ power stations in Czechia

CARBON INTENSITY OF CEZ' PORFOLIO

Lignite | Black coal | Gas | Biomass

	Power Supply (TWh)	Heat supply (TJ)	Heat supply ratio 1)	Emissions of CO_2 per EE and HE3) produced
Hodonín (EHO)	0.3	453	12%	**129 g CO_2/kWh**
Poříčí 2 (EPO)	0.6	1,312	19%	**547 g CO_2/kWh**
Počerady 2 (EPC 2)	1.8	0	0%	**356 g CO_2/kWh**
Energotrans (EGT)	0.9	9,575	80%	**428 g CO_2/kWh**
Trmice (TETR)	0.3	2,929	59%	**506 g CO_2/kWh**
Dvůr Králové (TDK)	0.0	164	68%	**542 g CO_2/kWh**
Mělník 2 (EME 2)	1.3	2,250	19%	**699 g CO_2/kWh**
Ledvice 3 (ELE 3)	0.5	898	19%	**731 g CO_2/kWh**
Ledvice 4 (ELE 4)	2.7	347	2%	**765 g CO_2/kWh**
Dětmarovice (EDE)	1.4	534	4%	**826 g CO_2/kWh**
Prunéřov 2 (EPR 2)	2.8	262	1%	**826 g CO_2/kWh**
Tušimice 2 (ETU 2)	5.2	460	1%	**833 g CO_2/kWh**
Prunéřov 1 (EPR 1)	2.2	598	3%	**909 g CO_2/kWh**
Počerady (EPC)	5.3	*172* 2)	<1 %	**948 g CO_2/kWh**
Mělník 3 (EME 3)	1.0	0	0%	**974 g CO_2/kWh**

Partly biomass

Gas

Heating Plant

Power plant

Note: CO_2 only from coal part of power plant, except PPC

Note: 1) Boiler heat supply indicator, Q_sup_oth / Qprod_boi, where Qprod = Qsup + Qown + Qloss, 2) Heat supply for heating purposes; 3) Excluding CO_2 emissions from biomass

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 - 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.
- 2020 RAB set at 2,342 mil RON
- Regulatory return (WACC pre-tax real terms) equals to 6.9%.
- 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

Unbundling & Liberalization

- 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)
- In 2019 regulated supply tariffs for households and small business customers were reintroduced. Shall be abolished during 2020 again. The market will be again fully liberalized.

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 5^{th} regulatory period
  - Average values set for the NBV, depreciation and investments for the whole period
  - RAB set at EUR 300 mil. for the 5^{th} regulatory period*
  - Technological losses in 5^{th} regulatory period set by regulator at 8%

Regulatory periods

- 3^{rd} regulatory period August 1, 2013 – July 31, 2015
- 4^{th} regulatory period August 1, 2015 – June 30, 2018
- 5^{th} 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 all consumers to free market is ongoing, Bulgarian authorities are taking slow steps toward liberalization of households and small businesses, by which the proces of liberalization shall be completed.

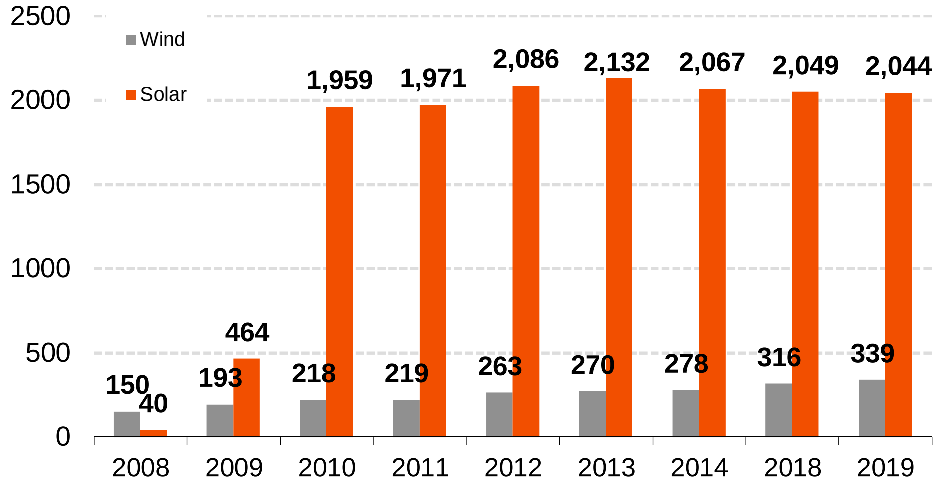
* Exchange rate used BGN/EUR = 0,51

CZECH REPUBLIC: RENEWABLES SUPPORT

2020 feed-in-tariffs (EUR per MWh)

	Plants commissioned in 2010	Plants commissioned in 2020
Solar <30 kW	587.9	0
Solar >30 kW	583.3	0
Wind	107.4	76.0

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



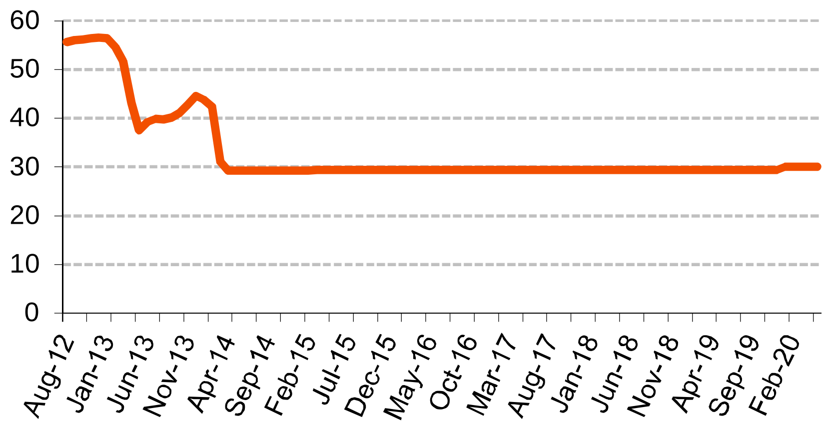
- Operators of renewables can choose from two options of support:
  - Feed-in tariffs (electricity purchased by distributor)
  - Green bonuses (electricity sold on the market, bonuses paid by distributor, level of green bonuses is derived from feed-in tariffs)
- Feed-in tariffs are set by a regulator 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 = 25.41

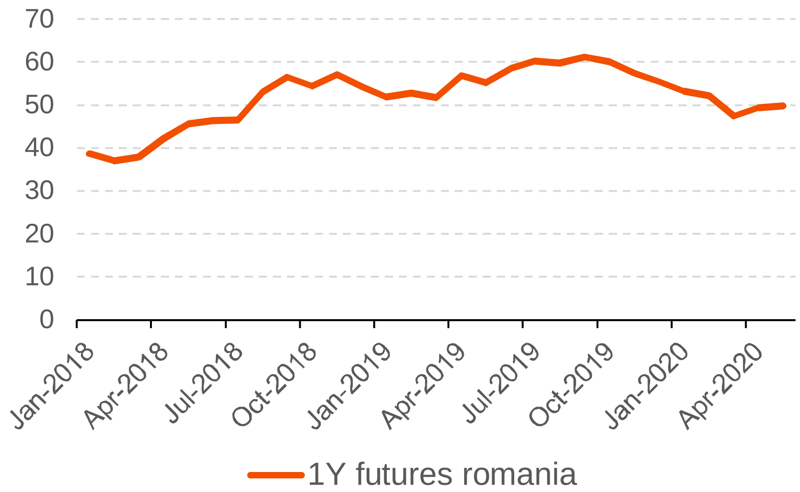
ROMANIA: RENEWABLES SUPPORT
UPDATE OF THE RULES ADOPTED IN 2017 SIGNIGICANTLY IMPROVES VISIBILITY OF FUTURE CASH FLOWS

- Wind farms receive income from sales of electricity on the market and from sales of green certificates
- 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

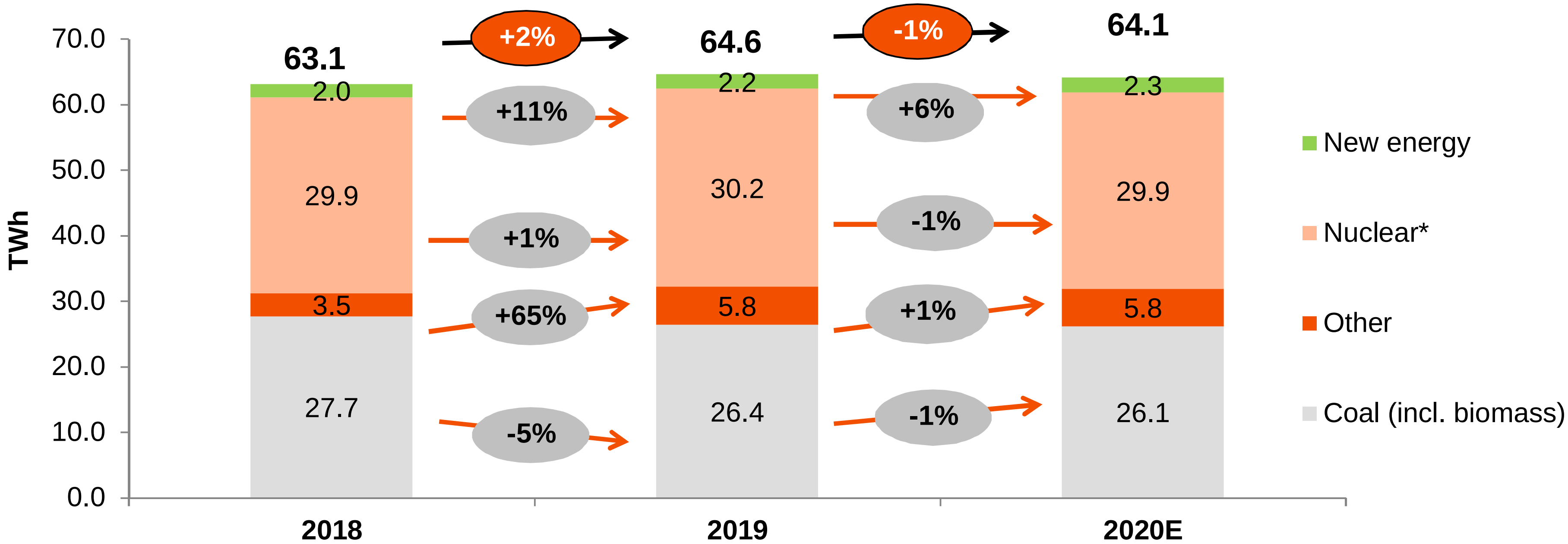
Green certificates market clearing price (EUR/certificate)



Romanian year ahead electricity price (EUR/MWh)



2019 GENERATION VOLUMES AFFECTED BY OUTAGES IN COAL-FIRED POWER PLANTS, AMBITION TO RAISE GENERATION BY 1% IN 2020



2019 volume
+ Efficient operation and optimization of unit outages at both power plants
+ Shorter outages at Prunéřov 2, and Mělník 3 power plants
- Lover generation by Dětmarovice, Počerady and Ledvice 3 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

2020 volume ambition
− Nuclear slightly down due to longer outages
− Prunéřov 1 power plant put out of operation since Jul 1, 2020, lower generation by Mělník 3 and Mělník 2 power plants
+ Shorter outages at Prunéřov 2, Ledvice 4 (new facility), and Ledvice 3 power plants
+ In Poland higher generation, shorter outages (Skawina)
+ Higher utilization of pumped-storage hydroelectric power plants
- Worse-than-average wind conditions in 2019

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

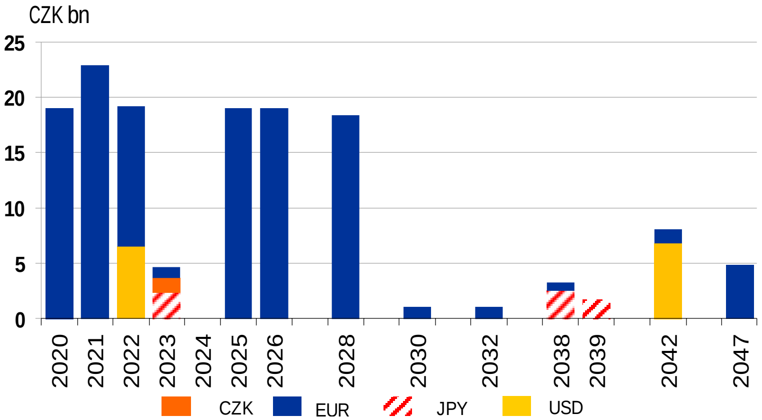
Debt Position and Structure

CEZ GROUP MAINTAINS A STRONG LIQUIDITY POSITION

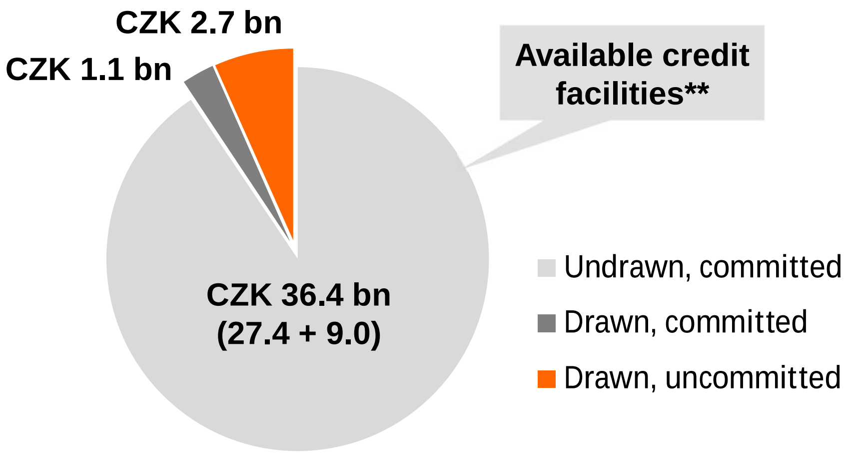
Debt Level

		As at Mar 31, 2019	As at Mar 31, 2020
Debt and loans	CZK bn	156.0	186.4
Cash and fin. assets*	CZK bn	12.1	18.5
Net debt	CZK bn	143.9	167.9
Net debt/EBITDA		2.70	2.59

Bond Maturity Profile (as at Mar 31, 2020)



Utilization of Short-Term Lines and Available Committed Credit Facilities** (as at Mar 31, 2020)

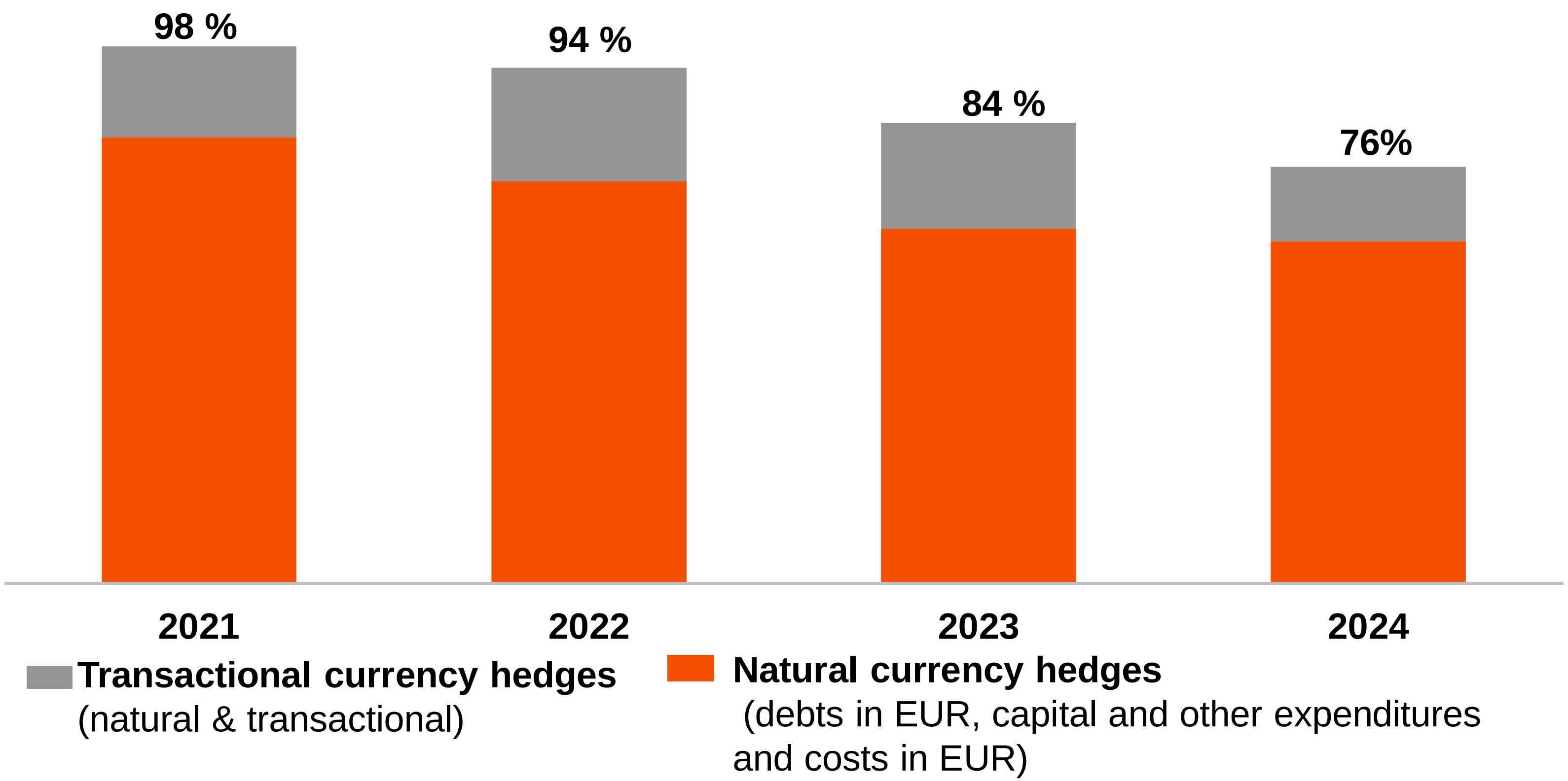


- Committed facilities are kept as a reserve for covering unexpected expenses and to fund short-term financial needs.
- As at Mar 31, 2020, no drawdowns were made under a long-term loan agreement with the European Investment Bank for drawdowns of up to EUR 330 m (CZK 9 bn), signed in December 2019.
- CEZ Group has access to a total of CZK 37.5 bn in committed credit facilities, using just CZK 1.1 bn as at Mar 31, 2020.

* Cash and cash equivalents & Highly liquid financial assets; ** Including data on Bulgarian assets held for sale. Available credit facilities include an undrawn committed long-term EIB loan of EUR 330 m, which is estimated to be drawn down in the summer of 2020.

CEZ CONTINUES HEDGING ITS CURRENCY EXPOSURE IN LINE WITH STANDARD POLICY

Total currency hedges as of MArch 31, 2020
(as % of total expected EUR long position in a given year)



The foreign exchange position for 2021 is hedged at an average rate of 26.9 CZK/EUR, for 2022–2024 at a rate of 25.8–26.2 CZK/EUR.

CEZ GROUP FINANCIAL AND OPERATING RESULTS

(CZK bn)	Q1 2019	Q1 2020	Change	%
Revenues	51.8	57.0	+5.2	+10%
EBITDA	21.3	25.9	+4.6	+22%
EBIT	13.8	18.8	+5.0	+36%
Net income	9.9	14.2	+4.2	+43%
Net income adjusted *	10.4	13.9	+3.6	+34%
Operating CF	19.7	13.2	-6.5	-33%
CAPEX	4.6	4.4	-0.2	-5%

		Q1 2019	Q1 2020	Change	%
Installed capacity **	GW	14.9	14.4	-0.5	-3%
Mining	m tons	5.6	5.0	-0.6	-10%
Generation of electricity - segment traditional energy	TWh	16.6	15.8	-0.8	-5%
Generation of electricity - segments new energy and sales	TWh	0.7	0.8	+0.1	+8%
Electricity distribution to end customers	TWh	14.5	14.4	-0.0	-0%
Electricity sales to end customers	TWh	9.9	9.7	-0.1	-1%
Sales of natural gas to end customers	TWh	3.8	3.7	-0.1	-3%
Sales of heat	000´TJ	9.9	9.7	-0.3	-3%
Number of employees ** ***	000´s	31.5	32.2	+0.7	+2%

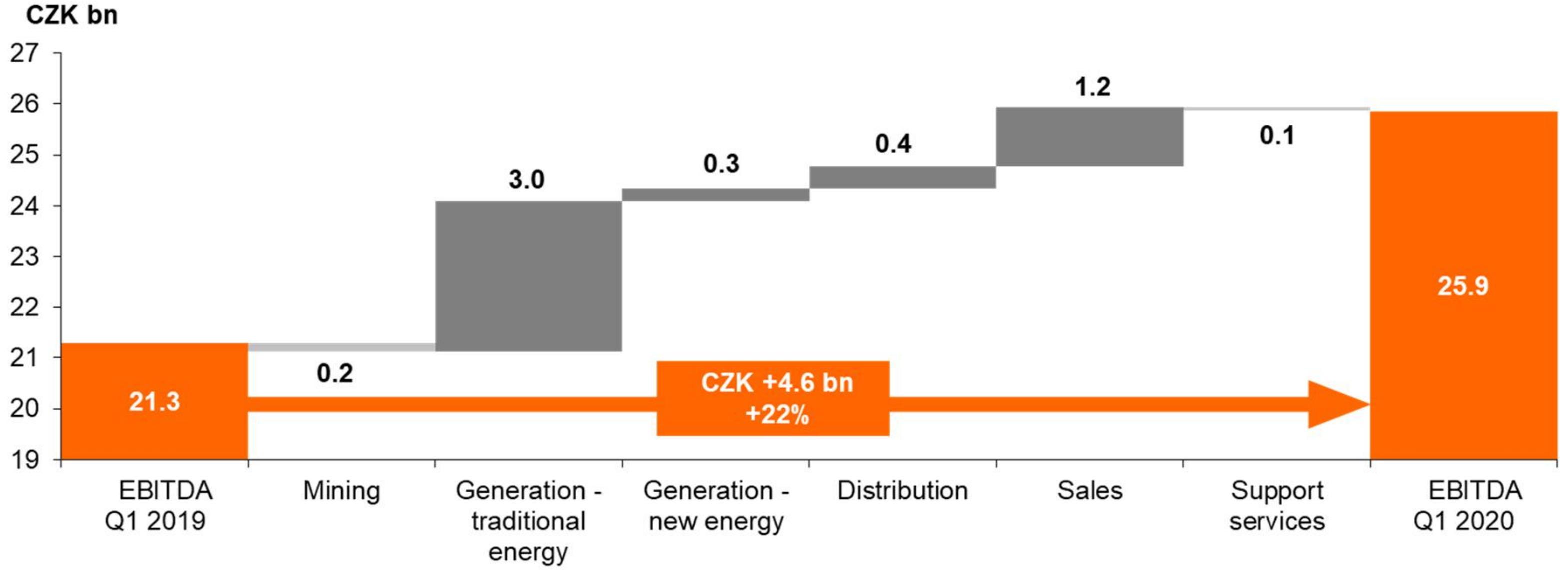
* Adjusted net income = Net income adjusted for extraordinary effects that are generally unrelated to ordinary financial performance in a given period (such as impairments of fixed assets and goodwill)

** As at the last date of the period

*** Increase primarily in the Sales segment (new ESCO acquisitions abroad)

Note: Figures for comparative period Q1 2019 were adjusted compared to the data published in Q1 2019 due to accounting, which subsequently refined reporting of effects of electricity sales price risk hedging on individual quarters of 2019.

YEAR-ON-YEAR CHANGE IN EBITDA BY SEGMENT



Main causes of year-on-year change in Q1 EBITDA:

- Higher realization prices of generated electricity, including the effect of hedges in Czechia and commodity trading (CZK +3.9 bn)
- Additional profit (overhedge) from German hedges for generation supplies in Czechia in the years 2021 to 2025 due to an increase in the difference between Czech and German market electricity prices (+1.4 billion CZK)
- Higher expenses on emission allowances for generation in Czechia (CZK -1.5 bn) due to increased purchase prices and lower allocation of free allowances
- Higher gross margin on electricity sales in Czechia, Romania, and Bulgaria (CZK +1.0 bn); the COVID-19 pandemic will only have a negative effect on the segment’s financial performance in next quarters

Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

OTHER INCOME (EXPENSES)

(CZK bn)	Q1 2019	Q1 2020	Change	%
EBITDA	21.3	25.9	+4.6	+22%
Depreciation, amortization and impairments*	**-7.5**	**-7.1**	**+0.4**	**+6%**
Other income (expenses)	**-1.6**	**-1.6**	**-0.0**	**-2%**
Interest income (expenses)	-1.3	-1.2	+0.0	+1%
Interest on nuclear and other provisions	-0.5	-0.5	-0.0	-5%
Income (expenses) from investments and securities	-0.0	-0.1	-0.1	>200%
Other	0.2	0.2	+0.1	+37%
Income taxes	**-2.3**	**-3.0**	**-0.7**	**-32%**
Net income	9.9	14.2	+4.2	+43%
Net income adjusted	**10.4**	**13.9**	**+3.6**	**+34%**

Depreciation, Amortization, and Impairments* (CZK +0.4 bn)

- Additions to and reversals of impairments of fixed assets in Bulgaria (CZK +0.6 bn) and lower additions to impairments of fixed assets in Romania (CZK +0.2 bn)
- Higher depreciation and amortization (CZK -0.3 bn), primarily at ČEZ Distribuce

Net Income Adjustments

- Q1 2020 net income adjusted for the positive effect of reversal of fixed asset impairments in Bulgaria of CZK 0.2 bn
- Q1 2019 adjusted for negative effects amounting to CZK 0.5 bn, including additions to impairments of fixed assets in Bulgaria (CZK +0.3 bn) and additions to impairments of fixed assets in Romania (CZK +0.2 bn)

Note: Figures for comparative period Q1 2019 were adjusted compared to the data published in Q1 2019 due to accounting, which subsequently refined reporting of effects of electricity sales price risk hedging on individual quarters of 2019.

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

NUCLEAR AND MINING PROVISIONS AS OF YE 2019

Nuclear and mining provisions as of YE 2019 in accordance with IFRS

(discount rate 0.7 % p.a. (real), est. Inflation effect 1.5%)

	Provision (CZK bn)	Responsibility of:	Cash cover (CZK)
Interim storage of spent nuclear fuel	8.7 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	34.9 bn	CEZ	14.1 bn
Mining reclamation	9.4bn	CEZ (SD**)	6.4 bn
Landfills (ash storage)	0.8 bn	CEZ	0.2 bn

*** RAWRA - Radioactive Waste Repository Authority**

****SD – Severočeské doly**

***** State Nuclear Account balance as of YE 2018 CZK 28.4bn**

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP

CZK

Profit and loss

CZK bn	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues	198.8	209.8	221.9	216.7	201.8	210.2	203.7	205.1	184.5	206.2
Sales of electricity	175.3	181.8	186.8	189.4	173.8	182.1	174.9	104.1	103.1	110.2
Sales of services								76.3	59.9	71.4
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	24.6
Operating Expenses	110	122.4	136.1	134.7	129.3	145.1	145.7	148	135	146
Purchased power and related services	54.4	65.9	71.7	79	75.8	90.9	88.3	57.4	52.2	55.5
Fuel and emission rights	16.9	17.1	15.8	13.8	12.7	13.1	13.2	16.0	19.1	21.4
Salaries and wages	18.7	18.1	18.7	18.7	18.9	17.8	19.2	22.1	25.6	28.8
Other	20	21.3	29.9	23.2	21.9	23.4	25.1	26.3	38.1	40.3
EBITDA	**88.8**	**87.4**	**85.8**	**82**	**72.5**	**65.1**	**58.1**	**53.9**	**49.5**	**60.2**
EBITDA margin	*45%*	*42%*	*39%*	*38%*	*36%*	*31%*	*29%*	*26%*	*27%*	*29%*
Depreciation, amortization, impairments	26.9	26.2	28.9	36.4	35.7	36.3	32.1	29.5	29.7	33.8
EBIT	**62**	**61.3**	**57**	**45.7**	**36.9**	**29**	**26.1**	**25.6**	**19.8**	**26.4**
EBIT margin	*31%*	*29%*	*26%*	*21%*	*18%*	*14%*	*13%*	*12%*	*11%*	*13%*
Net Income	**46.9**	**40.8**	**40.1**	**35.2**	**22.4**	**20.5**	**14.6**	**19**	**10.5**	**14.5**
Net income margin	*24%*	*19%*	*18%*	*16%*	*11%*	*10%*	*7%*	*9%*	*6%*	*7%*
Adjusted net income	**49.8**	**41.2**	**41.3**	**43**	**29.5**	**27.7**	**19.6**	**20.7**	**13.1**	**18.9**
Adjusted net income margin	*25%*	*20%*	*19%*	*20%*	*15%*	*13%*	*10%*	*10%*	*7%*	*9%*

Balance sheet

CZK bn	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Non current assets	448.3	467.3	494.7	485.9	497.5	493.1	489.3	487.9	480.4	501.9
Current assets	96.1	131	141.1	154.5	130.4	109.6	141.6	136	227	202.7
- out of that cash and cash equivalents	22.2	22.1	18	25	20.1	13.5	11.2	12.6	7.3	9.8
Total Assets	**544.4**	**598.3**	**635.8**	**640.4**	**627.9**	**602.7**	**630.8**	**623.9**	**707.4**	**704.6**
Shareholders equity (excl. minority. int.)	221.4	226.8	250.2	258.1	261.3	267.9	256.8	250	234.7	250.8
Return on equity	*22%*	*18%*	*17%*	*14%*	*9%*	*8%*	*6%*	*8%*	*4%*	*6%*
Interest bearing debt	158.5	182	192.9	199	184.1	157.5	167.8	154.3	161	171.9
Other liabilities	164.4	189.4	192.6	183.3	182.4	177.3	206.2	219.6	311.7	281.9
Total liabilities	**544.4**	**598.3**	**635.8**	**640.4**	**627.9**	**602.7**	**630.8**	**623.9**	**707.4**	**704.6**

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP

EUR

Profit and loss

EUR M	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues	7,827	8,260	8,736	8,531	7,945	8,276	8,020	8,075	7,264	8,118
Sales of electricity	6,902	7,157	7,354	7,457	6,843	7,169	6,886	4,098	4,059	4,339
Sales of services								3,004	2,358	2,811
Sales of gas, heat and coal and other income	929	1,102	1,382	1,079	1,098	1,106	1,134	972	846	969
Operating Expenses	4,331	4,819	5,358	5,303	5,091	5,713	5,736	5,827	5,315	5,748
Purchased power and related services	2,142	2,594	2,823	3,110	2,984	3,579	3,476	2,260	2,055	2,185
Fuel and emission rights	665	673	622	543	500	516	520	630	752	843
Salaries and wages	736	713	736	736	744	701	756	870	1,008	1,134
Other	787	839	1,177	913	862	921	988	1,035	1,500	1,587
EBITDA	**3,496**	**3,441**	**3,378**	**3,228**	**2,854**	**2,563**	**2,287**	**2,122**	**1,949**	**2,370**
EBITDA margin	*45%*	*42%*	*39%*	*38%*	*36%*	*31%*	*29%*	*26%*	*27%*	*29%*
Depreciation, amortization, impairments	1,059	1,031	1,138	1,433	1,406	1,429	1,264	1,161	1,169	1,331
EBIT	**2,441**	**2,413**	**2,244**	**1,799**	**1,453**	**1,142**	**1,028**	**1,008**	**780**	**1,039**
EBIT margin	*31%*	*29%*	*26%*	*21%*	*18%*	*14%*	*13%*	*12%*	*11%*	*13%*
Net Income	**1,846**	**1,606**	**1,579**	**1,386**	**882**	**807**	**575**	**748**	**413**	**571**
Net income margin	*24%*	*19%*	*18%*	*16%*	*11%*	*10%*	*7%*	*9%*	*6%*	*7%*
Adjusted net income	**1,961**	**1,622**	**1,626**	**1,693**	**1,161**	**1,091**	**772**	**815**	**516**	**744**
Adjusted net income margin	*25%*	*20%*	*19%*	*20%*	*15%*	*13%*	*10%*	*10%*	*7%*	*9%*

Balance sheet

EUR M	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Non current assets	17,650	18,398	19,476	19,130	19,587	19,413	19,264	19,209	18,913	19,760
Current assets	3,783	5,157	5,555	6,083	5,134	4,315	5,575	5,354	8,937	7,980
- out of that cash and cash equivalents	874	870	709	984	791	531	441	496	287	386
Total Assets	**21,433**	**23,555**	**25,031**	**25,213**	**24,720**	**23,728**	**24,835**	**24,563**	**27,850**	**27,740**
Shareholders equity (excl. minority. int.)	8,717	8,929	9,850	10,161	10,287	10,547	10,110	9,843	9,240	9,874
Return on equity	*22%*	*18%*	*17%*	*14%*	*9%*	*8%*	*6%*	*8%*	*4%*	*6%*
Interest bearing debt	6,240	7,165	7,594	7,835	7,248	6,201	6,606	6,075	6,339	6,768
Other liabilities	6,472	7,457	7,583	7,217	7,181	6,980	8,118	8,646	12,272	11,098
Total liabilities	**21,433**	**23,555**	**25,031**	**25,213**	**24,720**	**23,728**	**24,835**	**24,563**	**27,850**	**27,740**

The structure of PL and BS was changed in 2018

Exchange rate used:25.4 CZK/EUR

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