CEZ GROUP 2006 RESULTS

PRELIMINARY NONAUDITED CONSOLIDATED RESULTS (IFRS)

Prague, February 22, 2007

AGENDA

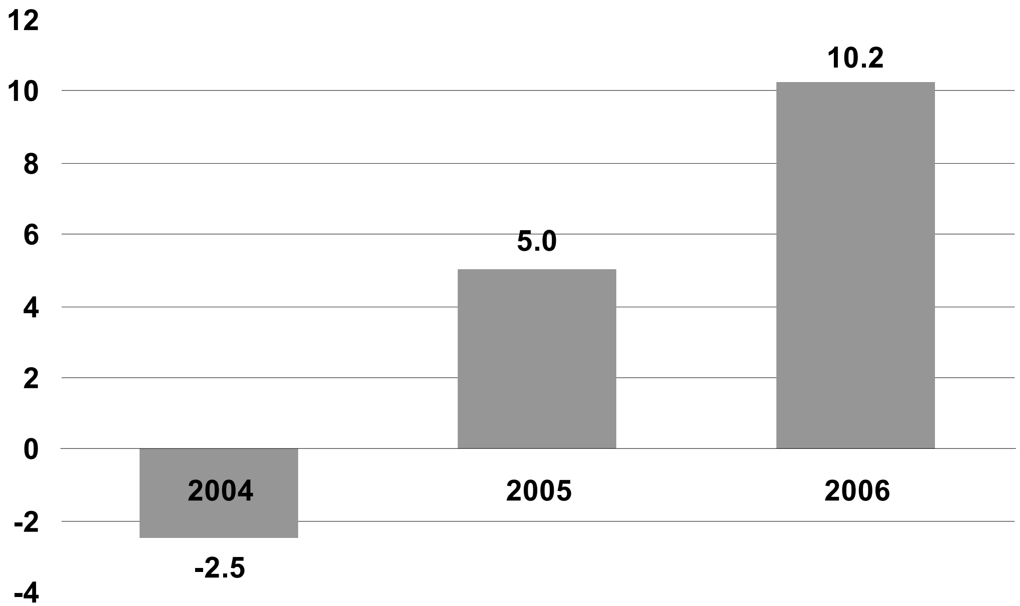
- **Financial results**
  Petr Vobořil, CFO
- **CEZ Group trading position**
  Alan Svoboda, Executive Director Sales and Trading

MAIN RESULTS FOR 2006 AND 2007 GUIDANCE

- **EBITDA** increased y-o-y by 28 % to CZK 64.3 bn, increase by CZK 14.2 bn
- **EBIT** increased y-o-y by 36 % to CZK 40.1 bn (by CZK 10.7 bn)
- **Net Income** increased y-o-y by 29 % to CZK 28.8 bn (by CZK 6.5 bn)
- **ROE** increased y-o-y from 12.3 % to **14.9** %.
- **CEZ share price at BCPP and GPW** stood at CZK **940** on February 14, 2007
- Updated 2007 guidance: **EBITDA** of CZK 70.9 bn (+ 10 %) and **Net Income** of CZK 35.1 bn (+ 22 %)

CEZ GROUP CREATES THE BIGGEST VALUE FOR ITS SHAREHOLDERS OUT OF ALL COMPANIES AT BCPP

Y-o-y development of EVA (Economic Value Added)
CZK bn



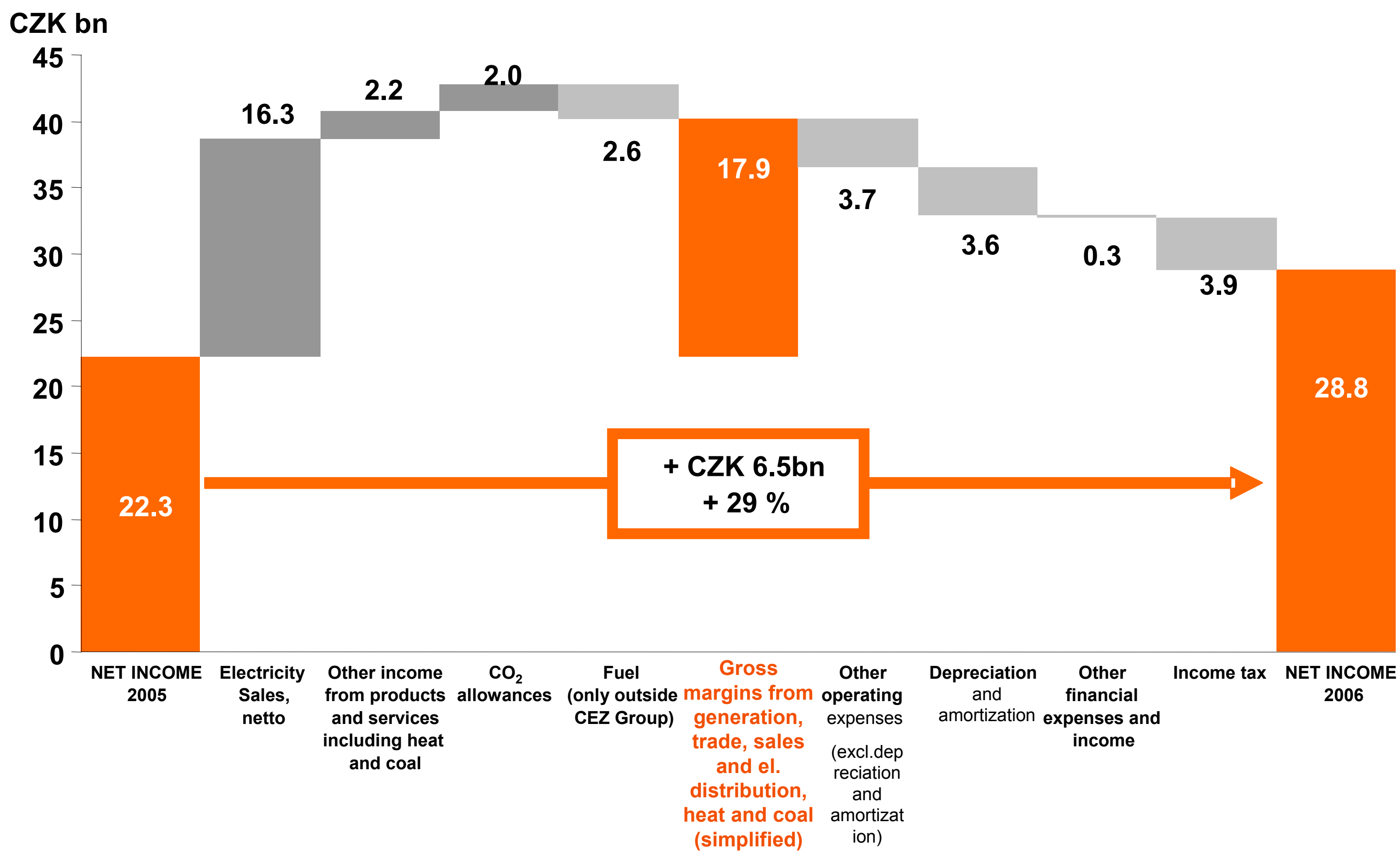
In the scale **The 2005 EVA™ Ranking Czech Republic** (agency ČEKIA) CEZ placed

1st out of all companies traded at BCPP

2nd out of all companies in the Czech Republic

The highest y-o-y EVA increase out of all companies in the Czech Republic

NET INCOME GREW Y-O-Y BY CZK 6.5 BN – I.E. BY 29 %



Main improvements

- Higher demand in the Czech Republic and generation from own sources
- Operating costs control
- CZK appreciation, optimization of free financial resources use in CEZ Group
- New acquisitions

GROSS MARGIN FROM GENERATION,TRADING, SALES AND ELECTRICITY DISTRIBUTION Y-O-Y INCREASED BY 22 % TO CZK 97.5 BN

(CZK bn)	2005	2006	Change 06-05	Index 06/05	2006 comparable entity*	Index 06/05 comparable entity
Operating revenues	125.1	159.6	34.5	128%	148.3	119%
Electricity sales and services	115.9	148.3	32.3	128%	137.4	118%
Heat sales and other revenues	9.1	11.3	2.2	124%	10.9	120%
Variable operating costs	-45.4	-62.0	-16.6	137%	-55.6	122%
Fuel	-9.0	-11.6	-2.6	129%	-10.0	111%
Purchased power and related services	-37.5	-53.5	-16.0	143%	-48.6	130%
CO_2 allowances	1.1	3.1	2.0	292%	3.1	293%
Profit from sale of CO_2 allowances	1.1	3.5	2.4	332%	3.5	333%
Reserve for missing CO_2 allowances		-0.4	-0.4	x	-0.4	x
Gross margin (simplified)	**79.7**	**97.5**	**17.9**	**122%**	**92.8**	**116%**

Main improvements

- Total increase in generation from nuclear power plants by 1.3 TWh (by 5 %)
- Generation optimization from all sources and use of CO_2 allowances arbitrage
- Excess CO_2 allowances sold before the price collapse in May 2006 – part of the profit transferred to 2007 as a reserve in compliance with IFRS
- Increase in electricity sold to end customers abroad by 1.2 TWh (by 15 %)
- Increase in wholesale electricity prices

*) comparable entity doesn’t include results from PL, BG - Varna, Q1. – Q3. RO and newly established trading offices abroad

CEZ GROUP MANAGES TO KEEP ITS OPERATING COSTS UNDER CONTROL

(CZK bn)	2005	2006	Change 06-05	Index 06/05	2006 comparable entity	Index 06/05 comparable entity
SUM of selected operating costs	**-29.5**	**-33.2**	**-3.7**	**112%**	**-30.8**	**104%**
Salaries and wages	-13.4	-15.1	-1.7	112%	-14.2	106%
Repairs and maintenance	-4.2	-5.5	-1.3	130%	-4.9	117%
Material and supplies	-4.0	-5.0	-1.0	124%	-4.8	121%
Others	-7,9	-7.6	0.2	97%	-6.8	86%
EBITDA	**50.1**	**64.3**	**14.2**	**128%**	**61.9**	**124%**
Depreciation and amortization	-20.7	-24.3	-3.6	117%	-23.1	111%

- Y-o-y increase of operating costs of a comparable entity only by 4 % (without depreciation, CO_2 allowances and fuel and power purchases)
- Increase of maintenance costs aimed at generation assets quality improvement (e.g. increase of available capacity at unit 2 of power plant Temelin by 30 MW, increase of available capacity at an additional unit of Dukovany power plant by 20 MW, etc.)
- In addition in the area of personnel costs the headcount reduction is a good starting point for future development
- One off depreciation of CZK 1.7 bn related to assets revaluation (office buildings) contributed to ČEZ Správa majetku (CEZ Facility Management)

*) comparable entity doesn't count with results from PL, BG - Varna, Q1. – Q3. RO and newly established representative offices abroad

FINANCIAL EXPENSES AND INCOME INCREASED Y-O-Y BY CZK 0.3 BN

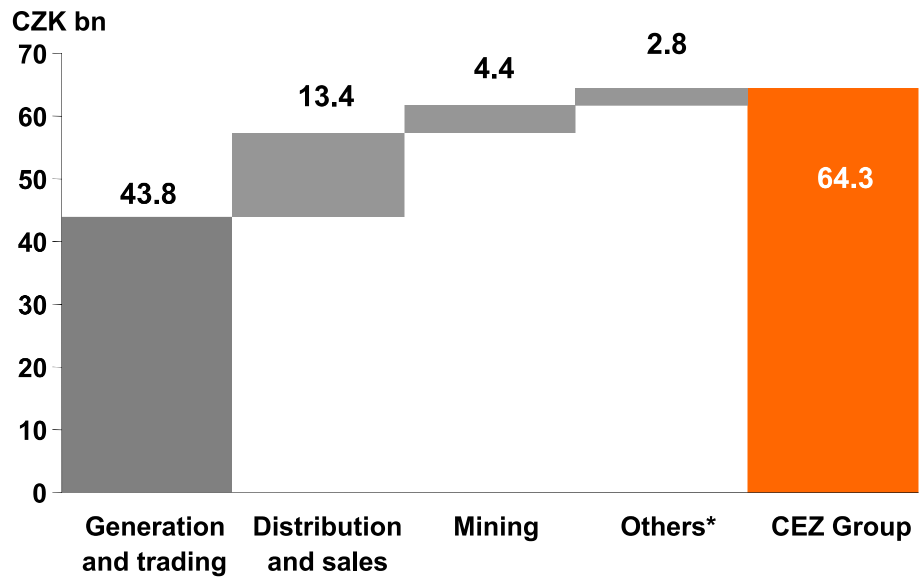
(CZK bn)	2005	2006	Change 06-05	Index 06/05	2006 comparable entity	Index 06/05 comparable entity
Other expenses and income	-2.1	-2.4	-0.3	112%	-2.2	107%
Interest on debt	-1.8	-2.2	-0.4	124%	-1.8	99%
Interest on nuclear and other provisions	-2.4	-1.9	0.6	77%	-1.9	77%
Interest income	0.4	0.9	0.5	211%	0.8	177%
FX profit / loss and derivates	-0.1	0.9	1.0	x	0.7	x
Sale of subsidiaries and associates	-0.2	-0.2	-0.1	134%	-0.2	134%
Negative goodwill write off	1.7	0.0	-1.7	x	0.0	x
Income from associates	0.1	0.1	0.0	72%	0.1	72%
Others	0.2	0.1	0.0	72%	0.2	88%
Profit before taxes	**27.3**	**37.7**	**10.4**	**138%**	**36.6**	**134%**
Income tax	-5.0	-9.0	-3.9	178%	-8.7	172%
Net Income	**22.3**	**28.8**	**6.5**	**129%**	**28.0**	**125%**

- Czech crown appreciation helped to create FX profit at CZK 1.5 bn
- Negative goodwill write off in 2005 was a one off item related to acquisition of Electrica Oltenia
- Interest on nuclear and other provisions decreased by CZK 0.6 bn due to change in calculation methodology in 2005

*) comparable entity doesn't include results from PL, BG - Varna, Q1. – Q3. RO and newly established representative offices abroad

GENERATION AND TRADING REMAINS THE STRONGEST SEGMENT, BUT DISTRIBUTION AND SALES SAW A NOTABLE GROWTH AS WELL

Contribution to EBITDA in 2006



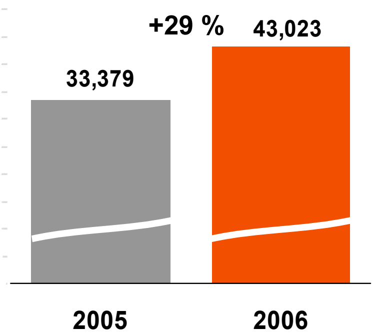
	Generation and trading	Distribution and sales	Mining	Others*	CEZ Group
Index 2006/2005:	130 %	120 %	121 %	169 %	128 %
Main areas of improvements:					
Higher generation / sales	✓	✓	✓		
Operating costs control	✓	✓	✓	✓	
New acquisitions	✓	✓			

* Growth is related to transfer of some activities, mainly from segment of distribution and sales (IT, Telecommunications..)

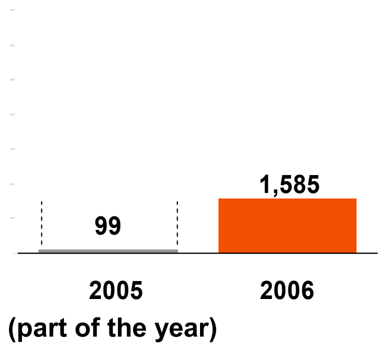
RESULTS OF THE MAIN CEZ GROUP COMPANIES IN THE CZECH REPUBLIC

EBITDA (CZK m)

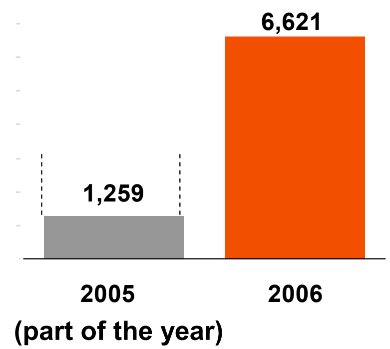
ČEZ, a. s.



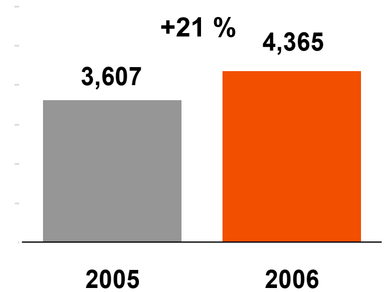
ČEZ Prodej, s.r.o.



ČEZ Distribuce, a. s.



Severočeské doly a.s.



Selected 2006 Results

ČEZ, a. s.
- Increase in generation by 2.5 TWh (4.3 %)
- Convergence of wholesale prices on the Central European market
- Optimization of generation from coal and CO_2 sales

ČEZ Prodej, s.r.o.
- Slight loss of the end customer market share (by 0.6 TWh) *

ČEZ Distribuce, a. s.
- Increase in distributed electricity to end customers by 0.7 TWh (by 2 %) **
- Increase of additional costs for mandatory purchase and renewables - bonus is newly applied also by generators for own consumption

Severočeské doly a.s.
- Increase of coal sale by 0.7 m tons (3.1 %)

Challenges for 2007

ČEZ, a. s.
- Stabilization of generation at nuclear power plant Temelin
- National CO_2 Allocation Plan
- New ways of selling power (Energy Exchange)

ČEZ Prodej, s.r.o.
- Maintaining end customers and relevant margins in an increasingly competitive liberalized market

ČEZ Distribuce, a. s.
- Costs control – lower than expected increase of distribution tariffs
- Compliance with the standards set by Public notice 540/2005 Sb.

Severočeské doly a.s.
- Landscape reclamation and diverting railroad track Březno - Chomutov
- Maintaining the extent of mineable reserves
- Operating costs control

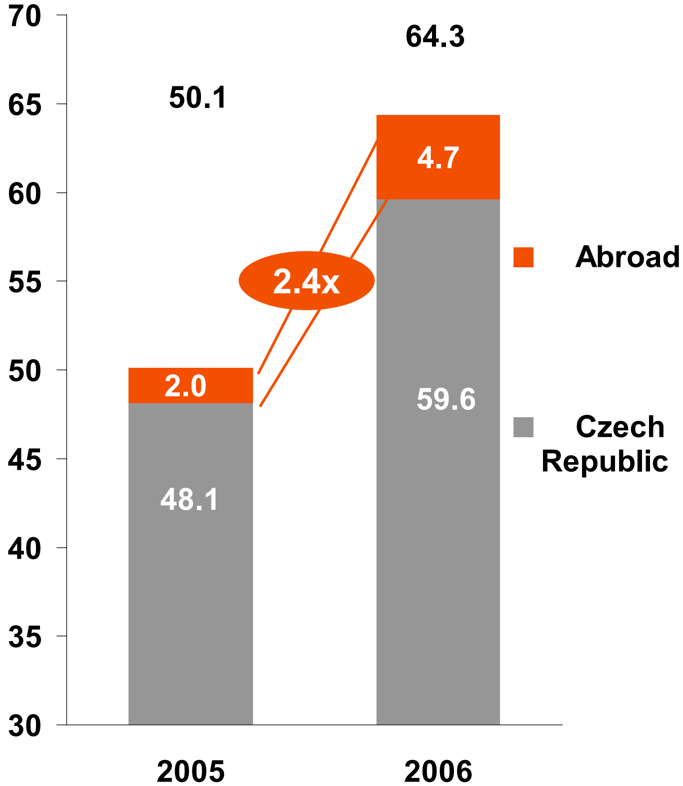
*) *including sales to end customers from DISCOs and ČEZ, a. s. in year 2005*

**) *including activities of DISCOs in year 2005*

Source: CEZ.

CONTRIBUTION OF FOREIGN ACQUISITIONS TO CEZ GROUP´S PROFITABILITY HAS MORE THAN DOUBLED COMPARED TO LAST YEAR

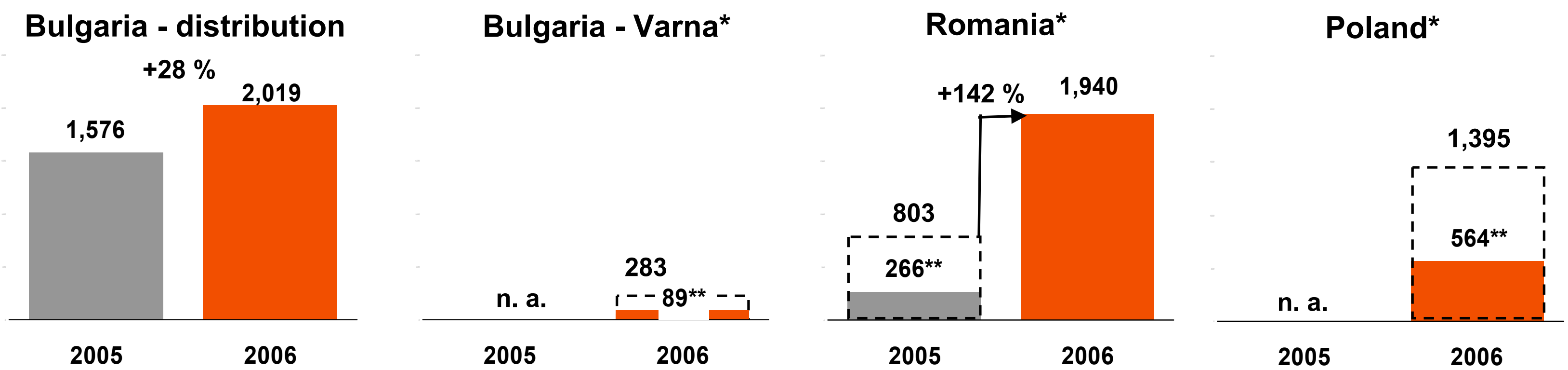
EBITDA
CZK bn



- In 2006 CEZ Group continued in integration of Bulgarian and Romanian distribution companies
- Newly acquired power plants ELCHO and Skawina in Poland and Varna in Bulgaria with total installed capacity 2,090 MW
- Foreign acquisitions in total brought CZK 4.7 bn in EBITDA, i.e. y-o-y CZK 2.7 bn more than in 2005

EBITDA CONTRIBUTION OF FOREIGN ACQUISITIONS

EBITDA (CZK m)

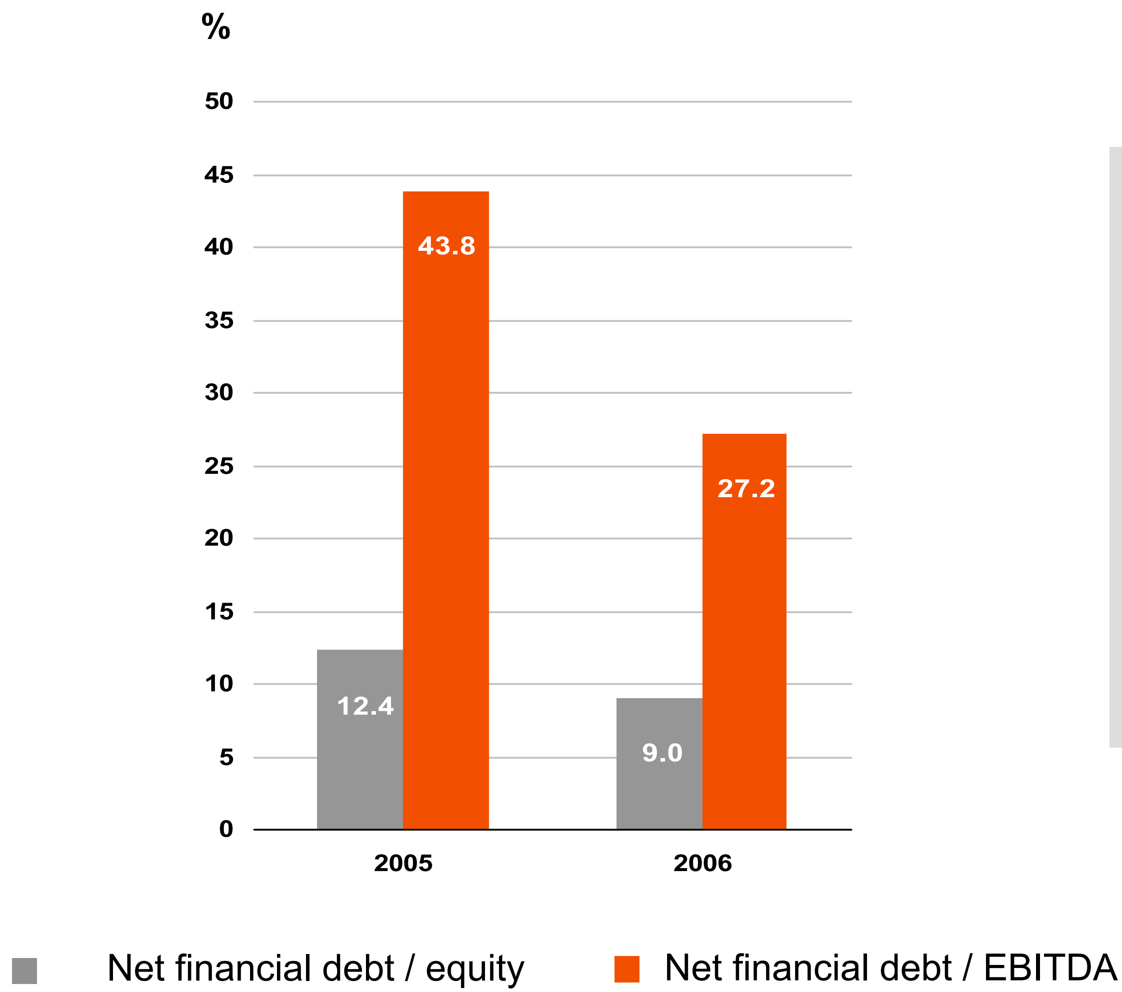


	Bulgaria - distribution	Bulgaria - Varna*	Romania*	Poland*
Selected 2006 results	▪ Increase of volume of electricity sold for end consumption by 2.3 % to 8.2 TWh, while decreasing distribution losses ▪ Successful preparation of unbundling – new companies, separated tariffs	▪ Generation: 3 TWh – the highest generation in last 13 years ▪ Savings in maintenance costs by 20 %	▪ Gross margin increase by CZK 507 m, with a slight loss of the market share ▪ Volume of electricity distributed to end customers 8.6 TWh	▪ Generation 2.4 ** TWh, resp. 4.1 TWh ▪ Electricity generation from biomass in power plant Skawina at 60 GWh **, resp. 80 GWh ▪ Excess CO_2 allowances sale optimization
2007 challenges	▪ Modification of regulation framework for distribution – small increase in regulated prices ▪ Unbundling implementation (from January 3, 2007) ▪ Savings in investments and operating costs	▪ Generation increase to 4 TWh, securing fuel ▪ Investments into clean generation ▪ Integration with other acquisitions in Bulgaria and operating costs savings	▪ Unbundling implementation (from July 1, 2007) ▪ Finalization of integration process and cost savings (using the experience from the Vision 2008 in the Czech market)	▪ Solution of long term agreements (ELCHO) ▪ Increase in generation from biomass and in heat sales in Skawina ▪ Maintenance costs savings ▪ Environmental investments

**) dotted line for the whole year; fully only from acquisition date – included in the consolidation of CEZ Group*

***) impact on consolidated results from acquisition date*

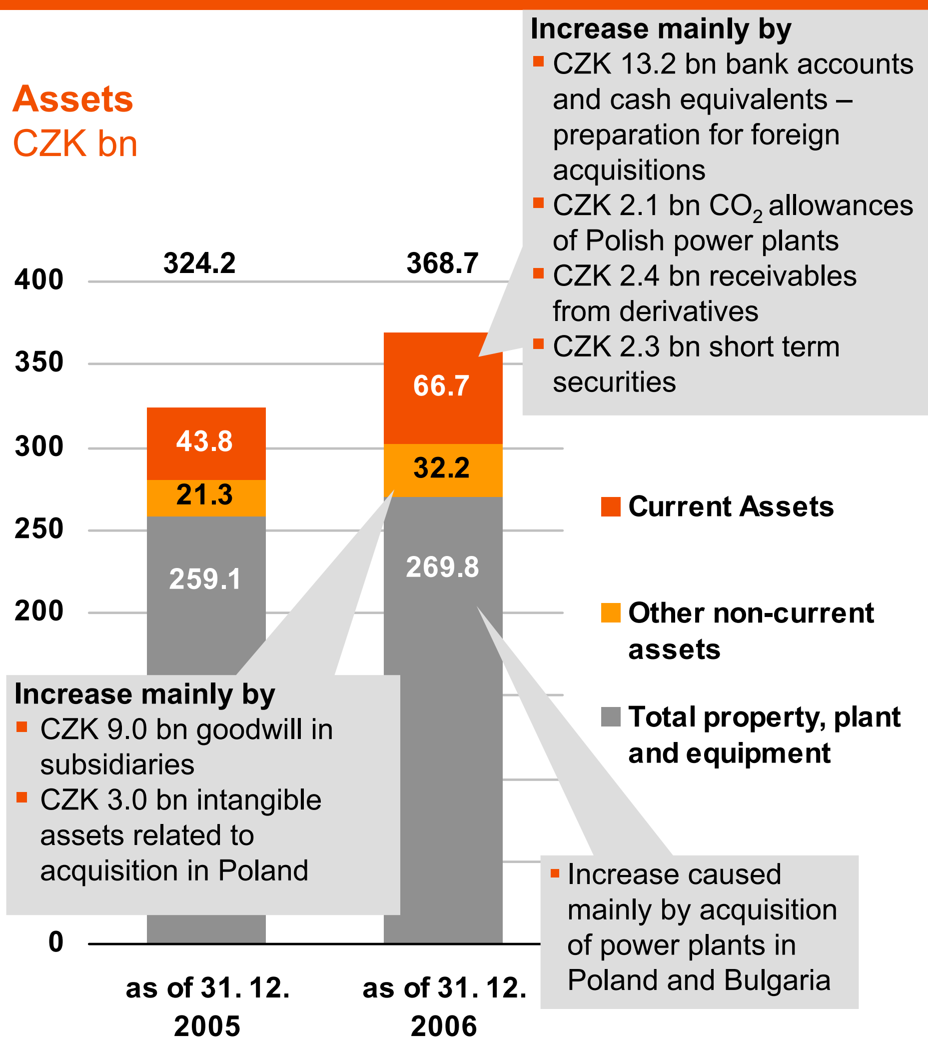
INDEBTEDNESS DECREASED Y-O-Y DUE TO STRONG CASH FLOW FROM OPERATING ACTIVITIES



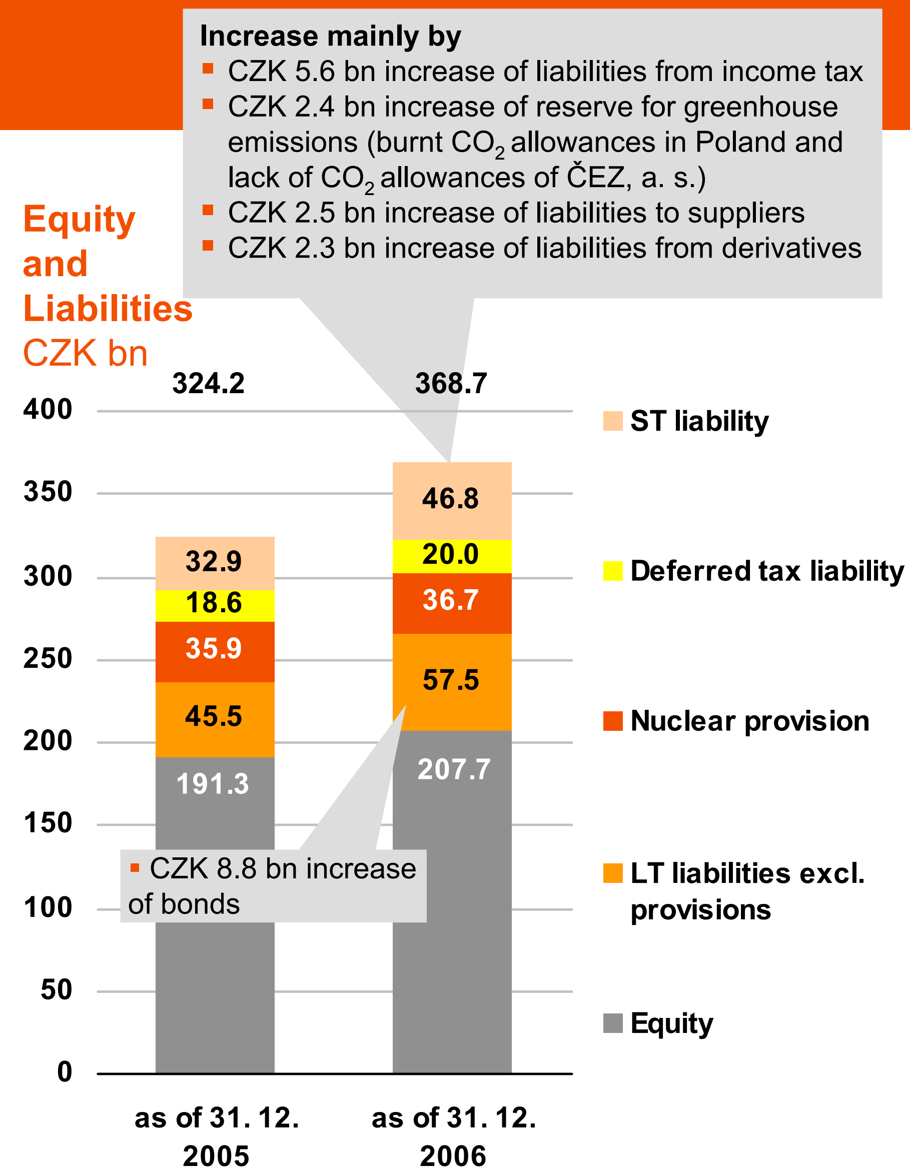
- Total indebtedness was influenced mainly by the issue of 4th Eurobond issue in the volume of EUR 500 m and repayment of the 2nd Eurobond issue in the volume of EUR 200 m
- Increase of cash and cash equivalents from CZK 16.8bn to CZK 30.9 bn

BALANCE SHEET

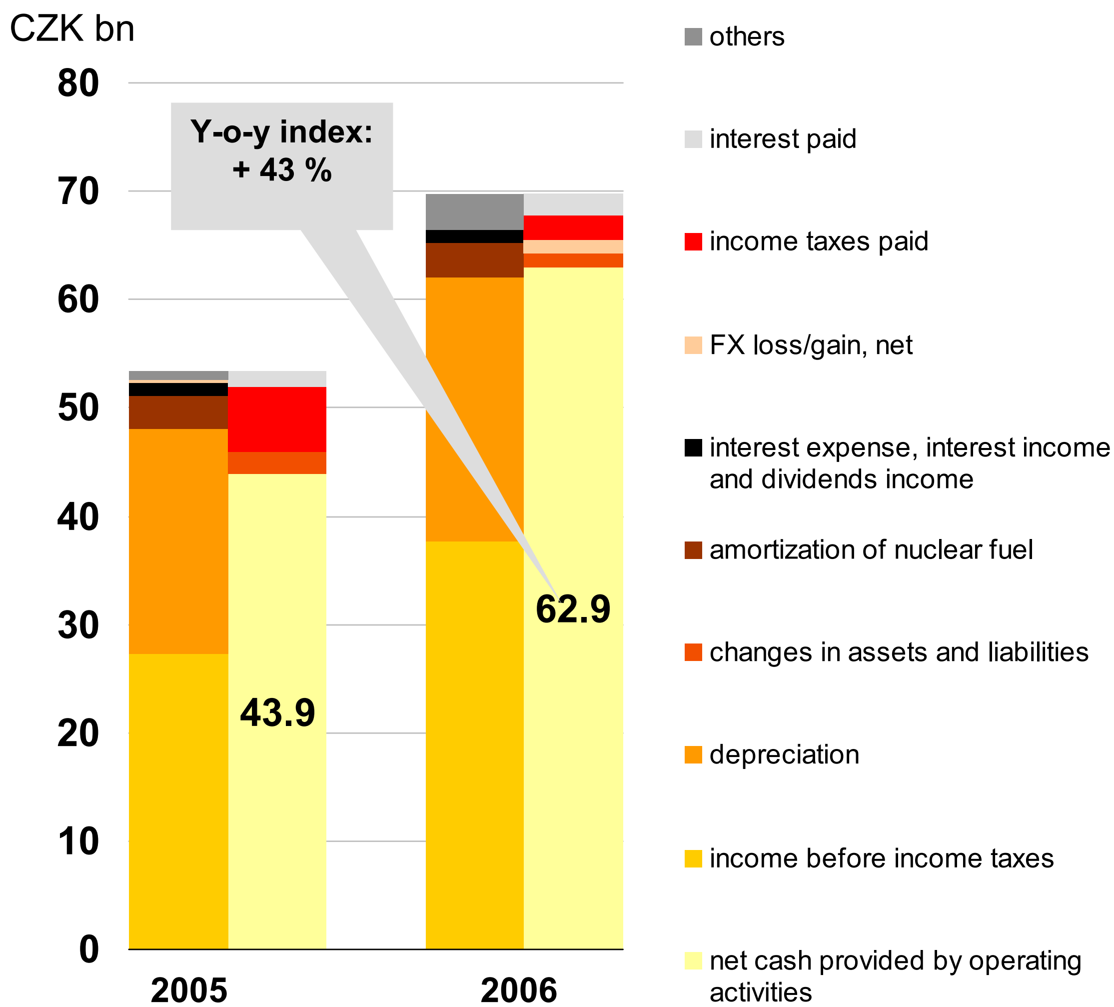
Assets
CZK bn



Equity and Liabilities
CZK bn



OPERATING CASH FLOW



Key impacts on operating cash flow increase
In CZK bn

+ 14.8 EBIT adjusted for non cash items

+ 0.7 changes in assets and liabilities

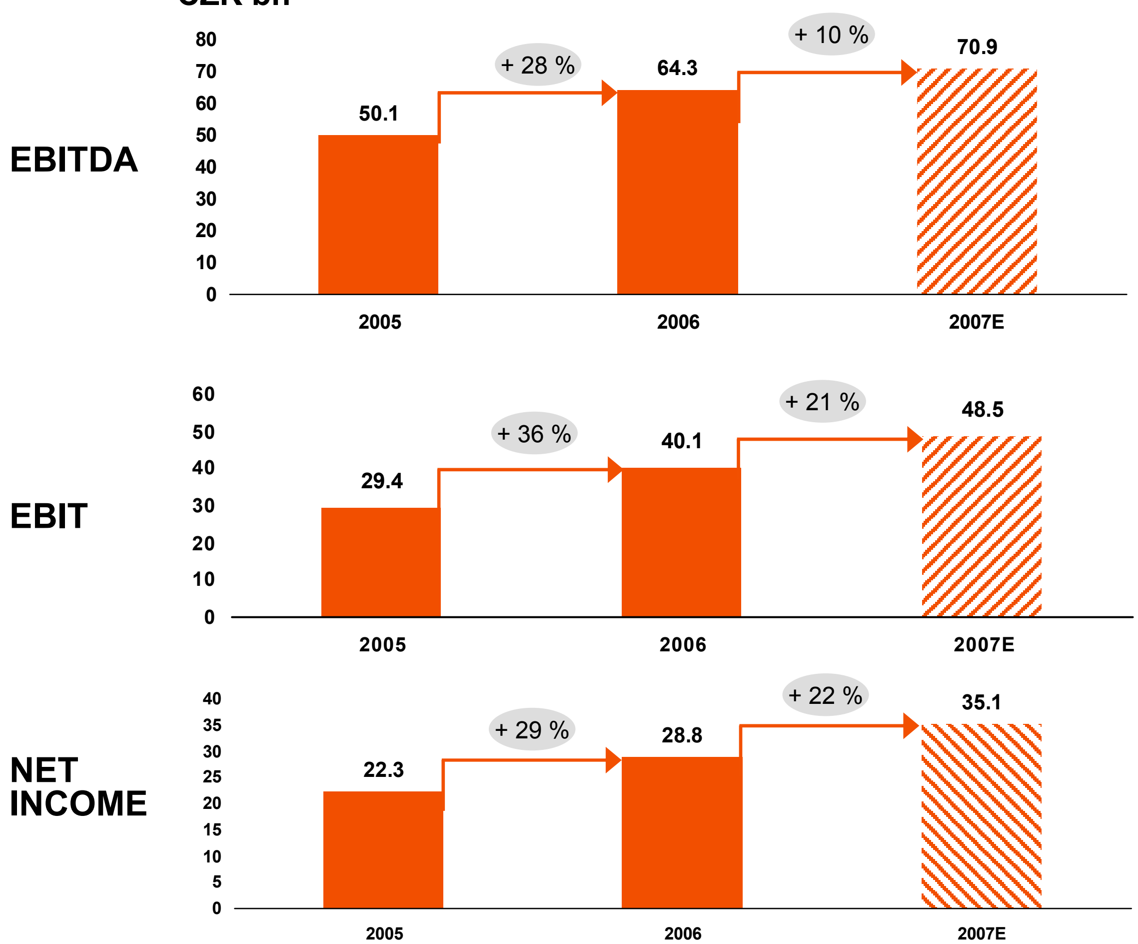
+ 3.7 income tax paid

2007 MAIN PRIORITIES

- **Finalizing integration in the Czech Republic, CEZ Group efficiency improvements – VISION 2008 completion**
- **Integration of foreign subsidiaries, new acquisitions and new capacity construction abroad (Gacko)**
- **Plant portfolio renewal**
  - **Initiation of power plant Tušimice II refurbishment**
  - **Finalization of project preparation for power plants Ledvice and Prunerov II**
- **Support of Prague Energy Exchange**
- **Active participation in energy policy discussions both on Czech and EU levels**

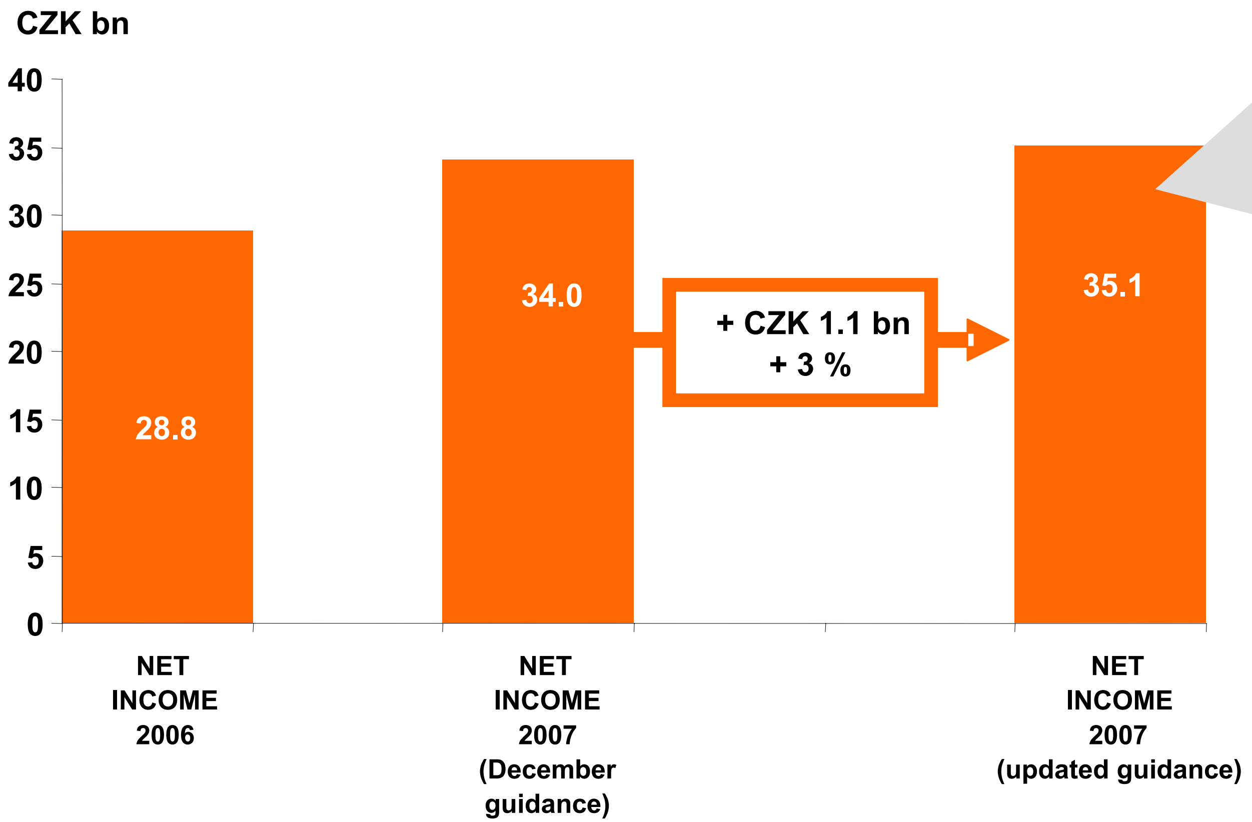
IN 2006 EBITDA REACHED CZK 64.3 BN, UPDATED 2007 EBITDA GUIDANCE AMOUNTS TO CZK 70.9 BN

Main financial results
CZK bn



thanks to reliable operations of nuclear power plant Temelin we are increasing our Net Income guidance for 2007 by CZK 1.1 bn

2007 NET INCOME GUIDANCE INCREASED BY CZK 1.1 BN COMPARED TO LAST DECEMBER ON THE BACK OF RELIABLE OPERATIONS OF TEMELIN IN DECEMBER AND JANUARY



Net Income guidance increased thanks to lower expected failure rate (due to stable operation in December and January) and related higher generation of nuclear power plant Temelin (65 GWh in January)

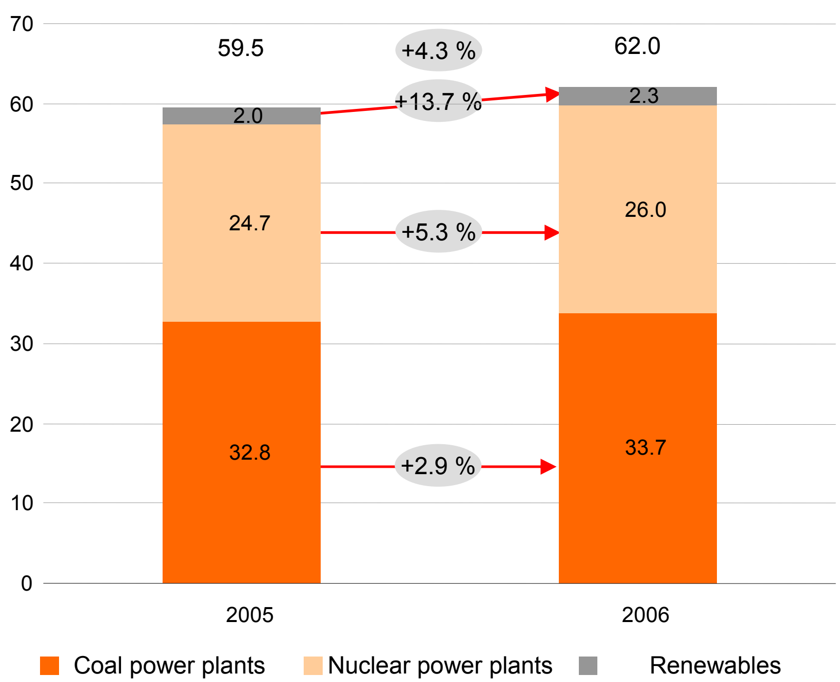
AGENDA

- **Financial results**
  Petr Vobořil, CFO
- **CEZ Group trading position**
  Alan Svoboda, Executive Director Sales and Trading

GENERATION VOLUME OF CEZ IN THE CZECH REPUBLIC REACHED HISTORICAL HIGH OF 62 TWh IN 2006

Generation of CEZ, a. s. (brutto)

(TWh)

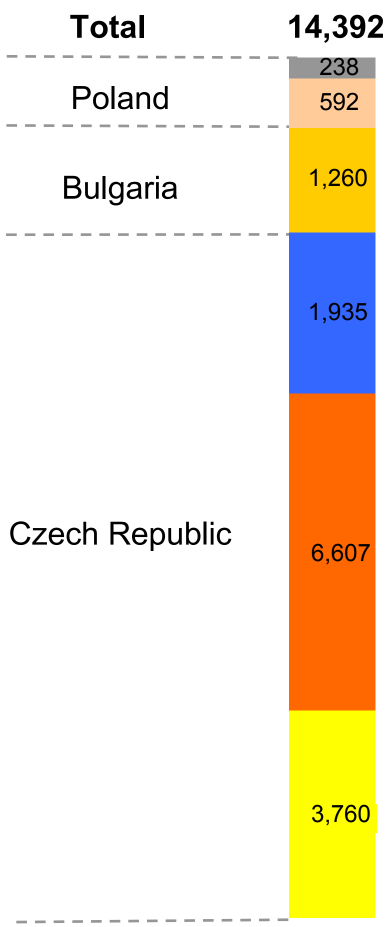


- Domestic demand increased by 2.9 % (3.1 % on temperature adjusted basis)
- Nuclear power plants increased generation volume compared to 2005 (Temelin by 9.4 %, Dukovany by 2.1 %)
- Nuclear Power Plant Dukovany reached record high volume of 14 TWh
- Generation in renewables increased by 14 %

Source: CEZ

CEZ GENERATION FLEET EXPANDED BY INCLUDING THE POWER PLANTS ACQUIRED ABROAD WITH INSTALLED CAPACITY OF 2,090 MW

Installed capacity (MW)



	Fuel	**Utilization**
Elcho	Hard coal	baseload/peak
Skawina	Hard coal	baseload/peak
Varna	Hard coal	cold reserve/baseload
	Renewables	peak
	Coal (Hard/Lignite)	base load/peak/ancillary services
	Nuclear	base load

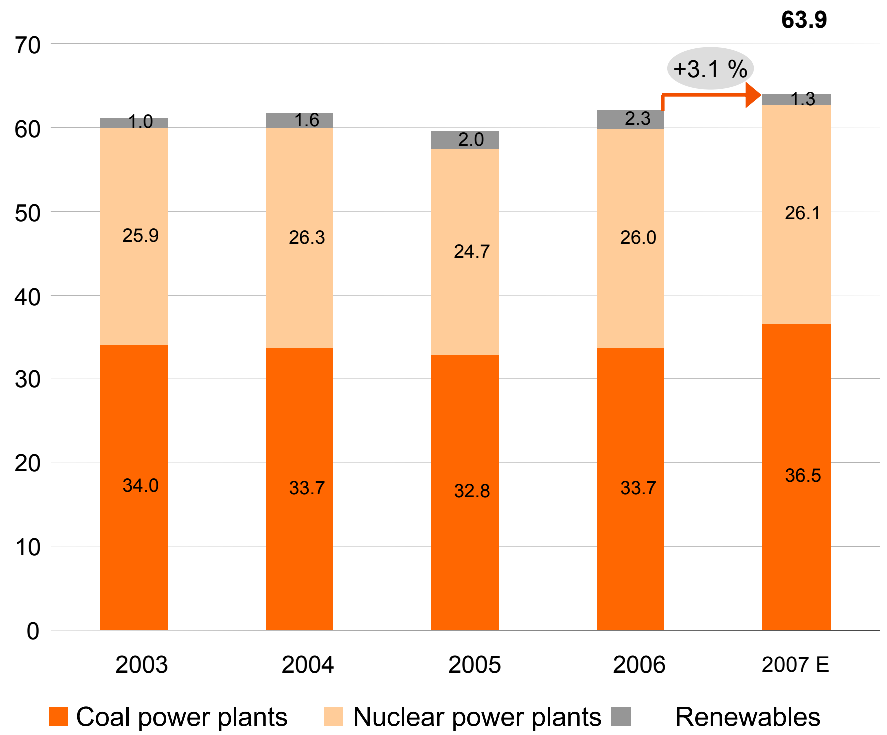
CEZ Group installed capacity increased by 17% by including the new capacity abroad.

Source: CEZ

THIS YEAR WE EXPECT TO EXCEED RECORD HIGH VOLUME IN 2006 IN THE CZECH REPUBLIC

CEZ, a. s. generation volume (brutto)

(TWh)



Record volume achieved despite:

- Temporary decommissioning of Tušimice (since 06/2007) due to start of Plant Portfolio Renewal program
- Additional refueling outage of Temelin´s 1st unit (Q1/2007)

Due to high capacity reliability in January 2007 CEZ increased guidance on 2007 gross margin from generation and trading by CZK 1.5 bn.

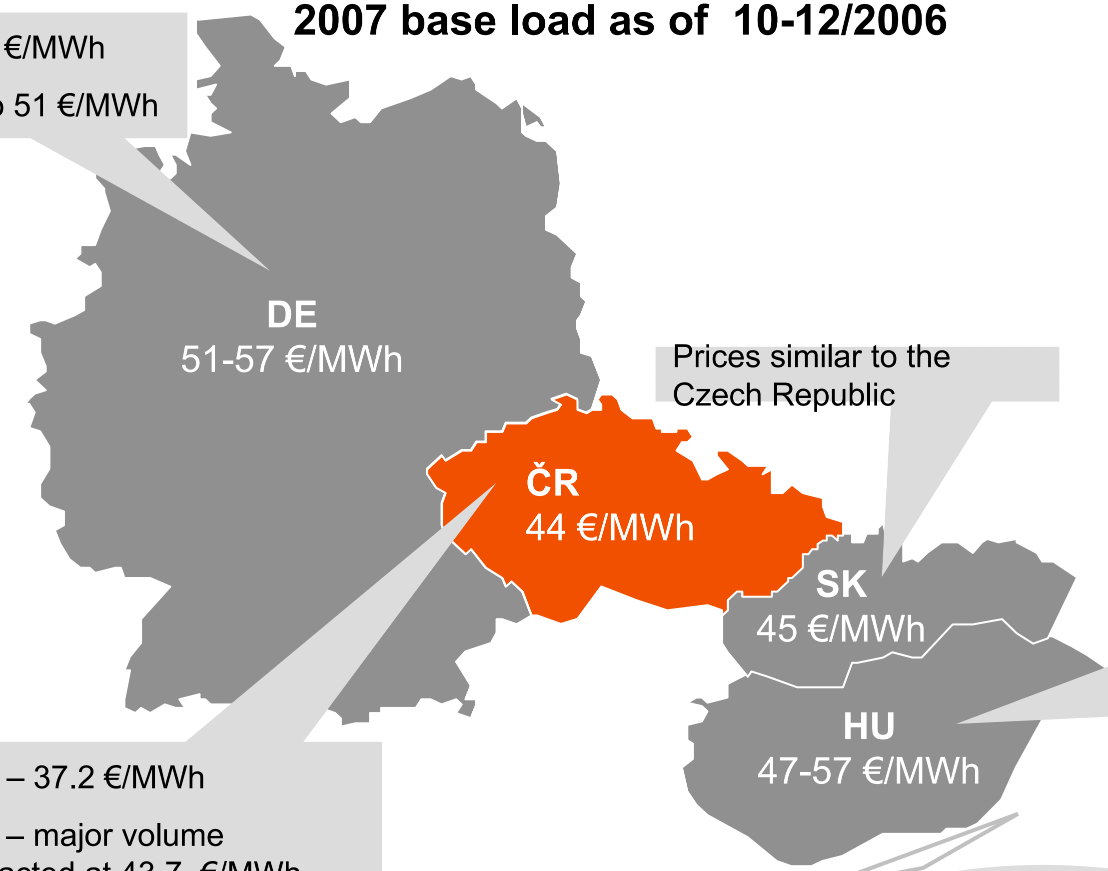
Source: CEZ

PRICES IN THE REGION CAME CLOSER LAST YEAR DUE TO DECREASE OF AVAILABLE CAPACITY AND DEMAND GROWTH

2007 base load as of 10-12/2006

2006 – 47.5 €/MWh

2007 – 57 to 51 €/MWh



Prices similar to the Czech Republic

2006 – 37.2 €/MWh

2007 – major volume contracted at 43.7 €/MWh

2006 - 38 €/MWh

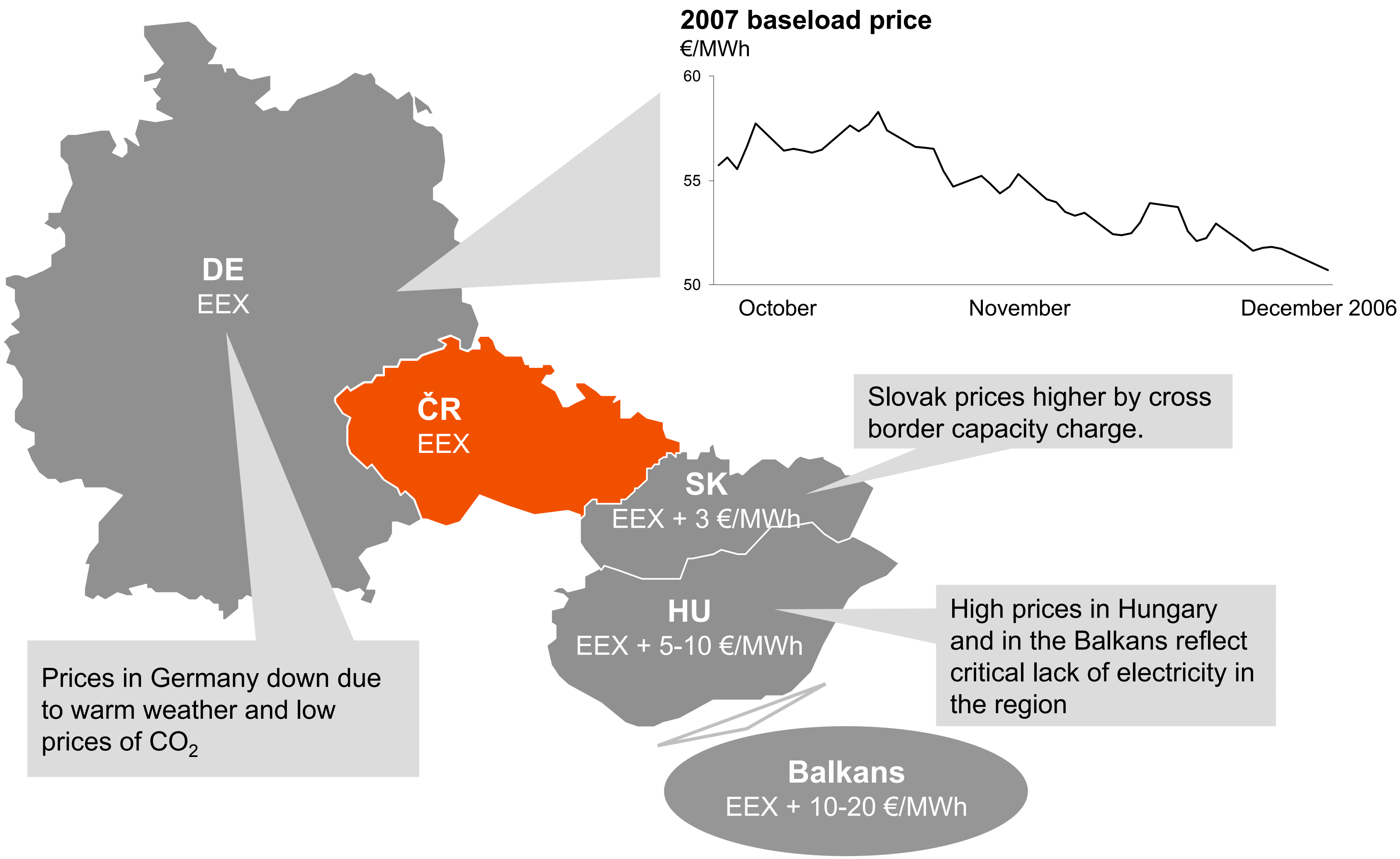
2007 – increase from 45 to 57 €/MWh pushed by demand in Hungary and in the Balkans

High prices in the tenders in the Balkans, eg. up to 80 €/MWh in Albania

Key factors:

- Decommissioning of Jaslovske Bohunice (Slovakia)
- Decommissioning of Kozloduj (Bulgaria)
- No annual exports (Poland)
- Announcement of LT cross-border contracts cancellation (Poland - Austria, Czech Rep. – Germany)
- Temporary decommissioning of Tušimice and Temelín

PRICES EAST OF CZECH REPUBLIC ABOVE CZECH AND GERMAN LEVELS

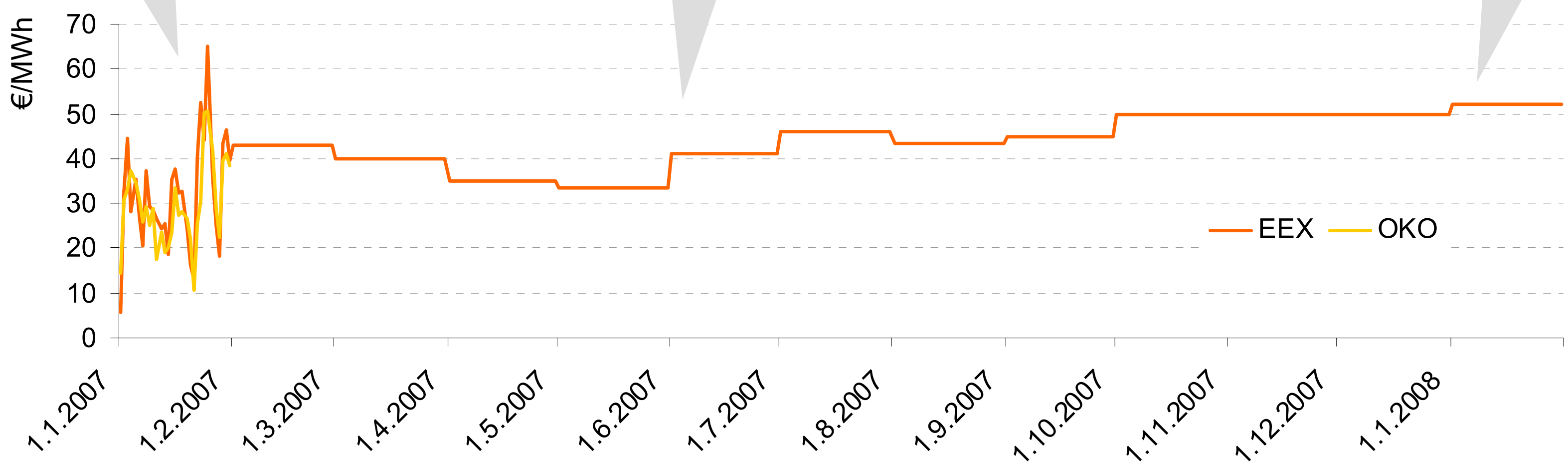


CURRENT DEVELOPMENT OF THE SHORT TERM MARKET IS IMPACTED BY WARM WEATHER AND LOW PRICE OF CO_2 (2007)

Prices in the short term market are low
- **January was 6.1ºC above normalized temperature, 9.5ºC above last January**
- **Enough wind generation**
- **Low CO_2 price (currently < 2 €/t)**

It can be expected that if current trends continue hydro generation will be low in the spring and in case of a warm summer prices will return to higher levels.

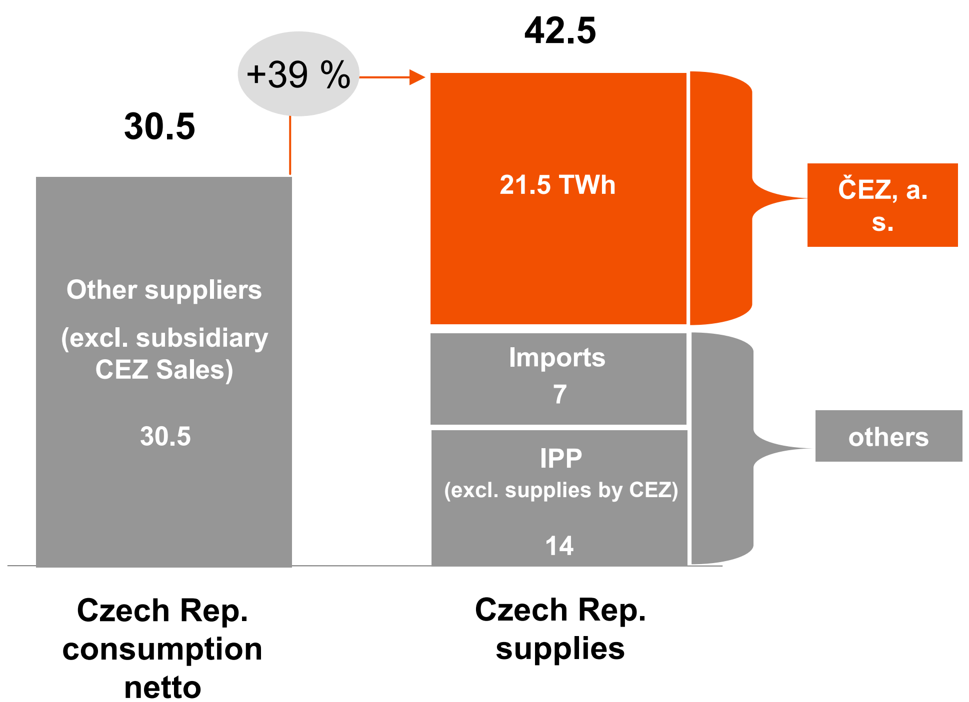
2008 prices in Central Europe range around 52 €/MWh on price of CO_2 at 15 €/t. Market awaiting results of NAP II allocation.



Source: CEZ, EEX

CEZ POWER AUCTIONS EXPANDED OFFER FOR SUPPLIERS TO END CUSTOMER IN THE CZECH REPUBLIC, SALES ON ENERGY EXCHANGE TO DOMINATE IN 2008

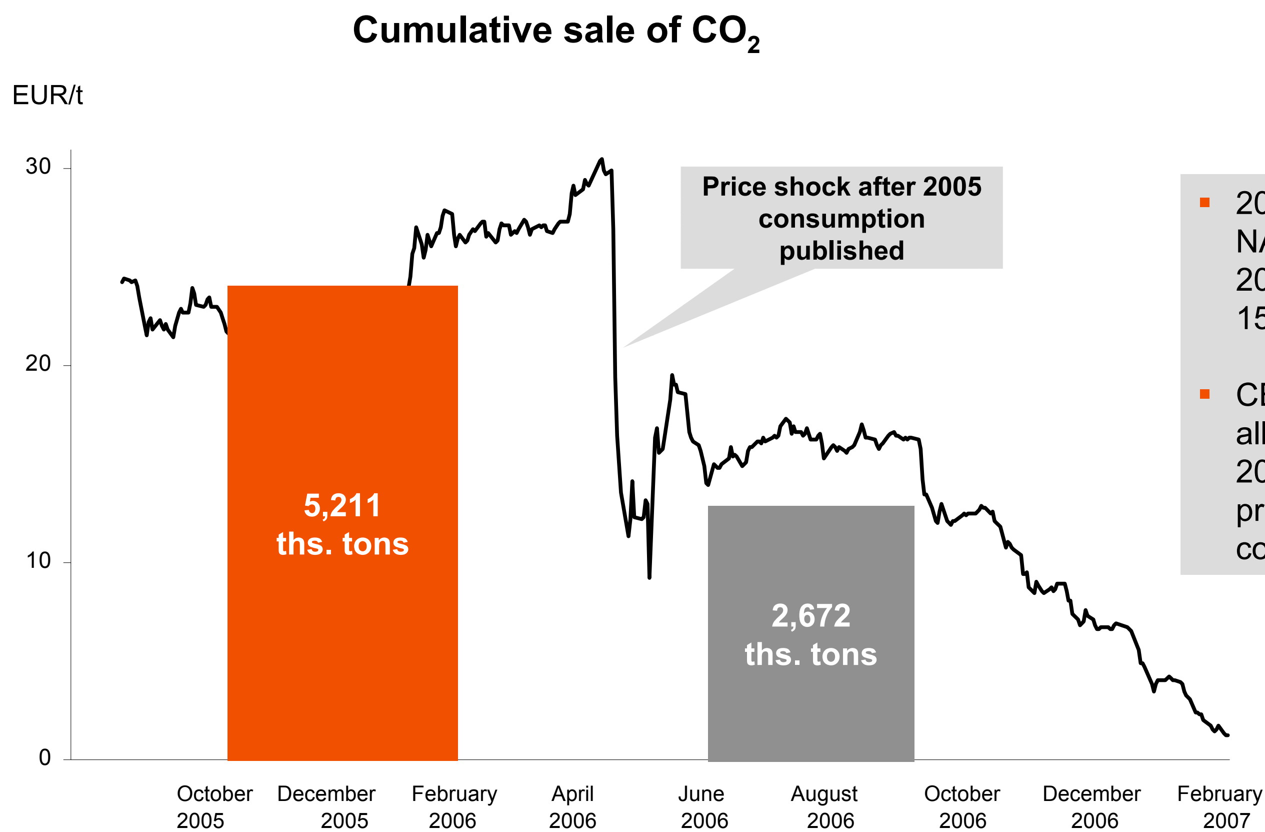
Expected saturation of Czech demand in 2007 (TWh)



- 2008 sales – further strengthening of market principles – besides auctions by independent auction office there will be exchange platform (Prague Energy Exchange).
- CEZ is ready to support the energy exchange project and act as a market maker.
- We expect continuous liquidity growth and market standardization in the region (standardization of products, definitive cancellation of long term transit contracts, starting intraday trading on the borders).
- We assume broader acceptance of EFET framework agreements, which are standard in European power trading.

Source: ERO, CEZ

CEZ HEDGED ITS CO_2 POSITION BEFORE THE PRICE COLLAPSE



- 2008 prices depend on NAPII allocation (2008-2012) – currently trading at 15 EUR/t
- CEZ, a. s. sold all excess allowances from 2006 and 2007 (based on planned production) before the price collapse

NEW EU ENERGY POLICY – PROPOSAL OF NEW MEASURES (1/2)

Proposals of the Commission

- **Ownership unbundling** of transmission and distribution or instituting **Independent System Operator**
- **Cooperation strengthening of national regulatory offices – ERGEG+, new institution** or **competence to EC**
- **New transparency rules**

Position of CEZ Group

- Effective **application of existing laws** sufficient, support of independent system operators
- **Review powers for European Commission** similar to antitrust laws
- **Adherence to transparency principles** by all market participants with no exceptions, providing **information ex-post**

NEW EU ENERGY POLICY – PROPOSAL OF NEW MEASURES (2/2)

Priority interconnection plan	**Necessity of new investments** into infrastructures and connectivity of EU market
European Customer Charter	**Improve availability of information** for customers
Correspondent network for questions on energy security	Security of supply – **priority**
20% share of renewables in the energy mix	**Setting achievable national targets** – share of all CO_2 free technologies
Use of coal capacity	Emphasis on **CO_2 sequestration and storing** since 2020
High level group on nuclear security	Support of **objective discussion**, participation **of all EU members** required
Energy observatory	New institutions only once their **competence is precisely defined**