

CEZ Group
Debt Investor Presentation

November 2006



SUMMARY

- 1) CEZ overview and credit rating ratios**
- 2) CEZ Financials**
- 3) CEZ Strategy**



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CEZ GROUP IS A MAJOR PLAYER IN CENTRAL EUROPE

- Asset positions
- Target markets
- Trading office

CEZ Group in Poland

(75% share in Skawina, 89% in Elcho)

electricity sales (TWh)	3.6
market share	2.4%
installed capacity (MW)	830
market share	2.3%
number of employees	776
sales (EUR million)	194

CEZ Group in Romania

(51% share in EDC Oltenia)

electricity sales (TWh)	4.1
number of customers (million)	1.36
market share	17%
installed capacity (MW)	0
number of employees	2,969
sales (EUR million)	368

CEZ Group in the Czech Republic

electricity sales (TWh)	61.2
number of customers (million)	3.44
market share	62%
installed capacity (MW)	12,298
market share (MWh)	72%
number of employees	22,241
sales (EUR million)	3,815

CEZ Group in Bulgaria

(67% shares in 3 EDCs, 100% in TPP Varna)

electricity sales (TWh)*	7.9+2.7
market share	41%+6%
number of customers (million)	1.9
market share	42%
installed capacity (MW)	1,260
number of employees	4,693+900
sales (EUR million)*	409+73

* Last figure relates to TPP Varna

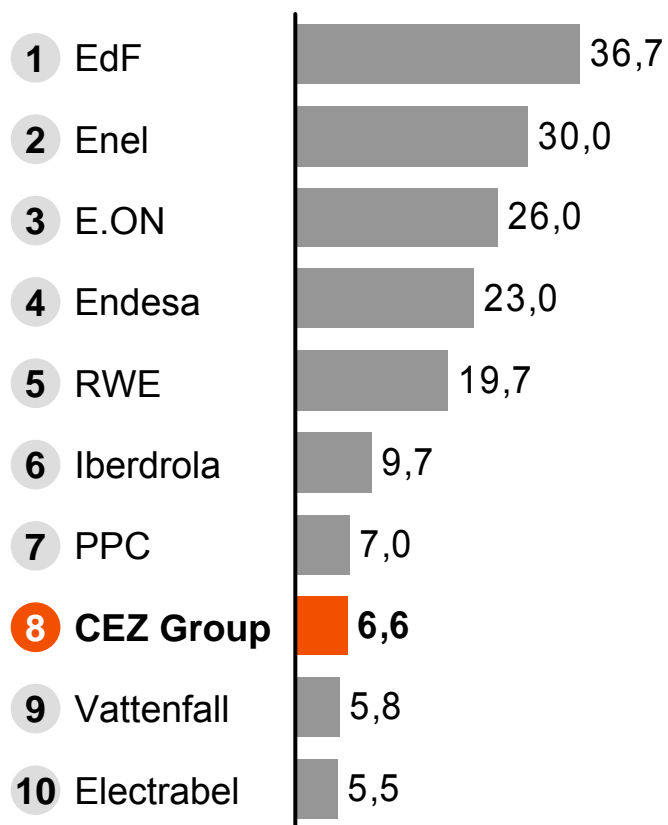
Note: Exchange rate CZK/EUR = 29.0, CZK/PLN = 7.5



CEZ HAS BECOME A MAJOR PLAYER IN EUROPE

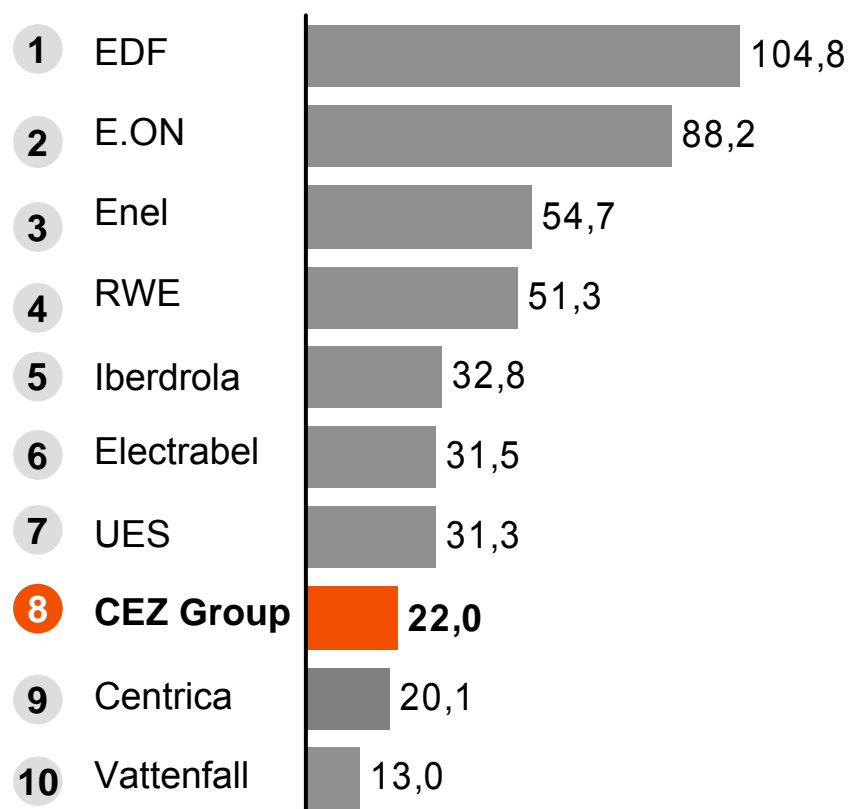
Top 10 European power utilities

Number of customers in Europe, million



Top 10 European power utilities

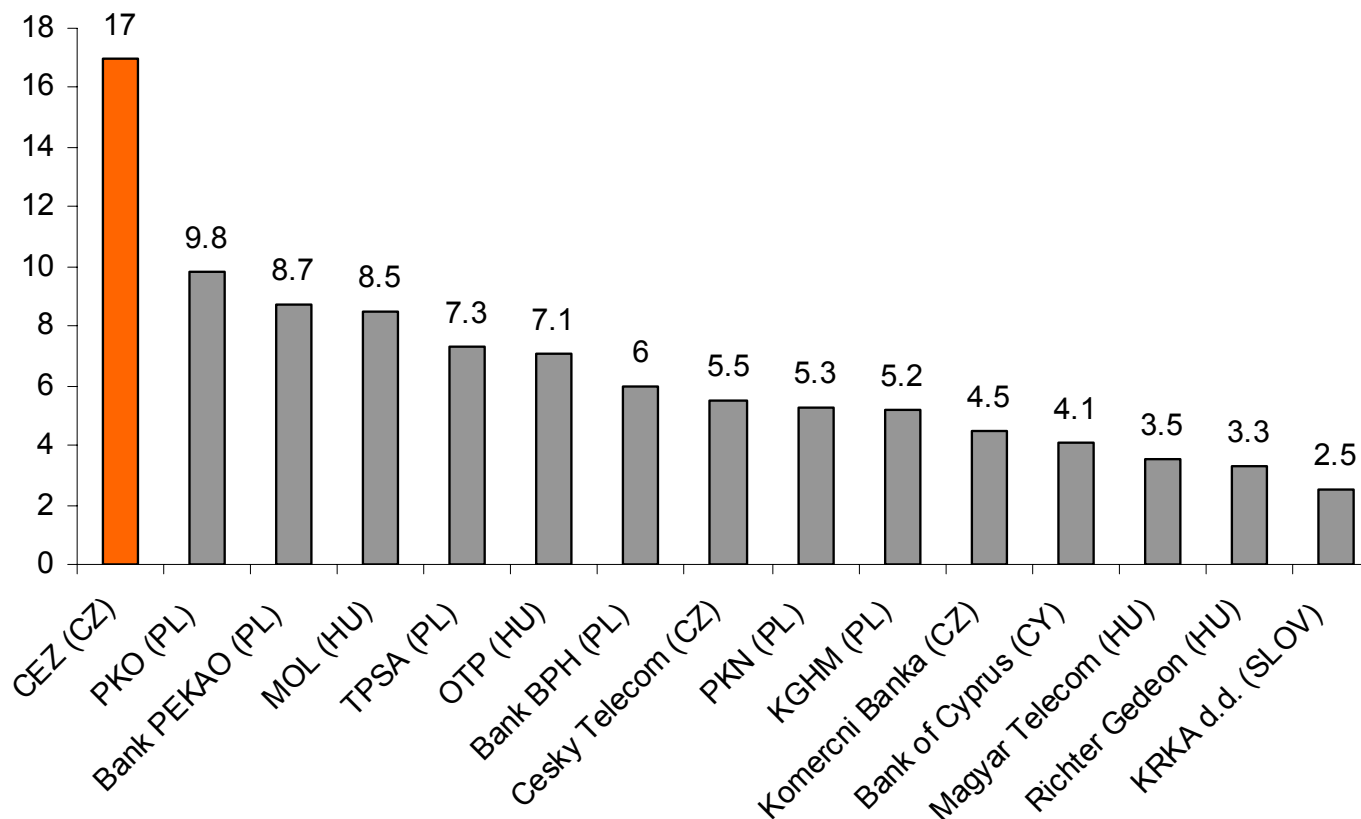
Market capitalization, USD bn, as of August 24, 2006





CEZ IS THE BIGGEST COMPANY AMONG THE NEW EU MEMBER STATES

Market capitalization of top 15 companies among the new EU member states*
EUR billion

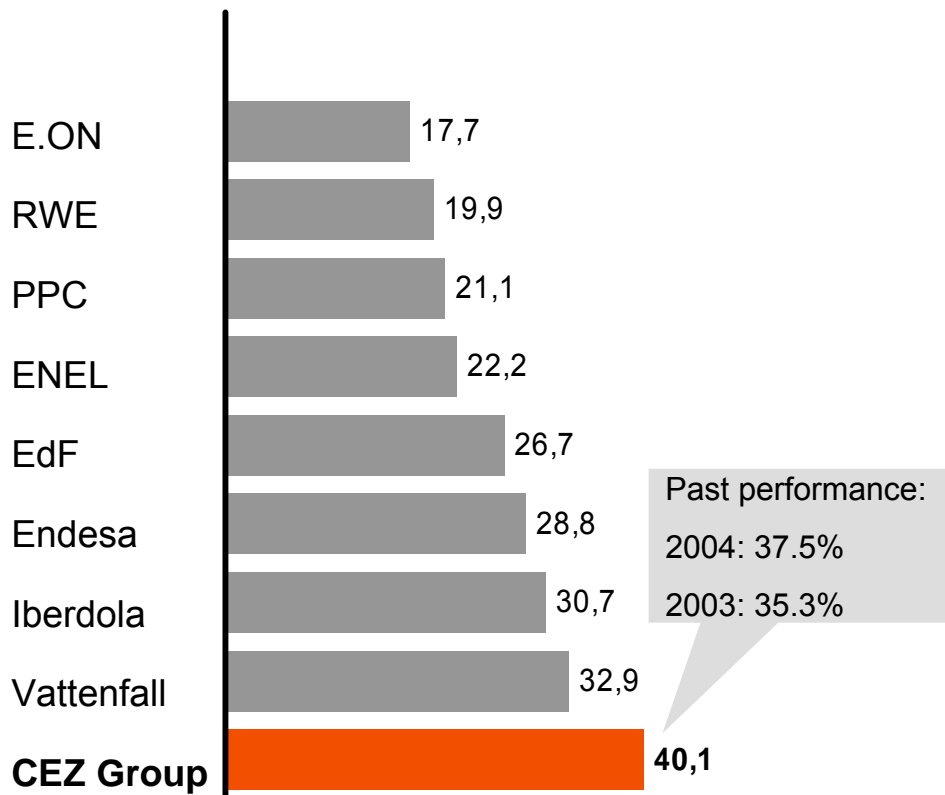


* As of September 18th, 2006; Source: Bloomberg



CEZ GROUP IS ONE OF THE MOST PROFITABLE UTILITIES IN EUROPE AND WILL REMAIN SO

EBITDA margin, 2005
Percent



CEZ Group's outstanding performance is driven by a generation portfolio which has potential for further improvements:

■ **Coal Supply**

- long term framework agreement until 2050 for >90% of consumption
- vary with electricity prices and inflation
- volume secured for both current and new/refurbished plants

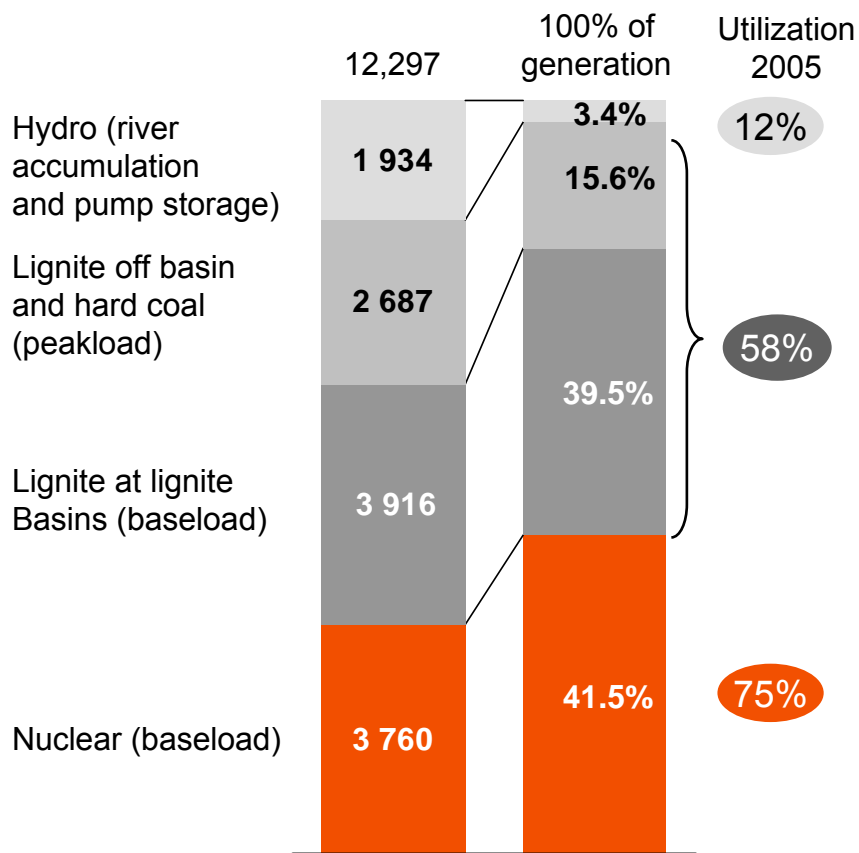
■ **Nuclear**

- operations approved until 2027 (Dukovany) and 2042 (Temelin)
- further extension technically feasible and likely to be granted
- Increased capacity of Dukovany (~5% or 80 MW) and Temelin (~5% or 100 MW) after turbine rotor upgrades

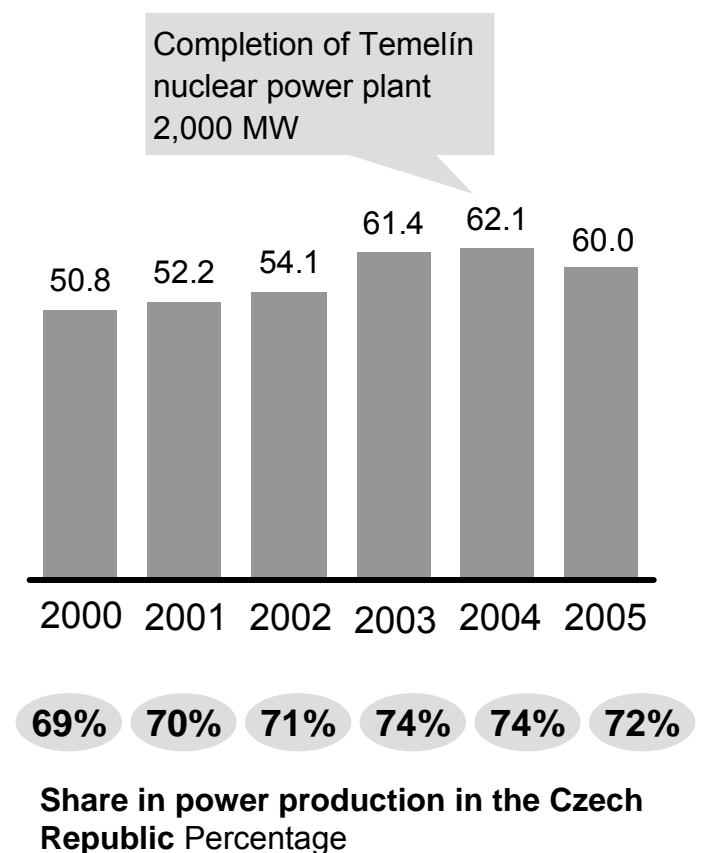


CEZ GROUP HAS A VERY ATTRACTIVE LOW COST GENERATION FLEET AND SECURED LOW FUEL COSTS

CEZ Group generation capacity (2005)
MW



Annual production of CEZ Group
TWh





CEZ IS A DOMINANT PLAYER IN ALL SECTORS OF THE CZECH ELECTRICITY MARKET

	Lignite mining	Generation	Transmission	Distribution	Supply
CEZ	45% 22 million tons	72% 60.0 TWh	100% 62 TWh	5 out of 8 distribution companies 62% of customers	56% 31.0 TWh
Others	55% 27 million tons	28% 22.6 TWh		38% of customers	44% 25.0 TWh

- CEZ owns the largest Czech mining company (SD)
- the 3 remaining coal mining companies are privately owned

- other competitors – individual IPPs

- the Czech transmission grid is owned and operated by CEPS, which is owned by the Czech state



- other competitors – E.ON, RWE/EnBW



CEZ'S RATING COMPARED TO ITS COMPETITORS

Ratings Moody's	Aa1						
	Aa2						
	Aa3						
	A1						
	A2						
	A3						
	Baa1						
		BBB+	A-	A	A+	AA-	AA
	Ratings S&P						

■ S&P (A-, credit outlook „stable“)

- Standard & Poors upgraded CEZ's credit rating to A- on October 2, 2006 due to its strong financial performance and strong financial profile.

- Standard & Poors expects the rating should withstand a degree of increased business risk and debt resulting from CEZ's expansion strategy.

- Further rating improvement would require CEZ to maintain strong financial performance and establish a track record of successful integration of international acquisitions.

■ Moody's (A2, credit outlook „stable“)

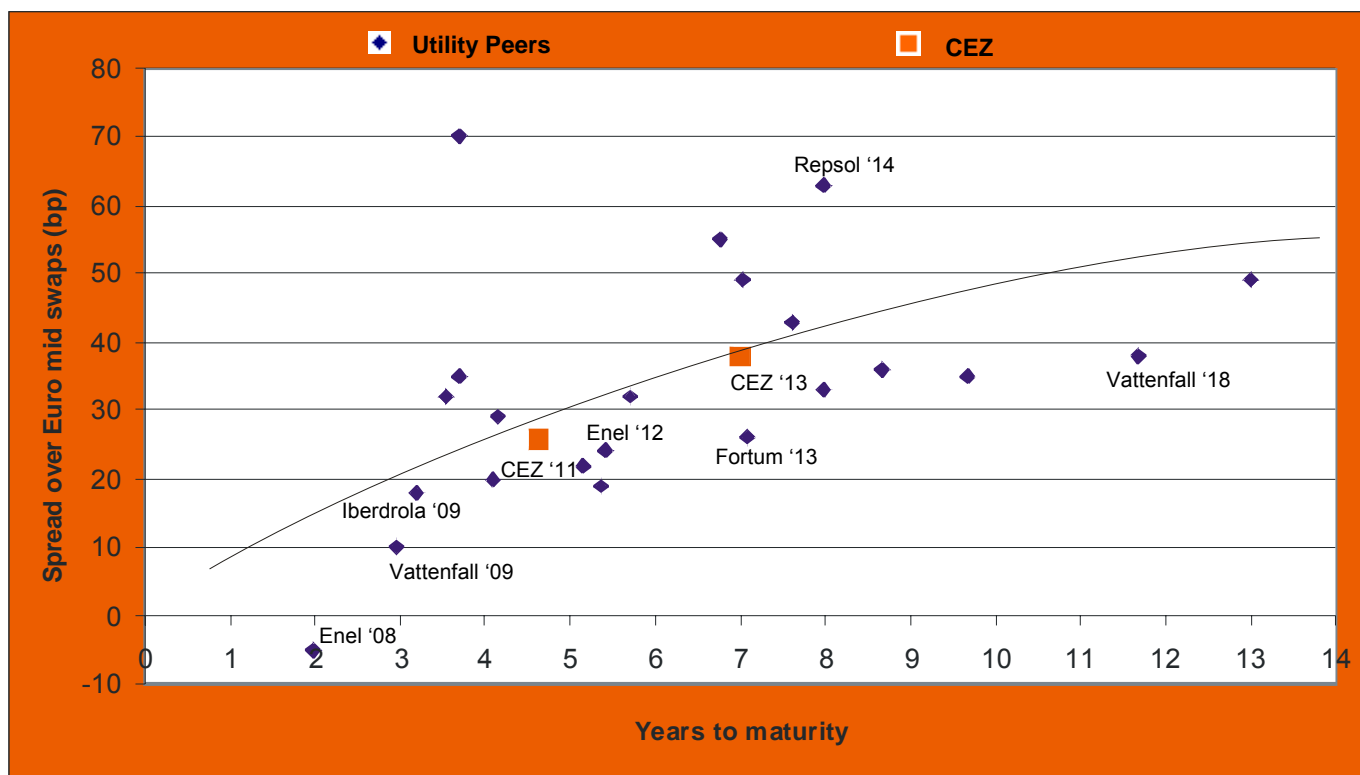
- Moody's has placed A2 credit rating of CEZ with stable outlook which reflects its strong operational cash flow and the expectation that it will remain the leading electric utility in Czech Republic

- Despite strong financial metrics, no upward movement in the rating is expected in the intermediate term due to the given high event risk associated with the ambitious M&A strategy

- „Moody's medium support assumption will not be impacted by a potential reduction in state ownership, as long as CEZ remains at least 51% owned by the Czech Ministry of Finance and the owner supports CEZ's international expansion strategy.“



CEZ AND PEER GROUP SECONDARY TRADING SPREADS ON BOND ISSUES

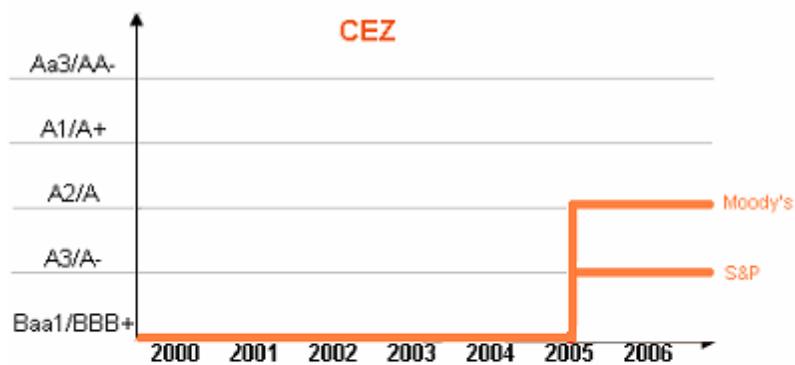


CEZ's recent Eurobond issue (EUR 500 mil., 7 years) met with strong investor demand, attracting nearly 2.1 billion euros of orders from 125 investors

The strong investor demand allowed CEZ to sell the issue at a tighter spread than the initial guidance (41 bps vs 45 bps over mid swaps)



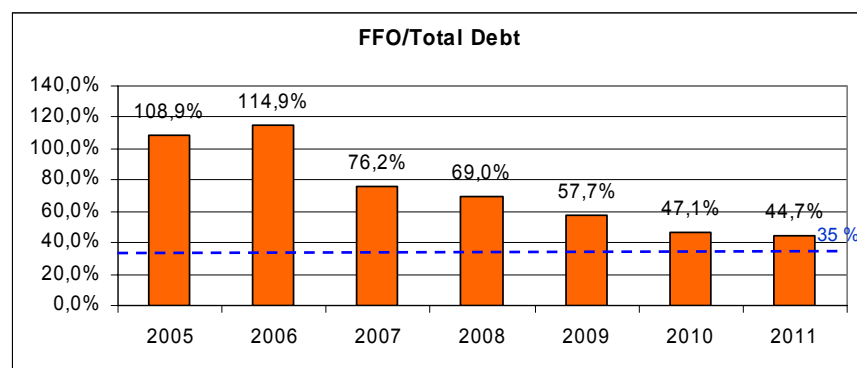
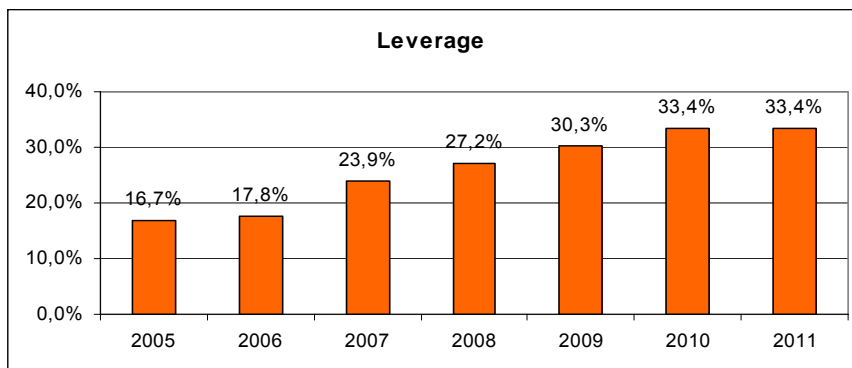
STRONG CREDIT RATINGS



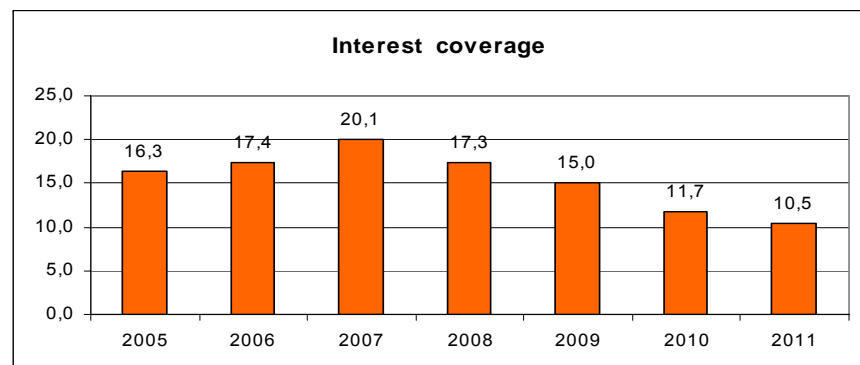
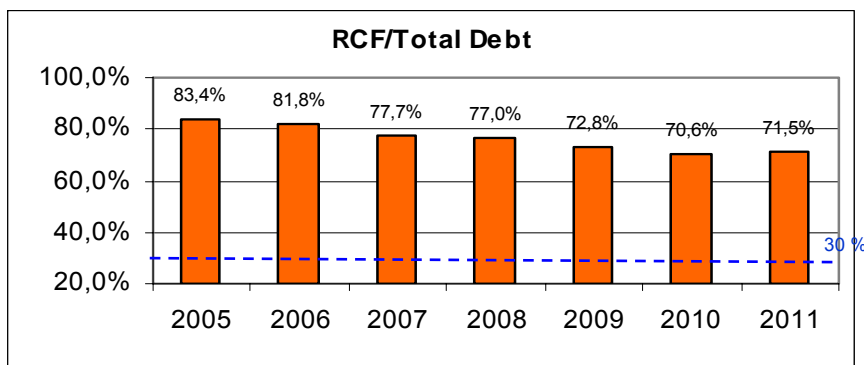


CAPITAL STRUCTURE ANALYSIS

Despite growing indebtedness CEZ will stay above targeted ratios



- CEZ plans to increase its leverage



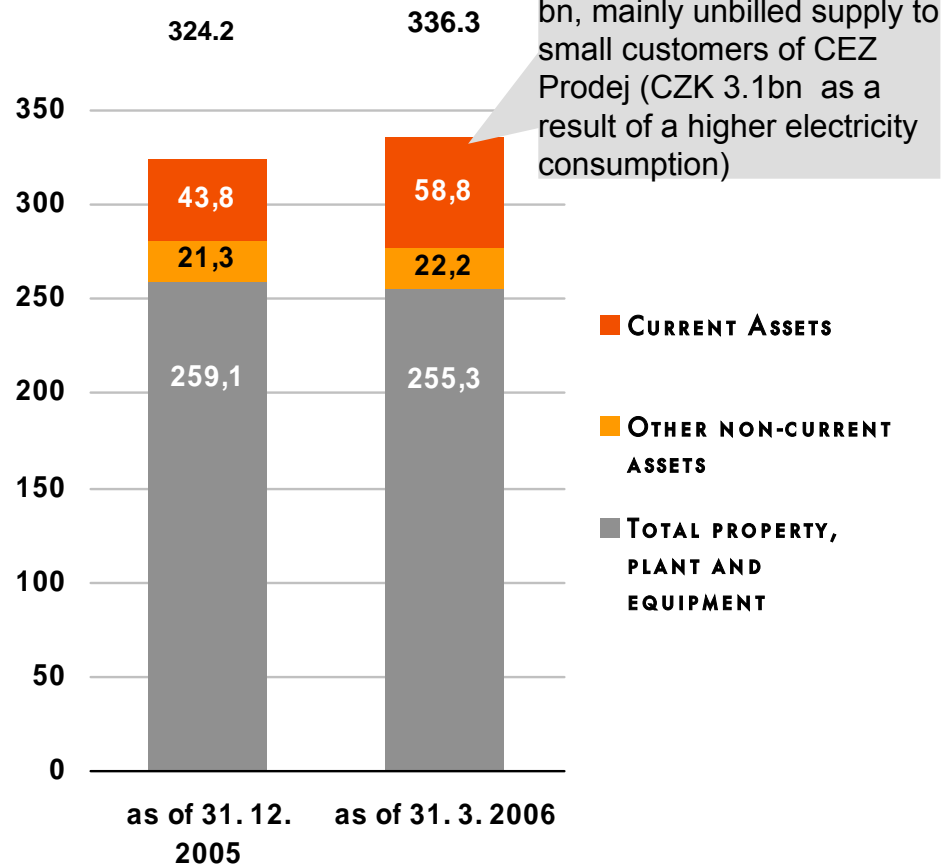


- 1) CEZ overview and business profile
- 2) **CEZ Financials**
- 3) CEZ Strategy

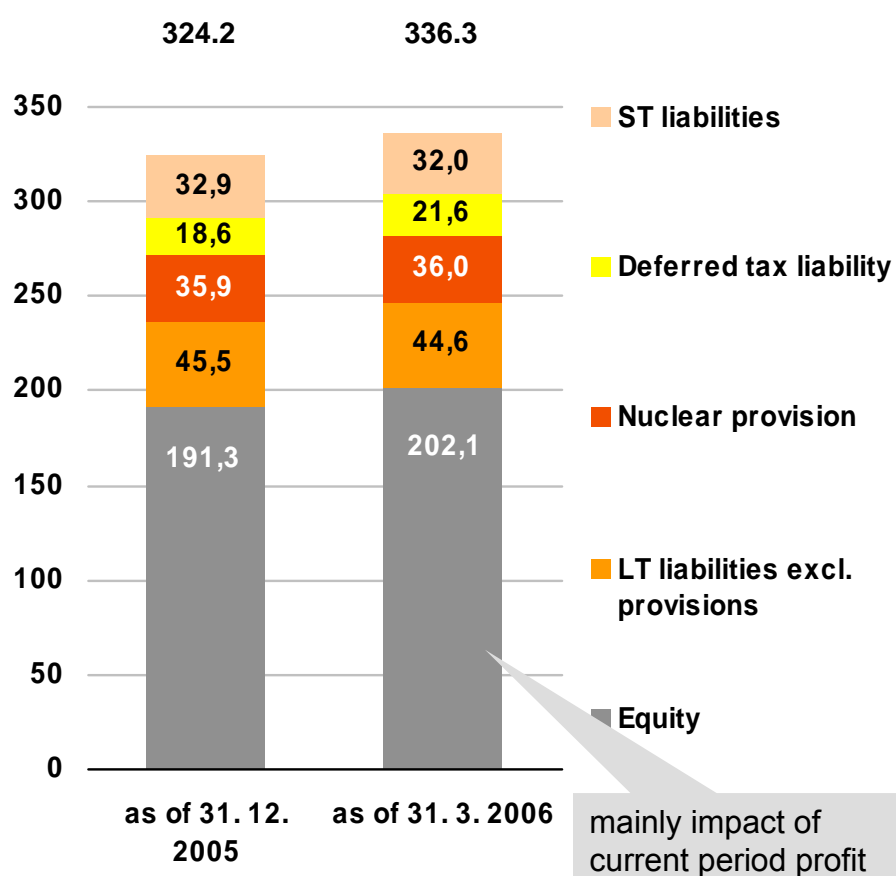


CEZ GROUP HAS A HEALTHY BALANCE SHEET

ASSETS CZK bn



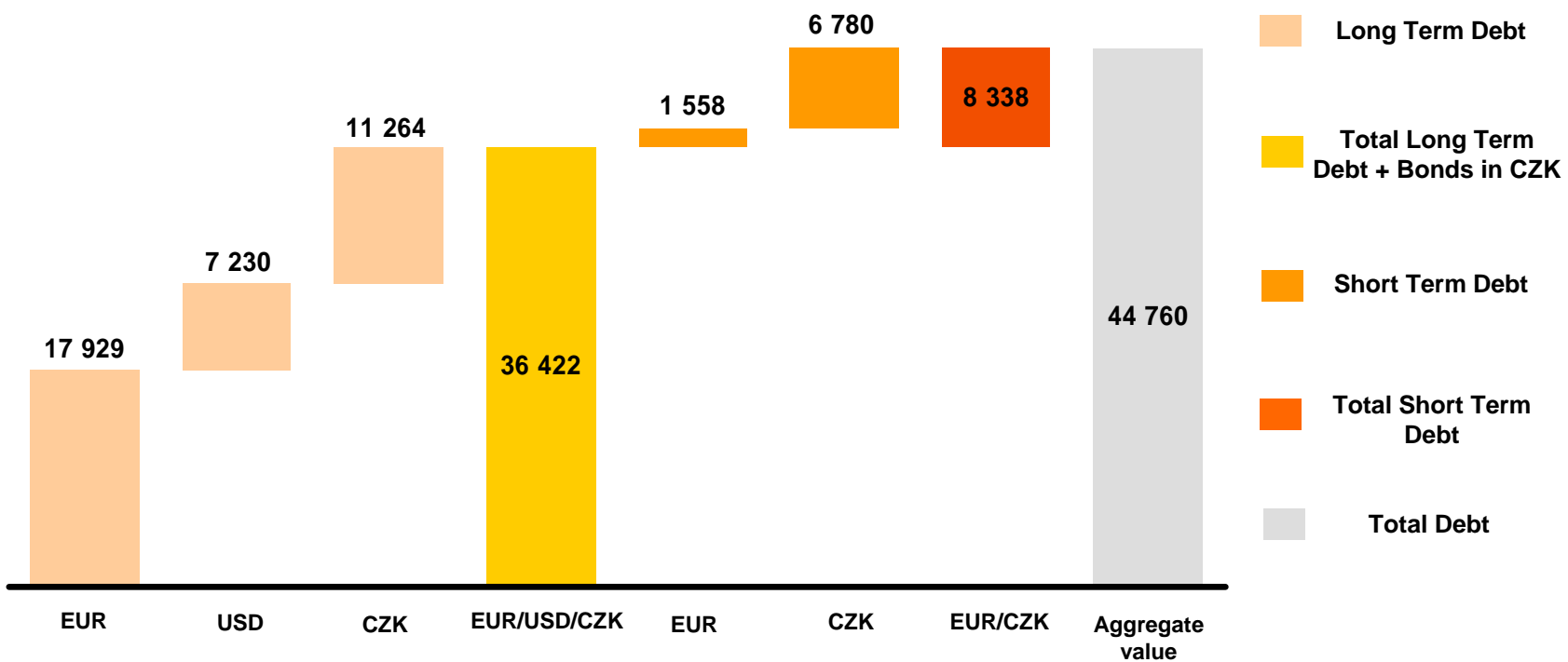
LIABILITIES CZK bn





CEZ GROUP'S DEBT STRUCTURE

DEBT
CZK mil.



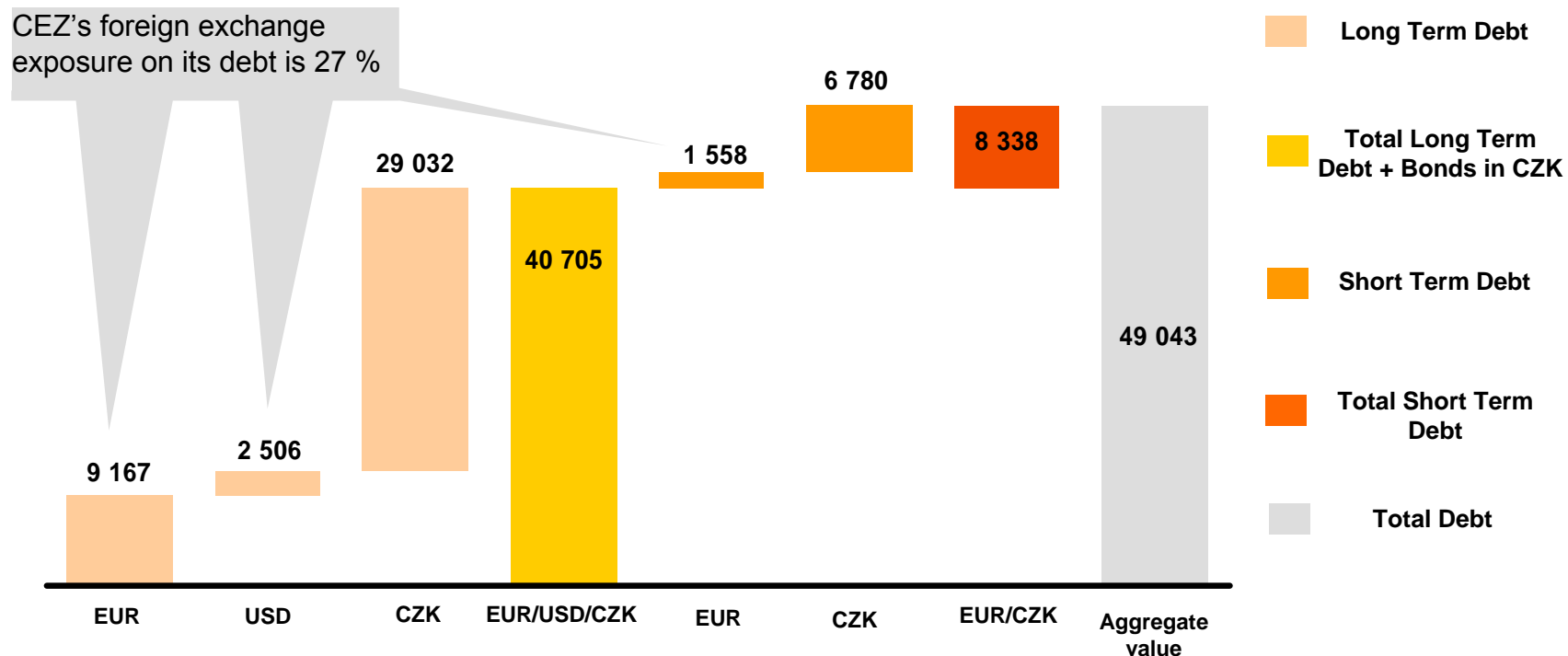
* assuming CZK/EUR 28.495, CZK/USD 22.413



CEZ GROUP'S DEBT STRUCTURE AFTER HEDGING

DEBT
CZK mil.

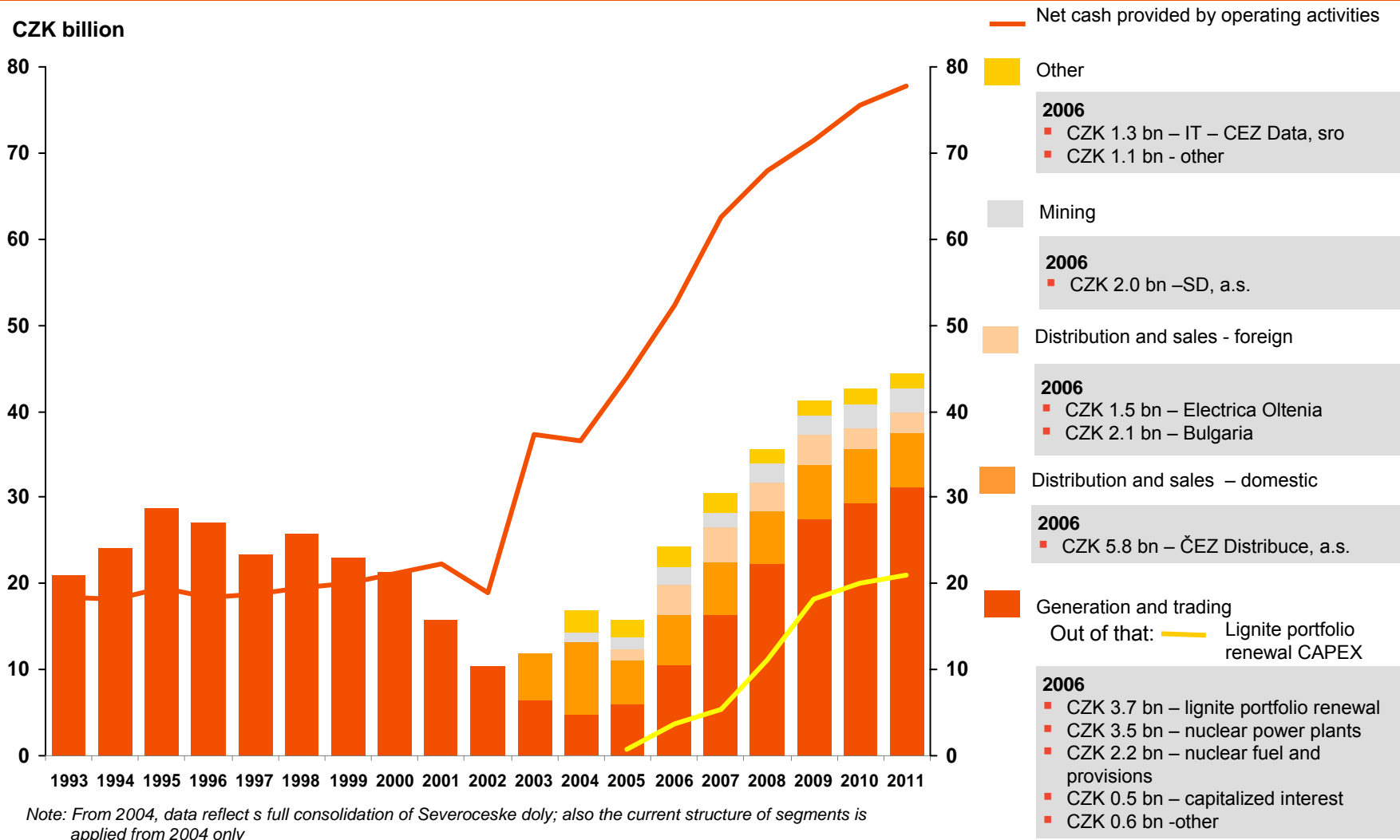
CEZ's foreign exchange exposure on its debt is 27 %



* assuming CZK/EUR 28.495, CZK/USD 22.413



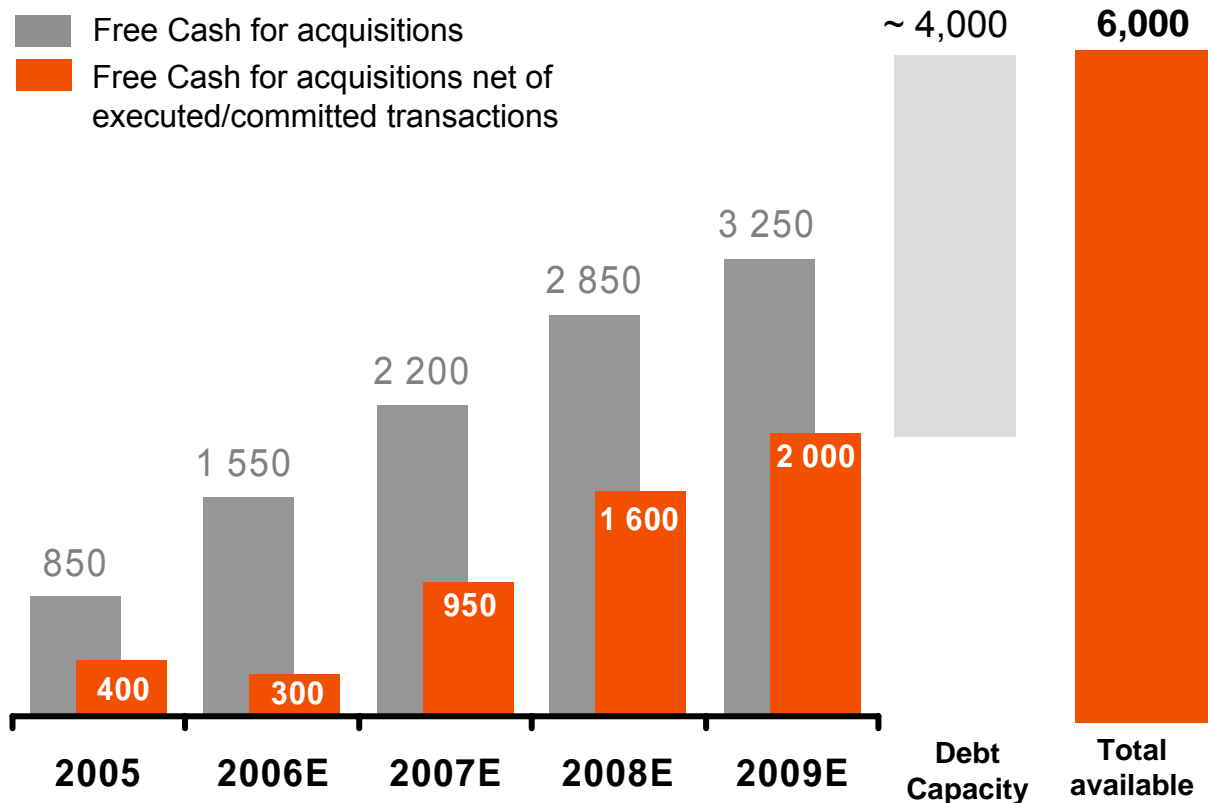
CEZ GROUP GENERATES LARGE OPERATING CASH-FLOW IN EXCESS OF INVESTMENT NEEDS





CEZ GROUP HAS VERY STRONG FREE CASH-FLOW - COMBINED WITH ADDITIONAL BORROWING CAPACITY WHICH CAN BE USED TO FINANCE INTERNATIONAL GROWTH BY UP TO EUR 6.0 BILLIONS

Free cash flow of CEZ Group (cumulative) EUR million

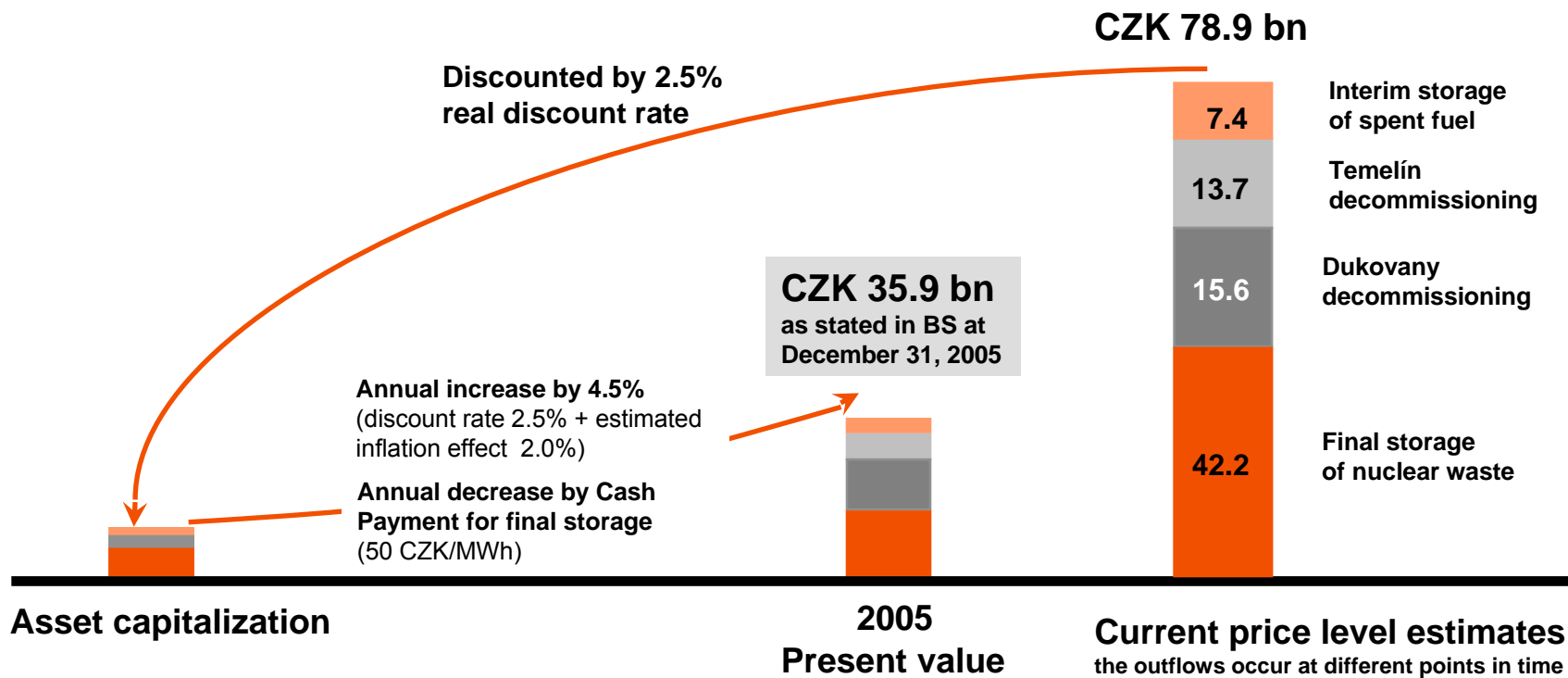


CEZ Group can finance foreign acquisitions in the next 3-5 years from free cash flow up to EUR 6 billion (under assumption of 2.5 x higher EBITDA) without impacting

- dividend payments (40% - 50% pay out ratio)
- budgeted CAPEX



NUCLEAR PROVISIONS

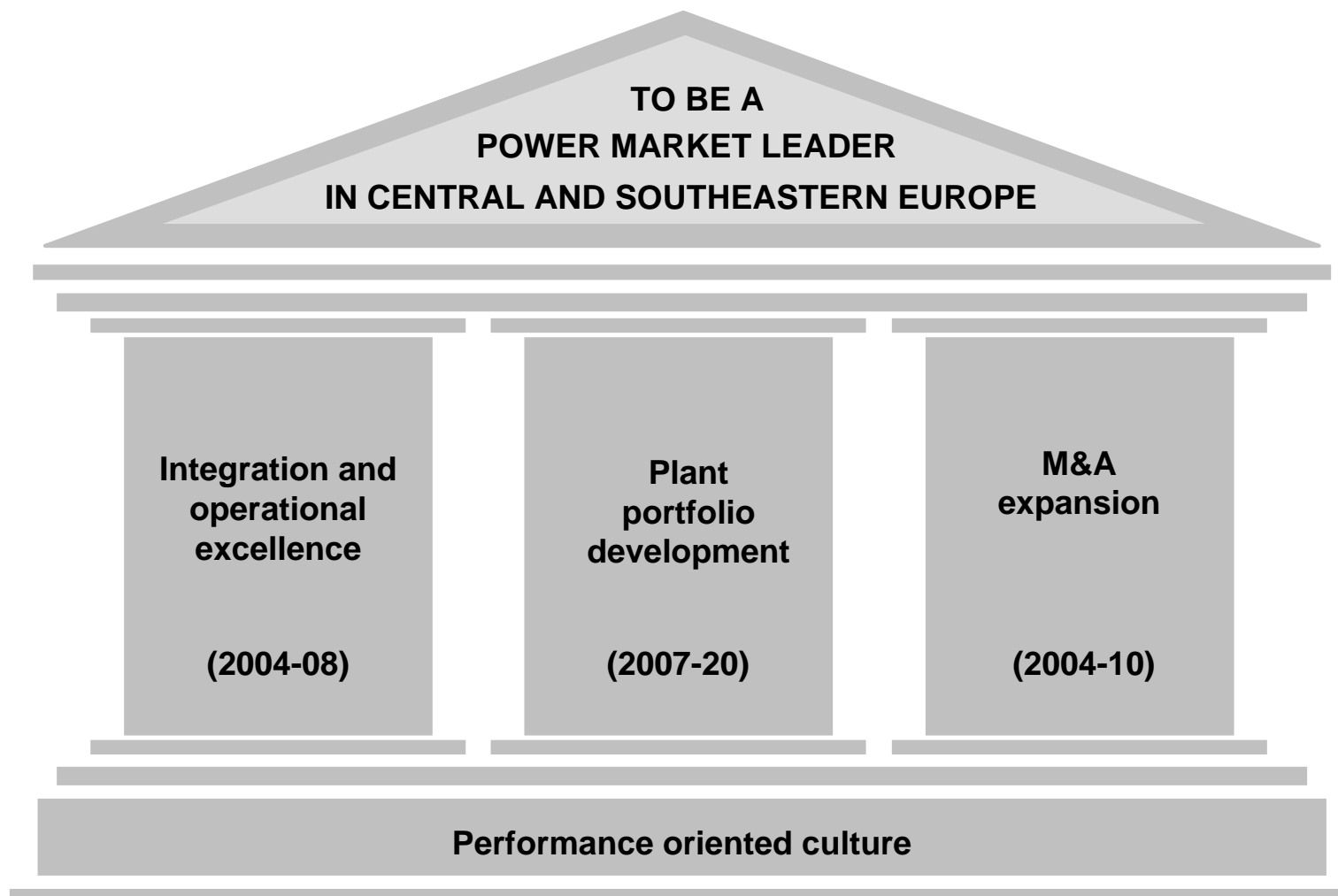




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- 3) **CEZ Strategy**

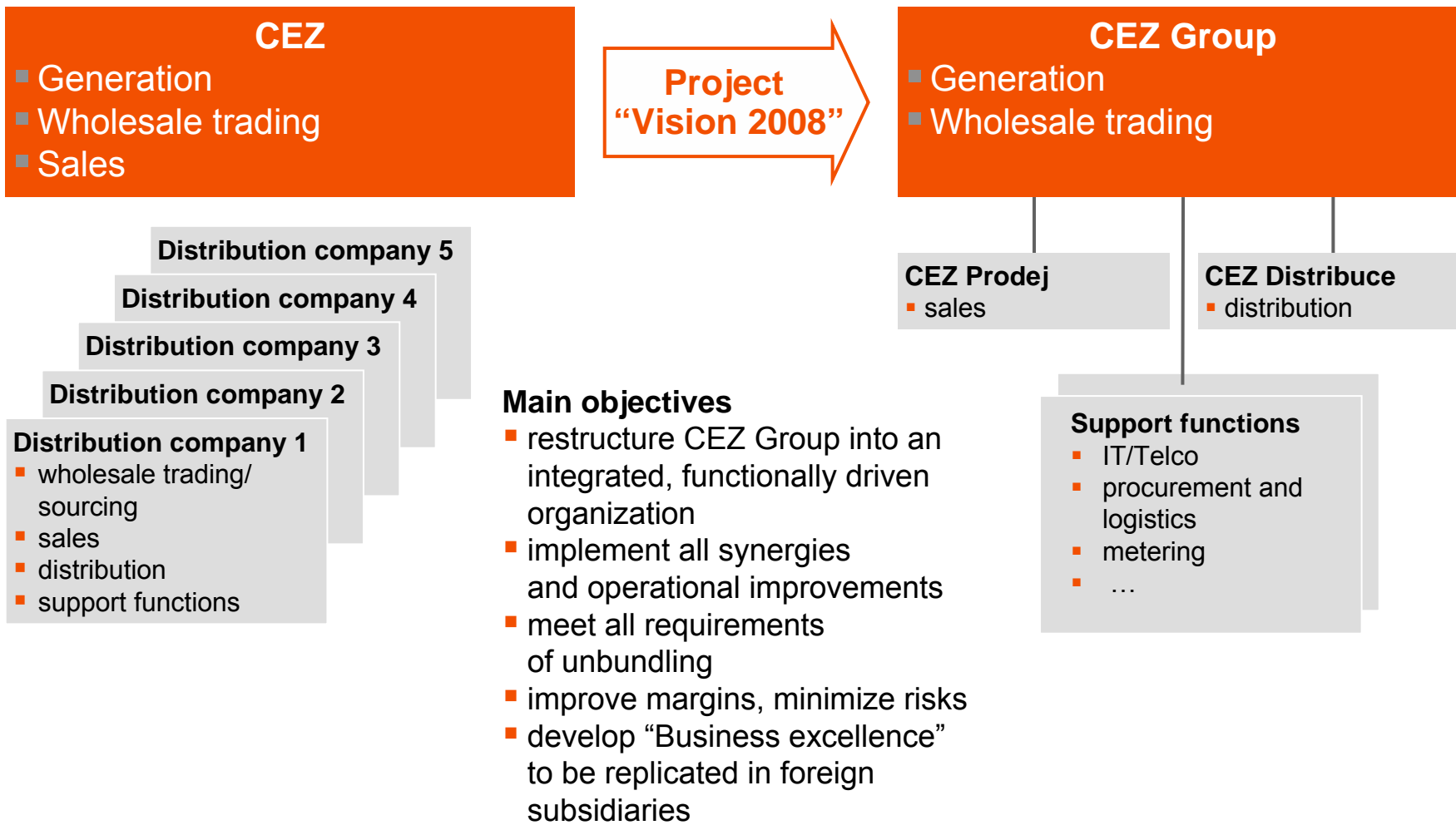


TO ACHIEVE IT'S VISION CEZ GROUP HAS LAUNCHED FOUR KEY STRATEGIC INITIATIVES





WITHIN THE PROJECT “VISION 2008” CEZ GROUP WILL REORGANIZE ITSELF INTO A TRANSPARENT HOLDING STRUCTURE ...

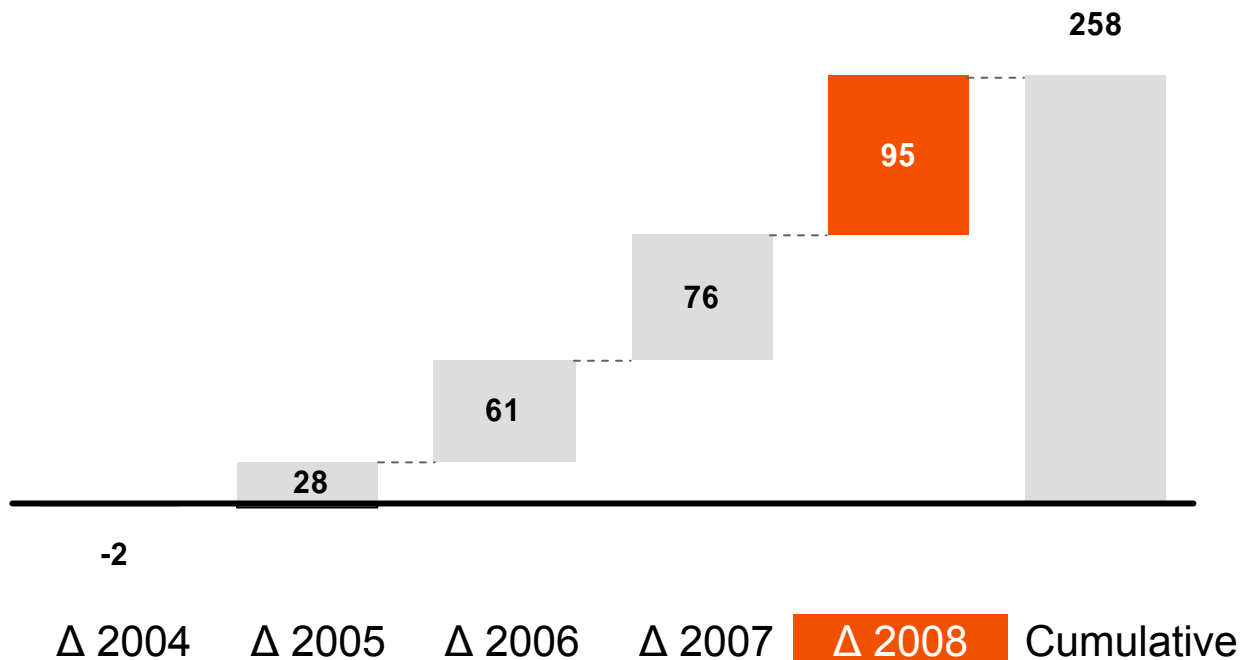




... AND ACHIEVE ALMOST EUR 100 MILLION IN ANNUAL SAVINGS



Gross costs saving* in 2004-08 EUR million



total annual cost savings related to the “Vision 2008” project are to reach CZK 2.9 bn by 2008, i.e. ~10% of 2004 operating costs in the supply and distribution segment (excluding purchased electricity)

Key contributions

- processes unification
- best practice
- headcount reduction
- centralized procurement

* Costs savings compared to 2003



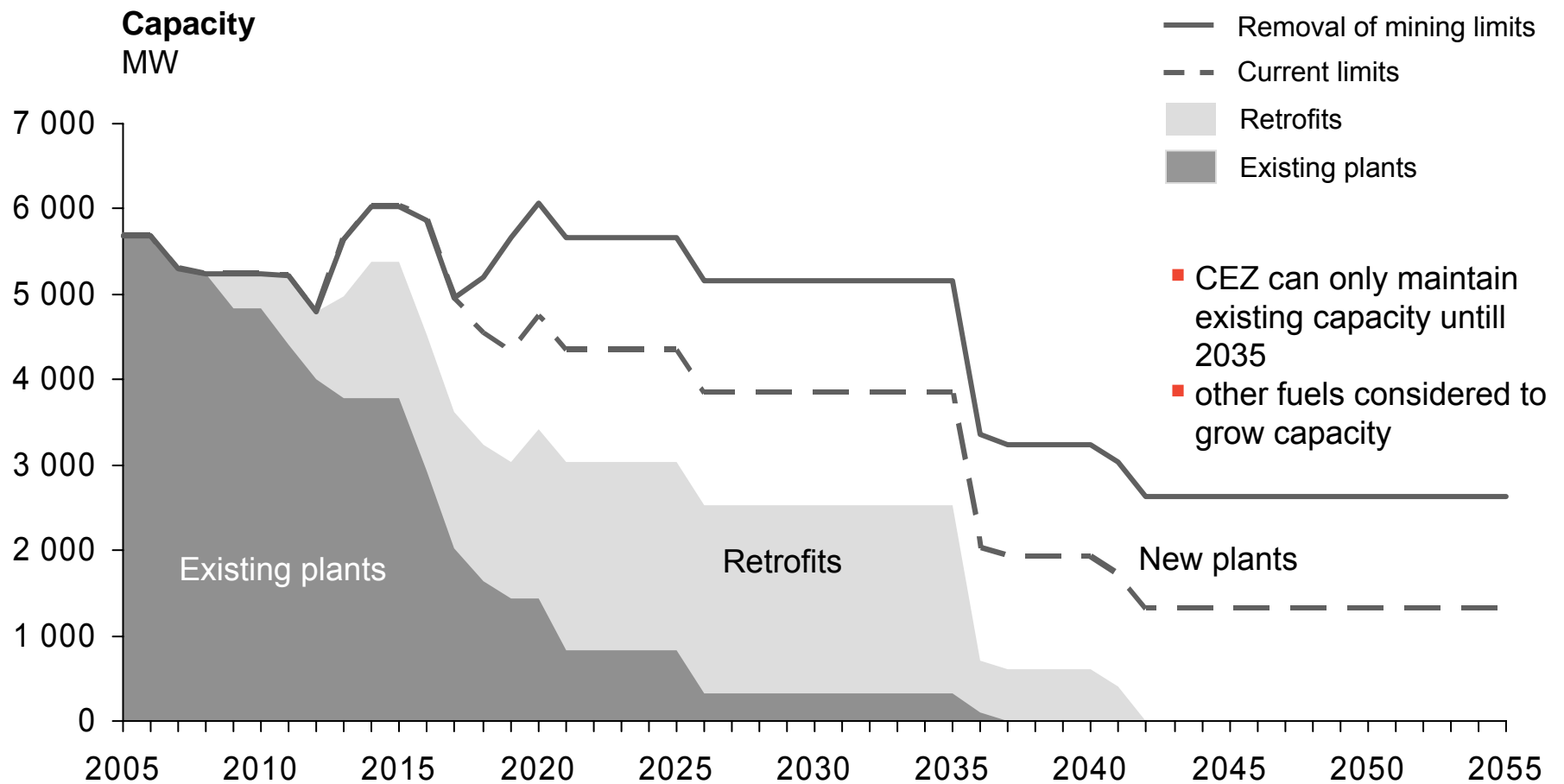
CEZ INTENDS TO BUILD ITS FUTURE PLANT FLEET MAINLY AROUND MODERN TECHNOLOGY LIGNITE PLANTS



	Coal	Nuclear	Gas	Renewables
Environmental impact	<ul style="list-style-type: none">▪ acceptable emissions if modern technology adopted	<ul style="list-style-type: none">▪ no emissions▪ nuclear risk	<ul style="list-style-type: none">▪ low emissions	<ul style="list-style-type: none">▪ limited/no emissions▪ no resources depletion
Competitive advantages	<ul style="list-style-type: none">▪ low cost of domestic lignite	<ul style="list-style-type: none">▪ politically acceptable in Czech Republic	<ul style="list-style-type: none">▪ flexibility, relatively low investment cost	<ul style="list-style-type: none">▪ public support
Risks/constraints	<ul style="list-style-type: none">▪ lignite availability▪ CO₂ regulation/price	<ul style="list-style-type: none">▪ high up-front investment	<ul style="list-style-type: none">▪ high/volatile gas price	<ul style="list-style-type: none">▪ subsidy scheme not stable
	<p>▼</p> <ul style="list-style-type: none">▪ Cornerstone of the future CEZ plant fleet	<p>▼</p> <ul style="list-style-type: none">▪ Complement to lignite for baseload generation	<p>▼</p> <ul style="list-style-type: none">▪ Potentially source of flexible power	<p>▼</p> <ul style="list-style-type: none">▪ Complementary role (e.g. combined combustion of coal and biomass)



CEZ HAS FINALIZED PLANS FOR LIGNITE PLANTS RENEWAL AND IS DEVELOPING STRATEGY TO EXPAND ITS CAPACITY IN OTHER FUELS

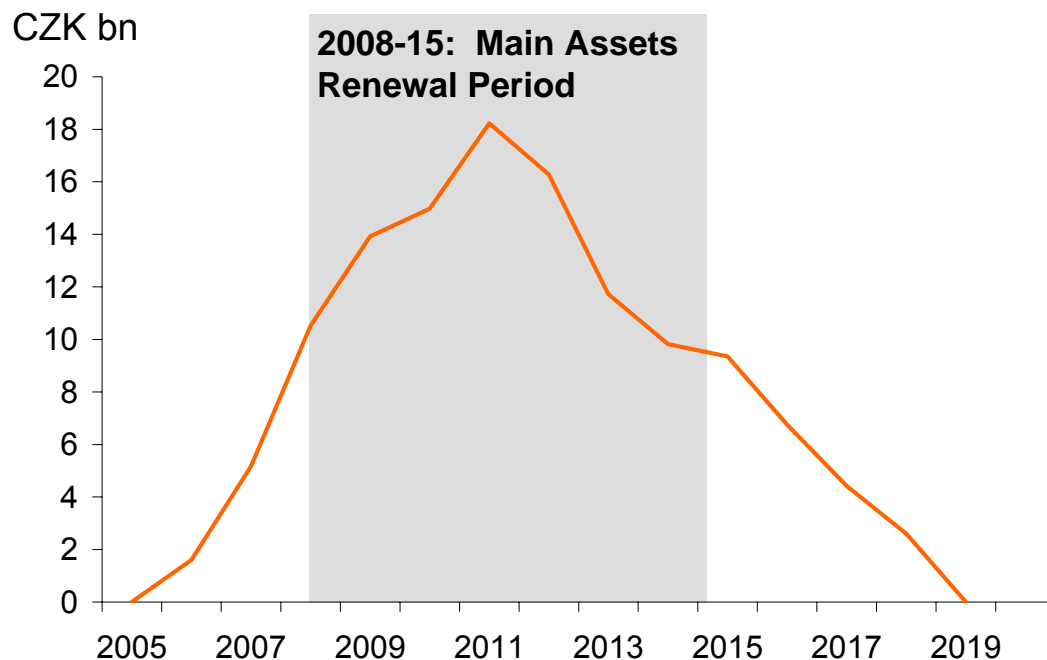




CAPEX FOR LIGNITE PLANTS RENEWAL WILL REACH CZK 125BN* AND BRING 14-25% EFFICIENCY UPLIFT



Expected CAPEX – conservative scenario



* Estimate, inflation adjusted

Project overview

- Highly efficient and environmentally friendly
- Highly profitable
- Secured fuel – low risk

Retrofits

- Gross efficiency improvement from 36% to 41%
- Less CO₂ production
 - Tušimice II 4 x 200 MW
 - Prunéřov II 4 x 200 MW
 - Počerady 3 x 200 MW

New units

- Gross efficiency 45%
- Less CO₂ production
 - Počerady 1 x 660 MW
 - Ledvice 1 x 660 MW



CEZ GROUP AIMS TO GROW BOTH IN GENERATION AND DISTRIBUTION/SUPPLY



Realized acquisitions

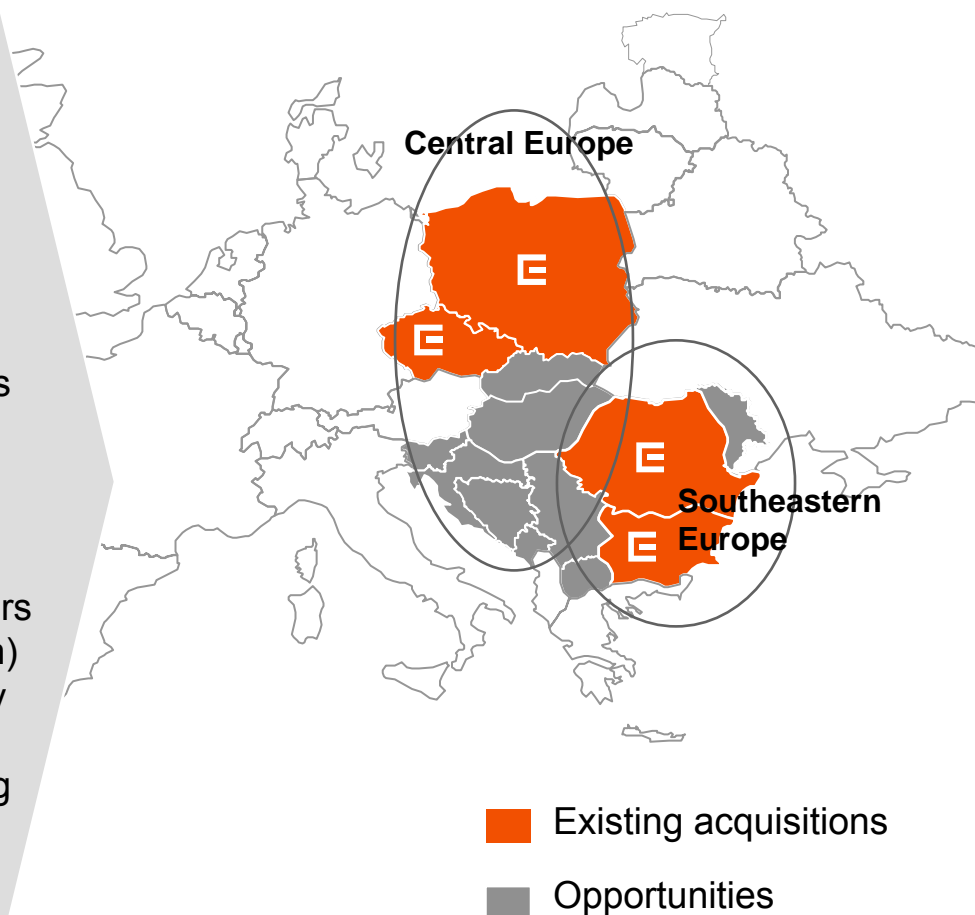
- Bulgaria (distribution) – 1.9 million cust.
- Romania (distribution) – 1.4 million
- Poland (generation) – 810 MW
- Bulgaria (generation) – 1,260 MW

On-going acquisitions

- Ukraine (distribution) – 2.6 million customers -pending

Other opportunities

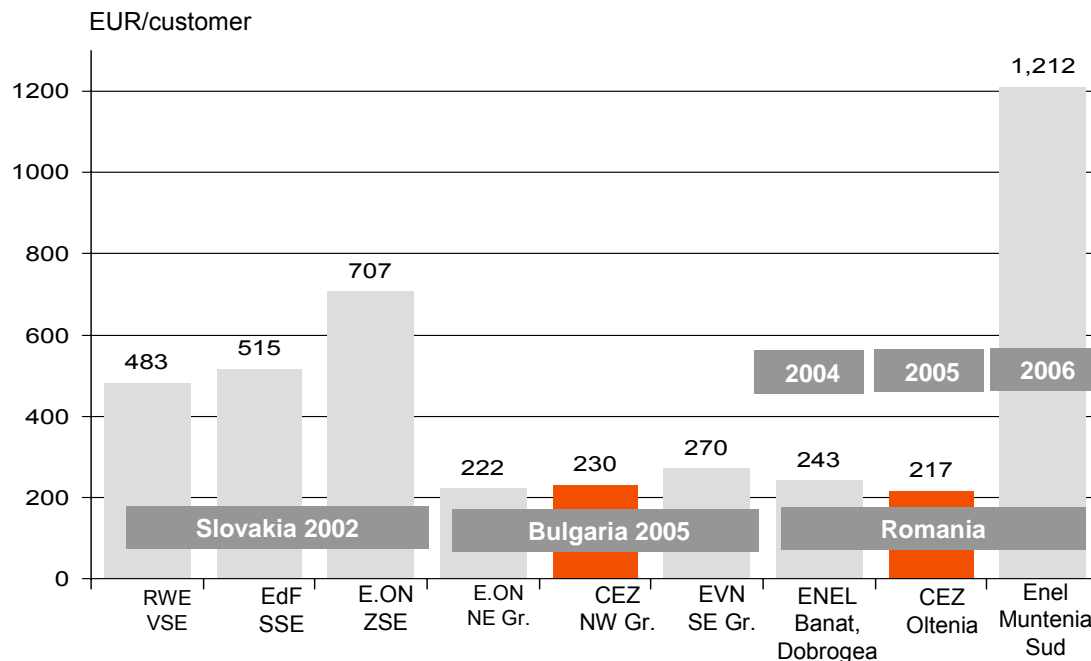
- Romania (generation) – 4,240 MW
- Romania (distribution) – 3.3 million customers
- Rep. Srpska, Bosnia (brown field generation) ~ 660 MW (Gacko only) – pending feasibility studies
- Kosovo (green field generation) – monitoring
- Serbia (brown field generation) – monitoring
- Russia (green field generation) – monitoring





... AND IS BEST POSITIONED TO SUCCEED

Price per customer in privatizations of CEE power distribution companies



- thorough knowledge of the region through close cultural / historical ties and electricity industry transformation experience
- first-hand experience in constantly changing power markets
- foreign assets acquired before Western utilities entered massively the market and purchased market share at a higher price



FIXED INCOME INVESTOR RELATIONS CONTACTS

CEZ, a. s.

Duhova 2/1444
14 053 Praha 4
Czech Republic

www.cez.cz

Jan Hajek

Corporate Finance Department
Fixed Income Investor Relations

Phone: +420 211 042 687
Fax: +420 211 042 040
email: jan.hajek@cez.cz

Bronislav Cerny

Corporate Finance Department
Shares and dividends administration

Phone: +420 211 042 609
Fax: +420 211 042 040
email: bronislav.cerny@cez.cz