

ČEZ GROUP PRESENTATION



October 2003



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Agenda

- **ČEZ Group Introduction**
- The Czech Power Industry
- Position of ČEZ Group
- Nuclear Power
- Operational and Financial Results



ČEZ Group in Highlights

- 1990 **Separation of** regional distribution companies, heat and other activities
- 1992 ČEZ established as **Joint-Stock Company**
- 1993 ČEZ, a. s. partially **privatized** (27%)
Regional distribution companies established as joint-stock companies
- 1995 Partial **privatization** of regional distribution companies (app. 50%),
further step at ČEZ, a. s. privatization (up to 33%)
ČEZ, a. s. grid connected to **UCPTE**
- 1999 **ČEPS** (transmission grid) established as a subsidiary of ČEZ, a. s.
- 2002 Full Market opening for electricity generation in the Czech Republic
Tender for privatization of FNM shares in ČEZ, a. s. and regional distributors canceled, **Government decided on integration of Czech power branch.**
- 04/2003 **New ČEZ Group established.** ČEZ acquired shares in all regional distribution companies (5 majorities and 3 minorities) and lost majority in ČEPS.
- 06/2003 Compulsory buyout of shares in STE and ZČE from minority shareholders.
- 07/2003 **Swap Agreement** with energy company E.ON for SČE and SME shares concluded.
ČEZ gains **important majority shares** (over 85%) in its four distribution companies.
- from 09/2003 **New logo** of ČEZ Group and its member companies introduced.
Compulsory buyout of shares in VČE and ZČE from minority shareholders.

Note: FNM = National Property Fund



Definition of Consolidated Unit

ČEZ Group includes 94 companies, from which five are regional distribution companies (REAS): SČE, SME, STE, VČE, ZČE.



Accounting Consolidated Unit

consists of 31 companies, incl. ČEZ, a. s. and four distribution companies. SČE will be encompassed from 3rd quarter.

All data in this presentation includes SČE, except for accountancy based one.



The consolidation group for planning differs from that one for accounting purposes

Consolidation rules

Consolidation group for accounting purposes:

31 companies



Too large group for plan consolidation

Consolidation group for planning purposes:

8 companies

Total assets 96.7% of total assets of the whole group

Net profit 94.3% of net profit of the whole group

For comparison of reality and plan:

Plan for 31 companies will be calculated as sum of planned values of 8 consolidated companies and reality of 23 companies not included in plan.



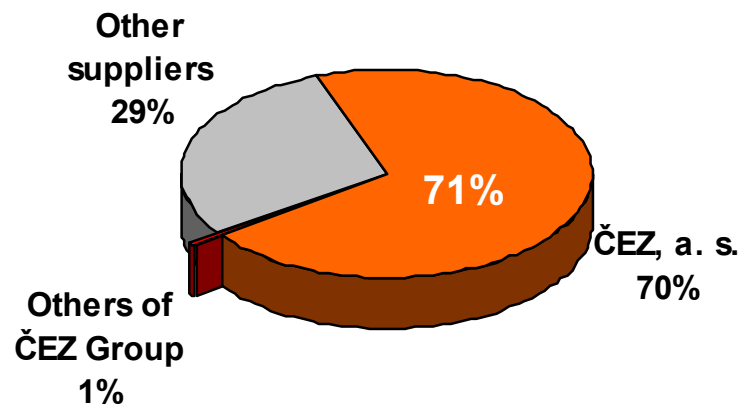
Volume of 23 companies not included in plan is unsubstantial.



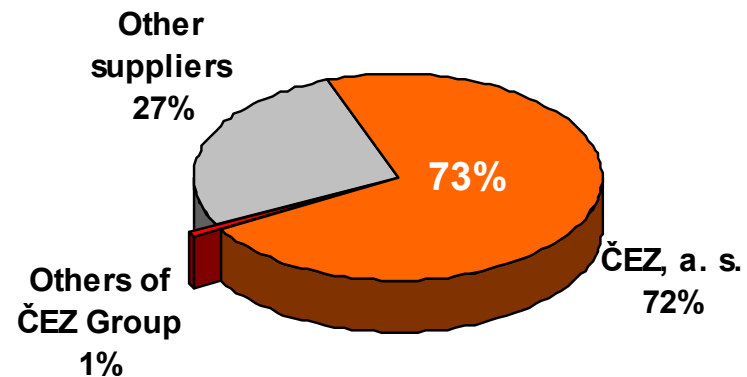
ČEZ Group Basics as of June 30, 2003

- Dominant power producer and supplier in the Czech Republic
- ČEZ Group represents whole chain from coal and limestone mining, electricity generation to trade, distribution and maintenance. It also includes nuclear research, telecommunications and heat business.
- Successful player on the competitive European market
- Successful operator of two nuclear power plants
- Balanced structure of power plants declines business risks
- 18,404 employees (ČEZ, a. s. 6,966 employees)

Installed capacity
in the Czech Republic 17,308 MW



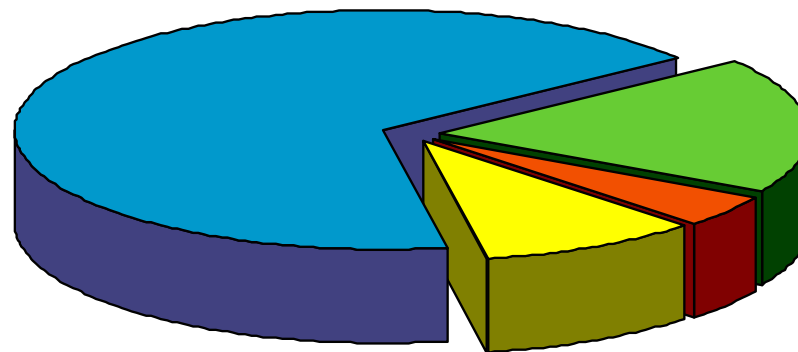
Gross Electricity Production
in the Czech Republic 41,540 MWh





The Shareholders of ČEZ, a. s. as of June 11, 2003

**National
Property Fund
(FNM)
67.61%**



**Institutional
Investors
18.25%**

**Individuals
4.46%**

**Custodians
9.68%**

Note: Custodians may manage portfolios of both individuals and institutional investors

Subsidiaries of ČEZ, a. s.

Maintenance

100% CZK 45 m
I&C Energo, s.r.o.

100% CZK 40 m
Energetické opravy, a.s.

100% CZK 18 m
ČEZ Energoservis, s.r.o.

51% CZK 4 m
SIGMA ENERGO, s.r.o.

Raw Materials

64.87% CZK 569 m
Kotouč Štramberk, s.r.o.

51.05% CZK 333 m
Lomy Mořina, s.r.o.

Electricity and Heat Generation

100% CZK 412.8 m
Hydročez, a.s.

Electricity Transmission

Electricity Sales

100% EUR 1.5 m
rpg energiehandel GmbH, Germany

Electricity Distribution

97.72% CZK 3.210 bn
STE, a.s.

51.00% CZK 3.258 bn
SČE, a.s.

91.81% CZK 2.55 bn
VČE, a.s.

99.06% CZK 1.606 bn
ZČE, a.s.

59.09% CZK 3.407 bn
SME, a.s.

Telecommunications

100% CZK 1 m
CEZTel, a.s.

100% CZK 122 m
ČEZnet, a.s.

Others

99.99% CZK 420 m
AB Michle, s.r.o.

66.67% CZK 13.9 m
OSC, a.s.

100% CZK 0.6 m
ČEZ Finance BV, Netherlands

52.46% CZK 524.1 m
ÚJV Řež, a.s.

Affiliated companies of ČEZ, a. s.

34% CZK 10 m
ESE, s.r.o.

29.8% CZK 558 m
Škoda Praha, a.s.

40% CZK 452 m
KNAUF Počeradý, s.r.o.

37.21% CZK 8.998 bn
Severočeské doly, a.s.

49% CZK 100 m
JVCD, a.s.

34% CZK 58.8 m
Vltavotýnská teplárenská, a.s.

34% CZK 17.856 bn
ČEPS, a.s.

20% CZK 50 m
Coal Energy, a.s.

1.71% CZK 3.532 bn
JME, a.s.

34.00% CZK 3.869 bn
PRE, a.s.

More information:
www.skupina-cez.cz/eng

Note: For each company Share of ČEZ, a. s. (%) and Shareholders' Equity is stated.



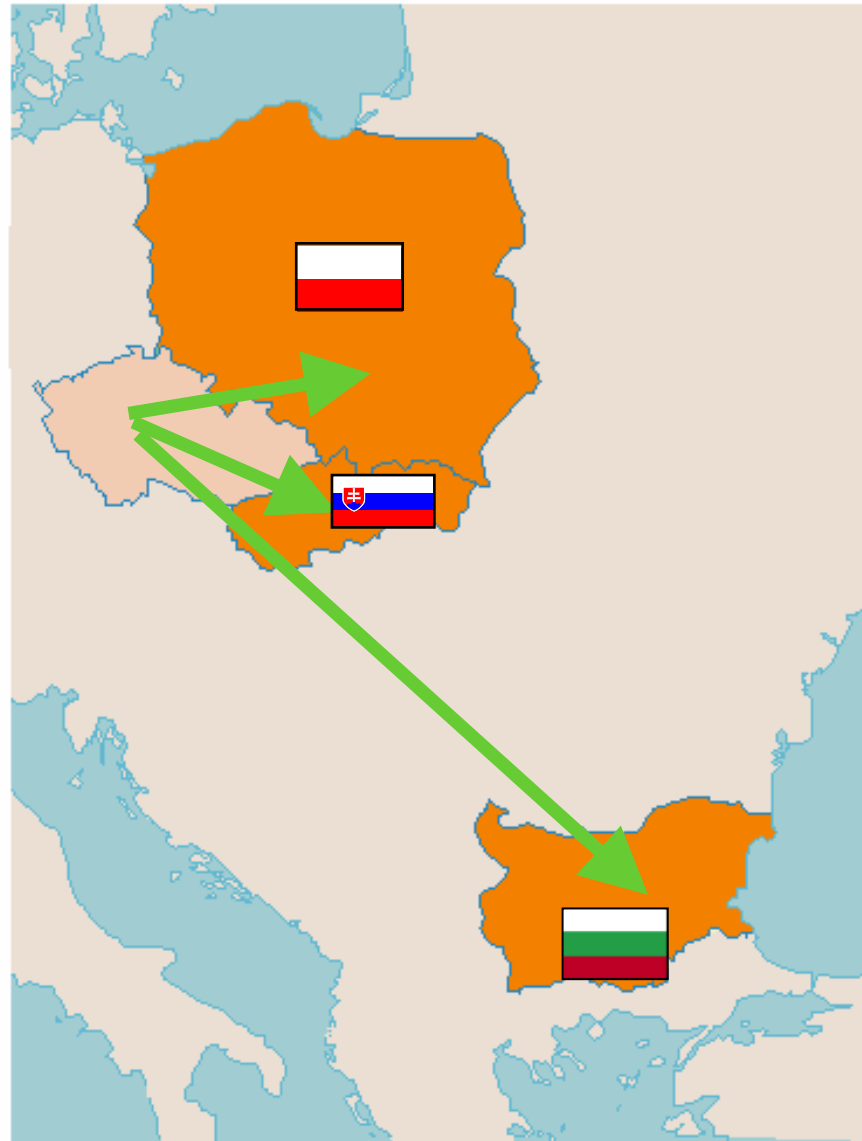
ČEZ Group on the Way Abroad

Our destinations:

Poland

Slovakia

Bulgaria



ČEZ Group intends to expand to energy sector of other Central and East European Countries



Agenda

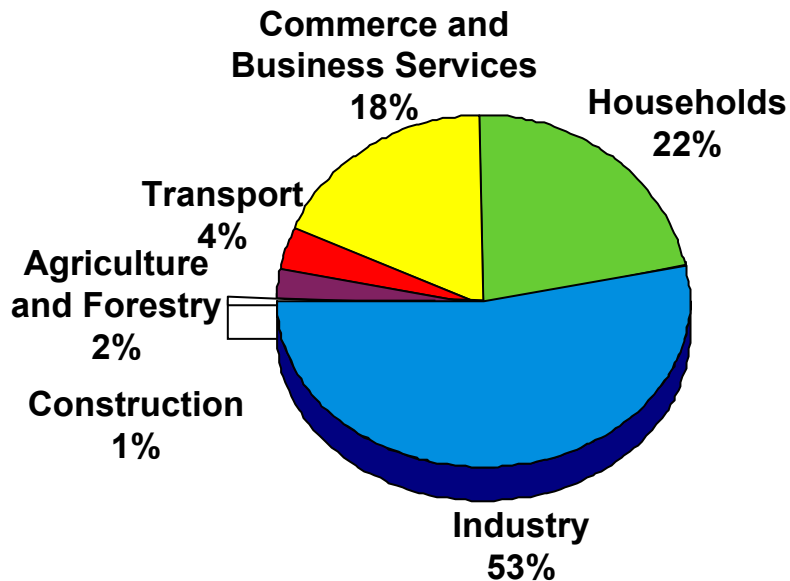
- ČEZ Group Introduction
- **The Czech Power Industry**
- Position of ČEZ Group
- Nuclear Power
- Operational and Financial Results



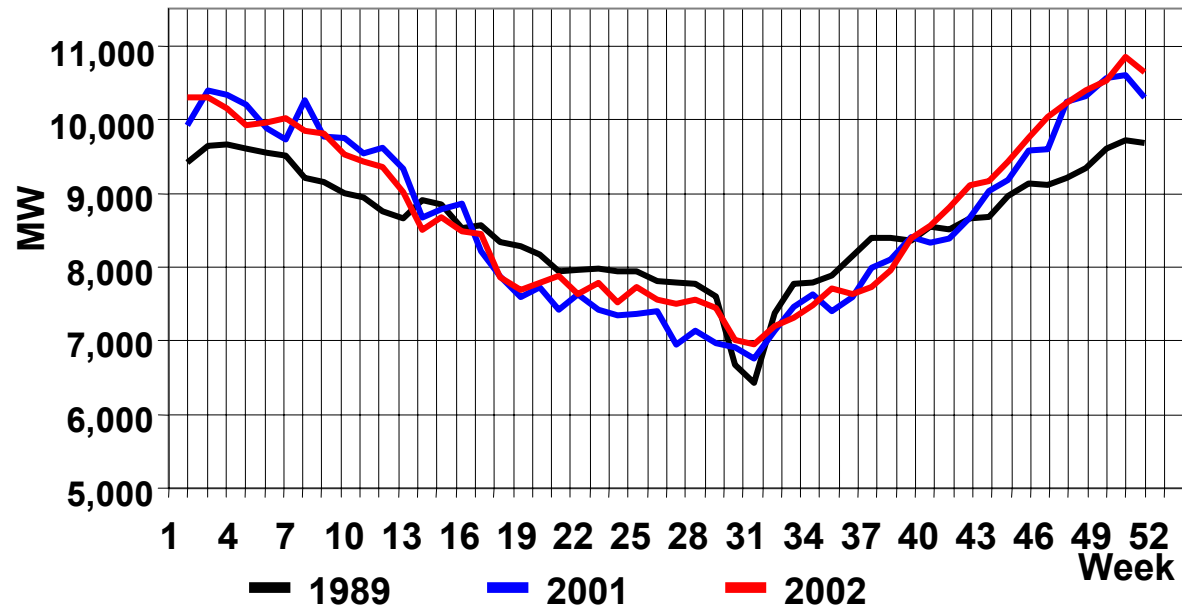
Power in the Czech Republic in Brief in 2002

- Installed capacity as of 31st December 2002 16,311 MW
- Demand for electricity 53,670 GWh
- Net electricity generation 70,393 GWh
- Gross electricity generation 76,348 GWh

Electricity Demand Structure



Average Weekly Peak Loads on the Transmission Grid Level (for days Tue-Fri, recalculated for 50 Hz and standard temperature)





New Energy Policy of the Czech Republic

Draft submitted by Ministry of Industry and Trade (MlaT) for comments in June 2003

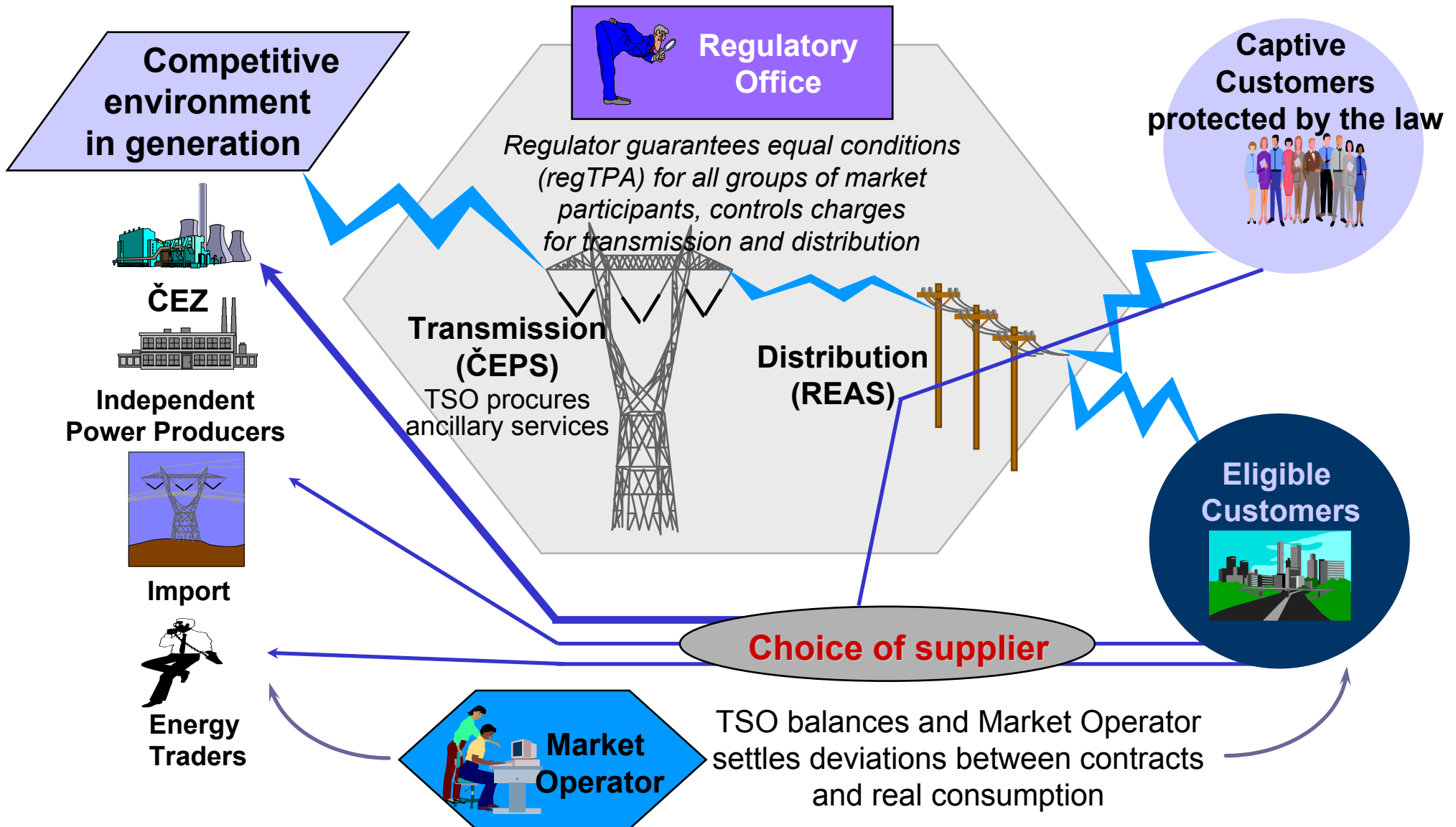
- **30 year horizon**
- **priorities:** independence, security, safety, and reliability
- **goals:**
 - maximum effectiveness of (preferably domestic) resources utilisation
 - maximum respect to the environment
 - completion of transformation and liberalisation of the sector
- **six development scenarios:**
 - „white“ – all current constraints
 - „green“ – higher exploitation of domestic resources
(namely reconsideration of territorial limits set on open-cast coal mines)
 - „black“ – higher import of coal
 - „red“ – higher importance of natural gas
 - „blue“ – more nuclear and more of natural gas
 - „yellow“ – extensive nuclear development

preliminary conclusion of MlaT: „green“ scenario is the most feasible one

Energy Policy should be adopted by the government at the end of 2003.

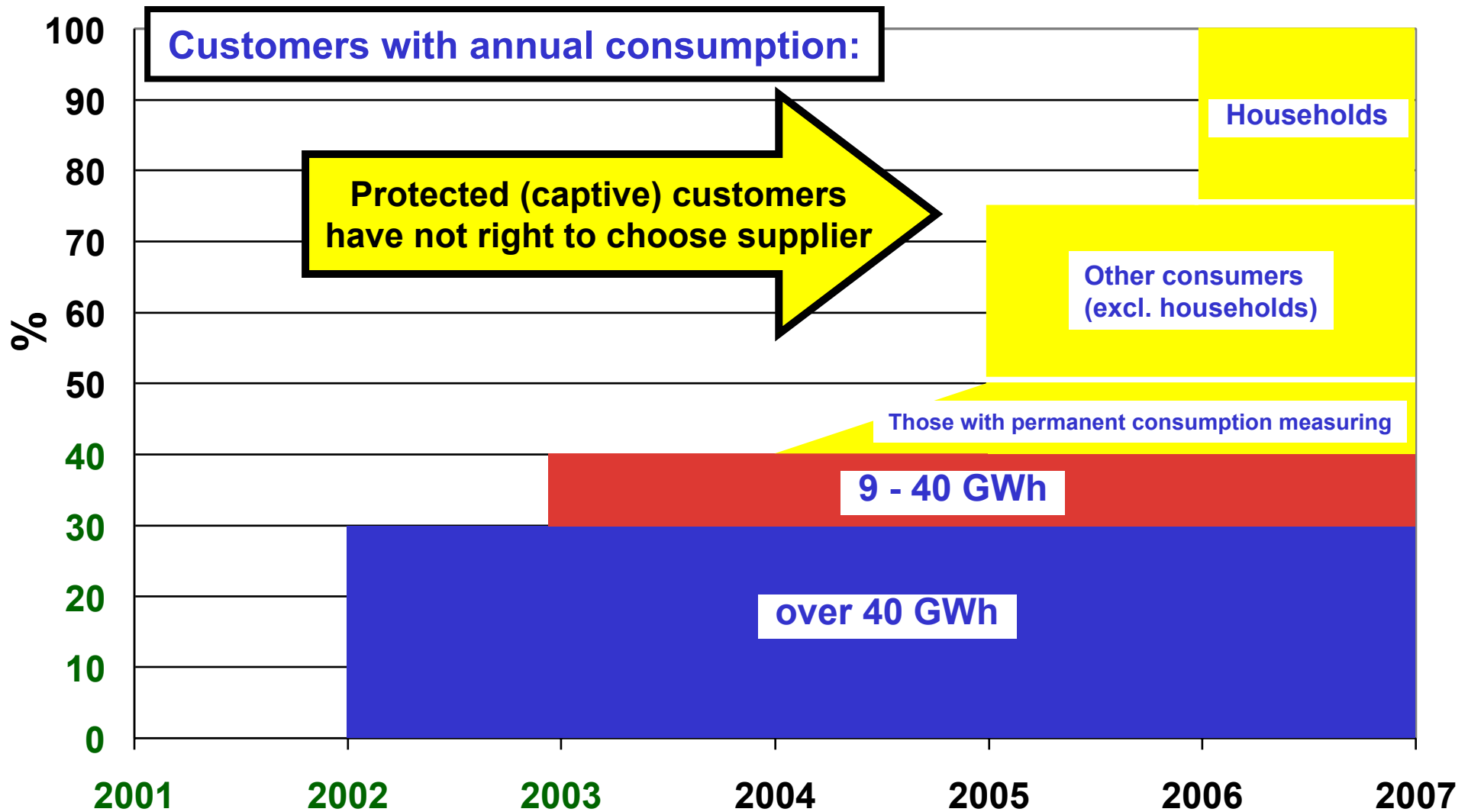


Current Model of the Electricity Market in the Czech Republic





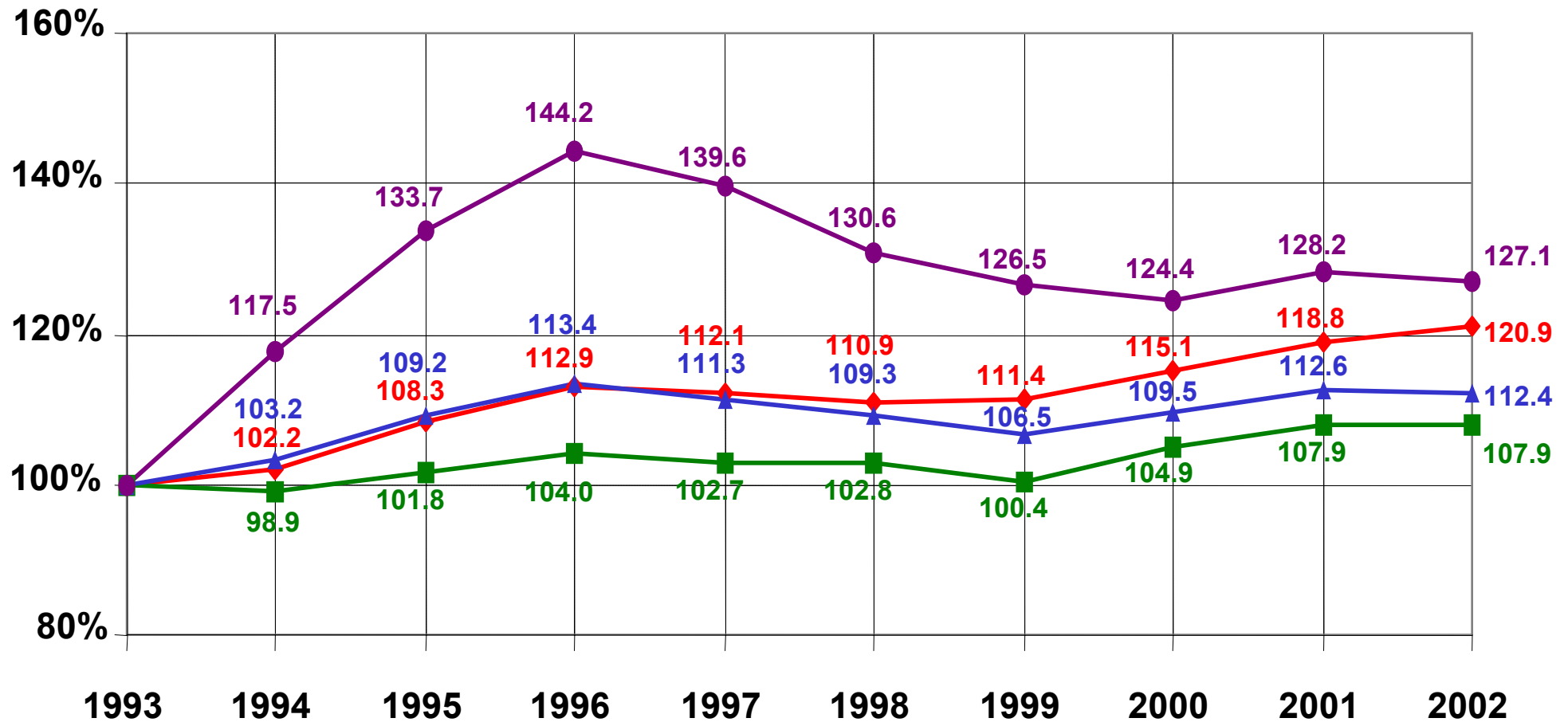
Liberalization of Electricity Market in the Czech Republic



Explanation: The liberalization of Czech electricity market is faster than previously decreed. The respective law has been already passed by the Czech Parliament.



GDP and Electricity Consumption in the Czech Republic



◆ Gross Domestic Product (GDP)

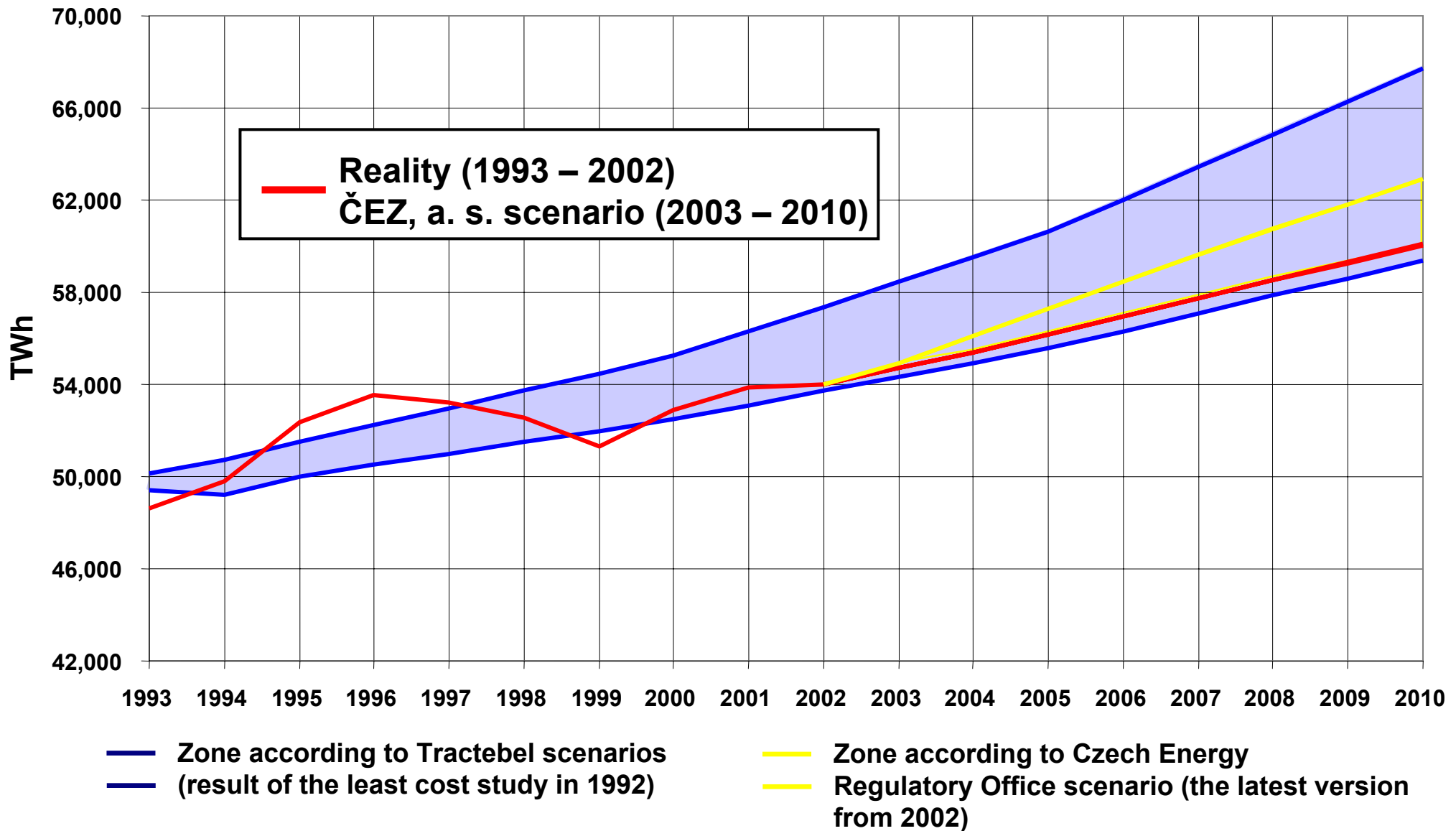
■ Electricity consumption, households excluded

▲ Total electricity consumption

● Households

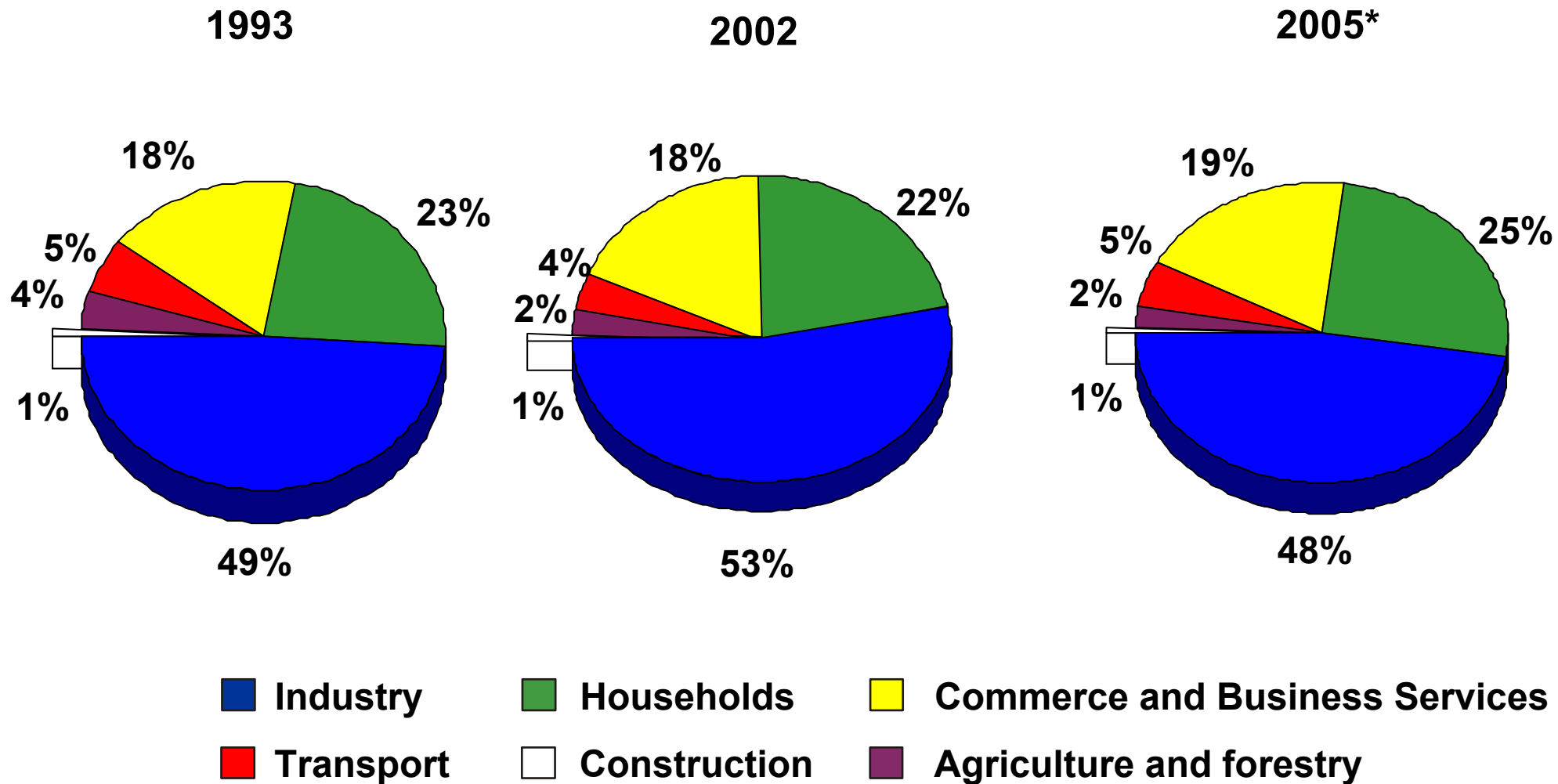


Electricity Demand in the Czech Republic Scenarios





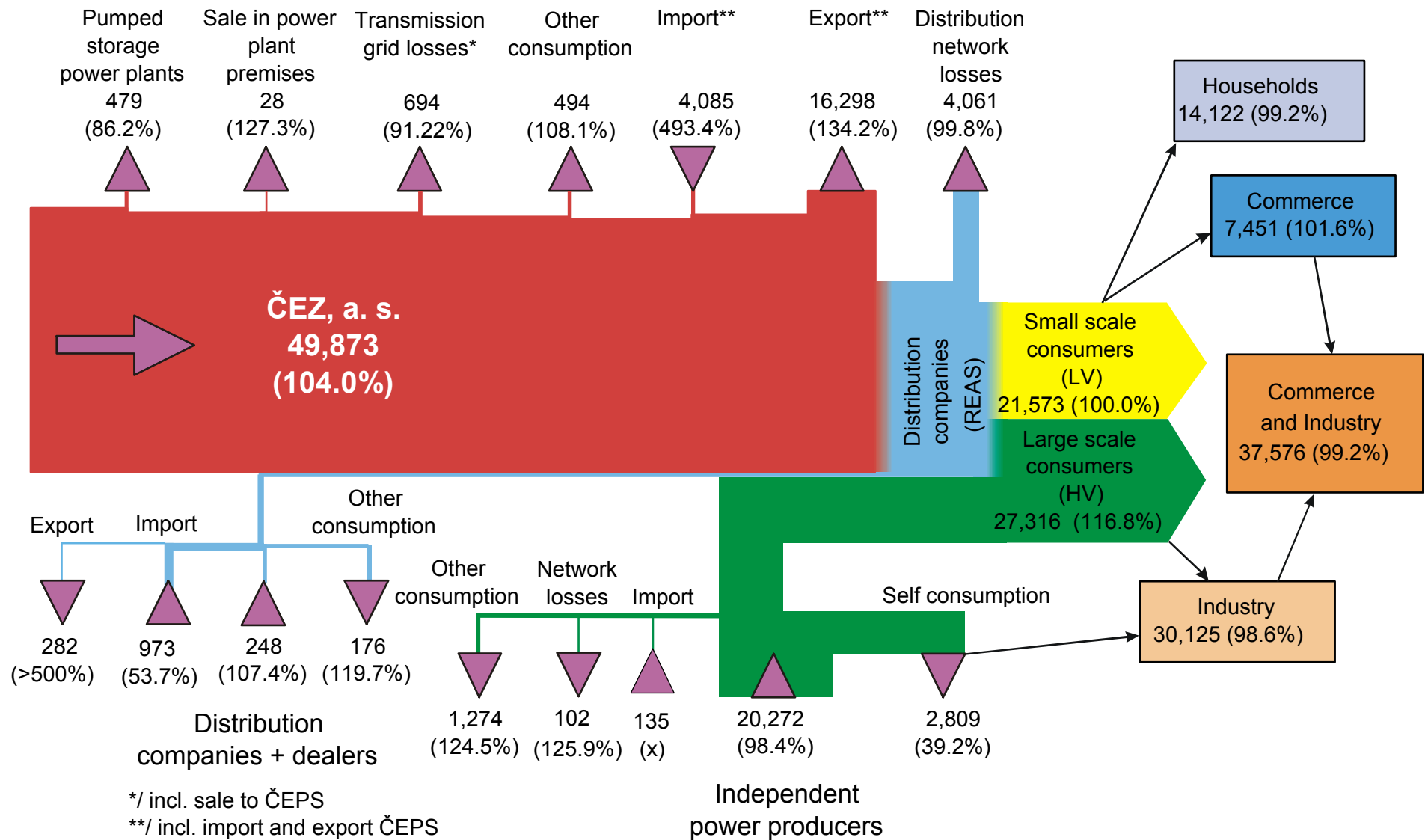
Electricity Demand Structure in the Czech Republic



*) Estimation



Scheme of the Power Supply in the Czech Republic in 2002 in GWh (index 02/01)





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- ČEZ Group Introduction
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- **Position of ČEZ Group**
- Nuclear Power
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ČEZ, a. s. Mission Statement

...to meet demand for electricity and ancillary services of both traditional and newly acquired customers on the basis of successful market operation.

ČEZ, a. s. will reliably supply safely and environmentally friendly produced electricity, using preferentially its own sources.

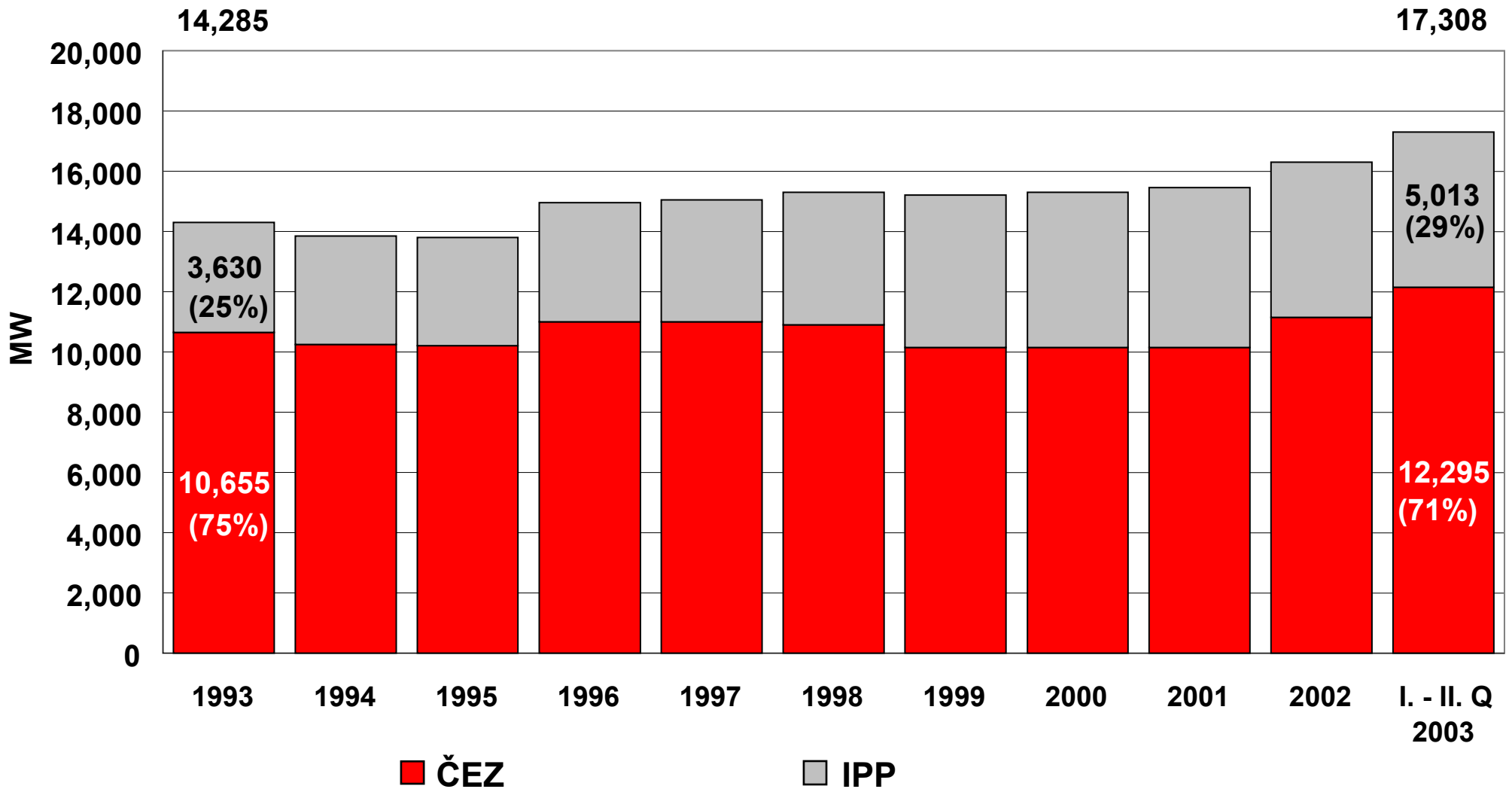


ČEZ, a. s. Business Vision

**To ensure optimum level of electricity sales,
enabling efficient use of production capacities,
to be a respected, sought-after,
reliable commercial partner and an attractive
employer of skilled employees,
and thus to ensure an attractive return on equity
and an increase of the company's
market value.**

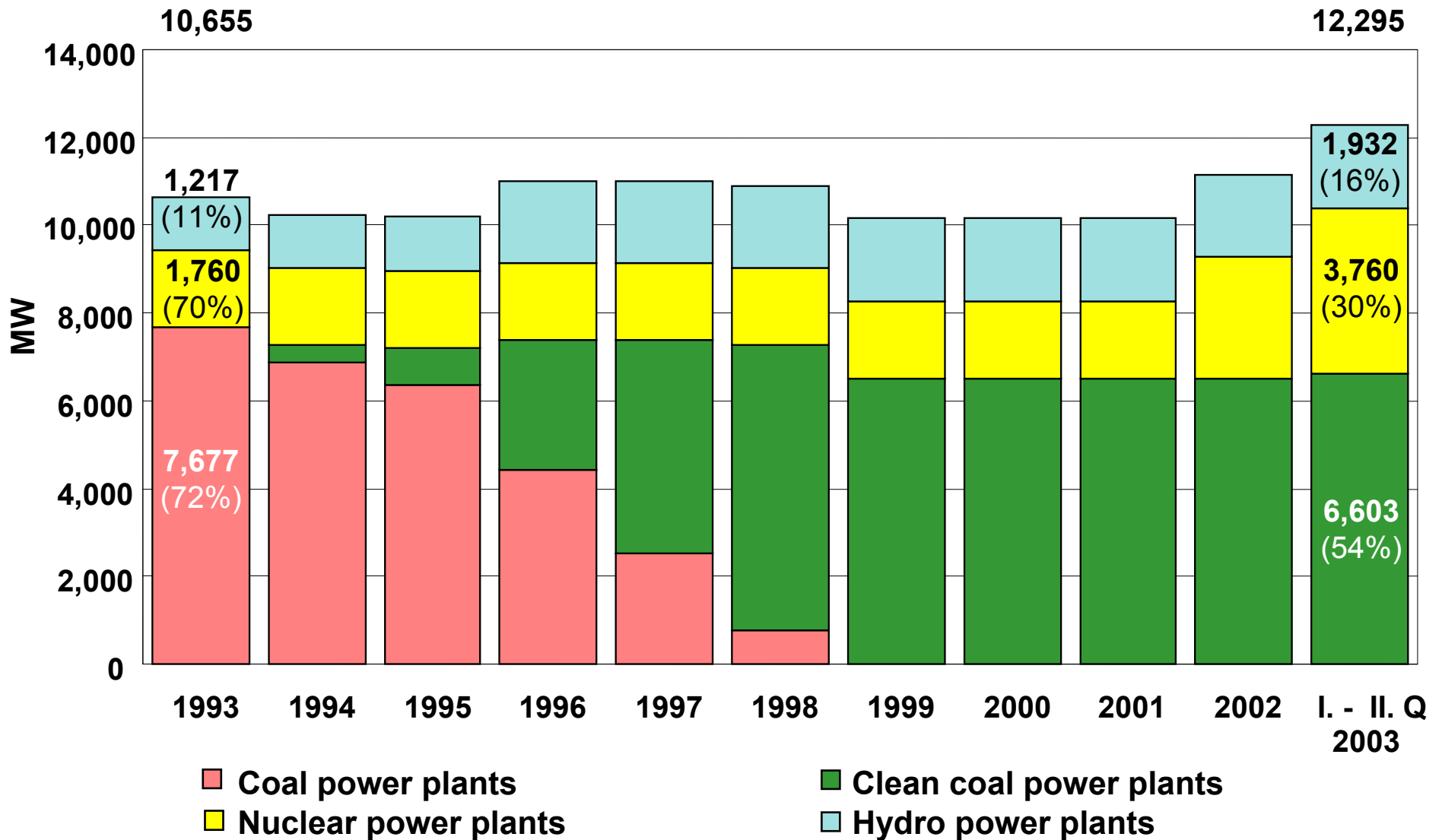


ČEZ Group's Share in the Installed Capacity of the Czech Republic





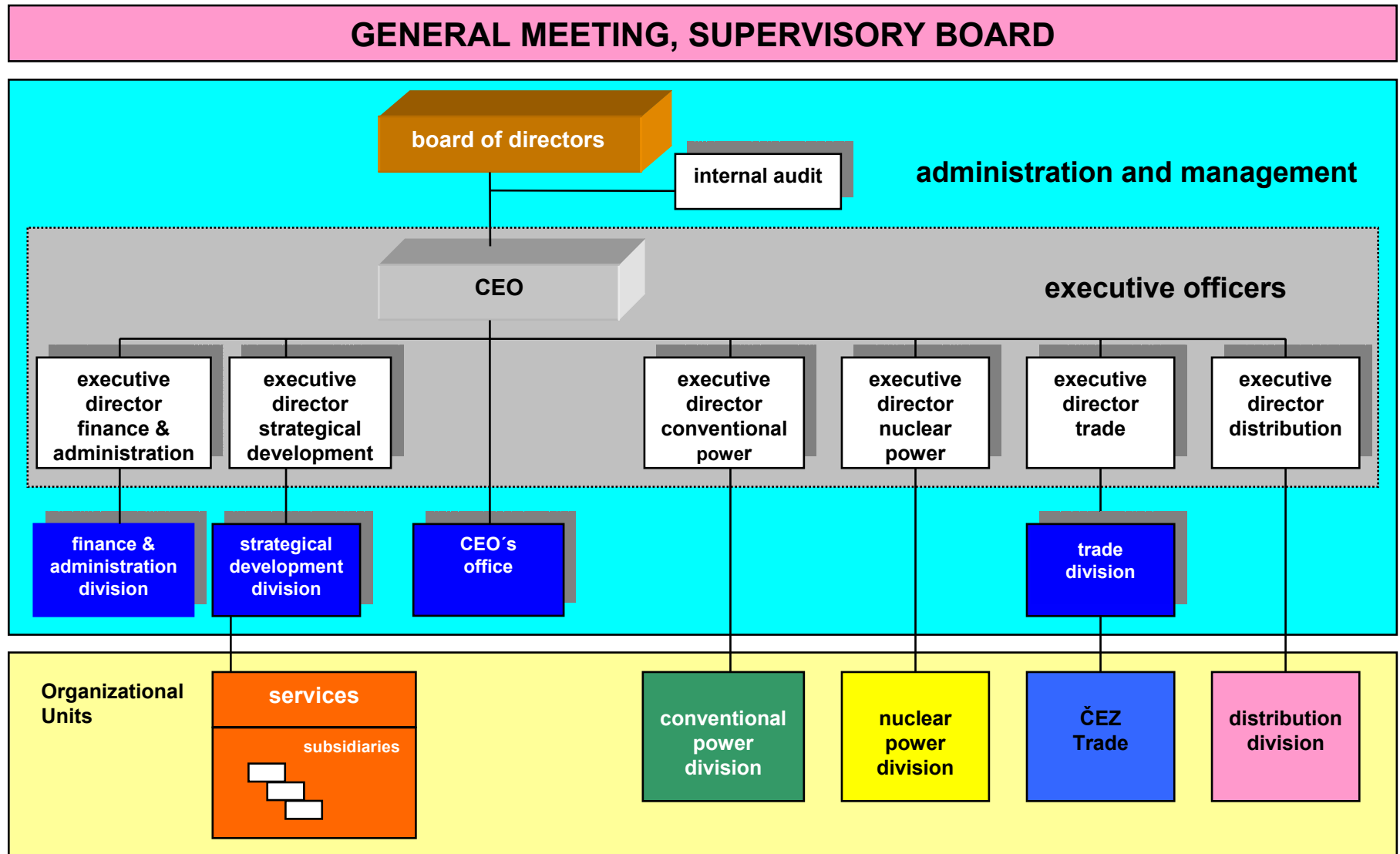
Installed Capacity of ČEZ Group



Note: Installed capacity 1 MW of wind PP is included in the installed capacity of hydro PP



System of Management of ČEZ, a. s.





ČEZ Group Power Plants

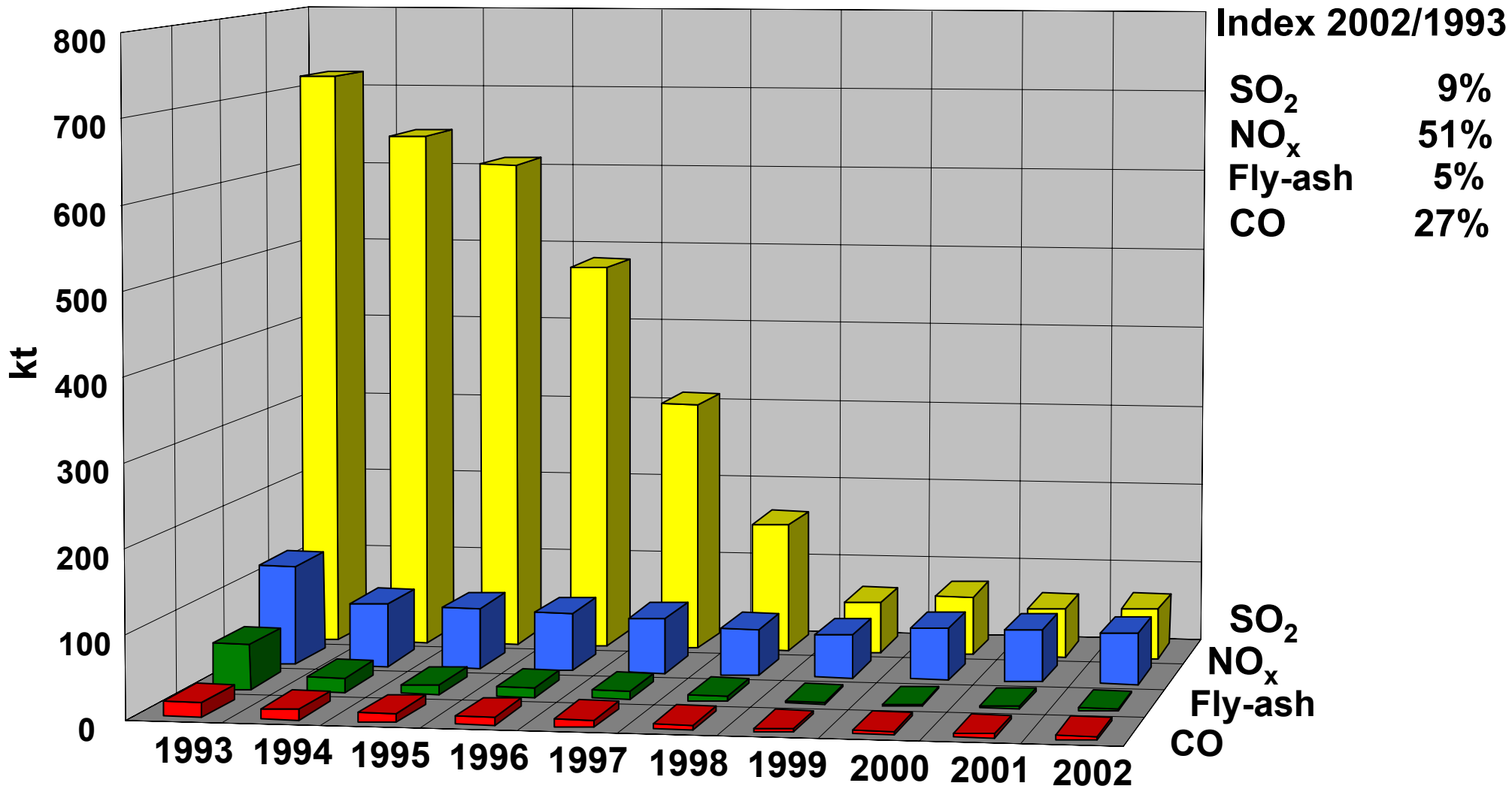


NAME IN ORANGE LETTERS = OWNED BY ČEZ, a. s.

NAME IN BLACK LETTERS = OWNED BY OTHER MEMBER COMPANY OF ČEZ GROUP

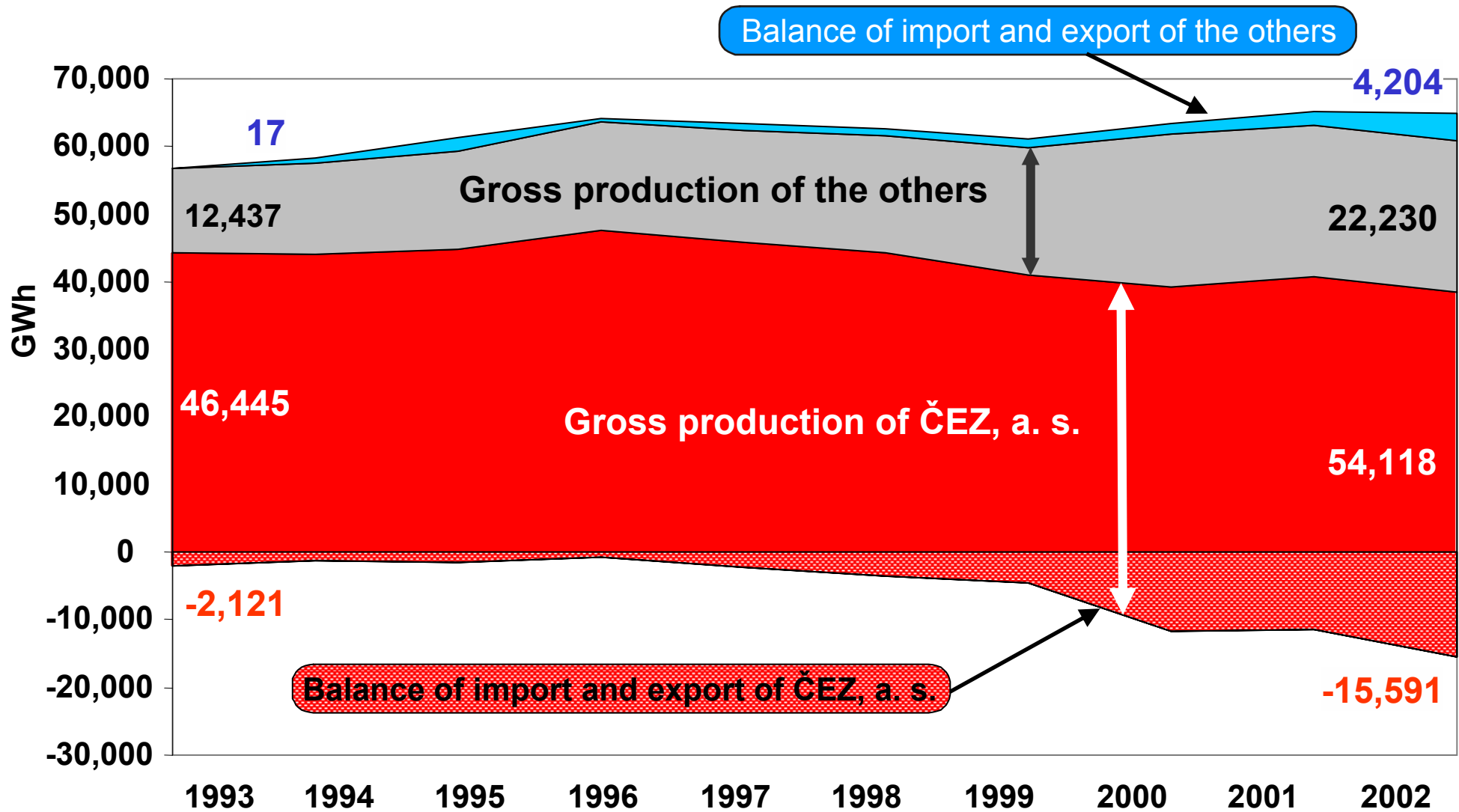


ČEZ Group's Coal-fired Power Plants Emissions



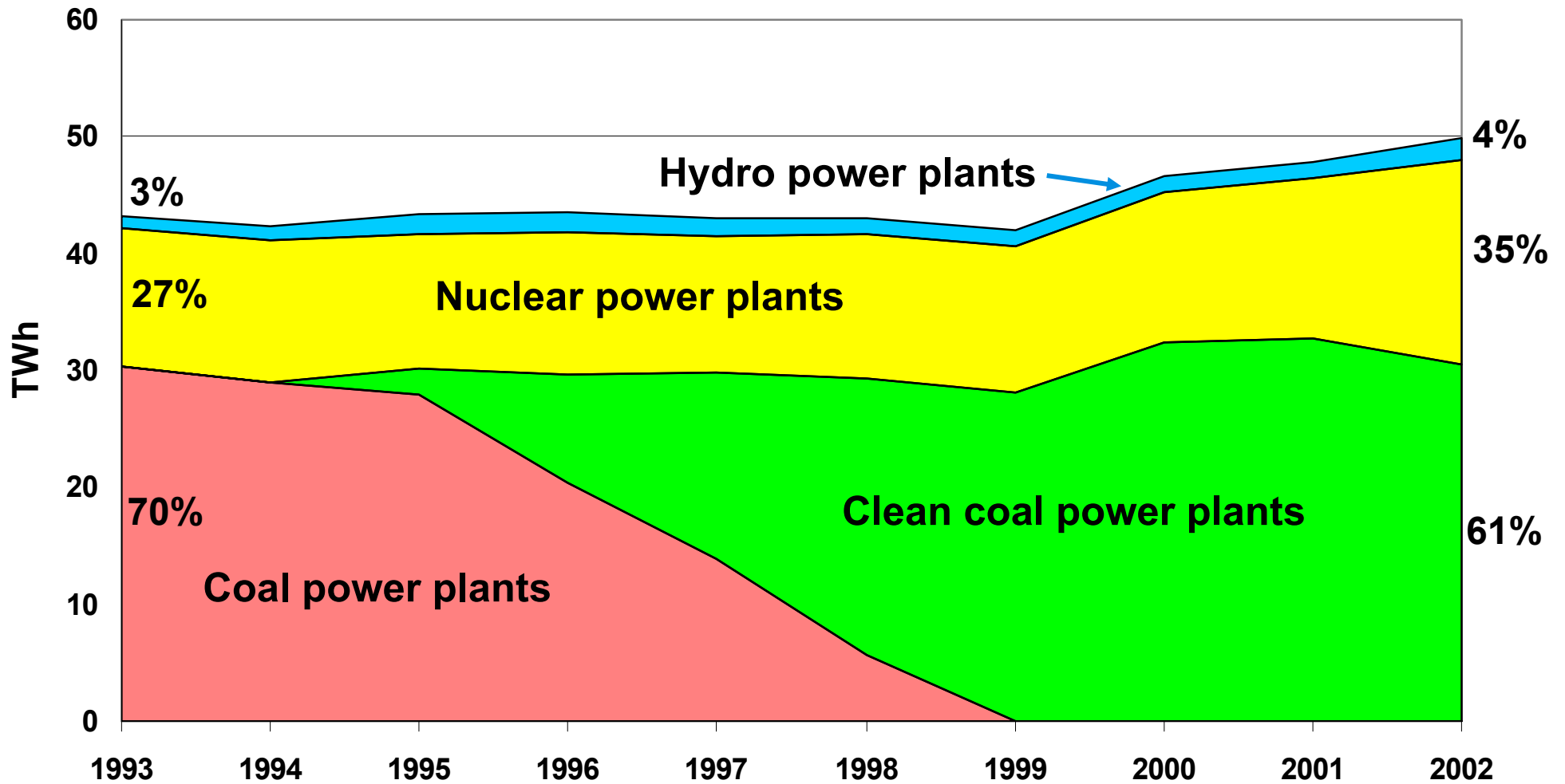


Balance of Electricity in the Czech Republic





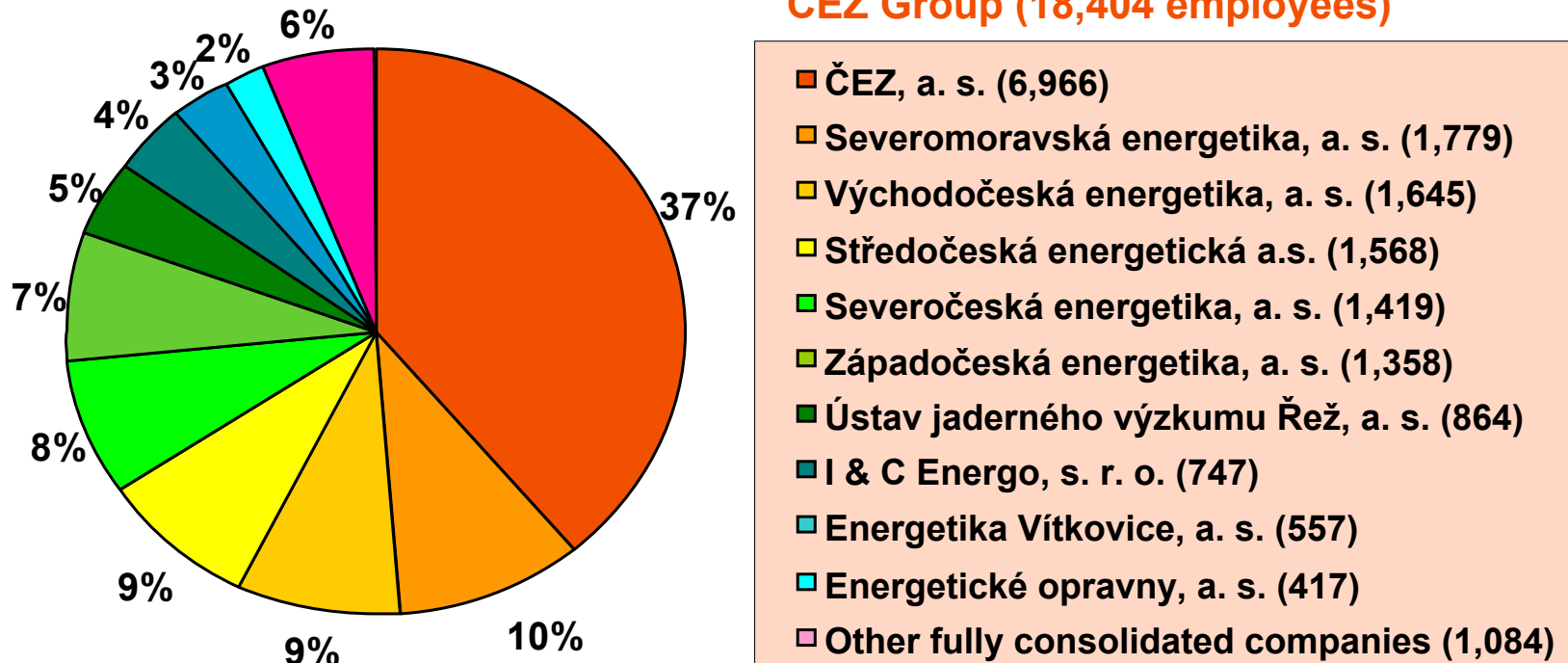
ČEZ Group Electricity Supply Structure



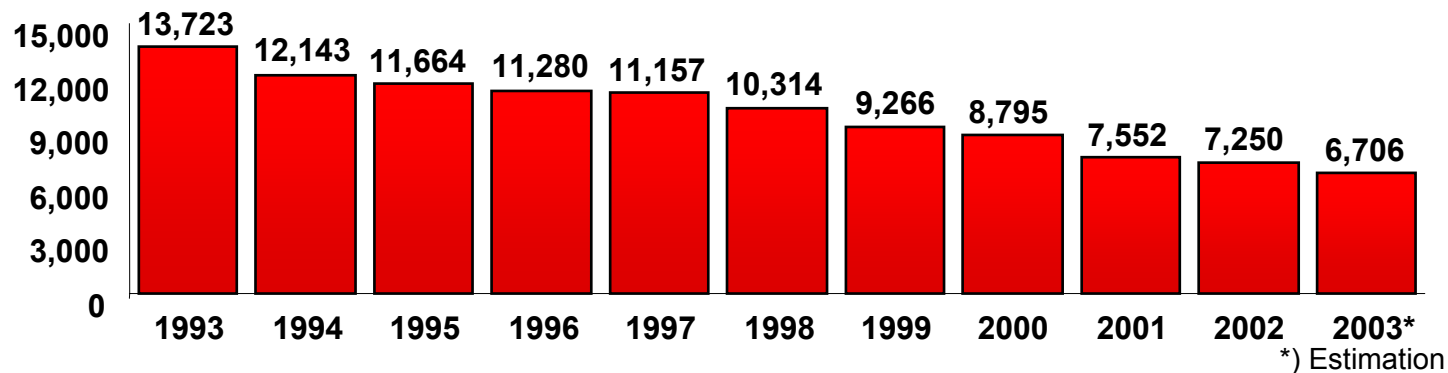


ČEZ Group's Employees as of 30 June 2003

ČEZ Group (18,404 employees)

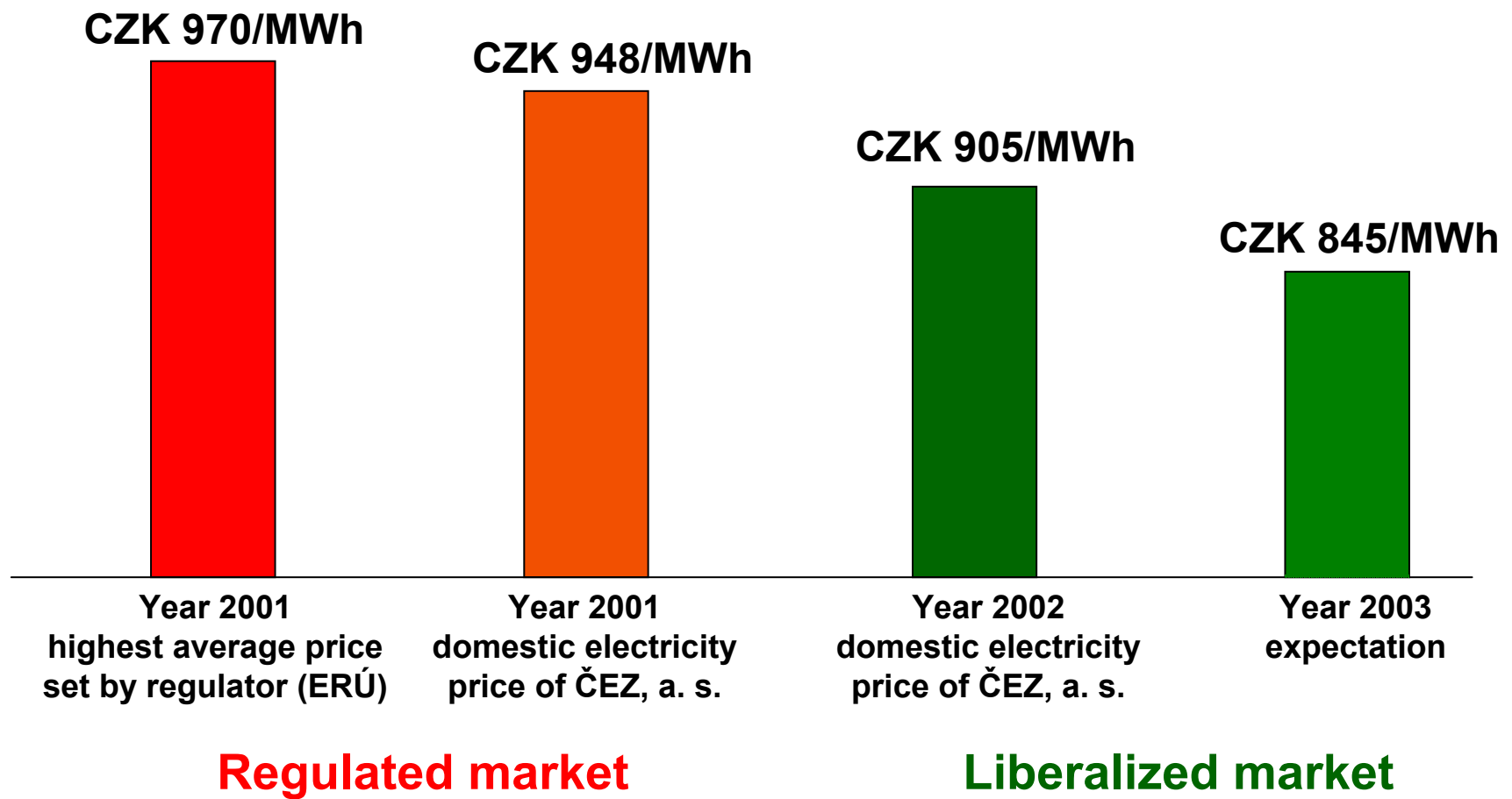


Number of Employees of ČEZ, a. s. at the end of period



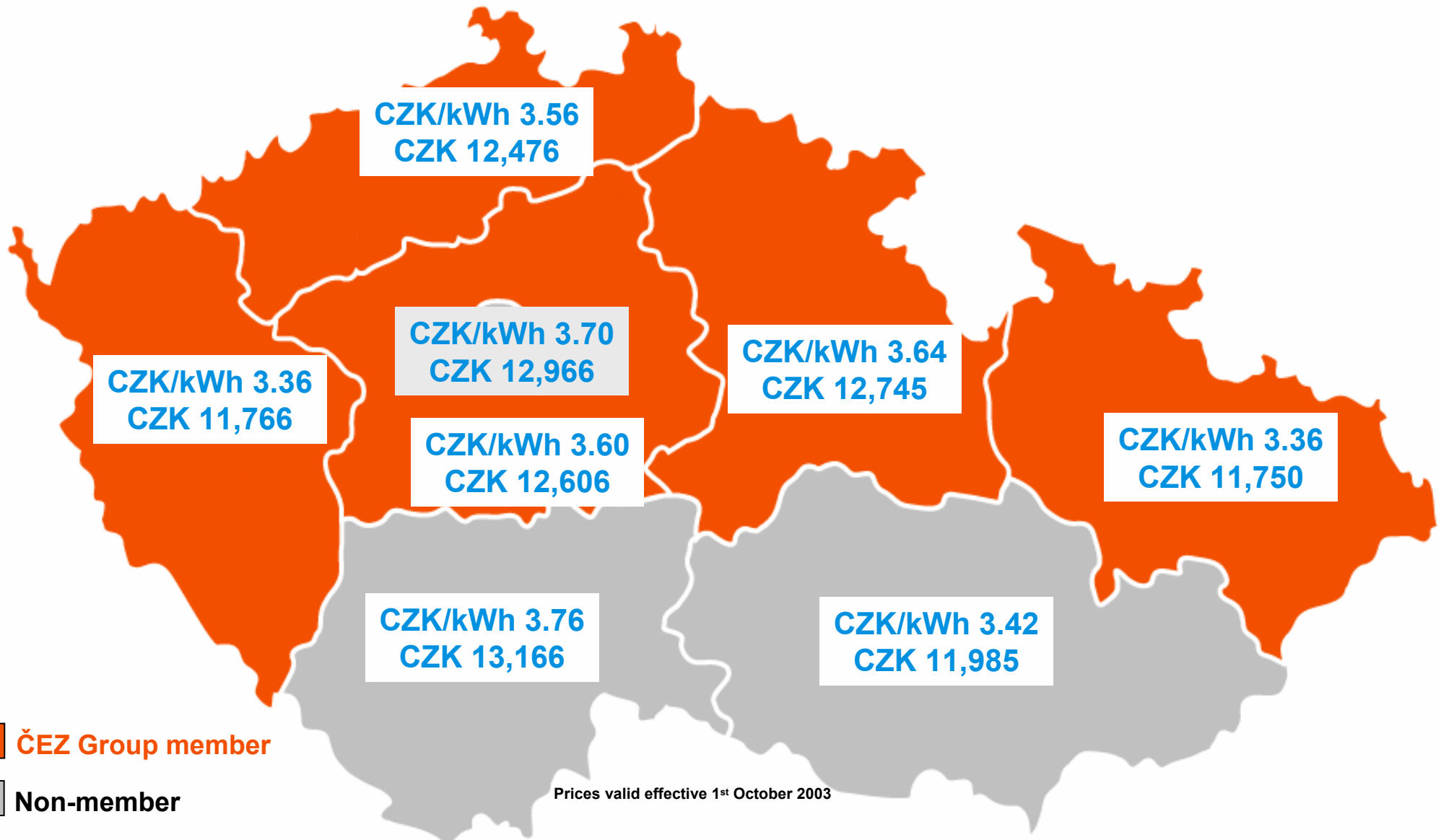


Czech Wholesale Prices' Development





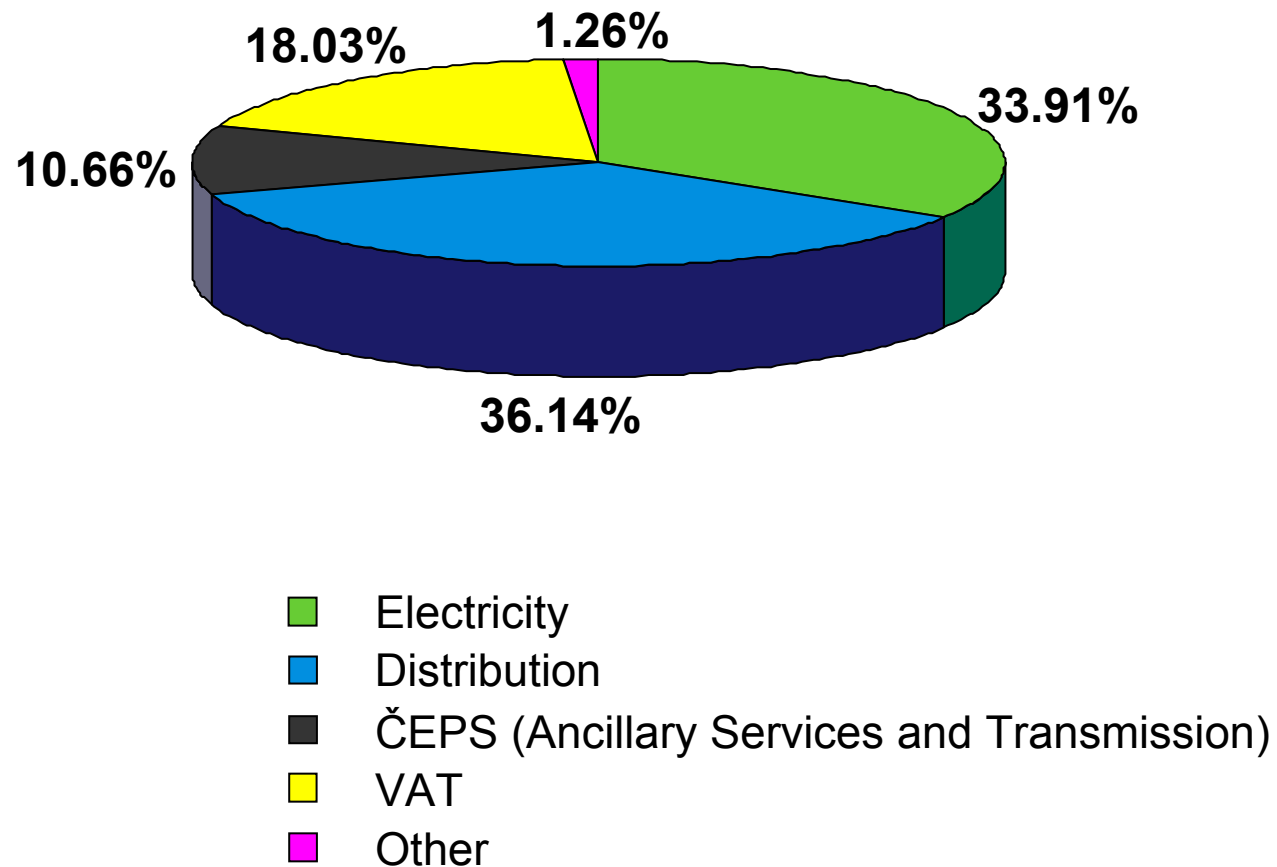
Prices of Electricity for Households



Number: 1) Price per kWh for households using most frequent rate "D2" (incl. circuit breaker fixed fee).
2) Sample annual electricity costs of household: Consumption: 3,500 kWh. Price: "D2" Rate.



Components of average LV electricity price





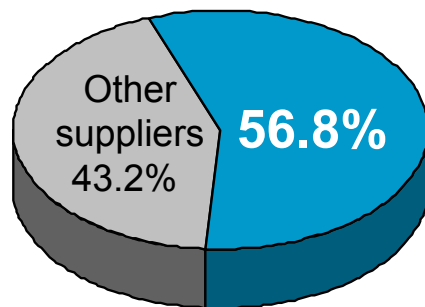
Position in the Czech Power Market in the First Half of 2003

Eligible customers in the Czech Republic:
341

Eligible customers served by ČEZ Group:
238



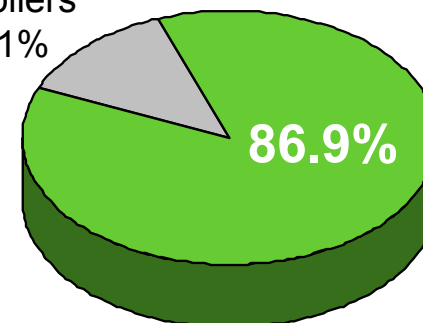
ČEZ Group's Domestic Final Consumption Market Share



ČEZ Group –
Sales to the Final
Consumers

ČEZ Group's Domestic Electricity Market Share

Other
suppliers
13.1%



ČEZ Group –
Domestic
Electricity Sales



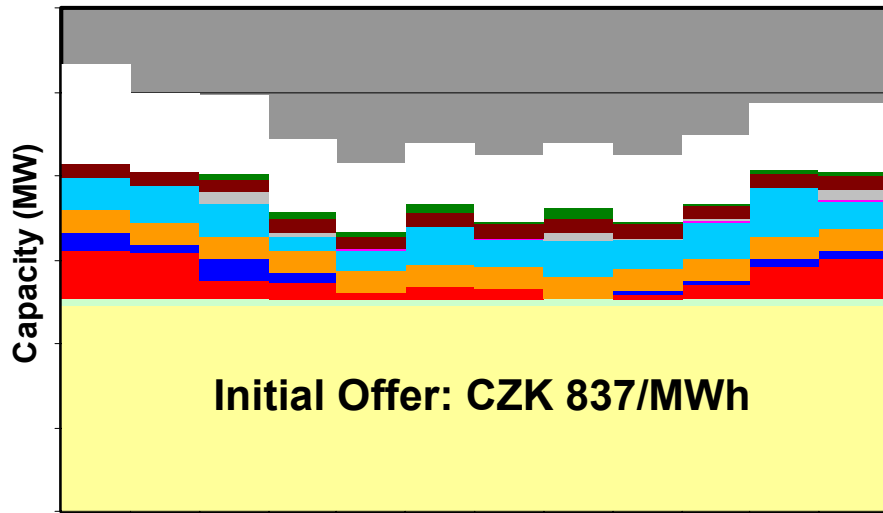
ČEZ's "Duhová energie" Product Offer for 2004

- ČEZ, a. s. has started to sell its set of products for 2004 in September 2003. This set is called "Duhová energie".
- The set consists of 10 year-long standard products and four additional modifications of existing products. Standard product is identified by color. All products represent different type of electricity supply during various time periods.
- Whatever combination of these products is possible. It complies fully with customer's needs.
- Publicly offered to REAS, traders and eligible customers.
- Long peek (6 – 22 on working days) offer is newly introduced.



Public Offer of ČEZ's "Duhová energie" for 2004

Full year 2004

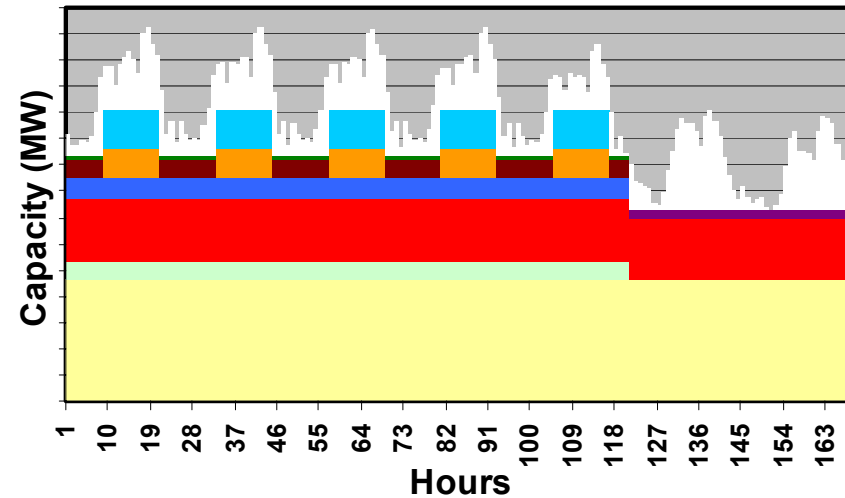


year = 8,784 hours

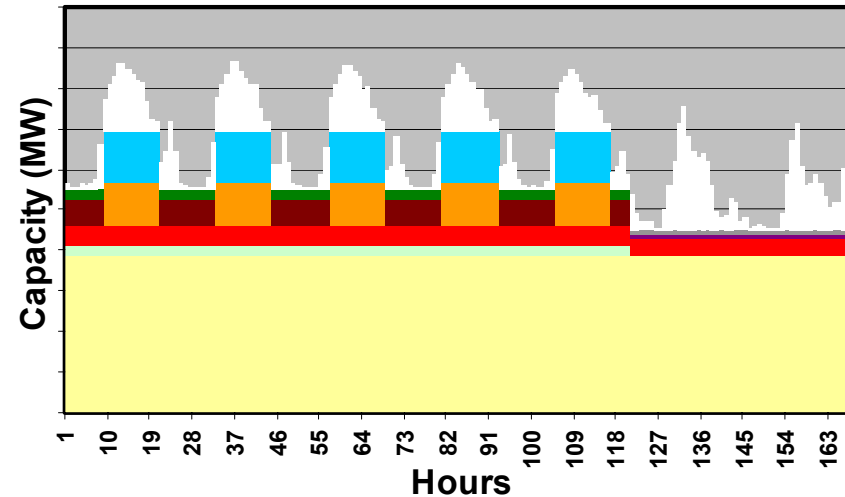
- residual
- monthly 5 days peak
- annual 5 days peak
- monthly 5 days base load
- monthly 7 days base load
- annual 5 days base load
- annual 7 days base load
- monthly 5 days off-peak
- annual 5 days off-peak
- monthly weekdays base load
- annual weekdays base load

+ four new modifications of existing products

Winter week - maximum



Summer week - minimum





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- **Nuclear Power**
- Operational and Financial Results



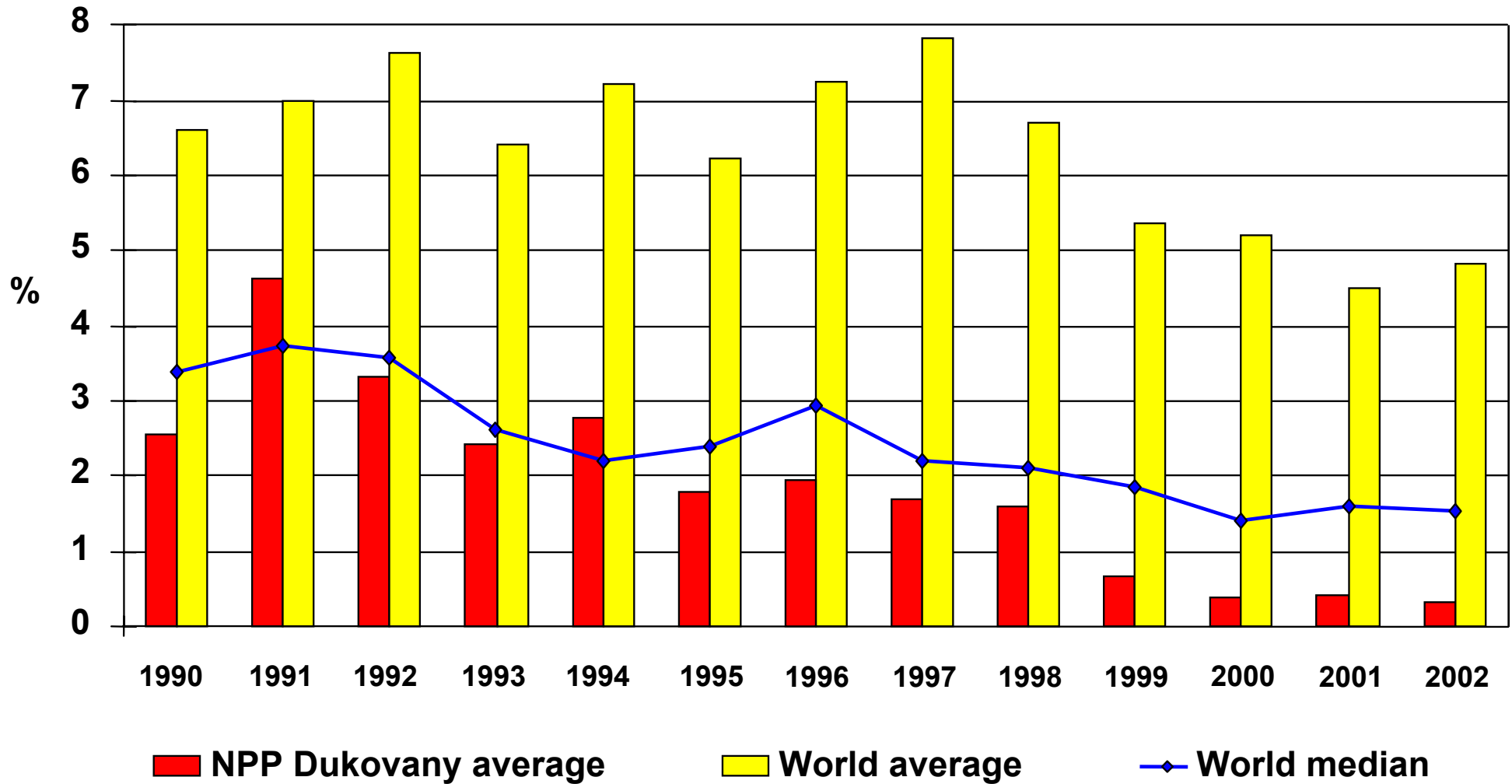
NPP Temelín

- **Type of reactor** **PWR - pressurized water reactor, as majority of reactor types around the world**
- **Basic description** **Based on the original Russian technical design with many improvements to achieve higher operational safety, e. g.:**
 - **new instrumentation and control system**
 - **new monitoring system (incl. radiation monitoring)**
 - **new cabling (non-flammable and fire-resistant)**
 - **modification of the electric components**
 - **new accident analysis**
 - **new safeguard system**
- **Total investment costs** **USD 3 bn - very competitive amount**
- **Installed Capacity** **2 x 1,000 MW**
- **Annual production** **11.6 TWh**
- **Commercial operation** ● **1st Unit since June 2002**
● **2nd Unit since April 2003**



NPP Dukovany - Performance Results

Unplanned Capability Loss Factor

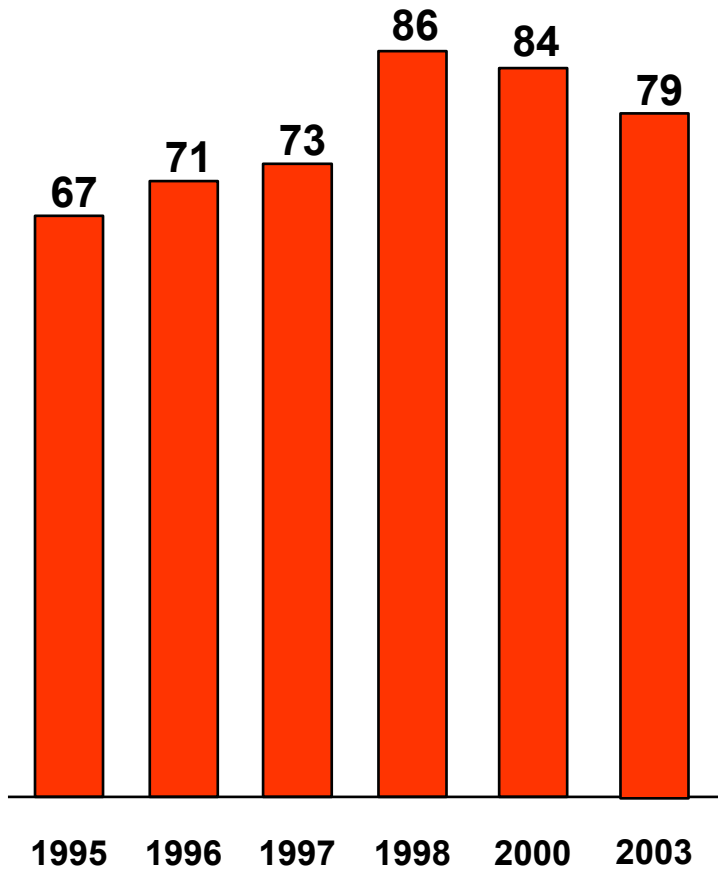


This factor expresses share of unplanned losses to achievable production. NPP Dukovany belongs to world's peak.



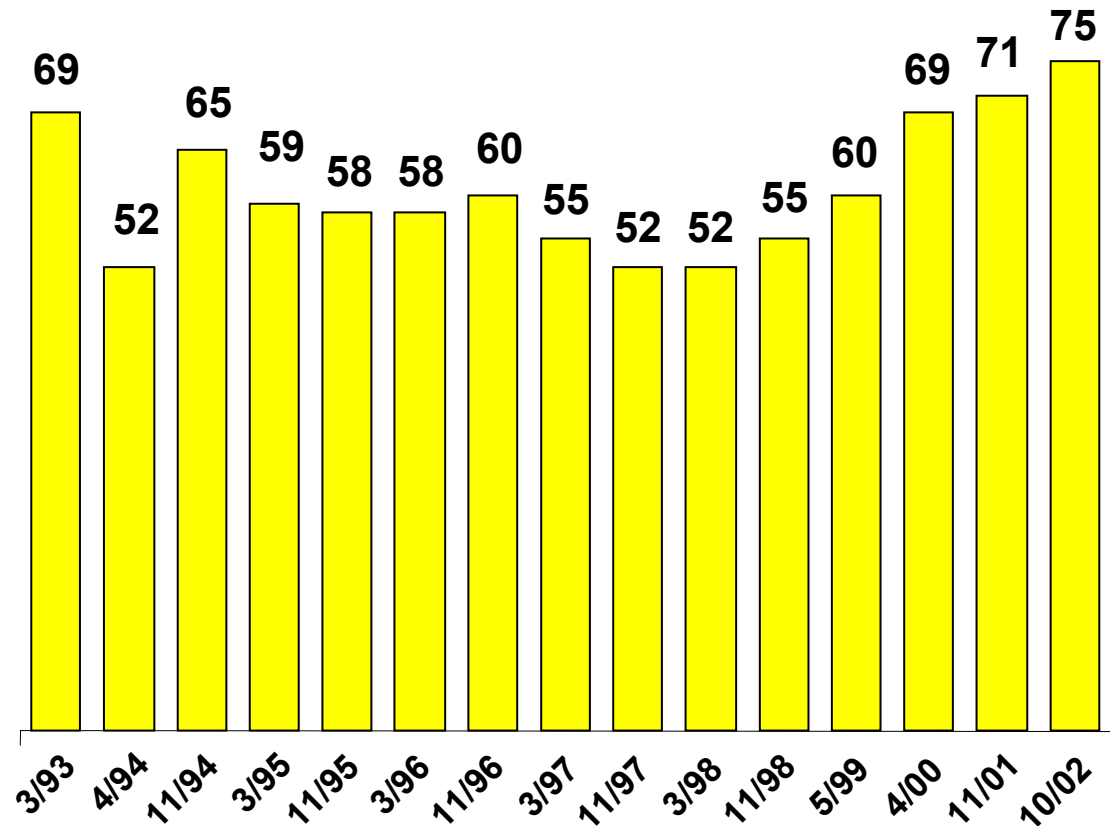
Public Opinion Research about Nuclear Power Plants (%)

NPP Dukovany



Support of continuation of operation in the region by NFO AISA agency

NPP Temelín



Public approval of completion by STEM agency



Insurance of the Nuclear Power Plants of ČEZ, a. s.

- Property damage insurance - NPP Dukovany since December 1998
- NPP Temelín since July 2000
- Nuclear third party liability insurance (operational) - NPP Dukovany since January 1998
- NPP Temelín since July 2000
- Nuclear third party liability insurance - transport of nuclear fuel - from the Russian Federation for NPP Dukovany and from the United States of America for NPP Temelín – since 1996.
- Liability insurance is concluded according to the Czech Atomic Act.
- Policies are concluded with the Czech Nuclear Pool.
- The necessary reinsurance support is provided within international pooling system (foreign national nuclear insurance pools).
- The property and liability risks in both NPPs are checked in the course of risk surveys which are regularly carried out by international teams of inspectors.



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Basic Data of ČEZ Group

	1997	1998	1999	2000	2001	2002	I. - II. Q 2003
Capacity at end of period (MW)	10,999	10,900	10,151	10,146	10,146	11,146	12,295 *
Electricity sales (GWh)	49,333	48,179	46,570	50,449	50,850	53,174	33,706
Number of employees at end of period	11,157	10,314	9,749	9,278	8,011	7,677	18,404
Capital expenditures in CZK bn **	23,43	25,81	22,73	21,62	15,32	10,33	14,02

*/ ČEZ, a. s. 12,153 MW

**/ Data is in accordance with IFRS



Income Statement in Brief (CZK bn)

	2000	2001	2002	I. - II. Q 2003
Operating Revenues	52.43	56.06	55.58	35.74
Operating Expenses	39.80	41.38	44.32	29.33
Income before interest, taxes and depreciation (EBITDA)	22.01	24.04	22.98	13.93
Operating Income (EBIT)	12.63	14.68	11.25	6.41
Other Expenses/Income	2.03	1.39	-0.54	-10.43
Income before income taxes (EBT)	10.60	13.29	11.8	16.84
Income Taxes	3.36	4.17	3.38	5.18
Net Income	7.24	9.12	8.42	11.71

Note: All data is in accordance with IFRS



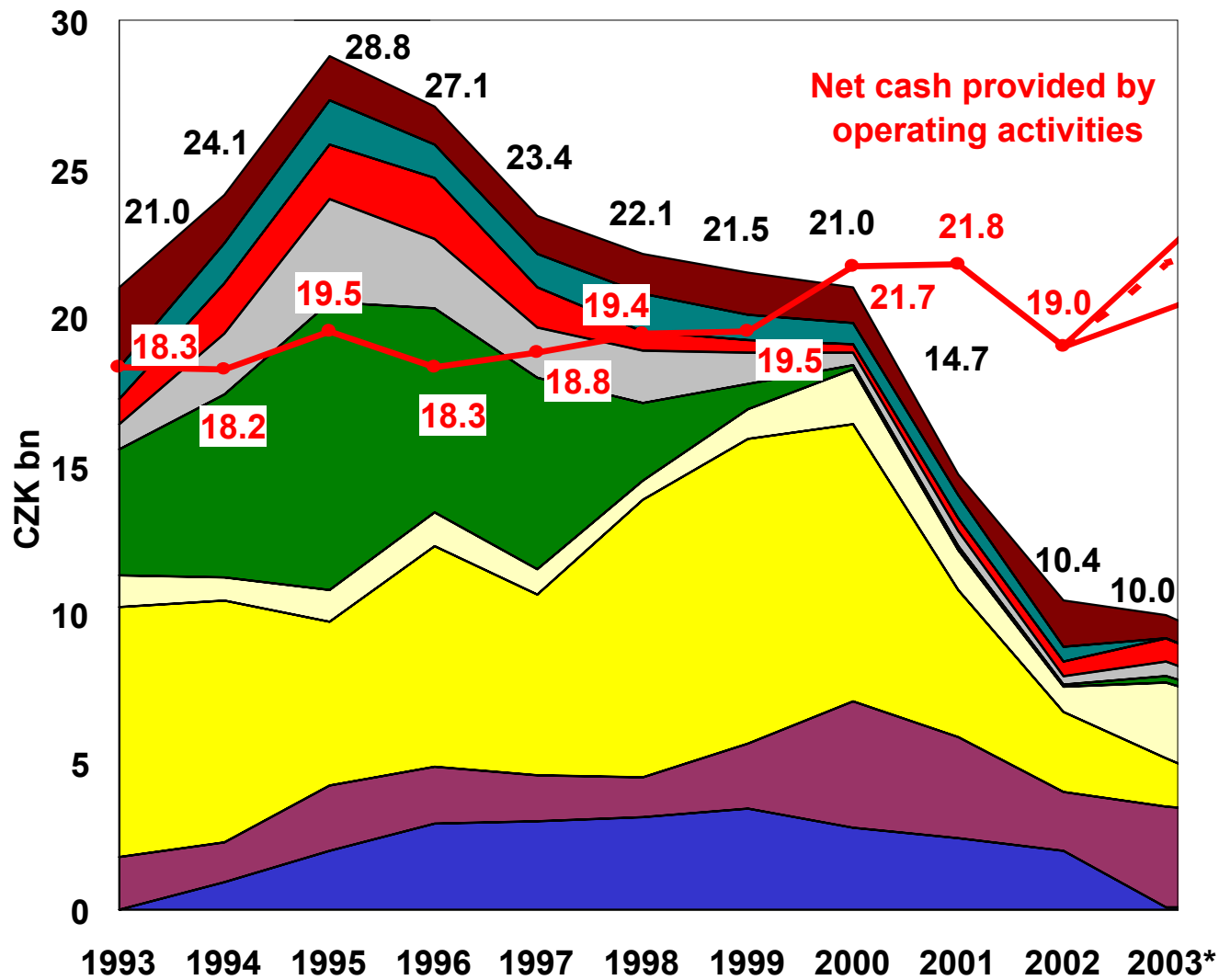
Balance Sheet in Brief (CZK bn)

	2000	2001	2002	I. - II. Q 2003
Total Assets	222.26	229.03	231.47	295.71
Net Plant in Service	92.95	87.64	138.98	204.77
Construction Work in Progress	103.59	111.93	56.51	11.17
Shareholders' Equity	129.44	136.73	143.68	153.44
Long-term Liabilities	70.61	64.48	59.60	61.69
Current Liabilities	14.16	17.95	15.65	48.00

Note: All data is in accordance with IFRS



Investment Program (without financial investments) and Internally Generated Cash Flow by ČEZ Group

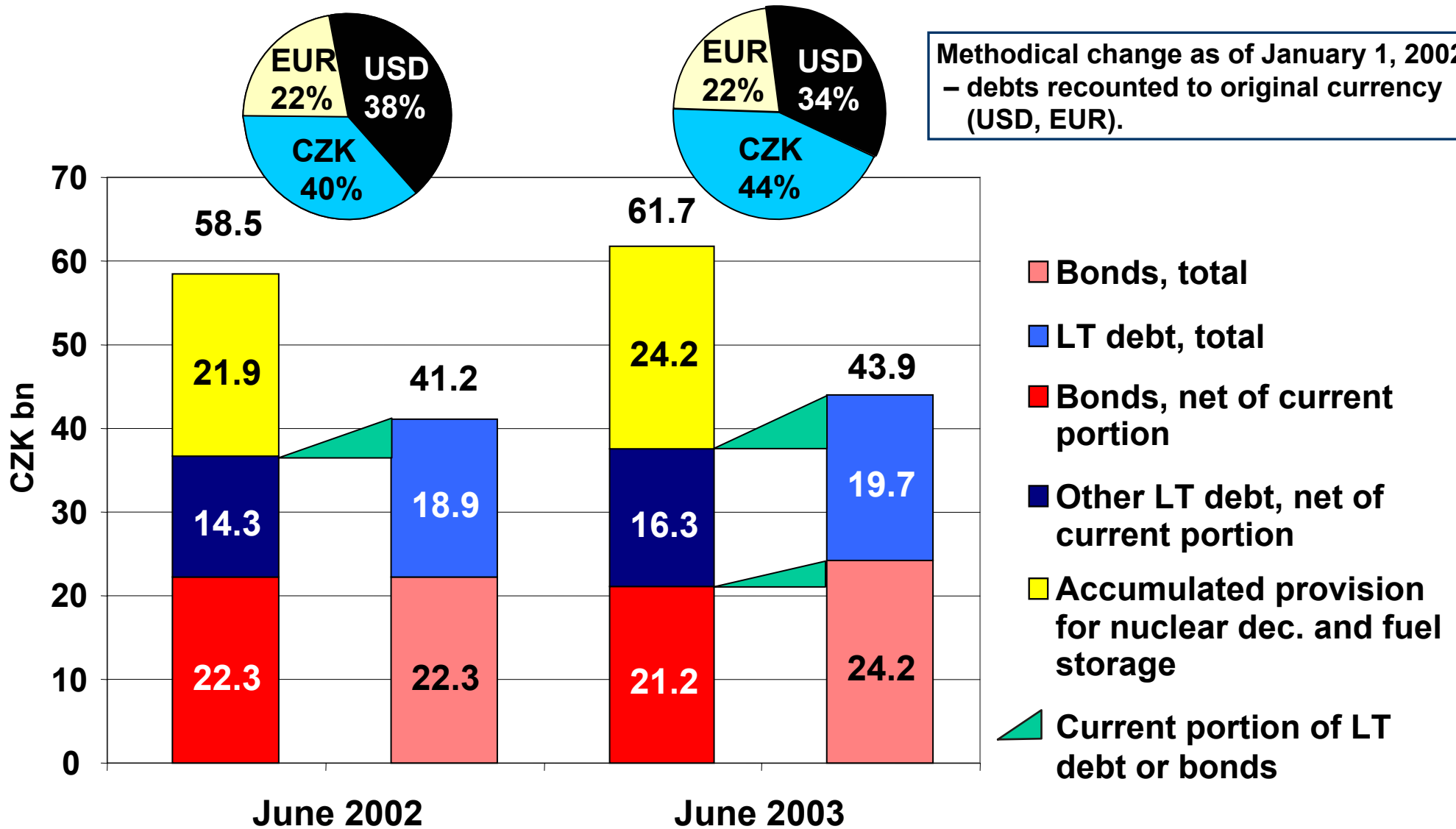


- Other projects
- Transmission system
- Waste treatment
- Performance upgrade
- Environment
- Other nuclear power
- Nuclear power - Temelín
- Payments for nuclear fuel
- Capitalized interest

Notes: All data is in accordance with IFRS.
 *) Estimation



Development of Long-term Liabilities of ČEZ Group



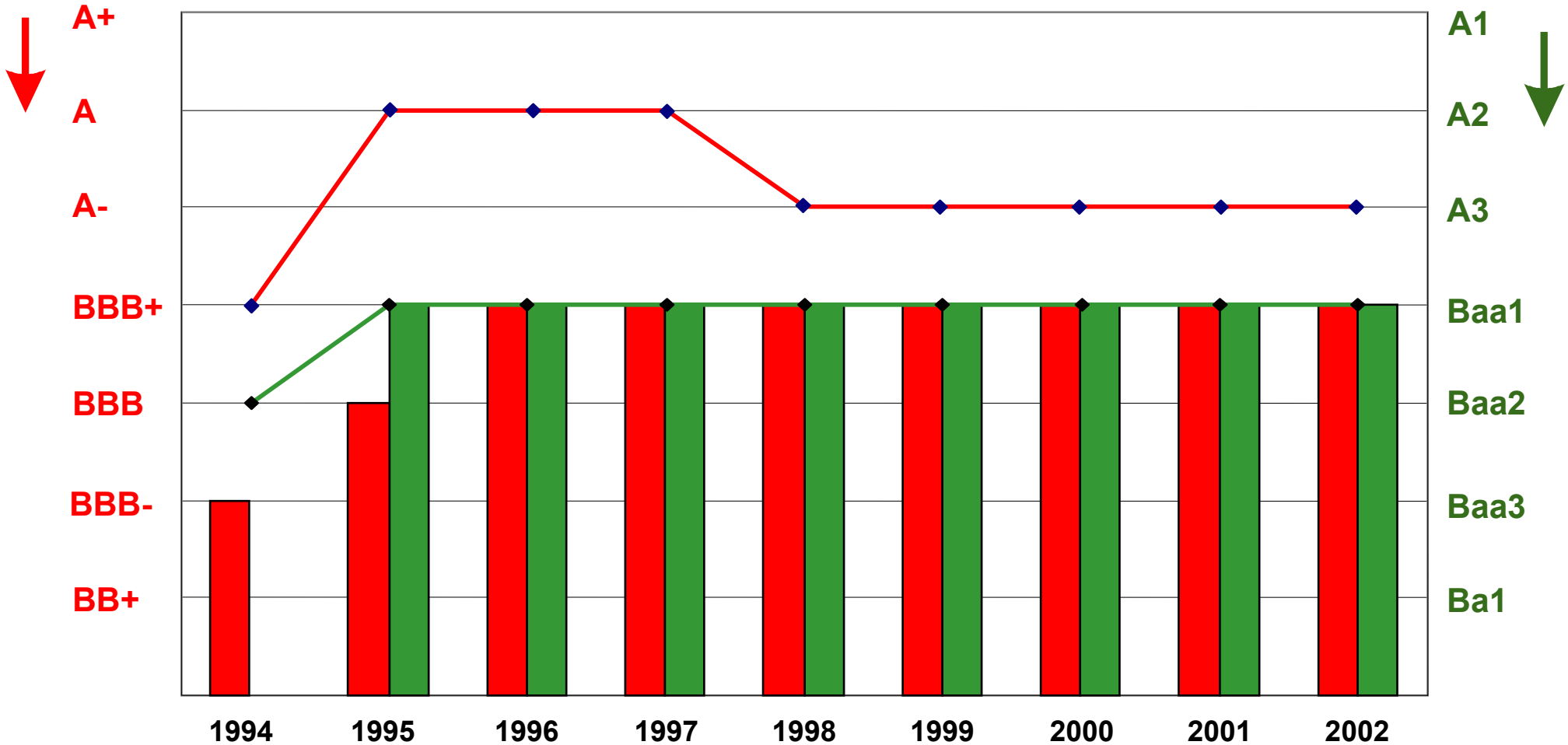
Note: All data is in accordance with IFRS



Credit Rating of ČEZ, a. s. and the Czech Republic

Standard & Poor's

Moody's



—◆— —◆— ČR - LT Foreign Currency Government Bonds' Rating
■ ■ ČEZ, a. s.



ČEZ Group is a Leading Corporate Name in Emerging Europe

- **One of the largest publicly traded utilities in CEEC**
- **Largest Central Europe-based energy chain**
- **One of the leaders in revenues and in profit in the Czech Republic**
- **First and one of the largest corporate bond issuers in emerging Europe**
- **First rated and investment grade company in emerging Europe (currently Baa1/BBB+)**
- **Stock regarded as a proxy for the Czech stock exchange market**
- **Constantly growing dividends have been paid since 2001**
- **Market share of ČEZ Group in the Czech Republic attains 86.9%**



ČEZ Group Internet Presentation

Home Page of ČEZ, a. s.: www.cez.cz/eng

Home Page of ČEZ Group: www.skupina-cez.cz/eng

Product Information: www.duhovaenergie.cz/eng

