ČISTÁ ENERGIE ZÍTŘKA

Internal Information

CEZ Group's Net Income at CZK 29.8 bn for Q1-Q3 2023, 43% Less YOY.

Generation from coal reached only 28%.

EBITDA in Q1-Q3 reached CZK 95 bn, up by 6% year on year. The year-on-year comparison is affected by the extreme rise in commodity market prices following Russia's military invasion of Ukraine last year and the subsequent introduction of a levy on excess revenues from generation.

Net Income for Q1-Q3 reached CZK 29.8 bn, down by CZK 22.5 billion year-on-year. The decrease was caused by the newly introduced windfall tax of 60 percent, which increased this year's costs by CZK 21 bn.

CEZ Group raises its full-year 2023 EBITDA outlook to CZK 115 to 120 billion and confirms its net adjusted profit outlook of CZK 33 to 37 billion. This year, CEZ Group will pay CZK 118 to 125 bn to the Czech state in dividends, income taxes and a levy on excess revenues, which is over CZK 5 bn more than the company's guidance of August 11.

“Our results for the first three quarters reflect the gradual stabilization of the energy markets. Following the approval of the record dividend of CZK 145 per share and taking into account the extraordinary taxation of sales and profits of energy companies, we expect CEZ Group to pay CZK 118 to 125 billion to the Czech state this year in dividends, taxes on profits and levy on excess revenues,” said Daniel Beneš, Chairman of the Board of Directors and CEO of ČEZ, adding: “The future of the Czech energy sector will be based on renewable sources and safe nuclear power. That is why I am glad that ČEZ received binding bids for the construction of a new nuclear source in Dukovany from all three qualified bidders, i.e. from the French company EdF, South Korean KHNP and the American-Canadian Westinghouse, by the given deadline.”

Operating revenues for Q1-Q3 amounted to CZK 246.5 bn, up by CZK 35.4 bn year-on-year. EBITDA reached CZK 95 bn, up by CZK 5.7 bn year-on-year. The year-on-year comparison is affected by extreme fluctuations in commodity prices, particularly last year, and the subsequent introduction of a levy on excess revenues from generation. The GENERATION segment as a whole decreased by CZK 0.2 bn. EBITDA from generation activities increased by CZK 6.7 bn, with the growth attributable to the increase in realized prices of generated electricity significantly eliminated by the levy on excess revenues. The Trading sub-segment's contribution, on the other hand, declined by CZK 6.9 bn year-on-year, mainly due to the record-high profit from commodity trading in 2022. The increase in commodity prices contributed substantially to the MINING segment's EBITDA growth of CZK 3.9 bn, despite the fact that the production volume fell by nearly 2 million tons.

Fluctuations in market commodity prices, especially last year, and seasonal factors also significantly affected the performance of the SALES segment. ČEZ Prodej, which supplies electricity and gas to end customers, mainly households, achieved year-on-year EBITDA growth of CZK 1.1 bn in the three quarters, thanks to specific income of CZK 1.2 bn from a litigation with the Railway Administration over electricity supplies in 2010 and 2011. Companies supplying commodities and energy services to B2B customers generated CZK 2.9 bn higher EBITDA year-on-year, mainly due to purchasing electricity from RES producers at fixed contract prices, higher sales of energy services and seasonal factors.

Electricity generation from nuclear and renewable sources remained at the same level of 25 TWh year-on-year. Due to favorable weather conditions, generation from renewable sources increased by 7%, whereas generation from nuclear sources decreased by 1% due to longer-than-planned outages of both power plants. The capital expenditures made and measures taken during the outages will contribute to the efficient generation of more emission-free energy.

Generation from coal-fired and CHP sources fell by 18% to 12 TWh as a result of lower deployment of resources due to the fall in market prices for electricity and the evolution of the prices of emission allowances and natural gas. CEZ Group is implementing its “Clean Energy of Tomorrow” strategy in terms of public decarbonization commitments. The share of coal-fired generation has already reached only 28.2% of CEZ Group's total generation. In the early 1990s, this share was still at 80%.

Electricity consumption in CEZ Distribuce’s distribution territory fell by 4% year-on-year to 24.8 TWh. Consumption by large enterprises fell by 3%, household consumption fell by 5% and consumption by small enterprises was down by 6%. The reason for the decline is the decrease in customer consumption due to high commodity prices and weather conditions.

CEZ Group spent almost CZK 28 bn on capital expenditures on fixed assets this year, up CZK 6.5 bn year-on-year. The most funds, more than CZK 13 bn, were spent in the Generation segment, and almost CZK 12 bn were expended in the Distribution segment.

“The results for Q1-Q3 reflect extreme fluctuations in the market prices of commodities and extraordinary taxation introduced in 2022. The cost of levy on excess revenues from generation amounted to CZK 8.7 bn and the windfall tax reached CZK 21 bn. For the full year 2023, we expect these extraordinary measures to reach CZK 37 to 45 billion in total,” said Martin Novák, member of the Board of Directors and CFO, adding: “Although the markets have relatively calmed down, we remain cautious and maintain available liquidity at the highest possible level.”